

THE RALEIGH VISITOR ECONOMY 2023

July 2024

Prepared for: Greater Raleigh Convention and Visitors Bureau



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INTRODUCTION PROJECT BACKGROUND

The travel sector is an integral part of the Raleigh regional economy, defined as Wake County. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the county's future. In 2023, visitors spent \$3.2 billion at Raleigh businesses.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. By establishing a timeline of economic impacts, the industry can track its progress.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Wake County. The model traces the flow of visitor-related expenditures through the county's economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

Visitors included those who stayed overnight or traveled more than 50 miles to the destination.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis.

This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

To quantify the economic significance of the visitor economy in Raleigh, Tourism Economics has prepared a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

The analysis draws on the following data sources:

- Longwoods International: survey data, including visitor profile characteristics for visitors to Raleigh
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels
- Tax collections: Lodging and restaurant tax receipts
- U.S. Energy Information Administration: gasoline price data
- US Census: business sales by industry
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Raleigh based on aviation, survey, and credit card information

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR VOLUME & DIRECT SPENDING

Visitor volume rose 3.9% in 2023 contributing to an increase of 8.1% in direct visitor spending over the prior year. Overall, visitors to Raleigh spent \$3.2 billion in 2023.

TOTAL ECONOMIC IMPACT

The \$3.2 billion spent by visitors generated \$4.9 billion in total business sales, sustained 36,066 jobs and generated \$307 million in state and local tax revenues.



\$4.9 BILLION

Total Economic Impact of Tourism in Raleigh in 2023



\$3.2B

Visitor
Spending



\$4.9B

Total
Economic
Impact



36,066

Total
Jobs
Generated



\$307M

State & Local
Taxes
Generated





VISITS & VISITOR SPENDING

Price increases in key visitor spending categories along with strong growth in day and international visits drove Raleigh visitor spending in 2023 to \$3.2 billion, an increase of 8.1%.

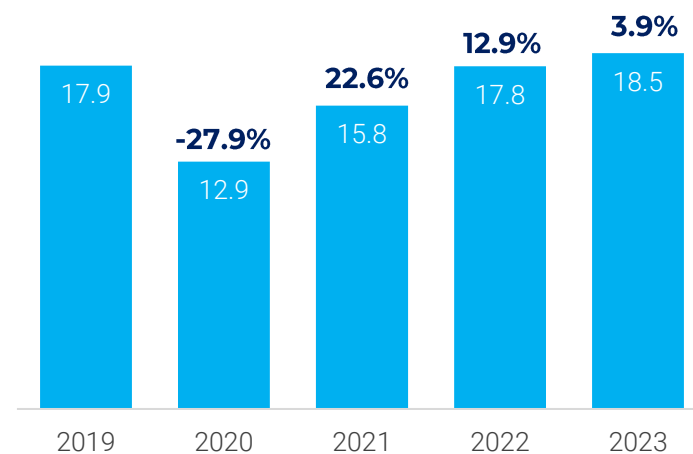
VISITOR VOLUME

Growth in 2023

Visitor volume increased 3.9% in 2023 as Raleigh welcomed more than 687,000 additional visitors over the prior year, surpassing the 2019 benchmark for the first time since the Covid-19 pandemic.

Raleigh visitor volume

Amounts in millions



Sources: Longwoods International, Tourism Economics

VISITOR SPENDING

Visitors to Raleigh spent **\$3.2 billion** across a range of sectors in 2023.

Of the \$3.2 billion spent in Raleigh, visitors spent \$913 million on food and beverage, 29% of all visitor spending.

Visitor spending on lodging accounted for \$790 million, 25% of each visitor's budget.

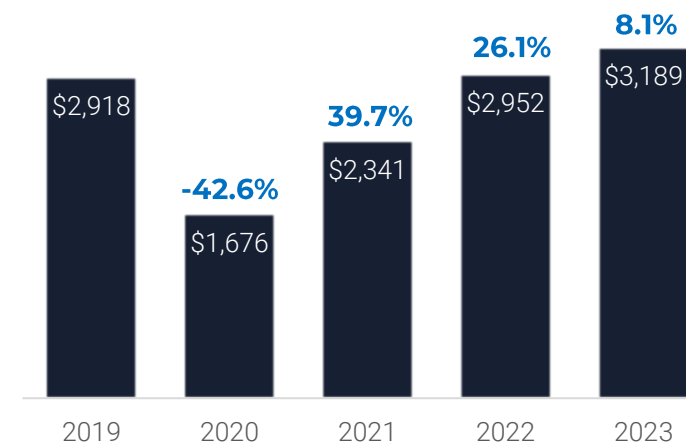
At \$559 million, recreation and entertainment accounted for 18% of visitor spending.

Retail spending came in at 17% of visitor spending or \$552 million.

Transportation, including both air and transportation with in the destination, added up to \$376 million, 12% of visitor spending.

Raleigh visitor spending

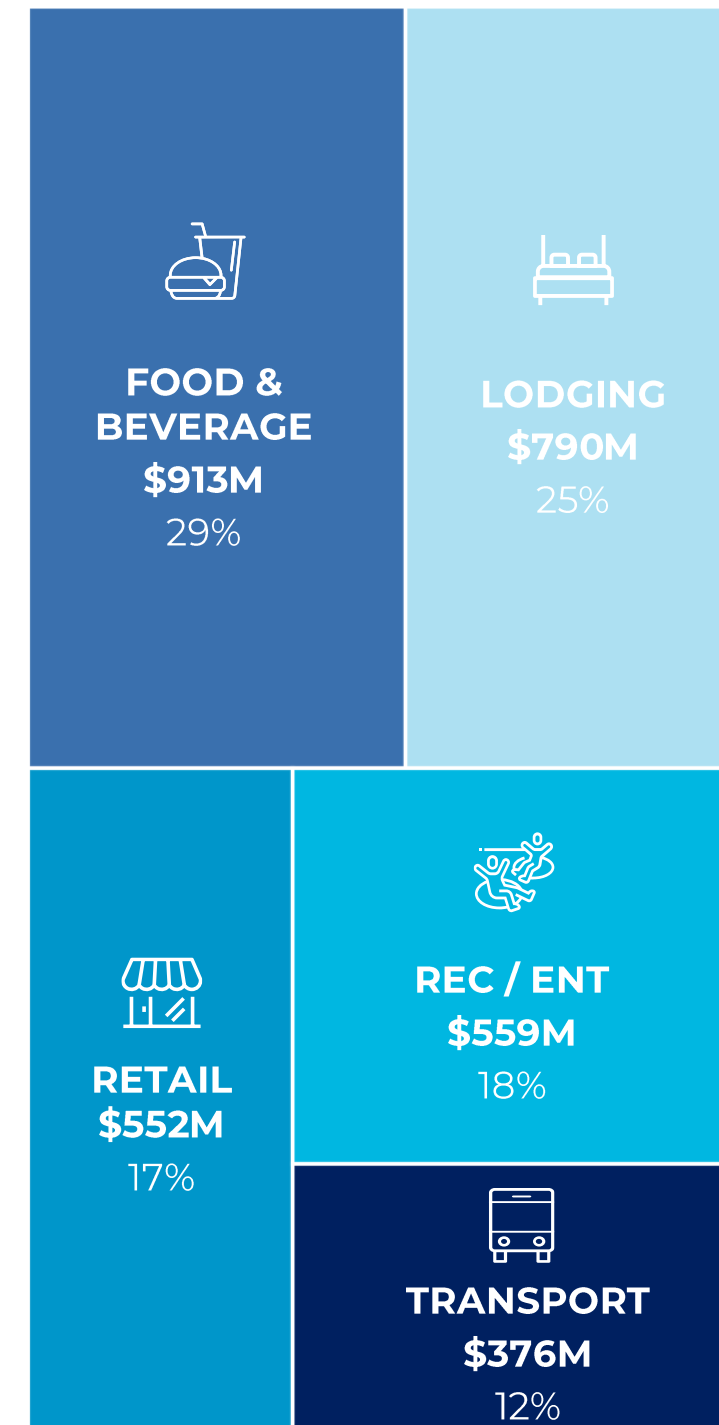
Amounts in \$ millions



Sources: Longwoods International, Tourism Economics

\$3.2 BILLION

Visitor Spending in 2023



Source: Longwoods International, Tourism Economics

*Transportation spending includes both ground and air transportation.

VISITOR VOLUME & SPENDING TRENDS

Supported by higher prices in key visitor spending categories and strong growth in day and international visits, visitor spending increased 8.1% in 2023. Notably, visitor spending in lodging grew 12.0%.

Also notable, food and beverage spending expanded 9.1% maintaining its position as the largest among the spending categories.

Per visitor spending growth moderated after two consecutive years of double-digit growth, increasing 4.0% to reach \$172.

Raleigh visitor spending

Amounts in \$ millions, 2023 % change, and % recovered relative to 2019

	2019	2020	2021	2022	2023	2023 Growth	% relative to 2019
Total visitor spending	\$2,917.7	\$1,676.2	\$2,341.1	\$2,951.6	\$3,189.3	8.1%	109.3%
Food & beverage	\$754.0	\$517.3	\$689.2	\$836.9	\$913.1	9.1%	121.1%
Lodging	\$681.4	\$412.7	\$487.4	\$704.9	\$789.8	12.0%	115.9%
Recreation	\$549.9	\$237.0	\$397.1	\$527.7	\$559.2	6.0%	101.7%
Retail	\$563.4	\$356.1	\$487.6	\$524.0	\$551.8	5.3%	97.9%
Transportation*	\$369.0	\$153.0	\$279.8	\$358.1	\$375.5	4.8%	101.8%

Sources: Longwoods International, Tourism Economics

* Transportation includes both ground and air transportation

Raleigh visitor volume and spending

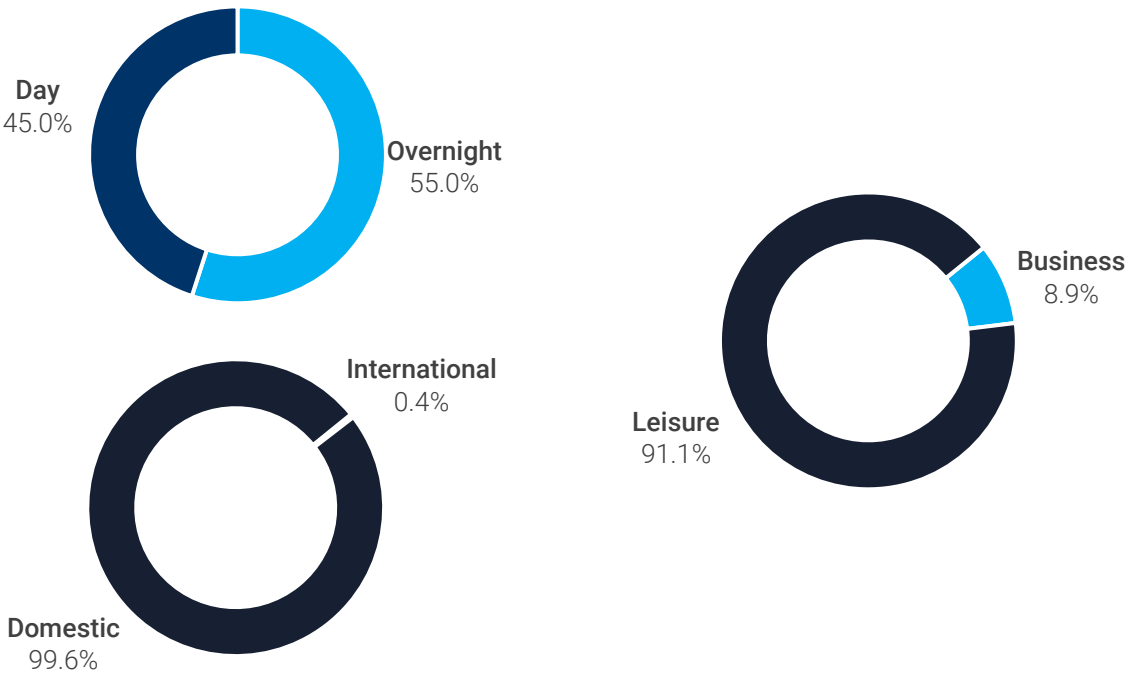
Amounts in millions of visitors, \$ millions, and \$ per person

	2019	2020	2021	2022	2023
Total visitors	17.9	12.9	15.8	17.8	18.5
Total visitor spending	\$2,918	\$1,676	\$2,341	\$2,952	\$3,189
Per visitor spending	\$163	\$130	\$148	\$166	\$172

Sources: Longwoods International, Tourism Economics

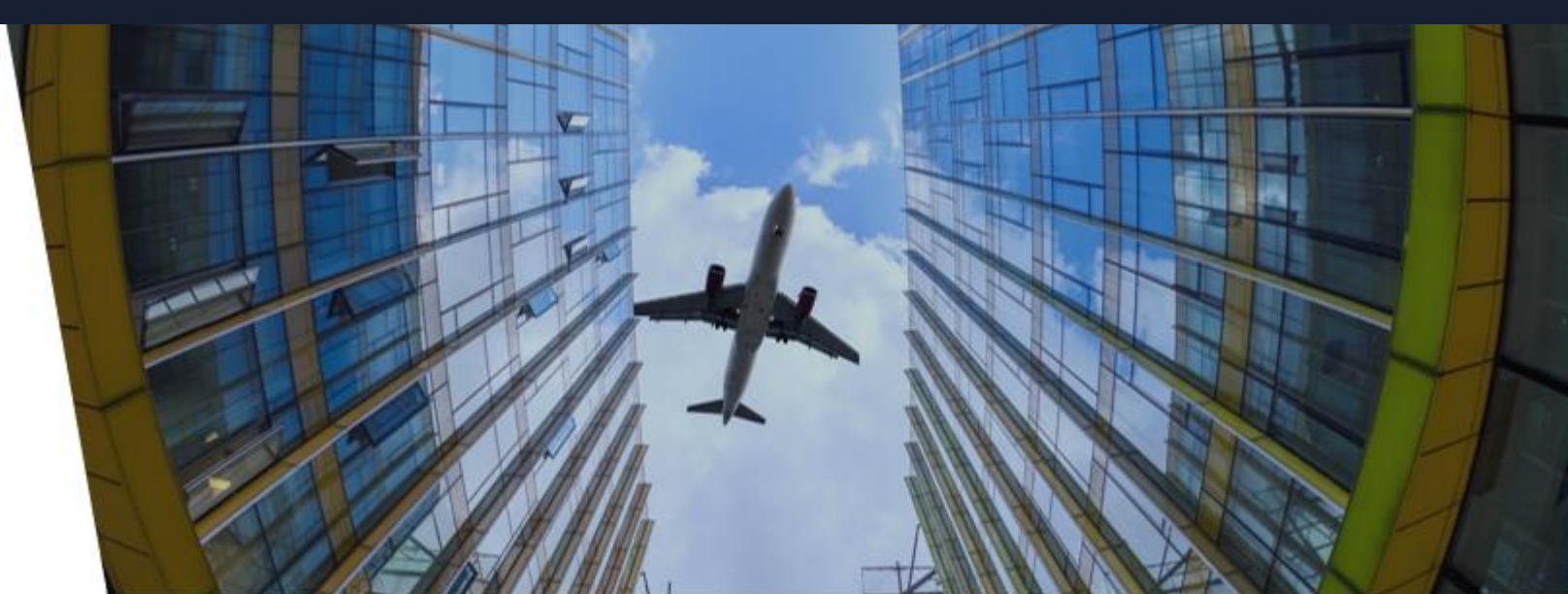
Raleigh visitation share by segment

Expressed as % of total visitation by market



Sources: Longwoods International, Tourism Economics

Note: Day vs. Overnight and Business vs. Leisure comparisons based on domestic visitor volumes and are not inclusive of international visitor trends.



ECONOMIC IMPACT METHODOLOGY

Our analysis of the Raleigh visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the Wake County economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy. An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

ECONOMIC IMPACT FRAMEWORK

DIRECT IMPACTS

Visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers



SUPPLY
CHAIN
EFFECTS



B2B GOODS &
SERVICES
PURCHASED

INDUCED IMPACTS

New consumption generated by household income impacts



INCOME
EFFECT



HOUSEHOLD
CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



JOBS



INCOME



TAXES

ECONOMIC IMPACT FINDINGS

DIRECT EMPLOYMENT

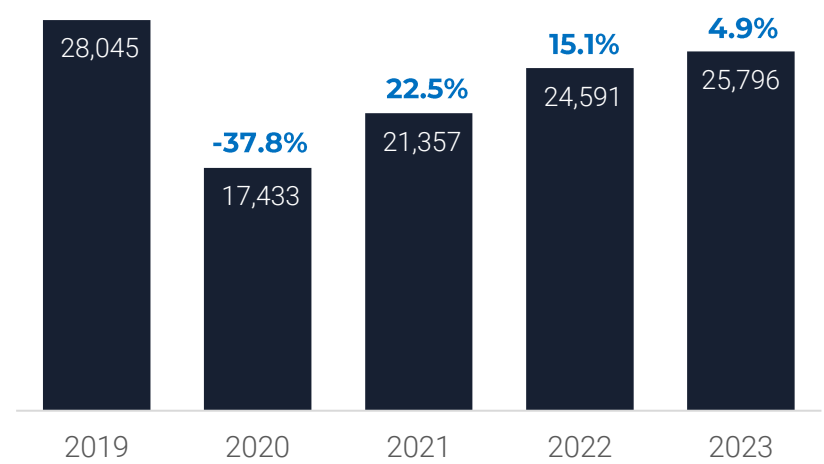
Employment supported by visitor activity rose 4.9% in 2023, to reach 25,796 jobs. This represents an increase of 1,205 in 2023. Despite the increase, the number of jobs directly supported by visitors remains 8% below pre-pandemic levels.

In 2023, the jobs recovery brought several key industries within striking distance of their 2019 levels. Notably the food and beverage industry reached 98% of pre-pandemic levels, lodging 97%, and recreation and entertainment 82%.

Recovery in visitor-supported jobs has been slower to recover than spending, with visitor-supported employment levels at 92% compared to the 2019 benchmark while spending came in 109%.

Visitor supported employment in Raleigh

Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$3.2 billion in 2023. This direct impact generated \$1.7 billion in indirect and induced impacts, resulting in a total economic impact of \$4.9 billion in the Raleigh economy.

Aside from direct impacts, significant benefits accrued in sectors like finance, insurance, and real estate, and business services.

Summary economic impacts (2023)

Amounts in \$ millions



Source: Tourism Economics

Business sales impacts by industry (2023)

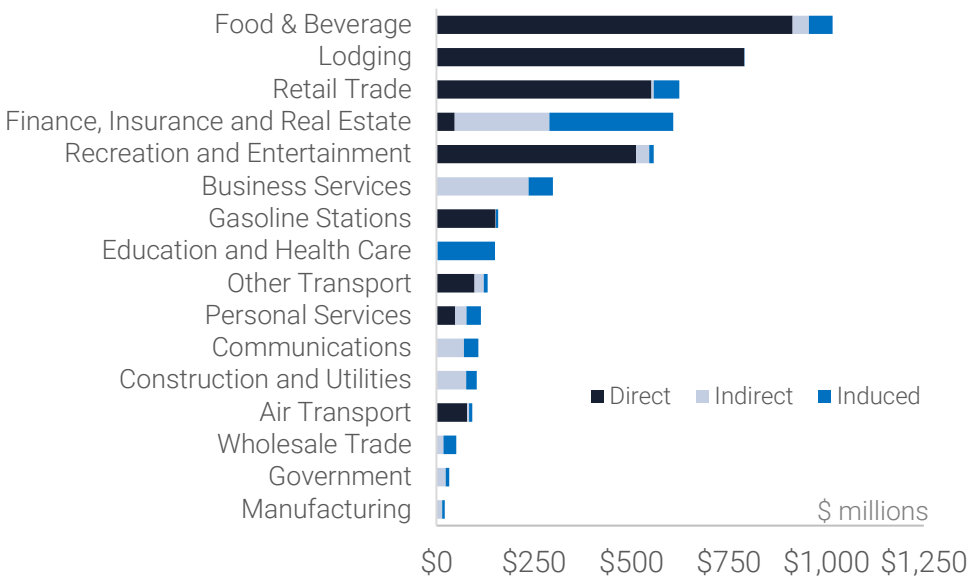
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$3,189.3	\$830.0	\$840.2	\$4,859.6
Food & Beverage	\$913.1	\$42.3	\$60.2	\$1,015.6
Lodging	\$789.8	\$0.7	\$0.4	\$790.9
Retail Trade	\$551.8	\$5.4	\$65.5	\$622.6
Finance, Insurance and Real Estate	\$46.8	\$243.0	\$317.7	\$607.4
Recreation and Entertainment	\$511.7	\$33.9	\$12.0	\$557.6
Business Services		\$236.3	\$62.1	\$298.4
Gasoline Stations	\$152.0	\$0.3	\$5.8	\$158.1
Education and Health Care		\$2.3	\$148.3	\$150.5
Other Transport	\$97.9	\$23.7	\$9.6	\$131.2
Personal Services	\$47.5	\$30.0	\$36.5	\$114.0
Communications		\$70.8	\$36.5	\$107.2
Construction and Utilities		\$76.2	\$26.9	\$103.1
Air Transport	\$78.8	\$4.9	\$7.9	\$91.6
Wholesale Trade		\$17.8	\$33.5	\$51.3
Government		\$23.9	\$9.1	\$33.0
Manufacturing		\$14.6	\$6.7	\$21.3
Agriculture, Fishing, Mining		\$4.1	\$1.6	\$5.7

Source: Tourism Economics

Business sales impacts by industry (2023)

Amounts in \$ millions



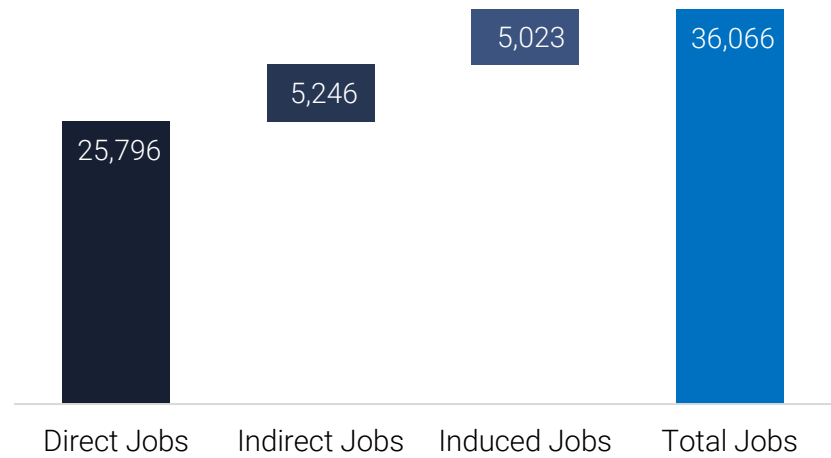
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 25,796 direct jobs in 2023, with an additional 10,269 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact reached 36,066 in 2023, one of every 23 jobs in the county.

Summary employment impacts (2023)

Amounts in number of jobs



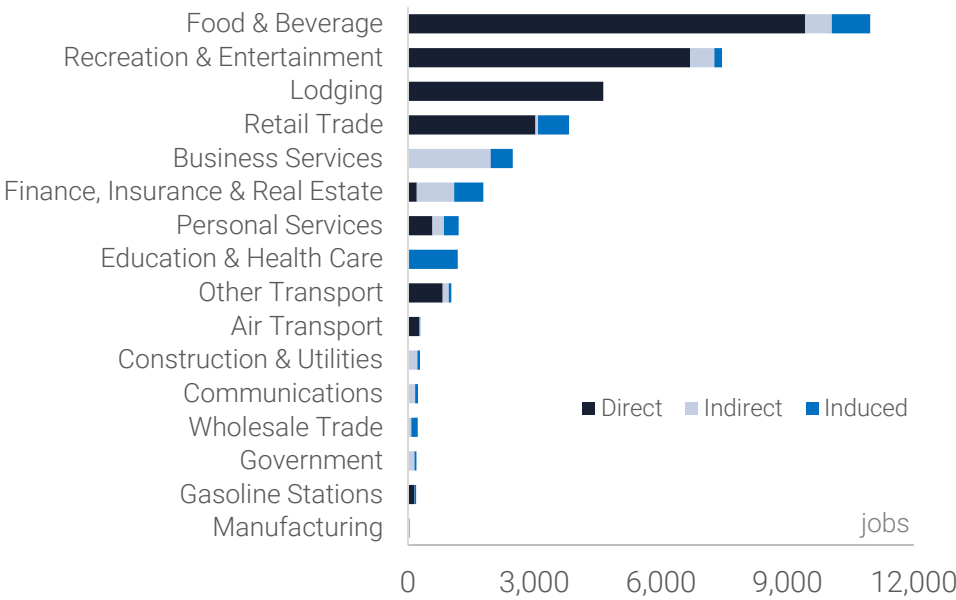
Source: Tourism Economics

Visitor spending supported the largest number of jobs in the food and beverage industry (10,966), followed by recreation & entertainment with 7,452 jobs.

Spending by businesses directly impacted by visitor spending supported 1,962 jobs in the business services industry—in areas like accounting, advertising, and building services.

Employment impacts by industry (2023)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2023)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	25,796	5,246	5,023	36,066
Food & Beverage	9,421	632	913	10,966
Recreation & Entertainment	6,691	571	189	7,452
Lodging	4,626	5	3	4,633
Retail Trade	3,025	61	732	3,819
Business Services		1,962	526	2,487
Finance, Insurance & Real Estate	209	887	693	1,789
Personal Services	577	273	354	1,205
Education & Health Care		27	1,152	1,179
Other Transport	821	145	58	1,025
Air Transport	269	10	16	294
Construction & Utilities		221	63	285
Communications		167	71	238
Wholesale Trade		78	151	228
Government		154	46	200
Gasoline Stations	156	2	38	197
Manufacturing		40	11	51
Agriculture, Fishing & Mining		13	6	19

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$890 million in direct labor income and a total of \$1.5 billion when including indirect and induced impacts.

Summary labor income impacts (2023)

Amounts in \$ millions

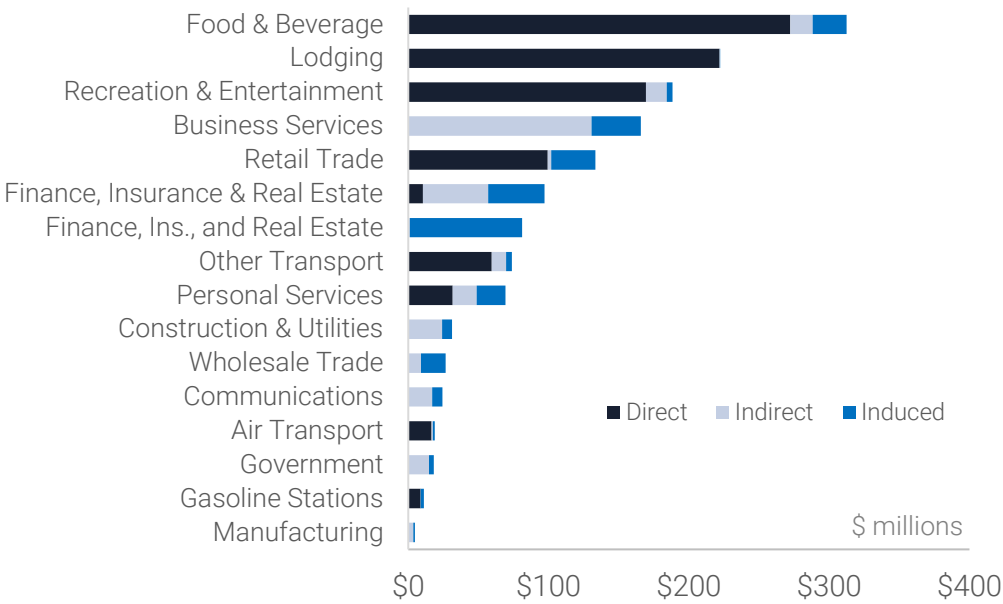


Source: Tourism Economics

There are nine industries in which visitor activity supports more than \$65 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & healthcare.

Labor income Impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics



Labor income impacts by industry (2023)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$889.9	\$308.8	\$280.3	\$1,479.0
Food & Beverage	\$272.2	\$16.0	\$24.1	\$312.3
Lodging	\$221.8	\$0.2	\$0.1	\$222.1
Recreation & Entertainment	\$169.4	\$14.7	\$4.3	\$188.4
Business Services		\$130.7	\$35.0	\$165.7
Retail Trade	\$99.3	\$2.6	\$31.6	\$133.5
Finance, Insurance & Real Estate	\$10.5	\$46.4	\$40.3	\$97.2
Education & Health Care		\$1.2	\$80.1	\$81.3
Other Transport	\$59.5	\$10.1	\$4.1	\$73.7
Personal Services	\$31.6	\$17.1	\$20.5	\$69.2
Construction & Utilities		\$24.1	\$7.1	\$31.2
Wholesale Trade		\$9.1	\$17.6	\$26.7
Communications		\$17.2	\$7.2	\$24.4
Air Transport	\$16.7	\$0.8	\$1.4	\$18.9
Government		\$14.8	\$3.5	\$18.3
Gasoline Stations	\$8.8	\$0.1	\$2.3	\$11.2
Manufacturing		\$3.7	\$1.0	\$4.7
Agriculture, Fishing & Mining		\$0.1	\$0.1	\$0.2

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending generated \$594 million in government revenues in 2023.

State and local taxes alone tallied \$307 million.

Each household in Raleigh would need to be taxed an additional \$712 to replace the visitor-generated taxes received by state and local governments in 2023.

Fiscal (tax) impacts

Amounts in \$ millions

	2023 Tax Revenue
Total Tax Revenues	\$594
Federal Taxes	\$287
Personal Income	\$86
Corporate	\$37
Indirect Business	\$25
Social Insurance	\$140
State Taxes	\$150
Sales	\$82
Personal Income	\$36
Corporate	\$4
Social Insurance	\$2
Excise and Fees	\$25
Local Taxes	\$157
Sales	\$34
Lodging	\$38
Property	\$79
Excise and Fees	\$5

Source: Tourism Economics



ECONOMIC IMPACTS IN CONTEXT



\$3.2B VISITOR SPENDING

The \$3.2 billion in visitor spending means that more than \$8.7 million was spent EVERY DAY by visitors in Wake County.



\$1.5B LABOR INCOME

The \$1.5 billion in total income generated by tourism is the equivalent of \$3,436 for every household in Wake County.



36,066 TOTAL JOBS

The number of jobs sustained by tourism (36,066) supports 3.8% of all jobs in Wake County.



\$307M STATE & LOCAL TAXES

The \$307 million in state and local taxes generated in 2023 is enough to pay the salaries 5,390 Wake County public-school teachers.

Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals, and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores, and other food providers.
Recreation	Includes visitor spending within the arts, entertainment, and recreation sub-sector.
Shopping	Includes visitor spending in all retail sub-sectors within the local economy.
Local transport	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending.
Service stations	Visitor spending on gasoline.
Second homes	Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.

Glossary – Economic Impact Definitions

Term	Description
Direct Impact	Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discrete group of tourism-related sectors (e.g. recreation, transportation, lodging).
Indirect Impact	Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
Employment	Employment is measured by the Bureau of Economic Analysis (BEA) and Bureau of Labor Statistics (BLS) definitions, and captures full-time and part-time jobs, which includes salary and wage employees and proprietors.
Labor Income	Income (wages, salaries, proprietor income, and benefits) supported by visitor spending.
Value Added (GDP)	The economic enhancement a company gives its products or services before offering them to customers.
Local Taxes	City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses, and other revenues streams of local governmental authorities – from transportation to sanitation to general government.
State Taxes	State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees, and other assessments of state governments.

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destinations work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, London, Frankfurt, Ontario, and Sydney.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts, and analytical tools on 200 countries, 100 industrial sectors, and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social, and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 600 full-time staff, including 300 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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