

THE GREATER GRAND TRAVERSE VISITOR ECONOMY 2022

November 2023

Prepared for: Traverse City Tourism



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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Greater Grand Traverse Region economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the region's future. In 2022, visitor-supported employment reached 8,954 jobs in the region, including indirect and induced impacts.

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. This is particularly true for the Greater Grand Traverse region as it builds upon its visitor economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Greater Grand Traverse Region, including Benzie, Grand Traverse, and Leelanau counties. The model traces the flow of visitor-related expenditures through the local 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. Adjustments to model outputs were made to ensure results captured only benefits within the region.

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.

By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the economic significance of the visitor economy in the Greater Grand Traverse Region, 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 visitor spending, as well as the total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

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.

The analysis draws on the following data sources:

- STR and AirDNA: lodging performance data, including room demand, room rates, occupancy, and room revenue for Grand Traverse, Benzie, and Leelanau Counties, for both hotels and short-term rentals
- Traverse City Tourism: lodging assessment collections for hotels and short-term rentals
- Near: Device counts and geolocation data for day and overnight visitors
- Longwoods International: historical survey data, including visitor profile characteristics for visitors to Michigan
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry

ECONOMIC IMPACTS KEY FINDINGS

VISITOR SPENDING

Spending by visitors topped \$1 billion in 2022. Building upon its growth in 2021, overall visitor spending grew 12% in 2022 and surpassed 2019 levels by 23%.

VISITOR VOLUMES

Visitors to the Greater Grand Traverse region neared 7.3 million in 2022, an 11% increase over pre-pandemic levels. The number of visitors to the Greater Grand Traverse region grew by nearly 350,000 trips in 2022, an increase of 5% year-over-year.



7.3 MILLION

Total Visitors to the Greater Grand Traverse region in 2022

TOTAL ECONOMIC IMPACT

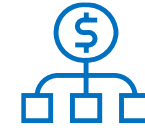
Visitor spending of \$1 billion generated a total of \$1.4 billion in total business sales. This total economic impact included over 8,950 jobs, and \$134 million in state and local tax revenues.



\$1.4 BILLION

Total Economic Impact of Tourism in the Greater Grand Traverse region in 2022

TOTAL ECONOMIC IMPACT



\$1.0B

Visitor
Spending



\$1.4B

Total
Economic
Impact



8,954

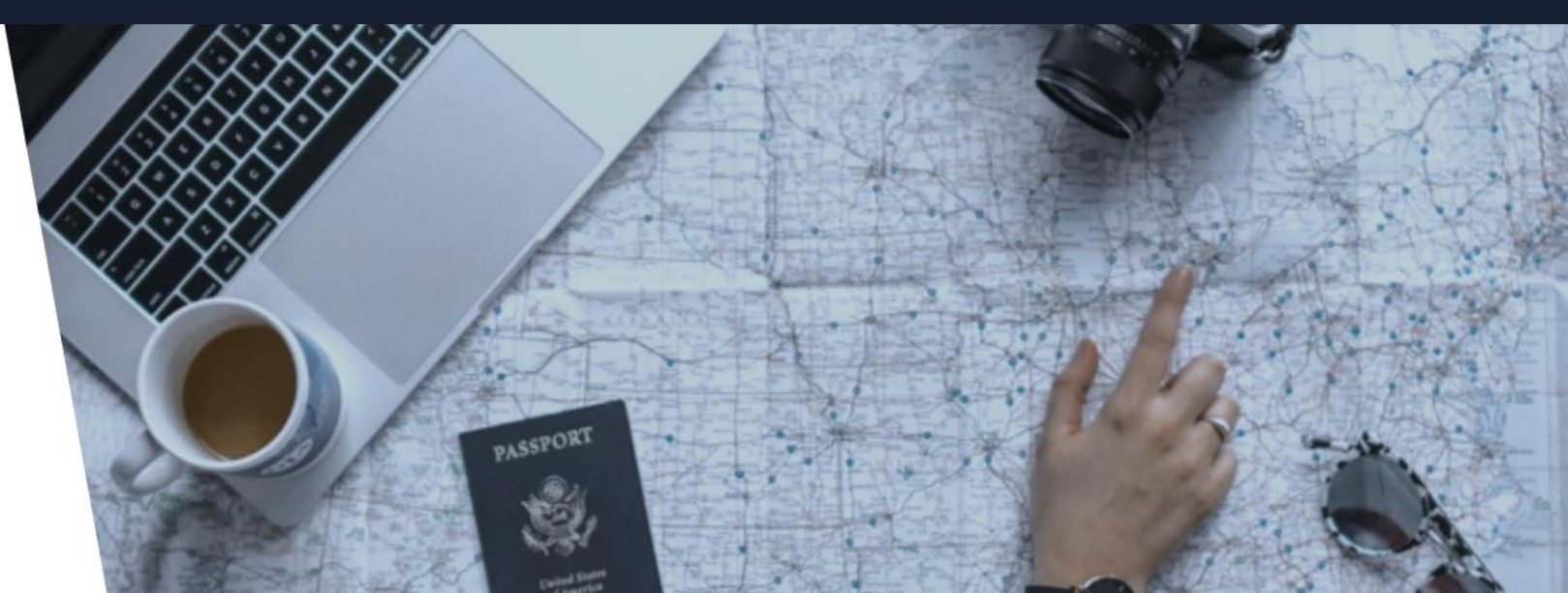
Total
Jobs
Generated



\$134M

State & Local
Taxes
Generated





VISITS & VISITOR SPENDING

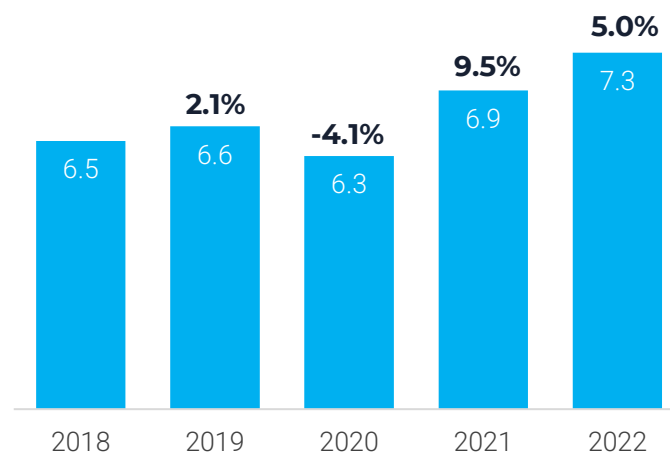
The Greater Grand Traverse region saw both visitor spending and visitor volumes continue to surpass pre-pandemic levels in 2022. Visitors to the region spent \$1 billion in 2022, an increase of 12.1% that pushed spending to 23% above 2019 levels.

VISITOR VOLUME

Growth in 2022

In 2022, visitor volumes continued to surge past pre-pandemic levels. With an increase of 5.0% over the previous year, visitor volumes reached 7.3 million, a 10.6% increase over 2019.

Greater Grand Traverse region visitor volume
Amounts in millions of visitors



Source: Tourism Economics

VISITOR SPENDING

Visitors to the Greater Grand Traverse region spent \$1 billion across a wide range of sectors in 2022.

Of the \$1 billion spent in the region in 2022 by visitors, spending on lodging, including the value of second homes and short-term rentals, accounted for the greatest percentage: 41% of all visitor spending, or \$424 million.

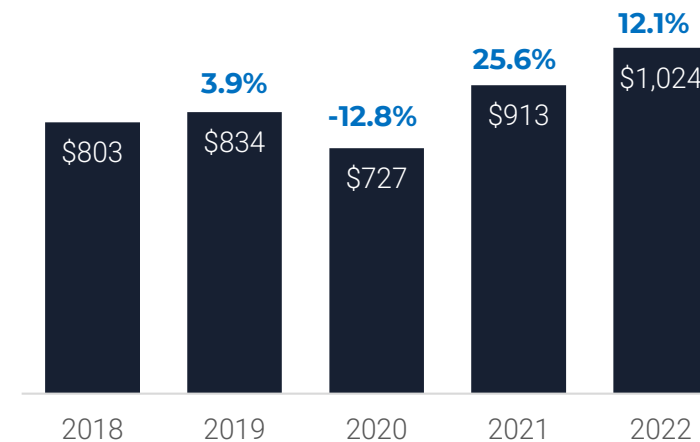
Food and beverage spending accounted for the second greatest share: 20% of visitor spending at \$201 million.

Transportation within the destination, including gasoline purchases, registered \$163 million, 16% of visitor spending.

Recreation and retail spending totaled 12% and 11% of visitor spending, respectively.

Greater Grand Traverse region visitor spending

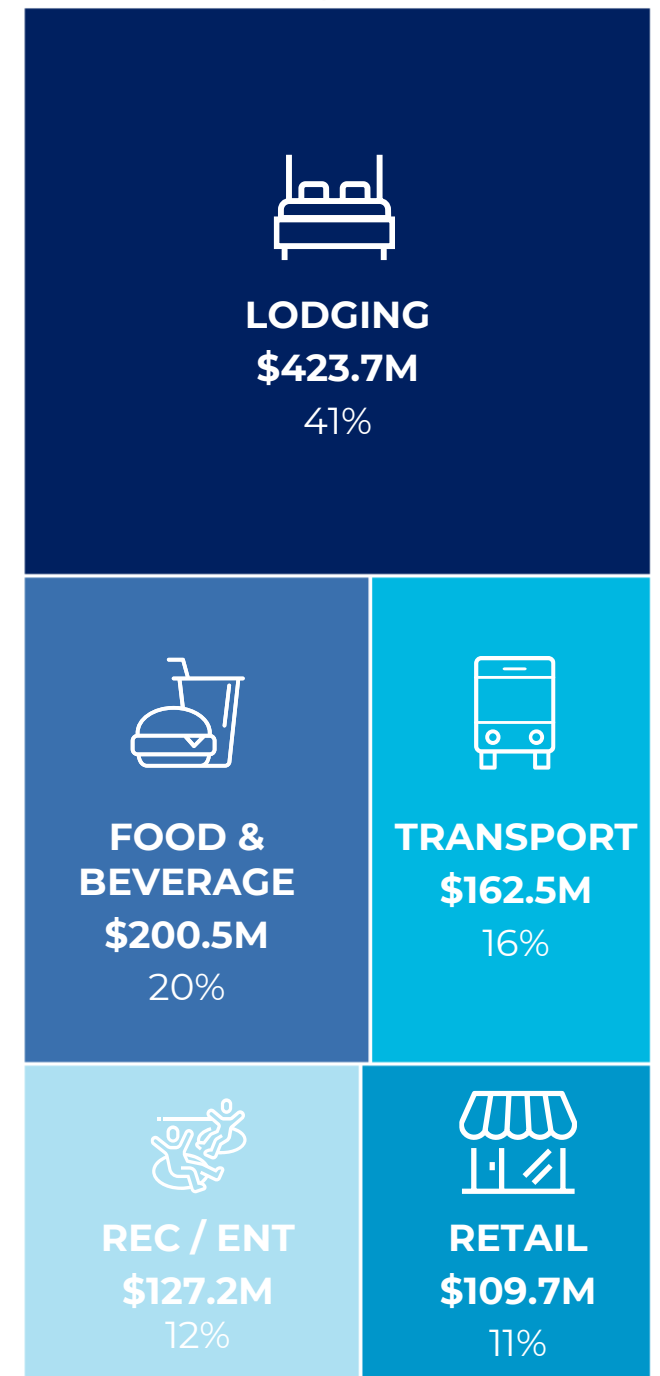
Amounts in \$ millions



Source: Tourism Economics

\$1 BILLION

Total Visitor Spending in 2022



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes spending on second homes. Transport includes both air and local transportation.

VISITOR SPENDING TRENDS

Visitor spending grew 12.1% in 2022 after significant growth in 2021. Spending grew across all sectors, driven by pent-up demand and increases in prices.

Among all spending categories, continued growth in transportation was especially notable in 2022.

Lodging remained the strongest relative to pre-pandemic levels. Capitalizing on a 21% increase in short-term rental spending in 2022, overall spending on lodging increased 12.8%, reaching 141.4% of 2019 levels.

Spending on lodging, food and beverage, transportation, and retail continued to exceed pre-pandemic levels in 2022.

Greater Grand Traverse region visitor spending and annual growth

Amounts in \$ millions, 2022 % change, and % recovered relative to 2019

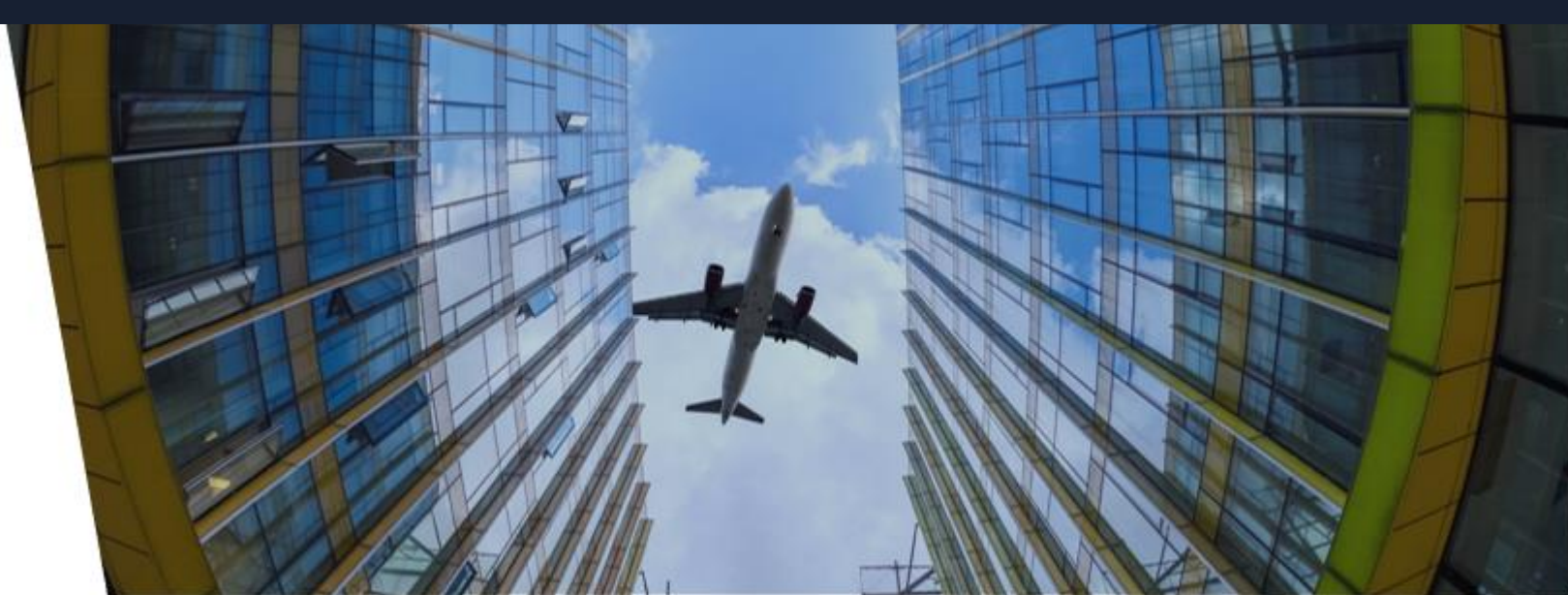
	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Total visitor spending	\$802.9	\$833.9	\$726.9	\$913.0	\$1,023.6	12.1%	122.7%
Lodging*	\$283.3	\$299.5	\$288.1	\$375.5	\$423.7	12.8%	141.4%
Food & beverage	\$162.1	\$170.4	\$140.8	\$178.1	\$200.5	12.6%	117.7%
Retail	\$93.5	\$97.4	\$89.6	\$104.6	\$109.7	4.8%	112.6%
Transportation**	\$131.3	\$133.6	\$114.5	\$141.1	\$162.5	15.2%	121.6%
Recreation	\$132.7	\$133.0	\$94.0	\$113.7	\$127.2	11.9%	95.7%

Source: Tourism Economics

*Lodging includes second home spending

** Transportation includes both ground and air transportation





ECONOMIC IMPACT METHODOLOGY

The analysis of the Greater Grand Traverse region’s visitor economy begins with 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 Greater Grand Traverse Region 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.

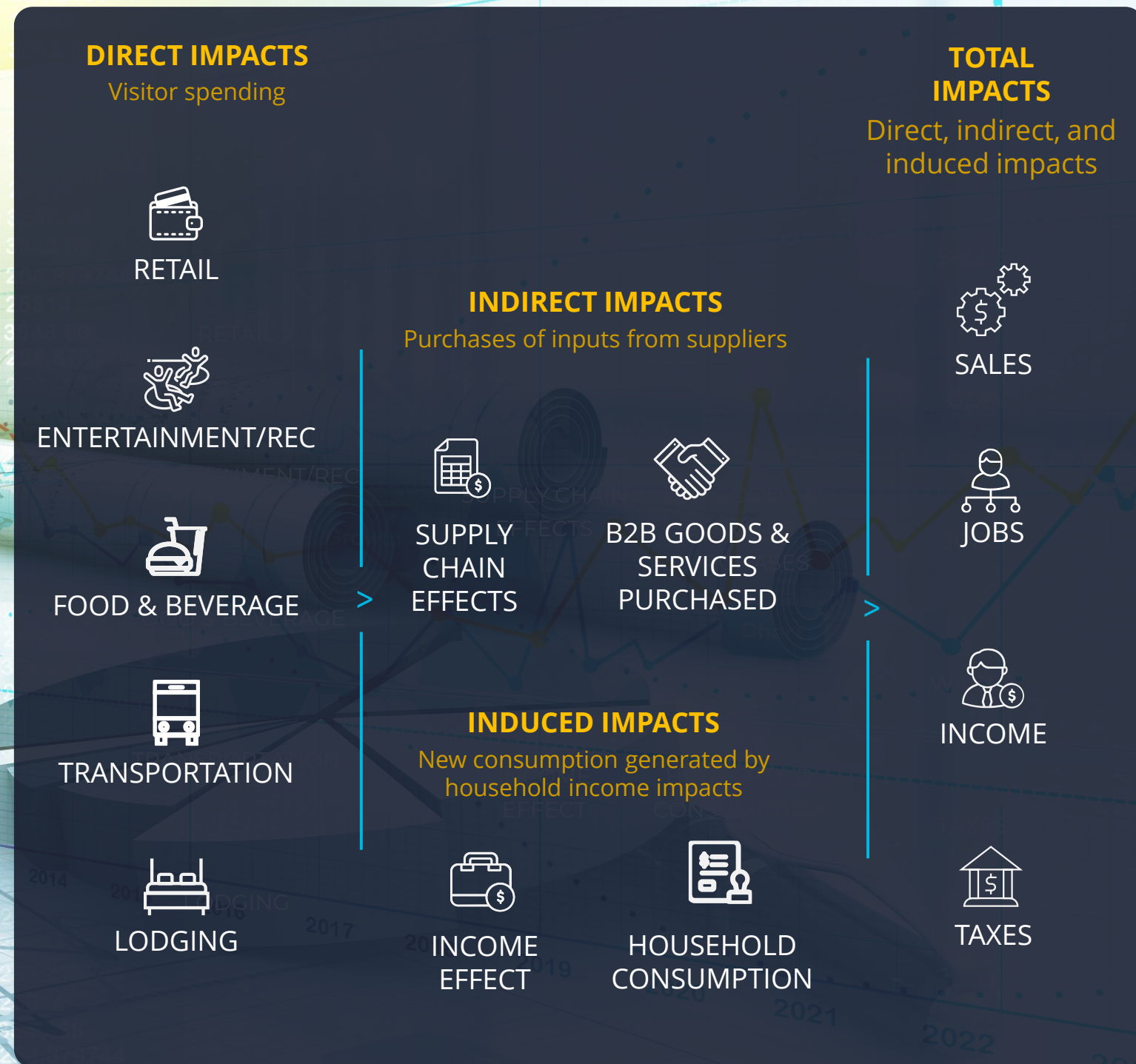
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 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

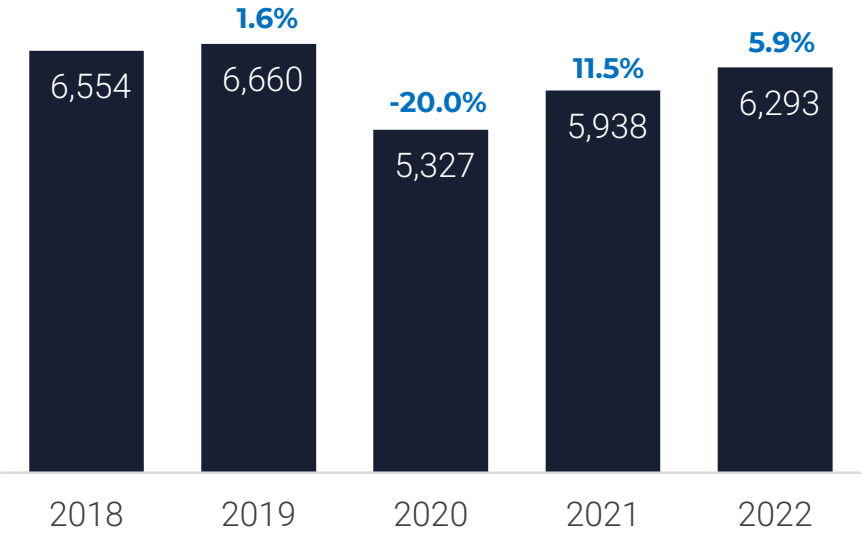


DIRECT EMPLOYMENT

On an increase of 355 jobs, direct visitor-supported employment grew 5.9% in 2022. Overall, direct visitor-supported employment reached 94.4% of pre-pandemic levels. Employment growth is lagging the spending recovery as businesses initially proceeded cautiously and face ongoing labor shortages.

Visitor-supported employment

Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

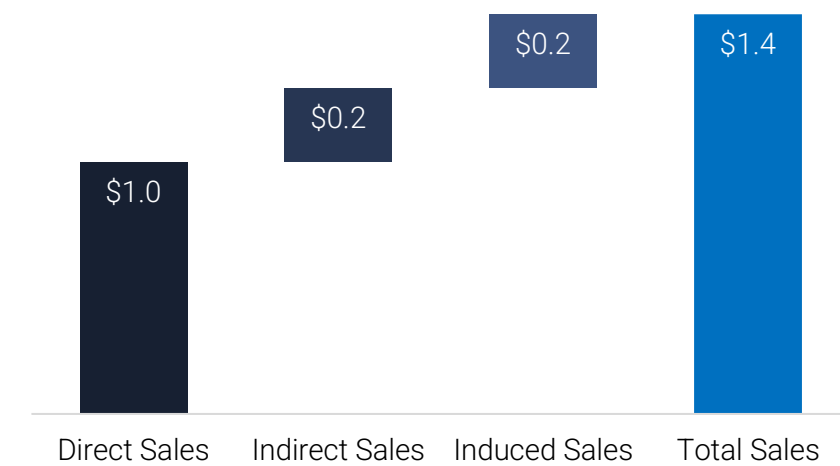
BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$1.0 billion in 2022. This direct impact led to \$397 million in indirect and induced impacts. In total, visitors to the region generated \$1.4 billion in business sales.

Summary economic impacts (2022)

Amounts in \$ billions

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



Source: Tourism Economics

Business sales impacts by industry (2022)

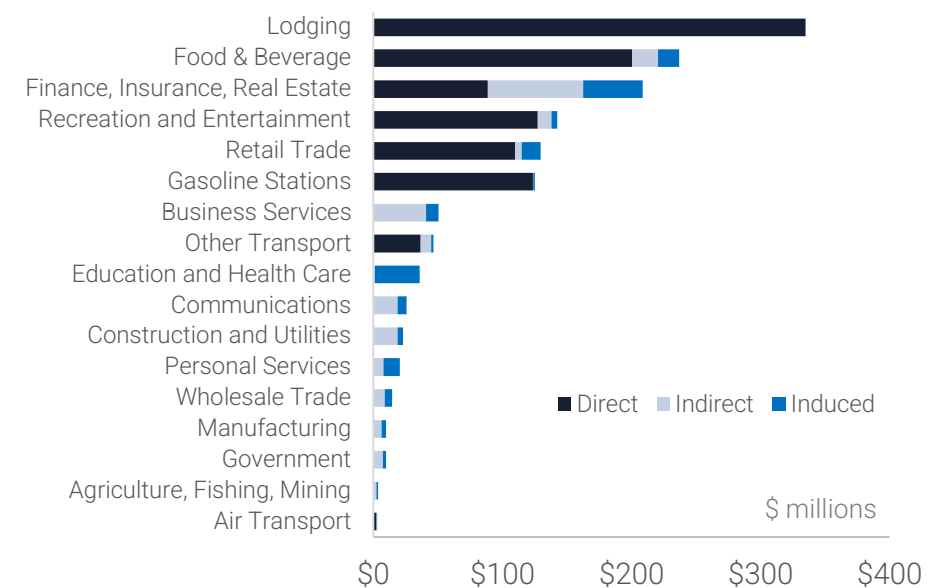
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$1,023.6	\$230.8	\$165.9	\$1,420.4
Lodging	\$335.0	\$0.0	\$0.0	\$335.0
Food & Beverage	\$200.5	\$20.1	\$16.4	\$237.0
Finance, Insurance, Real Estate	\$88.7	\$73.8	\$46.1	\$208.6
Recreation and Entertainment	\$127.2	\$10.8	\$4.6	\$142.6
Retail Trade	\$109.7	\$5.3	\$14.6	\$129.5
Gasoline Stations	\$123.6	\$0.2	\$1.2	\$125.1
Business Services		\$40.7	\$9.7	\$50.4
Other Transport	\$36.7	\$8.2	\$1.6	\$46.4
Education and Health Care		\$1.2	\$34.6	\$35.8
Communications		\$18.9	\$6.9	\$25.7
Construction and Utilities		\$18.8	\$4.1	\$22.9
Personal Services		\$8.0	\$12.6	\$20.5
Wholesale Trade		\$8.8	\$5.7	\$14.5
Manufacturing		\$6.3	\$3.5	\$9.8
Government		\$7.3	\$2.5	\$9.8
Agriculture, Fishing, Mining		\$2.3	\$1.5	\$3.7
Air Transport	\$2.2	\$0.3	\$0.4	\$2.9

Source: Tourism Economics

Business sales impacts by industry (2022)

Amounts in \$ millions



Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending generated \$220.8 million in government revenues in 2022.

State and local taxes alone tallied \$133.5 million in 2022.

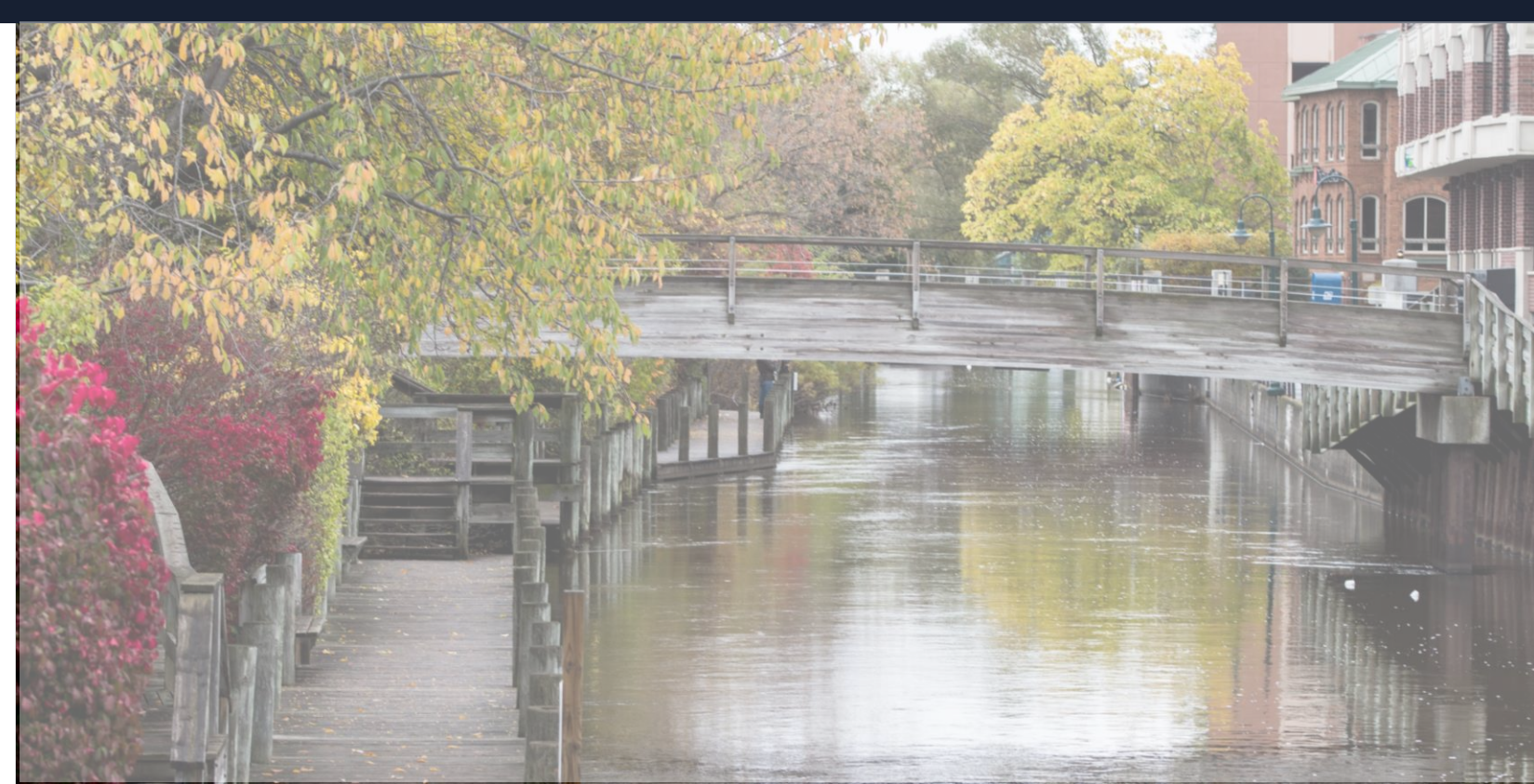
Each household in the region would need to be taxed an additional \$2,452 to replace the visitor-generated taxes received by state and local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	Direct	Indirect & Induced	Total
Total Tax Revenues	\$185.3	\$35.5	\$220.8
Federal Taxes	\$67.4	\$19.9	\$87.3
Personal Income	\$16.6	\$6.9	\$23.4
Corporate	\$4.7	\$1.3	\$6.1
Indirect Business	\$6.3	\$0.8	\$7.1
Social Insurance	\$39.8	\$10.9	\$50.7
State and Local Taxes	\$117.9	\$15.6	\$133.5
Sales	\$55.8	\$6.2	\$62.0
Personal Income	\$4.1	\$1.7	\$5.7
Corporate	\$1.1	\$0.3	\$1.4
Excise and Fees	\$5.3	\$0.7	\$6.0
Property	\$51.7	\$6.7	\$58.4

Source: Tourism Economics



Visitor-supported revenues to state government increased to \$81.2 million in 2022. The majority of state revenues are from sales taxes, with income taxes, corporate taxes, and excise and fees, and property taxes adding an additional \$19.2 million to state revenues.

Local tax revenues from visitor activity rose to \$52.3 million with property taxes and fees supporting local government revenues from visitor spending.

Fiscal (tax) impacts, by category

Amounts in \$ millions

	State	Local
Total Tax Revenues	\$81.2	\$52.3
Sales	\$62.0	
Personal Income	\$5.7	
Corporate	\$1.4	
Excise and Fees	\$4.5	\$1.6
Property	\$7.7	\$50.7

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$1.0B **VISITOR** **SPENDING**

The \$1 billion in visitor spending is enough to buy more than 60 million cherry crumb pies from Grand Traverse Pie Company.



\$349M **LABOR** **INCOME**

The \$349 million in total income generated by tourism is the equivalent of \$2,550 for each resident of the Greater Grand Traverse region.



8,954 **TOTAL** **JOBS**

The 8,954 visitor-supported employees would fill every seat in City Opera House in Traverse City more than 13 times.



\$134M **STATE & LOCAL** **TAXES**

The \$142 million in state and local taxes generated by tourism would cover the average salaries of 2,644 public school teachers in the Greater Grand Traverse region.

DEFINITIONS

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 discreet 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	Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year.
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 destination 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 400 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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