

# 2017

REPORT ON THE  
ECONOMIC IMPACT  
OF TOURISM

*Raleigh, North Carolina*





KEITH ISAACS

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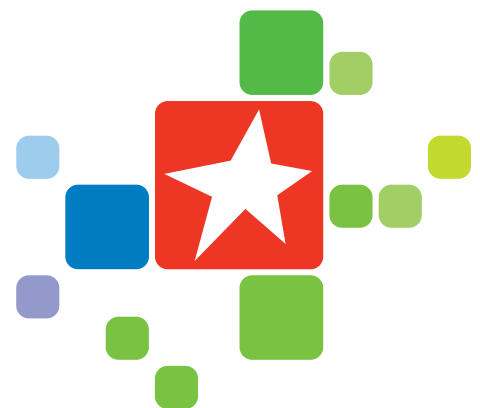
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BRIAN MAGEE



LISSA GOTWALS



# Overview

To gain insight into the overall economic impact of tourism in Raleigh, N.C., the CVB contracted with Tourism Economics – An Oxford Economics Company to undergo an in-depth analysis of visitor spending and its impact on Wake County.

*This study measures the economic impact of tourism in the Raleigh, N.C., area, defined as Wake County.*

*Visitors included those who stayed in overnight accommodations or travelers who came from a distance greater than 50 miles.*

*The impact of tourism includes direct spending, the indirect (supply-chain) effects, and induced (income) effects.*

*Impacts were measured in terms of employment, income, business sales, and tax revenues.*



# Headline Results





ANGIE MOSIER



BRIAN MAGEE

## Headline Results

Tourism is an integral part of the Raleigh area economy, and the industry is making significant contributions to economic growth, generating business sales, employment, and tax revenues.

Visitors to Raleigh spent **\$2.5 billion in 2017**, which generated nearly **\$4.0 billion** in total business sales, including indirect and induced impacts.

Tourism in Raleigh generated **\$489 million** in tax revenues in 2017, including **\$250 million** in state and local revenues.

Including direct, indirect, and induced impacts, **36,456 jobs** were sustained by visitors to Raleigh in 2017 with total income of **\$1.2 billion**.

Approximately **5.0% (1 in 20)** of all jobs in Wake County were sustained by tourism.

An estimated **29%** of tourism-supported jobs were in the food and beverage industry, **22%** in recreation, **12%** in lodging, and **11%** in retail, shares that are consistent with a year ago.

# Key Trends



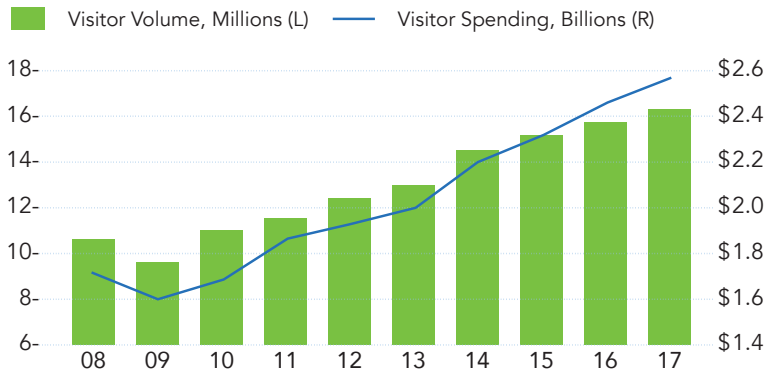


Visitor volume and spending to the Raleigh area expanded in 2017, driven by continued job and income growth in the broader North Carolina and regional economy.

An estimated **16.45 million** visitors (including day and overnight) spent a total of **\$2.5 billion** in 2017, increases of **5.3%** and **4.0%**, respectively, from 2016 (as cited by DK Shifflet, DKS).

## Visitor Volume and Spending

Wake County



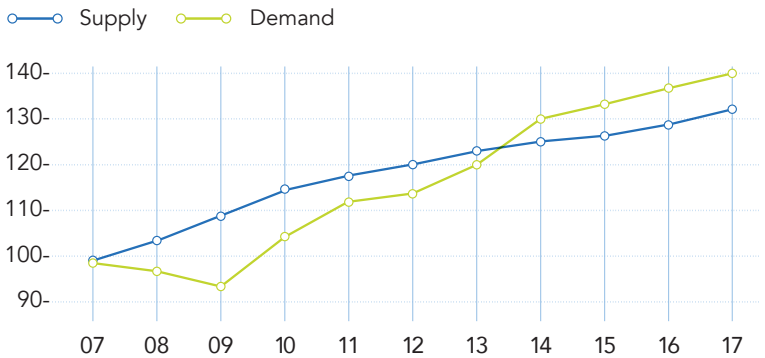
Sources: DKS, Tourism Economics

Raleigh room demand has outpaced growth in supply in recent years, although supply is catching up.

In 2017, supply expanded faster, at **2.8%** compared with a **1.3%** increase in demand.

## Lodging Demand is Outpacing Supply Growth

Wake County room supply and demand, index 2007=100



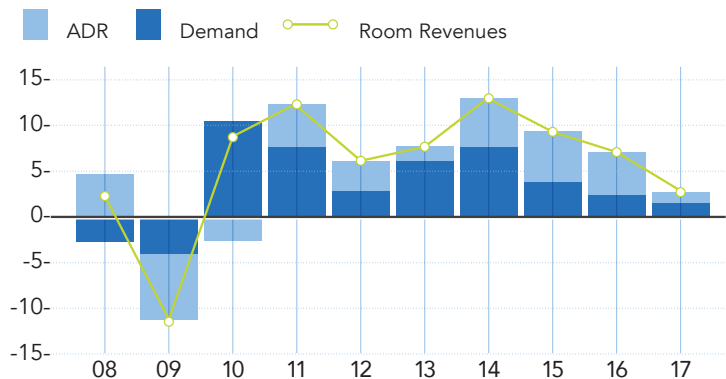
Sources: STR, Tourism Economics

Occupancy ticked down to **69.1%** from **70.1%** a year earlier, and the average daily rate rose **1.8%** to **\$102.90**.

Overall room revenue growth moderated to **3.1%**, balanced between price and demand.

## Both Demand and Price Drive Revenue Growth

Wake County, contribution to growth, % change from year ago



Sources: STR, Tourism Economics

# Key Trends



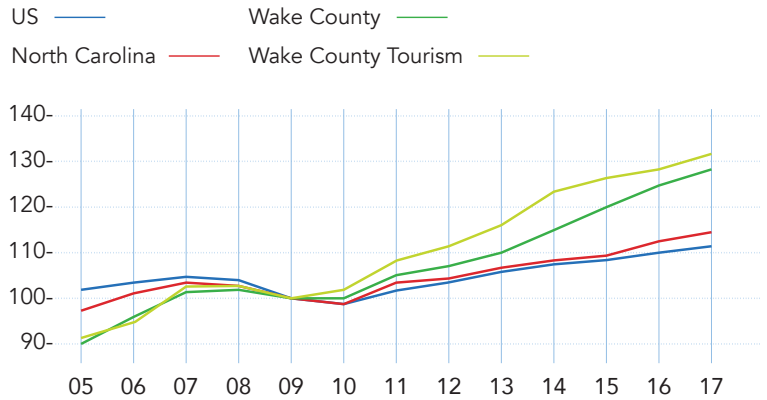
Employment growth in Wake County continues to outpace that of the state and nation.

Within the county, tourism employment is expanding faster than overall job growth. Tourism employment is **31.6%** higher than in 2009, versus **27.3%** for the county overall.

Tourism has added nearly **800** jobs per year since 2009, average annual growth of **3.5%**.

## Tourism Jobs Outpace the Broader Recovery

Employment indexes, 2009=100



Sources: BEA, BLS, Tourism Economics  
Note: For more info about index numbers, [click here](#)





# Visitors & Spending



## Historic Trolley Tours

Departures	Admission Charges
12:00	
1:00	Purchase Tickets
2:00	in Gift Shop

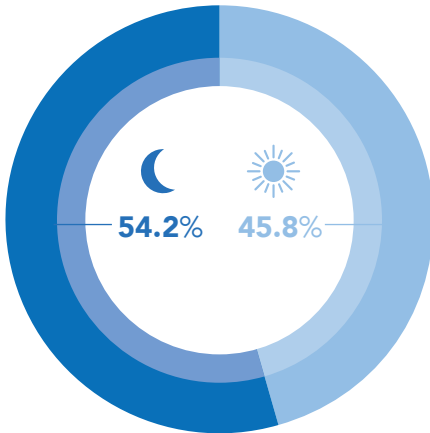




Raleigh hosted a total of **16.45 million visitors** in 2017.

## Visitor Characteristics

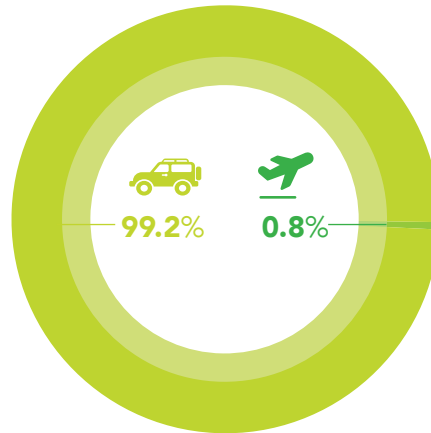
Day/Overnight



**54.2%**

Overnight vs. Day

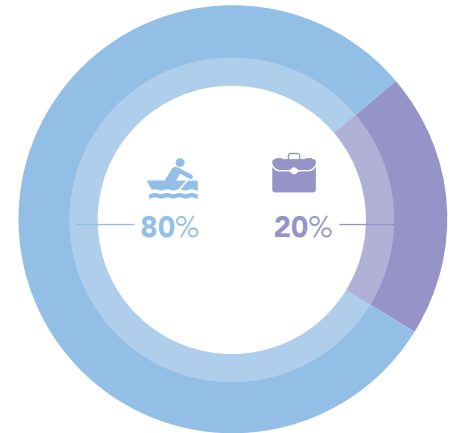
Domestic/International



**99.2%**

Domestic vs. International

Leisure/Business



**80%**

Leisure vs. Business

Sources: DKS, Tourism Economics  
Note: Day/Overnight and Business/Leisure segments are domestic only



**\$85**

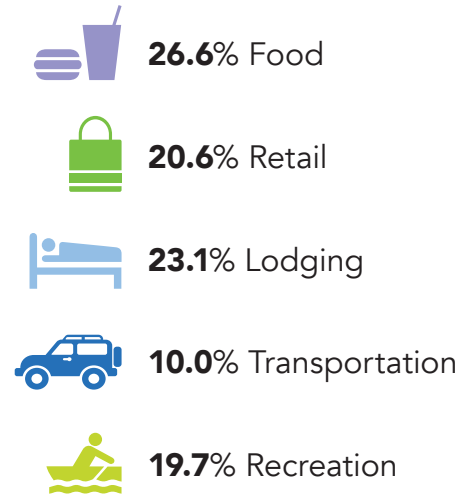
Average per visitor per day, 3.5% higher than 2016



# Composition of Tourism Spending

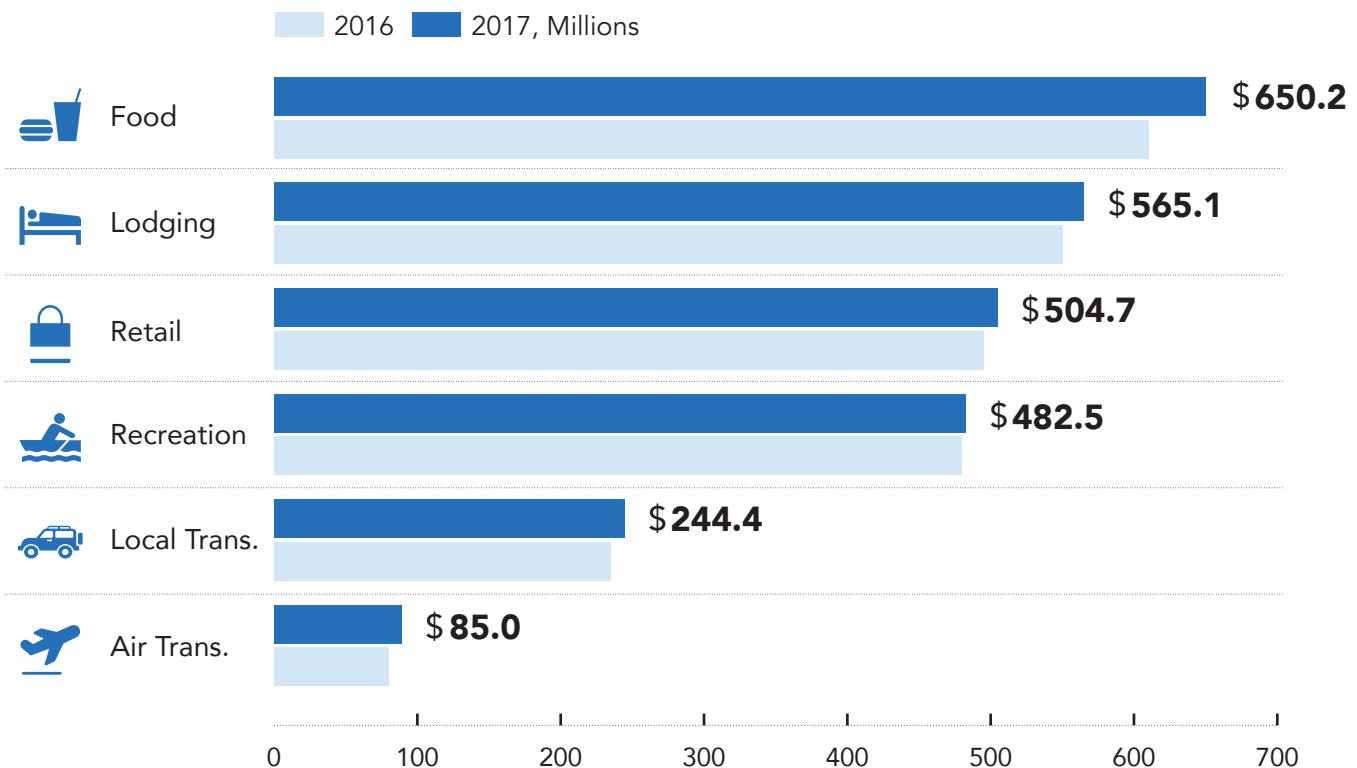


Food and beverage accounted for most visitor spending with **\$650.2 million**, followed by lodging at **\$565.1 million**, **\$504.7 million** in retail spending, and **\$482.5 million** in recreation spending in 2017.



Source: Tourism Economics

Food and lodging account for about a quarter each of total visitor spending, and retail and recreation about a fifth each.



Source: Tourism Economics

# Fuel Prices Rose in 2017



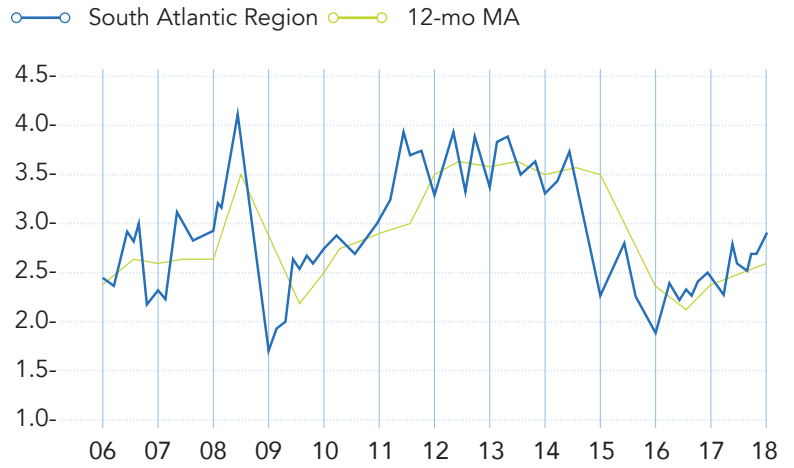
More expensive crude oil pushed up fuel prices **11.3%** in 2017.

Gas prices are still at relatively low levels, and they boost consumer confidence and encourage more visitor spending that otherwise might not occur.

Oxford Economics forecasts oil prices to lower to **under \$75** per barrel by 2020, implying an average price in Raleigh that will remain **under \$3.00** per gallon over the next two years.

## Fuel Prices Are Stabilizing After a Long Fall

South Atlantic Region average gasoline price, dollars per gallon



Source: Energy Information Administration



# Visitor Spending Trends



Visitor spending increased **4.0%** in **2017**, with food and beverage, transportation, and retail leading growth.

Lodging spending grew **3.3%** as both prices and room-night demand rose moderately.

Visitor Spending By Category							
(US\$ Million)							
	2012	2013	2014	2015	2016	2017	2016-17 % change
Food and Beverage	466.6	493.2	543.9	587.5	617.1	650.2	5.4%
Retail	419.8	434.5	467.2	481.6	493.9	504.7	2.2%
Lodging	387.1	410.4	464.0	509.0	546.8	565.1	3.3%
Transportation (local)	224.5	237.0	244.2	238.7	234.3	244.4	4.3%
Recreation	357.6	390.5	421.1	441.5	462.9	482.5	4.2%
Air	65.8	66.8	73.3	76.6	79.0	85.0	7.5%
<b>Total</b>	<b>1,921.3</b>	<b>2,032.3</b>	<b>2,213.7</b>	<b>2,335.0</b>	<b>2,434.0</b>	<b>2,531.9</b>	
% change	3.9%	5.8%	8.9%	5.5%	4.2%	4.0%	



# *Economic Impacts*



# How Visitor Spending Generates Impact



## Direct

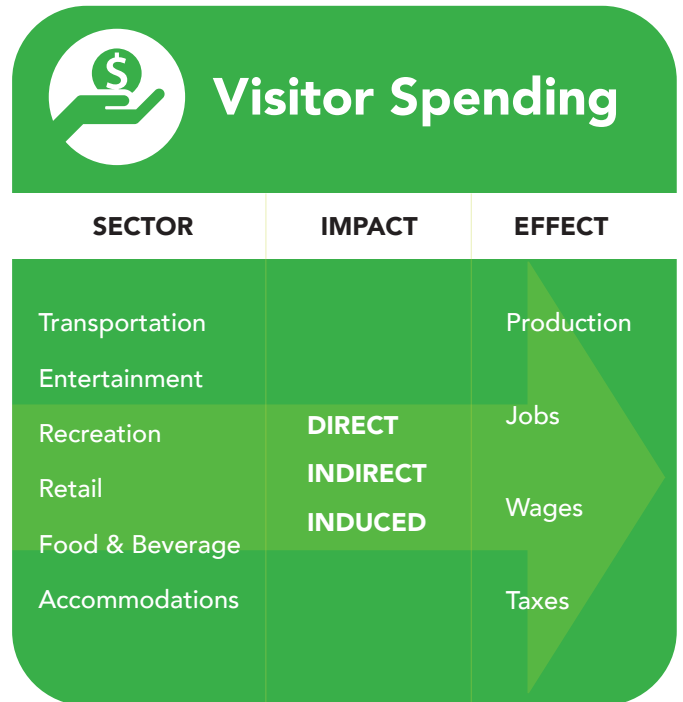
Travelers create direct economic value within a discrete group of sectors (e.g., recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.

## Indirect

Each directly affected sector also purchases goods and services as inputs (e.g., food wholesalers, utilities) into production. These impacts are called indirect impacts.

## Induced

Lastly, the induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism spend those incomes in the Wake County economy.



# Tourism Sales



Including indirect and induced business sales, tourism generated nearly **\$4.0 billion** in revenue in 2017.

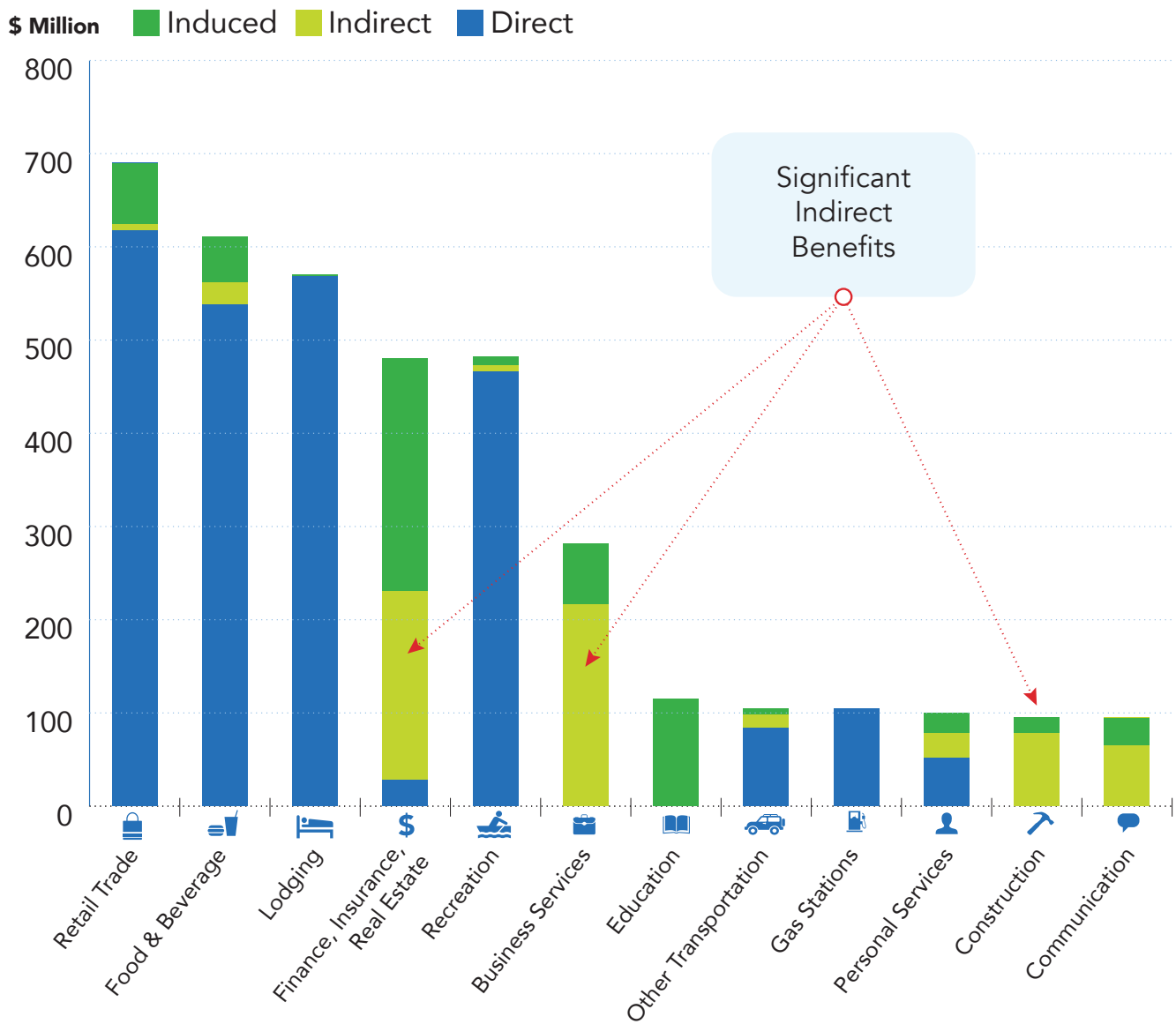
Tourism Sales				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	–	3.7	1.5	5.2
Construction and Utilities	–	70.2	24.7	94.9
Manufacturing	–	14.4	6.7	21.0
Wholesale Trade	–	16.7	32.6	49.4
Air Transportation	85.0	3.4	5.8	94.2
Other Transportation	92.2	20.2	8.3	120.6
Retail Trade	621.7	5.0	61.0	687.7
Gasoline Stations	113.0	0.2	4.4	117.6
Communications	–	61.9	32.7	94.5
Finance, Insurance and Real Estate	39.4	185.0	247.1	471.4
Business Services	–	219.5	57.8	277.3
Education and Health Care	–	2.0	129.3	131.3
Recreation and Entertainment	434.2	26.6	9.5	470.4
Lodging	565.1	0.5	0.3	565.9
Food & Beverage	533.2	34.8	51.3	619.3
Personal Services	48.2	23.0	29.0	100.2
Government	–	24.4	9.3	33.7
<b>Total</b>	<b>2,531.9</b>	<b>711.5</b>	<b>711.1</b>	<b>3,954.6</b>

Note: Direct sales include cost of goods sold for retail sectors





# Tourism Sales by Industry



Note: Direct sales include retail cost of goods sold



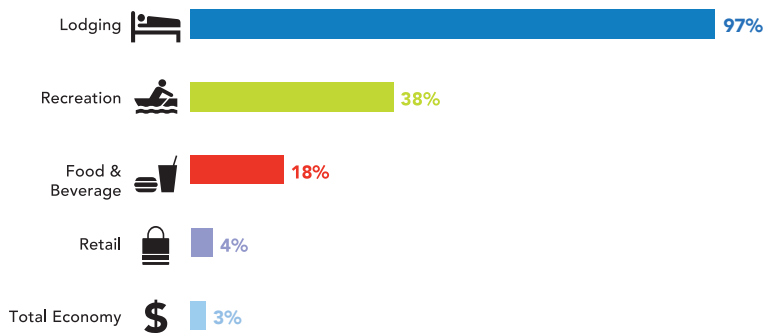
# Tourism Share of Key Industry Employment



Tourism is a significant part of several industries – tourism directly supports nearly all of lodging employment, **38%** of recreation, and **18%** of food and beverage employment.

## Tourism Employment Intensity by Industry

Direct only



Source: Tourism Economics

## Tourism Employment Details

The tourism industry supported **36,456 jobs** or **5.0%** of employment (1-in-20 jobs) in the Raleigh area in 2017, including indirect and induced impacts.

Tourism Employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	–	14	6	20
Construction and Utilities	–	243	71	313
Manufacturing	–	50	15	65
Wholesale Trade	–	86	167	253
Air Transportation	269	11	18	298
Other Transportation	858	151	63	1,072
Retail Trade	3,002	68	819	3,890
Gasoline Stations	143	2	38	184
Communications	–	180	79	259
Finance, Insurance and Real Estate	206	939	730	1,875
Business Services	–	1,939	525	2,464
Education and Health Care	–	27	1,185	1,212
Recreation and Entertainment	7,431	445	159	8,035
Lodging	4,517	4	3	4,524
Food & Beverage	9,085	556	845	10,486
Personal Services	659	267	355	1,282
Government	–	172	53	225
<b>Total</b>	<b>26,170</b>	<b>5,155</b>	<b>5,131</b>	<b>36,456</b>

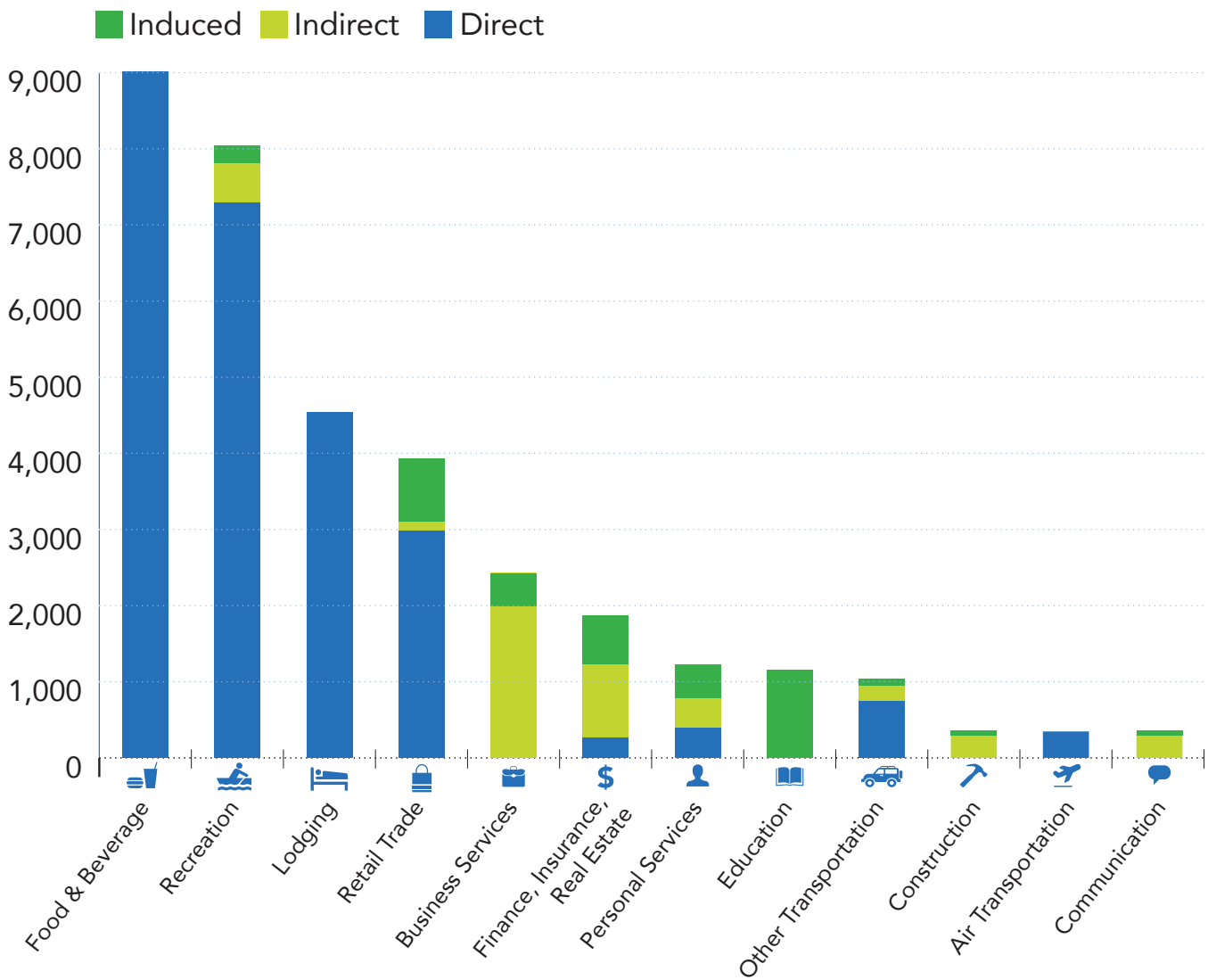
# Tourism Employment Summary



As a labor intensive collection of services, tourism-related industries are significant Raleigh area employers.

The most significant indirect impacts are in business services and finance, real estate and insurance.

The more than **36,000** jobs supported by Raleigh area tourism span every sector of the economy, either directly or indirectly.



KEENAN HAIRSTON

# Tourism Personal Income



Employees in the Raleigh area earned **\$1.2 billion** as a result of visitor activity in 2017.

Tourism Labor Income (Compensation)				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	–	0.1	0.1	0.2
Construction and Utilities	–	21.4	6.4	27.8
Manufacturing	–	3.8	1.1	4.9
Wholesale Trade	–	8.3	16.1	24.4
Air Transportation	15.1	0.6	1.0	16.7
Other Transportation	53.3	8.4	3.4	64.9
Retail Trade	89.3	2.4	28.8	120.5
Gasoline Stations	6.5	0.1	1.8	8.4
Communications	–	14.6	6.3	20.9
Finance, Insurance and Real Estate	8.3	36.1	31.7	76.1
Business Services	–	113.2	30.3	143.4
Education and Health Care	–	1.0	69.4	70.4
Recreation and Entertainment	167.9	12.0	3.7	183.6
Lodging	160.0	0.1	0.1	160.3
Food & Beverage	208.3	12.7	20.0	241.0
Personal Services	31.1	14.9	17.9	63.9
Government	–	14.7	3.5	18.2
<b>Total</b>	<b>739.5</b>	<b>264.2</b>	<b>241.7</b>	<b>1,245.4</b>



# Tourism Tax Generation



Tourism generated **\$489 million** in taxes in 2017.

Tourism-driven state and local tax proceeds of **\$250 million** helped offset the average household tax burden by **\$671 per household**.

Local taxes generated by tourism included property, sales, and lodging tax revenues and amounted to **\$127 million** in 2017.

Tourism-Generated Tax Revenues	
(US\$ Million)	
	Amount
<b>Federal</b>	<b>239.1</b>
Personal Income	71.4
Corporate	29.9
Indirect Business	22.0
Social Security	115.8
<b>State</b>	<b>123.2</b>
Personal Income	30.1
Corporate	3.6
Sales	67.1
Social Security	1.7
Other Taxes and Fees	20.6
<b>Local</b>	<b>127.1</b>
Sales	28.3
Lodging	25.1
Property	69.2
Other Taxes and Fees	4.5
<b>Total</b>	<b>489.4</b>

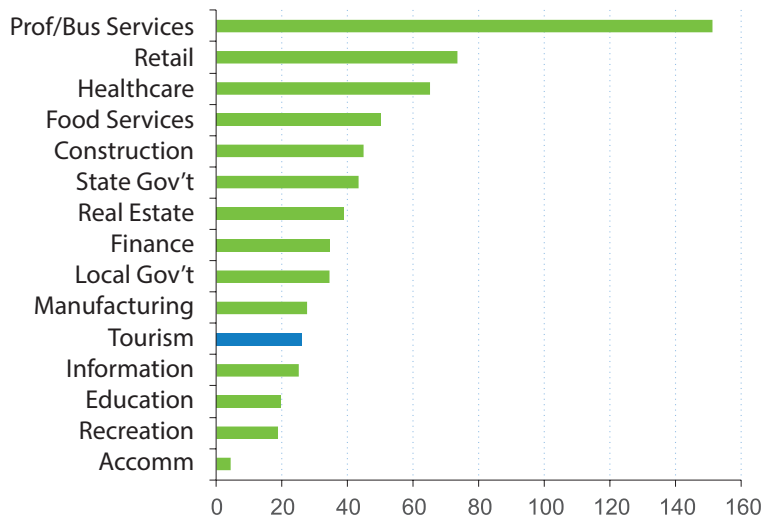
# Wake County Tourism in Context

The Raleigh area has a large and diverse economy, with research, business services, healthcare, finance, and real estate as key drivers.

Taken as an industry, with more than **26,000** direct jobs, tourism is a key employer in the Raleigh area, on par with manufacturing, and larger than information and private education.

## Wake County Jobs by Industry

Thousands, 2017



Sources: BEA, BLS, Tourism Economics

# 2017 Events & Tourism Assets



# 2017 Events & Tourism Assets



Marketing our tourism assets and events grows visitation, visitor spending and tourism tax receipts.



In 2017, **PNC Arena** greeted more than **1.16 MILLION GUESTS**—many of them visitors—at sports events, concerts, comedy and family shows.



ALL THINGS OPEN

In 2017, the **Raleigh Convention Center (RCC)** hosted **456,069 GUESTS**, who attended meetings and events such as Big Rock East, the Lenovo North American Sales Kickoff, N.C. All-State Choral Festival, Animazement and the Ray Price Motorsports Expo.



FISTICUFFS PHOTOGRAPHY

New in 2017 was **Raleigh Supercon**, held at RCC July 14-16, which drew **30,000 FANS** of TV/movie pop culture, collectibles and comics, including overnight visitors who utilized **1,421 HOTEL ROOM-NIGHTS**.



Also at RCC, the **Amateur Athletic Union Karate National Championships and International Cup**, June 27-July 1, 2017, brought together 1,500 athletes, 400 coaches/officials and 3,000 spectators, accounting for an estimated **4,000 HOTEL ROOM-NIGHTS** and direct visitor spending of \$1.5 million.



BILL RUSS

In Holly Springs, the lacrosse tournament **Raleigh LaxFest** (Nov. 2017) pitted **98 BOYS' AND GIRLS' TEAMS** in competition, a substantial increase over 2016 numbers. Another youth event, the longstanding **WRAL Invitational Wrestling Tournament** at Athens Drive High School (Dec. 2017) arranged 400 matches over two days, attracting nearly **40 TEAMS** from the region.





HEIDI PRICE

The largest youth and amateur sporting event in the Research Triangle Region, the **visitRaleigh.com Showcase Series**, returned to Wake County, Nov. 4-Dec. 3, 2017, drawing 1,370 soccer teams and **24,600 ATHLETES** utilizing **35,000 HOTEL ROOM-NIGHTS**, across four weekends of play (1,950 games).



GARRETT POULOS

Among N.C.'s top attractions, **downtown Raleigh's three largest museums** (two state museums and Marbles Kids Museum) welcomed a combined **2.06 MILLION GUESTS** in 2017.



BRIAN MAGEE

The **North Carolina State Fair** in Oct. 2017 drew crowds totaling **1,014,478 ATTENDEES**, many of whom traveled to the capital city from across the state.



TODD GUNSHER



The **International Bluegrass Music Association's World of Bluegrass**, Sept. 26-30, 2017, drew **221,596 MUSICIANS AND FANS**, who spent an estimated \$11.7 million that week at its events in Raleigh.



Both the **2nd Annual N.C. Chinese Lantern Festival**, Nov. 25, 2016-Jan. 15, 2017, and the **3rd annual festival**, Nov. 24, 2017-Jan. 14, 2018, set records over inaugural-year attendance at Cary's Koka Booth Amphitheatre, drawing **90,501 AND 84,123 ANNUAL HOLIDAY SIGHTSEERS**, respectively.



ROGER WINSTEAD

Opened anew in Aug. 2017, the **Gregg Museum of Art & Design** already has welcomed visitors from **EVERY N.C. COUNTY, EVERY U.S. STATE AND 44 INTERNATIONAL COUNTRIES** on every continent (except Antarctica)—**21,798 MUSEUM VISITORS** across 11 months to-date.

# Methodology & Background



# Methodology & Background



## Why quantify the tourism economy?

By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.

The destination can also carefully monitor its successes and future needs.

In order to do this, tourism must be measured in the same categories as other economic sectors – i.e., tax generation, employment, wages, and gross domestic product.

## Why is this a challenge?

Most economic sectors such as financial services, insurance, or construction are easily defined within a region's economic statistics.

Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.

Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents, museums, and theme parks.

## Methods and data sources

Estimates of visitor expenditures in Wake County were based on several sources:

*Smith Travel Research (STR) data on hotel room demand, supply and revenues.*

*County and City level tax data on sales and hotel occupancy receipts.*

*Visitor profile and volume and spending estimates from DK Shifflet, a national tourism research firm.*

*Industry data on employment, wages and sales from the U.S. Census, the Bureau of Economic Analysis and the Bureau of Labor Statistics.*

An IMPLAN input-output model was constructed for Wake County. 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.

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

Gasoline price data were obtained from the U.S. Energy Information Administration.

All images were provided by GRCVB/visitRaleigh.com.

## Description of spending categories

### Lodging

*Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels and similar establishments.*

### Recreation

*Includes visitors spending within the arts, entertainment and recreation sub-sector.*

### Local Transport

*Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, and buses.*

### Shopping

*Includes visitor spending in all retail sub-sectors within the Wake County economy.*

### Service Stations

*Visitor spending on gasoline. Only the margin counts as local economic impact.*

### Second Homes

*Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.*

### Food and Beverage

*Includes all visitor spending at restaurants and bars.*



 *visitRaleigh*®