

The Economic Impact of Tourism in Hillsborough County

July 2017

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1) Key Findings for 2016

1) Tourism is a major contributor to Hillsborough County's economy

The impact of visitor spending on Hillsborough County

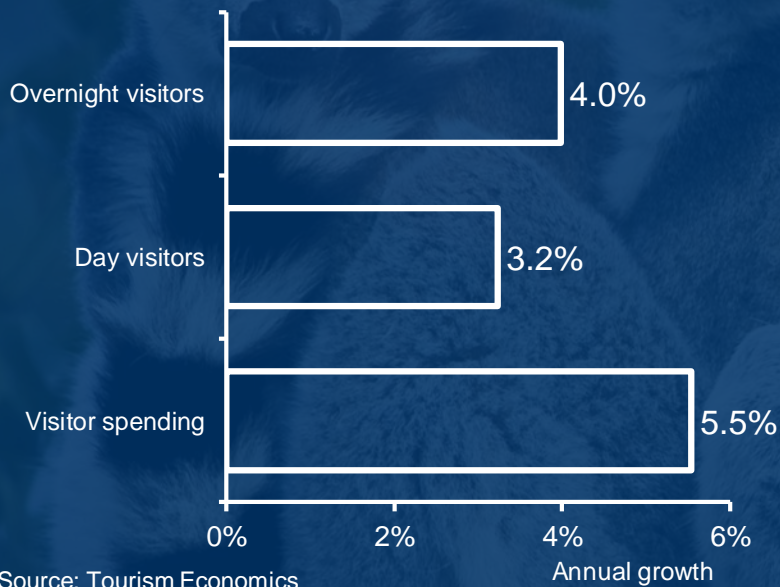
Visitors	22.6 million
Total rooms nights booked	5.7 million
Visitor spending	\$3.8 billion
Jobs sustained by tourism	49,800
Income sustained by tourism	\$2.2 billion
Taxes sustained by tourism	\$860 million
Federal	\$491 million
State	\$195 million
Local	\$174 million

Source: Tourism Economics



2) The tourism sector grew strongly in 2016

Increases in key tourism indicators, 2016



3) Tourism is growing quickly and makes a significant impact on local employment and tax revenue

Key tourism facts

Hotel occupancy rate was up for the seventh straight year, reaching 74%

Visitor spending is up a total of 44.4% since 2009

The tourism sector sustains 7.5% of all income and 6.5% of all jobs in Hillsborough County

Tourism contributes \$759 in state and local taxes for each household in Hillsborough County



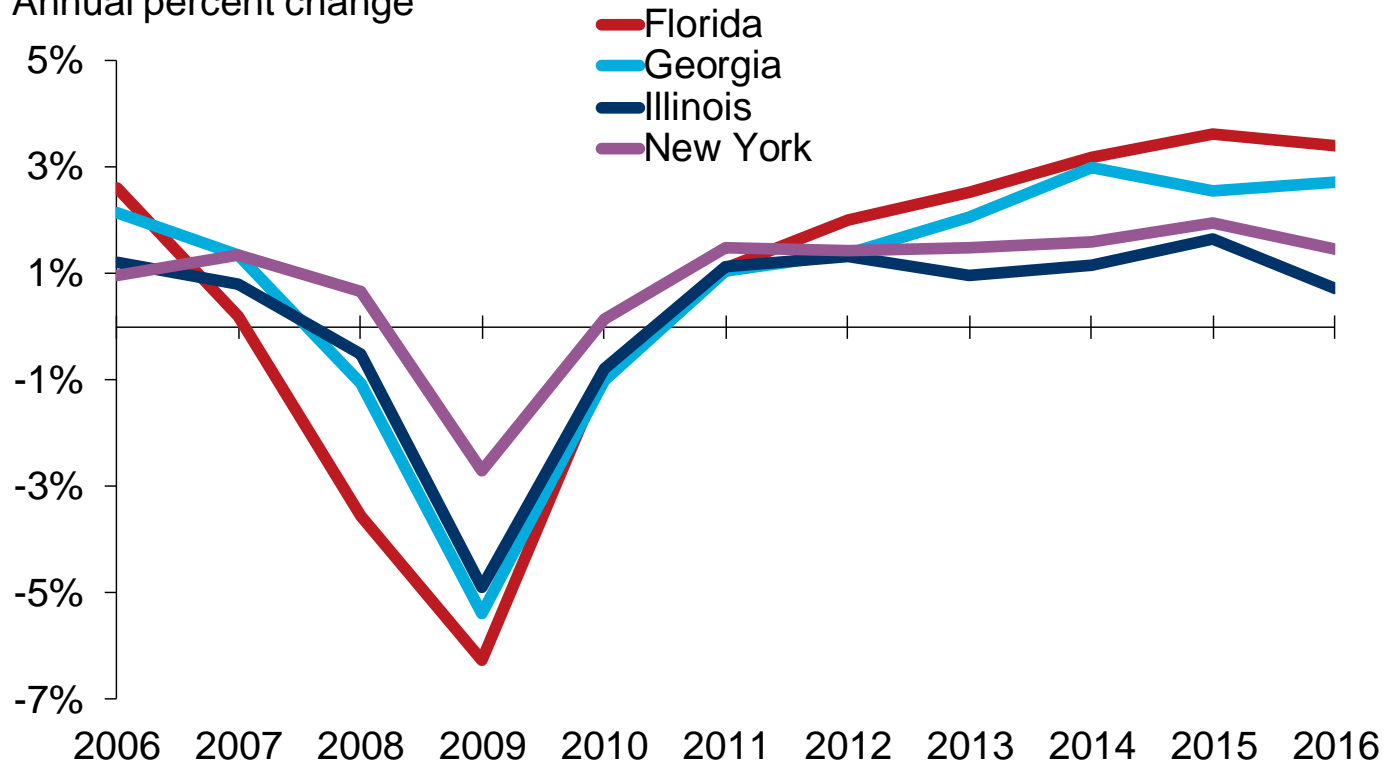
2) Local Tourism Trends

Economic growth continues in important source markets

Hillsborough's top four source markets are continue to make gains in jobs and income

Employment in key source markets

Annual percent change



Source: BLS

Hotel metrics continue to rise

Hillsborough County reached new highs in all three key performance indicators (KPIs)

Revenue per available room (RevPAR) currently stands at \$83 and is up 68% from 2009.

Average Daily rate (ADR) reached \$113 and is up 20% from 2009.

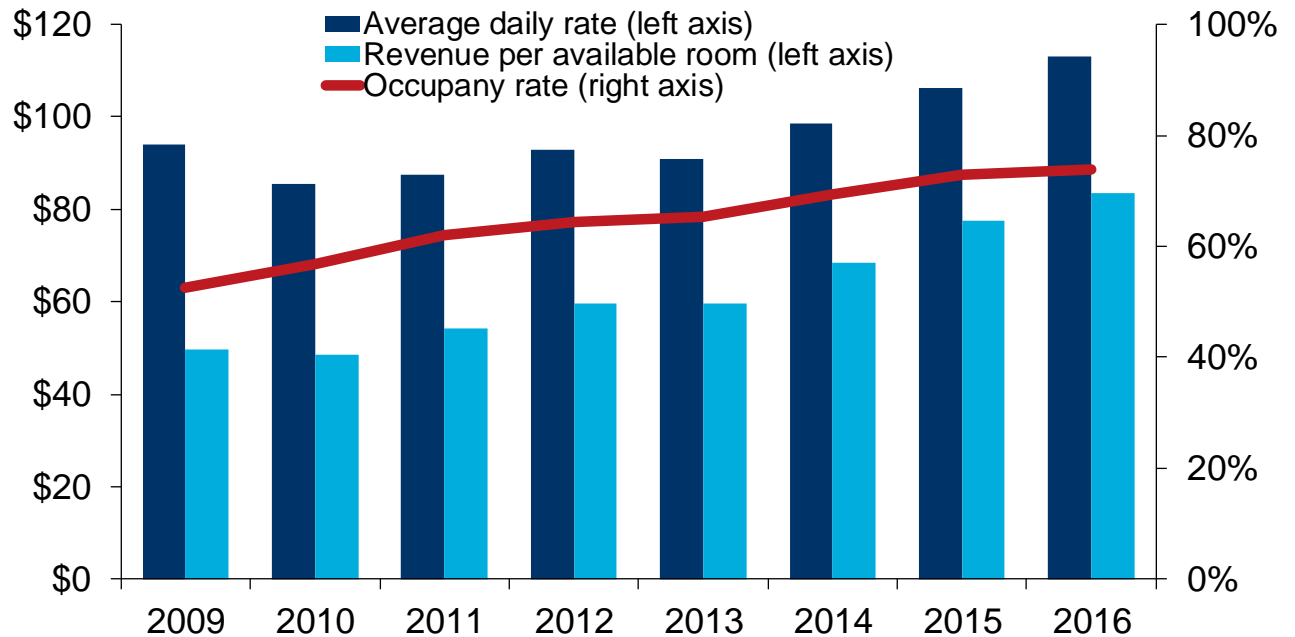
Occupancy rates have risen to 74% in 2016 from 53% in 2009.

5.7 million hotel room-nights were booked in Hillsborough County in 2016.

Hotel sector KPIs

Nominal dollars

Percentage



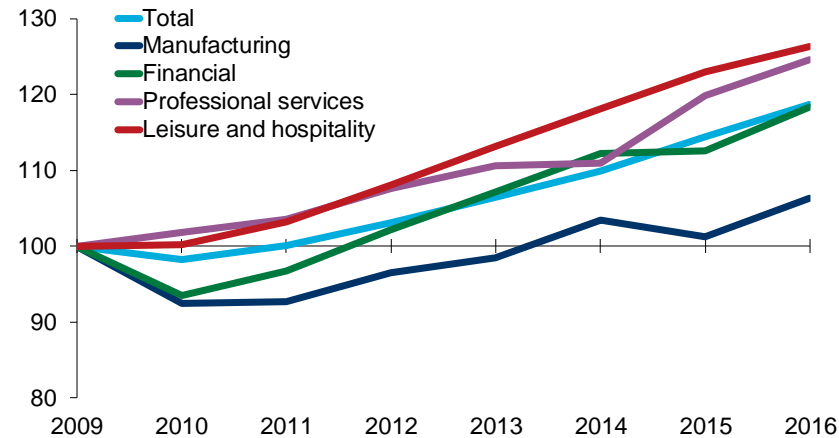
Source: STR

The leisure and hospitality sector is growing faster than the general economy

Employment in the leisure and hospitality sector has grown faster than the economy as a whole and key sectors such as manufacturing and finance.

Hillsborough County employment

Index (2006=100)



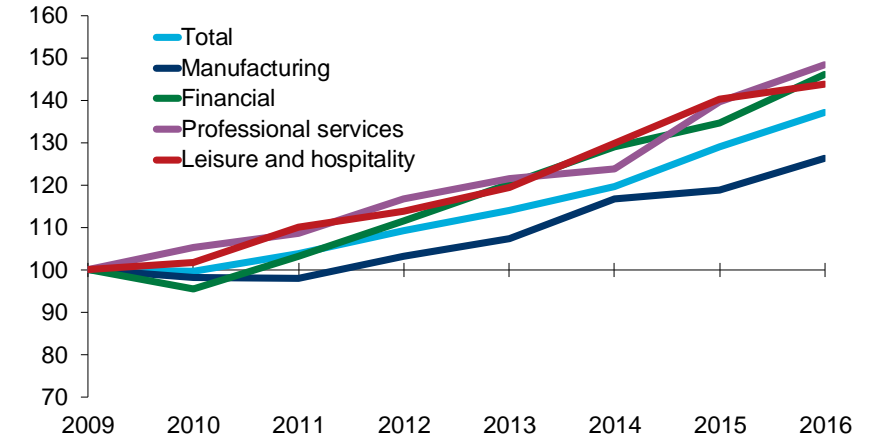
Source: BLS

Leisure and hospitality is becoming an increasingly important part of Hillsborough County's economy

Income in the leisure and hospitality sector has grown faster than the general economy, and just slightly behind the financial and professional services sectors.

Hillsborough County income

Index (2006=100)

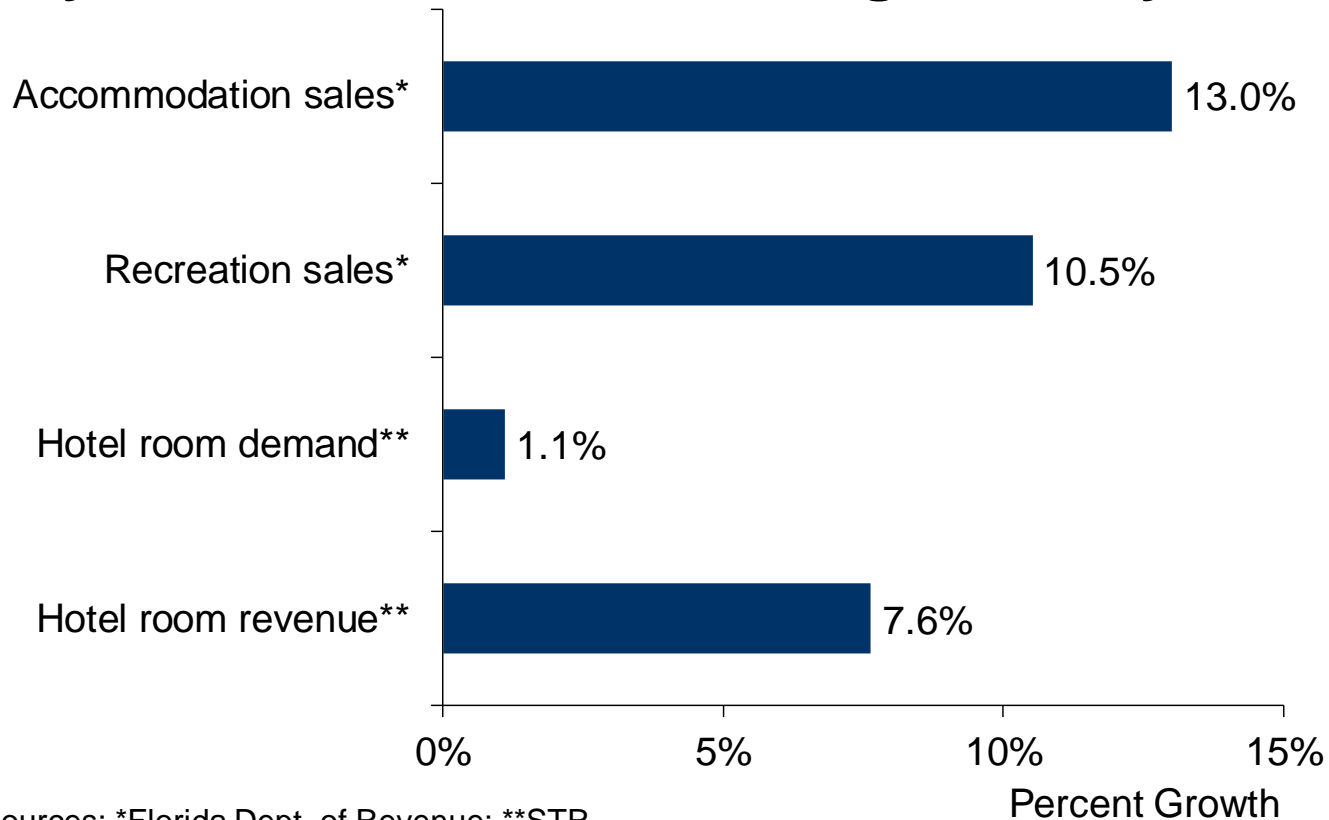


Source: BLS

Key indicators grew in 2016

Data from Florida's Department of Revenue and STR point towards a strong year for the tourism sector

Key indicators for Hillsborough County, 2016



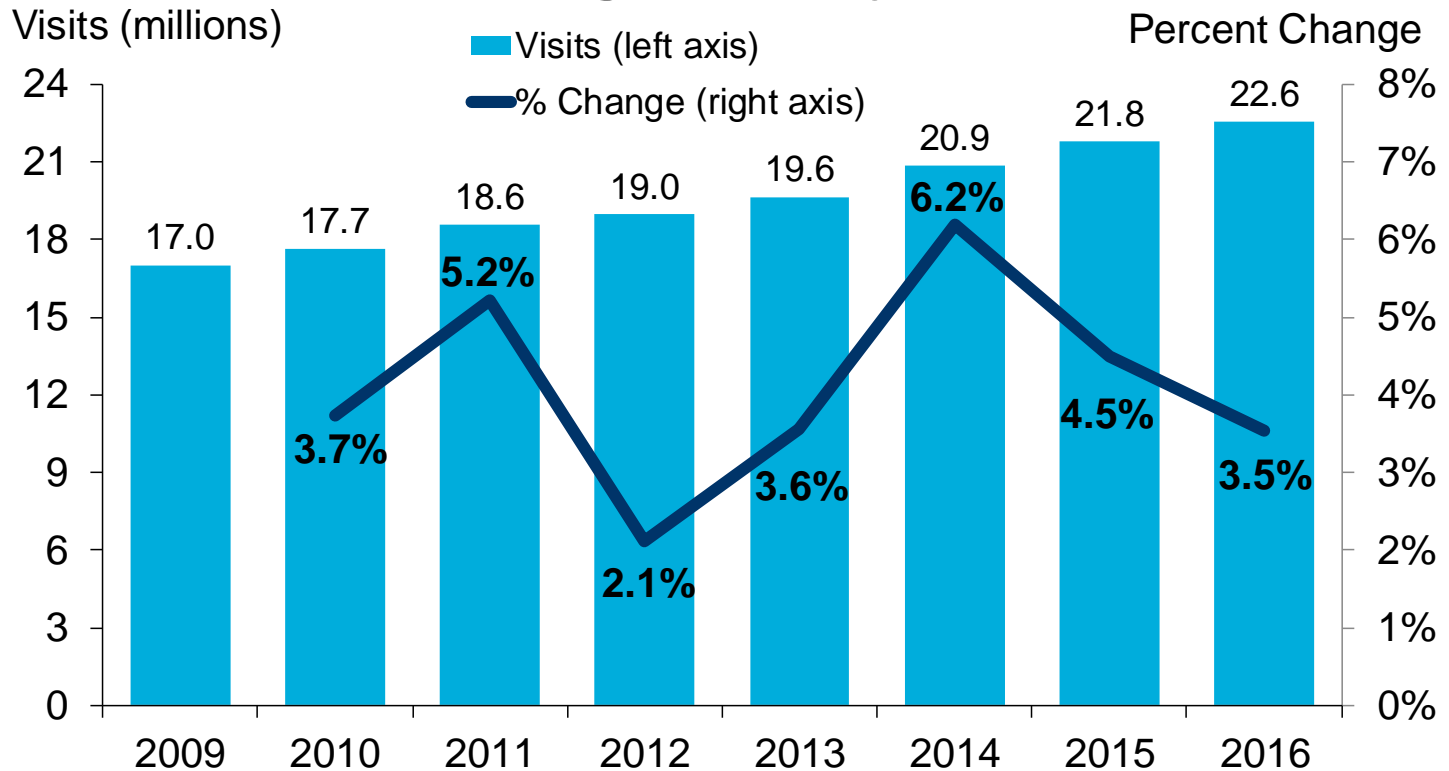
Sources: *Florida Dept. of Revenue; **STR

3) Trends in Visits and Spending

Hillsborough County hosted 22.6 million visitors in 2016

Visitation grew 3.5% in 2016 and reached a new all-time high; visits are up a total of 33% since 2009

Visits to Hillsborough County



Source: Tourism Economics

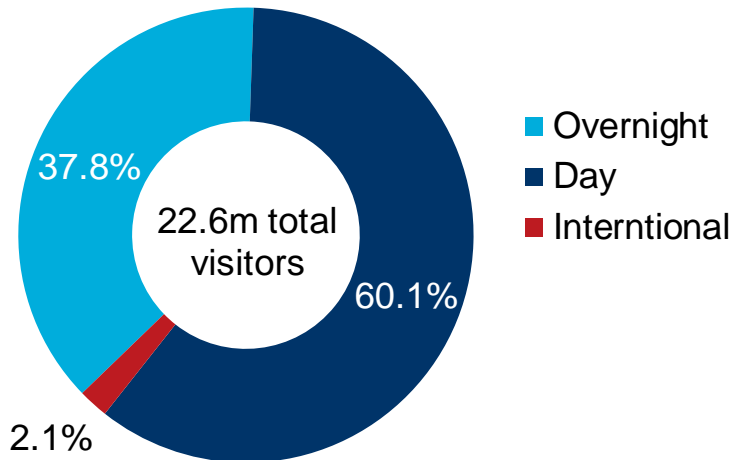
Day trippers represent the majority of visits

All segments of visitors are increasing rapidly

Day trippers represent 60.1% of all visitors, and have increased by 35% since 2009. While the international market is much smaller than the domestic market, it is growing faster than both day and overnight domestic visitation.

Trips by visitor type, 2016

Percent



Sources: Tourism Economics; Longwoods International

Visitors by type		
	Visits	Increase since 2009
Overnight	8,519,000	27.5%
Day	13,559,000	34.8%
International	483,000	38.6%
Total	22,561,000	32.6%

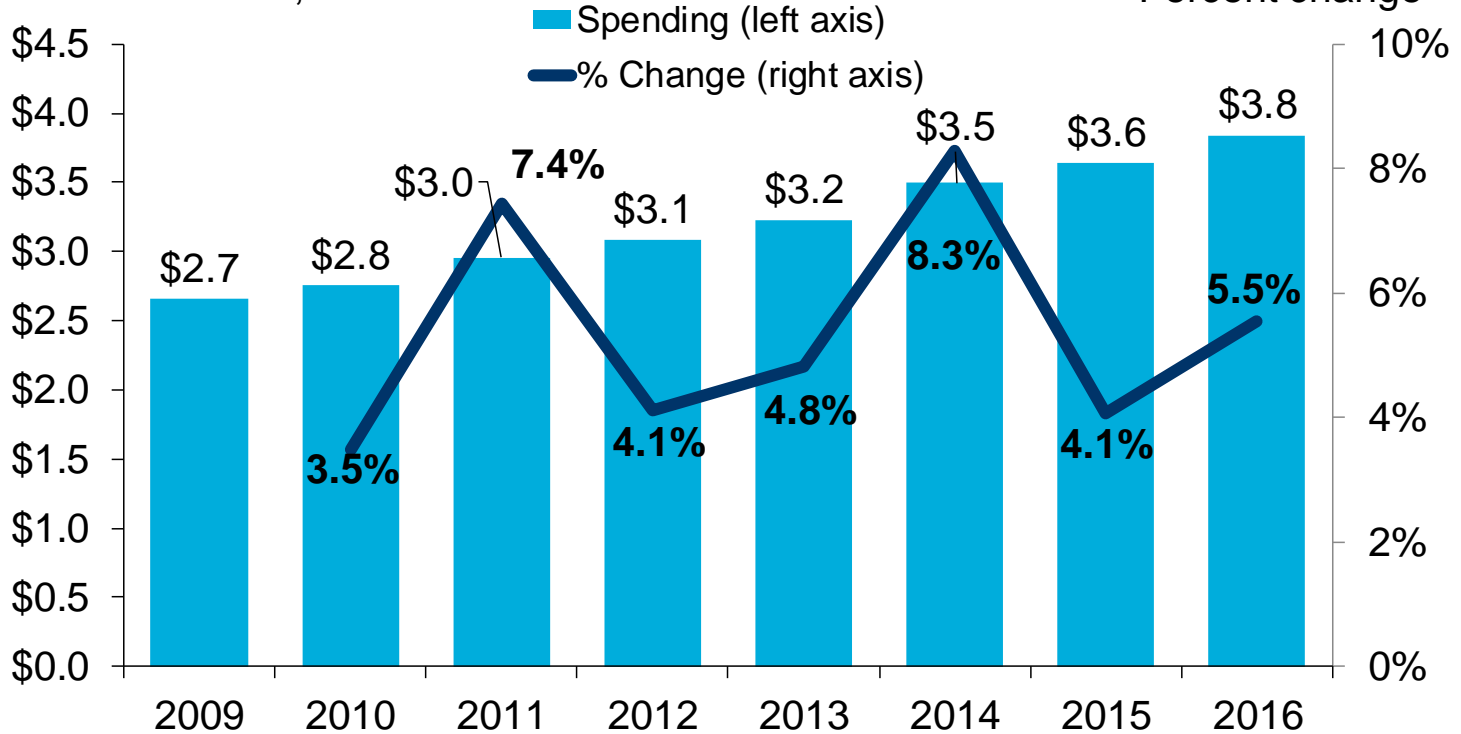
In 2016, visitors spent \$3.8 billion in Hillsborough County

Spending is up 44.4% since 2009, and has increased by 5.5% in 2016 alone

Visitor spending in Hillsborough County

Nominal dollars, billions

Percent change



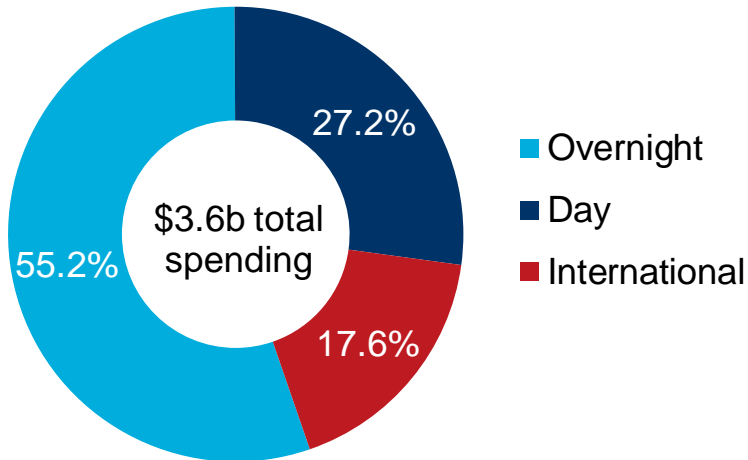
Source: Tourism Economics

Overnight domestic visitors account for over half of all spending

Day visitors spent almost \$1 billion in Hillsborough County. While international spending remains the smallest segment, it is the fastest growing.

Spending by visitor type, 2016

Percent



Sources: Tourism Economics; Longwoods International

Overnight domestic visitors to Hillsborough County spent \$2.0 billion in 2016

Spending by source (US\$ Million)		
	Spending	Increase since 2009
Overnight	\$2,014	40.6%
Day	\$994	40.6%
International	\$641	70.4%
*Total	\$3,649	45.1%

*Airfare is not estimated for individual segments, but represents an additional \$191 million in revenue for the Hillsborough County economy.

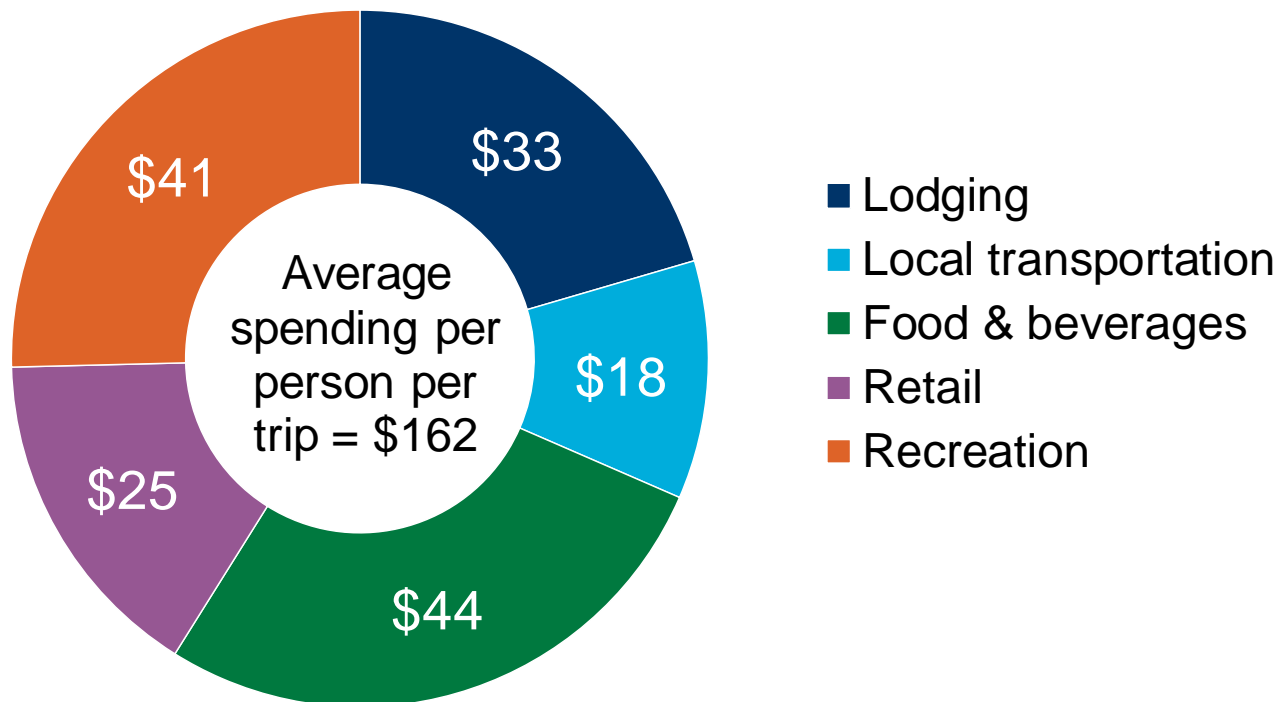
Source: Tourism Economics

Visitor spending is distributed across a variety of sectors

The largest share of the visitor dollar was spent on food and beverages - 27% of the total

Visitor spending profile

Dollars per person per day and percent of total



Sources: Longwoods International; Tourism Economics

Visitor spending details

Total Visitor Spending				
(US\$ Million)				
	Overnight	Day	Interntional	Total
Lodging	\$562	\$0	\$185	\$747
Local trans.	\$205	\$122	\$76	\$403
Food & bev.	\$533	\$310	\$156	\$999
Retail	\$274	\$210	\$89	\$573
Recreation	\$441	\$352	\$133	\$927
Subtotal	\$2,014	\$994	\$641	\$3,649
Airfare**	-	-	-	\$191
Total	\$2,014	\$994	\$641	\$3,840

** Airfare total refers to only the portion of spending that accrues to Hillsborough County

Source: Tourism Economics

4) The Domestic Market

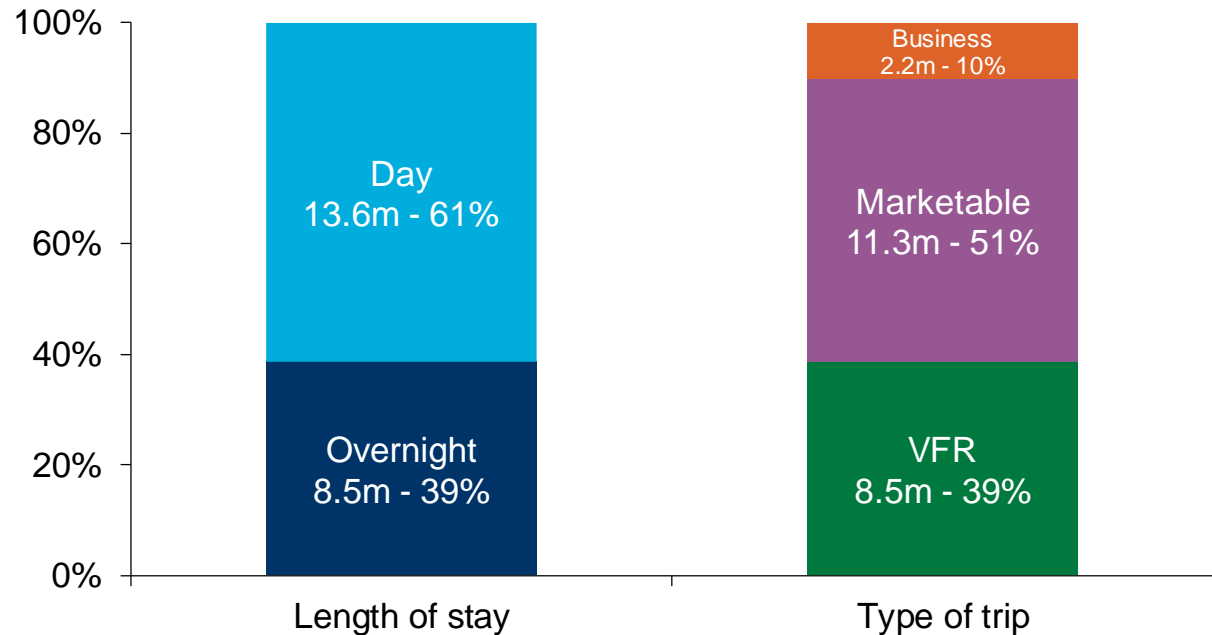
Hillsborough County hosted 22.1 million domestic trips in 2016

Over half of visitors are on 'marketable' leisure trips

39% of all visitors are visiting friends and relatives (VFR) and 10% are on business travel. The remainder, 11.3 million or 51% of the total, can be considered marketable leisure trips.

Domestic visitor segments

Percentage



Sources: Longwoods International; Tourism Economics

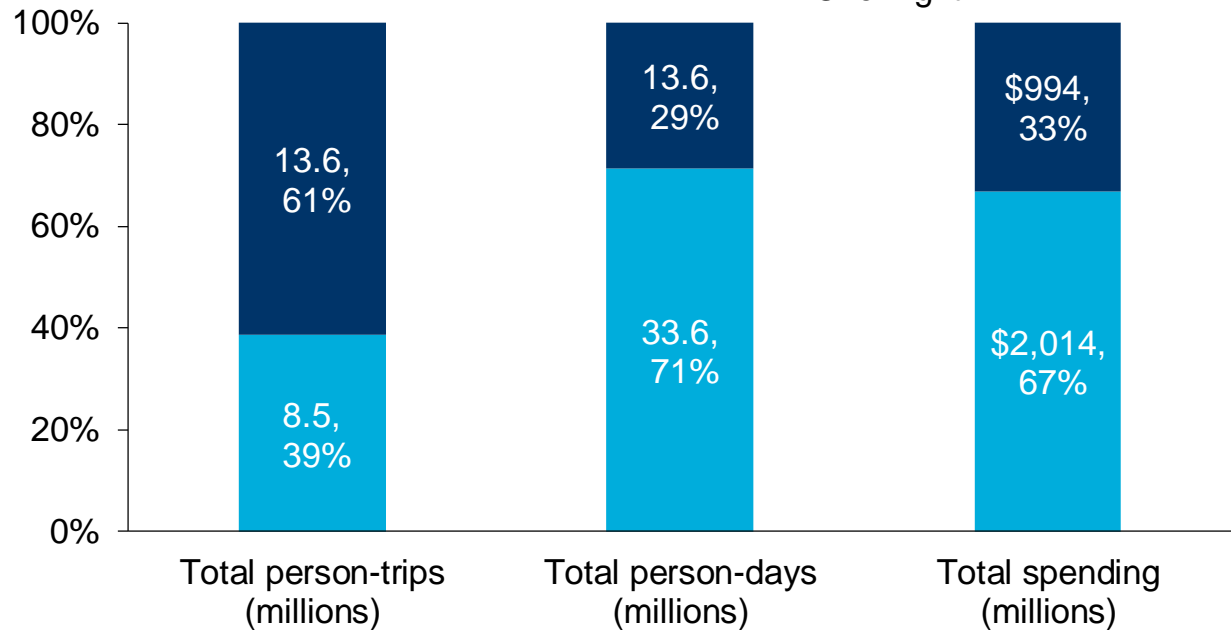
Overnight visitors account for two thirds of all spending

Length of stay and spending on lodging leads to overnight visitors having a higher economic impact

On average, overnight visitors spend 2.9 nights in Hillsborough County. This means that while overnight visitors account for only 39% of total trips, they represent 71% of total person-days in Hillsborough County and 67% of total expenditures.

Key figures by visitor type

Percentage



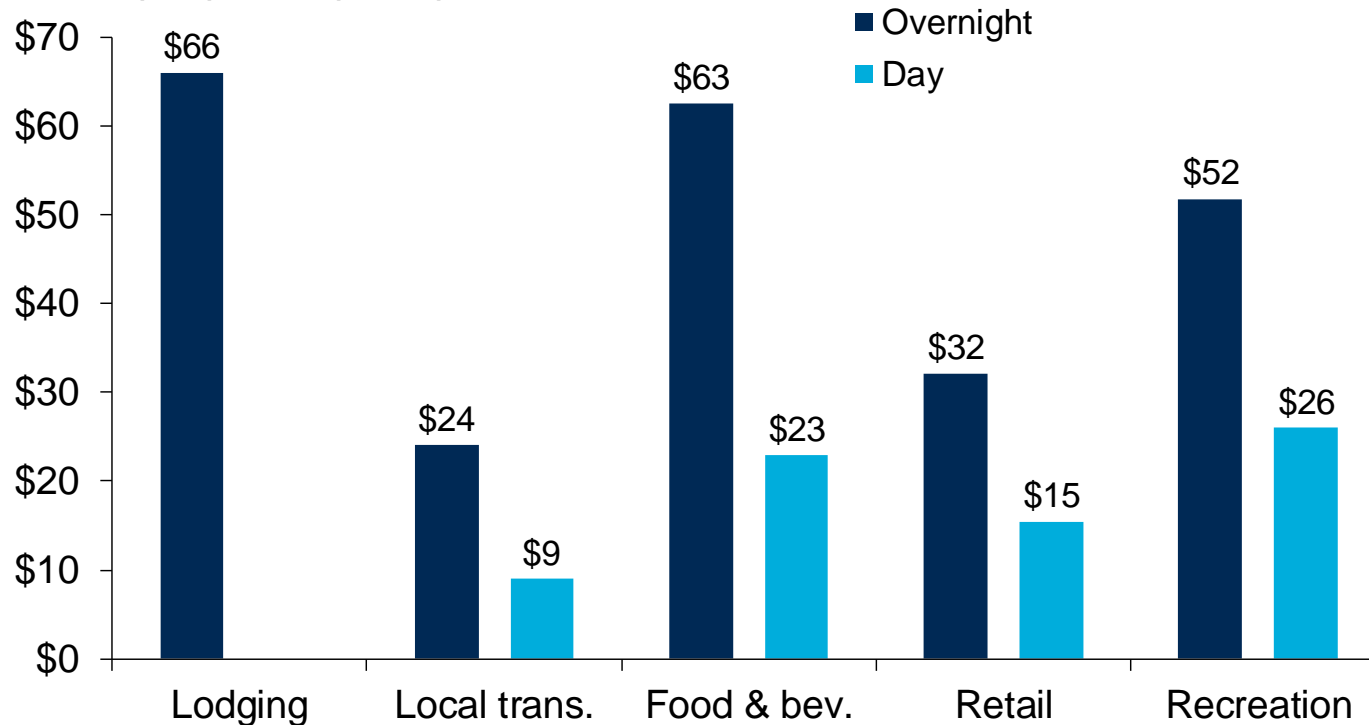
Sources: Longwoods International; Tourism Economics

Overnight visitors spend far more per trip

Overnight visitors spent \$236 per trip while day visitors spent \$73; overnight visitors spend the most on lodging while day visitors spend the most on recreation

Visitor spending by category, 2016

Dollars per person per trip



Sources: Longwoods International; Tourism Economics

5) The International Market

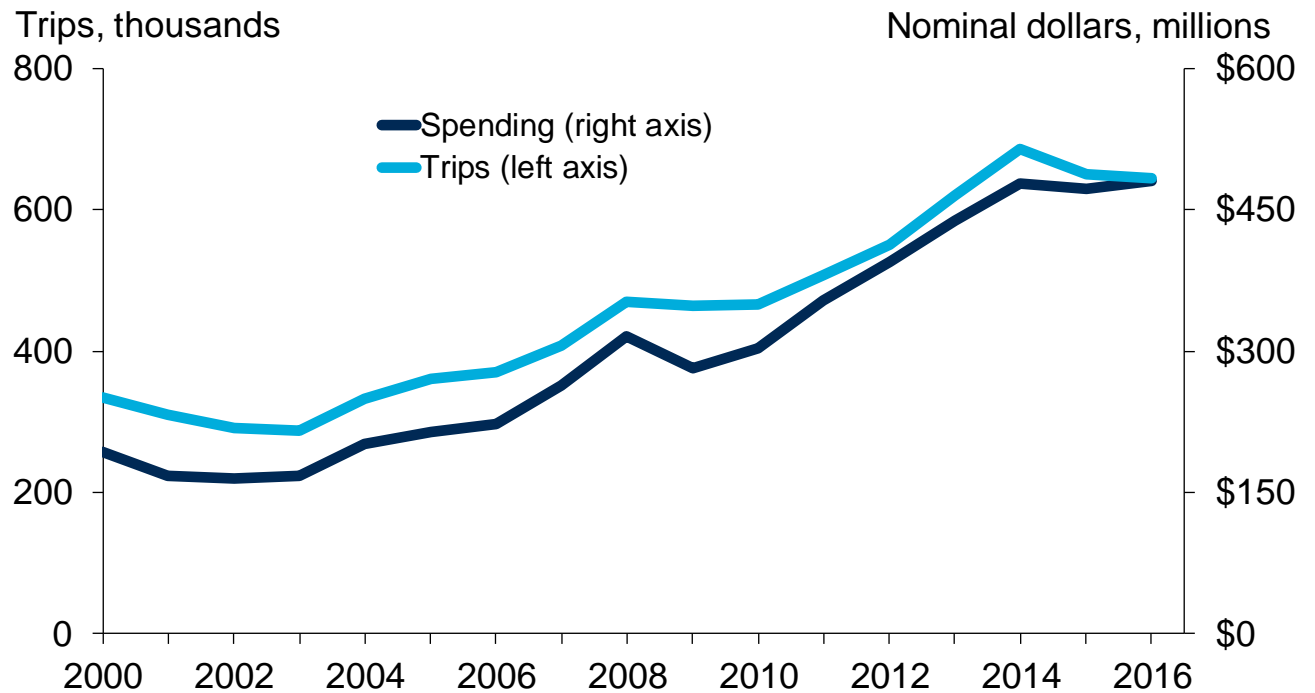
Growth in the international market has cooled off from its formerly hot pace

After a decade of accelerated growth, international visits and spending has stagnated since 2014

A strong US dollar has slowed growth in international travel across the US.

Despite this recent slowdown, growth in the international market is still outpacing growth in the domestic market since 2009.

International tourism to Hillsborough County



Source: Tourism Economics

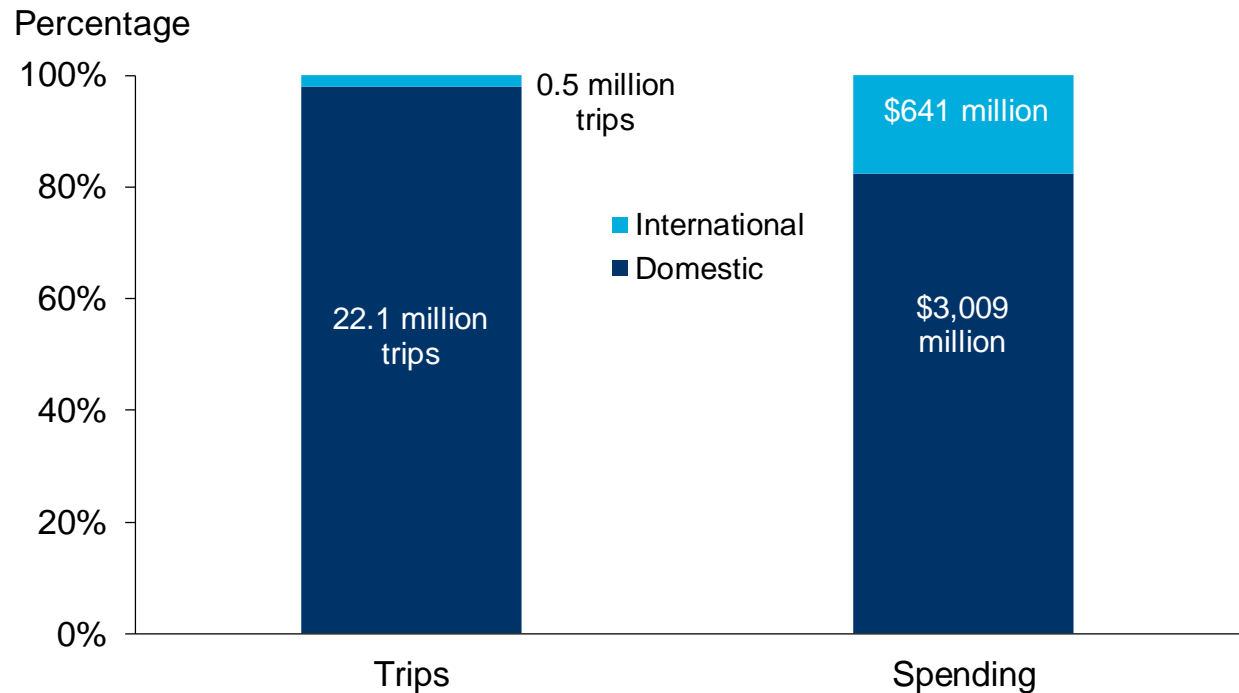
International tourists make a significant economic impact

Higher per trip spending by international visitors leads to a relatively high economic contribution

483,000 international travelers visited Hillsborough County last year, compared to 22.1 million domestic visitors.

International visitors spent much more per person per trip than domestic visitors (\$1,327 vs \$136). So while international tourists make up only 2.1% of trips, they represent 17.6% of total spending.

Trips and spending by visitor type



Sources: Longwoods International; Tourism Economics

6) Economic Impacts

How tourism generates impact

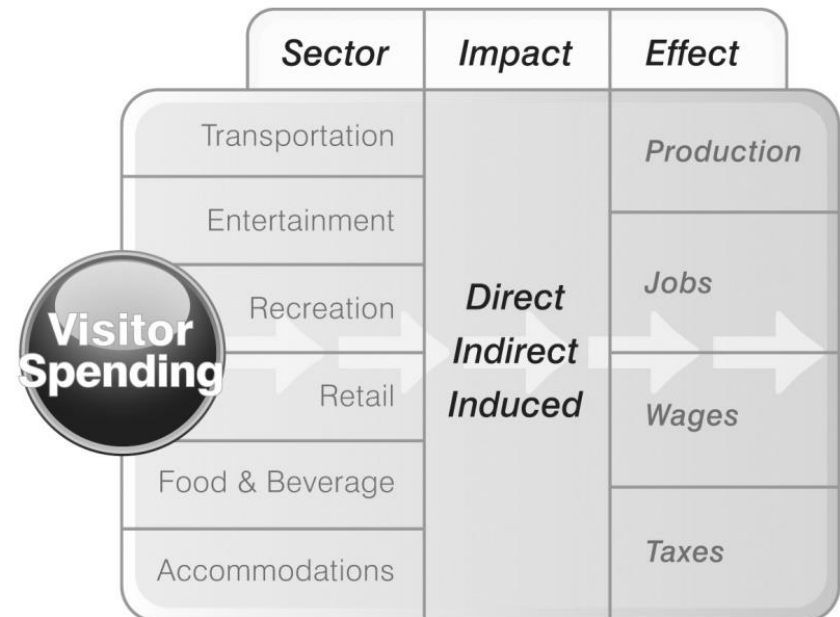
Our analysis of tourism's impact on Hillsborough County starts with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Hillsborough County, we input tourism spending into a model of the Hillsborough County's economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

- Travelers create **direct** economic value within a discreet group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called **indirect** impacts.
- Lastly, the **induced** impact is generated when employees whose wages are generated either directly or indirectly by tourism, spend those wages in the local economy.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

Tourism spending flows through the economy and generates economic benefits through multiple channels

How tourism spending flows through the economy and generates economic benefits



Economic impact summary

We estimate that in 2016, 22.6 million visitors spent \$3.8 billion in Hillsborough, which in turn supported \$2.2 billion in income and almost 50,000 jobs

The economic impact of tourism on Hillsborough County, 2016

Dollar amounts in millions

Total visitors	22,600,000
Visitor spending generated	\$3,840
Impacts on Hillsborough County	
Total business sales	\$5,980
Direct expenditures	\$3,840
Indirect and induced business sales	\$2,140
Total income	\$2,224
Direct income	\$1,442
Indirect and induced income	\$782
Total jobs	49,768
Direct jobs	34,478
Indirect and induced jobs	15,290
State tax revenue	\$195
Local government tax revenue	\$174

Source: Tourism Economics

Tourism's impact on business sales (1 of 2)

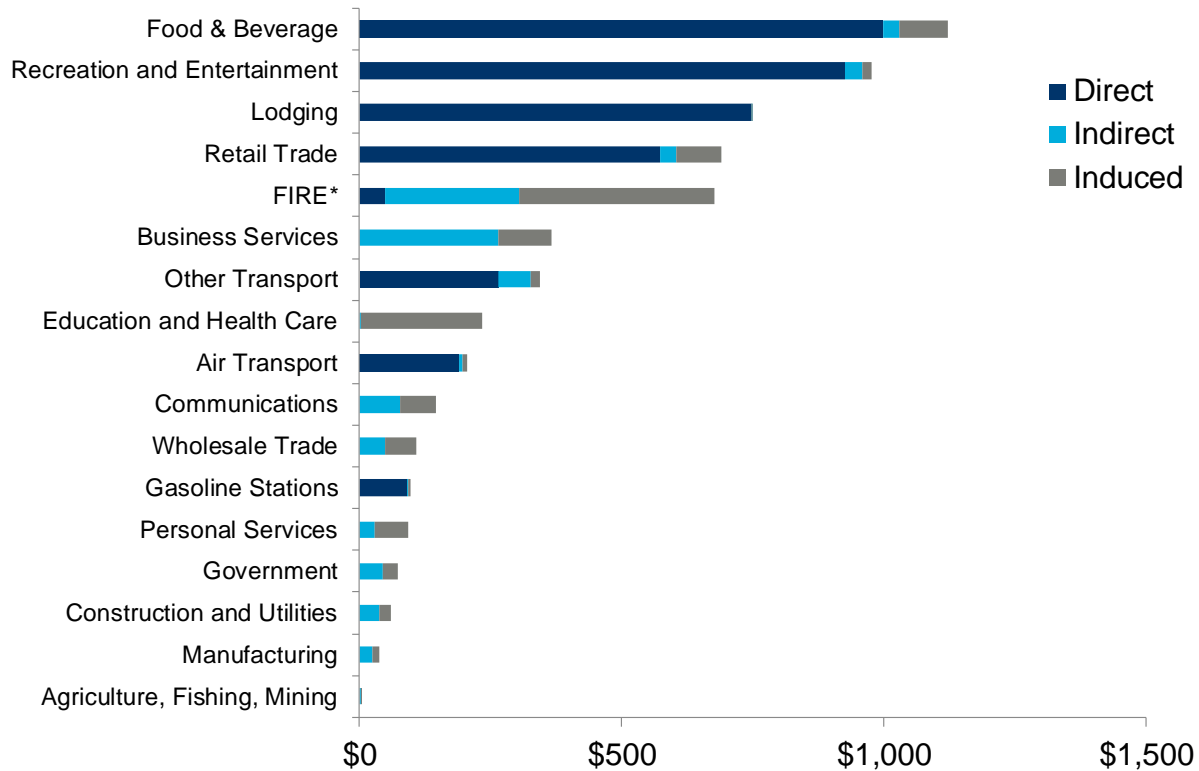
Visitors spent \$3.8 billion in Hillsborough County and supported \$6.0 billion in business sales when indirect and induced impacts are considered

Tourism generated business sales, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$1.4	\$0.5	\$1.9
Construction and Utilities		\$38.1	\$22.7	\$60.8
Manufacturing		\$23.8	\$14.0	\$37.8
Wholesale Trade		\$48.5	\$60.1	\$108.6
Air Transport	\$190.6	\$5.6	\$8.4	\$204.6
Other Transport	\$264.3	\$61.5	\$18.7	\$344.4
Retail Trade	\$573.1	\$30.9	\$85.3	\$689.3
Gasoline Stations	\$90.3	\$1.9	\$5.3	\$97.5
Communications		\$78.0	\$67.0	\$145.1
Finance, Insurance and Real Estate	\$48.9	\$254.5	\$374.2	\$677.6
Business Services		\$263.8	\$103.2	\$366.9
Education and Health Care		\$3.5	\$229.7	\$233.2
Recreation and Entertainment	\$926.6	\$32.6	\$18.4	\$977.7
Lodging	\$747.1	\$1.0	\$0.6	\$748.7
Food & Beverage	\$999.2	\$29.6	\$92.6	\$1,121.5
Personal Services		\$29.6	\$62.7	\$92.2
Government		\$45.2	\$27.5	\$72.7
TOTAL	\$3,840.0	\$949.6	\$1,190.9	\$5,980.5

Source: Tourism Economics

Tourism's impact on business sales (2 of 2)

Tourism generated business sales, 2016



*Finance, insurance and real estate

Source: Tourism Economics

Tourism's impact on local employment (1 of 2)

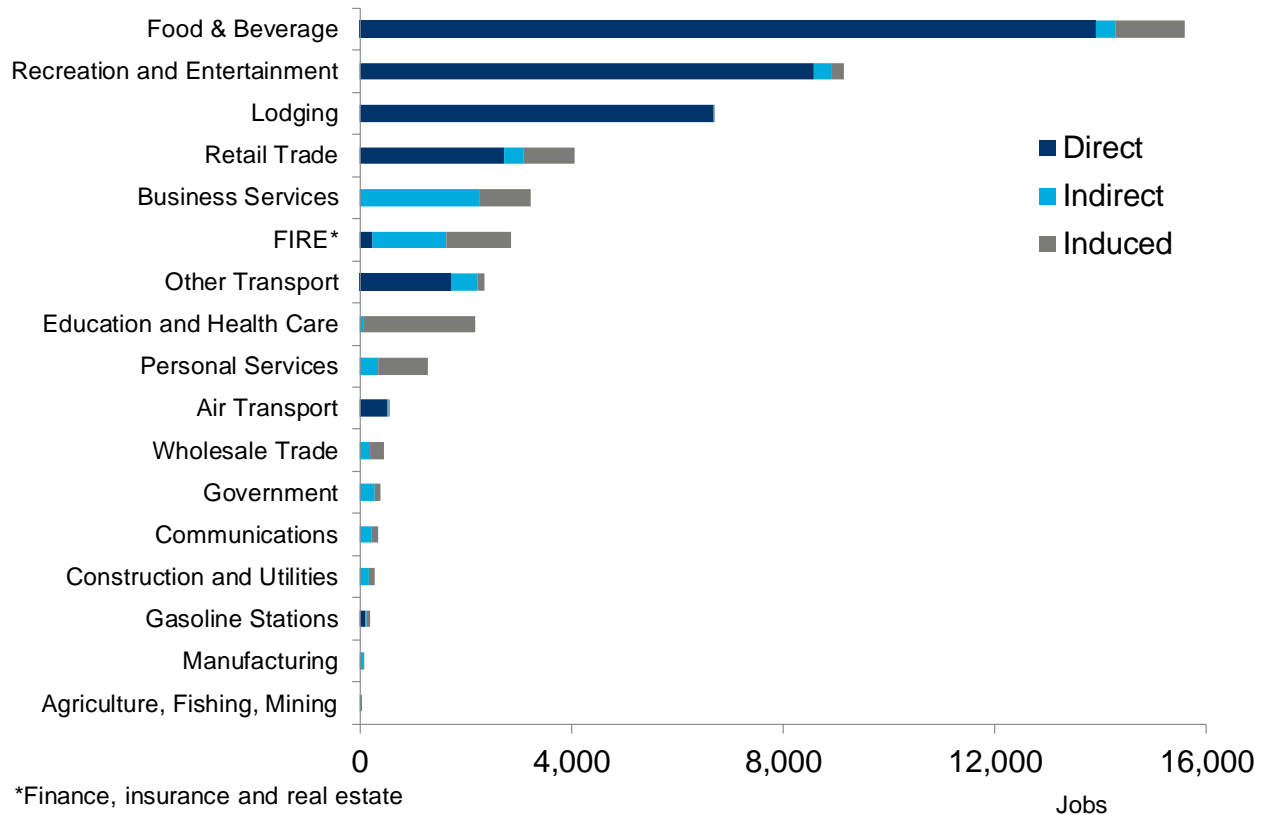
Tourism directly generated 34,478 jobs and 49,768 jobs when indirect and induced impacts are considered

Tourism generated employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		12	7	19
Construction and Utilities		177	103	280
Manufacturing		63	26	90
Wholesale Trade		203	251	454
Air Transport	523	15	23	561
Other Transport	1,727	494	131	2,351
Retail Trade	2,722	373	965	4,060
Gasoline Stations	115	21	58	194
Communications		205	144	349
Finance, Insurance and Real Estate	228	1,397	1,232	2,858
Business Services		2,259	976	3,235
Education and Health Care		56	2,129	2,184
Recreation and Entertainment	8,575	346	233	9,154
Lodging	6,674	9	5	6,688
Food & Beverage	13,916	382	1,310	15,608
Personal Services		353	939	1,291
Government		277	116	393
TOTAL	34,478	6,641	8,649	49,768

Source: Tourism Economics

Tourism's impact on local employment (2 of 2)

Tourism generated employment, 2016



Source: Tourism Economics

Tourism's impact on local income (1 of 2)

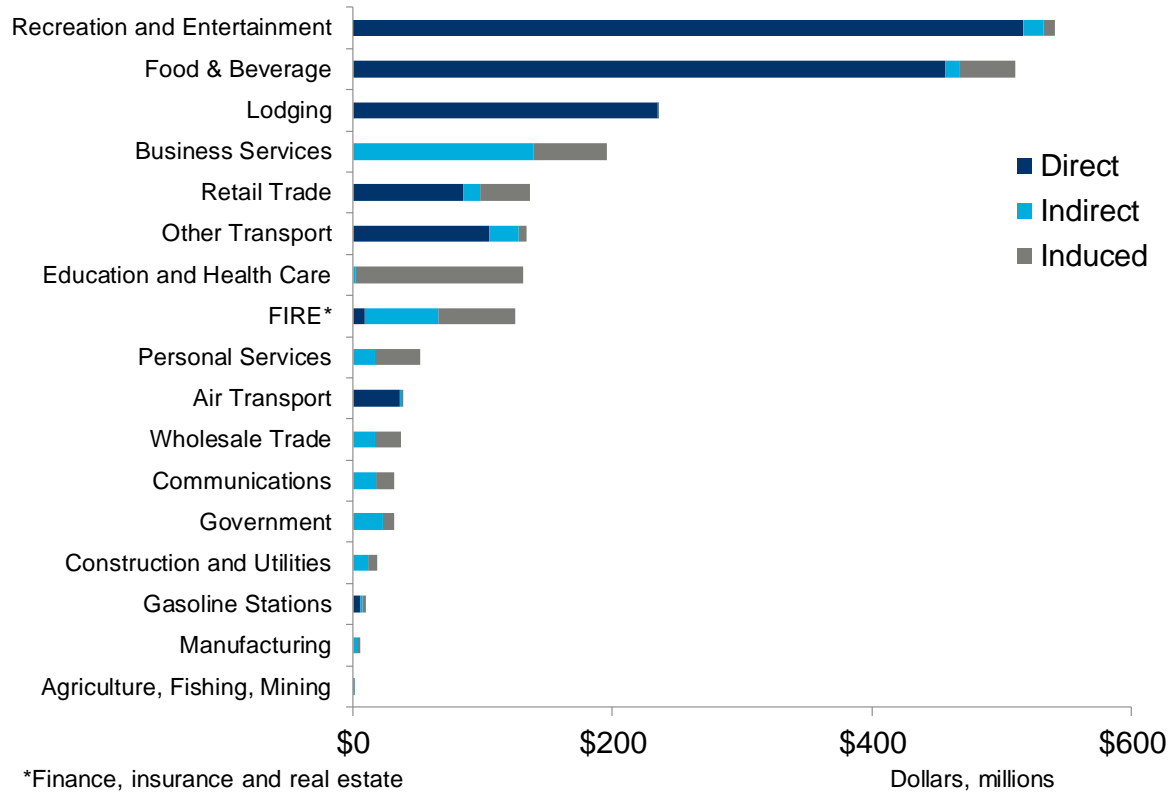
Tourism generated \$1.4 billion in direct income and \$2.2 billion when indirect and induced impacts are considered

Tourism generated income, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$0.5	\$0.2	\$0.7
Construction and Utilities		\$11.6	\$6.9	\$18.4
Manufacturing		\$3.7	\$1.6	\$5.3
Wholesale Trade		\$16.6	\$20.5	\$37.1
Air Transport	\$35.7	\$1.1	\$1.6	\$38.3
Other Transport	\$104.3	\$22.4	\$6.3	\$133.1
Retail Trade	\$84.9	\$12.3	\$38.3	\$135.4
Gasoline Stations	\$6.0	\$1.1	\$3.0	\$10.1
Communications		\$18.0	\$13.9	\$31.8
Finance, Insurance and Real Estate	\$9.4	\$56.2	\$58.6	\$124.2
Business Services		\$138.7	\$56.2	\$195.0
Education and Health Care		\$2.2	\$128.4	\$130.6
Recreation and Entertainment	\$513.9	\$16.1	\$8.2	\$538.2
Lodging	\$233.8	\$0.3	\$0.2	\$234.3
Food & Beverage	\$453.8	\$12.0	\$42.5	\$508.3
Personal Services		\$16.6	\$34.8	\$51.5
Government		\$23.3	\$8.1	\$31.4
TOTAL	\$1,441.8	\$352.5	\$429.3	\$2,223.6

Source: Tourism Economics

Tourism's impact on local income (2 of 2)

Tourism generated wages, 2016



*Finance, insurance and real estate

Source: Tourism Economics

Tourism's impact on taxes

Tourism generated \$860 million in total taxes, \$174 million of which accrues to local government

Tourism supported tax revenue			
(\$, million)			
	Direct	Indirect/ Induced	Total
Federal	\$310.5	\$180.3	\$490.8
Personal Income	\$119.1	\$57.2	\$176.3
Corporate	\$25.3	\$27.3	\$52.6
Indirect business	\$38.6	\$15.3	\$53.9
Social security	\$127.5	\$80.6	\$208.0
State and Local	\$270.0	\$98.9	\$368.9
Sales	\$119.3	\$47.2	\$166.6
Bed Tax	\$29.6	-	\$29.6
Personal Income	-	-	-
Corporate	\$3.6	\$3.9	\$7.5
Social insurance	\$1.1	\$0.7	\$1.8
Excise and Fees	\$31.0	\$13.2	\$44.2
Property	\$85.4	\$33.8	\$119.1
TOTAL	\$580.4	\$279.2	\$859.7

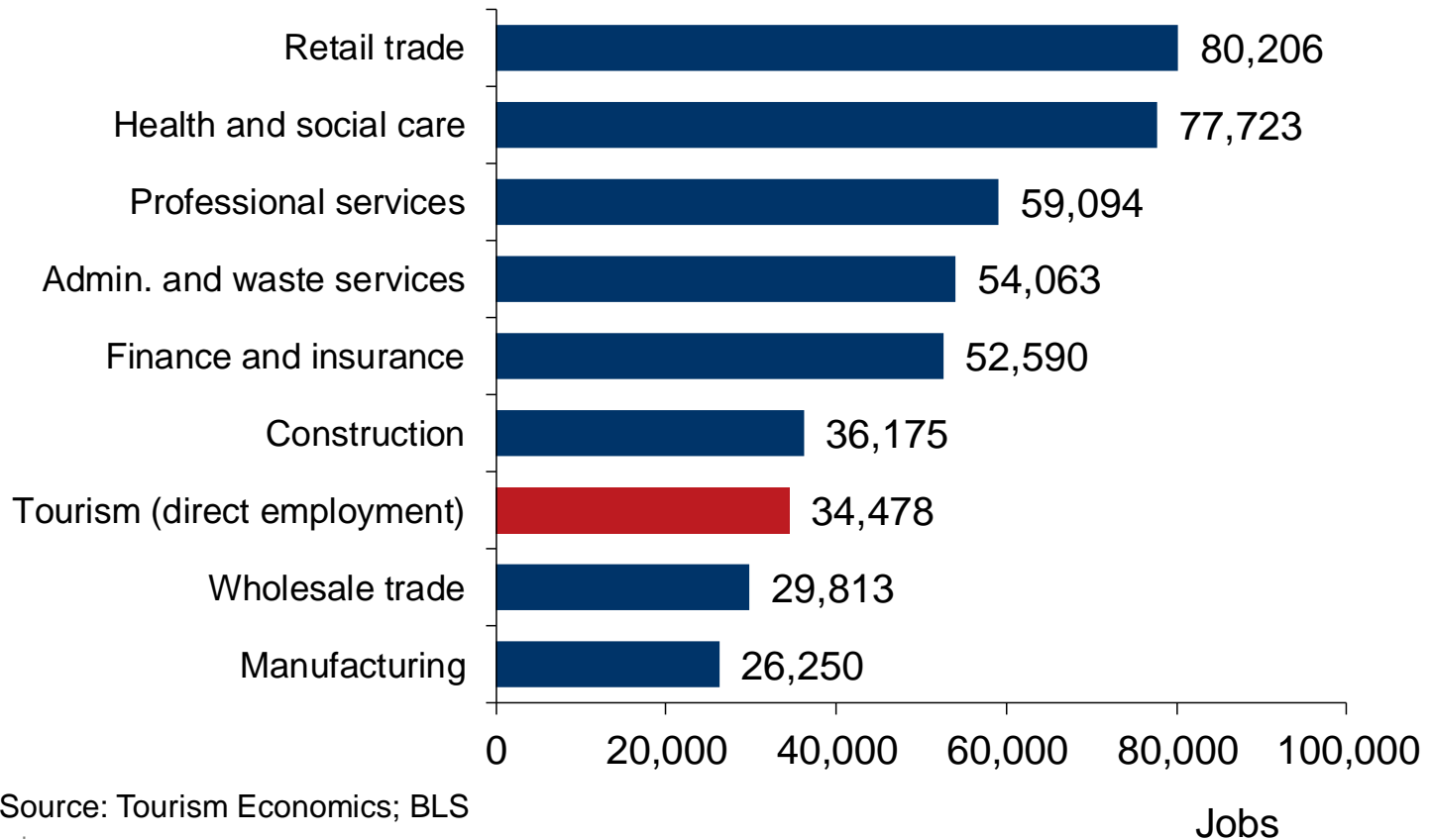
Source: Tourism Economics

State and local taxes	
(\$, million)	
	Total
State Revenues	\$195.1
Sales	\$158.3
Corporate	\$7.5
Social insurance	\$1.8
Excise and Fees	\$27.5
Local Govt. Revenues	\$173.7
Sales	\$8.3
Bed Tax	\$29.6
Excise and Fees	\$16.7
Property	\$119.1
TOTAL	\$368.9

7) Key Figures in Context

Tourism is one of the largest industries in Hillsborough County

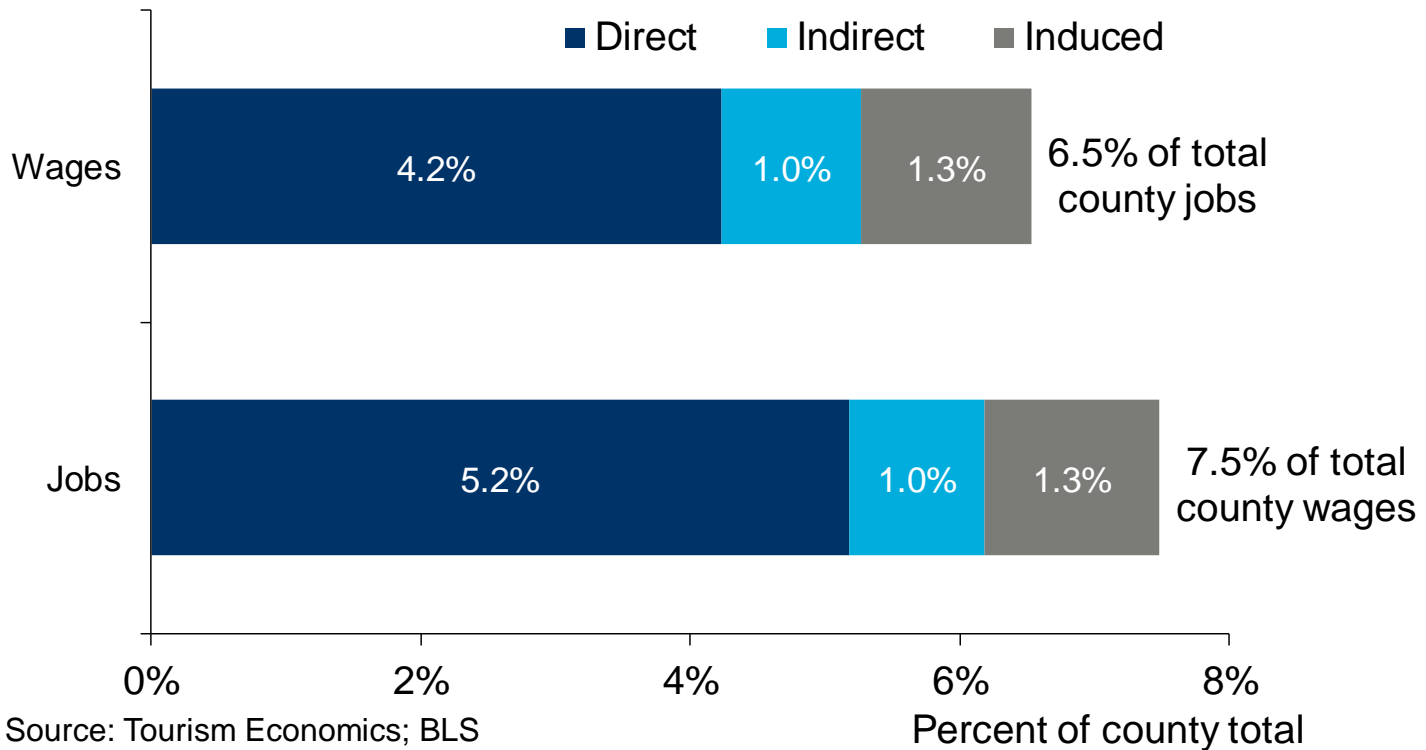
Employment in Hillsborough County



The tourism sector is a major contributor to Hillsborough County's economy

The tourism sector sustains 7.5% of all income and 6.5% of all jobs in Hillsborough County

Share of total Hillsborough County jobs and wages supported by tourism



Figures in context

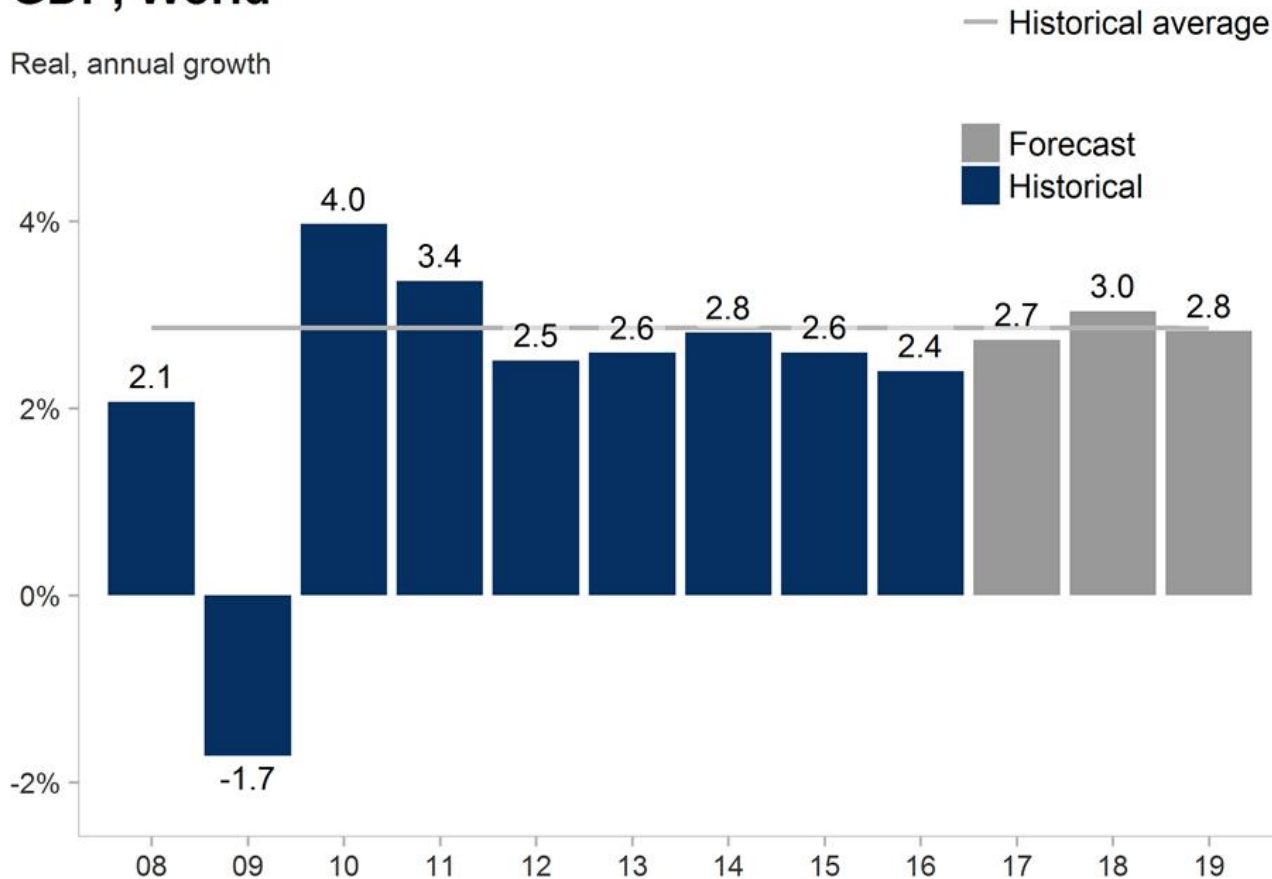
- 1 Visitors:** The 22.6 million total trips to Hillsborough County is roughly equivalent to everyone from the state of Florida visiting Hillsborough County during the year.
- 2 Visitor Spending:** The \$3.8 billion in visitor spending means that almost \$437,000 was spent by visitors EVERY HOUR in Hillsborough County in 2016.
- 3 Employment:** The number of people employed directly by visitors (34,478) would exceed the current capacity of Tropicana Field (31,042), and the employees sustained by tourism's indirect and induced impacts (14,998) would fill up most of the Amalie Arena (19,092).
- 4 Taxes:** To make up for the \$369 million in state and local taxes generated by tourism, each household in Hillsborough County would need to contribute an additional \$759 annually to maintain the current level of government.
- 5 Local taxes:** The \$173 million in local taxes generated would be enough to fully fund the Hillsborough County Head start program (\$42m), the Library Services Department (\$40m), the Parks, Recreation and Conservation Department (\$29m), AND the Affordable housing office (\$32m).

8) Trends to Watch in 2017

Global growth last year was the weakest since 2009, but momentum is improving...

GDP, World

Real, annual growth

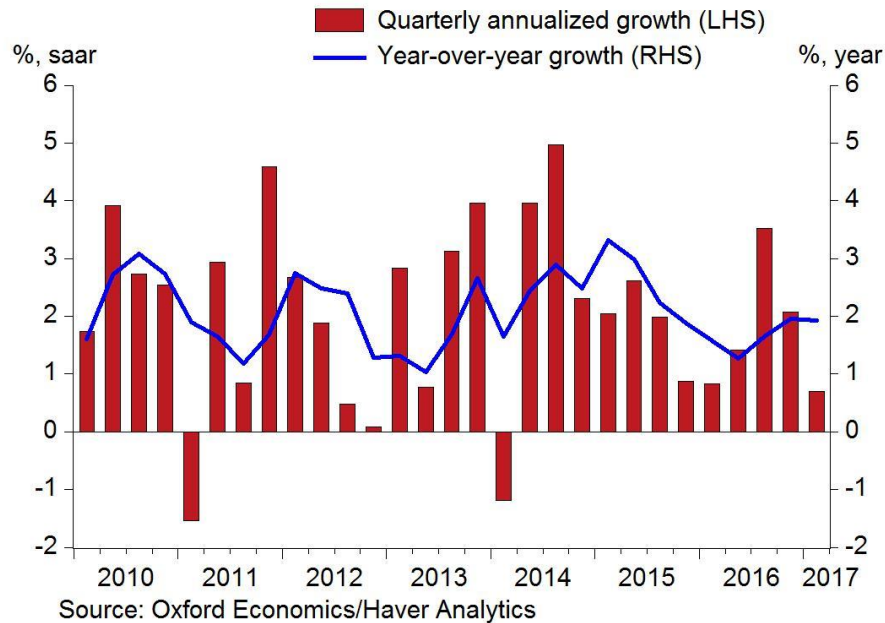


Note: Calculated using base year market exchange rates and prices. Historical average calculated on period from 2000 to 2016.

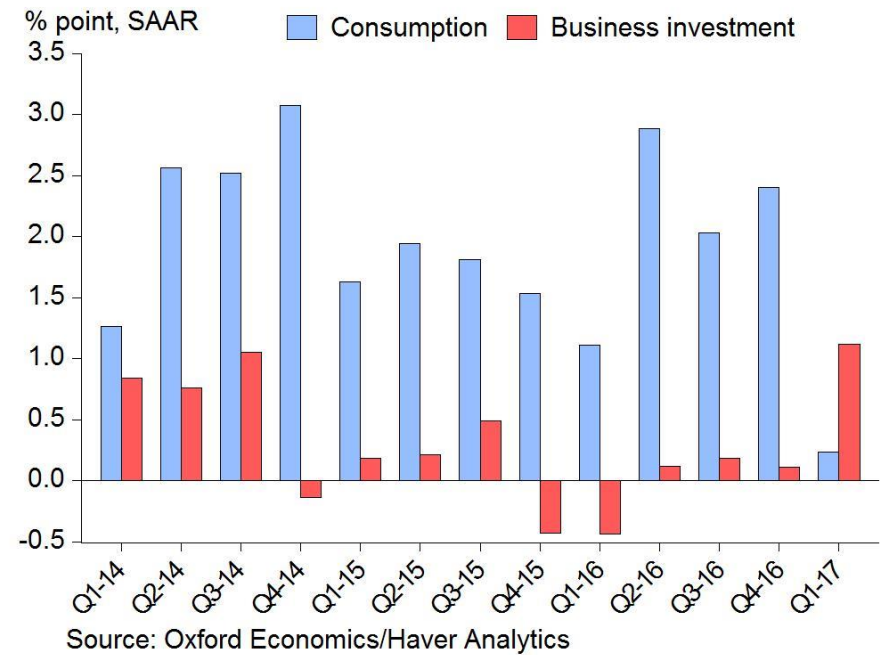
Source: Oxford Economics calculation

... and while US GDP growth slowed in Q1...

US: Real GDP

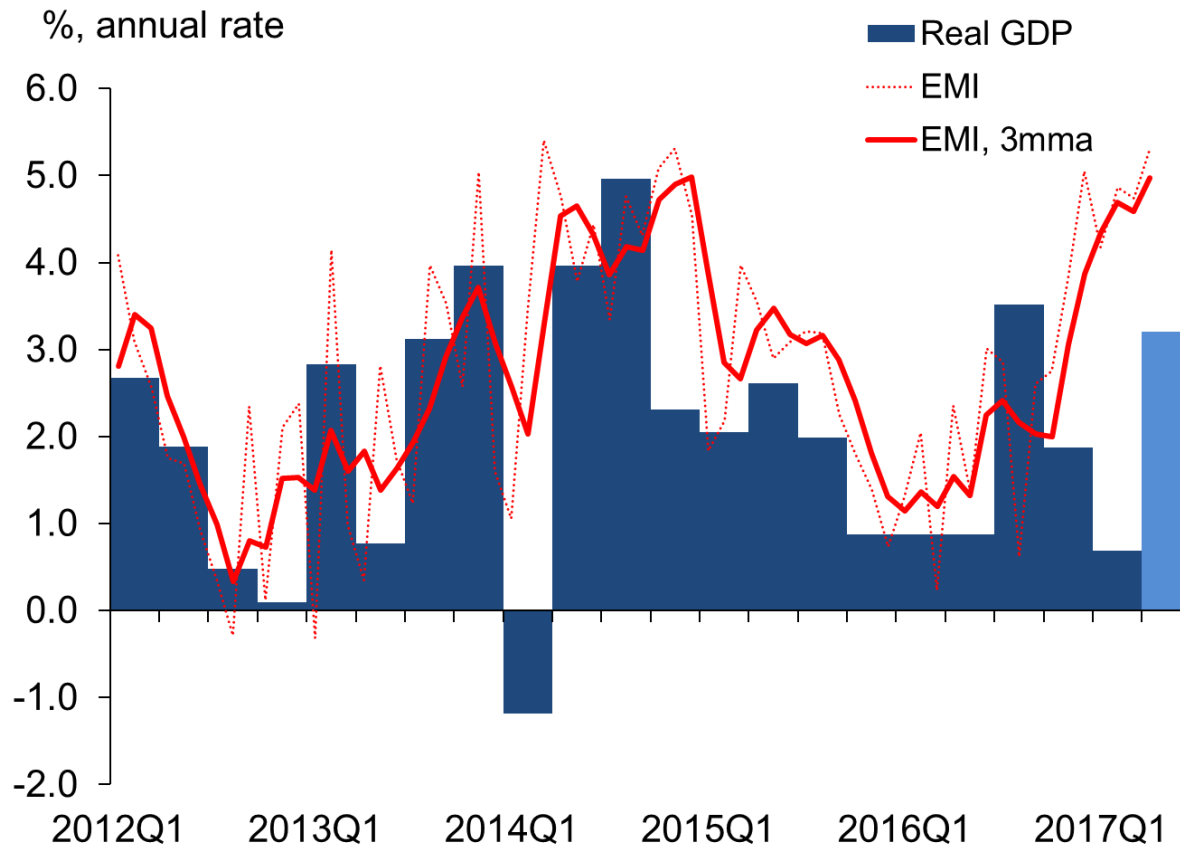


US: Contributions to real GDP growth



...we expect a rebound in Q2...

US: Economic Momentum Indicator (EMI)

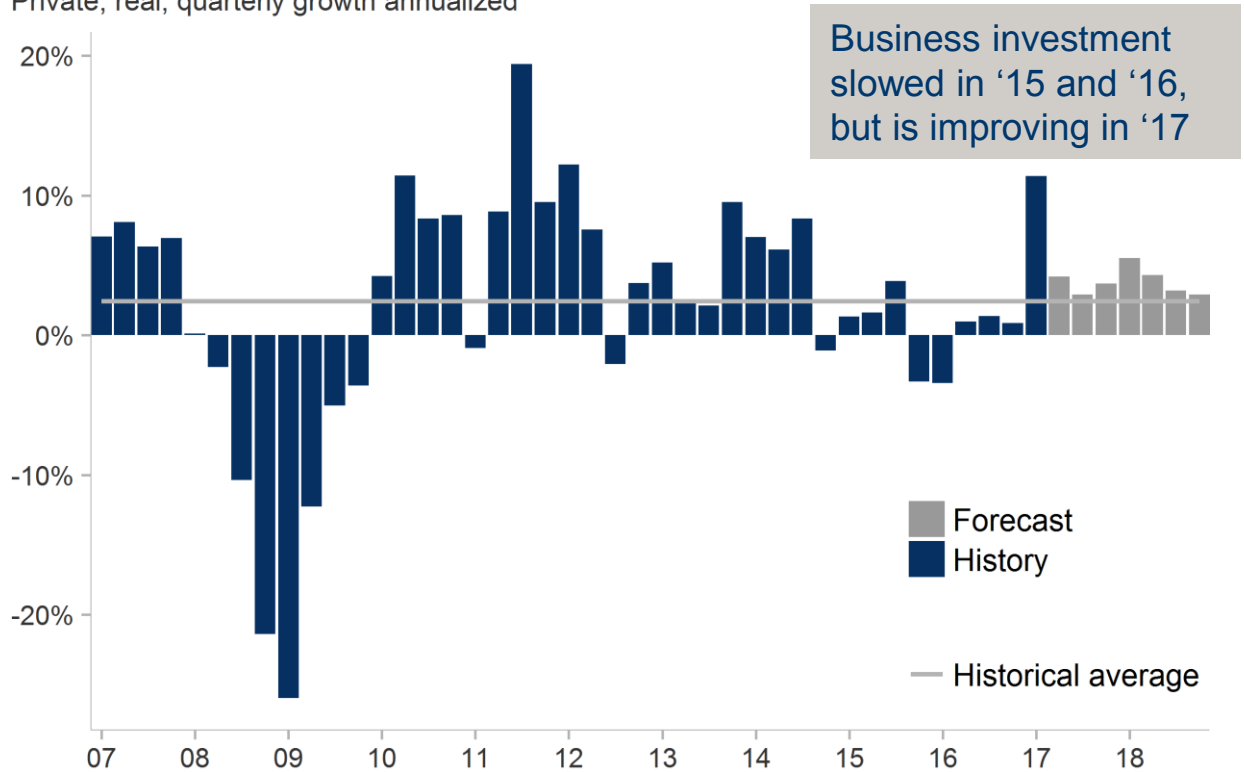


Source: Oxford Economics

...And continued strong gains in business investment

Nonresidential fixed investment

Private, real, quarterly growth annualized

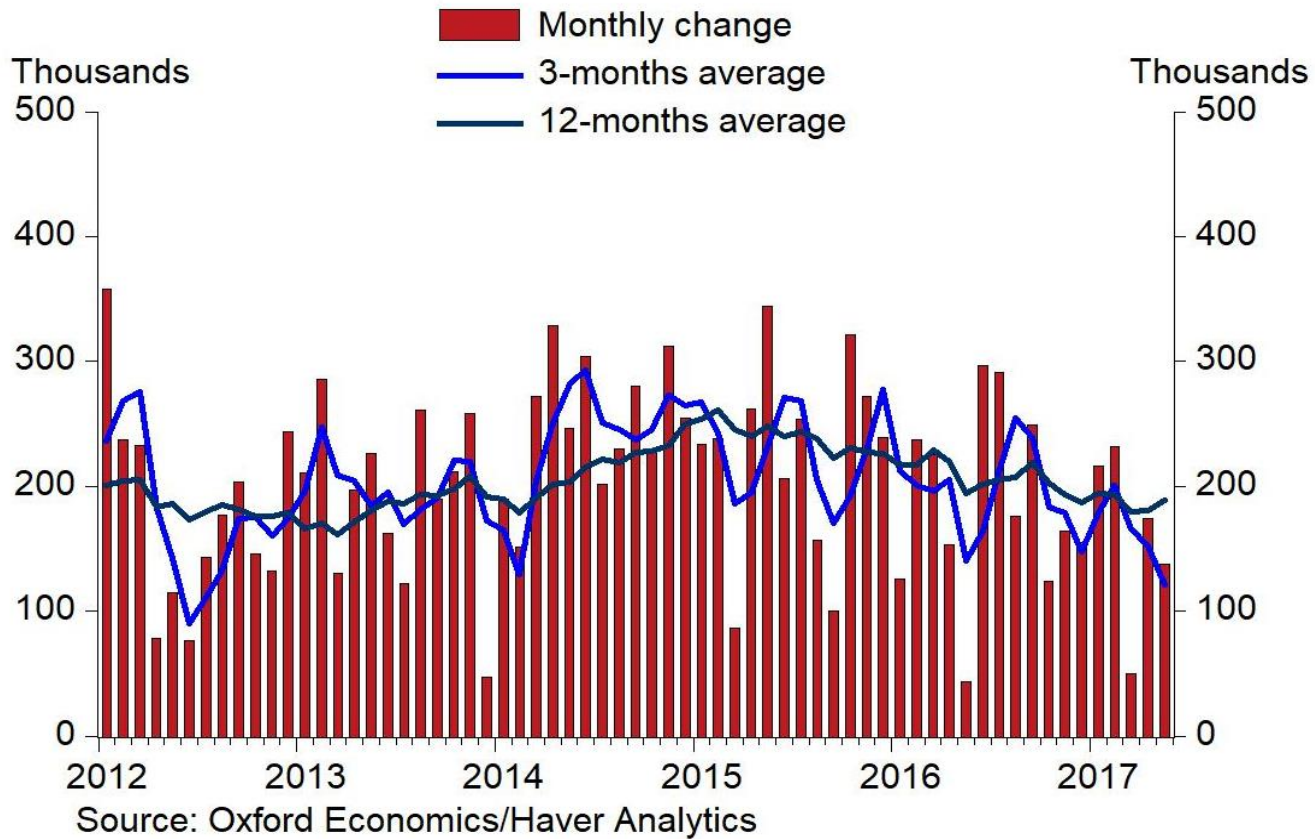


Note: History through 2017 Q1.

Source: Bureau of Economic Analysis; Oxford Economics

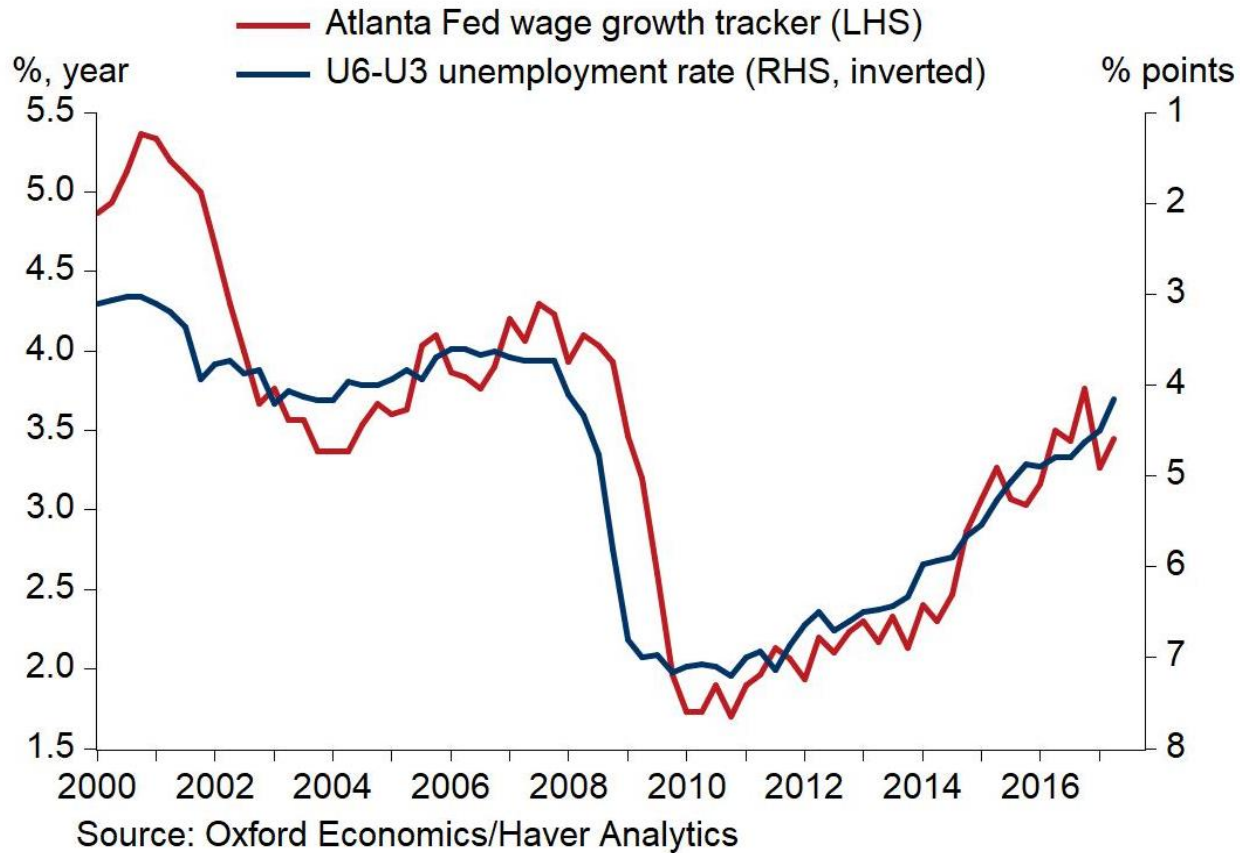
The US labor market remains quite strong...

US: Nonfarm payrolls



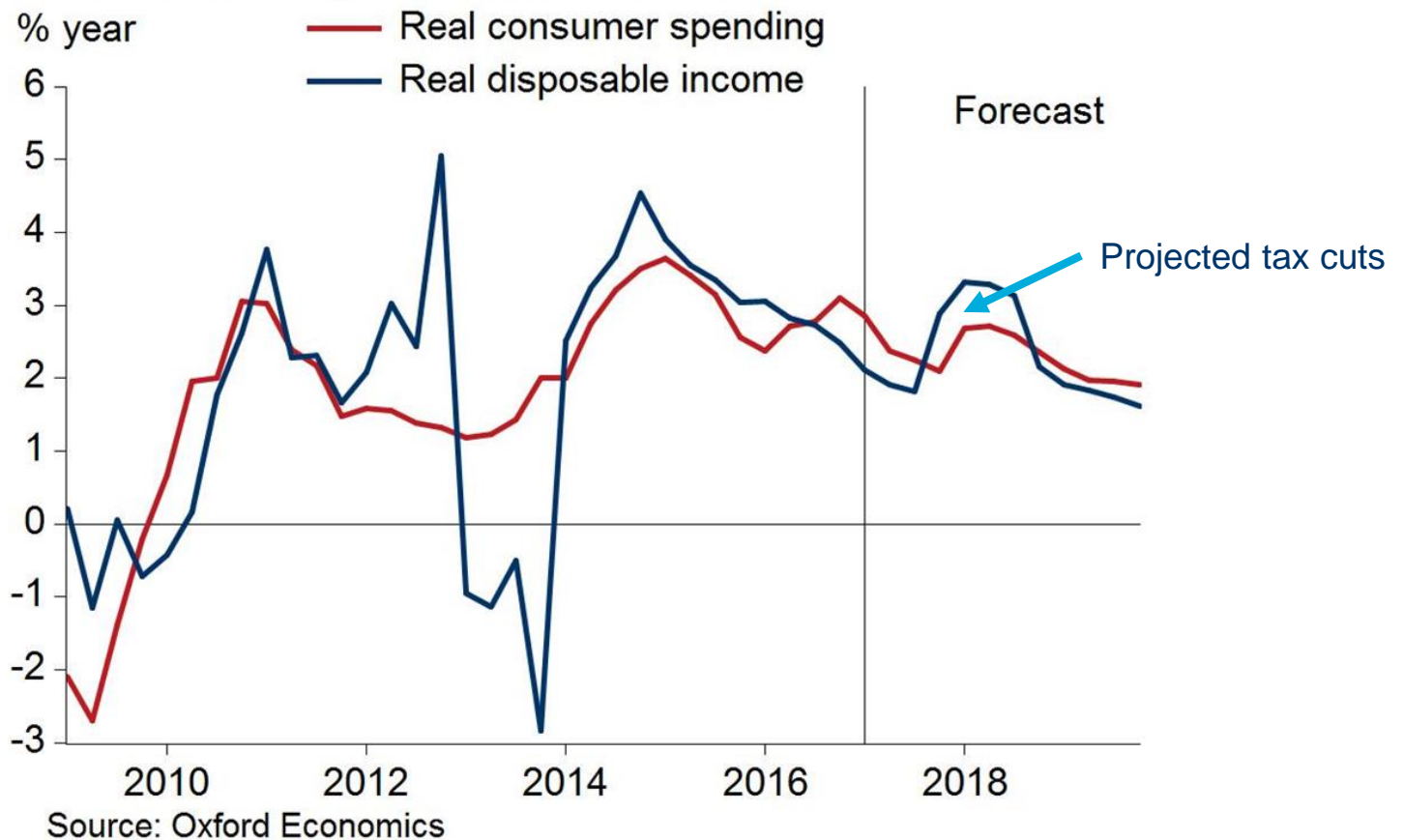
...Which in turn boosts wage growth...

US: Labor market slack



...Consumer spending growth is trending lower, but may receive a boost from tax cuts...

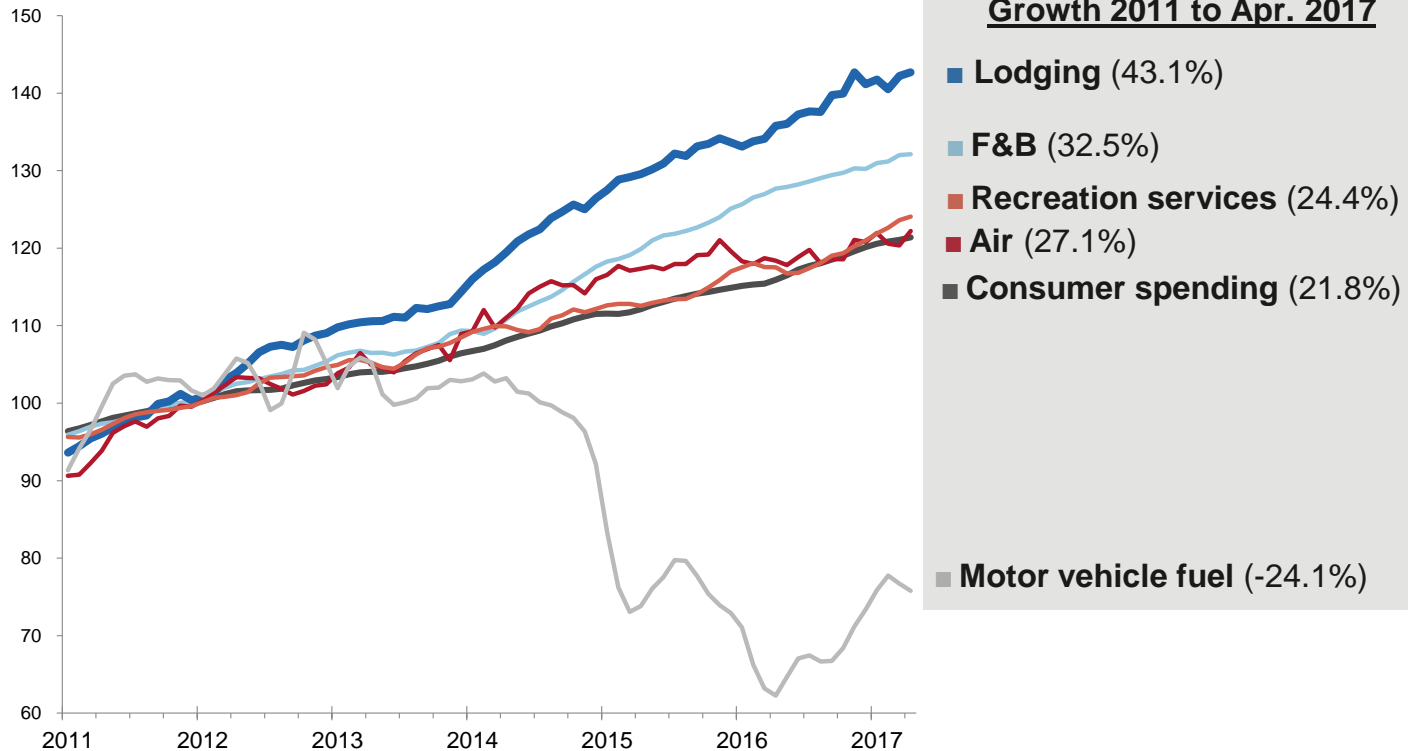
US: Consumption and income



... spending on lodging is still increasing, but at a lower rate than 2011 to 2016...

Consumer spending, US

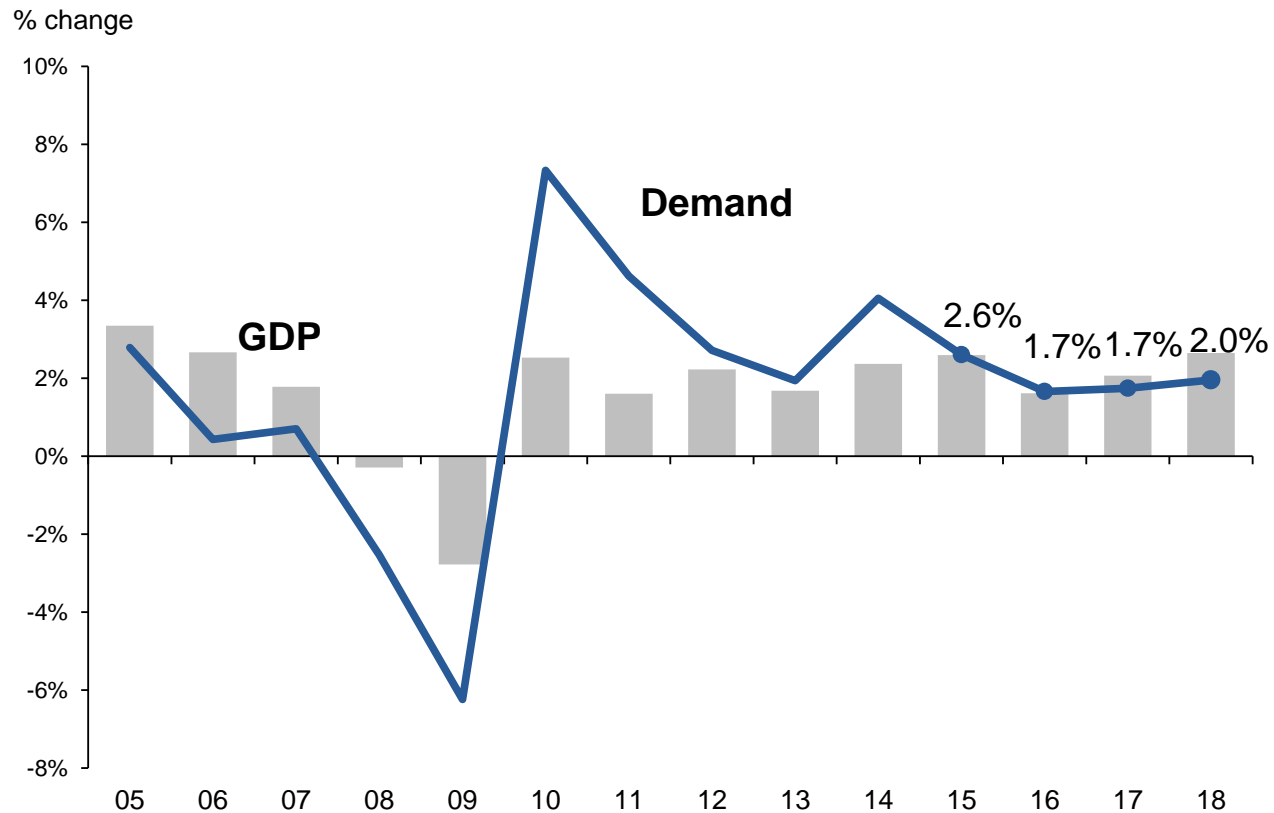
Index (Dec. 2011=100)



Note: Data is nominal, three-month moving average, seasonally adjusted and extends through April 2017.
Source: Bureau of Economic Analysis; Tourism Economics

...Overall we forecast modest gains in GDP and room demand

Room demand and GDP



Note: Real GDP.
Source: STR; BEA; Tourism Economics

Key takeaways

Global economy is accelerating	US consumers setting the pace	Business investment is resuming	Risks: Larger than they appear Will policy deter or promote growth?
But structural constraints point to only modest global growth over the next decade.	Wage growth offset by inflation, but wealth effects are a positive	Welcome change after extended investment lull	Expectations rest on promised deregulation, lower taxes, and infrastructure spending. But anti-immigration and protectionist elements pose risks and inbound travel is particularly exposed.



Lodging will benefit from better business sentiment and confident consumers, but demand growth will trail GDP.

New supply growth weighs on ADR gains, even as cost inflation picks up.

Methodology

Methods and data sources

Domestic visitor expenditure estimates are provided by Longwoods International's representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).

Tourism Economics then adds several categories of spending to these figures:

- Overseas visitor spending
- Spending on air travel which accrues to all airports and locally-based airlines
- STR data on hotel revenues
- Lodging tax receipts

All results are benchmarked and cross-checked against US Bureau of Labor Statistics and the Bureau of Economic Analysis data on wages and employment.

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 120 professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, Philadelphia, and Belfast.

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