



The Economic Impact of Tourism in New York

2014 Calendar Year



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Key trends in 2014

- New York State's tourism economy expanded in 2014 with 5.4% growth in traveler spending.
- Traveler spending reached a new high of \$62.5 billion, which is 18% above the state's pre-recession peak set in 2008. Key industry data illustrate the industry's performance:
 - Room demand expanded 4.3% in 2014. And room rates increased 2.6% equating to a total hotel revenue increase of 7.0% according to STR.
 - Passenger counts at all NYS airports increased 3.3% in 2014 with an associated ticket revenue increase of 6.9%.
- Direct tourism employment grew 3.2% to reach a new high in 2014 while associated personal income expanded 4.2%. On both of these measures, tourism outpaced the general economy.

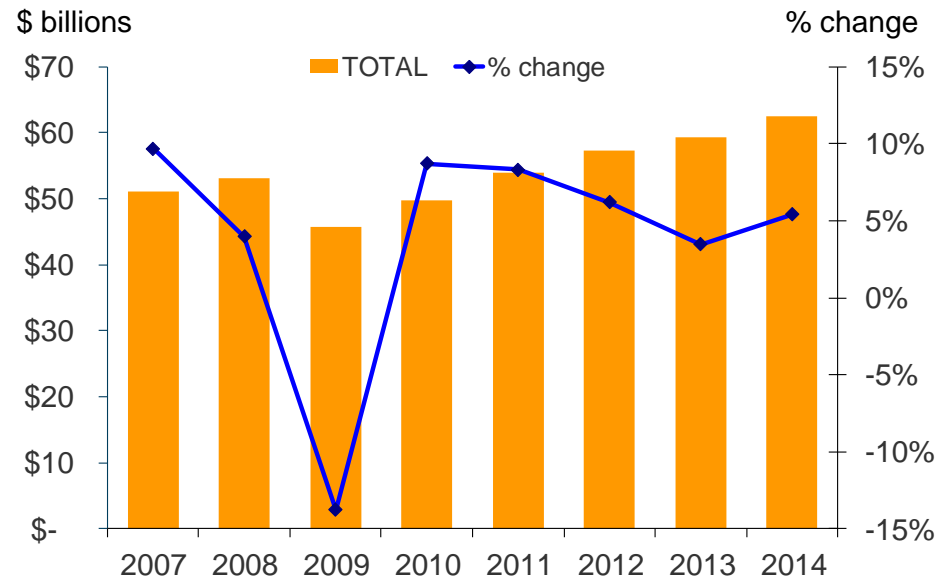
Headline results

- Travel & tourism is a substantial and growing component of the New York State economy.
- New York traveler spending grew 5.4% in 2014 to \$62.5 billion.
- This spending generated \$100.1 billion in total business sales including indirect and induced impacts.
- 748,000 jobs were sustained by tourism activity last year with total income of \$31.6 billion.
- 8.2% (1 in 12) of all New York state employment is sustained by tourism, either directly or indirectly.
- New York State tourism generated \$7.8 billion in state and local taxes in 2014, saving each NYS household an average of \$962 in taxes.

Traveler spending growth

- Traveler spending continued to expand in 2014, growing 5.4% after a 3.5% rebound in 2013.
- As a result, the tourism economy reached another high in 2014, with \$62.5 billion in traveler spending.
- Traveler spending growth has averaged 5.8% per year since 2008 (compound annual growth).

New York Traveler Spending

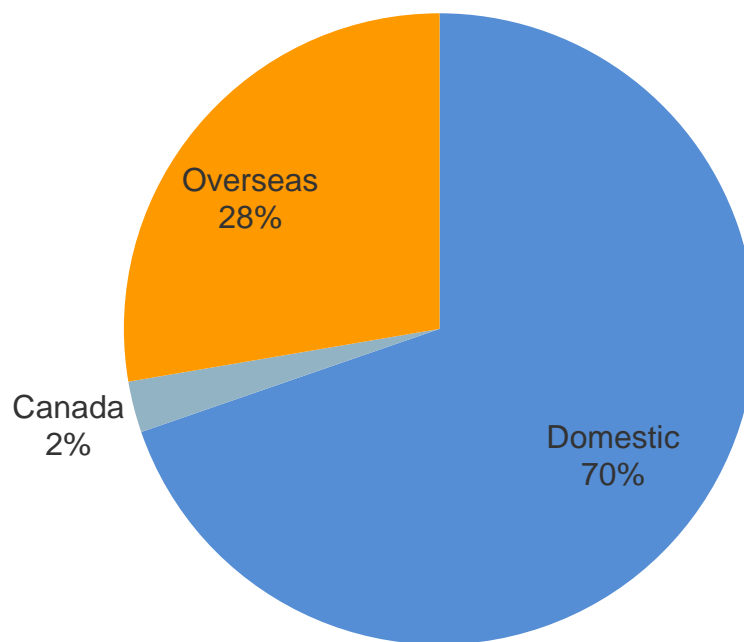


Source: Tourism Economics

New York State tourism markets

- US domestic markets supplied 70% (\$43.5 bn) of the New York State's traveler spending base in 2014.
- International markets represented 30% (\$18.9 bn) of the spending base.

Traveler Spending by Market, 2014



Source: Tourism Economics

Broad-based growth

- Travelers increased their spending across all sectors in 2014.
- Spending increased the most in the lodging sector (7%) as both room demand and rates rose.
- Growth was also strong in the air transport (6.9%) and recreation (6.6%) sectors.

Traveler Spending By Sector

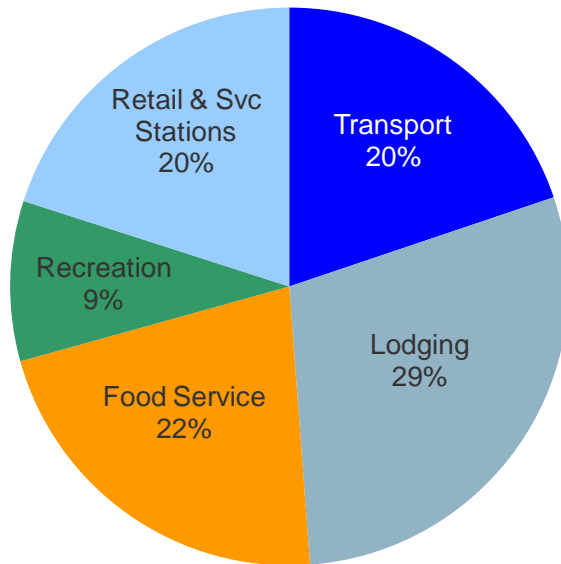


Source: Tourism Economics

Traveler spending distribution

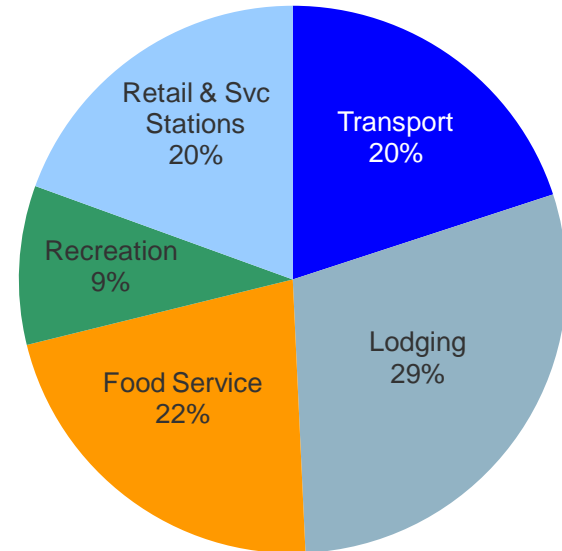
- Traveler spending is diverse and well-distributed across multiple sectors of the economy.
- The distribution of traveler spending remained stable in 2014.

Traveler Spending by Sector, 2013



Source: Tourism Economics

Traveler Spending by Sector, 2014



Source: Tourism Economics

Historic traveler spending by sector

NYS Traveler Spending, millions

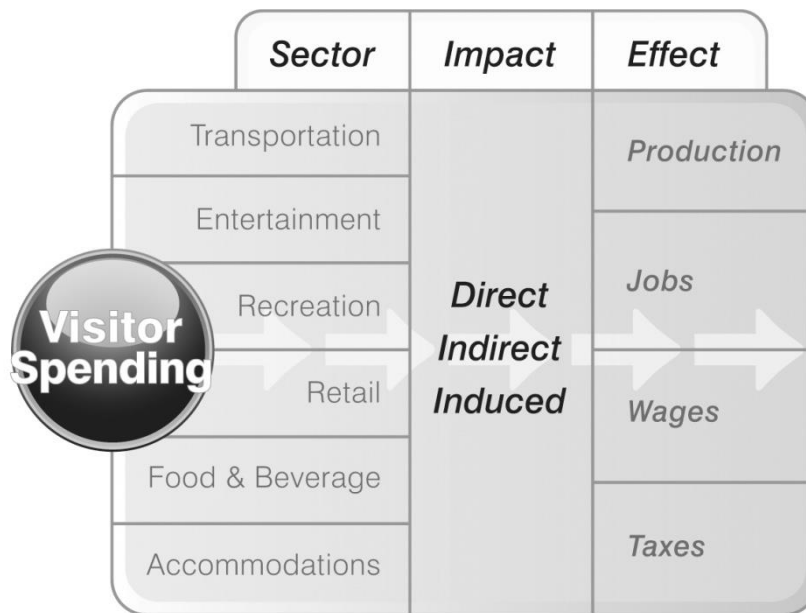
	Transport	Lodging	Food Service	Recreation	Retail & Svc Stations	TOTAL	% change
2005	\$ 6,453	\$ -	\$ 9,663	\$ 4,259	\$ 4,615	\$ 43,431	8.6%
2006	\$ 6,587	\$ -	\$ 10,565	\$ 4,668	\$ 4,950	\$ 46,574	7.2%
2007	\$ 7,361	\$ -	\$ 11,357	\$ 5,191	\$ 5,360	\$ 51,081	9.7%
2008	\$ 7,610	\$ -	\$ 11,492	\$ 5,336	\$ 5,462	\$ 53,108	4.0%
2009	\$ 6,626	\$ -	\$ 10,511	\$ 4,668	\$ 4,471	\$ 45,777	-13.8%
2010	\$ 10,108	\$ 13,873	\$ 11,313	\$ 4,817	\$ 9,664	\$ 49,775	8.7%
2011	\$ 10,875	\$ 15,155	\$ 11,806	\$ 5,019	\$ 11,055	\$ 53,910	8.3%
2012	\$ 11,504	\$ 16,267	\$ 12,379	\$ 5,332	\$ 11,775	\$ 57,257	6.2%
2013	\$ 11,740	\$ 17,180	\$ 12,953	\$ 5,498	\$ 11,874	\$ 59,245	3.5%
2014	\$ 12,473	\$ 18,292	\$ 13,676	\$ 5,863	\$ 12,152	\$ 62,456	5.4%
2014 % change	6.2%	6.5%	5.6%	6.6%	2.3%	5.4%	

Traveler spending by market

NYS Traveler Spending by Market					
	Domestic	Canada	Overseas	Total	
2010	\$ 35,075	\$ 1,304	\$ 13,396	\$ 49,775	
2011	\$ 37,579	\$ 1,395	\$ 14,937	\$ 53,910	
2012	\$ 40,050	\$ 1,495	\$ 15,711	\$ 57,257	
2013	\$ 41,030	\$ 1,554	\$ 16,661	\$ 59,245	
2014	\$ 43,533	\$ 1,638	\$ 17,285	\$ 62,456	
2010 Growth	5.8%	15.2%	16.7%	8.7%	
2011 Growth	7.1%	7.0%	11.5%	8.3%	
2012 Growth	6.6%	7.2%	5.2%	6.2%	
2013 Growth	2.4%	3.9%	6.0%	6.2%	
2014 Growth	6.1%	5.4%	3.7%	5.4%	

How traveler spending generates impact

- 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 incomes are generated either directly or indirectly by tourism, spend those incomes in the city economy.

Traveler-generated sales

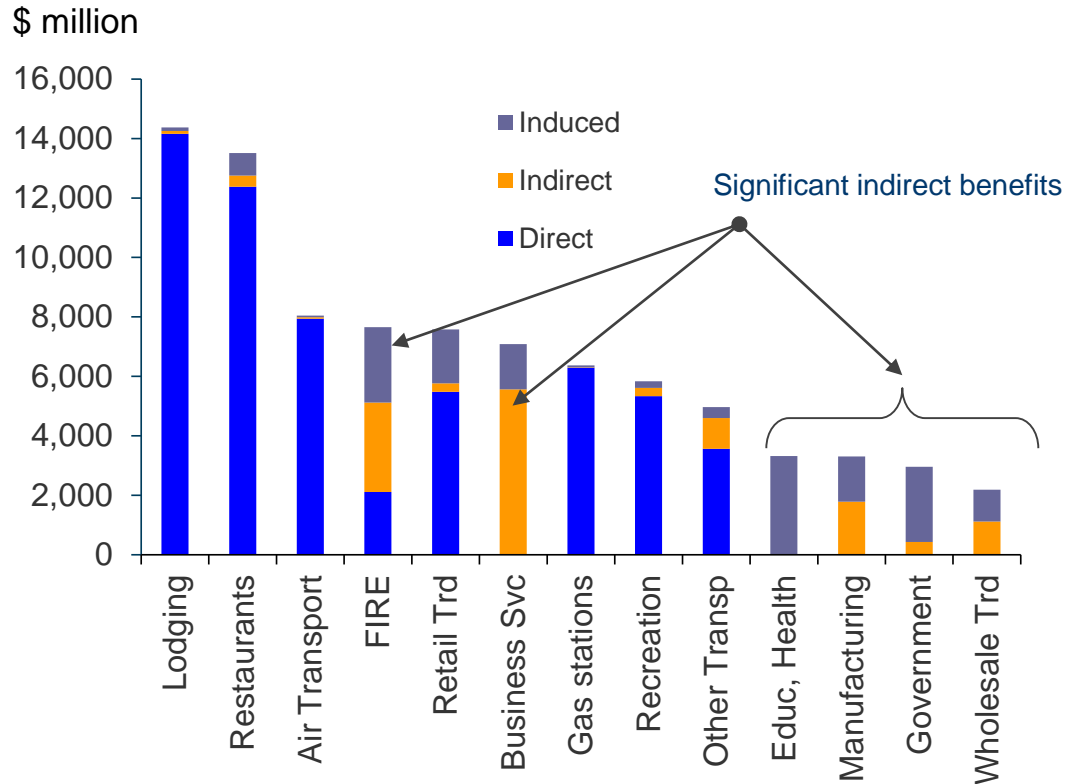
- Including the indirect and induced impacts, traveler spending generated \$100.0 billion in business sales in 2014, up 5.0%.

Tourism Sales (Output)					
(US\$ Million, 2014)					
	Direct*	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining	-	406	174	580	4.8%
Construction and Utilities	-	1,173	560	1,734	4.8%
Manufacturing	-	1,952	1,623	3,575	4.5%
Wholesale Trade	-	1,220	1,145	2,365	4.4%
Air Transport	8,590	50	64	8,704	6.9%
Other Transport	3,883	1,132	392	5,407	4.9%
Retail Trade	5,948	311	1,933	8,192	5.0%
Gasoline Stations	6,204	12	67	6,282	-0.5%
Communications	-	1,253	714	1,967	4.7%
Finance, Insurance and Real Estate	2,193	3,288	2,704	8,185	4.0%
Business Services	-	6,078	1,630	7,708	5.0%
Education and Health Care	-	22	3,522	3,543	3.3%
Recreation and Entertainment	5,863	301	243	6,408	6.5%
Lodging	16,098	109	130	16,337	7.0%
Food & Beverage	13,676	411	809	14,897	5.5%
Personal Services	-	336	766	1,103	4.0%
Government	-	466	2,701	3,167	3.6%
TOTAL	62,456	18,520	19,178	100,154	5.0%
% change	5.4%	5.5%	3.3%	5.0%	

Note: Direct Sales include cost of goods sold for retail and gasoline stations

Traveler-generated sales

Traveler-Generated Sales by Industry



* Direct sales include cost of goods sold for retail

** Air transport includes local airline and airport operations, including sales generated by inbound visitors, plus outbound and transit passengers

*** FIRE = Finance, Insurance, and Real Estate

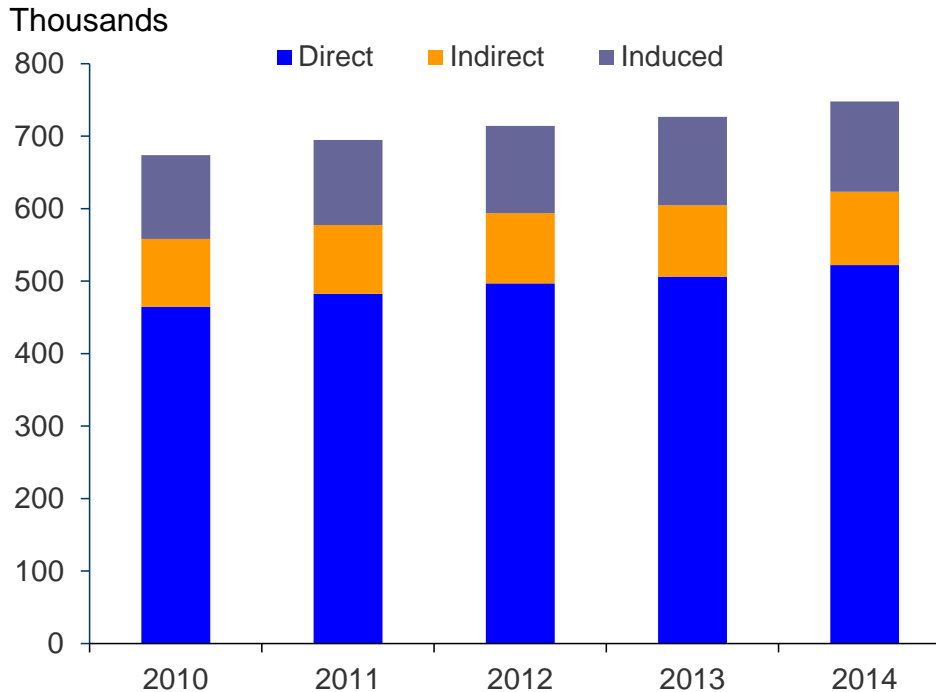
Travel-generated employment

Travel-Generated Employment					
2014					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		3,587	1,577	5,165	2.5%
Construction and Utilities		2,796	607	3,403	2.6%
Manufacturing		5,205	3,799	9,003	2.4%
Wholesale Trade		5,250	4,973	10,223	2.4%
Air Transport	29,974	186	241	30,401	0.4%
Other Transport	64,794	11,729	3,519	80,042	3.5%
Retail Trade	24,796	3,532	22,378	50,706	2.1%
Gasoline Stations	11,910	129	745	12,784	3.6%
Communications		2,867	1,333	4,200	2.5%
Finance, Insurance and Real Estate	7,661	10,562	8,231	26,454	2.0%
Business Services		37,277	11,304	48,581	2.6%
Education and Health Care		278	36,652	36,930	2.0%
Recreation and Entertainment	74,514	4,645	3,436	82,595	3.2%
Lodging	101,916	799	972	103,688	3.3%
Food & Beverage	206,678	6,262	12,448	225,389	3.4%
Personal Services		4,378	11,258	15,636	2.2%
Government		1,707	1,041	2,748	2.5%
TOTAL	522,242	101,190	124,515	747,948	2.9%
% change	3.2%	2.8%	2.0%	2.9%	

- The tourism sector supported 8.2% of payroll employment (1-in-12 jobs) in New York State last year.
- Travel-generated employment grew significantly faster (2.9%) than the broader NYS economy (1.6%) in 2014.

Tourism employment

Traveler-Generated Employment

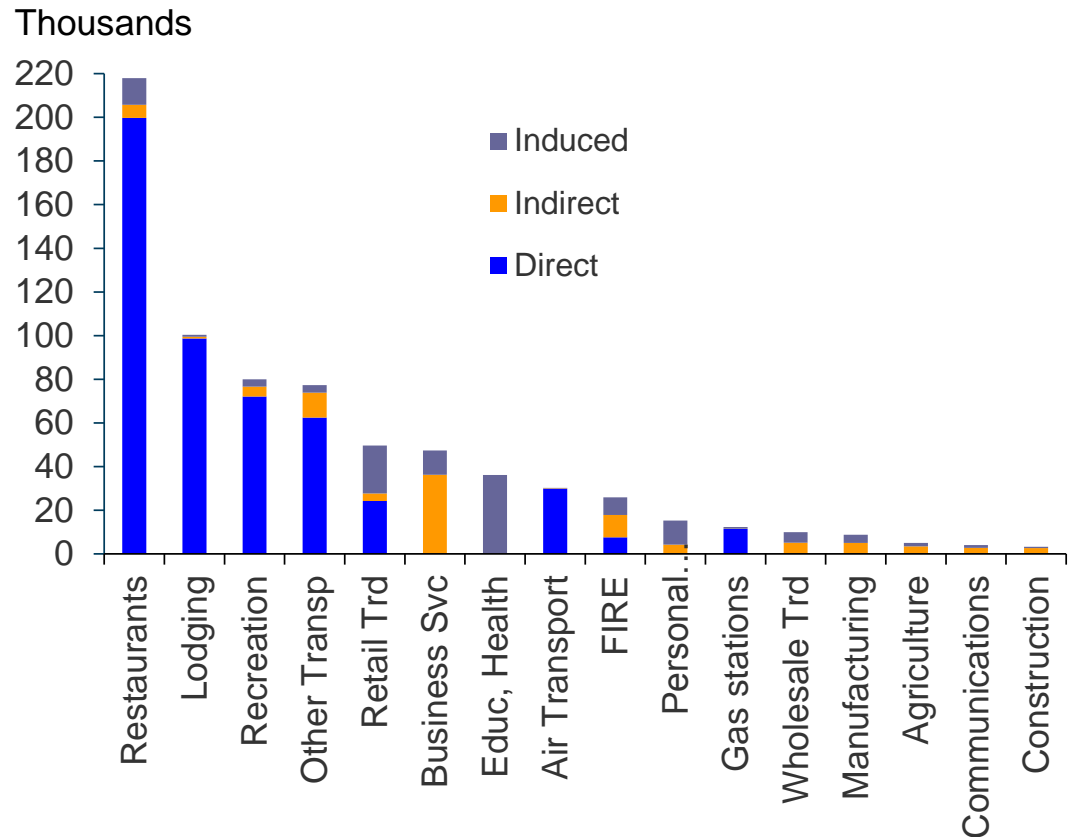


- In 2007, the tourism sector supported 7.7% of payroll employment and now stands at 8.2% of payroll employment as measured by the US Bureau of Labor Statistics.
- Since 2009, travel-sustained employment has expanded 13.2%.

Tourism employment

- As a labor intensive collection of services, tourism-related sectors represent significant employment to New York State.
- The 747,948 jobs sustained by traveler activity span every sector of the economy, either directly or indirectly.

Traveler-Generated Employment by Industry



FIRE = Finance, Insurance, and Real Estate

Tourism employment ranking

Employment Ranking (Private Sector)		
000s		
Rank	Industry	2014 BLS
1	Health care and social assistance	1,385
2	Professional and business services	1,228
3	Retail trade	941
4	Tourism	522
5	Finance and insurance	506
8	Educational services	463
7	Administrative and waste services	457
6	Manufacturing	452
9	Food services and drinking places*	409
11	Construction	340
10	Wholesale trade	338
12	Transportation and utilities	277
13	Information	264
14	Real estate and rental and leasing	186

* net of direct tourism-generated employment

- Tourism is now the 4th largest employer in New York State on the basis of direct tourism employment.
- The above table compares our estimates of tourism-generated employment with total employment by sector.

Source: Bureau of Labor Statistics, State and Area Employment

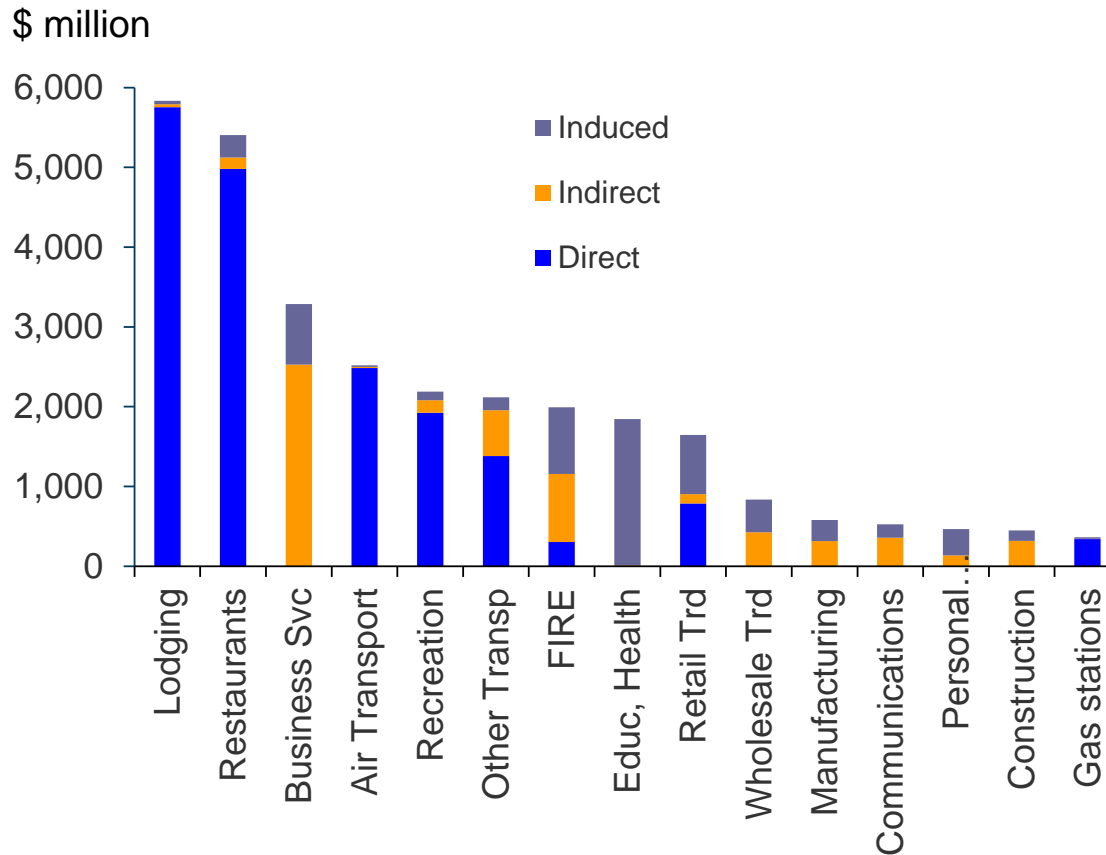
Traveler-generated income

Tourism Income (Compensation)					
(US\$ Million, 2014)					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		75	42	117	4.0%
Construction and Utilities		330	136	465	4.0%
Manufacturing		327	275	602	3.9%
Wholesale Trade		445	422	866	3.9%
Air Transport	2,562	15	20	2,597	3.1%
Other Transport	1,424	600	165	2,189	3.4%
Retail Trade	820	122	768	1,710	3.9%
Gasoline Stations	360.02	3	20	384	5.6%
Communications		372	174	546	4.0%
Finance, Insurance and Real Estate	312	889	865	2,066	3.7%
Business Services		2,633	788	3,421	4.1%
Education and Health Care		12	1,895	1,907	3.5%
Recreation and Entertainment	2,052	164	110	2,326	6.3%
Lodging	6,192	39	45	6,276	7.5%
Food & Beverage	4,982	146	291	5,420	0.3%
Personal Services		141	343	484	3.7%
Government	-	119	70	189	4.0%
TOTAL	18,703	6,433	6,430	31,566	4.0%
% change	4.2%	4.2%	3.5%	4.0%	

- Tourism-generated income grew 4.0% with increased employment and longer hours from tourism workers, reaching \$31.6 billion in 2014.

Traveler-generated income

Traveler-Generated Income by Industry



FIRE = Finance, Insurance, and Real Estate

Tourism tax generation

Travel-Generated Taxes	
(US\$ Million, 2014)	
	Total
Federal Taxes	8,203.5
Corporate	1,447.5
Indirect Business	650.0
Personal Income	2,883.8
Social Security	3,222.3
State and Local Taxes	7,817.3
Corporate	1,541.6
Personal Income	1,246.9
Sales	2,355.6
Property	2,246.8
Excise and Fees	310.1
State Unemployment	116.3
TOTAL	16,020.8
% change	4.5%

- Tourism generated \$16 billion in taxes in 2014, growing 4.5%.
- Total state and local tax proceeds of \$7.8 billion saved the state's households an average of \$962 in tax burden.

Tourism tax generation: State vs. Local

Travel-Generated Taxes					
(US\$ Million)					
Tax Type	2010	2011	2012	2013	2014
State Tax Subtotal	<u>2,784.3</u>	<u>2,974.8</u>	<u>3,142.3</u>	<u>3,247.5</u>	<u>3,399.9</u>
Corporate	535.2	574.3	609.0	630.1	661.8
Personal Income	857.38	908.6	950.7	980.2	1,019.8
Sales	1,143.09	1,226.5	1,300.6	1,345.7	1,413.3
Property	0.0	0.0	0.0	0.0	0.0
Excise and Fees	150.83	161.8	173.6	179.7	188.7
State Unemployment	97.8	103.6	108.4	111.8	116.3
Local Tax Subtotal	<u>3,710.9</u>	<u>3,905.1</u>	<u>4,095.6</u>	<u>4,222.4</u>	<u>4,417.4</u>
Corporate	711.6	763.5	809.6	837.7	879.8
Personal Income	191.0	202.4	211.8	218.4	227.2
Sales	762.1	817.6	867.0	897.1	942.2
Property	1,949.2	2,017.5	2,095.5	2,153.6	2,246.8
Excise and Fees	97.0	104.1	111.7	115.6	121.4
State Unemployment	0.0	0.0	0.0	0.0	0.0

- Tourism generated \$3.4 billion in state taxes in 2014.
- Tourism generated \$4.4 billion in local taxes in 2014.

Methods and data sources

- Household surveys from the US Travel Association and Longwoods International have provided key inputs in establishing traveler spending figures.
- Industry data on lodging, airports, Amtrak, and attractions contribute to year-over-year growth analysis.
- Employment definitions. The basis of our data and modeling is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. This is different than the NYS Department of Labor data source (ES202/QCEW). The main definitional difference is that sole-proprietors, which do not require unemployment insurance and are not counted in the ES202 data. BEA data shows (for example) state accommodations employment at 89,124, compared with QCEW at 82,190. For total employment (across all sectors), the difference is 20%.
- International methodology. Our approach (through Travel Industry Association calculations) is based the estimates on direct survey responses to the Department of Commerce in-flight survey and Statistics Canada data – constrained to BEA international balance of payments data. The NY data are consistent with TIA's state-by-state distribution which ensures against overestimation.
- All employment and income results are constrained to known industry measurements for key tourism sectors.

Methods and data sources

- Local taxes are a build-up of individual categories (sales, occupancy, property). The model is not equipped to deal with individual exemptions such as Indian gaming.
- Second home expenditures are based on the stock of seasonal second home inventory. Annual average expenditures for housing are pro-rated to the season length to account for various levels of expenditures not accounted in visitor surveys.
- Lodging sector. Our models use survey information and constrains this to the value of the hotel sector in each county. This can vary from certain bed tax estimates of total revenue for several reasons. One is that the bed tax may only be based on room revenue while total sales for the industry may include other revenue sources (room service, phone, etc.). Another is that certain smaller establishments may not fully report or be required to report their revenue.

Methods and data sources

- Tourism Economics utilized the IMPLAN input-output model for New York State to track the flow of sales through the economy to the generation of GDP, employment, wages, and taxes.
- The impacts are measured on three levels:
 - **Direct impact:** The immediate benefit to persons and companies directly providing goods or services to travelers.
 - **Indirect impact:** The secondary benefit to suppliers of goods and services to the directly-involved companies. For example, a food wholesaler providing goods to a restaurant. The model is careful to exclude imports from the impact calculations.
 - **Induced impact:** The tertiary benefit to the local economy as incomes in the prior two levels of impact are spent on goods and services. For example, a restaurant employee spends his wages at a grocery store, generating addition economic output.

About Tourism Economics

- Tourism Economics, headquartered in Philadelphia, is an Oxford Economics company dedicated to providing high value, robust, and relevant analyses of the tourism sector that reflects the dynamics of local and global economies. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, project feasibility analysis, tourism forecasting models, tourism policy analysis, and economic impact studies.
- Our staff have worked with over 100 destinations to quantify the economic value of tourism, forecast demand, guide strategy, or evaluate tourism policies.
- 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 is founded on a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of 80 highly-experienced professional economists; a dedicated data analysis team; global modeling tools; close links with Oxford University, and a range of partner institutions in Europe, the US and in the United Nations Project Link.
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