

ECONOMIC IMPACT OF VISITORS IN NEW YORK 2021

August 2022





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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the New York economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the state's future. How critical? In 2021, tourism-supported jobs accounted for more than 6.5% of all jobs in the state.

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 New York as it builds upon its tourism economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of New York. The model traces the flow of visitor-related expenditures through the state'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 in overnight accommodations or those who came from a distance greater than 50 miles and deviated from their normal routine.

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 baseline of economic impacts, the industry can track its progress over time.

To quantify the significance of the visitor economy in New York, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with 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:

- Longwoods International: survey data, including spending and visitor profile characteristics for visitors to New York
- 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 and short-term rentals.
- Tax collections: Lodging and sales tax receipts
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to New York based on aviation, survey, and credit card information

ECONOMIC IMPACTS

KEY FINDINGS

DIRECT VISITOR SPENDING IMPACT

The New York visitor economy spans multiple industries. Visitors spend directly on accommodations, food and beverage, recreation, retail shopping, local transportation and air travel. In 2021, visitors spent \$52 billion across the New York economy.

TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$52 billion generated a total economic impact of \$85.5 billion in New York in 2021 including indirect and induced impacts. This total economic impact generated \$7.5 billion in state and local tax revenues in 2021.



\$85.5 BILLION

Total Economic Impact of Tourism in New York in 2021



\$52B

Direct Visitor
Spending



\$85.5B

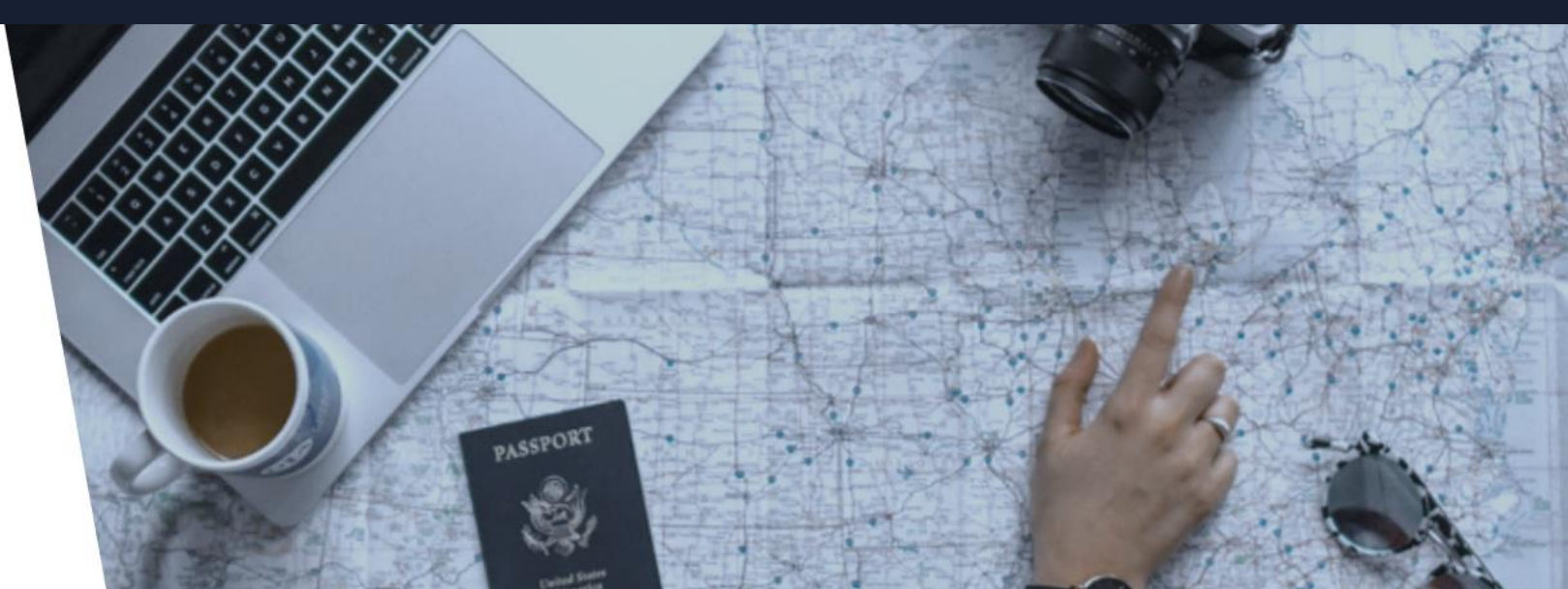
Total
Economic
Impact



\$7.5B

State & Local
Taxes
Generated





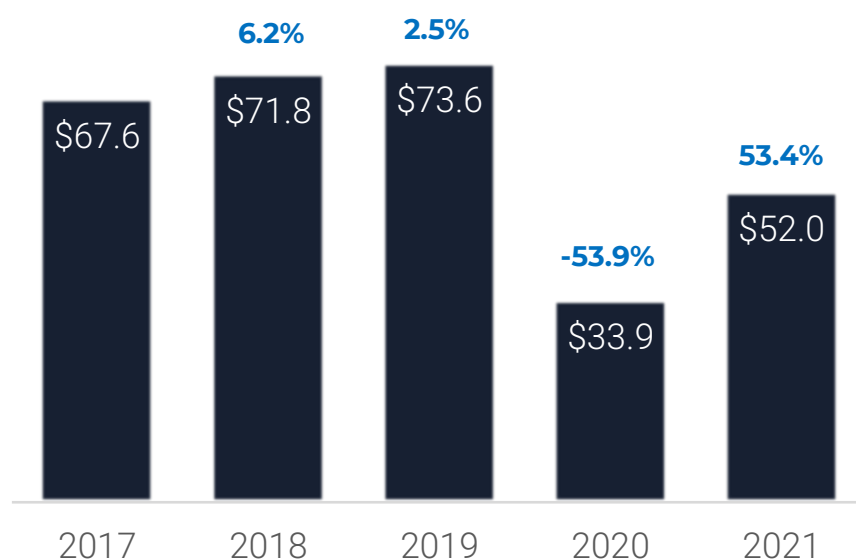
VISITOR SPENDING

The year 2021 was one of recovery for the visitor economy as direct visitor spending reached \$52 billion. This follows severe COVID-related declines in 2020.

In 2020, COVID-19 restrictions and closures harshly impacted visitation and spending, particularly for city destinations. However, in 2021, travel confidence rebounded with easing restrictions and vaccines. With an increase of about \$18 billion in visitor spending over the prior year, spending recovered to about 71% of 2019 levels.

New York visitor spending

Amounts in \$ billions



Sources: Longwoods Int'l, Tourism Economics

VISITOR SPENDING

Visitors to New York spent \$52 billion across a range of sectors in 2021.

Visitor spending expanded 53.4% in 2021, recovering to 71% of 2019 levels.

Of the \$52 billion spent in New York in 2021 by visitors, lodging, including the value of second homes, accounted for \$16.4 billion, 32% of the average visitor dollar. Spending on food and beverages resulted in \$13.9 billion.

Retail, including spending at service stations, captured 18%, a total of \$9.5 billion.

Transportation, including both air and transportation within the destination, comprised 14%, with recreation spending registering 10% of each visitor dollar.

\$52 BILLION



Total Visitor Spending in 2021

LODGING

\$16.4B

32%



FOOD & BEVERAGE

\$13.9B

27%



TRANSPORT

\$7.2B

14%



RETAIL & GASOLINE STATIONS

\$9.5B

18%



RECREATION

\$5.0B

10%



Source: Tourism Economics

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

VISITATION & SPENDING TRENDS

Visitor spending increased by 53% in 2021, a bounce back after the significant declines in 2020. Spending grew across all sectors, driven by strong room demand and increases in prices of key commodities, especially in lodging and transportation. Indeed, average room rates at hotels in the state increased 30%, with room demand increasing 40%.

Strong growth was seen in lodging, by far the hardest hit category during the pandemic. Lodging spending increased nearly 70% after a fall of 60% in 2020. Despite the strong rebound, lodging spending remains at 77% of 2019 levels.

Recreational spending grew 52% in 2021, bringing it back to 69% of pre-pandemic levels.

Visitor spending was led by growth in the domestic and North American markets, while overseas inbound arrivals and spending remained depressed in 2021 as restrictions were in place for much of the year.

	2017	2018	2019	2020	2021	2021 Growth	% relative to 2019
Total visitor spending	\$67.63	\$71.82	\$73.62	\$33.94	\$52.05	53.4%	70.7%
Lodging*	\$19.96	\$21.21	\$21.39	\$9.69	\$16.45	69.8%	76.9%
Food & beverages	\$16.17	\$17.14	\$17.86	\$9.32	\$13.92	49.3%	78.0%
Retail & Service Stations	\$12.03	\$13.15	\$13.35	\$6.40	\$9.49	48.3%	71.1%
Transportation**	\$12.71	\$13.24	\$13.72	\$5.24	\$7.19	37.3%	52.4%
Recreation	\$6.77	\$7.08	\$7.31	\$3.30	\$5.00	51.7%	68.5%

Source: Longwoods Int'l, Tourism Economics

* Lodging includes second home spending

** Transportation includes both ground and air transportation

New York visitor spending, by market

Amounts in \$billions, 2021 % change, and % recovered relative to 2019

	2017	2018	2019	2020	2021	2021 Growth	% relative to 2019
Total visitor spending	\$67.63	\$71.82	\$73.62	\$33.94	\$52.05	53.4%	70.7%
Domestic	\$47.22	\$51.27	\$52.97	\$29.79	\$47.39	59.1%	89.5%
Canada	\$1.56	\$1.60	\$1.42	\$0.40	\$0.73	81.1%	51.3%
Overseas	\$18.86	\$18.95	\$19.22	\$3.75	\$3.93	4.9%	20.5%

Source: Longwoods Int'l, Tourism Economics



ECONOMIC IMPACT METHODOLOGY

Our analysis of the New York 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 New York 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

Tourism's
contribution measured
visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers
Suppliers' own supply chains



SUPPLY
CHAIN
EFFECTS



B2B GOODS &
SERVICES
PURCHASED

INDUCED IMPACTS

Consumer spending out of
employees' wages:



INCOME
EFFECT



HOUSEHOLD
CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and
induced impacts



SALES



GDP



JOBS



INCOME



TAXES



ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$52 billion in 2021. This direct impact of \$52 billion generated \$33.5 billion in indirect and induced impacts, resulting in a total economic impact of \$85.5 billion in the New York economy, 45% more than a year earlier.

The indirect and induced effects add a total of \$33.5 billion in sales for businesses located in New York.

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

Summary Economic impacts (2021)

Amounts in billions of nominal dollars



Source: Tourism Economics

Business sales impacts by industry (2021)

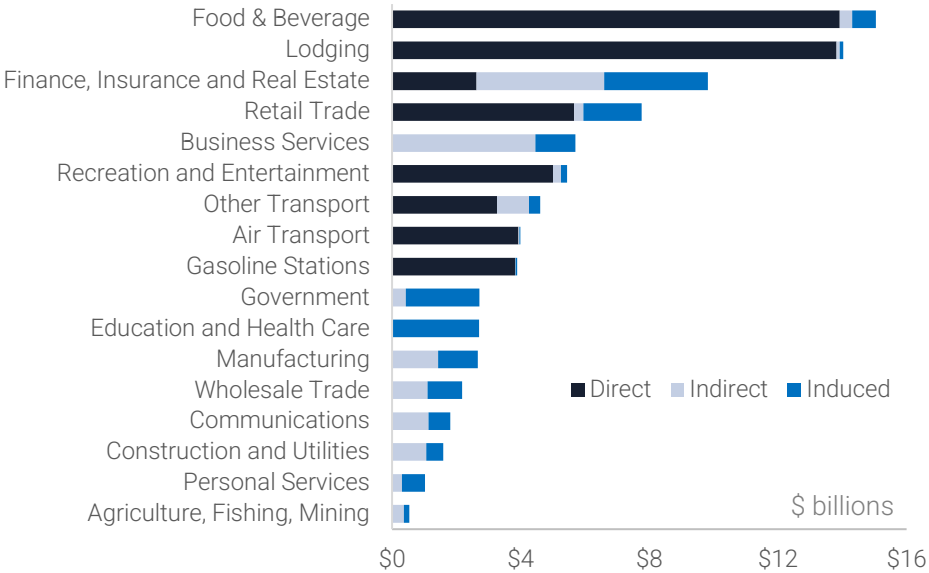
Amounts in millions of nominal dollars

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$52,049	\$16,332	\$17,123	\$85,504
Food & Beverage	\$13,923	\$383	\$743	\$15,049
Lodging	\$13,824	\$96	\$109	\$14,030
Finance, Insurance and Real Estate	\$2,621	\$3,974	\$3,225	\$9,821
Retail Trade	\$5,660	\$291	\$1,806	\$7,757
Business Services		\$4,459	\$1,241	\$5,700
Recreation and Entertainment	\$5,003	\$247	\$194	\$5,444
Other Transport	\$3,264	\$994	\$344	\$4,603
Air Transport	\$3,928	\$29	\$37	\$3,994
Gasoline Stations	\$3,826	\$9	\$54	\$3,889
Government		\$422	\$2,291	\$2,714
Education and Health Care		\$20	\$2,682	\$2,702
Manufacturing		\$1,432	\$1,236	\$2,668
Wholesale Trade		\$1,105	\$1,076	\$2,181
Communications		\$1,135	\$672	\$1,806
Construction and Utilities		\$1,063	\$527	\$1,589
Personal Services		\$305	\$721	\$1,025
Agriculture, Fishing, Mining		\$368	\$164	\$531

Source: Tourism Economics

Visitor economy business sales impacts by industry (2021)

Amounts in billions of nominal dollars



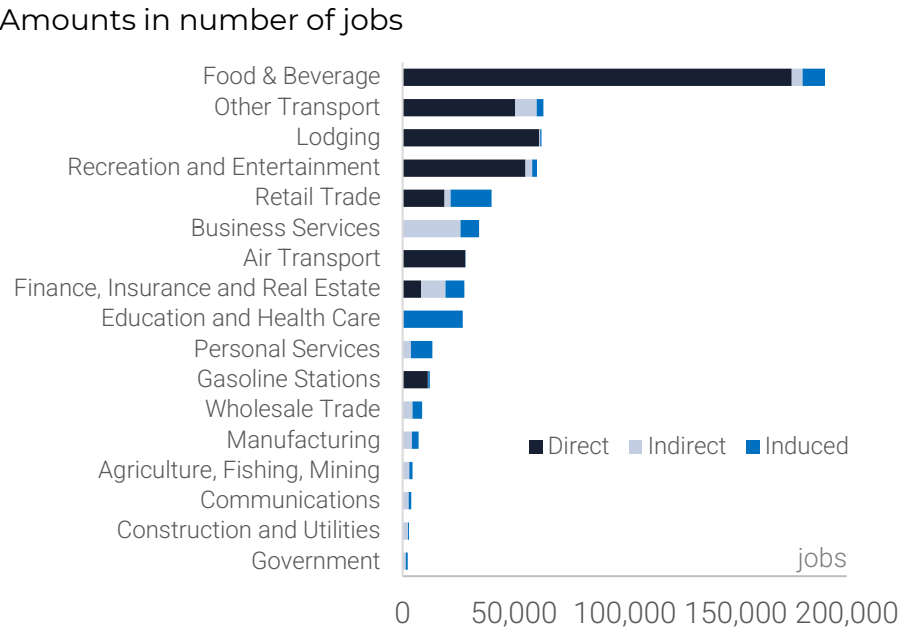
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor spending supports the largest number of jobs in the food & beverage industry (190,251).

Spending by businesses directly impacted by visitor spending supports 26,095 jobs in the business services industry – in areas like accounting, advertising and building services.

Tourism Job Impacts by Industry (2021)



Source: Tourism Economics



Summary Employment Impacts by Industry (2021)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Food & Beverage	175,203	4,990	10,058	190,251
Other Transport	50,702	9,686	2,953	63,342
Lodging	61,488	456	557	62,501
Recreation and Entertainment	55,354	2,967	2,181	60,502
Retail Trade	18,782	2,859	18,399	40,040
Business Services		26,095	8,268	34,362
Air Transport	28,144	101	142	28,387
Finance, Insurance and Real Estate	8,325	10,884	8,546	27,755
Education and Health Care		210	26,808	27,018
Personal Services		3,669	9,746	13,415
Gasoline Stations	11,354	122	694	12,170
Wholesale Trade		4,400	4,305	8,706
Manufacturing		4,106	3,090	7,196
Agriculture, Fishing, Mining		3,007	1,366	4,372
Communications		2,638	1,253	3,891
Construction and Utilities		2,343	525	2,869
Government		1,431	874	2,305

Source: Tourism Economics



LABOR INCOME IMPACTS

Visitor activity generated \$19.7 billion in direct labor income and a total of \$32.2 billion when including indirect and induced impacts. Total tourism-generated income in New York in 2021 rebounded 14% above 2020.

Summary labor income impacts (2021)

Amounts in billions of nominal dollars

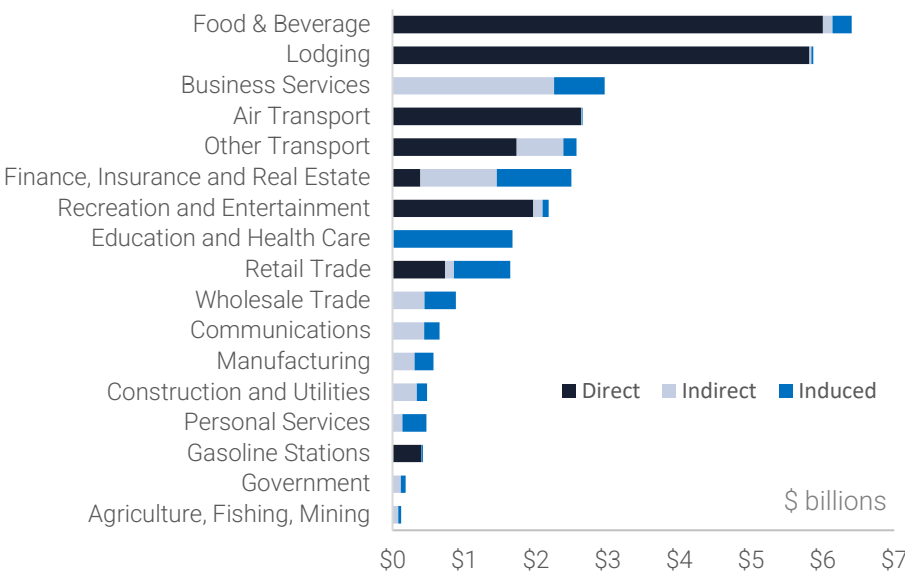


Source: Tourism Economics

There are nine industries in which visitor activity supports more than \$1 billion in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & healthcare.

Tourism labor income Impacts by Industry (2021)

Amounts in billions of nominal dollars



Source: Tourism Economics



Summary labor income impacts (2021)

Amounts in millions of nominal dollars

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$19,656	\$6,255	\$6,299	\$32,210
Food & Beverage	\$6,005	\$133	\$268	\$6,405
Lodging	\$5,816	\$25	\$30	\$5,871
Business Services		\$2,253	\$705	\$2,958
Air Transport	\$2,628	\$9	\$13	\$2,650
Other Transport	\$1,730	\$651	\$182	\$2,564
Finance, Insurance and Real Estate	\$389	\$1,064	\$1,043	\$2,495
Recreation and Entertainment	\$1,963	\$129	\$87	\$2,178
Education and Health Care		\$11	\$1,661	\$1,672
Retail Trade	\$731	\$123	\$786	\$1,640
Wholesale Trade		\$445	\$436	\$881
Communications		\$441	\$211	\$653
Manufacturing		\$305	\$264	\$569
Construction and Utilities		\$337	\$143	\$480
Personal Services		\$134	\$338	\$472
Gasoline Stations	\$395	\$4	\$23	\$422
Government		\$114	\$67	\$181
Agriculture, Fishing, Mining		\$76	\$44	\$120

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$15.5 billion in government revenues.

State and local taxes alone tallied \$7.5 billion in 2021.

Each household in New York would need to be taxed an additional \$1,010 to replace the visitor-generated taxes received by New York state and local governments in 2021.

Visitors generated \$3.0 billion in state taxes, an increase of 31% over the prior year.

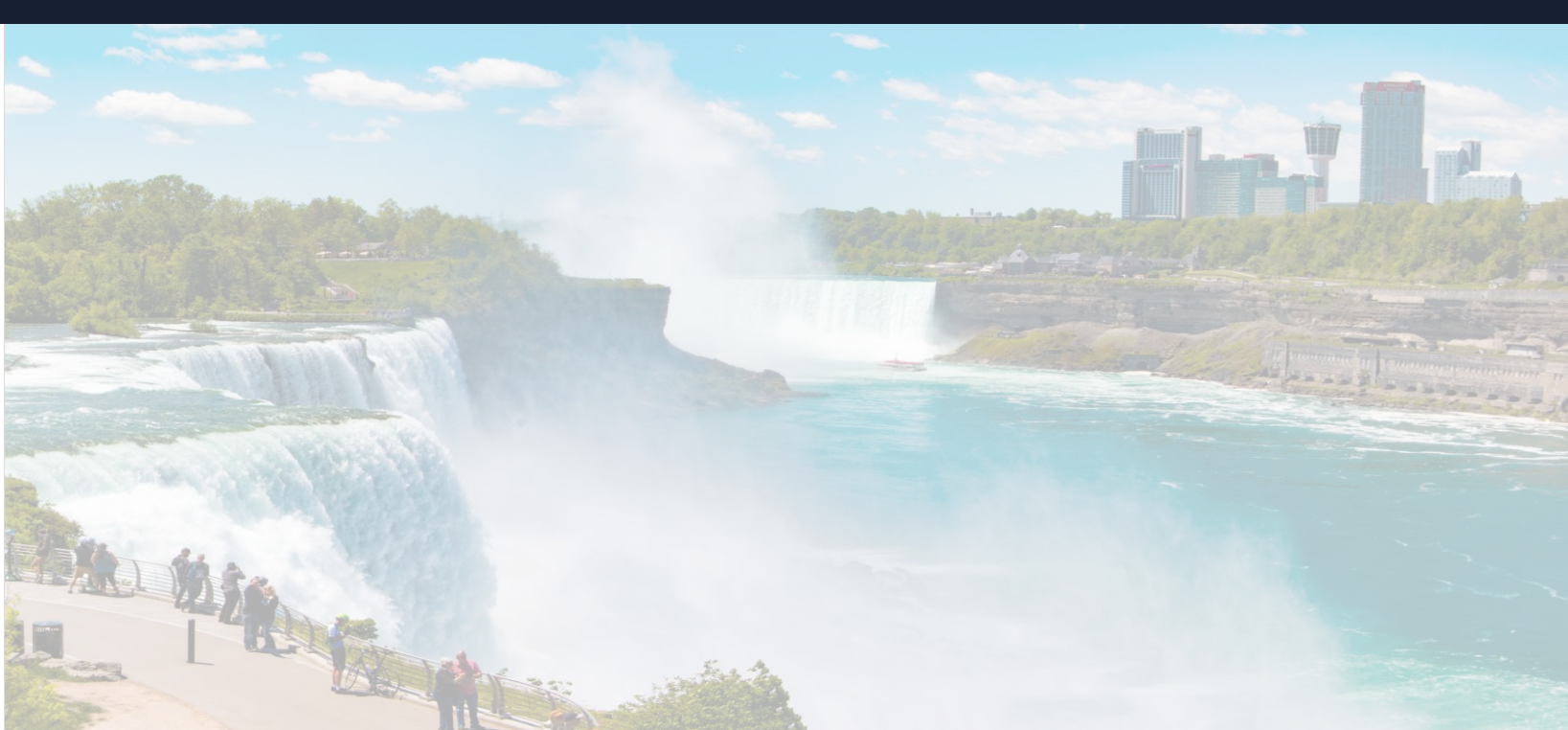
Local visitor-supported taxes, sustained mainly through property taxes, registered \$4.4 billion in 2021.

Fiscal (tax) impacts

Amounts in millions of nominal dollars

	Total
Total Tax Revenues	\$15,461
Federal Taxes	\$8,004
Personal Income	\$2,943
Corporate	\$1,236
Indirect Business	\$538
Social Insurance	\$3,288
State and Local Taxes	\$7,457
Sales	\$2,011
Personal Income	\$1,272
Corporate	\$1,275
Social Insurance	\$119
Excise and Fees	\$277
Property	\$2,503

Source: Tourism Economics



Fiscal (tax) impacts

Amounts in millions of nominal dollars

	2019	2020	2021	2021 Growth	% relative to 2019
Total State & Local Tax Revenues	\$9,134	\$5,862	\$7,457	27.2%	81.6%
State Taxes	\$4,036	\$2,330	\$3,039	30.5%	75.3%
Personal Income	\$1,260	\$894	\$1,019	14.0%	80.9%
Corporate	\$766	\$385	\$540	40.3%	70.5%
Sales	\$1,641	\$824	\$1,193	44.8%	72.7%
Excise and Fees	\$222	\$123	\$168	37.1%	76.0%
State Unemployment	\$147	\$104	\$119	14.0%	80.9%
Local Taxes	\$5,099	\$3,532	\$4,417	25.1%	86.6%
Personal Income	\$313	\$222	\$253	14.0%	80.9%
Corporate	\$1,044	\$524	\$736	40.3%	70.5%
Sales	\$1,124	\$565	\$818	44.8%	72.7%
Property	\$2,475	\$2,142	\$2,503	16.8%	101.1%
Excise and Fees	\$143	\$79	\$108	37.1%	76.0%

Source: Tourism Economics

ECONOMIC IMPACTS

JOB & LABOR INCOME IMPACTS

Direct visitor spending of \$52 billion generated tourism's total economic impact of \$85.5 billion, with associated labor income of approximately \$32.2 billion in 2021.



\$85.5B
Total Economic Impact



\$52.0B
Direct Visitor Spending



\$32.2B
Total Labor Income Impact

FISCAL IMPACTS

TAX REVENUES

The economic impacts attributable to visitors generate significant fiscal (tax) impacts as they ripple through the regional economy. Visitor activity generated \$7.5 billion in state and local tax revenues in 2021.



\$7.5B
Total State & Local Tax Revenues



\$2.0B
Sales Tax Revenues



\$2.5B
Property Tax Revenues

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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