

The Economic Impact of Tourism in New York

2013 Calendar Year



Key trends in 2013

- New York State's tourism economy expanded in 2013 with 3.5% growth in traveler spending. This slower rate of growth represents a more sustainable "post recovery" expansion after above trend growth in the previous three years.
- Traveler spending reached a new high of \$57.3 billion, which is 12% above the state's pre-recession peak set in 2008. Key industry data illustrate the industry's performance:
 - Room demand expanded 2.7% in 2013. And room rates increased 3.5% equating to a total hotel revenue increase of 6.3% according to STR.
 - Bookings of travel to all NYS airports increased 1.6% in 2013 according to OAG.
- Direct tourism employment grew 1.9% to reach a new high in 2013 while associated personal income expanded 3.2%. On both of these measures, tourism outpaced the general economy.

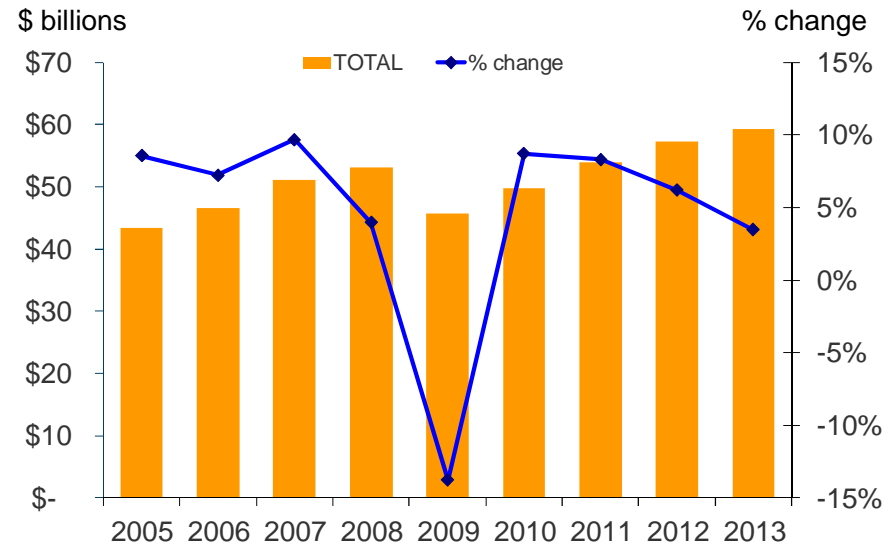
Headline results

- Travel & tourism is a substantial and growing component of the New York State economy.
- New York traveler spending grew 3.5% in 2013 to \$59.2 billion.
- This spending generated \$95.4 billion in total business sales including indirect and induced impacts.
- 726,731 jobs were sustained by tourism activity last year with total income of \$30 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 \$7.5 billion in state and local taxes in 2013, saving each NYS household an average of \$920 in taxes.

Traveler spending growth

- Traveler spending continued to expand in 2013, growing 3.5% after a 6.2% rebound in 2012.
- As a result, the tourism economy reached another high in 2013, with \$59.2 billion in traveler spending.
- Traveler spending growth has averaged 5% per year since 2003 (compound annual growth).

New York Traveler Spending

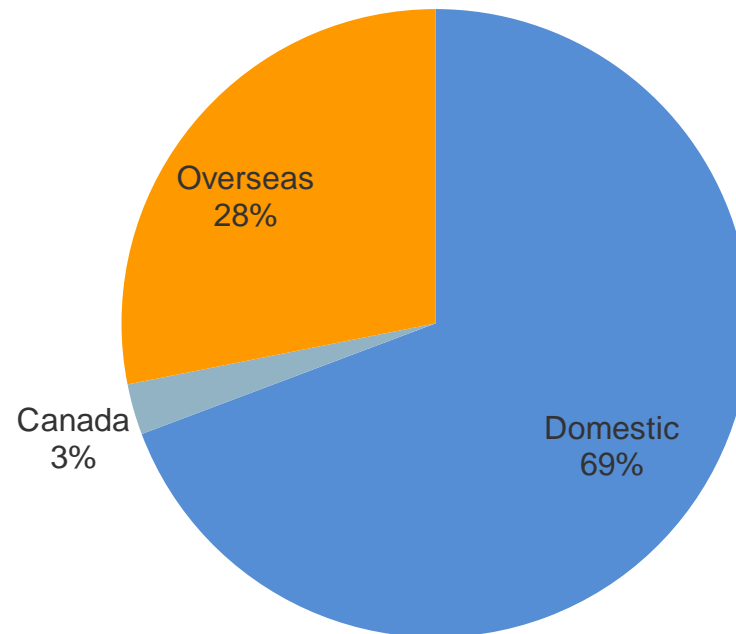


Source: Tourism Economics

New York State tourism markets

- US domestic markets supplied 69% (\$41 bn) of the New York State's traveler spending base in 2013.
- International markets represented 31% (\$18 bn) of the spending base, increasing its share in 2013 from 30% in 2012.

Traveler Spending by Market, 2013



Source: Tourism Economics

Broad-based growth

- Travelers increased their spending across nearly all sectors in 2013.
- Spending increased the most in the lodging sector as both room demand and rates rose.
- Growth was also strong in the restaurant sector as both overnight and day visitor demand increased.

Traveler Spending By Sector

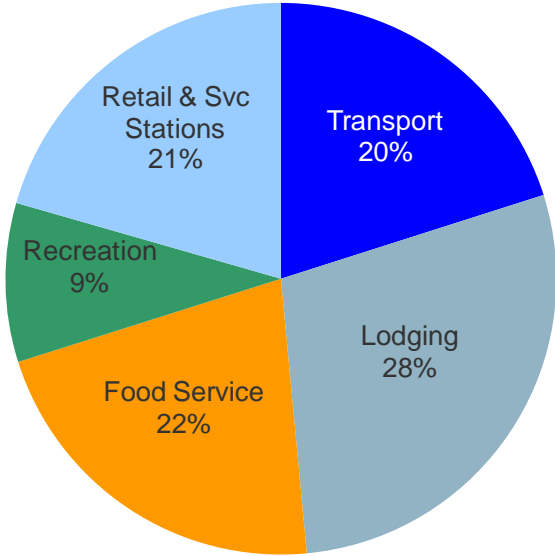


Source: Tourism Economics

Traveler spending distribution

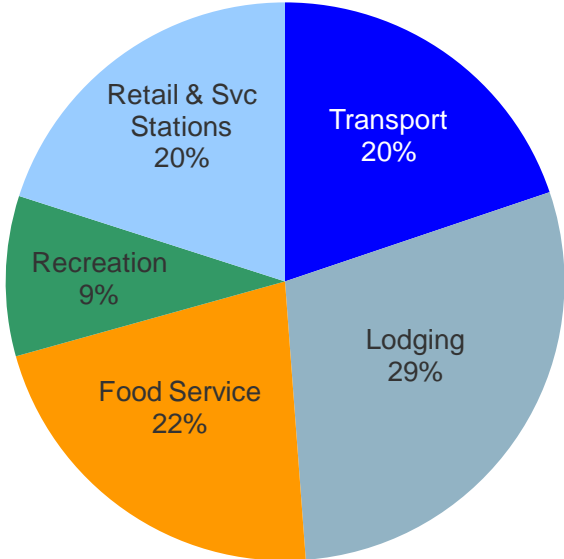
- Traveler spending is diverse and well-distributed across multiple sectors of the economy.
- The distribution of traveler spending remained stable in 2013 with lodging increasing its share of spending and retail & service stations' share declining.

Traveler Spending by Sector, 2012



Source: Tourism Economics

Traveler Spending by Sector, 2013



Source: Tourism Economics

Historic traveler spending by sector

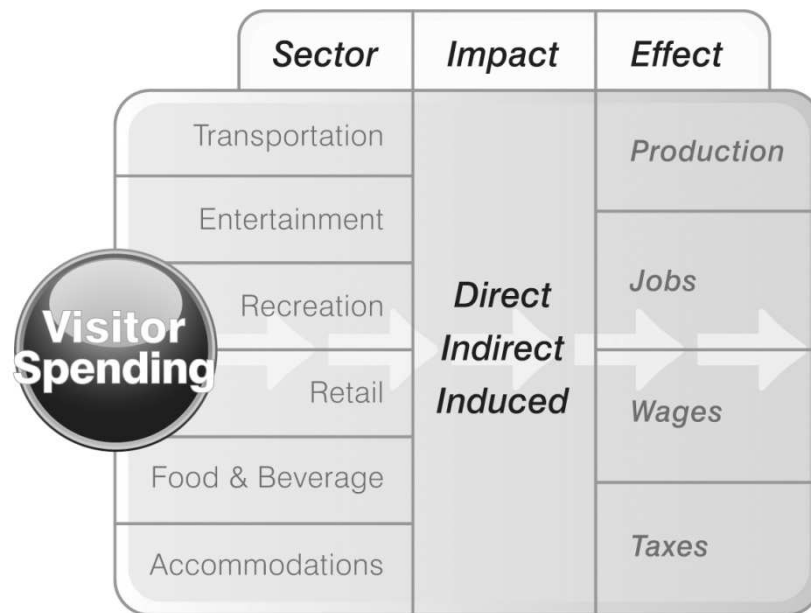
<i>NYS Traveler Spending, millions</i>							
	Transport	Lodging	Food Service	Recreation	Retail & Svc Stations	TOTAL	% change
2005	\$ 9,219	\$ 11,575	\$ 9,663	\$ 4,259	\$ 8,714	\$ 43,431	8.6%
2006	\$ 9,410	\$ 12,832	\$ 10,565	\$ 4,668	\$ 9,100	\$ 46,574	7.2%
2007	\$ 10,515	\$ 14,301	\$ 11,357	\$ 5,191	\$ 9,717	\$ 51,081	9.7%
2008	\$ 10,881	\$ 14,710	\$ 11,492	\$ 5,336	\$ 10,689	\$ 53,108	4.0%
2009	\$ 9,681	\$ 12,208	\$ 10,511	\$ 4,668	\$ 8,710	\$ 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%

Traveler spending by market

<i>NYS Traveler Spending by Market</i>				
	Domestic	Canada	Overseas	Total
2006	\$ 34,057	\$ 1,021	\$ 11,496	\$ 46,574
2007	\$ 36,724	\$ 1,287	\$ 13,070	\$ 51,081
2008	\$ 38,259	\$ 1,340	\$ 13,508	\$ 53,108
2009	\$ 33,163	\$ 1,132	\$ 11,482	\$ 45,777
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
2009 Growth	-13.3%	-15.5%	-15.0%	-13.8%
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%	3.5%

How traveler spending generates impact

- 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.
- 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

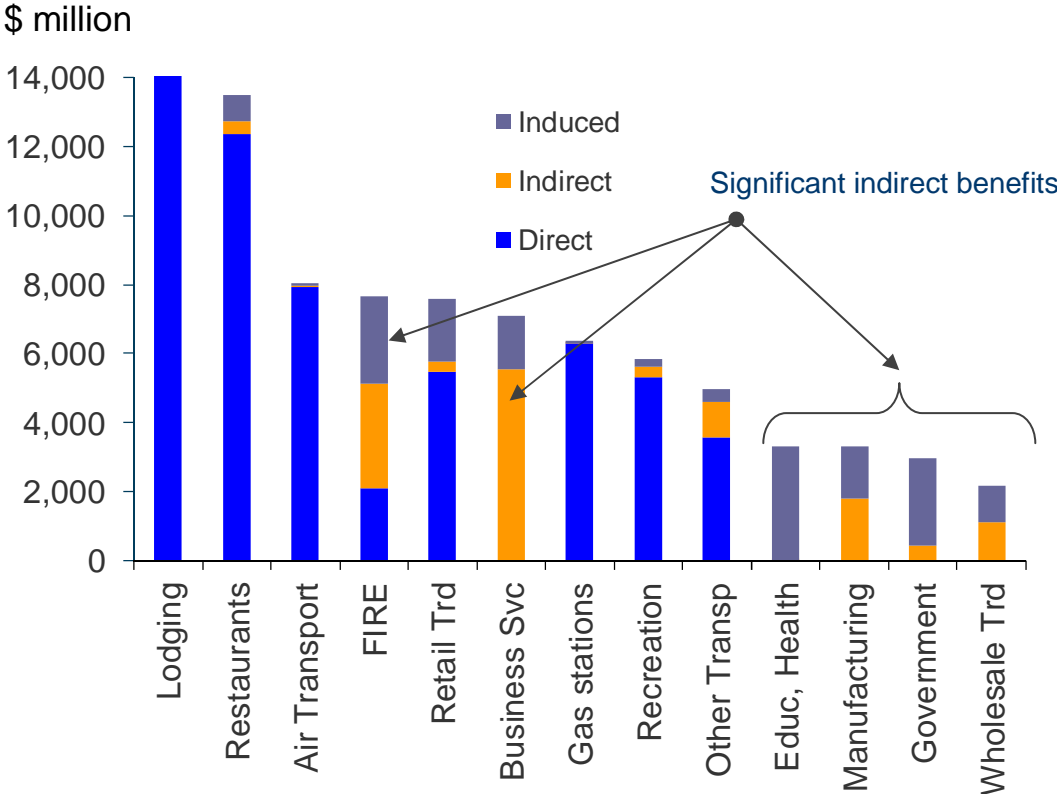
- Including the indirect and induced impacts, traveler spending generated \$93.4 billion in business sales in 2013, up 3.5%.

Tourism Sales (Output)					
(US\$ Million, 2013)					
	Direct*	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining	-	385	168	553	3.5%
Construction and Utilities	-	1,112	542	1,654	3.5%
Manufacturing	-	1,850	1,571	3,421	3.5%
Wholesale Trade	-	1,156	1,108	2,264	3.5%
Air Transport	8,036	47	62	8,145	1.2%
Other Transport	3,704	1,073	379	5,156	3.8%
Retail Trade	5,639	294	1,871	7,804	3.0%
Gasoline Stations	6,235	11	65	6,311	-0.9%
Communications	-	1,187	692	1,879	3.5%
Finance, Insurance and Real Estate	2,136	3,117	2,617	7,869	2.8%
Business Services	-	5,761	1,577	7,338	3.6%
Education and Health Care	-	21	3,409	3,429	3.3%
Recreation and Entertainment	5,498	286	235	6,019	3.1%
Lodging	15,044	103	126	15,273	6.2%
Food & Beverage	12,953	390	783	14,126	4.5%
Personal Services	-	319	742	1,061	3.4%
Government	-	442	2,614	3,056	3.4%
TOTAL	59,245	17,554	18,561	95,360	3.5%
% change	3.5%	3.6%	3.3%	3.5%	

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

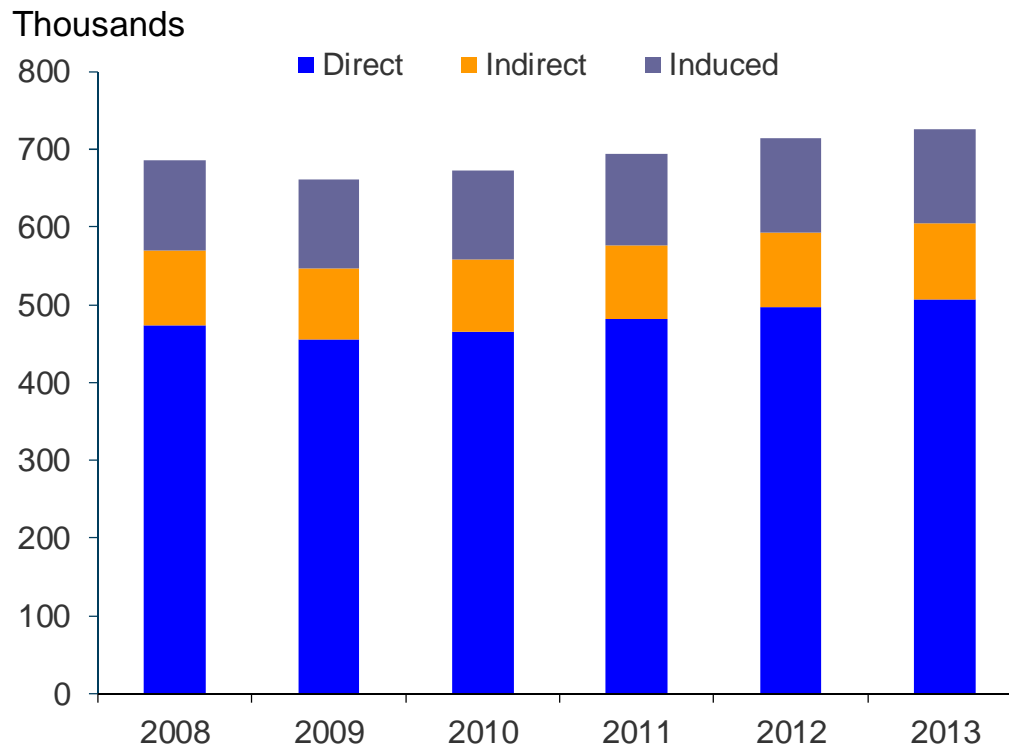
Travel-generated employment

Travel-Generated Employment					
2013					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		3,491	1,547	5,038	1.5%
Construction and Utilities		2,721	595	3,316	1.4%
Manufacturing		5,065	3,724	8,790	1.5%
Wholesale Trade		5,110	4,876	9,986	1.5%
Air Transport	29,872	181	236	30,290	-1.1%
Other Transport	62,461	11,415	3,451	77,327	0.9%
Retail Trade	24,264	3,438	21,940	49,642	1.3%
Gasoline Stations	11,481	125	730	12,337	0.8%
Communications		2,791	1,307	4,098	1.5%
Finance, Insurance and Real Estate	7,579	10,279	8,070	25,929	1.2%
Business Services		36,279	11,083	47,361	1.5%
Education and Health Care		270	35,935	36,206	1.5%
Recreation and Entertainment	72,136	4,520	3,369	80,025	2.5%
Lodging	98,684	778	953	100,415	1.5%
Food & Beverage	199,692	6,095	12,205	217,992	2.7%
Personal Services		4,261	11,038	15,299	1.5%
Government		1,661	1,021	2,682	1.5%
TOTAL	506,170	98,480	122,081	726,731	1.8%
% change	1.9%	1.4%	1.5%	1.8%	

- The tourism sector supported 8.2% of payroll employment (1-in-12 jobs) in New York State last year.
- Travel-generated employment (1.8%) grew significantly faster than the broader NYS economy (1.3%) in 2013.

Tourism employment

Traveler-Generated Employment

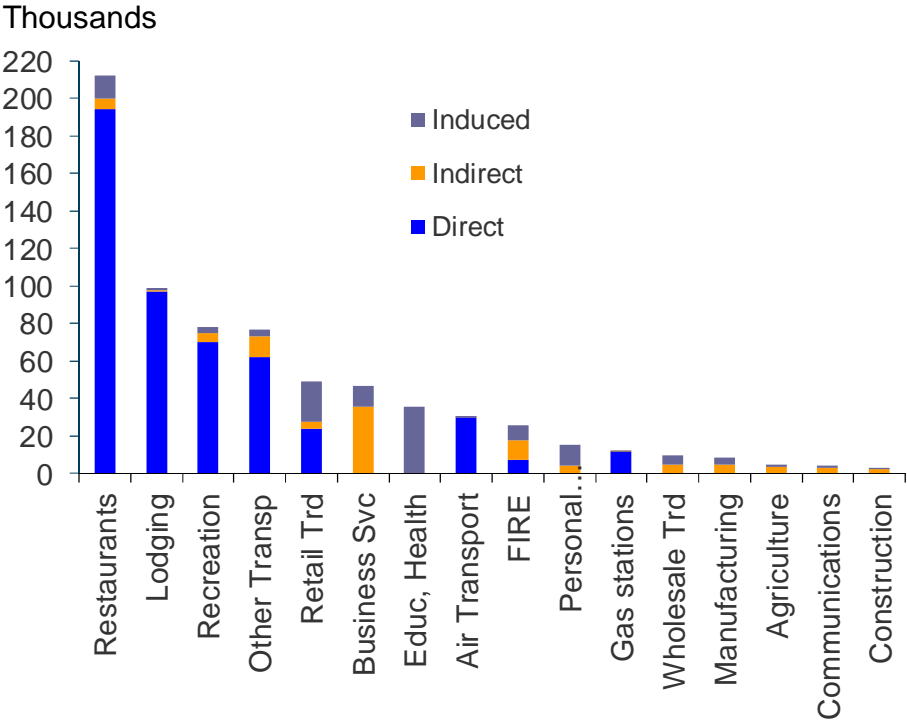


- In 2007, the tourism sector supported 7.7% of payroll employment and now stands at 8.2% of payroll employment as measured by the US Bureau of Labor Statistics.

Tourism employment

- As a labor intensive collection of services, tourism-related sectors represent significant employment to New York State.
- The 726,731 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	2013 BLS
1	Health care and social assistance	1,352
2	Professional and business services	1,202
3	Retail trade	925
4	Tourism	506
5	Finance and insurance	500
6	Manufacturing	455
7	Administrative and waste services	452
8	Educational services	441
9	Food services and drinking places*	391
10	Wholesale trade	336
11	Construction	325
12	Transportation and utilities	265
13	Information	260
14	Real estate and rental and leasing	182

* net of direct tourism-generated employment

- Tourism is now the 4th largest employer in New York State on the basis of direct tourism employment. Tourism leapfrogged Finance and insurance in 2013.
- The above table compares our estimates of tourism-generated employment with total employment by sector. Source: Bureau of Labor Statistics, State and Area Employment

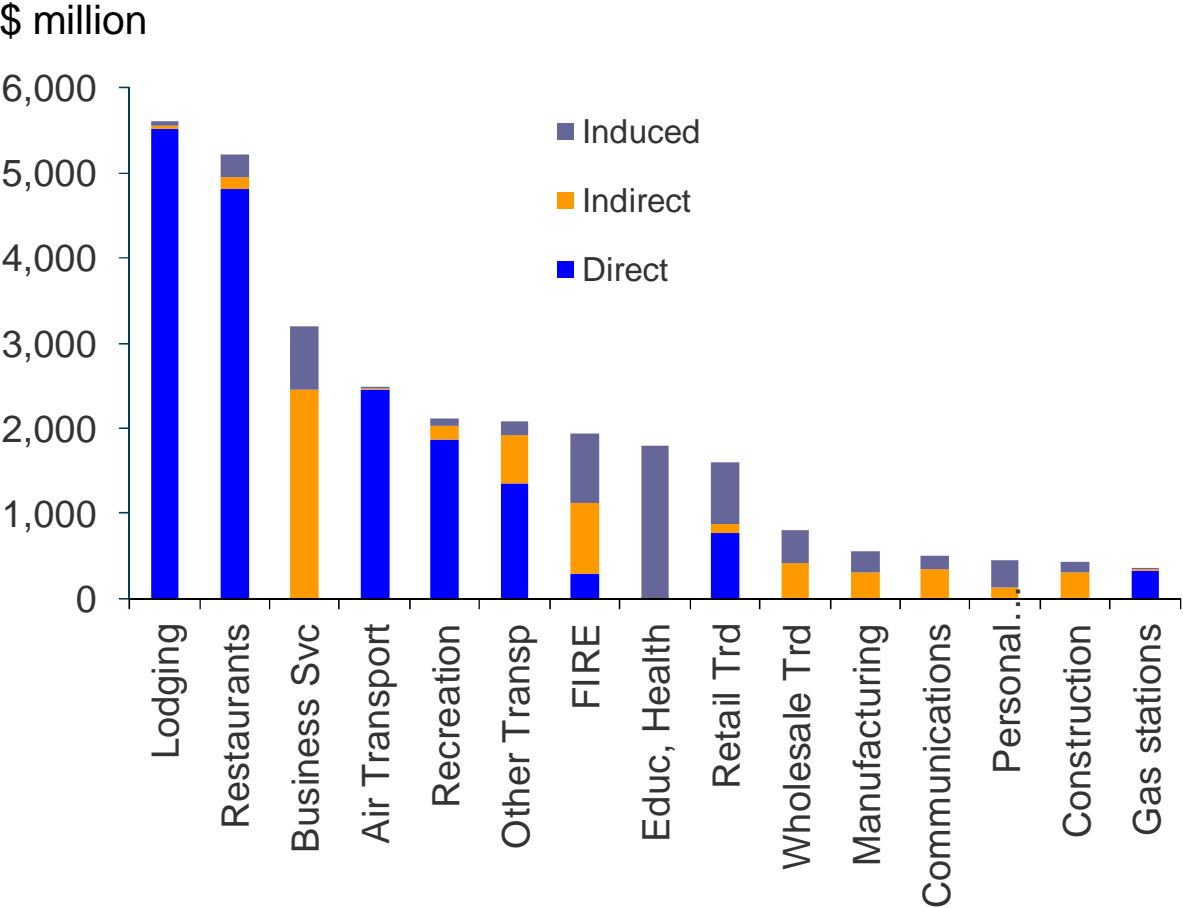
Traveler-generated income

Tourism Income (Compensation)					
(US\$ Million, 2013)					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		72	40	112	2.9%
Construction and Utilities		316	131	447	2.9%
Manufacturing		314	266	580	2.9%
Wholesale Trade		427	407	834	2.9%
Air Transport	2,485	15	19	2,519	1.6%
Other Transport	1,382	575	160	2,116	2.0%
Retail Trade	787	117	742	1,646	3.0%
Gasoline Stations	340	3	20	363	2.8%
Communications		357	168	525	2.9%
Finance, Insurance and Real Estate	302	853	836	1,991	2.9%
Business Services		2,526	762	3,288	2.9%
Education and Health Care		11	1,832	1,843	2.9%
Recreation and Entertainment	1,924	157	107	2,188	3.1%
Lodging	5,754	38	44	5,836	4.2%
Food & Beverage	4,982	141	281	5,404	3.5%
Personal Services		135	331	467	2.9%
Government	-	114	68	182	2.9%
TOTAL	17,957	6,172	6,214	30,343	3.1%
% change	3.2%	2.9%	2.9%	3.1%	

- Tourism-generated income grew 3.1% with increased employment and longer hours from tourism workers, reaching \$30.3 billion in 2013.

Traveler-generated income

Traveler-Generated Income by Industry



FIRE = Finance, Insurance, and Real Estate

Tourism tax generation

Travel-Generated Taxes	
(US\$ Million, 2013)	
	Total
Federal Taxes	7,866.4
Corporate	1,378.2
Indirect Business	618.9
Personal Income	2,772.0
Social Security	3,097.4
State and Local Taxes	7,469.9
Corporate	1,467.8
Personal Income	1,198.6
Sales	2,242.8
Property	2,153.6
Excise and Fees	295.2
State Unemployment	111.8
TOTAL	15,336.3
% change	3.5%

- Tourism generated \$15.3 billion in taxes in 2013, growing 3.5%.
- Total state and local tax proceeds of \$7.5 billion saved the state's households an average of \$920 in tax burden.

Tourism tax generation: State vs. Local

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

- Tourism generated \$3.2 billion in state taxes in 2013.
- Tourism generated \$4.2 billion in local taxes in 2013.

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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