

The Economic Impact of Tourism in New York

2015 Calendar Year



TOURISM
ECONOMICS

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State Summary

Key trends in 2015

- New York State's tourism economy expanded in 2015 with 1.0% growth in traveler spending. Excluding purchases of gasoline, which fell due to a nearly 30% fall in fuel prices, traveler spending in New York expanded 3.8% last year.
- Traveler spending reached a new high of \$63.1 billion, which is 19% above the state's pre-recession peak set in 2008. Key industry data illustrate the industry's performance:
 - Room demand expanded 2.6% in 2015. However, room rates declines slightly by 0.4% equating to a total hotel revenue increase of 2.1% according to STR.
 - Passenger counts at all NYS airports increased 5.9% in 2015 with an associated ticket revenue increase of 2.8% as fares softened by 3.1%.
- Direct tourism employment grew 2.2% to reach a new high in 2015 while associated personal income expanded 4.1%. On both of these measures, tourism outpaced the general economy.

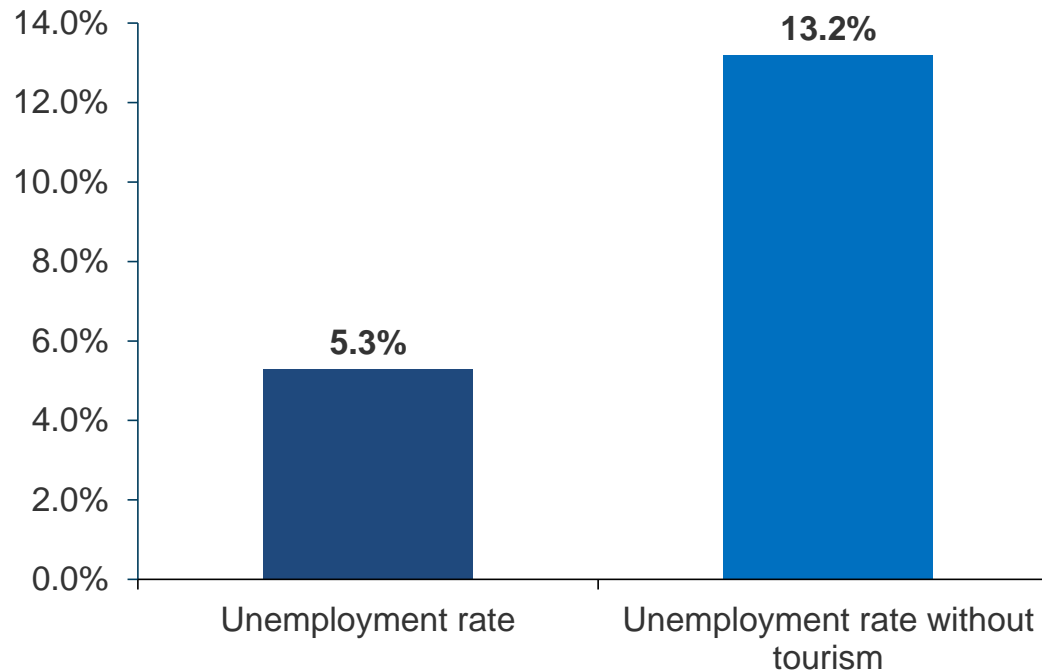
Headline results

- Travel & tourism is a substantial and growing component of the New York State economy.
- New York traveler spending grew 1.0% in 2014 to \$63.1 billion.
- This spending generated \$102 billion in total business sales including indirect and induced impacts.
- 764,000 jobs were sustained by tourism activity last year with total income of \$33.1 billion.
- 8.3% (1-in-12) of all New York state employment is sustained by tourism, either directly or indirectly.
- New York State tourism generated \$8.0 billion in state and local taxes in 2015, saving each NYS household an average of \$1,100 in taxes.

Tourism is vital to the NYS labor market

Unemployment Rate in New York State

2015



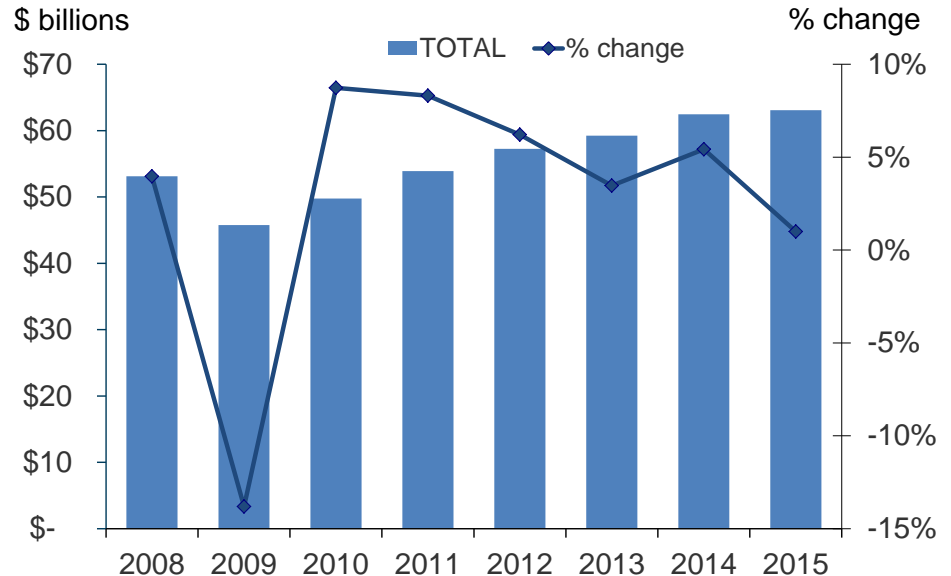
Source: BLS, Tourism Economics

- The unemployment rate in New York State was 5.3% in 2015. If the jobs sustained by travelers were eliminated, the unemployment rate would rise to 13.2%.

Traveler spending growth

- Traveler spending continued to expand in 2015, growing 1.0% after a 5.4% rebound in 2014. Excluding purchases of gasoline, traveler spending in expanded 3.8% last year.
- As a result, the tourism economy reached another high in 2015, with \$63.1 billion in traveler spending.
- Traveler spending growth has averaged 4.9% per year since the recovery began in 2010 (compound annual growth).

New York Traveler Spending

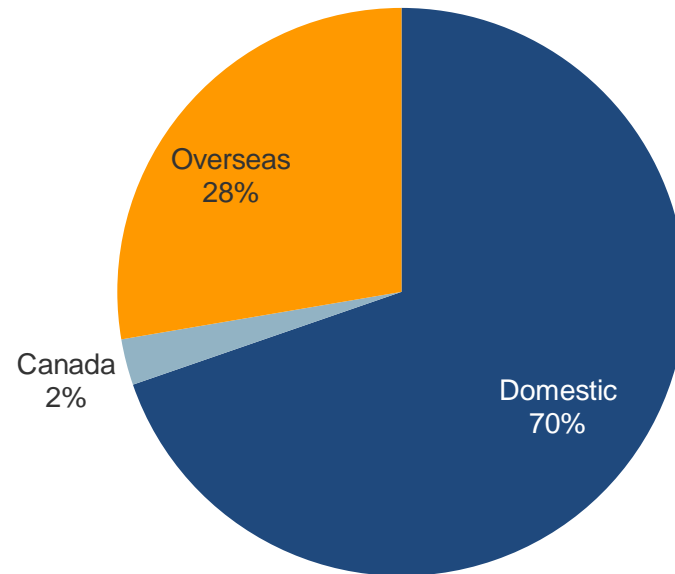


Source: Tourism Economics

New York State tourism markets

- US domestic markets supplied 70% (\$44 bn) of the New York State's traveler spending base in 2015.
- International markets represented 30% (\$19 bn) of the spending base.

Traveler Spending by Market, 2015

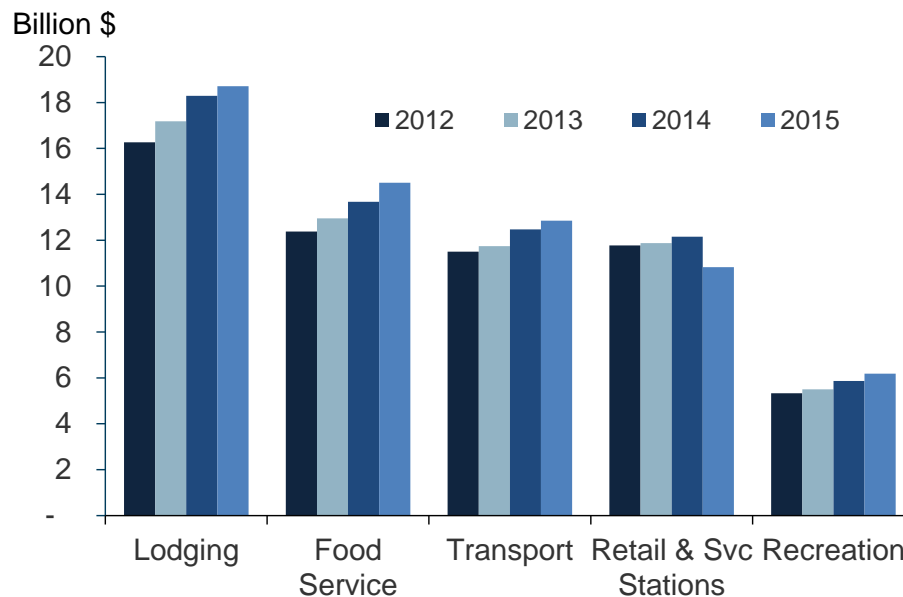


Source: Tourism Economics

Broad-based growth

- Travelers increased their spending across all sectors except service stations in 2015.
- Spending increased the most in the restaurant sector (6%) as both volumes and prices rose.
- Growth was also strong in the recreation (5.5%) sector as day visits expanded at a faster rate than overnight.

Traveler Spending By Sector

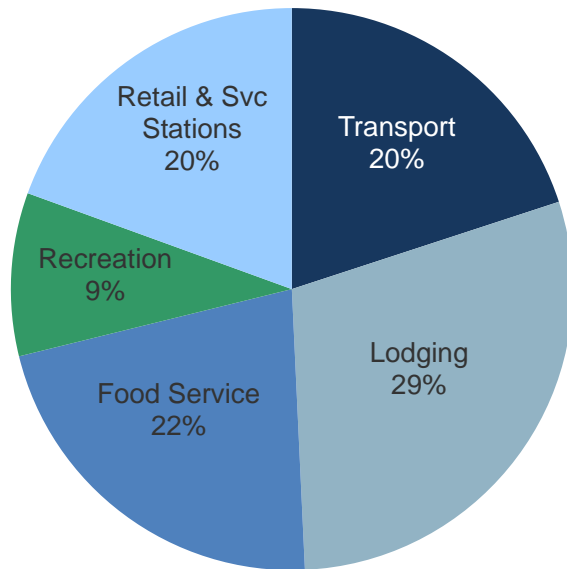


Source: Tourism Economics

Traveler spending distribution

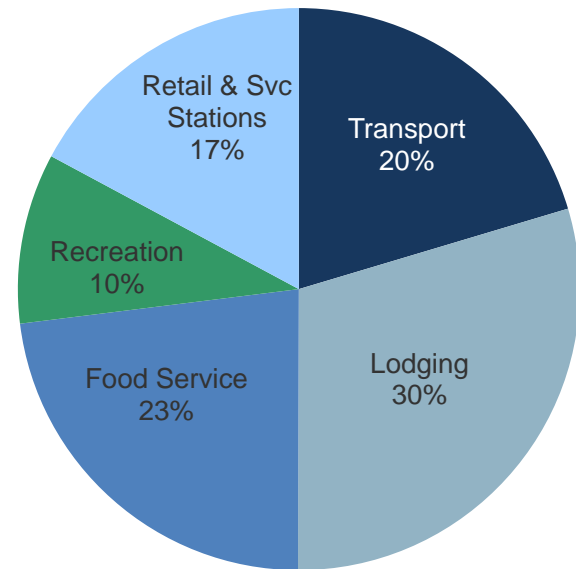
- Traveler spending is diverse and well-distributed across multiple sectors of the economy.
- Lower fuel prices shifted visitor spending toward the recreation, restaurant, and lodging industries in 2015.

Traveler Spending by Sector, 2014



Source: Tourism Economics

Traveler Spending by Sector, 2015



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	\$ 11,575	\$ 9,663	\$ 4,259	\$ 4,615	\$ 43,431	8.6%
2006	\$ 6,587	\$ 12,832	\$ 10,565	\$ 4,668	\$ 4,950	\$ 46,574	7.2%
2007	\$ 7,361	\$ 14,301	\$ 11,357	\$ 5,191	\$ 5,360	\$ 51,081	9.7%
2008	\$ 7,610	\$ 14,710	\$ 11,492	\$ 5,336	\$ 5,462	\$ 53,108	4.0%
2009	\$ 6,626	\$ 12,208	\$ 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%
2015	\$ 12,853	\$ 18,714	\$ 14,502	\$ 6,183	\$ 10,825	\$ 63,077	1.0%
2015 % change	3.1%	2.3%	6.0%	5.5%	-10.9%	1.0%	

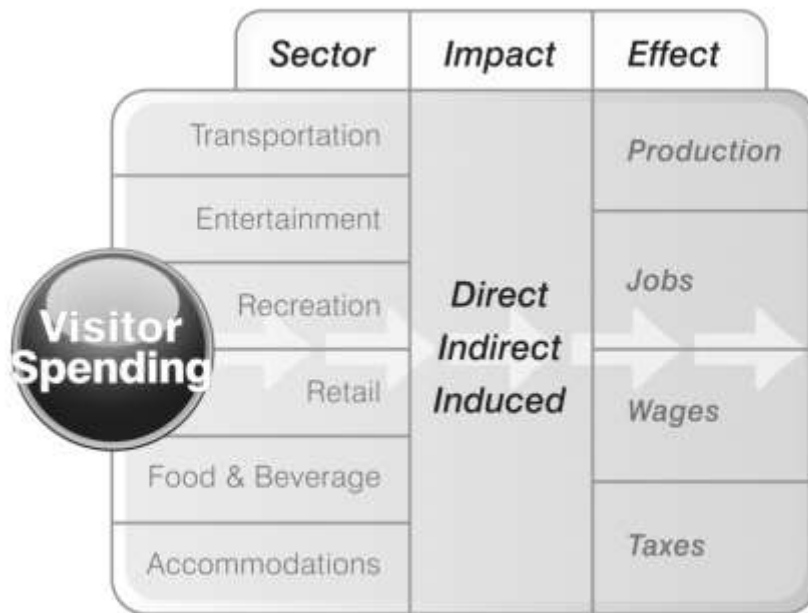
Traveler spending by market

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	
2015	\$ 44,045	\$ 1,540	\$ 17,493	\$ 63,077	
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%	
2015 Growth	1.2%	-6.0%	1.2%	1.0%	

- While spending from domestic and overseas markets both grew 1.2%, the Canadian market declined 6% as demand was deterred by the stronger US dollar.

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

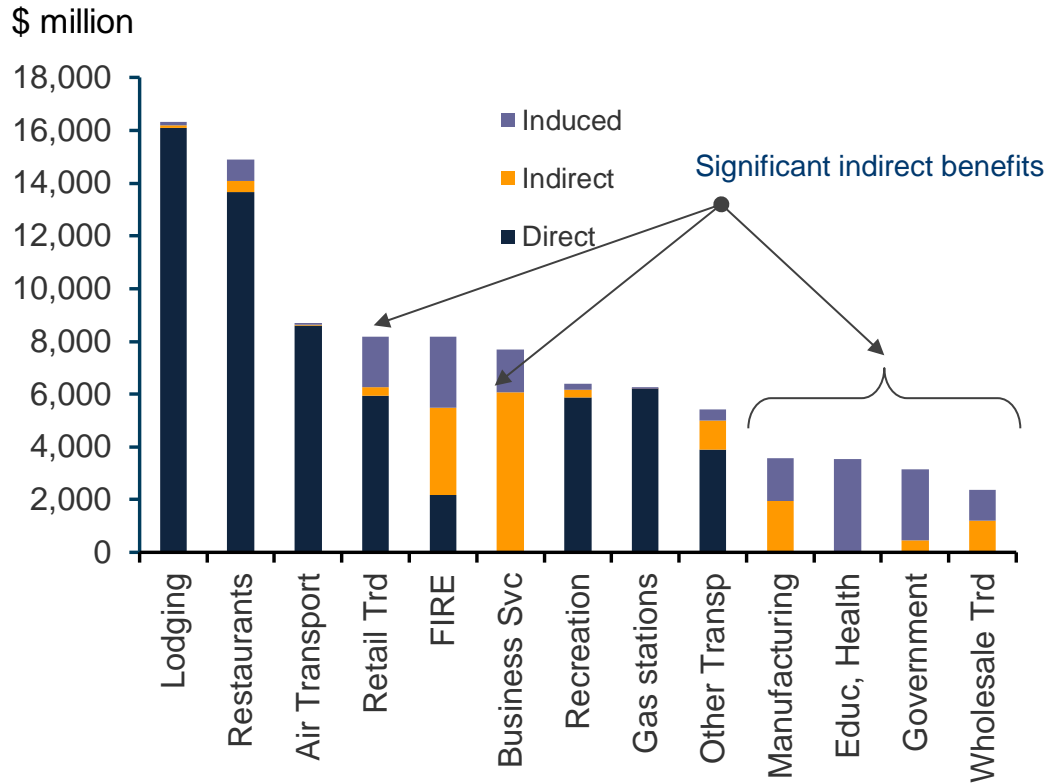
- Including the indirect and induced impacts, traveler spending generated \$102 billion in business sales in 2015, up 1.9%.

Tourism Sales (Output)					
(US\$ Million, 2015)					
	Direct*	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining	-	420	179	600	3.4%
Construction and Utilities	-	1,214	578	1,792	3.4%
Manufacturing	-	2,021	1,673	3,694	3.3%
Wholesale Trade	-	1,263	1,180	2,443	3.3%
Air Transport	8,832	52	66	8,950	2.8%
Other Transport	4,021	1,171	404	5,597	3.5%
Retail Trade	6,187	321	1,993	8,501	3.8%
Gasoline Stations	4,638	12	69	4,719	-24.9%
Communications	-	1,297	737	2,033	3.4%
Finance, Insurance and Real Estate	2,274	3,403	2,787	8,465	3.4%
Business Services	-	6,291	1,680	7,971	3.4%
Education and Health Care	-	22	3,631	3,653	3.1%
Recreation and Entertainment	6,183	312	251	6,746	5.3%
Lodging	16,440	113	134	16,687	2.1%
Food & Beverage	14,502	425	834	15,762	5.8%
Personal Services	-	348	790	1,138	3.2%
Government	-	483	2,784	3,267	3.2%
TOTAL	63,077	19,168	19,772	102,017	1.9%
% change	1.0%	3.5%	3.1%	1.9%	

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

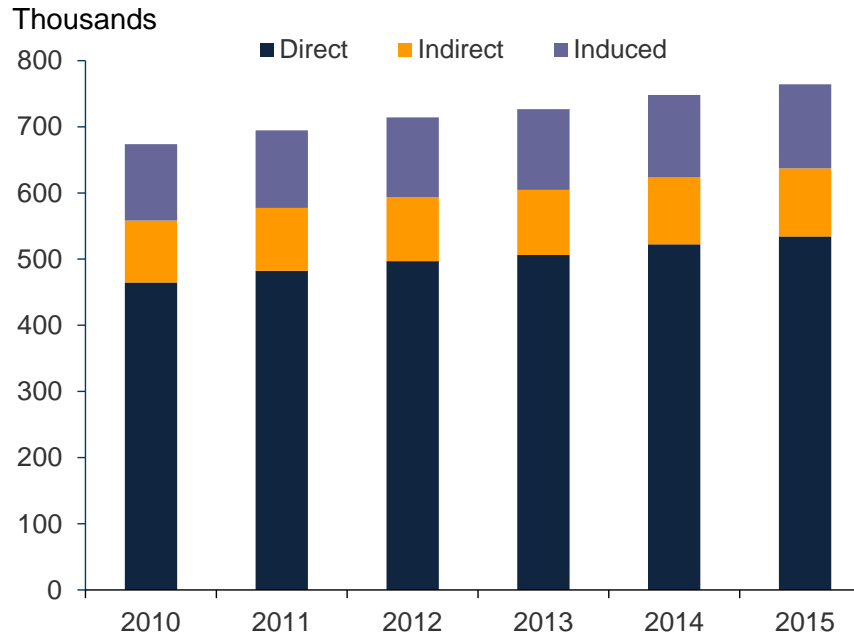
Travel-generated employment

Travel-Generated Employment					
2015					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		3,650	1,607	5,257	1.8%
Construction and Utilities		2,845	618	3,463	1.8%
Manufacturing		5,296	3,869	9,165	1.8%
Wholesale Trade		5,342	5,066	10,408	1.8%
Air Transport	31,546	189	246	31,981	5.2%
Other Transport	66,577	11,934	3,585	82,096	2.6%
Retail Trade	25,171	3,594	22,794	51,558	1.7%
Gasoline Stations	12,237	131	759	13,127	2.7%
Communications		2,918	1,358	4,275	1.8%
Finance, Insurance and Real Estate	7,779	10,747	8,384	26,910	1.7%
Business Services		37,930	11,514	49,443	1.8%
Education and Health Care		282	37,333	37,616	1.9%
Recreation and Entertainment	75,492	4,726	3,500	83,718	1.4%
Lodging	101,916	813	990	103,720	0.0%
Food & Beverage	213,563	6,372	12,680	232,615	3.2%
Personal Services		4,454	11,468	15,922	1.8%
Government		1,737	1,060	2,797	1.8%
TOTAL	534,281	102,961	126,830	764,072	2.2%
% change	2.3%	1.7%	1.9%	2.2%	

- The tourism sector supported 8.3% of payroll employment (1-in-12 jobs) in New York State last year.
- Direct travel-generated employment grew significantly faster (2.3%) than the broader NYS economy (1.7%) in 2015.

Tourism employment

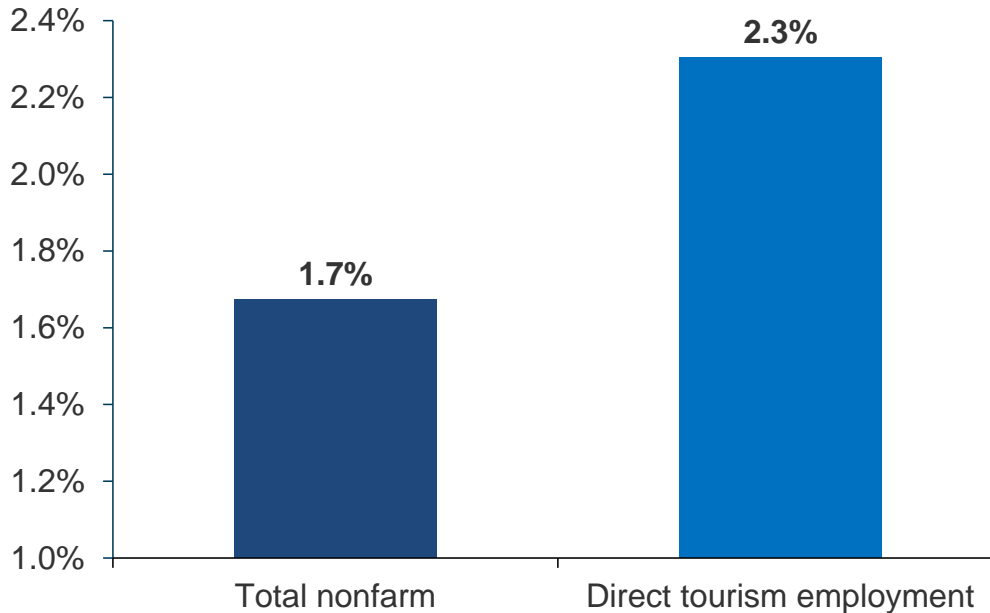
Traveler-Generated Employment



- In 2007, the tourism sector supported 7.7% of payroll employment and now stands at 8.3% of payroll employment as measured by the US Bureau of Labor Statistics.
- Since 2009, travel-sustained employment has expanded 15.6%.

Tourism employment is leading growth

Employment Growth in 2015



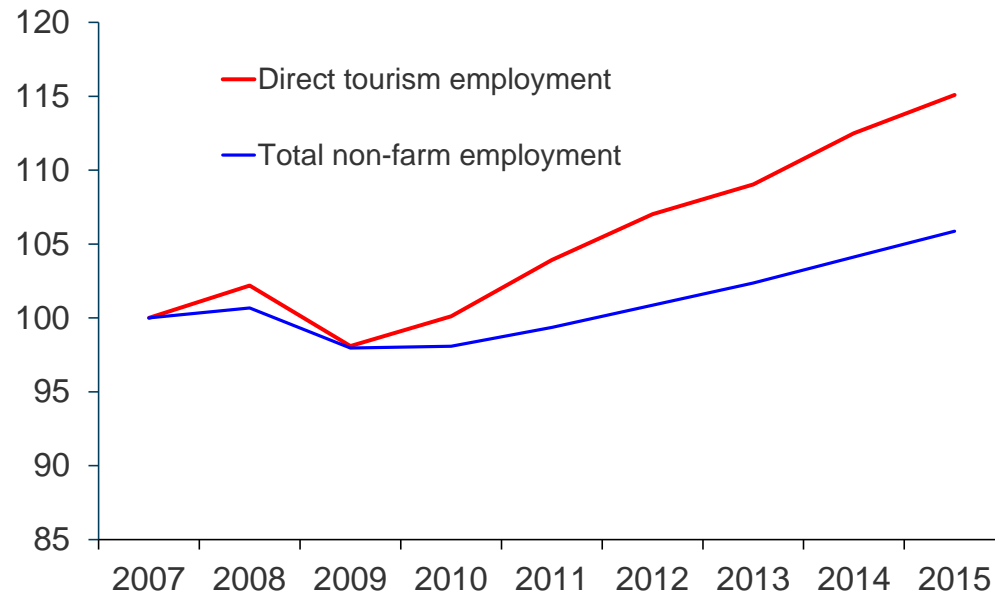
Source: BLS, Tourism Economics

- Direct tourism employment growth outpaced the overall NYS economy with growth of 2.3%.

Tourism is outpacing economy

New York State Employment

2007=100



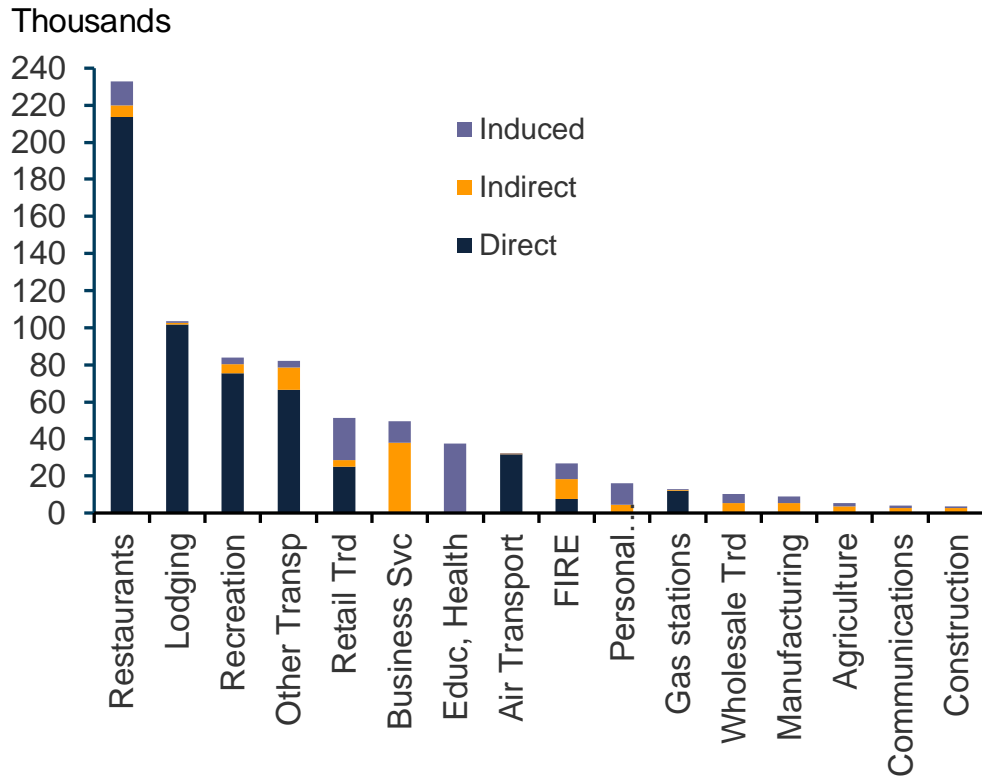
Source: Tourism Economics, BLS

- Direct tourism employment has outpaced the overall NYS labor market consistently since 2010, with tourism employment growing a cumulative 17.3% compared to just 8% for total non-farm employment.

Tourism employment

- As a labor intensive collection of services, tourism-related sectors represent significant employment to New York State.
- The 764,072 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	2015 BLS
1	Health care and social assistance	1,409
2	Professional and business services	1,264
3	Retail trade	945
4	Tourism	534
5	Finance and insurance	515
8	Educational services	478
7	Administrative and waste services	471
6	Manufacturing	455
9	Food services and drinking places*	425
11	Construction	361
10	Wholesale trade	341
12	Transportation and utilities	285
13	Information	266
14	Real estate and rental and leasing	191

* 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

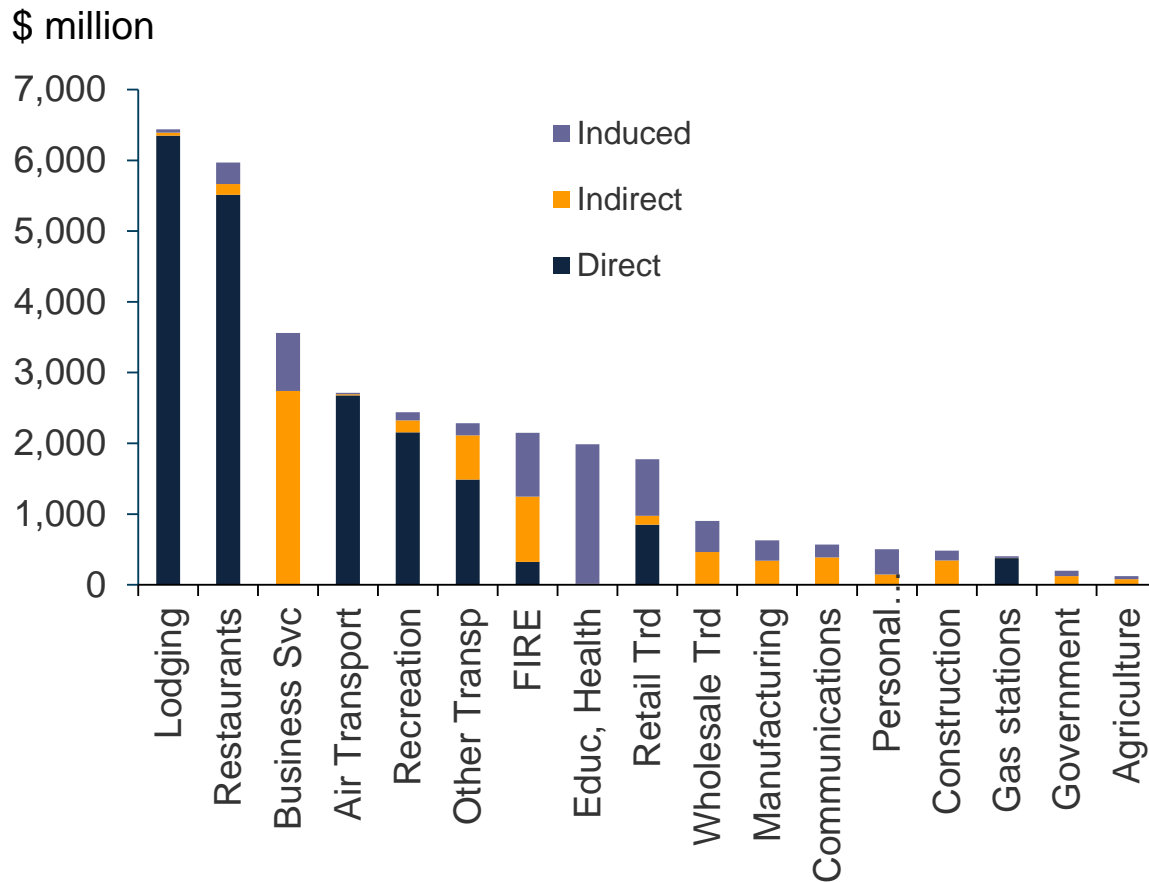
Traveler-generated income

Tourism Income (Compensation)					
(US\$ Million, 2015)					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		78	43	122	4.1%
Construction and Utilities		343	141	484	4.1%
Manufacturing		340	286	627	4.1%
Wholesale Trade		463	439	902	4.1%
Air Transport	2,679	16	21	2,715	4.6%
Other Transport	1,489	624	172	2,285	4.4%
Retail Trade	849	127	800	1,775	3.8%
Gasoline Stations	377.12	4	21	402	4.7%
Communications		387	181	568	4.1%
Finance, Insurance and Real Estate	323	925	901	2,148	4.0%
Business Services		2,739	821	3,560	4.0%
Education and Health Care		12	1,974	1,986	4.1%
Recreation and Entertainment	2,154	170	115	2,439	4.9%
Lodging	6,351	41	47	6,439	2.6%
Food & Beverage	5,515	152	303	5,970	5.0%
Personal Services		146	357	504	4.1%
Government	-	124	73	197	4.1%
TOTAL	19,736	6,692	6,696	33,124	4.1%
% change	4.1%	4.0%	4.1%	4.1%	

- Tourism-generated income grew 4.1% as a function of both employment growth and pay increases, reaching \$33.1 billion in 2015.

Traveler-generated income

Traveler-Generated Income by Industry



FIRE = Finance, Insurance, and Real Estate

Tourism tax generation

Travel-Generated Taxes	
(US\$ Million, 2015)	
	Total
Federal Taxes	8,543.8
Corporate	1,474.4
Indirect Business	662.1
Personal Income	3,026.1
Social Security	3,381.3
State and Local Taxes	8,001.4
Corporate	1,570.3
Personal Income	1,308.5
Sales	2,399.4
Property	2,285.4
Excise and Fees	315.8
State Unemployment	122.1
TOTAL	16,545.2
% change	2.9%

- Tourism generated \$16.5 billion in taxes in 2015, growing 2.9%.
- Total state and local tax proceeds of \$8 billion saved the state's households an average of \$1,100 in tax burden.

Tourism tax generation: State vs. Local

Travel-Generated Taxes						
(US\$ Million)						
Tax Type	2010	2011	2012	2013	2014	2015
State Tax Subtotal	<u>2,784.3</u>	<u>2,974.8</u>	<u>3,142.3</u>	<u>3,247.5</u>	<u>3,409.4</u>	<u>3,498.1</u>
Corporate	535.2	574.3	609.0	630.1	661.8	674.1
Personal Income	857.38	908.6	950.7	980.2	1,028.3	1,070.1
Sales	1,143.09	1,226.5	1,300.6	1,345.7	1,413.3	1,439.6
Property	0.0	0.0	0.0	0.0	0.0	0.0
Excise and Fees	150.83	161.8	173.6	179.7	188.7	192.2
State Unemployment	97.8	103.6	108.4	111.8	117.3	122.1
Local Tax Subtotal	<u>3,710.9</u>	<u>3,905.1</u>	<u>4,095.6</u>	<u>4,222.4</u>	<u>4,419.3</u>	<u>4,503.3</u>
Corporate	711.6	763.5	809.6	837.7	879.8	896.2
Personal Income	191.0	202.4	211.8	218.4	229.1	238.4
Sales	762.1	817.6	867.0	897.1	942.2	959.8
Property	1,949.2	2,017.5	2,095.5	2,153.6	2,246.8	2,285.4
Excise and Fees	97.0	104.1	111.7	115.6	121.4	123.6
State Unemployment	0.0	0.0	0.0	0.0	0.0	0.0

- Tourism generated \$3.5 billion in state taxes in 2015.
- Tourism generated \$4.5 billion in local taxes in 2015.

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 130 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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