



TOURISM
ECONOMICS

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The Economic Impact of Tourism in New York State

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Key themes for 2009

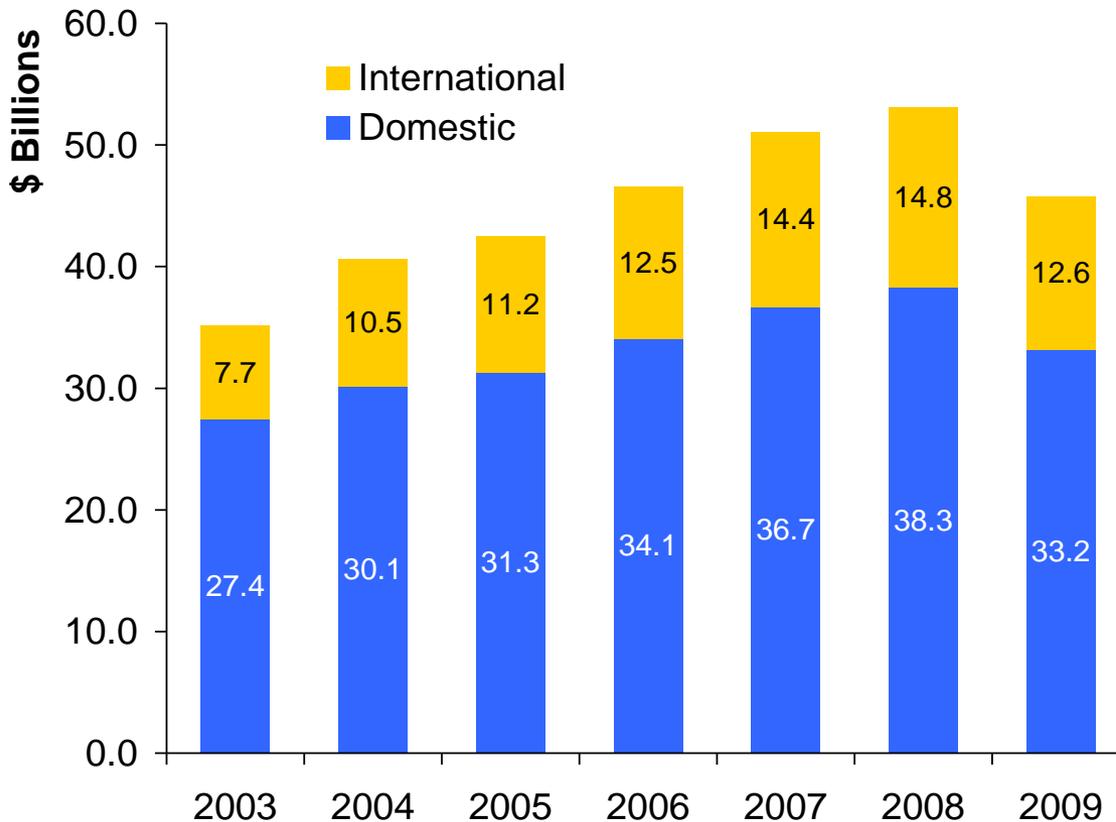
- The recession affected the New York State tourism economy in a range of ways in 2009:
 - Visitor volumes fell across all segments, especially overnight visitors
 - Per trip spending declined on account of shorter length of stay and general consumer caution
 - Spending contracted at an even greater rate due to discounting and generally lower prices for tourism-related goods and services. For example, rooms rates were 17% lower than in the prior year, airfares were 8% lower, and fuel prices were down 27%.
- As a result, although visitor volumes contracted a modest 3.4%, visitor spending fell at a rate of 13.8%.
- Tourism employment declined in tandem by 4.0%.

Headline results

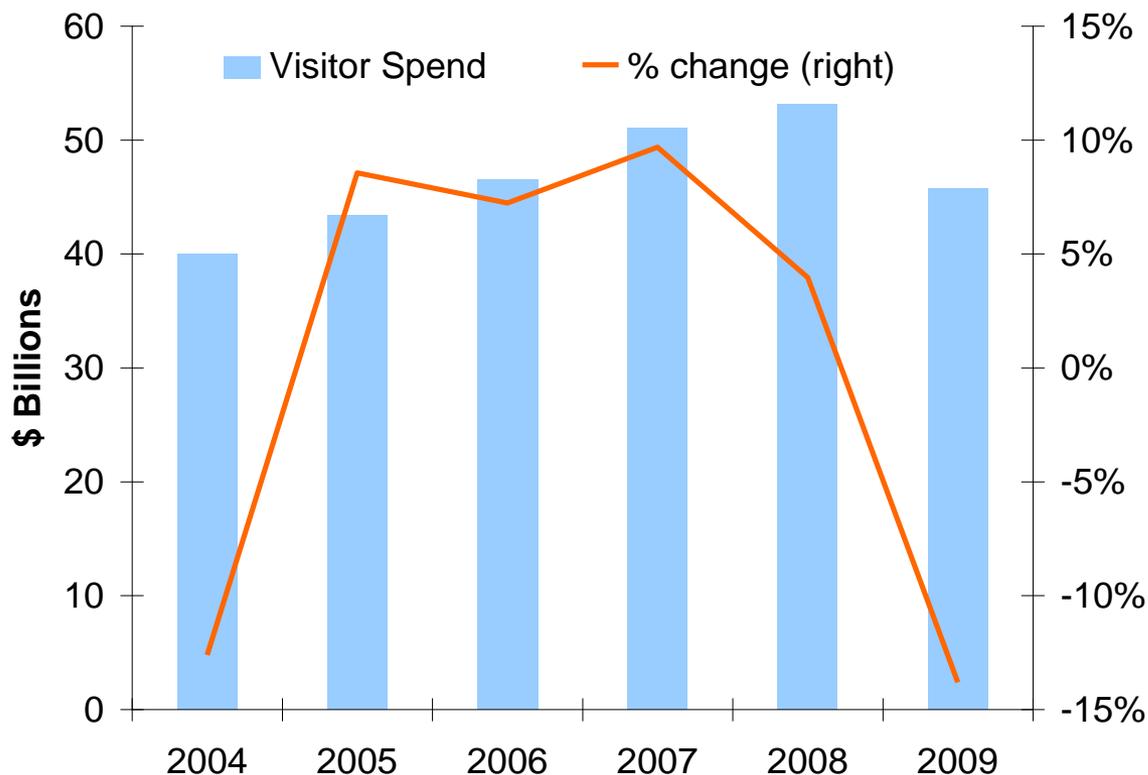
- The visitor economy remains a large contributor to business sales, employment, and taxes in New York State.
- Visitors to New York State spent \$45.8 billion in 2009.
- This spending generated \$75 billion in total business sales including indirect and induced impacts.
- 660,915 jobs were sustained by visitors to New York State last year with total income of \$25.5 billion.
- Approximately 7.8% (1 in 13 jobs) of all private non-far employment in the state is sustained by tourism.
- Tourism in New York State generated \$12.6 billion in taxes in 2009, with \$6.2 billion accruing to state and local governments.

Visitor spending by market

- International visitor spending fell at a greater rate (15%) than domestic spending (-13%) as international visitor volumes fell by approximately 7%.



Growth in visitor spending



- The tourism industry contracted 13.8% in 2009.
- This more modest rate of growth was expected after a remarkable growth trend since 2004.
- Most if not all of the growth in 2008 occurred in the first half of the year.

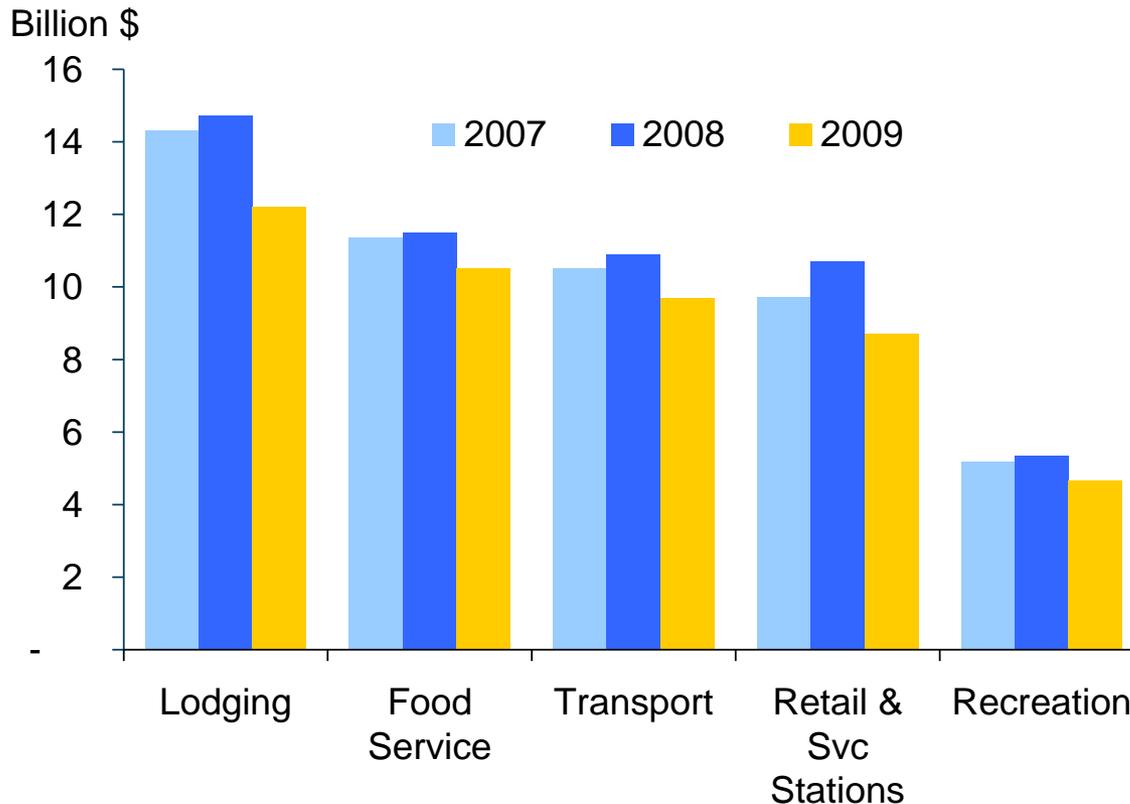
Visitor spending by market

- Both domestic and international spending in New York contracted in 2009, with Canadian and overseas visitor spending posting the greatest losses.

Tourism Direct Sales				
	Domestic	Canada	Overseas	Total
2004	\$ 30,140	\$ 732	\$ 9,768	\$ 40,006
2005	\$ 31,287	\$ 816	\$ 10,384	\$ 43,431
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
2005 Growth	4%	12%	6%	9%
2006 Growth	9%	25%	11%	7%
2007 Growth	8%	26%	14%	10%
2008 Growth	4%	4%	3%	4%
2009 Growth	-13%	-16%	-15%	-14%

All sectors suffer in 2009

Visitor Spending By Sector



- Visitors spent \$12.2 billion in the lodging sector and \$10.5 billion in restaurants last year. The transportation industry received \$9.7 billion from visitors.
- The most significant declines were experienced by the lodging sector (-20%), gas stations (-19%), and retail trade (-18%).

Source : Tourism Economics

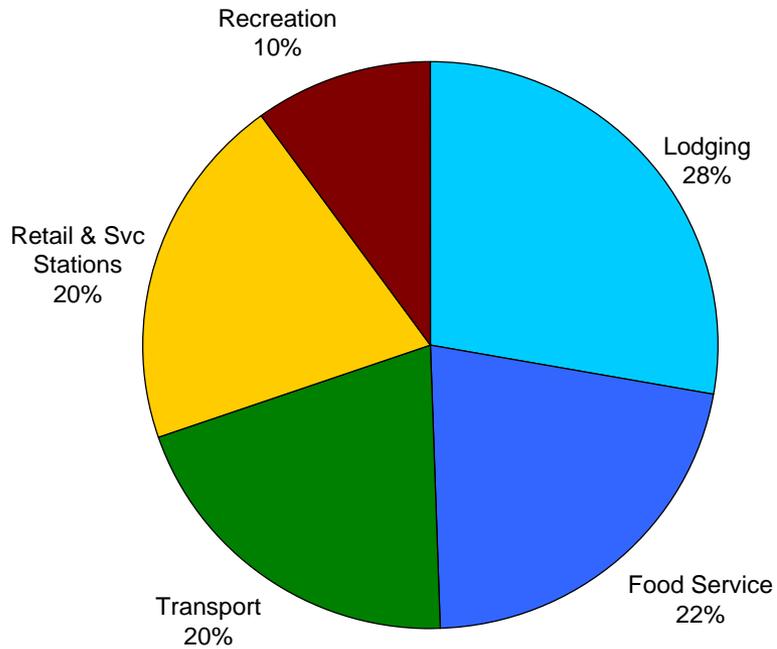
Visitor spending by sector

- Lower prices across the board fueled declines in visitor spending. Airfares, room rates, fuel prices, and retail incentives all accentuated the declines in gross visitor spending.

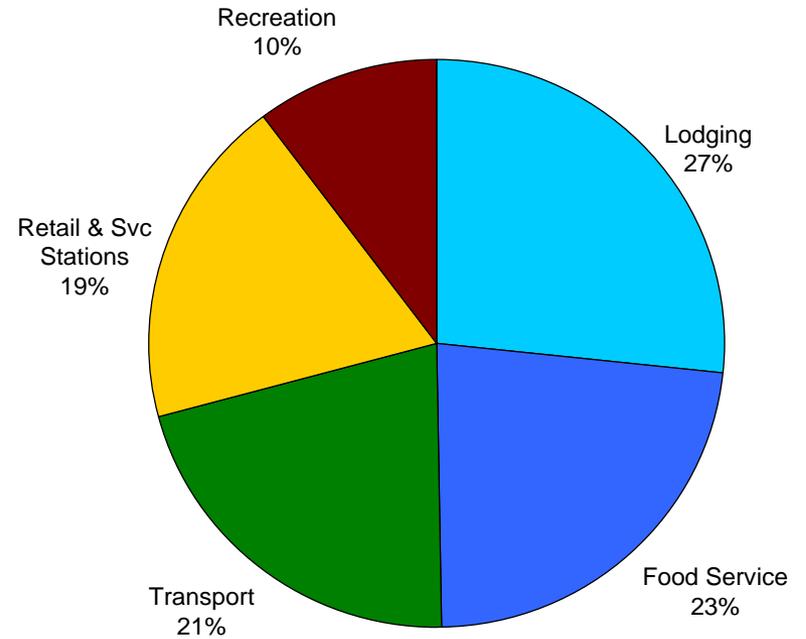
Visitor Spending							
	Transport	Lodging	Food Service	Recreation	Retail & Svc Stations	TOTAL	Annual Growth
2003	\$ 8,154	\$ 9,200	\$ 8,035	\$ 3,540	\$ 7,294	\$ 36,223	3.3%
2004	\$ 8,790	\$ 10,299	\$ 8,715	\$ 4,020	\$ 8,182	\$ 40,006	10.4%
2005	\$ 9,219	\$ 11,575	\$ 9,663	\$ 4,259	\$ 8,714	\$ 43,431	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%
2009 % change	-11.0%	-17.0%	-8.5%	-12.5%	-18.5%	-13.8%	

Visitor spending distribution

2008



2009



How visitor 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.

Visitor Spending

<i>Sector</i>	<i>Impact</i>	<i>Effect</i>
Transportation	Direct Indirect Induced	<i>Production</i>
Recreation		<i>Jobs</i>
Entertainment		<i>Wages</i>
Accommodations		<i>Taxes</i>
Retail		
Food and Beverage		

- Lastly, the induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism, spend those incomes in the state economy.

Tourism GDP

Tourism GDP (Value Added)					
(US\$ Million, 2009)					
	Direct*	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		124	66	190	-9.1%
Construction and Utilities		592	313	904	-9.1%
Manufacturing		405	371	776	-8.8%
Wholesale Trade		628	608	1,236	-8.8%
Air Transport	2,461	14	19	2,494	-12.9%
Other Transport	1,779	581	175	2,535	-7.5%
Retail Trade	1,253	158	1,011	2,422	-13.5%
Gasoline Stations	603	6	36	645	-18.3%
Communications		518	301	819	-9.1%
Finance, Insurance and Real Estate	1,200	1,730	1,384	4,315	-6.7%
Business Services		2,729	793	3,522	-9.4%
Education and Health Care		10	1,748	1,758	-7.6%
Recreation and Entertainment	2,801	147	121	3,069	-12.2%
Lodging	6,805	55	65	6,925	-19.3%
Food & Beverage	5,521	165	335	6,020	-8.5%
Personal Services		142	337	479	-8.3%
Government	-	161	1,806	1,967	-7.8%
TOTAL	22,423	8,166	9,488	40,077	-11.4%
% change	-13.4%	-9.9%	-7.6%	-11.4%	

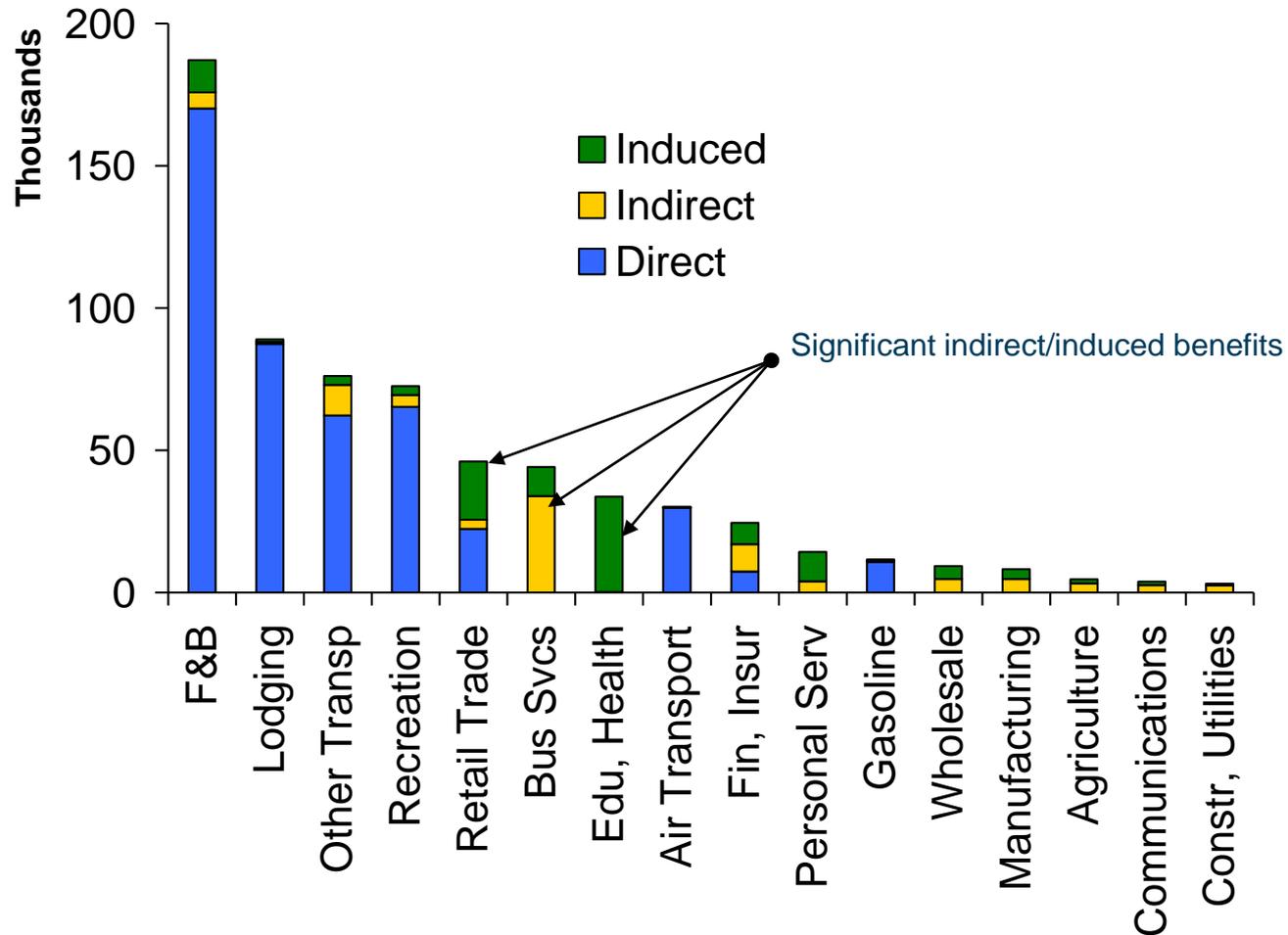
- The tourism sector generated state GDP of \$40 billion in 2009. This is 4% of the state economy.

Tourism employment

Tourism Employment					
2009					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		3,259	1,439	4,697	-3.2%
Construction and Utilities		2,540	553	3,093	-3.3%
Manufacturing		4,728	3,464	8,192	-3.1%
Wholesale Trade		4,769	4,536	9,305	-3.1%
Air Transport	29,769	169	220	30,158	-6.6%
Other Transport	62,280	10,655	3,210	76,144	-3.5%
Retail Trade	22,415	3,209	20,408	46,031	-4.6%
Gasoline Stations	10,859	117	679	11,655	-3.5%
Communications		2,605	1,216	3,820	-3.2%
Finance, Insurance and Real Estate	7,390	9,595	7,507	24,492	-2.3%
Business Services		33,863	10,309	44,172	-3.3%
Education and Health Care		252	33,426	33,678	-2.7%
Recreation and Entertainment	65,250	4,219	3,134	72,603	-5.1%
Lodging	87,326	726	887	88,939	-4.0%
Food & Beverage	170,149	5,689	11,353	187,190	-3.0%
Personal Services		3,977	10,268	14,244	-2.9%
Government		1,551	949	2,500	-3.2%
TOTAL	455,437	91,922	113,556	660,915	-3.7%
% change	-4.0%	-3.5%	-2.6%	-3.7%	

- The tourism sector supported 660,915 jobs, or 7.8% of all private non-farm employment in New York State last year.

Tourism employment



Tourism employment ranked

Employment Ranking		
Rank	Industry	2009 BLS
1	Health care and social assistance	1,281
2	Professional and business services	1,096
3	Retail trade	861
4	Finance and insurance	498
5	Food services and drinking places	493
6	Manufacturing	477
7	Tourism	455
8	Administrative and waste services	404
9	Educational services	385
10	Wholesale trade	331
11	Construction	324
12	Transportation and utilities	264
13	Information	254
14	Real estate and rental and leasing	180

- Tourism is the 7th largest private sector employer in New York State on the basis of direct tourism employment. (Comparisons are with 2009 industry employment, BLS.)

Tourism income

Tourism Income (Compensation)					
(US\$ Million)					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		62	35	96	-5.1%
Construction and Utilities		272	112	384	-6.1%
Manufacturing		270	228	497	-6.0%
Wholesale Trade		367	349	716	-6.0%
Air Transport	2,183	13	16	2,212	-9.4%
Other Transport	1,295	494	137	1,926	-6.4%
Retail Trade	684	101	635	1,421	-7.4%
Gasoline Stations	316	3	17	335	-6.4%
Communications		307	144	451	-6.1%
Finance, Insurance and Real Estate	278	733	716	1,727	-5.6%
Business Services		2,171	652	2,823	-6.2%
Education and Health Care		10	1,569	1,578	-5.6%
Recreation and Entertainment	1,653	135	91	1,880	-7.9%
Lodging	4,451	32	38	4,521	-6.9%
Food & Beverage	4,002	121	241	4,364	-5.9%
Personal Services		116	284	400	-5.8%
Government	-	98	58	156	-6.1%
TOTAL	14,863	5,304	5,321	25,487	-6.7%
% change	-7.2%	-6.4%	-5.6%	-6.7%	

- Tourism generated income fell by 6.7% last year as both employment and average incomes fell.

Tourism tax generation

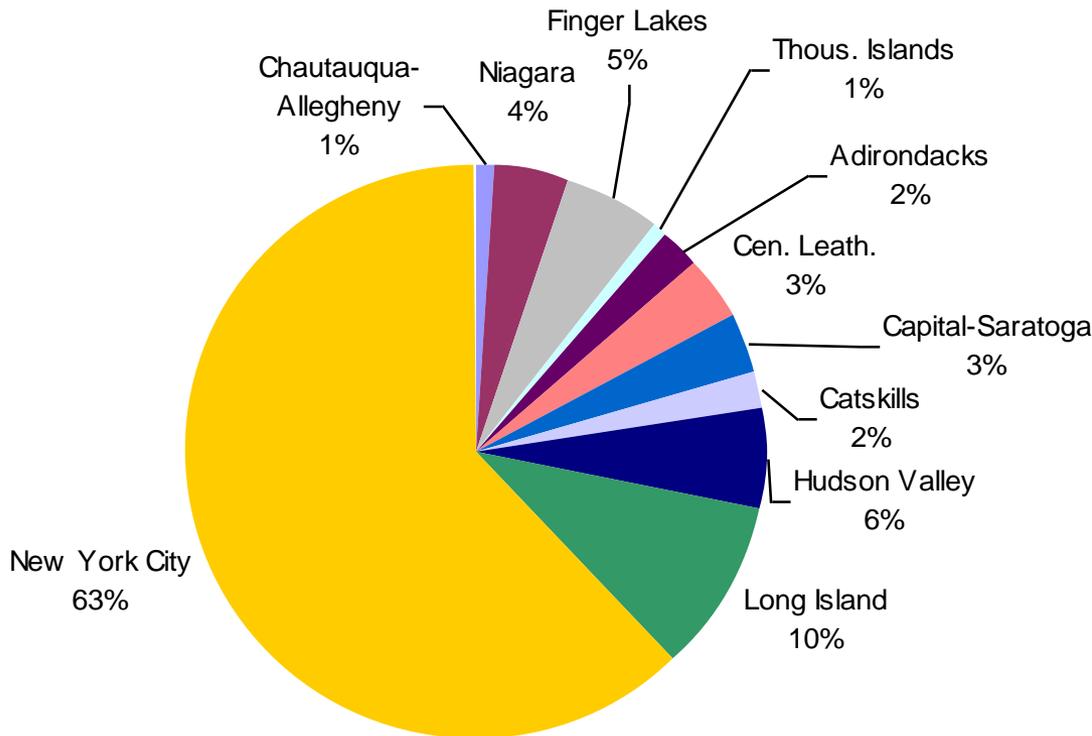
Tourism-Generated Taxes	
(US\$ Million)	
	Total
Federal Taxes	6,463.6
Corporate	1,084.3
Indirect Business	486.9
Personal Income	2,328.5
Social Security	2,564.0
State and Local Taxes	6,198.8
Corporate	1,154.8
Personal Income	1,006.8
Sales	1,764.5
Property	1,949.2
Excise and Fees	229.6
State Unemployment	93.9
TOTAL	12,662.4
% change	-11.9%

- Tourism generated \$12.6 billion in taxes in 2009, contracting by 11.9%.
- State and local taxes alone tallied \$6.2 billion.
- In the absence of tourism activity, the average New York household would pay an extra \$778 a year to cover the gap in state and local taxes.

Regional Summary

Visitor spending by region

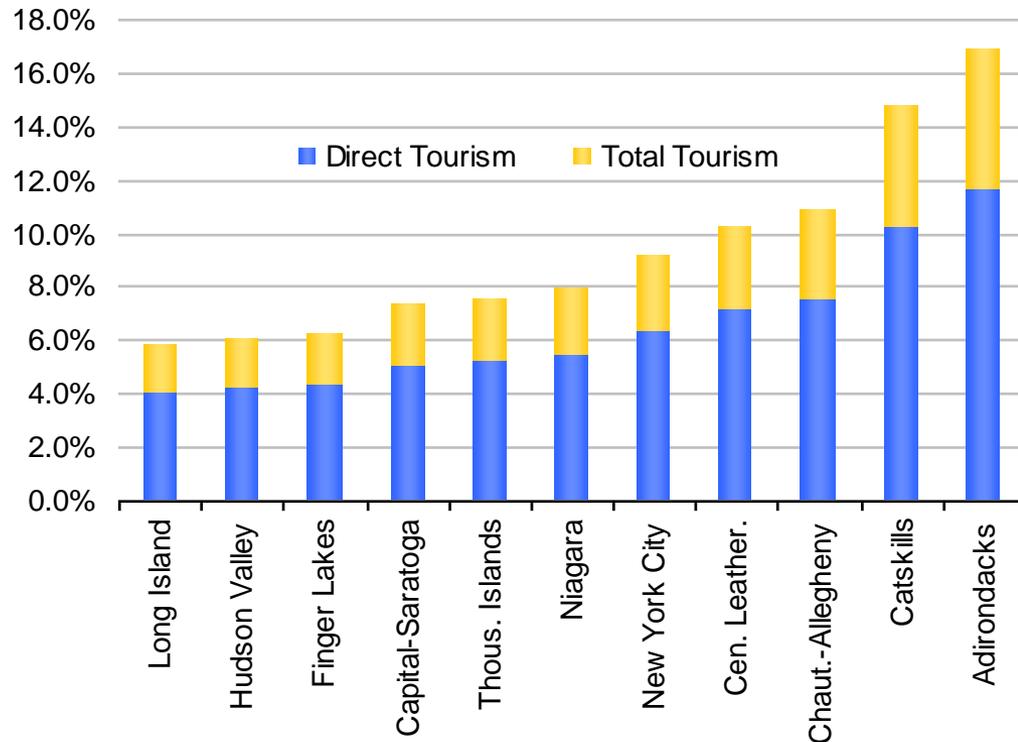
Visitor Spending, 2009



- New York State is divided into 11 economic regions.
- New York City is the largest single tourism region with 63% of state visitor spend.
- New York City, Long Island and Hudson Valley together comprise nearly 80% of New York State visitor spend.

Reliance on tourism

Tourism Share of Regional Employment 2009

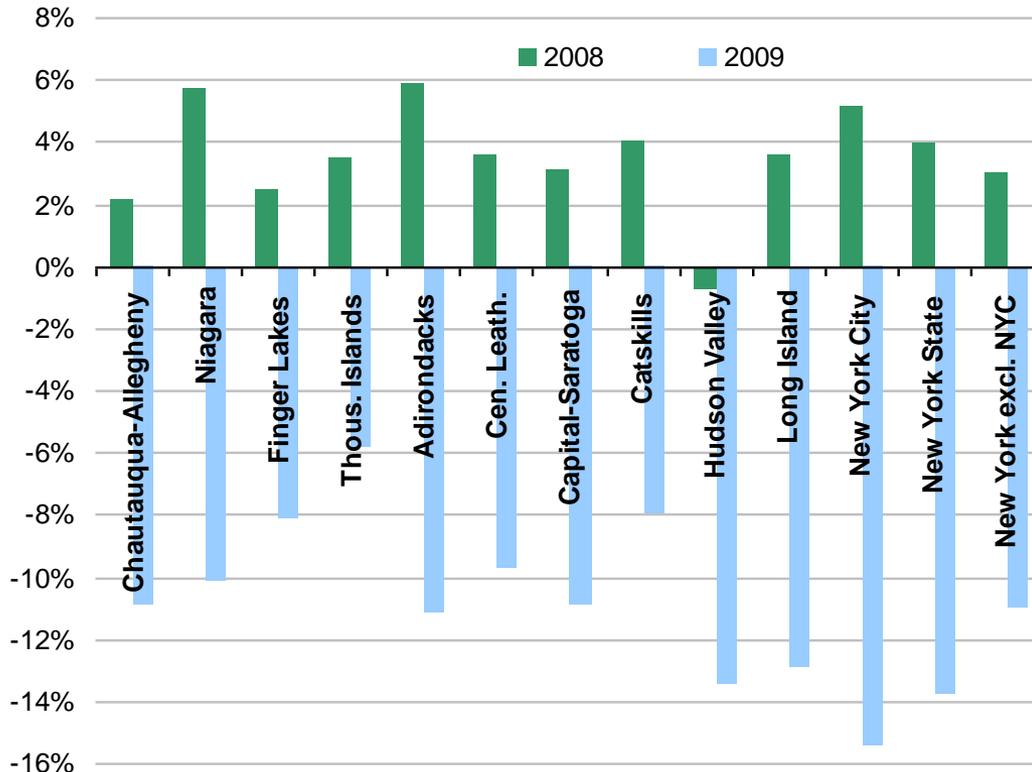


- Tourism is an integral part of every region's economy, generating from 6% to 17% of employment.
- Tourism is most important to the Adirondacks and Catskills, generating 17% and 15% of total employment, respectively.

Note: All regional and county tourism shares are calculated using QCEW (ES-202) employment and wage totals as produced by the NYS Dept. of Labor.

Tourism Growth

Growth in Tourism Spending



- Visitor spending fell across every region of the state last year.
- New York City experienced the largest declines in spending on account of significant room rate cuts and curtailed visitor spending on retail and entertainment.
- The Thousand Islands, Catskills, and Finger Lakes regions were the best performing in the state.

Regional Growth

Visitor Spend Year-Over-Year Comparison

Visitor Spend '000s	2008	2009	% Change
1. Chautauqua-Allegheny	\$ 510,676	\$ 455,018	-10.9%
2. Greater Niagara	\$ 2,118,638	\$ 1,904,163	-10.1%
3. Finger Lakes	\$ 2,666,167	\$ 2,454,950	-7.9%
4. Thousand Islands	\$ 433,056	\$ 407,899	-5.8%
5. Adirondacks	\$ 1,194,114	\$ 1,060,646	-11.2%
6. Central Leatherstocking	\$ 1,760,230	\$ 1,588,459	-9.8%
7. Capital-Saratoga	\$ 1,679,103	\$ 1,495,679	-10.9%
8. Catskills	\$ 1,027,978	\$ 946,228	-8.0%
9. Hudson Valley	\$ 3,089,709	\$ 2,674,712	-13.4%
10. Long Island	\$ 5,136,334	\$ 4,471,678	-12.9%
11. New York City	\$ 33,485,671	\$ 28,317,615	-15.4%
TOTAL	\$ 53,101,676	\$ 45,777,048	-13.8%

Regional Tourism Summary

Tourism Economic Impact Combined Direct, Indirect, and Induced

Tourism Economic Impact	Direct Sales, '000s	Labor Income, '000s	Employment, Persons	Local Taxes, '000s	State Taxes, '000s
1. Chautauqua-Allegheny	\$ 455,018	\$ 215,104	10,526	\$ 29,692	\$ 29,591
2. Greater Niagara	\$ 1,904,163	\$ 1,029,641	44,627	\$ 124,373	\$ 123,831
3. Finger Lakes	\$ 2,454,950	\$ 1,325,414	56,652	\$ 167,539	\$ 159,649
4. Thousand Islands	\$ 407,899	\$ 184,912	8,273	\$ 26,100	\$ 26,526
5. Adirondacks	\$ 1,060,646	\$ 505,180	18,835	\$ 70,700	\$ 68,976
6. Central Leatherstocking	\$ 1,588,459	\$ 827,642	31,244	\$ 99,854	\$ 103,300
7. Capital-Saratoga	\$ 1,495,679	\$ 807,971	32,269	\$ 95,480	\$ 97,266
8. Catskills	\$ 946,228	\$ 437,115	16,997	\$ 59,047	\$ 61,535
9. Hudson Valley	\$ 2,674,712	\$ 1,482,922	48,337	\$ 172,104	\$ 173,941
10. Long Island	\$ 4,471,678	\$ 2,394,276	68,858	\$ 279,944	\$ 290,801
11. New York City	\$ 28,317,615	\$ 16,207,245	325,016	\$ 2,097,051	\$ 1,841,541
TOTAL	\$ 45,777,048	\$ 25,417,421	661,634	\$ 3,221,883	\$ 2,976,956

Regional Tourism Distribution

Tourism Economic Impact Regional Shares

Tourism Distribution	Sales	Labor Income	Employment	Local Taxes	State Taxes
1. Chautauqua-Allegheny	1%	1%	2%	1%	1%
2. Greater Niagara	4%	4%	7%	4%	4%
3. Finger Lakes	5%	5%	9%	5%	5%
4. Thousand Islands	1%	1%	1%	1%	1%
5. Adirondacks	2%	2%	3%	2%	2%
6. Central Leatherstocking	3%	3%	5%	3%	3%
7. Capital-Saratoga	3%	3%	5%	3%	3%
8. Catskills	2%	2%	3%	2%	2%
9. Hudson Valley	6%	6%	7%	5%	6%
10. Long Island	10%	9%	10%	9%	10%
11. New York City	62%	64%	49%	65%	62%
TOTAL	100%	100%	100%	100%	100%

Methods and data sources

- 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, who do not require unemployment insurance, 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.
- Bottom-up vs. top-down. We have based our research on tourism expenditure analysis from surveys and controls 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

- The economic activity generated by travel and tourism is diverse. It spans various industrial sectors and represents only a part of most of these sectors. Therefore, the “tourism industry” is not identified in state or local economic accounts and must be measured separately.

	Sector	Impact	Effect
Visitor Spending	Transportation	Direct Indirect Induced	<i>Production</i>
	Recreation		
	Entertainment		<i>Jobs</i>
	Accommodations		<i>Wages</i>
	Retail		
	Food and Beverage		

- The analysis is based on an examination of visitor spending (the demand side) and related industry sales, value added, wages, and employment (the supply side).
- Economic modeling is used to quantify the linkages between visitor spending and industries and among industries.

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 40 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.
- For more information, contact info@tourismeconomics.com.