



The Economic Impact of Tourism in New York

2012 Calendar Year



TOURISM
ECONOMICS

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Key themes in 2012

- The recovery of New York State's tourism economy continued to expand in 2012, growing 6.2% after an 8.3% expansion in 2011.
- As a result, traveler spending reached a new high of \$57.3 billion. Key industry data provide details of the historic expansion:
 - Room demand surged, growing 3.9% in 2012. And room rates increased 3.8% equating to a total hotel revenue increase of 7.3% according to Smith Travel Research.
 - Air passenger activity increased 4.5% for JFK and LGA combined while airfares at these airports increased 2%.
 - A combination of modestly higher fuel prices and additional drive visitors pushed spending at gasoline stations up 7.8%.
- Direct tourism employment grew 2.8% to reach a new high in 2012 while associated personal income expanded 4.6%. By both of these measures, tourism outpaced the general economy.

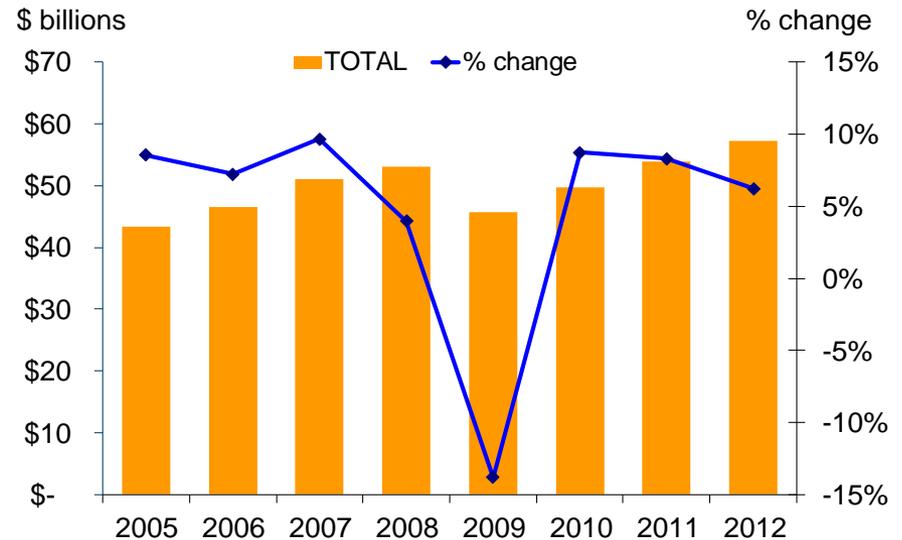
Headline results

- Travel & tourism remains is a vital and growing component of the New York State economy.
- Spending by visitors to New York grew 6.2% in 2012 to \$57.3 billion.
- This spending generated \$92 billion in total business sales including indirect and induced impacts.
- More than 714,000 jobs were sustained by tourism activity last year with total income of \$29 billion.
- 8.1% (1 in 12) of all New York state employment is sustained by tourism, either directly or indirectly.
- New York State tourism generated \$7.2 billion in state and local taxes in 2012, saving each NYS household an average of \$891 in taxes.

Traveler spending growth

- Traveler spending continued to expand in 2012, growing 6.2% after an 8.3% rebound in 2011.
- As a result, the tourism economy reached another high in 2012, with \$57.3 billion in traveler spending.
- Traveler spending growth has averaged 5% per year since 2003 (compound annual growth).

New York Traveler Spending

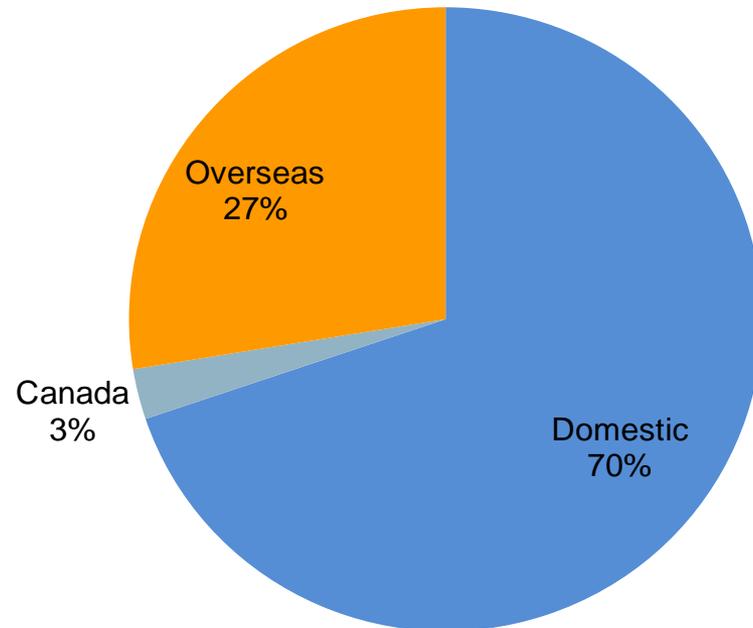


Source: Tourism Economics

New York State tourism markets

- US domestic markets supplied 70% (\$40 bn) of the New York State's traveler spending base in 2012.
- International markets represented 30% (\$17.3 bn) of the spending base.

Traveler Spending by Market, 2012

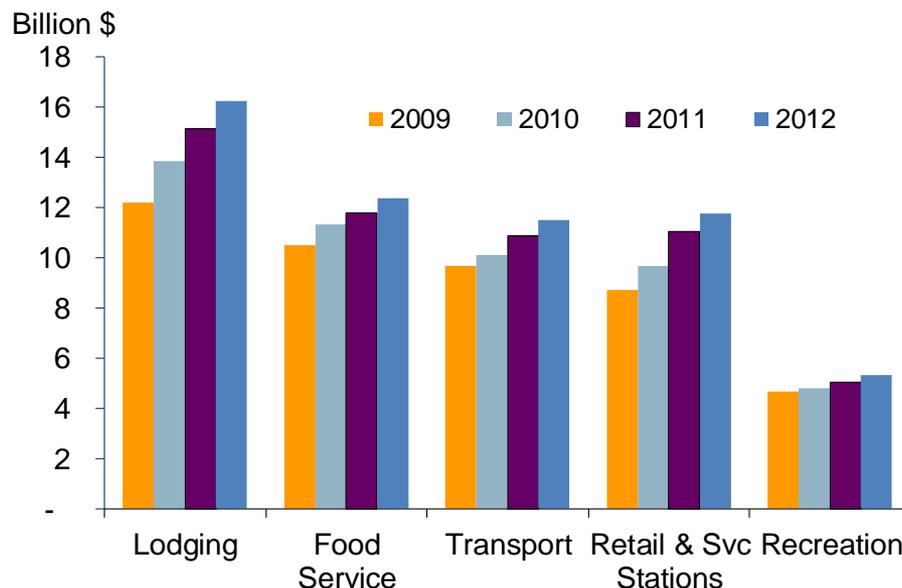


Source: Tourism Economics

All sectors grew in 2012

- Travelers increased their spending across all sectors in 2012.
- Spending increased the most in the lodging sector as both room demand and rates rose.
- Growth was also strong in the recreation sector as both overnight and day visitor demand increased.
- All sectors reached new highs in 2012.

Traveler Spending By Sector

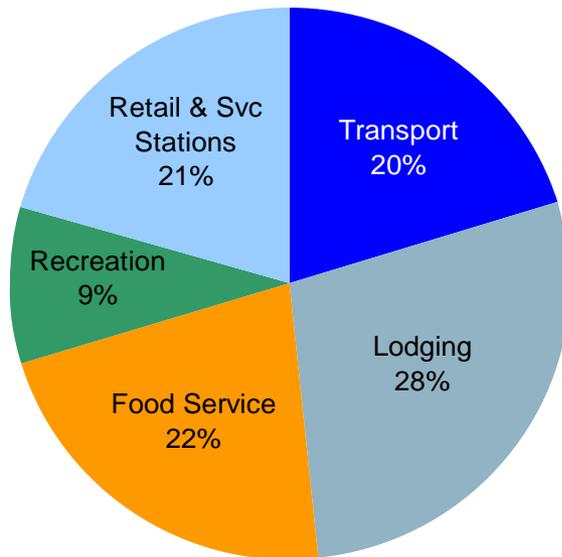


Source: Tourism Economics

Traveler spending distribution

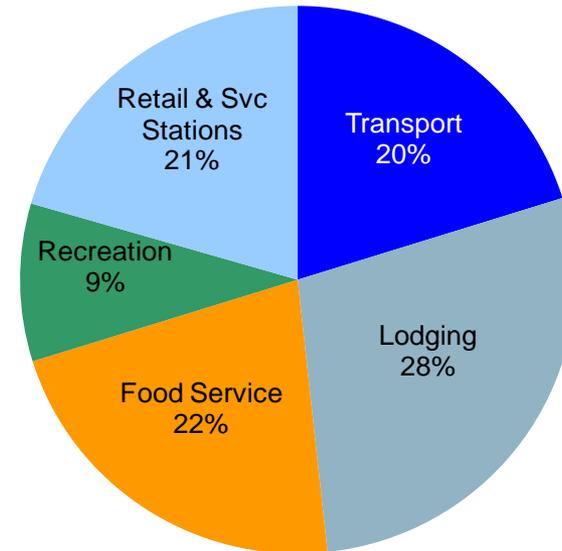
- Traveler spending is diverse and well-distributed across multiple sectors of the economy.
- The distribution of traveler spending remained stable in 2012 as all sectors of the travel economy experienced solid growth.

Traveler Spending by Sector, 2011



Source: Tourism Economics

Traveler Spending by Sector, 2012



Source: Tourism Economics

Historic traveler spending by sector

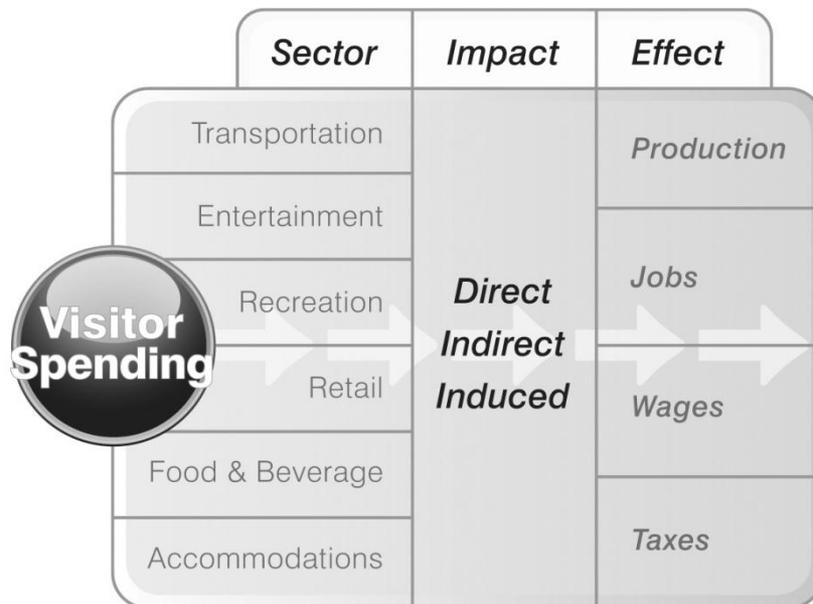
NYS Traveler Spending, millions							
	Transport	Lodging	Food Service	Recreation	Retail & Svc Stations	TOTAL	% change
2005	\$ 9,219	\$ 11,575	\$ 9,663	\$ 4,259	\$ 8,714	\$ 43,431	8.6%
2006	\$ 9,410	\$ 12,832	\$ 10,565	\$ 4,668	\$ 9,100	\$ 46,574	7.2%
2007	\$ 10,515	\$ 14,301	\$ 11,357	\$ 5,191	\$ 9,717	\$ 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%
2012 % change	5.8%	7.3%	4.9%	6.2%	6.5%	6.2%	

Traveler spending by market

NYS Traveler Spending by Market				
	Domestic	Canada	Overseas	Total
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
2010	\$ 35,075	\$ 1,304	\$ 13,396	\$ 49,775
2011	\$ 37,579	\$ 1,395	\$ 14,937	\$ 53,910
2012	\$ 39,979	\$ 1,495	\$ 15,782	\$ 57,257
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	6.4%	7.2%	5.7%	6.2%

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.

Tourism sales

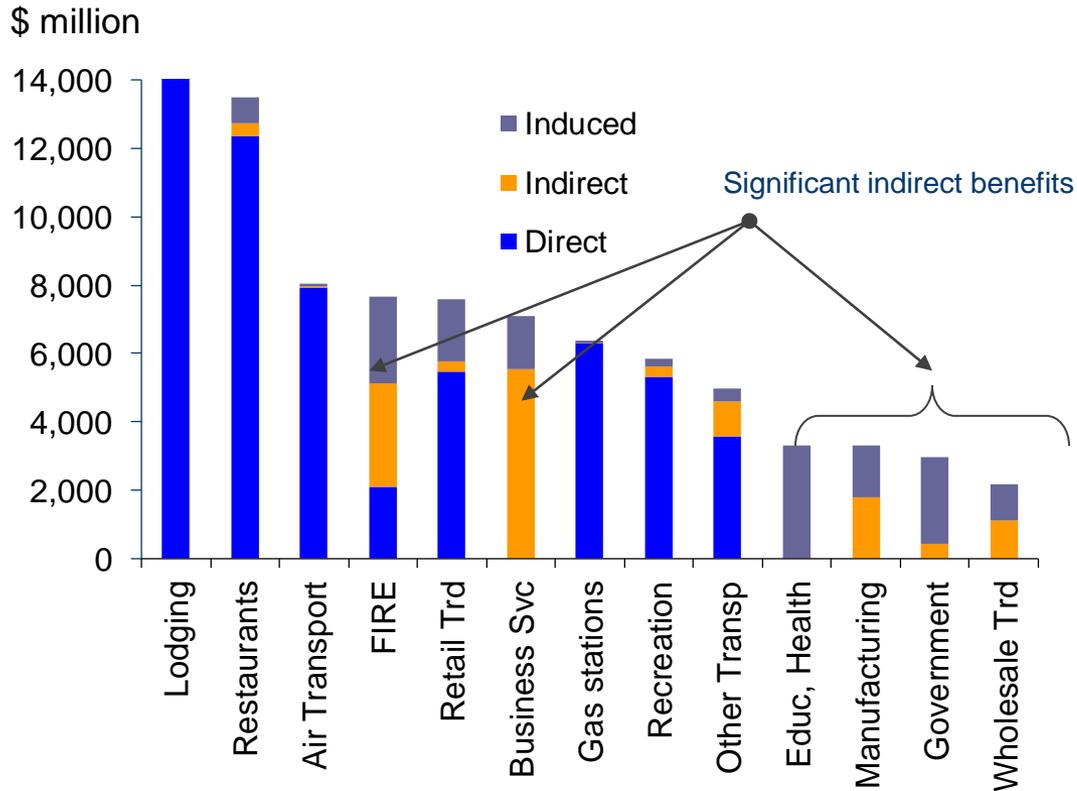
- Including the indirect and induced impacts, traveler spending generated \$92billion in business sales in 2012 up 6.0%.

Tourism Sales (Output)					
(US\$ Million, 2012)					
	Direct*	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining	-	371	163	534	5.7%
Construction and Utilities	-	1,073	525	1,598	5.8%
Manufacturing	-	1,786	1,520	3,306	5.8%
Wholesale Trade	-	1,116	1,072	2,188	5.8%
Air Transport	7,941	46	60	8,046	6.4%
Other Transport	3,563	1,035	367	4,966	4.9%
Retail Trade	5,480	284	1,811	7,575	5.3%
Gasoline Stations	6,295	11	63	6,369	7.8%
Communications	-	1,146	669	1,815	5.8%
Finance, Insurance and Real Estate	2,112	3,008	2,532	7,652	5.2%
Business Services	-	5,560	1,527	7,086	5.7%
Education and Health Care	-	20	3,299	3,319	5.8%
Recreation and Entertainment	5,332	276	228	5,836	6.2%
Lodging	14,155	100	122	14,376	7.9%
Food & Beverage	12,379	376	758	13,513	4.9%
Personal Services	-	308	718	1,026	5.8%
Government	-	427	2,530	2,956	5.8%
TOTAL	57,257	16,941	17,964	92,162	6.0%
% change	6.2%	5.7%	5.8%	6.0%	

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

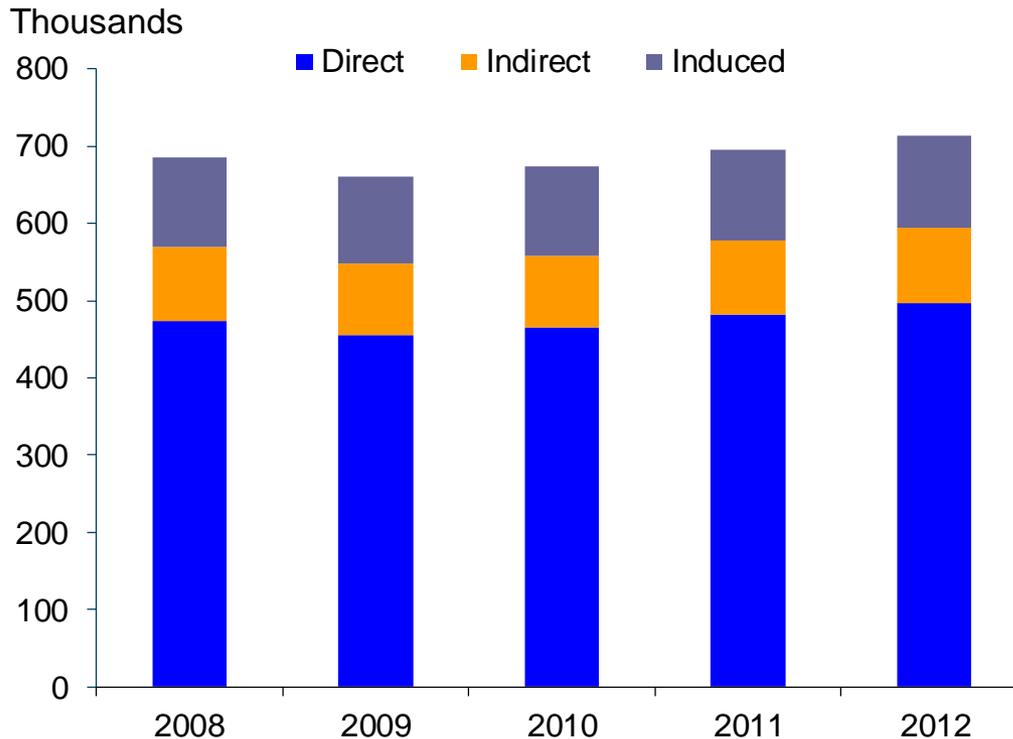
Travel-generated employment

Travel-Generated Employment					
2012					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		3,441	1,524	4,966	2.4%
Construction and Utilities		2,682	586	3,268	2.3%
Manufacturing		4,993	3,671	8,664	2.4%
Wholesale Trade		5,037	4,806	9,842	2.4%
Air Transport	30,229	179	233	30,640	0.3%
Other Transport	61,997	11,252	3,401	76,650	0.6%
Retail Trade	23,985	3,389	21,624	48,998	2.3%
Gasoline Stations	11,396	124	720	12,239	0.3%
Communications		2,751	1,288	4,039	2.4%
Finance, Insurance and Real Estate	7,544	10,133	7,954	25,631	2.1%
Business Services		35,761	10,923	46,684	2.4%
Education and Health Care		266	35,418	35,684	2.6%
Recreation and Entertainment	70,284	4,456	3,321	78,060	4.6%
Lodging	97,177	767	939	98,883	2.0%
Food & Beverage	194,213	6,008	12,029	212,250	4.4%
Personal Services		4,200	10,879	15,079	2.5%
Government		1,638	1,006	2,644	2.4%
TOTAL	496,825	97,075	120,322	714,222	2.8%
% change	3.0%	2.3%	2.6%	2.8%	

- The tourism sector supported 8.1% of payroll employment (1-in-13 jobs) in New York State last year.
- Travel-generated employment (2.8%) grew at more than twice the rate of the broader NYS economy (1.3%)

Tourism employment

Traveler-Generated Employment

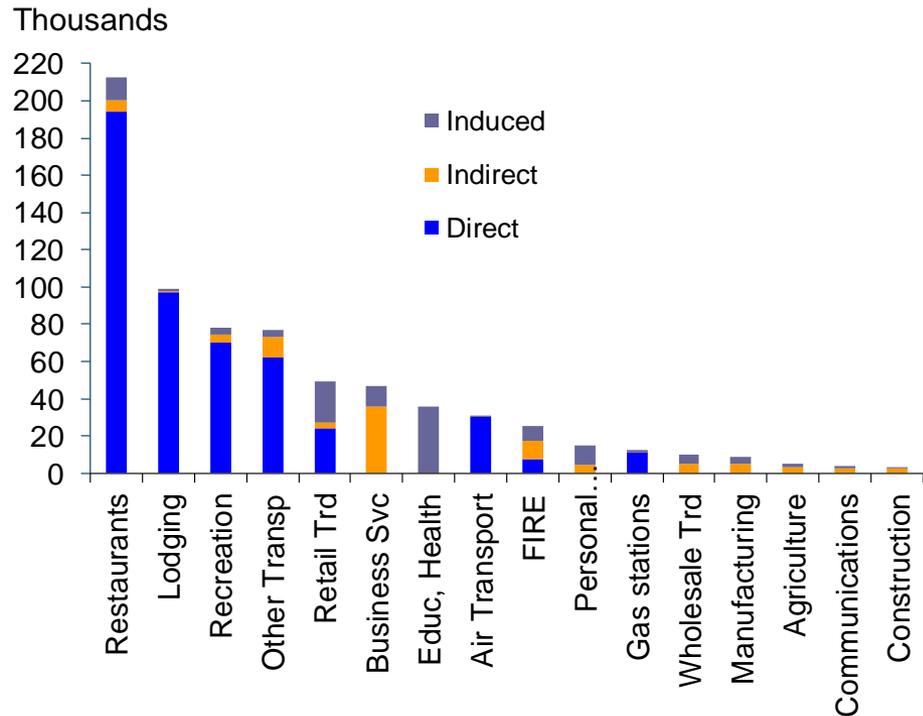


- In 2007, the tourism sector supported 7.7% of payroll employment and now stands at 8.1% of payroll employment as measured by the US Bureau of Labor Statistics.

Tourism employment

- As a labor intensive collection of services, tourism-related sectors represent significant employment to New York State.
- The more than 714,000 jobs sustained by traveler activity span every sector of the economy, either directly or indirectly.

Traveler-Generated Employment by Industry

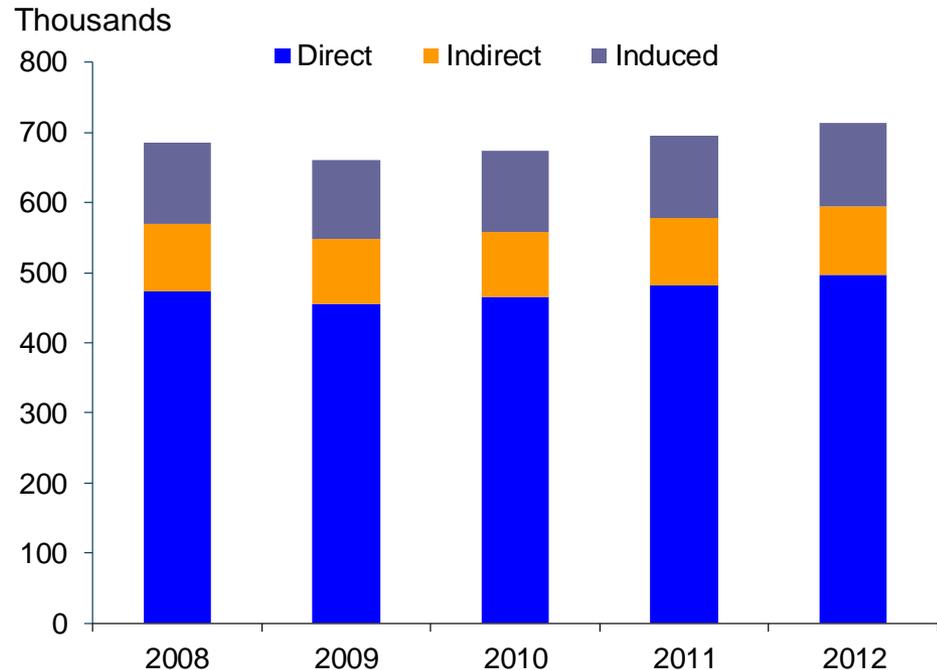


FIRE = Finance, Insurance, and Real Estate

Tourism employment

- Tourism-generated employment has contributed to the economic recovery of New York.
- After growing 2.8% in 2012 (including direct, indirect, and induced impacts), tourism employment reached a new high of 714,222.

Traveler-Generated Employment



Tourism employment ranking

Employment Ranking		
000s		
Rank	Industry	2012 BLS
1	Health care and social assistance	1,341
2	Professional and business services	1,168
3	Retail trade	913
4	Finance and insurance	504
5	Tourism	497
6	Manufacturing	458
7	Administrative and waste services	438
8	Educational services	422
9	Food services and drinking places*	371
10	Wholesale trade	334
11	Construction	312
12	Transportation and utilities	262
13	Information	261
14	Real estate and rental and leasing	178

* net of direct tourism-generated employment

- Tourism is the 5th 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

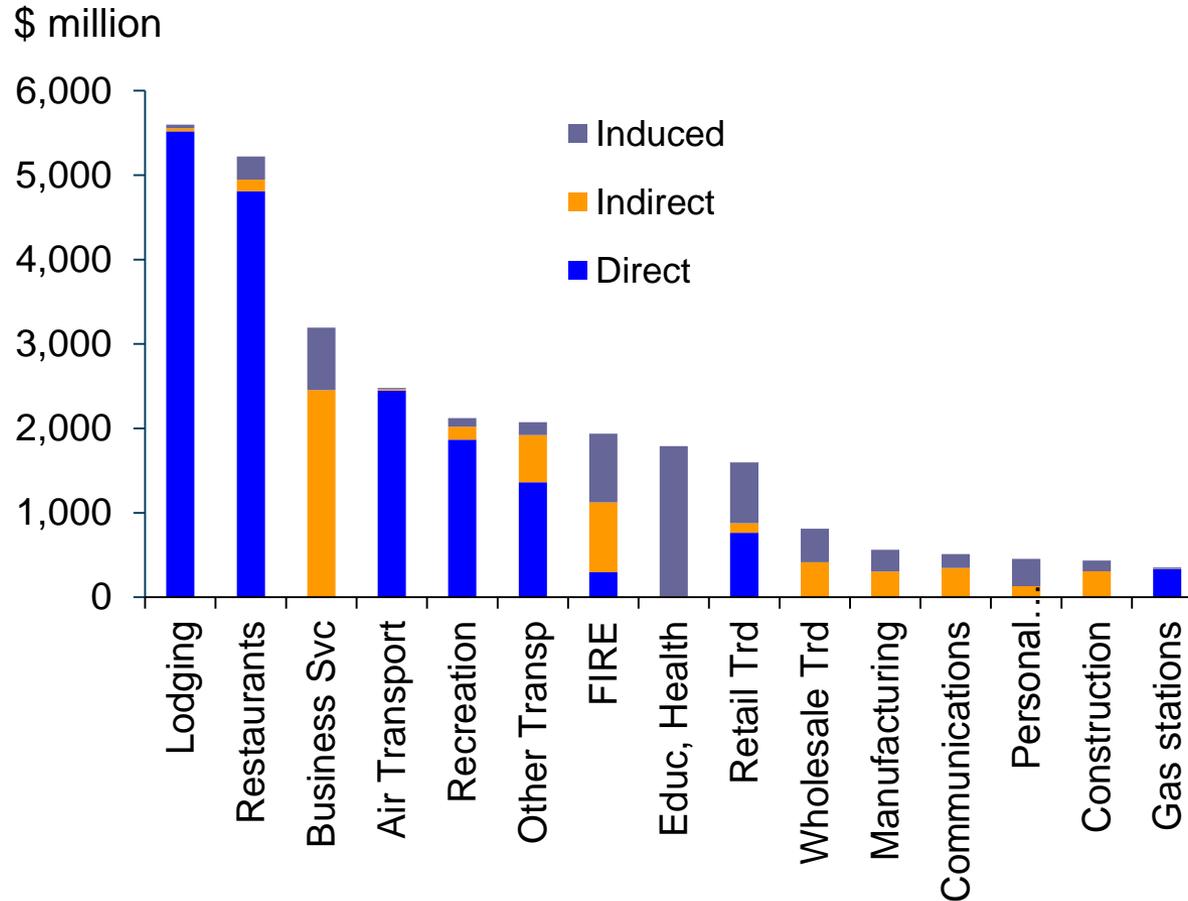
Tourism income

Tourism Income (Compensation)					
(US\$ Million, 2012)					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		70	39	109	4.3%
Construction and Utilities		307	127	435	4.3%
Manufacturing		305	258	563	4.4%
Wholesale Trade		415	396	811	4.4%
Air Transport	2,447	14	19	2,480	1.2%
Other Transport	1,361	559	155	2,075	2.2%
Retail Trade	763	114	721	1,598	4.3%
Gasoline Stations	331	3	19	354	2.3%
Communications		347	164	510	4.3%
Finance, Insurance and Real Estate	295	829	812	1,936	4.3%
Business Services		2,455	740	3,195	4.3%
Education and Health Care		11	1,780	1,791	4.5%
Recreation and Entertainment	1,866	153	104	2,123	6.0%
Lodging	5,520	37	43	5,599	5.8%
Food & Beverage	4,810	137	273	5,220	6.2%
Personal Services		131	322	453	4.4%
Government	-	111	66	177	4.4%
TOTAL	17,393	5,997	6,037	29,428	4.6%
% change	4.8%	4.2%	4.5%	4.6%	

- Tourism-generated income grew 4.6% with increased employment and longer hours from tourism workers, reaching \$29.4 billion in 2011.

Traveler-generated income

Traveler-Generated Income by Industry



FIRE = Finance, Insurance, and Real Estate

Tourism tax generation

Travel-Generated Taxes	
(US\$ Million, 2012)	
	Total
Federal Taxes	7,578.8
Corporate	1,332.0
Indirect Business	598.1
Personal Income	2,688.4
Social Security	2,960.3
State and Local Taxes	7,237.9
Corporate	1,418.6
Personal Income	1,162.5
Sales	2,167.6
Property	2,095.5
Excise and Fees	285.3
State Unemployment	108.4
TOTAL	14,816.7
%change	5.1%

- Tourism generated \$14.8 billion in taxes in 2012, growing 5.1%.
- Total state and local tax proceeds of \$7.2 billion saved the state's households an average of \$891 in tax burden.

Tourism tax generation: State vs. Local

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

- Tourism generated \$3.1 billion in state taxes in 2012.
- Tourism generated \$4.1 billion in local taxes in 2012.

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 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.
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