



The Economic Impact of Tourism in New York

2016 Calendar Year



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

State Summary

Key trends in 2016

- New York State's tourism economy expanded in 2016 with 2.7% growth in traveler spending, reaching a new high of nearly \$65 billion—22% above the state's pre-recession peak set in 2008.
- Key data illustrate the industry's performance:
 - Room demand expanded 3.8% in 2016. However, a slight decline in room rates of 0.6% led to a total hotel revenue increase of 3.2% according to STR.
 - Passenger counts at all NYS airports increased 5.1% in 2016, though associated ticket revenue declined by nearly 9%.
- Direct tourism employment grew 1.7% to reach a new high in 2016 while associated personal income expanded 5.5%. On both of these measures, tourism outpaced the general economy.

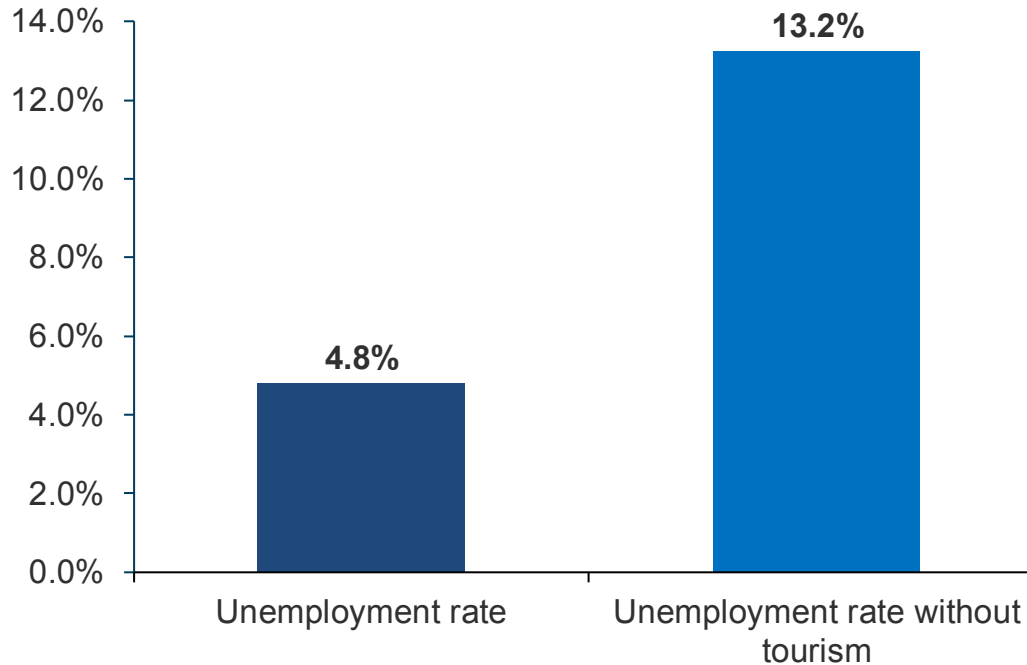
Headline results

- Travel & tourism is a substantial and growing component of the New York State economy.
- Direct spending of \$64.8 billion generated nearly \$105 billion in total business sales including indirect and induced impacts.
- Over 780,000 jobs were sustained by tourism activity in 2016 with total income of \$34.6 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 \$8.2 billion in state and local taxes in 2016, saving each NYS household an average of \$1,133 in taxes.

Tourism is vital to the NYS labor market

Unemployment Rate in New York State

2016



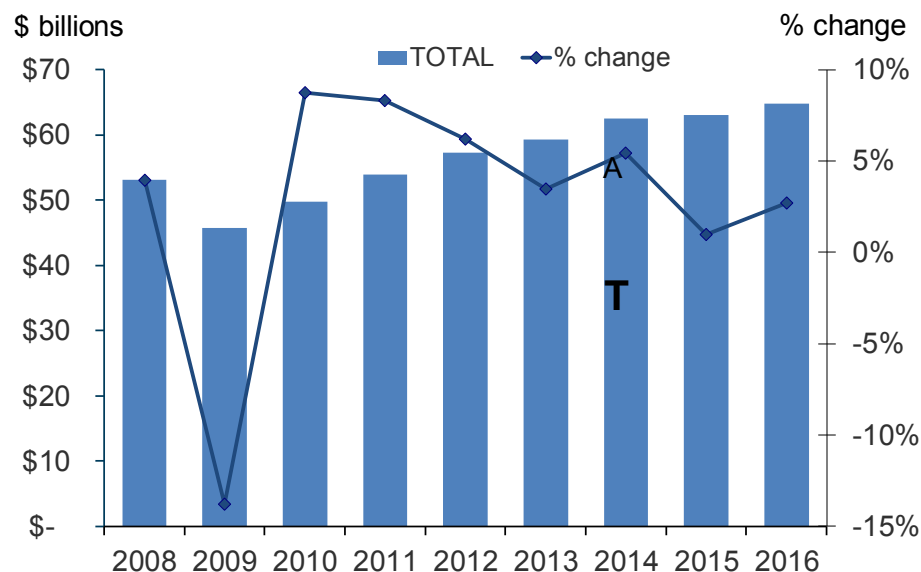
Source: BLS, Tourism Economics

- The unemployment rate in New York State was 4.8% in 2016. 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 2016, growing 2.7% after a 1.0% increase in 2015. Excluding purchases of gasoline, traveler spending expanded 3.2% last year.
- As a result, the tourism economy reached another high in 2016, with \$64.8 billion in traveler spending.
- Traveler spending growth has averaged 4.5% per year since the recovery began in 2010 (compound annual growth).

New York Traveler Spending

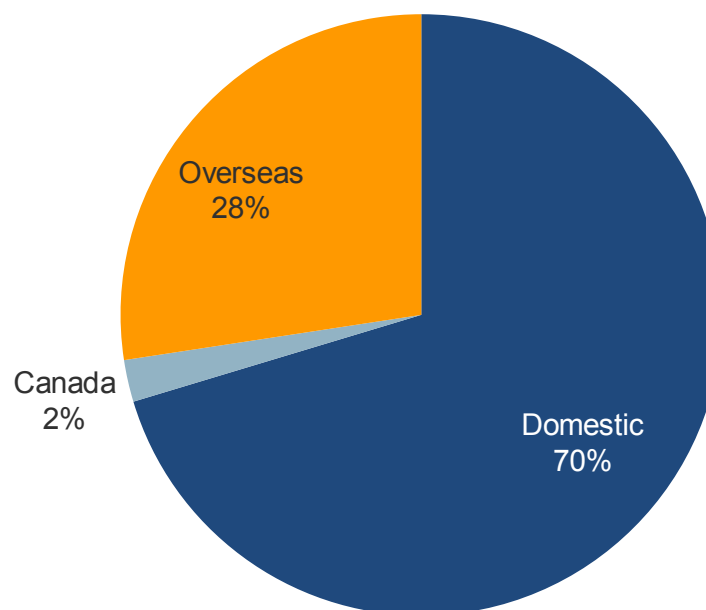


Source: Tourism Economics

New York State tourism markets

- US domestic markets supplied 70% (\$45.5 bn) of the New York State's traveler spending base in 2016.
- International markets represented 30% (\$19.2 bn) of the spending base.

Traveler Spending by Market, 2016

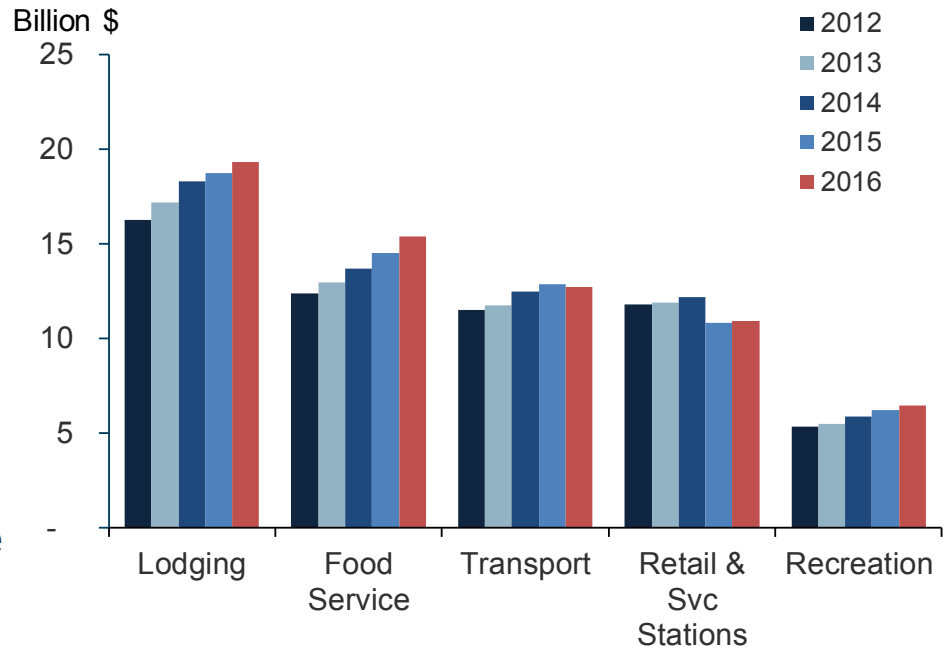


Source: Tourism Economics

Broad-based growth

- Travelers increased their spending across all sectors except transportation in 2016.
- Spending increased the most in the restaurant sector (6%), as both volumes and prices rose.
- Growth was also strong in the recreation sector, increasing 4.4% over 2015.

Traveler Spending By Sector

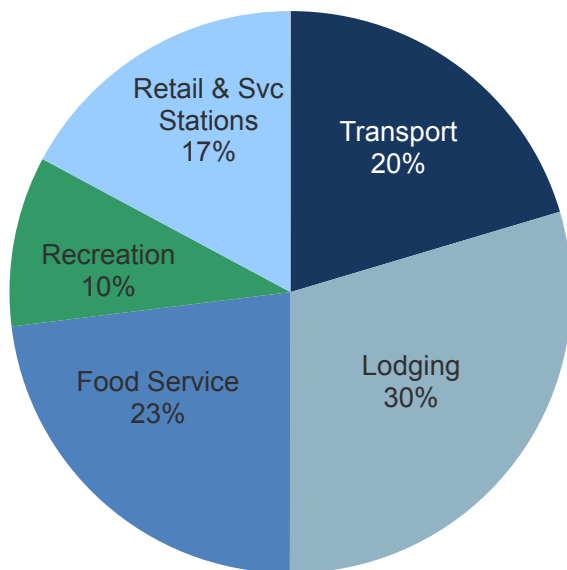


Source: Tourism Economics

Traveler spending distribution

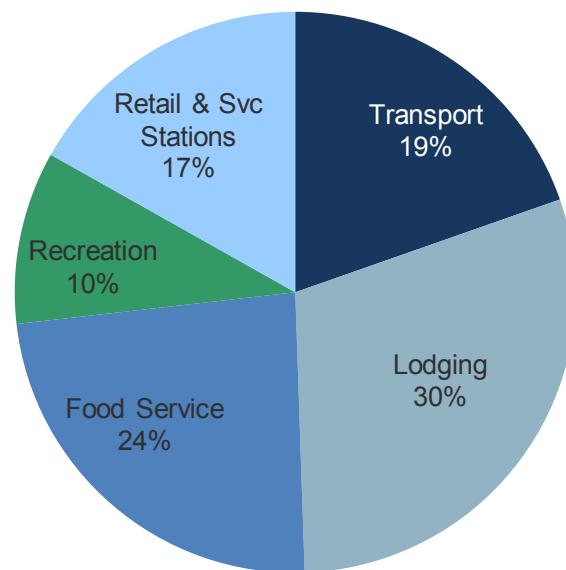
- Traveler spending is diverse and well-distributed across multiple sectors of the economy.
- While spending shares remained similar to 2015, lower fuel prices continued to shift visitor spending toward other industries, with food services ticking up to 24%.

Traveler Spending by Sector, 2015



Source: Tourism Economics

Traveler Spending by Sector, 2016



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%
2016	\$ 12,719	\$ 19,327	\$ 15,375	\$ 6,454	\$ 10,912	\$ 64,787	2.7%
2016 % change	-1.0%	3.3%	6.0%	4.4%	0.8%	2.7%	

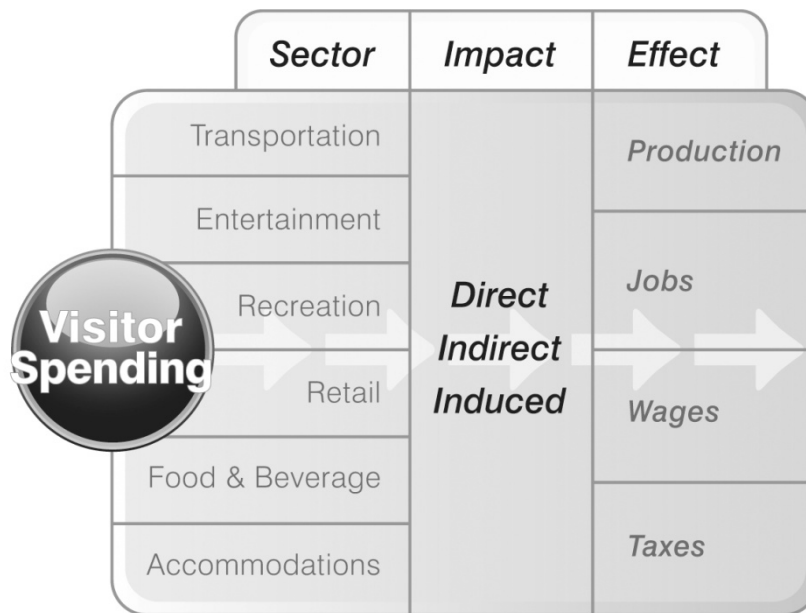
Traveler spending by market

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
2016	\$ 45,570	\$ 1,461	\$ 17,755	\$ 64,787
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%
2016 Growth	3.5%	-5.1%	1.5%	2.7%

- Spending from domestic and overseas markets increased while the Canadian market saw a second consecutive year of decline, dipping 5.1% in 2016. Visitors are still likely deterred by the strong 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.

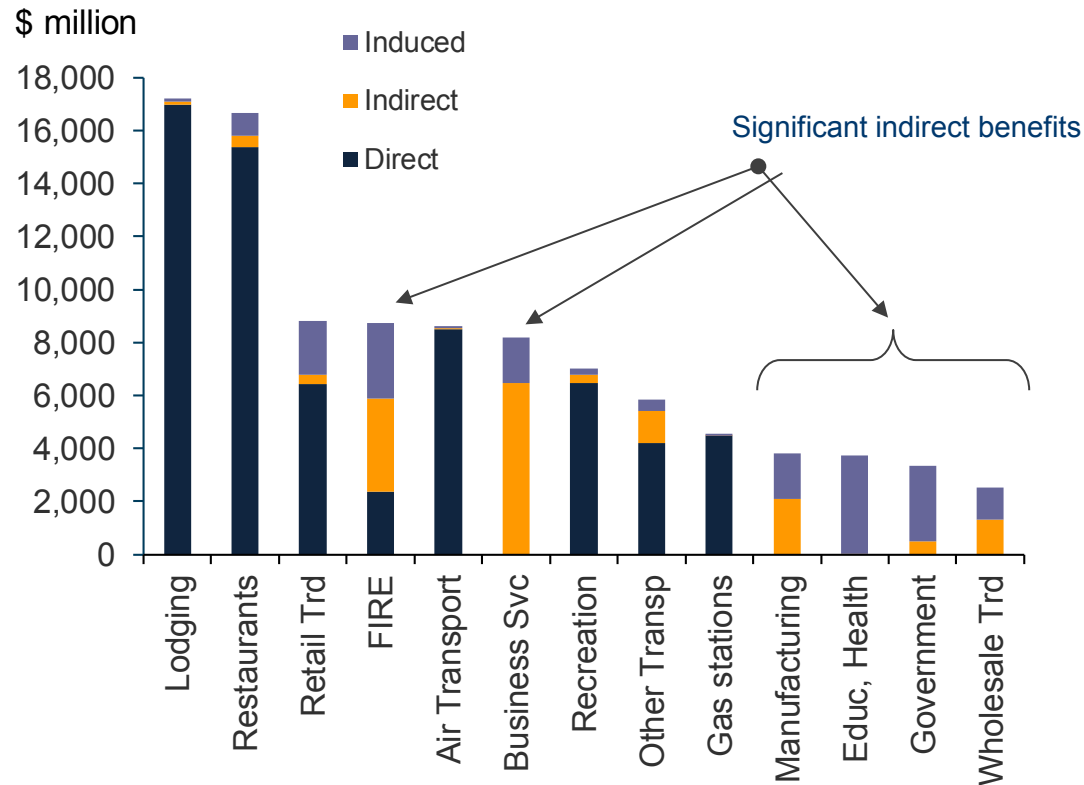
Traveler-generated sales

- Including the indirect and induced impacts, traveler spending generated nearly \$105 billion in business sales in 2016, up 2.7%.

Tourism Sales (Output)					
(US\$ Million, 2016)					
	Direct*	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining	-	432	184	616	2.8%
Construction and Utilities	-	1,249	593	1,842	2.8%
Manufacturing	-	2,079	1,717	3,796	2.7%
Wholesale Trade	-	1,299	1,211	2,510	2.7%
Air Transport	8,498	53	68	8,619	-3.7%
Other Transport	4,221	1,205	415	5,841	4.4%
Retail Trade	6,440	331	2,045	8,815	3.7%
Gasoline Stations	4,472	12	71	4,555	-3.5%
Communications	-	1,334	756	2,090	2.7%
Finance, Insurance and Real Estate	2,361	3,502	2,859	8,723	3.0%
Business Services	-	6,472	1,724	8,196	2.8%
Education and Health Care	-	23	3,725	3,748	2.5%
Recreation and Entertainment	6,454	321	257	7,032	4.2%
Lodging	16,966	116	137	17,219	3.2%
Food & Beverage	15,375	438	856	16,668	5.7%
Personal Services	-	358	811	1,169	2.6%
Government	-	497	2,856	3,353	2.5%
TOTAL	64,787	19,722	20,283	104,791	2.7%
% change	2.7%	2.9%	2.5%	2.7%	

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

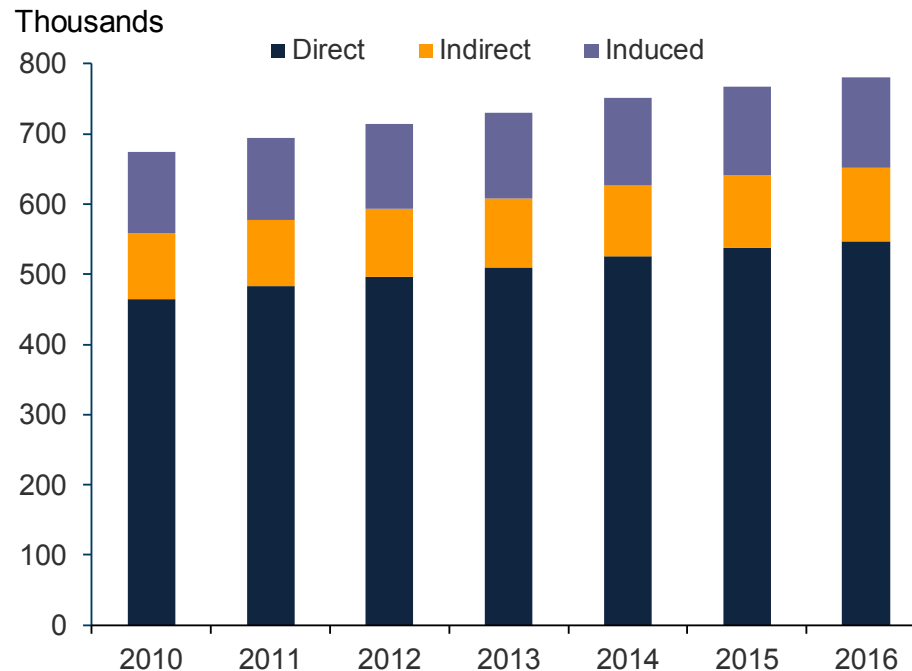
Travel-generated employment

Travel-Generated Employment					
2016					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		3,702	1,631	5,334	1.5%
Construction and Utilities		2,885	628	3,513	1.5%
Manufacturing		5,371	3,929	9,300	1.5%
Wholesale Trade		5,418	5,143	10,562	1.5%
Air Transport	32,097	192	249	32,538	1.4%
Other Transport	68,268	12,105	3,640	84,013	1.7%
Retail Trade	25,638	3,645	23,143	52,427	1.6%
Gasoline Stations	12,548	133	770	13,452	1.8%
Communications		2,959	1,379	4,338	1.5%
Finance, Insurance and Real Estate	7,897	10,901	8,513	27,311	1.5%
Business Services		38,472	11,690	50,162	1.5%
Education and Health Care		287	37,907	38,193	1.5%
Recreation and Entertainment	77,868	4,793	3,554	86,215	1.3%
Lodging	104,009	825	1,005	105,840	1.6%
Food & Beverage	218,812	6,463	12,875	238,149	2.0%
Personal Services		4,518	11,644	16,162	1.5%
Government		1,762	1,077	2,839	1.5%
TOTAL	547,138	104,432	128,777	780,347	1.7%
% change	1.7%	1.4%	1.5%	1.7%	

- The tourism sector maintained its support of 8.3% of total payroll employment (1-in-12 jobs) in New York State last year.
- Direct travel-generated employment grew slightly faster (1.7%) than the broader NYS economy (1.5%) in 2016.

Tourism employment

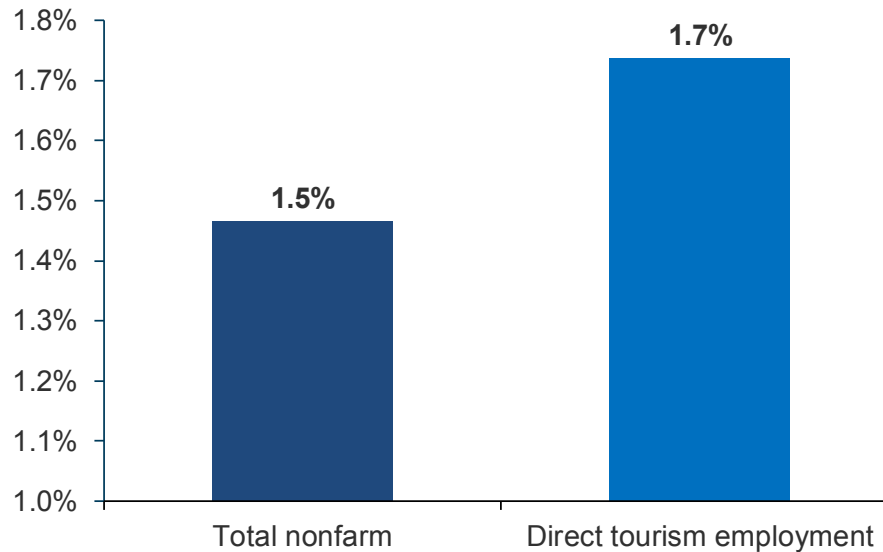
Traveler-Generated Employment



- In 2007, the tourism sector supported 7.7% of payroll employment and now stands at 8.3%—as it has since 2014—of payroll employment as measured by the US Bureau of Labor Statistics.
- Since 2009, travel-sustained employment has expanded 18.1%.

Tourism employment is leading growth

Employment Growth in 2016



Source: BLS, Tourism Economics

- Direct tourism employment growth outpaced the overall NYS economy with growth of 1.7%.

Tourism is outpacing economy

New York State Employment

2007=100



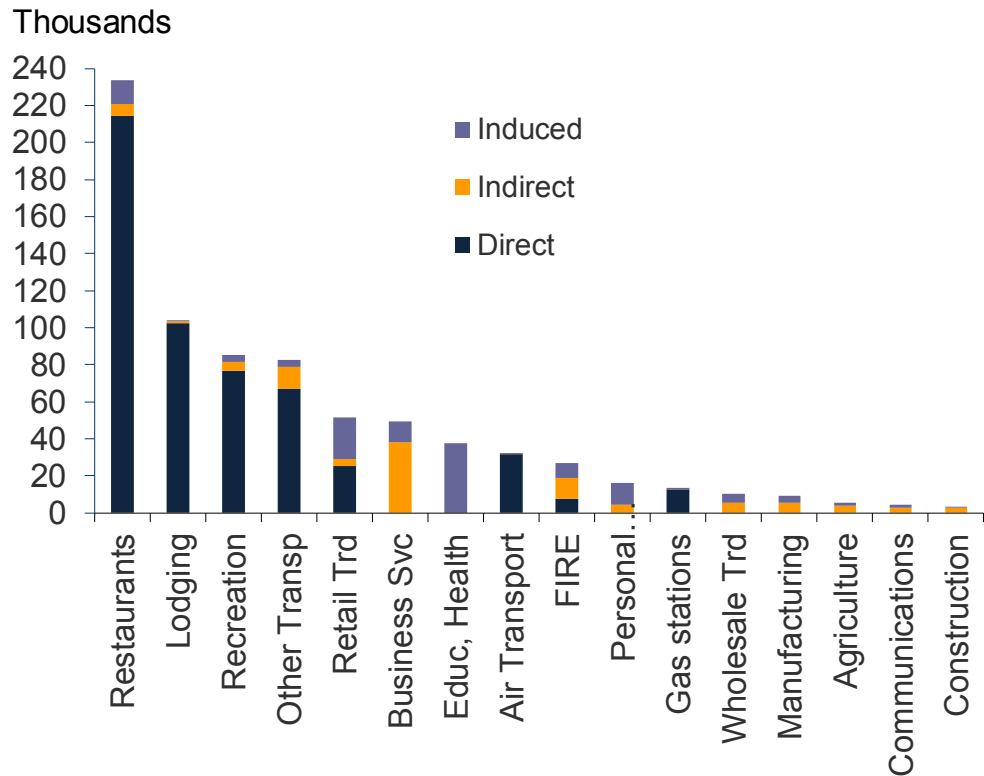
Source: Tourism Economics, BLS

- Direct tourism employment has outpaced the overall NYS labor market consistently since 2010, with tourism employment growing a cumulative 17.8% compared to nearly 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 780,347 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	2016 BLS
1	Health care and social assistance	1,464
2	Professional and business services	1,297
3	Retail trade	944
4	Tourism	547
5	Finance and insurance	518
8	Administrative and waste services	488
7	Educational services	487
6	Manufacturing	451
9	Food services and drinking places*	435
11	Construction	373
10	Wholesale trade	340
12	Transportation and utilities	289
13	Information	267
14	Real estate and rental and leasing	195

* net of direct tourism-generated employment

- Tourism is 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

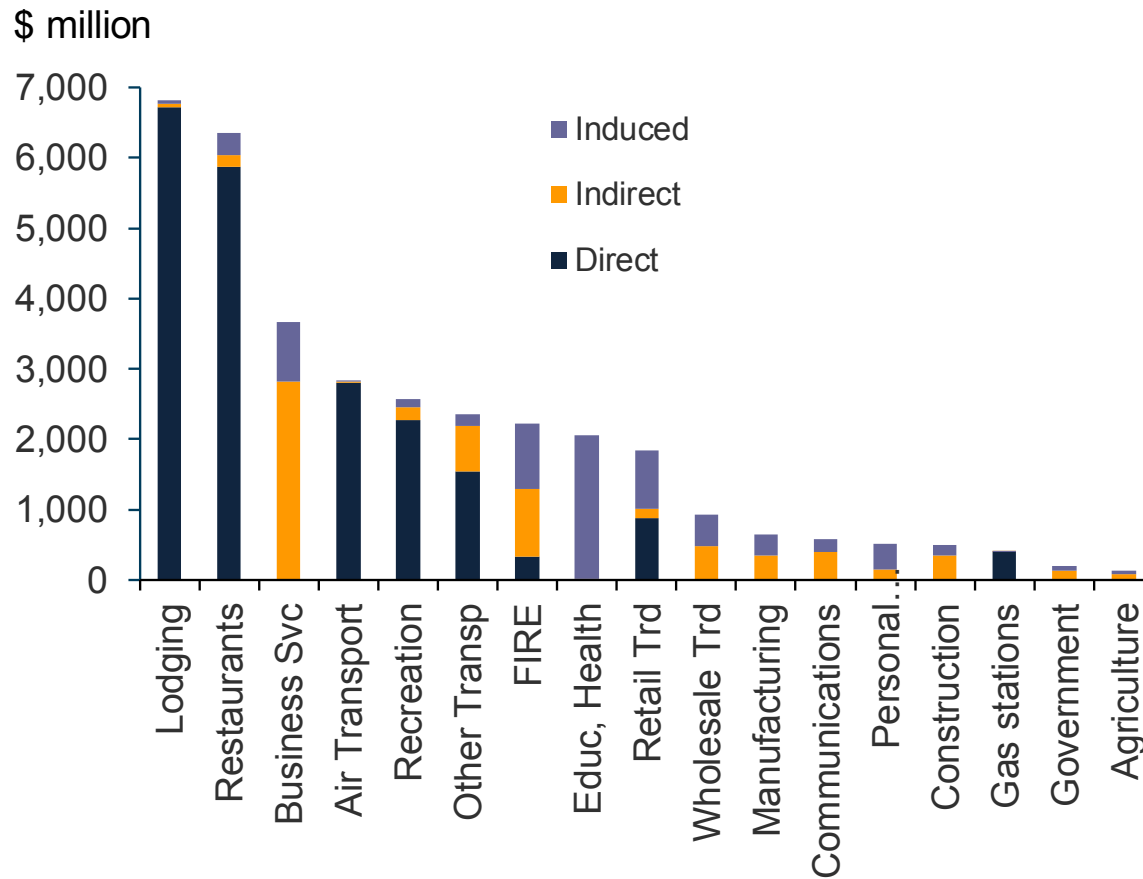
Traveler-generated income

Tourism Income (Compensation)					
(US\$ Million, 2016)					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		81	45	125	3.1%
Construction and Utilities		353	146	499	3.1%
Manufacturing		351	295	646	3.1%
Wholesale Trade		477	453	930	3.1%
Air Transport	2,802	16	21	2,839	5.6%
Other Transport	1,539	643	177	2,359	3.9%
Retail Trade	881	131	825	1,837	3.4%
Gasoline Stations	394	4	22	420	3.7%
Communications		399	187	586	3.1%
Finance, Insurance and Real Estate	334	953	929	2,216	3.1%
Business Services		2,823	846	3,669	3.1%
Education and Health Care		13	2,036	2,049	3.1%
Recreation and Entertainment	2,272	176	119	2,567	4.2%
Lodging	6,723	42	49	6,814	5.3%
Food & Beverage	5,877	157	313	6,347	6.7%
Personal Services		151	368	519	3.1%
Government	-	128	75	203	3.1%
TOTAL	20,823	6,896	6,906	34,625	4.5%
% change	5.5%	3.1%	3.1%	4.5%	

- Tourism-generated income grew 4.5% as a function of both employment growth and pay increases, registering \$34.6 billion in 2016.

Traveler-generated income

Traveler-Generated Income by Industry



FIRE = Finance, Insurance, and Real Estate

Tourism tax generation

Travel-Generated Taxes	
(US\$ Million, 2016)	
	Total
Federal Taxes	8,892.4
Corporate	1,514.5
Indirect Business	680.1
Personal Income	3,163.2
Social Security	3,534.7
State and Local Taxes	8,229.0
Corporate	1,613.0
Personal Income	1,367.8
Sales	2,464.6
Property	2,331.6
Excise and Fees	324.4
State Unemployment	127.6
TOTAL	17,121.4
% change	3.5%

- Tourism generated \$17.1 billion in taxes in 2016, growing 3.5%.
- Total state and local tax proceeds of nearly \$8.2 billion saved the state's households an average of \$1,133 in tax burden.

Tourism tax generation: State vs. Local

Travel-Generated Taxes							
(US\$ Million)							
Tax Type	2010	2011	2012	2013	2014	2015	2016
State Tax Subtotal	<u>2,784.3</u>	<u>2,974.8</u>	<u>3,142.3</u>	<u>3,250.4</u>	<u>3,413.1</u>	<u>3,498.3</u>	<u>3,614.8</u>
Corporate	535.2	574.3	609.0	631.0	662.8	674.2	692.4
Personal Income	857.38	908.6	950.7	980.2	1,028.4	1,069.9	1,118.6
Sales	1,143.09	1,226.5	1,300.6	1,347.6	1,415.6	1,439.9	1,478.8
Property	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Excise and Fees	150.83	161.8	173.6	179.9	189.0	192.2	197.4
State Unemployment	97.8	103.6	108.4	111.8	117.3	122.0	127.6
Local Tax Subtotal	<u>3,710.9</u>	<u>3,905.1</u>	<u>4,095.6</u>	<u>4,226.9</u>	<u>4,424.8</u>	<u>4,505.1</u>	<u>4,614.2</u>
Corporate	711.6	763.5	809.6	838.9	881.2	896.3	920.5
Personal Income	191.0	202.4	211.8	218.4	229.1	238.4	249.2
Sales	762.1	817.6	867.0	898.4	943.7	959.9	985.9
Property	1,949.2	2,017.5	2,095.5	2,155.6	2,249.2	2,286.8	2,331.6
Excise and Fees	97.0	104.1	111.7	115.7	121.6	123.6	127.0
State Unemployment	0.0	0.0	0.0	0.0	0.0	0.0	0.0

- Tourism generated \$3.6 billion in state taxes, and \$4.6 billion in local taxes in 2016.

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.
- For more information: info@tourismeconomics.com.



TOURISM ECONOMICS

AN OXFORD ECONOMICS COMPANY

For more information:

+1.610.995.9600, info@tourismeconomics.com