



The Economic Impact of Tourism in New York

2011 Calendar Year



TOURISM
ECONOMICS

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Key themes in 2011

- The recovery of New York State's tourism economy accelerated in 2011, growing 8.1% after an 8.7% expansion in 2010.
- As a result, traveler spending reached a new high of \$53.8 billion. Key industry data provide details of the historic expansion:
 - Room demand surged, growing 5.2% in 2011. And room rates increased 5.2% equating to a total hotel revenue increase of 10.6% according to Smith Travel Research.
 - Air passenger activity increased 1.9% for JFK and LGA combined while airfares at these airports increased 10%.
 - A combination of higher fuel prices and additional drive visitors pushed spending at gasoline stations up 21%.
- Direct tourism employment grew 3.8% to reach a new high in 2011 while associated personal income expanded 6.9%.

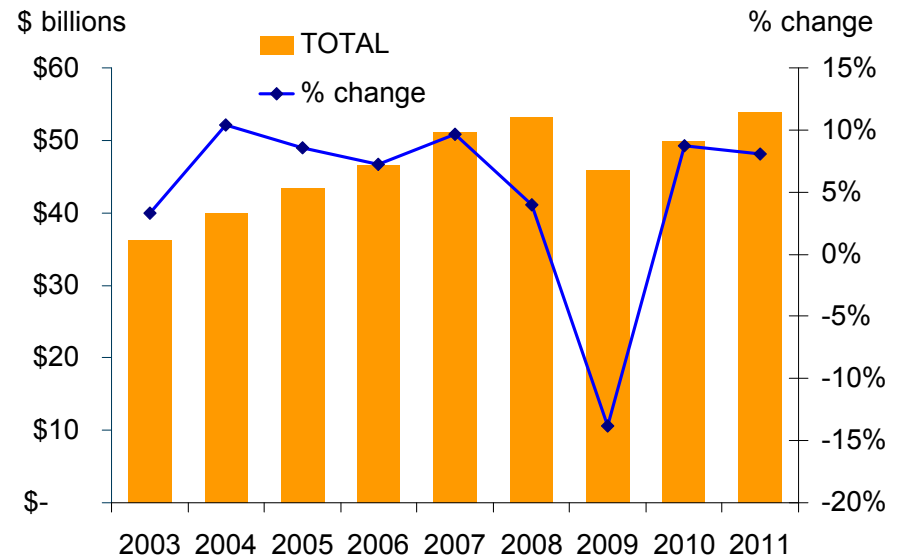
Headline results

- Travel & tourism remains is a vital and growing component of the New York State economy.
- Spending by visitors to New York grew 8.1% in 2011 to \$53.8 billion.
- This spending generated \$87 billion in total business sales including indirect and induced impacts.
- More than 694,000 jobs were sustained by tourism activity last year with total income of \$28 billion.
- 8.0% (1 in 13) of all New York state employment is sustained by tourism, either directly or indirectly.
- New York State tourism generated \$6.9 billion in state and local taxes in 2011.

Traveler spending growth

- Traveler spending continued to expand in 2011, growing 8.1% after an 8.7% rebound in 2010.
- As a result, the tourism economy reached a new high in 2011, with \$53.8 billion in traveler spending.
- Traveler spending growth has averaged 5% per year from 2003-2011 (compound annual growth).

New York Traveler Spending

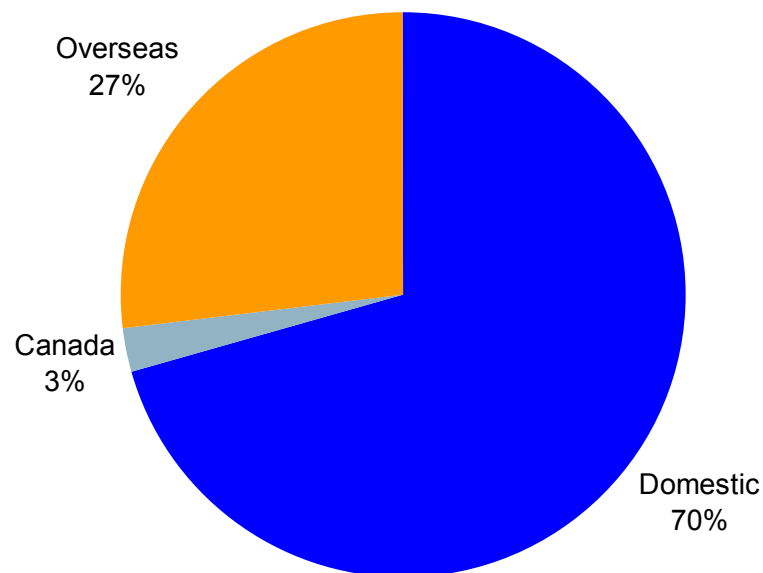


Source: Tourism Economics

New York State tourism markets

- US domestic markets supplied 70% (\$38 bn) of the New York State's traveler spending base in 2011.
- International markets represented 30% (\$16 bn) of the spending base.

Traveler Spending by Market

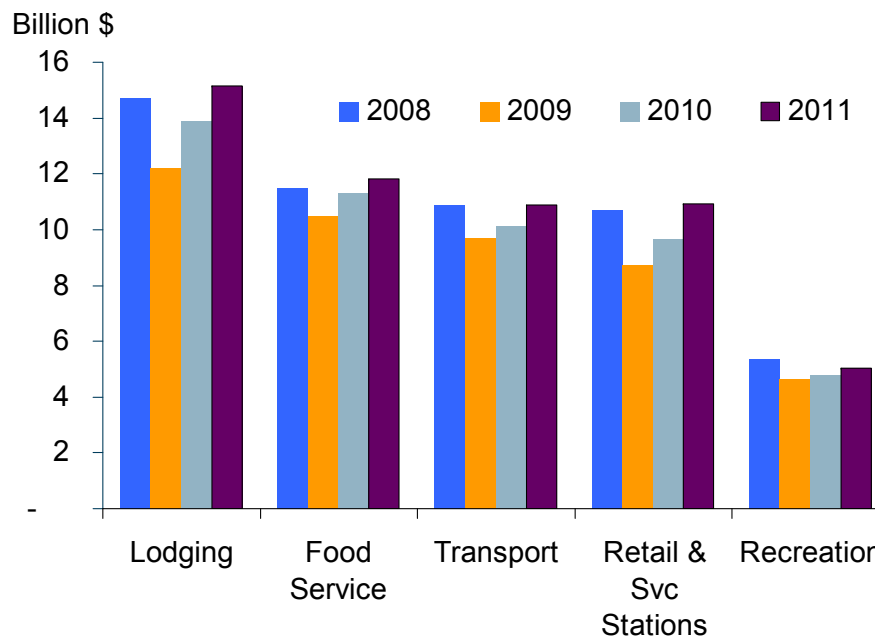


Source: Tourism Economics

All sectors grew in 2010

- Travelers increased their spending across all sectors in 2011.
- Spending increased the most at gasoline stations as fuel prices rose more than 20% in 2011.
- Spending in the lodging sector also expanded a robust 11% in 2011.
- All sectors reached new highs except for recreation & entertainment, which remains slightly below its 2008 peak.

Traveler Spending By Sector

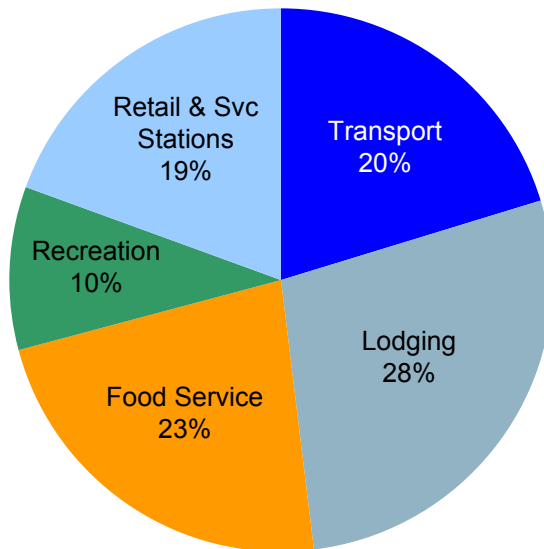


Source: Tourism Economics

Traveler spending distribution

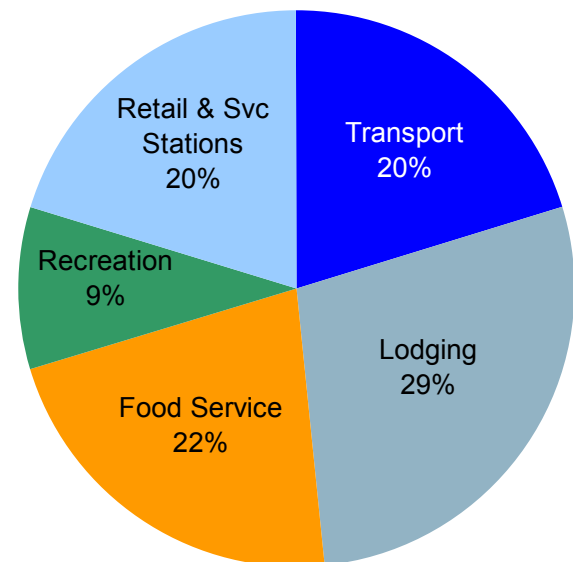
- Lodging (29%) and retail & service stations (20%) each gained share in 2011, while spending in the recreation (9%) and food service sectors (22%) lost share of the New York State tourism dollar.
- Transport sectors, including aviation, taxis, limos, and site-seeing tours, maintained its share at 20% of all visitor spending.

Traveler Spending by Sector, 2010



Source: Tourism Economics

Traveler Spending by Sector, 2011



Source: Tourism Economics

Historic traveler spending by sector

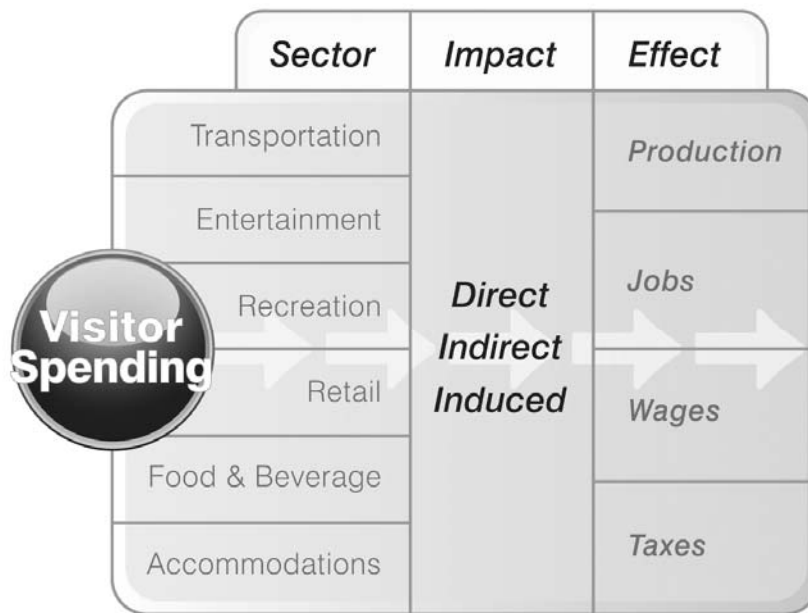
Visitor Spending							
	Transport	Lodging	Food Service	Recreation	Retail & Svc Stations	TOTAL	% change
2003	\$ 8,154	\$ 9,200	\$ 8,035	\$ 3,540	\$ 7,294	\$ 36,223	3.3%
2004	\$ 8,790	\$ 10,299	\$ 8,715	\$ 4,020	\$ 8,182	\$ 40,006	10.4%
2005	\$ 9,219	\$ 11,575	\$ 9,663	\$ 4,259	\$ 8,714	\$ 43,431	8.6%
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%
2010	\$ 10,108	\$ 13,873	\$ 11,313	\$ 4,817	\$ 9,664	\$ 49,775	8.7%
2011	\$ 10,875	\$ 15,155	\$ 11,806	\$ 5,019	\$ 10,934	\$ 53,789	8.1%
2011 % change	7.6%	9.2%	4.4%	4.2%	13.1%	8.1%	

Traveler spending by market

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
2010	\$ 35,075	\$ 1,304	\$ 13,396	\$ 49,775
2011	\$ 37,954	\$ 1,378	\$ 14,457	\$ 53,789
2009 Growth	-13.3%	-15.5%	-15.0%	-13.8%
2010 Growth	5.8%	15.2%	16.7%	8.7%
2011 Growth	8.2%	5.7%	7.9%	8.1%

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

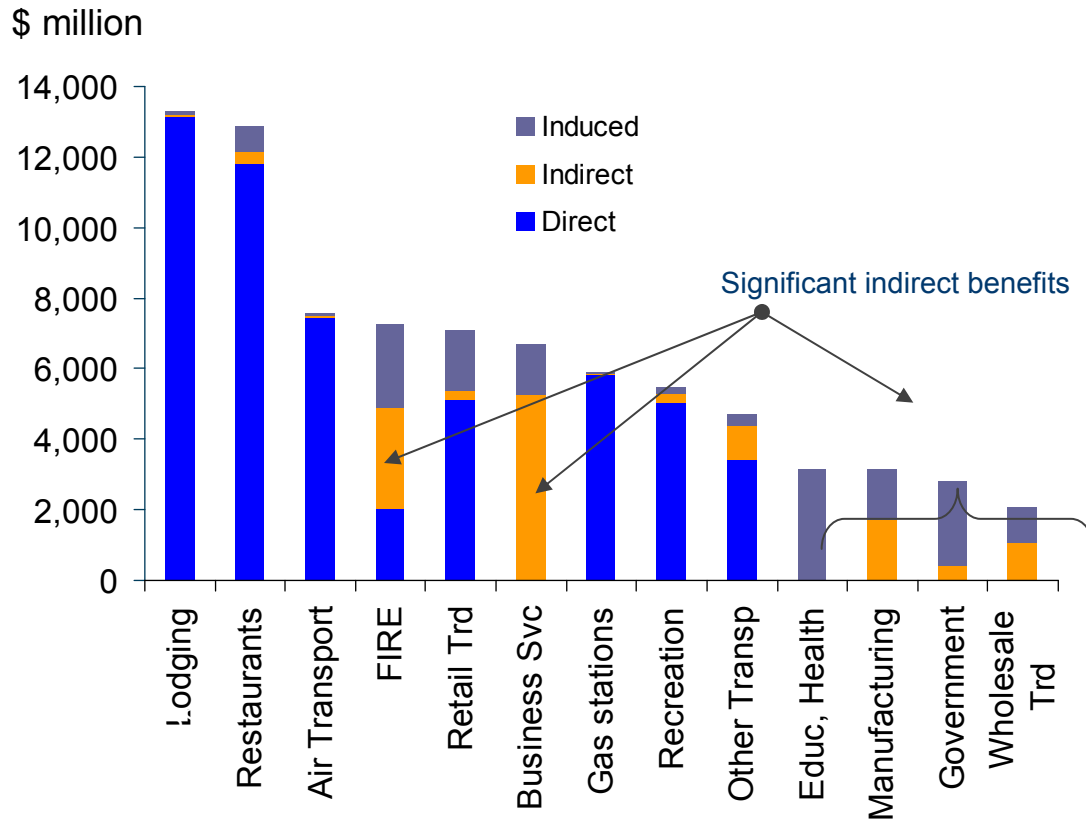
- Including the indirect and induced impacts, traveler spending generated \$87 billion in business sales in 2011, up 7.1%.

Tourism Sales (Output)					
(US\$ Million, 2011)					
	Direct*	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining	-	351	154	505	5.6%
Construction and Utilities	-	1,013	496	1,509	5.6%
Manufacturing	-	1,686	1,437	3,122	5.6%
Wholesale Trade	-	1,053	1,013	2,067	5.6%
Air Transport	7,465	43	57	7,565	8.6%
Other Transport	3,409	977	347	4,734	5.5%
Retail Trade	5,094	268	1,711	7,073	5.3%
Gasoline Stations	5,840	10	59	5,909	20.9%
Communications	-	1,082	632	1,714	5.6%
Finance, Insurance and Real Estate	2,036	2,839	2,393	7,268	4.4%
Business Services	-	5,248	1,443	6,690	5.6%
Education and Health Care	-	19	3,117	3,136	5.5%
Recreation and Entertainment	5,019	260	215	5,494	4.3%
Lodging	13,120	94	115	13,329	10.5%
Food & Beverage	11,806	355	716	12,877	4.4%
Personal Services	-	290	678	969	5.5%
Government	-	403	2,390	2,793	5.5%
TOTAL	53,789	15,991	16,975	86,755	7.1%
% change	8.1%	5.7%	5.5%	7.1%	

Note: Direct Sales include cost of goods sold for retail and gasoline stations

Tourism 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

Tourism employment

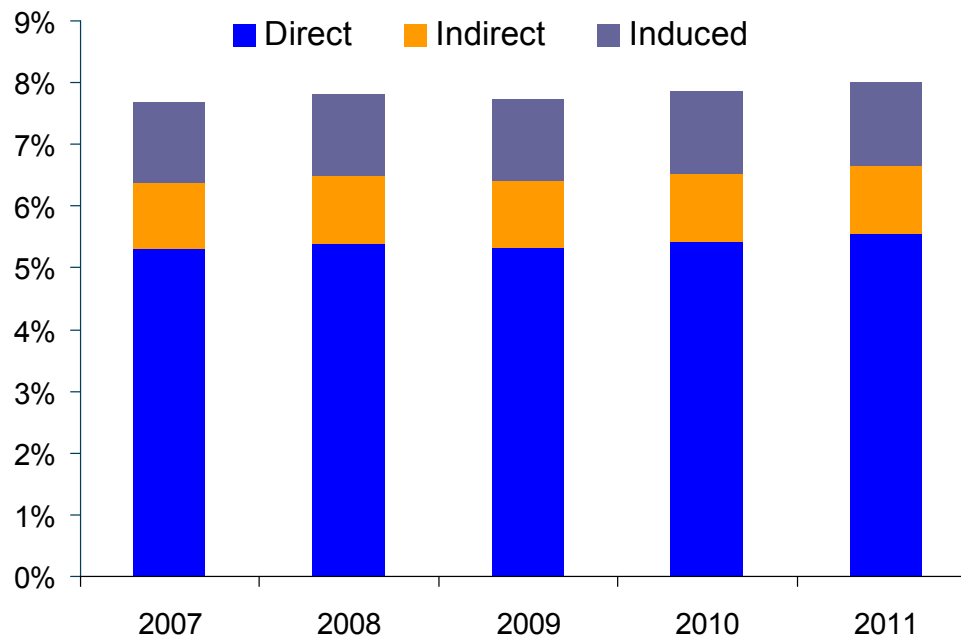
Tourism Employment					
2011					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		3,362	1,486	4,849	1.5%
Construction and Utilities		2,621	572	3,192	1.5%
Manufacturing		4,879	3,579	8,458	1.5%
Wholesale Trade		4,921	4,686	9,607	1.5%
Air Transport	30,136	174	227	30,538	4.5%
Other Transport	61,903	10,994	3,316	76,213	0.3%
Retail Trade	23,280	3,311	21,084	47,675	1.8%
Gasoline Stations	11,378	121	702	12,201	0.1%
Communications		2,688	1,256	3,944	1.5%
Finance, Insurance and Real Estate	7,434	9,901	7,755	25,089	1.2%
Business Services		34,943	10,650	45,593	1.5%
Education and Health Care		260	34,533	34,793	1.6%
Recreation and Entertainment	67,059	4,354	3,238	74,650	1.7%
Lodging	95,315	749	916	96,980	6.0%
Food & Beverage	185,726	5,870	11,729	203,325	4.8%
Personal Services		4,104	10,607	14,711	1.6%
Government		1,600	981	2,581	1.5%
TOTAL	482,231	94,852	117,316	694,399	3.1%
% change	3.8%	1.4%	1.6%	3.1%	

- The tourism sector supported 8.0% of payroll employment (1-in-13 jobs) in New York State last year.

Tourism employment

Traveler-Generated Employment

Share of total non-farm payroll employment

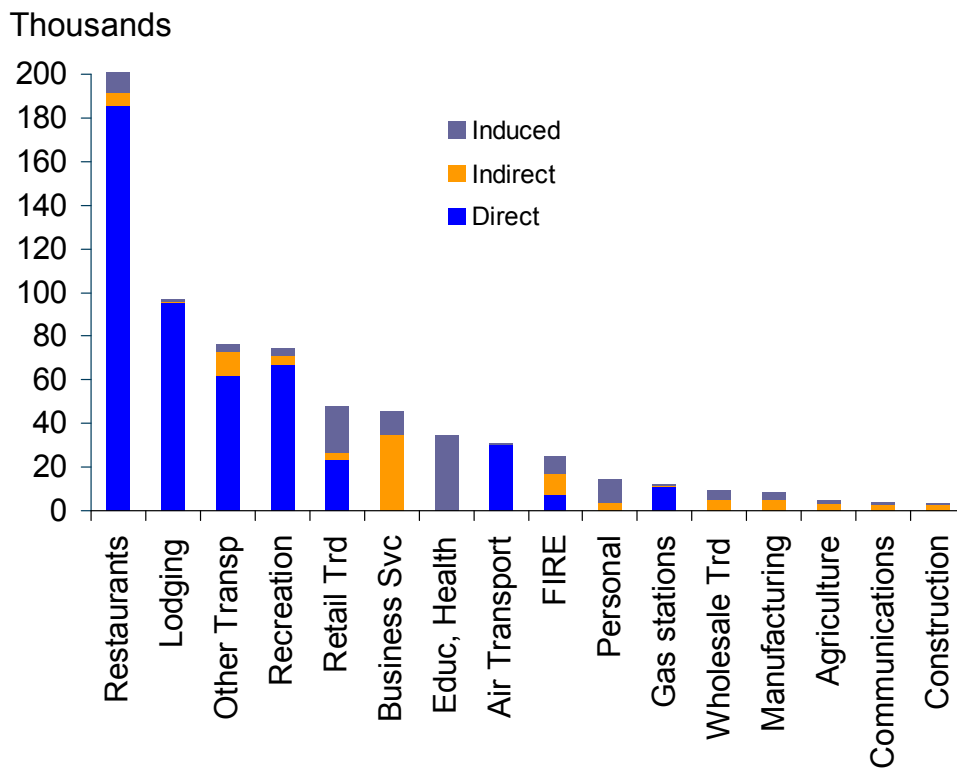


- In 2007, the tourism sector supported 7.7% of payroll employment and now stands at 8.0% of payroll employment as measured by the US Bureau of Labor Statistics.

Tourism employment

- As a labor intensive collection of services, tourism-related sectors represent significant employment to New York State.
- The more than 694,000 jobs sustained by traveler activity span every sector of the economy, either directly or indirectly.

Traveler-Generated Employment by Industry

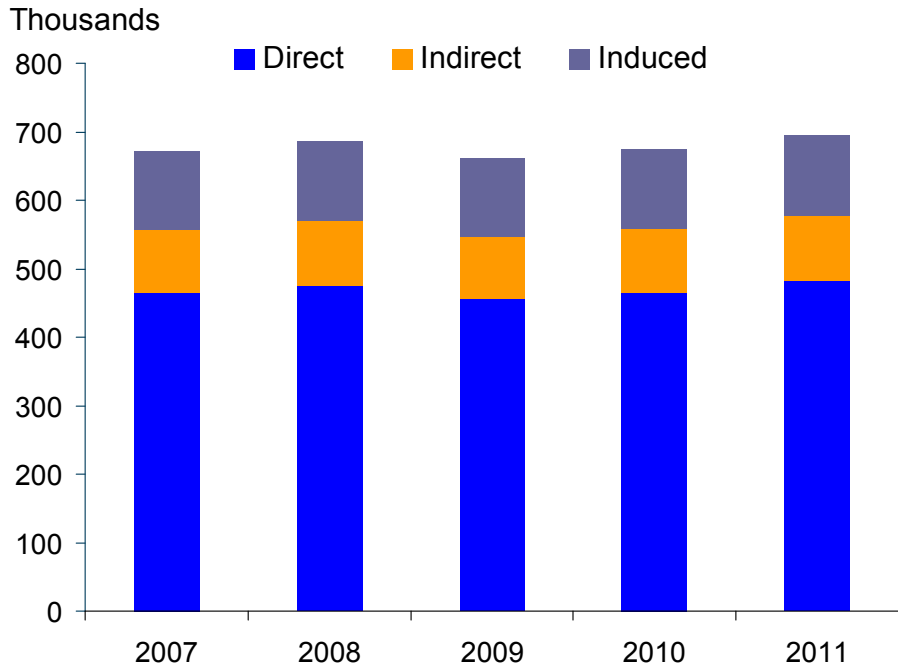


FIRE = Finance, Insurance, and Real Estate

Tourism employment

- Tourism-generated employment has contributed to the economic recovery of New York.
- After growing 3.1 in 2011 (including direct, indirect, and induced impacts), tourism employment reached a new high of 694,399.

Traveler-Generated Employment



Tourism employment ranking

Employment Ranking		
000s		
Rank	Industry	2011 BLS
1	Health care and social assistance	1,324
2	Professional and business services	1,135
3	Retail trade	892
4	Finance and insurance	506
5	Tourism	482
6	Manufacturing	458
7	Administrative and waste services	427
8	Educational services	408
9	Food services and drinking places*	355
10	Wholesale trade	330
11	Construction	307
12	Transportation and utilities	264
13	Information	255
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

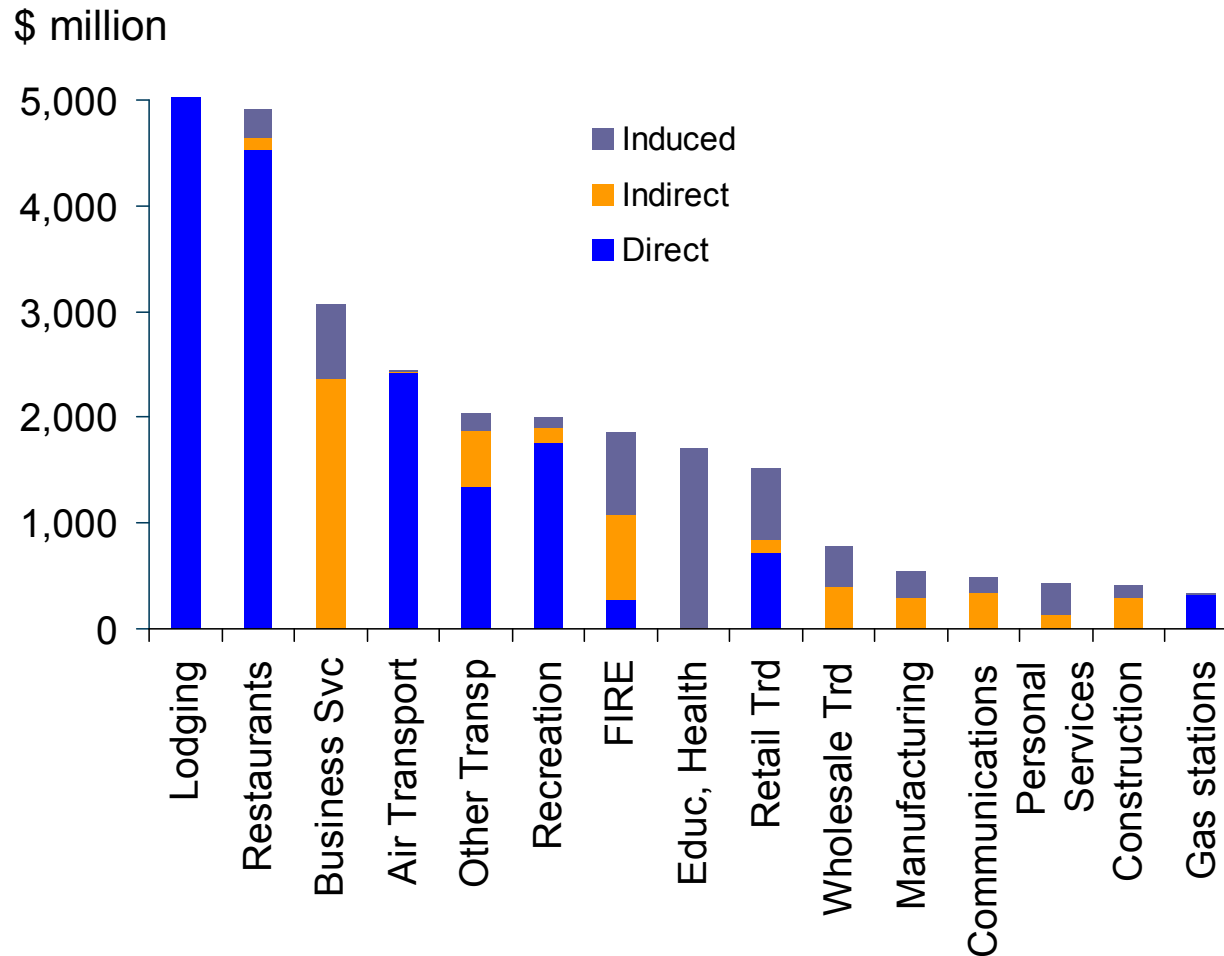
Tourism income

Tourism Income (Compensation)					
(US\$ Million, 2011)					
	Direct	Indirect	Induced	Total	% change
Agriculture, Fishing, Mining		67	37	105	4.5%
Construction and Utilities		295	122	416	4.5%
Manufacturing		292	247	539	4.6%
Wholesale Trade		398	379	776	4.6%
Air Transport	2,418	14	18	2,450	6.7%
Other Transport	1,345	536	148	2,029	3.9%
Retail Trade	726	109	690	1,525	4.4%
Gasoline Stations	324	3	18	346	2.2%
Communications		333	156	489	4.5%
Finance, Insurance and Real Estate	285	795	777	1,857	4.3%
Business Services		2,353	708	3,061	4.5%
Education and Health Care		11	1,703	1,713	4.7%
Recreation and Entertainment	1,756	146	99	2,002	4.8%
Lodging	5,214	35	41	5,290	8.9%
Food & Beverage	4,521	131	262	4,913	7.4%
Personal Services		126	308	434	4.6%
Government	-	107	63	170	4.5%
TOTAL	16,590	5,750	5,776	28,115	5.9%
% change	6.9%	4.5%	4.7%	5.9%	

- Tourism-generated income grew 5.9% with increased employment and longer hours from tourism workers, reaching \$28 billion in 2011.

Tourism income

Traveler-Generated Income by Industry



FIRE = Finance, Insurance, and Real Estate

Tourism tax generation

Tourism-Generated Taxes (US\$ Million)	
	Total
Federal Taxes	7,213.6
Corporate	1,253.8
Indirect Business	563.0
Personal Income	2,568.5
Social Security	2,828.3
State and Local Taxes	6,872.9
Corporate	1,335.4
Personal Income	1,110.6
Sales	2,040.4
Property	2,017.5
Excise and Fees	265.4
State Unemployment	103.6
TOTAL	14,086.5
% change	6.0%

- Tourism generated \$14 billion in taxes in 2011, growing 6.0%.
- Total state and local tax proceeds of \$6.9 billion saved the state's households an average of \$847 in tax burden.

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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