

# ECONOMIC IMPACT OF VISITORS IN NEW YORK 2019



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# INTRODUCTION

The travel sector is an integral part of the New York economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of New York's future. Gross output (business sales) attributable to visitor spending in New York totaled \$118 billion in 2019.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for New York as it continues to expand upon its visitor economy, and by establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in New York, Tourism Economics has prepared a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

# METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of New York. The model traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

The value of seasonal and second homes was estimated based on census data for seasonal units and estimated gross rents.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis. This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following data sources:

- Longwoods International: survey data, including spending profile characteristics for visitors to New York
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- Tax collections: Lodging and sales tax receipts

# KEY FINDINGS

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The visitor economy is an engine for economic growth

## Growth in visitation, spending, and employment

Tourism is an integral part of the New York economy and continues to be a key driver of business sales, employment, and tax revenue.



### Visitor Spending

Visitors to New York spent nearly \$73.6 billion in 2019, an increase of 2.5% over the prior year. Cumulatively, spending has increased 39% above the state's pre-recession peak set in 2008.



### Continued Growth

Personal income associated with direct tourism employment increased 4.2% in 2019. In terms of personal income, tourism outpaced the general economy.



### Hotel Indicators

Hotel room demand increased 2.1% in 2019, while average daily room rates declined (-1.4%). As a result, hotel room revenues increased just 0.7% year-over-year.



### Fiscal Contributions

Tourism in New York generated \$19.3 billion in tax revenues in 2019, with \$9.1 billion accruing to state and local governments.

# VISITOR ECONOMY TRENDS

# VISITOR SPENDING TRENDS

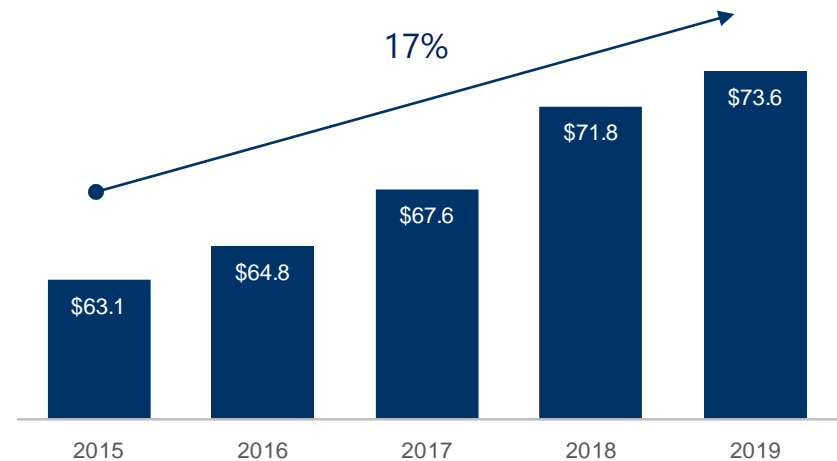
## Visitor spending has increased every year for a full decade

Visitor spending in 2019 reached nearly \$74 billion, an increase of 2.5% year-over-year, and a more than \$10 billion increase over 2015.

Over the five-year period, visitor spending has cumulatively increased 17%: an annualized growth rate of 3.9%.

## New York total visitor spending

Amounts in billions of nominal dollars



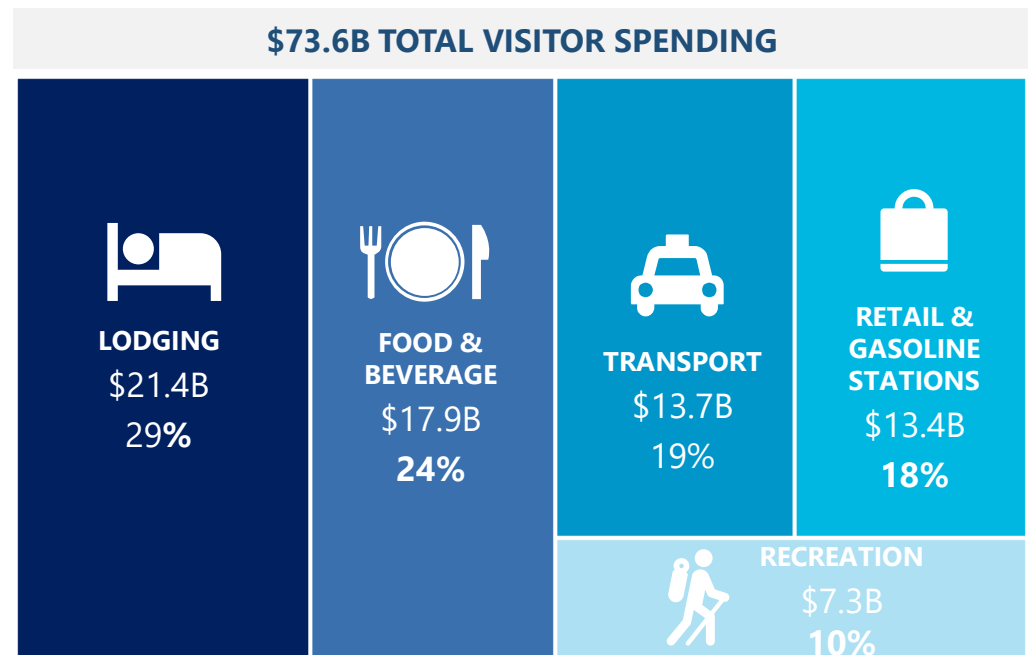
Source: Tourism Economics

# VISITOR SPENDING TRENDS

Visitor spending by industry

**Visitors to New York spent \$73.6 billion across a wide range of sectors in 2019**

Visitors spent \$21.4 billion on lodging, \$17.9 billion on food and beverages, \$13.7 billion on transportation, including both local transportation and air, \$13.4 billion on retail shopping and gasoline stations, and \$7.3 billion on recreational activities in 2019.



Note: Lodging spending is calculated as an industry, including meetings, catering, etc. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.

Source: Tourism Economics



# VISITOR SPENDING TRENDS

Visitor spending by industry

Visitor spending increased by 2.5% in 2019, supported by growth in food and beverages, transportation, and recreational activities.

Of the \$1.8 billion increase in 2019, about two-thirds was concentrated in food & beverages and transportation expenses.

Excluding purchases of gasoline, visitor spending expanded 2.7% in 2019.

## Visitor Spending in New York

Amounts in billions of nominal dollars and growth rates

	2015	2016	2017	2018	2019	2019 Growth	CAGR 2015-2019
<b>Total visitor spending</b>	<b>\$63.08</b>	<b>\$64.79</b>	<b>\$67.63</b>	<b>\$71.82</b>	<b>\$73.62</b>	<b>2.5%</b>	<b>3.9%</b>
Lodging*	\$18.71	\$19.33	\$19.96	\$21.21	\$21.39	0.9%	3.4%
Food & beverages	\$14.50	\$15.37	\$16.17	\$17.14	\$17.86	4.1%	5.3%
Transportation**	\$12.85	\$12.72	\$12.71	\$13.24	\$13.72	3.7%	1.6%
Retail & Service Stations	\$10.82	\$10.91	\$12.03	\$13.15	\$13.35	1.5%	5.4%
Recreation	\$6.18	\$6.45	\$6.77	\$7.08	\$7.31	3.2%	4.3%

\* Lodging includes 2nd home spending

\*\* Transportation includes both ground and air transportation

Source: Tourism Economics

# VISITOR ECONOMY TRENDS

## Spending segments

Spending from both domestic and overseas visitors increased, while spending from Canadian markets declined. New York saw less visitors from overseas and Canadian markets in 2019 than in 2018, and spending was indicative of that. Domestic spend remains the highest in terms of levels amongst all markets.

### Visitor Spending by Market

Amounts in billions of nominal dollars

	2015	2016	2017	2018	2019	2019 Growth
<b>Total visitor spending</b>	<b>\$63.08</b>	<b>\$64.79</b>	<b>\$67.63</b>	<b>\$71.82</b>	<b>\$73.62</b>	<b>2.5%</b>
Domestic	\$44.04	\$45.57	\$47.22	\$51.27	\$52.97	3.3%
Canada	\$1.54	\$1.46	\$1.56	\$1.60	\$1.42	-10.9%
Overseas	\$17.49	\$17.75	\$18.86	\$18.95	\$19.22	1.4%

Source: Longwoods International; Tourism Economics

# **ECONOMIC IMPACTS**



## ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on New York begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in New York, we input visitor spending into a model of the New York state economy created in IMPLAN. This move calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

1. **Direct Impacts:** Visitors 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.
2. **Indirect Impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.
3. **Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitors, spend those wages in the local economy.

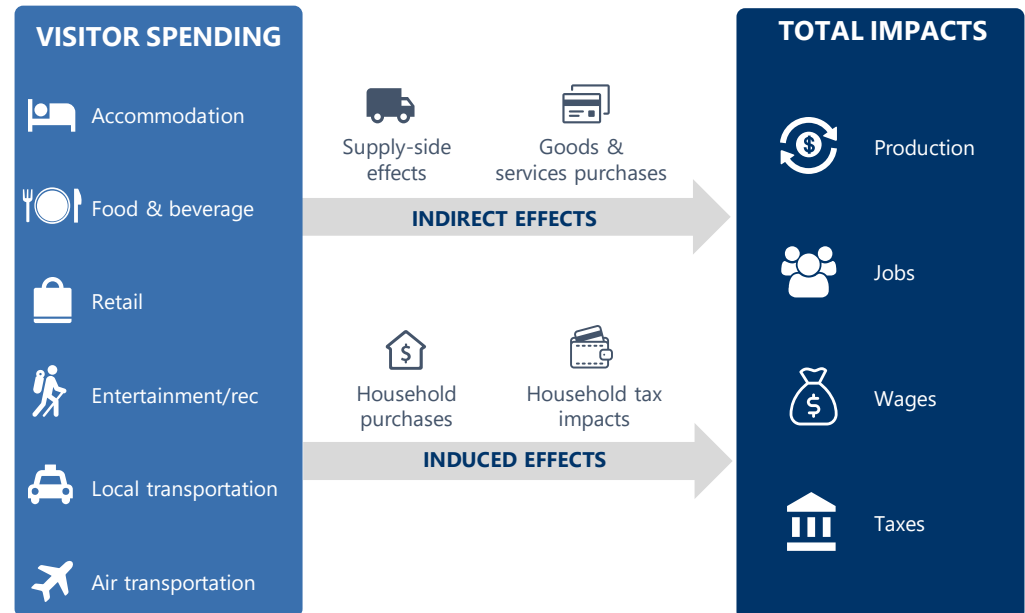
# ECONOMIC IMPACTS

How visitor spending generates employment and income

## Economic impact flowchart

IMPLAN is particularly effective because it calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

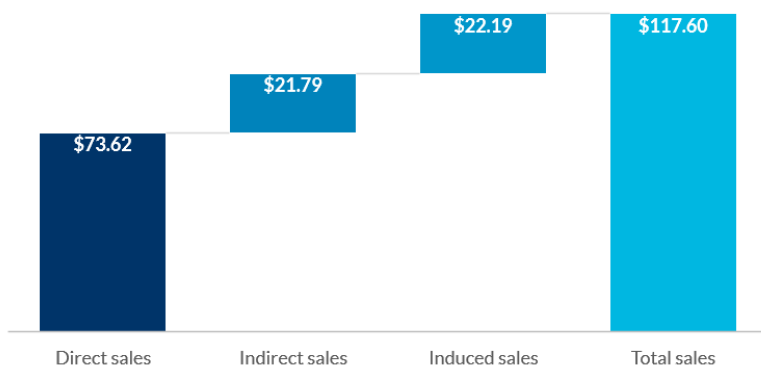


# ECONOMIC IMPACTS

## Business sales impacts by industry

**Visitors and tourism businesses spent \$73.6 billion in New York in 2019. This supported a total of nearly \$118 billion in business sales when indirect and induced impacts are considered.**

### Summary economic impacts (\$ billions)



## Business sales impacts by industry

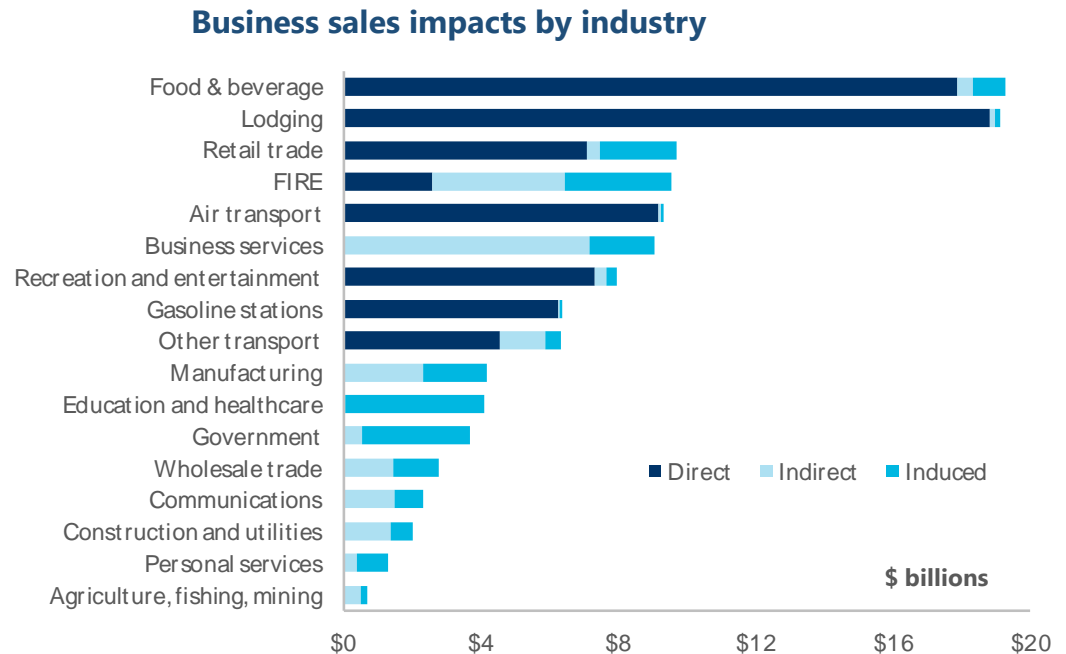
Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
<b>Total, all industries</b>	<b>\$73,618</b>	<b>\$21,786</b>	<b>\$22,195</b>	<b>\$117,599</b>
<b>By industry</b>				
Food & beverage	\$17,855	\$483	\$937	\$19,275
Lodging	\$18,826	\$128	\$150	\$19,104
Retail trade	\$7,086	\$365	\$2,237	\$9,688
FIRE	\$2,562	\$3,868	\$3,129	\$9,559
Air transport	\$9,168	\$59	\$74	\$9,301
Business services		\$7,150	\$1,886	\$9,036
Recreation and entertainment	\$7,305	\$354	\$281	\$7,941
Gasoline stations	\$6,264	\$14	\$78	\$6,356
Other transport	\$4,552	\$1,331	\$454	\$6,336
Manufacturing		\$2,297	\$1,878	\$4,175
Education and healthcare		\$26	\$4,076	\$4,101
Government		\$549	\$3,125	\$3,674
Wholesale trade		\$1,435	\$1,325	\$2,760
Communications		\$1,474	\$827	\$2,301
Construction and utilities		\$1,380	\$649	\$2,029
Personal services		\$396	\$887	\$1,283
Agriculture, fishing, mining		\$478	\$201	\$679

Source: Tourism Economics

# ECONOMIC IMPACTS

## Business sales impacts by industry

**While the majority of sales are in industries directly serving visitors, \$3.9 billion in business sales is happening in finance, insurance and real estate as a result of selling to tourism businesses.**



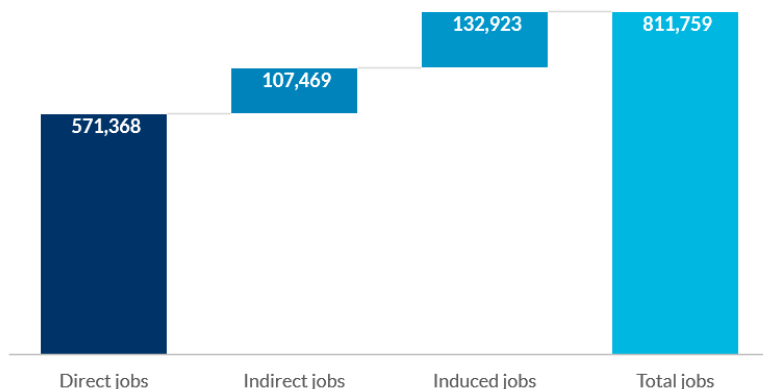
Source: Tourism Economics

# ECONOMIC IMPACTS

## Employment impacts by industry

**Tourism supported a total of 811,759 jobs when indirect and induced impacts are considered.**

### Summary employment impacts (number of jobs)



### Employment impacts by industry

Amounts in number of jobs	Direct jobs	Indirect jobs	Induced jobs	Total jobs
<b>Total, all industries</b>	<b>571,368</b>	<b>107,469</b>	<b>132,923</b>	<b>811,759</b>
<b>By industry</b>				
Food & beverage	223,911	6,651	13,289	243,851
Lodging	110,614	849	1,038	112,500
Other transport	73,298	12,457	3,757	89,512
Recreation and entertainment	80,891	4,933	3,668	89,493
Retail trade	26,499	3,751	23,888	54,139
Business services		39,590	12,067	51,657
Education and healthcare		295	39,127	39,422
Air transport	34,520	198	257	34,975
FIRE	8,162	11,218	8,787	28,166
Personal services		4,649	12,019	16,668
Gasoline stations	13,473	137	795	14,405
Wholesale trade		5,576	5,309	10,885
Manufacturing		5,528	4,055	9,583
Agriculture, fishing, mining		3,810	1,684	5,494
Communications		3,045	1,423	4,468
Construction and utilities		2,969	648	3,617
Government		1,813	1,111	2,924

Source: Tourism Economics



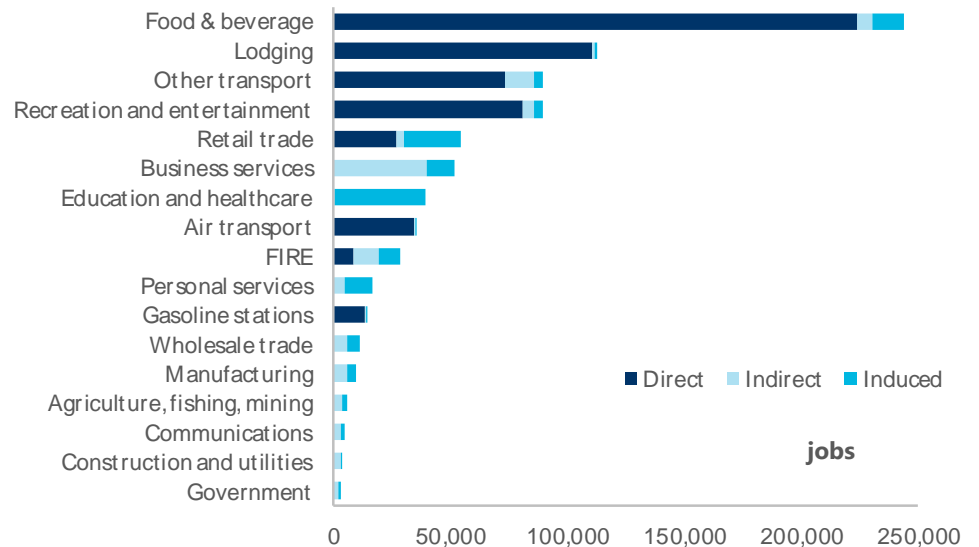
# ECONOMIC IMPACTS

## Employment impacts by industry

**As a labor-intensive collection of services, tourism-related sectors represent significant employment to New York.**

**The nearly 812,000 jobs supported by New York tourism span every sector of the economy, either directly or indirectly.**

### Employment impacts by industry



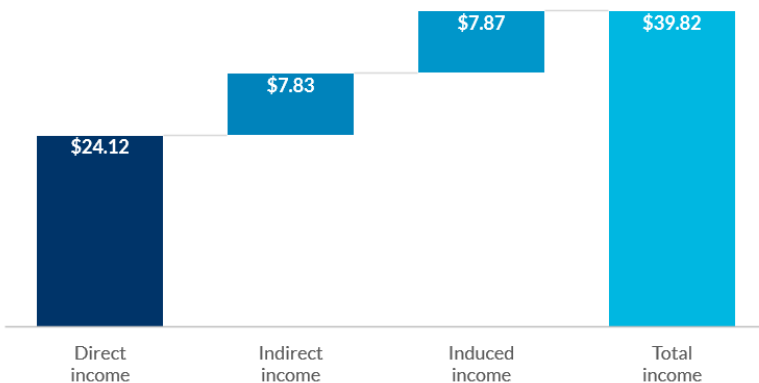
Source: Tourism Economics

# ECONOMIC IMPACTS

## Personal income impacts by industry

**Tourism generated \$24.1 billion in direct income and \$39.8 billion when indirect and induced impacts are considered.**

### Summary personal income impacts (\$ billions)



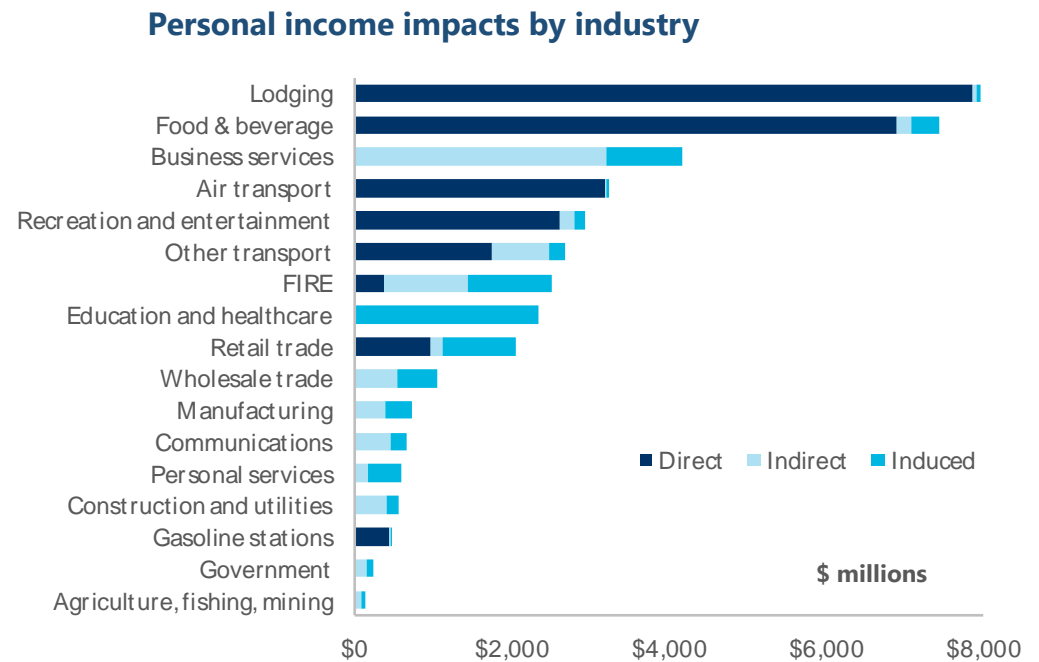
## Personal income impacts by industry

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
<b>Total, all industries</b>	<b>\$24,120</b>	<b>\$7,830</b>	<b>\$7,866</b>	<b>\$39,815</b>
<b>By industry</b>				
Lodging	\$7,875	\$48	\$56	\$7,978
Food & beverage	\$6,911	\$178	\$356	\$7,445
Business services		\$3,205	\$964	\$4,169
Air transport	\$3,191	\$19	\$24	\$3,233
Recreation and entertainment	\$2,605	\$199	\$135	\$2,940
Other transport	\$1,752	\$730	\$202	\$2,684
FIRE	\$366	\$1,082	\$1,058	\$2,507
Education and healthcare		\$14	\$2,319	\$2,333
Retail trade	\$971	\$149	\$939	\$2,059
Wholesale trade		\$542	\$516	\$1,057
Manufacturing		\$398	\$336	\$735
Communications		\$453	\$213	\$666
Personal services		\$171	\$420	\$591
Construction and utilities		\$401	\$166	\$567
Gasoline stations	\$449	\$4	\$25	\$478
Government		\$145	\$86	\$231
Agriculture, fishing, mining		\$91	\$51	\$142

Source: Tourism Economics

# ECONOMIC IMPACTS

Personal income impacts by industry



Source: Tourism Economics

# ECONOMIC IMPACTS

## Fiscal (tax) impacts

**Visitor spending, visitor supported jobs, and business sales generated \$19.3 billion in governmental revenues.**

Visitor generated taxes, totaling \$19.3 billion, increased 3.1% over the prior year.

Each household in New York would need to be taxed an additional \$1,248 to replace the visitor taxes received by the state and local governments in 2019.

## Fiscal (tax) impacts

Amounts in millions of current dollars

	Total
<b>Total</b>	<b>\$19,299</b>
<b>Federal</b>	<b>\$10,165</b>
Personal income	\$3,637
Corporate	\$1,700
Indirect business	\$763
Social insurance	\$4,065
<b>State and Local</b>	<b>\$9,134</b>
Sales	\$2,766
Personal income	\$1,573
Corporate	\$1,810
Social insurance	\$147
Excise and fees	\$364
Property	\$2,475

Source: Tourism Economics

# ECONOMIC IMPACTS

## Fiscal (tax) impacts

Visitors generated just over \$4.0 billion in state taxes, increasing 3.0% year-over-year. Local visitor-supported taxes, sustained mainly through sales and property taxes, registered \$5.1 billion, and increased 2.0% in 2019.

### Fiscal (tax) impacts

Amounts in millions of current dollars						2019
	2015	2016	2017	2018	2019	growth
<b>State Tax Subtotal</b>	<b>\$ 3,498.3</b>	<b>\$3,614.8</b>	<b>\$3,719.4</b>	<b>\$3,917.0</b>	<b>\$4,035.6</b>	<b>3.0%</b>
Corporate	\$ 674.2	\$ 692.4	\$ 708.0	\$ 747.6	\$ 765.8	2.4%
Personal Income	\$ 1,069.9	\$ 1,118.6	\$ 1,154.6	\$ 1,209.9	\$ 1,260.1	4.2%
Sales	\$ 1,439.9	\$ 1,478.8	\$ 1,517.5	\$ 1,602.4	\$ 1,641.4	2.4%
Excise and Fees	\$ 192.2	\$ 197.4	\$ 204.8	\$ 216.3	\$ 221.6	2.4%
State Unemployment	\$ 122.0	\$ 127.6	\$ 134.4	\$ 140.9	\$ 146.7	4.2%
<b>Local Tax Subtotal</b>	<b>\$ 4,505.1</b>	<b>\$4,614.2</b>	<b>\$4,797.7</b>	<b>\$5,000.2</b>	<b>\$5,098.6</b>	<b>2.0%</b>
Corporate	\$ 896.3	\$ 920.5	\$ 965.4	\$ 1,019.5	\$ 1,044.3	2.4%
Personal Income	\$ 238.4	\$ 249.2	\$ 286.5	\$ 300.2	\$ 312.7	4.2%
Sales	\$ 959.9	\$ 985.9	\$ 1,039.5	\$ 1,097.7	\$ 1,124.4	2.4%
Property	\$ 2,286.8	\$ 2,331.6	\$ 2,374.5	\$ 2,443.7	\$ 2,474.6	1.3%
Excise and fees	\$ 123.6	\$ 127.0	\$ 131.7	\$ 139.1	\$ 142.5	2.4%

Source: Tourism Economics

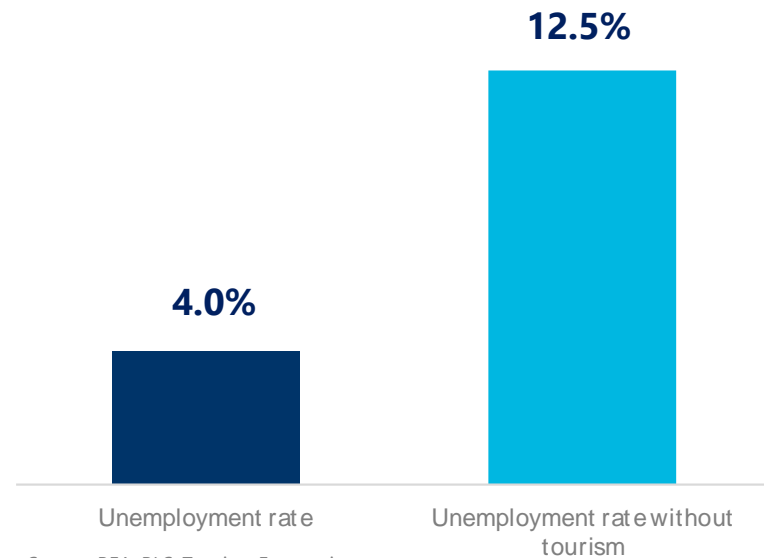
# **ECONOMIC IMPACTS IN CONTEXT**

# ECONOMIC IMPACTS IN CONTEXT

## Visitor-generated employment

In 2019, the unemployment rate was 4.0%. Without jobs supported by visitors, the unemployment rate would more than triple to 12.5%.

### Unemployment with and without the visitor economy



Source: BEA; BLS; Tourism Economics

# ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context



**\$73.6  
BILLION**

## VISITOR SPENDING

The \$73.6 billion in visitor spending means that almost \$202 million was spent EVERY DAY by visitors in New York.



**\$39.8  
BILLION**

## PERSONAL INCOME

The \$39.8 billion in total income generated by tourism is the equivalent of \$5,400 for every household in New York.



**\$9.1  
BILLION**

## STATE AND LOCAL TAXES

Each household in New York would need to be taxed an additional \$1,248 to replace the visitor taxes received by the state and local governments in 2019.



# ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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