

ECONOMIC IMPACT OF VISITORS IN NEW YORK 2020



WWW.TOURISMECONOMICS.COM

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. How critical? Even in 2020, visitor spending neared \$34 billion.

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
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to New York based on aviation, survey, and credit card information

KEY FINDINGS

KEY FINDINGS

The pandemic affected 2020 visitor activity

The 2020 losses from the pandemic hit the tourism industry hard. Visitor spending declined by more than half, and these losses cut about a third of jobs in the industry.



Pandemic affects results

Visitor spending declined 53.9% in 2020, registering nearly \$34 billion. Including indirect and induced impacts, total business sales measured \$59.1 billion.



Hotel Indicators

Hotel room demand declined 50.5% in 2020. Coupled with an ADR decline of 35.8%, hotel room revenue declined 68.3% year-over-year.



Fiscal Contributions

Tourism in New York generated \$12.6 billion in tax revenues in 2020, with \$5.9 billion accruing to state and local governments.

VISITOR ECONOMY TRENDS

VISITOR SPENDING TRENDS

COVID-19 pandemic closures and restrictions cut visitation and spending

The 2020 visitor and visitor spending results have been severely impacted by the pandemic. Both the limitations and restrictions to mobility, as well as economic disruptions, hit travel hard.

But travel did happen in 2020. With travel limited, overnight visitors stayed longer when they did travel and travel party sizes grew as more families traveled together.

Losses to businesses and residents were significant; however, the pandemic has highlighted tourism's importance to the state and underscores the potential once normalcy returns.

New York total visitor spending

Amounts in billions of nominal dollars



Source: Tourism Economics

SPENDING DETAILS

Spending by category, 2020

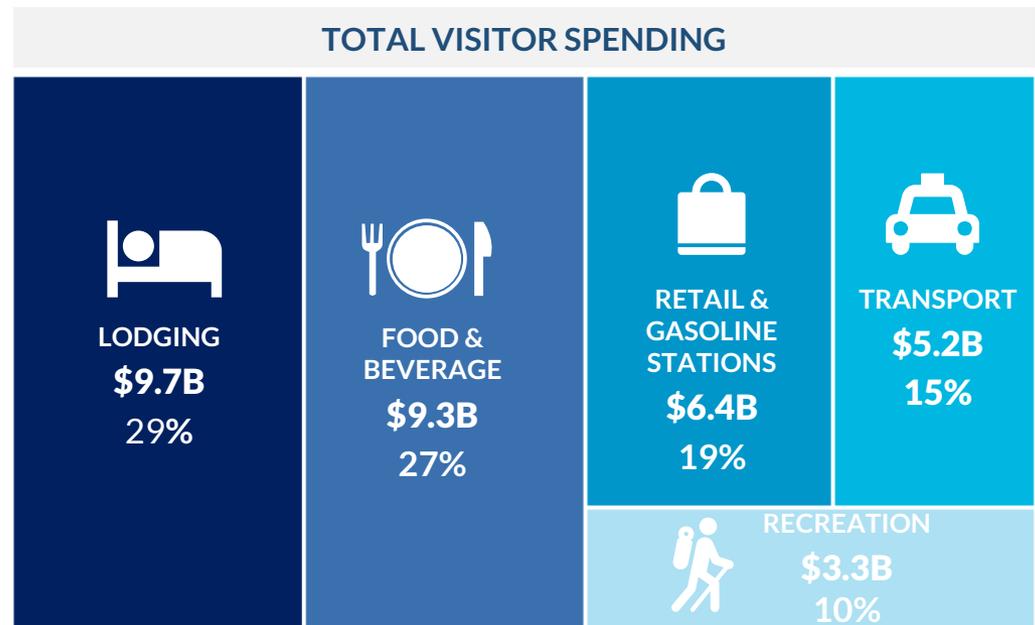
Visitors to New York spent **\$33.9 billion** across a wide range of sectors in 2020

Of the \$33.9 billion spent in New York in 2020 by visitors, lodging spending captured \$9.7 billion—28% of the average visitor dollar.

Food and beverage purchases captured 27 cents of each visitor dollar, a total of \$9.3 billion.

Retail, including spending at service stations, comprised 19% of the average visitor dollar, with combined air and local transportation spending averaging 15% of the visitor dollar.

Recreational spending tallied \$3.3 billion in 2020—10% of each visitor dollar.



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

SPENDING TIMELINE

Visitor spending timeline

Visitor spending declined by 53.9% in 2020, a direct result of the pandemic. However, as 2020 travel became more leisure and family-oriented overall, spending sectors with more reliance on those segments declined less. For example, food and beverage spending declined 47.8%.

Lodging spending was hit particularly hard by the pandemic as lower prices and fewer rooms rented led to a decline of 54.7% in lodging spending.

Lower gas prices coupled with less spending on car rentals and the severe decline in air travel resulted in the transportation spending category suffering a 61.8% decline.

Visitor Spending in New York

Amounts in billions of nominal dollars and growth rates

	2016	2017	2018	2019	2020	2020 Growth	CAGR 2016-2020
Total visitor spending	\$64.79	\$67.63	\$71.82	\$73.62	\$33.94	-53.9%	-14.9%
Lodging*	\$19.33	\$19.96	\$21.21	\$21.39	\$9.69	-54.7%	-15.9%
Food & beverages	\$15.37	\$16.17	\$17.14	\$17.86	\$9.32	-47.8%	-11.8%
Transportation**	\$12.72	\$12.71	\$13.24	\$13.72	\$5.24	-61.8%	-19.9%
Retail & Service Stations	\$10.91	\$12.03	\$13.15	\$13.35	\$6.40	-52.1%	-12.5%
Recreation	\$6.45	\$6.77	\$7.08	\$7.31	\$3.30	-54.8%	-15.5%

* Lodging includes 2nd home spending

** Transportation includes both ground and air transportation

Source: Tourism Economics

VISITOR SPENDING

Spending segments

Domestic visitor spending mitigated the losses experienced by New York in 2020. As international inbound travel was severely restricted in 2020, significant declines were felt across the country both in terms of visitation and spending.

Visitor Spending by Market

Amounts in billions of nominal dollars

	2016	2017	2018	2019	2020	2020 Growth
Total visitor spending	\$64.79	\$67.63	\$71.82	\$73.62	\$33.94	-53.9%
Domestic	\$45.57	\$47.22	\$51.27	\$52.97	\$29.79	-43.8%
Canada	\$1.46	\$1.56	\$1.60	\$1.42	\$0.40	-71.7%
Overseas	\$17.75	\$18.86	\$18.95	\$19.22	\$3.75	-80.5%

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 model 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.

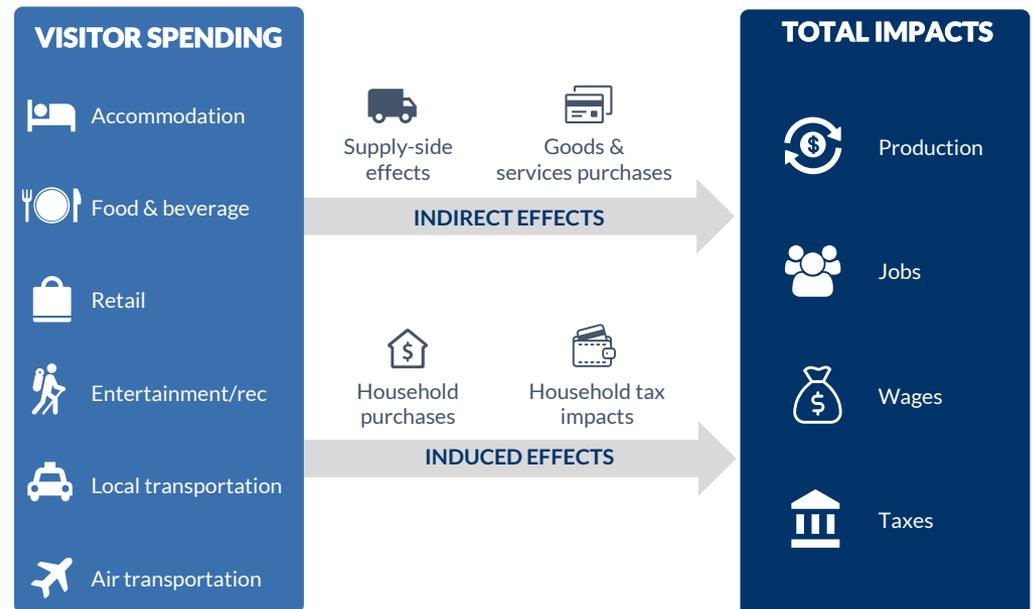
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN 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



TOTAL BUSINESS SALES IMPACTS

Business sales impacts by industry

Visitor spending registered \$33.9 billion in 2020. Including indirect and induced impacts, tourism activity supported \$59.1 billion in business sales in New York.

Summary economic impacts (\$ billions)



Business sales impacts by industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
Total, all industries	\$33,941	\$12,193	\$12,919	\$59,053
By industry				
Food & beverage	\$9,323	\$261	\$520	\$10,104
Finance, insurance, and real estate	\$2,167	\$3,304	\$2,697	\$8,169
Lodging	\$7,518	\$54	\$64	\$7,637
Retail trade	\$3,925	\$207	\$1,300	\$5,432
Business services		\$3,349	\$960	\$4,309
Recreation and entertainment	\$3,298	\$167	\$135	\$3,600
Other transport	\$2,481	\$762	\$267	\$3,511
Air transport	\$2,756	\$21	\$27	\$2,804
Gasoline stations	\$2,472	\$6	\$37	\$2,514
Education and healthcare		\$13	\$2,075	\$2,088
Manufacturing		\$1,076	\$956	\$2,032
Government		\$286	\$1,679	\$1,965
Wholesale trade		\$747	\$749	\$1,496
Communications		\$767	\$468	\$1,235
Construction and utilities		\$718	\$367	\$1,085
Personal services		\$206	\$502	\$708
Agriculture, fishing, mining		\$249	\$114	\$363

Source: Tourism Economics

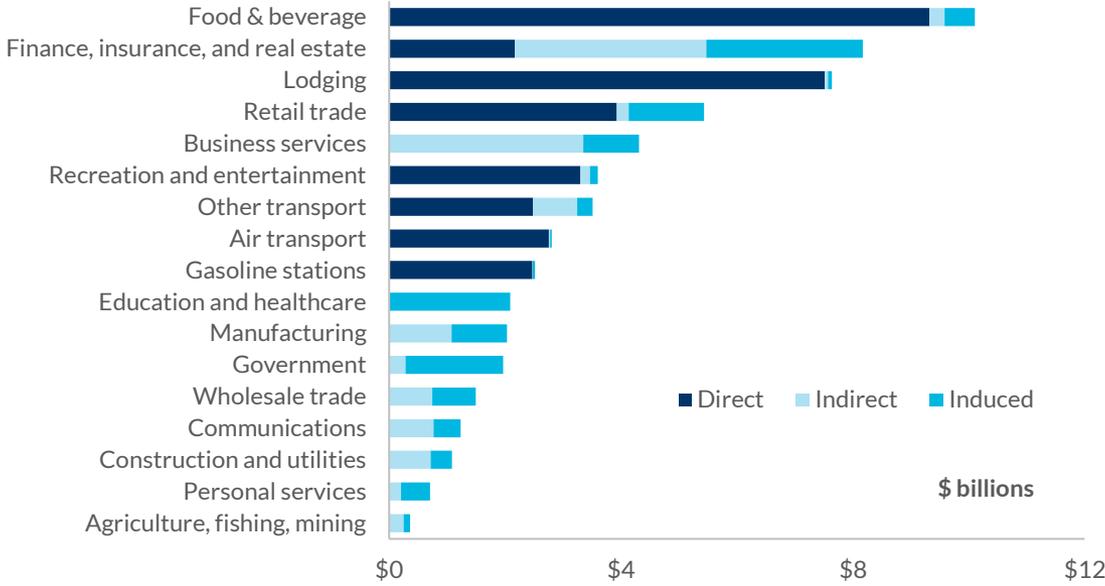
TOTAL BUSINESS SALES IMPACTS

Business sales impacts by industry

The indirect and induced effects add a total of \$25.1 billion in sales to businesses located in New York. This includes \$6.0 billion in sales supported by visitor activity but not by visitors to finance, insurance and real estate businesses.

Significant benefits also accrue in sectors like business services, education & health care, and manufacturing from selling to tourism businesses and employees.

Business sales impacts by industry



Source: Tourism Economics

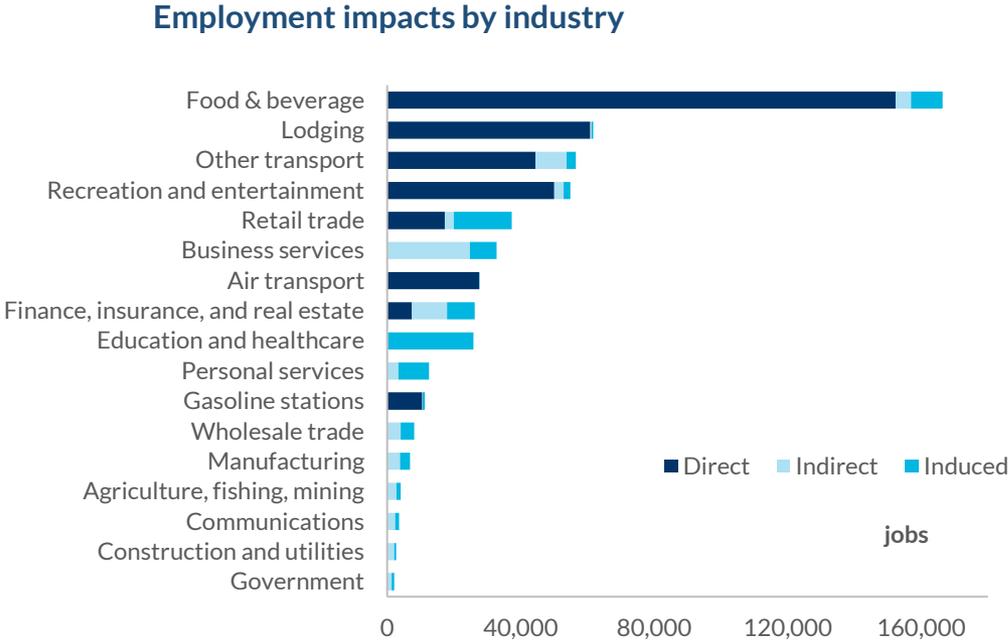
TOTAL EMPLOYMENT IMPACTS

Employment impacts by industry

Visitor spending supports the largest number of jobs in the food & beverage industry—166,433. The majority of those jobs are directly supported by visitor activity.

Tourism-supported employment in lodging businesses provided nearly 62,000 jobs to New York job holders with recreational employment registering 54,915 jobs in the state in 2020.

Just over 75,850 New York-based jobs were indirectly supported by visitor activity in 2020.



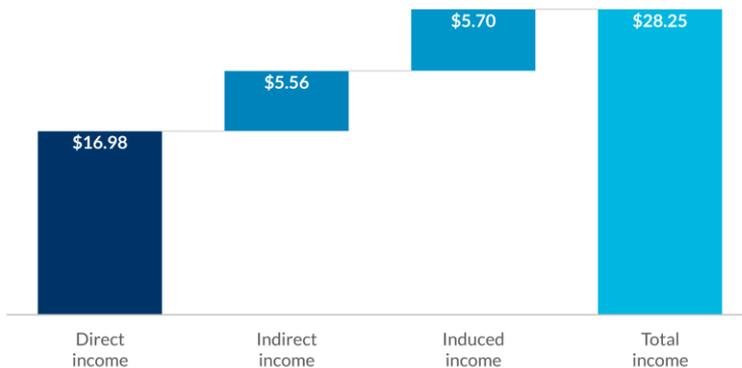
Source: Tourism Economics

TOTAL INCOME IMPACTS

Personal income impacts by industry

Tourism generated \$17.0 billion in direct income and \$28.2 billion when indirect and induced impacts are considered. These wages and benefits are paid to people whose jobs are located in New York.

Summary personal income impacts (\$ billions)



Personal income impacts by industry

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$16,984	\$5,563	\$5,699	\$28,246
By industry				
Food & beverage	\$4,848	\$124	\$251	\$5,224
Lodging	\$5,054	\$23	\$27	\$5,104
Business services		\$1,997	\$628	\$2,625
Air transport	\$2,595	\$9	\$13	\$2,617
Finance, insurance, and real estate	\$340	\$1,011	\$993	\$2,343
Other transport	\$1,439	\$539	\$151	\$2,129
Recreation and entertainment	\$1,689	\$111	\$75	\$1,875
Education and healthcare		\$9	\$1,511	\$1,520
Retail trade	\$659	\$106	\$678	\$1,443
Wholesale trade		\$396	\$390	\$785
Communications		\$363	\$175	\$538
Manufacturing		\$280	\$244	\$523
Personal services		\$125	\$317	\$442
Construction and utilities		\$293	\$125	\$418
Gasoline stations	\$361	\$4	\$20	\$384
Government		\$106	\$64	\$170
Agriculture, fishing, mining		\$67	\$39	\$105

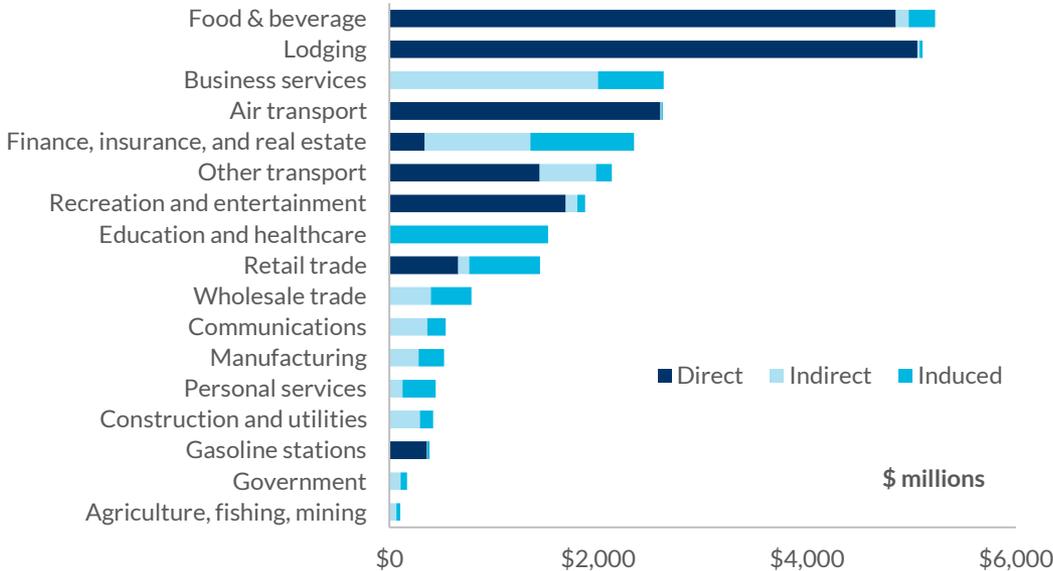
Source: Tourism Economics

TOTAL INCOME IMPACTS

Personal income impacts by industry

There are nine industries in which visitor activity supports \$1 billion or more in personal income. These range from the obvious—food & beverages and lodging, to the less obvious—business services and education & health care.

Personal income impacts by industry



Source: Tourism Economics

TOTAL TAX IMPACTS

Fiscal (tax) impacts

Visitor spending, visitor supported jobs, and business sales generated \$12.6 billion in governmental revenues.

Visitor generated taxes, totaling \$12.6 billion, declined 34.9% from the prior year.

Each household in New York would need to be taxed an additional \$801 to replace the visitor taxes received by the state and local governments in 2020.

Fiscal (tax) impacts

Amounts in millions of current dollars

	Total
Total	\$12,562
Federal	\$6,701
Personal income	\$2,580
Corporate	\$853
Indirect business	\$383
Social insurance	\$2,883
State and Local	\$5,862
Sales	\$1,389
Personal income	\$1,116
Corporate	\$909
Social insurance	\$104
Excise and fees	\$202
Property	\$2,142

Source: Tourism Economics

TOTAL TAX IMPACTS

Fiscal (tax) impacts

Visitors generated \$2.3 billion in state taxes, a decline of 43.2% year-over-year. Local visitor-supported taxes, sustained mainly through sales and property taxes, registered \$3.5 billion.

Fiscal (tax) impacts

Amounts in millions of current dollars						2020
	2016	2017	2018	2019	2020	growth
State Tax Subtotal	\$ 3,614.8	\$ 3,719.4	\$ 3,917.0	\$ 4,035.6	\$ 2,329.6	-42.3%
Corporate	\$ 692.4	\$ 708.0	\$ 747.6	\$ 765.8	\$ 384.6	-49.8%
Personal Income	\$ 1,118.6	\$ 1,154.6	\$ 1,209.9	\$ 1,260.1	\$ 893.9	-29.1%
Sales	\$ 1,478.8	\$ 1,517.5	\$ 1,602.4	\$ 1,641.4	\$ 824.3	-49.8%
Excise and Fees	\$ 197.4	\$ 204.8	\$ 216.3	\$ 221.6	\$ 122.7	-44.6%
State Unemployment	\$ 127.6	\$ 134.4	\$ 140.9	\$ 146.7	\$ 104.1	-29.1%
Local Tax Subtotal	\$ 4,614.2	\$ 4,797.7	\$ 5,000.2	\$ 5,098.6	\$ 3,532.0	-30.7%
Corporate	\$ 920.5	\$ 965.4	\$ 1,019.5	\$ 1,044.3	\$ 524.4	-49.8%
Personal Income	\$ 249.2	\$ 286.5	\$ 300.2	\$ 312.7	\$ 221.8	-29.1%
Sales	\$ 985.9	\$ 1,039.5	\$ 1,097.7	\$ 1,124.4	\$ 564.6	-49.8%
Property	\$ 2,331.6	\$ 2,374.5	\$ 2,443.7	\$ 2,474.6	\$ 2,142.2	-13.4%
Excise and fees	\$ 127.0	\$ 131.7	\$ 139.1	\$ 142.5	\$ 78.9	-44.6%

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context



**\$33.9
BILLION**

VISITOR SPENDING

Despite the decline in visitor spending, \$33.9 billion in visitor spending means that almost \$93 million was still spent EVERY DAY by visitors in New York.



**\$39.7
BILLION**

VISITOR SPENDING LOSSES

The \$39.7 billion in visitor spending losses in 2020 is similar in size to New York's share of the \$2 trillion stimulus package passed by Congress in 2020.



**\$28.2
BILLION**

PERSONAL INCOME

The \$28.2 billion in total income generated by tourism is the equivalent of \$3,850 for every household in New York.



**\$5.9
BILLION**

STATE AND LOCAL TAXES

Each household in New York would need to be taxed an additional \$801 to replace the visitor taxes received by the state and local governments in 2020.

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.

For more information:

info@tourismeconomics.com