

# ECONOMIC IMPACT OF VISITORS IN NORTH CAROLINA 2021

October 2022

Prepared for: Visit North Carolina



# CONTENTS

<b>Introduction</b> Methodology & data sources	<b>03</b>
<b>Key Findings</b> Summary economic & fiscal impacts	<b>05</b>
<b>Traveler economy</b> Trends in traveler-related demand	<b>06</b>
<b>Economic Impact Methodology</b> Impact model framework	<b>07</b>
<b>Economic Impact Findings</b> Business sales, value added, jobs, and labor income impacts	<b>08</b>
<b>Fiscal Impacts</b> Federal and state & local tax revenues	<b>12</b>
<b>Economic Impacts in Context</b> Adding context to the economic impact results	<b>13</b>
<b>Appendix</b>	<b>14</b>



## INTRODUCTION

# PROJECT BACKGROUND

The travel sector is an integral part of the North Carolina economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the state's future. How critical? In 2021, tourism-supported jobs accounted for 6.6% of all jobs in the state.

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 North Carolina as it builds upon its tourism economy.

## METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of North Carolina. The model traces the flow of visitor-related expenditures through the state's 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.

Visitors included those who stayed in overnight accommodations or those who came from a distance greater than 50 miles and deviated from their normal routine.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the 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.

By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the significance of the visitor economy in North Carolina, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

The analysis draws on the following data sources:

- OmniTrak: survey data, including spending and visitor profile characteristics for visitors to North Carolina
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR, AirDNA, and Key Data: lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels and short-term rentals
- Tax collections: Lodging and sales tax receipts
- U.S. Energy Information Administration: gasoline price data
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to North Carolina based on aviation, survey, and credit card information



# ECONOMIC IMPACTS

## KEY FINDINGS

### DIRECT TOURISM DEMAND

In 2021, direct tourism demand tallied \$33.2 billion across the North Carolina economy. This includes visitor spending by both domestic and international visitors along with capital spending expenditures in support of visitor activity, governmental spending in support of tourism, and personal consumption spending for support of seasonal homes.

### TOTAL ECONOMIC IMPACT

The \$33.2 billion of direct tourism demand generated a total economic impact of \$50.2 billion in North Carolina in 2021 including indirect and induced impacts. This total economic impact sustained nearly 410,000 jobs and generated \$4.1 billion in state and local tax revenues in 2021.



## \$50.2 BILLION

Total Economic Impact of Tourism in North Carolina in 2021



## \$33.2B

Direct Tourism Demand



## \$50.2B

Total Economic Impact



## 410,000

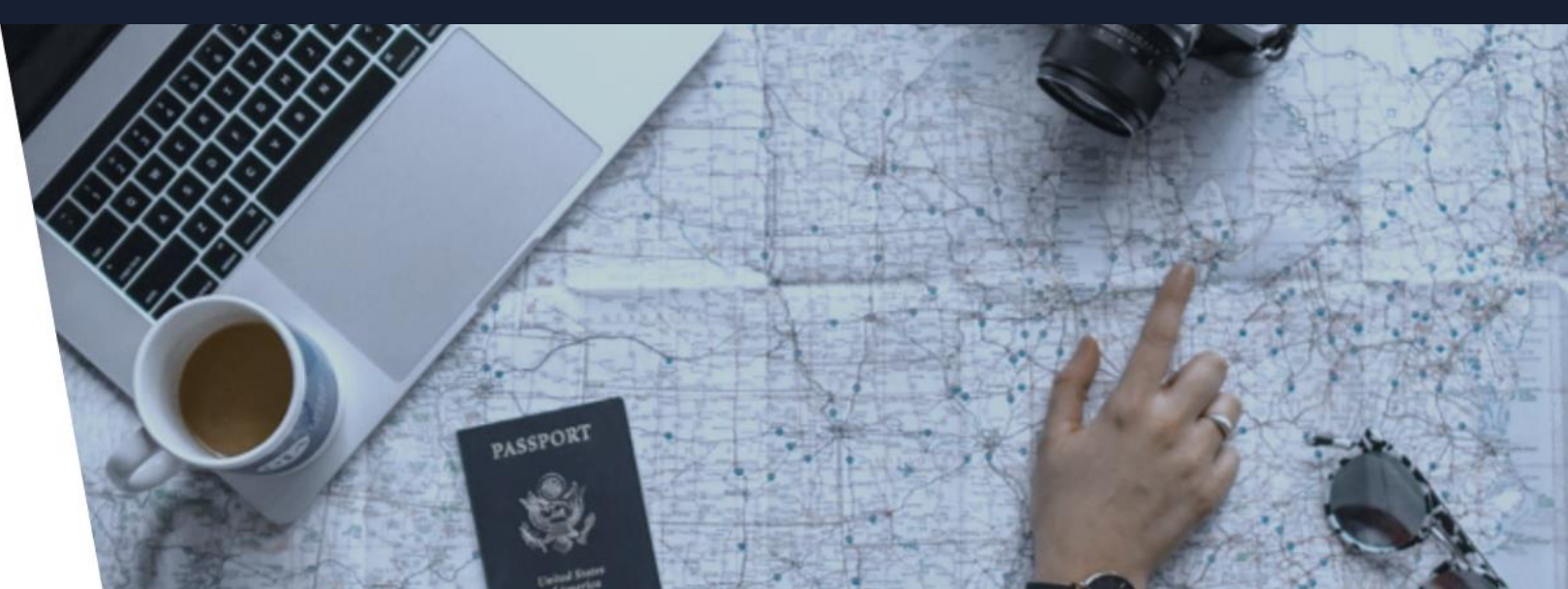
Total Jobs Generated



## \$4.1B

State & Local Taxes Generated



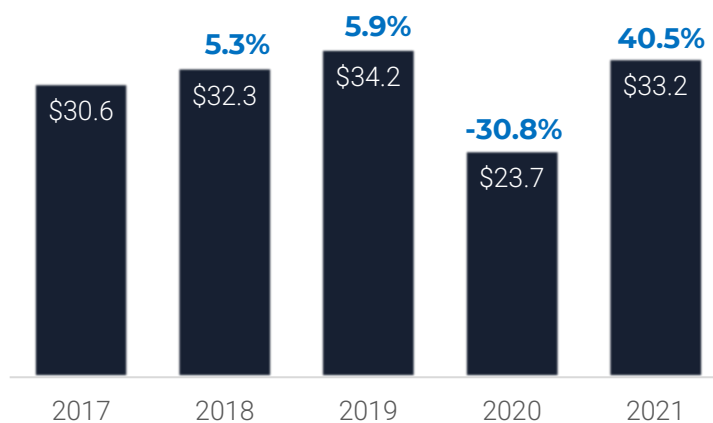


## VISITOR ECONOMY & TOURISM DEMAND

Following the sharp contraction of 2020, the North Carolina travel economy bounced back in 2021. With COVID concerns waning and attractions and events undoing restrictions on attendance, travel recovered from pandemic-influenced lows.

### North Carolina travel-related expenditures

Amounts in \$ billions



Source: Tourism Economics

## VISITOR ECONOMY TRENDS

Traveler demand increased 40.5% in 2021, a bounce back after the significant decline in 2020. Overall traveler demand reached \$33.2 billion in 2021. The recovery was predominantly led by domestic spending and non-visitor PCE, representing tourism consumer durables such as an RV, boat, or furniture for a vacation home, which grew by 43.1% and 44.9%, respectively.

International visitor spending rose 23.4% to \$243 million in 2021 but remains only about one-quarter of its 2019 level.

Capital investment in support of tourism grew to \$1.4 billion in 2021, an increase of 2.8%. Growth in governmental support of tourism was 7.2% in 2021.

### North Carolina tourism demand

Amounts in \$ millions, 2021 percent change and percent recovered relative to 2019

	2017	2018	2019	2020	2021	2021 Growth	% relative to 2019
<b>Tourism Demand</b>	<b>\$30,642</b>	<b>\$32,276</b>	<b>\$34,186</b>	<b>\$23,656</b>	<b>\$33,236</b>	<b>40.5%</b>	<b>97.2%</b>
Domestic	\$26,753	\$28,134	\$29,698	\$21,384	\$30,610	43.1%	103.1%
International	\$940	\$940	\$952	\$197	\$243	23.4%	25.5%
Non-visitor PCE	\$925	\$952	\$988	\$575	\$833	44.9%	84.3%
Government Support	\$208	\$218	\$233	\$178	\$191	7.2%	81.9%
Capital Investment	\$1,816	\$2,032	\$2,315	\$1,322	\$1,359	2.8%	58.7%

Source: Tourism Economics

## VISITOR ECONOMY DISTRIBUTION

In North Carolina, domestic visitor markets increased their relative importance to 92.1%, up from 86.9% in 2019.

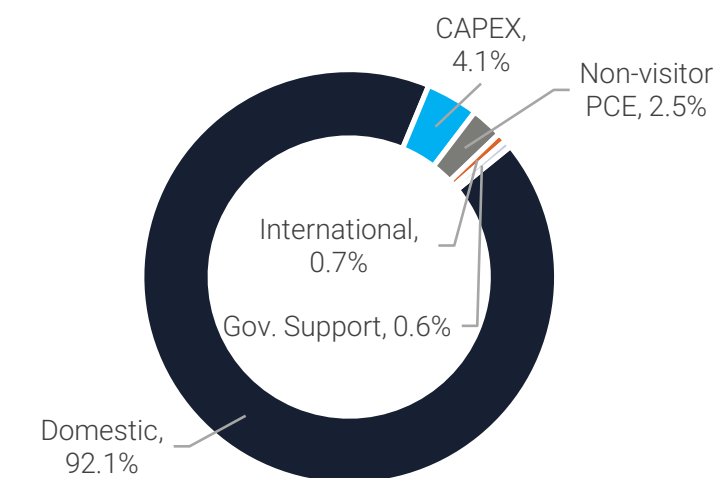
Capital investment in tourism-related construction and machinery & equipment represented 4.1% of all tourism-related demand.

International visitor markets provided 0.7% of demand in 2021. This is down more than two percentage points from 2019.

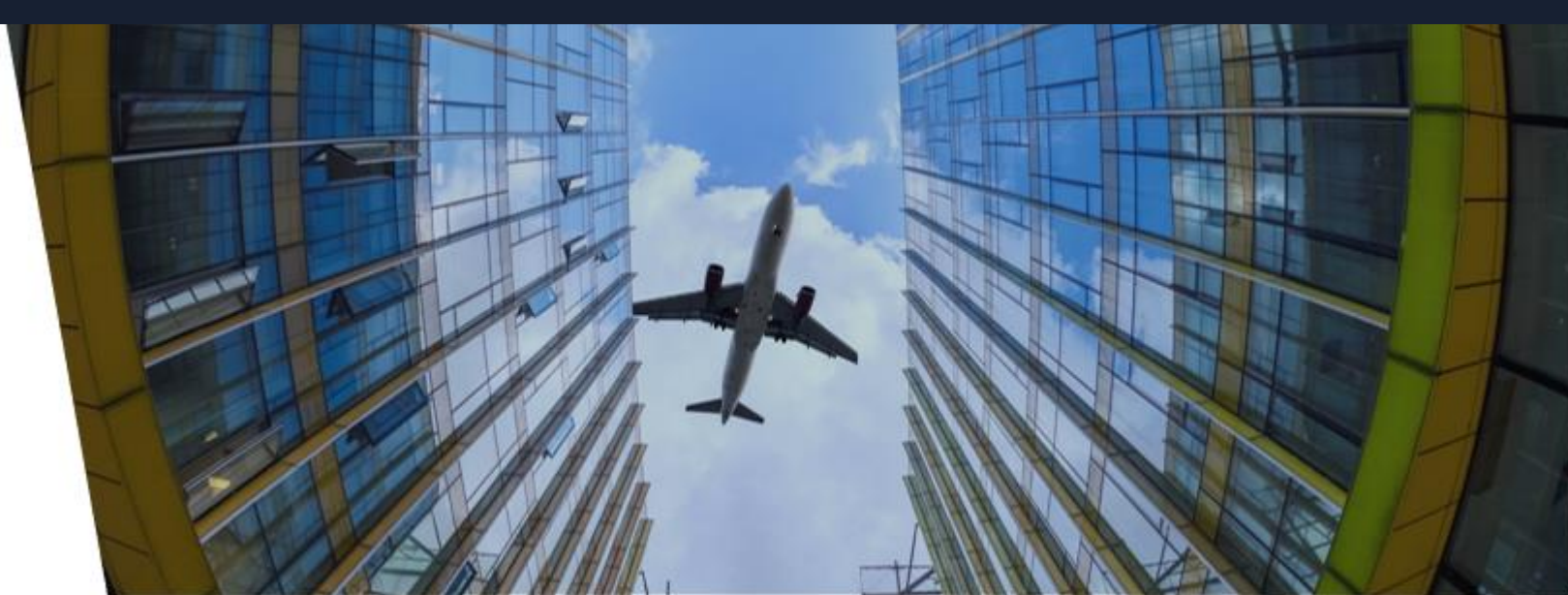
Personal consumption expenditures and government support make up the last 3.1% of North Carolina tourism demand in 2021.

### North Carolina tourism demand

Expressed as percentage of total demand



Source: Tourism Economics



## ECONOMIC IMPACT METHODOLOGY

Our analysis of the North Carolina visitor economy begins with spending by and on behalf of travelers and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the state's economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 1. Direct impacts:** Travel-related spending creates direct economic value within a group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes 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 or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact - direct, indirect, and induced - for a broad set of indicators, including:

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

## ECONOMIC IMPACT FRAMEWORK

### DIRECT IMPACTS

Tourism's contribution measured visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

### INDIRECT IMPACTS

Purchases of inputs from suppliers  
Suppliers' own supply chains



SUPPLY CHAIN EFFECTS



B2B GOODS & SERVICES PURCHASED

### INDUCED IMPACTS

Consumer spending out of employees' wages:



INCOME EFFECT



HOUSEHOLD CONSUMPTION

### TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



GDP



JOBS



INCOME



TAXES



# ECONOMIC IMPACT FINDINGS

## BUSINESS SALES IMPACTS

The travel economy contributed a direct impact of \$33.2 billion in 2021. This direct impact of \$33.2 billion generated \$17.0 billion in indirect and induced impacts, resulting in a total economic impact of \$50.2 billion in the North Carolina economy, 2% below 2019.

Outside of direct impacts, significant benefits accrue in sectors like finance, insurance, and real estate, and business services.

### Summary economic impacts (2021)

Amounts in \$ billions



Source: Tourism Economics

### Business sales impacts by industry (2021)

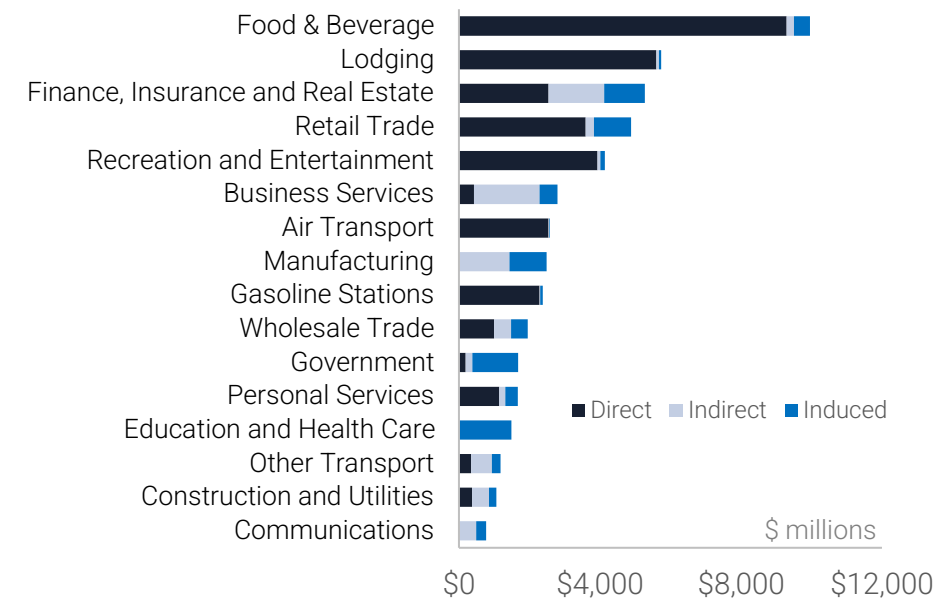
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
<b>Total, all industries</b>	<b>\$33,236</b>	<b>\$8,078</b>	<b>\$8,920</b>	<b>\$50,235</b>
Food & Beverage	\$9,298	\$210	\$452	\$9,960
Lodging	\$5,600	\$69	\$64	\$5,732
Finance, Insurance and Real Estate	\$2,539	\$1,580	\$1,154	\$5,273
Retail Trade	\$3,594	\$233	\$1,057	\$4,884
Recreation and Entertainment	\$3,929	\$84	\$123	\$4,136
Business Services	\$422	\$1,862	\$509	\$2,793
Air Transport	\$2,538	\$18	\$20	\$2,577
Manufacturing		\$1,435	\$1,054	\$2,489
Gasoline Stations	\$2,283	\$17	\$71	\$2,371
Wholesale Trade	\$992	\$486	\$471	\$1,949
Government	\$191	\$188	\$1,294	\$1,673
Personal Services	\$1,144	\$165	\$361	\$1,671
Education and Health Care		\$8	\$1,480	\$1,489
Other Transport	\$338	\$598	\$243	\$1,180
Construction and Utilities	\$368	\$482	\$210	\$1,060
Communications		\$489	\$276	\$765
Agriculture, Fishing, Mining		\$154	\$79	\$234

Source: Tourism Economics

### Visitor economy business sales impacts by industry (2021)

Amounts in \$ millions



Source: Tourism Economics



## VALUE ADDED IMPACTS

The value of all visitor-supported goods and services produced in North Carolina in 2021 for North Carolina visitors was \$24.7 billion, 3.8% of the North Carolina economy.

### Summary value-added impacts (2021)

Amounts in billions of nominal dollars



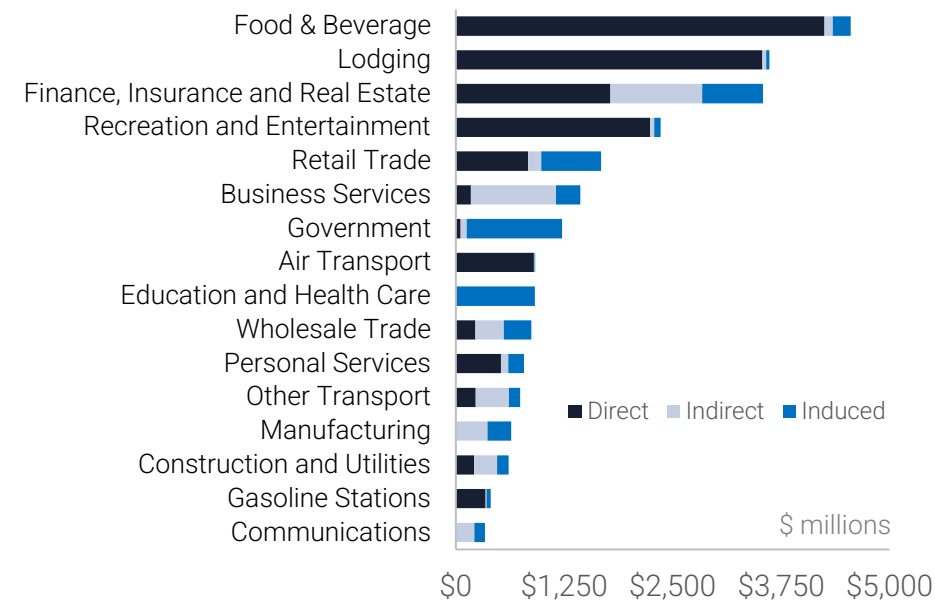
Source: Tourism Economics

The locally produced portion of visitor-supported sales in the finance & real estate industries and the retail industry each added \$3.5 billion and \$1.7 billion to state GDP in 2021, respectively.

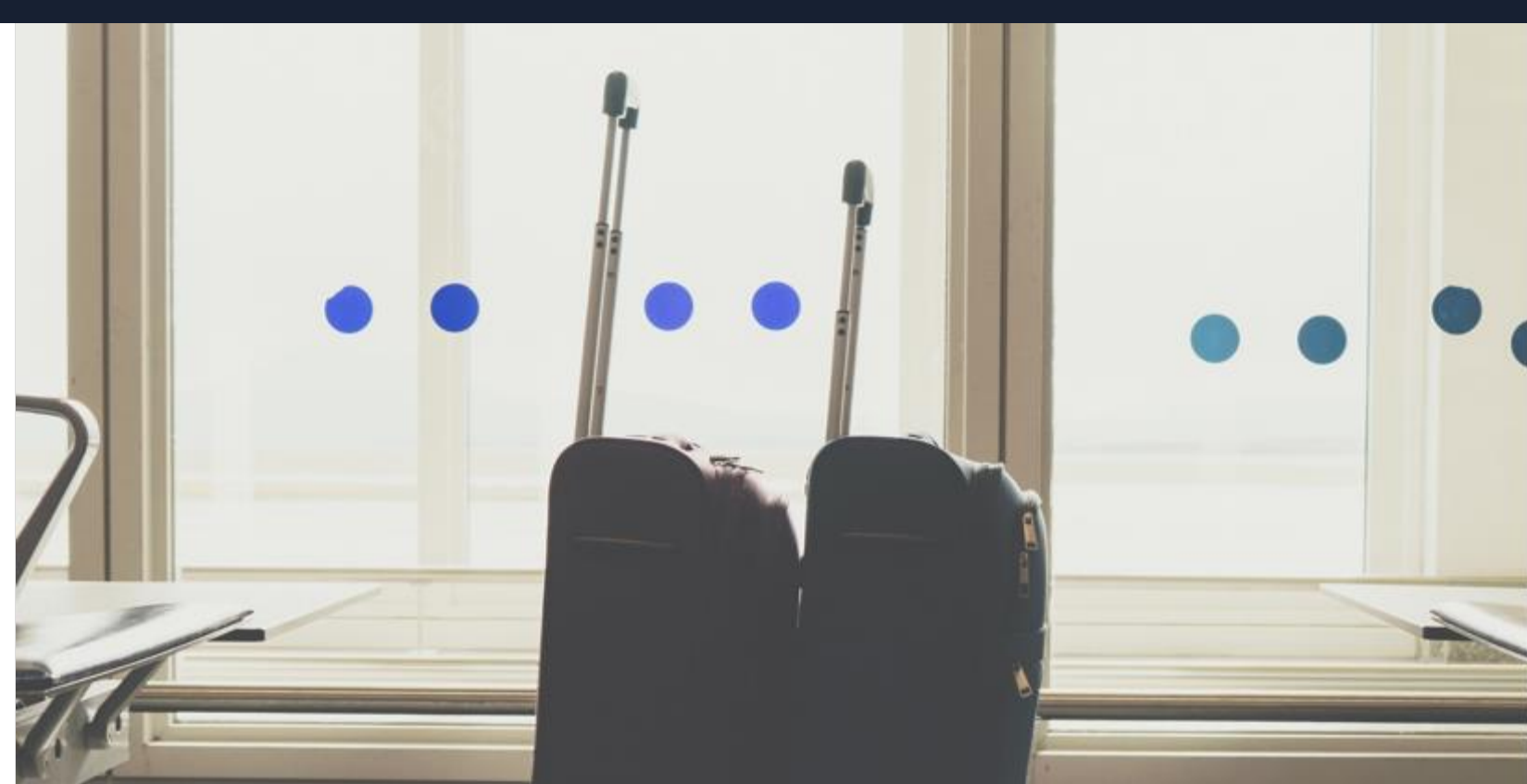
Spending by travel demand-supported workers supported \$907 million in GDP contribution in the education and health care industries, showing how tourism activity supports businesses across the industrial spectrum.

### Visitor value-added impacts by Industry (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics



### Summary value-added impacts by industry (2021)

Amounts in millions of nominal dollars

	Direct GDP	Indirect GDP	Induced GDP	Total GDP
<b>Total, all industries</b>	<b>\$15,303</b>	<b>\$4,152</b>	<b>\$5,229</b>	<b>\$24,685</b>
Food & Beverage	\$4,251	\$96	\$208	\$4,555
Lodging	\$3,535	\$43	\$39	\$3,617
Finance, Insurance and Real Estate	\$1,782	\$1,059	\$704	\$3,545
Recreation and Entertainment	\$2,242	\$47	\$73	\$2,362
Retail Trade	\$835	\$152	\$687	\$1,674
Business Services	\$175	\$981	\$278	\$1,434
Government	\$55	\$72	\$1,098	\$1,226
Air Transport	\$902	\$5	\$6	\$914
Education and Health Care		\$5	\$907	\$912
Wholesale Trade	\$224	\$329	\$319	\$872
Personal Services	\$522	\$82	\$184	\$787
Other Transport	\$228	\$386	\$130	\$744
Manufacturing		\$365	\$271	\$637
Construction and Utilities	\$209	\$268	\$131	\$608
Gasoline Stations	\$342	\$12	\$49	\$403
Communications		\$215	\$122	\$338
Agriculture, Fishing, Mining		\$34	\$23	\$57

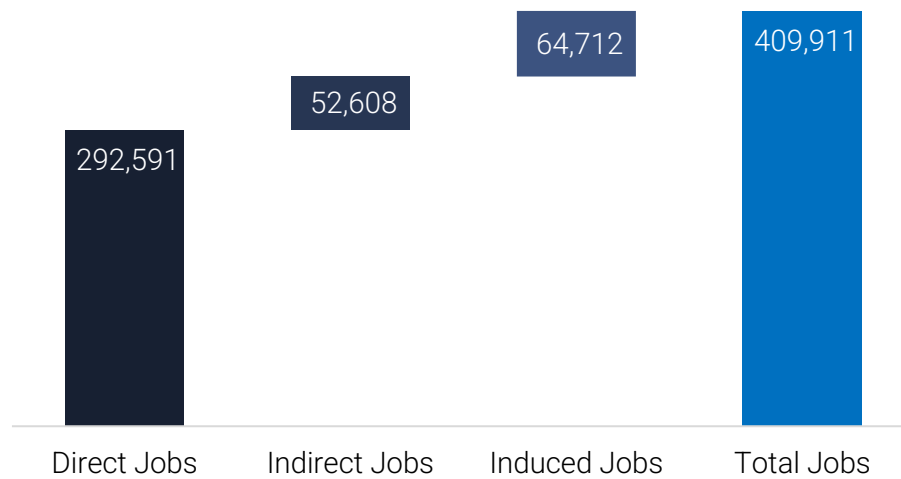
Source: Tourism Economics

# EMPLOYMENT IMPACTS

Travel activity sustained 292,600 direct jobs in 2021, with an additional 117,300 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 409,900 in 2021, one of every 15 jobs in the state.

## Summary employment impacts (2021)

Amounts in number of jobs



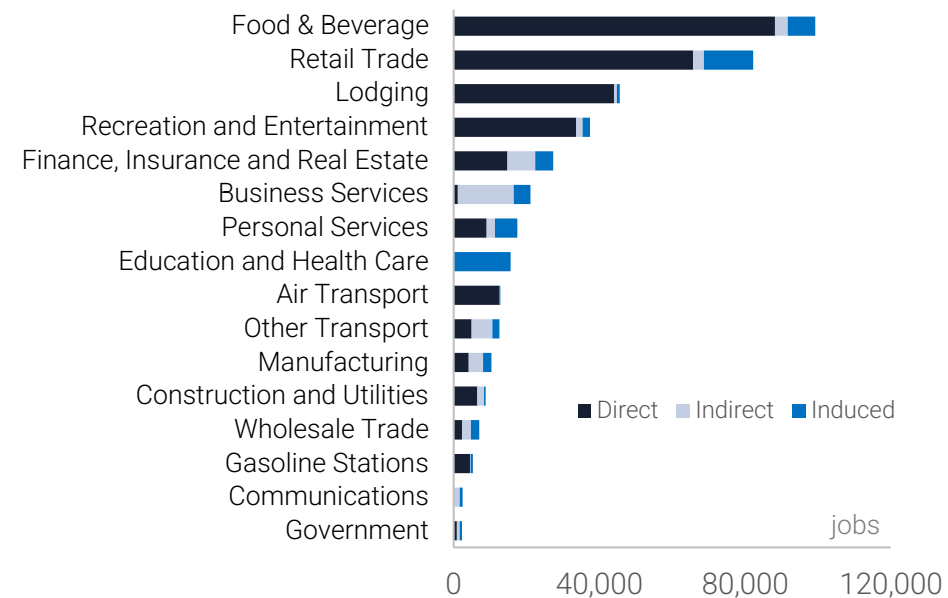
Source: Tourism Economics

The visitor economy supports the largest number of jobs in the food & beverage industry (99,239).

Spending by businesses directly impacted by tourism supports 15,376 jobs in the business services industry – in areas like accounting, advertising, and building services.

## Tourism job impacts by industry (2021)

Amounts in number of jobs



Source: Tourism Economics



## Employment impacts by industry (2021)

Amounts in number of jobs

Industry	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
<b>Total, all industries</b>	<b>292,591</b>	<b>52,608</b>	<b>64,712</b>	<b>409,911</b>
Food & Beverage	88,232	3,516	7,491	99,239
Retail Trade	65,692	3,012	13,559	82,264
Lodging	43,991	859	762	45,612
Recreation and Entertainment	33,668	1,723	2,008	37,400
Finance, Insurance and Real Estate	14,784	7,613	4,965	27,361
Business Services	1,145	15,376	4,555	21,076
Personal Services	9,041	2,286	6,128	17,456
Education and Health Care		110	15,514	15,624
Air Transport	12,679	71	77	12,827
Other Transport	4,954	5,705	1,875	12,535
Manufacturing	4,184	3,909	2,299	10,393
Construction and Utilities	6,514	1,862	410	8,786
Wholesale Trade	2,317	2,401	2,296	7,014
Gasoline Stations	4,518	151	621	5,290
Communications		1,703	757	2,460
Government	871	846	622	2,339
Agriculture, Fishing, Mining		1,463	772	2,235

Source: Tourism Economics

## LABOR INCOME IMPACTS

Traveler activity generated \$9.4 billion in direct labor income and a total of \$14.7 billion when including indirect and induced impacts. Total tourism-generated income in North Carolina in 2021 rose to 97% of its 2019 level.

### Summary labor income impacts (2021)

Amounts in \$ billions

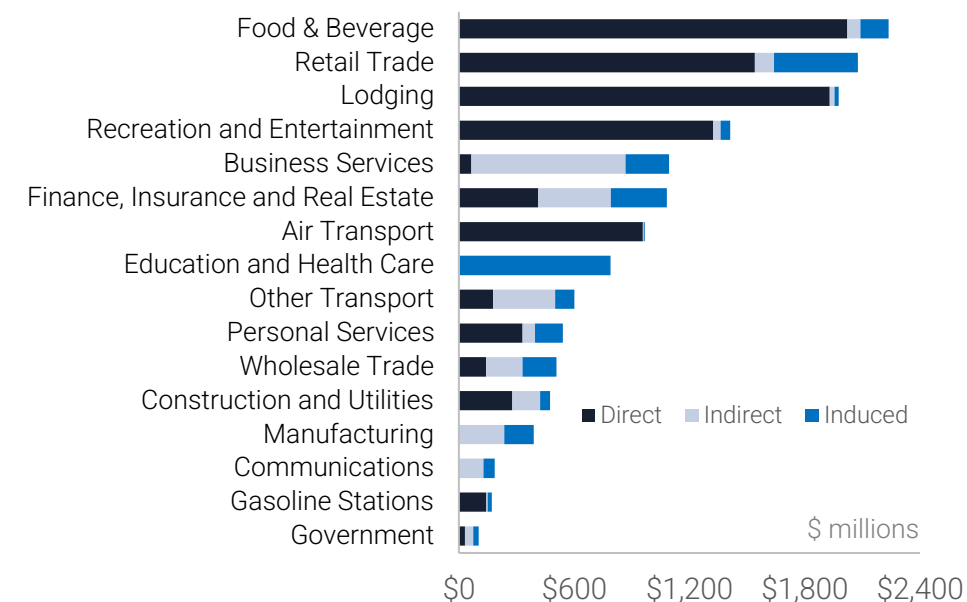


Source: Tourism Economics

There are 11 industries in which visitor activity supports more than \$500 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & healthcare.

### Tourism labor income Impacts by industry (2021)

Amounts in \$ millions



Source: Tourism Economics



### Labor income impacts by industry (2021)

Amounts in \$ millions

Industry	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
<b>Total, all industries</b>	<b>\$9,356</b>	<b>\$2,585</b>	<b>\$2,713</b>	<b>\$14,654</b>
Food & Beverage	\$2,022	\$69	\$145	\$2,237
Retail Trade	\$1,541	\$99	\$436	\$2,076
Lodging	\$1,930	\$25	\$22	\$1,977
Recreation and Entertainment	\$1,323	\$39	\$50	\$1,412
Business Services	\$65	\$803	\$227	\$1,094
Finance, Insurance and Real Estate	\$413	\$378	\$292	\$1,083
Air Transport	\$957	\$5	\$5	\$967
Education and Health Care		\$5	\$784	\$789
Other Transport	\$178	\$324	\$99	\$600
Personal Services	\$331	\$65	\$145	\$541
Wholesale Trade	\$141	\$189	\$178	\$508
Construction and Utilities	\$278	\$144	\$52	\$474
Manufacturing		\$237	\$154	\$390
Communications		\$128	\$57	\$186
Gasoline Stations	\$143	\$5	\$22	\$171
Government	\$32	\$43	\$28	\$104
Agriculture, Fishing, Mining		\$26	\$18	\$44

Source: Tourism Economics

## ECONOMIC IMPACT FINDINGS

### FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$8.2 billion in government revenues.

State and local taxes alone tallied \$4.1 billion in 2021.

Each household in North Carolina would need to be taxed an additional \$1,009 to replace the visitor-generated taxes received by state and local governments in 2021.

#### Fiscal (tax) impacts

Amounts in \$ millions

	2018	2019	2020	2021
<b>Total Tax Revenues</b>	<b>\$7,905</b>	<b>\$8,359</b>	<b>\$6,397</b>	<b>\$8,217</b>
<b>Federal Taxes</b>	<b>\$4,038</b>	<b>\$4,261</b>	<b>\$3,244</b>	<b>\$4,148</b>
Personal Income	\$1,139	\$1,200	\$947	\$1,167
Corporate	\$690	\$730	\$509	\$712
Indirect Business	\$534	\$565	\$394	\$551
Social Security	\$1,675	\$1,766	\$1,394	\$1,718
<b>State and Local Taxes</b>	<b>\$3,866</b>	<b>\$4,098</b>	<b>\$3,153</b>	<b>\$4,068</b>
Sales	\$1,515	\$1,603	\$1,118	\$1,563
Bed Tax	\$285	\$310	\$223	\$332
Personal Income	\$441	\$465	\$367	\$453
Corporate	\$465	\$492	\$343	\$480
Social Unemployment	\$30	\$31	\$25	\$30
Excise and Fees	\$114	\$121	\$84	\$118
Property	\$1,015	\$1,074	\$993	\$1,092

Source: Tourism Economics



# ECONOMIC IMPACTS IN CONTEXT



## **\$33.2B** DIRECT TOURISM DEMAND

The \$33.2 billion in direct tourism demand encompasses visitor spending along with capital spending expenditures, governmental spending, and personal consumption spending in support of tourism.



## **\$14.7B** LABOR INCOME

The \$14.7 billion in total income generated by tourism is the equivalent of \$3,635 for every household in North Carolina.



## **410,000** TOTAL JOBS

The number of jobs sustained by tourism (410,000) supports 6.6% of all jobs in North Carolina.



## **\$4.1B** STATE & LOCAL TAXES

Each household in North Carolina would need to be taxed an additional \$1,009 to replace the visitor taxes received by the state and local governments in 2021.

# APPENDIX

## Glossary – Spending Definitions

Term	Description
<b>Lodging</b>	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals, and similar establishments.
<b>Food and beverage</b>	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores, and other food providers.
<b>Recreation</b>	Includes visitor spending within the arts, entertainment, and recreation sub-sector.
<b>Shopping</b>	Includes visitor spending in all retail sub-sectors within the local economy.
<b>Local transport</b>	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending.
<b>Service stations</b>	Visitor spending on gasoline.
<b>Second homes</b>	Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.

## Glossary – Economic Impact Definitions

Term	Description
<b>Direct Impact</b>	Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discrete group of tourism-related sectors (e.g. recreation, transportation, lodging).
<b>Indirect Impact</b>	Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain).
<b>Induced Impact</b>	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
<b>Employment</b>	Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year.
<b>Labor income</b>	Income (wages, salaries, proprietor income, and benefits) supported by visitor spending.
<b>Value Added (GDP)</b>	The economic enhancement a company gives its products or services before offering them to customers.
<b>Local Taxes</b>	City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses, and other revenues streams of local governmental authorities – from transportation to sanitation to general government.
<b>State Taxes</b>	State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees, and other assessments of state governments.

# 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 destinations 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, London, Frankfurt, Ontario, and Sydney.

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 400 full-time staff, including 300 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

[admin@tourismeconomics.com](mailto:admin@tourismeconomics.com)