

ECONOMIC IMPACT OF VISITORS IN NORTH CAROLINA 2022

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Prepared for: Visit North Carolina



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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. In 2022, tourism-supported jobs accounted for 6.2% 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 North Carolina. 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. Adjustments to model outputs were made to ensure results captured only benefits in the state of North Carolina.

Visitors included those who stayed overnight or traveled more than 50 miles to the destination.

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

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

To quantify the economic significance of the visitor economy in North Carolina, 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.

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 and Private Consumption Expenditures (PCE), 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
- Visit North Carolina: Annual budget data
- Oxford Economics: Construction expenditures by category



INTRODUCTION

TOURISM SATELLITE ACCOUNT

Background

A Tourism Satellite Account, or TSA, was conceived by the UN World Tourism Organization and has since been ratified by the UN, Eurostat, and OECD.

The standard has been adopted by over 80 countries around the world and a growing number of subnational states and regions.

The TSA deals with the challenge of measuring tourism in two important ways:

- Defines the tourism economy
- Provides methodology for measuring the travel economy in a way that is consistent with economic accounts

The entire travel industry is measured within the TSA, including leisure, business, group, transit, and the local spending of outbound travelers.

Total Tourism Demand

Includes all visitor spending plus other spending streams in support of the traveler industry. This includes government spending and capital investment in support of travel.

Tourism Industry GDP

Measures the value of production of “tourism characteristic industries” on behalf of travelers. This concept measures only the direct impact of the travel industry.

Tourism Economic Impact

Measures the full economic impacts of tourism demand, including indirect and induced impacts. This expands on the TSA framework to quantify the downstream impacts of the travel sector.

TRAVELER ECONOMY

The North Carolina traveler economy encompasses both visitor activity along with spending in support of the tourism industry – from private investment in new buildings and machinery to governmental funding for tourism promotion. Total tourism travel demand reached \$37.9 billion in 2022, composed of \$35.3 billion in traveler spending and \$2.6 billion from other government and private investments.

ECONOMIC IMPACTS

KEY FINDINGS

DIRECT TOURISM DEMAND

In 2022, direct tourism demand tallied \$37.9 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 \$37.9 billion of direct tourism demand generated a total economic impact of \$55.2 billion in North Carolina in 2022 including indirect and induced impacts. This total economic impact sustained nearly 415,000 jobs and generated \$4.6 billion in state and local tax revenues in 2022.



\$55.2 BILLION

Total Economic Impact of Tourism in North Carolina in 2022



\$37.9B

Direct Tourism Demand



\$55.2B

Total Economic Impact



414,734

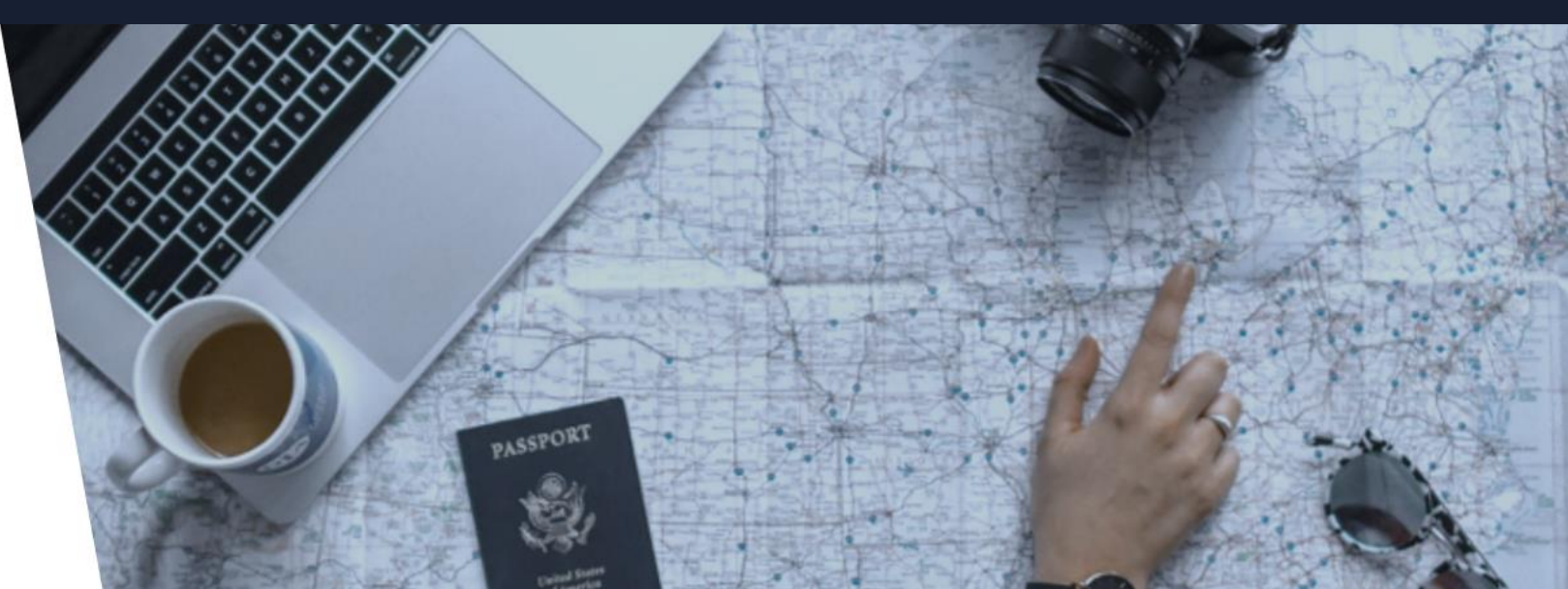
Total Jobs Generated



\$4.6B

State & Local Taxes Generated



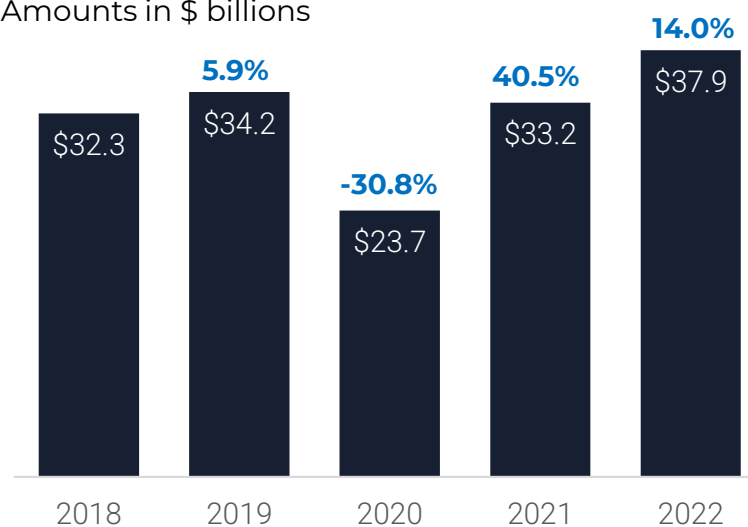


VISITOR ECONOMY & TOURISM DEMAND

In 2022, the North Carolina travel economy surpassed double-digit year-over-year growth for the second year in a row. The travel economy grew 14.0% in 2022 and exceeded 2019 levels by 10.8%.

North Carolina travel-related expenditures

Amounts in \$ billions



Source: Tourism Economics

VISITOR ECONOMY TRENDS

Traveler demand increased 14.0% in 2022 to reach \$37.9 billion. Growth in 2022 was led by recovery in international spending and governmental support, which was buoyed by both American Rescue Plan funding at the state level and by increased lodging revenues at the county and municipality levels. Notably, despite triple-digit growth in 2022, international spending still trails its pre-pandemic level by nearly \$300 million.

Domestic visitor spending rose 13.2% to surpass \$34.6 billion in 2022, 16.6% above pre-pandemic levels.

Capital investment in support of tourism grew to nearly \$1.5 billion in 2022, an increase of 8.2%. Growth in personal consumption expenditures increased to \$880 million.

North Carolina tourism demand

Amounts in \$ millions, 2022 percent change and percent recovered relative to 2019

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Tourism demand	\$32,276	\$34,186	\$23,656	\$33,236	\$37,892	14.0%	110.8%
Domestic visitor	\$28,134	\$29,698	\$21,384	\$30,610	\$34,643	13.2%	116.6%
International visitor	\$940	\$952	\$197	\$243	\$662	172.2%	69.5%
Non-visitor PCE	\$952	\$988	\$575	\$833	\$880	5.6%	89.1%
Governmental support	\$218	\$233	\$178	\$191	\$237	24.0%	101.8%
Capital investment	\$2,032	\$2,315	\$1,322	\$1,359	\$1,471	8.2%	63.5%

Source: Tourism Economics

VISITOR ECONOMY DISTRIBUTION

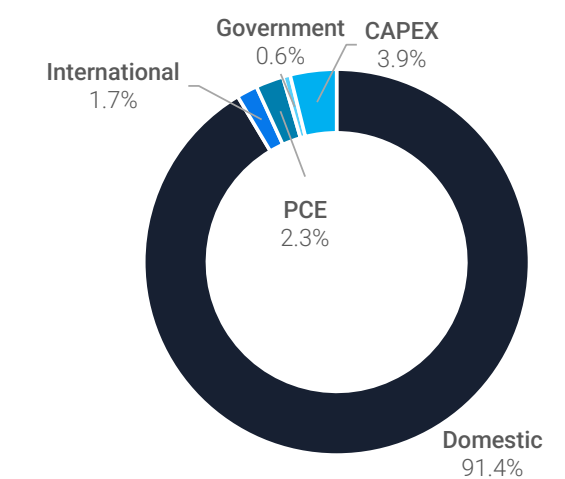
Domestic visitor markets maintained their dominant market share in 2022: 91.4% of expenditures.

International visitor markets increased their share of tourism demand most among all categories, from 0.7% to 1.7% in 2022, although they still trail their pre-pandemic share of 2.7%.

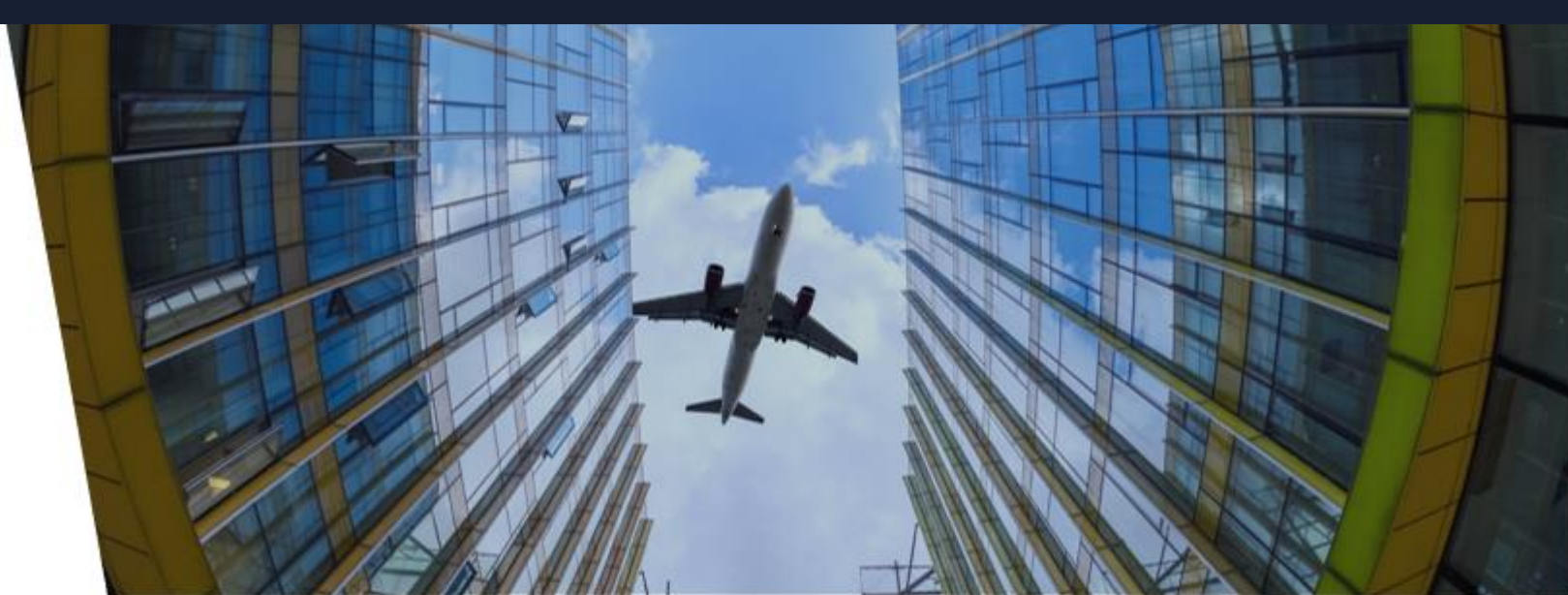
Capital investment in tourism-related construction and machinery & equipment, personal consumption, and governmental support comprised the remaining 6.9% of all tourism-related demand in 2022.

North Carolina tourism demand

Expressed as percentage of total demand



Source: Tourism Economics



ECONOMIC IMPACT FRAMEWORK

ECONOMIC IMPACT METHODOLOGY

The analysis of the North Carolina visitor economy begins with direct visitor spending 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 North Carolina 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:** Visitor spending creates direct economic value within a discrete 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

DIRECT IMPACTS

Tourism demand



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers



SUPPLY CHAIN EFFECTS



B2B GOODS & SERVICES PURCHASED

INDUCED IMPACTS

New consumption generated by household income impacts



INCOME EFFECT



HOUSEHOLD CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



JOBS



INCOME



TAXES



ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

The travel economy contributed a direct impact of \$37.9 billion in 2022. This direct impact generated \$17.3 billion in indirect and induced impacts. The economic impact totaled more than \$55.2 billion overall.

Summary economic impacts (2022)

Amounts in \$ billions

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



Source: Tourism Economics

Business sales impacts by industry (2022)

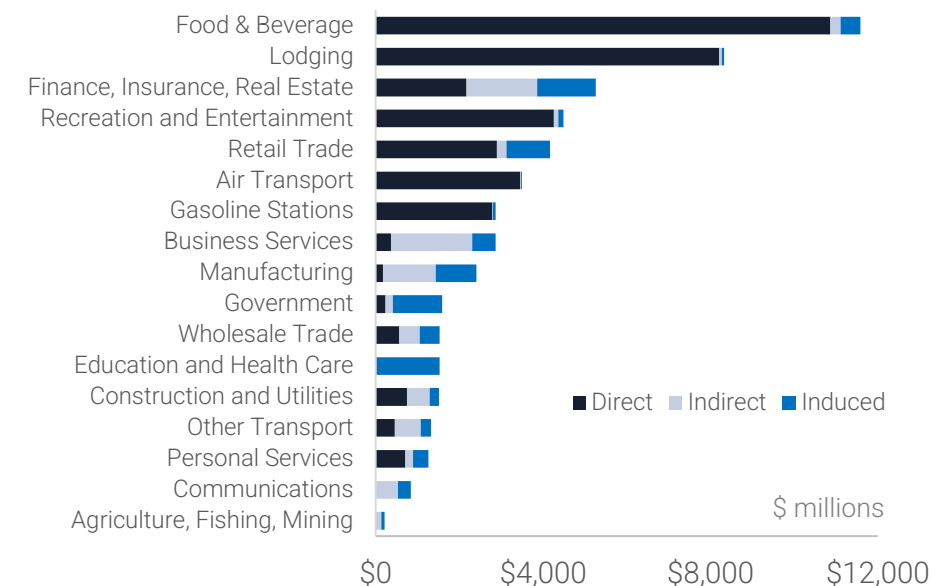
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$37,892	\$8,251	\$9,096	\$55,239
Food & Beverage	\$10,870	\$240	\$481	\$11,590
Lodging	\$8,214	\$59	\$58	\$8,331
Finance, Insurance, Real Estate	\$2,169	\$1,694	\$1,396	\$5,258
Recreation and Entertainment	\$4,260	\$102	\$122	\$4,485
Retail Trade	\$2,895	\$230	\$1,038	\$4,163
Air Transport	\$3,453	\$20	\$22	\$3,496
Gasoline Stations	\$2,779	\$16	\$68	\$2,863
Business Services	\$368	\$1,941	\$555	\$2,863
Manufacturing	\$170	\$1,268	\$970	\$2,408
Government	\$237	\$173	\$1,178	\$1,588
Wholesale Trade	\$562	\$491	\$475	\$1,529
Education and Health Care		\$12	\$1,517	\$1,528
Construction and Utilities	\$744	\$542	\$227	\$1,513
Other Transport	\$459	\$616	\$242	\$1,317
Personal Services	\$712	\$176	\$369	\$1,257
Communications		\$535	\$304	\$839
Agriculture, Fishing, Mining		\$136	\$74	\$210

Source: Tourism Economics

Tourism business sales impacts by industry (2022)

Amounts in \$ millions



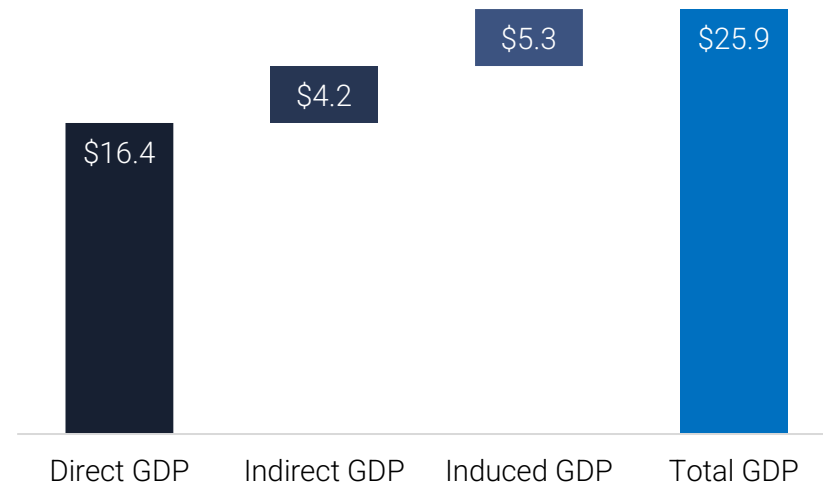
Source: Tourism Economics

VALUE ADDED IMPACTS

The value of all visitor-supported goods and services produced in North Carolina in 2022 was \$25.9 billion, 3.7% of the North Carolina economy.

Summary Value-added Impacts (2022)

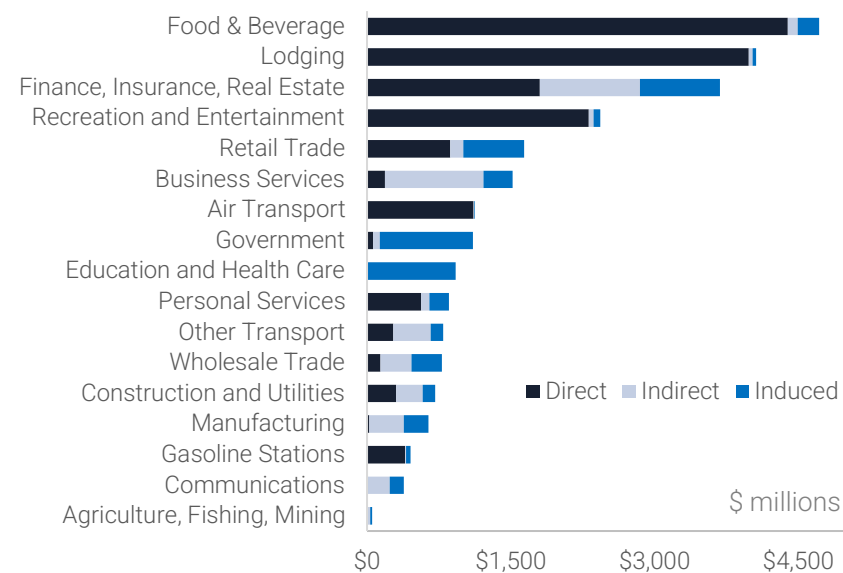
Amounts in \$ billions



Source: Tourism Economics

Tourism Value-added Impacts by Industry (2022)

Amounts in \$ millions



Source: Tourism Economics

In North Carolina, the food and beverage industry had the largest economic contribution when accounting for indirect and induced impacts, followed closely by lodging and finance, insurance, and real estate.



Summary Value-added Impacts by Industry (2022)

Amounts in \$ millions

	Direct GDP	Indirect GDP	Induced GDP	Total GDP
Total, all industries	\$16,407	\$4,201	\$5,263	\$25,871
Food & Beverage	\$4,390	\$104	\$224	\$4,718
Lodging	\$3,982	\$40	\$36	\$4,058
Finance, Insurance, Real Estate	\$1,802	\$1,043	\$837	\$3,683
Recreation and Entertainment	\$2,312	\$50	\$70	\$2,433
Retail Trade	\$866	\$139	\$634	\$1,639
Business Services	\$186	\$1,028	\$305	\$1,518
Air Transport	\$1,109	\$7	\$8	\$1,125
Government	\$62	\$72	\$969	\$1,103
Education and Health Care		\$6	\$919	\$925
Personal Services	\$563	\$89	\$201	\$852
Other Transport	\$273	\$389	\$133	\$795
Wholesale Trade	\$140	\$323	\$317	\$779
Construction and Utilities	\$304	\$275	\$131	\$710
Manufacturing	\$23	\$358	\$260	\$641
Gasoline Stations	\$395	\$11	\$48	\$454
Communications		\$235	\$149	\$384
Agriculture, Fishing, Mining		\$32	\$21	\$53

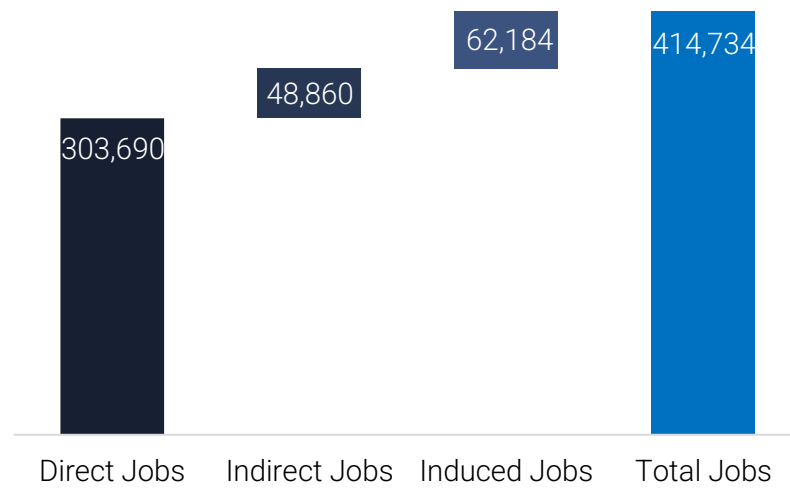
Source: Tourism Economics

JOB IMPACTS

Visitor activity sustained 303,690 direct jobs in 2022, with an additional 111,044 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 414,734 in 2022, approximately one of every 15 jobs in North Carolina.

Summary employment impacts (2022)

Amounts in number of jobs

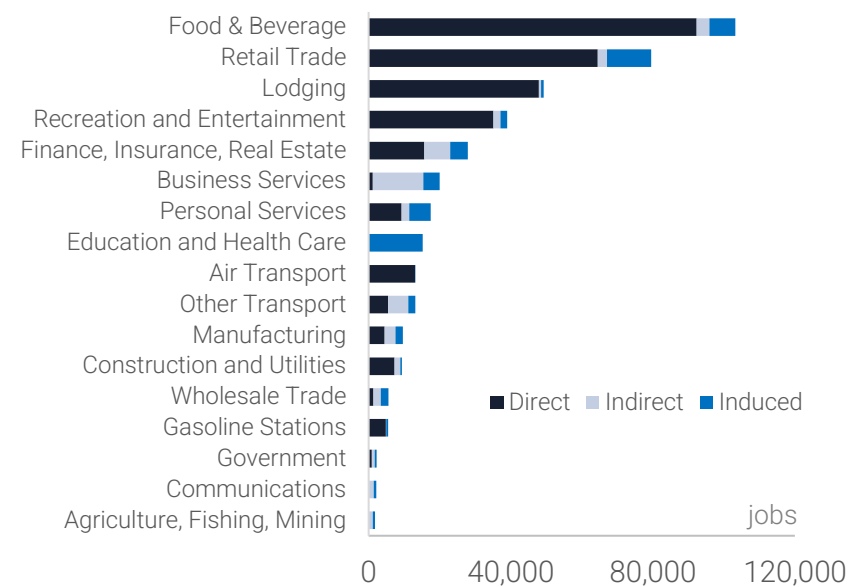


Source: Tourism Economics

Tourism job impacts by industry (2022)

Amounts in number of jobs

Visitor spending supported the largest number of jobs in the food and beverage industry (103,245) followed by retail with 79,570 jobs and lodging with 49,273 jobs.



Source: Tourism Economics



Summary job impacts by industry (2022)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	303,690	48,860	62,184	414,734
Food & Beverage	92,317	3,574	7,354	103,245
Retail Trade	64,521	2,576	12,473	79,570
Lodging	47,951	655	666	49,273
Recreation and Entertainment	35,103	2,014	1,912	39,030
Finance, Insurance, Real Estate	15,704	7,313	4,969	27,985
Business Services	1,184	14,260	4,547	19,990
Personal Services	9,283	2,180	6,005	17,468
Education and Health Care		141	15,113	15,254
Air Transport	13,111	67	76	13,254
Other Transport	5,511	5,719	1,919	13,149
Manufacturing	4,501	3,091	2,030	9,622
Construction and Utilities	7,343	1,634	413	9,390
Wholesale Trade	1,374	2,077	2,132	5,583
Gasoline Stations	4,846	124	568	5,538
Government	943	797	576	2,316
Communications		1,475	742	2,217
Agriculture, Fishing, Mining		1,164	687	1,851

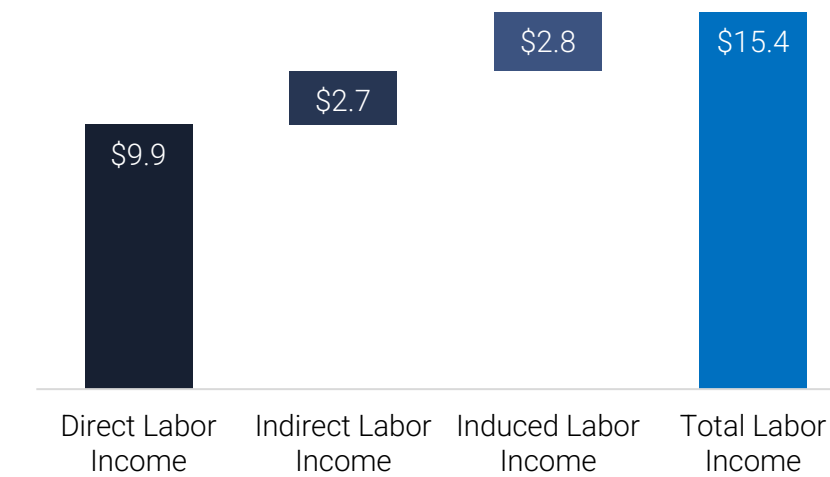
Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$9.9 billion in direct labor income and a total of \$15.4 billion when including indirect and induced impacts. Total tourism-generated income in North Carolina in 2022 rose to 102% of 2019 levels.

Summary labor income impacts (2022)

Amounts in \$ billions

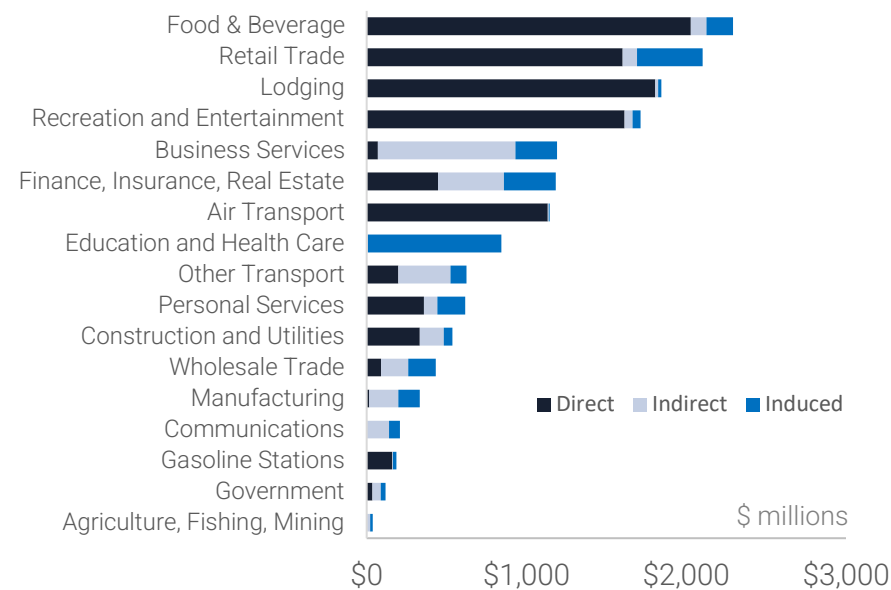


Source: Tourism Economics

Tourism labor income Impacts by Industry (2022)

Amounts in \$ millions

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



Source: Tourism Economics



Summary labor income impacts (2022)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$9,886	\$2,673	\$2,842	\$15,400
Food & Beverage	\$2,029	\$98	\$166	\$2,292
Retail Trade	\$1,602	\$90	\$411	\$2,103
Lodging	\$1,806	\$18	\$19	\$1,843
Recreation and Entertainment	\$1,613	\$51	\$50	\$1,714
Business Services	\$69	\$861	\$261	\$1,191
Finance, Insurance, Real Estate	\$445	\$413	\$325	\$1,183
Air Transport	\$1,133	\$6	\$6	\$1,145
Education and Health Care		\$8	\$834	\$842
Other Transport	\$198	\$326	\$100	\$624
Personal Services	\$358	\$83	\$174	\$615
Construction and Utilities	\$333	\$149	\$55	\$537
Wholesale Trade	\$89	\$171	\$172	\$432
Manufacturing	\$15	\$183	\$134	\$332
Communications		\$139	\$69	\$208
Gasoline Stations	\$160	\$5	\$21	\$185
Government	\$35	\$52	\$30	\$117
Agriculture, Fishing, Mining		\$21	\$16	\$36

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$9.0 billion in government revenues.

State and local taxes alone tallied \$4.6 billion in 2022.

Each household in North Carolina would need to be taxed an additional \$1,109 to replace the visitor-generated taxes received by state and local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	2018	2019	2020	2021	2022	2022 growth
Total Tax Revenues	\$7,905	\$8,359	\$6,397	\$8,217	\$9,046	10.1%
Federal Taxes	\$4,038	\$4,261	\$3,244	\$4,148	\$4,494	8.3%
Personal Income	\$1,139	\$1,200	\$947	\$1,167	\$1,307	12.0%
Corporate	\$690	\$730	\$509	\$712	\$738	3.7%
Indirect Business	\$534	\$565	\$394	\$551	\$572	3.8%
Social Insurance	\$1,675	\$1,766	\$1,394	\$1,718	\$1,875	9.2%
State and Local Taxes	\$3,866	\$4,098	\$3,153	\$4,068	\$4,553	11.9%
Sales	\$1,515	\$1,603	\$1,118	\$1,563	\$1,782	14.0%
Lodging	\$285	\$310	\$223	\$332	\$482	45.3%
Personal Income	\$441	\$465	\$367	\$453	\$466	3.0%
Corporate	\$465	\$492	\$343	\$480	\$500	4.1%
Social Insurance	\$30	\$31	\$25	\$30	\$32	5.1%
Excise and Fees	\$114	\$121	\$84	\$118	\$151	28.0%
Property	\$1,015	\$1,074	\$993	\$1,092	\$1,140	4.3%

Source: Tourism Economics



ECONOMIC IMPACTS IN CONTEXT



\$37.9B **DIRECT TOURISM** **DEMAND**

The \$37.9 billion in direct tourism demand encompasses visitor spending along with capital spending expenditures, governmental spending, and personal consumption spending in support of tourism.



\$15.4B **LABOR** **INCOME**

The \$15.4 billion in total income generated by tourism is the equivalent of \$3,751 for every household in North Carolina.



414,734 **TOTAL** **JOBS**

The number of jobs sustained by tourism supports 6.2% of all jobs in North Carolina.



\$4.6B **STATE & LOCAL** **TAXES**

Each household in North Carolina would need to be taxed an additional \$1,109 to replace the visitor taxes received by the state and local governments in 2022.

APPENDIX

Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals, and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores, and other food providers.
Recreation	Includes visitor spending within the arts, entertainment, and recreation sub-sector.
Shopping	Includes visitor spending in all retail sub-sectors within the local economy.
Local transport	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending.
Service stations	Visitor spending on gasoline.
Second homes	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
Direct Impact	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).
Indirect Impact	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).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
Employment	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.
Labor income	Income (wages, salaries, proprietor income, and benefits) supported by visitor spending.
Value Added (GDP)	The economic enhancement a company gives its products or services before offering them to customers.
Local Taxes	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.
State Taxes	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 600 full-time staff, including 300 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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