



Economic Impact of Tourism in Hillsborough County - 2015

September 2016



Key findings for 2015

- Almost 22 million people visited Hillsborough County in 2015.
- Visits to Hillsborough County increased 4.5% and visitor spending increased 4.1% over 2014.
- Visitors to Hillsborough County spent \$3.6 billion, and this spending generated total sales of \$5.6 billion in Hillsborough County.
- Visitor spending sustained over 48,000 jobs, with associated incomes of \$2.1 billion.
- Visitor spending directly generated 1-in-19 jobs in Hillsborough County.
- Tourism in Hillsborough County generated \$347 million in state and local tax revenues, equivalent to \$727 per Hillsborough County household.

Local tourism trends



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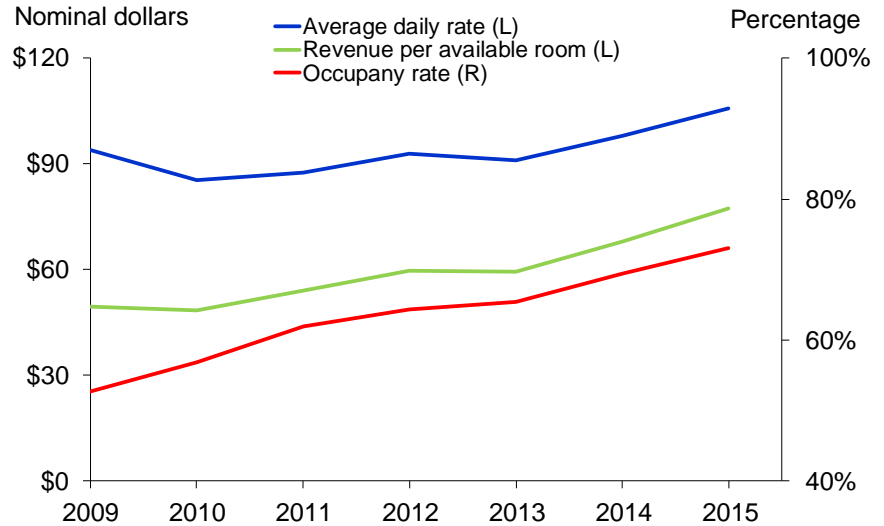
Positive trends in Hillsborough County

- Hillsborough County hotels are experiencing increases in occupancy, average daily rate, and revenue per available room.
- Employment growth in key source markets is strong.
- Local employment in the recreation sector and the accommodation sector is growing quickly and is outpacing the overall Hillsborough County economy.

Key hotel metrics continue to rise...

- Revenue per available room (RevPAR) currently stands at \$77, up from \$50 in 2009.
- Occupancy rates have risen to 73% in 2015 from 53% in 2009.
- Over 5.7 million hotel room nights were booked in Hillsborough County in 2015.

Hotel metrics in Hillsborough County



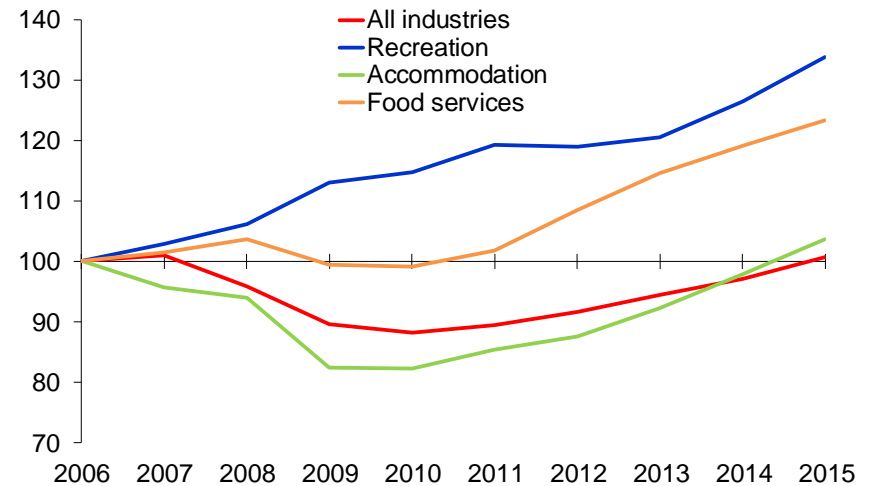
Source: STR

... along with employment in the tourism sector

- Employment in the recreation, accommodations, and food services sectors has exceeded pre-recession levels.
- Employment in tourism-related sectors is growing faster than the county's economy as a whole.

Hillsborough County employment

Index (2006=100)



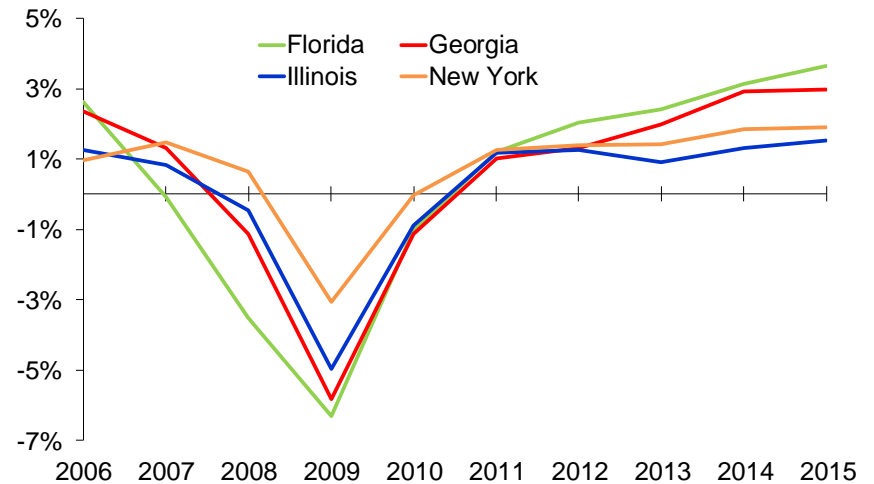
Source: BLS

Source market health is supporting demand

- Major source markets have experienced 5 straight years of employment growth.
- Employment and wage growth should lead to increases in tourism spending.

Employment growth in key source markets

Annual percent change



Source: BLS

Trends in visits and spending



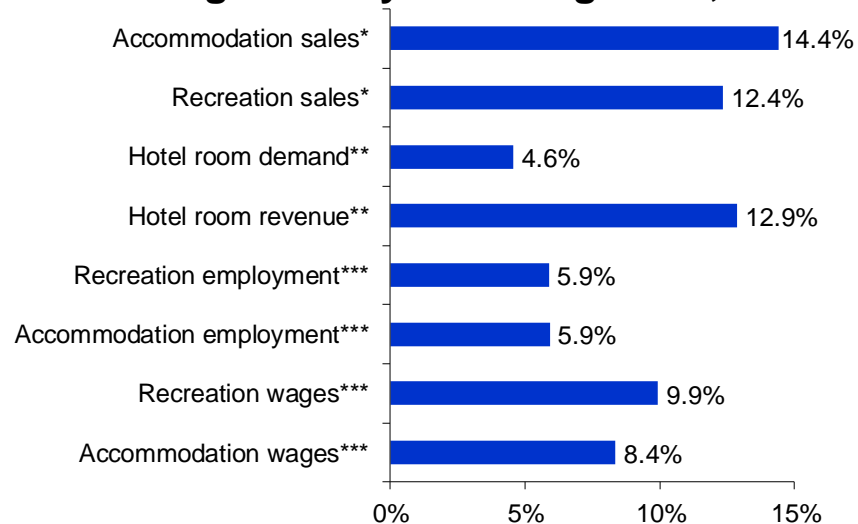
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Major indicators are rising sharply...

- All major indicators show strong growth for Hillsborough County's tourism industry in 2015.
- The accommodation sector experienced 13% growth in hotel room revenue, 8% growth in wages, 6% growth in employment, and 5% growth in rooms sold.

Hillsborough County tourism growth, 2015



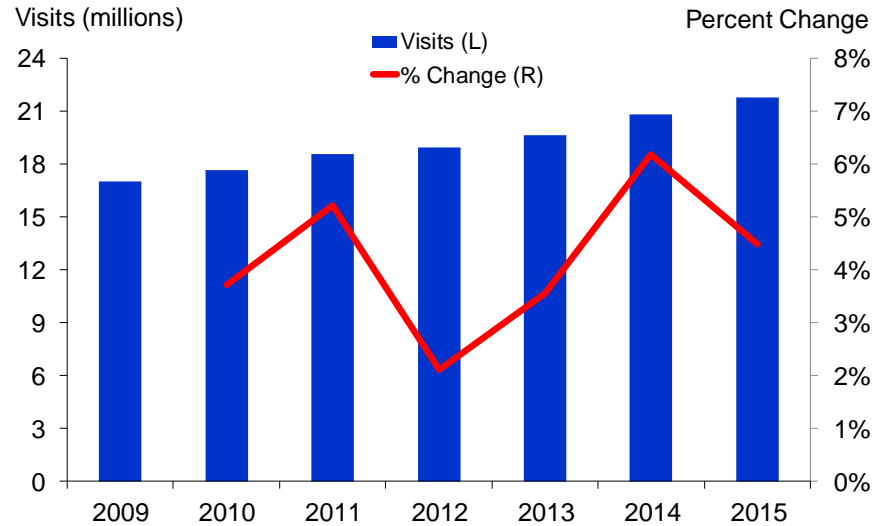
Sources: *Florida Dept. of Revenue; **STR; ***BLS

Percent

...and visitation continues on a growth spurt...

- 21.8 million people visited Hillsborough County in 2015, representing 4.5% growth.
- This included 21.3 million domestic visitors and 0.5 million international visitors.
- Total visits have increased 28.0% from 2009, when 17.0 million people visited.

Visits to Hillsborough County

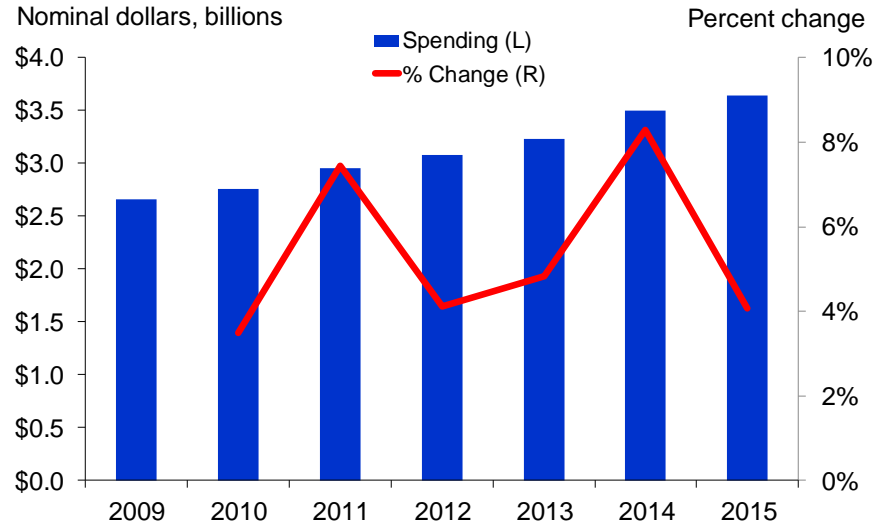


Source: Tourism Economics

... which drives further increases in spending

- Visitors spent \$3.6 billion in Hillsborough County in 2015.
- Spending has increased 36.8% from 2009, when visitors spent \$2.7 billion.
- Spending rose 4.1% in 2015 alone.

Visitor spending in Hillsborough County



Source: Tourism Economics

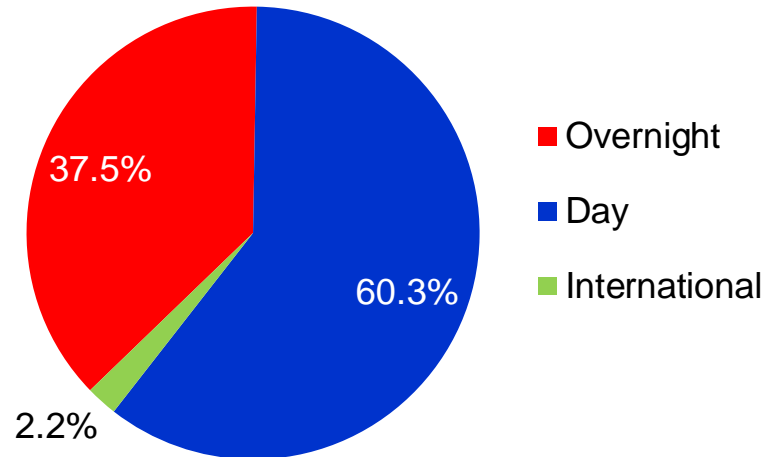
Day trippers represent the majority of visits...

- Day trippers comprised 60.3% of total visitors in 2015.
- Over the past six years, the international market has grown at almost double the rate of the domestic market.

Visitors by type		
	Visits	Increase since 2009
Overnight	8,169,000	16.5%
Day	13,134,000	26.7%
International	488,000	39.6%
Total	21,791,000	22.9%

Trips by visitor type, 2015

Percent



Sources: Longwoods International; Tourism Economics

...but overnight visitors spend more

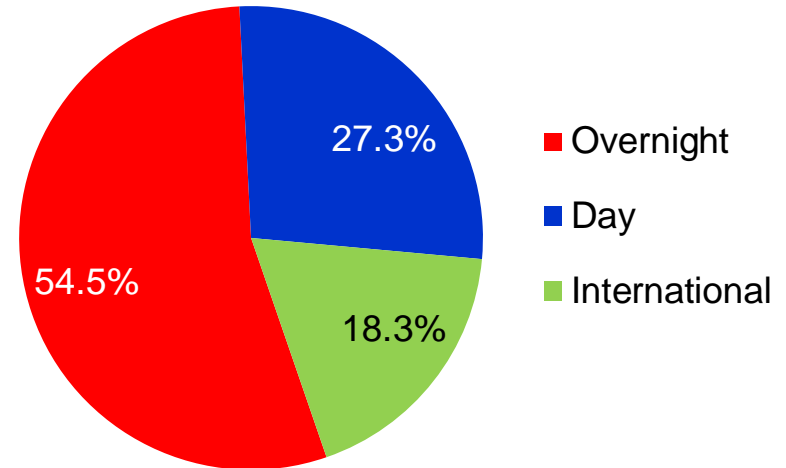
- While domestic overnight visitors represent 37% of visits, they generated 54.5% of all visitor spending in Hillsborough County.
- In the past six years, spending by international visitors has grown at almost double the rate of domestic visitors.

Spending by source (US\$ million)		
	Spending	Increase since 2009
Overnight	1,875.6	27.8%
Day	938.5	28.2%
International	628.9	55.8%
Total	3,443.1	32.3%

**Airfare is not estimated for individual segments, but represents an additional \$190 million in revenue for the Hillsborough County economy.

Spending by visitor type, 2015

Percent



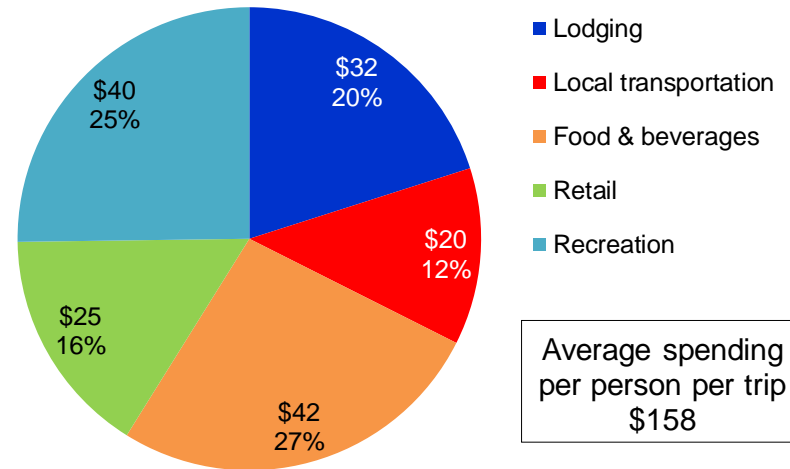
Sources: Longwoods International; Tourism Economics

Spending is distributed in a variety of sectors...

- The largest share of the visitor dollar was spent on food and beverages – 27% of total spending.
- Spending on recreation represented 25% of visitor spending.

Visitor spending profile

Dollars per person per day and percent of total



Sources: Longwoods International; Tourism Economics

...and adds up to billions of dollars

- Expenditures by overnight domestic visitors made up over half of total spending.
- Spending by international visitors is now two-thirds the value of domestic day visitor spending.

Total visitor spending				
(US\$ million)				
	Overnight	Day	International	Total
Lodging	\$509	\$0	\$182	\$691
Local trans	\$220	\$130	\$75	\$425
Food & bev.	\$476	\$281	\$153	\$911
Retail	\$259	\$201	\$88	\$548
Recreation	\$411	\$326	\$131	\$868
SUBTOTAL	\$1,876	\$939	\$629	\$3,443
Airfare**	--	--	--	\$195
TOTAL	\$1,876	\$939	\$629	\$3,638

** Airfare total refers to only the portion of spending that accrues to Hillsborough County

Source: Tourism Economics

The domestic market



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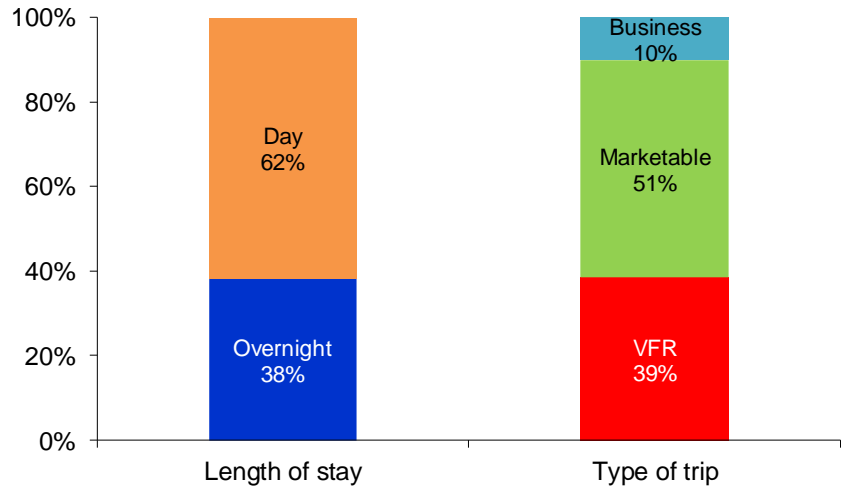
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Marketable trips represent half the market...

- Hillsborough County hosted 21.3 million domestic trips in 2015.
- 8.2 million were overnight trips and 13.1 million were day trips.
- 10.9 million trips can be considered marketable leisure trips, i.e. non-VFR (visiting friends and relatives) leisure trips.

Domestic visitor segments

Percentage

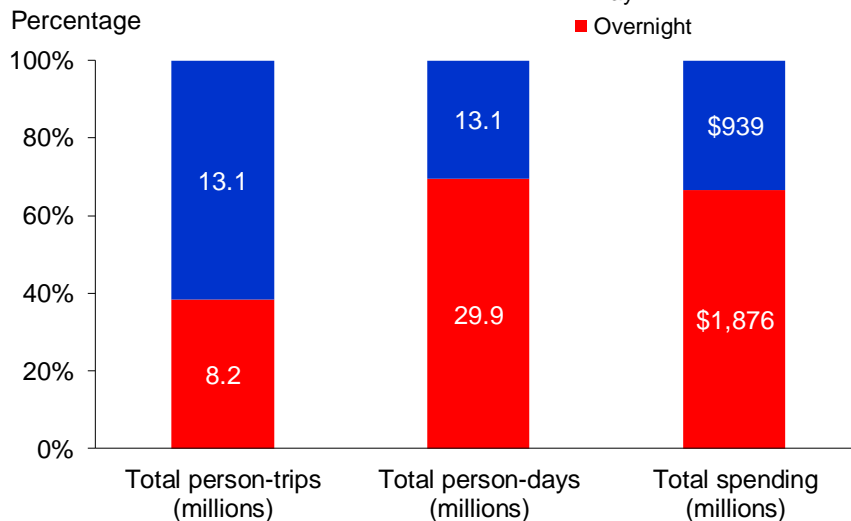


Sources: Longwoods International; Tourism Economics

...and overnight visitors spend more...

- On average, overnight visitors spent 2.7 nights in Hillsborough.
- This means that while overnight visitors accounted for only 38% of total trips, they represented 69% of total person-days in Hillsborough County and 67% of domestic expenditures.

Key numbers by visitor type



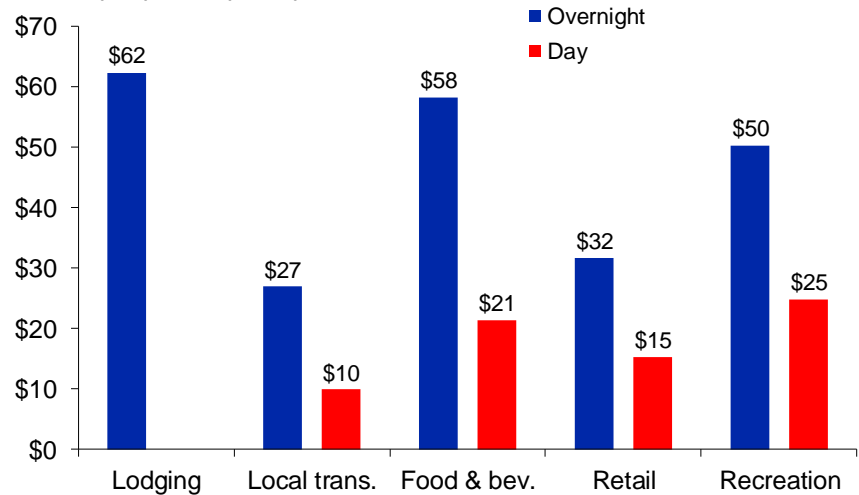
Sources: Longwoods International; Tourism Economics

... across all major categories

- Overnight visitors spent 2.5 times more per trip than day visitors (\$230 vs \$71).
- Overnight visitors spent the most on lodging; day visitors spent the most on recreation.

Visitor spending by category, 2015

Dollars per person per trip



Sources: Longwoods International; Tourism Economics

The international market

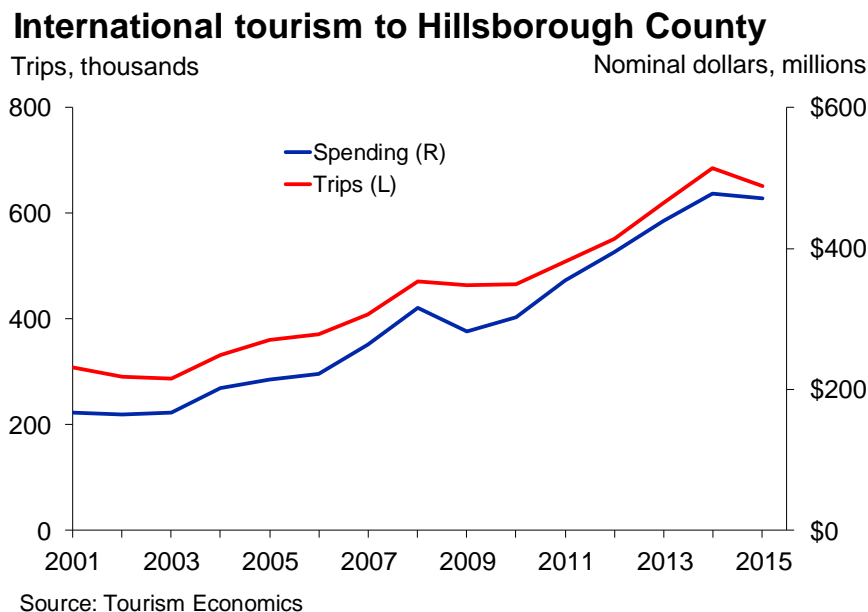


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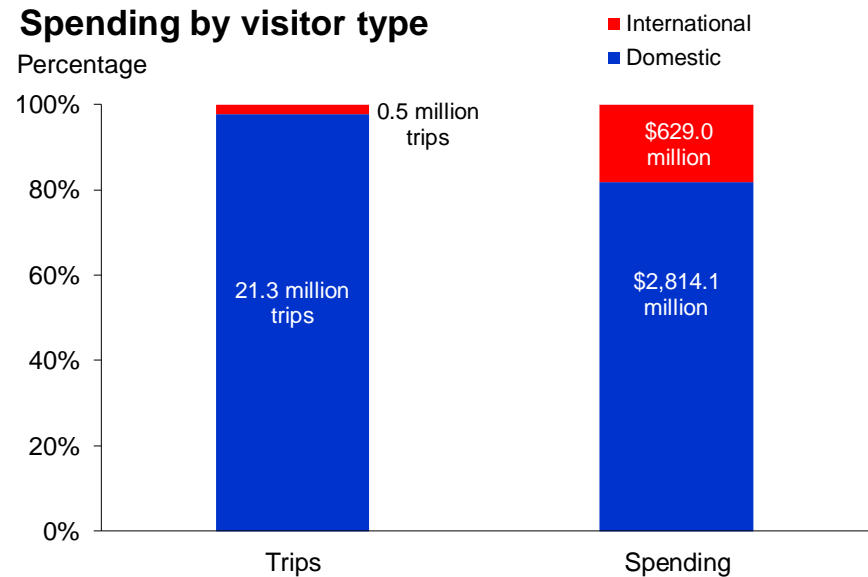
International markets are driving growth...

- Trips and spending by international visitors increased rapidly over the past decade.
- Both visitation and spending from the international market more than doubled since 2004.
- Spending and visits both fell slightly in 2015, predominately due to a decrease in Canadian visitors which occurred throughout the US.



... and contribute to tourism's economic impact

- 488,000 international travelers visited Hillsborough County last year, compared to 21.3 million domestic visitors.
- International visitors spent much more per person per trip than domestic visitors (\$1,289 vs \$132).
- While only 2.2% of all visitors were international tourists, their spending represented 18.3% of all spending.



Sources: Longwoods International; Tourism Economics

Economic impacts

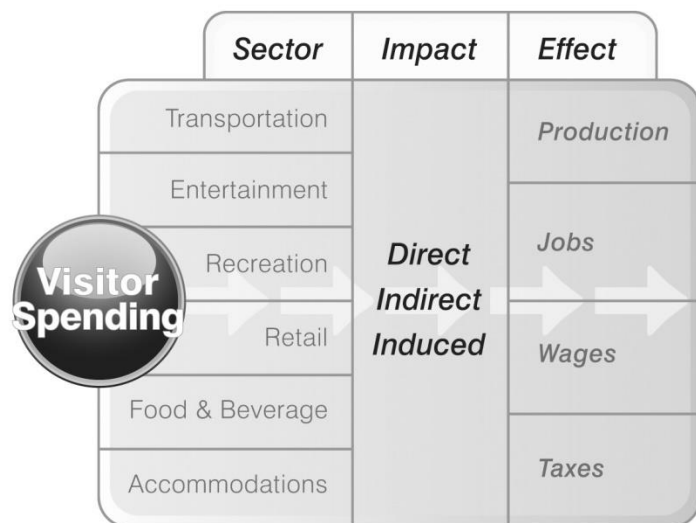


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How visitor spending generates impact

- Travelers create direct economic value within a discreet 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.

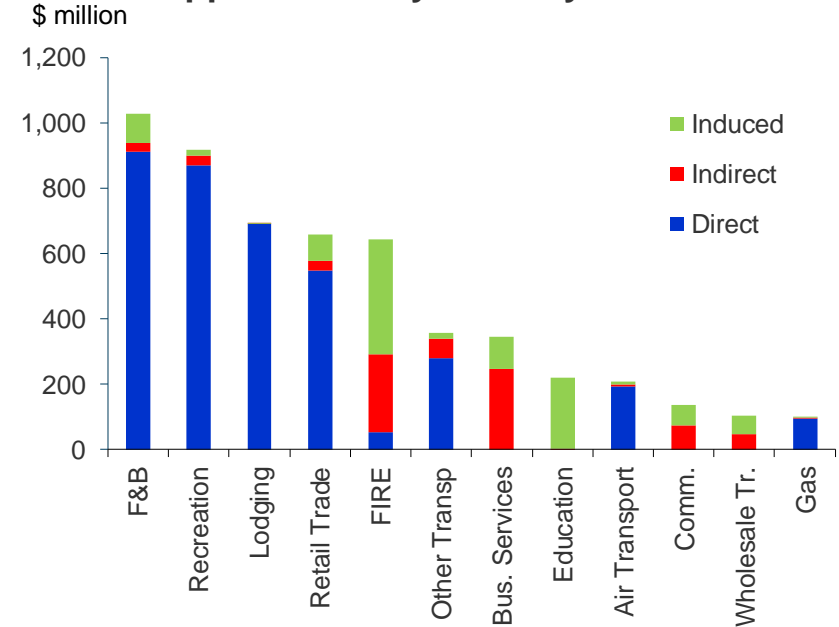


- Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by tourism, spend those wages in the local economy.

Visitor spending supported \$5.6 bn in sales...

- The \$3.6 billion of visitor expenditures in Hillsborough County supported a total of \$5.6 billion in sales after accounting for indirect and induced spending.
- Sectors such as FIRE, education, and construction, do not directly receive sales from tourists, but visitor spending eventually funnels towards their services through the supply chain in spending of tourism-supported households.

Visitor support sales by industry



F&B: Food and Beverage

FIRE: Finance, Insurance, & Real Estate

Bus. Services: Business Services

Gas: Gasoline Stations

Other Transp: Other Transportation

Manu.: Manufacturing

Personal Serv.: Personal Services

Comm: Communication

...spread across numerous sectors

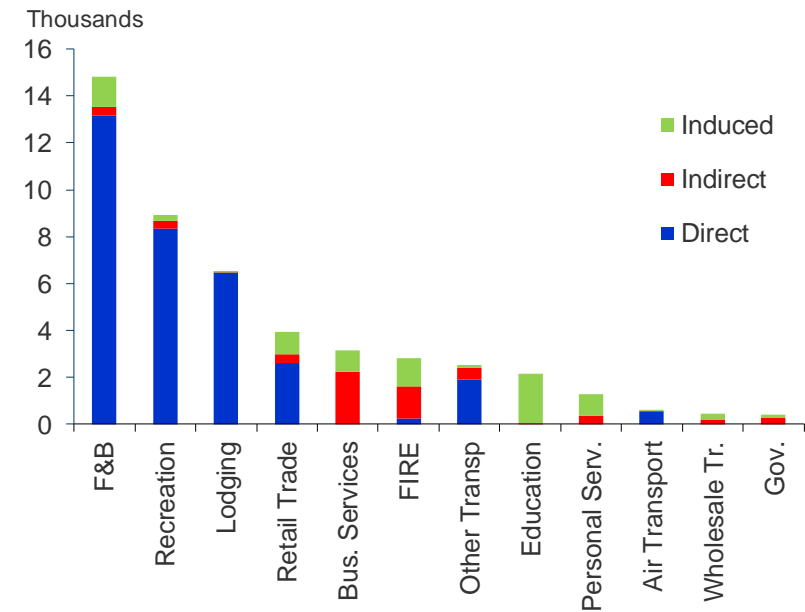
Visitor supported sales				
(\$, million)				
	Direct*	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	1.4	0.5	1.9
Construction and Utilities	-	36.3	21.3	57.6
Manufacturing	-	22.3	13.2	35.6
Wholesale Trade	-	46.7	57.4	104.1
Air Transport	195.3	5.4	7.9	206.9
Other Transport	278.7	61.6	17.6	358.2
Retail Trade	548.1	29.2	81.5	659.3
Gasoline Stations	95.3	1.8	5.1	102.2
Communications	-	73.5	63.6	137.1
Finance, Insurance and Real Estate	51.6	239.8	351.9	643.3
Business Services	-	247.6	96.7	344.3
Education and Health Care	-	3.2	215.5	218.8
Recreation and Entertainment	868.2	30.6	17.3	916.9
Lodging	690.4	0.9	0.6	692.5
Food & Beverage	910.7	28.1	87.5	1,027.1
Personal Services	-	27.9	59.1	87.0
Government	-	43.8	25.8	69.6
TOTAL	3,638.3	900.3	1,122.5	5,661.1

* Direct sales include cost of goods sold for retail sectors

Visitor spending supports 48,000 jobs...

- Visitor spending directly generated 33,000 jobs and sustains 48,000 jobs when indirect and induced impacts are calculated.
- Most employment is generated within industries in which visitors spent directly, such as food and beverage, recreation, and lodging.
- Around 3,000 jobs are created in business services and FIRE, predominately through indirect and induced impacts.

Visitor supported employment by industry



F&B: Food and Beverage

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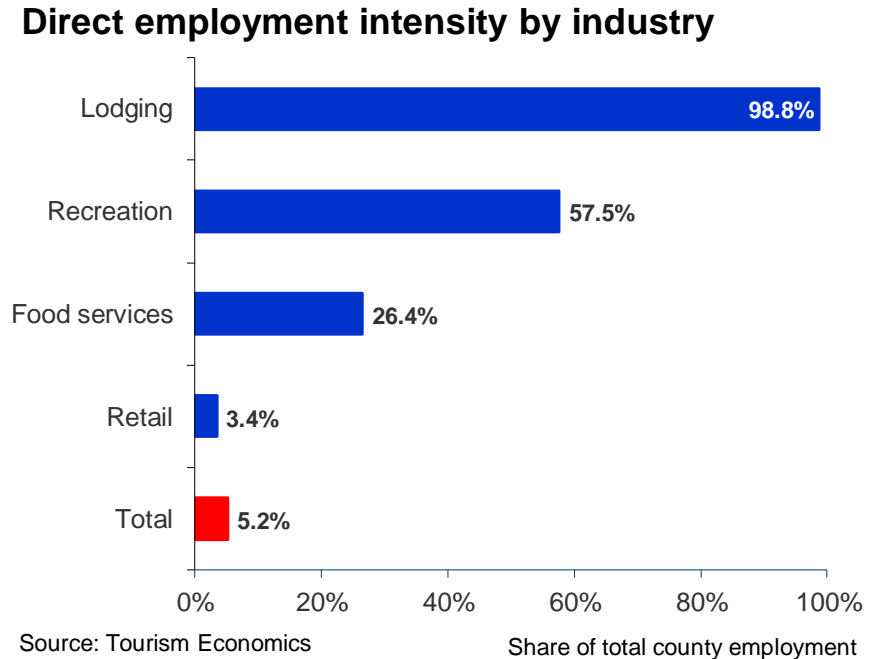
Comm: Communication

...including 33,000 direct jobs...

Visitor supported employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	13	6	19
Construction and Utilities	-	176	101	276
Manufacturing	-	61	26	87
Wholesale Trade	-	200	246	445
Air Transport	550	15	23	588
Other Transport	1,894	513	128	2,535
Retail Trade	2,629	361	943	3,933
Gasoline Stations	115	20	57	192
Communications	-	199	141	341
Finance, Insurance and Real Estate	250	1,368	1,204	2,822
Business Services	-	2,216	954	3,170
Education and Health Care	-	54	2,081	2,135
Recreation and Entertainment	8,357	337	228	8,922
Lodging	6,454	8	5	6,468
Food & Beverage	13,168	375	1,281	14,824
Personal Services	-	348	917	1,266
Government	-	280	114	394
TOTAL	33,420	6,545	8,454	48,418

...which equals 5.2% of all county employment

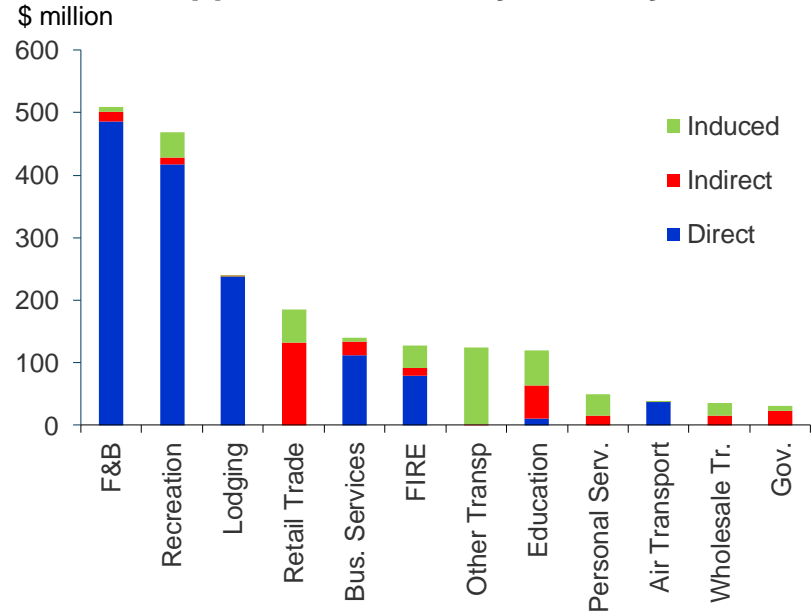
- 5.2% of all jobs in Hillsborough County were directly generated by visitor spending, or 1 out of every 19 jobs in the county.



Visitor spending supported \$2.1 bn in income...

- Visitor spending directly generated \$1.4 billion in income and supported \$2.1 billion in income when indirect and induced effects are included.
- Over \$450 million in income was created in both the food and beverage and recreation sectors.
- The average job supported by tourism has an income of \$44,000.

Visitor supported income by industry



F&B: Food and Beverage

FIRE: Finance, Insurance, & Real Estate

Bus. Services: Business Services

Gas: Gasoline Stations

Other Transp: Other Transportation

Manu.: Manufacturing

Personal Serv.: Personal Services

Comm: Communication

...including \$1.4 bn in direct income

Visitor supported labor income				
(\$, million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	0.5	0.2	0.7
Construction and Utilities	-	11.1	6.5	17.7
Manufacturing	-	3.5	1.5	5.0
Wholesale Trade	-	15.8	19.5	35.3
Air Transport	36.5	1.0	1.5	39.0
Other Transport	111.3	22.6	6.0	139.9
Retail Trade	79.5	11.5	36.3	127.3
Gasoline Stations	5.9	1.0	2.9	9.8
Communications	-	17.0	13.2	30.2
Finance, Insurance and Real Estate	10.0	53.7	55.6	119.4
Business Services	-	131.9	53.4	185.3
Education and Health Care	-	2.1	121.9	124.0
Recreation and Entertainment	486.2	15.2	7.8	509.2
Lodging	237.5	0.3	0.2	238.0
Food & Beverage	417.2	11.4	40.4	469.0
Personal Services	-	15.9	33.1	49.0
Government	-	23.0	7.7	30.7
TOTAL	1,384.0	337.7	407.6	2,129.4

Visitor spending generated \$811 mn in taxes...

Visitor supported tax revenue			
(\$, million)			
	Direct	Indirect/ Induced	Total
Federal	292.9	170.9	463.8
Personal Income	112.3	54.2	166.5
Corporate	24.1	25.8	50.0
Indirect business	36.3	14.4	50.8
Social Security	120.2	76.4	196.6
State and Local	253.3	93.5	346.8
Sales	112.4	44.7	157.1
Bed Tax	26.8	-	26.8
Personal Income	-	-	-
Corporate	3.5	3.7	7.2
Social Security	1.0	0.7	1.7
Excise and Fees	29.2	12.5	41.7
Property	80.4	31.9	112.4
TOTAL	546.2	264.4	810.7

...including \$163 mn for local government

- Visitors generated \$347 million in state and local tax revenues.
- This is equivalent to \$727 per Hillsborough County household.
- The bed tax accounted for 16% of local government tax revenue generated.

Visitor supported tax revenues	
(\$, million)	
Total	
State Revenues	184.1
Sales	149.2
Personal Income	-
Corporate	7.2
Social Security	1.7
Excise and Fees	26.0
Property	-
Local Govt. Revenues	162.8
Sales	7.9
Bed Tax	26.8
Personal Income	-
Corporate	-
Social Security	-
Excise and Fees	15.8
Property	112.4
TOTAL	346.8

Key figures in context



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Spending and employment comparisons

- The 21.8 million total trips to Hillsborough County is roughly equivalent to everyone from the state of Florida visiting Hillsborough County during the year.
- The number of people employed directly by visitors (32,420) would exceed the current capacity of Tropicana Field (31,042), and the employees sustained by tourism's indirect and induced impacts (14,998) would fill most of the Amalie Arena (19,092).
- The \$3.6 billion in visitor spending means that almost \$415,000 was spent by visitors EVERY HOUR in Hillsborough County in 2015.

Tax revenue comparisons

- The \$163 million in local taxes generated would be enough to fully fund the Hillsborough County Fire Rescue Department (\$129m), with enough left over to fund the Parks, Recreation and Conservation Department (\$24m)¹.
- The revenue generated by the bed tax (\$26.8m) alone would fund the 9-1-1 Agency (\$4.5m), the Department of Economic Development (\$4.1m), the Pet Resources Department (\$7.9m), AND the Code Enforcement Department (\$7.4m)¹.
- To make up for the \$347 million in state and local taxes generated by visitor activity, each household in Hillsborough County would need to contribute an additional \$727 annually to maintain the current level of government.

¹<http://transparency.hillsboroughcounty.org>

Trends to watch in 2016



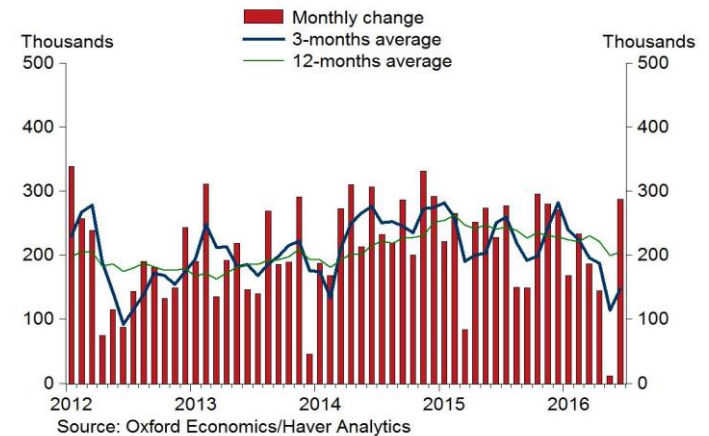
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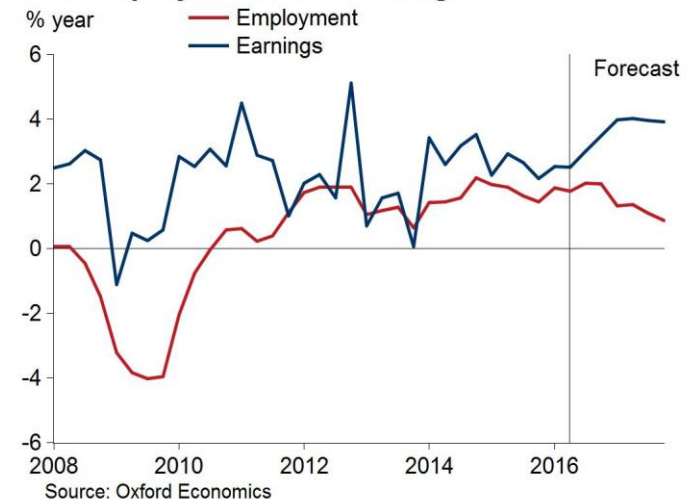
The US economy is quickly adding jobs...

- The US economy has added an average of 200,000 jobs every month for the past year.
- These gains have reduced slack in the labor market and should lead to higher wage gains.

US: Nonfarm payrolls

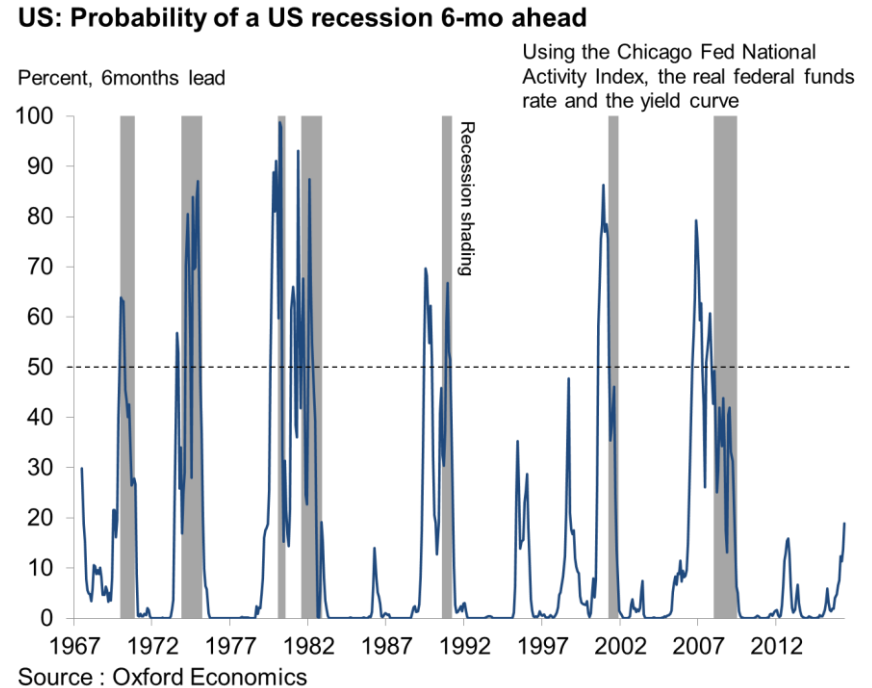


US: Employment and earnings



... the probability of a recession appears low...

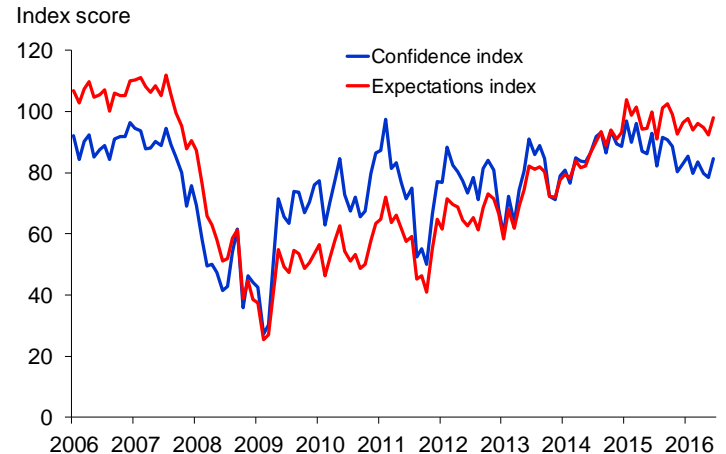
- A recession in late 2016 or early 2017 seems unlikely.
- Our closely watched index typically exceeds 50 and many times 70 before a recession is indicated.



...and consumer confidence is high...

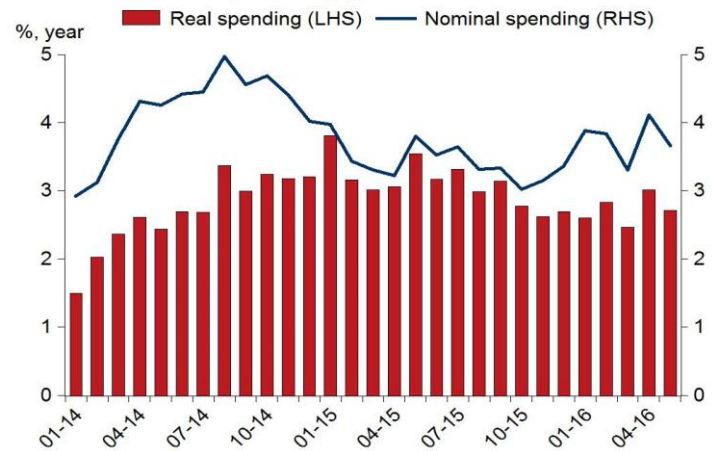
- Consumer confidence has returned to near pre-recession levels.
- A split has developed between individuals' perception of current personal conditions and their perception of the entire economy, perhaps due to election rhetoric.
- Confidence should support healthy consumer spending growth of 2.5 to 3%, which in turn should boost tourism spending.

Consumer sentiment



Source: The Conference Board

US: Consumer spending growth



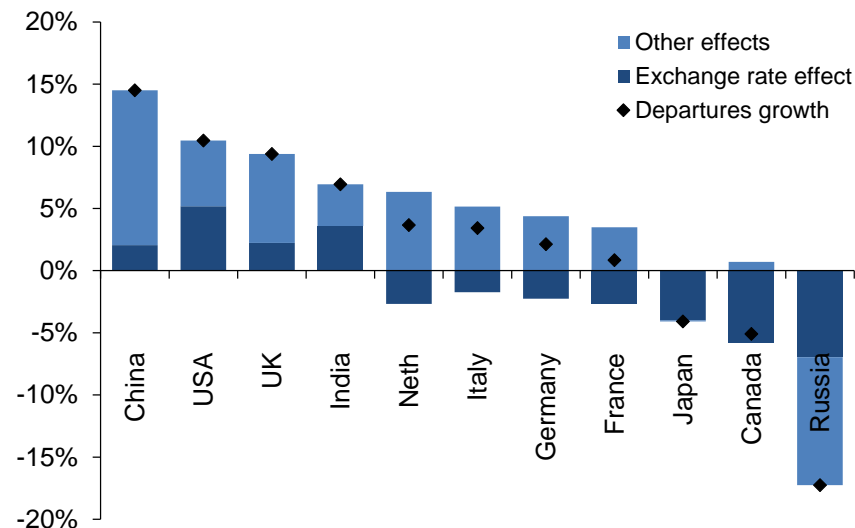
Source: Oxford Economics/Haver Analytics

..but the strong dollar remains a concern...

- The strong dollar is a drag on international tourism arrivals to the US and may led to more US residents traveling abroad.
- This is especially notable in Canadian arrivals, which fell sharply in 2015 and are expected to decline again in 2016.

Source market outbound travel growth

2015 departures growth & exchange rate contribution



Source: Tourism Economics

Methodology

Methods and data sources

- Domestic visitor expenditure estimates are provided by Longwoods International's representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).
- Tourism Economics then adds several categories of spending to these figures:
 - Overseas visitor spending
 - Spending on air travel which accrues to all airports and locally-based airlines
 - STR data on hotel revenues
 - Lodging tax receipts
- All results are benchmarked and cross-checked against US Bureau of Labor Statistics and the Bureau of Economic Analysis data on wages and employment.

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 200 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 200 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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