



The Economic Impact of Tourism in Asheville, North Carolina

2012 Analysis



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Introduction and definitions

- This study measures the economic impact of tourism in the Asheville, North Carolina region, defined as Buncombe County.
- Visitors included those who stayed in overnight accommodations or travelers who came from a distance greater than 50 miles.
- The impact of tourism includes direct spending, the indirect (supply-chain) effects, and induced (income) effects.
- Impacts were measured in terms of employment, income, business sales, and tax revenues.



Headline Results

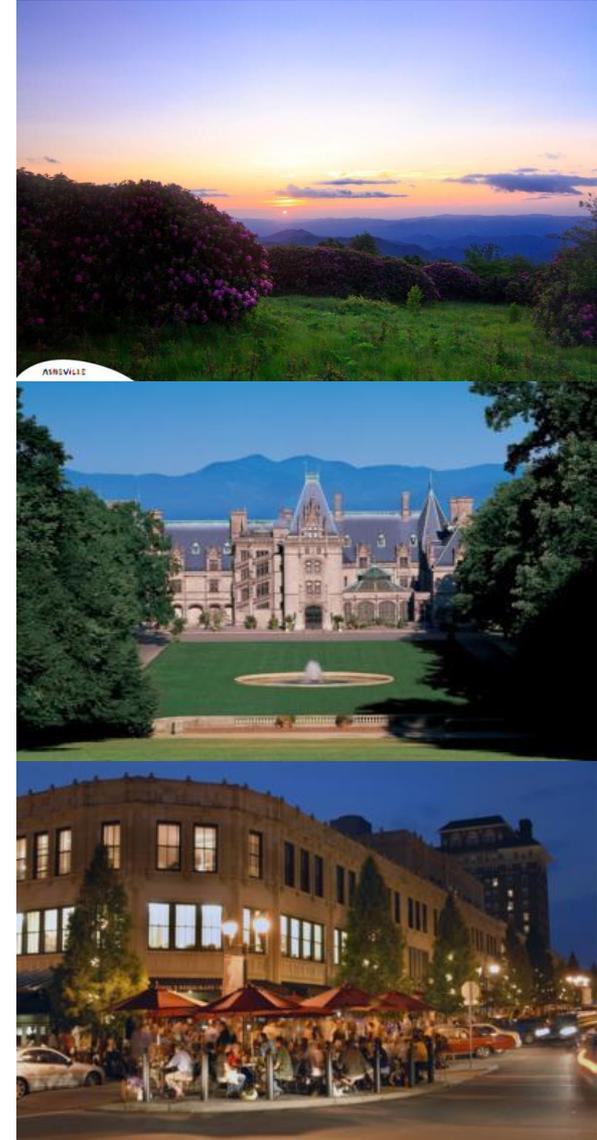


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Headline results

- Tourism is an integral part of the Asheville regional economy, and the industry is making significant contributions to economic growth, generating business sales, employment, and tax revenues.
- Visitors to Asheville spent \$1.5 billion in 2012, which generated \$2.3 billion in total business sales, including indirect and induced impacts.
- Tourism in Asheville generated \$250.1 million in tax revenues in 2012, including \$126 million in state and local revenues.



Headline results



- Including direct, indirect, and induced impacts, 22,924 jobs were sustained by visitors to Asheville in 2012 with total income of \$614.5 million.
- Approximately 14.2% (1 in 7) of all jobs in Buncombe County were sustained by tourism.
- An estimated 25% of tourism-supported jobs were in the food and beverage sector, 18% in lodging, 13% in retail, and 12% were in recreation.

Key Themes for 2012



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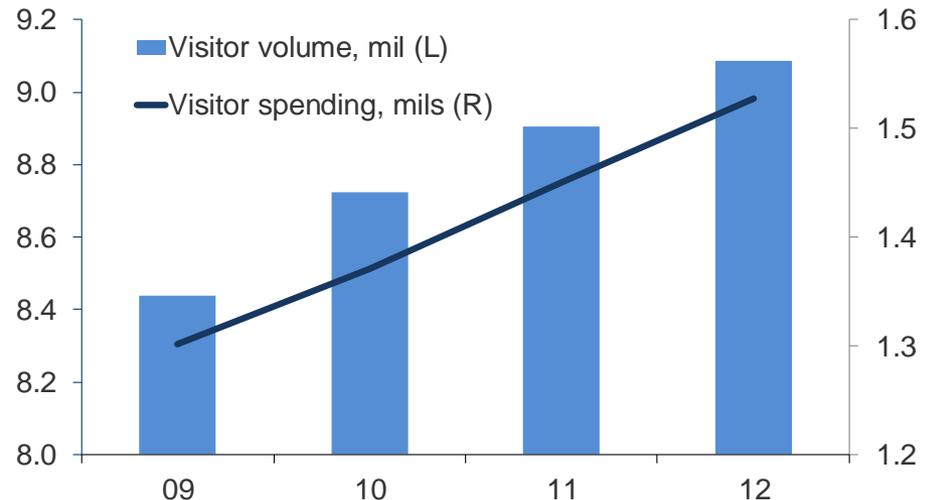
Key themes for 2012

- Visitor volume and spending in the Asheville region grew in 2012, driven by job and income growth in the broader North Carolina and regional economy.
- An estimated 9.1 million visitors (including day and overnight) spent a total of \$1.5 billion in 2012, increases of 2.0% and 5.3%, respectively, from 2011.

Visitor Volume and Spending				
(Millions)				
	2009	2010	2011	2012
Visitors (day and overnight)	8.438	8.723	8.906	9.086
<i>% change</i>		3.4	2.1	2.0
Visitor spending	1,301	1,371	1,450	1,528
<i>% change</i>		5.3	5.8	5.3

Visitor Volume and Spending

Buncombe County

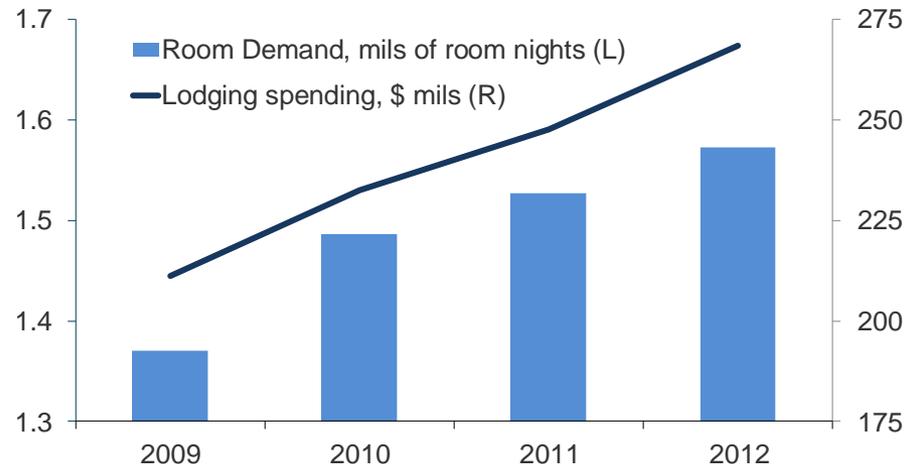


Sources: Longwoods International, Tourism Economics

Key themes for 2012

- Lodging sector improvements were reflected in tightening supply and demand fundamentals.
- In 2012, room demand rose 3.0% compared with a 0.6% increase in supply.
- Tightening occupancy rates helped boost prices in 2012. Occupancy increased from 62.8% to 64.4%, and the average daily room rate jumped 5.3%.
- Stronger demand and rising prices boosted total lodging spending 8.4% versus 2011.

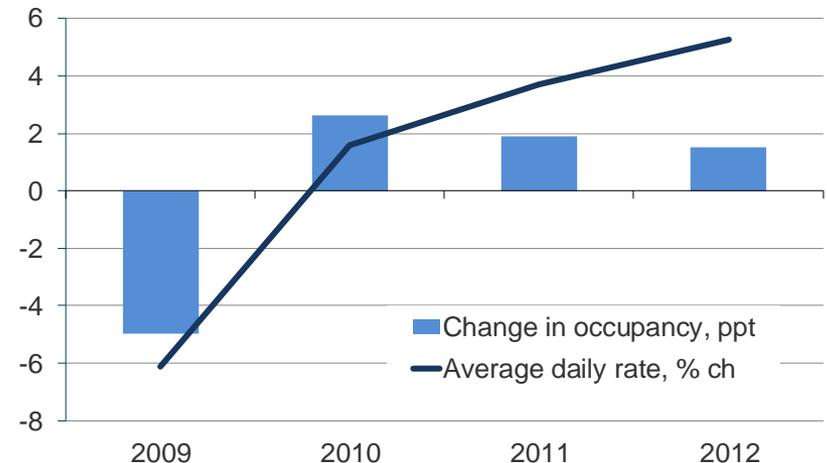
Lodging Demand Is Rising



Sources: Longwoods International, STR, Tourism Economics

Tightening Occupancy Boosted Prices

Asheville market



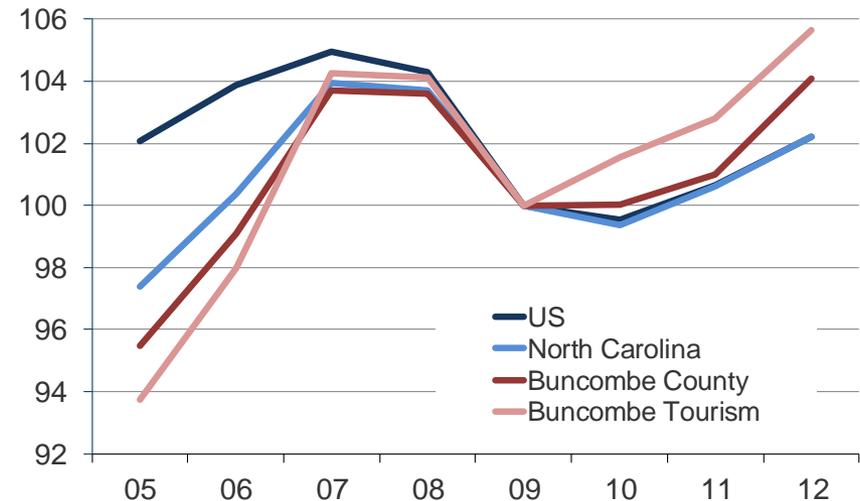
Source: Smith Travel Research

Key themes for 2012

- Employment growth in the Asheville region has outpaced that of the state and nation since 2009.
- The tourism sector is leading Asheville's recovery with above average employment growth. Tourism jobs are 5.7% higher than in 2009, versus 4.1% more jobs overall in Buncombe County.
- The industry has added jobs at a pace of more than 280 per year since 2009.

Tourism Jobs Outpace the Broader Recovery

Employment indexes, 2009=100



Sources: BEA, BLS, Tourism Economics

Visitors and Spending

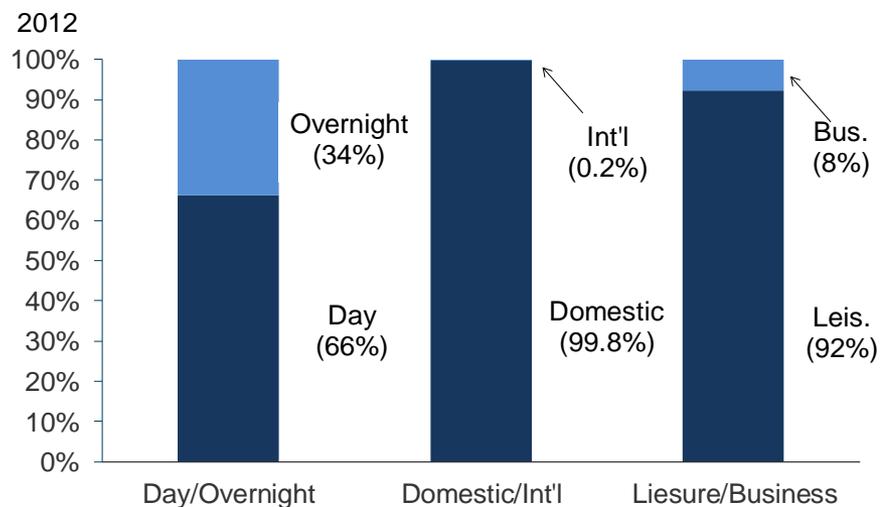


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Visitor Details in 2012

Visitor Characteristics



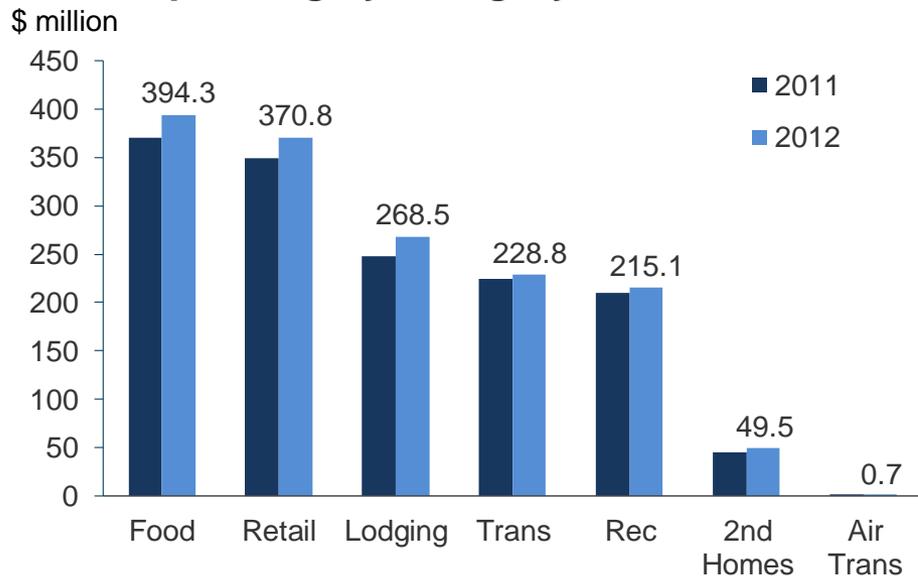
Sources: Longwoods Int'l, Tourism Economics

- Asheville hosted a total of 9.1 million visitors in 2012.
- Most visitors were day visitors (66%) and came for leisure (92%). International and Canadian visitors made up a small portion of the total.
- Overnight visitors spent an average of \$129 per person per day, while the average for day trippers was \$60. Overnight visitors accounted for 75% of total visitor spending.

Composition of tourism spending

- More than half the Asheville visitor dollar was spent on either food and beverages or on retail shopping. Visitors spent \$394.3 million on food and beverages, \$370.8 million on retail, and \$268.5 million on lodging in 2012.
- The shares of spending on food and beverages, retail, and accommodations increased in 2012, while shares of spending on recreation and transportation decreased.

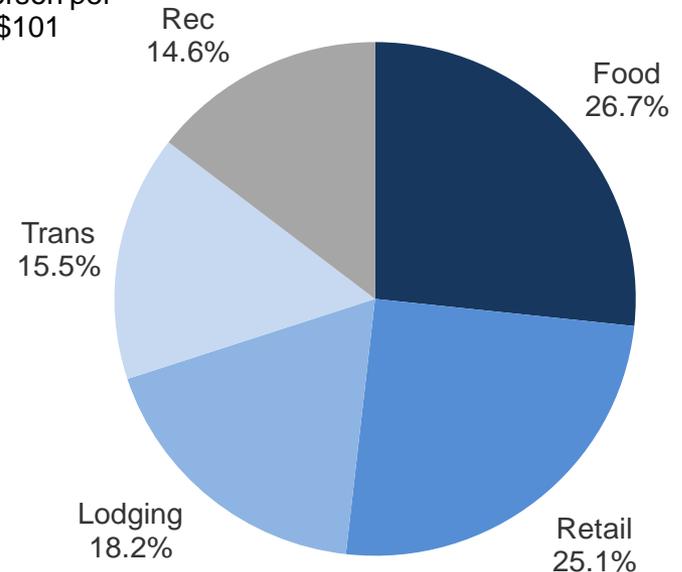
Visitor Spending by Category



Source: Tourism Economics

Visitor Spending Profile for 2012

Avg per person per day = \$101

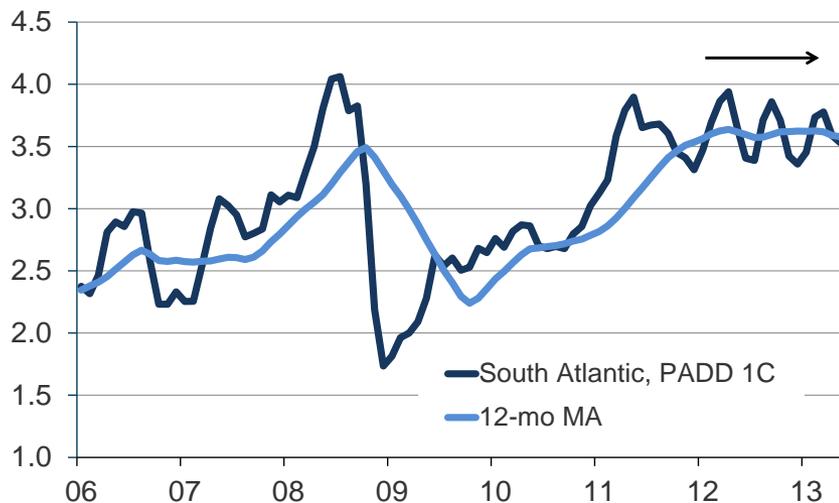


Source: Tourism Economics

Stable Fuel Prices Boosted Other Spending

Fuel Prices Were Flat in 2012

South Atlantic Region average gasoline price, dollars per gallon



Source: Energy Information Administration

- Although elevated, fuel prices were more stable in 2012 than in recent years, and travelers were less likely to substitute spending in other categories to pay for gas.
- Higher gas prices have supported a trend to vacation closer to home, likely benefitting Asheville's regionally-driven tourism.
- Visitors are still conscious of high fuel prices, but are likely getting used to a 'new normal.'

Detailed composition of tourism spending

- Visitor spending increased 5.3% in 2012, with food and beverage and lodging sectors leading the way. Lodging sales increased 8.4% as both rates and nights sold advanced.
- Visitor spending on food and beverage and retail increased 6.3% and 5.6%, respectively, changes that were slightly stronger than those of a year earlier.

Visitor Spending By Category					
(US\$ Million)					
	2009	2010	2011	2012	2011-12 % ch
Food and beverage	324.7	349.9	370.9	394.3	6.3%
Retail	332.2	338.9	351.3	370.8	5.6%
Lodging	211.2	232.5	247.7	268.5	8.4%
Transportation	171.6	191.5	224.9	228.8	1.8%
Recreation	216.4	211.1	209.7	215.1	2.5%
Second homes value	44.6	46.1	45.1	49.5	9.9%
Air	0.6	0.8	0.8	0.7	-11.5%
Total	1,301.3	1,370.8	1,450.3	1,527.7	
% change		5.3%	5.8%	5.3%	

Economic Impacts

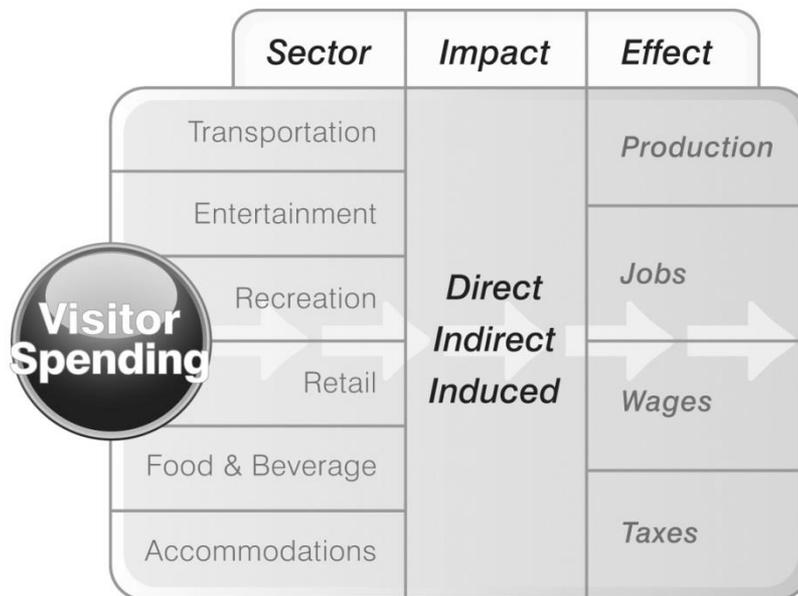


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How visitor spending generates impact

- 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 incomes are generated either directly or indirectly by tourism, spend those incomes in the Buncombe County economy.

Tourism sales

- Including indirect and induced business sales, tourism generated nearly \$2.3 billion in revenue in 2012.

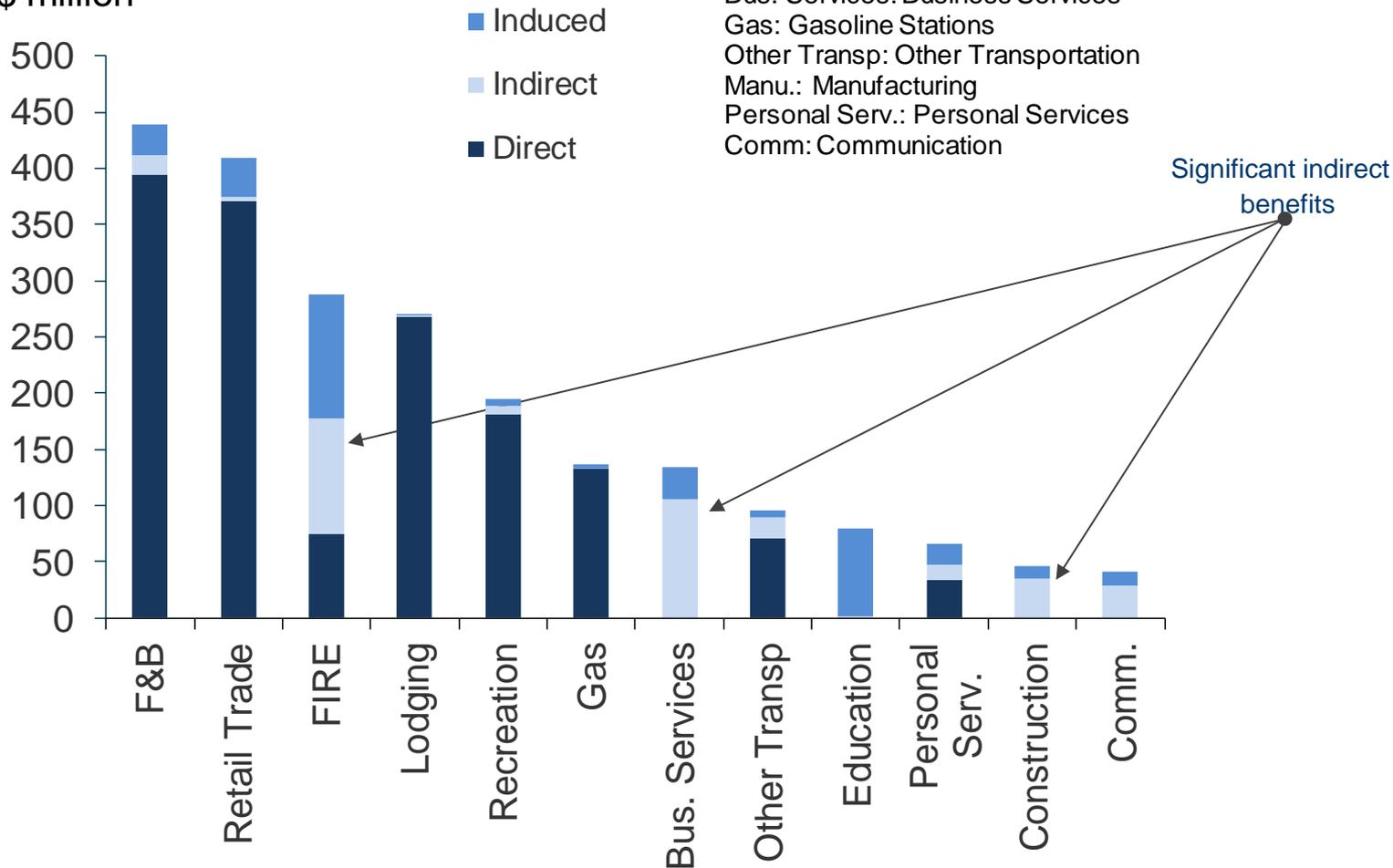
Tourism Sales				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	0.2	0.1	0.3
Construction and Utilities	-	34.9	11.3	46.2
Manufacturing	-	12.6	5.4	18.0
Wholesale Trade	-	7.8	13.2	21.0
Air Transport	0.7	2.0	3.1	5.7
Other Transport	70.7	19.2	6.5	96.3
Retail Trade	370.8	3.7	34.3	408.9
Gasoline Stations	133.1	0.2	2.9	136.3
Communications	-	28.8	12.6	41.4
Finance, Insurance and Real Estate	74.6	102.9	109.8	287.3
Business Services	-	105.7	28.0	133.7
Education and Health Care	-	1.4	78.5	79.9
Recreation and Entertainment	180.8	8.2	5.7	194.7
Lodging	268.5	0.7	0.3	269.4
Food & Beverage	394.3	17.5	27.7	439.5
Personal Services	34.2	13.5	17.7	65.4
Government	-	14.7	5.9	20.6
TOTAL	1,527.7	373.8	363.1	2,264.6

* Direct sales include cost of goods sold for retail sectors

Tourism sales

Tourism Sales by Industry

\$ million

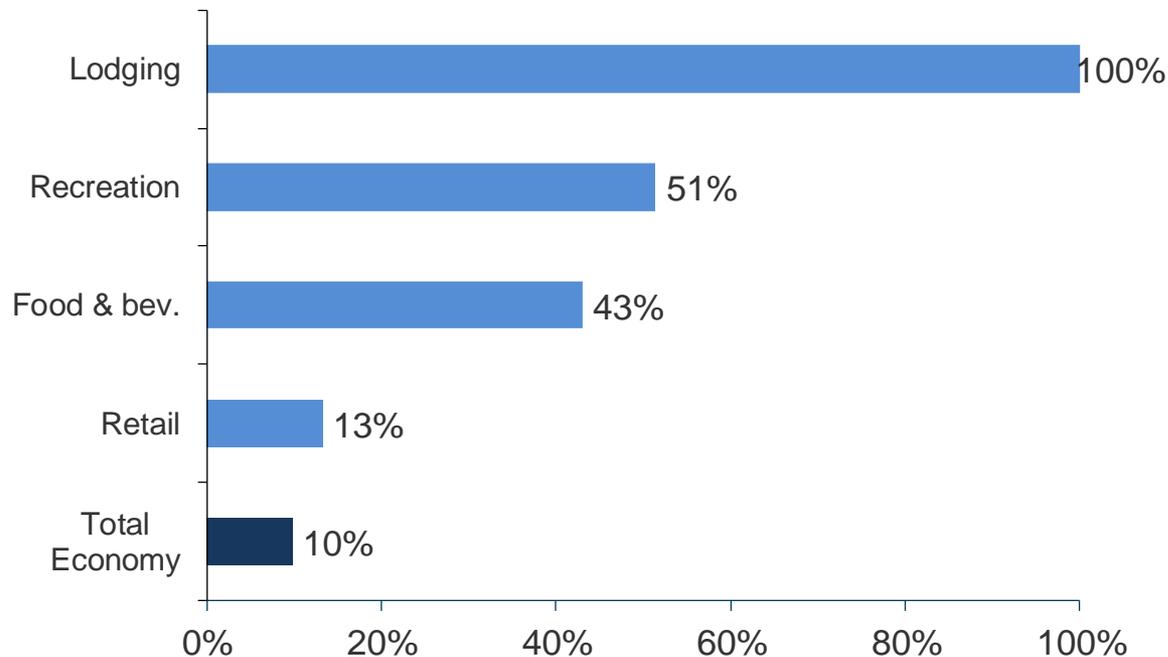


* Direct sales include cost of goods sold for retail

Tourism share of key industry employment

Tourism Employment Intensity by Industry

Direct only



Source: Tourism Economics

- Tourism is a significant part of several industries – tourism directly supports 100% of employment in lodging, more than half of recreation, and 43% of food and beverage employment.

Tourism employment details

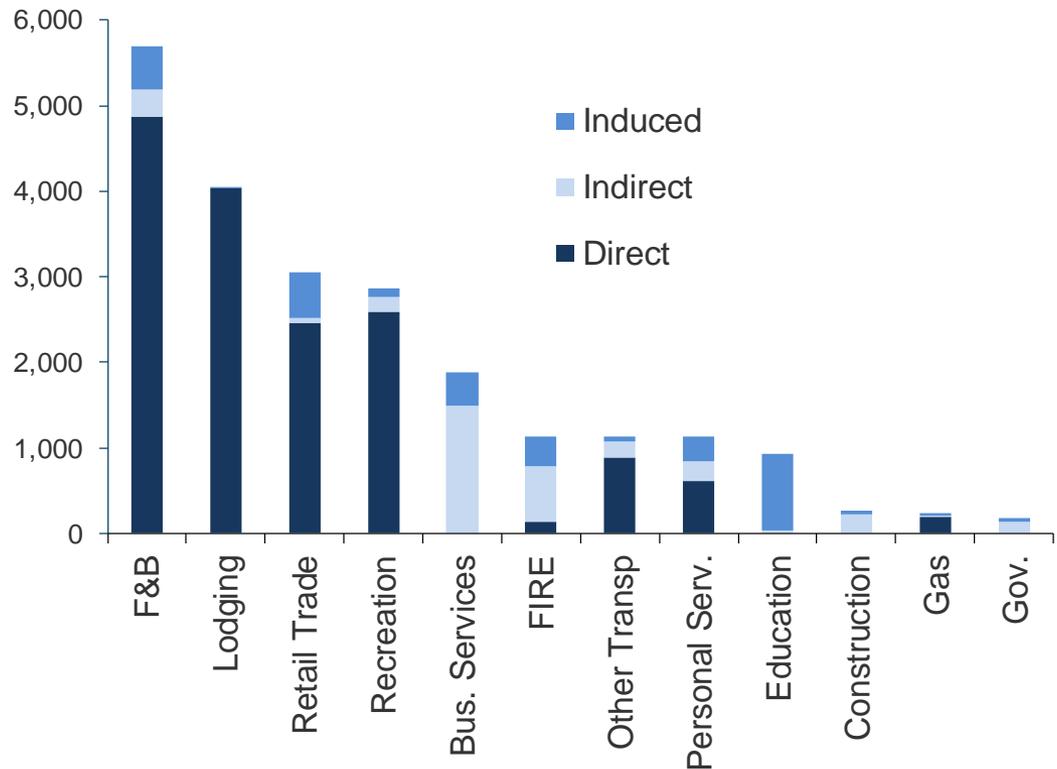
Tourism Employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	3	2	5
Construction and Utilities	-	214	49	263
Manufacturing	-	45	10	55
Wholesale Trade	-	51	86	137
Air Transport	2	7	11	20
Other Transport	891	184	60	1,135
Retail Trade	2,453	60	534	3,046
Gasoline Stations	197	2	30	230
Communications	-	123	41	164
Finance, Insurance and Real Estate	133	646	358	1,137
Business Services	-	1,486	397	1,882
Education and Health Care	-	28	906	934
Recreation and Entertainment	2,589	178	101	2,868
Lodging	4,031	6	3	4,041
Food & Beverage	4,870	313	510	5,693
Personal Services	616	231	287	1,134
Government	-	137	42	178
TOTAL	15,783	3,715	3,426	22,924

- The tourism sector supported 22,924 jobs or 14.2% of employment (1-in-7 jobs) in the Asheville region in 2012, including indirect and induced impacts.

Tourism employment summary

- As a labor intensive collection of services, tourism-related sectors are significant Asheville region employers.
- The nearly 23,000 jobs supported Asheville tourism span every sector of the economy, either directly or indirectly.
- The most significant indirect impacts are in business services and finance, real estate and insurance.

Tourism Employment by Industry



F&B: Food and Beverage
 FIRE: Finance, Insurance, Real Estate
 Bus. Services: Business Services
 Gas: Gasoline Stations
 Other Transp.: Other Transportation
 Personal Serv.: Personal Services
 Wholesale Tr.: Wholesale Trade
 Gov.: Government

Tourism personal income

Tourism Labor Income (Compensation)				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	0.1	0.1	0.1
Construction and Utilities	-	9.1	2.4	11.5
Manufacturing	-	2.2	0.5	2.6
Wholesale Trade	-	2.7	4.6	7.3
Air Transport	0.1	0.4	0.6	1.2
Other Transport	37.1	7.6	2.5	47.2
Retail Trade	56.5	1.6	14.8	72.9
Gasoline Stations	6.7	0.1	1.0	7.8
Communications	-	6.4	2.2	8.6
Finance, Insurance and Real Estate	7.1	12.7	9.0	28.9
Business Services	-	43.8	12.0	55.8
Education and Health Care	-	0.5	42.4	42.9
Recreation and Entertainment	36.4	2.2	2.0	40.6
Lodging	80.5	0.2	0.1	80.8
Food & Beverage	138.1	6.6	11.1	155.8
Personal Services	20.9	8.0	9.6	38.4
Government	-	9.3	2.6	11.9
TOTAL	383.5	113.5	117.4	614.5

- Employees in the Asheville region earned \$614.5 million as a result of visitor activity in 2012.

Tourism tax generation

Tourism-Generated Tax Revenues	
2012, Millions	
	Amount
Federal	123.9
Personal Income	29.0
Corporate	18.3
Indirect business	15.0
Social Security	61.6
State	67.6
Personal Income	12.2
Corporate	2.2
Sales	42.2
Social Security	0.6
Other Taxes and Fees	10.4
Local	58.6
Sales	10.4
Lodging	7.7
Property	38.1
Other Taxes and Fees	2.3
TOTAL	250.1

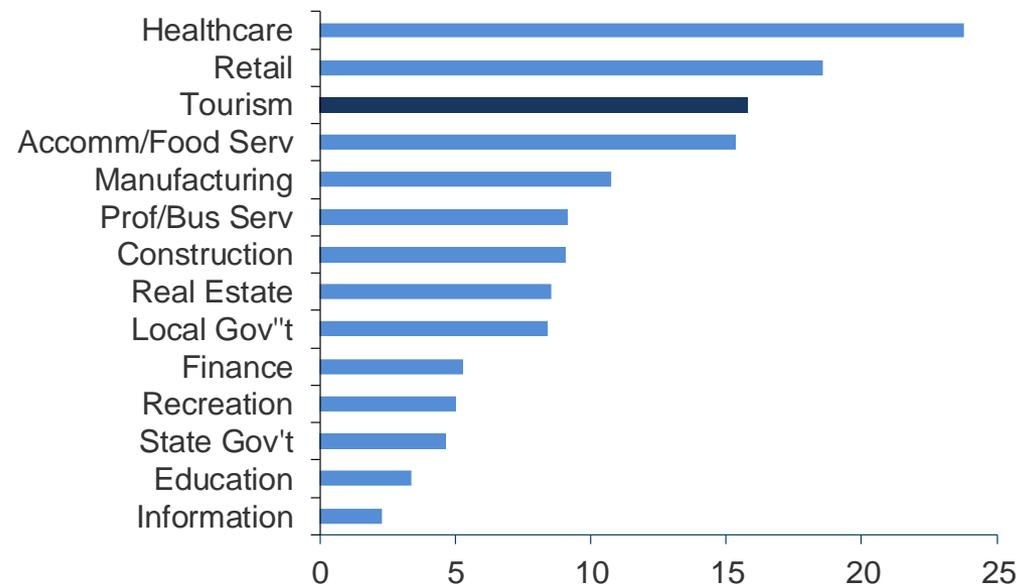
- Tourism generated \$250.1 million in taxes in 2012.
- Tourism-driven state and local tax proceeds of \$126.2 million helped offset the average household tax burden by \$1,251 per household.
- \$58.6 million in local taxes were generated by tourism in 2012. An estimated \$13.7 million was received by the City of Asheville.

Buncombe County tourism in context

- Taken as an industry, tourism is the third largest employer in the Asheville region.
- Tourism-generated tax revenues accounted for an estimated 15.2%* of the City of Asheville's 2012 General Fund revenues, and would fund:
 - 63% of Police spending
 - 72% of the Fire budget
 - Parks/Rec 1.7 times over
 - Planning, development, HR and transportation spending combined, nearly 3.2 times over.

Asheville Region Jobs by Industry

Buncombe County, thousands, 2012



Sources: BEA, BLS, Tourism Economics

*Note: Based on an estimated calendar year budget. The tourism-generated revenues include sales and property taxes and fees. They do NOT include lodging taxes.

Methodology and Background



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Why quantify the tourism economy?

- By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.
- It can also carefully monitor its successes and future needs.
- In order to do this, tourism must be measured in the same categories as other economic sectors – i.e. tax generation, employment, wages, and gross domestic product.

Why is this a challenge?

- Most economic sectors such as financial services, insurance, or construction are easily defined within a region's economic statistics.
- Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.
- Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents, museums, and theme parks.

Methods and data sources

- Estimates of visitor expenditures in Buncombe County were based on several sources including:
 - Smith Travel Research (STR) data on hotel room demand, supply, and revenues.
 - County and City level tax data on sales and hotel occupancy receipts available from the North Carolina Department of Revenue and the State Treasurer's Office.
 - Visitor profile and volume, and spending estimates from Longwood's International, a national consumer survey and research firm.
 - Industry data on employment, wages and sales from the U.S. Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics.
- An IMPLAN input-output model was constructed for Buncombe County. 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 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, which do not require unemployment insurance and are not counted in the ES202 data.
- Gasoline price data were obtained from the U.S. Energy Information Administration.

Description of spending categories

Spend Category	Description
Lodging	Includes visitor spending in accommodation sector. This includes food and other services provided by hotels and similar establishments.
Recreation	Includes visitors spending within the arts, entertainment and recreation supersector.
Local transport	Includes all forms of local transport services such as taxis, limos, trains, rental cars, and buses.
Shopping	Includes visitor spending in all retail sectors within the Buncombe County economy.
Service stations	Visitor spending on gasoline. Only the margin counts as local economic impact.
Second homes	Spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Department.
Food and beverage	Includes all spending at restaurants and bars.



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