



The Economic Impact of Tourism in Buncombe County, North Carolina

2014 Analysis



June 2015

Introduction and definitions

- This study measures the economic impact of tourism in Asheville, 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.



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 regional 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 100 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 70 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.

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 \$1.7 billion in 2014, which generated \$2.6 billion in total business sales, including indirect and induced impacts.
- Tourism in Asheville generated \$287 million in tax revenues in 2014, including \$144 million in state and local revenues.



Headline results



- Including direct, indirect, and induced impacts, 24,856 jobs were sustained by visitors to Asheville in 2014 with total income of \$714 million.
- Approximately 14.8% (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 industry, 18% in lodging, 13% were in retail, and 12% in recreation.

Key Trends in 2014



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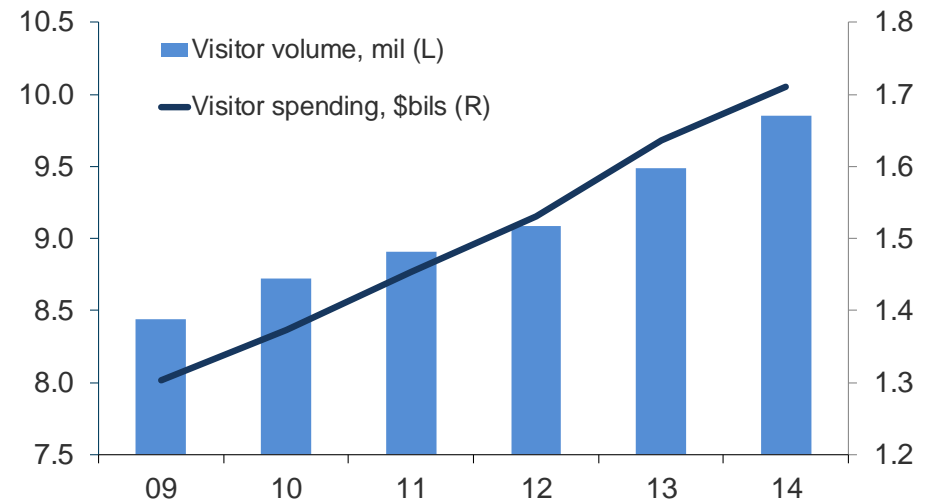
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Key themes for 2014

- Visitor volume and spending in the Asheville region grew in 2014, driven by job and income growth in the broader North Carolina and regional economy.
- An estimated 9.8 million visitors (including day and overnight) spent a total of \$1.7 billion in 2014, increases of 3.9% and 4.6%, respectively, from 2013.

Visitor Volume and Spending

Buncombe County

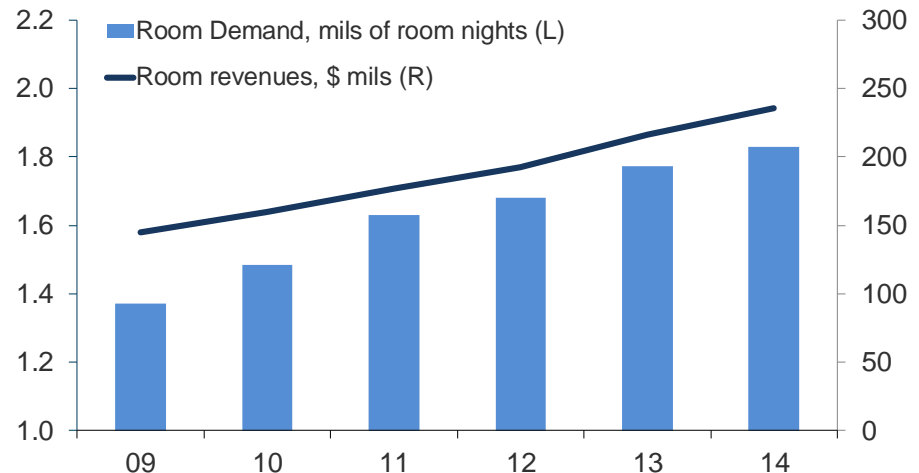


Sources: Longwoods International, Tourism Economics

Key themes for 2014

- Asheville's lodging fundamentals continued to tighten in 2014.
- Room demand rose 3.1%, compared with a 0.8% decrease in room-supply, versus 2013.
- Strong demand growth boosted occupancy to 69.3%, up from 66.6% in 2013.
- Rising occupancy drove room rates higher by 5.6% from 2013.
- Strong demand and rising prices boosted room revenues 9.0% versus 2013.

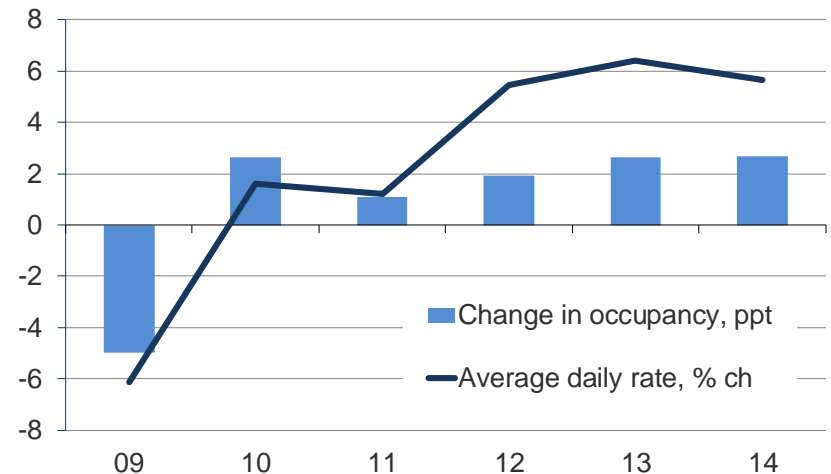
Lodging Demand Is Rising



Source: Smith Travel Research

Tightening Occupancy Boosted Prices

Asheville market



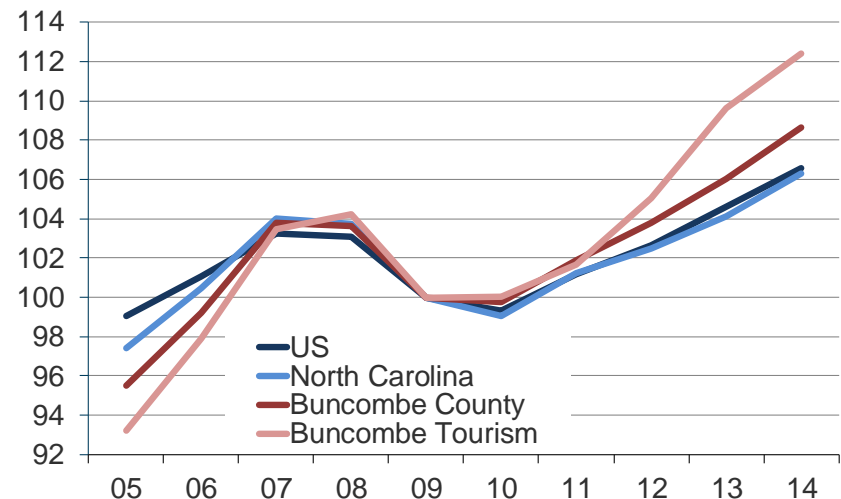
Source: Smith Travel Research

Key themes for 2014

- Within the County, tourism employment is expanding faster than overall job growth. Industry employment is 12.6% higher than in 2009, versus 8.7% for the County overall.
- Tourism has added nearly 400 jobs per year since 2009, average annual growth of 2.4%.
- In 2014, the unemployment rate in the county was 4.6%. Without tourism it would have been 15.9%.

Tourism Jobs Outpace the Broader Recovery

Employment indexes, 2009=100



Sources: BEA, BLS, Tourism Economics

Visitors and Spending

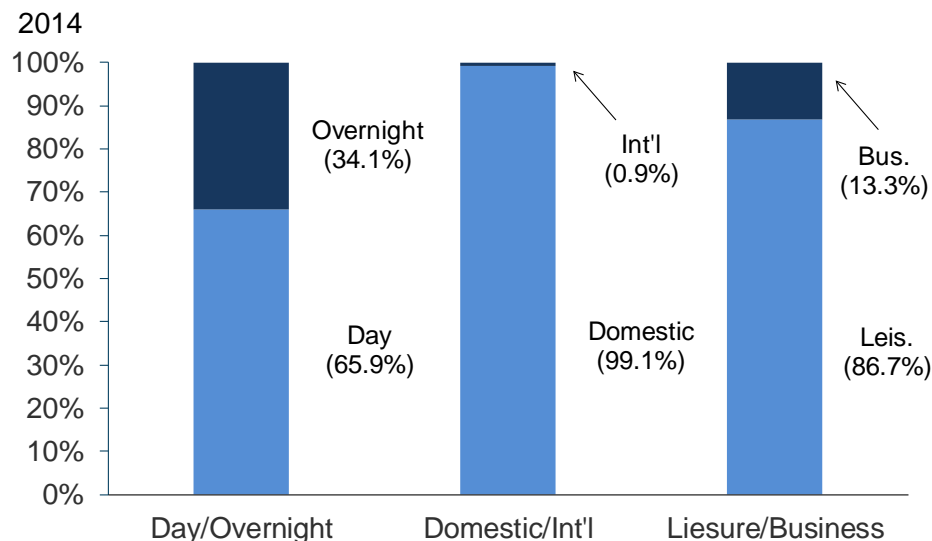


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Visitor details in 2014

Visitor Characteristics



Sources: DKS, Tourism Economics

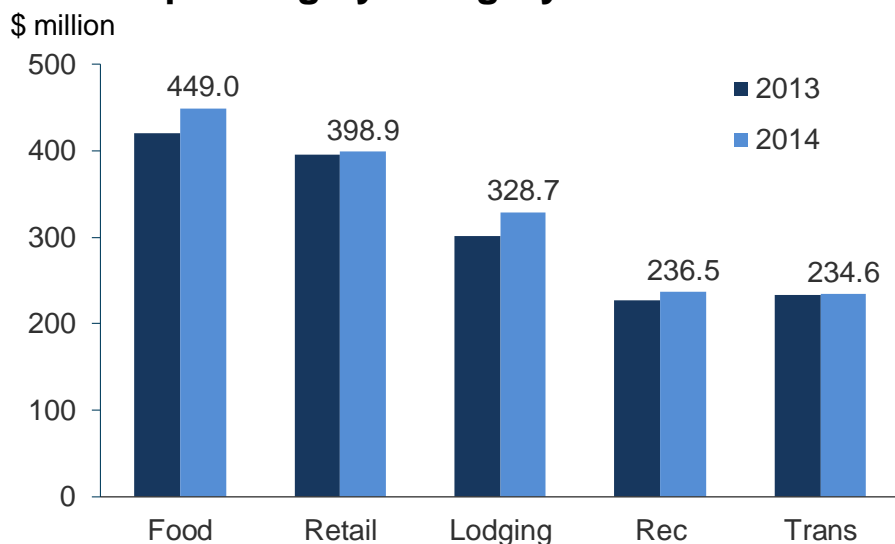
Note: Overnight/Day and Bus./Leisure segments are domestic only

- Asheville hosted a total of 9.8 million visitors in 2014.
- Most visitors were day visitors (65.9%) and most came for leisure (86.7%).
- International visitors accounted for 0.9% of total visitor volume.
- The average visitor spending was \$104 per person per day, 0.4% higher than in 2013. The average party spending was \$381 per trip.

Composition of tourism spending

- Food and beverage accounted for most visitor spending with \$449 million, followed by retail at \$399 million, \$329 million in lodging spending, and \$237 million in local transportation in 2014.
- About half of visitor spending was on food and beverage and retail combined, and lodging accounted for 20% of visitor spending.

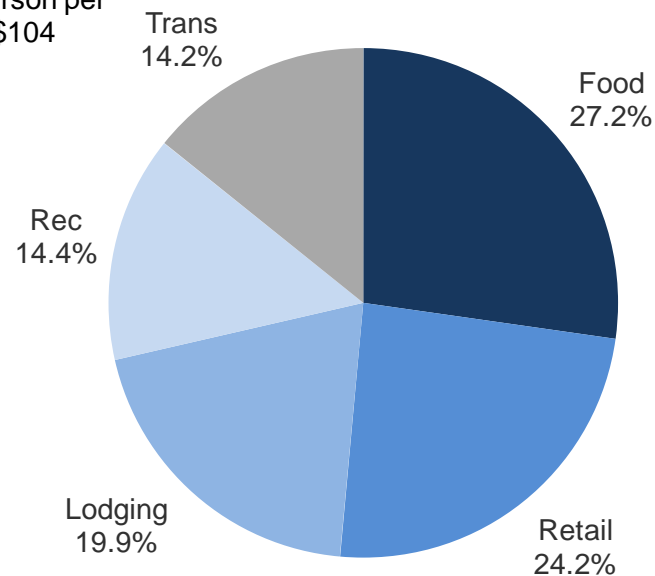
Visitor Spending by Category



Source: Tourism Economics

Visitor Spending Profile for 2014

Avg per person per day = \$104

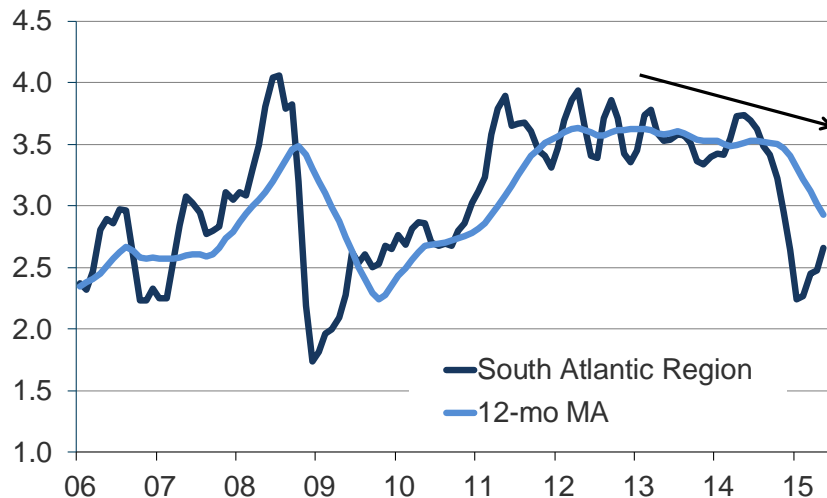


Source: Tourism Economics

Lower fuel prices free up resources

Fuel Prices Are On a Two-Year Decline

South Atlantic Region average gasoline price, dollars per gallon



Source: Energy Information Administration

- Fuel prices have been on a two-year slide, freeing up resources to spend in other categories.
- Low gas prices also boost consumer confidence, encouraging more trips and visitor spending that otherwise might not occur.
- Oxford Economics forecasts oil prices to remain under \$80 per barrel through 2018, implying an average price in Asheville under \$3.00 per gallon for an extended period.

Visitor spending trends

- Visitor spending increased 4.6% in 2014, with the lodging and food and beverage industries leading. Lodging spending grew 9.0% as both prices and room-night demand increased.
- Visitor spending on food and beverage and recreation increased 6.8% and 4.4%, respectively, changes that were similar to those of one year ago, maintaining momentum.

Visitor Spending By Category						
(US\$ Million)						
	2010	2011	2012	2013	2014	2013-14 % ch
Food and beverage	349.9	370.9	394.3	420.6	449.0	6.8%
Retail	338.9	351.3	370.8	395.1	398.9	1.0%
Lodging	232.5	247.7	268.5	301.7	328.7	9.0%
Recreation	211.1	209.7	215.1	226.6	236.5	4.4%
Transportation (local)	191.5	224.9	228.8	232.8	234.6	0.8%
Second homes value	46.1	45.1	49.5	55.8	59.1	6.0%
Air	3.6	3.5	3.1	3.2	3.4	4.1%
Total	1,373.5	1,453.0	1,530.1	1,635.9	1,710.4	
% change	5.4%	5.8%	5.3%	6.9%	4.6%	

Economic Impacts

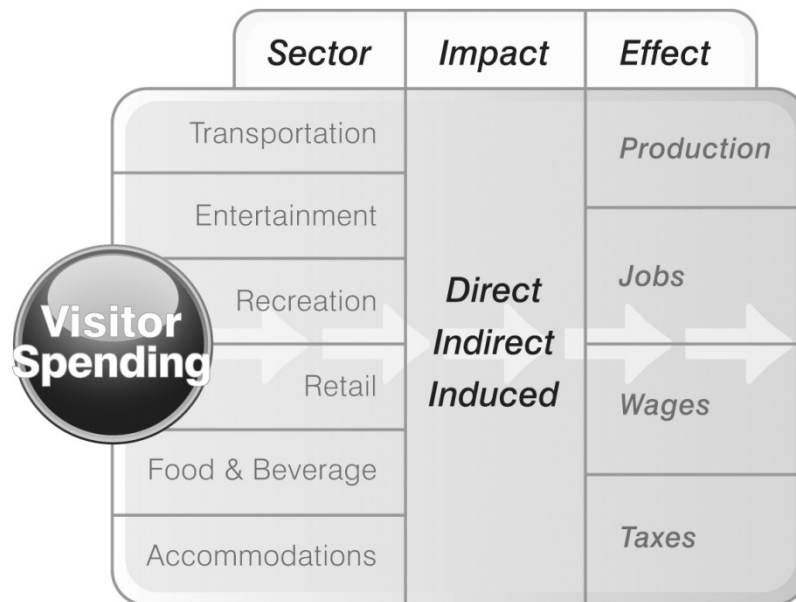


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How visitor spending generates impact

- 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 more than \$2.6 billion in revenue in 2014.

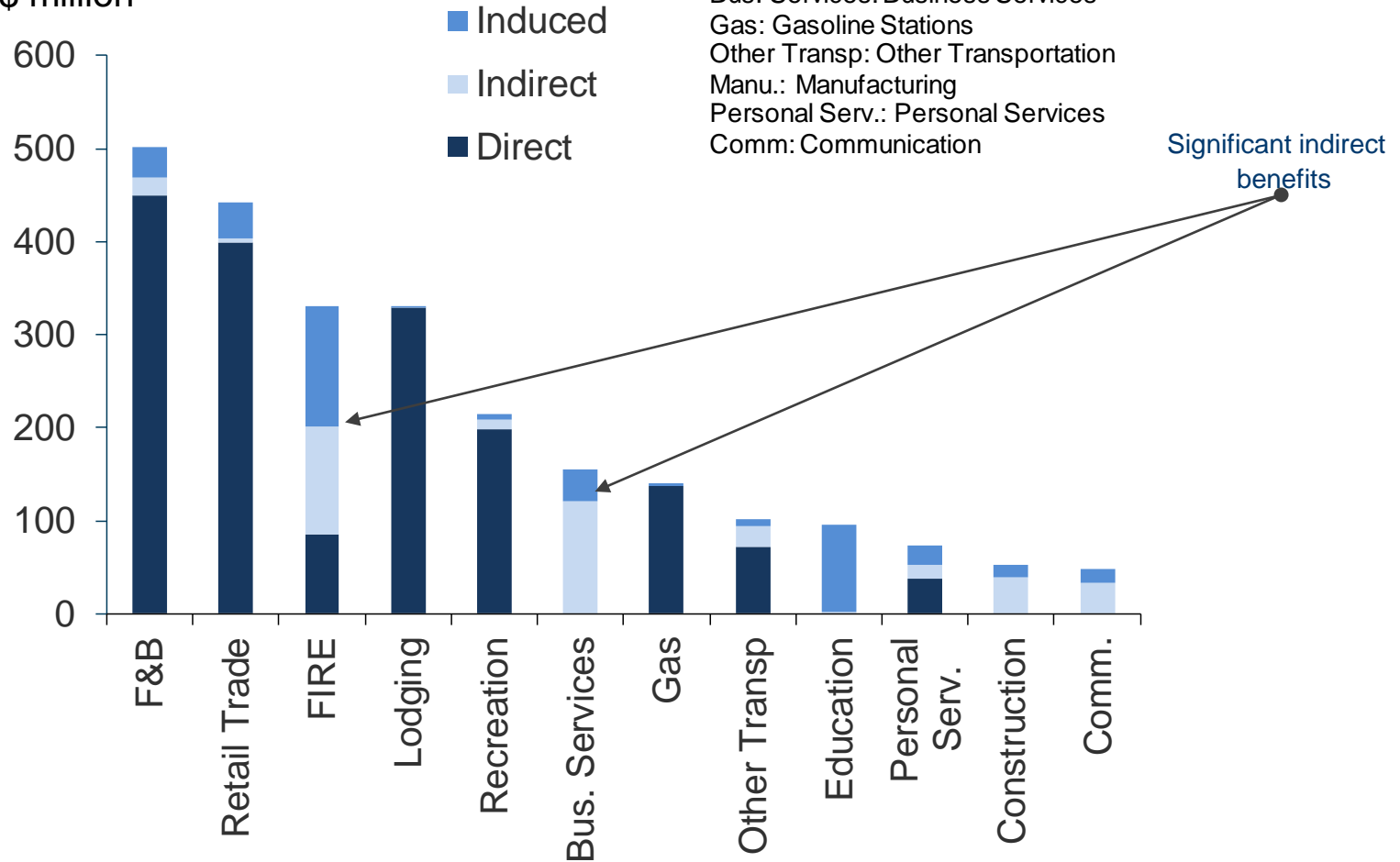
Tourism Sales				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	0.2	0.2	0.4
Construction and Utilities	-	39.6	13.2	52.8
Manufacturing	-	14.3	6.3	20.6
Wholesale Trade	-	8.5	15.0	23.6
Air Transport	3.4	2.2	3.6	9.2
Other Transport	72.5	21.0	7.5	101.0
Retail Trade	398.9	4.2	39.7	442.8
Gasoline Stations	136.5	0.3	3.4	140.1
Communications	-	32.7	14.7	47.4
Finance, Insurance and Real Estate	84.8	116.2	129.4	330.4
Business Services	-	121.3	33.3	154.6
Education and Health Care	-	1.5	93.5	95.0
Recreation and Entertainment	198.9	9.1	6.8	214.7
Lodging	328.7	0.7	0.4	329.9
Food & Beverage	449.0	20.4	32.5	501.9
Personal Services	37.7	15.3	20.8	73.7
Government	-	16.9	7.0	23.9
TOTAL	1,710.4	424.6	427.2	2,562.1

* Direct sales include cost of goods sold for retail sectors

Tourism sales

Tourism Sales by Industry

\$ million

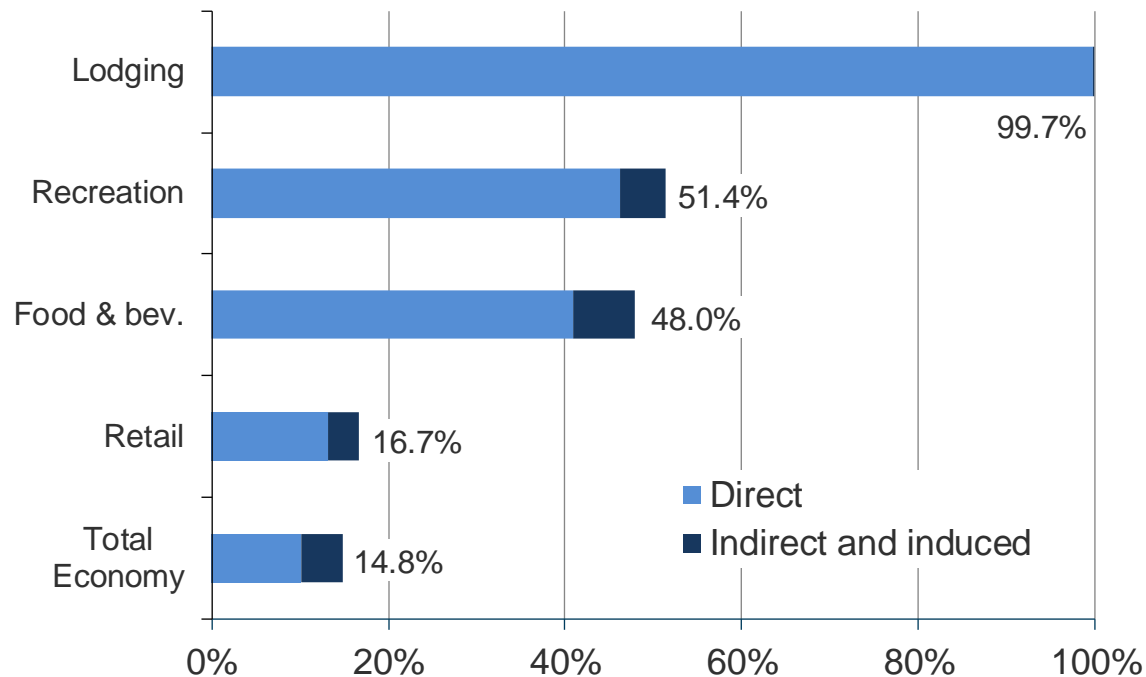


* Direct sales include retail cost of goods sold

Tourism share of key industry employment

Tourism Employment Intensity by Industry

Share of industry employment



Source: Tourism Economics

- Tourism is a significant part of several industries – tourism directly supports nearly all of lodging employment, 46% of recreation, and more than 40% of food and beverage employment.

Tourism tax generation

Tourism-Generated Tax Revenues 2014, Millions	
	Amount
Federal	143.3
Personal Income	33.6
Corporate	20.7
Indirect business	16.9
Social Security	72.1
State	76.8
Personal Income	14.2
Corporate	2.5
Sales	47.5
Social Security	0.7
Other Taxes and Fees	11.8
Local	66.8
Sales	11.8
Occupancy tax	9.4
Property	43.0
Other Taxes and Fees	2.6
TOTAL	286.8

- Tourism generated \$287 million in taxes in 2014.
- Tourism-driven state and local tax proceeds amounted to \$144 million. Excluding Occupancy tax revenues, tourism helped to offset the average household tax burden by \$1,232 per household.
- Local taxes generated included property and sales tax revenues, and amounted to \$67 million in 2014.



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