

# ECONOMIC IMPACT OF VISITORS IN ASHEVILLE 2021

July 2022

Prepared for: Explore Asheville Convention & Visitors Bureau



# CONTENTS

<b>Introduction</b> Methodology & data sources	<b>03</b>
<b>Key Findings</b> Summary economic & fiscal impacts	<b>04</b>
<b>Visitor Volume and Visitor Spending</b> Trends in visitation and visitor spending	<b>05</b>
<b>Economic Impact Methodology</b> Impact model framework	<b>08</b>
<b>Economic Impact Findings</b> Business sales, jobs, and labor income impacts	<b>09</b>
<b>Fiscal Impacts</b> Federal and state & local tax revenues	<b>13</b>
<b>Economic Impacts in Context</b> Adding context to the economic impact results	<b>14</b>
<b>Appendix</b>	<b>16</b>





## INTRODUCTION

# PROJECT BACKGROUND

The travel sector is an integral part of the Asheville (defined as Buncombe County) economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the city's future. How critical? In 2021, tourism-supported jobs accounted for 14.4% of all jobs in the county.

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 Asheville as it builds upon its tourism economy.

## METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Buncombe County. The model traces the flow of visitor-related expenditures through the county'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.

By establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the significance of the visitor economy in Asheville, 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.

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.

The analysis draws on the following data sources:

- Longwoods international: survey data, including visitor profile characteristics for visitors to Asheville
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR and AirDNA lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels and short-term rentals
- Tax collections: Lodging 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 Asheville based on aviation, survey, and credit card information.



# ECONOMIC IMPACTS

## KEY FINDINGS

### DIRECT VISITOR SPENDING IMPACT

In 2021, 12.5 million visitors spent \$2.6 billion across the Asheville economy. The Asheville visitor economy spans multiple industries. Visitors spend directly on accommodations, food and beverage, recreation, retail shopping, local transportation, and air travel.

### TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$2.6 billion generated a total economic impact of \$3.9 billion in Asheville in 2021 including indirect and induced impacts. This total economic impact sustained almost 27,000 jobs and generated \$238 million in state and local tax revenues in 2021.



**\$3.9 BILLION**

Total Economic Impact of Tourism in Asheville in 2021



**\$2.6B**

Direct Visitor  
Spending



**\$3.9B**

Total  
Economic  
Impact



**27,000**

Total  
Jobs  
Generated

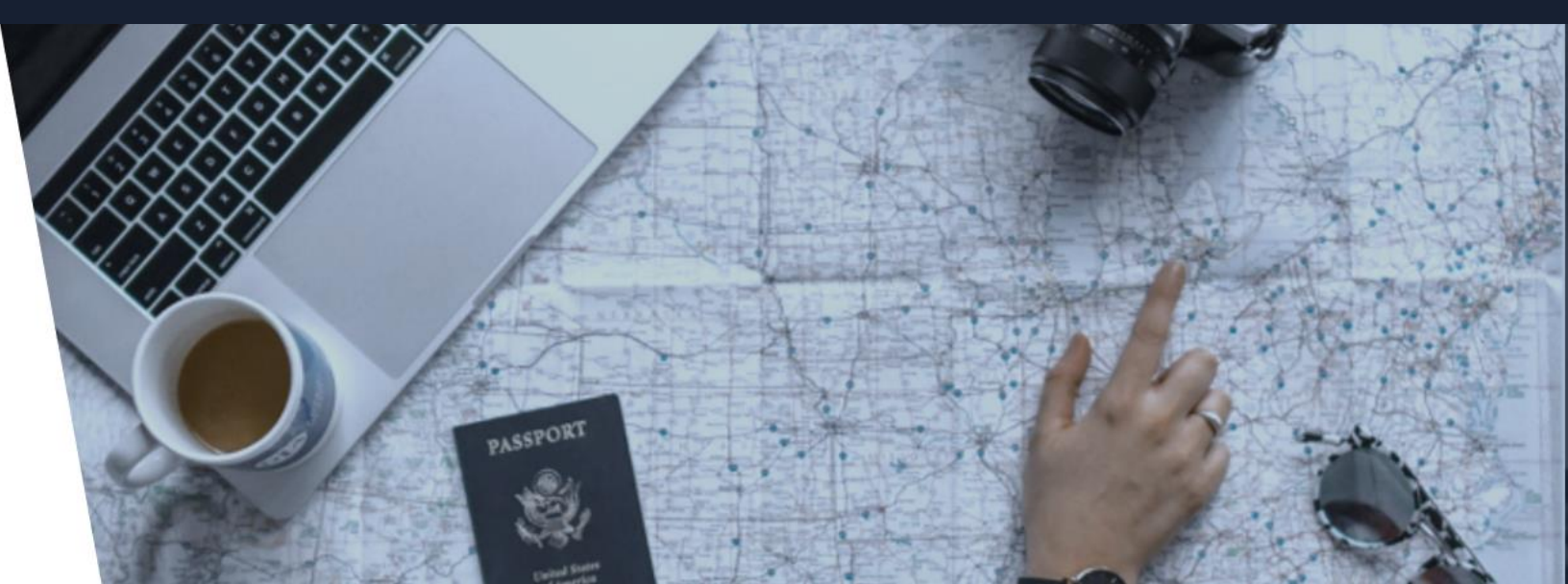


**\$238M**

State & Local  
Taxes  
Generated







## VISITS & VISITOR SPENDING

Asheville hosts millions of visitors each year. Following severe COVID-related declines the prior year, 2021 was a year of recovery and growth in which direct visitor spending reached \$2.6 billion and visitor volume totaled 12.5 million.

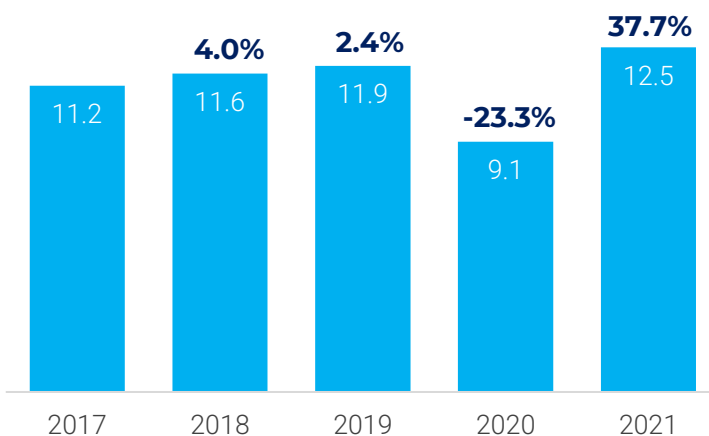
### VISITOR VOLUME

#### Recovery in 2021

Visitor volume was impacted in 2020 by COVID-19 restrictions and closures. In 2021, travel confidence rebounded with easing restrictions and vaccines. With an increase of over three million visitors over the prior year, total visitation grew 5.6% beyond 2019 volumes.

#### Asheville visitor volume

Amounts in millions



Sources: Longwoods Int'l, Tourism Economics

### VISITOR SPENDING

#### Visitors to Asheville spent \$2.6 billion across a range of sectors in 2021.

Visitor spending expanded 81% in 2021, expanding to 18% above of 2019 levels.

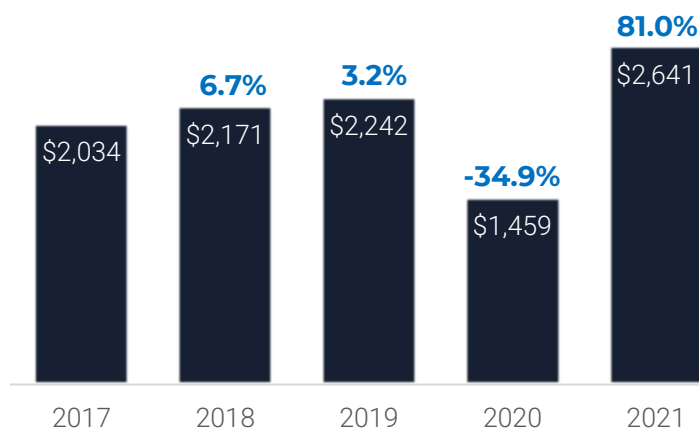
Of the \$2.6 billion spent in Asheville in 2021 by visitors, lodging, including the value of second homes, accounted for \$812 million, 31% of the average visitor dollar. Spending on food and beverage resulted in \$698 million.

Retail captured 19%, a total of \$509 million.

Recreation comprised 12%, with transportation, including both air and transportation within the destination, registering 11% of each visitor dollar.

#### Asheville visitor spending

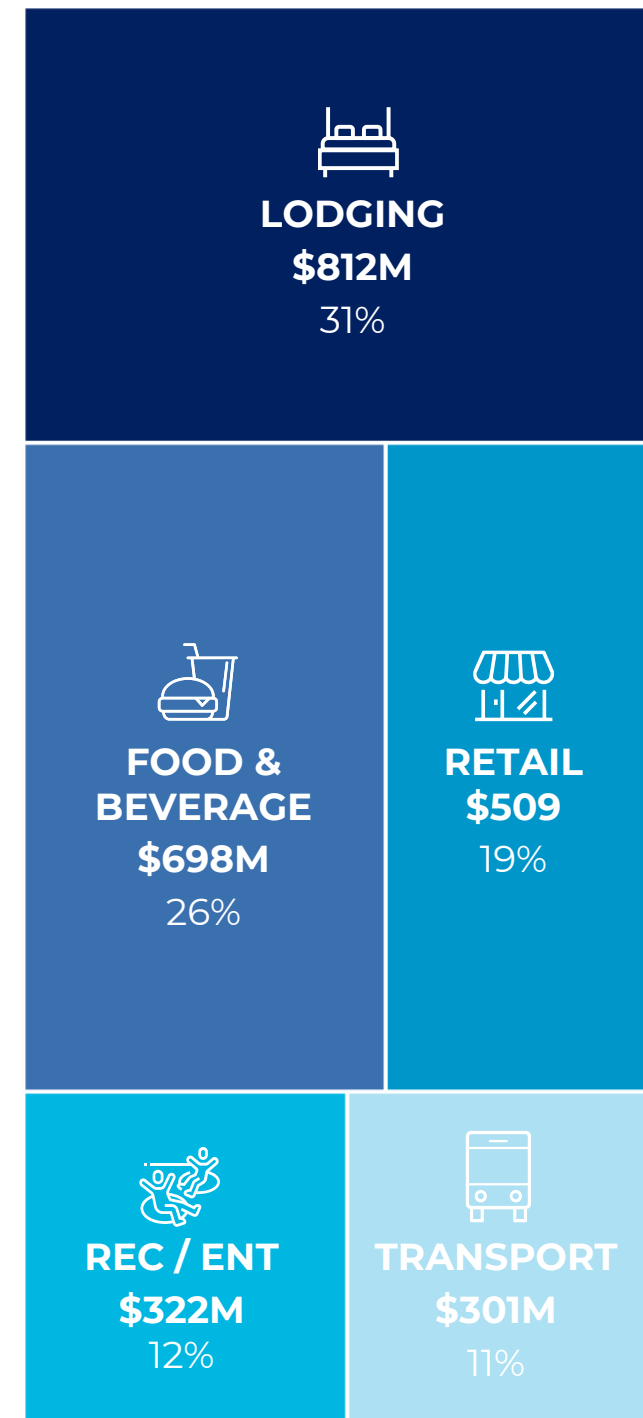
Amounts in \$ millions



Sources: Longwoods Int'l, Tourism Economics

## \$2.6 BILLION

Total Visitor Spending in 2021



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.

VISITATION & SPENDING TRENDS

Visitor spending increased by 81% in 2021, a bounce back after the significant decline in 2020. Spending grew across all sectors, driven by both pent-up demand as well as increases in prices of key commodities, especially in lodging and transportation. Indeed, average room rates at hotels in the city increased 24%.

Strong growth was seen in lodging, one of the hardest hit categories during the pandemic. Lodging spending more than doubled after a fall of 34% in 2020. With this impressive rebound, lodging spending rose to 33% above its 2019 levels.

Recreational spending grew 93% in 2021, raising it to 107% of pre-pandemic levels. While air transportation remains at 82% of pre-pandemic levels, transportation within the destination has reached 119% of 2019 spending.

Asheville visitor spending

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

	2017	2018	2019	2020	2021	2021 Growth	% relative to 2019
Total visitor spending	\$2,034	\$2,171	\$2,242	\$1,459	\$2,641	81.0%	117.8%
Lodging*	\$544	\$590	\$609	\$403	\$812	101.5%	133.2%
F&B	\$544	\$577	\$610	\$451	\$698	54.7%	114.5%
Retail	\$437	\$464	\$468	\$301	\$509	69.0%	108.7%
Ent/Rec	\$275	\$286	\$300	\$166	\$322	93.4%	107.2%
Transportation**	\$234	\$255	\$255	\$138	\$301	118.1%	118.1%

Source: Longwoods Int'l, Tourism Economics

\* Lodging includes second home spending

\*\* Transportation includes both ground and air transportation

Asheville visitor volume and spending, by market

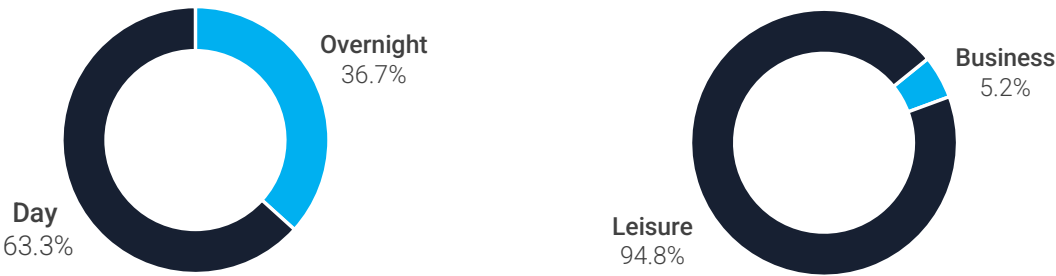
Amounts in millions of visitors, \$ millions, and \$ per person

	2017	2018	2019	2020	2021
Total visitors	11.2	11.6	11.9	9.1	12.5
Day	7.2	7.5	7.7	6.1	7.9
Overnight	3.9	4.1	4.2	3.0	4.6
Total visitor spending	\$2,034	\$2,171	\$2,242	\$1,459	\$2,641
Day	\$623	\$679	\$674	\$509	\$720
Overnight	\$1,411	\$1,492	\$1,568	\$950	\$1,921
Per traveler spending	\$182	\$187	\$189	\$160	\$211
Day	\$86	\$91	\$88	\$83	\$91
Overnight	\$360	\$363	\$372	\$320	\$418

Source: Longwoods Int'l, Tourism Economics

Asheville visitation share by segment

Expressed as percentage of total visitation by market



Source: Longwoods Int'l, Tourism Economics

# VISITOR ECONOMY TRENDS

## Hotel & Short-Term Rental Sector

Hotel room demand grew by 47.0% in 2021 over the previous year, after declining 30.1% in 2020. The rise in room demand led to the occupancy rate increasing to 68.9% from 49.9% in 2020.

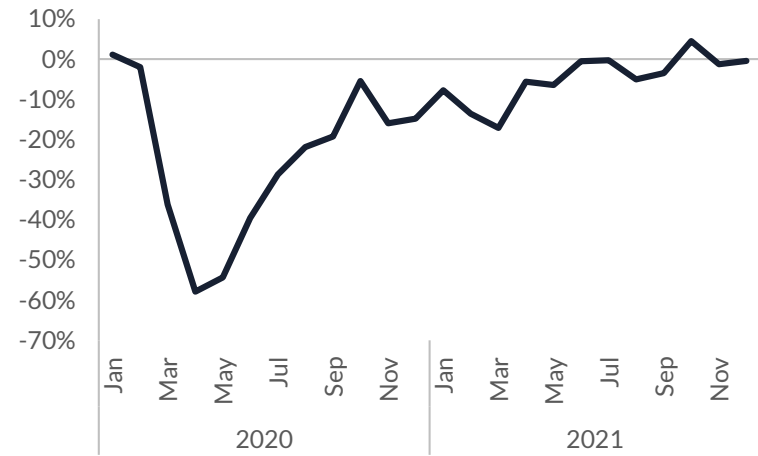
Pricing power and demand rose considerably after Q1 2021, as both exceeded 2019 levels every month in April 2021 and onwards. Hotel ADR rose 24.4% relative to 2020, topping 2019 by 9.7%.

The use of non-hotel lodging, such as AirBnB and Vacation Rental By Owner, experienced strong growth in both demand and ADR in 2020 and 2021. Short-term rental revenue in 2021 rose 67.3% relative to 2019.

Hotel room revenue growth along with contributions from an expanding short-term rental market and rising second home values resulted in visitor lodging spending more than doubling relative to 2020, rising 33.2% above its 2019 benchmark.

### Asheville hotel occupancy rate

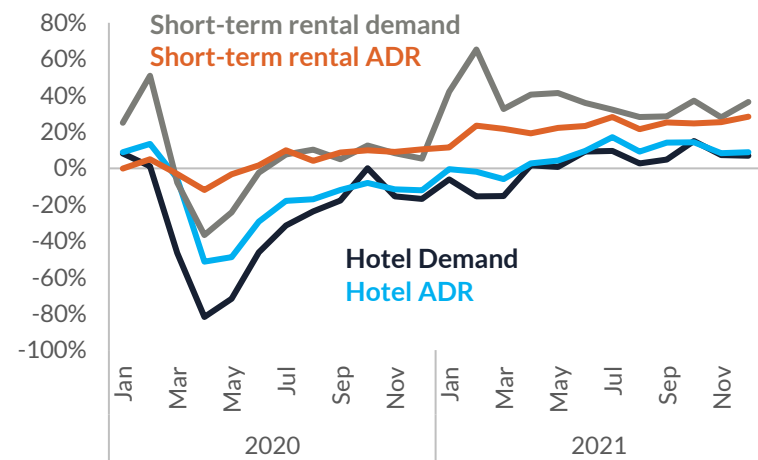
Percentage points difference from same month 2019



Source: STR

### Asheville lodging revenue contributors

Percent change relative to same month 2019



Source: STR, AirDNA

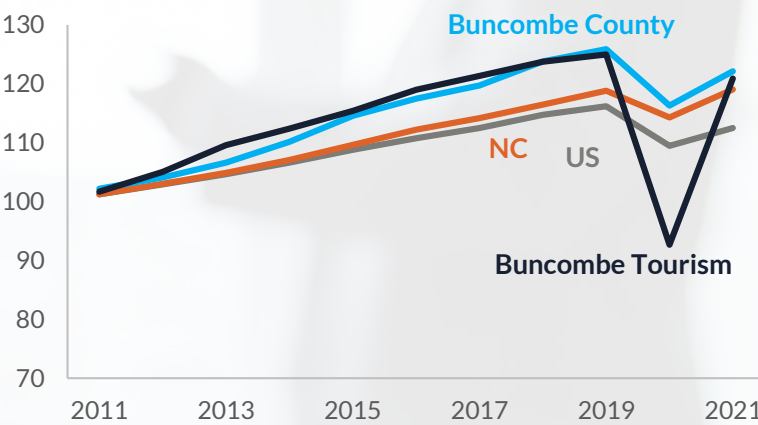
## Labor Market

Within Buncombe County, tourism employment had consistently outpaced overall state employment, increasing 25.0% between 2010 and 2019 compared to overall state employment growth of 18.8%.

However, more than one-in-four (26%) of Buncombe County tourism jobs were lost in 2020. The travel recovery in 2021 welcomed a return of tourism jobs, which rose to 97% of its 2019 level.

### Tourism employment in Buncombe County

Index (2010=100)



Source: BEA, BLS, Tourism Economics

## Fuel Prices

After dipping 16% in 2020, fuel prices rose significantly in 2021, rising to 17% above their average 2019 price level.

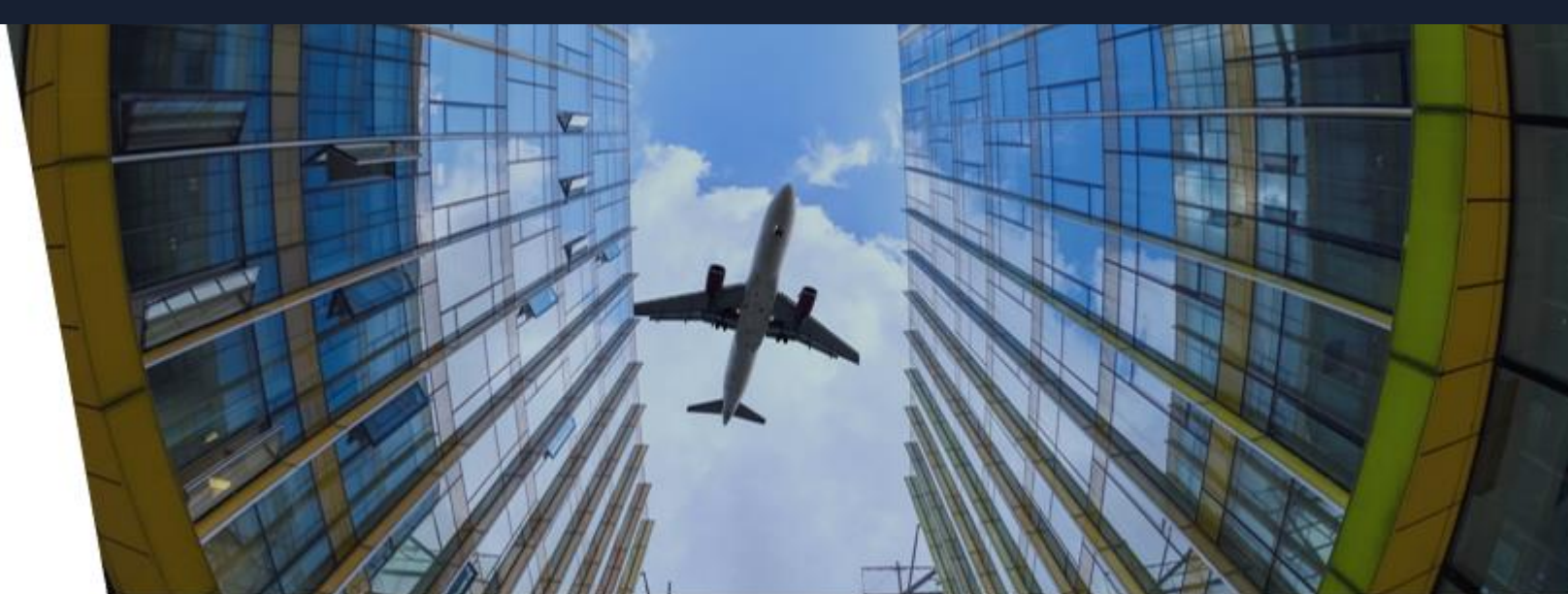
### Fuel prices in South Atlantic

South Atlantic Region average gasoline price, dollars per gallon



Source: Energy Information Administration





# ECONOMIC IMPACT METHODOLOGY

Our analysis of the Asheville 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 Buncombe County 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.

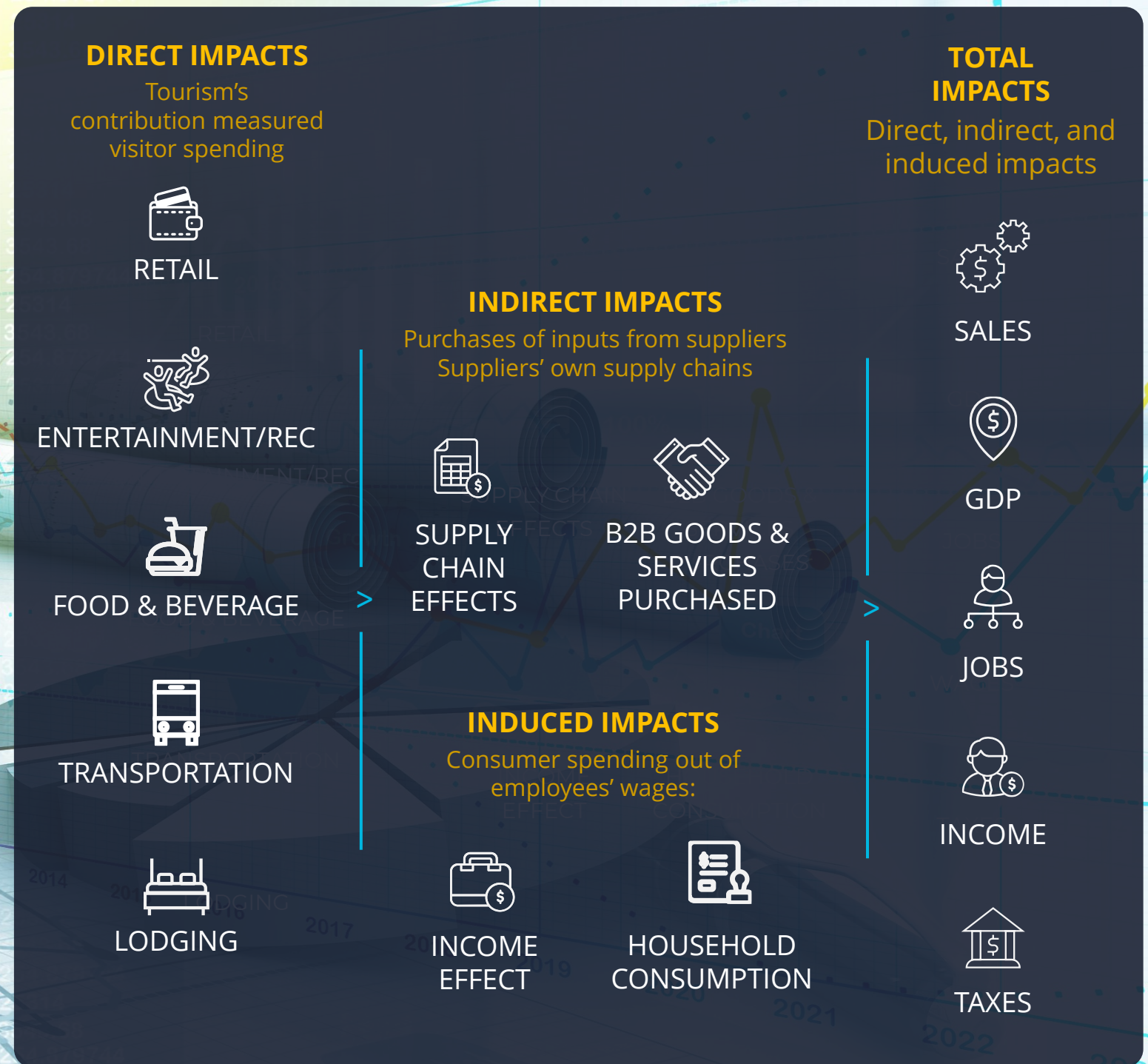
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 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

## ECONOMIC IMPACT FRAMEWORK





# ECONOMIC IMPACT FINDINGS

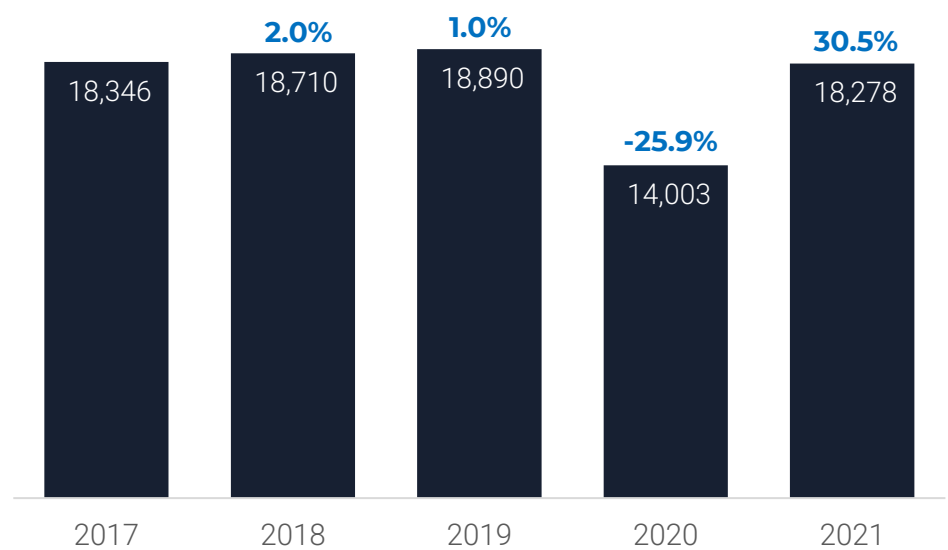
## DIRECT IMPACTS

Employment supported by visitor activity rose 30.5% in 2021, rebounding to over 18,000 jobs. The number of jobs jumped by more than 4,000 in 2021. Despite the increase, the number of jobs directly supported by visitors remains over 600 jobs below pre-pandemic levels.

The job recovery in key industries in 2021 was strong, reaching 95% of pre-pandemic tourism-supported employment in lodging, 99% in the restaurant industry, 98% in transportation, and 91% in recreational businesses. The recovery in tourism-supported employment in the retail industry has been more promising than in the lodging and restaurant industries.

Recovery in visitor-supported jobs has been slower than spending, with visitor-supported employment levels at 97% of pre-pandemic levels compared to 118% of spending.

**Visitor supported employment in Buncombe County**  
Amounts in number of jobs



Sources: Tourism Economics







# ECONOMIC IMPACT FINDINGS

## BUSINESS SALES IMPACTS

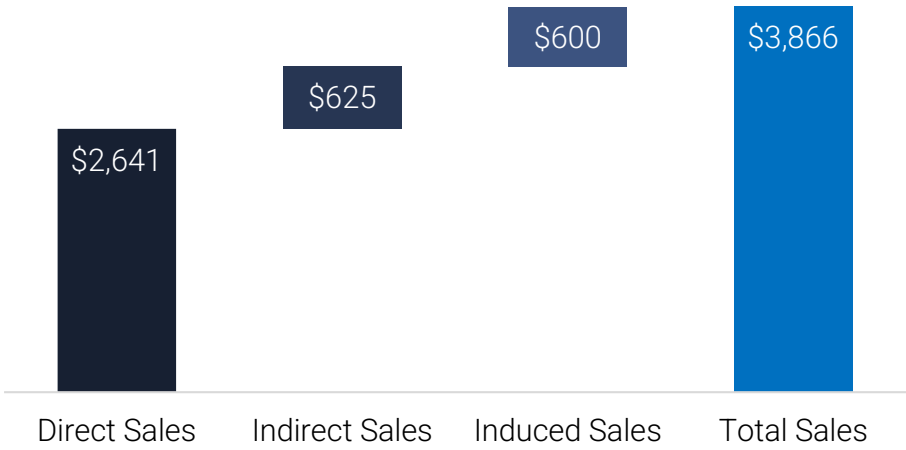
Visitors contributed a direct impact of \$2.6 billion in 2021. This direct impact of \$2.6 billion generated \$1.2 billion in indirect and induced impacts, resulting in a total economic impact of \$3.9 billion in the Asheville economy, 16% above 2019.

The indirect and induced effects add a total of \$1.2 billion in sales for businesses located in Asheville.

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

Summary economic impacts (2021)

Amounts in \$ millions



Source: Tourism Economics

Business sales impacts by industry (2021)

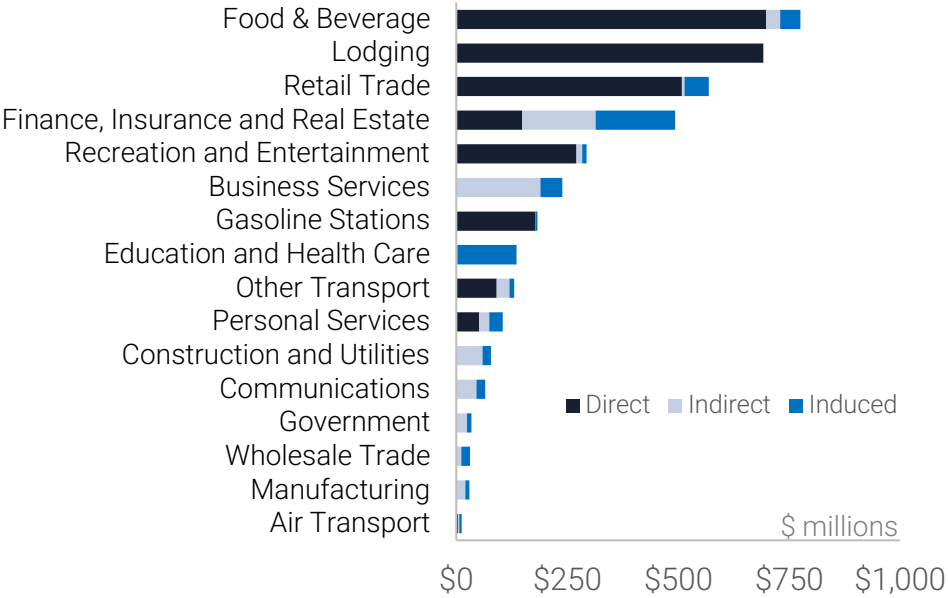
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$2,641	\$625	\$600	\$3,866
Food & Beverage	\$698	\$31	\$46	\$775
Lodging	\$691	\$1	\$1	\$693
Retail Trade	\$509	\$6	\$54	\$569
Finance, Insurance and Real Estate	\$149	\$165	\$179	\$493
Recreation and Entertainment	\$271	\$13	\$10	\$293
Business Services		\$189	\$50	\$239
Gasoline Stations	\$178	\$0	\$5	\$183
Education and Health Care		\$2	\$134	\$136
Other Transport	\$91	\$29	\$11	\$130
Personal Services	\$51	\$23	\$30	\$104
Construction and Utilities		\$59	\$19	\$78
Communications		\$46	\$20	\$65
Government		\$24	\$10	\$34
Wholesale Trade		\$11	\$19	\$31
Manufacturing		\$20	\$9	\$29
Air Transport	\$4	\$3	\$5	\$12
Agriculture, Fishing, Mining		\$0	\$0	\$1

Source: Tourism Economics

Visitor economy business sales impacts by industry (2021)

Amounts in \$ millions



Source: Tourism Economics

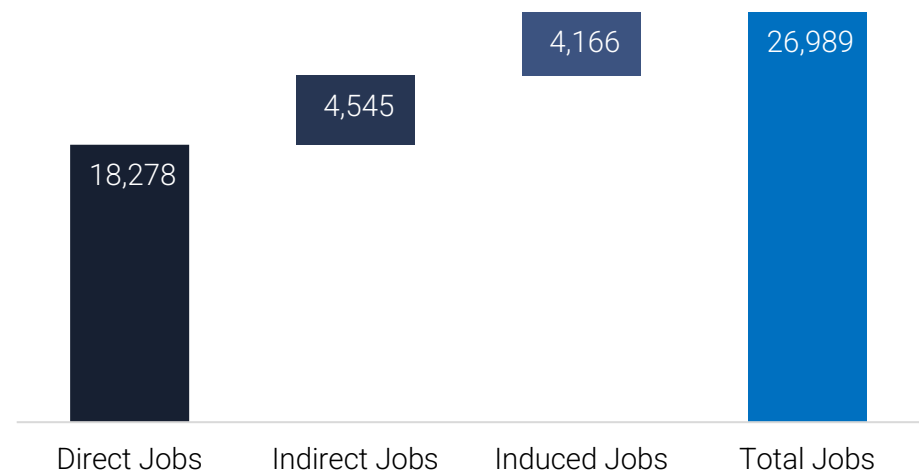


# EMPLOYMENT IMPACTS

Visitor activity sustained 18,278 direct jobs in 2021, with an additional 8,711 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 26,989 in 2021, one of every seven jobs in the county.

## Summary employment impacts (2021)

Amounts in number of jobs



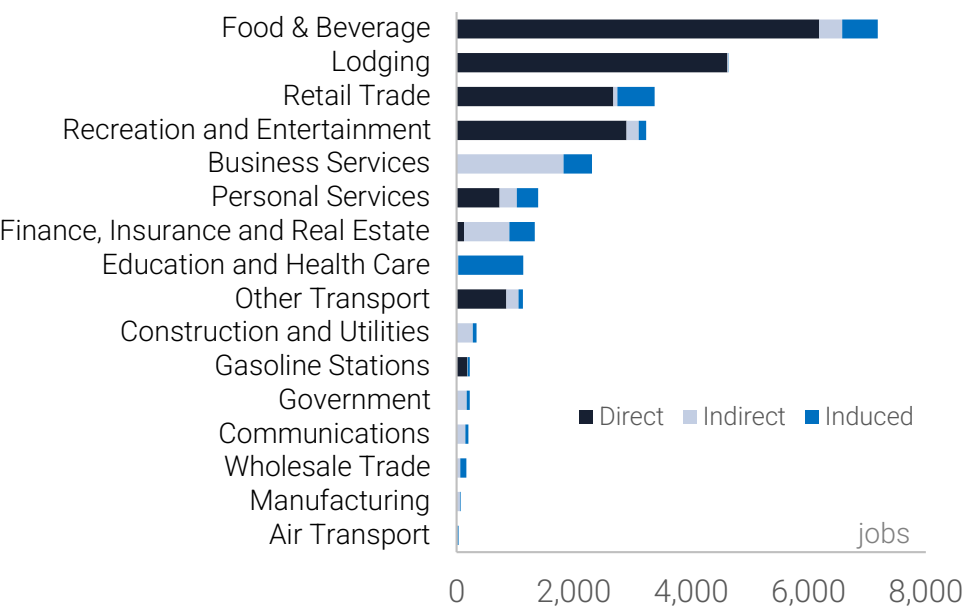
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (7,181).

Spending by businesses directly impacted by visitor spending supports 1,823 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

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	18,278	4,545	4,166	26,989
Food & Beverage	6,186	391	604	7,181
Lodging	4,621	7	4	4,633
Retail Trade	2,672	70	632	3,374
Recreation and Entertainment	2,900	206	126	3,232
Business Services		1,823	484	2,308
Personal Services	731	298	361	1,390
Finance, Insurance and Real Estate	125	773	438	1,336
Education and Health Care		31	1,108	1,139
Other Transport	847	211	74	1,131
Construction and Utilities		278	62	340
Gasoline Stations	185	3	37	225
Government		171	52	222
Communications		152	50	202
Wholesale Trade		61	106	168
Manufacturing		58	13	71
Air Transport	11	8	13	32
Agriculture, Fishing, Mining		4	3	7

Source: Tourism Economics



# LABOR INCOME IMPACTS

Visitor activity generated \$577 million in direct labor income and a total of \$915 million when including indirect and induced impacts. Total tourism-generated income in Asheville in 2021 rose to 4% above its 2019 level.

## Summary labor income impacts (2021)

Amounts in \$ millions

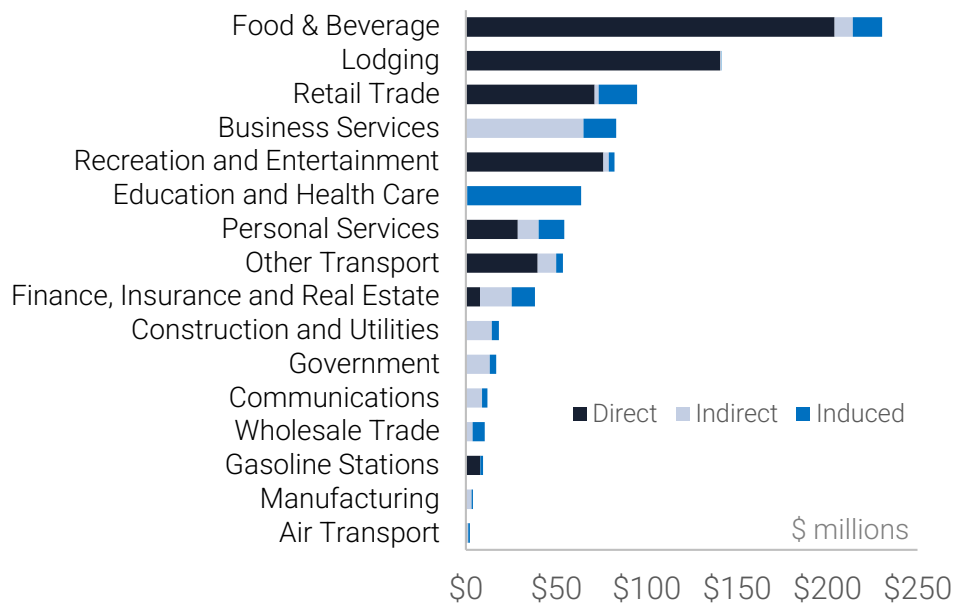


Source: Tourism Economics

There are eight industries in which visitor activity supports more than \$50 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

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$577	\$165	\$173	\$915
Food & Beverage	\$204	\$10	\$16	\$230
Lodging	\$141	\$0	\$0	\$141
Retail Trade	\$71	\$2	\$21	\$95
Business Services		\$65	\$18	\$83
Recreation and Entertainment	\$76	\$3	\$3	\$82
Education and Health Care		\$1	\$63	\$64
Personal Services	\$29	\$12	\$14	\$54
Other Transport	\$40	\$10	\$4	\$54
Finance, Insurance and Real Estate	\$8	\$18	\$13	\$38
Construction and Utilities		\$14	\$4	\$18
Government		\$13	\$4	\$17
Communications		\$9	\$3	\$12
Wholesale Trade		\$4	\$7	\$10
Gasoline Stations	\$8	\$0	\$1	\$10
Manufacturing		\$3	\$1	\$4
Air Transport	\$1	\$1	\$1	\$2
Agriculture, Fishing, Mining		\$0	\$0	\$0

Source: Tourism Economics



ECONOMIC IMPACT FINDINGS

**FISCAL (TAX) IMPACTS**

Visitor spending, visitor supported jobs, and business sales generated \$394 million in government revenues.

State and local taxes alone tallied \$238 million in 2021.

Each household in Buncombe County would need to be taxed an additional \$2,261 to replace the visitor-generated taxes received by state and local governments in 2021.

**Fiscal (tax) impacts**

Amounts in \$ millions

	Tax Revenue
<b>Total Tax Revenues</b>	<b>\$394</b>
<b>Federal Taxes</b>	<b>\$189</b>
Personal Income	\$43
Corporate	\$31
Indirect Business	\$22
Social Insurance	\$93
<b>State Taxes</b>	<b>\$131</b>
Sales	\$93
Personal Income	\$18
Corporate	\$4
Social Insurance	\$1
Excise and Fees	\$15
<b>Local Taxes (County)</b>	<b>\$74</b>
Sales	\$36
Property	\$36
Excise and Fees	\$2
<b>Local Taxes (City)</b>	<b>\$33</b>
Sales	\$8
Property	\$23
Excise and Fees	\$1

Source: Tourism Economics





# ECONOMIC IMPACTS

## JOB & LABOR INCOME IMPACTS

Direct visitor spending of \$2.6 billion generated tourism's total economic impact of \$3.9 billion, including almost 27,000 total jobs (including full-time and part-time jobs) with associated labor income of \$915 million in 2021.



**\$3.9B**

Total Economic Impact



**\$2.6B**

Direct Visitor Spending



**\$915M**

Total Labor Income Impact



**27,000**

Total Jobs Impact

# FISCAL IMPACTS

## TAX REVENUES

The economic impacts attributable to visitors generate significant fiscal (tax) impacts as they ripple through the regional economy. Visitor activity generated \$238 million in state and local tax revenues in 2021.



**\$238M**

Total State & Local Tax Revenues



**\$107**

Local Tax Revenues (County and City)



**\$137M**

Sales Tax Revenues



**\$60M**

Property Tax Revenues



# ECONOMIC IMPACTS IN CONTEXT



**\$2.6B**  
visitor  
spending

The \$2.6 billion in visitor spending means that nearly \$7.2 million was spent EVERY DAY by visitors in Asheville.



**\$915M**  
labor  
income

The \$915 million in total income generated by tourism is the equivalent of \$8,700 for every household in Buncombe County.



**27,000**  
total  
jobs

The number of jobs sustained by tourism (27,000) supports 14.4% of all jobs in Buncombe County.



**\$238M**  
state & local  
taxes

Each household in Buncombe County would need to be taxed an additional \$2,261 to replace the visitor taxes received by the state and local governments in 2021.



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 discreet 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 destination 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)