

ECONOMIC IMPACT OF VISITORS IN ASHEVILLE 2019

Prepared for:
Explore Asheville Convention & Visitors Bureau



WWW.TOURISMECONOMICS.COM

INTRODUCTION

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 Asheville's future. Gross output (business sales) attributable to visitor spending in Asheville totaled \$3.3 billion in 2019.

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 continues to expand upon its visitor economy, and by establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in Asheville, 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.

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 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 value of seasonal and second homes was estimated based on census data for seasonal units and estimated gross rents.

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), Bureau of Economic Analysis. 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.

Gasoline price data were obtained from the U.S. Energy Information Administration.

The analysis draws on the following data sources:

- Longwoods International: survey data, including spending and visitor profile characteristics for visitors to Asheville
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- Tax collections: Lodging and restaurant tax receipts
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Asheville based on aviation, survey, and credit card information

KEY FINDINGS

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The visitor economy is an engine for economic growth

Growth in visitation, spending, and employment

Tourism is an integral part of the Asheville economy and continues to be a key driver of business sales, employment, and tax revenue.

Approximately 14.6% (1 in 7) of all jobs in the county were sustained by tourism.



Visitor Spending

Visitors to Asheville spent \$2.2 billion in 2019, which generated \$3.3 billion in total business sales, including indirect and induced impacts.



Continued Growth

Tourism-sustained jobs generated total income of \$881 million in 2019 up from \$840 million in 2017.



Employment Generator

A total of 27,938 jobs were sustained by visitors to Asheville in 2019. This included 18,890 direct and 9,048 indirect and induced jobs.



Fiscal Contributions

Tourism in Asheville generated \$392 million in tax revenues in 2019, with \$213 million accruing to state and local governments.

KEY FINDINGS

The visitor economy is an engine for economic growth

Visitor Spending

Visitor spending increased 10.2% between 2017 and 2019 to reach \$2.2 billion. Over the past five years, spending has cumulatively increased 23%.

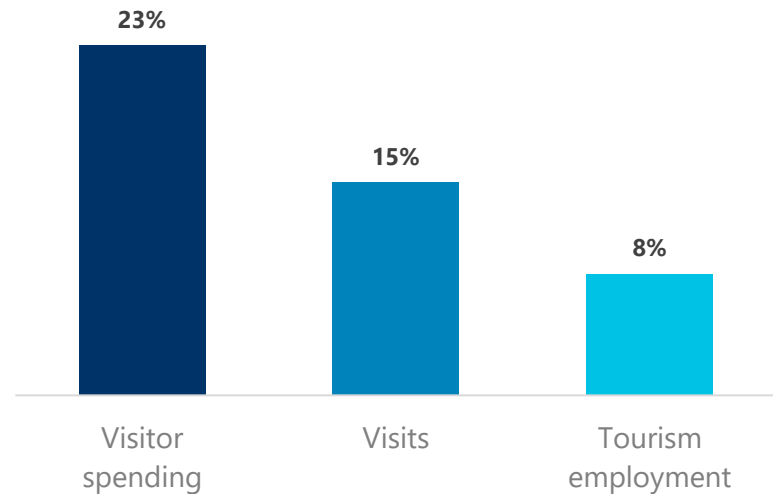
Visits

The number of visits to Asheville increased from 10.3 million visits in 2015 to just under 11.9 million visits in 2019, resulting in cumulative growth of 15%.

Tourism Employment

Direct employment generated by visitors has expanded 8% since 2015, nearing 18,900 in 2019.

Cumulative Growth in Key Indicators, 2015-2019



Source: Tourism Economics

VISITOR ECONOMY TRENDS

VISITOR ECONOMY TRENDS

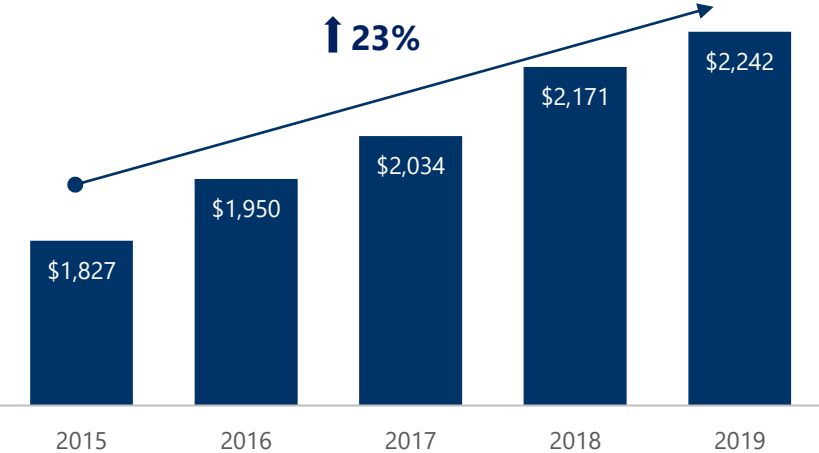
Visitor spending

Visitor spending has steadily increased for five straight years

Visitor spending in 2019 reached \$2.2 billion, more than \$400 million higher than in 2015.

Over the five-year period, visitor spending has cumulatively increased 23%: an annualized growth rate of 5.2%.

Asheville total visitor spending
Amounts in millions of nominal dollars



Source: Tourism Economics

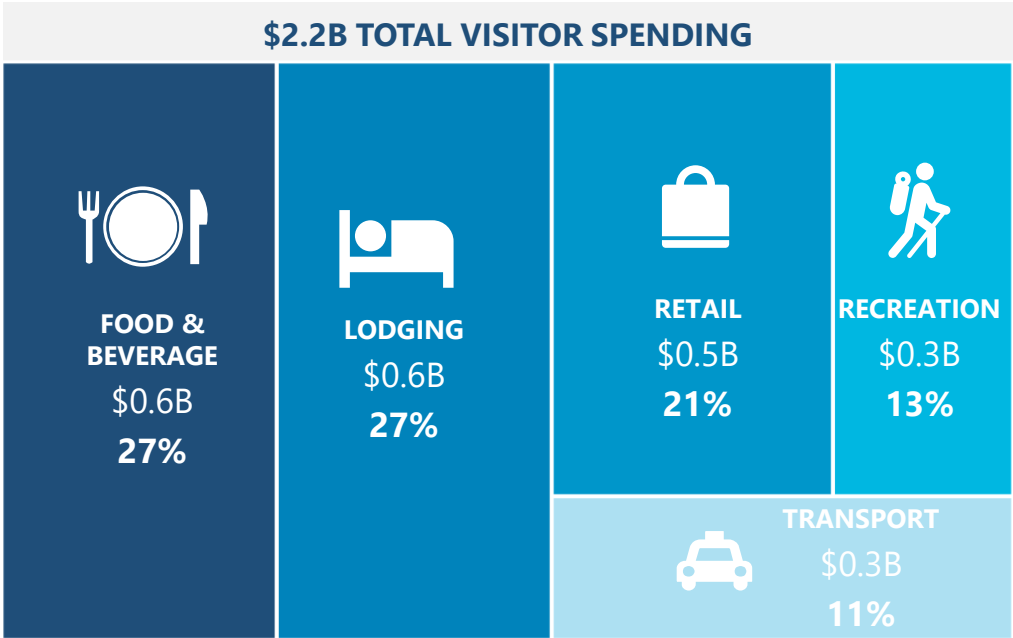
VISITOR ECONOMY TRENDS

Visitor spending by industry

Visitors to Asheville spent \$2.2 billion across a wide range of sectors.

In 2019, visitors spent \$2.2 billion, including \$610 million on food and beverages, \$609 million on lodging, \$468 million on retail shopping, about \$255 million combined on air and local transportation within the destination, and \$300 million on recreational activities.

The value of second home accommodations, included in lodging spending, tallied \$99 million.



Note: Lodging spending is calculated as an industry, including meetings, catering, etc. Spending also includes dollars spend on second homes. Transport includes both air and local transportation.

Source: Tourism Economics

VISITOR ECONOMY TRENDS

Visitor spending by industry

Visitor spending increased by just over \$70 million between 2018 and 2019, with spending on lodging and food & beverage alone contributing about three-quarters of the total increase.

Visitor spending grew 3.2% year-over-year in 2019 and has averaged 5.2% per annum since 2015.

Visitor Spending in Asheville

Amounts in millions of nominal dollars and growth rates

	2015	2016	2017	2018	2019	2019 Growth	CAGR 2015-2019
Total visitor spending	\$1,827	\$1,950	\$2,034	\$2,171	\$2,242	3.2%	5.2%
Lodging*	\$457	\$508	\$544	\$590	\$609	3.3%	7.4%
Food & beverages	\$489	\$520	\$544	\$577	\$610	5.7%	5.6%
Retail	\$415	\$431	\$437	\$464	\$468	0.8%	3.0%
Recreation	\$250	\$266	\$275	\$286	\$300	5.0%	4.6%
Transportation**	\$226	\$226	\$239	\$255	\$255	0.0%	3.0%

* Lodging includes 2nd home spending

** Transportation includes both ground and air transportation

Source: Tourism Economics

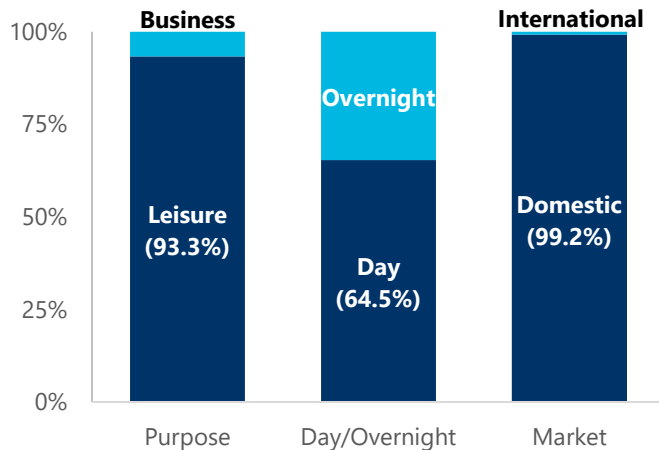
VISITOR ECONOMY TRENDS

Visitation segments

Visitation increased 6.5% in 2019 compared to 2017, led by overnight visitors (an increase of 7.5% compared to 6.0% for day visitors). While Asheville consistently sees around two-thirds of visitation from those coming for the day, overnight visitors typically spend about four times more on a per-person per-trip basis.

Asheville visitation share by segment

Expressed as percentage of total visitation by market



Visitor Volume and Spending

Amounts in millions of visitors, millions of nominal dollars, and dollars per person

	2015	2016	2017	2018	2019
Total visitors	10.3	10.9	11.2	11.6	11.9
Day	6.7	7.1	7.2	7.5	7.7
Overnight	3.6	3.8	3.9	4.1	4.2
Total traveler spending	\$1,827	\$1,950	\$2,034	\$2,171	\$2,242
Day	\$570	\$602	\$623	\$679	\$674
Overnight	\$1,257	\$1,348	\$1,411	\$1,492	\$1,568
Per traveler spending	\$177	\$180	\$182	\$187	\$189
Day	\$85	\$85	\$86	\$91	\$88
Overnight	\$351	\$355	\$360	\$363	\$372

Source: Longwoods International; Tourism Economics

VISITOR ECONOMY TRENDS

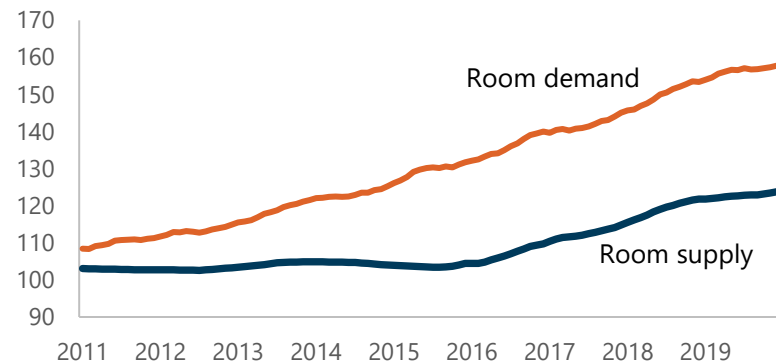
Hotel sector

Asheville's hotel room demand growth (8.7%) has outpaced supply growth (7.8%) since 2017. With demand expanding at a faster pace than supply, the occupancy rate has risen slightly from 73.0% in 2017 to 73.6% in 2019.

Pricing power began to wane in 2018, and by the end of 2019 increases in hotel revenue was being driven solely by growing room demand. Average daily rates were up 1.0% in 2019, and total room revenues rose 3.7% over the prior year.

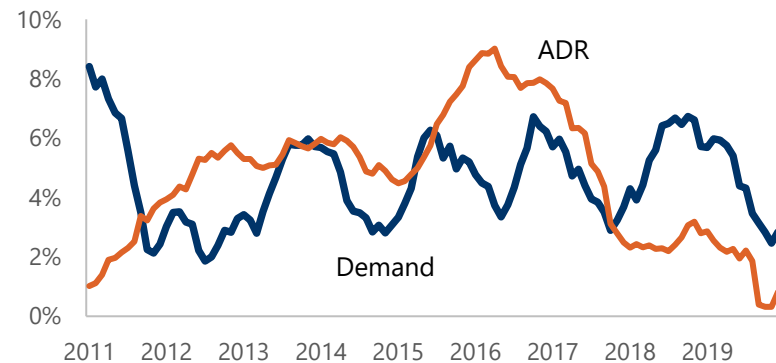
Asheville room supply and demand

Index (Jan 2010=100)



Asheville hotel revenue contributors

Year-on-year percentage growth



Source: STR

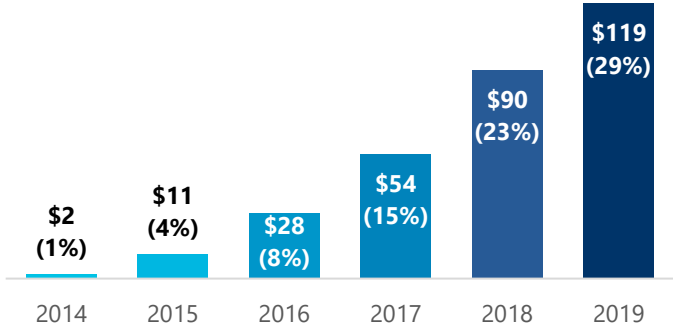
VISITOR ECONOMY TRENDS

Short-term rentals

The use of non-hotel lodging, such as AirBnB and Vacation Rental By Owner, continues its rise. The share of short-term rentals of total reported taxable lodging sales in Buncombe County has nearly doubled since 2017 to 29%. In 2019, spending on short-term rentals reached an estimated \$119 million.

Expansion of short-term rentals

Estimated lodging sales in \$ millions, share of total in parentheses



Source: Asheville CVB; AirDNA; Tourism Economics

Note: Some growth is attributable to improved reporting of short-term rental sales.

VISITOR ECONOMY TRENDS

Labor Market

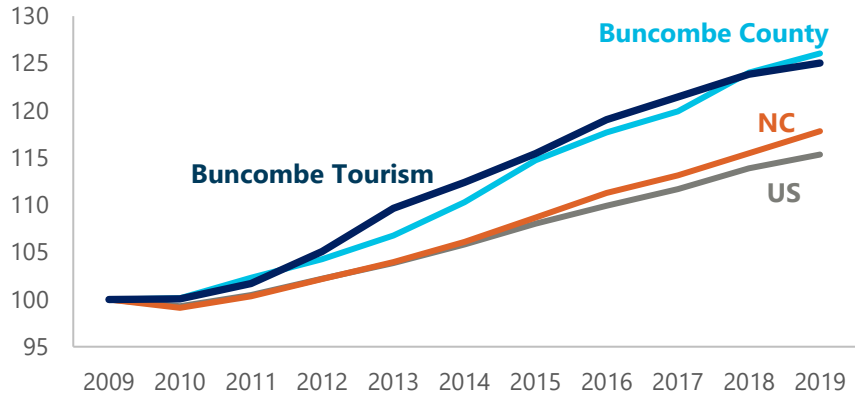
Tourism job growth is tracking with overall job growth in Buncombe County and outpacing the state and US.

Within Buncombe County, tourism employment has consistently outpaced overall county employment with the exception of the last two years. Since 2017, overall employment in Buncombe County has registered 5.1% growth while tourism employment has grown 3.0%.

The tourism industry has added more than 400 jobs per year on average, since 2010, expansion of 2.5% per year.

Tourism employment in Buncombe County

Index (2009=100)



Source: BEA; BLS; Tourism Economics

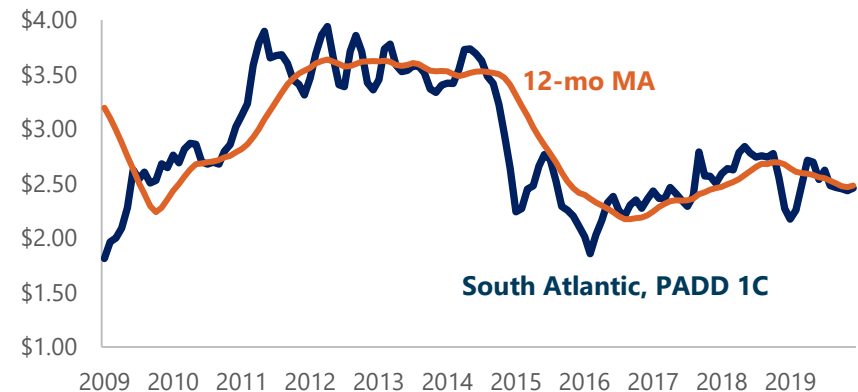
VISITOR ECONOMY TRENDS

Falling fuel prices

While fuel prices were creeping up through 2018, there was a trend reversal in 2019. While relatively low fuel prices might encourage trips that otherwise would not occur, it also limits growth in local transportation spending.

Fuel prices in South Atlantic

South Atlantic Region average gasoline price, dollars per gallon



Source: Energy Information Administration

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on Asheville begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Asheville, we input visitor spending into a model of the Buncombe County economy created IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

- 1. Direct Impacts:** Visitors create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP 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.
- 3. Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated wither directly or indirectly by visitors, spend those wages in the local economy.

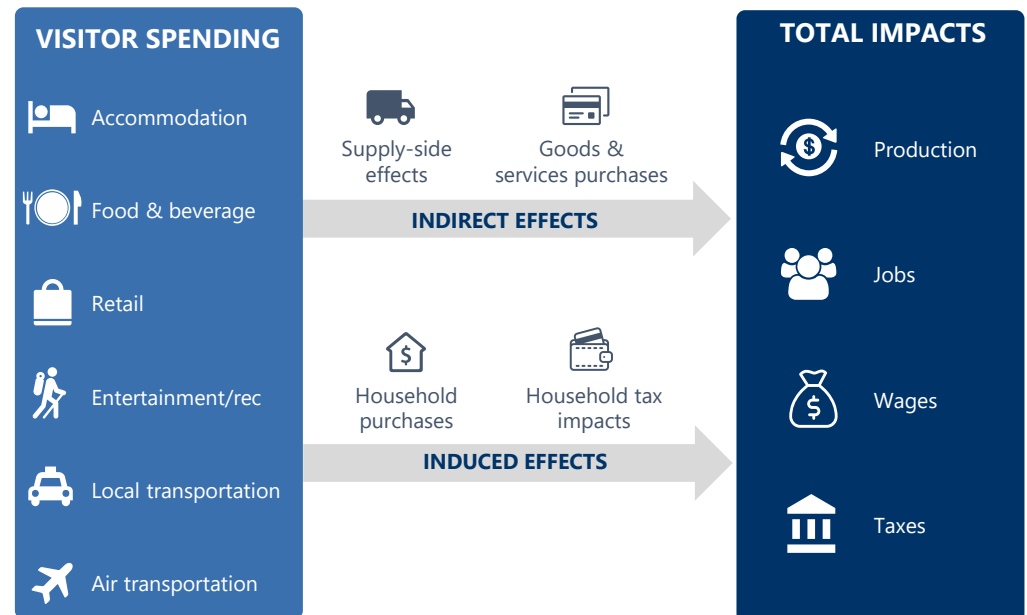
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN is particularly effective because it calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

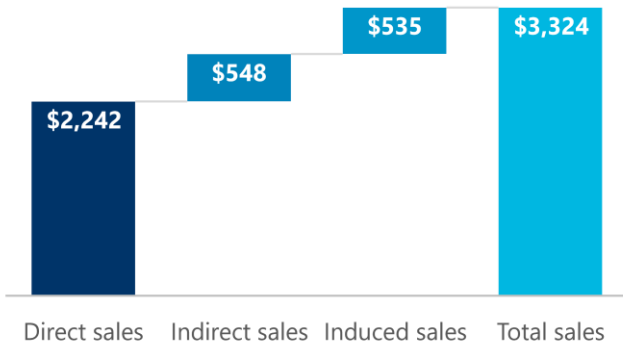


ECONOMIC IMPACTS

Business sales impacts by industry

Visitors and tourism businesses spent **\$2.2 billion in Asheville in 2019. This supported a total of \$3.3 billion in business sales when indirect and induced impacts are considered.**

Summary economic impacts (\$ millions)



Business sales impacts by industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
Total, all industries	\$2,242	\$548	\$535	\$3,324
By industry				
Food & beverage	\$610	\$28	\$41	\$679
Retail trade	\$468	\$5	\$48	\$521
Lodging	\$510	\$1	\$0	\$512
Finance, Insurance, and Real Estate	\$126	\$145	\$159	\$431
Recreation and entertainment	\$252	\$12	\$9	\$273
Business services		\$162	\$43	\$205
Gasoline stations	\$145	\$0	\$4	\$149
Education and healthcare		\$2	\$121	\$123
Other transport	\$77	\$26	\$10	\$113
Personal services	\$48	\$20	\$26	\$95
Construction and utilities		\$53	\$17	\$70
Communications		\$40	\$17	\$57
Government		\$21	\$9	\$30
Wholesale trade		\$10	\$17	\$27
Manufacturing		\$18	\$8	\$26
Air transport	\$5	\$3	\$4	\$13
Agriculture, fishing, mining		\$0	\$0	\$0

Source: Tourism Economics

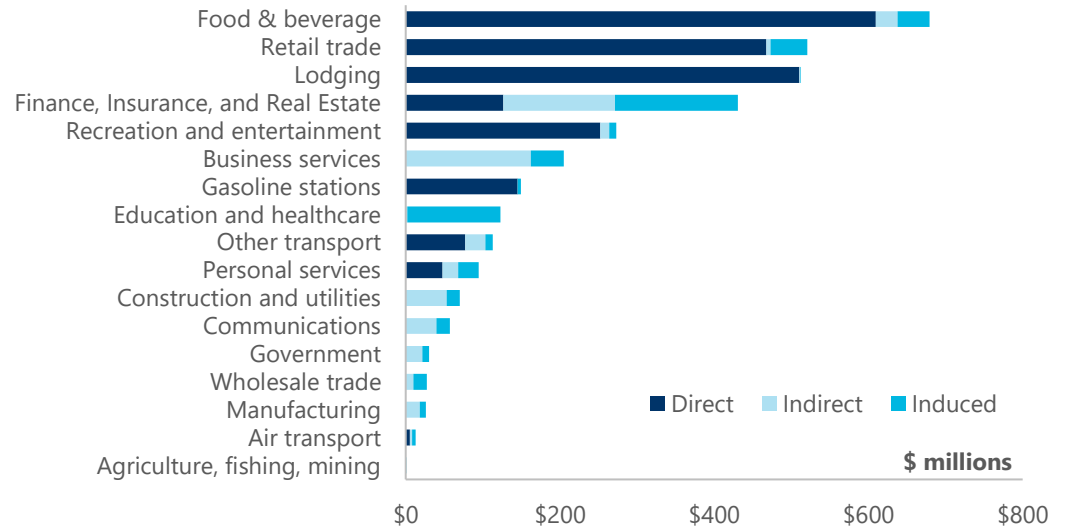
ECONOMIC IMPACTS

Business sales impacts by industry

While the majority of sales are in industries directly serving visitors, \$145 million in business sales is happening in finance, insurance and real estate as a result of selling to tourism businesses.

Similarly, significant benefits accrue to sectors such as business services (\$205m), education & health care (\$123m), and communications (\$57m).

Business sales impacts by industry



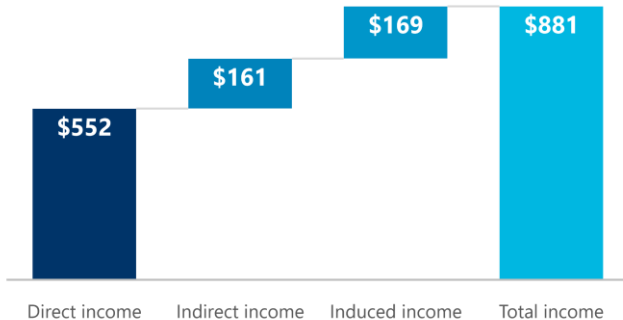
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Tourism generated \$552 million in direct income and \$881 million when indirect and induced impacts are considered.

Summary personal income impacts (\$ millions)



Personal income impacts by industry

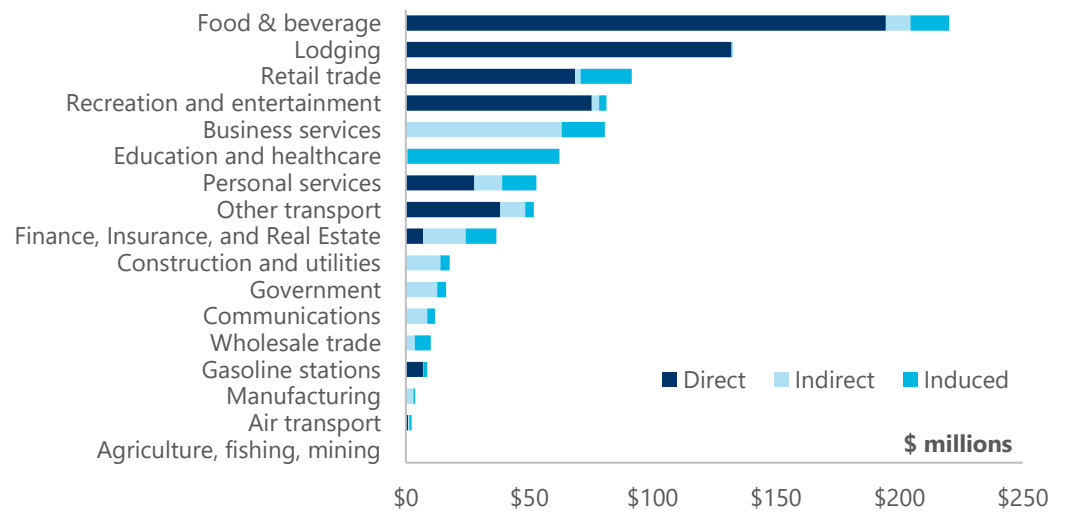
Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$552	\$161	\$169	\$881
By industry				
Food & beverage	\$195	\$10	\$16	\$220
Lodging	\$132	\$0	\$0	\$132
Retail trade	\$69	\$2	\$21	\$92
Recreation and entertainment	\$75	\$3	\$3	\$81
Business services		\$63	\$18	\$81
Education and healthcare		\$1	\$62	\$62
Personal services	\$28	\$11	\$14	\$53
Other transport	\$38	\$10	\$4	\$52
Finance, Insurance, and Real Estate	\$7	\$17	\$13	\$37
Construction and utilities		\$14	\$4	\$18
Government		\$13	\$4	\$16
Communications		\$9	\$3	\$12
Wholesale trade		\$4	\$6	\$10
Gasoline stations	\$7	\$0	\$1	\$9
Manufacturing		\$3	\$1	\$4
Air transport	\$1	\$1	\$1	\$2
Agriculture, fishing, mining		\$0	\$0	\$0

Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Personal income impacts by industry



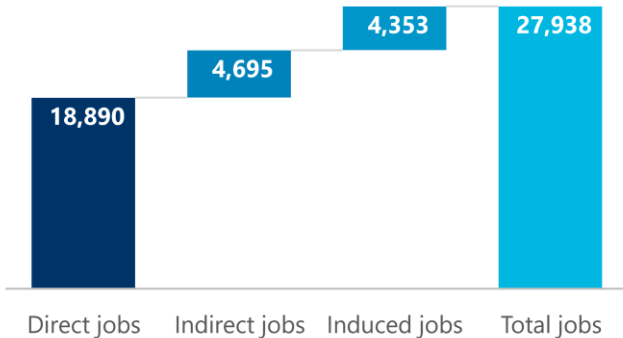
Source: Tourism Economics

ECONOMIC IMPACTS

Employment impacts by industry

Tourism supported a total of 27,938 jobs or 14.6% of employment in Buncombe County when indirect and induced impacts are considered.

Summary employment impacts (number of jobs)



Employment impacts by industry

Amounts in number of jobs	Direct jobs	Indirect jobs	Induced jobs	Total jobs
Total, all industries	18,890	4,695	4,353	27,938
By industry				
Food & beverage	6,270	420	649	7,338
Lodging	4,861	8	4	4,873
Recreation and entertainment	3,180	224	136	3,540
Retail trade	2,675	73	666	3,415
Business services		1,878	505	2,383
Personal services	721	300	370	1,391
Finance, Insurance, and Real Estate	123	791	447	1,361
Education and healthcare		32	1,154	1,185
Other transport	860	219	78	1,157
Construction and utilities		289	64	353
Gasoline stations	186	3	38	228
Government		171	53	224
Communications		154	51	205
Wholesale trade		62	108	170
Manufacturing		59	13	72
Air transport	14	9	14	37
Agriculture, fishing, mining		4	3	7

Source: Tourism Economics

ECONOMIC IMPACTS

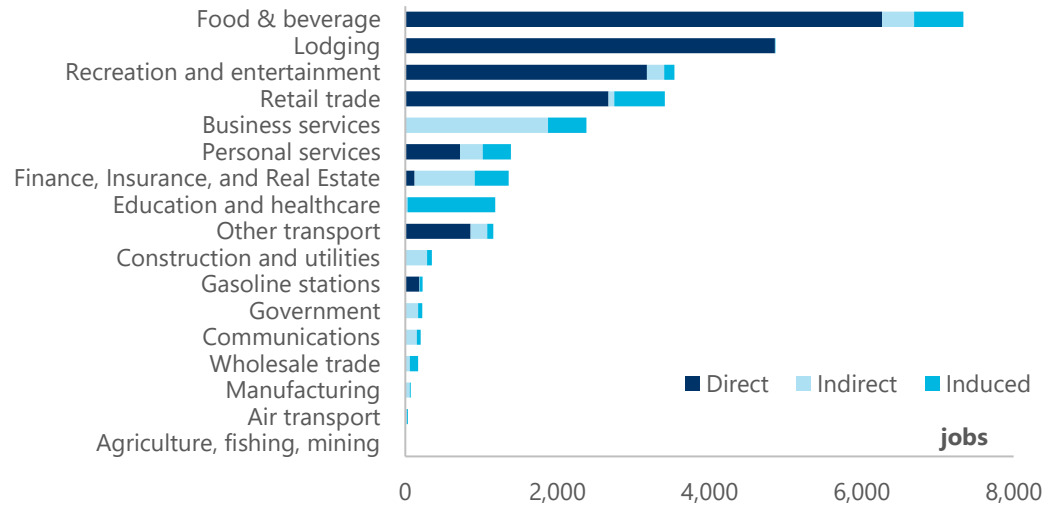
Employment impacts by industry

As a labor-intensive collection of services, tourism-related sectors represent significant employment to Buncombe County.

The nearly 28,000 jobs supported by Asheville tourism span every sector of the economy, either directly or indirectly.

The most significant indirect impacts come in business services and finance, insurance, and real estate.

Employment impacts by industry



Source: Tourism Economics

ECONOMIC IMPACTS

Tourism employment

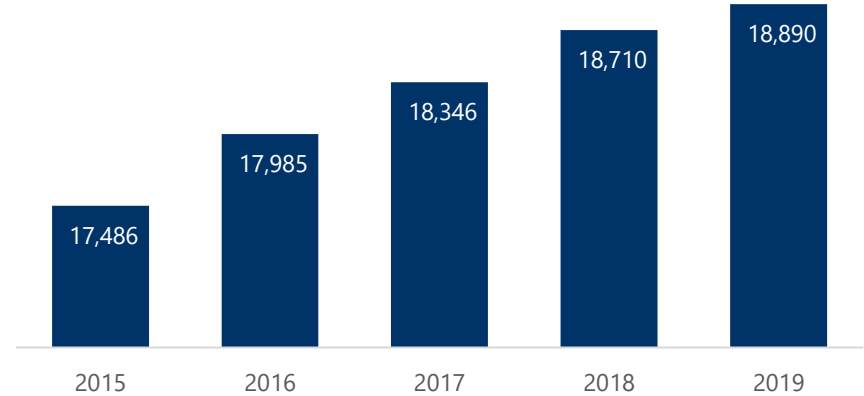
Visitor spending directly supported 18,890 jobs

In 2019, direct visitor spending supported 18,890 jobs in Buncombe County. Growing 3.0% in 2019 over 2017, tourism employment has increased just over 8% since 2015.

The 18,890 jobs directly supported by visitors represents 9.9% of all jobs within Buncombe County.

Direct tourism employment in Buncombe County

Amounts in number of jobs



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

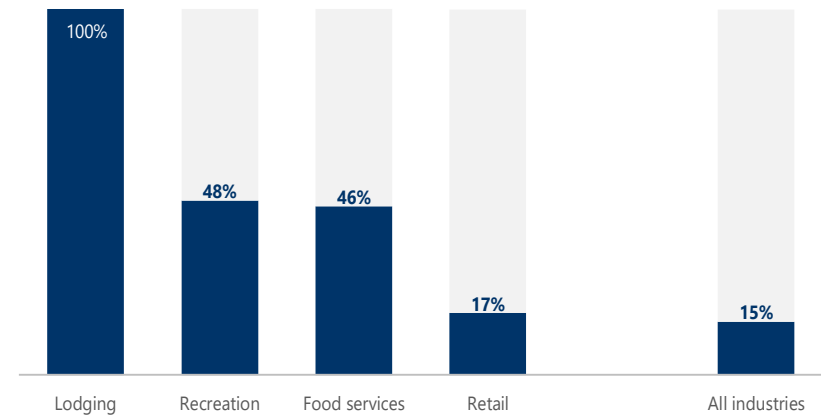
Tourism employment

Visitor-generated employment is a significant part of key industries

The entire lodging industry, as well as 48% of recreation, and 46% of food & beverage employment is supported by visitor spending, including indirect and induced benefits.

Tourism employment intensity

Amounts in percentage of total industry employment



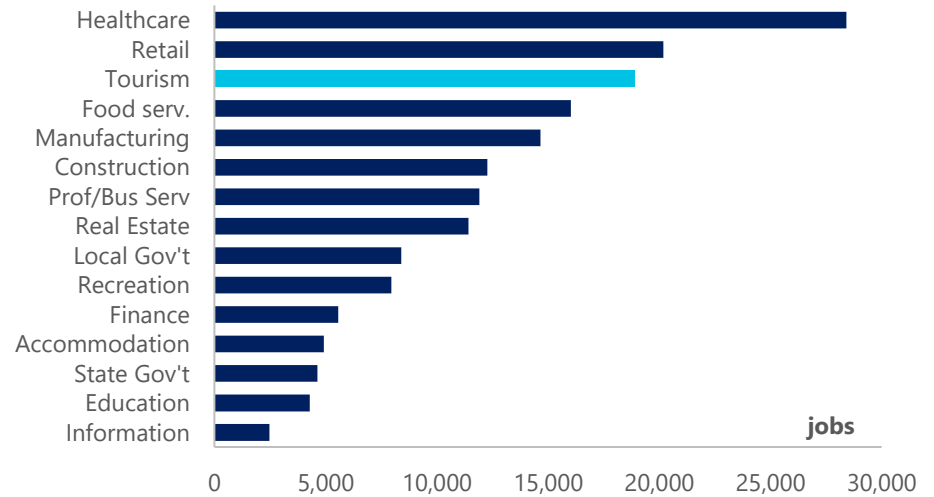
Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

Tourism employment

As an industry, with nearly 19,000 jobs, tourism is the third largest employer in Buncombe County, trailing only healthcare and retail.

Buncombe County jobs by industry



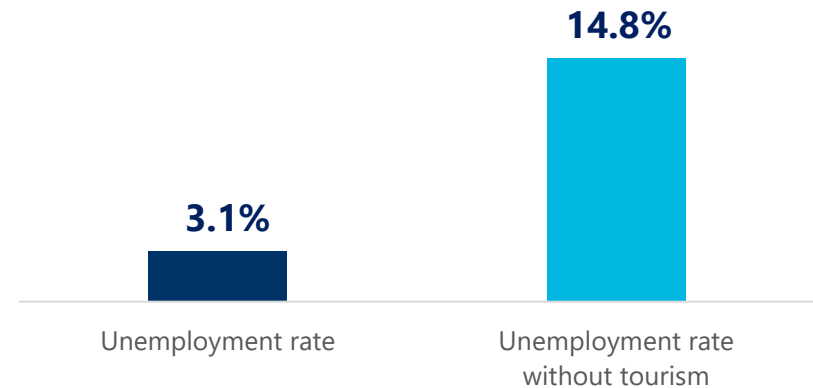
Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

Tourism employment

In 2019, the unemployment rate was 3.1%. Without jobs supported by visitors, the unemployment rate would increase nearly fivefold to 14.8%.

Unemployment with and without the visitor economy



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$392 million in governmental revenues.

State and local taxes alone tallied over \$213 million in 2019.

Fiscal (tax) impacts

Amounts in millions of current dollars

Total tax revenues	\$392
Federal	\$178
Personal income	\$42
Corporate	\$27
Indirect business	\$21
Social security	\$89
State and Local	\$213
Sales	\$118
Personal income	\$18
Corporate	\$3
Social security	\$1
Excise and fees	\$18
Property	\$56

Source: Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax)

The visitor economy supported \$29.6 million in tax revenues for the City of Asheville.

Each household in Asheville would need to be taxed an additional \$1,990 to replace the traveler taxes received by state and local governments in 2019.

In Asheville, tourism supported taxes would fund:

- the entire fire budget (\$26.7 million)
- the entire police budget (\$29.6 million)

Fiscal (tax) impacts

Amounts in millions of current dollars	State	Local (County)	Local (City)
Total tax revenues	\$116	\$67	\$30
Sales	\$80	\$31	\$7
Personal income	\$18		
Corporate	\$3		
Social insurance	\$1		
Property		\$34	\$22
Excise and fees	\$15	\$2	\$1

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context



\$2,242
MILLION

VISITOR SPENDING

The \$2,242 million in visitor spending means that \$6.1 million was spent EVERY DAY by visitors in Asheville.



\$881
MILLION

PERSONAL INCOME

The \$881 million in total income generated by tourism is the equivalent of over \$8,000 for every household in Asheville.



27,938
JOBS

EMPLOYMENT

The number of total jobs sustained by tourism directly supports 14.6% of jobs in Asheville.



\$213
MILLION

STATE AND LOCAL TAXES

The \$213 million in state and local taxes generated by tourism would cover the starting salaries of over 5,100 public school teachers in North Carolina.

METHODOLOGY AND BACKGROUND

WHY QUANTIFY THE VISITOR 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.

DESCRIPTION OF SPENDING CATEGORIES

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

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, Buenos Aires, Dubai, Frankfurt, and Ontario.

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 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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