

# The Economic Impact of Tourism in Jacksonville, FL

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June 2016



TOURISM  
ECONOMICS

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# Highlights

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- Visitor spending surpassed \$2.0 billion in 2015, growing 4.4%.
- As this money flowed through Duval County, the \$2.0 billion in visitor spending supported another \$1.2 billion in business sales providing a total benefit to businesses of more than \$3.2 billion.
- More than 30,400 jobs, with associated income of \$940 million, were sustained by visitors to Jacksonville in 2015.
- Including indirect and induced impacts, tourism in Jacksonville generated \$240 million in state and local taxes and \$230 million in Federal taxes last year.
- In the absence of the state and local taxes generated by tourism, each Jacksonville household would need to pay \$700 to maintain the current level of government services.

# Key trends

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- The Jacksonville visitor economy maintained momentum in 2015; visitor spending in Jacksonville rose 4.4% to \$2.0 billion.
- This follows visitor spending growth of 7.5% in 2014.
- Growth in overnight visitation remains strong. In 2015, Duval County room demand grew 2.0%.
- With the increase in occupancy, the hotel industry was able to raise room rates by 7.5%.
- The 30,400 jobs sustained by visitors represent 5.0% of total employment in Jacksonville; 1 in every 20 jobs in Duval County is sustained by the tourism economy.
- Lodging employment surpassed pre-recession highs in 2014 and continued to new highs in 2015.

# Spending Results



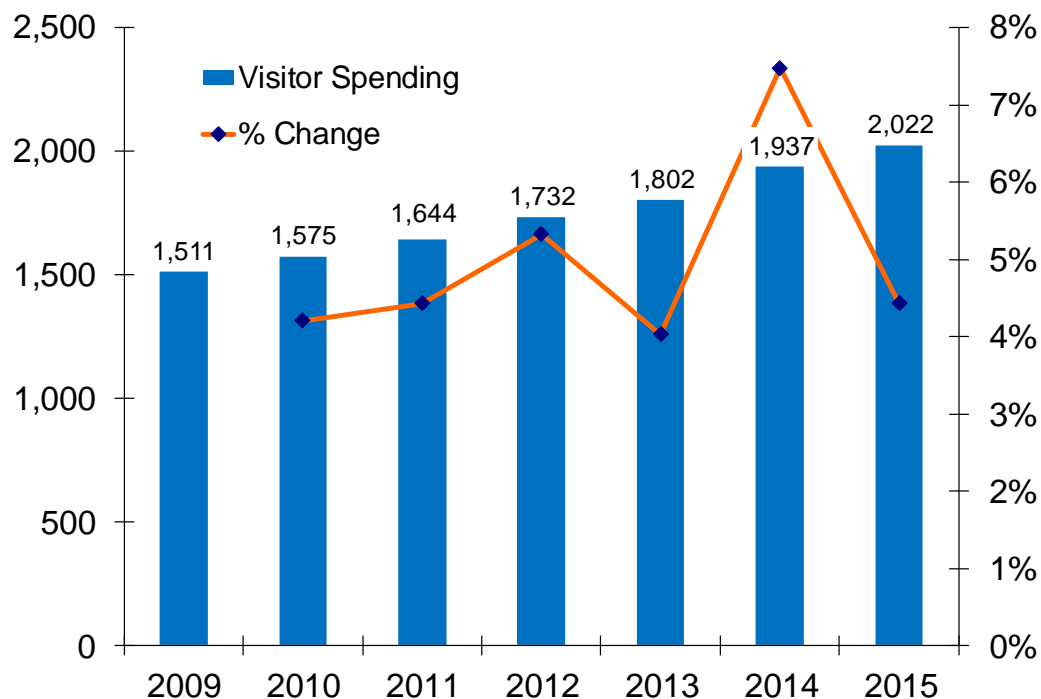
# This study

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- This study reports the visitor spending and associated economic impacts for Duval County, Florida. All spending and impacts stated in this report occur within the study area.
- For the purposes of this study, Jacksonville is defined as a one county region in Florida – Duval County. In this report, the terms ‘Duval County ‘ and ‘Jacksonville’ are used interchangeably to describe the study area.

# Visitor spending surpasses \$2.0 billion

- Visitor spending in Jacksonville reached \$2.0 billion in 2015.
- Visitor spending followed 7.5% growth in 2014 with another 4.4% increase in 2015.
- Growth has averaged more than 5.1% per annum over the past 5 years.



# Continued growth in visitor spending

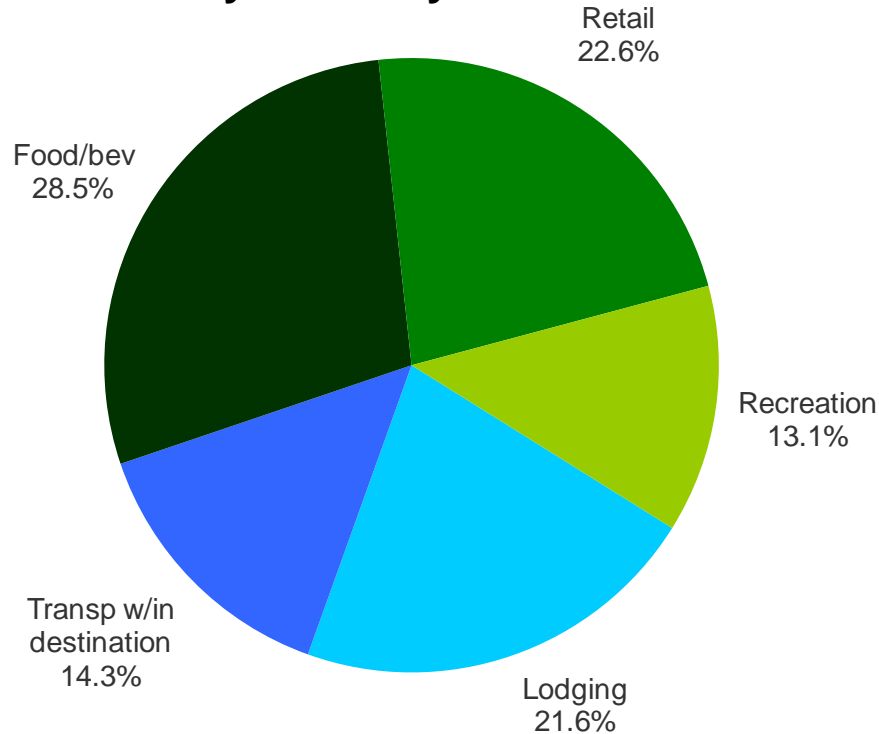
Tourism Industry Sales								
(US\$ Million)								
Sector	2009	2010	2011	2012	2013	2014	2015	% Change
Lodging	\$310.1	\$306.3	\$321.2	\$339.1	\$356.4	\$397.3	\$436.7	9.9%
Transp w/in destination	\$216.7	\$245.6	\$269.4	\$274.7	\$271.6	\$288.0	\$289.6	0.5%
Food/bev	\$419.5	\$435.7	\$459.3	\$489.1	\$516.7	\$552.7	\$576.0	4.2%
Retail	\$368.6	\$378.6	\$385.8	\$416.1	\$434.7	\$451.0	\$456.2	1.2%
Recreation	\$196.3	\$208.6	\$208.8	\$213.2	\$222.6	\$247.6	\$264.0	6.6%
<b>Visitor Spending</b>	<b>\$1,511.2</b>	<b>\$1,574.8</b>	<b>\$1,644.5</b>	<b>\$1,732.2</b>	<b>\$1,802.0</b>	<b>\$1,936.7</b>	<b>\$2,022.5</b>	<b>4.4%</b>
<b>% Change</b>		<b>4.2%</b>	<b>4.4%</b>	<b>5.3%</b>	<b>4.0%</b>	<b>7.5%</b>	<b>4.4%</b>	

- More overnight stays along with higher prices pushed lodging spending up nearly 10% in 2015.
- Gasoline prices dropped in 2015, limiting transportation spending growth while freeing up money for spending in areas like recreation and restaurants.

# Visitor spending by sector

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## Tourism Industry Sales By Sector



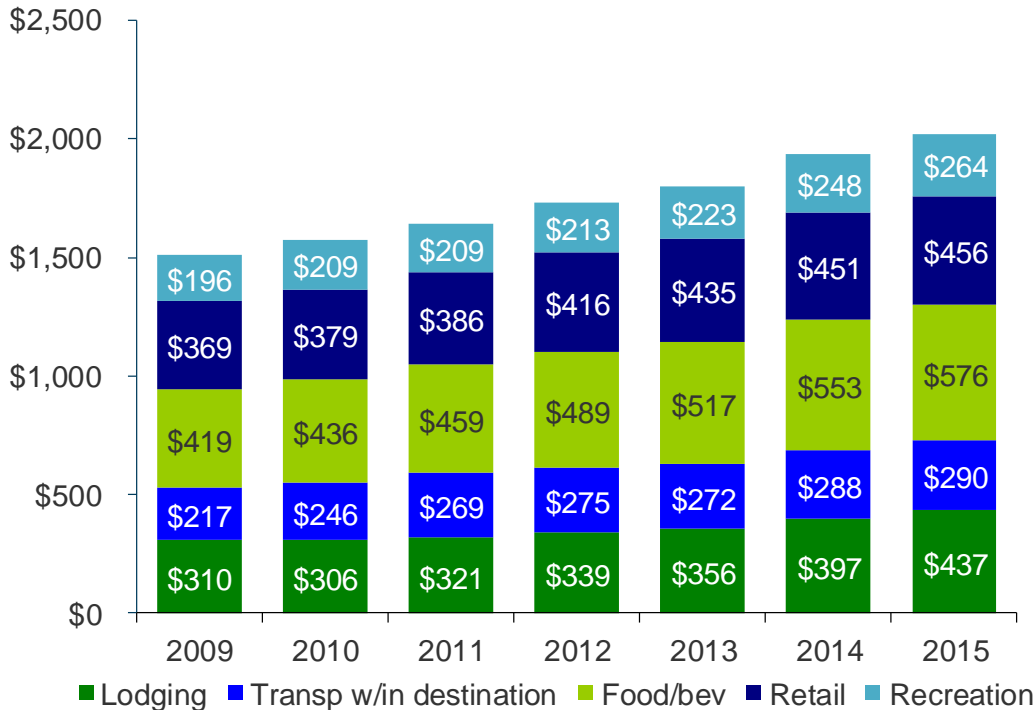
- Food & beverage businesses received 28.5% of visitor spending in 2015.
- Retail and lodging spending follow, comprising 22.6% and 21.6% of visitor spending, respectively.



# Visitor spending by sector

## Jacksonville's Tourism Industry Sales

by Year, Millions of \$

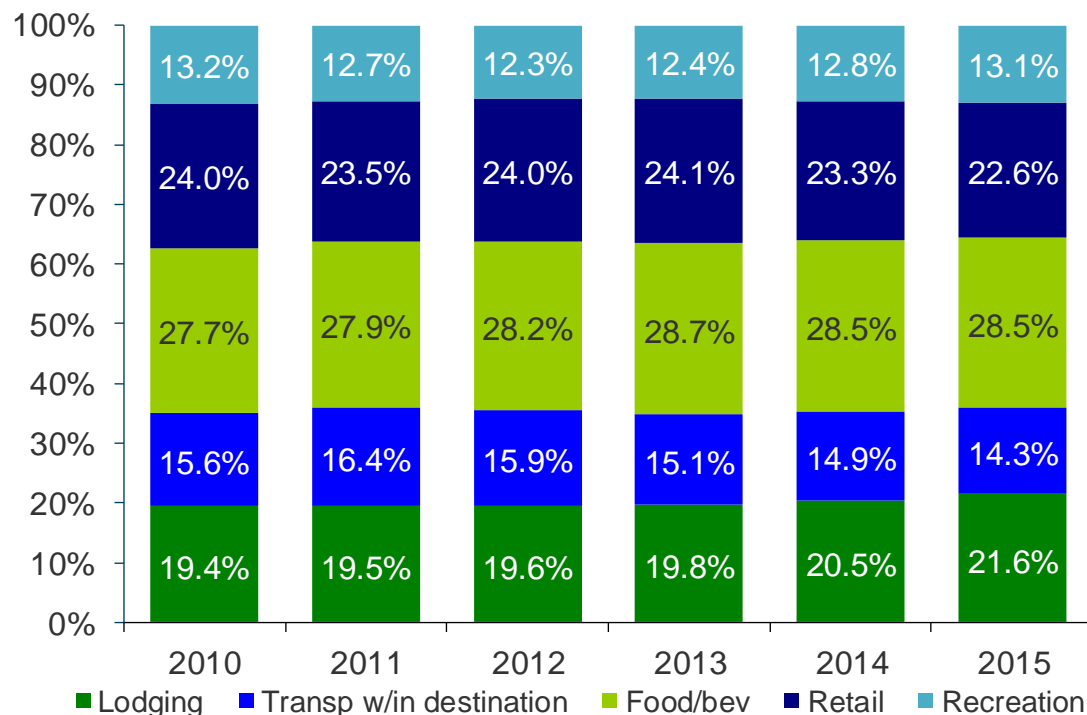


- Visitor spending in Jacksonville has increased an average of \$90 million each year over the past five years.
- Lodging sales jumped by nearly \$40 million in 2015, representing nearly half of the visitor spending increase.
- Spending on food & beverages grew \$23 million in 2015 – just below its five year average of \$28 million per year.

# Visitor spending by sector

## Jacksonville's Tourism Industry Sales

by Year, Share of Total



Source: Longwoods International, Tourism Economics, OTTI

- The share of the visitor dollar spent on lodging and food & beverages has grown over the past five years.
- The lodging share has grown from 19.5% in 2009 to 21.5% in 2015.
- Recreational spending's share fell right after the recession but has rebounded the past two years.

# Visitor spending by sector

Traveler Spending in 2015					
(US\$ Million)					
Purpose		Stay		Market	
Business	\$374.4	Day	\$626.4	Domestic	\$1,888.4
Leisure	\$1,648.1	Overnight	\$1,396.1	International	\$134.1
<b>Total</b>	<b>\$2,022.5</b>	<b>Total</b>	<b>\$2,022.5</b>	<b>Total</b>	<b>\$2,022.5</b>
(US\$ Million)					
Purpose		Stay		Market	
Business	18.5%	Day	31.0%	Domestic	93.4%
Leisure	81.5%	Overnight	69.0%	International	6.6%

- Nearly 70% of all visitor spending came from overnight visitors in 2015.
- Domestic visitors comprise 93% of all visitor spending in Jacksonville.
- Leisure visitors provide 81.5% of all visitor spending in Duval County.

# Area Tourism Impacts

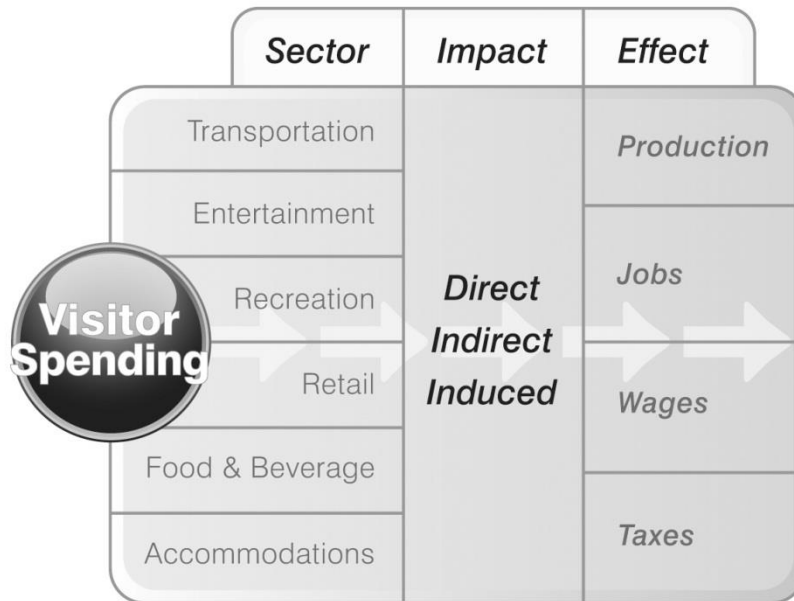


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# How visitor spending generates impact

- Travelers 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.
- 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 local economy.

# Tourism sales

- Including indirect and induced business sales, tourism generated \$3.2 billion in business sales in 2015.

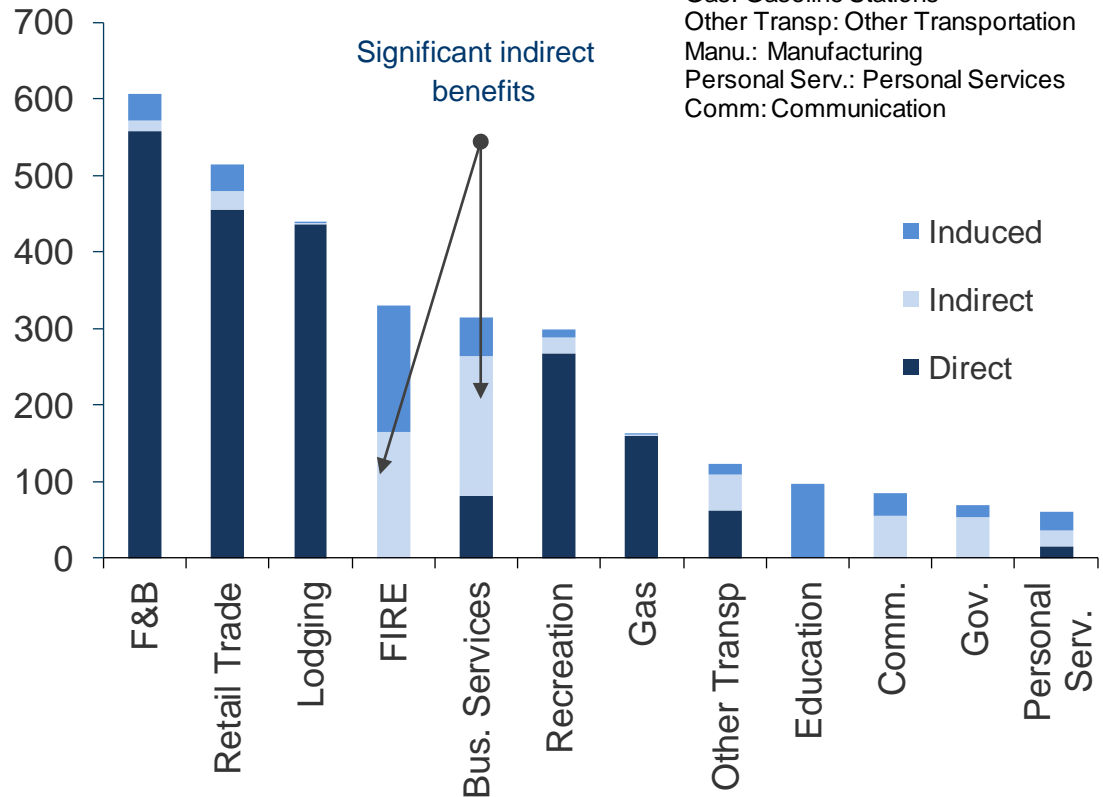
<b>Travel Sales</b>				
<b>(US\$ Million)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Agriculture, Fishing, Mining	-	1.2	0.3	1.5
Construction and Utilities	-	23.3	8.4	31.7
Manufacturing	-	15.2	6.9	22.2
Wholesale Trade	-	29.5	25.0	54.6
Air Transport	-	1.4	1.4	2.9
Other Transport	62.9	46.0	13.7	122.6
Retail Trade	456.2	24.2	34.9	515.4
Gasoline Stations	159.3	1.4	2.2	162.9
Communications	-	54.8	30.3	85.1
Finance, Insurance and Real Estate	-	164.4	165.2	329.5
Business Services	81.5	182.0	50.6	314.1
Education and Health Care	-	2.0	95.5	97.5
Recreation and Entertainment	267.7	20.9	10.2	298.8
Lodging	436.7	0.6	0.3	437.6
Food & Beverage	557.9	13.9	35.3	607.2
Personal Services	15.7	20.3	23.7	59.7
Government	-	52.9	17.0	69.9
<b>TOTAL</b>	<b>2,037.9</b>	<b>654.0</b>	<b>521.1</b>	<b>3,213.0</b>

\* Direct sales include cost of goods sold for retail sectors

# Tourism sales

- All business sectors of the Jacksonville economy benefit from tourism activity directly and/or indirectly.
- Sectors that serve the tourism industry, like business services, gain as suppliers to a dynamic industry.

**Travel Sales by Industry**  
\$ million



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

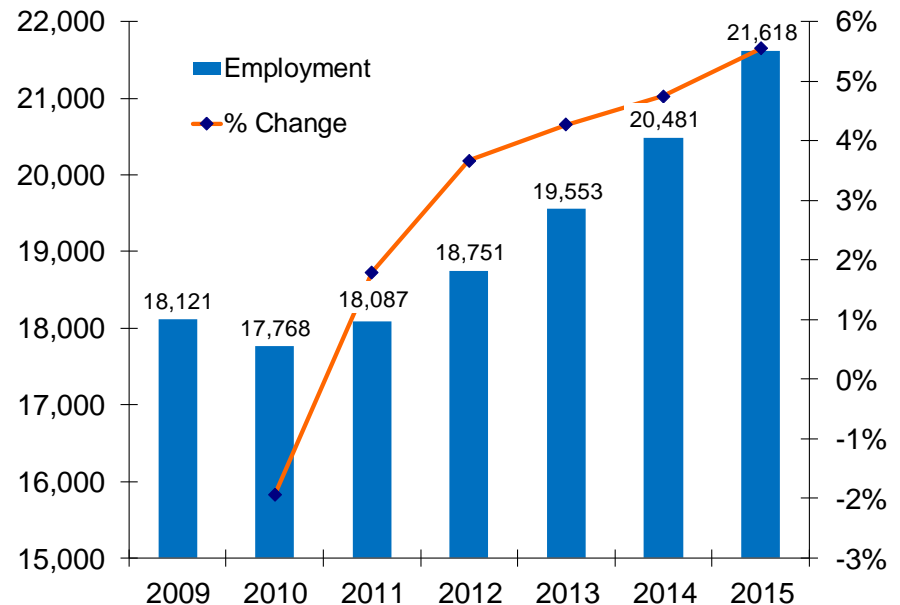
Note: Direct sales include cost of goods sold for retail

FIRE = finance, insurance and real estate

# Tourism employment trends (direct)

Tourism Industry Employment							
	2009	2010	2011	2012	2013	2014	2015
Employment	18,121	17,768	18,087	18,751	19,553	20,481	21,618
% Change		-1.9%	1.8%	3.7%	4.3%	4.7%	5.6%

- With business sales increasing, tourism businesses have been hiring to meet customer demand.
- Tourism employment grew 5.6% in 2015, growing 1.7 percentage points faster than overall Duval County employment.





# Tourism impact on employment (total)

<b>Travel Employment</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
<b>Agriculture, Fishing, Mining</b>	-	10	3	12
<b>Construction and Utilities</b>	-	121	41	162
<b>Manufacturing</b>	-	42	12	54
<b>Wholesale Trade</b>	-	121	102	223
<b>Air Transport</b>	-	5	4	9
<b>Other Transport</b>	450	369	102	921
<b>Retail Trade</b>	2,668	324	444	3,435
<b>Gasoline Stations</b>	229	16	25	270
<b>Communications</b>	-	135	62	196
<b>Finance, Insurance and Real Estate</b>	-	1,008	609	1,617
<b>Business Services</b>	362	1,548	492	2,402
<b>Education and Health Care</b>	-	47	995	1,042
<b>Recreation and Entertainment</b>	3,605	307	124	4,037
<b>Lodging</b>	4,360	6	3	4,369
<b>Food &amp; Beverage</b>	9,473	270	596	10,339
<b>Personal Services</b>	472	230	377	1,079
<b>Government</b>	-	193	48	241
<b>TOTAL</b>	<b>21,618</b>	<b>4,751</b>	<b>4,038</b>	<b>30,408</b>

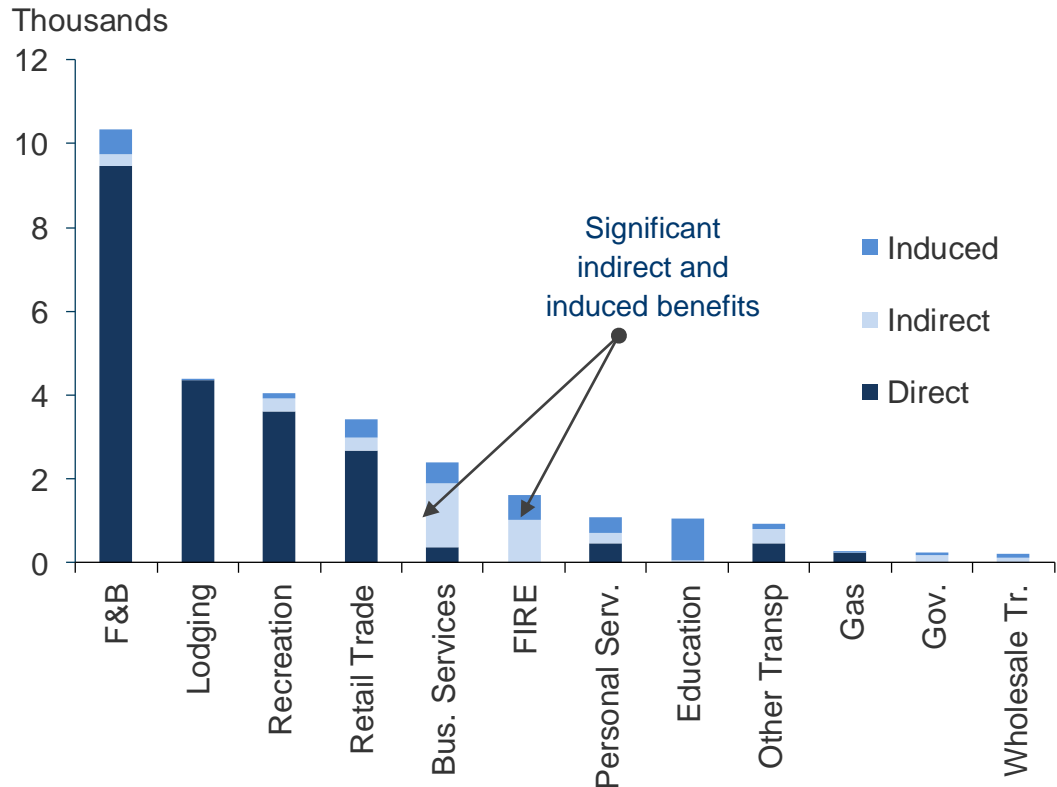
- The tourism sector directly and indirectly supported 30,400 jobs, or 5.0% of all employment\* in Jacksonville last year.

\* All employment defined as 'Total Full-Time and Part-Time Employment' for private nonfarm industries in Duval County. Source: Bureau of Economic Analysis

# Tourism impact on employment (total)

- As a labor intensive collection of services, tourism-related sectors are significant Jacksonville employers.
- The more than 30,400 tourism-supported jobs in Jacksonville span every sector of the economy.
- The most significant indirect impacts are in business services and finance, real estate & insurance.

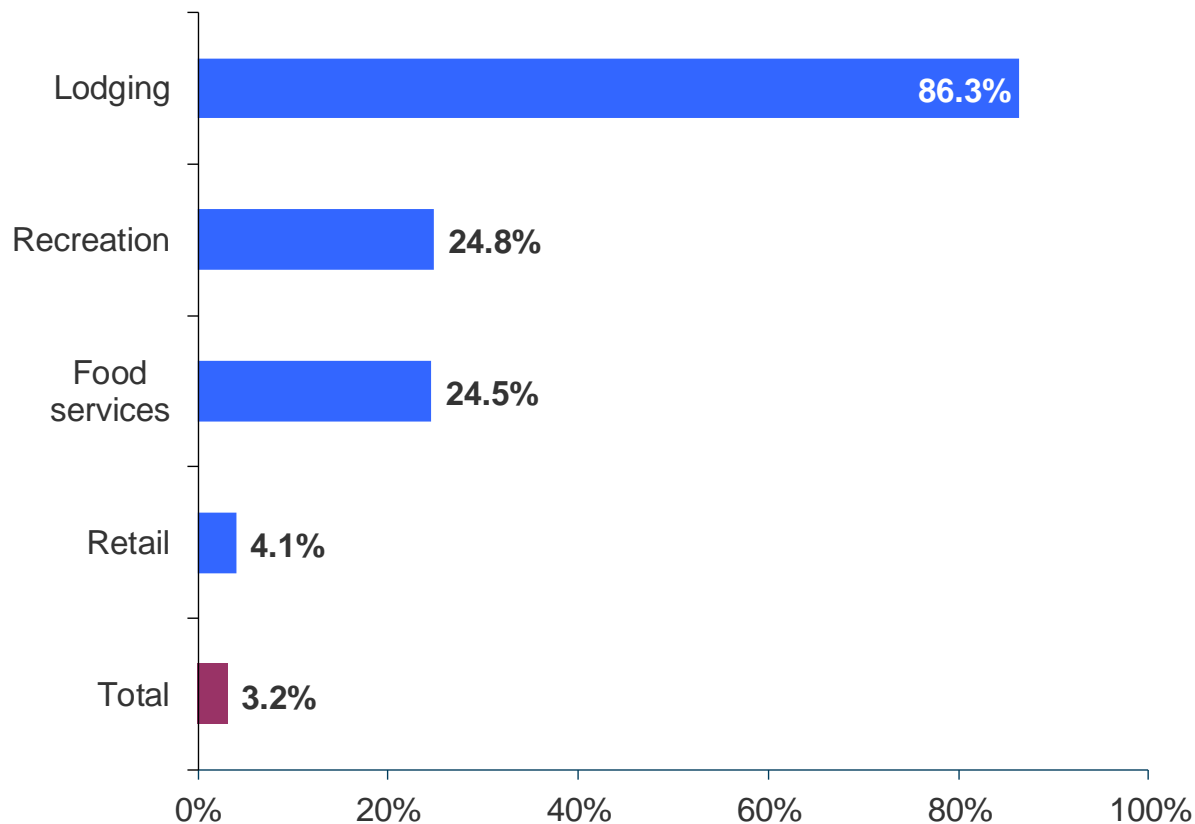
## Travel Employment by Industry



# Tourism share of key industry employment

- Tourism is a significant part of several industries; tourism directly supports nearly all employment in lodging, 25% of recreation, and 25% of food and beverage employment.

## Tourism Employment Intensity by Industry



# Tourism personal income

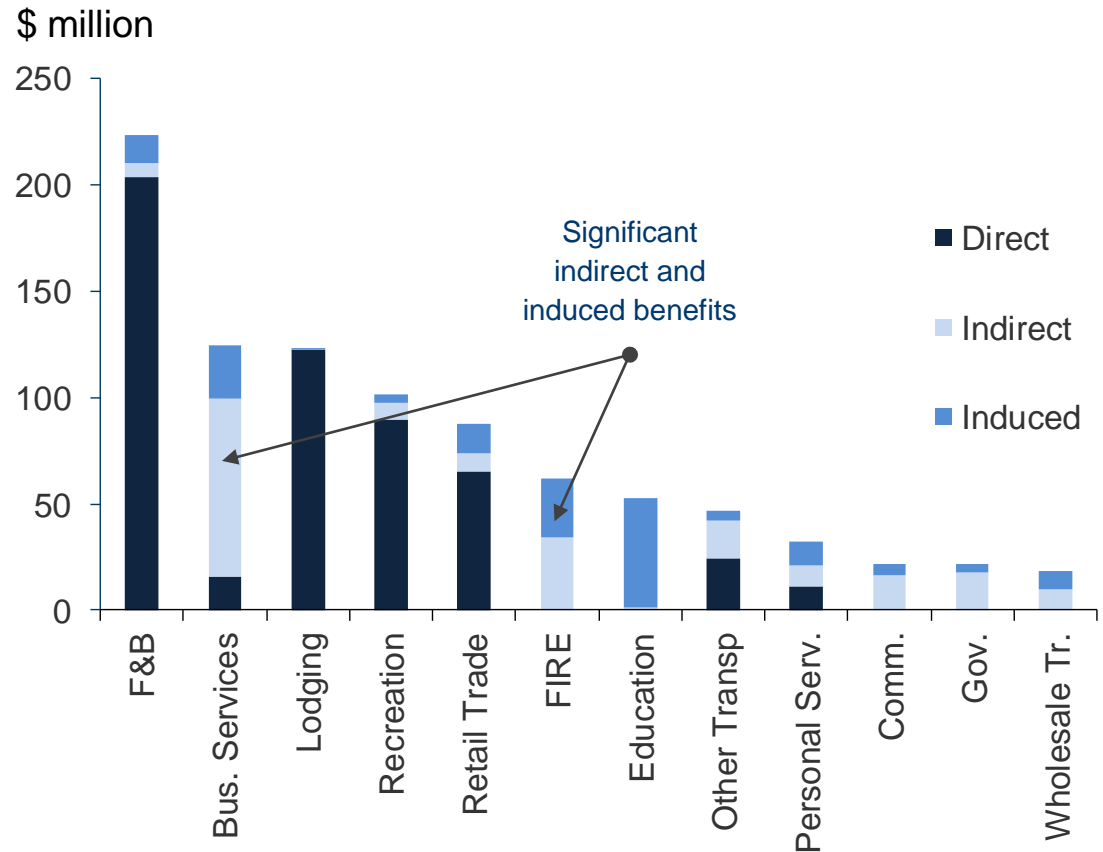
<b>Travel Labor Income (Compensation)</b>				
<b>(US\$ Million)</b>				
	<b>Direct</b>	<b>Indirect</b>	<b>Induced</b>	<b>Total</b>
Agriculture, Fishing, Mining	-	0.2	0.1	0.2
Construction and Utilities	-	6.2	2.4	8.6
Manufacturing	-	2.6	0.8	3.4
Wholesale Trade	-	9.9	8.4	18.2
Air Transport	-	0.2	0.2	0.4
Other Transport	24.1	17.7	5.0	46.8
Retail Trade	65.4	8.2	14.2	87.9
Gasoline Stations	10.7	0.7	1.2	12.6
Communications	-	16.1	5.7	21.8
Finance, Insurance and Real Estate	-	34.5	27.5	61.9
Business Services	16.0	83.7	24.8	124.5
Education and Health Care	-	1.2	51.2	52.4
Recreation and Entertainment	89.3	8.4	3.4	101.1
Lodging	122.3	0.2	0.1	122.6
Food & Beverage	203.9	6.1	13.3	223.2
Personal Services	11.1	9.6	11.5	32.2
Government	-	17.7	4.0	21.7
<b>TOTAL</b>	<b>542.9</b>	<b>223.2</b>	<b>173.6</b>	<b>939.7</b>

- Employees in Jacksonville earned \$940 million as a result of visitor activity in 2015.

# Tourism personal income

- The larger employment numbers in F&B and recreation support significant labor income in those industries.
- Higher wages support labor income in supplier industries like business services and finance, insurance and real estate (FIRE).

## Travel Labor Income by Industry



# Tourism tax generation

<b>All Traveler Generated Taxes</b>			
<b>(US\$ Million)</b>			
<b>Tax Type</b>	<b>Direct</b>	<b>Indirect/ Induced</b>	<b>Total</b>
<b>Federal</b>	<b>134.4</b>	<b>95.1</b>	<b>229.5</b>
Personal Income	38.0	28.0	66.1
Corporate	14.8	16.2	31.1
Indirect business	21.5	7.7	29.2
Social Security	60.0	43.1	103.2
<b>State and Local</b>	<b>187.2</b>	<b>52.5</b>	<b>239.7</b>
Sales	101.0	25.6	126.6
Bed Tax	18.4	-	18.4
Personal Income	-	-	-
Corporate	2.0	2.2	4.2
Social Security	0.3	0.2	0.5
Excise and Fees	15.4	6.5	22.0
Property	50.1	18.0	68.0
<b>TOTAL</b>	<b>321.6</b>	<b>147.6</b>	<b>469.2</b>

- Taxes of \$469.2 million were directly and indirectly generated by tourism in 2015.
- State and local taxes alone tallied \$240 million.
- Each household in Jacksonville would need to be taxed an additional \$700 per year to replace the tourism taxes received by state and local governments.

# Tourism tax generation

## Traveler Generated Taxes - State and Local Government Revenues

(US\$ Million)

Tax Type	Direct	Indirect/ Induced	Total
<b>State Tax Subtotal</b>	<b><u>94.0</u></b>	<b><u>26.6</u></b>	<b><u>120.6</u></b>
Corporate	2.0	2.2	4.2
Personal Income	0.0	0.0	0.0
Sales	86.6	21.9	108.5
Lodging	0.0	0.0	0.0
Property	0.0	0.0	0.0
Excise and Fees	5.2	2.3	7.4
State Unemployment	0.3	0.2	0.5
<b>Local Tax Subtotal</b>	<b><u>93.2</u></b>	<b><u>25.9</u></b>	<b><u>119.1</u></b>
Corporate	0.0	0.0	0.0
Personal Income	0.0	0.0	0.0
Sales	14.4	3.7	18.1
Lodging	18.4	0.0	18.4
Property	50.1	18.0	68.0
Excise and Fees	10.3	4.3	14.5
State Unemployment	0.0	0.0	0.0

- Of the \$240 million in state and local taxes, \$119 million accrues to local taxing authorities.
- The majority of state revenues come from the 6% sales tax.
- Key local revenue streams are property, bed, and sales taxes.

# 2015 Wrap-up

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- Visitor spending in Jacksonville grew 4.4% in 2015 and surpassed \$2 billion.
- 2015 marked the sixth consecutive year of visitor spending growth.
- Despite a 25% decline in gasoline prices, visitor spending grew, supported by strong increases in accommodations and food & beverage spending.
- One-in-twenty nonfarm, private jobs are supported by visitor spending in Jacksonville.
- Increases in visitor spending created additional employment with visitor supported employment growth outpacing overall employment growth in Jacksonville.
- Total state and local tax revenue supported by tourism activity reached nearly \$240 million.



# Fun facts

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- Visitor spending in Duval County surpassed \$2.0 billion in 2015. This is similar to the amount spent on candy for Halloween - in the entire US.
- The 21,618 jobs directly supported by visitor spending would be enough to employ EVERY resident of Jacksonville Beach.
- Each Jacksonville household would need to contribute \$700 to maintain the current level of governmental services were tourism to cease
  - This savings takes care of holiday shopping - the average American will spend \$700 on holiday gifts and goodies

National Retail Federation

# Methodology and Background



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# Why quantify the tourism economy?

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- 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.

# What is this a challenge?

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- Most economic sectors such as financial services, insurance, or construction are easily defined within a country's national accounts 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...

# Methods and data sources

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- 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 adjusts these levels of spending based on a range of known measures of tourism activity:
  - Industry data on employment, wages, GDP, and sales (source: BEA, BLS, Census)
  - Smith Travel Research data on hotel revenues
  - Bed tax receipts
  - Overseas visitor spending (source: NTTO, TE)
  - Canada visitor spending (source: Statistics Canada, TE)
  - Spending on air travel which accrues to all airports and locally-based airlines
  - Gasoline purchases by visitors (source: TE calculation)

# Methods and data sources

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- An IMPLAN model was compiled for the Duval County, Florida. This 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.
- All results are benchmarked and cross-checked and adjusted based on the following:
  - US Bureau of Labor Statistics and Bureau of Economic Analysis (employment and wages by industry)
  - US Census (business sales by industry)
- The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. All employment rankings are based on Bureau of Labor Statistics (ES202/QCEW) data.

# Definition of a trip

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- An **overnight trip** is any journey for business or pleasure outside your community not part of your normal routine, where you spent one or more nights away from home.
- A **day trip** is any journey for business or pleasure outside of your community not part of your normal routine that does not include an overnight stay. In this survey, a day trip would involve **travel of more than 50 miles** from your home.

# About Tourism Economics

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- 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 150 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.
- For more information: [info@tourismeconomics.com](mailto:info@tourismeconomics.com).





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