

ECONOMIC IMPACT OF TOURISM ON GALVESTON ISLAND 2019

Prepared for:
Galveston Island Convention and Visitors Bureau



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INTRODUCTION

The travel sector is an integral part of the Galveston Island economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Galveston Island's future. Direct GDP (gross domestic product) attributable to tourism spending in Galveston Island totaled \$345 million in calendar year (CY) 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 Galveston Island as it expands upon its tourism economy. 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 Galveston Island, 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.

KEY FINDINGS

KEY FINDINGS

The tourism economy is an engine for economic growth

Growth in visitation, spending, and employment

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

Approximately 34.5% (1 in 3) of all jobs on the Island were sustained by tourism.



Visitor Spending

Visitors to Galveston Island spent \$883 million in 2019, which generated \$1.2 billion in total business sales, including indirect and induced impacts.



Continued Growth

Tourism-sustained jobs generated total income of \$316 million in 2019, with a direct impact of \$217 million.



Employment Generator

A total of 11,542 jobs were sustained by visitors to Galveston Island in 2019. This included 8,930 direct and 2,612 indirect and induced jobs.



Fiscal Contributions

Tourism on Galveston Island generated \$178 million in tax revenues in 2019, with \$87.6 million accruing to state and local governments.

KEY FINDINGS

The tourism economy is an engine for economic growth

Visitor Spending

Visitor spending has grown at an annualized rate of 3.6% over the past five years, increasing from \$766 million in 2015 to \$883 million in 2019.

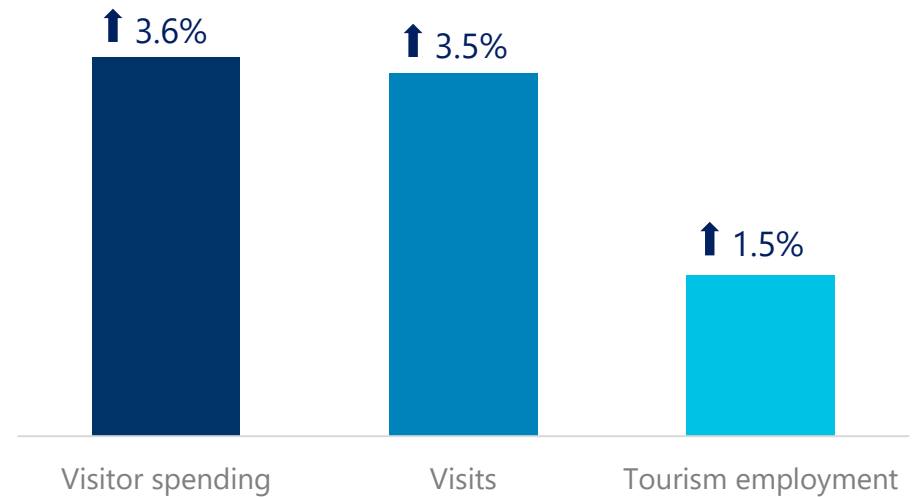
Visits

The number of visits to Galveston Island increased from 7.2 million visits in 2018 to 7.3 million visits in 2019, resulting in an annualized growth rate of 3.5%.

Tourism Employment

Direct tourism employment has expanded at an annualized rate of 1.5%, increasing from 8,000 jobs in 2015 to nearly 9,000 jobs in 2019.

Annualized Growth in Key Indicators, 2015-2019



TOURISM ECONOMY TRENDS

TOURISM ECONOMY TRENDS

Steady growth across indicators

Growth in visitation, spending, and employment

Tourism indicators and economic impacts have steadily increased since 2015. Galveston Island welcomed 7.3 million visitors in 2019. Visitation increased 2.1% in 2019 after registering 2.7% growth and 8.2% growth in 2018 and 2017, respectively.



Visitation growth increased 2.1% in 2019

Visitation growth was supported mainly by those visiting Galveston Island for the day (1.6%), with overnight visitation down 0.2% in 2019.



Tourism Employment has increased 6.3% since 2015

Visitor spending directly supported 8,930 jobs in 2019, representing 27% of total employment in Galveston Island.



Visitor Spending has been increasing for five straight years

In 2019, 7.3 million visitors spent \$883 million in Galveston Island, compared to 6.4 million visitors and \$766 million in spending in 2015.

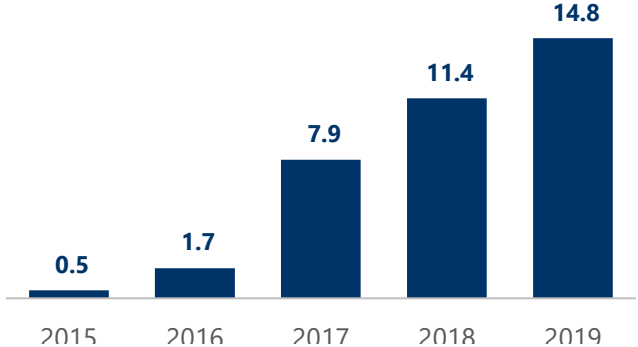
TOURISM ECONOMY TRENDS

Lodging sector

Galveston Island’s hotel market has contracted two consecutive years, after a robust 2017, according to STR data.

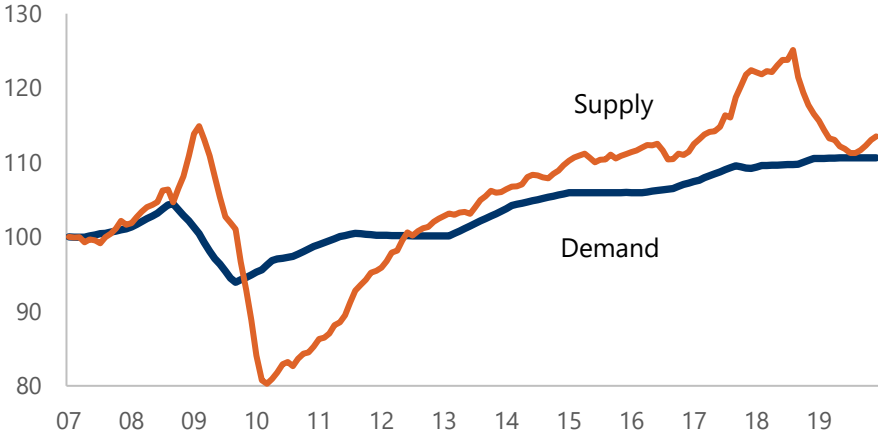
Room-night demand fell 2.6%, while supply was little changed at 0.1% higher. The occupancy rate ticked down 1.6 percentage points to 59.9%, and pulled down average daily rates 0.7%. The home share market continues to expand in Galveston.

Home share revenues (\$ millions)



Galveston hotel room demand

Amounts in room nights, 12-month moving sum, January 2007=100



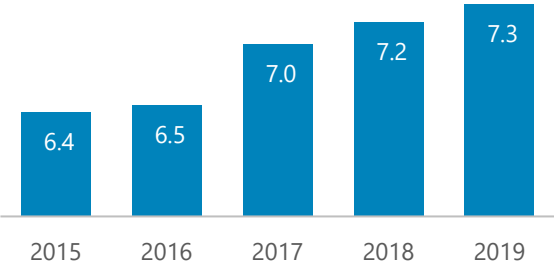
TOURISM ECONOMY TRENDS

Lodging sector

Total visitor volume increased 2.1%, driven by day and cruise visitation, while lodging spending was down 2.6% in 2019

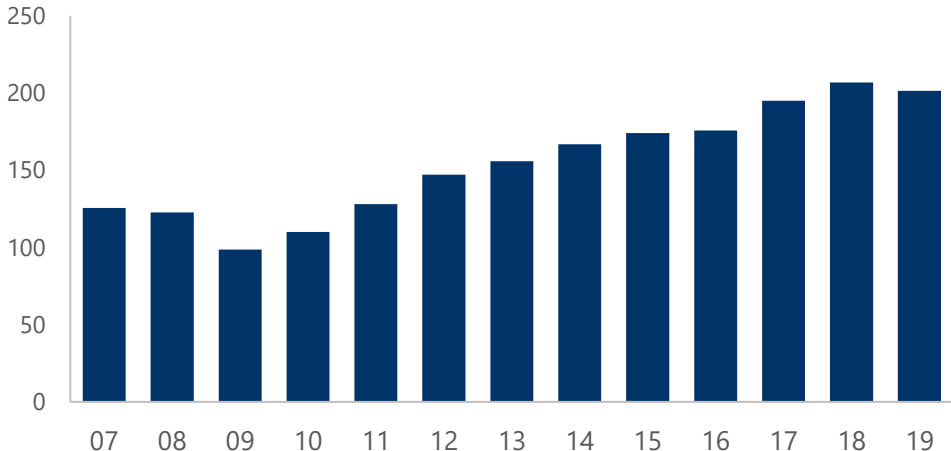
Visitor volume and lodging spending were 35.1% and 60%, respectively above the previous peaks in 2007. Employment and income growth in Texas and Houston have outpaced growth nationally, and help to drive tourism on Galveston Island.

Galveston Island visitation (millions)



Galveston Island accommodations spending

Amounts in millions of nominal dollars



TOURISM ECONOMY TRENDS

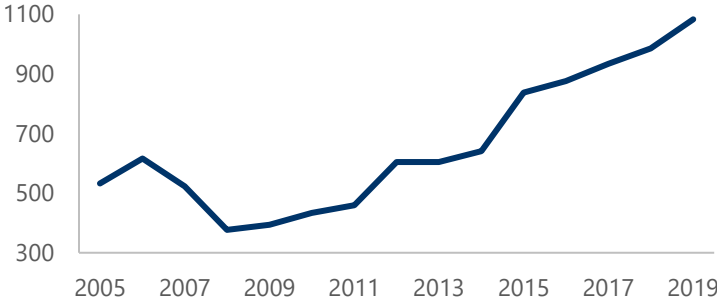
Cruise industry

The Port of Galveston maintains its ranking as the fourth largest home port in the US when measured by embarkations.

Cruise passengers increased 9.9% in 2019. At 1.1 million, embarkations are 76% higher than the 2006 peak of 617,000. Cruise activity generated \$71.5 million in passenger on-shore spending, and another \$23.4 million in services provided at the port in 2019.

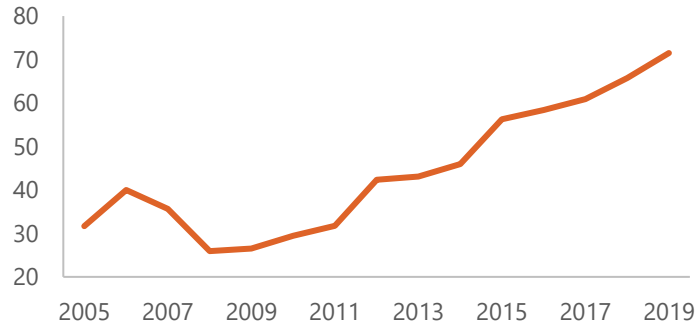
Cruise passengers in Galveston Island

Amounts in thousands of passengers



On-shore cruise passenger spending

Amounts in millions of dollars



TOURISM ECONOMY TRENDS

Cruise industry

After seven years of expansion, total visitor volume again reached a new peak in 2019 at more than 7.3 million visitors.

Galveston Island's visitor volume expanded 2.1% in 2019, and cruise visitors made a significant contribution to growth. The additional cruise visitors accounted for more than half of annual volume growth in 2019.

Visitor volume trends in Galveston Island

Amounts in thousands of passengers and percent change

	2015	2016	2017	2018	2019
Cruise passengers (thousands)	837	877	934	985	1,083
% change	30.5	4.7	6.5	5.5	9.9
Total visitors (thousands)	6,409	6,466	6,998	7,190	7,344
% change	6.4	0.9	8.2	2.7	2.1

TOURISM ECONOMY TRENDS

Labor market

Employment growth in Galveston Island’s tourism industry slowed in 2019 but is outpacing overall job growth on Galveston Island in recent years.

Since the 2009 employment trough, tourism job growth amounts to 24.8%, compared to 16.6% for total employment on the Island. For the United States and Houston MSA across the same time period, total employment growth reached, 15.0% and 22.7%, respectively.

Job growth since 2006

Employment indexes, 2009=100



VISITATION AND SPENDING

VISITATION AND SPENDING

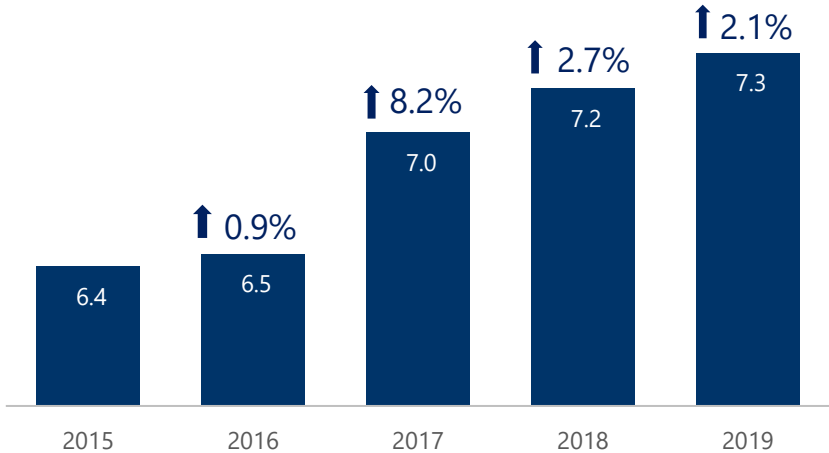
Total visitor count

Visitation growth continued upward, increasing by 11,000 visitors to reach 7.3 million

Total visitor volume increased 2.1%, driven by day and cruise visitation, while lodging spending was down 2.6% in 2019. Visitor volume and lodging spending were 35.1% and 60%, respectively above the previous peaks in 2007.

Galveston Island visitor levels and annual growth

Amounts in millions of visitors and year-on-year percentage growth



VISITATION AND SPENDING

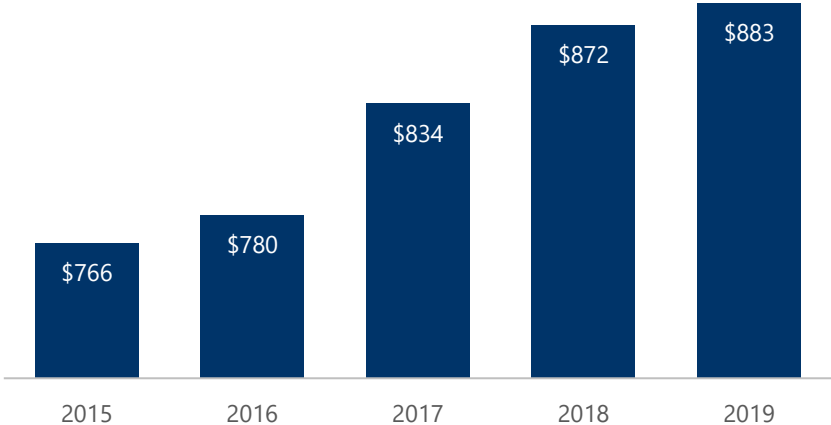
Total visitor spending count

Visitor spending increased by \$11 million, reaching \$883 million in 2019, as increased visitation supported more spending.

2019's visitor spending totaled more than \$117 million higher than in 2015. 88% of the growth since 2015 has come in the past three years.

Galveston Island total visitor spending

Amounts in millions of nominal dollars



VISITATION AND SPENDING

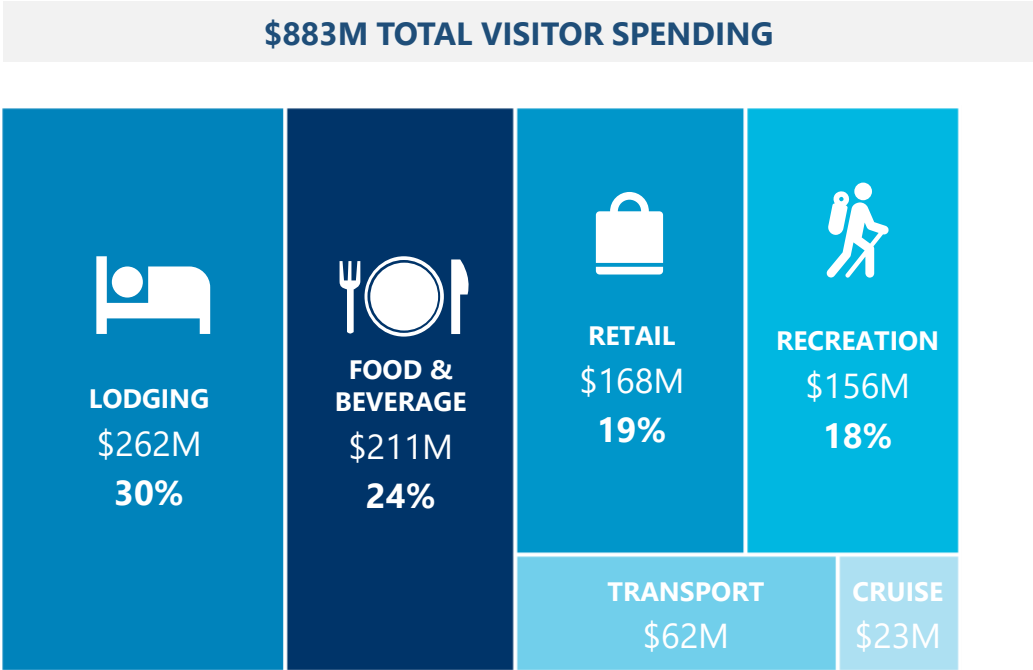
Total visitor spending count

Visitors to Galveston Island spent nearly \$883 million across a wide range of sectors.

Visitors spent \$211 million on food and beverages, \$201 million on lodging, and \$168 million on retail shopping in 2019.

The value of second home accommodations tallied \$61 million.

Cruise-related spending at The Port of Galveston totaled \$23 million, including parking, ship fees, and water, porter, security, and utilities services. Cruise passengers' on-shore spending tallied \$71.5 million.



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

VISITATION AND SPENDING

Total visitor spending count

Tourism spending is a significant part of several industries

Visitor spending increased by 1.2% in 2019, supported by growth in spending on recreation and food & beverages.

Cruise spending in Galveston Island grew 20.9% to reach \$23 million in 2019.

Of the \$11 million increase in 2019, \$8 million was concentrated in the food & beverage category.

Visitor Spending in Galveston Island

Amounts in millions of nominal dollars and growth rates

	2015	2016	2017	2018	2019	2019 Growth	15-19 CAGR
Total visitor spending	\$765.9	\$779.7	\$833.7	\$871.9	\$882.8	1.2%	3.6%
Lodging*	\$219.4	\$227.6	\$250.4	\$266.5	\$262.1	-1.7%	4.5%
Food & beverages	\$179.3	\$183.7	\$192.8	\$203.0	\$211.5	4.2%	4.2%
Retail	\$151.6	\$151.8	\$165.1	\$169.1	\$167.9	-0.7%	2.6%
Recreation	\$138.9	\$140.8	\$146.3	\$151.7	\$156.2	3.0%	3.0%
Transportation**	\$58.6	\$56.7	\$59.8	\$62.2	\$61.7	-0.9%	1.3%
Cruise (at port)	\$18.1	\$19.1	\$19.3	\$19.3	\$23.4	20.9%	6.7%

* Lodging includes 2nd home spending

** Transportation includes both ground and air transportation

VISITATION AND SPENDING

Total visitor spending count

Day visitation and day visitor spending supported overall tourism growth in Galveston Island.

Day visitors grew by 60,000 to reach 3.9 million in 2019.

Overnight visitors to Galveston spent \$229 per trip, while day trippers spent \$49 per trip. An estimated 53.5% of all visitors were day trippers.

Cruise visitors are separated from day and overnight visitation and spending.

Total visitors and visitor spending

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

	2015	2016	2017	2018	2019
Total visitors	6.4	6.5	7.0	7.2	7.3
Day	3.5	3.5	3.7	3.9	3.9
Overnight	2.1	2.1	2.3	2.3	2.3
Total traveler spending	\$765.9	\$779.7	\$833.7	\$871.9	\$882.8
Day	\$174.4	\$175.1	\$181.1	\$190.7	\$194.6
Overnight	\$471.6	\$475.2	\$517.0	\$536.4	\$532.7
Per traveler spending	\$119	\$121	\$119	\$121	\$120
Day	\$50	\$50	\$48	\$49	\$49
Overnight	\$227	\$228	\$223	\$230	\$229

ECONOMIC IMPACT: DIRECT TOURISM



ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on Galveston Island 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 Galveston Island, we input visitor spending into a model of the Galveston Island 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.

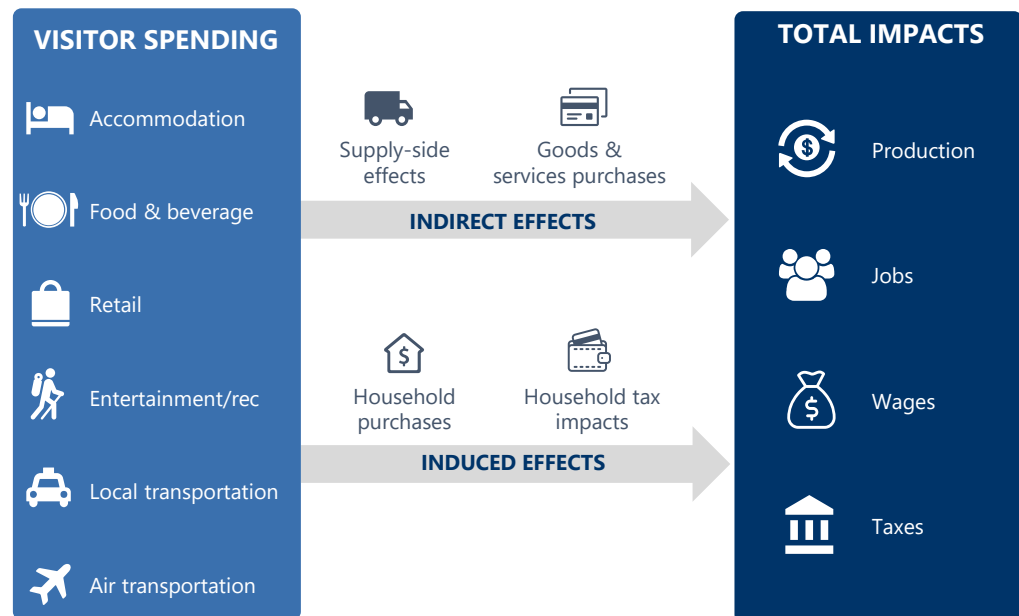
DIRECT TOURISM INDUSTRY

Introduction and definitions

How visitor spending generates employment and income

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



DIRECT TOURISM INDUSTRY

Tourism industry employment growth

Visitor spending in Galveston Island directly supported 8,930 jobs and \$344.8 million in state GDP in 2019.

Tourism GDP is the value added of those sectors directly interacting with visitors.

The narrow definition of the core tourism industry counts only tourism consumption, which excludes capital investment and general government support of tourism. This definition is consistent with economic accounts.

Direct tourism employment and GDP in 2019

Amounts in number of jobs and millions of nominal dollars

	Employment	GDP
Total	8,930	\$344.8
Food & Beverage	3,032	\$96.6
Lodging	1,639	\$92.2
Recreation and Entertainment	2,537	\$58.0
Retail Trade	1,264	\$46.6
Other Transport	262	\$39.4
Personal Services	155	\$7.5
Finance, Insurance and Real Estate	20	\$3.0
Gasoline Stations	22	\$1.7

DIRECT TOURISM INDUSTRY

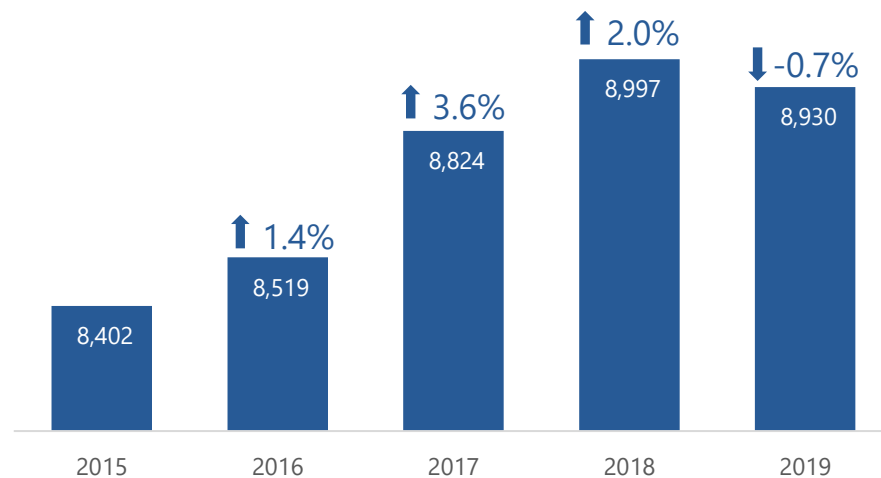
Tourism industry employment growth

Tourism employment is a significant part of several industries

Visitor spending directly supported 8,930 jobs in 2019, 528 more than in 2015. Employment growth has slowed as spending on lodging and retail leveled off in 2019.

Tourism supported employment in Galveston Island

Amounts in thousands of jobs and year-on-year percentage growth



DIRECT TOURISM INDUSTRY

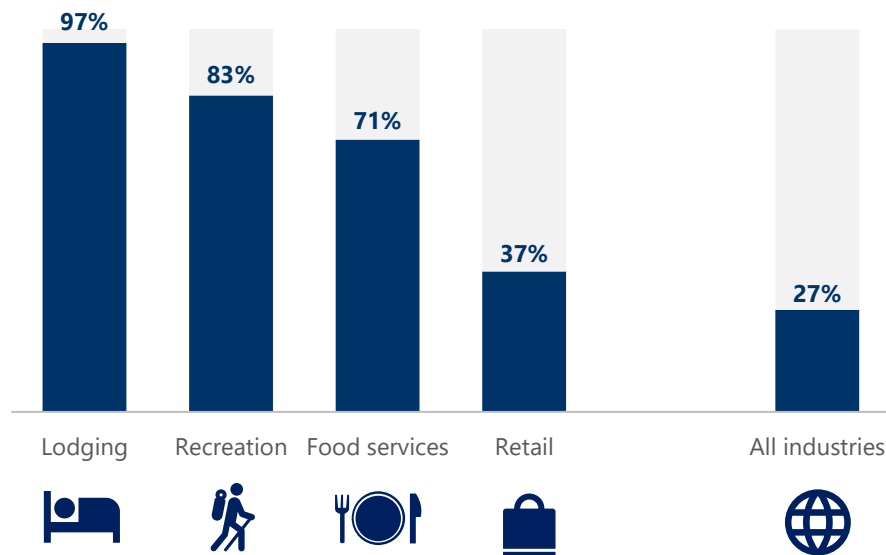
Tourism employment

Tourism employment is a significant part of several industries

Tourism employment is a significant part of several industries – 97% of lodging, 83% of recreation and 71% of food services employment is supported by visitor spending.

Tourism employment intensity

Amounts in percentage of total industry employment



DIRECT TOURISM INDUSTRY

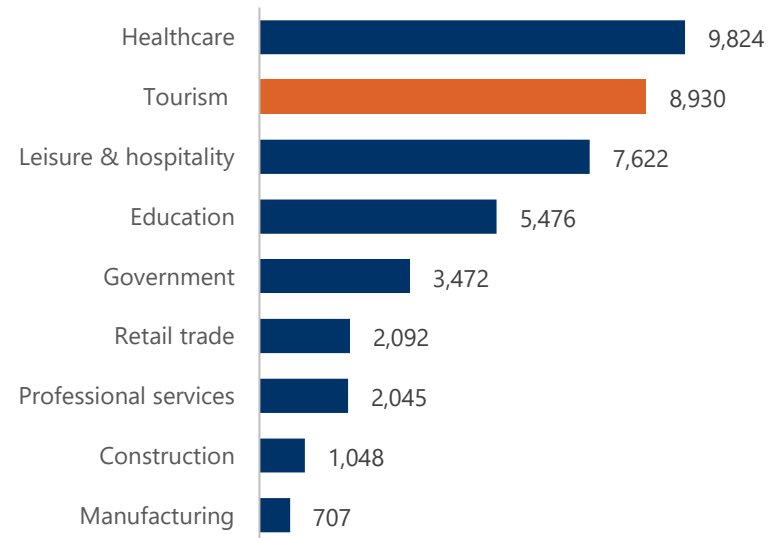
Tourism employment

In 2019, tourism was the 2nd largest employer in Galveston Island.

Tourism jobs span across sectors and include many small businesses. Taken as an industry, tourism maintained its rank as the second largest employer on the Island in 2019.

Employment in Galveston Island, by major industry

Direct jobs



DIRECT TOURISM INDUSTRY

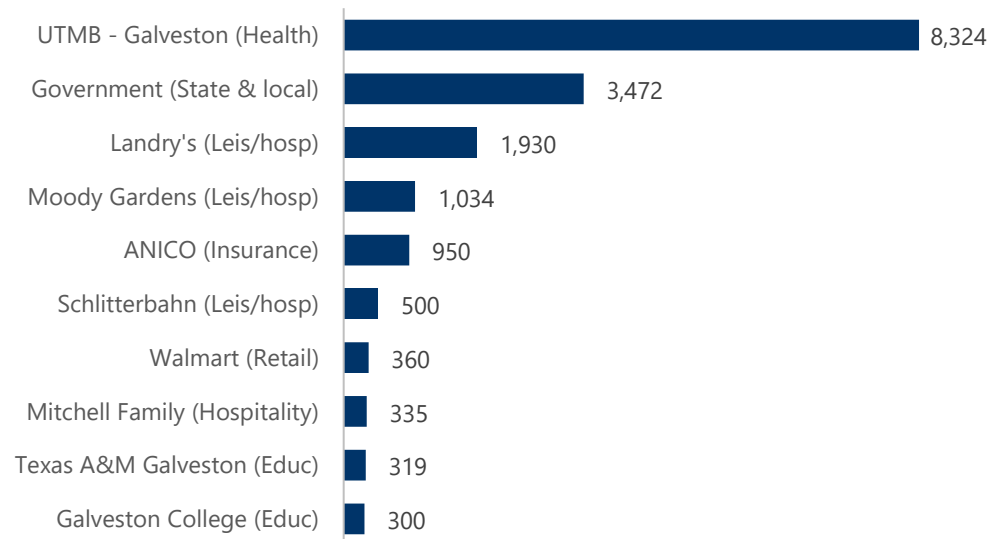
Tourism employment

Total employment in Galveston Island was estimated as 33,427 in 2019.

By establishment, key employers on the island are the University of Texas Medical Branch - Galveston, Landry's, Moody Gardens, and ANICO.

Employment in Galveston Island, by establishment

Number of jobs



ECONOMIC IMPACT: TOTAL TOURISM

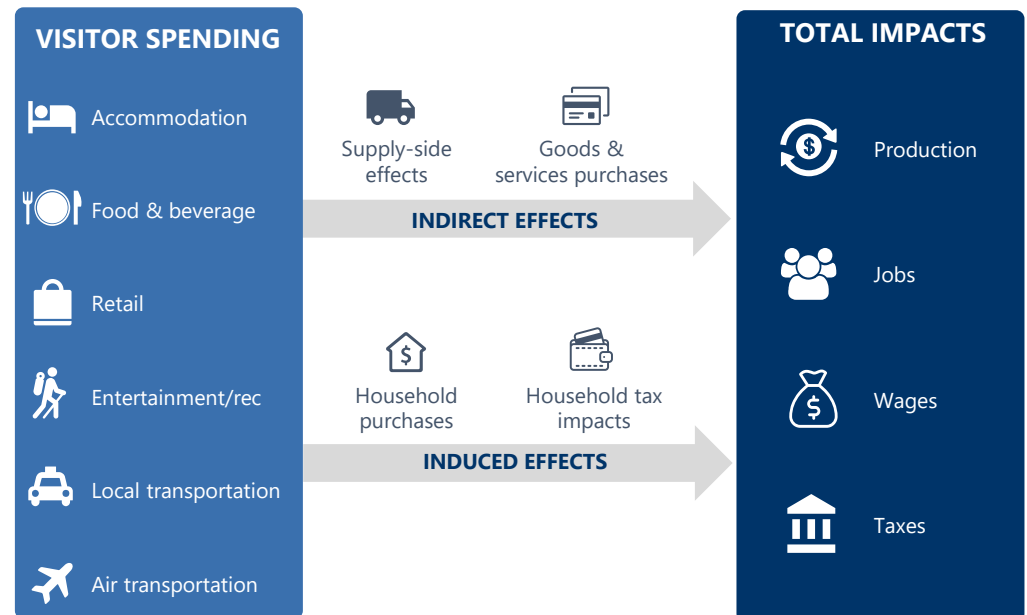
ECONOMIC IMPACTS

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 \$883 million in Galveston Island in 2019. This supported a total of \$1.2 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	\$882.8	\$199.3	\$143.4	\$1,225.5
By industry				
Retail trade	\$189.1	\$2.3	\$18.4	\$209.8
Food & beverage	\$190.3	\$9.4	\$8.7	\$208.4
Lodging	\$201.4	\$2.5	\$1.7	\$205.5
FIRE	\$65.6	\$53.5	\$52.5	\$171.7
Recreation and entertainment	\$145.3	\$4.0	\$2.8	\$152.1
Other transport	\$64.7	\$7.4	\$1.9	\$74.0
Business services	\$0.0	\$56.9	\$9.5	\$66.4
Construction and utilities	\$0.0	\$23.8	\$4.9	\$28.6
Personal services	\$10.9	\$7.0	\$6.1	\$24.0
Education and healthcare	\$0.0	\$0.3	\$20.8	\$21.1
Government	\$0.0	\$13.1	\$3.9	\$17.0
Gasoline stations	\$15.4	\$0.1	\$1.3	\$16.9
Communications	\$0.0	\$9.0	\$3.0	\$12.0
Wholesale trade	\$0.0	\$3.8	\$5.4	\$9.2
Manufacturing	\$0.0	\$3.5	\$0.9	\$4.3
Agriculture, fishing, mining	\$0.0	\$1.9	\$0.7	\$2.6
Air transport	\$0.0	\$0.8	\$1.0	\$1.8

Source: Tourism Economics

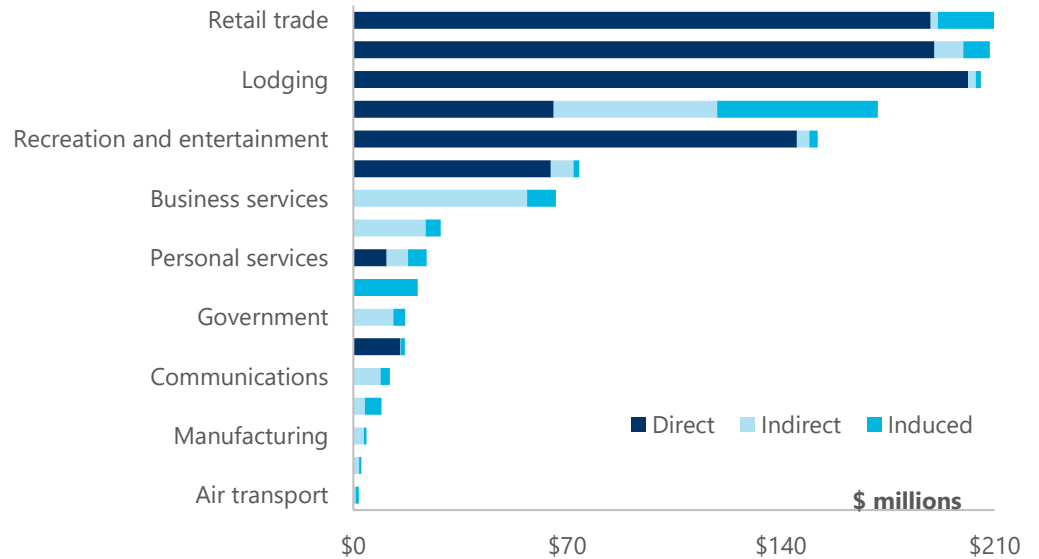
ECONOMIC IMPACTS

Business sales impacts by industry

While the majority of sales are in industries directly serving visitors, \$172 million in business sales is happening in finance, insurance and real estate as a result of selling to tourism businesses.

Significant benefits accrue in sectors like finance, insurance, and real estate (FIRE) from selling to tourism businesses and employees.

Business sales impacts by industry



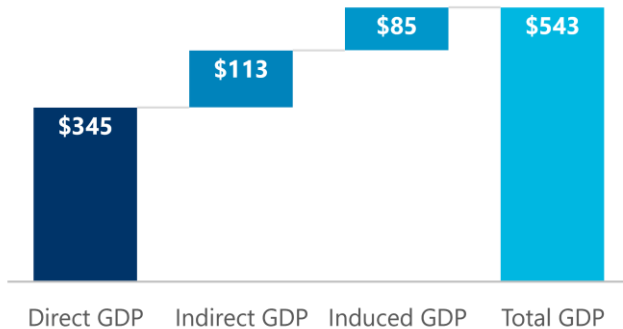
Source: Tourism Economics

ECONOMIC IMPACTS

GDP impacts by industry

Travel generated a total \$543 million in state GDP in 2019, when indirect and induced values are considered.

Summary GDP impacts (\$ billions)



GDP impacts by industry

Amounts in millions of current dollars

	Direct value	Indirect value	Induced value	Total value
Total, all industries	\$344.8	\$113.1	\$85.1	\$542.9
By industry				
Food & beverage	\$96.6	\$4.6	\$4.3	\$111.9
Lodging	\$92.2	\$1.1	\$0.7	\$94.0
FIRE	\$3.0	\$33.2	\$31.9	\$68.1
Recreation and entertainment	\$58.0	\$1.4	\$1.1	\$60.4
Retail trade	\$46.6	\$1.6	\$12.9	\$54.7
Other transport	\$39.4	\$4.5	\$1.0	\$44.9
Business services		\$30.8	\$5.5	\$36.3
Construction and utilities		\$14.2	\$3.0	\$17.2
Personal services	\$7.5	\$4.3	\$3.5	\$15.4
Education and healthcare		\$0.1	\$11.5	\$11.7
Government		\$7.6	\$1.7	\$9.3
Wholesale trade		\$3.0	\$4.2	\$7.2
Communications		\$4.4	\$1.5	\$5.9
Gasoline stations	\$1.7	\$0.1	\$1.0	\$2.7
Agriculture, fishing, mining		\$1.1	\$0.4	\$1.5
Manufacturing		\$0.7	\$0.2	\$0.9
Air transport		\$0.4	\$0.5	\$0.8

Source: Tourism Economics

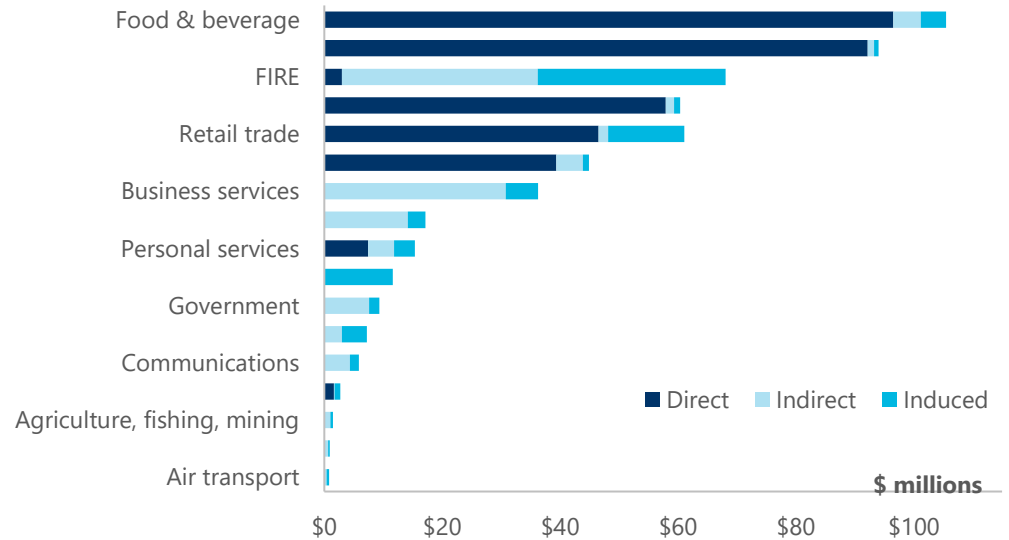
ECONOMIC IMPACTS

GDP impacts by industry

The restaurant industry has the largest economic contribution from visitor spending, followed closely by lodging and recreation and entertainment.

Finance, insurance and real estate (FIRE) impacts GDP through mostly indirect and induced effects.

GDP impacts by industry



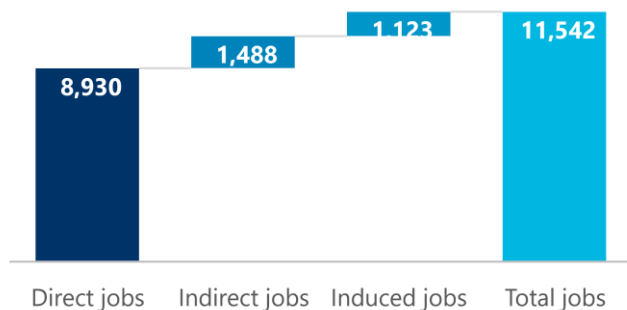
Source: Tourism Economics

ECONOMIC IMPACTS

Employment impacts by industry

Tourism supported a total of 11,542 jobs 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	8,930	1,488	1,123	11,542
By industry				
Food & beverage	3,032	146	135	3,313
Recreation and entertainmen	2,537	82	49	2,667
Lodging	1,639	19	13	1,672
Retail trade	1,264	34	261	1,560
Business services		581	94	675
FIRE	20	227	115	362
Personal services	155	102	94	351
Other transport	262	50	11	322
Education and healthcare		5	260	266
Construction and utilities		104	16	120
Government		74	19	93
Wholesale trade		21	29	50
Gasoline stations	22	1	13	35
Communications		26	7	33
Manufacturing		11	2	13
Agriculture, fishing, mining		4	2	6
Air transport		2	2	4

Source: Tourism Economics

ECONOMIC IMPACTS

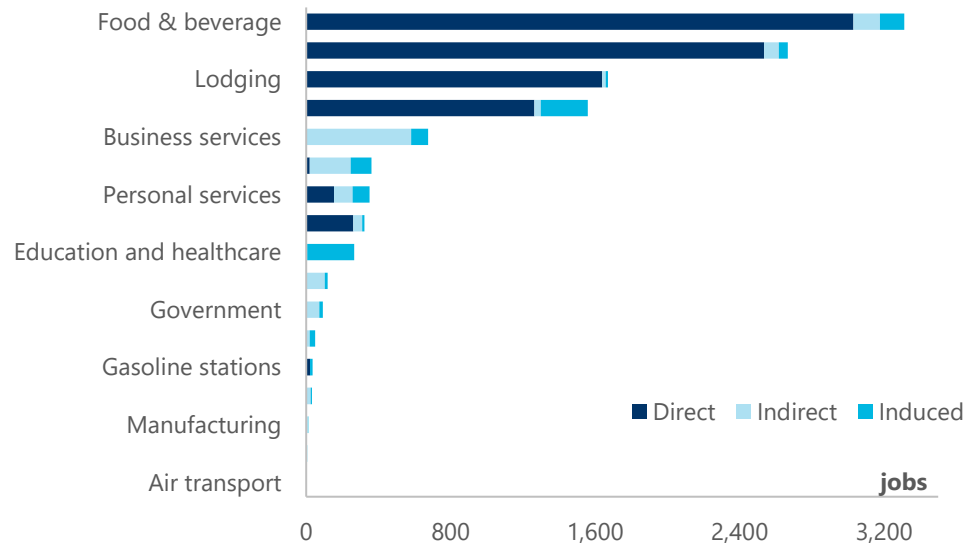
Employment impacts by industry

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

The more than 11,500 jobs supported by Galveston Island tourism span every sector of the economy, either directly or indirectly.

The most significant indirect impacts come in business services and FIRE.

Employment impacts by industry



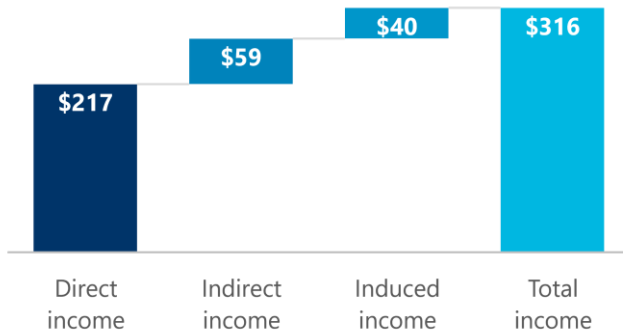
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Tourism generated \$217 million in direct income and \$316 million when indirect and induced impacts are considered.

Summary personal income impacts (\$ billions)



Personal income impacts by industry

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$217.4	\$58.6	\$39.8	\$315.8
By industry				
Food & beverage	\$62.9	\$3.0	\$2.8	\$73.5
Lodging	\$48.8	\$0.6	\$0.4	\$49.8
Recreation and entertainment	\$35.9	\$1.3	\$0.6	\$37.8
Other transport	\$32.5	\$3.9	\$0.8	\$37.3
Retail trade	\$28.1	\$1.0	\$7.6	\$32.0
Business services		\$19.5	\$3.4	\$23.0
FIRE	\$1.4	\$8.1	\$4.5	\$14.1
Personal services	\$6.8	\$4.0	\$3.3	\$14.0
Education and healthcare		\$0.1	\$10.2	\$10.2
Government		\$6.5	\$1.5	\$8.0
Construction and utilities		\$6.0	\$1.0	\$7.0
Wholesale trade		\$1.5	\$2.1	\$3.6
Communications		\$1.8	\$0.5	\$2.3
Gasoline stations	\$0.9		\$0.5	\$1.5
Agriculture, fishing, mining		\$0.5	\$0.2	\$0.7
Manufacturing		\$0.5	\$0.1	\$0.6
Air transport		\$0.2	\$0.3	\$0.5

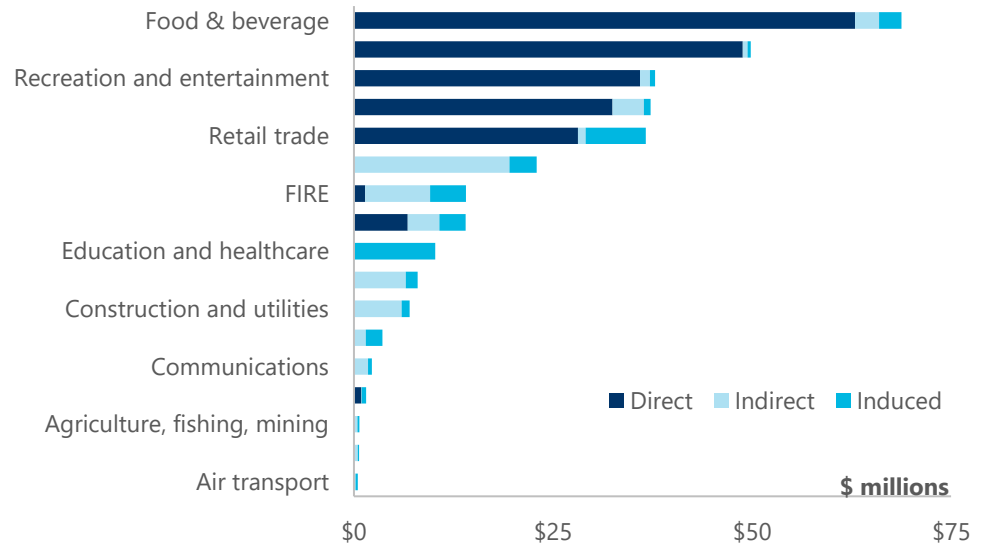
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Most of the personal income impacts are the direct result of visitor spending, compared to other impact results.

Personal income impacts by industry



Source: Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$178 million in governmental revenues.

Tourism generated \$177.5 million in taxes in 2019, 0.3% more than in 2017.

Tourism-driven state and local tax proceeds of \$87.6 million helped offset the average household tax burden by \$4,185 per household.

Fiscal (tax) impacts

Amounts in millions of nominal dollars			2019
	2018	2019	growth
Total tax revenues	\$177.0	\$177.5	0.3%
Federal	\$89.5	\$90.0	0.5%
Personal income	\$22.8	\$22.9	0.4%
Corporate	\$30.6	\$30.9	0.7%
Indirect business	\$5.7	\$5.7	0.1%
Social insurance	\$30.4	\$30.6	0.4%
State and Local	\$87.5	\$87.6	0.1%
Sales	\$31.1	\$31.1	0.1%
Bed tax	\$32.8	\$32.8	0.0%
Excise and fees	\$3.3	\$3.3	0.4%
Property	\$20.3	\$20.4	0.2%

Source: Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax)

\$49.7 million in local taxes were generated by tourism in 2019.

Tourism-generated tax revenues, not including hotel occupancy tax revenues, tallied \$26.7 million in 2019.

This accounted for 47% of the City of Galveston's General Fund revenues, based on an estimated calendar year 2019 budget of \$56.8 million.

Tourism-generated revenues would be sufficient to fund:

- Police (\$21.9 million) 1.3 times over
- Fire (\$11.6 million) 2.3 times over
- Public works (\$3.9 million) 6.8 times over
- Parks and rec (\$2.9 million) 9.3 times over

Fiscal (tax) impacts

Amounts in millions of nominal dollars	State	Local
Total tourism taxes	\$37.9	\$49.7
Sales	\$23.6	\$7.5
Bed tax	\$13.1	\$19.7
Excise and fees		\$2.1
Property		\$20.4
Social security	\$1.2	

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context



**\$883
MILLION**

VISITOR SPENDING

The \$883 million in visitor spending means that \$2.4 million was spent EVERY DAY by visitors in Galveston Island.



**\$316
MILLION**

PERSONAL INCOME

The \$316 million in total income generated by tourism is the equivalent of \$15,000 for every household in Galveston City.



**11,500
JOBS**

EMPLOYMENT

The number of total jobs sustained by tourism directly supports 35% of jobs in Galveston Island.



**\$88
MILLION**

STATE AND LOCAL TAXES

The \$88 million in state and local taxes generated by tourism would cover the starting salaries of over 3,000 state school teachers in Texas.

METHODOLOGY AND BACKGROUND

METHODOLOGY AND BACKGROUND

Definitions and terms

Quantifying the travel and tourism economy

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

Travel 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.

Travel spans nearly a dozen sectors including lodging, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents, and recreation (including museums, theme parks, sports events and others).

A visitor includes all overnight and day visitors - traveling outside of their usual routine.

The analysis measures the economic impact of visitors to the Galveston Island, including:

- **Day trips and overnight visitors**
- **Cruise (at port)**

METHODOLOGY AND BACKGROUND

Data sources

Estimates of visitor expenditures in Galveston were based on several sources including:

- Smith Travel Research (STR) data on room demand, supply and hotel revenues.
- City tax data on hotel occupancy receipts and sales tax receipts by industry.
- Visitor profile and spending reports produced by the Texas Office of the Governor, Economic Development and Tourism Division.
- A tourism economic impact analysis completed for Galveston Island in 2008.
- An economic impact analysis of cruise passengers completed by the Cruise Lines International Association (CLIA) in 2018.
- Port of Galveston cruise passenger and port revenues data.
- Recreational second home expenditures based on US Census data.

METHODOLOGY AND BACKGROUND

IMPLAN

Utilizing IMPLAN to quantify tourism and travel impacts

An IMPLAN model was utilized for Galveston Island. 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 travel.

Tourism Economics then cross-checks these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

Employment and wage data were obtained from the Bureau of Labor Statistics, the Bureau of Economic Analysis, and the US Census Bureau.

Fuel prices were obtained from the Energy Information Administration (EIA).

METHODOLOGY AND BACKGROUND

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 visitor spending within the arts, entertainment and recreation supersector.
Air transport	Includes the local economic activity generated by visitors within the air transport (airline) and support services (on airport) sectors.
Other transport	Includes all forms of local transport services such as taxis, limos, trains, rental cars, and buses.
Shopping	Includes visitor spending within all retail sectors within the Galveston economy.
Service stations	Visitor spending on gasoline. Only the margin counts as local economic impact.
Second homes	Spending associated with the operation of seasonal second homes for recreational use as defined by the Census Department. This is based on an "imputed rent" calculation over an estimated peak season.
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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