

# CITY TOURISM IMPACT

## THE ECONOMIC IMPACT OF TRAVEL & TOURISM IN PALM BEACH COUNTY, FLORIDA

*A Comprehensive Analysis*

Prepared by:



In Partnership with:



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September 2005

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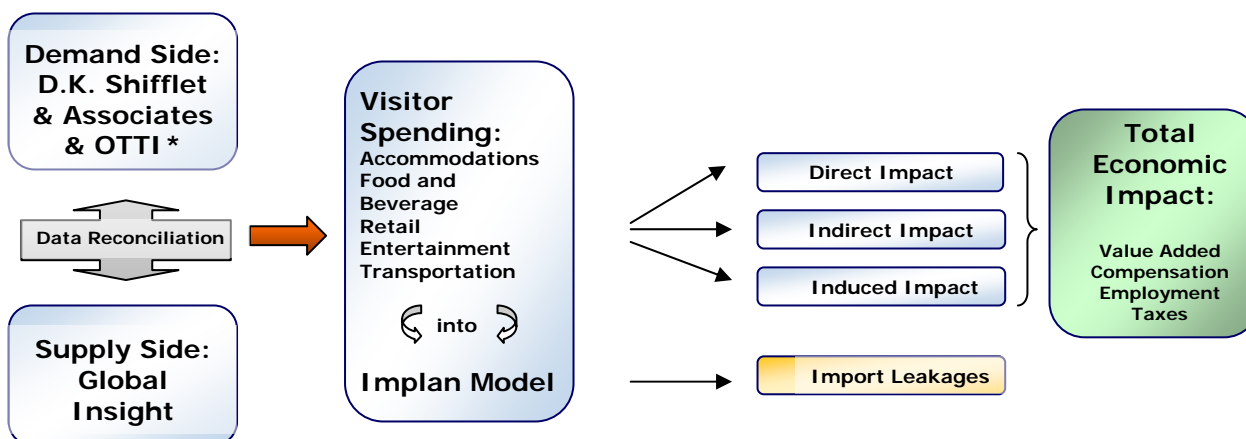
## I. Methodology Overview

The purpose of this study is to estimate the economic benefits of travel & tourism to Palm Beach County. Travelers are defined as those who made an overnight trip or traveled in excess of 50 miles for a day-trip. The spending of visitors from international markets has also been included. The total economic impact of travelers is separated into three distinct parts: direct, indirect, and induced. The *direct* impacts represent the value added<sup>1</sup> of those sectors that interact directly with the visitor. The *indirect* impact represents the benefit to suppliers to those direct sectors. This would include, for example, Palm Beach County-based food suppliers to a restaurant. The *induced* impact adds the impact of tourism-generated wages as they are spent in the Palm Beach County economy. The image of the iceberg represents the various impacts of tourism. Those industries that are part of the direct tourism sector represent the impact that is visible, i.e. above the surface of the water. But below the surface, traveler spending generates wages, employment and taxes in a host of supporting industries. Although these are not seen, they are critical to understanding the full economic impact of tourism in Palm Beach County.



The economic impacts reported in this study are based on traveler spending as reported in D.K. Shifflet & Associates' *PERFORMANCE/Monitor*<sup>SM</sup> travel survey and Office of Travel and Tourism Industries data on international visitation. Global Insight cross-checked and augmented these data with its own 4-digit North American Industry Classification System (NAICS) database on sales and employment by sector. The IMPLAN Input-Output economic impact model for Palm Beach County was used to estimate the direct, indirect, and induced impacts.

Traveler spending exceeds the direct impact. This is because not all goods and services purchased by travelers are supplied by firms located in Palm Beach County. The IMPLAN model accounts for import leakages to suppliers located outside of Palm Beach County.



\*OTTI: Office of Travel and Tourism Industries, U.S. Department of Commerce

<sup>1</sup> Value added of an industry is equal to the sum of wages, taxes, profits, and capital depreciation.

## II. Executive Summary

### A. Background and Purpose

This study provides a comprehensive and detailed account of the economic and tax impacts generated by visitors to Palm Beach County in calendar year 2004. In addition, Palm Beach County is compared with other major cities in terms of the relative and absolute magnitude of tourism's economic impact.

### B. Key Findings

Figure II-1

Key Findings: Palm Beach County 2004				
	Direct	Indirect	Induced	Total
Total Spending	0	0	0	\$2.83 billion
Total Visits	0	0	0	7.22 million
Economic Impact	\$1.64 billion	\$397 million	\$566 million	\$2.60 billion
Wages	\$974 million	\$224 million	\$308 million	\$1.51 billion
Jobs	39,551	5,198	8,789	53,538

#### ***Spending by Travelers in Palm Beach County Totaled \$2.83 billion in 2004***

- Travelers spent \$931 million on lodging, \$673 million at restaurants, and \$1.23 billion on a broad range of goods and services including transportation, entertainment, and shopping.
- The economic impact of these expenditures (after \$230 million in import leakages) totaled \$2.60 billion. This includes \$1.64 billion in direct economic impact, \$397 million in indirect economic impact (supplier effect), and \$566 million in induced economic impact (income effect).

#### ***Traveler Spending Supported 53,538 Jobs and \$1.51 billion in Wages***

- Traveler spending supported 53,538 jobs in Palm Beach County in 2004. Of these, 39,551 were directly employed by tourism sectors. Tourism generated an additional 5,198 indirect jobs and 8,789 induced jobs.
- Total tourism generated employment comprises 7% of all jobs in Palm Beach County.
- In excess of \$1.51 billion in wages were generated for these employees.

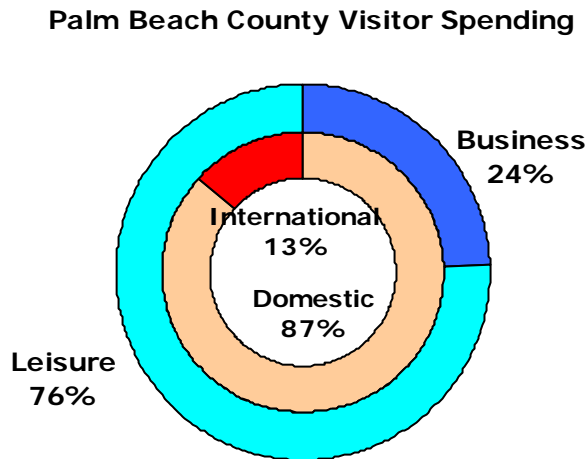
#### ***Travelers Generated Federal, State, and Local Tax Revenue totaling \$572 million in 2004***

- In 2004, spending by travelers in Palm Beach County generated nearly \$198 million in state taxes, \$145 million in local taxes, and \$229 million in federal taxes. Occupancy taxes alone paid by travelers totaled nearly \$21 million.
- Property tax receipts tallied in excess of \$110 million in 2004.

**Domestic markets represent 87% of total visitor spending in Palm Beach County with international markets comprising the remaining 13%. Leisure travel to the county exceeds business travel with 76% of total spending.**

- Domestic spending totaled \$2.45 billion and International spending totaled \$377 million.
- Leisure spending totaled \$2.14 billion and Business spending totaled \$692 million.

**Figure II-2**



### C. Rankings

***Palm Beach County ranks 46<sup>th</sup> in Tourism Impact among the Nation’s Cities***

Palm Beach County ranks as the number forty-six destination county in the country with total spending reaching \$2.83 billion, employment exceeding 53,000 and wages of \$1.51 billion.

**Figure II-3**

Palm Beach County Ranks 46 <sup>th</sup> Tourism Impact (Comparable Set)				
Rank	MSA Name	Spending (billion \$)	Employment	Wages (billion \$)
41	Austin-San Marcos, TX MSA	3.08	59,588	1.71
42	Portland, OR--WA PMSA	3.01	57,812	1.66
43	Columbus, OH MSA	3.01	57,633	1.66
44	Charlotte--Gastonia--Rock Hill, NC--S	2.97	56,843	1.63
45	Indianapolis, IN MSA	2.94	56,878	1.64
46	<b>Palm Beach County, FL</b>	<b>2.83</b>	<b>53,538</b>	<b>1.51</b>
47	Cincinnati, OH--KY--IN PMSA	2.82	56,048	1.59
48	Buffalo-Niagara Falls, NY MSA	2.82	56,483	1.58
49	Salt Lake City-Ogden, UT MSA	2.63	50,126	1.45
50	Biloxi-Gulfport-Pascagoula, MS MSA	2.59	51,055	1.58
51	Oklahoma City, OK MSA	2.50	47,569	1.38

### III. Detailed Results

#### A. Visitor Volumes

A total of 7.22 million travelers visited Palm Beach County in 2004. These visits included 5.39 million leisure travelers and 1.83 million business travelers. Further, 4.39 million visitors included a stay, while 2.83 million were day trips.

- Day visits totaled 2.83 million and overnight visits totaled 4.39 million.
- Leisure visits totaled 5.39 million and Business visits totaled 1.83 million.

**Figure III-1**

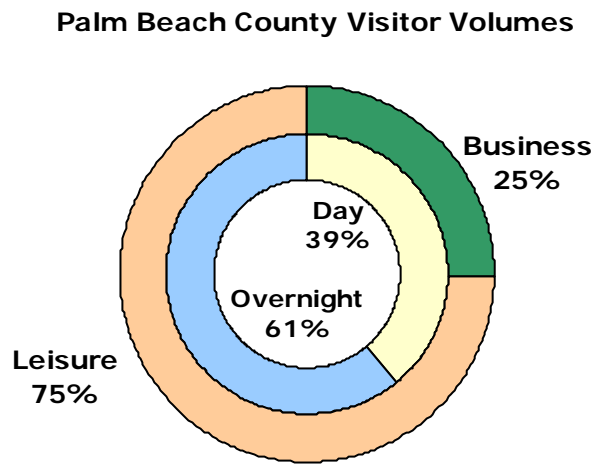


Figure III-2

Visitor Volume by Activity: Palm Beach County			
Activities (Multi-Response)	Total	Business	Leisure
Dining	34.9%	27.7%	37.4%
Shopping	28.4%	7.6%	35.6%
Beach/Waterfront	25.6%	11.7%	30.5%
Touring/Site-seeing	23.0%	12.9%	26.6%
Entertainment (General)	21.3%	5.9%	26.7%
Night Life	6.4%	4.1%	7.2%
Parks: national, state +	6.4%	4.9%	6.9%
Museum, Art Exhibit	5.9%	0.3%	7.9%
Concert, Play, Dance	4.0%	7.6%	2.8%
Play Golf	3.9%	1.7%	4.7%
Look at Real Estate	3.7%	2.5%	4.2%
Group Tour	3.2%	1.2%	4.0%
Theme/Amusement Park	3.1%	2.2%	3.5%
Watch Sports Event	3.1%	1.9%	3.5%
Festival, Craft Fair +	2.6%	0.5%	3.4%
Nature/Culture -- Eco-travel	2.0%	0.4%	2.6%
Boat/Sail	1.4%	1.0%	1.6%
Other Adventure Sports	1.3%	0.9%	1.4%
Gamble	1.1%	0.1%	1.5%
Shows: boat, auto, antique +	1.0%	1.0%	1.0%
Hunt, Fish	0.9%	0.0%	1.2%
Camping	0.9%	0.7%	0.9%
Visit Historic Site	0.7%	0.1%	0.9%
Hike, Bike +	0.6%	0.8%	0.6%

Figure III-2 illustrates the visitor's propensity to engage in one activity over another for both the business and leisure traveler.

- Business travel is typically heavy on dining with nearly 28% of all business traveler's participation. Only beach related activities and touring reach in excess of 10% of all business travel.
- The leisure traveler engages in a wider range of activities, of which six reach over 25% of total leisure traveler participation.

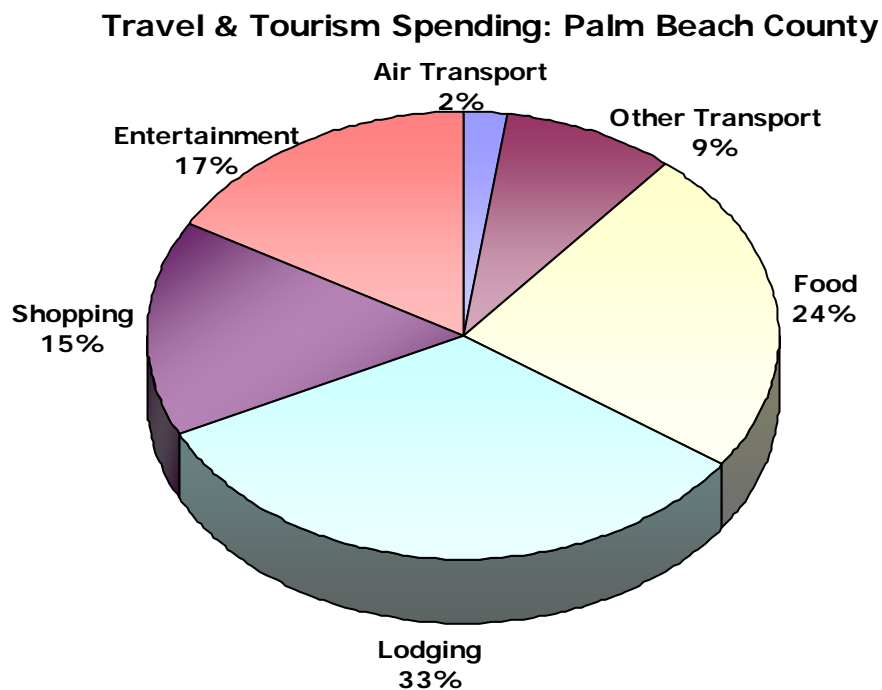
## B. Total Spending by Travelers

Travelers spent \$2.83 billion in Palm Beach County in 2004. These expenditures included \$313 million on all transportation, \$931 million on lodging, \$673 million on food and beverages, and \$913 million shopping, entertainment and other goods and services. Figure III-3 lists the total expenditures by travelers in Palm Beach County in 2004.

Figure III-3

Travel & Tourism Spending: Palm Beach County	
Expenditure Category	2004 Total Spending (million \$)
Air Transportation	64.94
Other Transportation	248.47
Lodging	931.04
Food & Beverage	673.45
Shopping	439.53
Entertainment	473.79
<b>Total</b>	<b>2,831.22</b>

Figure III-4





### C. Economic Impact (Value Added) of Tourism

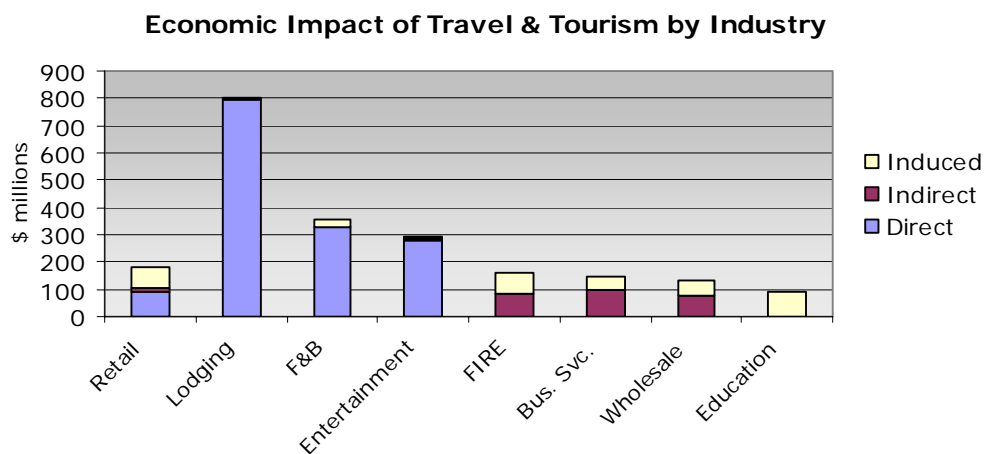
As shown in Figure III-5, travel & tourism consists of many different standard industries as defined by the North American Industry Classification System (NAICS). A share of the retail, transportation, restaurant, lodging, and entertainment industries directly contributes to the travel sector. In 2004, Palm Beach County tourism directly generated nearly \$1.64 billion of economic value in sectors “touching” the visitor.

Additional sectors benefited as suppliers to direct tourism industries, with an indirect tourism-generated economic impact of \$397 million. Finally, the induced impact of tourism nearly reached \$566 million as tourism wages were spent within the Palm Beach County area.

**Figure III-5**

Palm Beach County Travel & Tourism: Economic Impact (Value Added)				
Industry (NAICS)	Direct (million \$)	Indirect (million \$)	Induced (million \$)	Total (million \$)
Food and Beverage	325.83	4.96	22.84	353.63
Arts, Entertainment & Recreation	278.58	5.84	9.61	294.03
Lodging	792.77	2.23	5.98	800.99
Retail Trade	91.20	11.38	78.26	180.85
Other Transportation	136.00	7.01	2.00	145.01
Air Transportation	17.74	0.41	0.86	19.01
Finance, Insurance & Real Estate (FIRE)	0.00	83.33	79.03	162.36
Professional & Business Services	0.00	100.97	46.32	147.29
Public Administration	0.34	16.05	107.63	124.01
Wholesale Trade & Utilities	0.00	74.96	55.90	130.86
Education and Health Services	0.00	0.13	91.98	92.12
Other Services	0.00	41.59	32.21	73.80
Manufacturing	0.00	9.88	11.81	21.69
Natural Resources & Mining	0.00	0.14	0.09	0.22
Information	0.00	25.20	17.46	42.66
Construction	0.00	11.97	3.04	15.01
Agriculture, Forestry & Fishing	0.00	0.80	1.00	1.80
<b>Total</b>	<b>1,642.47</b>	<b>396.84</b>	<b>566.03</b>	<b>2,605.34</b>

**Figure III-6**



## D. Wages Supported by Tourism

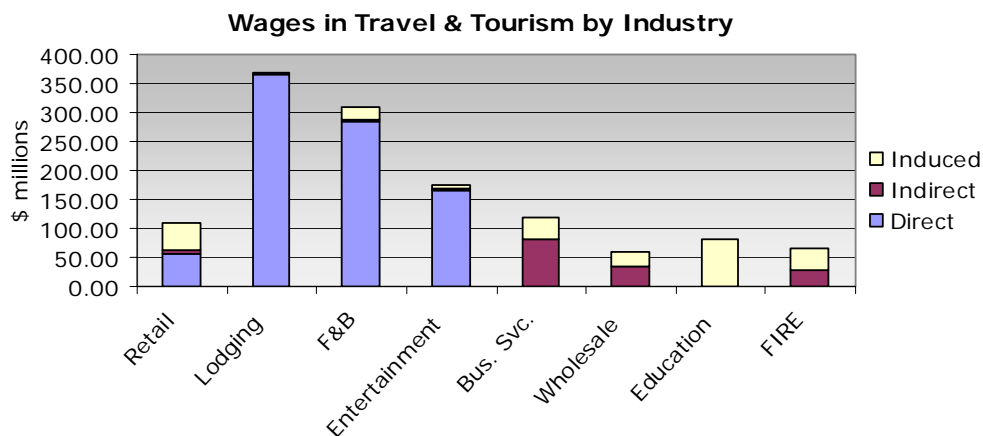
Wages and salaries generated by visitors to Palm Beach County are shown in Figure III-7. Directly paid wages and salaries to tourism sectors are nearly \$974 million; indirect production generates \$224 million in compensation; and induced wages tally \$308 million. Overall, workers received in excess of \$1.51 billion in wages and benefits as a result of Palm Beach County tourism activity.

Figure III-7

Palm Beach County Travel & Tourism: Wages				
Industry (NAICS)	Direct (million \$)	Indirect (million \$)	Induced (million \$)	Total (million \$)
Food and Beverage	283.65	4.32	19.88	307.85
Arts, Entertainment & Recreation	164.73	4.79	6.60	176.13
Lodging	365.26	1.03	2.77	369.06
Retail Trade	54.88	6.95	47.32	109.15
Other Transportation	90.90	5.41	1.56	97.87
Air Transportation	14.34	0.33	0.70	15.37
Finance, Insurance & Real Estate (FIRE)	0.00	29.52	35.75	65.27
Professional & Business Services	0.00	81.21	37.49	118.70
Public Administration	0.09	4.69	2.82	7.59
Wholesale Trade & Utilities	0.00	32.96	26.18	59.14
Education and Health Services	0.00	0.12	81.24	81.35
Other Services	0.00	18.18	26.65	44.83
Manufacturing	0.00	6.62	6.86	13.48
Natural Resources & Mining	0.00	0.06	0.03	0.09
Information	0.00	16.00	8.39	24.39
Construction	0.00	11.65	2.85	14.50
Agriculture, Forestry & Fishing	0.00	0.40	0.58	0.98
<b>Total</b>	<b>973.86</b>	<b>224.23</b>	<b>307.66</b>	<b>1,505.76</b>

Notice how close total compensation is for *Retail Trade* and *Professional and Business Services* even though the former represents many more tourism jobs. This reflects the higher levels of compensation per employee in business services.

Figure III-8



## E. Employment Supported by Tourism

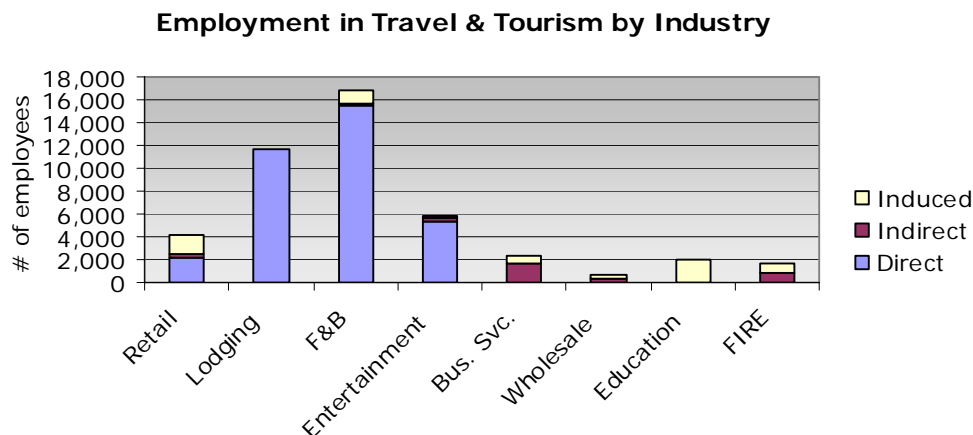
Figure III-9 shows the total employment by industry supported by Palm Beach County traveler spending.<sup>2</sup> Tourism directly supported 39,551 full-time and part-time jobs throughout the county—primarily in lodging, restaurants, transportation and recreation. The indirect impact of travelers’ dollars supports another 5,197 jobs. An additional 8,789 jobs are generated by the spent wages of direct and indirect tourism employees.

Figure III-9

Palm Beach County Travel & Tourism: Employment					
Industry (NAICS)	Direct	Indirect	Induced	Total	% of Total
Food and Beverage	15,496	236	1,086	16,818	31.41%
Arts, Entertainment & Recreation	5,312	292	289	5,893	11.01%
Lodging	11,616	33	88	11,737	21.92%
Retail Trade	2,245	254	1,741	4,239	7.92%
Other Transportation	4,646	192	54	4,892	9.14%
Air Transportation	236	6	12	253	0.47%
Finance, Insurance & Real Estate (FIRE)	0	852	812	1,664	3.11%
Professional & Business Services	0	1,591	760	2,351	4.39%
Public Administration	0	101	61	162	0.30%
Wholesale Trade & Utilities	0	395	342	738	1.38%
Education and Health Services	0	5	2,039	2,043	3.82%
Other Services	0	544	1,158	1,702	3.18%
Manufacturing	0	159	129	288	0.54%
Natural Resources & Mining	0	0	0	0	0.00%
Information	0	263	134	397	0.74%
Construction	0	264	64	328	0.61%
Agriculture, Forestry & Fishing	0	11	21	31	0.06%
<b>Total</b>	<b>39,551</b>	<b>5,197</b>	<b>8,789</b>	<b>53,537</b>	<b>100.00%</b>

The Professional & Business Services industry realizes the highest number of tourism-generated jobs that are not directly related to travelers—2,351.

Figure III-10



<sup>2</sup> Chart indicates only those jobs generated by visitor spending, not all jobs in that particular industry.

Direct tourism employment is shown in the following table in comparison with direct employment in other key, non-government, industries in Palm Beach County. Tourism comprises in excess of 7% of total employment in the county and is the number five job source.

**Figure II-11**

Ranking of Tourism versus Other Palm Beach County Industries			
Rank	Industry	Employment	% of Total
1	Administrative & Waste Services	78,553	14.08%
2	Retail Trade	72,746	13.04%
3	Health Care & Social Assist.	66,751	11.96%
4	Food Services & Drinking Places	39,703	7.11%
<b>5</b>	<b>Travel &amp; Tourism</b>	<b>39,551</b>	<b>7.09%</b>
6	Construction	36,620	6.56%
7	Professional & Technical Ser.	26,105	4.68%
8	Finance & Insurance	25,901	4.64%
9	Other Services	23,820	4.27%
10	Wholesale Trade	23,262	4.17%
11	Manufacturing	20,024	3.59%
	All other	144,560	25.90%
	Agriculture (also included within "All Other" found above)	7,426	1.33%
<b>Total</b>		<b>558,045</b>	<b>100.00%</b>

Agriculture accounts for a total of 7,426 jobs in Palm Beach County and therefore falls outside of the top tier industries, in terms of employment. Still, this accounts for 1.3% of total jobs within the County and 7.5% of total agriculture jobs within the State of Florida.

## F. Federal, State and Local Taxes Paid

The federal government, as well as the state and local governments derive significant taxes from companies, households, and from the travelers themselves. Businesses and households pay income, sales, and excise taxes. Travel & tourism in Palm Beach County generated \$572 million in federal, state, and local taxes in 2004. Figure III-12 lists the total revenue generated by branch of government and type of tax.

Sales taxes are the largest revenue generator for state government, bringing in nearly \$144 million to the coffers of the State, while property taxes totaled \$110 million for Palm Beach County. Travel and Tourism brought a total of \$229 million in tax revenue to the Federal Government.

**Figure III-12**

Travel & Tourism: Tax Revenue	
Tax	2004 (\$)
<b>Federal: US</b>	
Corporate Income	29,973,454
Personal Income	4,030,110
Excise & Fees	25,202,405
Social Security & Other Taxes	169,998,122
<b>Federal Total</b>	<b>229,204,092</b>
<b>State: Florida</b>	
Corporate Income	19,895,345
Personal Income	0
Sales	143,679,312
Excise & Fees	31,906,287
Social Security & Other Taxes	2,122,303
<b>State Total</b>	<b>197,603,247</b>
<b>Local: Palm Beach County</b>	
Occupancy Tax	20,862,136
Property Taxes	110,384,217
Excise & Fees	13,674,123
Sales Taxes	0
<b>Local Total</b>	<b>144,920,476</b>
<b>Grand Total</b>	<b>571,727,815</b>

### Palm Beach County Household Savings

*Each household in Palm Beach County paid \$308 less in taxes as a result of Travel & Tourism in 2004.*

## IV. Benchmarking of Top Cities

Figure IV-1

Tourism Impact: Palm Beach County (Comparable Set)				
Rank	MSA Name	Spending (billion \$)	Employment	Wages (billion \$)
41	Austin-San Marcos, TX MSA	3.08	59,588	1.71
42	Portland, OR--WA PMSA	3.01	57,812	1.66
43	Columbus, OH MSA	3.01	57,633	1.66
44	Charlotte--Gastonia--Rock Hill, NC--S	2.97	56,843	1.63
45	Indianapolis, IN MSA	2.94	56,878	1.64
46	<b>Palm Beach County, FL</b>	<b>2.83</b>	<b>53,538</b>	<b>1.51</b>
47	Cincinnati, OH--KY--IN PMSA	2.82	56,048	1.59
48	Buffalo-Niagara Falls, NY MSA	2.82	56,483	1.58
49	Salt Lake City-Ogden, UT MSA	2.63	50,126	1.45
50	Biloxi-Gulfport-Pascagoula, MS MSA	2.59	51,055	1.58
51	Oklahoma City, OK MSA	2.50	47,569	1.38

Figure IV-2

### Remaining Cities Ranked

Rank	MSA Name	Rank	MSA Name	Rank	MSA Name
1	Orlando, FL MSA	16	Philadelphia, PA-NJ PMSA	31	Fort Lauderdale, FL PMSA
2	Las Vegas, NV-AZ MSA	17	Orange County, CA PMSA	32	Sacramento, CA PMSA
3	<b>New York, NY PMSA</b>	18	New Orleans, LA MSA	33	Nashville, TN MSA
4	Los Angeles-Long Beach, CA PMSA	19	Honolulu, HI MSA	34	Myrtle Beach, SC MSA
5	Chicago, IL PMSA	20	Minneapolis-St. Paul, MN-WI MSA	35	Pittsburgh, PA MSA
6	Washington, DC--MD--VA--WV PMSA	21	Houston, TX PMSA	36	Baltimore, MD PMSA
7	San Francisco, CA PMSA	22	Knoxville, TN MSA	37	Jacksonville, FL MSA
8	San Diego, CA MSA	23	Norfolk-Virginia Beach-Newport News,	38	Kansas City, MO-KS MSA
9	Atlantic City--Cape May, NJ PMSA	24	St. Louis, MO-IL MSA	39	San Jose, CA PMSA
10	Atlanta, GA MSA	25	Detroit, MI PMSA	40	Cleveland--Lorain--Elyria, OH PMSA
11	Miami, FL PMSA	26	Reno, NV MSA	<b>Cells 41-51 above</b>	
12	Tampa-St. Petersburg-Clearwater, FL M	27	Seattle-Bellevue-Everett, WA PMSA	52	Raleigh-Durham-Chapel Hill, NC MSA
13	Boston, MA-NH PMSA	28	San Antonio, TX MSA	53	Fort Myers-Cape Coral,

Rank	MSA Name	Rank	MSA Name	Rank	MSA Name
					FL MSA
14	Phoenix-Mesa, AZ MSA	29	Riverside-San Bernardino, CA PMSA	54	Daytona Beach, FL MSA
15	Dallas, TX PMSA	30	Denver, CO PMSA	55	Charleston-North Charleston, SC MSA
56	Newark, NJ PMSA	71	Fort Worth-Arlington, TX PMSA	86	Monmouth--Ocean, NJ PMSA
57	Memphis, TN--AR--MS MSA	72	San Luis Obispo-Atascadero-Paso Roble	87	Panama City, FL MSA
58	Milwaukee-Waukesha, WI PMSA	73	Melbourne-Titusville-Palm Bay, FL MSA	88	Wilmington, NC MSA
59	Salinas, CA MSA	74	Nassau-Suffolk, NY PMSA	89	Des Moines, IA MSA
60	Lancaster, PA MSA	75	Vallejo-Fairfield-Napa, CA PMSA	90	Fort Walton Beach, FL MSA
61	Oakland, CA PMSA	76	Albany-Schenectady-Troy, NY MSA	91	Corpus Christi, TX MSA
62	Louisville, KY-IN MSA	77	Hartford, CT MSA	92	Syracuse, NY MSA
63	Albuquerque, NM MSA	78	Birmingham, AL MSA	93	Greenville--Spartanburg--Anderson, SC
64	Sarasota-Bradenton, FL MSA	79	Greensboro--Winston-Salem--High Point	94	Asheville, NC MSA
65	Richmond-Petersburg, VA MSA	80	Grand Rapids-Muskegon-Holland, MI MSA	95	Flagstaff, AZ-UT MSA
66	Rochester, NY MSA	81	Lexington, KY MSA	96	Santa Rosa, CA PMSA
67	Santa Barbara-Santa Maria-Lompoc, CA	82	Omaha, NE--IA MSA	97	Dayton--Springfield, OH MSA
68	Tucson, AZ MSA	83	Savannah, GA MSA	98	Colorado Springs, CO MSA
69	Harrisburg-Lebanon-Carlisle, PA MSA	84	New London-Norwich, CT-RI MSA	99	Shreveport--Bossier City, LA MSA
70	Mobile, AL MSA	85	Naples, FL MSA	100	Dover, DE MSA

Notes:

1. CTI covers the top 100 cities within the United States, defined as MSA's. Notable exceptions to this rule include New York City, Boston, Austin, Baltimore and St. Louis, which adhere to a different definition comprised of specific counties. Palm Beach County Tier of top 10 cities is presented.
2. All data for other cities are confidential and may not be released publicly without prior consent from Global Insight and D.K. Shifflet & Associates, LTD.

