Presentation to the National Academy of Sciences, Engineering and Medicine
Transportation Research Board

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Tourism Economics – The Big Picture

Tourism Economics & Gross Domestic Product (GDP)

$503.7B
direct contribution

More than

$990.3B
Direct spending for 2016

70% of travel and tourism GDP is leisure
Tourism Economics – The Big Picture

Tourism & Economic Development

Total contribution of Travel and Tourism represents

8.1% of GDP

($1.51B in 2016)

Nearly 4 out of 5 domestic trips taken annually are leisure
Tourism Economics – The Big Picture

Tourism & Jobs

Travel directly supports 8.6M US jobs, accounting for 6% of total non-farm employment in the US.

Travel industry has created jobs at a faster rate (16.6%) than the rest of the economy (10.3%) from 2010-2016.

1 in 9 US non-farm jobs directly or indirectly relies on the travel industry (15.3M travel-related jobs in 2016).
Tourism Economics – The Big Picture

Tourism & Tax Revenue

Tourism provides

$157.3B in tax revenue

(2016)

Tourism tax and direct spending allows state and local government funding for re-investment back into the community
Local & State Economies’ Growth Driven Faster by Integration
Spotlight on Local & State Economies

New York

The number of jobs in the hotel industry in NYC increased by 29% from 2006 – 2015, nearly double the citywide rate of job growth. This is in parallel to a 33% increase in visitors from the same time period.

Hawaii

Similar growth is occurring in Hawaii as well. Hilton nearly doubled its hotels in Hawaii in 2016, and significant renovations at other hotels such as the Hawaii Prince $55M renovation and the Hawaii Pacific Beach $115M renovation.

Significant other private/public investment driven by tourism – such as airport redevelopment, are contributing to job expansion and local quality of life benefits.
Trends in Travel

Key leisure travel elements:

- Spending on travel and tourism for public transportation and auto transportation was $326.2B

- Almost 50% of millennials/Gen X and baby boomers plan to take at least one domestic trip this year, and average about 3.5-4 trips per year

- Survey revealed when traveling domestically, within the states approximately half will go by air and half will travel by ground (47% air and 43% car)

- Data showed Millennials and GenX’ers are more elastic to changes in air fares and they will change their plans and drive – over 25% said they would drive rather than go by air if fares were high

* AARP travel research, 2017 travel trends
Plane, Train or Automobile

Airport Redevelopment Growth 2006-2016

Airports now compete for passengers just as airlines do—and revenue avoidance has been measured as a result of deteriorating infrastructure

• JFK Airport – over $5.0B of infrastructure investment in the last decade by the airlines and the State just announced its redevelopment plans

• LAX is in the midst of an $8.5B capital improvement program

• LGA airport is undergoing a $5.0B redesign

• PHL just announced a $900M investment in its airports

• PHX undergoing a $40M redesign project
Plane, Train or Automobile

**Rail Transit Infrastructure Investments Are Imperative**

Cities with transit rail connections from the airport to the City Center saw hotel revenue and occupancy rates grow roughly 20% faster than those cities without transit

- Amtrak investments absolutely critical in the Northeast corridor
- New transit/railway infrastructure requires commitment and time
Plane, Train or Automobile

Car Travel For Tourism On The Rise

- Low fuel prices make driving a more cost-effective option
- Change in preferences show more people taking long weekends to shorter destinations
- RV Wholesale shipments in 2017 increased 9.6% and are highest total annual sales on record
- Growth driven by a combination of low fuel prices and baby boomer population ready to go on the road
- New fuel-efficient cars will help encourage more road trips, but will significantly reduce fuel tax revenue

Highway infrastructure imperative - If travelers avoided just one auto trip per year, the U.S economy would lose $23B in spending what would directly support 208,000 American jobs

* World Travel and Tourism Council Benchmark report 2017 and Statistical
Caution Ahead For Those 10 States Investing the Most in Tourism Promotion – 60%, of their roadways are in some of the worse shape

Of the top 10 States investing in tourism promotion, 60% are in the bottom half ranking for Roadway quality and over 50% of them are in the lowest ranking overall Transportation Infrastructure – which could impact future growth/attraction
The Future is Dependent on Investment

Congested or deteriorated roadways have ripple effects through the entire economy: commerce, tourism and local-economic development.

For every direct job in the tourism sector, nearly two additional jobs are created on an indirect or induced basis.

World Travel and Tourism Council estimates that global travel and tourism GDP will grow 4% per annum over the decade, while the total global economy is expected to expand at 2.7% per annum.