

ECONOMIC IMPACT OF VISITORS IN NORTH CAROLINA 2023

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Prepared for: Visit North Carolina



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INTRODUCTION PROJECT BACKGROUND

The travel sector is an integral part of the North Carolina economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the state's future. In 2023, tourism-supported jobs accounted for 6.4% of all jobs in the state.

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 North Carolina as it builds upon its tourism economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for North Carolina. 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. Adjustments to model outputs were made to ensure results captured only benefits in the state of North Carolina.

Visitors included those who stayed overnight or traveled more than 50 miles to the destination.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis.

By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the economic significance of the visitor economy in North Carolina, 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.

The analysis draws on the following data sources:

- OmniTrak: survey data, including spending and visitor profile characteristics for visitors to North Carolina
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry and Private Consumption Expenditures (PCE), by industry
- STR, AirDNA, and Key Data: lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels and short-term rentals
- Tax collections: Lodging and sales tax receipts
- U.S. Energy Information Administration: gasoline price data
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to North Carolina based on aviation, survey, and credit card information
- Visit North Carolina: Annual budget data
- Oxford Economics: Construction expenditures by category



INTRODUCTION

TOURISM SATELLITE ACCOUNT

Background

A Tourism Satellite Account, or TSA, was conceived by the UN World Tourism Organization and has since been ratified by the UN, Eurostat, and OECD.

The standard has been adopted by over 80 countries around the world and a growing number of subnational states and regions.

The TSA deals with the challenge of measuring tourism in two important ways:

- Defines the tourism economy
- Provides methodology for measuring the travel economy in a way that is consistent with economic accounts

The entire travel industry is measured within the TSA, including leisure, business, group, transit, and the local spending of outbound travelers.

Total Tourism Demand

Includes all visitor spending plus other spending streams in support of the traveler industry. This includes government spending and capital investment in support of travel.

Tourism Industry GDP

Measures the value of production of “tourism characteristic industries” on behalf of travelers. This concept measures only the direct impact of the travel industry.

Tourism Economic Impact

Measures the full economic impacts of tourism demand, including indirect and induced impacts. This expands on the TSA framework to quantify the downstream impacts of the travel sector.

TRAVELER ECONOMY

The North Carolina traveler economy encompasses both visitor activity along with spending in support of the tourism industry – from private investment in new buildings and machinery to governmental funding for tourism promotion. Total tourism travel demand reached \$40.7 billion in 2023, composed of \$37.8 billion in traveler spending and \$2.9 billion from other government and private investments.

ECONOMIC IMPACTS

KEY FINDINGS

DIRECT TOURISM DEMAND

In 2023, direct tourism demand tallied \$40.7 billion across the North Carolina economy. This includes visitor spending by both domestic and international visitors along with capital spending expenditures in support of visitor activity, governmental spending in support of tourism, and personal consumption spending for support of seasonal homes.

TOTAL ECONOMIC IMPACT

The \$40.7 billion in direct tourism demand generated a total economic impact of \$60.4 billion in North Carolina in 2023 including indirect and induced impacts. This total economic impact sustained nearly 422,000 jobs and generated \$4.8 billion in state and local tax revenues in 2023.



\$60.4 BILLION

Total Economic Impact of Tourism in North Carolina in 2023



\$40.7B

Direct Tourism
Demand



\$60.4B

Total
Economic
Impact



421,640

Total
Jobs
Generated



\$4.8B

State & Local
Taxes
Generated



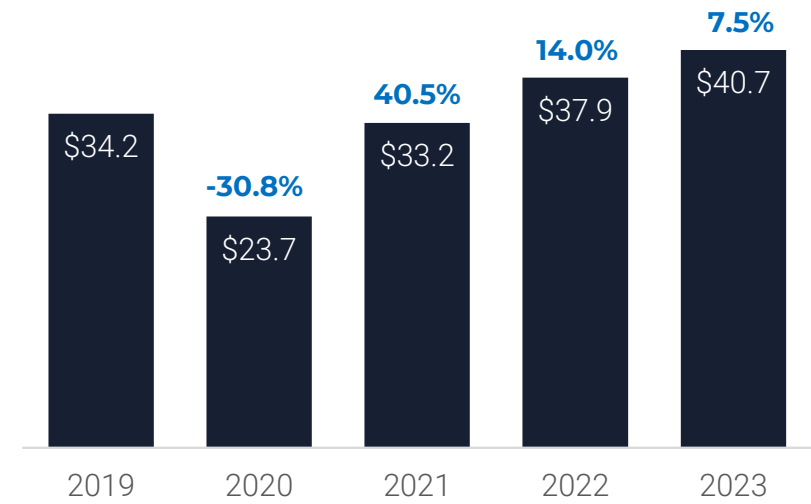


VISITOR ECONOMY & TOURISM DEMAND

In 2023, visitor spending in North Carolina expanded 6.9% for domestic travelers and 9.1% for international visitors. In total, the North Carolina travel economy exhibited year-over year growth of 7.5%.

North Carolina travel-related expenditures

Amounts in \$ billions



Source: Tourism Economics

VISITOR ECONOMY TRENDS

Traveler demand increased 7.5% in 2023 to reach \$40.7 billion. Growth in 2023 was led by capital investment into construction and maintenance of tourism-focused projects; in particular, capital expenditures on North Carolina hotels grew 33% in 2023.

After significant recovery in 2022, the full recovery of international spending in North Carolina moderated in 2023, though it outpaced year-over-year growth in domestic visitor demand.

Domestic visitor spending rose 6.9% to surpass \$37 billion in 2023, 24.7% above pre-pandemic levels, while growth in personal consumption expenditures increased to \$989 million.

North Carolina tourism demand

Amounts in \$ millions, 2023 percent change and percent recovered relative to 2019

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2023 Growth | % relative to 2019 |
|-----------------------|----------|----------|----------|----------|----------|-------------|--------------------|
| Tourism demand | \$34,186 | \$23,656 | \$33,236 | \$37,892 | \$40,730 | 7.5% | 119.1% |
| Domestic visitor | \$29,698 | \$21,384 | \$30,610 | \$34,643 | \$37,045 | 6.9% | 124.7% |
| International visitor | \$952 | \$197 | \$243 | \$662 | \$722 | 9.1% | 75.8% |
| Non-visitor PCE | \$988 | \$575 | \$833 | \$880 | \$989 | 12.4% | 100.2% |
| Governmental support | \$233 | \$178 | \$191 | \$237 | \$240 | 1.4% | 103.2% |
| Capital investment | \$2,315 | \$1,322 | \$1,359 | \$1,471 | \$1,734 | 17.9% | 74.9% |

Source: Tourism Economics

VISITOR ECONOMY DISTRIBUTION

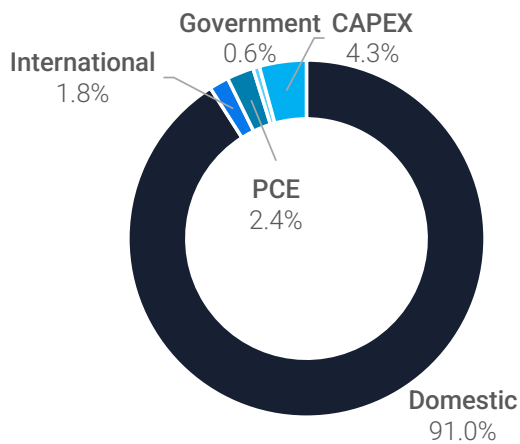
Domestic visitor markets maintained their dominant market share in 2023: 91.4% of expenditures.

International visitor spending slightly increased its share of tourism demand, but remained suppressed beneath its pre-pandemic share of 2.7%.

Capital investment in tourism-related construction and machinery & equipment, personal consumption, and governmental support comprised the remaining 6.8% of all tourism-related demand in 2023.

North Carolina tourism demand

Expressed as percentage of total demand



Source: Tourism Economics



ECONOMIC IMPACT METHODOLOGY

The analysis of the North Carolina visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the North Carolina economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

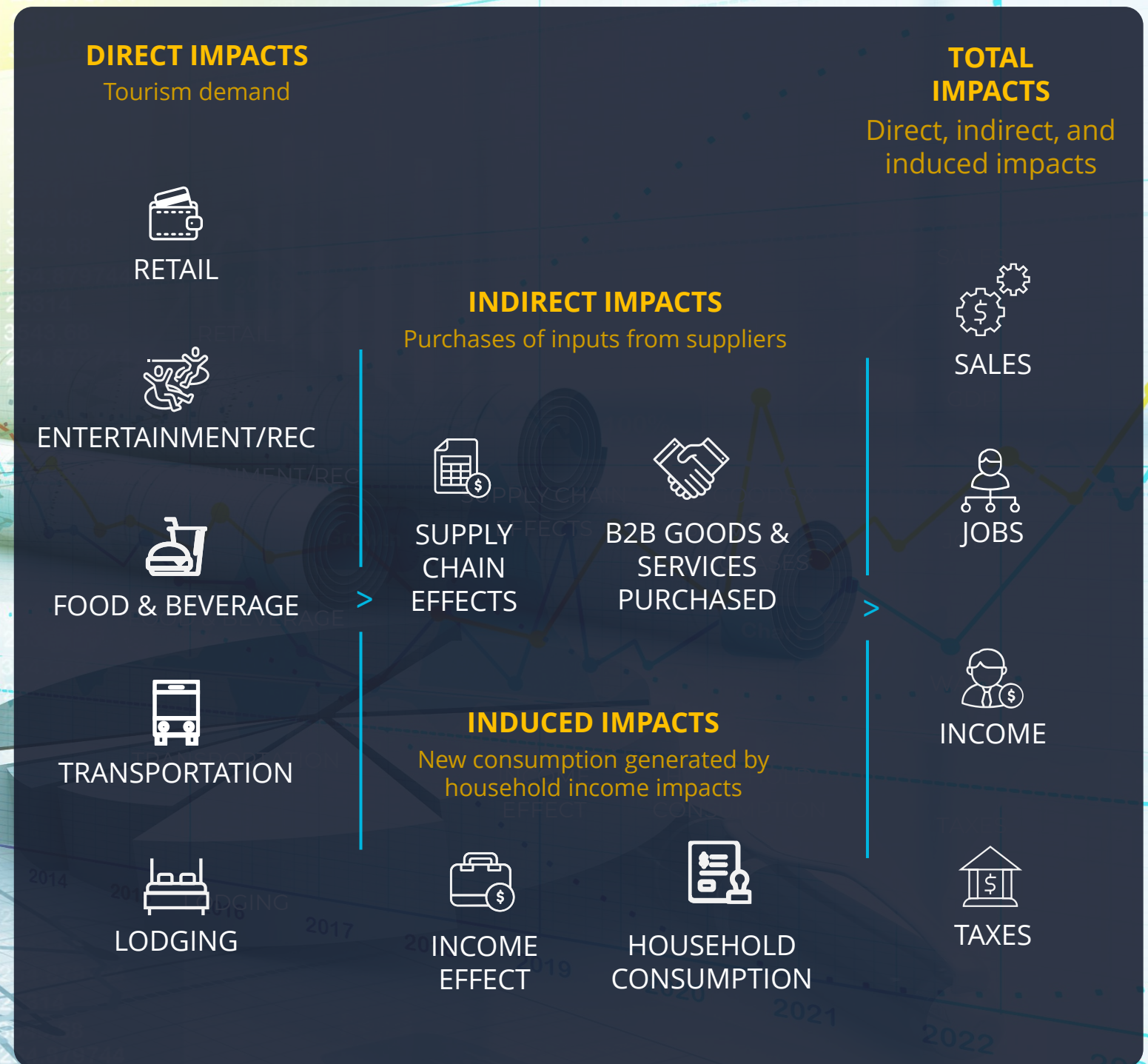
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes 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 or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

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

ECONOMIC IMPACT FRAMEWORK





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

The travel economy contributed a direct impact of \$40.7 billion in 2023. This direct impact generated \$19.6 billion in indirect and induced impacts. The economic impact totaled more than \$60.3 billion overall.

Aside from direct impacts, significant benefits accrue in sectors like finance, insurance, and real estate, and business services.

Summary economic impacts (2023)

Amounts in \$ billions



Source: Tourism Economics

Business sales impacts by industry (2023)

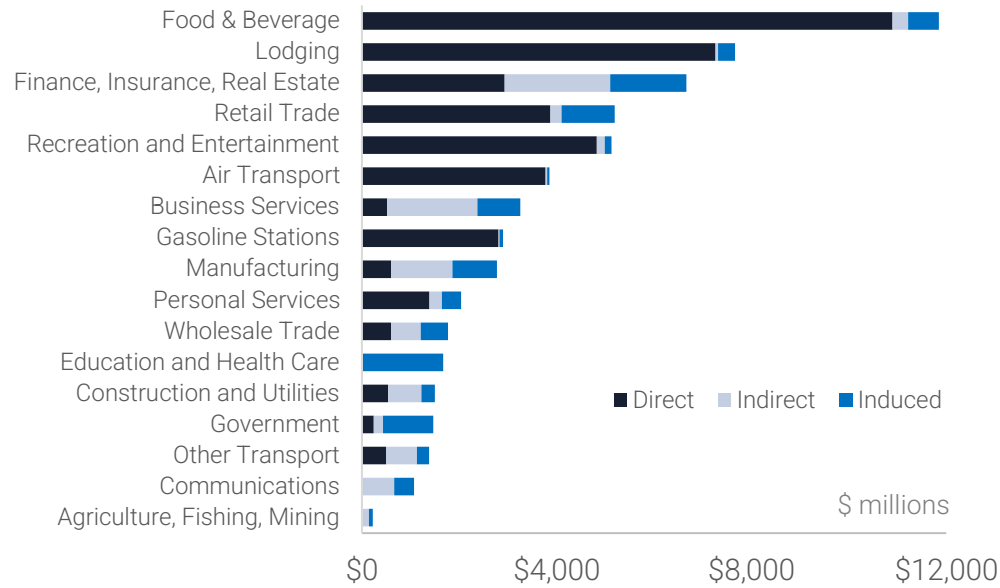
Amounts in \$ millions

| | Direct Business Sales | Indirect Business Sales | Induced Business Sales | Total Business Sales |
|---------------------------------|-----------------------|-------------------------|------------------------|----------------------|
| Total, all industries | \$40,730 | \$9,309 | \$10,324 | \$60,362 |
| Food & Beverage | \$10,893 | \$325 | \$628 | \$11,846 |
| Lodging | \$7,262 | \$51 | \$350 | \$7,662 |
| Finance, Insurance, Real Estate | \$2,929 | \$2,171 | \$1,563 | \$6,663 |
| Retail Trade | \$3,868 | \$233 | \$1,090 | \$5,192 |
| Recreation and Entertainment | \$4,822 | \$165 | \$140 | \$5,127 |
| Air Transport | \$3,770 | \$34 | \$44 | \$3,848 |
| Business Services | \$519 | \$1,852 | \$884 | \$3,255 |
| Gasoline Stations | \$2,807 | \$15 | \$74 | \$2,896 |
| Manufacturing | \$598 | \$1,264 | \$909 | \$2,770 |
| Personal Services | \$1,384 | \$256 | \$394 | \$2,034 |
| Wholesale Trade | \$598 | \$612 | \$560 | \$1,770 |
| Education and Health Care | | \$16 | \$1,655 | \$1,671 |
| Construction and Utilities | \$539 | \$686 | \$271 | \$1,496 |
| Government | \$240 | \$196 | \$1,029 | \$1,465 |
| Other Transport | \$501 | \$630 | \$246 | \$1,378 |
| Communications | | \$660 | \$410 | \$1,070 |
| Agriculture, Fishing, Mining | | \$142 | \$78 | \$220 |

Source: Tourism Economics

Tourism business sales impacts by industry (2023)

Amounts in \$ millions



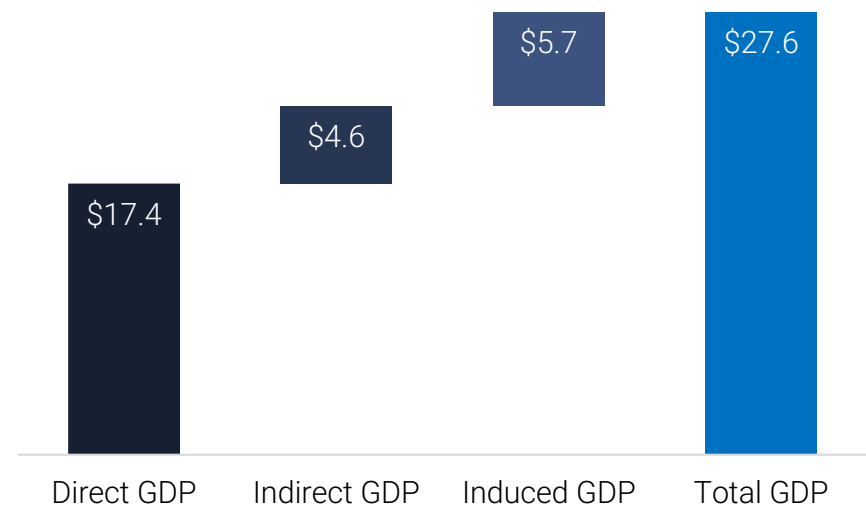
Source: Tourism Economics

VALUE ADDED IMPACTS

The value of all visitor-supported goods and services produced in North Carolina in 2023 was \$27.6 billion, 3.7% of the North Carolina economy.

Summary Value-added Impacts (2023)

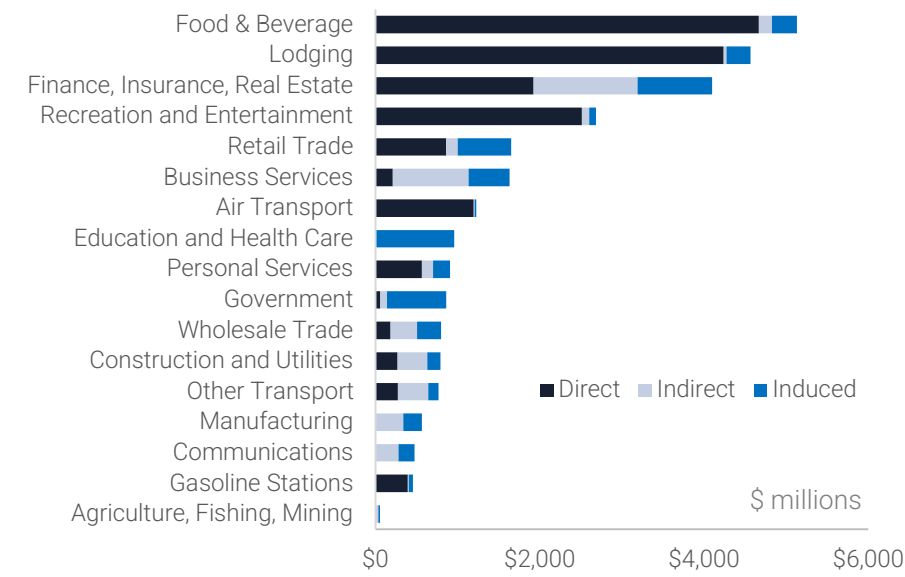
Amounts in \$ billions



Source: Tourism Economics

Tourism Value-added Impacts by Industry (2023)

Amounts in \$ millions



Source: Tourism Economics

In North Carolina, the food and beverage industry made the largest economic contribution when accounting for indirect and induced impacts, followed closely by lodging and finance, insurance, and real estate.



Summary Value-added Impacts by Industry (2023)

Amounts in \$ millions

| | Direct GDP | Indirect GDP | Induced GDP | Total GDP |
|---------------------------------|------------|--------------|-------------|-----------|
| Total, all industries | \$17,359 | \$4,569 | \$5,709 | \$27,636 |
| Food & Beverage | \$4,669 | \$159 | \$304 | \$5,132 |
| Lodging | \$4,240 | \$34 | \$294 | \$4,568 |
| Finance, Insurance, Real Estate | \$1,924 | \$1,268 | \$907 | \$4,099 |
| Recreation and Entertainment | \$2,513 | \$89 | \$82 | \$2,683 |
| Retail Trade | \$860 | \$140 | \$653 | \$1,653 |
| Business Services | \$211 | \$922 | \$501 | \$1,634 |
| Air Transport | \$1,196 | \$14 | \$18 | \$1,228 |
| Education and Health Care | | \$8 | \$949 | \$958 |
| Personal Services | \$563 | \$137 | \$208 | \$908 |
| Government | \$57 | \$84 | \$720 | \$860 |
| Wholesale Trade | \$184 | \$322 | \$294 | \$800 |
| Construction and Utilities | \$268 | \$363 | \$159 | \$790 |
| Other Transport | \$273 | \$371 | \$126 | \$770 |
| Manufacturing | \$4 | \$333 | \$228 | \$566 |
| Communications | | \$280 | \$196 | \$477 |
| Gasoline Stations | \$395 | \$10 | \$49 | \$455 |
| Agriculture, Fishing, Mining | | \$34 | \$21 | \$55 |

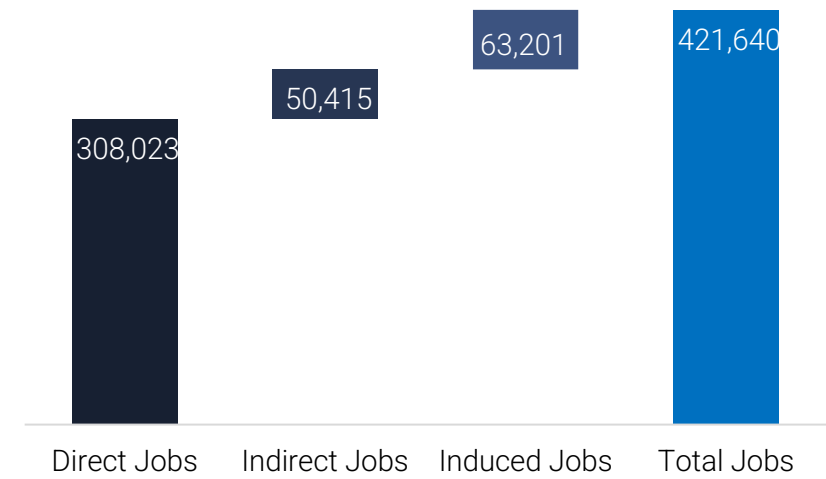
Source: Tourism Economics

JOB IMPACTS

Visitor activity sustained 308,023 direct jobs in 2023, with an additional 113,616 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact grew to 421,640 in 2023, approximately one of every 16 jobs in North Carolina.

Summary employment impacts (2023)

Amounts in number of jobs

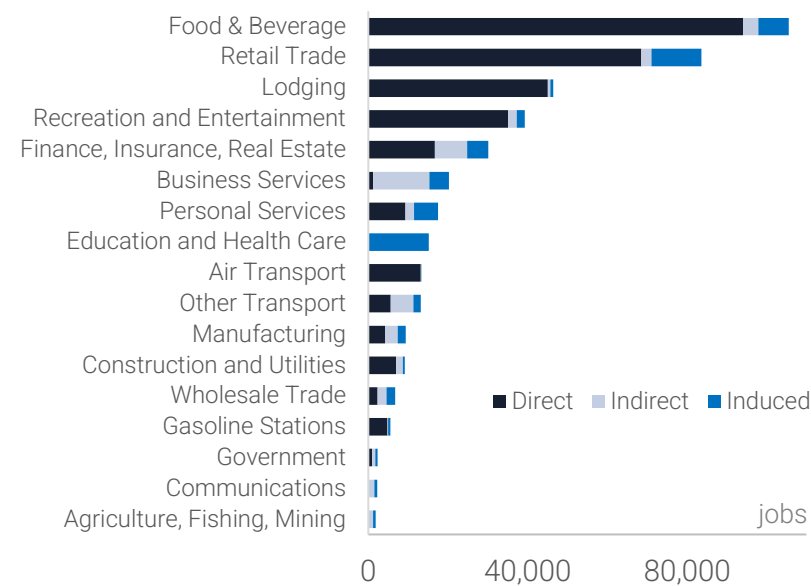


Source: Tourism Economics

Visitor spending supported the largest number of jobs in the food and beverage industry (105,529) followed by retail with 83,645 jobs and lodging with 46,409 jobs.

Tourism job impacts by industry (2023)

Amounts in number of jobs



Source: Tourism Economics



Summary job impacts by industry (2023)

Amounts in number of jobs

| | Direct Jobs | Indirect Jobs | Induced Jobs | Total Jobs |
|---------------------------------|-------------|---------------|--------------|------------|
| Total, all industries | 308,023 | 50,415 | 63,201 | 421,640 |
| Food & Beverage | 94,049 | 3,839 | 7,640 | 105,529 |
| Retail Trade | 68,519 | 2,606 | 12,520 | 83,645 |
| Lodging | 45,075 | 668 | 666 | 46,409 |
| Recreation and Entertainment | 35,102 | 2,200 | 1,973 | 39,275 |
| Finance, Insurance, Real Estate | 16,695 | 8,150 | 5,240 | 30,085 |
| Business Services | 1,217 | 14,096 | 4,898 | 20,210 |
| Personal Services | 9,283 | 2,238 | 5,963 | 17,485 |
| Education and Health Care | | 147 | 15,075 | 15,222 |
| Air Transport | 13,149 | 70 | 81 | 13,300 |
| Other Transport | 5,611 | 5,686 | 1,901 | 13,199 |
| Manufacturing | 4,283 | 3,120 | 2,013 | 9,416 |
| Construction and Utilities | 6,958 | 1,735 | 434 | 9,127 |
| Wholesale Trade | 2,298 | 2,255 | 2,202 | 6,756 |
| Gasoline Stations | 4,839 | 122 | 570 | 5,531 |
| Government | 943 | 818 | 573 | 2,333 |
| Communications | | 1,496 | 769 | 2,265 |
| Agriculture, Fishing, Mining | | 1,168 | 684 | 1,853 |

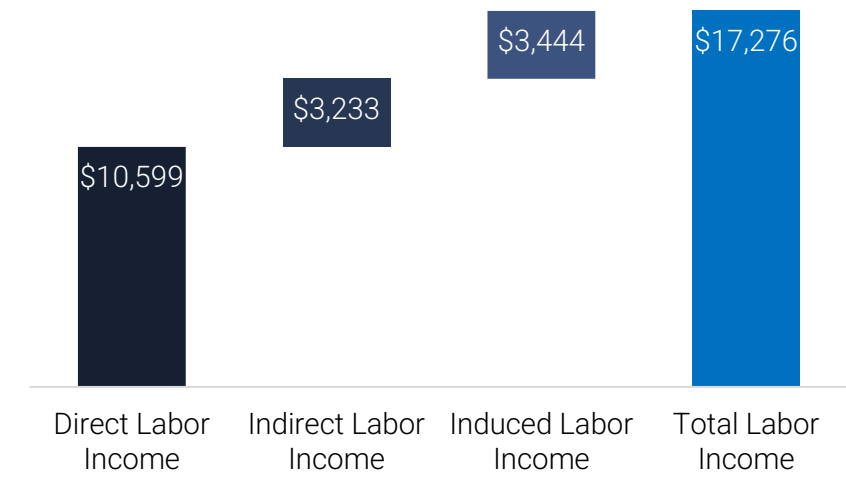
Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$10.6 billion in direct labor income and a total of \$17.2 billion when including indirect and induced impacts.

Summary labor income impacts (2023)

Amounts in \$ billions

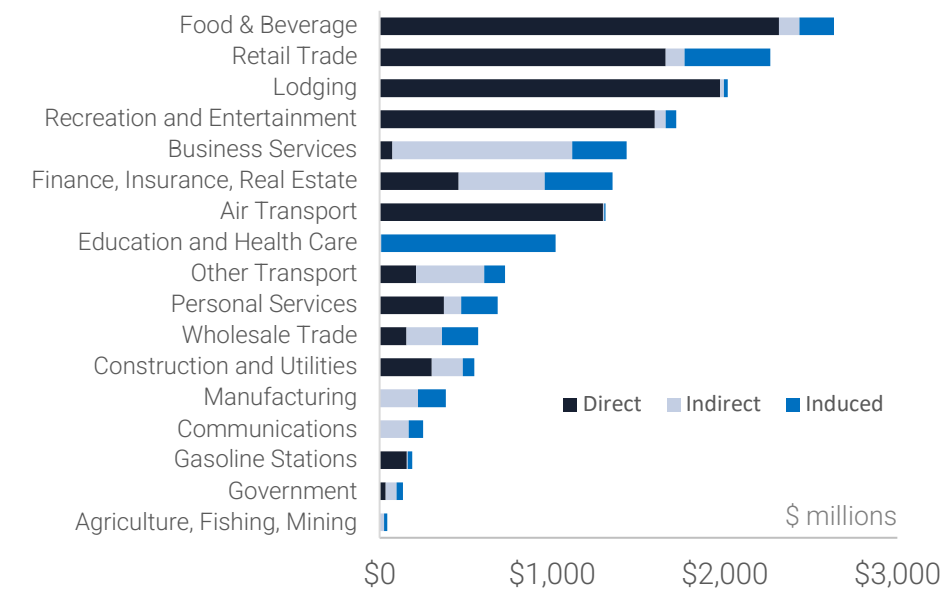


Source: Tourism Economics

Tourism labor income Impacts by Industry (2023)

Amounts in \$ millions

There are twelve industries in which visitor activity supports \$500 million or more in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services, and education and health care.



Source: Tourism Economics



Summary labor income impacts (2023)

Amounts in \$ millions

| | Direct Labor Income | Indirect Labor Income | Induced Labor Income | Total Labor Income |
|---------------------------------|---------------------|-----------------------|----------------------|--------------------|
| Total, all industries | \$10,599 | \$3,233 | \$3,444 | \$17,276 |
| Food & Beverage | \$2,313 | \$118 | \$201 | \$2,632 |
| Retail Trade | \$1,658 | \$109 | \$498 | \$2,264 |
| Lodging | \$1,972 | \$22 | \$23 | \$2,017 |
| Recreation and Entertainment | \$1,595 | \$62 | \$61 | \$1,718 |
| Business Services | \$74 | \$1,041 | \$316 | \$1,431 |
| Finance, Insurance, Real Estate | \$457 | \$499 | \$393 | \$1,350 |
| Air Transport | \$1,295 | \$7 | \$7 | \$1,309 |
| Education and Health Care | | \$9 | \$1,011 | \$1,020 |
| Other Transport | \$212 | \$395 | \$121 | \$727 |
| Personal Services | \$372 | \$100 | \$211 | \$683 |
| Wholesale Trade | \$155 | \$207 | \$209 | \$571 |
| Construction and Utilities | \$302 | \$180 | \$67 | \$549 |
| Manufacturing | | \$222 | \$162 | \$384 |
| Communications | | \$168 | \$84 | \$252 |
| Gasoline Stations | \$158 | \$6 | \$25 | \$189 |
| Government | \$36 | \$63 | \$36 | \$135 |
| Agriculture, Fishing, Mining | | \$25 | \$19 | \$44 |

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$9.7 billion in government revenues.

State and local taxes alone tallied \$4.8 billion in 2023.

Each household in North Carolina would need to be taxed an additional \$1,141 to replace the visitor-generated taxes received by state and local governments in 2023.

Fiscal (tax) impacts

Amounts in \$ millions

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2023 growth |
|------------------------------|----------------|----------------|----------------|----------------|----------------|-------------|
| Total Tax Revenues | \$8,359 | \$6,397 | \$8,217 | \$9,017 | \$9,725 | 7.9% |
| Federal Taxes | \$4,261 | \$3,244 | \$4,148 | \$4,504 | \$4,949 | 9.9% |
| Personal Income | \$1,200 | \$947 | \$1,167 | \$1,239 | \$1,376 | 11.0% |
| Corporate | \$730 | \$509 | \$712 | \$812 | \$873 | 7.5% |
| Indirect Business | \$565 | \$394 | \$551 | \$629 | \$676 | 7.5% |
| Social Insurance | \$1,766 | \$1,394 | \$1,718 | \$1,824 | \$2,025 | 11.0% |
| State and Local Taxes | \$4,098 | \$3,153 | \$4,068 | \$4,513 | \$4,775 | 5.8% |
| Sales | \$1,603 | \$1,118 | \$1,563 | \$1,782 | \$1,916 | 7.5% |
| Lodging | \$310 | \$223 | \$332 | \$406 | \$406 | 0.0% |
| Personal Income | \$465 | \$367 | \$453 | \$481 | \$533 | 11.0% |
| Corporate | \$492 | \$343 | \$480 | \$547 | \$588 | 7.5% |
| Social Insurance | \$31 | \$25 | \$30 | \$32 | \$36 | 11.0% |
| Excise and Fees | \$121 | \$84 | \$118 | \$134 | \$144 | 7.5% |
| Property | \$1,074 | \$993 | \$1,092 | \$1,130 | \$1,152 | 1.9% |

Source: Tourism Economics



ECONOMIC IMPACTS IN CONTEXT



\$40.7B **DIRECT TOURISM** **DEMAND**

The \$40.7 billion in direct tourism demand encompassed visitor spending along with capital spending expenditures, governmental spending, and personal consumption spending in support of tourism.



\$17.3B **LABOR** **INCOME**

The \$17.3B billion in total income generated by tourism was the equivalent of \$4,126 for every household in North Carolina.



421,640 **TOTAL** **JOBS**

The number of jobs sustained by tourism supported 6.4% of all jobs in North Carolina.



\$4.8B **STATE & LOCAL** **TAXES**

Each household in North Carolina would need to be taxed an additional \$1,141 to replace the visitor taxes received by the state and local governments in 2023.

Glossary – Spending Definitions

| Term | Description |
|-------------------|---|
| Lodging | Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals, and similar establishments. |
| Food and beverage | Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores, and other food providers. |
| Recreation | Includes visitor spending within the arts, entertainment, and recreation sub-sector. |
| Shopping | Includes visitor spending in all retail sub-sectors within the local economy. |
| Local transport | Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending. |
| Service stations | Visitor spending on gasoline. |
| Second homes | Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau. |

Glossary – Economic Impact Definitions

| Term | Description |
|-------------------|---|
| Direct Impact | Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discrete group of tourism-related sectors (e.g. recreation, transportation, lodging). |
| Indirect Impact | Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain). |
| Induced Impact | Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending. |
| Employment | Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year. |
| Labor income | Income (wages, salaries, proprietor income, and benefits) supported by visitor spending. |
| Value Added (GDP) | The economic enhancement a company gives its products or services before offering them to customers. |
| Local Taxes | City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses, and other revenues streams of local governmental authorities – from transportation to sanitation to general government. |
| State Taxes | State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees, and other assessments of state governments. |

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 destinations 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, London, Frankfurt, Ontario, and Sydney.

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 600 full-time staff, including 300 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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