



Presentation to the National Academy of Sciences, Engineering and Medicine

Transportation Research
Board

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Travel Leaders Elite

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

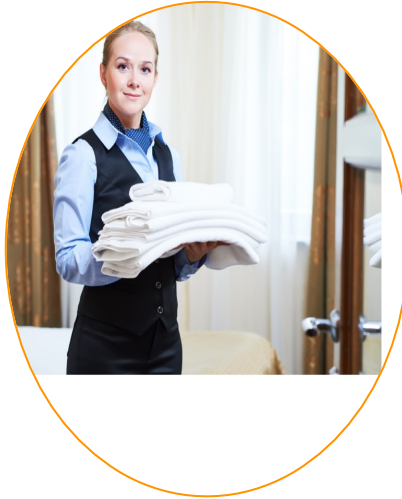


Tourism Economics – The Big Picture

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

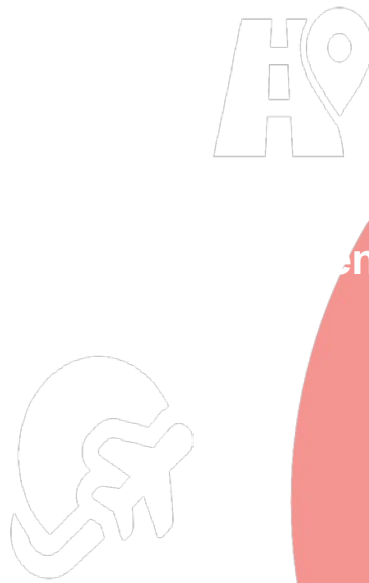
\$157.3B in tax revenue

(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



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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

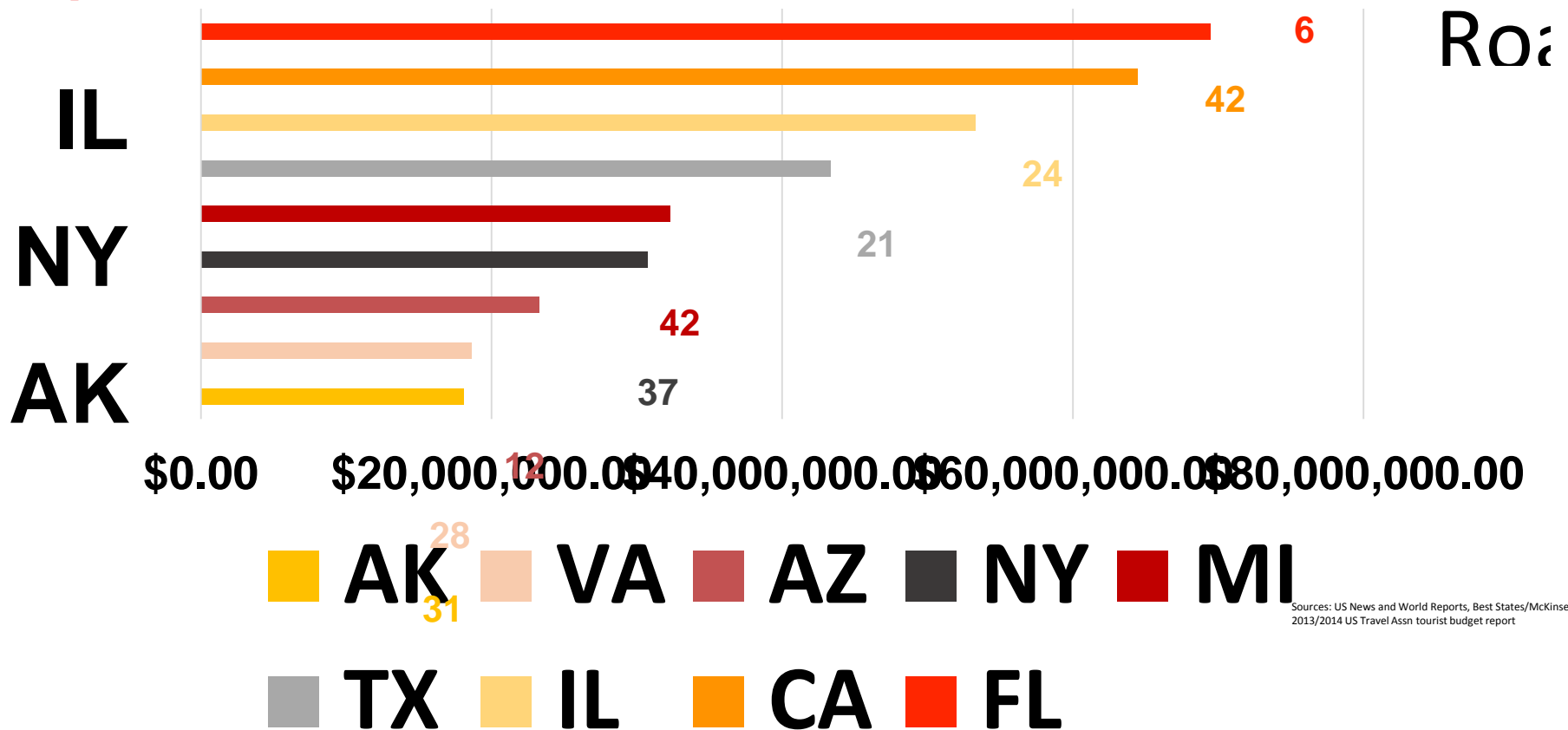
- Low fuel prices make driving a more cost-effective option
- Change in preferences show more people taking long weekends to shorter destinations
- RV Wholesale shipments in 2017 increased 9.6% and are highest total annual sales on record
- Growth driven by a combination of low fuel prices and baby boomer 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



Sources: US News and World Reports, Best States/McKinsey data 2017 and 2013/2014 US Travel Assn tourist budget report

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