



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

ECONOMIC IMPACT OF VISITORS IN VIRGINIA 2022

June 2023



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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Virginia economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the state's future. In 2022, tourism-supported jobs accounted for 5.5% 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 Virginia as it builds upon its visitor economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of Virginia. The model traces the flow of visitor-related expenditures through the state's 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.

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.

This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

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

To quantify the significance of the visitor economy in Virginia, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

The analysis draws on the following data sources:

- Longwoods International: survey data, including spending and visitor profile characteristics for visitors to Virginia
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels
- AirDNA: short-term rental performance data, including demand and revenue
- Tax collections: Lodging and sales tax receipts
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Virginia based on aviation, survey, and credit card information

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR SPENDING

In 2022, 108 million visitors spent \$30.3 billion across the Virginia economy. Visitor spending increased by more than \$5 billion over the prior year and surpassing 2019 levels.

TOTAL ECONOMIC IMPACT

Direct visitor spending impact of \$30.3 billion generated a total economic impact of \$46.1 billion in Virginia in 2022 including indirect and induced impacts. This total economic impact sustained 303,369 jobs and generated \$2.9 billion in state and local tax revenues in 2022.



\$46.1 BILLION

Total Economic Impact of Tourism in Virginia in 2022



\$30.3B

Direct Visitor Spending



\$46.1B

Total Economic Impact



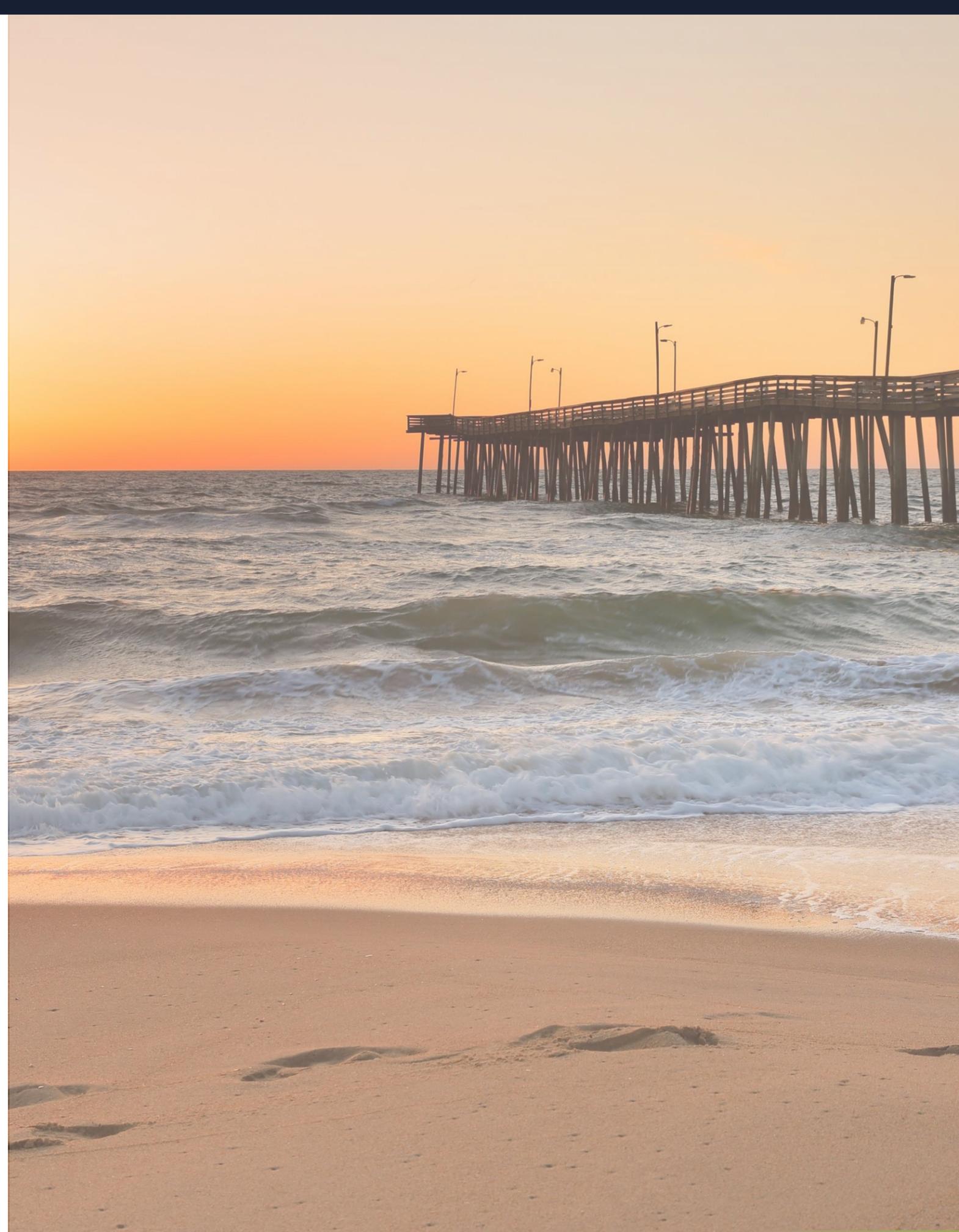
303,369

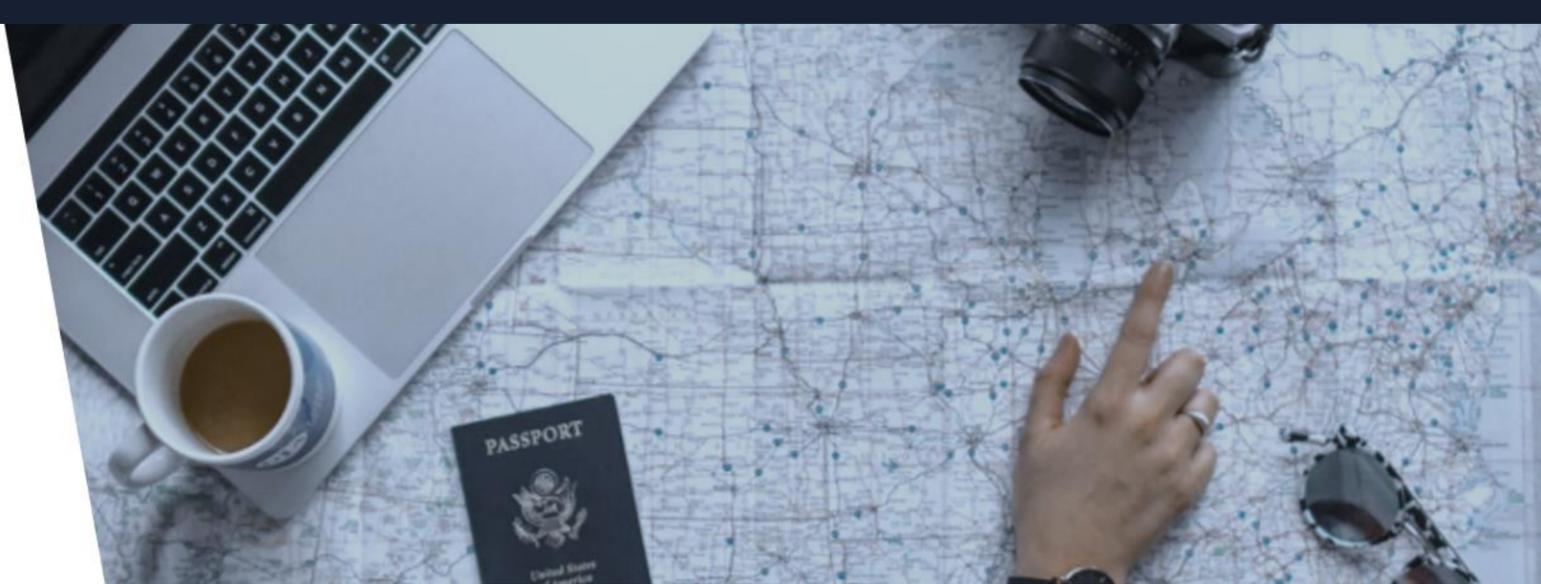
Total Jobs Generated



\$2.9B

State & Local Taxes Generated





VISITS & VISITOR SPENDING

Virginia continued its path to recovery in 2022, welcoming 108.4 million visitors and topping \$30.4 billion in spending.

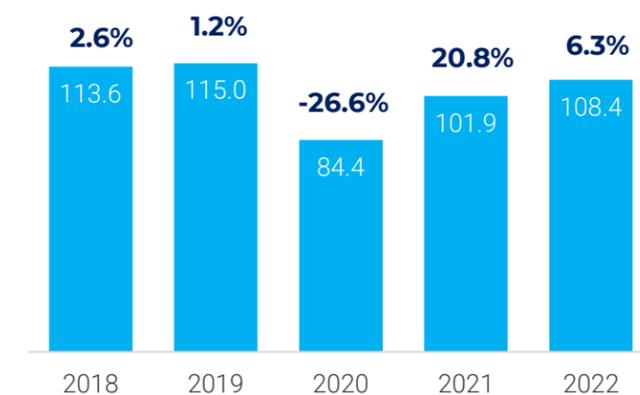
VISITOR VOLUME

Continued recovery in 2022

Reduced health risks from the COVID-19 pandemic coupled with greater consumer confidence and pent-up demand brought visitor volumes in Virginia to 108.4 million, 6.5 million more visitors than the prior year, and just 6% shy of 2019 levels.

Virginia visitor volume

Amounts in millions



Sources: Longwoods International, Tourism Economics

VISITOR SPENDING

Visitors to Virginia spent **\$30.3 billion** across a range of sectors in 2022.

Visitor spending expanded 20% in 2022, surpassing 2019 levels by just over 4%.

Of the \$30.3 billion spent in Virginia in 2022 by visitors, transportation, including both air and transportation within the destination, regained its dominant share of spending, accounting for 29% of all spending.

Food & beverage purchases registered \$8.5 billion, 28% of all visitor spending.

Lodging, including the value of second homes, accounted for \$5.8 billion, 19% of visitor spending.

Recreation spending comprised 13%, with retail registering 12% of each visitor dollar.

Virginia visitor spending

Amounts in \$ billions



Sources: Longwoods International, Tourism Economics

\$30.3 BILLION

Total Visitor Spending in 2022



Source: Longwoods International, Tourism Economics

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

VISITATION & SPENDING TRENDS

Visitor spending increased 20% in 2022, a second consecutive year of double-digit growth following severe COVID-19 declines in 2020. Spending expanded across all sectors, driven by continued strong demand and increases in prices of key commodities.

Lodging spending, including short-term rentals and second homes, increased 19% as overnight visitors faced strong ADR growth versus 2021. Indeed, average room rates across Virginia hotels increased 16% in comparison to the prior year, pushing lodging spend to 104% of 2019 levels.

Recreational spending grew 18% in 2022, reaching its highest level of spend on record.

While air transportation remains at about 95% of pre-pandemic levels, transportation within the destination surpassed 2019 levels by 7%, and food and beverage spending increased 19% to reach \$8.6 billion.

Virginia visitor spending

Amounts in \$ millions, 2022 percent change and percent recovered relative to 2019

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Total visitor spending	\$27.87	\$29.06	\$17.52	\$25.22	\$30.34	20.3%	104.4%
Transportation**	\$8.50	\$8.95	\$4.58	\$6.96	\$8.91	28.0%	99.5%
Food & beverage	\$7.45	\$7.81	\$5.17	\$7.20	\$8.55	18.7%	109.5%
Lodging*	\$5.33	\$5.57	\$3.28	\$4.86	\$5.78	19.0%	103.8%
Recreation	\$3.35	\$3.50	\$2.26	\$3.29	\$3.88	18.0%	110.8%
Retail	\$3.24	\$3.23	\$2.23	\$2.91	\$3.23	10.8%	100.0%

Source: Longwoods International, Tourism Economics

* Lodging includes second home spending

** Transportation includes both ground and air transportation

Virginia visitor volume and spending, by market

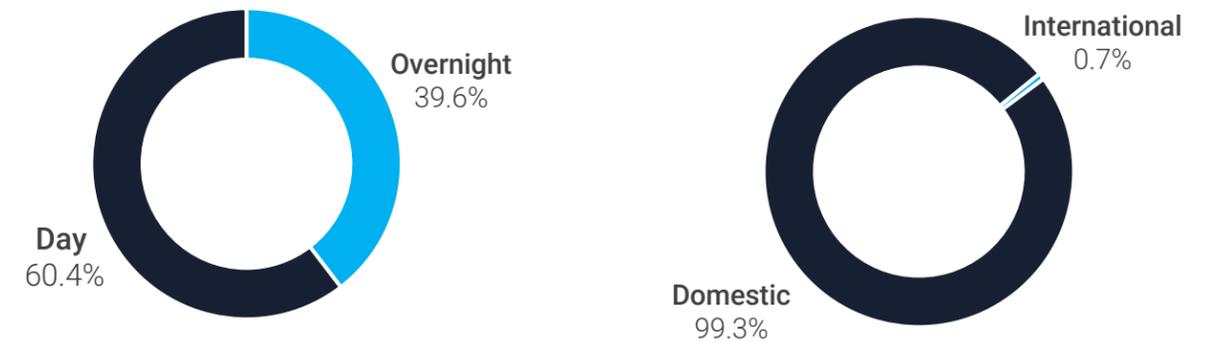
Amounts in millions of visitors, and \$millions

	2018	2019	2020	2021	2022
Total visitor spending	\$27,874	\$29,065	\$17,517	\$25,219	\$30,344
Domestic	\$26,066	\$27,294	\$17,180	\$24,749	\$29,144
International	\$1,808	\$1,771	\$337	\$470	\$1,200
Per visitor spending	\$245	\$253	\$208	\$247	\$280
Domestic	\$232	\$240	\$204	\$243	\$271
International	\$1,627	\$1,597	\$1,338	\$2,100	\$1,611

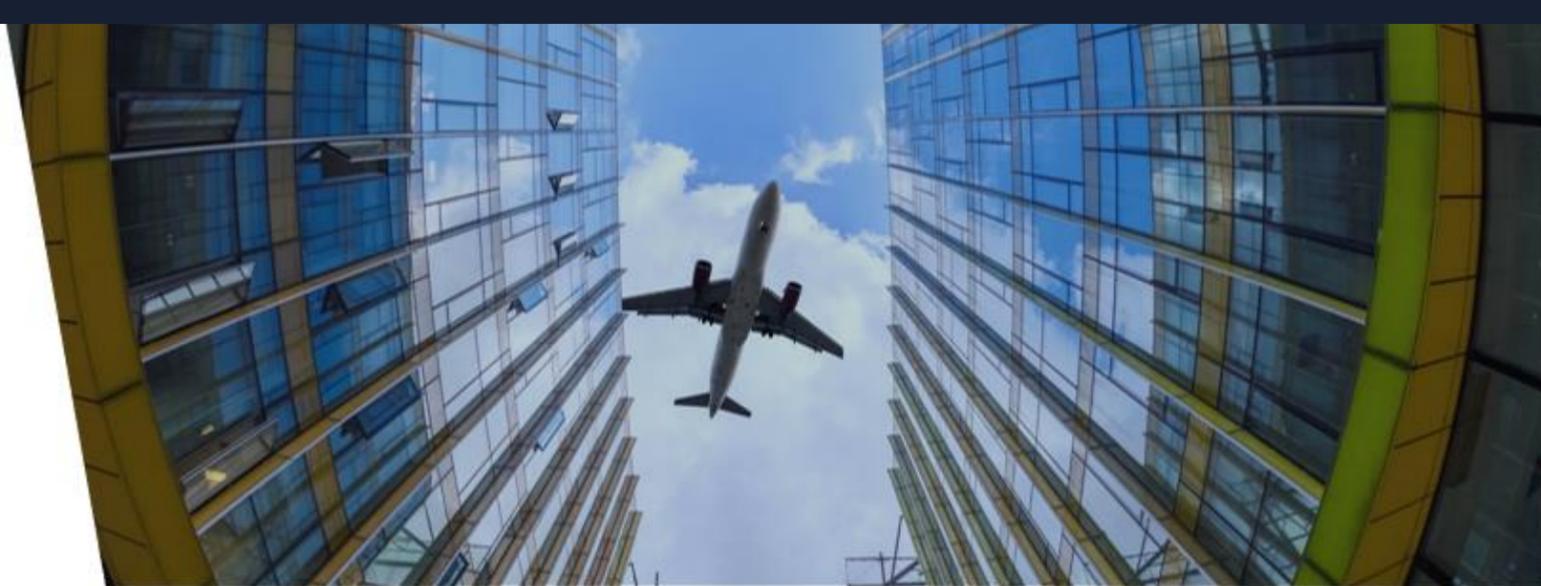
Source: Longwoods International, Tourism Economics

Virginia visitation share by segment

Expressed as percentage of total visitation by market



Source: Longwoods International, Tourism Economics



ECONOMIC IMPACT FRAMEWORK

ECONOMIC IMPACT METHODOLOGY

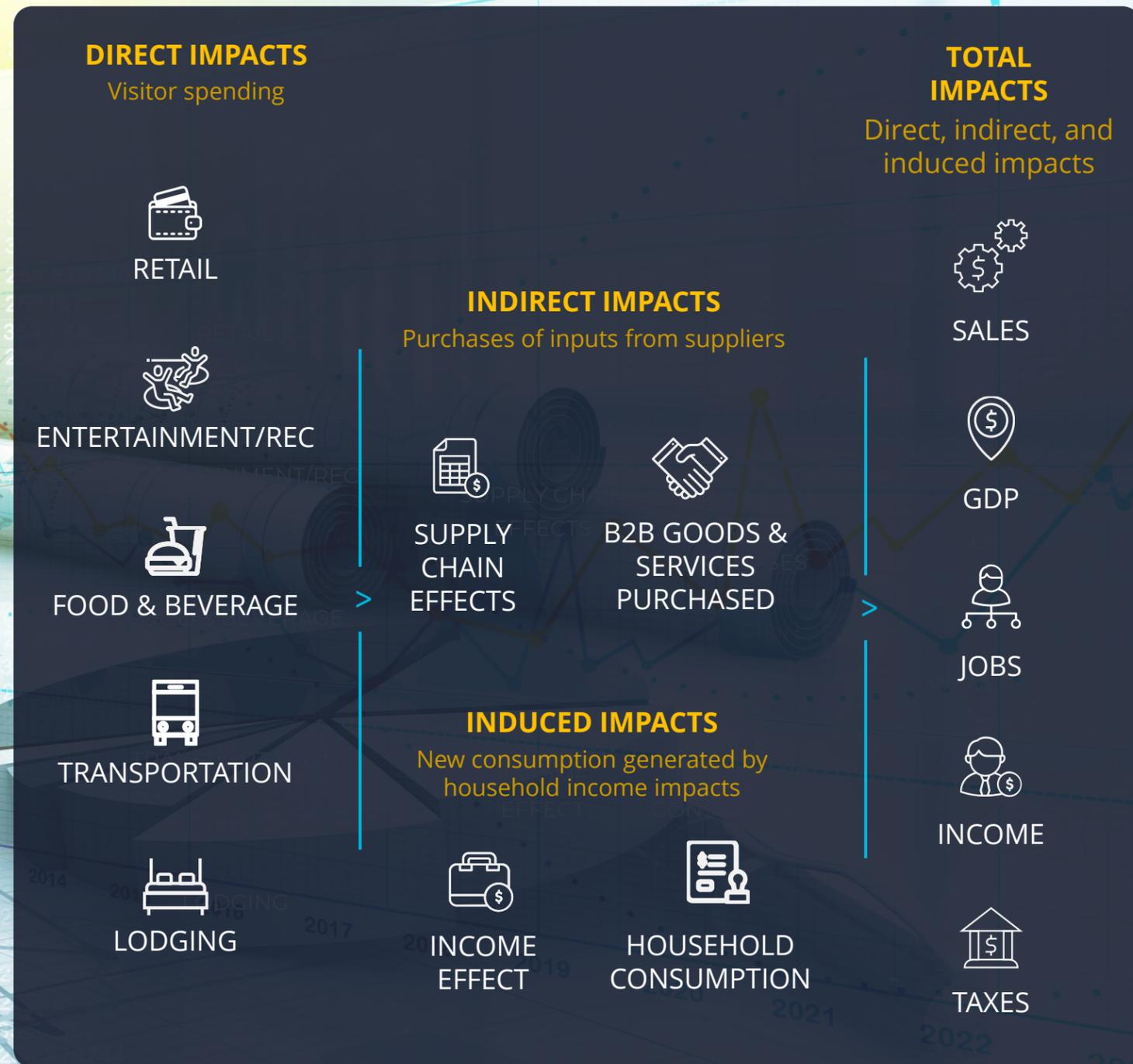
Our analysis of the Virginia visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the Virginia economy, constructed using an IMPLAN input-output (I-O) 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 FINDINGS

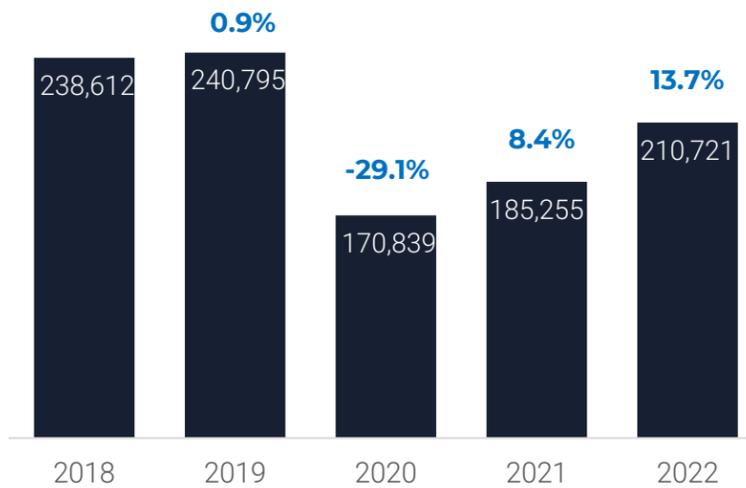
DIRECT IMPACTS

Employment supported by visitor activity increased 13.7% in 2022 as rebuilding continued. Despite the increase, the number of jobs directly supported by visitors remained 30,050 jobs below pre-pandemic.

Recovery in visitor-supported jobs remained slower than spending, with visitor-supported employed levels at 88% of pre-pandemic levels compared to 104% of spending.

Visitor supported employment in Virginia

Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$30.3 billion in 2022. This direct impact generated \$15.8 billion in indirect and induced impacts, resulting in a total economic impact of \$46.1 billion in the Virginia economy, 17% more than a year earlier.

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

Summary Economic impacts (2022)

Amounts in \$ billions



Source: Tourism Economics

Business sales impacts by industry (2022)

Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$30,344	\$8,726	\$7,073	\$46,143
Food & Beverage	\$8,546	\$439	\$570	\$9,555
Air Transport	\$5,423	\$42	\$51	\$5,515
Lodging	\$5,449	\$2	\$4	\$5,455
Finance, Insurance, Real Estate	\$1,136	\$1,965	\$2,318	\$5,419
Business Services	\$1,139	\$2,311	\$642	\$4,091
Retail Trade	\$3,228	\$109	\$536	\$3,873
Recreation and Entertainment	\$2,463	\$341	\$119	\$2,924
Other Transport	\$1,887	\$811	\$170	\$2,868
Communications		\$862	\$353	\$1,215
Education and Health Care		\$31	\$1,048	\$1,079
Personal Services	\$276	\$233	\$404	\$913
Gasoline Stations	\$797	\$11	\$36	\$844
Construction and Utilities		\$604	\$223	\$827
Wholesale Trade		\$368	\$285	\$653
Government		\$285	\$156	\$441
Manufacturing		\$276	\$141	\$417
Agriculture, Fishing, Mining		\$35	\$19	\$55

Source: Tourism Economics

Visitor economy business sales impacts by industry (2022)

Amounts in \$ millions



Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 210,721 direct jobs in 2022, with an additional 92,648 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 303,369 in 2022, one of every 18 jobs in the state

Summary Employment Impacts (2022)

Amounts in number of jobs



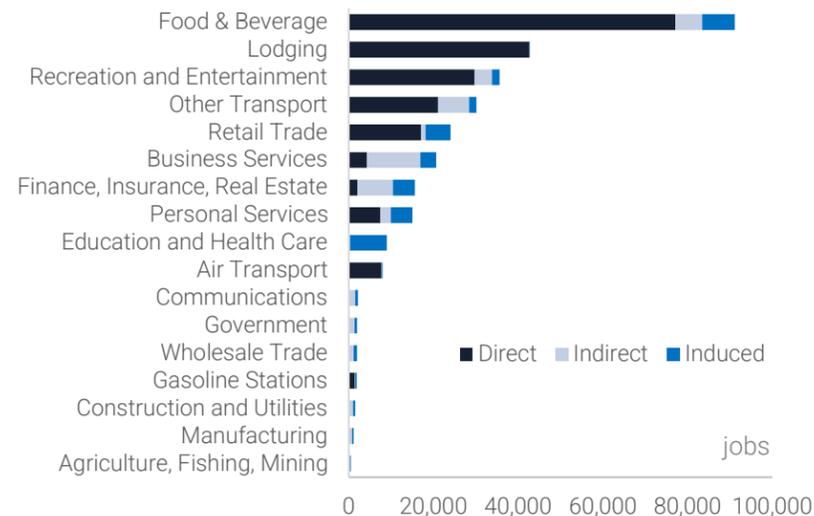
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (91,144).

Spending by businesses directly impacted by visitor spending supports 12,666 jobs in the business services industry – in areas like accounting, advertising and building services.

Tourism Job Impacts by Industry (2022)

Amounts in number of jobs



Source: Tourism Economics



Summary Employment Impacts by Industry (2022)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	210,721	49,214	43,434	303,369
Food & Beverage	77,126	6,361	7,657	91,144
Lodging	42,686	17	31	42,734
Recreation and Entertainment	29,716	4,140	1,756	35,612
Other Transport	21,103	7,296	1,770	30,169
Retail Trade	17,053	1,127	5,863	24,043
Business Services	4,256	12,666	3,710	20,633
Finance, Insurance, Real Estate	2,069	8,386	5,195	15,650
Personal Services	7,475	2,487	5,109	15,070
Education and Health Care		303	8,731	9,034
Air Transport	7,796	85	99	7,980
Communications		1,528	663	2,190
Government		1,405	582	1,987
Wholesale Trade		1,148	829	1,977
Gasoline Stations	1,441	111	362	1,915
Construction and Utilities		1,027	471	1,498
Manufacturing		835	356	1,191
Agriculture, Fishing, Mining		293	250	543

Source: Tourism Economics

VALUE ADDED IMPACTS

The value of all visitor-associated goods and services produced in Virginia in 2022 increased to \$23.8 billion, an increase of 16% over the prior year.

Summary Value-added Impacts (2022)

Amounts in \$ billions



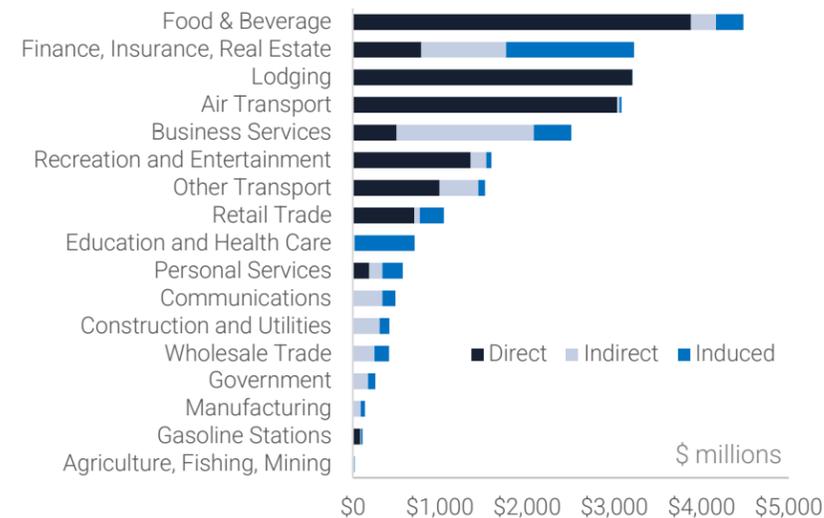
Source: Tourism Economics

The locally produced portion of visitor-associated sales in the food & beverage industry added \$4.5 billion to state GDP in 2022.

Spending by visitor-associated workers supported \$689 million in GDP contribution in the education and health care industries, showing how visitors support businesses across the industrial spectrum.

Tourism Value-added Impacts by Industry (2022)

Amounts in \$ millions



Source: Tourism Economics



Summary Value-added Impacts by Industry (2022)

Amounts in \$ millions

	Direct GDP	Indirect GDP	Induced GDP	Total GDP
Total, all industries	\$14,737	\$4,890	\$4,164	\$23,791
Food & Beverage	\$3,880	\$287	\$313	\$4,480
Finance, Insurance, Real Estate	\$786	\$973	\$1,468	\$3,227
Lodging	\$3,206	\$1	\$2	\$3,209
Air Transport	\$3,035	\$22	\$25	\$3,082
Business Services	\$501	\$1,576	\$429	\$2,506
Recreation and Entertainment	\$1,353	\$177	\$61	\$1,590
Other Transport	\$996	\$443	\$78	\$1,516
Retail Trade	\$704	\$64	\$277	\$1,046
Education and Health Care		\$19	\$689	\$708
Personal Services	\$187	\$152	\$235	\$574
Communications		\$337	\$151	\$488
Construction and Utilities		\$309	\$110	\$419
Wholesale Trade		\$246	\$170	\$416
Government		\$175	\$82	\$257
Manufacturing		\$91	\$50	\$141
Gasoline Stations	\$88	\$6	\$17	\$112
Agriculture, Fishing, Mining		\$13	\$7	\$20

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$8.6 billion in direct labor income and a total of \$13.7 billion when including indirect and induced impacts. Total tourism-generated income in Virginia in 2022 increased 16% above the prior year.

Summary Labor Income Impacts (2022)

Amounts in \$ billions

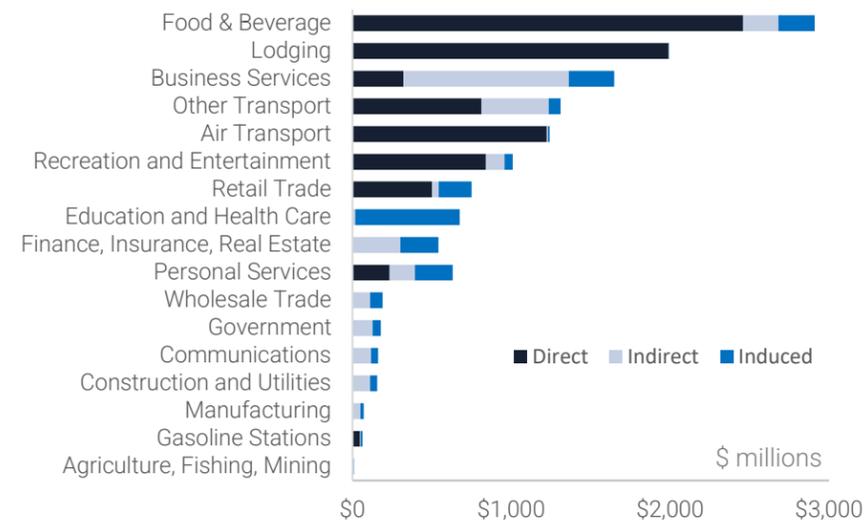


Source: Tourism Economics

There are 10 industries in which visitor activity supports more than \$500 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & healthcare.

Tourism Labor Income Impacts by Industry (2022)

Amounts in \$ billions



Source: Tourism Economics



Summary Labor Income Impacts (2022)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$8,554	\$2,860	\$2,251	\$13,665
Food & Beverage	\$2,459	\$223	\$228	\$2,910
Lodging	\$1,991	\$1	\$2	\$1,994
Business Services	\$321	\$1,041	\$286	\$1,648
Other Transport	\$812	\$422	\$75	\$1,310
Air Transport	\$1,224	\$8	\$9	\$1,241
Recreation and Entertainment	\$840	\$118	\$52	\$1,010
Retail Trade	\$501	\$42	\$207	\$750
Education and Health Care		\$17	\$659	\$675
Finance, Insurance, Real Estate	\$125	\$301	\$240	\$666
Personal Services	\$233	\$160	\$238	\$632
Wholesale Trade		\$111	\$79	\$190
Government		\$128	\$52	\$179
Communications		\$117	\$43	\$160
Construction and Utilities		\$112	\$45	\$156
Manufacturing		\$50	\$21	\$70
Gasoline Stations	\$48	\$4	\$12	\$64
Agriculture, Fishing, Mining		\$6	\$3	\$9

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$4.9 billion in government revenues.

State and local taxes alone tallied \$2.9 billion in 2022.

Each household in Virginia would need to be taxed an additional \$880 to replace the visitor-generated taxes received by Virginia state and local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	Direct	Indirect / Induced	Total
Total Tax Revenues	\$3,478	\$1,464	\$4,942
Federal Taxes	\$1,304	\$780	\$2,083
Personal Income	\$435	\$285	\$720
Corporate	\$102	\$84	\$186
Indirect Business	\$113	\$37	\$150
Social Insurance	\$653	\$374	\$1,027
State and Local Taxes	\$2,174	\$684	\$2,858
Sales	\$664	\$188	\$852
Bed Tax	\$255	\$0	\$255
Personal Income	\$176	\$111	\$287
Corporate	\$21	\$16	\$36
Excise and Fees	\$186	\$58	\$243
Property	\$872	\$312	\$1,184

Source: Tourism Economics



Fiscal (tax) impacts

Amounts in \$ millions

	State	Local
Total Tax Revenues	\$1,079	\$1,779
Sales	\$625	\$228
Bed Tax		\$255
Personal Income	\$287	
Corporate	\$36	
Excise and Fees	\$128	\$115
Property	\$3	\$1,181

Source: Tourism Economics

Visitors generated \$1.1 billion in state taxes, an increase of 17% over the prior year.

Local visitor-supported taxes, sustained mainly through property taxes, registered \$1.8 billion in 2022.

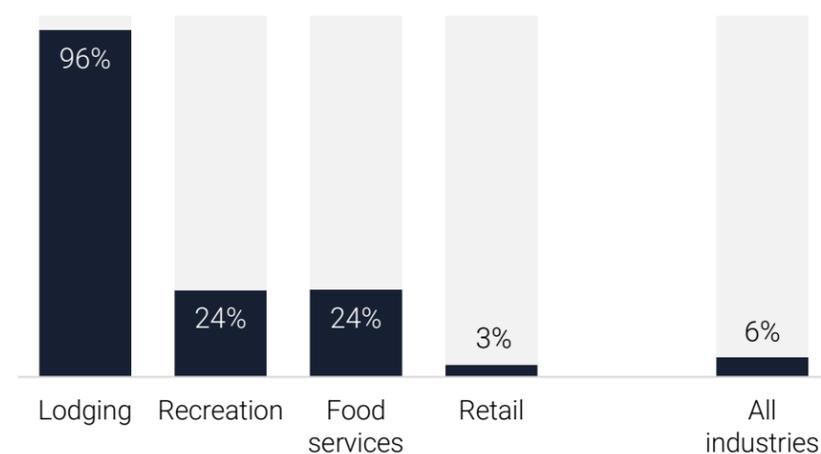


ECONOMIC IMPACTS IN CONTEXT

Visitors sustain nearly all employment in the lodging sector, and nearly a quarter of recreation and food & beverage employment is supported by visitor spending.

Tourism employment intensity

Amounts in percentage of total industry employment



Source: BEA, BLS, Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$30.3B VISITOR SPENDING

The \$30.3 billion in visitor spending means that more than \$83 million was spent EVERY DAY by visitors in Virginia.



\$13.7B LABOR INCOME

The \$13.7 billion in total income generated by tourism is the equivalent of \$4,200 for every household in Virginia.



303,369 JOBS

The number of jobs sustained by tourism (303,369) supports 5.5% of all jobs in Virginia.



\$2.9B STATE & LOCAL TAXES

The \$2.9 billion in state and local taxes generated by tourism would cover the average salary of more than 50,770 public school teachers in Virginia.

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 discreet 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 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, 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 400 full-time staff, including 300 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

admin@tourismeconomics.com