



The Economic Impact of Tourism in New Jersey



Tourism Satellite Account
Calendar Year 2012



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Key results

- Tourism is a substantial and growing driver of the New Jersey economy.
- The industry's spending weathered several storms and a weak economic recovery in 2012, posting a 2.7% rise in visitor spending.
- In 2012, total tourism demand in the State of New Jersey tallied nearly \$40 billion.
- Tourism demand has recovered the losses from the recession and has surpassed the all-time high reached in 2007.

Key results, continued

- The tourism industry directly supports 318,500 jobs in New Jersey and sustains more than 500,000 jobs including indirect and induced impacts.
- These jobs represent 10% of total employment or 1-in-10 jobs in New Jersey.
- The tourism sector generated \$34.7 billion of state GDP in 2012, 7.0% of the entire state economy.
- Including indirect and induced impacts, tourism in New Jersey generated \$4.5 billion in state and local taxes and \$5.1 billion in Federal taxes last year.
- In the absence of the state and local taxes generated by tourism, each NJ household would need to pay \$1,420 to maintain current governmental revenues.

Industry indicators

- Visitor trips to NJ destinations grew 4.8% between 2011 and 2012.
- Hotel room demand grew 5.8% (source: Smith Travel Research).
- The average daily rate increased by 3.2% in 2012 helping grow overall hotel room revenue by 9.2% (source: Smith Travel Research).
- State and municipal bed tax receipts grew 7.9% in 2012 (source: State Treasurers Office).
- Casino win declined 8.0% - but was down only 4.8% prior to Sandy's impact (source: Division of Gaming Enforcement).
- Tourism-related employment turned upward in 2012, growing 1.8% from the prior year.

Superstorm Sandy



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Superstorm Sandy

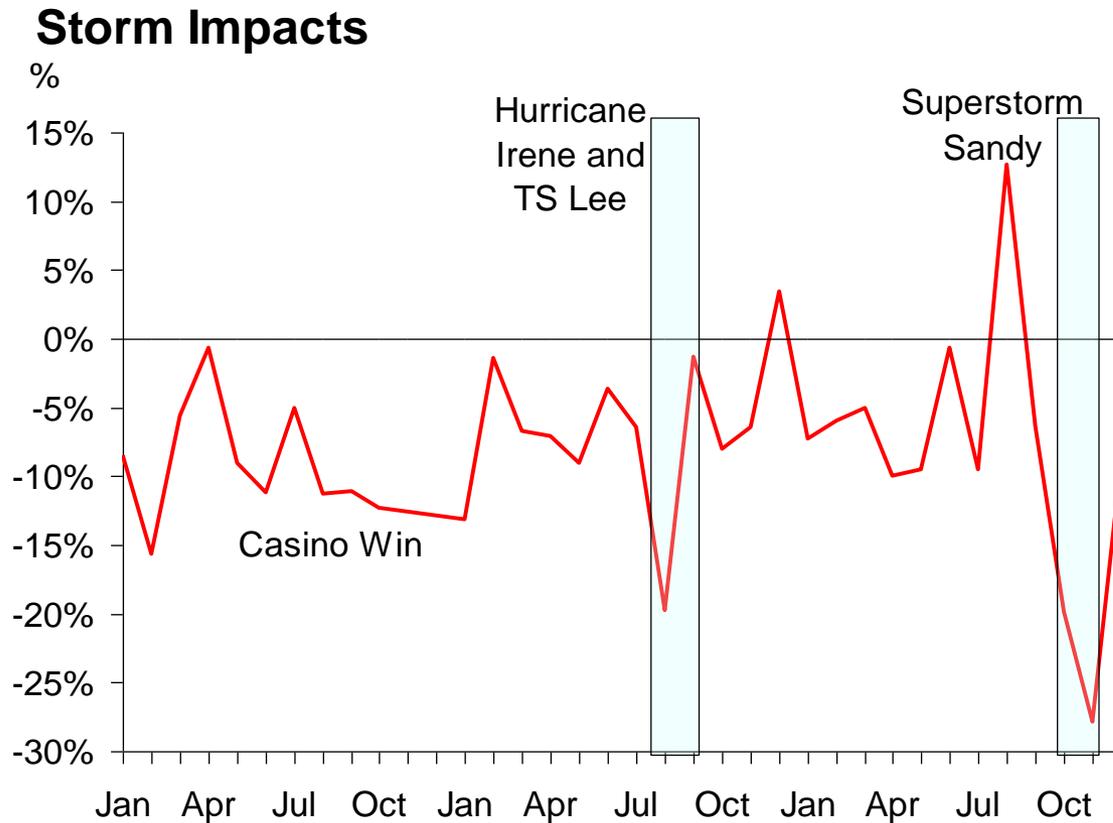
- Hit on October 29th, 2012.
- Over two million households in the state lost power.
- 346,000 homes were damaged or destroyed.
- Storm surge and flooding affected a large swath of the state.

Governor Chris Christie said the losses caused by Sandy were "going to be almost incalculable...The devastation on the Jersey Shore is probably going to be the worst we've ever seen."

Superstorm Sandy – the negative

- Casinos were closed for up to a week.
- Reports of beaches being 30-40 feet shorter.
- Infrastructure damage to key visitor areas substantial.
- Access to towns restricted for months afterwards.
- Access still limited in some areas.
- 346,000 homes were damaged or destroyed – how many will be ready for summer 2013?

Superstorm Sandy – AC Gaming Impact

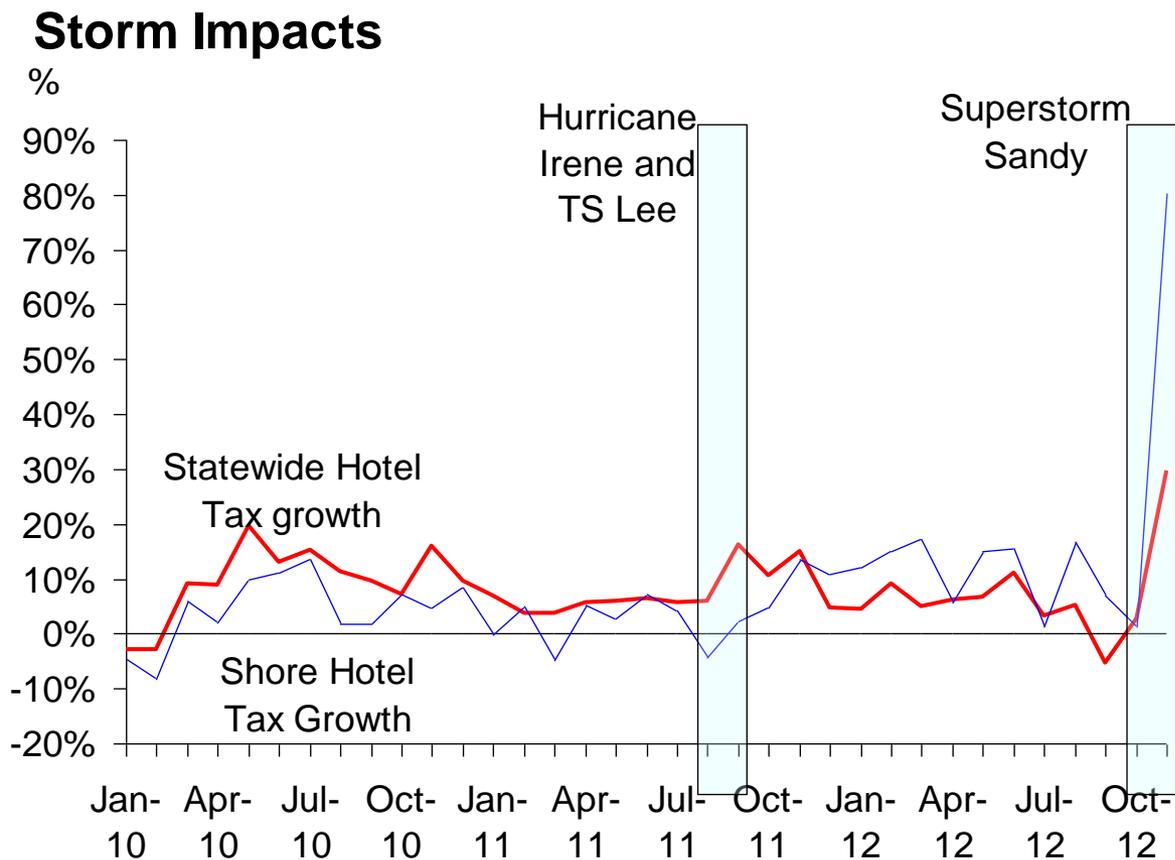


- Atlantic City casinos were closed for several days, leading to a 28 percent drop in revenue during the month of November. It was the biggest monthly drop in 34 years.

Superstorm Sandy – the positive

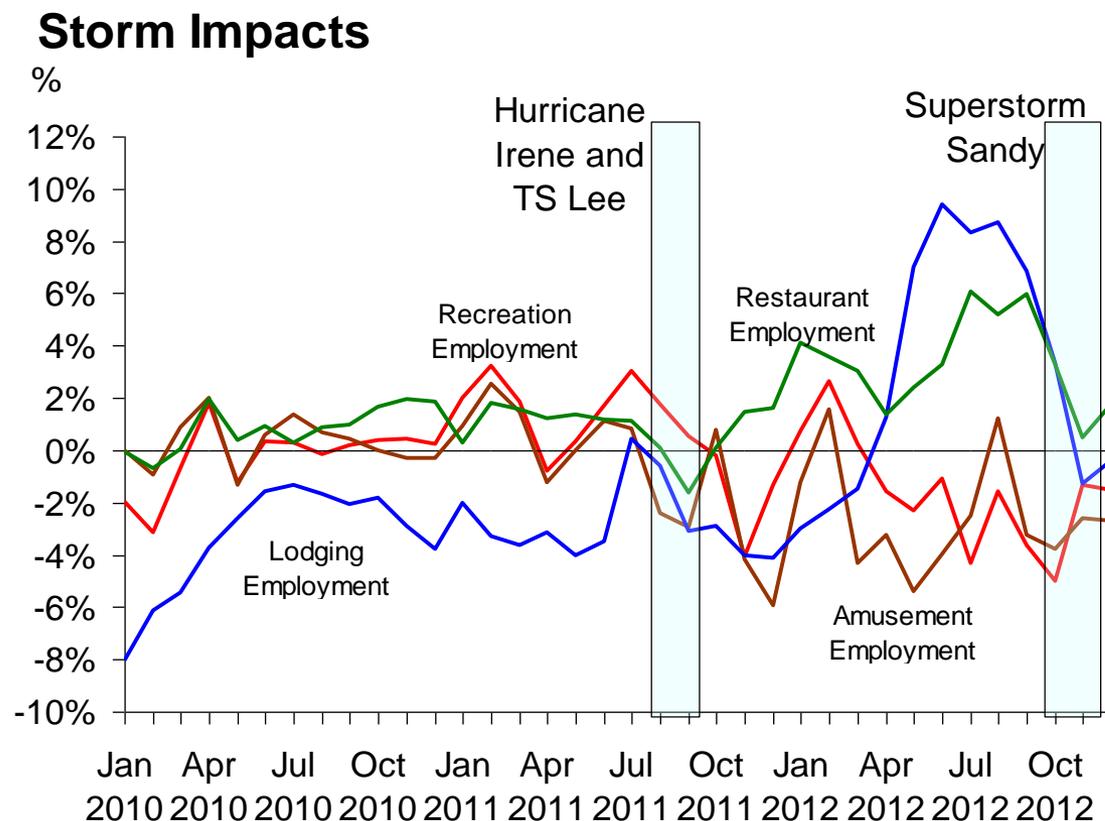
- Led to very high room demand during off-season.
- Hit during very low demand period and has allowed for a rebuilding period before the key summer season.
- Rebuilding has already commenced.
- Southern shore relatively unscathed.
- Many northern shore towns predicting to be ready by summer season.
- Survey results show “77% of regular Shore-goers saying they expected to spend at least as much time this year as last.”

Superstorm Sandy – Bed Taxes



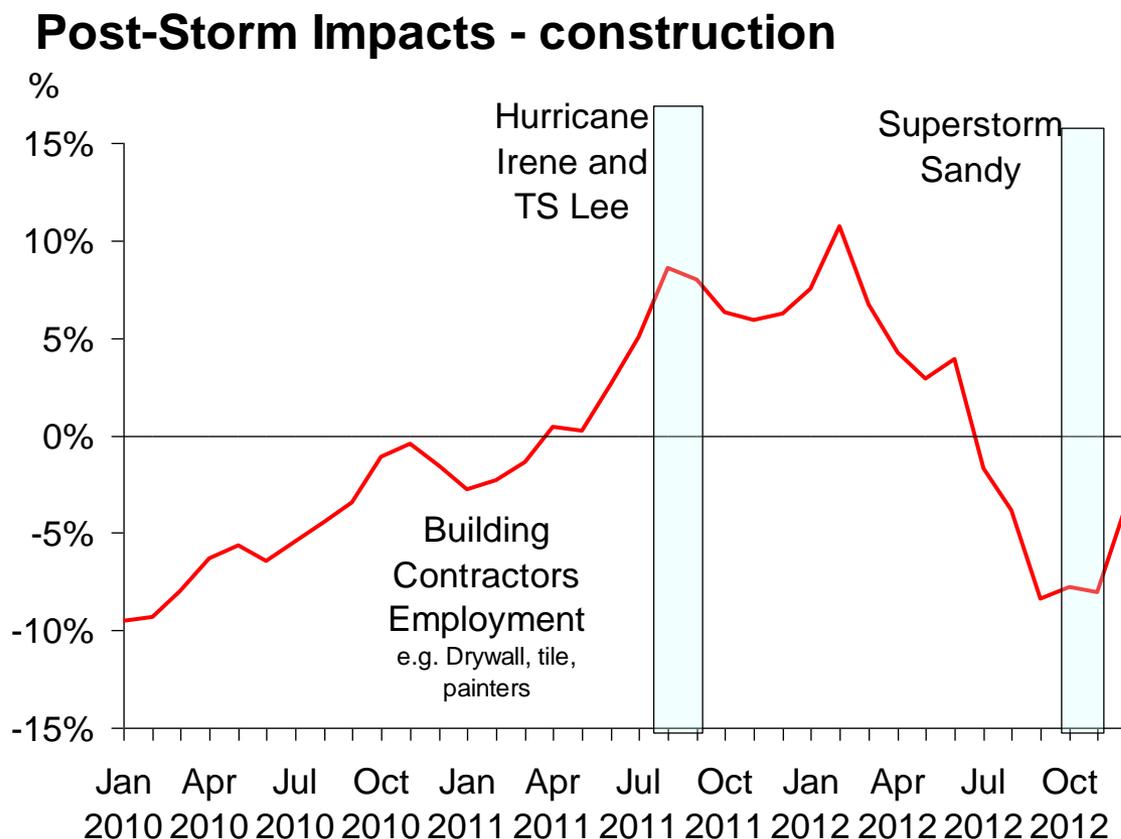
- Due to the damage to residential area, many people were forced to stay at hotels while damage was repaired, leading to 80% growth in bed tax revenues in Shore Counties.
- In addition, the influx of aid workers, utility crews, FEMA and other insurance adjusters also inflated room revenues in a usually slower period.

Superstorm Sandy – non hotel businesses



- While beds were filled, other tourism businesses faltered. Note the negative growth in entertainment industry during the storm periods and just afterwards.

Superstorm Sandy – Building Trade



- Construction trade stands to benefit from the recovery and rebuilding efforts. Expect to see a similar pattern as was seen after Irene and Lee – year-over-year growth of 10%.

Superstorm Sandy – the 2013 impact

The \$22 billion question: will the Shore be ready for summer visitation?

- Visitors want to come back:
 - Regular shore visitors say they want to come back and will come back
- But will the area be ready for them?
 - Spring reconstruction happening
 - Last shore town finally repopulated in late February
- And what will the impact be:
 - Stays may be shorter
 - Bookings may be last minute as beaches re-open

Economic Impact Analysis

The importance of measurements



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Why quantify the tourism economy?

- By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.
- It can also carefully monitor its successes and future needs.
- In order to do this, tourism must be measured in the same categories as other economic sectors – i.e. tax generation, employment, wages, and gross domestic product.

What is this a challenge?

- Most economic sectors such as financial services, insurance, or construction are easily defined within a country's national accounts statistics.
- Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.
- Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents...

The Tourism Satellite Account

- The 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 fifty countries around the world and a growing number of US States.
- The TSA deals with the challenge of measuring tourism in two important ways:
 - Defines the tourism economy
 - Provides methodology for calculating tourism GDP in a way that is consistent with economic accounts

Benefits of a TSA

- Enables comparisons of the importance of tourism to other sectors of the economy in terms of GDP, employment, and income.
- Allows for benchmarking to other destinations.
- Tracks the economic contribution of tourism over time.
- Monitors strength by tracking capital investment .
- Allows for extension analysis for of the full impact of tourism.

Important definitions

1. **Tourism Industry:** Measures the value of traveler activity within “tourism characteristic industries”. This concept measures only the direct impact of the travel industry.
2. **Tourism Economic Impact:** Includes the tourism industry plus government spending and capital investment in support of tourism. This is the basis of the total economic impact analysis, including direct, indirect and induced impacts.

Illustrating the concepts

Travel & Tourism Industry

- The direct effect of visitor spending
- Focus of Tourism Satellite Account

Travel & Tourism Economic Impact

The flow-through effect of T&T all demand across the economy

- Expands the focus to measure the overall impact of T&T on all sectors of the economy



Tourism Sales

The business generated by tourism



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Key trends in 2012

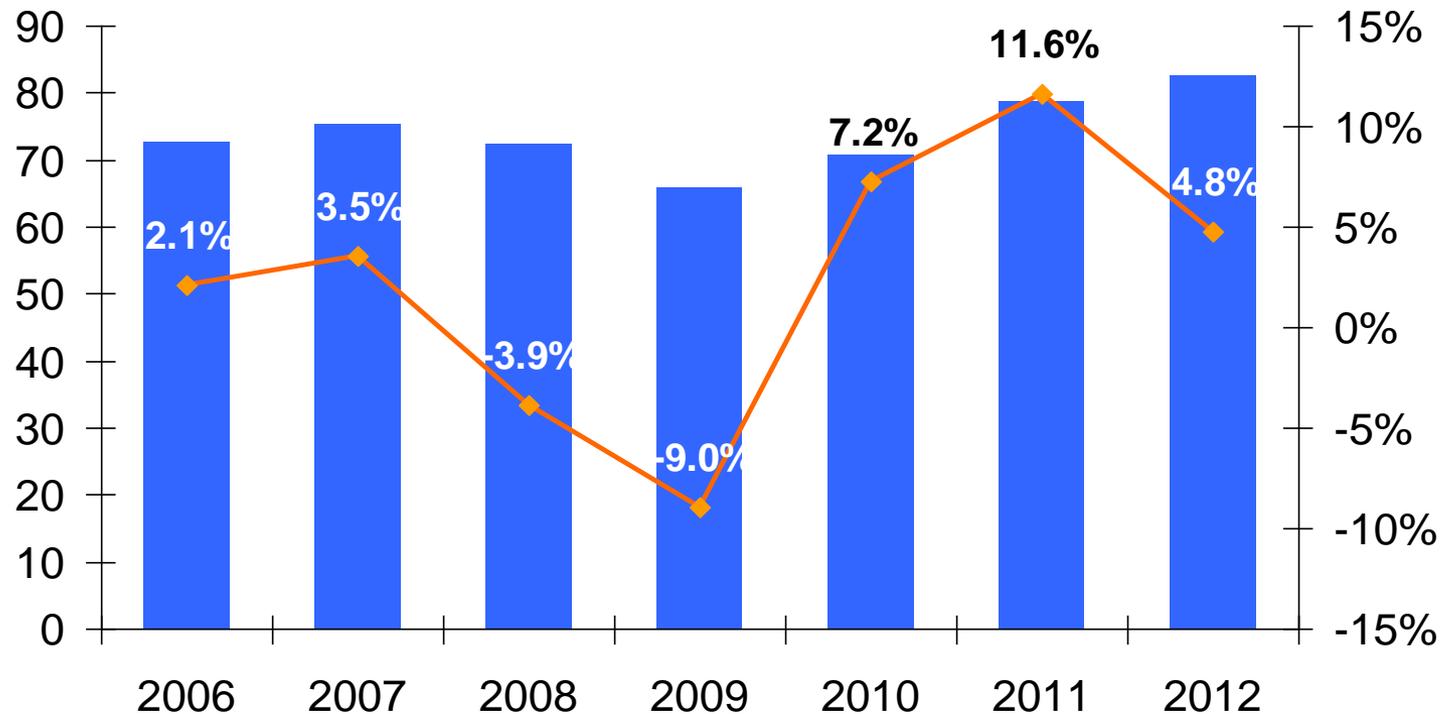
- Visitor spending surpassed the pre-recession peak in 2012.
- Visitor spending in New Jersey rose 2.7% in 2012.
- Visitor spending grew the most on transportation and non-gaming lodging sectors.
- There were several factors driving growth:
 - Visitation grew 4.8% in 2012.
 - Room demand and average daily rate both registered healthy increases in 2012.
 - Price increases drove spending in transport sectors.
- Spending was constrained by the continued decline of casino 'win' in NJ with increasing gaming competition in the tri-state area.

Visitation... continued growth

New Jersey attracted 82.5 million visitors in 2012, up 4.8% from 2011.

New Jersey Trip Volume

millions

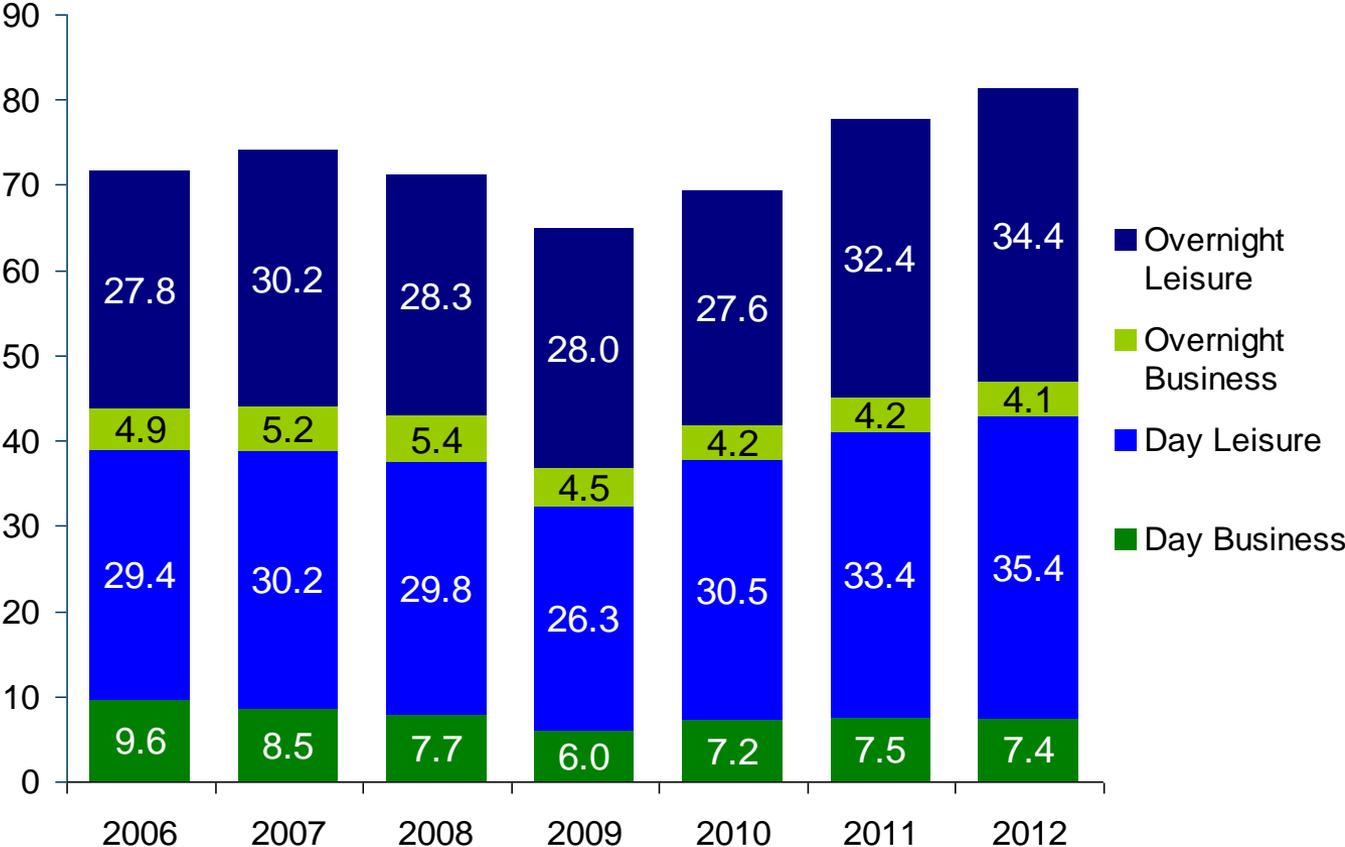


Source: D.K. Shifflet, OTTI

Domestic visitation... by trip purpose

New Jersey Domestic Trip Volume

by Year, by trip purpose



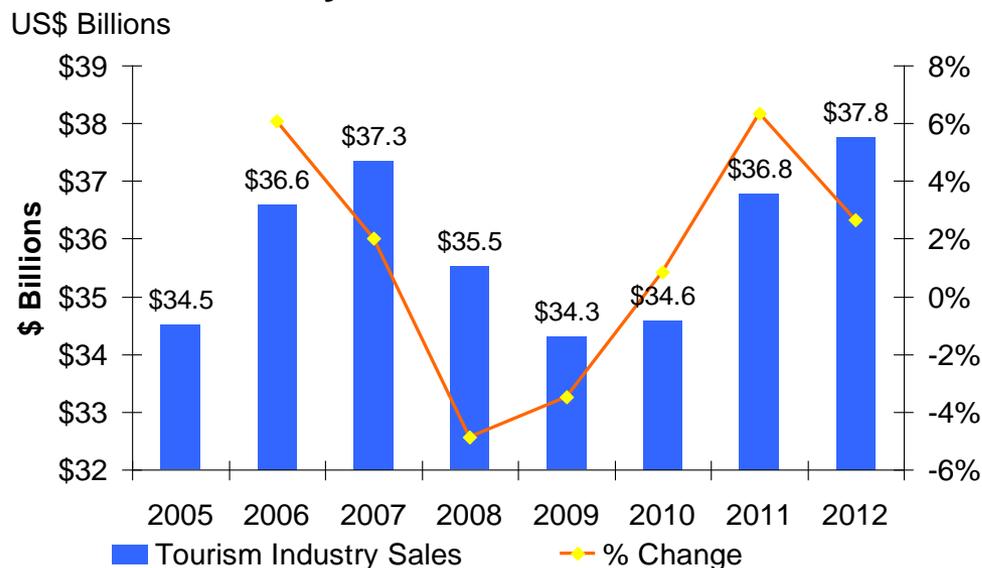
Source: Longwoods International, Tourism Economics, OTTI

Tourism sales surpasses prior peak

- Direct tourism industry sales within NJ rose 2.7% in 2012.
- New Jersey has surpassed its prior peak achieved in 2007.

Tourism Industry Sales							
(US\$ Million)							
Sector	2007	2008	2009	2010	2011	2012	% Change
Lodging	\$11,907	\$11,674	\$11,544	\$11,542	\$11,351	\$11,402	0.4%
Other Transport	\$4,787	\$4,800	\$4,379	\$4,351	\$4,945	\$5,493	11.1%
Air	\$1,102	\$1,131	\$1,075	\$1,098	\$1,261	\$1,311	4.0%
Food & bev.	\$8,193	\$8,065	\$7,654	\$7,712	\$8,417	\$8,615	2.4%
Retail	\$7,656	\$6,074	\$5,884	\$5,921	\$6,567	\$6,682	1.8%
Recreation	\$3,693	\$3,774	\$3,753	\$3,953	\$4,234	\$4,252	0.4%
TOTAL	\$37,339	\$35,519	\$34,288	\$34,577	\$36,775	\$37,755	2.7%
% Change		-4.9%	-3.5%	0.8%	6.4%	2.7%	

Tourism Industry Sales



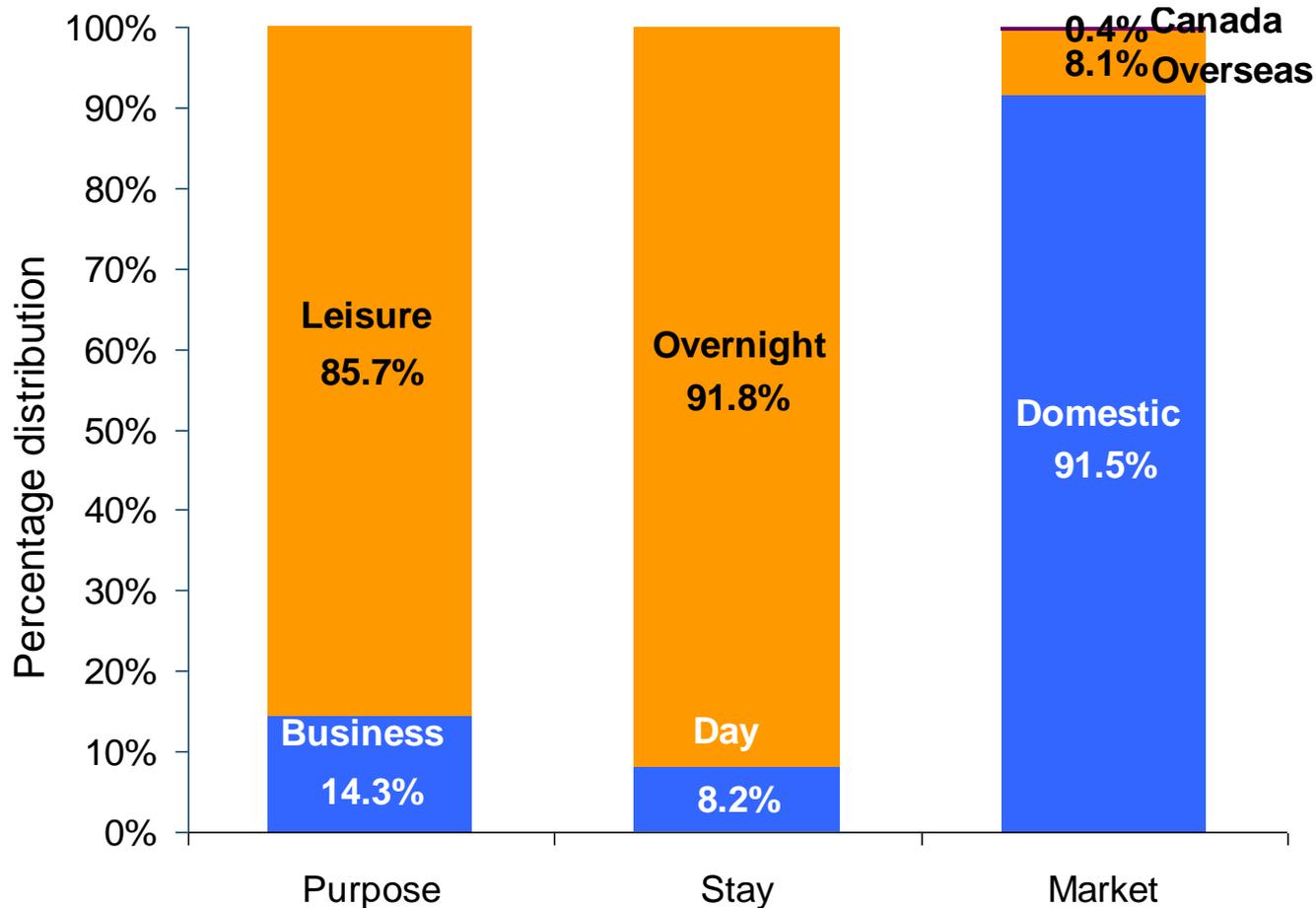
Source : Tourism Economics

Tourism industry sales by visitor type

- Leisure tourism represents 86% of industry sales in NJ.
- Overnight visitors to NJ spent \$34.6 billion; 92% of the total.
- International visitors to NJ spent \$3.2 billion in 2012, comprising 8.5% of all visitor spending.

Tourism Industry Sales in 2012					
(US\$ Billion)					
Purpose		Stay		Market	
Business	\$5.4	Day	\$3.1	Domestic	\$34.5
Leisure	\$32.4	Overnight	\$34.7	Overseas	\$3.1
				Canada	\$0.1
Total	\$37.8	Total	\$37.8	Total	\$37.8
Share					
Purpose		Stay		Market	
Business	14.3%	Day	8.2%	Domestic	91.5%
Leisure	85.7%	Overnight	91.8%	Overseas	8.1%
				Canada	0.4%

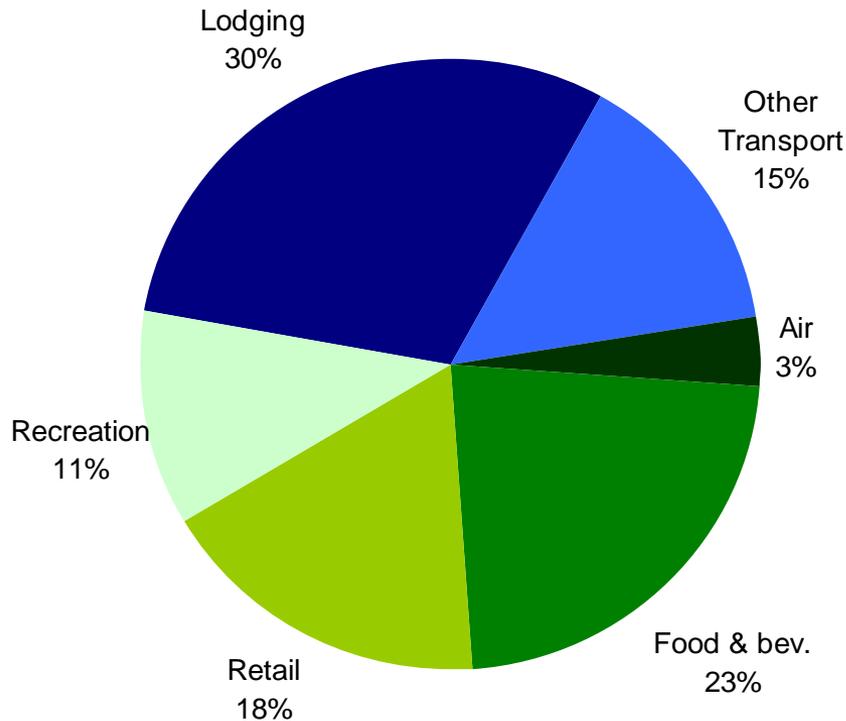
Tourism industry sales by visitor type



Source : Tourism Economics

Tourism industry sales by sector

Tourism Industry Sales By Sector



Source : Tourism Economics

- Lodging—including casino win, lodging revenue and second homes—is the largest spending category in NJ, capturing 30% of visitor spending.
- Food & beverage spending ranks second, representing 23% of each visitor dollar.
- Non-air transportation's share of the visitor dollar rose to 15% in 2012 as transportation costs rose and length-of-stay declined.

Tourism industry sales by sector

New Jersey's Tourism Industry Sales

by Year, \$ Billions

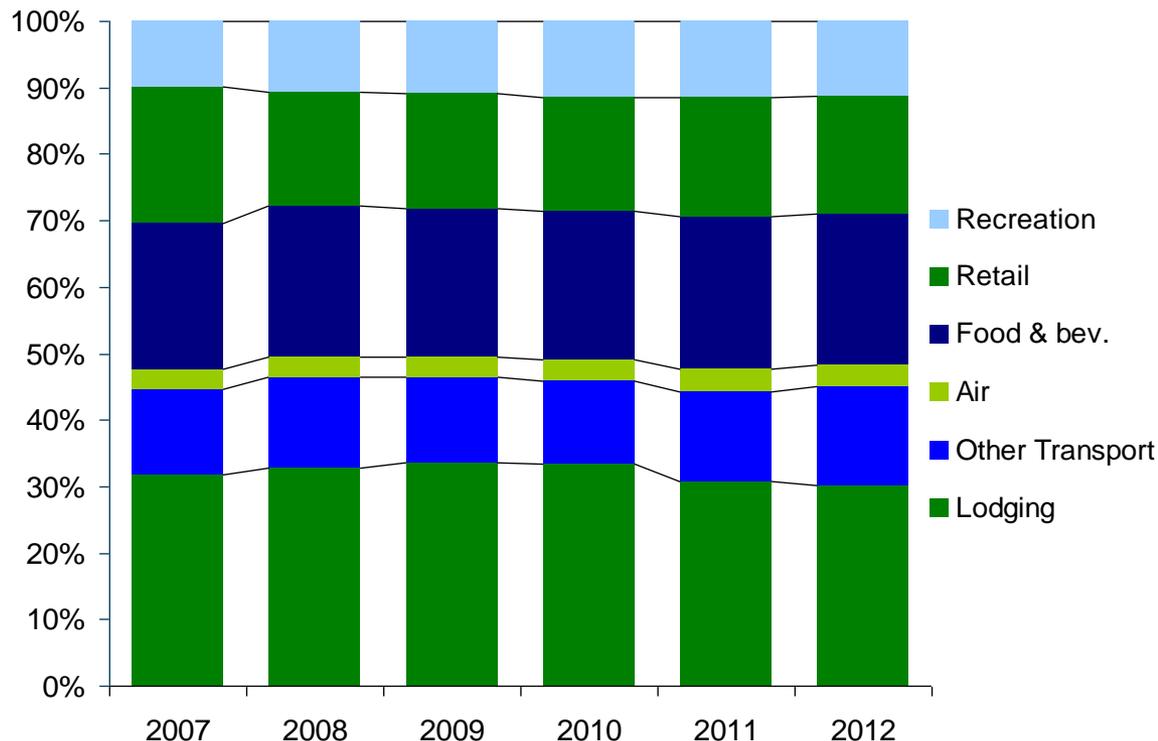


- The majority of gaming win is included in the lodging sector based on industry classifications.
- Lodging spending rose in 2012 as increases in lodging revenue outpaced the loss of casino win.
- While most spending categories have reached highs, the retail spending recovery has lagged.

Tourism industry sales by sector

New Jersey's Tourism Industry Sales

by Year, Share of Total



- Over the past six years, recreational spending has increased its share from 10% to more than 11% of industry sales.
- As visitors spend more freely on their vacations, lodging share of the visitor dollar has declined.

Tourism economy sales

- The Tourism Satellite Account looks at a broader range of tourism-related expenditures, tallying \$39.5 billion.

Tourism Satellite Account Spending by Category (US\$ Million)						
Year	Domestic Visitor	International Visitor	Non-Visitor PCE	Gov't Support	CAPEX	Total
2012	\$34,548.4	\$3,206.5	\$192.0	\$123.5	\$1,429.9	\$39,500.3
2011	\$33,632.3	\$3,143.1	\$187.0	\$116.4	\$1,447.3	\$38,526.1
% Change	2.7%	2.0%	2.7%	6.2%	-1.2%	2.5%

- Non-visitor private consumption expenditures (PCE) represent tourism consumer durables such as an RV, boat, or furniture for a vacation home.
- Government support for tourism includes the budgets for the NJ Division of Travel and Tourism and other budget items in broad support of tourism.
- Capital investment (CAPEX) includes construction of hotels and attractions, as well as tourism equipment and infrastructure.

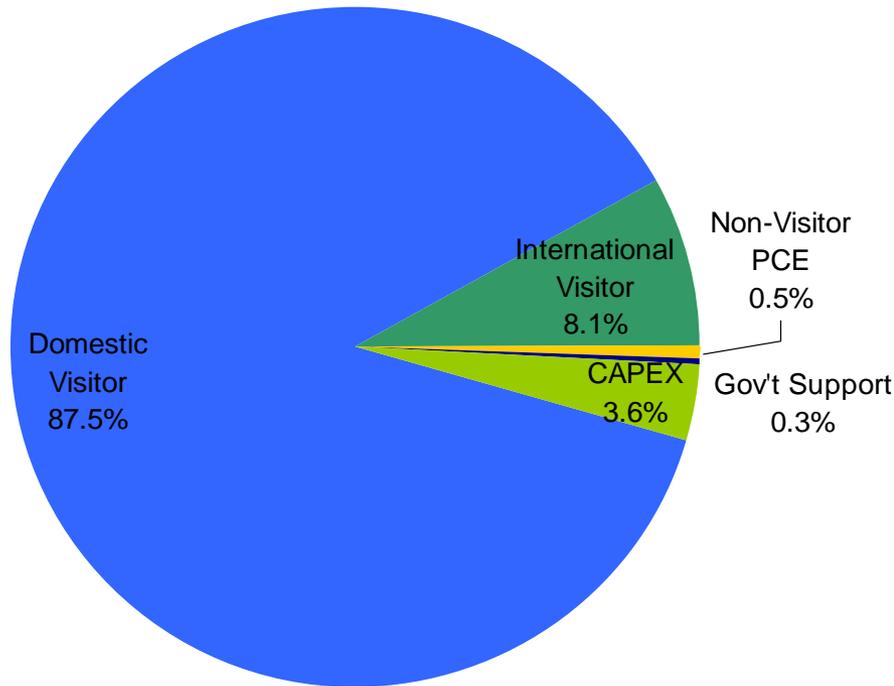
Tourism industry and economy sales

- The direct impact of tourism is driven by tourism industry sales only. This allows for apples-to-apples comparisons with other industries.
- The total economic impact of tourism includes investment in support of tourism, government spending and non-visitor private consumption expenditures (PCE).

Tourism Sales, 2012		
State of New Jersey		
Category	Industry	Economy
Lodging	\$11,402	\$11,402
Food & Beverage	\$8,615	\$8,615
Retail	\$6,682	\$6,682
Recreation	\$4,252	\$4,252
Air	\$1,311	\$1,311
Other Transport	\$5,493	\$5,493
Non-Visitor PCE	\$0	\$192
Investment	\$0	\$1,430
Government	\$0	\$124
Total	\$37,755	\$39,500

Tourism economy sales by source

Tourism Demand by Source

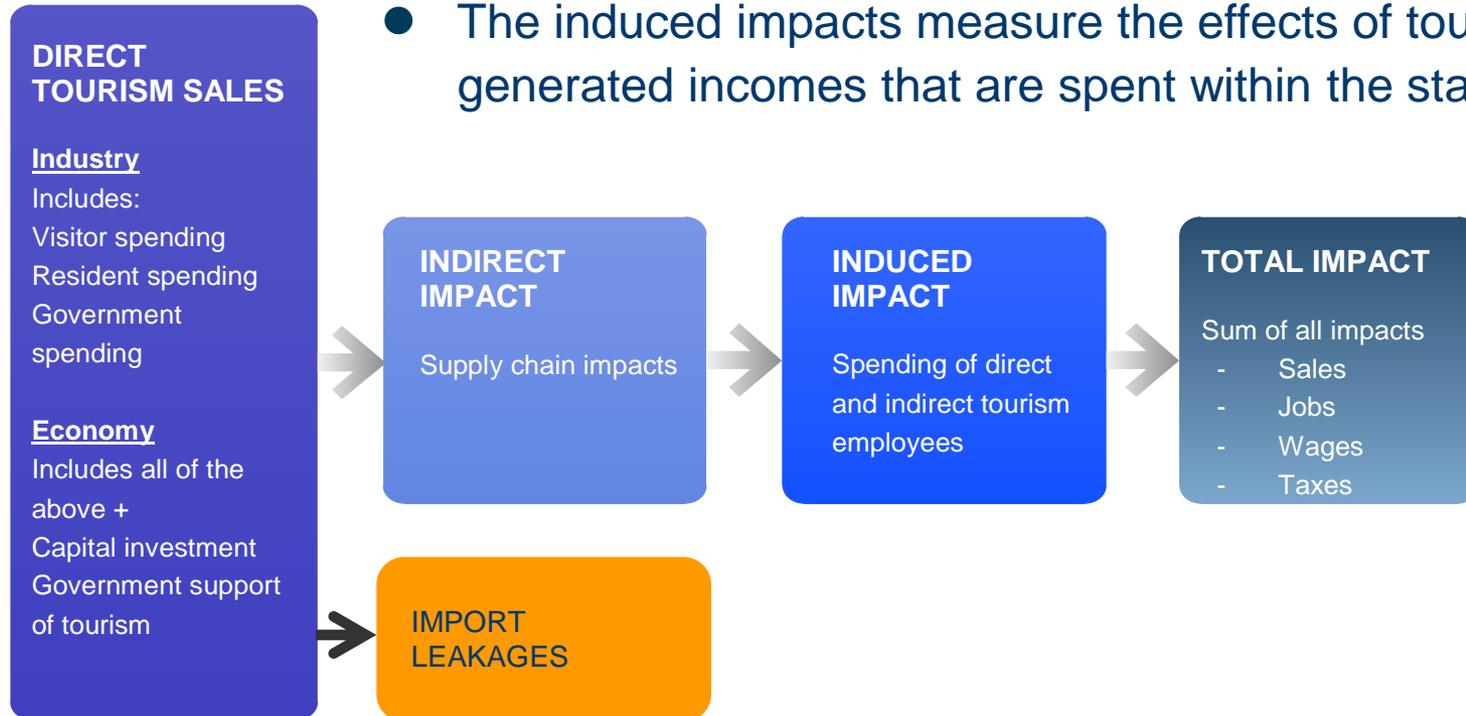


- Domestic visitor markets comprise the majority (87.5%) of tourism sales in New Jersey.
- International visitor markets contributed 8% of tourism sales last year.
- Capital investment in tourism-related construction and machinery & equipment represents 3.6% of tourism economy sales.

Summary of Economic Impacts

Translating sales into impact

- Direct tourism sales flow through the NJ economy, generating GDP, jobs, wages, and taxes.
- The indirect impacts measure supply chain (b2b) activity generated by tourism sales.
- The induced impacts measure the effects of tourism-generated incomes that are spent within the state.

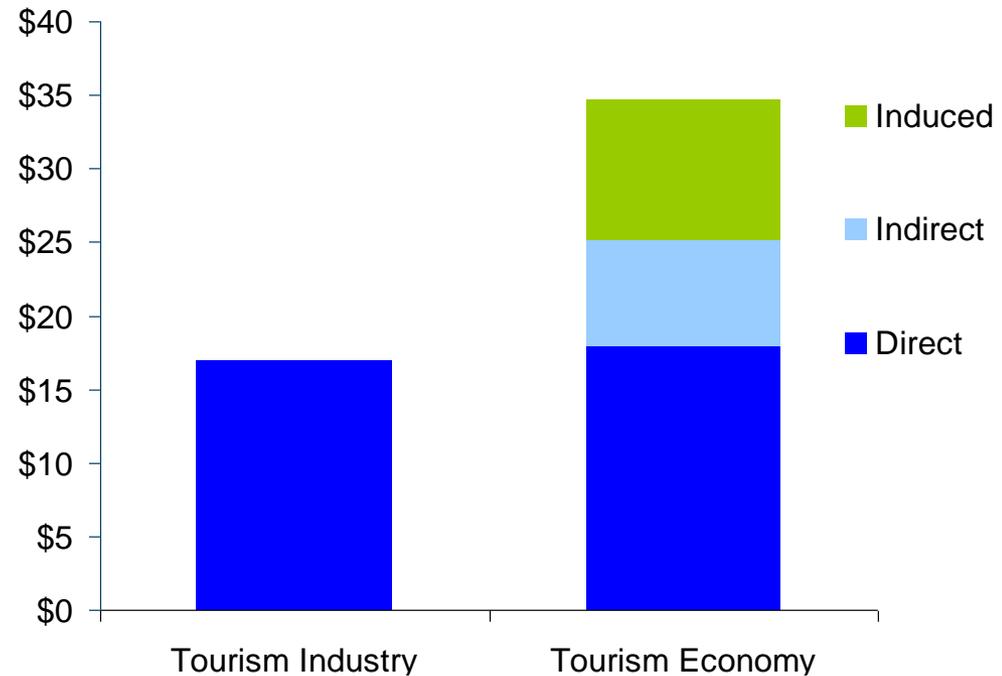


Tourism impact summary - GDP

- Tourism industry GDP directly generated \$17.0 billion of New Jersey GDP in 2012.
- The tourism economy, including direct, indirect and induced impacts, generated GDP of \$33.9 billion. This is 6.8% of the state economy.

Tourism GDP Impact

2012, US\$ Billions



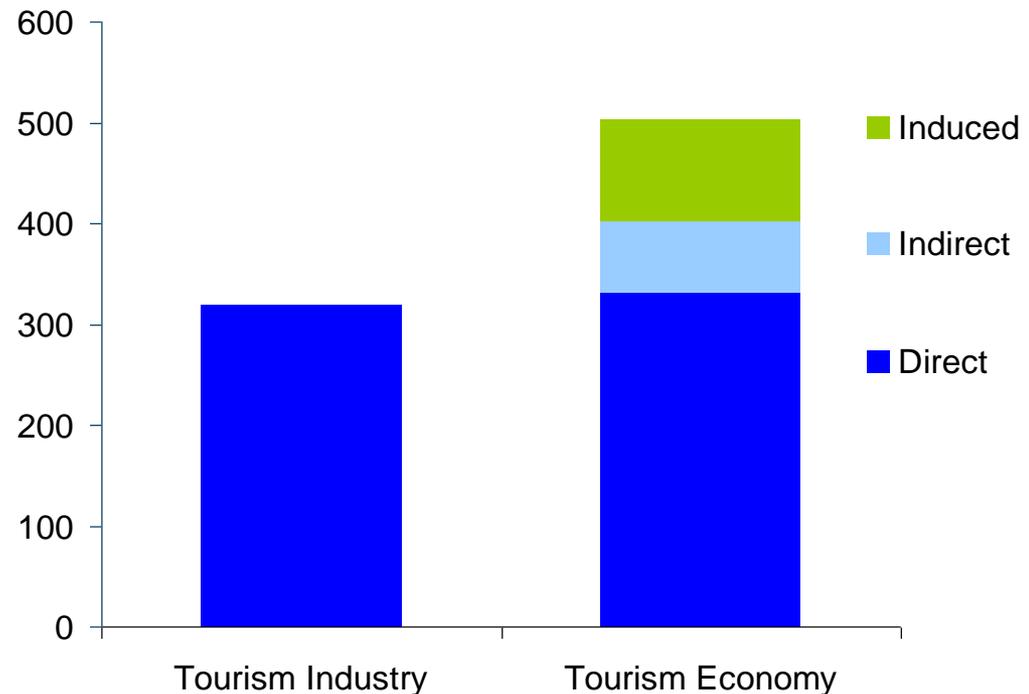
Source: Tourism Economics

Tourism impact summary - Jobs

- Tourism spending directly supported 318,560 jobs in New Jersey in 2012.
- The tourism economy, including direct, indirect and induced impacts, supported 503,000 jobs. This is 10% of all jobs in the state.

Tourism Employment Impact

2012, Thousands



Source: Tourism Economics

Direct Tourism Industry

What is the direct economic value of tourism-related sectors?



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Tourism industry impacts

Tourism Impacts		
	GDP	Jobs
Agriculture, Fishing, Mining	-	-
Construction and Utilities	-	-
Manufacturing	-	-
Wholesale Trade	-	-
Air Transport	620.0	4,070
Other Transport	685.7	9,031
Retail Trade	1,586.4	37,193
Gasoline Stations	294.2	4,941
Communications	-	-
Finance, Insurance and Real Estate	2,211.5	14,449
Business Services	391.8	3,413
Education and Health Care	-	-
Recreation and Entertainment	1,702.9	47,882
Lodging	4,991.0	68,103
Food & Beverage	4,109.9	119,155
Personal Services	363.0	10,325
Government	-	-
TOTAL	16,956.4	318,560

- Tourism GDP is the value added of those sectors directly interacting with travelers.
- The narrow definition of the tourism industry counts only tourism consumption, which excludes capital investment and general government support of tourism. This definition is consistent with economic accounts.
- On this basis, tourism industry GDP was \$17.0 billion in 2012, accounting for 3.4% of total New Jersey GDP.

Why sales and GDP differ

- Tourism industry sales in New Jersey equals \$38 billion while GDP measures \$17.0 billion
- GDP (Gross domestic product) is less than sales because it measures only the locally-produced value of goods and services consumed by visitors
 - This includes the local labor, capital depreciation, and the profits of tourism-related companies that are based in New Jersey
 - The costs of imported goods (gasoline, food or retail goods) that come from out-of-state are excluded from the GDP calculation
 - In addition, business profits from out-of-state companies are also excluded. For example, Wal-Mart profits leave the state.

Tourism employment continues its recovery

Tourism Employment							
	2006	2007	2008	2009	2010	2011	2012
Tourism Employment	311,397	315,220	320,644	311,124	311,069	312,369	318,560
Percent Change		1.2%	1.7%	-3.0%	0.0%	0.4%	2.0%

- With the spending recovery seen in 2011 and continued growth in both visitor numbers and spending in 2012, tourism businesses hired 2% more workers.
- The 2% growth in tourism employment surpassed the overall state average of 1.1% employment growth.

Tourism Employment



Source : Tourism Economics

Ranking tourism employment

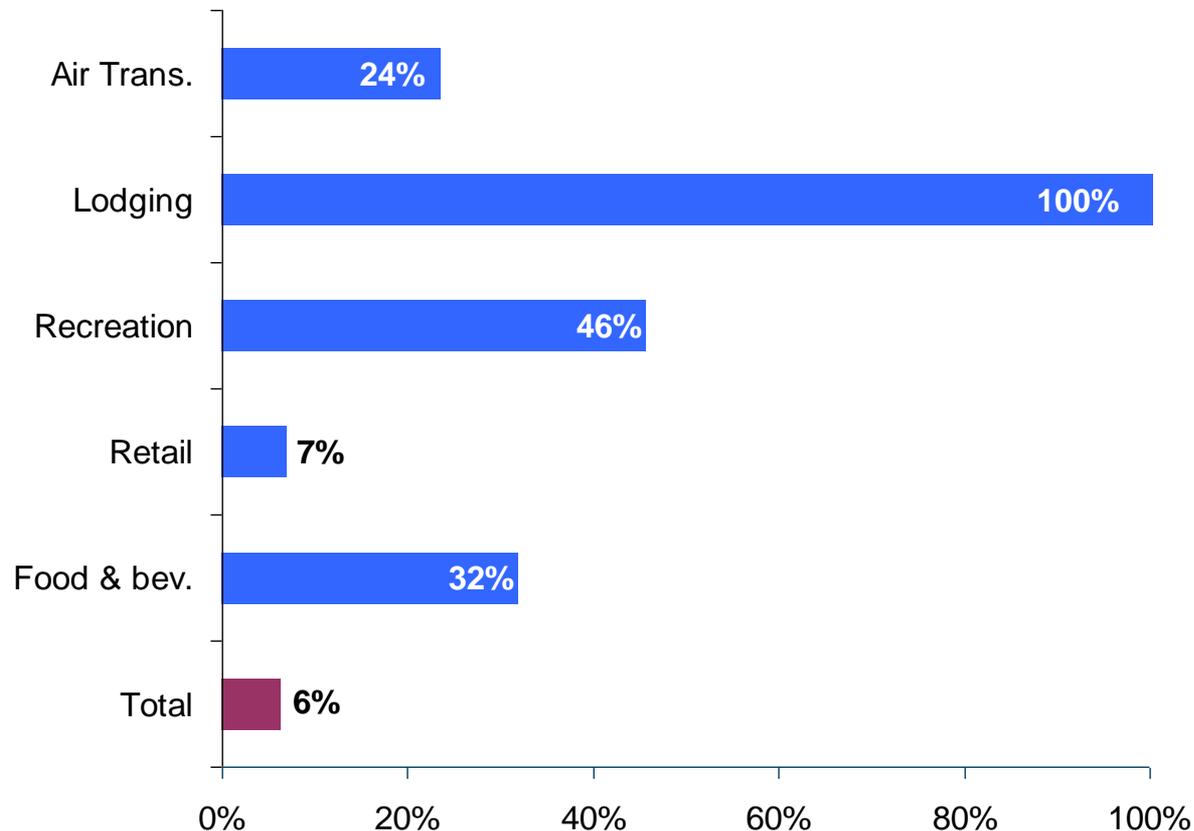
- The direct employment contribution of the tourism industry was 318,560 in 2012. This narrow measurement of tourism includes only those jobs directly supported by visitor activity and allows for inter-industry ranking.
- Examining the Tourism industry against other private sector industries, tourism is the 5th largest employer in the State of New Jersey.

Employment Ranking - Private Sector		
State of New Jersey		
Rank	Industry	2012
1	Health care and social assistance	583,340
2	Retail trade	519,693
3	Professional, scientific, and technical services	425,855
4	Finance and insurance	330,052
5	Tourism	318,560
6	Accommodation and food services	309,208
7	Administrative and support services	302,425
8	Real estate and rental and leasing	280,859
9	Manufacturing	265,567
10	Other services, except public administration	245,480
11	Wholesale trade	230,631
12	Construction	210,703
13	Transportation and warehousing	193,401
14	Educational services	127,079
15	Arts, entertainment, and recreation	106,543

Tourism intensity

- Tourism is a significant part of several industries – 100% of all employment in lodging is supported by tourism spending.

Tourism Employment Intensity by Industry



Total Tourism Economy

What is the total economic impact of tourism in New Jersey?

Tourism GDP impact

- Total tourism demand includes capital investment and general government support of tourism. By this broad definition, tourism activity directly contributed \$17.9 billion to GDP in 2012.
- In total, including all direct tourism demand, indirect and induced impacts, the tourism sector generated GDP of \$34.7 billion. This is 7.0% of the state economy.

Tourism GDP impact – total impact

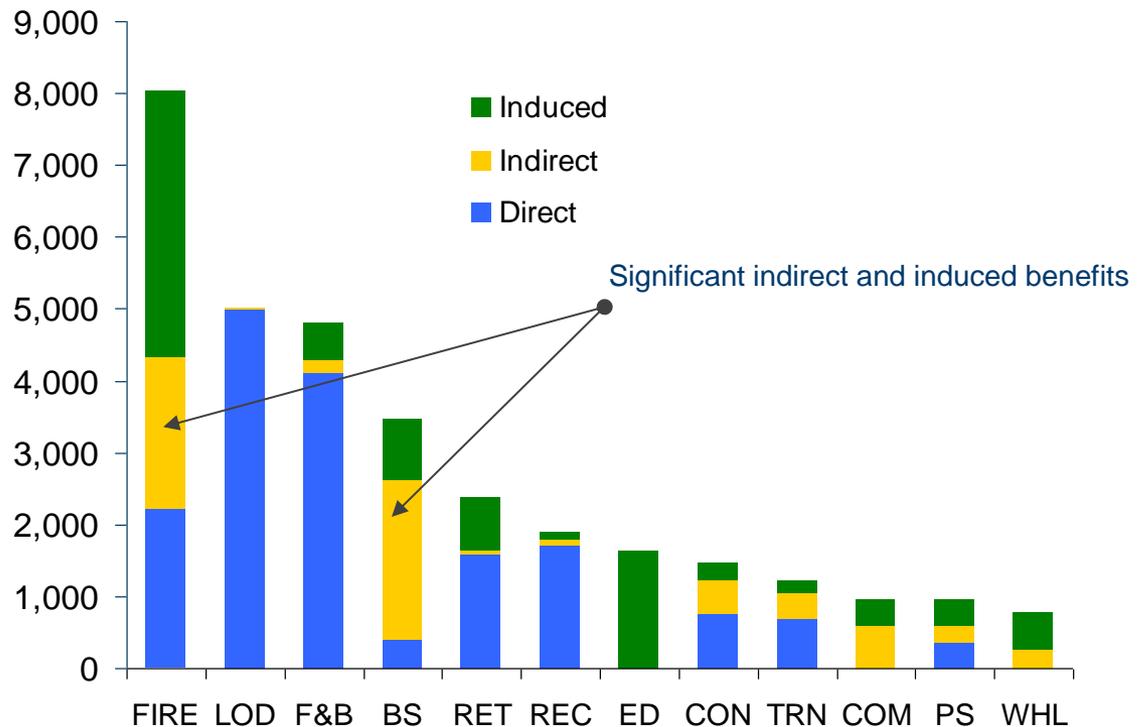
Total Tourism GDP (Value Added) Impact				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	23.1	18.8	41.9
Construction and Utilities	760.7	467.2	229.9	1,457.7
Manufacturing	58.8	318.8	281.3	658.9
Wholesale Trade	-	264.7	517.1	781.9
Air Transport	620.0	18.3	37.8	676.1
Other Transport	685.7	363.5	166.1	1,215.4
Retail Trade	1,586.4	44.1	752.0	2,382.5
Gasoline Stations	294.2	2.6	35.7	332.5
Communications	-	586.2	363.7	949.9
Finance, Insurance and Real Estate	2,211.5	2,127.2	3,699.8	8,038.4
Business Services	391.8	2,217.5	850.6	3,459.8
Education and Health Care	-	8.3	1,630.0	1,638.3
Recreation and Entertainment	1,702.9	95.3	102.2	1,900.4
Lodging	4,991.0	10.0	10.5	5,011.6
Food & Beverage	4,109.9	178.5	504.3	4,792.7
Personal Services	363.0	220.7	356.2	939.9
Government	108.6	229.4	92.9	430.9
TOTAL	17,884.4	7,175.4	9,648.9	34,708.7
Percent Change	2.3%	1.7%	2.5%	2.2%

Tourism GDP impact – total impact

- All sectors of the New Jersey economy benefit from tourism activity directly and/or indirectly.

Total Tourism GDP Impact

\$ million



F&B Food & Beverage

RET Retail Trade

REC Recreation and Entertainment

LOD Lodging

BS Business Services

TRN Other Transport

ED Education and Health Care

FIRE Finance, Insurance & Real Estate

PS Personal Services

CON Construction and Utilities

AIR Air Transport

GAS Gasoline Stations

Tourism economy employment – total impact

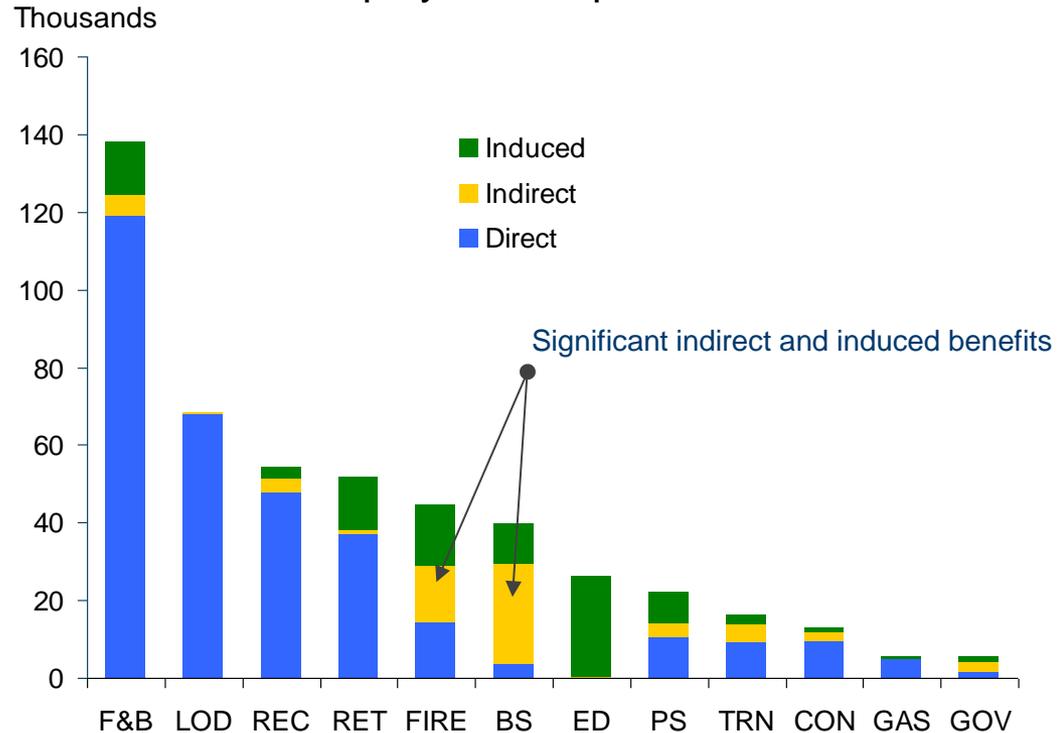
Total Tourism Employment Impact				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	344	372	716
Construction and Utilities	9,361	2,497	1,022	12,880
Manufacturing	897	2,235	1,309	4,441
Wholesale Trade	-	1,564	3,056	4,620
Air Transport	4,070	121	248	4,439
Other Transport	9,031	4,865	2,424	16,320
Retail Trade	37,193	780	13,569	51,542
Gasoline Stations	4,941	44	599	5,583
Communications	-	2,569	1,357	3,926
Finance, Insurance and Real Estate	14,449	14,409	15,640	44,498
Business Services	3,413	26,173	10,157	39,743
Education and Health Care	-	203	25,992	26,195
Recreation and Entertainment	47,882	3,256	3,132	54,269
Lodging	68,103	134	143	68,380
Food & Beverage	119,155	5,265	13,559	137,978
Personal Services	10,325	3,744	7,946	22,014
Government	1,336	2,799	1,327	5,462
TOTAL	330,153	71,002	101,852	503,007
Percent Change	1.8%	0.6%	1.6%	1.6%

- The tourism sector directly and indirectly supported 503,416 jobs, or 10.0% of all employment in New Jersey last year.

Tourism economy employment – total impact

- Tourism generated the most employment in the restaurant, lodging, and retail sectors.
- Secondary benefits are realized across the entire economy through the supply chain and incomes as they are spent.

Total Tourism Employment Impact



F&B	Food & Beverage	ED	Education and Health Care
RET	Retail Trade	FIRE	Finance, Insurance & Real Estate
REC	Recreation and Entertainment	PS	Personal Services
LOD	Lodging	CON	Construction and Utilities
BS	Business Services	AIR	Air Transport
TRN	Other Transport	GAS	Gasoline Stations

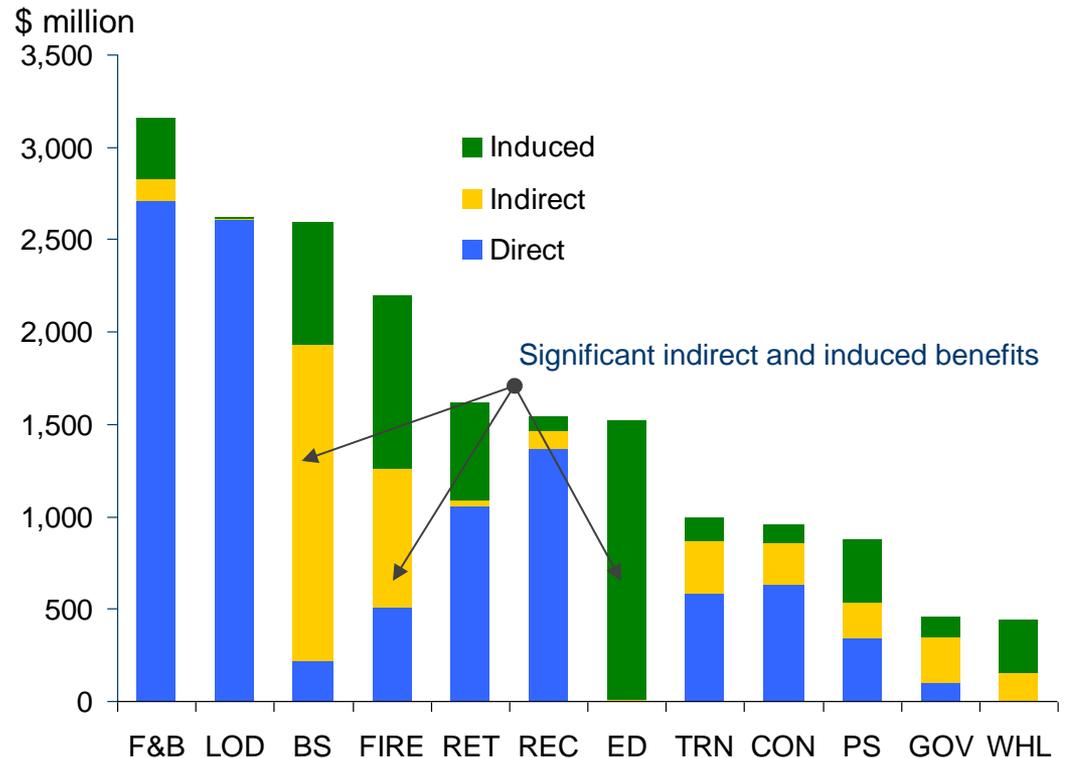
Tourism economy income – total impact

Total Tourism Labor Income Impact				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	12.2	12.5	24.7
Construction and Utilities	632.4	220.2	100.4	952.9
Manufacturing	51.6	170.6	123.1	345.3
Wholesale Trade	-	148.6	290.4	439.0
Air Transport	358.5	10.6	21.9	390.9
Other Transport	581.3	283.4	127.5	992.2
Retail Trade	1,055.8	31.7	526.7	1,614.1
Gasoline Stations	173.7	1.5	21.0	196.3
Communications	-	251.5	135.6	387.1
Finance, Insurance and Real Estate	506.1	750.4	942.3	2,198.8
Business Services	216.2	1,713.9	662.3	2,592.4
Education and Health Care	-	8.1	1,513.4	1,521.5
Recreation and Entertainment	1,371.0	88.1	81.5	1,540.5
Lodging	2,608.4	5.1	5.5	2,619.0
Food & Beverage	2,703.8	117.0	336.8	3,157.5
Personal Services	337.1	198.2	337.6	872.8
Government	96.5	246.1	113.2	455.8
TOTAL	10,692	4,257	5,352	20,301
Percent Change	3.4%	2.8%	3.3%	3.3%

Tourism economy income – total impact

- The restaurant, lodging, and retail sectors employed the most persons in the tourism sector.
- Secondary benefits are realized across the entire economy through the supply chain and incomes as they are spent.

Total Tourism Labor Income Impact



F&B Food & Beverage

RET Retail Trade

REC Recreation and Entertainment

LOD Lodging

BS Business Services

TRN Other Transport

ED Education and Health Care

FIRE Finance, Insurance & Real Estate

PS Personal Services

CON Construction and Utilities

AIR Air Transport

GAS Gasoline Stations

Tourism economy tax generation

Traveler Generated Taxes		
	(US\$ Million)	
Tax Type	2011	2012
Federal Taxes Subtotal	<u>4,939.7</u>	<u>5,087.8</u>
Corporate	747.1	763.6
Indirect Business	449.4	459.3
Personal Income	1,606.4	1,658.6
Social Security	2,136.8	2,206.3
State and Local Taxes Subtotal	<u>4,415.8</u>	<u>4,490.4</u>
Corporate	185.2	189.3
Personal Income	413.3	426.7
Sales	1,302.4	1,337.1
Lodging	<u>120.7</u>	<u>128.5</u>
Local	40.7	43.3
State	80.0	85.2
Property	2,017.4	2,017.4
Excise and Fees	350.2	364.0
State Unemployment	26.6	27.4
TOTAL	9,355.5	9,578.2

- Taxes of \$9.6 billion were directly and indirectly generated by tourism in 2012.
- State and local taxes alone tallied \$4.5 billion.
- Each household in New Jersey would need to be taxed an additional \$1,420 per year to replace the tourism taxes received by state and local governments.

New Jersey Tourism Forecast



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Key points

- After a strong surge in 2011, New Jersey experienced moderating, but steady, growth in total visitation in 2012. Total visits expanded 11.6% in 2011 and another 4.8% in 2012, exceeding 82 million total visits.
- Forecasts for 2013 reflect tempered economic outlook for the US economy and continued financial stress & deepening recession in the Eurozone.
- We expect growth to decelerate, while continuing to expand in 2013, for a combination of reasons:
 - The US economy is expected to continue its recovery as recent data imply strong momentum for consumption and investment. However, the first half of the year is facing headwinds related to fiscal policy.
 - Home prices and household wealth have registered continued improvement, supporting household balance sheets.
 - Prior year (above average) growth rates reflect a recovery period from the declines of 2008 and 2009.
 - Damaged housing and other infrastructure will limit growth due to supply side constraints.

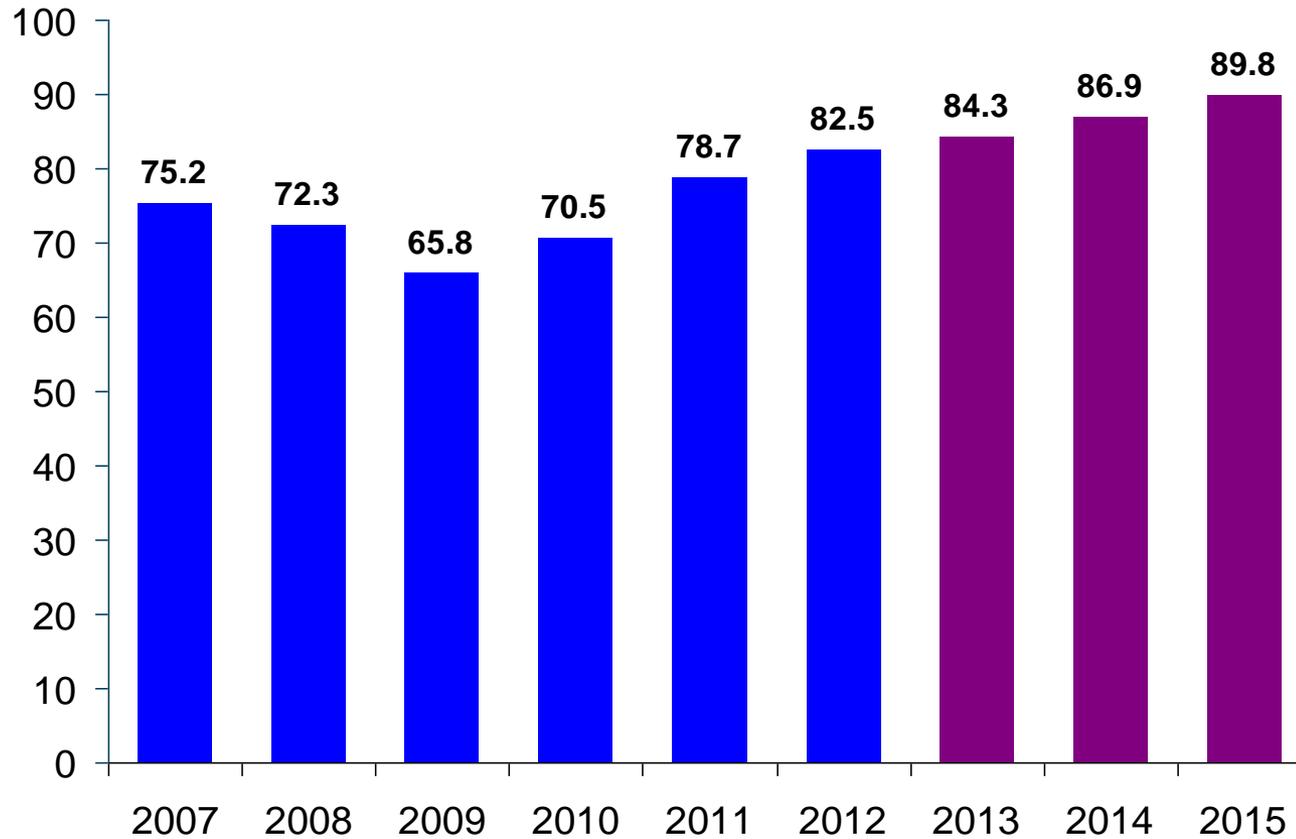
New Jersey visits and spending forecast

NJ Tourism Forecast						
Year	Visits (Million)	Pch Chng	Spending (US\$ Million)	Pch Chng	S&L Tax Revenue (US\$ Million)	Pch Chng
2007	75.2		\$37,339.2	0.0%		
2008	72.3	-3.9%	\$35,518.7	-4.9%		
2009	65.8	-9.0%	\$34,288.3	-3.5%		
2010	70.5	7.2%	\$34,577.2	0.8%		
2011	78.7	11.6%	\$36,775.4	6.4%	\$4,415.8	
2012	82.5	4.8%	\$37,754.9	2.7%	\$4,483.5	1.5%
2013	84.3	2.2%	\$38,657.7	2.4%	\$4,716.2	5.2%
2014	86.9	3.1%	\$40,816.5	5.6%	\$4,955.1	5.1%
2015	89.8	3.3%	\$43,573.7	6.8%	\$5,272.4	6.4%

Visits to New Jersey will nearly reach 90 million by 2015

New Jersey Visits

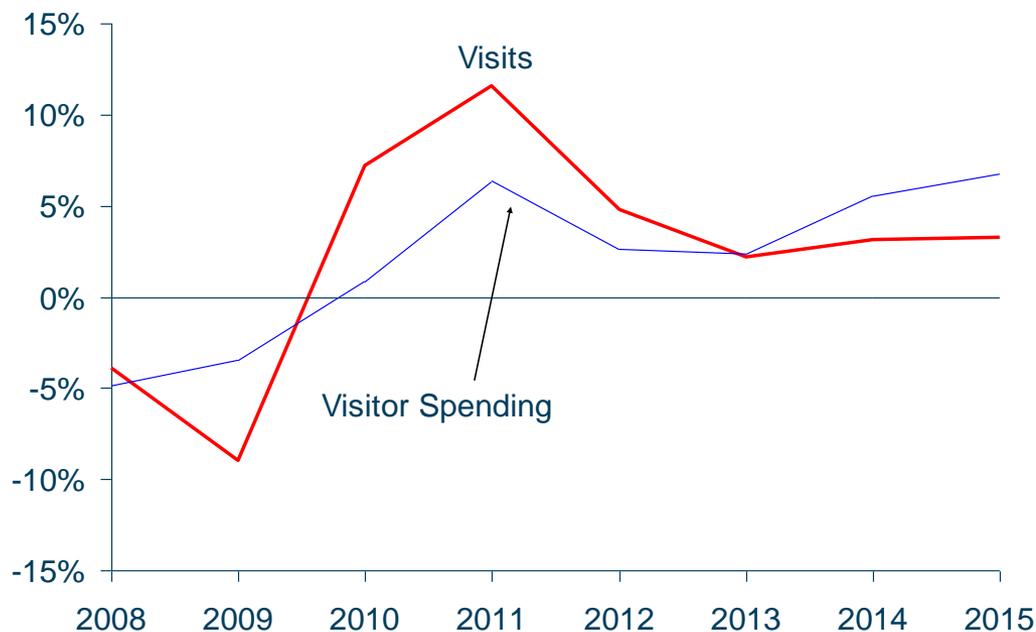
Domestic & International (millions)



Source : Tourism Economics

Comparing visits and spending

Growth in Visits and Spending

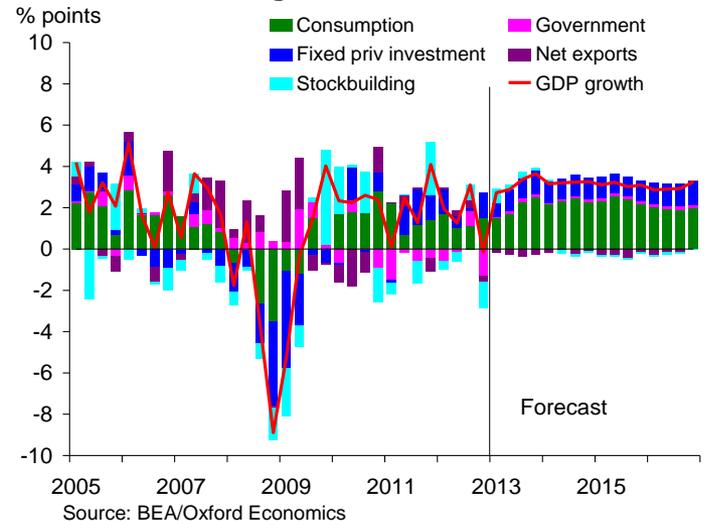


- Pricing pressures, suppressed household finances, and casino competition have caused spending to grow slower than visits over the past few years.
- In 2013, spend per trip will level off, before increasing in 2014 and 2015, driving spending growth above visitation growth.

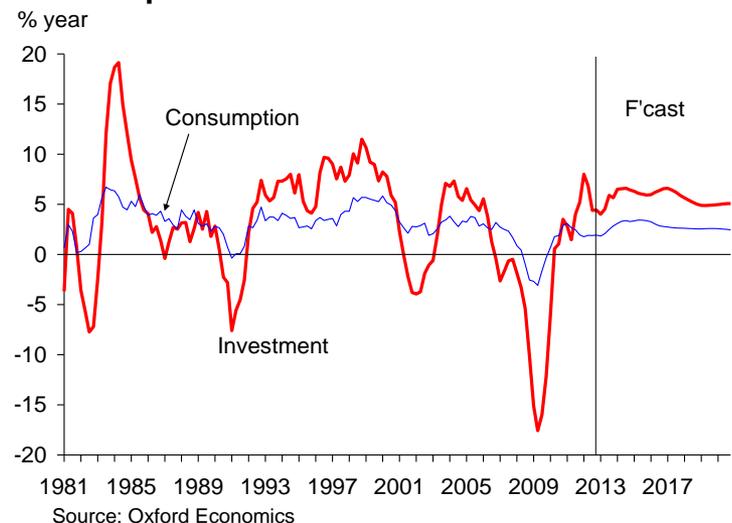
US economic growth will pick up in late 2013

- Outlook for the U.S. in 2013 is for a gradual recovery in growth with the latter half of the year exhibiting greater strength in consumption and investment.
- Recent release of national accounts data implies strong momentum for consumption and investment into 2013.
- Job creation has been stronger than expected, business surveys have become more positive and the housing market continues to strengthen.
- The increase in payroll and other taxes agreed at the start of the year will hold down GDP growth.

Contributions to growth



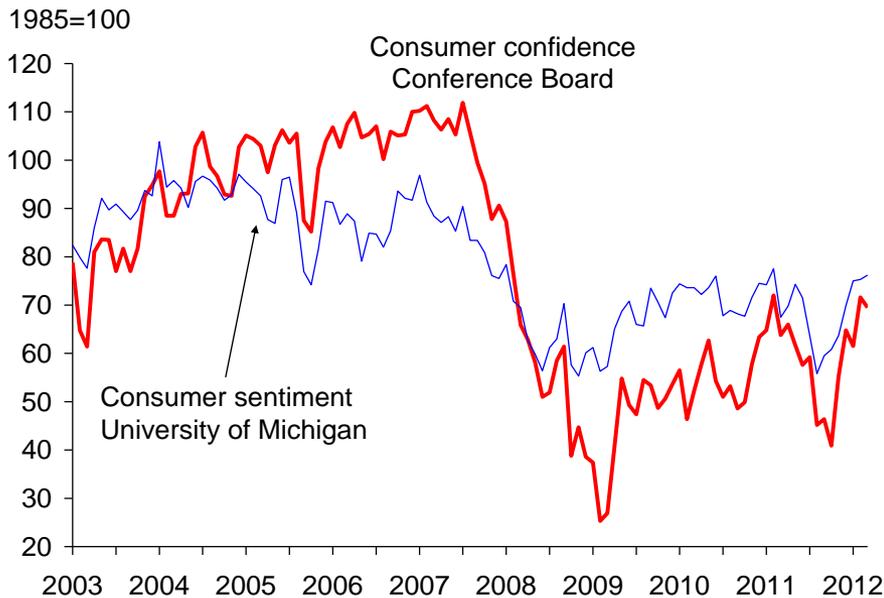
Consumption and investment



Consumer confidence is improving

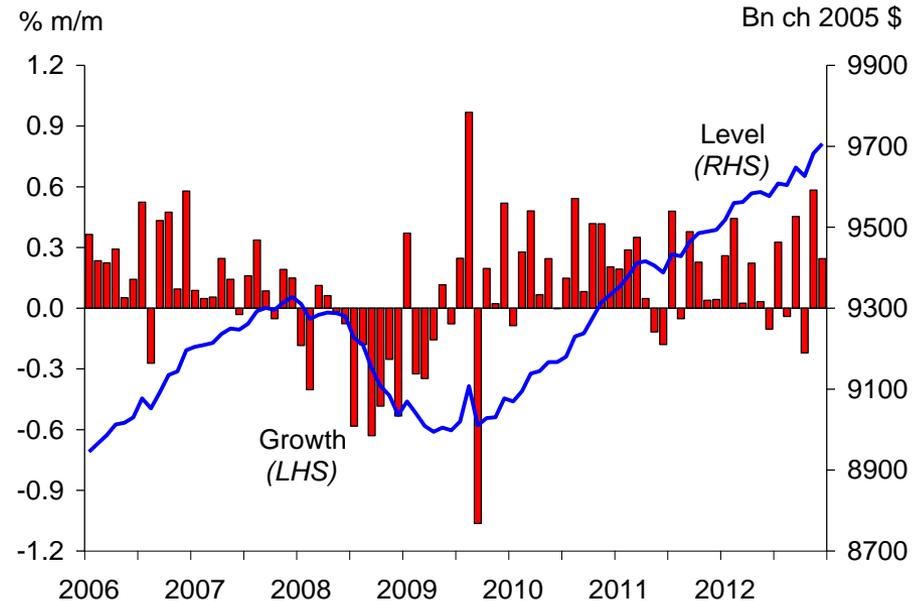
- While consumer confidence is improving, growth in consumers' expenditures has been mixed. Consumers are contending with an increase in payroll taxes and concerns about federal spending cuts that may hold back economic expansion. Still, the job gains combined with improving household wealth may be enough to bolster Americans' faith in the economy and promote consumption.

Consumer attitudes



Source: Conference Board, University of Michigan

Consumers' expenditure

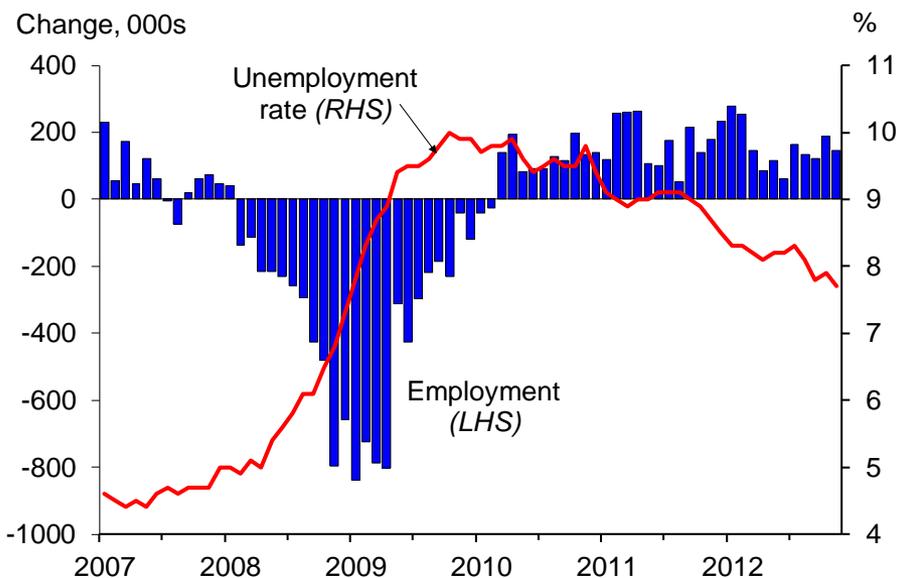


Source: BEA

Modestly improving labor market

- U.S. economy managed one of the best months for job gains in the past year in February, driving the unemployment rate to its lowest level in more than four years.
- While positive news, U.S. non-farm payrolls are still 3 million jobs shy of their pre-recession highs.

Private payrolls and the unemployment rate



Source : Bureau of Labor Statistics

Weekly unemployment claims

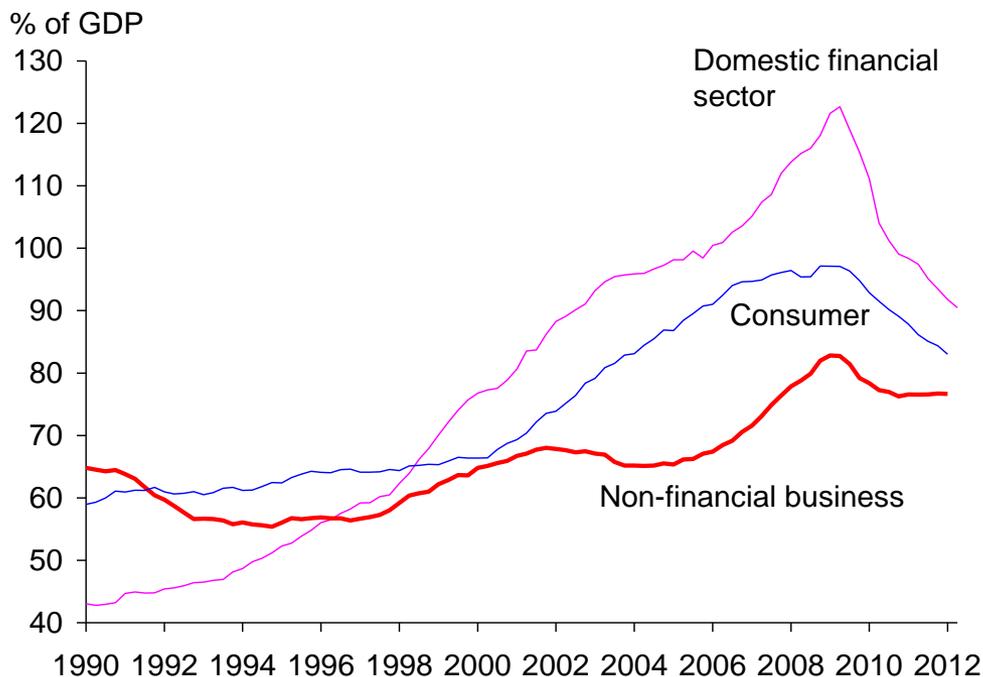


Source: Employment and Training Administration

And deleveraging close to an end...

- Household deleveraging has progressed at a strong but orderly pace since the crisis, with more progress than in most of the other advanced economies.
- Consumer debt ratio is at its lowest since 2004, which coupled with low interest rates means that the share of household incomes absorbed by debt servicing is close to a 30-year low.

US: Sectoral indebtedness

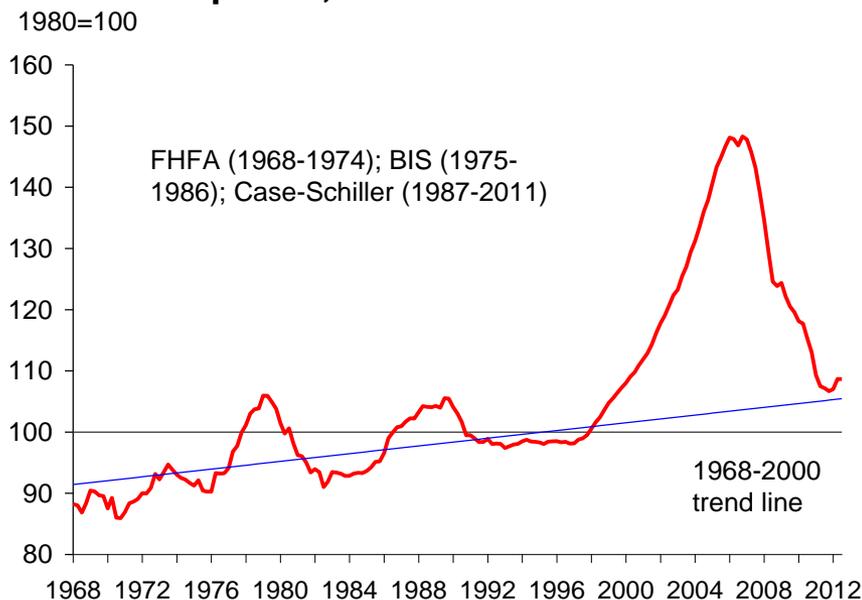


Source: Haver Analytics

Housing no longer drag on growth...

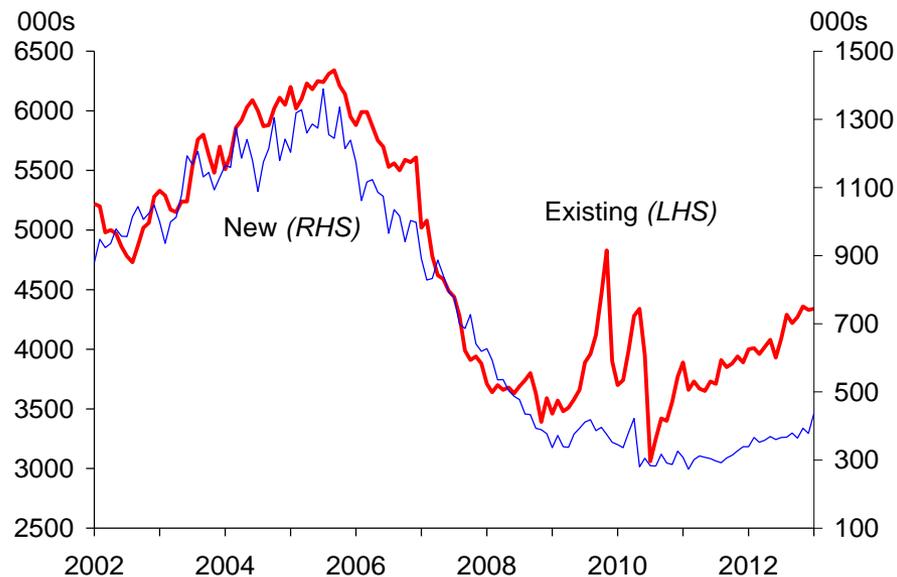
- Existing home sales are up 12.8% over last year and home prices have risen for 10 months in a row, albeit from historically low levels. We expect residential investment to contribute 0.2% points to GDP growth this year and 0.3% next.
- With home prices firming, builders' confidence is improving and wealth effects are accruing to households.

US: House prices, in real terms



Source : Oxford Economics/Haver Analytics

US: Single-family home sales

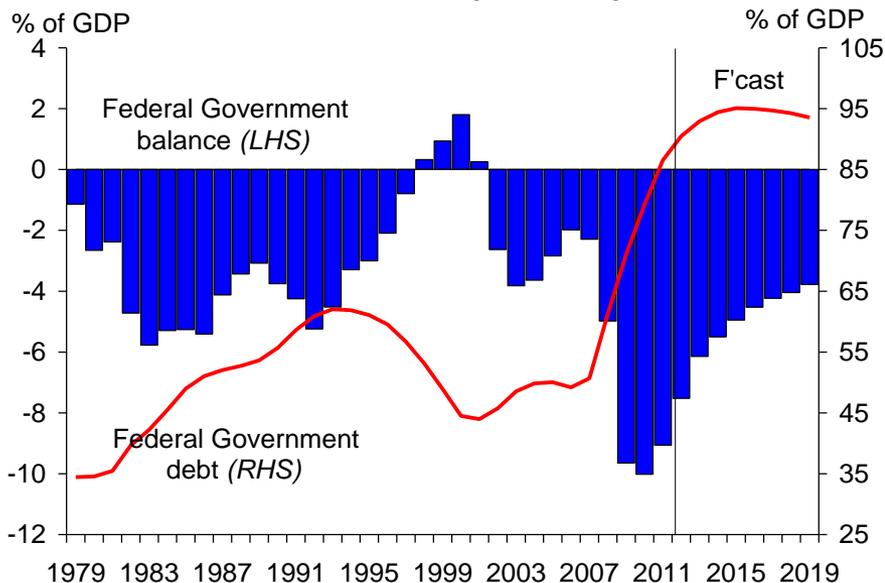


Source: Census Bureau, NAR/Haver Analytics

US fiscal tightening will hold back 2013

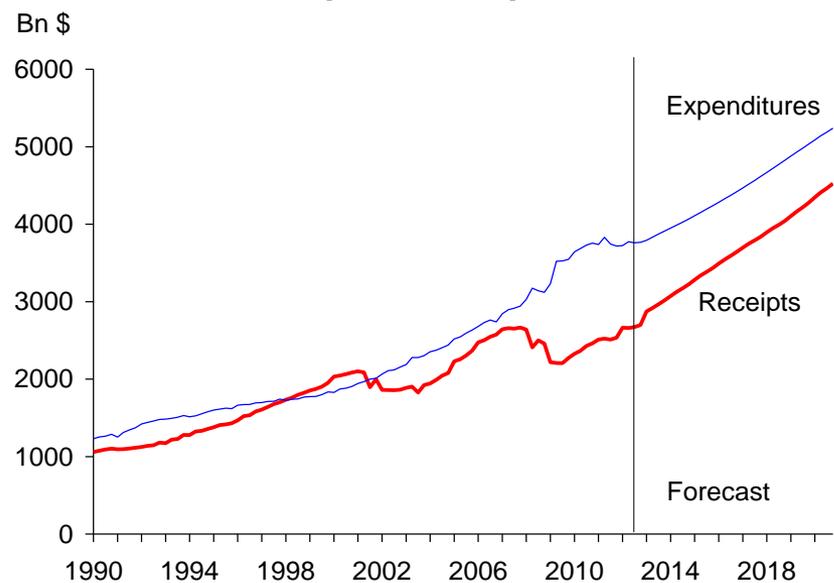
- In the near term, growth will be held back by tightening fiscal policy. The Tax Relief Act, which averted the 'fiscal cliff', implies a discretionary fiscal tightening of about 1.5% of GDP this year as payroll and other taxes increase, and this has led to a temporary deterioration in consumer confidence. But the shift to tighter fiscal policy is occurring at a time private demand is strengthening.

US: Government balance (Federal)



Source: Oxford Economics

US: Federal receipts and expenditures



Source: Oxford Economics

Oxford Forecast Scenarios

Policy mistakes

● Disorderly unwinding of QE (5%)

- Growth initially surprises on the upside
- Inflation starts rising. Central banks accommodate, keeping QE programmes untouched
- Inflation scare in bond markets. Rates rise
- Central banks respond with very sharp unwinding of QE

● Eurozone exits (15%)

- Fiscal austerity in peripheral countries becomes unbearable.
 - No growth pushes unemployment yet higher. Pro-exit parties gain popularity.
 - No real progress on banking and fiscal union.
 - Run on banks, debt defaults
 - 6 countries exit Eurozone in 2014Q1.

● Faster upturns in US & EMs (15%)

- Resolution of outstanding fiscal issues encourages investment and hiring in the US.
- Momentum in EMs builds as trade picks up and accommodating policy feeds through
- Business and consumer confidence rise as conditions improve.

● Oxford forecast (60%)

- Steps to ensure Eurozone survival are taken, though not a kick start to growth
- Risk premia fall, and consumer and business confidence gradually recover
- Recovery limited by public and private deleveraging and weak job growth
- EMs robust as policy eases and growing middle class support consumer spending and trade

Corporate stress

County Results



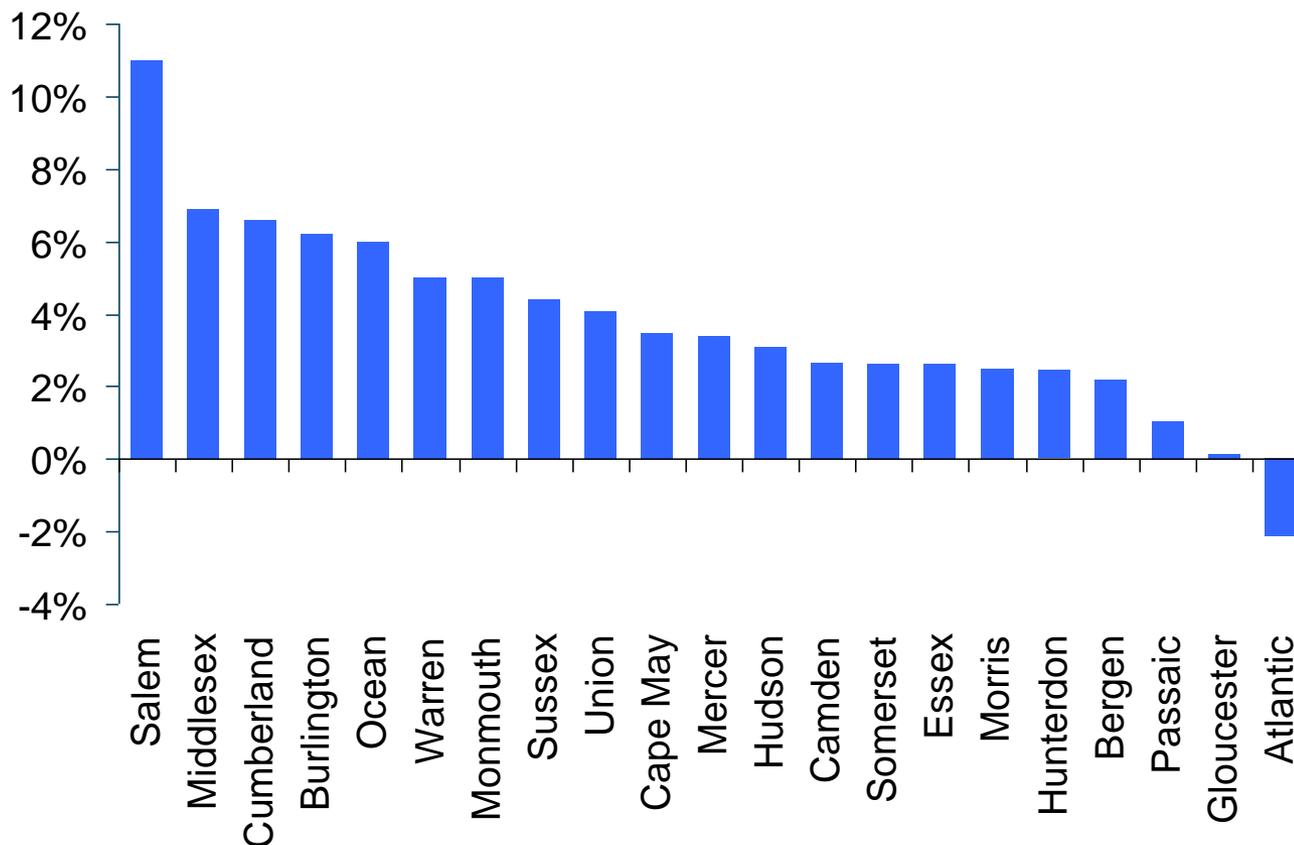
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County growth in tourism sales

Growth in Tourism Industry Sales

2012, % change



Source : Tourism Economics

External factors affecting county performance

- Shore counties performance affected by external factors:
 - Mild winter supported tourism in early 2012
 - 2012 growth supported by 'extra' summer weekend in comparison to lost weekend due to Hurricane Irene in 2011
 - Lodging growth supported by rooms rented in the aftermath of Sandy
- Atlantic County spending fell due to casino win decline. Excluding the casino win decline, visitor spending grew 2.4%.

Tourism spending by county

Tourism Direct Sales				
(Millions of dollars)				
County	2010	2011	2012	Percent Change
New Jersey	\$34,577	\$36,775	\$37,755	2.7%
Atlantic County	\$7,627	\$7,760	\$7,594	-2.1%
Bergen County	\$2,274	\$2,508	\$2,562	2.2%
Burlington County	\$1,113	\$1,218	\$1,294	6.2%
Camden County	\$646	\$698	\$716	2.6%
Cape May County	\$4,727	\$5,067	\$5,241	3.4%
Cumberland County	\$265	\$297	\$317	6.6%
Essex County	\$2,655	\$2,915	\$2,991	2.6%
Gloucester County	\$334	\$360	\$360	0.2%
Hudson County	\$1,536	\$1,611	\$1,660	3.1%
Hunterdon County	\$251	\$276	\$283	2.4%
Mercer County	\$973	\$1,072	\$1,108	3.4%
Middlesex County	\$1,700	\$1,882	\$2,012	6.9%
Monmouth County	\$1,901	\$1,990	\$2,089	5.0%
Morris County	\$1,607	\$1,764	\$1,808	2.5%
Ocean County	\$3,466	\$3,960	\$4,198	6.0%
Passaic County	\$450	\$498	\$503	1.0%
Salem County	\$124	\$161	\$178	11.0%
Somerset County	\$964	\$1,028	\$1,055	2.6%
Sussex County	\$443	\$481	\$502	4.4%
Union County	\$988	\$1,080	\$1,124	4.1%
Warren County	\$142	\$151	\$159	5.0%

Tourism spending by county: 2011

Tourism Direct Sales						
(Millions of dollars)						
County	Lodging	Food & beverage	Retail	Recreation	Transport	Total
2011						
New Jersey	11,351.1	8,416.8	6,567.1	4,234.4	6,205.9	36,775.4
Atlantic County	4,732.9	1,203.7	931.8	368.9	522.7	7,759.9
Bergen County	410.0	715.5	532.8	343.1	506.6	2,508.1
Burlington County	164.8	318.5	268.4	149.0	317.2	1,217.9
Camden County	76.3	183.6	158.0	108.0	171.6	697.6
Cape May County	2,119.8	1,112.4	869.2	585.2	380.1	5,066.7
Cumberland County	41.5	73.7	70.4	30.1	81.3	297.0
Essex County	287.3	482.3	340.3	229.6	1,575.9	2,915.4
Gloucester County	35.0	106.7	84.6	46.0	87.5	359.8
Hudson County	340.2	477.5	345.6	225.1	222.4	1,610.8
Hunterdon County	32.2	64.7	59.3	42.4	77.4	276.0
Mercer County	183.5	297.4	233.0	148.2	209.7	1,071.8
Middlesex County	284.5	513.0	431.5	234.0	418.8	1,881.7
Monmouth County	419.6	502.5	373.3	426.0	268.7	1,990.0
Morris County	365.3	464.7	334.5	279.0	320.5	1,764.0
Ocean County	1,298.5	931.6	764.2	526.6	439.4	3,960.4
Passaic County	58.5	162.1	123.3	68.1	86.2	498.1
Salem County	17.0	33.6	36.6	15.4	58.0	160.6
Somerset County	197.2	296.6	234.6	165.0	134.9	1,028.3
Sussex County	99.7	125.3	101.7	72.8	81.0	480.5
Union County	165.8	317.7	243.1	152.6	200.4	1,079.7
Warren County	21.4	33.8	31.0	19.3	45.7	151.2

Tourism spending by county: 2012

Tourism Direct Sales						
(Millions of dollars)						
County	Lodging	Food & beverage	Retail	Recreation	Transport	Total
2012						
New Jersey	11,401.8	8,615.0	6,682.4	4,251.6	6,804.0	37,754.9
Atlantic County	4,429.5	1,244.5	959.0	375.3	585.7	7,594.1
Bergen County	426.1	713.1	529.3	335.4	558.5	2,562.4
Burlington County	180.6	329.2	275.8	149.6	358.4	1,293.6
Camden County	83.0	183.4	156.5	105.4	187.6	716.0
Cape May County	2,232.7	1,130.0	879.9	588.3	410.5	5,241.4
Cumberland County	45.2	76.3	72.5	30.6	92.0	316.6
Essex County	309.6	484.5	337.7	224.9	1,634.9	2,991.5
Gloucester County	35.4	104.1	82.0	43.9	94.9	360.3
Hudson County	360.0	485.1	348.9	222.6	243.7	1,660.3
Hunterdon County	33.2	64.5	58.8	41.3	84.8	282.7
Mercer County	193.5	299.4	233.6	145.9	235.9	1,108.2
Middlesex County	313.5	538.1	441.7	235.7	482.6	2,011.5
Monmouth County	436.8	525.7	390.0	438.8	297.9	2,089.2
Morris County	387.3	462.8	331.3	273.5	353.1	1,807.9
Ocean County	1,334.1	994.8	811.3	553.3	504.6	4,198.0
Passaic County	60.6	160.9	121.6	66.1	94.2	503.3
Salem County	19.9	35.2	38.3	15.9	68.9	178.2
Somerset County	210.7	299.5	235.4	162.8	147.1	1,055.3
Sussex County	108.2	126.8	102.3	72.0	92.2	501.6
Union County	180.5	322.3	245.2	151.3	224.3	1,123.5
Warren County	21.6	34.8	31.3	19.1	52.0	158.8

Tourism employment by county

Direct Tourism Employment				
County	2010	2011	2012	Percent Change
New Jersey	310,326	312,369	318,560	2.0%
Atlantic County	61,580	59,659	62,435	4.7%
Bergen County	24,207	24,680	24,408	-1.1%
Burlington County	14,058	14,188	14,559	2.6%
Camden County	8,146	8,192	8,117	-0.9%
Cape May County	23,990	23,847	24,464	2.6%
Cumberland County	3,029	3,107	3,226	3.8%
Essex County	20,655	21,065	21,009	-0.3%
Gloucester County	4,453	4,512	4,482	-0.7%
Hudson County	16,794	16,796	16,898	0.6%
Hunterdon County	2,625	2,712	2,777	2.4%
Mercer County	11,022	11,162	11,141	-0.2%
Middlesex County	19,986	20,384	21,304	4.5%
Monmouth County	19,642	19,798	20,289	2.5%
Morris County	19,298	19,988	19,896	-0.5%
Ocean County	24,026	24,643	26,101	5.9%
Passaic County	5,390	5,508	5,444	-1.2%
Salem County	1,429	1,506	1,600	6.3%
Somerset County	10,892	11,070	11,028	-0.4%
Sussex County	5,934	6,098	6,084	-0.2%
Union County	11,498	11,777	12,067	2.5%
Warren County	1,674	1,676	1,693	1.0%

Tourism employment impact by county

Tourism Impacts by County				
County	Tourism Employment: Direct Impact	Direct Share of Total Employment	Tourism Employment: Total Impact	Total Share of Total Employment
New Jersey	318,560	7.3%	503,007	11.6%
Atlantic County	62,435	42.0%	79,322	53.4%
Bergen County	24,408	4.4%	43,168	7.9%
Burlington County	14,559	6.4%	22,559	10.0%
Camden County	8,117	3.7%	15,086	6.8%
Cape May County	24,464	47.1%	34,106	65.6%
Cumberland County	3,226	5.8%	5,354	9.5%
Essex County	21,009	5.6%	37,662	10.0%
Gloucester County	4,482	4.3%	7,789	7.5%
Hudson County	16,898	6.3%	28,387	10.6%
Hunterdon County	2,777	4.3%	4,777	7.3%
Mercer County	11,141	5.1%	21,013	9.6%
Middlesex County	21,304	4.9%	37,298	8.6%
Monmouth County	20,289	6.5%	31,106	10.0%
Morris County	19,896	5.8%	33,246	9.7%
Ocean County	26,101	13.4%	36,752	18.8%
Passaic County	5,444	2.7%	11,420	5.7%
Salem County	1,600	7.1%	2,543	11.2%
Somerset County	11,028	5.3%	19,519	9.4%
Sussex County	6,084	11.7%	7,921	15.3%
Union County	12,067	4.7%	21,466	8.4%
Warren County	1,693	4.3%	2,978	7.5%

County employment shares are comparisons against total county private employment (BEA)

Tourism tax impact by county

Tourism Tax Impacts by County				
State and Local Tax Receipts (millions)				
	2011	2012	Percent Change	Share of State
New Jersey	\$4,415.8	\$4,490.4	1.7%	100.0%
Atlantic County	\$850.5	\$835.5	-1.8%	18.6%
Bergen County	\$348.8	\$354.1	1.5%	7.9%
Burlington County	\$153.5	\$160.9	4.8%	3.6%
Camden County	\$100.9	\$101.7	0.8%	2.3%
Cape May County	\$474.0	\$481.1	1.5%	10.7%
Cumberland County	\$37.1	\$38.4	3.5%	0.9%
Essex County	\$335.2	\$339.0	1.1%	7.5%
Gloucester County	\$54.2	\$53.4	-1.4%	1.2%
Hudson County	\$205.6	\$212.0	3.1%	4.7%
Hunterdon County	\$38.7	\$38.9	0.5%	0.9%
Mercer County	\$144.0	\$144.9	0.6%	3.2%
Middlesex County	\$261.7	\$278.3	6.4%	6.2%
Monmouth County	\$258.0	\$269.1	4.3%	6.0%
Morris County	\$243.6	\$248.5	2.0%	5.5%
Ocean County	\$425.3	\$433.6	1.9%	9.7%
Passaic County	\$84.0	\$82.7	-1.5%	1.8%
Salem County	\$18.4	\$19.5	6.1%	0.4%
Somerset County	\$149.0	\$153.5	3.0%	3.4%
Sussex County	\$57.8	\$58.5	1.1%	1.3%
Union County	\$153.2	\$158.3	3.3%	3.5%
Warren County	\$22.3	\$22.6	1.4%	0.5%

Methodology and Background



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Methods and data sources

- Domestic visitor expenditure estimates are provided by DK Shifflet representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).
- Tourism Economics then adjusts these levels of spending based on a range of known measures of tourism activity:
 - Overseas visitor spending (source: OTTI, TE)
 - Canada visitor spending (source: Statistics Canada, TE)
 - Bed tax receipts (source: State of NJ, Department of Treasury)
 - Spending on air travel which accrues to all airports and locally-based airlines
 - Gasoline purchases by visitors (source: TE calculation)
 - Smith Travel Research data on hotel revenues
 - Construction Value by McGraw-Hill Construction
 - Industry data on employment, wages, GDP, and sales (source: BEA, BLS, Census)
 - Previous research on the economic impact of NJ tourism

Methods and data sources

- An IMPLAN model was compiled for the State of New Jersey. This 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.
- All results are benchmarked and cross-checked and adjusted based on the following:
 - US Bureau of Labor Statistics and Bureau of Economic Analysis (employment and wages by industry)
 - US Census (business sales by industry)
- The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. All employment rankings are based on Bureau of Labor Statistics (ES202/QCEW) data.

Selected recent economic impact clients

Associations / Companies

Center for Exhibition Industry Research (Economic Impact of Visa Restrictions)

DMAI (Event Impact Calculator for 80 CVBs)

US Travel Association (Impact of travel promotion)

InterContinental Hotels

States

California

Georgia

Maryland

New York

North Carolina

Ohio

Pennsylvania

Wisconsin

Cities

Baltimore, MD

Columbus, OH

Kansas City, MO

London, United Kingdom

New York City

Omaha, NE

Orlando, FL

Philadelphia, PA

Pittsburgh, PA

Rockford, IL

Countries / Provinces

Bahamas

Bermuda

Cayman Islands

Dubai

Ontario Canada

St. Lucia

United Kingdom



About Tourism Economics

- Tourism Economics, headquartered in Philadelphia, is an Oxford Economics company dedicated to providing high value, robust, and relevant analyses of the tourism sector that reflects the dynamics of local and global economies. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, project feasibility analysis, tourism forecasting models, tourism policy analysis, and economic impact studies.
- Our staff have worked with over 100 destinations to quantify the economic value of tourism, forecast demand, guide strategy, or evaluate tourism policies.
- Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics is founded on a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of 80 highly-experienced professional economists; a dedicated data analysis team; global modeling tools; close links with Oxford University, and a range of partner institutions in Europe, the US and in the United Nations Project Link.
- For more information: info@tourismeconomics.com.