



The Strengthening of Tourism in New Jersey



2011 Market Performance and
Economic Impact



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Knowing the NJ Visitor



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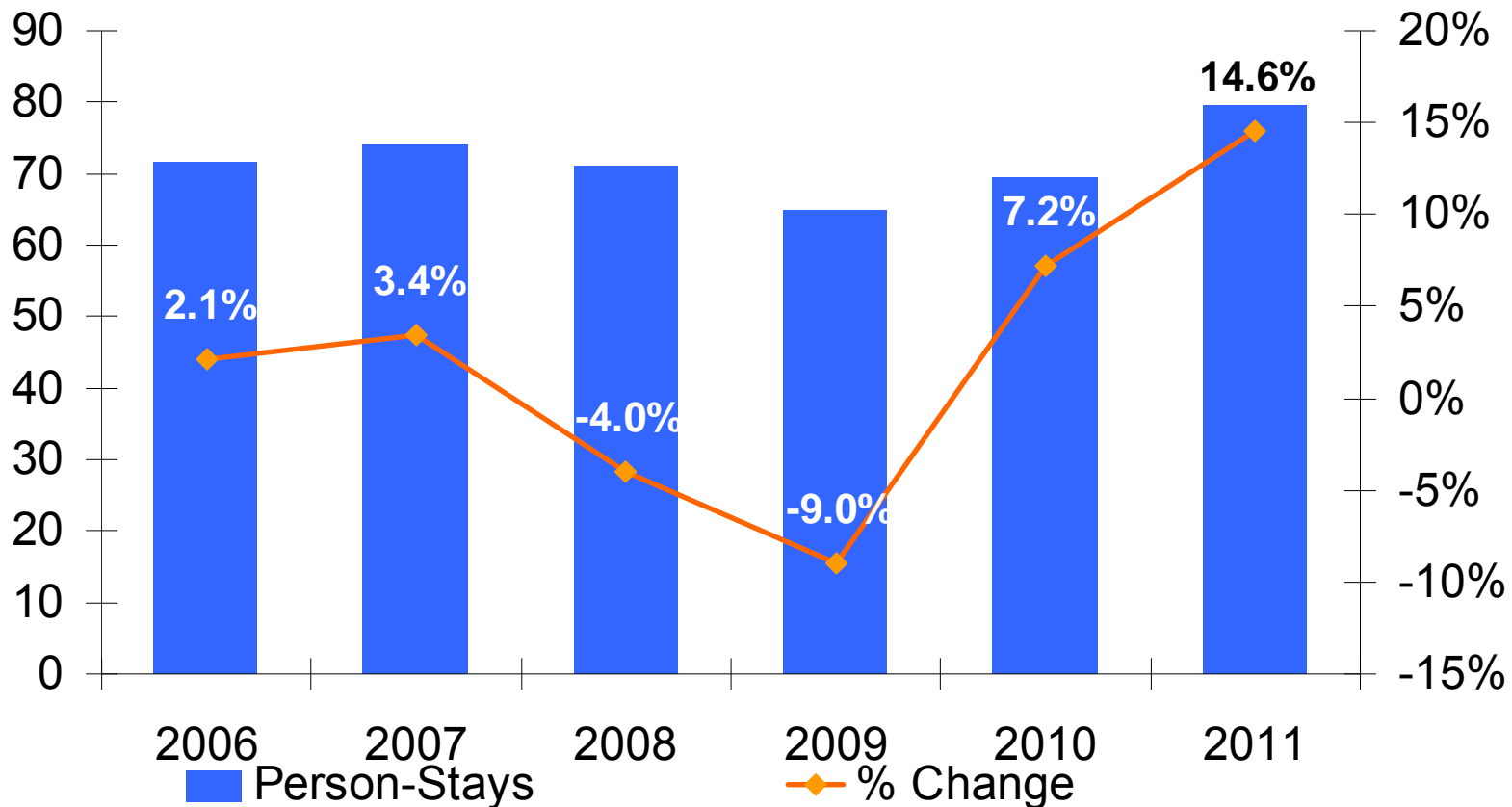
2011 market overview

- Double-digit increase in overnight leisure visits
- Gains across all regions
- Gambling participation reverses direction showing first increase in 5 years
- New Jersey gains market share of US
- New Jersey posts excellent (and improved) Destination Satisfaction ratings
- Compared to its competition, New Jersey visitors are older and have higher incomes

Domestic visitation... a new high

New Jersey Domestic Trip Volume

millions

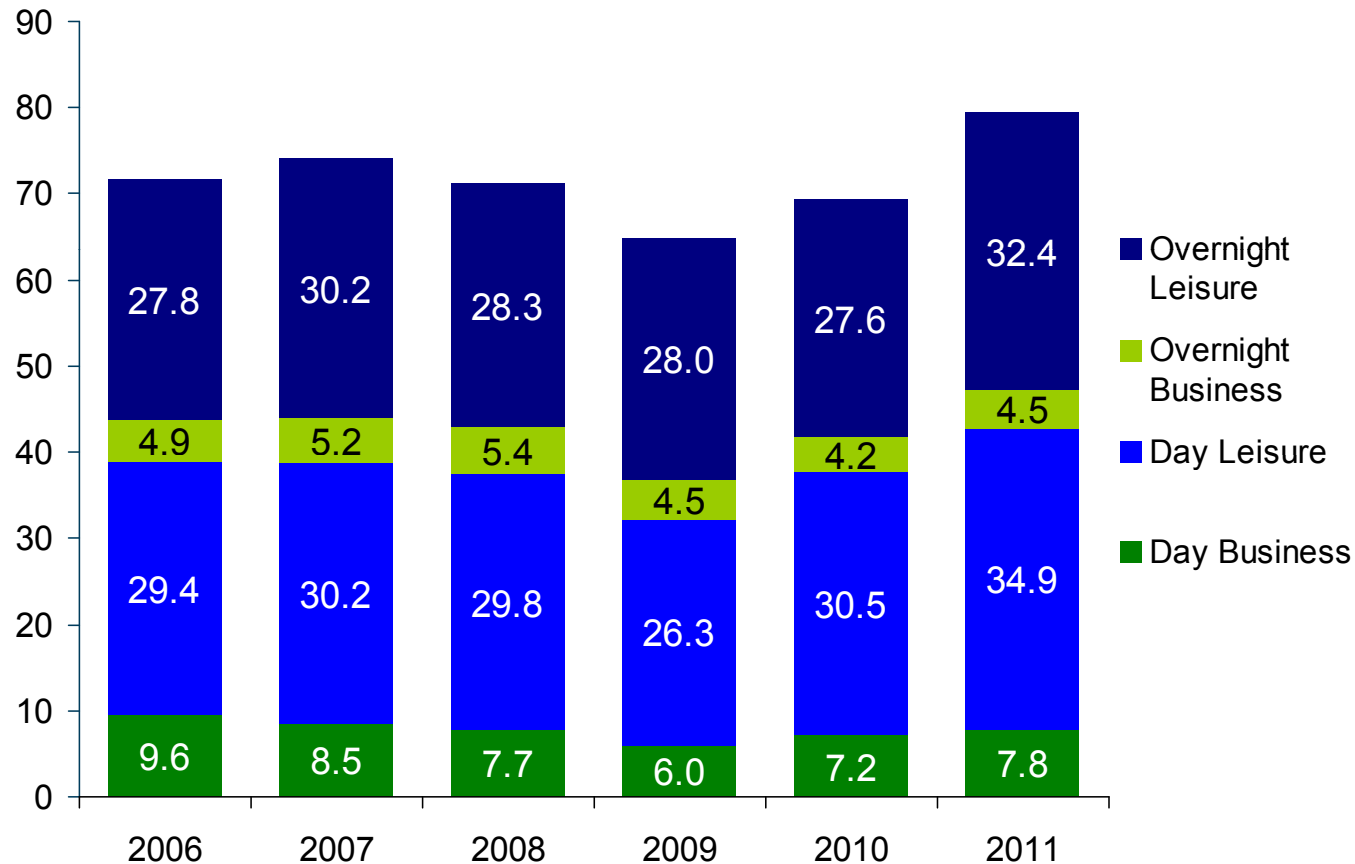


Source : Tourism Economics

Domestic visitation... by trip purpose

New Jersey Domestic Trip Volume

by Year, by trip purpose

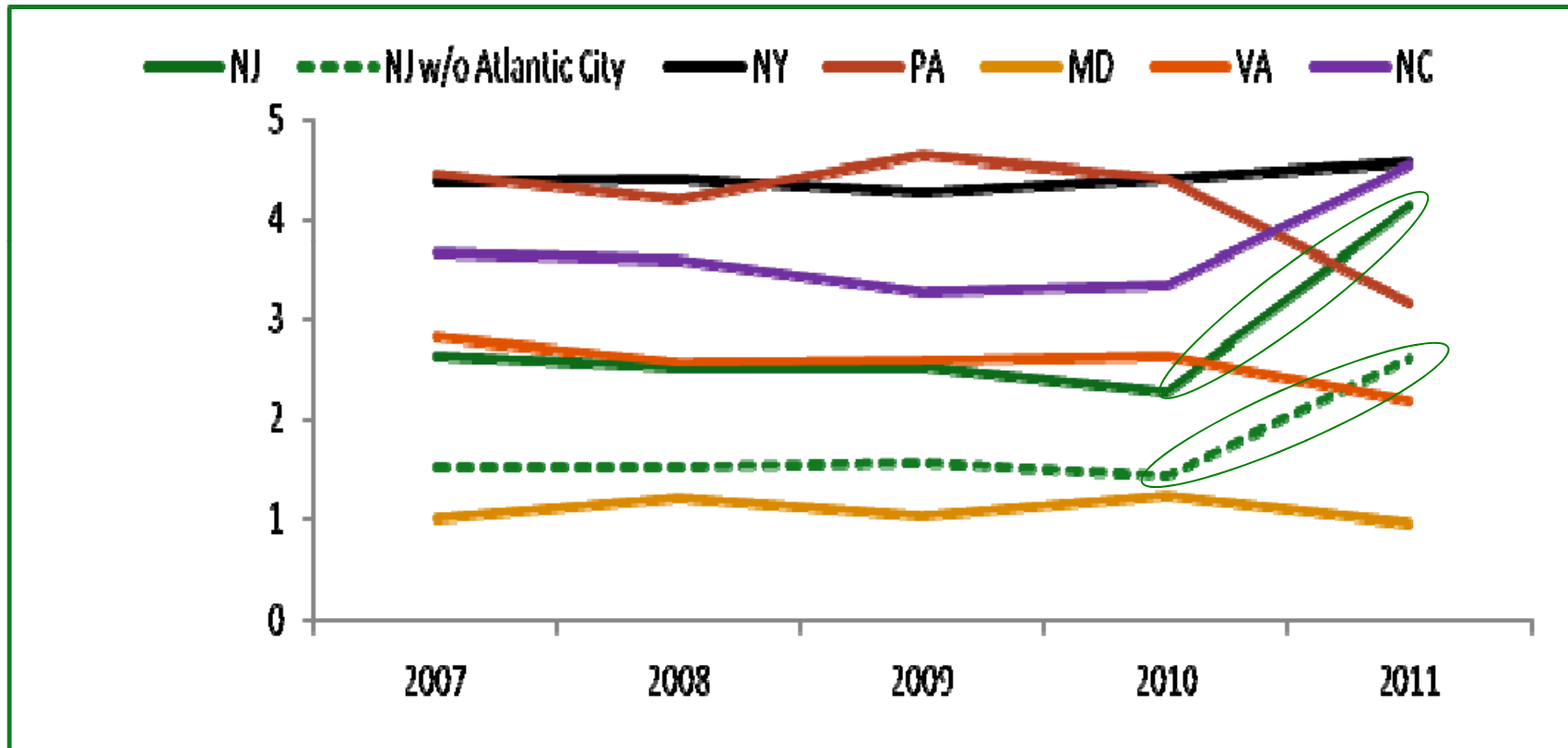


Source: Longwoods International, Tourism Economics, OTTI

NJ gains substantial share in 2011

Market Share

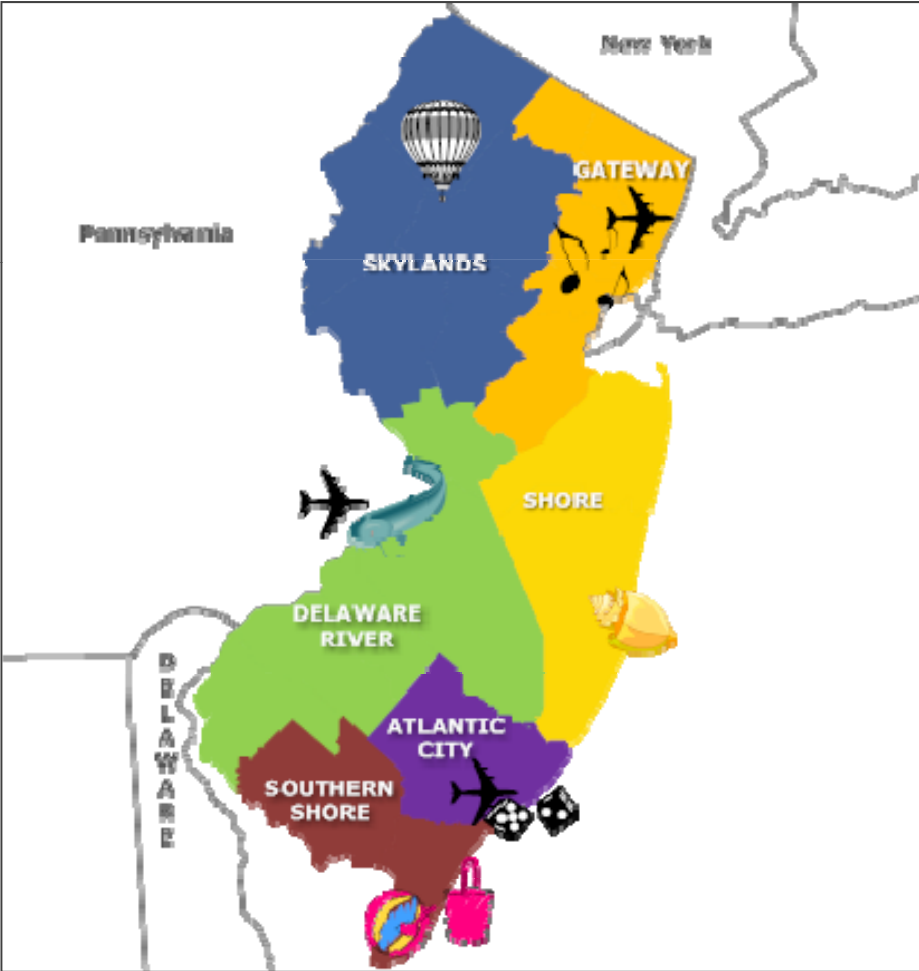
OVERNIGHT LEISURE PERSON-STAYS



Where do NJ visitors go?

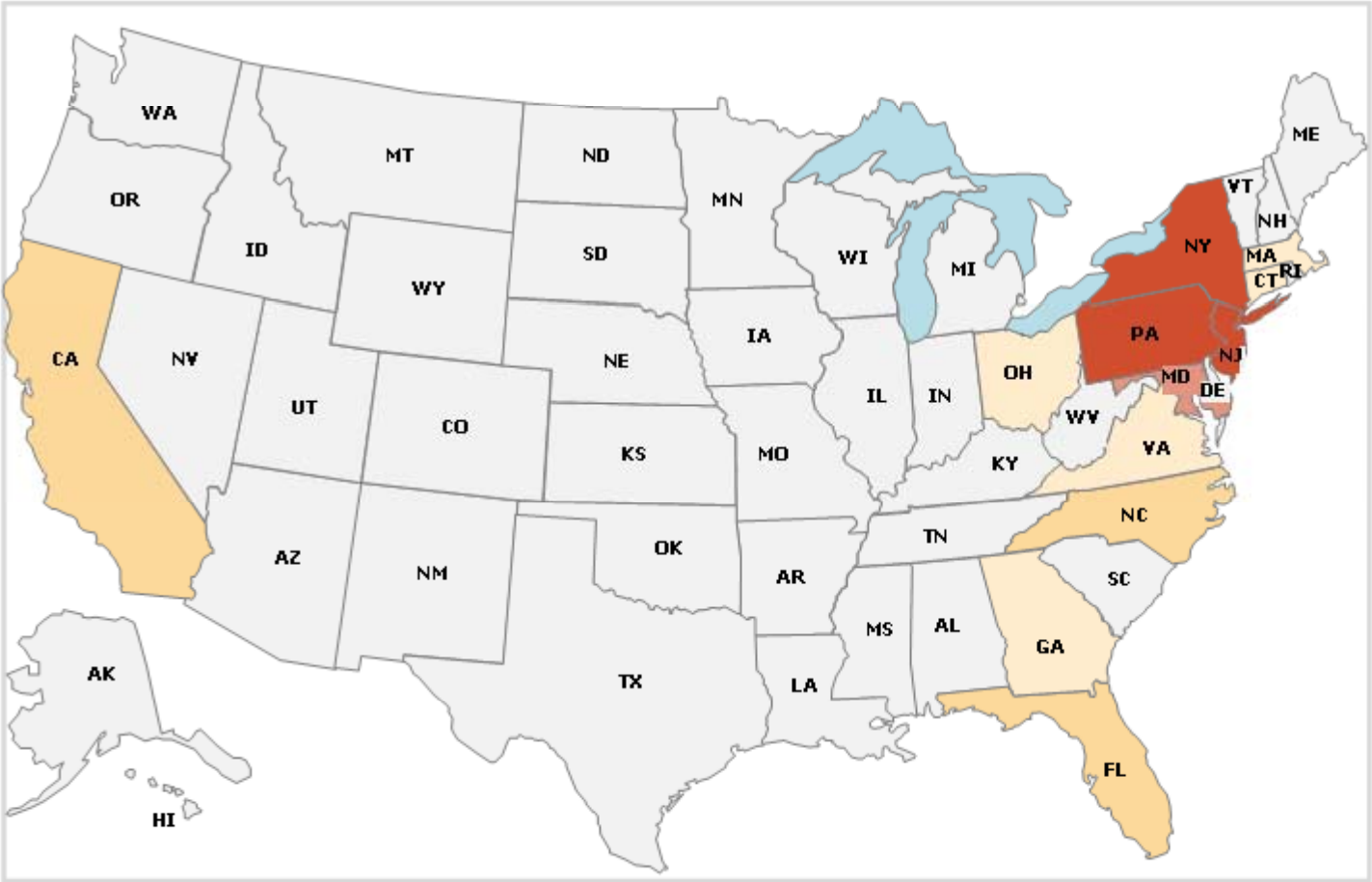
New Jersey Destination Regions

OVERNIGHT LEISURE SHARE OF PERSON-STAYS



Greater Atlantic City	39.4%
Gateway	18.9%
Southern Shore	18.8%
Shore	12.9%
Delaware River	5.1%
Skylands	5.0%

Where do NJ visitors come from?



Two-thirds of New Jersey visitors come from tri-state area

LEGEND

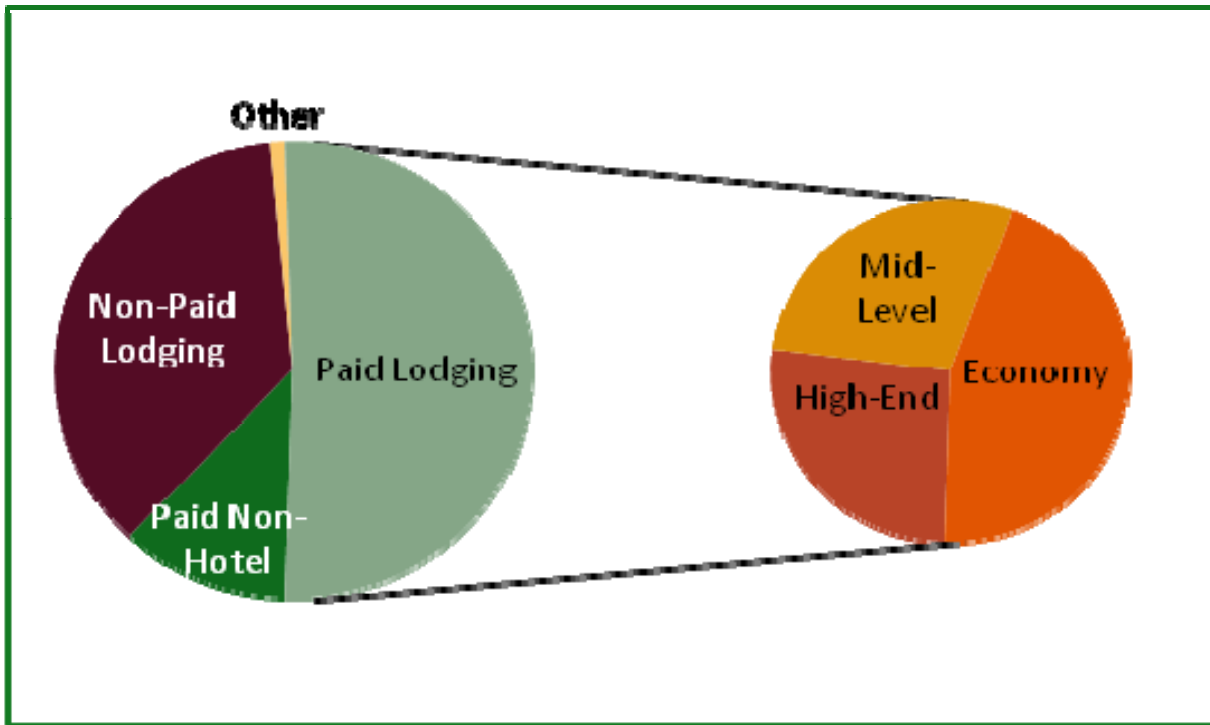
25.5% New York
20.9% New Jersey
15.1% Pennsylvania
5.3% Maryland
4.6% North Carolina
3.1% California
3.0% Florida
2.7% Virginia
2.4% Massachusetts
2.2% Ohio
2.1% Georgia
2.0% Connecticut

Chart 21 • Segment: 2011 Overnight Leisure Person-Stays (%) • New Jersey N = 1,110 household count

Where do NJ visitors stay?

New Jersey

OVERNIGHT LEISURE PERSON-STAYS



Importance of seasonal second homes

<i>Comparing Second Home and Hotel Markets</i>		
County	Units	\$ million
Cape May	50,089	\$ 1,845
Ocean	44,606	\$ 1,174
Atlantic	16,763	\$ 442
Monmouth	9,656	\$ 254
Sussex	2,695	\$ 42
Other	6,069	107
Total NJ second homes	129,878	3,863
Total NJ hotel rooms / revenue	98,451	\$ 2,372

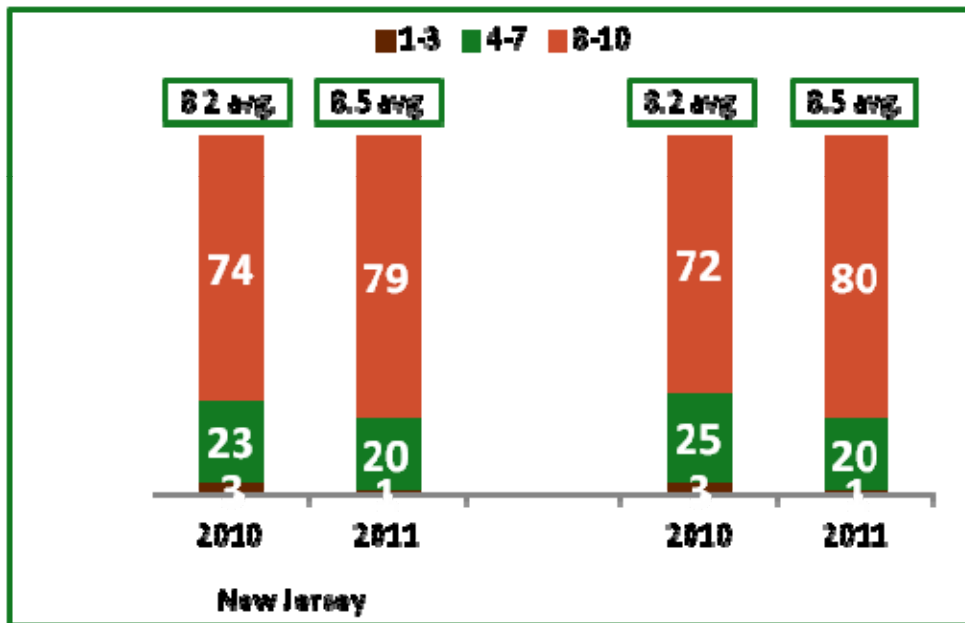
Second home data source: US Census

Hotel room and revenue data source: Smith Travel Research

How satisfied were NJ visitors?

Overall Satisfaction

OVERNIGHT LEISURE PERSON-STAYS



NJ visitors tend to be wealthier

DEMOGRAPHICS

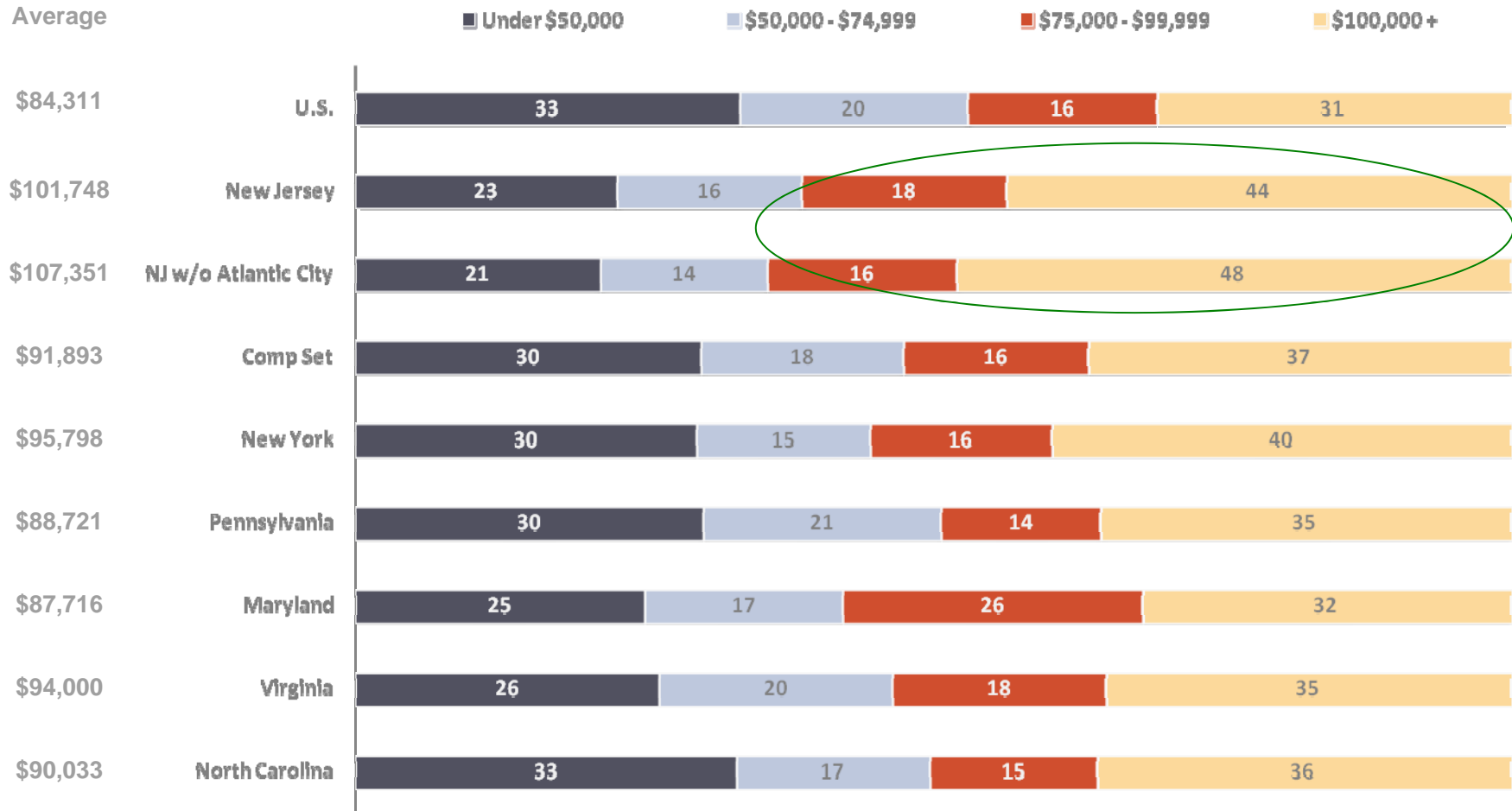


Chart 13 • Segment: 2011 Overnight Leisure Person-Stays (%) • New Jersey N = 1,112 household count

Summer generates half of NJ's tourism business

TRIP TIMING

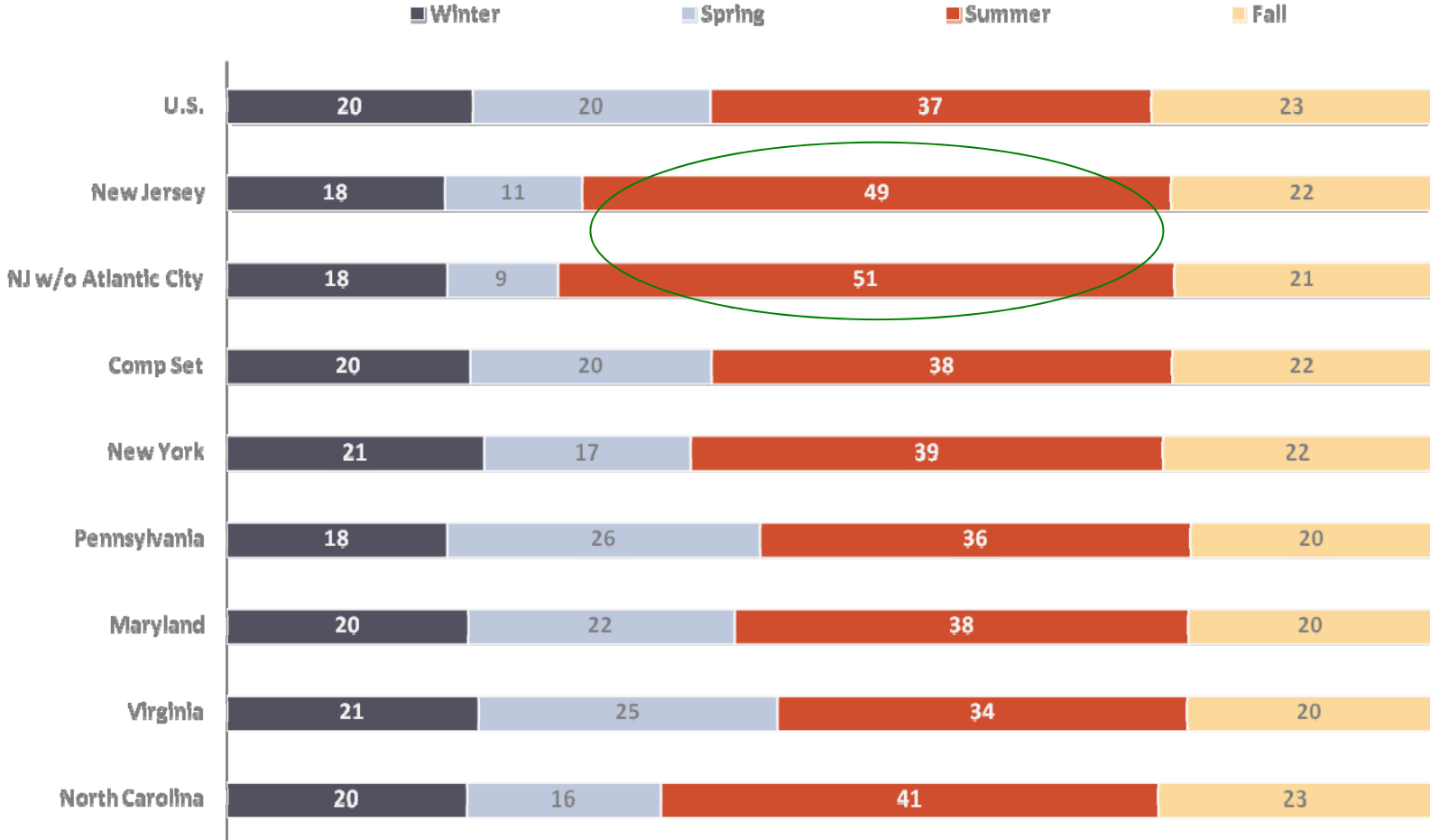


Chart 33 • Segment: 2009-2011 Overnight Leisure Person-Stays (%) • New Jersey N = 1,112 household count

NJ is the most romantic of the competition

Travel Party Composition

TRIP CHARACTERISTICS

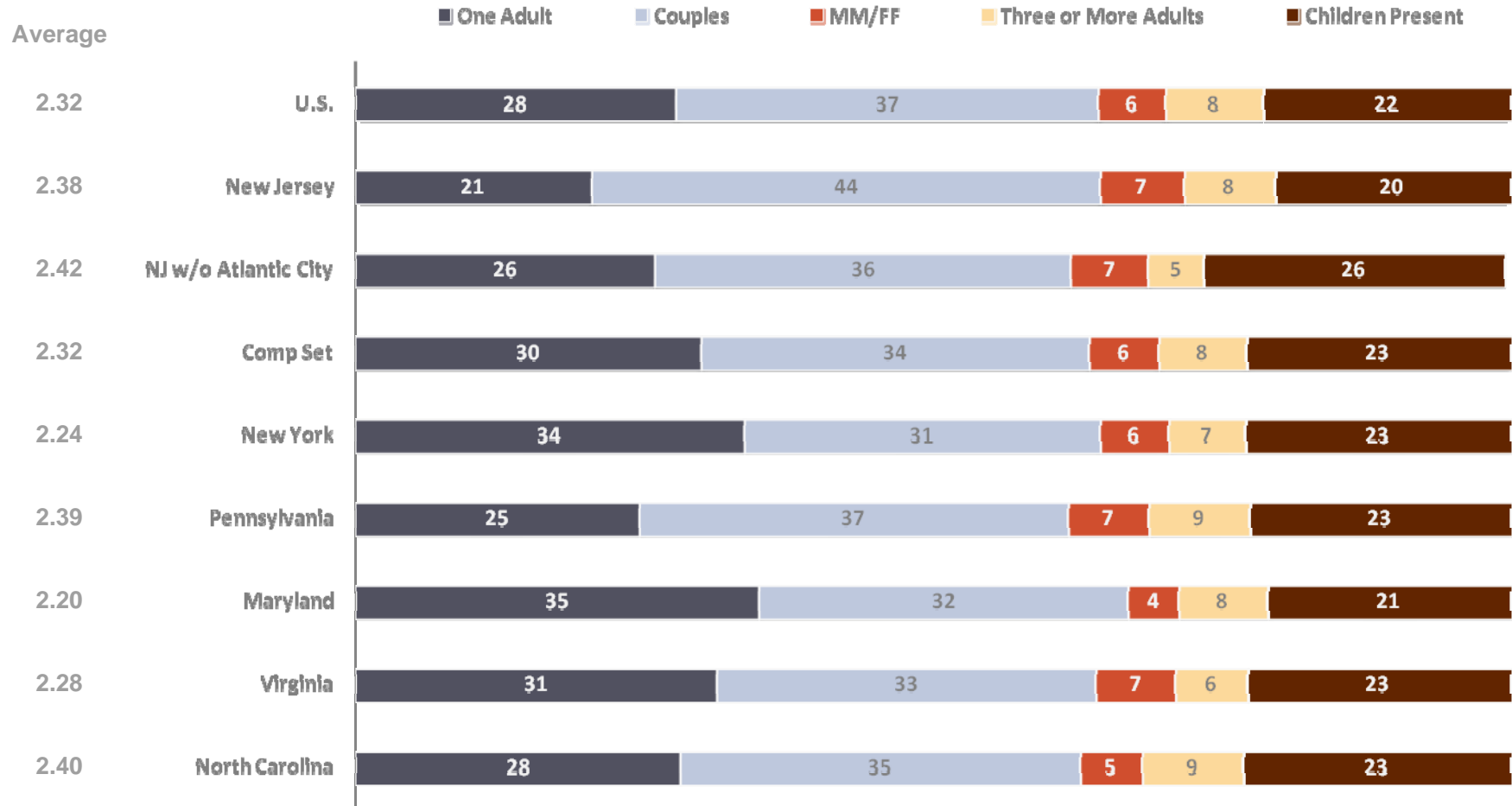
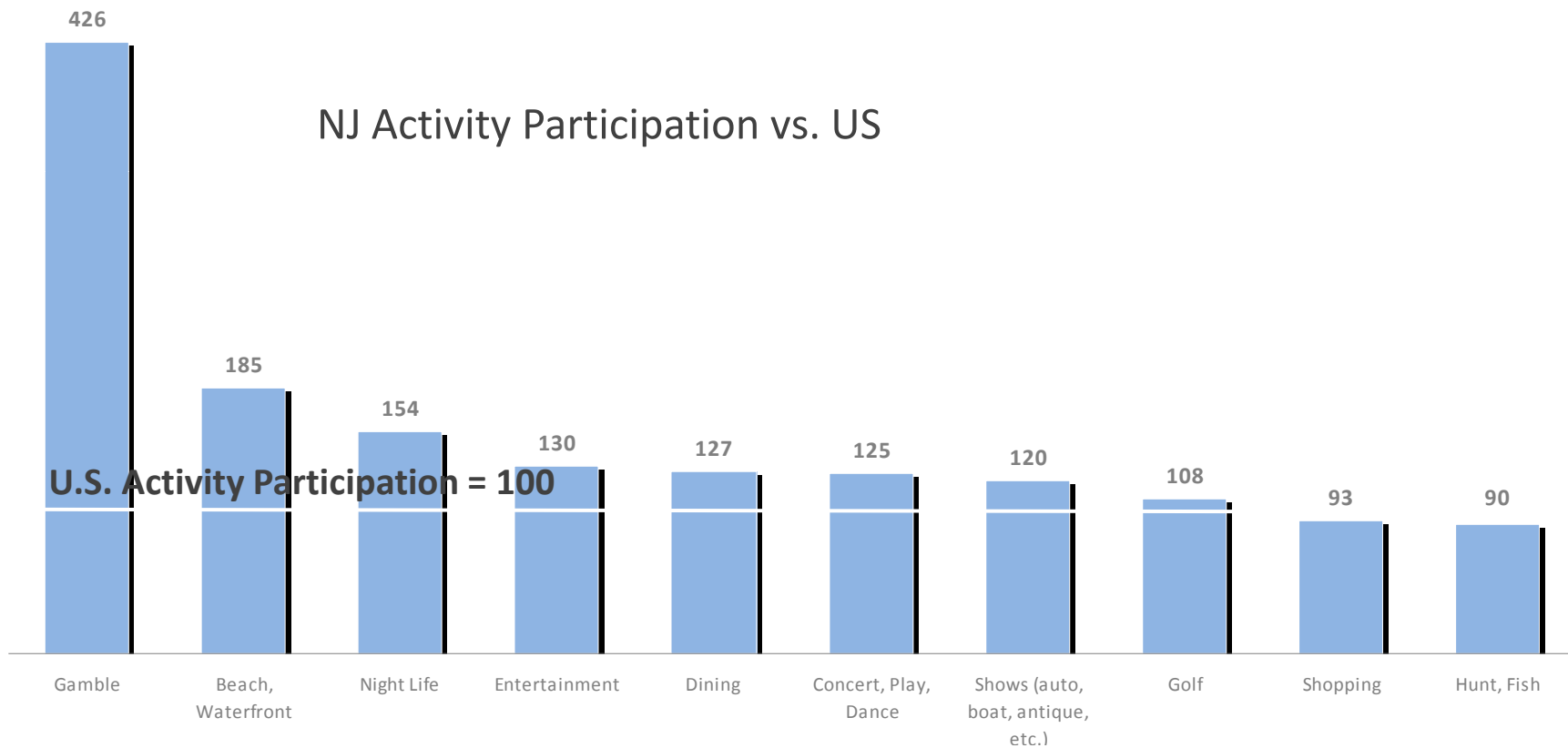


Chart 39 • Segment: 2011 Overnight Leisure Stays (%) • New Jersey N = 1,009 household count

NJ visitors are also more active than average

New Jersey Activity Index



The value of the visitor economy



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Benefits to business

- Tourism is an integral component of the New Jersey economy.
- The industry's spending recovery accelerated in 2011 with a 7.1% rise in visitor spending.
- In 2011, total tourism demand in the State of New Jersey tallied \$38 billion.
- Tourism demand has recovered the losses from the recession and is just shy of the all-time high reached in 2007.

Benefits to households and government

- Tourism spending directly supports 312,000 jobs in New Jersey and 486,000 jobs including indirect and induced impacts.
- These jobs representing 9.8% of total employment or 1 in 10.2 jobs in New Jersey.
- Including indirect and induced impacts, tourism in New Jersey generated \$4.4 billion in state and local taxes.
- In the absence of the state and local taxes generated by tourism, each NJ household would need to pay \$1,380 to maintain governmental revenues.

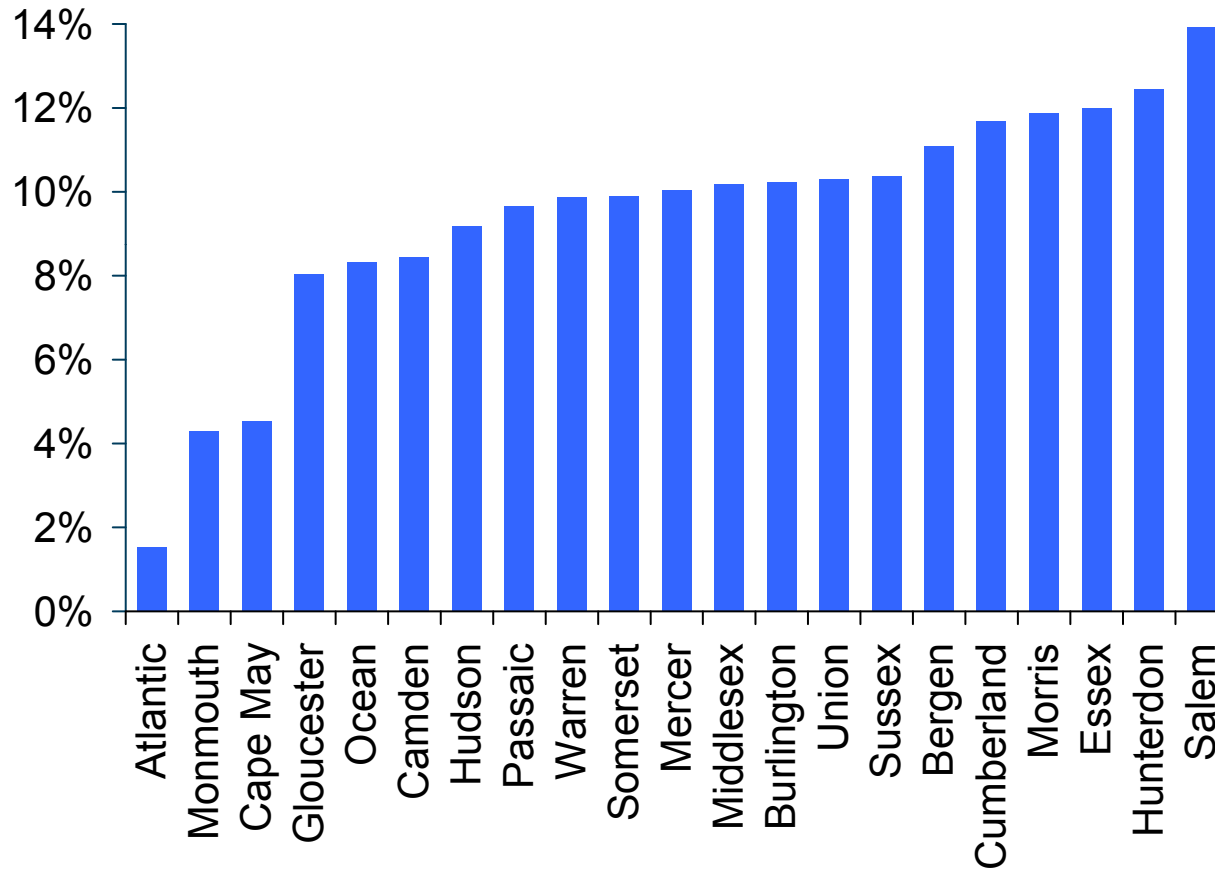
Industry indicators tell recovery story

- State bed tax grew 7.4% in 2011.
- Room demand grew 5.1% and an increasing average daily rate meant room revenue grew 6.9%.
- Average room rates in New Jersey grew to \$106.
- Tourism-related employment turned upward in 2011, growing 0.6% from the prior year.

Every county experienced growth

2011 Growth in Tourism Industry Sales

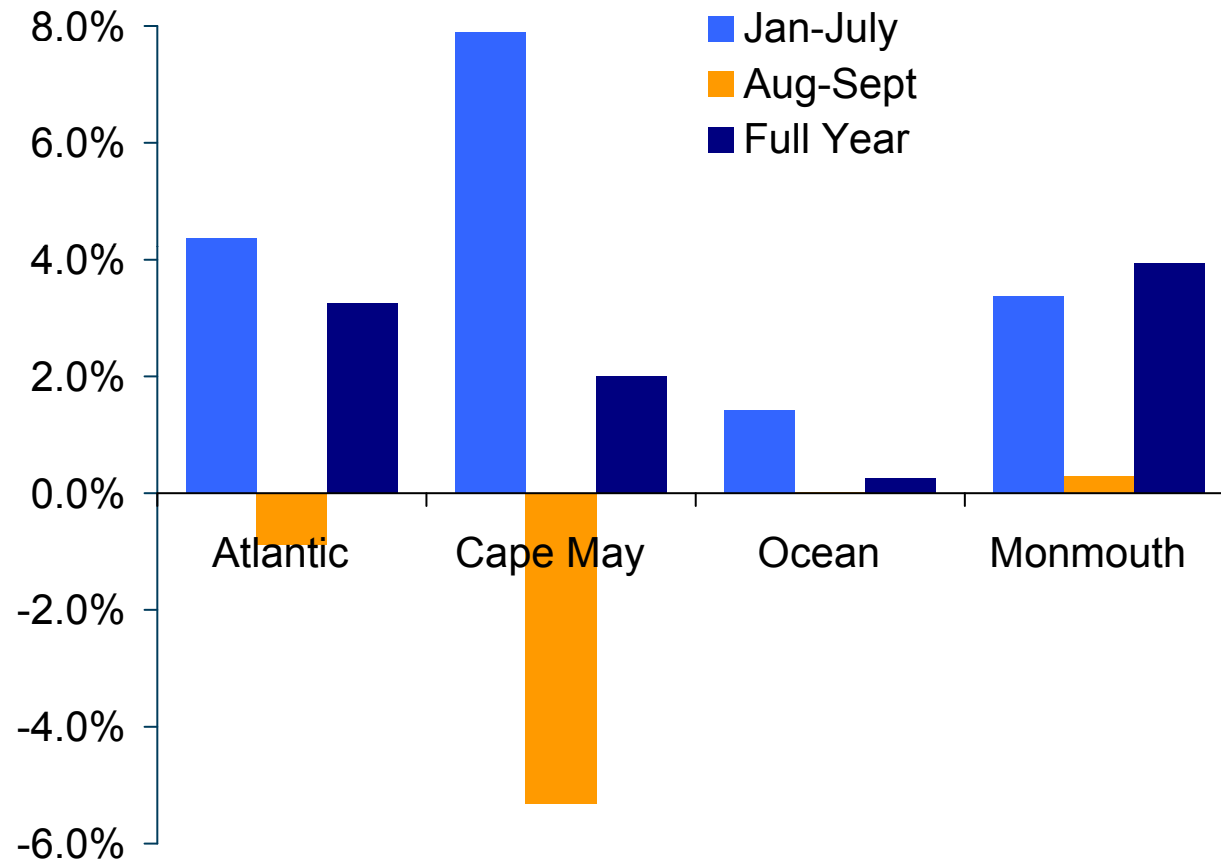
% change



Hurricanes hurt end of the shore season

State bed tax receipts

% change

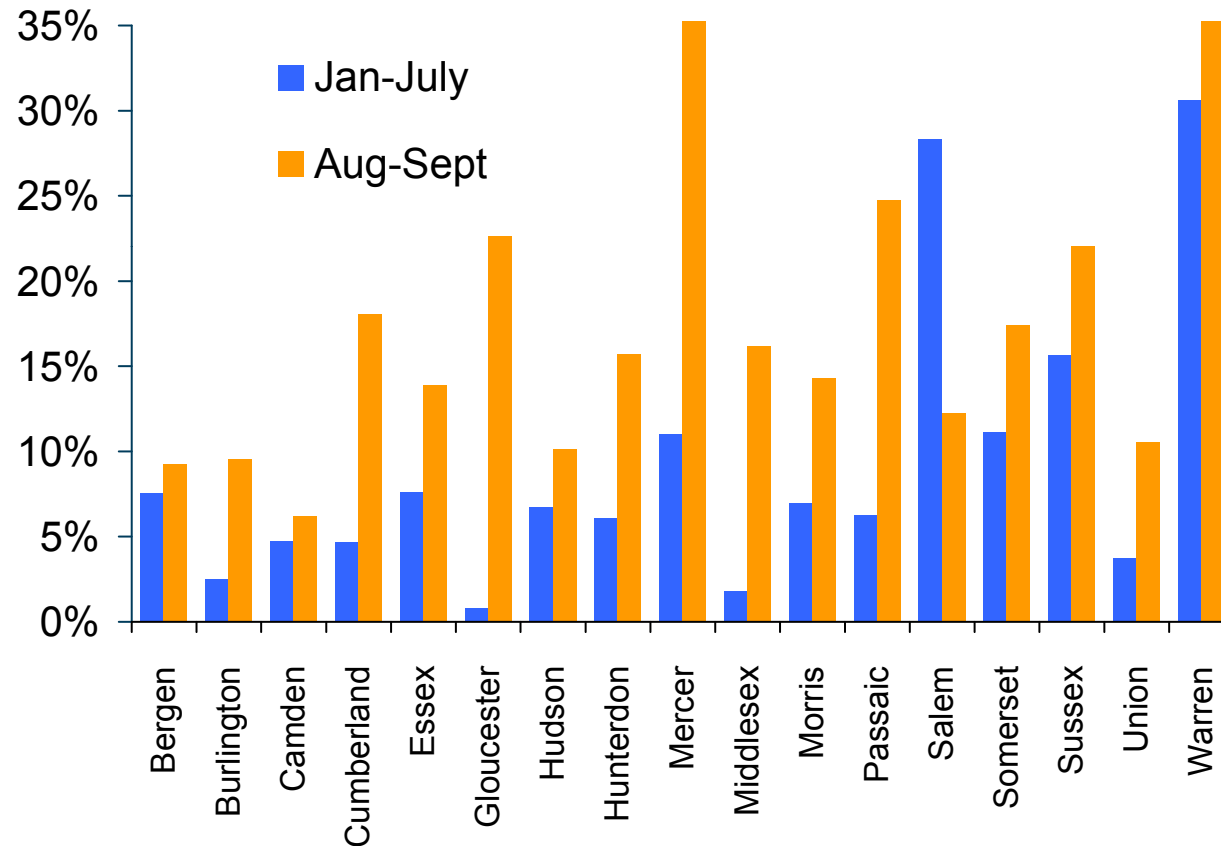


Source: NJ Treasury

But the rest of NJ surged

State bed tax receipts

% change



Source: NJ Treasury

Structure of Analysis



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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

Illustrating the concepts

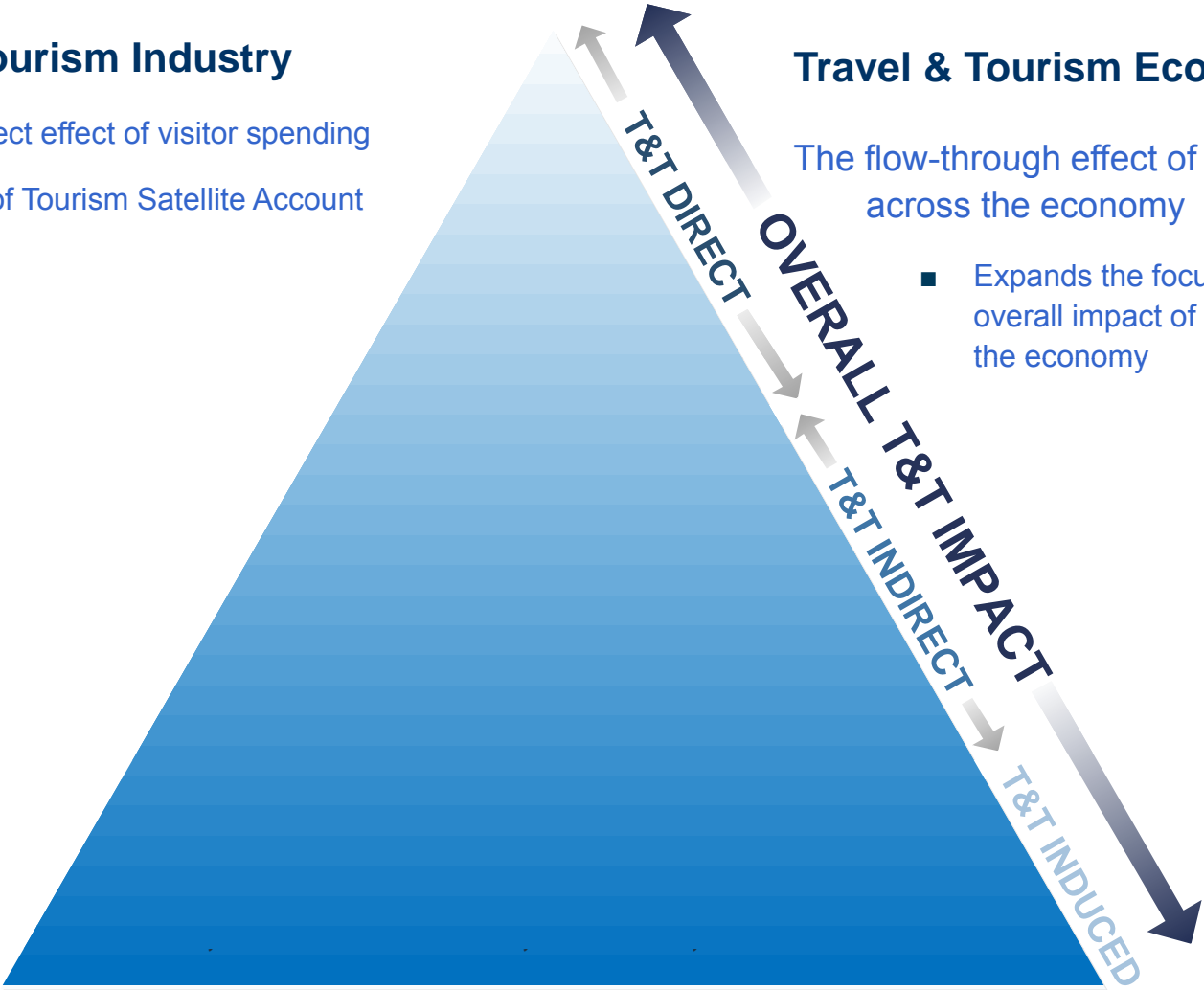
Travel & Tourism Industry

- 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

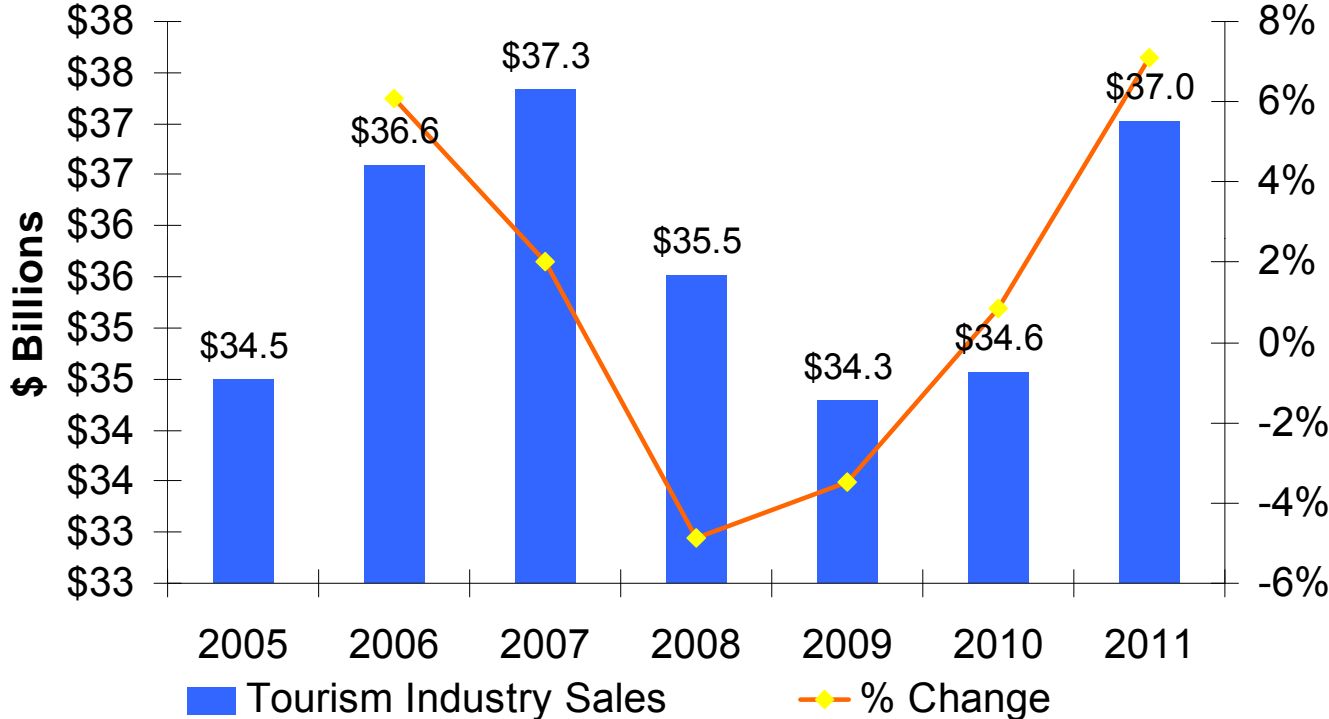


Detailed State Results

A recovery in tourism spending

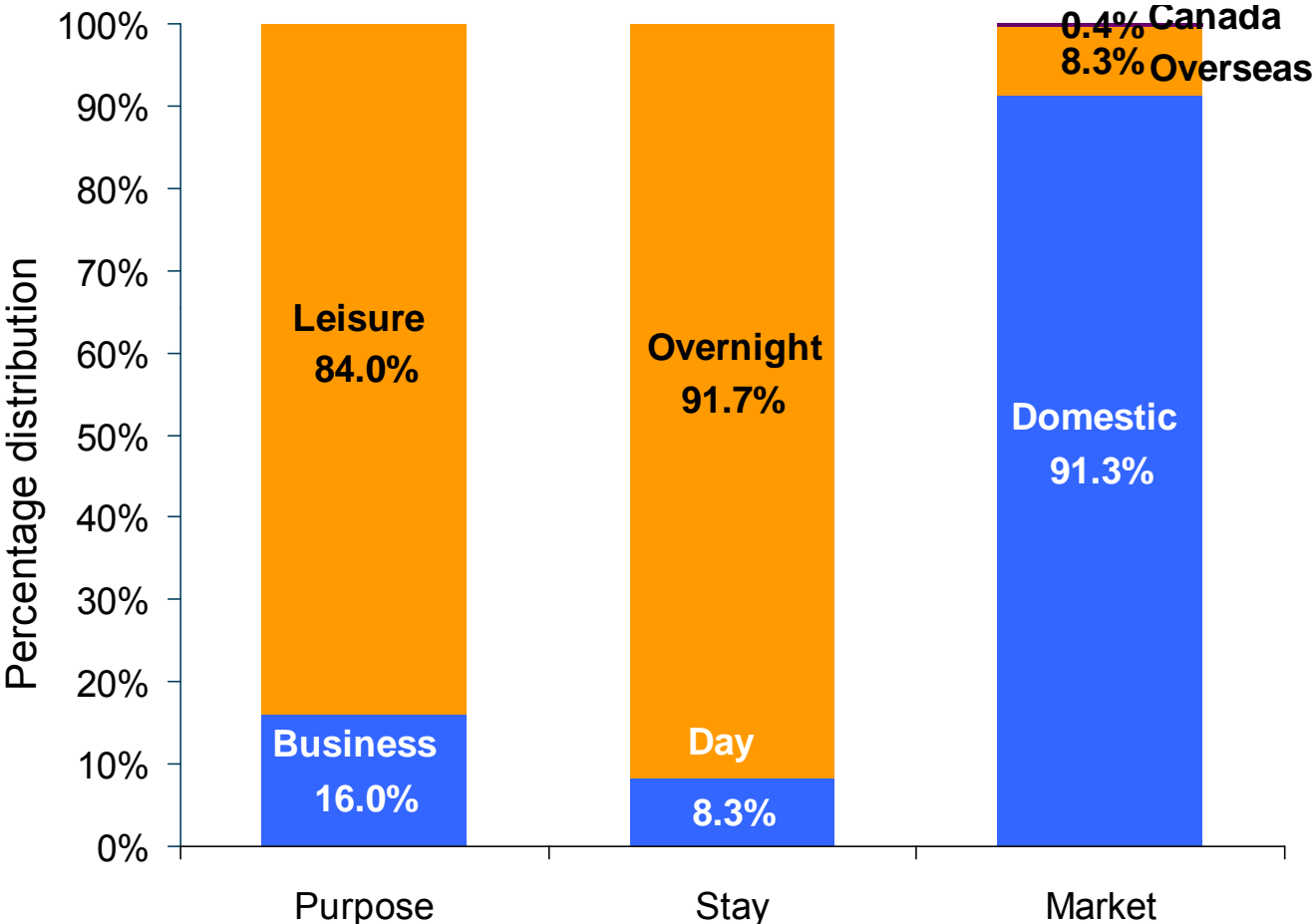
Tourism Industry Sales

US\$ Billions



Source : Tourism Economics

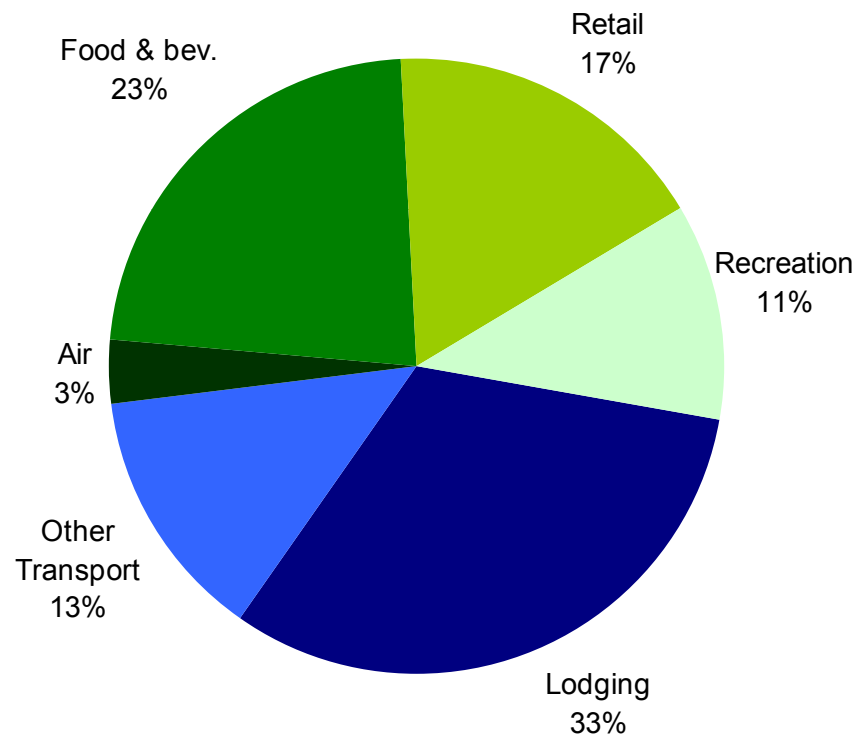
Tourism industry sales by visitor type



Source : Tourism Economics

Tourism industry sales by sector

Tourism Industry Sales By Sector



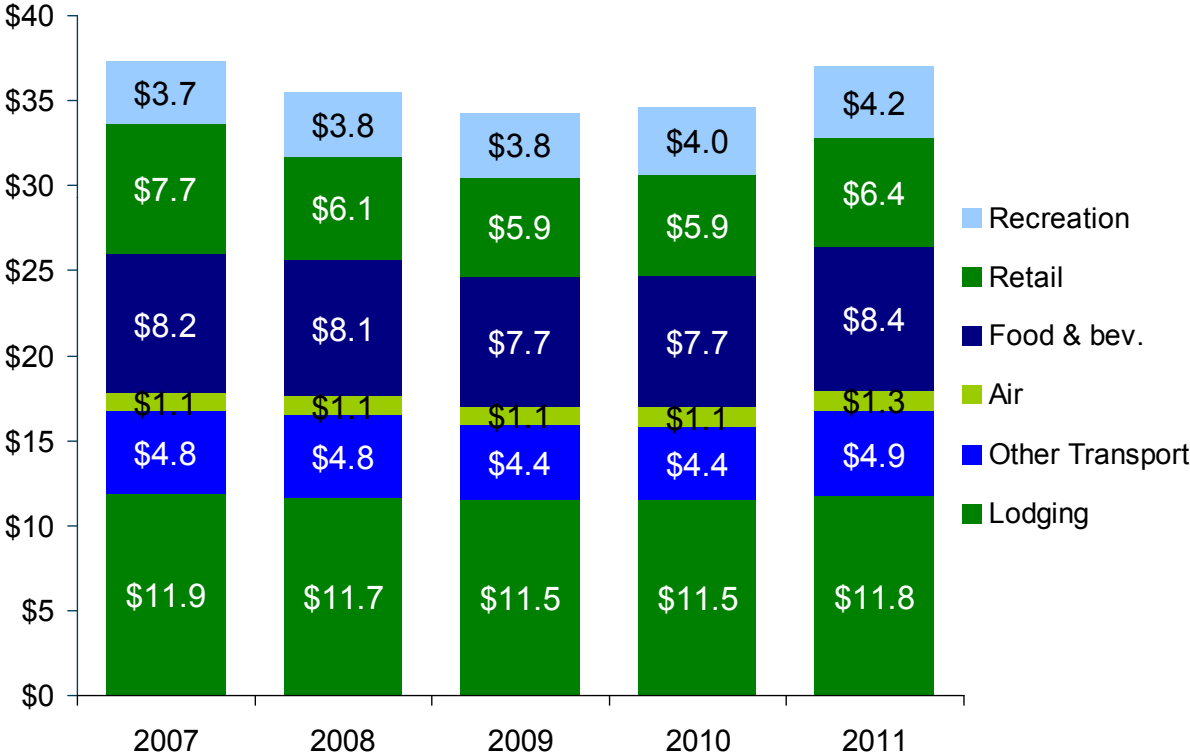
Source : Tourism Economics

- Transportation expenses represent roughly 15% of tourism industry sales.
- Lodging—including both hotels and second homes—is the largest spending category in NJ with 33% of visitor spending.
- Food & beverage spending ranks second, capturing 23% of the visitor dollar.

Tourism industry sales by sector

New Jersey's Tourism Industry Sales

by Year



Source: Longwoods International, Tourism Economics, OTTI

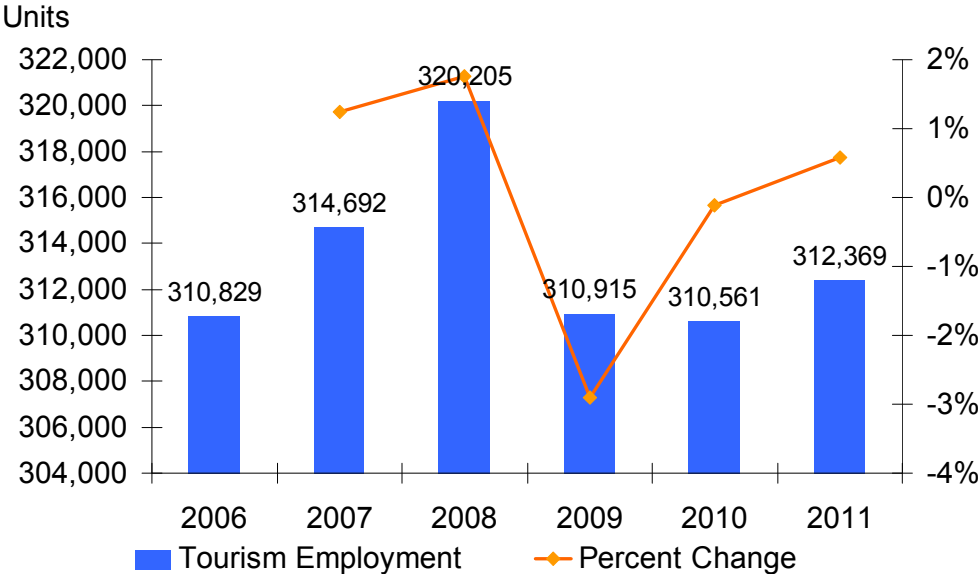
- Recreation and Food & Beverage sectors spending levels rose to record levels in 2011.
- The majority of gaming win is included in the lodging sector based on industry classifications.

Tourism employment begins its recovery

<i>Tourism Employment</i>						
	2006	2007	2008	2009	2010	2011
Tourism Employment	310,829	314,692	320,205	310,915	310,561	312,369
Percent Change		1.2%	1.8%	-2.9%	-0.1%	0.6%

- While spending has recovered strongly, tourism employment is rebounding more slowly with a 0.6% expansion last year.

Tourism Employment



Source : Tourism Economics

Ranking tourism employment

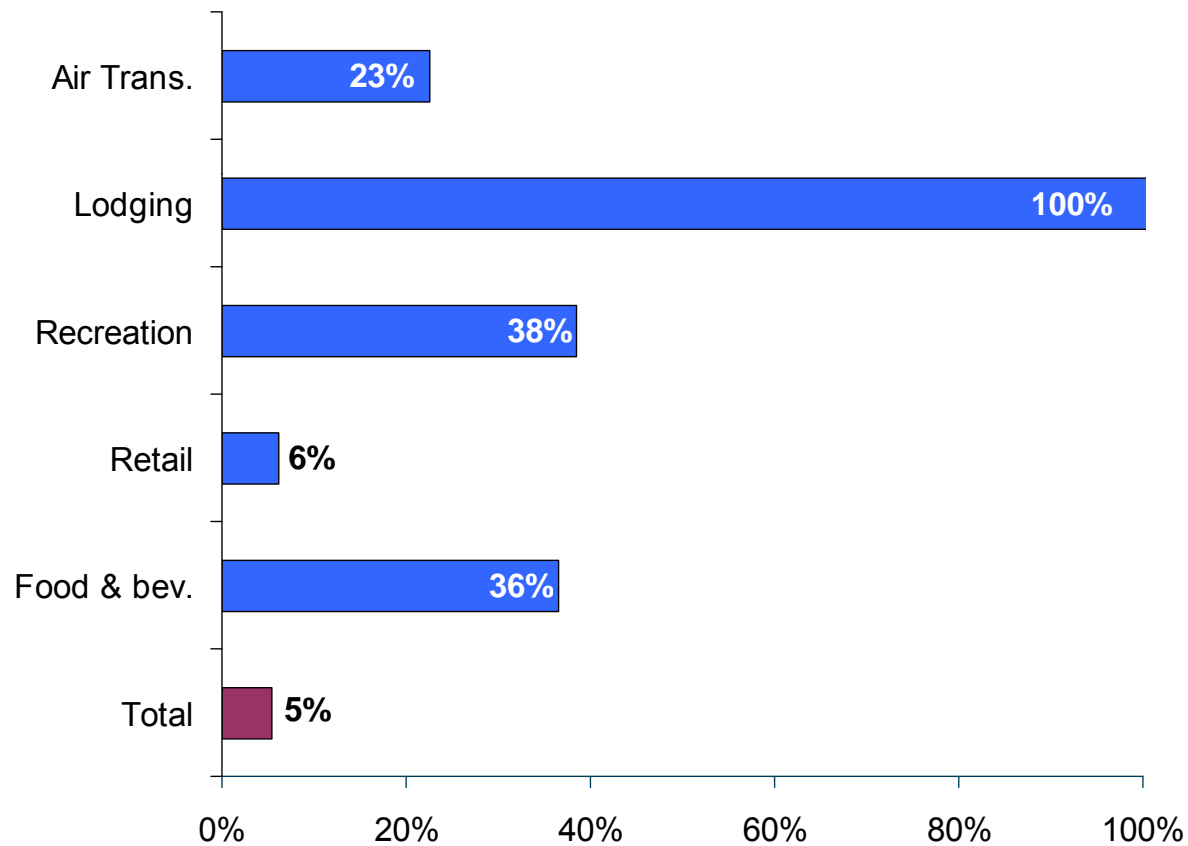
- The direct employment contribution of the tourism industry was 312,000 in 2011. This narrow measurement of tourism includes only those jobs directly supported by visitor activity and allows for inter-industry ranking.
- Examining the Tourism industry against other private sector industries, tourism is the 5th largest employer in the State of New Jersey.

<i>Employment Ranking - Private Sector</i>		
State of New Jersey		
Rank	Industry	2011
1	Health care and social assistance	575,082
2	Retail trade	517,712
3	Professional, scientific, and technical services	416,420
4	Finance and insurance	340,177
5	Tourism	312,369
6	Accommodation and food services	308,006
7	Administrative and support services	291,307
8	Manufacturing	271,525
9	Real estate and rental and leasing	266,326
10	Other services, except public administration	242,137
11	Wholesale trade	230,928
12	Construction	213,145
13	Transportation and warehousing	191,141
14	Educational services	121,572
15	Arts, entertainment, and recreation	104,119

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

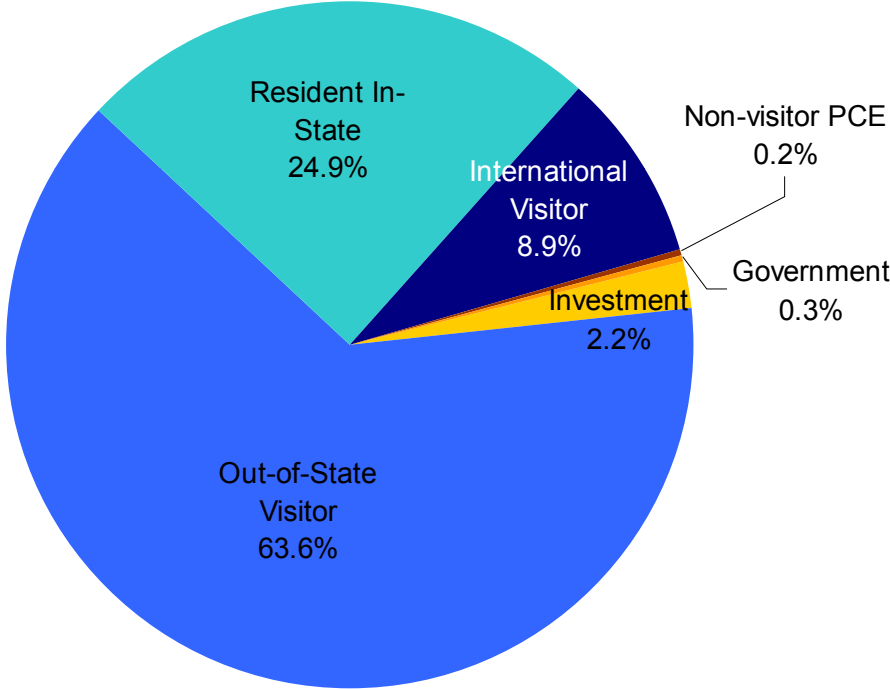


Total Tourism Economy

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

Tourism economy sales: \$38 billion

Tourism Demand by Source



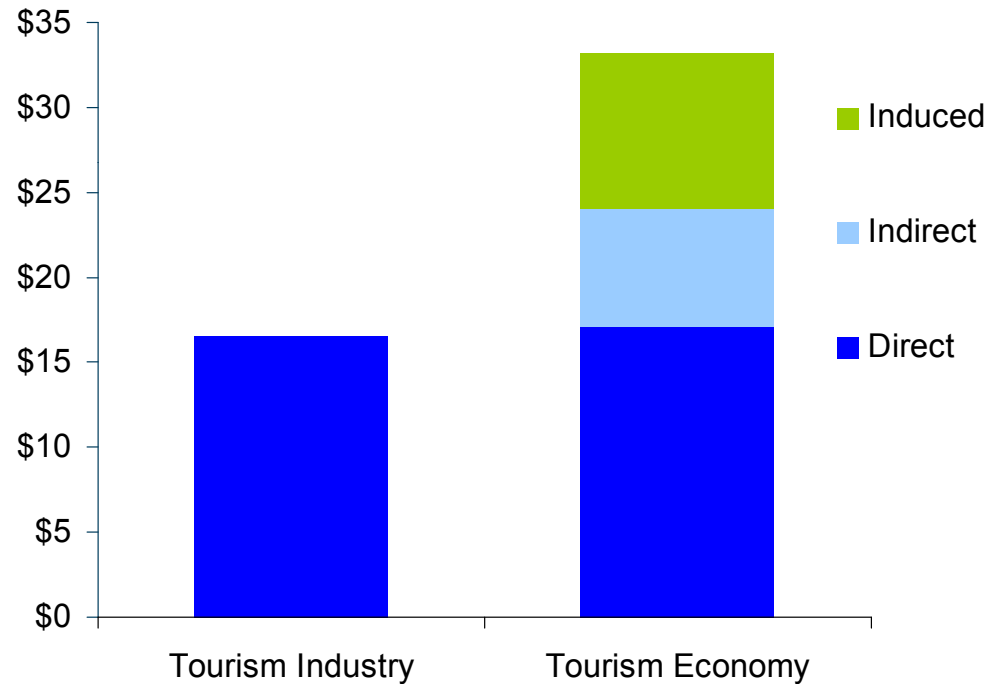
- Domestic visitor markets comprise the majority (89%) of tourism sales in New Jersey.
- International visitor markets contributed 9% of tourism sales last year.
- Capital investment in tourism-related construction and machinery & equipment represents 2% of tourism economy sales.

Tourism impact summary - GDP

- Tourism industry GDP directly generated \$16.5 billion of New Jersey GDP in 2011.
- The tourism economy, including direct, indirect and induced impacts, generated GDP of \$33.2 billion. This is 6.8% of the state economy.

Tourism GDP Impact

2011, US\$ Billions



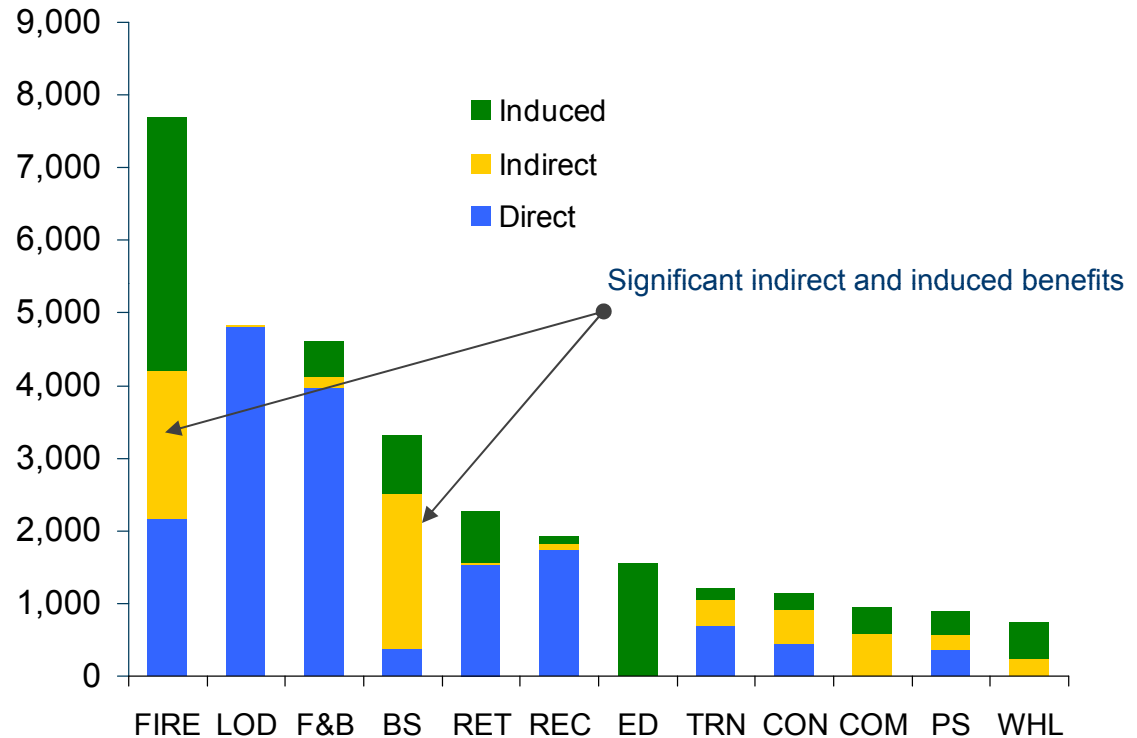
Source: Tourism Economics

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



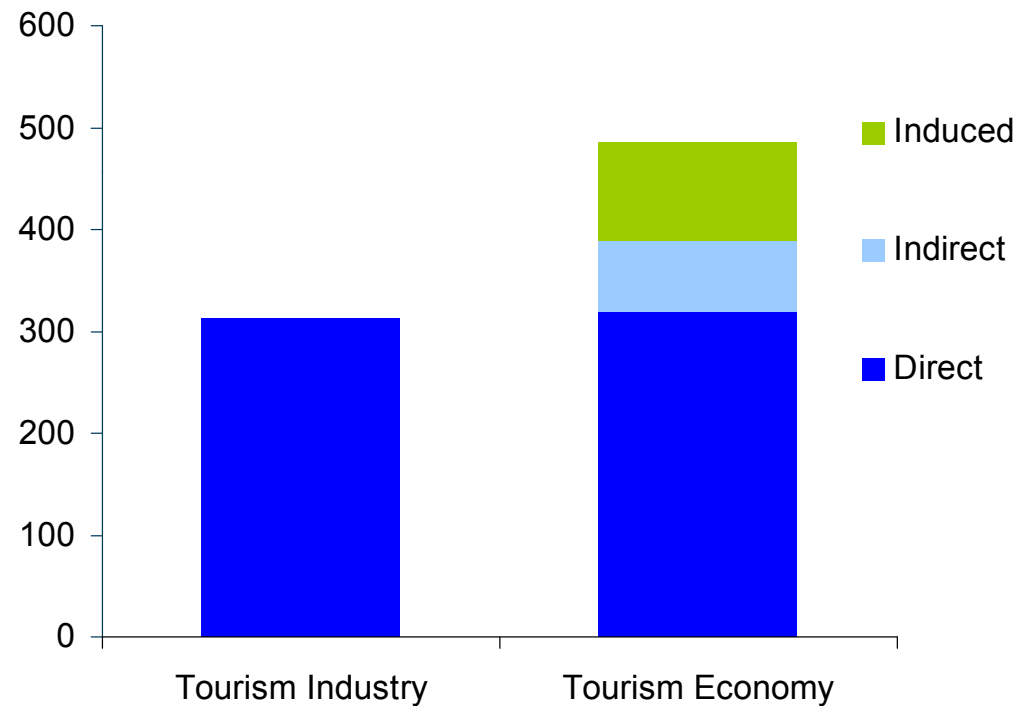
F&B	Food & Beverage	ED	Education and Health Care
RET	Retail Trade	FIRE	Finance, Insurance & Real Estate
REC	Recreation and Entertainment	PS	Personal Services
LOD	Lodging	CON	Construction and Utilities
BS	Business Services	AIR	Air Transport
TRN	Other Transport	GAS	Gasoline Stations

Tourism impact summary - Jobs

- Tourism spending directly supported 312,000 jobs in New Jersey in 2011.
- The tourism economy, including direct, indirect and induced impacts, supported 486,000 jobs. This is 9.8% of all jobs in the state.

Tourism Employment Impact

2011, Thousands

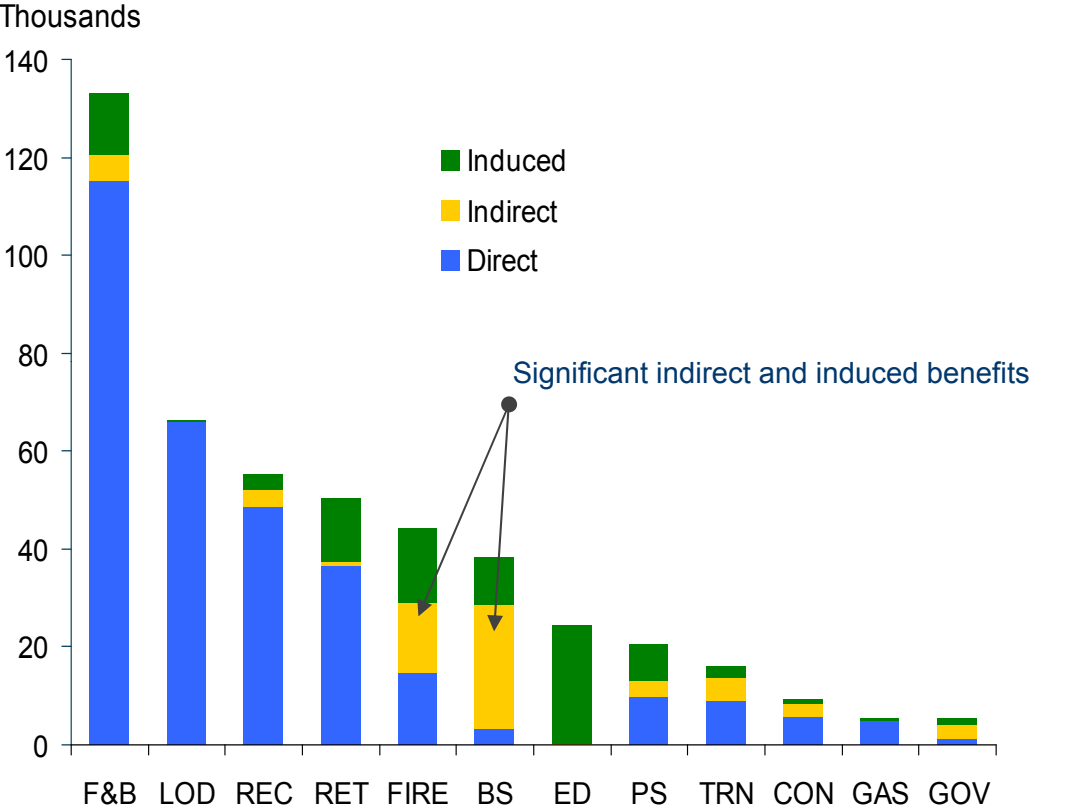


Source: Tourism Economics

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
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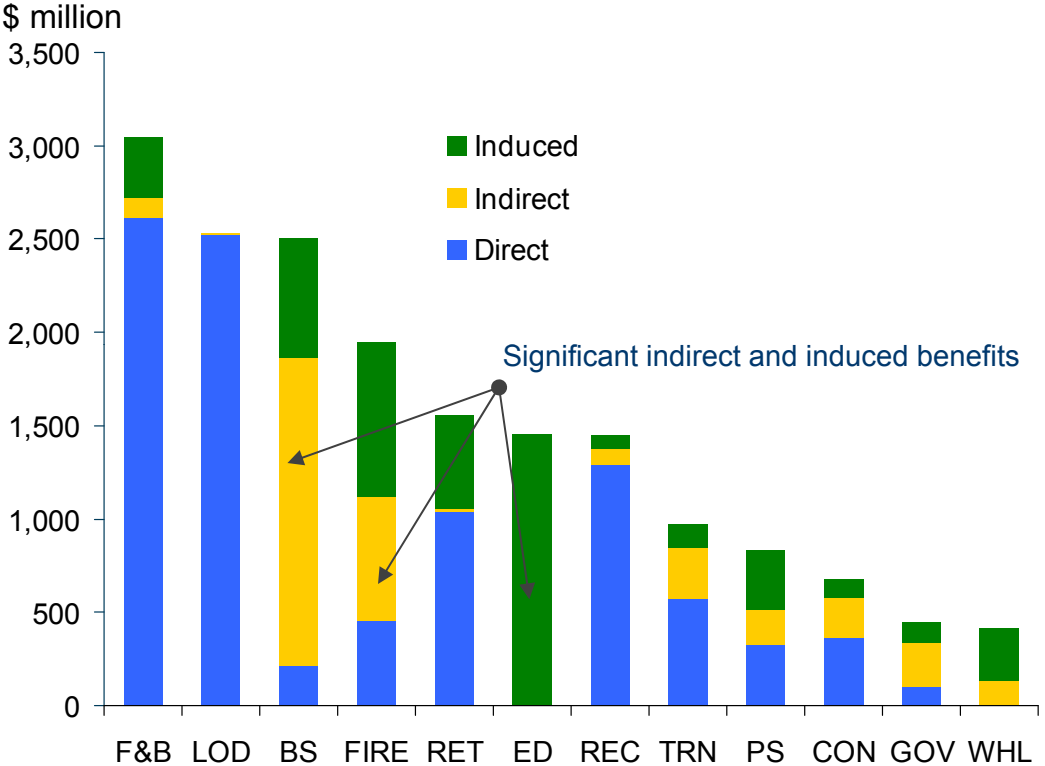
Tourism economy income – total impact

<i>Total Tourism Labor Income Impact</i>				
<i>(US\$ Million)</i>				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	9.2	10.4	19.6
Construction and Utilities	362.8	218.2	97.5	678.5
Manufacturing	17.4	158.1	118.1	293.6
Wholesale Trade	-	138.4	277.4	415.8
Air Transport	354.6	10.2	21.0	385.8
Other Transport	574.9	274.7	122.6	972.2
Retail Trade	1,033.2	25.6	501.1	1,559.9
Gasoline Stations	170.0	1.3	20.0	191.3
Communications	-	254.0	134.7	388.8
Finance, Insurance and Real Estate	456.5	665.3	826.4	1,948.2
Business Services	213.8	1,648.8	637.0	2,499.6
Education and Health Care	-	7.9	1,447.0	1,455.0
Recreation and Entertainment	1,292.1	82.6	74.6	1,449.3
Lodging	2,521.2	4.9	5.1	2,531.2
Food & Beverage	2,613.4	111.0	316.5	3,040.8
Personal Services	328.1	187.9	319.4	835.4
Government	95.9	245.9	109.4	451.2
TOTAL	10,033.9	4,044.0	5,038.3	19,116.2

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	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
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Tourism economy tax generation

<i>Traveler Generated</i> (US\$ Million)	
Tax Type	2011
Federal Taxes Subtotal	<u>4,818.8</u>
Corporate	733.4
Indirect Business	444.4
Personal Income	1,561.6
Social Security	2,079.3
State and Local Taxes Subtotal	<u>4,386.9</u>
Corporate	181.8
Personal Income	401.8
Sales	1,344.8
Lodging	<u>110.2</u>
Local	110.2
State	0.0
Property	1,978.4
Excise and Fees	344.1
State Unemployment	25.9
TOTAL	9,205.7

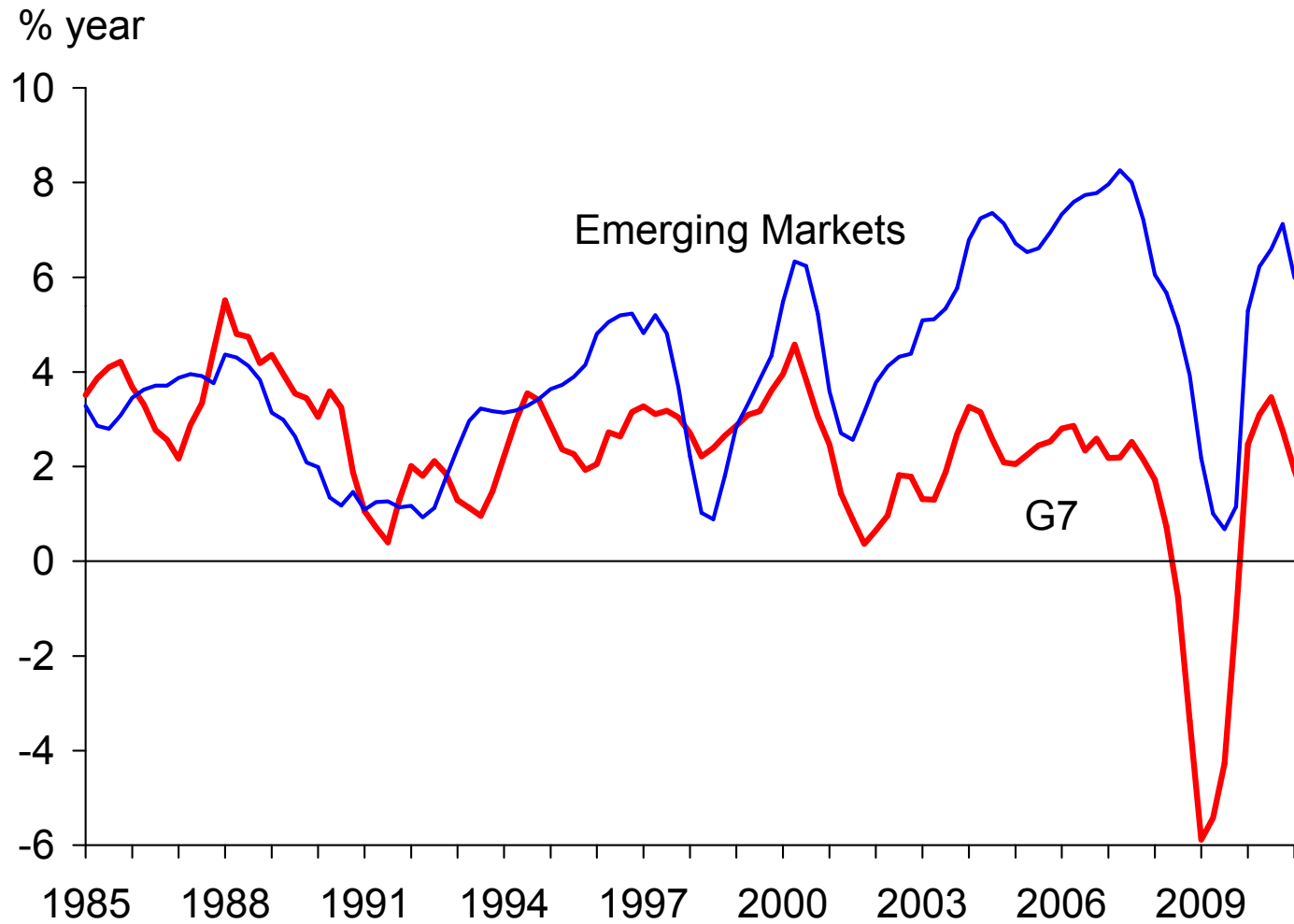
- Taxes of \$9.2 billion were directly and indirectly generated by tourism in 2011.
- State and local taxes alone tallied \$4.4 billion.
- Each household in New Jersey would need to be taxed an additional \$1,380 per year to replace the tourism taxes received by state and local governments.

2012 and beyond

Hunker down or forge ahead?

Global economy losing momentum...

G7 & Emerging Markets: GDP growth



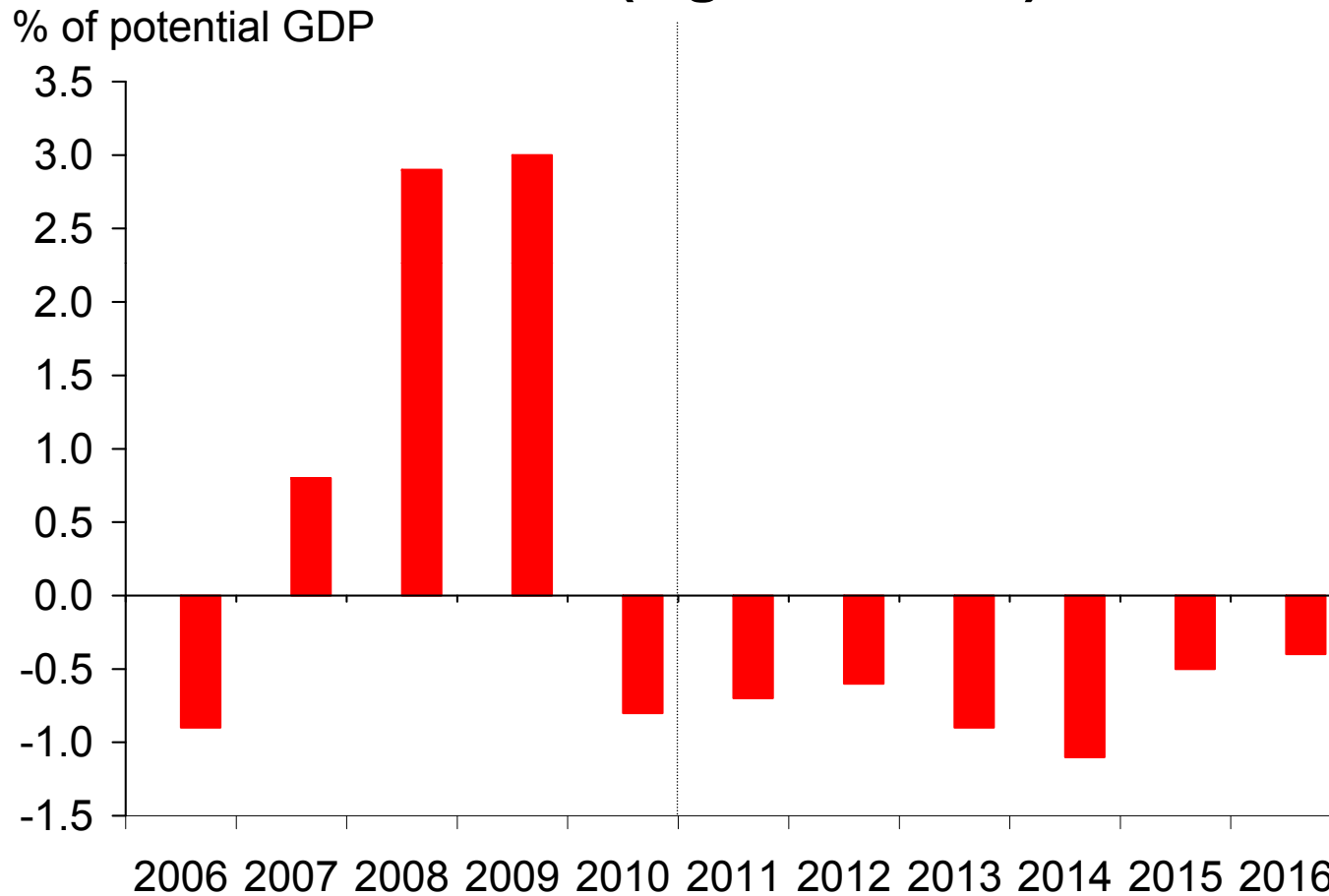
Source: Oxford Economics

Why is economic growth slowing?

- Some slowdown inevitable after inventory-driven rebound in 2010
- Debt worries driving government policy
- High oil and commodity prices
- Household and corporate caution – now compounded by financial market volatility

Fiscal policy to weigh on growth

US: Change in cyclically-adjusted structural balance (sign reversed)

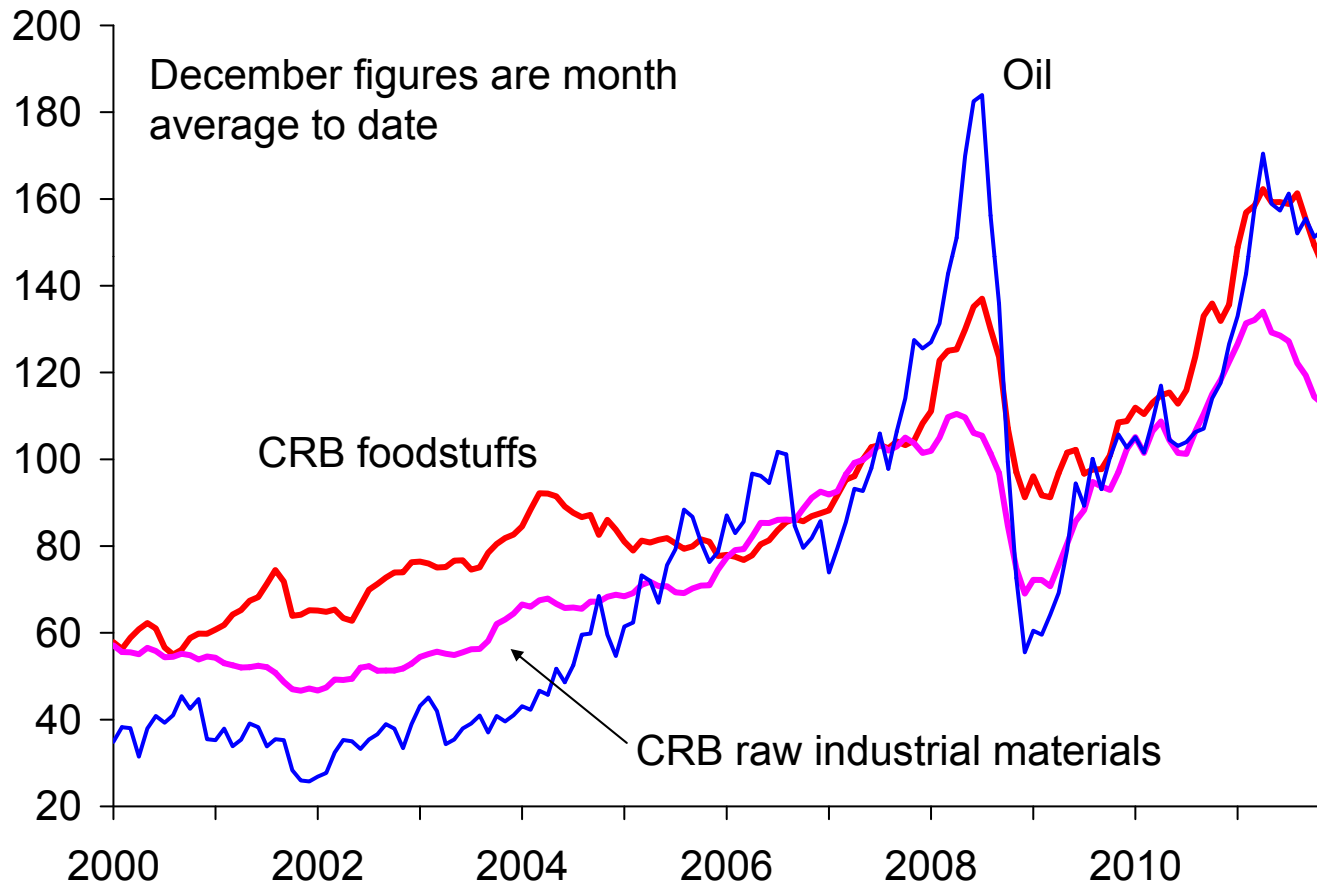


Source : Oxford Economics/Haver Analytics

Commodity prices hurting net importers...

World: Commodity prices

2007=100 (rebased)

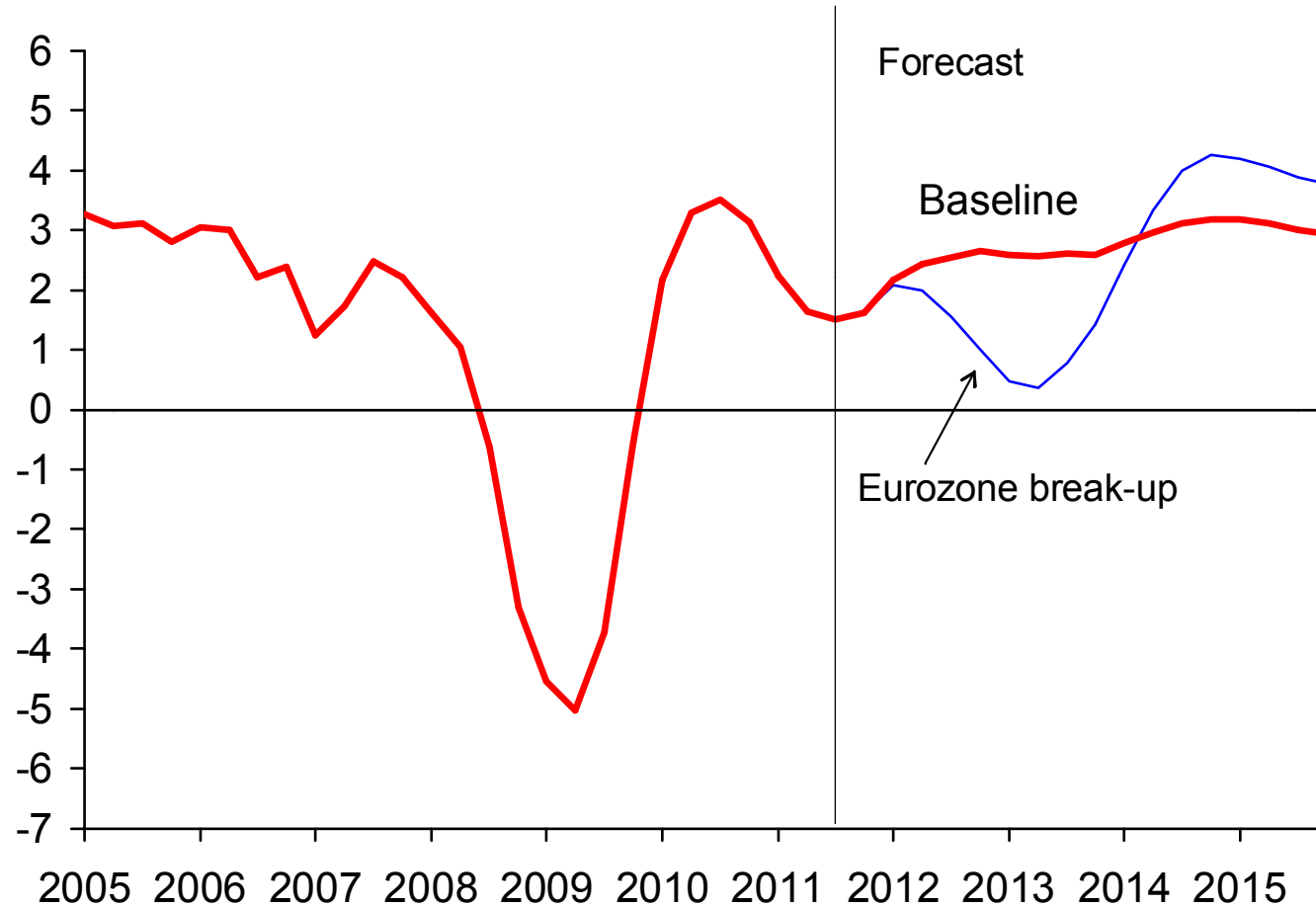


Source: Haver Analytics

Eurozone break-up impact on US

US: GDP

% year



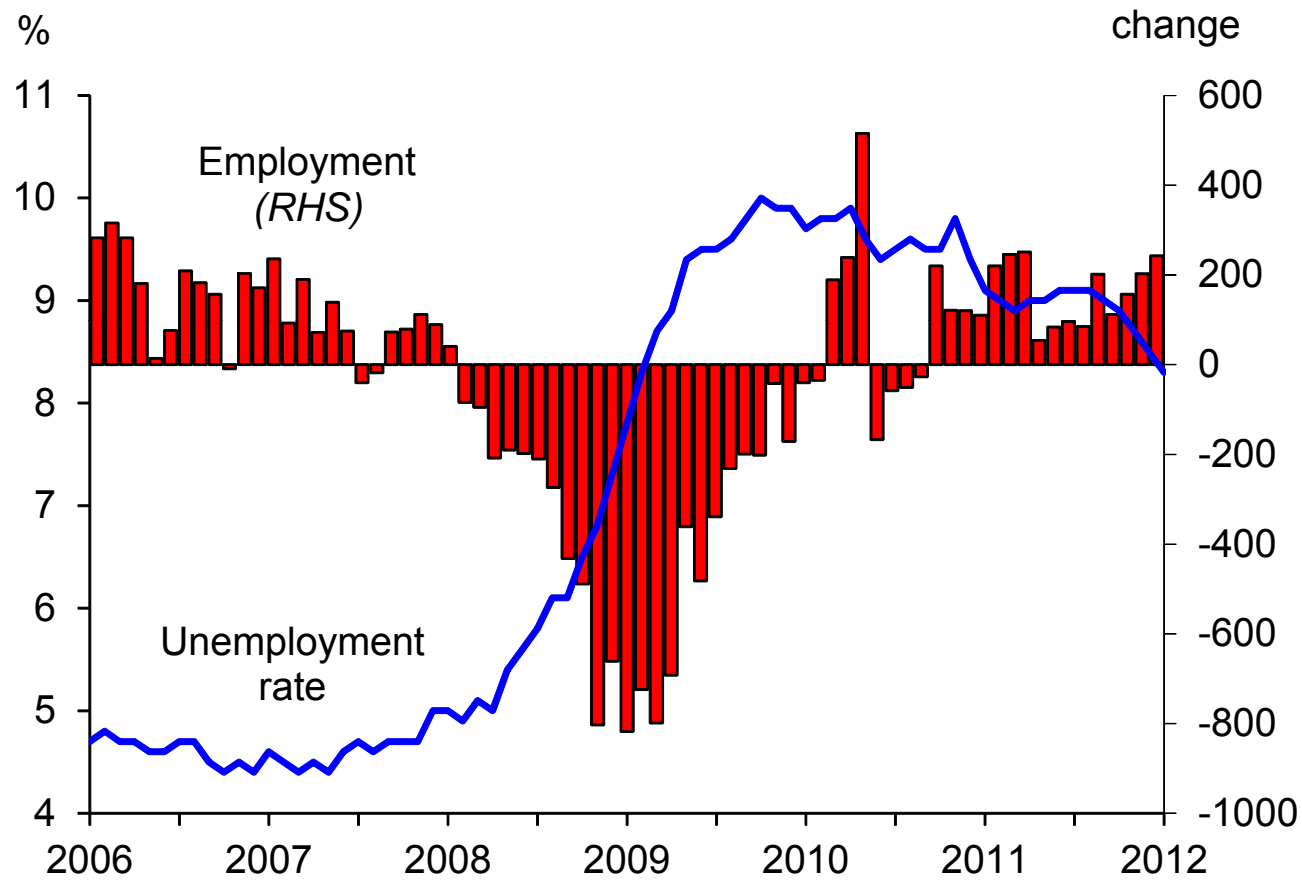
Source : Oxford Economics/Haver Analytics

US Outlook: able to push through?

- Short term indicators do not indicate stall speed
- Companies are in strong position
- Housing recovering in parts of the country
- Monetary policy incredibly expansionary

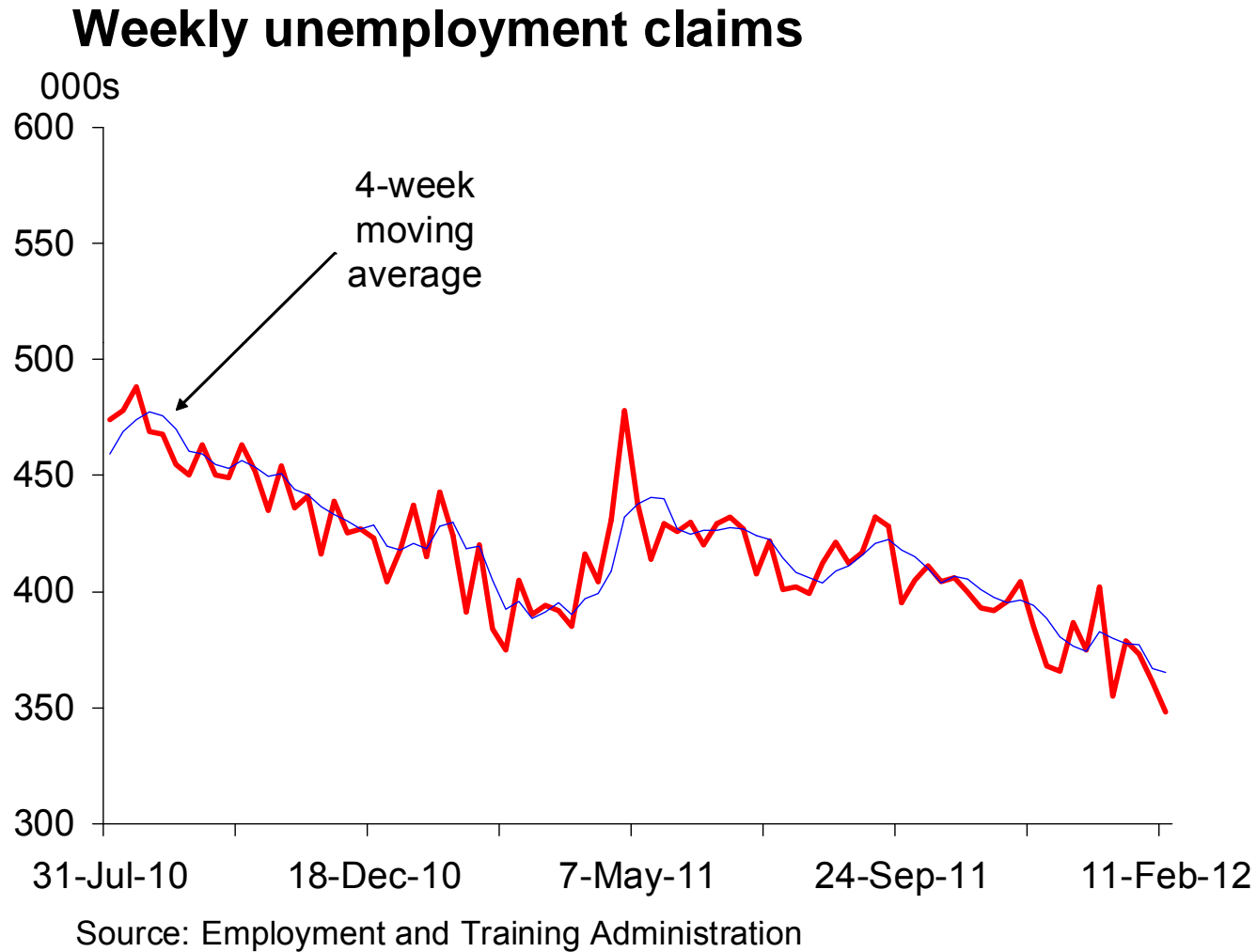
Encouraging US jobs numbers

Employment and unemployment



Source: BLS

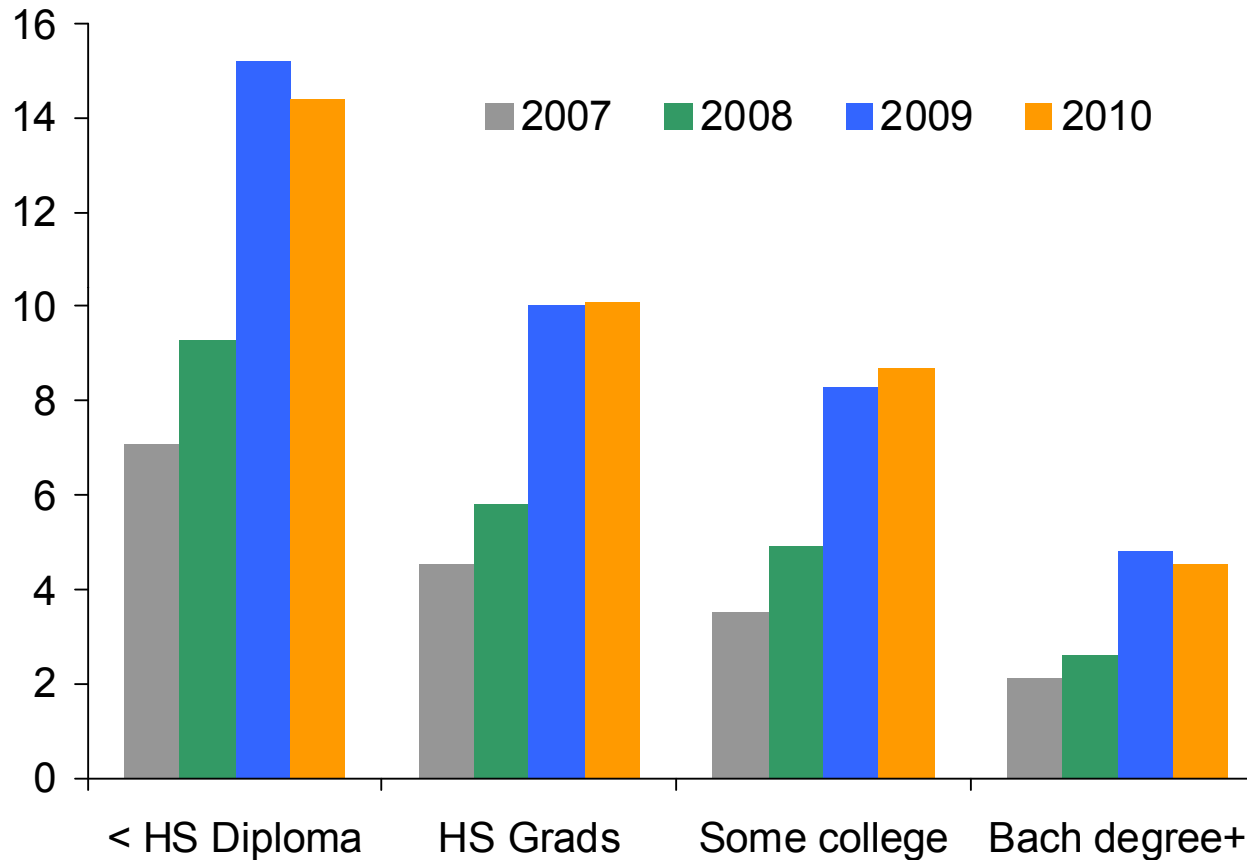
Unemployment claims continue downward trend



Unemployment hits non-travellers hardest

Unemployment Rate by Education

Q3 Seasonally Adjusted

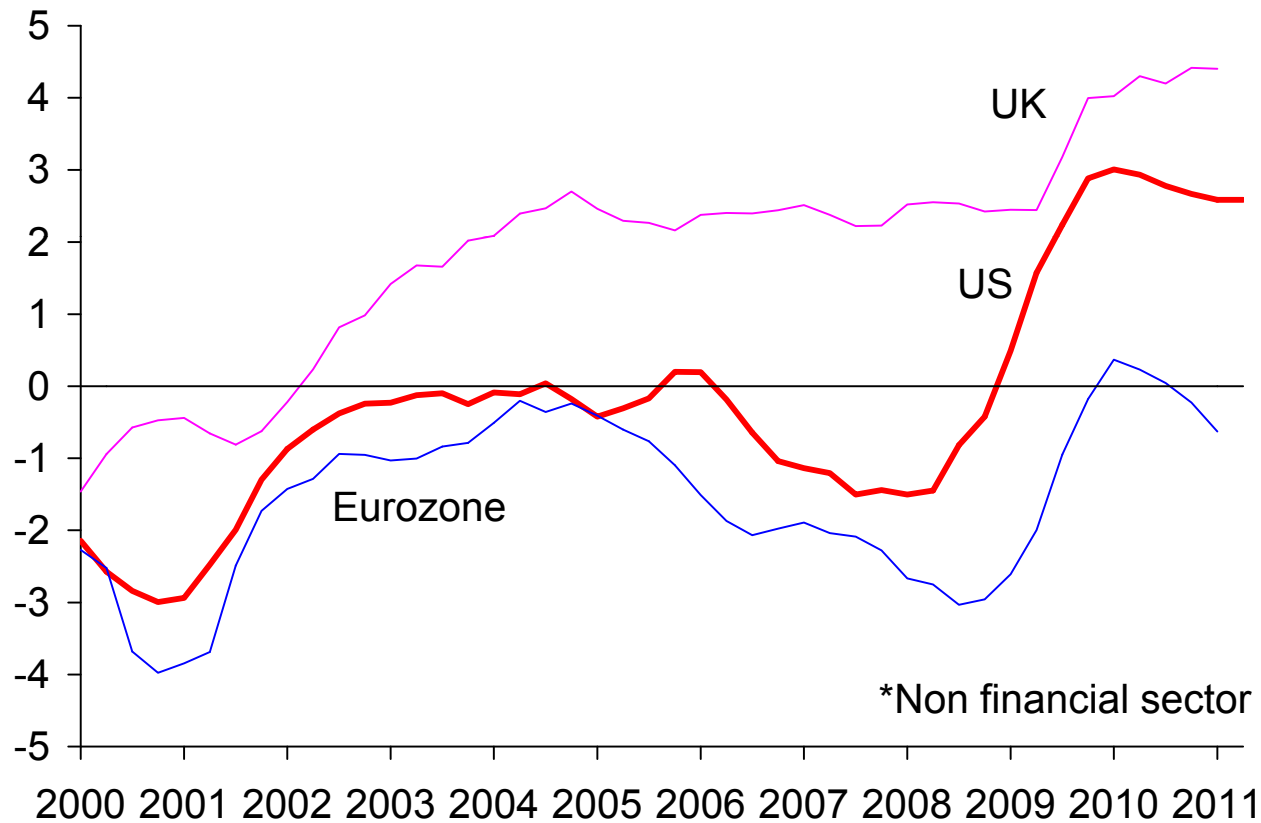


Source: BLS

Companies are in a strong position

World: Corporate sector* financial balance

% of GDP, 4-quarter average

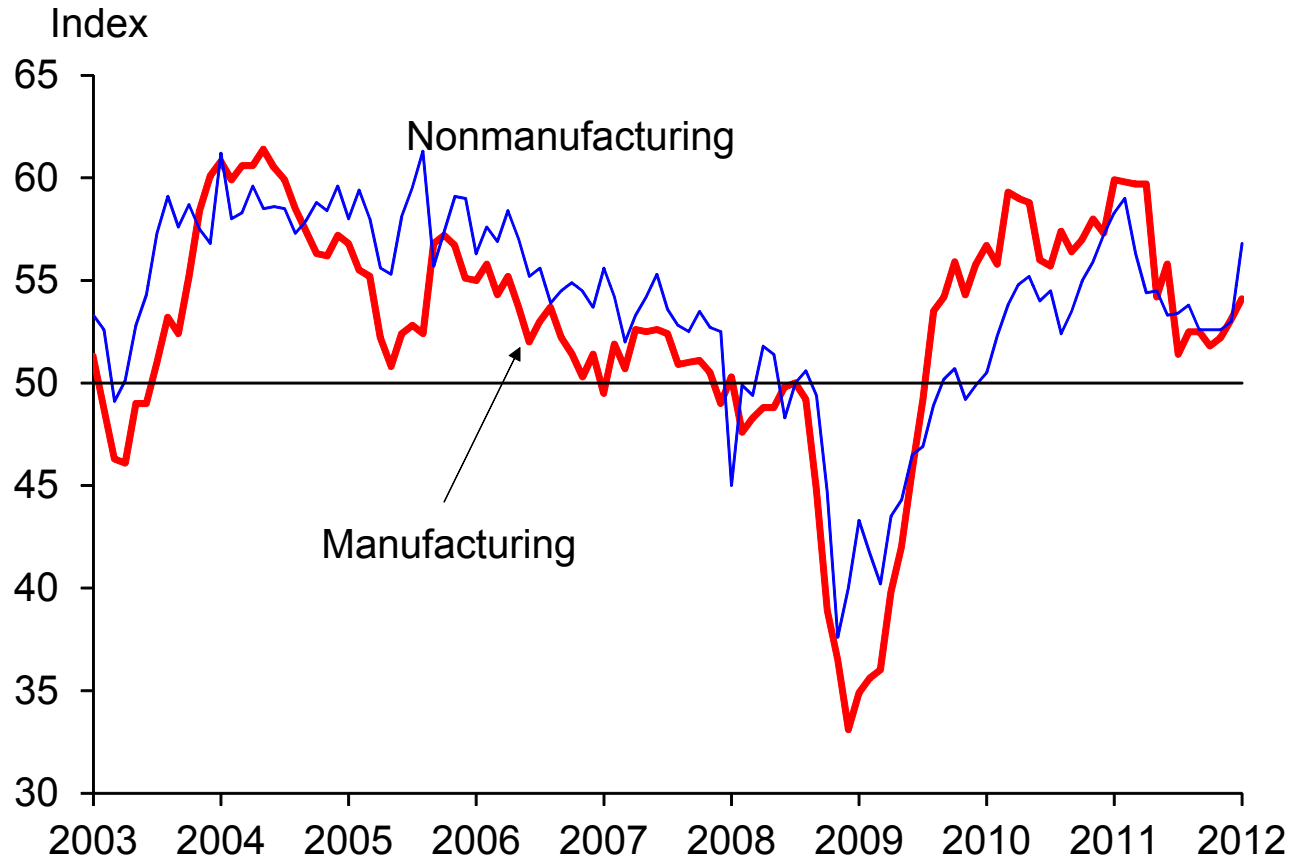


*Non financial sector

Source: Oxford Economics

Short term indicators do not indicate stall speed

ISM indexes

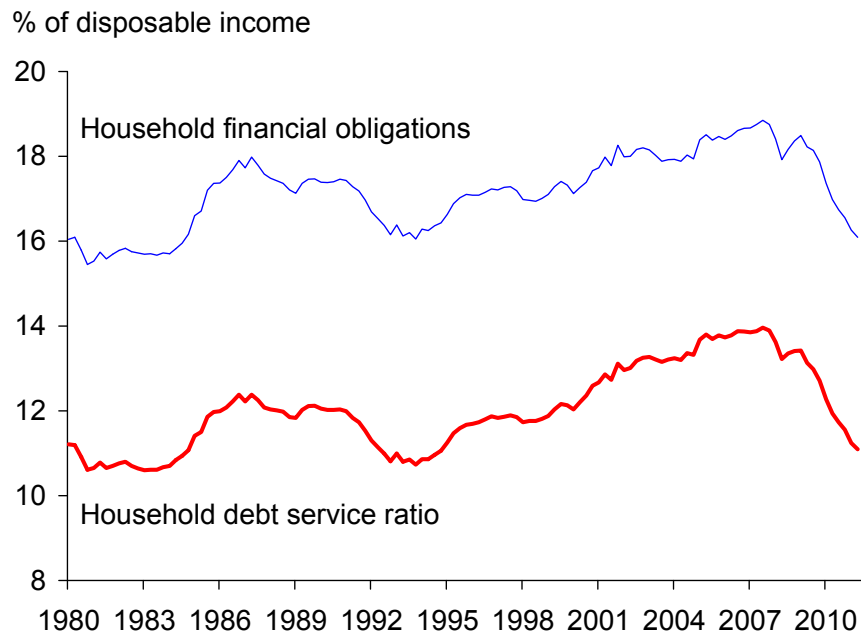


Source: BLS

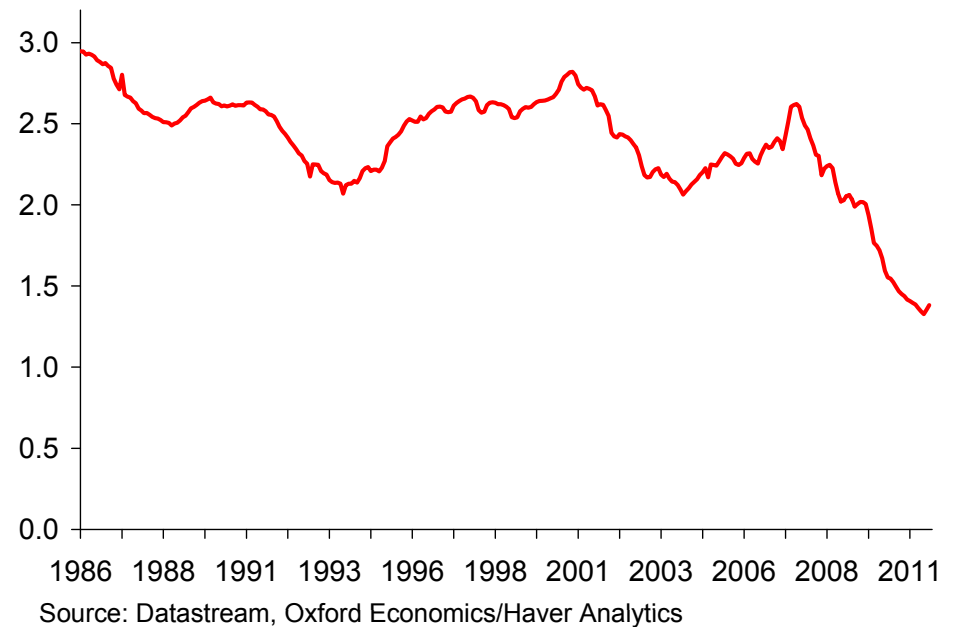
Monetary policy incredibly expansionary

- Cost of debt service has been falling.
- Low interest rates are freeing up income.

US : Household debt measures



Interest payments share of disposable income

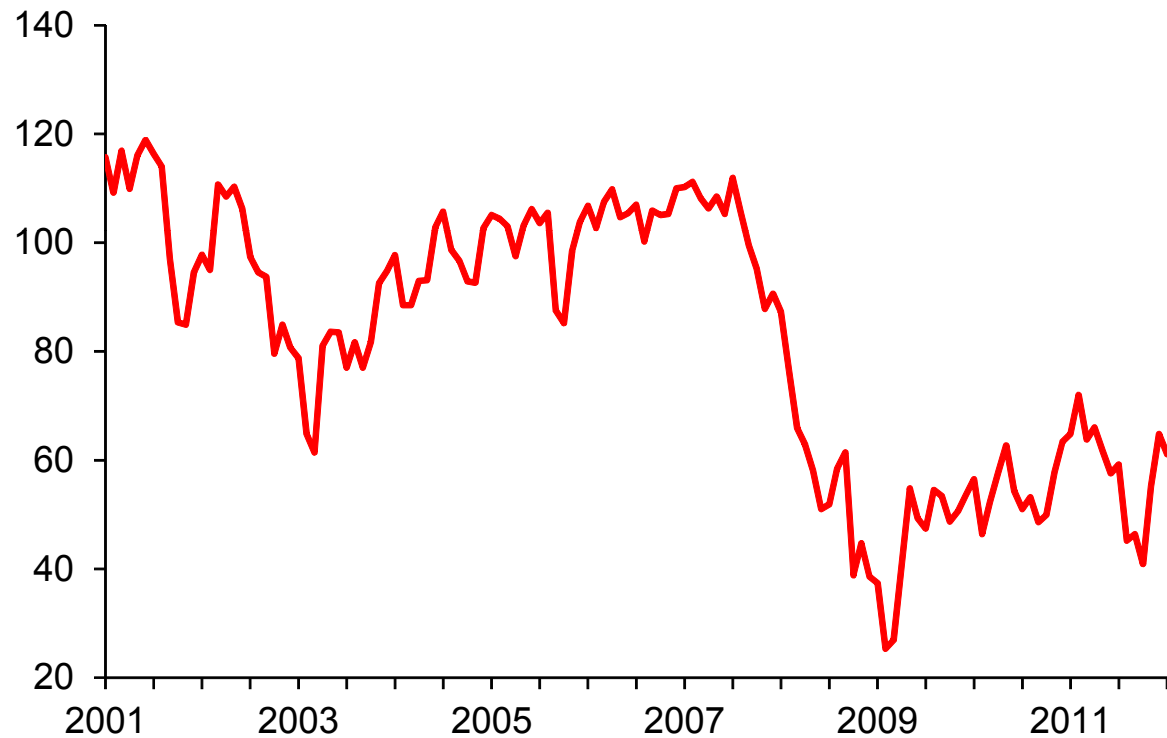


US Outlook remains subdued

- Europe
- Gov't spending
- Housing
- Caution abounds

Consumer confidence

1985=100

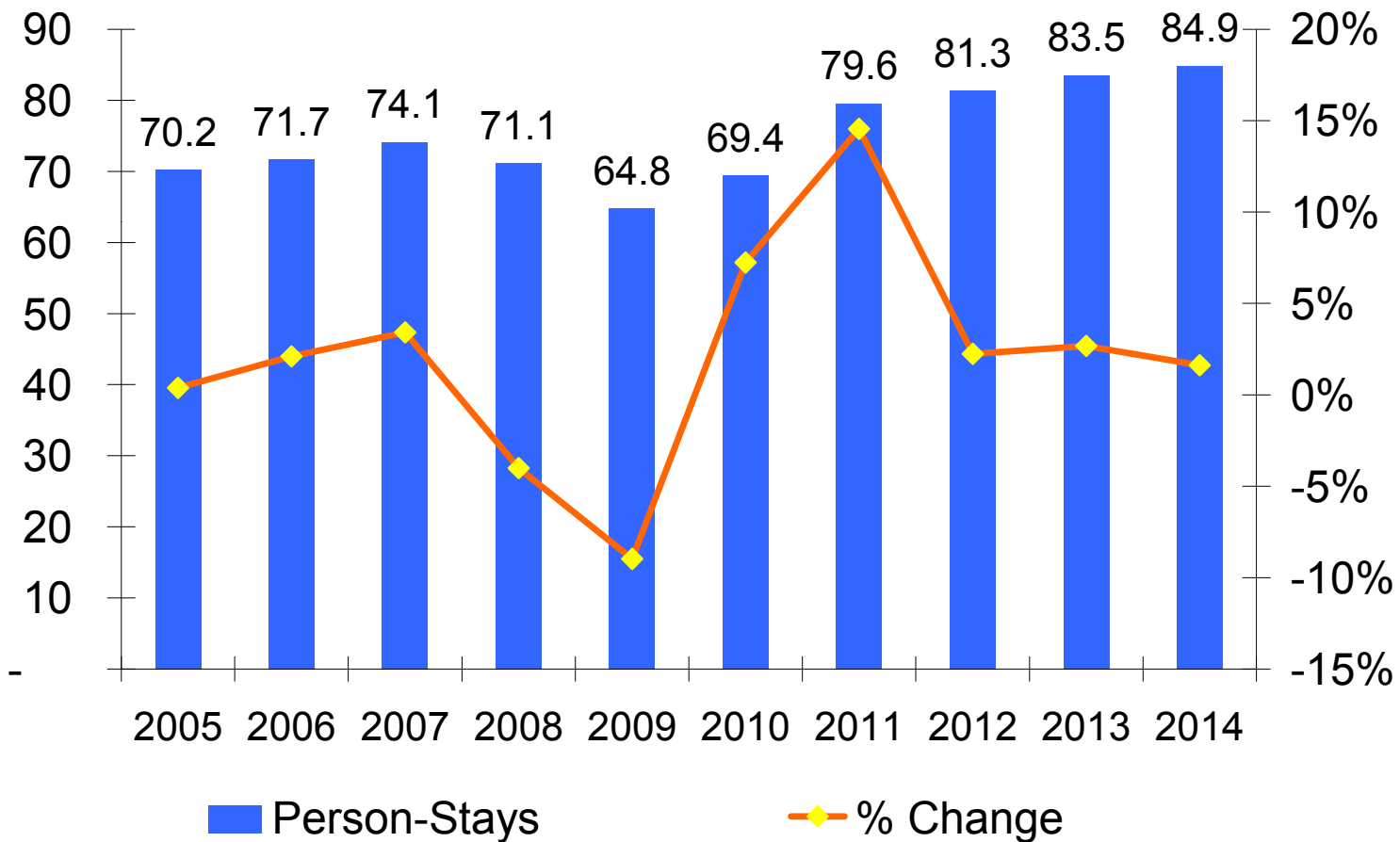


Source: Conference Board

Growth likely to moderate in 2012

Visits to New Jersey

mn person stays





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Thank You!

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