

ECONOMIC IMPACT OF VISITORS IN ASHEVILLE & BUNCOMBE COUNTY 2023

August 2024

Prepared for:

**EXPLORE
ASHEVILLE**

POWERED BY | Buncombe County Tourism
Development Authority



CONTENTS

Introduction Methodology & data sources	03
Key Findings Summary economic & fiscal impacts	04
Visitor Volume and Visitor Spending Trends in visitor volume levels and visitor spending	05
Economic Impact Methodology Impact model framework	08
Economic Impact Findings Business sales, jobs, and labor income impacts	09
Fiscal Impacts Federal and state & local tax revenues	13
Economic Impacts in Context Adding context to the economic impact results	15
Appendix	16



INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Asheville (defined as Buncombe County) economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the county's future. In 2023, tourism-supported jobs accounted for 14% of all jobs in the county.

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 Asheville as it builds upon its tourism economy.

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

To quantify the significance of the visitor economy in Asheville, 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.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Buncombe County. The model traces the flow of visitor-related expenditures through the county'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.

The analysis draws on the following data sources:

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

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR SPENDING

In 2023, 13.9 million visitors spent \$3.0 billion across multiple industries throughout the Asheville economy. Industries that benefit directly from visitor spending include accommodations, food and beverage, recreation, retail shopping, local transportation, and air travel.

TOTAL ECONOMIC IMPACT

Direct visitor spending of \$3.0 billion in 2023 generated a total economic impact of \$4.3 billion in Asheville including indirect and induced impacts. The total economic impact sustained 29,148 jobs and generated \$265 million in state and local tax revenues in 2023.



\$4.3 BILLION

Total Economic Impact of Tourism in Asheville in 2023



\$3.0B

Visitor Spending



\$4.3B

Total Economic Impact



29,148

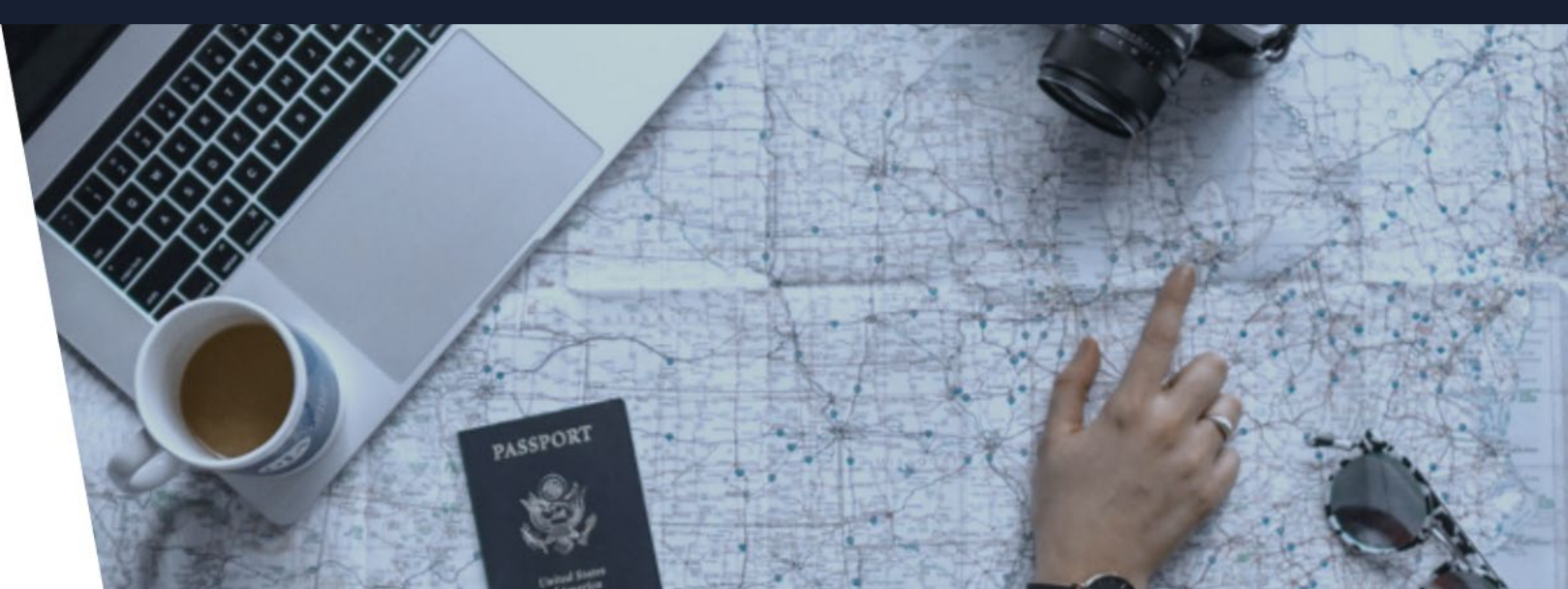
Total Jobs Generated



\$265M

State & Local Taxes Generated





VISITS & VISITOR SPENDING

Asheville's tourism industry reached new highs in both visitor volume and spending in 2023. However, the rate of growth slowed from recent years as inflation and rising interest rates weighed on consumers. Visitor spending reached nearly \$3.0 billion and visitor volume totaled 13.9 million.

VISITOR VOLUME

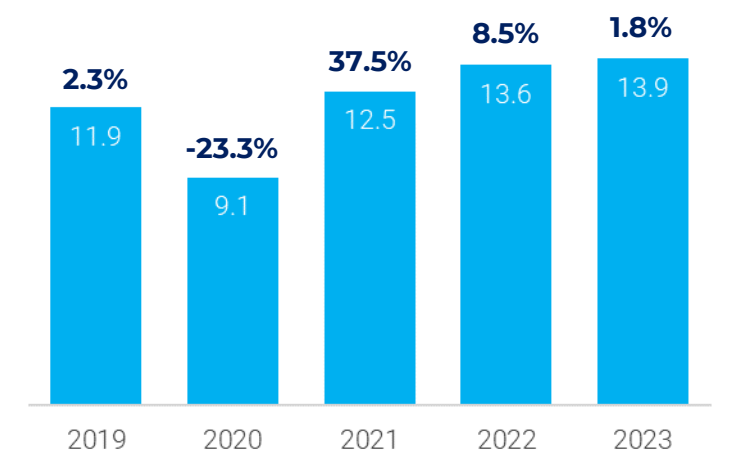
Growth in 2023

Growth in visitor volume has slowed in recent years as travel normalizes from the disruptions caused by COVID-19 restrictions and closures.

Asheville experienced a strong rebound in 2021 fueled by drive travel. Visitor volume surged by more than three million in 2021, and growth slowed to one million additional visitors in 2022 and 250,000 in 2023.

Asheville visitor volume

Amounts in millions



Sources: Longwoods International, Tourism Economics

VISITOR SPENDING

Visitors to Asheville spent nearly \$3.0 billion across a range of sectors in 2023.

Growth in visitor spending slowed to 3% in 2023 from 9% in 2022. Slower growth in visitor volume, and the impacts of inflation and rising interest rates on household budgets, constrained growth in spending.

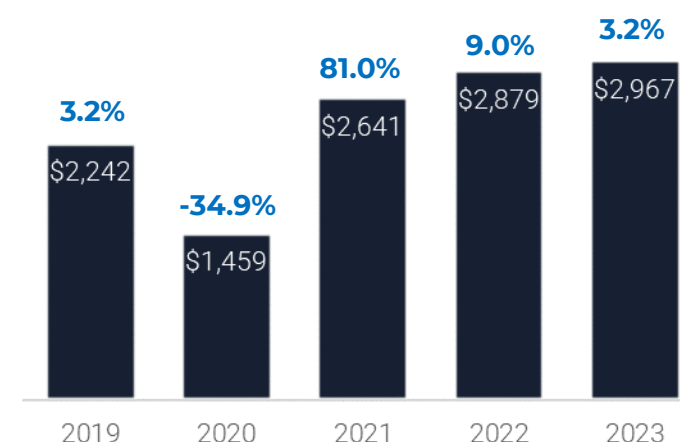
Of the \$3 billion spent by visitors in Asheville in 2023, lodging, including short-term rentals and the value of second homes, accounted for \$901 million, 30% of visitor spending. Spending on food and beverage resulted in \$787 million.

Retail captured 18%, a total of \$541 million.

Recreation comprised 12% and transportation, including both air and transportation within the destination, accounted for 13% of all visitor spending.

Asheville visitor spending

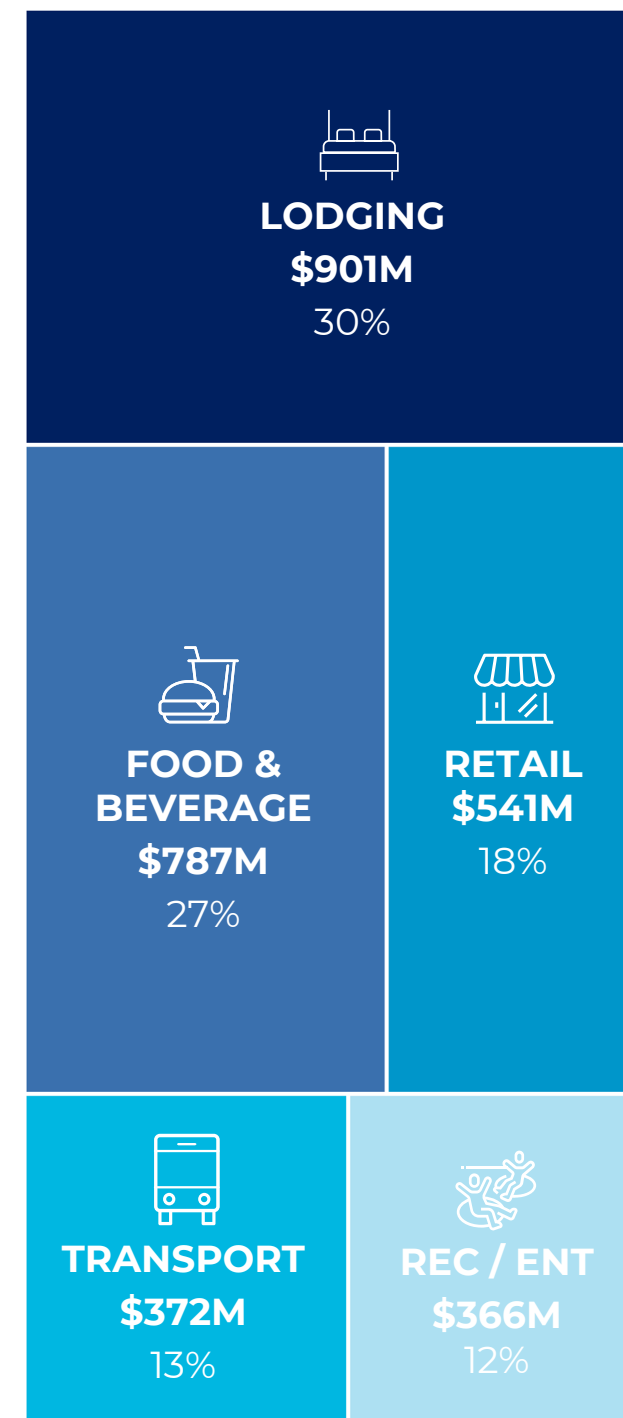
Amounts in \$ millions



Sources: Longwoods International, Tourism Economics

\$3.0 BILLION

Visitor Spending in 2023



Source: Tourism Economics

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

VISITATION & SPENDING TRENDS

Visitor spending increased by 3% in 2023 and growth was not equal across all sectors. Lodging, the weakest performing category, experienced no growth in 2023. Hotel revenue in Asheville fell 1.6% in 2023 with declines in both demand and ADR. However, growth in second home spending and short-term rental revenue offset lower hotel revenue.

Spending on entertainment and recreation rose 9% in 2023, the fastest growth among all categories. The largest increase, measured in dollars, was the \$43 million increase in food & beverage spending. Together, these two categories accounted for about 85% of the total growth in 2023 spending.

Asheville visitor spending

Amounts in \$ millions, 2023 growth relative to 2022

	2019	2020	2021	2022	2023	2023 Growth (\$)	2023 Growth (%)
Total visitor spending	\$2,242	\$1,459	\$2,641	\$2,879	\$2,967	\$87.6	3.0%
Lodging*	\$609	\$403	\$812	\$902	\$901	-\$0.7	-0.1%
F&B	\$610	\$451	\$698	\$744	\$787	\$42.9	5.8%
Retail	\$468	\$301	\$509	\$534	\$541	\$6.4	1.2%
Transportation**	\$255	\$138	\$301	\$364	\$372	\$7.7	2.1%
Ent/Rec	\$300	\$166	\$322	\$335	\$366	\$31.3	9.3%

Source: Longwoods International, Tourism Economics

* Lodging includes short-term rentals and second home spending

** Transportation includes both ground and air transportation

Asheville visitor volume and spending, by market

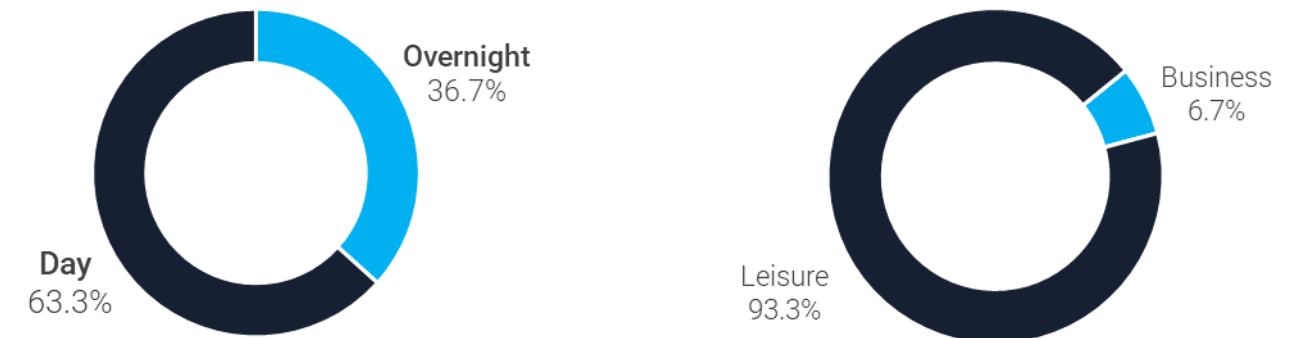
Amounts in millions of visitors, \$ millions, and \$ per person

	2019	2020	2021	2022	2023
Total visitors	11.9	9.1	12.5	13.6	13.9
Day	7.7	6.1	7.9	8.6	8.8
Overnight	4.2	3.0	4.6	5.0	5.1
Total visitor spending	\$2,242	\$1,459	\$2,641	\$2,879	\$2,967
Day	\$674	\$509	\$720	\$840	\$892
Overnight	\$1,568	\$950	\$1,921	\$2,039	\$2,075
Per traveler spending	\$189	\$160	\$211	\$212	\$216
Day	\$88	\$83	\$91	\$97	\$102
Overnight	\$368	\$319	\$418	\$409	\$414

Source: Longwoods International, Tourism Economics

Asheville visitation share by segment

Expressed as percentage of total visitation by market



Source: Longwoods International, Tourism Economics

VISITOR ECONOMY TRENDS

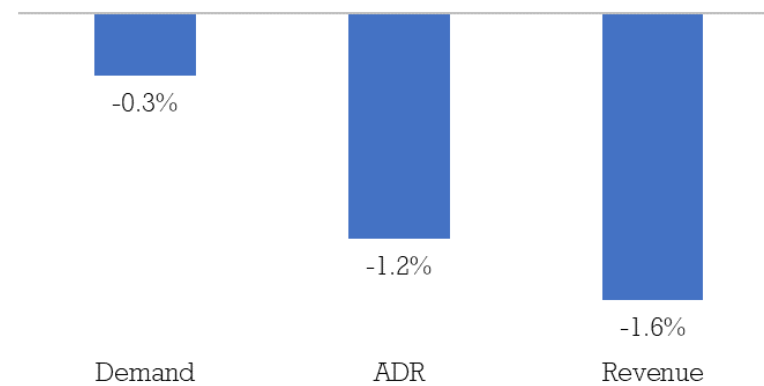
Lodging Sector

Hotel room demand stagnated in 2023, posting a slight decline of 0.3%.

Weak demand eroded the pricing power hoteliers experienced in 2021 and 2022, leading to a 1% decline in average daily rates.

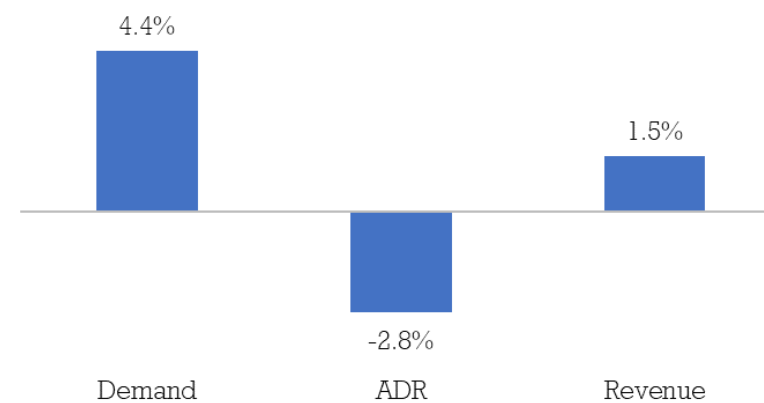
The declines in both demand and ADR caused hotel revenue to fall 1.6% in 2023.

Asheville hotel performance
2023 percent change from prior year



Source: STR

Asheville short-term rental performance
2023 percent change from prior year



Source: AirDNA

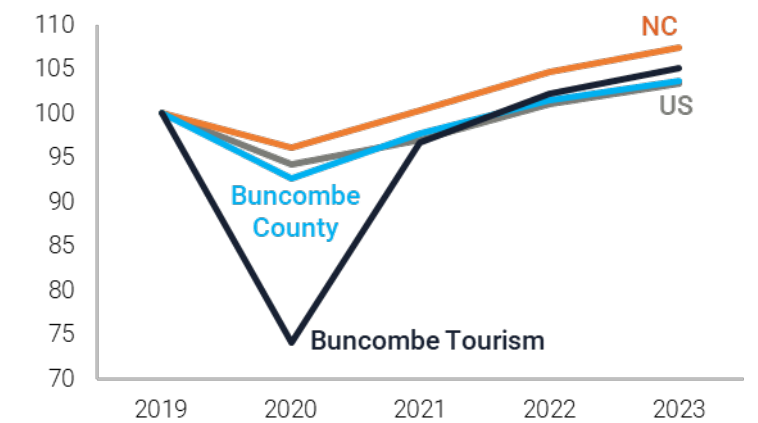
However, growth in the short-term rental market and rising second home values resulted in essentially no change in visitor spending on lodging from 2022 to 2023.

Labor Market

Labor markets have fully recovered the jobs lost due to the pandemic.

More than one-in-four (26%) of Buncombe County tourism jobs were lost in 2020 but the industry rebounded strongly in 2021. Industry employment reached 97% of the 2019 level in 2021, surpassed it in 2022, and was 5% above pre-pandemic employment in 2023.

Tourism employment in Buncombe County
Index (2019=100)



Source: BEA, BLS, Tourism Economics

Fuel Prices

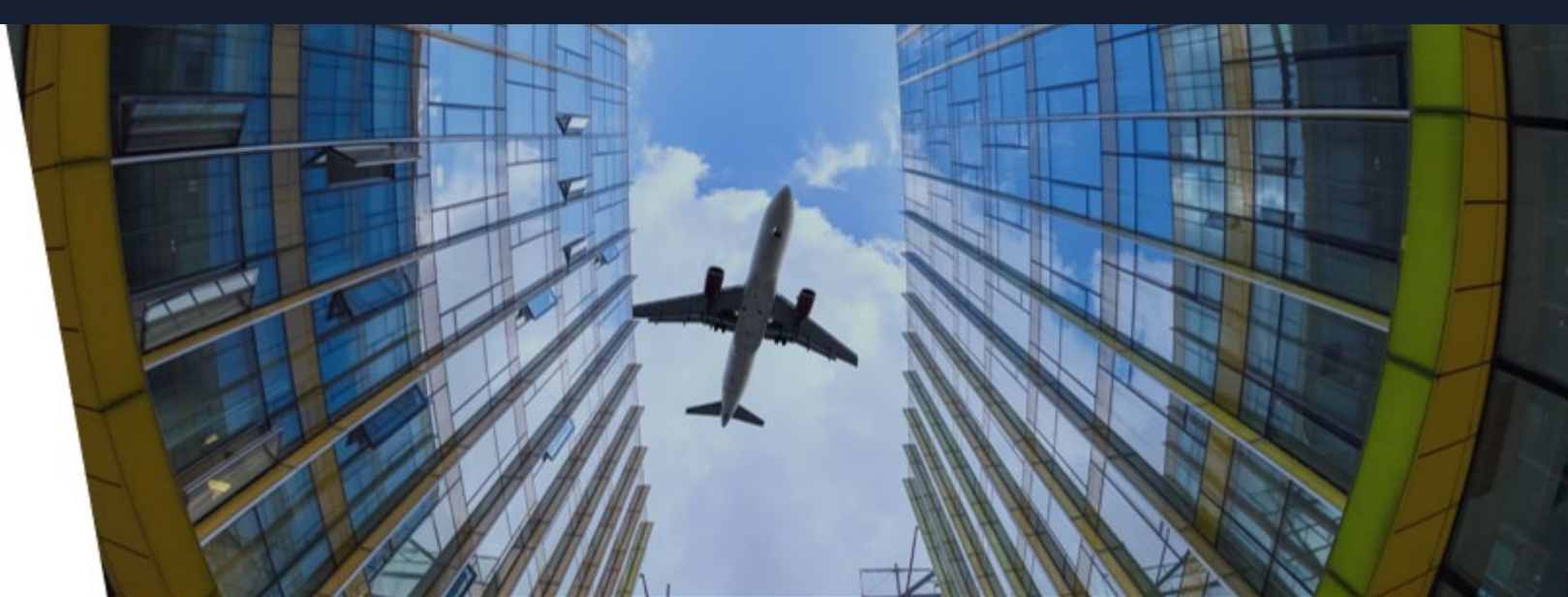
The average price of a gallon of gas fell 10% in 2023 amid signs of slowing inflation. Despite the decline, the average price in 2023 remained 36% above the 2019 average due to the sharp run-up in prices in 2021 and 2022.

Fuel prices in South Atlantic

South Atlantic Region average gasoline price, dollars per gallon



Source: Energy Information Administration



ECONOMIC IMPACT METHODOLOGY

Our analysis of the Asheville 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 Buncombe County economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

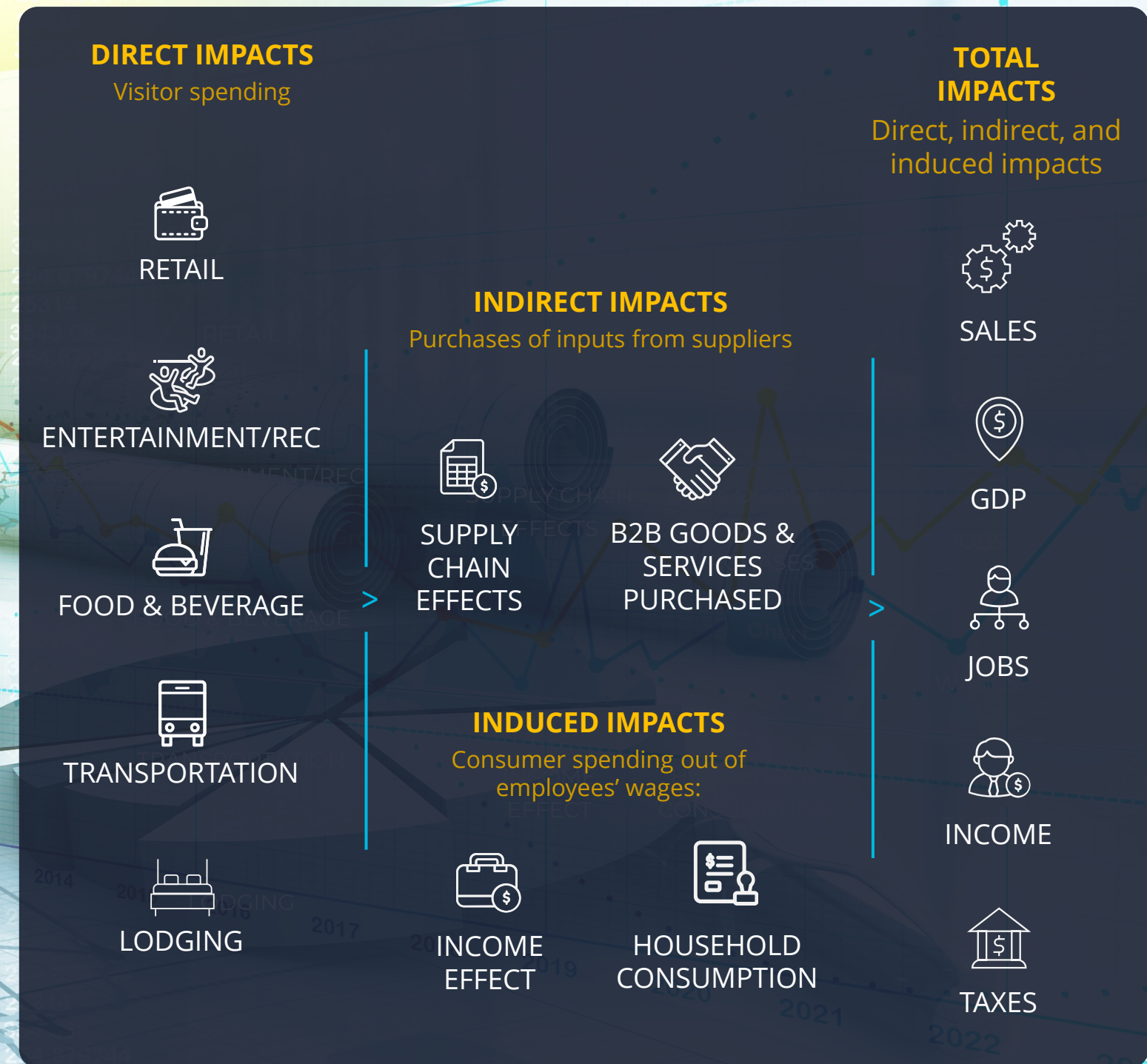
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

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

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

ECONOMIC IMPACT FRAMEWORK



ECONOMIC IMPACT FINDINGS

DIRECT IMPACTS

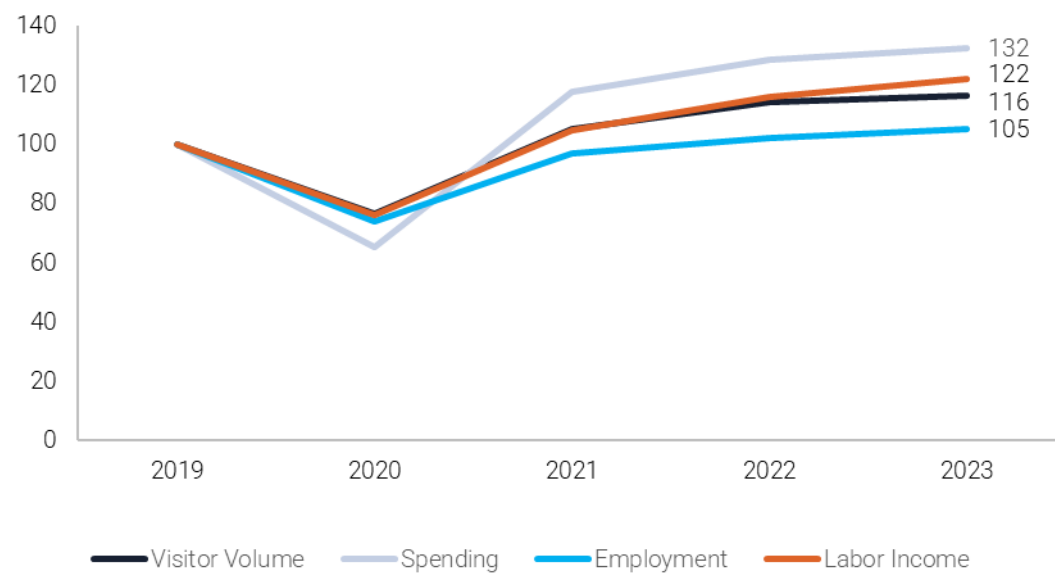
The recovery in visitor spending has outpaced visitation, when measured against 2019, in part due to the impact of inflation on travel prices. Visitor spending in 2023 was 32% higher than in 2019 and visitor volumes were 16% higher.

Employment supported by visitor activity has lagged the growth in visitor volume and spending. Difficulties hiring in the aftermath of the pandemic caused hotels and other businesses to find ways to improve worker productivity.

Additionally, robust wage growth increased labor costs and contributed to a slower pace of hiring. Direct employment in 2023 was 5% above the 2019 baseline, while direct labor income was 22% higher than in 2019.

Direct Impacts

Index, 2019=100



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

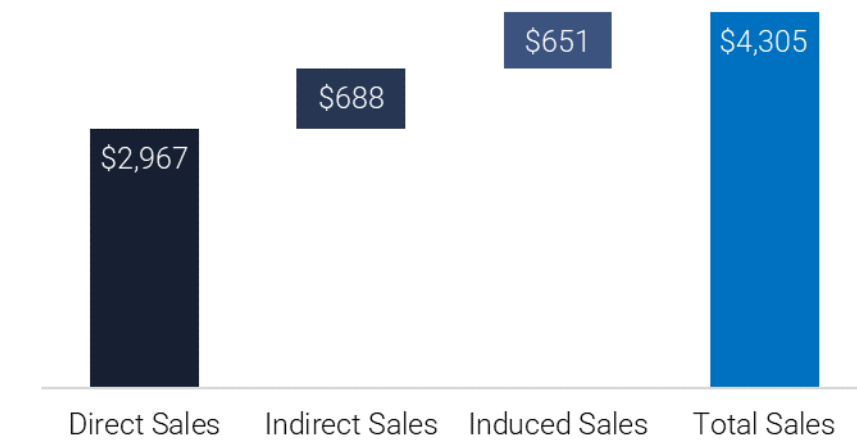
BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$3.0 billion in 2023, which generated \$1.3 billion in indirect and induced impacts. The total economic impact of \$4.3 billion represented an all-time high, 30% above 2019.

The indirect and induced effects added a total of \$1.3 billion in sales for businesses located in Asheville. Outside of direct impacts, significant benefits accrued in sectors like finance, insurance, and real estate, and business services.

Summary economic impacts (2023)

Amounts in \$ millions



Source: Tourism Economics

Business sales impacts by industry (2023)

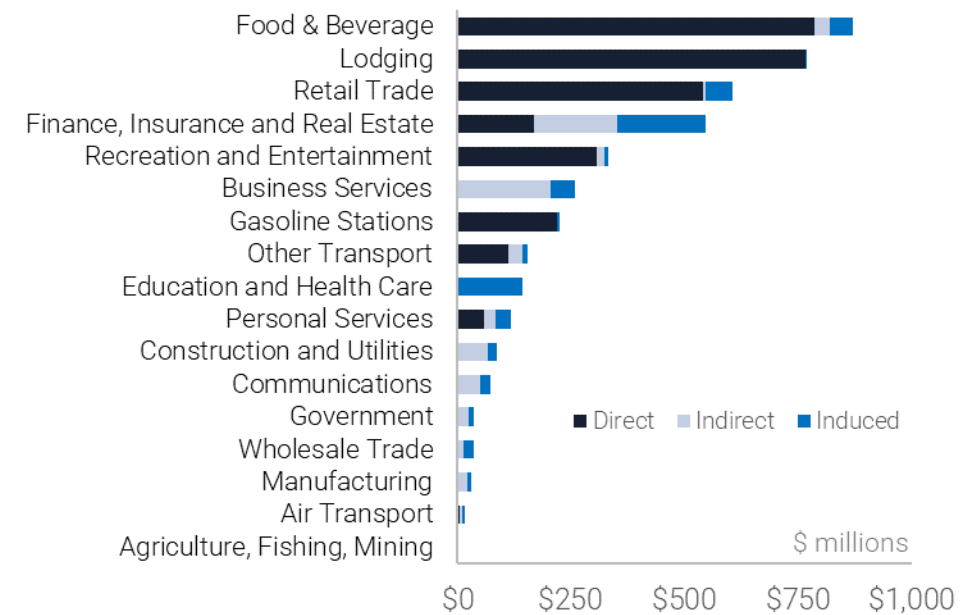
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$2,967	\$688	\$651	\$4,305
Food & Beverage	\$787	\$35	\$50	\$872
Lodging	\$767	\$1	\$1	\$769
Retail Trade	\$541	\$6	\$58	\$605
Finance, Insurance and Real Estate	\$169	\$182	\$196	\$547
Recreation and Entertainment	\$308	\$15	\$11	\$333
Business Services		\$206	\$54	\$260
Gasoline Stations	\$219	\$0	\$5	\$225
Other Transport	\$112	\$32	\$12	\$155
Education and Health Care		\$2	\$140	\$142
Personal Services	\$58	\$27	\$34	\$119
Construction and Utilities		\$66	\$21	\$87
Communications		\$51	\$22	\$73
Government		\$26	\$10	\$36
Wholesale Trade		\$13	\$22	\$35
Manufacturing		\$21	\$9	\$30
Air Transport	\$6	\$4	\$6	\$17
Agriculture, Fishing, Mining		\$0	\$0	\$1

Source: Tourism Economics

Business sales impacts by industry (2023)

Amounts in \$ millions



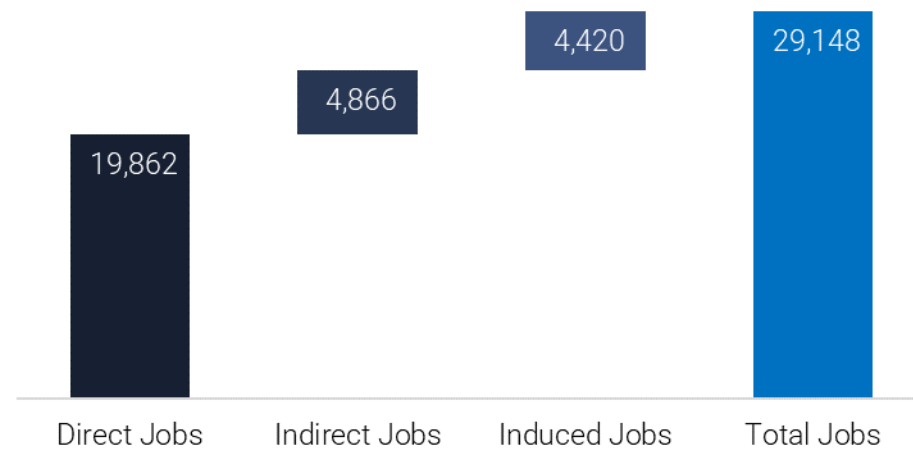
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 19,862 direct jobs in 2023, with an additional 9,286 jobs supported from the indirect and induced impacts of visitor activity. All together, the tourism industry supported 29,148 jobs in 2023, one of every seven jobs in the county.

Summary employment impacts (2023)

Amounts in number of jobs



Source: Tourism Economics

Visitor spending supported the largest number of jobs in the food & beverage industry (7,722).

Spending by businesses directly impacted by visitor spending supported 2,429 jobs in the business services industry—in areas like accounting, advertising and building services.

Employment impacts by industry (2023)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2023)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	19,862	4,866	4,420	29,148
Food & Beverage	6,661	418	644	7,722
Lodging	5,011	8	4	5,023
Recreation and Entertainment	3,328	234	141	3,703
Retail Trade	2,766	73	663	3,503
Business Services		1,920	509	2,429
Personal Services	814	324	393	1,531
Finance, Insurance and Real Estate	135	825	466	1,427
Other Transport	929	231	80	1,240
Education and Health Care		32	1,149	1,180
Construction and Utilities		298	67	365
Gasoline Stations	203	3	40	247
Communications		184	60	244
Government		176	53	229
Wholesale Trade		68	119	187
Manufacturing		58	13	71
Air Transport	14	10	16	40
Agriculture, Fishing, Mining		4	3	7

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$673 million in direct labor income. Total tourism-generated income in Asheville exceeded \$1 billion for the first time when including indirect and induced impacts.

Summary labor income impacts (2023)

Amounts in \$ millions

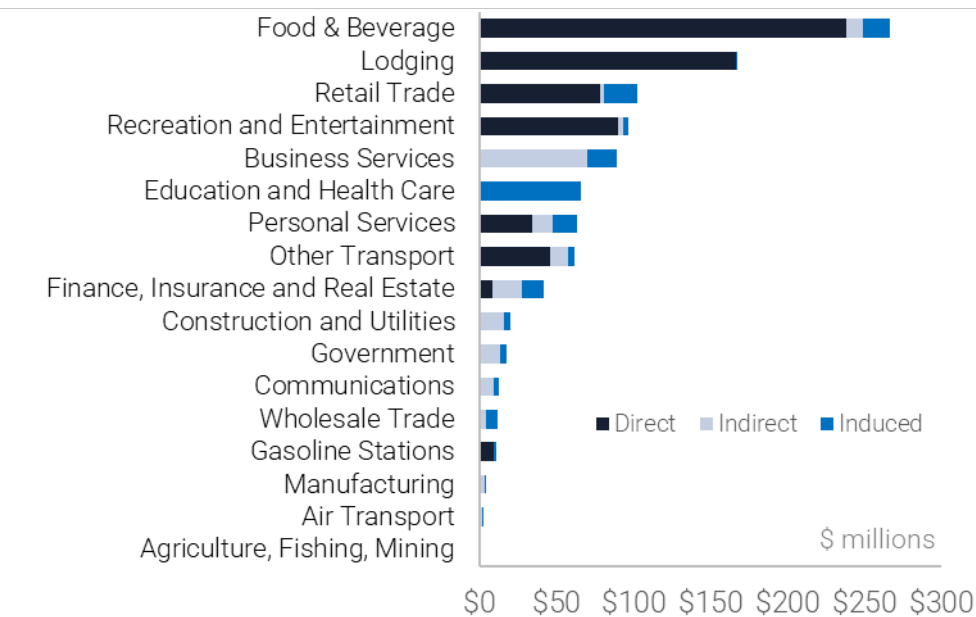


Source: Tourism Economics

There are eight industries in which visitor activity supports more than \$60 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & healthcare.

Labor income impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics



Labor income impacts by industry (2023)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$673	\$179	\$184	\$1,036
Food & Beverage	\$238	\$11	\$17	\$267
Lodging	\$166	\$0	\$0	\$167
Retail Trade	\$78	\$2	\$22	\$103
Recreation and Entertainment	\$90	\$3	\$3	\$97
Business Services		\$70	\$19	\$89
Education and Health Care		\$1	\$66	\$66
Personal Services	\$35	\$13	\$16	\$63
Other Transport	\$46	\$11	\$4	\$62
Finance, Insurance and Real Estate	\$9	\$19	\$14	\$42
Construction and Utilities		\$16	\$4	\$20
Government		\$14	\$4	\$18
Communications		\$10	\$3	\$13
Wholesale Trade		\$4	\$7	\$12
Gasoline Stations	\$9	\$0	\$2	\$11
Manufacturing		\$3	\$1	\$4
Air Transport	\$1	\$1	\$1	\$3
Agriculture, Fishing, Mining		\$0	\$0	\$0

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$476 million in government revenues.

State and local taxes alone tallied \$265 million in 2023.

Each household in Buncombe County would need to be taxed an additional \$2,578 to replace the visitor-generated taxes received by state and local governments in 2023.

Fiscal (tax) impacts

Amounts in \$ millions

	Tax Revenue
Total Tax Revenues	\$476
Federal Taxes	\$210
Personal Income	\$49
Corporate	\$34
Indirect Business	\$25
Social Insurance	\$102
State Taxes	\$146
Sales	\$103
Personal Income	\$21
Other Taxes and Fees	\$17
Corporate	\$4
Social Security	\$1
Local Taxes (County)	\$83
Sales	\$40
Property	\$40
Excise and Fees	\$2
Occupancy tax (admin fee)	\$1
Local Taxes (City)	\$36
Sales	\$9
Property	\$26
Excise and Fees	\$1

Source: Tourism Economics



ECONOMIC IMPACTS

JOB & LABOR INCOME IMPACTS

Direct visitor spending of \$3.0 billion generated tourism's total economic impact of \$4.3 billion, including more than 29,000 total jobs (including full-time and part-time jobs) with associated labor income surpassing \$1.0 billion in 2023.

 **\$4.3B**
Total Economic Impact

 **\$3.0B**
Direct Visitor Spending

 **\$1.0B**
Total Labor Income Impact

 **29,148**
Total Jobs Impact



FISCAL IMPACTS

TAX REVENUES

The economic impacts attributable to visitors generate significant fiscal (tax) impacts as they ripple through the regional economy. Visitor activity generated \$265 million in state and local tax revenues in 2023.

 **\$265M**
Total State & Local Tax Revenues

 **\$119M**
Local Tax Revenues (County and City)

 **\$153M**
Sales Tax Revenues

 **\$66M**
Property Tax Revenues

ECONOMIC IMPACTS IN CONTEXT



\$3.0B
Visitor
Spending

The \$3.0 billion in visitor spending means that more than \$8.1 million was spent EVERY DAY by visitors in Asheville.



\$1.0B
Total Labor
Income

The \$1.0 billion in total income generated by tourism is the equivalent of \$10,000 for every household in Buncombe County.



29,000
Total
Jobs

The number of jobs sustained by tourism (29,148) supports 14% of all jobs in Buncombe County.



\$265M
state & local
taxes

Each household in Buncombe County would need to be taxed an additional \$2,578 to replace the visitor taxes received by the state and local governments in 2023.

APPENDIX

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	Employment is measured by the Bureau of Economic Analysis (BEA) and Bureau of Labor Statistics (BLS) definitions, and captures full-time and part-time jobs, which includes salary and wage employees and proprietors.
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 600 full-time staff, including 350+ professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

admin@tourismeconomics.com