

Economic Impacts of Travel, 2008

Portland, Oregon

April 2009

Prepared for

Travel Portland
Portland, Oregon

EXECUTIVE SUMMARY

Spending by visitors generates sales in lodging, food services, recreation, transportation, and retail businesses – the “travel industry.” These sales support jobs for Portland Metro residents and contribute tax revenue to local and state government.

This report provides detailed travel impact estimates for the Portland Metro area from 1991 to 2008. For purposes of this analysis, the Portland Metro area is defined as Clackamas, Multnomah and Washington counties. The estimates for 2008 are preliminary. These estimates were produced using the Regional Travel Impact Model (RTIM) developed by Dean Runyan Associates. The estimates are comparable to the U.S. Travel and Tourism Satellite Accounts produced by the U.S. Bureau of Economic Analysis.

RECENT TRAVEL TRENDS IN THE PORTLAND METRO AREA

Travel spending and related impacts leveled off in the 3rd quarter of 2008 and declined sharply in the 4th quarter. This follows the general pattern throughout the U.S.

- Spending in the Portland Metro area reached \$3.8 billion in 2008. This represents a 3.5 percent increase in current dollars, but a decline of 1.5 percent in constant (adjusted for inflation) dollars.
- The number of visitor arrivals traveling on domestic airlines decreased by 1.1 percent in 2008.
- The demand for lodging also decreased by 1.6 percent on an annual basis.

IMPORTANT CHARACTERISTICS OF THE PORTLAND METRO TRAVEL INDUSTRY

- Sixty-six percent of all visitor spending (\$2.0 billion) in the Portland Metro area in 2008 was attributable to visitors who stayed in hotels, motels and B&Bs.
- Two-thirds of the travel-generated employment in the Portland Metro area is located in Multnomah County. However, residents of the entire metropolitan area staff these jobs.

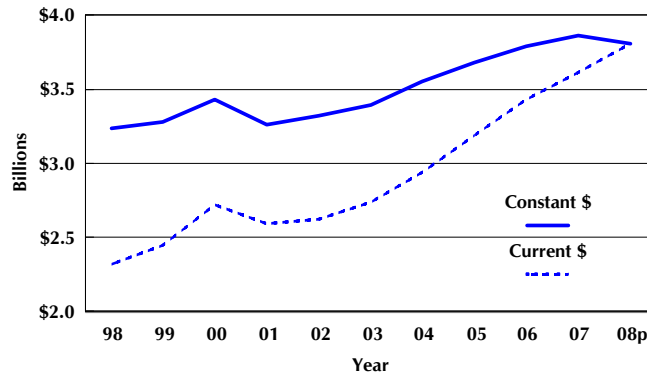
VISITOR VOLUME AND AVERAGE SPENDING

- Visitors made approximately 9.6 million person trips to the Portland Metro area in 2008 and stayed 17.1 million days. On an average day, out-of-town visitors account for three out of every 100 persons in the Portland Metro area.
- Average daily per person visitor spending in the Portland Metro area for 2008 was \$106, not including spending on transportation.

RECENT TRAVEL TRENDS IN THE PORTLAND METRO AREA

Travel spending in the Portland Metro area reached \$3.8 billion in 2008. This represents a 3.5 percent increase over the preceding year in current dollars, and a 1.5 percent decrease in constant (inflation-adjusted) dollars. Price increases for lodging and transportation were the primary components of inflation in the travel sector.

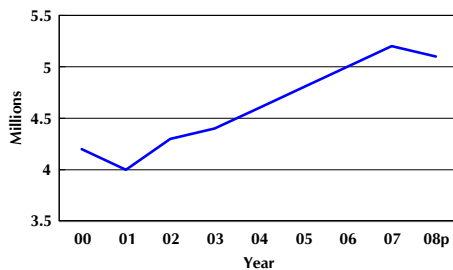
**Travel Spending in the Portland Metro Area
Current and Constant Dollars**



Note: Constant dollars deflated by a composite of West Urban CPI-U and average room rates reported by Smith Travel Research.

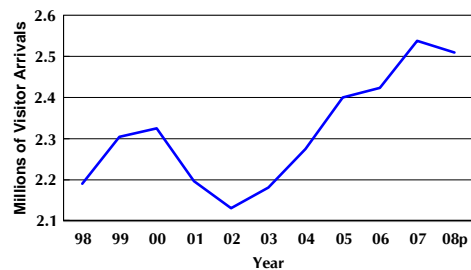
Two key indicators of visitor volume – room nights sold and visitor arrivals on domestic flights – also show a weakening of travel to the Portland Metro area during the past year. Lodging demand (the number of room-nights sold to visitors) declined by 1.6 percent on an annual basis. The number of visitors traveling to Portland International Airport on domestic airlines declined by 1.1 percent over the same period.

Lodging Demand



Sources: Smith Travel Research and Dean Runyan Associates.

Visitor Arrivals on Domestic Flights



Sources: Bureau of Transportation Origin & Destination Survey and Dean Runyan Associates.

Portland Metro travel trends are summarized on the following page.

Portland Metro Travel Trends, 1991-2008p

	Spending	Earnings	Employment	Tax Receipts (\$Million)		
	(\$Million)	(\$Million)	(Thousand)	Local	State	Total
1991	1,386	358	19.9	13	43	56
1992	1,529	396	20.6	14	47	62
1993	1,651	424	21.4	20	50	70
1994	1,741	453	22.1	23	53	76
1995	1,874	491	23.5	26	56	82
1996	2,057	531	24.7	29	59	88
1997	2,245	568	25.7	32	61	92
1998	2,318	597	26.5	32	63	95
1999	2,445	632	26.7	34	66	99
2000	2,729	677	27.7	39	72	111
2001	2,616	680	27.6	39	72	111
2002	2,631	673	27.4	40	70	110
2003	2,755	666	27.2	41	71	112
2004	2,951	693	27.9	44	78	122
2005	3,202	722	28.4	48	81	129
2006	3,449	766	29.4	54	86	140
2007	3,627	830	30.6	60	88	148
2008p	3,754	858	30.5	62	89	151
<i>Annual Percentage Change</i>						
07-08p	3.5	3.4	-0.3	4.0	0.6	2.0
91-08p	6.0	5.3	2.6	9.6	4.4	6.0

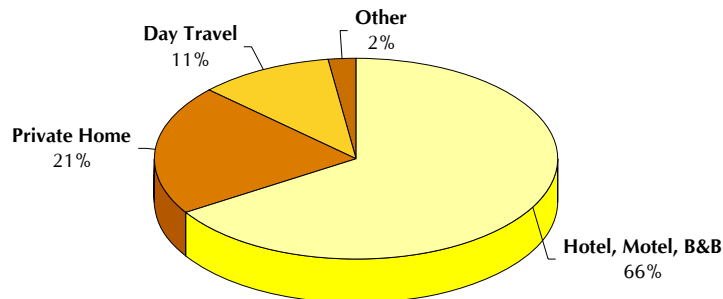
PORTLAND METRO TRAVEL IMPACTS

Detailed economic impacts for 1991 through 2008p can be found on pages 7 and 8. Some of the primary characteristics of the Portland Metro travel industry are summarized below:

- **Visitor Spending by Type of Traveler Accommodation**

Sixty-six percent of all visitor spending (\$2.0 billion) in the Portland Metro area in 2008 was attributable to visitors who stayed in hotels, motels and B&Bs. Visitors staying in the private homes of friends and relatives spent \$635 million. Travelers visiting Portland for the day spent \$326 million. (These estimates include one-way airfares to Portland.)

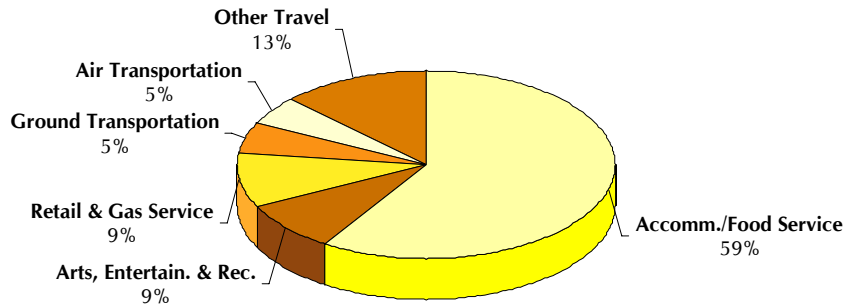
**Visitor Spending in Portland Metro
by Type of Accommodation, 2008p**



- **Employment and Earnings Generated by Travel Spending**

Travel spending generated 30,500 jobs in the Portland Metro area in 2008 with total earnings of \$858 million. Most of these jobs were service-oriented, relating to accommodations, food services, entertainment and recreation. Another major category of travel-generated employment and earnings was air transportation – which serves the larger Portland metro area as well as surrounding regions in Oregon and Washington.

Travel-Generated Employment in Portland Metro Area, 2008p

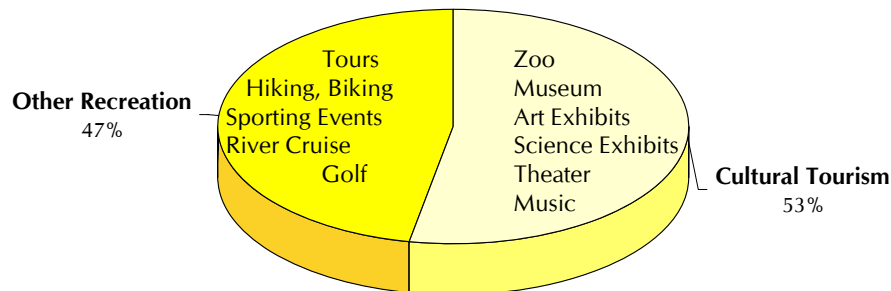


- **Visitor Spending by Commodity Purchased**

Spending by visitors to the Portland Metro area in restaurants and other eating and drinking establishments totaled \$589 million in 2008. Spending on accommodations totaled \$552 million. Visitors in the Portland Metro area also spent \$380 million on retail goods (excluding gasoline) and \$185 million on arts, entertainment and recreation.

- **Visitor Impacts Related to Arts, Entertainment and Recreation**

As noted above, visitor spending on arts, entertainment and recreation totaled \$185 million in 2008. Of this amount, spending on cultural tourism activities totaled \$98 million (53 percent of all spending on arts, entertainment and recreation); spending on other recreation amounted to \$87 million. Combined, this \$185 million in spending generated \$61 million in earnings and 2,600 jobs.



Source: Dean Runyan Associates and Longwoods International Visitor Survey. See Appendix C for complete listing of activities.

- **Tax Revenues Generated by Travel Spending**

Travel spending in the Portland Metro area generated \$62 million in local taxes. Local taxes include county and city room taxes and the county auto-rental tax. Property taxes are not included. State tax receipts generated by travel spending (\$89 million) include gasoline taxes, income taxes applied to individuals and businesses, and the statewide one-percent lodging tax.

- **Travel Impacts Within the Portland Metro Area**

Almost three-fourths of travel spending and travel-generated earnings in the Portland Metro area occurs in Multnomah County. This is due to the location of Portland International Airport and the volume of business and convention travel in the county. However, the appeal of the Portland Metro area as a visitor destination is based on attractions throughout the region. With respect to employment impacts, residents of all three counties commute to work at locations throughout the metro area.

Portland Metro Travel Impacts, 1991-2001

	1991	1993	1995	1997	1999	2001
Total Direct Travel Spending (\$Million)						
Visitor Spending at Destination	1,073	1,265	1,468	1,734	1,864	2,070
Other Travel*	313	387	407	511	581	546
Total Direct Spending	1,386	1,651	1,874	2,245	2,445	2,616
Visitor Spending by Type of Traveler Accommodation (\$Million)						
Hotel, Motel	614	736	890	1,070	1,141	1,283
Private Campground	17	18	19	20	21	22
Public Campground	3	3	4	4	4	4
Private Home	291	338	359	415	454	478
Vacation Home	10	12	14	17	20	25
Day Travel	138	158	182	209	224	258
Spending at Destination	1,073	1,265	1,468	1,734	1,864	2,070
Visitor Spending by Commodity Purchased (\$Million)						
Accommodations	178	211	262	314	338	350
Food & Beverage Services	203	235	278	325	352	402
Food Stores	39	44	52	60	64	74
Ground Tran. & Motor Fuel	259	300	348	399	409	499
Cultural Tourism	41	47	55	64	69	79
Other Recreation	36	42	49	57	61	70
Retail Sales	171	198	231	267	288	331
Air Transportation (visitor only)	146	187	192	249	283	266
Spending at Destination	1,073	1,265	1,468	1,734	1,864	2,070
Industry Earnings Generated by Travel Spending (\$Million)						
Accommodations & Food Service	141	165	199	235	253	277
Cultural Tourism	12	13	16	18	20	22
Other Recreation	10	12	14	16	17	20
Retail**	33	37	42	48	53	59
Auto Rental & other ground tran.	14	18	24	27	30	34
Air Transportation (visitor only)	42	53	57	66	76	81
Other Travel*	106	125	139	158	182	188
Total Direct Earnings	358	424	491	568	632	680
Industry Employment Generated by Travel Spending (Thousand Jobs)						
Accommodations & Food Service	10.7	11.4	12.5	13.8	14.0	14.7
Cultural Tourism	0.8	0.8	0.9	0.9	1.0	1.1
Other Recreation	0.7	0.7	0.8	0.8	0.9	1.0
Retail**	2.0	2.2	2.3	2.5	2.5	2.6
Auto Rental & other ground tran.	1.0	1.2	1.4	1.5	1.5	1.6
Air Transportation (visitor only)	1.1	1.3	1.5	1.7	1.9	1.9
Other Travel*	3.5	3.8	4.2	4.6	4.9	4.8
Total Direct Employment	19.9	21.4	23.5	25.7	26.7	27.6
Tax Receipts Generated by Travel Spending (\$Million)						
Local Tax Receipts	13	20	26	32	34	39
State Tax Receipts	43	50	56	61	66	72
Total Direct Tax Receipts	56	70	82	92	99	111

Details may not add to totals due to rounding.

*Other Travel includes resident air travel and travel agency services. **Retail includes gasoline.

Portland Metro Travel Impacts, 2002-2008p

	2002	2003	2004	2005	2006	2007	2008p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	2,108	2,213	2,378	2,581	2,798	2,928	3,025
Other Travel*	523	543	573	621	651	699	729
Total Direct Spending	2,631	2,755	2,951	3,202	3,449	3,627	3,754
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	1,312	1,384	1,508	1,655	1,817	1,923	1,997
Private Campground	22	24	25	25	27	27	29
Public Campground	4	4	5	5	5	5	5
Private Home	475	495	516	553	586	610	635
Vacation Home	25	26	27	29	30	31	33
Day Travel	269	280	297	315	334	333	326
Spending at Destination	2,108	2,213	2,378	2,581	2,798	2,928	3,025
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	349	356	383	422	477	530	552
Food & Beverage Services	431	450	487	519	552	580	589
Food Stores	78	81	88	92	95	101	104
Ground Tran. & Motor Fuel	487	549	614	699	782	804	861
Cultural Tourism	84	86	91	94	98	100	98
Other Recreation	74	77	81	83	87	89	87
Retail Sales	351	351	362	374	389	391	380
Air Transportation (visitor only)	254	262	272	298	317	333	353
Spending at Destination	2,108	2,213	2,378	2,581	2,798	2,928	3,025
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodations & Food Service	289	299	321	346	374	407	423
Cultural Tourism	24	25	25	26	28	32	33
Other Recreation	21	22	22	23	25	28	29
Retail**	59	64	67	70	72	75	74
Auto Rental & other ground tran.	36	37	39	40	42	42	43
Air Transportation (visitor only)	73	64	62	62	65	70	75
Other Travel*	171	155	155	155	161	175	182
Total Direct Earnings	673	666	693	722	766	830	858
Industry Employment Generated by Travel Spending (Thousand Jobs)							
Accommodations & Food Service	15.0	15.0	15.7	16.3	17.0	17.9	18.0
Cultural Tourism	1.1	1.2	1.2	1.2	1.3	1.4	1.4
Other Recreation	1.0	1.0	1.1	1.1	1.2	1.2	1.2
Retail**	2.5	2.7	2.9	3.0	3.0	3.1	2.9
Auto Rental & other ground tran.	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Air Transportation (visitor only)	1.8	1.6	1.5	1.4	1.5	1.5	1.5
Other Travel*	4.4	4.0	3.8	3.7	3.8	3.9	3.9
Total Direct Employment	27.4	27.2	27.9	28.4	29.4	30.6	30.5
Tax Receipts Generated by Travel Spending (\$Million)							
Local Tax Receipts	40	41	44	48	54	60	62
State Tax Receipts	70	71	78	81	86	88	89
Total Direct Tax Receipts	110	112	122	129	140	148	151

Details may not add to totals due to rounding.

*Other Travel includes resident air travel and travel agency services. **Retail includes gasoline.

VISITOR VOLUME AND AVERAGE SPENDING

Visitor volume figures for the Portland Metro area are based on the economic findings of this report and other data, as noted in the table below. *It should be emphasized that visitor volume estimates are extremely sensitive to small changes in travel party characteristics, such as length of stay, that are difficult to reliably track on a year-to-year basis.* For this reason, the values shown below should be considered approximate. Visitor volume trends can be more reliably measured by tracking room nights sold and/or visitor air arrivals (see page 3 of this report).

Portland Metro Visitor Volume Estimate, 2008p

	Travel Parties		Persons		
	Days (Millions)	Avg. Size (persons)	Days (Millions)	Avg. Stay (days)	Trips (Millions)
Overnight	7.8	1.8	13.7	2.3	5.9
Hotel/Motel	4.5	1.8	8.1	2.1	3.8
Other Overnight	3.3	1.7	5.6	2.7	2.1
Day	1.8	1.9	3.4	1.0	3.4
Total	9.6	1.8	17.1	1.8	9.3

Sources: Dean Runyan Associates, TNS Travels America Survey, Smith Travel Research and Bureau of Transportation Origin and Destination Survey.

Estimates of average daily and average trip spending for overnight and day visitors are shown below. Transportation expenditures, including one-way passenger airfares are included only for the total. Spending on resident air transportation and travel agencies are not included.

Average Daily and Average Trip Spending by Visitors to Portland Metro Area, 2008p

	Total (Millions)	Travel Party		Person	
		Per Day	Per Trip	Per Day	Per Trip
Overnight	\$1,551	\$199	\$468	\$113	\$266
Hotel/Motel	\$1,239	\$276	\$581	\$154	\$323
Other Overnight	\$312	\$95	\$255	\$56	\$150
Day	\$260	\$145	\$145	\$76	\$76
Day and Overnight	\$1,811	\$189	\$346	\$106	\$194
Transportation	\$1,214	\$127	\$232	\$71	\$130
Total	\$3,025	\$316	\$578	\$177	\$324

Sources: Dean Runyan Associates, TNS Travels America Survey, Smith Travel Research and Bureau of Transportation Origin and Destination Survey.

APPENDICES

Appendix A. Regional Travel Impact Model

Appendix B: Travel Impact Industries Matched to 1997 NAICS

Appendix C. Recreation Activities in Portland Metro Area

REGIONAL TRAVEL IMPACT MODEL

The impact estimates associated with traveler spending to the Portland Metro area were measured using the Regional Travel Impact Model (RTIM) developed by Dean Runyan Associates. The RTIM was calibrated specifically to represent the unique characteristics of the travel industry in the Portland Metro area. For purposes of this analysis, the Portland Metro area is defined as Clackamas, Multnomah and Washington counties.

TRANSPORTATION IMPACTS

The focus of this analysis is on the destination-specific impacts of visitors. This is straightforward with respect to the spending on commodities such as accommodations, food services, recreation and retail purchases. It is less obvious with respect to ground and air transportation services, in that transportation provides a link between an origin and destination. In this report, the impacts related to spending on transportation are allocated to the location (i.e., county) in which those spending impacts occur, regardless of whether that location is the ultimate destination of the visitor. For this reason, urban counties, such as Multnomah, will tend to have relatively greater transportation impacts because some of the spending on transportation will be related to visits at other destinations.

IMPACT ESTIMATES FOR 2007 AND 2008

The 2008 estimates contained in this report are *preliminary*. The preliminary estimates are based on the 2008 economic impact analysis prepared for the Oregon Tourism Commission and updated with the most current information collected for Clackamas, Multnomah and Washington counties. This approach is consistent with the methodology used to produce travel economic impact figures for the state of Oregon.

INTERPRETATION OF IMPACT ESTIMATES

Users of this report should be aware of other issues regarding the interpretation of reported impact estimates

- All estimates contained in this report supersede those previously published.
- The estimates in this report are expressed in *current* dollars. There is no adjustment for inflation unless noted.
- Economic impact measurements reported herein represent only direct economic impacts. Direct economic impacts include only the spending by travelers and the employment generated by that spending. Secondary effects are not included.
- The employment estimates in this report are estimates of the total number of full and part-time number of jobs directly generated by travel spending, rather than the number of individuals employed. Both payroll employees and proprietors are included in these estimates.

TRAVEL SPENDING

Hotel, Motel, B&B. Spending on commercial accommodations by hotel and motel guests is estimated from transient lodging tax collections at the city/county jurisdictional level. Spending by hotel and motel guests in other business categories, such as food and transportation, is estimated using spending distributions reported in the visitor survey data. The spending distribution shows how travelers divide their spending between lodging and other purchases.

Private Campground. Spending by campers using commercial campgrounds is estimated from the number of commercial campsites, the average occupancy of these campsites and the average daily expenditures of visitor camp parties reported in survey data. Spending in other business categories is estimated in the same way as for hotel guests.

Public Campground. Spending by campers using public campgrounds is estimated from visitor counts at national and state parks, national forests, and state and federally managed recreation areas and then multiplying the visitation by daily spending estimates from the visitor survey.

Private Home. Spending by private home guests is determined from visitor survey data estimating the number of visitors staying as guests of friends and relatives and applying these rates to the household population base in individual counties.

Vacation Home. Estimated spending by vacation home renters and owners is based on a ratio derived between the number of visitors staying in commercial accommodations and those staying in vacation homes and the relative expenditure levels for each type of visitor. The state total is distributed among the counties using housing data from the U.S. Bureau of the Census.

Day Travel. The share of day visits as a percentage of total travel is estimated from visitor survey data and applied to average daily spending estimates to produce day visitor spending.

Air Transportation. Visitor spending estimates for air transportation are derived from the Origin-Destination survey conducted for the Bureau of Transportation Statistics.

Employment and earnings estimates are derived from industry receipts, payroll, and employment data for passenger traffic. The impacts of air cargo operations on scheduled passenger flights are not included in these estimates.

Travel Agencies. This category consists of travel agents. Employment and earnings are estimated from covered employment and wage data.

RELATED TRAVEL IMPACTS

Spending by travelers generates jobs, payroll, and state and local tax revenue.

Earnings generated directly from traveler expenditures are estimated from a payroll-to-receipts ratio obtained from the 1997 Economic Census and earnings estimates from the Bureau of Economic Analysis.

Employment in each business category is calculated from wage data supplied by the Oregon Employment Department and earnings estimates from the Bureau of Economic Analysis.

Local Taxes consist of local room taxes, or transient lodging taxes as well as local taxes applicable to traveler purchases in eating and drinking establishments and on automobile rentals.

State Taxes consist of corporate income taxes and gasoline taxes attributable to travel expenditures, personal income taxes based on the associated travel-generated employment, and the state one percent lodging tax (effective January 2004).

Personal income taxes are estimated by applying the average state personal income tax rate to payrolls resulting from traveler spending. Corporate income taxes are estimated by applying the applicable corporate tax rate to the business receipts, or sales, generated from traveler spending.

State sales taxes are not applicable in the state of Oregon and are not included in the state tax revenue attributable to traveler spending.

TRAVEL IMPACT INDUSTRIES MATCHED TO 2002 NAICS

TRAVEL IMPACT INDUSTRY	NAICS INDUSTRIES* (code)
Accommodation & Food Services	Accommodation (721) Food Services and Drinking Places (722) Residential Property Managers (531311)
Arts, Entertainment & Recreation	Performing Arts, Spectator Sports (711) Museums (712) Amusement, Gambling (713) Scenic and Sightseeing Transportation (487) Miscellaneous Industries (see note**)
Retail	Food & Beverage Stores (445) Gasoline Stations (447) Clothing and Clothing Accessories Stores (448) Sporting Goods, Hobby, Book, and Music Stores (451) General Merchandise Stores (452) Miscellaneous Store Retailers (453)
Ground Transportation	Interurban and rural bus transportation (4852) Taxi and Limousine Service (4853) Charter Bus Industry (4855) Passenger Car Rental (532111) Parking Lots and Garages (812930)
Air Transportation	Scheduled Air Passenger Transportation (481111) Support Activities for Air Transportation (4881)
Travel Agencies	Travel Agencies (56151)

Notes: *Government enterprises (e.g., park systems) are included in this classification.

**Includes parts of industries in other sectors (e.g., accommodation, charter bus).

RECREATIONAL ACTIVITIES IN PORTLAND METRO AREA

Cultural Tourism activities

- Museums
- Zoo
- Art Gallery
- Fair/exhibition/festival
- Historic sites
- Science exhibit
- Theater/dance/symphony/opera
- Winery/vineyard
- Microbrewery tour
- Bar/disco/nightclub (part)

Other recreational activities

- Day cruise
- Short guided tour
- Power boating/sailing
- Viewing wildlife/birds
- Professional/college sports
- Bicycling
- Golf
- Photography
- National/state park
- Hiking/backpacking
- Snow skiing
- Fishing
- Bar/disco/nightclub (part)

Source: Longwoods International Visitor Survey conducted for the Oregon Tourism Commission.