

# **Economic Impacts of Travel, 2016**

## ***Portland, Oregon***

May 2017

Prepared for

Travel Portland  
Portland, Oregon

## EXECUTIVE SUMMARY

This report provides detailed travel impact estimates for the Portland Metro area from 1991 to 2016. For purposes of this analysis, the Portland Metro area is defined as Clackamas, Multnomah and Washington counties. 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.

The estimates for 2016 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.

- **Overview.** Visitation and travel spending in the Portland Metro area increased for the sixth year in a row and employment increased for the fifth consecutive year.
- **Spending.** Travel spending (\$5.2 billion in 2016) in the Portland Metro area increased by 4.6 percent for the year in current dollars. In real (inflation-adjusted) dollars, the increase was 5.5 percent. (The greater rate of increase in real dollars was due to a 12 percent decline in motor fuel prices.)
- **Employment.** Travel-generated employment (37,200 jobs in 2016) increased by 4.4 percent for the year. The average annual rate of employment growth over the past five years has been 4.2 percent.
- **Travel Activity.** There were 9.1 million overnight person-trips to the Portland Metro area in 2016, a 2.5 percent increase over 2015. Visitor air arrivals on domestic airlines were up 10.4 percent for the year, compared to a 8.8 percent increase the preceding year. Domestic visitor air travel to PDX has exceeded the average rate of growth to all U.S. airports for the past five years.

## RECENT TRAVEL TRENDS IN THE PORTLAND METRO AREA

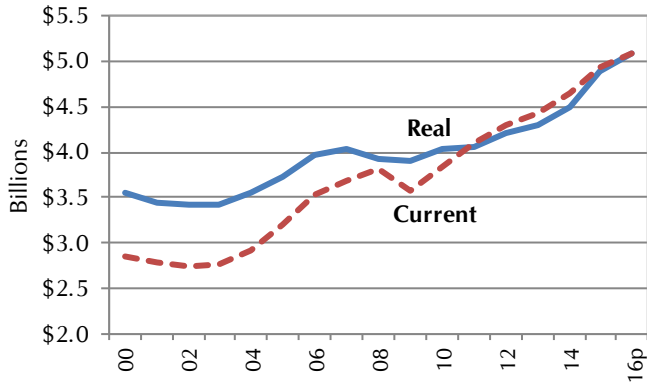
Total direct travel spending in the Portland Metro area was \$5.2 billion in 2016. This represents a 4.6 percent increase over the preceding year in current dollars. Travel-generated employment increased by 4.4 percent, the sixth consecutive year of employment growth.

### Portland Metro Travel Trends, 1991-2016p

	Spending	Earnings	Employment	Tax Receipts (\$Million)	
	(\$Million)	(\$Million)	(Thousand)	Local	State
1991	1,555	401	21.9	12.8	35.8
1992	1,715	442	22.4	15.9	40.0
1993	1,854	474	23.3	23.9	42.8
1994	1,925	499	23.8	26.1	45.0
1995	2,058	538	25.1	29.2	47.9
1996	2,228	574	26.1	32.6	49.9
1997	2,426	610	26.9	35.8	52.2
1998	2,502	630	27.3	37.6	53.1
1999	2,656	675	27.7	39.5	56.2
2000	2,853	718	28.3	46.1	60.6
2001	2,775	719	28.4	47.3	60.6
2002	2,733	702	27.8	49.4	59.0
2003	2,760	684	27.0	50.0	58.6
2004	2,911	693	27.1	52.1	63.3
2005	3,193	739	28.0	57.5	67.3
2006	3,526	795	29.2	64.0	72.3
2007	3,689	850	30.3	71.0	76.7
2008	3,821	866	31.1	73.5	78.8
2009	3,569	822	29.0	69.8	73.2
2010	3,842	860	29.0	68.8	77.3
2011	4,106	934	30.8	78.0	89.0
2012	4,300	988	31.8	84.1	92.7
2013	4,431	1,026	32.8	96.9	95.6
2014	4,652	1,101	34.0	106.6	99.6
2015	4,933	1,206	35.6	124.1	107.3
2016p	5,162	1,331	37.2	134.6	119.2
15-16p	4.6	10.4	4.4	8.4	11.2
91-16p	4.9	4.9	2.1	9.9	4.9

Note: Estimates for 2016p are preliminary. The percentage change for 1991-2016p refers to the average annual percentage change. Total earnings include wage and salary disbursements, other earned income and proprietor income. Employment includes full- and part-time payroll employees and self-employed.

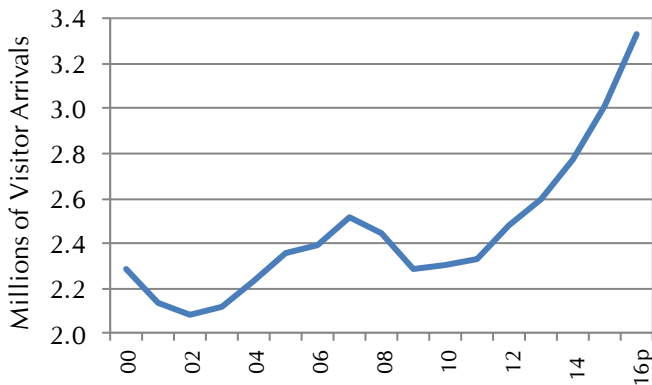
### Real and Current Dollar Travel Spending



Real travel spending (adjusted for inflation) increased by 5.5 percent from 2015 to 2016p, compared to the 4.6 percent increase in current dollars. Room rates were the only item that showed a significant increase, while motor fuel prices declined by 12 percent.

Sources: STR Inc., Energy Information Administration, U.S. Department of Transportation Origin and Destination Survey, and Bureau of Labor Statistics CPI-West Urban.

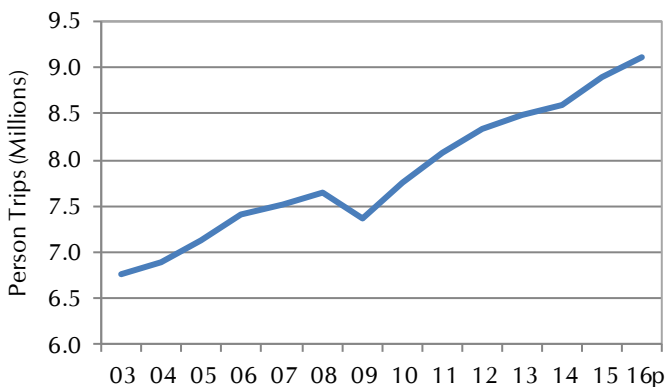
### Visitor Arrivals on Domestic Flights



Visitor air arrivals to the Portland Metro area were 3.3 million in 2016, an annual increase of 10.4 percent. Domestic visitor air travel to PDX has exceeded the average rate of growth to all U.S. airports for the past five years.

Sources: U.S. Department of Transportation Origin and Destination Survey and Dean Runyan Associates.

### Overnight Person Trips

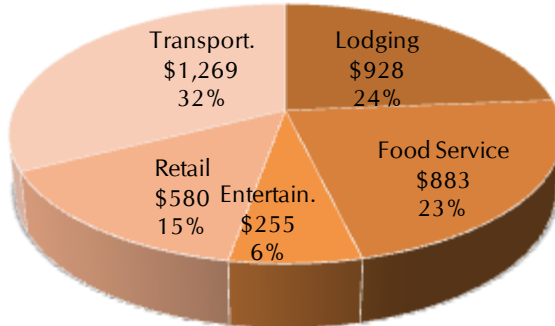


Overnight person trips (9.1 million in 2016) increased by 2.5 percent for the year. (Slightly over one-half of all person trips in the metro area involve stays at the private homes of friends and relatives.)

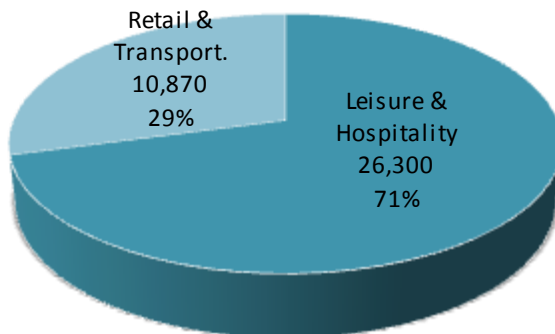
Sources: Estimates prepared by Dean Runyan Associates from other source data. See Appendix C.

## DETAILED TRAVEL IMPACTS

**Visitor Spending by Type of Commodity**  
(Millions)



**Travel-Generated Employment by Industry Sector**



### **Spending & Employment.**

Nearly one-third of all visitor spending was on air and ground transportation (including gas service) in 2016. The leisure and hospitality sector (lodging; food services; and arts, entertainment and recreation) accounted for more than one-half of all visitor spending.

The leisure and hospitality sector accounts for a much higher proportion of employment (71 percent) because it is more labor-intensive and service-oriented.

**Arts, Entertainment & Recreation.** Visitors spent \$255 million on arts, entertainment and recreation in 2016. This spending supported 3,500 jobs with earnings of \$86 million. Slightly more than one-half of this visitor spending (\$135 million) was on cultural tourism, including theater, music, and art and science exhibits. Other recreational activities (\$120 million) include cruises, tours, biking, hikes and sporting events.

**Tax Revenue.** Travel spending in the Portland Metro area generated \$134.6 million in local tax revenues in 2016. Local taxes include city lodging taxes, county lodging and auto rental taxes, and passenger facility charges for visitors traveling by air to Portland International airport.<sup>1</sup> Property taxes are not included. The state tax receipts generated by travel spending (\$119.2 in 2016) include the motor fuel tax, the state one-percent lodging tax and income tax revenues attributable to travel supported income of individuals and businesses.

Detailed travel impacts, overnight average spending and overnight visitor volume for the Portland Metro area are shown on the following two pages.

<sup>1</sup> The \$6 per day customer facility charge on rental cars at Portland International Airport is not included.

## Portland Metro Travel Impacts, 2008-2016p

	2008	2010	2012	2013	2014	2015	2016p
<b>Total Direct Travel Spending (\$Million)</b>							
Destination Spending	2,808	2,801	3,203	3,327	3,491	3,733	3,915
Other Travel*	1,013	1,041	1,097	1,105	1,161	1,200	1,246
Total Direct Spending	3,821	3,842	4,300	4,431	4,652	4,933	5,162
<b>Visitor Spending by Commodity Purchased (\$Million)</b>							
Accommodations	546	500	643	678	745	857	928
Food Service	582	617	704	739	769	830	883
Food Stores	125	125	141	146	152	162	163
Local Tran. & Gas	500	452	543	553	558	524	556
Cultural Tourism	107	108	118	121	123	130	135
Other Recreation	95	95	104	107	109	115	120
Retail Sales	332	344	377	386	390	408	416
Visitor Air Tran.	520	560	571	598	645	706	713
Destination Spending	2,808	2,801	3,203	3,327	3,491	3,733	3,915
<b>Industry Earnings Generated by Travel Spending (\$Million)</b>							
Accom. & Food Serv.	418	407	486	513	549	603	653
Cultural Tourism	35	33	39	39	41	44	46
Other Recreation	31	29	35	34	36	39	41
Retail**	62	62	69	71	74	79	84
Ground Tran.	37	34	39	40	43	47	53
Visitor Air Tran.	87	93	101	108	119	134	154
Other Travel*	197	202	220	221	240	260	301
Total Direct Earnings	866	860	988	1,026	1,101	1,206	1,331
<b>Industry Employment Generated by Travel Spending (Thousand Jobs)</b>							
Accom. & Food Serv.	18.1	17.2	19.5	20.2	21.0	21.9	22.8
Cultural Tourism	1.6	1.5	1.6	1.6	1.7	1.8	1.9
Other Recreation	1.4	1.3	1.4	1.5	1.5	1.6	1.6
Retail**	2.4	2.4	2.5	2.6	2.6	2.7	2.7
Ground Tran.	1.4	1.2	1.3	1.3	1.4	1.5	1.5
Visitor Air Tran.	1.8	1.5	1.5	1.6	1.7	1.9	2.0
Other Travel*	4.4	3.8	3.9	3.9	4.1	4.3	4.6
Total Direct Employment	31.1	29.0	31.8	32.8	34.0	35.6	37.2
<b>Government Revenue Generated by Travel Spending (\$Million)</b>							
Local Tax Receipts	73.5	68.8	84.1	96.9	106.6	124.1	134.6
State Tax Receipts	78.8	77.3	92.7	95.6	99.6	107.3	119.2
Total Local & State	152.3	146.1	176.7	192.5	206.2	231.3	253.8

Details may not add to totals due to rounding.

\*Other Travel includes resident air travel and ground transportation impacts for travel to other Oregon visitor destinations, travel arrangement & reservation services, and convention & trade show organizers.

\*\*Retail includes gasoline.

## SPENDING BY TYPE OF ACCOMMODATION & OVERNIGHT VISITOR VOLUME

### Direct Visitor Spending by Type of Traveler Accommodation (\$Million)

	2008	2010	2012	2013	2014	2015	2016p
All Overnight	2,367	2,353	2,695	2,803	2,956	3,176	3,343
Hotel, Motel*	1,551	1,507	1,793	1,879	1,999	2,172	2,330
Private Home	771	805	858	878	910	957	966
Other Overnight	45	41	44	46	46	46	47
Campground	31	27	29	30	31	31	32
Vacation Home	14	14	15	15	16	16	16
Day Travel	440	448	508	524	536	557	572
Spending at Destination	2,808	2,801	3,203	3,327	3,491	3,733	3,915

### Average Expenditures for Overnight Visitors, 2016p

By Type of Accommodation and Mode of Transportation

	Travel Party		Person		Party Size	Length of Stay (nights)
	Day	Trip	Day	Trip		
Hotel, Motel*						
All Modes	\$491	\$1,204	\$233	\$556	2.1	2.4
Air	\$503	\$1,556	\$271	\$840	1.9	3.1
Other	\$487	\$974	\$205	\$409	2.4	2.0
Private Home						
All Modes	\$114	\$428	\$57	\$209	2.0	3.8
Air	\$125	\$696	\$71	\$397	1.8	5.6
Other	\$74	\$221	\$34	\$102	2.2	3.0
Other Overnight	\$118	\$465	\$38	\$147	3.1	4.0
All Overnight	\$246	\$779	\$119	\$367	2.1	3.2

### Overnight Visitor Volume, 2013-2016p

	Person-Nights (000)			Party-Nights (000)		
	2014	2015	2016p	2014	2015	2016p
Hotel, Motel*	9,193	9,624	9,987	4,318	4,539	4,743
Other Overnight	17,342	17,793	18,054	8,423	8,679	8,862
All Overnight	26,535	27,417	28,041	12,741	13,218	13,605
	Person-Trips (000)			Party-Trips (000)		
	2014	2015	2016p	2014	2015	2016p
Hotel, Motel*	3,853	4,034	4,188	1,766	1,855	1,936
Other Overnight	4,738	4,862	4,933	2,248	2,313	2,357
All Overnight	8,591	8,896	9,121	4,014	4,169	4,293

\*Includes all lodging where a lodging tax is collected except campgrounds.

## APPENDICES

*Appendix A. Key Terms and Definitions*

*Appendix B. Relationship Between Spending and Volume*

*Appendix C. Regional Travel Impact Model*

*Appendix D: Travel Impact Industries Matched to 2007 NAICS*

*Appendix E. Recreation Activities in Portland Metro Area*



## KEY TERMS AND DEFINITIONS

### ECONOMIC IMPACTS

**Commodity:** A classification of a product or service, such as lodging or food service. An establishment or industry may produce more than one commodity.

**Direct Impacts:** Employment, earnings and tax receipts *directly* generated by travel spending, as distinguished from secondary and total impacts.

**Earnings:** Earnings include wage and salary disbursements, other earned income or benefits, and proprietor income. Only the earnings attributable to travel expenditures are included.

**Employment:** Industry employment (jobs) associated with travel-generated *earnings*. Includes both full-time and part-time positions, and salaried or self-employed individuals. Employment is reported as an average for a time period, typically annual. (Unless otherwise noted, the employment estimates refer to establishment or industry employment at place of work, not the employment status or residence of the individual.)

**Industry:** A classification of business or government establishments based on their primary technological process. (See NAICS Appendix table.)

**Local Taxes:** City and county lodging auto rental taxes. Passenger Facility Charges attributable to visitors (a fee imposed on airline tickets) who traveled by air. Property taxes are not included.

**Other spending:** See *Travel spending*.

**Private Home:** Unpaid overnight accommodations of friends and relatives.

**Receipts:** Travel expenditures less the sales and excise taxes paid by the consumer.

**State Taxes:** Lodging, motor fuel, and business and personal income taxes imposed by the state of Oregon.

**Travel spending:** The sum of visitor and other spending related to travel. Other spending includes spending by residents on ground and air transportation for the purpose of travel to other destinations, travel arrangement & reservation services, and convention & trade show organizers.

**Visitor spending:** All spending on goods & services by visitors at the destination. Also referred to as destination spending.

## VISITOR VOLUME

**Length of Stay:** The number of nights that a visitor or travel party is away from home on a trip.

**Night:** Applies to overnight visitors only. The number of nights on a trip is the length of stay. The count of days and nights is generally equivalent for overnight visitors. (See trips.)

**Party trips:** The number of trips to the destination by travel parties. Party-trips are equal to the number of Visitor-trips divided by the average party size.

**Party nights:** The number of nights or days that travel parties stayed at the destination. Party-nights are equal to the number of visitor-nights divided by the average party size or the number of party-trips multiplied by the average length of stay.

**Party Size:** The number of individuals (adults and children, including non-household members) that are traveling together and are sharing the costs of travel.

**Person trips:** The number of trips to the destination by visitors or persons. This is also equivalent to as the total number of *visits*.

**Person nights:** The number of nights or days that visitors (persons) stayed at the destination. Visitor-nights are equal to the number of visitor-trips multiplied by the average length of stay.

**Room Demand:** A count of the number of hotel/motel rooms that are sold on a nightly basis over a given period of time. Also referred to as *room nights sold*.

**Travel party:** A *travel party* includes all *visitors* (adults and children) traveling together. The *party size* represents the average number of visitors or persons in the travel party.

**Trip:** A trip may include more than one day or night at a destination. For overnight visitor categories, the total number of trips will be less than the number of nights. The *length of stay* for the trip represents the number of nights (or days) at the destination.

**Visitor:** An individual traveler that stays overnight away from home in paid or unpaid accommodations, or a day visitor that travels at least fifty miles one-way from home on non-routine trip.

**Visitor Air Arrival:** A passenger who travels by air and initiated the trip at another location. Visitor air arrivals do not include passengers who are returning home from a trip to another destination or passengers that are making a connection to another flight.

**RELATIONSHIP BETWEEN SPENDING AND VOLUME**

The Spending, Average Expenditures and Volume tables are computationally related as shown below.

- **Spending equals Average Expenditures multiplied by Volume** for comparable party/person and night/trip categories
- **Travel parties and persons** are related by division or multiplication with **Party Size**
- **Trips and nights** are related by division or multiplication with **Length of Stay**

**Visitor Spending by Type of Accommodation (\$Million), YEAR**

		YEAR
All Overnight	<b>656,000 x \$79 = \$56,100,000 (calculated from person-trips)</b>	<b>56.1</b>
Hotel, Motel	160,000 x \$200 = \$32,000,000 (calculated from party-nights)	32.0
Private Home	1,030,000 x \$20 = \$20,600,000 (calculated from person-nights)	20.6
Other Overnight	<b>10,000 x \$350 = \$3,500,000 (calculated from party-trips)</b>	<b>3.5</b>
Campground		3.0
Vacation Home		0.5
Day Travel		30.0
Spending at Destination		86.1

**Average Expenditures for Overnight Visitors, YEAR**

	Travel Party		Person		Party Size	Length of Stay (nights)
	Nights	Trip	Nights	Trip		
Hotel, Motel	<b>\$200</b>	\$340	\$83	\$142	<b>2.4</b>	1.7
Private Home	\$50	\$130	<b>\$20</b>	\$52	2.5	<b>2.6</b>
Other Overnight	\$117	<b>\$350</b>	\$34	\$103	3.4	3.0
All Overnight	\$494	\$214	\$197	<b>\$86</b>	2.5	2.3

**Overnight Visitor Volume, YEAR**

	Person-Nights (000)		Party-Nights (000)	
	YEAR		YEAR	
Hotel, Motel	<b>160 x 2.4 =</b>	384		<b>160</b>
Private Home		<b>1,030</b>		412
Other Overnight		102		30
All Overnight		1,516		602

	Person-Trips (000)		Party-Trips (000)	
	YEAR		YEAR	
Hotel, Motel		226		94
Private Home	<b>1,030 / 2.6 =</b>	396		158
Other Overnight		34		<b>10</b>
All Overnight		<b>656</b>		263

REGIONAL TRAVEL IMPACT MODEL

PRIMARY DATA SOURCES

Room Demand,  
Visitor Surveys,  
Population,  
Inventory/Use of  
Campsites &  
Second Homes,  
Visitor air  
arrivals



**Visitor Volume**  
(Travel Party Days by  
Type of  
Accommodation)



ECONOMIC IMPACTS OF TRAVEL

Accommodation  
Sales,  
Visitor Surveys,  
Airmiles



**Visitor Spending**  
(Type of  
Accommodation and  
Type of Commodity)



**Point of Sale Taxes**  
(Sales and Excise Taxes  
associated with Visitor  
Spending)



*Note: Receipts equals  
Spending less  
POS Taxes*

**Business Receipts**  
(not reported)



**Business Taxes**  
(Taxes on business  
income or receipts)

Ratio of  
Earnings to  
Receipts for  
relevant  
Industry



**Earnings**  
(By Industry)



**Personal Taxes**  
(Local, state and  
federal income and  
payroll taxes)

Average  
Annual  
Earnings per  
job for  
relevant  
industry



**Employment**  
(By Industry)

*Note: Most estimates of taxes  
are based on implicit tax rates  
applied to visitor spending,  
business receipts, and  
employee earnings. Lodging  
tax receipts reflect actual tax  
collections.*

TRAVEL IMPACT INDUSTRIES MATCHED TO 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)
Other Travel	Travel Arrangement & Reservation Services (NAICS 56151) Convention and Trade Show Organizers (NAICS 56192) (Other travel also includes a portion of transportation.)

Notes: \*Government enterprizes (e.g., park systems) are included in this classification.  
 \*\*Includes parts of industries in other sectors (e.g., accommodation, charter bus).  
 A more detailed description of these industries can be found at <http://www.ntis.gov/naics>.

## 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.