

Section V

Tourism Industry

Figure 5.1 Employment in the Hampton Roads Leisure and Hospitality Industry..... 57

Figure 5.2 Employment Share of the Leisure and Hospitality Industry..... 57

Figure 5.3 Hampton Roads Seasonally and Inflation-Adjusted Taxable Hotel Sales 58

Figure 5.4 Tourism Expenditures in Hampton Roads 58

Figure 5.5 Local Tax Revenues from Tourism in Hampton Roads..... 59

Figure 5.6 Room Supply Growth in Hampton Roads and U.S. 59

Figure 5.7 Total Hotel Revenues in Hampton Roads..... 60

Figure 5.8 Room Revenue Growth in Hampton Roads, Virginia, and the U.S. 60

The Tourism Industry in Hampton Roads

From the shores of the beaches and waterways to historic treasures, Hampton Roads offers numerous attractions that draw visitors to the region. Beyond the historically significant destinations and geographic/natural attractions, Hampton Roads hosts numerous world-renowned theme parks, sporting events, festivals and cultural events, as well as performing arts, concerts, and conventions that support the region's tourism industry.

Tourism expenditures are a very important part of the region's economic fabric as tourism, combined with the defense industry and the ports, account for the lion's share of the new money that is brought into Hampton Roads. The outside dollars generated by the tourism industry are essentially an "export" of the region's amenities, sustaining the regional economy through indirect and induced investments.

Leisure and hospitality employment has slightly increased its share of regional employment over the years, indicating that it has been outpacing the regional economy. It is difficult to determine the exact share of employment in leisure and hospitality that derives from tourism, but the density of employment in those industries are higher in Hampton Roads than in many of the region's reference metropolitan areas.

According to the Virginia Tourism Corporation, the region's tourism industry has yet to return to its 2007 peak in terms of inflation-adjusted hotel spending and local tax collections. This results from both the weakness of the economic recovery across the nation, and continued efforts across all tourism destinations to attract visitors. In addition to the weak economy, shrinking federal budgets have reduced business travel throughout the region, reducing the number of hotel stays.

A stronger national economy should help to increase tourism expenditures regionally, but growth will be modest to some degree, as the region's tourism industry is mature in nature.

Figure 5.1 Employment in the Hampton Roads Leisure and Hospitality Industry

Why is it important?

The economic impact of the leisure and hospitality industry may be measured through the number employed in the industry regionally.

How are we doing?

While it declined slightly with the recession, employment in the Hampton Roads Leisure and Hospitality Industry has grown over the past 23 years, and has increased from 9.8 percent of regional civilian employment to 11.4 percent of employment, indicating that it has increased not only in absolute terms, but also in relative terms for the economy.

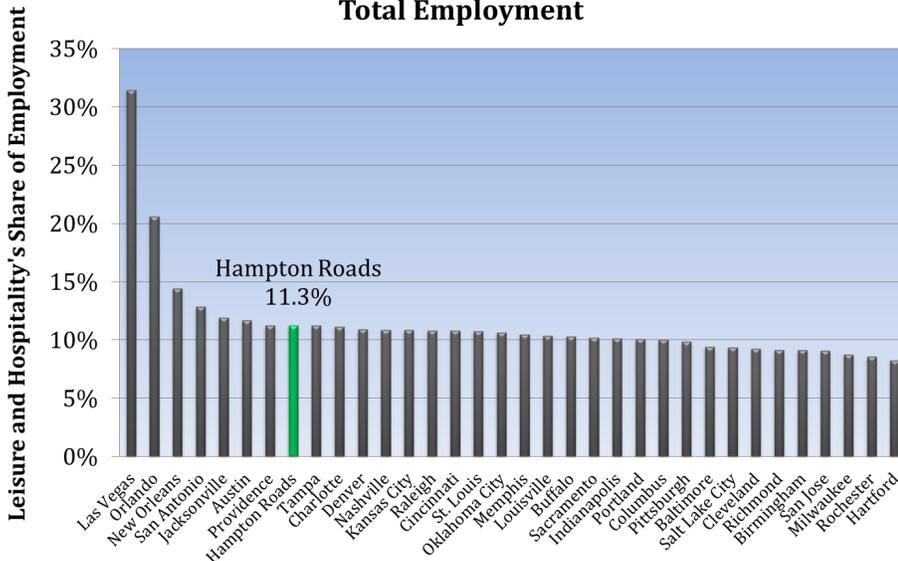
Hampton Roads Employment in the Leisure and Hospitality Industry



Source: Bureau of Labor Statistics, HRPDC

Figure 5.2 Employment Share of the Leisure and Hospitality Industry

Leisure and Hospitality Employment as a Share of Total Employment



Metropolitan Areas with a Population between 1 and 3 Million

Source: Bureau of Labor Statistics, HRPDC

Why is it important?

The intensity of employment in the leisure and hospitality industry indicates where Hampton Roads places among other comparable metropolitan areas with relation to dependence on tourism.

How are we doing?

While Las Vegas and Orlando have exceptionally high levels of leisure and hospitality employment density, Hampton Roads derives a greater share of its employment in that industry than all but a few of its competitor cities.

Figure 5.3 Hampton Roads Seasonally and Inflation-Adjusted Taxable Hotel Sales

Why is it important?

Taxable hotel sales provide a measure of the number of visitors staying in Hampton Roads, as a significant percentage of the region’s tourists stay in resorts. Adjusting for inflation allows individuals to observe the underlying economic activity.

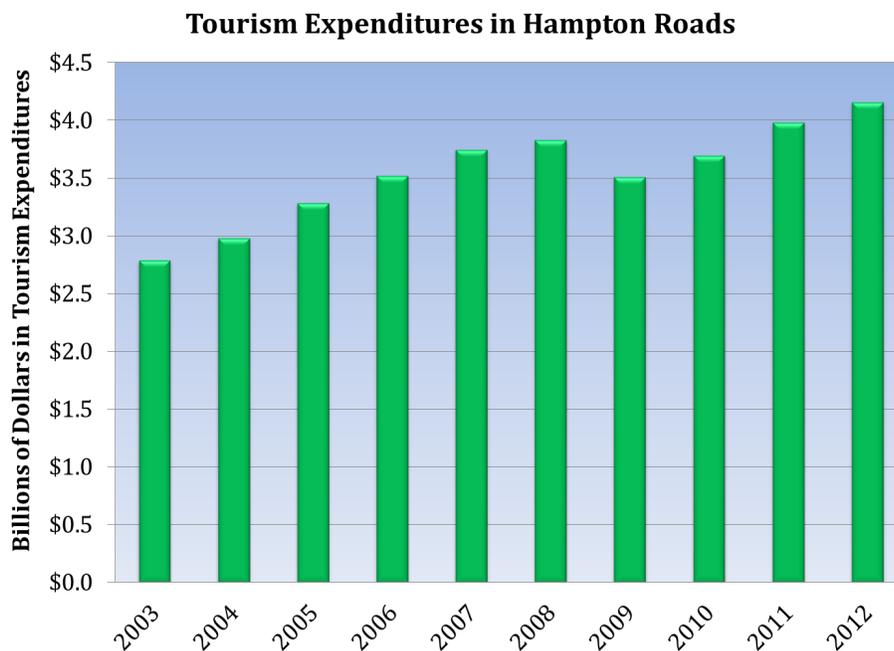
How are we doing?

Taxable hotel revenues have been in a steady decline when adjusted for 2014 dollars, indicating the weakness that the tourism market has undergone since the great recession.



Source: Old Dominion University Forecasting Project, HRPDC

Figure 5.4 Tourism Expenditures in Hampton Roads



Source: Virginia Tourism Corporation, HRPDC

Why is it important?

The Virginia Tourism Corporation produces estimates of economic impact of tourism in Virginia. As part of this estimate, it attempts to measure the expenditures of tourists in each locality. This indicates the outside dollars that tourists bring into the regional economy.

How are we doing?

Tourism spending rose to \$4.15B in 2012, or 4.9% of the regional GDP. This would indicate that tourism is a significant driver of the regional economy.

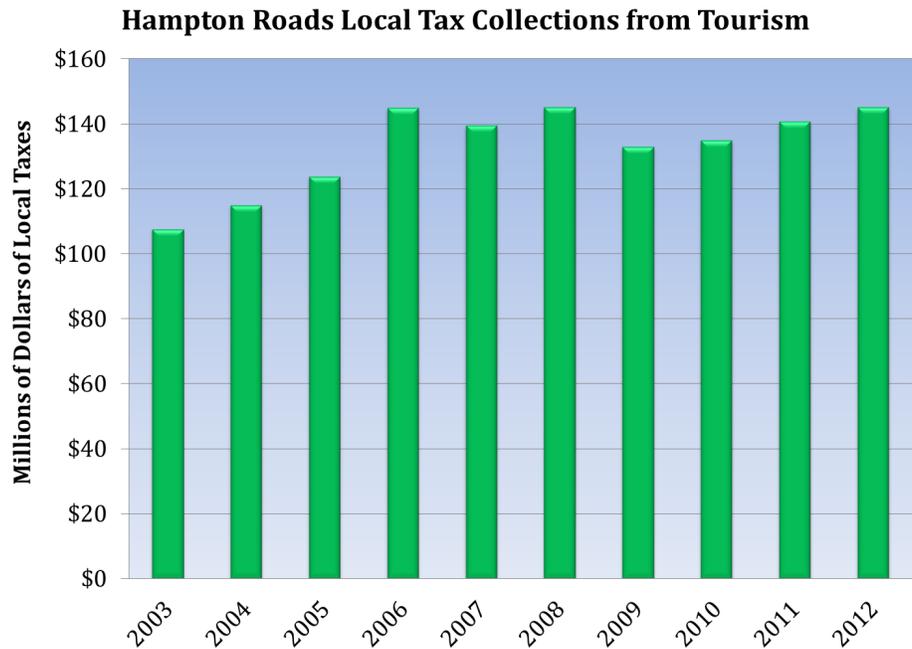
Figure 5.5 Local Tax Revenues from Tourism in Hampton Roads

Why is it important?

Another important measure of the economic impact of tourism looks at the extent to which tourism supports local government services. Often, tax revenues from tourism support both broader services of the government, as well as special projects that are related to the tourism industry.

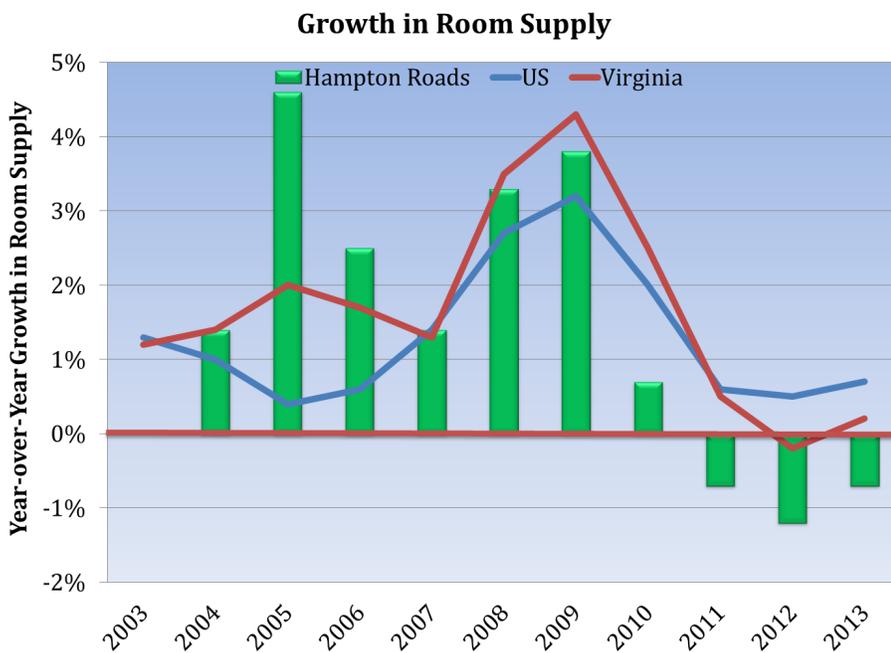
How are we doing?

Local tax collections from tourism increased to \$145 million according to estimates by the Virginia Tourism Corporation. This is roughly equal to the level in 2007.



Source: Virginia Tourism Corporation, HRPDC

Figure 5.6 Room Supply Growth in Hampton Roads and U.S.



Source: Smith Travel Data, HRPDC

Why is it important?

Room supply growth measures the growth of tourism capacity in the region. It also measures developers' expectations of future tourism conditions since investing in hotel rooms signals confidence in the future of the market.

How are we doing?

Supply continued to grow both regionally and nationally during the beginning of the economic crisis. While growth only slowed down nationally, the regional room supply shrank between 2011 to 2013, indicating that either the market was oversaturated, or the room mix was incorrect.

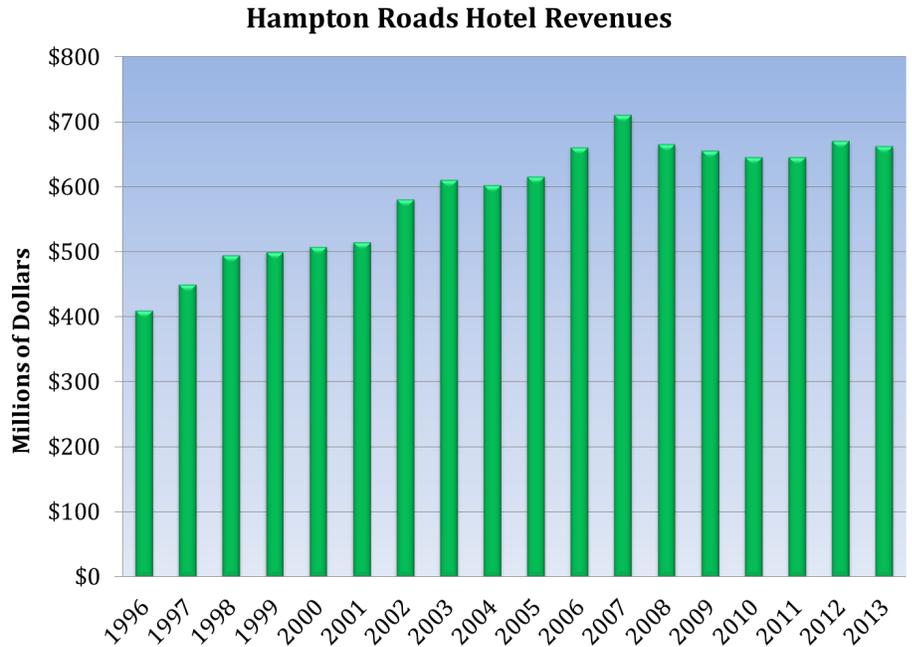
Figure 5.7 Total Hotel Revenues in Hampton Roads

Why is it important?

Measuring annual hotel performance allows for another perspective on the performance of the hotel industry. Healthy hotels have the ability to reinvest in amenities and upgrades maintaining Hampton Roads' stature as a tourism destination.

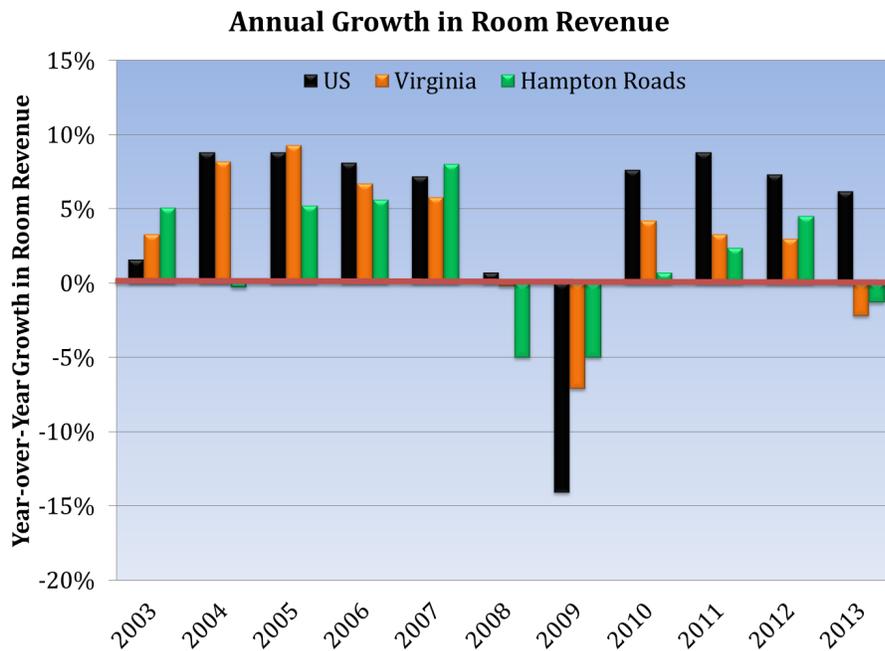
How are we doing?

Hotel revenues have declined since 2007, even without adjusting for inflation. This indicates that either visits are down, or that the tourism industry has responded to weak demand by offering discounts or deals. The fact that room supply has contracted also impacts this to an extent.



Source: Smith Travel Data, HRPDC

Figure 5.8 Room Revenue Growth in Hampton Roads, Virginia, and the U.S.



Source: Smith Travel Data, HRPDC

Why is it important?

Another estimate of the performance of the hotel market looks at room revenue; all revenue derived from the rental of sleeping rooms and all related charges.

How are we doing?

While Hampton Roads and Virginia did not experience the one year shock that the nation saw in 2009, the recovery in room revenue has also proved far more tepid. This likely results from decreased travel by the military to this region, as the Department of Defense has responded to budget pressure.