

SEATTLE SOUTHSIDE *TRAVEL IMPACTS, 2003-2008P*

March 2009



photo courtesy of Seattle Southside Visitor Services

Prepared for

Seattle Southside Visitor Services
Seattle, Washington

**SEATTLE SOUTHSIDE
TRAVEL IMPACTS, 2003-2008P
TUKWILA, SEATAC, KENT & DES MOINES**

Prepared for the

Seattle Southside Visitor Services
14220 Interurban Avenue South, Suite 130
Seattle, Washington 98168

Prepared by

Dean Runyan Associates, Inc.
833 S.W. Eleventh Avenue, Suite 920
Portland, Oregon 97205
(503) 226-2973
www.deanrunyan.com

March 2009

SEATTLE SOUTHSIDE TRAVEL IMPACTS, 2003-2008P

TUKWILA, SEATAC, KENT & DES MOINES

INTRODUCTION

This study, prepared for Seattle Southside Visitor Services, documents the economic significance of the travel industry in the Seattle Southside area of King County from 2003 through 2008. The estimates for 2008 are preliminary. The separate estimates for Tukwila, SeaTac, Kent and Des Moines are reported at a summary level for 2008 only.

MEASUREMENT OF TRAVEL IMPACTS

The impact estimates associated with visitor spending 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 Seattle Southside region.

The impact estimates in this report are based in part on the economic impact analysis prepared for Washington State Tourism, Department of Community, Trade and Economic Development for King County. The Seattle Southside estimates can be viewed as comparable to the King County estimates, with the exception that air transportation (including visitor airfares) and travel arrangement impacts are not included for the Seattle Southside.¹ The 2008 estimates published in this report are preliminary and are subject to revision.

The impact estimates for the Seattle Southside were derived from place data for Tukwila, SeaTac, Kent and Des Moines. Tax receipts generated from the additional hotel/motel tax imposed in those four communities and taxable sales for food services, recreation/entertainment and retail goods reported by the Washington State Department of Revenue were used in this analysis. Demographic data reported by the U.S. Bureau of the Census was also utilized.

This place-level data, in conjunction with the broader modeling procedure, provides a reasonable estimate of visitor impacts in the Seattle Southside. However, such small area estimates are necessarily less reliable than countywide estimates. It is for this reason that only total impacts for one year (e.g., visitor spending, earnings, employment and tax receipts) are provided for Tukwila, SeaTac, Kent and Des Moines. In addition, the multi-year estimates for the greater Seattle Southside are reported in less detail than the countywide estimates found in the state report.

Visitor volume estimates for the Seattle Southside are also provided in this report. These estimates are derived from the visitor spending estimates and other survey data

¹ Air transportation and travel arrangement impacts are included for King County in the Washington State County Travel Impacts report prepared by Dean Runyan Associates for Washington State Tourism.

and assumptions about the travel characteristics of visitors to the Seattle Southside. Because reliable, detailed survey data about Seattle Southside visitors is not available, these visitor volume estimates should be interpreted accordingly.²

INTERPRETATION OF IMPACT ESTIMATES

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

- The estimates in this report are expressed in *current* dollars. There is no adjustment for inflation.
- Economic impact measurements reported herein represent only direct economic impacts. Direct economic impacts include only the spending by visitors and the employment generated by that spending. Secondary effects related to the additional spending of businesses and employees 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 and self-employment are included in these estimates. Caution should therefore be used in comparing these estimates with other employment data series.

A description of the RTIM methodology can be found in Appendix A. Appendix B provides a listing of the relevant business classifications (NAICS codes) used to represent travel industry businesses.

² Longwoods International has conducted visitor surveys under separate contract to the Washington State Office of Trade and Economic Development. These and other visitor surveys, as well as Smith Travel Lodging reports were used to estimate visitor volume for the Seattle Southside.

OVERVIEW OF SEATTLE SOUTHSIDE VISITOR IMPACTS

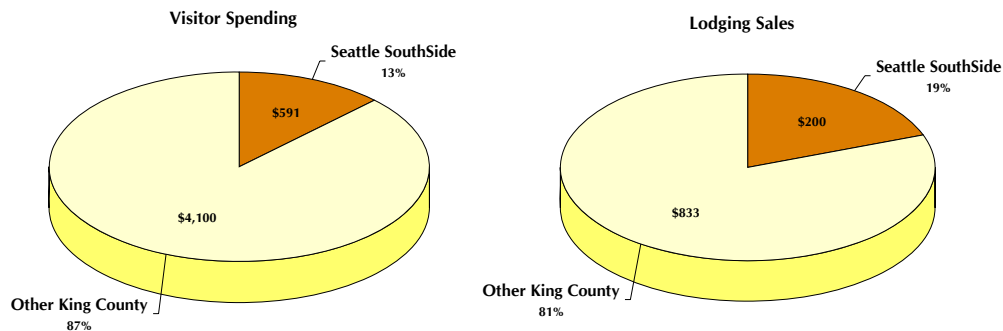
Travel spending in the Seattle Southside was \$615.1 million in 2008. This represents a 4.0 percent increase from 2007. The average annual rate of growth since 2003 (7.7 percent) is comparable to that of larger King County. It should be noted that a substantial portion of this growth in visitor spending is attributable to higher room rates and motor fuel prices.

Seattle Southside Travel Trends, 2003-2008p

	Spending	Earnings	Employment	Tax Receipts (\$Million)		
	(\$Million)	(\$Million)	(Jobs)	Local	State	Total
2003	423.8	136.6	4,850	13.0	25.0	38.0
2004	449.2	140.3	4,810	13.6	26.2	39.8
2005	498.9	155.0	5,150	14.9	28.4	43.3
2006	540.7	164.0	5,200	16.3	30.3	46.5
2007	591.2	177.3	5,410	17.9	32.8	50.7
2008p	615.1	181.0	5,350	18.2	33.4	51.6
<i>Annual Percentage Change</i>						
07-08p	4.0	2.1	-1.1	1.8	1.8	1.8
03-08p	7.7	5.8	2.0	7.0	6.0	6.3

Overall, the Seattle Southside represents about 13 percent of all visitor spending in the county (not including spending on airfares). However, it represents 19 percent of all lodging sales in the county. The high proportion of lodging sales relative to total visitor spending is largely attributable to the convenience of lodging establishments with respect to air travel in and out of SeaTac International airport.

Visitor Spending and Lodging Sales in King County and the Seattle Southside 2007 (\$Millions)



Note: Spending on airfares not included.

Detailed travel impacts for the Seattle Southside from 2003 through 2008 (preliminary) can be found on page 6.

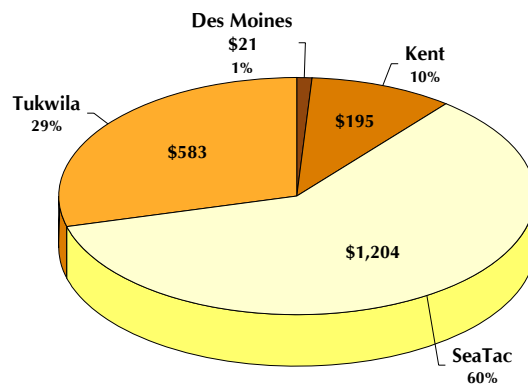
DES MOINES, KENT, SEATAC AND TUKWILA TRAVEL IMPACTS

The preliminary 2008 impact estimates for the four places within the Seattle Southside are shown below. Lodging sales (for 2007) are shown in the pie chart. Des Moines has the smallest share of travel impacts because it has the fewest number of lodging rooms. SeaTac, due to its proximity to the airport has 60 percent of the lodging sales in the Seattle Southside. However, its share of visitor-related sales in food services, entertainment and retail is comparatively smaller. As noted in the introduction to this report, small area estimates such as these should be interpreted with care due to data limitations.

Travel Impacts Within the Seattle Southside, 2008p

	Travel			Tax Receipts		Total (\$Million)
	Spending (\$Million)	Earnings (\$Million)	Employment (jobs)	Local (\$Million)	State (\$Million)	
Des Moines	20.3	6.2	180	0.6	1.1	1.7
Kent	168.2	45.9	1,340	5.0	9.1	14.1
SeaTac	184.7	66.1	1,960	5.5	10.0	15.5
Tukwila	241.7	62.7	1,860	7.2	13.1	20.3
Seattle Southside	615.1	181.0	5,350	18.2	33.4	51.6

2007 Lodging Sales in the Seattle Southside (\$000)



Source: Washington State Department of Revenue. Lodging sales calculated from 1% Additional Hotel/Motel tax imposed in each jurisdiction.

VISITOR VOLUME

Visitor volume estimates for the Seattle Southside are shown below. These estimates are derived from the travel spending estimates and visitor survey data. As noted on page one of this report, these visitor volume estimates should be viewed as approximate given the limitations of making small area estimates in the absence of a visitor survey specific to the area.

Seattle Southside Visitor Volume Estimate, 2008p

Accommodation	Spending		Travel Party		Visitors (thousand persons)		
	Total (\$Millions)	Ave. Daily Per Party	Days (000)	Size (persons)	Days	Ave. Stay (days)	Trips
Overnight	\$458.2	\$219	2,095	2.1	4,301	2.2	2,031
Hotel/Motel	\$437.4	\$234	1,871	2.0	3,743	2.0	1,871
Other Overnight	\$20.8	\$93	223	2.5	558	3.5	160
Day	\$21.1	\$192	110	2.0	221	1.0	221
Day & Overnight	\$479.3	\$217	2,205	2.1	4,522	2.0	2,252
Transportation	\$135.7						
Total	\$615.1	\$279	2,205		4,522		2,252

Note: Spending on ground transportation is not included in accommodation categories. Spending on airfares is not included in the Transportation category.

**Seattle Southside
Travel Impacts, 2003-2008p**

	2003	2004	2005	2006	2007	2008p
Visitor Spending by Type of Traveler Accommodation (\$Million)						
Hotel, Motel	376.8	399.1	444.1	482.4	529.3	548.1
Other Overnight	24.7	26.2	28.0	29.9	31.3	34.2
Day Travel	22.2	23.9	26.8	28.5	30.6	32.7
Spending at Destination	423.8	449.2	498.9	540.7	591.2	615.1
Visitor Spending by Commodity Purchased (\$Million)						
Accommodations	147.4	155.6	174.8	198.1	222.4	226.5
Food & Beverage Services	112.5	119.0	131.0	136.8	147.8	151.4
Retail, Entertainment & Local Transport.	163.8	174.6	193.1	205.8	221.0	237.1
Spending at Destination	423.8	449.2	498.9	540.7	591.2	615.1
Industry Earnings Generated by Visitor Spending (\$Million)						
Accommodations & Food Service	100.0	103.0	114.7	122.8	134.1	136.9
Retail, Entertainment & Local Transport.	36.6	37.3	40.3	41.2	43.3	44.1
Total Direct Earnings	136.6	140.3	155.0	164.0	177.3	181.0
Industry Earnings Generated by Visitor Spending (\$Million)						
Accommodations & Food Service	3,530	3,520	3,820	3,910	4,110	4,050
Retail, Entertainment & Local Transport.	1,320	1,290	1,330	1,290	1,300	1,300
Total Direct Employment	4,850	4,810	5,150	5,200	5,410	5,350
Tax Receipts Generated by Visitor Spending (\$Million)						
Local Tax Receipts	13.0	13.6	14.9	16.3	17.9	18.2
State Tax Receipts	25.0	26.2	28.4	30.3	32.8	33.4
Total Direct Tax Receipts	38.0	39.8	43.3	46.5	50.7	51.6

APPENDICES

APPENDIX A. REGIONAL TRAVEL IMPACT MODEL (RTIM) METHODOLOGY

Appendix B: Travel Impact Industries Matched to 2002 NAICS

REGIONAL TRAVEL IMPACT MODEL (RTIM) METHODOLOGY

VISITOR SPENDING

Spending estimates are derived from two types of data: (1) the visitor spending patterns of specific types of visitors; and (2) the amount or volume of visitation associated with each visitor category. The types or categories of visitors include hotel/motel guests, campers, overnight guests in unpaid private homes of friends and relatives, overnight stays in vacation or second homes, and day travelers. The spending patterns refer to the average amounts spent on specific commodities, including accommodations, food service, groceries, ground transportation, entertainment, and other retail purchases. The average daily spending patterns of these different types of visitors are estimated from available survey data on a state, regional, and/or urban-rural basis. The visitation estimates are derived from a variety of sources, including room tax data, camping attendance data, visitor survey data, and census housing data. The resulting calculations provide detailed county level estimates of visitor spending for specific commodities.

EARNINGS, EMPLOYMENT, TAX RECEIPTS

The detailed spending estimates are used to estimate the related earnings, employment, and tax receipts for each commodity or business category. The earnings attributable to visitor spending on specific commodities are derived from payroll-receipts ratios and output-compensation ratios.³ Earnings include payroll, other earned benefits and proprietor income. Employment is estimated from the average annual earnings for each job associated with a particular commodity. State and local tax receipts are estimated by applying the appropriate sales and income tax rates to sales and earnings. Property tax collections are usually not estimated due to data limitations. Federal tax receipts (payroll and income taxes, motor fuel excise taxes, and airline ticket taxes) are calculated at the state level.

VALIDITY CHECKS

Travel-generated earnings, employment, and tax receipts are estimated from visitor spending, rather than from industry and government data per se. Published government data on industry employment, earnings and taxable sales by business type are used to evaluate and, where necessary, refine the travel-generated estimates at the county and regional level.

³ The initial visitor spending or sales estimates are adjusted by removing all excise tax collections by the business. Payroll-receipts ratios are calculated from the Economic Census, reported every five years by the U.S. Census bureau. Output-compensation ratios are estimated from the U.S. Bureau of Economic Analysis and other proprietary input-output models.

Visitor Impact Categories

VISITOR SPENDING

Hotel, Motel. Spending on commercial accommodations (hotels, motels, B&Bs, rented condos) is estimated from room tax receipts. Spending by lodging guests in other business categories, such as food and recreation, 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.

Other Overnight. Includes spending by campers, guests using at unpaid accommodations at private homes and renters/owners of second homes.

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.

RELATED TRAVEL IMPACTS

Total Earnings generated directly from traveler expenditures are estimated from the payroll-to-receipts ratio obtained from the Economic Census for the state and counties of Washington and earnings estimates from the Bureau of Economic Analysis.

Employment in each business category is calculated from payroll data from the Bureau of Labor Statistics and total employment and earnings estimates from the Bureau of Economic Analysis.

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

State Taxes consist of state sales taxes applied to traveler spending on accommodations, retail shopping, restaurant meals, entertainment, and automobile rentals plus the state fuel tax levied on motor fuel purchases.

Business and Occupation taxes (B&O) are also included in the state tax estimates where applicable. B&O tax revenues are estimated by applying the applicable tax rate to the business receipts, or sales, generated from 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 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>.