

# The Economic Impact of Travel

## Island County

2022 Preliminary Estimates

March 2023

**PREPARED FOR**

Whidbey & Camano Islands Tourism



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# The Economic Impact of Travel in the Island County, WA

2022 Preliminary Estimates

Whidbey & Camano Islands Tourism

3/18/2023

## **PRIMARY RESEARCH CONDUCTED BY**

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Island County, WA

2022p

# Introduction

## Introduction

### Purpose of the Report

This study, prepared for Whidbey and Camano Islands Tourism, documents the economic significance of the travel industry in Island County from 2015 through 2022. This report provides preliminary 2022 estimates for Island County and estimates of areas within the county.

### Interpretation of Impact Estimates

Users of this report should be aware of several 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.
- 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 related to source materials purchased by tourism businesses and the induced spending of their employees are not included.
- The employment estimates in this report are estimates of the total number of full and part-time 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.



**Spending, Employment, Earnings, and Taxes** are the key metrics to measure the economic impacts of travel.

### What are travel impacts?

**Travel impacts** measure the economic activity associated with the activity of travel within a region. As travel is a broad activity that encompasses many other activities (transportation, lodging, eating & drinking, recreational activities, etc.), it is necessary to make estimates for each of the composite elements of travel in order to arrive at a total number. Reporting on travel impacts allows decision-makers to benchmark the travel industry against other local industries, gain insight on the makeup of traveler activity in their region, and communicate clearly to stakeholders the relevance of the traveler economy to their region.

# Island County / Summary

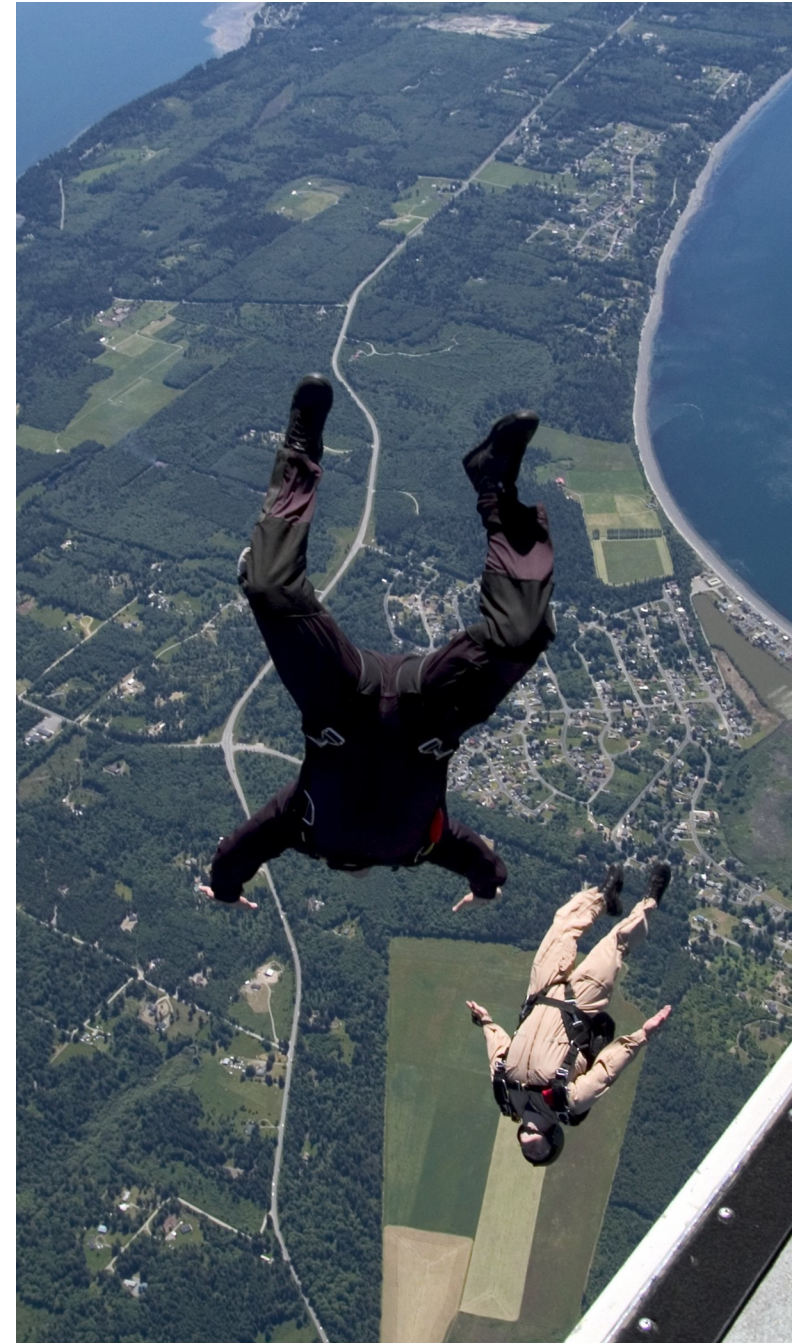
## Travel Impacts 2022p

Located along the head of the Puget Sound, north of the Seattle metropolitan area, Island County is a haven for rest, relaxation, and recreation. Comprised of multiple islands with the two largest being Whidbey and Camano that contain most of the economic activity.

- Travel spending in Island County increased 11.2% from \$283 million in 2021 to \$314.7 million in 2022.
- Direct travel-generated employment grew to 2,720 jobs, a 7.9% increase over 2021.
- Direct travel-generated earnings increased to \$88.6 million, a gain of 13.3% compared to 2021.
- Tax receipts generated by travel spending increased to \$28.6 million, up 4.6% compared to 2021.
- Overall, travel spending in Island County contributes \$250 per resident household in local tax receipts.

Travel spending in Island County grew to **\$314.7 million in 2022, an increase of 11.2%.**

Note: Current year data are preliminary and subject to change as new source data becomes available.



# Island County / Impacts, Summary

## Direct Travel Impacts 2015-2022p

	2015	2016	2017	2018	2019	2020	2021	2022	Avg. Annual % Chg.	
									2021-22	2020-22
<b>Spending (\$Millions)</b>										
Total (Current \$)	187.7	203.6	210.4	232.2	250.1	205.6	283.0	314.7	▲ 11.2%	▲ 23.7%
Other	7.1	6.8	7.9	9.1	9.4	6.3	9.3	13.2	▲ 41.4%	▲ 44.7%
Visitor	180.6	196.7	202.4	223.2	240.7	199.3	273.7	301.6	▲ 10.2%	▲ 23.0%
Non-transportation	164.7	180.6	184.7	202.5	219.5	186.4	252.4	274.4	▲ 8.7%	▲ 21.3%
Transportation	15.9	16.1	17.8	20.7	21.1	12.9	21.2	27.2	▲ 28.0%	▲ 45.2%
<b>Earnings (\$Millions)</b>										
Earnings (Current \$)	58.0	64.0	70.6	78.5	83.8	69.4	78.2	88.6	▲ 13.3%	▲ 13.0%
<b>Employment (Jobs)</b>										
Employment	2,610	2,790	2,820	2,980	3,020	2,440	2,520	2,720	▲ 7.9%	▲ 5.6%
<b>Tax Revenue (\$Millions)</b>										
Total (Current \$)	18.2	20.4	21.0	22.6	23.8	20.1	27.3	28.6	▲ 4.6%	▲ 19.2%
Local Tax Receipts	5.8	6.5	6.6	7.1	7.4	6.0	8.9	9.1	▲ 1.8%	▲ 23.3%
State Tax Receipts	12.4	13.9	14.4	15.5	16.4	14.2	18.4	19.5	▲ 5.9%	▲ 17.4%

Details may not add to totals due to rounding. Percent change calculated on unrounded figures.



# Island County / Insights

## Direct Travel Impacts 2022p

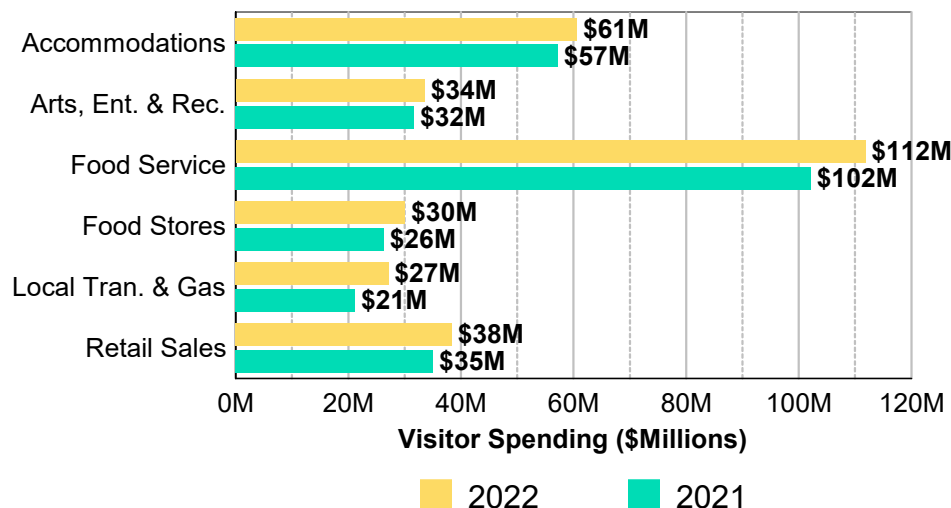
Visitor Spending Impacts	
Amount of Visitor Spending that supports 1 job	\$111,244
Employee Earnings generated by \$100 Visitor Spending	\$29
Local Tax Revenues generated by \$100 Visitor Spending	\$3
Visitor Volume	
Additional visitor spending if each resident household encouraged one additional overnight visitor (in thousands)	\$6,772
Additional employment if each resident household encouraged one additional overnight visitor	61
Visitor Shares	
Travel Share of Total Employment (2022)**	7%
Visitor Share of Taxable Sales (2022)**	13%

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, WA DOR, Dean Runyan Associates. \*\*2022 totals estimated by DRA on preliminary data.

Visitors staying in hotel, motel, or short term rentals account for 65% of overnight visitor spending for the state of Washington, while private home (staying with friends and family or VFR) and other overnight together account for 35%. Generally, areas that are primarily rural or suburban have higher shares of private home visitation and other overnight stays, while urban areas have a greater share of stays in hotels, motels, and short term vacation rentals. "Other Overnight" includes camping and 2nd home spending.

# Island County / Spending

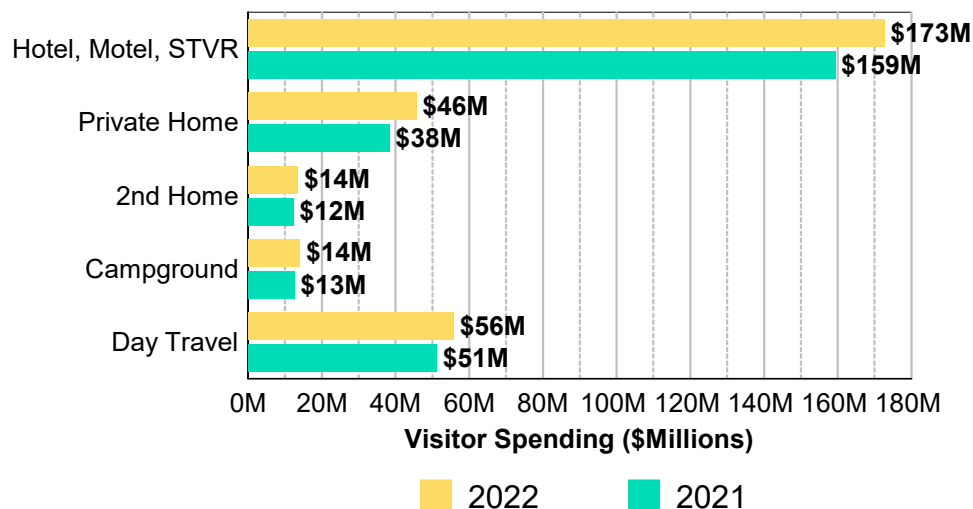
## Visitor Spending by Commodity Purchased



Spending on Accommodations grew to \$60.6 million in 2022, an increase of 5.9% compared to 2021.

**Sources:** Washington Department of Revenue, Dean Runyan Associates, Census Bureau, Energy Information Administration, Omnitrak Group

## Visitor Spending by Accommodation Type



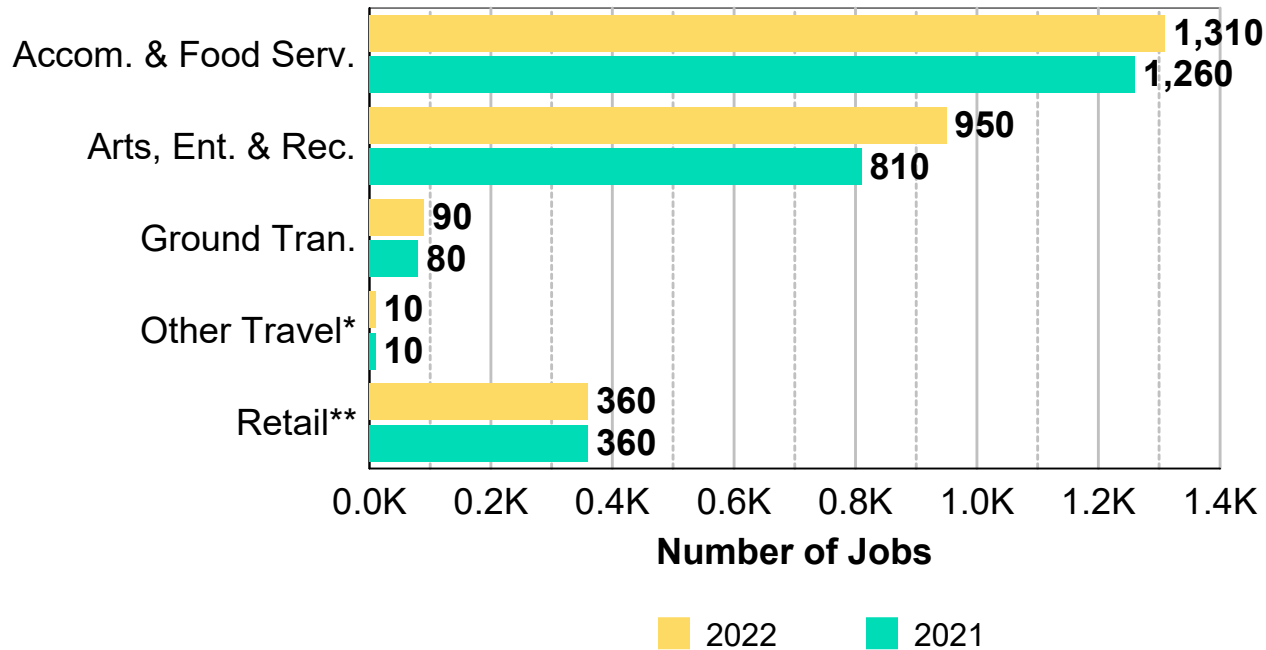
Visitors who stay in a Hotel, Motel, or Short Term Vacation Rental (STVR) spent a combined \$172.7 million in 2022, an increase of 8.4%.

**Sources:** Washington Department of Revenue, AirDNA, Dean Runyan Associates, Omnitrak Group, STR LLC.

Note: Private Home represents visitors staying with friends or family. (Glossary on page 14)

# Island County / Employment

## Travel Industry Employment



\*Other Travel includes travel arrangement services

\*\*Retail includes gasoline station employment.

Travel spending in Island County generated 2,720 jobs in 2022. Overall, travel industry employment grew by 7.9%.

**Sources:** Dean Runyan Associates, Bureau of Labor Statistics, Bureau of Economic Analysis

# Island County / Impacts, Detailed

## Direct Travel Impacts 2015-2022p

	2015	2016	2017	2018	2019	2020	2021	2022	2020-2021
<b>Direct Travel Spending (\$Million)</b>									
Destination Spending	180.6	196.7	202.4	223.2	240.7	199.3	273.7	301.6	▲ 10.2%
Other Travel*	7.1	6.8	7.9	9.1	9.4	6.3	9.3	13.2	▲ 41.4%
<b>TOTAL</b>	187.7	203.6	210.4	232.2	250.1	205.6	283.0	314.7	▲ 11.2%
<b>Visitor Spending by Type of Traveler Accommodation (\$Million)</b>									
Hotel, Motel, STVR**	74.3	86.2	89.7	103.0	116.3	129.9	159.3	172.7	▲ 8.4%
Private Home	34.8	35.7	36.2	38.6	39.5	20.2	38.4	45.6	▲ 18.8%
Campground	11.6	11.9	12.3	12.8	13.0	11.0	12.5	14.0	▲ 11.9%
2nd Home	10.4	10.8	11.0	11.4	11.7	11.4	12.2	13.5	▲ 10.4%
Day Travel	49.5	52.1	53.2	57.4	60.1	26.8	51.2	55.8	▲ 8.9%
<b>TOTAL</b>	180.6	196.7	202.4	223.2	240.7	199.3	273.7	301.6	▲ 10.2%
<b>Visitor Spending by Commodity Purchased (\$Million)</b>									
Accommodations	28.3	31.9	32.7	35.5	39.6	39.1	57.2	60.6	▲ 5.9%
Food Service	61.1	68.6	71.5	80.7	88.8	80.3	102.2	111.8	▲ 9.5%
Food Stores	23.7	24.5	24.4	25.7	26.9	17.6	26.4	30.1	▲ 14.2%
Local Tran. & Gas	15.9	16.1	17.8	20.7	21.1	12.9	21.2	27.2	▲ 28.0%
Arts, Ent. & Rec.	23.6	25.7	26.1	28.5	30.3	24.5	31.7	33.5	▲ 5.9%
Retail Sales	28.1	29.9	29.9	32.1	33.9	24.9	35.1	38.4	▲ 9.4%
<b>TOTAL</b>	180.6	196.7	202.4	223.2	240.7	199.3	273.7	301.6	▲ 10.2%

Details may not add to totals due to rounding. Percent change calculated on unrounded figures.

\*Other Travel includes travel arrangement services and transportation spending for visitors leaving Island County.

\*\*Short Term Vacation Rental (STVR)

# Island County / Impacts, Detailed

## Direct Travel Impacts 2015-2022p

	2015	2016	2017	2018	2019	2020	2021	2022	2020-2021
<b>Travel Industry Earnings (\$Million)</b>									
Accom. & Food Serv.	33.3	37.5	43.3	48.0	51.5	41.3	47.7	52.7	▲ 10.5%
Arts, Ent. & Rec.	12.9	14.0	14.2	16.1	17.1	14.5	15.6	20.0	▲ 28.4%
Retail**	9.2	9.6	10.0	10.9	11.5	10.6	11.5	11.9	▲ 4.1%
Ground Tran.	2.3	2.4	2.6	3.1	3.2	2.6	3.0	3.5	▲ 14.8%
Other Travel*	0.4	0.4	0.4	0.4	0.5	0.4	0.4	0.5	▲ 20.4%
<b>TOTAL</b>	<b>58.0</b>	<b>64.0</b>	<b>70.6</b>	<b>78.5</b>	<b>83.8</b>	<b>69.4</b>	<b>78.2</b>	<b>88.6</b>	<b>▲ 13.3%</b>
<b>Travel Industry Employment (Jobs)</b>									
Accom. & Food Serv.	1,250	1,360	1,450	1,490	1,510	1,200	1,260	1,310	▲ 4.0%
Arts, Ent. & Rec.	920	990	930	1,020	1,040	810	810	950	▲ 16.4%
Retail**	350	350	360	380	390	340	360	360	▲ 0.5%
Ground Tran.	70	70	70	70	80	80	80	90	▲ 15.0%
Other Travel*	10	10	10	10	10	10	10	10	▲ 7.0%
<b>TOTAL</b>	<b>2,610</b>	<b>2,790</b>	<b>2,820</b>	<b>2,980</b>	<b>3,020</b>	<b>2,440</b>	<b>2,520</b>	<b>2,720</b>	<b>▲ 7.9%</b>
<b>Tax Receipts Generated by Travel Spending (\$Million)</b>									
Local Tax Receipts	5.8	6.5	6.6	7.1	7.4	6.0	8.9	9.1	▲ 1.8%
State Tax Receipts	12.4	13.9	14.4	15.5	16.4	14.2	18.4	19.5	▲ 5.9%
<b>TOTAL</b>	<b>18.2</b>	<b>20.4</b>	<b>21.0</b>	<b>22.6</b>	<b>23.8</b>	<b>20.1</b>	<b>27.3</b>	<b>28.6</b>	<b>▲ 4.6%</b>

Details may not add to totals due to rounding. Percent change calculated on unrounded figures.

\*Other Travel includes travel arrangement services.

\*\*Retail includes gasoline.

# Island County / Visitor Details

## Overnight Visitor Volume and Average Spending

Overnight visitor volume for Island County is based on cross-referencing visitor surveys and lodging data. Volume estimates therefore will differ from methodologies that rely solely on visitor surveys. Visitor Spending is a more reliable metric to Visitor Volume in accounting for changes in the travel industry, as it is more closely tied to economic data and lessens the variability from visitor surveys. Day travel estimates are not included because of data limitations.



**40%**

Hotel, Motel, STVR  
share of overnight  
person-trips

### Average Expenditure for Overnight Visitors, 2022

	Person		Party		Party Size	Length of Stay
	Day	Trip	Day	Trip		
Hotel, Motel, STVR*	\$211	\$332	\$529	\$830	2.5	1.6
Private Home	\$33	\$71	\$80	\$173	2.4	2.2
Other Overnight	\$66	\$181	\$184	\$503	2.8	2.7
All Overnight	\$94	\$187	\$236	\$468	2.5	2.0

### Overnight Visitor Volume, 2020-2022

	Person-Trips			Party-Trips		
	2020	2021	2022	2020	2021	2022
Hotel, Motel, STVR*	482,200	512,200	520,600	192,600	204,600	207,900
Private Home	332,900	595,600	641,700	136,500	244,200	263,100
Other Overnight	144,000	150,700	151,900	51,900	54,300	54,800
<b>Overnight Volume</b>	<b>959,200</b>	<b>1,258,600</b>	<b>1,314,200</b>	<b>381,000</b>	<b>503,100</b>	<b>525,800</b>

	Person-Nights			Party-Nights		
	2020	2021	2022	2020	2021	2022
Hotel, Motel, STVR*	756,400	803,500	816,600	302,100	320,900	326,100
Private Home	718,600	1,285,800	1,385,200	294,700	527,200	568,000
Other Overnight	391,700	410,900	414,300	141,200	148,000	149,200
<b>Overnight Volume</b>	<b>1,866,700</b>	<b>2,500,200</b>	<b>2,616,100</b>	<b>737,900</b>	<b>996,100</b>	<b>1,043,300</b>

# Island County / Community Impacts

Summary breakouts for eight areas and both islands within Island County are reported in this section. Based on room tax receipts and sales tax figures from the Washington Department of Revenue, zip code county business pattern data from the U.S. Census Bureau.

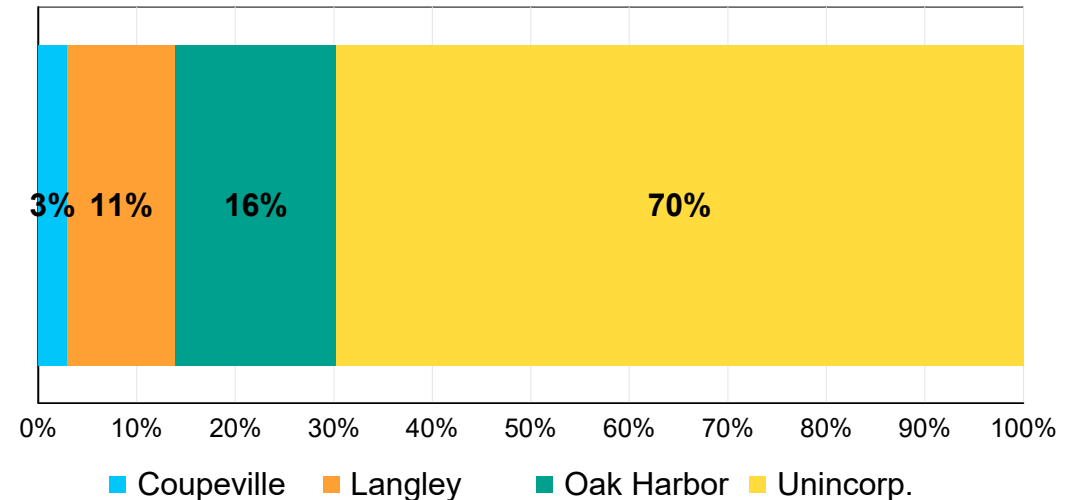
Visitors do not necessarily recognize geographic boundaries and may visit multiple places during their stay, due to this nature the economic impacts should be interpreted as approximate estimates.

As small area estimates are necessarily less precise than countywide estimates, detailed breakouts by accommodation, commodity, and industry are not shown.

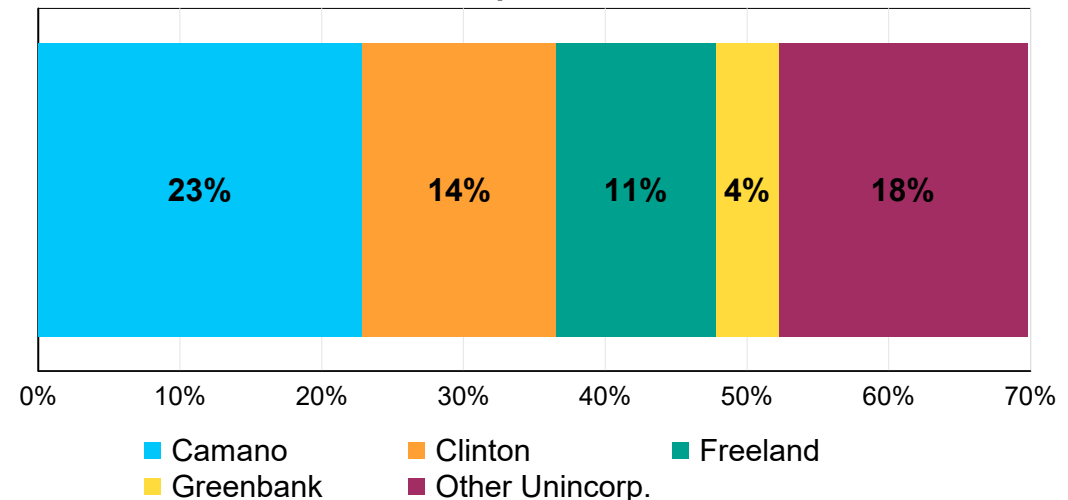
The unincorporated area of the islands had 70% of the taxable lodging sales in 2022, similar to recent years. This is a 8% increase in share over 2019 (62%).

The following page contains impact estimates for each community. The Oak Harbor area has the highest share of impact at 44%, the economic and population center on the islands. Freeland has the second largest share at 22%, primarily due to a hub for retail, gas, and business center on the southern portion of the islands.

**Lodging Sales, 2022**



**Estimated Unincorporated Distribution, 2022**



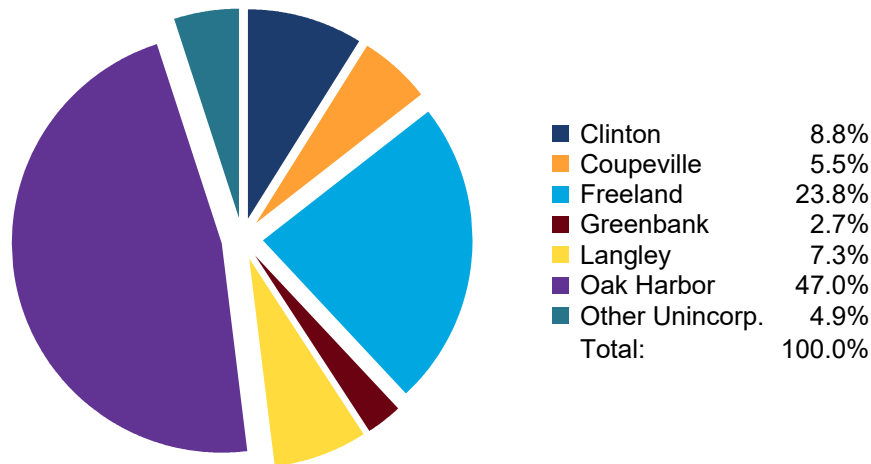
# Island County / Community Impacts

## Travel Impacts within Island County, 2022p

Place	Spending	Earnings	Employ.	Local Tax	State Tax	Total Tax
<b>Total</b>	<b>\$301.6</b>	<b>\$85.1</b>	<b>2,680</b>	<b>\$9.1</b>	<b>\$19.5</b>	<b>\$28.6</b>
<b>Incorporated Areas</b>	<b>\$169.0</b>	<b>\$61.9</b>	<b>1,370</b>	<b>\$5.1</b>	<b>\$10.9</b>	<b>\$16.0</b>
Coupeville	\$15.5	\$5.8	110	\$0.5	\$1.0	\$1.5
Langley	\$20.6	\$7.6	170	\$0.6	\$1.3	\$2.0
Oak Harbor	\$132.9	\$48.6	1,090	\$4.0	\$8.6	\$12.6
<b>Unincorporated Areas</b>	<b>\$132.5</b>	<b>\$50.3</b>	<b>1,300</b>	<b>\$4.0</b>	<b>\$8.6</b>	<b>\$12.6</b>
Clinton	\$25.0	\$9.0	240	\$0.8	\$1.6	\$2.4
Freeland	\$67.4	\$28.9	650	\$2.0	\$4.4	\$6.4
Greenbank	\$7.6	\$3.0	100	\$0.2	\$0.5	\$0.7
Other Unincorp.	\$13.8	\$4.4	110	\$0.4	\$0.9	\$1.3
Camano Island	\$18.7	\$4.9	200	\$0.6	\$1.2	\$1.8

Note: Dollar figures represented in millions. Camano, Clinton, Freeland, Greenbank, and Other Unincorp. are representative of the entire unincorporated area of Island County. These are broken out to give additional insights and are estimates based on the data available.

## Share of Travel Spending





# Glossary

## Term

Hotel, Motel

Private Home

Other Overnight

Day Travel

Visitor Spending

Other Travel

Direct Spending

Direct Earnings

Direct Employment

Local Taxes

State Taxes

Destination Spending

STVR

2nd Home

## Definition

Accommodation types that house transient lodging activity.

Unpaid overnight accommodations used to host visiting friends and family overnight.

Combination of other overnight visitors who stay in campgrounds or 2nd homes.

Greater than 50 miles traveled non-routine to the destination.

Direct spending made by visitors in a destination.

Spending by residents on travel arrangement services, convention/trade shows, and a portion of ground transportation to visit other destinations.

Expenditures made by consumers, combination of Visitor Spending and Other Spending.

Total after-tax net income from travel. It includes wage and salary disbursements, proprietor income, and other earned income or benefits.

Employment generated by direct spending; includes full time, part time, seasonal, and proprietors.

City and county taxes generated by travel spending.

State taxes generated by travel spending.

Interchangeable with Visitor Spending. Direct spending made by visitors in a destination.

Short Term Vacation Rental, private and semi-private lodging rented by owners or property management companies (e.g. Airbnb, VRBO).

Homes under private ownership for personal use as a seasonal property where a lodging tax is not collected. Only includes spending during trip.



# Methodology

## Travel Impacts Methodology

Primary travel impact analysis will make use of the Regional Travel Impact Model (RTIM), prepared and maintained by Dean Runyan Associates and used for most of our travel impact analysis since 1985. This model was developed to provide robust impact findings at small geography without reliance on annual survey research. This is a “bottom up” approach whereby analysis is conducted at the county level, then aggregated to regions and the state, allowing us to use the most detailed tax, employment, wages, and other data that are available. Our clients have selected this approach to provide particularly detailed and defensible findings for all parts of their constituency.

Because the model does not rely on annual survey research for its primary inputs, we work in other states with a variety of other visitor profile providers, including national panel managers or those making use of intercept or regional web methodology. Analysis is conducted separately by type of visitor lodging, making use of data and modeling appropriate to each. Impact analysis associated with visitors staying in commercial lodging makes use of lodging tax data to calculate lodging sales, then employs expenditure distribution data for these types of visitors to calculate total sales and the distribution among expenditure categories. We maintain our own expenditure distribution database for each state we work in, but also make use of historic and current expenditure data, as available. Rental cabins, condos and other property are included in this category if lodging tax has been applied to sales.

Earnings, employment, and tax receipts are calculated using employment and wage data by business category, for each county, plus the applicable taxes on each type of expenditure. Tax impacts, such as for restaurant, fuel, and retail purchases, are calculated from spending amounts; totals will be checked against data from state sources.

Sales attributed to campers are calculated from campground inventory (separately for public and commercial campgrounds), camping occupancy data and average expenditures for camping parties. Expenditure data will be from expenditure databases that we maintain, augmented by visitor survey data available for Washington, as available.

Other impacts are calculated in a manner like those for commercial accommodation travelers. Sales attributable to travelers staying in their own second homes, or in rented condo, cabin, and other accommodations, are calculated from inventories of these types of lodging and the associated utilization and expenditure data. Findings are made consistent if some of these sales have been subject to lodging tax. Second home inventories are from US Census sources and any local/regional data available. Other impacts are calculated in a manner like those for commercial accommodation travelers.

(Continued on next page)

# Methodology / Continued

## Travel Impacts Methodology

Day travel spending is calculated as a factor of overnight spending, with the proportions based on visitor data for Washington travelers. This analysis will rely the most on visitor profile data provided by the profile contractor. Other impacts are calculated in a similar way as those for commercial accommodation travelers.

All spending estimates are summed for each county and separately for each business category with applicable data then used to calculate earnings, employment, and tax receipts. County totals will be mapped to regions using address and other location data for lodging, camping, and other rental accommodations using separate methods for each type of lodging.

In all cases, our data and methodology are transparent, allowing for reliable error trapping and effective review of findings. All findings are also checked against available comparable data, such as county-level employment data by industry from the US Bureau of Labor Statistics and lodging sales data from STR and Key Data.



# Methodology / Continued

## RTIM Industries mapped to NAICS

The following categorization is intended as a high level overview of how our reported industries map to the North American Industry Classification System. It should be noted the NAICS codes are based on responses from individual organizations and are not always a perfect 1:1 alignment with our analysis.

Travel Impact Industry	NAICS Industry Code
<b>Accommodation &amp; Food Service</b>	Accommodation (721) Food Services and Drinking Places (722) Residential Property Managers (531311) Breweries, Wineries, Distilleries (312120, 312130, 312140)**Notes on next page
<b>Arts, Entertainment &amp; Recreation</b>	Arts, Ent., Recreation (71) Scenic and Sightseeing Transportation (487) Motion picture and video exhibition (51213) Recreational goods rental (532292) Tour operators (56152)
<b>Retail</b>	Food & Beverage Stores (445) Gasoline Stations (447) Clothing and Clothing Accessories (448) Sporting Goods, Hobby, Book and Music Stores (451) General Merchandise Stores (452) Miscellaneous Store Retailers (453)
<b>Transportation</b>	Rail Transportation (482114) Water Transportation (4831) Urban transit systems (4851) Interurban and rural bus transportation (4852) Taxi and limousine service (4853) Charter bus industry (4855) Passenger car rental (532111) Truck, trailer, and RV rental and leasing (53212) Parking Lots and Garages (812930)
<b>Air Transportation</b>	Scheduled passenger air transportation (481111) Support activities for air transportation (4881)
<b>Others</b>	Travel agencies (56151) Convention and Trade Show Organizers (56192)

\*\*Travel spending on breweries (312120), wineries (312130) and distilleries (312140) are included within the Food Service, Retail, Food Stores, and Recreation industries. It is likely that the bulk of travel-related spending on these alcohol-related NAICS codes occurs within the Food Service category. However, because experiences at breweries, wineries, and distilleries often include a significant experiential component, as well as opportunities for retail purchases, we are unable to allocate exact percentages to the above travel impact categories.