

The New Jersey Tourism Satellite Account

*A Comprehensive Understanding of the Economic Contribution
of Travel & Tourism in the State of New Jersey*

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About Global Insight



- Premier economic analysis and consulting organization created by the integration of **DRI** and **WEFA**
- Provides the most comprehensive coverage of countries, regions and industries available from any single source
- Brings a common analytical framework and a consistent set of assumptions to diverse capabilities and products
- Provides a broad range of consulting capabilities covering:
 - **Market Analysis**
 - **Investment Strategy**
 - **Infrastructure Analysis**
 - **Economic Development**
 - **Business Planning**
 - **Risk Assessment**
 - **Policy Evaluation**
 - **Economic Impact**
- Over 3,000 clients in industry, finance, and government
- Over 500 employees and 30 international offices
- Strong reputation and experience within the tourism sector

Tourism Satellite Account: The UN-approved standard for measuring tourism

⇒ **U.S. Bureau of Economic Analysis (BEA)**

⇒ **South Carolina**

⇒ **Virginia**

⇒ **Hawaii**

⇒ **Delaware**

⇒ **New Jersey**

⇒ **Rhode Island**

⇒ **Alaska**

The TSA has been adopted at the national level and by a growing number of states.

⇒ **Plus over 50 countries worldwide**

What is a TSA?

- **The Tourism Satellite Account is the international standard for measuring the contribution of tourism to an economy (approved by WTO, OECD United Nations)**
- **The TSA is consistent with the UN System of National Accounts approach for measuring an economic sector.**

Why is a TSA Necessary?

- ◆ The tourism 'industry' is not measured in standard economic accounting systems.
- ◆ 'Industry' is a *supply-side* concept: the focus is on *what* is being produced.
- ◆ But 'Tourism' is a *demand-side* concept: the focus is on *who's* buying products - the visitor.
- ◆ Tourism affects parts of many industries.

Enter the TSA concept.

T&T Industry and Economy

The TSA provides both a narrow and a broad understanding of the tourism "industry"

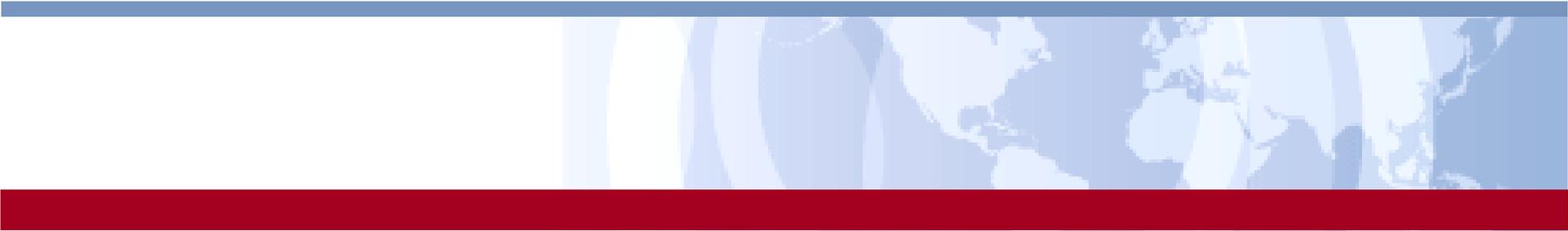


Benefits of a TSA

- ◆ The TSA compares government support of the tourism sector with government revenue generated by tourism.
- ◆ The TSA allows policy-makers to compare the size and growth of tourism to other industrial sectors.
- ◆ The TSA enables analysts to assess the long term health of the tourism sector via capital investment and government support.
- ◆ The TSA provides an accepted international standard for benchmarking.

Benefits of a TSA, cont.

- ◆ The TSA reveals how much of each tourist dollar is retained in country/state.
- ◆ The TSA helps determine whether projected levels of tourism demand are sufficient to meet capital investment return on investment.
- ◆ The TSA quantifies how other industry sectors benefit from tourism.
- ◆ The TSA creates a framework for more accurate forecasts.



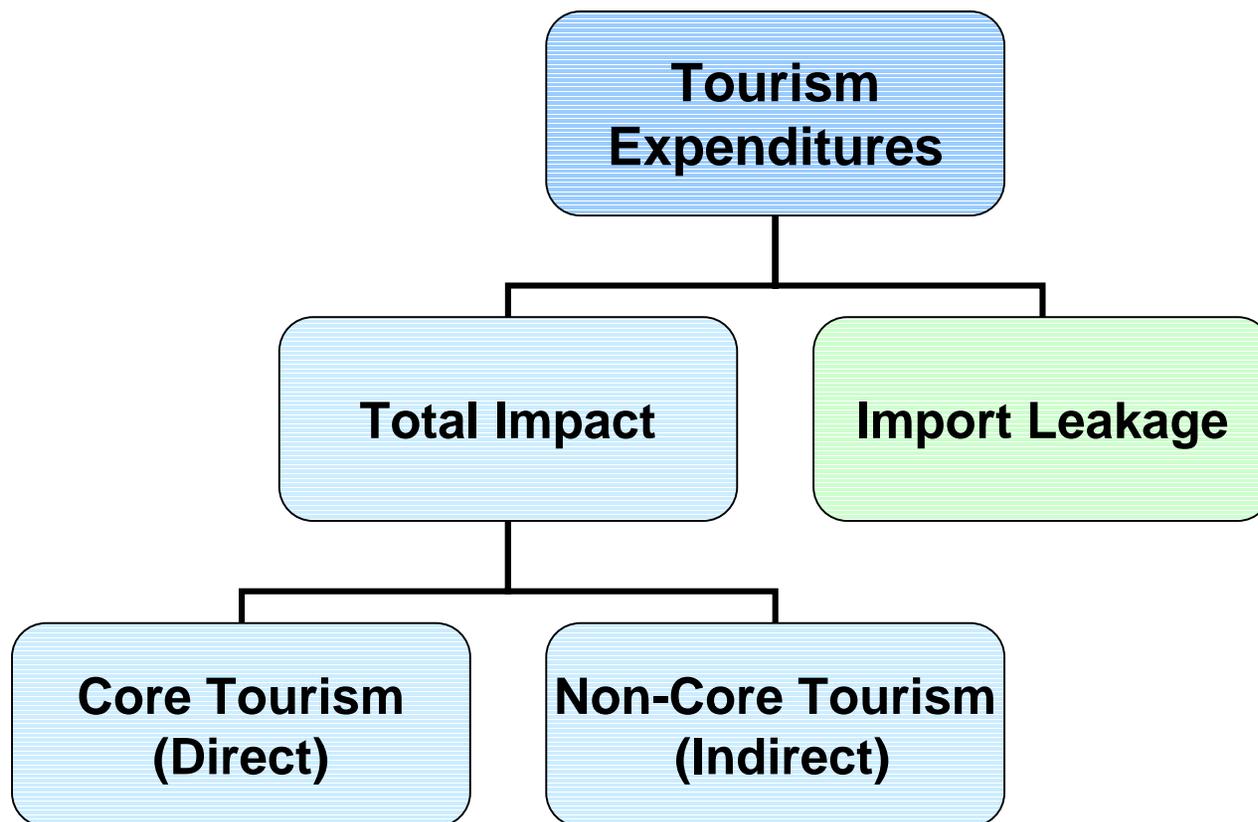
TSA Results for the State of New Jersey

Key Findings

- **Travel & Tourism is one of the most important economic engines in New Jersey. It has a diverse composition and is a strong job generator.**
- **Travel & Tourism is a growth sector in New Jersey.**
- **Travel & Tourism is a major contributor to state revenues.**

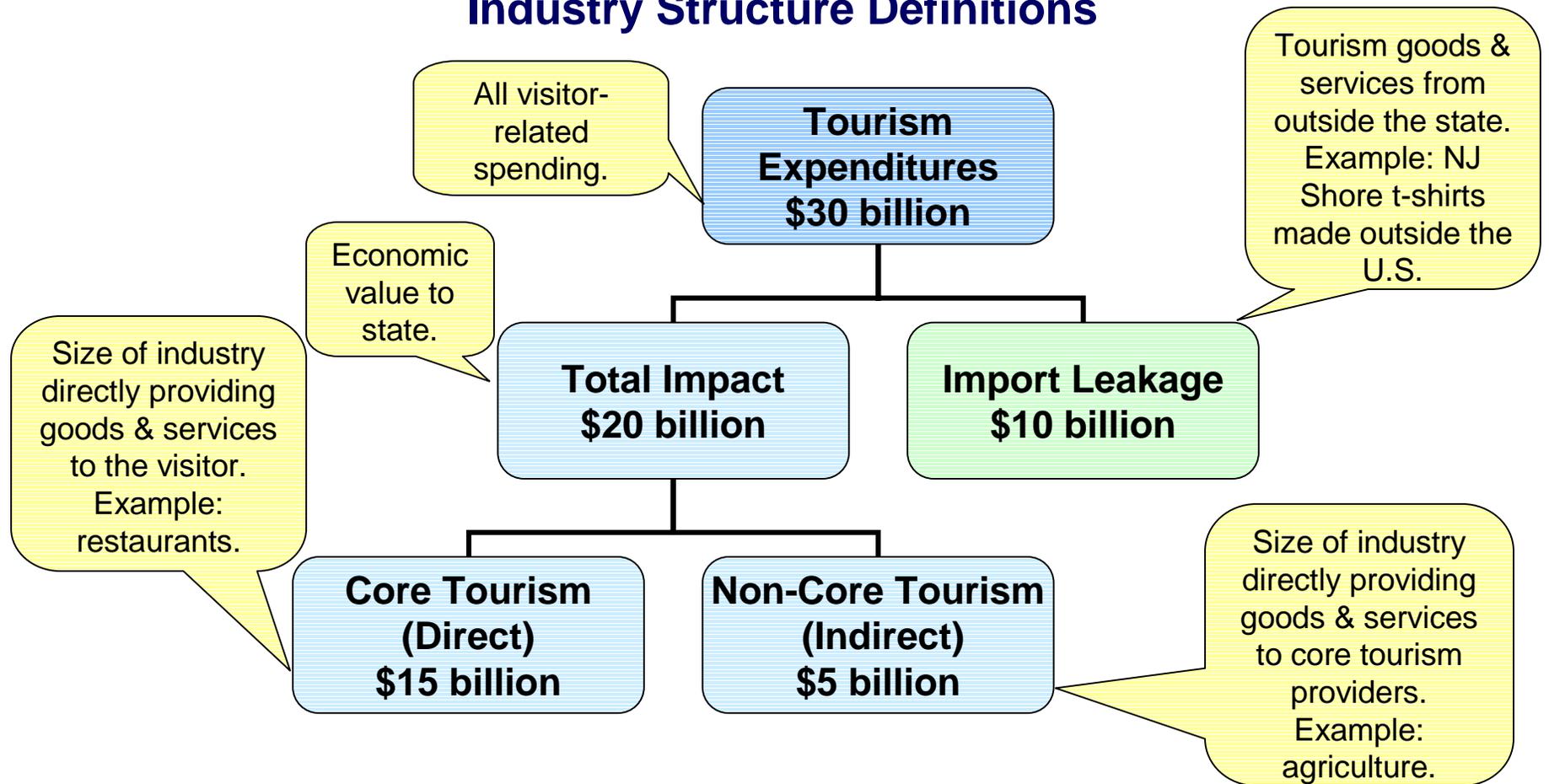
Executive Summary

New Jersey Travel & Tourism Industry Structure



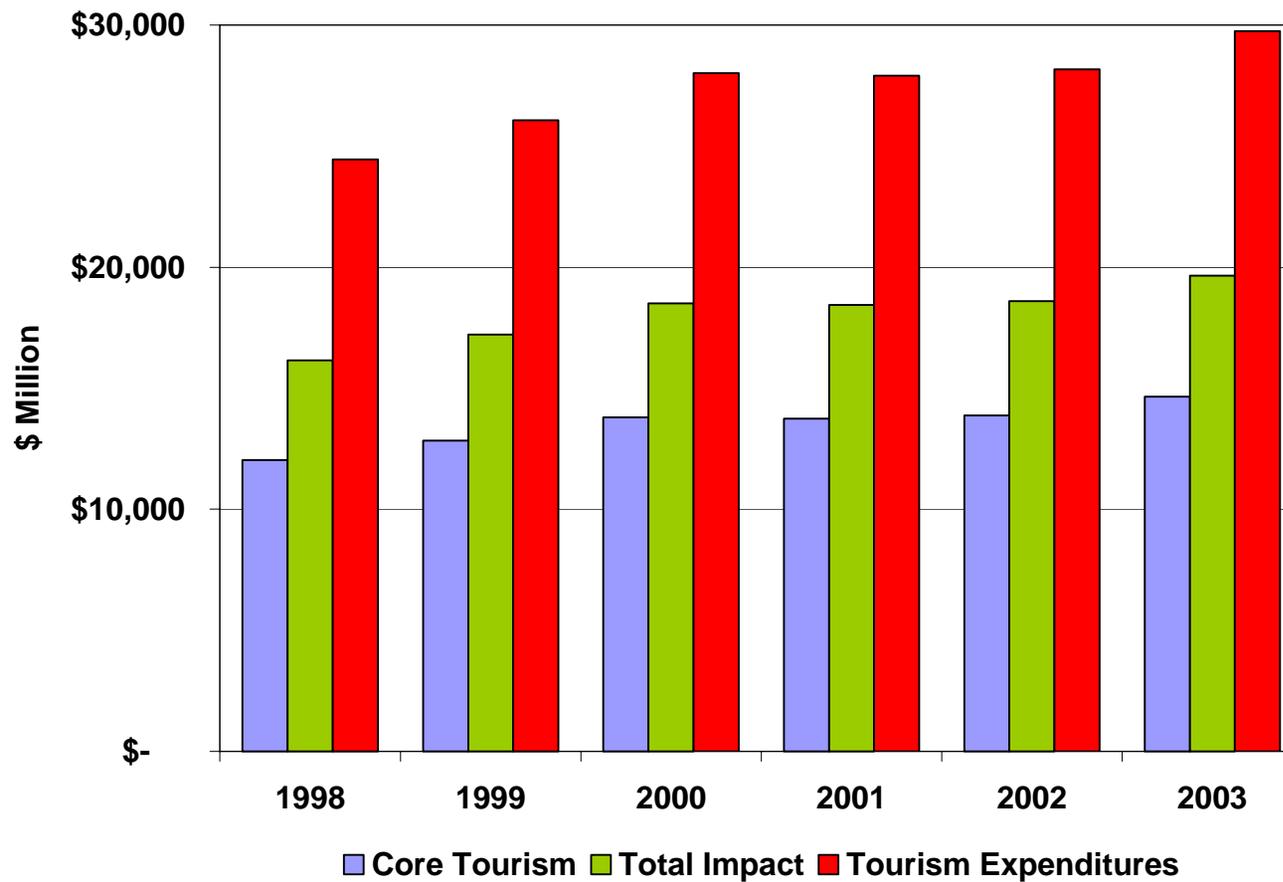
Executive Summary

Industry Structure Definitions



Executive Summary

Tourism expenditures – tallied \$30 billion in 2003



Executive Summary

Summary of Key Concepts

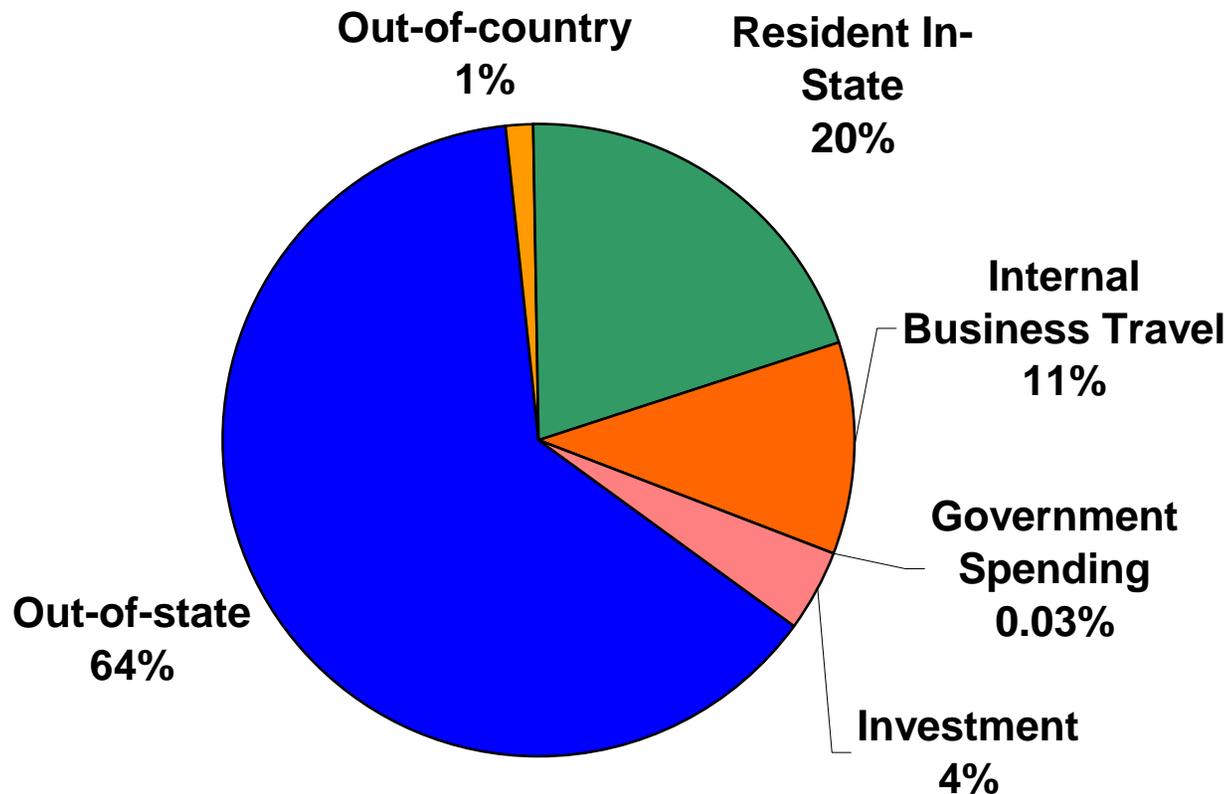
| Category | Total Impact | Core Tourism |
|------------------|-------------------|-------------------|
| Economic Value | \$ 19,646,440,885 | \$ 14,646,826,033 |
| Wages & Salaries | \$ 12,292,915,051 | \$ 8,815,415,049 |
| Employment | 415,951 | 342,092 |

Breaking Down Tourism Expenditures

- **Resident In-State** – In-state travel expenditures of New Jersey residents.
- **In-state Business Travel** – This includes New Jersey businesses' spending within the state economy on travel.
- **Government Spending** – The budgets of the New Jersey Tourism Office, transportation functions related to tourism, publicly funded attractions and funding for security in tourism-intensive areas are included.
- **Investment** – Construction of hotels, attractions, tourism infrastructure, operating and transportation equipment are included.
- **Domestic Out-of-State** – This key category includes the spending of all visitors to New Jersey coming from other parts of the country.
- **International** – Spending of international visitors to New Jersey .

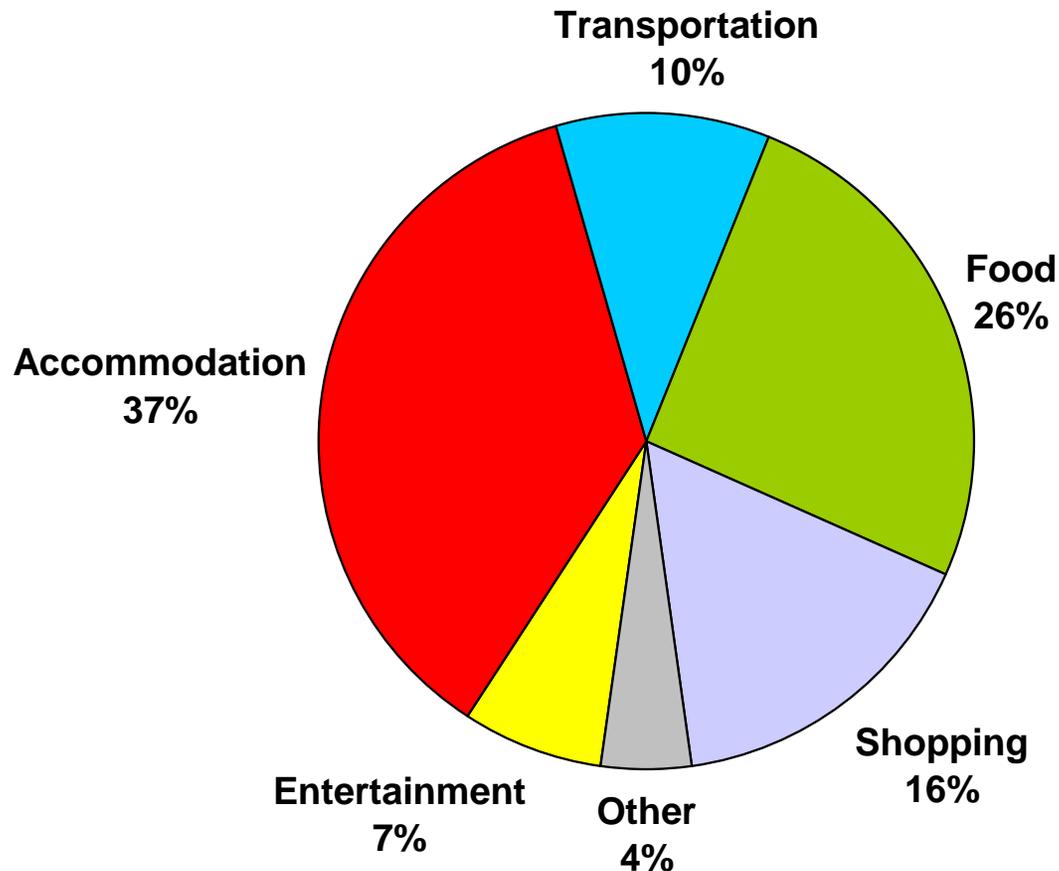
Breaking Down Tourism Expenditures – \$30 Billion

Visitors from other states represent the largest portion of tourism expenditures in New Jersey. Residents' travel in the state is also important with 20% of the total.



Industry Distribution of Expenditures

Accommodation accounts for the largest share of tourism expenditure in the state of New Jersey. Combined with food and shopping, these three components represent nearly 80% of visitor expenditures.



Total Impact of Tourism

- In 2003, the total impact of travel & tourism (direct and indirect) was **\$20 billion** to the state. This accounts for **5.4% of Gross State Product**.
- The ratio of the total impact to total expenditures reveals that **66% of each tourism dollar spent** in New Jersey is retained in the state. The remainder represents import leakages.
- **Over 415,900 jobs** – direct and indirect – were created by travel & tourism economic activity. This accounts for **10% of total employment** in the state.
- Approximately **\$12.3 billion in wages & salaries** was generated by travel & tourism in 2003.

Core Tourism

- Answers the question “How does tourism compare with other industries?”
- Core Tourism measures the size of the industry directly providing goods & services to the visitor.
- Therefore, all indirect effects are excluded – these are part of other supplier industries such as wholesalers. The impact of capital investment is also excluded.
- Core Tourism generated **\$14.6 billion** in economic value in 2003. This ranks core tourism as the **8th largest industry** in NJ in terms of gross state product.

Economic Value of Core Tourism

Core Tourism contributed \$14.6 billion in economic value in 2003. The industry ranked as the 8th largest in the state.

| Rank | Industry | GSP |
|-------------|------------------------------------------|-----------------|
| 1 | Real estate | \$57,389 |
| 2 | Wholesale trade | \$33,782 |
| 3 | Retail trade | \$28,999 |
| 4 | Business services | \$21,658 |
| 5 | Health services | \$21,456 |
| 6 | Chemicals and allied products | \$17,556 |
| 7 | Construction | \$15,749 |
| 8 | Travel & Tourism | \$14,600 |
| 9 | Communications | \$13,389 |
| 10 | Depository and nondepository institution | \$12,087 |
| 11 | Durable goods | \$11,906 |
| 12 | Security and commodity brokers | \$8,668 |
| 13 | Electric, gas, and sanitary services | \$8,132 |
| 14 | Insurance carriers | \$8,055 |
| 15 | Legal services | \$4,478 |

Core Tourism Employment

- Core Tourism is the 2nd largest private sector employer in the state with 342,092 direct full-time equivalency jobs in 2003.
- Core Tourism generated **8.4% of state employment** in 2003.
- Core Tourism jobs provided **\$8.8 billion in wages & salaries** in 2003.

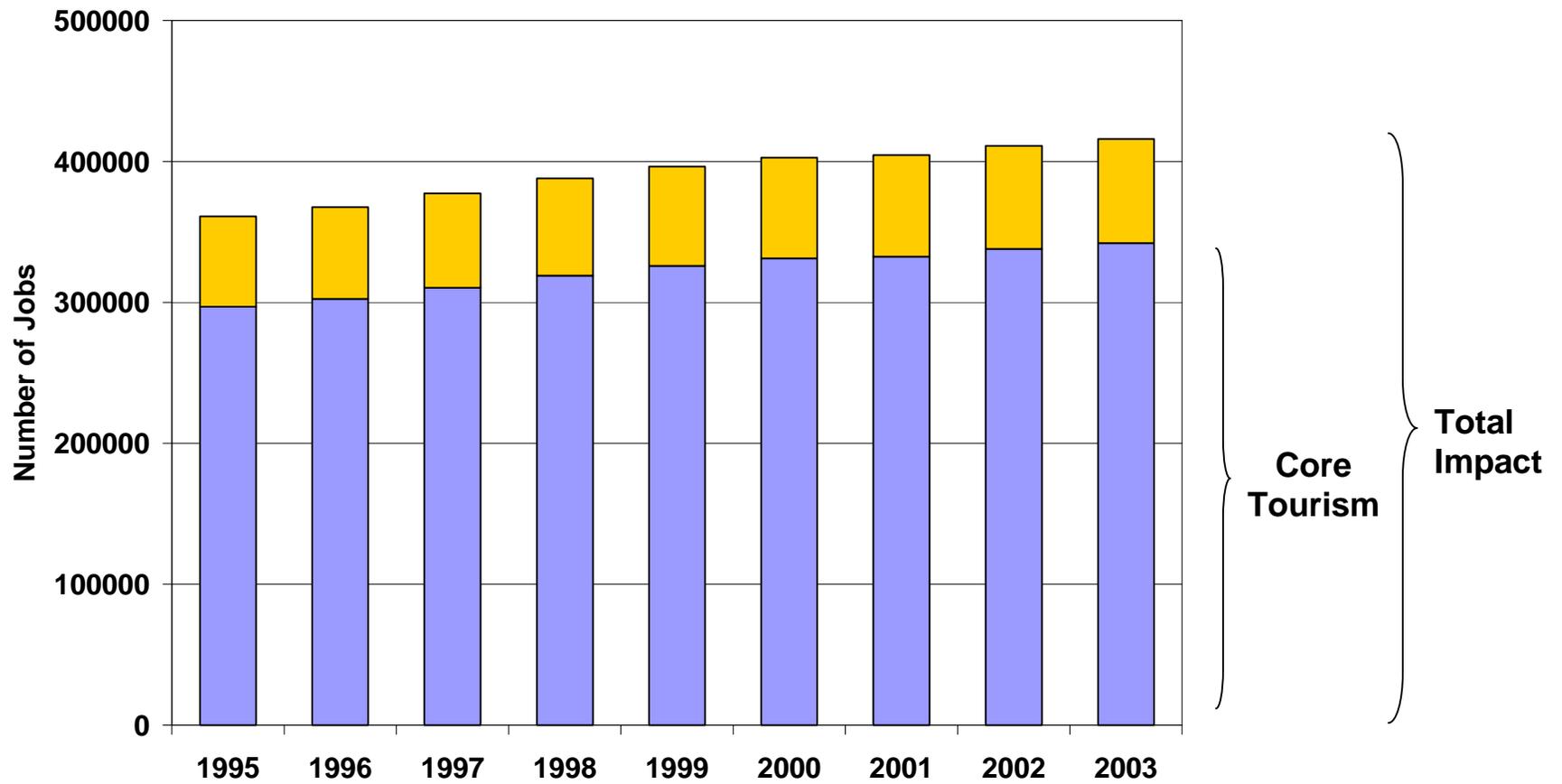
Core Tourism Employment

Core Tourism represented over 342,000 jobs in 2003. Travel & tourism ranked as the 2nd largest private sector employer in the state with 8.4% of total employment.

| Rank | Industry | Jobs | % Total |
|--------------------------|------------------------------------|------------------|---------------|
| 1 | Health Services | 371,928 | 9.1% |
| 2 | Travel & Tourism | 342,092 | 8.4% |
| 3 | Business Services | 324,481 | 7.9% |
| 4 | Eating and Drinking Places | 202,827 | 5.0% |
| 5 | Engineering & Management Services | 142,061 | 3.5% |
| 6 | Wholesale Trade - Durable Goods | 141,423 | 3.5% |
| 7 | Wholesale Trade - Nondurable Goods | 133,796 | 3.3% |
| 8 | Miscellaneous Retail | 123,427 | 3.0% |
| 9 | Special Trade Contractors | 112,374 | 2.7% |
| 10 | Food Stores | 112,144 | 2.7% |
| 11 | Chemicals and Allied Products | 99,841 | 2.4% |
| 12 | Educational Services | 83,286 | 2.0% |
| 13 | Hotels and Other Lodging Places | 80,174 | 2.0% |
| 14 | Social Services | 75,683 | 1.8% |
| 15 | Communications | 72,917 | 1.8% |
| State & Local Government | | 552,536 | 13.5% |
| All Other | | 1,466,482 | 35.8% |
| Total | | 4,095,380 | 100.0% |

Core Tourism Employment

Core Tourism jobs comprise 82% of total tourism-generated employment and have grown steadily over time.



Tourism Employment by County

| County | Employment | County Share | County | Employment | County Share |
|-----------------|------------|--------------|--------------|----------------|---------------|
| Atlantic County | 73,350 | 17.6% | Hudson | 14,082 | 3.4% |
| Ocean | 41,839 | 10.1% | Mercer | 13,822 | 3.3% |
| Monmouth | 34,559 | 8.3% | Somerset | 12,601 | 3.0% |
| Bergen | 34,107 | 8.2% | Passaic | 11,024 | 2.7% |
| Cape May | 32,951 | 7.9% | Gloucester | 8,437 | 2.0% |
| Middlesex | 26,250 | 6.3% | Sussex | 7,128 | 1.7% |
| Essex | 24,537 | 5.9% | Cumberland | 4,006 | 1.0% |
| Morris | 20,899 | 5.0% | Hunterdon | 3,450 | 0.8% |
| Burlington | 17,335 | 4.2% | Warren | 2,995 | 0.7% |
| Camden | 16,079 | 3.9% | Salem | 1,835 | 0.4% |
| Union | 14,615 | 3.5% | Total | 415,900 | 100.0% |

Core Tourism - Composition

The TSA model measures how spending of visitors touches diverse sectors to create the aggregate Core Tourism.

| | Rank | Industry | \$ Value | % Total |
|-------------------------------------------|--------------|-----------------------------------------|---------------|---------|
| Includes casinos | 1 | Hotels and Lodging Places | 5,056,188,416 | 34.5% |
| | 2 | Eating & Drinking | 2,814,034,944 | 19.2% |
| | 3 | Real Estate | 2,261,066,240 | 15.4% |
| Includes seasonal 2 nd homes | 4 | Air Transportation | 1,198,532,992 | 8.2% |
| | 5 | Miscellaneous Retail | 674,761,408 | 4.6% |
| | 6 | Amusement and Recreation Services | 649,565,376 | 4.4% |
| | 7 | Arrangement Of Passenger Transportation | 408,515,520 | 2.8% |
| Professionally arranged transport & tours | 8 | Membership Sports and Recreation Clubs | 368,516,448 | 2.5% |
| | 9 | Apparel & Accessory Stores | 279,615,744 | 1.9% |
| | 10 | Transportation Services | 220,574,704 | 1.5% |
| | 11 | Photofinishing- Commercial Photography | 118,845,792 | 0.8% |
| | 12 | Food Stores | 114,599,744 | 0.8% |
| Ticket sales | 13 | General Merchandise Stores | 114,246,264 | 0.8% |
| | 14 | Furniture & Home Furnishings Stores | 86,105,248 | 0.6% |
| | 15 | Motion Pictures | 74,169,824 | 0.5% |
| | | All Other | 207,487,369 | 1.4% |
| | Total | 14,646,826,033 | 100.0% | |

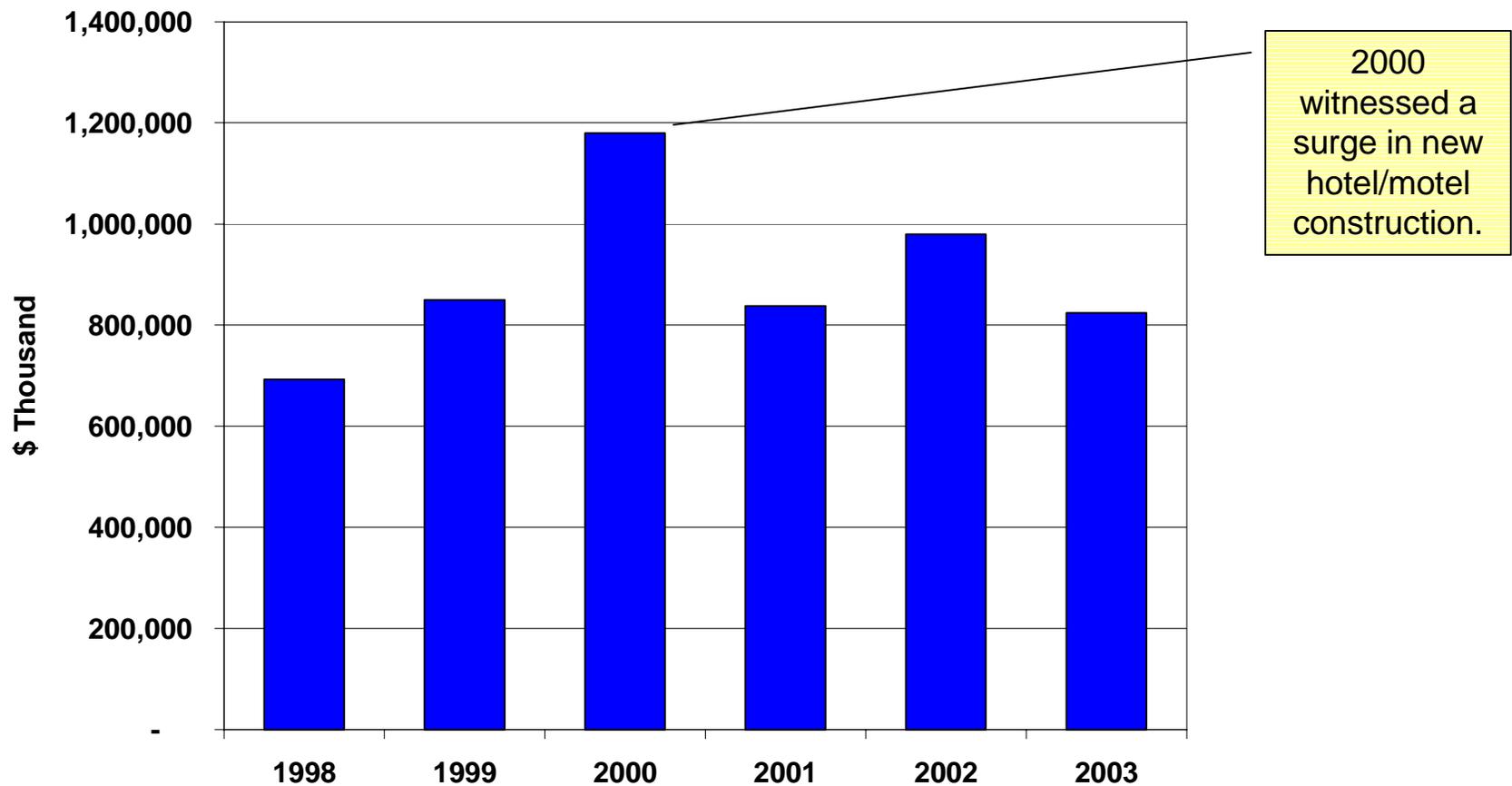
Non-Core Tourism – Indirect Benefits

Many industries not thought of as “tourism” but that supply goods and services to the tourism industry are beneficiaries of tourism.

| Rank | Industry | Indirect Tourism Contribution \$ | % Total |
|------|-----------------------------------------|----------------------------------|---------------|
| 1 | Real Estate | 455,991,392 | 10.0% |
| 2 | Wholesale Trade | 387,612,256 | 8.5% |
| 3 | Computer and Data Processing Services | 337,260,832 | 7.4% |
| 4 | Maintenance and Repair Other Facilities | 249,039,232 | 5.5% |
| 5 | Personnel Supply Services | 225,360,912 | 5.0% |
| 6 | Other Business Services | 171,954,112 | 3.8% |
| 7 | Accounting- Auditing and Bookkeeping | 169,464,496 | 3.7% |
| 8 | Management and Consulting Services | 167,502,608 | 3.7% |
| 9 | Banking | 166,588,336 | 3.7% |
| 10 | Communications- Except Radio and TV | 164,549,408 | 3.6% |
| 11 | Electric Services | 140,731,424 | 3.1% |
| 12 | Motor Freight Transport and Warehousing | 123,600,272 | 2.7% |
| 13 | Arrangement Of Passenger Transportation | 118,083,864 | 2.6% |
| 14 | Legal Services | 98,969,560 | 2.2% |
| 15 | Services To Buildings | 90,403,952 | 2.0% |
| | All Other | 1,477,298,585 | 32.5% |
| | Total | 4,544,411,241 | 100.0% |

Non-Core Tourism - Indirect Benefits

The Construction sector is also a significant beneficiary of tourism.
In 2003, the level of new construction was back to trend levels.



State and Local Government Revenue

- Tourism activity generated \$2.9 billion in state and local government revenue in 2003.
- In 2003, **\$1.7 billion in state tax revenue** was generated by the travel & tourism sector in New Jersey. Indirect business tax (sales tax) and personal income tax are the two largest contributors.
- Tourism contributes disproportionately to state revenue vis-à-vis its economic value. Tourism was responsible for **6.2% of all state revenue** in 2003. Recall that tourism generated **5.4% of Gross State Product**. The reason for this is that several key state revenue sources have a concentrated dependence on the tourism industry.

State and Local Government Revenue

Tourism generated state government revenues of \$1.6 billion in 2003. The sector tallied an additional \$1.2 billion in local government revenues.

| State Tax Revenues 2003 | |
|--------------------------------------------|------------------------|
| Corporate Profits Tax | \$84,128,580 |
| Indirect Business Tax | \$723,665,182 |
| Personal Taxes and Fees | \$366,813,427 |
| Hotel Sales Tax | \$226,706,130 |
| Entertainment Sales Tax | \$37,763,249 |
| Tolls | \$100,109,620 |
| Occupancy Tax | \$87,000,000 |
| Casino Room Fee | \$14,000,000 |
| Casino Comp Tax | \$26,000,000 |
| <i>Total</i> | \$1,666,186,188 |
| Tourism Share of Total | 6.2% |
| Local Tax Revenues | |
| Property Taxes | \$1,154,962,319 |
| Atlantic City Hotel | \$37,234,915 |
| Atlantic City Beverage | \$5,552,858 |
| Newark Hotel | \$22,359,506 |
| Jersey City Hotel | \$4,148,302 |
| <i>Total</i> | \$1,224,257,901 |
| Total State and Local Tourism Taxes | \$2,890,444,089 |

Regional Distribution of Tourism

New Jersey is divided into six regions in the analysis:

- 1. *Skylands* – Sussex, Warren, Hunterdon, Somerset, and Morris Counties**
- 2. *Gateway* – Passaic, Bergen, Essex, Hudson, Union, and Middlesex Counties**
- 3. *Shore Region* – Monmouth and Ocean Counties**
- 4. *Delaware River* – Mercer, Burlington, Camden, Gloucester, and Salem Counties**
- 5. *Greater Atlantic City* – Atlantic County**
- 6. *Southern Shore* – Cumberland and Cape May County**

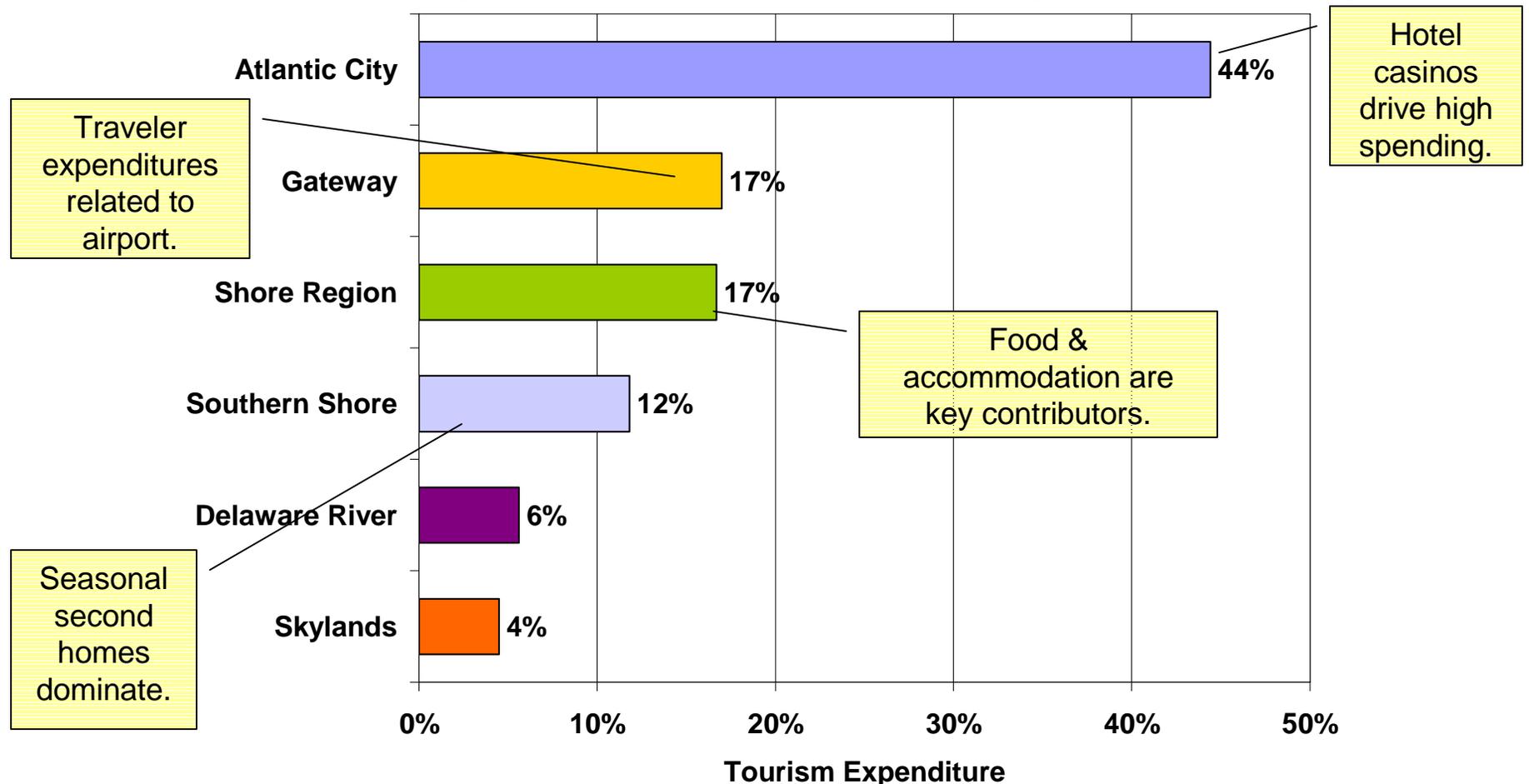
Regional Distribution of Tourism

To understand the county breakdown, Global Insight approached industry members and state agencies to develop local level analysis. This research included analysis of:

- Seasonal second homes
- Gaming reports
- Main attractions by county
- Transportation figures
- Seasonality of employment – compared across counties/regions

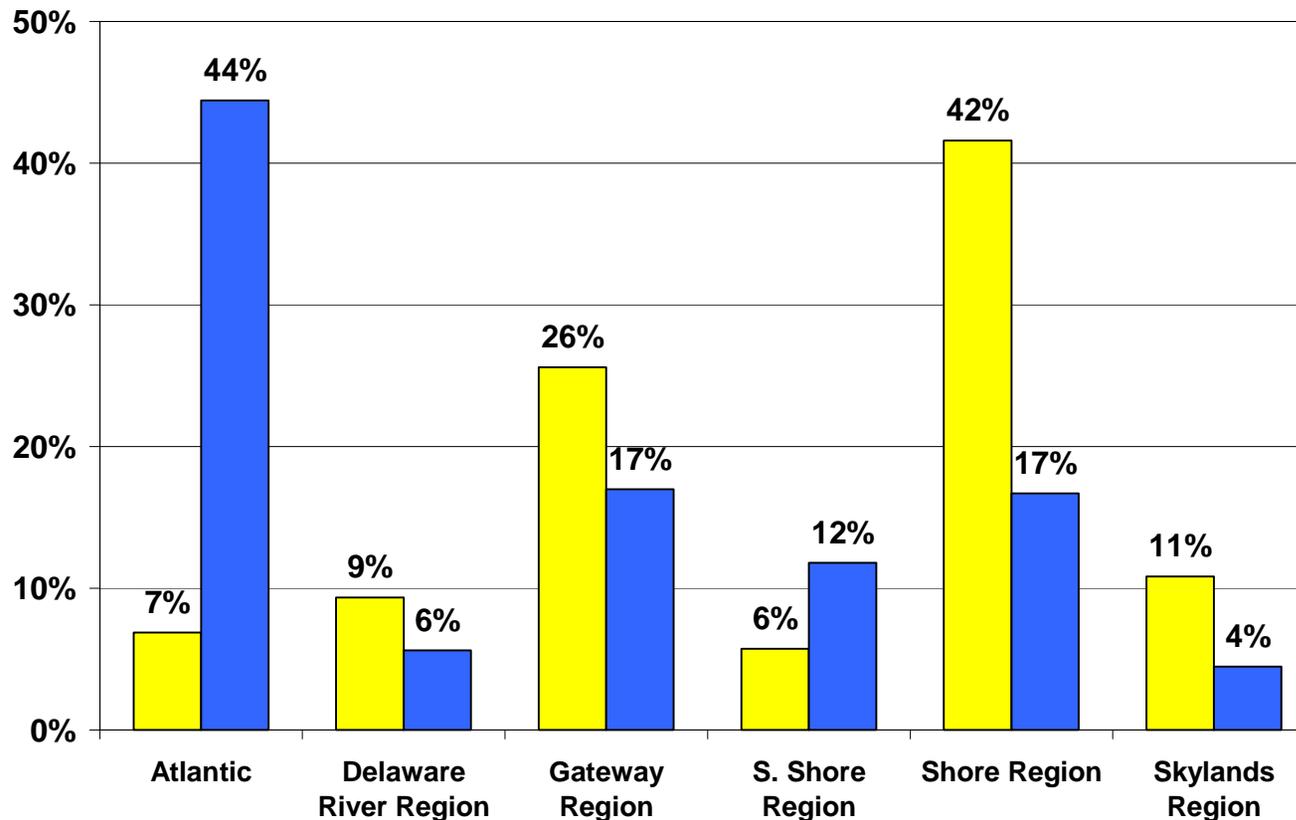
Regional Distribution of Tourism

After Atlantic City, Gateway and Shore are tied for the second largest share of total statewide tourism expenditure. The Southern Shore region follows closely.



Regional Shares of Statewide Tourism Entertainment Expenditure

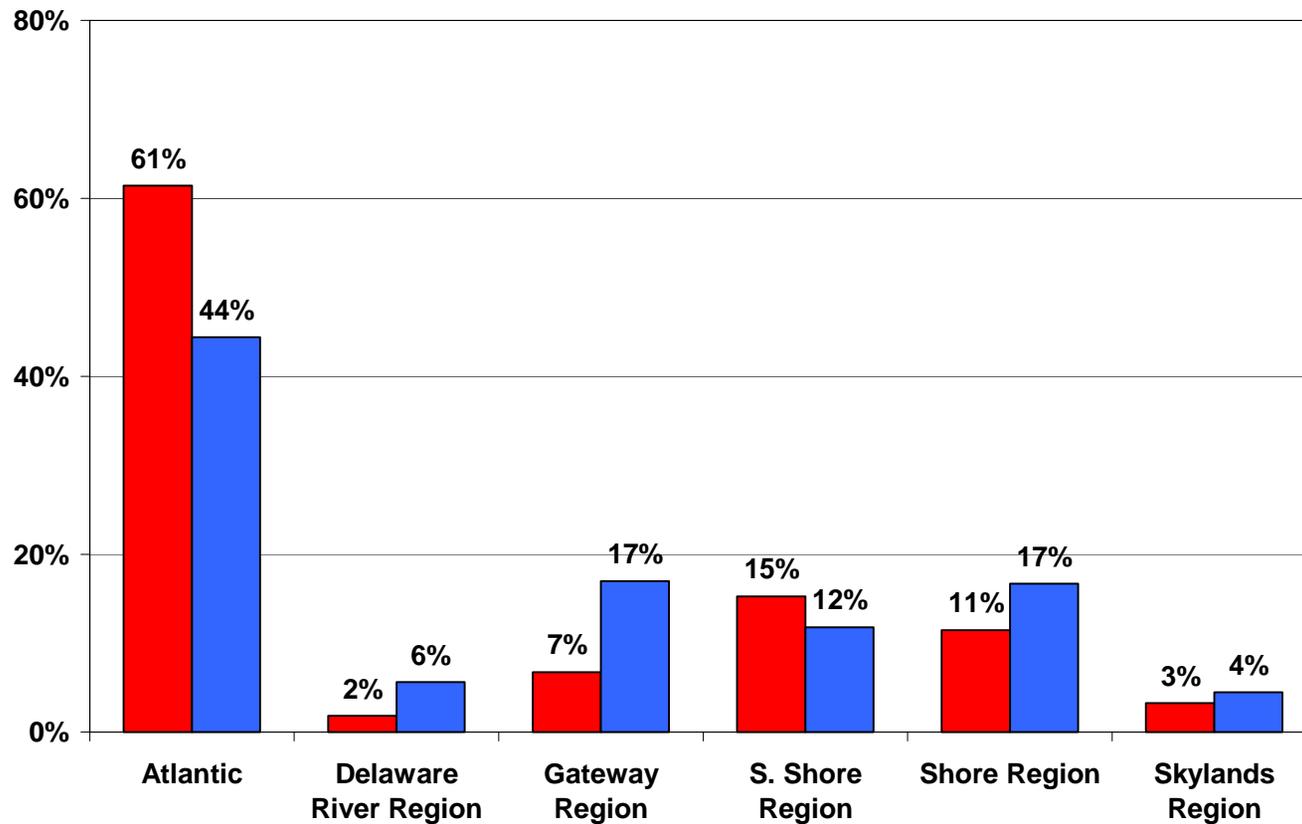
Compared to the other regions, the Shore Region has the largest tourism entertainment expenditure share (42%). But it is tied for second in terms of total tourism sales (17%).



■ Region Share of Entertainment ■ Region Share of Total Tourism

Regional Shares of Statewide Tourism Accommodation Expenditure

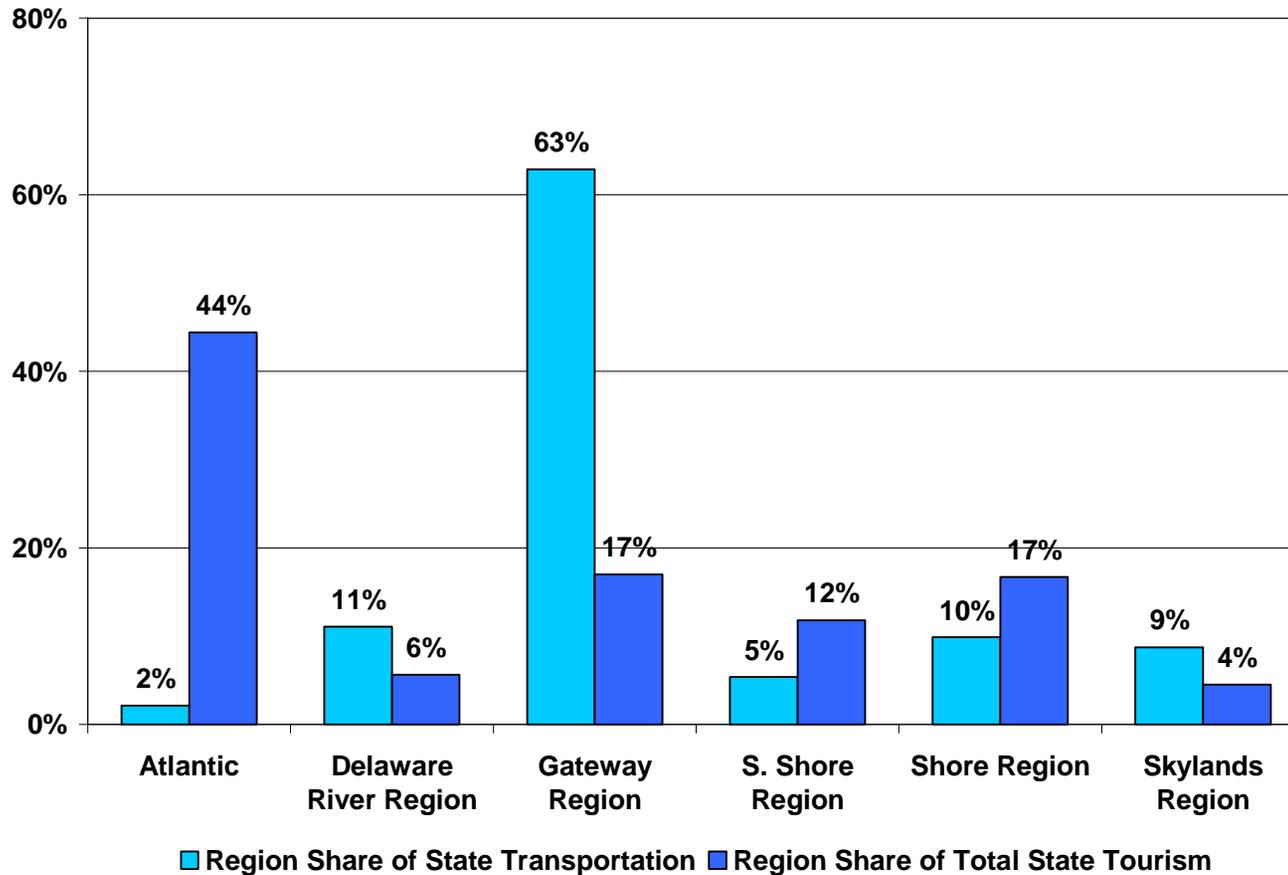
Atlantic City region holds the largest share in both accommodation sales (61% - includes hotel casinos) and total tourism expenditure (44%). The Southern Shore ranks 2nd in terms of accommodation expenditure.



■ Region Share of State Accommodation ■ Region Share of Total State Tourism

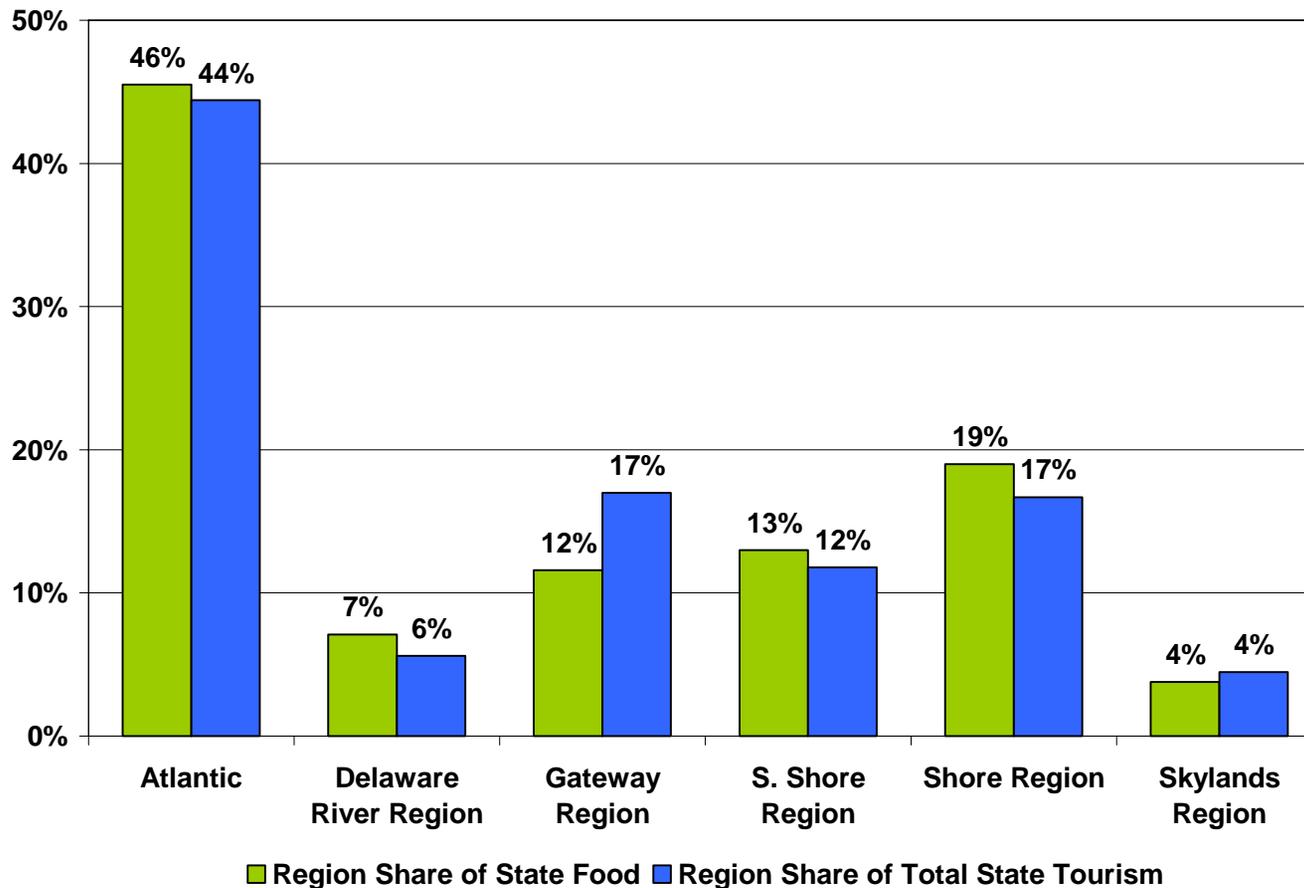
Regional Shares of Statewide Tourism Transportation Expenditure

With Newark airport in its territory, the Gateway Region dominates tourism transportation sales (63%). This does not include cargo transportation.



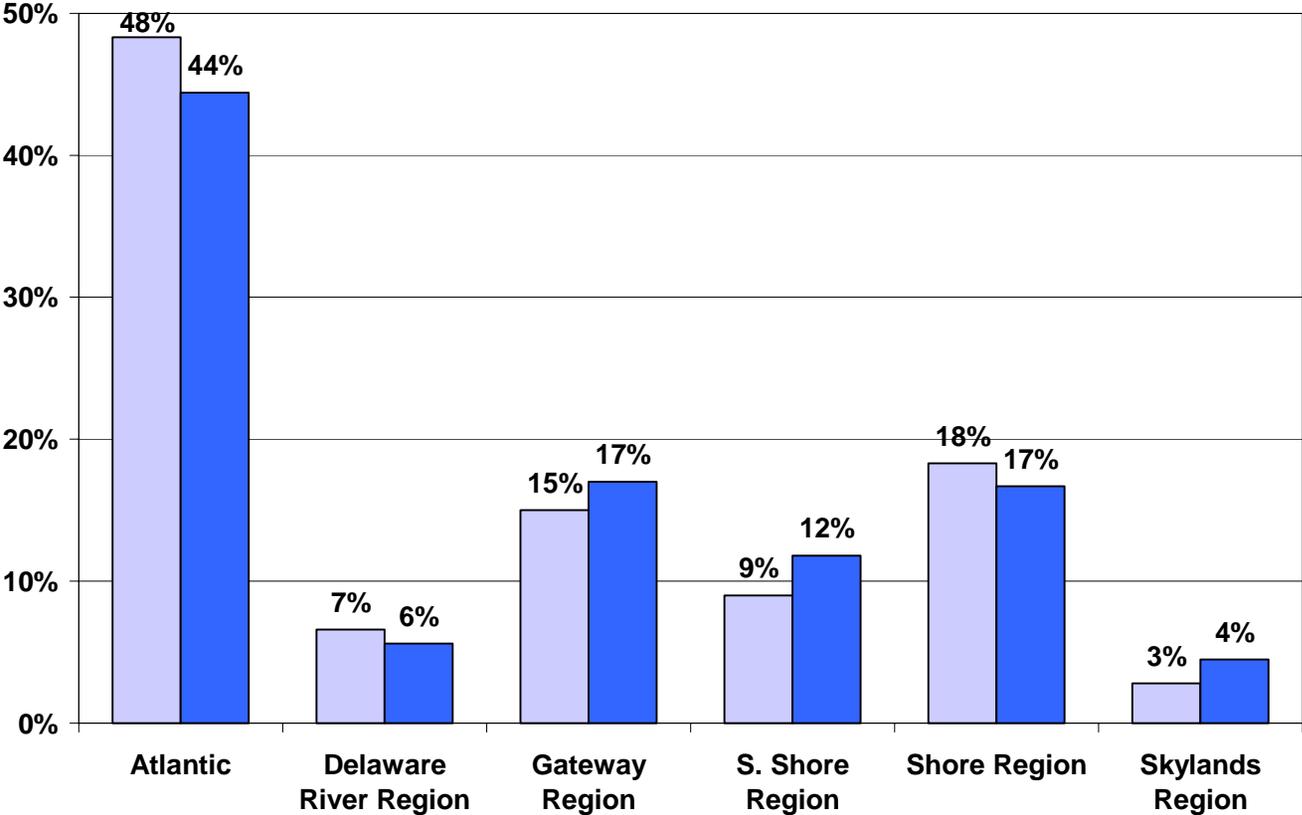
Regional Shares of Statewide Tourism Food Expenditure

After Atlantic City, the Shore region has the second largest share of the state's food tourism expenditure.



Regional Shares of Statewide Tourism Shopping Expenditure

After the Atlantic region, the Shore (18%) and Gateway (15%) regions hold the largest share of shopping tourism expenditure. The shopping expenditure share by region mirrors each regions total tourism share.



Region Share of State Shopping Region Share of Total State Tourism

Tourism Expenditure by County

Atlantic City, Cape May, and Ocean county are the leaders in terms of tourism expenditure by county. These 3 counties combined contribute two-thirds of New Jersey's total tourism expenditure.

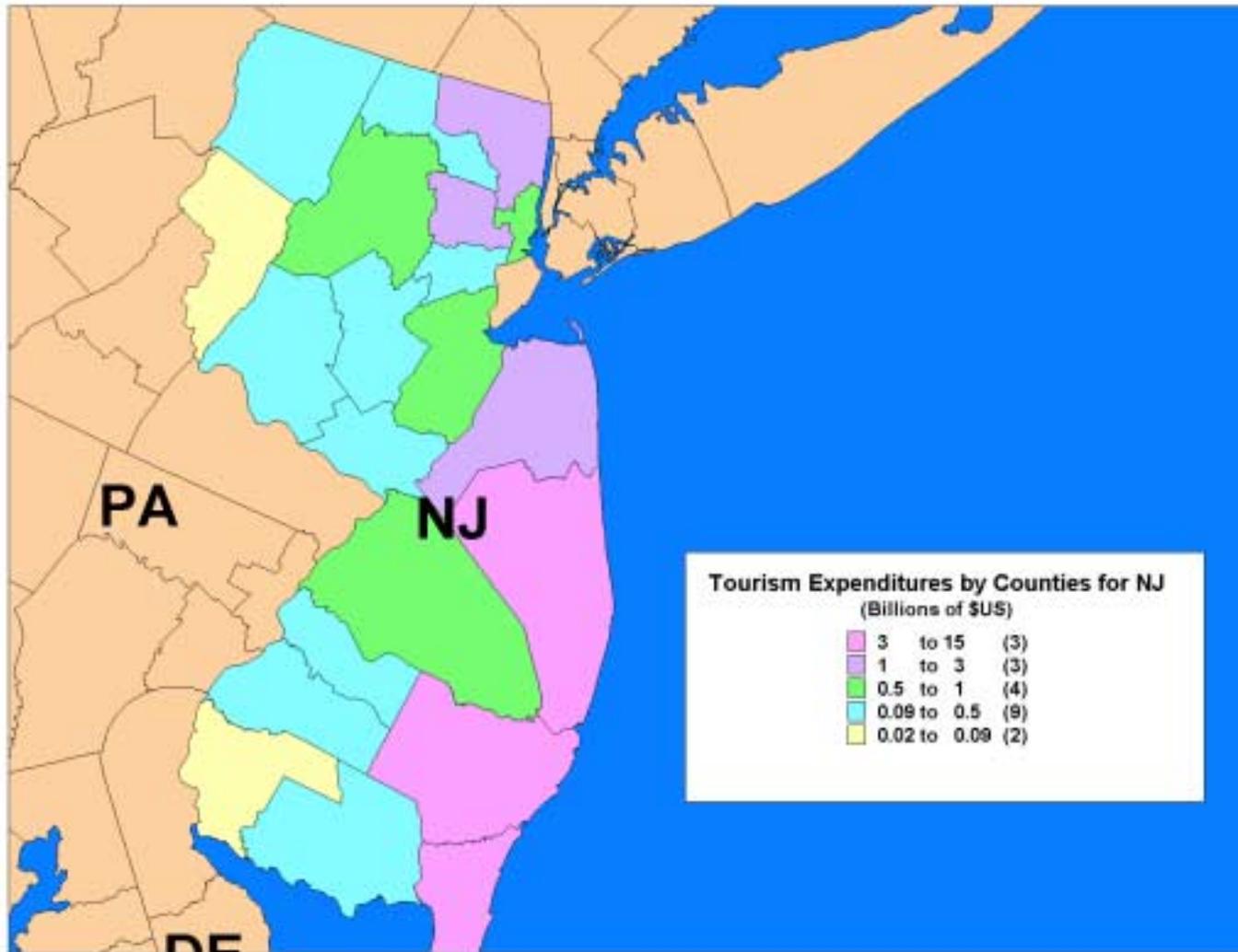
| County | Tourism Sales | County Share | County | Tourism Sales | County Share |
|---------------|-------------------|--------------|--------------|--------------------------|---------------|
| Atlantic City | \$ 13,213,954,620 | 44.4% | Union | \$ 399,068,848 | 1.3% |
| Cape May | \$ 3,419,589,751 | 11.5% | Sussex | \$ 359,684,787 | 1.2% |
| Ocean | \$ 3,313,176,275 | 11.1% | Camden | \$ 354,011,173 | 1.2% |
| Essex | \$ 1,947,616,102 | 6.5% | Somerset | \$ 303,121,686 | 1.0% |
| Monmouth | \$ 1,652,867,379 | 5.6% | Gloucester | \$ 231,037,928 | 0.8% |
| Bergen | \$ 1,055,078,584 | 3.5% | Passaic | \$ 194,964,065 | 0.7% |
| Middlesex | \$ 799,715,036 | 2.7% | Hunterdon | \$ 94,877,279 | 0.3% |
| Hudson | \$ 657,568,321 | 2.2% | Cumberland | \$ 92,304,775 | 0.3% |
| Burlington | \$ 582,644,315 | 2.0% | Warren | \$ 62,046,896 | 0.2% |
| Morris | \$ 515,488,811 | 1.7% | Salem | \$ 25,705,376 | 0.1% |
| Mercer | \$ 476,386,520 | 1.6% | Total | \$ 29,750,908,525 | 100.0% |

Tourism Expenditure by County – Share of Total County Expenditure

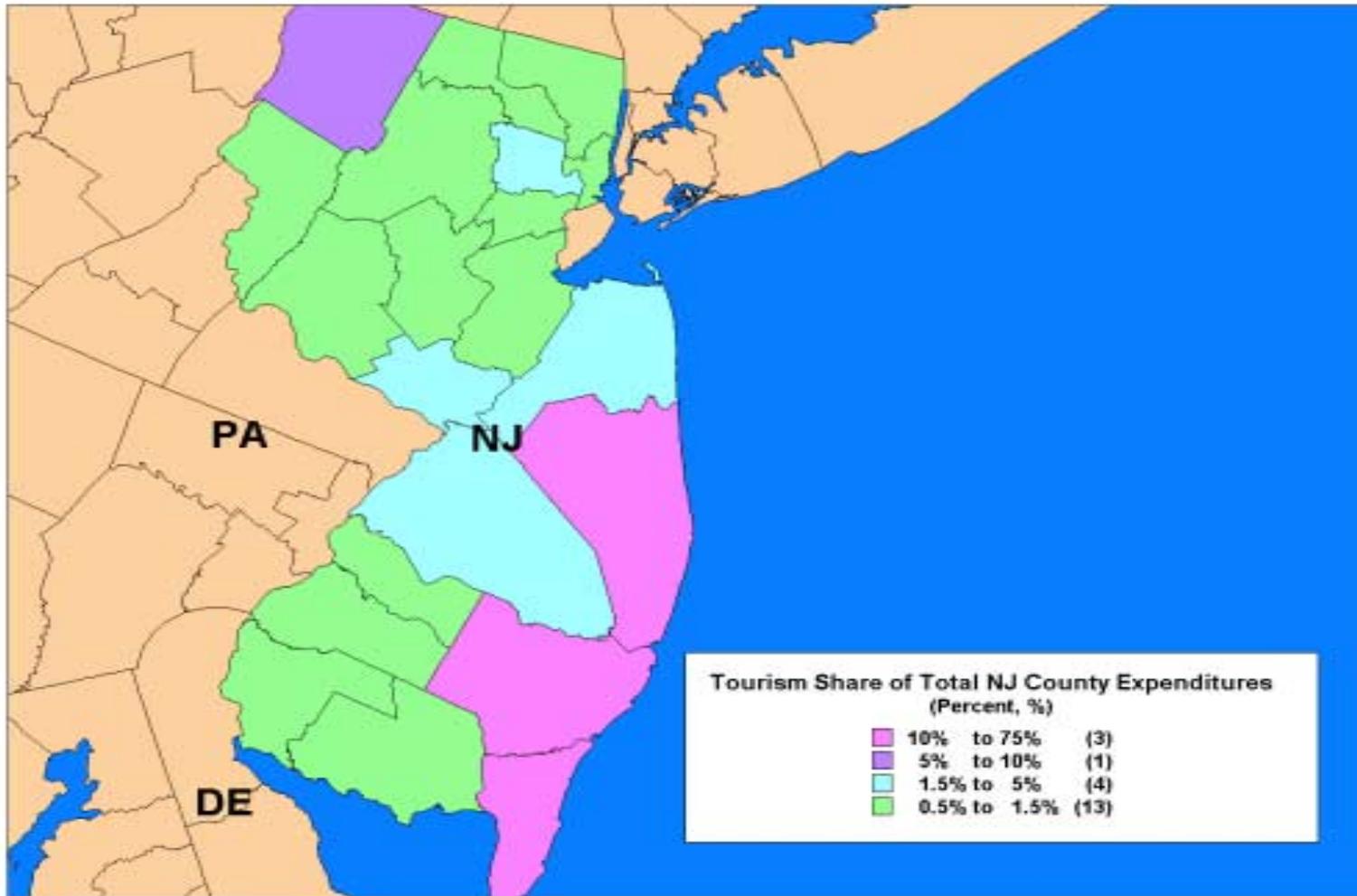
Tourism is of greatest relative importance to Atlantic City, Cape May, and Ocean county. It is also a key contributor to county expenditures in Sussex and Monmouth.

| County | Tourism Expenditure | Tourism Share of Total County Expenditure | County | Tourism Expenditure | Tourism Share of Total County Expenditure |
|---------------|---------------------|-------------------------------------------|------------|---------------------|-------------------------------------------|
| Atlantic City | \$ 13,213,954,620 | 72.9% | Union | \$ 399,068,848 | 0.8% |
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| Mercer | \$ 476,386,520 | 1.5% | Total | \$ 29,750,908,525 | 4.2% |

Tourism Expenditure by County



Tourism Share of Total NJ County Expenditures

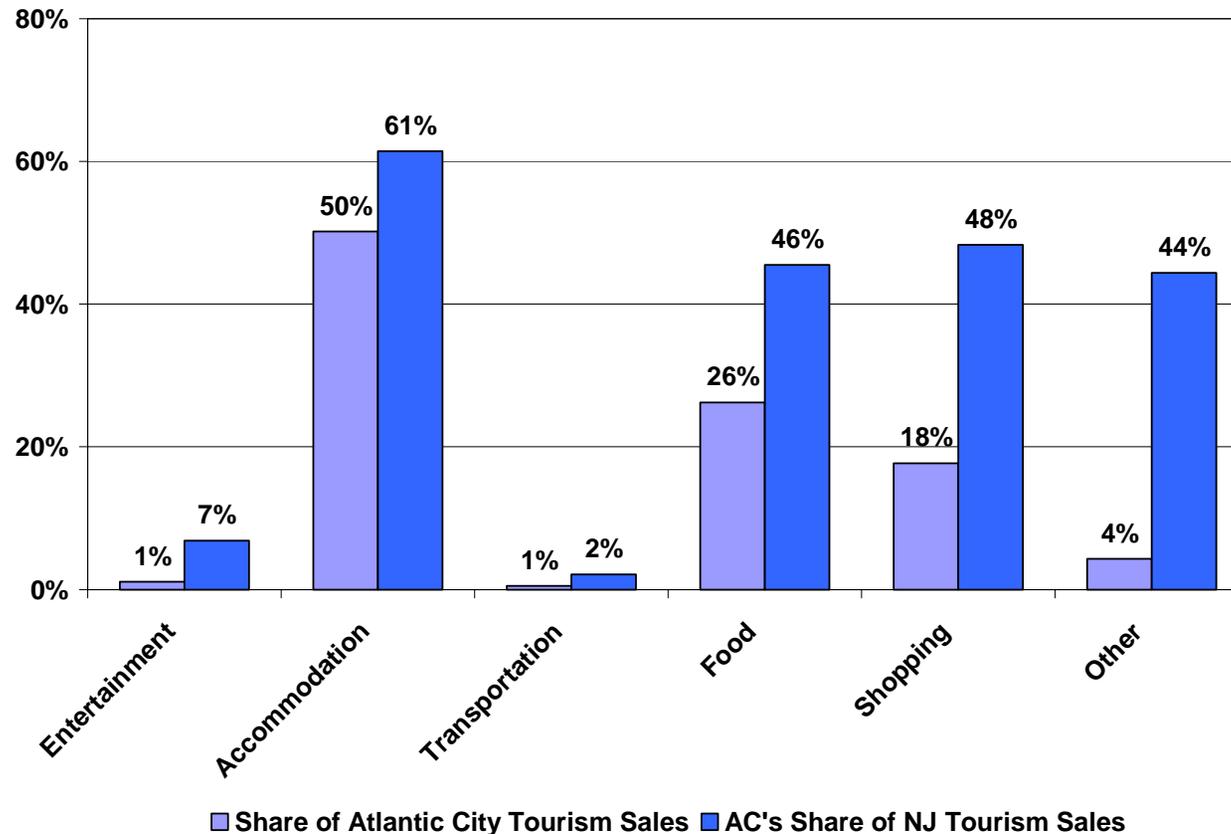


Tourism's Share of County Employment

| County | | County | |
|-----------------|-------|------------|-------|
| Atlantic County | 44.9% | Hudson | 5.4% |
| Ocean | 33.9% | Mercer | 5.5% |
| Monmouth | 13.4% | Somerset | 6.5% |
| Bergen | 7.2% | Passaic | 5.6% |
| Cape May | 91.5% | Gloucester | 8.5% |
| Middlesex | 6.2% | Sussex | 23.6% |
| Essex | 5.8% | Cumberland | 5.8% |
| Morris | 7.0% | Hunterdon | 6.2% |
| Burlington | 8.6% | Warren | 9.0% |
| Camden | 7.1% | Salem | 7.7% |
| Union | 5.7% | | |

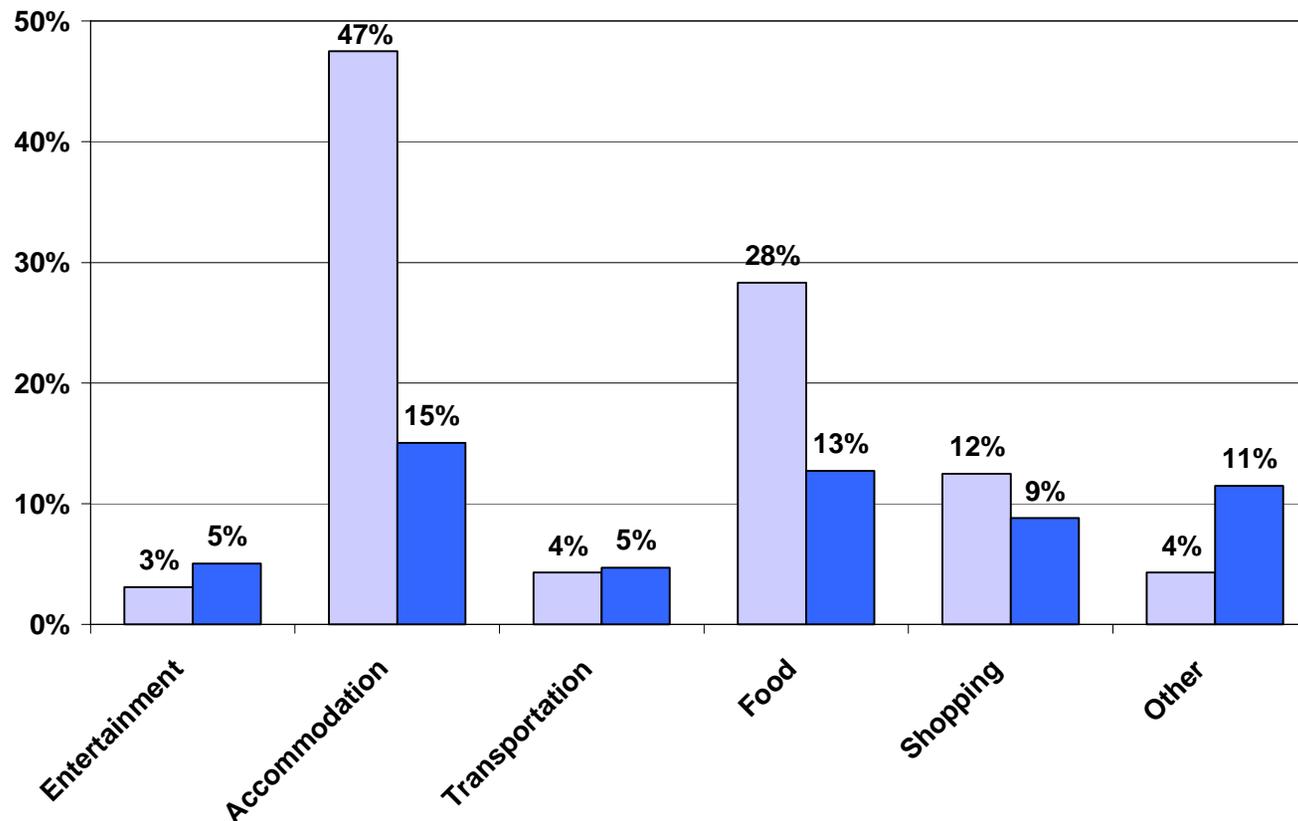
Key Tourism Sectors in Atlantic City

Accommodation, food, & shopping are important contributors to Atlantic City's tourism. Atlantic City also holds a significant share of the New Jersey expenditure for the these categories.



Key Tourism Sectors in Cape May County

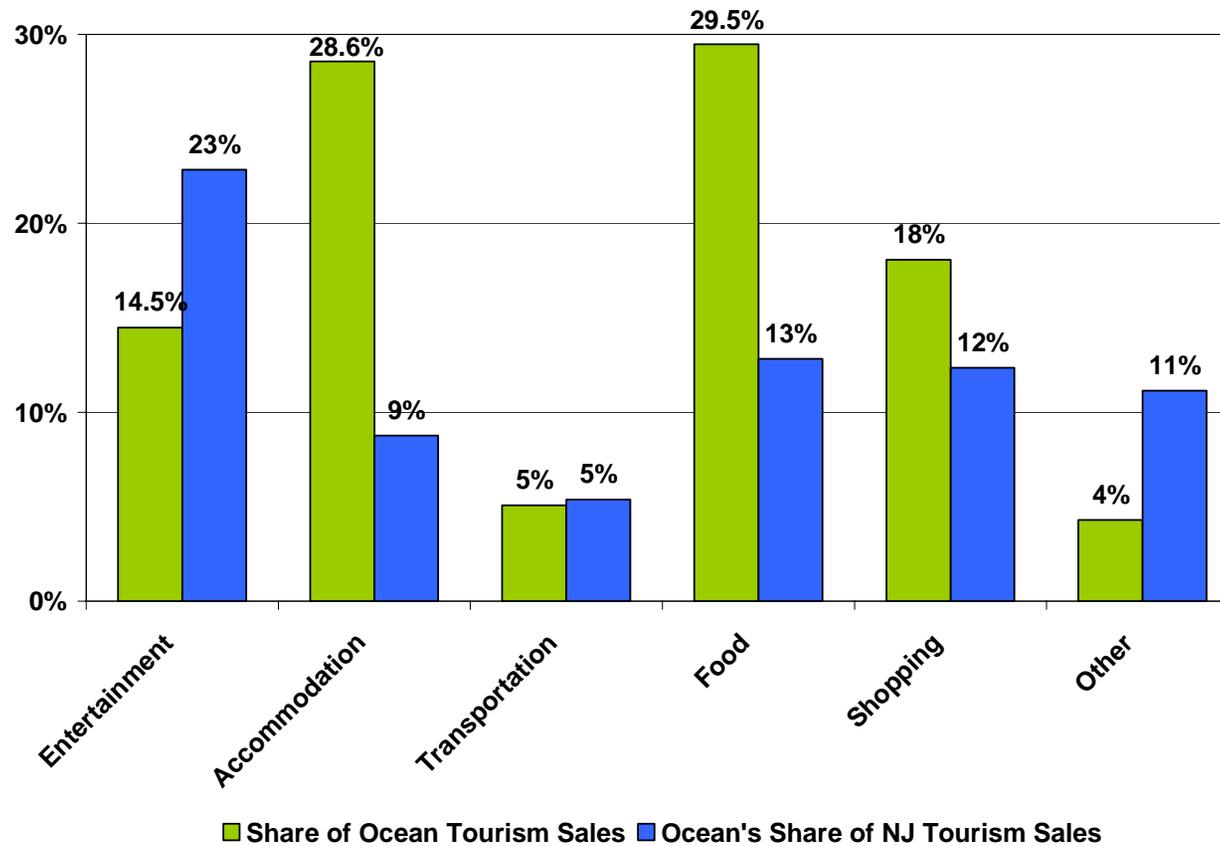
Accommodation is the key contributor to Cape May's tourism expenditure. This is not surprising as Cape May has over 43,000 seasonal second homes.



■ Share of Cape May Tourism Sales ■ Cape May's Share of NJ Tourism Sales

Key Tourism Sectors in Ocean County

Food and accommodation account for the greatest share of total Ocean County tourism expenditure. With over 35,000 seasonal second homes, accommodation is a significant contributor.



Accommodation – Seasonal 2nd Home

Seasonal 2nd homes are an important part of accommodation expenditure for the counties along the coastline.

| County | # of Seasonal 2nd Homes |
|---------------|------------------------------------|
| Cape May | 43,645 |
| Ocean | 35,667 |
| Atlantic | 12,137 |
| Monmouth | 8,228 |
| Sussex | 3,875 |

County Detail - Tourism Expenditures by Industry

Atlantic and Gateway Regions (million \$)

Hotel casino
“win” earnings
are key.

| | Entertainment | Accommodation | Transportation | Food | Shopping | Other | Total |
|-----------------------|---------------|---------------|----------------|----------|----------|----------|-----------|
| Total | \$ 2,102 | \$ 10,791 | \$ 3,119 | \$ 7,611 | \$ 4,846 | \$ 1,282 | \$ 29,751 |
| Atlantic | \$ 145 | \$ 6,630 | \$ 67 | \$ 3,463 | \$ 2,341 | \$ 569 | \$ 13,214 |
| Gateway Region | \$ 538 | \$ 728 | \$ 1,960 | \$ 883 | \$ 727 | \$ 218 | \$ 5,054 |
| Essex | \$ 103 | \$ 144 | \$ 1,302 | \$ 172 | \$ 142 | \$ 84 | \$ 1,948 |
| Bergen | \$ 152 | \$ 193 | \$ 227 | \$ 240 | \$ 198 | \$ 45 | \$ 1,055 |
| Middlesex | \$ 97 | \$ 206 | \$ 77 | \$ 211 | \$ 174 | \$ 34 | \$ 800 |
| Hudson | \$ 121 | \$ 90 | \$ 151 | \$ 147 | \$ 121 | \$ 28 | \$ 658 |
| Union | \$ 38 | \$ 63 | \$ 152 | \$ 42 | \$ 34 | \$ 17 | \$ 347 |
| Passaic | \$ 28 | \$ 32 | \$ 50 | \$ 70 | \$ 58 | \$ 8 | \$ 247 |

Ferry service
to Statue of
Liberty & Ellis
Island.

Newark airport impact
- also supports hotels,
food & shopping.

County Detail - Tourism Expenditures by Industry

Shore and Southern Shore Regions (million \$)

| | Entertainment | Accommodation | Transportation | Food | Shopping | Other | Total |
|------------------------|---------------|---------------|----------------|----------|----------|----------|-----------|
| Total | \$ 2,102 | \$ 10,791 | \$ 3,119 | \$ 7,611 | \$ 4,846 | \$ 1,282 | \$ 29,751 |
| Shore Region | \$ 874 | \$ 1,238 | \$ 307 | \$ 1,446 | \$ 887 | \$ 214 | \$ 4,966 |
| Ocean | \$ 480 | \$ 947 | \$ 168 | \$ 977 | \$ 599 | \$ 143 | \$ 3,313 |
| Monmouth | \$ 394 | \$ 291 | \$ 139 | \$ 469 | \$ 288 | \$ 71 | \$ 1,653 |
| S. Shore Region | \$ 120 | \$ 1,647 | \$ 167 | \$ 989 | \$ 436 | \$ 151 | \$ 3,512 |
| Cape May | \$ 106 | \$ 1,624 | \$ 147 | \$ 968 | \$ 427 | \$ 147 | \$ 3,420 |
| Cumberland | \$ 14 | \$ 23 | \$ 20 | \$ 21 | \$ 9 | \$ 4 | \$ 92 |

Entertainment gains from coast, golf, race track & more.

Seasonal 2nd homes impact.

County Detail - Tourism Expenditures by Industry

Delaware Region (million \$)

| | Entertainment | Accommodation | Transportation | Food | Shopping | Other | Total |
|------------------------------|---------------|---------------|----------------|----------|----------|----------|-----------|
| Total | \$ 2,102 | \$ 10,791 | \$ 3,119 | \$ 7,611 | \$ 4,846 | \$ 1,282 | \$ 29,751 |
| Delaware River Region | \$ 197 | \$ 196 | \$ 345 | \$ 540 | \$ 320 | \$ 72 | \$ 1,670 |
| Burlington | \$ 52 | \$ 82 | \$ 131 | \$ 184 | \$ 109 | \$ 25 | \$ 583 |
| Mercer | \$ 55 | \$ 56 | \$ 99 | \$ 154 | \$ 91 | \$ 21 | \$ 476 |
| Camden | \$ 53 | \$ 36 | \$ 53 | \$ 123 | \$ 73 | \$ 15 | \$ 354 |
| Gloucester | \$ 33 | \$ 17 | \$ 60 | \$ 70 | \$ 41 | \$ 10 | \$ 231 |
| Salem | \$ 2 | \$ 5 | \$ 2 | \$ 10 | \$ 6 | \$ 1 | \$ 26 |

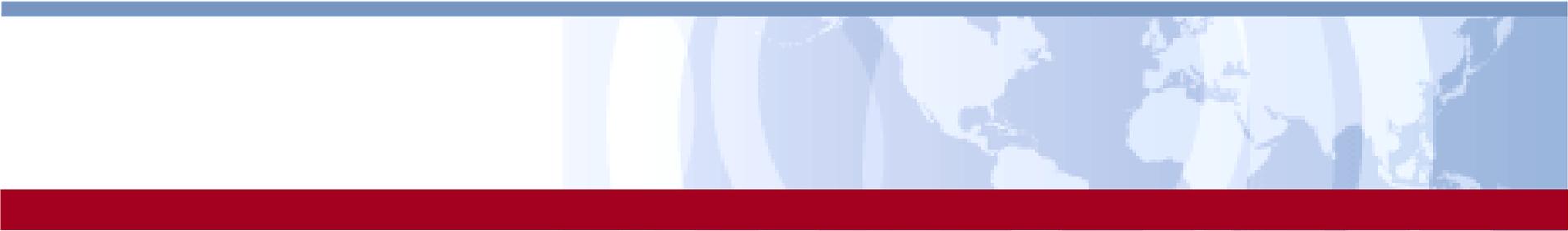
Historic sites and museums are important contributors.

County Detail - Tourism Expenditures by Industry

Skylands Region (million \$)

| | Entertainment | Accommodation | Transportation | Food | Shopping | Other | Total |
|------------------------|---------------|---------------|----------------|----------|----------|----------|-----------|
| Total | \$ 2,102 | \$ 10,791 | \$ 3,119 | \$ 7,611 | \$ 4,846 | \$ 1,282 | \$ 29,751 |
| Skylands Region | \$ 228 | \$ 352 | \$ 273 | \$ 289 | \$ 136 | \$ 58 | \$ 1,335 |
| Morris | \$ 68 | \$ 157 | \$ 104 | \$ 112 | \$ 53 | \$ 22 | \$ 515 |
| Sussex | \$ 89 | \$ 99 | \$ 18 | \$ 94 | \$ 44 | \$ 15 | \$ 360 |
| Somerset | \$ 44 | \$ 50 | \$ 127 | \$ 47 | \$ 22 | \$ 13 | \$ 303 |
| Hunterdon | \$ 22 | \$ 19 | \$ 19 | \$ 21 | \$ 10 | \$ 4 | \$ 95 |
| Warren | \$ 4 | \$ 27 | \$ 5 | \$ 16 | \$ 7 | \$ 3 | \$ 62 |

Outdoor recreation and state parks are important attractions.



Visitor Forecast

Outlook for Total Visits from Top-10 MSAs

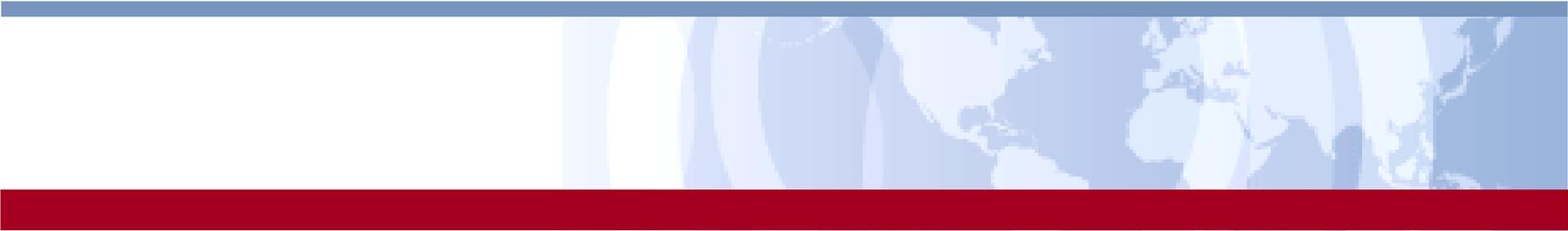
Following last year's surge in the total number of visits to New Jersey, a more modest increase is expected for 2004 and 2005. Philadelphia and New York are largest origin markets for New Jersey.

| | 2002 | 2003 | 2004 | 2005 |
|----------------------------------|---------------|---------------|---------------|---------------|
| Philadelphia MSA | 11,804 | 17,020 | 13,470 | 13,644 |
| percent change | 16.2 | 44.2 | -20.9 | 1.3 |
| New York MSA | 8,791 | 12,569 | 11,065 | 11,264 |
| percent change | 45.8 | 43.0 | -12.0 | 1.8 |
| Monmouth-Ocean MSA | 4,923 | 4,853 | 7,437 | 7,582 |
| percent change | -0.9 | -1.4 | 53.2 | 2.0 |
| Bergen-Passaic MSA | 3,048 | 3,831 | 3,654 | 3,691 |
| percent change | -35.4 | 25.7 | -4.6 | 1.0 |
| Nassau-Suffolk MSA | 3,862 | 4,219 | 4,599 | 4,704 |
| percent change | -18.0 | 9.3 | 9.0 | 2.3 |
| Middlesex-Somerset-Hunterdon MSA | 1,810 | 2,515 | 2,283 | 2,345 |
| percent change | -53.7 | 39.0 | -9.2 | 2.7 |
| Washington MSA | 2,311 | 1,779 | 2,582 | 2,652 |
| percent change | -12.9 | -23.0 | 45.1 | 2.7 |
| Newark MSA | 4,410 | 3,769 | 5,703 | 5,762 |
| percent change | 74.5 | -14.5 | 51.3 | 1.0 |
| Baltimore MSA | 1,321 | 1,513 | 1,568 | 1,614 |
| percent change | 2.4 | 14.6 | 3.6 | 2.9 |
| Atlantic-Cape May MSA | 584 | 825 | 1,275 | 1,320 |
| percent change | -44.8 | 41.3 | 54.5 | 3.6 |
| Sum of MSAs | 42,863 | 52,892 | 53,635 | 54,578 |
| percent change | 2.0 | 23.4 | 1.4 | 1.8 |
| TOTAL | 58,959 | 68,160 | 69,117 | 70,333 |
| | -1.3 | 15.6 | 1.4 | 1.8 |

Outlook for Business and Leisure Visits

The number of business visitors is likely to surge this year with an improving economy and corporate profit picture while leisure visits will likely level off.

| | 2002 | 2003 | 2004 | 2005 |
|---------------------|--------|--------|--------|--------|
| Total Visits | 58,959 | 68,160 | 69,117 | 70,333 |
| % change | -1.3 | 15.6 | 1.4 | 1.8 |
| Visits - Business | 12,528 | 12,611 | 13,867 | 13,196 |
| % change | 0.9 | 0.7 | 10.0 | -4.8 |
| Visits - Leisure | 46,431 | 55,549 | 55,250 | 57,137 |
| % change | -1.9 | 19.6 | -0.5 | 3.4 |
| Visits - Single Day | 33,842 | 41,410 | 38,845 | 39,943 |
| % change | 3.5 | 22.4 | -6.2 | 2.8 |
| Visits - Overnight | 25,117 | 26,750 | 30,272 | 30,390 |
| % change | -7.1 | 6.5 | 13.2 | 0.4 |
| Average Spending | 109 | 108 | 108 | 109 |
| % change | 6.3 | -0.5 | -0.6 | 1.6 |



Appendix

Appendix – Regional Summary

Atlantic City

- **Combination of the gaming industry, entertainment industry, and the coastline are a strong attraction cluster.**
- **Also camping, golfing, wineries, shopping and marinas.**
- **Key hotel casinos include: AC Hilton, Bally's AC, Caesars, Harrah's, Showboat, Tropicana, Trump Taj Mahal**
- **First year of operation for new Borgata Casino**
- **Over 12,000 seasonal second homes at \$2,500 per week.**
- **Estimated 2004 "win" up 13.7% to \$1.95 billion year-to-date through May compared to same period in 2003.**

Appendix – Regional Summary

Gateway Region

- Gateway region offers a mixed attraction base including: museums, specific structures, shopping, and state parks/ outdoor recreation.
- Essex is home to Newark Airport which significantly contributes to tourism transportation expenditure for the county. Cargo transport is not included in the estimate. The airport supports a clustering of hotels and shopping outlets in the area.
- Tourism expenditure – both entertainment and transportation - gains by having the Statue of Liberty and Ellis Island located in Hudson.
- The largest outlet mall in New Jersey – Jersey Gardens Outlet Mall - is located in Elizabeth, Union county.
- Bergen county hosts the Giants at the Meadowland sport complex, in addition to outdoor recreation.

Appendix – Regional Summary

Shore Region

- Although the coastline is the main attraction for this region, it does offer a variety of attraction options. The race tracks (Monmouth Park, Freehold Raceway, Englishtown, Wall and New Egypt), golf, shopping, farms/ estate lands, national/state parks, and musical entertainment along the shore.
- Approximately 44,000 seasonal 2nd homes are located in this region, primarily in Ocean. For the Ocean county alone, this accounts for \$890 million in rental income.
- High variance in seasonal employment – tourism impact.

Appendix – Regional Summary

Southern Shore Region

- **The coastline is the key attraction base for this region. Other attraction features include:**
- **In Cape May county alone, there are over 43,000 seasonal 2nd homes contributing \$1.5 billion in rental income to our accommodation estimates. This is over a 14-week seasonal period.**
- **Cape May also has the highest variance in seasonal employment – tourism impact.**

Appendix – Regional Summary

Delaware Region

- **The Delaware region offers a mixed attraction base of state historic sites, museums, and shopping.**
- **Mercer is home to Trenton, the state capitol, and Princeton University. Both offer historic and museum attractions.**

Appendix – Regional Summary

Skylands Region

- **State parks and outdoor recreation are an important part of Skylands tourism.**
- **Morris hosts the Morristown National Historical Park/Museum.**
- **Apart from outdoor recreation, shopping is also an important feature to Hunterdon county as the Liberty Village Outlet Center is located in Flemington.**

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