

ESTIMATED TOTAL IMPACT OF TOURISM IN HILTON HEAD ISLAND ON BEAUFORT COUNTY, SOUTH CAROLINA 2021

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Introduction

This study estimates the economic impact generated by tourism to the Town of Hilton Head Island in the year 2021. It examines the impact of such tourism on the broader economy of Beaufort County, South Carolina, and takes into account the direct spending of the visitors along with the positive secondary effects of such expenditures. The analysis entailed individually estimating the economic impacts associated with various tourist segments, as classified by the visitors' lodging type – villa rental, hotel, timeshare, second homeowners and their non-paying guests, and same-day visitors – and then summing them together for an overall total.

This analysis was conducted by Dr. Daniel Guttentag and Melinda Patience of the Office of Tourism Analysis, which is part of the Hospitality and Tourism Management Department in the School of Business at the College of Charleston.

Methodology

The economic impact estimations undertaken for this analysis involved various steps and diverse data. Initially, visitor volume estimates for each lodging type were produced using data on lodging demand, as provided by various third-party entities (e.g., STR and DestiMetrics), combined with visitor behavior data that is collected via a Visitor Profile Survey. The estimated total number of visitors in each segment for 2021 can be observed in Table 1. These figures then were used to estimate the total direct visitor spending associated with each segment. Such spending estimates also relied upon visitor expenditure data collected as part of the previously mentioned Visitor Profile Survey, which asks respondents about

their spending in over a dozen categories (e.g., lodging, food, transportation, and activities). The list of expenditure categories, and the total estimated direct expenditure in each category for 2021, can be observed in Table 2.

The previously described data subsequently were used to determine average per-person expenditures. These figures were combined with the estimated visitor counts and used as inputs for a regional economic impact modelling tool, IMPLAN. IMPLAN is an input-output (IO) model that uses regionalized economic data and other information to determine economic output that accounts for direct expenditure and the secondary benefits of such expenditure (indirect and induced impacts). The model further estimates labor impacts and tax revenues.

Table 1. Number of HHI Visitors

Segment	Visitors
Villa Rental	962,686
Hotel	508,977
Timeshare	481,934
Second Homeowner	719,302
Non-Paying Guests	186,667
Day Trip	267,290
Total Visitors	3,126,856

The following metrics, as estimated by the economic impact model, are covered within this report:

- **Employment:** The number of jobs in the region supported by the economic activity, which involves an industry-specific mix of full-time, part-time, and seasonal employment. Seasonal jobs are adjusted to annual equivalents.

Table 2. 2021 Estimated Total Spend by Spending Category

Category	Totals
Transportation (around the destination)	\$118,036,862
Lodging	\$789,416,087
Food – Dining Out	\$413,711,729
Food – Groceries	\$173,757,632
Shopping	\$222,969,080
Spas	\$36,774,965
Golf	\$73,878,603
Biking	\$34,922,859
Performance/Visual Arts	\$19,412,371
Festivals	\$15,653,261
Museums/Historical Tours	\$28,447,904
Boating/Sailing/Fishing	\$53,116,069
Nature-based Activities	\$18,579,413
Dolphin Tours	\$24,130,236
Tennis	\$11,763,489
Other Expenses	\$49,564,068
Total Expenditure	\$2,084,134,629

- **Labor income:** All forms of employment income, including employee compensation (wages and benefits) and proprietor income.
- **Output:** The total value of industry production, which for the service sector represents total sales, for the retail sector represents gross margins, and for the manufacturing sector represents sales minus inventory change.
- **Direct:** The initial effects to local industries that are directly receiving the expenditures of interest.
- **Indirect:** The secondary effects resulting from business-to-business purchases in the supply chain occurring throughout the region, as triggered by or in support of the direct expenditure activity.
- **Induced:** The ripple effects in the region resulting from household spending of

income, after the removal of taxes, savings, and commuters.

- **Taxes:** These revenues take into account a variety of taxes including sales tax, property tax, and income tax. These figures do not account for tourism taxes, such as accommodation taxes.

Results

Compared to 2020, which was wholly defined by the COVID-19 pandemic, the year 2021 marked a significant shift back towards normalcy for the hospitality and tourism sector, and for society more broadly. This shift closely paralleled the rollout of widespread public vaccination early in the year. Nevertheless, the ongoing pandemic continued to influence travel behavior, with the rebound in tourism led by leisure travelers, who were largely attracted to non-urban destinations with opportunities for

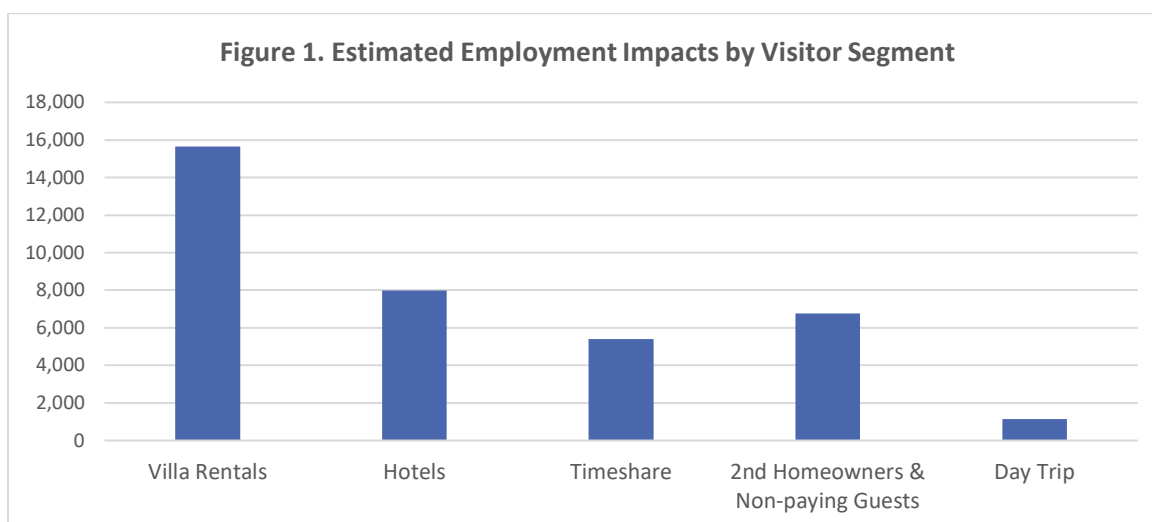
outdoor recreation. Such trends were favorable for Hilton Head Island, which was able to attract a record-breaking number of visitors.

A total of **3.13 million visitors** came to Hilton Head Island in 2021, up 19.9% compared to 2020 and up 16.5% compared to 2019. The overall economic impact of this tourism for Beaufort County was **\$2.80 billion**, up 103.7% compared to 2020 and up 85.2% compared to 2019. This economic impact represents not just the direct expenditure by visitors, but also the secondary ripple effects of such economic activity that occur as tourism businesses spend operating funds and as tourism dollars are re-spent within the region. Hilton Head Island tourism also supported an estimated **36,919 jobs**, which represent 34.1% of all jobs in Beaufort County, as per employment data provided by the Bureau of Economic Analysis. Similar to the economic impact figure, this employment figure does not refer solely to jobs within the tourism sector, but rather to a combination of full-time, part-time, and seasonal jobs that are both directly and indirectly supported by the broader tourism economy and its secondary effects on non-tourism industries and enterprises. Impact estimates for each of the visitor segments are

presented in the Appendix (Tables A1 - A6), and the employment impacts are presented in Figure 1.

A total output multiplier for tourist spending was calculated using the model estimates. This multiplier represents the ratio of total economic impact to direct spending. The estimated output multiplier for Hilton Head Island tourism on Beaufort County was **1.34**. This signifies that every dollar spent by tourists on Hilton Head Island increased output in the overall Beaufort County economy by a total of \$1.34.

The tourist expenditures generated an estimated **\$29.53 million** in tax revenues for local Beaufort County governments. The Town of Hilton Head Island earned an additional **\$39.64 million** in accommodations tax, hospitality tax, and beach preservation fees, as reported by the Town of Hilton Head Island Revenue Services. Together, this **\$69.17 million** in tax revenue represents a Return on Tax Investment (ROTI) of 38.01, based on the \$1.82 million that was spent on destination marketing in 2021. In other words, each dollar spent by the Visitor & Convention Bureau yielded an estimated return of **\$38.01** in local tax revenue.



Appendix

Table A1. Villa Rental – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	12,605	\$356,054,411	\$837,915,772
Indirect	1,524	\$65,306,260	\$215,770,628
Induced	1,513	\$60,694,186	\$207,048,153
Total	15,641	\$482,054,857	\$1,260,734,553

Table A2. Hotel – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	6,495	\$144,752,275	\$402,067,778
Indirect	830	\$35,385,351	\$124,323,097
Induced	647	\$25,963,907	\$88,568,232
Total	7,973	\$206,101,532	\$614,959,107

Table A3. Timeshare – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	4,391	\$109,058,827	\$263,016,843
Indirect	532	\$22,563,787	\$79,182,588
Induced	472	\$18,933,404	\$64,587,907
Total	5,395	\$150,556,019	\$406,787,338

Table A4. Second Homeowner & Non-Paying Guests – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	5,589	\$110,389,574	\$275,255,540
Indirect	670	\$27,741,691	\$104,773,740
Induced	495	\$19,856,784	\$67,735,333
Total	6,754	\$157,988,049	\$447,764,613

Table A5. Day Trip – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	971	\$18,918,457	\$41,632,528
Indirect	101	\$4,132,010	\$15,698,167
Induced	84	\$3,352,104	\$11,433,305
Total	1,156	\$26,402,571	\$68,763,999

Table A6. Total, All Segments – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	30,051	\$739,173,544	\$1,819,888,461
Indirect	3,657	\$155,129,098	\$539,748,220
Induced	3,211	\$128,800,386	\$439,372,930
Total	36,919	\$1,023,103,028	\$2,799,009,611
Estimated Local Tax Revenue			\$29,534,406
Local Tourism Tax Revenue (ATax, HTax, and Beach Preservation Fees)			\$39,644,871
Total Estimated Local Tax Revenue			\$69,179,277

Table A7. Top 50 Industries Impacted by HHI Tourism

	Industry	Output
1	Non-hotel accommodations	\$633,231,853
2	Full-service restaurants	\$435,199,453
3	Hotels and motels, including casino hotels	\$156,220,079
4	Other real estate	\$154,688,231
5	Miscellaneous store retailers	\$128,227,864
6	Fitness and recreational sports centers	\$122,471,805
7	Transit and ground passenger transportation	\$118,565,382
8	Owner-occupied dwellings	\$71,371,460
9	Food and beverage stores	\$67,897,954
10	Water transportation	\$53,628,381
11	Museums, historical sites, zoos, and parks	\$47,254,094
12	Management of companies and enterprises	\$46,953,174
13	Personal care services	\$39,151,567
14	Scenic and sightseeing transportation and support activities for transportation	\$37,884,118
15	Monetary authorities and depository credit intermediation	\$28,979,733
16	All other food and drinking places	\$28,939,460
17	Electric power transmission and distribution	\$21,795,792
18	Insurance agencies, brokerages, and related activities	\$21,597,106
19	Offices of physicians	\$21,465,194
20	Other amusement and recreation industries	\$20,302,286
21	Performing arts companies	\$19,510,623
22	Other local government enterprises	\$19,135,009
23	Services to buildings	\$18,544,909
24	Limited-service restaurants	\$18,019,640
25	Legal services	\$17,847,050
26	Maintenance and repair construction of nonresidential structures	\$16,551,900
27	Hospitals	\$14,705,175
28	Employment services	\$14,381,081
29	Other financial investment activities	\$13,063,864
30	Management consulting services	\$12,338,119
31	Securities and commodity contracts intermediation and brokerage	\$11,861,162
32	Advertising, public relations, and related services	\$10,893,553
33	General merchandise stores	\$10,369,992
34	Non-depository credit intermediation and related activities	\$9,961,576
35	Postal service	\$9,865,494
36	Accounting, tax preparation, bookkeeping, and payroll services	\$9,804,885
37	Tenant-occupied housing	\$9,675,986
38	Waste management and remediation services	\$9,662,874
39	Automotive repair and maintenance, except car washes	\$9,534,069
40	Landscape and horticultural services	\$9,408,689

Impact of Tourism in HHI on Beaufort County, 2021

Industry		Output
41	Fossil fuel	\$9,252,322
42	Non-store retailers	\$8,678,487
43	Radio and television broadcasting	\$8,203,622
44	Nursing and community care facilities	\$6,583,933
45	Car washes	\$6,440,816
46	Clothing and clothing accessories stores	\$6,071,317
47	Building material and garden equipment and supplies stores	\$6,014,177
48	Other durable goods merchant wholesalers	\$5,865,529
49	Motor vehicle and parts dealers	\$5,783,823
50	Offices of dentists	\$5,709,387