

ESTIMATED TOTAL IMPACT OF TOURISM IN

Hilton Head Island

ON BEAUFORT COUNTY, SOUTH CAROLINA 2022



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CONDUCTED BY:

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Introduction

This study estimates the economic impact generated by tourism to the Town of Hilton Head Island in the year 2022. 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 Key Data), combined with visitor behavior data that is collected via a Visitor Profile Survey. The estimated total number of visitors in each segment for 2022 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 2022, 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 (I-O) 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 (i.e., indirect and induced impacts). The model further estimates labor impacts and tax revenues.

Table 1. Number of HHI Visitors

Segment	Visitors
Villa Rental	951,126
Hotel	497,574
Timeshare	481,461
Second Homeowner	710,673
Non-Paying Guests	184,428
Day Trip	264,083
Total Visitors	3,089,346

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. 2022 Estimated Total Expenditure by Spending Category

Category	Totals
Transportation (around the destination)	\$150,636,976
Lodging	\$891,847,254
Food – Dining Out	\$464,961,846
Food – Groceries	\$216,635,427
Shopping	\$298,626,091
Spas	\$36,068,371
Golf	\$63,498,893
Biking	\$29,473,412
Performance/Visual Arts	\$27,283,069
Festivals	\$23,249,282
Museums/Historical Tours	\$27,797,593
Boating/Sailing/Fishing	\$50,851,756
Nature-based Activities	\$20,379,190
Dolphin Tours	\$28,813,926
Tennis	\$15,367,000
Other Expenses	\$115,673,977
Total Expenditure	\$2,461,164,060

- **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

Following two years of travel behavior being largely shaped by the pandemic, in 2022 travel returned to much more traditional patterns. In particular, urban and international travel, together with business and group travel, rebounded considerably, after previously lagging behind in the travel recovery. As a result, the spike in visitation experienced by many non-urban destinations in 2021, precipitated by the increased appeal of outdoor recreation, did not continue. This shift in travel

behavior inevitably impacted tourism visitation on Hilton Head Island. Nonetheless, the estimated number of visitors in 2022 remained just shy of the record-breaking number set in 2021, and still well above other prior years. Moreover, despite the slight decline in visitor volume, an increase in expenditures led to a record-breaking overall economic impact.

A total of **3.09 million visitors** came to Hilton Head Island in 2022, down 1.2% compared to 2021, up 18.5% compared to 2020, and up 15.1% compared to 2019. The overall economic impact of this tourism on Beaufort County was **\$3.18 billion**, up 13.7% compared to 2021, up 131.6% compared to 2020, and up 110.6% 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 **38,883 jobs**, which represent 33.4% 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 **1.29**. This signifies that every dollar spent by tourists on Hilton Head Island increased output in the overall Beaufort County economy by a total of \$1.29.

The tourist expenditures generated an estimated **\$37.86 million** in tax revenues for local Beaufort County governments. The Town of Hilton Head Island earned an additional **\$44.55 million** in accommodations tax, hospitality tax, and beach preservation fees, as reported by the Town of Hilton Head Island Revenue Services. Together, this **\$82.41 million** in tax revenue represents an increase of \$13.23 million (19.1%) over 2021. This tax revenue also corresponds with a Return on Tax Investment (ROTI) of 25.59, based on the \$3.22 million that was spent on destination marketing in 2022. In other words, each dollar spent by the Visitor & Convention Bureau yielded an estimated return of **\$25.59** in local tax revenue. The comparative relationship over the past five years between destination marketing expenditure and the estimated local tax revenues generated from tourism can be seen in Figure 2.

Figure 1. Estimated Employment Impacts by Visitor Segment

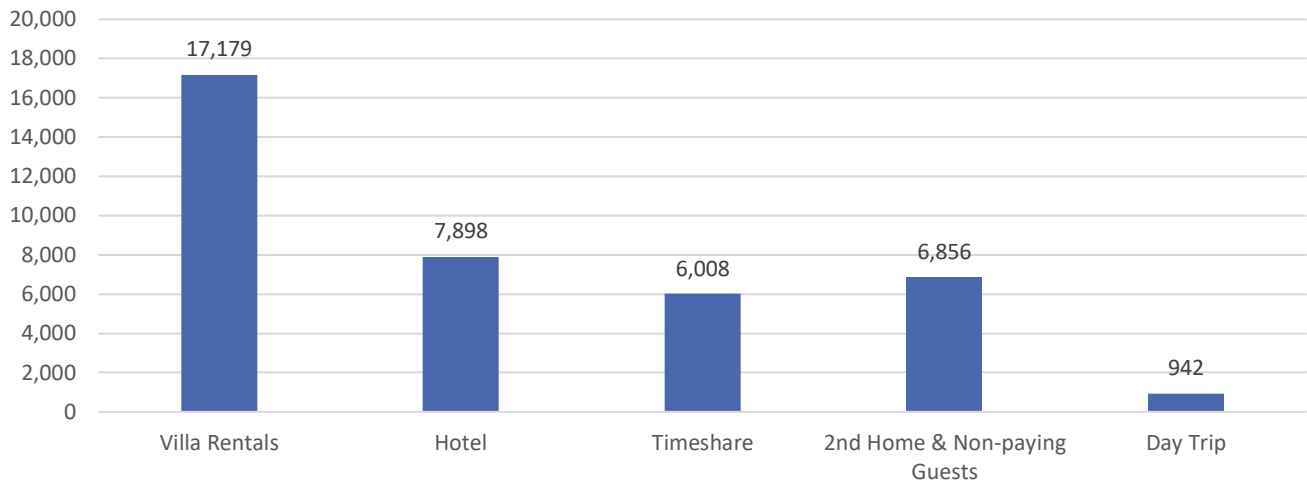
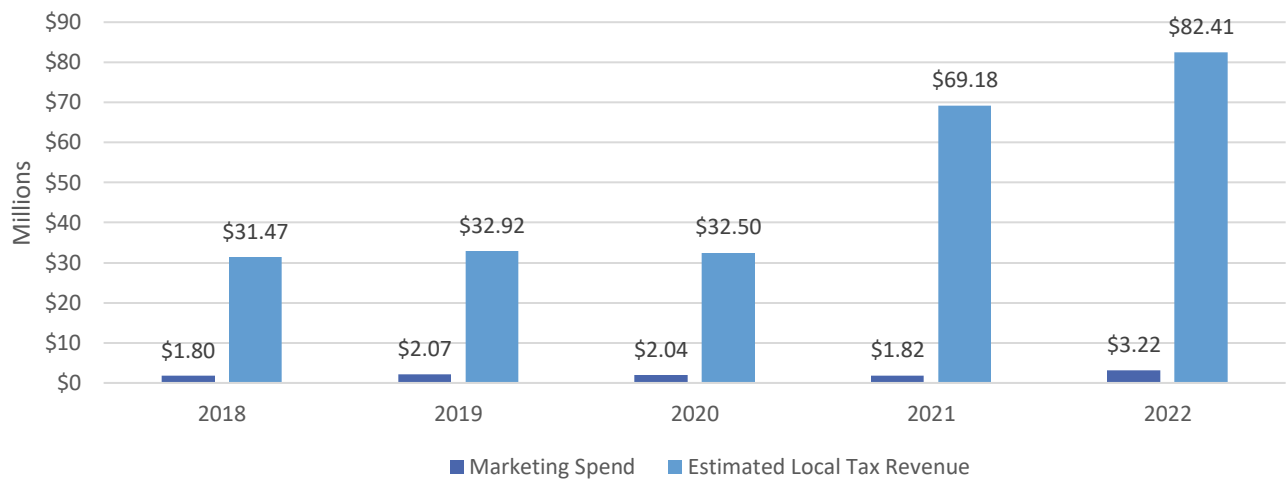


Figure 2. Marketing Spend and Estimated Local Tax Revenue (in Millions)



Appendix

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

	Employment	Labor Income	Output
Direct	13,962	\$500,912,304	\$916,002,279
Indirect	1,525	\$73,901,581	\$218,350,722
Induced	1,691	\$77,927,777	\$265,261,117
Total	17,179	\$652,741,661	\$1,399,614,117

Table A2. Hotel – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	6,299	\$171,614,292	\$469,074,060
Indirect	953	\$47,451,828	\$142,596,404
Induced	647	\$29,782,707	\$101,386,013
Total	7,898	\$248,848,828	\$713,056,476

Table A3. Timeshare – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	4,881	\$157,965,810	\$317,159,182
Indirect	578	\$28,009,648	\$86,728,859
Induced	548	\$25,247,307	\$85,943,521
Total	6,008	\$211,222,765	\$489,831,562

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

	Employment	Labor Income	Output
Direct	5,639	\$130,896,721	\$321,792,861
Indirect	727	\$35,152,724	\$115,768,713
Induced	491	\$22,616,474	\$76,994,785
Total	6,856	\$188,665,918	\$514,556,358

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

	Employment	Labor Income	Output
Direct	784	\$20,852,224	\$41,268,431
Indirect	84	\$4,088,220	\$13,402,478
Induced	74	\$3,425,506	\$11,663,632
Total	942	\$28,365,950	\$66,334,541

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

	Employment	Labor Income	Output
Direct	31,565	\$982,241,351	\$2,065,296,812
Indirect	3,867	\$188,604,001	\$576,847,176
Induced	3,451	\$158,999,771	\$541,249,066
Total	38,883	\$1,329,845,122	\$3,183,393,054
Estimated Local Tax Revenue			\$37,858,704
Local Tourism Tax Revenue (ATax, HTax, and Beach Preservation Fees)			\$44,547,543
Total Estimated Local Tax Revenue			\$82,406,247

Table A7. Top 50 Industries Impacted by HHI Tourism

	Industry	Output
1	Non-hotel accommodations	\$687,381,483
2	Full-service restaurants	\$491,828,454
3	Hotels and motels, including casino hotels	\$204,504,361
4	Miscellaneous store retailers	\$167,075,131
5	Transit and ground passenger transportation	\$151,414,086
6	Other real estate	\$143,443,550
7	Fitness and recreational sports centers	\$110,394,292
8	Owner-occupied dwellings	\$107,904,159
9	Food and beverage stores	\$87,604,812
10	Management of companies and enterprises	\$63,753,562
11	Water transportation	\$51,060,404
12	Museums, historical sites, zoos, and parks	\$48,424,484
13	Personal care services	\$37,442,934
14	Scenic and sightseeing transportation and support activities for transportation	\$36,000,850
15	All other food and drinking places	\$33,071,509
16	Performing arts companies	\$29,593,287
17	Other local government enterprises	\$26,560,314
18	Other amusement and recreation industries	\$26,139,044
19	Insurance agencies, brokerages, and related activities	\$26,048,109
20	Services to buildings	\$25,181,597
21	Legal services	\$23,853,425
22	Employment services	\$23,525,845
23	Limited-service restaurants	\$22,984,874
24	Monetary authorities and depository credit intermediation	\$22,585,377
25	Offices of physicians	\$21,745,017
26	Securities and commodity contracts intermediation and brokerage	\$19,511,971
27	Nondepository credit intermediation and related activities	\$17,483,707
28	Other financial investment activities	\$16,546,219
29	Management consulting services	\$16,252,891
30	Accounting, tax preparation, bookkeeping, and payroll services	\$14,720,858
31	Maintenance and repair construction of nonresidential structures	\$14,642,407
32	Advertising, public relations, and related services	\$14,019,001
33	General merchandise stores	\$13,612,713
34	Tenant-occupied housing	\$13,229,663
35	Automotive repair and maintenance, except car washes	\$12,805,673
36	Landscape and horticultural services	\$12,280,655
37	Nonstore retailers	\$12,142,185
38	Postal service	\$11,562,467
39	Hospitals	\$10,301,346

Industry		Output
40	Gasoline stores	\$9,454,311
41	Radio and television broadcasting	\$9,037,948
42	Car washes	\$8,997,574
43	Electric power transmission and distribution	\$8,649,257
44	Waste management and remediation services	\$8,190,177
45	Building material and garden equipment and supplies stores	\$8,138,358
46	Funds, trusts, and other financial vehicles	\$7,870,797
47	Clothing and clothing accessories stores	\$7,220,177
48	Marketing research and all other miscellaneous professional, scientific, and technical services	\$6,759,883
49	Warehousing and storage	\$6,481,737
50	Offices of dentists	\$6,393,265