THE ECONOMIC SIGNIFICANCE OF TOURISM AND NATURE TOURISM IN CORPUS CHRISTI

2014 UPDATE

Prepared for

Corpus Christi Convention & Visitors Bureau

Prepared by

Jim Lee
EDA University Center
College of Business
Texas A&M University-Corpus Christi

March 2014

TABLE OF CONTENTS

TABLE OF CONTENTS (cont'd)

EXECUTIVE SUMMARY

This report provides the latest update on tourism in the Corpus Christi metropolitan area. Based on annual data of 2012 and 2013, the study quantitatively estimates the extent to which Corpus Christi's tourism industry cluster contributes to the region's overall economic activity, household income and employment. A separate section contains a profile of nature-based tourism and its economic significance to the region.

- Corpus Christi is the sixth most popular tourist destination in Texas. As a popular leisure travel destination, Corpus Christi continues to have a high concentration of family vacationers. Leisure-based visitors account for 81 percent of the total visitation volume by visitor days. An estimated total of 8.1 million visitors spent over 19 million days in the area in 2012-13, injecting over $1.2 billion into the Corpus Christi economy. Total visitor spending in the area has increased nearly 55 percent from 2003. Visitors have become increasingly more affluent, and increasingly more of them are 50 years of age and older.

- Tourism is the backbone of the Corpus Christi economy. With solid growth in the past two years, this sector as a share of the regional economy is also growing. The core tourism industries together account for more than 5 percent of the area's value-added economic activity and 8 percent of regional employment. In addition to the area's hotels, motels and other lodging establishments, substantial portions of restaurants, food stores, retail businesses, public and recreational facilities, and transportation services are closely tied to visitors' activities in Corpus Christi.

- Over 17,000 local jobs are *directly* related to tourism, making this sector the second largest private employer in Corpus Christi. Direct visitor spending contributes the greatest number of jobs to eating and drinking establishments (7,520 jobs), followed by hotels and other accommodations (3,071 jobs). Between 2003 and 2012, the tourism sector added 4,500 new jobs. The total annual *economic impact* of tourism on Corpus Christi was $1.5 billion in 2012-13. The total of $675 million in economic activity across core tourism industries generated secondary or ripple effects totaling $889 million. The volume of business revenues directly or indirectly related to tourism supports nearly 28,000 jobs, and $103 million in "indirect" state and local taxes beyond the $13.2 million in "direct" hotel taxes. On the basis of local tax receipts, the return on investment for each dollar of the CVB budget is $12.2.

- A growing share of tourist activities in Corpus Christi is related to nature and wildlife, particularly beach strolling, bird-watching, and hunting and fishing. Nature tourism now accounts for 47 percent of all visitor-trips. Annual destination spending by nature-oriented visitors is estimated at $674 million for 2012-13, which represents over 50 percent of overall visitor spending. The total economic impact of nature tourism, including both direct and secondary effects, is estimated at $987 million in business revenues, $549 million in value-added activity and 12,914 jobs.

SUMMARY SHEET
Highlights of Corpus Christi Tourism, 2012-13

Visitors

- 8.1 million visitors (person trips to the metro area)
- Over 19 million visitor-days (average 2.04 days per trip)
- Average party size of 2.1
  - 48% day travelers, 55% in hotels/motels
  - 81% visitors for leisure, 19% for business
  - 46% visitors go to beaches/waterfront, 27% dining, 13% sightseeing, 13% fishing

Spending

- Over $1.2 billion in total visitor destination spending
- $116.6 per visitor per day ($65.6 day trip; $145 overnight; $160.2 business travelers)
  - Spending by category: restaurants & bars (25%), lodging (23%), local transportation (17%), shopping (14%), recreation & entertainment (10%)
  - Visitors account for 81% of sales in local hotels, 60% airport activity, 55% car rentals, 26% local transportation, 25% recreation, 22% restaurants & bars

Economic Impacts

- *Direct impacts of local tourism*
  - $675 million in value added (output)
  - 17,051 jobs
  - $13.2 million direct room taxes, $31.8 million indirect local taxes
  - Tax return on investment per dollar of CVB budget: $12.2
  - Tourism *directly* accounts for 5% of local business activity and 8% of local workforce
  - Tourism employment by sector:
    - Restaurants & bars = 7,520 Hotels/motels = 3,071
    - Attractions = 2,353 Retail trade = 2,208

- *Total impacts, including secondary (ripple) effects*
  - $1.5 billion in value added
  - 28,784 jobs

Nature Tourism

- Largest and growing tourism market segment
- 47% of local visitor trips are nature based
- $674 million (>50% of total) in visitor destination spending
- *Total* economic impacts are $987 million in business sales, $549 million in value added, and 12,914 jobs

I. INTRODUCTION

Objective

Tourism is a major economic engine for Corpus Christi, and that industry cluster has also grown remarkably. Along with strong growth in leisure travel partly as a result of a steady economic recovery nationwide, rapid development in the oil and gas industry in the Eagle Ford Shale region has contributed to increasing demand for lodging and food services across South Texas. This report updates the economic impact study originally completed in 2001.[1]

The objective of this report is to provide the latest update on tourism in Corpus Christi and to evaluate its significance to the regional economy. A separate section deals with nature tourism as a fast growing market segment. As for the previous studies, this update is commissioned by the Corpus Christi Convention and Visitors Bureau (CVB). Tourism has increasingly served as an economic driver for Corpus Christi. Despite the sheer size of this sector, official statistics about its economic significance are absence. The board scope and integrative nature of tourism make it less straightforward to provide quantitative assessments, particularly at a regional level. The goal of this report is to provide a timely account of the role of tourism in the Corpus Christi economy, which is essential for community leaders and city officials to make planning decisions on resource allocations in their efforts to promote a diversified economy with sustainable growth.

Methodology

All statistics in this report pertain to the Corpus Christi Metropolitan Statistical Area (MSA), which comprises three counties in the Coastal Bend region of Texas: Aransas, Nueces and San Patricio. Unless indicated otherwise, the data in this report are annual averages over the two-year period of 2012-13. Secondary data sources for the regional travel industry come from various travel reports commissioned by Texas state agencies, particularly the Texas Department of Economic Development and Tourism at the Office of the Governor. Those reports include results of travel surveys conducted by D.K. Shifflet & Associates; projections derived from the *DIRECTIONS* national surveys of visitors; spending and industry data provided by Dean Runyan Associates; and hotel performance data provided by Source Strategies, Inc. and Smith Travel Research, Inc. Whenever current data are unavailable, projections are made using historical data. Data listed in tables may not add to totals due to rounding.

[1] Jim Lee and Patrick Crowley, "Tourism and Its Economic Impact on Corpus Christi," June 2001; and updates in 2007, 2009, 2011, 2012, and 2013 by Jim Lee.

II. PROFILE OF CORPUS CHRISTI TOURISM

Market Profile

According to the Texas Department of Economic Development and Tourism, over 8.1 million people visit the Corpus Christi metro area today, spending a total of over $1.2 billion per year locally. With approximately 5 percent of all visitors to the state, Corpus Christi is the sixth most-visited metropolitan area in Texas, following Houston, Dallas-Plano-Irving, San Antonio, Austin-Round Rock, and Fort Worth-Arlington. According to the *2012 Texas Attractions Profile*, the Texas State Aquarium (ranked 25th) and USS Lexington (ranked 36th) are among the top 50 attractions for all travelers to Texas.

Collectively, local businesses that are associated with visitor spending constitute the second largest private employer in Corpus Christi, exceeded only by the health-care industry. Visitor spending directly or indirectly accounts for more than one-tenth of local business activity and more than one in ten local employees. Visitors also contribute a substantial amount to local and state tax revenues, which in turn support Corpus Christi's cultural events and public facilities that help improve the overall quality of life in the local community.

Exhibit 1
Market Profile

	Corpus Christi	Texas
Visitor-Trips (Person-Stays)	**8.1 million**	**225 million**
Average Length of Stay (Day & Overnight)	**2.04 days**	**2.07 days**
Visitor-Days	**19.1 million**	**529.2 million**
Average Total Spending Per Visitor Per Day	**$116.6**	**$115.0**

Sources: Texas Economic Development and Tourism; author's calculations.

Exhibit 1 displays a summary of the market profile for tourism in Corpus Christi as compared to the Texas state over the 2012-13 period. The number of visitor-trips to Corpus Christi was 8.1 million, which was nearly 10 percent above the 2011 level. Visitors spent an average of 2.04 days in the area, about the same as the Texas state average. Corpus Christi witnessed a total volume of 19.1 million visitor-days, an expansion of 3 percent from 2011. Visitors to Corpus Christi spent $116.6 per day on average, as compared to $115 statewide.

Visitor Profile

Exhibit 2
Visitor Profile

	Corpus Christi	Texas
Visitors' Origin, Visitor-Days		
Texas	**84%**	**65%**
- San Antonio	33%	
- Dallas-Ft. Worth	11%	
- Houston	10%	
- Corpus Christi	10%	
Out-of-State	**16%**	**35%**
- Monterey-Salinas, CA	3%	
- Charlotte, NC	3%	
- Boston, MA	1%	
- Hartford & New Haven, CT	1%	
- Minneapolis-St, Paul, MN	1%	
Average Distance Traveled	**374 miles**	**430 miles**
Visitor Composition		
Average Party Size	**2.1**	**1.9**
Major Composition		
- One Male and One Female	26%	25%
- Adults with Children	20%	13%
- One Female Only	18%	22%
- One Male Only	25%	29%
- Three or More Adults	9%	6%

Sources: Texas Economic Development and Tourism; author's calculations.

Exhibit 2 shows the origins and composition of visitors to Corpus Christi. In 2012-13, Texas residents made up 84 percent of all visitors to Corpus Christi, as compared to 80 percent in the previous year. The average distance traveled was 374 miles. The top designated market areas (DMA) were San Antonio (33%), Dallas-Ft. Worth (11%), and Houston (10%). Another 10 percent of visitors traveled within different parts of the metro area. Compared to the rest of Texas, Corpus Christi had relatively more in-state visitors than out-of-state visitors. Visitors from out of state spread across the country, with California as the top origin.

The average party size of visitors to Corpus Christi was 2.1, as compared to the 1.9 statewide average. Couples accounted for 26 percent of all visitors, but Corpus Christi has attracted increasingly more single visitors.

Travel Patterns

Exhibit 3

Travel by Primary Transportation Mode, Visitor Days

	Corpus Christi	Texas
Auto	**89%**	**81%**
Air	**7%**	**15%**
Bus	**4%**	**2%**
Other	**1%**	**2%**

Source: Texas Economic Development and Tourism.

In 2012-13, the vast majority of visitors (89%) traveled to Corpus Christi by car or other ground transportation modes (see ***Exhibit 3***). The share of visitors coming by air was 7 percent, about the same as for 2011. Despite a remarkable gain, the share of travel by air remained below the historical norm of over 10 percent prior to the 2007-2009 national economic downturn.

Exhibit 4

Travel by Accommodation, Visitor Days

	Corpus Christi	Texas
Paid Accommodations	**62%**	**57%**
Hotel/Motel	**55%**	**49%**
- High End	15%	15%
- Mid-Level	24%	23%
- Economy	16%	8%
- Other Hotel/Motel	1%	2%
Non-Hotel/Motel	**7%**	**9%**
Non-Paid Accommodations	**37%**	**41%**

Source: Texas Economic Development and Tourism.

About two-thirds of (62%) of all visitors to Corpus Christi stayed in paid accommodations in Corpus Christi, as compared to 57 percent statewide (see ***Exhibit 4***). Compared to the statewide average, relatively more visitors are staying in mid-level and economy hotels. In 2013, economy hotels collectively accounted for 16 percent of all visitor days, as compared to less than 12 percent in 2012.

Exhibit 5
Length of Stay, Visitor Trips

	Corpus Christi	Texas
Average Length (Day and Overnight)	2.04 days	2.07 days
Average Length (Overnight Only)	2.46 nights	2.51 nights
Day-Trips (%)	48%	47%
1-3 Nights (%)	46%	44%
4-7 Nights (%)	6%	8%
8+ Nights (%)	1%	2%

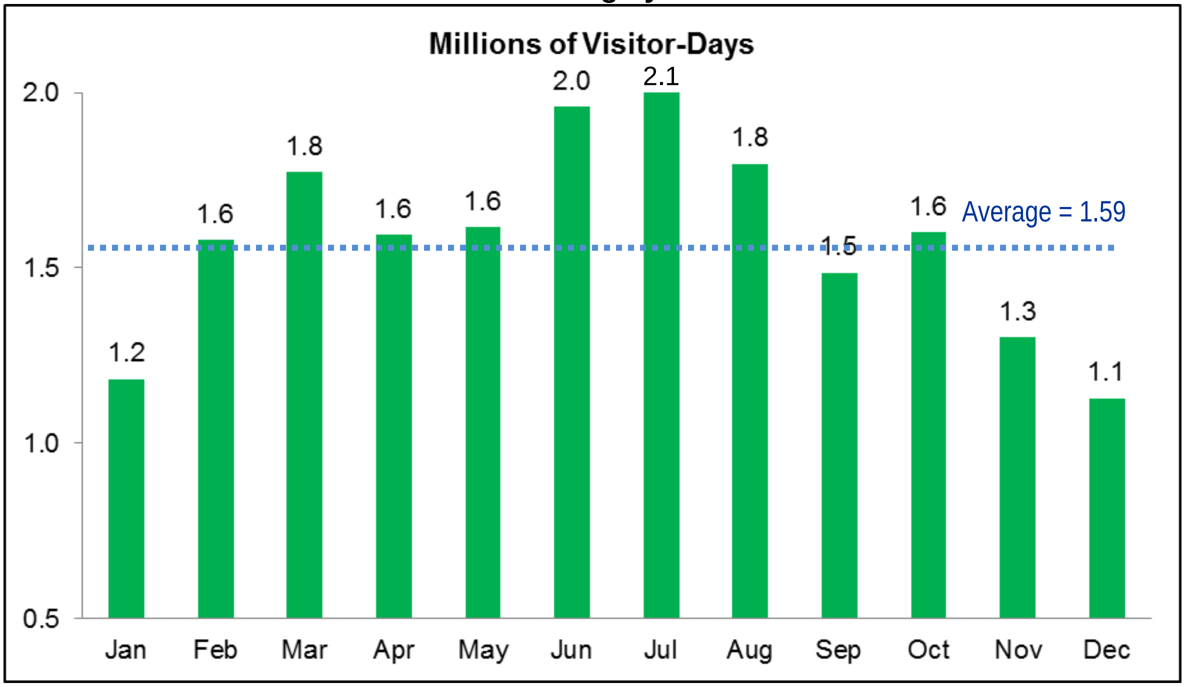
Source: Texas Economic Development and Tourism.

Including day-trippers, the average length of stay for visitors to Corpus Christi in 2012-13 was 2.04 days, which was slightly longer than the statewide average of 2.07 days (see ***Exhibit 5***). Excluding day-trippers, who made up 48 percent of visitor-trips, the average length of stay was 2.46 days. While the share of day trips increased from 34 percent in 2009 to 48 percent today, the share of trips 1-3 nights decreased from 54 percent to 46 percent. The overall length of stay among Corpus Christi visitors declined for the third consecutive year after gradual increases over the previous decade. This was attributable to the increasing number of leisure travelers not for vacation (see ***Exhibit 7*** below), as well as the increasing number of more affluent travelers (see ***Exhibit 9*** below).

While Corpus Christi boasts its South Texas beaches and waterfront with warm weather year round, the volume of visitation to Corpus Christi varies within any given year. ***Exhibit 6*** below shows the breakdown of visitor-days by month in 2013. The monthly average was 1.59 million visitor-days. The summer months between June and August were the peak season for local tourism activity, with 22 percent more visitor-days. Another peak occurred during most schools' spring break in March, with 200,000 more visitor-days than the overall average.

Exhibit 6

Travel Timing by Month



Sources: Texas Economic Development and Tourism; author's calculations.

Travel Purposes

Exhibit 7

Travel Purposes, Visitor Days

	Corpus Christi		Texas	
Leisure		**81%**		**72%**
- Vacation	41%		21%	
- Non-Vacation	39%		51%	
• *Visit Friends/Relatives*	*18%*		*30%*	
• *Special Event*	*9%*		*8%*	
• *Medical Care*	*2%*		*2%*	
Business		**19%**		**28%**
- Transient Business	8%		11%	
- Meetings	3%		3%	
- Convention	11%		17%	

Source: Texas Economic Development and Tourism.

Corpus Christi has continued to be mainly a leisure travel destination. In 2012-13, 81 percent of visitors came to the area for leisure (see ***Exhibit 7***). Over 40 percent of visitors came for vacation. The share of leisure travelers to Corpus Christi remained much higher than the pre-recession levels, but the share of those visitors not on vacation has also increased. The majority of those non-vacation travelers came for visiting friends and relatives, special events or medical care. Most of those travelers are day trippers. The share of visitors for business purposes still lagged behind the overall growth in tourism activities. While business travelers accounted for only 19 percent of total visitor days, substantially more of them stayed overnight in the area's hotels and motels.

Exhibit 8 below lists the major activities by visitor-trips. Increasingly more visitors to Corpus Christi have been involved with nature. The share of visitor-trips related to nature increased steadily from 20 percent in 2008 to 47 percent today. Nearly half of those trips involved the area's beaches and waterfront (46%) in 2013, as compared to 39% in the previous year. The share of nature-related activities together was nearly three times as much as the statewide average of 14 percent. Other similar activities were sightseeing (13%) and outdoor sports (21%).

According to the Texas Office of the Governor's *2013 Texas Travel Facts*, the Padre Island National Seashore, Texas State Aquarium and USS Lexington in the Coastal Bend region are among top attractions in Texas. One in 10 trips involved a visit to the Aquarium.

Exhibit 8
Travel Activities, Visitor Trips

	Corpus Christi		**Texas**	
Nature		**47%**		**14%**
- Beach/Waterfront	46%		7%	
- National/State Parks	7%		6%	
- Wildlife Viewing (birds, whales etc.)	4%		2%	
Family/Life Events		**34%**		**35%**
- Visit Friends/Relatives	25%		28%	
- Wedding	6%		2%	
- Funeral/Memorial	3%		2%	
Culture Events		**29%**		**17%**
- Sightseeing	13%		7%	
- Visit Historic Sites	11%		7%	
- Movies	9%		7%	
Outdoor Sports		**21%**		**9%**
- Fishing	13%		3%	
- Water Sports	3%		1%	
- Boating/Sailing	3%		1%	
Attractions		**20%**		**15%**
- Zoo/Aquarium	10%		3%	
- Night Life	6%		7%	
Dining/Culinary		**24%**		**20%**
- Dining Experience	23%		19%	
- Winery/Brewery Tours	1%		1%	
General		**38%**		**32%**
- Dining Experience	27%		20%	
- Medical Visit	7%		4%	

Source: Texas Economic Development and Tourism.

Demographics

The average age of visitors to Corpus Christi is 45, the same as the statewide average (see ***Exhibit 9***). Visitors spread quite evenly across different age groups, but the share of seniors seems to have grown steadily. Visitors to Corpus Christi, however, have become increasingly more affluent. The average income of Corpus Christi visitors in 2012-13 was $76,672, 15 percent below that of the statewide average. The average income of visitors has increased for Corpus Christi but decreased for Texas as a whole. While 24 percent of local visitors belonged to middle-income families with an annual income between $50,000 and $75,000, 23 percent of visitors earned a household income over $100,000. The shares of lower income groups have increased as the share of higher income groups have remained about the same.

More than one in ten visitors were retirees. Many of those retirees are commonly known as Winter Texans, who stay in the area for lengthy periods during the winter season.

Exhibit 9

Demographic Profile of Visitors

	Corpus Christi	Texas
Age (Average)	**45 Years**	**45 Years**
18-34	31%	32%
35-49	29%	27%
50-64	28%	26%
65+	12%	16%
Household Income (Average)	**$72,672**	**$83,752**
Under $25,000	15%	14%
$25,000-$49,999	24%	21%
$50,000-$74,999	24%	21%
$75,000-$99,999	15%	15%
$100,000+	23%	29%
Employment		
Employed	69%	68%
Retired	14%	16%
Not Employed	17%	16%

Source: Texas Economic Development and Tourism.

Visitor Spending

Exhibit 10
Average Visitor Spending Per Visitor Per Day

	Corpus Christi	(% Total)	Texas	(%Total)
Total Spending Per Visitor Per Day	**$116.6**	**100%**	**$115.1**	**100%**
Transportation	$34.7	30%	$41.3	36%
Food & Drinks	$24.6	21%	$23.7	21%
Accommodation	$25.4	22%	$19.4	17%
Shopping	$16.4	14%	$14.9	13%
Entertainment	$9.9	9%	$9.7	8%
Miscellaneous	$5.4	5%	$6.1	5%

Sources: Texas Economic Development and Tourism; author's calculations.

Exhibit 10 displays a breakdown of visitor destination spending per person in 2012-13. Visitors spent an average of $116.6, about the same as the previous year. This amount has exceeded the statewide average since 2009. Transportation (30%), food and drinks (21%), accommodation (22%) and shopping (14%) were the major components.

Exhibit 11
Average Spending Per Visitor by Primary Travel Purpose

Avg. Spending per Person per Day	**$116.6**
- Business	$160.2
- Convention Visitors	$156.5
- Leisure	$95.2
- Day Trip	$65.6
- Overnight Stay	$144.6

Sources: Texas Economic Development and Tourism; author's calculations.

Exhibit 11 compares the spending patterns of business and leisure travelers in Corpus Christi. In 2012-13, the average spending of visitors who came primarily for business was $160.2, as compared to $95.2 for leisure travelers. Likewise, visitors to conventions spent $156.5 per day on average. While leisure travelers tended to spend less than business travelers, they came in larger groups (2.7 vs. 1.8) and stayed longer (2.7 vs. 2.2). Day trippers also spent less ($65.6) than travelers staying overnight ($144.6), in part due to expenses on lodging and night life.

Exhibit 12

Visitor Destination Spending by Commodity

	$ Millions	(% Total)
Accommodation	284	23%
Eating/Drinking & other Places	317	25%
Food Stores	86	7%
Ground Transportation & Gas	206	17%
Recreation, Entertainment	124	10%
Retail Shopping	174	14%
Air Transportation	55	4%
Total	**1,246**	**100%**

Sources: Texas Economic Development and Tourism; author's calculations.

Including airfares, visitors collectively spent over $1.2 billion per year in Corpus Christi during the 2012-13 period. This volume of spending was a nearly 8 percent increase from the previous year. ***Exhibit 12*** lists the breakdown of visitor destination spending by the type of good or service purchased. Restaurants and bars (eating & drinking places) accounted for the largest share of 25 percent, followed closely by accommodation in local hotels/motels (23%), and ground transportation (17%).

Exhibit 11 above reports that overnight travelers spent much more per day than day trippers partly due to expenses on accommodation. The total volume of visitor spending was $745 million among overnight travelers, as compared to $501 million for day trippers.

Exhibit 13

Visitor Destination Spending by Type of Accommodation

	$ Millions	% Total
Hotel, Motel & Other Lodging Places	779	63%
Private Campground	60	5%
Public Campground	9	1%
Private Home	182	15%
Vacation Home	30	2%
Day Travel	187	15%
Total	**1,246**	100%

Sources: Texas Economic Development and Tourism; author's calculations.

Exhibit 13 compares visitor destination spending by accommodation type. In 2012-13, about two-thirds of all spending dollars came from those who stayed in commercial lodging places (hotels, motels, resorts and condominiums). Visitors staying overnight in these establishments spent an estimated total of $779 million. The shares of visitor spending by accommodation type were similar to those historically.

Exhibit 14

Hotel Industry Performance

	2010	2011	2012	2013
# Hotels Available	190	187	209	206
# Room Nights Sold (000's)	2,131	2,314	2,418	2,458
Occupancy Rate	50%	53%	66%	68%
Room Revenue ($ Millions)	183.7	209.1	231.1	242.5
Average Daily Rate	$86.2	$90.3	$95.2	$99.3

Sources: Texas Economic Development and Tourism; author's calculations.

The hotel industry has improved significantly since the depths of the national economic downturn in 2009. ***Exhibit 14*** displays the recent performance of Corpus Christi's hotel industry, which has expanded steadily since 1010. The total room nights grew about 2 percent in 2013. Similarly, the overall occupancy rate has continued to improve since 2009. Increasing demand for local hotel and motel rooms has contributed to rising in room rates and hotel room revenues, both of which grew about 4 percent in 2013.

Core Tourism Industries

Exhibit 15
Corpus Christi Core Tourism Industries

	Output ($ Millions)	Visitor Share	Weighted Output ($ Millions)
Air Transportation & Travel	334.4	60%	200.6
Eating & Drinking Places	676.3	22%	148.8
Retail Trade, except Eating & Drinking Places	1626.9	5%	81.3
Accommodation	185.6	81%	150.4
Car Rentals	122.5	55%	67.4
Commercial Sports	20.8	20%	4.2
Attractions & Recreation Services	62.4	25%	15.6
Museums, Botanical Gardens	7.0	20%	1.4
Local Transportation	19.8	26%	5.1
Total	**3,055.65**	**100%**	**674.8**

Sources: Regional Economic Model Inc.; author's calculations.

Visitors to Corpus Christi interact with a variety of businesses in the area. A core tourism industry is an industry that has a significant share of its business dealing *directly* with tourists. ***Exhibit 15*** lists the regional industries that fit this definition. Over 80 percent of the local accommodation industry (hotels/motels) is associated with visitor spending. Tourists account for 60 percent of activity at the Corpus Christi International Airport and local travel agencies, 55 percent of local car rentals, and 26 percent of local transportation such as taxis and bus rides. Other industries with a sizeable visitor share include: attractions and recreation services (25%); eating and drinking establishments (22%), and other retail trade (5%); commercial sports (20%); museums, botanical gardens, and other attractions (20%).

Based on *Regional Economic Model Inc*.'s (*REMI*) data, the total annual output (or value added) of the above nine core tourism industries in 2012-13 was $3.1 billion, up 8 percent from 2011-12. These industries, however, serve both visitors as well as local residents. When weighted by the visitor shares, the overall output volume that was linked *directly* to visitor spending was $675 million.

III. ECONOMIC IMPACTS

Exhibit 16
Economic Impact by Output and Employment

	Direct Impact ($ millions)	Secondary Impacts Indirect ($ millions)	Secondary Impacts Induced ($ millions)	Total Impact ($ millions)
Output				
Air Transportation & Travel	185.5	154.3	87.6	427.4
Eating & Drinking Places	157.1	126.3	81.2	364.6
Retail Trade	86.0	64.4	48.9	199.3
Accommodation	158.9	128.8	90.4	378.1
Car Rentals	59.9	46.0	22.9	128.6
Commercial Sports	4.5	4.3	4.4	13.1
Attractions & Recreation Services	16.9	12.4	9.2	38.4
Museums, Botanical Gardens	1.5	1.1	0.8	3.4
Local Transportation	4.5	3.5	2.4	10.6
Total	**674.8**	**541.1**	**347.8**	**1,563.5**
Employment				
Air Transportation & Travel	518	245	382	1,146
Eating & Drinking Places	7,520	474	4,150	12,144
Retail Trade	2,208	211	1,254	3,673
Accommodation	3,071	299	1,732	5,103
Car Rentals	507	231	379	1,117
Commercial Sports	622	9	316	946
Attractions & Recreation Services	2,353	444	1,411	4,209
Museums, Botanical Gardens	213	40	127	379
Local Transportation	39	6	24	69
Total	**17,051**	**1,960**	**9,773**	**28,784**

Sources: REMI; IMPLAN; author's calculations.

The regional economic impact of tourism can be measured by value added (or output), employment and household earnings in the Corpus Christi MSA that are associated with visitor destination spending. Visitor spending affects not only the core tourism industries but also other businesses that are *indirectly* related to tourism. The total economic impact on Corpus Christi, therefore, includes also the extent to which the presence of visitors affects all these businesses within the region. ***Exhibit 16*** above lists the estimates of economic impacts in terms of value-added output and employment.

Direct Impact

Direct economic impact originates with the visitor destination spending in the core tourism sector within Corpus Christi. Based on the 2012-13 data presented above, an estimated total of $1.2 billion in local visitor destination spending *directly* generated $675 million in value-added economic activity among the nine core tourism industries (see ***Exhibit 15*** above), or more than 5 percent of Corpus Christi's gross regional product (GRP). These local tourism businesses collectively supported 17,051 jobs, the equivalent of 8 percent of area employment. Eating and drinking establishments generated 7,520 jobs, followed by 3,071 jobs in hotels and other lodging places. Employment directly related to local tourism generated an estimated total of $350 million in income earnings across Corpus Christi households in the form of wages, salaries and other types of income.

Secondary Impacts

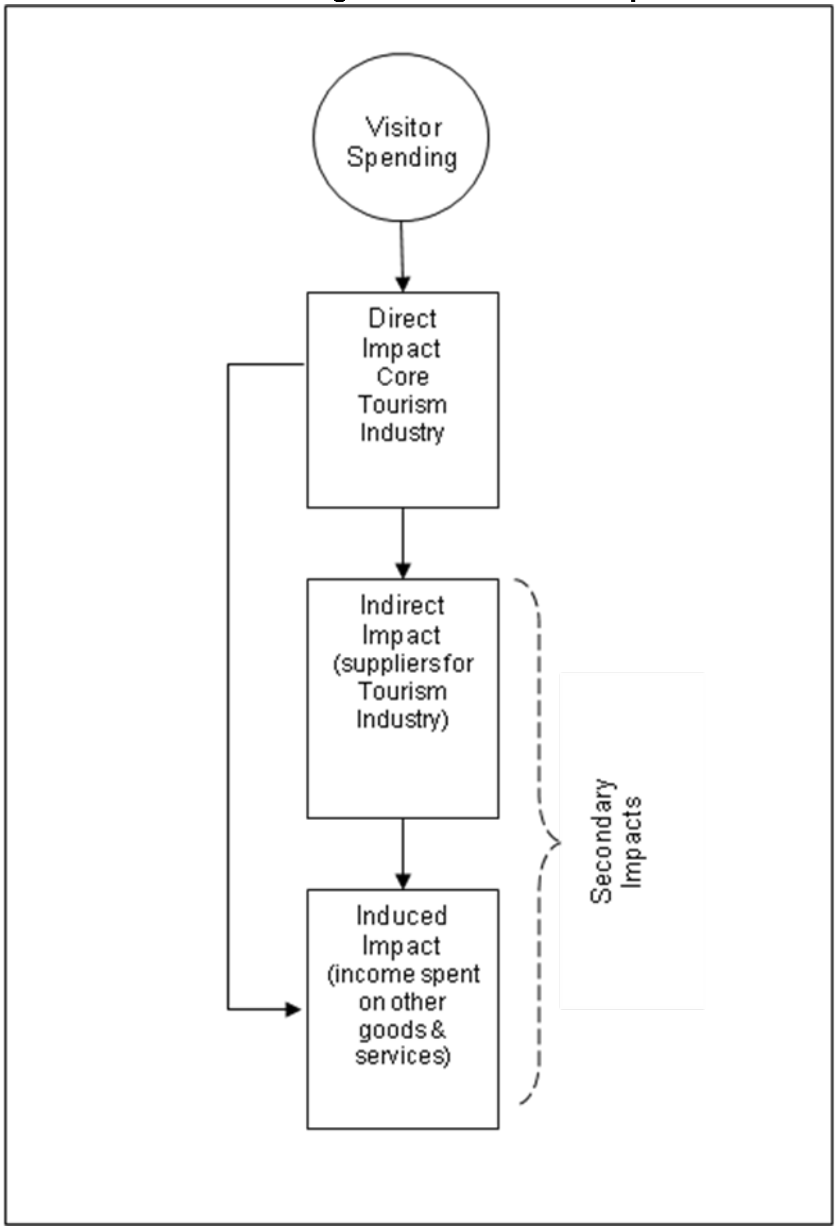
Economic activity in the core tourism industries is the backbone of broader economic activity that is *indirectly* related to visitor spending. Business transactions in these industries represent only the first round of economic impact. As tourism-related businesses operate, portions of tourism-related revenues are used to pay for labor, capital, and other resources within the region. Employees in the core tourism industries in turn spend portions of their earnings on goods and services supplied locally. This re-spending creates secondary and tertiary impacts on regional output and employment (see ***Exhibit 17*** below).

There are two types of secondary impact: indirect and income induced impacts. *Indirect* impact represents the change in economic activity associated with businesses that supply goods and services to the core tourism industries. As visitors spend on local businesses, more goods are ordered and produced, and more employees are added to provide the services needed. Some new orders are directed to businesses within the region, increasing the demand for jobs to be filled by local workers, thus creating more business-to-business transactions and new rounds of additional expenditures within a region.

Income-induced impact represents the change in economic activity induced by the spending of employees in the core tourism sector as well as employees of suppliers to the core tourism sector. This effect occurs when employees of core tourism industries as well as their related businesses spend some of their incomes on goods and services locally, generating additional rounds of spending and earnings across industries within a region.

Exhibit 17

Schematic Diagram of Economic Impacts



Multipliers

As a result of various rounds of business transactions, expenses by visitors in an area ultimately generate a multiple of expenditures and household earnings within that area. These additional, or multiplier, effects cannot be observed directly. In order to account for the secondary flows of spending, this study employs *IMPLAN*'s regional input-output model for the Corpus Christi metro area. The data are widely used by the government and consulting firms to estimate the regional economic impacts of development projects or industries.

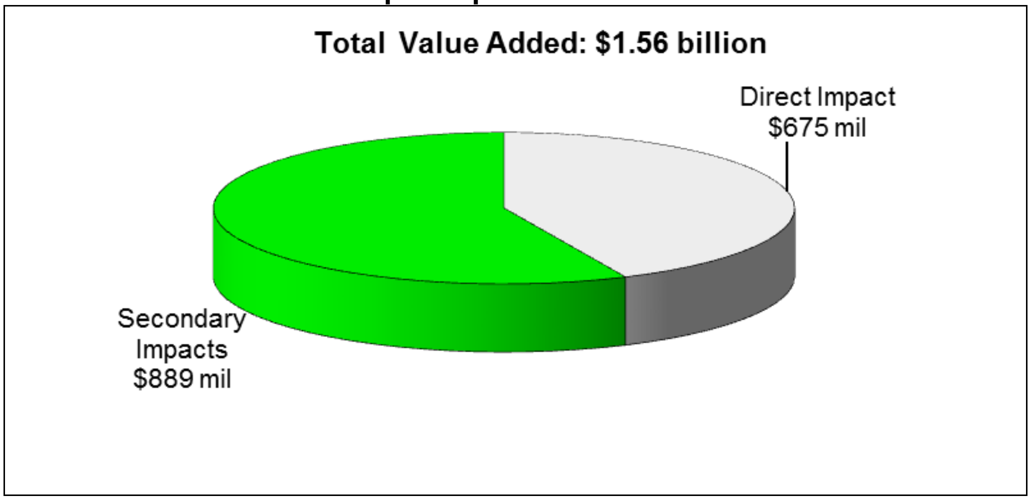
Indirect impact multipliers for the Corpus Christi tourism industry range between 1.74 (attractions and other recreation services) and 1.95 (commercial sports); income-induced impact multiplier estimates range between 0.38 (car rentals) and 0.97 (commercial sports). For the lodging industry, in particular, the indirect effect multiplier is 1.81 and the income-induced multiplier is 0.57. This implies that a $1 increase in hotel business activity generates an additional $1.38 in regional production.

The multiplier effect can also be measured by the change in regional employment as a result of a one-job change in the core tourism sector. For example, a typical job in the lodging industry generates 1.66 jobs across all industries within Corpus Christi due to the combined indirect (1.10 jobs) and induced (0.56 job) effects. For eating and drinking establishments, the total multiplier effect is 1.61, meaning that one job in the restaurant industry creates an additional 0.61 job in the area.

Total Economic Impact

When the multiplier or ripple effects are taken into account, it becomes clear that tourism plays a vital role in the Corpus Christi regional economy. The estimate of $675 million in economic activity among core tourism industries generated an estimated total of $889 million in *secondary* impacts across different industries within the Corpus Christi metro area. Out of the total secondary impacts, $541 million is the *indirect* impact and $348 million is the *income-induced* impact. The total economic contribution of tourism, which is the sum of direct and secondary impacts, amounts to $1.56 billion (see ***Exhibit 18*** below). This total volume of economic activity was equivalent to approximately 10 percent of Corpus Christi's gross regional product (total output) in 2012-13.

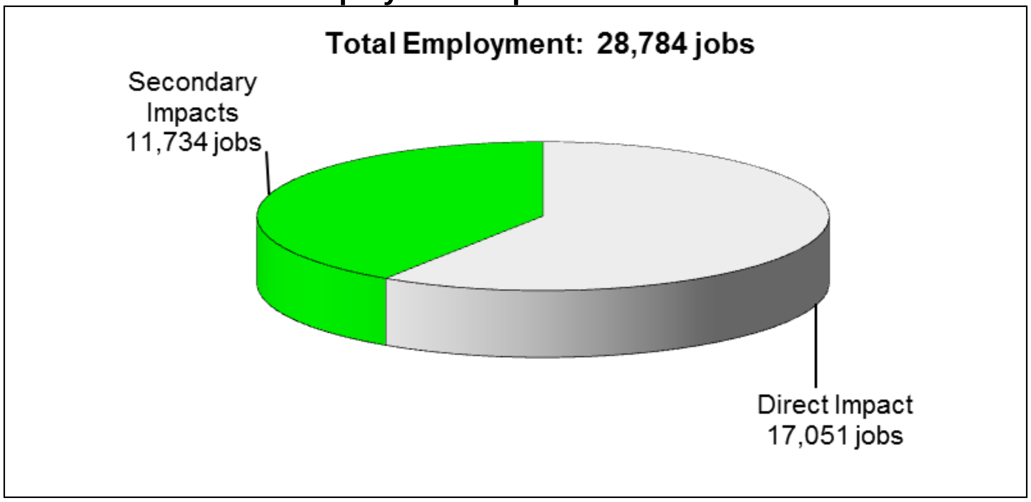
Exhibit 18
Output Impact Breakdown



Source: Author's calculations.

Over 17,000 people in Corpus Christi were employed directly by the core tourism industries in the 2012-13 period. Each tourism-related job creates an additional 0.7 job within the metro area. Together, about 29,000 jobs in Corpus Christi, or 12 percent of total regional employment, were supported in different ways by visitor spending locally (see ***Exhibit 19*** below).

Exhibit 19
Employment Impact Breakdown



Source: Author's calculations.

Historical Trends

Exhibit 20
Historical Direct Impacts

Year	Visitor Spending ($ millions)	Direct Employment (Jobs)	Direct Earnings ($ millions)
2003	808	12,651	224
2004	841	12,767	230
2005	909	12,988	242
2006	988	13,032	256
2007	1,008	12,568	257
2008	1,100	13,280	271
2009	1,021	13,561	286
2010	1,082	13,770	294
2011	1,180	15,792	315
2012	1,246	17,051	350

Sources: Texas Economic Development and Tourism; author's calculations.

Tourism is the second largest private employer, exceeded only by the health-care industry. ***Exhibit 20*** shows the historical trends of the direct impacts of Corpus Christi tourism. Despite the recent setback in the travel industry, the volume of visitor destination spending in Corpus Christi gained a total of $439 million, or 54 percent over the 10-year period between 2003 and 2012. During that period, businesses in this sector added a total of about 4,500 jobs. The growth of local tourism also directly generated an additional $126 million in household earnings.

Impact on Tax Revenues

Visitors to Corpus Christi make a substantial contribution to local tax revenues as well. Compared to other industries, tourism as a whole, and hotels/motels in particular, generate a relatively high proportion of tax revenues. Other than sales taxes that visitors pay for local retail goods and services, local hotels and motels charge visitors a 15 percent room tax, or hotel occupancy tax. In 2012-13, the city of Corpus Christi collected a total of $13.2 million in total hotel occupancy tax alone (see ***Exhibit 22*** below).

Exhibit 21 below lists historical estimates of local and state tax revenues generated by direct visitor spending. In 2003, Corpus Christi received $19.5 million in tax revenues from visitors. By 2012, such revenues had increased by 63 percent to $31.8 million. Over the same 10-year period, state tax revenues related to visitor spending increased from $50.8 million to $71 million. The total amount of local and state tax revenues attributable to local tourism was $102.8 million in 2012.

Exhibit 21

Tax Receipts Generated by Direct Visitor Spending

Year	Local ($ millions)	State ($ millions)	Total ($ millions)
2003	19.5	50.8	70.3
2004	20.1	52.2	72.3
2005	21.1	55.2	76.3
2006	23.1	59.1	82.2
2007	23.2	59.7	82.9
2008	24.3	61.9	86.2
2009	24.5	62.0	86.5
2010	25.6	62.9	88.5
2011	28.2	66.6	94.8
2012	31.8	71.0	102.8

Sources: Texas Economic Development and Tourism; author's calculations.

The Corpus Christi Convention & Visitors Bureau is the region's key promoter of tourism activity. In 2013, the Bureau obtained an expenditure budget of $3.7 million (see ***Exhibit 22***). Meanwhile, visitors to Corpus Christi generated local tax revenues totaling $45 million: $13.2 million from room tax collected directly from visitors, and $31.8 million collected indirectly through retail sales and other travel-related activities. From the perspective of local tax revenues alone, the return on investment (ROI) for the CVB's $3.7 million in tourism-related expenditures was 12.2, meaning that for each dollar the Bureau spent on its convention and marketing programs, Corpus Christi gained more than $12 in local tax revenues as a result of travel-related spending. This ROI estimate is higher than the comparable estimate of 7.6 for the state of Texas.

Exhibit 22

Corpus Christi Tourism Tax Return On Investment

			Amount
Tax Revenue, 2013 ($ millions)			
Local Indirect Tax Revenue ($ millions)		31.8	
Direct Tax Revenue ($ millions)		13.2	
- *Hotel Occupancy Tax ($ millions)*	*9.2*		
- *Convention Center Tax ($ millions)*	*4.0*		
Total Tax Revenue			**45.0**
CVB Budget, 2013 ($ millions)			**3.7**
Tax Return On Investment Ratio			**12.2 : 1**

Sources: City of Corpus Christi; Texas Economic Development and Tourism; author's calculations.

IV. NATURE TOURISM

This section describes nature tourism in Corpus Christi and reports an update on its economic significance. What is nature tourism? The formal definition of nature-based tourism varies by source. According to Texas Parks and Wildlife Department (TPWD), this segment of tourism includes activities based on “the natural attractions of an area.” Examples include bird-watching, photography, hunting, fishing, camping, hiking, and visiting parks. While most activities revolve around natural resources and wildlife, nature tourism is considered a growing industry segment that promotes sustainable economic development.

Nature tourism is a growing market segment of tourism in Texas, and it is a major market segment of tourism in Corpus Christi. The area’s 113 miles of beaches and waterfront are above all the most popular destinations in Corpus Christi. The Padre Island National Seashore, in particular, was once ranked one of top-10 Texas attractions by non-Texans, according to Texas Department of Economic Development and Tourism’s 2013 *Texas Travel Facts*.

Continuously recognized as “America’s Birdiest City,” Corpus Christi is also part of TPWD’s Great Texas Coastal Birding Trail, which starts near Matagorda Bay in the north through south of Kingsville in the south. The Hummer Bird Festival in Rockport and the Celebration of the Whopping Cranes in Port Aransas are some of the most popular events in Texas for birdwatchers. The Texas SandFest in Port Aransas is also one of the largest sand sculpture festivals in Texas. The area is also home to the Aransas National Wildlife Refuge. Given the board scope as well as the potential of future growth for this industry segment, this section provides a quantitative assessment of local nature tourism.

Nature Tourism Profile

Following TPWD’s definition of nature-based activities, 47 percent of visitor-trips to Corpus Christi in 2012-13 involved nature (beach strolling, camping, bird-watching, state and national parks, and hiking and biking) (see ***Exhibit 7*** above). The overall share of nature-related travel has grown steadily in recent years. It was also substantially higher than the 14 percent for the state of Texas, highlighting the growth of this market segment for Corpus Christi and South Texas as a whole.

Exhibit 23
Corpus Christi Nature Tourism Profile

Visitor-Trips	**3.8 million**
Average Length of Stay (Day & Overnight)	**2.8 Days**
Average Party Size	**3.1**
Visitor-Days	**10.6 million**
Average Spending Per Visitor Per Day	**$115.7**

Sources: D.K. Shifflet & Associates; Texas Economic Development and Tourism; Texas Parks and Wildlife Department; author's calculations.

Exhibit 23 outlines the profile of nature-oriented tourism in Corpus Christi. In 2012-13, 3.8 million trips were related to nature, an increase of 6,000 trips from 2011-12. Nature visitors spent an average of 2.8 days in the metro area, slightly longer than the average of 2.04 days among all visitors. Not only did they stay longer, but they also had a larger average party size of 3.1 persons. One major nature tourism activity in Corpus Christi is visiting or staying overnight at campgrounds in state and national parks in the region: Fulton Mansion and Goose Island State Parks in Aransas County; Lake Corpus Christi State Park in San Patricio County; Mustang Island State Park in Nueces County; and the Padre Island National Seashore.

Together, nature visitors accounted for 10.6 million visitor days in the 2012-13 period. The average spending on nature-based activities was $115.7 per visitor per day, slightly less than the average spending of $115.7 for all visitors to Corpus Christi. Based on these data, total destination spending for this nature tourism segment is estimated at $674 million.

Economic Impacts of Nature Tourism

Comparable to ***Exhibit 16*** for overall tourism, ***Exhibit 24*** displays measures of the impact of nature tourism on the Corpus Christi regional economy. Similar to overall tourism, the largest impact falls on hotels and other lodging places. In 2012-13, nature visitors accounted for $266.6 million in hotel revenues. Visitor spending also generated $176.3 million to local restaurants and bars (eating and drinking places), and $86.8 million for local retail stores. Based on these expenditure data for on nature-based activities, the total ***direct*** impact is estimated at $673.9 million in local business revenues and $352.9 million in value-added economic activity. Such an economic impact supports $231.4 million in household earnings (wages and other incomes), and 8,820 jobs.

Exhibit 24

Economic Impacts of Visitor Spending: Nature Tourism

	Revenues ($ Millions)	Output ($ Millions)	Income Earnings ($ Millions)	Employment (Jobs)
Spending Category:				
Hotels, Motels, and B&Bs	266.6	132.2	86.9	3,489
Camping Fees	22.7	6.9	2.9	297
Eating & Drinking Places	176.3	83.6	60.0	2,307
Admissions & Fees	72.6	41.2	25.2	952
Vehicle Expenses	8.3	4.0	2.6	110
Local Transportation	2.7	1.9	1.6	36
Retail Trade	86.8	69.2	44.3	1,136
Wholesale Trade	15.3	10.6	6.1	200
Other Goods & Services	22.3	3.4	1.7	292
Total Direct Effects	**673.9**	**352.9**	**231.4**	**8,820**
Secondary Effects	**312.8**	**195.8**	**113.2**	**4,094**
Total Effects	**986.8**	**548.8**	**344.8**	**12,914**

Sources: Texas Parks & Wildlife Department, National Park Service; author's calculations.

Including the effects of nature tourism related business activity that eventually ripple through all other industries and households in the region, the total economic impact is estimated to be $986.8 million in business sales. Including all ripple effects, the *total* impact of nature tourism on household income earnings is $344.8 million, and the *total* impact on employment is 12,914 jobs.

Padre Island National Seashore

One of the most popular national parks in the Coastal Bend is Padre Island National Seashore. According to the National Park Service, its beaches and other features attracted an approximate total of 574,000 visits in 2012. A recent study reported that spending by non-local visitors to the national park generated a significant impact on its local communities.[2] In 2012, non-local visitors to Padre Island National Seashore spent a total of $36.8 million in the region, which in turn generated an economic impact of $25.9 million in output, $15.7 million in income earnings, and 599 jobs.

[2] National Park Service (NPS). 2012. Padre Island NS annual park visitation report. https://irma.nps.gov/Stats/.

Exhibit 25

Economic Impacts of Visitors to Padre Island NS

	Year 2012
Annual Visits	573,855
Spending by Non-Local Visitors ($ millions)	36.8
Economic Impacts of Non-Local Visitors	
Output ($ millions)	25.9
Income Earnings ($ millions)	15.7
Employment (Jobs)	599

Sources: National Park Service; author's calculations.

V. FUTURE PROSPECTS

Along with a solid recovery since 2010, the tourism sector in Corpus Christi is poised for further growth in the long run. Several major development projects are underway locally to attract additional visitors from around the world to South Texas. Among those projects are a major water park under construction—Schlitterbahn on North Padre Island—after the completion of Hurricane Alley in downtown Corpus Christi in 2012. In addition, the construction of a large-scale outlet mall in Robstown is near completion.

Those projects have proved to be successful in attracting visitors. According to the *2012 Texas Attractions Profile*, the San Macros outlet malls were the fifth most popular Texas destination by all travelers, with approximately 28 million visitors per year. The Schlitterbahn water park in New Braunfels placed 10th with over 22 million visitors per year. Such similar facilities in the Corpus Christi area will likely benefit local tourism and contribute to regional economic growth.

In addition to nature tourism that has gained substantial momentum, an emerging tourism segment is related to amateur outdoor sports. The mild South Texas weather during the winter and spring seasons is perfect for outdoor activities, including biking and running races. The past success of such races as the Beach-to-Bay Relay, Harbor Half Marathon and the Corpus Christi Bikefest, has paved the way for the development of more sports events.

APPENDIX

DEFINITION OF TERMS

Accommodation: Lodging by hotel and motel guests, campers, and vacation home users.

Core Tourism Industry: An industry that has a significant share of its business dealing directly with tourists.

Designated Market Area: An area of origin from visitors.

Destination Spending: Spending by visitors at or near their destinations. This excludes spending on air transportation and travel agent commissions, but includes expenses on ground transportation within their areas of destination.

Day-traveler: A visitor who travels at least 50 miles to a destination, but whose trip does not include an overnight stay.

Direct Impacts: Output, employment and earnings directly generated by travel spending. Direct impacts are one component of total impacts (see below).

Earnings: Total earnings include wages and salary disbursements, other earned income, and proprietor income.

Eating and Drinking Places: Businesses serving food and beverages for immediate consumption. In addition to restaurants, these businesses include fast-food outlets and refreshment stands.

Employment: Jobs associated with the travel-generated payroll and businesses. This includes both full- and part-time positions.

Gross Regional Product: The total dollar value of goods and services purchased by consumers and government institutions in a given year.

Hotel/Motel Occupancy Tax: A local tax charged on lodging. Also referred to as room tax.

Income-Induced Impacts: The spending by employees of businesses that directly or indirectly receive travel expenditures as a result of increased earnings. Induced impacts are one component of secondary impacts (see below).

Indirect Impacts: The purchases of goods and services by the businesses that receive travel expenditures. Indirect impacts are one component of secondary impacts (see below).

Local Tax Receipts: Tax revenues collected by all local taxing entities in Corpus Christi. Consists of hotel occupancy tax and local sales tax.

Multiplier: The ratio of total impacts to direct impacts for output, employment or earnings.

Output: The production of goods and services; same as **value added**.

Nature Tourism: Any visiting activity that is based on the natural attractions of an area

Purpose of Stay: The primary reason for visiting a destination.

Secondary Impacts: The sum of indirect and induced impacts.

Total Impacts: The sum of direct and secondary impacts.

Travel: Any travel with a night away from home or a Day-Trip which is 50 or more miles one-way.

Travel Expenditures: Purchases by travelers during their trips, including lodging taxes and other applicable local and state taxes paid by the travelers.

Value Added: Same as **Output**.

Visitor: A person who travels at least 50 miles to a destination.

Visitor-Days: The number of visitors (persons) multiplied by the average number of days of visit.

Visitor-Trips: Same as person-stays. The number of persons each with one trip regardless of the trip length. The standard measure of travel volume in the travel industry.

TEXAS A&M UNIVERSITY CORPUS CHRISTI | COLLEGE OF BUSINESS

E·D·A

U.S. ECONOMIC DEVELOPMENT ADMINISTRATION

The Economic Significance of Tourism and Nature Tourism in Corpus Christi

2014 Update

Study commissioned by

Corpus Christi Convention & Visitors Bureau

Report prepared by

Jim Lee

EDA University Center
College of Business
jlee@tamucc.edu

Texas A&M University-Corpus Christi
6300 Ocean Drive
Corpus Christi, TX 78412