

COMPARATIVE VISITOR ECONOMIC IMPACTS FOR KEY WEST, FL

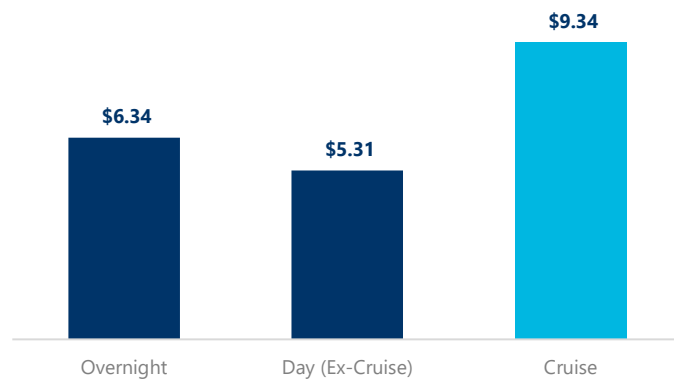
REPORT PRODUCED FOR: CRUISE LINES INTERNATIONAL ASSOCIATION

AUGUST 2020

REPORT FINDINGS

The Key West Committee for Safer Cleaner Ships proposed a series of amendments to the City Charter of Key West to limit the number of cruise ship passenger disembarkations and the size of cruise ships permitted to visit the destination. However, cruise visitors contribute significantly to the visitor economy of Key West and the drastic reduction in cruise visitor spending would irreparably harm the long-term economic health of the community. While cruise visitors spend less in volume compared to overnight or other day visitors, they spend more per hour during their visit and their economic contributions are particularly concentrated in certain sectors.

Visitor spending per hour by segment



Source: Rockport Analytics, DKS, Florida Ports Council, BREAA

\$9.34/hour

In direct spending from
cruise visitors

*50% more than overnight
visitors and 75% more than
other day visitors*

12,800 jobs

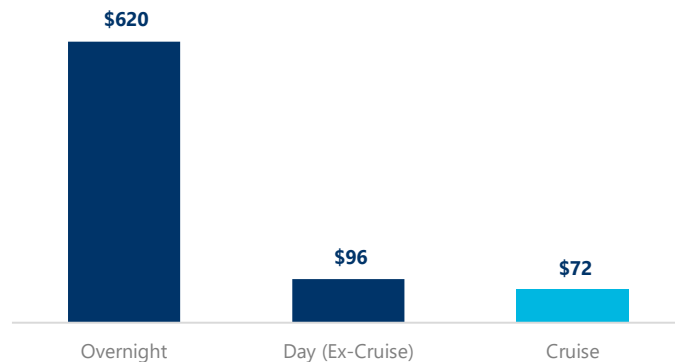
Supported by tourism including indirect and induced impacts

The travel sector is an integral part of the Key West economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Key West’s future. Tourism is a vital source of business sales, employment, and government funding for Key West:

- Gross output attributable to visitor spending in Key West totalled \$1.2 billion in 2018, which generated \$1.6 billion in total business sales, including indirect and induced impacts.
- A total of 12,800 jobs were sustained by visitors to Key West in 2018, this includes about 9,100 direct and 3,700 indirect and induced jobs. Approximately 71% of all jobs in Key West were sustained by tourism.
- Tourism in Key West generated nearly \$200 million in tax revenue in 2018, with over \$110 million accruing to state and local governments.

In 2018, of the city’s more than three million visitors, over one million arrived via cruise, including passengers and crew. Cruise visitors contribute about \$73 million in visitor spending, or about 7% of the \$1.2 billion of total visitor spending in Key West. However, considering that cruise visitors do not spend money on hotels or flights, they contribute a decidedly higher proportion of visitor spending in the food and beverage, retail, and recreation sectors. Of these sectors, cruise visitors contribute about 12% of direct visitor spending.

Visitor spending per visit by segment



Source: Rockport Analytics, DKS, Florida Ports Council, BREA

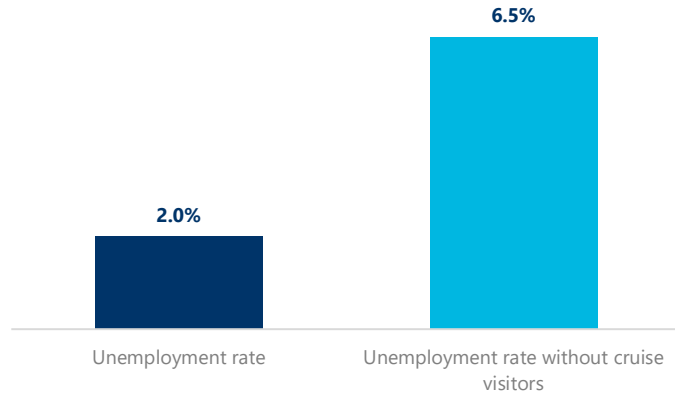
Cruise visitors (\$72) spend less per visit than overnight (\$620) or other day-trippers (\$96). However, adjusting for time spent in Key West, cruise visitors spend about 50% more than overnight visitors per hour and 75% more than other day-trippers per hour.

Including the indirect and induced impacts, cruise visitor spending supports 800 jobs in Key West. In 2019, Key West boasted a 2.0 percent unemployment rate, but without jobs supported by cruise visitors, the unemployment rate would more than triple to 6.5 percent.

1-in-20

Jobs in Key West are supported by cruise visitor spending

Unemployment rate with and without cruise visitors



Source: Rockport Analytics, Florida Ports Council, BLS, Tourism Economics

Cruise visitor spending generated \$21 million in tax revenue. State and local taxes alone tallied over \$12 million. Additionally, cruise line spent over \$15 million in dockage fees, disembarkation fees, and other fees and expenses paid to the city. Each household in Key West would need to be taxed an additional \$2,700 to replace the cruise traveller and cruise line revenue received by state and local governments. This tax revenue subsidizes the \$52 million budget of the Monroe County Tourism Development Council, which further promotes the Florida Keys as a destination and seeks to grow and develop the overnight and non-cruise day-trip visitor segments.

Key West overcoming the negative economic shock of 2020 and returning to prior economic activity levels is reliant on the recovery of the tourism industry. The economic contribution of cruise visitors aids in the development of the flourishing economic ecosystem by providing substantial inflows for the food and beverage, retail, and recreation sectors and supporting nearly 1-in-20 jobs in the city.

\$88 Million

Economic impact of cruise industry in Key West

\$73 million in visitor spending and \$15 million in cruise line spending

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