

ESTIMATED TOTAL IMPACT OF TOURISM IN

Hilton Head Island

ON BEAUFORT COUNTY, SOUTH CAROLINA 2023



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CONDUCTED BY:

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Table of Contents

INTRODUCTION	1
METHODOLOGY	1
RESULTS.....	2
APPENDIX	4

Introduction

This study estimates the economic impact generated by tourism to the Town of Hilton Head Island in the year 2023. 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. Mark Witte and Melinda Patience of the Office of Tourism Analysis, which is part of 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., CoStar 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 2023 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 2023, 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	920,345
Hotel	481,328
Timeshare	477,628
Second Homeowner	674,278
Non-Paying Guests	174,983
Day Trip	255,358
Total Visitors	2,983,919

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. 2023 Estimated Total Expenditure by Spending Category

Category	Totals
Transportation (around the destination)	\$125,971,387
Lodging	\$900,075,506
Food – Dining Out	\$450,188,097
Food – Groceries	\$237,565,102
Shopping	\$309,837,707
Spas	\$52,742,751
Golf	\$82,444,207
Biking	\$36,645,071
Performance/Visual Arts	\$44,619,961
Festivals	\$37,384,228
Museums/Historical Tours	\$45,162,778
Boating/Sailing/Fishing	\$112,463,225
Nature-based Activities	\$39,205,349
Dolphin Tours	\$53,253,515
Tennis	\$63,269,618
Other Expenses	\$76,625,335
Total Expenditure	\$2,667,453,836

- **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

After a record high number of visitors in 2021, the total number of visitors slightly declined in 2022 and 2023. Notably, while villa rental visitors, timeshare visitors and hotel visitors waned, there was an increase in second homeowner stays, non-paying guests and daytrippers. Even as the “paying” clientele may have decreased in total number, the total spent on lodging increased. Indeed, the decline in total visitors did not create a contraction in total expenditures and total economic impact.

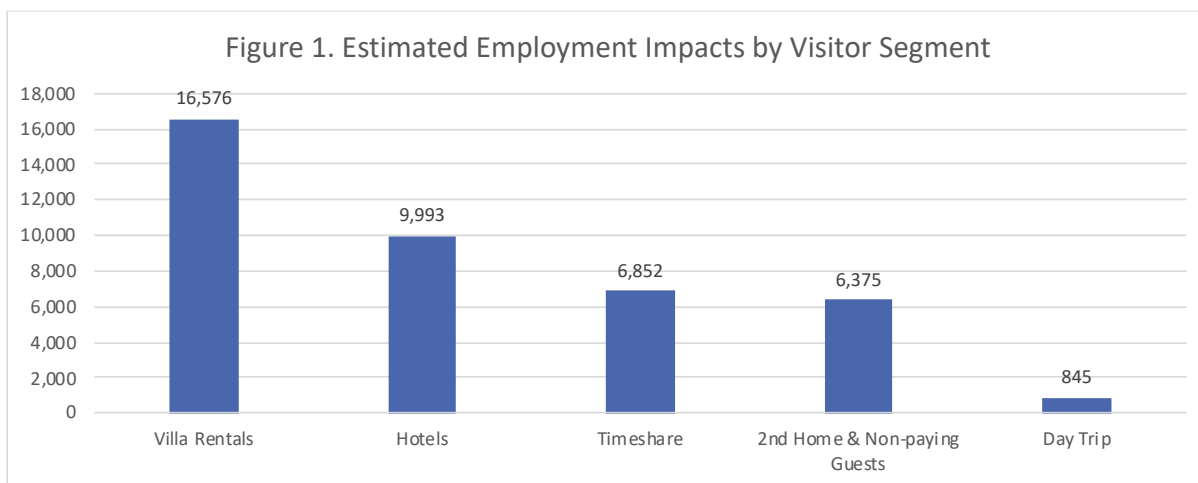
Why? Simply, there were increased expenditures by fewer visitors. Particularly, greater direct visitor spending accrued to boating/sailing/fishing, dolphin tours and nature-based activities; roughly \$128 million of the \$206 million increase in year-over-year direct expenditures (61%) were earned by these industries. And this increase in direct expenditures led to an overall increase in economic impact.

A total of **2.98 million visitors** came to Hilton Head Island in 2023, down 3.4% compared to 2022, down 4.6% compared to 2021, up 14.4% compared to 2020, and up 111.2% compared to 2019. The overall economic impact of this tourism for Beaufort County was **\$3.61 billion**, up 13.5% compared to 2022, up 27.7% compared to 2021, up 162.9% compared to 2020, and up 139.0% 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 **40,641 jobs**, which represent 33.3% 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 **1.35**. This signifies that every dollar spent by tourists on Hilton Head Island increased output in the overall Beaufort County economy by a total of \$1.35.

The tourist expenditures generated an estimated **\$39.31 million** in tax revenues for local Beaufort County governments. The Town of Hilton Head Island earned an additional **\$44.59 million** in accommodations tax, hospitality tax, and beach preservation fees, as reported by the Town of Hilton Head Island Revenue Services. Together, this **\$83.90 million** in tax revenue represents a Return on Tax Investment (ROTI) of 24.11, based on the \$3.48 million that was spent on destination marketing in 2023. In other words, each dollar spent by the Visitor & Convention Bureau yielded an estimated return of **\$24.11** in local tax revenue.



Appendix

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

	Employment	Labor Income	Output
Direct	13,398	\$532,560,202	\$985,790,272
Indirect	1,490	\$69,650,074	\$224,864,209
Induced	1,687	\$78,295,036	\$278,711,172
Total	16,576	\$680,505,312	\$1,489,365,653

Table A2. Hotel – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	7,982	\$238,231,162	\$557,654,579
Indirect	1,179	\$52,613,736	\$189,837,592
Induced	832	\$38,583,898	\$137,357,950
Total	9,993	\$329,428,796	\$884,850,122

Table A3. Timeshare – Estimated Economic Impact on Beaufort County

	Employment	Labor Income	Output
Direct	5,475	\$188,671,793	\$412,291,086
Indirect	747	\$35,002,352	\$116,462,503
Induced	630	\$29,239,830	\$104,087,729
Total	6,852	\$252,913,976	\$632,841,318

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

	Employment	Labor Income	Output
Direct	5,163	\$145,845,761	\$333,156,603
Indirect	705	\$32,115,330	\$116,983,739
Induced	507	\$23,535,055	\$83,783,008
Total	6,375	\$201,496,146	\$533,923,349

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

	Employment	Labor Income	Output
Direct	672	\$19,429,091	\$43,545,413
Indirect	104	\$4,591,891	\$16,690,979
Induced	69	\$3,197,778	\$11,384,320
Total	845	\$27,218,759	\$71,620,711

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

	Employment	Labor Income	Output
Direct	32,691	\$1,124,738,008	\$2,332,437,953
Indirect	4,225	\$193,973,383	\$664,839,022
Induced	3,725	\$172,851,597	\$615,324,178
Total	40,641	\$1,491,562,988	\$3,612,601,153
Estimated Local Tax Revenue			\$39,311,249
Local Tourism Tax Revenue (ATax, HTax, and Beach Preservation Fees)			\$44,590,644
Total Estimated Local Tax Revenue			\$83,901,893

Table A7. Top 50 Industries Impacted by HHI Tourism

	Industry	Output
1	Non-hotel accommodations	\$807,597,480
2	Full-service restaurants	\$481,808,252
3	Other real estate	\$184,932,587
4	Miscellaneous store retailers	\$184,899,693
5	Fitness and recreational sports centers	\$182,488,285
6	Transit and ground passenger transportation	\$127,765,129
7	Owner-occupied dwellings	\$117,721,364
8	Water transportation	\$113,547,739
9	Hotels and motels, including casino hotels	\$99,855,058
10	Food and beverage stores	\$96,549,029
11	Scenic and sightseeing transportation and support activities for transportation	\$94,733,851
12	Museums, historical sites, zoos, and parks	\$81,425,303
13	Personal care services	\$55,360,322
14	Performing arts companies	\$46,764,182
15	Other amusement and recreation industries	\$39,575,925
16	Other local government enterprises	\$35,144,058
17	All other food and drinking places	\$34,555,753
18	Monetary authorities and depository credit intermediation	\$34,373,087
19	Management of companies and enterprises	\$32,290,629
20	Insurance agencies, brokerages, and related activities	\$29,559,500
21	Legal services	\$28,042,044
22	Employment services	\$26,227,830
23	Nonstore retailers	\$25,573,272
24	Services to buildings	\$24,097,285
25	Limited-service restaurants	\$23,914,117
26	Offices of physicians	\$23,707,668
27	Securities and commodity contracts intermediation and brokerage	\$21,799,352
28	Management consulting services	\$21,035,158
29	Advertising, public relations, and related services	\$20,292,263
30	Other financial investment activities	\$18,215,169
31	Accounting, tax preparation, bookkeeping, and payroll services	\$16,945,483
32	Maintenance and repair construction of nonresidential structures	\$16,303,522
33	Nondepository credit intermediation and related activities	\$14,208,414
34	General merchandise stores	\$12,849,479
35	Automotive repair and maintenance, except car washes	\$12,831,984
36	Tenant-occupied housing	\$12,698,137
37	Landscape and horticultural services	\$12,068,274
38	Internet publishing and broadcasting and web search portals	\$11,404,456
39	Postal service	\$11,384,978

	Industry	Output
40	Electric power transmission and distribution	\$10,588,935
41	Waste management and remediation services	\$10,509,716
42	Travel arrangement and reservation services	\$10,448,081
43	Hospitals	\$10,341,644
44	Gasoline stores	\$9,594,428
45	Insurance carriers, except direct life	\$9,149,583
46	Building material and garden equipment and supplies stores	\$9,041,051
47	Clothing and clothing accessories stores	\$9,039,248
48	Truck transportation	\$8,908,954
49	Car washes	\$8,597,883
50	Radio and television broadcasting	\$8,520,030