



DESTINATION NEW YORK

Spurred by 30 million more tourists over the past two decades, tourism is now driving NYC's economic future.

DESTINATION NEW YORK is a publication of the Center for an Urban Future. Researched and written by Christian González-Rivera. Edited by Eli Dvorkin and Jonathan Bowles. Additional research by Sheila Binesh, Julia Hotz, Leah Jacobson, Elsa van Latum, Lucas dos Santos, and Shiming Xiong. Designed by Rob Chabebe.

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DESTINATION NEW YORK

New York City's economy has been on an unprecedented roll over the past two decades.

There are nearly a million more jobs across the five boroughs today than in 1997, and the city's unemployment rate now stands at less than half of what it was then.¹ This extraordinary economic transformation was fueled by a number of factors, including the plunging crime rate and the tech sector's meteoric rise. But few things have been more important to the city's extended economic boom—or more overlooked—than the record increase in tourists.

Twenty years ago, around 33 million tourists visited New York City each year. These days, the city routinely tops 60 million annual visitors.² In 2017 the city hit a record high of 62.8 million visitors.³

This remarkable surge in tourism has done more than merely clog sidewalks in Times Square. It has sparked hundreds of thousands of new jobs—not just at hotels, but in restaurants, retail shops, museums, airports, tour bus companies, and even travel tech start-ups. In the process, tourism has been elevated from a fairly important part of the city's economy to one of the four leading drivers of job creation in New York. Indeed, tourism now accounts for about as many jobs as the city's tech sector, the creative economy, or the finance industry.

Tourism has also become an increasingly vital source of new middle-income jobs. As just one example, the city is now home to nearly as many accommodations jobs, which pay \$62,000 per year on average, as jobs in manufacturing, which pay an average of \$58,000.⁴ To be sure, many of the jobs in the sector offer relatively low wages, at least to start. But tens of thousands of tourism positions provide critical entry points into the labor force for a highly diverse range of New Yorkers. Indeed, no other sector offers as many accessible jobs, with 91 percent of tourism jobs open to workers with less than a bachelor's degree.⁵ The tourism sector also reflects the diversity of the city. More than 65 percent of New York City residents who work in tourism-related industries are people of color and 54 percent are immigrants, compared to 59 percent and 44 percent, respectively, of workers in other sectors.⁶

Despite the increasing importance of tourism to the city's economic future, our research suggests that New York's tourism sector faces several new and evolving challenges—from the strong dollar and the effect of international travel restrictions to air traffic congestion and the city's aging transportation infrastructure—that could cause reductions in tourism and a decline in jobs. It's also an industry full of opportunity. Although some industries in New York could be displaced by automation in the decade ahead, global tourism is expected to grow even further as more than a billion people around the world join the middle class.

But taking advantage of these opportunities—and addressing the growing number of threats—will require a new level of planning from city and state government.

This report captures the far-reaching impact of tourism on the city's economy, details the challenges threatening the sector's continued vitality, and advances ideas to cultivate and sustain New York's tourism boom in the years ahead. Funded by the Association for a Better New York and Times Square Alliance, the study draws from an extensive analysis of economic and census data as well as interviews with more than 60 policymakers, business executives, and tourism professionals from across New York City. In addition, researchers at the Center for an Urban Future spoke with more than 100 owners and workers at businesses across all five boroughs—including restaurants, retailers, hotels, tour companies, and even travel-focused tech startups—in order to better understand the effects of tourism on every corner of the city and its economy, and the challenges facing tourism in the years ahead.

According to Tourism Economics, the firm that produces tourism figures and analysis for NYC & Company, the tourism and hospitality sector directly employs 291,084 people in the five boroughs—about one out of every eleven workers in the city.⁷ That puts tourism in the same league as the biggest industries in New York City.

While healthcare is by far the city's largest industry, employing 488,000 New Yorkers, tourism and hospitality now directly employs more New Yorkers than the finance sector (268,200 jobs). Tourism also has more than twice as many jobs as the city's tech sector (128,600 jobs) and nearly as many as the broader tech ecosystem (326,000). It greatly outnumbers jobs in the education sector (178,300), has more than four times as many jobs as manufacturing (75,300), and employs roughly the same number of people as the city's creative economy (295,000), which includes nine creative industries—from advertising and architecture to film/television production and performing arts.⁸

Jobs that are fueled by tourism have grown faster than the city's overall economy in recent years. From 2009 to 2016, direct tourism jobs increased 27 percent, from 228,948 to 291,084, compared to 20 percent overall job growth.⁹ In several of the industries that have benefited from the tourism boom, job growth has been even more significant.

Due to changes in how Tourism Economics gathers its data made roughly a decade ago, it's not possible to contrast the sector's growth before 2009 with that of the broader city economy. However, our analysis of data from the New York State Department of Labor shows that employment in the accommodations sector alone has expanded by 46 percent from 1997 to 2017. During the same period, employment in the city's "lei-

sure and hospitality" sector—which includes hotels, restaurants, arts, and entertainment—increased by a remarkable 98 percent, going from 227,900 jobs in 1997 to 452,100 in 2017.¹⁰

While the majority of tourism jobs are based in the Manhattan neighborhoods that are home to a disproportionate share of the city's tourism infrastructure, the fastest employment growth is occurring in the other four boroughs. Since 2000, Brooklyn added 1,294 accommodations jobs (a 198 percent increase) while Queens added 876 (37 percent). Staten Island added 279 jobs (317 percent), and the Bronx added 161 jobs (52 percent). Manhattan, meanwhile, added 9,515 accommodations jobs, a 27 percent gain. Moreover, 81 percent of the New York City residents who are employed at hotels live in the four boroughs outside Manhattan. Queens is home to 14,750 hotel workers, followed by Brooklyn (10,986), Manhattan (8,324), the Bronx (6,881), and Staten Island (1,819).¹¹

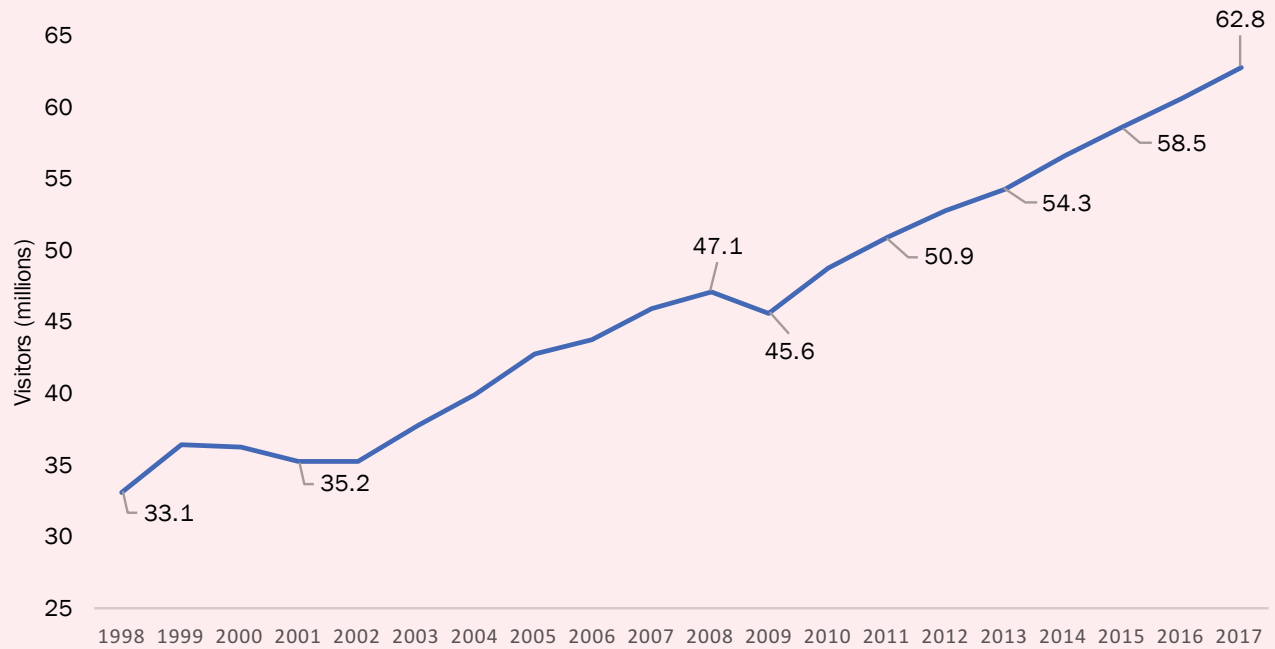
Boosting key sectors of New York City's economy

The full impact of tourism on New York's economy is best seen by its reach. Most New Yorkers understand that tourism leads to job creation at hotels, theme restaurants like Bubba Gump Shrimp Co., and attractions such as Madame Tussauds wax museum. But this report documents that tourism has also been responsible for a significant portion of the job creation in many of the city's fastest-growing industries, including restaurants and bars (which added 142,000 jobs since 2000), retail (which had a net gain of 71,000 jobs), and arts, entertainment, and recreation (which grew by 30,000 jobs).¹²

For instance, the number of jobs in restaurants and bars has exploded over the past two decades, with employment increasing 91 percent since 2000.¹³ Although a healthy share of this growth is attributable to the city's increasing population and rising incomes, our analysis shows that nearly half the gains could stem from tourist demand. Domestic and international tourists are responsible for 24 percent of all sales at New York City restaurants and drinking places, according to our analysis of Visa credit card transactions made by people coming from outside of the New York City Metropolitan Statistical Area (MSA).¹⁴ Many restaurateurs we interviewed across the city—not just in Times Square—report that more than half of their customers are tourists—in some cases, upward of 90 percent. In 2016, tourists spent \$9.1 billion at food and drinking establishments, up 35 percent since 2009, after adjusting for inflation.¹⁵

"Without a doubt tourism has fueled our restaurants, and that has allowed us to employ more people,"

Total Visitors to NYC, 1998–2017



Source: NYC & Company

says John Meadow, president of LDV Hospitality, which owns several restaurants and bars downtown, including Scarpetta, Lugo, and The Lately. “I can’t stress enough how tourist volume helps maintain topline revenues in the face of the increasing expenses of running a restaurant in New York City. In the restaurant business we say that volume heals all wounds.”

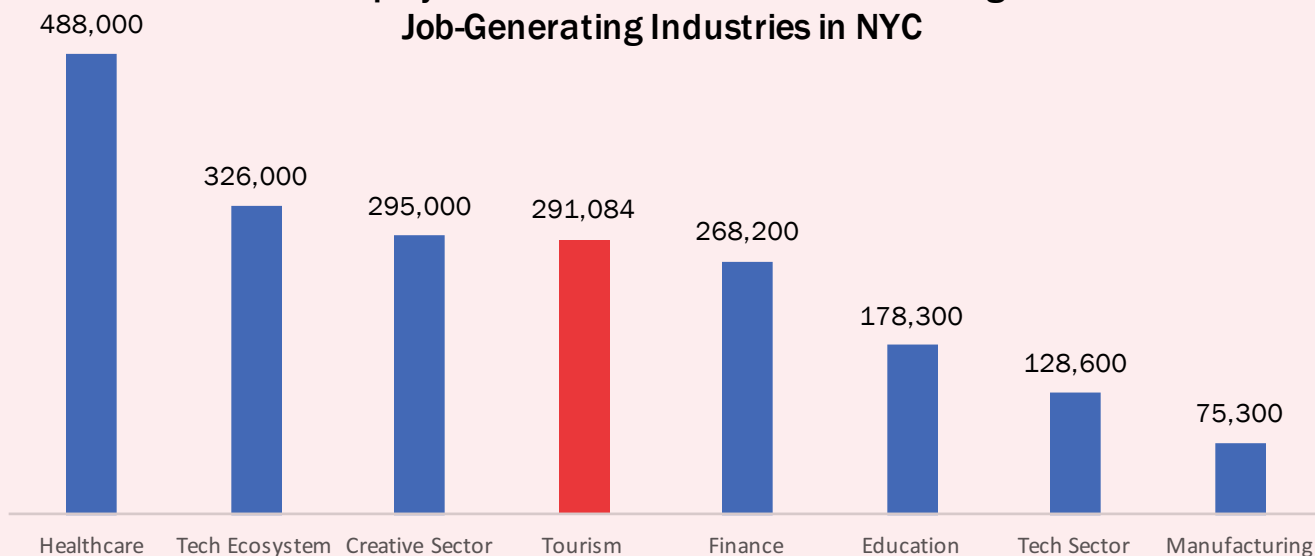
Tourists have also been a huge contributor to the growth of the city’s retail sector, which has added nearly 71,000 jobs since the year 2000.¹⁶ Tourists account for nearly one-fifth of all Visa credit card purchases at the city’s retail stores.¹⁷ Across many parts of the city, the impact of tourists on retail is even larger. In our interviews with more than 100 retail store owners and managers in popular shopping corridors from SoHo and lower Fifth Avenue to Williamsburg and Dumbo, the average retailer told us that tourists account for 30 to 40 percent of all customers. “I’d say that 42 to 43 percent of the growth in retail is due to tourists,” says Faith Hope Consolo, chair of the retail division at Douglas Elliman Real Estate.

Tourists, on average, devote 20 percent of their budgets to shopping.¹⁸ International tourists, especially, tend to make big purchases, stocking up on things they can’t find at home or which cost significantly more, from designer suits at Bloomingdale’s to iPhones at the Apple Store or diamond rings at Tiffany. Indeed,

within the retail sector, job growth has been strongest in many of the categories that are most popular with tourists.¹⁹ Our research shows that tourists account for 48 percent of the credit card spending at the city’s large department stores and 35 percent of spending at electronics stores.²⁰ International tourists alone are responsible for 29 percent of sales at the city’s jewelry stores. They also account for a significant share of spending at art dealers and galleries (29 percent), camera and photo supply stores (28 percent), clothing stores (21 percent), antique shops (25 percent), candy stores (18 percent), shoe stores (14 percent), sporting goods stores (12 percent), and cosmetics shops (12 percent). All this spending has created jobs. For instance, while retail jobs have grown by 26 percent overall, jobs in “general merchandise” stores, of which department stores are the major subcategory, have increased 39 percent—adding almost 12,000 jobs.²¹

In recent years, tourism has begun to play another critical role: a dependable source of sales at a time when many retailers are facing increasing pressures from online retailers. In the face of these headwinds, many retailers say that the city’s tourists have made up the difference and even allowed for further growth in categories such as fashion, electronics, cosmetics, and luxury goods.

Employment in Tourism and Other Leading Job-Generating Industries in NYC



Sources: New York State Department of Labor, QCEW 2000–2016; NYC & Company; Center for an Urban Future; HR&A Advisors

Tourists are driving significant growth in attendance at many of the city’s marquee cultural institutions, which has in turn fueled significant employment gains. The city’s museums and historical sites have added more than 4,400 jobs since 2002—an 86 percent increase.²² Many of these new jobs would not have been created if not for sharp increases in visitation from tourists. In fact, tourists now comprise 73 percent of visitors to the Museum of Modern Art (MoMA), 70 percent of visitors to the Whitney Museum of American Art, and 60 percent of the Metropolitan Museum’s visitors, providing a vital source of ticket revenue.

Museums report adding more docents, retail and restaurant workers, coat check attendants, and security guards to help them with the increasing numbers of visitors. For instance, the Whitney has hired as many as 100 full-time equivalent positions due to the museum’s skyrocketing tourist visitation since moving downtown. Museum officials and festival directors also say that support from tourists strengthens their ability to fulfill their core missions of presenting, preserving, and promoting art and talent.

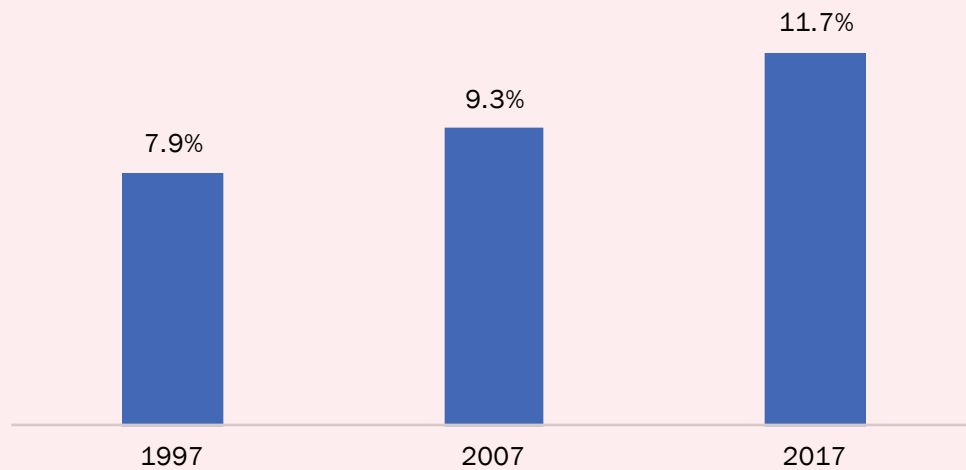
Likewise, tourism has fueled job growth on Broadway, where out-of-towners now comprise 61 percent of the audience. The 41 Broadway theaters alone have added more than 2,300 jobs since 2009, and currently employ more than 12,500 people.²³

Tourists also support other key parts of the city’s entertainment scene. Visitors from outside the metropolitan area are responsible for 40 percent of all sales at the city’s theaters, orchestras, professional sports venues, video game arcades, aquariums, and attractions.²⁴ Thanks in part to the increase in tourists, employment in performing arts venues and sports arenas has increased 29 percent since 2000, adding more than 8,900 jobs.²⁵

The explosion in tourists has also spurred the development of new tourist attractions, which have led to several hundred new jobs. In the past five years alone, the city has added the NFL Experience Times Square, National Geographic Encounter, Gulliver’s Gate, the Oculus at the World Trade Center, and the One World Observatory, among others. National Geographic Encounter, which opened last year in Times Square, employs 141 people—two out of three of whom work in guest services, retail, or cleaning.²⁶ Gulliver’s Gate, which also opened last year, employs 50 people, including executives, artists, and designers, as well as hospitality and retail positions.²⁷ Other tourist attractions have expanded thanks to the increase in tourists. For instance, Top of the Rock, the popular observatory at Rockefeller Center, employs 205 people, up from 120 in 2006.²⁸

The city’s tourism boom has also spurred job growth

Leisure & Hospitality Sector's Share of All Private Sector Jobs in NYC



Source: New York State Department of Labor, QCEW 1997–2017

in the transportation sector. In particular, employment in the city's scenic and sightseeing transportation industry has increased by 90 percent since 2000—by far the fastest-growing segment of the transportation sector. More than 2,200 people now work in this slice of the transportation economy—which includes jobs on tour buses and sightseeing boats—up from 1,200 in 2000.²⁹

Tourism has even led to more jobs in the tech sector, with New York emerging as a leading hub for travel-tech companies in recent years. Of *Travel + Leisure's* “50 Best New Travel Apps for 2017,” nine were developed by companies based in New York.³⁰ New York is home to dozens of new travel-tech ventures, ranging from a room service delivery app to an app that alerts travelers about the length of waits at airport security lines. Other tech companies such as SevenRooms, which manages customer data for hospitality and food service establishments, are expanding to meet the tourism-related demand.

As the number of annual tourists to New York has skyrocketed over the past two decades, so has passenger traffic—and jobs—at the city's airports. The total number of passengers traveling through JFK increased by 89 percent over the past 20 years, from 31.2 million in 1997 to 58.9 million in 2016. At JFK, the number of international passengers alone jumped by 14.3 million passengers during this time. Passenger traffic also in-

creased by 38 percent at LaGuardia (from 21.6 million to 29.8 million) and by 30 percent at Newark Airport (from 30.9 million to 40.5 million).³¹ This has sparked significant employment gains. New York's three major airports employed 75,465 people in 2016, an increase of 16,565 jobs since 2002. With tourists accounting for 72 percent of passengers at JFK and 50 percent at LaGuardia, visitors from outside New York City are driving this job growth.³²

A vital source of both well-paying and accessible jobs

Jobs in the tourism and hospitality sector are often dismissed as low-paying positions. But tourism has become an increasingly important source of middle class jobs that are accessible to a broad array of New Yorkers.

For instance, the city is now home to more than 51,000 hotel jobs. These jobs have similarly modest educational requirements as those in the city's manufacturing industry, while paying even better—an average annual income of \$61,756 for hotel jobs compared to \$57,807 in manufacturing. Although there are still more jobs overall in manufacturing—75,000, as of 2016—the accommodations sector has been rapidly closing the gap. Since 2000, the city has added more than 12,000 hotel jobs and lost nearly 97,000 manufacturing jobs.³³

Crucially, middle-class tourism-related jobs are growing at a time when many traditional sources of

accessible, well-paying jobs are stagnating or in decline. For example, over the next decade, accommodations jobs are expected to grow by 29 percent while manufacturing jobs are projected to decline by 5 percent and wholesale trade jobs are set to grow by just 2.6 percent.³⁴ Overall, our analysis finds that over the next decade the industries supported by tourism are projected to create more than 48,000 jobs that pay at least \$40,000 per year with experience—more than any other sector in New York.³⁵

Additionally, in many tourism-related industries, jobs pay more than their non-tourism-related counterparts. Tourism-related food and beverage jobs pay an average of \$40,000, compared to \$27,000 citywide, and tourism-related retail jobs pay 24 percent more, on average. Workers in many low-wage positions, including dishwashers and housekeepers, are paid at least twice as much if they work in accommodations compared to other industries.³⁶ For instance, dishwashers in union hotels earn \$32 per hour, while dishwashers in New York City overall earn little more than minimum wage.³⁷

Industries supported by tourism also provide a large and growing supply of accessible jobs for a diverse cross-section of New Yorkers. Out of the 43 tourism-related occupations that are adding jobs in New York City, 39 of them require fewer than five years of experience and are accessible to people who have less than a bachelor's degree.³⁸ Fully 66 percent of workers in tourism-related industries have less than a bachelor's degree, compared to 50 percent of workers in non-tourism related industries.³⁹

"The jobs in this sector are both an entry point, particularly for immigrants, and an important pathway to good, middle-class jobs," says Jeffrey Stewart, cofounder of Walnut Hill Media and a former executive at Loews Hotels. "There are great advancement opportunities in hospitality. The industry is filled with people who went from an entry-level clerk job to become a high-level manager."

Tourism jobs are particularly accessible to young adults with little experience who are looking for entry into the labor force. More than one-third (36 percent) of all workers in the industries fueled by tourism, such as leisure and hospitality, are between the ages of 16 and 29, compared to just 23 percent of workers in industries unrelated to tourism.⁴⁰ These accessible jobs are critically important at a time when automation is threatening entry-level work and traditional sources of employment for workers with limited educational attainment, such as manufacturing, are shrinking.

In addition, tourism offers crucial footholds into

the job market for a particularly diverse range of New Yorkers. A significant share of wages in the industries fueled by tourism go to immigrants, people with less formal education, people of color, and residents of the five boroughs, ensuring that this wealth is spread more equitably across the city's communities. More than 65 percent of New York City residents who work in these tourism-fueled industries are people of color, and 54 percent are immigrants.⁴¹ The only industries in the city with higher shares are healthcare and construction, respectively. Likewise, nearly nine out of ten workers in tourism-related jobs live in the five boroughs, making it more likely that earnings from tourism will support local communities through induced spending. By comparison, just 59 percent of New York City's finance and insurance workers live within the city limits.⁴²

"It's one of the great gateway industries for immigrants," says Mitchell L. Moss, professor of urban policy and planning at NYU Wagner. "Even if you don't know English, there are a lot of career paths."

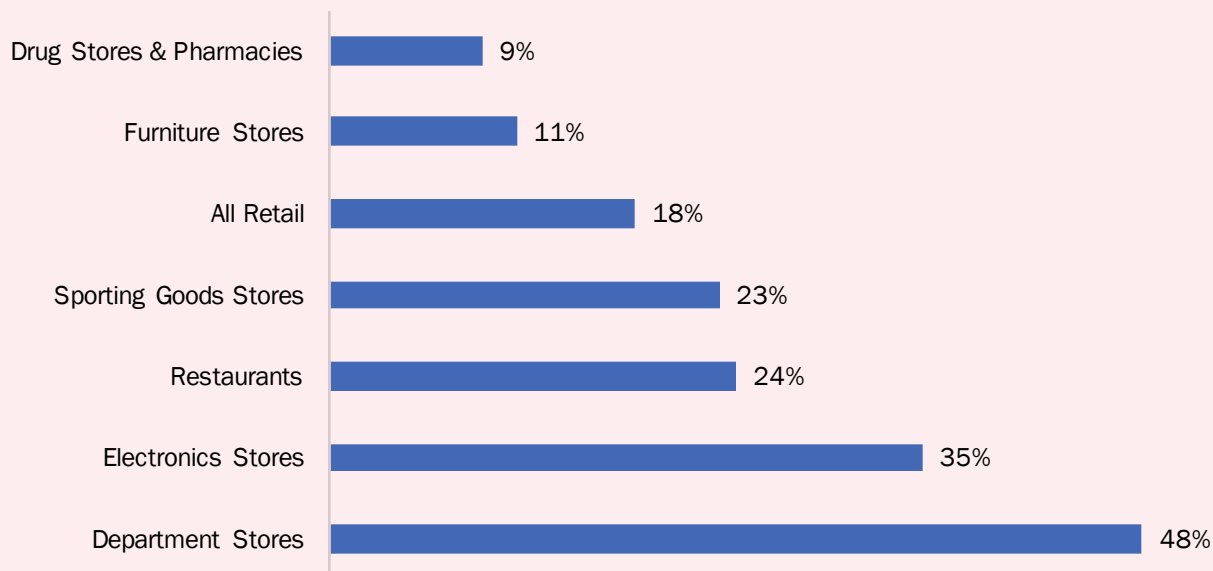
Sustaining the boom

With record numbers of visitors and a thriving tourism economy, it may appear that New York City's tourism industry has nowhere to go but up. But several emerging challenges may already be slowing tourism growth, with far-reaching effects across the city's economy. Left unaddressed, these threats could limit the city's ability to attract visitors in an increasingly competitive environment and restrict the future growth potential of tourism jobs.

The challenges begin on arrival at the city's airports, which often results in an unpleasant and exhausting visitor experience. Frequent flight delays and airport overcrowding, inadequate amenities, and poor transit connections are common sources of frustration. These shortcomings hurt New York City's competitiveness, especially by comparison to other global hubs—and even U.S. regional airports—that can offer fast, free WiFi; more efficient processing through customs; clearer wayfinding through terminals; and seamless connections to public transit. In addition, a severe lack of capacity for more takeoffs and landings will sharply curtail future growth unless New York's congressional leaders get behind a plan to adequately fund long-delayed air traffic control modernization efforts.

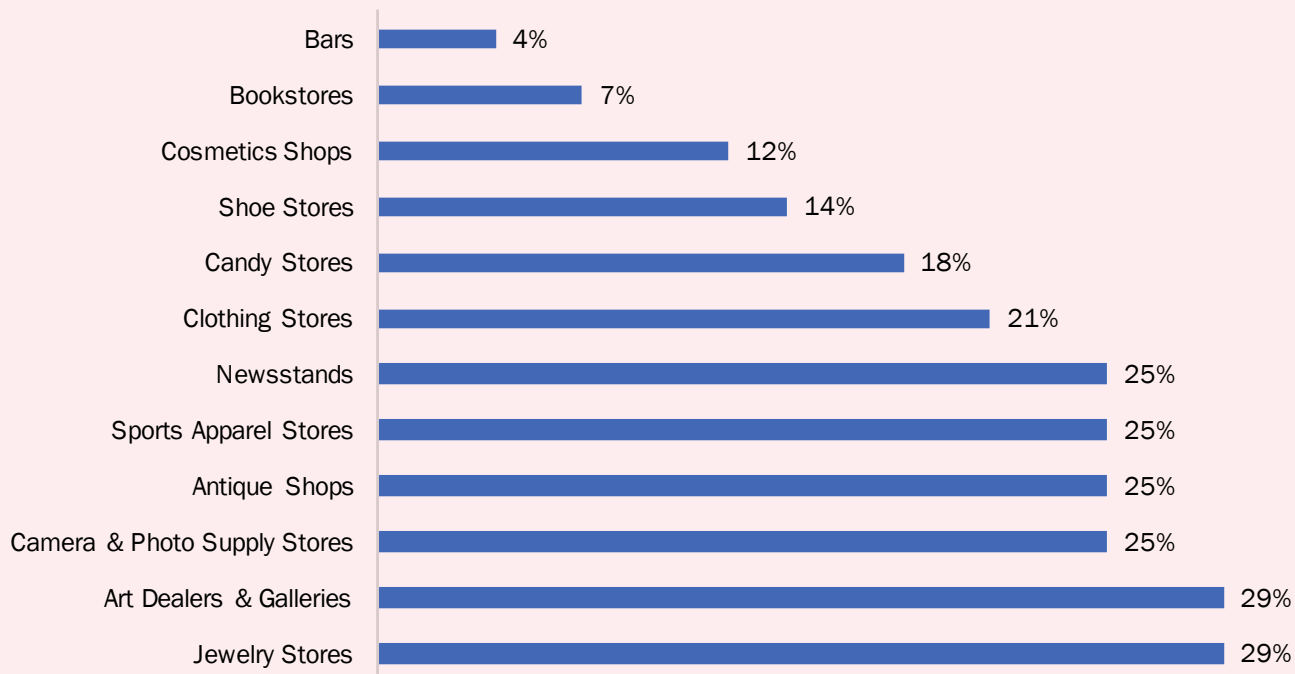
Likewise, rampant subway delays and consistently overcrowded trains are not only hurting the daily commutes of New Yorkers; these transit deficiencies have begun to affect tourists' perceptions of New York, according to numerous interviews. At the same time, a lack of planning around the needs of a city with 60 mil-

Share of All Visa Spending in NYC by Domestic & International Tourists, 2016



Source: Center for an Urban Future analysis of Visa card transactions in 2016

Share of All Visa Spending in NYC by International Tourists, 2016



Source: Center for an Urban Future analysis of Visa card transactions in 2016

lion or more annual visitors is revealing major strains, including midtown gridlock exacerbated by a lack of tour bus parking and overcrowded sidewalks from Herald Square to SoHo.

There are also challenges stemming from issues outside the city's policy purview. Although international tourism to New York hit a new record high this year, other data shows signs of a possible future decline. For instance, several international surveys of public opinion point to an increase in negative perceptions of the United States abroad following the 2016 election of Donald Trump, and prospective visitors report a decrease in the likelihood that they will plan future trips to the United States. The strength of the U.S. dollar is also likely to discourage some international tourists—especially visitors from the United Kingdom and the eurozone—who have seen their buying power drop as their currencies lose ground against the dollar.

Amid these emerging threats, New York also has an opportunity to capture a more diverse share of the growing tourism market as the global middle class experiences unprecedented expansion. But the world isn't standing still. The tourism industry faces greater

competition than ever before, including from more affordable destinations in Latin America and Asia, increasingly popular North American cities like Toronto and Miami, and cities that have invested much more in developing a welcoming visitor experience. After two decades of sustained growth, New York will have to do more to maintain the vitality of its tourism industry in the years ahead.

"We cannot take tourists for granted, and must deliver on great guest experience for the price that is being paid," says Keith Douglas, managing director of One World Observatory.

The good news is that New York boasts one of the most well-regarded tourism promotion agencies in the world, NYC & Company. Although Mayor de Blasio has increased NYC & Company's public funding—from \$12.3 million in 2014 to \$21.5 million today—the organization's overall budget of \$38.6 million has not stayed competitive with that of tourism promotion agencies in other global destinations.⁴³ Several major destinations spend much more than New York, including Los Angeles (\$49.7 million), Barcelona (\$78 million), and Shanghai (\$210.8 million). Likewise, many other U.S.

Who are New York's tourists?

Nearly four out of five tourists to New York City are from other places in the United States, but international tourism has grown more quickly than domestic. The number of tourists visiting the city from abroad grew from 6.8 million people in 2000 to 13.1 million in 2017, an 87 percent increase. Meanwhile, domestic tourism rose 69 percent in the same period, from 29.4 million to 49.6 million. The share of tourists who are from abroad also increased from 19 percent in 2000 to 21 percent in 2017.⁴⁵

When it comes to ranking the world's top tourist destinations, New York is at or near the top by nearly any measure. New York is the most-visited city in the Western Hemisphere, with the fifth-largest international visitation in the world—up from ninth in 2015—despite being further away from the world's major population centers compared to higher-ranked Bangkok, London, Paris, and Dubai.⁴⁶ New York ranks number one among world cities for the number of international visitors for whom leisure is the primary purpose of their visit. New York City alone receives more visitors than most of the world's countries: if New York City were a country, it would rank nineteenth globally in international overnight visitations, behind Poland and ahead of the Netherlands.⁴⁷ And in terms of visitor spending, New York is third in the world after London and Dubai.⁴⁸

New York's tourism economy benefits both from large numbers of business travelers and travelers who visit for pleasure. Although the number of leisure travelers far exceeds the number traveling for business, business travelers have a disproportionate effect on the city's economy by spending more per capita than leisure travelers. Business travelers accounted for 12.4 million of the 60.5 million people who visited New York in 2016—only 20 percent—but were responsible for 30 percent of all spending by tourists that year.⁴⁹ Business travel, including meetings and conferences, can also influence decisions to invest, relocate, or expand operations in New York City, creating a valuable economic ripple effect.

New York is also growing relative to other U.S. destinations. From 2006 to 2013, the city's market share of inbound overseas travel to the United States increased from 28 percent to 33 percent, meaning that one-third of all international visitors to the United States are going to New York.⁵⁰ At 640,000 people, New York's "visitor city"—the number of guests the city can accommodate in its hotels—is larger than the populations of Boston, Detroit, or Las Vegas.

cities are investing more per resident, including Denver, Chicago, and Portland.⁴⁴ For example, Denver spends nearly \$40 per resident on tourism promotion.

In New York City, that figure is less than \$4.50. With potential headwinds threatening to slow tourism's growth, NYC & Company will need more resources to fulfill its important role in an increasingly competitive environment.

In the years ahead, New York City can do much more to connect tourism to its broader economic development strategies, sustain the current number of annual tourists while taking advantage of new opportunities, and grow this crucial source of middle-class jobs. Doing so will require comprehensive strategic planning for the future of the industry and sustained investment in a variety of critical infrastructure needs, as well as a sharper focus on the skills needed for employment in the tourism workforce.

At a time when automation is threatening to displace entry-level jobs across multiple industries and traditional sources of good, accessible jobs like manufacturing are on the decline, New York City needs to sustain and grow the thousands of good jobs that tour-

ism is creating, and ensure the benefits are spread widely across the city.

In addition to policies and strategies that can support the sustainable growth of the tourism economy, New York needs to take some preventive actions to help mitigate problems that stem from increased tourist visitation, ensuring that New Yorkers will continue to see the widespread benefits that tourism brings. Failing to mitigate the ill effects of tourism—including crowding in and around major attractions, inadequately planned hotel development, and the proliferation of tour buses—could also threaten to turn New Yorkers against tourists. Such a backlash is being felt in major tourist destinations around the world, including Amsterdam, Iceland, and in Barcelona, where the current mayor was elected on an anti-tourism platform.

This report concludes with 25 achievable policy recommendations that can help New York continue to grow a sustainable tourism economy while confronting its looming challenges. By investing in a healthy tourism ecosystem, New York can continue to benefit from this essential source of good and accessible jobs while strengthening its fourth-largest sector for the long term.

What are tourism-related industries?

For the purposes of this report, we have defined “tourism-related industries” to include the following. While not all jobs in each of these industries can be attributed to tourism, these are the industries in which the tourism boom has been a major catalyst for growth.

- **Accommodation:** Traveler accommodations, including hotels, motels, and inns
- **Food service:** Restaurants and other food services; bars and drinking places
- **Retail trade:** Clothing stores; jewelry, luggage, and leather goods stores; department stores and discount stores; gift, novelty, and souvenir shops
- **Transportation:** Air transportation; water transportation; taxi and limousine service; scenic and sightseeing transportation
- **Arts, entertainment, and recreation:** Performing arts and spectator sports; museums, art galleries, and historical sites; other amusement and recreation industries
- **Administrative and support services:** Travel arrangements and reservation services

PORTRAIT OF A BOOM: THE IMPACT OF TOURISM ON NEW YORK CITY'S ECONOMY

For many New Yorkers, the boom in tourists visiting

the city over the past 20 years is most evident in the huge number of new hotels rising in every borough or in the crowds thronging Times Square, Fifth Avenue, and SoHo. But this report finds that tourism is having a much deeper and broader impact, driving job and business growth in retail, entertainment, and food service; packing Broadway theaters and cultural institutions; fueling new activity in tech and transportation; and spreading across all five boroughs. Along with tens of thousands of jobs in accommodations, tourism is also responsible for 65 percent of the city's recreation and entertainment jobs, 42 percent of air transportation jobs, and 54 percent of other transportation jobs, as well as 37 percent of all jobs in the food and beverage industries. One out of every eleven jobs in New York City exists because of tourist demand.⁵¹

Retail

New York City's enormous retail economy—and its 345,000 jobs—is being bolstered and sustained by the tourism boom. The city added roughly 71,000 retail jobs since 2000, a 26 percent increase, and experts say that nearly half of that growth is due to the increase in visitors to New York and the spending they bring.⁵²

Tourists spent \$8.7 billion on shopping in New York City in 2016, making it the third-largest expense category after accommodations and food and beverage.⁵³ The average tourist spends 20 percent of their budget on shopping, and people who live outside of the New York metropolitan area are responsible for nearly one-fifth of all retail spending in New York City.⁵⁴ While large department stores like Macy's and Century 21 are still top draws for tourist dollars, our research finds that smaller shops in commercial corridors across the city are seeing major benefits from increasing tourism. The Center for an Urban Future interviewed more than 100 business owners and workers in commercial corridors from Flushing to SoHo for this report, and found that tourists are a large and growing part of their

customer base.

In the past few years, tourists have also provided a crucial boost to stores across the city as brick-and-mortar retailers face mounting threats from online shopping. "Without them, retail would be struggling even more than it already is," says Jeffrey Stewart of Walnut Hill Media, who has spent years working in New York's tourism industry. "The international visitor is more important to New York's retail sector than ever. Shopping is still the number one activity of international visitors."

As our interviews with shop owners and managers show, tourists are especially important to maintaining vibrant commercial districts by keeping brick-and-mortar businesses afloat in an environment where so much shopping has migrated to the Internet. While locals may be choosing to spend more online, tourists exploring the streets of SoHo, Williamsburg, Fifth Avenue, Times Square, and other shopping hot spots are giving the city's retail economy a vital boost.

Despite reports of increasing numbers of vacant retail storefronts in high-cost neighborhoods, the retail industry has seen significant growth over the past two decades, especially in merchant categories that are most popular with tourists, according to detailed Visa spending data. According to our analysis of Visa spending data, visitors who live outside the New York City metropolitan area are responsible for 48 percent of sales at department stores, 35 percent of sales at electronics stores, 27 percent of sales at discount stores, and 23 percent of sales at the city's sporting goods stores.⁵⁵

Electronics stores have experienced a 44 percent increase in employment since 2000, while health and personal care stores have added 63 percent more jobs, and general merchandise stores, which include department stores, have seen 39 percent job growth since 2000.⁵⁶

"Bergdorf Goodman pulls in \$750 million a year, and a lot of this is driven by tourists," says José Chan, founder of the New York Fashion & Retail Association.

Hitting the tourist trail

As part of our investigation into how tourism has affected all corners of New York City's economy, our researchers hit the streets and interviewed owners, managers, and front-line workers at over 100 retail and food businesses located along tourist-heavy commercial corridors across the city, including Times Square, Fifth Avenue, SoHo, Greenwich Village, Flushing, and Williamsburg, among others. Our one-on-one conversations buttressed the employment and credit card transaction data we analyze in this report, revealing that tourists are a major part of the customer base for retailers citywide. Businesses consistently reported that anywhere from one- to two-thirds of their sales come from out-of-towners. This is as true for small, independent businesses as for large national or international retailers.

For many national retailers, tourists are the single most important source of customers. Solstice, a national eyewear retailer, reports that 90 percent of customers at its Midtown location are tourists, with only slightly smaller shares at their other locations. Clothing retailers report that tourists often buy multiple items to give as gifts, spending more than locals do. This is especially true for clothing retailers with internationally known brands like Hollister and Gap, where managers and workers report that international tourists are especially fond of clothing bearing prominent logos. Numerous independent retailers also reported making more than one-third of their sales to tourists, including clothing, jewelry, and design stores along Elizabeth Street in SoHo and Bedford Avenue in Williamsburg.

In addition to keeping retailers in the black, tourism has helped local businesses expand. Ample Hills Creamery, the hugely popular ice cream shop based in Brooklyn, added a new location in Brooklyn Bridge Park to capitalize on the tourism boom. Managers report that nearly all of the store's sales there are to tourists.

It clearly pays to be on the radar of New York's millions of tourists.

"It's a lot of foreign money coming in and buying luxury goods." Bergdorf's two stores alone employ more than 500 people and revenues have nearly tripled since 2000.⁵⁷

Chan also points out that H&M's highest-grossing stores are in Manhattan, and about 25 to 35 percent of revenues at Saks Fifth Avenue come from their flagship store on Fifth Avenue, which is thronged with tourist shoppers. "Some of that is local, but a lot is tourists," he says. In the case of Abercrombie, which has suffered from declining sales over the past decade, revenue from tourists is a bright spot. "Abercrombie is in trouble, but not because of tourists," says Chan. "Their Fifth Avenue store is full of tourists because they can't get it in their home country."

International tourists alone are responsible for more than a quarter of all sales for certain merchant categories. For example, 25 percent of sales at antique stores are made to visitors from abroad, as are 28 percent of sales at luggage and leather goods stores, 28 percent of sales at camera stores, and 29 percent of sales at art galleries.⁵⁸ New York's famed jewelry industry is also heavily reliant on visitors: 19 percent of precious stone sales and 29 percent of sales at jewelry stores are made to international tourists.⁵⁹

For many international visitors, a visit to New York means arriving with empty suitcases and leaving loaded with products that are hard to find or more expensive at home. "Brazilians do their baby showers here because it's cheaper for them to fly here, buy all the stuff they need, and fly back home with it," says Travis Noyes, the chief marketing officer for the New York Wheel and Empire Outlets, a new shopping and tourist attraction currently under construction on the North Shore of Staten Island. "In Argentina, Nikes cost three times more than they do here because of value-added taxes. The British do three-day weekends where they fly over just for shopping."

Noyes is paying close attention to these trends because he oversees one of the city's biggest bets on the strength of the tourist dollar. The first outlet mall in New York City is scheduled to open in 2018 on the North Shore of Staten Island, and will include 100 retailers and a hotel in a 410,000-square foot complex located steps away from what will be the world's largest Ferris wheel.⁶⁰ "You don't make a \$1.2 billion investment in something like the New York Wheel and Empire Outlets if the tourists aren't there," says Noyes. "This is going to mean thousands of jobs, but all that investment would not have happened without

the boom in tourists.” Empire Outlets expects to create more than 1,200 permanent jobs, with a goal of training and hiring local residents for at least 60 percent of these openings.⁶¹

Tourists are also major customers of businesses in many of the city’s retail corridors, ranging from small specialty shops in neighborhoods outside Manhattan to large international retailers on Fifth Avenue and Broadway. “We have been here for the last three years and the number of tourists has increased,” says an employee at Soap Cherie, a small handmade beauty product shop in Williamsburg, who asked not to be named. She estimates that 60 percent of the store’s customers are tourists. For many local shops, tourists keep sales humming during the day and help retailers make ends meet, even in an increasingly tough environment. “A lot of these shops are always intended to serve the people of Brooklyn,” explains Andrew Kalish, former director of cultural development at the Downtown Brooklyn Partnership. “But if you look at Williamsburg, for example, a lot of stores do well during the day because of the tourist trade.”

A closer look at Visa spending data reveals that tourists comprise a significant share of food and retail sales in neighborhoods throughout the boroughs outside Manhattan. For example, tourists now account for 14 percent of all Visa purchases at restaurants in Prospect Heights and Cobble Hill. In Jackson Heights and Elmhurst, tourists are responsible for 12 percent of all spending in electronics stores and 10 percent of spending in discount stores. Tourists are responsible for 6 percent of all retail spending in those neighborhoods, totaling more than \$23 million annually.

Holly Maloney, the daughter of the founder of Eileen’s Special Cheesecake in SoHo and its day-to-day manager, has witnessed firsthand the transformative power of tourism in her neighborhood. “We have been in this spot for 40 years and have seen the influx of tourism increase massively, especially over the past 10 years,” she says. “At first, people were surprised that we would open a cheesecake shop in SoHo, but now it is one of the busiest retail areas in the city.” She estimates that a third of her customers are tourists. A few blocks away at the MoMA Design Store, an assistant manager named Miguel estimates that half of the store’s customers are tourists and told us, “If it wasn’t for tourists, our customers would mostly be MoMA members”—a prospect that would not be sustainable.

Restaurants

Over the past two decades, no part of New York City’s economy has grown as much as its restaurants and bars, and tourists have been one of the key drivers of that growth.

The number of jobs in the city’s food services and drinking places sector has nearly doubled since 2000, increasing by 142,000 positions—from 156,000 in 2000 to 298,000 in 2016.⁶² Although much of this increase can be chalked up to the city’s rising population and higher incomes in many parts of the city, tourists had a major impact. Today a quarter of the sales volume at the city’s restaurants comes from diners who live outside the New York metro area.⁶³ Overall, tourists spent \$9.1 billion at food and drinking establishments in 2016, up 35 percent since 2009, after inflation.⁶⁴

“Tourism has really benefited the restaurant industry,” says Lynda Dias, a professor of hospitality at City Tech.

Marcus, a longtime store manager at Katz’s Delicatessen, estimates that 60 percent of his customers on any given day are from out of town. “Everyone comes for the same thing: our pastrami sandwich,” he says. “We have been here for 129 years and thanks to these visitors we’re going to be here forever.” Rick, the manager at the original Brooklyn location of Junior’s Cheesecake, another iconic New York eatery, reports that half of their customers are tourists, as are 90 percent of their customers at their Times Square location. “We used to be 100 percent Brooklynites; a very local spot,” he says. “Now because of the new hotels being built close by, we are getting many more tourists.”

Restaurateurs in nearly every corner of the city say that tourists have been an increasingly important share of their customer base. Elizabeth Murray, who manages public relations for Brooklyn-based entrepreneur Andrew Tarlow’s hospitality company, confirms that tourism has helped to drive the past 20 years of growth. From a single restaurant, Diner, located under the Williamsburg bridge, which opened in 1999, the company now operates several eateries, a bakery, two bars, a catering business, and the 70-room Wythe Hotel. “Our hotel wouldn’t exist and a lot of our businesses would not be as profitable if we did not draw tourists to this part of Brooklyn,” says Murray. The company now employs more than 150 people, up from just 18 when Diner first opened.

In many cases, restaurateurs argue, New Yorkers have tourists to thank for the financial sustainability of their favorite haunts. Noah Bernamoff, the owner of Mile End, Black Seed Bagels, Celestine, and other eateries in Manhattan and Brooklyn, asserts that tourists make

Twenty years ago, a single tour guide company specialized in food tours. Today, more than 40 businesses do, half of which started in just the past five years.

the difference during times of year when the regulars fall off. “In the depth of winter or the height of summer, New Yorkers don’t want to go out,” he says. “August, for example, is a rough time for regular customers, but it’s packed with tourists.” Meadow agrees, adding, “Tourists eat out on Monday nights—New Yorkers don’t.” Other restaurant owners reported only being able to open for lunch—and hire staff to cover the midday shift—because tourists help fill the tables.

Visitors’ enthusiasm for New York’s diverse culinary scene is particularly evident in the explosive growth of food tours. Twenty years ago, there was just a single tour guide business that offered or specialized in food tours. Today, more than 40 businesses offer food tours, half of which were started in just the last five years.

Todd Lefkovic, founder and owner of Foods of New York Tours, operator of one of the first food tours in New York, recounts how his business has grown in tandem with the increase in tourism to the city. “When I got started in 1998, it was just me, and I might have toured maybe 5,000 people for the whole year,” he said. “But now jump to 2017, there’s 25 employees, 19 tour guides, and we tour 40,000 people. We started out in Greenwich Village and now we have six neighborhoods. All of that is because of the growth in tourism.”

Lefkovic says that the increase in tourism has helped him build his business and create jobs, and that his food tours have helped local businesses in turn. This is confirmed by Tony Muia, who founded A Slice of Brooklyn, a food tour company focusing on pizza in the borough. Muia says that tourism has turned a hobby into a company, and it’s continuing to grow. “We started with one tour,” he says. “Then we added more people and started doing it two days. Now we have four different tours five days a week.”

Food businesses across the city—from iconic piz-

zerias and Jewish delis to major food halls and small specialty food shops—are seeing the benefits of greater foot traffic from tourists throughout the day. “People are making restaurant reservations right after they book their flight and hotel,” says Lefkovic. “They’re planning their vacations around food.”

“Culinary tourism is growing in popularity,” says David Naczycz, the CEO of Urban Oyster, a food tour company. “In 1995, there was no such thing. Now it’s growing and it continues to grow because eating and drinking is a great way to travel.” Naczycz also credits the surge of interest in artisanal food production and the popularity of the Food Network for elevating food as an attraction. Noah Bernamoff agrees that the explosion of food shows on television and the popularity of food on social media is fueling the growth of New York’s food tourism, with major benefits for its restaurants. “The Food Network and social media have made it so that anybody can see what is happening in food across New York City,” he says. “It used to be that only people who live five miles away know what’s going on. Now people who live halfway around the world know about it.”

Cultural Institutions & Entertainment

Tourists have always flocked to New York City’s cultural attractions. But the massive increase in tourists to the city over the past two decades has almost single-handedly pushed attendance figures through the roof at the city’s museums, performing arts venues, and Broadway theaters—providing a key revenue boost for cultural organizations across the five boroughs and resulting in thousands of new jobs.

According to the New York City Department of Cultural Affairs, visitation to the 33 institutions in the city’s Cultural Institutions Group increased 33 percent from 2006 to 2016, from 17.5 million visitors to 23.2

million, and well over half of that increase is from tourists.⁶⁵ Out-of-towners now comprise 73 percent of all visitors to the Museum of Modern Art, 70 percent at the Whitney Museum of American Art, and 60 percent at the Metropolitan Museum of Art. MoMA, for example, welcomed 1.3 million more visitors in 2016 compared to 1997—an 80 percent increase—and nearly one million of those additional visitors were tourists. Out-of-towners have also driven much of the growth in annual attendance at the Whitney Museum since its move to the Meatpacking District in 2015; it attracted 1.15 million visitors in 2016, a 209 percent increase from the 372,000 visitors it had in 2009.

The tourism boom has led to exponential job growth at the city's cultural attractions. In Manhattan and Brooklyn alone, employment at museums increased by 81 percent over the past decade and a half—from 4,772 jobs in 2002 to 8,870 jobs in 2016. In Brooklyn, the number of people working at performing arts companies nearly tripled, from 515 in 2002 to 1,508.⁶⁶ Overall, the city's arts, entertainment, and recreation industries added 29,770 jobs since the year 2000, a 54 percent increase—one of the steepest increases of any sector.⁶⁷

These jobs are supported by considerable spending from tourists. Tourists are responsible for a whopping 40 percent of spending on entertainment, which includes theater productions, bands, orchestras, bowling alleys, and more.⁶⁸ International tourists are also major supporters of New York's commercial art galleries. According to data from Visa, buyers from abroad were responsible for 29 percent of the value of the city's art sales in 2016.⁶⁹

Tourists have also driven the remarkable spike in attendance at Broadway's iconic theaters. Indeed, attendance at Broadway shows has grown by 1.8 million people since the 1997–1998 season, and 90 percent of that growth was from ticket buyers who live outside the New York metropolitan area.⁷⁰ “We tie our growth to the tourism growth,” says Charlotte St. Martin, president of the Broadway League. “We have only 41 theatres, and we're at 85 percent occupied seats, so there is a point which we shouldn't be able to grow anymore. Yet we grew a million theatergoers in the last five years, which no one ever thought we could do.”

By keeping Broadway tickets sales increasing year over year, tourists help support 12,500 theater-related jobs, ranging from actors, directors, and producers to stage hands, audio engineers, carpenters, and vocal coaches.⁷¹ “There's been an explosion of work in theater, not just in the bigger theaters like those of the Schubert and Nederlander groups, but also the in the

smaller theaters,” says Keith Douglas of One World Observatory. “There are plenty of tourism jobs there, [including] people running concessions, selling t-shirts and programs, and other positions. Those roles would not exist if not for tourism demand.”

In addition, surveys conducted by the Broadway League indicate that tourists who came to New York primarily to attend Broadway shows last year spent \$6.7 billion in ancillary activities like going out to dinner, shopping, and taking taxi rides that supported an additional 76,500 jobs. Salaries paid to those employees, plus expenses incurred by putting on shows and ticket sales, contributed \$12.6 billion to the city's economy, of which tourists were responsible for \$9.8 billion. This is an increase of 16 percent since 2009, after inflation.⁷²

The tourism explosion is driving once-in-a-generation expansion at some of the city's leading cultural institutions. At the Whitney Museum of Art, officials report that increasing tourist revenue helped catalyze the museum's much-heralded move from Madison Avenue into a larger space downtown. “Part of what made the move actually feasible had been the unprecedented growth we've seen in tourism in the city,” says I.D. Aruede, the museum's chief financial officer. “When you look at the projections of what we could do with the [visitor] volumes, it made sense that we could make a much bigger facility—a much more state-of-the-art facility—feasible.”

Fully 70 percent of the Whitney's visitors are tourists, a figure that has increased significantly since the move downtown. The increased tourist revenue has made a big impact on the Whitney's balance sheet. “Ticket sales were less than 10 percent of operating revenues [before the Whitney's move downtown],” says Aruede. “Now that we've gone downtown, more of this



In Manhattan and Brooklyn alone, employment at museums increased 81 percent over the past 15 years, from 4,772 jobs in 2002 to 8,870 jobs in 2016.

comes through the tourism channel, and now it's a quarter of operating revenues. All of a sudden, it really matters." This growth also creates jobs. Aruede estimates that as many as 100 full-time equivalent positions at the new Whitney—ranging from coat check attendants to ushers and security guards—exist because of the museum's skyrocketing tourist visitation.

Over the last ten years, both MoMA and the Metropolitan Museum have leveraged increased attendance to expand their hours to seven days a week. Karin Grafström, senior manager of market research at the Metropolitan Museum of Art, says that the museum's decision was related to the increase in visitation, and that it allows the museum to spread visitation out over seven days while increasing access for all patrons. Similarly, Diana Simpson, director of management information and government and community relations at MoMA, says that opening every day and including members-only hours helps the museum accommodate both locals and tourists. Expanding museum hours and adding staff is necessary to accommodate the huge increase in tourist visitation that is swelling attendance at both of these institutions to record highs.

Revenue from the constant stream of tourists also helps even out museum revenues throughout the year. Museum officials report that visitation normally fluctuates based on the seasons and the popularity of certain exhibitions. For instance, major shows like the 2011 exhibition of famed fashion designer Alexander McQueen's creations at the Met Museum's Costume Institute can draw record numbers of both locals and tourists. But tourists visit the city's cultural institutions throughout the year, keeping visitation—and therefore revenues—more or less constant over time. "If your institution doesn't get as many tourists, you don't get as stable visitation; it will swing around from year to year," says Karin Grafström of the Met Museum. "And when you're a nonprofit it's very difficult to deal with this. So it's a sweet spot for a museum when

half of your visitors are tourists."

Revenue from tourists is an important part of the diversified revenue streams that support cultural institutions' core missions of collecting, preserving, and presenting art. Museum officials describe the additional revenue from tourists as producing a kind of virtuous cycle in which additional income supports better programming at the museum, which in turn attracts even greater visitation. For instance, the increase of nearly one million annual tourist visitors since 1997 helped MoMA through two major expansions, further solidifying its role as one of the world's preeminent cultural institutions and driving additional visits from tourists and locals alike. Jan Postma, MoMA's chief financial officer, says that New York City's historic growth in tourism has helped the museum fulfill its mission. "Healthy tourism to New York City and the resulting museum visitation and spending throughout the city provides cultural institutions with enhanced opportunities to invest further in core mission values, such as exhibits and public programming," he says. "This benefits visitors from all boroughs of NYC and around the world."

Tourists have also bolstered cultural institutions outside of Manhattan. Two decades ago, for instance, tourists were just a sliver of the audience at the Brooklyn Academy of Music (BAM). But today, 12 percent of BAM's ticket buyers hail from beyond the five boroughs. Katy Clark, president of BAM, sees the institution and its surrounding community as poised to benefit from further tourism growth. "We are on the cusp of something big here in terms of attracting international visitors," she says.

Likewise, the Brooklyn Museum has seen strong growth from tourists over the past two decades. Today, 19 percent of museum visitors live outside New York City and that number is up 8 percent since 2016. In addition, Brooklyn's Afropunk festival started with just 250 attendees in 2005 and blossomed to 70,000 last year. Today, 40 percent of ticket buyers are tourists, according to Afropunk partner Jocelyn Cooper.

Transportation

Tourists aren't just sparking job growth in hotels, restaurants, and cultural institutions. As our research indicates, the tourism boom has also led to significant job growth in the transportation sector.

The number of workers in the city employed by tour vans, double-decker buses, tourist boats, and other forms of sightseeing transport nearly doubled over the past 15 years—from 1,183 jobs in 2001 to 2,287 in 2016.⁷³ Incredibly, New York City accounted for 47 percent of the nation's net job gain in this sector—comprising 1,104 of the 2,349 new scenic and sightseeing transportation jobs nationally. New York's off-the-charts success in adding these jobs is entirely due to the city's meteoric increase in tourism.

Overall, visitors to the city spend 18 percent of their travel budgets on getting around, and last year this added \$7.8 billion to the city's transportation sector.⁷⁴ This spending has contributed to job growth in other facets of the city's transportation sector. For instance, the transit and ground passenger transport subsector—which includes all taxis and car services, as well as charter buses—added 7,773 jobs between 2000 and 2016, a 33 percent increase.⁷⁵ Tourists are major users of public transit, taxis, ride-hailing services, tour buses, and the city's waterways, and their spending has a large impact in all of those transportation industries.

Tourists are also boosting the city's maritime industry. Robert Maher, managing director of New York Cruise Lines, the operator of the Circle Line, estimates that their ticket sales have doubled over the past 20 years, and that about 70 to 75 percent of the city's maritime market is in passenger vessels. More tourism has meant more frequent launches, he says, and also more vessels on the water. And for the two maintenance shipyards on Staten Island, it also means jobs. "On the waterborne sightseeing side, we have definitely grown with the increase in tourism," he says. "Our multiplier effect is not only employment, but also the shipyard gets more business." During the summer tourist season, tour boats are the second-most common vessel on the water, after tugboats.⁷⁶

Meanwhile, a 2016 trade association study found that charter and other tourist-serving buses in New York City carried an estimated 6.5 million tourists last year. According to the study, the motorcoach travel industry employs 39,347 people in the five boroughs—including drivers, suppliers, and other auxiliary jobs—and last year these workers earned a total of \$2.3 billion.⁷⁷

Travel tech

The enormous increase in tourists over the past couple of decades has even begun to spur growth in the city's tech sector. Thanks in large part to New York's status as the na-

tion's top destination for tourists, the city has become one of the leading hubs for the emerging travel tech industry.

As with fin-tech, ad-tech, and other "dash-tech" companies that have thrived in the city over the past decade, New York-based start-ups are playing an increasingly important role in the travel tech space. Our research identified more than two dozen venture-backed travel-tech start-ups based in the city, 16 of which had been founded just in the last five years. A 2017 article in *Travel + Leisure* listing 50 "new travel apps" included nine that were developed by companies based in New York.⁷⁸ New York was the best-represented city on *Travel + Leisure*'s list, and the second best-represented region after the Bay Area.

Rebecca Lima, founder and CEO of Ment, an app that provides real-time information about airport security wait-times, says that she benefits from proximity to the outlets that can give her company exposure. "A lot of travel media companies are based here," says Lima. "This makes having a travel start-up company easier in New York."

The sheer volume of tourists in New York—more than in any other U.S. city—creates plenty of opportunities for travel tech companies. "I've seen what tech has done to travel, and New York is a great place for the travel community," says Lima. "The amount of travelers that go through, stay in, or travel out of here, use the subway system, hotels, and buy things, is on a bigger scale than any other place. There is a lot of room to grow for the travel sector."

As a sign of the growing demand, New York now boasts a networking hub, Voyager HQ, built specifically for travel start-ups. Founded just over a year ago, Voyager now connects about 1,000 travel start-ups both in-person and online, about half of which are based in New York City. About two-thirds of these companies are under two years old and the community has been attracting about 20 new members per week. "New York City is a huge hub for start-ups, for technology, and for travel," says Jenny Silber, community manager at Voyager. "Many of the companies in our community are app- and tech-based. You rarely see a company getting started that doesn't have at least one developer on the team."

"The sector is hot," says Darryl Heslop, founder and CEO of FLY Concierge, a chat-based concierge app that provides local food and drink recommendations to travelers. "Airbnb has created a lot of opportunities for companies like my own, because of their model and their use of technology, but also because they have brought more tourists to the city. There were 61 million tourists last year; if you can get 1 percent of 61 million as your client base, that's huge."

Selected New York–Based Travel Tech Companies Founded Since 2002

| | Founded | Description |
|----------------------|---------|--|
| TRILL | 2017 | Travel discovery and booking based on the user’s social network and trending destinations |
| MyBluPrints | 2017 | Creates itineraries and activity suggestions based on user’s interests |
| Tourli | 2017 | Connects local NYC residents with travelers to provide personalized tours |
| Skipper | 2016 | Streamlined online hotel booking |
| License to Drift | 2016 | Highlights established and emerging visitor experiences and directs tourist traffic based on individual interests |
| Well Traveled | 2016 | Data company for the travel industry, using machine learning to research and influence purchase decisions |
| One Night | 2016 | Same-day booking for one-night stays at hotels in major cities |
| Stay Wonderful | 2015 | Travel discounts including flight, dining and travel credits |
| Away | 2015 | Assists users with compensation for delayed or canceled flights |
| Visit.org | 2015 | Connects travelers to sustainable, community-friendly activities and groups |
| Ment | 2015 | Estimated security wait times at airport terminals based on TSA data |
| FLY Concierge | 2015 | Concierge service available by text |
| Skiplagged | 2015 | Flight and hotel fare-searching and booking |
| As You Stay | 2015 | Pay-as-you-stay hotel room booking and rewards program |
| DealRay | 2014 | Delivers instant alerts for airfare and travel deals |
| Journy | 2014 | Itinerary-building service based on user preferences |
| Skylark | 2014 | Flight and hotel booking plus travel assistance |
| Museum Hack | 2013 | Unconventional museum tours for small groups |
| AirHelp | 2013 | Assists users with compensation for delayed or canceled flights |
| Routehappy | 2010 | Booking app rates flights on convenience, comfort, and route |
| Rollinglobe | 2009 | Crowdsourced travel agency providing user-to-user travel planning |
| Regal Wings | 2006 | Booking app for luxury travel |
| ShermansTravel Media | 2002 | Provides destination packages and travel advice |
| FarePortal | 2002 | Hybrid travel agency combines traditional infrastructure (24-hour hotline, personalized service) with online booking portals |

Hotels

The incredible growth in tourism has spurred a dramatic increase in the number of hotel rooms built in recent decades. There are currently about 112,700 hotel rooms in New York City—up from just 50,500 in 1988—and at least 27,000 more are due to become available by 2019. About 80 new hotels have been built since 2015, of which two-thirds are in the four boroughs outside Manhattan.⁷⁹

“In the ’70s and ’80s, Queens had one good hotel, the Pan American,” says Rob MacKay, director of public relations, marketing, and tourism for the Queens Economic Development Corporation. “Most of the others rented by the hour. But the last time we checked, we have 112 hotels. That’s incredible to think about.”

Accommodations industry experts note that this level of growth is truly unprecedented. “[The city] added more than 50 percent more hotel rooms [since 2010],” says Eric Habermann, senior vice president of investments at Host Hotels, which owns and operates Marriott hotels and other major brands. “Thirty-nine thousand hotel rooms is more than most markets have, and that’s how much we have added. I’ve been in the industry for 30 years and have not seen anything like it.”

All this growth in hotels has created employment for New Yorkers. Since 2000, the accommodation industry added 12,125 jobs, an increase of 31 percent, which far outpaces the 19 percent growth in jobs for the city’s economy overall.⁸⁰ Many of these jobs pay well, and offer onramps to career-track positions with prospects for advancement. The average accommodations industry worker earns \$61,756 annually, which is in the top half of all industries in terms of average pay.⁸¹

Although the average wages of the industry’s most accessible jobs—such as bellhops and housekeepers—is lower than that of higher-skilled administrative positions, hospitality experts say that it is very common for such workers to move up the career ladder from service

jobs to business office positions. Moreover, because the city’s hotel industry is among the most unionized of the city’s industries, many positions offer much higher pay than their counterparts in other industries. Dishwashers in union hotels earn \$32 per hour, well over double the rate for most other dishwashers. Similarly, housekeepers in union hotels earn nearly \$60,000 per year, while people with similar occupations in commercial buildings or other industries unrelated to tourism earn \$34,000 to \$40,000 per year.⁸² Although most of the growth in hotels has been among limited-service, non-union hotels, union wages still set wage standards in the industry, pulling up the wages of workers at non-union hotels.

The growth in hotel jobs is also being felt outside Manhattan. Fully 78 percent of all new hotel jobs were added in Manhattan, but the other boroughs are experiencing significant growth. Brooklyn accommodations jobs expanded 198 percent, adding 1,294 positions. Queens added 876 jobs in accommodations, an increase of 37 percent, while the Bronx gained 161 jobs (a 52 percent increase). Accommodations jobs on Staten Island expanded 317 percent, increasing by 279 jobs. Manhattan added 9,515 jobs, a 27 percent gain.⁸³

These jobs will almost certainly continue to grow in the months ahead as even more new rooms come online. Although the rate of hotel construction has dipped in the past few years, New York has more hotel rooms currently under construction than any other market in the country, at 29,447 rooms spread over 185 projects. More hotel rooms are forecasted to open in 2018 in New York than elsewhere, with 4,601 rooms across 37 hotels forecasted to come online.⁸⁴

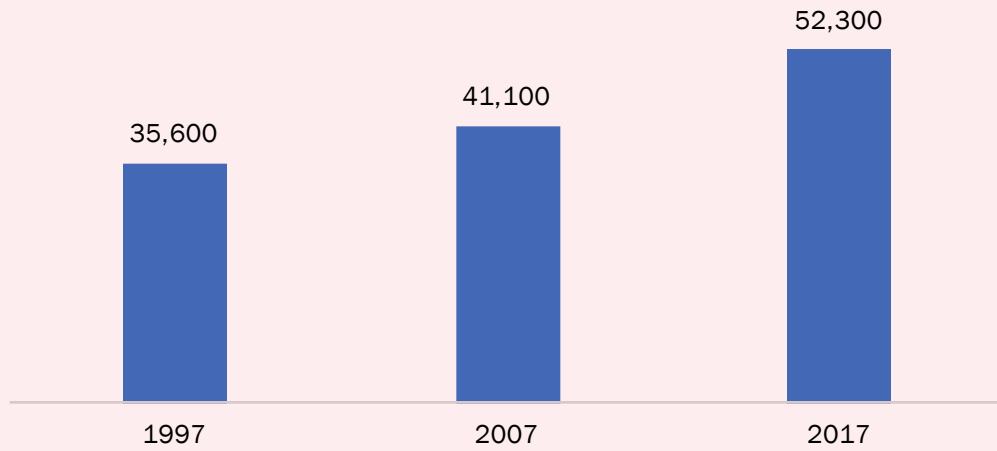
The hotel industry also contributed \$1.8 billion in taxes to the city’s coffers in 2015, which is double the amount contributed in 2006. The largest share, 39 percent, is from property taxes, but the hotel room occupancy tax alone generated \$560 million in revenues for the city.⁸⁵

Boosting neighborhood shops

In 2016, 1.6 million guests stayed in Airbnb spaces in New York, up from 767,000 in 2014. These guests spent a total of \$1.8 billion in the city, \$495 million of which were payments to Airbnb hosts. This is an increase of 60 percent from \$301 million in payments in 2014.⁸⁶

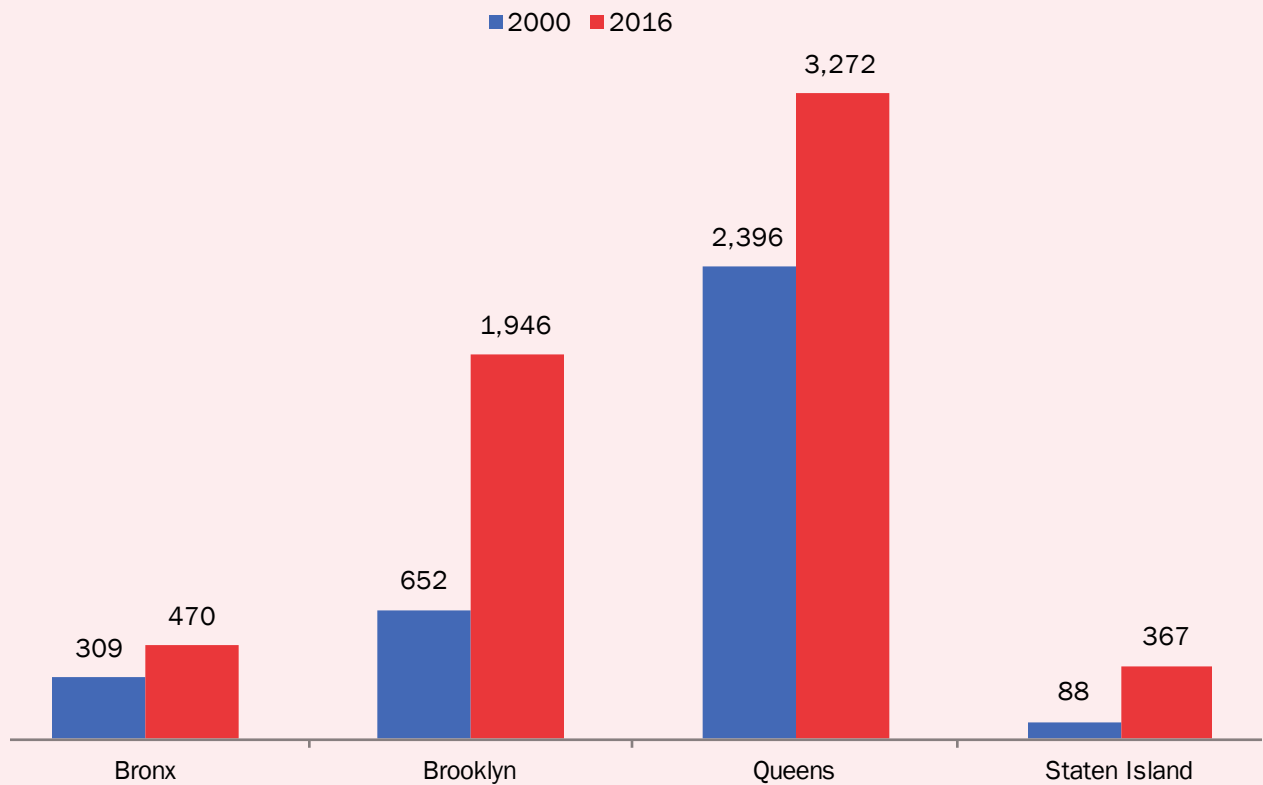
According to Airbnb’s own research, guests spend one out of every three dollars in the local neighborhood where they stay.⁸⁷ With 89 percent of Airbnb listings located outside the hotel district of Midtown Manhattan, this spending is likely going to businesses outside of the usual tourist districts.⁸⁸ This point was corroborated by many of the neighborhood-based economic development officials we interviewed for this report. “Airbnb-ers are not staying in Downtown Brooklyn where all the hotels are,” says Andrew Hoan, president of the Brooklyn Chamber of Commerce. “They’re getting the vibe of Brooklyn’s neighborhoods; spending time in the cafes on Fulton Street, Manhattan Avenue in Greenpoint, Bay Ridge’s Third Avenue. It’s obviously a huge job creator.”

Hotel Jobs on the Rise in NYC



Source: New York State Department of Labor, Quarterly Census of Employment and Wages (QCEW) 2000–2017

Accommodations Jobs in the Boroughs Outside Manhattan, 2000–2016



Source: New York State Department of Labor, Quarterly Census of Employment and Wages (QCEW) 2000–2016

A NEW ENGINE OF MIDDLE CLASS JOB GROWTH

Tourism is not only one of the city's largest and fastest-growing industries. It is also an increasingly important source of middle-class jobs that are accessible to New Yorkers without a college degree.

There is a popular perception that jobs in the tourism and hospitality sector may not pay well or lead to advancement. But our research finds that a significant number of the new middle-class jobs created in the city over the past decade are in industries fueled by tourism. While employment in manufacturing—perhaps the industry most often associated with middle-class wages and low barriers to entry—declined by 97,000 jobs between 2000 and 2016 and jobs in the city's wholesale trade sector decreased by 16,000 during this time, the number of people working at hotels increased by more than 12,000.⁸⁹

There are now more than 51,000 people working in the city's accommodations sector, and these jobs have an average annual wage of \$61,756. This is more than double the average annual wages of home health aides, the fastest-growing occupation in the city, and even more than the average wage in manufacturing (\$57,807).⁹⁰ "These are very good jobs," says Alan Momeyer, who was chief human resource officer for Loews Corporation before retiring in 2016.

Momeyer says that housekeepers at union hotels currently make \$60,000 a year—in addition to having 100 percent of their healthcare benefits paid by employers. For experienced hospitality staff, pay can climb much higher. At high-end event spaces like the Waldorf Astoria Hotel, Grand Hyatt, Four Seasons, and Sheraton, "top banquet waiters make about \$300,000 to \$400,000 a year."

Tourism is an industry that rewards people with a knack for customer service, regardless of their level of educational achievement. Among the industries that employ large numbers of New Yorkers who lack a college degree, tourism offers some of the widest pathways to upward mobility. "The jobs in this sector are both an entry point, particularly for immigrants, and an important pathway to good middle-class jobs," says Jeffrey Stewart of Walnut Hill Media. "There are great advancement opportunities in hospitality. The industry is filled

with people who went from an entry-level clerk job to become a high-level manager."

Research and surveys by the City University of New York's Labor Market Information Service of employers in New York's traveler accommodation industry found that workers who are "ambitious, flexible, and customer service oriented" can quickly move up the career ladder and earn more in wages.⁹¹ The report found that housekeeper positions are among the best entry points in the industry, because workers quickly get experience in back-of-the-house operations and processes and many hotels promote from within.⁹²

"Hotel housekeeping is a great job," says Lynda Dias of City Tech. "The shift is from 8 a.m. to 3 p.m., and then you get to go home and take care of your kids. The job is very attractive for young mothers and a lot of immigrants with limited English. It's a good entry into the workforce, and the union gives you opportunities to go to school. You can also work your way up. Many of the best managers were once room attendants. They know better than anyone what the business is like."

Dias knows this not only from her research, but also from personal experience: she started as a housekeeper, rose through the ranks at the Marriott, and is now a faculty member at one of the largest hospitality education programs in New York City.

"The nature of the hotel business requires some management and financial skills to rise to the top, but you need hard work and people skills," adds Sean Hennessey, clinical assistant professor at NYU's Jonathan M. Tisch Center for Hospitality and Tourism. "These are things that don't require a great deal of postsecondary education. In general, there is a strong incentive among hotel companies to recruit, develop, and promote from within." Both Dias and Hennessey emphasized that wages at union hotels set the bar for employers throughout the industry, pulling up pay and incentivizing advancement opportunities even as the vast majority of hotel growth occurs among non-union properties.

In our research, we encountered numerous cases of strong advancement opportunities throughout the hospitality sector. Take Robert McGovern, for example, who is part of the leadership team at In Good Company,

Where NYC's Accommodations Workers Live

| Most Accommodations Workers in New York City Live in the Boroughs Outside Manhattan | | |
|---|--------|------|
| Bronx | 6,881 | 13% |
| Brooklyn | 10,986 | 21% |
| Manhattan | 8,324 | 16% |
| Queens | 14,750 | 29% |
| Staten Island | 1,819 | 4% |
| Non-NYC | 8,683 | 17% |
| TOTAL | 51,443 | 100% |

Source: U.S. Census, 2012–2016, American Community Survey 5-year sample.

a hospitality management firm with locations across the city. His current position seemed like a lofty goal when he got his start in the industry as a bus boy. Before long, however, he advanced to become a waiter and today he is the company's director of sales and marketing.

Although the food service industry is often derided as being full of low-paid, dead-end jobs, there are a growing number of opportunities to climb up the ladder from back-of-the-house positions like dishwashers and line cooks to higher-paid managerial positions. The average annual wage in the city's food service establishments and drinking places is one of the lowest of any industry at \$28,514—not including tips—and has grown just 7 percent since 2000.⁹³ However, the number of first-line supervisors of food preparation and serving workers is estimated to grow 24 percent by 2024, and the number of food service managers—who make significantly higher wages—is expected to grow by 15 percent. The strong growth in these managerial occupations is driven by the formation of new food service establishments, including many that are springing up to serve the growing tourist market.

Food service also offers abundant opportunities to move up for workers with the right skills. People who start as cooks earning \$26,500 are likely to progress to the rank of sous chef, which pays \$46,500 a year on average, within five to 10 years. An additional five years of experience might earn them an executive sous chef or executive chef position and a salary increase to \$70,000 and above, along with entrepreneurial opportunities.⁹⁴

But this is not the only path to upward mobility in food service. The food service industry has become increasingly professionalized, largely because of the growth in restaurant groups. As restaurant groups grow and attain a certain degree of scale, they begin creating central office jobs, including accounting, human resources, and sometimes public relations personnel, among other mid-level and managerial positions. Many owners and managers we interviewed described pro-

moting workers from within to these better-paid positions, in order to retain talented workers and reward loyal employees. Back-office staff and food service managers start at close to \$50,000 and experienced professionals can earn six-figure salaries.

"As the restaurant sector grows we are seeing the rise of the restaurant group," says Andrew Rigie, executive director of the New York City Hospitality Alliance. "[Their] offices have human resources teams, marketing teams, financial teams, and other professional jobs that have not traditionally been thought of as jobs in the New York City restaurant industry. That's where a lot of these good jobs are coming from. As a matter of fact, people are leaving finance, law, accounting, and other careers and applying their skills to the hospitality sector."

Over the past decade, the number of white-collar managerial positions has increased even faster than the number of lower-skilled jobs. Since 2007, the number of accountants and auditors working in food service has increased 331 percent, the ranks of teachers and instructors has shot up 275 percent, and general and operations manager positions have exploded by an astounding 1,281 percent. Meanwhile, the number of supervisors of first-line food preparation workers has risen 14 percent, the number of bartenders has increased by 32 percent, and the number of servers has increased by 52 percent.⁹⁵

Additionally, many of tourism's 291,084 jobs citywide pay more than their non-tourism-related counterparts. For instance, according to an analysis by Tourism Economics, the average annual wage of retail jobs attributed to tourism is \$49,000, compared to \$39,615 for all retail jobs in the city, a 24 percent difference. Food and beverage jobs in the tourism industry pay a whopping 48 percent more than the average food and beverage job citywide.⁹⁶

Our research suggests that tourism is likely to create even more good—and accessible—job opportunities in the years ahead. Projections show that jobs in tourism-related occupations will grow by 111,600 positions by 2024, and 42 percent of them are good jobs that pay decent wages with experience and are in growing occupations.⁹⁷ Furthermore, 94 percent of those good jobs are accessible to people with limited experience and less than a bachelor's degree.⁹⁸ At a time when the forces of automation are likely to displace workers from traditional entry-level and manual labor occupations, these accessible jobs with a strong customer service component are an increasingly important entryway to employment for workers with limited educational attainment or technical skills.

AN ENTRY POINT TO OPPORTUNITY

In addition to providing an increasingly critical source of good jobs, the tourism and hospitality sector serves as an invaluable entry point into the labor force for tens of thousands of the city's most vulnerable workers. New Yorkers with less formal education, immigrants with limited English skills, young adults, and people of color face barriers to employment in many parts of the economy, but can find pathways to jobs with good wages and opportunities for advancement in tourism-related industries.

This sector is much more reflective of New York City's diversity than that of other industries. Immigrants, young adults, and people of color are a larger share of the workforce in tourism-related industries than nearly any other sector in the city. In addition, a larger share of the tourism workforce both lives and works within the five boroughs.

Overall, 65 percent of New York City residents who work in tourism-related industries are non-white and 54 percent are foreign-born, compared to 59 percent and 44 percent of workers, respectively, in industries unrelated to tourism.⁹⁹ Only the healthcare and social assistance category as a whole has a higher percentage of non-white workers, at 67 percent, and only construction has more immigrant workers than tourism.¹⁰⁰ By contrast, only 45 percent of finance and insurance jobs and 42 percent of professional, scientific, and technical services jobs are held by non-white workers and only 20 percent of workers in the information industry, 27 percent of jobs in educational services, and 28 percent of professional, scientific, and technical services jobs are held by immigrants.¹⁰¹

Tourism-related industries also provide important opportunities for advancement to workers with less formal education. Fully 66 percent of New York City residents who work in tourism-related industries have less than a bachelor's degree, compared to 50 percent of workers in industries unrelated to tourism.¹⁰² In contrast, only 14 percent of workers in the information industry, 22 percent of finance and insurance jobs, and 29 percent of educational services jobs are held by people with less than a bachelor's degree. "Tourism has enabled a working class to survive in New York where, in other places, those jobs are gone," says Mark Levy,

founder of Levys' Unique New York, a Brooklyn-based, family-run tour-guide business.

Tourism is also an important onramp to the workforce for young adults with little experience. Fully 36 percent of workers in tourism-related industries are young adults between the ages of 16 and 29, compared to 23 percent of workers in non-tourism-related industries, although this varies widely. Although only 10 percent of workers in the accommodations industry are young adults—one of the lowest shares of any industry in New York—46 percent of food service workers are under age 29. Likewise, workers in the scenic and sightseeing transportation industry tend to be younger than transportation workers who are not in the tourism industry. Approximately 28 percent of scenic and sightseeing transportation workers are young adults, compared to just 13 percent of other transportation industry workers.¹⁰³

Workers in tourism-related industries are also more likely to both live and work in New York City. Nearly nine in ten tourism workers (87 percent) live in New York City, compared to 77 percent of workers in industries unrelated to tourism.¹⁰⁴ This makes it more likely that workers in tourism-related industries will spend their earnings in New York City businesses, further fueling the local economy. Food services workers have the highest rate of New York City residency among tourism-related industries at 92 percent, and accommodations workers are not far behind at 83 percent. In contrast, only 59 percent of finance and insurance workers and 69 percent of information industry workers live in the five boroughs.

While so much of New York's tourism infrastructure is concentrated in Manhattan, the workers who support that infrastructure overwhelmingly live in the other four boroughs. As a result, the jobs generated by the city's tourism boom end up benefiting communities throughout the city. For example, accommodations workers earn higher wages than the average New York City resident and 81 percent live in the four boroughs outside of Manhattan—higher than the citywide average.¹⁰⁵

CHALLENGES AND THREATS TO NYC'S TOURISM ECONOMY

Tourism now accounts for a much larger share of the

city's economy than ever before, comprising more than 8 percent of all jobs citywide and providing a boost to key industries including retail, restaurants, accommodations, and the arts. Sustaining this economic engine is as critical as supporting key drivers like finance, media, tech, and manufacturing. Doing so, however, will require some work on behalf of city and state policymakers. In fact, despite years of seemingly inexorable growth, the city's tourism economy is facing a growing number of threats and challenges, including external pressures such as the strengthening dollar and more local obstacles like an unsatisfactory user experience at the city's airports. The following challenges, if left unaddressed, could dampen the city's tourism economy in the years ahead and roll back some of the impressive job gains that the sector has achieved.

The visitor experience at New York's airports leaves travelers frustrated.

For tens of millions of tourists, their first and last impression of New York is made in one of the region's three major airports. And for too many of these visitors, the experience could be a whole lot better.

To be sure, New York's two leading international airports—JFK and Newark—have made clear strides over the past couple of decades. Both have new terminals and amenities. Meanwhile, the city's other airport—LaGuardia—is undergoing a multi-billion redevelopment. In 2017, Governor Cuomo announced plans for a \$10 billion redevelopment of JFK that would upgrade terminals, improve on-airport roadways and parking facilities, and invest in new cargo facilities. To his credit, the governor is also investing \$1.5 billion to make improvements to the Van Wyck Expressway and Kew Gardens Interchange designed to improve road access to the airport and reduce congestion.¹⁰⁶

But many elements of the New York airport experience—even in some of the newest terminals—are still deeply problematic for a city whose economy is increasingly driven by tourism.

Free WiFi

Air travelers today expect a free WiFi connection. Many people visiting from other countries land without an international data plan for their mobile devices, and rely on airport WiFi to stay in touch with relatives, get work done, or simply stream a video while waiting for their flights. In addition, travelers are spending more time than ever in airports—arriving early to go through security, waiting out flight delays, or standing in long lines to clear customs and baggage claim. But WiFi is available free of charge for only a tiny share of airport passengers.

Except for one terminal at JFK where wireless service is offered free of charge (JetBlue's Terminal 5), WiFi service at New York's airports is free only for the first 30 minutes, at reduced speeds—and only after watching an ad. After that, passengers must sign up for an account and pay \$4.95 for an hour or \$7.95 for a day pass. The Port Authority has a long-term contract with a company called Boingo to offer WiFi service. Under the terms of this ill-planned contract, airlines and individual airports are prevented from building their own WiFi networks or offering complimentary WiFi to their customers. Most other major American and international airports offer free WiFi without the added friction of time limits or requiring customers to submit personal information or view advertisements.

Multilingual signage

The airports are also lacking in wayfinding signage that meets the needs of New York's multilingual tourists. Most signage at all three New York City airports is available only in English and Spanish, while the fastest-growing sources of tourists are from China, Brazil, Russia, and India.¹⁰⁷ "The world market is growing," says Jeffrey Stewart of Walnut Hill Media. "How is New York going to compete for those global visitors? There are more people traveling internationally, but more places competing to get them. If you arrive at JFK and have a miserable experience, and then you can't easily get into the center of the city, you're going to tell people about your bad experience and it will have an impact."

Reducing flight delays

The three major airports serving New York City handle roughly 45 million more passengers today than 20 years ago, with tourists accounting for a large share of the increase. Over the long run, New York won't be able to sustain or grow this level of air traffic without reducing flight delays, many of which stem from an outdated air traffic control system that relies on 1940s-era radar technology. A 2016 study reported in *Fortune* magazine found Newark, LaGuardia, and JFK to be the worst, second-worst, and fourth-worst airports in the nation, based on delays in flight arrivals, long waits between the closing of the doors at the gate and takeoff, and the amount of time spent taxi-ing after arrival.¹⁰⁸ "We need to recognize that the sorry state of our travel infrastructure has a real impact on sustaining our current level of tourism to New York, as well as its future growth," says Jeffrey Stewart.

For more than a decade, airline officials and aviation advocates have urged the federal government to implement NextGen, an air traffic control modernization plan which would replace the current system with new, GPS-enabled location tracking, allowing each airport runway to handle as many as ten more flights an hour.¹⁰⁹ Unfortunately, Congress has failed to provide full and consistent funding for the Federal Aviation Administration (FAA) to implement the new system. In addition, although the FAA has moved forward with modernization efforts in other U.S. airports, the New York region has seen little activity.

Improving tourist connections to the subway

For millions of tourists, the Jamaica train station offers the first real taste of New York City. Indeed, in 2016, more than 5.5 million people took the AirTrain from JFK to Jamaica Station. Unfortunately, the connection to the E train at Jamaica is anything but welcoming. It's not that the subway station and platform need to be especially pristine for out-of-towners. Rather, it's that there's virtually no signage to welcome tourists or help them navigate the subway at this important gateway to the city. The same is true for tourists arriving from JFK or Newark to Penn Station via NJ Transit or the Long Island Rail Road. For these visitors, the first impression of New York City is a platform beneath the station with almost no signage at all. Even after surfacing through the narrow exit stairs, there is nothing there to welcome passengers to the city and offer guidance on accessing the subway or navigating toward nearby streets, hotels, and attractions.

Access to the airports

If New York is going to sustain its current level of tourism, it will also likely need to improve access to the city's airports. Although LaGuardia serves nearly 30 million passengers per year, there is currently no subway connection to the airport. Meanwhile, JFK has an AirTrain, which provides a connection to the subway system, but unlike so many other major international airports around the world, it lacks a one-seat train ride to the airport. In addition, road connections to both city airports are poor. On the path to JFK, the Van Wyck Expressway has so much traffic that it resembles a parking lot for large stretches of each day. Getting to LaGuardia is usually better, but it often involves navigating congestion on the Grand Central Parkway.

Subway delays and overcrowded trains also affect tourists.

New Yorkers are increasingly frustrated with a transit system where delays are rampant, trains are routinely overcrowded, and signals are a relic of the early 20th century. But while the transit crisis is roiling the commutes for millions of New Yorkers, it is also beginning to affect the New York experience for a growing number of tourists, thousands of whom ride the subway every day. Unsurprisingly, the ten busiest stations in the system are all in tourist-heavy areas.

Several people we spoke with for this report told us that persistent subway problems are causing many tourists to think twice about visiting. "Tourists love the subway, but it's really, really an embarrassment now," says Faith Hope Consolo of Douglas Elliman. "They want to travel like New Yorkers, but we have just made it so horrible. This is on the top of the complaint list."

In some neighborhoods, the problem isn't only that subway service is breaking down. In areas that have seen dramatic increases in the number of hotels in recent years, the challenge is that subway stations aren't necessarily accessible for tourists arriving with suitcases. "The 7, N, and W platforms at Queensboro Plaza are four stories above the ground," says Elizabeth Lusskin, president of the Long Island City Partnership. "It's already hard for people on wheelchairs and canes and strollers, but also you are seeing more and more people who are lugging their suitcases up and down. The need to make these stations accessible is there even without the tourists, but with the tourists you get a very visual reminder that we are making people do unreasonable things to get into the subway system."

"The more difficult we make it to get around, the more challenging it's going to be for people to have an enjoyable visit," says Keith Douglas of One World Observatory.

New York's travel marketing organization is underfunded compared to the competition.

New York City has long been a beacon to tourists from across the country and around the globe. But other cities are developing sophisticated tourism promotion strategies that are competing directly with New York for tourists and other visitors. More than ever before, today's global tourism industry is filled with attractive destinations that can give New York a run for its money. The competition includes more affordable cities in Latin America, Central Europe, and Asia for adventurous travelers; increasingly vibrant North American neighbors such as Mexico City and Toronto; other U.S. cities from Portland to Nashville that offer unique experiences with fewer hassles; and cities that have invested much more in developing a welcoming visitor experience, such as Singapore, where its world-renowned airport has become a destination unto itself.

In this environment, New York City will need sustained support for marketing and promotion to maintain a thriving tourism economy. But the city's efforts aren't especially well funded when compared to other destinations. In fact, New York is in the middle of the pack when it comes to spending on tourism marketing and promotion. Several major destinations invest more in tourism marketing than New York City does, including Las Vegas, San Francisco, and Barcelona, among others. Many other cities have invested much more per capita, including Denver, Chicago, Portland, and Los Angeles. For example, Denver spends nearly \$40 per capita on tourism promotion. In New York City, that figure is less than \$4.50.

The good news is that New York City boasts one of the world's most well-regarded tourism promotion agencies, NYC & Company. In addition to its large team in New York City focusing on group, meeting and convention, leisure, and events-motivated travel, NYC & Company actively promotes the city across the globe. It has 17 offices on five continents to market New York City as a destination, and raises the profile of New York as a beacon for visitors through billboards, street furniture, and social media on nearly every continent. In 2017, for instance, it launched a "New York City – Welcoming the World" campaign intended to counter potential damage done by the Trump administration's travel ban, with press events and marketing targeted at international audiences including the United Kingdom, Germany, Mexico, and Spain.

But while NYC & Company already has a significant impact, many of the industry leaders we spoke to for this report suggest that it could accomplish even more with a larger budget. In addition to having fewer funds

than destination marketing agencies in several other cities, NYC & Company has seen its budget decline in the past decade. In 2007, Mayor Bloomberg increased city funding for NYC & Company from \$7.6 million to \$22 million, bringing its total budget—nearly half of which comes from private fundraising—to \$40.7 million. However, in the later years of the Bloomberg administration, when the city faced budget deficits during the Great Recession, public funding for NYC & Company declined to a low of \$12 million. Mayor de Blasio has restored most of the funding in 2016, bringing the city's contribution to \$21.5 million. But the organization's current budget of \$38.6 million—which includes \$17.1 from private sources—represents a 22 percent decline since 2007 after adjusting for inflation.¹²²

As the industry faces new and emerging threats—including concerns about the future of international tourism due to the travel ban and the strength of the U.S. dollar—NYC & Company may need to become even more aggressive, in part by cultivating more regional or North American travel and appealing to repeat visitors, meeting planners, and other segments of the market. Meanwhile, with a billion people poised to join the ascendant global middle class and new markets opening up in regions across the globe, New York's tourism promotion agency has an important opportunity to further expand its global reach.

Overcrowded streets, tour bus parking problems, and other unintended consequences of tourism

The tourism boom in recent years has created unintended consequences: overcrowded sidewalks, streets clogged with tour buses and Ubers, hotels jockeying for space in industrial neighborhoods, and the perception that tourists may be hastening displacement in gentrifying neighborhoods. Unwanted environmental and social consequences of a boom in tourism have led residents of popular tourist destination cities around the world to push back against the flow of visitors who crowd their city centers and strain their infrastructure. Major cities including Barcelona and Amsterdam have elected leaders on promises to reduce tourism. A similar political backlash in New York could deal a significant blow to the city's large and growing tourism economy. To ensure that doesn't happen here, policymakers in New York will need to take steps to mitigate negative effects without reducing the number of visitors.

The explosion in tourists has undoubtedly contributed to quality of life concerns in a growing number of communities across the five boroughs. For instance, over the past decade, weekday pedestrian counts across the city have increased by 16 to 20 percent, and

| Budgets of Selected City Tourism Promotion Agencies | | |
|---|---|---|
| Las Vegas | Las Vegas Convention and Visitors Authority | \$487.7 million (2018) ¹¹⁰ |
| Shanghai | Shanghai Municipal Tourism Administration | \$210.8 million (2017) ¹¹¹ |
| Orlando | Visit Orlando | \$87.3 million (2018) ¹¹² |
| Barcelona | Barcelona Turisme | \$78 million (2017) ¹¹³ |
| Los Angeles | Los Angeles Tourism & Convention Board | \$49.7 million (2016–17) ¹¹⁴ |
| New York | NYC & Company | \$38.6 million (2017) ¹¹⁵ |
| San Francisco | San Francisco Travel Association | \$34.8 million (2016) ¹¹⁶ |
| Denver | Visit Denver | \$27 million (2017) ¹¹⁷ |
| Chicago | Choose Chicago | \$25 million (2016) ¹¹⁸ |
| London | London & Partners | \$24 million (2015–16) ¹¹⁹ |
| Bangkok | Tourism Authority of Thailand | \$24.9 million (2016) ¹²⁰ |
| Portland | Travel Portland | \$19 million (2016–17) ¹²¹ |

12 percent on weekends.¹²³ But this increase is much more pronounced in places that are most frequented by tourists. Weekday pedestrian counts in the Times Square area have increased from 19 percent to 233 percent, depending on the intersection and time of day. While the pedestrian count on New York City streets between noon and 2 pm on a Saturday afternoon averages around 1,600 people per hour, the Times Square, Herald Square, and Rockefeller Center areas get 5,000 to 8,000 pedestrians per hour, making these the highest foot traffic areas in the city.¹²⁴

While healthy levels of foot traffic keep the city's streets vibrant, too much is frustrating for both tourists and locals. "One of the biggest complaints I hear is that it's tough to navigate Times Square," says Scott Nadeau of the Marriott Marquis. "We have not grown the infrastructure to accommodate all the extra traffic. Trying to maneuver vehicle traffic with pedestrian traffic is a difficult challenge. And for New Yorkers, it's hard to walk through Times Square without tourists slowing you down. There are no fast lanes for those of us who know where we are going."

Constant overcrowding around the city's major sights makes for an uncomfortable experience that may discourage future tourism. With tourists around the world seeking unique experiences, many tourist-heavy areas of the city are taking on a mass commercialized feel, which may discourage the most discerning tourists from visiting. "The more the city gets overrun with tourists, the less attractive it becomes," says Christine Berthet, co-chair of the transportation committee of Manhattan's Community District 4, which encompasses Manhattan's Hell's Kitchen and Chelsea neighborhoods. "This is because it becomes not original, not essential, and doesn't have character. The right strategy

is to spread the hotels and the tour buses around the city so that tourists can explore different districts."

For Elizabeth Lusskin of the Long Island City Partnership, the increased foot traffic presents both an opportunity and a challenge. "We need to improve street conditions, like lighting in the industrial areas and crossing regulations," she says. "There are a lot of intersections in industrial areas that have no stop signs or lights, because it was not thought that there would be many people walking around. More tourists in our industrial areas means we need to make sure that streets are well-lit and well-managed so that people are safe."

The proliferation of double-decker hop-on-hop-off tour buses presents another challenging quality of life problem. The number of tour buses plying the city's streets has quadrupled since 2013, slowing down traffic and taking up curb space. These concerns have centered particularly around lower Manhattan, where narrow streets are poorly equipped to handle double-decker bus traffic, and many buses park illegally. An assessment from the city's Department of Transportation found that the buses often block curbs and roadways, and frequently idle for 10 minutes or longer in spots where they were permitted only for quick drop-off and pick-up.¹²⁵ Media outlets report widespread frustration among New Yorkers around the sheer volume of tour buses. Moreover, the DOT allows hop-on-hop-off buses to use the MTA's public bus stops to discharge and embark passengers, contributing to New York having the slowest average bus speeds of any city in the nation.

As the number of tour buses has skyrocketed, parking has become a major problem. Increased numbers of buses are turning places like Hell's Kitchen and the Financial District into tour bus parking lots. Of the 28 bus layover locations the DOT has established for

non-MTA buses, 21 are in a 42-block radius ranging from 10th to 12th Avenues and 30th to 51st Streets.¹²⁶ Berthet, whose largely residential district hosts the lion's share of private buses, says that the situation has become critical in just the past ten years. "Ten years ago this was a nonissue; nobody was talking about this," she says. She recounts that when development in Hell's Kitchen started to pick up a decade ago, many of the parking lots that had been used by tour buses were redeveloped into hotels, thus prompting the buses to park on the streets.

Indeed, Hell's Kitchen's proximity to Times Square has made it ground zero for many of the unintended consequences of increased tourism. In addition to the problem of parked buses, tourist arrivals through the Port Authority Bus Terminal and discount bus services like Megabus and BoltBus that embark passengers curbside have greatly increased bus traffic in the area, contributing to Hell's Kitchen having some of the worst air quality of any of the city's neighborhoods. Vendors selling tickets to double-decker bus rides and other tourist services clog the sidewalks, and massive hotel construction has caused the number of people rolling suitcases down the sidewalk to multiply. Together, these sources of congestion contribute both to decreased quality of experience for visitors and increased frustration among New Yorkers regarding the city's tourism boom.

Unfortunately, city planners and officials from the transportation and economic development agencies have not yet taken meaningful steps to address these challenges around tour bus parking and crowded sidewalks.

Maintaining a focus on crime and other quality of life issues

The nearly unimaginable increase in annual tourists to New York City over the past 25 years wouldn't have been remotely possible if not for the enormous improvements in public safety. The number of murders committed in the city plunged from 2,262 in 1990 to 292 in 2017, an astonishing drop that has been accompanied by record declines in other felony and misdemeanor crimes.¹²⁷ More than any other factor, this historic decrease in crime helped spark wave after wave of new tourists visiting New York. Although all signs point to continued improvement in public safety—in 2017, crime was down for the 27th consecutive year—many of the industry experts we interviewed for this report say that few things would be more detrimental to the city's efforts to attract tourists than a reversal in the crime rate. Meanwhile, crime has been rising elsewhere, including other major tourist destinations from Chicago to London.¹²⁸

Many of the people interviewed for this report also cautioned that other quality of life issues, if not kept in check, could deter tourists from coming to New York. Several noted the significant rise in homelessness over the past decade. The city's official count of people sleeping unsheltered at night spiked 40 percent between 2016 and 2017, and now stands at 3,892 people.¹²⁹ Importantly, by far the biggest concentration of people observed sleeping on the street occurred in and around the Times Square area, meaning that New York's homelessness problem is most vividly apparent in the area with the highest concentration of tourists.¹³⁰

As unique small businesses shutter, New York City loses part of its allure.

In an increasingly globalized world, more tourists are in search of unique experiences when they travel. While some will seek out the familiarity of a national chain or a taste of home, many more flock to New York for experiences that can only be found here.

For New York, those experiences extend beyond the city's world-renowned museums and destinations like the Statue of Liberty and the High Line. It also includes the city's treasure trove of unique independent businesses—specialty shops and local restaurants that can't be found anywhere else. From galleries and bookstores to coffee shops and pizzerias, the city's endlessly diverse array of small, local businesses offer tourists the enticing opportunity to feel like locals.

But a growing number of these independent businesses are closing, posing a significant threat to the character of New York's neighborhoods and potentially dimming the city's luster in the eyes of visitors. Vacancy rates are pushing 30 percent in many of Manhattan's prime commercial corridors, including nearly one in five storefronts on Bleecker Street and three in ten along Fifth Avenue in the 40s.¹³¹ Nearly every New Yorker can rattle off a list of favored haunts that have recently shuttered, including famed music venues, restaurants, and boutiques. For many tourists driven by a desire for authentic experiences, the loss of New York's unique charms could compel them to head elsewhere.

"The best thing about New York is we have these independent businesses, and if they continue to close, it just becomes more like everywhere else," says Andrew Rigue of the New York City Hospitality Alliance. "We need to start thinking about how we are going to keep those businesses for New Yorkers and tourists alike—they're one of the things that's unique to the fabric of our streets."

Putting tourism on the economic development agenda

Despite the large and growing impact of tourism on New York's economy, it has not been a meaningful part of the city's economic development strategy. NYCEDC, the city's economic development agency, has ongoing initiatives to support a number of critical industries—including life sciences, tech, fashion, manufacturing, film, and finance—but tourism is not one of them. Additionally, the de Blasio administration's promising plan to create 100,000 good jobs in New York City over the next decade does not include any economic development initiatives in the tourism sector. To be sure, New York City has one of the most sophisticated tourism promotion operations in the world, led by NYC & Company. But as this report details, many of the challenges that could lead to a decline in tourists are not related to promotion; they are things that need to be addressed by officials in the city's economic development, planning and transportation agencies.

A strong dollar is weakening tourist spending.

Tourists from overseas have a disproportionately large impact on the city's economy. International tourists tend to stay longer in New York and spend more money while they're here. While international visitors comprised 20 percent of all tourists to the city in 2016, they were responsible for half of all spending by tourists.¹³² As a result, tourist spending is significantly influenced by the exchange rates.

Among the top ten counties of origin for tourists to New York, four are in the eurozone, making the exchange rate with that currency the most important factor in tourist spending. Since 2008, the euro has lost 23 percent of its value against the dollar, weakening European tourists' buying power in the United States. Other countries that send large numbers of tourists to New York have also seen their currencies drop against the dollar: the pound sterling, the currency of the United Kingdom, New York's top source of tourists, dropped a considerable 32 percent against the dollar, as did the Australian (-21 percent) and Canadian (-22 percent) dollars. The Brazilian real dropped a whopping 54 percent in the same period. Only the Chinese yuan has maintained its value against the dollar since 2008.¹³³

"When the dollar is weak, it encourages international visitors to New York City and discourages Americans from travelling abroad," says Sean Hennessey of NYU. "In 2016, the New York City hotel market saw its room rates fall, but when you denominated the rates in euros it actually increased significantly. Same with the Canadian dollar. Also, the biggest point of entry for U.S. visitation is New York City, so the effect of the currency

exchange rate is more pronounced here." High tariffs on electronics, clothing, and luxury goods, particularly in European countries, can still make shopping in the U.S. a better value. But with foreign currencies weakening against the dollar, that cost savings has been significantly eroded.

Early warning signs point to a "Trump effect."

Negative perceptions of the United States following the election of Donald Trump threaten to break the city's decade-long streak in attracting visitors from abroad. Widespread reporting on an increase in hate crimes and mass shootings is already prompting several countries to advise their citizens against travel to the United States. In a survey of people in 37 nations, the Pew Research Center found that the share of respondents who had a positive perception of the United States dropped from 64 percent at the end of Barack Obama's presidency to 49 percent by June 2017.¹³⁴ Perceptions of the United States among Mexican nationals took an especially big hit, going from 66 percent positive in 2015 to 30 percent in 2017.¹³⁵ Mexico sent 449,000 visitors to New York in 2016, the ninth-highest total of any country in the world.¹³⁶

So far, international tourism to New York City has not declined, although the United States experienced a 4 percent drop in the first half of 2017.¹³⁷ But there is reason to remain cautious about the near future. Research shows that one-fifth of British and French travelers and one-third of Germans considered themselves less likely to travel to the United States following the election. The United Kingdom sends more visitors to New York than any other country, and tourists from Western Europe more generally comprise the majority of international visitors to New York.

Business travelers were more drastic in their assessments: half predicted the Trump administration's repeated attempts to ban travelers from certain countries from visiting the United States will likely lead to their employers curtailing business trips to the United States, and 45 percent said they were less willing to plan future business trips to the United States going forward.¹³⁸

RECOMMENDATIONS

25 IDEAS FOR STRENGTHENING NEW YORK'S TOURISM ECONOMY

Make tourism a larger part of the city's economic development agenda

The tourism economy sustains more jobs in New York than the finance and tech sectors, and boasts four times as many jobs as manufacturing.¹³⁹ Tourism has become one of the four most important sectors driving New York's economy, yet it remains just a small part of the city's approach to economic growth. In part, this is due to the strength of New York's highly capable tourism and marketing promotion organization, NYC & Company, which is solely focused on the sector. Moreover, other industries like life sciences, fintech, and manufacturing are undoubtedly better suited to the levers that economic development agencies have at their disposal, including economic incentives and incubators. But New York's vital tourism economy faces a growing number of threats and challenges that the city's tourism promotion agency can't address alone. For New York City to thrive in the decade ahead, tourism needs to become a larger part of the city's economic development strategy.

Make tourism part of the mayor's 100,000 good jobs plan. In 2017, Mayor de Blasio admirably launched a plan to create 100,000 good jobs in New York City over the next decade. Tourism should be a crucial part of the strategy. With industries fueled by tourism projected to create more good jobs than nearly any other industry by 2024, increasing the role of tourism jobs in the mayor's plan makes economic sense. But that projected growth is just the tip of the iceberg. With sustained attention from policymakers, tourism can become an enormous source of good job growth in the years to come. What's more, a larger share of tourism jobs is held by immigrants, young people, and workers with limited educational attainment than in other fast-growing industries. As a result, good tourism jobs spread their benefits more equitably across the five

boroughs, allowing a more diverse array of New Yorkers to access middle-class jobs.

Create a five-year plan for tourism. New York has had tremendous success over the past two decades in attracting record numbers of tourists. But although the city has benefited enormously from this growth, policymakers have done little to plan around it. Adding 30 million tourists over the past two decades leads to a host of specific and addressable challenges: Where to park the tour buses that flood the neighborhoods near Times Square? How to better handle street and sidewalk congestion in tourist-heavy neighborhoods? What can planners do to ensure that the boroughs outside Manhattan are prepared to share in the benefits of increased visitation? New York City should develop a five-year plan that is attuned to the unique challenges of sustaining more than 60 million tourists per year. This will require a joint effort among the city's Economic Development Corporation, NYC & Company, and the Department of City Planning, as well as the collaboration of agencies like the Department of Transportation and the Department of Small Business Services.

Increase NYC & Company's budget to help New York compete in the global tourism market. While few global cities can compete with New York's top-rate cultural institutions and staggering range of amenities and choices, other cities have an edge when it comes to affordability and convenience. At the same time, the strong U.S. dollar and harmful immigration policies may be posing new threats to the sustained health of the tourism industry, even as a growing middle class creates new opportunities across the globe. In this increasingly complex and competitive environment, New York would be wise to devote more resources to boosting its image and cultivating new tourism markets. Currently, the city spends less on tourism promotion

than Las Vegas, San Francisco, and Barcelona, among others, and the budget of NYC & Company, the city's tourism promotion agency, has declined 22 percent since its peak in 2007, after adjusting for inflation.¹⁴⁰ The city should increase NYC & Company's budget to help bolster New York's ability to compete as a travel destination and counter some of the threats and challenges to the sustained health of the tourism economy.

Develop a dashboard for the tourism economy at NYCEDC. New York City's economic development agency is responsible for tracking trends in the city's economy and produces economic research and analysis of various industries ranging from the creative and tech sectors to healthcare and life sciences. Given the increasing importance of tourism to the city's economy, NYCEDC should develop a top-level tourism dashboard to join these other key sectors. The tourism portal would support better planning by presenting up-to-date data on job trends across tourism-related industries.

Expand efforts to market the city's neighborhoods as tourist destinations. Even as tourism numbers reach record highs, huge swaths of the city still present enormous untapped opportunities to benefit from the growth in tourism. From cultural institutions and music venues to diverse restaurants, specialty markets, and unique neighborhood experiences, many communities across the five boroughs can offer tourists underexplored gems. But today the vast majority of tourists remain in the central parts of Manhattan, despite notable tourism growth in the other boroughs. To its credit, NYC & Company is focused on marketing destinations in every borough and ensuring that the benefits of tourism are widely dispersed. But there is still much more opportunity to expand tourism promotion in every borough. NYC & Company should increase these efforts, which could include better connecting major tourism draws to the offerings available in nearby neighborhoods. The city can do more to promote these natural partnerships, like the Bronx Zoo and the Arthur Avenue Retail Market, or the U.S. Open and restaurants in nearby Flushing.

Help New York City's emerging travel-tech industry to start up and grow. New York's tech sector thrives at the intersection of existing industries and new technology, whether in finance, advertising, health, or media. Given the city's booming tourism economy—which far exceeds that of the Bay Area or Boston, New York's closest rivals in terms of tech jobs—it makes sense

that start-up companies working in the travel industry would gravitate to New York. Our research identified at least 16 venture-backed travel-tech companies that have been founded in New York City in just the past five years, and today there are more than 400 entrepreneurs working on travel-tech products at Voyager HQ, the city's only networking space focused on travel start-ups. But unlike tech subsectors such as biotech or fintech, which are supported by a sophisticated ecosystem of incubators and accelerators, the nascent travel-tech industry has very few existing resources in New York City for founders looking to start companies and grow. Although the past three years have seen the launch of more than a dozen travel-focused accelerators in places from Silicon Valley to Berlin to Tel Aviv, there are currently none in New York. NYC EDC should build on existing efforts to nurture the city's start-up ecosystem by fostering the development of a travel-tech incubator space. In addition, city economic development officials can encourage companies with existing travel-tech start-up programs and significant business interests in New York—such as JetBlue and Marriott—to consider launching new outposts of their accelerators in New York City.

Expand efforts to help small businesses take advantage of the growing tourism market. With more tourists interested in experiencing New York as locals do, NYC & Company should expand its important Tourism Ready program to help small businesses—including local restaurants, small venues, and specialty stores—market themselves to tourists as a real taste of New York. These resources could include help training and recruiting multilingual staff, advice on marketing to tourists, and opportunities to raise the visibility of their businesses through citywide tourism marketing efforts. NYC & Company should collaborate with the Department of Small Business Services to make that agency's services available to businesses that are fueled by tourism.

Invest in the infrastructure required to sustain a healthy tourism economy

As tourism booms, investments in New York City's tourism infrastructure have failed to keep pace. The addition of nearly 30 million more tourists over the past two decades has fueled economic growth across the city, but the city has made few changes to accommodate this influx. To sustain this level of visitation over the long term, the city and state will have to expand the capacity and accessibility of airports, public transit, roads, sidewalks, and parking, as well as invest in improvements

to the visitor experience. These investments will be critical to support New York's tourism economy, while helping to mitigate some of the frustrations that result from a historic increase in visitors without corresponding improvements to the city's tourism infrastructure.

Improve access to the airports. To sustain 60-plus million tourists every year, New York City will have to continue improving access to its airports, including both public transit connections and road access. If tourism—and the benefits it brings—is to increase further, the state, working with the Port Authority, the MTA, and DOT, needs to ensure that more tourists can easily get to and from the airport on public transportation, and that improvements to the roadways speed up access to the airports.

- *Build a transit connection to LaGuardia Airport.* Public transit to and from LaGuardia is currently limited to a handful of slow bus routes. As a result, 86 percent of passengers travel to that airport by car. Serious consideration should be given to direct rail links from the airport to the subway in Astoria, which would be the quickest route to Manhattan, but Governor Cuomo's plan to connect with the 7 train and Long Island Rail Road at Willets Point could be a practical alternative.
- *Reduce congestion on the Van Wyck Expressway.* Governor Cuomo has announced improvements to the Van Wyck, and it is essential that these long-overdue changes are implemented soon. Although city and state policymakers should be prioritizing steps to promote increased use of the AirTrain and other transit connections to the airports, many tourists—including a large chunk of business travelers—will likely continue to opt for taxis and ground transportation options. As a result, it's vital for these roadway improvements to proceed. DOT should also look at the option of allowing smaller commercial vehicles to use the Belt Parkway, which could ease demand on the Van Wyck. At a time when the airport's passenger traffic continues to set new records each year, improving road access to JFK will benefit millions of visitors annually, as well as millions more New Yorkers.

Modernize the outdated air traffic control system. To accommodate current levels of tourist visitation, as well as the millions of city residents who use the city's airports, New York City needs to expand the capacity of its airports. But the city's airports are hamstrung by an

outdated national air traffic control system, which results in longer ground delays, less efficient routing, and larger gaps between departing and arriving aircraft. To upgrade the country's air transportation system for the future, Congress needs to support sustained funding for NextGen, a new evolution in air traffic control technology that has been nearly two decades in the making. When fully implemented, NextGen will boost the safety, efficiency, and capacity of the city's airports by moving from ground-based to satellite-based air traffic control, but piecemeal funding has slowed progress. Local elected officials, including Mayor de Blasio and, in particular, the city's representatives in Congress should unite behind a forceful call for the federal government to fund NextGen and for the FAA to prioritize implementation in the New York area.

Improve the experience for visitors connecting from airports to the subways. The AirTrain stations at Jamaica and at Howard Beach are the portal to New York City for millions of tourists, but the connection to the subway, particularly at Jamaica, leaves much to be desired. Likewise, for passengers arriving from JFK or Newark to Penn Station via the Long Island Rail Road or NJ Transit, there is almost no signage present to welcome visitors and guide them to their destinations. A lack of wayfinding signage and tourist information can leave a sour first impression of the city. Specifically, while the connection from the AirTrain to LIRR at Jamaica is clear and pleasant, the path to the E train at that station is not nearly what it should be for such a major tourist gateway. The subway station itself is uninviting and almost completely lacking in signage that would make tourists feel welcome and help them navigate their journey to Manhattan, Long Island City, or wherever else they are heading in the city. While the connection at the Howard Beach subway station is more appealing, better signage there is needed, too. At Penn Station, better signage is needed everywhere from the platforms, which offer little more than red exit signs, to the main corridors, which could benefit from maps, interactive displays, and wayfinding systems that guide visitors to the subways and nearby streets, as well as local hotels and attractions.

The MTA should make a series of investments to modernize the Jamaica and Howard Beach stations in ways that greatly improve the visitor experience. Governor Cuomo has announced a major new investment in rebuilding Jamaica Station, and this effort should include significant improvements to the AirTrain connection and the E train entrance. Given that these stations often represent the very first taste of the city's subway

system, the MTA should work with the Port Authority and NYC & Company to add new signage, LED displays, and other elements that give visitors a warm welcome to New York and help them navigate the rest of their trip. These agencies might take advantage of this major entry point into New York to provide a video loop promoting unique tourist destinations, or a screen advertising events happening on Broadway and other performing arts venues that week, or a poster alerting visitors that the surrounding community produced hip hop luminaries such as Run-DMC, Nicki Minaj, Q-Tip, and 50 Cent.

Make New York's airports more welcoming to international travelers. The number of international tourists has grown from 6.8 million people in 2000 to 12.7 million in 2016, an 87 percent increase. With international visitation outpacing the growth of domestic travel, it is increasingly important for New York to present a welcoming face to visitors from abroad. At the same time, tourism is growing rapidly in countries with a booming middle class, offering new opportunities for New York to capture more of the tourism market in countries like Brazil and China. To help welcome New York City's international visitors, more public signage and displays should be translated into other languages and more multilingual staff should be hired for customer service positions. To the Port Authority's credit, airport signage and wayfinding systems received a major overhaul ten years ago. But as technology improves and best practices evolve, it is time to plan a follow-up effort to streamline pathways through the airports, provide more interactive displays in multiple languages, and develop better guidance for reaching transit connections.

Improve the experience at U.S. Customs. Our research found that too few Customs and Border Protection (CPB) agents and Transportation Security Administration (TSA) screeners speak a language other than English. CPB and TSA should hire and train more staff that speak a broader array of languages, which would help improve the entry experience for New York's millions of international travelers. In addition, wait times at customs and baggage claim are often egregiously long, often due to a lack of customs officers. Our research found that customs agents are often reassigned to other airports, seaports, and even the country's borders, leading to shortages at New York's airports. The Port Authority should also expand the number of multilingual customer service staff who are assigned to customs halls and security areas. CBP should increase staffing levels at JFK airport to accommodate the enor-

mous growth in international visitation and reduce wait times to a reasonable level.

Offer free WiFi at JFK, LaGuardia, and Newark. Given more stringent security policies and record numbers of passengers, travelers are spending more time in airports than ever before. But JFK, LaGuardia, and Newark airport struggle with seriously lacking wireless Internet service. JetBlue's recently renovated Terminal 5 at JFK is the only one that offers free WiFi. Every other terminal is trapped in a 20th-century deal with the current vendor, Boingo, which provides only 30 minutes of free Internet service after watching an ad. At a time when international travelers need to arrive three hours early for long-haul flights, 30 minutes is totally insufficient. In order to compete with other global airports—and even many regional hubs—JFK, LaGuardia, and Newark need to sever this retrograde contract and install fast, free WiFi service in every terminal.

Explore opportunities to expand bikesharing, ferry service, and other alternative modes of transportation. With streets and subways becoming ever more crowded for locals and tourists alike, New York City should embrace opportunities to advance alternative modes of transportation across all five boroughs. Traveling across New York by bicycle has become more popular with each passing year, in tandem with the expansion of bike lanes and other cycling infrastructure. Our research finds that tourist-oriented bike rental companies like Bike and Roll and bicycle tours of the city have become much more popular over the past decade, and CitiBike's bike sharing network is becoming increasingly popular with out-of-towners. Recent expansions of ferry service on the East River have also been widely embraced, and help relieve congestion on the subways. Most of the ferry stops, including Wall Street-Pier 11, Dumbo, Williamsburg, Long Island City, and Astoria, serve neighborhoods that are popular with tourists and help encourage more cross-borough visitation. An expansion of East River ferry service to LaGuardia airport could provide a useful public transit link to hotels in these popular neighborhoods.

Invest in the subways for New Yorkers and tourists alike. It's not just New Yorkers who are frustrated by endless subway delays. Millions of tourists ride the subway every year, but our research shows that mounting subway problems may be tarnishing the city's reputation and causing tourists to think twice about taking public transit. Investing in the subway system and improving service is essential for growing New York's

economy overall, and for sustaining tourism in particular. Without reliable subway service, tourists will be forced to resort to ride-hailing services, further worsening traffic, or may decide to avoid New York City in favor of more hassle-free destinations. New York State and the city should prioritize fully funding the subway rescue plan and act quickly to identify new sources of revenue for the system. One option is congestion pricing, which has been successful in cities from London to Singapore. Proposals in New York City show promise to raise at least part of the funds needed to make critical investments in the crumbling subway system.

Mitigate traffic congestion from tourist activities.

New York's more than 60 million annual tourists have provided a major boost to jobs in scenic and sightseeing transportation, which have more than doubled since 2000. But this growth has also added to the city's vehicular traffic woes, with consequences for tourism-dependent neighborhoods across the city. Charter and tour buses have multiplied, particularly in tourist-heavy areas like Times Square and the South Street Seaport, and tourists have contributed to the sharp increase in ride-hailing vehicles on the streets. Tenth Avenue between Times Square and Penn Station has become an unofficial tour bus parking lot, with buses lining the streets at all hours. At the same time, slow-moving double-decker buses contribute to traffic problems, particularly in Manhattan. The Port Authority, the city Department of Transportation, the MTA, and NYC & Company should work together on transportation planning that is responsive to the city's tourism boom. One priority should be more sensible solutions to the growing demand for tour bus services. Solutions may include adding new parking facilities as part of the Port Authority Bus Terminal renovation, distributing bus parking more widely to avoid disruptive concentrations, and reducing the frequency of double-decker buses at peak times.

Ensure that New York continues to be perceived as a safe place to visit. If anything could derail the city's decades-long surge in tourists, it would most likely involve rising concern about public safety. Indeed, reducing crime has been vital to the city's tourist surge over the past 25 years. New York policymakers should continue to prioritize efforts to keep crime rates at their historically low levels.

Build and expand the tourism jobs pipeline

With more than 291,000 tourism-related jobs and counting, the number of New Yorkers employed in tour-

ism has increased every year for the past decade. But the city's complex network of public and private workforce development organizations and programs could do much more to meet the surging demand for workers with tourism-ready skills. Workforce development organizations and programs across the city should significantly increase their focus on tourism jobs as a vital source of well-paying and accessible opportunities. One major bright spot is NYC & Company's existing partnership with the Department of Youth and Community Development and the Department of Education, which supports youth workforce initiatives, but this program can be expanded. Meanwhile, there are many more opportunities to grow and expand the pipeline citywide.

Tourism-related employers say that strong customer service skills, coupled with a natural flexibility and a "can-do" attitude, are what it takes to succeed in the tourism business. These are good qualities for workers in any industry, but tourism stands out as an especially rich vein of opportunity; by 2024, the sector is projected to generate more accessible, well-paying jobs in growing occupations than any other. However, too few programs are putting an emphasis on these skills or collaborating with tourism employers to meet their emerging needs. Importantly, at a time when automation is threatening entry-level jobs across many industries, occupations that involve face-to-face communication and human interaction—like the customer service jobs in tourism—are among the least vulnerable to the forces of automation. A stronger tourism jobs pipeline can help the city evolve to meet these impending changes, while providing more employers with the workers they need to sustain and grow their businesses.

Make tourism a key industry partner in the city's workforce development system. Understanding the needs of employers is essential for designing successful workforce development and training programs. Yet there is no central agency or organization focused on gathering the industry intelligence that would allow more programs to connect with opportunities in the tourism industry. In an effort to direct the city's workforce development ecosystem toward the needs of businesses, the city's Department of Small Business Services has created an Industry Partnership focused on food service and hospitality—along with partnerships in five other growing industries that are central to the city's economy. But that existing partnership is not structured to take advantage of the full scale of opportunities that tourism provides. It is focused largely on food service, has been slow to get off the ground, and has few or no relationships with nonprofit workforce

development organizations that are already placing workers in the field. The city should refresh the food and hospitality Industry Partnership's mandate by re-branding it as a Tourism Industry Partnership, and call on a wide variety of stakeholders—including NYC & Company; employers from retail, food service, accommodations, and other tourism-fueled industries; and independent organizations and intermediaries already working in this space—to inform the city's workforce and education ecosystem about the needs of tourism employers and build strong relationships with tourism employers across a range of industries.

Tap New York's multilingual population to support the tourism industry. New York is both one of the world's most multilingual cities and one where the tourist population is most diverse. As a result, multilingual New Yorkers make particularly strong candidates for careers in the tourism industry, but few efforts exist to tap this enormous citywide resource. From floor staff in retail shops and waitstaff at restaurants to customs officials at the airport and tour guides, the tourism industry is full of positions that can make use of workers with language skills. The city's workforce development and education ecosystems, industry leaders, and NYC & Company should collaborate to develop career exploration programs that increase awareness of career opportunities in tourism and emphasize the value of speaking multiple languages. This will help ensure that the tourism pipeline fully leverages the skills of people from the city's multiethnic communities.

Expand capacity building and training programs for businesses across the five boroughs to tap into the tourist market. Workforce development organizations should build the capacity of managers in tourism-fueled businesses to create a work environment that rewards hard work with upward mobility. Because tourism is such an important source of good quality jobs in growing occupations, tourism-related businesses are an ideal laboratory for building collaborations between workforce development organizations and company management to create quality work environments. Everybody wins in such collaborations: businesses get higher-performing workers that stay in their jobs longer, workers get a path into the middle class, tourists get a better experience for their money, and the city's economy benefits from better tourist experiences. Coordinating these strategies for worker preparation and training would be a key role for the new Tourism Industry Partnership.

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