

CRUISE SHIP INDUSTRY, 2019



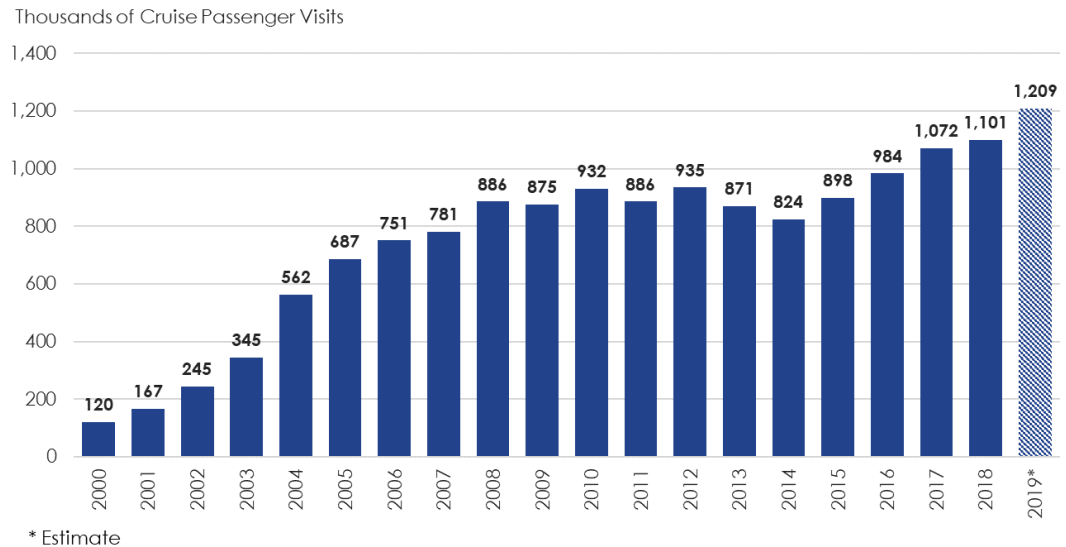
The cruise ship industry in Seattle has grown from nearly 120,000 passengers in 2000 to an estimated 1.2 million in 2019. Cruise lines utilizing Port of Seattle infrastructure support the state economy through visitor spending, crew expenditures and cruise operations.





In 2019, the Port of Seattle will host 213 calls from ten different cruise lines and 18 ships. The industry in Seattle has grown from nearly 120,000 passengers in 2000 to an estimated 1.2 million in 2019. Passenger increases between 2000 and 2019 represent a compound annual growth rate of 13%. **(Exhibit 24)**

**Exhibit 24. Passenger Embarkments, Disembarkments, and In-Transit Stops,
Port of Seattle, 2000-2019**



Source: Port of Seattle, 2019

A total of seven cruise lines will homeport at the Port of Seattle, including Holland America Line, Norwegian Cruise Line, Princess Cruises, Carnival Cruise Lines, Royal Caribbean, Celebrity Cruises, and Oceania Cruises. Vessels that homeport at the Port of Seattle have passengers embarking and disembarking at the beginning and end of their trips. Homeport vessels take on supplies, handle passenger baggage, provide shore services to passengers, conduct maintenance, and more. For other cruise lines and vessels, the Port of Seattle is a port of call, an intermediary stop on a cruise. Port of call passengers typically spend less than 10 hours in Seattle, and provisioning and maintenance activities rarely occur. In 2019, vessels will make 201 homeport calls and 11 port of call visits in Seattle.

Analytics presented in this section draw on extensive data gathered on 2017 actual cruise activities. This data was then used to develop a cruise industry impact model capturing the various types of impacts of cruise operations to the region, such as cruise ship local procurement, on-shore support services, and cruise passenger on-shore spending before and after a cruise. This model was then applied to the projected 2019 cruise schedule using the expected number of vessels calls and passengers, based on data provided by the Port of Seattle. Cruise industry impacts are disaggregated by: 1) cruise passenger



spending on local goods and services; 2) crew expenditures in the local economy; and 3) cruise operations, including payroll, procurement from local vendors, and on-shore services. The impacts to Washington of crew onboard cruise ships is limited to their expenditures in the local economy and only a small portion of total crew disembark to visit the region during any vessel call.

In 2017, the Port of Seattle commissioned the McDowell Group to conduct a survey of cruise passengers. This survey found that 89% of respondents were non-Washington residents. Of these, 65% spent at least four hours in Seattle before or after their cruise.

The average length of stay among non-resident passengers staying overnight before or after their cruise embarkment was two days. Non-resident passengers spending time in Seattle spent an average of \$850 per party pre-cruise and \$697 post-cruise, or a total of \$1,547. Categories of passenger spending include lodging, food and beverage, entertainment, transportation, and gifts and souvenirs. (**Exhibit 25**)

Exhibit 25. Average Cruise Visitor Spending in Seattle by Category, 2017

Category	Pre-Cruise	Post-Cruise
Lodging	\$398	\$243
Food and beverage	\$185	\$161
Entertainment	\$107	\$135
Transportation	\$94	\$92
Gifts, souvenirs, clothing	\$62	\$64
Other	\$4	\$2
Total Average Spending	\$850	\$697

Note: the inclusion of pre- and post-cruise spending reflects the structure of the survey deployed by McDowell Group in 2017.

Source: Port of Seattle Cruise Passenger Survey, 2017

In 2019, Port of Seattle cruise line visitor spending is estimated to directly generate \$226.8 million in business output and will support an estimated 2,490 jobs, and \$83.2 million in wages including benefits. (**Exhibit 26**)

Cruise staff also generate impacts in the local economy through their local spending. Between vessel debarkations and embarkations at homeport and port of call visits a small proportion of cruise crew spend their earned income on food and beverage, souvenirs, and entertainment. The Cruise Lines International Association's report "The Contribution of the International Cruise Industry to the U.S. Economy in 2016" estimates that average crew spending per visit is \$47.06. Crew spending in 2019 is estimated to generate \$2.1 million in output in 2019, will support 30 jobs, and \$0.9 million in wages and benefits in Washington. (**Exhibit 26**)



In 2019, cruise operation expenditures, including fuel, food and beverage procurement, various onboard accommodation purchases, and maintenance, are estimated to sum to \$182.7 million. Various on-shore operations provide services for cruises, such as on-shore cruise line staff handling boarding and baggage, longshoremen, and Port of Seattle personnel. Additionally, tugboat companies provide inner harbor tug assists along with various maritime support services. In total, the on-shore operations supported by the cruise industry in 2019 are estimated to generate business output of more than \$56.2 million.

Exhibit 26. Projected Direct Impacts by Economic Activity of Cruise Operations at the Port of Seattle, Washington, 2019

Activity	Jobs	Revenues (mils 2018 \$)	Wages (mils 2018 \$)
Passenger Spending	2,490	\$226.8	\$83.2
On Shore Staff	200	\$28.4	\$14.5
Maritime Services	130	\$27.8	\$14.2
Maintenance	90	\$24.2	\$7.4
Provisioning	30	\$60.2	\$0.7
Fuel	20	\$98.3	\$1.7
Crew Spending	30	\$2.1	\$0.9
Total	2,990	\$467.8	\$122.7

Sources: Port of Seattle, 2018; Holland America Group, 2018; Norwegian Cruise Lines, 2018; Port of Seattle Passenger Survey, 2017; Cruise Lines International Association, 2018; Washington State Department of Revenue, 2018; Washington State Employment Security Department, 2018; Community Attributes Inc., 2019.

The cruise industry at the Port of Seattle will directly support an estimated nearly 3,000 jobs, with average annual wages, including benefits of nearly \$41,000. The total economic impact of cruise ships to the state economy in 2019, including direct, indirect, and induced impacts, is estimated at 5,500 jobs, \$260.1 million in labor income, and \$893.6 million in business output (**Exhibit 27**). Based on these estimates, in 2019 each vessel call will support a total of \$4.2 million in economic activity to the region. This represents an increase over previous Port of Seattle studies due to: 1) a revised and more thorough 2017 study of passenger spending locally; and 2) an increase in cruise operation expenditures in the region.



Exhibit 27. Projected Economic Impacts of Cruise Ship Operations at the Port of Seattle, Washington, 2019

	Direct	Indirect	Induced	Total
Jobs	3,000	1,000	1,500	5,500
Total Compensation (mils 2018 \$)	\$122.7	\$56.9	\$80.5	\$260.1
Business Output (mils 2018 \$)	\$467.8	\$188.3	\$237.6	\$893.6

Sources: Washington State Office of Financial Management, 2018; St. Louis FRED, 2018; Community Attributes Inc., 2019.

The economic impacts of cruise operations at the Port of Seattle in 2019 will support various state tax bases, which in turn yield tax revenues. The direct and secondary activities of cruise operations in 2019 will generate \$10.7 million in state sales and use taxes, an additional \$3.8 million in business and occupation taxes, and other statewide taxes. In total the cruise industry, supported by the Port of Seattle, will generate an estimated \$14.5 million in statewide taxes directly and through multiplier effects in 2019. **(Exhibit 28)**

Exhibit 28. Projected Statewide Fiscal Impacts of Cruise Ship Operations at the Port of Seattle, Washington, Mils 2018\$, 2019

	Direct	Secondary	Total
B&O	\$1.0	\$1.8	\$2.8
Sales & Use Taxes	\$6.4	\$4.4	\$10.7
Other	\$0.4	\$0.6	\$1.0
Total	\$7.8	\$6.7	\$14.5

Sources: Washington State Department of Revenue, 2018; Washington State Employment Security Department, 2018; Community Attributes Inc., 2019.