



STRUCTURAL CHANGE IN THE FLORIDA KEYS ECONOMY

CLIMATE CHANGE AND THE FLORIDA KEYS

FACT SHEET 4

FKNMS/NOAA SOCIOECONOMIC RESEARCH AND MONITORING PROGRAM

The views and recommendations are the author's and are not necessarily endorsed by NOAA.

ECONOMIC CONTRIBUTION OF TOURISM

The essential data on tourism in the Florida Keys come from two surveys conducted by NOAA's Office of National Marine Sanctuaries under the FKNMS Socioeconomic Monitoring Program for the Florida Keys. The surveys provide a reliable basis for comparison of two years more than a decade apart, 1995-96 and 2007-08.

The total spending by tourists increased by 22% in constant 2008 dollars, from \$1.63 billion in 1995-96 to \$1.99 billion in 2007-08. The total contribution from tourism to the Monroe County economy, including multiplier effects, increased by 22.5% to \$2.23 billion.

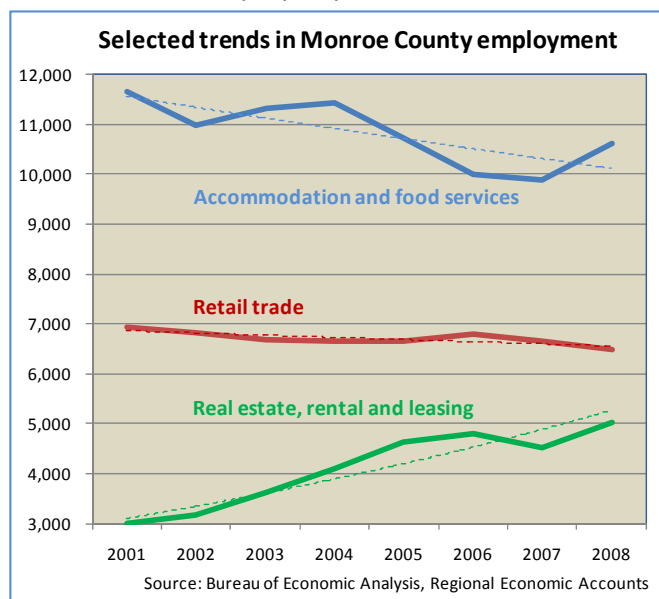
The value generated by tourism represented about 60% of the local economy in both years, while its contribution to full-time and part-time employment increased from 46.5% to 55%. Tourism-related employment grew by 47% from 21,800 to 32,000 persons.

NON-RESIDENT PROPERTY OWNERS

The economic analysis of the survey data by the ONMS reveal a significant increase in the annual expenditure of people owning or leasing condominium and time share facilities (the dominant item), marina storage services, and recreational vehicle/trailer parks. There is local concern that a growing number of non-resident local property owners will diminish the meticulous care for the environment which remains a strong feature in the community.

Official employment data indicate structural change. Accommodation and food services shows an annual decline of about 1.9%, due to the decline in the local population offsetting a likely rise in tourist spending. Retail trade showed an annual decline of 0.7% for similar reasons.

Meanwhile, employment in real estate and related activities



increased by almost 9% per annum, from 3,000 to 5,000 persons. This could be at least partly due to the trend towards more residential properties being owned by non-residents, and former residents leaving.

CHANGING TOURISM PATTERNS

The structural change in tourism revealed by the surveys is widespread. While the total number of tourist visits increased from 2.54 to 3.01 million (+18.5%), the average length of these visits declined by 18.7% from 5.24 to 4.26 days, causing the total number of days tourists spent in the Keys to decline from 13.3 to 12.8 million.

There was a strong increase in the number of visitors arriving in Key West by cruise ship. Defined as day trips, they increased the cruise ship share of total visits from 12.7% in 1995-96 to 23.5% in 2007-08. Relative to total days spent, cruise ships accounted for an increase from 2.4% to 5.5%, while 83.4% was due to visitors arriving by automobile in both years, and the share of air travelers declined from 14.2% to 9.5%. A new mode of transport, catamaran ferry from Marco Island and Fort Myers Beach on Florida's Gulf Coast, accounted for 1.6% of total days spent in 2007-08.

Tourists stay longer during the winter season (December to May) than during summer. The length of stay declined in both seasons, from 6.03 to 4.94 days during winter and from 4.17 to 3.51 days during summer. The proportion of male visitors declined from 72.8% to 64.4% for the full year, while the average age increased from 46.1 to 49.5 years. The most striking change, however, was in median household income, which soared from an estimated \$78,000 in 1995-96 to \$102,000 in 2007-08 (constant 2008 dollars).

Geographically, there has been a massive change in favor of Key West. In both survey years, about four of every five tourists visited only one district, but 53% of *all* tourists visited Key West only – up from 38.5% in 1995-96. Key Largo was the sole destination for 22.1% in 1995-96, falling to 16.9% in 2007-08. Islamorada and Marathon were combined in the 1995-96 survey, showing a decline from 14.2% to 9.7% visiting the combined area only – but the 2007-08 survey shows that the vast majority visited either Marathon or Islamorada only. Finally, the already small proportion visiting the Lower Keys only (exclusive of Key West) fell dramatically from 4.3% to 1.6% of all visitors.

DECLINE IN WATER-BASED ACTIVITIES

Quite apart from the increase in the number of day visitors associated with cruise ships in Key West, the surveys show great changes in tourist activity patterns. The number of people visiting museums and historic areas increased by 48% to 1.24 million, with the total number of days devoted to this activity increasing by 53% to 2.6 million.

The number of people snorkeling or scuba diving, boating, viewing wildlife and nature, fishing, playing outdoor sports or games, and camping, all declined. In total, the number of people engaged in *any* water-based activities declined by 5% to 1.6 million (the participation rate dropped from 66% to 53%). Participation in water-based activities *only* fell by 36% to just over 300,000 person, with a decline in the participation rate from 18.9% to 11%. In contrast, 1.1 million persons participated in land-based activities *only*, a 40% increase. The participation rate rose from 31.2% in 1995-96 to 35.1% in 2007-08.

Rating the importance and satisfaction with specific resources, facilities and services in the Keys, tourists are increasingly focused on facilities such as public toilets and friendly service, while coral reef health and biodiversity are not gaining importance. Historic preservation, on the other hand, increased its importance rating from already high levels, and so did the satisfaction rating. Local residents take a stronger view on reef health than people visiting the Keys, and are significantly less satisfied with the state of the coral reefs. This all adds to the evidence that the marine environment has been losing out while the historic significance of the area has gained, centered on Key West.

COMMERCIAL FISHERIES

The focus here has been on tourism, but structural change also affects commercial fisheries, with employment declining as coral cover and fish landings have declined. For example, the number of Saltwater Product Licenses in Monroe County declined by 54%, from an average of 3,123 for 1990-91/1992-93, to a 1,426 average for the three years to 2008-09.

FUTURE IMPLICATIONS

The general prospect for the Keys is for population decline, its extent depending on the four scenarios summarized in Fact Sheet 6.

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Note: The definition of tourism changed slightly between the 1995-96 and 2007-08 surveys, reducing the real increase in the number of visits from 18.5% to 15%. However, the findings on structural change remain essentially intact.

Further reading

Climate Change and the Florida Keys, especially Chapter 6.4.

Fact sheet 6 (*Scenarios for the Keys*).

Bob Leeworthy (2010), 'Visitor study: Selected comparisons 1995-96 and 2007-08'.

July. http://sanctuaries.noaa.gov/science/socioeconomic/floridakeys/pdfs/comparisons_9596_0708.pdf.

Bob Leeworthy (2010), 'Monroe County Resident Recreation: Selected comparisons 1995-96 and 2008'.

October. <http://sanctuaries.noaa.gov/science/socioeconomic/floridakeys/recreation/linking08a.html>.

Bob Leeworthy and Rod Ehler (2010), Importance and satisfaction ratings by recreating visitors to the Florida Keys/Key West 2007-08.

July. <http://sanctuaries.noaa.gov/science/socioeconomic/floridakeys/recreation/welcome.html>.

Bob Leeworthy and Charles Morris (2010), A socioeconomic analysis of the recreation activities of Monroe County residents in the Florida Keys/Key West.

September. <http://sanctuaries.noaa.gov/science/socioeconomic/floridakeys/recreation/welcome.html>.

Pictured: Cruise ship in Key West (HHG 2008)