

New Hampshire ECONOMIC CONDITIONS

March 2020

The Impact of Outdoor Recreation on New Hampshire's Economy

Outdoor recreation is a large part of New Hampshire's identity. The state's lakes, mountains, forests and beaches are enjoyed by residents and visitors during all four seasons. Enjoying these natural features helped New Hampshire draw 10.9 million overnight visitors in 2017.¹ The U.S. Bureau of Economic Analysis (BEA) recently released data on the impact of outdoor recreation activities on the Gross Domestic Product (GDP) of every state in the U.S. This report illustrated the importance of outdoor recreation to New Hampshire's economy. According to BEA's data, outdoor recreation contributed \$2.7 billion to New Hampshire's GDP in 2017, 3.3 percent of the state's total GDP.

Among all 50 states, New Hampshire had the eighth highest share of GDP generated from outdoor recreational activities, tied with Colorado and

Utah. Maine and Vermont both ranked ahead of New Hampshire, at third and fourth, respectively. Outdoor recreation accounted for 4.8 percent of Maine's GDP, and 4.5 percent of Vermont's GDP. Hawaii had the largest share of GDP from outdoor recreational activities, 5.4 percent.

Outdoor recreation's contributions to New Hampshire's GDP increased by over \$100 million from 2016 to 2017, an increase of 4.2 percent. This outpaced New Hampshire's total GDP growth of 1.8 percent that year. The largest annual growth occurred from 2014 to 2015, when outdoor recreation increased by 9.4 percent, adding over \$200 million in value. Over the five-year period from 2012 to 2017, outdoor recreation's contributions to GDP grew by 17.8 percent, while New Hampshire's total GDP grew 9.5 percent.

Employment and Compensation

Outdoor recreation provided employment for 37,800 New Hampshire workers in 2017, accounting for 5.5 percent of total employment. This was the 7th highest percentage among all states in the U.S. Compensation earned by outdoor recreation workers was only 2.9% of total worker compensation in New Hampshire, which ranked the state 11th nationwide. This disparity between the percent of total employment and the percent of total compensation existed in all 50 states. Outdoor recreation accounted for 3.4 percent of total U.S. employment, but accounted for only 2.1 percent of total compensation, indicating that wages for these workers are generally below average.

Much of this is a reflection of the industries that employ the most outdoor recreation workers. At a national level, 77 percent of workers employed at outdoor recreation-related businesses are employed in *Retail trade, Arts,*

Outdoor Recreation Value Added, Employment, and Compensation as a Percent of Total GDP, 2017

State	Percent of Total Value Added	Percent of Total Employment	Percent of Total Compensation
United States	2.2%	3.4%	2.1%
Connecticut	1.4%	2.8%	1.4%
Maine	4.8%	6.4%	3.8%
Massachusetts	1.7%	3.0%	1.6%
New Hampshire	3.3%	5.5%	2.9%
Rhode Island	2.3%	4.3%	2.2%
Vermont	4.5%	5.3%	3.2%

Source: U.S. Bureau of Economic Analysis

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¹ Dean Runyan Associates, New Hampshire Travel Impacts, July 2018. <https://www.visitnh.gov/getmedia/c30143e8-49ac-4c37-86d3-6eeb61c75823/NHImpact2011-2017.pdf>.

entertainment, and recreation or *Accommodations and food service*, three of the five industries with the lowest average weekly wages. Many occupations in these industries typically earn low wages, and are also more likely to be either part-time or seasonal jobs.

In New Hampshire, the disparity between share of employment and share of compensation in outdoor recreation is greater than in most other states. This is why New Hampshire has the 7th highest percentage of employment, but only the 11th highest proportion of total compensation. Eighty-five percent of outdoor recreation workers are employed in these three lower-wage industries, which helps explain why the discrepancy in New Hampshire is particularly high.

Outdoor Recreation Value Added by Activity

Core outdoor recreation activities contributed \$1.4 billion to New Hampshire's economy, slightly over half of all value added. Supporting activities contributed \$1.25 billion, and government expenditure contributed \$64 million.

Of the core activities, the largest contribution to New Hampshire's GDP came from Multi-use Apparel and Accessories, which added \$264 million of value in 2017. This category includes items that can be used for a variety of outdoor activities, including backpacks, bug spray, coolers,

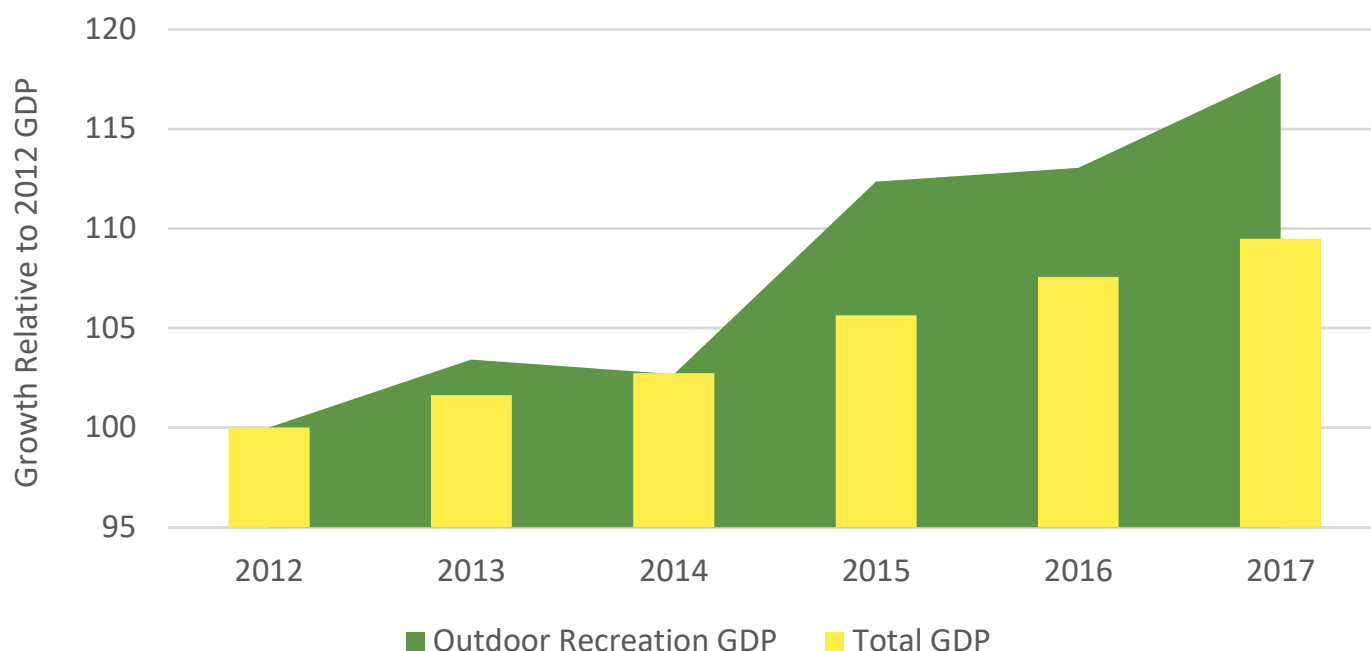
general outdoor clothing, GPS equipment, hydration equipment, lighting, sports racks, sunscreen, watches, and other miscellaneous gear and equipment. This accounted for 9.7 percent of all value added by outdoor recreation. Multi-use Apparel and Accessories was the largest contributor to national GDP as well, contributing 12.3 percent of total US outdoor recreation value

Hunting/Shooting/Trapping was the core activity with the second largest contribution to New Hampshire's GDP, adding \$226 million of value. New Hampshire had the highest percentage of outdoor recreation value added by hunting, shooting and trapping, with 8.3 percent, compared to a national average of 2.1 percent.

Snow activities (skiing, snowboarding, snowmobiling, snowshoeing, and more) contributed \$152 million to New Hampshire's economy. This accounted for 5.6 percent of all value added by outdoor recreation. Nationwide, snow activities accounted for only 1.3 percent of value added. Only Colorado (13.6 percent), Vermont (12.0 percent) and Utah (10.0 percent) received a greater share of GDP from snow activities.

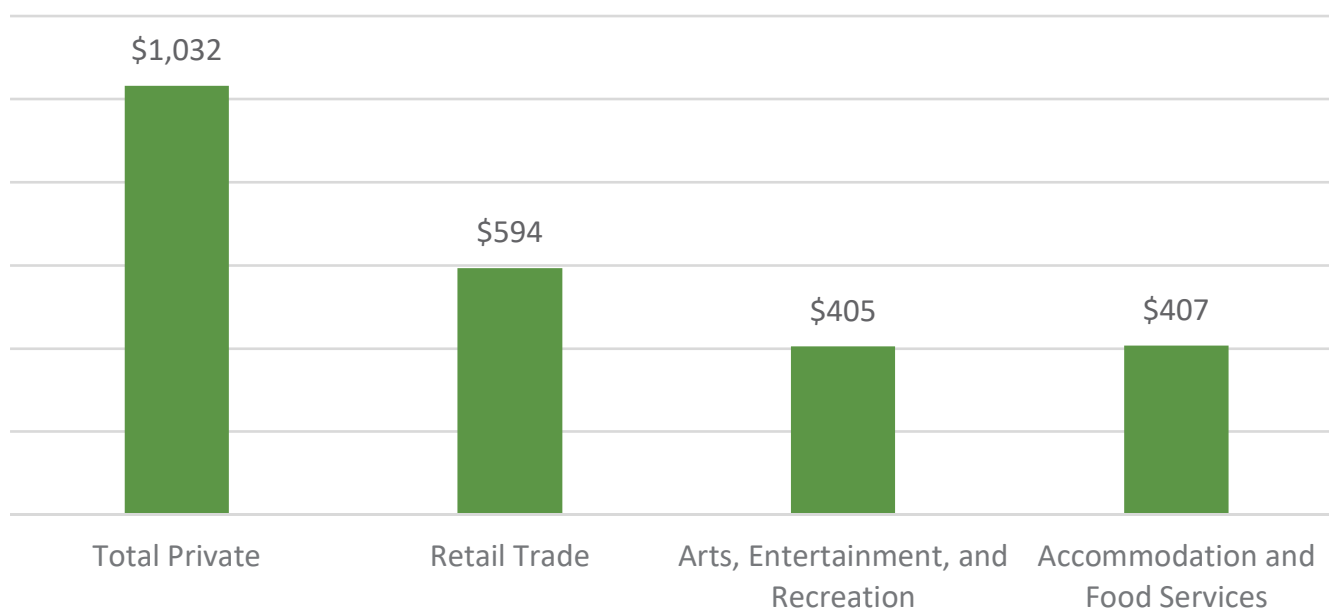
Boating/Fishing, RVing and Game Areas (tennis courts, golf courses) each added over \$100 million of value to New Hampshire's outdoor recreation GDP as well.

New Hampshire GDP Growth Index, 2012-2017



Source: U.S. Bureau of Economic Analysis

New Hampshire Average Weekly Wages, By Industry, 2017 Q3



Source: Covered Employment and Wages, New Hampshire Employment Security

So what exactly is considered "Outdoor Recreation?"

For these statistics, the U.S. Bureau of Economic Analysis has defined outdoor recreation as "all recreational activities undertaken for pleasure that occur outdoors." This includes activities that are traditionally considered outdoor recreation, such as hiking, camping, skiing, biking, fishing and hunting. It also includes many other outdoor activities, such as gardening, beekeeping, outdoor festivals, amusement parks, hot air balloons, and drone-flying.

The economic impact of these activities includes the value of goods and services directly related to outdoor recreation ("core" goods and services), as well as the value of goods and services that support access to outdoor recreation ("supporting" goods and services).

According to BEA, "core outdoor recreation goods and services include gear, equipment, fuel, concessions, maintenance, repair, and fees related to outdoor recreation activities. Supporting goods and services includes travel and tourism [defined as trips more than 50 miles from home], as well as local trips [less than 50 miles from home], construction, and government expenditures." For more information about how BEA defines the value of outdoor recreation activity, see the following link:

https://www.bea.gov/system/files/methodologies/Outdoor%20Recreation%20Satellite%20Account%20Methodology_0.pdf

BEA uses the concept of "Value Added" to determine the size of the Outdoor Recreation sector. Value added is defined as the difference between an industry's gross output (sales or receipts plus other operating income and inventory change) and its intermediate inputs (goods and services that are used in the production of other goods and services).

Outdoor Recreation Value Added by Industry

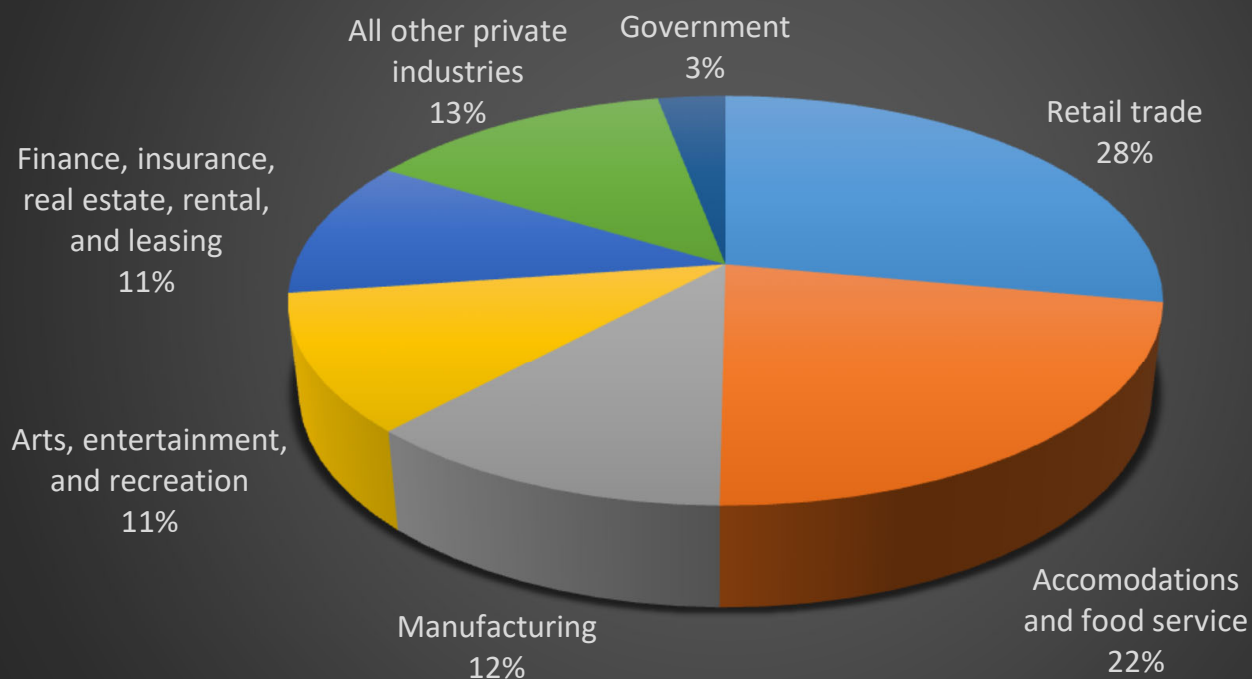
The industry that added the most value to New Hampshire's outdoor recreation GDP was *Retail trade*, which added \$757 million of value to outdoor recreation GDP in 2017. This accounted for 27.9 percent of outdoor recreation GDP. *Accommodations and food service* added \$603 million (22.2 percent), followed by *Manufacturing*, which added \$317 million (11.7 percent).

Nationwide, *Retail trade* and *Accommodations and food service* contributed the most value to outdoor recreation GDP. However, they contributed a smaller share of total value added in the U.S. overall, where they accounted for 36 percent of outdoor recreation GDP.

All other private industries accounted for 27 percent of outdoor recreation GDP in the U.S. overall, a much larger share than the 13 percent these industries contributed in New Hampshire. *Government* contributed six percent of value added nationwide, while it contributed only three percent of value added in New Hampshire.

- Greg David, Economist

New Hampshire Outdoor Recreation Value Added By Industry, 2017



Source: U.S. Bureau of Economic Analysis