The Economic Impact of the Beaches of Palm Beach County 2014

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Facts about Palm Beach County

- Located in Southeast Florida, the Palm Beach County has a population of 1.4 million. It is the northernmost member of the 6 million person tri-county Miami-Fort Lauderdale-West Palm Beach metropolitan area. The three counties have the highest populations in the state. (Miami-Dade is #1, Broward is #2, Palm Beach #3).

- Palm Beach County had $93 billion in personal income in 2014 and the metropolitan area had a personal income of $285 billion. The three counties had the highest personal income levels in the state (Miami-Dade #1, Palm Beach County #2, Broward #3).

- Personal income includes interest and dividend income and social security benefits, sources of income primarily associated with retirees. The 65+ population in Palm Beach County was 22.1 percent compared to, 18.2 percent in Florida and 13.2 percent nationally.

- Per capita income in Palm Beach County was $66,914 in 2014—the third highest level in the state. National per capita personal income was $46,049 and Florida was $42,737. Per capita income was lower in Broward and Dade Counties reflecting fewer retirees and more immigrants. The 65+ population was about 14 percent in Broward and Miami-Dade. The foreign-born population was 23.2 percent in Palm Beach versus Broward 31.8 percent, Miami-Dade 51.2.
Palm Beach County has 47 miles of sandy beaches. This is one of the longest stretches of sandy beaches in the state and accounts for 5.7 percent of the total sandy shoreline in the state.

The beach is used year-round because of the county’s attractive winter climate. Because the beaches are in a large urban county they are used intensively both by local residents and tourists.

The beaches are an important economic engine in Palm Beach County. In 2014, the total economic impact of the county’s beaches amounted to $800 million in increased production, and they supported 8,818 jobs and $264 million in earnings (wages).

Total economic impact is composed of direct expenditures and indirect expenditures. Direct expenditures are made by those living on or near the beach who experience an increase in their property values and because non-resident tourists spend money in the county in connection with their visits to the beaches.

### Total Impact of the Beaches on the Palm Beach County Economy 2013 (Millions of Dollars)

<table>
<thead>
<tr>
<th>Increased Spending by Coastal Property Owners</th>
<th>Spending by Beach Tourists</th>
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<tbody>
<tr>
<td>$324.30 , 41%</td>
<td>$476.40 , 59%</td>
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![Pie chart showing the total impact of the beaches on the Palm Beach County economy with increased spending by coastal property owners and spending by beach tourists.](chart.png)
The Economic Impact of the Beaches on the Palm Beach County Economy II

• Indirect expenditures increase when the front line industries spend on materials and services supplied by industries further down the supply chain. Restaurants buy food, cleaning products, electricity and so on. The suppliers to these industries in turn experience increases in sales and so on back up the supply chain.

• Economic impact occurs when “new money” is being expended, such as when tourists spend income earned outside the county or when coastal residents spend increased wealth due to the increase in their property values because of the beaches.

• Spending by non-coastal residents in connection with visits to the beaches is not included in economic impact because it is viewed as a diversion from other spending, rather than new spending. If non-coastal residents did not spend money visiting the beach they would have spent the money on an alternative activity ion the county.

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Coastal Property Value in Palm Beach County

In 2013, coastal property in Palm Beach County was valued at $34.6 billion. Coastal property consisted of property east of the Atlantic Intracoastal waterway except in a portion of the northern county where it was defined to be east of US-1. The coastal property value accounted for 21.4 percent of the value of all property in the county ($161.6 billion). It was more than 90 percent residential.

Coastal Property Value By Land Use
Billions of Dollars and Percent

- Single Family: $18.5 billion, 54%
- Condominium: $11.5 billion, 33%
- Other Residential: $1.1 billion, 3%
- Commercial: $1.5 billion, 4%
- Other Properties: $2.0 billion, 6%
Coastal Property Value in Palm Beach County II

About one third of the coastal property value in Palm Beach County was owned by residents of the county. About one fourth was owned by residents of other states, primarily the northeast. Residents of elsewhere in Florida and foreigners each owned more than $1 billion of coastal property. Canadians owned almost $1 billion coastal property in Palm Beach County.

![Distribution of Ownership Of Palm Beach County Coastal Property (Billions of Dollars and Percent, 2013)](image)
Beaches and Coastal Values

- Average values per square foot of living area for single family homes and condominiums were computed by tabulating the values in the property Appraisers file for the coastal area and for a comparative inland area (usually the area west of the Intracoastal waterway and east of US-1.)

- Average values are higher in the coastal areas than in the comparable inland areas suggesting that beaches have a positive impact on residential values. The excess of coastal values over inland values is referred to as the beach premium and was calculated as a percent of the coastal values. The averages for single family properties and for condominium properties were combined using shares of square footage as weights.

- The average beach premium across the entire coastline was 44.2 percent per square foot indicating that, on average, 44 percent of the average value of a coastal square foot is due to the nearby beach.

- There are many qualifications to this result. Coastal properties derive value not only from their proximity to the beach but, for example, from their beach views and proximity to beach birds. This would inflate the premium. But this was reduced because the comparable also had nice views and proximity to wild life. Additionally, there are offsetting factors that deflate the premium. Coastal values may be discounted due to traffic congestion and distance from commercial facilities and medical facilities.
Economic Impact of Beach Induced Property Value Increases

The beaches in the county create $7.5 billion of coastal value or about 25 percent of their value. The increase in property value represents an increase in wealth, that is, “new money”. As the increased wealth is spent by residents of the county on personal consumption, there is a direct economic impact. Most of the impact from non-resident spending is lost to where they reside. Non-residents increase their spending on two items in the county: One is an increase in maintenance fees – a more valuable condominium development will have more expensive common area facilities. The other increase is the increased property taxes paid by the non-residents. These increases can be multiplied by the multipliers to obtain the total economic impact.
Non-Resident Beach Tourism

- Beach Tourism is the other source of economic impact of the county’s beaches. In the year 2013-14 there were a total of 3.5 million visits made to Palm Beach County beaches. Approximately one-half of the beach visits were made by non-residents (1.7 million visits).

- Data were collected on the expenditures made by non-residents in the county. These were converted to person day averages and they were multiplied by the total number of beach visits. Beach visitors to the county visit the beaches about one half the number of days they are in the county.

Total spending was $196.9 million in 2013-14
The Economic Impact of the Beaches on the State of Florida Economy

- Palm Beach County beaches directly increase spending of “new money” in the state as a result of spending by out of state non-resident coastal property owners of their increased wealth due to the beaches in Palm Beach county and as a result of expenditures by out of state tourists on days they visited the beaches in the county. To this is added expenditures made by Palm Beach County Beach visitors in other counties in the state.

- Palm Beach County beaches are an important economic engine for the State of Florida. In 2014, the total economic impact of the county’s beaches on the state amounted to $982 million (about $1 billion) in increased production, and they supported 10,232 jobs and $304 million in earnings (wages).

- The economic impact of Palm Beach County’s Beaches in the state’s economy is larger than their impact on the (local) county economy. This is accounted for by the spending of Palm Beach County out of state beach visitors in other counties of the state. Additionally, the multipliers used to calculate indirect impacts are larger for the state than for the county, since the state economy is larger and more diversified than the county economy resulting in smaller losses to imports along the various supply chains.
The beaches of Palm Beach County are assets to residents of other US states and territories. These residents own $8.8 billion of the coastal property in the county. Ownership was widely spread across the country.
Residents of other U.S. States spent more than one million days on the beaches of Palm Beach County in 2013-2014. There were substantial numbers of visits from across the country.

Visits to Palm Beach County Beaches by Residents of other US States and Territories in 2013-14

- Northeast: 607,547, 59%
- Midwest: 143,966, 14%
- Other South: 230,217, 22%
- West and Other: 56,594, 5%