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Economic Impact Analysis of Balearia Cruise Activity (10/2025)

The purpose of this analysis is to identify the impacts associated with Balearia cruise activity. The economic impacts presented in this analysis factor into account annual passenger counts through August 2025 of Balearia Cruise Line.

As part of the Port Everglades Master Plan Update 2006-07 (and 2018), Martin Associates was retained by the Broward County Port Everglades Department to measure the local, regional and state economic impacts generated by the cruise industry at Port Everglades. The Martin Associates cruise impact model provides a tool by which the Port can test and evaluate sensitivity changes in such parameters as the types of cruises being offered, the size of vessels deployed, the number of passengers per cruise, the share of passengers arriving via Fort Lauderdale-Hollywood International Airport, percent of passengers staying overnight in Broward County area hotels pre and post cruise, and the number of single-day cruises and multi-day cruises. The cruise sensitivity

model can also be used to quantify the potential impact of new services, by size of vessel, itinerary and type of cruise. Finally, the cruise impact model along with the marine cargo model can be used to evaluate the economic impact of a marine terminal for use as a cruise terminal versus a cargo terminal.

The study employs methodology and definitions that have been used by Martin Associates to measure the economic impacts of seaport activity at more than 250 ports in the United States and Canada, and at the leading airports in the United States. It is to be emphasized that only measurable impacts are included in this study. In order to ensure defensibility, the Martin Associates' approach to economic impact analysis is based on data developed through an extensive interview and telephone survey program of the Port's tenants and the firms providing cargo and cruise services at Port Everglades. Specific re-spending models have been developed for the Broward County area to reflect the unique economic and consumer profiles of the regional economy. To further underscore the defensibility of the study, standardized impact models, such as the MARAD Port Kit are not used. Instead, the resulting impacts reflect the uniqueness of the individual Port operations, as well as the surrounding regional economy.

At the outset, it is important to note that this study uses a different methodology than previous studies and may be difficult to directly compare to results of economic impact studies previously completed for Port Everglades by other consultants.

1. IMPACT STRUCTURE AND DEFINITIONS

Cruise service related to the home porting of a vessel contributes to the local and regional economies by providing employment and income to individuals, tax revenues to local and state governments, and revenue to businesses engaged in providing operational services and supplies to the vessels and passengers. The flow of cruise industry-generated economic impacts throughout an economy creates four separate and non-additive types of impacts. These four types of impacts are:

- ***Employment Impact*** – represents the number of full-time equivalent jobs generated by cruise activity at Port Everglades. This consists of jobs directly generated by the home porting of cruise vessels as well as

induced jobs, or jobs created in the Broward County area due to the purchase of goods and services by those individuals directly dependent upon cruise activity.

➤ **Direct jobs** are those that would not exist if activity at Port 's cruise facilities were to cease. Direct jobs created by the cruise operations include the jobs with the firms providing the direct vessel services – chandlers, pilots, longshoremen, line handlers, dockworkers, local advertising firms, caterers, liquor wholesalers, linen companies, security firms, waste disposal firms, parking, local transportation -- as well as the firms providing services to the passengers on the vessels -- hotels, taxi cabs, restaurants and tour packages. Also included are impacts generated at Fort Lauderdale Hollywood International Airport due to the cruise passengers arriving via air.

➤ **Induced jobs** are jobs created in the Broward County area by the purchases of goods and services by those individuals directly employed by each of the Port's lines of business. These jobs are based on the local purchase patterns of Broward County area residents. The induced jobs are jobs with grocery stores, restaurants, health care providers, retail stores, local housing/construction industry, and transportation services, as well as with wholesalers providing the goods to the retailers.

➤ **Indirect jobs** are created throughout the Broward County area as the result of purchases for goods and services by the firms directly impacted by Port Everglades cruise passenger operations. The indirect jobs are measured based on actual local purchase patterns of the directly dependent cruise lines and firms, and occur with such industries as wholesale foodstuffs, utilities, office supplies, contract service providers, maintenance and repair, fuel and construction.

• **Income Impact** - the level of earnings associated with the jobs created by cruise activity and adjusted to reflect respending throughout the economy.

• **Revenue Impact** - the sales generated by firms engaged in supplying services and materials to the vessels while in port, as well as firms in the Broward County area visitor industry that supply services to cruise passengers staying in hotels before and after the cruise. The value of the cruise tickets is not included as a revenue impact except for those cruise services based in Broward County that provide the daily/non

conventional cruises.

• **Tax Impacts** – includes the state and local tax revenues generated by cruise activity. These are taxes paid by individuals and firms directly dependent upon the cruise activity.

2. IMPACT CATEGORIES FOR CRUISE OPERATIONS

The impacts are generated in firms throughout many sectors of the local and regional economy. Separate impacts are estimated for each of the various economic categories supplying goods and services to cruise ships and passengers. A discussion of each of the impact categories is provided below.

The typical expenditure profile of a cruise line while in port provides an understanding of the types of firms involved in providing goods and services to the vessel and its passengers. These expenditure categories are:

• **Food and Beverage** - This category includes wholesale food and liquor distributors. It is to be emphasized that in some cases the non-perishable food brought on board at the embarkation of a cruise is not necessarily purchased locally, but based on contractual relationships and is trucked in from out of the area. Similarly, in some cases, liquor is purchased from in-bond warehouses, and not from local distributors. Interviews with the cruise operators identified the amount spent locally.

- Flowers - Local wholesale flower distributors supply flowers for each cruise.
- Public Relations and Advertising - Contracts are usually developed with local advertising firms to promote the cruise. This is especially the case for the local cruisers providing daily cruise services.
- Parking - Local parking management companies provide parking services for the passengers.
- Taxis/buses - Local taxis and buses provide transportation between the airport and the ship or between the hotel and the ship for air/sea passengers.
- Security - Security services are hired while the ship is in port.
- Linen services - Contracts are developed with local laundries for linen and laundry services. • Pilots - Guide the cruise ships into the terminal.
- Tugs - Tug services are required for certain cruise ships to assist in docking and undocking. However, most cruise vessels require minimal, if any, tug assists.
- Stevedoring and Line Handling - Are required in loading and unloading baggage and ship stores and in securing and unrecruiting the ship at dock.
- Local Travel Agencies - Local travel agencies will receive a commission from ticket sales to area residents.
- Waste Disposal - Solid waste and other refuse that cannot be discharged at sea is disposed of by local refuse collectors.
- Bunkers - Fuel will be purchased from local bunkering companies.
- Water - Most cruise ships manufacture water at sea but will still purchase water locally.
- Visitor Industry - In addition to the impacts generated by direct vessel purchases, passengers from areas not within driving distance will likely stay in hotels either before or after the cruise. These individuals will typically purchase incidental retail items before or after the cruise and eat in local hotel restaurants while in the Broward County area. Also, these air/sea passengers will take cabs/buses from the airport to the hotel or ship, as well as taxis between the hotel and the ship and throughout the city. In addition to passengers impacting the local visitor industry, the ship's crew will also impact the local industry. For example, the crew will likely purchase personal incidentals while in port. Also, a portion of the crew could be rotated on each sailing. The new crew may stay in a local hotel upon arrival, while the departing crew could also stay in a hotel prior to leaving the area.

In addition, the passengers arriving via the Fort Lauderdale-Hollywood International Airport also generate impacts on site at the airport, including jobs with airlines (ticket agents, baggage, concessions, taxis, security, etc.). To estimate the impact on the Airport, Martin Associates used average impact ratios developed from our numerous airport impact studies conducted for such airports as Miami International Airport, Atlanta Hartsfield International Airport, Washington Dulles and Reagan National Airports, Baltimore-Washington International Airport, San Francisco International Airport, and Seattle-Tacoma International Airport.

The economic impact analysis of cruise service at Port Everglades is based on a telephone survey of cruise lines calling the Port, including Carnival Cruise Lines, Royal Caribbean International, Princess Cruise Lines and Holland America Line currently serving Port Everglades. The interviews focused on typical expenditure profiles of a vessel while in port, as well as the percent of passengers that are air/sea versus the local passengers, and the share of passengers spending a night in Broward County before and after the cruise. The price of the land-side

portion of those staying in Broward County was determined from the interviews and recent surveys of cruise passengers at other ports to estimate local visitor industry impacts, as was the percent of crew that are rotated on each sailing. Incidental expenses by crew while in port were also estimated from the interviews.

3. IMPACT SUMMARY BALEARIA ACTIVITY

The impacts of the cruise vessel calls and resulting passenger activity generated by Balearia generate significant economic impacts in the regional economy. According to Port Everglades Department statistics, through August of FY2025, Balearia handled 126,200 passenger movements to the Bahamas. Exhibit 1 demonstrates the impacts of this activity.

Exhibit 1 Economic Impact of Balearia Cruise Operations at Port Everglades
126,200 Annual Passengers

CATEGORY	TOTAL
JOBS	
DIRECT	130
INDUCED	75
INDIRECT	<u>76</u>
TOTAL	282
PERSONAL INCOME (1,000)	
DIRECT	\$4,442
INDUCED	\$9,445
INDIRECT	<u>\$2,506</u>
TOTAL	\$16,393
BUSINESS REVENUE (1,000)	\$21,693
STATE/LOCAL TAXES (1,000)	\$1,652

Annually, Balearia generates 130 direct jobs, 75 induced jobs that are supported as the result of the purchases of the 130 direct jobs holders, while another 76 indirect jobs are supported in local industries that supply services and goods while cruise vessels are in Port.

It is estimated that the 130 direct job holders receive \$4.4 million of direct wages and salaries. As the result of the purchases made locally with this income, (which support the 75 induced jobs in the state) an additional \$9.4 million of local income and consumption expenditures are created. The 76 indirectly employed workers are paid approximately \$2.5 million.

Local businesses receive \$21.7 million of sales revenue from providing services to cruise activity. As a result of current cruise activity, a total of \$1.7 million of direct induced and indirect state and local tax revenue is estimated to be generated annually throughout the state.