

2023

Economic Impact of Tourism in New Mexico

Conducted by:



Prepared for:
New Mexico
Tourism
Department



CONTENTS

Introduction

Project Background

Key Findings

Summary economic & fiscal impacts

Visitor Volume and Visitor Spending

Trends in visitor levels and visitor spending in New Mexico

Economic Impact Methodology

Impact model framework

Economic Impact

Business sales, jobs, and labor income impacts

Fiscal Impact

Federal and state & local tax revenues

Appendix



Introduction

The travel sector is an integral part of New Mexico's economy. Visitors generate significant economic benefits to households, businesses, and government and will be a critical driver of the region's future. In 2023, tourism-supported jobs accounted for 8.0% of all jobs in New Mexico and a total \$11.6 billion in total business sales.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is especially true as New Mexico's tourism industry rebounds post-pandemic and transitions to expansion. By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the significance of the visitor economy in New Mexico, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

An IMPLAN input-output model used for New Mexico. The model traces the flow of visitor-related expenditures through the state's economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data by sector.

Visitors included those who stayed overnight or traveled more than 50 miles to the destination. The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis. This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following data sources:

- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- Lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels
- Tax collections: Lodging and sales tax receipts by industry
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to New Mexico based on aviation, survey, and credit card information
- U.S. Energy Information Administration: gasoline prices

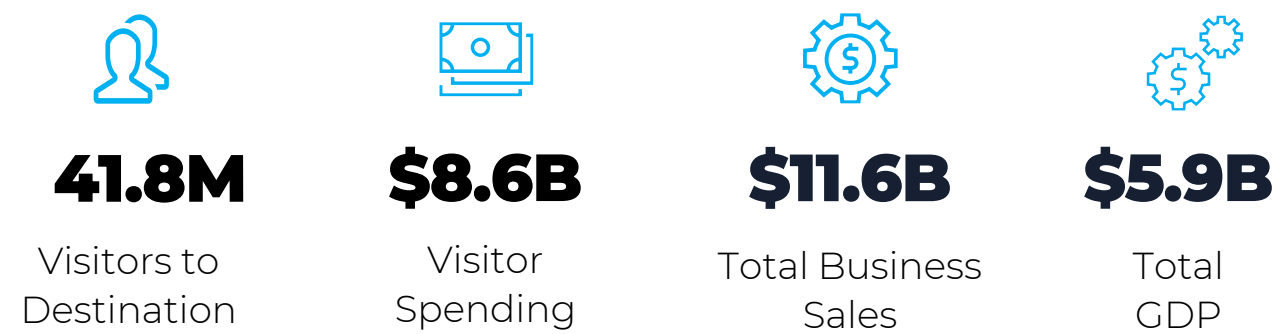
KEY FINDINGS



Key Findings

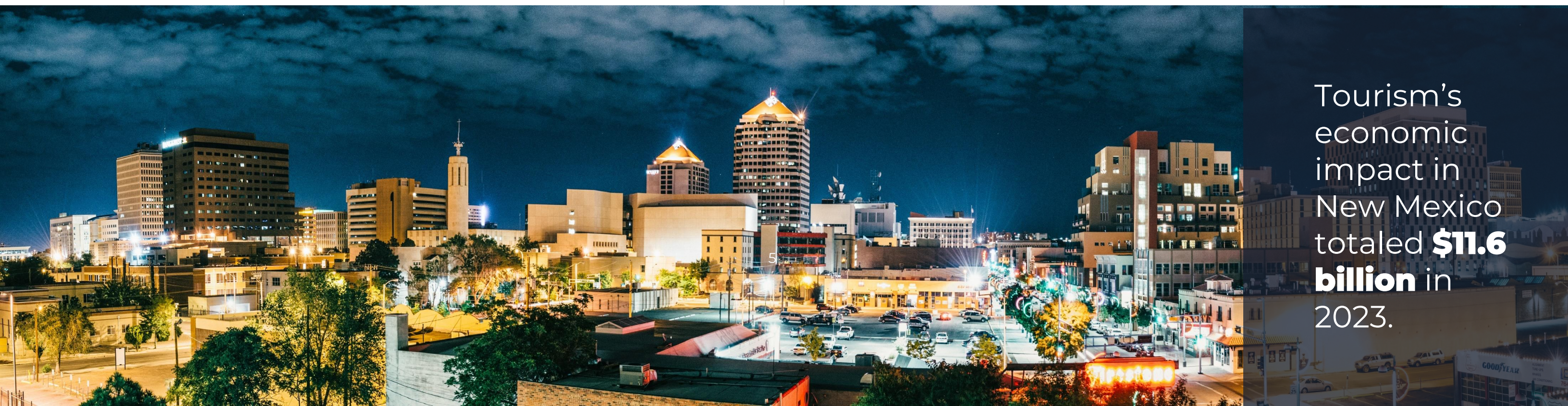
The Visitor Economy Drives Economic Impact

Visitor spending in New Mexico increased 3.8% and reached \$8.6 billion in 2023. The growth in New Mexico's visitor economy can be attributed to both price and demand increases and reached a new high-water mark for spending and total visitors to the state.



Total Economic Impacts of Tourism in New Mexico (2023)

The visitor spending impact of \$8.6 billion generated a total economic impact of \$11.6 billion in New Mexico in 2023 including indirect and induced impacts. This total economic impact sustained 93,234 jobs and generated \$810.7 million in state and local tax revenues in 2023.



VISITOR SPENDING



Visitors to New Mexico spent **\$8.6 billion** in 2023.



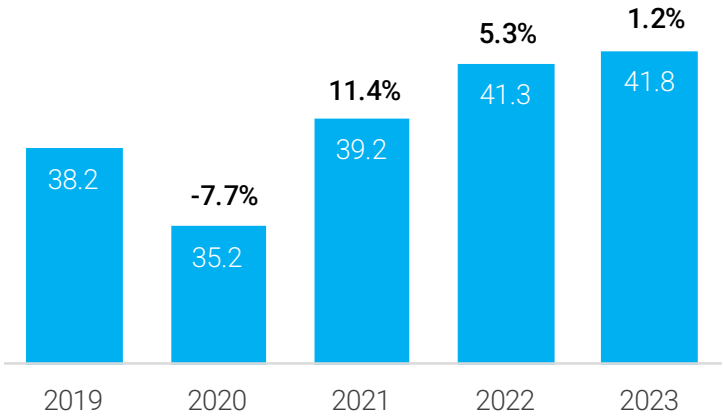
Visitor Volume and Spending

Visitor Volume

Visitor volume to New Mexico grew 1.2% in 2023, being driven by day visitors. Visitor volume reached 41.8 million.

New Mexico Visitor Volume

Amounts in millions of visitors



Source: Tourism Economics



Source: Tourism Economics

Visitor Spending

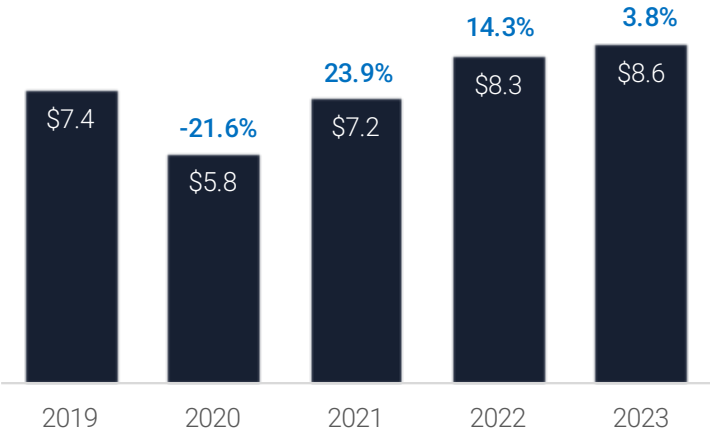
Visitors to New Mexico spent **\$8.6 billion** across various sectors in 2023.

Visitor spending on lodging grew to \$2.7 billion in 2023, 32% of the total. Spending on food and beverages reached \$2.0 billion, 20% of total visitor spending.

Retail, transportation, and recreation spending ranged between \$1.1 billion and \$1.4 billion, each holding less than 20% share, and clocked in at 16%, 15%, and 13% of total visitor spending, respectively.

New Mexico Visitor Spending

Amounts in \$ billions



Source: Tourism Economics

Note: Lodging spending is calculated as an industry and includes short-term rentals and the value of second homes. Transport includes both air and local transportation.

Visitor Spending and Volume Trends

Spending grew across all sectors with food and beverage spending leading the year-over-year growth at 7.4%. Recreation spending posted the second highest year-over-year growth rate of 7.0% as travelers continued to gain confidence to gather and attend events. Lodging spending was driven by price increases as room demand was slightly negative. Spending on transportation was weaker as gas prices were down more than 6% from 2022.

Visitor volume continued to grow in New Mexico in 2023 with day visits outpacing overnight visits. International visitor volume increased 34.3%, and international spending was up 36.2%. The overall average spending per visitor was \$205.

New Mexico Visitor Spending and Annual Growth

Amounts in millions

	2019	2020	2021	2022	2023	2023 Growth	% of 2019
Total visitor spending	\$7,446	\$5,836	\$7,231	\$8,265	\$8,575	3.8%	115.2%
Lodging*	\$2,362	\$1,834	\$2,297	\$2,659	\$2,737	2.9%	115.9%
Food and beverage	\$1,698	\$1,386	\$1,684	\$1,882	\$2,022	7.4%	119.1%
Retail	\$1,259	\$1,083	\$1,260	\$1,350	\$1,408	4.4%	111.9%
Transportation**	\$1,157	\$854	\$1,122	\$1,360	\$1,323	-2.7%	114.3%
Recreation	\$971	\$680	\$868	\$1,014	\$1,084	7.0%	111.7%

Source: Tourism Economics

* Lodging includes short term rentals and the value of second homes

** Transportation includes both ground and air transportation

New Mexico Visitor Volume and Spending by Segment

Visitor volumes and spending in millions, per person spending in \$ per person

	2019	2020	2021	2022	2023	2023 Growth
Total visitors	38.16	35.23	39.24	41.32	41.84	1.2%
Day	20.93	21.13	23.14	24.07	24.71	2.6%
Overnight	17.23	14.10	16.10	17.25	17.13	-0.7%
Total visitors	38.16	35.23	39.24	41.32	41.84	1.2%
Domestic	37.48	35.03	38.98	40.82	41.16	0.8%
International	0.68	0.19	0.27	0.50	0.68	34.3%
Total visitor spending	\$7,446	\$5,836	\$7,231	\$8,265	\$8,575	3.8%
Domestic	\$6,873	\$5,651	\$7,032	\$7,819	\$7,968	1.9%
International	\$573	\$185	\$199	\$446	\$607	36.2%
Per visitor spending	\$195	\$166	\$184	\$200	\$205	2.5%
Domestic	\$183	\$161	\$180	\$192	\$194	1.1%
International	\$837	\$958	\$750	\$885	\$898	1.5%

Source: Tourism Economics



Food and beverage spending and recreation spending led growth with **day visitation outpacing overnight.**

ECONOMIC IMPACT METHODOLOGY

Economic Impact Methodology

Our analysis of the New Mexico visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the New Mexico economy, constructed using an IMPLAN input-output (I-O) model.

IMPLAN remains a nationally recognized and widely used modeling tool, the leading provider of economic impact data and analytics software. The model traces the full extent of industry impacts as dollars flow through the local economy.

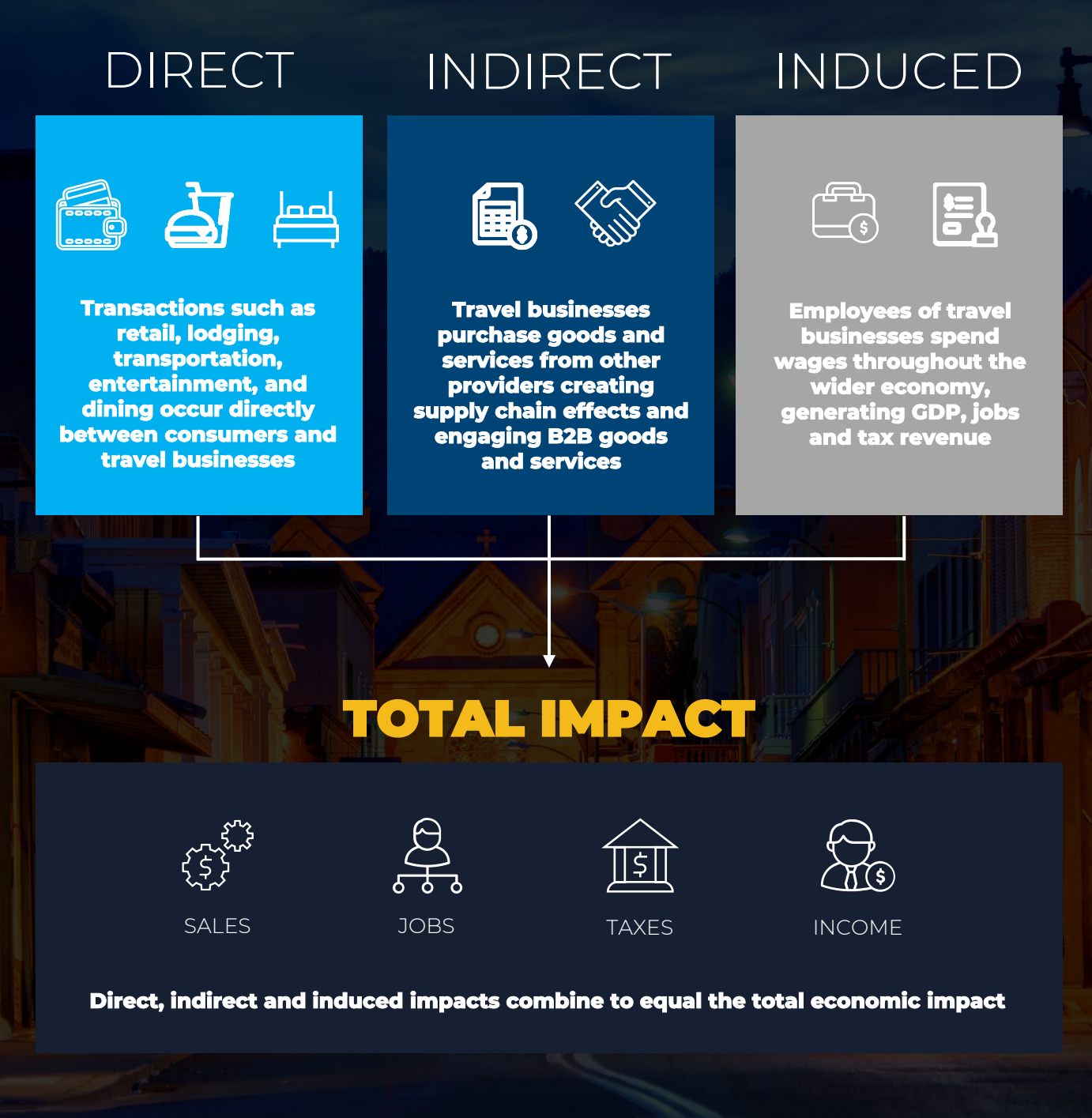
I-O models represent a profile of an economy by measuring the relationships among industries and consumers, quantifying three levels of impact:

- 1. **Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes within each sector.
- 2. **Indirect impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts or supply-chain effects.
- 3. **Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact—direct, indirect and induced—for a broad set of indicators, including:

- Spending
 - Wages
 - Employment
- Federal Taxes
 - State Taxes
 - Local Taxes

Economic Impact Framework



ECONOMIC IMPACT



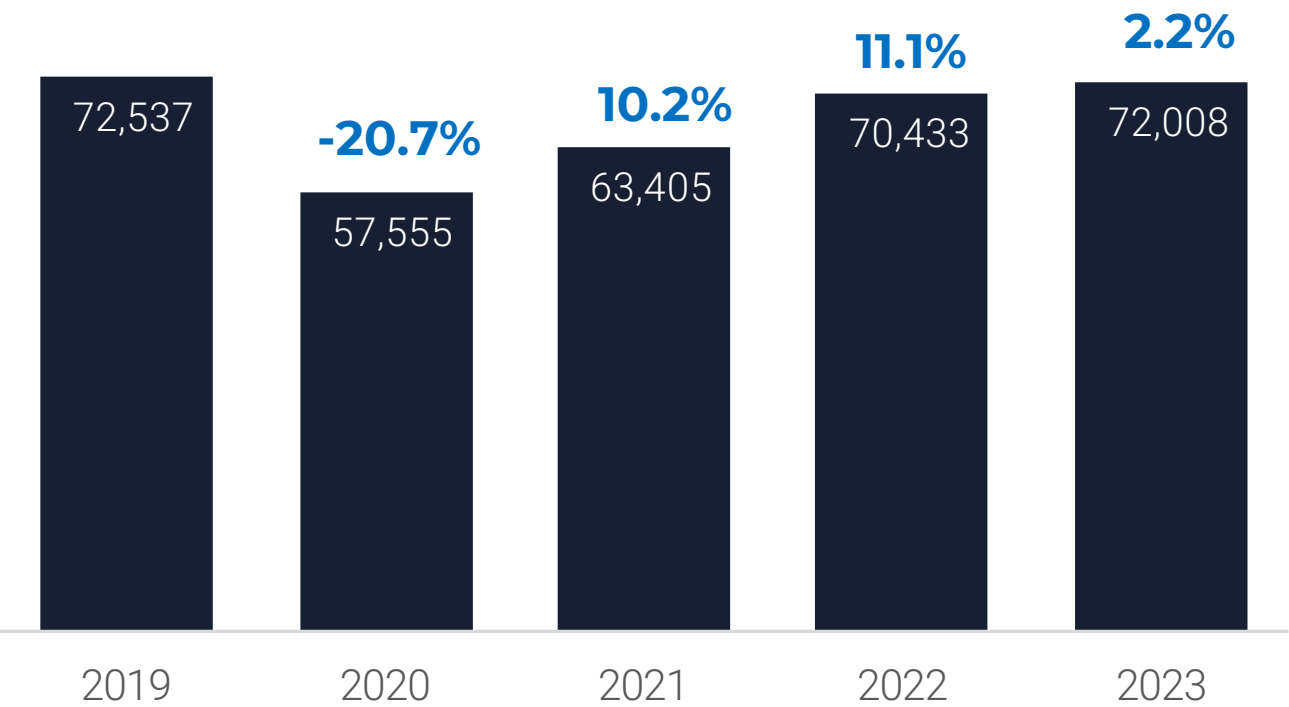
Direct Employment

Employment supported by visitor activity increased 2.2% in 2023, recovering to 72,008 jobs. With the increase, the number of jobs directly supported by visitors remained 529 jobs below pre-pandemic levels.

Recovery in visitor-supported jobs has been slower than spending, with visitor-supported employment at 99% of pre-pandemic levels compared to spending at 115% of 2019 spending levels.

Visitor Supported Employment in New Mexico

Amounts in number of jobs, direct only



Source: Tourism Economics

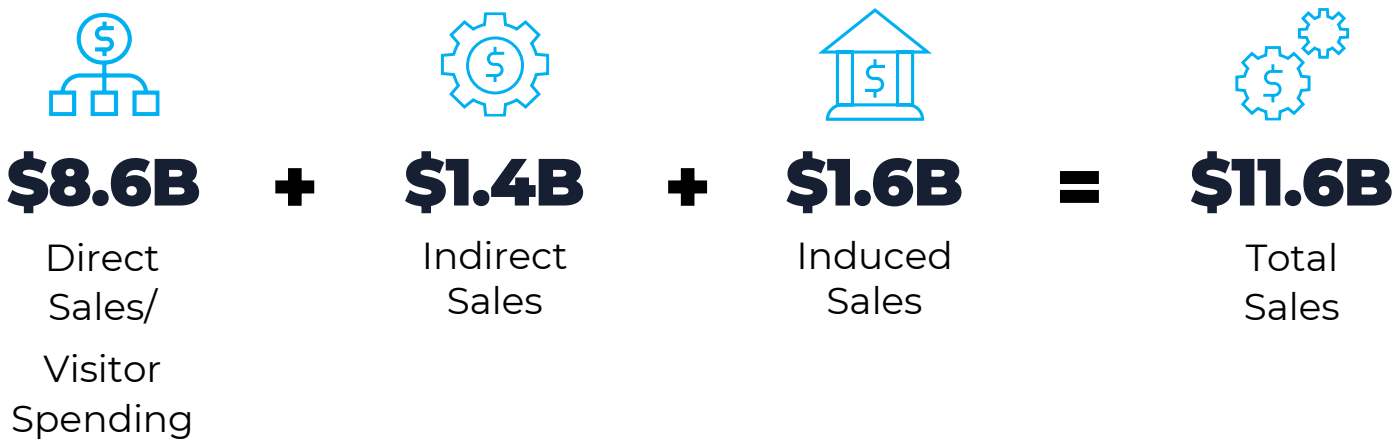
The tourism industry in **New Mexico** directly supported 72,008 **local jobs**.



Business Sales Impacts

Visitors contributed a direct impact of \$8.6 billion in 2023. This direct impact generated \$3.1 billion in indirect and induced impacts, resulting in a total economic impact of \$11.6 billion in New Mexico’s economy. The total economic impact shows the benefits to the broader economy across industries at the indirect and induced levels.

Summary of Business Sales Economic Impacts



Business Sales Impacts by Industry (2023)

Amounts in millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$8,575	\$1,415	\$1,644	\$11,635
Food & Beverage	\$2,022	\$78	\$160	\$2,260
Lodging	\$1,922	\$0	\$3	\$1,926
Finance, Insurance and Real Estate	\$815	\$350	\$492	\$1,656
Retail Trade	\$1,408	\$32	\$159	\$1,599
Recreation and Entertainment	\$1,084	\$120	\$21	\$1,225
Gasoline Stations	\$803	\$1	\$14	\$819
Other Transport	\$344	\$78	\$39	\$461
Business Services		\$269	\$100	\$369
Education and Health Care		\$12	\$293	\$306
Construction and Utilities		\$144	\$56	\$200
Air Transport	\$176	\$3	\$5	\$184
Personal Services		\$38	\$90	\$128
Communications		\$83	\$44	\$127
Wholesale Trade		\$56	\$66	\$122
Government		\$67	\$41	\$108
Manufacturing		\$58	\$42	\$100
Agriculture, Fishing, Mining		\$25	\$19	\$44

Source: Tourism Economics

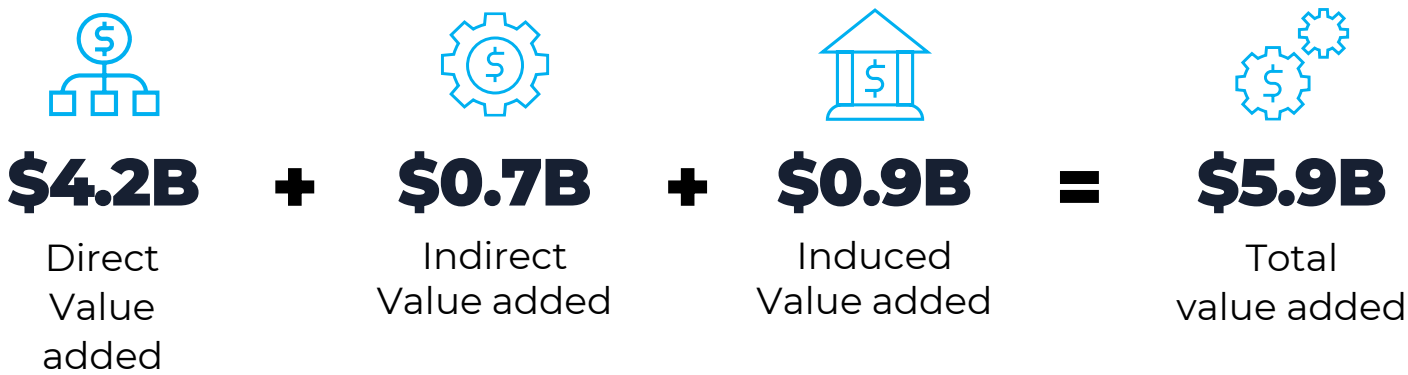
The total economic impact of **\$11.6 billion** accrues to industries across the economy.



Value Added Impacts

Value added is the contribution to state gross domestic product (GDP). Direct visitor spending generated a direct impact of \$4.2 billion in value added in 2023. This direct impact generated additional value added impacts of \$1.7 billion in indirect and induced impacts, resulting in total value added of \$5.9 billion in the state economy. The total economic impact is spread across industries in the state economy, not only in those directly related to tourism.

Summary of Business Sales Economic Impacts



Value Added Impacts by Industry (2023)

Amounts in millions

	Direct GDP	Indirect GDP	Induced GDP	Total GDP
Total, all industries	\$4,209	\$742	\$937	\$5,887
Lodging	\$1,160	\$0	\$2	\$1,162
Finance, Insurance and Real Estate	\$660	\$197	\$261	\$1,118
Food & Beverage	\$983	\$42	\$86	\$1,112
Recreation and Entertainment	\$750	\$42	\$9	\$802
Retail Trade	\$292	\$21	\$113	\$426
Other Transport	\$194	\$38	\$17	\$250
Business Services		\$159	\$68	\$226
Education and Health Care		\$6	\$183	\$188
Wholesale Trade		\$47	\$66	\$113
Construction and Utilities		\$70	\$25	\$95
Air Transport	\$90	\$1	\$2	\$93
Gasoline Stations	\$78	\$1	\$10	\$90
Personal Services		\$26	\$50	\$77
Communications		\$36	\$18	\$54
Government		\$31	\$10	\$41
Agriculture, Fishing, Mining		\$12	\$9	\$21
Manufacturing		\$12	\$8	\$19

Source: Tourism Economics

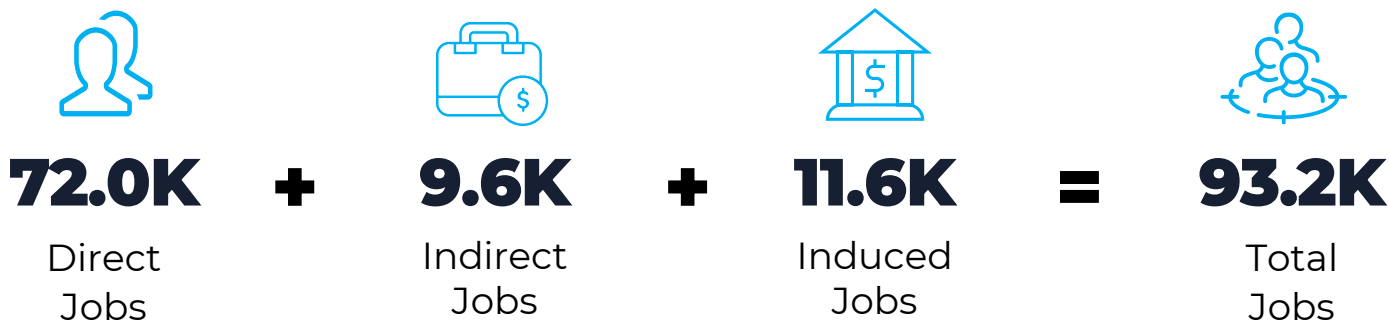
The total value added contribution of visitor spending to the state economy was **\$5.9 billion** in 2023.



Employment Impacts

Visitor activity sustained 72,008 direct jobs in 2023, with an additional 21,236 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 93,244 in 2023, one of every 13 jobs in the state. Visitor spending supports the largest number of jobs in the food and beverage industry (29,119).

Summary of Employment Economic Impacts



Employment Impacts by Industry (2023)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	72,008	9,622	11,614	93,244
Food & Beverage	26,002	1,086	2,032	29,119
Recreation and Entertainment	17,041	1,503	327	18,870
Lodging	16,157	3	42	16,202
Retail Trade	7,710	330	1,719	9,759
Finance, Insurance and Real Estate	1,048	1,723	1,106	3,877
Education and Health Care		150	3,321	3,472
Other Transport	1,893	955	381	3,229
Business Services		2,140	792	2,931
Gasoline Stations	1,672	10	108	1,790
Personal Services		476	1,046	1,523
Government		356	152	508
Air Transport	485	7	12	504
Construction and Utilities		314	125	439
Wholesale Trade		208	225	434
Communications		181	97	279
Manufacturing		118	58	176
Agriculture, Fishing, Mining		61	69	131

Source: Tourism Economics

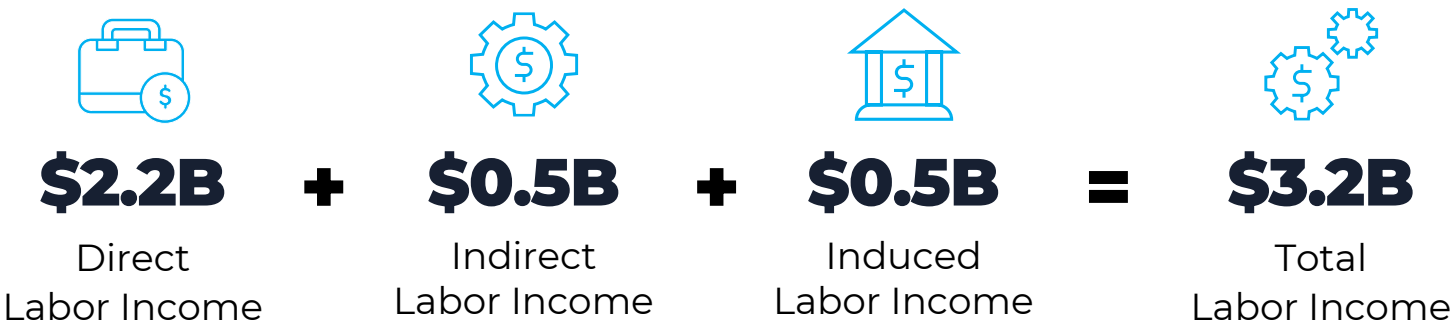
Visitor spending supports **1-in-13 of all jobs** in New Mexico, including more than **29,000 jobs** in the food and beverage industry.



Labor Income Impacts

Visitor activity generated \$2.2 billion in direct labor income and a total of \$3.2 billion including indirect and induced impacts. Total visitor-generated income in New Mexico in 2023 increased 3.6% over the prior year.

Summary of Labor Income Economic Impacts



Labor Income Impacts by Industry (2023)

Amounts in millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$2,171	\$463	\$536	\$3,169
Food & Beverage	\$702	\$31	\$59	\$792
Lodging	\$603	\$0	\$2	\$605
Recreation and Entertainment	\$401	\$30	\$6	\$437
Retail Trade	\$202	\$15	\$67	\$284
Other Transport	\$141	\$38	\$16	\$195
Business Services		\$130	\$55	\$185
Education and Health Care		\$7	\$169	\$176
Finance, Insurance and Real Estate	\$28	\$71	\$54	\$154
Personal Services		\$25	\$50	\$74
Gasoline Stations	\$52	\$1	\$7	\$59
Government		\$34	\$14	\$48
Construction and Utilities	\$0	\$34	\$11	\$45
Air Transport	\$42	\$1	\$1	\$44
Wholesale Trade		\$18	\$14	\$32
Communications		\$19	\$5	\$25
Manufacturing		\$7	\$3	\$10
Agriculture, Fishing, Mining		\$3	\$2	\$5

Source: Tourism Economics



Visitor spending drives income across industries, including **eight industries with more than \$100 million** in total income.

FISCAL IMPACT



Fiscal Impacts

Visitor spending, visitor supported jobs, and business sales generated \$1.7 billion in government revenues in 2023.

State and local taxes tallied \$811 million.

Each household in New Mexico would need to be taxed an additional **\$997** to replace the visitor-generated taxes received by state and local government in 2023.

Fiscal (Tax) Impacts

Amounts in millions

	2019	2020	2021	2022	2023	2023 Growth
Total Tax Revenues	\$1,539	\$1,245	\$1,417	\$1,599	\$1,657	3.6%
Federal Taxes	\$802	\$646	\$709	\$817	\$847	3.6%
Personal income	\$220	\$172	\$185	\$214	\$222	3.6%
Corporate	\$72	\$62	\$64	\$73	\$75	3.7%
Indirect business	\$138	\$110	\$118	\$135	\$140	3.7%
Social insurance	\$372	\$303	\$342	\$395	\$409	3.6%
State Taxes	\$496	\$396	\$472	\$520	\$539	3.7%
Personal income	\$30	\$25	\$30	\$34	\$35	3.6%
Corporate	\$35	\$28	\$31	\$35	\$36	3.7%
Sales	\$267	\$212	\$259	\$286	\$296	3.7%
State Unemployment	\$9	\$7	\$8	\$9	\$9	3.6%
Other taxes/fees	\$155	\$124	\$145	\$157	\$163	3.7%
Local Taxes	\$241	\$203	\$236	\$262	\$272	3.6%
Sales	\$14	\$11	\$13	\$15	\$16	3.7%
Bed taxes	\$61	\$42	\$59	\$67	\$70	5.5%
Excise and fees	\$15	\$12	\$13	\$14	\$15	3.7%
Property	\$96	\$93	\$99	\$106	\$108	2.2%
Other taxes/fees	\$55	\$45	\$52	\$60	\$63	3.7%

Source: Tourism Economics

Visitor spending,
reduces the tax
burden by **\$997**
per household in
New Mexico.



ECONOMIC IMPACT IN CONTEXT

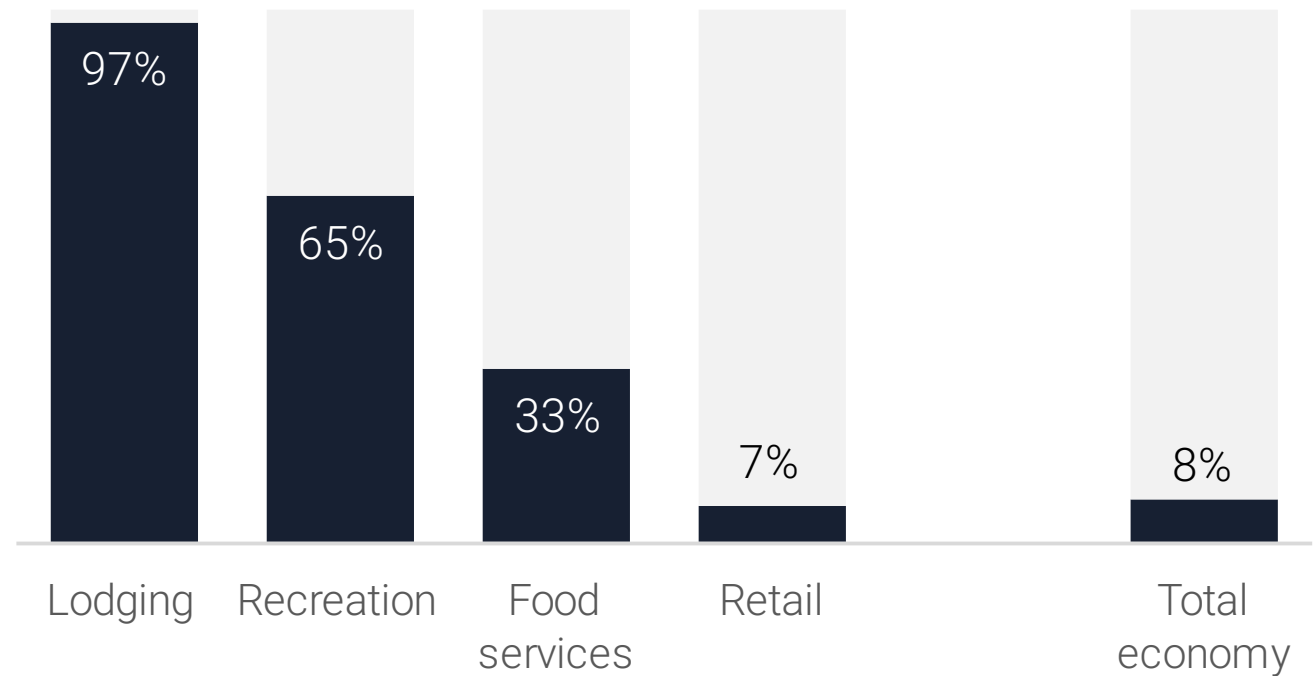


Tourism is an economic driver for New Mexico

Visitors sustain 97% of all employment in the lodging sector, 65% of recreation employment, and 33% of food services employment.

Tourism Employment Intensity

Amounts in percentage of total industry employment, direct only



Source: Tourism Economics

Economic Impact In Context



\$8.6B VISITOR SPENDING

The \$8.6 billion in visitor spending means that more than **\$23.5 million** was spent **every day** by visitors in New Mexico, on average.



\$3.2B LABOR INCOME

The \$3.2 billion in total income generated by tourism is the equivalent of **\$3,900 per household** in New Mexico.



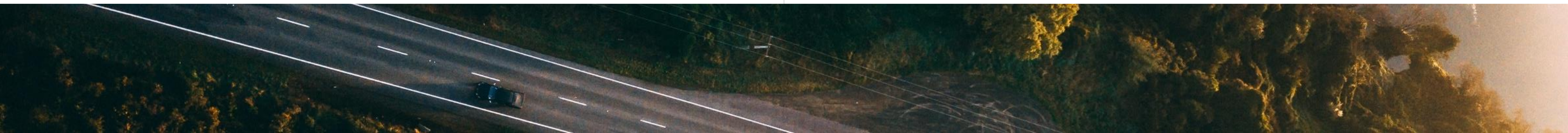
93,244 JOBS

The number of jobs sustained by tourism supports **8.0% of all jobs** in New Mexico, counting all full- and part-time jobs, and independent workers.



\$811M STATE & LOCAL TAXES

In 2023, state and local taxes generated by tourism would be enough to fund **12,800 teacher salaries**, or more than **14,100 police officer salaries**, using average local wages in New Mexico.



APPENDIX



Appendix

Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
Recreation	Includes visitors spending within the arts, entertainment and recreation sub-sector.
Shopping	Includes visitor spending in all retail sub-sectors within the local economy.
Local transport	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending.
Service stations	Visitor spending on gasoline.
Second homes	Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.

Glossary – Economic Impact Definitions

Term	Description
Direct Impact	Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discreet group of tourism-related sectors (e.g. recreation, transportation, lodging).
Indirect Impact	Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
Employment	Employment is measured by the Bureau of Economic Analysis (BEA) and Bureau of Labor Statistics (BLS) definitions, and captures full-time and part-time jobs, which includes salary and wage employees and proprietors.
Labor income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Value Added (GDP)	The economic enhancement a company gives its products or services before offering them to customers.
Local Taxes	City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses and other revenues streams of local governmental authorities – from transportation to sanitation to general government.
State Taxes	State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees and other assessments of state governments.

About the Research Team

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Oxford Economics is an adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base comprises over 2,000 international organizations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics in order to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, forecasting models, policy analysis, and economic impact studies.

Oxford Economics employs 600 full-time staff, including 350 professional economists and analysts. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Orlando, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC.



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