

# ECONOMIC IMPACT OF VISITORS IN NEW MEXICO 2019

Prepared for:  
New Mexico Tourism Department



[WWW.TOURISMECONOMICS.COM](http://WWW.TOURISMECONOMICS.COM)

# INTRODUCTION

The travel sector is an integral part of the New Mexico economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of New Mexico's future. Gross output (business sales) attributable to visitor spending in New Mexico totaled \$10.4 billion in 2019.

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 particularly true for New Mexico as it continues to expand upon its visitor economy, and by establishing a baseline of economic impacts, the industry can track its progress over time.

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

# METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of New Mexico. The model traces the flow of visitor-related expenditures through the local 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 for each sector to ensure the findings are within reasonable ranges.

The value of seasonal and second homes was estimated based on census data for seasonal units and estimated gross rents.

Visitors included those who stayed in overnight accommodations or those who came from a distance greater than 50 miles and deviated from their normal routine.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), 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:

- Longwoods International: survey data, including spending and visitor profile characteristics for visitors to New Mexico
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- Rocky Mountain Lodging Report: Lodging performance data
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- Tax collections: Sales tax receipts
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to New Mexico based on aviation, survey, and credit card information

# KEY FINDINGS

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The visitor economy is an engine for economic growth

## Growth in visitation, spending, and employment

Tourism is an integral part of the New Mexico economy and continues to be a key driver of business sales, employment, and tax revenue.

Approximately 8.6% (1 in 12) of all jobs in the state were sustained by tourism.



## Visitor Spending

Visitors to New Mexico spent \$7.4 billion in 2019, which generated \$10.4 billion in total business sales, including indirect and induced impacts.



## Continued Growth

Tourism-sustained jobs generated total income of \$2.8 billion in 2019, a 4.8% increase over the prior year.



## Employment Generator

A total of 96,064 jobs were sustained by visitors to New Mexico in 2019. This included 72,537 direct and 23,527 indirect and induced jobs.



## Fiscal Contributions

Tourism in New Mexico generated \$1.5 billion in tax revenues in 2019, with \$737 million accruing to state and local governments.

# KEY FINDINGS

## Visitor Spending

Visitor spending has grown 18% over the past five years, increasing from \$6.3 billion in 2015 to \$7.4 billion in 2019.

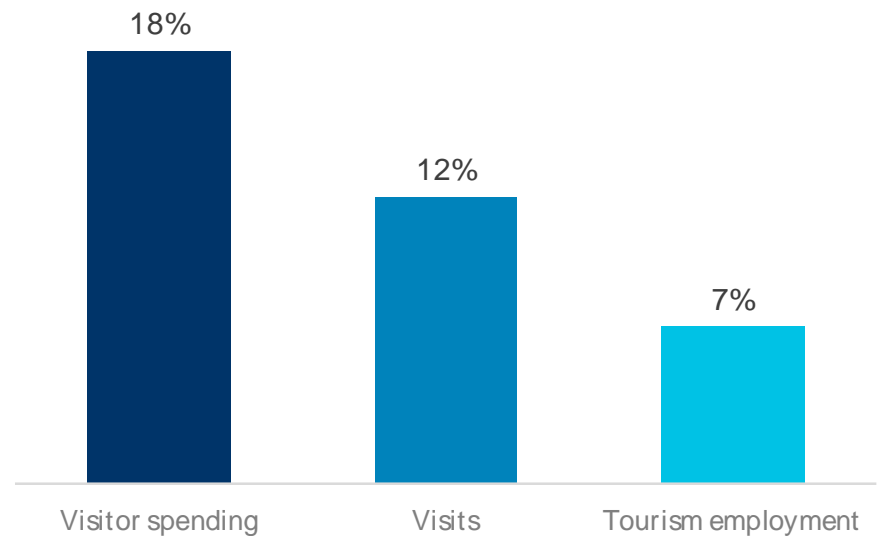
## Visits

The number of visits to New Mexico increased by four million visits to reach 38 million visits in 2019 from 34 million in 2015, a cumulative increase of 12%.

## Tourism employment

Direct tourism-supported employment continued to expand, surpassing 72,500 jobs in 2019.

Cumulative Growth in Key Indicators, 2015-2019



Source: Tourism Economics

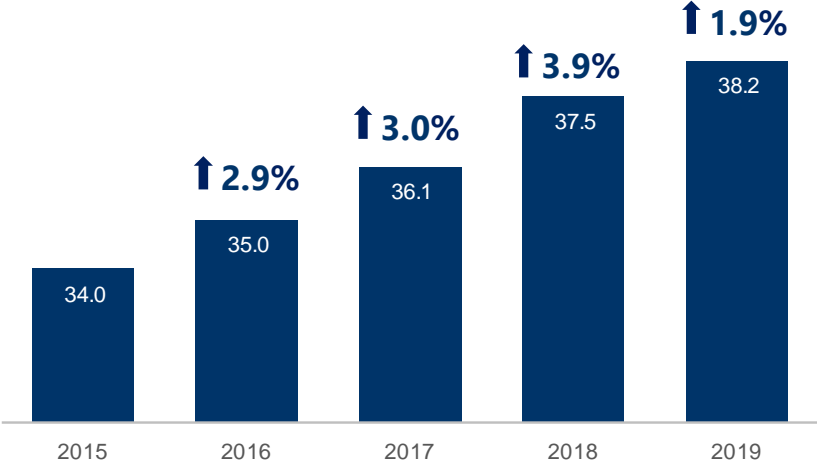
# VISITOR ECONOMY TRENDS

# VISITATION AND SPENDING

## Visitation trends

Visitation grew by more than 700,000 visitors to reach 38.2 million in 2019. An increase of 1.9%, growth was supported by both overnight and day visitation.

**New Mexico visitor levels and annual growth**  
Amounts in millions of visitors and year-on-year percentage growth



Source: Tourism Economics



# VISITATION AND SPENDING

## Visitor spending trends

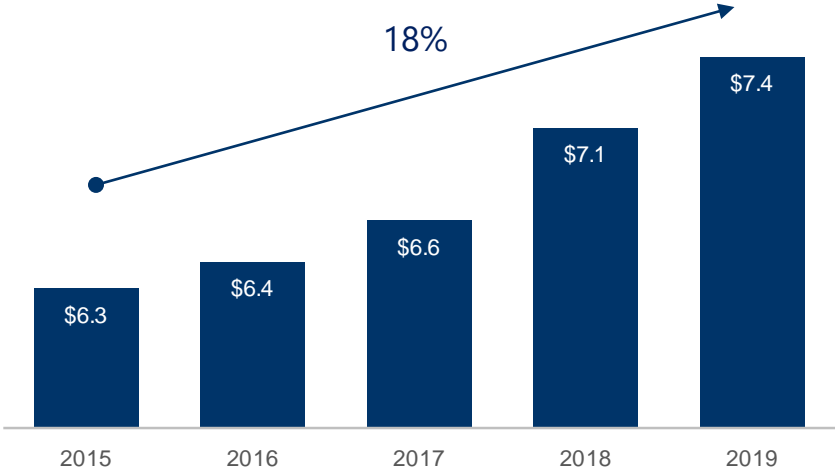
### Visitor spending has increased for five straight years

Visitor spending in 2019 topped \$7.4 billion, an increase of 5.0% year-over-year, and a more than \$1 billion increase over 2015.

Over the five-year period, visitor spending has cumulatively increased 18%; an annualized growth rate of 4.3%.

### New Mexico total visitor spending

Amounts in billions of nominal dollars



Source: Tourism Economics

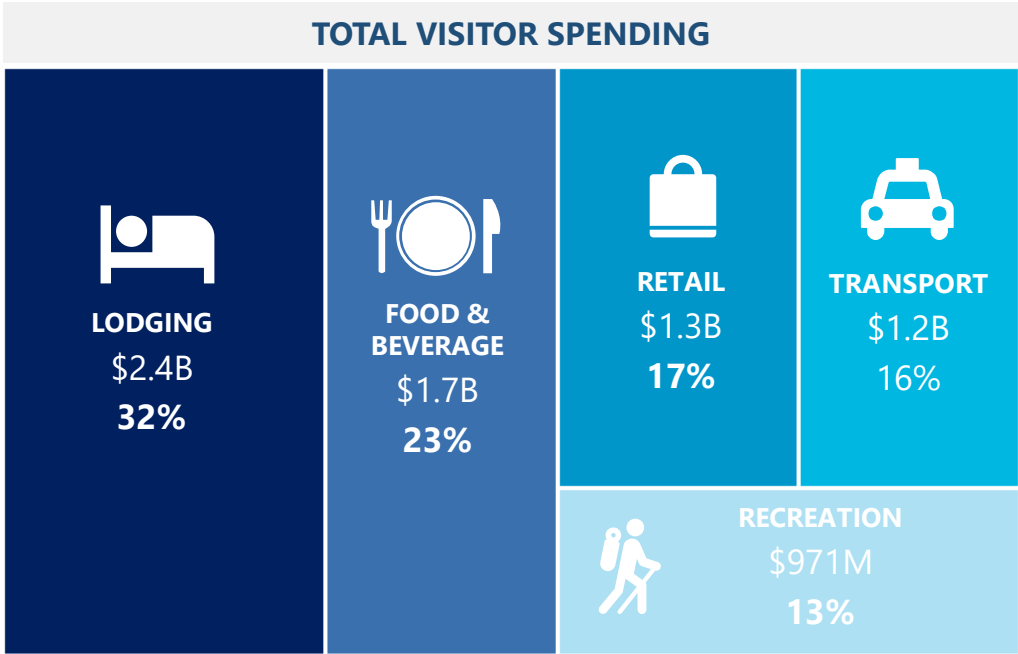
# VISITATION AND SPENDING

Visitor spending by industry

## Visitors to New Mexico spent \$7.4 billion across a wide range of sectors in 2019

Visitors spent \$2.4 billion on lodging, \$1.7 billion on food and beverages, \$1.3 billion on retail shopping, \$1.2 billion on transportation, including both local transportation and air, and nearly \$1.0 billion on recreational activities in 2019.

The value of second home accommodations, included in lodging spend, tallied \$739 million.



Note: Lodging spending is calculated as an industry, including meetings, catering, etc. Spending also includes dollars spend on second homes. Transport includes both air and local transportation.

Source: Tourism Economics

# VISITATION AND SPENDING

## Visitor spending by industry

Visitor spending increased by \$350 million between 2018 and 2019, an increase of 5.0%.

Spending on lodging and food & beverages alone contributed more than half of the total increase.

As New Mexico enjoyed broad growth, nearly all sectors outpaced their five-year averages with the exception of lodging.

### Visitor Spending in New Mexico

Amounts in billions of nominal dollars and growth rates

	2015	2016	2017	2018	2019	2019 Growth	CAGR 2015-2019
<b>Total visitor spending</b>	<b>\$6,294</b>	<b>\$6,427</b>	<b>\$6,631</b>	<b>\$7,092</b>	<b>\$7,446</b>	<b>5.0%</b>	<b>4.3%</b>
Lodging*	\$1,952	\$1,980	\$2,051	\$2,257	\$2,362	4.6%	4.9%
Food & beverages	\$1,403	\$1,450	\$1,513	\$1,599	\$1,697	6.2%	4.9%
Retail	\$1,107	\$1,121	\$1,153	\$1,210	\$1,259	4.0%	3.3%
Transportation**	\$1,050	\$1,057	\$1,067	\$1,127	\$1,157	2.7%	2.5%
Recreation	\$782	\$820	\$846	\$899	\$971	7.9%	5.6%

\* Lodging includes 2nd home spending

\*\* Transportation includes both ground and air transportation

Source: Tourism Economics

# VISITOR ECONOMY TRENDS

## Visitation segments

Visitation increased 1.9% in 2019, supported by both domestic and international visitation.

Although domestic visits and spending account for the majority of tourism in New Mexico, international visitors spend nearly five times more than domestic visitors on a per person basis.

### International volume estimates

	2019	2019 Growth
Canada	136,393	-4.1% <sup>1</sup>
Mexico	376,438	9.8% <sup>1</sup>
Overseas	171,978	1.1%
<b>Total</b>	<b>684,809</b>	<b>4.5%</b>

Source: Tourism Economics

### Visitor Volume and Spending

Amounts in millions of visitors, millions of nominal dollars, and dollars per person

	2015	2016	2017	2018	2019	2019 Growth
<b>Total visitor volume</b>	<b>34.04</b>	<b>35.02</b>	<b>36.07</b>	<b>37.46</b>	<b>38.16</b>	<b>1.9%</b>
Domestic	33.39	34.37	35.40	36.80	37.48	1.8%
International	0.65	0.65	0.67	0.66	0.68	4.5%
<b>Total visitor spending</b>	<b>\$6,294</b>	<b>\$6,427</b>	<b>\$6,631</b>	<b>\$7,092</b>	<b>\$7,446</b>	<b>5.0%</b>
Domestic	\$5,695	\$5,866	\$6,054	\$6,543	\$6,872	5.0%
International	\$599	\$561	\$577	\$549	\$573	4.4%
<b>Per visitor spending</b>	<b>\$185</b>	<b>\$184</b>	<b>\$184</b>	<b>\$189</b>	<b>\$195</b>	<b>3.0%</b>
Domestic	\$171	\$171	\$171	\$178	\$183	3.1%
International	\$924	\$866	\$865	\$838	\$837	-0.1%

Source: Longwoods International; Tourism Economics

# VISITOR ECONOMY TRENDS

## Visitation segments

Visitation increases were led by strength in day visitation (+2.6%), though overnight visitors (+1.0%) contributed, too.

Of the more than 38 million visitors to New Mexico, 55% came for just the day. Despite overnight visitation only accounting for 45% of total visitation, they tend to spend nearly four times as much as day visitors and contribute about 77% of total spending.

In 2019, after stagnating for a few years, per visitor spending increased more than 3% for both overnight and day visitors.

### Visitor Volume and Spending

Amounts in millions of visitors, millions of nominal dollars, and dollars per person

	2015	2016	2017	2018	2019
<b>Total visitors</b>	<b>34.0</b>	<b>35.0</b>	<b>36.1</b>	<b>37.5</b>	<b>38.2</b>
Day	18.3	19.2	19.7	20.4	20.9
Overnight	15.7	15.9	16.3	17.1	17.2
<b>Total visitor spending</b>	<b>\$6,294</b>	<b>\$6,427</b>	<b>\$6,631</b>	<b>\$7,092</b>	<b>\$7,446</b>
Day	\$1,419	\$1,483	\$1,537	\$1,636	\$1,742
Overnight	\$4,875	\$4,944	\$5,094	\$5,457	\$5,703
<b>Per visitor spending</b>	<b>\$185</b>	<b>\$184</b>	<b>\$184</b>	<b>\$189</b>	<b>\$195</b>
Day	\$77	\$77	\$78	\$80	\$83
Overnight	\$310	\$312	\$312	\$320	\$331

Source: Longwoods International; Tourism Economics

# ECONOMIC IMPACTS



## ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on New Mexico begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in New Mexico, we input visitor spending into a model of the New Mexico state economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

- 1. Direct Impacts:** Visitors create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP 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.
- 3. Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitors, spend those wages in the local economy.

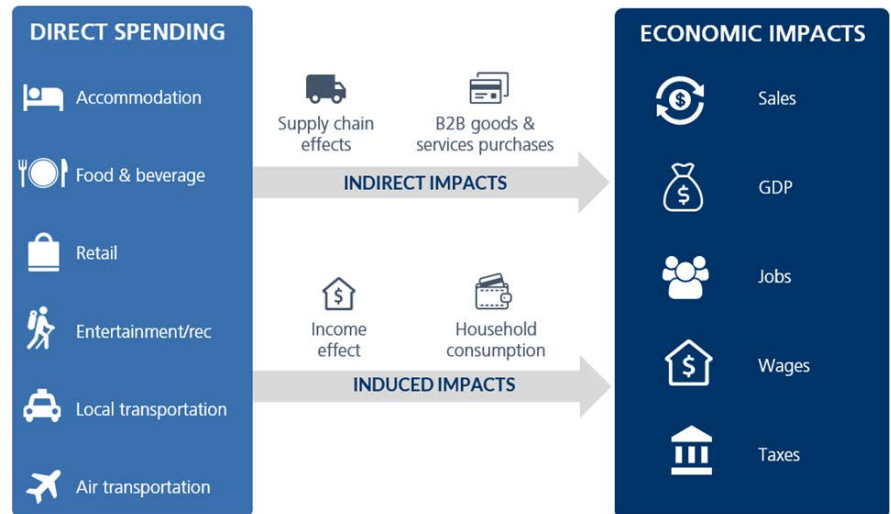
# ECONOMIC IMPACTS

How visitor spending generates employment and income

## Economic impact flowchart

IMPLAN is particularly effective because it calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

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



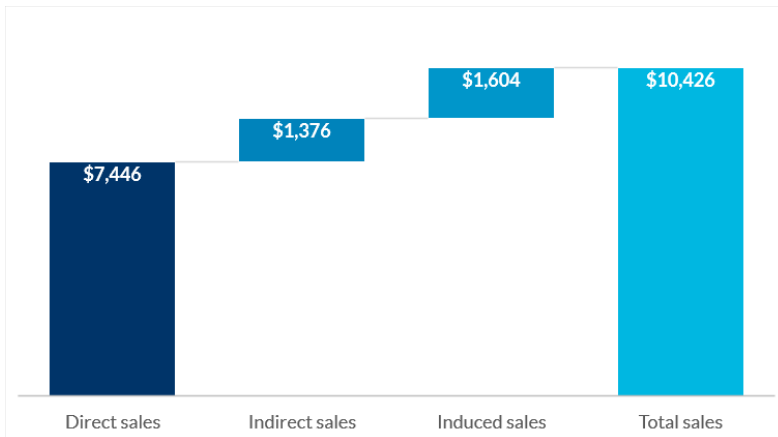


# ECONOMIC IMPACTS

## Business sales impacts by industry

Visitors and tourism businesses spent nearly \$7.5 billion in New Mexico in 2019. This supported a total of \$10.4 billion in business sales when indirect and induced impacts are considered.

### Summary economic impacts (\$ millions)



### Business sales impacts by industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
<b>Total, all industries</b>	<b>\$7,446</b>	<b>\$1,376</b>	<b>\$1,604</b>	<b>\$10,426</b>
<b>By industry</b>				
Food & beverage	\$1,697	\$82	\$137	\$1,916
Finance, insurance, and real estate	\$739	\$366	\$590	\$1,695
Lodging	\$1,623	\$3	\$2	\$1,627
Retail trade	\$1,259	\$7	\$152	\$1,418
Recreation and entertainment	\$971	\$21	\$29	\$1,021
Gasoline stations	\$682	\$1	\$10	\$692
Other transport	\$300	\$70	\$23	\$393
Business services		\$309	\$69	\$378
Education and healthcare		\$2	\$282	\$284
Construction and utilities		\$159	\$50	\$209
Communications		\$146	\$57	\$202
Air transport	\$176	\$3	\$5	\$184
Government		\$83	\$46	\$128
Personal services		\$50	\$77	\$127
Wholesale trade		\$27	\$42	\$69
Manufacturing		\$43	\$26	\$69
Agriculture, fishing, mining		\$7	\$7	\$13

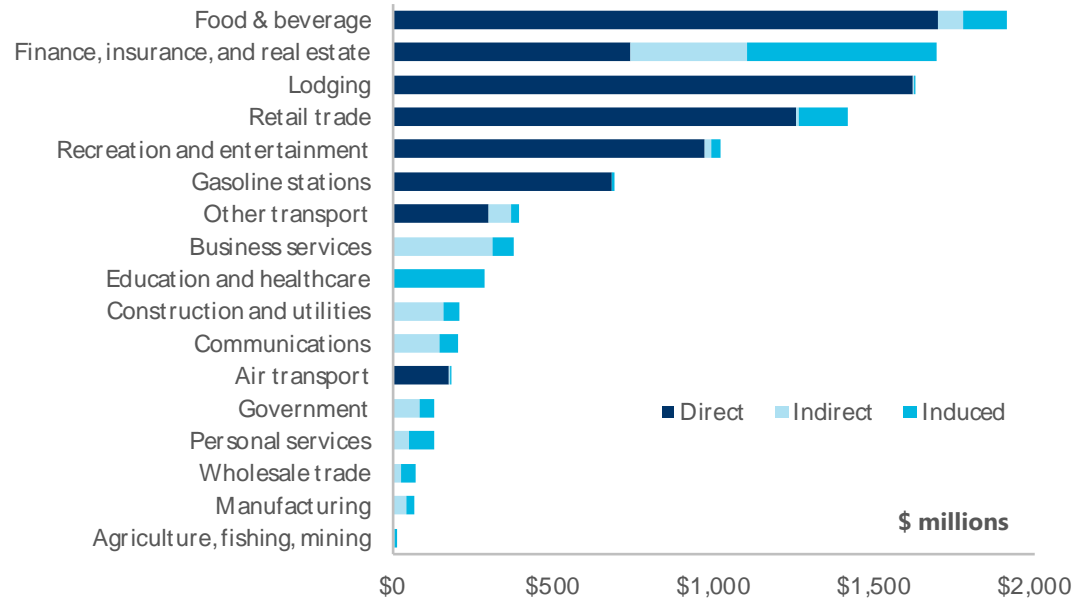
Source: Tourism Economics

# ECONOMIC IMPACTS

## Business sales impacts by industry

While the majority of sales are in industries directly serving visitors, \$366 million in business sales is happening in finance, insurance and real estate as a result of selling to tourism businesses.

Business sales impacts by industry



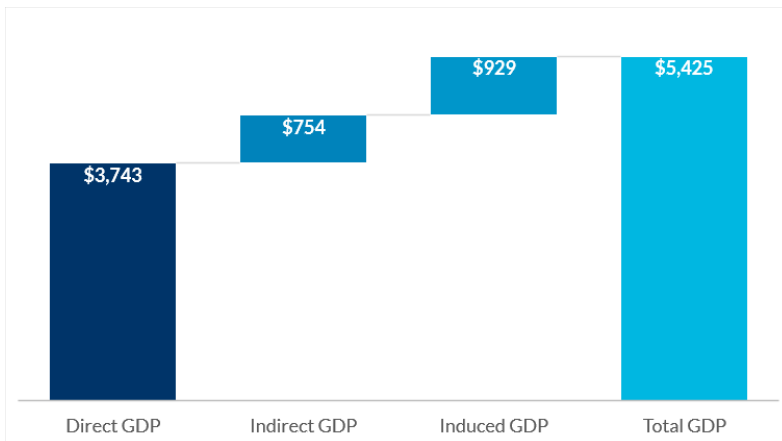
Source: Tourism Economics

# ECONOMIC IMPACTS

## GDP impacts by industry

Travel generated a total \$5.4 billion in state GDP in 2019, when indirect and induced values are considered.

### Summary GDP impacts (\$ millions)



### GDP impacts by industry

Amounts in millions of current dollars	Direct value	Indirect value	Induced value	Total value
<b>Total, all industries</b>	<b>\$3,743</b>	<b>\$754</b>	<b>\$929</b>	<b>\$5,425</b>
<b>By industry</b>				
Finance, insurance, and real estate	\$603	\$211	\$339	\$1,153
Lodging	\$993	\$1	\$1	\$995
Food & beverage	\$844	\$43	\$67	\$955
Recreation and entertainment	\$696	\$8	\$13	\$717
Retail trade	\$273	\$5	\$99	\$376
Business services		\$184	\$52	\$236
Other transport	\$167	\$42	\$14	\$223
Education and healthcare		\$1	\$176	\$177
Construction and utilities		\$82	\$27	\$109
Air transport	\$97	\$1	\$2	\$100
Communications		\$63	\$27	\$90
Personal services		\$35	\$45	\$80
Gasoline stations	\$70	\$1	\$7	\$78
Wholesale trade		\$26	\$40	\$66
Government		\$40	\$12	\$52
Manufacturing		\$8	\$5	\$12
Agriculture, fishing, mining		\$2	\$3	\$5

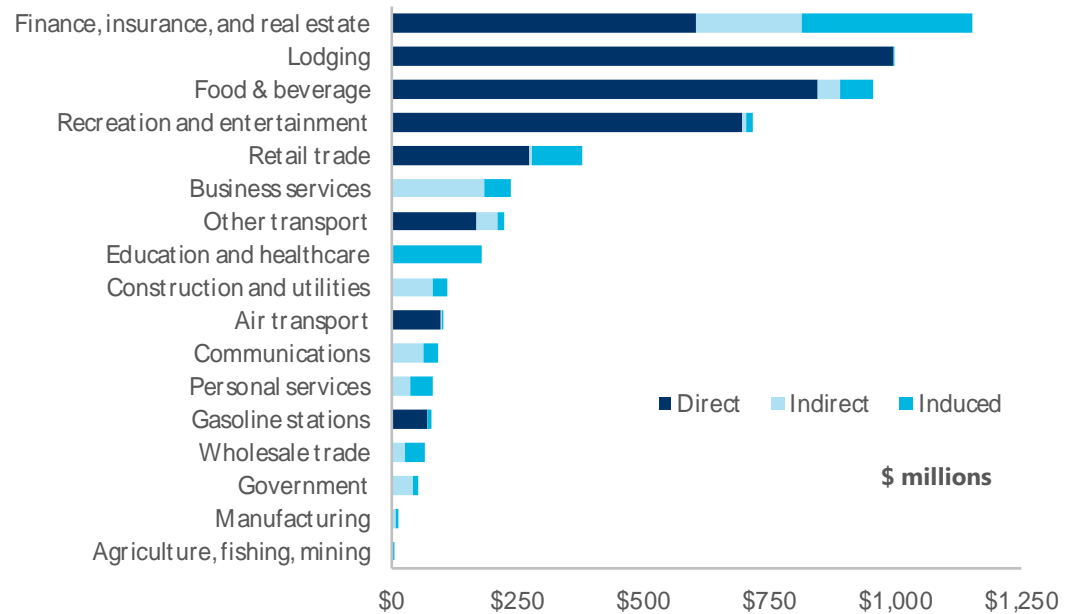
Source: Tourism Economics

# ECONOMIC IMPACTS

## GDP impacts by industry

The lodging industry has the largest economic contribution from direct visitor spending, followed by food and beverages.

GDP impacts by industry



Source: Tourism Economics

# ECONOMIC IMPACTS

## Tourism employment

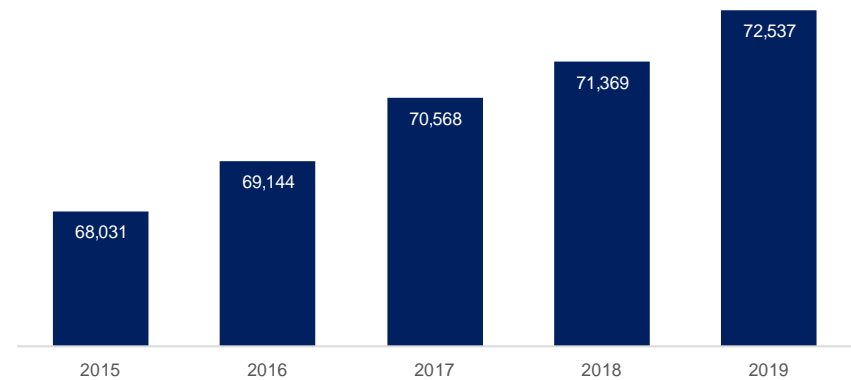
### Visitor spending directly supported 72,537 jobs

In 2019, direct visitor spending supported 72,537 jobs in New Mexico. Growing 1.6% from the previous year, tourism employment has increased nearly 7% since 2015.

The 72,537 jobs directly supported by visitors represents 6.5% of all jobs within New Mexico.

### Direct tourism employment in New Mexico

Amounts in number of jobs



Source: BEA; BLS; Tourism Economics

# VISITOR ECONOMY TRENDS

## Labor Market

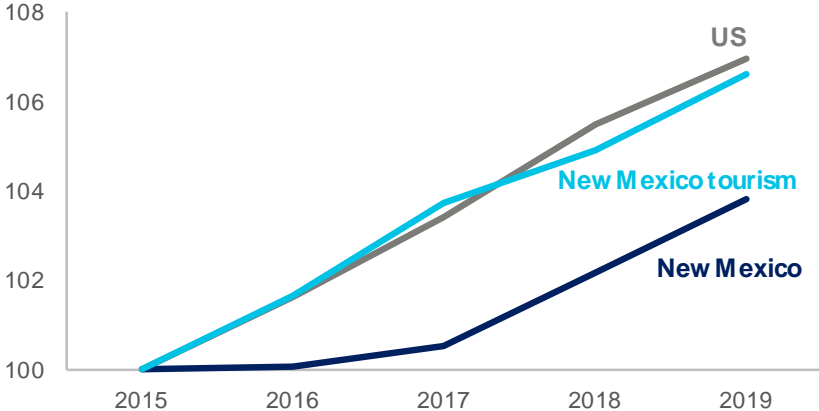
### Tourism job growth in New Mexico is outpacing the state

Within New Mexico, tourism employment has consistently outpaced overall state employment.

Employment in the tourism industry in New Mexico has increased 6.6% since 2015, versus just 3.8% growth in overall state employment.

### Tourism employment in New Mexico

Index (2015=100)



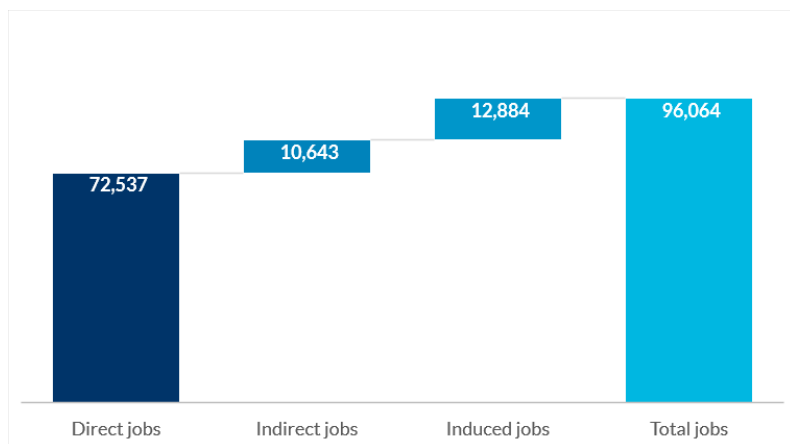
Source: BEA; BLS; Tourism Economics

# ECONOMIC IMPACTS

## Employment impacts by industry

Tourism supported a total of 96,064 jobs when indirect and induced impacts are considered.

### Summary employment impacts (number of jobs)



### Employment impacts by industry

Amounts in number of jobs	Direct jobs	Indirect jobs	Induced jobs	Total jobs
<b>Total, all industries</b>	<b>72,537</b>	<b>10,643</b>	<b>12,884</b>	<b>96,064</b>
<b>By industry</b>				
Food & beverage	23,095	1,243	2,065	26,404
Lodging	17,126	26	15	17,167
Recreation and entertainment	14,852	582	599	16,032
Finance, insurance, and real estate	5,905	2,128	1,720	9,753
Retail trade	6,004	85	1,866	7,956
Business services		3,499	921	4,419
Other transport	3,456	564	199	4,219
Education and healthcare		54	3,355	3,409
Personal services		514	1,009	1,522
Gasoline stations	1,324	10	145	1,479
Air transport	775	11	18	804
Communications		581	191	772
Government		472	180	652
Construction and utilities		472	148	620
Wholesale trade		219	345	564
Manufacturing		137	60	197
Agriculture, fishing, mining		47	47	94

Source: Tourism Economics

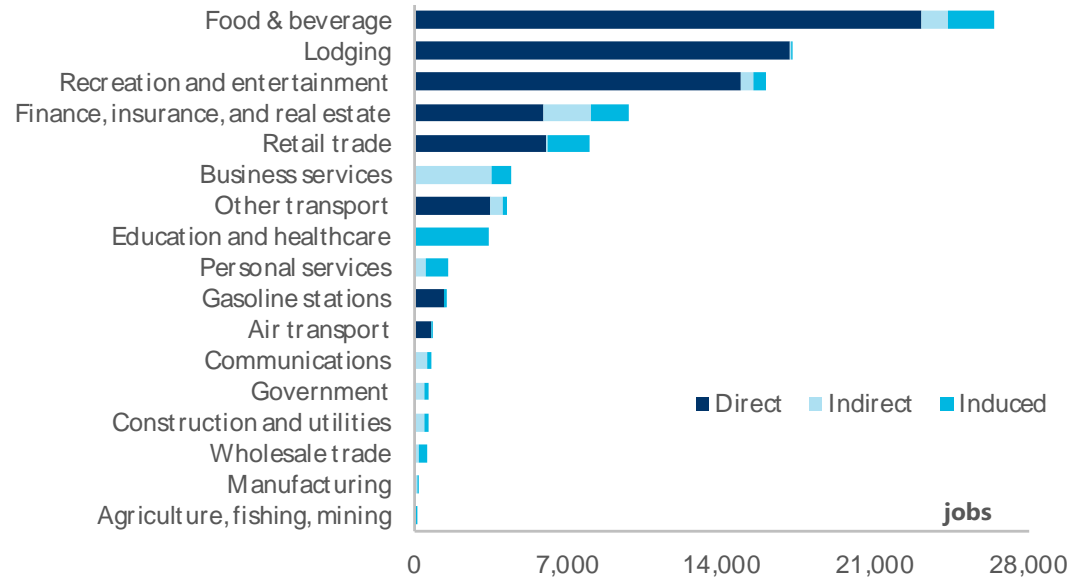
# ECONOMIC IMPACTS

## Employment impacts by industry

As a labor-intensive collection of services, tourism-related sectors represent significant employment to New Mexico.

The 96,064 jobs supported by New Mexico tourism span every sector of the economy, either directly or indirectly.

Employment impacts by industry



Source: Tourism Economics

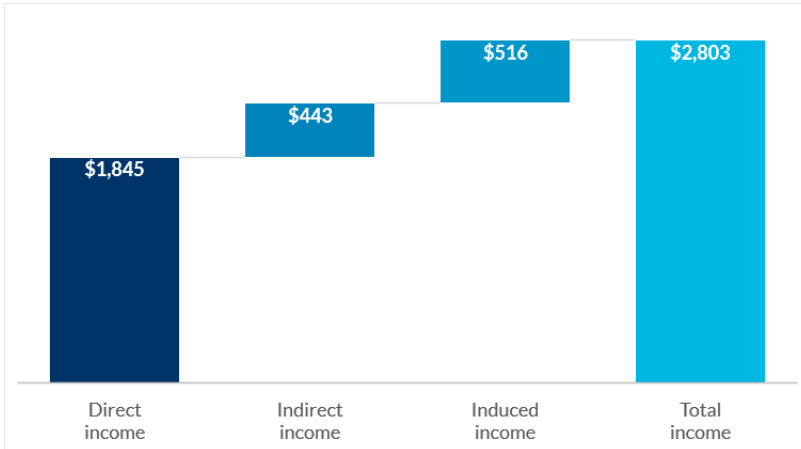


# ECONOMIC IMPACTS

## Personal income impacts by industry

Tourism generated \$1.8 billion in direct income and \$2.8 billion when indirect and induced impacts are considered.

Summary personal income impacts (\$ millions)



## Personal income impacts by industry

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
<b>Total, all industries</b>	<b>\$1,845</b>	<b>\$443</b>	<b>\$516</b>	<b>\$2,803</b>
<b>By industry</b>				
Food & beverage	\$525	\$28	\$52	\$605
Lodging	\$470	\$1	\$0	\$471
Recreation and entertainment	\$375	\$7	\$9	\$391
Retail trade	\$166	\$3	\$65	\$235
Finance, insurance, and real estate	\$90	\$69	\$63	\$222
Business services		\$144	\$39	\$183
Other transport	\$131	\$33	\$11	\$175
Education and healthcare		\$1	\$168	\$170
Personal services		\$30	\$42	\$71
Government		\$40	\$13	\$53
Gasoline stations	\$43	\$0	\$5	\$48
Air transport	\$45	\$1	\$1	\$47
Construction and utilities		\$35	\$10	\$45
Communications		\$30	\$10	\$40
Wholesale trade		\$14	\$22	\$35
Manufacturing		\$5	\$2	\$7
Agriculture, fishing, mining		\$2	\$4	\$6

Source: Tourism Economics

# ECONOMIC IMPACTS

## Personal income impacts by industry

There are eight industries in which visitor activity supports more than \$150 million in personal income. These range from the obvious—food & beverages and lodging, to the less obvious—business services and education & health care.

Personal income impacts by industry



Source: Tourism Economics

# ECONOMIC IMPACTS

## Fiscal (tax) impacts

New Mexico tax revenues generated by visitor spending, visitor support jobs, and business sales surpassed \$1.5 billion in 2019.

State and local taxes alone tallied \$737 million in 2019.

Each household in New Mexico would need to be taxed an additional \$950 to replace the visitor taxes received by the state and local governments in 2019.

### Fiscal (tax) impacts

Amounts in millions of current dollars

	2015	2016	2017	2018	2019	% change
<b>Total</b>	<b>\$1,323</b>	<b>\$1,355</b>	<b>\$1,397</b>	<b>\$1,467</b>	<b>\$1,539</b>	<b>4.9%</b>
<b>Federal</b>	<b>\$694</b>	<b>\$713</b>	<b>\$733</b>	<b>\$767</b>	<b>\$802</b>	<b>4.6%</b>
Personal income	\$68	\$70	\$72	\$75	\$78	4.8%
Corporate	\$181	\$185	\$192	\$203	\$213	5.0%
Indirect business	\$123	\$125	\$129	\$133	\$138	3.3%
Social insurance	\$322	\$332	\$341	\$355	\$372	4.8%
<b>State</b>	<b>\$428</b>	<b>\$438</b>	<b>\$452</b>	<b>\$475</b>	<b>\$496</b>	<b>4.4%</b>
Personal income	\$26	\$27	\$28	\$29	\$30	4.8%
Corporate	\$29	\$30	\$31	\$33	\$35	5.0%
Sales	\$226	\$231	\$240	\$254	\$267	5.0%
Social insurance	\$8	\$8	\$8	\$8	\$9	5.0%
Other taxes/fees	\$138	\$141	\$145	\$150	\$155	3.3%
<b>Local</b>	<b>\$201</b>	<b>\$205</b>	<b>\$211</b>	<b>\$225</b>	<b>\$241</b>	<b>7.2%</b>
Personal income	\$5	\$5	\$5	\$5	\$5	4.8%
Sales	\$12	\$12	\$13	\$13	\$14	5.0%
Bed taxes	\$43	\$43	\$45	\$51	\$61	17.7%
Excise and fees	\$13	\$13	\$14	\$14	\$15	5.0%
Property	\$81	\$83	\$85	\$88	\$91	3.3%
Other taxes/fees	\$48	\$49	\$51	\$53	\$55	4.8%

Source: Tourism Economics

# **ECONOMIC IMPACTS IN CONTEXT**

# ECONOMIC IMPACTS

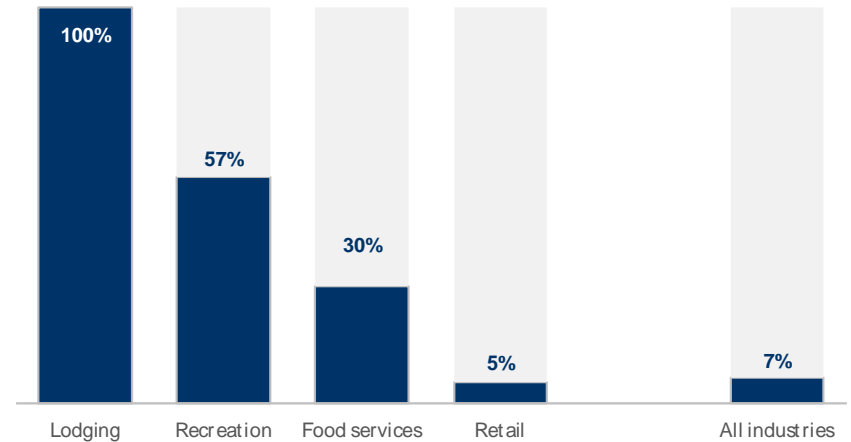
## Tourism employment

### Visitor-generated employment is a significant part of key industries

The entire lodging industry, as well as 57% of recreation, and 30% of food & beverage employment is supported by visitor spending, including indirect and induced benefits.

### Tourism employment intensity

Amounts in percentage of total industry employment



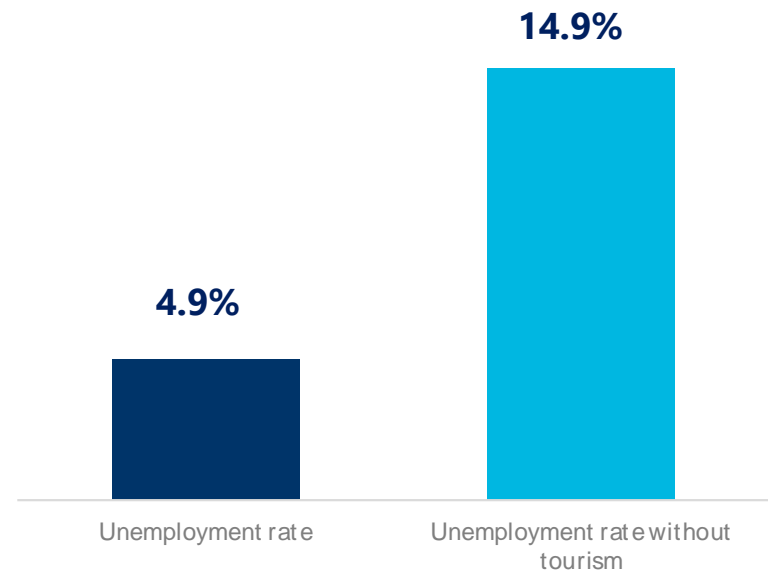
Source: BEA; BLS; Tourism Economics

# ECONOMIC IMPACTS IN CONTEXT

## Visitor-generated employment

In 2019, the unemployment rate was 4.9%.  
Without jobs supported by visitors, the  
unemployment rate would nearly triple to 14.9%.

### Unemployment with and without the visitor economy



Source: BEA; BLS; Tourism Economics

# ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context

 \$7.4  
BILLION

## VISITOR SPENDING

The \$7.4 billion in visitor spending means that \$20 million was spent EVERY DAY by visitors in New Mexico.

 \$2.8  
BILLION

## PERSONAL INCOME

The \$2.8 billion in total income generated by tourism is the equivalent of \$3,600 for every household in New Mexico.

 96,064  
JOBS

## EMPLOYMENT

The number of jobs sustained by tourism (96,064) supports 8.6% of all jobs in New Mexico.

 \$737  
MILLION

## STATE AND LOCAL TAXES

The \$737 million in state and local taxes generated by tourism would cover the average salaries of over 13,845 public school teachers in New Mexico.

# ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is 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. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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