



Economic Impact of Tourism in New Mexico, 2017

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TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

1. Introduction

1) Tourism is a major contributor to New Mexico's economy

Key facts about New Mexico's tourism sector

In 2017, just over 36.1 million visitors spent \$6.6 billion in New Mexico

Visitor spending increased 3.2% in 2017

Visitor spending sustains 8.3% of all jobs in New Mexico

Tourism generates \$870 in state and local taxes for every household in New Mexico



2) Visitor spending generates income, jobs, and tax revenue

New Mexico Visitor Economy, 2017

Dollar figures in millions

Visitor spending	\$6,631
Economic impact (direct, indirect, and induced)	\$9,368
Employment impact	93,617
Personal income impact	\$2,565
Tax impacts	\$1,397
Federal	\$733
State	\$452
Local	\$211

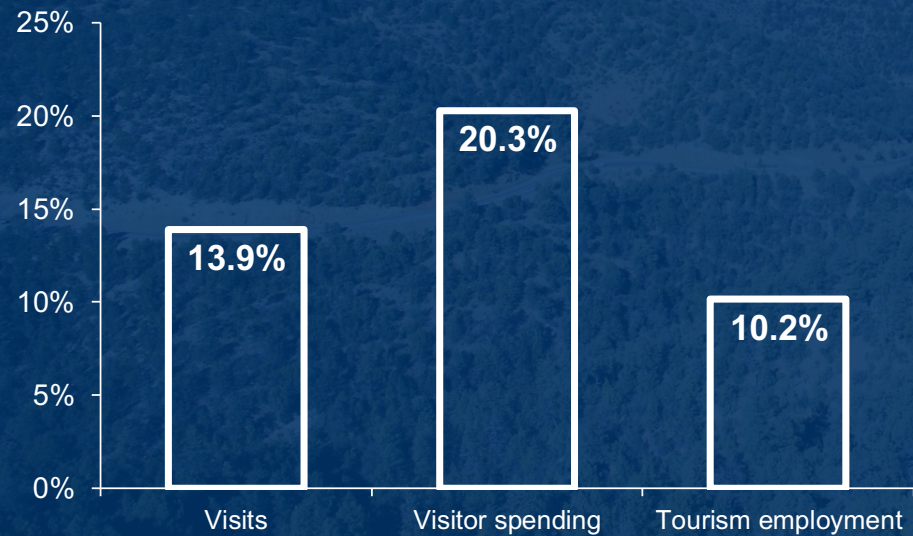
Source: Tourism Economics



3) Tourism indicators and economic impacts have steadily increased since 2011

Growth in key indicators

Cumulative growth, 2011-2017



Source: Tourism Economics



2. Visitor Economy Trends

Trends in New Mexico tourism

1

Visitor spending is increasing – and has been for seven straight years

- Visitor spending reached \$6.6 billion in 2017
- Spending increased 3.2% in 2017

2

Spending growth is broad-based

- Visitor spending growth was led by spending on food & beverages, lodging, and recreation

3

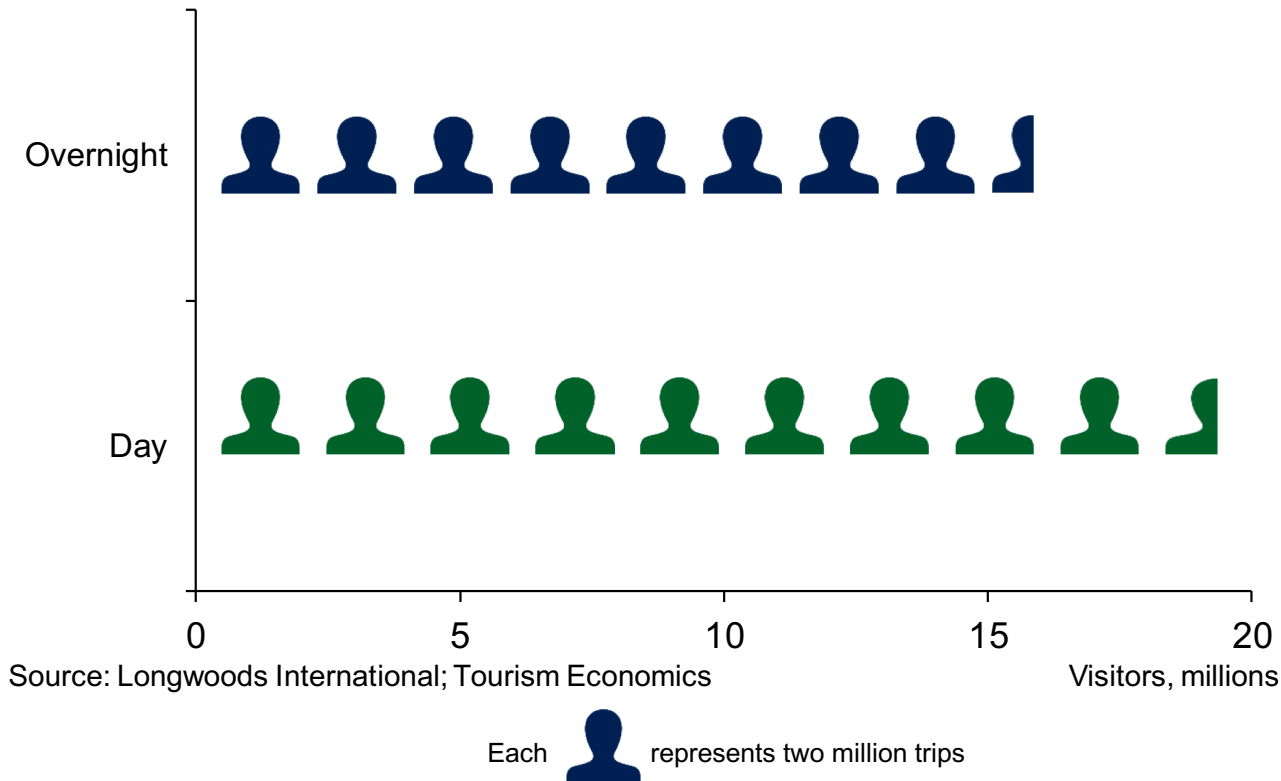
Overnight and day visitors contribute to growth

- Overnight visitation growth slightly outpaced day visitation (3.0% vs 2.9%), yet both contributed solid gains for a 3.0% increase in visitation overall

New Mexico hosted just over 36.1 million visitors in 2017

Overnight visitors slightly outpaced day visitors in 2017, increasing 3.0%. Day visitation increased similarly (2.9%), tallying 19.7 visitors.

New Mexico visitors, 2017



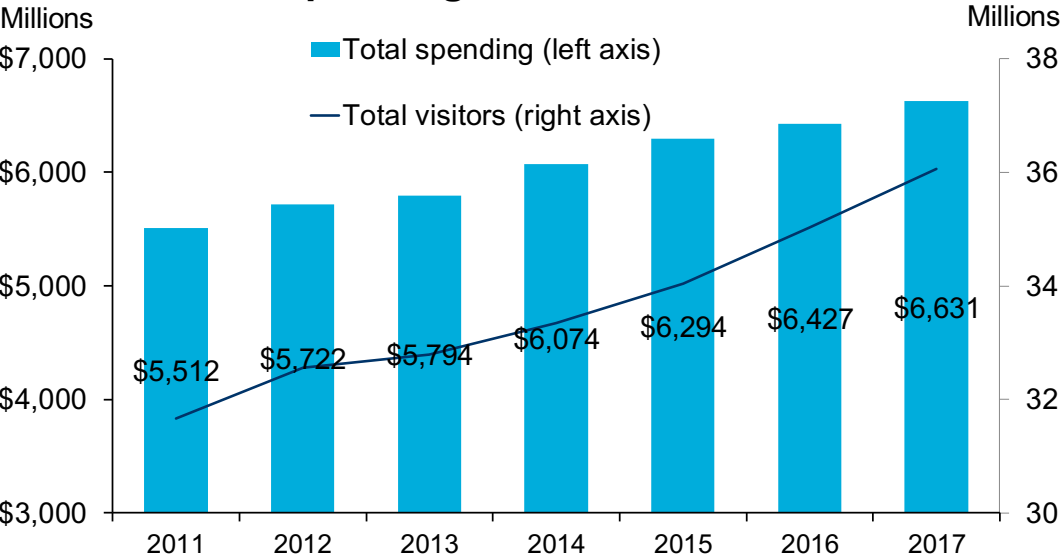
2017 Visitor trends

Visitation reached 36.1 million in 2017, increasing by just over a million.

The New Mexico travel industry has benefitted from all-time highs in consumer confidence as well as rising incomes, as both visitor volume and spending expanded in 2017.

An estimated 36.1 million visitors spent more than \$6.6 billion in 2017, increases of 3.0% and 3.2%, respectively, from 2016.

Visitation and spending in New Mexico



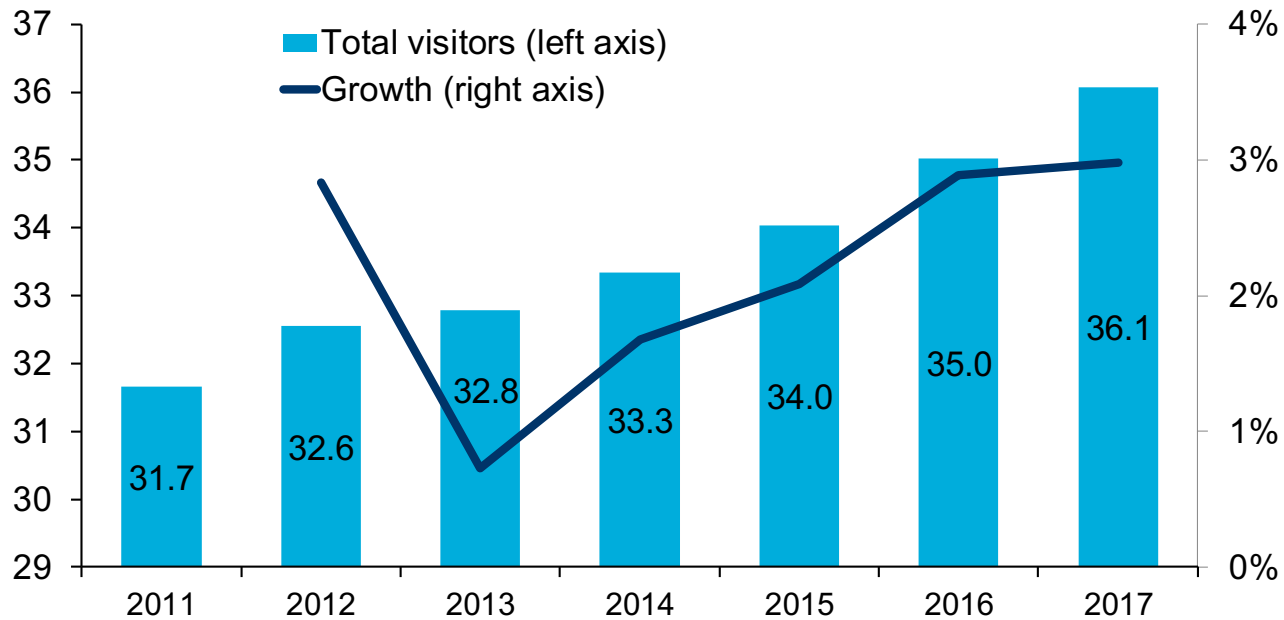
Source: Longwoods International; Tourism Economics

Visitation in 2017

Visitors to New Mexico

Visitors, millions

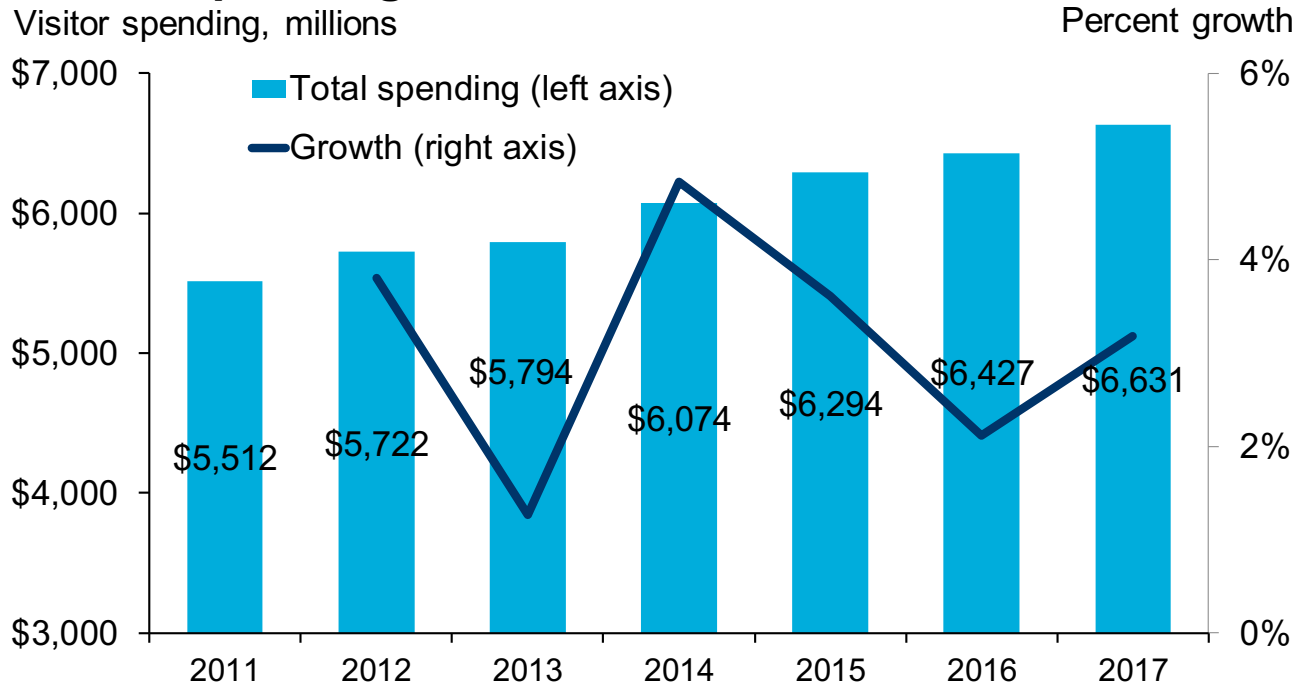
Percent growth



Source: Longwoods International; Tourism Economics

Visitor spending growth

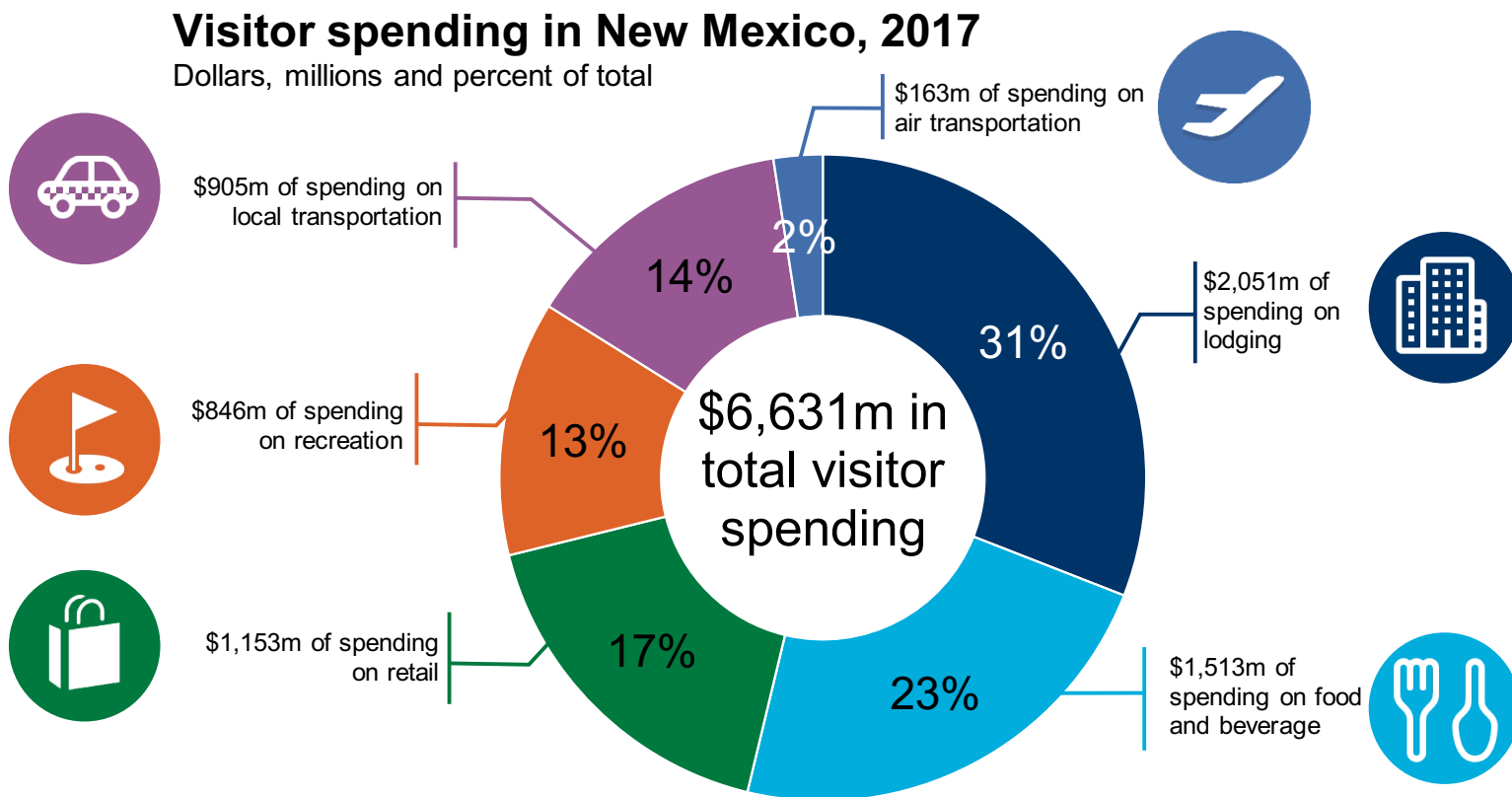
Visitor spending in New Mexico



Source: Longwoods International; Tourism Economics

Visitor spending in New Mexico

Visitors to New Mexico spent \$6.6 billion in 2017, with more than half in lodging and food & beverage establishments.



Source: Longwoods International; Tourism Economics

Note: Lodging spending includes dollars spent on second homes

Visitor spending posted its seventh consecutive year of growth in 2017

Spending grew 3.2% year-over-year in 2017, led by increases in food & beverages and lodging.

Lodging, which includes spending on second homes, represents the largest spending sector at nearly \$2.1 billion, followed by spending on food and beverages (\$1.5 billion).

Visitor spending increased by \$204 million in 2017, with spending on food and beverages and lodging contributing more than half of the total increase.

On average, day visitors spent \$78 while overnight visitors spent \$312.

Visitor spending in New Mexico

Nominal dollars, millions

	2011	2012	2013	2014	2015	2016	2017	2017 Growth	2011-2017 CAGR
Lodging*	\$1,626	\$1,704	\$1,761	\$1,883	\$1,952	\$1,980	\$2,051	3.6%	3.9%
Food and beverage	\$1,308	\$1,327	\$1,332	\$1,352	\$1,403	\$1,450	\$1,513	4.4%	2.5%
Retail	\$902	\$966	\$987	\$1,073	\$1,107	\$1,121	\$1,153	2.9%	4.2%
Recreation	\$744	\$749	\$751	\$755	\$782	\$820	\$846	3.2%	2.2%
Local transportation	\$749	\$802	\$798	\$852	\$889	\$893	\$905	1.3%	3.2%
Air transportation	\$183	\$175	\$165	\$159	\$161	\$164	\$163	-0.8%	-2.0%
Total	\$5,512	\$5,722	\$5,794	\$6,074	\$6,294	\$6,427	\$6,631	3.2%	3.1%

Source: Longwoods International; Tourism Economics

*Lodging includes spending on second homes

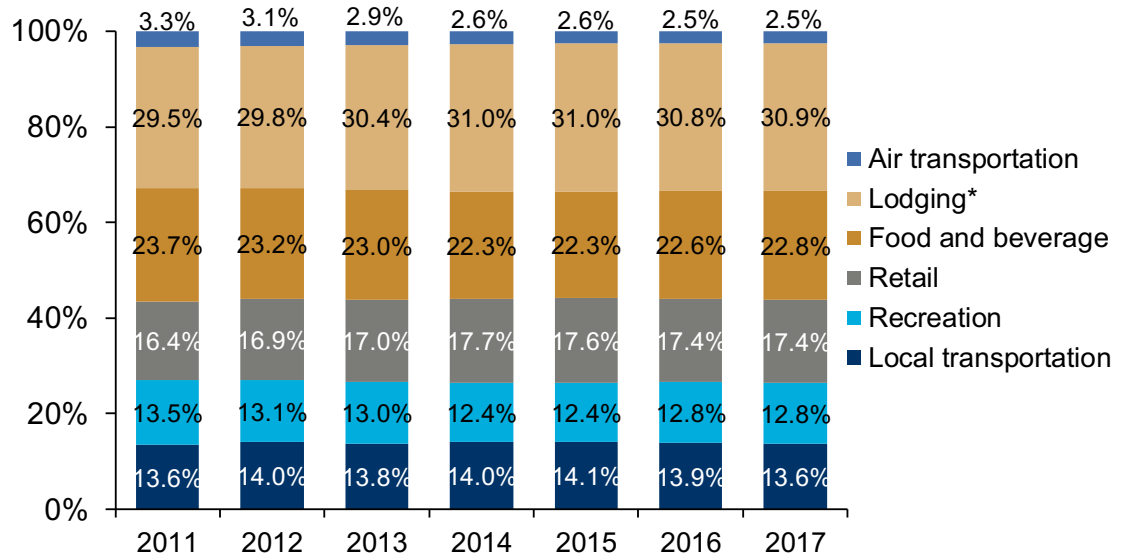
Tourism spending shares

Spending shares increased in the lodging sector as room rates increased 2.9% in 2017. The share of the visitor dollar spent on food and beverages increased for the third consecutive year.

Similar to national trends, the share of the visitor dollar spent on retail has been on a downward trend in recent years.

New Mexico visitor spending

Percent of total



Source: Longwoods International; Tourism Economics

*Note: Lodging includes visitor spending for second homes

Tourism spending by market

Spending growth was led by day visitation, and those traveling internationally.

While day visitors increased their spending by 3.6%, the 3.0% growth contributed by overnight visitors more heavily supported the overall market, as overnight visitors tend to spend more per person.

Spending by those visiting New Mexico for leisure purposes ticked up to \$5.6 billion in 2017.

International visitation increased in 2017, supported by travel from overseas markets, as well as Canada and Mexico. Subsequently, international spend increased as well.

Visitor spending in New Mexico

Nominal dollars, millions

Purpose		Stay		Market	
Leisure	\$5,612	Day	\$1,537	Domestic	\$6,050
Business	\$1,019	Overnight	\$5,094	International	\$581
Total	\$6,631	Total	\$6,631	Total	\$6,631
Growth Rates					
Leisure	2.6%	Day	3.6%	Domestic	3.1%
Business	6.7%	Overnight	3.0%	International	3.5%
Total	3.2%	Total	3.2%	Total	3.2%

Source: Longwoods International; Tourism Economics

Visitation segments – day and overnight

Of the 36.1 million visitors to New Mexico, 16.3 million stayed overnight—about 45%.

Overnight spending reached nearly \$5.1 billion in 2017.

While day visitation accounts for about 55% of all visitors to New Mexico, those staying overnight contribute the most to total spending. Nearly 77% of all spending can be attributed to overnight visitors.

Growth in day visitation outpaced that of overnight visitors.

Trips and Spend

Nominal dollars, millions

	2011	2012	2013	2014	2015	2016	2017
Total	31.7	32.6	32.8	33.3	34.0	35.0	36.1
Day	16.7	17.5	17.6	17.8	18.3	19.2	19.7
Overnight	14.9	15.1	15.2	15.5	15.7	15.9	16.3
Total	\$5,512	\$5,722	\$5,794	\$6,074	\$6,294	\$6,427	\$6,631
Day	\$1,038	\$1,154	\$1,229	\$1,336	\$1,419	\$1,483	\$1,537
Overnight	\$4,474	\$4,568	\$4,566	\$4,738	\$4,875	\$4,944	\$5,094
Per Traveler Spending	\$174	\$176	\$177	\$182	\$185	\$184	\$184
Day	\$ 62	\$ 66	\$ 70	\$ 75	\$ 77	\$ 77	\$ 78
Overnight	\$ 300	\$ 303	\$ 301	\$ 305	\$ 310	\$ 312	\$ 312

Source: Longwoods International; Tourism Economics

Visitation segments – domestic and international

Increased visitation from Canada, Mexico, and overseas markets led to a 2.9% increase in international visitation in 2017.

Visitors from Mexico account for the largest share of international travel to the state.

Domestic visits and spending vastly outpace that of international visitors.

Trips and Spend

Nominal dollars, millions

	2011	2012	2013	2014	2015	2016	2017
Total	31.7	32.6	32.8	33.3	34.0	35.0	36.1
Domestic	31.2	32.0	32.2	32.7	33.4	34.4	35.4
International	0.44	0.55	0.59	0.64	0.65	0.65	0.67
Total	\$5,512	\$5,722	\$5,794	\$6,074	\$6,294	\$6,427	\$6,631
Domestic	\$4,991	\$5,153	\$5,186	\$5,463	\$5,695	\$5,866	\$6,054
International	\$522	\$569	\$608	\$611	\$599	\$561	\$577

Source: Longwoods International; Tourism Economics

International Volume Estimates

Country of Origin	Estimate	2017 Growth
Canada	134,593	8.7%
Mexico	356,458	2.0%
Overseas	176,279	0.6%
Total	667,330	2.9%

Source: Tourism Economics

3) Visitor Economic Impact

Introduction and definitions

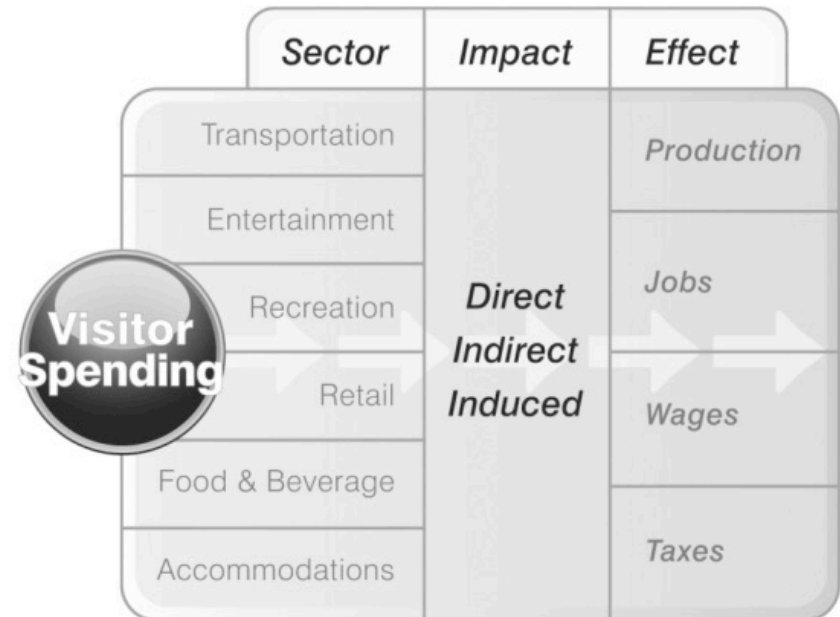
This study measures the economic impact of tourism in the state of New Mexico. Our analysis of tourism's impact on New Mexico begins with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact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

- Travelers create **direct** economic value within a discreet group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called **indirect** impacts.
- Lastly, the **induced** impact is generated when employees whose wages are generated either directly or indirectly by tourism, spend those wages in the local economy.

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

How visitor spending generates employment and income

Visitor spending flows through the New Mexico economy and generates indirect benefits through supply chain and income effects.



Business sales impacts (1 of 2)

New Mexico visitor spending of \$6.6 billion translated into \$9.4 billion in business sales including indirect and induced impacts.

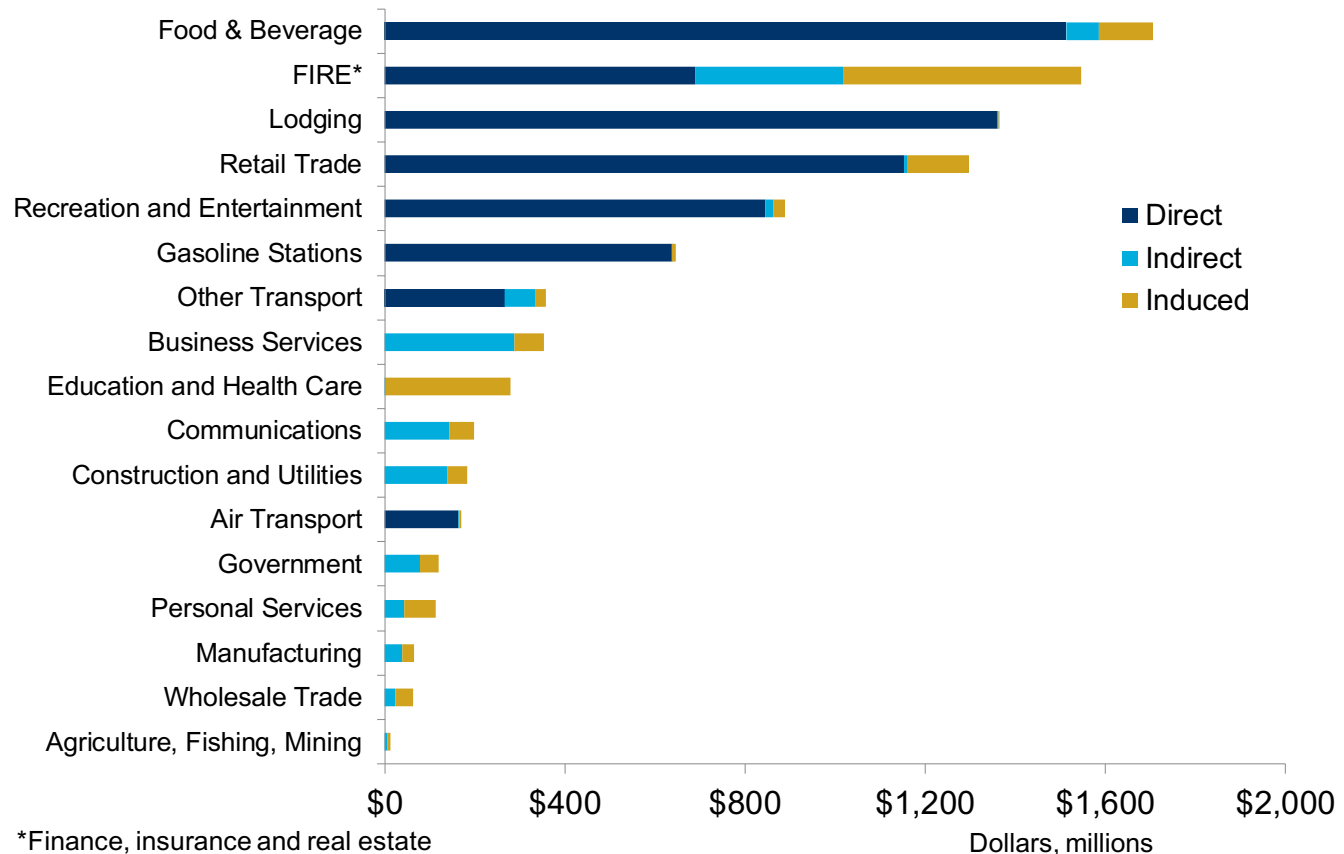
Business sales impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$6.0	\$6.0	\$12.0
Construction and Utilities		\$139.7	\$44.2	\$183.9
Manufacturing		\$39.7	\$24.6	\$64.3
Wholesale Trade		\$24.4	\$38.5	\$62.9
Air Transport	\$162.5	\$2.8	\$4.8	\$170.1
Other Transport	\$266.8	\$67.7	\$22.7	\$357.2
Retail Trade	\$1,153.5	\$6.7	\$138.3	\$1,298.4
Gasoline Stations	\$638.1	\$0.6	\$8.7	\$647.4
Communications		\$143.5	\$55.6	\$199.1
Finance, Insurance and Real Estate	\$690.6	\$327.8	\$528.7	\$1,547.1
Business Services		\$288.0	\$64.7	\$352.7
Education and Health Care		\$2.4	\$276.2	\$278.6
Recreation and Entertainment	\$846.2	\$17.6	\$24.5	\$888.2
Lodging	\$1,360.4	\$2.3	\$1.3	\$1,364.0
Food & Beverage	\$1,513.2	\$72.4	\$121.5	\$1,707.1
Personal Services		\$44.4	\$69.4	\$113.7
Government		\$77.9	\$42.9	\$120.8
TOTAL	\$6,631.2	\$1,263.7	\$1,472.5	\$9,367.5

Source: Tourism Economics

Business sales impacts (2 of 2)

While the majority of sales are in industries directly serving visitors, significant benefits accrue in sectors like finance, insurance and real estate from selling to tourism businesses and employees.

Business sales impacts by industry, 2017



GDP impacts (1 of 2)

Visitors generated \$4.9 billion in state GDP (value added) in 2017, or 5.1% of the New Mexico economy. This excludes all import leakages to arrive at the economic value generated by visitors.

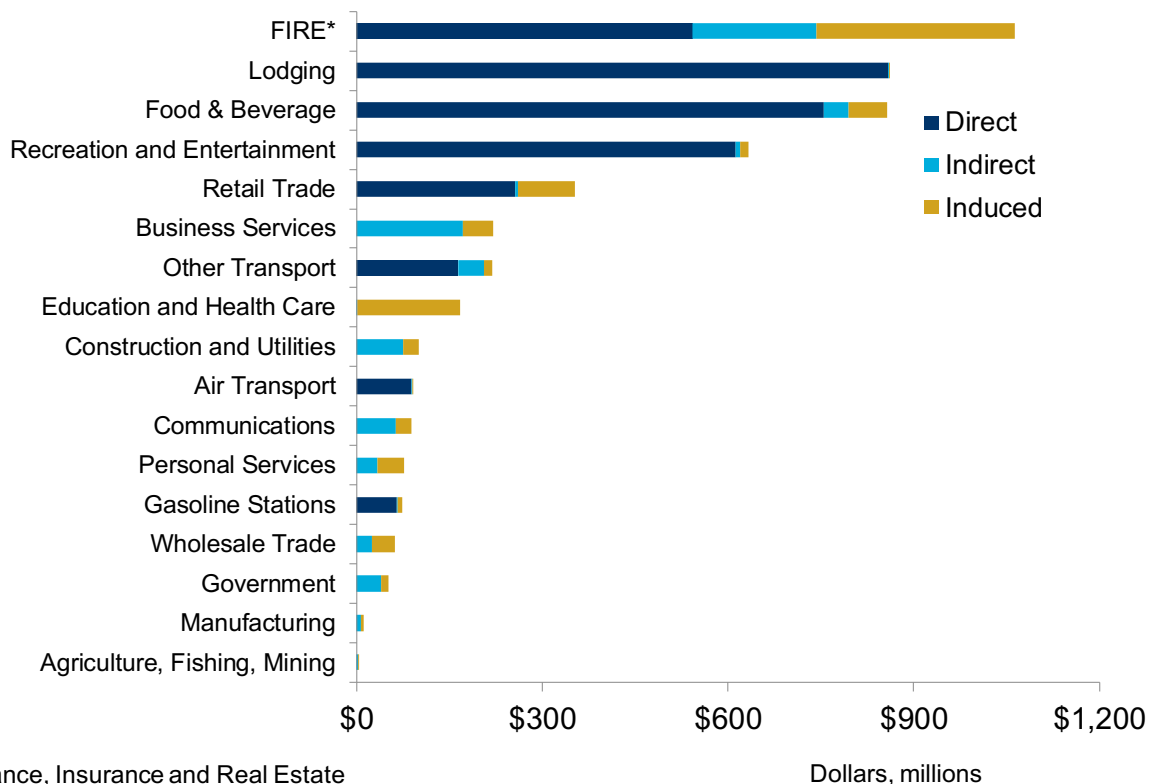
Valued added impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$2.1	\$2.3	\$4.5
Construction and Utilities		\$75.7	\$24.7	\$100.4
Manufacturing		\$7.5	\$4.4	\$12.0
Wholesale Trade		\$23.9	\$37.9	\$61.8
Air Transport	\$88.4	\$1.2	\$2.1	\$91.7
Other Transport	\$164.8	\$41.4	\$13.3	\$219.6
Retail Trade	\$256.4	\$4.5	\$91.4	\$352.3
Gasoline Stations	\$65.3	\$0.5	\$7.1	\$72.9
Communications		\$62.6	\$26.5	\$89.0
Finance, Insurance and Real Estate	\$542.0	\$200.3	\$321.5	\$1,063.8
Business Services		\$172.0	\$48.5	\$220.5
Education and Health Care		\$1.3	\$166.0	\$167.3
Recreation and Entertainment	\$612.5	\$7.4	\$12.5	\$632.4
Lodging	\$858.3	\$1.3	\$0.8	\$860.4
Food & Beverage	\$754.2	\$40.3	\$62.7	\$857.2
Personal Services		\$33.1	\$42.8	\$76.0
Government		\$39.1	\$11.6	\$50.8
TOTAL	\$3,342.0	\$714.3	\$876.1	\$4,932.4

Source: Tourism Economics

GDP impacts (2 of 2)

The lodging industry has the largest direct economic contribution from visitor spending, followed closely by restaurants.

Value added impacts by industry, 2017



Source: Tourism Economics

Employment impacts (1 of 2)

Visitor spending directly generated 70,568 jobs and 93,617 jobs when indirect and induced impacts are considered.

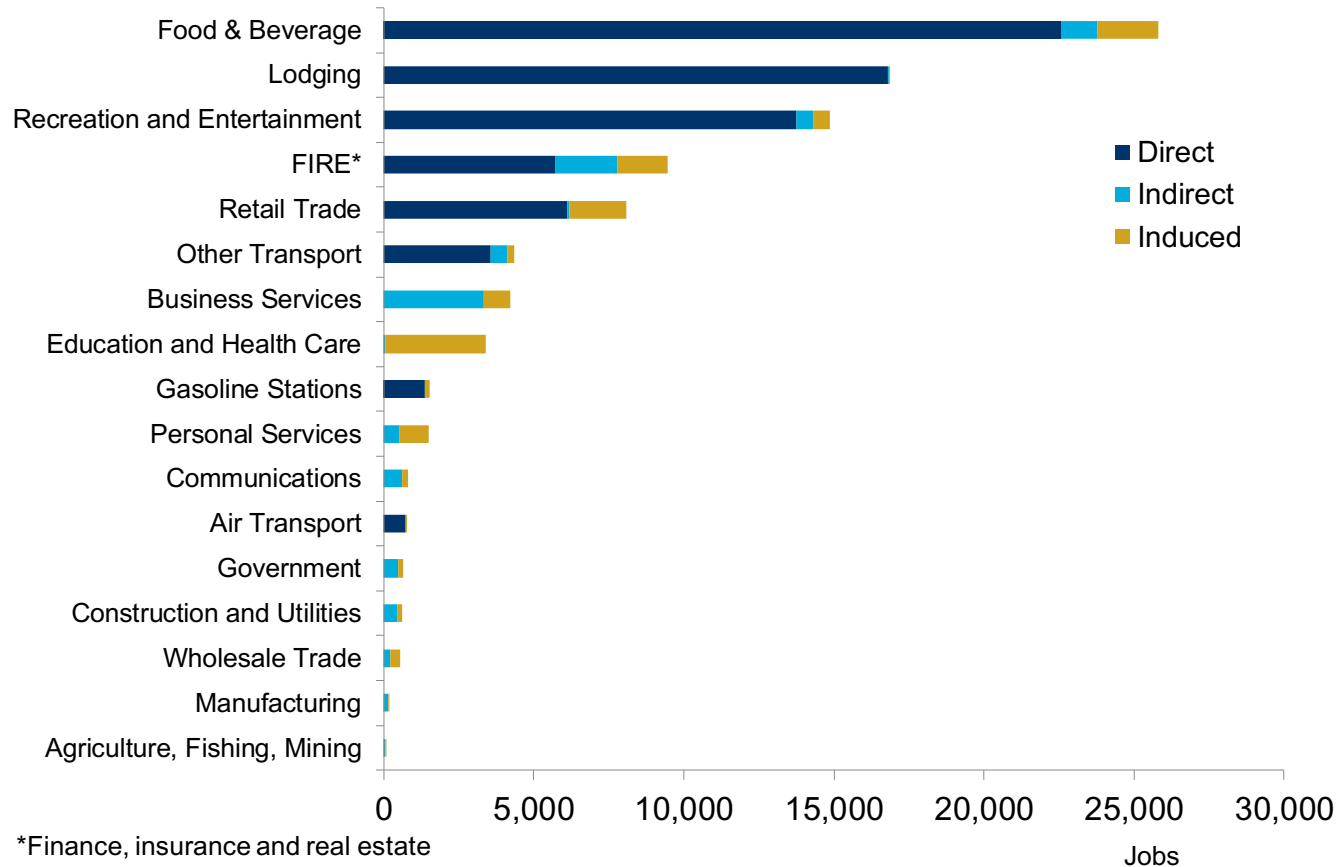
Employment impacts				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		43	43	86
Construction and Utilities		450	142	592
Manufacturing		133	59	192
Wholesale Trade		215	339	554
Air Transport	715	10	17	742
Other Transport	3,554	573	203	4,329
Retail Trade	6,108	87	1,898	8,093
Gasoline Stations	1,358	10	148	1,516
Communications		598	197	795
Finance, Insurance and Real Estate	5,705	2,070	1,674	9,449
Business Services		3,336	878	4,214
Education and Health Care		54	3,327	3,381
Recreation and Entertainment	13,759	548	564	14,871
Lodging	16,800	25	15	16,840
Food & Beverage	22,569	1,222	2,030	25,821
Personal Services		507	995	1,501
Government		465	177	642
TOTAL	70,568	10,346	12,704	93,617

Source: Tourism Economics

Employment impacts (2 of 2)

The total employment impact of nearly 94,000 jobs accounts for 8.3% of all jobs in the state of New Mexico.

Employment impacts by industry, 2017



Personal income impacts (1 of 2)

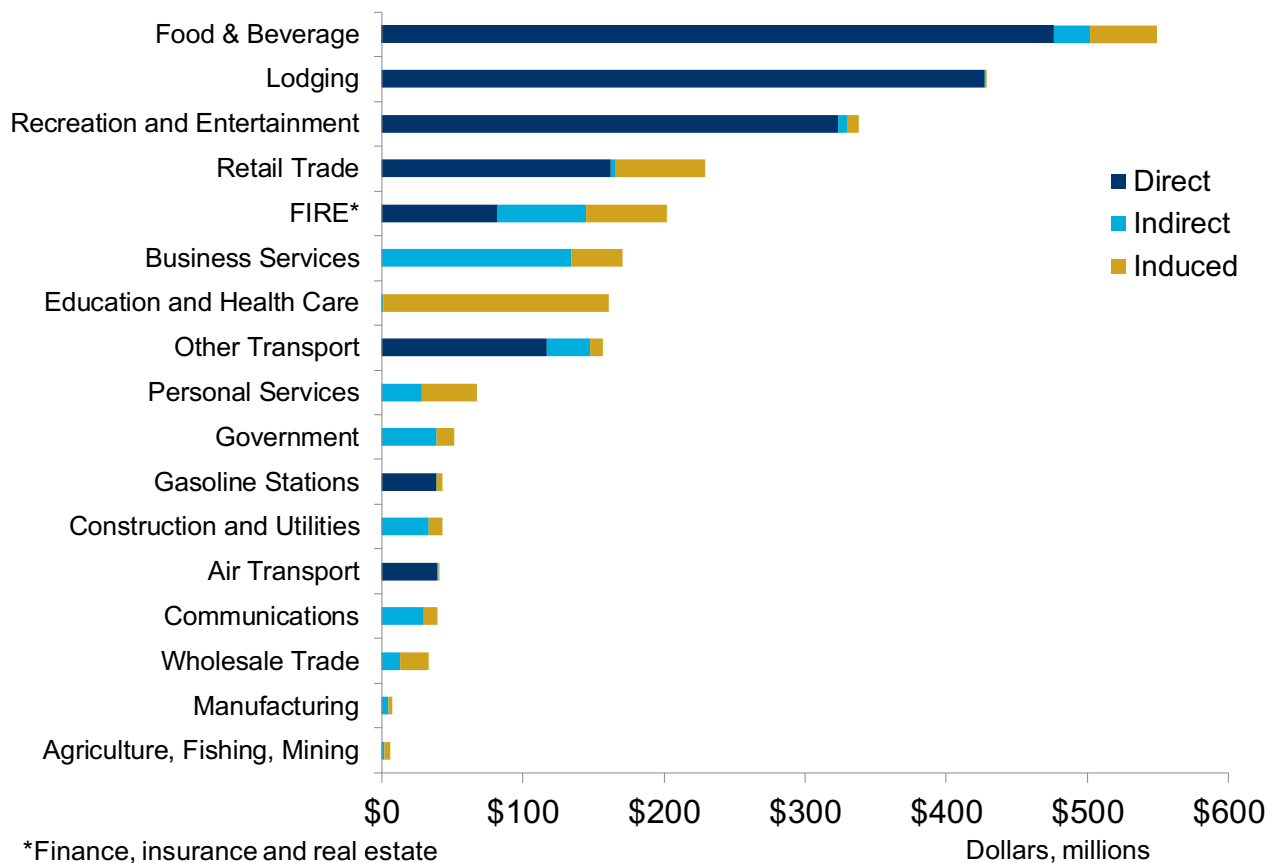
Visitors generated \$1.7 billion in direct income and reached \$2.6 billion including indirect and induced impacts.

Personal income impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$1.9	\$3.8	\$5.7
Construction and Utilities		\$33.1	\$9.9	\$43.0
Manufacturing		\$4.9	\$2.3	\$7.1
Wholesale Trade		\$12.9	\$20.3	\$33.2
Air Transport	\$39.4	\$0.6	\$0.9	\$40.9
Other Transport	\$117.0	\$30.3	\$9.7	\$157.0
Retail Trade	\$162.3	\$3.1	\$63.5	\$228.9
Gasoline Stations	\$38.7	\$0.3	\$4.2	\$43.2
Communications		\$29.4	\$9.8	\$39.2
Finance, Insurance and Real Estate	\$81.8	\$62.7	\$57.3	\$201.7
Business Services		\$134.2	\$36.3	\$170.5
Education and Health Care		\$1.4	\$159.6	\$161.0
Recreation and Entertainment	\$323.5	\$6.2	\$8.1	\$337.8
Lodging	\$427.3	\$0.6	\$0.4	\$428.3
Food & Beverage	\$476.2	\$25.8	\$47.2	\$549.2
Personal Services		\$28.2	\$39.2	\$67.4
Government		\$38.6	\$12.5	\$51.1
TOTAL	\$1,666.1	\$414.1	\$485.1	\$2,565.3

Source: Tourism Economics

Personal income impacts (2 of 2)

Personal income impacts by industry, 2017



Tax impacts

Visitors generated nearly \$1.4 billion in federal, state, and local taxes in 2017.

Each household in New Mexico would need to be taxed an additional \$870 per year to replace the state and local taxes generated by visitors.

Visitors generated state and local taxes of nearly \$664 million in 2017.

Tourism-Generated Taxes					
Millions of \$					
	2014	2015	2016	2017	% Change
Federal Taxes	668.6	694.1	712.7	733.2	2.9%
Corporate	174.4	180.7	184.9	191.7	3.7%
Indirect Business	119.5	123.0	125.4	128.9	2.8%
Personal Income	65.3	68.0	70.1	71.8	2.5%
Social Security	309.5	322.3	332.3	340.7	2.5%
State Taxes	413.7	427.9	437.5	452.1	3.3%
Corporate	28.4	29.4	30.1	31.2	3.7%
Personal Income	25.3	26.3	27.1	27.8	2.5%
Sales	218.1	226.0	231.2	239.8	3.7%
State Unemployment	7.4	7.7	7.9	8.1	2.5%
Other Taxes/fees	134.5	138.5	141.2	145.1	2.8%
Local Taxes	194.7	201.0	204.8	211.4	3.2%
Sales	11.5	11.9	12.2	12.6	3.7%
Personal Income	4.5	4.6	4.8	4.9	2.5%
Lodging	41.6	42.6	42.6	44.6	4.6%
Excise and Fees	12.3	12.7	13.0	13.5	3.7%
Property	78.8	81.1	82.7	85.1	2.8%
Other taxes and fees	46.1	48.0	49.5	50.7	2.5%
Total	1,277.0	1,322.9	1,355.0	1,396.7	3.1%

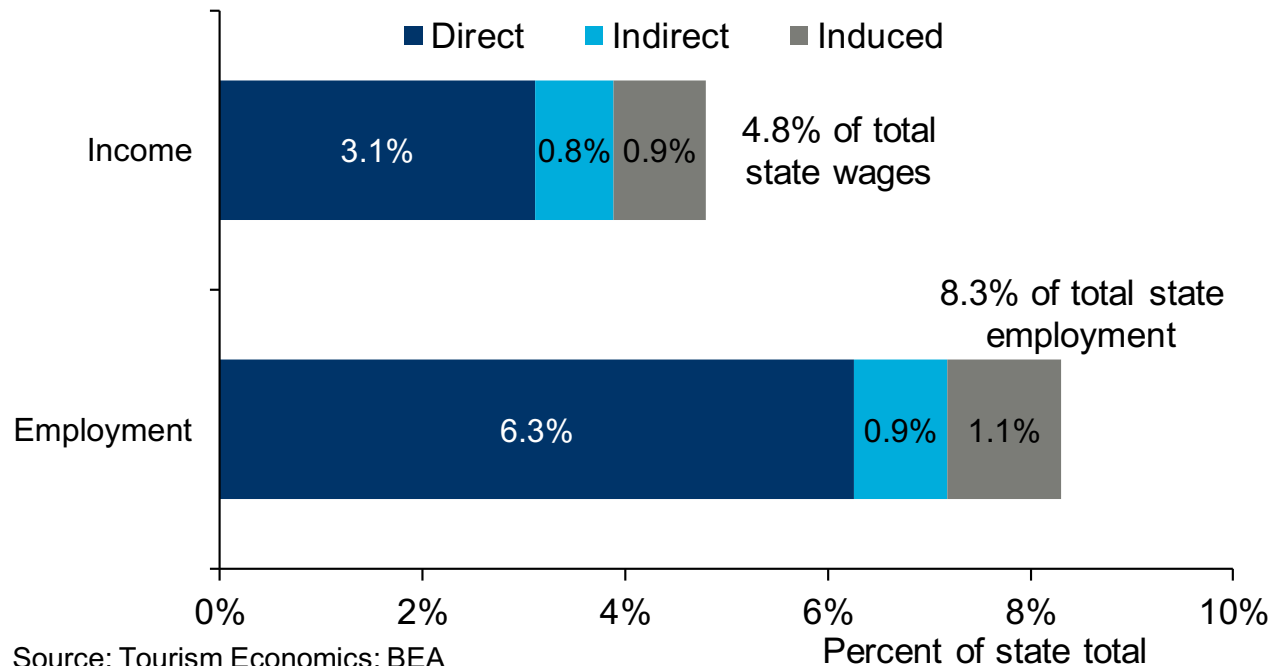
Source: Tourism Economics

4) Economic Impact in Context

The tourism sector is a major contributor to New Mexico's economy

If all employees sustained by tourism were unemployed, it would more than double the unemployment rate to 16.2% from 6.2%.

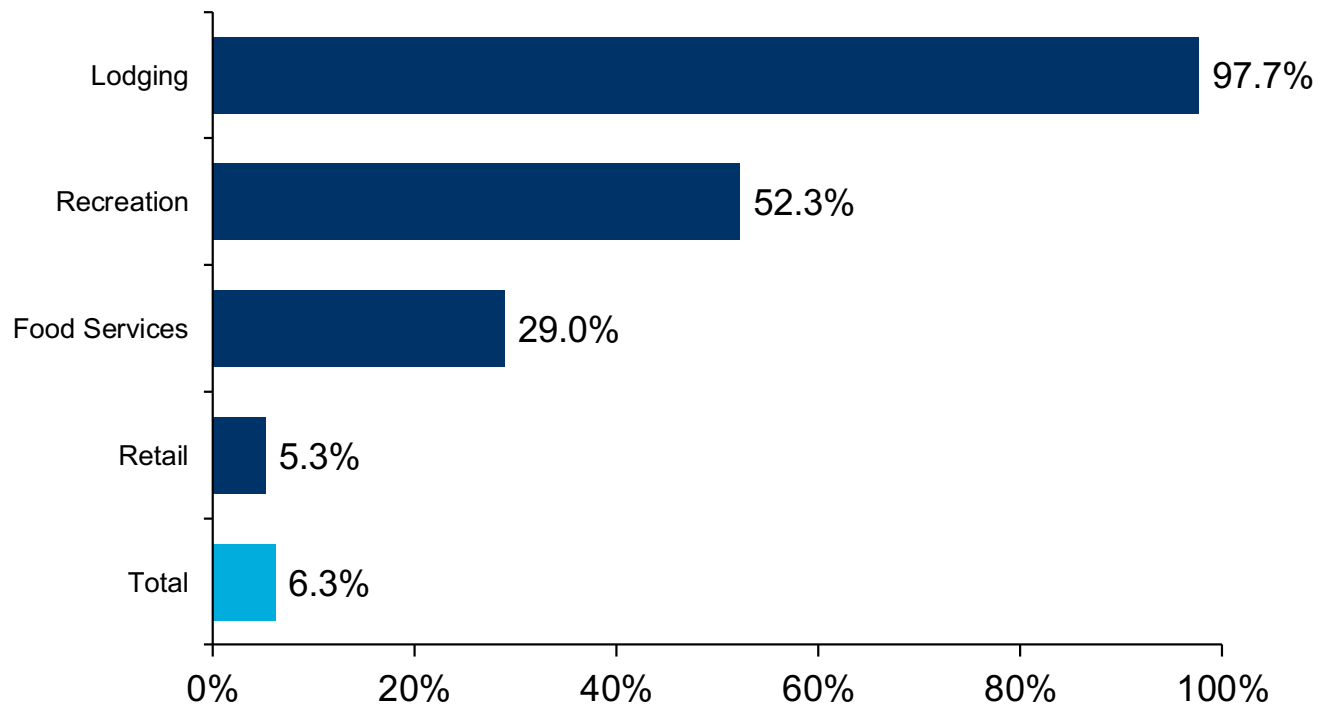
Share of total New Mexico employment and income supported by tourism



Visitor generated employment intensity

Visitor generated employment is a significant part of several industries—nearly all of lodging, 52% of recreation, and 29% of food & beverage employment is supported by visitor spending.

Visitor employment intensity



Source: BEA, BLS, Tourism Economics

Figures in context

Tourism spending

The \$6.6 billion in visitor spending means that every resident of New Mexico can purchase two Club Level season tickets to the Albuquerque Isotopes (\$1,500 each!).

Taxes

The \$664 million in state and local taxes generated by tourism would cover the starting salaries of 19,207 state school teachers in New Mexico (~\$34,544, NEA 2016-2017).

Employment

The number of jobs sustained by tourism (93,617) is more than three times the total enrollment for the University of New Mexico.

Income

The \$2.6 billion in total wages generated by tourism is the equivalent of \$3,364 for every household in New Mexico.

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 120 professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, Philadelphia, and Belfast.

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