



Economic Impact of Tourism in New Mexico, 2018

September 2019



1. Introduction

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

Key facts about New Mexico's tourism sector

In 2018, just over 37.5 million visitors spent \$7.1 billion in New Mexico

Visitor spending increased 7% in 2018

Visitor spending sustains 8.5% of all jobs in New Mexico

Tourism generates \$900 in state and local taxes for every household in New Mexico



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

New Mexico Visitor Economy, 2018

Dollar figures in millions

Visitor spending	\$7,092
Economic impact (direct, indirect, and induced)	\$9,930
Employment impact	94,601
Personal income impact	\$2,673
Tax impacts	\$1,460
Federal	\$767
State	\$475
Local	\$218

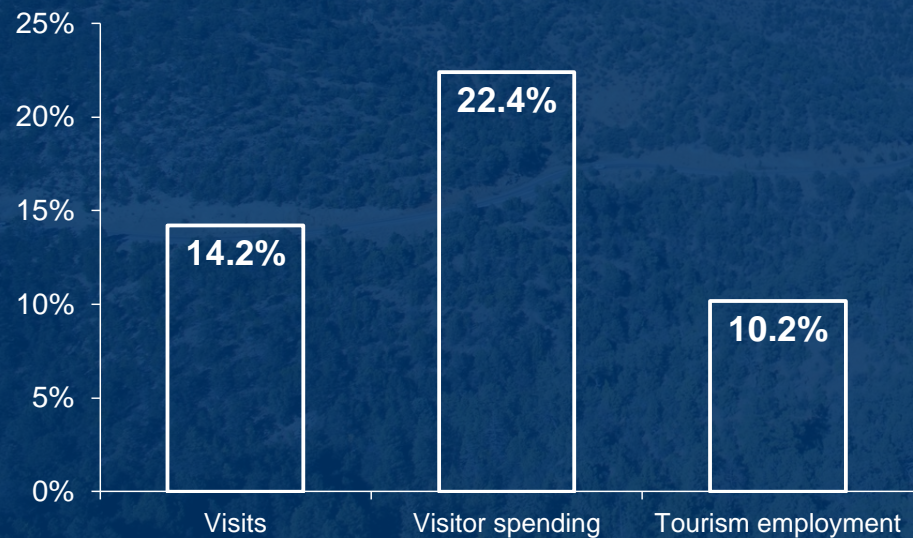
Source: Tourism Economics



3) Tourism indicators and economic impacts have steadily increased since 2013

Growth in key indicators

Cumulative growth, 2013-2018



Source: Tourism Economics



2. Visitor Economy Trends

Trends in New Mexico tourism

1

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

- Visitor spending reached \$7.1 billion in 2018
- Spending increased 7% in 2018, the largest year-over-year growth since 2011

2

Spending growth is broad-based

- Visitor spending was led by double-digit spending growth on lodging, followed by recreation

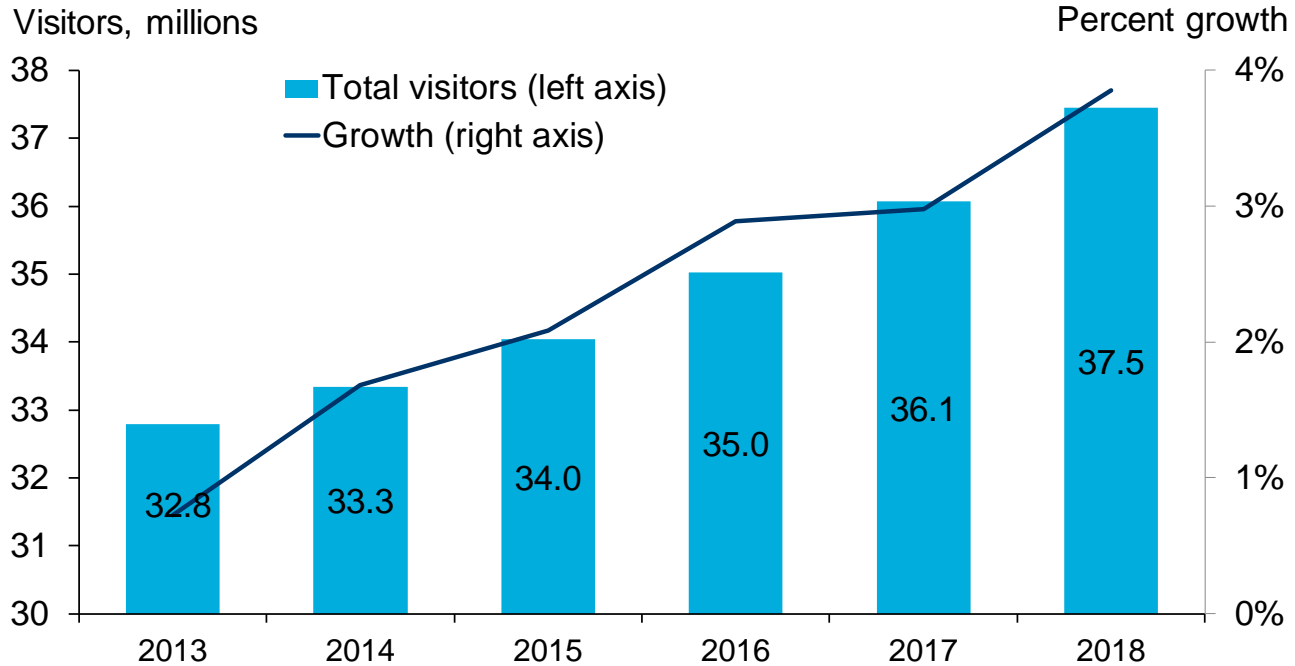
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Visitation growth highest since 2012

- Overnight visitation growth outpaced day visitation (4.4% vs 3.4%), yet both contributed solid gains for a 3.9% increase in visitation overall

Visitation in 2018

Visitors to New Mexico

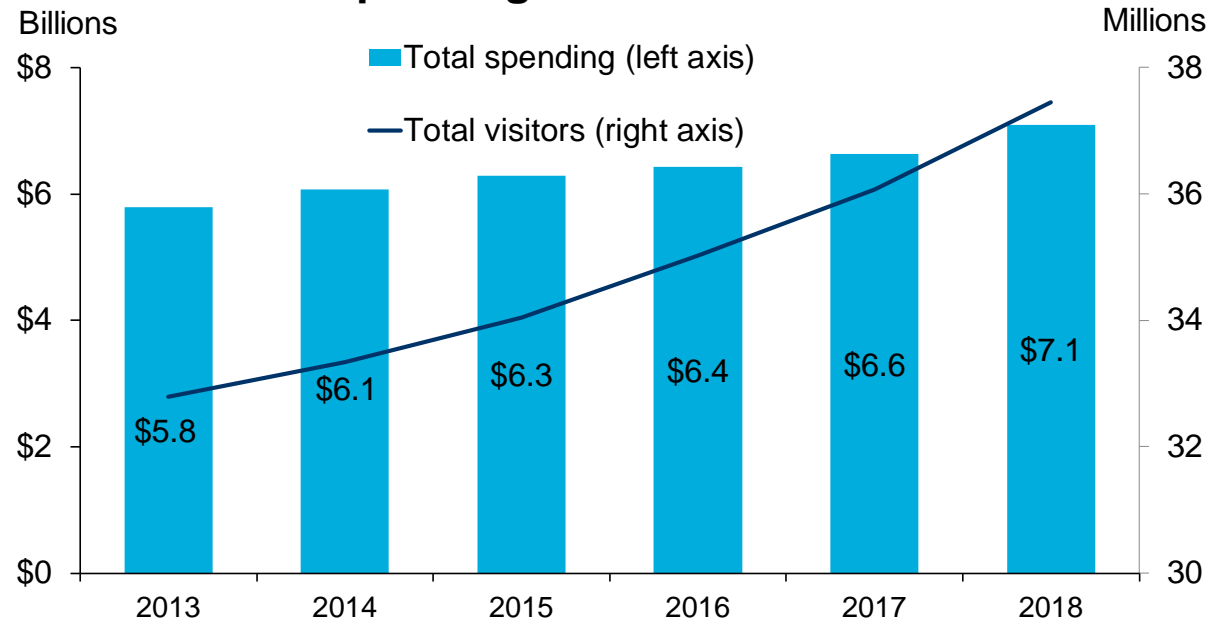


Source: Longwoods International; Tourism Economics

2018 Visitor trends

An estimated 37.5 million visitors to New Mexico, an increase of 3.9%, spent nearly \$7.1 billion in 2018. This represents a 7.0% increase over the prior year, and a 29% increase since 2011.

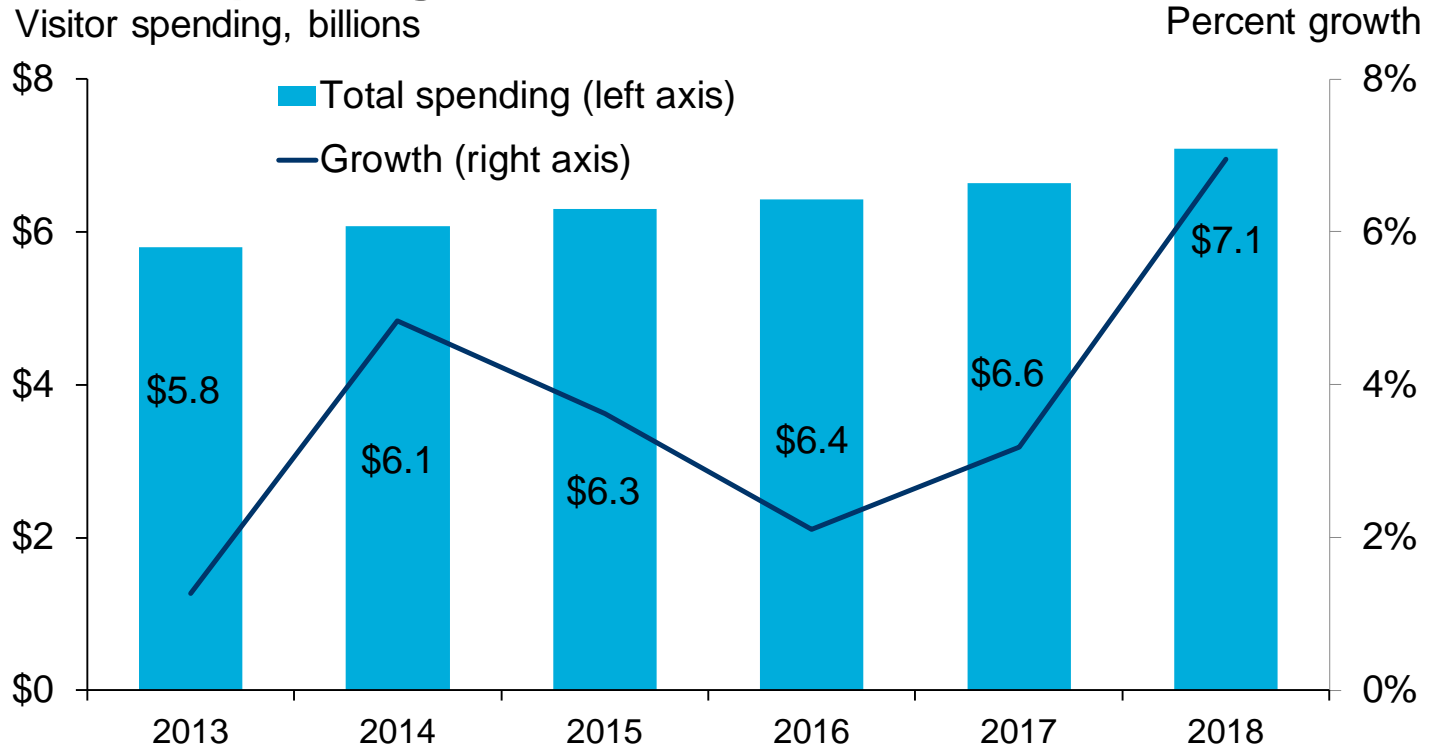
Visitation and spending in New Mexico



Source: Longwoods International; Tourism Economics

Visitor spending growth

Visitor spending in New Mexico



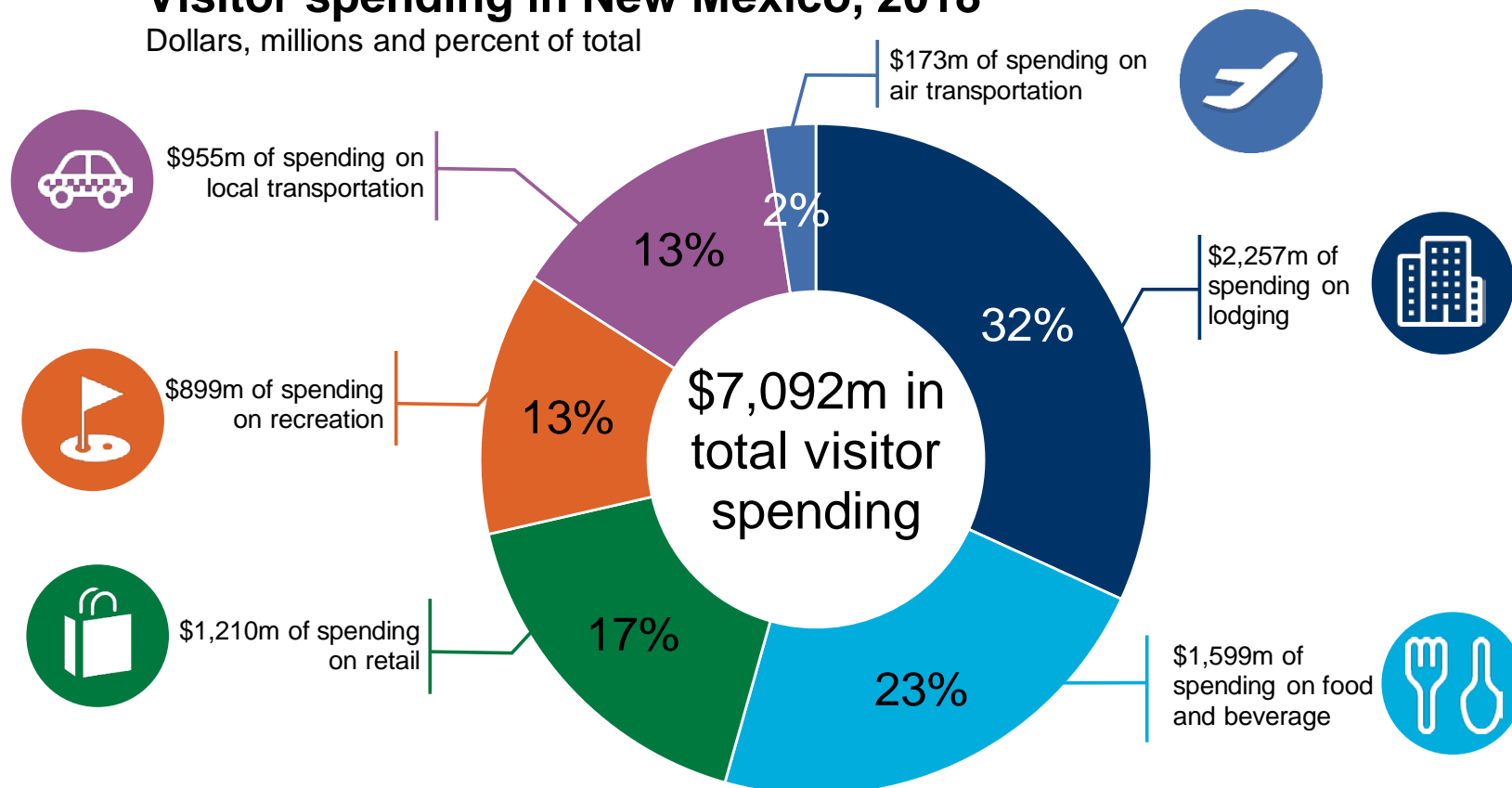
Source: Longwoods International; Tourism Economics

Visitor spending in New Mexico

Visitors to New Mexico spent \$7.1 billion in 2018, with more than half in lodging and food & beverage establishments.

Visitor spending in New Mexico, 2018

Dollars, millions and percent of total



Source: Longwoods International; Tourism Economics

Note: Lodging spending includes dollars spent on second homes

Visitor spending posted its eighth consecutive year of growth in 2018

Spending grew 7% year-over-year in 2018, led by increases in lodging and recreation.

Lodging, which includes spending on second homes, represents the largest spending sector at nearly \$2.3 billion, followed by spending on food and beverages (\$1.6 billion).

Visitor spending increased by \$461 million in 2018, with spending on lodging and food & beverages contributing more than half of the total increase.

Visitor spending in New Mexico

Nominal dollars, millions

	2013	2014	2015	2016	2017	2018	2018 Growth	2013-2018 CAGR
Lodging*	\$1,761	\$1,883	\$1,952	\$1,980	\$2,051	\$2,257	10.1%	5.1%
Food and beverage	\$1,332	\$1,352	\$1,403	\$1,450	\$1,513	\$1,599	5.6%	3.7%
Retail	\$987	\$1,073	\$1,107	\$1,121	\$1,153	\$1,210	4.9%	4.1%
Recreation	\$751	\$755	\$782	\$820	\$846	\$899	6.3%	3.7%
Local transportation	\$798	\$852	\$889	\$893	\$905	\$955	5.5%	3.7%
Air transportation	\$165	\$159	\$161	\$164	\$163	\$173	6.2%	0.9%
Total	\$5,794	\$6,074	\$6,294	\$6,427	\$6,631	\$7,092	7.0%	4.1%

Source: Longwoods International; Tourism Economics

Visitation segments – day and overnight

Of the 37.5 million visitors to New Mexico, 17.1 million stayed overnight—nearly 46%.

Overnight spending neared nearly \$5.5 billion in 2018.

While day visitation accounts for about 54% 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.

Trips and Spend

Nominal dollars, millions

	2013	2014	2015	2016	2017	2018
Total	32.8	33.3	34.0	35.0	36.1	37.5
Day	17.6	17.8	18.3	19.2	19.7	20.4
Overnight	15.2	15.5	15.7	15.9	16.3	17.1
Total	\$5,794	\$6,074	\$6,294	\$6,427	\$6,631	\$7,092
Day	\$1,229	\$1,336	\$1,419	\$1,483	\$1,537	\$1,636
Overnight	\$4,566	\$4,738	\$4,875	\$4,944	\$5,094	\$5,457
Per Traveler Spending	\$177	\$182	\$185	\$184	\$184	\$189
Day	\$70	\$75	\$77	\$77	\$78	\$80
Overnight	\$301	\$305	\$310	\$312	\$312	\$320

Source: Longwoods International; Tourism Economics

Tourism spending by market

Spending growth was led by overnight visitors, and those traveling domestically.

Both day and overnight visitors contributed to overall spending increase of 7.0% in New Mexico.

Spending by those visiting New Mexico for leisure purposes topped \$6 billion in 2018.

Visits from overseas markets, as well as Mexico, declined in 2018, resulting in an overall decline in international visitation of 1.8%. As a result, international spending declined by nearly 5.0%.

Visitor spending in New Mexico

Nominal dollars, millions

Purpose		Stay		Market	
Leisure	\$6,066	Day	\$1,636	Domestic	\$6,543
Business	\$1,026	Overnight	\$5,457	International	\$549
Total	\$7,092	Total	\$7,092	Total	\$7,092
Growth Rates					
Leisure	8.1%	Day	6.4%	Domestic	8.1%
Business	0.7%	Overnight	7.1%	International	-4.9%
Total	7.0%	Total	7.0%	Total	7.0%

Source: Longwoods International; Tourism Economics

Visitation segments – domestic and international

Despite an increase in visitation from Canada, declines from visitors from overseas markets and Mexico led to overall decline in international visitation in 2018.

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

	2013	2014	2015	2016	2017	2018
Total	32.8	33.3	34.0	35.0	36.1	37.46
Domestic	32.2	32.7	33.4	34.4	35.4	36.8
International	0.59	0.64	0.65	0.65	0.67	0.66
Total	\$5,794	\$6,074	\$6,294	\$6,427	\$6,631	\$7,092
Domestic	\$5,186	\$5,463	\$5,695	\$5,866	\$6,054	\$6,543
International	\$608	\$611	\$599	\$561	\$577	\$549

Source: Longwoods International; Tourism Economics

International Volume Estimates

Country of Origin	Estimate	2018 Growth
Canada	142,205	5.7%
Mexico	342,774	-3.8%
Overseas	170,106	-3.5%
Total	655,085	-1.8%

Source: Tourism Economics

3) Visitor Economic Impact

Introduction and definitions

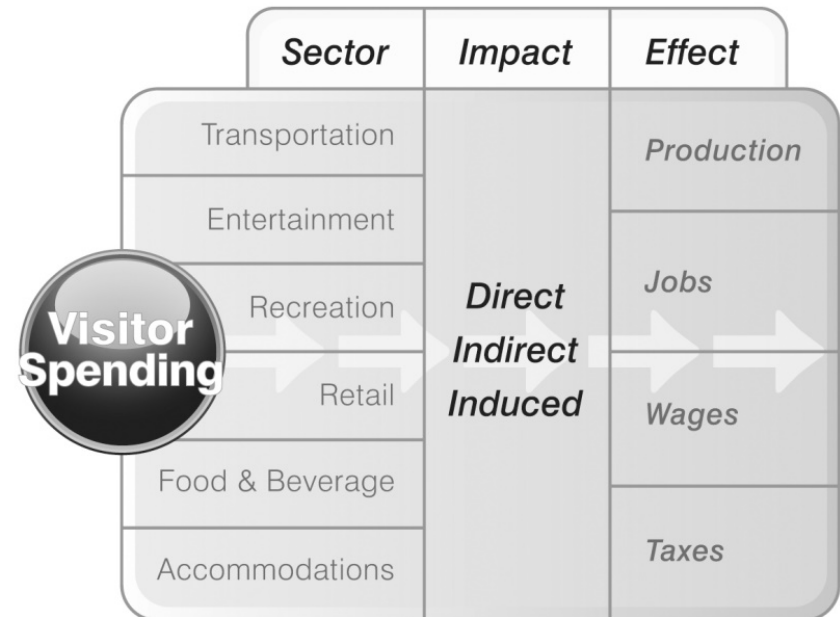
This study measures the economic impact of tourism in the state of New Mexico. Our analysis of tourism's impact on New Mexico begins with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact 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 discrete 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 \$7.1 billion translated into \$9.9 billion in business sales including indirect and induced impacts.

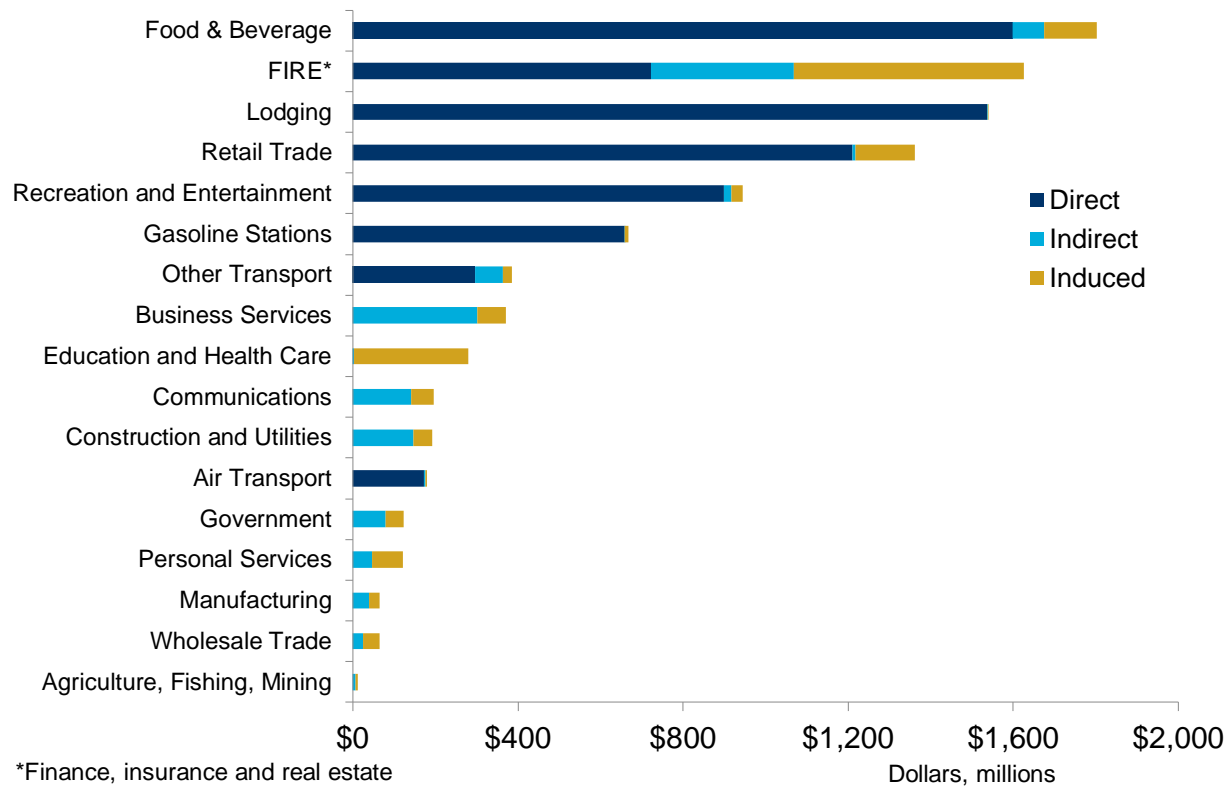
Business sales impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$6.3	\$6.2	\$12.5
Construction and Utilities		\$146.4	\$46.3	\$192.7
Manufacturing		\$40.0	\$24.8	\$64.8
Wholesale Trade		\$24.9	\$39.3	\$64.2
Air Transport	\$172.6	\$2.9	\$5.0	\$180.5
Other Transport	\$296.5	\$66.7	\$22.4	\$385.5
Retail Trade	\$1,209.7	\$7.0	\$145.0	\$1,361.7
Gasoline Stations	\$658.1	\$0.7	\$9.4	\$668.2
Communications		\$141.0	\$54.7	\$195.7
Finance, Insurance and Real Estate	\$722.0	\$345.8	\$557.6	\$1,625.4
Business Services		\$302.4	\$68.0	\$370.4
Education and Health Care		\$2.4	\$276.8	\$279.2
Recreation and Entertainment	\$899.4	\$18.5	\$25.8	\$943.7
Lodging	\$1,535.4	\$2.5	\$1.5	\$1,539.4
Food & Beverage	\$1,598.5	\$76.0	\$127.5	\$1,802.0
Personal Services		\$47.3	\$74.0	\$121.3
Government		\$78.9	\$43.5	\$122.4
TOTAL	\$7,092.2	\$1,309.7	\$1,527.7	\$9,929.6

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, 2018



GDP impacts (1 of 2)

Visitors generated \$5.2 billion in state GDP (value added) in 2018, or 5.2% of the New Mexico economy. This excludes all import leakages to arrive at the economic value generated by visitors.

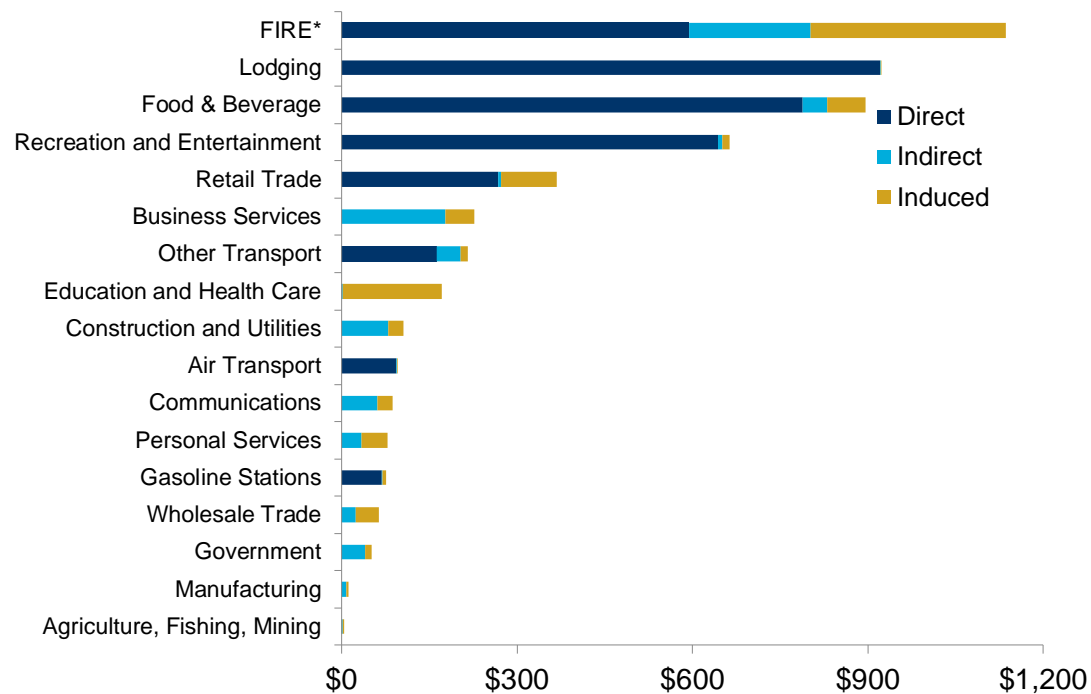
Valued added impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$2.2	\$2.4	\$4.6
Construction and Utilities		\$79.4	\$25.9	\$105.3
Manufacturing		\$7.7	\$4.5	\$12.2
Wholesale Trade		\$24.6	\$38.9	\$63.5
Air Transport	\$93.0	\$1.3	\$2.2	\$96.4
Other Transport	\$162.2	\$40.8	\$13.1	\$216.1
Retail Trade	\$267.6	\$4.7	\$95.2	\$367.4
Gasoline Stations	\$68.8	\$0.5	\$7.4	\$76.7
Communications		\$61.5	\$26.0	\$87.5
Finance, Insurance and Real Estate	\$594.3	\$207.9	\$333.7	\$1,135.9
Business Services		\$177.1	\$49.9	\$227.1
Education and Health Care		\$1.3	\$170.4	\$171.7
Recreation and Entertainment	\$643.2	\$7.7	\$13.0	\$663.8
Lodging	\$921.0	\$1.4	\$0.8	\$923.2
Food & Beverage	\$788.4	\$41.9	\$65.2	\$895.5
Personal Services		\$34.2	\$44.3	\$78.5
Government		\$39.8	\$11.8	\$51.7
TOTAL	\$3,538.5	\$733.9	\$904.6	\$5,177.1

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, 2018



*Finance, Insurance and Real Estate

Source: Tourism Economics

Dollars, millions

Employment impacts (1 of 2)

Visitor spending directly generated 71,369 jobs and 94,601 jobs when indirect and induced impacts are considered.

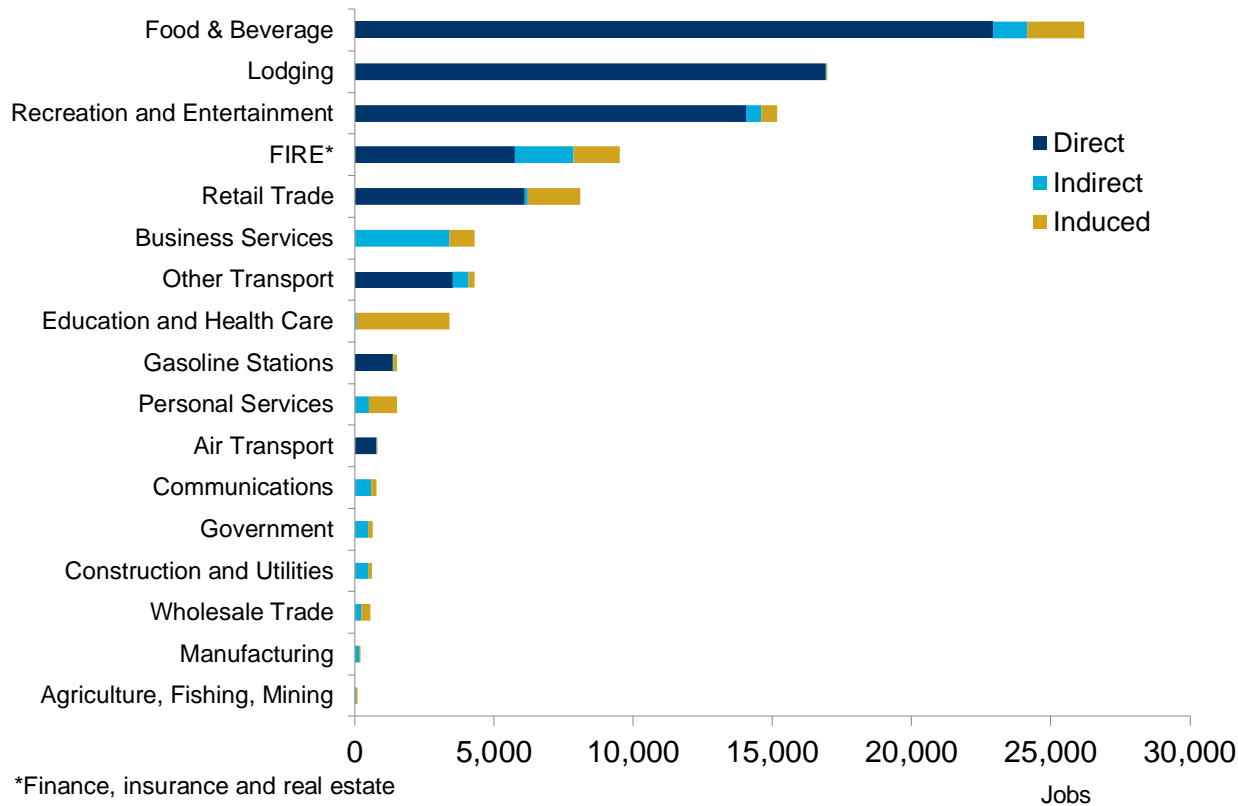
Employment impacts				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		46	46	92
Construction and Utilities		459	144	603
Manufacturing		135	59	194
Wholesale Trade		215	339	554
Air Transport	762	10	18	790
Other Transport	3,516	569	201	4,286
Retail Trade	6,107	87	1,898	8,092
Gasoline Stations	1,357	10	148	1,515
Communications		586	193	779
Finance, Insurance and Real Estate	5,756	2,083	1,684	9,523
Business Services		3,403	895	4,298
Education and Health Care		54	3,337	3,391
Recreation and Entertainment	14,043	556	572	15,171
Lodging	16,915	25	15	16,956
Food & Beverage	22,913	1,236	2,053	26,203
Personal Services		510	1,001	1,511
Government		466	177	644
TOTAL	71,369	10,450	12,782	94,601

Source: Tourism Economics

Employment impacts (2 of 2)

The total employment impact of 94,600 jobs accounts for 8.5% of all jobs in the state of New Mexico.

Employment impacts by industry, 2018



Personal income impacts (1 of 2)

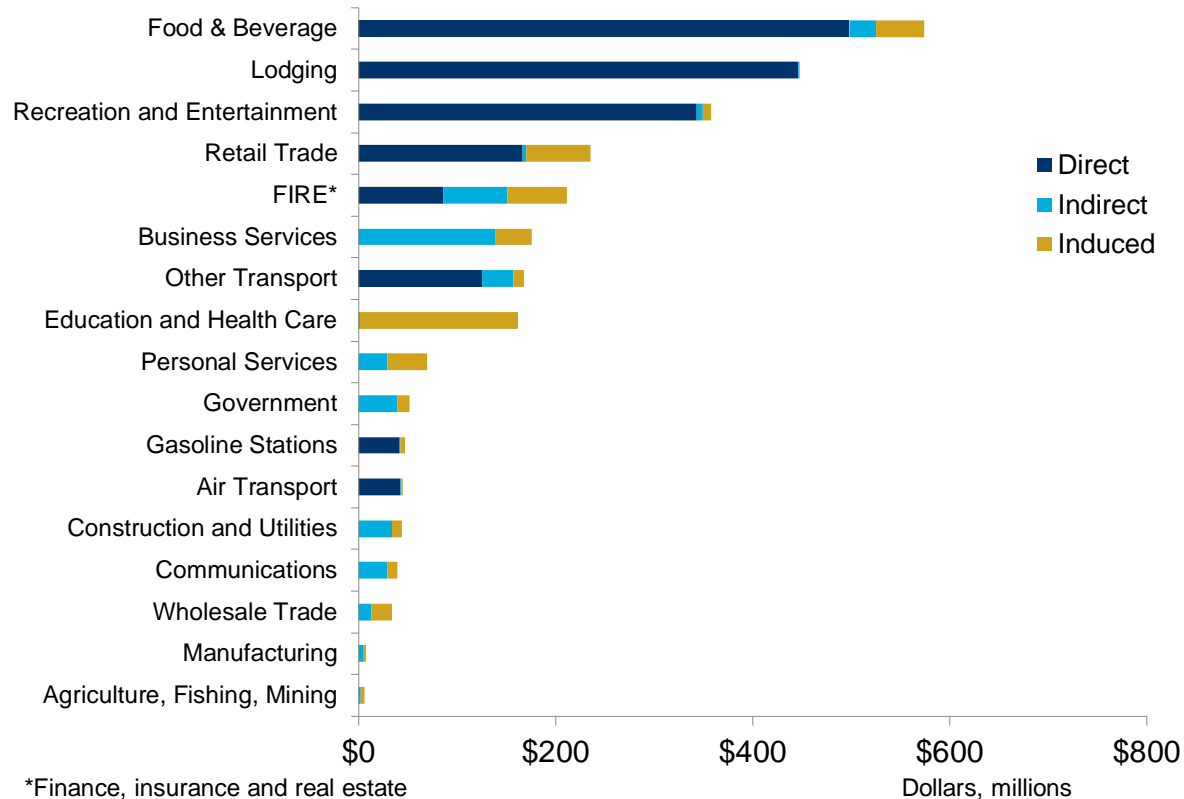
Visitors generated \$1.8 billion in direct income and reached \$2.7 billion including indirect and induced impacts.

Personal income impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$2.0	\$4.1	\$6.1
Construction and Utilities		\$33.9	\$10.1	\$44.0
Manufacturing		\$4.9	\$2.3	\$7.1
Wholesale Trade		\$13.1	\$20.7	\$33.9
Air Transport	\$42.7	\$0.6	\$1.0	\$44.4
Other Transport	\$125.2	\$32.1	\$10.3	\$167.6
Retail Trade	\$166.7	\$3.2	\$65.3	\$235.1
Gasoline Stations	\$41.7	\$0.3	\$4.6	\$46.6
Communications		\$29.2	\$9.8	\$39.0
Finance, Insurance and Real Estate	\$85.5	\$65.6	\$59.9	\$211.1
Business Services		\$138.2	\$37.4	\$175.7
Education and Health Care		\$1.4	\$160.5	\$161.9
Recreation and Entertainment	\$343.1	\$6.5	\$8.4	\$358.0
Lodging	\$446.4	\$0.7	\$0.4	\$447.5
Food & Beverage	\$498.1	\$26.8	\$49.2	\$574.1
Personal Services		\$29.1	\$40.5	\$69.6
Government		\$39.1	\$12.6	\$51.7
TOTAL	\$1,749.5	\$426.8	\$497.1	\$2,673.4

Source: Tourism Economics

Personal income impacts (2 of 2)

Personal income impacts by industry, 2018



Tax impacts

Visitors generated state and local taxes of \$694 million in 2018.

Visitors generated \$1.5 billion in federal, state, and local taxes in 2018.

Each household in New Mexico would need to be taxed an additional \$900 per year to replace the state and local taxes generated by visitors.

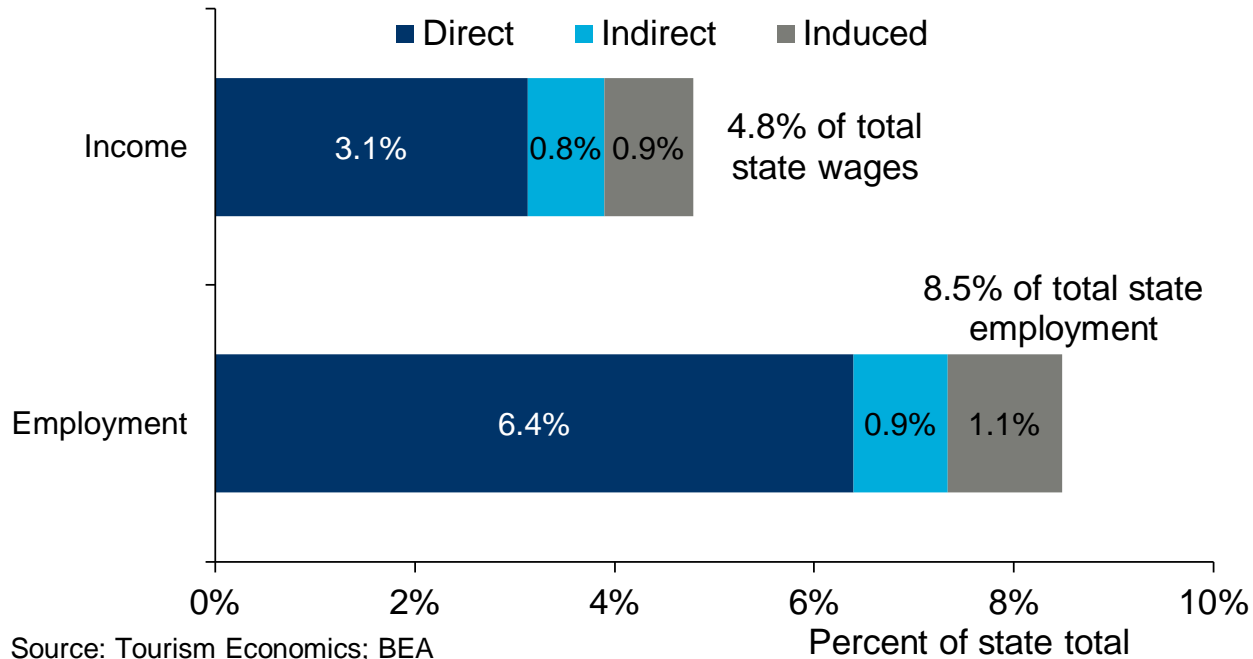
Tourism-Generated Taxes						
Millions of \$						
	2014	2015	2016	2017	2018	% Change
Federal Taxes	668.6	694.1	712.7	733.2	766.7	4.6%
Corporate	174.4	180.7	184.9	191.7	203.3	6.0%
Indirect Business	119.5	123.0	125.4	128.9	133.5	3.5%
Personal Income	65.3	68.0	70.1	71.8	74.9	4.2%
Social Security	309.5	322.3	332.3	340.7	355.0	4.2%
State Taxes	413.7	427.9	437.5	452.1	475.1	5.1%
Corporate	28.4	29.4	30.1	31.2	33.1	6.0%
Personal Income	25.3	26.3	27.1	27.8	29.0	4.2%
Sales	218.1	226.0	231.2	239.8	254.3	6.0%
State Unemployment	7.4	7.7	7.9	8.1	8.5	4.2%
Other Taxes/fees	134.5	138.5	141.2	145.1	150.3	3.5%
Local Taxes	194.7	201.0	204.8	211.4	218.4	3.3%
Sales	11.5	11.9	12.2	12.6	13.4	6.0%
Personal Income	4.5	4.6	4.8	4.9	5.1	4.2%
Lodging	41.6	42.6	42.6	44.6	44.6	0.0%
Excise and Fees	12.3	12.7	13.0	13.5	14.3	6.0%
Property	78.8	81.1	82.7	85.1	88.1	3.5%
Other taxes and fees	46.1	48.0	49.5	50.7	52.8	4.2%
Total	1,277.0	1,322.9	1,355.0	1,396.7	1,460.2	4.5%

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 triple the unemployment rate to 15% from 5%.

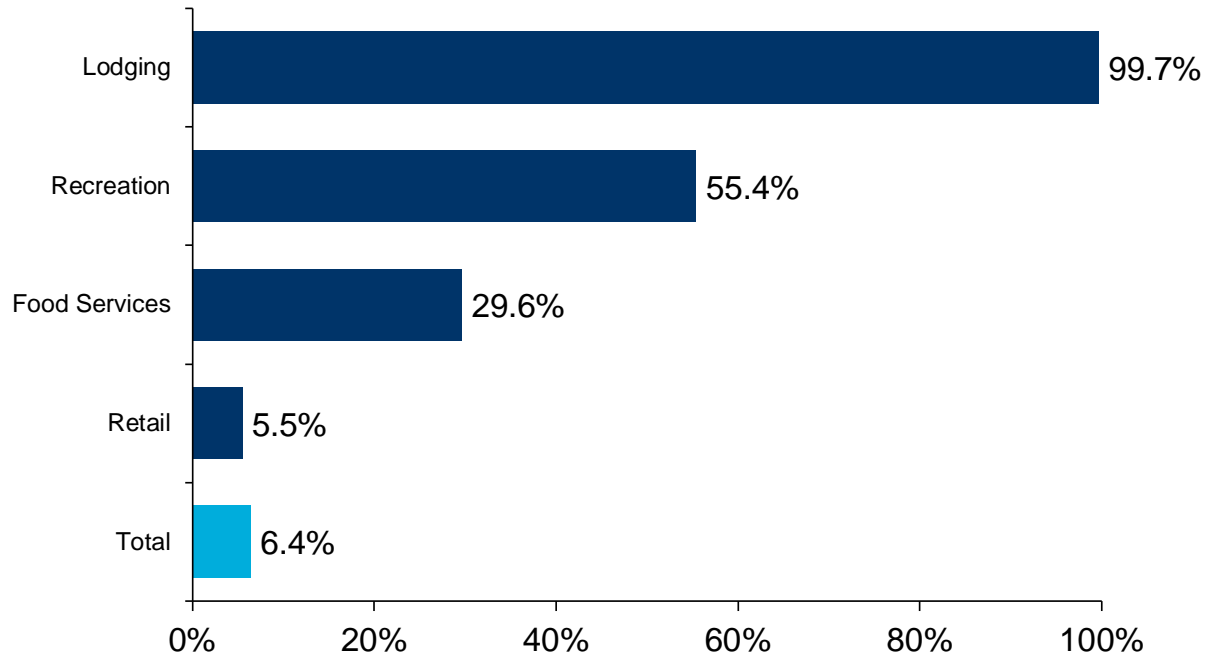
Share of total New Mexico employment and income supported by tourism



Visitor generated employment intensity

Visitor generated employment is a significant part of several industries—all of lodging, 55% of recreation, and 30% of food & beverage employment is supported by visitor spending.

Visitor employment intensity



Source: BEA, BLS, Tourism Economics

Figures in context

Tourism spending

The \$7.1 billion in visitor spending means that \$19 million was spent EVERY DAY by visitors to New Mexico.

Taxes

The \$693 million in state and local taxes generated by tourism would cover the starting salaries of 20,070 state school teachers in New Mexico (~\$34,544, NEA 2016-2017).

Employment

The number of jobs sustained by tourism (94,601) is nearly four times the total enrollment for the University of New Mexico.

Income

The \$2.7 billion in total wages generated by tourism is the equivalent of \$3,470 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.

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