



TOURISM  
ECONOMICS

AN OXFORD ECONOMICS COMPANY

# Economic Impact of Visitors in Greater Palm Springs 2021

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Prepared for:  
Visit Greater Palm Springs





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## INTRODUCTION PROJECT BACKGROUND

The travel sector is an integral part of the Greater Palm Springs economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Greater Palm Springs' future. How critical? In 2021, tourism-supported jobs accounted for more than 19.1% of all jobs in the region.

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. By establishing a baseline of economic impacts, the industry can track its progress over time.

### METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Riverside County that is adjusted to reflect the Greater Palm Springs economy. 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.

To quantify the economic significance of the tourism sector in Greater Palm Springs, 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.

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:

- Historical DK Shifflet survey data, including visitor volume shares to Greater Palm Springs
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- US Census: business sales by industry and seasonal second homes inventory
- Transient occupancy tax collections
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Greater Palm Springs based on aviation, survey, and credit card information



## ECONOMIC IMPACTS

### KEY FINDINGS

#### DIRECT VISITOR SPENDING IMPACT

The Greater Palm Springs visitor economy spans multiple industries. International and domestic visitors support businesses in accommodations, food and beverage, recreation, retail shopping, local transportation, and air travel. In 2021, total direct visitor spending tallied \$5.6 billion, including \$200 million from international visitors.



#### TOTAL VISITORS

Greater Palm Springs welcomed 12.8 million visitors in 2021, including 12.6 million domestic visitors and 200,000 international visitors.



**12.8 MILLION**

Total Visitors to Greater Palm Springs in 2021

#### TOTAL ECONOMIC IMPACT

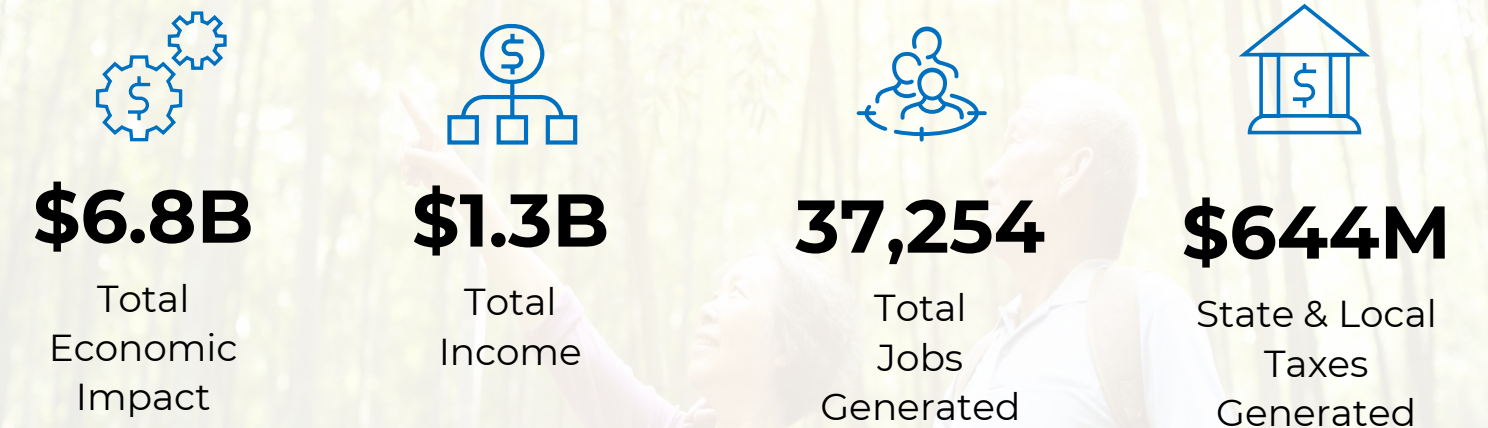
The direct visitor spending impact of \$5.6 billion generated a total economic impact of \$6.8 billion in Greater Palm Springs in 2021 including indirect and induced impacts. This total economic impact sustained more than 37,250 jobs and generated \$644 million in state and local tax revenues in 2021.

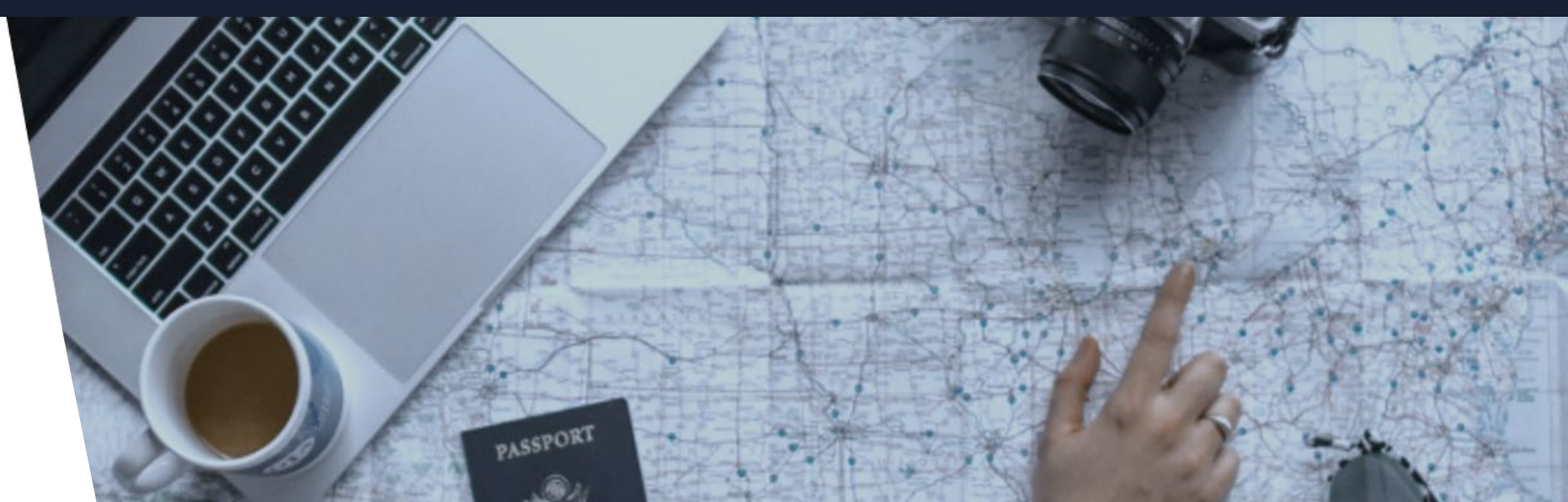


**\$6.8 BILLION**

Total Economic Impact of Tourism in Greater Palm Springs in 2021

#### SUMMARY ECONOMIC IMPACTS (2021)





## VISITS & VISITOR SPENDING

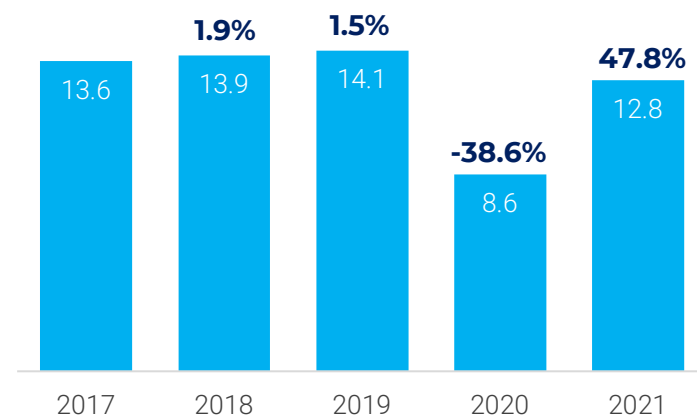
### VISITOR VOLUME

#### Recovery in 2021

Visitor volume was severely impacted in 2020 by COVID-19 restrictions and closures.

In 2021, travel confidence rebounded with easing restrictions and effective vaccines. With an increase of more than four million visitors over the prior year, total visitation remains about 10% below 2019 volumes.

**Greater Palm Springs visitation**  
Amounts in millions



Source: Tourism Economics

### VISITATION SEGMENTS

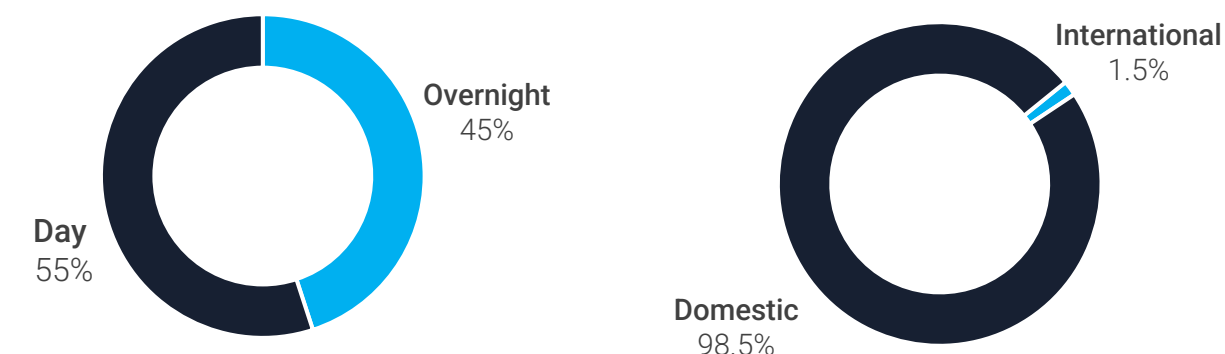
Visitation expanded 48% in 2021 and remains largely dominated by domestic visitors. International visitation continues to lag the overall visitor market and accounts for just 1.5% of overall visitation.

Overnight visitation growth outpaced day travel (+58% vs +40%), but day visitors still comprise the majority of overall visitation to the region.

Visitation remains at about 90% of 2019 levels.

#### Greater Palm Springs visitation share by segment

Expressed as percentage of total visitation by market



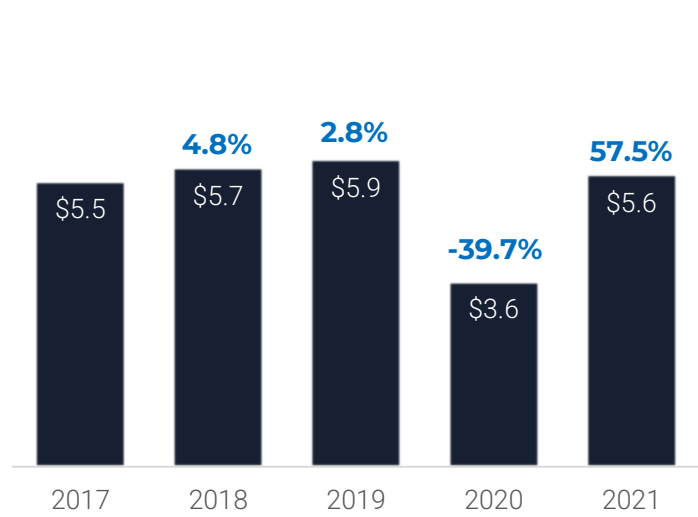




### VISITOR SPENDING TRENDS

Visitor spending in Greater Palm Springs registered \$5.6 billion in 2021, an increase of more than \$2 billion in comparison to 2020. Following a year in which both visitation and visitor spending were severely impacted by the pandemic, 2021 was a year of recovery.

**Greater Palm Springs Visitor Spending**  
Amounts in \$ billions



Source: Tourism Economics

### VISITOR SPENDING

Visitors to Greater Palm Springs spent \$5.6 billion across a wide range of sectors in 2021.

Of the \$5.6 billion spent in Greater Palm Springs in 2021 by visitors, lodging spending—including second homes--captured \$1.7 billion, 30% of the average visitor dollar.

Food and beverage captured 26 cents of each visitor dollar, a total of \$1.5 billion.

Retail spending registered just over \$1.1 billion, about 20% of the average visitor dollar, while recreation comprised 13% of the average visitor dollar.

Transportation, including both air and transportation within the destination, tallied \$600 million.



**\$5.6 BILLION**  
Visitor Spending, 2021



**\$1.7B LODGING**  
Hotels, motels, private home rentals



**\$1.5B FOOD & BEVERAGE**  
Full-service restaurants, fast food, convenience stores, bars, grocery stores



**\$1.1B RETAIL**  
Souvenirs, general merchandise, malls, shopping centers



**\$700M RECREATION**  
Theaters, amusements, entertainment venues, other rec



**\$600M TRANSPORTATION**  
Taxis, buses, parking, public transportation, car rentals, gasoline stations

Source: Tourism Economics

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.

## VISITOR SPENDING TRENDS

Visitor spending increased 57.5% in 2021, reaching about 95% of 2019 levels. Spending expanded across all sectors, driven by real spending and inflationary pressures, especially in transportation, lodging, and food and beverage.

Average daily room rates in hotels within Greater Palm Springs have already surpassed 2019 levels by about 7%. Coupled with nearly 54% growth in demand, lodging spending surged to \$1.7 billion.

Recreation spending saw significant growth over 2020 (+50.8%), though continues to lag other spending categories as COVID-related restrictions remained in place through much of 2021. The sector has recovered to just 86% of 2019 levels.

### Greater Palm Springs visitor spending and annual growth

Amounts in \$billions and year-on-year percentage growth

	2017	2018	2019	2020	2021	2021 Growth	% relative to 2019
<b>Total visitor spending</b>	<b>\$5.47</b>	<b>\$5.73</b>	<b>\$5.89</b>	<b>\$3.56</b>	<b>\$5.60</b>	<b>57.5%</b>	<b>95.1%</b>
Lodging*	\$1.57	\$1.68	\$1.74	\$1.04	\$1.69	62.7%	97.5%
Food & beverage	\$1.34	\$1.39	\$1.45	\$0.94	\$1.46	54.7%	100.7%
Retail	\$1.17	\$1.21	\$1.22	\$0.71	\$1.12	57.6%	91.9%
Recreation	\$0.79	\$0.82	\$0.84	\$0.48	\$0.73	50.8%	86.2%
Transportation**	\$0.60	\$0.63	\$0.64	\$0.38	\$0.60	58.8%	93.2%

Source: Tourism Economics

\* Lodging includes second home spending

\*\* Transportation includes both ground and air transportation

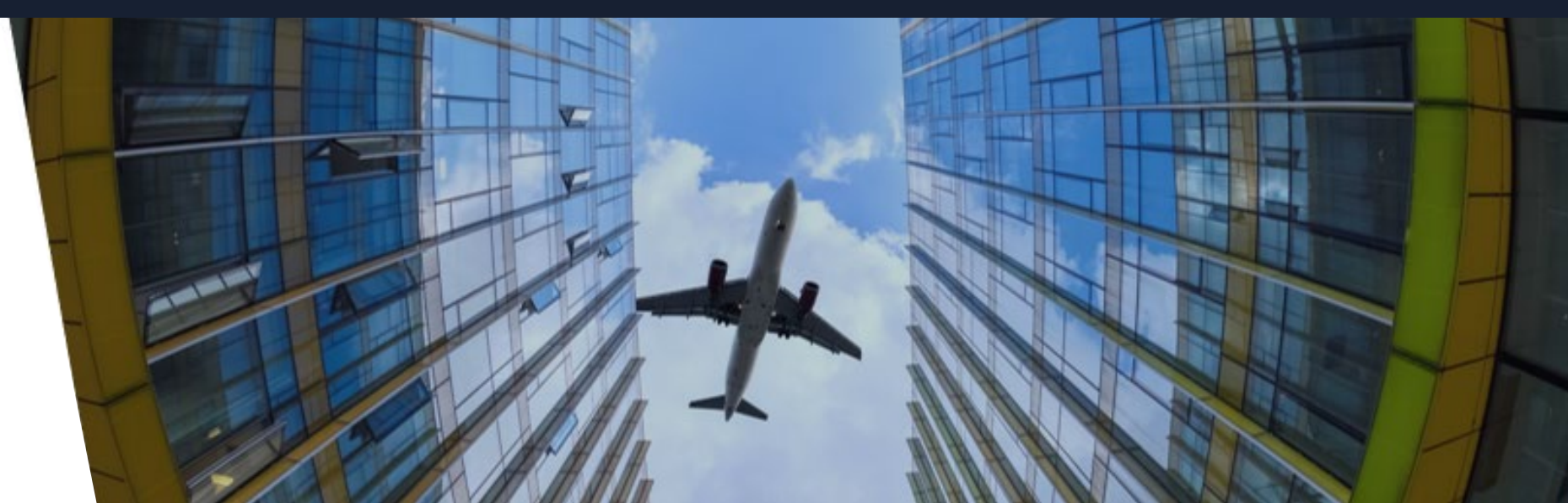
### Visitor volume and spending

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

	2017	2018	2019	2020	2021
<b>Total visitors</b>	<b>13.60</b>	<b>13.86</b>	<b>14.06</b>	<b>8.63</b>	<b>12.76</b>
Day	7.54	7.60	7.68	5.01	7.02
Overnight	6.06	6.26	6.38	3.62	5.74
<b>Total visitor spending</b>	<b>\$5,471</b>	<b>\$5,732</b>	<b>\$5,892</b>	<b>\$3,555</b>	<b>\$5,600</b>
Day	\$2,061	\$2,110	\$2,156	\$1,390	\$2,065
Overnight	\$3,410	\$3,623	\$3,736	\$2,165	\$3,535
<b>Per visitor spending</b>	<b>\$402</b>	<b>\$414</b>	<b>\$419</b>	<b>\$412</b>	<b>\$439</b>
Day	\$274	\$278	\$281	\$278	\$294
Overnight	\$562	\$579	\$586	\$597	\$616

Source: Tourism Economics





## ECONOMIC IMPACT METHODOLOGY

Our analysis of the Greater Palm Springs 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 regional economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

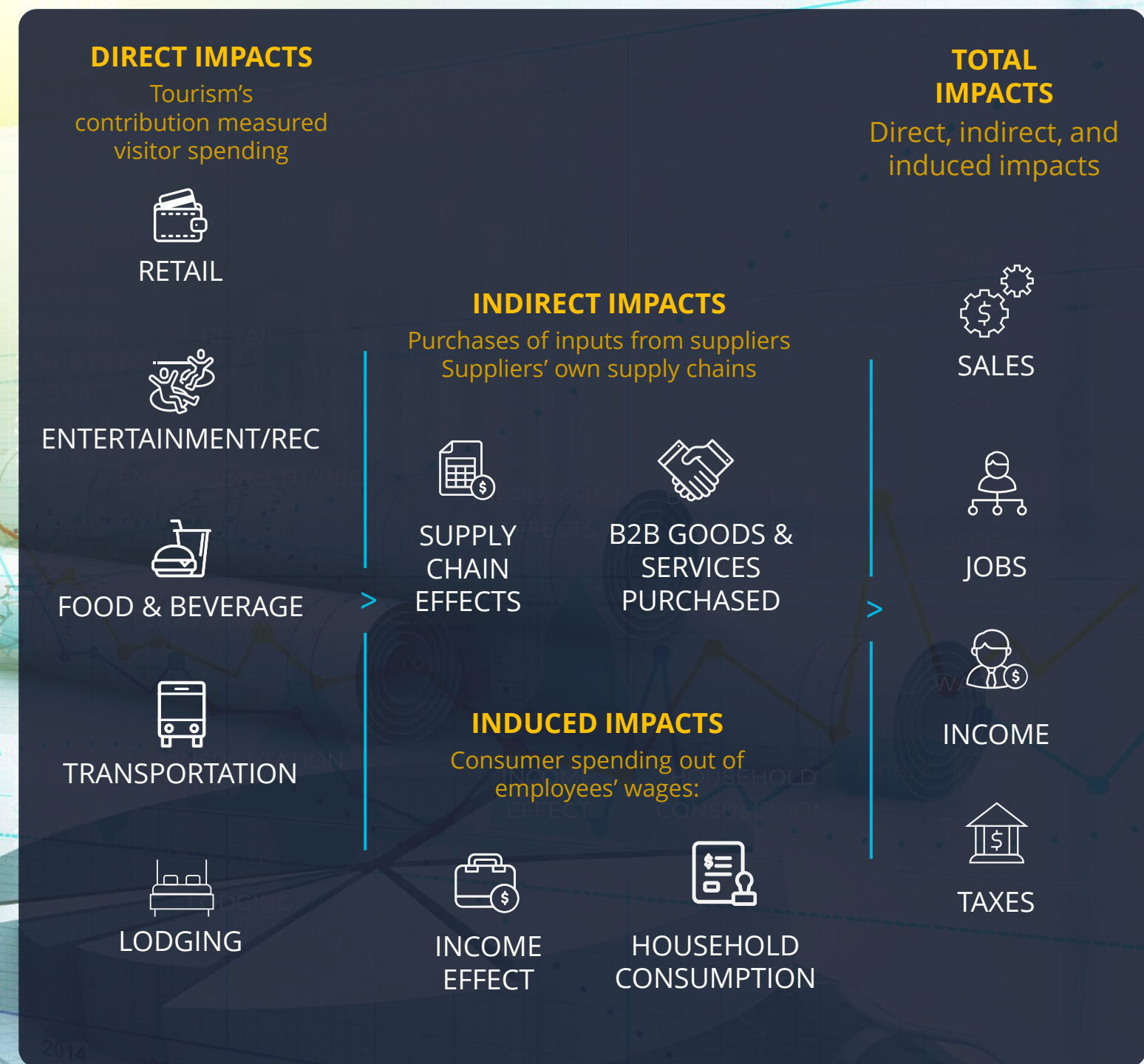
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 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.

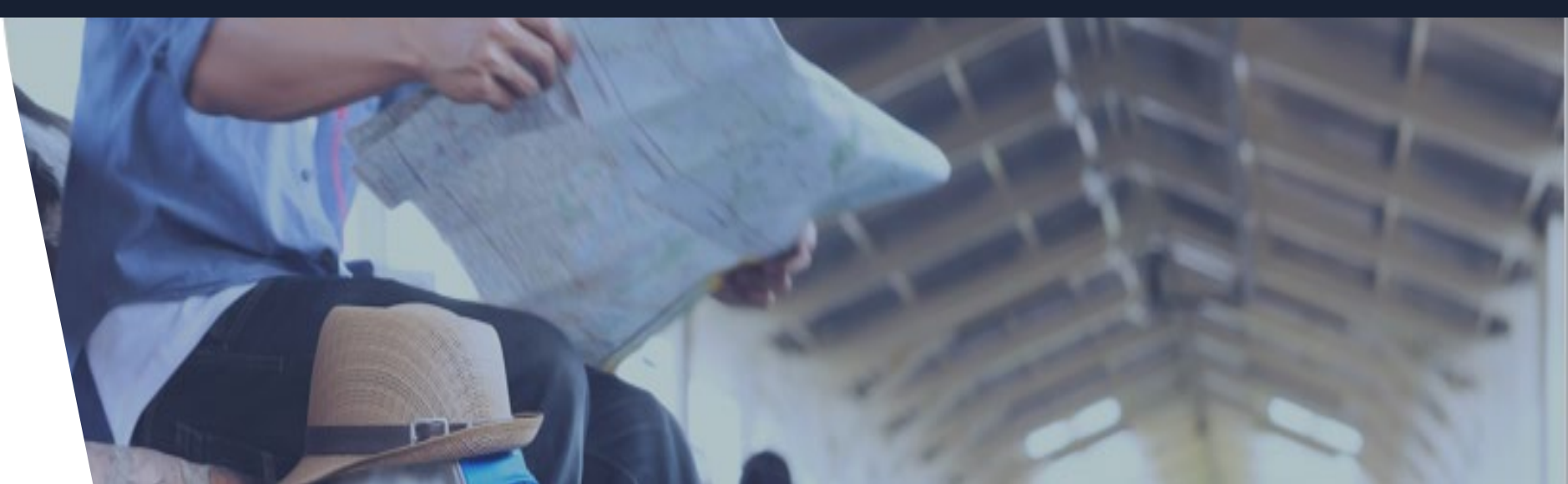
The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

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

## ECONOMIC IMPACT FRAMEWORK







## ECONOMIC IMPACT FINDINGS

### BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$5.6 billion in 2021, which included spending by international visitors, and domestic day and overnight visitors. This direct impact of \$5.6 billion generated \$615 million in indirect impacts and another \$544 million in induced impacts, resulting in a total economic impact of \$6.8 billion in the regional economy.

The indirect and induced effects add a total of \$1.2 billion in sales for businesses located in Greater Palm Springs.

Significant benefits accrue in sectors like business services, and education & health care from selling to tourism businesses and employees.

**Summary Economic impacts (2021)**  
Amounts in millions of nominal dollars



Source: Tourism Economics

### Business sales impacts by industry (2021)

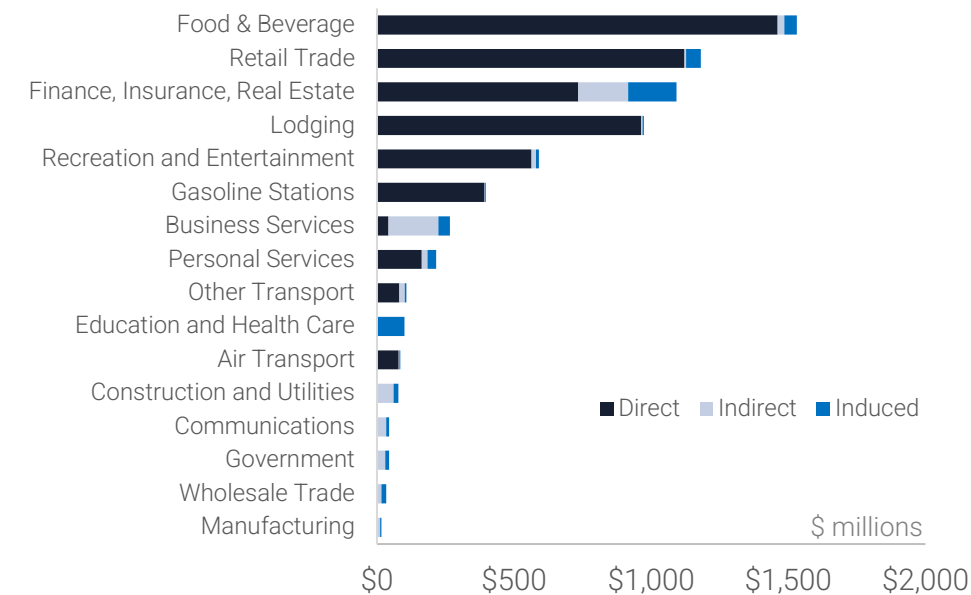
Amounts in millions of nominal dollars

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$5,600.3	\$615.3	\$544.4	\$6,760.1
Food & Beverage	\$1,460.3	\$25.3	\$45.3	\$1,531.0
Retail Trade	\$1,121.5	\$5.0	\$54.4	\$1,180.9
Finance, Insurance, Real Estate	\$733.6	\$182.4	\$176.0	\$1,091.9
Lodging	\$963.5	\$4.6	\$4.8	\$973.0
Recreation and Entertainment	\$563.1	\$17.1	\$10.2	\$590.3
Gasoline Stations	\$392.1	\$0.4	\$3.8	\$396.4
Business Services	\$42.2	\$182.1	\$41.9	\$266.1
Personal Services	\$162.7	\$22.0	\$31.2	\$215.9
Other Transport	\$81.9	\$19.2	\$5.7	\$106.9
Education and Health Care		\$0.5	\$100.2	\$100.8
Air Transport	\$79.4	\$2.1	\$3.1	\$84.6
Construction and Utilities		\$60.5	\$17.5	\$78.0
Communications		\$34.3	\$10.3	\$44.6
Government		\$29.7	\$14.3	\$44.0
Wholesale Trade		\$16.1	\$18.2	\$34.3
Manufacturing		\$11.3	\$5.5	\$16.8
Agriculture, Fishing, Mining		\$2.7	\$2.0	\$4.7

Source: Tourism Economics

### Visitor economy business sales impacts by industry (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics

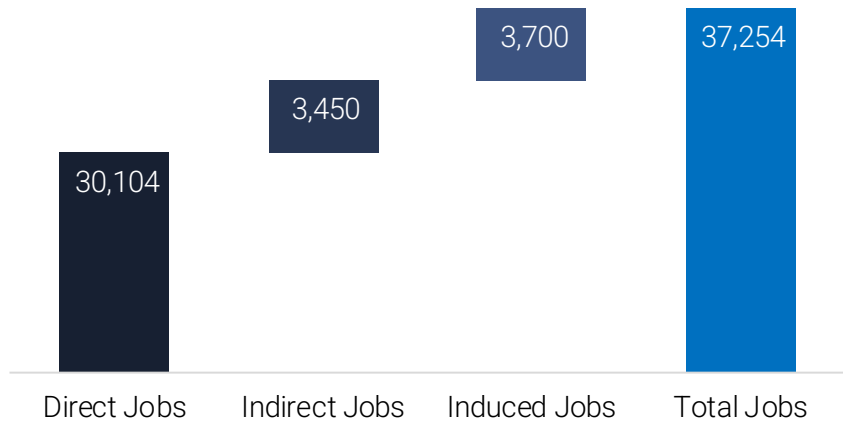


EMPLOYMENT IMPACTS

Visitor activity sustained more than 30,100 direct jobs, and an additional 7,150 jobs including indirect and induced jobs. The total jobs impact amounts to more than 37,250 jobs in the local region.

Summary Employment impacts (2021)

Amounts in number of jobs



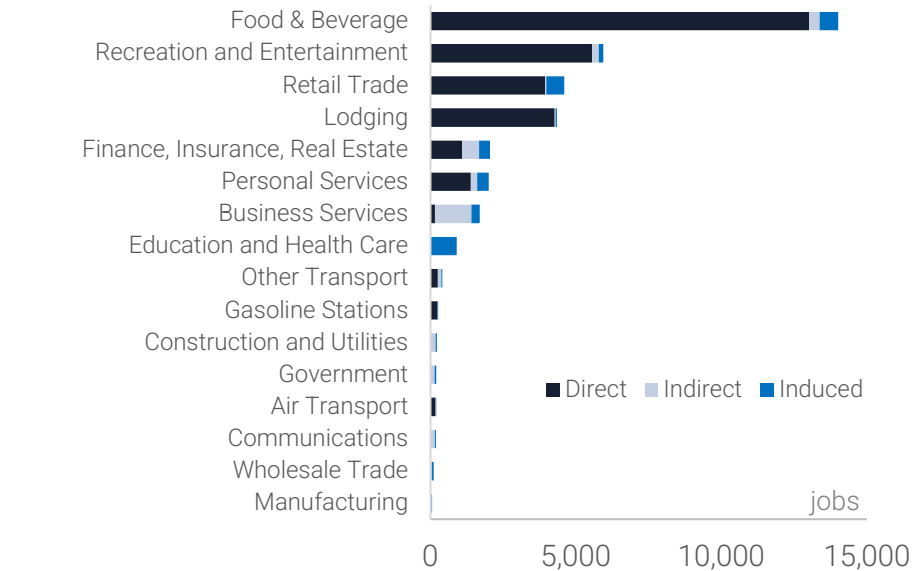
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry in Greater Palm Springs—over 14,000. The majority of those jobs are directly supported by visitor activity.

Visitor activity sustained 6,000 jobs in the recreation industry, followed by 4,600 jobs in retail.

Visitor Impacts by Industry (2021)

Amounts in number of jobs



Source: Tourism Economics



Summary Employment Impacts by Industry (2021)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	30,104	3,450	3,700	37,254
Food & Beverage	13,014	364	636	14,015
Recreation and Entertainment	5,562	229	150	5,941
Retail Trade	3,940	43	614	4,598
Lodging	4,272	33	42	4,346
Finance, Insurance, Real Estate	1,091	583	379	2,052
Personal Services	1,386	219	400	2,005
Business Services	156	1,255	290	1,701
Education and Health Care		8	900	908
Other Transport	258	117	40	416
Gasoline Stations	243	2	23	268
Construction and Utilities		180	42	221
Government		150	55	205
Air Transport	181	6	9	197
Communications		154	33	187
Wholesale Trade		51	63	114
Manufacturing		40	15	55
Agriculture, Fishing, Mining		16	10	26

Source: Tourism Economics

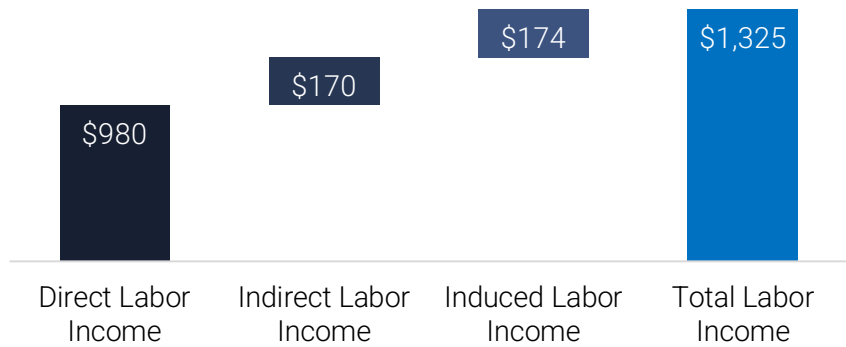


# LABOR INCOME IMPACTS

Visitor activity generated nearly \$1.0 billion in direct household income and a total of \$1.3 billion including indirect and induced impacts. These wages and benefits are paid to people whose jobs are located in Greater Palm Springs.

## Summary household income impacts (2021)

Amounts in millions of nominal dollars

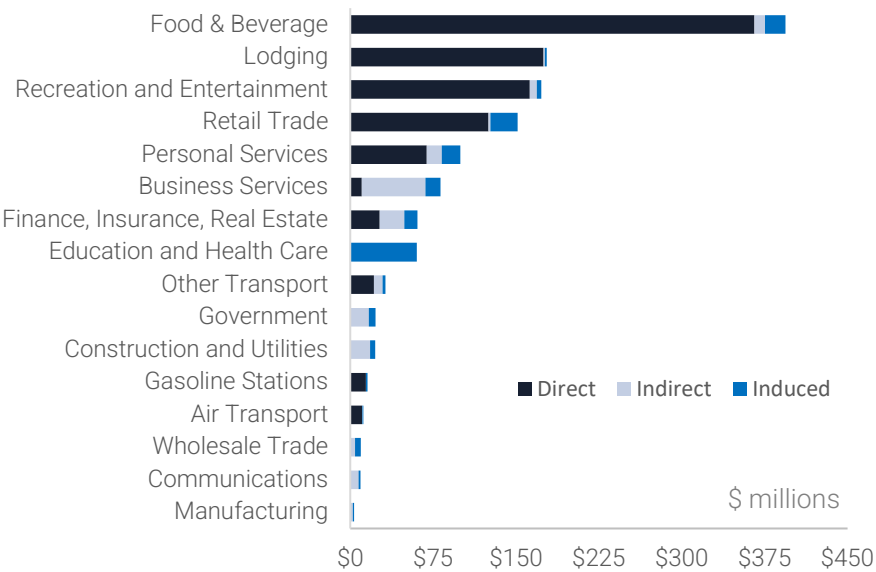


Source: Tourism Economics

There are eight industries in which visitor activity supports more than \$50 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & health care.

## Household income Impacts by Industry (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics



## Summary household income impacts (2021)

Amounts in millions of nominal dollars

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$980.0	\$170.4	\$174.2	\$1,324.6
Food & Beverage	\$365.9	\$9.4	\$18.7	\$393.9
Lodging	\$174.8	\$1.3	\$1.6	\$177.7
Recreation and Entertainment	\$162.6	\$6.2	\$4.0	\$172.7
Retail Trade	\$125.0	\$1.8	\$24.5	\$151.3
Personal Services	\$69.0	\$13.8	\$16.8	\$99.6
Business Services	\$10.2	\$57.8	\$13.6	\$81.5
Finance, Insurance, Real Estate	\$26.5	\$22.2	\$11.9	\$60.7
Education and Health Care		\$0.2	\$59.9	\$60.1
Other Transport	\$21.4	\$7.8	\$2.5	\$31.7
Government		\$16.8	\$5.9	\$22.7
Construction and Utilities		\$17.9	\$4.5	\$22.4
Gasoline Stations	\$14.0	\$0.1	\$1.3	\$15.5
Air Transport	\$10.7	\$0.4	\$0.6	\$11.7
Wholesale Trade		\$4.2	\$5.2	\$9.5
Communications		\$7.6	\$1.6	\$9.1
Manufacturing		\$2.3	\$1.0	\$3.4
Agriculture, Fishing, Mining		\$0.6	\$0.5	\$1.2

Source: Tourism Economics



ECONOMIC IMPACT FINDINGS

**FISCAL (TAX) IMPACTS**

Visitor spending, visitor supported jobs, and business sales generated just over \$1.0 billion in government revenues.

State and local taxes alone tallied \$644 million in 2021.

Each household in Greater Palm Springs would need to be taxed an additional \$3,970 to replace the visitor-generated taxes received by local governments in 2021.

**Fiscal (tax) impacts (2021)**

Amounts in millions of nominal dollars

	2019	2020	2021	2021 Growth	% relative to 2019
<b>Total Tax Revenues</b>	<b>\$1,204.9</b>	<b>\$744.4</b>	<b>\$1,041.1</b>	<b>39.9%</b>	<b>86.4%</b>
<b>Federal Taxes</b>	<b>\$517.8</b>	<b>\$316.5</b>	<b>\$397.1</b>	<b>25.5%</b>	<b>76.7%</b>
Personal Income	\$132.0	\$81.0	\$94.0	16.0%	71.2%
Corporate	\$85.7	\$46.9	\$70.2	49.5%	81.8%
Indirect Business	\$64.6	\$38.8	\$58.0	49.5%	89.7%
Social Insurance	\$235.4	\$149.7	\$174.9	16.8%	74.3%
<b>State and Local Taxes</b>	<b>\$687.0</b>	<b>\$427.9</b>	<b>\$644.1</b>	<b>50.5%</b>	<b>93.7%</b>
Sales	\$262.7	\$166.7	\$249.2	49.5%	94.9%
Bed Tax	\$85.1	\$44.2	\$82.6	86.9%	97.1%
Personal Income	\$51.7	\$33.8	\$40.5	19.9%	78.3%
Corporate	\$23.5	\$14.1	\$21.0	49.5%	89.7%
Social Insurance	\$14.4	\$10.2	\$13.2	28.9%	91.6%
Excise and Fees	\$71.3	\$47.3	\$64.0	35.2%	89.7%
Property	\$178.4	\$111.6	\$173.6	55.5%	97.3%

Source: Tourism Economics





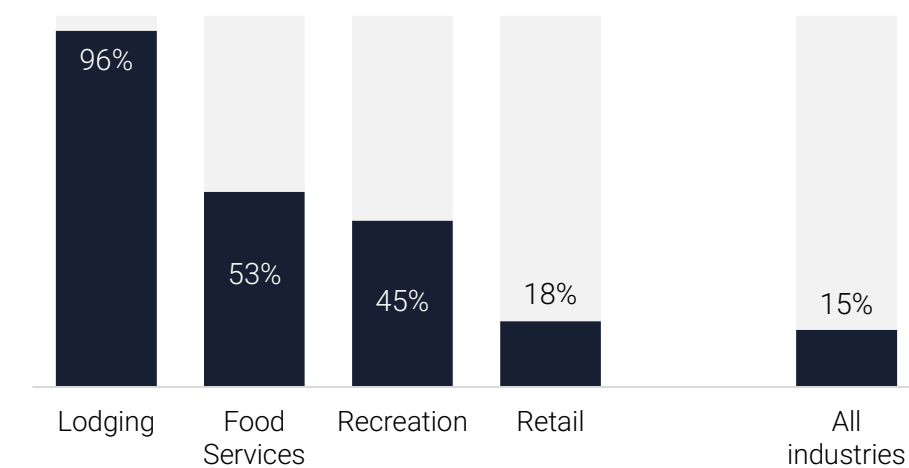
## ECONOMIC IMPACTS IN CONTEXT

Visitors sustain nearly all employment in the lodging sector, more than half of food & beverage jobs, and 45% of recreational employment.

Overall, direct tourism jobs accounted for about 15% of all jobs in Greater Palm Springs in 2021. As the travel recovery continues to gather force, the share of employment supported by visitors is expected to rise.

### Tourism employment intensity

Amounts in percentage of total industry employment



Source: BEA, BLS, Tourism Economics

## ECONOMIC IMPACTS IN CONTEXT



### \$6.8B TOTAL BUSINESS SALES

Direct visitor spending supported \$6.8 billion in total business sales when indirect and induced impacts are considered.



### \$5.6B VISITOR SPENDING

The \$5.6 billion in visitor spending means that just over \$15 million was spent EVERY DAY by visitors in Greater Palm Springs.



### \$1.3B LABOR INCOME

The \$1.3 billion in total income generated by tourism is the equivalent of \$8,150 for every household in Greater Palm Springs.



### 37,254 JOBS

The number of jobs sustained by tourism (37,254) supports 19% of all jobs in Greater Palm Springs.



### \$644M STATE & LOCAL TAXES

Each household in Greater Palm Springs would need to be taxed an additional \$3,970 to replace the visitor taxes received by the state and local governments in 2021.



Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels 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 visitor 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, and buses.
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	Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year.
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 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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