

ECONOMIC IMPACT OF VISITORS IN MESA 2022

July 2023

Prepared for: Visit Mesa



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INTRODUCTION PROJECT BACKGROUND

The travel sector is an integral part of the Mesa economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the city's future. In 2022, tourism-supported jobs accounted for 7% of all jobs in the city.

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 timeline of economic impacts, the industry can track its progression.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Mesa, Arizona. The model traces the flow of visitor-related expenditures through the county'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 for each sector to ensure the findings are within reasonable ranges.

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.

To quantify the significance of the visitor economy in Mesa, 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:

- Longwoods international: survey data, including visitor profile characteristics for visitors to Mesa
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR and AirDNA: lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels and short-term rentals, respectively
- Tax collections: Lodging and sales tax receipts
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Mesa based on aviation, survey, and credit card information.

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR SPENDING

Visitors to Mesa spent \$710.4 million in 2022, an increase of 17% over the prior year. Visitor spending exceeded its 2019 level by 17%, while visitor volume fell short of the pre-pandemic benchmark by 7%.

TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$710.4 million generated a total economic impact of \$1.1 billion in Mesa in 2022 including indirect and induced impacts. This total economic impact sustained 7,767 jobs and generated \$81.1 million in state and local tax revenues in 2022.



\$1.1 BILLION

Total Economic Impact of Tourism in Mesa in 2022



\$710.4M

Direct Visitor
Spending



\$1.1B

Total
Economic
Impact



7,767

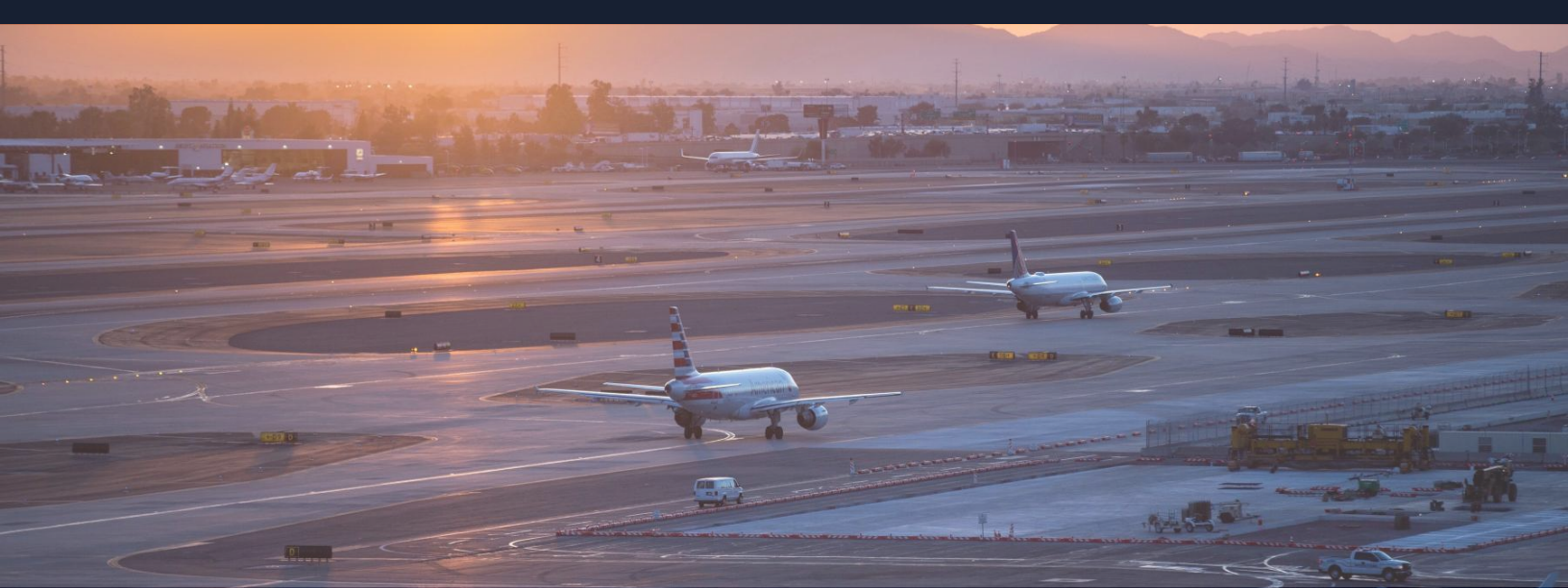
Total
Jobs
Generated



\$81.1M

State & Local
Taxes
Generated





VISITS & VISITOR SPENDING

Every year, Mesa draws millions of visitors from New Mexico residents, other U.S. states, and abroad. In 2022, the city continued its recovery following the COVID-19 pandemic. Direct visitor spending amounted to \$710.4 million with visitor volume totaling 4.3 million.

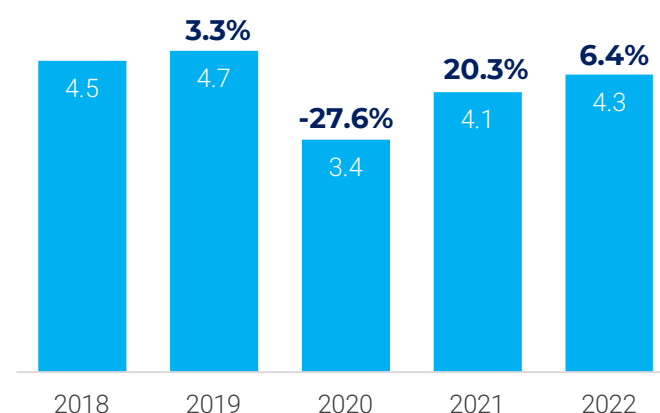
VISITOR VOLUME

Recovery in 2022

Visitor volume continued to build on its post-pandemic growth in 2022, increasing 6.4% over 2021, and falling just 7% short of 2019 levels.

Mesa visitor volume

Amounts in millions



Sources: Longwoods International, Tourism Economics

VISITOR SPENDING

Visitors to Mesa spent **\$710.4 million** across a range of sectors in 2022.

Visitor spending in 2022 expanded 17% and exceeded 2019 levels by 17%.

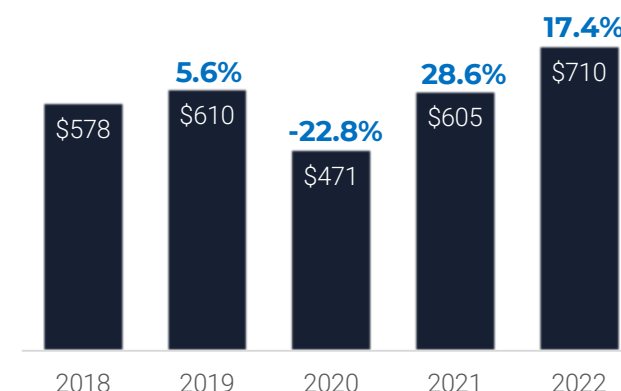
Of the \$710 million spent in Mesa, visitors spent \$244 million on lodging, including second homes and short-term rentals, 34% of all visitor spending. Visitor spending on food and beverage accounted for \$187 million, 26% of each visitor's budget.

At \$115 million, retail accounted for 16% of visitor spending. Visitor spending on transportation, including both air and transportation within the destination, added up to \$102 million, 14% of all spending.

Visitors spent \$62 million on recreation and entertainment, 9% of visitor spending.

Mesa visitor spending

Amounts in \$ millions



Sources: Longwoods International, Tourism Economics

\$710.4 MILLION

Total Visitor Spending in 2022



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.

VISITATION & SPENDING TRENDS

Lodging led all categories in year-over-year growth, expanding 26% from the prior year and surpassing the 2019 benchmark by 35%. Food & beverage spending grew 12%, surpassing its pre-pandemic level by 12%.

Retail spending grew 11% and fell just shy, 99%, of its 2019 level. Spending on transportation, including both ground and air transportation, increased 17% as did recreation and entertainment spending.

Day volume growth (+8%) outpaced overnight travel (+3%), resulting in its market share expanding to 74% of total visitation. International travel to Mesa increased 123% and represents 2% of visitor volume.

Mesa visitor spending

Amounts in \$ millions, 2022 percent change and percent recovered relative to 2019

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Total visitor spending	\$577.7	\$609.8	\$470.6	\$605.2	\$710.4	17.4%	116.5%
Lodging*	\$167.6	\$180.0	\$152.4	\$194.1	\$243.7	25.5%	135.4%
Food & beverage	\$159.0	\$167.0	\$128.7	\$167.1	\$187.5	12.2%	112.3%
Retail	\$110.3	\$116.4	\$85.8	\$103.0	\$114.6	11.3%	98.5%
Transportation**	\$87.1	\$90.6	\$66.7	\$87.4	\$102.2	16.9%	112.9%
Recreation	\$53.7	\$56.0	\$37.1	\$53.6	\$62.4	16.5%	111.4%

Source: Longwoods International, Tourism Economics

* Lodging includes second home spending
** Transportation includes both ground and air transportation

Mesa visitor volume and spending, by market

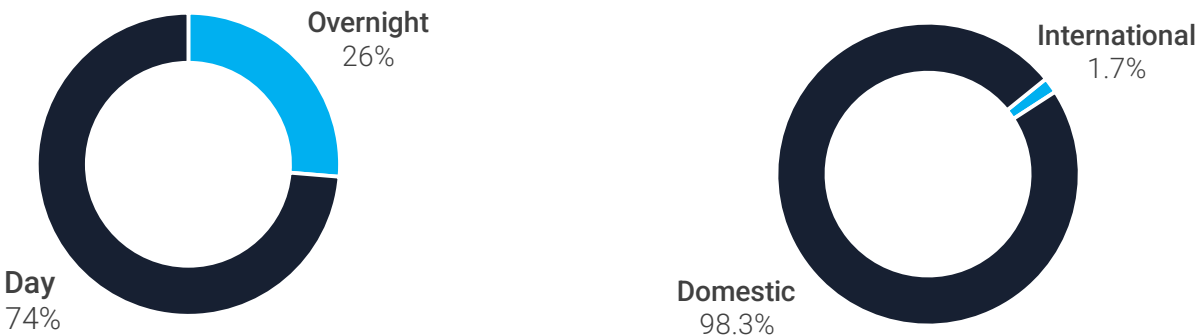
Amounts in millions of visitors, \$ millions

	2018	2019	2020	2021	2022
Total visitors	4.5	4.7	3.4	4.1	4.3
Domestic	4.4	4.5	3.3	4.0	4.2
International	0.1	0.1	0.0	0.0	0.1
Total visitor spending	577.7	609.8	470.6	605.2	710.4
Domestic	501.9	536.4	443.7	585.1	665.5
International	75.8	73.5	26.9	20.1	44.8

Source: Longwoods International, Tourism Economics

Mesa visitation share by segment

Expressed as percentage of total visitation by market



Source: Longwoods International, Tourism Economics



ECONOMIC IMPACT METHODOLOGY

Our analysis of the Mesa 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 Mesa 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

DIRECT IMPACTS

Visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers



SUPPLY
CHAIN
EFFECTS



B2B GOODS &
SERVICES
PURCHASED

INDUCED IMPACTS

New consumption generated by household income impacts



INCOME
EFFECT



HOUSEHOLD
CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



GDP



JOBS



INCOME



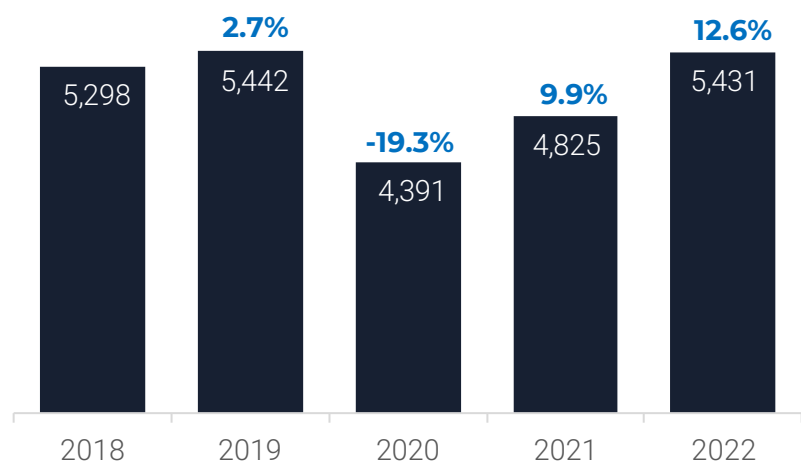
TAXES

ECONOMIC IMPACT FINDINGS

DIRECT IMPACTS

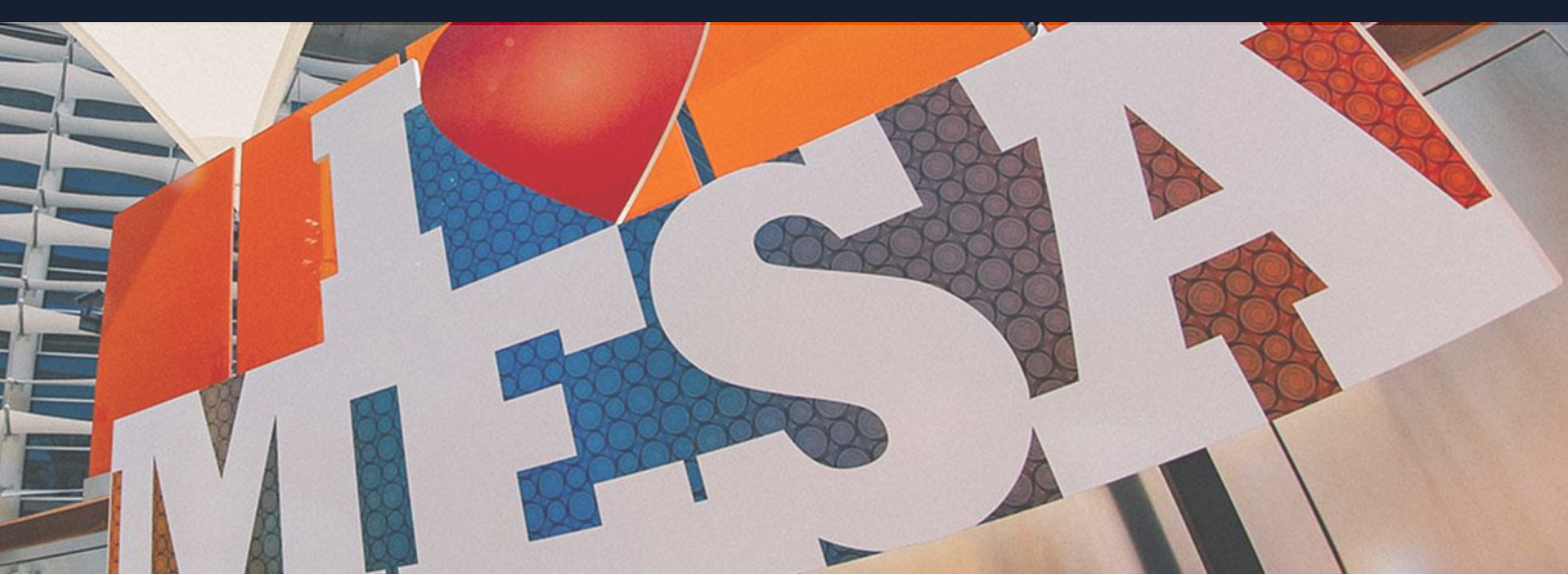
Employment supported by visitor activity rose 13% in 2022, rebounding to 5,431 jobs. This represents an increase of more than 600 jobs in 2022. Despite the increase, the number of jobs directly supported by visitors fell just shy, 99%, of pre-pandemic levels. In 2022, key tourism industries demonstrated strong growth. The food and beverage industry exceeded its 2019 benchmark by 6%. Lodging and recreation and entertainment neared their benchmarks reaching 99% and 96%, respectively.

Visitor supported employment in Mesa
Amounts in number of jobs



Sources: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$710.4 million in 2022. This direct impact generated \$433.0 million in indirect and induced impacts, resulting in a total economic impact of \$1.1 billion in the Mesa economy, 10% above the 2019 benchmark.

Outside of direct impacts, significant benefits accrue in sectors like finance, insurance, and real estate, and business services.

Summary economic impacts (2022)

Amounts in \$ millions



Source: Tourism Economics

Business sales impacts by industry (2022)

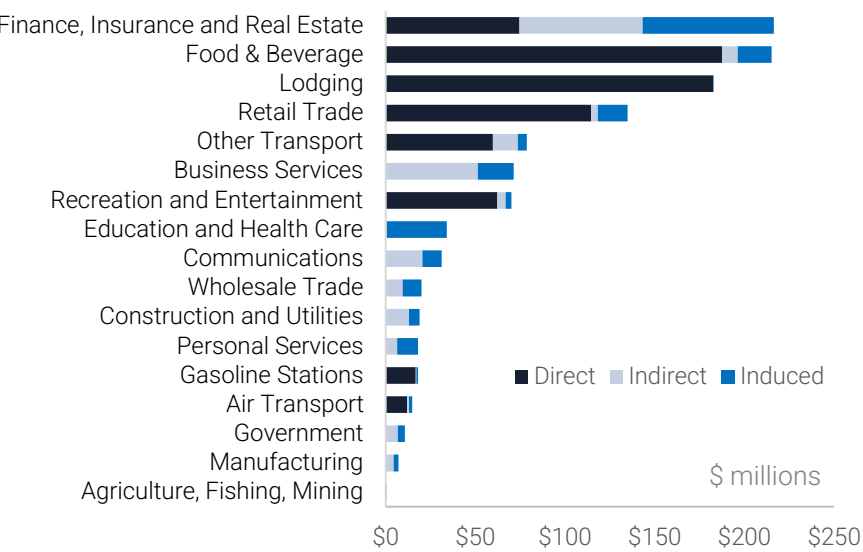
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$710.4	\$214.1	\$219.3	\$1,143.7
Finance, Insurance and Real Estate	\$74.7	\$68.6	\$73.1	\$216.4
Food & Beverage	\$187.5	\$8.8	\$18.9	\$215.2
Lodging	\$182.8	\$0.0	\$0.1	\$182.9
Retail Trade	\$114.6	\$3.6	\$16.8	\$135.0
Other Transport	\$59.8	\$13.9	\$5.1	\$78.8
Business Services		\$51.5	\$19.9	\$71.4
Recreation and Entertainment	\$62.4	\$4.6	\$3.2	\$70.1
Education and Health Care		\$0.5	\$33.6	\$34.1
Communications		\$20.5	\$10.8	\$31.3
Wholesale Trade		\$9.6	\$10.4	\$20.0
Construction and Utilities		\$13.0	\$5.9	\$18.9
Personal Services		\$6.4	\$11.7	\$18.1
Gasoline Stations	\$16.8	\$0.4	\$0.9	\$18.1
Air Transport	\$11.9	\$1.1	\$1.9	\$14.9
Government		\$6.8	\$3.9	\$10.7
Manufacturing		\$4.4	\$2.8	\$7.2
Agriculture, Fishing, Mining		\$0.3	\$0.3	\$0.6

Source: Tourism Economics

Business sales impacts by industry (2022)

Amounts in \$ millions



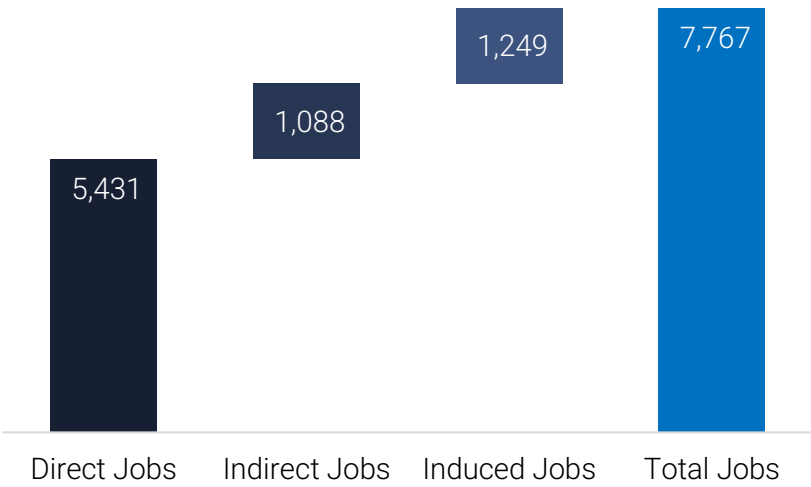
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 5,431 direct jobs in 2022, with an additional 2,336 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 7,767 jobs in 2022.

Summary employment impacts (2022)

Amounts in number of jobs



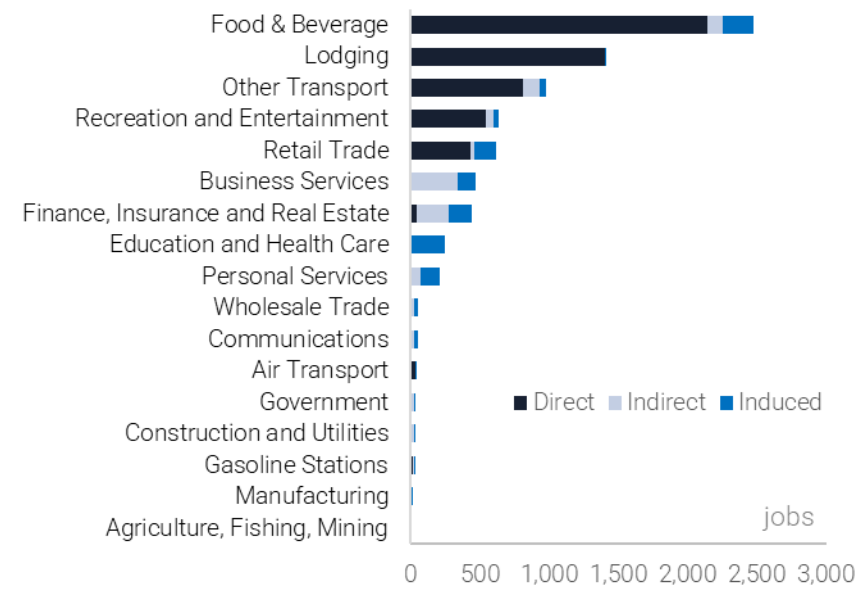
Source: Tourism Economics

Visitor spending supports the largest number of total jobs in the food & beverage industry (2,474).

Spending by businesses directly impacted by visitor spending supports 349 jobs in the business services industry – in areas like accounting, advertising and building services.

Employment impacts by industry (2022)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2022)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	5,431	1,088	1,249	7,767
Food & Beverage	2,140	115	219	2,474
Lodging	1,402	0	1	1,403
Other Transport	819	115	52	987
Recreation and Entertainment	545	50	37	632
Retail Trade	436	28	157	620
Business Services		349	139	489
Finance, Insurance and Real Estate	41	237	170	448
Education and Health Care		4	255	259
Personal Services		64	128	193
Wholesale Trade		27	27	54
Communications		30	19	50
Government		26	13	40
Construction and Utilities		23	12	35
Air Transport	27	2	4	33
Gasoline Stations	21	3	7	31
Manufacturing		12	7	19
Agriculture, Fishing, Mining		1	2	3

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$198.2 million in direct labor income and a total of \$338.7 million when including indirect and induced impacts. Total tourism-generated income in Mesa in 2022 increased by 12% over the prior year.

Summary labor income impacts (2022)

Amounts in \$ millions

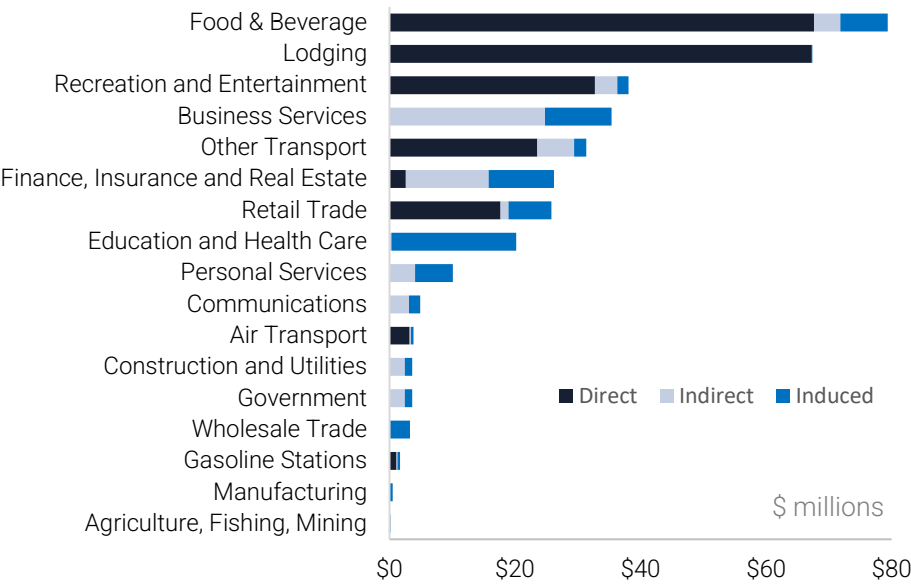


Source: Tourism Economics

There are eight industries in which visitor activity supports more than \$19 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and finance, insurance, and real estate.

Labor income impacts by industry (2022)

Amounts in \$ millions



Source: Tourism Economics



Labor income impacts by industry (2022)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$198.2	\$68.5	\$71.9	\$338.7
Food & Beverage	\$65.5	\$4.0	\$7.2	\$76.7
Lodging	\$55.4	\$0.0	\$0.0	\$55.5
Business Services		\$24.8	\$10.5	\$35.3
Recreation and Entertainment	\$29.2	\$3.2	\$1.6	\$33.9
Other Transport	\$23.6	\$5.8	\$2.0	\$31.4
Finance, Insurance and Real Estate	\$2.7	\$13.4	\$10.5	\$26.6
Retail Trade	\$17.7	\$1.2	\$6.6	\$25.6
Education and Health Care		\$0.3	\$19.6	\$19.9
Personal Services		\$3.6	\$5.4	\$9.0
Wholesale Trade		\$3.1	\$3.1	\$6.2
Communications		\$3.1	\$1.7	\$4.9
Government		\$2.6	\$1.2	\$3.8
Air Transport	\$3.0	\$0.3	\$0.4	\$3.7
Construction and Utilities		\$2.3	\$1.1	\$3.4
Gasoline Stations	\$1.2	\$0.1	\$0.4	\$1.7
Manufacturing		\$0.5	\$0.5	\$1.0
Agriculture, Fishing, Mining		\$0.1	\$0.1	\$0.2

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$152.2 million in government revenues.

State and local taxes alone tallied \$81.1 million in 2022.

Each household in Mesa would need to be taxed an additional \$426 to replace the visitor-generated taxes received by state and local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	Total
Total Tax Revenues	\$152.2
Federal Taxes	\$71.2
Personal Income	\$25.8
Corporate	\$3.9
Indirect Business	\$4.1
Social Insurance	\$37.3
State and Local Taxes	\$81.1
Sales	\$45.6
Bed Tax	\$6.8
Personal Income	\$4.4
Corporate	\$0.6
Excise and Fees	\$4.8
Property	\$18.9

Source: Tourism Economics



ECONOMIC IMPACTS IN CONTEXT



\$710.4M
VISITOR
SPENDING

The \$710.4 million in visitor spending means that nearly \$2 million was spent EVERY DAY by visitors in Mesa.



\$338.7M
LABOR
INCOME

The \$338.7 million in total income generated by tourism is the equivalent of \$1,779 for every household in Mesa.



7,767
TOTAL
JOBS

The number of jobs sustained by tourism (7,767) supports 7% of all jobs in Mesa.



\$81.1M
STATE & LOCAL
TAXES

The \$81.1 million in state and local taxes generated by tourism would cover the average salaries of 1,492 public school teachers in Mesa.

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 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, 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	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, London, Frankfurt, Ontario, and Sydney.

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 400 full-time staff, including 300 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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