



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

Economic Impact of Visitors in Greater Palm Springs

April 2023

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. In 2022, visitors supported a total of \$8.7 billion in sales at businesses in Greater Palm Springs.

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 progress.

To quantify the economic significance of the visitor economy 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.

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 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), 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:

- 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
- Near: Mobile geolocation data
- Visa Data Insights: credit card transaction data
- 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

Visitors to Greater Palm Springs spent \$7.1 billion in 2022, an increase of 26% over the prior year. Visitor volumes increased 10% as strong room demand bolstered the overnight market. Visitor spending reached 120% of 2019 levels, with visitor volumes nearly even with pre-pandemic levels.

TOTAL VISITORS

Greater Palm Springs welcomed 14.1 million visitors in 2022, including 7.5 million day visitors and 6.6 overnight visitors.



14.1 MILLION

Total Visitors to Greater Palm Springs in 2022

TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$7.1 billion generated a total economic impact of \$8.7 billion in Greater Palm Springs in 2022 including indirect and induced impacts. This total economic impact sustained more than 49,000 jobs and generated \$812 million in state and local tax revenues in 2022.



\$8.7 BILLION

Total Economic Impact of Tourism in Greater Palm Springs in 2022

SUMMARY ECONOMIC IMPACTS



\$8.7B

Total
Economic
Impact



\$1.8B

Total
Income



49,137

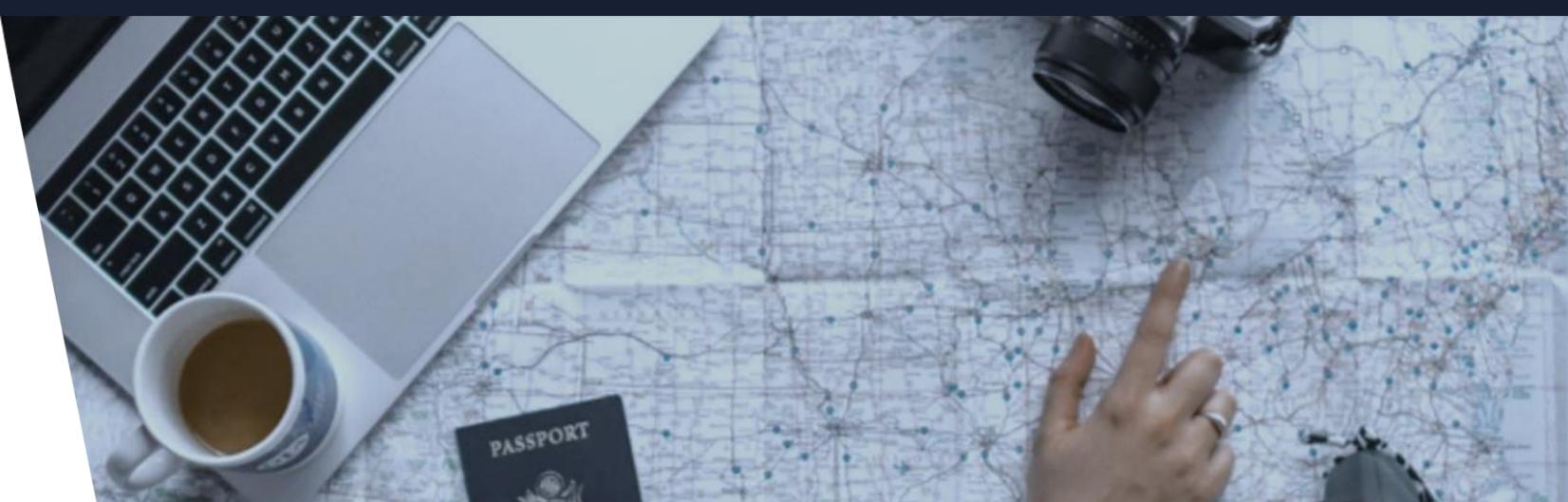
Total
Jobs
Generated



\$812M

State & Local
Taxes
Generated





VISITS & VISITOR SPENDING

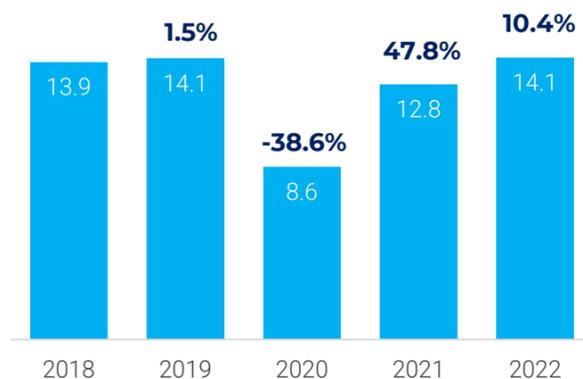
Greater Palm Springs saw visits reach pre-pandemic levels, and visitor spending surpass them as the region fully recovered in 2022. Visitor volumes reached 14.1 million, with spending registering an all time high of \$7.1 billion.

VISITOR VOLUME

Recovered in 2022

Reduced health risks from the COVID-19 pandemic coupled with Greater Palm Springs' many outdoor amenities brought visitor volumes back to 2019 levels. An increase of 1.3 million visitors over the prior year, visitor volume growth registered 10.4% year-over-year.

Greater Palm Springs visitation
Amounts in millions



Source: Tourism Economics

VISITOR SPENDING

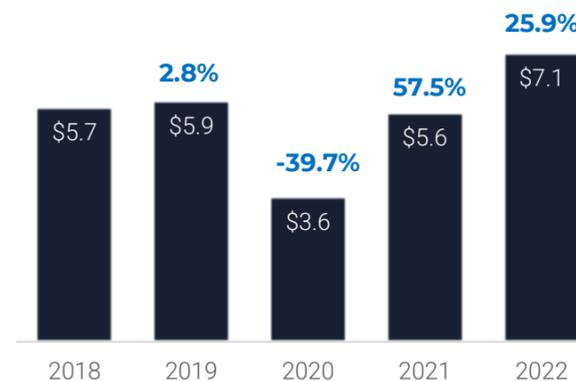
Visitors to Greater Palm Springs spent \$7.1 billion across a range of sectors in 2022

Visitor spending expanded 26% in 2022, surpassing 2019 levels by nearly 20%.

Of the \$7.1 billion spent in Greater Palm Springs in 2022, lodging, including hotels, short-term rentals, and the value of second homes, accounted for 31% of total visitor spending. Food and beverage contributed \$1.8 billion in sales—about 25% of total visitor spending.

Visitors spent 20% of their total budget on retail purchases, 13% on recreation, and 11% on transportation, including both transportation within the destination as well as air transportation.

Greater Palm Springs Visitor Spending
Amounts in \$ billions



Source: Tourism Economics

\$7.1 BILLION 
Total Visitor Spending in 2022



Source: Tourism Economics

Note: Lodging spending is calculated as an industry and includes casino revenue and second homes spending. Transport includes both air and local transportation.

VISITOR SPENDING TRENDS

Visitor spending increased 26% in 2022, surpassing 2019 levels by 20%. Spending grew across all sectors, driven by continued strong demand growth and increases in prices of key commodities.

Lodging spending, including short-term rentals and second homes, increased 30% in 2022, as overnight visitors faced strong ADR growth versus 2021. Recreation spending saw a second consecutive year of significant growth (+28%), and while spending levels surpassed 2019, it continued to lag other spending categories.

Rising prices, particularly in lodging and transportation, boosted average spending per visitor to Greater Palm Springs. Both average day and overnight visitor spending reached record levels; \$331 and \$692 per visitor, respectively.

Greater Palm Springs visitor spending and annual growth

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

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Total visitor spending	\$5.73	\$5.89	\$3.56	\$5.60	\$7.05	25.9%	119.7%
Lodging*	\$1.68	\$1.74	\$1.04	\$1.69	\$2.19	29.6%	126.3%
Food & beverage	\$1.39	\$1.45	\$0.94	\$1.46	\$1.79	22.8%	123.7%
Retail	\$1.21	\$1.22	\$0.71	\$1.12	\$1.39	24.0%	114.0%
Recreation	\$0.82	\$0.84	\$0.48	\$0.73	\$0.93	27.5%	109.9%
Transportation**	\$0.63	\$0.64	\$0.38	\$0.60	\$0.75	25.1%	116.6%

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, and dollars per person

	2018	2019	2020	2021	2022
Total visitors	13.86	14.06	8.63	12.76	14.09
Day	7.60	7.68	5.01	7.02	7.47
Overnight	6.26	6.38	3.62	5.74	6.62
Total visitor spending	\$5,732	\$5,892	\$3,555	\$5,600	\$7,054
Day	\$2,110	\$2,156	\$1,390	\$2,065	\$2,475
Overnight	\$3,623	\$3,736	\$2,165	\$3,535	\$4,578
Per visitor spending	\$414	\$419	\$412	\$439	\$501
Day	\$278	\$281	\$278	\$294	\$331
Overnight	\$579	\$586	\$597	\$616	\$692

Source: Tourism Economics

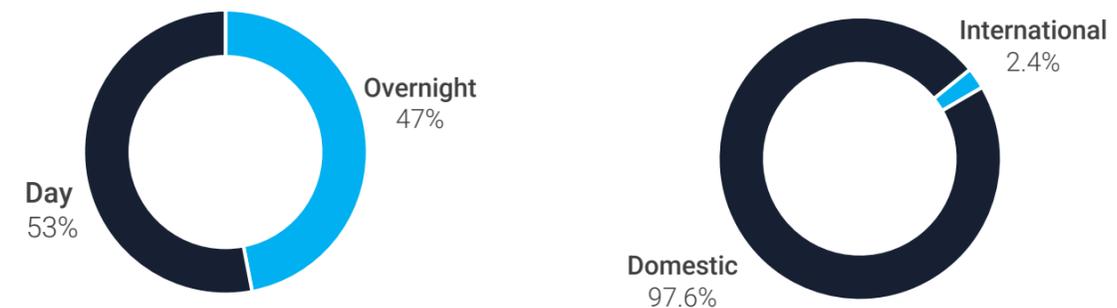
VISITATION SEGMENTS

Visitation expanded 10% in 2022 and remains largely dominated by domestic visitors. International visits continue to lag the overall visitor market and accounts for just 2.4% of overall visitation.

Overnight visitation growth outpaced day travel (+15% vs +6%), but day visitors still comprise the majority of overall visitation to the region.

Greater Palm Springs visitation share by segment

Expressed as percentage of total visitation by market



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

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



JOBS



INCOME



TAXES

ECONOMIC IMPACT FINDINGS

DIRECT IMPACTS

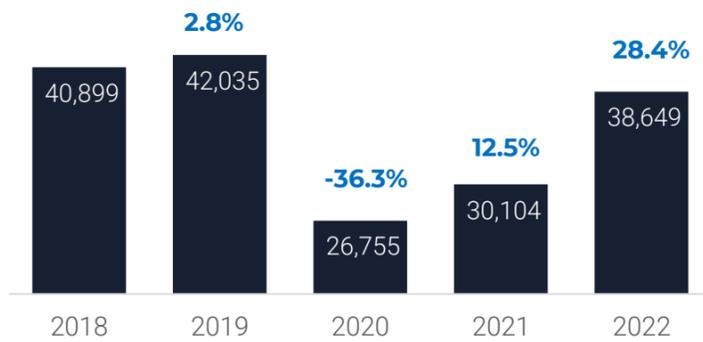
Employment supported by visitor activity rose 28% in 2022, rebounding to 38,649 jobs. Despite increasing more than 8,500 jobs, the number of jobs directly supported by visitors remains 3,400 jobs below pre-pandemic levels.

Recovery in visitor-supported jobs has been slower than spending, with visitor-supported employment levels at 92% of pre-pandemic levels compared to 120% of spending.

Employment growth is lagging the spending recovery as businesses initially proceeded cautiously and face ongoing labor shortages.

Visitor supported employment in Greater Palm Springs

Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Spending in support of the visitor economy reached \$7.1 billion in 2022. This direct impact generated \$1.6 billion in indirect and induced impacts, resulting in a total economic impact of \$8.7 billion in the Greater Palm Springs economy.

Outside of direct impacts, significant benefits accrued 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)

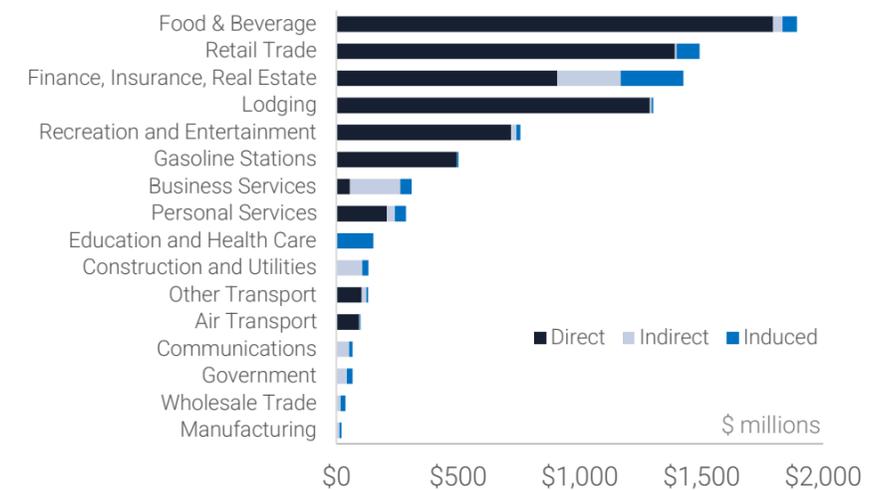
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$7,053.6	\$834.3	\$788.0	\$8,675.9
Food & Beverage	\$1,793.9	\$38.8	\$59.8	\$1,892.5
Retail Trade	\$1,390.8	\$6.9	\$94.0	\$1,491.7
Finance, Insurance, Real Estate	\$907.6	\$260.8	\$257.4	\$1,425.8
Lodging	\$1,287.7	\$7.0	\$7.9	\$1,302.7
Recreation and Entertainment	\$718.0	\$22.1	\$15.4	\$755.5
Gasoline Stations	\$494.9	\$0.7	\$6.5	\$502.0
Business Services	\$56.3	\$206.3	\$46.7	\$309.4
Personal Services	\$207.5	\$32.7	\$45.4	\$285.7
Education and Health Care		\$0.7	\$151.4	\$152.1
Construction and Utilities		\$105.6	\$25.7	\$131.3
Other Transport	\$103.3	\$20.5	\$7.0	\$130.8
Air Transport	\$93.6	\$2.4	\$3.6	\$99.6
Communications		\$52.1	\$13.9	\$66.0
Government		\$43.5	\$22.4	\$65.8
Wholesale Trade		\$16.9	\$20.2	\$37.1
Manufacturing		\$13.3	\$7.9	\$21.2
Agriculture, Fishing, Mining		\$3.9	\$2.8	\$6.7

Source: Tourism Economics

Visitor economy business sales impacts by industry (2022)

Amounts in \$ millions



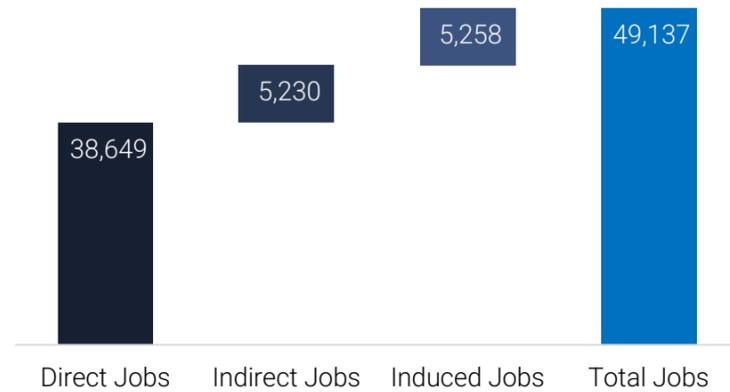
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained a total of 49,137 jobs in 2022, including 38,649 direct jobs and 10,488 jobs supported through indirect and induced impacts. This equates to about 1-in-4 jobs in Greater Palm Springs.

Summary Employment impacts (2022)

Amounts in number of jobs



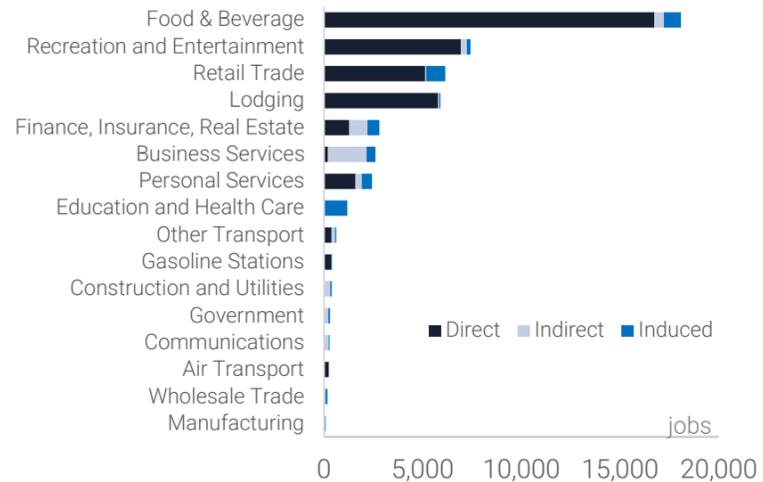
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (18,083).

Spending by businesses directly impacted by visitor spending supported 1,958 jobs in the business services industry—in areas like accounting, advertising, and building services.

Visitor Impacts by Industry (2022)

Amounts in number of jobs



Source: Tourism Economics



Summary Employment Impacts by Industry (2022)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	38,649	5,230	5,258	49,137
Food & Beverage	16,737	490	856	18,083
Recreation and Entertainment	6,936	296	194	7,426
Retail Trade	5,118	67	958	6,143
Lodging	5,788	49	62	5,899
Finance, Insurance, Real Estate	1,283	926	602	2,811
Business Services	195	1,958	452	2,604
Personal Services	1,600	314	515	2,429
Education and Health Care		11	1,173	1,184
Other Transport	384	171	59	614
Gasoline Stations	373	3	34	410
Construction and Utilities		314	73	387
Government		217	79	296
Communications		239	52	290
Air Transport	235	8	12	255
Wholesale Trade		79	98	177
Manufacturing		62	23	85
Agriculture, Fishing, Mining		26	17	43

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated nearly \$1.3 billion in direct labor income and a total of \$1.8 billion when including indirect and induced impacts.

Summary household income impacts (2022)

Amounts in \$ millions

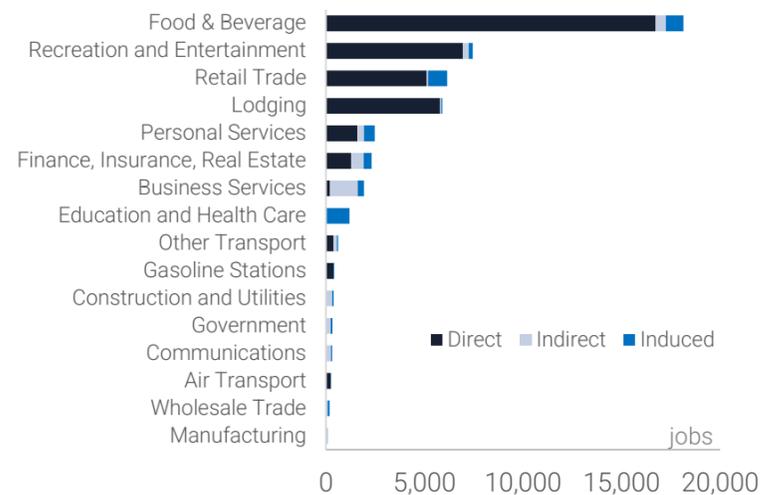


Source: Tourism Economics

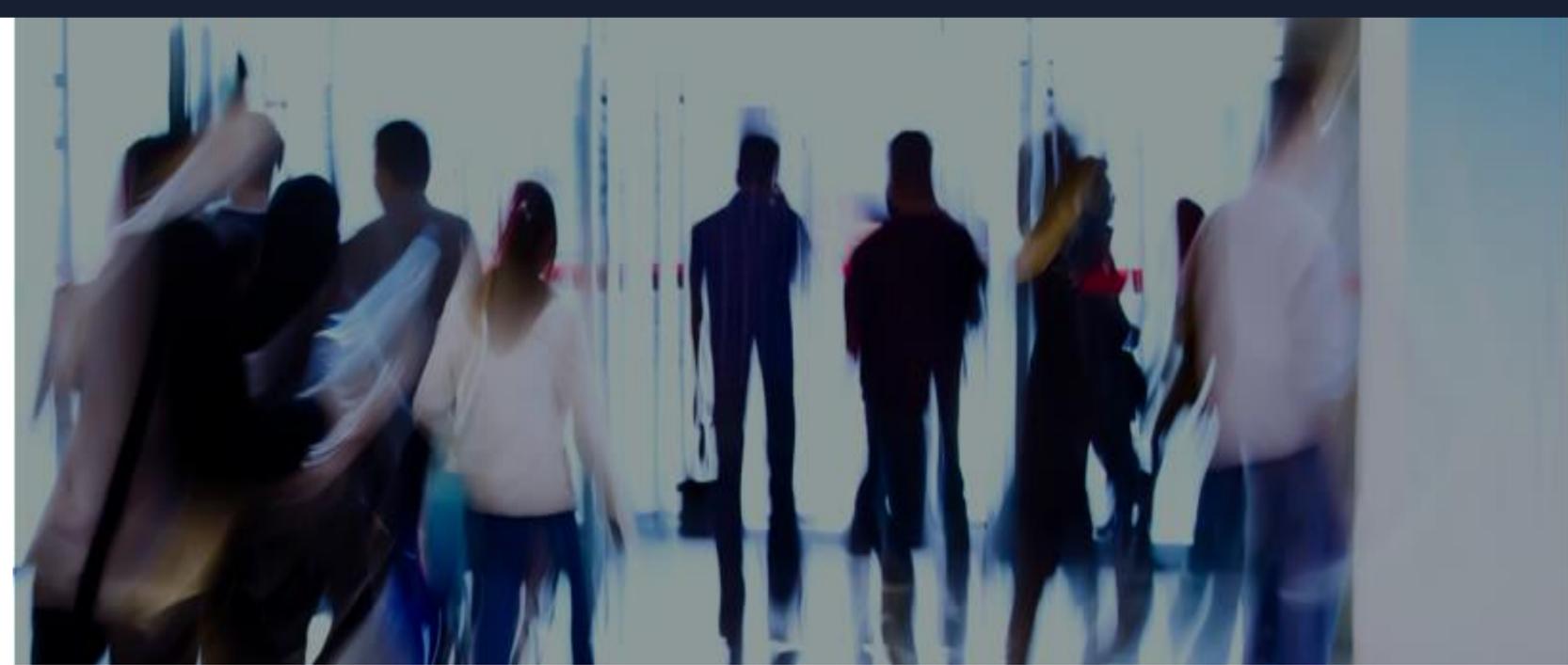
There are eight industries in which visitor activity supports more than \$80 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & health care.

Household income Impacts by Industry (2022)

Amounts in \$ millions



Source: Tourism Economics



Summary household income impacts (2022)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$1,306.9	\$254.8	\$251.2	\$1,813.0
Food & Beverage	\$473.8	\$12.8	\$25.7	\$512.4
Lodging	\$268.9	\$1.9	\$2.3	\$273.1
Recreation and Entertainment	\$206.8	\$8.1	\$5.3	\$220.2
Retail Trade	\$163.0	\$2.8	\$39.0	\$204.9
Personal Services	\$81.1	\$18.3	\$22.2	\$121.5
Business Services	\$12.9	\$84.0	\$20.8	\$117.7
Finance, Insurance, Real Estate	\$32.1	\$34.7	\$18.7	\$85.5
Education and Health Care		\$0.3	\$80.9	\$81.2
Other Transport	\$32.8	\$10.6	\$3.4	\$46.8
Construction and Utilities		\$32.4	\$8.2	\$40.6
Government		\$25.1	\$8.8	\$33.9
Gasoline Stations	\$21.5	\$0.2	\$2.0	\$23.7
Air Transport	\$13.9	\$0.5	\$0.8	\$15.3
Wholesale Trade		\$6.7	\$8.3	\$15.0
Communications		\$11.4	\$2.4	\$13.8
Manufacturing		\$3.7	\$1.7	\$5.4
Agriculture, Fishing, Mining		\$1.1	\$0.9	\$2.1

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor-supported jobs, and business sales generated \$1.3 billion in government revenues.

State and local taxes alone tallied \$812 million in 2022.

Each household in Greater Palm Springs would need to be taxed an additional \$5,000 to replace the visitor-generated taxes received by local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	2019	2020	2021	2022	2022 Growth	% relative to 2019
Total Tax Revenues	\$1,204.9	\$744.4	\$1,041.1	\$1,345.9	29.3%	111.7%
Federal Taxes	\$517.8	\$316.5	\$397.1	\$534.3	34.6%	103.2%
Personal Income	\$132.0	\$81.0	\$94.0	\$128.6	36.9%	97.4%
Corporate	\$85.7	\$46.9	\$70.2	\$90.0	28.3%	105.0%
Indirect Business	\$64.6	\$38.8	\$58.0	\$74.4	28.3%	115.1%
Social Insurance	\$235.4	\$149.7	\$174.9	\$241.3	37.9%	102.5%
State and Local Taxes	\$687.0	\$427.9	\$644.1	\$811.5	26.0%	118.1%
Sales	\$262.7	\$166.7	\$249.2	\$319.8	28.3%	121.7%
Bed Tax	\$85.1	\$44.2	\$82.6	\$110.6	33.9%	130.0%
Personal Income	\$51.7	\$33.8	\$40.5	\$57.2	41.4%	110.7%
Corporate	\$23.5	\$14.1	\$21.0	\$27.0	28.3%	115.1%
Social Insurance	\$14.4	\$10.2	\$13.2	\$18.0	36.9%	125.4%
Excise and Fees	\$71.3	\$47.3	\$64.0	\$82.1	28.3%	115.1%
Property	\$178.4	\$111.6	\$173.6	\$196.7	13.3%	110.3%

Source: Tourism Economics

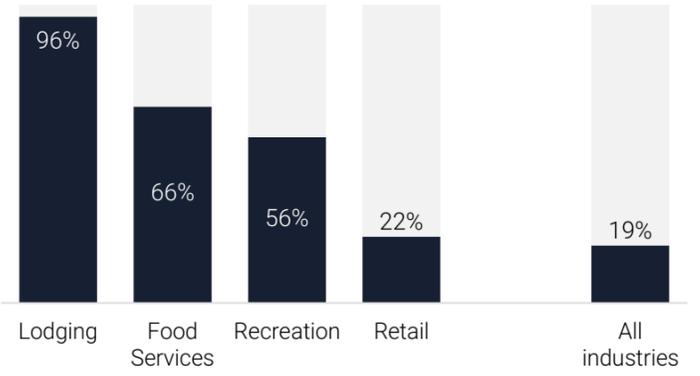




ECONOMIC IMPACTS IN CONTEXT

Visitors sustain nearly all employment in the lodging sector, about two-thirds of food & beverage jobs, and 56% of recreational employment. Overall, direct tourism jobs accounted for 19% of all jobs in Greater Palm Springs in 2022.

Tourism employment intensity
Amounts in percentage of total industry employment



Source: BEA, BLS, Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$7.1B VISITOR SPENDING

The \$7.1 billion in visitor spending means that more than \$19 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 \$11,050 for every household in Greater Palm Springs.



49,137 JOBS

The number of jobs sustained by tourism (49,137) supports 24% of all jobs in Greater Palm Springs.



\$812M STATE & LOCAL TAXES

Each household in Greater Palm Springs would need to be taxed an additional \$5,000 to replace the visitor taxes received by the state and local governments in 2022.

APPENDIX

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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