

2025

Economic Impact of Visitors to Tempe, Arizona



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Introduction

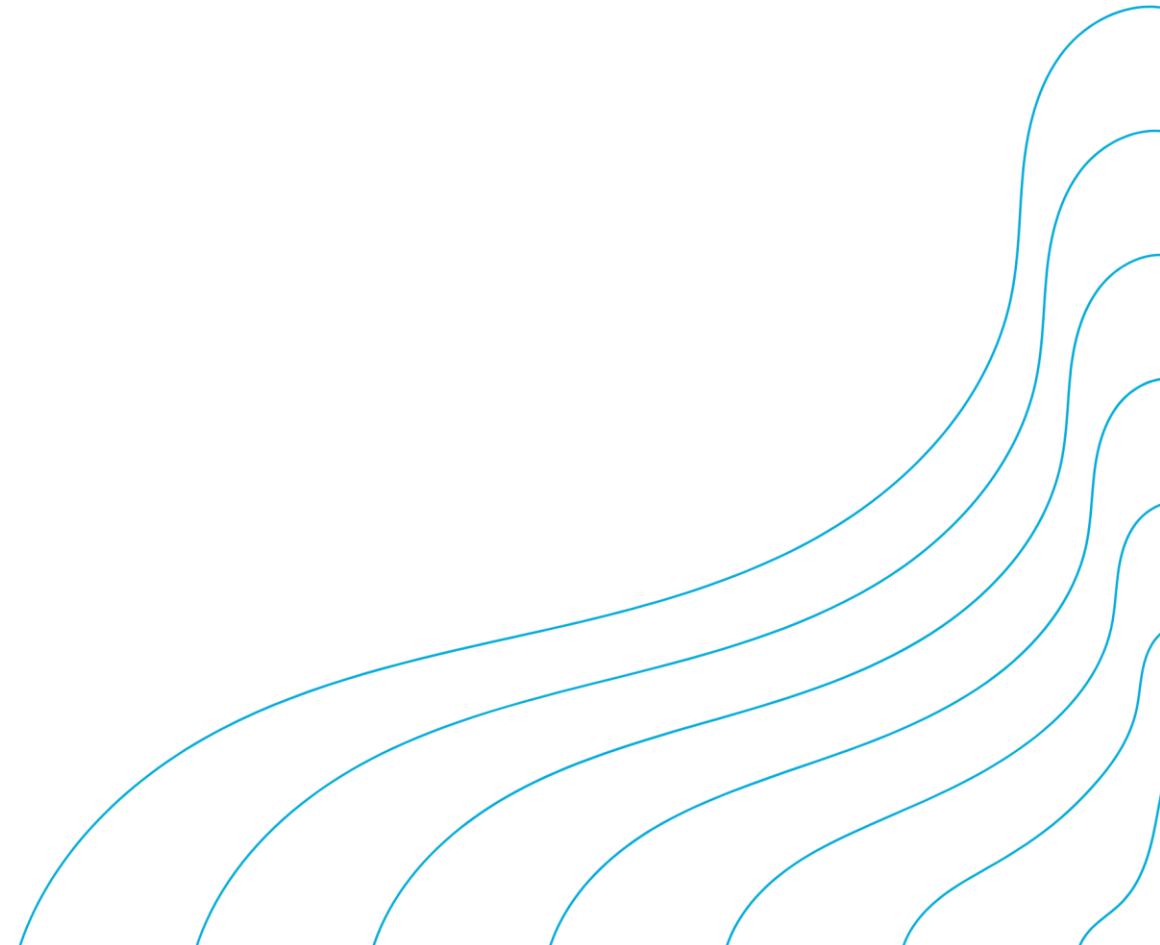
Visitors are integral to Tempe's economy, generating significant financial benefits for residents and local businesses. Visitor activity also produces substantial tax revenue which supports government services.

Credible measurements of the visitor economy are designed to inform policy decisions that foster the sector's development.

To quantify the significance of Tempe's visitor economy, Tourism Economics developed a comprehensive analysis of visitor spending and its total economic impact on businesses, employment, personal income, and taxes. At a high level, our approach includes the following stages:

- Compilation of visitor statistics
- Compilation of industry data
- Compilation of government data
- Analysis of visitor spending by category
- Economic impact modeling

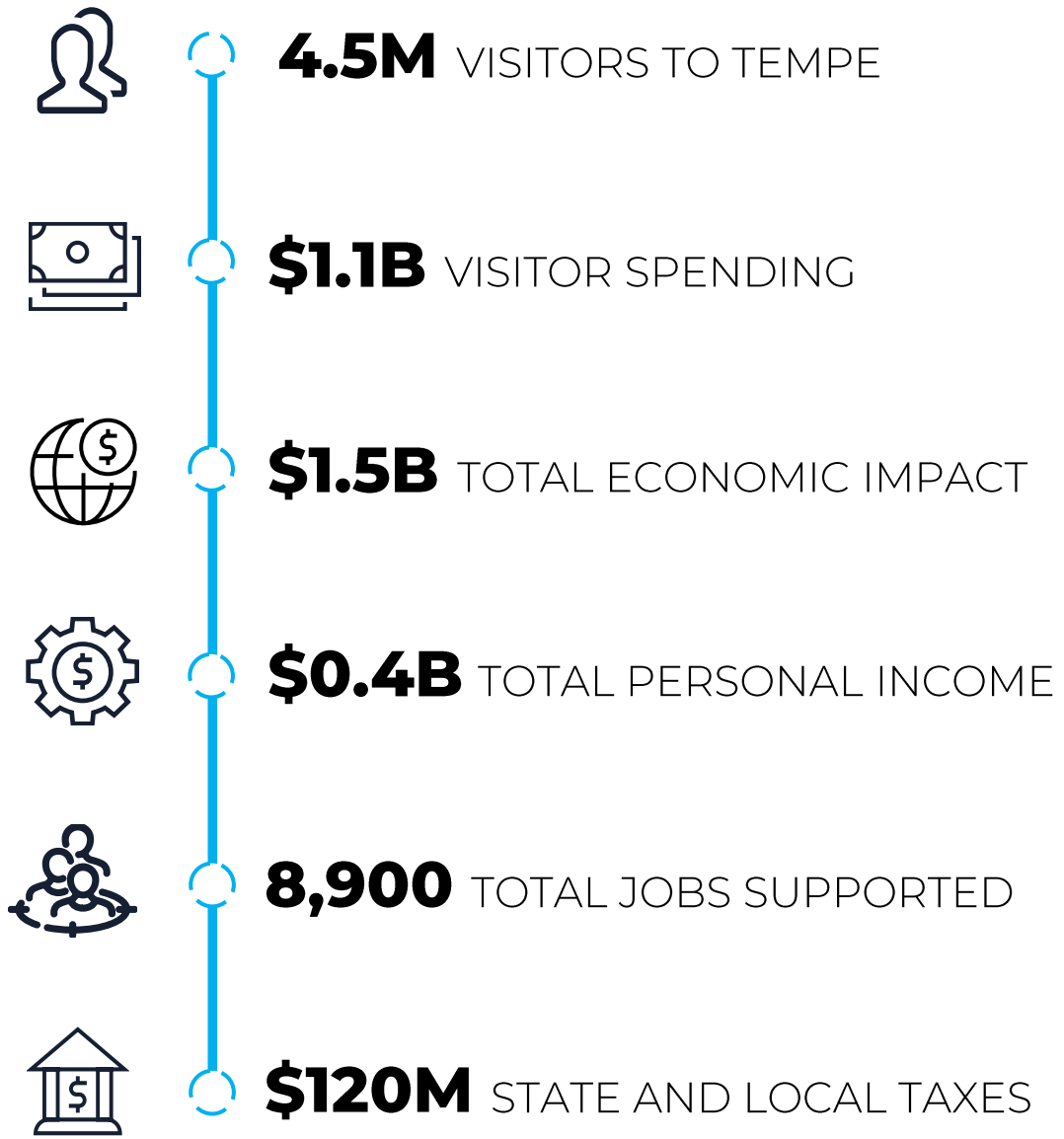
KEY FINDINGS



Key Findings

Visitors Generate Significant Economic Impact

In 2025, 4.5 million visitors spent \$1.1 billion in the Tempe economy, generating a total economic impact of \$1.5 billion.



Results in Context

The visitor economy is an economic pillar in Tempe. In 2025, visitor spending supported one-in-17 jobs in Tempe. In addition:



\$1.1B VISITOR SPENDING

Visitors spent \$3.1 million per day, on average, in Tempe.



\$0.4B PERSONAL INCOME

This is equivalent to \$400 per resident household, regardless of any connection to the visitor economy.



8,900 JOBS

The visitor economy sustained 6.0% of all jobs in Tempe. These employees could nearly fill the Tempe Diablo Stadium.

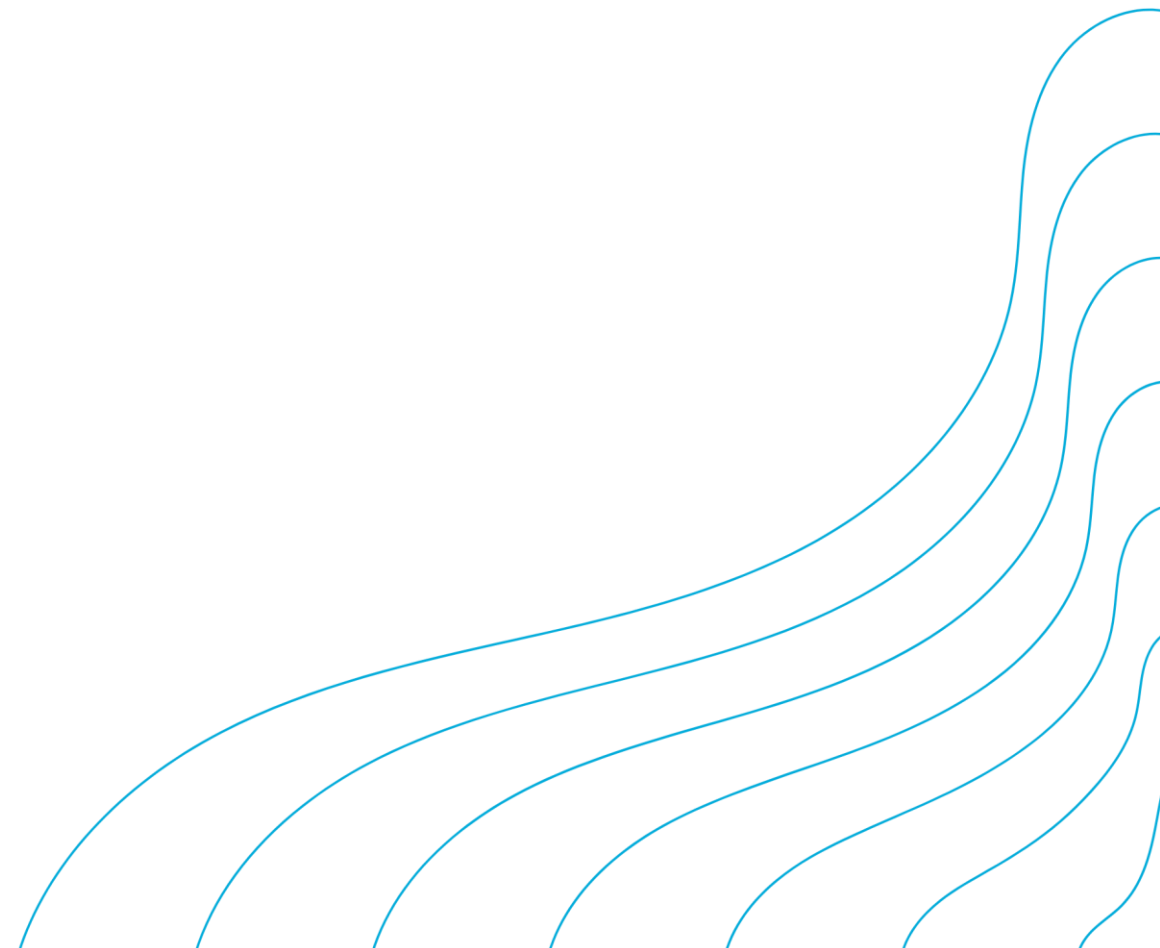


\$120M TOTAL STATE & LOCAL TAXES

Each household in Tempe would need to be taxed an additional \$1,550 to replace the visitor-generated taxes received by state and local governments in 2025.



VISITOR VOLUME & SPENDING



Tempe welcomed **4.5 million** visitors who spent **\$1.1 billion** in 2025.



Visitor Spending

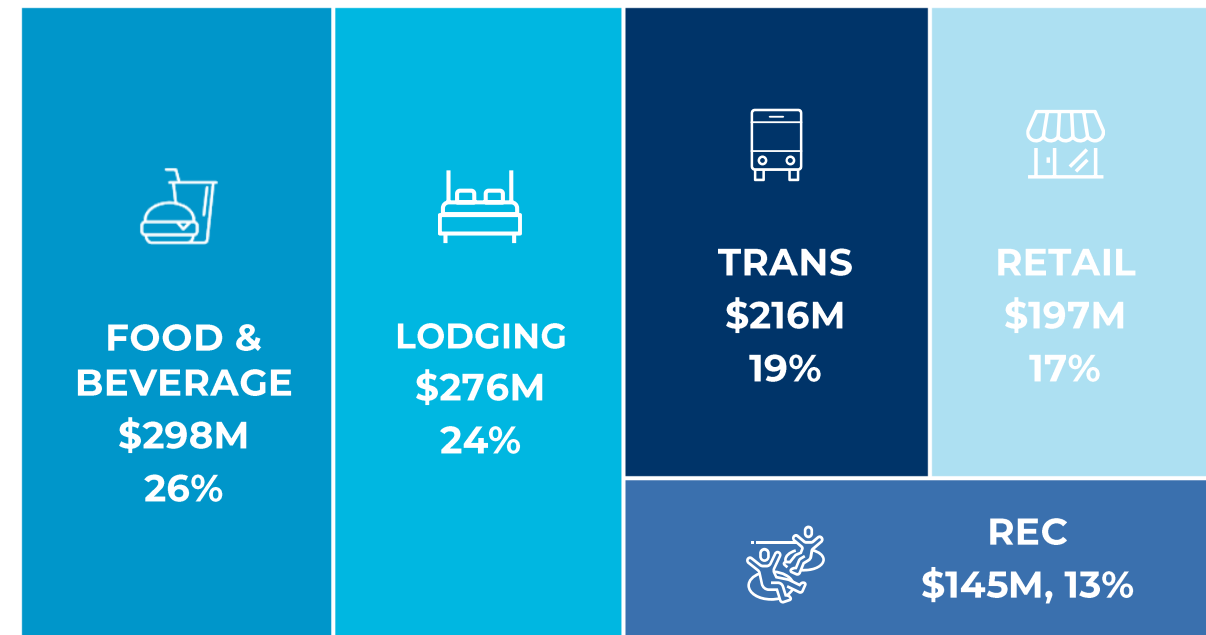
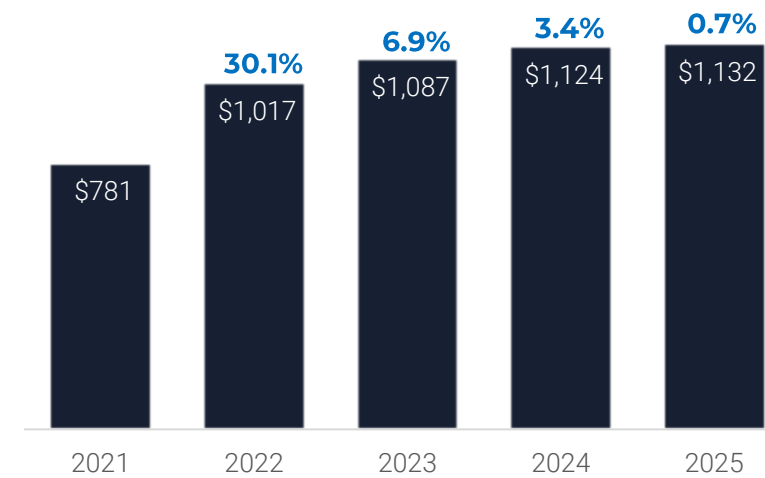
Visitor spending increased 0.7% in 2025, reaching \$1.1 billion.

Of the \$1.1 billion spent, food and beverage purchases accounted for \$298 million—26% of all visitor spending.

Lodging spending, including short-term rentals, represented 24% of total visitor spending, \$276 million.

Tempe Visitor Spending

\$ millions



Source: Tourism Economics

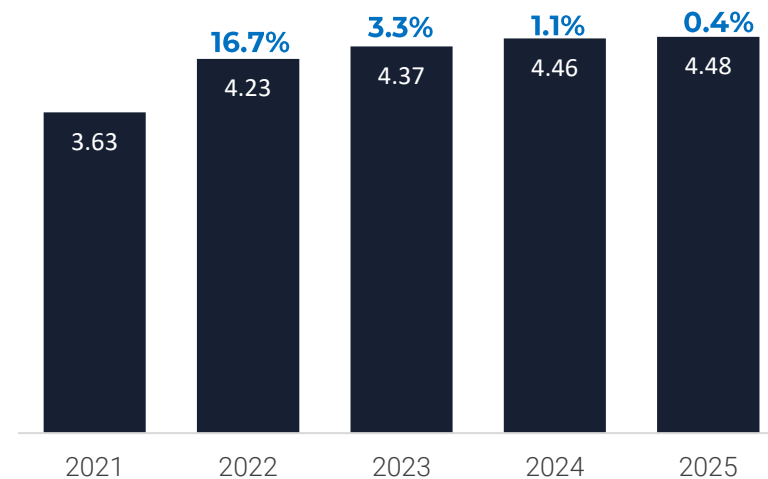
Note: Lodging includes all accommodation types.

Visitor Volume

In 2025, 4.5 million visitors traveled to Tempe, an increase of 0.4% compared to the previous year. The growth in visitor volume was driven by the day segment (+2.0%) but offset by declines in overnight and international visitors (-0.4%) and (-3.0%), respectively.

Tempe Visitor Volume

millions



Source: Tourism Economics

Visitor Volume & Spending Trends

Visitor spending in Tempe grew 0.7% to \$1.1 billion in 2025, with gains across most sectors driven by price increases and growth in day visitation, offsetting declines in international and overnight demand.

Food and beverage spending led gains in 2025, rising 2.9%, with recreation also increasing 1.8% year-over-year. In contrast, transportation spending fell 2.3%, driven by declining gas prices.

Tempe Visitor Spending

\$ millions

	2021	2022	2023	2024	2025	2025 Growth
Total visitor spending	\$781	\$1,017	\$1,087	\$1,124	\$1,132	0.7%
Food & beverage	\$206	\$254	\$273	\$289	\$298	2.9%
Lodging	\$158	\$243	\$272	\$276	\$276	0.1%
Transportation	\$172	\$217	\$224	\$221	\$216	-2.3%
Retail	\$153	\$181	\$187	\$195	\$197	1.2%
Recreation & entertainment	\$93	\$121	\$131	\$143	\$145	1.8%

Source: Tourism Economics

Note: Lodging includes all accommodation types.



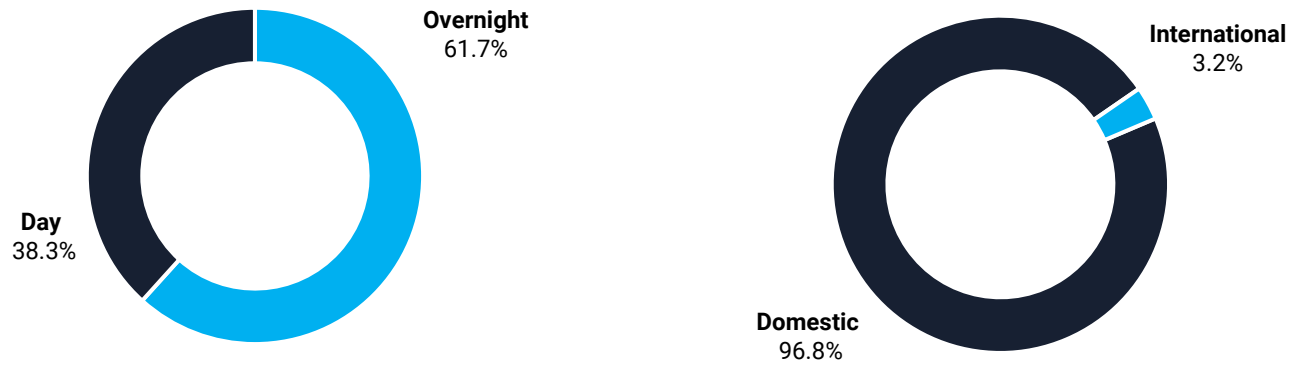
Visitor Volume Segments

Tempe welcomed 4.5 million visitors in 2025, an increase of 19,600 from the prior year.

Day visitors led growth, rising 2.0% to 1.7 million and accounting for 38.3% of total visitation.

Overnight visits declined slightly, down 0.4% to 2.6 million (61.7% share), while international visitation fell 3.0% to 144,500, representing 3.2% of the total.

Tempe Visitor Volume Share, by Market and Segment
% total volume



Source: Tourism Economics

Tempe Visitor Volume, by Market Segment
millions, \$ per visitor

	2021	2022	2023	2024	2025	2025 Growth
Total visitor volume (mils)	3.63	4.23	4.37	4.46	4.48	0.4%
International	0.05	0.11	0.14	0.15	0.14	-3.0%
Domestic	3.58	4.12	4.23	4.31	4.34	0.6%
Day	1.37	1.54	1.63	1.68	1.72	2.0%
Overnight	2.21	2.58	2.60	2.63	2.62	-0.4%
Per-visitor spending (\$ per person)	\$215	\$240	\$249	\$252	\$252	0.3%

Source: Tourism Economics

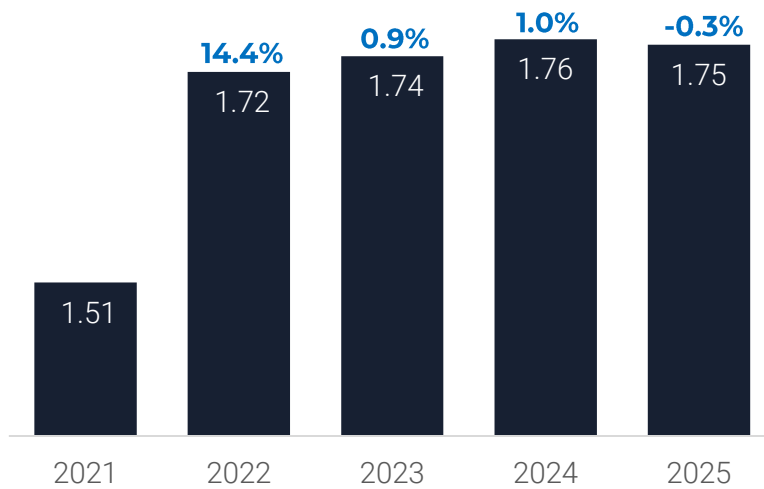


Hotel Industry Trends

Hotel room demand edged down 0.3% in 2025, accompanied by a modest 0.2% decline in average daily rates (ADR). The average length of stay increased to 2.4 nights per visit, up from 2.3 nights in the prior year.

Tempe Hotel Room Demand

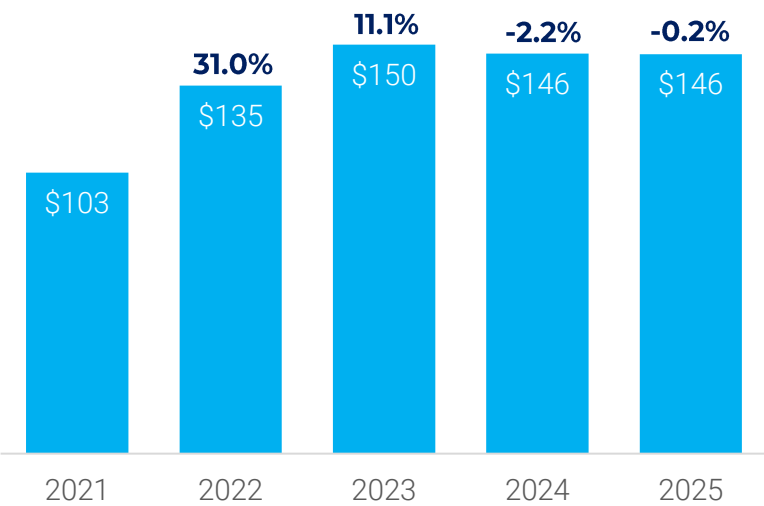
Room nights, millions



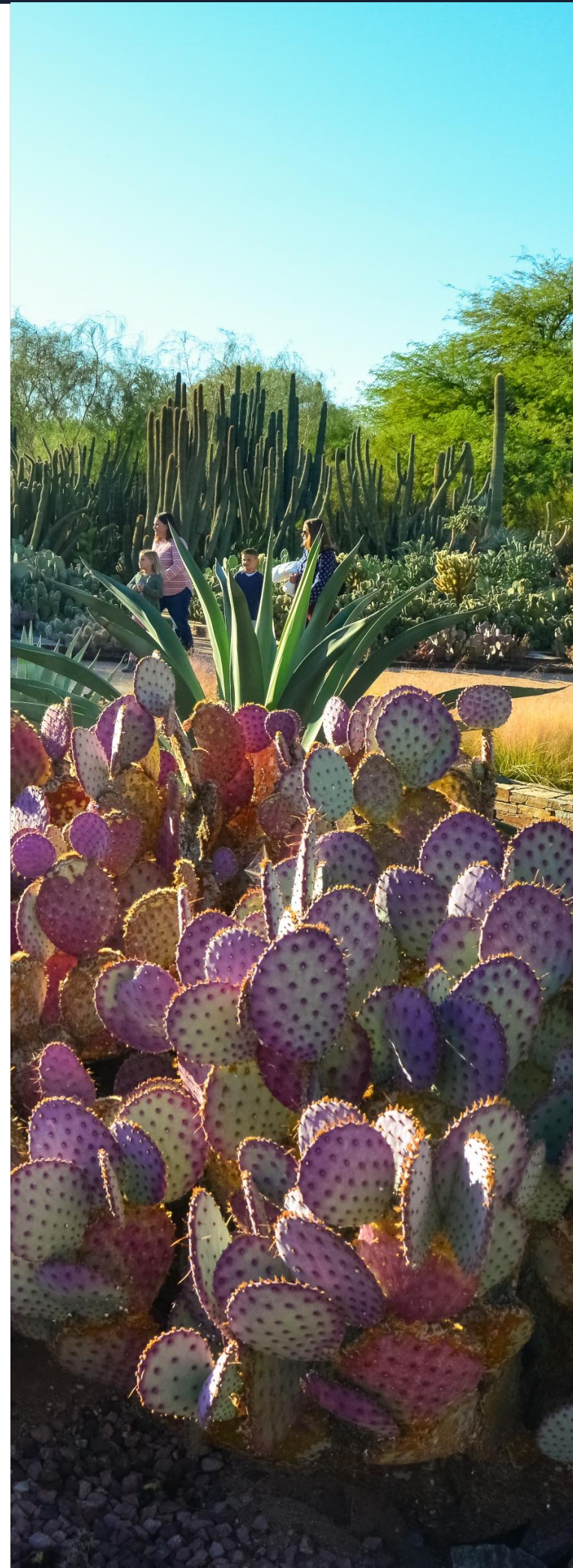
Source: STR, Tourism Economics

Tempe Average Daily Rate

\$ per night

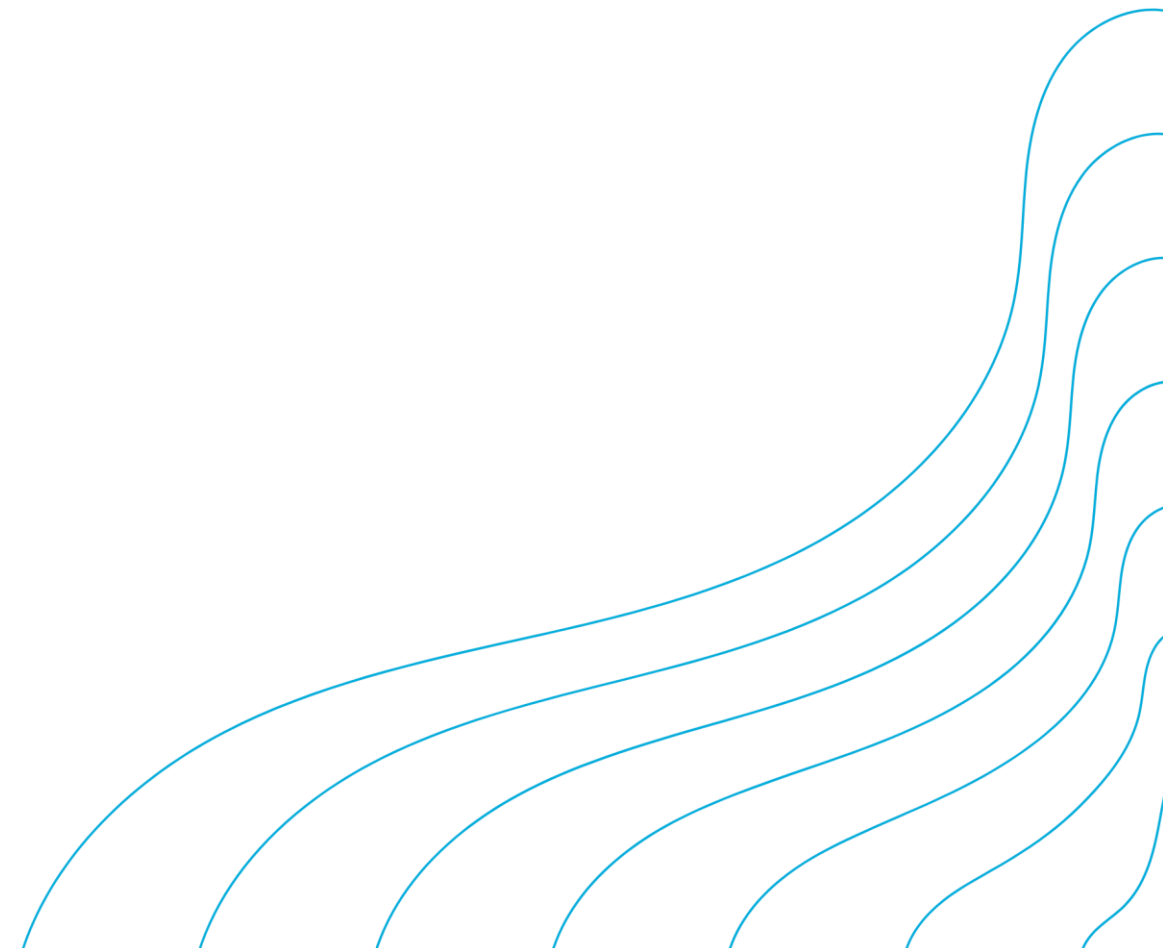


Source: STR, Tourism Economics



In 2025, **Tempe** visitors stayed an average of **2.4 nights** in the destination.

ECONOMIC IMPACT METHODOLOGY



Economic Impact Methodology

The development of visitor economy impact modeling begins with a comprehensive demand-side analysis. Visitor survey data provides estimates on the volume of visitors by type and their spending in specific industries (e.g., lodging, restaurants, retail, recreation and entertainment, transportation). These estimates are strengthened through an analysis of industry-specific data sets on the lodging industry, aviation, and sectoral-level business sales. Government data, including taxes by type, as well as employment and personal income by industry, are used to supplement and confirm demand-side visitor spending calculations.

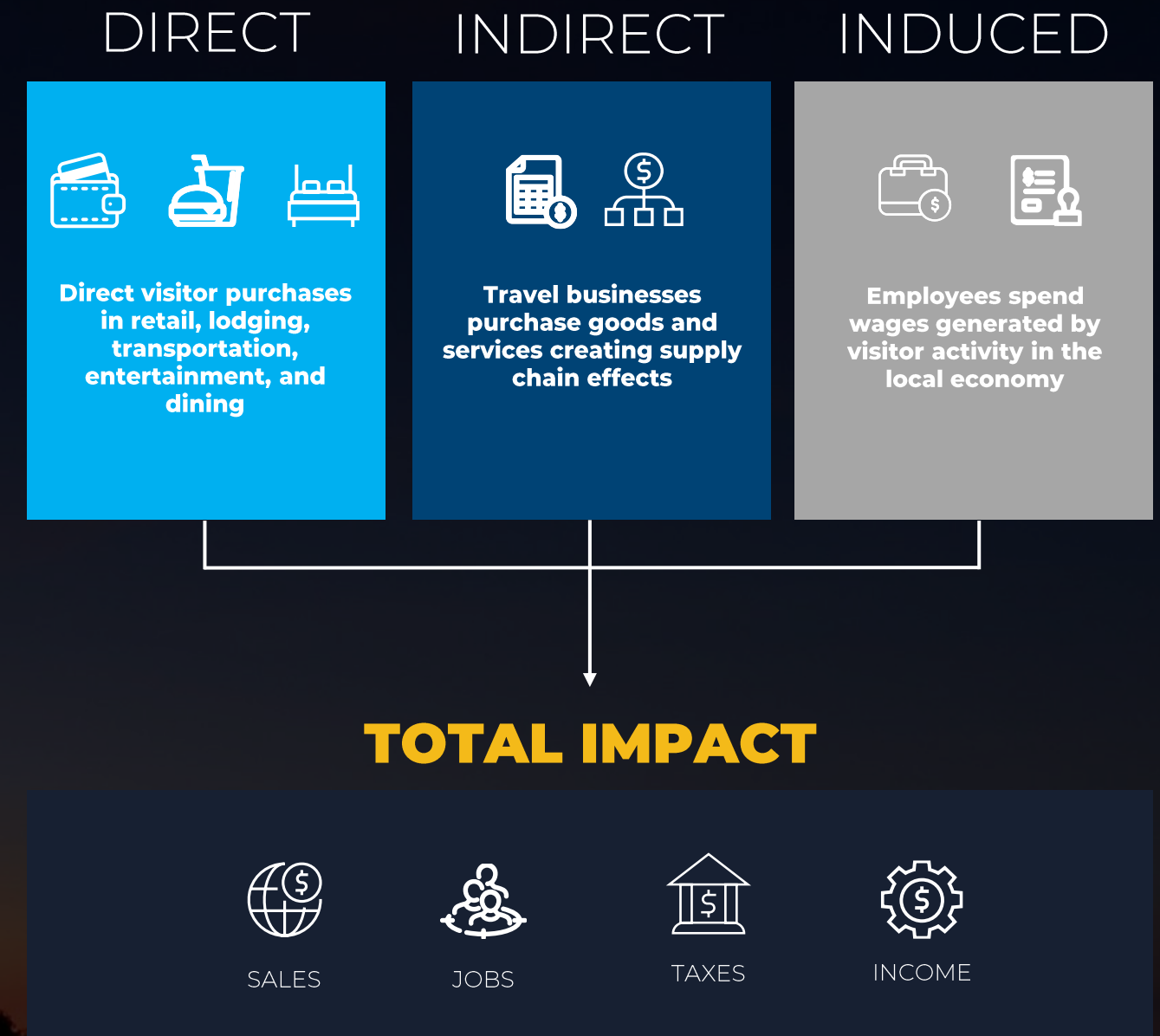
This provides a detailed profile of visitor spending by industry, which is then connected to a local input-output (I-O) economic impact model constructed within the IMPLAN platform. This uses government (Bureau of Economic Analysis and Census) data to trace the flow of visitors through the local economy and its effects on businesses, households, and government. The model quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a defined set of sectors. This supports a proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Businesses providing direct services to visitors purchase goods and services, generating additional impacts called indirect impacts or supply-chain effects.
- 3. Induced impacts:** Additional business activity is generated as employees spend incomes locally that are earned due to visitor activity. This is called the induced impact or income effect.

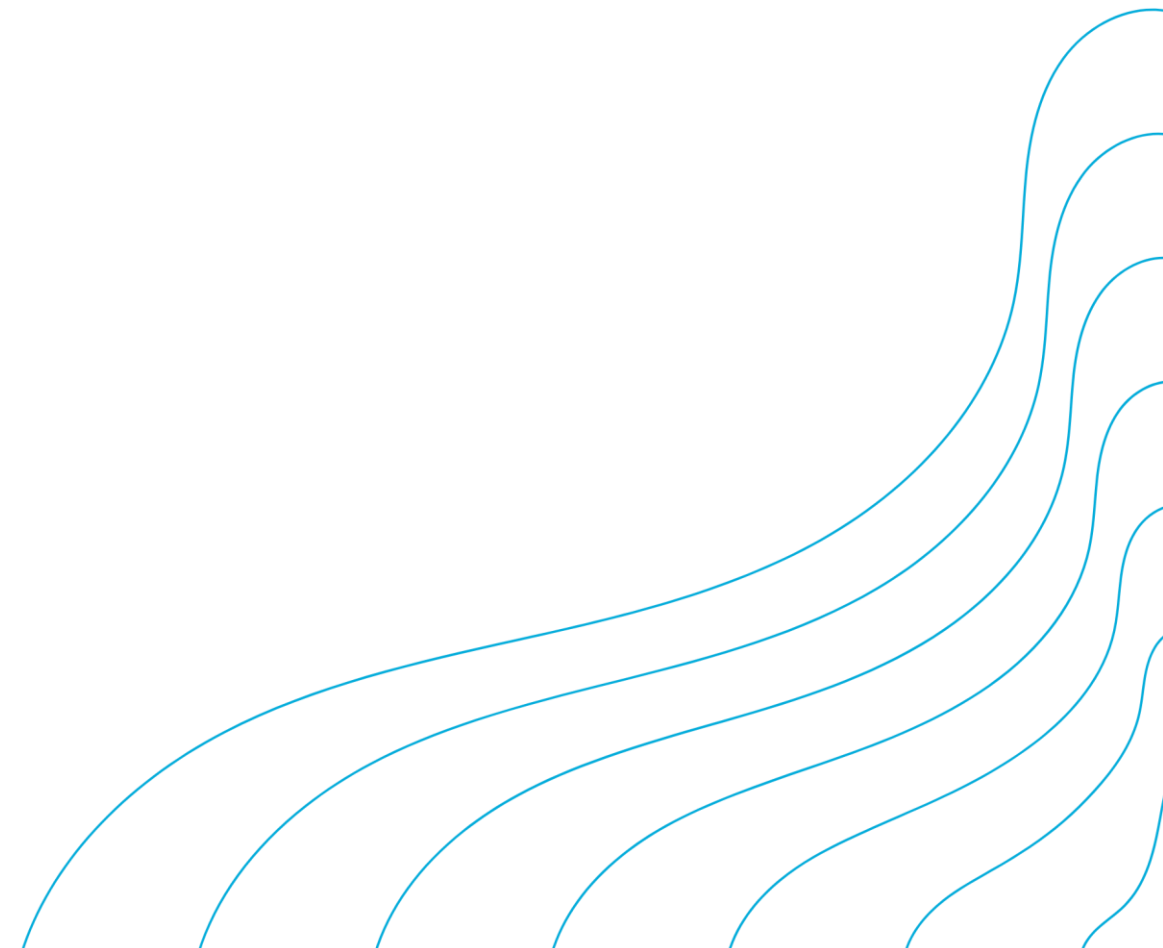
The model calculates these three levels of impact—direct, indirect, and induced—for the following metrics:

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

Economic Impact Model



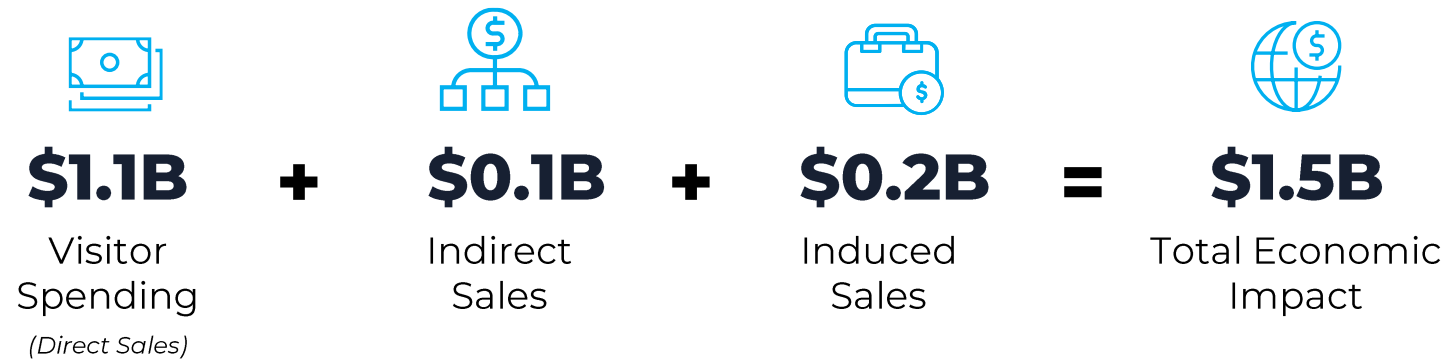
ECONOMIC IMPACT



Business Sales Impacts

Direct business sales totaled \$1.1 billion in Tempe in 2025. These direct impacts generated an additional \$0.3 billion through supply chain (indirect) and income (induced) effects.

As a result, the total economic impact of visitors reached \$1.5 billion.



Business Sales by Industry (2025)

\$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$1,131.7	\$146.6	\$177.6	\$1,455.9
Food & Beverage	\$297.8	\$4.0	\$9.3	\$311.1
Lodging	\$275.8	\$0.1	\$0.1	\$276.0
Retail Trade	\$197.1	\$2.8	\$11.7	\$211.6
Recreation and Entertainment	\$145.5	\$5.1	\$2.1	\$152.7
Finance, Insurance and Real Estate	\$43.1	\$44.7	\$58.9	\$146.7
Other Transport	\$81.9	\$10.1	\$7.0	\$99.0
Gasoline Stations	\$90.5	\$0.7	\$2.2	\$93.4
Business Services		\$37.1	\$17.8	\$54.9
Education and Health Care		\$1.1	\$26.7	\$27.8
Communications		\$13.5	\$8.1	\$21.6
Personal Services		\$8.1	\$8.0	\$16.1
Wholesale Trade		\$5.6	\$10.2	\$15.8
Construction and Utilities		\$8.5	\$5.4	\$14.0
Manufacturing		\$2.9	\$2.3	\$5.2
Government		\$0.4	\$4.2	\$4.6
Air Transport		\$1.2	\$2.6	\$3.8
Agriculture, Fishing, Mining		\$0.9	\$0.7	\$1.6

Source: Tourism Economics

Visitor spending generated a total economic impact of **\$1.5 billion** across the economy.

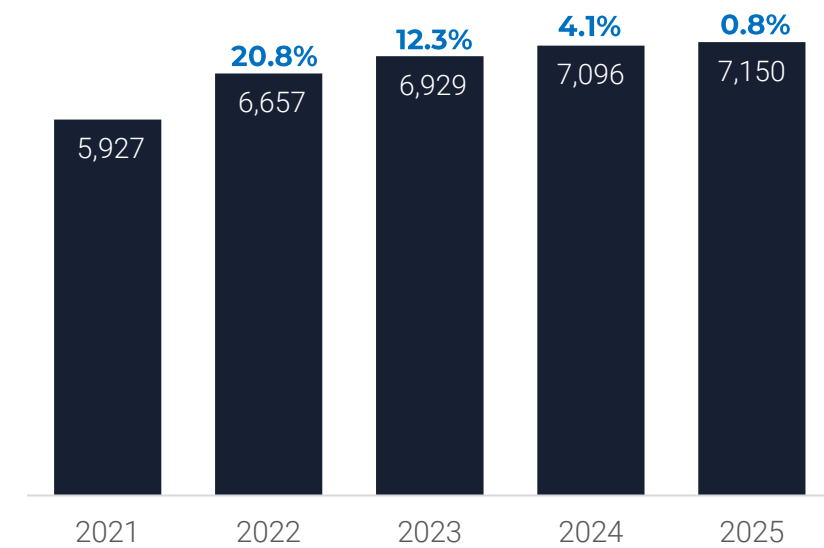


Direct Employment

Employment directly supported by visitor activity increased 0.8% in 2025 to 7,150 jobs. Overall, direct tourism employment accounted for 5.1% of all jobs in Tempe.

Visitor-Supported Employment in Tempe

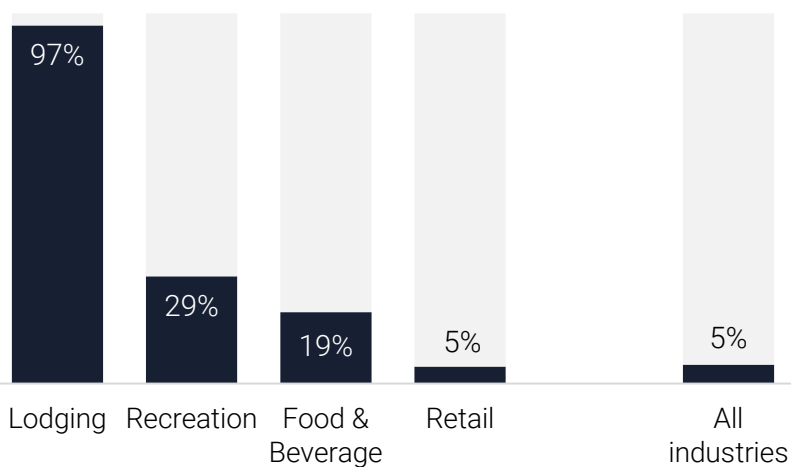
jobs



Source: Tourism Economics

Direct Tourism Employment Intensity

% of total industry employment



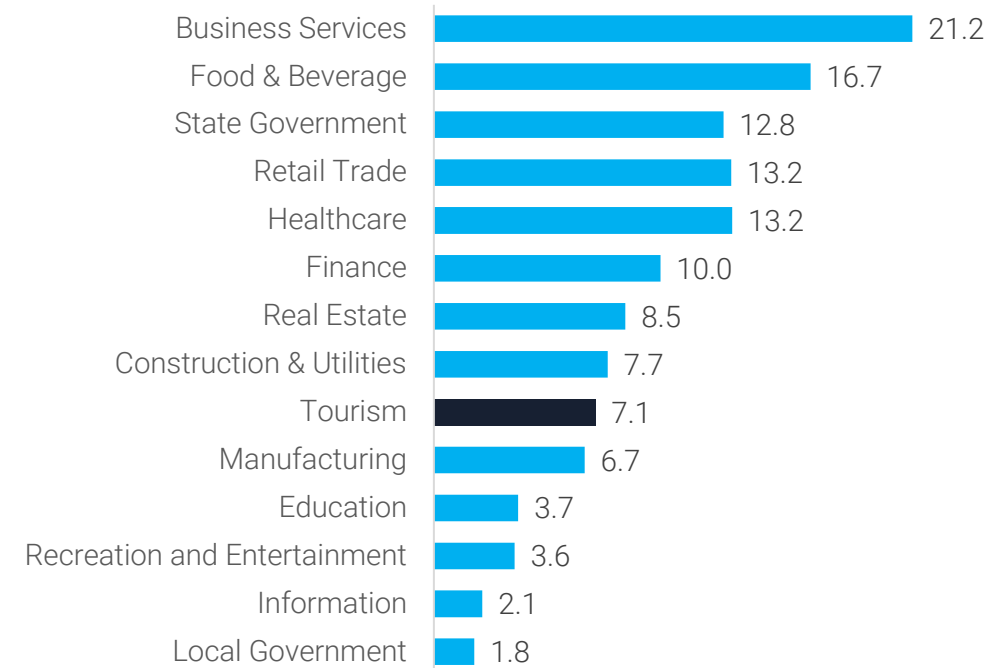
Source: BLS, BEA, Tourism Economics

Visitor-supported employment is a significant part of several industries in Tempe—nearly all of lodging employment, 29% of recreation employment, 19% of food and beverage, and 5% of retail jobs, are supported by visitor spending. Overall, direct tourism jobs accounted for 5% of all jobs in Tempe in 2025.

Total direct employment from tourism in 2025 amounted to 7,150 jobs and ranked as the 9th largest employer in the city, representing 1-in-20 major industry jobs.

Tempe Employment Ranking, by Major Industry

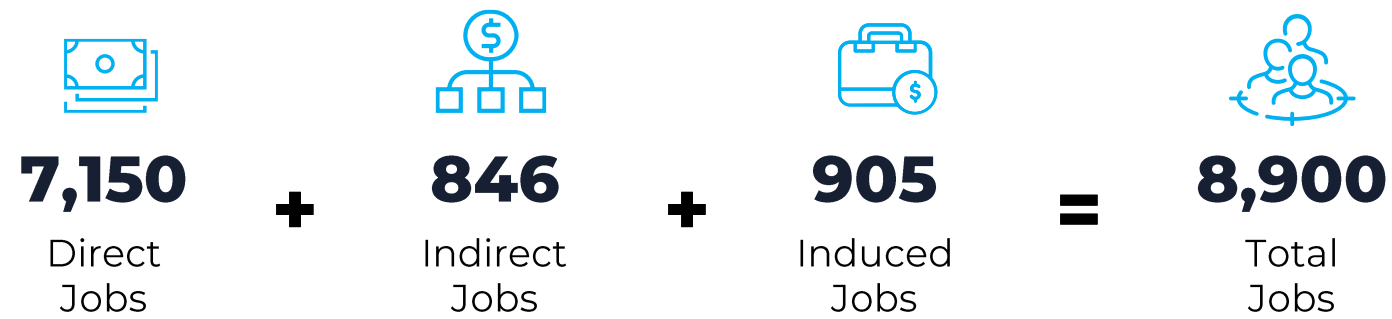
Amounts in thousands of jobs, 2025 estimates



Source: BLS, BEA, Tourism Economics

Employment Impacts

Visitor activity sustained 7,150 direct jobs in 2025, with an additional 1,751 jobs supported from the indirect and induced impacts of visitor activity. Total employment impacts tallied 8,900 in 2025, translating to one-in-seventeen jobs in Tempe.



Employment by Industry (2025)

jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	7,150	846	905	8,900
Food & Beverage	3,261	58	96	3,415
Lodging	1,524	0	1	1,526
Recreation and Entertainment	1,111	73	25	1,208
Retail Trade	605	19	60	685
Other Transport	399	107	55	561
Finance, Insurance and Real Estate	144	165	126	435
Business Services		256	114	370
Education and Health Care		10	202	213
Personal Services		61	130	192
Gasoline Stations	106	4	13	123
Communications		28	16	44
Wholesale Trade		16	26	42
Government		22	14	35
Construction and Utilities		12	10	21
Manufacturing		8	6	14
Air Transport		3	6	9
Agriculture, Fishing, Mining		3	5	7

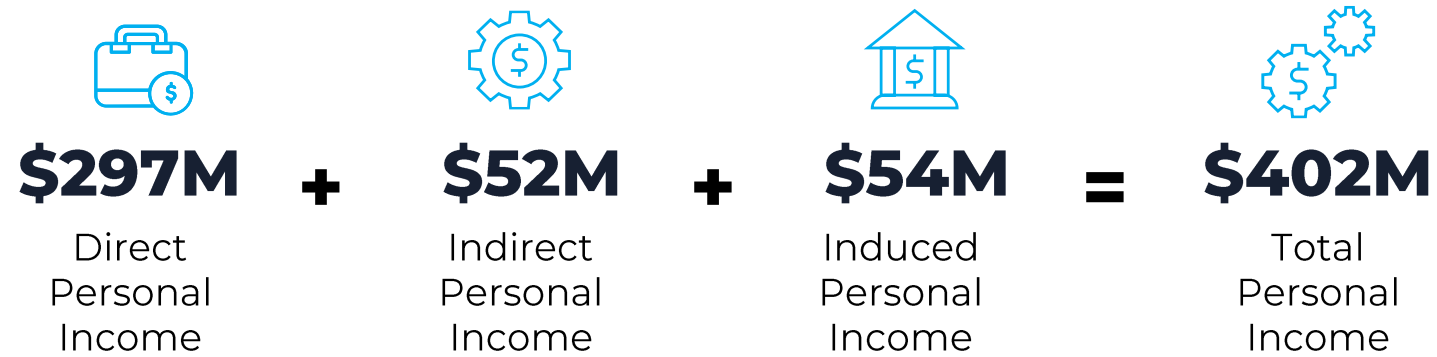
Source: Tourism Economics

Visitor spending supports **one-in-seventeen jobs** in Tempe, including 3,415 in the food and beverage industry.



Personal Income Impacts

Visitor activity generated \$297 million in direct personal income in 2025. Including \$105 million in indirect and induced impacts, employees received \$402 million in personal income.



Personal Income by Industry (2025)

\$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$297.1	\$51.6	\$53.8	\$402.5
Food & Beverage	\$95.6	\$2.1	\$4.0	\$101.8
Lodging	\$80.0	\$0.0	\$0.1	\$80.1
Recreation and Entertainment	\$49.8	\$2.2	\$0.9	\$53.0
Other Transport	\$31.1	\$5.2	\$2.6	\$38.9
Retail Trade	\$26.8	\$1.0	\$4.2	\$31.9
Business Services		\$17.8	\$6.5	\$24.3
Finance, Insurance and Real Estate	\$7.2	\$8.0	\$8.9	\$24.0
Education and Health Care		\$0.6	\$13.0	\$13.7
Personal Services		\$3.2	\$5.2	\$8.4
Gasoline Stations	\$6.6	\$0.2	\$0.7	\$7.6
Communications		\$4.3	\$1.6	\$6.0
Government		\$2.5	\$1.5	\$4.0
Wholesale Trade		\$1.8	\$2.2	\$4.0
Construction and Utilities		\$1.5	\$1.0	\$2.6
Air Transport		\$0.3	\$0.7	\$1.0
Manufacturing		\$0.6	\$0.4	\$1.0
Agriculture, Fishing, Mining		\$0.2	\$0.2	\$0.4

Source: Tourism Economics



Tax Impacts

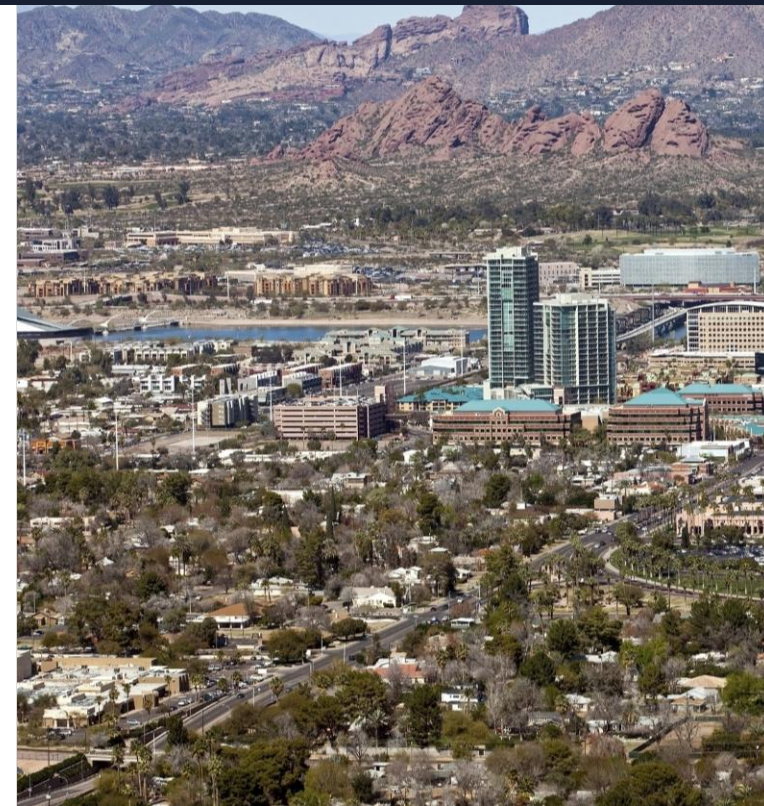
Visitor activity generated \$198 million in government revenues in 2025. State and local taxes alone tallied \$120 million. Each household in Tempe would need to be taxed an additional \$1,550 to replace the total visitor-generated taxes received by state and local governments in 2025.

Tax Impacts

\$ millions

	Total
Total Tax Revenue	\$198.0
Federal Taxes	\$78.0
Personal Income	\$37.2
Corporate	\$6.4
Indirect Business	\$7.2
Social Insurance	\$27.3
State and Local Taxes	\$120.0
Sales	\$49.7
Bed Tax	\$27.0
Personal Income	\$6.6
Corporate	\$1.0
Excise and Fees	\$4.8
Property	\$30.9

Source: Tourism Economics



The visitor economy generated **\$198 million in government revenue** in 2025.

Of the \$120 million in state and local governmental revenues supported by visitor activity, the state government received more than \$61 million in 2025. The majority of state revenues are from sales taxes.

Local tax revenues from visitor activity supported nearly \$60 million in local governmental revenues from property, sales, excise and fees, and bed taxes.

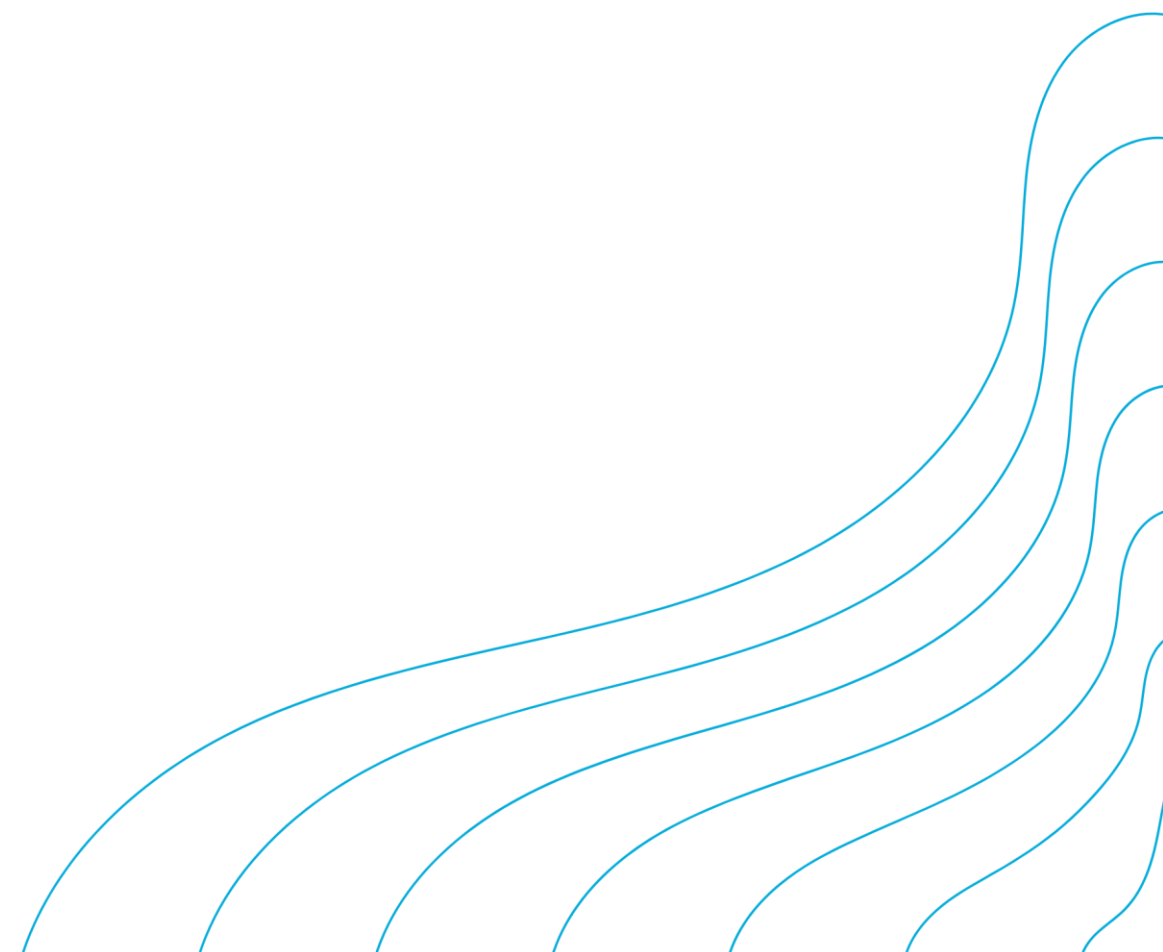
Tax Impacts

\$ millions

	State	Local
Total Tax Revenue	\$61.2	\$59.9
Sales	\$32.9	\$16.8
Bed Tax	\$14.4	\$13.1
Personal Income	\$6.6	
Corporate	\$1.0	
Excise and Fees	\$1.7	\$3.0
Property	\$4.5	\$26.9

Source: Tourism Economics

APPENDIX



Appendix

Methodology Overview

Measuring the visitor economy begins with a comprehensive demand side analysis. A visitor is defined as someone who stayed overnight or traveled more than 50 miles to the destination.

The study area is defined as the city of Tempe, Arizona.

Visitor survey data provide estimates on the volume of visitors by type and their spending in specific categories (e.g. lodging, restaurants, retail, recreation and entertainment, transportation). These estimates are strengthened through an analysis of industry-specific data sets on the lodging industry, aviation, and sectoral-level business sales. Government data, including taxes by type as well as employment and personal income by industry are used to supplement and confirm demand-side visitor spending calculations.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis (BEA). This is more comprehensive than Bureau of Labor Statistics (BLS QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the QCEW data. This year's analysis includes revisions to levels of lodging spending estimates, incorporating newly available data covering the short-term rental market. Tax figures are also slightly adjusted to align with actual MGR tax data provided by the client.

The complete set of data inputs is provided below.

Data Sources

- **Bureau of Economic Analysis and Bureau of Labor Statistics:** Employment and wage data, by industry
- **STR & AirDNA:** Lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels performance data, including room demand and revenue for hotels and short-term rentals
- **Datafy:** Mobile geolocation data
- **U.S. Census Bureau:** Economic Census data, in addition to population, household, second homes and median real estate tax data
- **Tax Collections:** Lodging and sales tax collections for Tempe
- **Tourism Economics:** : international travel data for overseas, Canadian, and Mexican arrivals based on aviation, survey, and credit card information

Glossary

SPENDING DEFINITIONS

LODGING	<i>All accommodation businesses, including hotels, B&Bs, campgrounds, and short-term rentals. This includes food, entertainment, and other services provided by these establishments.</i>
FOOD & BEVERAGE	<i>Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores, and other food providers.</i>
RECREATION	<i>Includes visitors spending within the arts, entertainment, and recreation sector.</i>
RETAIL	<i>Includes visitor spending in all retail sub-sectors within the local economy, excluding grocery stores.</i>
LOCAL TRANSPORT	<i>Ride share, taxis, limos, trains, rental cars, buses, and gasoline purchases.</i>
AIR TRANSPORT	<i>Where applicable, the local share of air transportation spending.</i>
SECOND HOMES	<i>Where applicable, spending associated with seasonal second homes for recreational use as defined by the Census Bureau.</i>

ECONOMIC IMPACT DEFINITIONS

DIRECT IMPACT	<i>Impacts (business sales, jobs, income, and taxes) related to businesses where visitors spend dollars (e.g. recreation, transportation, lodging).</i>
INDIRECT IMPACT	<i>Impacts created from the purchase of goods and services as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected sectors (i.e. business-to-business purchases).</i>
INDUCED IMPACT	<i>Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor activity.</i>
EMPLOYMENT	<i>Employment is measured by the Bureau of Economic Analysis (BEA) definition, and captures full-time and part-time jobs, which includes salary and wage employees and proprietors.</i>
PERSONAL INCOME	<i>Income (wages, salaries, proprietor income, and benefits) supported by visitor spending.</i>
LOCAL TAXES	<i>City taxes generated by visitor spending. Includes any local sales, income, bed, usage fees, licenses, and other revenue streams to local governmental authorities.</i>
STATE TAXES	<i>State tax revenues generated by visitor spending. Includes sales, income, corporate, usage fees, and other assessments of state governments.</i>

About the Research Team

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, forecasting models, policy analysis, and economic impact studies.

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modeling to UK companies and financial institutions expanding abroad. Since then, we have become 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.

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