

2024

Economic Impact of Visitors to Tempe, AZ

Conducted by:



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Introduction

The travel sector is an integral part of Tempe's economy. Visitors generate significant economic benefit to households, businesses, and government, and represent a critical driver of the city's future. In 2024, the visitor economy generated \$1.5 billion in total business sales and supported 6.0% of all jobs in Tempe.

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. This is especially true as Tempe's visitor economy has fully recovered from the pandemic and is now in expansion. By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the significance of the visitor economy in Tempe, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

An IMPLAN input-output model was constructed for Maricopa County and adjusted to align with Tempe boundaries. The model traces the flow of visitor-related expenditures through the city'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 by sector.

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. 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:

- 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, for hotels
- Datafy: historical mobile geolocation data
- Tax collections: lodging and sales tax receipts, by industry
- Tourism Economics: international travel data for overseas, Canadian, and Mexican arrivals based on aviation, survey, and credit card information

KEY FINDINGS



Key Findings

The Visitor Economy Drives Economic Impact

In 2024, 4.5 million visitors to Tempe spent \$1.1 billion at local businesses, \$36.4 million (3.4%) more than the previous year.



4.5M

Visitors to
Tempe



\$1.1B

Visitor
Spending

Total Economic Impacts of Visitors in Tempe

The \$1.1 billion spent by visitors in Tempe in 2024 generated a total economic impact of \$1.5 billion, sustained 8,868 jobs, and generated nearly \$120 million in state and local tax revenues.



\$1.5B

Total Business
Sales



8,868

Total Jobs
Supported



\$120M

State and
Local Taxes

Tourism's total
economic
impact in
Tempe totaled
\$1.5 billion in
2024.

VISITOR VOLUME AND SPENDING

Visitors to Tempe spent **\$1.1 billion** in 2024.

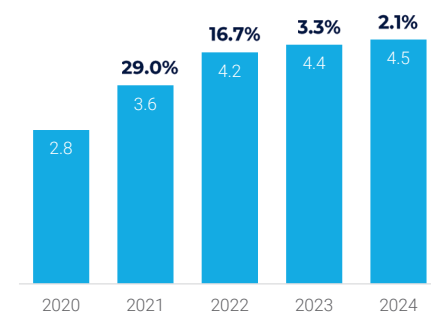


Visitor Volume and Spending

Visitor Volume

Visitor volumes increased 2.1% in 2024 to 4.5 million. Growth was led by the international and domestic day arrivals.

Tempe Visitor Volume
millions



Source: Tourism Economics



Source: Tourism Economics

Visitor Spending

Visitors to Tempe spent **\$1.1 billion** across various sectors in 2024.

Visitor spending on food and beverage accounted for \$289 million or 26% of total visitor spending.

Spending on lodging tallied \$276 million, 25% of visitor spending.

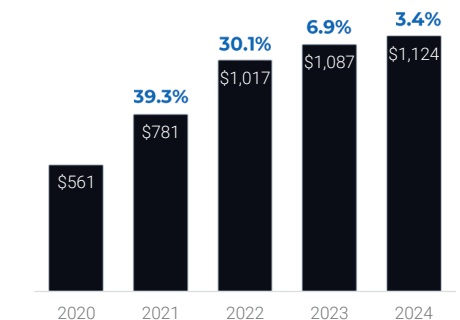
Transportation spending reached \$221 million, accounting for 20% of visitor spending.

Retail spending captured \$195 million or 17% of visitor spending.

Visitors to Tempe spent \$143 million on recreation, 13% of visitor spending.

Tempe Visitor Spending

\$ millions



Source: Tourism Economics

Note: Lodging spending includes dollars spent on short-term rentals and second homes

Visitor Volume & Spending Trends

Both visits and spending in Tempe increased in 2024, growing 2.1% and 3.4%, respectively. Spending grew across all categories, aided by rising demand, except transport which was impacted by declining gas prices.

Tempe Visitor Spending

\$ millions

	2020	2021	2022	2023	2024	2024 Growth
Total visitor spending	\$561	\$781	\$1,017	\$1,087	\$1,124	3.4%
Food & beverage	\$152	\$206	\$254	\$273	\$289	6.0%
Lodging*	\$104	\$158	\$243	\$272	\$276	1.5%
Transportation	\$129	\$172	\$217	\$224	\$221	-1.6%
Retail	\$108	\$153	\$181	\$187	\$195	4.1%
Recreation & entertainment	\$68	\$93	\$121	\$131	\$143	9.0%

Source: Tourism Economics
* Lodging spending includes dollars spent on short-term rentals and second homes

Visitor Segments

In 2024, the overnight segment accounted for 62% of total visitor volumes, compared to 38% day visitors. Meanwhile, international visitors to Tempe grew 5.1% in 2024 and accounted for 3% of total volumes.

Tempe Visitor Volume, by Market Segment

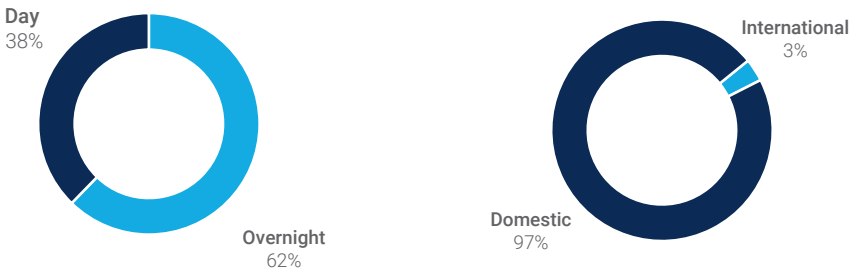
millions, \$ per visitor

	2020	2021	2022	2023	2024	2024 Growth
Total visitor volume	2.81	3.63	4.23	4.37	4.46	2.1%
International	0.06	0.05	0.11	0.14	0.15	5.1%
Domestic	2.75	3.58	4.12	4.23	4.31	2.0%
Day	1.15	1.37	1.54	1.63	1.68	3.5%
Overnight	1.60	2.21	2.58	2.60	2.63	1.0%
Per-visitor spending (\$)	\$199	\$215	\$240	\$249	\$252	1.2%

Source: Tourism Economics

Tempe Visitor Volume Share, by Market and Segment

%of total visitor volumes

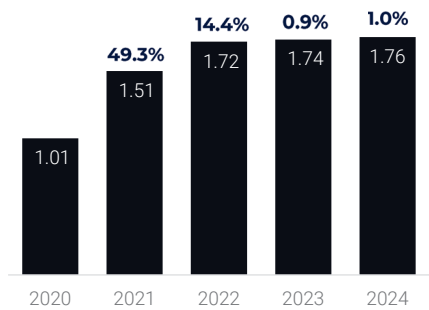


Source: Tourism Economics

Hotel Industry Trends

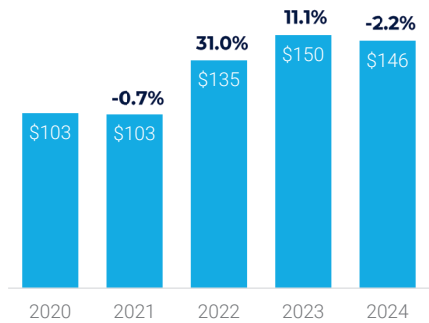
In a third year of consecutive growth, hotel room demand expanded 1.0% in 2024 but was offset by a 2.2% decline in average daily rates (ADR). In 2024, the average length of stay came in at 2.3 nights per visit.

Tempe Hotel Room Demand
Room nights, millions



Source: STR, Tourism Economics

Tempe Average Daily Rate
\$ per night



Source: STR, Tourism Economics



ECONOMIC IMPACT METHODOLOGY



Economic Impact Methodology

Our analysis of the Tempe 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 Tempe economy, constructed using an IMPLAN input-output (I-O) model.

IMPLAN remains a nationally recognized and widely used modeling tool, the leading provider of economic impact data and analytics software. The model traces the full extent of industry impacts as dollars flow through the local economy.

I-O models represent a profile of an economy by measuring the relationships among industries and consumers, quantifying 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
- Federal Taxes
- Wages
- State Taxes
- Employment
- Local Taxes

Economic Impact Framework

DIRECT



Transactions such as retail, lodging, transportation, entertainment, and dining occur directly between consumers and travel businesses

INDIRECT



Travel businesses purchase goods and services from other providers creating supply chain effects and engaging B2B goods and services

INDUCED



Employees of travel businesses spend wages throughout the wider economy, generating GDP, jobs and tax revenue

TOTAL IMPACT



SALES



JOBS



TAXES



INCOME

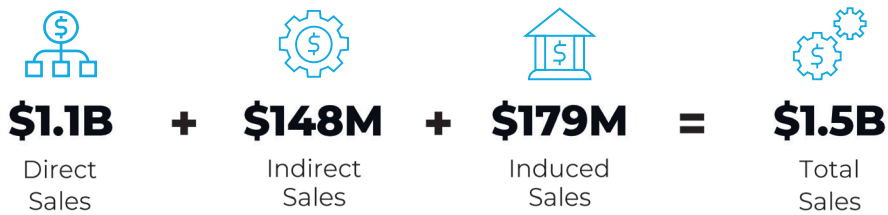
Direct, indirect and induced impacts combine to equal the total economic impact

ECONOMIC IMPACT



Business Sales Impacts

Visitors contributed a direct impact of \$1.1 billion in 2024. This direct impact generated \$327 million in indirect and induced impacts, resulting in a total economic impact of \$1.5 billion in Tempe's economy. The total economic impact shows the benefits to the broader economy across industries at the indirect and induced levels.



Business Sales Impacts by Industry (2024)

\$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$1,123.5	\$147.9	\$179.1	\$1,450.5
Food & Beverage	\$289.5	\$3.9	\$9.1	\$302.5
Lodging	\$275.6	\$0.1	\$0.1	\$275.8
Retail Trade	\$194.9	\$2.7	\$11.5	\$209.1
Finance, Insurance and Real Estate	\$44.1	\$47.3	\$62.4	\$153.8
Recreation and Entertainment	\$142.9	\$5.0	\$2.1	\$150.0
Other Transport	\$83.9	\$10.3	\$7.1	\$101.3
Gasoline Stations	\$92.7	\$0.7	\$2.2	\$95.6
Business Services		\$36.2	\$17.4	\$53.7
Education and Health Care		\$1.1	\$25.9	\$27.0
Communications		\$13.3	\$8.0	\$21.3
Personal Services		\$8.0	\$8.0	\$16.0
Wholesale Trade		\$5.5	\$10.1	\$15.5
Construction and Utilities		\$8.4	\$5.3	\$13.7
Manufacturing		\$2.9	\$2.3	\$5.2
Government		\$0.4	\$4.2	\$4.6
Air Transport		\$1.2	\$2.7	\$3.9
Agriculture, Fishing, Mining		\$0.9	\$0.7	\$1.6

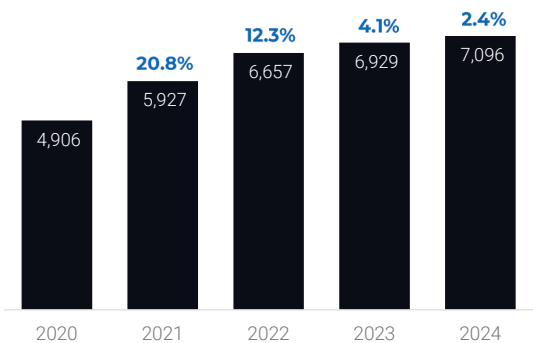
Source: Tourism Economics

The total economic impact of **\$1.5 billion** accrued to industries across the economy.

Direct Employment

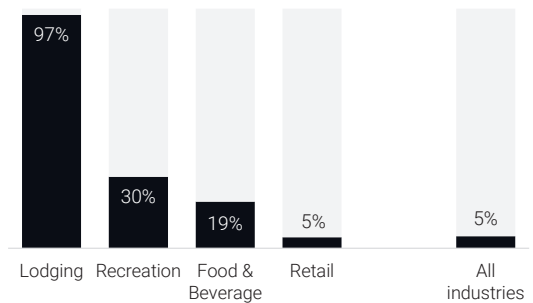
Employment directly supported by visitor spending increased 2.4%, adding 167 jobs in 2024.

Visitor Supported Employment in Tempe
Jobs, direct only



Source: Tourism Economics

Direct Tourism Employment Intensity
Amounts in % of total industry employment

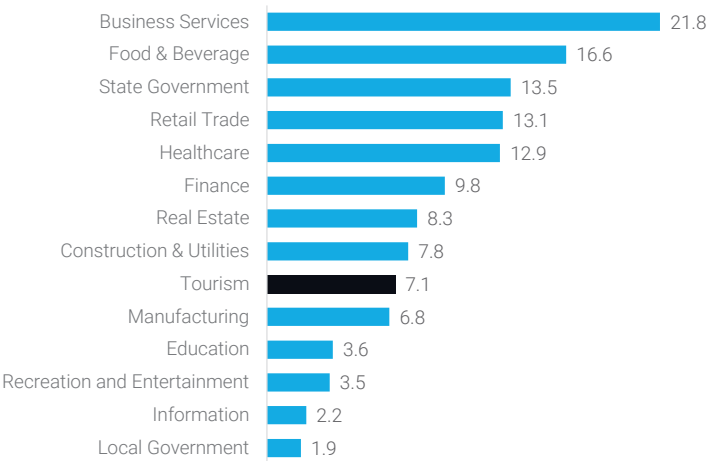


Source: BLS, BEA, Tourism Economics

Visitor-supported employment is a significant part of several industries in Tempe—nearly all of lodging employment, 30% 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 2023.

Total direct employment from tourism in 2024 amounted to 7,096 jobs and ranked as the 9th largest employer in the city, representing 1-in-20 major industry jobs.

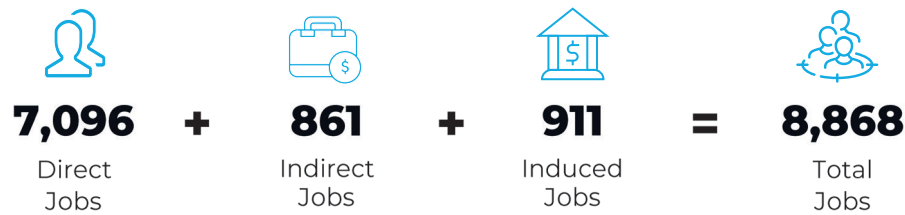
Tempe Employment Ranking, by Major Industry
Amounts in thousands of jobs, 2024 estimates



Source: BLS, BEA, Tourism Economics

Employment Impacts

Visitor activity sustained 7,096 direct jobs in 2024, with an additional 1,772 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact increased to 8,868 in 2024, 1-in-17 jobs in the city (6.0%). Visitor activity supports the largest number of jobs in the food and beverage industry (3,372).



Employment Impacts by Industry (2024)

Jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	7,096	861	911	8,868
Food & Beverage	3,220	57	95	3,372
Lodging	1,524	0	1	1,526
Recreation and Entertainment	1,095	72	24	1,191
Retail Trade	601	19	60	680
Other Transport	403	109	56	568
Finance, Insurance and Real Estate	144	180	137	462
Business Services	0	257	115	372
Education and Health Care	0	10	198	208
Personal Services	0	62	131	193
Gasoline Stations	107	4	13	124
Communications	0	28	15	43
Wholesale Trade	0	16	26	42
Government	0	22	14	36
Construction and Utilities	0	12	10	21
Manufacturing	0	8	6	14
Air Transport	0	3	6	9
Agriculture, Fishing, Mining	0	3	5	8

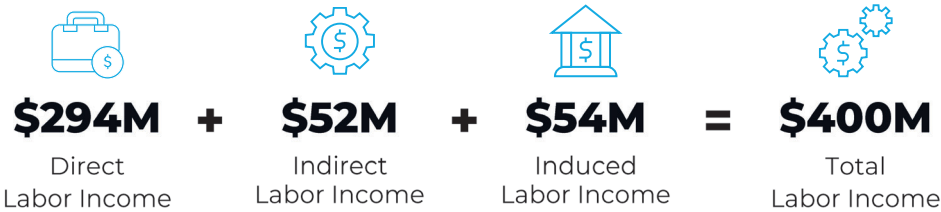
Source: Tourism Economics

Visitor spending supports **1-in-17 of all jobs** in Tempe, including **3,372 jobs** in the food and beverage industry.



Labor Income Impacts

Visitor activity generated \$294 million in direct labor income and a total of \$400 million including indirect and induced impacts. There are eight industries in which visitor activity supports more than \$13 million in total labor income.



Labor Income Impacts by Industry (2024)

\$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$293.9	\$51.8	\$53.8	\$399.6
Food & Beverage	\$93.8	\$2.1	\$4.0	\$99.8
Lodging	\$79.2	\$0.0	\$0.1	\$79.2
Recreation and Entertainment	\$49.3	\$2.2	\$0.9	\$52.4
Other Transport	\$31.6	\$5.3	\$2.6	\$39.5
Retail Trade	\$26.4	\$1.0	\$4.1	\$31.5
Finance, Insurance and Real Estate	\$7.1	\$8.5	\$9.5	\$25.1
Business Services		\$17.6	\$6.4	\$24.0
Education and Health Care		\$0.6	\$12.7	\$13.3
Personal Services		\$3.2	\$5.2	\$8.4
Gasoline Stations	\$6.6	\$0.2	\$0.7	\$7.6
Communications		\$4.2	\$1.6	\$5.8
Government		\$2.5	\$1.5	\$4.0
Wholesale Trade		\$1.7	\$2.2	\$3.9
Construction and Utilities		\$1.5	\$1.0	\$2.5
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



Visitor spending drives income across industries, including **eight industries with more than \$13 million** in total income.

Tax Impacts

Visitor spending, visitor supported jobs, and business sales generated nearly \$197 million in government revenues in 2024.

State and local taxes alone tallied almost \$120 million.

Each household in Tempe would need to be taxed an additional \$1,563 to replace the visitor-generated taxes received by state and local government in 2024.

Tax Impacts (2024)

\$ millions

	Total
Total Tax Revenue	\$196.6
Federal Taxes	\$77.0
Personal Income	\$36.9
Corporate	\$6.3
Indirect Business	\$6.7
Social Insurance	\$27.1
State and Local Taxes	\$119.6
Sales	\$49.5
Bed Tax	\$27.0
Personal Income	\$6.6
Corporate	\$1.0
Excise and Fees	\$4.8
Property	\$30.8

Source: Tourism Economics



Of the nearly \$120 million in state and local governmental revenues supported by visitor activity, the state government received almost \$61 million in 2024. The majority of state revenues were from sales taxes.

Local tax revenues from visitor activity supported \$59 million in local governmental revenues from property, sales, bed taxes, and excise and fees.

Tax impacts (2024)

\$ millions

	State	Local
Total Tax Revenue	\$60.6	\$59.0
Sales	\$32.8	\$16.7
Bed Tax	\$14.2	\$12.9
Personal Income	\$6.6	
Corporate	\$1.0	
Excise and Fees	\$1.7	\$3.0
Property	\$4.4	\$26.3

Source: Tourism Economics

ECONOMIC IMPACT IN CONTEXT



Economic Impact In Context



\$1.1B VISITOR SPENDING

The \$1.1 billion in visitor spending means that almost **\$3.1 million** was spent **every day** by visitors in Tempe, on average.



\$400M LABOR INCOME

The \$400 million in total income generated by tourism is the equivalent of **\$5,222 per household** in Tempe.



8,868 JOBS

The 8,868 jobs sustained by tourism supports **6.0%** of all **jobs** in Tempe.



\$120M STATE & LOCAL TAXES

The \$120 million in state and local taxes generated by visitors is enough to cover the salaries of nearly all the **public-school teachers (approximately 2,100)** in Tempe.



APPENDIX



Appendix

Glossary – Spending Definitions

Term	Description
Lodging	All accommodation businesses, including hotels, B&Bs, campgrounds, and short-term rentals. This includes food, entertainment, and other services provided by these establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
Recreation	Includes visitors spending within the arts, entertainment and recreation sector.
Retail	Includes visitor spending in all retail sub-sectors within the local economy, excluding grocery stores.
Local transport	Ride share, taxis, limos, trains, rental cars, buses, and gasoline purchases.
Second homes	Where applicable, spending associated with 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) related to businesses where visitors spend dollars (e.g. recreation, transportation, lodging).
Indirect Impact	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).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor activity.
Employment	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.
Labor income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Value Added (GDP)	Business sales net of intermediate (supply chain) purchases.
Local Taxes	City and County taxes generated by visitor spending. Includes any local sales, income, bed, usage fees, licenses and other revenue streams to local governmental authorities.
State Taxes	State tax revenues generated by visitor spending. Includes sales, income, corporate, usage fees and other assessments of state governments.

About the Research Team

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling 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.

Oxford Economics is an adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base comprises over 2,000 international organizations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics in order 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 employs more than 600 full-time staff, including 350+ professional economists and analysts. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Orlando, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC.

