

DURANGO VISITOR ECONOMY

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Prepared for: Visit Durango / JLL



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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Durango economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the city's future. How critical? In 2022, total business sales reached \$441 million in the city as a result of visitor spending.

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 particularly true for Durango as it builds upon its visitor economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Durango, Colorado. 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.

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

To quantify the significance of the visitor economy in Durango, 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.

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: regional survey data, including visitor spending data for visitors to Colorado
- 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
- Tax collections: Lodging tax receipts and sales tax collections for the City of Durango
- US Census: business sales by industry and seasonal second homes inventory

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR SPENDING

In 2022, visitors spent \$328 million across the Durango economy, surpassing 2019 levels by 25%. An increase of 11% over the prior year, visitor spending jumped \$30 million.

TOTAL ECONOMIC IMPACT

Direct visitor spending of \$328 million generated a total economic impact of \$441 million in Durango in 2022 including indirect and induced impacts. This total economic impact sustained more than 3,200 jobs and generated \$40 million in state and local tax revenues in 2022.



\$441 MILLION

Total Economic Impact of Tourism in Durango in 2022



\$328M

Direct Visitor
Spending



\$441M

Total
Economic
Impact



3,214

Total
Jobs
Generated



\$42M

State & Local
Taxes
Generated





VISITOR SPENDING & SPENDING TRENDS

Durango saw visitor spending reach a record high in 2022, registering \$328 million. An increase of 11% over 2021, 2022 visitor spending surpassed 2019 levels by 25%.

Spending grew across all sectors, driven by higher prices in key commodities, particularly in food & beverage and transportation. Spending on recreational activities led growth, increasing nearly 20% year-over-year. Spending on food & beverages and transportation within the destination, followed closely, registering 17% and 15% growth, respectively.

Despite a decline in hotel room demand, lodging spending grew 2.4% in 2022, a result of more than 9% growth in average daily room rates.

Durango visitor spending and annual growth

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

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Total visitor spending	\$248.54	\$263.43	\$213.10	\$295.86	\$328.46	11.0%	124.7%
Food & beverage	\$77.98	\$85.07	\$70.80	\$88.78	\$102.24	15.2%	120.2%
Lodging*	\$67.75	\$71.17	\$51.73	\$93.62	\$95.72	2.2%	134.5%
Transportation	\$39.20	\$40.78	\$34.98	\$44.50	\$52.13	17.1%	127.8%
Recreation	\$29.39	\$32.49	\$26.90	\$34.26	\$41.05	19.8%	126.3%
Retail	\$34.22	\$33.93	\$28.70	\$34.70	\$37.33	7.6%	110.0%

Source: Tourism Economics

* Lodging includes second home spending

VISITOR SPENDING

Visitors to Durango spent **\$328 million** across a range of sectors in 2022.

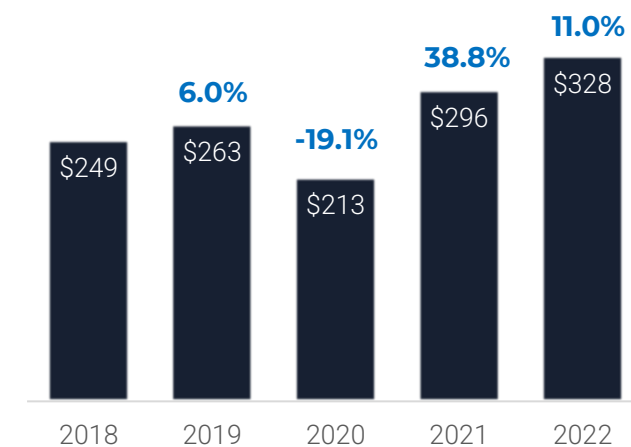
Visitor spending expanded 11% in 2022, increasing to 125% of 2019 levels.

Of the \$328 million spent in Durango in 2022 by visitors, food & beverage accounted for the largest share of each visitor's budget—31%. Lodging, including the value of second homes, registered \$96 million, 29% of the average visitor dollar. Spending on transportation within the destination resulted in \$52 million.

Recreation and retail captured 12% and 11%, respectively.

Durango visitor spending

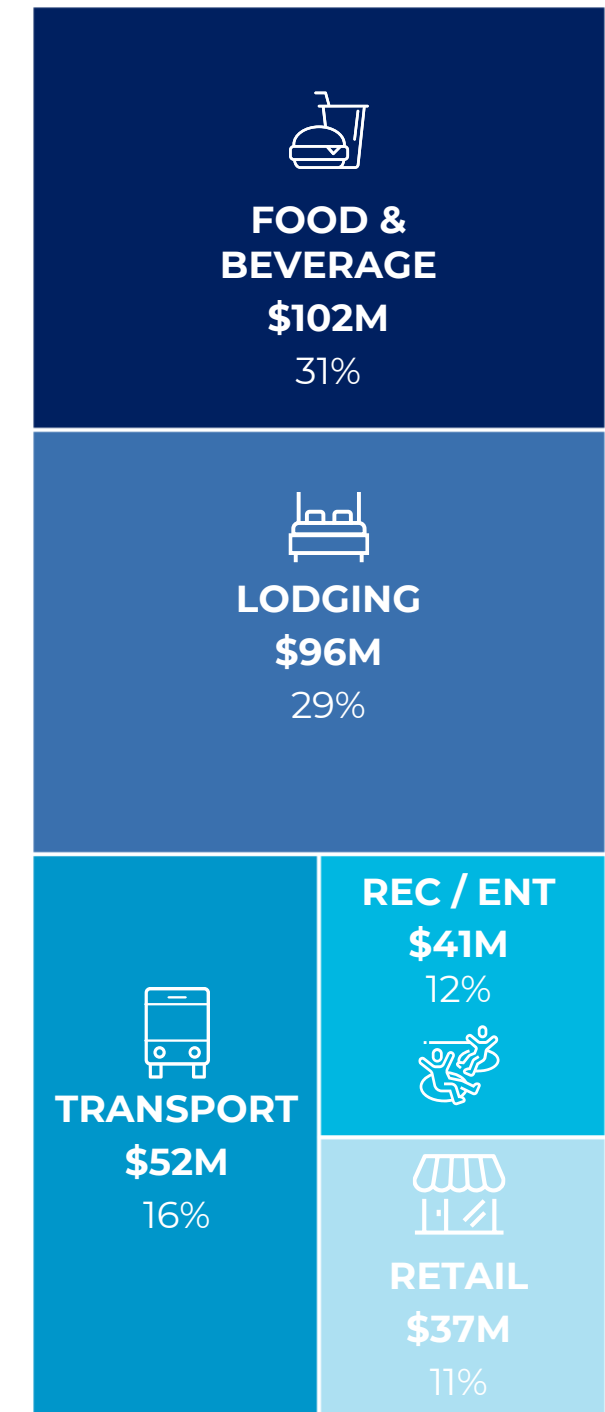
Amounts in \$ millions



Source: Tourism Economics

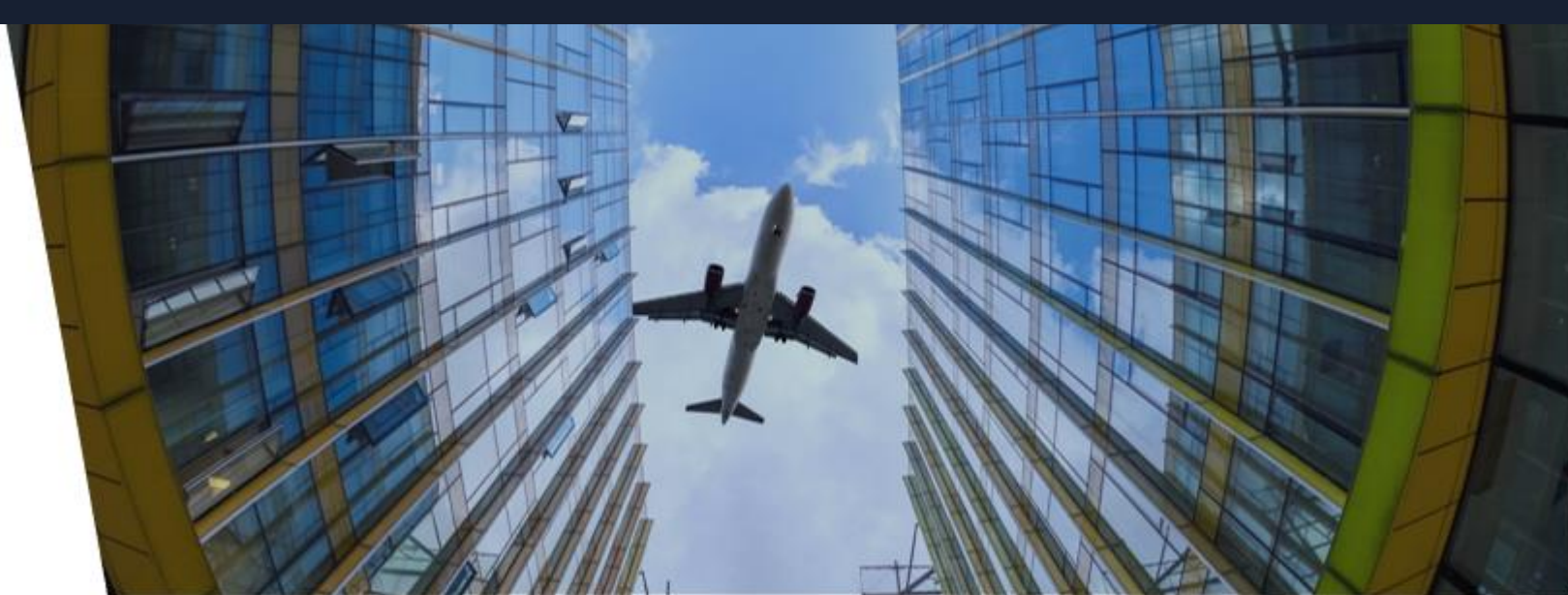
\$328 MILLION

Total Visitor Spending in 2022



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes.



ECONOMIC IMPACT FRAMEWORK

ECONOMIC IMPACT METHODOLOGY

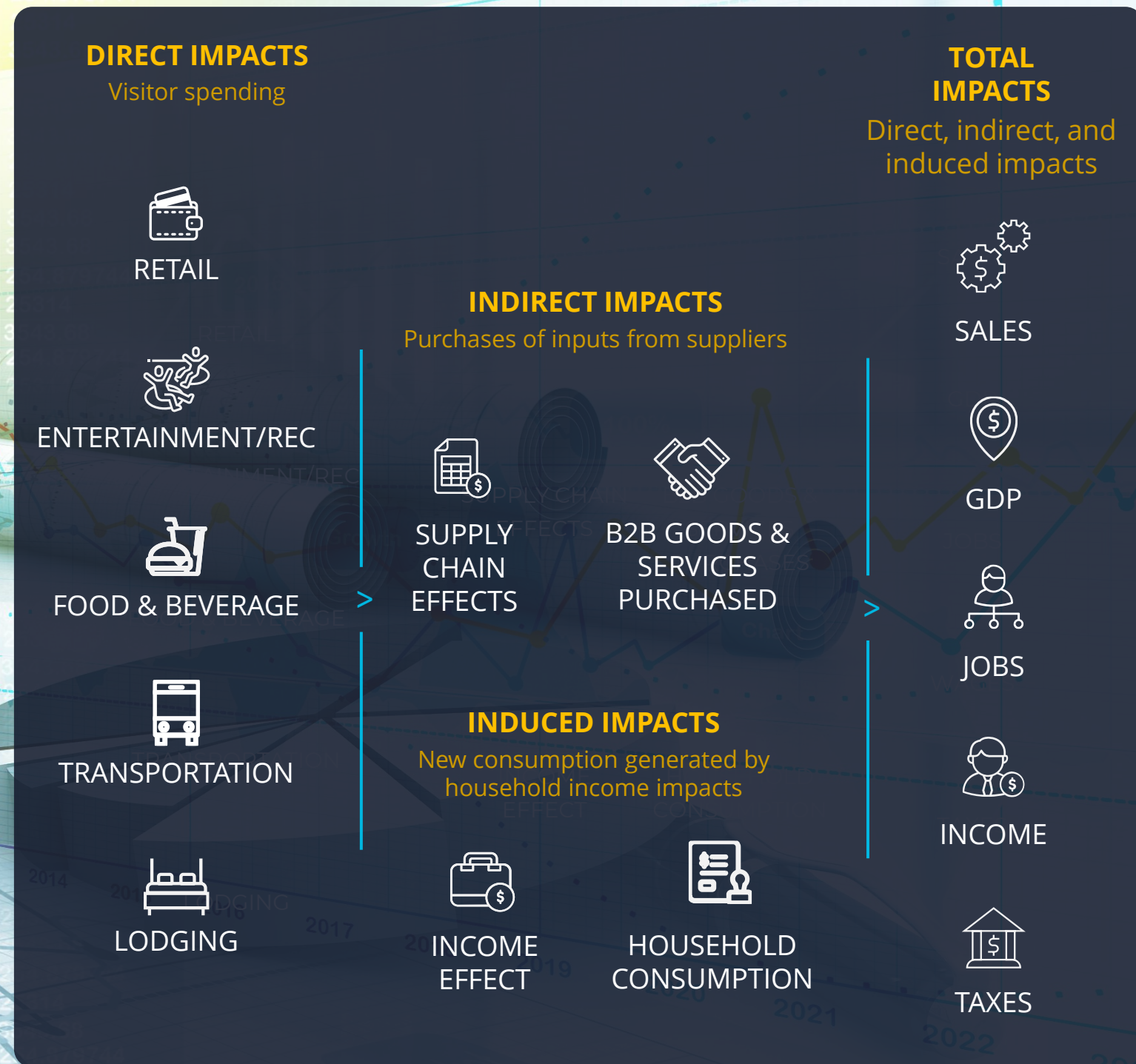
Our analysis of the Durango visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the Durango economy, constructed using an IMPLAN input-output (I-O) 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



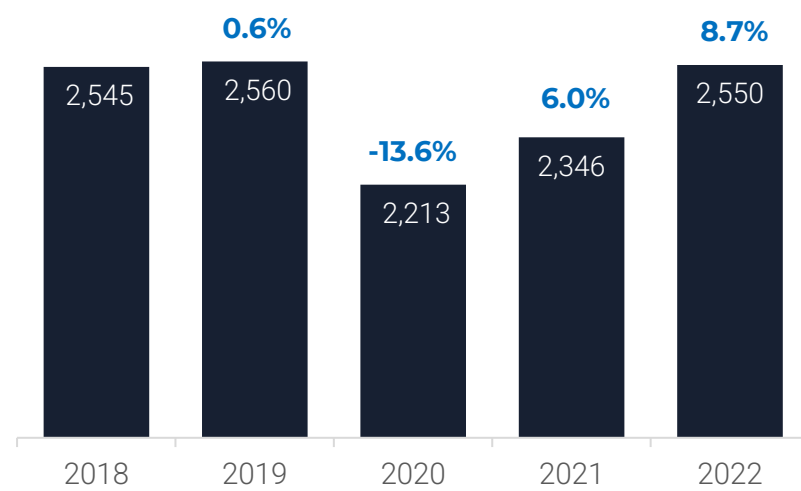
ECONOMIC IMPACT FINDINGS

DIRECT IMPACTS

Employment supported by visitor activity rose 9% in 2022, rebounding to 2,550 jobs. The number of jobs increased by more than 200 in 2022.

Recovery in visitor-supported jobs has been slower than spending, with visitor-supported employment levels slightly below pre-pandemic levels compared to 125% of spending.

Visitor supported employment in Durango
Amounts in number of jobs



Sources: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$328 million in 2022. This direct impact of \$328 million generated \$112 million in indirect and induced impacts, resulting in a total economic impact of \$441 million in the Durango economy.

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)

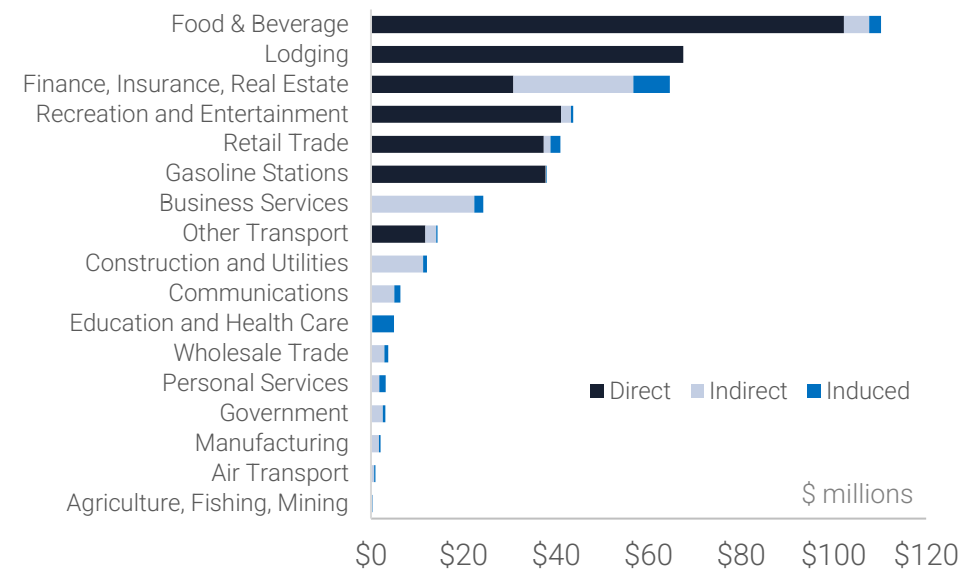
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$328.5	\$86.2	\$25.9	\$440.6
Food & Beverage	\$102.2	\$5.5	\$2.5	\$110.2
Lodging	\$67.5	\$0.0	\$0.0	\$67.5
Finance, Insurance, Real Estate	\$30.8	\$26.0	\$7.8	\$64.6
Recreation and Entertainment	\$41.0	\$2.2	\$0.5	\$43.7
Retail Trade	\$37.3	\$1.4	\$2.2	\$41.0
Gasoline Stations	\$37.8	\$0.0	\$0.1	\$38.0
Business Services		\$22.4	\$1.9	\$24.3
Other Transport	\$11.7	\$2.3	\$0.3	\$14.4
Construction and Utilities		\$11.2	\$0.9	\$12.1
Communications		\$5.0	\$1.3	\$6.3
Education and Health Care		\$0.3	\$4.7	\$5.0
Wholesale Trade		\$2.9	\$0.9	\$3.8
Personal Services		\$1.8	\$1.5	\$3.3
Government		\$2.5	\$0.6	\$3.1
Manufacturing		\$1.7	\$0.3	\$2.1
Air Transport		\$0.7	\$0.3	\$0.9
Agriculture, Fishing, Mining		\$0.3	\$0.1	\$0.4

Source: Tourism Economics

Visitor economy business sales impacts by industry (2022)

Amounts in \$ millions



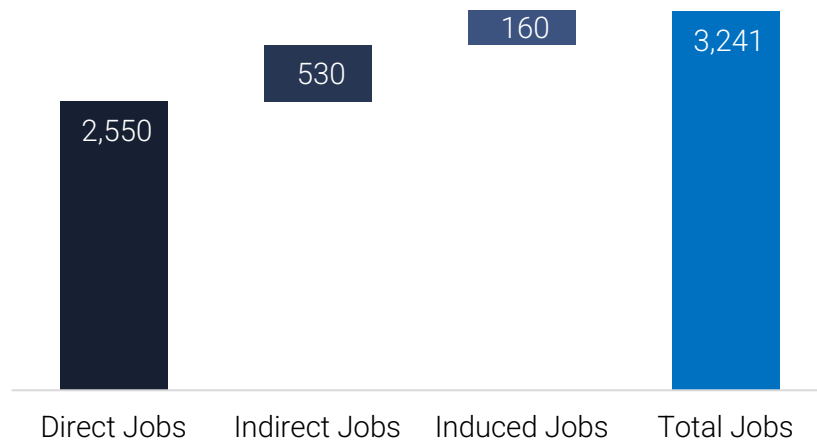
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 2,550 direct jobs in 2022, with an additional 691 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact reached 3,241 in 2022, 1-of-7 jobs in the city.

Summary employment impacts (2022)

Amounts in number of jobs



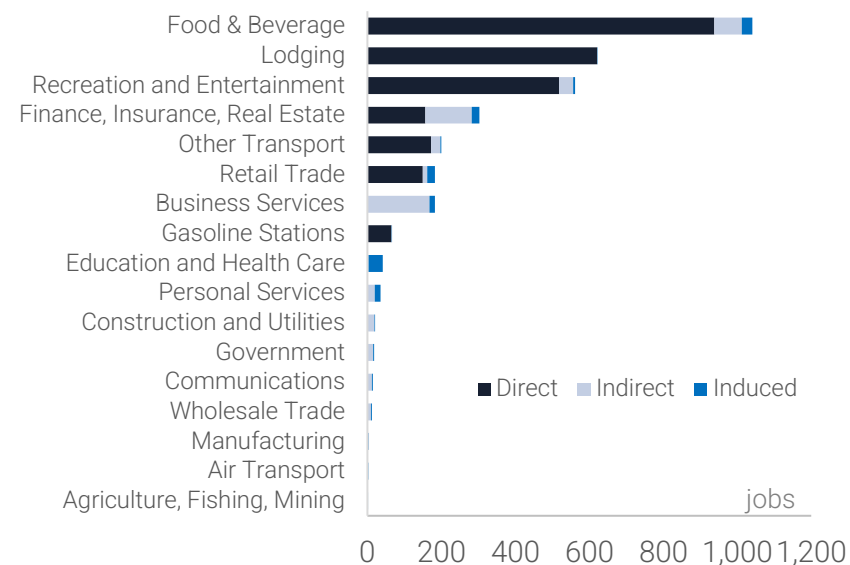
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (1,041).

Spending by businesses directly impacted by visitor spending supports 168 jobs in the business services industry – in areas like accounting, advertising and building services.

Tourism job impacts by industry (2022)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2022)

Amounts in number of jobs

Industry	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	2,550	530	160	3,241
Food & Beverage	938	74	28	1,041
Lodging	621	0	0	621
Recreation and Entertainment	518	38	6	562
Finance, Insurance, Real Estate	84	126	21	231
Other Transport	173	25	3	200
Retail Trade	150	12	21	183
Business Services		168	15	183
Gasoline Stations	65	0	1	67
Education and Health Care		3	38	42
Personal Services		20	15	36
Construction and Utilities		20	2	21
Government		16	3	18
Communications		12	3	15
Wholesale Trade		10	3	12
Manufacturing		4	1	4
Air Transport		2	1	2
Agriculture, Fishing, Mining		1	1	2

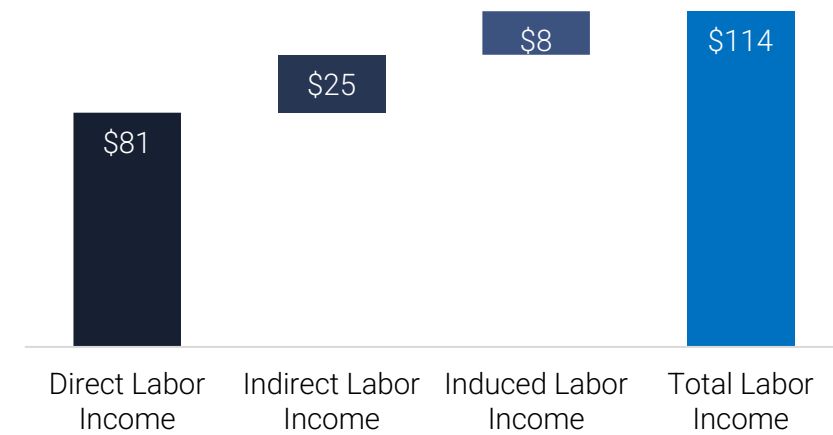
Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$81 million in direct labor income and a total of \$114 million when including indirect and induced impacts.

Summary labor income impacts (2022)

Amounts in \$ millions

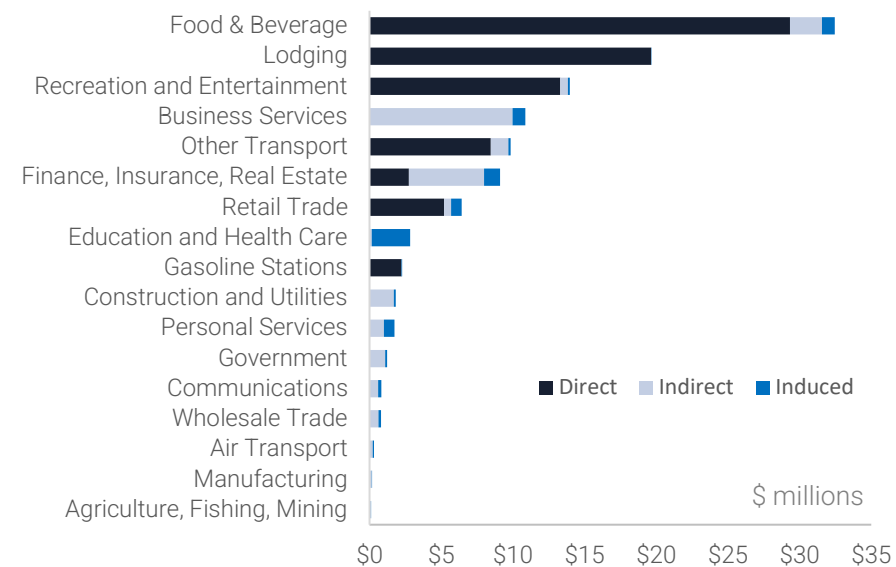


Source: Tourism Economics

There are seven industries in which visitor activity supports more than \$5 million in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services.

Tourism 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	\$80.9	\$25.3	\$8.2	\$114.3
Food & Beverage	\$29.3	\$2.2	\$0.9	\$32.4
Lodging	\$19.6	\$0.0	\$0.0	\$19.6
Recreation and Entertainment	\$13.3	\$0.5	\$0.1	\$14.0
Business Services		\$10.0	\$0.9	\$10.9
Other Transport	\$8.4	\$1.2	\$0.1	\$9.8
Finance, Insurance, Real Estate	\$2.7	\$5.3	\$1.1	\$9.1
Retail Trade	\$5.2	\$0.5	\$0.7	\$6.4
Education and Health Care		\$0.1	\$2.7	\$2.8
Gasoline Stations	\$2.2	\$0.0	\$0.0	\$2.3
Construction and Utilities		\$1.7	\$0.1	\$1.8
Personal Services		\$1.0	\$0.7	\$1.7
Government		\$1.1	\$0.1	\$1.2
Communications		\$0.6	\$0.2	\$0.8
Wholesale Trade		\$0.6	\$0.2	\$0.8
Air Transport		\$0.2	\$0.1	\$0.3
Manufacturing		\$0.1	\$0.0	\$0.2
Agriculture, Fishing, Mining		\$0.1	\$0.0	\$0.1

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$65 million in government revenues.

State and local taxes alone tallied \$42 million in 2022.

Each household in Durango would need to be taxed an additional \$5,276 to replace the visitor-generated taxes received by state and local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	Total
Total Tax Revenues	\$64.5
Federal Taxes	\$23.0
Personal Income	\$5.1
Corporate	\$2.1
Indirect Business	\$2.6
Social Insurance	\$13.2
State and Local Taxes	\$41.5
Sales	\$19.7
Bed Tax	\$3.4
Personal Income	\$2.7
Corporate	\$0.5
Social Insurance	\$0.2
Excise and Fees	\$3.0
Property	\$11.9

Source: Tourism Economics



Visitor-supported revenues to state government topped \$11 million in 2022, the majority of which are attributed to sales taxes.

Local tax revenues from visitor activity reached \$30 million, with sales taxes, property taxes, and lodging taxes supporting local government revenues from visitor spending.

Fiscal (tax) impacts

Amounts in \$ millions

	State	Local
Total Tax Revenues	\$11.2	\$30.3
Sales	\$6.8	\$12.9
Bed Tax		\$3.4
Personal Income	\$2.7	
Corporate	\$0.5	
Social Insurance	\$0.2	
Excise and Fees	\$0.9	\$2.1
Property		\$11.9

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$328M VISITOR SPENDING

The \$328 million in visitor spending means that nearly \$900,000 was spent EVERY DAY by visitors in Durango.



\$114M LABOR INCOME

The \$117 million in total income generated by tourism is the equivalent of \$14,540 for every household in Durango.



3,241 TOTAL JOBS

The number of jobs sustained by tourism (3,241) supports 15% of all jobs in Durango.



\$42M STATE & LOCAL TAXES

The \$42 million in state and local taxes generated by tourism would cover the average salaries of 985 public school teachers in Durango.

APPENDIX

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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