



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

THE IOWA VISITOR ECONOMY 2023

October 2024

Prepared for: Iowa Economic Development Authority



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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Iowa economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the region's future. In 2023, visitors spent \$7.3 billion at Iowa businesses.

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.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Iowa. The model traces the flow of visitor-related expenditures through the region'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.

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.

To quantify the economic significance of the visitor economy in Iowa, 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.

The analysis draws on the following data sources:

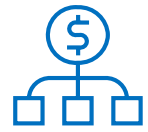
- Arrivalist mobile device geolocation data
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: lodging performance data, including room demand, room rates, occupancy, and room revenue
- Tax collections: sales and lodging tax receipts
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Iowa based on aviation, survey, and credit card information

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR SPENDING

Visitor spending increased \$351 million (5.1%) in 2023. Overall, visitors to Iowa spent \$7.3 billion in 2023.



\$7.3 BILLION

Visitor Spending in Iowa in 2023

TOTAL ECONOMIC IMPACT

The \$7.3 billion spent by visitors generated \$10.9 billion in total business sales, sustained 70,954 jobs, and generated \$1.1 billion in state and local tax revenues.



\$10.9B

Total
Economic
Impact



70,954

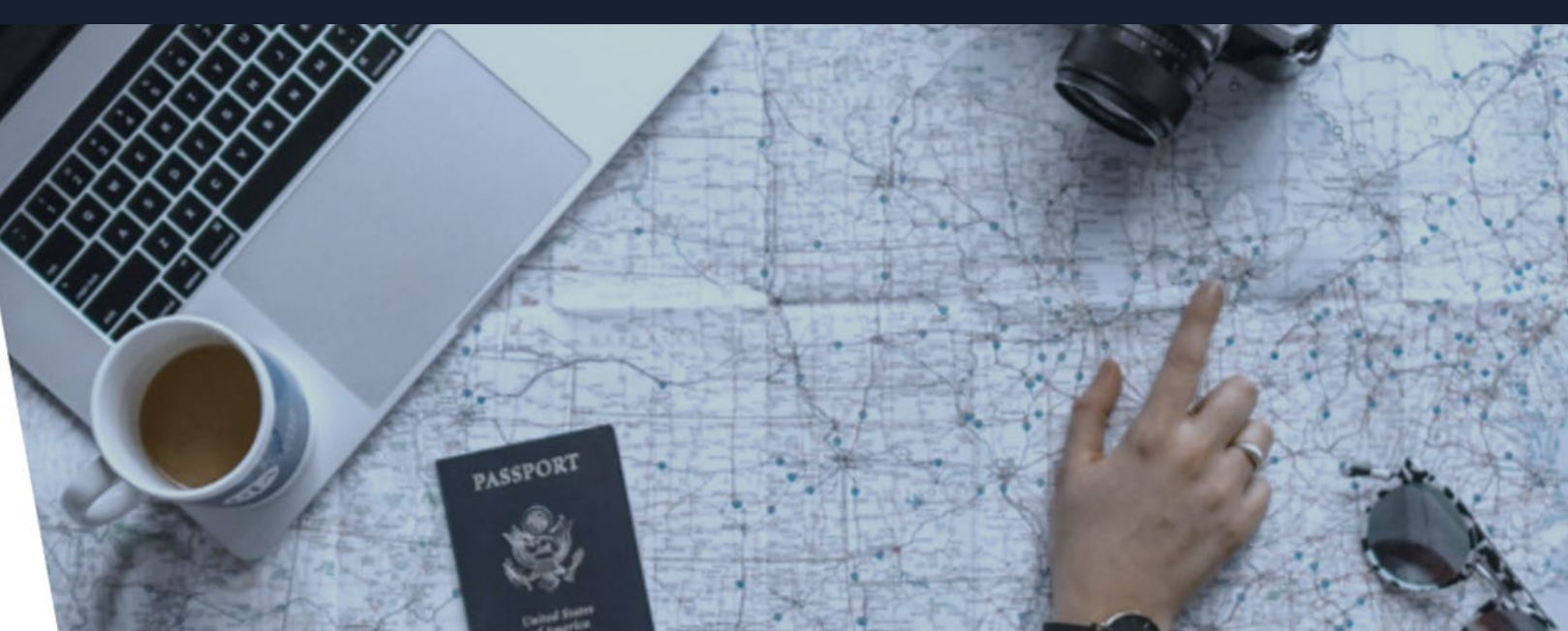
Total
Jobs
Generated



\$1.1B

State & Local
Taxes
Generated





VISITOR SPENDING

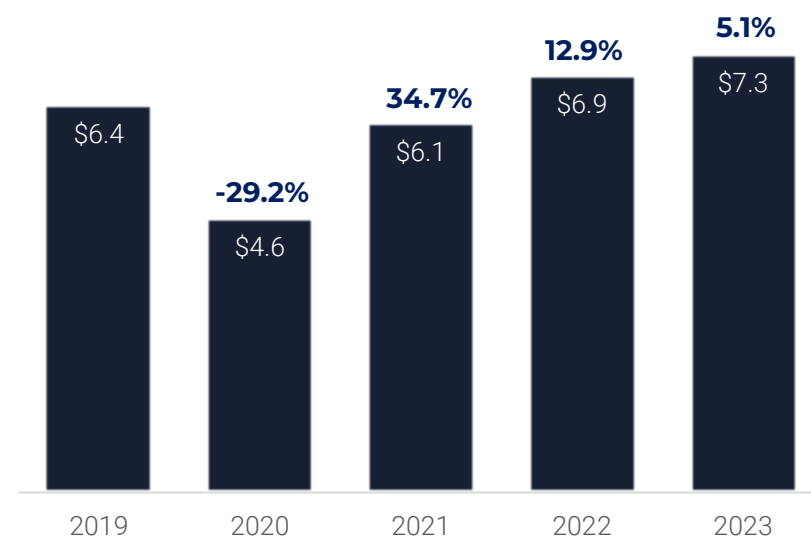
Driven by moderate demand and price growth, visitor spending in Iowa grew 5.1% to reach \$7.3 billion in 2023.

VISITOR SPENDING

Growth in 2023

With an increase of \$351 million over the prior year, visitor spending topped \$7 billion for the first time in 2023.

Iowa visitor spending
Amounts in \$ billions



Sources: Tourism Economics

VISITOR SPENDING

Visitors to Iowa spent \$7.3 billion across a range of sectors in 2023

Of the \$7.3 billion spent by visitors to Iowa in 2023, transportation, including spending on air and transportation within the destination, totaled \$1.9 billion, 26% of all visitor spending.

Visitor spending on food and beverage accounted for \$1.7 billion, 23% of each visitor's budget.

Lodging spending, including the value of second homes, reached \$1.4 billion, 19% of visitor spending.

Recreation and entertainment spending came in at 16% of visitor spending, \$1.2 billion.

At \$1.2 billion, retail spending accounted for 16% of visitor spending.

\$7.3 BILLION

Visitor Spending in 2023



Source: Tourism Economics

Lodging includes spending on second homes. Transportation spending includes both ground and air transportation.

VISITOR SPENDING TRENDS

Overall, visitor spending in Iowa increased \$351 million (5.1%) in 2023. Among the spending categories, food and beverage saw the strongest growth (9.6%) reaching nearly \$1.7 billion.

Recreation and entertainment and lodging spending demonstrated solid growth, increasing 5.6% and 4.5%, respectively.

As a result of strong air spending combined with declining gas prices, transportation spending, including both air and transportation within the destination, reached \$1.9 billion in 2023.

Meanwhile, retail spending saw modest growth (2.5%), registering a record high of nearly \$1.2 billion.

Iowa visitor spending

Amounts in \$ millions, 2023 % change, and % recovered relative to 2019

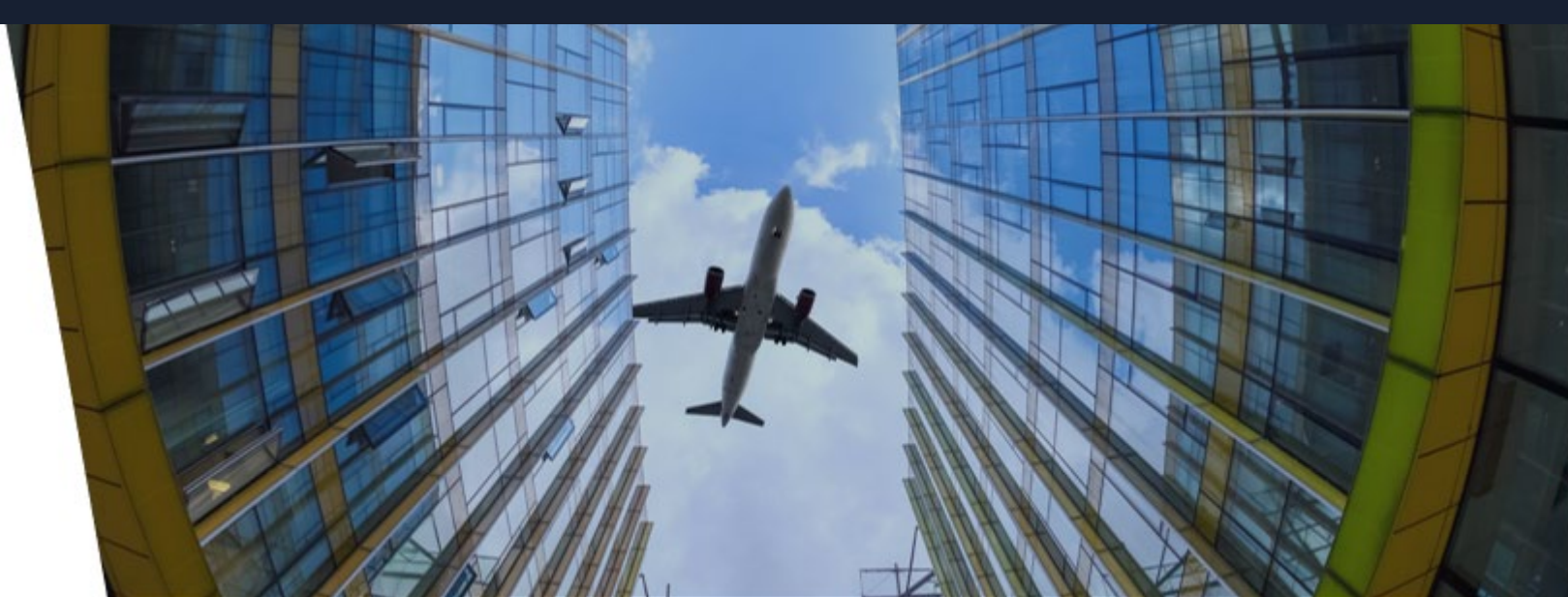
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2023 Growth | % relative to 2019 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|-------------|--------------------|
| Total visitor spending | \$6,449 | \$4,565 | \$6,148 | \$6,939 | \$7,289 | 5.1% | 113.0% |
| Transportation** | \$1,636 | \$1,142 | \$1,615 | \$1,834 | \$1,888 | 2.9% | 115.4% |
| Food & beverage | \$1,395 | \$1,084 | \$1,369 | \$1,530 | \$1,676 | 9.6% | 120.2% |
| Lodging* | \$1,209 | \$740 | \$1,137 | \$1,337 | \$1,397 | 4.5% | 115.5% |
| Recreation & entertainment | \$1,074 | \$723 | \$959 | \$1,114 | \$1,176 | 5.6% | 109.5% |
| Retail | \$1,135 | \$876 | \$1,067 | \$1,124 | \$1,152 | 2.5% | 101.5% |

Source: Tourism Economics

* Lodging includes second home spending

** Transportation spending includes both ground and air transportation.





ECONOMIC IMPACT METHODOLOGY

Our analysis of the Iowa 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 Iowa 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.

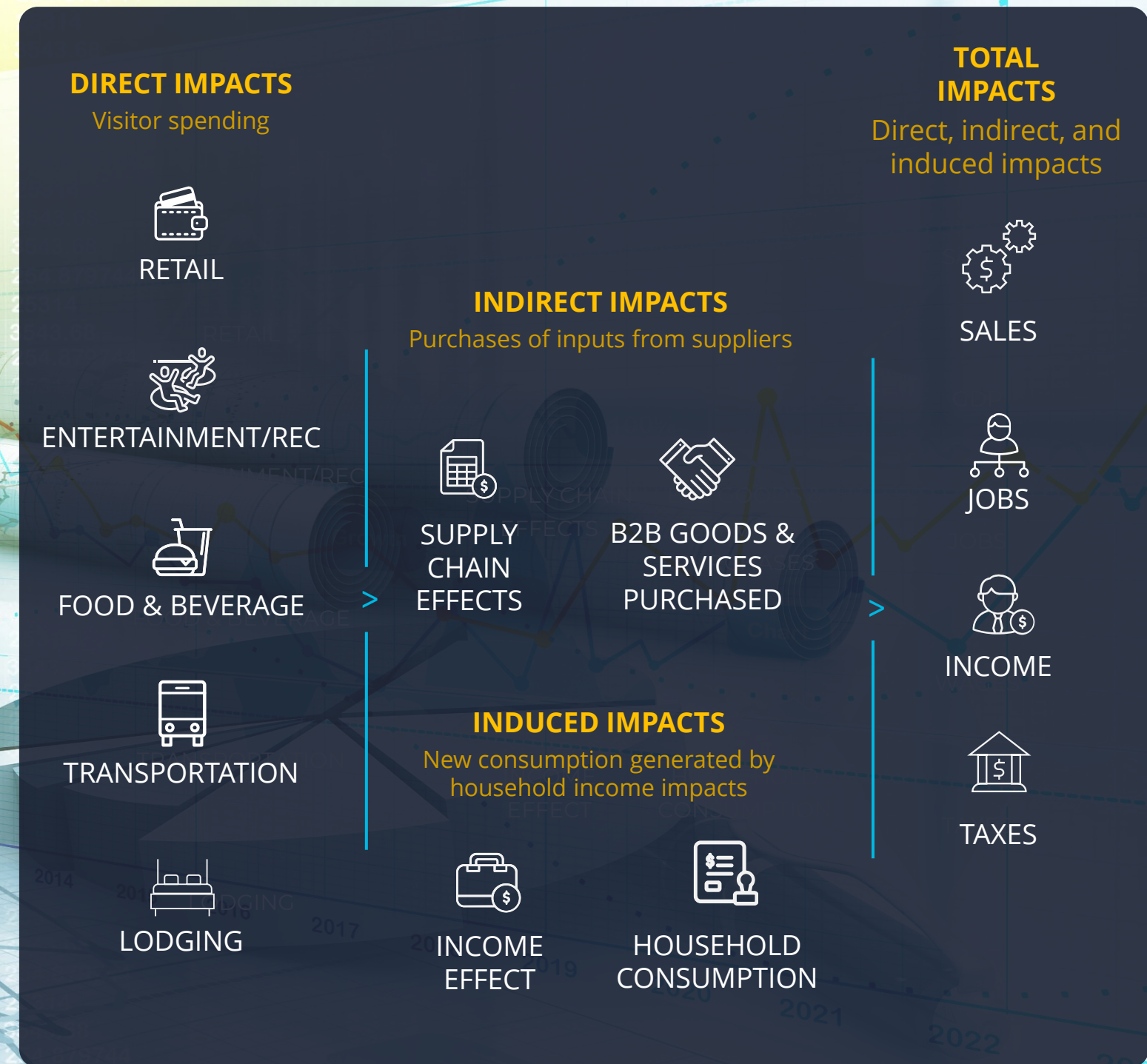
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 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



ECONOMIC IMPACT FINDINGS

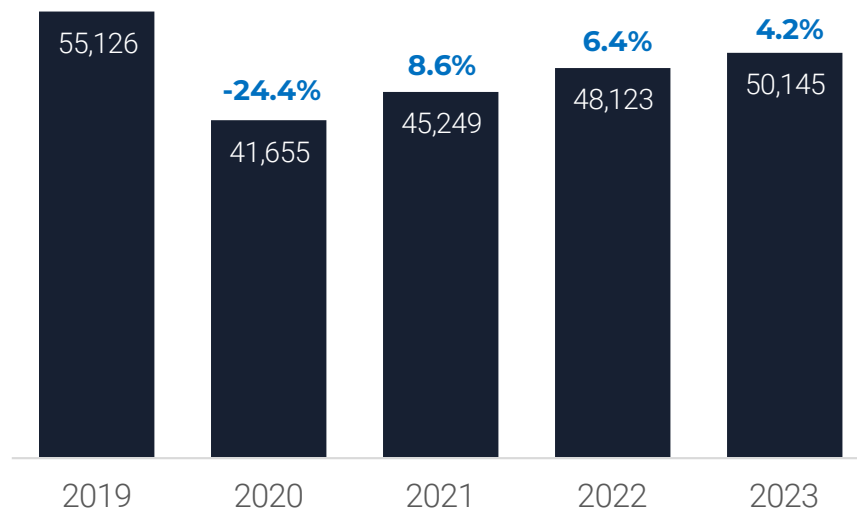
DIRECT IMPACTS

Visitor-supported employment rose 4.2% or 2,022 jobs in 2023, rebounding to 50,145 jobs. Employment directly supported by visitors fell less than 5,000 jobs shy of the 2019 benchmark.

Visitor-supported employment recovery continues to lag that of spending, with employment levels coming in at 91% of pre-pandemic levels compared to spending levels which rose to 113% in 2023.

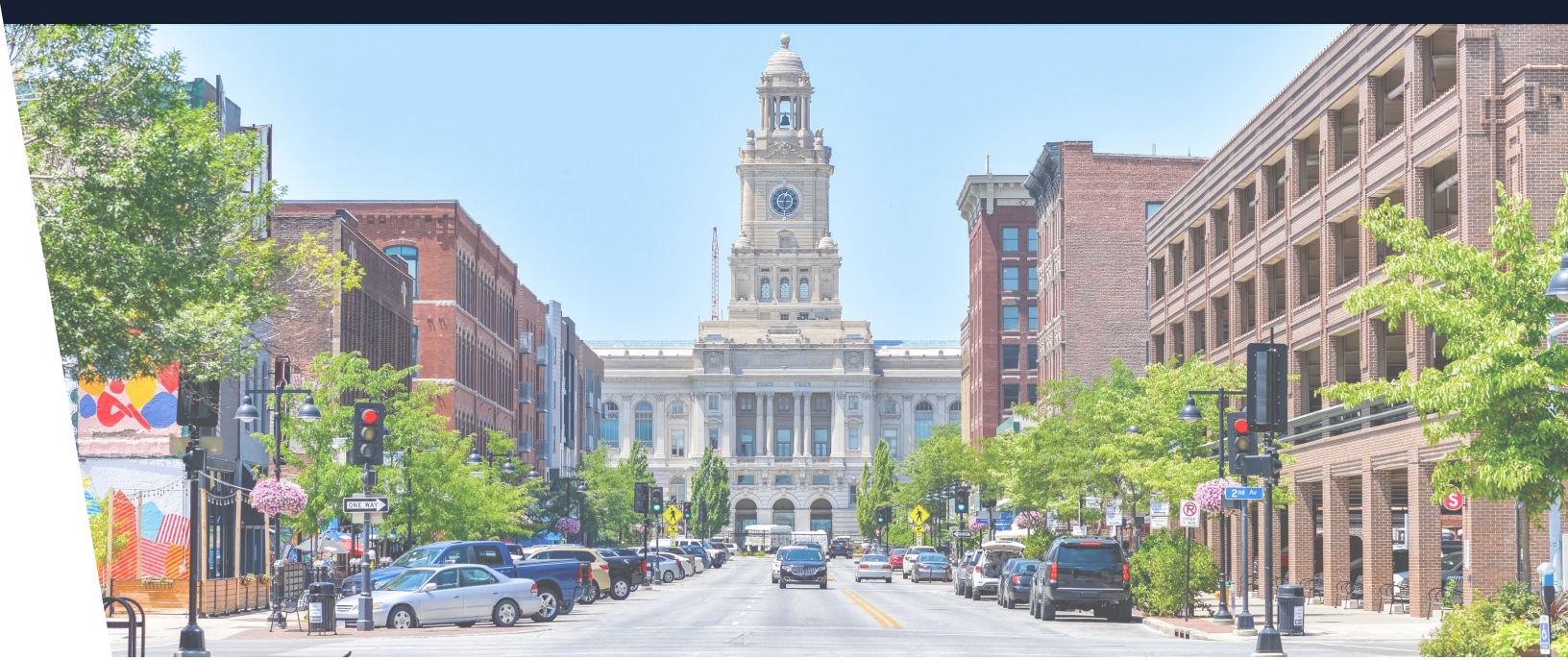
Direct visitor supported employment in Iowa

Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$7.3 billion in 2023. This direct impact generated \$3.6 billion in indirect and induced impacts, resulting in a total economic impact of \$10.9 billion in the Iowa economy.

Aside from direct impacts, significant benefits accrued in sectors like finance, insurance, and real estate, and business services.

Summary economic impacts (2023)

Amounts in \$ billions



Source: Tourism Economics

Business sales impacts by industry (2023)

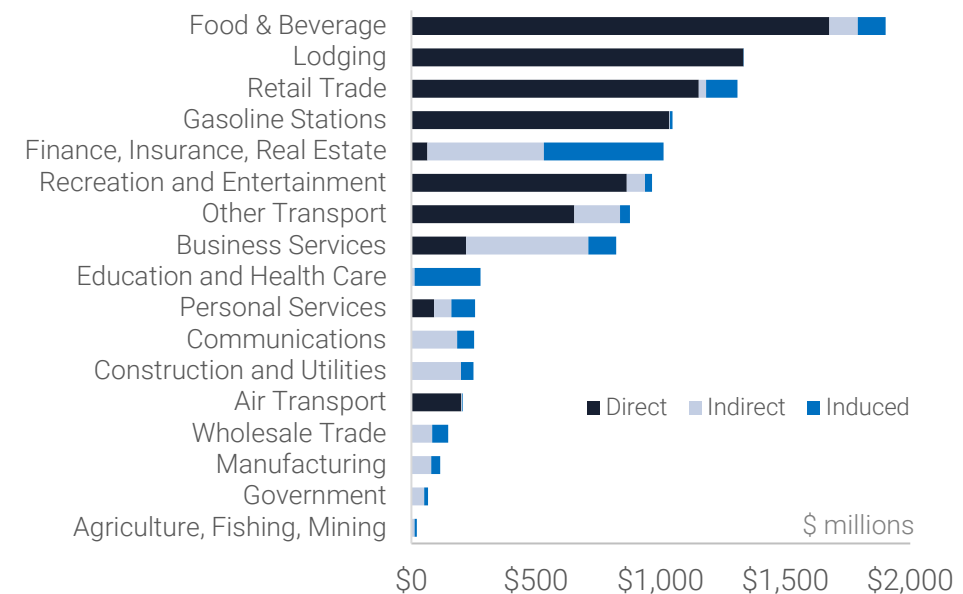
Amounts in \$ millions

| | Direct Business Sales | Indirect Business Sales | Induced Business Sales | Total Business Sales |
|---------------------------------|-----------------------|-------------------------|------------------------|----------------------|
| Total, all industries | \$7,289 | \$2,055 | \$1,513 | \$10,857 |
| Food & Beverage | \$1,676 | \$113 | \$112 | \$1,902 |
| Lodging | \$1,332 | \$0 | \$0 | \$1,332 |
| Retail Trade | \$1,152 | \$30 | \$126 | \$1,308 |
| Gasoline Stations | \$1,034 | \$3 | \$10 | \$1,047 |
| Finance, Insurance, Real Estate | \$65 | \$466 | \$480 | \$1,011 |
| Recreation and Entertainment | \$864 | \$72 | \$28 | \$965 |
| Other Transport | \$653 | \$184 | \$39 | \$876 |
| Business Services | \$220 | \$490 | \$112 | \$821 |
| Education and Health Care | | \$14 | \$264 | \$278 |
| Personal Services | \$92 | \$70 | \$95 | \$256 |
| Communications | | \$184 | \$67 | \$251 |
| Construction and Utilities | | \$199 | \$50 | \$250 |
| Air Transport | \$201 | \$3 | \$3 | \$207 |
| Wholesale Trade | | \$84 | \$64 | \$148 |
| Manufacturing | | \$80 | \$37 | \$116 |
| Government | | \$51 | \$16 | \$68 |
| Agriculture, Fishing, Mining | | \$13 | \$9 | \$22 |

Source: Tourism Economics

Business sales impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 50,145 direct jobs in 2023, with an additional 20,809 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact reached 70,954 in 2023, one of every 18 jobs in Iowa.

Summary employment impacts (2023)

Amounts in number of jobs



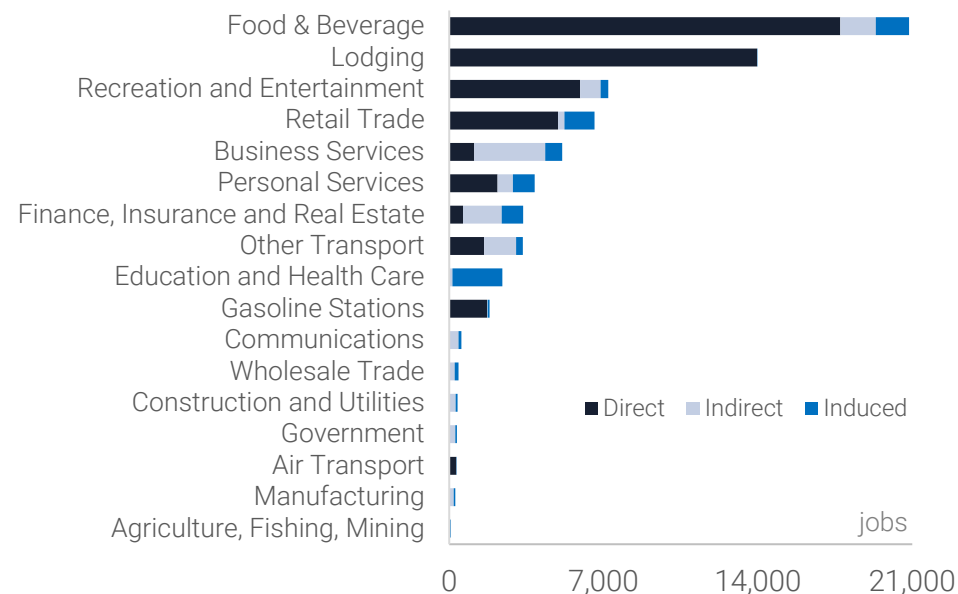
Source: Tourism Economics

Visitor spending supported the largest number of jobs in the food and beverage industry (20,859), followed by lodging with 13,964 jobs.

Spending by businesses directly impacted by visitor spending supported 3,212 jobs in the business services industry—in areas like accounting, advertising and building services.

Employment impacts by industry (2023)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2023)

Amounts in number of jobs

| | Direct Jobs | Indirect Jobs | Induced Jobs | Total Jobs |
|------------------------------------|---------------|---------------|--------------|---------------|
| Total, all industries | 50,145 | 11,586 | 9,223 | 70,954 |
| Food & Beverage | 17,738 | 1,616 | 1,506 | 20,859 |
| Lodging | 13,960 | 2 | 3 | 13,964 |
| Recreation and Entertainment | 5,942 | 919 | 349 | 7,210 |
| Retail Trade | 4,936 | 289 | 1,367 | 6,592 |
| Business Services | 1,139 | 3,212 | 771 | 5,122 |
| Personal Services | 2,187 | 698 | 992 | 3,877 |
| Finance, Insurance and Real Estate | 624 | 1,759 | 975 | 3,357 |
| Other Transport | 1,587 | 1,442 | 306 | 3,334 |
| Education and Health Care | | 139 | 2,270 | 2,409 |
| Gasoline Stations | 1,714 | 25 | 92 | 1,830 |
| Communications | | 418 | 140 | 558 |
| Wholesale Trade | | 247 | 173 | 420 |
| Construction and Utilities | | 288 | 95 | 384 |
| Government | | 284 | 70 | 353 |
| Air Transport | 319 | 8 | 7 | 334 |
| Manufacturing | | 199 | 77 | 276 |
| Agriculture, Fishing, Mining | | 43 | 29 | 72 |

Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$1.4 billion in direct labor income and a total of \$2.5 billion when including indirect and induced impacts.

Summary labor income impacts (2023)

Amounts in \$ billions

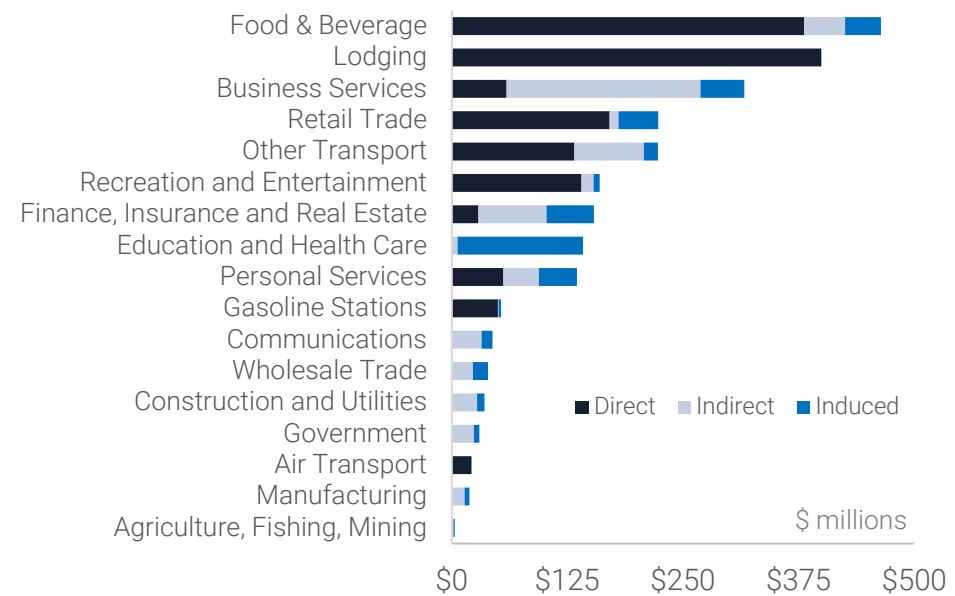


Source: Tourism Economics

There are nine industries in which visitor activity supports \$135 million or more in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services.

Labor income impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics



Labor income impacts by industry (2023)

Amounts in \$ millions

| | Direct Labor Income | Indirect Labor Income | Induced Labor Income | Total Labor Income |
|------------------------------------|---------------------|-----------------------|----------------------|--------------------|
| Total, all industries | \$1,439 | \$594 | \$431 | \$2,464 |
| Food & Beverage | \$381 | \$44 | \$39 | \$464 |
| Lodging | \$400 | \$0 | \$0 | \$400 |
| Business Services | \$59 | \$210 | \$47 | \$316 |
| Retail Trade | \$171 | \$10 | \$43 | \$223 |
| Other Transport | \$133 | \$75 | \$15 | \$223 |
| Recreation and Entertainment | \$140 | \$13 | \$7 | \$160 |
| Finance, Insurance and Real Estate | \$29 | \$74 | \$51 | \$154 |
| Education and Health Care | | \$6 | \$136 | \$142 |
| Personal Services | \$56 | \$38 | \$41 | \$135 |
| Gasoline Stations | \$50 | \$1 | \$3 | \$53 |
| Communications | | \$32 | \$12 | \$44 |
| Wholesale Trade | | \$23 | \$16 | \$39 |
| Construction and Utilities | | \$27 | \$8 | \$35 |
| Government | | \$24 | \$6 | \$30 |
| Air Transport | \$21 | \$0 | \$0 | \$22 |
| Manufacturing | | \$14 | \$5 | \$19 |
| Agriculture, Fishing, Mining | | \$2 | \$1 | \$3 |

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending generated \$1.9 billion in total government revenues in 2023.

State and local taxes alone tallied \$1.1 billion.

Each household in Iowa would need to be taxed an additional \$857 to replace the visitor-generated taxes received by state and local governments in 2023.

Fiscal (tax) impacts

Amounts in \$ millions

| | 2021 | 2022 | 2023 | 2023 Growth |
|---------------------------|----------------|----------------|----------------|----------------|
| Total Tax Revenues | \$1,756 | \$1,875 | \$1,946 | 3.8% |
| Federal Taxes | \$754 | \$809 | \$840 | 3.8% |
| Personal Income | \$234 | \$257 | \$267 | 3.6% |
| Corporate | \$57 | \$63 | \$66 | 5.1% |
| Indirect Business | \$48 | \$50 | \$52 | 4.6% |
| Social Insurance | \$417 | \$439 | \$455 | 3.6% |
| State Taxes | \$532 | \$572 | \$599 | 4.7% |
| Sales | \$338 | \$353 | \$371 | 5.1% |
| Bed Tax | \$52 | \$63 | \$66 | 4.6% |
| Personal Income | \$82 | \$90 | \$93 | 3.6% |
| Corporate | \$15 | \$16 | \$17 | 5.1% |
| Excise and Fees | \$46 | \$49 | \$51 | 3.6% |
| Local Taxes | \$469 | \$494 | \$507 | 2.7% |
| Sales | \$42 | \$43 | \$45 | 5.1% |
| Bed Tax | \$60 | \$75 | \$79 | 4.6% |
| Personal Income | \$2 | \$2 | \$2 | 3.6% |
| Excise and Fees | \$8 | \$9 | \$9 | 3.6% |
| Property | \$357 | \$364 | \$372 | 2.0% |

Source: Tourism Economics



ECONOMIC IMPACTS IN CONTEXT



\$7.3B VISITOR SPENDING

The \$7.3 billion in visitor spending means that nearly \$20 million was spent EVERY DAY by visitors in Iowa.



\$2.5B LABOR INCOME

The \$2.5 billion in total income generated by tourism is the equivalent of \$1,910 for every household in Iowa.



70,954 TOTAL JOBS

The number of jobs sustained by tourism (70,954) supports 5.4% of all jobs in Iowa.



\$1.1B STATE & LOCAL TAXES

The \$1.1 billion in state and local taxes generated in 2023 is enough to pay the salaries 19,681 Iowa public-school teachers.

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 discrete 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 | Employment is measured by the Bureau of Economic Analysis (BEA) and Bureau of Labor Statistics (BLS) definitions, 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) | The economic enhancement a company gives its products or services before offering them to customers. |
| Local Taxes | City and State 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 destinations 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 600 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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