

2024

Economic Impact of Visitors to Arroyo Grande, CA

Prepared by:



Prepared for:



ATTACHMENT 3

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Introduction

Background

The travel sector is an integral part of the economy in Arroyo Grande, California. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the regional economy.

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.

To quantify the economic significance of the tourism sector in Arroyo Grande, Tourism Economics 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 & Data Sources

Tourism Economics constructed an IMPLAN input-output model for San Luis Obispo County. 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.

The value of seasonal and second homes was estimated based on census data for seasonal units and estimated gross rents.

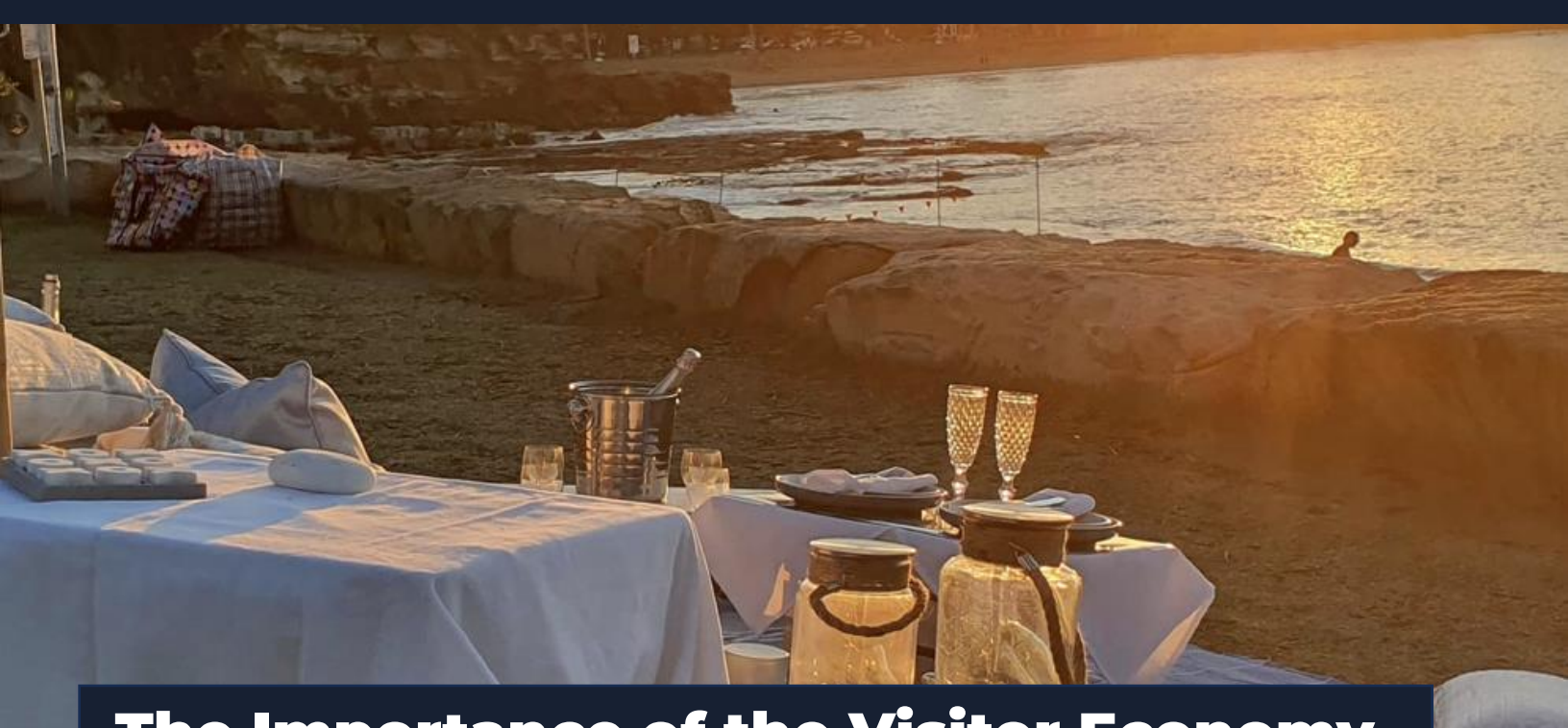
Visitors included those who stayed overnight or traveled more than 50 miles to the destination.

The 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
- San Luis Obispo County: Transit Occupancy Tax (TOT) collections by municipality
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to California based on aviation, survey, and credit card information
- VsaVue: Credit card spending data for international and domestic visitors

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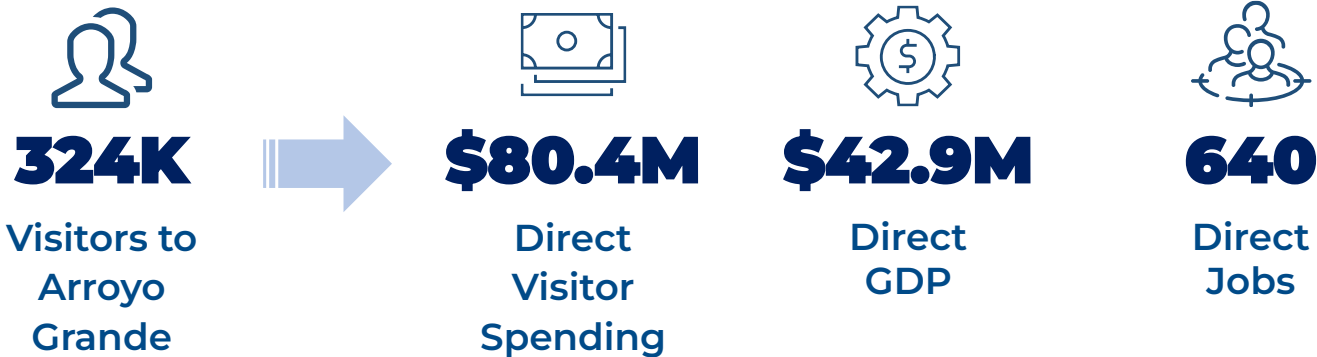
Executive Summary



The Importance of the Visitor Economy

Summary Direct Visitor Spending in 2024

In 2024, Arroyo Grande welcomed approximately 324,000 visitors, including 207,000 overnight visitors and 116,000 day visitors. In total, these visitors spent \$80.4 million across the regional economy, supporting \$42.9 million in direct GDP and approximately 640 direct jobs.



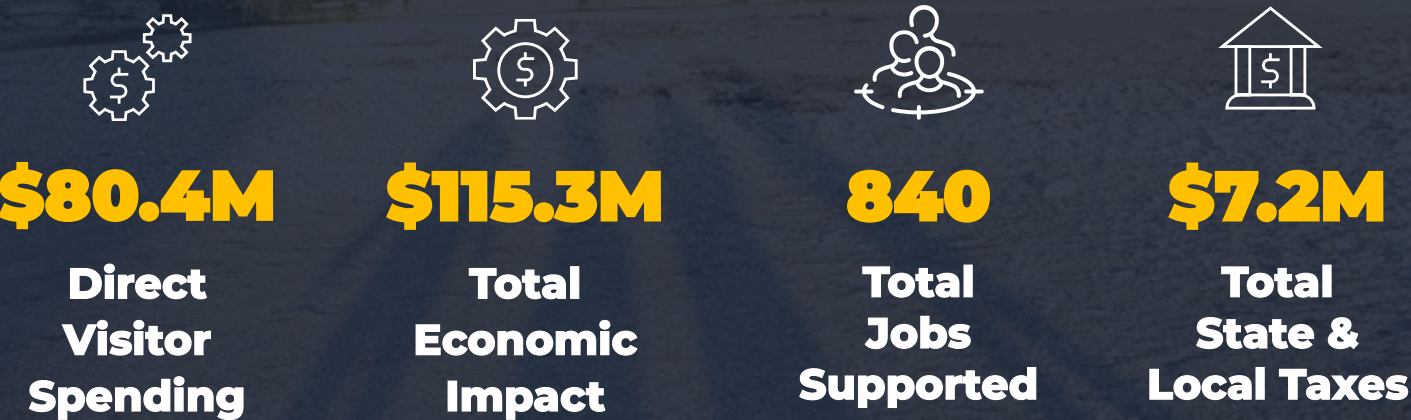
Total Economic Impact

The direct visitor spending impact of \$80.4 million generated a total economic impact of \$115.3 million (including indirect and induced impacts) and sustained approximately 840 total jobs.

In CY 2024, visitor-generated state and local tax revenues amounted to \$7.2 million.



Summary Economic Impacts of Visitors in Arroyo Grande (2024)



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Visitor Volume & Visitor Spending

Visitor Volume

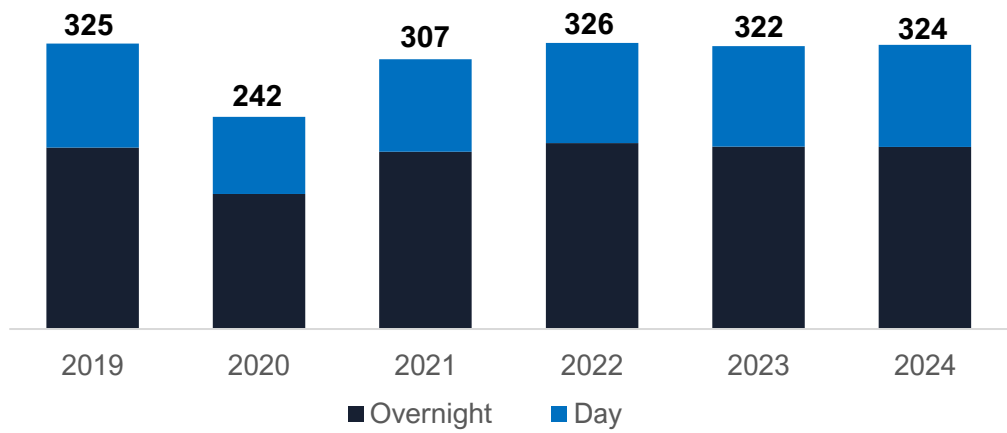
Arroyo Grande welcomed 324,000 visits in 2024.

The 324,000 total visits included 207,000 overnight visitors and 116,000 day visitors. In total, these visitors spent \$80.4 million, supporting \$19.7 million in direct labor income and approximately 640 direct jobs.

The 324,000 total visits to Arroyo Grande in 2024 represented a 0.4% increase over visitation levels in 2023.

Total Visits to Arroyo Grande
CY 2019-2024 (Thousands of Visits)

	2019	2020	2021	2022	2023	2024
Total visits	325.4	241.6	307.4	326.2	322.3	323.8
Overnight	206.6	153.9	201.9	211.8	207.8	207.3
Day	118.7	87.8	105.5	114.4	114.5	116.4



Source: Tourism Economics

Total Visits to Arroyo Grande
CY 2020-2024 (Year-on-Year % Change)

	2020	2021	2022	2023	2024
Total visits	-25.7%	27.2%	6.1%	-1.2%	0.4%
Overnight	-25.5%	31.2%	4.9%	-1.9%	-0.2%
Day	-26.1%	20.2%	8.5%	0.1%	1.7%

Source: Tourism Economics

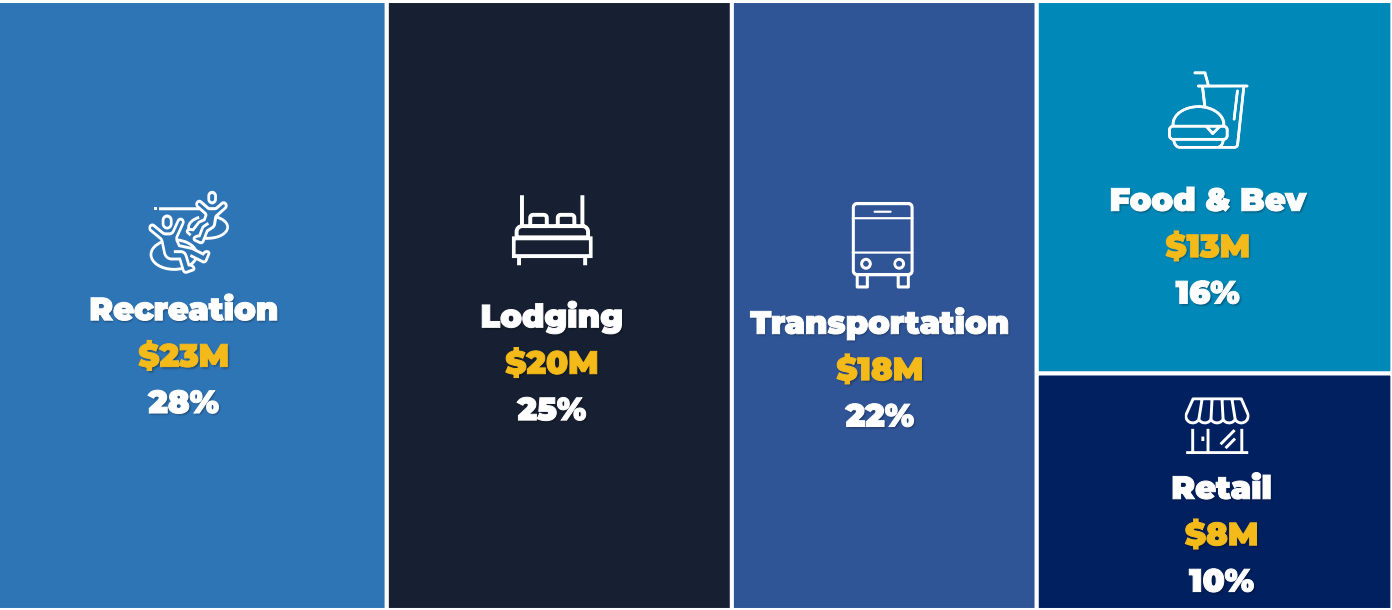
Visitor Spending

Visitors to Arroyo Grande spent approximately \$80 million in 2024.

Of the \$80.4 million spent by visitors to Arroyo Grande in 2024, recreation spending represented the highest spending category, registering \$22.5 million and capturing 28% of all visitor spending. Lodging (including the value of second homes) amounted to \$19.9 million, accounting for 25% of all visitor spending.

Transportation, including both air and local transportation within the destination, totaled \$17.5 million and comprised 22% of all visitor spending. Food and beverage spending amounted to \$12.5 million, (16% of total spending), while retail spending totaled \$7.9 million (10% of total spending).

Total Spending by Visitors to Arroyo Grande, by Industry
CY 2024 (\$ Millions and Percentage of Total Spending)

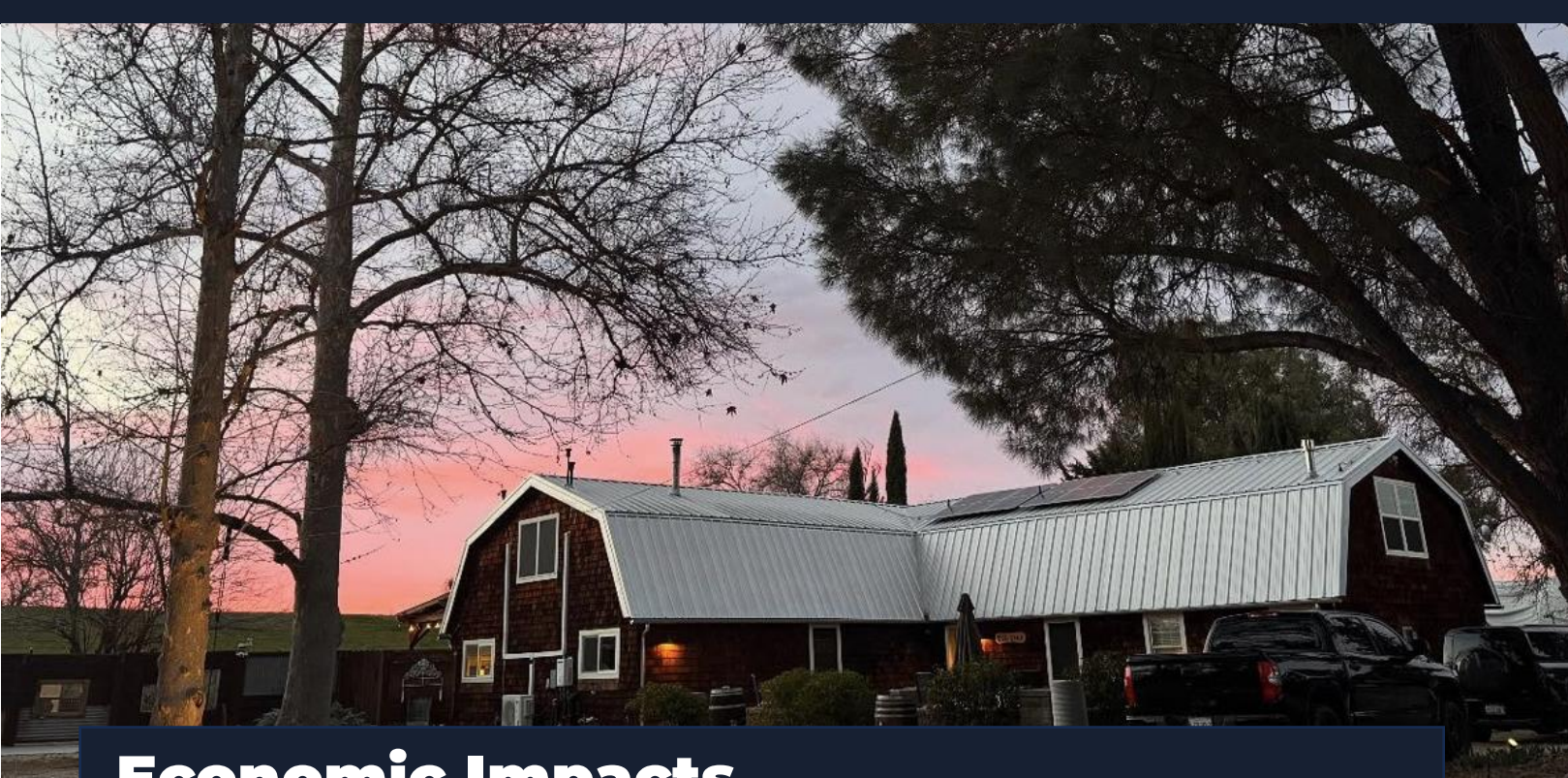


Source: Tourism Economics

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Economic Impacts





Economic Impacts

Our analysis of the Arroyo Grande visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, direct visitor spending serves as an input 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.

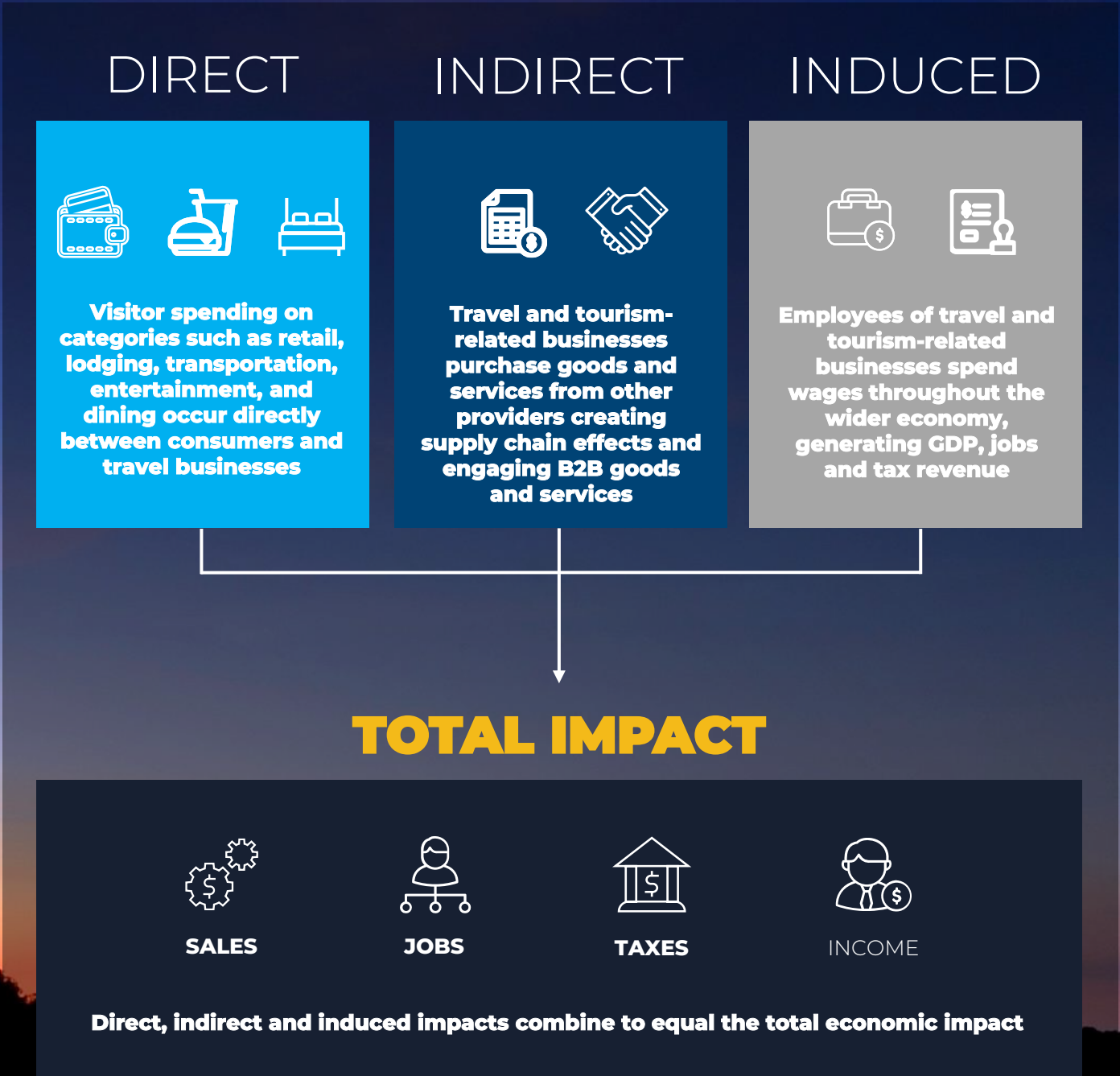
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as lodging, food and beverage, 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



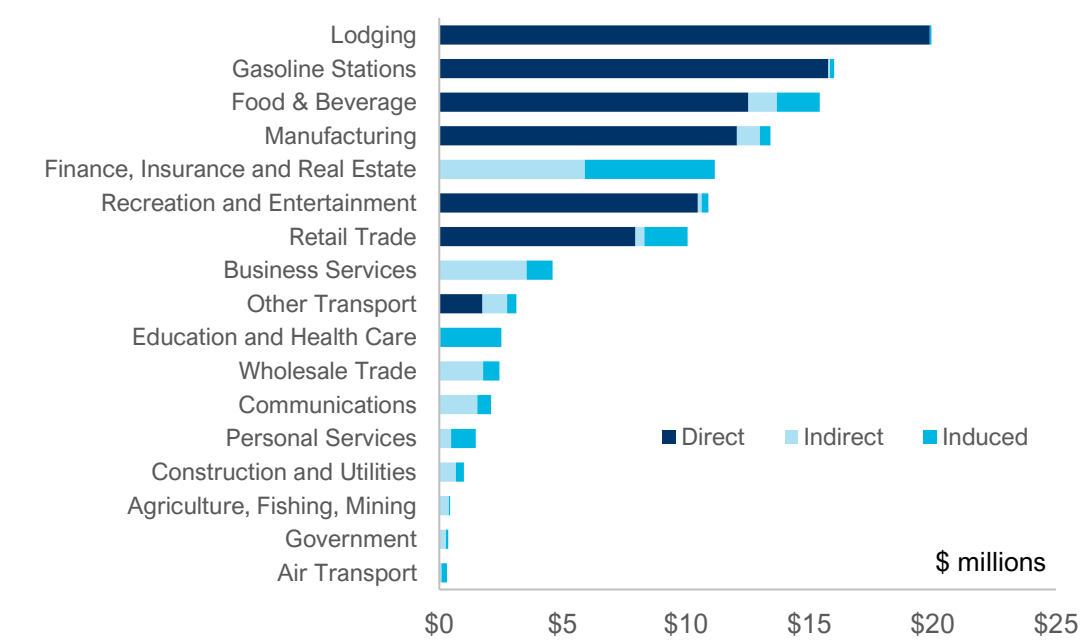
Business Sales Impacts

The \$80.4 million in visitor spending in 2024 generated a total economic impact of \$115.3 million throughout the regional economy.

As previously outlined, visitors to Arroyo Grande contributed a direct impact of \$80.4 million in 2024. This direct impact generated \$18.4 million in indirect impacts and \$16.5 million in induced impacts, resulting in a total economic impact of \$115.3 million throughout the regional economy..

The lodging industry was the most-impact industry with \$19.9 million in total business sales. The gasoline and food and beverage industries followed, with \$16.0 million and \$15.4 million in total business sales, respectively.

Business Sales Impacts, by Industry
CY 2024 (\$ Millions)



Source: Tourism Economics

Summary Economic Impacts of Arroyo Grande Visitors in 2024

\$80.4M
Direct Visitor Spending

+

\$18.4M
Indirect Business Sales

+

\$16.5M
Induced Business Sales

=

\$115.3M
Total Economic Impact

Business Sales Impacts, by Industry CY 2024 (\$ Millions)

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total Business Sales, All Industries	\$80.4	\$18.4	\$16.5	\$115.3
By industry				
Lodging	\$19.9	\$0.0	\$0.1	\$19.9
Gasoline Stations	\$15.8	\$0.1	\$0.2	\$16.0
Food & Beverage	\$12.5	\$1.2	\$1.7	\$15.4
Manufacturing	\$12.1	\$0.9	\$0.4	\$13.4
Finance, Insurance and Real Estate	\$0.0	\$5.9	\$5.3	\$11.2
Recreation and Entertainment	\$10.5	\$0.2	\$0.3	\$10.9
Retail Trade	\$7.9	\$0.4	\$1.7	\$10.1
Business Services	\$0.0	\$3.5	\$1.1	\$4.6
Other Transport	\$1.8	\$1.0	\$0.4	\$3.1
Education and Health Care	\$0.0	\$0.0	\$2.5	\$2.5
Wholesale Trade	\$0.0	\$1.8	\$0.7	\$2.4
Communications	\$0.0	\$1.5	\$0.6	\$2.1
Personal Services	\$0.0	\$0.5	\$1.0	\$1.5
Construction and Utilities	\$0.0	\$0.7	\$0.3	\$1.0
Agriculture, Fishing, Mining	\$0.0	\$0.4	\$0.1	\$0.4
Government	\$0.0	\$0.3	\$0.1	\$0.4
Air Transport	\$0.0	\$0.1	\$0.2	\$0.3

Source: Tourism Economics

Note: totals may not sum due to rounding.

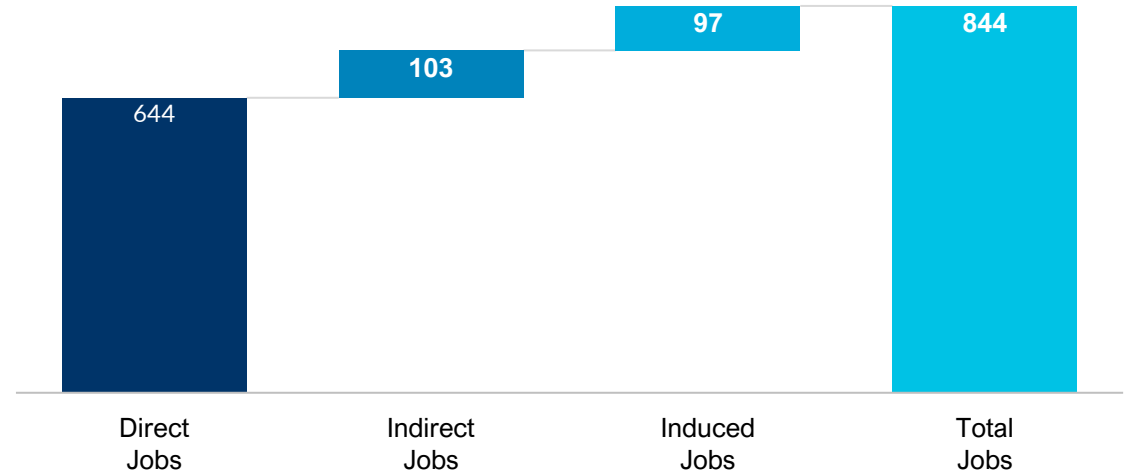
Job Impacts

Visitors to Arroyo Grande generated a total employment impact of approximately 840 part-time and full-time jobs in 2024.

Visitor activity sustained more than 640 direct jobs in 2024. Indirect and induced impacts generated 103 indirect jobs and 97 induced jobs, resulting in a total employment impact of more than 840 total jobs.

Job Impacts, by Industry
CY 2024 (Number of Jobs)

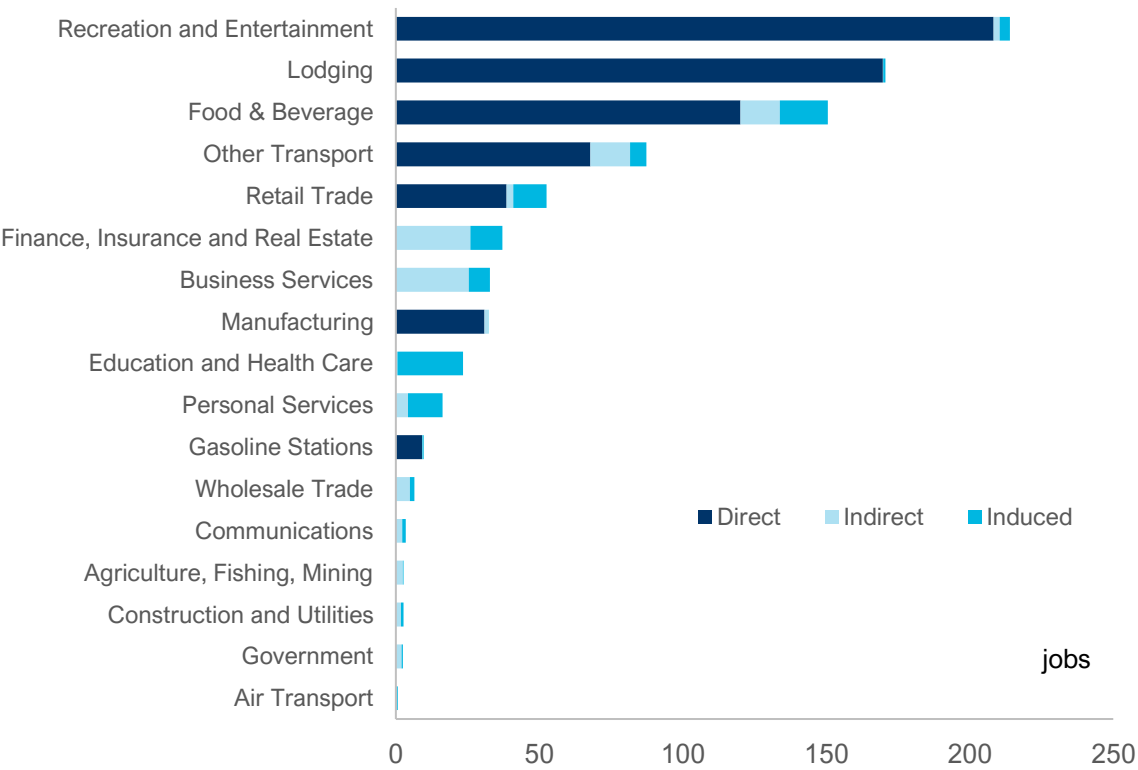
	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total Jobs, All Industries	644	103	97	844
By industry				
Recreation and Entertainment	208	2	4	214
Lodging	170	0	1	171
Food & Beverage	120	14	17	151
Other Transport	68	14	6	87
Retail Trade	39	2	12	52
Finance, Insurance and Real Estate	0	26	11	37
Business Services	0	25	7	33
Manufacturing	31	1	0	32
Education and Health Care	0	1	23	23
Personal Services	0	4	12	16
Gasoline Stations	9	0	0	10
Wholesale Trade	0	5	2	6
Communications	0	2	1	3
Agriculture, Fishing, Mining	0	2	0	3
Construction and Utilities	0	2	1	3
Government	0	2	0	2
Air Transport	0	0	0	1



Source: Tourism Economics
Note: Jobs include part-time and full-time jobs

The recreation and entertainment industry was the most-impact industry with approximately 214 total jobs. The lodging industry and food and beverage industry followed, with 171 and 151 total jobs, respectively.

Job Impacts, by Industry
CY 2024 (Number of Jobs)



Source: Tourism Economics
Note: Jobs include part-time and full-time jobs

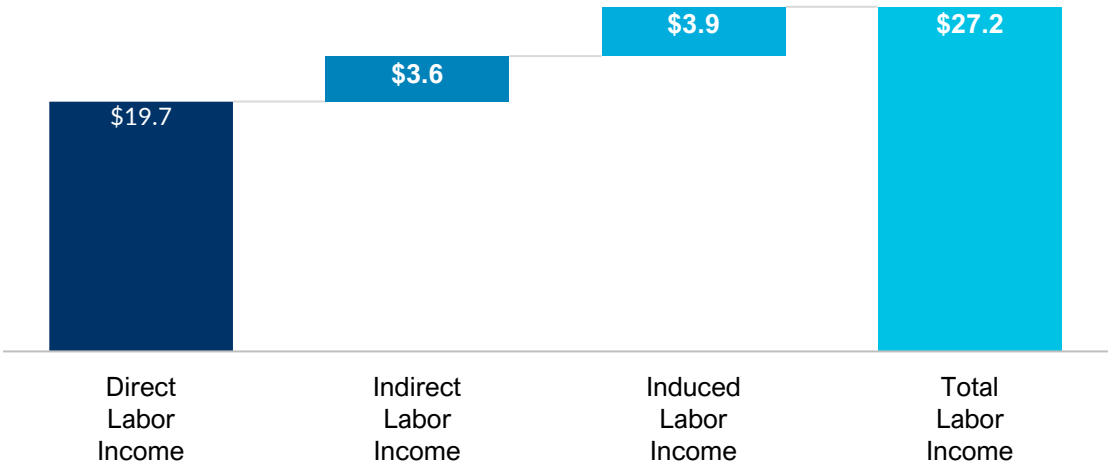
Labor Income Impacts

Visitors to Arroyo Grande generated a total labor income impact of more than \$27 million in 2024.

Visitor activity sustained \$19.7 million in direct labor income in 2024. Indirect and induced impacts generated \$3.6 million in indirect labor income and \$3.9 million in induced labor income, resulting in a total labor income impact of \$27.2 million.

Labor Income Impacts, by Industry
CY 2024 (\$ Millions)

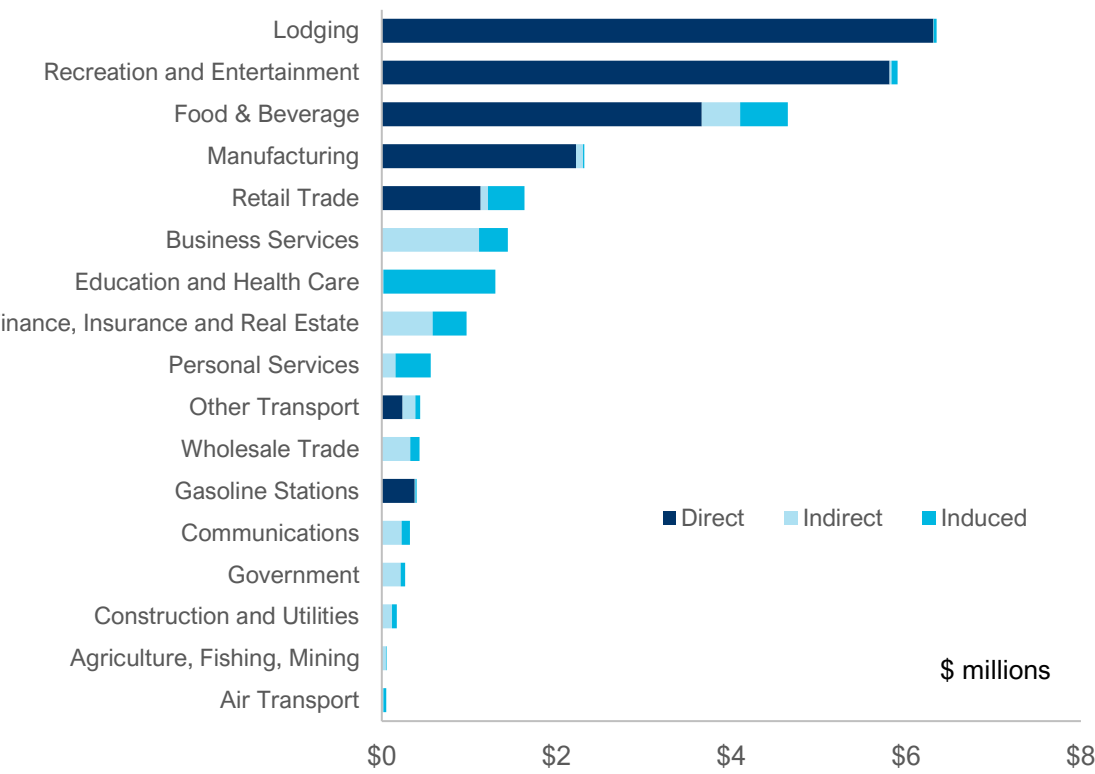
	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total Labor Income, All Industries	\$19.7	\$3.6	\$3.9	\$27.2
By industry				
Lodging	\$6.3	\$0.0	\$0.0	\$6.3
Recreation and Entertainment	\$5.8	\$0.0	\$0.1	\$5.9
Food & Beverage	\$3.7	\$0.4	\$0.5	\$4.6
Manufacturing	\$2.2	\$0.1	\$0.0	\$2.3
Retail Trade	\$1.1	\$0.1	\$0.4	\$1.6
Business Services	\$0.0	\$1.1	\$0.3	\$1.4
Education and Health Care	\$0.0	\$0.0	\$1.3	\$1.3
Finance, Insurance and Real Estate	\$0.0	\$0.6	\$0.4	\$1.0
Personal Services	\$0.0	\$0.2	\$0.4	\$0.6
Other Transport	\$0.2	\$0.1	\$0.1	\$0.4
Wholesale Trade	\$0.0	\$0.3	\$0.1	\$0.4
Gasoline Stations	\$0.4	\$0.0	\$0.0	\$0.4
Communications	\$0.0	\$0.2	\$0.1	\$0.3
Government	\$0.0	\$0.2	\$0.1	\$0.3
Construction and Utilities	\$0.0	\$0.1	\$0.1	\$0.2
Agriculture, Fishing, Mining	\$0.0	\$0.0	\$0.0	\$0.1
Air Transport	\$0.0	\$0.0	\$0.0	\$0.0



Source: Tourism Economics

The lodging industry was the most-impact industry with \$6.3 million in labor income. The recreation and entertainment industry and the food and beverage industry followed, with \$5.9 million and \$4.6 million in total labor income, respectively.

Labor Income Impacts, by Industry
CY 2024 (\$ Millions)



Source: Tourism Economics

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Fiscal (Tax) Impacts

Fiscal (Tax) Impacts

Visitors to Arroyo Grande generated a total fiscal (tax) impact of \$14.2 million, including \$7.0 million in federal taxes and \$7.2 million in state and local taxes.

Visitor spending directly generated \$5.4 million in state and local taxes, including \$2.2 million in sales tax revenue (which included \$1.5 million in Transient Occupancy Tax (TOT) revenue).

The tourism industry generated approximately \$7.2 million in total state and local tax revenues in CY 2024, including approximately \$2.4 million in sales tax revenue, \$1.2 million in personal income taxes, \$0.4 million in corporate taxes, \$0.5 million in excise and fees, and \$2.7 million in property tax revenues.

Fiscal (Tax) Impacts, by Type
CY 2024 (\$ Millions)

	Direct Taxes	Indirect & Induced Taxes	Total Taxes
Total Taxes	\$9.9	\$6.2	\$14.2
Federal	\$4.5	\$4.4	\$7.0
Personal income	\$2.5	\$1.1	\$3.5
Corporate	\$0.2	\$0.2	\$0.4
Indirect business	\$0.2	\$0.1	\$0.3
Social insurance	\$1.6	\$1.1	\$2.7
State and Local	\$5.4	\$1.8	\$7.2
Sales	\$2.2	\$0.2	\$2.4
Transient Occupancy Tax (TOT)	\$1.5	\$0.0	\$1.5
Personal income	\$0.9	\$0.4	\$1.2
Corporate	\$0.2	\$0.2	\$0.4
Excise and fees	\$0.3	\$0.2	\$0.5
Property	\$1.8	\$0.9	\$2.7

Source: Tourism Economics

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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 visitors 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 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 600 full-time staff, including 250 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, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC.



