

# ECONOMIC IMPACT OF VISITORS IN ILLINOIS 2022

June 2023

Prepared for: Illinois Office of Tourism



# CONTENTS

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<b>Introduction</b> Methodology & data sources	<b>03</b>
<b>Key Findings</b> Summary economic & fiscal impacts	<b>04</b>
<b>Visitor Volume and Visitor Spending</b> Visitor volume and visitor spending	<b>05</b>
<b>Economic Impact Methodology</b> Impact model framework	<b>08</b>
<b>Economic Impact Findings</b> Business sales, jobs, and labor income impacts	<b>09</b>
<b>Fiscal Impacts</b> Federal and state & local tax revenues	<b>13</b>
<b>Economic Impacts in Context</b> Adding context to the economic impact results	<b>14</b>
<b>Appendix</b>	<b>15</b>

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## INTRODUCTION

# PROJECT BACKGROUND

The travel sector is an integral part of the Illinois economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Illinois' future. In 2022, visitors supported a total of \$78.1 billion in sales at businesses in Illinois.

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 Illinois. The model traces the flow of visitor-related expenditures through the state'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 primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis.

To quantify the economic significance of the visitor economy in the state of Illinois, 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.

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:

- DK Shifflet: survey data, including visitor profile characteristics for visitors to Illinois
- 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
- Tax collections: Lodging and sales tax receipts
- U.S. Energy Information Administration: gasoline price data
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Illinois based on aviation, survey, and credit card information.

# ECONOMIC IMPACTS

## KEY FINDINGS

### VISITOR SPENDING IMPACT

Visitors to Illinois spent \$44.3 billion in 2022, an increase of 37% over the prior year. Visitor spending fell just short of its 2019 level, reaching 97% of its pre-pandemic benchmark, while visitor volumes reached 91% of its 2019 level.

### TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$44.3 billion generated a total economic impact of \$78.1 billion in Illinois in 2022 including indirect and induced impacts. This total economic impact sustained over 437,500 jobs and generated \$6.2 billion in state and local tax revenues in 2022.



## \$78.1 BILLION

Total Economic Impact of Tourism in Illinois in 2022



## \$44.3B

Direct Visitor Spending



## \$78.1B

Total Economic Impact



## 437,500

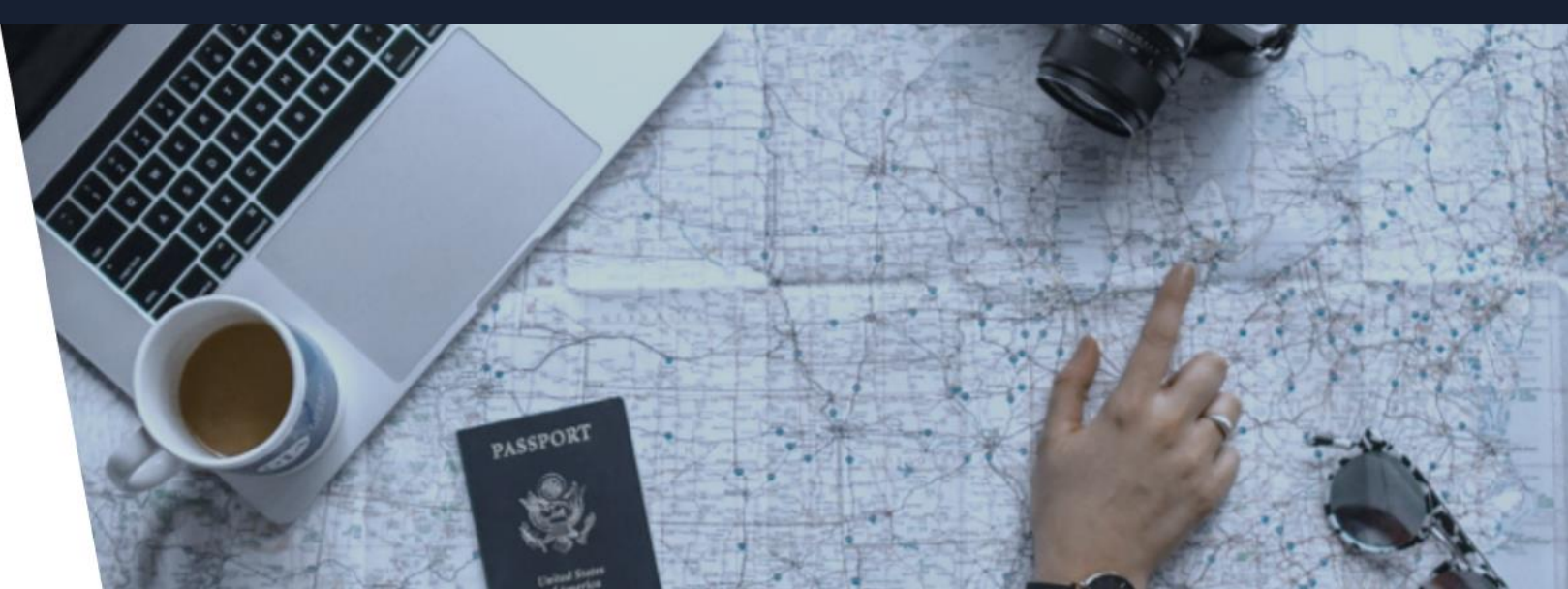
Total Jobs Generated



## \$6.2B

State & Local Taxes Generated





## VISITS & VISITOR SPENDING

Every year, Illinois draws tens of millions of visitors from Illinois residents, other U.S. states, and from abroad. In 2022, Illinois continued its recovery following the COVID-19 pandemic. Direct visitor spending amounted to \$44.3 billion with visitor volume totaling 111.3 million.

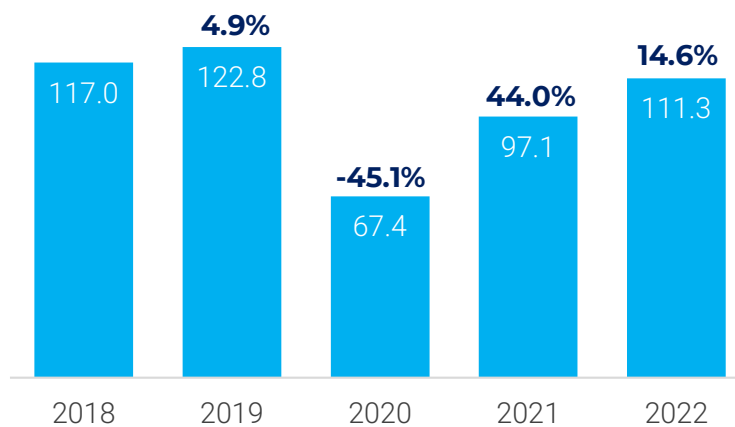
### VISITOR VOLUME

#### Recovery in 2022

With an entire year of few restrictions and accessible vaccinations, visitor volume continued regain ground on its 2019 high, growing 15% year-over-year. Despite its decelerating recovery, Illinois visitor volume improved to just 9% below its 2019 benchmark.

#### Illinois visitor volume

Amounts in millions



Sources: DKS, Tourism Economics

### VISITOR SPENDING

Visitors to Illinois spent \$44.3 billion across a range of sectors in 2022.

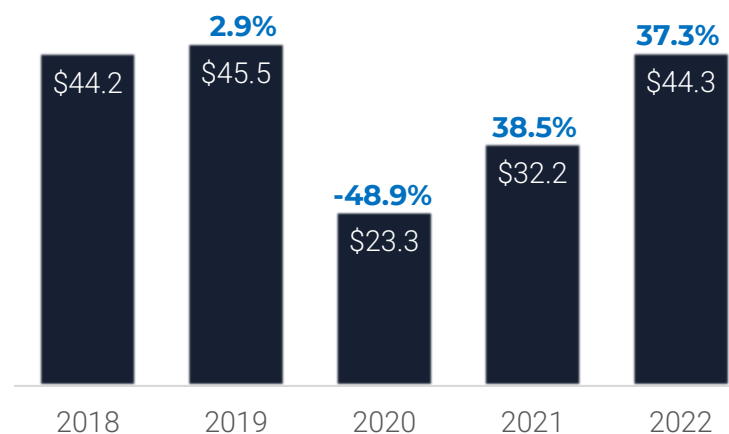
Visitor spending expanded 37% in 2022, recovering to 97% of 2019 levels.

Of the \$44.3 billion spent in Illinois in 2022 by visitors, transportation, including both air and transportation within the destination, accounted for 44% of total visitor spending. Spending on food and beverages contributed \$9.3 billion in sales —about 21% of total visitor spending.

Visitors spent 18% of their total budget on lodging, including the value of second homes, 9% on recreation, and 8% on retail purchases.

#### Illinois visitor spending

Amounts in \$ billions



Sources: Tourism Economics

**\$44.3 BILLION**

Total Visitor Spending in 2022



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.

## VISITATION & SPENDING TRENDS

Visitor spending increased 37% in 2022 to reach 97% of 2019 levels. Spending expanded across all sectors, driven by real spending and inflationary pressures, especially in lodging (+53%), transportation (+42%), and recreation (+40%). Average room rates at hotels in Illinois were up 28% and gas prices rose 32% in 2022.

Total visitor volume expanded 14.6% in 2022 and remains largely dominated by domestic visitors (98.6% market share). International visits continue to lag the domestic visitor market and account for just 1.4% of all visitors.

Overnight volume growth outpaced day travel, increasing its share of the domestic market to 40.9% in 2022 from 40.4% in 2021.

### Illinois visitor spending

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

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
<b>Total visitor spending</b>	<b>\$44,243</b>	<b>\$45,518</b>	<b>\$23,273</b>	<b>\$32,242</b>	<b>\$44,283</b>	<b>37.3%</b>	<b>97.3%</b>
Transportation**	\$18,292	\$18,792	\$10,100	\$13,732	\$19,499	42.0%	103.8%
F&B	\$9,667	\$10,062	\$5,627	\$7,466	\$9,268	24.1%	92.1%
Lodging*	\$8,211	\$8,356	\$3,463	\$5,318	\$8,143	53.1%	97.4%
Retail	\$3,727	\$3,863	\$2,147	\$2,934	\$3,462	18.0%	89.6%
Ent/Rec	\$4,346	\$4,445	\$1,937	\$2,792	\$3,910	40.1%	88.0%

Source: Tourism Economics

\* Lodging includes second home spending

\*\* Transportation includes both ground and air transportation

### Illinois visitor volume and spending, by market

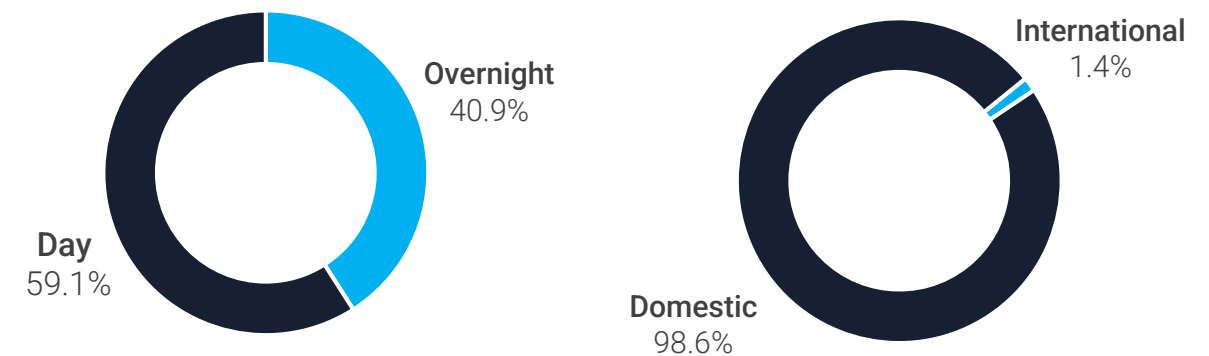
Amounts in millions of visitors and \$ millions

	2018	2019	2020	2021	2022
<b>Total visitors</b>	<b>117.0</b>	<b>122.8</b>	<b>67.4</b>	<b>97.1</b>	<b>111.3</b>
Domestic	114.6	120.4	66.9	96.5	109.7
International	2.4	2.4	0.5	0.5	1.6
<b>Total visitor spending</b>	<b>\$44,243</b>	<b>\$45,518</b>	<b>\$23,273</b>	<b>\$32,242</b>	<b>\$44,283</b>
Domestic	\$40,943	\$42,425	\$22,599	\$31,451	\$42,270
International	\$3,300	\$3,093	\$675	\$791	\$2,013

Source: DKS, Tourism Economics

### Illinois visitation share by segment

Expressed as percentage of total visitation by market



Source: DKS, Tourism Economics

## VISITOR ECONOMY TRENDS

### Hotel Sector

Hotel room demand grew by 21.4% in 2022 over the previous year, though still fell 7.1% short of its 2019 level. The rise in room demand led to the occupancy rate increasing to 59.3% from 50.9% in 2021.

Inflationary pressures coupled with the strong return in demand resulted in an acceleration in hotel pricing power. In 2022, ADR increased 27.8% year-over-year, after rising 26.9% in 2021.

#### Illinois hotel occupancy rate

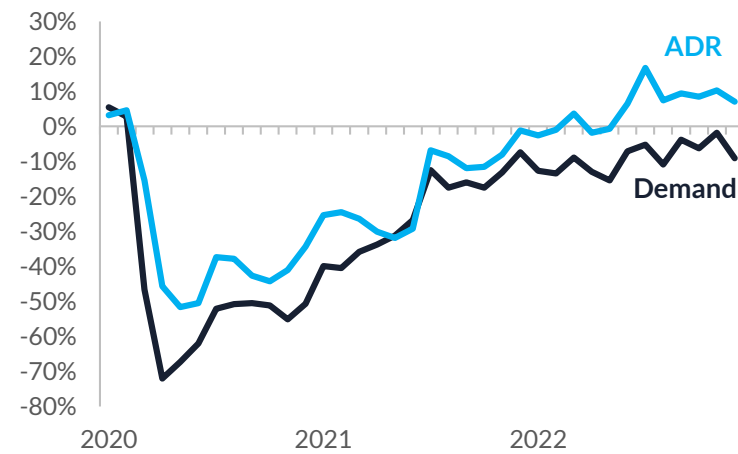
Percentage points difference from same month 2019



Source: STR

#### Illinois hotel revenue contributors

Percent change relative to same month 2019



Source: STR

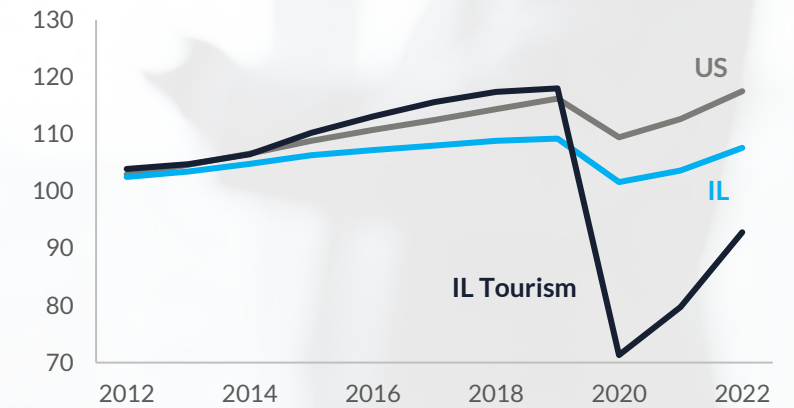
### Labor Market

Within Illinois, tourism employment had consistently outpaced overall state employment, increasing 18.0% between 2010 and 2019 compared to overall state employment growth of 9.2%.

However, two-in-five (40%) of Illinois tourism jobs were lost in 2020. The recovery since 2020 has seen a return in tourism jobs, though tourism employment remains at just 79% of its pre-pandemic benchmark.

#### Tourism employment in Illinois

Index (2010=100)



Source: BEA, BLS, Tourism Economics

### Fuel Prices

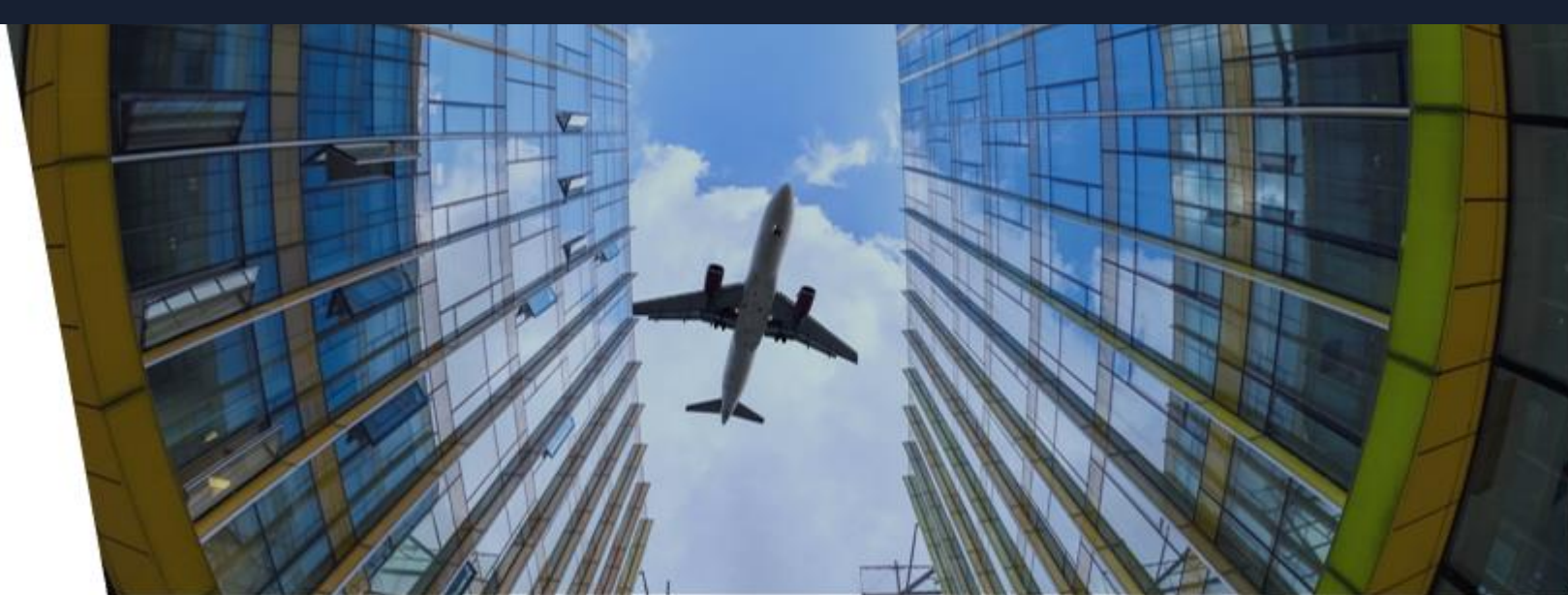
After dipping 15% in 2020, fuel prices have risen significantly, rising to 32% above their average 2019 price level.

#### Fuel prices in Illinois

Illinois average gasoline price, dollars per gallon



Source: Energy Information Administration



## ECONOMIC IMPACT METHODOLOGY

Our analysis of the Illinois 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 Illinois 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.

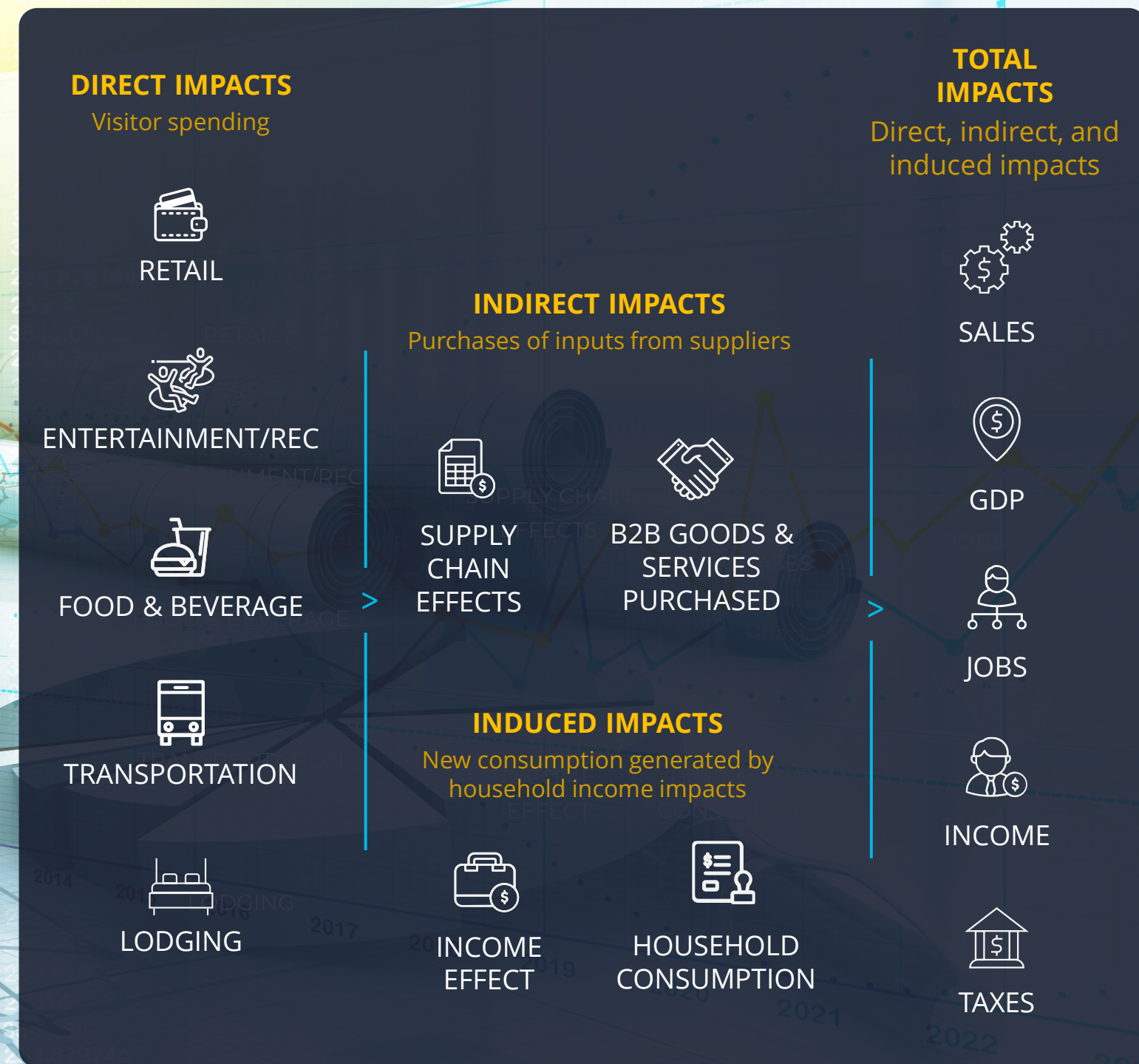
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 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

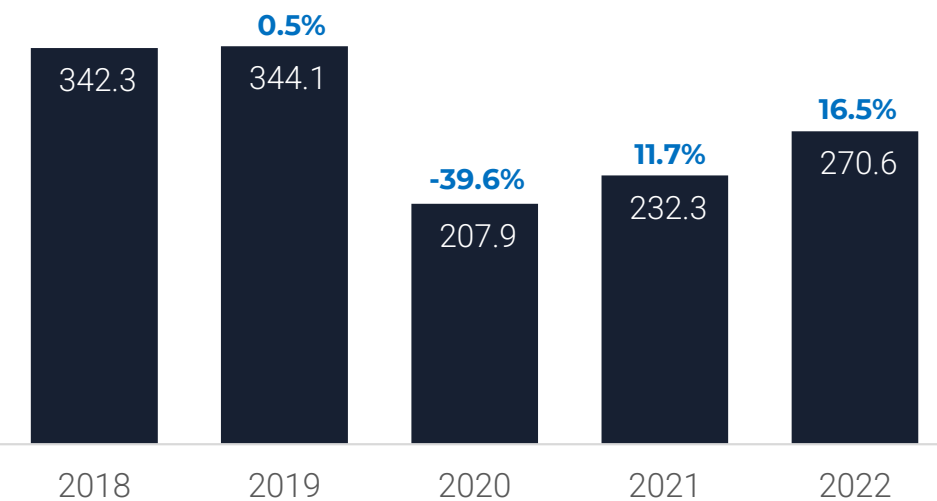
Employment supported by visitor activity rose 16.5% in 2022, recovering to over 270,000 jobs. The number of jobs jumped by more than 38,000 in 2022. Despite the increase, the number of jobs directly supported by visitors remains over 73,000 jobs below pre-pandemic levels.

Certain sectors have recovered more swiftly than others, with the restaurant industry reaching 85% of pre-pandemic levels, while recreation registered 78% of its pre-pandemic employment, 73% in the transportation, and 70% in lodging. The employment recovery in retail industry has been more promising than the lodging and restaurant industries.

Recovery in visitor-supported jobs has been slower than spending, with visitor-supported employment levels at 79% of pre-pandemic levels compared to 97% of spending.

### Visitor supported employment in Illinois

Amounts in thousands of jobs



Sources: Tourism Economics





# ECONOMIC IMPACT FINDINGS

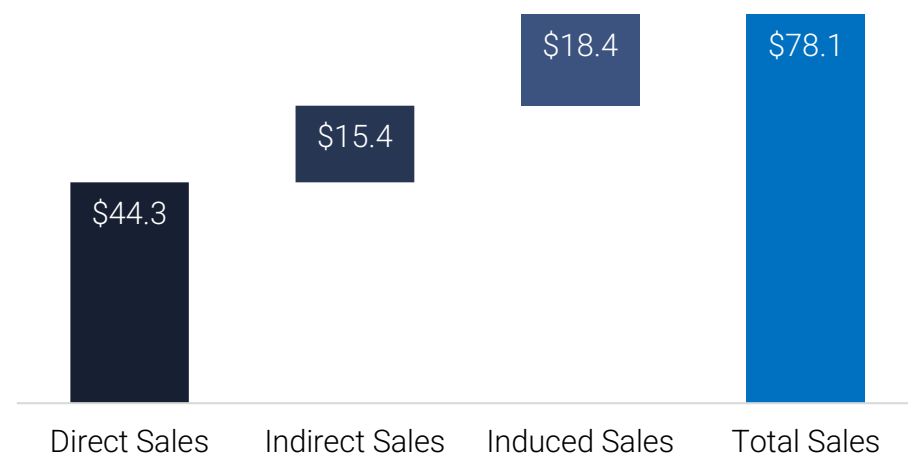
## BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$44.3 billion in 2022. This direct impact of \$44.3 billion generated \$33.8 billion in indirect and induced impacts, resulting in a total economic impact of \$78.1 billion in the Illinois economy, 3% below 2019.

Outside of direct impacts, significant benefits accrue in sectors like finance, insurance, and real estate, and business services.

### Summary economic impacts (2022)

Amounts in \$ billions



Source: Tourism Economics

### Business sales impacts by industry (2022)

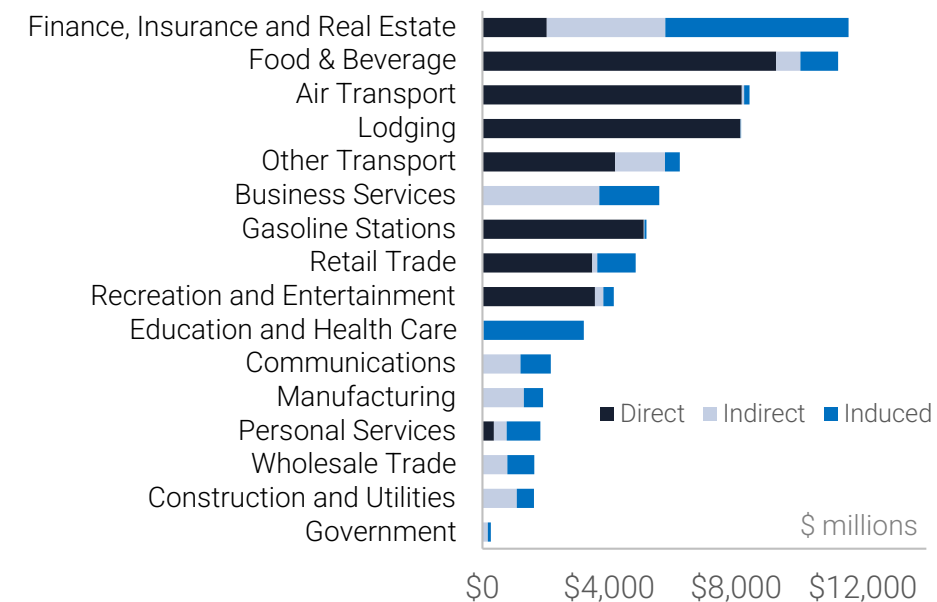
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
<b>Total, all industries</b>	<b>\$44,283</b>	<b>\$15,396</b>	<b>\$18,414</b>	<b>\$78,093</b>
Finance, Insurance and Real Estate	\$2,037	\$3,740	\$5,774	\$11,550
Food & Beverage	\$9,268	\$762	\$1,191	\$11,221
Air Transport	\$8,185	\$73	\$169	\$8,426
Lodging	\$8,143	\$4	\$14	\$8,161
Other Transport	\$4,186	\$1,570	\$466	\$6,223
Business Services		\$3,692	\$1,887	\$5,579
Gasoline Stations	\$5,091	\$25	\$64	\$5,181
Retail Trade	\$3,462	\$165	\$1,211	\$4,838
Recreation and Entertainment	\$3,547	\$268	\$330	\$4,145
Education and Health Care		\$37	\$3,166	\$3,202
Communications		\$1,200	\$956	\$2,156
Manufacturing		\$1,310	\$610	\$1,919
Personal Services	\$364	\$407	\$1,059	\$1,830
Wholesale Trade		\$792	\$845	\$1,637
Construction and Utilities		\$1,091	\$534	\$1,624
Government		\$171	\$94	\$265
Agriculture, Fishing, Mining		\$89	\$44	\$133

Source: Tourism Economics

### Visitor economy business sales impacts by industry (2022)

Amounts in \$ millions



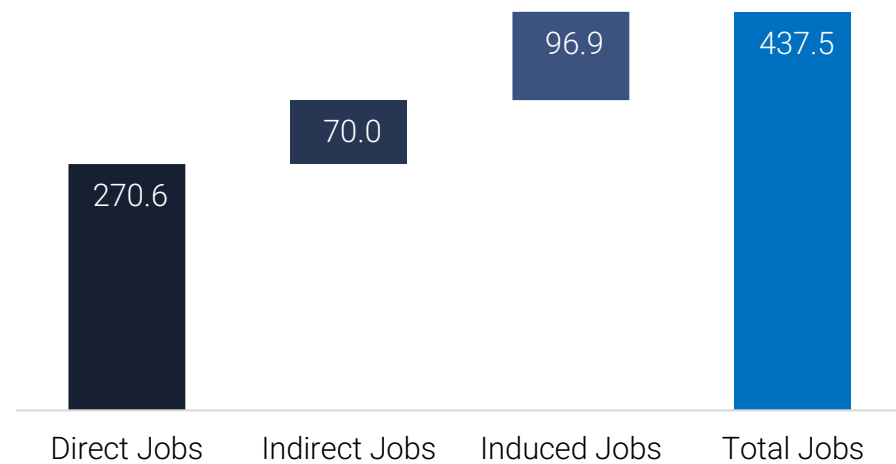
Source: Tourism Economics

## EMPLOYMENT IMPACTS

Visitor activity sustained 270,587 direct jobs in 2022, with an additional 166,953 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 437,541 in 2022, one of every 14 jobs in the state.

### Summary employment impacts (2022)

Amounts in thousands of jobs



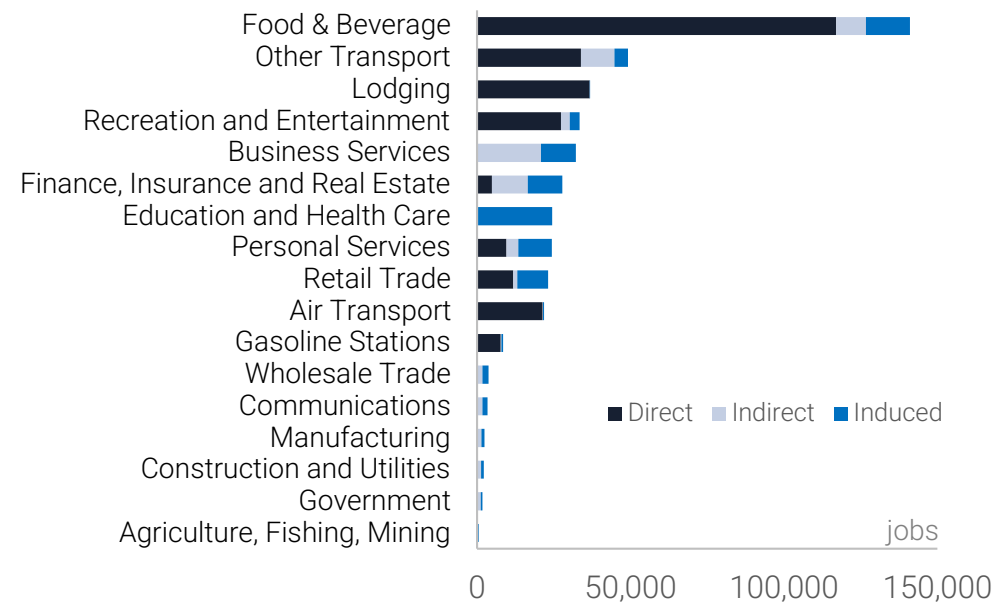
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (141,042).

Spending by businesses directly impacted by visitor spending supports 20,901 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
<b>Total, all industries</b>	<b>270,587</b>	<b>70,038</b>	<b>96,915</b>	<b>437,541</b>
Food & Beverage	117,090	9,628	14,323	141,042
Other Transport	33,879	10,915	4,432	49,225
Lodging	36,733	31	99	36,862
Recreation and Entertainment	27,341	2,923	3,197	33,462
Business Services	20,901	11,305	32,206	32,206
Finance, Insurance and Real Estate	4,834	11,779	11,196	27,809
Education and Health Care	330	24,150	24,479	24,479
Personal Services	9,632	3,857	10,961	24,449
Retail Trade	11,886	1,284	9,994	23,164
Air Transport	21,384	147	330	21,861
Gasoline Stations	7,808	191	522	8,521
Wholesale Trade	1,814	2,011	3,825	3,825
Communications	1,826	1,679	3,506	3,506
Manufacturing	1,474	1,009	2,482	2,482
Construction and Utilities	1,380	842	2,222	2,222
Government	1,225	620	1,844	1,844
Agriculture, Fishing, Mining	333	248	581	581

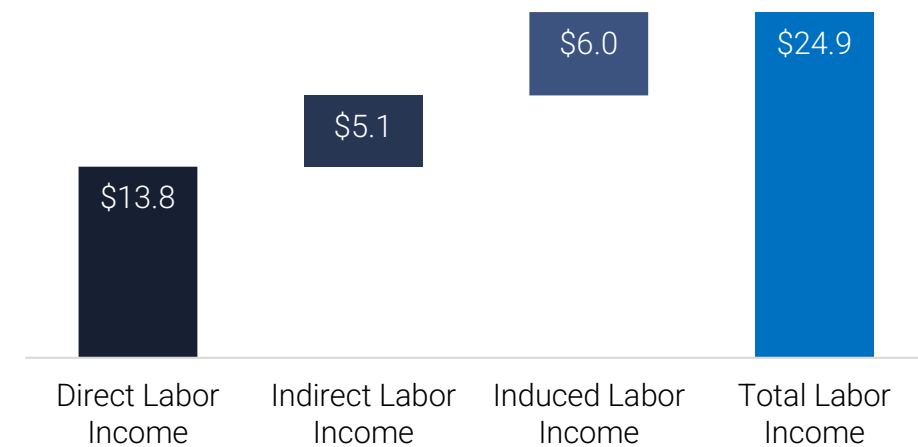
Source: Tourism Economics

## LABOR INCOME IMPACTS

Visitor activity generated \$13.8 billion in direct labor income and a total of \$24.9 billion when including indirect and induced impacts. Total tourism-generated income in Illinois in 2022 returned to 92% of its 2019 level.

### Summary labor income impacts (2022)

Amounts in \$ billions

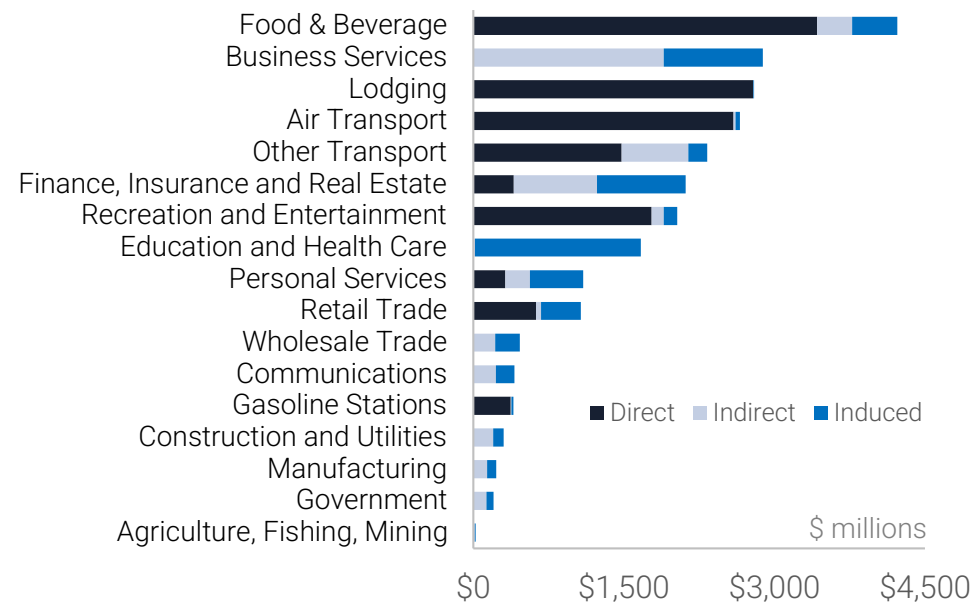


Source: Tourism Economics

There are ten industries in which visitor activity supports more than \$1 billion in personal income. These range from the obvious—food & beverage and lodging, to the less obvious—business services and education & healthcare.

### Tourism labor income Impacts by industry (2022)

Amounts in \$ millions



Source: Tourism Economics



### Labor income impacts by industry (2022)

Amounts in \$ millions

Industry	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
<b>Total, all industries</b>	<b>\$13,779</b>	<b>\$5,139</b>	<b>\$5,989</b>	<b>\$24,907</b>
Food & Beverage	\$3,425	\$351	\$450	\$4,226
Business Services		\$1,899	\$987	\$2,886
Lodging	\$2,789	\$2	\$6	\$2,797
Air Transport	\$2,591	\$20	\$46	\$2,658
Other Transport	\$1,477	\$667	\$185	\$2,329
Finance, Insurance and Real Estate	\$404	\$828	\$883	\$2,115
Recreation and Entertainment	\$1,776	\$122	\$133	\$2,031
Education and Health Care		\$18	\$1,651	\$1,669
Personal Services	\$320	\$244	\$532	\$1,096
Retail Trade	\$624	\$52	\$395	\$1,071
Wholesale Trade		\$218	\$247	\$464
Communications		\$226	\$185	\$411
Gasoline Stations	\$373	\$7	\$20	\$400
Construction and Utilities		\$199	\$103	\$302
Manufacturing		\$140	\$88	\$227
Government		\$133	\$68	\$201
Agriculture, Fishing, Mining		\$13	\$10	\$23

Source: Tourism Economics

## ECONOMIC IMPACT FINDINGS

### FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$10.8 billion in government revenues.

State and local taxes alone tallied \$6.2 billion in 2022.

Each household in Illinois would need to be taxed an additional \$1,263 to replace the visitor-generated taxes received by state and local governments in 2022.

#### Fiscal (tax) impacts

Amounts in \$ millions

	Direct	Total
<b>Total Tax Revenues</b>	<b>\$7,992</b>	<b>\$10,847</b>
<b>Federal Taxes</b>	<b>\$3,667</b>	<b>\$4,619</b>
Personal Income	\$1,358	\$1,711
Corporate	\$272	\$341
Indirect Business	\$255	\$324
Social Insurance	\$1,781	\$2,244
<b>State Taxes</b>	<b>\$2,672</b>	<b>\$3,562</b>
Sales	\$1,850	\$2,364
Personal Income	\$509	\$769
Corporate	\$122	\$194
Social Insurance	\$3	\$5
Excise and Fees	\$188	\$229
<b>Local Taxes</b>	<b>\$1,653</b>	<b>\$2,666</b>
Sales	\$298	\$537
Bed Tax	\$271	\$271
Property	\$1,073	\$1,818
Excise and Fees	\$11	\$40

Source: Tourism Economics



# ECONOMIC IMPACTS IN CONTEXT



## **\$44.3B** VISITOR SPENDING

The \$44.3 billion in visitor spending means that nearly \$121.3 million was spent EVERY DAY by visitors in Illinois.



## **\$24.9B** LABOR INCOME

The \$24.9 billion in total income generated by tourism is the equivalent of \$5,052 for every household in Illinois.



## **437,500** TOTAL JOBS

The number of jobs sustained by tourism (437,500) supports 7.4% of all jobs in Illinois.



## **\$6.2B** STATE & LOCAL TAXES

The \$6.2 billion in state and local tax revenue received in 2022 would be enough to pay the salaries of over 95,000 elementary school teachers in Illinois.

# APPENDIX

## Glossary – Spending Definitions

Term	Description
<b>Lodging</b>	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals and similar establishments.
<b>Food and beverage</b>	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
<b>Recreation</b>	Includes visitor spending within the arts, entertainment and recreation sub-sector.
<b>Shopping</b>	Includes visitor spending in all retail sub-sectors within the local economy.
<b>Local transport</b>	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending.
<b>Service stations</b>	Visitor spending on gasoline.
<b>Second homes</b>	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
<b>Direct Impact</b>	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).
<b>Indirect Impact</b>	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).
<b>Induced Impact</b>	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
<b>Employment</b>	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.
<b>Labor income</b>	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
<b>Value Added (GDP)</b>	The economic enhancement a company gives its products or services before offering them to customers.
<b>Local Taxes</b>	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.
<b>State Taxes</b>	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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