



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

VALUE OF THE VISITOR ECONOMY IN NIAGARA FALLS, CANADA – 2023

June 2024

Prepared for: Niagara Falls Canada Hotel Association



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INTRODUCTION

PROJECT BACKGROUND

The travel sector is the overwhelming driving force to the Niagara Falls (Canada) economy. Visitors generate significant economic benefits to households, businesses, and government alike, representing a critical driver of Niagara Falls' future. In 2023, visitors supported \$3.1 billion in total business sales in Niagara Falls, including indirect and induced impacts.

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 Niagara Falls as it builds upon its visitor economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the Niagara Region. The models trace the flow of visitor-related expenditures in the city and their effects on employment, wages, and taxes in the broader Niagara Region. The model also quantifies the indirect (supplier) and induced (income) impacts of the visitor economy. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings were within reasonable ranges.

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

To quantify the significance of the visitor economy, Tourism Economics developed a comprehensive model for Niagara Falls, 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 Niagara Region. Impacts, excluding the number of jobs, are quantified in Canadian dollars.

The analysis draws on the following data sources:

- STR: lodging performance data, including room demand, room rates, occupancy, and room revenue for hotels
- Lighthouse: short-term rental performance data, including room demand, room rates, and room revenue
- Statistics Canada (StatCan): data on international visitor volumes in the Niagara Region and Ontario, as well as employment, wage, business counts, and consumer price index data, by industry
- City of Niagara Falls: Municipal Accommodation Tax (Tax) revenue data.
- Ontario Ministry of Tourism, Culture and Sport: regional tourism profiles
- Ontario Lottery and Gaming Corporation (OLG): casino host funding commitments to Niagara Falls
- Niagara Parks: attendance data
- Oxford Economics: consumer spending data, by industry

ECONOMIC IMPACTS

KEY FINDINGS

DIRECT SPENDING

In 2023, the combined effect of solid travel demand to Niagara Falls propelled direct visitor spending to \$2.1 billion, registering 17% above 2019 levels. Having experienced solid year-over-year gains in 2023, each visitor spending category shook off covid-related slowdowns to recover above pre-pandemic levels.

 **\$2.1 BILLION**
Visitor Spending in
Niagara Falls (2023)

TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$2.1 billion generated a total economic impact of \$3.1 billion in Niagara Falls in 2023, including indirect and induced impacts. This total economic impact sustained nearly 22,100 jobs, \$1.1 billion in total incomes, and generated approximately \$428 million in provincial and municipal tax revenues in 2023.



\$3.1B

Total
Economic
Impact



22,100

Total
Jobs
Supported



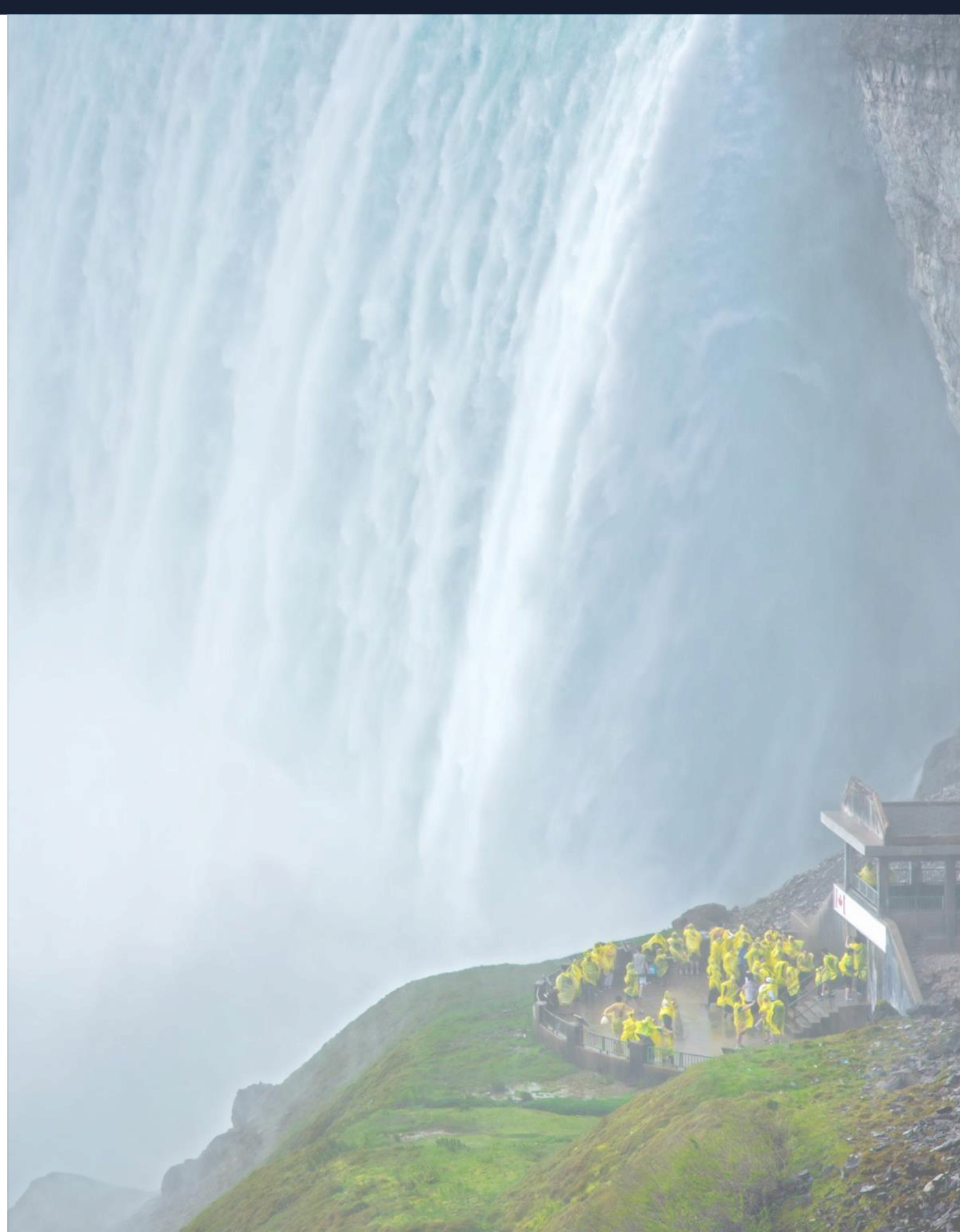
\$1.1B

Total
Incomes
Supported



\$428M

Provincial &
Municipal
Taxes
Generated



VISITOR SPENDING

VISITOR SPENDING TRENDS

Visitor spending in Niagara Falls increased 25% year-over-year to \$2.1 billion in 2023 – 17% above 2019 levels. Spending grew across all categories, driven by solid demand growth.

By category, lodging spending, including short-term rentals, witnessed the largest increase above pre-pandemic levels (at 31%), reaching \$742 million in 2023. Strong year-over-year growth of 29% was aided by recovered hotel demand, the expanding short-term rental market, and higher room rates. Meanwhile spending on food & beverages also grew 29% year-over-year, to \$533 million (19% above 2019 levels).

Spending in the retail category grew 26% year-over-year to \$156 million in 2023 (10% above 2019 levels). Lower gas prices in 2023 contributed to relatively slower transportation spending growth of 20% versus the prior year, reaching \$185 million (16% above 2019 levels). Overall recreation spending grew 18% year-over-year, as it was held back by weaker casino gaming growth in 2023. Recreation spending totalled \$531 million in 2023 (1% above 2019 levels).

Niagara Falls visitor spending

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

	2019	2020	2021	2022	2023	2023 Growth	% relative to 2019
Total visitor spending	\$1,842	\$543	\$816	\$1,716	\$2,147	25.1%	116.5%
Lodging*	\$567	\$163	\$270	\$576	\$742	28.9%	131.0%
Food & beverages	\$447	\$158	\$208	\$412	\$533	29.3%	119.2%
Recreation	\$527	\$119	\$197	\$450	\$531	17.9%	100.8%
Transportation	\$160	\$54	\$74	\$154	\$185	19.9%	115.5%
Retail	\$142	\$49	\$66	\$124	\$156	25.9%	110.0%

Source: Tourism Economics

* Lodging includes short-term rental spending

VISITOR SPENDING SHARES

Visitors to Niagara Falls spent **\$2.1 billion** across a range of categories in 2023

Visitor spending expanded 25% in 2023, recovering to 17% above 2019 levels.

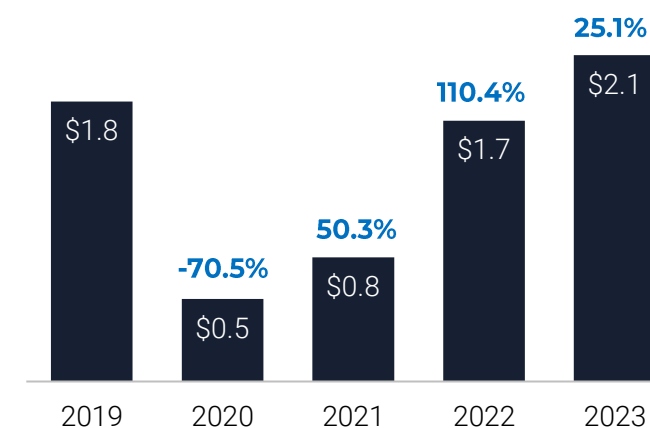
Of the \$2.1 billion spent in Niagara Falls in 2023 by visitors, lodging spending, including short-term rentals, contributed \$742 million in sales – representing 35% of total visitor spending.

A similar share (25%) was spent on food & beverages and recreation & entertainment, each approximating \$530 million in spending.

Visitors spent 9% of their budget on transportation and 7% on retail.

Niagara Falls visitor spending

Amounts in \$ billions

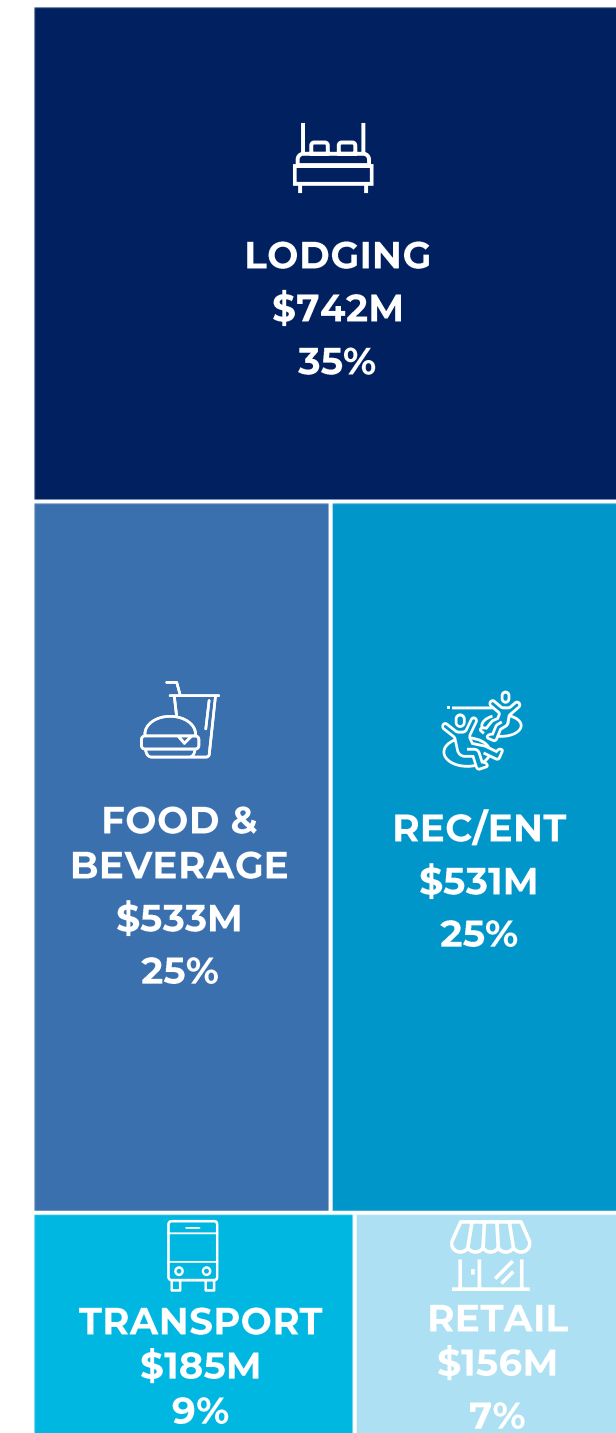


Source: Tourism Economics

\$2.1 BILLION

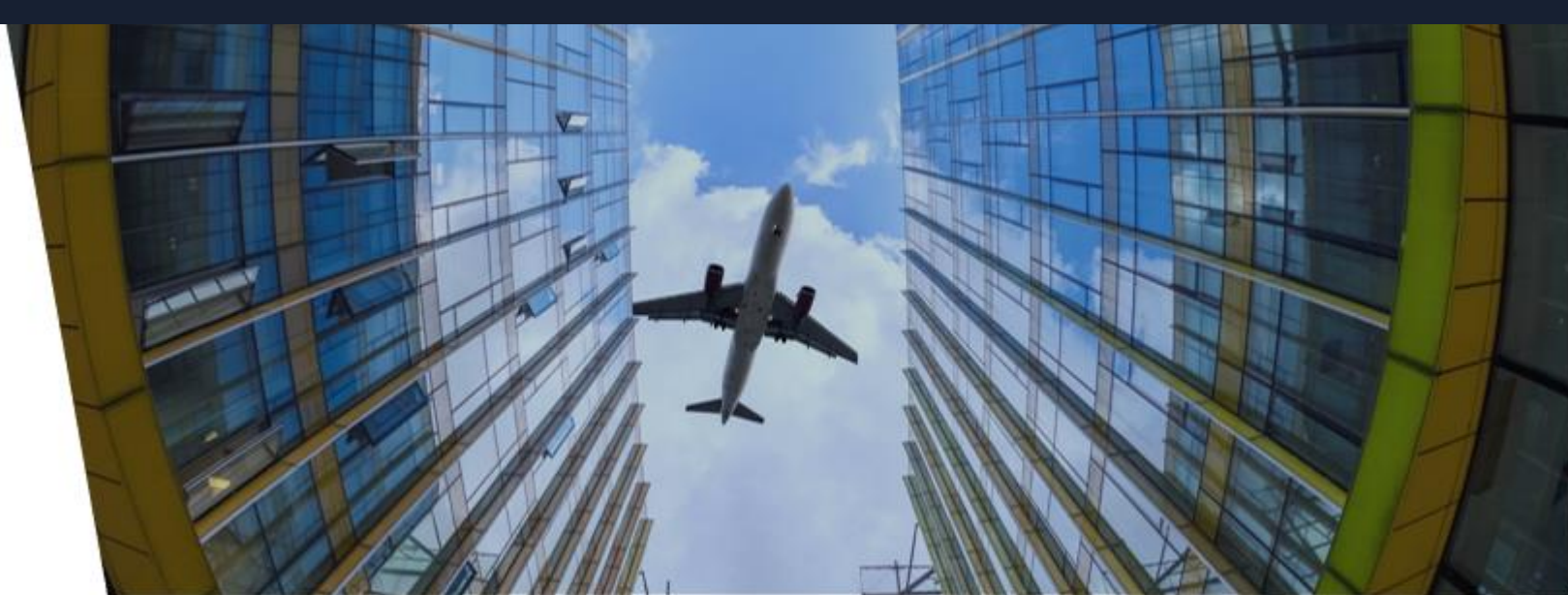


Visitor Spending in 2023



Source: Tourism Economics

Note: Lodging spending is calculated as an industry and includes hotel and short-term rental spending.



ECONOMIC IMPACT METHODOLOGY

Our analysis of the visitor economy begins with direct visitor spending for Niagara Falls and analyses the downstream effects of this spending on the broader Niagara Region economy. To determine total economic impact, we input direct spending into a model for the Niagara Region 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
- Employment
- Incomes
- Federal Taxes
- Provincial Taxes
- Municipal Taxes

ECONOMIC IMPACT FRAMEWORK

DIRECT IMPACTS

Visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers



SUPPLY CHAIN EFFECTS



B2B GOODS & SERVICES PURCHASED

INDUCED IMPACTS

New consumption generated by household income impacts



INCOME EFFECT



HOUSEHOLD CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



JOBS



INCOME



TAXES

ECONOMIC IMPACT FINDINGS

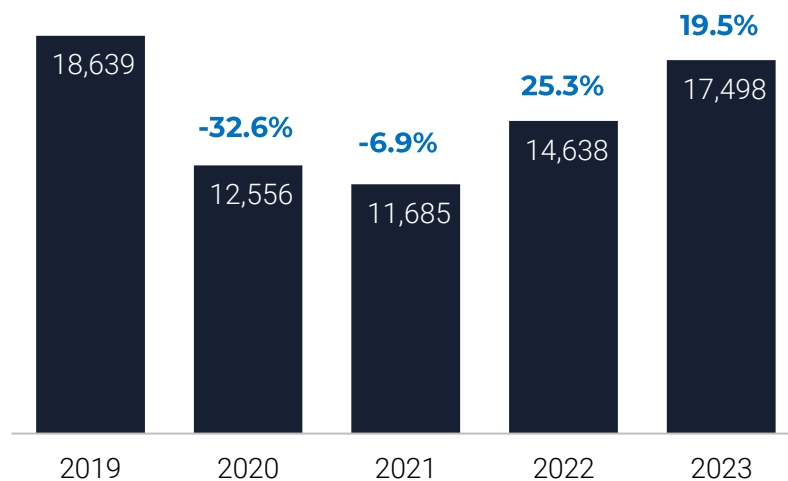
DIRECT IMPACTS

Employment directly supported by visitor activity increased 20% in 2023, rebounding to nearly 17,500 jobs – within 1,100 jobs of pre-pandemic levels in 2023 (6% below 2019 levels). In comparison, visitor spending was 17% above 2019 levels.

Employment directly supported by the visitor economy represents 45% of all employment in the City of Niagara Falls.

Direct visitor supported employment in the City of Niagara Falls

Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

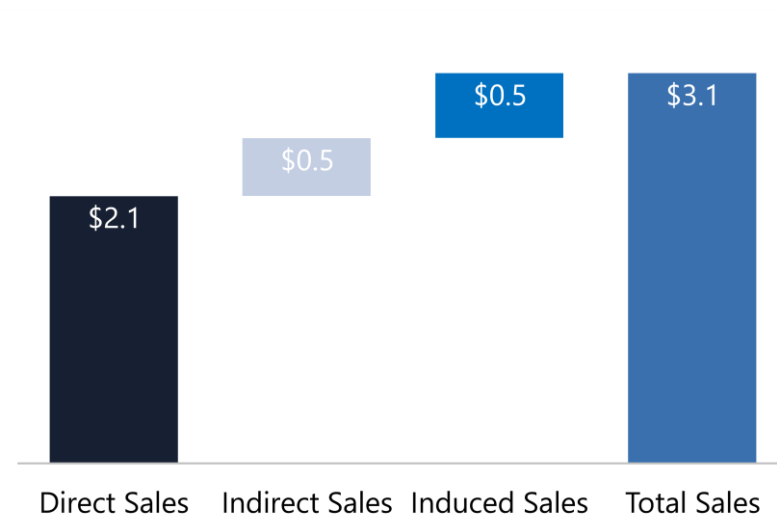
BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$2.1 billion in 2023. This direct impact generated \$1.0 billion in indirect and induced impacts, resulting in a total economic impact of \$3.1 billion in the Niagara regional economy.

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

Summary business sales impacts (2023)

Amounts in \$ billions



Source: Tourism Economics

Business sales impacts by industry (2023)

Amounts in \$ millions

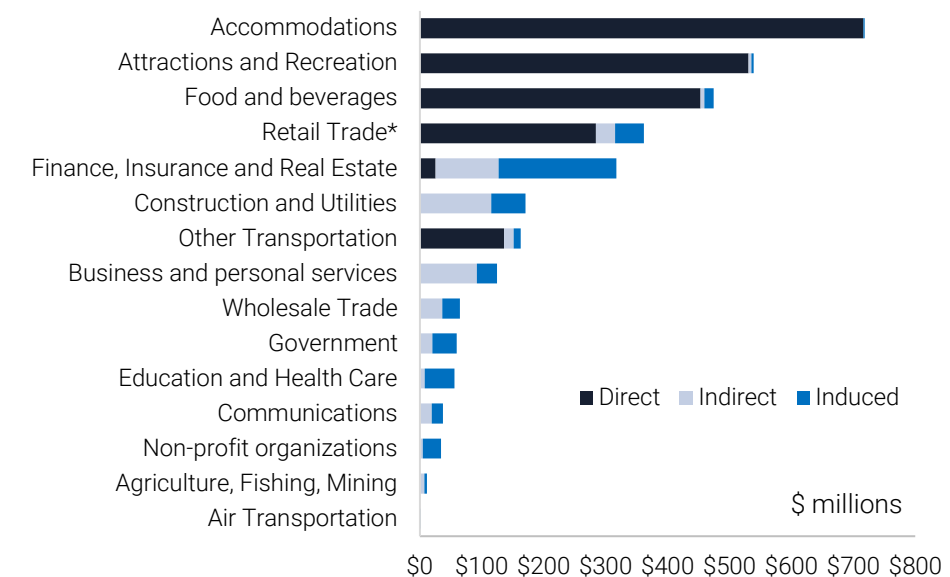
	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$2,147	\$463	\$524	\$3,134
Accommodations	\$716	\$0	\$2	\$718
Attractions and Recreation	\$531	\$5	\$4	\$539
Food and beverages	\$453	\$6	\$15	\$475
Retail Trade*	\$285	\$31	\$47	\$362
Finance, Insurance and Real Estate	\$26	\$102	\$190	\$317
Construction and Utilities		\$115	\$55	\$171
Other Transportation	\$136	\$15	\$12	\$163
Business and personal services		\$92	\$32	\$125
Wholesale Trade		\$36	\$29	\$65
Government		\$21	\$39	\$60
Education and Health Care		\$8	\$48	\$56
Communications		\$19	\$18	\$37
Non-profit organizations		\$5	\$29	\$34
Agriculture, Fishing, Mining		\$7	\$4	\$12
Air Transportation		\$0	\$1	\$1

Source: Tourism Economics

*Retail trade includes gas stations and grocery stores.

Business sales impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics

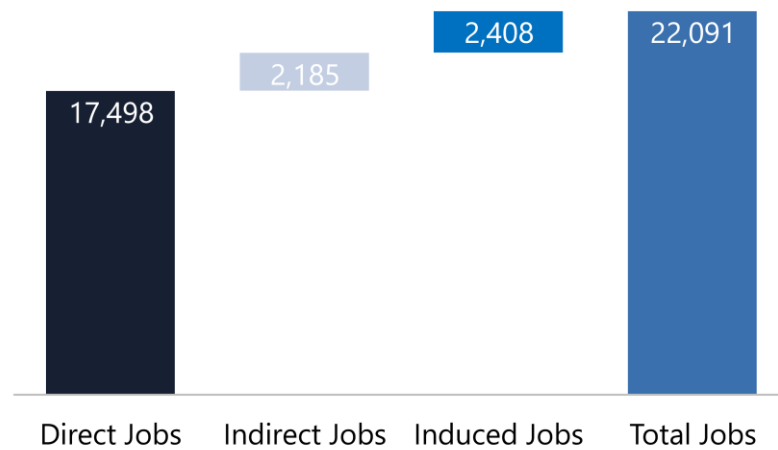
*Retail trade includes gas stations and grocery stores.

EMPLOYMENT IMPACTS

Visitor activity sustained 17,498 direct jobs in 2023, with an additional 4,593 jobs supported by the indirect and induced impacts of visitor activity.

Summary employment impacts (2023)

Amounts in number of jobs



Source: Tourism Economics

Visitor spending supported the largest number of jobs in the accommodations industry.

Spending by businesses directly impacted by visitor spending supported 673 jobs in the business & personal services industry – in areas like accounting, advertising, laundry cleaning, and beauty services.

Employment impacts by industry (2023)

Amounts in number of jobs



Source: Tourism Economics

*Retail trade includes gas stations and grocery stores.



Employment impacts by industry (2023)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	17,498	2,185	2,408	22,091
Accommodations	6,038	0	13	6,051
Food and beverages	4,799	66	159	5,024
Retail Trade*	2,526	257	386	3,169
Attractions and Recreation	3,046	46	40	3,132
Other Transportation	1,012	51	38	1,101
Business and personal services		673	262	935
Construction and Utilities		434	188	622
Finance, Insurance and Real Estate	77	240	265	582
Education and Health Care		86	456	542
Non-profit organizations		53	364	417
Wholesale Trade		147	105	252
Government		44	70	114
Communications		57	43	100
Agriculture, Fishing, Mining		29	15	44
Air Transportation		2	4	6

Source: Tourism Economics

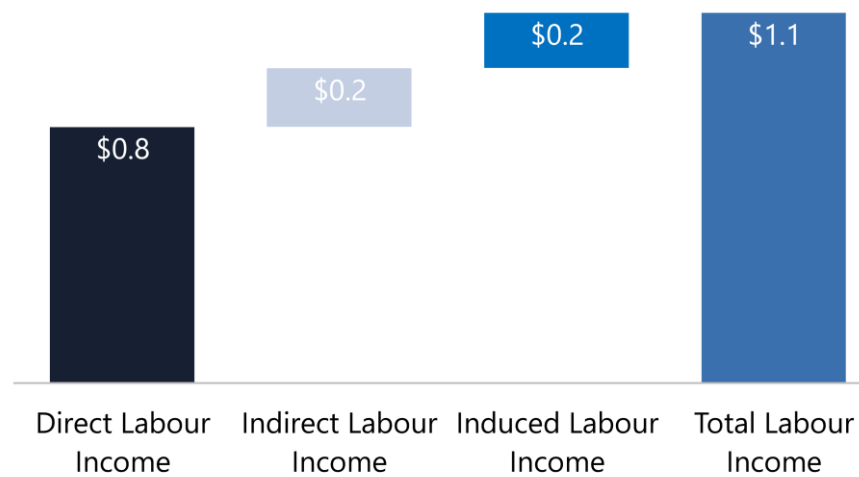
*Retail trade includes gas stations and grocery stores.

LABOUR INCOME IMPACTS

Visitor activity generated \$775 million in direct labour income and a total of \$1.1 billion when including indirect and induced impacts.

Summary labour income impacts (2023)

Amounts in \$ billions

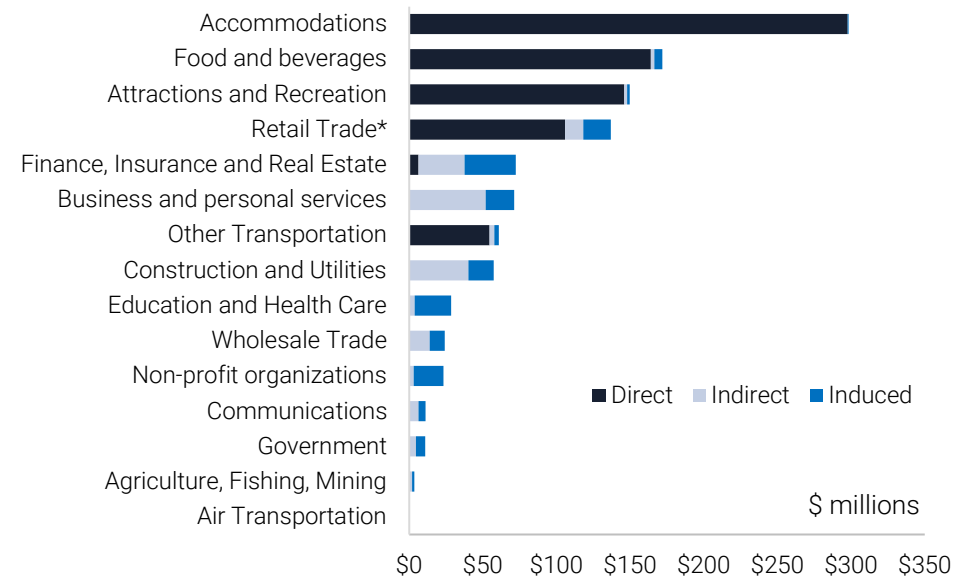


Source: Tourism Economics

There are eight industries in which visitor activity supports more than \$55 million in personal income. These range from the obvious—food & beverages and recreation, to the less obvious—business & personal services and construction.

Labour income impacts by industry (2023)

Amounts in \$ millions



Source: Tourism Economics

*Retail trade includes gas stations and grocery stores.



Labour income impacts by industry (2023)

Amounts in \$ millions

	Direct Labour Income	Indirect Labour Income	Induced Labour Income	Total Labour Income
Total, all industries	\$775	\$178	\$168	\$1,121
Accommodations	\$298	\$0	\$1	\$299
Food and beverages	\$164	\$2	\$5	\$171
Attractions and Recreation	\$146	\$2	\$2	\$150
Retail Trade*	\$106	\$12	\$19	\$137
Finance, Insurance and Real Estate	\$6	\$31	\$35	\$72
Business and personal services		\$52	\$19	\$71
Other Transportation	\$55	\$3	\$3	\$61
Construction and Utilities		\$40	\$17	\$57
Education and Health Care		\$4	\$25	\$29
Wholesale Trade		\$14	\$10	\$24
Non-profit organizations		\$3	\$20	\$23
Communications		\$6	\$5	\$11
Government		\$5	\$6	\$11
Agriculture, Fishing, Mining		\$2	\$1	\$3
Air Transportation		\$0	\$0	\$0

Source: Tourism Economics

*Retail trade includes gas stations and grocery stores.

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor-supported jobs, and business sales generated \$694 million in government revenues. Provincial and municipal taxes alone tallied \$428 million in 2023.

Each household in the Niagara Region would need to be taxed an additional \$2,200 to replace the visitor-generated taxes received by the region's provincial and municipal governments in 2023.

Fiscal (tax) impacts

Amounts in \$ millions

	Direct	Indirect/ Induced	Total
TOTAL	\$466	\$228	\$694
Federal	\$174	\$92	\$266
HST	\$98	\$47	\$145
Personal income	\$60	\$36	\$97
Other	\$15	\$9	\$24
Provincial	\$234	\$112	\$346
HST	\$157	\$75	\$232
Personal income	\$18	\$8	\$26
Corporate income	\$26	\$15	\$41
Other*	\$33	\$14	\$47
Municipal	\$58	\$24	\$82
Property taxes	\$42	\$17	\$59
Government user fees	\$2	\$1	\$3
Accommodation (MAT)	\$4		\$4
Other	\$9	\$6	\$15

Source: Tourism Economics

* Includes gaming revenue



The visitor economy generates the most commercial property tax revenue of any sector for the City of Niagara Falls

Establishments that provide services to visitors, such as hotels, generated \$42 million in direct property taxes in 2023. Without direct property tax revenues supported by visitor activity, schools would have \$4.1 million less in funding unless each household in the City of Niagara Falls is taxed an additional \$1,060 to replace the \$42 million.

Property taxes paid by hotels in Niagara Falls account for 50% of total commercial taxes in the City – the largest of any sector – and each household in the City of Niagara Falls would need to be taxed an additional \$840 to replace the hotel property taxes generated.

ECONOMIC IMPACTS IN CONTEXT



\$2.1B VISITOR SPENDING

The \$2.1 billion in visitor spending means that approximately \$5.9 million was spent EVERY DAY by visitors in Niagara Falls.



\$1.1B LABOUR INCOME

The \$1.1 billion in total income generated by the visitor economy is the equivalent of \$5,700 for every occupied household in the Niagara Region.



17,498 DIRECT JOBS

The number of direct jobs sustained by the visitor economy (17,498) supports 45% of all jobs in the City of Niagara Falls.



\$428M PROVINCIAL & MUNICIPAL TAXES

Each household in the Region would need to be taxed an extra \$2,200 to replace the visitor-generated taxes received by its provincial and municipal governments.

Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector.
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 gasoline.

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 visitor economy-related sectors (e.g. recreation, transportation, lodging).
Indirect Impact	Impacts created from the 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.
Labour income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Municipal Taxes	City 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.
Provincial Taxes	Provincial tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees and other assessments of provincial 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 centres 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 350+ professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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