



## Center for Economic Research

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### Travel spending continues downward spiral

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According to the annual “Arizona Travel Impacts” study released in June by Dean Runyon Associates (conducted for Arizona’s Office of Tourism) travel-related spending in Cochise County fell in 2015—the fifth consecutive year of decline. Preliminary figures show countywide travel spending totaled \$325.3 million last year (down 3.8 percent from 2014 and 12.1 percent from its peak back in 2010). Revisions to 2014 data show a 1.5 percent drop that year (compared to 1.8 growth reported in preliminary figures last year). Travel spending in Cochise County in 2015 was at its lowest reported level since 2004.

Statewide, Arizona’s travel spending was up 1 percent last year, the fifth straight year of growth following The Great Recession. Travel-related spending at the state level in 2015 was at its highest level on record (with records back to 1998).

Travel-related spending comprises both business and leisure travel. In Cochise County, that includes military, civil servant, and contractor personnel on temporary duty to Fort Huachuca for training, conferences, or other official business. Visits from Mexico, including day shopping trips, are also included, along with tourism-related spending.

The largest share of spending by visitors to Cochise County last year was in the food service industry, which accounted for 28.1 percent of all travel-related destination spending (all spending by visitors except ground transportation to other Arizona destinations and travel agent services). Food service expenditures totaled \$85.1 million in 2015 (up 4.8 percent from 2014, but still 3.3 percent below its peak back in 2010).

The second largest category of travel spending last year was retail sales, which accounted for 20.6 percent of destination spending in Cochise County. At \$62.4 million, retail spending by visitors last year was up 2.1 percent from 2014, but down 18.5 percent from its 2010 peak. Visitor retail spending is considerably influenced by day-shoppers from Mexico.

Spending in food stores—the third largest category of travel-related destination spending countywide—totaled \$57.9 million last year (down 6.2 percent from 2014). Spending in food stores accounted for 19.1 percent of destination spending by visitors in 2015. This category is also affected by day-shoppers from Mexico.

Spending for local ground transportation, which includes rental car fees and gasoline, was the fourth largest category of visitor spending in 2015 at \$38.7 million—accounting for 12.8 percent of travel-related destination spending countywide. Spending last year in this category was down 20 percent from 2014 and is largely driven by gas prices.

The fifth largest category of visitor spending was accommodations (hotel, motel, and other temporary lodging) totaling \$38.4 million in 2015 and accounting for 12.7 percent of total destination spending. Accommodation spending last year was up 8.2 percent from 2014, but was down 26.3 percent from its peak in 2008. Declines in recent years were due largely to changes in travel policy for military personnel on temporary duty to Fort Huachuca, requiring many to now be billeted on post; federal budget cuts, which have slowed temporary duty travel to the fort; and introduction of competitive bidding for military temporary housing contracts, which has lowered revenue per night for accommodations.

The sixth largest category of spending by visitors to Cochise County last year was arts, entertainment, and recreation, which totaled \$20 million (6.6 percent of total travel-related destination spending). Spending in this category was up 5.3 percent from 2014, but still 13 percent below its 2010 peak.

Approximately 3,760 jobs countywide were supported by travel-related spending in 2015 (up slightly from 3,750 the year prior). Jobs tied to travel-related spending peaked at 4,370 back in 2008. Nearly two-thirds of jobs generated by travel-related spending in 2015 were in Cochise County's accommodation and food service industries, with most of the rest split evenly between retail and arts, entertainment, and recreation.

Cochise County travel-related spending generated \$12.6 million in county and municipal tax revenue last year—up from \$12 million in 2014 but down from \$15 million at its peak in 2010, according to the study.

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