

2024

Economic Impact of Visitors to Galveston Island



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Introduction

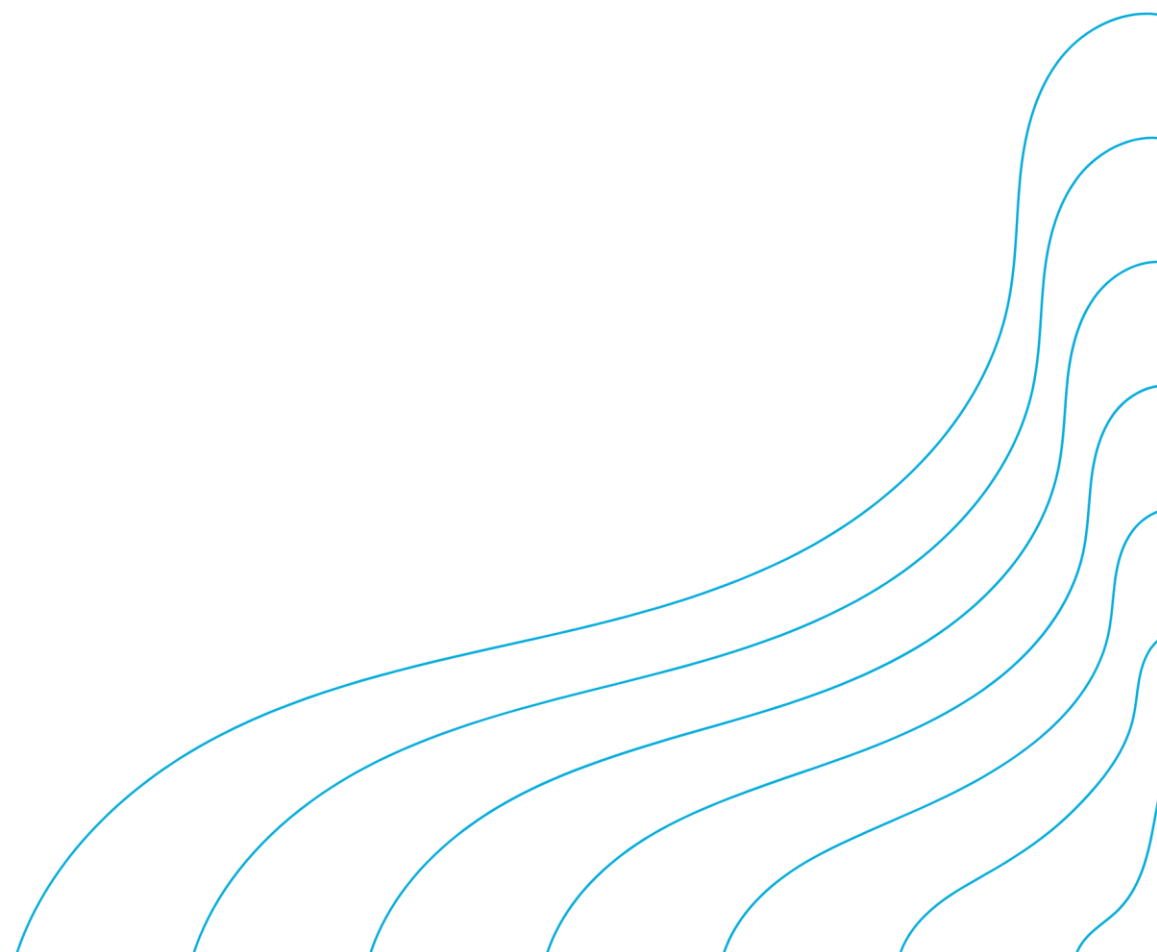
Visitors are integral to the Galveston Island economy, generating significant financial benefits for residents and local businesses. Visitor activity also produces substantial tax revenue which supports government services.

Credible measurements of the visitor economy are designed to inform policy decisions that foster the sector's development.

To quantify the significance of the Galveston Island visitor economy, Tourism Economics developed a comprehensive analysis of visitor spending and its total economic impact on businesses, employment, personal income, and taxes. At a high level, our approach includes the following stages:

- Compilation of visitor statistics
- Compilation of industry data
- Compilation of government data
- Analysis of visitor volumes and spending by category
- Economic impact modeling

KEY FINDINGS



Key Findings

Visitors Generate Massive Economic Impact

In 2024, **8.9 million visitors** spent **\$1.3 billion** in the Galveston Island economy, increases of 0.6% and 0.8%, respectively. Visitor spending generated a total economic impact of **\$1.7 billion**.



8.9M VISITORS TO GALVESTON ISLAND



\$1.3B VISITOR SPENDING



\$1.7B TOTAL ECONOMIC IMPACT



\$408M TOTAL PERSONAL INCOME



12,702 TOTAL JOBS SUPPORTED



\$123M STATE AND LOCAL TAXES



Results in Context

The visitor economy is an economic pillar on Galveston Island. In 2024, visitor spending supported one-in-three jobs on the island. In addition:



\$1.3B VISITOR SPENDING

Visitors spent \$3.5 million per day on Galveston Island.



\$408M PERSONAL INCOME

This is the equivalent of \$16,624 per resident household, regardless of any connection to the visitor economy.



12,702 JOBS

The visitor economy sustained 34% of all jobs on Galveston Island.

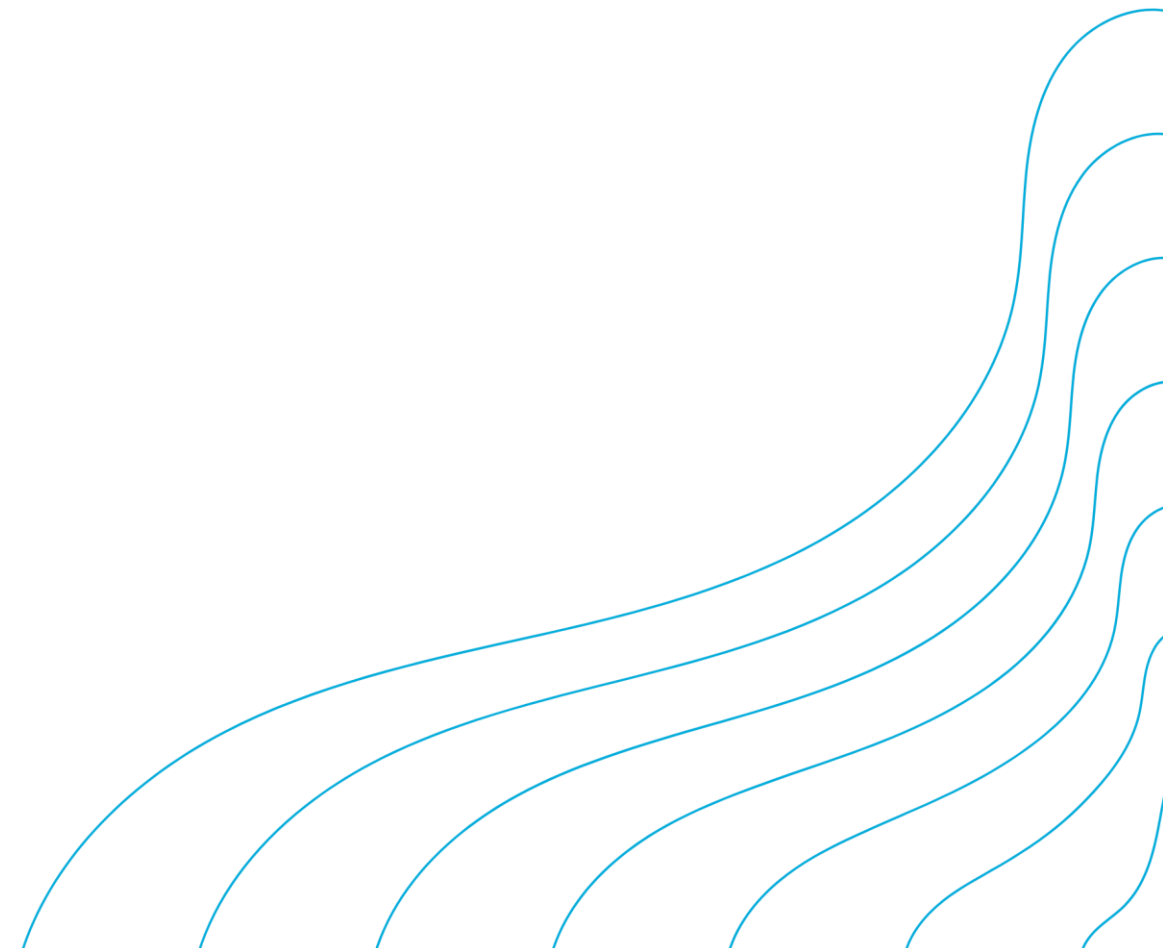


\$123M STATE & LOCAL TAXES

Each Galveston Island household would need to be taxed an additional \$5,000 per year to replace the visitor-generated taxes received by state and local governments in 2024.



VISITOR VOLUME & SPENDING



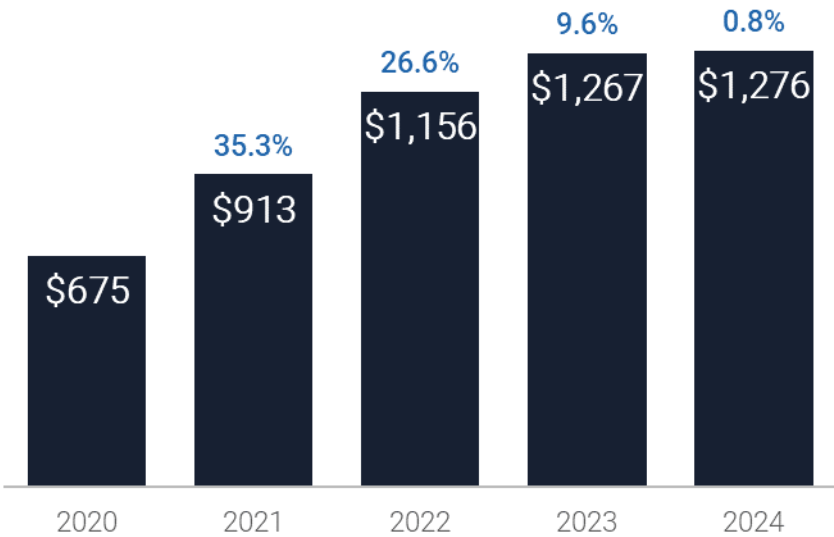
Galveston Island welcomed **8.9 million** visitors who spent **\$1.3 billion** in 2024.



Visitor Spending

Visitor spending increased 0.8% in 2024, reaching \$1.3 billion. Of the \$1.3 billion spent on Galveston Island in 2024 by visitors, lodging contributed \$385 million in sales – representing 30% of total visitor spending. Food and beverage purchases accounted for 25% of total visitor spending. Recreation, retail, and transportation followed, accounting for 18%, 17%, and 7% of total spending, respectively.

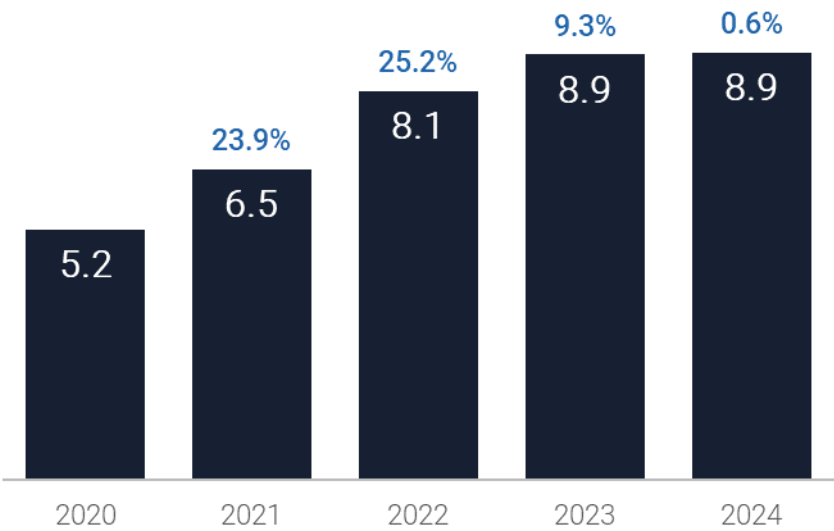
Galveston Island Visitor Spending
\$ millions



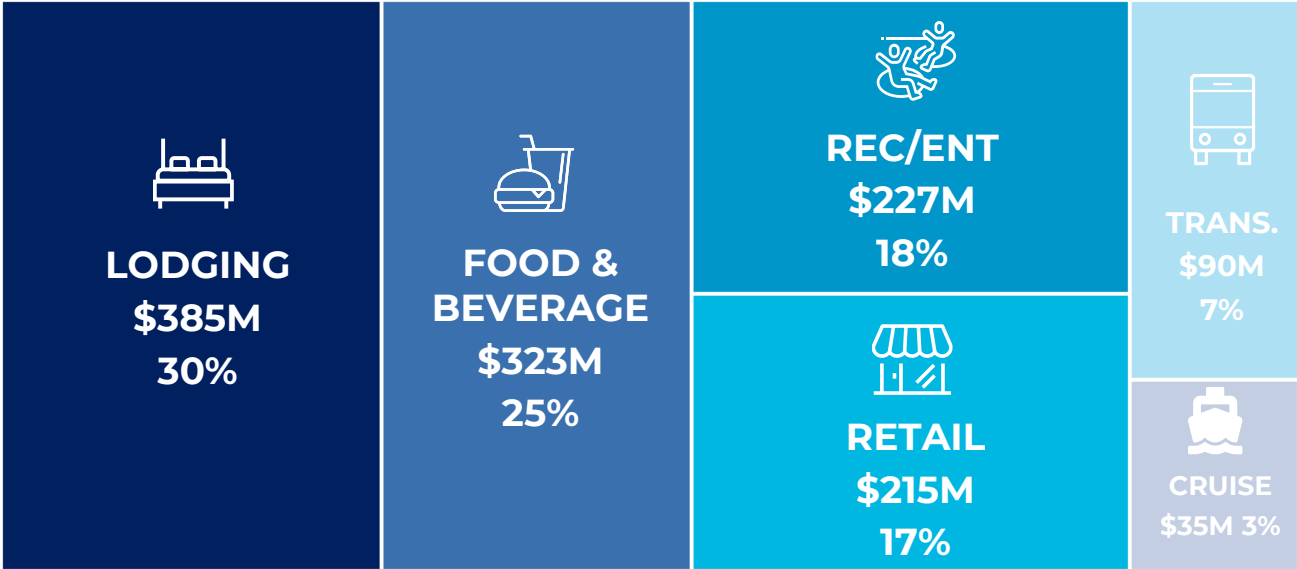
Visitor Volume

Visitors to Galveston increased a muted 0.6% year-over-year to 8.9 million in 2024, as strength in the cruise segment was offset by disruptions caused by Hurricane Beryl.

Galveston Island Visitor Volume
millions



Source: Tourism Economics



Source: Tourism Economics

Note: Lodging includes all accommodation types.

Visitor Volume and Spending Trends

Visitor spending grew 0.8% in 2024, driven almost entirely by a strong gain in the cruise sector.

Outside of at-port spending on cruise-related services and parking, food and beverage saw the largest gain of 3.2% year-over-year, supported by a modest rise in demand along with elevated price levels. Conversely, the lodging sector experienced a decline in spending for the first time since the pandemic, largely due to weakness in the short-term rental market and the significant disruptions caused by Hurricane Beryl. Lower gas prices contributed to a contraction in transportation spending, which fell 1.6% year-over-year.

Total visitors to Galveston Island increased slightly in 2024, with each visitor spending an average of \$143 per person. While both day and overnight volumes declined, this was countered by a robust 15% year-over-year increase in cruise visitors, who now make up 19% of the total visitor volume on Galveston Island, up from 15% in 2019.

Galveston Island Visitor Spending

\$ millions

	2020	2021	2022	2023	2024	2024 Growth
Total visitor spending	\$675	\$913	\$1,156	\$1,267	\$1,276	0.8%
Lodging	\$220	\$310	\$374	\$396	\$385	-2.7%
Food & beverage	\$163	\$215	\$280	\$313	\$323	3.2%
Recreation	\$120	\$161	\$202	\$227	\$227	0.0%
Retail	\$119	\$152	\$193	\$211	\$215	2.0%
Transportation	\$47	\$68	\$84	\$91	\$90	-1.6%
Cruise (at port)	\$6	\$7	\$22	\$27	\$35	28.3%

Source: Tourism Economics

Note: Lodging includes all accommodation types.

Galveston Island Visitor Volume and Spend, By Segment

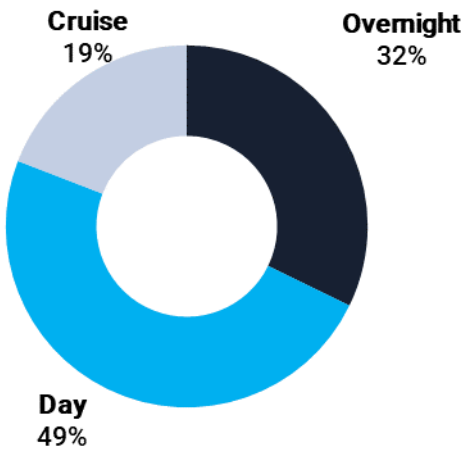
millions of visitors, \$ millions, and \$ per person

	2020	2021	2022	2023	2024
Total visitors	5.23	6.48	8.12	8.88	8.93
Day	3.04	3.64	4.21	4.41	4.34
Overnight	1.96	2.55	2.87	2.98	2.87
Cruise	0.23	0.29	1.04	1.49	1.71
Total visitor spending	\$675	\$913	\$1,156	\$1,267	\$1,276
Day	\$149	\$193	\$238	\$259	\$261
Overnight	\$441	\$627	\$749	\$791	\$771
Cruise	\$17	\$24	\$80	\$117	\$134
Per visitor spending	\$129	\$141	\$142	\$143	\$143
Day	\$49	\$53	\$57	\$59	\$60
Overnight	\$225	\$245	\$261	\$266	\$268
Cruise	\$76	\$81	\$77	\$79	\$79

Source: Tourism Economics

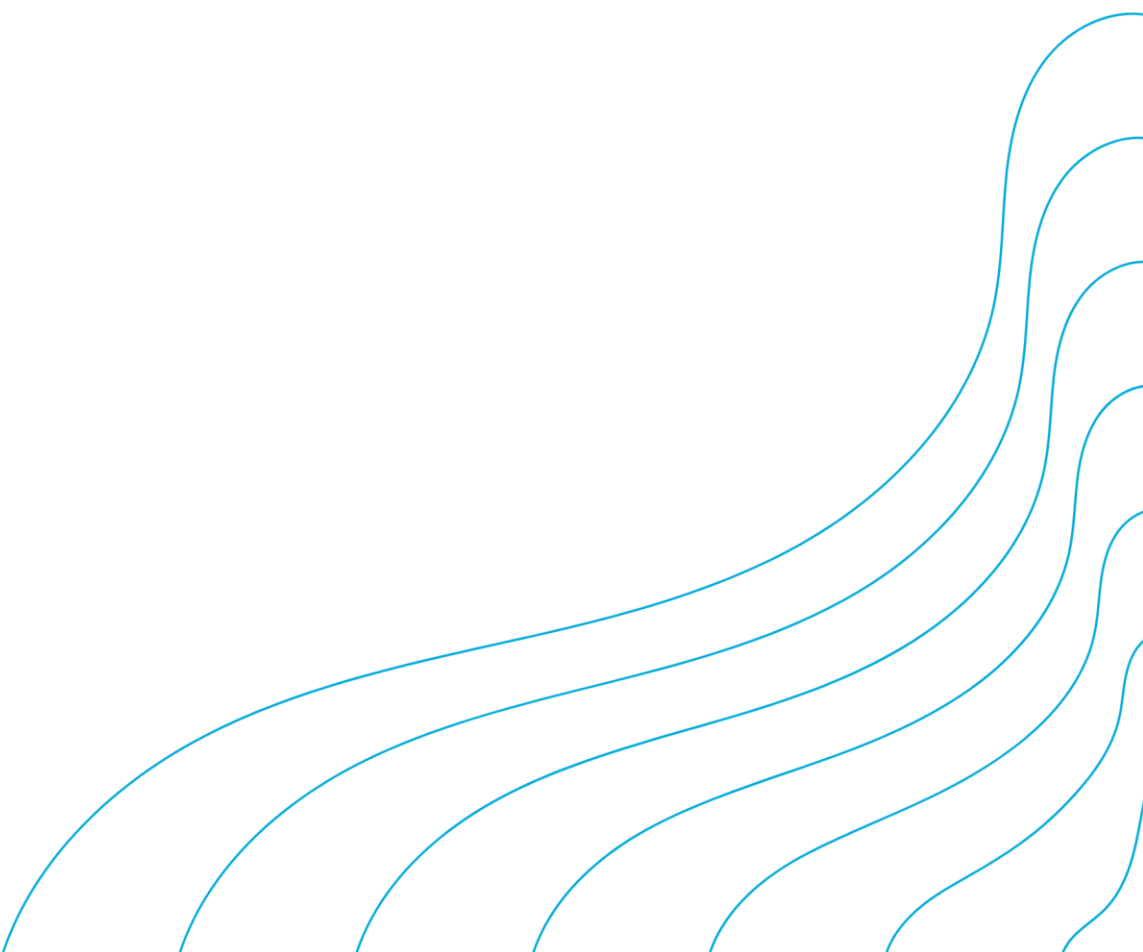
Galveston Island Visitor Share, By Segment

% of total visitor volume



Source: Tourism Economics

ECONOMIC IMPACT METHODOLOGY



Economic Impact Methodology

The development of visitor economy impact modeling begins with a comprehensive demand side analysis. Visitor survey data provides estimates on the volume of visitors by type and their spending in specific industries (e.g. lodging, restaurants, retail, recreation and entertainment, transportation). These estimates are strengthened through an analysis of industry-specific data sets on the lodging industry, aviation, and sectoral-level business sales. Government data, including taxes by type, as well as employment and personal income by industry, are used to supplement and confirm demand-side visitor spending calculations.

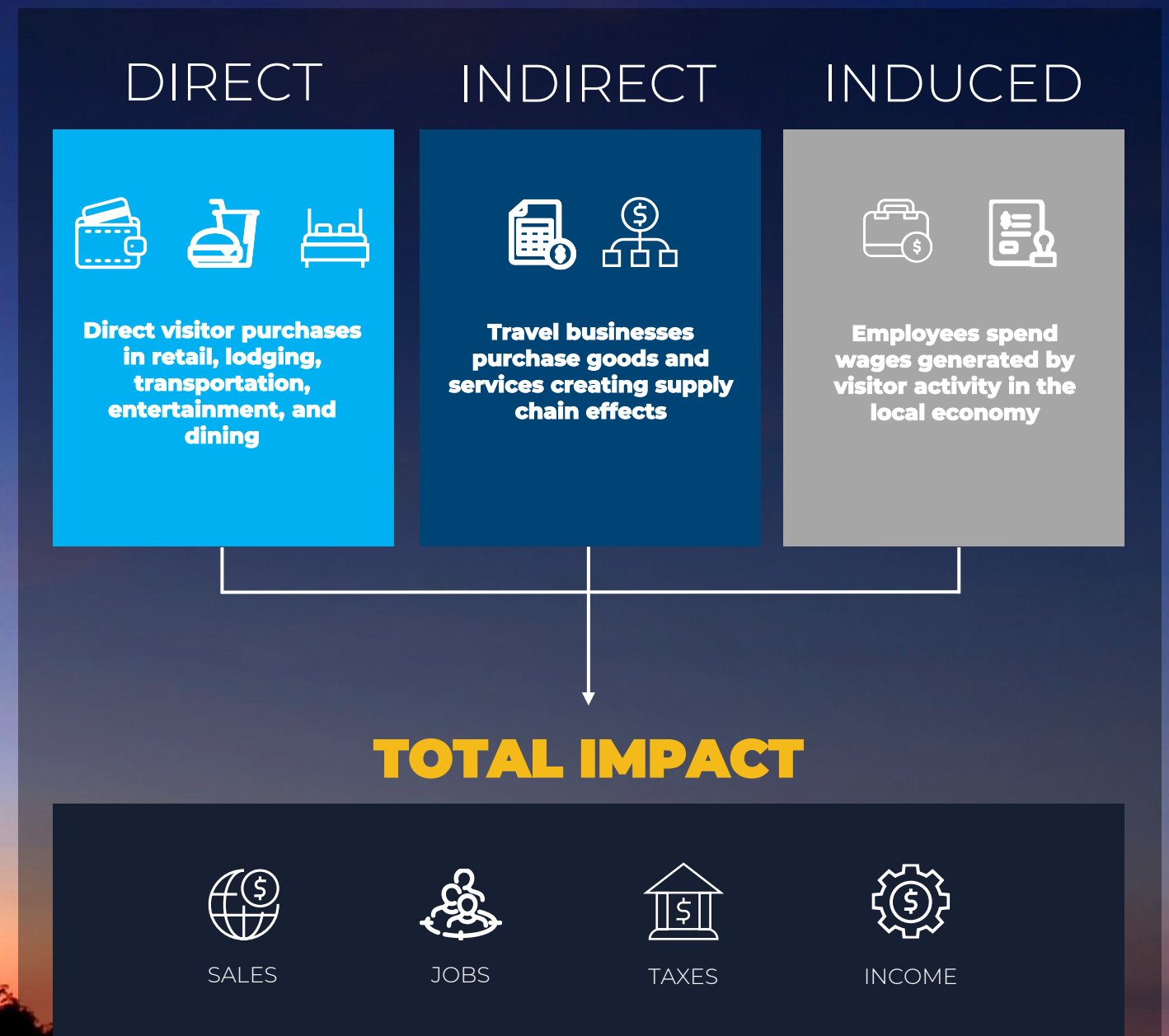
This provides a detailed profile of visitor spending by industry, which is then connected to a local input-output (I-O) economic impact model constructed within the IMPLAN platform. This uses government (Bureau of Economic Analysis and Census) data to trace the flow of visitor through the local economy and its effects on businesses, households, and government. The model quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a defined set of sectors. This supports a proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Businesses providing direct services to visitors purchase goods and services, generating additional impacts called indirect impacts or supply-chain effects.
- 3. Induced impacts:** Additional business activity is generated as employees spend incomes locally that are earned due to visitor activity. This is called the induced impact or income effect.

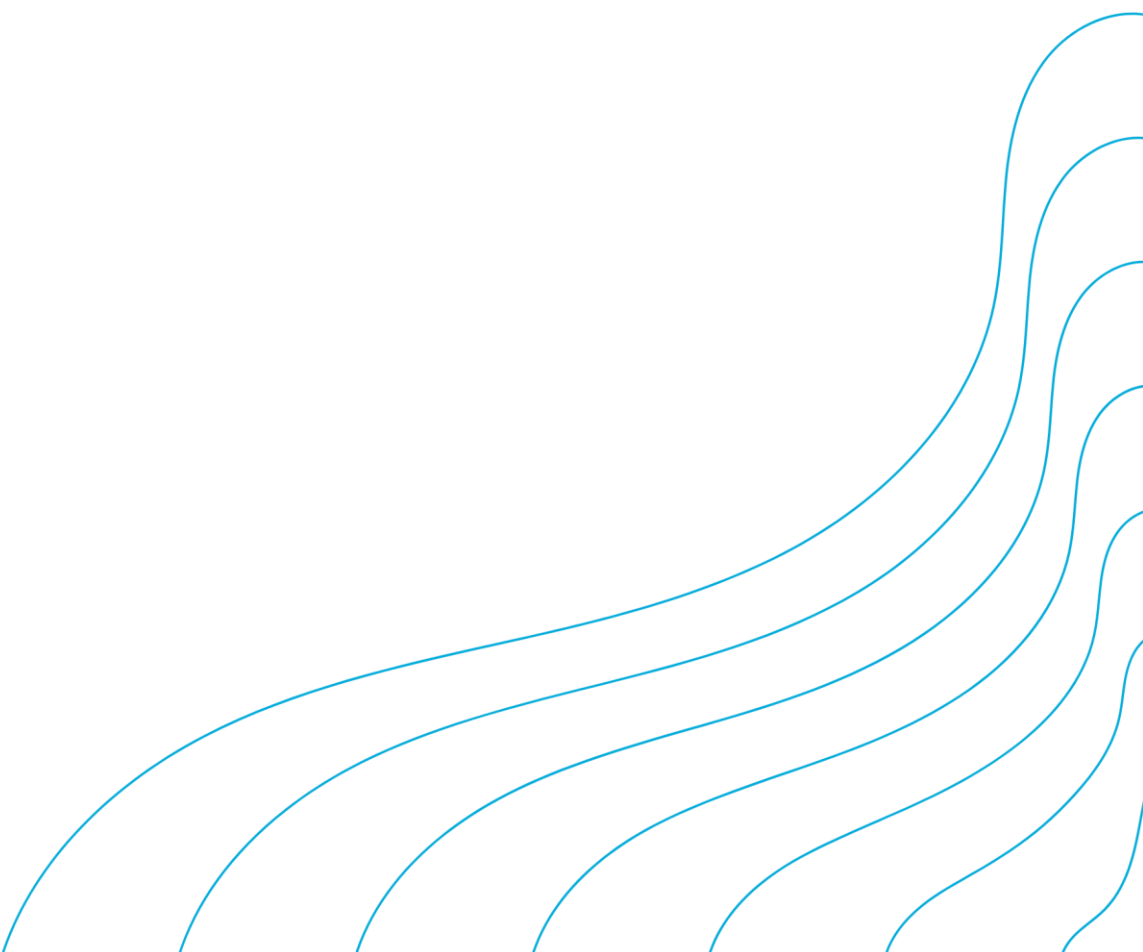
The model calculates these three levels of impact—direct, indirect and induced—for the following metrics:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

Economic Impact Model



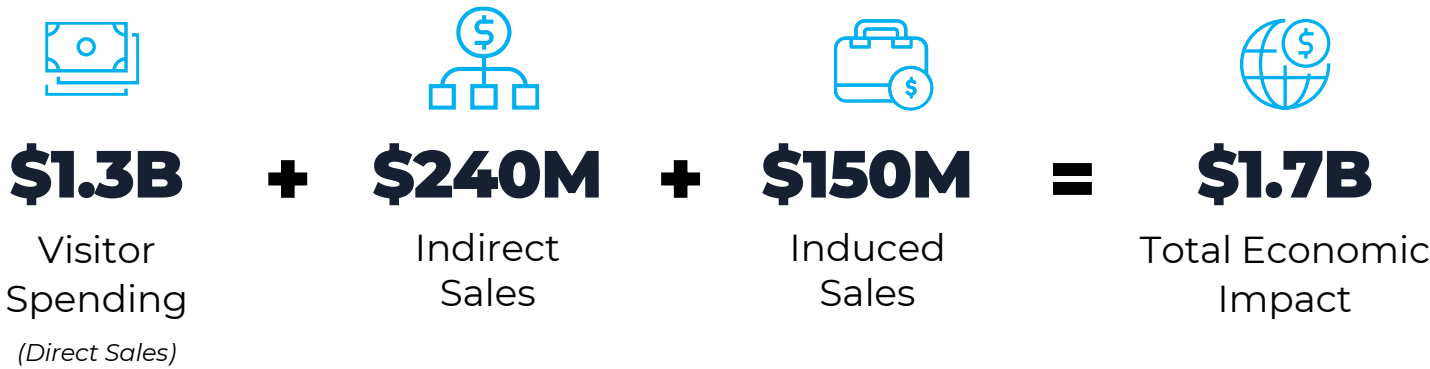
ECONOMIC IMPACT



Business Sales Impacts

Visitors spent \$1.3 billion on Galveston Island in 2024. These direct impacts generated an additional \$390 million through supply chain (indirect) and income (induced) effects.

As a result, the total economic impact of visitors reached \$1.7 billion in 2024.



Business Sales by Industry (2024)

\$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$1,276	\$240	\$150	\$1,666
Food & Beverage	\$308	\$20	\$16	\$344
Lodging	\$270	\$3	\$2	\$274
Retail Trade	\$231	\$4	\$18	\$253
Finance, Insurance and Real Estate	\$125	\$59	\$53	\$237
Recreation and Entertainment	\$212	\$7	\$2	\$222
Other Transport	\$88	\$25	\$4	\$117
Business Services		\$45	\$8	\$54
Personal Services	\$15	\$11	\$11	\$37
Gasoline Stations	\$28	\$0	\$1	\$29
Construction and Utilities		\$22	\$4	\$26
Communications		\$17	\$4	\$21
Education and Health Care		\$0	\$16	\$16
Wholesale Trade		\$11	\$5	\$15
Manufacturing		\$8	\$3	\$11
Government		\$6	\$3	\$9
Air Transport		\$1	\$1	\$1
Agriculture, Fishing, Mining		\$0	\$0	\$0

Source: Tourism Economics

Visitor spending generated a total economic impact of **\$1.7 billion.**



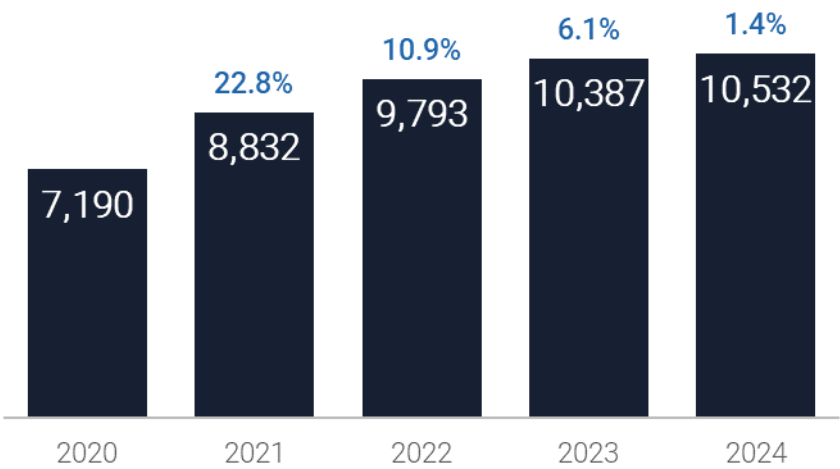
Direct Employment

Employment directly supported by visitor activity increased 1.4% in 2024, reaching 10,532 jobs.

Visitor-supported employment is a significant part of several Galveston Island industries—all lodging employment, 85% of recreation employment, and 69% of food and beverage jobs are supported by visitor spending.

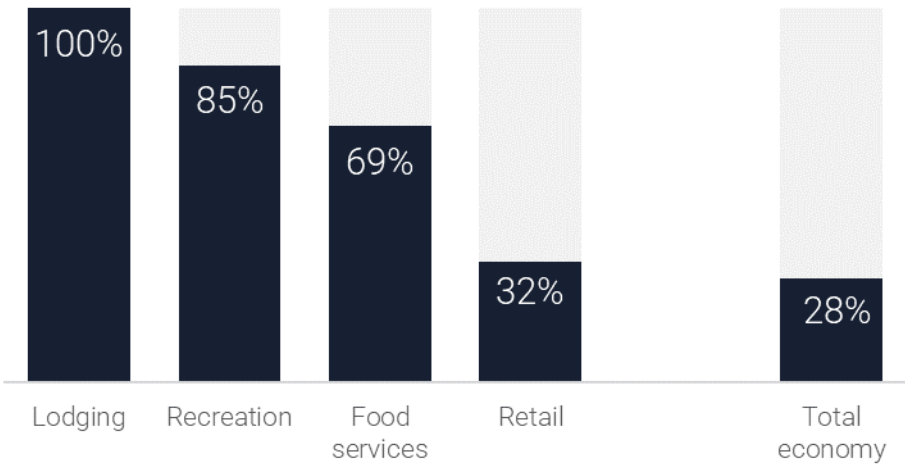
Overall, direct tourism jobs accounted for about 28% of all jobs on Galveston Island in 2024.

Visitor-Supported Employment on Galveston Island jobs



Source: Tourism Economics

Tourism Employment Intensity share of total industry employment



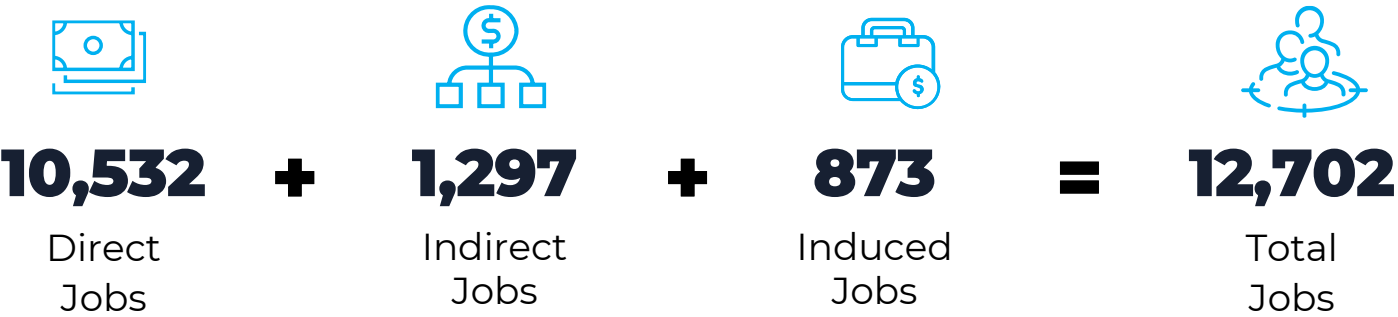
Source: Tourism Economics



The Galveston Island visitor economy directly supported more than **10,500 local jobs.**

Employment Impacts

Visitor activity sustained 10,532 direct jobs in 2024, with an additional 2,170 jobs supported from the indirect and induced impacts of visitor activity. Total employment impacts tallied 12,702 in 2024, translating to one-in-three jobs on the island.



Employment by Industry (2024)

jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	10,532	1,297	873	12,702
Food & Beverage	3,469	142	139	3,750
Recreation and Entertainment	3,168	78	36	3,282
Lodging	1,794	14	10	1,819
Retail Trade	1,204	29	185	1,418
Other Transport	492	140	27	659
Finance, Insurance and Real Estate	213	281	114	609
Business Services		400	64	464
Personal Services	160	88	104	351
Education and Health Care		4	148	152
Construction and Utilities		45	9	53
Gasoline Stations	32	1	7	41
Wholesale Trade		28	12	41
Communications		25	7	33
Government		16	7	23
Manufacturing		3	1	4
Air Transport		1	1	3
Agriculture, Fishing, Mining		1	1	2

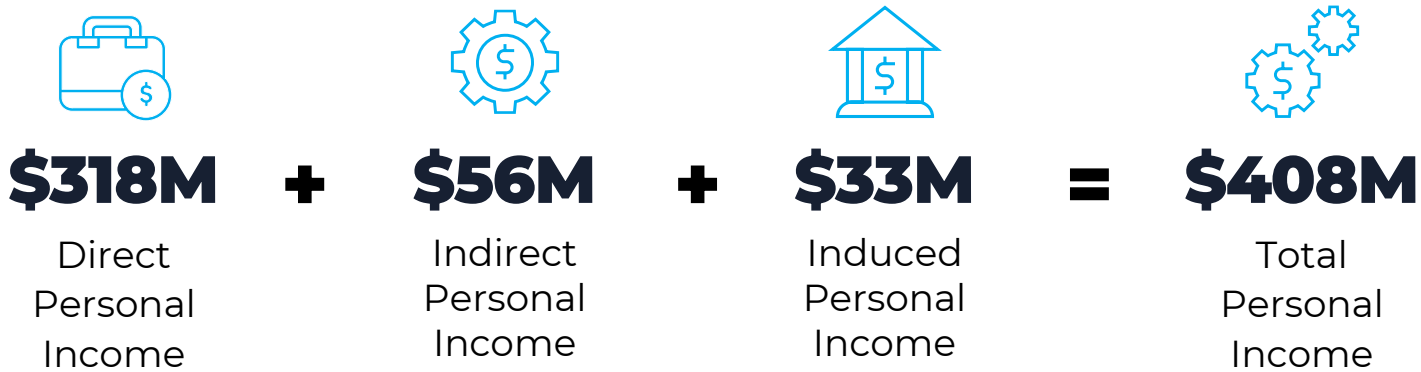
Source: Tourism Economics

The visitor economy supports **one-in-3 jobs** on Galveston Island, including 3,750 jobs in the food and beverage industry.



Personal Income Impacts

Visitor activity generated \$318 million in direct personal income in 2024. Including indirect and induced impacts, employees received \$408 million in personal income.



Personal Income Impacts by Industry (2024)

\$ millions

	Direct Personal Income	Indirect Personal Income	Induced Personal Income	Total Personal Income
Total, all industries	\$318	\$56	\$33	\$408
Food & Beverage	\$88	\$7	\$4	\$99
Lodging	\$84	\$1	\$0	\$86
Recreation and Entertainment	\$55	\$1	\$1	\$57
Other Transport	\$42	\$8	\$1	\$51
Retail Trade	\$29	\$1	\$5	\$34
Finance, Insurance and Real Estate	\$9	\$7	\$5	\$22
Personal Services	\$9	\$6	\$3	\$18
Business Services		\$15	\$2	\$17
Education and Health Care		\$0	\$9	\$9
Wholesale Trade		\$3	\$1	\$4
Construction and Utilities		\$3	\$1	\$4
Government		\$2	\$1	\$3
Gasoline Stations	\$2	\$0	\$0	\$2
Communications		\$1	\$0	\$1
Manufacturing		\$0	\$0	\$0
Air Transport		\$0	\$0	\$0
Agriculture, Fishing, Mining		\$0	\$0	\$0

Source: Tourism Economics



Tax Impacts

Visitor activity generated \$241 million in government revenues in 2024.

State and local taxes alone measured \$123 million in 2024.

Each household on Galveston Island would need to be taxed an additional \$5,000 to replace the visitor-generated taxes received by state and local governments in 2024. These savings are primarily attributable to visitor-generated sales, hotel occupancy, and property tax revenues.

Visitor-generated local tax revenues, not including hotel occupancy tax revenues, tallied \$39 million in 2024. This accounted for 51% of the City of Galveston’s General Fund revenues, based on the 2024 budget of \$77.3 million.

Tax Impacts, 2024

\$ millions

	2020	2021	2022	2023	2024	2024 Growth
Total	\$136	\$197	\$228	\$244	\$241	-1.0%
Federal	\$68	\$94	\$109	\$117	\$119	1.3%
Personal income	\$17	\$24	\$28	\$31	\$31	1.8%
Corporate	\$23	\$32	\$37	\$41	\$41	0.8%
Indirect business	\$4	\$4	\$5	\$5	\$5	1.5%
Social insurance	\$24	\$34	\$38	\$40	\$41	1.3%
State and Local	\$68	\$103	\$120	\$126	\$123	-3.0%
Sales	\$23	\$34	\$42	\$45	\$46	0.8%
Lodging	\$27	\$43	\$49	\$50	\$45	-9.6%
Social insurance	\$1	\$2	\$2	\$2	\$2	1.3%
Excise and Fees	\$2	\$1	\$2	\$2	\$2	1.6%
Property	\$15	\$22	\$26	\$27	\$28	2.2%

Source: Tourism Economics

State and Local Tax Impacts, 2024

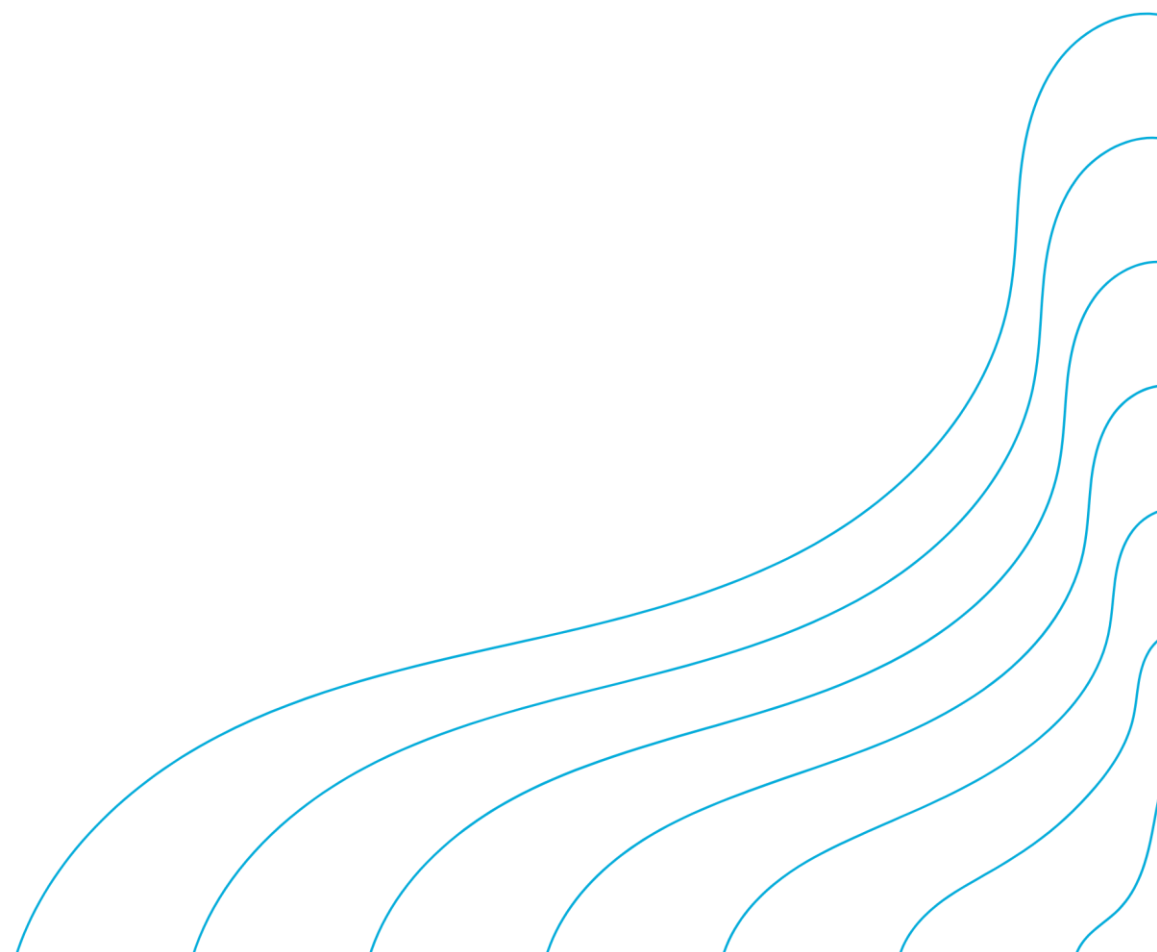
\$ millions

	State	Local
Total	\$56	\$66
Sales	\$36	\$10
Lodging	\$18	\$27
Social Security	\$2	
Excise and fees		\$2
Property		\$28

Source: Tourism Economics



APPENDIX



Appendix

Methodology Overview

Measuring the visitor economy begins with a comprehensive demand side analysis. A visitor is defined as someone who stayed overnight or traveled more than 50 miles to the destination.

The analysis of the Galveston Island visitor economy begins with direct visitor spending. These estimates are strengthened through an analysis of industry-specific data sets on the lodging industry, cruise, and sectoral-level business sales. Government data, including lodging taxes, as well as employment and personal income by industry, are used to supplement and confirm demand-side visitor spending calculations.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis (BEA). This is more comprehensive than Bureau of Labor Statistics (BLS QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the QCEW data.

The complete set of data inputs is provided below.

Data Sources

- **STR and AirDNA:** Lodging performance data, including room demand and revenue, for hotels and short-term rentals
- **Galveston Park Board:** tax data on hotel occupancy receipts
- **Texas Comptroller:** sales tax receipts by industry
- **Port of Galveston:** cruise passenger and port revenues data
- **TransUnion:** credit card transaction data, by spending category
- **Datafy and Azira:** mobile geolocation data, by type of visitor
- **BEA/BLS:** Employment and wage data, by industry
- **US Census:** Business sales and employment by industry, and seasonal second homes inventory

Glossary

SPENDING DEFINITIONS	LODGING	All accommodation businesses, including hotels, B&Bs, campgrounds, and short-term rentals. This includes food, entertainment, and other services provided by these establishments.
	FOOD & 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 sector.
	RETAIL	Includes visitor spending in all retail sub-sectors within the local economy, excluding grocery stores.
	LOCAL TRANSPORT	Ride share, taxis, limos, trains, rental cars, buses, and gasoline purchases.
	AIR TRANSPORT	Where applicable, the local share of air transportation spending.
	CRUISE (AT PORT)	On-shore cruise-related spending, including parking, ship fees, and water, porter, security, and utilities services.
ECONOMIC IMPACT DEFINITIONS	SECOND HOMES	Where applicable, spending associated with seasonal second homes for recreational use as defined by the Census Bureau.
	DIRECT IMPACT	Impacts (business sales, jobs, income, and taxes) related to businesses where visitors spend dollars (e.g. recreation, transportation, lodging).
	INDIRECT IMPACT	Impacts created from the purchase of goods and services as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected sectors (i.e. business-to-business purchases).
	INDUCED IMPACT	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor activity.
	EMPLOYMENT	Employment is measured by the Bureau of Economic Analysis (BEA) definition, and captures full-time and part-time jobs, which includes salary and wage employees and proprietors.
	PERSONAL INCOME	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
	LOCAL TAXES	City and County taxes generated by visitor spending. Includes any local sales, income, bed, usage fees, licenses and other revenue streams to local governmental authorities.
	STATE TAXES	State tax revenues generated by visitor spending. Includes sales, income, corporate, usage fees and other assessments of state governments.

About the Research Team

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics 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 was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modeling 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.

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