



FEBRUARY 2025

COMPETITIVE GOLF, IN FEBRUARY

THE ECONOMIC IMPACT OF
THE WM PHOENIX OPEN

AUTHORS: GLENN FARLEY & KAMRYN BRUNNER

ABOUT THE AUTHORS



Glenn Farley is CSI Arizona’s Director of Policy & Research, where he leads its research efforts. Glenn has helped CSI provide accurate, timely, and insightful public information on issues ranging from tax and regulatory policy, to Arizona’s changing K-12 landscape since the pandemic.

Prior to joining CSI in 2022, Glenn ended his 8 years in the Office of the Arizona Governor as Gov. Doug Ducey’s Chief Economist and a policy advisor. In that role he advised on issues of tax, fiscal, and regulatory policy, and was one of the Governor’s lead architects of his two major tax reforms – the 2018 tax overhaul that established the State’s first remote sellers sales tax and dedicated the proceeds to a major simplification and overhaul of the individual income tax, followed by the 2021 income tax omnibus which phased in a 2.50% flat tax (the lowest in the country). Mr. Farley has also led the budget team that produced the Executive revenue forecasts and caseload spending numbers that have helped ensure the longest run of conservative, structurally balanced budgets in State history.



Kamryn Brunner joined Common Sense Institute Arizona in 2022 as a research analyst. Since then she has conducted research primarily in charitable tax credits and education funding. After graduating from Grove City College in 2022 with a B.A in economics, Kamryn wrote for an online news publication. She has volunteered for various grassroots organizations throughout her college career. Kamryn also was a legislative aide in the South Dakota State Legislature assisting in various committees such as Education and Agriculture and Natural Resources. Kamryn grew up in South Dakota and moved to Arizona in 2022.

ABOUT COMMON SENSE INSTITUTE

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Arizona's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Arizonans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Arizonans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the Arizona economy and individual opportunity.

TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Arizonans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

TABLE OF CONTENTS

About the Authors	1
About Common Sense Institute.....	2
Teams & Fellow Statement	2
Introduction	4
The Phoenix Open.....	5
Estimated Impact of the Phoenix Open	6
About the Sports and Tourism Sector	8
The Economic Impact Model.....	10
The Economic Impacts of Arizona's Sports and Tourism Sector.....	11
The Bottom Line	12

INTRODUCTION

The Phoenix Open is a four day, 72-hole golf tournament played annually at TPC Scottsdale – a professional golf course in the center of the Phoenix metro area. Including the pre-tournament events, the Open lasts a full week in early February and is the most well-attended golf tournament in America; in 2018 – the last year attendance figures were reported by the event hosts – 719,120 passed through the gates.

This year, the Open officially begins on February 3rd and concludes on February 9th. CSI estimates that approximately 750,000 attendees will participate over those seven days – including 114,000 attendees who are visiting from outside of Arizona.

A 2017 study estimated the combined economic impacts of that year's Open to be \$450 million. By all accounts, the 2025 event will have an even larger impact. Arizona's robust Sports and Tourism sector recently hosted the Super Bowl, the World Series, and March Madness, and various golf, fencing, and other significant championships and events. The entire sector of Sports and Tourism in Arizona adds billions of dollars and thousands of jobs annually and positions Arizona at the "center of the sports world".

Thanks to Arizona's low costs of doing business (including its low taxes and light regulatory footprint), favorable weather, and effective police and infrastructure, the state's Sports and Tourism sector has grown to be one of the nation's most successful.

Key Findings

\$208M

Estimated combined direct spending by visitors of the WM Phoenix Open over the week's events, including the four day PGA tournament. Non-resident spending accounts for \$88.7 million of this total.

\$407M

Combined contribution to state GDP expected from the entire week's events at this year's Phoenix Open. And \$174 million of that impact comes from spending by out-of-state visitors who contribute net-new activity to the state.

\$13.0 billion

Estimated direct sales by Arizona's hotels, casinos, sports and other professional performance venues, and other components of the state's Sports and Tourism sector in 2025.

322,900

Number of people directly and indirectly employed by Arizona's Sports and Tourism sector, or about 10% of the state's total workforce.

3.5%

Projected average annual growth rate of the sector over the next decade.

THE PHOENIX OPEN

Established originally in 1932, the Phoenix Open may be Arizona's longest-running professional sports tournament and is traditionally the best-attended event in golf.ⁱⁱ Ironically, the event is played at a course in Scottsdale, and it has earned a reputation for activities beyond just golf: concerts and other live entertainment, food and drinking, and general recreation feature heavily.

However, the core of the four-day event remains a 72-hole golf tournament. This year, the total prize purse is \$9.2 million; last year's grand prize winner alone received \$1.7 million.ⁱⁱⁱ

Although the event hosts stopped making attendance figures public in 2018, it appears that attendance has continued rising since the pandemic and likely peaked in 2024.^{iv} At last reported pre-pandemic, an official 719,120 fans passed through the event gates – including 142,313 fans who attended during the three days prior to the start of the tournament itself (highlighting the scope of the events general entertainment draw).^v

The events rapid growth and general appeal may have had unintended consequences. The 2024 Open was marred by controversy over crowd sizes, long lines, and behavioral issues.^{vi} In response, the theme of this year's event is "better, not bigger".^{vii} Last year's event also reportedly raised \$17.5 million for local charities (a record).^{viii}

FIGURE 1 - WMPHOENIXOPEN.COM (2022)



ESTIMATED IMPACT OF THE PHOENIX OPEN

The 2025 WM Phoenix Open will be played at TPC Scottsdale, an 18-hole par 71 tournament golf course, between February 6th and February 9th, 2025. There are three days of pre-tournament events beginning February 3rd, and supplementary entertainment including concerts and shows throughout.

Unlike some other major sporting events, the WM Phoenix Open is not irregular – it always occurs in the Phoenix area in early February. Since 1987, it has been played and hosted at TPC Scottsdale. The regularity and predictability of the event means it is easier to build a fixed infrastructure around the Open and incorporate it into the state's ongoing sports and tourism economy.

Between 1987 and 2018 – the last year for which attendance figures were made public by the event – attendance grew steadily, from 257,000 to 719,200 fans. Though not publicly reported, media accounts suggest the 2024 event was likely the most-attended Open. Based on other indicators of growth in the sports and tourism sector in Arizona between 2018 and 2024 (and including volatility induced during the 2020–2022 pandemic-related disruptions of this industry), CSI estimates attendance may have grown another 8% by 2024 and peaked at approximately 775,000 event entrants over the week's events. Again, media accounts suggest this year's Open will likely be smaller and probably no larger than last year's; for purpose of this report, CSI estimates approximately 750,000 attendees this February.

Major sporting events like the Phoenix Open are attended by a mix of in-state residents and out-of-state visitors. When allocating their recreational dollars, one can assume that resident visitors likely would have spent the same amount on other entertainment activities in Arizona but-for the Open. However, these out-of-state visitors plausibly represent net-new activity that would not have occurred in Arizona but-for this event. An economic impact study of the 2017 Phoenix Open commissioned by the Thunderbirds estimated 15% of all attendees were non-Arizona residents. This report maintains that assumption.

Resident event-related spending is assumed to take the form of food and drinks, and tickets and admission costs, and other general merchandise and services. In addition to this, non-resident spending includes an assumed average of two nights in a Scottsdale-area hotel per attendee. Because detailed expenditure and attendance data for this event has not been reported, CSI made assumptions about the amount of this spending; specifically, we assume all attendees spent an average of \$150 on tickets and other merchandise per attendance-day; resident visitors spent an average of \$37.50 on food and drinks per day; and non-resident visitors spent an average of \$50 on food and drink per day. The two nights of hotel stay for non-resident attendees had an assumed cost of \$288/night.

Given these assumptions, **non-resident 2025 WM Phoenix Open attendees are expected to generate approximately \$88.7 million in direct and net new sports-and-tourism-related spending in Arizona that would not occur but-for the event.** Resident attendees will generate another \$119.2 million in direct spending on the Open over the full week. This activity will be concentrated in the greater Phoenix metro area generally, and specifically in and around the city of Scottsdale. Under a conservative set of assumptions, this will result in approximately \$6.5 million in state and local sales tax collections – including \$4.8 million attributable to non-residents.

FIGURE 2

Direct Spending by Residents and Visitors During the WM Phoenix Open

Category	Total Visitor Spending	Total Resident Spending
Total	\$88,692,331	\$119,207,813
Hotel	\$66,037,567	\$-
Meals and Drinks	\$5,711,250	\$23,841,563
Game Tickets	\$17,133,750	\$95,366,250

Source: CSI Calculations

Utilizing the REMI Tax-PI model, CSI can estimate the dynamic economic contribution of this spending to the overall Arizona economy – including indirect and dynamic impacts. Considering all spending, the Open induces \$407 million in statewide Gross Domestic Product (GDP) and supports 8,950 jobs. Even assuming spending by resident visitors would still occur on other local sports-and-tourism-related activities in the absence of the Open, **the (net-new) contribution by non-residents alone contributes \$174 million to annual state GDP and supports 3,800 jobs.**

Every time a major event such as this is hosted in Arizona, it invites visitors to take part in Arizona’s broader and permanent Sports and Tourism Sector. That sector in turn provides the foundation and support for the irregular major events. This mutually beneficial relationship is the foundation on which the greater Phoenix area’s recent major events prominence was built.

ABOUT THE SPORTS AND TOURISM SECTOR

Arizona’s moderate climate, massive visitor capacity, numerous tourist destinations, and the 2023 Wall Street Journal’s #1 large U.S. airport^{ix} have made the state a magnate tourism destination and made its Sports and Tourism industry central to its economy – and especially its rural economy. The state has 15 professional sports teams (including four major league teams), 32 state parks, and 24 national parks (including the Grand Canyon). Unlike many other regions, Arizona can host large sporting and other major events year ‘round.

Sports and Tourism encompass a wide range of business from Jeep tours through the Grand

Canyon by local small businesses to publicly-owned super-stadiums in greater Phoenix. In defining the Sports and Tourism industry to estimate its economic footprint, CSI includes industries such as scenic transportation, performing arts, spectator sports, recreation, gambling, and accommodations. This sector is similar to the industry that the Bureau of Labor Statistics (“BLS”) calls “leisure and hospitality”. The important distinction between the CSI-defined sector of Sports and Tourism and the BLS-defined industry of leisure and hospitality is scope of business.

FIGURE 3

Leisure and Hospitality Employment

As of December 2024, the leisure and hospitality sector in Arizona employed 354,700 people.



Source: Bureau of Labor Statistics, REMI Tax PI+ Model • For the purposes of this paper, CSI uses the NAICS category "leisure and hospitality" as a proxy in order to estimate wages in the sports and tourism sector

The BLS defined industry includes the NAICS categories of accommodation and food service, performance arts, spectator sports, and related industries such as museums and historical sights, amusement, gambling, and recreation, while CSI defined Sports and Tourism to overlap mostly with the BLS but include scenic and sightseeing transportation, a small part of the administrative and support services industry, and exclude the food service industry. This captures tourism business that happens across the state (including from major sporting events like the Final Four), while attempting to exclude the regular business that establishments like restaurants experience.

The leisure and hospitality industry was the 2nd largest industry nationally in terms of employment, growing 79,000 jobs per month from 2022 to 2023 according to BLS.^x The large events hosted in Arizona such as the 2023 Super Bowl and the 2024 NCAA Men's Final Four Basketball Championship – the state's second since 2017 – are likely to ensure the Sports and Tourism sector remains a prominent performer again this year.

As of 2024, the leisure and hospitality industries in Arizona employed 351,000 people and CSI estimates that the Sports and Tourism sector, specifically, directly employs 165,000 workers. At 10.8% of the state's total workforce, the hospitality industry is relatively larger in Arizona than the average US state (where it's about 10.5% of employment). Also of note is the sectors relative importance to rural Arizona: over 17% of the state's leisure and hospitality employment is outside of the Phoenix and Tucson metro areas, versus only about 12% of the states workforce overall. For perspective, about 17% of the state's population lives in rural areas.

THE ECONOMIC IMPACT MODEL

CSI estimated the economic impact of the Sports and Tourism sector by using Regional Economic Models, Inc. (REMI). This is a dynamic program that estimates the impact of changes in regional economies using representative national and state-level macroeconomic data in an input-output model. The World Tourism Organization defines tourism as “the activities of persons traveling to and staying in places outside of their usual environment for not more than one consecutive year for leisure, business or other purposes”.^{xi}

While some sectors are clearly defined in their economic activity, Sports and Tourism is a broad category that encompasses several different industries from state and national parks attractions to musical and sporting events.^{xii} Within the North American Industry Classification System (NAICS), which is used by both the Bureau of Labor Statistics and the REMI model, are numerous industry categories composed wholly or partly by activity CSI believes is consistent with this definition of “Sports and Tourism”.

To model the impact of the Sports and Tourism sector exclusively and in totality, we defined the category as follows (and as a percentage of the total classification):

- scenic and sightseeing transportation (100%),
- administrative and support services (3.6%),
- accommodation (99.75%),
- performance arts, spectator sports, and related industries (100%),
- museums and historical sights (100%),
- and amusement, gambling, and

recreation industries (100%).

By excluding these classifications from Arizona’s total output (defined to be an industry’s total sales or production), we can use the change in GDP, employment, income, and other measures of economic output to estimate the impact of the Sports and Tourism sector across the state holding all other characteristics of the Arizona economy fixed – both directly, and indirectly through induced jobs elsewhere.

In estimating the economic impact, CSI considers the direct, indirect, induced, and dynamic effects of the Sports and Tourism sector in Arizona. Direct impacts are initial changes that occur specifically because of the definition of Sports and Tourism activities used – for example, the employment, wages, and salaries associated with all Arizona hotels within the accommodation NAICS category. Indirect impacts reflect changes that occur in the supply chain for the directly impacted industries – for example, the fabric materials suppliers that sell bedding and towels to the directly impacted hotels. Induced impacts reflect changes that occur throughout the economy due to the loss (or gain) of wages and salaries in the directly and indirectly impacted industries – for example, retail spending by Arizona hotel workers. And finally, dynamic effects are the geographic and compositional changes in the economy in response to the policy shock – like the increase in jobs elsewhere when a hotel closes.

As a baseline, the REMI model assumes the Arizona economy employs 4.3 million people and has an annual (real, inflation-adjusted) Gross Domestic

THE ECONOMIC IMPACTS OF ARIZONA'S SPORTS AND TOURISM SECTOR

CSI estimates that the Sports and Tourism sector of the economy directly employs 167,300 Arizonans and contributes \$13.0 billion in final sales and output.

However, because the Sports and Tourism industries add jobs and output for Arizonans and tourists, other industries will feel these effects indirectly. As a result of the products demanded by companies in the Sports and Tourism sector, another \$3.4 billion in output and 19,300 jobs are supported by this sector from the sale of food, beverages, bedding, towels, and other intermediate goods and services. As employees of the Sports and Tourism sector receive wages and spend money on goods and services outside of their own companies, Sports and Tourism further induces \$8.6 billion in output and 65,700 jobs in other industries.

Including all direct, indirect, and other dynamic effects, the Sports and Tourism sector contributes \$21.1 billion in Gross Domestic Product (GDP) to the Arizona economy (5.3% of all economic activity). Additionally, 322,800 jobs and \$16 billion in disposable personal income are supported by this sector. Because the sector is projected to continue growing faster than the Arizona economy, the impact after 10 years increases to 6% of the total economy or \$29 billion (Real GDP).

While the aggregate impact across the state's economy in terms of employment is roughly 7%, the impact varies significantly by sector – for example a (direct) loss of 48,000 jobs in the accommodation industry induces an (indirect and dynamic) loss of 29,000 jobs in the state's construction industry and 18,000 jobs from the retail trade industry. A full accounting of modeled job and output losses by industry is included in an interactive table on the CSI website.

FIGURE 4

Contributions to Output and Employment from the Sports and Tourism Sector

Category	Output in Billions of Dollars	Employment
Total	\$35.6	322,800
Direct	\$13.0	167,300
Indirect	\$3.3	19,300
Induced	\$8.6	65,700
Dynamic	\$10.6	70,500

Source: REMI Tax-PI Model

THE BOTTOM LINE

The Phoenix Open is the latest in a line of major events highlighted by CSI to tout this state's Sports and Tourism Sector. Unlike many of the others, this is also a regular, annual event. This makes its estimated \$400 million contribution to GDP a core and recurring part of the state's regular economy.

Considered as a whole, the \$13+ billion Sports and Tourism Sector employs 165,000 people year-round, and is particularly important to Arizona's rural economies (even as major events generally go to Maricopa County and the greater Phoenix area). Without this sector, and Arizona's overall business-friendly climate, major events like the Phoenix Open would not occur with the same success and regularity.

SOURCES

- i. Brodie, Mark, "How Arizona Became the Center of the Sports World in 2023," *KJZZ*
- ii. "About the Thunderbirds", *WM Phoenix Open*, accessed on January 30th, 2025.
- iii. "Waste Management Phoenix Open 2025", *Desert Vibe*, January 27th, 2025.
- iv. Knack, Sam, "The 2025 WM Phoenix Open will be different.", *Golfweek*, January 26th, 2025.
- v. Hall, Mike, "How many fans attend the Phoenix Open?", *Golf Monthly*, February 6th, 2024.
- vi. Mackie, Theo et. al., "'A little bit too much': Fans, players call for change after chaos at WM Phoenix Open", *Arizona Republic*, February 12th, 2024.
- vii. Gutierrez, Nicole, "2025 WM Phoenix Open aims to be 'better, not bigger' with three new improvements", *ABC 15 Arizona*, January 17th, 2025.
- viii. "2024 WM Phoenix Open and the Thunderbirds raise a record \$17.5 million for Arizona charities", *WM Phoenix Open*, accessed on January 30th, 2025.
- ix. Gilbertson, Dawn, "The Best and Worst U.S. Airports or 2023," *The Wall Street Journal*, November 14, 2023.
- x. "Leisure and Hospitality Added an Average of 79,000 Jobs Per Month in 2022," *U.S. Bureau of Labor Statistics*, January 10, 2023.
- xi. Camilleri, M. A. "The Tourism Industry: An Overview". *Travel, Marketing, Tourism Economics and the Airline Product*. 2018.
- xii. Neirotti, Lisa. "Sport and Adventure Tourism". *Haworth Hospitality Press*. 2003.