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# MARCH MADNESS

THE ECONOMIC IMPACT OF GLENDALE'S  
FINAL FOUR BASKETBALL CHAMPIONSHIP  
AND ARIZONA'S SPORTS & TOURISM SECTOR

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## SUMMARY & KEY FINDINGS

“March Madness” – the roughly one month of games where 68 men’s and women’s college basketball teams face off to choose a champion – will this year be decided in part in Glendale, Arizona between April 6th and 8th. These final rounds of March Madness generate significant interest and the events surrounding the games often include tailgate parties, All-Star games, and music festivals with artists big enough to draw their own crowd apart from the main events. This year, State Farm Stadium is hosting the Men’s Final Four and the Women’s Final Four will be hosted in Cleveland.

Arizona will host the Women’s Final Four in 2026 for the first time, and Arizona last hosted the Men’s Final Four in 2017.

Arizona State University estimated the impact of hosting the Men’s Final Four Basketball Championship in 2017 to be \$324.5 million.<sup>i</sup> By all accounts, the upcoming 2024 event may be even larger. Arizona’s robust Sports and Tourism sector last year hosted the Super Bowl, the World Series, the Waste Management Open, and various golf, fencing, and other major championships. 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”<sup>ii</sup>, making it top of mind for major events of all kinds.

Thanks to Arizona’s efficient state and local governments, low costs of doing business, favorable weather, and effective police and infrastructure, the state’s Sports and Tourism sector has grown to be one of the nation’s largest.

### KEY FINDINGS

#### **\$250-\$300M**

Estimated combined economic impact of activity at Arizona’s four days of Final Four events.

#### **\$20 BILLION**

Contribution of the combined Sports and Tourism sector to Arizona’s Real Gross Domestic Product in 2024 (+8.6% year-over-year).

#### **\$12.7 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 2024.

#### **320,000**

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

#### **3.5%**

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

# MARCH MADNESS & THE FINAL FOUR BASKETBALL CHAMPIONSHIP

March Madness began in 1939, and is the championship tournament of NCAA Division I basketball teams. Sixty-eight Men's teams and 68 Women's teams each compete in seven single-elimination rounds culminating in the Final Four semifinals and the National Championship games.

The tournament starts with "Selection Sunday" where the top teams are chosen to compete, ranked, and placed into four regions that determine who they will play against in the first rounds of the tournament.<sup>iii</sup>

Once the 68 teams are selected, eight of the lowest ranked teams are selected to compete in the first part of the tournament (called the "First Four") where half of those will be eliminated.<sup>iv</sup>

The remaining 64 teams compete in single-elimination games to determine a champion of each region that will move on to the semifinal game called the Final Four. The semifinal and final games are hosted in the same arena and have been hosted in 30 different cities throughout history. Kansas City, MO has hosted the event 10 times - more than any other city.

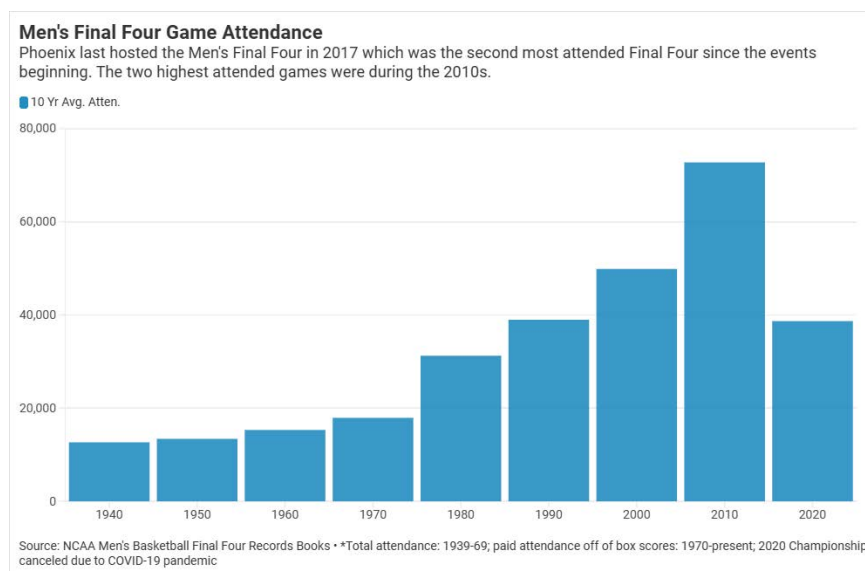
This year the Men's Final Four is hosted in Phoenix for the second time. When the Men's Final Four Championship games were last hosted in Phoenix (2017), it was the

second highest-attended Final Four game (with 77,612 average nightly attendees). The record for the most attended Final Four game was in 2014 when it was hosted in Arlington, Texas when 79,444 people attended.<sup>v</sup>

While average attendance has declined in recent years (particularly during 2020 and pandemic-era restrictions), there is reason to expect that this year's games will represent a return to more historical norms.

Not only are the games themselves an attraction in Phoenix, but the events surrounding the games pull in thousands of visitors as well. Leading up to the Championships games there will be a fan fest, a 3-day music festival, an All-Star game, and a Tailgate party. These events include performances by the Jonas Brothers, Mumford and Sons, and others.<sup>vi</sup>

**FIGURE 1**



## IMPACT OF HOSTING THE FINAL FOUR

In addition to the mega events hosted at State Farm Stadium (such as the Superbowl and the Men's Final Four), the venue regularly hosts large concerts such as the beginning of Taylor Swift's Eras tour, Garth Brooks (who holds the record for largest crowd at any single-night performance in the history of Arizona with over 77,000 attendees), and other crowd-drawing artists.

If Glendale were not hosting the Final Four, State Farm Stadium would likely have been used for a concert or similar event during this time (if not idle). While these still draw revenue for the stadium, the average attendance for a concert is usually much lower than we are expecting for the Men's Final Four.

The average attendance at the Final Four games between 2010 and 2019 is 72,733.<sup>vii</sup> Attendance has been recovering slowly since 2020; in 2022, average attendance per-game was 69,800, and in 2023 attendance was 72,400. The average attendance for a concert at State Farm Stadium over the same period has been about 52,000.<sup>viii</sup>

Assuming based on this historical data that this year's games have an average attendance of 75,000 (per game), that's 23,000 more people per event that will visit Glendale, eat and drink at restaurants there, shop, and spend money on recreational activities before and after the main event (assuming the area would have been used for a concert or equivalent event in the absence of this game).

CSI estimates that 150,000 people will attend the Men's Final Four and surrounding events in Phoenix over three-and-a-half days beginning April 6th, with 58,500 (39%) of those attendees visiting from out of state.

**FIGURE 2**

Direct Spending by Residents and Visitors During the Men's Final Four

Category	Total Visitor Spending	Total Resident Spending
<b>Total</b>	<b>\$162,220,500</b>	<b>\$90,182,400</b>
Hotel	\$ 73,505,250	\$ -
Meals	\$ 12,899,250	\$ 1,921,500
Drinks	\$ 2,457,000	\$ 1,281,000
Transportation	\$ 8,190,000	\$ 12,224,400
Airfare	\$ 21,469,500	\$ -

Given historical average expenditure data, these visitors spend a total of \$73 million on hotels and lodging in Phoenix, \$12.9 million on meals, \$2.4 million on drinks, \$29.6 million on transportation and airfare, and \$43.7 million on game tickets over the course of the event weekend. This total of \$162 million in new spending contributed to Arizona's economy. This new tourism spending could generate up to \$50 million in induced and dynamic effects for Arizona's economy. CSI estimates that this new spending will result in approximately \$15 million in new sales tax revenue for state and local jurisdictions.

Because this is net-new spending by out-of-state visitors who likely would not have come to Arizona but for this event, this is the "net-new" share of the event's economic impact.

Arizona residents, on the other hand, will spend an estimated \$90 million during the Men's Final Four weekend. However, this is not considered new spending to Arizona, as residents likely would have spent this money in the state on other things. Instead, the presence of these events is likely to shift household discretionary entertainment budgets from other (likely in-Arizona) activities to event spending.

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.

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# ABOUT THE SPORTS AND TOURISM SECTOR

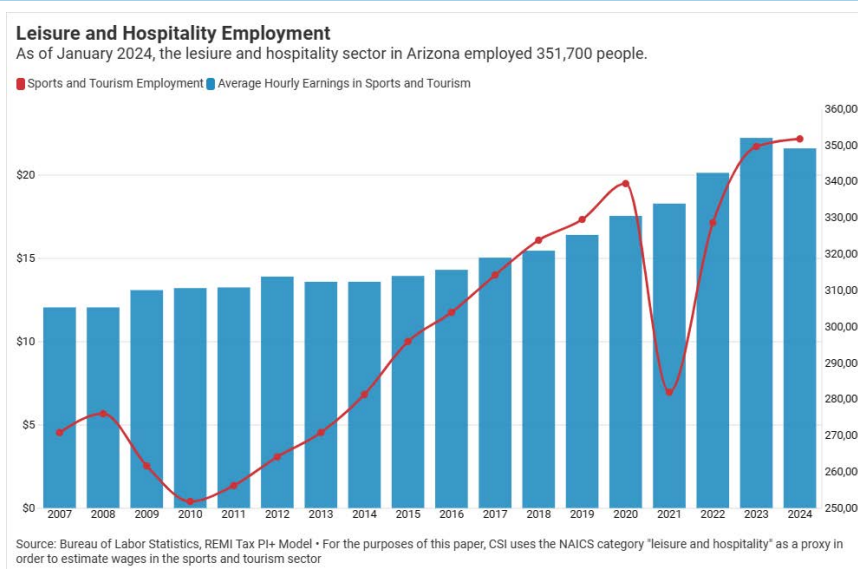
Arizona’s moderate climate, massive visitor capacity, numerous tourist destinations, and the 2023 Wall Street Journal’s #1 large U.S. airport<sup>ix</sup> have made the state a magnate tourism destination and made its Sports and Tourism industry historically important to its economy. The state has 15 professional sports teams (including four major league teams), 32 state parks, and 24 national parks (including the Grand Canyon). Unlike many other regions, Arizona – and particularly the greater Phoenix area – 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.

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

**FIGURE 3**



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.<sup>x</sup> 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 leisure and hospitality industry was the 2<sup>nd</sup> largest industry nationally in terms of employment, growing 79,000 jobs per month from 2022 to 2023 according to BLS.*



## 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”.<sup>xi</sup>

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.<sup>xii</sup> 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 Product of \$386 billion.

# THE ECONOMIC IMPACTS OF ARIZONA'S SPORTS AND TOURISM SECTOR

CSI estimates that the Sports and Tourism sector of the economy directly employs **165,000 Arizonans and contributes \$12.7 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 \$3.3 billion in output and 19 thousand 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 \$8.5 billion in output and 65 thousand jobs in other industries.

Including all direct, indirect, and other dynamic effects, the Sports and Tourism sector contributes \$20 billion in Gross Domestic Product (GDP) to the Arizona economy (5.3% of all economic activity).

Additionally, 320,000 jobs and \$15 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
<b>Total</b>	<b>\$34.9</b>	<b>320,000</b>
Direct	\$12.7	165,000
Indirect	\$3.3	19,000
Induced	\$8.5	65,000
Dynamic	\$10.4	70,400

Source: REMI Tax-PI Model



## THE BOTTOM LINE

While this year's Final Four games and events are likely to draw their largest crowds since the pandemic, and though these games cap a year of massive success for Arizona in terms of hosting major events, we again remind the public and policymakers that major events are a small and irregular part of a large and permanent whole: Arizona's Sports & Tourism sector.

This \$12+ billion 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, these major events likely would not occur as often or successfully here as they do.

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