



TRAVEL  
**Penticton**

# **ECONOMIC IMPACT OF TOURISM IN THE PENTICTON AREA**

2023-2024

PREPARED FOR TRAVEL PENTICTON

Executive Summary

**InterVISTAS**

## Executive Summary

The Penticton area (which includes the City of Penticton and surrounding towns and attractions) is a unique destination offering amenities to serve all types of visitors. Situated within the southern Okanagan's wine country, the Penticton area boasts year-round outdoor activities, several convention and events facilities, a diverse schedule of festivals and entertainment, family-friendly attractions, and a range of accommodation, dining, and shopping options.

In turn, visitors to the Penticton area play a pivotal role in driving economic activity. Tourism supports local employment and regional economic growth through the activities of the different businesses that are dependent, in whole or in part, on selling goods and services to non-local visitors.

This study estimates the annual economic impact of tourism in the Penticton area in 2023-24.<sup>1</sup>

### 2023-24 Economic Impact of Tourism in the Penticton Area

An estimated 646,000 visitors travelled to the Penticton area throughout the year ended March 2024.<sup>2</sup> The majority of visitors (94%) were from Canada, with the remaining 6% of visitors originating from the U.S. and overseas. These visitors support local economic activity by spending money during their stay throughout the Penticton area.

#### Direct Economic Impact

In 2023-24, visitor activities in the Penticton area directly supported 3,630 jobs earning \$156 million in direct labour income, while more broadly generating \$273 million in direct gross domestic product (GDP) and \$545 million in direct economic output. Accommodation providers, attractions, events and entertainment, outdoor recreation businesses, and other core tourism-serving firms in the region accounted for 58% of direct tourism related employment, equal to approximately 2,100 jobs. In addition, tourists in the region spent an estimated \$147 million on food and beverage, shopping and retail, and local transportation in 2023-24, accounting for the remaining 42% or 1,530 direct jobs.

Tourism supports the viability and growth of a diverse range of businesses. The largest sector directly supported by Penticton area tourism, in terms of employment, was food and

#### *Annual Direct Impact of Penticton Area Tourism*

##### **Direct Impact (2023-24):**

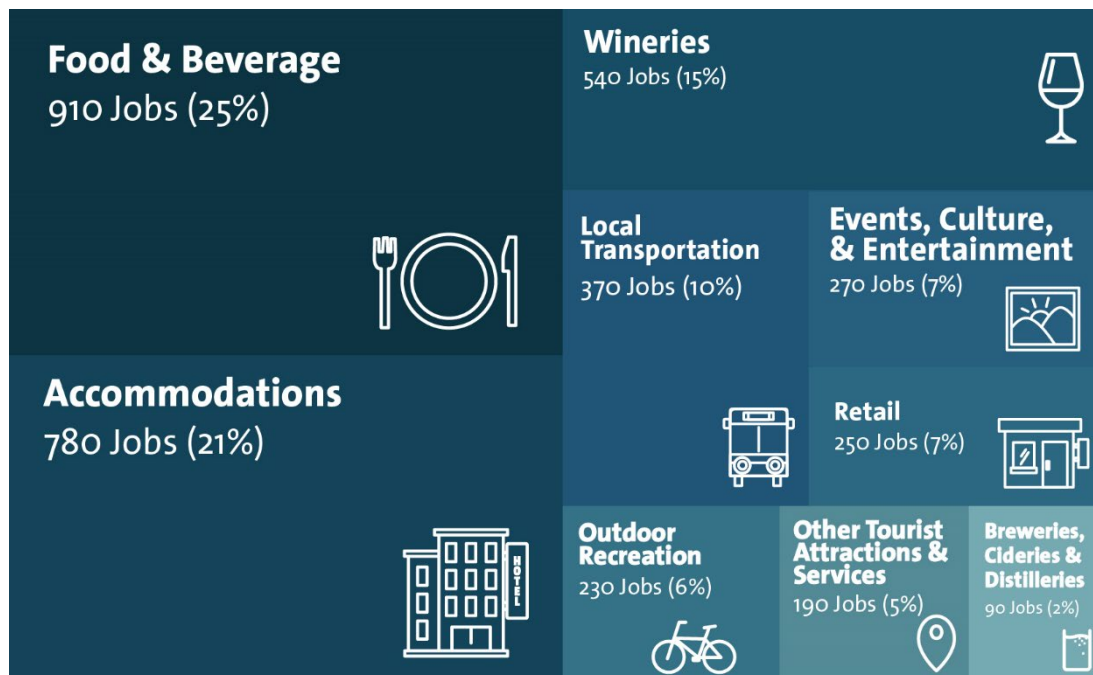
- 3,630 jobs
- \$156 million in labour income
- \$273 million in gross domestic product
- \$545 million in economic output

<sup>1</sup> This study covers the three major components of economic impact which are classified as *direct*, *indirect*, and *induced* impacts. *Direct* impacts account for the economic activity of businesses where tourists spend money. *Indirect* impacts refer to the impacts on upstream supplier industries that serve the businesses where tourists spend money. *Induced* impacts are generated from expenditures by individuals employed directly or indirectly by businesses where tourists spend money, also known as the *household spending effect*.

<sup>2</sup> This represents the most recent annual data available from Statistics Canada and supplementary sources for the Penticton area.

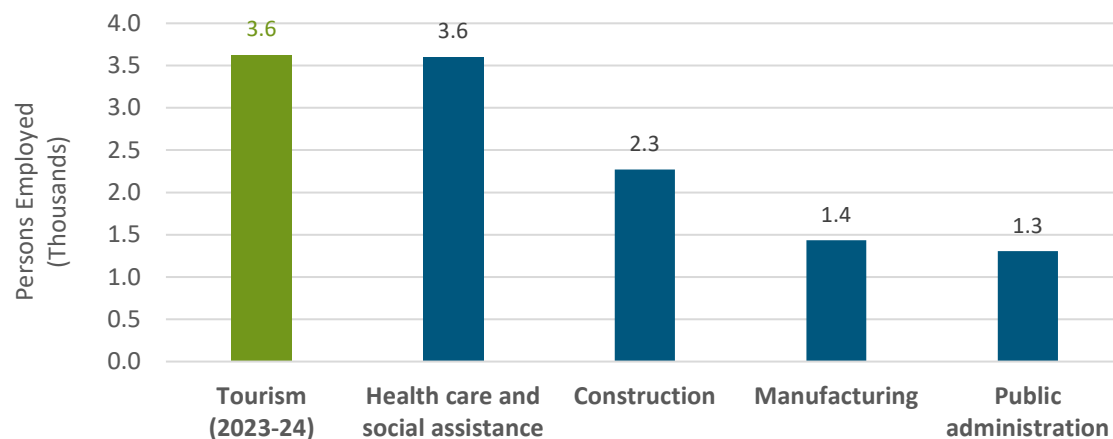
beverage followed by accommodations and wineries. A breakdown of the amount of direct tourism related jobs in Penticton, by business type, is shown in **Figure ES-1**.

**Figure ES-1: Tourism Related Direct Employment in the Penticton Area by Business Type, 2023-24**



**Figure ES-2** shows the relative size of the Penticton area's tourism industry in comparison to other sectors of the local economy. Employment from tourism activities is similar in scale to the local healthcare industry and exceeded the region's construction, manufacturing, and public administration industries.

**Figure ES-2: Employment in Tourism versus Other Industries in the Penticton Area**



**Note:** Caution advised given the comparison is between different years.





**Sources:** 2023-24 direct tourism jobs from this study are shown against 2021 jobs in other industries per Statistics Canada, Focus on Geography Series, 2021 Census for the City of Penticton and all surrounding areas within the study region.



## Total Economic Impact of Tourism in the Penticton Area

Including direct, indirect, and induced impacts altogether, the total economic impact of tourism in the Penticton area was estimated to be 5,340 total jobs throughout British Columbia in 2023-24. The total earnings of this employment amounted to \$258 million in labour income. Furthermore, visitor activities in the region contributed an estimated \$481 million in total GDP and \$897 million in total economic output to the provincial economy. The total economic impact of the Penticton area's tourism sector in 2023-24 is summarized in **Figure ES-3**.

**Figure ES-3: Total Economic Impact of Tourism in the Penticton Area, 2023-24**

				
Component	Employment (Jobs)	Labour Income (\$ Millions)	GDP (\$ Millions)	Economic Output (\$ Millions)
Accommodations	780	\$34	\$69	\$119
Wineries	540	\$29	\$81	\$172
Other Tourism Related*	780	\$34	\$45	\$106
Visitor Spending**	1,530	\$59	\$78	\$147
<b>Total Direct</b>	<b>3,630</b>	<b>\$156</b>	<b>\$273</b>	<b>\$545</b>
<b>Indirect</b>	1,020	\$64	\$112	\$206
<b>Induced</b>	690	\$38	\$96	\$146
<b>Grand Total</b>	<b>5,340</b>	<b>\$258</b>	<b>\$481</b>	<b>\$897</b>

**Notes:**

\*Other Tourism Related reflects other core tourism businesses. This includes events, attractions, outdoor activities, tour operators, and other organizations involved in the tourism sector.

\*\*An estimated 1,530 direct jobs were associated with visitor spending that takes place in the Penticton area related to expenditures on food & beverage, retail, and local transportation.

Note: figures may not sum to totals due to rounding.

## Direct Tax Impact of Tourism in the Penticton Area

Tourism in the Penticton area generates taxation revenues to municipal, provincial, and federal governments. Annual taxes paid by tourists as well as employers and employees of Penticton's tourism industry (direct impacts) were estimated to be \$99 million in 2023-24.

Tourism related employees and employers contributed approximately \$81 million in government revenues, accounting for 81% of total tax contributions. The remaining 19% of taxation revenues were generated by sales taxes levied on taxable expenditures made by tourists on accommodations, retail, food and beverage, entertainment, and local transportation. **Figure ES-4** provides a summary of tax contributions by taxpayer.

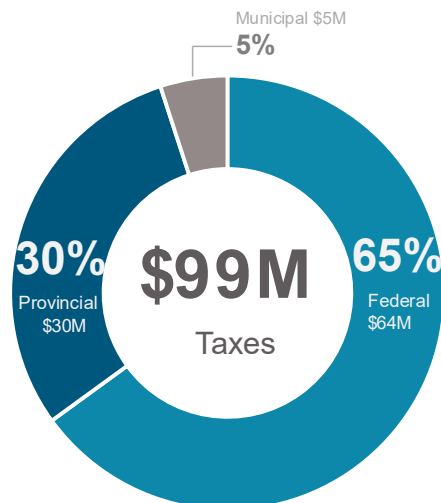
The majority of taxes collected (65%) accrued to the federal government at \$64 million. The provincial government received an estimated \$30 million in tax revenues (30% of total). Municipal governments also benefit from Penticton's tourism industry through the collection of business and residential property taxes, the Municipal and Regional District Tax (MRDT), and short-term rental (STR) license fees, altogether estimated at \$5 million, as shown in **Figure ES-5**.

**Figure ES-4: Tax Contributions from Tourism in Penticton Area by Taxpayer, 2023-24**

Taxpayer	Federal (\$ Millions)	Provincial (\$ Millions)	Municipal (\$ Millions)	Total (\$ Millions)
Tourism Employees and Employers	\$55	\$22	\$4	\$81
Tourists	\$9	\$8	\$1	\$18
<b>Total</b>	<b>\$64</b>	<b>\$30</b>	<b>\$5</b>	<b>\$99</b>

**Note:** Figures may not sum to totals due to rounding.

**Figure ES-5: Tax Contributions from Tourism in Penticton Area by Level of Government, 2023-24**





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