



NEW YORK CITY COMPTROLLER
BRAD LANDER

Spotlight

Tourism's Role in New York City's Economy

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Contents

Introduction	4
Defining the Tourism Economy	4
Tourism Industries	5
Evolution of NYC Tourism Over Time	6
How Does NYC Compare with Other Cities?	7
Fiscal Impact of Tourism	9
Recent Trends and Outlook	9
Acknowledgements	12

Introduction

There are a number of drivers of New York City's economy, led by finance (aka Wall Street), tech, and various business services—all of which pay fairly well and are highly concentrated here. Yet other sectors are also important components of the city's robust and diversified economy, and one such sector is tourism. While tourism does not play an outsized role in New York as it does in cities like Orlando, Las Vegas, Honolulu, and New Orleans, it attracts a huge number of visitors each year and more international visitors than any other U.S. city. And these visitors provide not only substantial revenue for the city's museums, restaurants, theatres, and hotels, but also support the city's nightlife, culture, and general vibrancy.

During the first year of the COVID pandemic, tourism activity in the city virtually ground to a halt. The four years since, however, have seen a complete rebound in that sector. In this Spotlight, we look at the evolution in New York City's tourism sector and how it compares and contrasts with other cities' counterparts.

As was the case for the city's creative sector, which we explored in our [October 2024 Spotlight](#), one of the more impressive developments has been that New York City has remained a top destination for visitors both domestic and foreign.

Defining the Tourism Economy

In contrast with well-defined industries like finance, legal services, or construction, tourism is not an industry sector per se, but rather a market. It can also be framed as a cluster of businesses that tend to service visitors—either partially or entirely. In essence, it is rooted in the money these visitors spend in the city, on hotels, museums, retail shops, bars and restaurants, theatres, and so forth. Visitors are typically defined as people coming to the city from more than 50 miles away—both for leisure and for business, both day-trippers and overnight guests.

While some types of businesses, like hotels and sightseeing buses, are almost entirely tourism related, many others service both visitors and local residents. In order to roughly quantify how much business tourists generate locally, both the [NYC Tourism & Conventions](#) research group and the [Office of the New York State Comptroller](#) have developed estimates of what share of certain industries are accounted for by tourist demand. These provide a reasonable framework for measuring the impact of tourism on a local economy. For this report, we focus on estimates from the NYC Tourism & Conventions bureau.

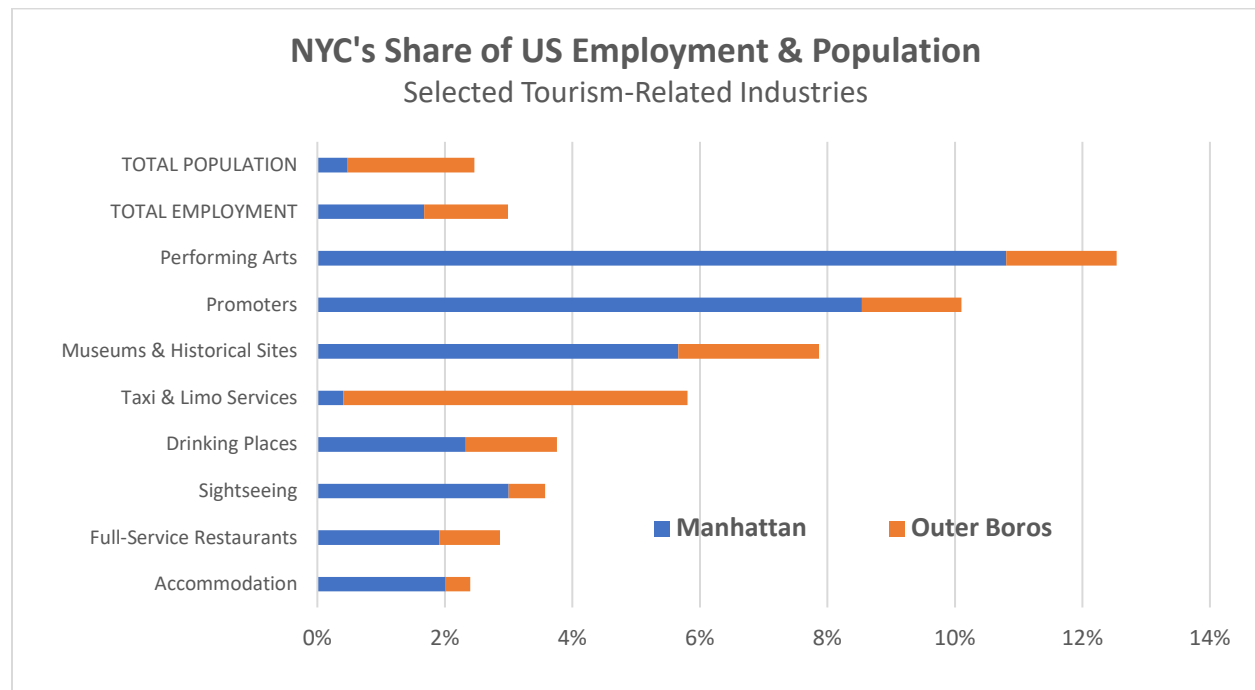
For comparative analysis, both over time and across geographies, this report uses the Accommodation industry as its proxy for tourism activity. But in gauging the overall impact and contribution of tourism, we also focus on other industries that are substantively supported by tourism and that draw visitors to come in the first place—that make New York City a destination. Thus, our focus here includes museums, theatres, sightseeing, sports venues, and so on, as well as restaurants and bars.

Tourism Industries

As noted earlier, the primary tourism-related industry is Accommodation (i.e., hotels). This is the one industry which almost exclusively services tourists. However, it is also reasonable to count museums, theatres, ballparks, music venues, and other arts & entertainment attractions that draw locals but also many visitors. Many of these overlap with what we characterized as Creative Economy sectors in our October 2024 Spotlight. Even restaurants, bars, and some retail shops might be considered tourism-related, even though the vast majority of their customers city-wide are locals. Survey results and research from NYC Tourism & Conventions and Tourism Economics estimate that visitor spending supports 60-65% of local jobs in Arts & Entertainment, 30-35% in Restaurants & Bars, and just over 5% in Retail Trade.

In Chart 1 below, we show a number of the most tourist-driven industries in New York City and how prevalent each one is here in terms of employment. While New York City accounts for roughly 3% of all U.S. jobs and 2½% of the nation's population, it represents a much higher share of nationwide employment in most of these industries—especially in Manhattan. While all these tourism-related industries are not as concentrated here as, say, the Securities industry (aka Wall Street), which accounts for 18% of nationwide jobs (and an even larger share of wage & salary earnings), they do play an important role. For one thing, they provide jobs for less highly educated and entry level workers.

Chart 1



Sources: Bureau of Labor Statistics, U.S. Census Bureau; NY State Department of Labor; Moody's economy.com; Office of the NYC Comptroller

One illuminating finding here is that Accommodation employment is no more prevalent in New York City than it is nationally (though it is so in Manhattan). This is evidently because many tourists do not stay at hotels. Many visitors to the city are “day-trippers”—a market mainly drawn from the many millions of people who live within a few hours of the city. NYC Tourism & Conventions estimates that almost half of all domestic visitors to New York City do not stay overnight. Of course, they are estimated to spend substantially less than overnight visitors, but they still contribute to the economic, fiscal, and cultural well-being of the city. Still more come as overnight house guests of friends and family who live in the five boroughs. And finally, some stay at Airbnbs or similar places; despite the city’s restrictive policies on Airbnbs, there are approximately 4,000 listings for which the minimum stay is less than five nights.¹ While the lion’s share of tourism activity and spending is estimated to come from overnight hotel guests, these other segments are not inconsequential.

For cultural and entertainment attractions and events, Manhattan is clearly the dominant destination. Its 120 museums, 500+ theatre companies, and scores of dance companies and music venues are unparalleled nationwide. Yet the outer boroughs have their fair share of attractions and amenities as well. For example, Brooklyn and Queens together are home to more than 50 museums, two major sports venues, and a variety of beaches; the Bronx is notable for the Bronx Zoo and Botanical Gardens (together employing roughly 2,000 people), as well as Yankee Stadium; and Staten Island is home to its own zoo and botanical garden.

Evolution of NYC Tourism Over Time

While tourism incorporates and supports a wide variety of local industry sectors, the one where it dominates is clearly Accommodation (i.e., hotels, motels, and inns). Thus, while visitors surely spend money and participate in activities well beyond accommodations, this industry can serve as a reasonable proxy for trends in tourism over time, as well as for the city’s capacity to host visitors.

As recently as 20 years ago, in 2005, New York City had just 76,000 hotel rooms. Today that number has ballooned to 135,000—a 78% increase. Within New York City, the vast majority of hotel accommodations were historically in Manhattan. While that is still the case, the outer boroughs have seen explosive growth over the same period, with their room count roughly tripling from 9,000 to 27,000, led by Brooklyn (+500%).

Despite this substantial expansion in supply, hotel occupancy rates continue to be the highest in the nation, averaging around 85% during 2024 versus a nationwide average of around 63%. This marks a remarkable turnaround from the first year of the pandemic, when hotel business imploded nationwide but especially in New York City: many hotels closed altogether, while those that remained open saw occupancy rates fall to around 30% and revenues contract by more than 80%.

¹ Source: Data from www.insideairbnb.com, downloaded in February 2025.

Inclusive of day trippers, New York Tourism & Conventions estimates that the city hosted approximately 64 million visitors in 2024, almost on par with the 2019 (pre-pandemic) record level, as shown in Chart 2 below. And that number is expected to draw even closer to that record high in 2025. International visitors represent about 20% of all tourists, but they account for a much larger share of total visitor spending—largely because they tend to stay overnight, stay longer, and spend more money per day.

Chart 2



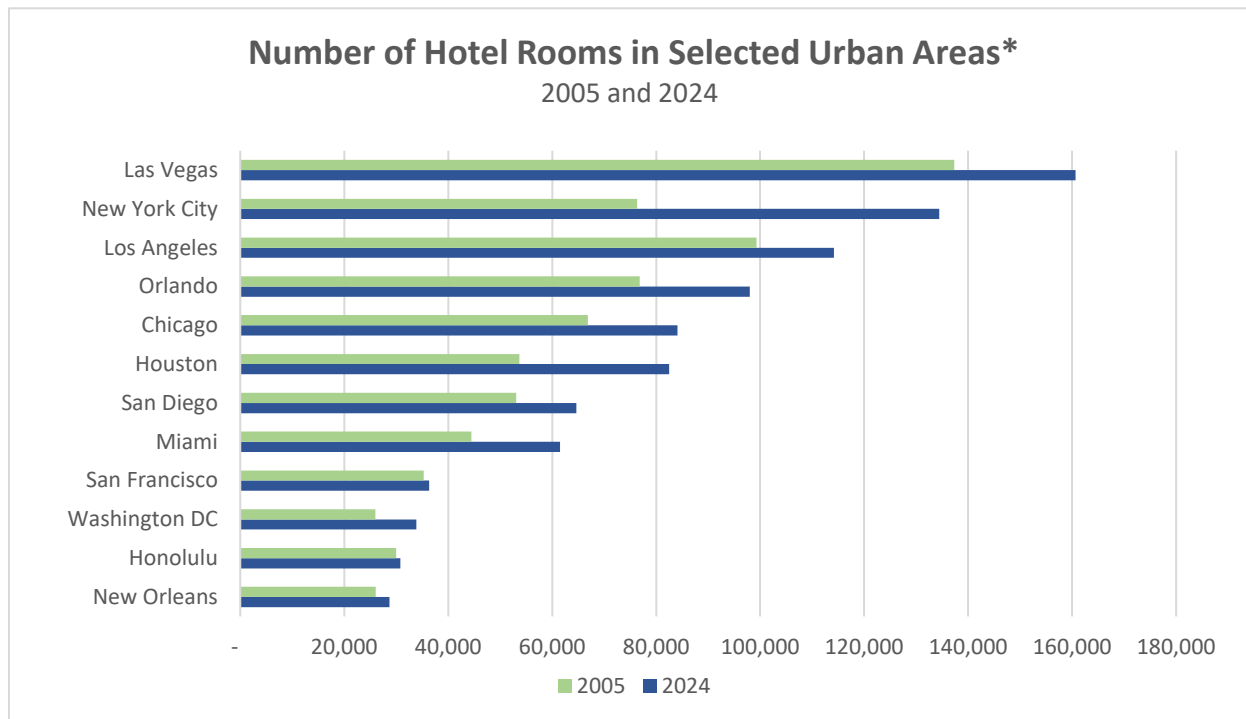
Source: New York City Tourism & Conventions and Tourism Economics

How Does NYC Compare with Other Cities?

In order to put the local tourism industry in context, it is instructive to compare New York City with other large cities, as well as cities that are considered major tourist destinations. A useful metric is each city's capacity to accommodate tourists. A reasonable proxy for this is the overall number of hotel rooms, as shown in Chart 3 below—both for this past year and for two decades ago (2005). In order to make the geographies reasonably comparable, we delineate each city here as the entire surrounding county. For New York, it is the five boroughs (counties) that comprise the city.

As of 2024, New York's capacity to accommodate tourists was the second highest in the nation, with 135,000 hotel rooms, second only to Las Vegas (161,000). [It is worth noting that the adjacent counties of Westchester, Nassau, Bergen, and Hudson together add about 28,000 additional rooms available to city visitors.] Moreover, over the past two decades, the city's hotel capacity has grown faster than in any of these other destinations—by 78% since 2005, as noted earlier.

Chart 3



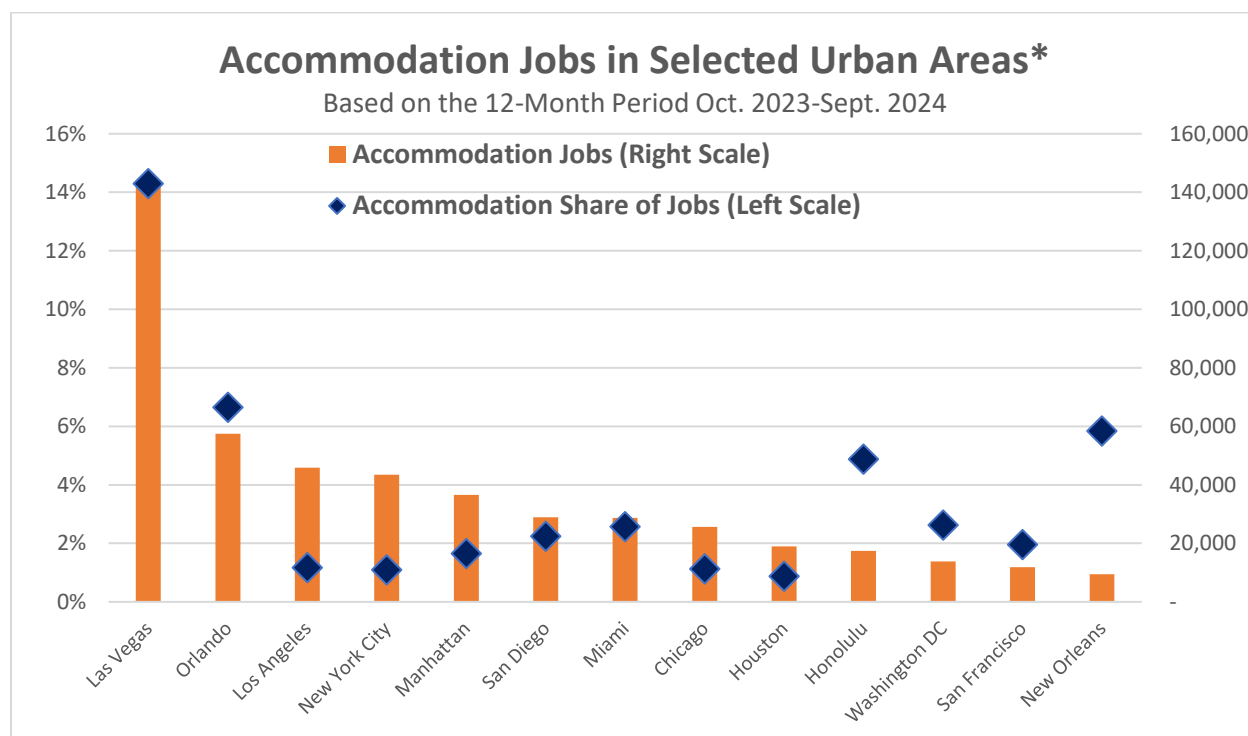
Source: Costar, Office of the NYC Comptroller

*Urban area refers to the county containing the city, except for New York City, where it is the aggregate of the 5 counties.

While capacity is important, the amount of capacity that is used—in this case, *occupied* hotel rooms—is also a useful metric and more indicative of demand. With the notable exception of the first two years of the COVID pandemic, New York City hotels have consistently enjoyed annual occupancy rates in the range of 80-90%—unparalleled by any of the other cities we examined. As a result, the average number of occupied hotel rooms in NYC in 2024 was 114,000—almost on par with Las Vegas and well above the other cities observed here. And finally, because room rates are the highest in the nation, the total volume of revenue generated by hotel guests is also the highest in the nation, at an estimated \$13 billion in 2024, exceeding the corresponding figure for Las Vegas by roughly 40%. As we will show in the next section, this also provides some fiscal support for the City.

In terms of employment, the picture is somewhat different but still fairly positive. Even though New York City dwarfs most of these other selected cities in its capacity to accommodate tourists, it ranks only fourth in the absolute number of Accommodation jobs and much lower still when one views those jobs as a share of overall employment, as shown in Chart 4 below. However, as we saw earlier in Chart 1, other tourism-related jobs—in industries like Performing Arts, Museums, and Sightseeing—are substantially over-represented in New York City. In short, New York City has an extraordinary capacity to host droves of tourists because of its sheer size—in terms of its workforce, infrastructure, and large and diverse offerings of amenities.

Chart 4



Sources: NY State Department of Labor; Office of the NYC Comptroller; US Bureau of Labor Statistics; Moody's Economy.com

*Urban area refers to the county containing the city, except for New York City, where it is the aggregate of the 5 counties.

Fiscal Impact of Tourism

Earlier, we provided an estimate of the total annual revenue from hotel guests. While a hotel stay accounts for only a part of a typical visitor's spending budget while in New York City the associated revenues from the City's hotel occupancy tax are not insignificant and form a base for the overall fiscal impact visitors have on the City's budget.

In 2024, the City collected \$757 million in revenues from the hotel occupancy tax, which is roughly 6% of the room charge, plus a daily fee of up to \$2 per room. This was up about 9% from 2023. Because most hotel guests also pay the combined City, State, and MTA 8.875% sales tax on the room (as well as a State daily fee of \$1.5), the overall tax collections coming directly from hotel stays would actually be more than double that—likely in the range of \$1.6-1.8 billion (assuming some stays are exempted from sales tax). Given that hotel spending is estimated to account for just over 25% of total visitor spending, the overall tax revenue generated by visitors is likely substantially higher.

Recent Trends and Outlook

New York City has clearly seen solid growth in tourism over the past couple decades and has rebounded strongly from the devastating COVID pandemic. But will these trends continue and

what factors will be important in determining the outlook? Based on a number of timely economic indicators, tourism appears to be holding steady at a high level, though there are some worrisome signals as we approach the spring.

One such signal pertains to job creation. Employment in the hospitality industry ended 2024 well below its December 2019 (pre-pandemic) level, as shown in Table 1 below. Employment in most other local tourism-related industries has also been sluggish, though it is unclear how much of this weakness is related to tourism. [More recently](#), airlines have started to moderate their travel forecasts due to a decline in domestic travel demand.

Table 1

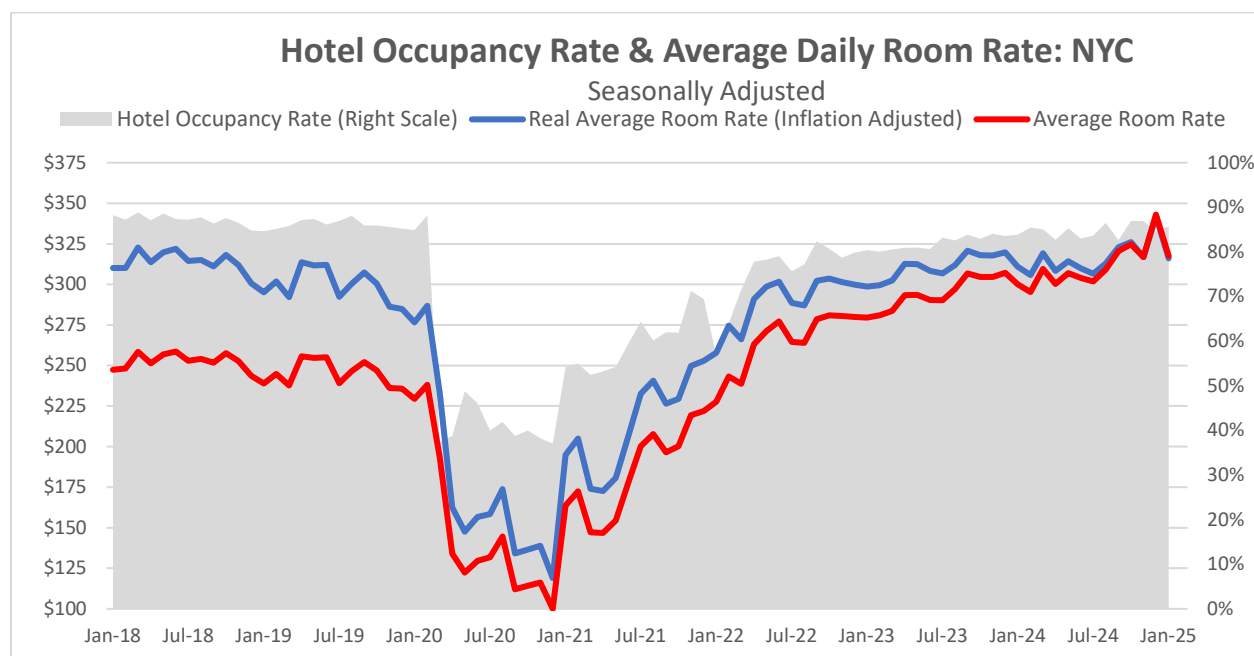
	NYC Employment in Selected Tourist-Driven industries			
	Dec. 2019	Dec. 2024	Net Change	% Change
Accommodation	53,300	46,800	(6,500)	-12.2%
Museums & Other Historical Sites	14,100	13,400	(700)	-5.0%
Performing Arts, Spectator Sports & Related	48,800	47,800	(1,000)	-2.0%
Full-Service Restaurants	169,700	162,300	(7,400)	-4.4%
Bars*	14,800	16,200	1,400	9.5%
Sightseeing*	2,500	1,200	(1,300)	-52.0%
Total	303,200	287,700	(15,500)	-5.1%

Sources: NY State Department of Labor; Moody’s economy.com; Office of the NYC Comptroller

*Due to data limitations, the numbers for these two industries are for September instead of December for each year.

On a more positive note, hotel occupancy rates have recovered to pre-pandemic levels, and average daily room rates are up roughly 27%, slightly exceeding overall inflation, as shown in Chart 5 below. In addition to the rebound in hotel occupancy, New York City had approximately 3,000 (2%) more hotel rooms at the start of 2025 (135K) than in early 2020 (132K); and there are an estimated 49 new hotels under construction comprising almost 9,000 rooms as of early March.

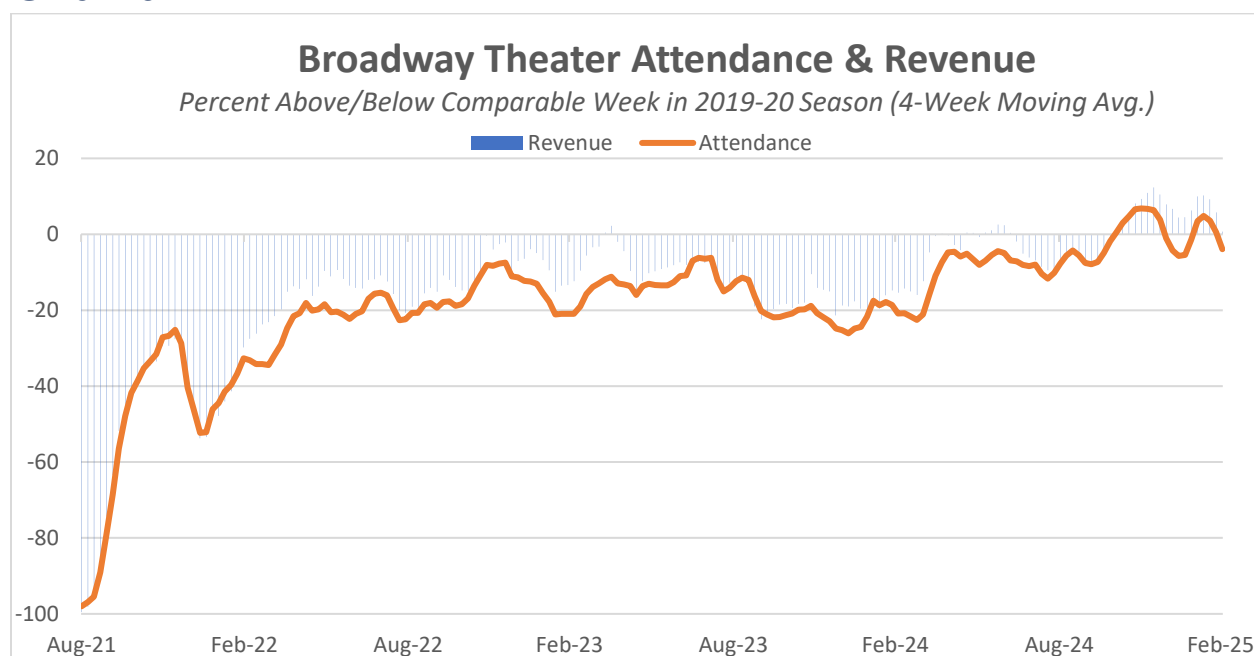
Chart 5



Sources: Costar, Office of the NYC Comptroller

Another hopeful sign pertains to Broadway theatre attendance and revenue, which have fully rebounded to pre-pandemic levels, though both have tapered off slightly in recent weeks, as shown in Chart 6 below.

Chart 6



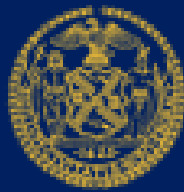
Sources: NY State Department of Labor, Office of the NYC Comptroller, US Bureau of Labor Statistics, Moody's Economy.com

Looking ahead, it is clear that the types of characteristics and amenities that attract tourists are largely the same ones that enhance the quality of life for local residents: cultural vitality, a strong arts and music scene, clean streets, low crime, a well-functioning transit system, diverse cuisines, and entertainment. If New York City becomes an increasingly pleasant place to visit, it will tend to become an increasingly pleasant place to live. NYC's return as a thriving center of tourism is both a contributor to and result of NYC being a desirable place to live and work.

Acknowledgements

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