Economic Importance of Santa Fe’s Arts & Cultural Industries

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Today’s Presentation

I. The Importance of Arts & Cultural Industries to Santa Fe

II. Challenges Facing Santa Fe’s A&CI

III. Rejuvenate and Strengthen Santa Fe’s A&CI
Santa Fe’s Arts & Cultural Industries

- Cultural tourism is defined as activities of visitors interested in SF’s Arts, Culture and History.

- Cultural tourism is supported by Public Agencies, Visitor Services, Hotels, Restaurants and Shops.
I. The Importance of Arts & Cultural Industries to Santa Fe
A&CI Employs 12,567 workers – 1 of Every 6 Workers in SF County

- Finance, Insurance, Real Estate: 6.4%
- Information, Science & Technology: 8.9%
- Construction: 7.5%
- Retail Trade: 11%
- Admin, Management & Other Services: 6.7%
- Health Care & Social Assistance: 7.9%
- Manufacturing, Utilities, Transportation: 2.2%
- Tourism, Non Cultural: 3.2%
- Government: 23.4%
- Music, Dance, Theater & Other Arts, Entertainment & Recreation: 3.9%
- Art & Culture Related Education: 1.5%
- Arts, Entertainment & Recreation: 3.9%
- Galleries & Other Art Retail: 1.2%
- Craft Production: 1.1%
- Cultural Related Retail: 0.4%
- Other Services, Except Public Administration: 1.7%

Arts and Culture Sector: 17.5%
A&CI, including cultural tourism, pays more than $310 million in wages to workers in SF County — equal to nearly $1 of every $6.
A&CI, including cultural tourism, generates more than $1 billion in revenues.
A&CI, including cultural tourism, contribute an estimated 40% of all dollars that enter Santa Fe’s economy.

- This estimate does not include expenditures by residents who relocate to Santa Fe because of cultural amenities.
A&CI Contribute Significantly to Government Revenues.

- A&C, including cultural tourism generated $54,656,000 in City, County and State taxes in 2002.
Government Revenues & Expenditures
Directly and Indirectly Associated with A&CI

Revenues
Expenditures

City of Santa Fe: 392%
State of New Mexico: 41%
The Impact of SF’s A&C is Significant By Any Comparison.
According to *Americans for the Arts* (2001), the impact of A&CI on SF’s economy ranks first among 92 communities surveyed and is 6 times greater than the US average.
### A&CI Creates Businesses in SF

<table>
<thead>
<tr>
<th>NATIONAL RANK</th>
<th>REGION</th>
<th>ARTS RELATED BUSINESSES PER CAPITA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Santa Fe</td>
<td>6.3</td>
</tr>
<tr>
<td>2</td>
<td>Bellingham, WA</td>
<td>3.9</td>
</tr>
<tr>
<td>3</td>
<td>Austin-San Marcos, TX</td>
<td>3.5</td>
</tr>
<tr>
<td>4</td>
<td>Santa Barbara, CA</td>
<td>3.4</td>
</tr>
<tr>
<td>5</td>
<td>Seattle-Tacoma, WA</td>
<td>3.4</td>
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*Source: Americans for the Arts, 2004*
A&C is a leading draw for tourism to Santa Fe.

- Source: *Travelscope*, a national tourism information base.
Santa Fe is one of the largest art markets in the US – generating more than $200 million in sales per year.
Art & Cultural Workers Find Employment in SF

Location Coefficients for A&C Occupations in SF

A location coefficient is the share of employment in given occupations compared to the national average.
II. Santa Fe’s A&CI Face Critical Challenges

1. Declining Affordability Threatens the Growth of A&CI.


3. Failure to Establish A&C in New Media & Emerging Industries Limits Flexibility and Growth.

4. Tourism Industry is Losing Market Share.
1. Declining Affordability Threatens the Growth of A&CI.
Decline in Affordability

- Wages in SF are 20% below the U.S. average but the cost of housing is 53% higher than the national average.
- Real cost of housing in SF is increasing at almost 3 times the national rate.
- Wages of most jobs created within A&CI are inadequate given the rising costs of living.
Consequences of Declining Affordability

- Loss of Hispanic & Native American populations in SF, resulting in a loss of cultural diversity.
- Flight of artists & creative workers to more affordable locations.
- Rapid decline of 20-45 y/o population.
- Educational attainment in SF’s public schools do not match to requirements of A&CI.
- Shortages of medium & low income workers that are essential for the growth of SF’s service-based economy.
Disconnect Between Artists & Art Markets

- Santa Fe’s huge art market holds great potential for local artists to market their work, but today only 15% of art (by value) sold in galleries is by local artists.

- SF is missing an opportunity to reinvest in its creative talent because 84% of art sales are not subject to GRT.
3. Failure to Establish A&C in New Media and Emerging Industries Limits Flexibility and Growth.
Disconnect Between Creative & Technical Sectors

- SF has a wealth of talent in technical & applied fields yet these resources are poorly integrated with the creative talents of SF’s A&CI.

- Opportunities exist in many areas:
  - Animation & special effects
  - Video game design & development
  - Web development
  - Niche software for design, visualization & mgt
  - Cultural-related content software
4. SF’s Tourism Industry is Losing Market Share
SF Lost Nearly One-Third of Its Share of National Tourism Market, 1993-2002
Failure to Respond to Changes in National Tourism?

- Trend toward shorter, more local travel and visits to ‘family & friends’ means a decline in accommodations receipts.

- SF depends on repeat visitors but is missing the ‘boomer’ (40-55 y/o) market – the fastest growing market segment.

- Competition for Cultural Development is increasing as cities invest: Miami (Art), Indianapolis (Museums), Asheville (Artisans), Toronto (Art), Providence (Arts Districts), etc.
These challenges threaten the vibrancy of A&CI and limit its contribution to the social & economic development of Santa Fe.
III. Rejuvenate and Strengthen Santa Fe’s Arts & Cultural Industries

- Key Assets
- Necessary Actions
- Strategic Opportunities
1. All Segments of the Community Express Connection to SF’s A&C

BBER’s interviews reveal:

- Artists & Artisans – Community & Opportunity.
- Scientific & Tech communities – Inspiration.
- Business community – Hub of Networks.
- Amenity migrants – Appreciate & Support Culture.
- Established community - Identity.
Shared pride creates a sense of community, enables open exchange of ideas, and facilitates consensus around policy.
2. Santa Fe may be Different, But it is Not Alone

- Many art, tourism and amenity-based communities experience cycles of discovery, growth, maturation and stagnation…

- Soho in NYC; Niagara Falls; Lancaster County; Venice, Italy; and Singapore are among the many places that experience this ‘life cycle.’

- Experiences of these cities indicate that rejuvenation is possible.
Rejuvenation Requires...

1. Early recognition of the patterns.

2. Leadership that engages the entire community.

3. Redefinition and restructuring.
Strategic Opportunities
1. **Looking Inward – Invest in the Community’s Diversity & Creativity**

- Integrate creativity in education & incorporate learning in cultural contexts in order to:
  - Revitalize public education.
  - Strengthen the sense of community ownership of A&C.
  - Prepare young people to work in the creative economy of the future.

- Create affordable space for housing and work.
2. Looking Outward - Regionalization

- Reconnect with diversity and creativity by improving links with ABQ and northern NM communities; e.g. ‘Creativity Corridor.’

- Draw upon regional assets to overcome constraints (e.g. high cost of living, thin labor markets, poor accessibility, research facilities).

- Boulder OR Aspen?
3. Looking Outward – National and Global

- Leverage national & global prestige to establish Santa Fe as a Center for Creativity.
- Create a long term strategy to establish SF’s A&CI in new media, new industries and new markets.
- Develop a strategic marketing plan that will reclaim Santa Fe’s position in the global cultural tourism market & examine how resources are allocated and invested.
Summary

1. A&CI is a principal engine of SF’s economy – it creates jobs, attracts capital, generates taxes and enhances the quality of life in the community.

2. SF’s A&CI face difficult challenges – they must be acknowledged early.

3. A&C is common ground for the community to address these challenges.

4. Santa Fe should embrace its diversity & cultural heritage while redefining itself regionally, nationally and globally.
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