

Horse Racing in New Mexico: Economic Trends

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The horse racing industry (excluding gaming) in New Mexico

Economic impact of \$677.5 million in 2016

Declining 24% between 2006 and 2016

Nationwide decline of 12% since 2006

- * Horse breeding in New Mexico **peaked in 2007/2008**
- * Foals bred **declined 51%** between 2008 and 2016
- * Further **decline of 31%** since 2016

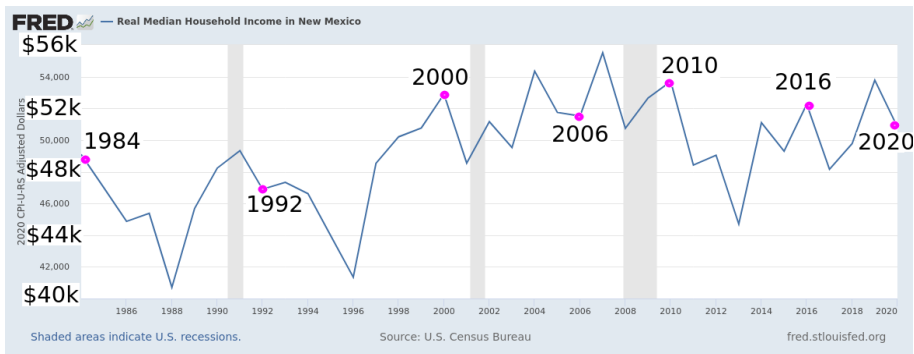
U.S. household spending on entertainment

5½ percent of household income

- It was 5.4% during the Great Depression (1929-1939)
- After the Great Recession (2008-2009) it declined
 - ▶ falling to 4.9% by 2013
 - ▶ rising slowly to 5.3% by 2021

Data from Bureau of Labor Statistics <http://bls.gov>

New Mexico median household income adjusted for inflation



Gambling is a common measure of economic activity in horse racing, but doesn't produce anything

- Money comes in from gambling tourists
- Money also goes out
 - ▶ Gambling tourism (what stays in Las Vegas, Nevada...)
 - ▶ Out-of-state owners (horses, tracks, casinos)

In any case, it's hard to know, but most gambling in New Mexico is transfer of wealth from one household to another

How we measure economic activity from horse racing:

Breeders, Owners, Boarders, Tracks

- Value added from horses
- Value added from goods
 - ▶ feed, supplies, equipment, some infrastructure, etc.
 - ▶ whatever goods tracks and racinos buy
- Value added from services
 - ▶ veterinarians, trainers, handlers, etc.
 - ▶ whatever services tracks and racinos buy
- Value added from labor
 - ▶ workers at horse farms
 - ▶ workers at tracks and racinos

New Mexico economic impact of breeding and racing

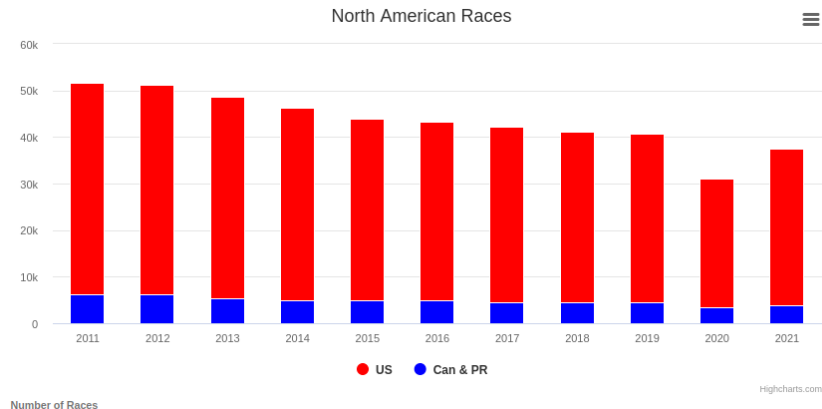
| | 2006 (a) | | 2016 (b) |
|-----------------|---------------|---------------|---------------|
| | Unadjusted | 2016 dollars | 2016 dollars |
| Economic Input | \$217,755,152 | \$259,240,965 | \$198,091,887 |
| Economic Impact | | | |
| Output | \$386,019,959 | \$482,577,056 | \$368,748,048 |
| Earnings | \$90,996,303 | \$112,562,427 | \$86,011,497 |
| Employment | | 5235 | 5436 |

(a) Lillywhite & Wise (2009)

(b) Rubalcaba, Dixon, van der Goes (2017)



National trend in horse racing

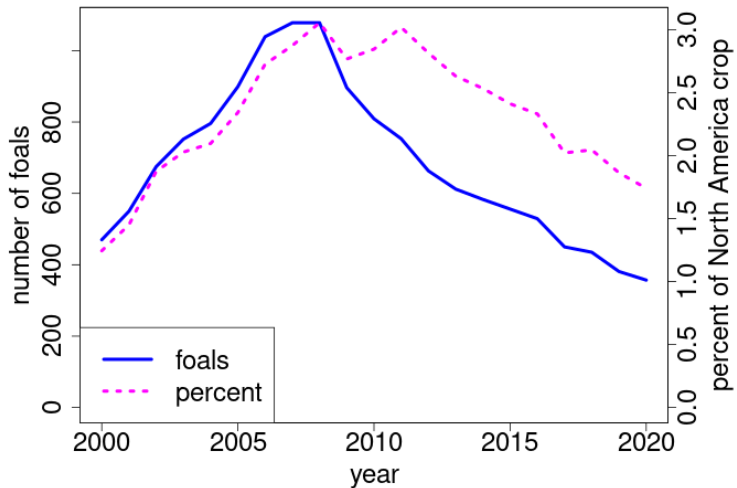


Steady annual decline since 2011, 12% decline since 2006

Plot from Jockey Club 2022 Fact Book



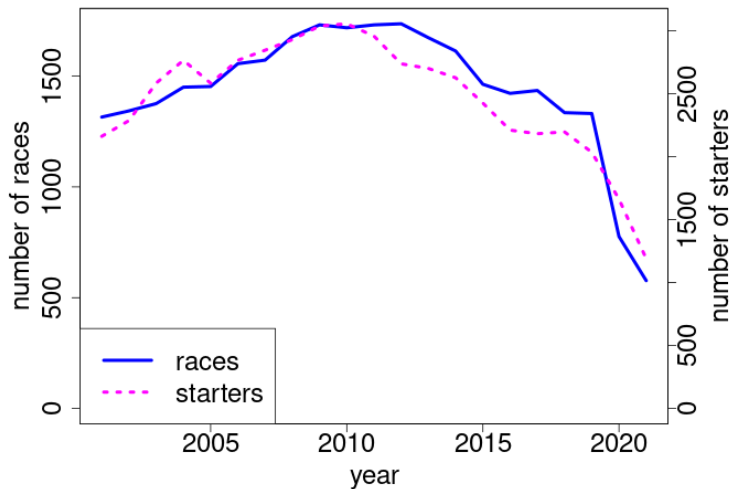
New Mexico horse breeding is declining



Plot from Jockey Club 2022 New Mexico Fact Book



New Mexico horse racing is declining



Plot from Jockey Club 2022 New Mexico Fact Book

