Dean Runyan Associates

IRVINE, CALIFORNIA
VISITOR IMPACTS, 2005-2013P

May 2014

destination Irvine
center of Orange County–CA

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Prepared for

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IRVINE VISITOR IMPACTS, 2005-2013P

This study, prepared for Destination Irvine, documents the economic significance of the travel industry in the City of Irvine from 2005 through 2013 (preliminary). The report also provides estimates of visitor volume and average visitor spending, and a brief analysis of visitor air travel to John Wayne airport. The estimates are comparable to the county, regional and state travel impacts prepared by Dean Runyan Associates for the California Travel and Tourism Commission[1]. In interpreting the findings, it should be noted that:

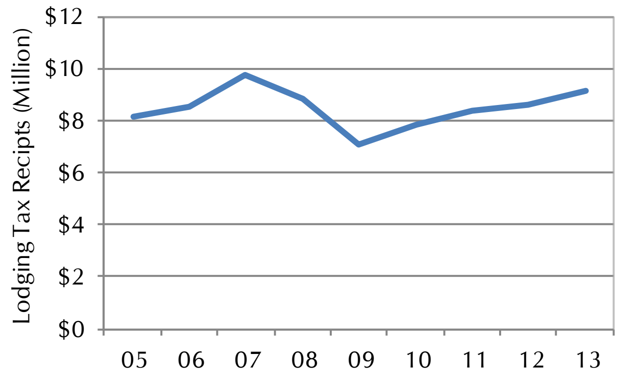
- The monetary estimates in this report are expressed in *current* dollars. There is no adjustment for inflation.
- The economic impact measurements represent only direct economic impacts generated by travel spending. Secondary effects related to the additional spending of businesses and employees from travel-generated income are not included.
- The employment estimates in this report are estimates of the total number of full and part-time number of jobs directly generated by travel spending, rather than the number of individuals employed. Both payroll and self-employment are included in these estimates.
- The estimates of visitor volume for Irvine are based on the visitor spending estimates prepared by Dean Runyan Associates and visitor survey data for Anaheim/Orange County. Because this survey does not measure the trip characteristics of Irvine visitors specifically, the average spending and volume estimates should be interpreted accordingly.[2]
- In general, small area estimates such as these will be less reliable than estimates for larger geographic areas because of data limitations. However, these estimates of visitor impacts are consistent with other data sources that describe the resident population and economy of Irvine.[3]

[1] California Travel Impacts by County, 1992-2012 (April 2014). Prepared by Dean Runyan Associates for the California Travel and Tourism Commission.
[2] The survey data was provided by TNS TravelsAmerica. Some adjustments in the trips characteristics were made by Dean Runyan Associates. See page 4.
[3] The visitor impact estimates were evaluated with respect to the 2007 Economic Census for Irvine, zip code level County Business Patterns reported by the U.S. Census Bureau, and the American Community Survey for Irvine, also prepared by the U.S. Census Bureau.

Irvine Travel Trends and Economic Impacts

Lodging sales in Irvine increased by 5.9 percent from 2012 to 2013. This follows an increase of 3.0 percent the preceding year. Virtually all of the increase in lodging sales during the past two years was attributable to higher room rates.[4]

Irvine Lodging Sales, 2005 to 2013



Source: Irvine City Clerk's Office of Records and Information. Lodging sales were derived from tax receipts divided by the 8 percent tax rate.

The annual change in visitor spending (1.9 percent) was less than lodging sales due to the fact that the latter was driven primarily by increased room rates rather than room demand. Earnings and employment also showed modest growth. The 4.8 percent increase in local tax receipts reflects the growth in lodging tax receipts. The 4.0 percent increase in state sales tax receipts reflects the increase in the rate of the state sales tax. The $28.7 million in local and state tax revenue is equivalent to approximately $350 for each Irvine household.[5]

Irvine Visitor Trends, 2005-2013p

(Monetary Values in Millions)

				Tax Receipts		
	Spending	Earnings	Employment	Local	State	Total
2005	$459	$158	5,360	$10.6	$13.8	$24.4
2006	$465	$161	5,260	$11.0	$13.9	$24.8
2007	$508	$179	5,590	$12.4	$15.0	$27.4
2008	$483	$172	5,310	$11.4	$14.4	$25.8
2009	$431	$157	4,950	$9.5	$14.7	$24.1
2010	$477	$170	5,220	$10.5	$16.5	$27.0
2011	$499	$177	5,330	$11.1	$16.3	$27.4
2012	$513	$190	5,460	$11.5	$16.1	$27.5
2013p	$522	$193	5,490	$12.0	$16.7	$28.7
Average Annual Percentage Change						
12-13p	1.9	1.5	0.5	4.8	4.0	4.3
05-13p	1.6	2.5	0.3	1.6	2.4	2.0

[4] Smith Travel Research report prepared for the Irvine Chamber of Commerce.

[5] Local tax receipts do not include the 2 percent self-imposed assessment tax implemented by hoteliers. The 2 percent assessment generated an additional $2.3 million in the 2013 calendar year.

Irvine Visitor Impacts, 2005-2013p

	2005	2007	2008	2009	2010	2011	2012	2013p
Visitor Spending by Type of Traveler Accommodation ($Million)								
Hotel, Motel	288	320	294	252	283	296	303	312
Private Home*	40	45	48	49	51	53	56	56
Day	131	143	141	130	143	150	154	154
Total Visitor Spending	459	508	483	431	477	499	513	522
Visitor Spending by Type of Commodity Purchased ($Million)								
Accommodations	111	133	122	97	108	115	118	125
Food & Beverage Services	118	129	126	121	133	138	144	148
Arts, Entertainment & Recreation	106	111	105	97	105	107	110	110
Retail	89	93	88	83	91	94	96	96
Local Transportation**	34	41	43	32	39	44	44	43
Total Visitor Spending	459	508	483	431	477	499	513	522
Industry Earnings Generated by Vistor Spending ($Million)								
Accommodation & Food Services	93	107	102	94	102	107	112	113
Arts, Entertainment & Recreation	49	55	53	49	52	53	61	62
Retail (incl. Gas Service)	12	13	12	11	12	12	12	13
Local Transportation	4	4	4	4	4	4	5	5
Total Earnings	158	179	172	157	170	177	190	193
Industry Employment Generated by Visitor Spending								
Accommodation & Food Services	3,290	3,400	3,220	3,030	3,220	3,290	3,300	3,300
Arts, Entertainment & Recreation	1,560	1,670	1,590	1,470	1,530	1,560	1,670	1,690
Retail (incl. Gas Service)	380	400	370	340	350	370	370	370
Local Transportation	120	120	120	120	120	120	130	130
Total Employment	5,360	5,590	5,310	4,950	5,220	5,330	5,460	5,490
Tax Revenue Generated by Visitor Spending ($Million)								
Local***	10.6	12.4	11.4	9.5	10.5	11.1	11.5	12.0
State****	13.8	15.0	14.4	14.7	16.5	16.3	16.1	16.7
Total Local & State Tax Revenue	24.4	27.4	25.8	24.1	27.0	27.4	27.5	28.7

*The Private Home category primarily reflects an estimate of the spending of visitors who are guests in the private homes of friends and relatives. A small number of visitors staying in owned second homes are also included.
**Local transportation includes motor fuel, parking and taxi service. Spending on motor fuel is included in the retail industry category for earnings and employment.
***Local taxes include lodging and sales taxes. The 2 percent self-imposed assessment tax implemented by hoteliers is not included. The revenue from the 2 percent tax generated an additional $2.3 million in the 2013 calendar year.
****State taxes include sales, income and motor fuel taxes.

Overnight Visitor Volume and Average Visitor Spending

The estimates of visitor volume for Irvine are based on the visitor spending estimates prepared by Dean Runyan Associates and visitor survey data for Anaheim/Orange County.[6] The values for party size were reduced by a factor of 0.75 to reflect the judgment that Irvine has relatively more business travel than Orange County as a whole. The value for length of stay was similarly reduced by a factor of 0.75 to reflect the fact that visitors to Orange County visit multiple destinations – the length of stay at destinations within the county will be lower than that for the county as a whole.

Note that whereas the number of nights spent by private home guests is only slightly below that of those who stayed in paid accommodations, the economic impact of private home visitors (previous page) is considerably lower because of the difference in average daily expenditures.

Overnight Visitor Volume to Irvine, 2011-2013p

	Person-Nights (000)			Party-Nights (000)		
	2011	2012	2013p	2011	2012	2013p
Hotel, Motel	1,848	1,849	1,859	849	849	854
Private Home	1,429	1,486	1,486	613	638	638
All Overnight	3,277	3,335	3,345	1,462	1,487	1,492

	Person-Trips (000)			Party-Trips (000)		
	2011	2012	2013p	2011	2012	2013p
Hotel, Motel	693	694	697	318	319	320
Private Home	313	326	326	134	140	140
All Overnight	1,006	1,019	1,023	453	458	460

Average Expenditures for Overnight Visitors to Irvine, 2013p

	Travel Party		Person		Party	Length of
	Day	Trip	Day	Trip	Size	Stay (nights)
Hotel, Motel	$366	$975	$168	$448	2.2	2.7
Private Home	$81	$371	$34	$156	2.4	4.6
All Overnight	$238	$836	$105	$369	2.3	3.5

[6] For example, the total spending of visitors that stayed in Hotels/Motels ($312 million in 2013, page 3) divided by the number Hotel/Motel travel party nights (854,000) equals average daily spending of $366 per party.

VISITOR AIR TRAVEL TO JOHN WAYNE AIRPORT

The table below shows the nature of passenger air traffic to the major Los Angeles metropolitan area airports on domestic flights. John Wayne airport (SNA) represented almost 14 percent of all passenger arrivals in 2013, and 18 percent of all visitor arrivals. The focus of the following analysis is on the origin of visitor arrivals. Visitors include passengers with a round trip itinerary that initiated their flight at another airport (not SNA). The visitor estimates also include a portion of one-way tickets.[7]

Thousands of Arrivals at Los Angeles Metropolitan Area Airports, 2013

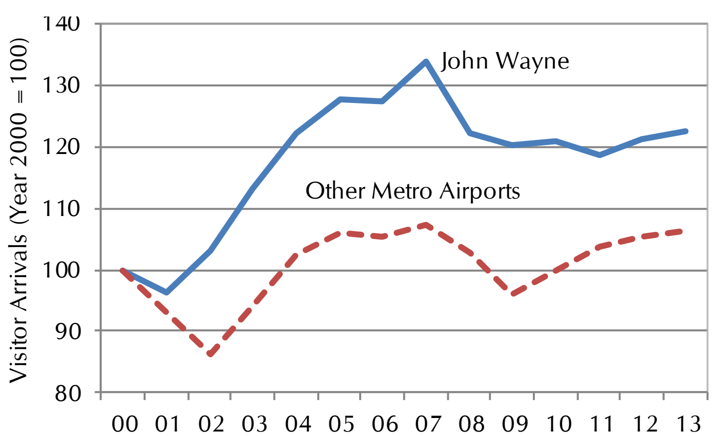
Domestic Flights only

		Round Trip Itinerary					
Airport	City	Visitor	Resident	One-Way	Other	Connect.	Total
LAX	Los Angeles	599	638	414	38	444	2,133
SNA	Santa Ana	179	153	86	9	18	445
BUR	Burbank	63	84	46	3	8	204
ONT	Ontario	64	81	45	3	7	200
LGB	Long Beach	46	56	29	2	10	143
PSP	Indio/Palm Springs	37	14	16	1	5	73
	Metro Total	989	1,024	636	56	493	3,198
SNA Pct. of Metro Total		18.1%	14.9%	13.5%	16.0%	3.7%	13.9%

Source: U.S. Department of Transportation Origin and Destination Survey. This survey is a 10 percent sample of all ticket itineraries of reporting carriers. The estimates shown in this report were prepared by Dean Runyan Associates. All of the following graphs are based upon this data.

Annual Change in Visitor Air Arrivals

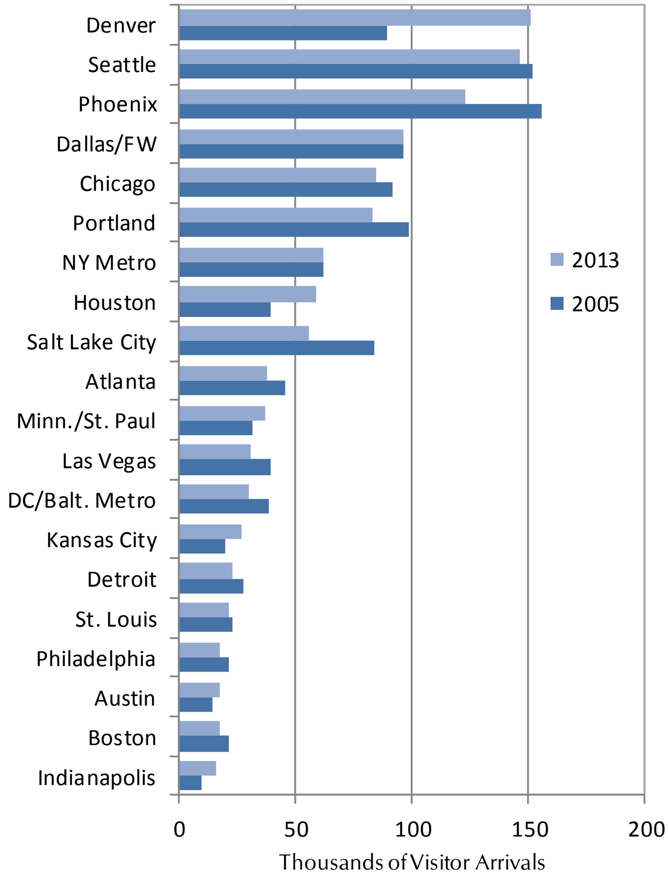
Year 2000 = 100



The graph to the left compares the annual change in visitor air traffic to John Wayne airport with all other LA metro airports. There were 2.1 million visitor arrivals to John Wayne in 2013, an increase of 1.2 percent over the preceding year.

[7] The portion of one-way arrivals is based on the visitor share of arrivals with round-trip itineraries.

John Wayne Airport Origin Markets



The bar chart to the left displays the top twenty non-California origin markets to John Wayne airport. These origins comprise over two-thirds of all visitor arrivals from outside of the state. This chart is based on the accompanying data table.

Origin	Visitors (000) 2005	2013	*Change	**Share
Denver	90	152	7.8%	7.0%
Seattle	152	147	-0.5%	6.8%
Phoenix	156	123	-3.4%	5.7%
Dallas/FW	97	97	0.0%	5.7%
Chicago	92	85	-1.1%	4.5%
Portland	99	83	-2.5%	3.9%
NY Metro	62	63	0.1%	3.9%
Houston	39	59	6.0%	2.9%
Salt Lake City	84	56	-5.6%	2.7%
Atlanta	46	38	-2.5%	2.6%
Minn./St. Paul	32	37	2.2%	1.8%
Las Vegas	40	31	-3.3%	1.7%
DC/Balt. Metro	39	30	-3.4%	1.5%
Kansas City	20	27	4.1%	1.4%
Detroit	28	24	-2.2%	1.2%
St. Louis	23	21	-1.1%	1.1%
Philadelphia	21	18	-2.5%	1.0%
Austin	14	18	3.0%	0.8%
Boston	22	17	-3.2%	0.8%
Indianapolis	10	16	6.7%	0.8%
SF Metro	450	432	-0.6%	20.0%
Sacramento	151	130	-2.1%	6.0%
Balance	485	457	-0.8%	21.1%
Total	2,253	2,163	-0.6%	100.0%

*Change refers to the average annual percentage change from 2005 to 2013.

**Share refers to the percentage of all visitor arrivals to John Wayne airport during 2013.

Source: U.S. Department of Transportation Origin and Destination Survey.

APPENDICES

REGIONAL TRAVEL IMPACT MODEL (RTIM)
TRAVEL IMPACT ESTIMATION PROCEDURES

TRAVEL SPENDING

Hotel, Motel, B&B. Spending on commercial accommodations by hotel and motel guests is estimated from transient lodging tax collections at the city/county jurisdictional level. Spending by hotel and motel guests in other business categories, such as food and transportation, is estimated using spending distributions reported in the visitor survey data. The spending distribution shows how travelers divide their spending between lodging and other purchases.

Private Home. Spending by private home guests is determined from visitor survey data estimating the number of visitors staying as guests of friends and relatives in relation to the number of resident households at the destination.

Day Travel. The share of day visits as a percentage of total travel is estimated from visitor survey data and applied to average daily spending estimates to produce day visitor spending.

RELATED TRAVEL IMPACTS

Spending by travelers generates jobs, payroll, and state and local tax revenue.

Earnings generated directly from traveler expenditures are estimated from a payroll-to-receipts ratio obtained from the 2007 Economic Census and earnings estimates from the Bureau of Economic Analysis.

Employment in each business category is calculated from wage data supplied by the U.S. Department of Labor and earnings estimates from the Bureau of Economic Analysis.

Local Taxes consist of local room taxes and sales taxes

State Taxes consist of sales taxes, income taxes and motor fuel taxes.

TRAVEL IMPACT INDUSTRIES MATCHED TO 2007 NAICS

TRAVEL IMPACT INDUSTRY	NAICS INDUSTRIES* (code)
Accommodation & Food Services	
	Accommodation (721)
	Food Services and Drinking Places (722)
	Residential Property Managers (531311)
Arts, Entertainment & Recreation	
	Performing Arts, Spectator Sports (711)
	Museums (712)
	Amusement, Gambling (713)
	Scenic and Sightseeing Transportation (487)
	Miscellaneous Industries (see note**)
Retail	
	Food & Beverage Stores (445)
	Gasoline Stations (447)
	Clothing and Clothing Accessories Stores (448)
	Sporting Goods, Hobby, Book, and Music Stores (451)
	General Merchandise Stores (452)
	Miscellaneous Store Retailers (453)
Ground Transportation	
	Interurban and rural bus transportation (4852)
	Taxi and Limousine Service (4853)
	Charter Bus Industry (4855)
	Passenger Car Rental (532111)
	Parking Lots and Garages (812930)

Notes: *Government enterprises (e.g., park systems) are included in this classification.
**Includes parts of industries in other sectors (e.g., accommodation, charter bus).
A more detailed description of these industries can be found at http://www.ntis.gov/naics.