Dean Runyan Associates

IRVINE, CALIFORNIA
VISITOR IMPACTS, 2005-2016P

May 2017

destination Irvine
center of Orange County–CA

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IRVINE VISITOR IMPACTS, 2005-2016P

This study, prepared for Destination Irvine, documents the economic significance of the travel industry in the City of Irvine from 2005 through 2016 (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:

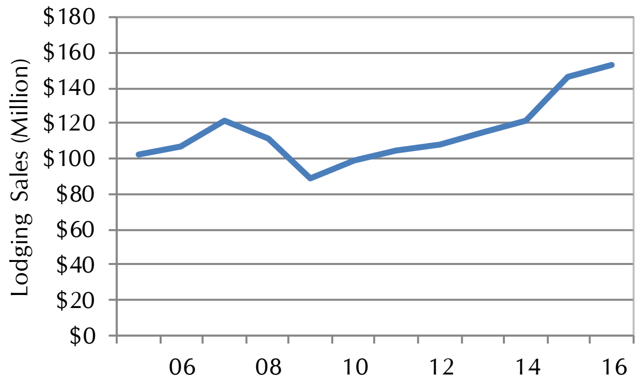
- The monetary estimates in this report are expressed in *current* dollars. There is no adjustment for inflation.
- The economic impact measurements represent only direct economic impacts generated by travel spending. Secondary effects related to the additional spending of businesses and employees from 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]
- The current and prior estimates in this report were also affected by some data and methodological revisions in the county travel impact model. The Irvine revisions were not substantial.

[1] California Travel Impacts, 1992-2016p (forthcoming). 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 and 2012 Economic Censuses 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 grew by 26.5 percent from 2014 to 2016, far exceeding the rate of growth in preceding years. Room rates accounted for only about one-third of the increase in lodging sales, the remainder due to increased visitation.[4]

Irvine Lodging Sales, 2005 to 2016



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

Because of increased visitation, spending and related visitor impacts were also up substantially for the year. The growth in employment has been 2.0 percent per year during the past two years. The $34.1 million in local and state tax revenue is equivalent to approximately $390 for each Irvine household.[5]

Irvine Visitor Trends, 2005-2016p
(Monetary Values in Millions)

				Tax Receipts		
	Spending	Earnings	Employment	Local	State	Total
2005	$459	$157	5,350	$10.6	$14.2	$24.8
2006	$464	$161	5,260	$11.0	$14.3	$25.3
2007	$508	$179	5,590	$12.4	$15.5	$27.9
2008	$481	$171	5,310	$11.4	$14.9	$26.3
2009	$432	$157	4,950	$9.5	$15.1	$24.6
2010	$482	$170	5,220	$10.6	$17.4	$28.0
2011	$505	$177	5,340	$11.2	$17.2	$28.4
2012	$513	$190	5,460	$11.5	$16.5	$28.0
2013	$520	$187	5,470	$12.0	$17.0	$29.0
2014	$525	$189	5,490	$12.5	$16.6	$29.2
2015	$596	$211	5,530	$15.0	$18.3	$33.3
2016p	$612	$226	5,670	$15.7	$18.3	$34.1
Average Annual Percentage Change						
15-16p	2.6	7.0	2.5	4.5	0.2	2.2
05-16p	2.6	3.3	0.5	3.6	2.4	2.9

[4] STR report prepared for the Irvine Chamber of Commerce by STR, Inc.
[5] Local tax receipts do not include the 2 percent self-imposed assessment tax implemented by hoteliers. The 2 percent assessment generated an additional $2.9 million in the 2015 calendar year.

Irvine Visitor Impacts, 2008-2016p

	2008	2010	2012	2013	2014	2015	2016p
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	297	286	303	309	313	364	377
Private Home*	46	52	56	57	58	62	62
Day	137	144	154	154	154	169	171
Total Visitor Spending	481	482	513	520	525	596	612
Visitor Spending by Type of Commodity Purchased ($Million)							
Accommodations	122	108	118	125	133	160	167
Food & Beverage Services	128	138	144	145	145	167	175
Arts, Entertainment & Recreation	103	105	110	110	111	123	127
Retail	89	93	96	96	97	107	108
Local Transportation**	39	38	44	43	41	43	41
Total Visitor Spending	481	482	513	520	525	596	612
Industry Earnings Generated by Vistor Spending ($Million)							
Accommodation & Food Services	102	102	112	110	110	127	136
Arts, Entertainment & Recreation	53	52	61	61	61	65	70
Retail (incl. Gas Service)	12	12	12	12	12	14	15
Local Transportation	4	4	5	5	5	6	6
Total Earnings	171	170	190	187	189	211	226
Industry Employment Generated by Visitor Spending							
Accommodation & Food Services	3,230	3,220	3,300	3,300	3,350	3,600	3,690
Arts, Entertainment & Recreation	1,590	1,530	1,670	1,670	1,660	1,430	1,470
Retail (incl. Gas Service)	370	350	370	370	360	430	430
Local Transportation	120	120	130	130	130	140	150
Total Employment	5,310	5,220	5,460	5,470	5,490	5,530	5,670
Tax Revenue Generated by Visitor Spending ($Million)							
Local***	11.4	10.6	11.5	12.0	12.6	15.0	15.7
State****	14.9	17.4	16.5	17.0	16.8	18.3	18.3
Total Local & State Tax Revenue	26.3	28.0	28.0	29.0	29.4	33.3	34.1

*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 $2.9 million in the 2015 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, 2014-2016p

	Person-Nights (000)			Party-Nights (000)		
	2014	2015	2016p	2014	2015	2016p
Hotel, Motel	1,790	2,020	2,050	810	920	930
Private Home	1,660	1,760	1,780	690	730	740
All Overnight	3,450	3,780	3,830	1,510	1,650	1,670

	Person-Trips (000)			Party-Trips (000)		
	2014	2015	2016p	2014	2015	2016p
Hotel, Motel	660	750	760	300	340	350
Private Home	360	380	390	150	160	160
All Overnight	1,020	1,130	1,150	450	500	510

Average Expenditures for Overnight Visitors to Irvine, 2016p

	Travel Party		Person		Party	Length of
	Day	Trip	Day	Trip	Size	Stay (nights)
Hotel, Motel	$405	$1,093	$184	$497	2.2	2.7
Private Home	$84	$385	$35	$160	2.4	4.6
All Overnight	$262	$867	$115	$383	2.3	3.3

[6] For example, the total spending of visitors that stayed in Hotels/Motels ($364 million in 2014, page 3) divided by the number Hotel/Motel travel party nights (920,000) equals average daily spending of $397 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 13.5 percent of all passenger arrivals in 2016, and 17.5 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, 2016

Domestic Flights only

		Round Trip Itinerary					
Airport	City	Visitor	Resident	One-Way	Other	Connect.	Total
LAX	Los Angeles	708	719	683	34	453	2,598
SNA	Santa Ana	197	165	116	9	20	507
BUR	Burbank	66	86	54	3	9	218
ONT	Ontario	64	84	52	4	6	210
LGB	Long Beach	44	51	32	2	6	135
PSP	Indio/Palm Springs	42	13	20	2	4	81
	Metro Total	1,122	1,119	958	53	498	3,749
SNA Pct. of Metro Total		17.5%	14.8%	12.1%	17.0%	4.0%	13.5%

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.

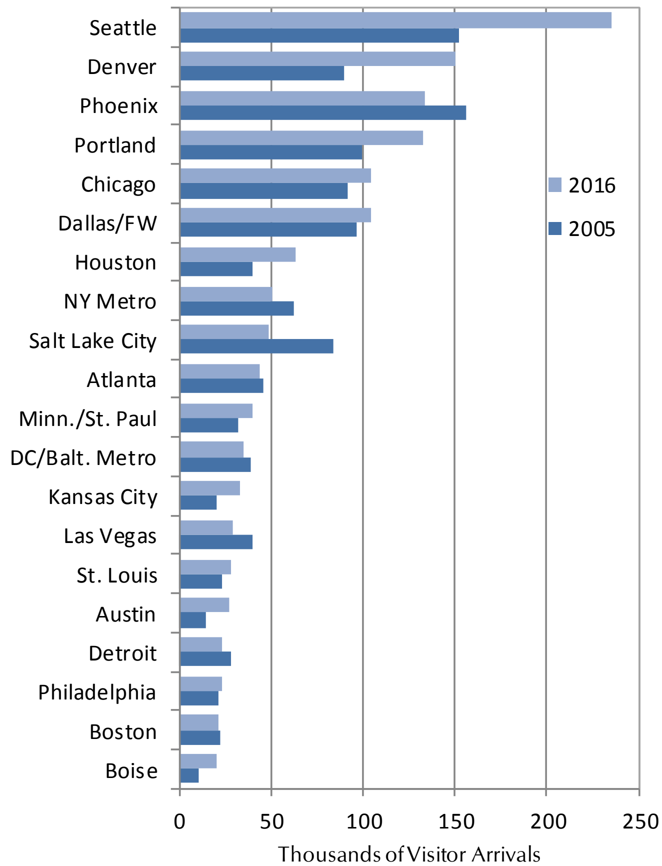
Annual Change in Visitor Air Arrivals

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 2.5 million visitor arrivals to John Wayne in 2016, an increase of 5.7 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.

	Visitors (000)			
Origin	2005	2016	*Change	**Share
Seattle	152	235	4.0%	9.4%
Denver	90	150	4.8%	6.0%
Phoenix	156	133	-1.4%	5.3%
Portland	99	133	2.7%	5.3%
Chicago	92	105	1.2%	4.2%
Dallas/FW	97	104	0.7%	4.2%
Houston	39	63	4.4%	2.5%
NY Metro	62	51	-1.8%	2.0%
Salt Lake City	84	49	-4.8%	2.0%
Atlanta	46	44	-0.5%	1.7%
Minn./St. Paul	32	40	2.0%	1.6%
DC/Balt. Metro	39	35	-0.8%	1.4%
Kansas City	20	33	4.5%	1.3%
Las Vegas	40	29	-2.9%	1.1%
St. Louis	23	28	1.8%	1.1%
Austin	14	27	6.0%	1.1%
Detroit	28	23	-1.6%	0.9%
Philadelphia	21	23	0.6%	0.9%
Boston	22	22	-0.2%	0.9%
Boise	11	20	5.8%	0.8%
SF Metro	450	490	0.8%	19.6%
Sacramento	151	160	0.5%	6.4%
Balance	484	500	0.3%	20.0%
Total	2,253	2,496	0.9%	100.0%

*Change refers to the average annual percentage change from 2005 to 2016.

**Share refers to the percentage of all visitor arrivals to John Wayne airport during 2016.

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 Economic Census data 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.