

IRVINE, CALIFORNIA
VISITOR IMPACTS, 2005-2017P

May 2018

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Prepared for

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IRVINE VISITOR IMPACTS, 2005-2017P

This study, prepared for Destination Irvine, documents the economic significance of the travel industry in the City of Irvine from 2005 through 2017 (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 Commission¹. 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, 1992-2017p (forthcoming). Prepared by Dean Runyan Associates for the California Travel and Tourism Commission.

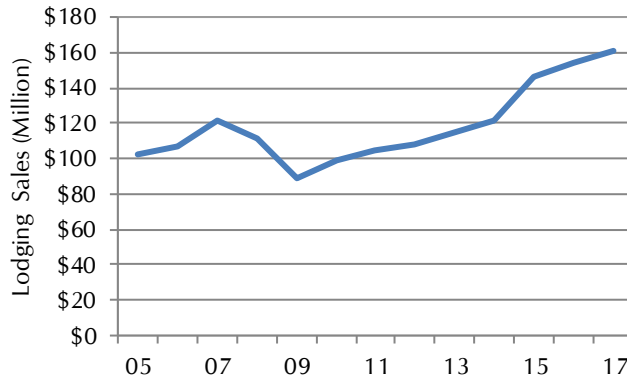
² The survey data was provided by TNS TravelsAmerica. Some adjustments in the trips characteristics were made by Dean Runyan Associates. See page 4.

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 10.2 percent from 2015 to 2017, far exceeding the rate of growth in preceding years. Most of the increase in lodging sales is due to increased visitation.⁴

Irvine Lodging Sales, 2005 to 2017



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 an average of 2.1 percent per year during the past two years. The \$33.7 million in local and state tax revenue is equivalent to approximately \$380 for each Irvine household.⁵

Irvine Visitor Trends, 2005-2017p

(Monetary Values in Millions)

	Spending	Earnings	Employment	Tax Receipts		
				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	\$522	\$189	5,490	\$12.6	\$16.8	\$29.3
2015	\$596	\$195	5,530	\$15.0	\$18.3	\$33.3
2016	\$607	\$206	5,670	\$15.5	\$18.1	\$33.6
2017p	\$619	\$227	5,790	\$15.8	\$17.9	\$33.7
Average Annual Percentage Change						
16-17p	2.0	9.8	2.1	1.7	-1.1	0.2
05-17p	2.5	3.1	0.7	3.3	2.0	2.6

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, 2008-2017p

	2008	2010	2012	2014	2015	2016	2017
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	297	286	303	313	364	377	392
Private Home*	46	52	56	58	62	61	60
Day	137	144	154	154	169	169	168
Total Visitor Spending	481	482	513	525	596	607	619
Visitor Spending by Type of Commodity Purchased (\$Million)							
Accommodations	122	108	118	133	159	164	177
Food & Beverage Services	128	138	144	145	166	172	145
Arts, Entertainment & Recreation	103	105	110	111	122	124	142
Retail	89	93	96	97	107	106	114
Local Transportation**	39	38	44	41	42	40	41
Total Visitor Spending	481	482	513	525	596	607	619
Industry Earnings Generated by Visitor Spending (\$Million)							
Accommodation & Food Services	102	102	112	110	111	117	125
Arts, Entertainment & Recreation	53	52	61	61	65	69	78
Retail (incl. Gas Service)	12	12	12	12	14	14	17
Local Transportation	4	4	5	5	6	6	6
Total Earnings	171	170	190	189	195	206	227
Industry Employment Generated by Visitor Spending							
Accommodation & Food Services	3,230	3,220	3,300	3,350	3,600	3,690	3,780
Arts, Entertainment & Recreation	1,590	1,530	1,670	1,660	1,430	1,470	1,420
Retail (incl. Gas Service)	370	350	370	360	430	430	440
Local Transportation	120	120	130	130	140	150	150
Total Employment	5,310	5,220	5,460	5,490	5,530	5,670	5,790
Tax Revenue Generated by Visitor Spending (\$Million)							
Local***	11.4	10.6	11.5	12.6	15.0	15.5	15.8
State****	14.9	17.4	16.5	16.8	18.3	18.1	17.9
Total Local & State Tax Revenue	26.3	28.0	28.0	29.4	33.3	33.6	33.7

*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 \$2.9 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, 2015-2017p

	Person-Nights (000)			Party-Nights (000)		
	2015	2016	2017	2015	2016	2017
Hotel, Motel	2,020	2,060	2,130	920	940	970
Private Home	1,760	1,750	1,800	730	730	750
All Overnight	3,780	3,810	3,930	1,650	1,670	1,720

	Person-Trips (000)			Party-Trips (000)		
	2015	2016	2017	2015	2016	2017
Hotel, Motel	750	760	790	340	350	360
Private Home	380	380	390	160	160	160
All Overnight	1,130	1,140	1,180	500	510	520

Average Expenditures for Overnight Visitors to Irvine, 2017p

	Travel Party		Person		Party Size	Length of Stay (nights)
	Day	Trip	Day	Trip		
Hotel, Motel	\$405	\$1,093	\$184	\$497	2.2	2.7
Private Home	\$80	\$366	\$33	\$153	2.4	4.6
All Overnight	\$263	\$866	\$115	\$383	2.3	3.3

⁶ For example, the total spending of visitors that stayed in Hotels/Motels (\$392 million in 2017, page 3) divided by the number Hotel/Motel travel party nights (970,000) equals average daily spending of \$405 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 13.0 percent of all passenger arrivals in 2017, and 16.6 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, 2017

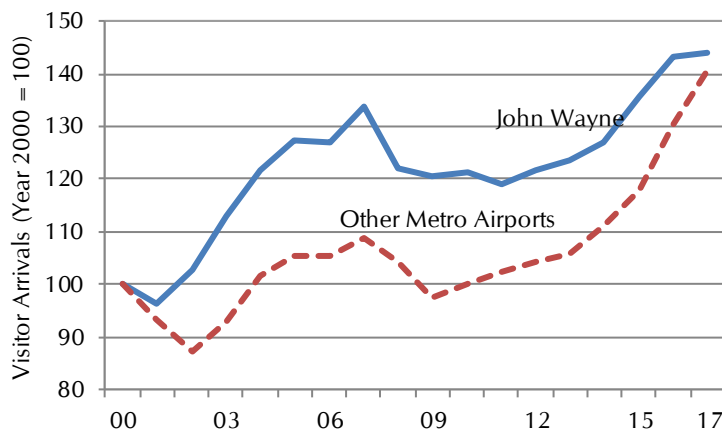
Domestic Flights only

Airport	City	Round Trip Itinerary			Other	Connect.	Total
		Visitor	Resident	One-Way			
LAX	Los Angeles	722	708	767	31	416	2,644
SNA	Santa Ana	193	160	125	9	16	503
BUR	Burbank	75	93	63	3	13	248
ONT	Ontario	67	88	60	3	6	224
LGB	Long Beach	58	67	44	2	7	178
PSP	Indio/Palm Springs	45	13	21	2	3	84
	Metro Total	1,160	1,129	1,079	50	462	3,880
SNA Pct. of Metro Total		16.6%	14.2%	11.6%	17.1%	3.6%	13.0%

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

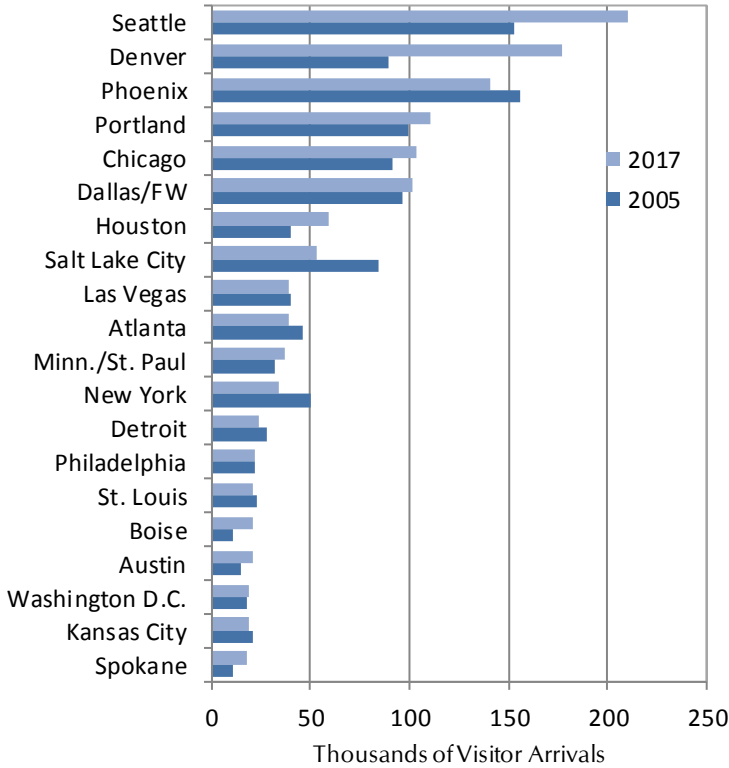
Year 2000 = 100



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 2.6 million visitor arrivals to John Wayne in 2017, an increase of 0.5 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)		*Change	**Share
	2005	2017		
Seattle	152	210	2.7%	8.3%
Denver	90	177	5.8%	7.0%
Phoenix	156	141	-0.9%	5.6%
Portland	99	111	0.9%	4.4%
Chicago	92	104	1.0%	4.1%
Dallas/FW	97	102	0.4%	4.0%
Houston	39	59	3.4%	2.3%
Salt Lake City	84	53	-3.7%	2.1%
Las Vegas	40	39	-0.1%	1.6%
Atlanta	46	39	-1.3%	1.5%
Minn./St. Paul	32	37	1.2%	1.5%
New York	50	33	-3.2%	1.3%
Detroit	28	24	-1.3%	0.9%
Philadelphia	21	22	0.2%	0.9%
St. Louis	23	21	-0.8%	0.8%
Boise	11	21	5.6%	0.8%
Austin	14	21	3.1%	0.8%
Washington D.C	17	19	0.8%	0.8%
Kansas City	20	19	-0.5%	0.8%
Spokane	11	18	4.0%	0.7%
SF Metro	450	524	1.3%	20.8%
Sacramento	151	162	0.6%	6.4%
Balance	528	567	0.6%	22.5%
Total	2,253	2,524	1.0%	100.0%

*Change refers to the average annual percentage change from 2005 to 2017.

**Share refers to the percentage of all visitor arrivals to John Wayne airport during 2017.

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

APPENDICES

APPENDIX A. REGIONAL TRAVEL IMPACT MODEL (RTIM) METHODOLOGY

Appendix B: Travel Impact Industries Matched to 2007 NAICS

**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>.