

The Economic Impact of Travel

Irvine, CA

2020 Preliminary Estimates

April 2021

PREPARED FOR
Destination Irvine



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The Economic Impact of Travel in Irvine, CA

2020 Preliminary Estimates

Destination Irvine

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Photo: Destination Irvine

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Irvine

2020p

Irvine / Summary

Travel Impacts 2020p

Located in Orange County California, Irvine serves as a leading business center and is home to a myriad of global corporations. The city also offers visitors a range of hotels, restaurants, retail establishments, and attractions.

During 2020, the COVID-19 pandemic caused global economic hardship. The travel industry has been especially hard hit, even more so than during the Great Recession. U.S. travel spending declined an estimated 36% in 2020. The California travel industry was even more affected, experiencing an estimated decline of 55% in travel spending.

- Travel spending in Irvine declined 56.7% from \$780.7 million in 2019 to \$338.2 million in 2020.
- Direct travel-generated employment experienced a loss of approximately 1,570 jobs, a 26.8% decline in travel-generated employment.
- Direct travel-generated earnings experienced a loss of \$87.6 million, a 32.8% decline.
- Tax receipts generated by travel spending were down 60.3% compared to 2019.

California's travel industry **contracted 55% in 2020**, whereas Irvine's travel economy **declined 57%**.

Note: These estimates for Irvine are subject to revision if more complete data become available.

Photo: Destination Irvine



Irvine / Trend

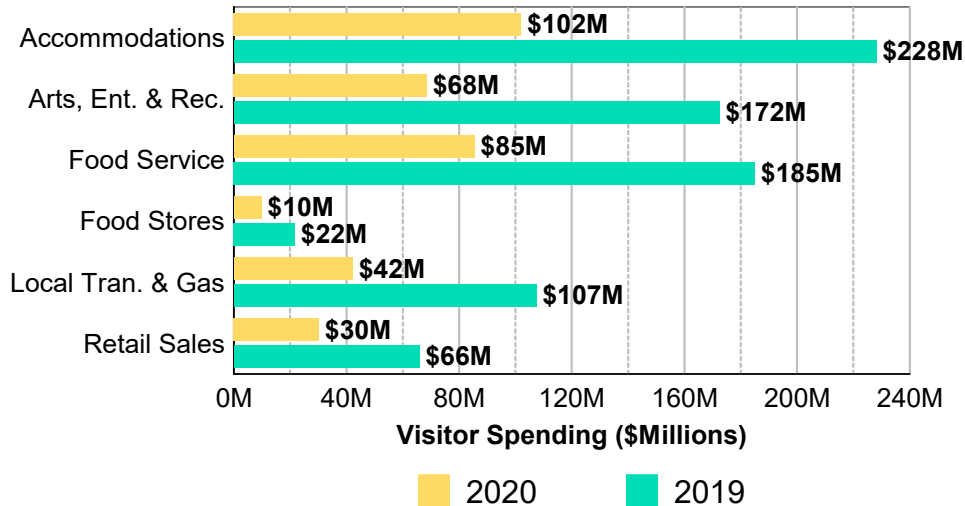
Direct Travel Impacts 2011-2020p

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Avg. Annual % Chg.	
											2019-20	2011-20
Spending (\$Millions)												
Total (Current \$)	488.4	495.9	502.4	507.3	574.0	590.6	619.4	747.3	780.7	338.2	▼ -56.7%	▼ -4.0%
Visitor	488.4	495.9	502.4	507.3	574.0	590.6	619.4	747.3	780.7	338.2	▼ -56.7%	▼ -4.0%
Non-transportation	406.8	413.6	421.3	430.1	495.0	515.1	537.7	644.9	673.2	295.9	▼ -56.0%	▼ -3.5%
Transportation	81.7	82.3	81.1	77.2	79.0	75.5	81.7	102.4	107.4	42.3	▼ -60.7%	▼ -7.1%
Earnings (\$Millions)												
Earnings (Current \$)	168.4	180.6	178.7	179.7	201.2	216.1	226.3	252.3	267.3	179.6	▼ -32.8%	▲ 0.7%
Employment (Jobs)												
Employment	4,960	5,080	5,080	5,110	5,140	5,290	5,310	5,790	5,870	4,300	▼ -26.8%	▼ -1.6%
Tax Revenue (\$Millions)												
Total (Current \$)	31.6	31.2	32.1	32.7	36.0	36.4	37.8	47.1	49.6	19.7	▼ -60.3%	▼ -5.1%
Local	10.7	10.9	11.5	12.0	14.3	15.0	15.8	19.5	20.3	9.0	▼ -55.5%	▼ -1.8%
State	21.0	20.2	20.6	20.7	21.7	21.3	22.1	27.7	29.3	10.6	▼ -63.6%	▼ -7.3%

Details may not add to totals due to rounding. Percent change calculated on unrounded figures.



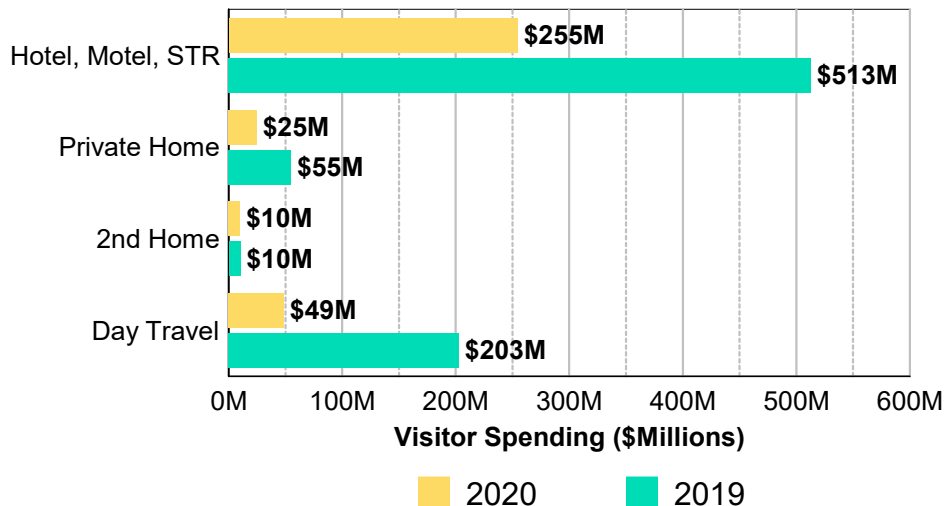
Visitor Spending by Commodity Purchased / Irvine



Sources: City of Irvine, Dean Runyan Associates, Omnitrak Group

The largest loss occurred in accommodations -- \$126 million was lost in 2020 compared to 2019, a decline of 55.3%.

Visitor Spending by Accommodation Type / Irvine



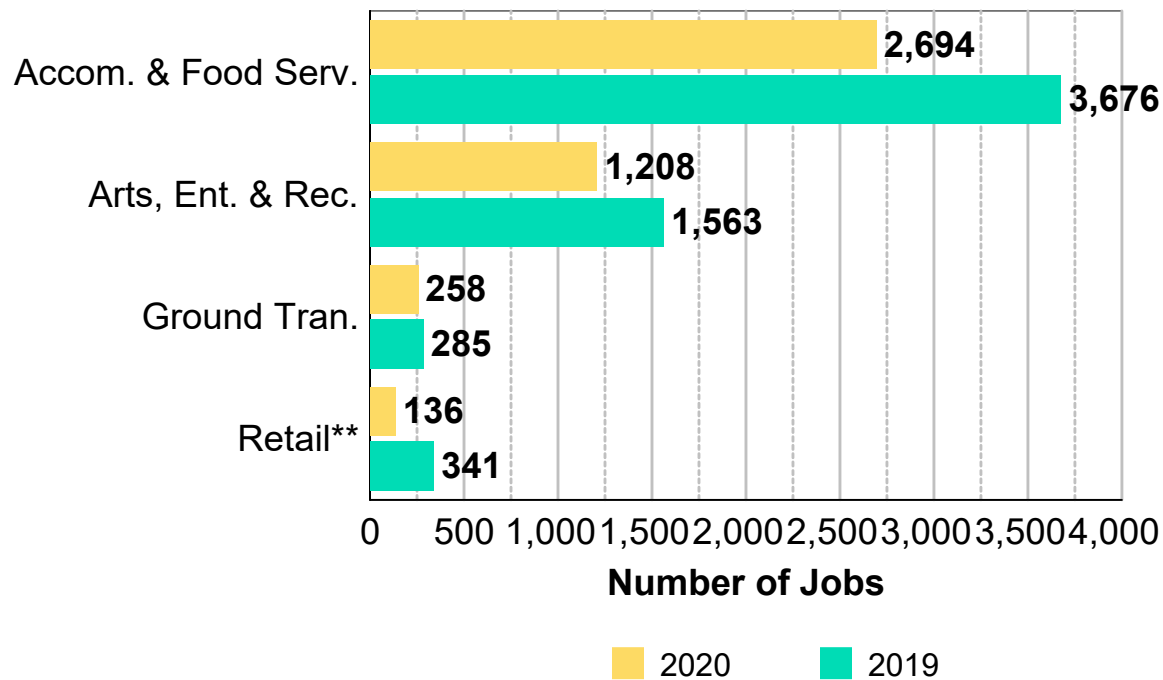
Sources: City of Irvine, Dean Runyan Associates, Omnitrak Group, STR LLC.

Note: Private Home represents visitors staying with friends or family. (Glossary on page 13)

Visitors who stayed in a Hotel, Motel, or STR spent \$254.6 million in 2020, a decline of 50.3%.

Visitors who stayed in a Private Home with friends and relatives spent \$24.9 million in 2020, a decline of 54.7%.

Travel Industry Employment / Irvine

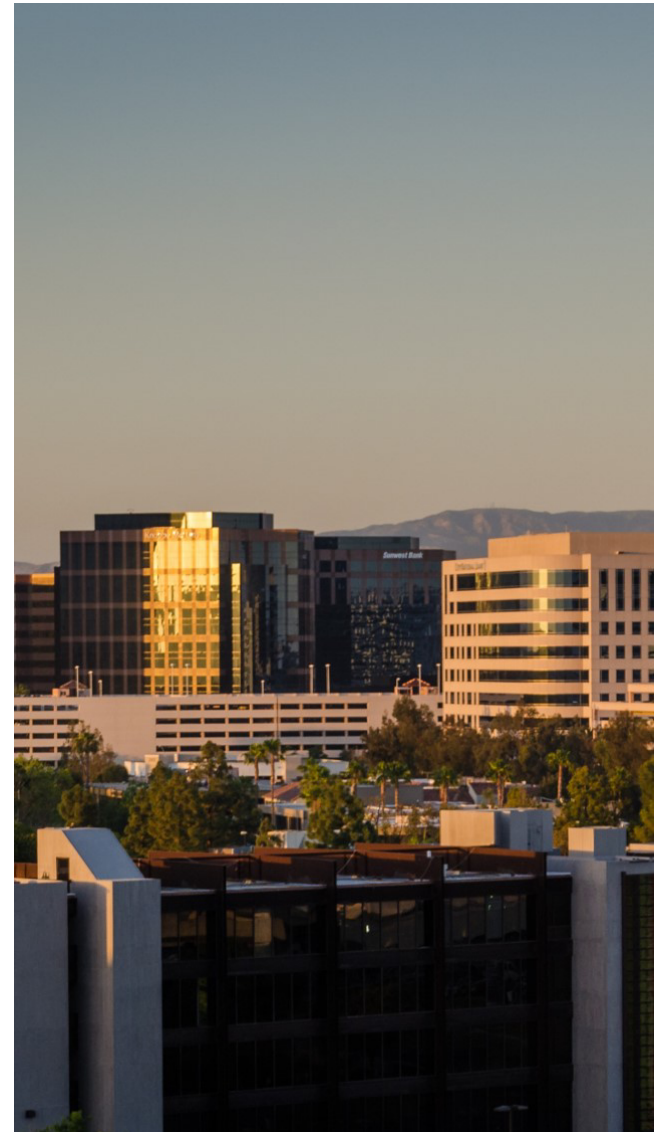


**Retail includes gasoline station employment.
Employment includes CARES Act support.

Total direct job loss is estimated at 1,570 jobs in 2020.
Overall, travel industry employment experienced a decline of 26.7%.

Sources: Dean Runyan Associates, Bureau of Labor Statistics, Bureau of Economic Analysis, California EDD

Photo: Destination Irvine



Irvine / Detail

Direct Travel Impacts 2011-2020p

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2019-2020
Direct Travel Spending (\$Million)											
Destination Spending	488.4	495.9	502.4	507.3	574.0	590.6	619.4	747.3	780.7	338.2	▼ -56.7%
TOTAL	488.4	495.9	502.4	507.3	574.0	590.6	619.4	747.3	780.7	338.2	▼ -56.7%
Visitor Spending by Type of Traveler Accommodation (\$Million)											
Hotel, Motel, STR	293.5	297.2	303.1	307.2	357.8	372.0	390.8	488.2	512.6	254.6	▼ -50.3%
Private Home	44.3	45.8	46.2	47.1	49.1	48.7	51.0	52.9	54.9	24.9	▼ -54.7%
2nd Home	9.3	9.2	9.2	9.3	9.5	9.6	9.9	10.2	10.5	10.1	▼ -3.5%
Day Travel	141.4	143.6	143.8	143.8	157.6	160.3	167.7	196.0	202.7	48.6	▼ -76.0%
TOTAL	488.4	495.9	502.4	507.3	574.0	590.6	619.4	747.3	780.7	338.2	▼ -56.7%
Visitor Spending by Commodity Purchased (\$Million)											
Accommodations	115.5	118.9	125.8	133.2	160.6	168.8	176.8	219.5	228.2	101.9	▼ -55.3%
Food Service	110.5	112.4	112.6	113.0	130.1	136.8	145.0	174.7	185.0	85.5	▼ -53.8%
Food Stores	16.2	16.0	16.1	16.6	18.6	18.7	19.0	21.2	21.7	9.9	▼ -54.5%
Local Tran. & Gas	81.7	82.3	81.1	77.2	79.0	75.5	81.7	102.4	107.4	42.3	▼ -60.7%
Arts, Ent. & Rec.	116.7	118.2	118.6	119.3	132.8	136.9	141.7	167.0	172.4	68.5	▼ -60.3%
Retail Sales	47.9	48.2	48.2	48.1	53.1	53.8	55.1	62.5	65.9	30.2	▼ -54.3%
TOTAL	488.4	495.9	502.4	507.3	574.0	590.6	619.4	747.3	780.7	338.2	▼ -56.7%

Details may not add to totals due to rounding. Percent change calculated on unrounded figures.

Note: Private Home represents visitors staying with friends or family. (Glossary on page 13)

Irvine / Detail

Direct Travel Impacts 2011-2020p

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2019-2020
Travel Industry Earnings (\$Million)											
Accom. & Food Serv.	93.6	97.5	95.4	96.1	111.0	118.7	125.2	151.2	160.2	117.6	▼ -26.6%
Arts, Ent. & Rec.	57.6	65.3	65.5	65.9	69.7	75.5	78.1	74.8	78.0	49.2	▼ -36.9%
Retail**	9.1	9.1	9.1	9.0	10.3	10.7	11.1	10.9	13.0	5.6	▼ -56.8%
Ground Tran.	8.2	8.8	8.7	8.7	10.2	11.3	11.8	15.3	16.1	7.2	▼ -55.4%
TOTAL	168.4	180.6	178.7	179.7	201.2	216.1	226.3	252.3	267.3	179.6	▼ -32.8%
Travel Industry Employment (Jobs)											
Accom. & Food Serv.	2,780	2,780	2,780	2,820	3,030	3,120	3,190	3,650	3,680	2,690	▼ -26.7%
Arts, Ent. & Rec.	1,680	1,800	1,800	1,790	1,540	1,590	1,540	1,550	1,560	1,210	▼ -22.7%
Retail**	290	280	280	270	330	330	340	330	340	140	▼ -60.2%
Ground Tran.	210	220	220	220	240	250	240	250	290	260	▼ -9.7%
TOTAL	4,960	5,080	5,080	5,110	5,140	5,290	5,310	5,790	5,870	4,300	▼ -26.7%
Tax Receipts Generated by Travel Spending (\$Million)											
Local Tax Receipts	10.7	10.9	11.5	12.0	14.3	15.0	15.8	19.5	20.3	9.0	▼ -55.5%
State Tax Receipts	21.0	20.2	20.6	20.7	21.7	21.3	22.1	27.7	29.3	10.6	▼ -63.6%
TOTAL	31.6	31.2	32.1	32.7	36.0	36.4	37.8	47.1	49.6	19.7	▼ -60.3%

Details may not add to totals due to rounding. Percent change calculated on unrounded figures.

**Retail includes gasoline.

Employment and earnings include CARES Act support.

Irvine / Overnight Volume

Overnight Visitor Volume and Average Spending

Overnight visitor volume for Irvine is based on cross-referencing visitor surveys and lodging data. Volume estimates therefore will differ from methodologies that rely solely on visitor surveys. Visitor Spending is a more reliable metric to Visitor Volume in accounting for changes in the travel industry, as it is more closely tied to economic data and lessens the variability from visitor surveys. Day travel estimates are not included because of data limitations.

Average Expenditure for Overnight Visitors, 2020p

	Person		Party		Party Size	Length of Stay
	Day	Trip	Day	Trip		
Hotel, Motel, STR	\$178	\$481	\$392	\$1,058	2.2	2.7
Private Home	\$32	\$149	\$78	\$358	2.4	4.6
Other Overnight	\$70	\$322	\$168	\$772	2.4	4.6
All Overnight	\$124	\$398	\$281	\$896	2.3	3.2

Overnight Visitor Volume, 2018-2020p

	Person-Trips			Party-Trips		
	2018	2019	2020	2018	2019	2020
Hotel, Motel, STR	960,400	993,600	529,500	436,600	451,600	240,700
Private Home	366,400	360,100	166,500	152,700	150,000	69,400
Other Overnight	31,600	31,600	31,400	13,200	13,200	13,100
All Overnight	1,358,400	1,385,300	727,400	602,400	614,800	323,100



72.8%

Hotel, Motel, STR
share of overnight
person-trips

	Person-Nights			Party-Nights		
	2018	2019	2020	2018	2019	2020
Hotel, Motel, STR	2,593,200	2,682,600	1,429,800	1,178,700	1,219,400	649,900
Private Home	1,685,300	1,656,500	766,000	702,200	690,200	319,200
Other Overnight	145,500	145,400	144,200	60,600	60,600	60,100
All Overnight	4,424,000	4,484,500	2,340,000	1,941,600	1,970,200	1,029,100

Note: Private Home represents visitors staying with friends or family. (Glossary on page 13)

Glossary

Term

Hotel, Motel, STR

Private Home

Other Overnight

Day Travel

Visitor Spending

Other Spending

Direct Spending

Direct Earnings

Direct Employment

Local Taxes

State Taxes

Destination Spending

STR

2nd Home

Definition

Accommodation types that house transient lodging activity.

Personal residences used to host visiting friends and family overnight.

Combination of other overnight visitors who stay in campgrounds or 2nd homes.

Greater than 50 miles traveled non-routine to the destination.

Direct spending made by visitors in a destination.

Spending by residents on travel arrangement services, or spending for convention activity.

Expenditures made by consumers, combination of Visitor Spending and Other Spending.

Total after-tax net income from travel. It includes wage and salary disbursements, proprietor income, and other earned income or benefits.

Employment generated by direct spending; Includes full time, part time, seasonal, and proprietors.

City and county taxes generated by travel spending.

State taxes generated by travel spending.

See Visitor Spending.

Short Term Rental, private and semi-private lodging rented by owners or property management companies (e.g. AirBnB, VRBO).

Homes under private ownership for personal use as a vacation property.

Assumptions / Methodology

Travel Impacts Methodology

Dean Runyan Associates uses our proprietary Regional Travel Impact Model (RTIM). This input-output model uses a fiscal based approach to accurately quantify travel and reduce reliance and variability of survey data. Each accommodation type (Hotel/Motel/STR, Private Home, Vacation Home, Camping, and Day) is modeled uniquely to capture the different types of economic contributions from these visitors. Earnings and employment data are derived from the relationship between business income and employee expenses. Tax receipts are generated based on each unique tax rate that applies to the underlying economic activity.

Our approach starts at local levels of geography building up to state findings.

The RTIM is in use in 12 states covering over 400 counties and local jurisdictions. Findings from this study are directly comparable to any of our research publications.

Travel Impacts Assumptions

- The distribution of commodity expenditures by visitors tracks closely with the larger geographic region of Orange County.
- Overnight visitors are defined as non-local overnight visitation utilizing accommodations that are Hotels/Motels, Short Term Rental (STR), Camping, Private Home (VFR), and 2nd home ownership.
- Day visitors include anyone that has traveled 50 miles one way, and is not routine travel (commuting or periodic retail trips).
- Travel contains tourism activity, business activity, and other transient activity.
- Source data is accurate and complete. (Sources include: Bureau of Labor Statistics, Census Bureau, Bureau of Economic Analysis, STR LLC., U.S. Department of Transportation, Omnitrak Group)