

ECONOMIC IMPACT OF THE PROPOSED COACHELLA VALLEY ARENA PROJECT IN THOUSAND PALMS COMMUNITY OF RIVERSIDE COUNTY

Prepared for:
Greater Palm Springs CVB

May 2021



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INTRODUCTION

Tourism in the Greater Palm Springs Region (GPS) is a key driver of jobs, income, and tax revenues. In 2019 (pre-pandemic), 14.1 million visitors came to the region and spent \$5.9 billion. This direct spending generated \$7.5 billion in total business sales, more than 53,000 jobs, \$1.8 billion in income, and \$687 million in state and local tax revenues.

In 2020, Greater Palm Springs was severely affected by reduced level of travel and spending due to the COVID-19 pandemic. The tourism industry in the region is about 40% smaller than what it was in 2019. However, recovery is inevitable and projects like the proposed sports and entertainment arena near Palm Desert would support new visitor spending and local jobs.

According to project management, construction is expected to begin in 2021 and be complete by the Fall of 2022. Construction and development of the new facility will generate temporary benefits with approximately \$250 million in capital expenditures planned. This analysis examines the benefits of on-going operations driven by the visitor component of expected events, to include professional sports, concerts, family shows, and conventions and conferences. We take one-year of operations in 2023.

Project managers expect an average of 159 events per year, approximately two per week with an average attendance of nearly 6,000 per event. Overall, visitors are expected to account for just over 40% of event attendees. The economic impact of those visitors and their spending in the Greater Palm Springs region is captured here.

Key takeaways for 2023, the first full year of operations include:

- Annual direct spending of **\$108 million**.
- Total business sales of **\$141 million** annually.
- A total of \$42 million in additional income earned by local workers.
- Nearly **1,600 jobs** supported each year, including full-time and part-time jobs, on-site and off-site.
- State and local tax revenues resulting from the additional economic activity would total **\$11.0 million**.

INCREMENTAL ECONOMIC IMPACTS

Spending, sales, jobs, and tax impacts driven by the expansion

 **\$108
MILLION**

DIRECT VISITOR SPENDING

Incremental visitor spending
of \$108 million per year.

 **\$141
MILLION**

TOTAL BUSINESS SALES

Including indirect and
induced impacts, the total
economic impact of \$141
million annually.

 **1,572
JOBS**

EMPLOYMENT

Including both direct and
indirect jobs in the Greater
Palm Springs region.

 **\$11.0
MILLION**

STATE AND LOCAL TAXES

A total of \$11.0 million in state
and local tax revenues
generated in the region.

METHODOLOGY AND DATA SOURCES

Project management at the Oak View Group and leadership at the Greater Palm Springs CVB provided projections on the number of events, event type, expected attendance, and projected visitor draw. Based on projected visitor volume Tourism Economics estimated direct spending using regional visitor spending profile data.

An IMPLAN input-output model was constructed for Riverside County. The model traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges. Modeling results were then calibrated to reflect the benefits realized only in the Greater Palm Springs region.

Data on employment, wages and sales were obtained from the U.S. Census, the Bureau of Economic Analysis, and the Bureau of Labor Statistics.

The Greater Palm Springs region is defined as nine municipalities including:

- Palm Springs
- Desert Hot Springs
- Cathedral City
- Rancho Mirage
- Palm Desert
- Indian Wells
- La Quinta
- Indio
- Coachella

Not captured in this analysis are:

- Capital expenditures for the development and construction of the new facilities.
- Spending by host organizations, sponsors, visiting teams and any supporting personnel.

ECONOMIC IMPACTS

MODELING INPUTS

Table 1. Build Up of Direct Spending in 2023

Annual events	159	
Average attendance per event	5,928	(shares)
Local attendees	3,452	58.2%
Non-local attendees (visitors)	2,475	41.8%
Visitors per event on average	2,475	(shares)
Day visitors	1,436	58.0%
Overnight visitors	1,040	42.0%
Total annual visitors, ths	393.6	
Day visitors	228.3	
Overnight visitors	165.3	
Regional Per Diem Spending Profile		
Day, \$ per person per day	76.5	
Overnight, \$ per person per day	182.0	
Total visitor spending, \$mils	108.2	
Day visitors	17.5	
Overnight visitors	90.8	

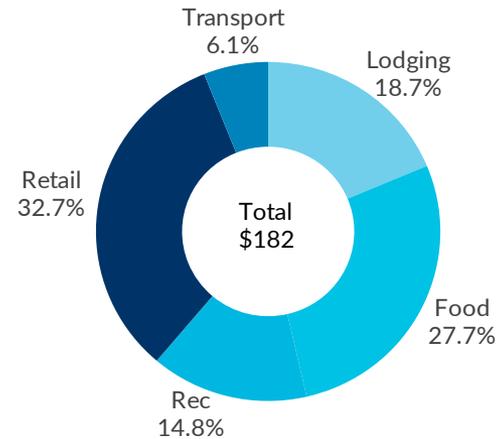
Sources: Oak View Group, Tourism Economics

DIRECT VISITOR SPENDING

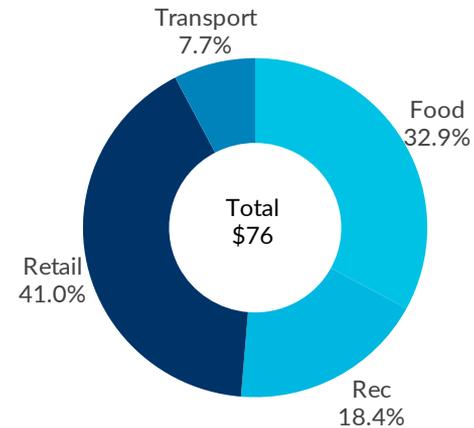
Visitors spend directly in several industries.

Based on regional spending profile data, visitors to greater Palm Springs spend primarily on retail, lodging, and food and beverage. Additional spending also occurs on recreation and on local transportation. Spending here would capture on-site spending at the proposed Arena, as well as off-site spending in the broader economy.

Overnight Visitor: Spending Per Person Per Day



Day Visitor: Spending Per Person Per Day



Source: Tourism Economics

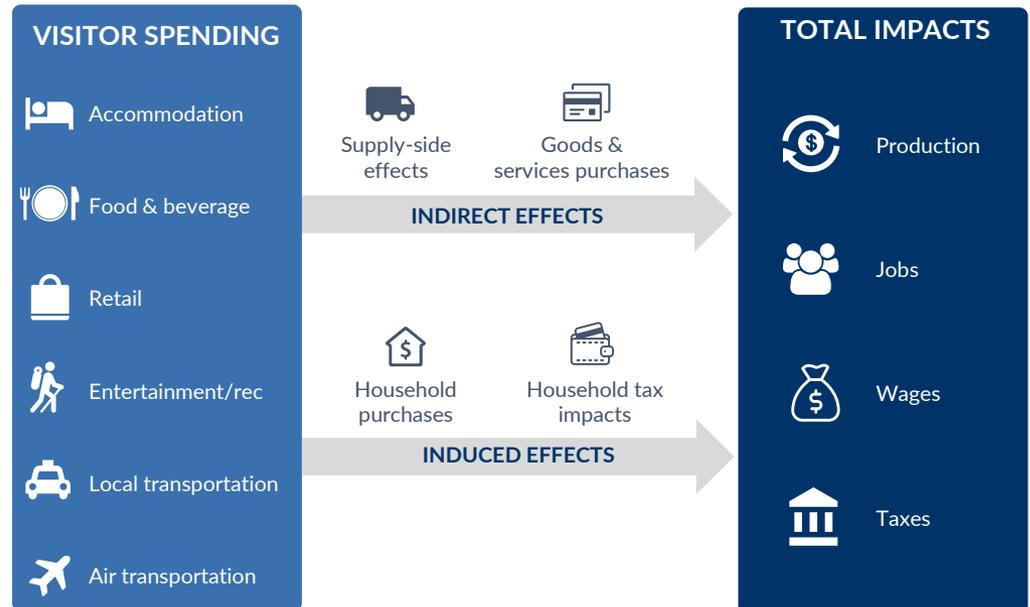
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN is particularly effective because it calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes



SUMMARY ECONOMIC IMPACTS

Table 2. Economic Impacts in 2023	Direct	Indirect	Induced	Total
Annual impacts of visitor spending				
Gross output (business sales), \$mils	108.2	18.5	14.6	141.4
Value added (GDP), \$mils	61.4	8.6	8.6	78.6
Income, \$mils	34.2	4.0	3.7	41.9
Employment (FT and PT)	1,331	144	98	1,572

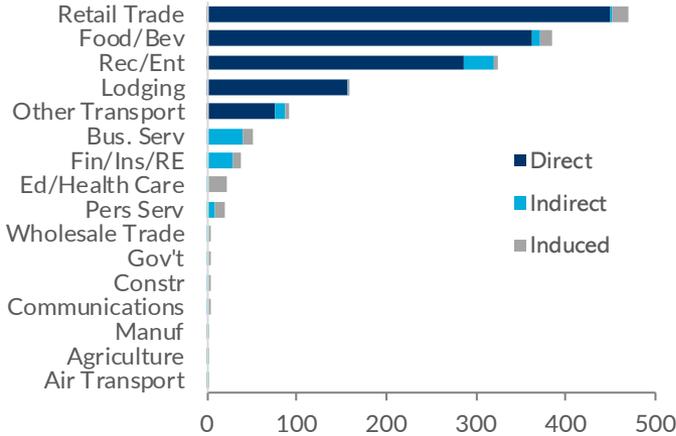
Source: Tourism Economics

JOBS IMPACTS

Direct spending will drive jobs in the local economy.

Most jobs will be created in those industries in which visitors spending directly, such as lodging, food, and retail. However, indirect and induced jobs would be created across the economy. Most indirect and induced jobs would be created in Business services and Finance, Insurance, and Real Estate .

Jobs Impacts by Industry



Source: Tourism Economics

TAX REVENUES IMPACT

Table 3. Tax Revenues in 2023, \$ ths

Local	3,874
Sales	1,177
Lodging	1,442
Property	1,174
Other Taxes and Fees	81
State	7,131
Personal Income	1,901
Corporate	302
Sales	4,036
Social Security	260
Other Taxes and Fees	631
Total State and Local Tax Revenues	11,004

Source: Tourism Economics

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

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