

2017

REPORT ON THE ECONOMIC IMPACT OF TOURISM

palm springs

desert hot springs

cathedral city

rancho mirage

palm desert

indian wells

la quinta

indio

coachella



GREATER
palm springs

find your oasis.

OVERVIEW

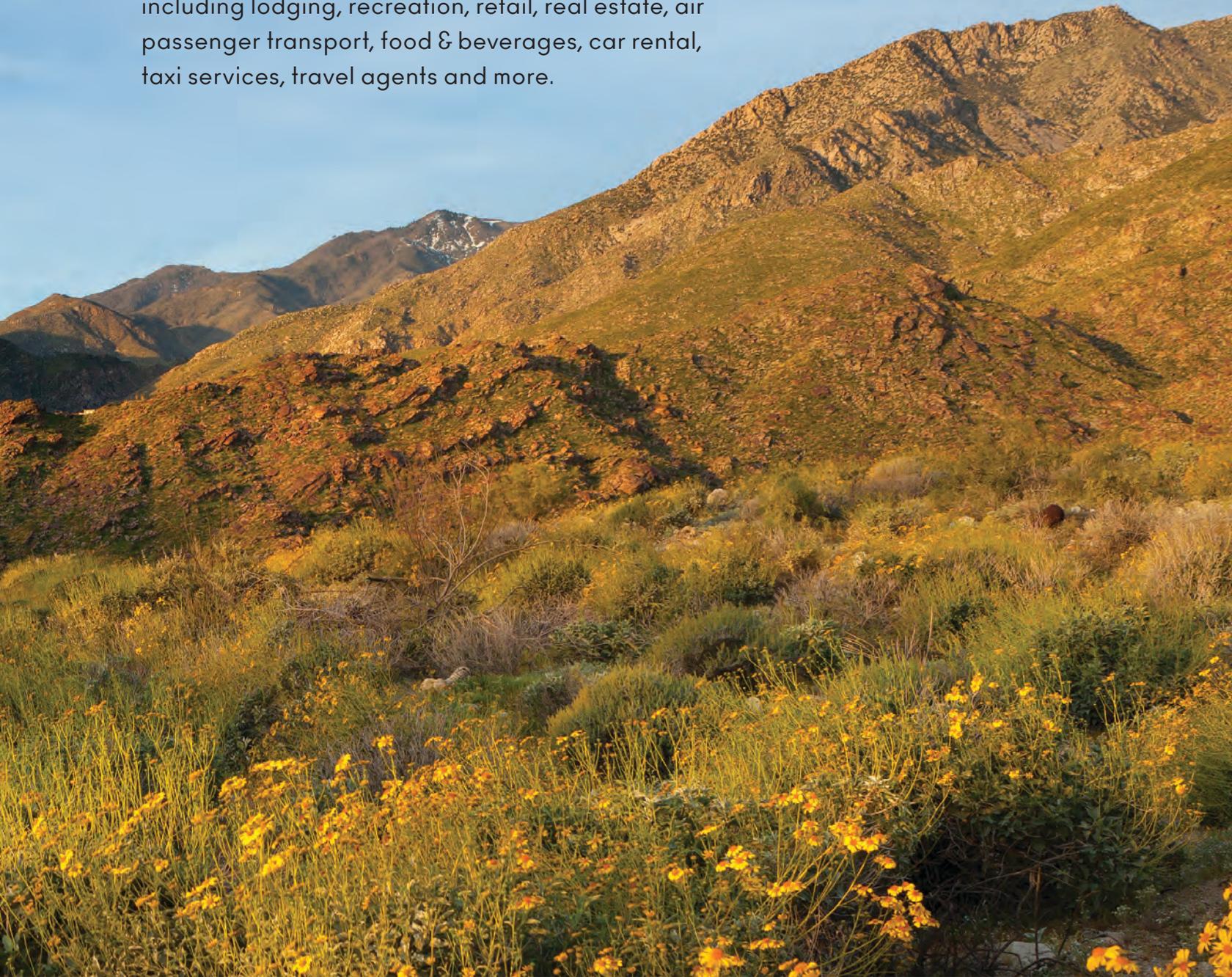
To gain insight into the overall economic impact of tourism in Greater Palm Springs, the CVB contracted with Tourism Economics-An Oxford Economics Company to undergo an in-depth analysis of visitor spending and its impact on the Coachella Valley.



PURPOSE

By monitoring tourism's economic impact, policymakers can make better informed decisions regarding the funding and prioritization of tourism development. Such research also carefully monitors tourism's success and future needs. To achieve this, tourism must be measured in the same categories as other economic sectors—i.e. tax generation, employment, wages and gross domestic product.

The challenge lies in the fact that tourism is not easily measured because it is not a single industry but rather a demand-side activity which affects multiple sectors to various degrees. Tourism, as a whole, spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food & beverages, car rental, taxi services, travel agents and more.



2017 ECONOMIC IMPACT HIGHLIGHTS

The visitor economy is **expanding** in Greater Palm Springs and continues to generate greater business sales, employment, income and tax revenues.

Visitors to Greater Palm Springs spent **\$5.5 billion** in 2017, which generated **\$7 billion** in total business sales, including indirect and induced impacts.

Tourism in Greater Palm Springs generated **\$1 billion** in tax revenues in 2017, including **\$592 million** in state and local revenues.

Including direct and indirect impacts, **51,866 jobs** were sustained by visitors to Greater Palm Springs in 2017 with total income of **\$1.6 billion**.

Approximately **22% (1 in 4)** of all jobs in Greater Palm Springs were sustained by tourism.

An estimated **35%** of tourism-supported jobs are in food and beverage, **15%** in recreation, **13%** in retail, and **13%** in lodging.





KEY RESULTS

5.5% increase over 2015

13.6 million estimated number of day and overnight visits in 2017.

6.0% increase over 2015

6.1 million estimated number of overnight visitors in 2017.

10.0% increase over 2015

\$5.5 billion reflects the amount of visitor spending in 2017.

9.0% increase over 2015

\$7.0 billion reflects the total economic impact of tourism in 2017.

4.6% increase over 2015

51,866 jobs sustained with associated income of **\$1.6 billion** by visitors in 2017.

Slight change since 2015

22% of total employment, 1 in every 4 jobs, is sustained by the tourism industry.

10.0% increase over 2015

\$592 million in state and local taxes was generated by tourism in 2017. An additional **\$454 million** in federal taxes was also generated.

4.0% increase over 2015

Each household would need to pay **\$3,719 annually** to maintain the current level of government services in the absence of state and local taxes generated by tourism.

15.2% increase over 2015

The surge in lodging revenue in 2017.

6.2% increase over 2015

The amount room demand grew in 2017 due to increased overnight visitations.

Visitors spent
\$5.5 BILLION in 2017,
a 10% increase
over 2015.



TOGETHER, WE ALL WIN.

2018 Poppy Awards
Best Overall Marketing
Greater Palm Springs Convention
& Visitors Bureau

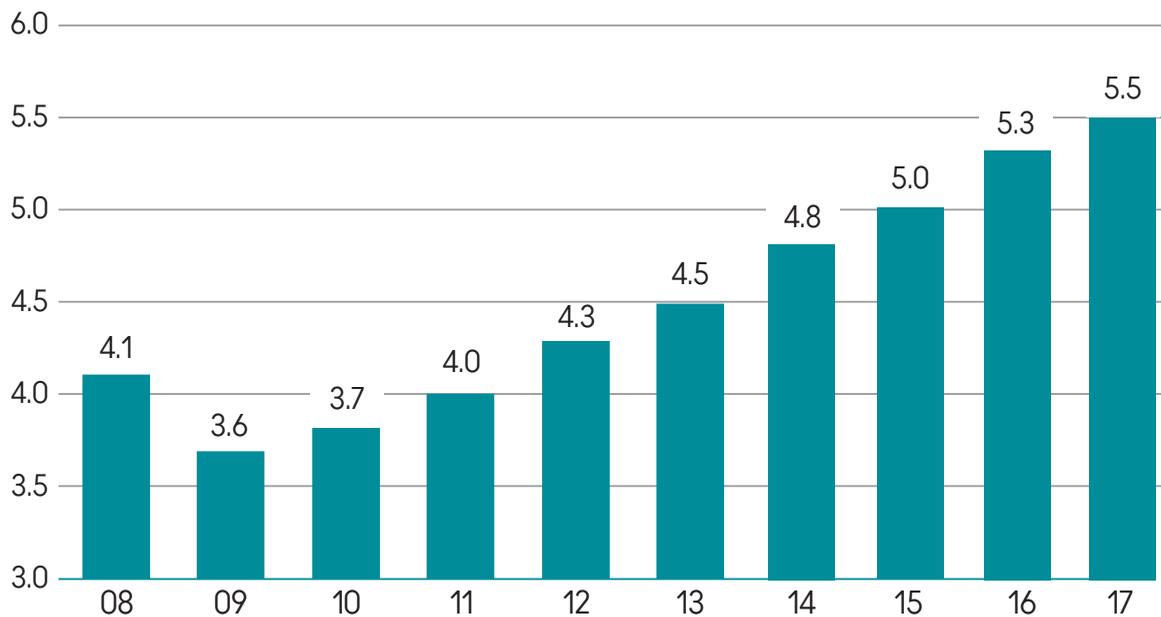


VISITOR SPENDING BY SECTOR

- Visitor volume and spending in Greater Palm Springs expanded in 2017.
- Relatively strong income growth in CA and the broader West region likely boosted visitation.
- More than **13 million visitors** spent a total of **\$5.5 billion** in 2017, increases of 1.3% and 3.3%, respectively, from 2016.

GREATER PALM SPRINGS VISITOR SPENDING

US \$ Billions



Source: Tourism Economics

GREATER PALM SPRINGS VISITOR VOLUME AND SPENDING

	2013	2014	2015	2016	2017
Visitor Volume (\$millions)	12.158	12.652	12.897	13.426	13.600
% change	1.9%	4.1%	1.9%	4.1%	1.3%
Visitor Spending (\$millions)	4,467.1	4,769.5	4,955.8	5,298.9	5,471.1
% change	4.0%	6.8%	3.9%	6.9%	3.3%

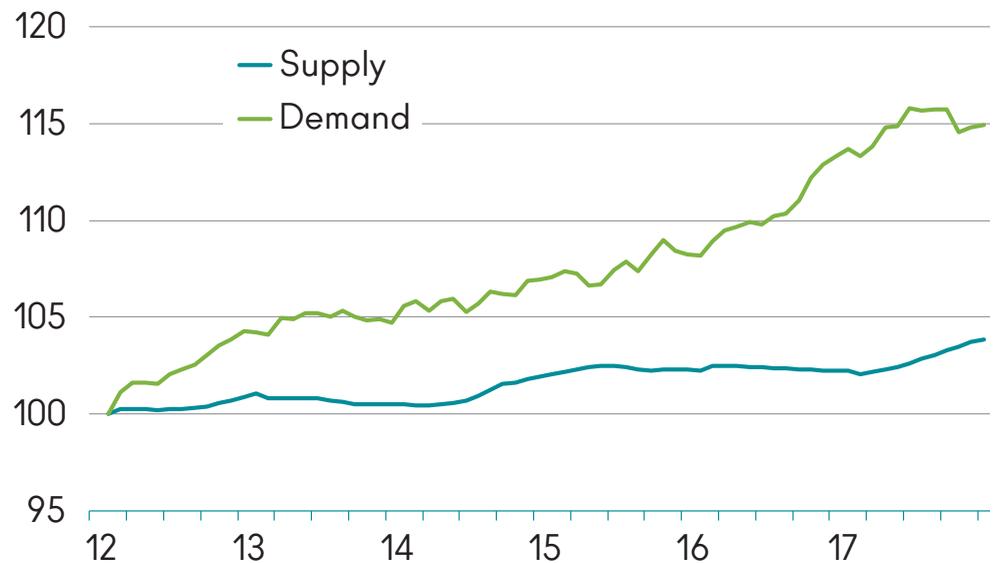
GROWTH OF VISITOR SPENDING

- Since 2012, room demand has outpaced supply.
- In 2017, room demand expanded 3.0% while supply grew 2.2%. The occupancy rate increased from 61.4% to 61.9%.
- Hotel average daily rate (ADR) grew 1.1% to \$162 per night.
- In recent years, price growth has been the key driver of revenues. Since 2012, price growth has accounted for roughly 70% of total revenue growth.

DEMAND IS OUTPACING SUPPLY IN GPS

12-month moving sum, indexed January 2012 = 100

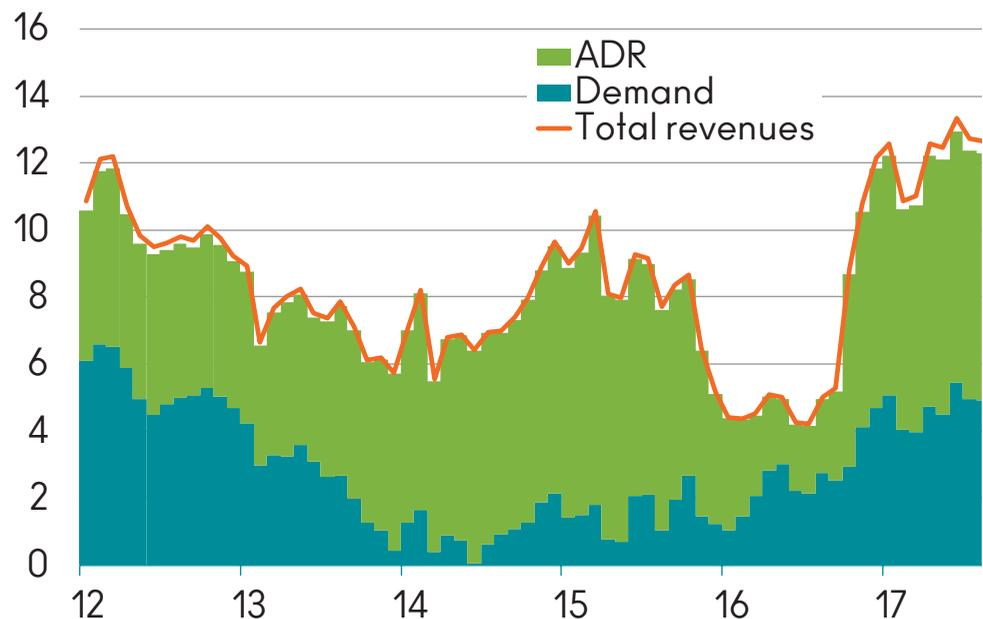
Sources: STR, Tourism Economics



PRICE GROWTH IS THE KEY DRIVER OF REVENUES

Contribution to revenue growth, 12-month averages %

Sources: STR, Tourism Economics



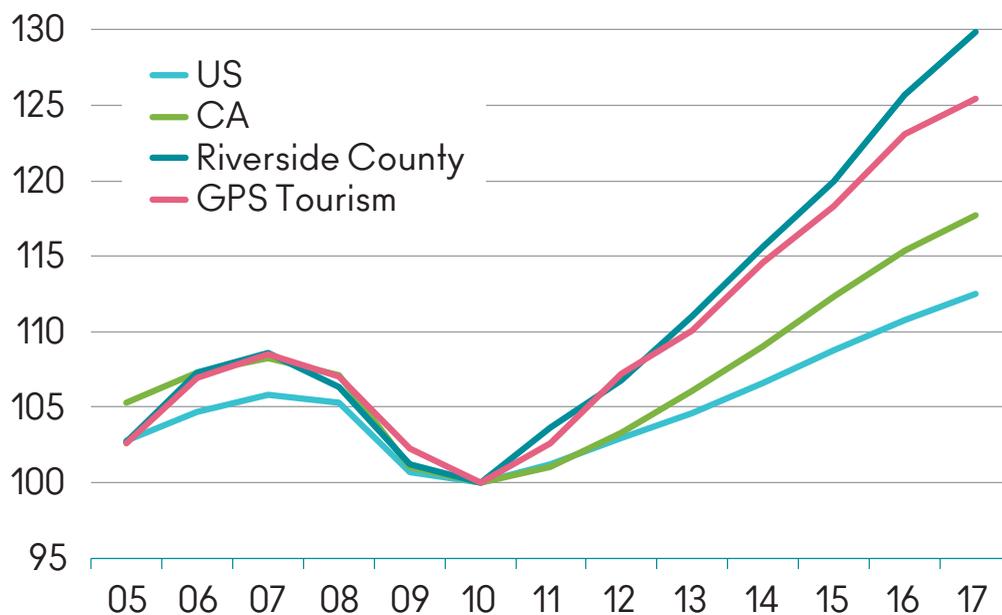


EMPLOYMENT GROWTH

- Overall employment growth in Riverside County is outpacing that of California and the U.S.
- Total job growth in the County is slightly outpacing tourism jobs growth in Greater Palm Springs.
- Tourism jobs are 25.4% higher than in 2010. **The industry has added nearly 1,200 jobs per year in Greater Palm Springs**, an average annual change of 3.3% since 2010.

GPS TOURISM IS GENERATING EMPLOYMENT

Employment, indexed
2010=100



Sources: CA Labor Market Information, BEA, Tourism Economics

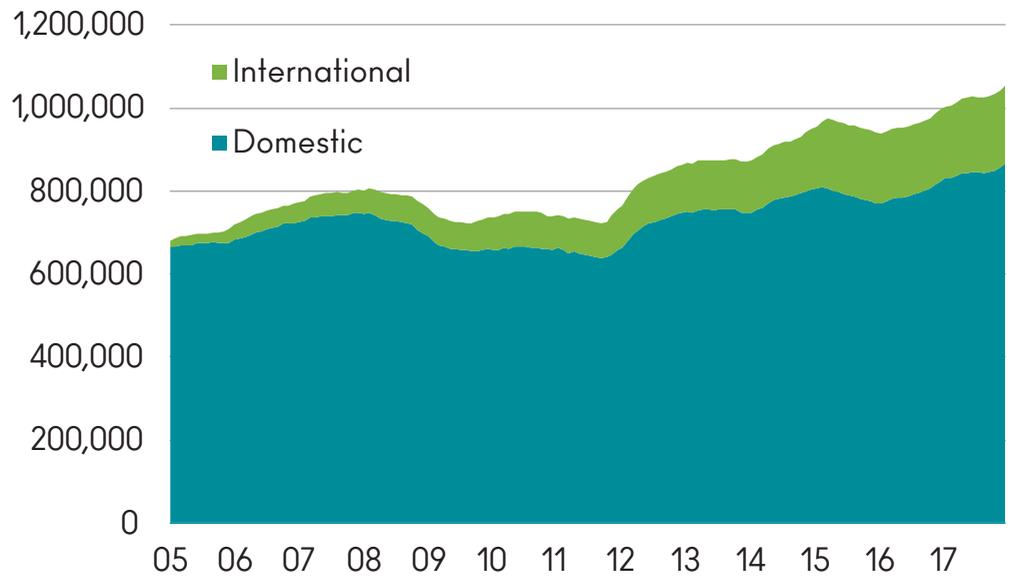
AIR SERVICE GROWTH

- Passenger volume through Palm Springs International Airport (PSP) has expanded in recent years.
- Just **over 1 MILLION** passengers came through PSP in 2017, 11.9% more than in 2015.
- International arrivals from Canada are accounting for an increasing share of the total.
- In 2017, nearly 190,000 arrivals from Canada accounted for 18% of the total arrivals, up 11% from 2010.

GPS INTERNATIONAL ARRIVALS ARE GROWING

Passenger arrivals, 12-month moving sum, thousands

Sources: BTS, GPS Int'l Airport, Tourism Economics



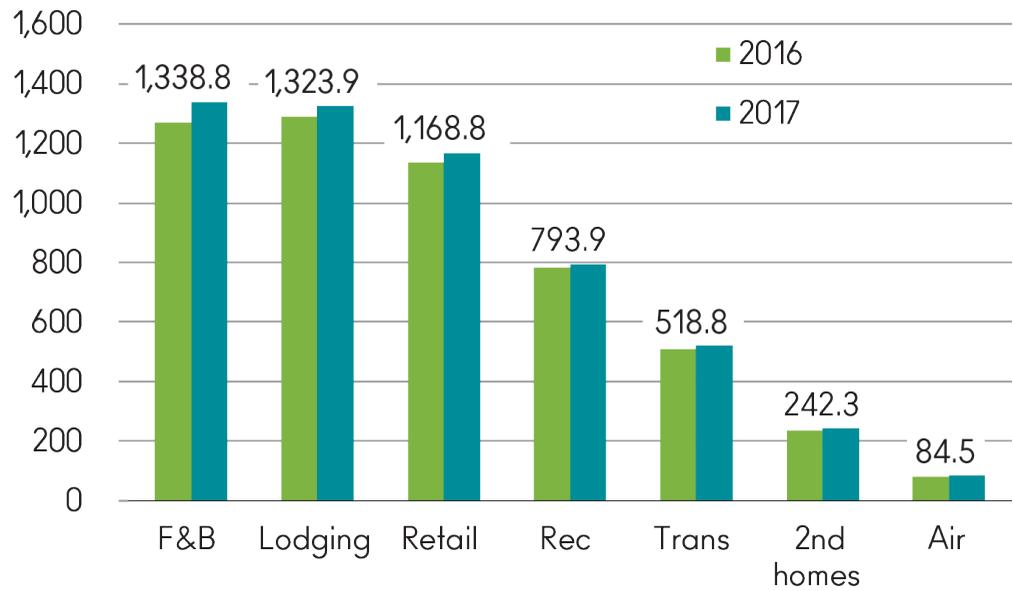
VISITOR SPENDING BY SECTOR

- About three-quarters of visitor spending comes in food & beverage, lodging and retail, roughly evenly distributed across these categories.
- Visitors spent **\$1.3 BILLION** on food, **\$1.3 BILLION** on lodging and **\$1.2 BILLION** on retail shopping in 2017.

GEATER PALM SPRINGS VISITOR SPENDING

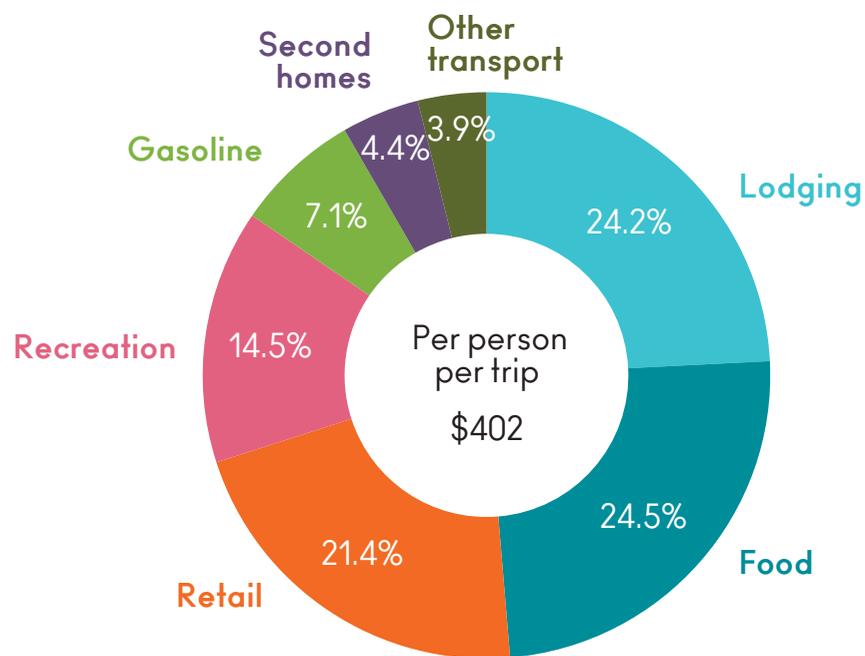
\$ million

Sources: GPSCVB, Tourism Economics



GPS VISITOR SPENDING PROFILE

Source: STR, Tourism Economics



VISITOR SPENDING BY MARKET SEGMENT

- Most visitors to Greater Palm Springs (55.0%) come for the day, while 45.0% stayed overnight.
- International visitors account for 4.2% of visitation, and leisure visitors accounted for 93.2% of the total volume.

GREATER PALM SPRINGS VISITOR VOLUME

Sources: GPS CVB, DK Shifflet, NTTO, Tourism Economics



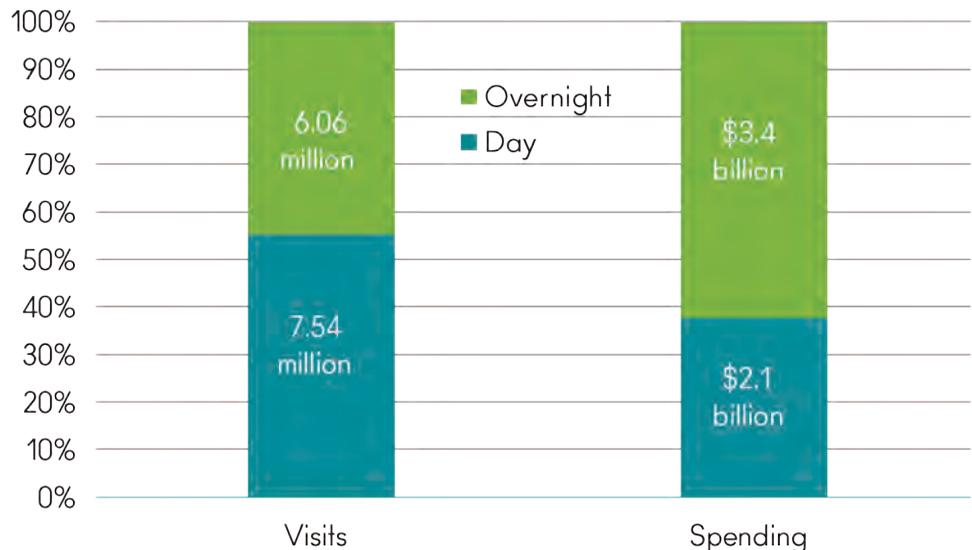
*Business /Leisure split is based on 2015 data, the latest available

VISITOR SPENDING BY TRIP TYPE

- Although more visitors came to Greater Palm Springs for the day, overnight visitors spend more while in the area.
- Overnight visitors accounted for 45.0% of volume and 62.3% of total visitor spending.

GREATER PALM SPRINGS VISITOR TRIP TYPE

Sources: GPS CVB, DK Shifflet, NTTO, Tourism Economics



TOURISM OUR ECONOMIC STRENGTH

VISITOR SPENDING BY MARKET SEGMENT

Overnight visitors accounted for **\$3.4 BILLION** in spending or 62.3% of total visitor spending.

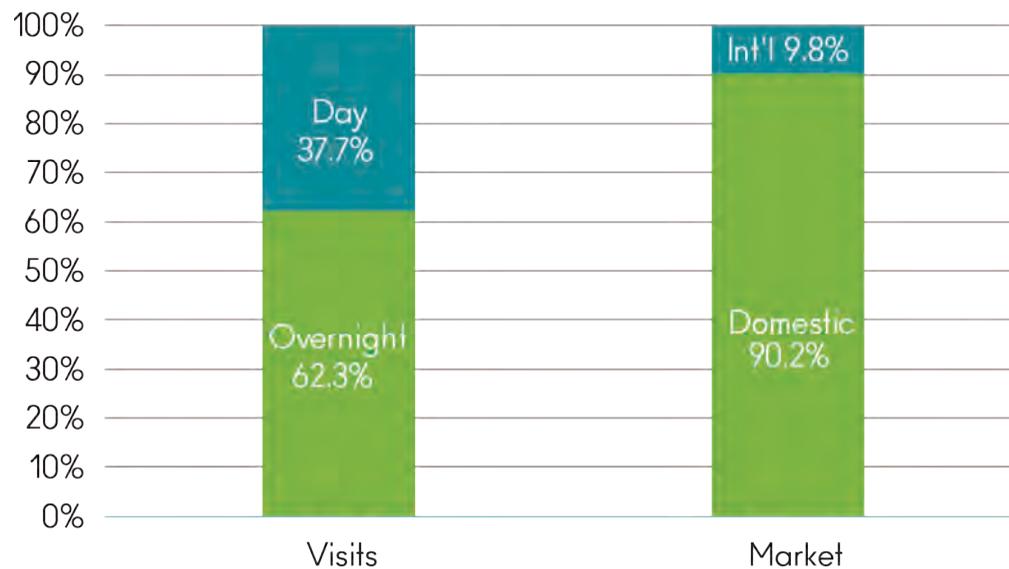
International visitors accounted for **\$0.5 BILLION** in spending or nearly 10% of total visitor spending.

GREATER PALM SPRINGS VISITOR SPENDING

VISITOR SPENDING			
Stay		Market	
\$ billions			
Day	\$ 2.1	International	\$ 0.5
Overnight	\$ 3.4	Domestic	\$ 4.9
Total	\$ 5.5	Total	\$ 5.5
Stay		Market	
% share			
Day	37.7%	International	9.8%
Overnight	62.3%	Domestic	90.2%

GREATER PALM SPRINGS SPENDING SEGMENTATION

Sources: GPS CVB, DK Shifflet,
NTTO, Tourism Economics





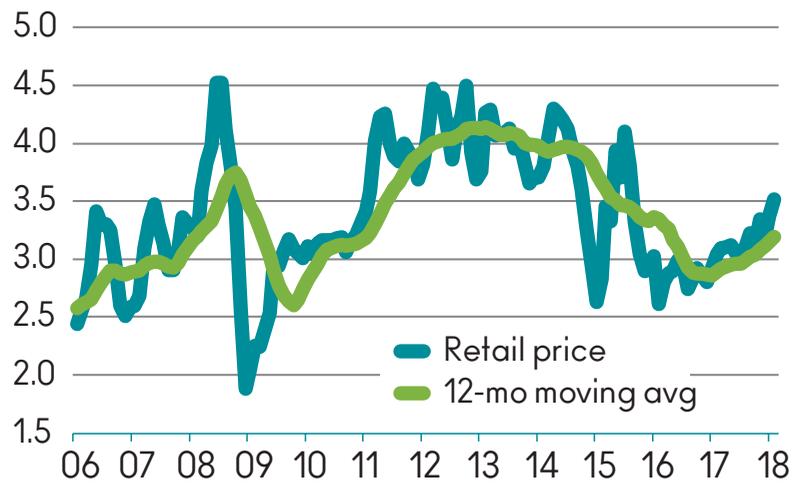
THE IMPACT OF FUEL PRICES ON TOURISM

- Fuel prices increased in 2017, after three years of declines.
- Despite the recent uptick, prices are still relatively low and help boost consumer confidence, encouraging more trips and visitor spending that otherwise might not occur.
- Oxford Economics forecasts oil prices to remain under \$65 per barrel through 2020, which implies gas prices in the LA area well under \$4.00 per gallon for an extended period.

GAS PRICES ARE ON A THREE YEAR DECLINE

Los Angeles area gasoline price, all grades, dollars per gallon

Sources: Energy Information Administration





VISITOR SPENDING BY CATEGORY

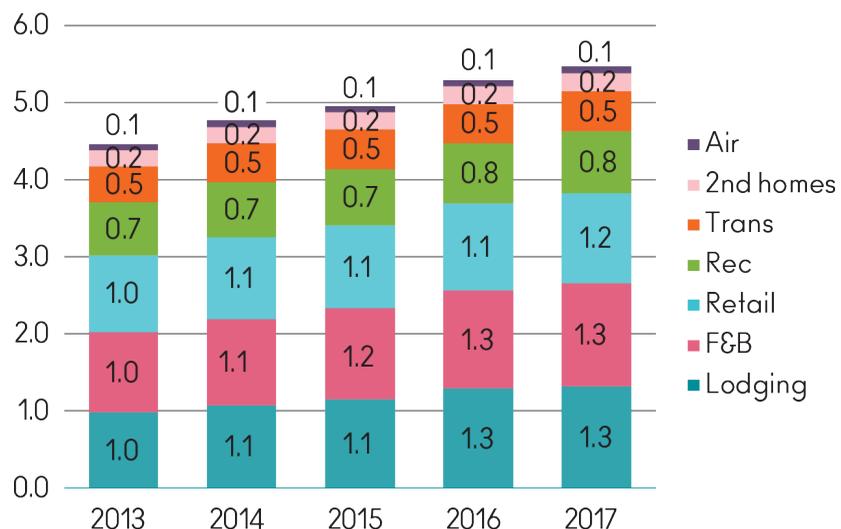
Visitor spending **increased 3.3%** in 2017, with food and beverage leading spending growth. Lodging sales **increased 2.7%** as both prices and room-nights sold advanced.

GREATER PALM SPRINGS VISITOR SPENDING BY						
\$Millions						
	2013	2014	2015	2016	2017	16-17 %ch
Lodging	984.1	1,075.4	1,149.6	1,289.6	1,323.9	2.7%
Food and beverage	1,040.8	1,118.1	1,177.1	1,272.1	1,338.8	5.2%
Retail	999.0	1,058.0	1,083.8	1,134.0	1,168.8	3.1%
Recreation	678.2	718.3	730.7	780.6	793.9	1.7%
Transportation (local)	472.6	500.5	509.2	507.9	518.8	2.2%
Second homes	214.6	218.3	224.8	233.2	242.3	3.9%
Air transportation	77.8	80.9	80.7	81.5	84.5	3.6%
Total	4,467.1	4,769.5	4,955.8	5,298.9	5,471.1	3.3%
	4.0%	6.8%	3.9%	6.9%	3.3%	

GPS VISITOR SPENDING BY CATEGORY

Lodging, food & beverage and retail account for the majority of visitor spending in Greater Palm Springs.

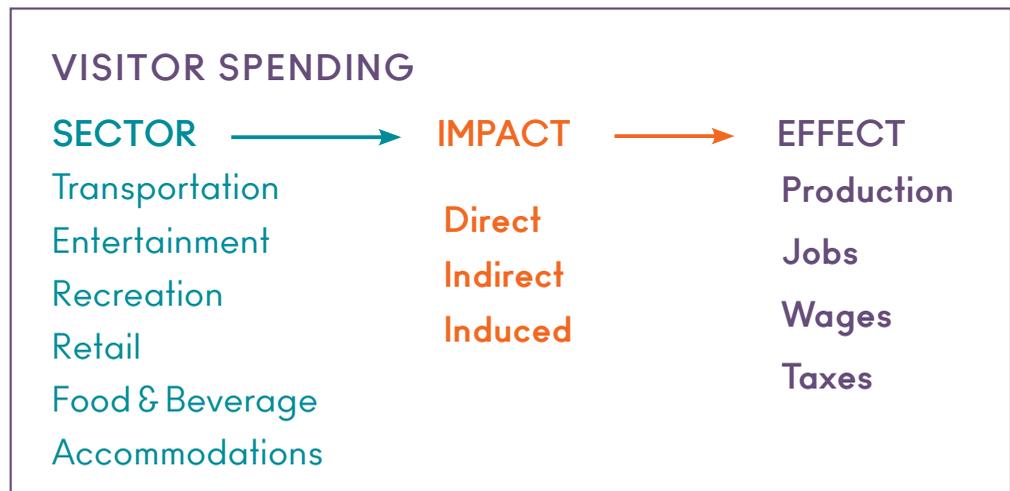
\$ billions
Source: Tourism Economics





HOW VISITOR SPENDING GENERATES IMPACT

- Travelers create direct economic value within a discrete group of sectors (i.e. recreation, transportation). This supports a relative proportion of jobs, wages, taxes and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (i.e. food wholesalers, utilities) into production. These impacts are called indirect impacts.
- Lastly, the induced impact is generated when employees whose incomes are generated either directly or indirectly by tourism spend those incomes in the Greater Palm Springs economy.



TOURISM OUR ECONOMIC STRENGTH



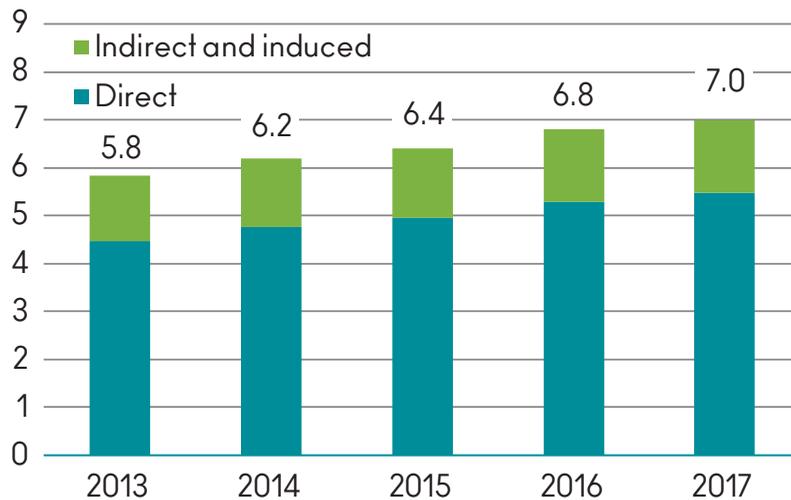
TOTAL ECONOMIC IMPACT OVER TIME

The total economic impact of tourism in Greater Palm Springs amounted to **\$7.0 BILLION** in 2017, increasing **4.6% per year** on average since 2013.

TOTAL ECONOMIC IMPACT IN GPS

\$ billions

Source: Tourism Economics





**TOURISM
SALES**

Including indirect and induced business sales, tourism generated **\$7.0 BILLION** in revenue in 2017.

GROSS OUTPUT (BUSINESS SALES)				
(US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	4.3	3.2	7.5
Construction and Utilities	-	94.8	27.2	122.0
Manufacturing	-	13.4	7.5	20.9
Wholesale Trade	-	15.8	19.9	35.7
Air Transport (local)	84.5	2.5	4.0	91.0
Other Transport	81.4	20.3	6.6	108.4
Retail Trade	1,168.8	5.8	81.4	1,256.0
Gasoline Stations	390.0	0.6	5.7	396.3
Communications	-	51.8	14.1	65.9
Finance, Insurance and Real Estate	666.0	224.3	233.8	1,124.1
Business Services	39.7	196.6	44.2	280.5
Education and Health Care	-	0.8	152.4	153.1
Recreation and Entertainment	615.9	22.6	15.7	654.2
Lodging	907.9	6.6	7.6	922.1
Food & Beverage	1,338.8	36.6	65.6	1,441.0
Personal Services	178.0	32.9	45.0	255.8
Government	-	42.4	20.1	62.5
TOTAL	5,471.1	772.2	754.0	6,997.3

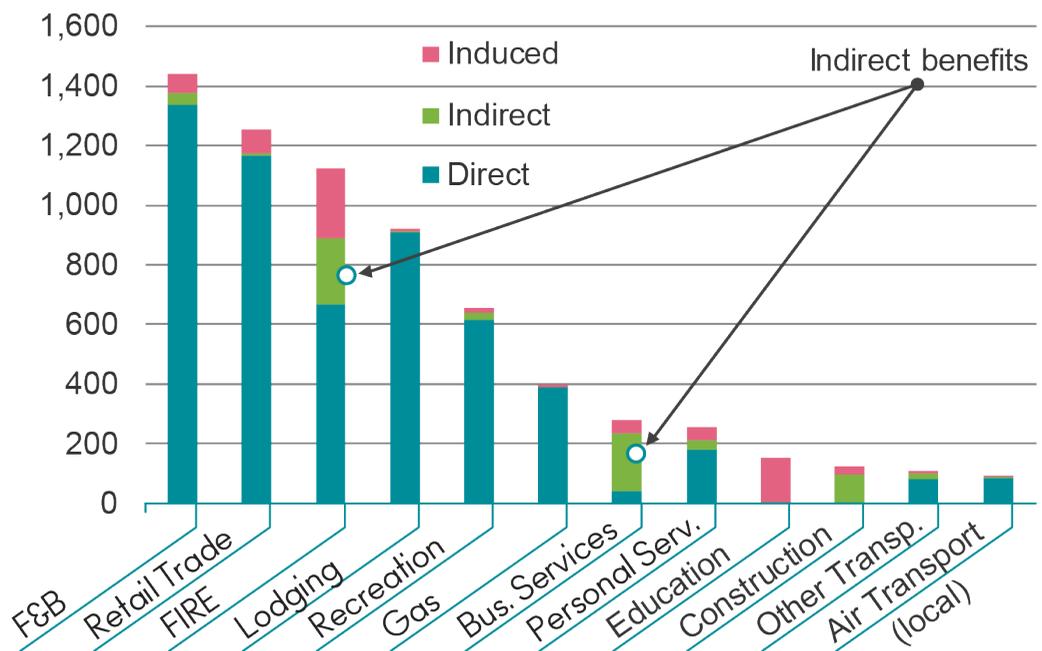
**Direct sales include cost of goods sold for retail sectors*



GROSS OUTPUT BY INDUSTRY

\$ millions

**Direct sales include cost of goods sold for retail*



F&B: Food and Beverage
 FIRE: Finance, Insurance, Real Estate
 Bus. Services: Business Services
 Gas: Gasoline Stations
 Other Transp.: Other Transportation
 Personal Serv.: Personal Services

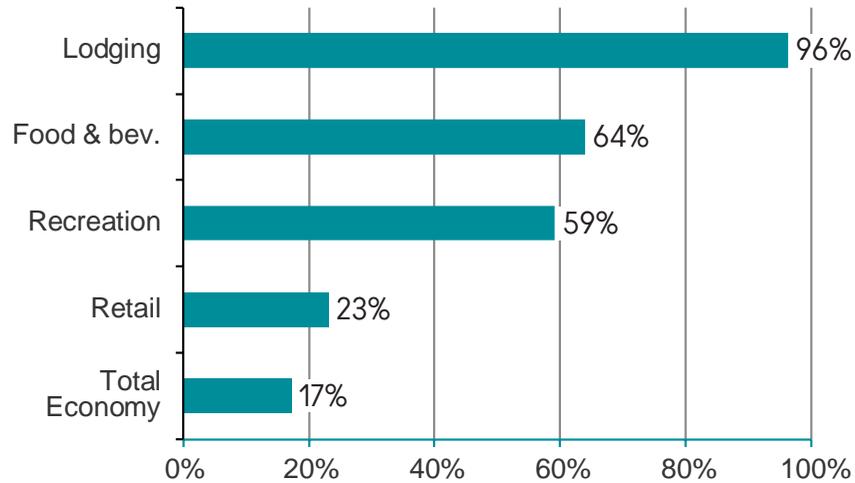


TOURISM EMPLOYMENT INTENSITY BY INDUSTRY

Greater Palm Springs, direct jobs as share of total by industry, %

Source: Tourism Economics

Tourism is a significant part of several industries – tourism directly supports 96% employment in lodging, 64% of food and beverage, 59% of recreation and 23% of retail employment.



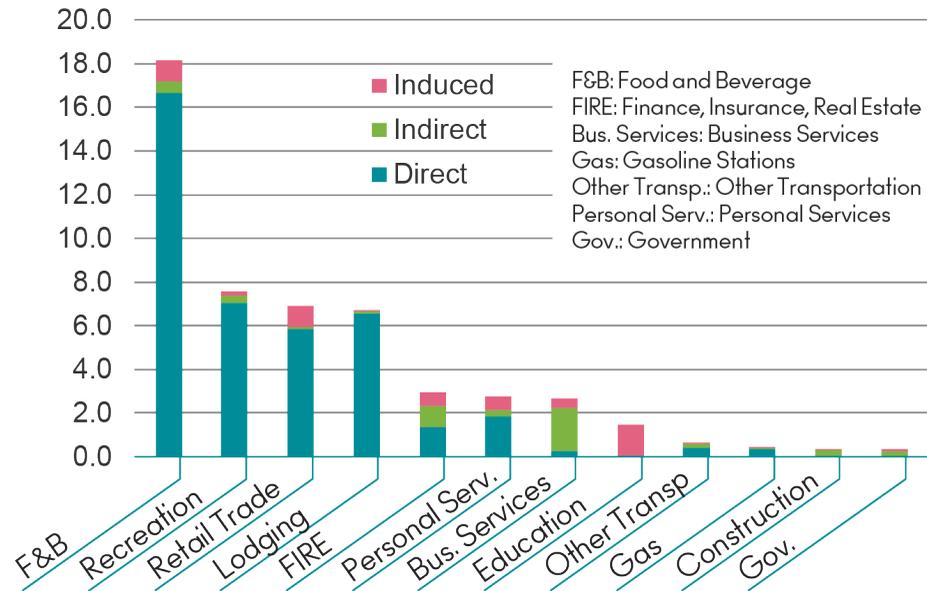
TOURISM EMPLOYMENT

The tourism sector supported **51,866 JOBS** or 22% of employment (**1-IN-4 JOBS**) in Greater Palm Springs in 2017, including indirect and induced impacts.

TOURISM EMPLOYMENT				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	26	18	44
Construction and Utilities	-	295	68	363
Manufacturing	-	67	25	92
Wholesale Trade	-	84	105	189
Air Transport (local)	267	10	16	293
Other Transport	398	173	60	631
Retail Trade	5,848	70	992	6,910
Gasoline Stations	374	4	36	414
Communications	-	251	55	306
Finance, Insurance and Real Estate	1,366	957	621	2,944
Business Services	232	1,978	456	2,666
Education and Health Care	-	14	1,465	1,479
Recreation and Entertainment	7,062	319	209	7,590
Lodging	6,583	53	65	6,701
Food & Beverage	16,654	551	964	18,169
Personal Services	1,825	325	593	2,743
Government	-	243	89	332
TOTAL	40,609	5,420	5,837	51,866

TOURISM EMPLOYMENT OVERVIEW

- As a labor intensive collection of services, tourism-related sectors are significant employers in the Greater Palm Springs.
- Jobs supported by tourism in the region span every sector of the economy, either directly or indirectly.
- The most significant indirect impacts are in business services, finance, insurance and real estate (FIRE).



TOURISM LABOR INCOME

Employees in Greater Palm Springs earned **\$1.6 BILLION** as a result of visitor activity in 2017.

TOURISM LABOR INCOME (COMPENSATION) (US\$ Million)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	0.9	0.8	1.8
Construction and Utilities	-	25.8	6.5	32.4
Manufacturing	-	3.4	1.5	4.9
Wholesale Trade	-	6.3	7.9	14.2
Air Transport (local)	15.4	0.6	0.9	16.9
Other Transport	30.0	10.1	3.2	43.3
Retail Trade	168.2	2.6	35.9	206.7
Gasoline Stations	19.5	0.2	1.9	21.6
Communications	-	11.1	2.3	13.4
Finance, Insurance and Real Estate	29.5	32.1	17.2	78.8
Business Services	13.1	80.0	18.8	111.9
Education and Health Care	-	0.4	85.7	86.1
Recreation and Entertainment	186.9	7.8	5.0	199.7
Lodging	223.8	1.8	2.2	227.8
Food & Beverage	398.6	12.8	25.7	437.1
Personal Services	85.0	18.4	22.3	125.7
Government	-	23.9	8.4	32.3
TOTAL	1,170.1	238.3	246.4	1,654.7

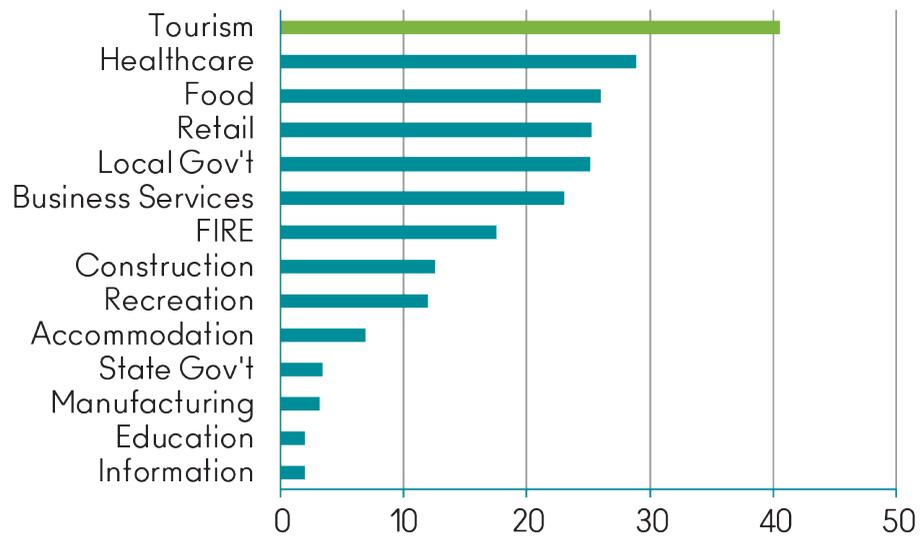
RANKING TOURISM EMPLOYMENT

TOURISM IS THE TOP EMPLOYER IN THE REGION

Estimated jobs by industry in
Greater Palm Springs, 2017

Sources: U.S. Census, BEA, Tourism
Economics

- If tourism can be defined as a single industry, it would be the largest employer in the Greater Palm Springs.
- Jobs supported by tourism span every sector of the economy, either directly or indirectly.





TOURISM TAX GENERATION

Tourism generated over **\$1.0 BILLION** in taxes in 2017.

Tourism-driven state and local tax proceeds of **\$592 MILLION** helped offset the average household tax burden by **\$3,719 PER HOUSEHOLD**.

Just under **\$70 MILLION** in lodging taxes were generated by visitors in 2017.

TOURISM-GENERATED REVENUES TAX REVENUES	
2017, \$ millions	
	Amount
Federal Taxes	454.5
Corporate	74.2
Indirect Business	56.0
Personal Income	116.5
Social Security	207.8
State and Local Taxes	592.2
Corporate	20.3
Personal Income	45.6
Sales	227.4
Lodging	69.9
Property	154.4
Excise and Fees	61.8
State Unemployment	12.7
Total Tax Revenues	1,046.7

EVENTS DRIVE
TOURISM



More than **2.8 MILLION** visitors explored the natural wonders of **Joshua Tree National Park** in 2017, enjoying rock climbing, Jeep touring and camping.

More than **200,000 local and international VISITORS** explored the 16 site-specific art installations of **Desert X** during its inaugural biennial, resulting in more than **400 media ARTICLES** in local, national and international press.

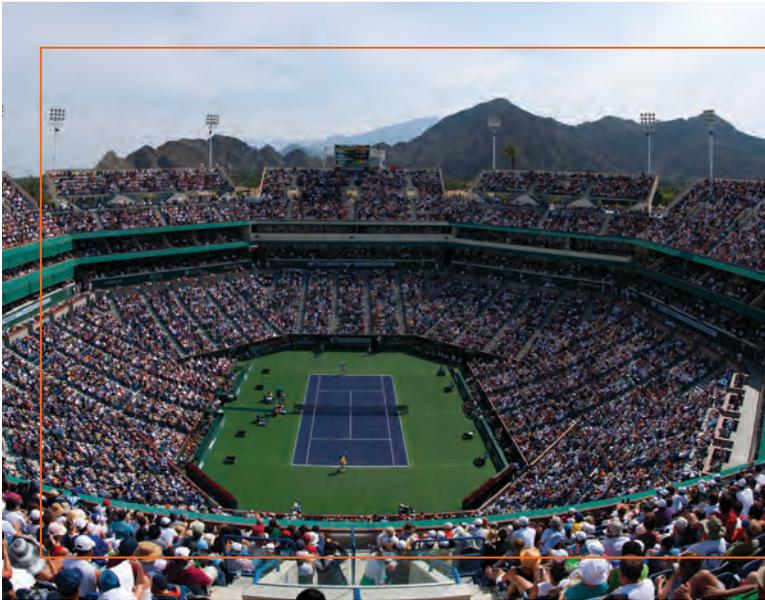


EVENTS DRIVE TOURISM

In the fiscal year 2016/2017, the **Palm Springs Aerial Tramway** transported more than **630,000 VISITORS** to the top of Mount San Jacinto for hiking, dining and incomparable vistas of Greater Palm Springs.



In 2017, more than **250,000 VISITORS** attended the two weekends of the internationally acclaimed **Coachella Valley Music and Arts Festival**, while an additional record attendance **75,000** arrived for the **Stagecoach Country Music Festival**. The combined 2017 regional economic impact far exceeded **\$403 MILLION**.



The 2017 **BNP Paribas Open** tennis tournament drew **439,261 FANS** to Indian Wells Tennis Garden to enjoy world-class competition and new, exciting restaurant offerings and improvements, with an estimated total gross **economic impact** on the Coachella Valley economy of **\$406,602,107**.

In its second year, **Comic Con Palm Springs** brought together **15,000** comic book and animation **FANS** for exhibits and entertainment during the summer.



In the 2016/2017 fiscal year, **The Living Desert** greeted a record **420,000 VISITORS** who attended major events such as Wildlights and Brew at the Zoo, as well as special animal encounters.

Ranked #1 in both fine arts and craft sales in the nation, **La Quinta Arts Festival** welcomed more than **20,000 ATTENDEES** during the four-day event in 2017.



In 2017, the **Palm Springs International Film Festival** hosted more than **135,000 ATTENDEES** who enjoyed celebrity sightings, top movies and star-studded parties.

Palm Springs Modernism Week drew nearly **97,000** architecture and design **ENTHUSIASTS** with an **economic impact of \$35.5 MILLION** in 2017.





In its fifth year, **Splash House** took place over two August weekends and saw **6,000 POOL AND MUSIC FANS** per day with **36,000 total ATTENDEES**.

In 2017, **Desert Adventures Red Jeep Tours & Events** transported approximately **10,000 ADVENTURE-SEEKERS** through the scenic canyons, fault lines and geological wonders of Greater Palm Springs.



More than **50,000 GOLF FANS** attended the **2017 CareerBuilder Challenge** golf tournament in La Quinta.

The **ANA Inspiration LPGA** golf tournament brought together top women golfers and **more than 50,000 ATTENDEES** to the famed Dinah Shore Tournament Course at Mission Hills Country Club.



The 2017 **Fashion Week El Paseo** in Palm Desert drew **13,200 ATTENDEES** with an economic impact of more than **\$3 MILLION**. More than **5,000** attended the **Palm Desert Food & Wine Festival** with an economic impact of nearly **\$2 MILLION**.

The 2017 **Palm Springs International ShortFest** saw approximately **22,000** short film **FANS** during its week-long line-up of films, parties and panels in June.



The 2017 **Greater Palm Springs Pride Week** saw an increase of **35% ATTENDEES**, generating more than **\$22 MILLION** in economic impact.



The 2017 **Jeffrey Sanker White Party** drew an attendance of more than **30,000** who enjoyed ongoing parties and spectacular entertainment.

The 27th **Club Skirts Dinah Shore Weekend**, coined the "Largest Girl Party Music Festival in the World," saw an estimated **20,000 ATTENDEES** in 2017.





The American Documentary Film Festival, AmDocs, saw an increase of 20% FILM-GOERS over an expanded 9 days of films, including two days of Latin screenings.





RESEARCH OBJECTIVES

- Measure the economic impact of domestic and international visitation to Greater Palm Springs annually for 2015-2017, to include estimates of direct travel expenditures by category, as well as the employment, payroll and tax revenues generated directly by these expenditures.
- Provide a breakdown of visitor spending by sector (lodging, food & beverage, retail, etc.)
- Estimate the number of domestic and international visitors (including both day and overnight) to Greater Palm Springs during the calendar year 2017.
- Provide a breakdown of day visitors vs. overnight visitors and their spending.
- Estimate the secondary (i.e. indirect and induced) impact of spending by visitors to Greater Palm Springs, as feasible.

RESEARCH SOURCES

This study is based on domestic visitor expenditure estimates provided by D.K. Shifflet's representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail and recreation), by purpose (business and leisure) and by length of stay (day visitors and overnight). Note: Day visitors are defined by DK Shifflet as having traveled at least 50 miles one way.

Tourism Economics then adjusts these levels of spending based on a range of known measures of tourism activity:

- Overseas visitor spending (source: National Travel & Tourism Office, Tourism Economics)
- Canada visitor spending (source: Statistics Canada, Tourism Economics)
- Bed tax receipts
- Spending on air travel which accrues to all airports and locally-based airlines
- Gasoline purchases by visitors (source: Tourism Economics calculation)
- Smith Travel Research data on hotel revenues
- Industry data on employment, wages, GDP and sales (source: Bureau of Economic Analysis, Bureau of Labor Statistics, Census)

An IMPLAN model was compiled for Greater Palm Springs. This 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.

All results are benchmarked, cross-checked and adjusted based on the following:

- US Bureau of Labor Statistics and Bureau of Economic Analysis (employment and wages by industry)
- US Census (business sales by industry)

The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. All employment rankings are based on Bureau of Labor Statistics (ES202/QCEW) data.





9 RESORT CITIES.
ONE BEAUTIFUL OASIS.

palm springs

desert hot springs

cathedral city

rancho mirage

palm desert

indian wells

la quinta

indio

coachella