Dean Runyan Associates

IRVINE, CALIFORNIA
VISITOR IMPACTS, 2005-2012P

May 2013

destination Irvine
center of Orange County–CA

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IRVINE VISITOR IMPACTS, 2005-2012P

This study, prepared for Destination Irvine, documents the economic significance of the travel industry in the City of Irvine from 2005 through 2012 (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]

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[1] California Travel Impacts by County, 1992-2011 (May 2013). Prepared by Dean Runyan Associates for the California Travel and Tourism Commission.

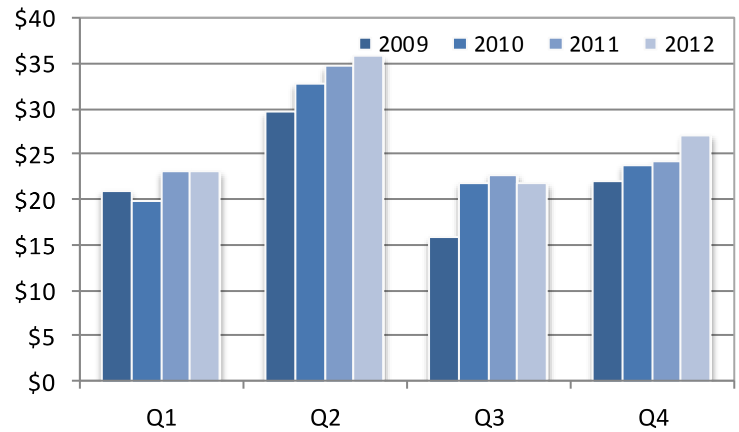
[2] The survey data was provided by TNS TravelsAmerica. Some adjustments in the trips characteristics were made by Dean Runyan Associates. See page 4.

[3] The visitor impact estimates were evaluated with respect to the 2007 Economic Census 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 increased by 3.0 percent from 2011 to 2012. This follows an increase of 6.4 percent the preceding year. Virtually all of the increase in lodging sales during the past year was attributable to higher room rates.[4]

Irvine Lodging Sales, 2009-Q1 to 2012-Q4



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

The annual changes in visitor spending, earnings, employment and tax revenue reflect the modest growth in lodging sales. Employment was unchanged. Visitor-generated state tax revenue declined due to the expiration of the temporary 1 percent sales tax. The $27.4 million in local and state tax revenue is equivalent to approximately $340 for each Irvine household.[5]

Irvine Visitor Trends, 2005-2012p
(Monetary Values in Millions)

				Tax Receipts		
	Spending	Earnings	Employment	Local	State	Total
2005	$459	$158	5,360	$10.6	$13.8	$24.4
2006	$465	$161	5,260	$11.0	$13.9	$24.8
2007	$508	$179	5,590	$12.4	$15.0	$27.4
2008	$483	$172	5,310	$11.4	$14.4	$25.8
2009	$431	$157	4,950	$9.5	$14.7	$24.1
2010	$477	$170	5,220	$10.5	$16.5	$27.0
2011	$499	$177	5,340	$11.1	$16.3	$27.4
2012p	$510	$186	5,340	$11.4	$15.8	$27.2
Average Annual Percentage Change						
11-12p	2.1	4.9	0.0	2.9	-3.1	-0.7
05-12p	1.5	2.4	-0.1	1.1	1.9	1.5

[4] Smith Travel Research report prepared for the Irvine Chamber of Commerce.
[5] Local tax receipts do not include the 2 percent self-imposed assessment tax implemented by hoteliers. The 2 percent assessment generated an additional $2.2 million in the 2012 calendar year.

Irvine Visitor Impacts, 2005-2012p

	2005	2006	2007	2008	2009	2010	2011	2012p
Visitor Spending by Type of Traveler Accommodation ($Million)								
Hotel, Motel	288	289	320	294	252	283	296	303
Private Home*	40	43	45	48	49	51	53	55
Day	131	133	143	141	130	143	150	152
Total Visitor Spending	459	465	508	483	431	477	499	510
Visitor Spending by Type of Commodity Purchased ($Million)								
Accommodations	111	117	133	122	97	108	115	119
Food & Beverage Services	118	118	129	126	121	133	139	143
Arts, Entertainment & Recreation	106	105	111	105	97	105	108	109
Retail	89	88	93	88	83	91	94	95
Local Transportation**	34	37	41	43	32	39	44	44
Total Visitor Spending	459	465	508	483	431	477	499	510
Industry Earnings Generated by Vistor Spending ($Million)								
Accommodation & Food Services	93	95	107	102	94	102	107	113
Arts, Entertainment & Recreation	49	50	55	53	49	52	54	56
Retail (incl. Gas Service)	12	12	13	12	11	12	12	12
Local Transportation	4	4	4	4	4	4	4	5
Total Earnings	158	161	179	172	157	170	177	186
Industry Employment Generated by Visitor Spending								
Accommodation & Food Services	3,290	3,240	3,400	3,220	3,030	3,220	3,290	3,310
Arts, Entertainment & Recreation	1,560	1,530	1,670	1,590	1,470	1,530	1,570	1,560
Retail (incl. Gas Service)	380	380	400	370	340	350	360	360
Local Transportation	120	120	120	120	120	120	120	120
Total Employment	5,360	5,260	5,590	5,310	4,950	5,220	5,340	5,340
Tax Revenue Generated by Visitor Spending ($Million)								
Local***	10.6	11.0	12.4	11.4	9.5	10.5	11.1	11.4
State****	13.8	13.9	15.0	14.4	14.7	16.5	16.3	15.8
Total Local & State Tax Revenue	24.4	24.8	27.4	25.8	24.1	27.0	27.4	27.2

*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 $2.2 million in the 2012 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, 2010-2012p

	Person-Nights (000)			Party-Nights (000)		
	2010	2011	2012p	2010	2011	2012p
Hotel, Motel	1,817	1,850	1,849	835	849	849
Private Home	1,537	1,553	1,570	660	667	674
All Overnight	3,354	3,403	3,419	1,494	1,516	1,523

	Person-Trips (000)			Party-Trips (000)		
	2010	2011	2012p	2010	2011	2012p
Hotel, Motel	682	694	694	313	319	319
Private Home	337	340	344	145	146	148
All Overnight	1,019	1,034	1,038	458	465	466

Average Expenditures for Overnight Visitors to Irvine, 2012p

	Travel Party		Person		Party	Length of
	Day	Trip	Day	Trip	Size	Stay (nights)
Hotel, Motel	$357	$951	$164	$437	2.2	2.7
Private Home	$81	$371	$34	$156	2.4	4.6
All Overnight	$235	$825	$104	$364	2.3	3.5

[6] For example, the total spending of visitors that stayed in Hotels/Motels ($303 million in 2012, page 3) divided by the number Hotel/Motel travel party nights (849,000) equals average daily spending of $357 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 14 percent of all passenger arrivals in 2012, and 18 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, 2012

Domestic Flights only

		Round Trip Itinerary					
Airport	City	Visitor	Resident	One-Way	Other	Connect.	Total
LAX	Los Angeles	588	624	563	37	440	2,252
SNA	Santa Ana	178	150	119	10	18	474
ONT	Ontario	70	89	71	4	8	242
BUR	Burbank	65	89	71	3	9	236
LGB	Long Beach	52	61	43	2	10	167
PSP	Indio/Palm Springs	39	14	23	2	5	82
	Metro Total	991	1,018	888	57	491	3,445
SNA Pct. of Metro Total		18.0%	14.7%	13.3%	17.3%	3.7%	13.8%

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.

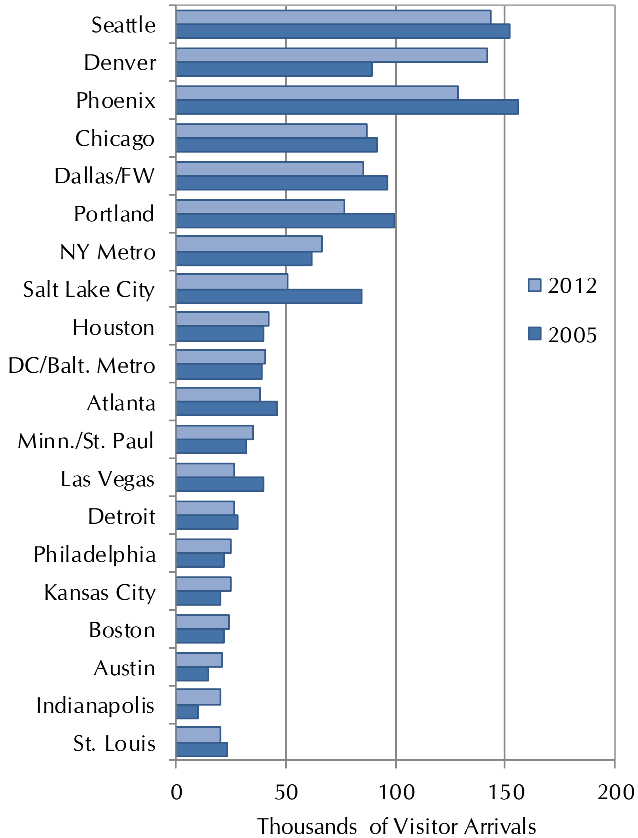
Annual Change in Visitor Air Arrivals

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 2.1 million visitor arrivals to John Wayne in 2012, an increase of 2.2 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	2012	*Change	**Share
Seattle	152	144	-1.2%	6.7%
Denver	90	142	9.6%	6.6%
Phoenix	156	129	-3.8%	6.0%
Chicago	92	87	-1.0%	6.0%
Dallas/FW	97	85	-1.0%	4.1%
Portland	99	77	-2.4%	4.0%
NY Metro	62	67	-5.1%	3.6%
Salt Lake City	84	51	1.5%	3.1%
Houston	39	42	-9.5%	2.4%
DC/Balt. Metro	39	41	1.5%	2.0%
Atlanta	46	38	1.1%	1.9%
Minn./St. Paul	32	35	-3.7%	1.8%
Las Vegas	40	27	1.9%	1.6%
Detroit	28	26	-7.7%	1.2%
Philadelphia	21	25	-1.1%	1.2%
Kansas City	20	25	3.3%	1.2%
Boston	22	24	3.9%	1.2%
Austin	14	21	1.5%	1.1%
Indianapolis	10	20	7.3%	1.0%
St. Louis	23	20	14.6%	0.9%
SF Metro	450	403	-2.2%	18.8%
Sacramento	151	127	-3.4%	6.0%
Balance	485	482	-0.1%	22.6%
Total	2,253	2,137	-1.1%	100.0%

*Change refers to the average annual percentage change from 2005 to 2012.

**Share refers to the percentage of all visitor arrivals to John Wayne airport during 2012.

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 the 2007 Economic Census 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.