

ECONOMIC IMPACT OF DISCOVER CORONADO

February 2023

Prepared for: Discover Coronado



INTRODUCTION PROJECT BACKGROUND

The travel sector is an integral part of the City of Coronado's economy. Group visitors, in particular, generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the city's future. In 2022, group visitation supported 950 jobs in the City of Coronado.

Discover Coronado is funded by two separate tourism improvement districts (TIDs) of 0.5% for a total assessment of 1% of hotel room revenue. The second of those TIDs took effect on July 1, 2015, enabling Discover Coronado to focus its efforts on building the group market.

METHODOLOGY AND DATA SOURCES

The Event Impact Calculator (EIC) was launched in 2011 and is used by more than 330 destinations to analyze more than 100,000 events across 13 different event types.

Visitor spending from events generates positive economic benefits through direct, indirect, and induced means.

Visitors create direct economic value within a discrete group of sectors (lodging, recreation, transportation, etc). This supports a relative proportion of jobs, wages, and taxes within each sector.

Each directly affected sector also purchases goods and services as inputs (food wholesalers, utilities, etc) 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 Coronado economy.

The Event Impact Calculator utilizes impact multipliers from IMPLAN to calculate these three levels of impacts for sales, income, employment, and tax revenue.

By monitoring the group visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for Coronado as it builds upon its tourism economy.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis.

This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following data sources:

- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR lodging performance data, including room demand, room rates, occupancy, and room revenue, for hotels
- Hotel performance data from individual properties
- Tax collections: Lodging tax receipts

ECONOMIC IMPACTS

KEY FINDINGS

GROUP TRAVEL IMPACT

After the pandemic brought group travel to a halt in 2020 and remained a significant hindrance in 2021, 2022 was a year of marked recovery as pent-up demand for group travel following its long hiatus supported spending that even surpassed 2019 in Coronado.

In 2022, groups spent \$113.5 million in direct visitor spending, generating a total economic impact of \$164.1 million in Coronado in 2022. This total economic impact sustained 950 jobs and generated \$8.2 million in local tax revenues in 2022.



\$164.1 MILLION

Total Economic Impact of Groups in Coronado in 2022



\$113.5M

Direct Visitor
Spending



\$164.1M

Total
Economic
Impact



950

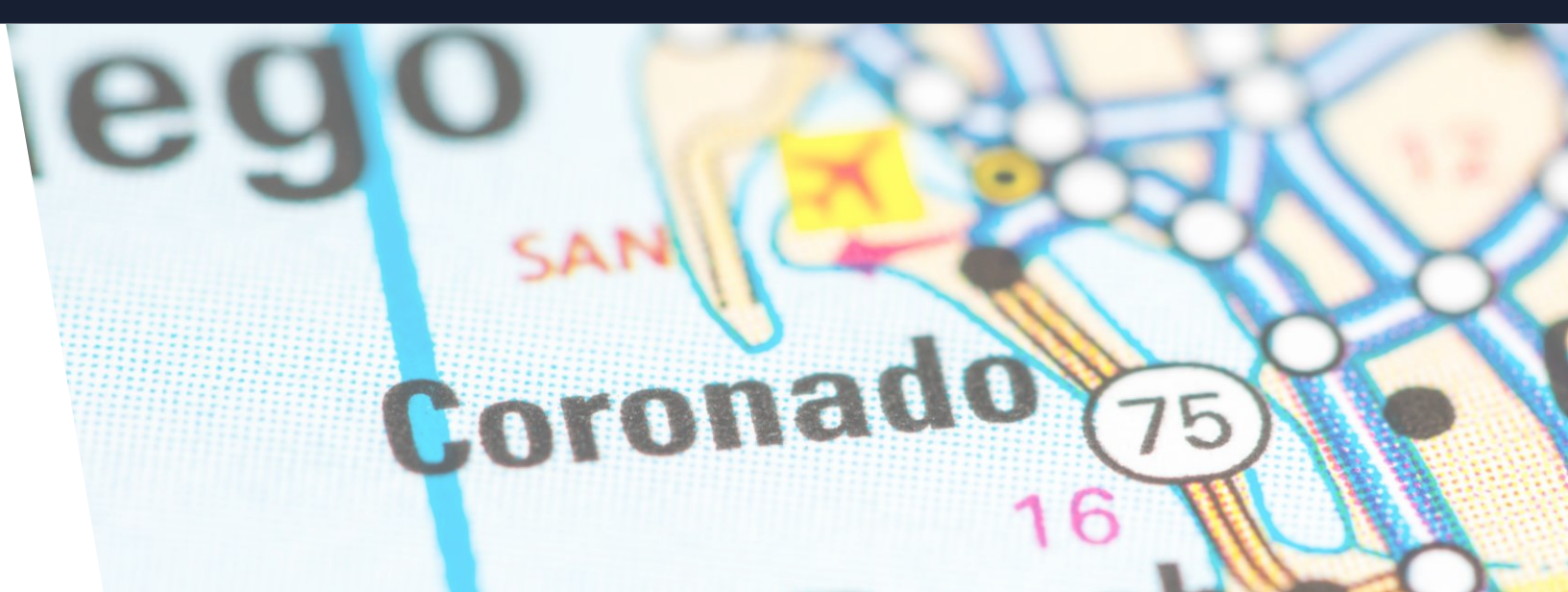
Total
Jobs
Generated



\$8.2M

State & Local
Taxes
Generated





GROUP VOLUME TRENDS & HOTEL PERFORMANCE

Travel demand to the City of Coronado peaked in 2018, with 452.7 thousand hotel room nights sold, 210.4 thousand of which were from the group travel segment. Hotel room demand, and group room demand in particular, experienced a moderate contraction in 2019 due to limited meeting space availability during hotel renovations.

The global pandemic induced a severe travel decline in 2020, and while leisure travel re-emerged in 2021, the group travel recovery did not begin in earnest until 2022, resulting in record high group room revenue.

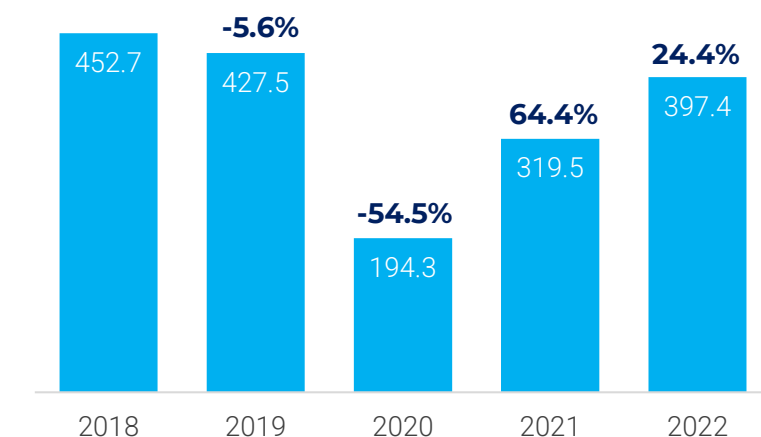
HOTEL ROOM DEMAND

Coronado room nights sold improved 24% in 2022, posting an increase of approximately 78,000 room nights sold.

Hotel room nights sold recovered to 88% of its 2018 level in 2022, up from 71% in 2021.

Coronado hotel room nights sold

Amounts in thousands



Source: STR

TRANSIENT OCCUPANCY TAX (TOT)

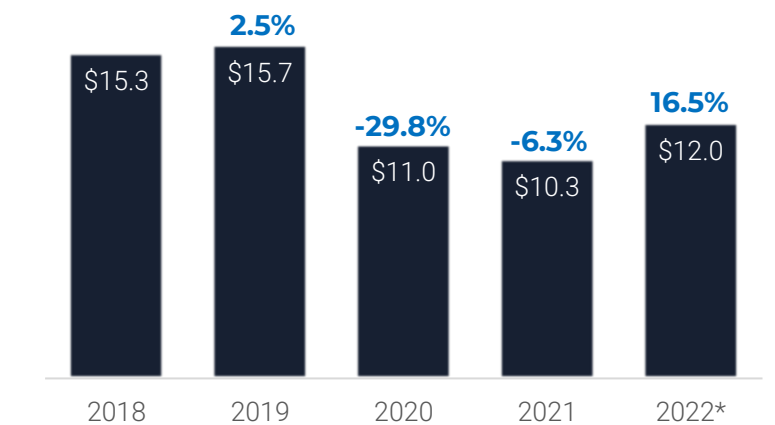
TOT revenue fell 6.3% for fiscal year 2021.

Between 2010 and 2019, TOT revenue more than doubled to \$15.7 million from \$7.6 million. However, the prolonged impact of the COVID-19 pandemic has led TOT revenue to soften for two consecutive years.

The City of Coronado projects TOT revenue for the 2022 fiscal year to reach \$12.0 million.

TOT tax revenue

Amounts in \$ millions, fiscal year beginning July 1



* Projection from the City of Coronado.

Source: City of Coronado

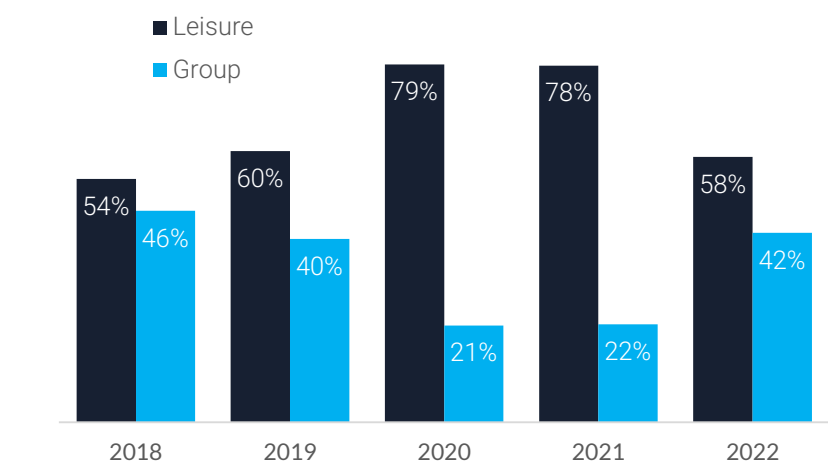
ROOM DEMAND SEGMENTATION

The share of group nights sold rose to 42% in 2022, after dropping to 21% and 22% in 2020 and 2021, respectively.

While the share of group room nights sold in 2022 exceeded its 2019 benchmark, extensive renovations at hotel properties hindered group travel in 2019. The share of group room nights sold in 2022 remained slightly below its 2018 peak.

Room demand segmentation

Share of total room nights, %



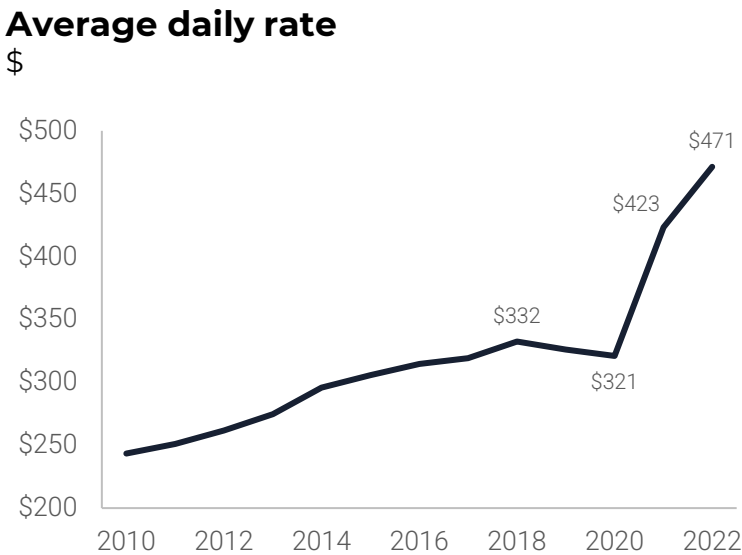
Source: STR, Tourism Economics

HOTEL PERFORMANCE

Average daily rate (ADR)

ADR rose to \$471 in 2022 – up 11.4% relative to 2021.

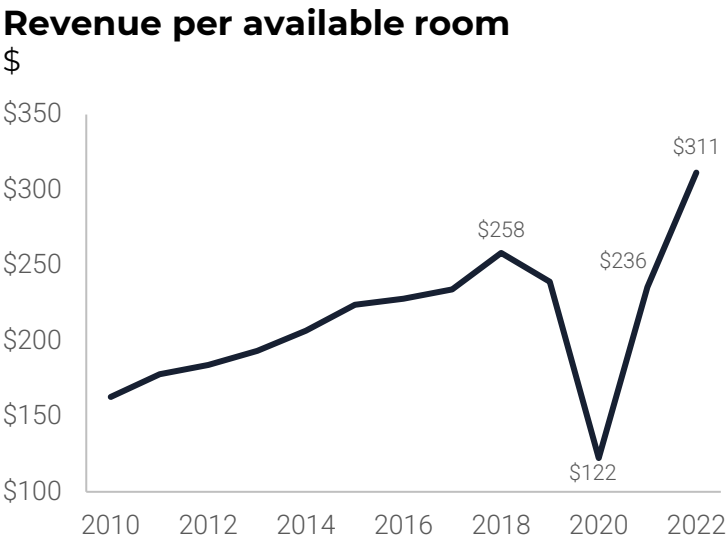
After a slight decline in ADR in 2019 and 2020, strong demand in the second half of 2021 began a surge in ADR that continued into 2022.



Source: STR, Tourism Economics

Revenue per available room (RevPAR)

Bolstered by sharp rises in ADR and room demand, RevPAR rose 32.2% in 2022, achieving a new all-time high of \$311.



Source: STR, Tourism Economics

Occupancy segmentation

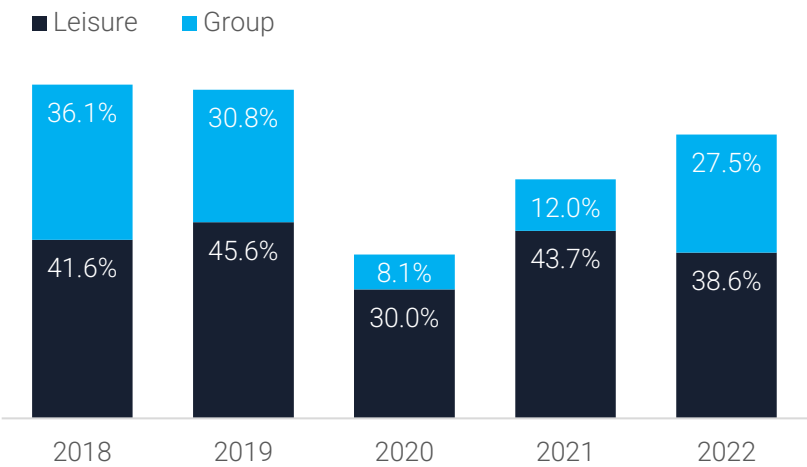
The overall occupancy rate recovered to 66.1% in 2022 due to a resurgence in group occupancy.

Group occupancy more than doubled to 27.5% in 2022 from 12.0% in 2021.

Leisure occupancy, which had been relatively resilient in 2020 and 2021, waned moderately in 2022, declining 5.1 percentage points.

Occupancy rates by segment

%



Source: STR, Tourism Economics

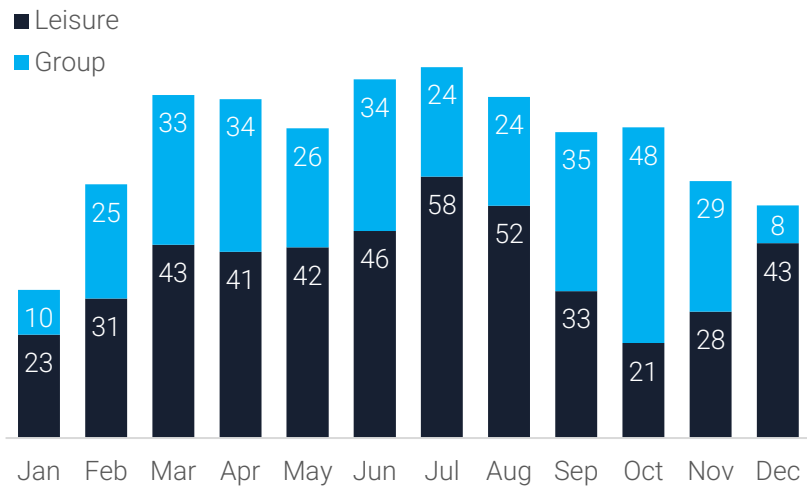
Monthly performance

Group occupancy in the opening of 2022 was negatively impacted by the spread of the Omicron variant but became a vital contributor to Coronado hotel occupancy throughout the rest of the year.

Group travel demand proved to be a valuable out-of-season substitute for leisure travel demand, as seen in the month of October, where peak group demand coincided with the weakest month for leisure demand.

Coronado hotel occupancy

2022, % of available rooms



Source: STR, Tourism Economics

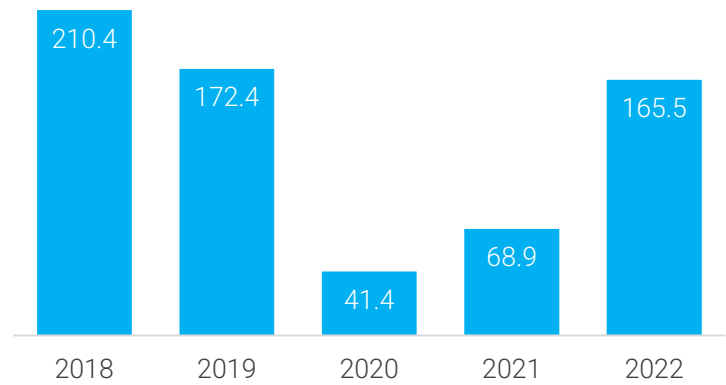
GROUP VOLUME TRENDS

Group performance

Group room nights sold plummeted 76% in 2020, and although it rose 66% in 2021, it remained historically weak. Group room demand's recovery began in earnest in 2022, with a 140% rise from 2021.

Group room demand in 2022 fell 21% below its record high mark in 2018.

Coronado group room nights sold
Thousands

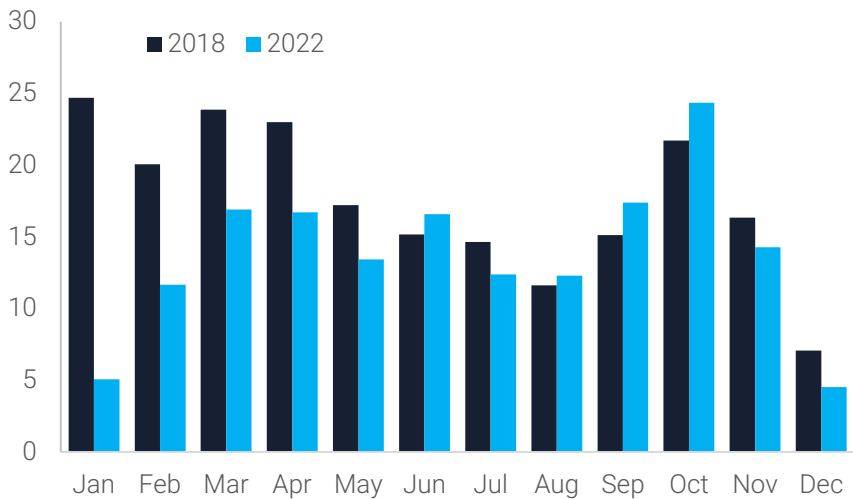


Source: STR, Tourism Economics

Seasonality of group demand

Group hotel room nights sold exceeded 2018 levels in four months in 2022. The weakness in January and February can likely be attributed to the Omicron wave.

Coronado group room nights sold
Thousands



Source: STR, Tourism Economics

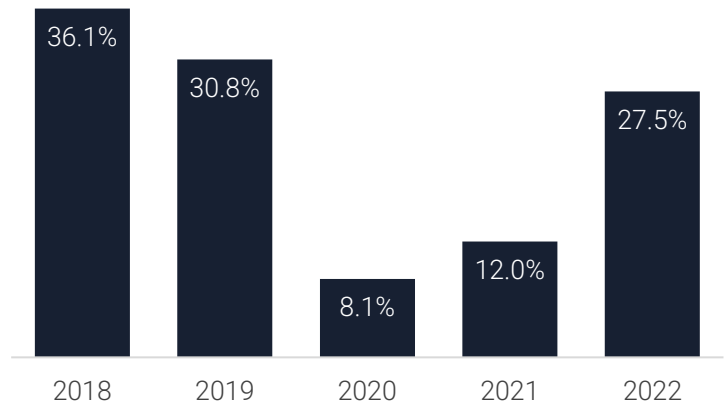


Group occupancy

After recording a mere 8.1% and 12.0% occupancy in 2020 and 2021, respectively, group occupancy registered 27.5% in 2022.

Despite the impressive bounce-back in 2022, group occupancy remains 8.6 percentage points below its 2018 high.

Room occupancy segmentation
Group room occupancy rate, %



Source: STR, Tourism Economics

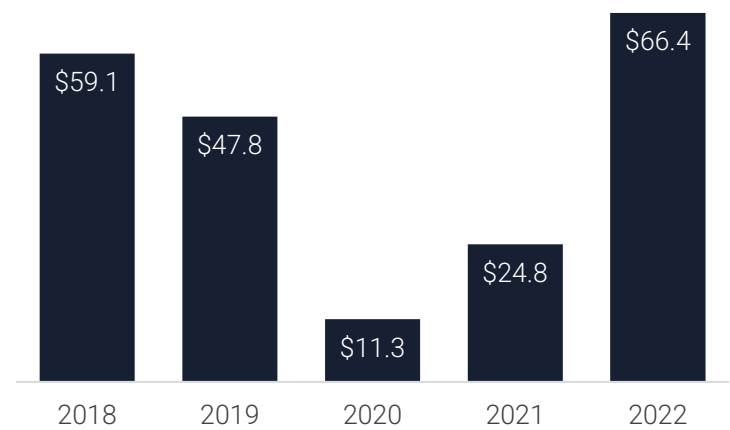
GROUP VOLUME TRENDS

Group revenue

Group room revenue tallied \$66.4 million in 2022 – a \$41.7 million increase from the year prior.

Even as group room demand remains slightly behind its prior levels, elevated ADR pushed group room revenue to a new all-time high – exceeding its 2018 level by 12.4%.

Coronado hotel group revenue
Amounts in \$ millions

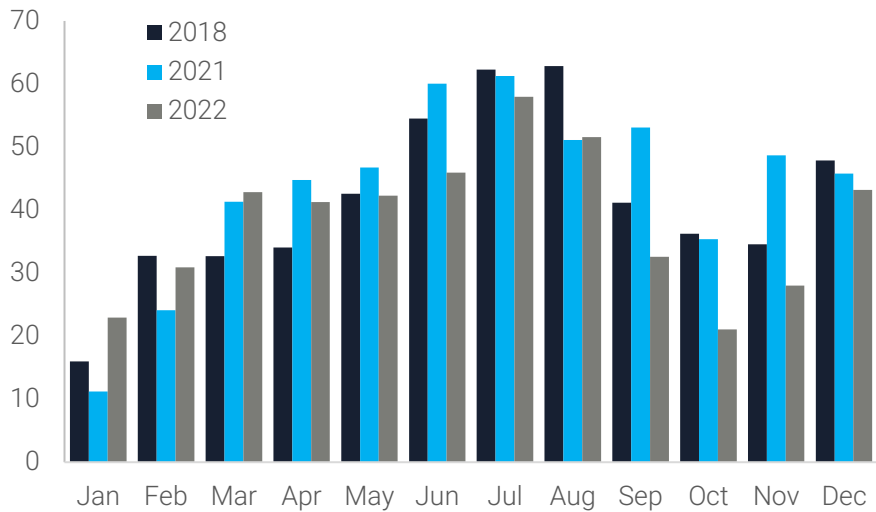


Source: STR, Tourism Economics

Leisure performance

Leisure hotel occupancy experienced a strong recovery in 2021 – exceeding its 2018 performance in six months – but abated in 2022 – exceeding 2018 in only three months.

Coronado leisure hotel occupancy
% of available rooms



Source: STR, Tourism Economics



GROUP ECONOMIC IMPACT FINDINGS

PROFILE

Coronado hosted over 74,000 group hotel visitors in 2022, a 141% increase from 2021 but still 22% lower than in 2018. These visitors and their associated event spending provided \$1,524 per visitor, and on average, \$401 per visitor day.

The lingering impact of the pandemic on group travel behavior can be seen in the type of group travel occurring in Coronado. While business meeting group room nights sold in 2022 recovered to 90% of 2018 levels and incentive and other groups (including social gatherings) exceeded their 2018 level, conference and convention group room nights registered only 44% of its 2018 level, signifying potential for further recovery in 2023.

Summary of Group Market Profile

	2022
Group room nights	165,908
Group visitors	74,449
Spending per group visitor	\$1,524
Spending per visitor day	\$401

Source: Tourism Economics, Event Impact Calculator



Coronado Group Spending, 2022

	Business Meeting	Convention	Incentive, other	Total
Group room nights	113,249	28,229	24,430	165,908
Visitor and Event Spending				
Lodging	\$45,394,194	\$11,308,649	\$9,745,417	\$66,448,260
Transportation	\$5,209,481	\$1,293,620	\$760,284	\$7,263,385
Food & Beverage	\$17,648,510	\$4,601,870	\$1,545,447	\$23,795,828
Retail	\$3,263,274	\$604,667	\$827,918	\$4,695,859
Recreation	\$2,403,201	\$467,425	\$322,325	\$3,192,952
Space Rental	\$800,901	\$199,069	\$42,853	\$1,042,822
Business Services	\$5,217,948	\$1,400,849	\$393,100	\$7,011,897
TOTAL	\$79,937,510	\$19,876,149	\$13,637,344	\$113,451,002

Source: Tourism Economics, Event Impact Calculator

Coronado Group Economic Impacts, 2022

	Business Meeting	Convention	Incentive, other	Total
Sales (direct, indirect, and induced)	\$116,445,713	\$28,951,713	\$18,750,353	\$164,147,780
Income	\$41,565,642	\$10,460,688	\$6,356,781	\$58,383,111
Jobs sustained	679	172	99	950
Local Taxes and Assessments Generated				
Sales Tax	\$377,740	\$87,653	\$57,220	\$522,613
Bed Tax	\$4,539,419	\$1,130,865	\$974,542	\$6,644,826
Tourism Improvement District (1)	\$226,971	\$56,543	\$48,727	\$332,241
Tourism Improvement District (2)	\$226,971	\$56,543	\$48,727	\$332,241
Other	\$276,518	\$68,750	\$44,525	\$389,792
TOTAL	\$5,647,619	\$1,400,354	\$1,173,740	\$8,221,714

Source: Tourism Economics, Event Impact Calculator



GROUP ECONOMIC IMPACT

Groups spent \$113.5 million in direct visitor spending in 2022. The 165,908 group room nights in 2022 generated \$66.4 million in lodging spending and \$113.5 million in total visitor spending. This includes visitor spending on transportation, restaurants, retail, recreation, and other services. Including the supply chain (indirect impacts) and the local spending of earned income (induced impacts), groups generated \$164.1 million in economic activity in the City of Coronado in 2022. This includes \$58.4 million in household income (wages and benefits) and 950 jobs across the Coronado economy. Groups also generate \$8.2 million in local taxes and assessments.

Calculations are based on the industry standard, Event Impact Calculator, that is used by more than 330 destinations in the US. <http://destinationsinternational.org/event-impact-calculator>

ECONOMIC IMPACTS IN CONTEXT



**\$164.1M
GROUP
SALES**

The \$164.1 million in group sales means that nearly \$450,000 was spent EVERY DAY by visitors in the City of Coronado.



**\$58.4M
LABOR
INCOME**

The \$58.4 million in total income generated by groups is the equivalent of nearly \$8,200 for every household in the City of Coronado.



**950
TOTAL
JOBS**

The number of jobs sustained by tourism (950) supports 11.1% of all jobs in the City of Coronado.



**\$8.2M
LOCAL
TAXES**

Each household in the City of Coronado would need to be taxed an additional \$1,150 to replace the visitor taxes received by the local government in 2022.

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 destinations 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, London, Frankfurt, Ontario, and Sydney.

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