

ECONOMIC IMPACT OF DISCOVER CORONADO

February 2024

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 2023, group visitation supported 989 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:

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

ECONOMIC IMPACTS





KEY FINDINGS

GROUP TRAVEL IMPACT

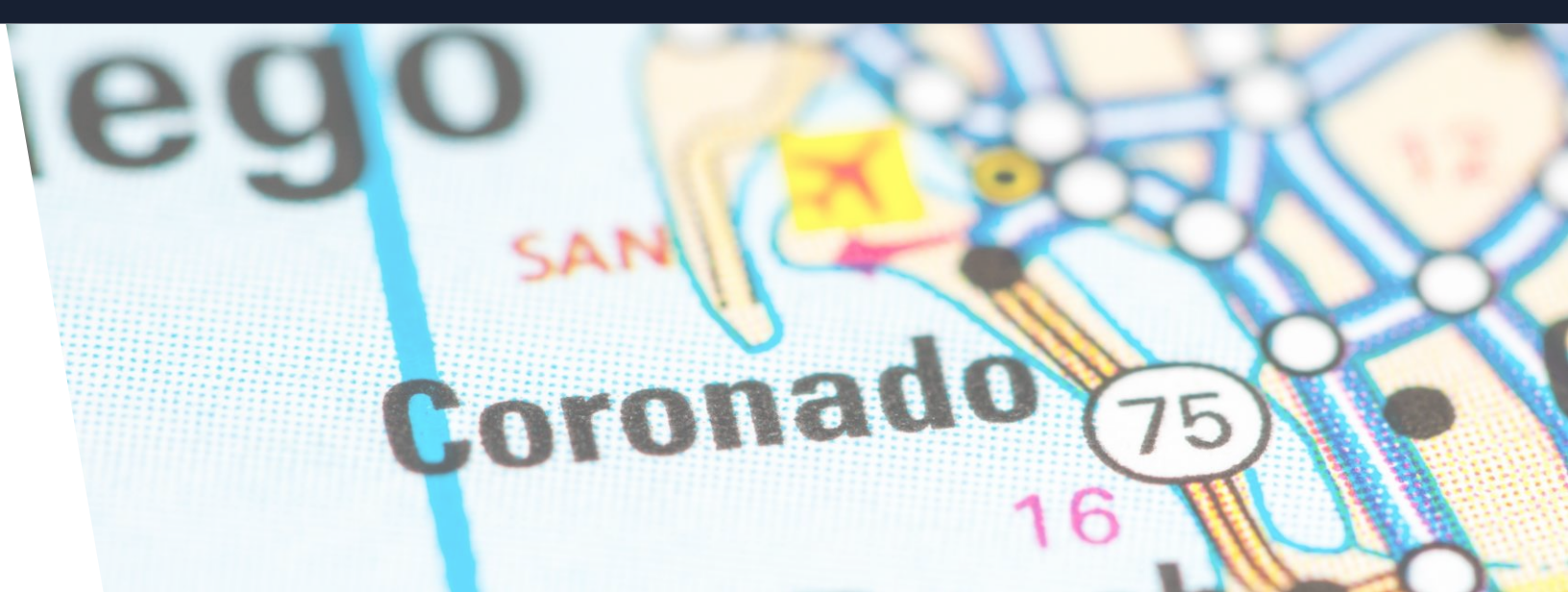
With Coronado experiencing a strong recovery predominately in 2022, 2023 was a year that marked ongoing growth albeit at a slower pace than the year prior. Overall group visitor spending surpassed 2018 levels while total group visitors remained slightly below 2018 levels.

In 2023, groups spent \$117.5 million in direct visitor spending, generating a total economic impact of \$170.3 million in the City of Coronado. This total economic impact sustained 989 jobs and generated \$8.4 million in local tax revenues in 2023.

 **\$170.3 MILLION**
Total Economic Impact of Groups in Coronado in 2023

			
\$117.5M	\$170.3M	989	\$8.4M
Direct Visitor Spending	Total Economic Impact	Total Jobs Generated	State & Local Taxes Generated





GROUP VOLUME TRENDS & HOTEL PERFORMANCE

Travel demand to the City of Coronado experienced modest growth in 2023 with 419.5 thousand hotel room nights sold, 171.8 thousand of which were from the group travel segment. Despite the continued growth both leisure and group travel remain below its 2018 high water mark of 452.7 total room nights.

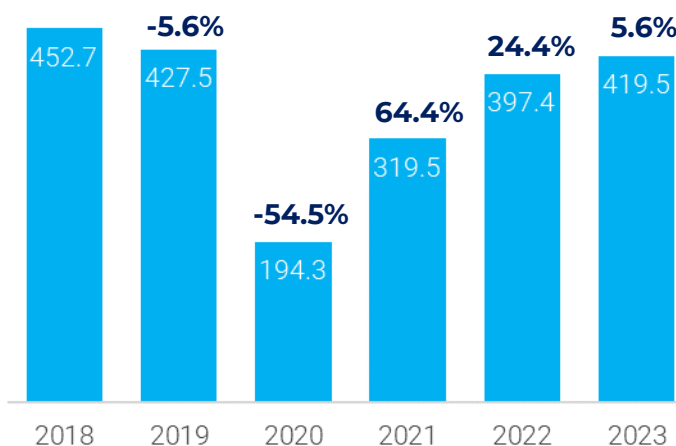
The upward expansion of tourism in the City of Coronado pressed onward despite several challenges including ongoing renovations at hotel properties and weather events.

HOTEL ROOM DEMAND

Coronado room nights sold improved 5.6% in 2023, posting an increase of approximately 22,000 room nights sold.

Hotel room nights sold recovered to 93% of its 2018 level in 2023, up from 88% in 2022.

Coronado hotel room nights sold
Amounts in thousands



Source: STR

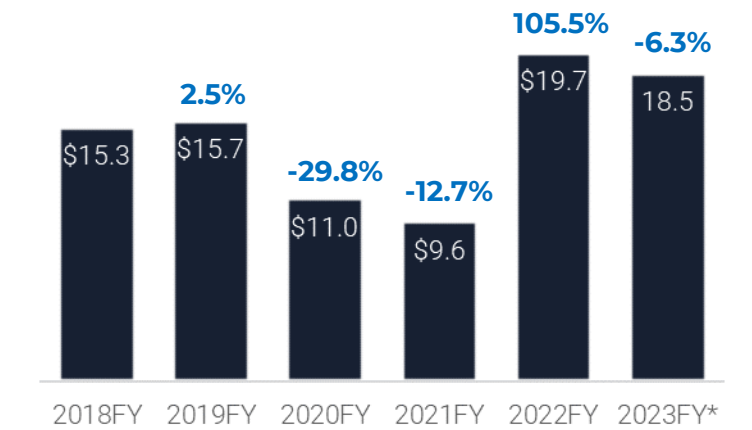
TRANSIENT OCCUPANCY TAX (TOT)

TOT revenue expanded 105.5% for fiscal year 2022 and reached \$19.7 million, surpassing fiscal year 2019 for the first time.

The City of Coronado projects TOT revenue for the 2023 fiscal year to decrease to \$18.5 million due to planned renovations at some of the hotel properties.

TOT tax revenue

Amounts in \$ millions, fiscal year beginning July 1



* Projection from the City of Coronado.

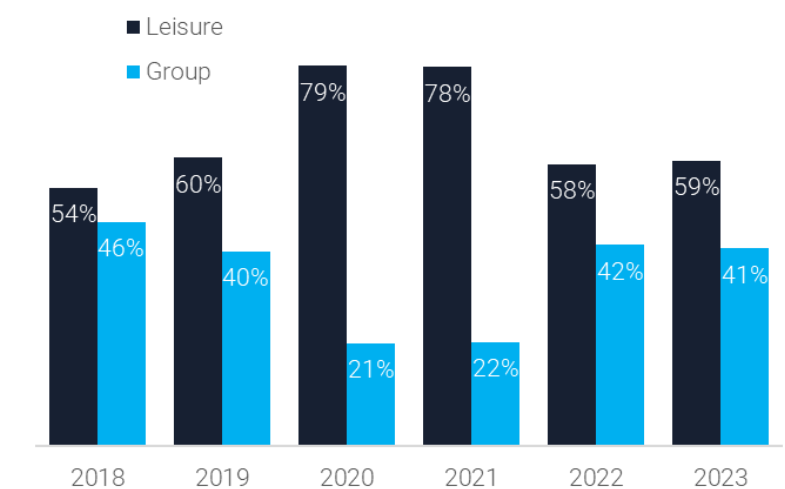
Source: City of Coronado

ROOM DEMAND SEGMENTATION

The share of group nights sold declined to 41% in 2023, after reaching 42% in 2022.

While the share of group room nights sold in 2023 exceeded its 2019 shares, extensive renovations at hotel properties hindered group travel in 2019. The share of group room nights sold in 2023 remained slightly below its 2018 peak at 46%.

Room demand segmentation
Share of total room nights, %



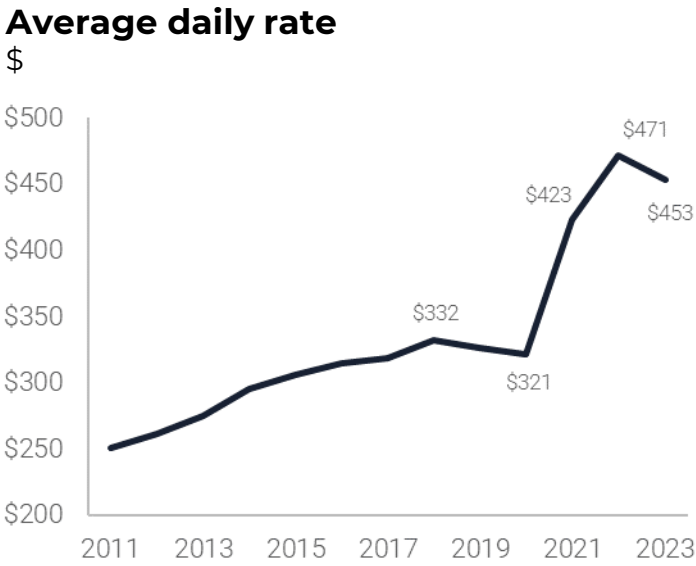
Source: STR, Tourism Economics

HOTEL PERFORMANCE

Average daily rate (ADR)

ADR contracted to \$453 in 2023 – from a peak of \$471 2022.

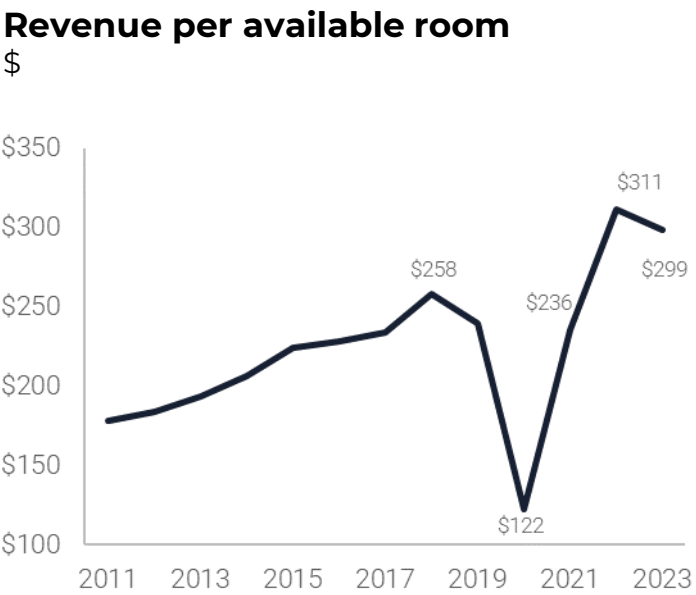
A stronger growth in demand and room supply in 2023 in comparison to growth in revenue pushed ADR to decrease slightly.



Source: STR, Tourism Economics

Revenue per available room (RevPAR)

Due to growth in room supply growing faster than room revenue, RevPAR shrank 4.1% in 2023 to \$299. RevPAR remained above its 2018 peak.



Source: STR, Tourism Economics

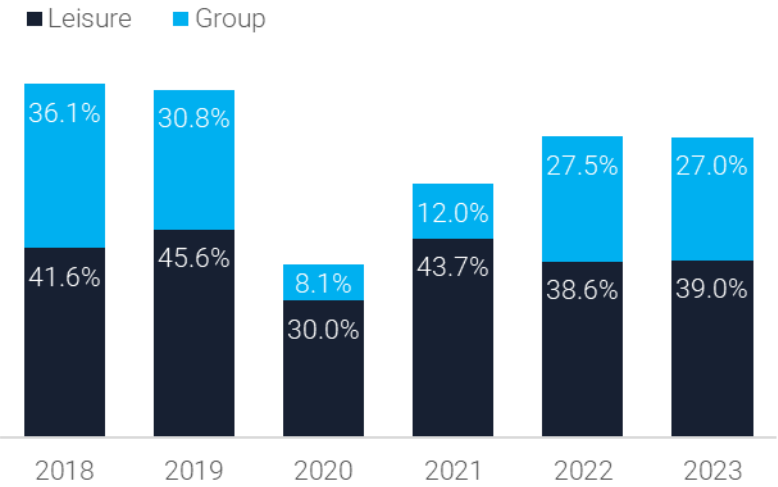
Occupancy segmentation

The overall occupancy rate was 66.1% in 2023, which was roughly on par with 2022 levels but remained below 2018 levels.

Group occupancy declined by 0.5 percentage points in 2023. This can be attributed to supply restraints for hotel rental space in certain hospitality properties.

Leisure occupancy increased its share of occupancy by 0.4 percentage points bringing its total occupancy to 39%.

Occupancy rates by segment



Source: STR, Tourism Economics

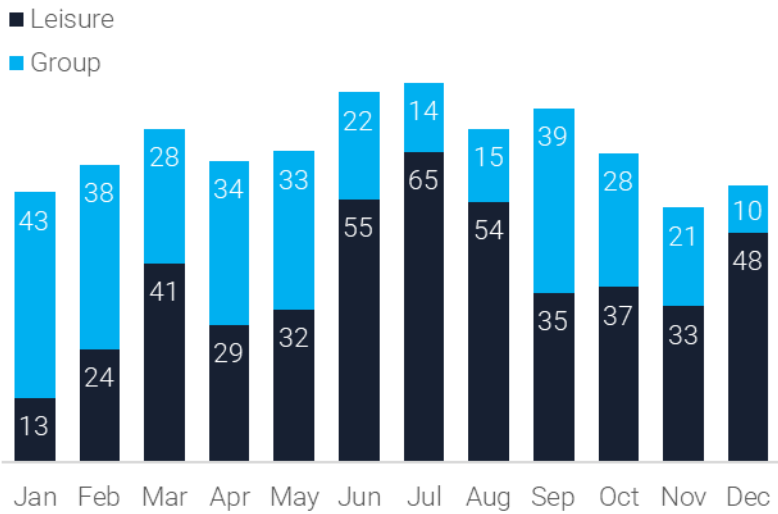
Monthly performance

Group occupancy in the opening of 2023 returned to being a vital component of off-season travel.

Group travel became a smaller share of room occupancy with the return of summer leisure travel.

However, group travel was negatively impacted in Q3 and Q4 due to venue supply restraints at properties and weather. As a result, the fourth quarter of the year saw group hotel occupancy decline.

Coronado hotel occupancy



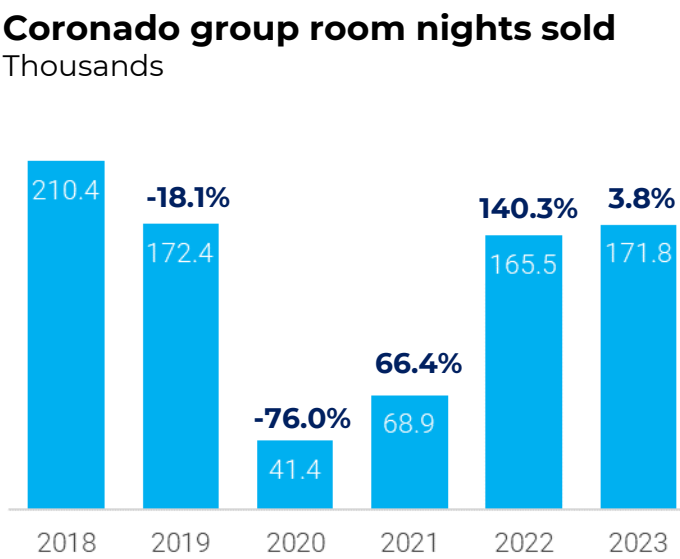
Source: STR, Tourism Economics

GROUP VOLUME TRENDS

Group performance

Group room nights rose 3.8% in 2023. With group room demand's recovery in 2022, growth exhibits pre-pandemic behavior with steady marginal year over year growth.

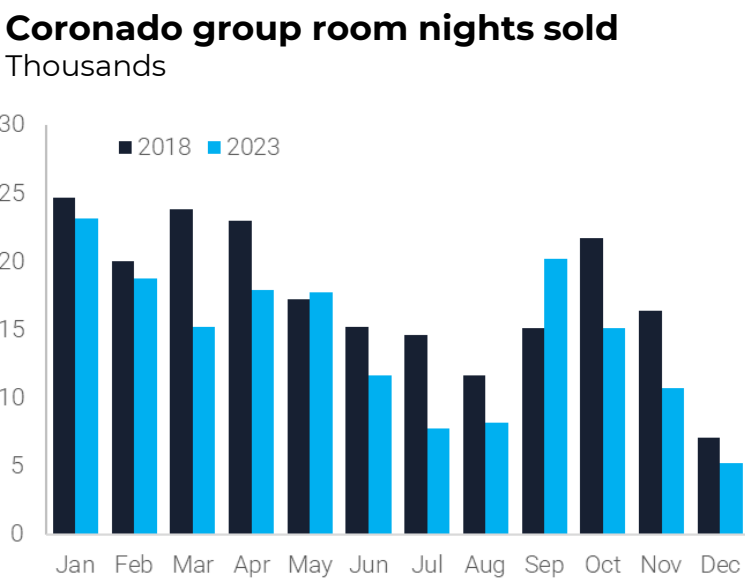
Group room demand in 2023 remained 18% below its record high mark in 2018.



Source: STR, Tourism Economics

Seasonality of group demand

Group hotel room nights sold exceeded 2018 levels in two months in 2023. The weakness in the fourth quarter can be attributed to ongoing renovations at hotel properties. Group room nights remain an important component of off-season travel.



Source: STR, Tourism Economics



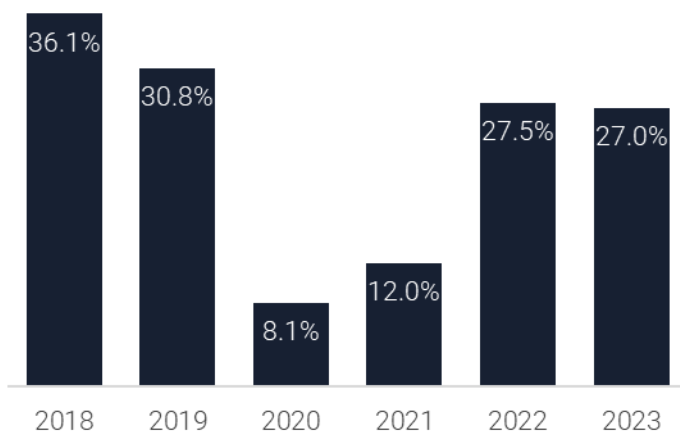
Group occupancy

Group occupancy registered 27.0% in 2023, a marginal decline over 2022.

Group occupancy remains below pre-pandemic levels of around 30.8% and the 36.1% high water mark in 2018.

Room occupancy segmentation

Group room occupancy rate, %



Source: STR, Tourism Economics

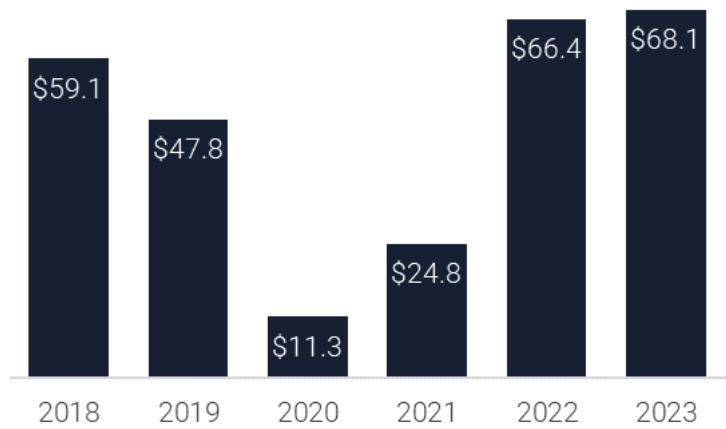
GROUP AND LEISURE TRENDS

Group revenue

Group room revenue tallied \$68.1 million in 2023 – a \$1.7 million increase from the year prior.

Even as group room demand remained slightly behind its prior levels, elevated ADR pushed group room revenue to a new all-time high – exceeding its 2018 level by 15.3%.

Coronado hotel group revenue
Amounts in \$ millions

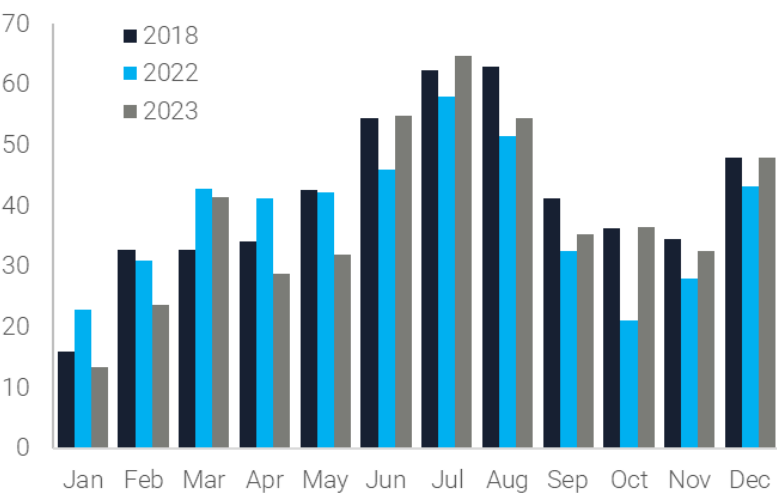


Source: STR, Tourism Economics

Leisure performance

Leisure hotel occupancy outperformed 2022 from June onward; however, most months remained below 2018 leisure occupancy levels.

Coronado leisure hotel occupancy
% of available rooms



Source: STR, Tourism Economics



GROUP ECONOMIC IMPACT FINDINGS

PROFILE

Coronado hosted more than 77,000 group hotel visitors in 2023, an increase of 3.5% over the prior year, yet still 19% below 2018. These visitors and their associated event spending provided \$1,525 per visitor, and on average, \$401 per visitor per day.

Despite the strong recovery in group travel in 2022 and continued, albeit modest, growth in 2023, group visitors remained below 2018 levels. However, price increases coupled with demand pushed total group visitor spending to exceed 2018 levels.

Business meetings continued to drive the recovery of group room nights, which registered 98% of 2018 levels in 2023. Convention room nights remained below 2018 levels with 45% of 2018 room night levels. Incentive / social gatherings declined in 2023, registering just 93% of 2018 levels, likely a result of much pent-up demand being experienced in 2022 for social events such as weddings that would have occurred in 2020 and 2021.

Summary of Group Market Profile

	2023
Group room nights	171,755
Group visitors	77,072
Spending per group visitor	\$1,525
Spending per visitor per day	\$401

Source: Tourism Economics, Event Impact Calculator



Coronado Group Spending, 2023

	Business Meeting	Convention	Incentive, other	Total
Group room nights	123,496	28,899	19,360	171,755
Visitor and Event Spending				
Lodging	\$49,027,467	\$11,466,236	\$7,649,039	\$68,142,742
Transportation	\$5,677,981	\$1,323,662	\$602,203	\$7,603,846
Food & Beverage	\$19,141,782	\$4,685,756	\$1,218,136	\$25,045,674
Retail	\$3,562,419	\$619,697	\$656,820	\$4,838,935
Recreation	\$2,648,648	\$483,635	\$258,164	\$3,390,447
Space Rental	\$874,972	\$204,169	\$34,022	\$1,113,163
Business Services	\$5,663,287	\$1,427,352	\$310,055	\$7,400,694
TOTAL	\$86,596,556	\$20,210,506	\$10,728,439	\$117,535,501

Source: Tourism Economics, Event Impact Calculator

Coronado Group Economic Impacts, 2023

	Business Meeting	Convention	Incentive, other	Total
Sales (direct, indirect, and induced)	\$126,146,009	\$29,438,740	\$14,750,821	\$170,335,570
Income	\$45,028,191	\$10,636,658	\$5,000,852	\$60,665,701
Jobs sustained	736	175	78	989
Local Taxes and Assessments Generated				
Sales Tax	\$409,207	\$89,128	\$45,014	\$543,350
Bed Tax	\$4,902,747	\$1,146,624	\$764,904	\$6,814,274
Tourism Improvement District (1)	\$245,137	\$57,331	\$38,245	\$340,714
Tourism Improvement District (2)	\$245,137	\$57,331	\$38,245	\$340,714
Other	\$299,552	\$69,906	\$35,028	\$404,486
TOTAL	\$6,101,781	\$1,420,320	\$921,436	\$8,443,537

Source: Tourism Economics, Event Impact Calculator



GROUP ECONOMIC IMPACT

Groups spent \$117.5 million in direct visitor spending in 2023.

The 171,755 group room nights in 2023 generated \$68.1 million in lodging spending and \$117.5 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 \$170.3 million in economic activity in the City of Coronado in 2023.

This includes \$60.7 million in household income (wages and benefits) and 989 jobs across the Coronado economy. Groups also generated \$8.4 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



\$117.5M
GROUP
SALES

The \$117.5 million in group sales means that nearly \$322,000 was spent EVERY DAY by in group visitors in the City of Coronado.



\$60.7M
LABOR
INCOME

The \$60.7 million in total income generated by groups is the equivalent of nearly \$9,200 for every household in the City of Coronado.



989
TOTAL
JOBS

The number of jobs sustained by tourism (989) supports 11.4% of all jobs in the City of Coronado.



\$8.4M
LOCAL
TAXES

Each household in the City of Coronado would need to be taxed an additional \$1,300 to replace the visitor taxes received by the local government in 2023.

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- 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

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admin@tourismeconomics.com