

Pacific Ballroom Visitor Economic Impact Analysis

Prepared for LBCCVB

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PURPOSE OF ANALYSIS

The Pacific Ballroom at the Long Beach Convention Center (LBCC) was the result of a \$10 million renovation and upgrade of the former Long Beach Sports Arena. The purpose of this analysis is to estimate the economic impact of visitor spending that was associated with the events that involved the use of the Pacific Ballroom over the period from 2014 through 2023 (year-to-date), and in turn, to determine whether the economic benefits of the facility outweigh the initial renovation costs.

DATA AND METHODOLOGY

This analysis exclusively estimates the economic impact of visitor spending that is associated with the Pacific Ballroom over the period from 2014 through 2023. It does not estimate the impact of construction spending that occurred during the renovation of the facility, nor does it include direct operational spending at the LBCC itself that was tied to use of the Pacific Ballroom and related events. In that regard, the results below must be viewed as conservative estimates.

The Long Beach Convention Center and Visitors Bureau (LBCCVB) provided high-level data on individual events that included use of the Pacific Ballroom for the years from 2014 through 2023. This included total event attendance, the number of days each group rented the venue, the number of hotel room nights, and the peak night room count for each event. Events were also classified as local or nonlocal:

- Local events: most of the attendance came from Southern California and consisted largely of Day Visitors, with some Overnight Visitors.
- Nonlocal events: an event hosted by an out-of-area group that mainly, if not entirely, drew its attendance from outside Southern California, and consisted primarily of Overnight Visitors.

Spending patterns for Day Visitors and Overnight Visitors were estimated for each year, and were based in part on data for visitors to Los Angeles County that was reported in the California Economic Impact of Travel, 2023. Visitor spending patterns included expenditures on hotels and other accommodations, food services, retail and food store

outlays, entertainment expenditures, and transportation costs, local and otherwise. Separate profiles of spending were developed for Day Visitors and Overnight Visitors. Spending per visitor was combined with the number of Day Visitors and the number of Overnight Visitors to estimate visitor spending by year from 2014 through 2023. Estimated annual expenditures were used as yearly inputs to the model of the local economy. The resulting estimated impacts for each year were converted to 2023 dollars so they could readily be viewed in current or today’s dollars. This also made it possible to report cumulative impacts across all years. Lastly, the cumulative economic impact estimate may be compared to the initial investment in the Pacific Ballroom, once converted to current 2023 dollars, to determine the net economic impact.

An economic impact model of Los Angeles County was used to determine the impact or contribution of Pacific Ballroom-related visitor spending to the local economy. The model replicates industry-to-industry and industry-to-household linkages across the economy, making it possible to trace the so called ‘multiplier effect’ of visitor spending as it works its way through the economy.

Economic impacts are generally measured in terms of employment, income, and output. The overall economic impact is the sum of the direct, indirect, and induced effects related an initial change in expenditures:

- Direct effect: the initial spending, employment, and earned income that is associated with some initial change in economic activity, in this case, visitor spending related to Pacific Ballroom events.
- Indirect effect: the supply chain effect, consisting of spending that occurs as the initial expenditures trigger purchases of inputs from vendors
- Induced effect: spending out of paychecks that enters the local economy on the part of employees at the Convention Center, its vendors, and other firms in the supply chain.

RESULTS: ECONOMIC IMPACT

The cumulative economic impact of visitor spending that is associated with Pacific Ballroom events is shown in Table 1. Impacts describe job creation, associated labor income generated, and the incremental contribution to regional economic output.

Table 1 - Summary of Economic Impact, 2014-2023			
	Employment	Labor Income, 2023 \$	Output, 2023 \$
Direct	3,065	106,623,609	251,370,091
Indirect/Induced	873	62,133,765	176,393,850
Total	3,938	168,757,374	427,763,944

Based on this analysis:

- A total of 3,938 jobs were created over the 2014 – 2023 period as a result of the events associated with the Pacific Ballroom.
- \$168.8 million in labor income was tied to this job creation.
- A total of \$427.8 million in output was generated over this period.

Further interpreting these figures,

- An estimated 15.7 jobs were created for every \$1 million in initial expenditures (\$251.4 million in direct expenditures).
- Average annual income per worker was \$42,900.
- The implied output multiplier was 1.70, meaning that every \$1 million in initial expenditures generated \$1.7 million in total output or economic activity for the local economy, as a result of the combined effects of the direct, indirect, and induced impacts.

Table 2 shows estimated employment, labor income, and output generated for each year of Pacific Ballroom operations. The peak year for the facility was 2017 with 897 jobs, \$37.7 million in labor income, and \$97.0 million in output. The pandemic years (2020 and 2021) were characterized by sharp declines in job counts, income, and output. Figures for 2022 and 2023 show that events at the Pacific Ballroom have rebounded from the pandemic but remain short of pre-pandemic years.

Table 2 - Detailed Economic Impact by Year, 2023\$			
Year	Employment	Labor Income, 2023 \$	Output, 2023 \$
2014	284	13,109,054	33,272,650
2015	247	10,922,746	27,951,741
2016	607	25,305,540	65,489,520
2017	897	37,688,893	96,968,525
2018	654	27,487,638	68,898,567
2019	717	28,805,368	72,161,553
2020	66	3,182,843	7,095,154
2021	75	3,427,284	8,433,030
2022	215	10,345,184	26,076,650
2023	176	8,482,824	21,416,554
All Years	3,938	\$168,757,374	\$427,763,944

RESULTS: FISCAL IMPACT

A fiscal impact also occurs in conjunction with the economic impact of Pacific Ballroom-related events. The fiscal impact refers to taxes that are generated throughout the supply chain, consisting of sales, income, and other taxes.¹ As shown in Figure 1, a total of \$66.6 million in tax revenues were generated as a result of events associated with the Pacific Ballroom over the period 2014 through 2023. This includes \$31.1 million in state and local revenues as well as \$35.5 million in federal tax revenues.

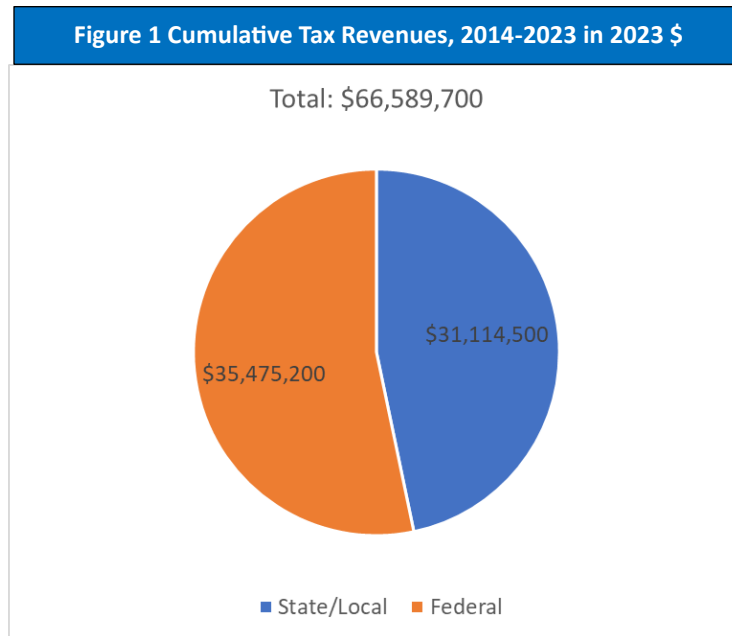


Table 3 shows tax revenues for each year from 2014 through 2023, all converted to current dollars. The peak year for tax revenues was 2017 (\$15.3 million), while tax revenues hit their low in 2020 (\$962,300).

¹ The economic impact model is not designed to pick up or calculate hotel transient-occupancy-taxes, and as such, they are not a part of the reported fiscal impact figures. These were estimated separately in previous studies.

Table 3 - Tax Revenues by Year, 2023 \$			
Year	State/ Local	Federal	Total
2014	2,433,480	2,902,800	5,336,316
2015	2,062,499	2,477,200	4,539,665
2016	4,814,170	5,649,100	10,463,295
2017	7,186,498	8,065,300	15,251,785
2018	5,138,499	5,545,100	10,683,618
2019	5,600,575	5,967,200	11,567,758
2020	512,293	450,000	962,325
2021	527,996	672,700	1,200,706
2022	1,560,589	2,057,200	3,617,787
2023	1,277,906	1,688,600	2,966,525
All Years	\$31,114,505	\$35,475,200	\$66,589,780

CONCLUSION

The Long Beach Convention Center and Visitors Bureau invested in Pacific Ballroom renovations amounting to \$10 million in 2013. This equates to \$13.0 million (\$13,044,600) in current 2023 dollars. The events that used the Pacific Ballroom over the last several years cumulatively created 3,938 jobs through 2023, \$168.8 million in associated earnings, and \$427.8 million in output, both measured in current dollars. It also generated \$66.6 million in tax revenues, including \$31.1 million in state and local tax revenue, all measured in 2023 dollars. In summary, the returns -- measured in terms of jobs, income, output, and taxes -- exceeded the initial investment.