

# 2017 ANNUAL REPORT

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Submitted In TTT Committee  
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Item No.: 1  
Deputy: Dept Convention and Tourism  
Development

#EVERYONEISWELCOME

DISCOVER *Los Angeles*



CITY OF  
*Los Angeles*  
DEPARTMENT OF  
CONVENTION & TOURISM DEVELOPMENT

# INTRODUCTION



As we close the books on 2017, we look back on another successful year of tourism in the City of Angels. We welcomed a record-breaking **48.3 million visitors** from across the country and around the globe who came to experience Los Angeles' rich diversity and explore our many attractions and cultural offerings. These visits support our economy and help drive job growth.

During 2017, the leisure and hospitality industry supported **over half a million jobs**, an 8,000 increase from 2016. In fact, **more than one out of every nine jobs in L.A. County comes from the leisure and hospitality sector**. Many of these positions are entry level and have the potential to lead to enriching, long-term careers, which is especially important for our **youngest generation** of workers finding a career path in the face of a rapidly changing economy. From 2014 to 2016, more than 24 percent of the City's employed youth aged 16 to 24 were working in our hotels, restaurants, museums, and venues.

Securing Los Angeles' place as a global destination has never been more important, and this endeavor requires visionary leadership and community support. I am confident that Doane Liu, whom I appointed Executive Director of the Department of Convention and Tourism Development last year, is more than up to the task.

Our goal of 50 million visitors by 2020 is within reach. So as we progress on our journey to make L.A. the best possible global destination, here's to another record-breaking year.

Sincerely,

A handwritten signature of Mayor Eric Garcetti.

Mayor Eric Garcetti  
City of Los Angeles



The City of Los Angeles is realizing unprecedented economic development due to tourism. During 2017, the 48.3 million visitors to Los Angeles infused **billions of dollars** into our economy through direct and indirect spending, supporting our local businesses and residents. International tourists, the kinds of visitors that stay longer and spend more money, increased by 0.9 percent to an estimated 7.1 million in 2017. The Los Angeles Convention Center hosted 32 citywides during Fiscal Year 2016-17, generating over 300,000 room nights and \$593 million in economic benefit for Los Angeles.

The hotel industry has made major progress, especially with recent developments and seemingly unrelenting momentum. The InterContinental Hotel and Hotel Indigo opened in 2017, and lodging metrics barely dipped with the influx of new room inventory. Additional hotel projects are under construction or are in the development pipeline all over the City. Transient occupancy tax during Fiscal Year 2016-17 reached an all-time high of \$266 million for the City's General Fund, an increase of 15 percent compared to last year.

Thank you and congratulations to our partners, the Los Angeles Tourism & Convention Board and AEG Management LACC. Although what we have achieved together has truly been gratifying, this is no time to rest. Here's to making 2018 even better.

Best,

A handwritten signature of Jon F. Vein.

Jon F. Vein, President  
Board of Department of Convention and Tourism Development

# CONVENTION AND TOURISM DEVELOPMENT: LOOKING FORWARD



I would like to express my gratitude to Mayor Garcetti for the opportunity to serve as the Executive Director of the Department of Convention and Tourism Development (CTD). It certainly is an exciting time to come on board, with the tourism industry setting new records with year-over-year growth and economic benefits to the region. It is an extraordinary privilege to help oversee the City's significant contracts with AEG Management and the Los Angeles Tourism & Convention Board (LATCB). My personal thanks to Brad Gessner of AEG and Ernie Wooden of LATCB for their guidance and expertise as I transition in my new role.

Significant infrastructure projects, which are already planned or under construction, will aid in not only hosting the 2028 Olympic and Paralympic Games, but will also improve the visitor and resident experience in Los Angeles for generations to come. Highly anticipated Metro additions include the Regional Connector, estimated to be completed in 2021, and extensions to Los Angeles International Airport (LAX) and Westwood by 2024. LAX is in the middle of a \$14 billion modernization project, which will help improve customer experience and expand capacity.

Entertainment and cultural venues are also on the rise: the recent additions of the Broad Museum and other notable museums and galleries have increased the accessibility and visibility of the art scene in Los Angeles. The Academy Museum is under construction, with an estimated completion date in 2019, and the Los Angeles County Museum of Art is making progress on their \$650 million expansion and redesign. The Lucas Museum of Narrative Art will be an invigorating addition to Exposition Park, which will coincide with the Museum of Natural History's recently announced renovation, the under construction Banc of California Soccer Stadium, and the proposed renovation of the Los Angeles Memorial Coliseum.

The City is currently exploring options to modernize and expand the Los Angeles Convention Center, which will not only help with retaining current business in an increasingly competitive industry, but will also attract citywide events with increased room nights and greater economic benefits for Los Angeles residents.

There has been tremendous progress within the last five years to transform the Downtown area and beyond, making the region more appealing to visitors and



*Above: rendering of the proposed Los Angeles Convention Center expansion*

event planners. However, with these new and upcoming projects, paired with large-scale international events like the 2028 Olympic and Paralympic Games, the City of Los Angeles will receive tremendous global exposure. It will be of utmost importance to anticipate the challenges and appropriate solutions related to the growth of the leisure and hospitality industry in Los Angeles.

The CTD Department is ready to lead the charge on this new age of leisure and hospitality, and I am excited to play my role to help fulfill the Mayor's vision for tourism in Los Angeles. I invite you to explore the following pages of this report, to see what has been already accomplished and the foundation being prepared for the near future.

A stylized, handwritten signature of Doane Liu in black ink.

Doane Liu, Executive Director  
Department of Convention and Tourism Development

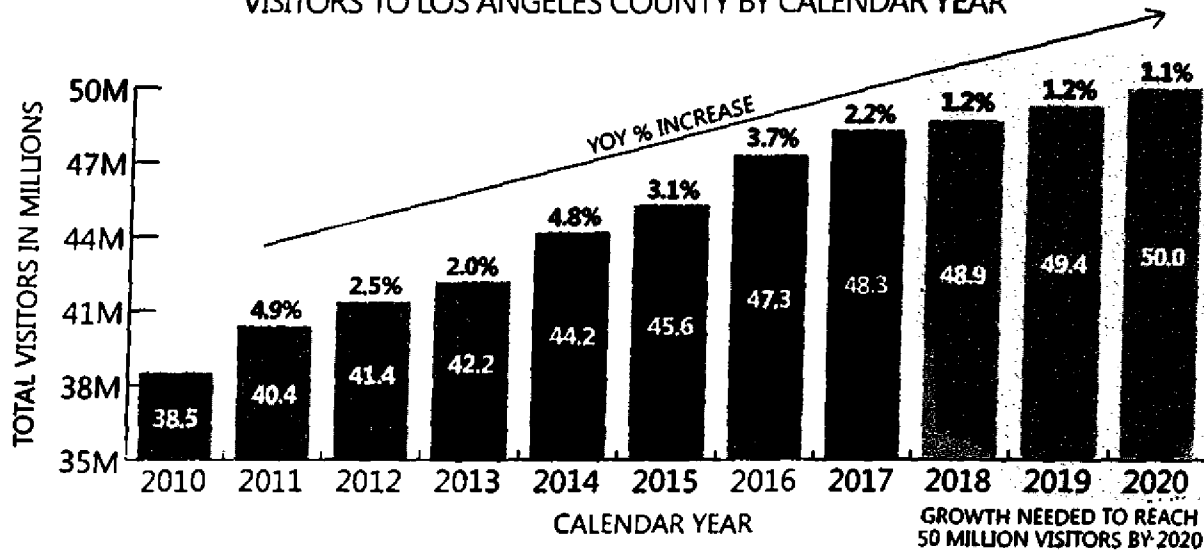
# VISITATION TO LOS ANGELES



2017 was yet another year for setting records and reaching new heights for the Los Angeles tourism industry, however, I am most encouraged by the message which we rolled out last spring: **Los Angeles invites and welcomes visitors from all corners of the globe.** We knew what challenges lay ahead coming into the year, and there is no doubt that they will persist into the next. However, we are truly thankful that Los Angeles itself is a celebration of diversity to its very core, with residents hailing from over 180 countries, speaking more than 224 languages, and sharing a vision of inclusivity and humanity. **#EveryoneIsWelcome**

Ernest Wooden Jr., President & CEO  
Los Angeles Tourism & Convention Board

VISITORS TO LOS ANGELES COUNTY BY CALENDAR YEAR



Los Angeles County received an estimated **48.3 million visitors** in 2017, a 2.2 percent increase over 2016 and the seventh consecutive year of record-breaking visitation. Tourism is among the largest and healthiest contributors to the Los Angeles economy, bringing billions in direct spending at local businesses, and generating billions more in economic impact for the region. L.A. is on target to reach Mayor Garcetti's goal of 50 million visitors by 2020!

## \$22.6 BILLION

is the estimated direct spend of L.A. County's 48.3 million visitors in 2017. This is a **3.5 percent increase** compared to \$21.9 billion in direct spending during 2016. Total economic impact in 2016 was \$33.6 billion, and 2017 is anticipated to be even higher.

NOTEWORTHY INTERNATIONAL MARKETS FOR LA

MARKET	2016	2017	+/- VISITORS	% CHANGE
MEXICO	1,757,000	1,708,000	-49,000	-2.8%
CHINA	1,005,000	1,065,000	60,000	6.0%
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SOUTH KOREA	296,000	315,000	19,000	6.3%
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INTERNATIONAL VISITORS

The **record-breaking 7.1 million international visitors** to L.A. County in 2017 accounted for 15 percent of total visitation. Historically, nearly one-third of all overnight visitor spending results from international visitation.

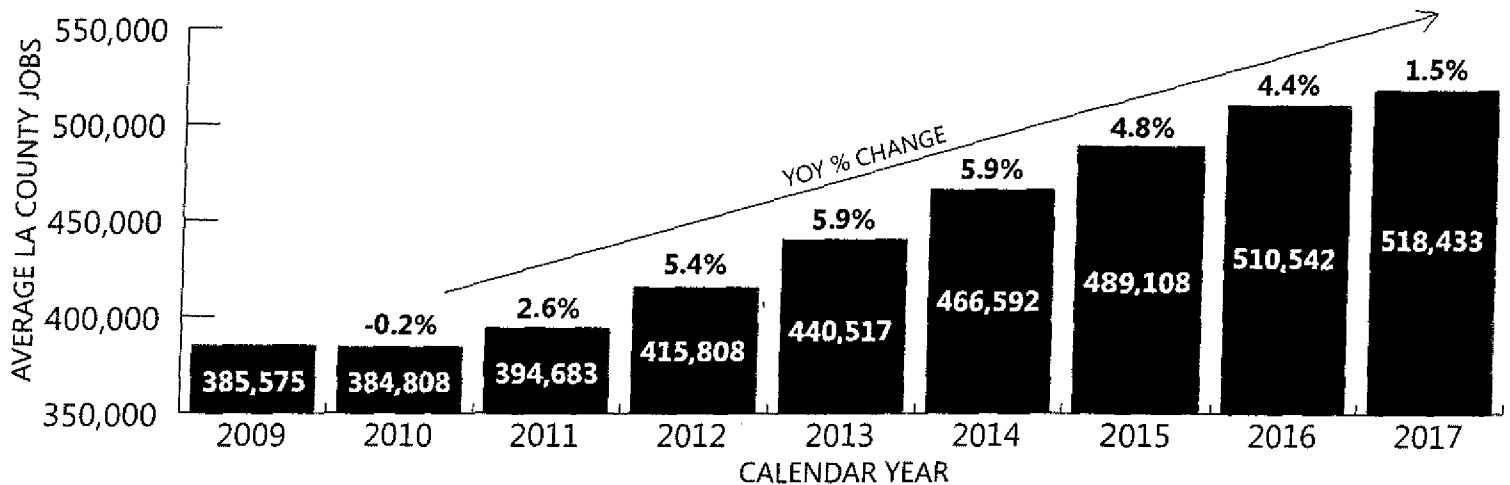
In 2016, Los Angeles was the **first U.S. destination to welcome more than 1 million visitors from China**, and 2017 continued this trend with year-over-year growth of six percent.

Sources: LATCB; Tourism Economics

Please note: 2017 numbers are preliminary as of January 2018, and may be adjusted once finalized later this year

# LEISURE & HOSPITALITY SECTOR JOB GROWTH

AVERAGE LEISURE & HOSPITALITY SECTOR JOBS BY CALENDAR YEAR



Tourism continued to be a huge driving force behind the Los Angeles County economy, as the average number of leisure and hospitality jobs increased to **518,433** in 2017, a 1.5 percent year-over-year increase.

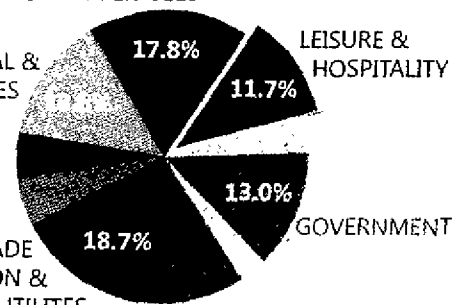
## L&H VS NON-FARM EMPLOYMENT

11.7 percent of total nonfarm jobs are in the leisure and hospitality sector, meaning more than one of every nine jobs in L.A. County is in the tourism industry. Of the eleven major super sectors in L.A. County, leisure and hospitality had the **third greatest increase in jobs** between 2016 and 2017 (7,891 new jobs), trailing only educational and health services (26,458 new jobs) and professional and business services (9,100 new jobs).

EDUCATIONAL & HEALTH SERVICES

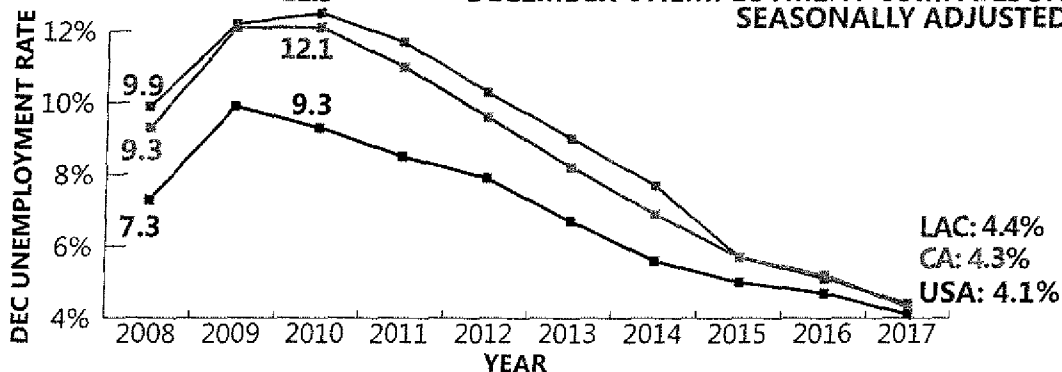
PROFESSIONAL & BUSINESS SERVICES

TRADE TRANSPORTATION & UTILITIES



## LA COUNTY UNEMPLOYMENT

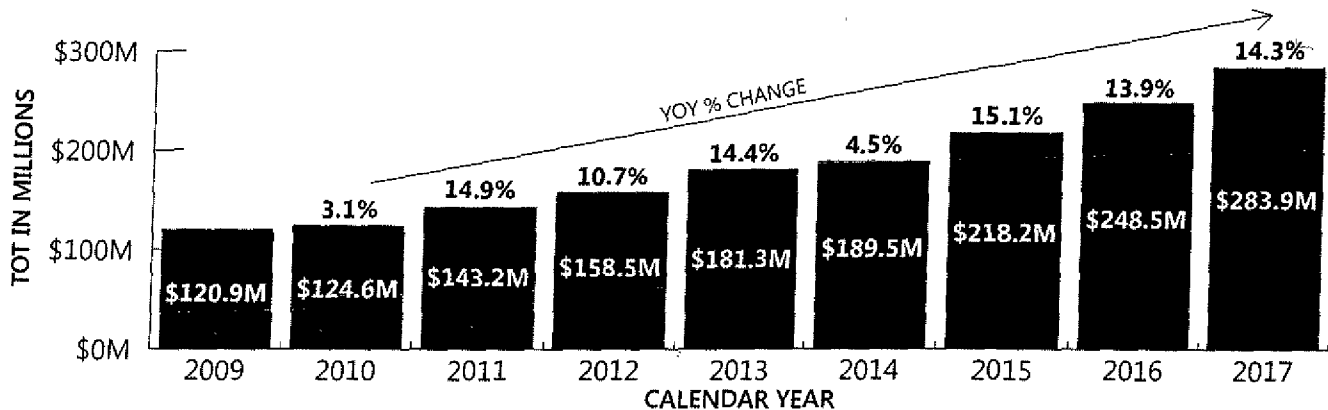
DECEMBER UNEMPLOYMENT COMPARISON  
SEASONALLY ADJUSTED



The L.A. County December 2017 unemployment rate (4.4 percent) improved by 13.7 percent compared December 2016 (5.1 percent), and is tracking closely with California (4.3 percent) and the nation (4.1 percent).

# TRANSIENT OCCUPANCY TAX

TOT GENERAL FUND RECEIPTS COLLECTED BY CALENDAR YEAR

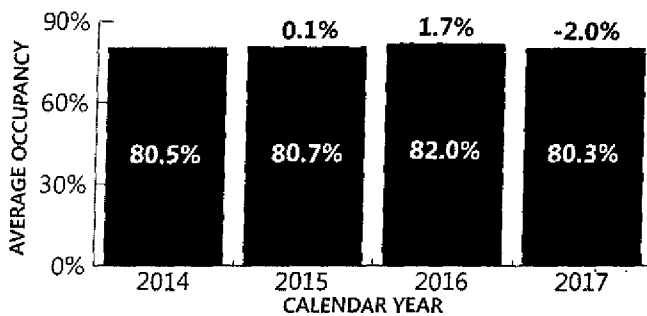


Transient Occupancy Tax (TOT) is a 14 percent tax levied on rent of hotel rooms, and is collected by the hotel operator and remitted to the City each month. TOT General Fund receipts collected during 2017 was **\$283.9 million**, exceeding the prior calendar year total by \$35.5 million, or a 14.3 percent year-over-year increase.

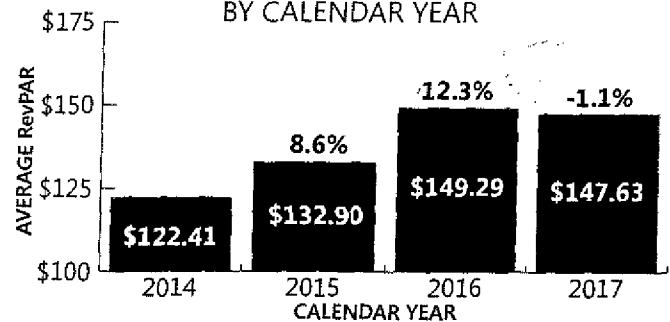
Source: City of Los Angeles Office of Finance

## CITY OF LOS ANGELES LODGING STATISTICS

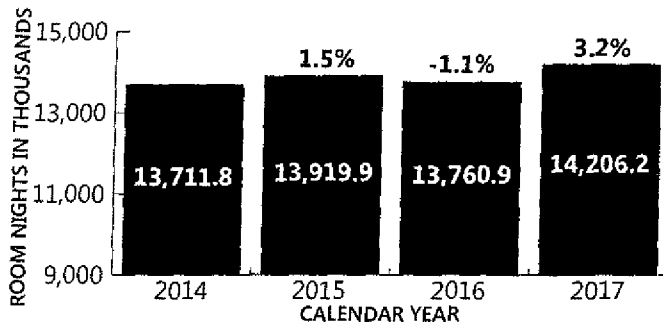
AVERAGE OCCUPANCY BY CALENDAR YEAR



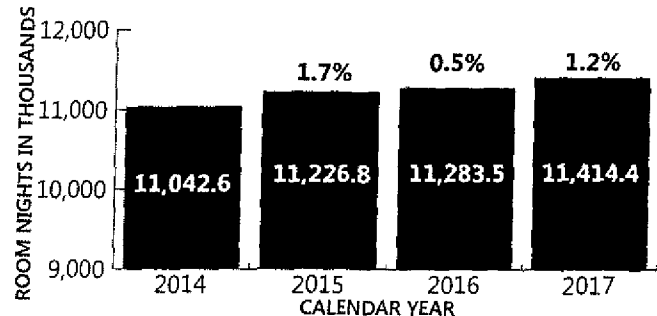
AVERAGE REVENUE PER AVAILABLE ROOM BY CALENDAR YEAR



TOTAL ROOM NIGHT SUPPLY BY CALENDAR YEAR



TOTAL ROOM NIGHTS SOLD BY CALENDAR YEAR



City of Los Angeles hotels had another strong year in 2017, with an average occupancy rate above 80 percent for the fourth consecutive year. Room night supply increased by 3.2 percent, which resulted in a slight decrease in occupancy and revenue per available room (RevPAR) compared to prior year. However, room nights sold increased by 1.2 percent to 11.4 million, and average daily rate (ADR) increased to \$183.74 in 2017.

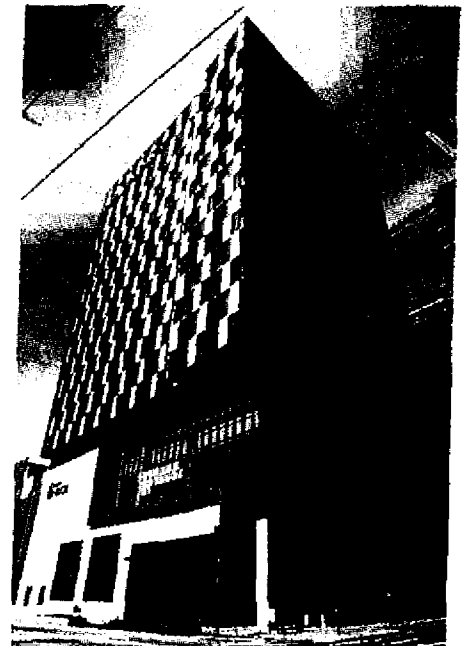
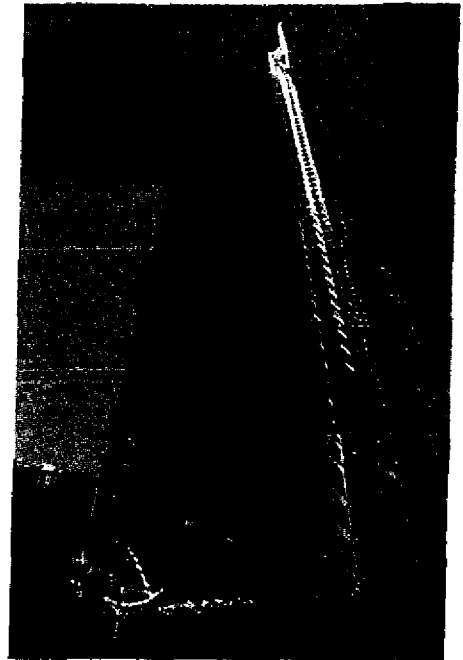
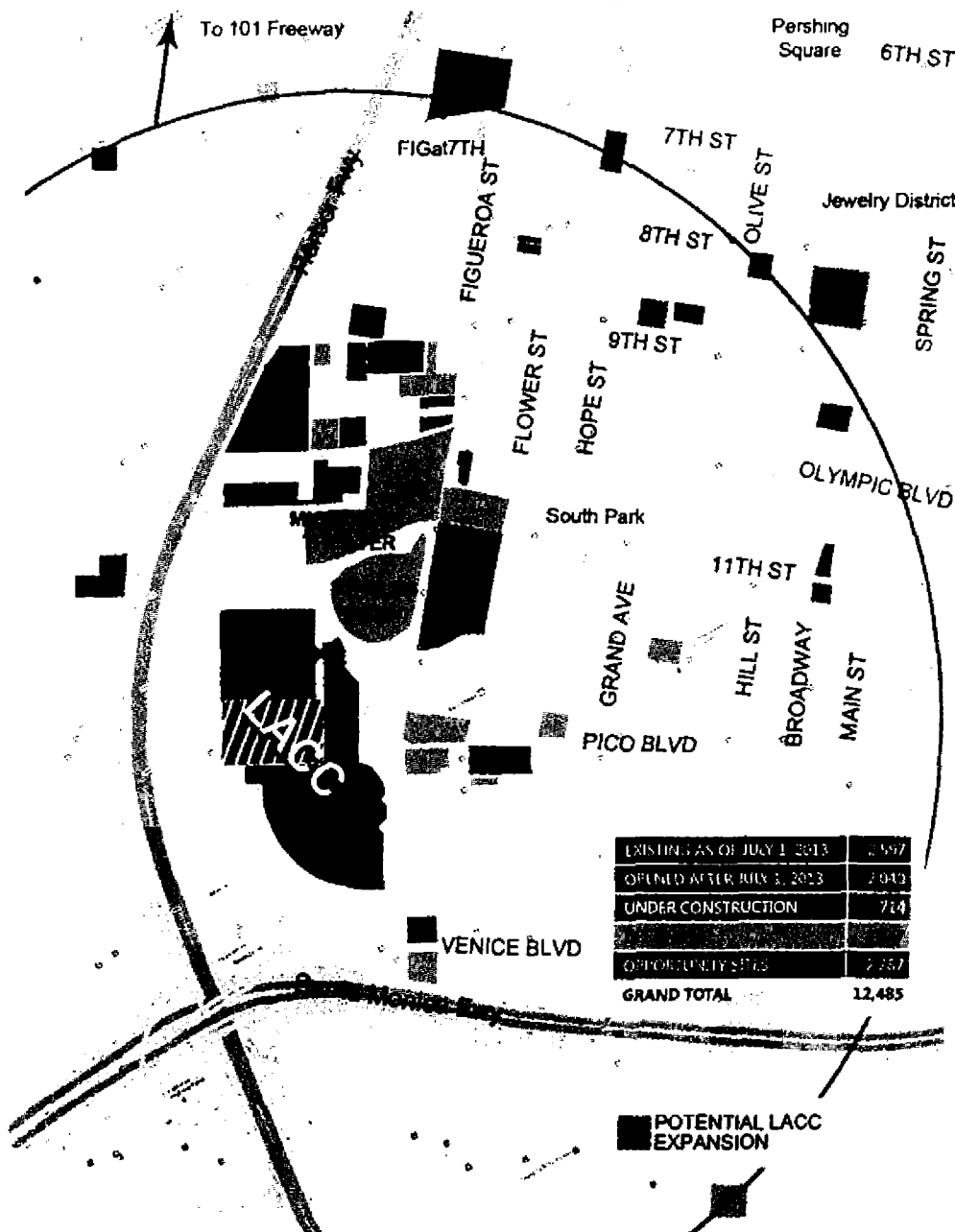
Sources: LATCB; Smith Travel Research

# HOTEL DEVELOPMENT GOAL: 8,000 HOTEL ROOMS BY 2020

In 2013, Mayor Eric Garcetti and the Department of Convention and Tourism Development set the goal of reaching 8,000 hotel rooms within walking distance of the Los Angeles Convention Center (LACC) by 2020. The additional hotel inventory is integral to keeping the City competitive with convention destinations such as Anaheim, San Diego and San Francisco.

Currently, there are 4,637 rooms open within walking distance and 714 additional hotel rooms under construction. While the City is potentially within reach of its goal, it is crucial that the new inventory be as close as possible to the LACC, with significant new meeting room space to attract additional business.

## HOTEL ROOMS WITHIN WALKING DISTANCE OF THE LACC



Images to right, from top to bottom: The InterContinental Los Angeles Downtown at the Wilshire Grand Center, opened July 2017 with 889 rooms; Hotel Indigo at Metrolis, opened March 2017 with 350 rooms; and Park Hyatt at Oceanwide Plaza, currently under construction with 183 rooms

# LOS ANGELES CONVENTION CENTER

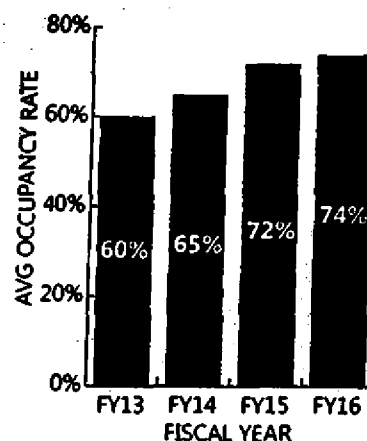


Fiscal Year 2016-17 was absolutely exceptional for the Los Angeles Convention Center, which could not have been accomplished without our talented and hardworking staff at the Convention Center, our partners at CTD and LATCB, and AEG Corporate. We significantly increased revenues, attendance and citywide bookings, and managed to close the year with the largest financial and operational surplus in the LACC's history.

Our success enabled us to invest funds back into the facility through much needed maintenance and improvement projects. We were also able to prioritize upgrades to our campus security program, to ensure the safety of all our guests. The 96 percent favorable rating from our clients sums it up: the LACC's commitment to excellence is paying off.

Brad Gessner, Senior Vice President & General Manager  
Los Angeles Convention Center, AEG Facilities

## EXHIBIT HALL OCCUPANCY

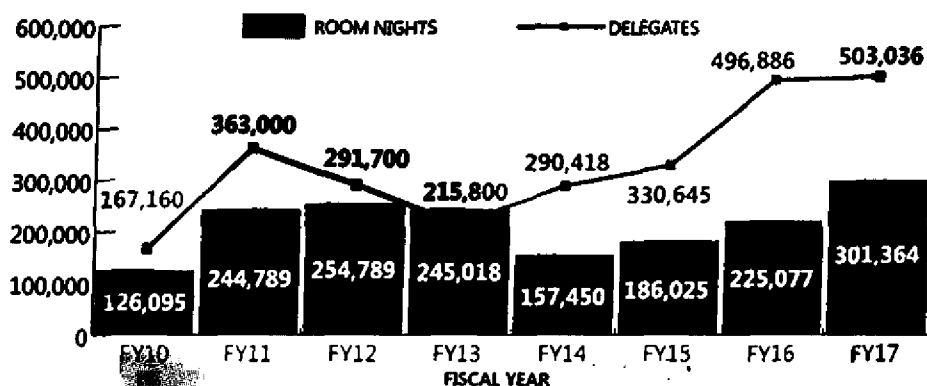


The LACC exhibit halls maintained an average occupancy rate of 74% during Fiscal Year 2016-17.

According to industry standards the "practical maximum" is 70%. Higher occupancy rates increase the potential for lost business or "turn-aways."

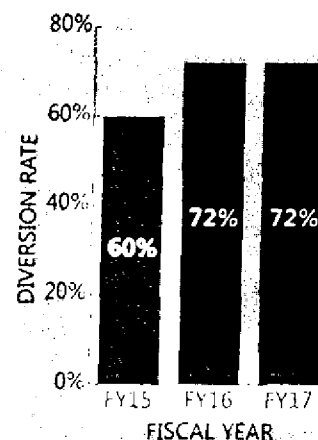
## CITYWIDE EVENTS

### CITYWIDE ROOM NIGHTS AND DELEGATE ATTENDANCE



32 citywide events were hosted at the LACC during Fiscal Year 2016-17, resulting in 503,036 delegates and 301,364 audited room nights for the City of LA.

## WASTE DIVERSION



The LACC accomplished a 72% diversion rate during Fiscal Year 2016-17, and is committed to reaching 80% by 2020, a goal set by the Mayor's Sustainability Plan.

## ECONOMIC IMPACT

During Fiscal Year 2016-17, the LACC generated an estimated **\$781.6 million in economic impact**, 42.5% higher than prior year.

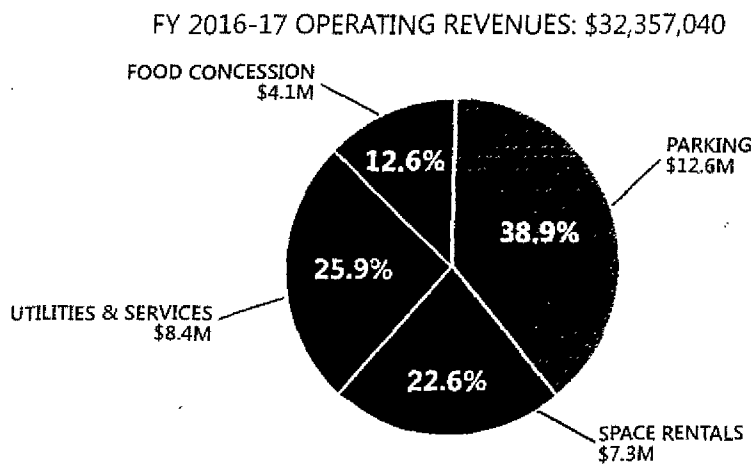
Just 32 citywide events are responsible for \$592.9 million, or **75.9%**, of Fiscal Year 2016-17's total economic impact. Citywides typically draw more out-of-town and overnight guests than local events.

FY17 ESTIMATED ECONOMIC IMPACT **\$781.6M**

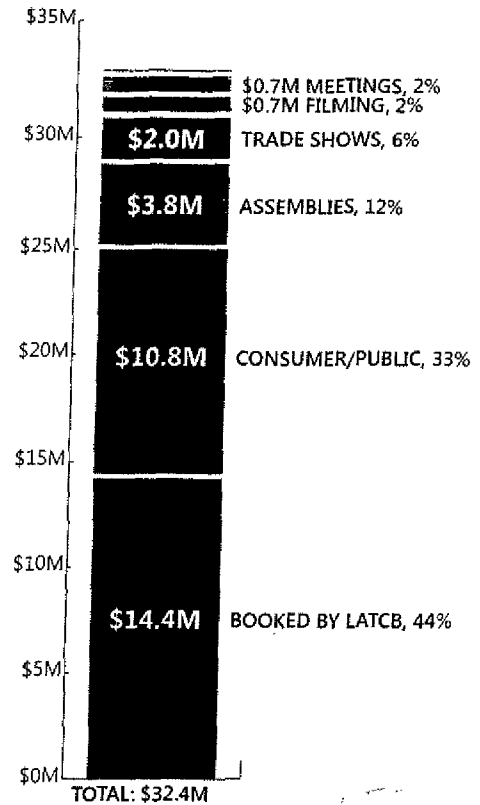


# LOS ANGELES CONVENTION CENTER FINANCIALS

FY 2016-17 TOTAL OPERATING REVENUES\* \$32,357,040



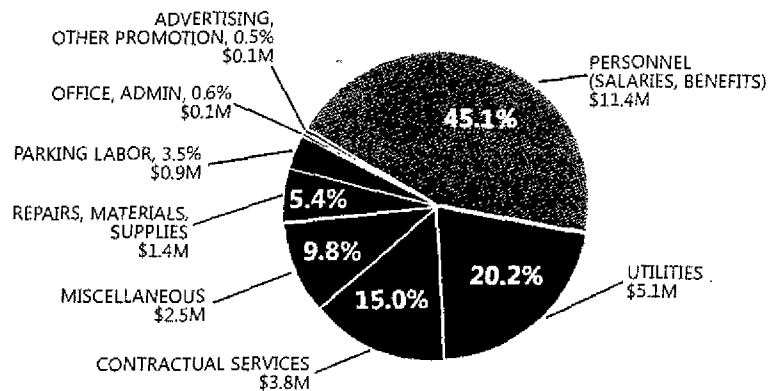
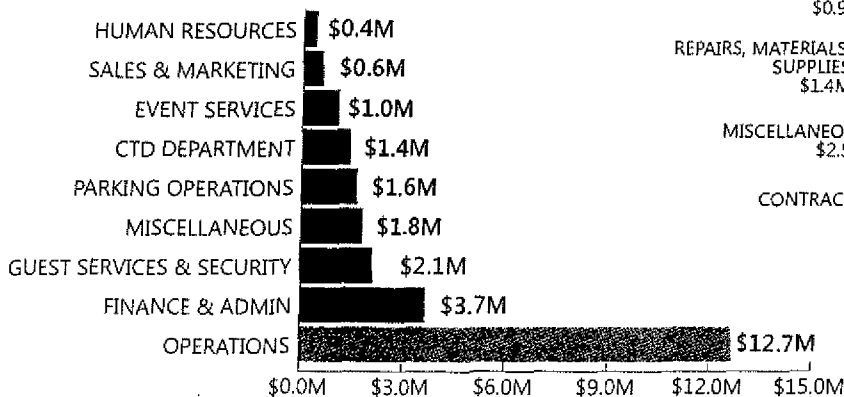
REVENUE BREAKDOWN BY EVENT TYPE



FY 2016-17 TOTAL OPERATING EXPENSES\* \$25,303,945

FY 2016-17 OPERATING EXPENSES: \$25,303,945

EXPENSE BREAKDOWN BY OPERATING DIVISION



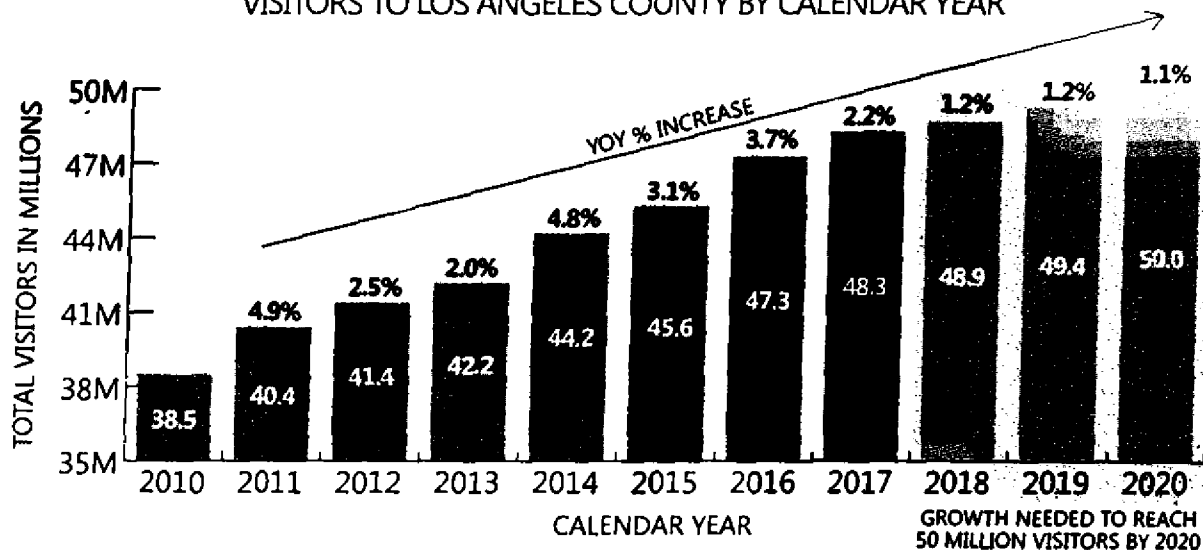
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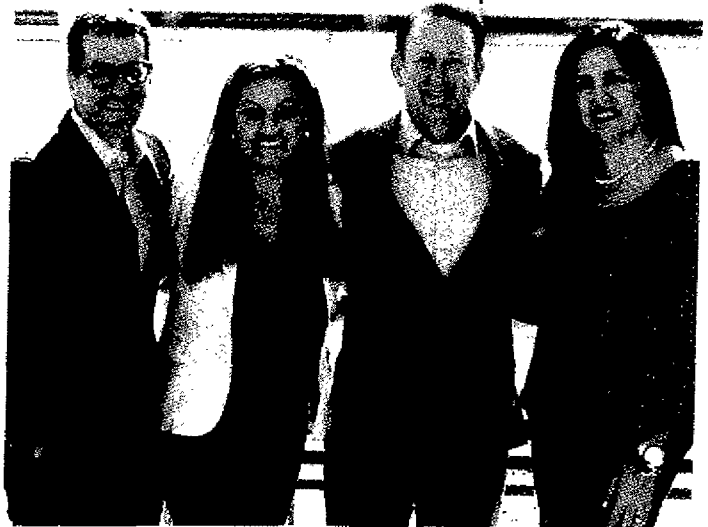
# ABOUT THE DEPARTMENT

## MISSION STATEMENT

The mission of the Los Angeles Department of Convention and Tourism Development is to attract and host conventions at a world class facility with world class service, and to drive economic development and job creation by marketing the City's unique cultural, sports, entertainment, and leisure attractions that make visiting the City of Angels an unparalleled experience.

## BOARD OF LOS ANGELES CONVENTION AND TOURISM DEVELOPMENT COMMISSIONERS

From left to right:  
Otto Padron, Vice President  
Ana Cubas  
Jon F. Vein, President  
Stella T. Maloyan



## DEPARTMENT OF CONVENTION AND TOURISM DEVELOPMENT EXECUTIVE TEAM



Doane Liu  
Executive Director



Thomas Fields  
Chief Operating Officer  
Assistant General Manager



Diana Mangioglou  
Assistant General Manager  
Finance and Administration



CITY OF  
*Los Angeles*  
DEPARTMENT OF  
CONVENTION & TOURISM DEVELOPMENT

1201 SOUTH FIGUEROA STREET | LOS ANGELES, CA 90015 | 213-765-4601  
CTD.LACITY.ORG

OUR CONVENTION & TOURISM PARTNERS



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CONVENTION CENTER  
Managed by AEG

DISCOVER  
*Los Angeles*  
TOURISM & CONVENTION BOARD