the Economic Impact of San Francisco Hotels

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About Us
The Hotel Council of San Francisco is a non-profit trade association founded in 1987 to help ensure the economic vitality of the tourism industry in San Francisco. The Council is committed to supporting workers and the hospitality industry through strategic partnerships and programs.

This report was prepared for the Hotel Council of San Francisco by Beacon Economics:
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To conduct this analysis and estimate the hotel industry’s effect on San Francisco, Beacon Economics gathered data from the Economic Census, CBRE hotels, Visit California, Dean Runyan Associates, San Francisco Travel and H&D companies. This was necessary to produce an estimate of the impact for 2018, accounting for the growth in hotel revenues while leveraging certain expenditures estimated for San Francisco travelers in 2018.
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San Francisco's hotel industry has a tremendous, positive impact on the local economy. Each year, spending by hotels and their visitors makes a direct contribution to the city through local purchases. The impact doesn’t stop there, however; this initial spending ripples throughout the economy, causing additional spending to take place via purchases from other local businesses and their workers. Beacon Economics estimates that, in 2018, the San Francisco hotel industry had a total economic impact of $11.8 billion, while supporting well over 106,000 jobs and generating $5.9 billion in wages and benefits. Spending from hotels and visitors also helped to generate over $447 million in tax revenue for the city.

Perhaps most important, San Francisco hotels are full of opportunity, thriving off the robust local tourist industry that has been consistently growing over the past few years.

**For 2018:**

- San Francisco hotels generated about $11.8 billion in economic output, supporting roughly 106,700 jobs in the City.

- Spending by the hotel industry directly supported over 25,292 jobs in San Francisco.

- San Francisco hotel operations generated more than $447 million in local tax revenue.

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Overview of the Industry

In 2018, the City saw another record-breaking year for tourism. According to the San Francisco Travel Association, San Francisco had 25.8 million visitors in 2018, an increase of 1.2% over 2017.1 This averages about 70,000 visitors every day. Tourism has long been a mainstay of the San Francisco economy. Given the nearby wine regions, temperate climate and numerous attractions, it is an attractive destination for travelers worldwide for both business and pleasure.

Hotel visitors contributed nearly $6.9 billion to the local economy.2

By the numbers

25.8 million visitors in 2018
217 hotels
82.2% occupancy rate

$4.7 billion spent outside of hotels on food, retail, sightseeing & transportation

70,000 daily visitors
33,591 rooms
25,292 hotel employees

1 The San Francisco Travel Association, 2 Hdl Companies
Key Points

San Francisco hotels contribute to the local economy by:

- Generating $11.8 billion in economic output
- Supporting roughly 106,700 jobs in the City
- Contributing more than $447 million in local taxes

San Francisco hotels support the local workforce by:

- Employing San Franciscans: 53% live in the City
- Providing good benefits: 92% of local hotel workers have health insurance
- Creating good job opportunities for workers of all skill and education levels
- Hiring a diverse employment base with Asians, Hispanics and African-Americans making up 79.1% of the work force

San Francisco hotels give back to the local community by:

- Providing $10.3 million shared among 213 local cultural groups and activities
- Donating more than 20 tons of usable excess goods and supplies annually to 25 community organizations
- Hotels individually donate money to multiple nonprofits and their time to various volunteer opportunities

1,2,6 Beacon Economics, 3 San Francisco Office of the Treasurer and Tax Collector 2017-2018, 4,5 American Community Survey, 7 Grants for the Arts, 8 The Hotel Non-profit Collaborative
Impact of Hotel Visitor Spending

When hotel guests spend time in San Francisco, they generate significant economic impact.

The total economic output of visitors in connection with San Francisco hotels was approximately $7.5 billion in 2018. This includes nearly $5.1 billion in direct* spending and $2.4 billion in secondary** spending.1

Not only does the direct revenue generated by San Francisco’s hotels multiply throughout the local economy, but visitors spend money at retailers, restaurants and attractions, benefiting numerous local businesses throughout the area.

When hotel guests spend time in San Francisco, for business or pleasure, they generate economic activity across a range of industries, including:

- Airlines and airports
- Retail and shopping
- Restaurants and entertainment
- Transportation services
- Museums and attractions
- Professional and business services

The hotel industry also provides vital support for other major activities in San Francisco, in particular, the convention industry and Moscone Convention Center.

1 Beacon Economics
*Direct Spending: refers to the purchase of any goods and services that are directly related to the making of your company’s products
**Secondary Spending: the combination of Indirect (supply chain) and Induced (labor/household) impacts
Workforce

79.1% of hotel employees are of Asian, Hispanic and African-American descent.

Diverse Worker Profile

The San Francisco hotel industry has a diverse employee base. In 2018, 79.1% of hotel workers in the City identified as Asian, Hispanic and African-American. The City’s hotels employ diverse communities at a higher rate than other industries in San Francisco. And the diverse worker profile goes beyond just race; 53% of hotel workers are female. Ages in the hospitality industry further reflect the diversity of the sector. Half of hospitality workers are between the ages of 36 to 55, a quarter are 35 and up and quarter are 55 and up.¹

County of Residence

San Francisco’s hotel industry does a better job of hiring locally than most industries in the City. Residents make up 53% of all hotel workers employed in San Francisco. Hotel employees come from across the Bay Area, with workers from Contra Costa County (21%) and Alameda County (11.5%) commuting into the City at the next highest rates.²

¹ American Community Survey. ² U.S. Bureau of Labor, Statistics Quarterly Economic Census and the U.S. bureau data
Equality and Inclusion

The Council continues to lead programs that bring together hotels, the City’s Workforce Development Department, labor, and the non-profit organization Equality and Inclusion in Hospitality. The program is designed to help individuals with barriers to employment develop the skills to work in hospitality and ultimately secure employment in hotels. Not only does the program help individuals succeed, but it also addresses the employment need with hotels.

Supporting Students Pursuing Careers in Hospitality

The Hotel Council of San Francisco partners with local schools and colleges to support students interested in pursuing careers in the industry. Our organization works very closely with the City College of San Francisco, San Francisco State University, University of San Francisco, California State University, East Bay and the San Francisco Unified School District Academy of Hospitality and Tourism to develop the hospitality workforce pipeline. The Council also donates to the California Hotel & Lodging Association Hospitality Foundation, which awards scholarships to local college students in hospitality programs.
Community Impact
The hotel industry gives extensively to the nonprofit sector and is a significant supporter of the arts and charitable organizations.

Women in Leadership
The Council's Women in Leadership Forum connects more than 600 women and empowers emerging leaders to overcome barriers in the workplace. The annual event has drawn keynote addresses from distinguished leaders including Sen. Barbara Boxer, San Francisco Mayor London Breed and Oakland Mayor Libby Schaff.

Project Homeless Connect
In 2015, the Hotel Council of San Francisco announced a long-term partnership with Project Homeless Connect, a non-profit that provides essential service to the local homeless population.

Sustainability
The Hotel Council Sustainability Committee continues to educate and inspire our members to seek out sustainable alternatives in daily operations. The committee tours venues such as San Francisco International Airport, Oracle Park, Moscone Center and Recology to educate and expose members to the newest sustainable efforts.
Protecting Hotels’ Economic Growth

The Hospitality Industry in San Francisco is proud to be one of the largest economic contributors to the city and county of San Francisco. Therefore, it is incumbent upon us to protect and sustain the economic vitality of both our industry and the city. The Hotel Council advocates for changes that will deliver a cleaner and safer city for our guests and employees.

CLEAN.SAFE.365.

CleanSafe365 is a coalition founded in 2018 by the Hotel Council of San Francisco that has grown to include 22 businesses and community organizations. The purpose of the coalition is to push our elected officials and department leaders to deliver clean and safe streets 365 days a year. The three goals of the coalition are:

• Declaring a crisis on our streets
• Enforcing the laws on the books
• Increasing accountability for results.

Since elected, Mayor London Breed has made homelessness and clean streets her number one priority and immediately started announcing new programs, financial resources and accountability. In response, 1,500 homeless individuals have been placed in housing since Mayor London Breed took office.

First Annual Love Our City Event

The Hotel Council of San Francisco and San Francisco Travel partnered together to create the first ever “Love Our City” event in June 2019. The event brought together the hospitality and tourism industries of San Francisco to clean up our shared public spaces for the city we all love.