

# Economic Impact of the 2018 NBA All-Star Game on Los Angeles County

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By  
Roy Weinstein and Joe Hale

Micronomics  
Economic Research and Consulting

February 2018

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## *Executive Summary*

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Micronomics was asked to ascertain the economic impact of the 2018 National Basketball Association (NBA) All-Star Game on Los Angeles. We have concluded that hosting this game and its ancillary events is likely to produce at least \$116 million in increased economic activity for the Los Angeles market. This includes a minimum of \$90 million in expenditures associated with increased tourism and an additional \$26 million in expenditures by local residents and businesses in connection with marquee events during NBA All-Star. These impacts represent a significant increase over the revenue impact in 2011, the last time NBA All-Star was held in Los Angeles.

## *Background*

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In March 2016, the National Basketball Association announced that Los Angeles had been selected to host the 67<sup>th</sup> NBA All-Star Game.<sup>1</sup> The NBA All-Star Game and related events will take place in Los Angeles from Friday, February 16 through Sunday, February 18, 2018. NBA All-Star events other than the game include Mtn Dew Kickstart Rising Stars (where the league's premier rookies and second-year players face off) on Friday; State Farm All-Star Saturday Night, which is comprised of the Taco Bell Skills Challenge, JBL Three-Point Contest and Verizon Slam Dunk; and other events throughout the city including NBA All-Star Practice, the NBA All-Star Celebrity Game presented by Ruffles, Mtn Dew Kickstart Rising Stars Practice and the NBA G League International Challenge presented by Kumho Tire.<sup>2</sup>

The 2018 NBA All-Star Game marks the sixth time the competition has been held in Los Angeles.<sup>3</sup> The 2004 and 2011 All-Star Games, the last two hosted at STAPLES Center, each attracted more than 17,000 spectators to the Sunday game.<sup>4</sup> Associated events during NBA All-Star swelled overall attendance to 100,000 in 2004 and 110,000 in 2011.<sup>5</sup>

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<sup>1</sup> "Los Angeles to host NBA All-Star 2018," NBA press release, March 23, 2016 (<http://www.nba.com/nba-all-star-2018-los-angeles-to-host-official-release#/>).

<sup>2</sup> "NBA All-Star 2018 Schedule of Events," NBA website (<http://www.nba.com/allstar/2018/schedule#/>).

"NBA All-Star 2018," Staples Center website (<https://www.staplescenter.com/events/detail/nba-all-star-2018>).

<sup>3</sup> Los Angeles previously hosted the All-Star Game in 1963, 1972, 1983, 2004, and 2011 (and it was hosted at Staples Center in 2004 and 2011). See "Los Angeles to host NBA All-Star 2018," NBA press release, March 23, 2016 (<http://www.nba.com/nba-all-star-2018-los-angeles-to-host-official-release#/>).

<sup>4</sup> "NBA All-Star Game Attendance," NBA website (<http://www.nba-allstar.com/allstargame/attendance.htm>).

"2011 NBA All-Star Recap," NBA website (<http://www.nba.com/history/all-star/2011#/>).

<sup>5</sup> Martin, Hugo, "L.A. on course to host record number of visitors," Los Angeles Times, November 23, 2011.

Washington, April M., "Big Game, Big Names, Big Payoff: Officials say benefits outweigh burden of NBA All-Star Game," Rocky Mountain News, January 20, 2005.

In 2010, Micronomics was commissioned to conduct a similar study for the 2011 NBA All-Star Game and determined that hosting the game and activities was likely to produce at least \$85 million in increased economic activity for the Los Angeles area.<sup>6</sup> This is consistent with economic activity generated by recent NBA All-Star Games in other markets.

**Figure 1: Estimated Economic Impact of NBA All-Star Games (2011-2017)<sup>7</sup>**

Year	Location	Venue	Economic Impact
1. 2011	Los Angeles, CA	Staples Center	\$85 million
2. 2012	Orlando, FL	Amway Center	\$95 million
3. 2013	Houston, TX	Toyota Center	\$100 million
4. 2014	New Orleans, LA	Smoothie King Center	\$106.1 million
5. 2015	New York, NY	Madison Square Garden Barclays Center	\$200 million
6. 2016	Toronto, Canada	Air Canada Centre	\$80-100 million
7. 2017	New Orleans, LA	Smoothie King Center	\$82.7 million

Although the economic impact seems greater in New York than in other cities, this likely is due to the significantly higher cost of living in New York.<sup>8</sup>

<sup>6</sup> Micronomics publication, *Economic Impact of the 2011 NBA All-Star Game on Los Angeles County, August 2010*.

<sup>7</sup> See, for example:

Micronomics publication, *Economic Impact of the 2011 NBA All-Star Game on Los Angeles County, August 2010*.

“Study: NBA All-Star Game Gave \$95M Boost to Orlando,” Orlando Sentinel, July 3, 2012.

“Rockets Report: Team seeks '20 or '21 All-Star Game,” Houston Chronicle, January 14, 2017.

“Local Economic Impact of 2014 NBA All-Star Even Greater Than Projected,” NBA website, June 11, 2014.

“Big Apple NBA All-Star Weekend and Some Pretty Good Numbers,” Sports Business News, February 17, 2015.

“NBA All-Star Weekend 2016 Invades Toronto,” Fox Business, February 12, 2016.

“The Economic Impact of the NBA All-Star 2017 Weekend on the Louisiana Economy,” Economics & Policy Research Group, July 24, 2017.

<sup>8</sup> The cost of living in the New York metropolitan area (Manhattan) is 62 percent higher than in the Los Angeles area (i.e. a Los Angeles resident with a \$100,000 income will require roughly \$162,000 to achieve the same living standard in New York). See “Cost of Living Calculator,” Los Angeles-Long Beach-Glendale, CA and New York-Jersey City-White Plains, NY-NJ (Manhattan) (<https://www.bankrate.com/calculators/savings/moving-cost-of-living-calculator.aspx>).

Data from The Council for Community and Economic Research also indicate a 60 percent difference between the cost of living in the Manhattan area of New York City and the Los Angeles-Long Beach area. See “Cost of Living Index, Comparative Data for Urban Areas,” Council for Community and Economic Research, Los Angeles-Long Beach, CA and New York (Manhattan), NY.

## *Economic Impact of Hosting the 2018 NBA All-Star Game*

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The economic impact of the 2018 NBA All-Star Game has three components. The first is direct spending by visitors to Los Angeles attracted by the game and related activities. Direct spending includes expenditures on transportation, accommodations, food and beverage, entertainment and shopping, as well as ticket purchases and other expenditures on NBA All-Star events.

The second component includes revenue from ticket sales to local residents and businesses for NBA All-Star events. Given the marquee nature of these events, these expenditures provide a net contribution to the local economy in that they exceed “normal” levels of spending on entertainment by local individuals and business entities over the course of a typical February weekend.

The third component is the multiplier effect understood by economists to reflect the circulation of incremental spending within the local economy. NBA All-Star events provide increased income for all manner of individuals – taxi, limousine, Uber and Lyft operators, ticket takers, restaurateurs, hospitality workers and Airbnb, etc. Recipients of this income use at least a portion to make purchases that otherwise would not have been made, thereby producing another round of beneficiaries. These multiplier impacts are directly attributable to the NBA All-Star Game since they would not occur if the game was played elsewhere.

### **Methodology for Calculating Visitor Direct Spending**

Since the 2018 NBA All-Star Game will be held at the same Los Angeles venue as the 2011 NBA All-Star Game, and since events planned for NBA All-Star in 2018 are similar to those that took place in 2011, the experience in 2011 is useful for predicting what can be expected in 2018. Accordingly, we examined economic activity during NBA All-Star 2011 and the behavior of visitors to Los Angeles. This proves to be a good starting point for estimating likely visitor spending in 2018.

In February 2011 (the month in which the NBA All-Star Game was held), industry data indicated that daily room revenues at Los Angeles County hotels were substantially higher than normal over several days prior to and during NBA All-Star. Both occupancy levels and room rates were affected. At least six days surrounding the 2011 NBA All-Star Game exhibited above average room revenue.<sup>9</sup> We also determined that other significant events during the same period cannot explain these increases. Accordingly, the incremental revenue is wholly attributable to NBA All-Star 2011.<sup>10</sup>

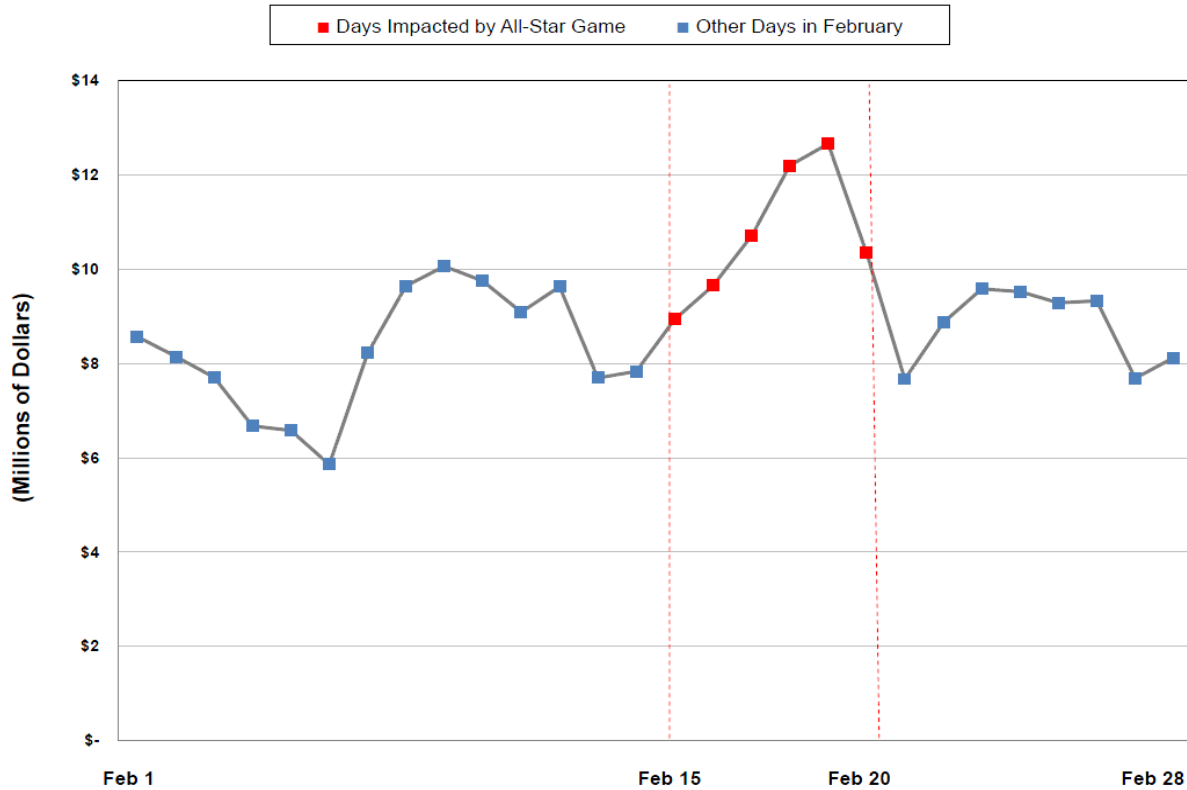
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<sup>9</sup> See Table 1 and Figure 2.

<sup>10</sup> NBA All-Star 2011 took place over a three-day holiday, which may have impacted the effect of the 2011 NBA All-Star Game on room revenue. However, this observation does not affect our analysis because the 2018 NBA All-Star Game also will take place over a three-day holiday (Presidents’ Day in 2018 falls on Monday, February 19, the day after the 2018 NBA All-Star Game is scheduled). Other differences between 2011 and 2018 do exist,

Next, we examined daily room revenue during the month of February 2011. Based on the data, we were able to compare average daily room revenue before and after the week of the NBA All-Star Game with average daily room revenue during the week that the game took place. See Figure 2 below and Table 1 for further details.

**Figure 2: Daily Room Revenue, Los Angeles County, February 1 - 28, 2011**



Source: Smith's Travel Research Trend Report.

It is apparent that at least six days were impacted by NBA All-Star 2011. Event set-up staff and other work crews required several days on-site in connection with event preparation. Since main ancillary events began on or before Friday, February 18, the first visitors would have needed room accommodations no later than Tuesday, February 15. Most visitors would have stayed through the NBA All-Star Game on Sunday, February 20, and departed Monday. In fact, room revenue data reflect this pattern: average daily room revenue for the six impacted days was significantly greater than average room revenue for all other days in February 2011.<sup>11</sup> The difference between

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including population growth over the intervening seven-year period, technological changes and evolved consumer tastes. On net, we have determined that differences between 2011 and 2018 are minor.

<sup>11</sup> This spike in room rates attributable to the NBA All-Star Game also is evident when comparing a) the Los Angeles County average daily room rate in 2017 (\$210.16) and b) the average daily room rate contracted by the NBA for the 2018 events in Los Angeles (\$304). See Southern California Lodging Forecast, Visitor Industry

a) average daily room revenue for each of the six impacted days and b) average daily room revenue for all other days was approximately \$2.3 million per night, i.e. an additional \$13.9 million for the period.

According to a 2007 analysis conducted by the Los Angeles Convention and Visitors Bureau and a 2013 profile of the Tournament of Roses in Pasadena, accommodations comprise approximately 29 percent of total visitor expenditures in Los Angeles.<sup>12</sup> Based on the incremental room revenue generated, this indicates that total visitor direct spending associated with the 2011 NBA All-Star Game was approximately \$48 million. Using Consumer Price Index data to adjust for 2018 prices,<sup>13</sup> total visitor direct spending associated with the 2018 NBA All-Star Game will be at least \$55 million. These calculations are set forth in Table 2.

### **Alternative Model for Calculating Visitor Direct Spending**

We used a second model to test these results. We began with number of attendees: Since 110,000 were drawn to NBA All-Star 2011,<sup>14</sup> and since NBA All-Star 2018 will take place at the same venue and include similar events to the NBA All-Star 2011, the number of attendees likely will remain approximately the same. Based on information regarding the breakdown of attendance (local vs. out-of-town visitors), we assumed that approximately one-third of attendees are out-of-town visitors.<sup>15</sup> With assumptions as to average number of visitors per hotel room (two) and average length of stay (three nights), we calculate that a minimum of 55,000 incremental room nights can be attributed to NBA All-Star 2018. We then multiply room nights by the average daily room rate contracted by the NBA (\$304),<sup>16</sup> which equates to \$16.7 million. This represents out-of-town visitor spending on accommodations. Since spending on accommodations represents approximately 29 percent of total visitor expenditures, we can expect total visitor direct spending associated with the 2018 NBA All-Star Game to exceed \$57 million. These calculations are set forth in Table 3 and are consistent with the results described earlier in this report (\$55 million before adjusting for multiplier effects).

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Outlook Conference, CBRE, October 18, 2016, p. 14 and NBA All-Star Game 2018, Totals and Peak, Hotel Data from Los Angeles Sports & Entertainment Commission.

<sup>12</sup> LA Travel Stats 2007, LA Inc. The Los Angeles Convention and Visitors Bureau, February 2008, p. 4.

Profile, Volume & Spending Impacts, 2013 Tournament of Roses Parade and Bowl Attendees, LATCB, August 2013.

<sup>13</sup> U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Price Index – All Urban Consumers, Los Angeles-Riverside-Orange County, CA, 2007 – Nov 2017" ([www.bls.gov/data/](http://www.bls.gov/data/)).

<sup>14</sup> Martin, Hugo, "L.A. on course to host record number of visitors," Los Angeles Times, November 23, 2011.

<sup>15</sup> The NBA estimates that approximately 70 percent of attendees to the Staples Center events on Saturday and Sunday are out-of-town visitors, and that percentage drops to about 20 percent for other NBA All-Star events at secondary locations such as the Los Angeles Convention Center.

<sup>16</sup> NBA All-Star Game 2018, Totals and Peak, Hotel Data from Los Angeles Sports & Entertainment Commission.

## Local Ticket Sales for Marquee All-Star Events

The calculations described above focus on spending generated by visitors to Los Angeles, and do not include direct spending by local residents that would not have occurred but for the NBA All-Star Game. NBA All-Star includes two marquee events (plus other related activities), State Farm All-Star Saturday Night and the NBA All-Star Game itself. Taken together, these events push expenditures by local residents and business entities above levels that would exist but for the game. Based on ticket price information for the marquee events of the 2011 NBA All-Star Game, we estimated that ticket sales to local individuals and business entities for State Farm All-Star Saturday Night and the NBA All-Star Game were approximately \$14.5 million in 2011.<sup>17</sup> Adjusting for inflation, local ticket sales for the 2018 NBA All-Star Game will be roughly \$16.6 million.<sup>18</sup> These expenditures are over and above leisure and entertainment expenditures that would have been made by locals but for the NBA All-Star Game.

## Multiplier Effect

Economic multiplier models are used to estimate the additional impact associated with the circulation of direct spending through the local economy. These models reflect the relationship between inputs and resulting economic outputs, and recognize the impact that an increase or decrease in economic activity in one sector of the economy can have on economic activity in other sectors.

For many years, although the U.S. government had developed effective methods of gathering and reporting national economic statistics such as the Census, there were no methods for turning that information into functional data that local economies and policymakers could use. IMPLAN (“Impact analysis for planning”) was created to meet that need.<sup>19</sup>

IMPLAN has been used by academicians to help understand relationships within and across regional economies, by government entities to trace the influence of spending and economic development policies, by corporations interested in assessing the impact wage rate changes or expansion plans on the local community, etc. IMPLAN provides tools to:

- Estimate the economic impact of new business
- Estimate the economic effects of establishing and operating tourist attractions
- Estimate the economic contribution of higher education
- Provide information useful for obtaining government permits

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<sup>17</sup> Micronomics publication, *Economic Impact of the 2011 NBA All-Star Game on Los Angeles County, August 2010*.

<sup>18</sup> Estimated local ticket revenue in 2011 is representative of the same revenue in 2018 (but for inflation) because the events are being hosted by the same venue (Staples Center) and both the number of seats available and pricing likely are similar in 2011 and 2018.

<sup>19</sup> Northeastern Pennsylvania Alliance, “About IMPLAN.”



- Estimate the economic impact of alternative scenarios in connection with the preparation of environmental impact statements<sup>20</sup>

IMPLAN data include detailed information specific to zip codes with respect to population, number of households, output (the value of industry production), employment (the annual average of full-time/part-time/seasonal jobs) and employee and proprietor compensation, among other things.

Application of IMPLAN modeling typically begins with the direct effects of an initial round of visitor and local expenditures associated with the 2018 NBA All-Star Game. Based on incremental expenditures by visitors, direct spending associated with the 2018 NBA All-Star Game would result in a secondary economic impact of approximately \$35.7 million. Together, the overall economic impact associated with visitor spending is at least \$90 million. Including local ticket sales for marquee NBA All-Star events would result in a secondary economic impact of approximately \$10.4 million, and an overall economic impact greater than \$26 million. Altogether, the total economic effect associated with the 2018 NBA All-Star Game is estimated at approximately \$116 million.

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<sup>20</sup> <http://www.implan.com/>

## *Other Considerations*

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### **Visibility**

The NBA All-Star Game has a global reach, providing invaluable exposure and publicity for the host city.<sup>21</sup> Even Los Angeles, which regularly showcases events from Hollywood (Emmys, Oscars, GRAMMY Awards®, etc.), and local sporting venues (Rose Bowl, STAPLES Center, etc.), benefits from additional publicity arising from NBA All-Star Games: Carol Martinez, the then Associate Vice President of the Los Angeles Convention and Visitors Bureau, pointed out that television coverage of the 2004 NBA All-Star Game “will show how beautiful the weather here is in February. People on the East Coast will be watching and freezing, and they’ll look at this as a vacation spot.”<sup>22</sup> If just a small fraction of those watching the game on television subsequently decide to spend time in Los Angeles, the additional benefits to the City will be significant.

### **Public Services**

Visitors on hand for NBA All-Star require additional public services, including additional police protection, traffic and crowd control, and cleaning. Spending for these incremental services also contributes to the overall economic impact of the game.

### **Corporate Sponsorship**

The broad reach of NBA All-Star events has attracted participation of large and small corporate sponsors and partners who contribute financial assistance in exchange for event recognition. Marketing opportunities for corporate sponsors have included advertising at NBA All-Star event venues and media broadcasts, organizing corporate and fan engagement events and parties during NBA All-Star, and creating promotions that tie-in with NBA All-Star events (e.g. before the 2010 NBA All-Star Game in Dallas, T-Mobile offered free tickets to NBA All-Star events to customers who purchased and activated qualifying phones).<sup>23</sup> While the bulk of sponsorship funds are paid to the NBA, some of this economic activity spills over to the local economy.

### **Community Outreach**

A number of community outreach events associated with the 2018 NBA All-Star Game will take place throughout Los Angeles County. Figure 3 below sets forth a description of some of these events.

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<sup>21</sup> Skeets, J.E., “All-Star 2010 by the numbers,” Yahoo! Sports website, February 11, 2010 (<http://sports.yahoo.com>).

Washington, April M., “Big Game, Big Names, Big Payoff: Officials say benefits outweigh burden of NBA All-Star Game,” Rocky Mountain News, January 20, 2005.

<sup>22</sup> Stevens, Joe, “All-Star events add to L.A.’s aura: Impact on city more than just economic boon,” Daily News of Los Angeles, February 13, 2004.

<sup>23</sup> Lefton, Terry, “All-Star activation: Big plans for a big venue,” Street & Smith’s Sports Business Journal website February 8, 2010 ([www.sportsbusinessjournal.com](http://www.sportsbusinessjournal.com)).

**Figure 3: 2018 NBA All-Star Community Outreach Events**

Event	Location	Description
1. Visit to Children's Hospital	Children's Hospital of Los Angeles	Visit and engage with patients and staff
2. NBA Fit Celebration	Alliance Gertz-Ressler/Richard Merkin Charter School	Dedicate a refurbished fitness room and guide students in fitness activities
3. LA Community Conversation	John Muir Middle School	Host community conversation focused on strengthening ties between law enforcement and local community
4. NBA Cares All-Star Day of Service	Compton; East Los Angeles; Culver City	Complete hands-on service projects (package donations for low-income children; build a playground; repackaging food donations for families in need)
5. Jr. NBA Day	Los Angeles Convention Center	Administer basketball clinics focused on fundamentals and values of the game for 2,000+ local children
6. NBA Cares Special Olympics Unified Basketball Game and Clinic	Los Angeles Convention Center	Host basketball game and clinic for local Special Olympics athletes
7. Gatorade Jr. NBA All-Star Invitational	Los Angeles Convention Center	Host basketball tournament for 8th grade boys and girls
8. Building Bridges Through Basketball	Challengers Boys and Girls Club	Bring together 30 children and 6 LAPD officers as part of a 10-week basketball and leadership program
9. Jr. NBA Skills Challenge Presented by Verizon Local Competition	Los Angeles Convention Center	Host skills challenge (dribbling, shooting, rebounding) for 500+ local boys and girls ages 9-13
10. Make-A-Wish Granting Experience	Staples Center; Los Angeles Convention Center	Welcome eight Make-A-Wish families to experience NBA All-Star events
11. Hoops for Troops Activation	Staples Center	Engage with local military and invite them to NBA All-Star events
12. Gatorade Jr. NBA All-Star Invitational Championship	Los Angeles Convention Center	Host championship game
13. Jr. NBA Skills Challenge Presented by Verizon Regional Competition	Los Angeles Convention Center	Host the regional phase of the skills competition (nationals take place during the 2018 NBA Draft)
14. Jr. NBA Coaches Forum	Los Angeles Convention Center	Educate and empower coaches on certain issues (gender, sexuality, diversity, and inclusion)

These events present unique opportunities created by NBA All-Star 2018. For example, the 2018 Gatorade Jr. NBA All-Star Invitational is an 8<sup>th</sup> grade basketball tournament that started in January 2018 with 96 teams, 1,500 players, and 2,000 local spectators. The tournament culminates during NBA All-Star with a three-day championship competition at the Los Angeles Convention Center, and it is expected to reach more than 40 schools and community partners, 2,500 kids and families, and 200 youth basketball coaches. In addition, Nike plans to coordinate several events with high-profile guests, including high school visits by LeBron James and Kevin Durant; “Makers of the Game Studio” in the Arts District of Downtown Los Angeles with multiple entertainers and athletes; a pop-up retail store featuring Kobe Bryant; and others.

The NBA also has announced that each NBA All-Star team will select a charitable organization to play for, and the NBA will donate \$350,000 and \$150,000 on behalf of the winning and losing teams, respectively. These donations will be directed toward community-based outreach efforts in Los Angeles.<sup>24</sup>

NBA Cares, the league’s community outreach initiative, also organizes a series of community service projects and events in conjunction with NBA All-Star. These involve basketball players and other NBA partners, and are designed to benefit the host city and county’s local community. Events in the past have included fund raising for charities, visits to hospitals and schools, and basketball sessions with youths and Special Olympics athletes.<sup>25</sup> During NBA All-Star 2018, the league will reach thousands of children and families and provide important resources to community-based programs through its partnerships with schools, governments, and local non-profit organizations in the Los Angeles area.<sup>26</sup> On February 16, NBA Cares All-Star Day of Service will consist of hands-on service projects in Compton, East Los Angeles, and Culver City. Participants will package donations for low-income children, build a playground, and repackage food donations for families in need.

These experiences bring together local neighborhoods and the NBA family to strengthen community spirit, increase constructive dialogue, and improve long-term outlook. While we do not attempt to quantify these benefits, it is clear the economic and social impacts of these events are significant and wide-reaching.

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<sup>24</sup> “2018 NBA All-Star Game teams will donate money to two community-based organizations selected by Team LeBron and Team Stephen,” NBA press release, January 31, 2018 (<http://www.nba.com/article/2018/01/31/all-star-game-teams-charitable-donation-official-release#/>).

<sup>25</sup> NBA Cares website ([http://www.nba.com/nba\\_cares](http://www.nba.com/nba_cares)).

<sup>26</sup> “Los Angeles to host NBA All-Star 2018,” NBA press release, March 23, 2016 (<http://www.nba.com/nba-all-star-2018-los-angeles-to-host-official-release#/>).

## *Conclusion*

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The 2018 NBA All-Star Game and related events are expected to produce at least \$116 million in increased economic activity in the local community. This includes:

- Approximately \$90 million in expenditures associated with increased tourism. This includes incremental expenditures on accommodations, transportation, food and beverages, entertainment and shopping, as well as the economic multiplier effect associated with this spending.
- Approximately \$26 million flowing from specific NBA-related marquee events during NBA All-Star 2018. This includes the economic multiplier effect associated with about \$16.6 million in local spending.

## *About the Authors*

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**Roy Weinstein** is an economist and Managing Director at Micronomics, an economic research and consulting firm based in Los Angeles, California. Mr. Weinstein has been involved with economic research and consulting since 1969. He has prepared a number of economic impact studies addressing issues associated with cutbacks to our judiciary and the economic impact of increases in the length of time required to adjudicate disputes. Mr. Weinstein also has been commissioned by the Tournament of Roses Committee to determine the economic impact of the Rose Bowl Parade and Game on Los Angeles County, and has been engaged to conduct similar studies for the Grammys, the Emmys, the NBA All Star Game, the X-Games, AEG, and the Special Olympics World Summer Games. Mr. Weinstein's areas of expertise include industrial organization, statistics, econometrics and the calculation of economic damages. He has published articles relating to economics in numerous professional journals and is a frequent speaker before professional associations and trade groups. Mr. Weinstein received a Bachelor of Business Administration Degree *cum laude* with honors in economics from City College New York and a Master of Arts Degree in economics from the University of Chicago. He is the first recipient of the Career Achievement Award for professional success from the Business and Economics Alumni Society of the Baruch School at City College New York.

**Joe Hale** is an economist and Senior Research Associate at Micronomics, an economic research and consulting firm based in Los Angeles, California. Mr. Hale has been engaged in economic research and consulting since 2012. He is co-author of an economic impact study that addressed costs associated with delays in adjudication of litigated disputes. He also has managed various engagements involving determination of the economic impact of wrongful conduct, including cases relating to employment issues, antitrust, and the value of intellectual property. Mr. Hale received a Bachelor of Arts in Economics and a Bachelor of Arts in Geography/Environmental Studies from the University of California, Los Angeles. He was awarded the highest academic recognition from the College of Letters and Sciences at the University of California, Los Angeles by successfully completing the College Honors program.

## *About Micronomics*

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**Micronomics** is an economic research and consulting firm with offices in Los Angeles and Long Beach, California. Founded in 1988, it specializes in the collection, tabulation and analysis of various types of economic, financial and statistical data. Areas of expertise include industrial organization, antitrust, economic impact studies, the valuation of intellectual property and the calculation of economic damages. Clients include publicly and privately held businesses and government agencies. Industry experience includes sports and entertainment, banking and financial services, pharmaceuticals, telecommunications, and computer hardware and software.

## *About Exela*

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Micronomics is a subsidiary of **Exela**. Exela is one of the largest global providers of business process automation. Exela integrates knowledge platforms and technology-enabled services, with proven processes and industry expertise to provide an end-to-end delivery model, turning data into outcomes. Exela's solutions combine multi-industry and industry-specific enterprise information management platforms (deployed on premise or in the cloud) with decades of experience. Exela manages data and automates mission-critical business processes to aid in digital transformation. Exela has made substantial investments in its own IP and industry leading secure operating centers so that it can meet the evolving needs of its clients and the markets they serve. Exela utilizes a secure, cloud enabled global delivery model to serve over 3,500 clients, including more than 60% of the Fortune® 100, across more than 50 countries. Exela provides solutions and services with approximately 22,000 employees at nearly 1,200 onsite client facilities and through approximately 150 delivery centers strategically located throughout the Americas, Europe, and Asia.



## **TABLE 1**



**TABLE 1**  
**AVERAGE DAILY ROOM REVENUE**  
**LOS ANGELES COUNTY**  
**FEBRUARY 2011**

Date	Room Revenue <sup>1</sup>
(1)	(2)
1. Tuesday, February 1	\$8,566,520
2. Wednesday, February 2	8,148,856
3. Thursday, February 3	7,705,555
4. Friday, February 4	6,674,781
5. Saturday, February 5	6,578,764
6. Sunday, February 6	5,859,055
7. Monday, February 7	8,220,063
8. Tuesday, February 8	9,644,823
9. Wednesday, February 9	10,062,618
10. Thursday, February 10	9,750,290
11. Friday, February 11	9,089,043
12. Saturday, February 12	9,629,833
13. Sunday, February 13	7,694,270
14. Monday, February 14	7,833,420
15. Tuesday, February 15	8,932,109
16. Wednesday, February 16	9,649,141
17. Thursday, February 17	10,703,750
18. Friday, February 18	12,199,317
19. Saturday, February 19	12,658,721
20. Sunday, February 20	10,349,579
21. Monday, February 21	7,669,762
22. Tuesday, February 22	8,868,849
23. Wednesday, February 23	9,581,173
24. Thursday, February 24	9,525,434
25. Friday, February 25	9,286,223
26. Saturday, February 26	9,328,864
27. Sunday, February 27	7,686,063
28. Monday, February 28	8,122,931
<b>29. Average daily room revenue for February (Lines 1-28)</b>	<b>\$8,929,279</b>
<b>30. Average daily room revenue for days impacted by NBA All-Star 2011<sup>2</sup> (Lines 15-20)</b>	<b>\$10,748,770</b>
<b>31. Average daily room revenue for other days in February (Lines 1-14 and 21-28)</b>	<b>\$8,433,054</b>

Notes: <sup>1</sup> Room revenue refers to revenue generated from the sale or rental of hotel rooms.

<sup>2</sup> The six days impacted by NBA All-Star 2011 include Tuesday, February 15, 2011 through Sunday, February 20, 2011.

Source: Smith's Travel Research Trend Report, February 2011.

## **TABLE 2**

**TABLE 2**

**TOTAL EXPENDITURES BY VISITORS  
ASSOCIATED WITH NBA ALL-STAR 2018  
LOS ANGELES COUNTY**

1.	Average daily room revenue for days impacted by NBA All-Star 2011	\$10,748,770
2.	Average daily room revenue for other days in February 2011	\$8,433,054
<b>3.</b>	<b>Additional average daily room revenue (Line 1 - Line 2)</b>	<b>\$2,315,715</b>
4.	Number of days impacted by NBA All-Star 2011	6
<b>5.</b>	<b>Additional room revenue (Line 3 x Line 4)</b>	<b>\$13,894,292</b>
6.	Estimated proportion of visitor expenditures on lodging <sup>1</sup>	29%
<b>7.</b>	<b>Total expenditures by visitors associated with NBA All-Star 2011 (Line 5 / Line 6)</b>	<b>\$47,911,353</b>
8.	Inflation adjustment factor <sup>2</sup>	1.15
<b>9.</b>	<b>Total expenditures by visitors associated with NBA All-Star 2018 (Line 7 x Line 8)</b>	<b>\$55,098,056</b>

Notes: <sup>1</sup> Approximately 29 percent of total visitor spending is on lodging, based on figures published by a 2007 analysis on Los Angeles travelers and a 2013 profile of the Tournament of Roses in Pasadena. See: LA Travel Stats 2007, LA Inc. The Los Angeles Convention and Visitors Bureau, February 2008, p. 4 and Profile, Volume & Spending Impacts, 2013 Tournament of Roses Parade and Bowl Attendees, LATCB, August 2013, pp. 27-28.

<sup>2</sup> Most recent data available for the Los Angeles-Riverside-Orange County area Consumer Price Index is 259.135 (November 2017). The annual average for 2010 (i.e. full year before NBA All-Star Game in February 2011) was 225.894. Therefore, the inflation adjustment factor is calculated as  $259.135 / 225.894 = 1.15$ . This is used as an estimate to adjust total visitor expenditures to 2018 prices.

Source: Table 1, "Average Daily Room Revenue, Los Angeles County, February 1 - 28, 2011."

LA Travel Stats 2007, LA Inc. The Los Angeles Convention and Visitors Bureau, February 2008.

Profile, Volume & Spending Impacts, 2013 Tournament of Roses Parade and Bowl Attendees, LATCB, August 2013.

U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Price Index - All Urban Consumers, Los Angeles-Riverside-Orange County, CA, 2007 - Nov 2017" (<https://www.bls.gov/data/>).

## **TABLE 3**

**TABLE 3**  
**ALTERNATIVE CALCULATION OF TOTAL EXPENDITURES BY VISITORS**  
**ASSOCIATED WITH NBA ALL-STAR 2018**  
**LOS ANGELES COUNTY**

1. Estimated number of attendees drawn to NBA All-Star 2018 <sup>1</sup>	110,000
2. One-third of attendees are "out-of-town" visitors <sup>2</sup>	0.333
<b>3. Visitors drawn to NBA All-Star 2018 (Line 1 x Line 2)</b>	<b>36,667</b>
4. Two people per hotel room	2
5. Three night stay on average	3
<b>6. Incremental room nights for visitors (Line 3 / Line 4 x Line 5)</b>	<b>55,000</b>
7. Average daily room rate for NBA contracted rooms <sup>3</sup>	\$304
<b>8. Visitor spending on accommodations (Line 6 x Line 7)</b>	<b>\$16,720,000</b>
9. Estimated proportion of visitor expenditures on lodging <sup>4</sup>	29%
<b>10. Total expenditures by visitors associated with NBA All-Star 2018 (Line 8 / Line 9)</b>	<b>\$57,655,172</b>

Notes/Source: <sup>1</sup> Based on number of attendees in 2011. See "L.A. on course to host record number of visitors," Los Angeles Times, November 23, 2011.

<sup>2</sup> The NBA estimates that approximately 70 percent of attendees to the Staples Center events on Saturday and Sunday are out-of-town visitors, and that percentage drops to about 20 percent for other NBA All-Star events at secondary locations such as the Los Angeles Convention Center.

<sup>3</sup> NBA All-Star Game 2018, Totals and Peak, Hotel Data from Los Angeles Sports & Entertainment Commission.

<sup>4</sup> Approximately 29 percent of total visitor spending is on lodging, based on figures published by a 2007 analysis on Los Angeles travelers and a 2013 profile of the Tournament of Roses in Pasadena. See: LA Travel Stats 2007, LA Inc. The Los Angeles Convention and Visitors Bureau, February 2008, p. 4; and Profile, Volume & Spending Impacts, 2013 Tournament of Roses Parade and Bowl Attendees, LATCB, August 2013, pp. 27-28.