

APPENDIX K

ORANGE COUNTY IDA KPMG STUDY

ORANGE COUNTY OFFICE OF REAL PROPERTY, PROPERTY
VALUE IMPACT ANALYSIS

LEGOLAND FLORIDA RESORT ECONOMIC IMPACT ANALYSIS



LEGOLAND Project Economic Impact Review *Final Report*

Prepared for the Orange County IDA

February, 2017



Disclaimer

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Contents

1. Table of Contents
2. Executive Summary
3. Project Objectives & Approach
4. Property Tax / PILOT Payments
5. Other Payments & Fees
6. Employment Impacts
7. Procurement Practices



Executive summary

Executive Summary (1 of 7)

Project Objectives

KPMG LLP (KPMG) was engaged by the Orange County Industrial Development Agency (IDA) to undertake a review of the projected economic impact of the proposed LEGOLAND project in Goshen NY. KPMG undertook the following tasks:

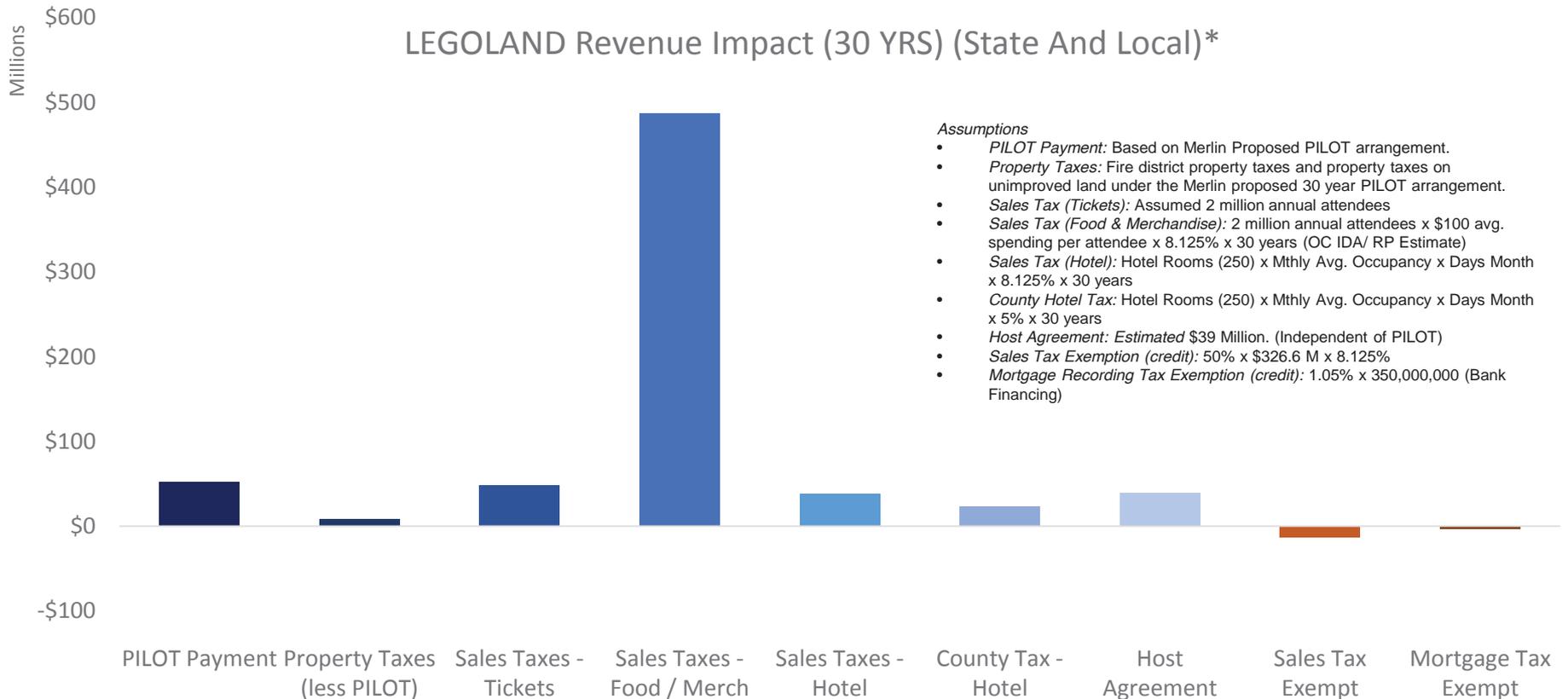
- Compared alternate PILOT payment proposals
- Reviewed and analyzed assumptions provided or used by Merlin Entertainments Group US Holdings, Inc. (Merlin)

Findings

- Merlin's proposed 30 year PILOT arrangement generates approximately \$61 million in PILOT and property tax payments over a 30 year period.
- IDA modeled 20 year PILOT arrangements generate approximately \$87 million in PILOT and property tax payments over a 30 year period.
- Operating assumptions provided by Merlin appear reasonable when compared to LEGOLAND FL and CA properties.
- Sales tax revenues to Orange County are significant and depend on park attendance, average visitor spending, and hotel occupancy.

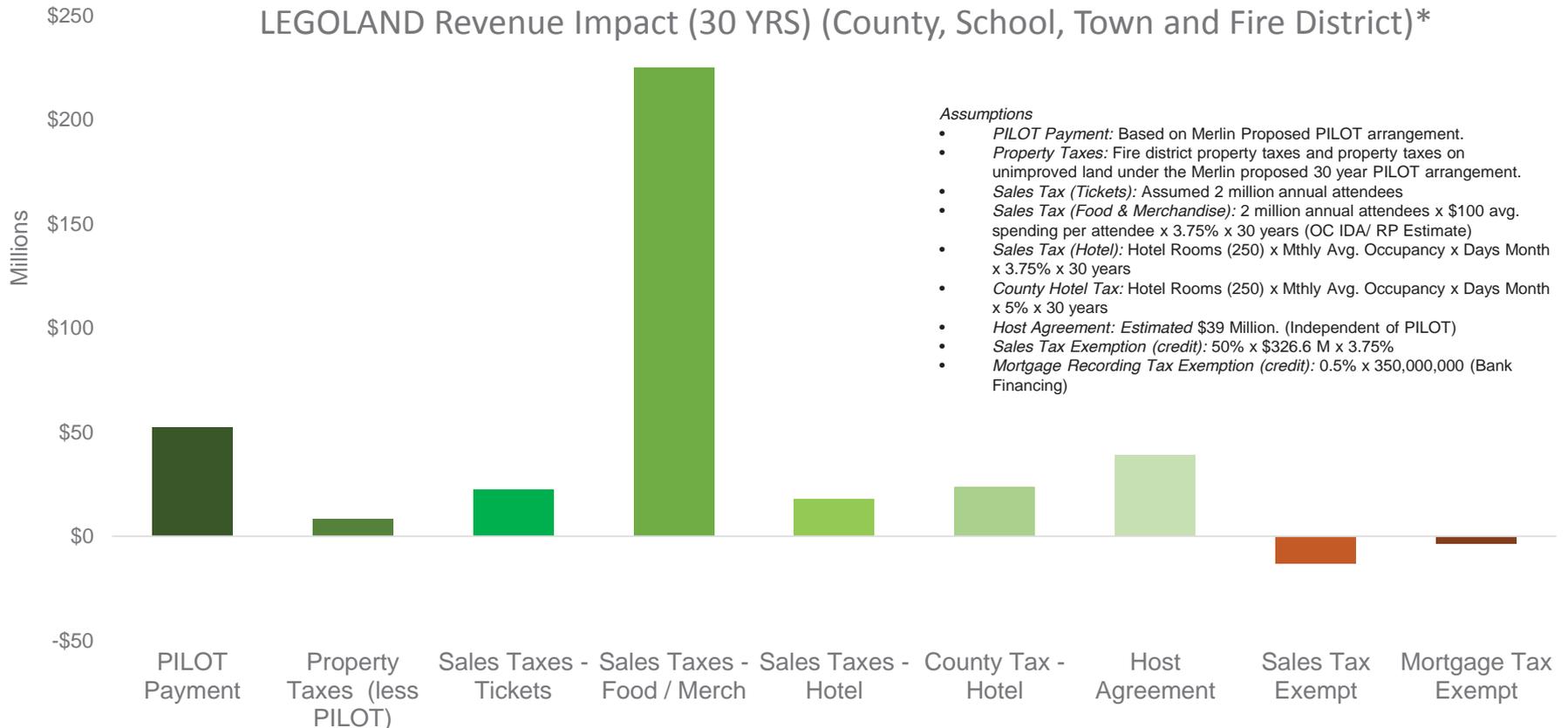
Executive Summary (2 of 7)

The IDA asked KPMG to analyze the projected tax and other payments from the proposed LEGOLAND project. Based on the information provided, multiple revenue impacts were calculated over a 30 year period.



Executive Summary (3 of 7)

The IDA asked KPMG to analyze the projected tax and other payments from the proposed LEGOLAND project. Based on the information provided, multiple revenue impacts were calculated over a 30 year period. This chart below excludes payments to the State of NY and the MTA share of sales tax.



Executive Summary (4 of 7)

KPMG was asked by the IDA to compare the revenues associated with Merlin's proposed 30 year PILOT and other PILOT scenarios developed by the IDA. The revenues to the county, townships, school and fire districts as well as the tax savings benefit to LEGOLAND are shown below.

Total PILOT / Property Tax Revenue (30 YRS) (Millions)



Executive Summary (5 of 7)

KPMG was asked by the IDA to compare the tax benefit accruing to LEGOLAND NY from a sales tax exemption and mortgage recording tax (MRT) exemption as well as the alternative PILOT agreement options. Based on the information provided to KPMG, the reduction in payments or benefit to LEGOLAND NY are calculated below.

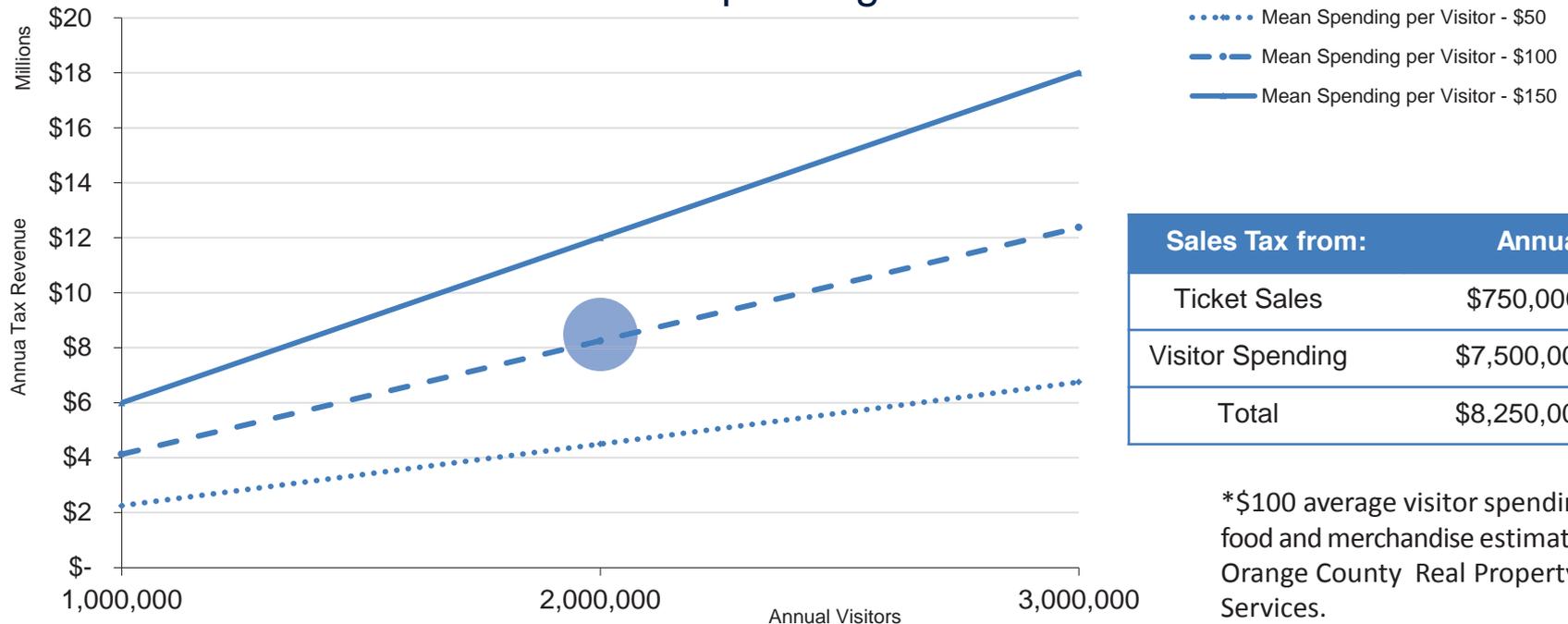
LEGOLAND Tax Benefit by Jurisdiction

Total Payments (30 Years No Discounting)	Total Legoland Benefit	State of NY	Orange County	Town of Goshen	Town of Chester	Goshen School	Chester School	Goshen Fire	Chester Fire	MTA
Sales Tax Exemption	\$13,268,125	\$ 6,532,000	\$ 6,123,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 612,375
MRT Exemption	\$ 1,750,000	\$ 1,750,000	\$ 1,050,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 875,000
Total Non-PILOT Tax Exemption	\$15,018,125	\$ 8,282,000	\$ 7,173,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,487,375
Merlin 30y Adjusted	\$64,821,430	\$ -	\$ 8,219,635	\$ 9,012,557	\$ -	\$ 47,580,882	\$ 8,356	\$ -	\$ -	\$ -
20 Year IDA PILOT	\$37,163,857	\$ -	\$ 4,616,584	\$ 5,223,818	\$ -	\$ 27,256,460	\$ 66,994	\$ -	\$ -	\$ -

Executive Summary (6 of 7)

KPMG modeled the impact on Sales Tax Revenue from Tickets, Food and Merchandise sales. The base case assumption of 2 million annual visitors and \$100 average visitor spending on food and merchandise generates \$8.25 million to Orange County each year.* Depending on assumptions of attendance and average spending per visitor, this estimated tax revenue can range from \$2.25 to \$18 million.

Orange County Sales Tax Revenue on Tickets & Visitor Spending*



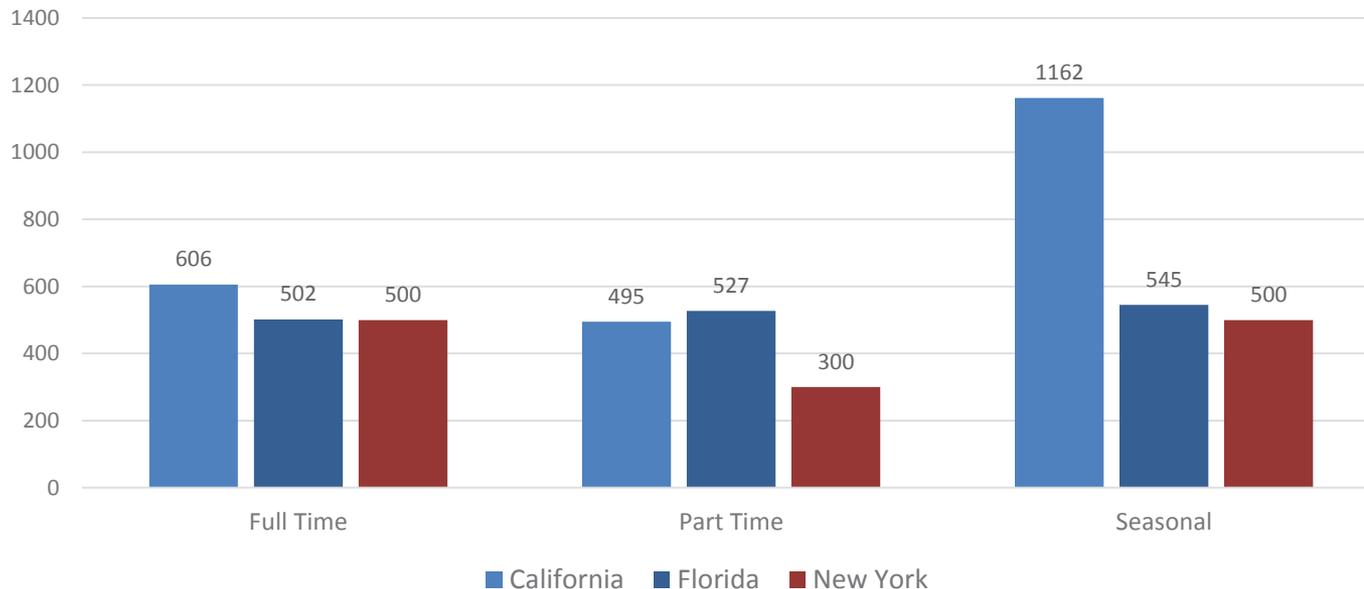
Sales Tax from:	Annual
Ticket Sales	\$750,000
Visitor Spending	\$7,500,000
Total	\$8,250,000

*\$100 average visitor spending on food and merchandise estimated by Orange County Real Property Tax Services.

Executive Summary (7 of 7)

1. LEGOLAND NY is expected to employ 500 Full time, 300 part time and 500 seasonal workers. This is broadly consistent with employment count at other LEGOLAND locations.
2. KPMG estimates an annual LEGOLAND payroll and benefits of approximately \$46 million
3. Merlin has stated that 1,290 of 1,300 positions will be from the local Labor Market Area.
4. It is reasonable to expect that to a certain degree, the total number of actual attendees will impact overall employment at the park.

Employment Type Count by LEGOLAND Location





Project Objectives & Approach

Objectives & Approach

KPMG LLP (KPMG) was engaged by the Orange County Industrial Development Agency to undertake a review of the projected economic impact of the proposed LEGOLAND project in Goshen NY.

As part of this project, KPMG reviewed information provided to the IDA by the Merlin Entertainments Group US Inc. (Merlin) for the proposed LEGOLAND NY project. KPMG performed analysis, designed to review the following areas:

- Project Assumptions
- Tax Revenue Impacts
- Employment Impacts

KPMG undertook the following tasks:

- Compared alternate PILOT payment proposals
 - Modeled Revenues over 30 year period
- Reviewed and analyzed assumptions provided or used by Merlin
 - Compared assumptions to FL/CA parks
 - Performed Sensitivity Analysis



Property Tax / PILOT Payments

Property Tax / PILOT Payments

The proposed LEGOLAND NY development without a PILOT in place would be subject to property tax payments to Orange County, the Town of Goshen and Goshen School District, Goshen Fire District, Chester School District and the Chester Fire District.

Merlin requested in its application, a 30 year Payment in Lieu of Tax (PILOT) arrangement with Orange County.¹ This PILOT arrangement would apply to value of improvements only. The underlying land value would be subject to normal property tax payments.

In response, the Orange County IDA has developed its own 20 year PILOT arrangement.² This section compares these two PILOT arrangements against each other and against a no PILOT scenario.

The descriptions of each PILOT payments are provided on the following pages:

1. Merlin 30 YR PILOT (Revised to match IDA assumptions)
2. IDA 20 YR PILOT
3. IDA No PILOT

Property Tax / PILOT: Relevant Assumptions

Assumption	Value	Source
County Rate - Property Tax	0.59810%	Provided by OC IDA (OC Real Property Tax Services)
Goshen Town Rate - Property Tax	0.67677%	Provided by OC IDA (OC Real Property Tax Services)
Goshen School - Property Tax	3.53991%	Provided by OC IDA (OC Real Property Tax Services)
Chester School - Property Tax	3.52602%	Provided by OC IDA (OC Real Property Tax Services)
Goshen Fire District - Property Tax	0.22993%	Provided by OC IDA (OC Real Property Tax Services)
Chester Fire District - Property Tax	0.14411%	Provided by OC IDA (OC Real Property Tax Services)

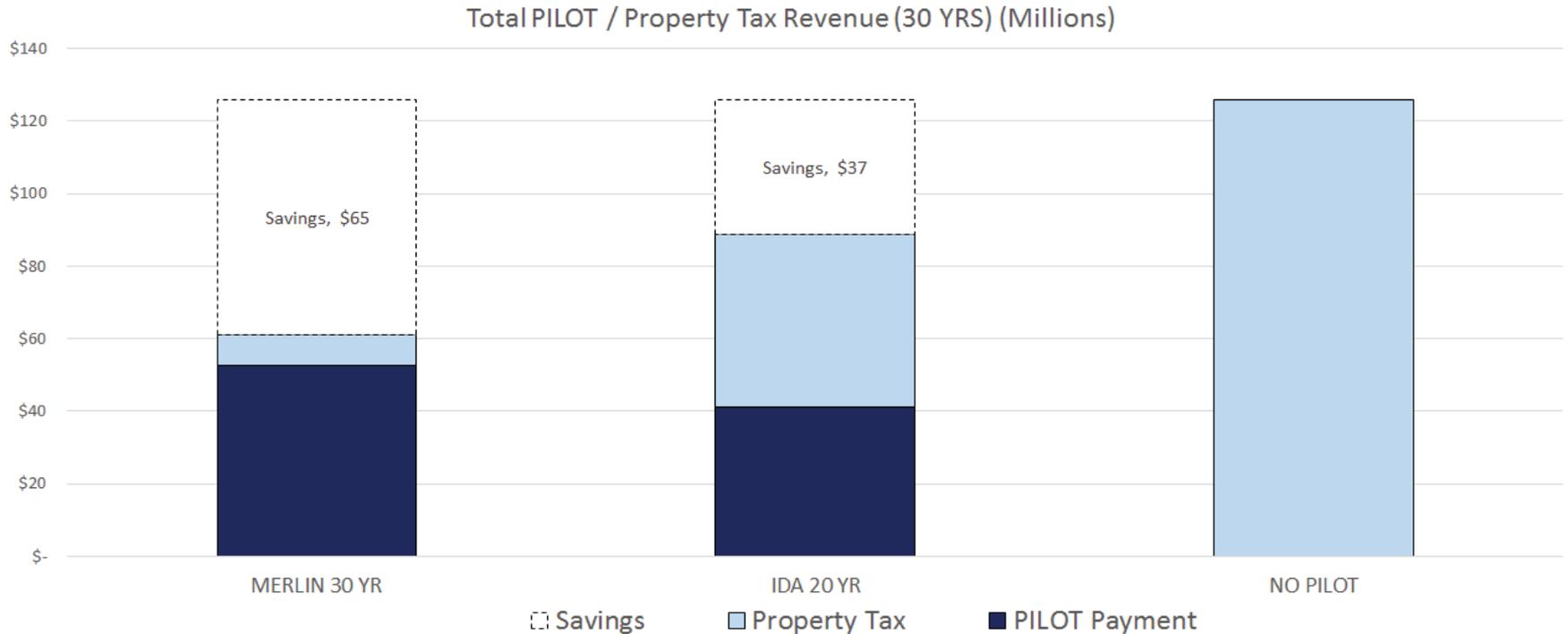
Assumption	Value	Source
County Apportionment	12.1%	Provided by OC IDA (OC Real Property Tax Services)
Town Apportionment	14.2%	Provided by OC IDA (OC Real Property Tax Services)
School Apportionment	73.7%	Provided by OC IDA (OC Real Property Tax Services)

Property Tax / PILOT: Relevant Assumptions

Assumption	Value	Source
Construction Years	2	Provided by Merlin. Confirmed with OC IDA.
Assessed Land Value	\$1,590,200	Provided by OC IDA (OC Real Property Tax Services)
Assessed Land Value w/o Ag Exemption	\$1,767,947	Provided by OC IDA ((OC Real Property Tax Services). Contained in file <i>Removal of Agricultural Exemption on 11-1-46 (+45,671) & 15-1-59 (+132,076)</i>
Chester Land Parcel	\$226,500	Provided by OC Real Property Tax Services - Goshen 11-1-49.2 is located completely in the Chester School District. Calculation used for Chester Schools: land value = 226,500 + 200,000 for improvements.
Improvements Value (IDA Proposed)	\$81,250,000	Provided by OC IDA (OC Real Property Tax Services) 650,000 sq.ft @ \$125/sf = \$81,250,000.
Improvements Value (Merlin Proposed)	\$97,500,000	Proposed by Merlin in initial 30YR (pre-adjustment) PILOT.
Assessed Total Property Value IDA (Land & Improvements)	\$83,000,000	Provided by OC Real Property Tax Services via IDA (Land value plus Improvements)

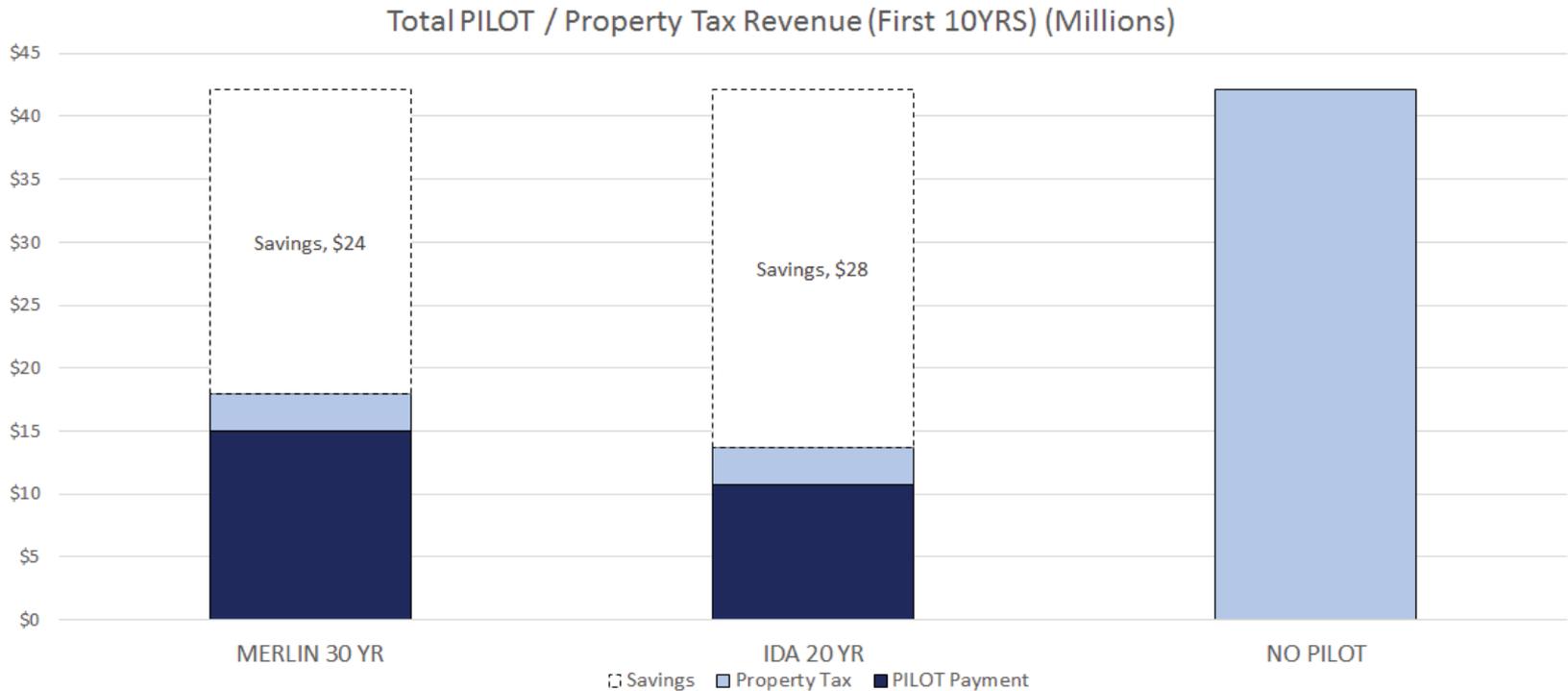
Property Tax / PILOT: Total Payments over 30 Years

KPMG modeled the PILOT arrangement proposed by Merlin as well as the 'No PILOT' scenario, and the 20 year IDA proposed PILOT arrangement. The chart below includes County, Town, School and Fire District revenues. Savings benefit vs. the no-PILOT are also shown.

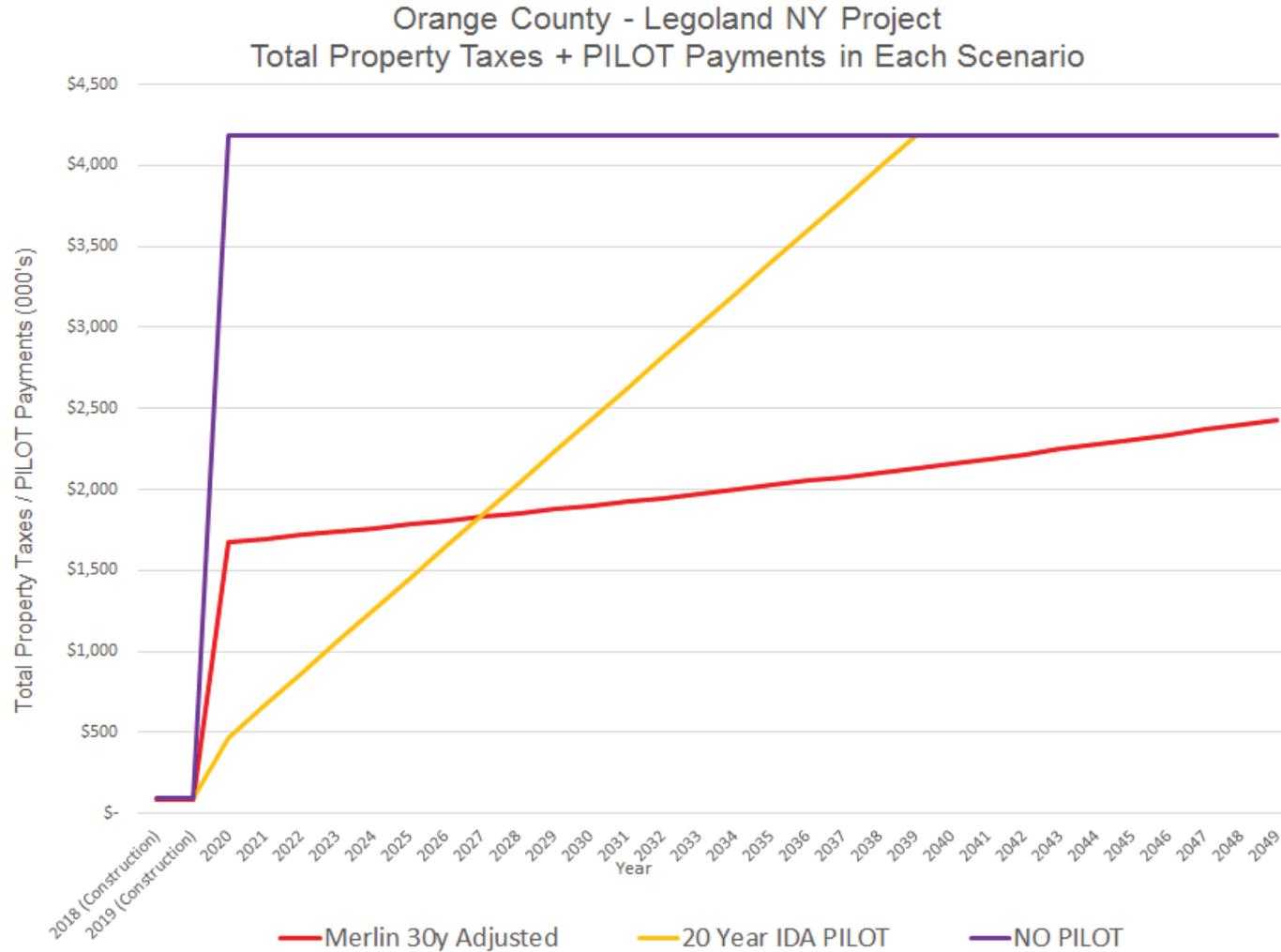


Property Tax / PILOT: Total Payments- First 10 Years

KPMG modeled the PILOT arrangement proposed by Merlin as well as the 'No PILOT' scenario, and the 20 year IDA proposed PILOT arrangement. The chart below includes County, Town, School and Fire District revenues. Savings benefit vs. the no-PILOT are also shown.

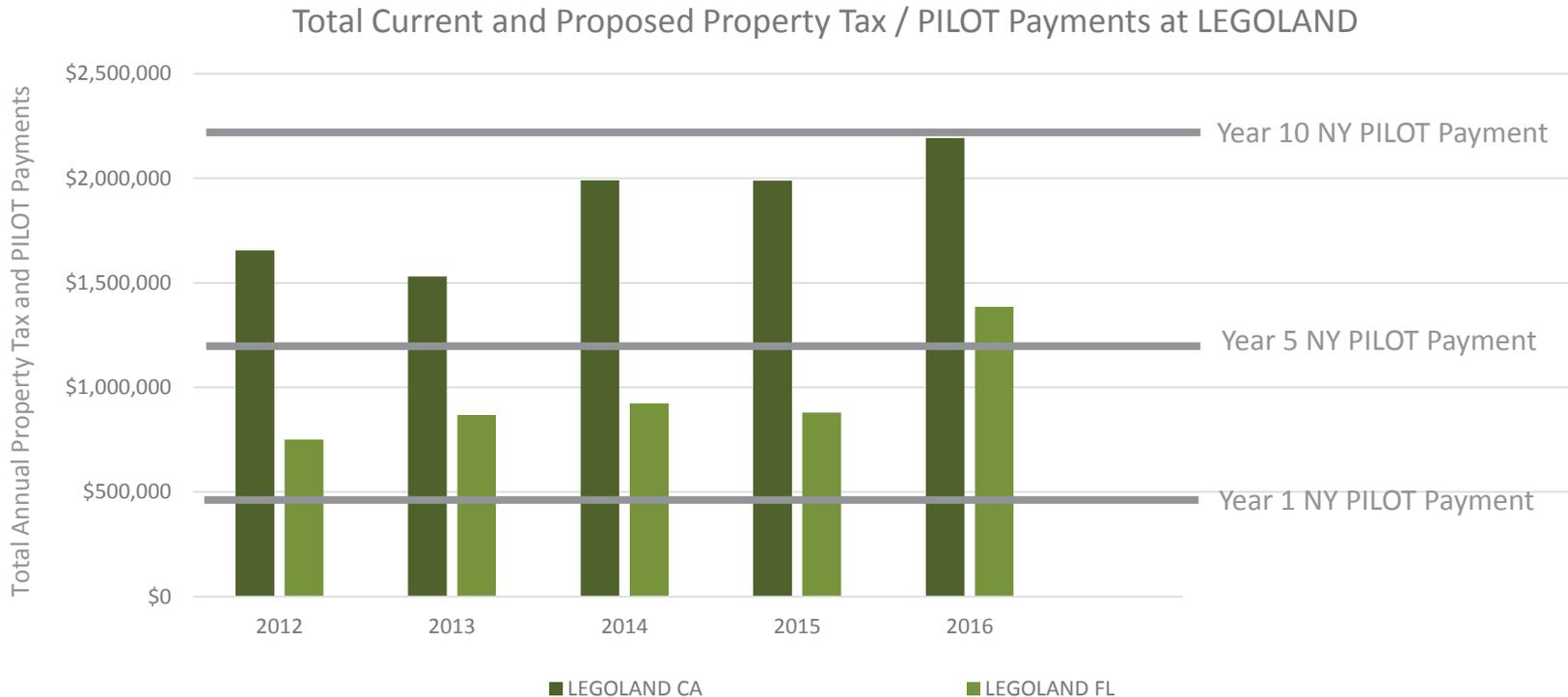


Property Tax / PILOT: Payments over Time



LEGOLAND CA & FL Comparison (Property Tax)

The IDA asked KPMG to compare the proposed property tax and PILOT payments to be made by LEGOLAND NY against property tax payments made by LEGOLAND parks in CA and FL. While each park has different land area and value, the proposed payment schedule sees payments under the 20yr PILOT approximate 2016 payments for LEGOLAND's FL location within 5 years and CA location within 10 years.



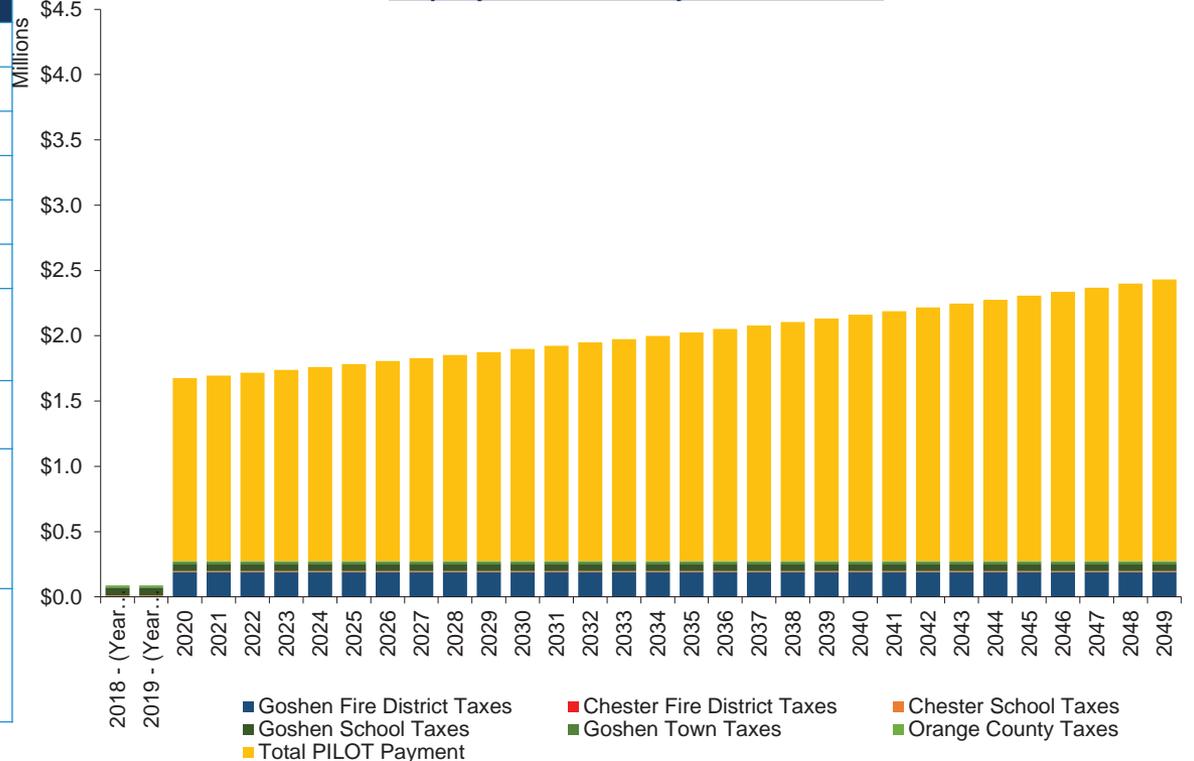
MERLIN 30YR Proposed

LEGOLAND Tax Payments – Merlin 30YR (Adjusted) PILOT

Total Payments (30 Years No Discounting)	Total Legoland Payment	State of NY	Orange County	Town of Goshen	Town of Chester	Goshen School	Chester School	Goshen Fire	Chester Fire	MTA
PILOT Payment	\$ 52,554,154	\$ -	\$ 6,359,053	\$ 7,483,712	\$ -	\$ 38,508,185	\$ 203,205	\$ -	\$ -	\$ -
Property Tax - Fire	\$ 5,733,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,731,138	\$ 2,089	\$ -
Property Tax - School	\$ 1,981,345	\$ -	\$ -	\$ -	\$ -	\$ 1,725,779	\$ 255,566	\$ -	\$ -	\$ -
Property Tax - Town	\$ 378,991	\$ -	\$ -	\$ 378,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - County	\$ 334,936	\$ -	\$ 334,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - Total	\$ 60,982,653	\$ -	\$ 6,693,989	\$ 7,862,703	\$ -	\$ 40,233,964	\$ 458,771	\$ 5,731,138	\$ 2,089	\$ -

Scenario	Description
Name	Merlin Proposal – 30 Year PILOT
Source	Merlin Entertainments Group US Inc.
Const. Period	2 Years
Time Period	30 Years
Initial Payment	\$1.4MM
Payment Growth	1.5% p.a.
Land Value	\$1,590,000. Revised to \$1,750,000 to match IDA, taking into account the loss of agricultural status for some parcels
Value of Improvements	\$97,500,000 Revised to \$81,250,000 to match IDA
Other Property Taxes	-LEGOLAND pays fire district taxes on total assessed value of property, which remains constant -LEGOLAND pays county, town and school taxes based initial land assessment, which also remains constant
Notes	-Tax allocation corrected for Chester parcels -The initial assessed value and the value of improvements for all properties kept <i>constant over the 30 years</i> of the PILOT based on IDA assumptions

Property Tax & PILOT Payments Over Time



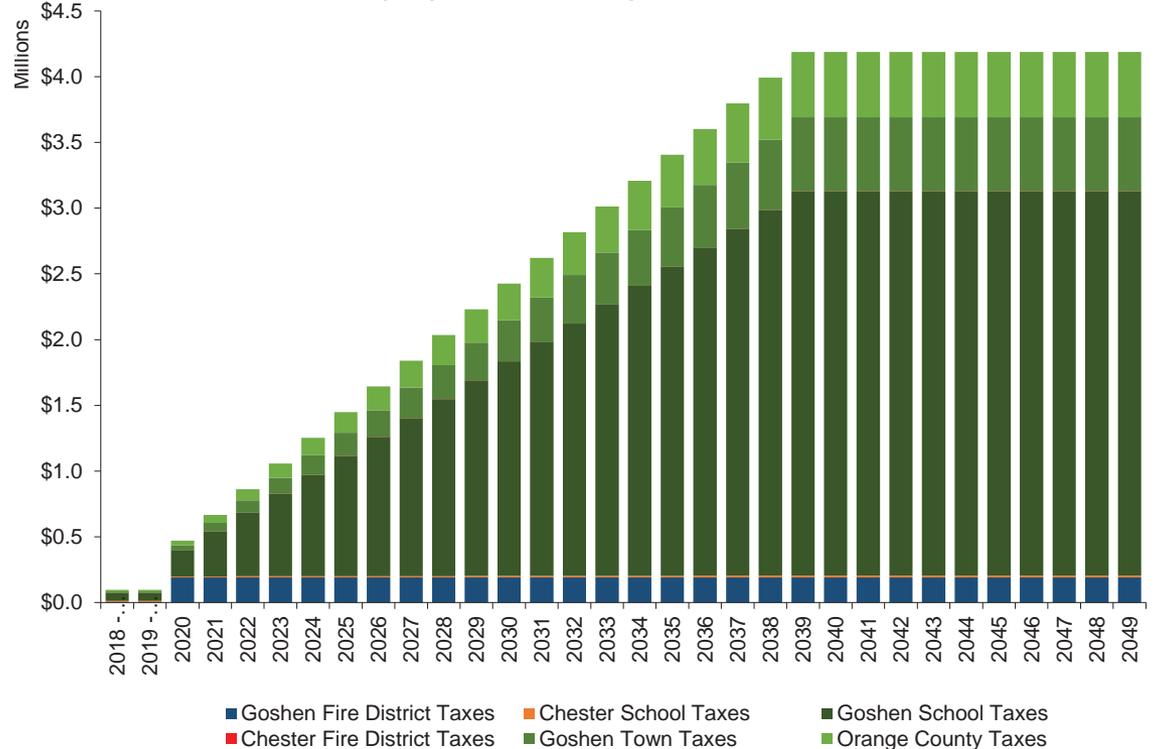
IDA 20YR Proposed

LEGOLAND Tax Payments – 20YR PILOT

Total Payments (30 Years No Discounting)	Total Legoland Payment	State of NY	Orange County	Town of Goshen	Town of Chester	Goshen School	Chester School	Goshen Fire	Chester Fire	MTA
PILOT Payment	\$ 41,001,795	\$ -	\$ 5,102,541	\$ 5,773,694	\$ -	\$ 30,125,561	\$ -	\$ -	\$ -	\$ -
Property Tax - Fire	\$ 5,733,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,731,138	\$ 2,089	\$ -
Property Tax - School	\$ 30,832,958	\$ -	\$ -	\$ -	\$ -	\$ 30,432,825	\$ 400,132	\$ -	\$ -	\$ -
Property Tax - Town	\$ 5,877,747	\$ -	\$ -	\$ 5,877,747	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - County	\$ 5,194,499	\$ -	\$ 5,194,499	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - Total	\$ 88,640,226	\$ -	\$ 10,297,039	\$ 11,651,442	\$ -	\$ 60,558,386	\$ 400,132	\$ 5,731,138	\$ 2,089	\$ -

Scenario	Description
Name	OC IDA – 20 Year PILOT
Source	IDA
Const. Period	2 Years
Time Period	30 Years
Initial Payment	5% of estimated property tax payment
Payment Growth	Increasing 5% of estimated property tax payment
Land Value	\$1,750,000
Value of Improvements	\$81,250,000
Other Property Taxes	-LEGOLAND pays fire district taxes on <i>total assessed value</i> of property -School and fire taxes are paid to the town of Chester in proportion to the value of the parcel in their jurisdiction
Notes	-The initial assessed value and the value of improvements for all properties kept <i>constant over the 32 years</i> based on IDA assumptions -In year 22 LEGOLAND is paying all taxes based on 100% of total assessed value of the property

Property Tax & PILOT Payments Over Time



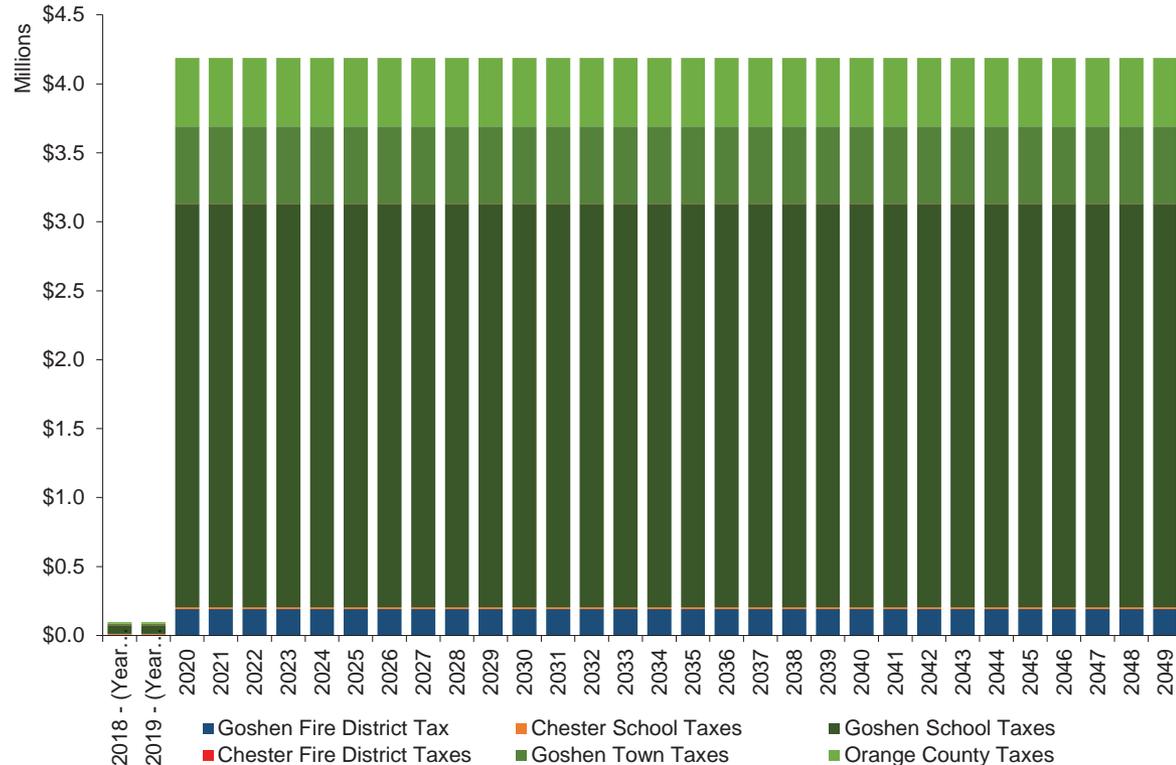
NO PILOT

LEGOLAND Tax Payments – No PILOT

Total Payments (30 Years No Discounting)	Total Legoland Payment	State of NY	Orange County	Town of Goshen	Town of Chester	Goshen School	Chester School	Goshen Fire	Chester Fire	MTA
PILOT Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - Fire	\$ 5,733,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,731,138	\$ 2,089	\$ -
Property Tax - School	\$ 88,281,973	\$ -	\$ -	\$ -	\$ -	\$ 87,814,846	\$ 467,127	\$ -	\$ -	\$ -
Property Tax - Town	\$ 16,875,260	\$ -	\$ -	\$ 16,875,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - County	\$ 14,913,624	\$ -	\$ 14,913,624	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Tax - Total	\$ 125,804,083	\$ -	\$ 14,913,624	\$ 16,875,260	\$ -	\$ 87,814,846	\$ 467,127	\$ 5,731,138	\$ 2,089	\$ -

Scenario	Description
Name	OC IDA – No PILOT
Source	IDA
Const. Period	2 Years
Time Period	30 Years
Initial Payment	100% of estimated property tax payment
Payment Growth	Constant
Land Value	\$1,750,000
Value of Improvements	\$81,250,000
Other Property Taxes	LEGOLAND all taxes on <i>total assessed value</i> of property Taxes
Notes	-The initial assessed value and the value of improvements for all properties kept <i>constant over the 32 years</i>

Property Tax & PILOT Payments Over Time





Other Taxes & Payments

Other Taxes & Payments

In addition to property taxes and PILOT payments, the OC IDA asked KPMG to analyze the other payments to Orange County, as well as the State and other local entities.

The proposed LEGOLAND NY development will be subject to sales tax on ticket sales, food and merchandise sales and hotel sales. These payments will be split between the State of New York, Orange County and the MTA. In addition, the proposed hotel at LEGOLAND NY will be subject to a County Hotel Tax.

Merlin has not requested and the IDA has not suggested any change to the Sales Tax arrangement in place. (Merlin has requested a Sale Tax Exemption on initial construction which is addressed later in this report.)

Other Taxes & Payments: Relevant Assumptions

Assumption	Value	Payments Impact	KPMG Comment
Attendance	2 Million (1.5M – 2.5M range)	Food & Merchandise Taxes, Ticket Taxes, Goshen Host Agreement	Public Hearing Presentation. Falls within the range of attendance at LEGOLAND FL and CA parks.

Assumption	Value	Payments Impact	KPMG Comment
New York State Sales Tax	4.00%	Food & Merchandise & Hotel Taxes	Orange County Website
Orange County Sales Tax	3.75%	Food & Merchandise Taxes, Ticket Taxes & Hotel	Orange County Website
MTA Sales Tax	.375%	Food & Merchandise Taxes & Hotel Taxes	Orange County Website
Amusement Park Ticket Sales Tax	Sales Tax on 25% of ticket value	Ticket Taxes	<i>New York Tax Bulletin ST-30 (TB-ST-30)</i>
Orange County Hotel Tax	5.00%	Hotel Room Rental Taxes	Orange County Website

Other Taxes & Payments: Overview

Under the base case assumptions, Orange County will receive approximately \$283 million over thirty years from its share of Sales Tax on tickets, food and merchandise, and lodging, in addition to the County Hotel Tax.

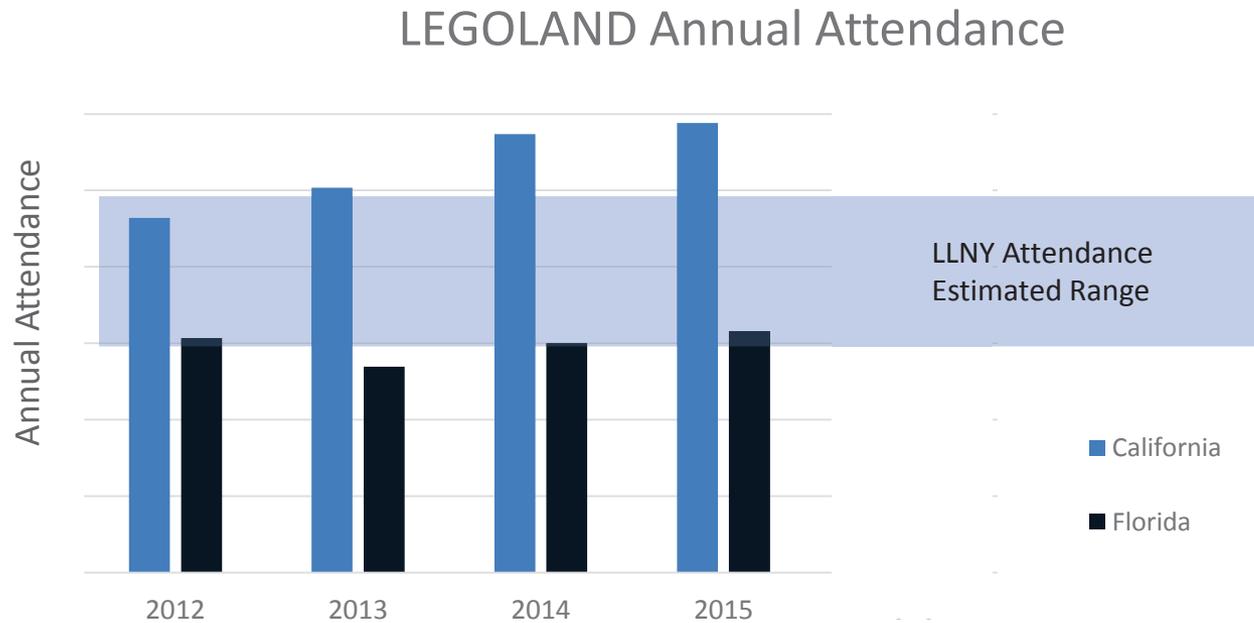
Legoland Non-Property Tax Payments

Total Payments (30 Years No Discounting)	Total Legoland Payment	State of NY	Orange County	Town of Goshen	MTA
State Sales Tax - Tickets	\$ 24,000,000	\$ 24,000,000	\$ -	\$ -	\$ -
County Sales Tax - Tickets	\$ 22,500,000	\$ -	\$ 22,500,000	\$ -	\$ -
MTA Sales Tax - Tickets	\$ 2,250,000	\$ -	\$ -	\$ -	\$ 2,250,000
State Sales Tax - Food & Merchandise	\$ 240,000,000	\$ 240,000,000	\$ -	\$ -	\$ -
County Sales Tax - Food & Merchandise	\$ 225,000,000	\$ -	\$ 225,000,000	\$ -	\$ -
MTA Sales Tax - Food & Merchandise	\$ 22,500,000	\$ -	\$ -	\$ -	\$ 22,500,000
State Sales Tax - Hotel	\$ 18,982,816	\$ 18,982,816	\$ -	\$ -	\$ -
County Sales Tax - Hotel	\$ 17,796,390	\$ -	\$ 17,796,390	\$ -	\$ -
MTA Sales Tax - Hotel	\$ 1,779,639	\$ -	\$ -	\$ -	\$ 1,779,639
County Hotel Tax - Hotel	\$ 23,728,520	\$ -	\$ 23,728,520	\$ -	\$ -
Host Agreement with Goshen	\$ 39,000,000	\$ -	\$ -	\$ 39,000,000	\$ -
Sales Tax Exemption	\$ (13,268,125)	\$ (6,532,000)	\$ (6,123,750)	\$ -	\$ (612,375)
Mortgage Tax Exemption	\$ (3,675,000)	\$ (3,675,000)	\$ -	\$ -	\$ -
Non Property - Total	\$ 620,594,239	\$ 272,775,816	\$ 282,901,159	\$ 39,000,000	\$ 25,917,264

*Note that throughout the document, projected values are neither adjusted for inflation nor discounted to present value.

LEGOLAND CA & FL Comparison (Attendance)

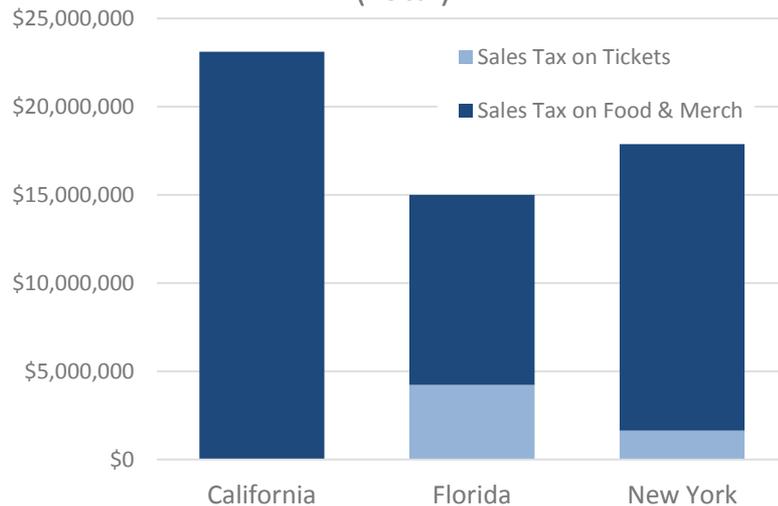
Projected attendance at LEGOLAND NY of 1.5-2.5 million annual visitors falls within the range of the two LEGOLAND parks operating in Florida and California.



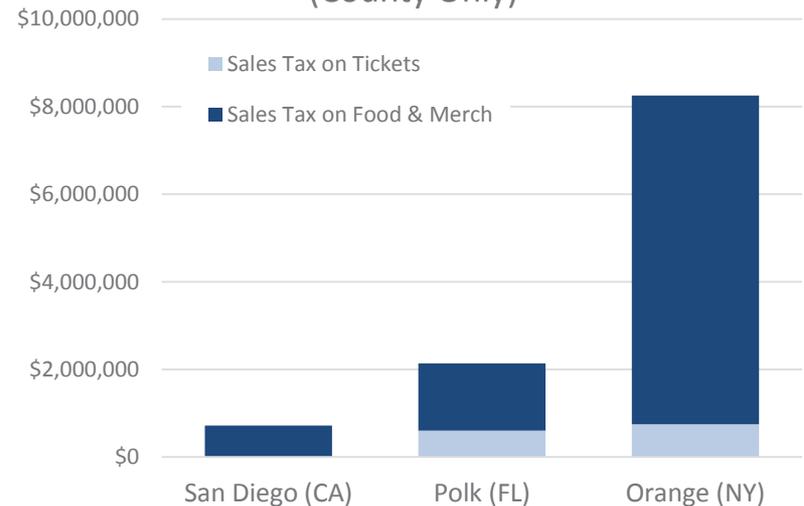
LEGOLAND CA & FL Comparison (Sales Tax)

KPMG compared the projected sales tax revenues associated with LEGOLAND NY against derived historical values for the CA and FL locations. The amount flowing to Orange County exceeds San Diego County (CA) and Polk County (FL) substantially despite projected attendance at LEGOLAND NY 1/3 less than the CA location.

LEGOLAND Annual Sales Tax Payments
(Total)



LEGOLAND Annual Sales Tax Payments
(County Only)



Notes:

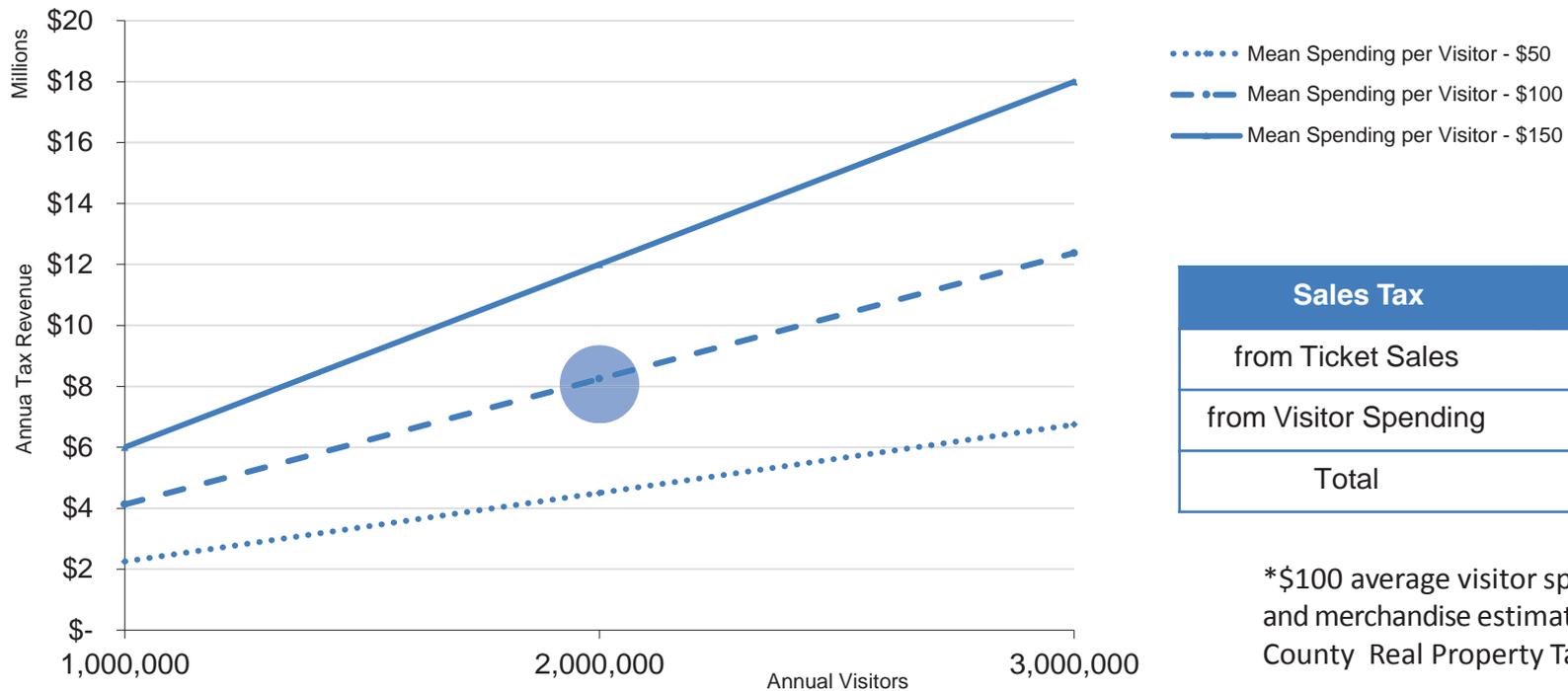
- Values derived from 2015 attendance figures and projected NY attendees
- California does not apply sales tax on ticket sales.
- New York sales tax applies to 25% of ticket value.
- Other Sales Tax (CA 'Special Tax' and NY MTA Tax).

Park Location	CA	FL	NY
State Sales Tax	6.25%	6.00%	4.00%
County Sales Tax	0.25%	1%	3.75%
Other Sales Tax	1.5%	0%	0.375%

Projected County Sales Tax Revenue

KPMG modeled the impact on Sales Tax Revenue from Tickets, Food and Merchandise sales. The base case assumption of 2 million annual visitors and \$100 average visitor spending on food and merchandise generates \$8.25 million to Orange County each per year. Depending on assumptions of attendance and average spending per visitor this estimated tax revenue can range from \$2.25 to \$18 million.

County Sales Tax Revenue on Tickets & Visitor Spending*



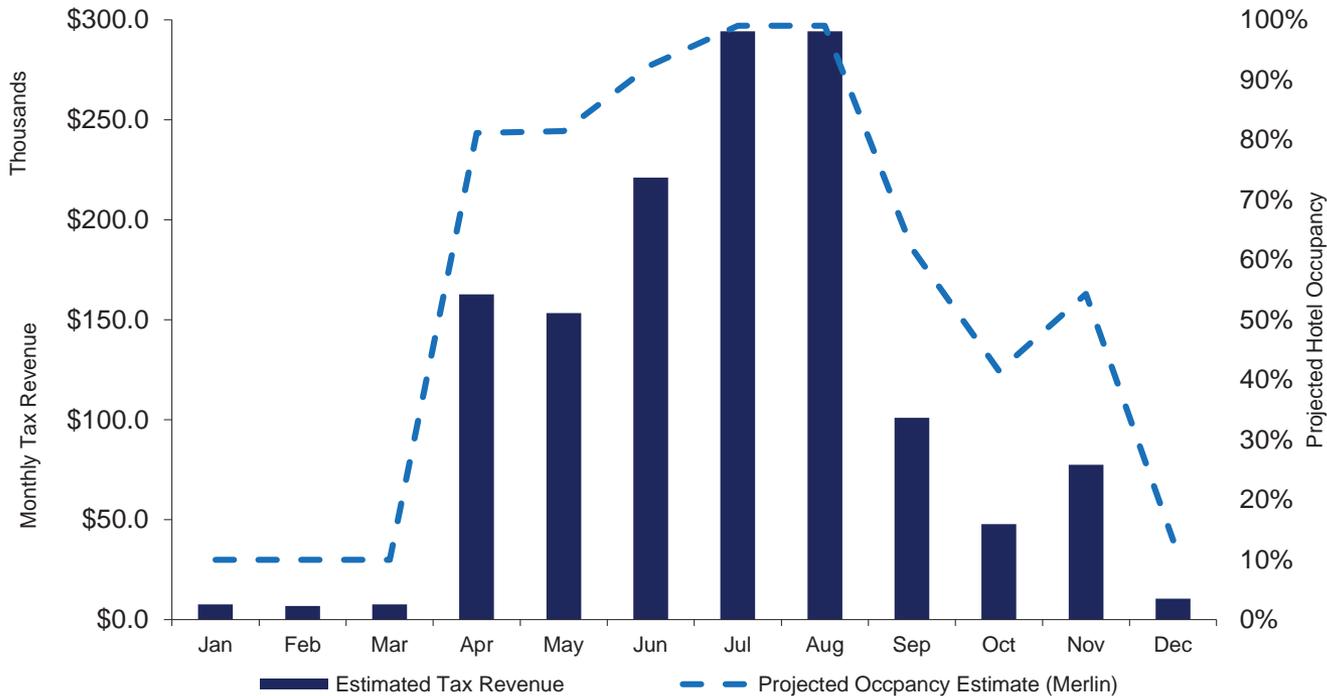
Sales Tax	Annual
from Ticket Sales	\$750,000
from Visitor Spending	\$7,500,000
Total	\$8,250,000

*\$100 average visitor spending on food and merchandise estimated by Orange County Real Property Tax Services.

Projected County Hotel Tax Revenue

According to Merlin, LEGOLAND NY will be open from approximately early April to the end of October each year. This correlates with Merlin's projected occupancy at LEGOLAND hotels and average room rate.

Monthly Hotel Occupancy and Tax Revenue to Orange County (Projected)



Hotel Rooms	
	250
Tax on Hotel Rooms	
State Sales Tax	4.00%
MTA Sales Tax	0.375%
County Sales Tax	3.75%
County Hotel Tax	5.00%
Total	13.25%



Employment Impacts

Employment Analysis Overview

The IDA asked KPMG to analyze the statements made by Merlin regarding the employment impact of LEGOLAND NY on the county. To do so, KPMG reviewed

- LEGOLAND NY Employment Expectations
- LEGLOLAND CA & FL Employment Data
- Sample LEGOLAND NY Job Descriptions
- New York State Minimum Wage
- BLS wage data for Orange County

Findings:

1. LEGOLAND NY is expected to employ 500 Full time, 300 part time and 500 seasonal workers. This is broadly consistent with employment count at other LEGOLAND locations.
2. KPMG estimates an annual LEGOLAND payroll and benefits of approximately \$46 million
3. Attendance at the NY park is projected between 1.5 million and 2.5 million visitors per year. It is reasonable to expect that to a certain degree, the total number of actual attendees will impact overall employment at the park.
4. LEGOLAND NY will open from April-October. For all or part of this period, seasonal workers will supplement the permanent workforce.

Employment Impact: Count

Merlin has stated its expectation that construction of LEGOLAND NY will generate 800 jobs for two years. In addition, Merlin has provided estimates of the ongoing jobs at the park. These are similar albeit lower than LEGOLAND Florida and California. Differences that can be explained by the larger size of the LEGOLAND California facility and possibly the shorter season of LEGOLAND NY.

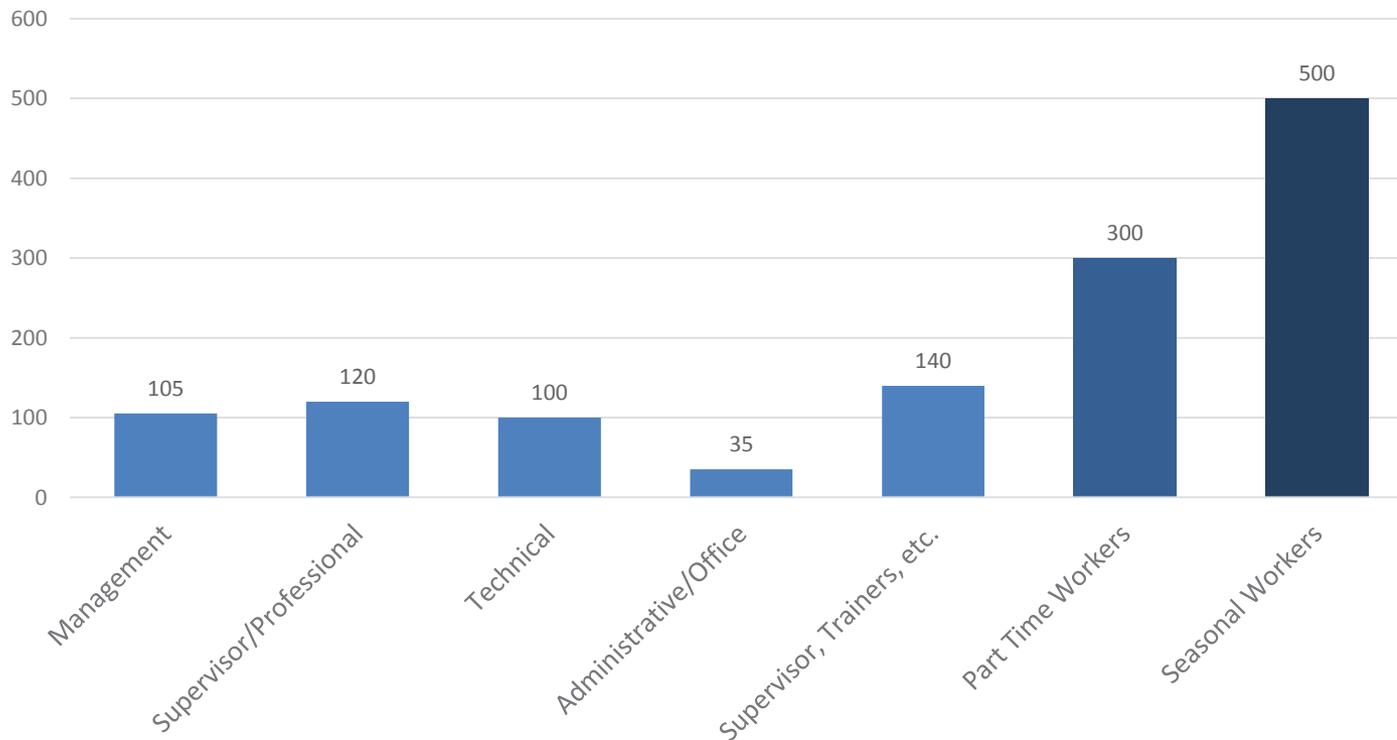
Employment Type Count by LEGOLAND Location



Employment Impact: Composition

In addition to total numbers of employees at LEGOLAND NY and its other parks, Merlin provided a breakdown of the expected full time jobs by job category. No comparable numbers for other parks were provided. The employee count is dominated by part time and seasonal workers.

LEGOLAND NY Projected Annual Workforce Composition



Employment Impact: Earnings

KPMG estimated an initial total payroll of approximately \$46 million per year based on the employee count and compensation values provided by Merlin. While LEGOLAND NY is projected to employ a proportionally large number of part time and seasonal workers, the relatively lower pay and number of hours worked make their share of total payroll small compared to the full time and more senior staff.

Position Description	Assumed Pay Category	Open Positions	Pay Category Annual Compensation	Benefits (% of Salary)	Total Estimated Compensation
Senior Management	Management	40	\$75,000-\$100,000	25%-40%	\$12,173,438
Management	Management	65			
Supervisor/Professional	Professional	120	\$50,000-\$90,000	25%-40%	\$20,405,000
Senior Technical	Professional	50			
Technical	Professional	50			
Administrative/Office	Administrative	35	\$40,000-\$70,000	25%-40%	\$2,550,625
Area Lead/Shift Supervisor	Production	45	\$15-\$20/hour	25%-40%	\$3,246,250
Trainers	Production	50			
Between	Production	45			
Part-Time	Part-Time	300	\$15/hour	N/A	\$4,680,000
Sesonal	Seasonal	500	\$12.5/hour	N/A	\$3,500,000
Total Annual		1300			\$ 46,555,313

Note: The categories provided by Merlin for open position count and compensation do not match exactly. The KPMG team has applied its judgment to match these in the table above.

Employment Impact: Benefits

Full time workers receive benefits at other LEGOLAND locations including medical, dental insurance. Merlin stated in its financial application that full time worker benefits account for between 25%-40% of base salary. This is in line with private sector average based on BLS estimates that in 2016, benefits account for 31.4% of total compensation.

The benefit package provided to part time and seasonal employees is more limited, and does not offer medical, dental insurance. Merlin offers 401K match to all employees subject to age and other requirements.

In addition, LEGOLAND NY employees will be entitled to other benefits, which include:

- Complimentary tickets for LEGOLAND NY
- Internal and external training programs for career development
- Complimentary admission for various other attractions in the local area
- Discounted meals in our staff food locations
- Discount of LEGO toys and retail merchandise
- Health wellness screening
- Access to 24hr Employee Assistance Program
- Discount on car rentals

<http://www.bls.gov/news.release/ecec.nr0.htm>

Employment Impact: Local Participation

Local Participation

Of the 1,300 ongoing jobs at LEGOLAND NY, Merlin has stated its expectation that 1290 will come from residents of the Labor Market Area including all of the Part Time employees and 490 of the 500 full time employees. KPMG has not reviewed whether the regional labor market can provide skilled labor for management and technical positions which account for the majority of the full time workforce.

Low Skill Workforce

A large proportion of LEGOLAND's workforce requirement appears to be low skilled, including much of its part-time and seasonal workforce. Merlin provided job descriptions for various positions at LEGOLAND NY. These included jobs for which no formal education was required such as the 'Guest Services Associate' job description (from the California park) reproduced on the following page.

LEGOLAND stated in its application that "Front line customer service roles are generally paid at an hourly rate above minimum wage/market rate to attract quality staff." According to Merlin, the weighted average hourly pay of its seasonal workers is \$12/hour (\$2 higher than the 2016 CA minimum wage) and higher than New York's \$9/hour minimum wage (rising to \$12.50 by 2021 in non-NYC regions).

Local Resident Employment Opportunities

Position Title: Guest Service Associate – Rides & Attractions
Reports To: Guest Service Team Leads, Guest Service Area Lead, & Guest Service Supervisor – Rides & Attractions
Department: Operations – Rides & Attractions
Job Classification: Non-exempt (hourly)

Job Purpose: As a Model Citizen (employee) at LEGOLAND California Resort, your purpose is to provide memorable experiences to our guests. Guests travel from all around the world to make memories with their families and our job is to help those come to life. Each Model Citizen, regardless of which department they work in or which position they hold, is required to understand and focus on our main guest expectations, which are as follows:

- **Focus on Children** – Our key age demographic is children ages 2-12. Because of this, children are the primary reason anyone is visiting the park. It is our job to engage them and make them feel special.
- **Take care of each guest as an individual** – A lot of planning and cost goes into taking a family trip to a theme park. Each of our guests deserves to feel special and like they are the most important guest at the park. It's our job to treat each guest as if they are the first guest we've seen all day and take ownership to solve any guest difficulties we encounter.
- **Be knowledgeable** – It is imperative for each Model Citizen to be knowledgeable and learn the answers to the frequently asked questions in their area of the park. Guests view each employee as a representative of LEGOLAND and a resource for any assistance they need throughout their day.

To deliver a consistent high level of guest service, all Model Citizens are required to embody the park's Service Excellence Guidelines:

- **Smile** – Make eye contact and be friendly
- **Interact** – Say hello to anyone within 5-10 feet of you
- **Maintain** – Maintain a welcoming demeanor. Don't cross your arms, lean, etc.
- **Own** – Own the situation. You are LEGOLAND; fix the problem or get help.
- **Thank** – Thank every guest to make them feel appreciated.

Job Role:

As a Guest Service Associate for Rides & Attractions, your role is to ensure our guests safely enjoy our attractions. The job duties and abilities are listed below:

- Learn and follow detailed ride operating procedures listed in Standard Operating Procedures manuals
- Strong verbal communication skills to instruct guests and maintain effective communication with other ride operators
- Work effectively in busy environments with high noise levels
- Work effectively under pressure in situations such as ride breakdowns or upset guests
- Maintain a high level of focus to ensure safe operation
- Comfortable speaking to guests both one-on-one and in groups using a public address system
- Check rider height and screen for other riding restrictions
- Ensure all safety policies, rules and procedures are followed at all times
- Physically check ride restraints (seat belts, lap bars, doors, etc.)
- Utilize ride controls to operate ride (send vehicles in motion, start ride cycle, stop ride cycle, lock lap bars, etc.)
- Assist guests utilizing passes, such as disability access passes
- Follow set procedures during ride break downs, including proper guest communication and carrying out ride evacuation
- Maintain basic cleanliness and order of ride queues, storage areas, and play areas

Other Requirements:

- Must speak English fluently.
- Must be willing to work flexible hours, including evenings, weekends, and holidays to support park operation.
 - o The earliest shifts in the Rides & Attractions department can begin as early as 8:15am. The latest shifts in the Rides & Attractions department can end as late as 8:45pm.



Procurement Practices

Procurement Impacts

Merlin has stated that it does not have any procurement policies in place that would exclude local manufacturers / suppliers from doing business with LEGOLAND NY.

Assuming 2 million visitors, annual revenues for LEGOLAND NY (excl. hotels) could total \$280 million. Depending on the relative size of non-labor operating expenses, the impact on the region's businesses could be substantial. KPMG has not requested projected annual budgets from Merlin nor sought to estimate this additional economic impact.



kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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PROPERTY VALUE IMPACT ANALYSIS

PREPARED BY

ORANGE COUNTY OFFICE OF REAL PROPERTY

MARCH 28, 2017



REAL PROPERTY TAX SERVICE AGENCY

John I. McCarey, CCD, Director
124 Main Street
Goshen, New York 10924
Phone (845) 291-2494
Fax (845) 291-2499

Steven M. Neuhaus
County Executive

March 28, 2017

Mr. Douglas Bloomfield, Supervisor
Town of Goshen
41 Webster Avenue
Goshen, NY 10924

Re: Residential Values in Town of Goshen/Impact of Legoland

Dear Mr. Bloomfield,

In response to your request for market values of homes in Goshen within a one mile radius of the proposed Legoland site and the effects of an amusement park on local residential values my findings are as follows.

I did an in-depth review of the Orange County real estate market based on information obtained through HGMLS. Quarterly indicators for last quarter and local market updates for last year for the Town and Village of Goshen (all of which are attached) show the following results:

- 1.) Decline in additional available listings by 8.2%
- 2.) Decreased days on the market – 17.6%
- 3.) Values of sold homes increase by 3.1%
- 4.) Increase in average sales range square foot cost in Goshen increased to \$173/sq.ft.
- 5.) Median sale price for 2016-\$322,700; median sale price for 2017-\$373,750 (13.7% increase)

I also researched sales information from the NYS Real Property System (RPS) from February 2015 to the end of 2016 in the Town and Village of Goshen within a radius of one mile around the Legoland site (highlighted on the attached report). This shows an upward trend of an increase of value over the 2016 market value on the 2016 assessment roll. You will find attached as well a page of homes showing two highlighted properties selling a year apart with both increasing from the previous year and after the Legoland proposal. (Disregard shaded sales since they were bank foreclosures.)

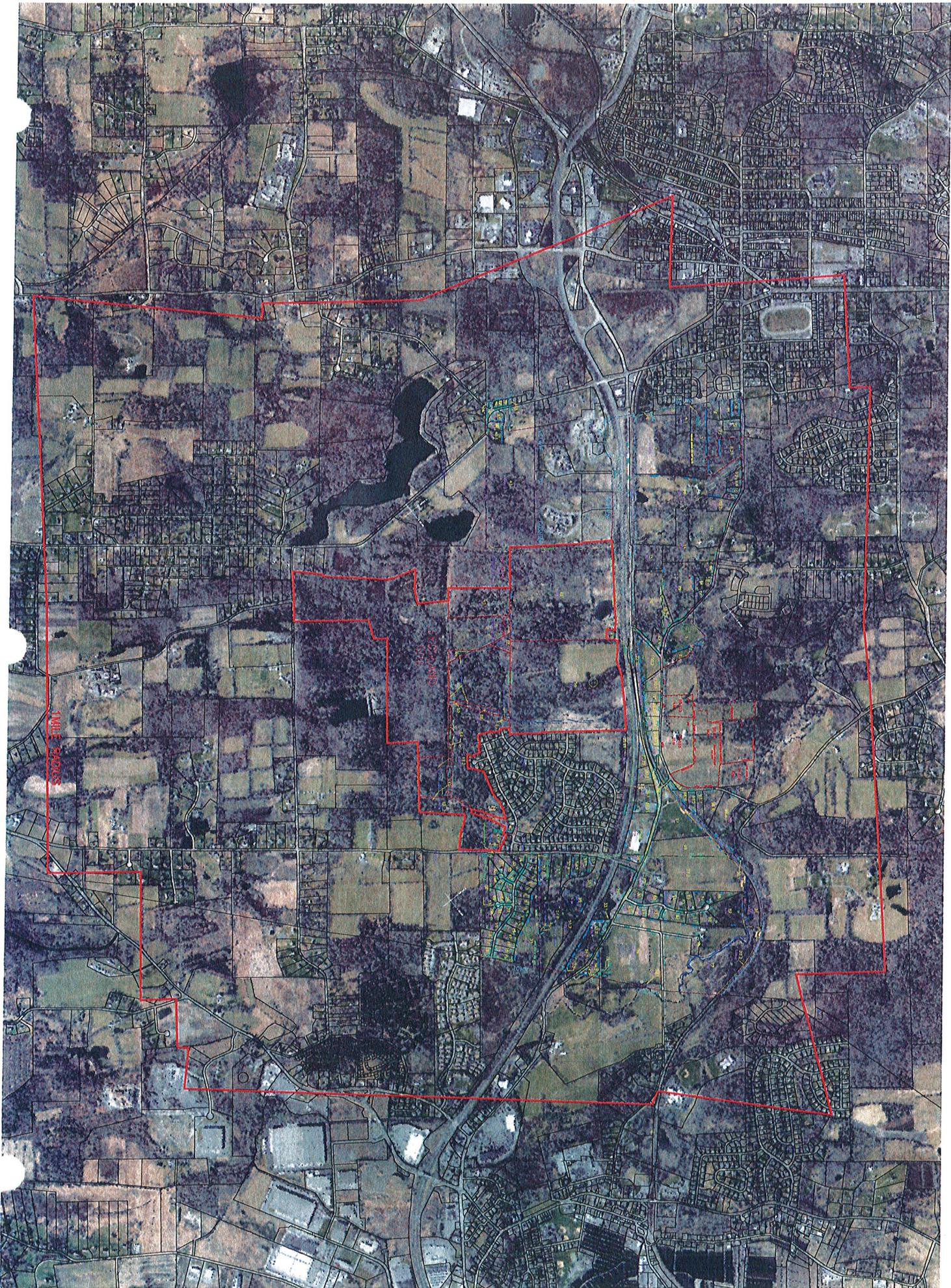
In addition to the above research I have enclosed several reports in reference to theme park areas.

- 1.) HGMLS Charts – County/Town of Goshen
- 2.) HUD PD&R Housing Market Profile – Orlando/Kissimmee/Sanford, Florida area
- 3.) Coney Island July 2016 Report
- 4.) Hershey Pennsylvania Housing Market Info
- 5.) A 1999/2000 Report on Economic Impact of Theme Parks on Region
- 6.) Like Magic, Housing Glut Vanishes Around Harry Potter Theme Park

It is my belief being in Orange County real estate for approximately 50 years and observing the growth of the County, the ups and downs of the real estate market, the effects of interest rates and economic growth, there would be **no negative impact on home values** within one mile of the proposed Legoland site. The current market is still recovering from the rapid inflammatory period of 2000 to 2007 and the influence of the sub mortgage market effects on the housing market. The current loss of market value began during that time and it is predicted a recovery period will take up to 10 years to see early 2000 values again. This had made a larger impact on the housing market values rather than the proposed amusement park. If you have any questions please feel free to call me.

Very truly yours,

John I. McCarey, CCD, Director
Orange County Office of Real Property Tax Service



3



Coney Island is changing for the better, according to residents, with residential and business real estate booming and plenty of fun things to do. (Credit: Yeong-Ung Yang)



BROOKLYN

Coney Island residents seeing big changes as real estate booms

By Jason Shaltiel jason.shaltiel@amny.com July 27, 2016

COMMENTS

Coney Island has long been known for its amusement park, beach and boardwalk, but visitors to the neighborhood might not notice that it has been going through major changes on the residential side.

New developments and businesses are moving in, and longtime residents say the changes are for the better.

"The good times are here," said Eddie Mark, the district manager of the local Community Board 13, who has lived in the neighborhood for 21 years. "Businesses, investors and franchises want to come to the neighborhood and I think things like that show that we're on an upswing."

To improve the lives of current residents, the city invested \$137 million in 2009, under the Coney Island Strategic Plan, to repair the area's roads and sewer system. In 2014, Mayor Bill de Blasio gave another \$180 million under his Housing New York plan for additional infrastructure improvements in the area.

According to Nate Bliss, the senior vice president of development at the NYC Economic Development Corporation, government agencies plan to continue the renovations.

"An essential premise of our efforts out there is to bring more retail, amenities and services for the local neighborhood," he said.

Meanwhile, several chain restaurants moved into Coney, such as Wahlburgers, which opened last year at 3015 Stillwell Ave., and IHOP, expected to open in October at 1019 Surf Ave.

While franchises may not seem like exciting additions to a beach-front neighborhood, residents said more dining and retail options are welcomed. It can take an hour to get to Manhattan on the subway, so running to the city to shop and grab a bite isn't always convenient.

Also coming to Coney Island is a residential and retail project called Neptune/Sixth, being developed by Cammeby's.

Half of it will be a seven-story, 161,000-square-foot retail and commercial building at 626 Sheepshead Bay Road, set to open in the summer of 2017. Retailers will include a pharmacy, restaurants, a bank, according to a Cammeby's spokesperson.

The second half of the project is a residential tower at 32 Neptune Ave., which will be the tallest building in Brooklyn at 40 stories high and is slated for completion in the next two to three years.

"It's beautiful out here, but the neighborhood just needs more stores," said John McCall a 32-year-old contractor who moved to Coney Island three years ago with his wife and their three kids. "They're trying to make it upscale, which is nice, but we need more variety."

Locals do have several iconic restaurants, such as Totonno's at 1524 Neptune Ave., an award-winning pizzeria that opened in 1924, and Gargiulo's at 2911 W. 15th St., a fine-dining Italian restaurant that was established in 1907.

Coney Island also offers plenty of entertainment, especially in the summer. Its free public beach and boardwalk are home to Deno's Wonder Wheel and Luna parks, which have rides, games and vendors, MCU Park, home of the Brooklyn Cyclones minor league baseball team, and old-school bars and concessions like Ruby's Bar and Grill and Williams Candy.

Live shows are held at the Amphitheater at Coney Island Boardwalk on Surf Avenue and West 21st Street, which opened on July 1.

And these activities aren't just geared toward visitors.

"It's comfortable living by the beach," said Kenneth Lee Martino, a 61-year-old retired security guard who has lived in Coney for two years. "Walking now and then on the beach or just sitting on the boardwalk are great ways to kill time."

Living directly on the water in Coney Island, though, is limited mostly to condo developments like The Oceanview at 3030 32nd St., which can be entered from the boardwalk, and the Brightwater Towers, which has a swimming pool.

Other than that, housing in the area consists mostly of single- and multi-family homes.

Along with the Neptune/Sixth project, several other apartment buildings are under construction, including 2856-2858 Stillwell Ave., which will have 60 apartments and is expected to open by October of this year.

Newcomers are flocking to the neighborhood since rental and home prices are currently less expensive than in other parts of Brooklyn, according to Dave Maundrell, executive vice president of Brooklyn new developments at Citi Habitats.

"A lot of people have moved to Coney Island because it's more affordable," he said. "And everything is getting better down there. It's going in the right direction, but there's a long way to go."

The median sales price in Coney Island was \$351,000 in 2015, compared to \$649,950 in all of Brooklyn, according to StreetEasy. The median rental price in Coney Island in 2015 was \$1,995, compared to \$2,500 in the borough as a whole, the real estate listings site found.

For many residents, the area's housing prices are well-worth living by the beach.

"There's nothing like being here," said Dennis Vourderis, 57, who co-owns the Deno's Wonder Wheel amusement park. "The fresh air, the sunshine, the happy faces, everyone walking around having a nice time — it's all so gratifying."

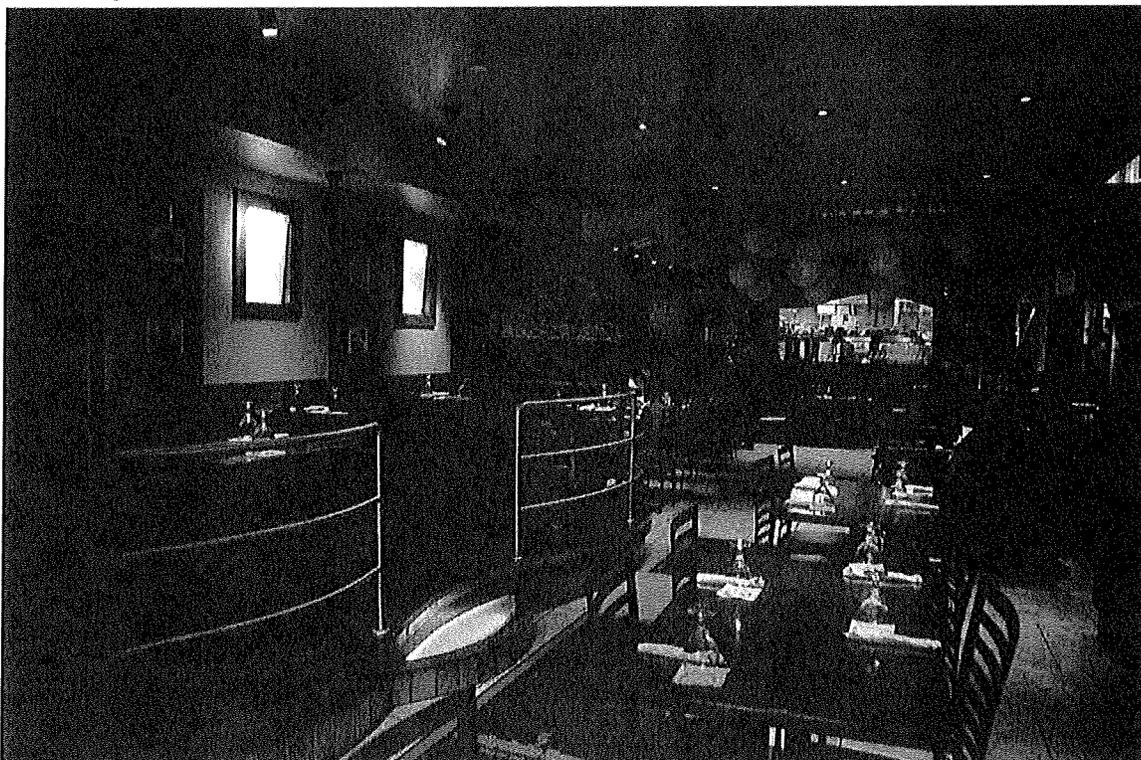
Find it:

Coney Island is bordered by Ocean Parkway to the east and West 37th Street to the west. It is bound to the north by the Coney Island Creek and the Belt Parkway, and to the south by Boardwalk West.

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Coney Island restaurants



job in manufacturing. But in these difficult times, a job is a job. (By the way, the IAAA found in a recent survey that 28% of Americans said they would be interested in working for a theme park or an amusement company).

This economic activity does not just involve people taking tickets at the turnstiles either.

Think of all the construction jobs created building all those new roller coasters and improvements at theme parks. Plus all the hotels and restaurants built to accommodate those visitors.

What about all the construction materials that need to be manufactured? Then think of all the truck drivers and train engineers employed to deliver those goods.

There are other offshoots -- commercial site amenities. When you build or expand a theme park, you need benches, trash receptacles, picnic tables, bollards, restroom equipment and supplies, etc., etc.

How about food and beverages? Think of the enormous amount of food that is required every day to feed all those millions of people. That's a lot of hamburgers, french fries, Cokes and ice cream cones.

Sure. Theme parks are now catching on around the world. They are growing quickly in Asia. But in many cases, it's American's companies such as Disney that are building them.

However, we doubt they will catch up with American theme parks. This is another field where Americans excel. We like to work hard...and we like to have fun. Theme park developers are obviously answering the call for faster roller coasters, bigger interactive rides and more awesome experiences.

Behind all those rides is an economic hot spot that is a supernova of growth for the American economy. Sure, some of these theme parks seem overcrowded. But for all the people they employ, the taxes they generate and the money they draw to this country, we should be grateful, even if we have to stand in line for a few minutes.

[To see the traffic numbers for theme parks in the US and around the world click here.](#)

[For amusement parks that need commercial site amenities such as benches, picnic tables, trash cans, etc., visit The Park Catalog, which has supplied theme parks across the US since 2001.](#)

Share !



About Robert Caston

Robert
Caston

Robert Caston oversees Content Marketing for The Park Catalog. Robert earned a degree in journalism and worked as a reporter for several newspapers. He is a connoisseur of fresh air and loves photographing nature whether he's hanging out in a national park or a park down the street. With a passion for the outdoors, he is a strong advocate of green spaces and getting people out of the house. His favorite parks are the spectacular Grand Teton National Park in northwest Wyoming and the incredible Twin Rivers Park in Stuart, Fla.

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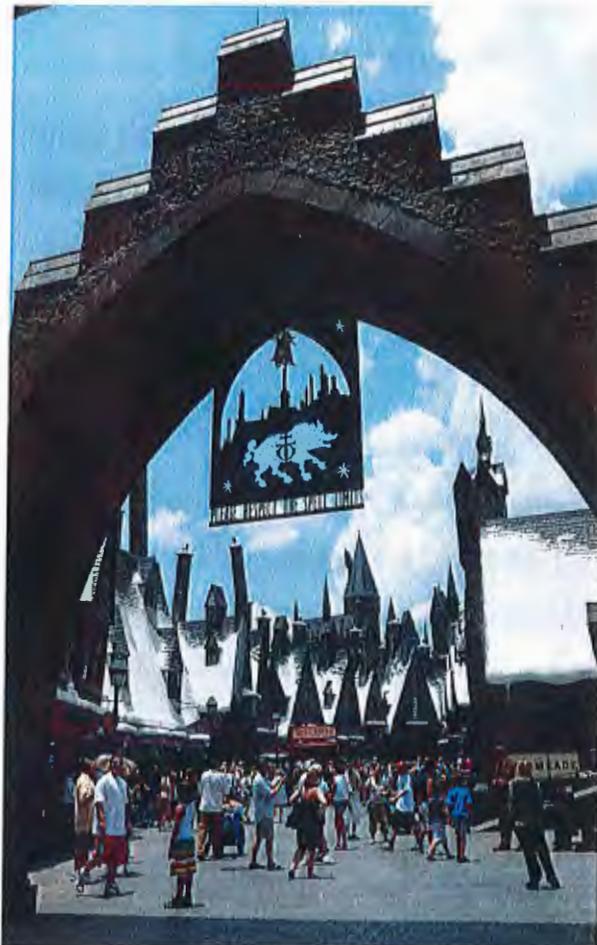
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Real Estate

Like magic, housing glut vanishes around Harry Potter theme park



Originally published April 10, 2015 at 8:05 am Updated April 12, 2015 at 3:21 pm



Theme-park expansions in Orlando, Fla., have created jobs and spurred purchases of foreclosed homes. (Phelan M. Ebenhack/Bloomberg)

Foreclosed homes in Orlando, Fla., made up about 29 percent of sales in February and 34 percent in January, the two highest levels since 2011.

By Prashant Gopal

Bloomberg News

The Wizarding World of Harry Potter at the Universal Orlando Resort seems a world away from the nearby Florida neighborhood nicknamed “Crime Hills.” But magic is spreading.

Where foreclosed homes once lingered, empty and dilapidated, the Orlando area of Pine Hills is seeing newfound demand for real estate. A family of seven moved into the vacant property next door to 63-year-old Sam Braunn, who has lived in the neighborhood since junior high school, while the house to the right was renovated with a new columned facade.

“I’m seeing more and more homes vacant for a long time filling up,” said Braunn, a construction labor-union employee based at Walt Disney’s parks. “The good things happening lift my spirits about getting my place back in shape. I’ve been trimming up the bushes and removing the extra lumber that was lying around.”

Property values

Foreclosures, after devastating Central Florida property values during the U.S. recession, are making up the highest share of Orlando home sales since 2011 as they leave a clogged court system. Rather than causing a glut, the properties are providing fuel for a market starved for affordable listings. The magic spark is jobs, created by theme-park expansions, a new 11-square-mile medical and residential community, and record numbers of tourists.

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Existing-home sales in the metropolitan area jumped 19 percent in February from a year earlier, breaking the record for transactions that month. First-time buyers and individual investors are jumping in to fill the gap left by institutional landlords such as Blackstone Group, which triggered the recovery and are slowing purchases as prices rise.

“Florida was ground zero for foreclosures, and in spite of that the market has significantly turned around because of the increases in employment,” said Mercedes Henriksson, who supervises Florida foreclosure sales for Fannie Mae. “Buyers are confident about what’s happening in the economy.”

The rebound shows both the effects of strengthening U.S. employment, which is helping consumers regain confidence and spend money on vacations, and how the nation’s foreclosure crisis has largely ebbed. Years of holdups in Florida courts, which must approve home seizures, mean that banks are putting houses on the market at a time when demand is strong enough to absorb the properties.

In Orlando, jobs are climbing, bolstered by growth at the theme parks. More than 62 million people visited the area in 2014, the record for any U.S. destination, Visit Orlando, the local tourism association, said in a statement Thursday.

Employment in the area increased 4.2 percent in February from a year earlier, among the biggest gains in Florida. The jobless rate fell to 5.3 percent from 6.3 percent.

Universal Orlando Resort, owned by Comcast, added to tourism jobs with the opening of The Wizarding World of Harry Potter in 2010. Last year, a replica of the movie’s Hogwarts Express steam train began carrying visitors back and forth from the “Hogsmeade” area in its Islands of Adventure park to the

neighboring Universal Studios Florida, where a new Harry Potter-themed section called Diagon Alley replaced a two-decade-old Jaws attraction. Employment at Universal Orlando has jumped to 20,000 from 13,000 in 2009.

“When Harry Potter was a hit, the other theme parks all benefited,” said Anthony Crocco, Central Florida director for Metrostudy, a firm that tracks home construction. “It’s helped Orlando come out of the housing doldrums faster than other markets.”

Attendance record

Disney, which set an attendance record for its U.S. theme parks in the quarter ended in December, finished doubling the size of Fantasyland last year, the biggest expansion in the Magic Kingdom’s 43-year history. Walt Disney World Resort is the region’s largest employer, with about 74,000 workers.

Jorge Caban, a 52-year-old maintenance worker at Disney’s Epcot Center, is among the theme-park employees who decided now’s the time to buy a home. In December, he paid \$60,000 in cash for a three-bedroom foreclosed house in Poinciana, an area south of Orlando that’s more affordable, even as prices rise. He has been saving for homeownership for 15 years.

“That was one of the best things I did in my life,” said Caban, who lost out in a bidding war for another foreclosed home before finding the brick single-family house on a corner lot. “I was really surprised I got this. I was thinking I was never going to make it because the prices were rising again.”

He worked with Danny Hernandez, a broker with Evista Resources Realty, which sold about 130 foreclosed properties last year, mostly to first-time buyers.

While cash-wielding investors often win homes, government-sponsored Fannie Mae and Freddie Mac offer traditional buyers a “first look” period of 20 days before they’ll negotiate with other purchasers. Fannie Mae sold 63 percent of its Orlando foreclosures to owner-occupants in January, the highest rate of any large Florida metropolitan area and an increase from 58 percent a year earlier.

Foreclosed homes made up about 29 percent of sales in February and 34 percent

in January, the two highest levels since 2011, according to the Orlando Regional Realtor Association. The median price for a bank-owned home was \$120,000, up 19 percent from a year earlier.

Florida legislators, who set aside more than \$16 million in 2013 to hire retired judges and case managers to clear out backlogged foreclosure cases, have largely succeeded. Pending cases in Orange County's courts, which peaked at about 30,000 in 2011, were down to 4,930 at the end of March — only about 400 cases more than the pre-crisis average, said Lisa Munyon, a circuit judge.

“Orlando recovered so quickly because of Blackstone and the others — now it's driven by jobs,” said Christian Marin, an agent with Altura Investment Realty, which sold about 100 foreclosed homes to investors last year, including in Pine Hills. “There's construction everywhere.”

New attractions

The growth in jobs goes beyond hotels, restaurants and new attractions such as a 400-foot Ferris wheel and the world's tallest roller coaster rising from a busy stretch of International Drive. The Medical City complex taking shape near the airport includes a medical school, children's hospital and the 1.2 million-square-foot Veterans Affairs center that will employ as many as 3,000 people. About 4,000 new houses have already sold in the connected Lake Nona residential development.

While local leaders are keen to promote the growing technology and medical sectors, Orlando's fortunes are dependent on the U.S. economy because so many people work in tourism, said Rick Foglesong, a professor of politics and urban planning at Rollins College in Winter Park, Fla.

Fragile recovery

Low-wage workers also tend to be hit hard during downturns, making the recovery fragile. Orlando had the lowest median pay among the 50 most-populous American metropolitan areas, according to an analysis last year of U.S. Labor Department data.

“The weakness of our economic base is that tourism is highly vulnerable to

recession,” Foglesong said. “It’s good to have someone hiring. I would not call Disney exploitative of its workforce. It’s just not the kind of job you want in order to generate genuine economic development with good jobs at high wages.”

Prashant Gopal

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Hershey, PA Real Estate Data

[About Scout's Real Estate Data](#)

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Hershey Housing Market Information

With 14,374 people, 5,627 houses or apartments, and a median cost of homes of \$262,764, Hershey real estate is some of the most expensive in Pennsylvania, although Hershey home values aren't among America's most expensive.

Single-family detached homes are the single most common housing type in Hershey, accounting for 43.02% of the town's housing units. Other types of housing that are prevalent in Hershey include large apartment complexes or high rise apartments (28.05%), row houses and other attached homes (19.88%), and a few duplexes, homes converted to apartments or other small apartment buildings (8.96%).

People in Hershey primarily live in small (one, two or no bedroom) single-family detached homes. Hershey has a mixture of owner-occupied and renter-occupied housing.

There is a lot of housing in Hershey built from 1970 to 1999 so parts of town may have that "Brady Bunch" look of homes popular in the '70s and early '80s, although some of these houses were built up through the early '90s as well. There is also a lot of housing in Hershey built between 1940-1969 (36.76%). A lesser amount of the housing stock also hails from before 1939 (13.36%). There's also some housing in Hershey built between 2000 and later (4.60%).

Hershey Home Appreciation Rates

Appreciation rates for homes in Hershey have been tracking above average for the last ten years, according to NeighborhoodScout data. The cumulative appreciation rate over the ten years has been 6.66%, which ranks in the top 50% nationwide. This equates to an annual average Hershey house appreciation rate of 0.65%.

NeighborhoodScout's data show that during the latest twelve months, Hershey's appreciation rate, at 4.52%, has been at or slightly above the national average. In the latest quarter, Hershey's appreciation rate has been 2.01%, which annualizes to a rate of 8.30%.

Relative to Pennsylvania, our data show that Hershey's latest annual appreciation rate is higher than 70% of the other cities and towns in Pennsylvania.

Average Home Values

inf

Median Home Value:

\$262,764

Hershey, PA HOME PRICES

Value Range

> \$1,080,000	0.6
\$810,001 - \$1,080,000	1.1
\$540,001 - \$810,000	5.0
\$432,001 - \$540,000	9.5
\$324,001 - \$432,000	15.9
\$216,001 - \$324,000	29.4
\$108,001 - \$216,000	30.7
\$54,001 - \$108,000	5.4
\$0 - \$54,000	2.5

**Very High for PA
High for Nation**

Value Relative to Nation Value Relative to State

21.2976518123792 10.3381642512077

Number Of Homes And Apartments:

5,627

Rent & Ownership

inf

Average Market Rent:

\$1,190 / per month

Homeownership Rate

Homeownership

Owners	46.36
Renters	53.64
Vacant	9.20

Housing Market Details

inf

Age of Homes

AGE OF Hershey HOMES

2000 or Newer	4.6
1970 - 1999	45.3
1940 - 1969	36.8
1939 or Older	13.4

Types of Homes

TYPE OF Hershey HOMES

Single-Family	43.0
Townhomes	19.9
Small Apt. Buildings	9.0
Apt. Complexes	28.0
Mobile Homes	0.1
Other	0.0

Home Size

SIZE OF Hershey HOMES

No Bedroom	1.69
1 Bedroom	16.15
2 Bedrooms	31.42
3 Bedrooms	29.92
4 Bedrooms	18.83
5 or more bedrooms	1.98

Hershey Appreciation Rates

inf

Appreciation Rates

NeighborhoodScout's® Exclusive Home Appreciation Rates

NeighborhoodScout reveals the home appreciation rates for every city, town, and even most neighborhoods in America.

NeighborhoodScout has calculated and provides home appreciation rates as a percentage change in the resale value of existing homes in that city, town or neighborhood over the latest quarter, the last year, 2-years, 5-years, 10-years, and even from 2000 to present. We show both the cumulative appreciation rate, and the average annual appreciation rate for each time period (e.g., last 5-years: 84% total appreciation, Avg. per year: 16.8%). We also show how each city, town or neighborhood's appreciation rate compares to other cities, towns and neighborhoods in the nation, and within the same state (e.g., 9 relative to the nation, 5 relative to California [10 is highest]). This makes comparisons of house appreciation rates equally easy for professional investors and individual homebuyers. In this example, the neighborhood is one of the highest appreciating in the nation over the last 5-years, but is only average in appreciation for the same period relative to other neighborhoods in the state of California.

About the appreciation rate data

Our data are designed to capture changes in the value of single-family homes at the city, town and even the neighborhood level. Different neighborhoods within a city or town can have drastically different home appreciation rates. NeighborhoodScout vividly reveals such differences. Our data are built upon median house values in each neighborhood, and combine data from the United States Bureau of the Census with quarterly house resale data. The data reflect appreciation rates for the neighborhood overall, not necessarily each individual house in the neighborhood.

Our data are calculated and updated every three months for each neighborhood, city and town, approximately two months after the end of the previous quarter. Each quarter, Fannie Mae and Freddie Mac provide their most recent mortgage transactions to the FHFA. These data are combined with the data of the previous 29 years to establish price differentials on properties where more than one mortgage transaction has occurred. The data are merged with neighborhood-specific median house values from the Census Bureau using NeighborhoodScout's proprietary algorithms developed by Dr. Schiller, creating an updated historical database that is then used to estimate the appreciation rates for each city, town and neighborhood within each time period. These resultant neighborhood appreciation rates are a broad measure of the movement of single-family house prices. The appreciation rates serve as an accurate indicator of house price trends at the neighborhood level.

How is the home appreciation data calculated?

Neighborhood appreciation rates from NeighborhoodScout are based on both median house value data reported by respondents via the U.S. Bureau of the Census, and a weighted repeat sales index, meaning that they measure average price changes in repeat sales or refinancings on the same properties. This information is obtained by reviewing repeat mortgage transactions on single-family properties whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac (by the FHFA). Then proprietary algorithms developed by Dr. Schiller, NeighborhoodScout's founder, are applied to produce neighborhood appreciation rates. Appreciation rates are updated by NeighborhoodScout each quarter as additional mortgages are purchased or securitized by Fannie Mae and Freddie Mac. The new mortgage acquisitions are used to identify repeat transactions for the most recent quarter, then are fed into NeighborhoodScout's search algorithms.

What transactions are covered in the appreciation rate data?

Neighborhood appreciation rate data are based on transactions involving conforming, conventional mortgages. Only mortgage transactions on single-family properties are included. Conforming refers to a mortgage that both meets the underwriting guidelines of Fannie Mae or Freddie Mac and that doesn't exceed the conforming loan limit, a figure linked to an index published by the Federal Housing Finance Board. Conventional means that the mortgages are neither insured nor guaranteed by the FHA, VA, or other federal government entity.

Mortgages on properties financed by government-insured loans, such as FHA or VA mortgages, are excluded, as are properties with mortgages whose principal amount exceeds the conforming loan limit. Mortgage transactions on condominiums or multi-unit properties are also excluded. As such, NeighborhoodScout does not produce appreciation rates for neighborhoods that consist solely of renters or have no single-family homes (dwellings without an entrance directly to the outside).

CLOSE

Time Period	Total Appreciation	Avg. Annual Rate	Compared To PA*	Compared To America*
Latest Quarter:				
2016 Q2 - 2016 Q3				
Last 12 Months:				
2015 Q4 - 2016 Q3				
Last 2 Years:				
2014 Q4 - 2016 Q3				
Last 5 Years:				
2011 Q4 - 2016 Q3				

* 10 is highest

Time Period	Total Appreciation	Avg. Annual Rate	Compared To PA*	Compared To America*
Last 10 Years:				
2006 Q4 - 2016 Q3				
Since 2000:	59.66%	2.79%	8	7
2000 Q1 - 2016 Q3				

* 10 is highest

Popular Neighborhoods in Hershey

- [Cocoa Ave / E Governor Rd](#)
- [Hershey Park Dr / Park Ave](#)
- [Hockersville](#)
- [Town Center](#)

Popular Communities Near Hershey, PA

- [Elizabethtown, PA](#)
- [Etters, PA](#)
- [Grantville, PA](#)
- [Harrisburg, PA](#)
- [Hummelstown, PA](#)
- [Lebanon, PA](#)
- [Middletown, PA](#)
- [Mount Gretna, PA](#)
- [Palmyra, PA](#)
- [Paxtang, PA](#)

Zip Codes in Hershey, PA

- [17033](#)
- [17078](#)
- [17036](#)

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HUD PD&R Housing Market Profiles

Orlando-Kissimmee-Sanford, Florida



Quick Facts About Orlando-Kissimmee-Sanford

By Robyn E. Bowen | As of March 1, 2014

- Current sales market conditions: soft but improving.
- Current apartment market conditions: balanced.
- Walt Disney World Resort, which is the largest employer in the metropolitan area, with 69,000 employees, had more than 48.5 million visitors in 2012 (the most recent data available), making it the most visited theme park worldwide during that year (Themed Entertainment Association; AECOM).



Overview

The Orlando-Kissimmee-Sanford (hereafter, Orlando) metropolitan area comprises Lake, Orange, Osceola, and Seminole Counties in central Florida. As home to major theme and water parks, including Walt Disney World Resort, Universal Orlando Resort, and SeaWorld Orlando, the metropolitan area is a leading domestic and international tourist destination. More than 57 million people traveled to the Orlando metropolitan area in 2012 (the most recent data available), contributing to an estimated economic impact of more than \$50 billion on the local economy annually (Visit Orlando).

- As of March 1, 2014, the population of the metropolitan area was estimated at 2.27 million, an average increase of 33,600, or 1.5 percent, annually since April 2010.
- Net in-migration has accounted for 65 percent of population growth since 2010, when the economy began to improve, compared with 28 percent of population growth from July 2007 through July 2010, when job losses peaked.
- The population grew by an average of 59,600, or 3.3 percent, annually from July 2000 through July 2007, when economic conditions were strongest, before average population growth slowed to 20,650 people, or 1.0 percent, annually from July 2007 through July 2010.



The unemployment rate in the Orlando area declined to its lowest level since 2007.

	3 Months Ending		Year-Over-Year Change	
	February 2013 (thousands)	February 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	1,048.4	1,085.5	37.1	3.5
Goods-producing sectors	85.6	92.2	6.6	7.7
Mining, logging, and construction	48.1	53.2	5.1	10.6
Manufacturing	37.6	39.0	1.4	3.7
Service-providing sectors	962.8	993.3	30.5	3.2
Wholesale and retail trade	171.5	177.0	5.5	3.2
Transportation and utilities	30.9	32.0	1.1	3.6
Information	23.4	23.9	0.5	2.1
Financial activities	68.3	70.8	2.5	3.7
Professional and business services	171.9	179.1	7.2	4.2
Education and health services	130.6	132.2	1.6	1.2
Leisure and hospitality	212.4	223.2	10.8	5.1
Other services	35.3	35.9	0.6	1.7
Government	118.5	119.2	0.7	0.6
	(percent)	(percent)		
Unemployment rate	7.5	5.9		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

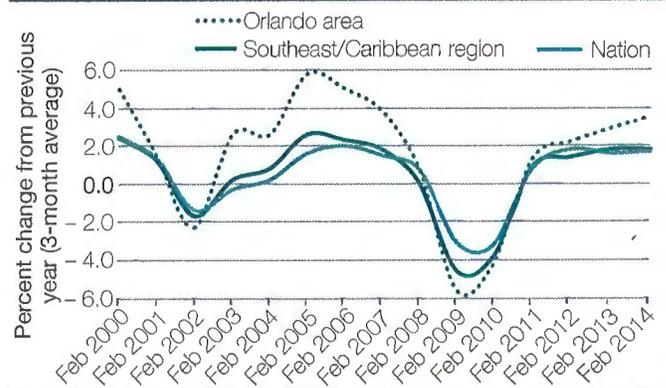
Economic conditions in the Orlando metropolitan area have improved since 2011 after recording 3 years of annual declines in payrolls, losing an average of 30,200 jobs, or 2.8 percent, annually.

During the 3 months ending February 2014—

- Nonfarm payrolls increased by 37,100 jobs, or 3.5 percent, from the same 3-month period in 2013, to an average of 1,086,000 jobs compared with an increase of 29,300 jobs, or 2.9 percent, from the average during the same 3 months in 2012.
- Every nonfarm payroll sector recorded an increase, led by the leisure and hospitality, professional and business services, and wholesale and retail trade sectors, which increased by 10,800, 7,200, and 5,500 jobs, or 5.1, 4.2, and 3.2 percent, respectively from the same 3-month period a year ago.
- Theme parks in the metropolitan area added more than 2,000 jobs for the holiday season, 1,000 of which were permanent positions at Walt Disney World Resort.
- The unemployment rate averaged 5.9 percent, down from an average of 7.5 percent during the same 3-month period a year ago and significantly lower than the peak of 11.3 percent recorded in 2010 as employment growth outpaced growth in the labor force.

continued on page 3

Significant increases in the leisure and hospitality sector have helped nonfarm payroll growth in the Orlando area outpace growth in the region and nation since 2011.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Orlando area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Walt Disney World Resort	Leisure and hospitality	69,000
Florida Hospital	Education and health services	25,700
Universal Orlando Resort	Leisure and hospitality	17,300

Note: Excludes local school districts.
Source: Metro Orlando Economic Development Commission



continued from page 2

The University of Central Florida (UCF) has a major impact on the economy of the metropolitan area. With campuses throughout central Florida, which extends beyond the metropolitan area, UCF is the second largest university in the country by enrollment. Most

of the 60,000 UCF students attend the 1,415-acre main campus in the city of Orlando. UCF has an economic impact of \$1.9 billion and directly contributes more than 25,000 jobs in the central Florida region (University of Central Florida).

Sales Market Conditions

The sales housing market in the Orlando metropolitan area is currently soft but improving, with an estimated vacancy rate of 2.9 percent compared with the rate of 4.1 percent in April 2010. During the 12 months ending January 2014, existing home sales totaled nearly 29,700, an increase of 5,025 homes, or 20 percent, from the same 12-month period a year earlier (CoreLogic, Inc.). The average sales price of an existing home increased to \$184,500, up 14 percent from the 12 months ending January 2013 as the demand for homes increased and the number of distressed sales declined. New home sales totaled 7,725 during the 12 months ending January 2014, up 1,650 homes, or 27 percent, and the average new home sales price was \$266,300, up 14 percent from the previous 12-month period.

- From 2009 through 2011, existing and new home sales averaged approximately 18,550 and 4,650 homes annually, respectively, with REO (Real Estate Owned) sales accounting for nearly 77 percent of existing homes sold.
- The number of REO sales declined to 7,225 homes, or 24 percent of existing homes sold, during the 12 months ending January 2014, down from 8,350 homes, or 34 percent of sales, during the previous 12-month period.

Increased demand led to a rise in home sales prices in the Orlando area during the past year.



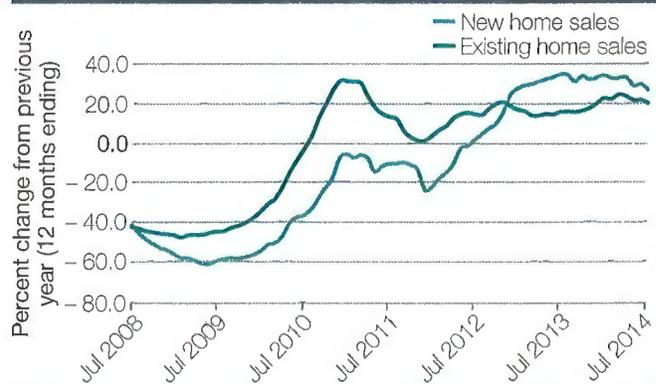
Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

- During the 12 months ending January 2014, the average sales price of an REO property was \$125,900, up 12 percent from the average sales price during the same 12-month period a year earlier.
- As of February 2014, 10.3 percent of home loans were 90 or more days delinquent, were in foreclosure, or transitioned into REO status, down from 15.5 percent in February 2013 (Black Knight Financial Services, Inc.).

Home builders continued to respond to improving sales market conditions in the Orlando metropolitan area by increasing single-family homebuilding activity, as measured by the number of homes permitted.

- During the 3 months ending February 2014, approximately 2,250 single-family homes were permitted, an increase of 330 homes, or 17 percent, from the 3 months ending February 2013 (preliminary data).
- By comparison, an average of 1,150 homes were permitted during the corresponding 3-month periods from 2008 through 2012.
- Spring Lake at Celebration, currently under construction in the city of Celebration, will have a combined total of 74 townhomes, bungalows, garden homes, and villas for sale with starting prices ranging from the low \$200,000s to the \$400,000s. The development is expected to be complete in early 2015.

New home sales growth slowed during the past year, but overall home sales continued to increase in the Orlando area as economic conditions improved.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

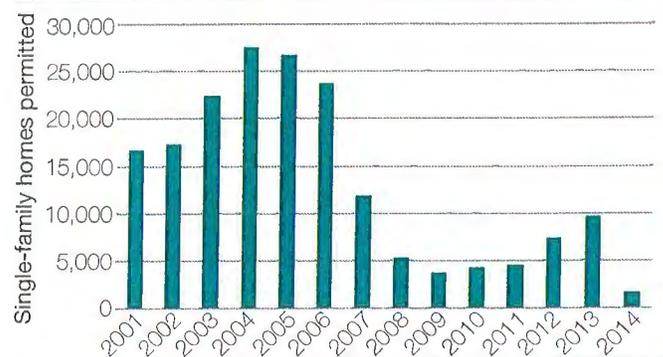


The distressed mortgage percentage in the Orlando area fell below the state average for the first time since 2008.



REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

Single-family building activity continued to increase in the Orlando area as home sales rose, although homebuilding remained significantly below peak levels.



Note: Includes preliminary data from January 2013 through February 2014.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the Orlando metropolitan area are currently balanced, because the supply of new units has kept pace with demand.

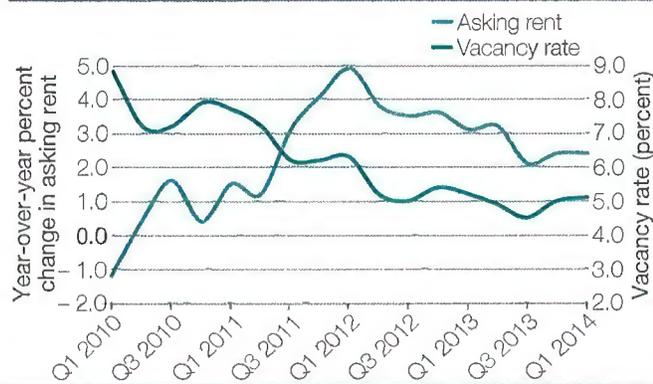
During the first quarter of 2014—

- The apartment vacancy rate was 5.1 percent, relatively unchanged from the first quarter of 2013 (MPF Research).
- The average asking rent was \$921, up approximately 2 percent from the first quarter of 2013. The average asking rents were \$778, \$929, and \$1,178 for one-, two-, and three-bedroom units, respectively.

- The MPF Research-defined University/East Orange market area, which has the most apartment units in the metropolitan area, had a vacancy rate of 4.9 percent, unchanged from the same quarter of the previous year.
- The average asking rent in the University/East Orange area declined nearly 1 percent from the fourth quarter of 2013, to \$1,161.

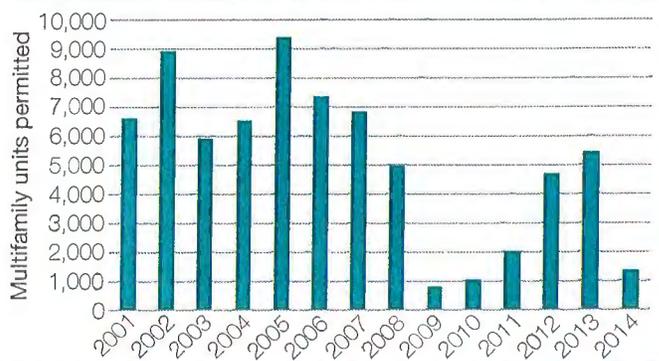
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Vacancy rates in the Orlando area stabilized during the past year, resulting in slowed rent growth.



Source: MPF Research

Strong demand for rental units in the Orlando area led to a spike in multifamily permitting in 2012 and 2013, but permitting remained below the 2005 peak.



Note: Includes preliminary data from January 2013 through February 2014.
Source: U.S. Census Bureau, Building Permits Survey



continued from page 4

Multifamily construction activity, as measured by the number of units permitted, increased during the past 3 months in the Orlando metropolitan area as builders responded to increased rental housing demand.

- During the 3 months ending February 2014, approximately 1,650 units were permitted, an increase of 580 units, or 56 percent, from the 3 months ending February 2013 (preliminary data).
- By comparison, an average of 870 units were permitted during the corresponding 3-month periods from 2008 through 2012.
- More than 80 percent of new multifamily construction during the 3 months ending February 2014 was for apartment units, up significantly from an average of 25 percent of new multifamily construction during the peak years from 2004 through 2006.
- The current level of construction is significantly higher than the average of 910 units permitted annually during decade lows in 2009 and 2010.
- The \$40 million Integra Cove apartment complex, which is currently under construction near SeaWorld in the city of Orlando, is expected to complete 338 units in June 2015. Rents have not yet been released.



Local Market Update – February 2017

A Research Tool Provided by the Hudson Gateway Association of REALTORS®



Goshen Town

Orange County (Includes Chester Village and Goshen Village)

Single-Family Homes	February			Last 12 Months		
	2016	2017	% Change	Thru 2-2016	Thru 2-2017	% Change
Key Metrics						
New Listings	27	21	- 22.2%	265	255	- 3.8%
Closed Sales	8	12	+ 50.0%	120	130	+ 8.3%
Days on Market Until Sale	89	132	+ 48.3%	141	152	+ 7.8%
Median Sales Price*	\$247,950	\$373,750	+ 50.7%	\$281,000	\$322,700	+ 14.8%
Percent of Original List Price Received*	95.0%	94.8%	- 0.2%	91.8%	93.7%	+ 2.1%
Inventory of Homes for Sale	131	100	- 23.7%	142	130	- 8.5%

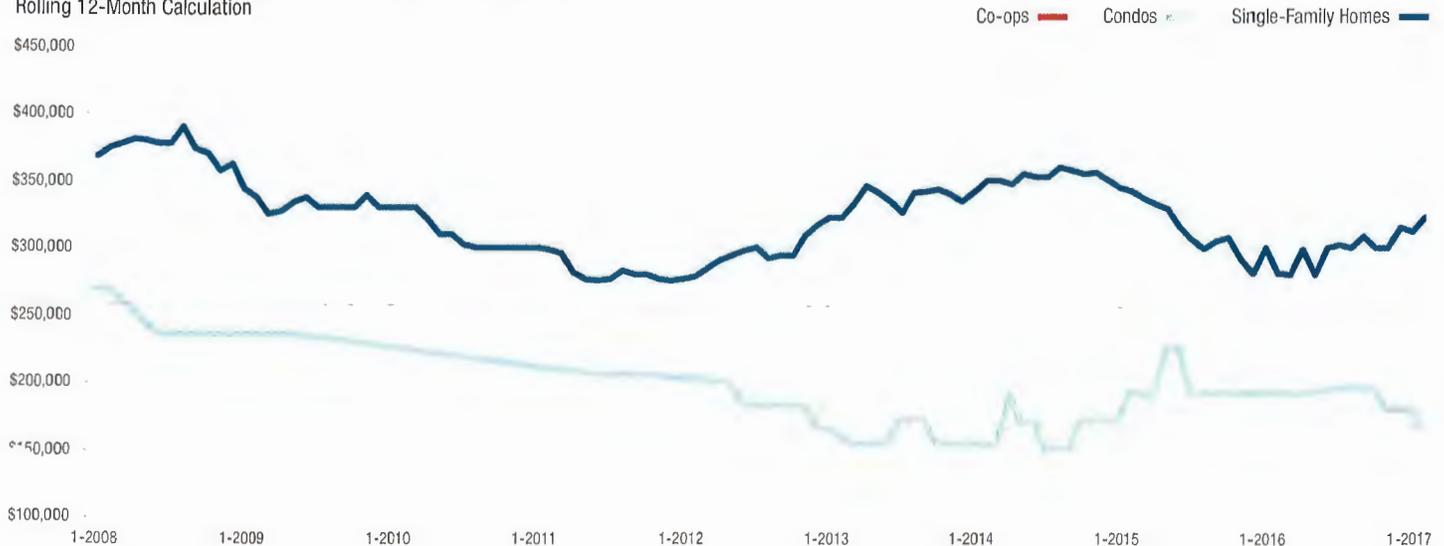
Condos	February			Last 12 Months		
	2016	2017	% Change	Thru 2-2016	Thru 2-2017	% Change
Key Metrics						
New Listings	0	0	0.0%	6	4	- 33.3%
Closed Sales	1	0	- 100.0%	3	3	0.0%
Days on Market Until Sale	30	—	—	137	191	+ 39.4%
Median Sales Price*	\$195,000	—	—	\$192,000	\$165,000	- 14.1%
Percent of Original List Price Received*	97.5%	—	—	91.9%	93.0%	+ 1.2%
Inventory of Homes for Sale	3	2	- 33.3%	2	2	0.0%

Co-ops	February			Last 12 Months		
	2016	2017	% Change	Thru 2-2016	Thru 2-2017	% Change
Key Metrics						
New Listings	0	0	0.0%	0	0	0.0%
Closed Sales	0	0	0.0%	0	0	0.0%
Days on Market Until Sale	—	—	—	—	—	—
Median Sales Price*	—	—	—	—	—	—
Percent of Original List Price Received*	—	—	—	—	—	—
Inventory of Homes for Sale	0	0	0.0%	0	0	0.0%

* Does not account for sale concessions and/or downpayment assistance. | Percent changes are calculated using rounded figures and can sometimes look extreme due to small sample size.

Historical Median Sales Price by Property Type

Rolling 12-Month Calculation

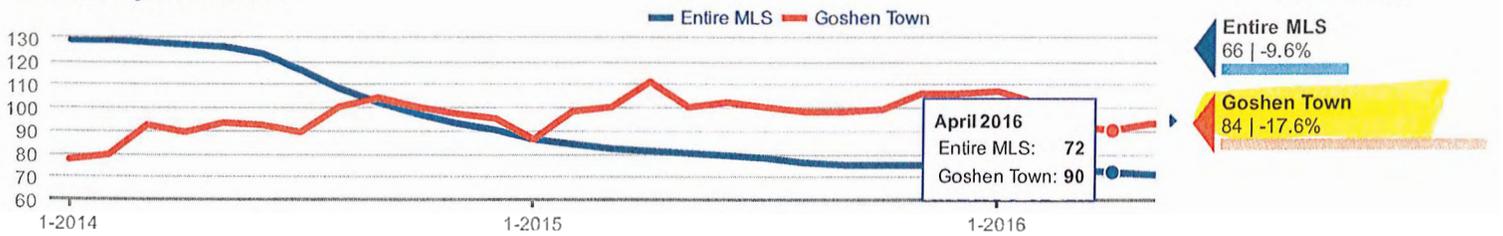


A rolling 12-month calculation represents the current month and the 11 months prior in a single data point. If no activity occurred during a month, the line extends to the next available data point.

Entire MLS		Goshen Town		+ ADD AN AREA	
PRICE RANGE	CUSTOM	PROPERTY TYPE	YEAR BUILT	SQUARE FOOTAGE	CUSTOM
All Price Ranges		All Property Types	All Years	All Sizes	
\$258,999 or Less		Single Family	1989 and Before	1,500 sq ft or Less	
\$259,000 to \$358,999		Condominium	1990 to 1999	1,501 to 2,000 sq ft	
\$359,000 to \$434,999		Co-operative	2000 to 2009	2,001 to 2,500 sq ft	
\$435,000 or More			2010 and Later	2,501 sq ft or More	

PRINT SHARE Line 3 Years 12 Months

Median Days on Market



FEBRUARY 2017

Entire MLS
66 | -9.6%

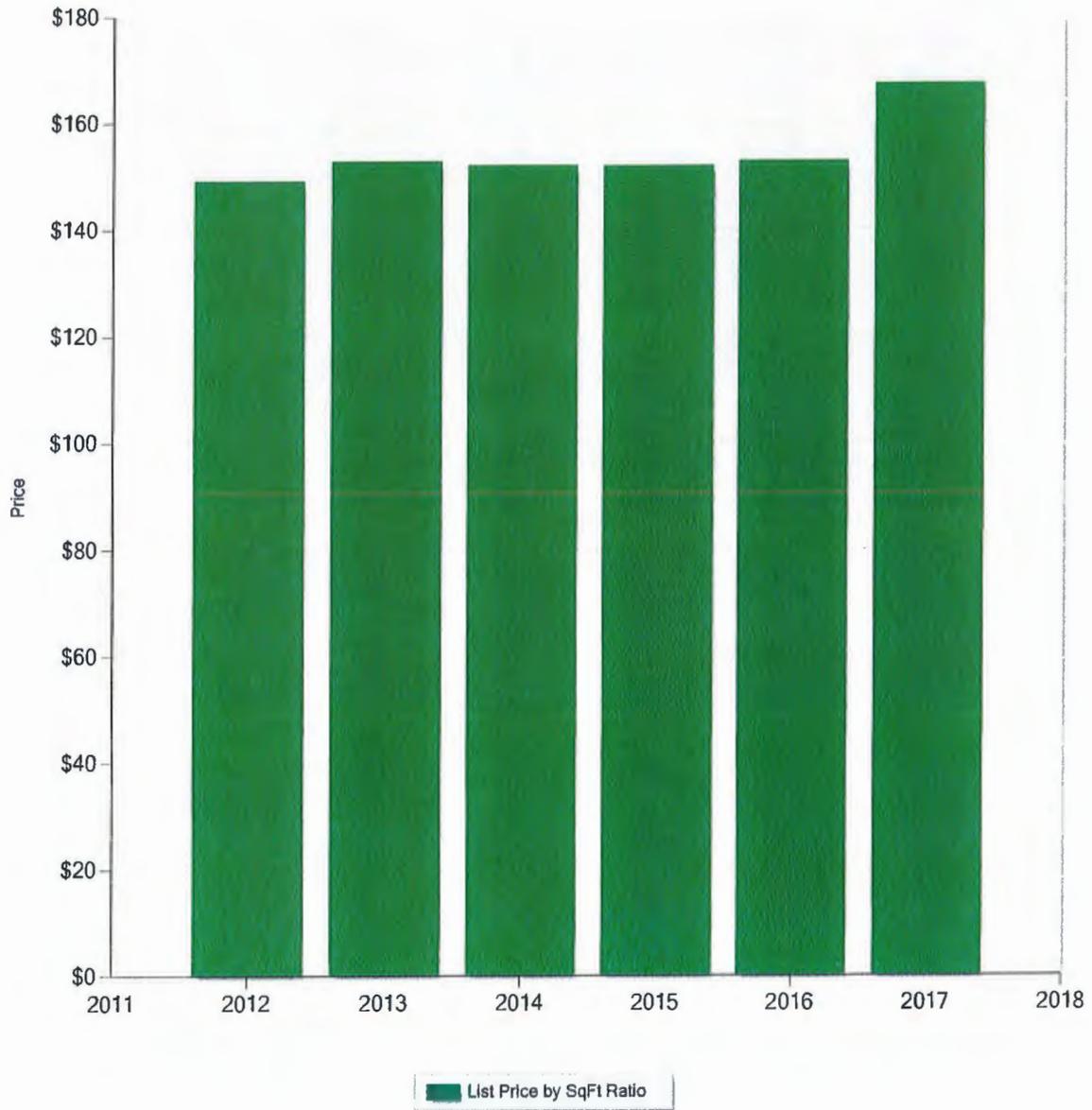
Goshen Town
84 | -17.6%

Sales Price	New Listings	Homes for Sale	Pending Sales
Days on Market MEDIAN AVERAGE	Months Supply	Pct of List Price	Price Per Sq Ft

This service is provided to you by:



Historic Count of Active Listings



Search Criteria

Time frame is from Jan 2012 to Feb 2017

County is 'Orange County'

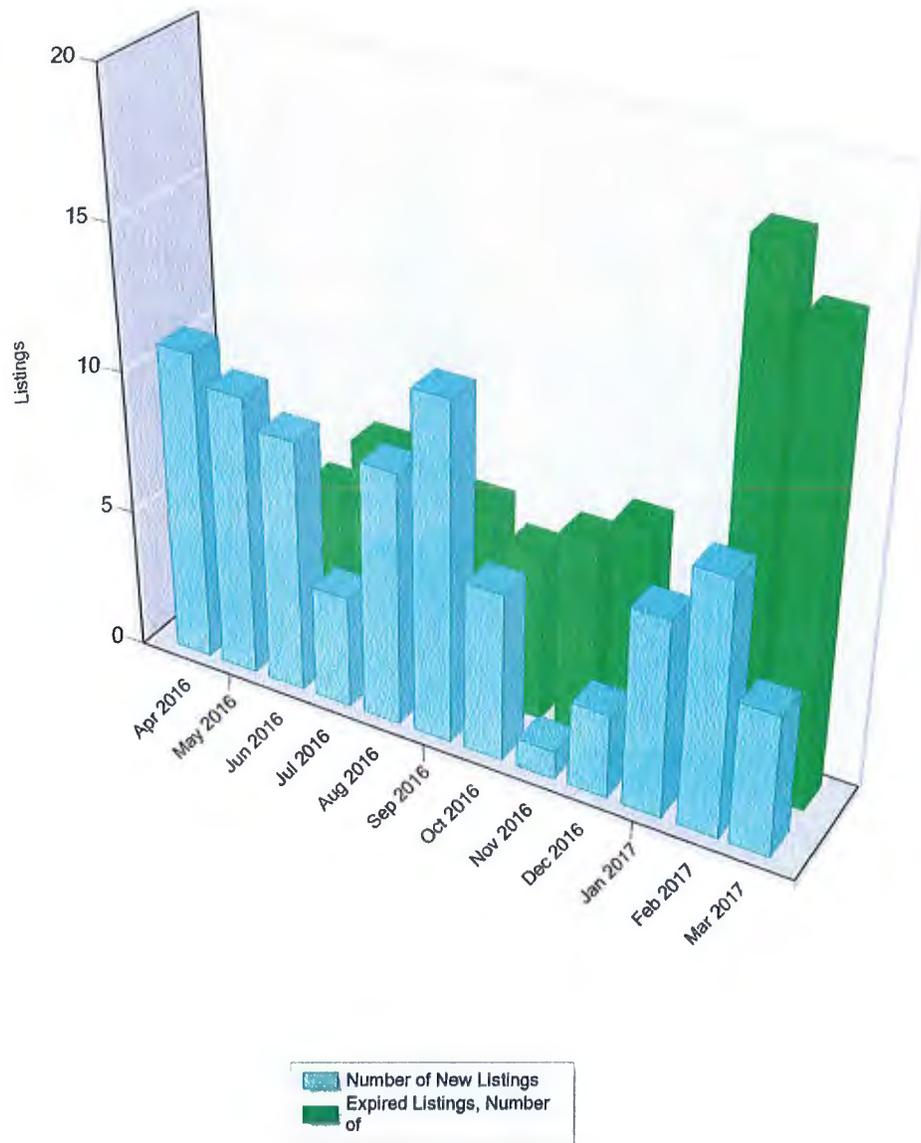
City/Town is 'Goshen Town'

Village is 'Goshen Village'

Results calculated from 495 listings

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Historic Sales x Price Range



Month	Number of New Listings	Expired Listings, Number of
Apr 2016	11	6
May 2016	10	4
Jun 2016	9	6
Jul 2016	4	8
Aug 2016	9	5
Sep 2016	12	7
Oct 2016	6	6
Nov 2016	1	7
Dec 2016	3	8
Jan 2017	7	3
Feb 2017	9	18
Mar 2017	5	16

Time Frame

Past 12 Months

Statistic

Original Price, Median

Chart Type: Column

Secondary Statistic

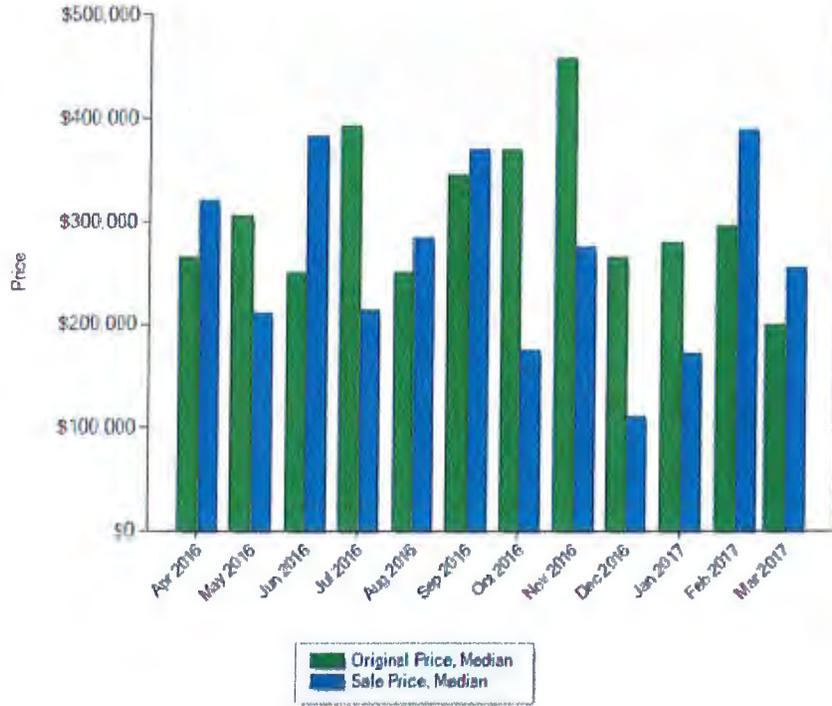
Sale Price, Median

Chart Type: Column

Group By

Month

Hide Advanced Style Options



Time frame is from Apr 2016 to Mar 2017
County is 'Orange County'
City/Town is 'Goshen Town'
Village is 'Goshen Village'
Results calculated from approximately 100 listings

Local Market Update – February 2017

A Research Tool Provided by the Hudson Gateway Association of REALTORS®



Goshen Village

Goshen Town, Orange County

Single-Family Homes			February			Last 12 Months		
Key Metrics	2016	2017	% Change	Thru 2-2016	Thru 2-2017	% Change		
New Listings	13	9	- 30.8%	122	87	- 28.7%		
Closed Sales	3	4	+ 33.3%	45	54	+ 20.0%		
Days on Market Until Sale	71	105	+ 47.9%	140	96	- 31.4%		
Median Sales Price*	\$246,000	\$388,750	+ 58.0%	\$246,000	\$293,000	+ 19.1%		
Percent of Original List Price Received*	88.4%	93.7%	+ 6.0%	89.4%	94.2%	+ 5.4%		
Inventory of Homes for Sale	40	34	- 15.0%	48	44	- 8.3%		

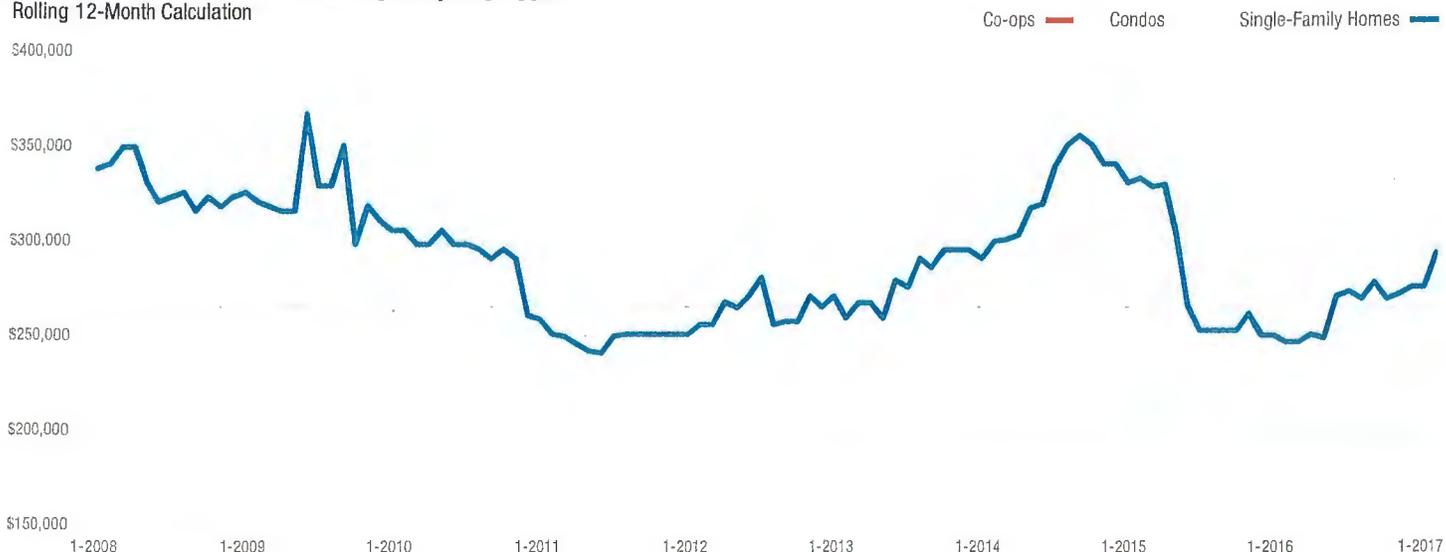
Condos			February			Last 12 Months		
Key Metrics	2016	2017	% Change	Thru 2-2016	Thru 2-2017	% Change		
New Listings	0	0	0.0%	2	2	0.0%		
Closed Sales	1	0	- 100.0%	2	1	- 50.0%		
Days on Market Until Sale	30	—	—	176	280	+ 59.1%		
Median Sales Price*	\$195,000	—	—	\$193,500	\$195,000	+ 0.8%		
Percent of Original List Price Received*	97.5%	—	—	89.6%	97.5%	+ 8.8%		
Inventory of Homes for Sale	1	1	0.0%	1	1	0.0%		

Co-ops			February			Last 12 Months		
Metrics	2016	2017	% Change	Thru 2-2016	Thru 2-2017	% Change		
New Listings	0	0	0.0%	0	0	0.0%		
Closed Sales	0	0	0.0%	0	0	0.0%		
Days on Market Until Sale	—	—	—	—	—	—		
Median Sales Price*	—	—	—	—	—	—		
Percent of Original List Price Received*	—	—	—	—	—	—		
Inventory of Homes for Sale	0	0	0.0%	0	0	0.0%		

Does not account for sale concessions and/or downpayment assistance. | Percent changes are calculated using rounded figures and can sometimes look extreme due to small sample size.

Historical Median Sales Price by Property Type

Rolling 12-Month Calculation



A rolling 12-month calculation represents the current month and the 11 months prior in a single data point. If no activity occurred during a month, the line extends to the next available data point.

Quarterly Indicators

Orange County



Q4-2016

Most of 2016 offered the same monthly housing market highlights. The number of homes for sale was drastically down in year-over-year comparisons, along with days on market and months of supply. Meanwhile, sales and prices were up in most markets. Unemployment rates were low, wages improved and, as the year waned, we completed a contentious presidential election and saw mortgage rates increase, neither of which are expected to have a negative impact on real estate in 2017.

- Single-Family Closed Sales were up 21.0 percent to 921.
- Condos Closed Sales were up 9.1 percent to 108.
- Co-ops Closed Sales finished the month at 4.
- Single-Family Median Sales Price increased 3.0 percent to \$233,800.
- Condos Median Sales Price increased 0.8 percent to \$153,750.
- Co-ops Median Sales Price ended the month at \$35,000.

The overwhelming feeling about prospects in residential real estate for the immediate future is optimism. Real estate professionals across the nation are expressing that they are as busy as ever. There are certainly challenges in this market, like continued low inventory and higher competition for those fewer properties, but opportunities abound for hardworking agents and diligent consumers.

Quarterly Snapshot

+ 20.1% **- 25.7%** **+ 1.0%**

One-Year Change in Closed Sales All Properties	One-Year Change in Homes for Sale All Properties	One-Year Change in Median Sales Price All Properties
+ 20.1%	- 25.7%	+ 1.0%

Residential real estate activity comprised of Single-Family, Condo and Co-op properties. Percent changes are calculated using modeled figures.

Single-Family Homes Market Overview	2
Condos Market Overview	3
Co-ops Market Overview	4
New Listings	5
Pending Sales	6
Closed Sales	7
Days on Market Until Sale	8
Median Sales Price	9
Average Sales Price	10
Percent of Original List Price Received	11
Housing Affordability Index	12
Inventory of Homes for Sale	13
Months Supply of Inventory	14
Total Market Overview	15



Single-Family Homes Market Overview

Key metrics for Single-Family Homes Only for the report quarter and for year-to-date (YTD) starting from the first of the year.



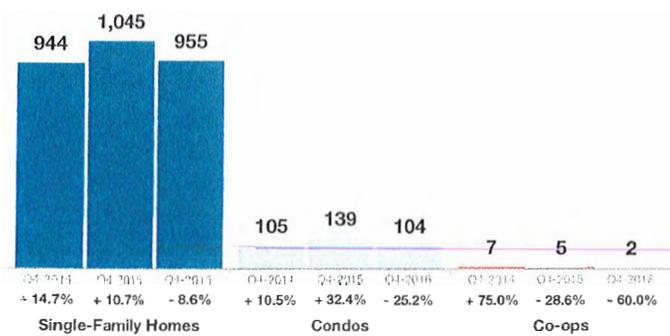
Key Metrics	Historical Sparkbars	Q4-2015	Q4-2016	Percent Change	YTD 2015	YTD 2016	Percent Change
New Listings		1,045	955	- 8.6%	5,453	5,287	- 3.0%
Pending Sales		730	874	+ 19.7%	2,868	3,623	+ 26.3%
Closed Sales		761	921	+ 21.0%	2,749	3,480	+ 26.6%
Days on Market		135	121	- 10.4%	137	126	- 8.0%
Median Sales Price		\$227,000	\$233,800	+ 3.0%	\$225,000	\$229,000	+ 1.8%
Average Sales Price		\$253,890	\$253,761	- 0.1%	\$245,182	\$246,540	+ 0.6%
Pct. of Orig. Price Received		90.9%	92.6%	+ 1.9%	91.1%	92.4%	+ 1.4%
Housing Affordability Index		182	184	+ 1.1%	184	187	+ 1.6%
Inventory of Homes for Sale		2,422	1,836	- 24.2%	--	--	--
Months Supply of Inventory		10.1	6.1	- 39.6%	--	--	--

New Listings

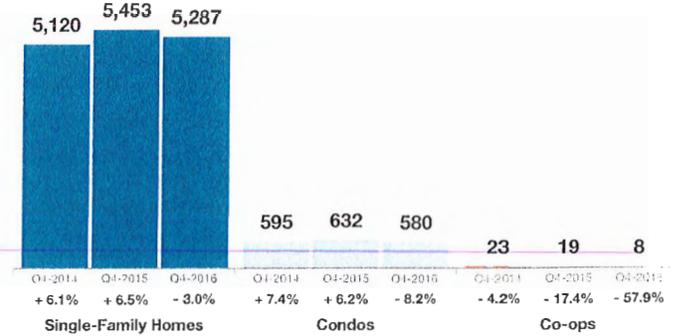
A count of the properties that have been newly listed on the market in a given quarter.



Q4-2016



Year to Date



Historical New Listings by Quarter



Quarter	Single-Family Homes	Condos	Co-ops
Q1-2014	1,047	140	6
Q2-2014	1,825	191	5
Q3-2014	1,304	159	5
Q4-2014	944	105	7
Q1-2015	1,065	132	5
Q2-2015	1,898	193	4
Q3-2015	1,445	168	5
Q4-2015	1,045	139	5
Q1-2016	1,291	139	3
Q2-2016	1,637	181	0
Q3-2016	1,404	156	3
Q4-2016	955	104	2

Days on Market Until Sale

Average number of days between when a property is listed and when an offer is accepted in a given quarter:

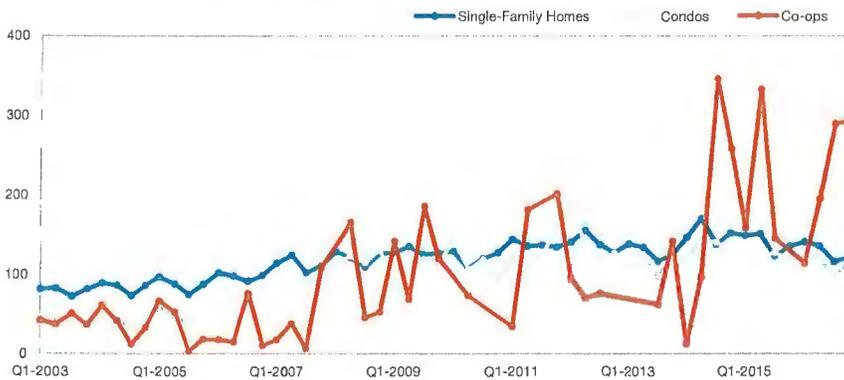


Q4-2016

Year to Date



Historical Days on Market Until Sale by Quarter



Note: If no activity occurred during a quarter, no data point is shown and the line extends to the next available data point.

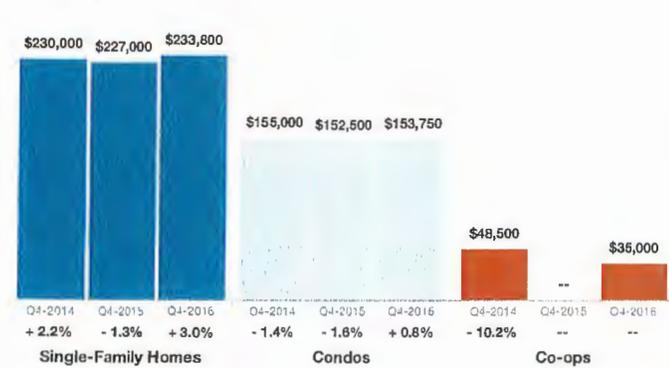
Quarter	Single-Family Homes	Condos	Co-ops
Q1-2014	146	116	12
Q2-2014	169	143	96
Q3-2014	137	140	346
Q4-2014	151	130	258
Q1-2015	148	121	158
Q2-2015	150	119	333
Q3-2015	122	127	144
Q4-2015	135	117	--
Q1-2016	140	116	114
Q2-2016	135	123	194
Q3-2016	115	93	289
Q4-2016	121	116	293

Median Sales Price

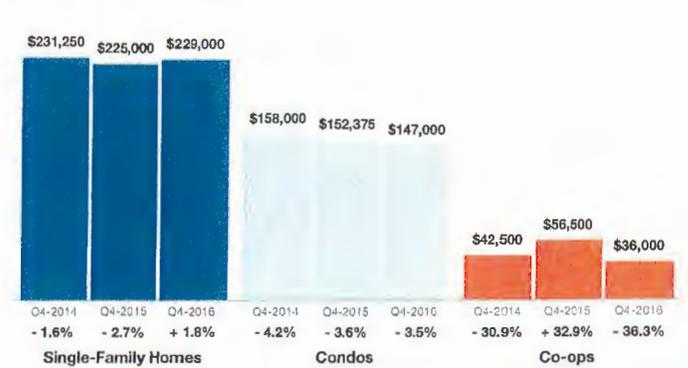
Point at which half of the sales sold for more and half sold for less, not accounting for seller concessions, in a given quarter.



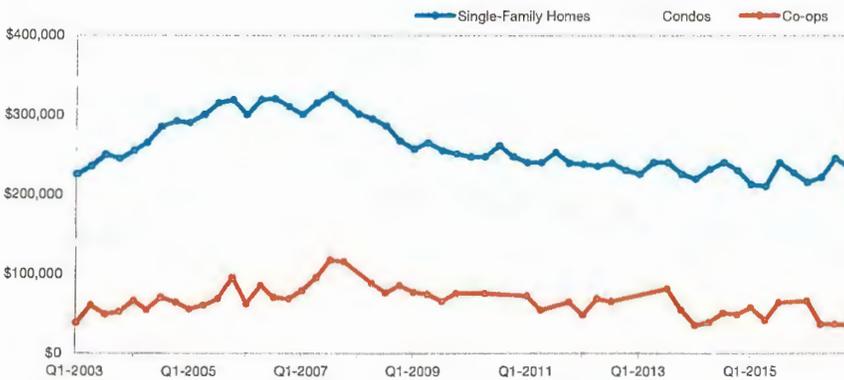
Q4-2016



Year to Date



Historical Median Sales Price by Quarter



Note: If no activity occurred during a quarter, no data point is shown and the line extends to the next available data point.

Quarter	Single-Family Homes	Condos	Co-ops
Q1-2014	\$219,500	\$124,000	\$35,000
Q2-2014	\$231,250	\$166,500	\$38,500
Q3-2014	\$240,000	\$165,000	\$50,250
Q4-2014	\$230,000	\$155,000	\$48,500
Q1-2015	\$212,000	\$155,000	\$57,000
Q2-2015	\$210,000	\$151,625	\$41,250
Q3-2015	\$239,500	\$153,000	\$63,500
Q4-2015	\$227,000	\$152,500	--
Q1-2016	\$215,000	\$145,000	\$65,500
Q2-2016	\$221,141	\$135,000	\$36,000
Q3-2016	\$245,000	\$154,800	\$36,000
Q4-2016	\$233,800	\$153,750	\$35,000

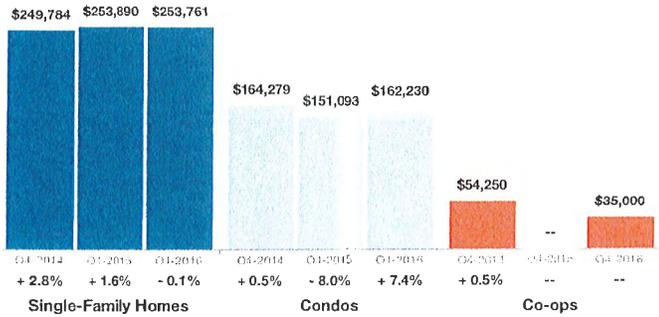
Average Sales Price

Average sales price for all closed sales, not accounting for seller concessions in a previous market.

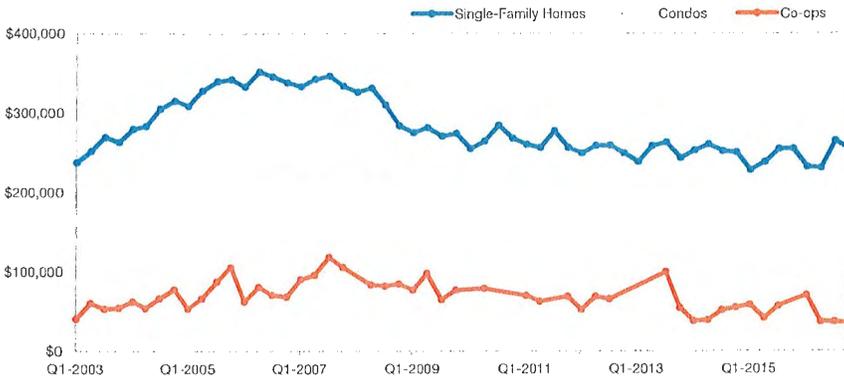


Q4-2016

Year to Date



Historical Average Sales Price by Quarter



Quarter	Single-Family Homes	Condos	Co-ops
Q1-2014	\$252,209	\$138,288	\$37,500
Q2-2014	\$259,646	\$175,890	\$38,500
Q3-2014	\$251,266	\$175,347	\$51,250
Q4-2014	\$249,784	\$164,279	\$54,250
Q1-2015	\$227,589	\$159,499	\$57,633
Q2-2015	\$237,355	\$162,216	\$41,250
Q3-2015	\$253,702	\$164,207	\$56,000
Q4-2015	\$253,890	\$151,093	--
Q1-2016	\$231,396	\$150,064	\$69,333
Q2-2016	\$229,790	\$155,114	\$36,000
Q3-2016	\$263,824	\$164,274	\$36,000
Q4-2016	\$253,761	\$162,230	\$35,000

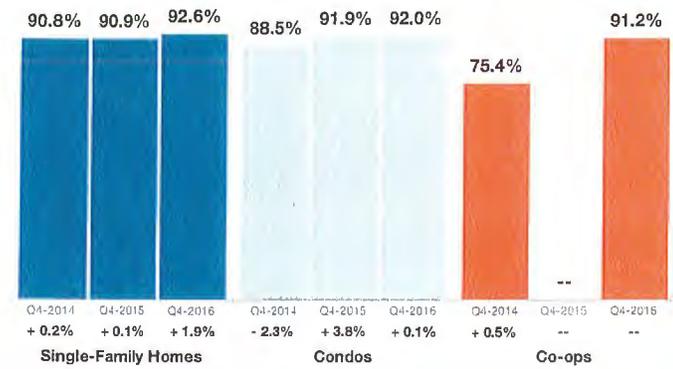
Note: This chart is not intended to represent a forecast of future market conditions. It is based on historical data points.

Percent of Original List Price Received

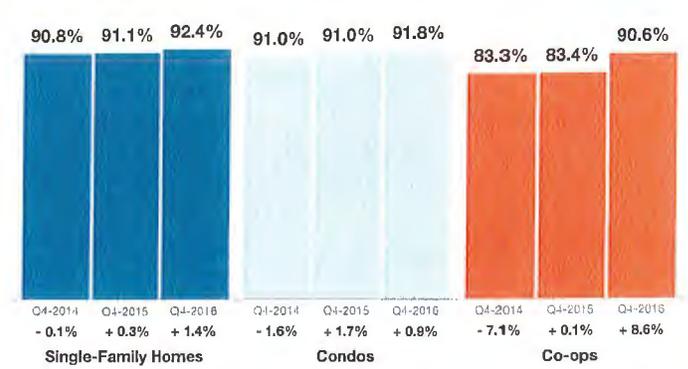
Percentage found when dividing a property's sales price by its original list price, then taking the average for all properties sold in a given month, not accounting for seller concessions.



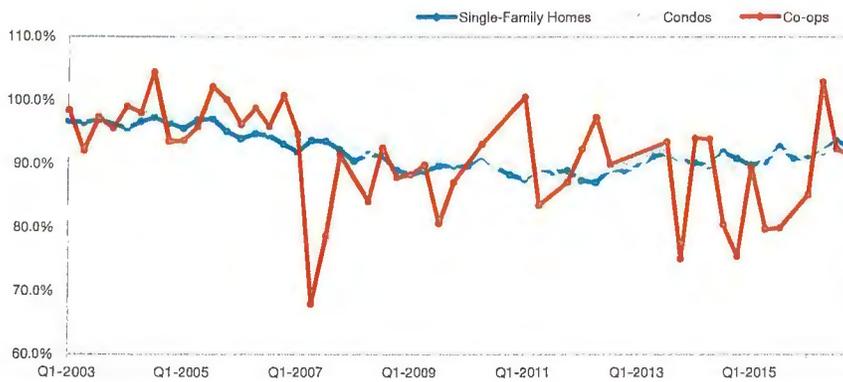
Q4-2016



Year to Date



Historical Percent of Original List Price Received by Quarter



Note: If no activity occurred during a quarter, no data point is shown and the line extends to the next available data point.

Quarter	Single-Family Homes	Condos	Co-ops
Q1-2014	90.2%	88.5%	94.0%
Q2-2014	89.7%	90.0%	93.9%
Q3-2014	91.8%	91.2%	80.4%
Q4-2014	90.8%	88.5%	75.4%
Q1-2015	89.8%	87.3%	89.5%
Q2-2015	90.3%	91.2%	79.7%
Q3-2015	92.7%	91.9%	79.8%
Q4-2015	90.9%	91.9%	--
Q1-2016	90.8%	90.1%	85.1%
Q2-2016	91.9%	92.0%	102.9%
Q3-2016	93.6%	92.9%	92.3%
Q4-2016	92.6%	92.0%	91.2%

Total Market Overview

Key metrics for single-family homes, condominiums and co-operatives combined for the report quarter and for year-to-date (YTD) starting from the first of the year.



Key Metrics	Historical Sparkbars	Q4-2015	Q4-2016	Percent Change	YTD 2015	YTD 2016	Percent Change
New Listings		1,189	1,061	- 10.8%	6,104	5,875	- 3.8%
Pending Sales		819	972	+ 18.7%	3,255	4,059	+ 24.7%
Closed Sales		860	1,033	+ 20.1%	3,115	3,882	+ 24.6%
Days on Market		133	121	- 9.0%	135	125	- 7.4%
Median Sales Price		\$217,250	\$219,500	+ 1.0%	\$215,000	\$218,000	+ 1.4%
Average Sales Price		\$242,029	\$243,334	+ 0.5%	\$234,803	\$237,163	+ 1.0%
Pct. of Orig. Price Received		91.0%	92.6%	+ 1.8%	91.1%	92.3%	+ 1.3%
Housing Affordability Index		190	196	+ 3.2%	192	197	+ 2.6%
Inventory of Homes for Sale		2,674	1,988	- 25.7%	--	--	--
Months Supply of Inventory		9.9	5.9	- 40.4%	--	--	--

SBL	2017 TOTAL AV	2016 MARKET VALUE	PROPERTY CLASS	SCHOOL CODE	BLDG STYLE	SFLA	YEAR BUILT	YEAR REMODELED	LOCATION	SALE DATE	SALE PRICE
25-1-5	139,500	214,600	210	333001	03	1,728	1976		10 Wedgewood Dr	2/23/2016	226,096
25-1-5	139,500	214,600	210	333001	03	1,728	1976		10 Wedgewood Dr	7/18/2016	112,299
25-1-18	136,000	209,200	210	333001	02	1,932	1971		36 Wedgewood Dr	11/16/2016	103,100
25-1-19	149,200	229,500	210	333001	05	2,208	1971		38 Wedgewood Dr	7/19/2016	280,992
25-1-23	144,000	221,500	210	332201	02	1,932	1972		46 Wedgewood Dr	2/2/2015	217,500
25-1-25	177,550	273,200	210	332201	02	1,932	1971	2014	52 Wedgewood Dr	5/27/2016	225,000
25-2-8	128,500	197,700	210	332201	01	1,380	1973		17 Birchwood Dr	8/22/2016	249,348
25-2-14	180,900	278,300	210	332201	01	1,284	1972	2014	29 Birchwood Dr	2/12/2015	265,000
25-3-16	126,000	193,800	210	332201	01	1,284	1971		21 Greenwood Dr	5/16/2016	165,000
25-4-10	140,700	216,500	210	332201	02	1,932	1971		13 Larchwood Dr	11/19/2015	260,000
25-5-6	178,200	274,200	215	333001	05	3,468	1971	2006	12 Greenwood Dr	8/31/2015	305,000
25-5-13	175,400	269,800	210	332201	02	2,734	1971		17 Tanglewood Dr	5/3/2016	363,958
25-5-15	162,900	250,600	210	333001	02	2,438	1971	2004	13 Tanglewood Dr	8/17/2015	207,000
25-5-15	162,900	250,600	210	333001	02	2,438	1971	2004	13 Tanglewood Dr	7/27/2016	188,000
25-6-3	140,400	216,000	210	333001	02	1,932	1969		6 Tanglewood Dr	3/26/2015	179,900
25-6-7	137,900	212,200	210	333001	02	1,932	1971		14 Tanglewood Dr	1/21/2016	205,000
25-6-25	147,400	226,800	210	333001	03	2,256	1972		5 Evergreen Ln	12/1/2016	130,000
26-2-3	144,500	222,300	210	333001	02	1,746	1972		26 Lark Ter	3/27/2015	185,000
26-3-6	142,300	230,000	210	333001	02	1,704	1972		15 Lark Ter	5/5/2016	103,000
26-3-11	179,100	275,500	210	333001	05	1,824	1972		5 Lark Ter	7/14/2015	310,000
26-4-2	201,300	309,700	210	333001	05	2,084	1972		18 Lark Ter	11/4/2016	375,000
26-4-3	172,200	264,900	210	333001	05	1,824	1972		16 Lark Ter	11/9/2015	265,000
<p>NOTES: TOWN OF GOSHEN WITHIN 1 MILE OF PROPOSED LEGOLAND</p> <p>GRAY SHADED ROWS INDICATES FORECLOSURES RESOLD QUICKLY FOR PROFIT</p> <p>YELLOW HIGHLIGHTED ROWS SHOW SIMILAR HOMES ON SAME STREET SELLING IN 2015 WITH HIGHER PRICES IN 2016 AFTER ANNOUNCEMENT OF LEGOLAND IN GOSHEN</p>											

**SALES STARTING JANUARY 2015 THRU DECEMBER 2016
SALE PRICE VS. ASSESSOR'S FULL MARKET VALUE**

SBL	PROPERTY CLASS	2017 TOTAL AV	2016 MARKET VALUE	LOCATION	SALE DATE	SALE PRICE	OWNER
125-1-27	210	235,200	361,800	6 Hanna Dr	1/5/2015	365,000	Rich, Ryan W
14-1-2	210	187,600	288,600	4 Storms Rd	1/5/2015	349,900	Feliciano, Frank
115-1-1.2	464	360,000	553,800	261 Greenwich Ave	1/6/2015	580,000	Qualamar Corporation
11-1-20.1	314	800	1,200	St Rte 17M	1/8/2015	525,000	RM Elegant Homes LLC
108-3-13	210	176,600	271,700	196 North Church St	1/9/2015	275,000	Brady, Rory K
3-1-17.4	240	502,700	773,400	339 Sarah Wells Trl	1/16/2015	510,000	339 Sarah Wells Trail LLC
18-1-92	210	331,000	509,200	55 Scolza Ter	1/23/2015	490,000	Garland, Rory
10-1-6.1	210	174,300	268,200	120 Owens Rd	1/26/2015	259,000	Mann, Konrad
125-1-44	210	216,000	332,300	20 Glen Dr	1/28/2015	305,000	Cosman, Michael B
12-3-6	210	291,450	448,400	14 Howard Ct	1/28/2015	425,000	Goodman, Collyer
18-3-2	210	211,385	325,200	364 Arcadia Rd	1/29/2015	315,500	Reed , Kyle
17-2-65	210	281,400	432,900	17 Angela's Way	1/30/2015	429,625	Crispino, Anthony J
125-1-18	210	289,200	444,923	15 Glen Dr	2/4/2015	415,000	Amante, John
125-1-53	210	206,900	318,300	53 Old Minisink Trl	2/6/2015	337,000	Antonacci, Pasqua
15-1-71.2	210	290,000	446,154	84 Lower Reservoir Rd	2/11/2015	405,000	Zuber, Neil W
25-2-14	210	180,900	278,300	29 Birchwood Dr	2/12/2015	265,000	Estevez, Raisa
9-1-4	105	106,200	163,400	29 Vivian Ln	2/18/2015	800,000	Equity Homes of New York LLC
112-16-17	210	255,450	393,000	26 Woodmere Cir	2/19/2015	391,560	Pulido, Juan Felipe
24-1	210	125,400	192,900	231 Reservoir Rd	2/26/2015	271,500	Ranaudo, Elio
12-3-18	210	242,600	373,200	5 Ruth Ct	3/5/2015	386,250	Valenza, Kristen
4-1-92	210	415,600	639,400	6 Farmcross Way	3/9/2015	625,000	Fontaine, Christopher
17-2-60	210	262,200	403,400	11 Valley View Rd	3/12/2015	377,900	Rouantree, Christopher
13-2-2	210	262,000	403,100	75 Houston Rd	3/16/2015	380,000	Swift, Jared
13-3-28	210	321,600	494,800	33 Paradise Valley Ln	3/19/2015	503,400	Saa, Alex
13-3-13	210	315,600	485,500	44 Creamery Cir	3/25/2015	481,900	Flynn, George
4-1-63.1	210	400,000	615,400	142 Hasbrouck Rd	3/26/2015	450,000	Damato, Maribel
106-2-20	210	128,500	197,700	118 Murray Ave	3/27/2015	265,000	Liu, Qishun
17-2-36.2	210	337,250	518,800	6 Valley View Rd	3/30/2015	535,000	Ogunjobi, Catherine
1-1-6	210	161,500	248,500	7 John Dr	4/2/2015	259,700	Garo, Anton
15-1-80	210	314,400	483,700	6 Long Meadow Way	4/9/2015	417,500	Malinchak, Jennifer B
12-1-24.2	340	480,000	738,500	41 Echo Lake Rd	4/14/2015	6,265,000	Echo Lake NY LLC
12-1-23.2	340	310,400	477,500	2832 St Rte 17M	4/14/2015	735,000	Echo Lake NY LLC
5-1-52	240	188,400	289,800	55 Old Minisink Trl	4/15/2015	250,000	Engley, Alicia
104-1-1.2	210	262,000	403,100	14 McNally St	4/24/2015	412,000	Bryan, Eric Allen
127-2-52	210	214,500	330,000	2 Bridle Ct	5/1/2015	350,000	Orange County Trust
103-2-4	210	216,150	332,500	45 Gregory Dr	5/1/2015	330,200	Marra, Brian P
10-1-9	105	25,300	38,900	117 Owens Rd	5/1/2015	785,000	Radha Soami Society
1-11.1	210	230,700	354,900	51 Owens Rd	5/1/2015	350,000	Radha Soami Society
127-2-26	210	202,100	310,900	42 Maiden Ln	5/6/2015	330,000	Becker, Abygail D
10-1-64	210	270,000	415,400	131 Cheechunk Rd	5/8/2015	440,000	Gain, Max

SALES STARTING JANUARY 2015 THRU DECEMBER 2016

SALE PRICE VS. ASSESSOR'S FULL MARKET VALUE

SBL	PROPERTY CLASS	2017 TOTAL AV	2016 MARKET VALUE	LOCATION	SALE DATE	SALE PRICE	OWNER
117-1-1.22	340	734,700	1,130,300	2500 St Rte 17M	5/12/2015	1,700,000	Kikkerfrosch LLC
127-4-1.1	210	241,695	371,800	2 Cahill Dr	5/12/2015	385,000	Joseph, Herard
28-3-8	210	299,400	460,600	13 Orchard Hill Vista	5/13/2015	462,500	Kalleberg, Scott M
12-3-10	210	268,350	412,800	22 Howard Ct	5/15/2015	377,000	Scolza, Andrew
12-1-109.4	210	284,925	438,300	151 Gibson Rd	5/15/2015	435,000	Rodriguez, Rodolfo
4-1-17.1	210	193,000	296,900	87 Ridge Rd	5/19/2015	335,000	O'Connor, Barry
17-1-57.2	210	188,000	289,200	1 Sunset Ct	5/20/2015	300,000	Kolk, Kenneth S
102-2-2	210	191,200	294,200	17 Victoria Ter	5/22/2015	298,700	Kecman, Uros
108-4-33	210	351,750	541,200	36 Lincoln Ave	5/22/2015	540,000	Gottlieb, Gary P
12-1-70.212	240	328,200	504,900	50 Maple Ave	6/3/2015	400,000	Feliciano, Daniel
17-4-24	210	264,650	407,200	1 Abbe Rd	6/11/2015	400,000	Ruscio-Bell, Nancy
28-2-3	210	266,900	410,600	7 Quaker Mill Run	6/18/2015	338,000	Hoskins, David C Jr
125-1-45	210	237,800	365,800	22 Glen Dr	6/23/2015	413,111	US Bank National Assoc
16-1-3.2	280	343,400	528,300	50,52,54 Dzierzek Ln	6/23/2015	350,000	Kennedy, John
114-8-19	311	11,300	17,400	364 West Main St	7/1/2015	301,288	US Bank National Association
114-5-15	452	2,550,000	3,923,100	84-116 Clowes Ave	7/1/2015	7,850,000	Goshen Plaza Associates LLC
5-1-92	210	314,900	484,500	5 Fairway Dr	7/7/2015	465,000	Carrico, Richard F
103-2-3	210	160,300	246,600	47 Gregory Dr	7/9/2015	260,000	Buono, Richard
26-3-11	210	179,100	275,500	5 Lark Ter	7/14/2015	310,000	Domino, Alfred
15-1-25.3	117	408,200	628,000	120 Conklingtown Rd	7/14/2015	920,000	Circle Z LLC
27-6-18	210	153,900	236,800	1 Beechwood Dr	7/15/2015	255,500	Gambino, Anthony
7-7-6.1	210	245,000	376,923	8 Meadowbrook Ln	7/16/2015	380,000	Federal National Mtg Assoc
3-1-1.22	314	20,000	30,800	25 Kipp Rd	7/16/2015	420,000	Johnston, Adrienne M
24-1-100	120	27,600	42,500	32 Black Dirt Dr + Indiana	7/21/2015	812,500	Aurora Inovations
1-3-7	210	158,100	243,200	22 Ruby Ln	7/22/2015	280,000	Quigley, Brian
12-3-20	210	248,900	382,900	1 Ruth Ct	7/22/2015	373,750	Hoang Vo, Sang
10-1-27.2	220	229,300	352,800	223 Phillipsburg Rd	7/22/2015	435,000	Roberts, Keith
106-1-8	210	160,300	246,600	139 Murray Ave	7/24/2015	300,000	Dituro, Elizabeth
4-1-102	210	170,000	261,500	47 Farmingdale Rd	7/29/2015	274,900	Sudarto, Stephen M
111-1-1	210	202,300	311,200	191 North Church St	8/5/2015	329,000	Dowling, Michael
114-8-25	210	141,900	218,300	1 Justin Ct	8/14/2015	250,000	Vedder, Craig A
127-2-20	210	246,000	378,500	15 Corral Ln	8/17/2015	370,000	Fazio, Robert S Sr
2-1-62.1	210	199,300	306,600	264 Scotchtown Rd	8/24/2015	282,000	Erario, Christopher
112-16-4	210	313,088	481,700	7 Woodmere Cir	8/27/2015	480,000	Rockwell, Debra A
15-1-61	210	272,300	418,900	5 Summerville Rd	8/27/2015	507,700	Veit, George
25-5-6	215	178,200	274,200	12 Greenwood Dr	8/31/2015	305,000	Cruz, Luis A
18-2-31	210	361,650	556,400	23 Northgate	9/10/2015	693,000	Selbo, Scot
13-1-58.42	210	325,900	501,400	4 Cara Crt	9/23/2015	410,000	Perez, Salvador
17-4-16	210	291,475	448,400	17 Abbe Rd	9/25/2015	445,000	Mistry, Dinesh
109-9-32	210	247,900	381,400	14 Marie Ter	9/29/2015	399,000	Smuckler, Beth

**SALES STARTING JANUARY 2015 THRU DECEMBER 2016
SALE PRICE VS. ASSESSOR'S FULL MLARKET VALUE**

SBL	PROPERTY CLASS	2017 TOTAL AV	2016 MARKET VALUE	LOCATION	SALE DATE	SALE PRICE	OWNER
125-1-67	210	214,300	329,700	1 Jackson Ln	10/1/2015	321,500	Boothe, Clive
127-1-4-.426	210	76,000	116,900	4114 Whispering Hills	10/7/2015	267,190	The Bank of New York Mellon
5-1-3	230	188,500	290,000	265 Phillipsburg Rd	10/8/2015	250,000	Garcia, Harold
17-1-13.4	449	127,100	195,500	1266 Pulaski Hwy	10/8/2015	390,000	Double RL LLC
112-9-5	210	242,100	372,500	30 South St	10/9/2015	305,000	Whittle, Kathleen
108-2-22	210	293,100	450,900	3 Wisner Ter	10/19/2015	508,000	Stroupe, David Jr
5-1-82.2	210	255,000	392,300	5 Smith Rd	10/19/2015	403,000	Siena, Catherine
11-3-20	210	311,125	478,700	5 Jessica Ct	10/26/2015	460,000	Moccio, Philip A
12-3-12	210	262,000	403,100	25 Howard Ct	10/30/2015	399,900	Liang Bing, Ren
13-3-3	210	322,000	495,400	9 Creamery Cir	11/3/2015	500,000	Eulau, Eric
26-4-3	210	172,200	264,900	16 Lark Ter	11/9/2015	265,000	Eustance, Robert
12-3-27	210	257,950	396,800	17 Howard Ct	11/10/2015	387,500	Griffen-Scott, Shawna
125-2-18	210	188,800	290,500	5 Earle Ln	11/12/2015	280,000	Dobbs, Jarrod
109-9-14	280	292,600	450,200	26-28 Parkway	11/13/2015	714,810	LNV Corporation
108-6-40	210	105,700	162,600	58 St John St	11/16/2015	327,158	PROF-2014-S2 Legal Title Trst
28-2-6	210	295,400	454,500	1 Quaker Mill Run	11/16/2015	457,500	Seibert, Kelly E
11-3-17	210	235,800	362,800	24 Danielle Ct	11/18/2015	357,500	Henriquez, Dario
12-1-8.23	340	69,000	106,200	31 6 1/2 Station Rd	11/18/2015	1,500,000	Healey Truck Realty LLC
1-10	210	140,700	216,500	13 Larchwood Dr	11/19/2015	260,000	Fontana, Thomas
109-6-5	210	167,700	258,000	13 McBride Pl	11/23/2015	270,000	Delong, David
12-1-70.211	281	343,750	528,800	76 - 78 Maple Ave	12/2/2015	395,000	The Estates at Rolling Ridge
4-1-103	220	468,000	720,000	3 High Meadow Rd	12/3/2015	700,000	Cicchello, Lawrence
124-1-3	210	200,000	307,692	27 Gregory Dr	12/4/2015	267,500	Volpe-Wassermann, Catherine
124-1-39	210	191,000	293,800	13 Hilltop Dr	12/4/2015	348,000	Craghan, Raphael D
12-3-22	210	274,445	422,200	4 Ruth Ct	12/8/2015	300,000	Singh, Gurpeet
8-1-44	210	262,200	403,400	9 Brookside Dr	12/11/2015	412,200	National Res Nominee Ser
8-1-44	210	262,200	403,400	9 Brookside Dr	12/11/2015	412,200	Kelly, William
11-3-18	210	235,735	362,700	22 Danielle Ct	12/18/2015	359,900	Cuevas, Andres
125-1-25	210	198,250	305,000	2 Hanna Dr	12/18/2015	305,000	Ghaly, Magdy A
102-1-2	210	171,600	264,000	406 Main St	12/28/2015	252,000	Schroeter, Louis
112-15-1	464	239,000	367,700	51 Greenwich Ave	12/30/2015	377,500	Sanbak Inc
110-4-12	210	243,005	373,900	229 North Church St	1/4/2016	385,736	Edward James, Mercado
127-3-32	210	242,500	373,100	15 Maiden Ln	1/7/2016	529,593	Wilmington Savings Fund
126-1-4.1	414	3,859,375	5,937,500	20 Hatfield Ln	1/7/2016	6,500,000	CH Harrisburg LLC
17-2-32	210	297,000	456,900	4 Colonial Dr	1/12/2016	420,000	Mancuso, Anthony J
12-3-23	210	284,925	438,300	6 Ruth Ct	1/15/2016	435,000	Richards, Vincent D
7-2-16	210	168,100	258,600	14 Knapp Ter	1/19/2016	300,000	Wilson, Dennis R
5-1.1	220	305,000	469,200	1 South St	1/19/2016	450,000	Thompson, Alan R
7-7-6.1	210	245,000	376,923	8 Meadowbrook Ln	1/20/2016	315,000	Gissona, James M
111-16-4	480	195,000	300,000	158 Greenwich Ave	1/27/2016	275,000	2000 Twins LLC

SALES STARTING JANUARY 2015 THRU DECEMBER 2016

SALE PRICE VS. ASSESSOR'S FULL MARKET VALUE

SBL	PROPERTY CLASS	2017 TOTAL AV	2016 MARKET VALUE	LOCATION	SALE DATE	SALE PRICE	OWNER
5-1-69	210	239,075	367,800	226 Phillipsburg Rd	1/28/2016	365,000	Gelato, Corey
12-3-9	210	267,330	411,300	20 Howard Ct	2/1/2016	399,900	Mendez, Petrouchka
20-2-5	440	427,500	657,700	8 Industrial Dr	2/4/2016	960,000	8 Industrial Drive LLC
14-26-7.1	210	199,000	306,200	250 Reservoir Rd	2/4/2016	258,640	Oliveri, Francesco
12-3-24	210	275,100	423,200	8 Ruth Ct	2/11/2016	420,000	Folami, Charles O
13-3-14	210	301,300	463,500	2 Paradise Valley Ln	3/4/2016	460,000	Pagliocca, Michael
127-3-35.1	210	265,275	408,100	9 Maiden Ln	3/9/2016	405,118	Marciano, Steven D
18-3-1	210	203,050	312,400	4252 St Rte 94	3/10/2016	284,900	Alago, John Manuel
13-1-54.9	210	275,000	423,100	2 Wynthrop Manor Dr	3/14/2016	732,230	Deutsche Bank Nat Trust Co
104-2-40	210	45,000	69,200	195 Montgomery St	3/16/2016	260,000	Caputo, Michael
17-4-22	210	268,550	413,200	5 Abbe Rd	3/22/2016	409,900	Pappas, Ross
125-1-15.2	210	215,500	331,500	9 Glen Dr	3/23/2016	320,400	Cronin, Michael
111-2-4	210	134,800	207,400	17 Tusten Ave	3/28/2016	265,000	Gennaro, Thomas-Vincent
109-3-4.2	464	589,500	906,900	55 Main St	3/31/2016	910,000	Orange Realty Holdings LLC
108-5-35	210	224,800	345,800	74 Murray Ave	4/4/2016	325,000	Scordo, Karyn L
15-1-25.2	210	264,000	406,200	196 Conklingtown Rd	4/12/2016	430,000	Bierbower, Sonya M
13-1-58.2	210	300,000	461,500	5 Gibson Rd	4/14/2016	312,000	Brea, Francisco Javier
111-1-17	210	163,000	250,800	21 Delta Pl	4/22/2016	315,000	Terzian, Michael S
127-3-33	210	207,900	319,800	13 Maiden Ln	4/26/2016	300,000	Kramer, Jeffrey
109-9-18	210	238,000	366,200	19 Marie Ter	4/28/2016	394,000	Stefanik, Shane
114-5-14	422	1,500,000	2,307,700	118 Clowes Ave	5/2/2016	1,500,000	Goshen Kaz Realty Group LLC
25-5-13	210	175,400	269,800	17 Tanglewood Dr	5/3/2016	363,958	Rescap Liquidating Trust
2-1-24.2	210	205,000	315,400	3331 St Rte 207	5/5/2016	289,827	Deutsche Bank Nat Trst Co
120-1-11	465	503,000	201,500	19-21 Edw J Lempka Dr	5/9/2016	685,000	DM Property Group LLC
14-27-12.1	210	116,100	178,600	10 Murabito Pl	5/11/2016	489,868	Bank of America NA
4-1-50	210	227,300	349,700	6 Candlewood Dr	5/23/2016	340,000	McKenna, Francis
112-4-5	210	302,700	465,700	16 South St	6/8/2016	415,000	Barrett III, James J
102-5-8.2	210	196,700	302,600	3 Pond Rd	6/14/2016	275,000	Ruggiero, Alfonso V
109-5-11	210	134,900	207,500	34 Orange Ave	6/14/2016	279,000	Schuster, Gary
127-3-7	210	232,000	356,900	207 Murray Ave	6/14/2016	350,000	Heller, Richard
18-1-105	210	230,700	354,900	12 Spruce Hill Ln	6/15/2016	402,000	Collishaw, Brendan
13-3-6	312	196,000	301,500	27 Creamery Cir	6/16/2016	497,050	Frazier, Greg L
103-2-14	210	170,700	262,600	107 Scotchtown Ave	6/16/2016	294,000	Gutierrez, Manuel
112-15-4.1	485	211,000	324,600	25 Green St	6/16/2016	416,267	Tow Warriors Inc
15-1-76	210	368,500	566,900	1 Long Meadow Way	6/20/2016	524,475	Sapp III, William
11-1-70	210	200,000	307,700	1 Lisa Ln	6/20/2016	300,000	Springer, Shawn M
7-11-3	210	167,300	257,400	21 Florican Ln	6/23/2016	278,000	Young, Kelly A
127-4-1.3	210	262,000	403,100	6 Cahill Dr	6/24/2016	421,228	Fuller, Timothy E
7-2-10	210	144,100	221,700	26 Knapp Ter	6/28/2016	275,000	Green, Justin
18-2-23.1	210	268,550	413,200	8 Northgate	6/28/2016	399,999	Friedrich, Todd M

**SALES STARTING JANUARY 2015 THRU DECEMBER 2016
SALE PRICE VS. ASSESSOR'S FULL MLARKET VALUE**

SBL	PROPERTY CLASS	2017 TOTAL AV	2016 MARKET VALUE	LOCATION	SALE DATE	SALE PRICE	OWNER
10-1-96	210	250,000	384,600	94 Owens Rd	6/30/2016	318,500	Bergsohn, Samuel
17-4-20	312	146,000	224,600	9 Abbe Rd	7/1/2016	420,900	Scully, Patrick
4-1-61.7	210	548,200	843,400	8 White Tail Dr	7/1/2016	954,000	Patel, Alpesh C
2-1-40	220	287,600	442,500	42 Greencrest Rd	7/7/2016	285,000	Riehle, Jason
25-1-19	210	149,200	229,500	38 Wedgewood Dr	7/19/2016	280,992	Secretary of Veterans Affairs
127-3-12	210	215,000	330,800	197 Murray Ave	7/20/2016	340,000	Minnock, Michael
18-1-116	210	264,000	406,200	7 Spruce Hill Ln	7/20/2016	373,500	Matthews, Stuart J
108-5-31	210	247,300	380,500	58 Murray Ave	7/22/2016	407,500	Brady, Damian J
12-3-21	312	90,700	139,500	2 Ruth Ct	7/25/2016	417,000	Tawil, Ramzi A
107-2-47	220	221,200	340,300	9 Maplewood Ter	7/27/2016	325,000	Negru, Cosmin F
15-1-42	210	403,400	620,600	7 Lakeview Dr	7/28/2016	507,500	Sudul, Joseph
10-1-67.1	210	201,300	309,700	108 Owens Rd	7/28/2016	340,000	Raganelli, Michael
12-3-5	210	281,650	433,300	12 Howard Ct	8/3/2016	421,580	Van Koppen, Christopher
10-1-22.1	210	55,850	85,900	228 Phillipsburg Rd	8/5/2016	379,000	MacDonald, Steven J
13-3-18	312	72,500	111,500	32 Creamery Cir	8/5/2016	454,900	Rogich, Richard
1-2-1	210	172,200	264,900	21 Ruby Ln	8/5/2016	293,000	Gautier, Angel
104-1-3	210	221,000	340,000	187 Murray Ave	8/10/2016	355,000	Cox, Todd D
125-1-3.2	210	180,300	277,400	16 Glen Dr	8/19/2016	337,500	Ives, Mandy M
1-24	210	264,650	407,200	1 Abbe Rd	8/23/2016	395,000	Jordan, Ryan
104-1-9	210	153,000	235,400	171 Murray Ave	8/31/2016	300,000	Fusco, Marguerite
108-7-5	483	253,100	389,400	45 Webster Ave	9/1/2016	260,000	CJDT LLC
13-2-8	210	319,000	490,800	9 Gabriella Ter	9/2/2016	590,000	Patel, Abhishek
14-27-5	210	151,700	233,400	11 Autumn Trl	9/6/2016	325,000	Hitchcock, Leslie
127-3-35.32	312	197,500	303,800	5 Maiden Ln	9/7/2016	396,973	Veras, Jose M
127-3-11	210	284,750	438,100	199 Murray Ave	9/8/2016	459,900	Rosenstein, Lauren
15-1-66	210	247,000	380,000	317 Arcadia Rd	9/9/2016	312,000	Hagedorn, Martin J
17-2-13	210	331,650	510,200	16 Sawyers Peak Dr	9/13/2016	449,000	Gonzalez, Douglas G
112-5-25	312	160,550	247,000	16 Robalene Dr	9/16/2016	400,000	Van Etten, Jeffrey F
28-2-1	210	251,800	387,400	2 Twin Springs Ln	9/26/2016	251,000	High Garden Holdings
6-3-6	210	187,500	288,500	11 Yankee Maid Ln	9/28/2016	308,780	KeyBank National Assoc
2-1-33.1	280	215,000	330,800	29 Greencrest Rd	9/29/2016	340,000	Fruchter, Schlome
7-8-2	210	185,000	284,600	21 Fleetwood Dr	9/30/2016	340,000	Banghart, Kenneth
108-3-3	210	169,000	260,000	29 Lincoln Ave	10/3/2016	265,000	Gawronski, Adam
112-9-2	411	161,300	248,200	112 Green St	10/7/2016	270,000	WMI Enterprise LLC
13-1-50.2	210	141,900	218,300	139 Gibson Rd	10/12/2016	286,000	Waldo, James III
18-1-24	210	207,600	319,400	4368 St Rte 94	10/25/2016	295,000	LSF9 Master
127-3-14	210	225,000	346,200	51 Maiden Ln	10/26/2016	370,000	Slockbower, Brian
6	210	135,000	207,700	11 Meadowbrook Ln	11/3/2016	482,059	The Bank of New York Mellon
26-4-2	210	201,300	309,700	18 Lark Ter	11/4/2016	375,000	Como, John M
127-3-8	210	216,600	333,200	205 Murray Ave	11/8/2016	355,000	Donnelly, John J

**SALES STARTING JANUARY 2015 THRU DECEMBER 2016
SALE PRICE VS. ASSESSOR'S FULL MARKET VALUE**

SBL	PROPERTY CLASS	2017 TOTAL AV	2016 MARKET VALUE	LOCATION	SALE DATE	SALE PRICE	OWNER
13-3-9	311	65,000	100,000	39 Creamery Cir	11/9/2016	480,000	Yarnold, Charles
113-3-9	210	134,200	206,500	22 Ryerson Ave	11/10/2016	292,000	Olsziewski, Kristen
127-3-35.2	210	261,345	402,100	7 Maiden Ln	11/10/2016	424,900	Atanasio, Steven
17-2-68	210	245,000	376,900	13 Angela's Way	11/14/2016	271,000	CEAS Select Properties
127-2-3	220	246,000	378,500	5 Corral Ln	11/15/2016	420,000	Shanfield, Robert H
17-2-20	210	312,600	480,900	23 Colonial Dr	11/22/2016	475,000	Franco, Andrew
13-1-32.53	314	65,000	100,000	30 Lower Reservoir Rd	11/23/2016	448,000	Flamberg, Anna M
8-1-41	210	282,900	435,200	3 Brookside Dr	12/1/2016	385,000	Alders, Ryan
13-3-16	311	65,000	100,000	36 Creamery Cir	12/1/2016	494,900	Skubala, John

NOTE: HIGHLIGHTED PROPERTIES ARE WITHIN ONE MILE OF PROPOSED LEGOLAND

The economic impact of theme parks on regions

Michael Braun

NEURUS – participant 1999/2000

(UCI – WU)

TABLE OF CONTENT

1. INTRODUCTION	1
1.1. Area of examination.....	1
2.THE ECONOMIC AND SOCIAL IMPACTS OF TOURISM	3
2.1. Two sides to tourism.....	3
2.2. The Export basis - multiplier effect	4
2.2.1. The "Multiplier Effect" of Tourist Spending.....	5
3. THE IMPACT OF TOURISM ON LOCAL GOVERNMENT EXPENDITURES	8
4. EMPIRICAL TOURISM DATA	12
4.1. A Comparison: Tourism in Europe and the U.S.	13
4.1.1. United States of America.....	13
4.1.1.1 The Los Angeles tourism industry - closeup.....	14
4.1.2. Europe.....	15
5. THEME PARKS	18
5.1. Background	18
5.1.1. The U.S. Theme Park Industry.....	18
5.1.2. The European Theme Park Industry.....	21
5.1.3. The North Asian Theme Park industry.....	22
5.2. Types of Theme Parks	22
5.2.1. Definitions by characteristics.....	24
5.2.1.1 Recreation Parks (collective term).....	24
5.2.1.1.1. Enjoyment parks.....	24
5.2.1.1.2. Urban entertainment center.....	24
5.2.1.1.3. Sport- and fun parks.....	25
5.2.1.1.4. Theme parks.....	25
5.2.1.1.5. Bath parks.....	25
5.2.1.1.6. Experience resorts.....	25
5.2.2. Hierarchy.....	26
5.3. U.S. - Theme park facts in general	28

5.3.1. General impacts of major parks.....	28
5.3.2. Customer catchment area.....	28
5.3.3. Attendance 1998.....	29
5.3.4. US – Theme park market structure.....	31
5.3.5. Top 10 Amusement / Theme Park Chains Worldwide.....	32
5.3.6. Age distribution of U.S. theme park visitors.....	33
6. THE AMUSEMENT PARK INDUSTRY.....	35
6.1. A brief history.....	35
6.2. Where and when did the Theme park development start?.....	38
6.3. Milestones in U.S. – Themepark History.....	40
6.4. Development of the theme park industry in the coming future.....	43
6.4.1. Disney's California Adventure.....	43
6.4.2. Tokyo Disney Sea.....	43
6.4.3. Universal Studios Japan.....	44
6.4.4. Disneyland Hong Kong.....	44
6.4.5. Universal Studios Port Aventura, Spain.....	45
6.4.6. The Wonderful World of Oz.....	45
6.4.7. Atwater Theme Park Project.....	45
6.4.8. Seapark.....	46
6.4.9. Veda Land.....	46
6.4.10. Neverland East and West.....	46
7. MAJOR THEME PARKS REQUIREMENTS AND PROBLEMS.....	48
7.1 Major theme parks requirements.....	48
7.2. Major theme parks problems.....	49
7.3 Theme parks – Requirements to impact destination tourism.....	51
8. CASE STUDY: THE DISNEYLAND EXPANSION.....	53
8.1. The Walt Disney Company - A brief introduction.....	53
8.1.1. Description of Business Units (BU).....	53
8.1.1.1. Business Unit Creative Content.....	53
8.1.1.2. Business Unit Broadcasting.....	54
8.1.1.3. Business Unit Theme Parks and Resorts.....	54
8.1.2. Financial Key Numbers and Ratios.....	55
8.1.3. An Analysis of the company's status.....	59
8.2. Introduction of the Case-study project.....	67

8.2.1. Map of project site.....	69
8.2.1.1. Theme park district.....	70
8.2.1.2. Hotel district.....	70
8.2.1.3. Parking District.....	70
8.2.1.4. Future Expansion District.....	70
8.2.2. Construction activities and phasing.....	71
8.2.3. Project objectives.....	71
8.3. Current theme park market structure of the L.A. Area.....	72
8.3.1. Admission fees.....	72
8.3.2. Visitor numbers.....	73
8.3.3. Origin of Visitors.....	73
8.3.3.1. Disneyland Anaheim.....	73
8.3.3.2. Knott's Berry Farm.....	74
8.3.3.3. Six Flags Magic Mountain.....	74
8.3.3.4. Universal Studios Hollywood.....	74
8.4. Impacts of the project.....	75
8.4.1. Impacts from construction / expanding the existing theme park.....	75
8.4.1.1. Employment.....	75
8.4.1.2. Housing.....	75
8.4.2. Final impacts of the project.....	76
8.4.2.1. Employment.....	76
8.4.2.1.1. Direct employment.....	76
8.4.2.1.2. Workforce demanded by the project.....	79
8.4.2.1.3. Potential and induced employment.....	80
8.4.2.2. Housing.....	81
8.4.2.3. Impacts on the Hotel industry.....	81
8.4.2.3.1. Projected supply and demand for hotel rooms in anaheim.....	81
8.4.2.3.2. Projected growth in average daily room rate.....	83
8.4.2.4. Public Costs and Benefits.....	85
8.4.2.4.1. Costs.....	85
8.4.2.4.2. Benefits.....	94
8.5. Other impacts of the project.....	101
8.5.1. "Macro" - The Anaheim theme park in competition with Las Vegas.....	101
8.5.2. Impact of the new Retail- and Entertainment Center at Disneyland on the region.....	103
8.5.2.1. Proposition 13.....	103
8.5.2.2. Map of the influenced area.....	106
9. SUMMARY.....	107
10. OUTLOOK.....	109
10.1. A comment on theme parks in comparison USA – Europe.....	108
10.2. Theme parks conquering Austria's tourism industry?.....	110
10.3. Developing Trends of the theme park industry.....	111
10.3.1. Themed to country/region.....	111
10.3.2. Part of larger mixed-use destination projects.....	111

10.3.3. Greater visitor participation and interaction.....111
10.3.4. Use of simulation experiences and virtual reality.....112
10.3.5. Greater water orientation.....112
10.3.6 Design for all-weather operation/artificial environments.....113

BIBLIOGRAPHY.....115

GLOSSARY.....118

INDEX OF FIGURES.....120

INDEX OF TABLES.....121

1. Introduction

Amusement parks respectively theme parks can be met all across the United States of America and in the region of Greater Los Angeles respectively. Those theme parks are tourist attractions as well as recreation areas for the citizens of the Los Angeles Area - they enrich the recreational possibilities for the residents.

Theme parks look for adjacencies to agglomerations and represent an important "income generator" respectively an important economic motor for each single region. But theme parks are not homogeneous among themselves; there are different peculiarities in design, composition and in the hierarchy and different dimensions of economic impacts as well, so following questions are coming up:

- How does the establishment of a Resort park effect the surrounding region?
- Is it advantageous for a region to own a Resort park?
- How are parks linked to the rest of the region's economy?
- How exactly does the park enrich the region economically?

Analyzing how parks effect their own and the surrounding regions is very interesting to me because the introduction of theme- and Resort parks into Austria's recreation industry is imminent.

1.1 Area of examination

A survey of the theme park industry in the United States of America shall be undertaken by analyzing the example the four theme parks in the Los Angeles Area, Southern California, gives.

The case study deals with the expansion of Disneyland, located in the City of Anaheim. The Disney Company was responsible for introducing a new era in the theme park

industry by erecting Disneyland in 1955. This was a milestone in the theme park history, and many other companies followed Disney's example and erected large scaled sized theme parks all over the U.S.

Further, the establishment of Disneyland leveraged an enormous economic growth to the City of Anaheim.

Due to these and due to the fact, that the expansion of Disney's Anaheim Resort is currently under construction, I thought it would give an perfect example to analyze the impacts which appear from constructing the park as well as to analyze the impacts, which occur from running a theme park.

Last but not least, the NEURUS-Program, which was set up by each 3 well known European and U.S. Universities, provided an excellent framework to this study.

The NEURUS program also provided an internship for my research at the Disney Corporation which gave me a lot of background knowledge about this kind of business and eased the data collections for my research.

2. The economic and social impacts of Tourism

Theme parks of a size like Disneyland, Walt Disney World, Knott's Berry Farm, Universal Studios are visited by tourists frequently. The additional spending of tourist dollars in an area affects the economy, that cannot be questioned. However, the extend of its effect, its implications, and its repercussions are debatable.

Much of the research in tourism is concerned with the economic impact made by tourism on a state, nation, island or community. But since there are countervailing forces at play within an economy, the arising costs and benefits from tourism are not immediately quantifiable. The costs and benefits of tourism are not evenly distributed. What may be a benefit to one group may cost another group within the same community or area. For example, hotel and restaurant operators may benefit from tourism, but the permanent residents may suffer in terms of crowding, pollution, noise, and in some cases, a changed way of life. Sometimes, immigrants must be invited to serve the tourists, which constitutes a cost to the community through the increased use of schools, hospitals, roads, water systems etc.

Does tourism introduce costs in the form of reduced quality of life at a destination? The answer is "yes", when the destination is not prepared for such a large number of visitors. Some of the negative effects are obvious: Traffic congestion, increased crime, noise, air pollution, vandalism, excessive demand on all public facilities, parks, water supplies, not to mention the overcrowding of beaches, mountains, forests, and their destruction.

2.1 *Two sides to tourism*

In well-developed areas, tourism may enrich the community by providing additional shops, theaters and restaurants, the permanent resident is offered options which were

previously unavailable. In less developed areas, tourism might lead to frustration and resentment when only the tourist areas are given good roads, adequate water supply, etc. It is important, that the native population can participate - their position vis-à-vis the tourist accentuates their poverty and may lead to violence (Lundberg, 1995, p144).

As dollars are brought into an economy by tourism the economy gets stimulated - costs of goods and services increase, the price of land may skyrocket. In some areas the economy gets "overheated", Landowners and developers may become rich, but the cost to the average citizen usually multiplies because of the increased cost of housing.

2.2 The Export basis - multiplier effect

The Export-basis theory rests upon a multiplier effect as described under point 2.2. Generally spoken, the "export basis theory" supposes that the economic basis of a region is the sum of all companies, which export their products into another region. This is called the "basic sector". The part of the industry that does not export, depends in its development from the basic sector by a multiplier which is similar to the Keynesian multiplier, but derives from exports and not from government spending.

A positive as well as a negative interconnection can be observed: Extremely prospering exporting companies create additional demand and precipitate a demand boom in the whole region.

$$Y = \frac{1}{1 - c + q} Y_x$$

The term $1 / (1 - c + q)$ is called the export basis multiplier. The larger the marginal propensity to consume c and the smaller the marginal propensity to import q is, the larger is the multiplier. Y , the income of the entire region depends on the multiplier and on the income of the basic sector Y_x (Smith, p.25).

2.2.1 The “Multiplier Effect” of Tourist Spending – A special case of the export basis model

In economic terms, the tourist dollar spent in an area or region is an export which brings in new money. When a “fresh” dollar enters an economy, it affects that economy in various ways. Some of the dollar immediately leaves the economy as profit and in various kinds of imports. Technically, these monetary streams can be lumped together as “leaks”. The part of the dollar that remains in the economy may be saved or loaned to another spender, invested, or used for purchases. Technically, this is the “first-round-spending”. Like the share of the tourist dollar that stays in the economy, this first round spending generates additional income for example for manufacturers and producers. Once again, a percentage of the dollar might be leaving the economy for necessary imports, so further “leaks” will occur in this round, but the rest of the dollar will be respent for a “second round spending”. The rounds go on and on, but it is plain to see that rounds of spending are kicked off by the injection of the initial spending, which in this case is the tourist dollar brought to the destination’s economy.

As the money that stays within the economy is spent and re-spent, it stimulates the economy, causing further spending. The various sectors of an economy are linked together, each part affecting the others. When the links increase in number and strength, the impact of the tourist dollar on the economy also increases and less money leaves the area. In other words: The more money that remains in the economy, the fewer the leaks and the higher the multiplier effect. Note that the result is a stimulation of income, employment in non-tourism related sectors of the local economy and increased tax receipts for governments.

“In economic terms, the tourist dollar is an export that brings in new money. The part that remains in the economy, being spent and respent, sets a “Tourist Income Multiplier”. The greater the percentage of the tourist dollar that remains in the economy and the faster it is respent, the greater its effect in accelerating the growth of the economy” (Lundberg, 1995, p148).

The Tourist Income Multiplier can therefore be calculated as follows:

$$\text{TIM} = \frac{1 - \text{TPI}}{\text{MPS} + \text{MPI}}$$

TIM – Tourism Income Multiplier, or factor by which tourist expenditure should be multiplied to determine the tourist income generated by these expenditures.

TPI – Tourist’s propensity to import, or buy imported goods and services that do not create income for the area

MPS – Marginal propensity to save, or the resident’s decision not to spend an extra dollar of income.

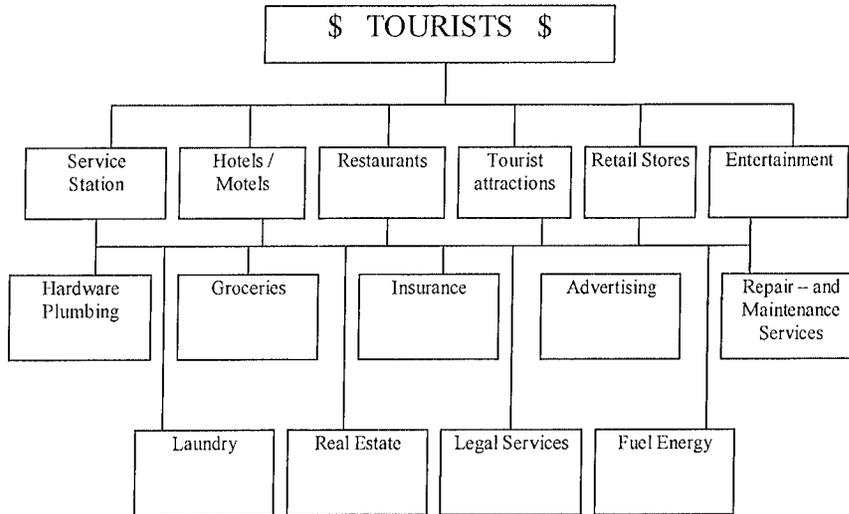
MPI – Marginal propensity to import, or the resident’s decision to buy imported goods or spend money abroad.

If the outcome is for example 1.7, it means that from every single tourist dollar spent 70 additional cents are spent within the regions economy.

Further it has to be noted, that the multiplier effect can decrease sharply when labor had to be imported into the regional economy. That is, when the economy asks immigrants to serve the tourists: Tourist dollars spent in a region might leave the region quickly, because the wages and salaries the immigrants earn are likely being sent out to the workers families.

Following figure shall show the importance of tourism to a region and which economic activities are being influenced:

Figure 1: Economic sectors influenced by the tourist dollars:



Source: U.S. Department of Commerce 1978

This figure shows the influenced economic sectors of a region that serves as a tourist destination. Furthermore, it illustrates the “rounds” of spending. It can be seen clearly, that the initial spending, which is undertaken by tourists, goes into typical services as food, lodging, entertainment, retail stores, etc. In the 2nd round of spending, many more sectors of the region’s economy participate – also economic sectors, whose typical core business is expected to lie elsewhere (e.g. legal services).

3. The impact of tourism on local government expenditures

Very often, local policy makers have assumed that economic activities associated with tourism improve the quality of life. As such, much of the analysis of this industry has focused on the positive impacts on employment, income, tax revenue, and local economic growth and development, generally.

It is reasoned that promotion of tourism will result in:

- Improved transportation facilities and other infrastructure which will benefit local residents,
- The generation of enhanced local government revenue which will result in improvement of community facilities and services, and
- The multiplier effect of tourism on development of other economic sectors.

It is also argued that, as a service industry, tourism is able to create a large number of jobs in a short period of time for little cost. It is within this context that the tourism industry has acquired the nickname of being a "smokeless industry."

The general logic behind local government initiatives to promote their region as a tourism center is lying on the assumption that local residents will benefit from the employment, income, and tax revenue generated from tourism. Tourist industry promoters argue that the impact on the local tax base is positive. First, the tourism industry will facilitate expansion of the property tax base through development, which will facilitate stable or declining tax rates. Second, a large portion of the tax burden may be exported through the use of sales and transient guest taxes paid by tourists. Thus, it would seem possible to import economic development at little or no expense, while at the same time exporting a significant share of the tax burden on local taxpayers (Wong, 1996, p314).

According to Young (1973) there is a saturation level for tourism, if that level is exceeded, the costs of tourism begin to outweigh the benefits. These saturation levels are

dictated primarily by constraints on land, labor supply, infrastructure capacity, entrepreneurship, and local citizen tolerance, which lead to negative externalities being imposed upon local residents.

Land related constraints include limits on the amount of developable land and the need to preserve natural resources such as climate, land-forms, terrain, flora, fauna, bodies of water, beaches, natural beauty, and water supply for drinking and sanitation which may form the basis of the attractiveness of the area to tourists. In addition, the use of land for tourist development prevents the use of that land for other purposes.

Labor shortages may also limit the potential for tourism development. Critics often point out that much of the demand for tourism related employment is seasonal and that low status and low pay characterize much tourist industry employment. As such, a disproportionate concentration of seasonal and low-paid employment needed to service the tourist industry can be a threat to the local employment structure.

“Infrastructure constraints involve heavy use resulting from increased tourism. As such, local benefits from tourism should be weighed against the costs incurred in developing the tourism industry“(Wong 1996, p318). In order for major tourism development to take place, adequate streets, highways, and parking facilities; air, water, bus, train, and taxi transportation networks; water and sewer systems; utilities; communications networks; parks and recreation; health care facilities; and public safety systems must be established. In addition, private lodging, eating and drinking, and retail facilities must be adequate. Thus, infrastructure planning and development must involve a coordinated and concerted effort on the part of both the public and private sectors. If a local airport does not have an adequate air terminal or air service, surrounding hotels and attractions may well stand empty. Likewise, adequate streets and highways are needed to allow people to get from the airport to their destination. Wong (1996, p.323) concludes that: "To the extent possible, infrastructure improvements should be planned to accrue maximum benefits to

local residents while justifying the resources and funding allocated through the economic benefits derived from tourism development."

There may also be limits to the tolerance of local residents to the negative externalities imposed by the tourism industry. Increased tourism may result in overcrowding and congestion on streets and highways, parking lots, public transit, shopping facilities, amusement, entertainment, and sports venues, and other attractions.

Overcommercialization of tourist attractions may result in the loss of uniqueness and authenticity of local customs and culture. Increased tourism may also lead to increased undesired vice activity (e.g. gambling)

In addition to the private costs imposed on developers and externalities imposed on individual citizens, there may be significant fiscal costs imposed on local governments. Although there have been studies documenting the overall impact of tourism on local government revenues, many of these studies have been conducted or commissioned by the local governments themselves as justification for specific public projects. While it is generally conceded that tourism development requires substantial public capital commitments for infrastructure, little attention has been paid to the impact of tourism on local government operating expenditures. To a large extent, it has been assumed that such expenditures would be minimal relative to the additional revenue, which would be generated from the development project. However, it must not be forgotten that tourism development has the potential to impose significant operating costs on local governments in such areas as public safety, transportation, parks and other public facilities, and general administrative overhead.

Tourism has a significant impact on capital outlays because of the large capital expenditures often necessary to construct and maintain the infrastructure needed to support tourism. Tourism has a large impact on non-highway transportation expenditures because of large expenditures needed to support and maintain airports, seaports, rail stations, and public transportation, which may be used disproportionately by tourists.

Tourism may necessitate increased police protection expenditures to contend with the increased need for security and crowd and traffic control at large gatherings, the need for additional officers to respond to drunk and disorderly conduct, and the increased incidence of vice offenses often associated with tourism. Accordingly, increased correction expenditures may be necessary to house individuals apprehended for drunk and disorderly conduct or vice offenses often associated with the tourism. Fire protection expenditures are affected by tourism because of the increased need for fire fighting and fire prevention services associated with convention, sports, and resort facilities and large hotels. Park and recreation expenditures are affected by tourism because in many jurisdictions park venues such as botanical or zoological parks may be secondary, if not primary, tourist venues. Finally, tourism may have a significant impact on both financial and general government administration expenditures because of the increased resources necessary to manage capital facilities and infrastructure as well as the government overhead necessary to deal with demands placed on local government by tourism.

The basic hypothesis of increased governmental costs induced by tourism cannot be rejected. Local governments should carefully consider both the benefits and costs of tourism development. This is especially critical for communities contemplating jumping on the legalized-gaming bandwagon assuming a quick fix, costless means of revenue enhancement or economic development (Wong, 1996, p.330).

Although it is generally assumed that tourism development will generate positive tax consequences, this is not necessarily the case. One of the possible negative effects is an increased tax burden on local taxpayers to finance tourism. To the extent that local governments are financed predominantly by property taxes, increased real estate values induced by the development of tourism related properties and other costs associated with tourism development will be borne, at least in part, by local residents.

Despite these costs it is still possible that positive economic benefits may still predominate over the increased local tax burden. However, as these results demonstrate,

it should not be assumed that the increased tax burden is insignificant (Wong, 1996, p.330).

Successful tourism development must focus on balancing the level of tourism activity, which produces the maximum revenue against the costs generated by the tourism effort. It should be indicated, that the share of tourism in the local economy can influence expenditures on a variety of local government services. While tourism may not result in the degree of direct environmental degradation as heavy manufacturing industries, the required investment in public infrastructure and commensurate expenditures to support so-called smokeless industries may be quite significant. As such, tourism should not be regarded as a instrument of economic development which is totally for free.

4. Empirical Tourism Data

According to Smith (1998), travel and tourism is the largest industry in the world in terms of employment, and ranks in the top two or three industries in almost every country in the world by nearly every measure.

For example:

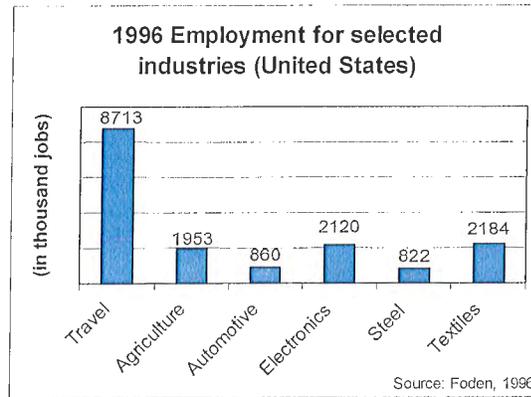
- Travel and tourism employs 101 million people around the globe - one of every 16 workers.
- Travel and tourism employment, investment and value-added exceed those of such major industries as steel, automobiles, textiles, and electronics in virtually every country.
- Consumers in developed countries spend as much on travel and tourism as on clothing or health care.
- Businesses spend at least as much on travel as they do on advertising.

4.1 A Comparison: Tourism in Europe and the U.S.

4.1.1 United States of America

In the United States, travel and tourism is also the leading industry. As shown in the following two tables, the 8.7 million employees and \$191 billion value added are substantially greater than all other industries.

Figure 2: Employment for selected industries (U.S.)



Travel leads the statistics in terms of employment by far. This industry is more than 4 times bigger as the second and third largest employment sector of the U.S. economy (electronics and textiles), which are almost ranked equal.

Figure 3: Value added for selected industries (U.S.)

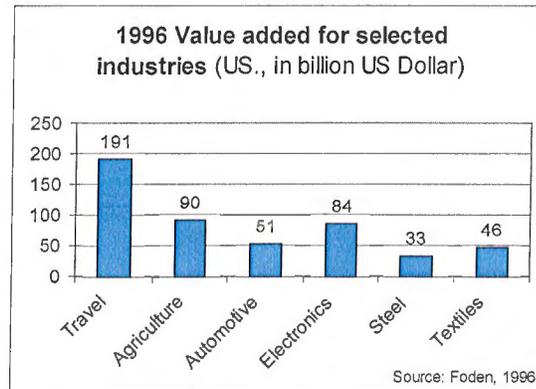


Figure 3 shows the 1996's value added for selected U.S. industries. Like in figure 2, travel is ranked number 1 - the difference between gross-revenue and pre-revenue (or input) is the biggest in this sector of the U.S. economy.

4.1.1.1 The Los Angeles tourism industry - close-up

The city's leading industry, tourism, is now booming again. Some 22.2m visitors flocked to Los Angeles in 1996, spending \$9.3 billion between them, more than in any of the past ten years. With four of America's top ten leisure attractions housed in the Los Angeles basin, tourism employs more than 200,000 people in the area. (The Economist 1997, p.25).

The city's other big employer, the film and television industry took on another 15,000 jobs last year, bringing the total to 110,000. Today, twice as many Angelenos work in entertainment as in aerospace.

The changes have not come without pain. The Los Angeles area bore the brunt of California's recession and, since it has the bulk of the state's aerospace jobs, felt the pain when defense cutbacks began to bite. As a result from that, three out of four job losses in the whole of California over the past five years have occurred in Los Angeles County.

But the Los Angeles Area managed this structural change. In a study David Friedman, an economic development specialist recently directed for the Los Angeles city authorities, he found that three of the region's fastest-growing business sectors (entertainment, textiles and environmental engineering) owed nothing to defense (Friedman, Vol. 1, p. 78).

"Even the naysayers have belatedly had to accept that the recovery of greater Los Angeles is well under way. Retail sales within the county rose 4% in 1994 after declining for three years in a row. Hotel-occupancy rates for the year were up more than 14% and industrial-building permits increased by 9%--the first such increase since 1989. The construction industry in Los Angeles is now expecting double-digit growth this year. If greater Los Angeles were a country, its \$380 billion of purchasing power would make it a bigger economy than South Korea" (The Economist 1997).

4.1.2 Europe

Tourism in Europe is a huge industry boasting bright financial statistics. Last year, it generated revenues of \$1150 billions, or 14 percent of the total gross domestic product (GDP) of the fifteen-nation European Union, according to estimates by the World Travel and Tourism Council (WTC) in London. It employed 22.2 million people, or 14.6 percent of the EU work force, and invested more than \$245 billion. That makes the EU the world's biggest tourism market, pushing North America into second place (Barnard, 1999, p22.).

France is the world's most popular destination for foreign tourists, attracting 66.8 million visitors in 1997 compared with the US, in second place with 49 million. Spain, Italy, and the United Kingdom occupied the next three places. And despite economic difficulties, western Germans still lead in per capita tourism spending.

Europe has a head start on most of its competitors thanks to a combination of an unrivaled historical and cultural heritage and a modern service infrastructure.

American money is pouring into the European industry with some of the best-known names taking advantage of the current upturn.

Walt Disney is planning a second EuroDisney park following the success of its first venture near Paris. A group that is part-owned by Microsoft's Bill Gates bought Britain's Cliveden luxury hotel group, while London's landmark Savoy was snapped up by Blackstone Hotel Acquisitions, a company controlled by Blackstone and Colony, two US-based investment groups. Meanwhile, a new Playboy casino was scheduled to open on the Greek Island of Rhodes and if it proves successful, others will follow across Europe.

For some European countries, tourism is an economic lifeline. In Greece, tourism and travel contributed 19 percent to GDP in 1998 and provides 17 percent of jobs. It also accounts for 24 percent of all capital investments and 30 percent of foreign exchange earnings. In Central and East European countries, tourism provides an invaluable hard currency cushion to soften the painful transition to a market economy. In Croatia, it generates 10 percent of the country's GDP.

Mass tourism took off in Europe in the early 1970s with the arrival of the jet plane launching a brand-new industry based on the annual summer migration of north Europeans to the golden beaches of the Mediterranean. The exodus continues, but the destinations have become more exotic, forcing the southern European countries to repackage their attractions and sharpen their marketing - with some success. More than 40 percent of British package vacationers still go to Spain, which also remains the main non-German destination for German tourists. (Barnard, 1999, p.22).

EuroDisney has become Europe's most popular tourist attraction with 12.5 million visitors in 1998. European tourists are flocking to cruises, and European cruise lines have earned a sizable slice of the US market.

The industry suffered a setback last year with a sharp drop in high-spending visitors from Asia. The economic crisis on that continent was likely to cut income last year by some \$23 billion, according to the WTTC. But this is a hiccup compared with the impact of the Gulf War and the recession of the early 1990s.

Far from maturing, Europe's tourism industry is set for faster growth which is caused by the introduction of the single currency, the Euro, the ending of passport checks at many border crossings and airports, the spectacular growth of low-cost airlines, and the spread of high-speed rail links.

Equally important, Europeans have much more leisure time than Americans or Japanese do - most workers have on average five to six weeks annual vacation, excluding public holidays - and disposable income is rising steadily.

Eastern and Central Europe have become new favorite tourist destinations, although cash shortages have hindered development and the region retains an image of a developing country, although cities such as Prague and Budapest are in vogue with young high-spending travelers.

Cruises, until recently a mainly American pastime, have also become popular in Europe, although it remains a niche market. European firms like Britain's P&O and Norway's Royal Caribbean Cruise Line have a sizable slice of the US market and are well positioned to take advantage of burgeoning demand in their domestic waters. (Barnard, 1999, p24).

The arrival of the Euro will undoubtedly boost travel and tourism by removing the major irritant of changing money, not just for Americans and others, but for European travelers too. It will also make a difference in the tourist's pocket - it is estimated that someone traveling through all eleven Euroland countries and changing money at each border would lose 40 percent of the value in commission and exchange costs. Although Euro coins and notes will not enter circulation until 2002, Euros can be used for noncash transactions with a credit card or by check (OcnB, p.282).

5. Theme parks

5.1 Background

Let me begin with a little background on how people view the theme park industry in the U.S. As is commonly acknowledged, Disneyland in Anaheim, California, which opened in 1955, is considered the first real theme park. Since then, the theme park industry in the United States has grown dramatically. The theme park industry is now a \$ 4 billion per year business based on an annual attendance of about 130 million visitors at the 42 largest parks in the U.S. Moderate-sized parks, with attendance of half a million to a million visitors per year add another \$ 600 million in revenue. Total revenue for the U.S. park industry is estimated at \$ 4.5 billion, making this a major industry. (IAAPA, 1999)

5.1.1 The U.S. Theme Park Industry

The U.S. theme park industry is by far the largest in the world, and it dominates the world in respects to scale, product innovation, marketing savvy, and operating knowledge. The Theme park industry in the U.S. is mature. Growth has been at a compounded annual rate of about 3 percent over the last 10 years. About 1/2 of this growth has come from the addition of new parks and not from attendance increases in existing parks. Per capita expenditures have slightly exceeded the rate of inflation, reflecting admission price increases and strong growth in merchandise sales and games revenues. Both Europe and Asia are farther back on the growth curve (ERA 1998a, p5).

The majority of U.S. markets capable of supporting large-scale, outdoor theme parks already have them. It is unlikely that a significant number of major regional theme parks will be developed in the future. Growth in this industry has stabilized, and there should not be any huge fluctuations in attendance or development activity. However, there are opportunities for adjusting product to suit changing markets and to effectively compete

with other entertainment for consumers' leisure time and expenditures. Disney's Expansion in Anaheim stays abreast of these changes.

Typical for a maturing industry, there have been numerous changes in theme park ownership over the last several years. This indicates a strong consolidation trend. Now, major corporate owners in the industry consolidating control are found: Disney, Time Warner (Six Flags), Universal Studios, Anheuser-Busch (Sea World), Paramount (Kings Entertainment). These major corporations control the dominant share of attendance and revenues in the industry. Re-investment is, of course, a key factor in the operation of a park.

Several current trends can be seen:

- The "Arms Race" continues whereby parks must build the biggest, highest, fastest, steepest, most complicated roller coasters.
- Another factor is the aging of the population, which suggests the need for a more balanced entertainment offering, with emphasis on shows and lighter entertainment compared to hard rides.
- New technology will be a powerful force in the theme park industry. New products will include high-definition film, ride simulators, and virtual reality. Not all these techniques are fully developed yet, but we can expect them to be important in the near future (ERA 1998a, p7).

Three major corporations have left the industry (Taft Broadcasting, Marriott Corporation, and Harcourt Brace Jovanovich). In 1984, Taft's entertainment group, King's Entertainment Company (known as KECO) for a \$167.5 million in a leverage buyout transaction, KECO now owns five parks and manages a sixth in Australia. Paramount has recently acquired them.

The Marriott Corporation sold its two parks to divest themselves from the industry. One was in Santa Clara and is now owned by KECO, and the other was in the Chicago area and is now owned by Six Flags.

Harcourt Brace Jovanovich (HBJ), previous owners of the Sea World parks, sold all of their parks to Busch, which already owned two parks. Busch's theme park holdings now total seven with a planned attraction in Spain.

The seven Six Flags parks have been sold as a group several times and are now owned by Time/Warner. Four of the Six Flags parks started by independent operators.

Disney continues to increase their ownership in the industry by building more attractions. Within the last several years they have opened two attractions: Typhoon Lagoon and Pleasure Island.

Currently, it seems that the U.S. theme park industry is diversifying into new smaller-scale targeted products for "niche" markets, which may not be covered by the large-scale theme parks (ERA 1998a, p10).

The 80s witnessed a narrowing of market and product focus with the smaller investment waterparks. This was the first major diversification of the industry. Waterparks appealed to a more narrow market, usually teens and young families, and were suitable for smaller secondary markets.

The new entertainment attractions of the 90s represent a furthering diversification. These attractions narrow the niche appeal even more with smaller capital investment and an appeal usually to very specific market groups such as children, teens, young singles, etc (ERA 1998a, p10).

Examples of the new entertainment attractions include the family entertainment centers being developed in malls, the expansion of the outdoor family recreation and mini-golf attractions, entertainment centers combined with urban mixed use projects, sports bars, themed restaurants, children's attractions, mini-aquariums, and a host of others.

The final point is that many U.S. park developer/owner/operators are looking beyond the U.S. border for future growth markets, including looking at Europe and Asia. Certainly Disney has been most active, but other major park operators are also looking for opportunities throughout the world, as fewer new opportunities are available for major theme park development in the U.S.

5.1.2 The European Theme Park Industry

The growth of the theme park industry in the U.S. has been followed by development of the industry elsewhere, in particular in Asia and Europe. In terms of size, Europe's theme park industry has grown to approximately \$1.5 billion in current revenue coming from approximately 19 major parks. Of course, the biggest recent news in Europe was the opening of EuroDisneyland (= EDL) in Paris, which has entertained approximately 13 million visitors. Although results in the first years may have been a bit disappointing, it is expected that EuroDisneyland will be the catalyst to a substantial growth cycle for the theme park industry in Europe. This impact can be identified in three key areas (ERA 1998a, p13):

- EuroDisney expanded the overall European theme park industry and focused the industry in Paris by having created a multi-park destination attraction complex.
- In a long run, EuroDisney will improve management expertise in the European theme park business. EuroDisneyland will train and create a labor pool of experienced theme park managers, which will in the future help to enhance the performance of the European theme park business as a whole.
- Finally, EuroDisneyland will create the need for proper product positioning to complement Disney in the market area. A variety of target marketing and positioning strategies have proven successful elsewhere in markets shared with Disney parks.

Currently, the United States show 0.46 theme park visits per capita per year, while in the European Community only 0.08 visits per capita are experienced in one year (IAAPA, 1999).

The huge scale and broad appeal of the Euro-Disneyland project, is likely to create a mass-market awareness of the theme park product. This awareness is expected to catalyze further theme park development in Europe. This phenomenon has been demonstrated on

two continents, and in three locations. In Los Angeles and in Orlando, numerous other theme park projects have thrived around the massive Disney attractions. In Japan, development interest in theme park projects has been extremely high following the success of Tokyo Disneyland. The experience in France of numerous theme parks preceding a Disney attraction into a new market suggests it may be unwise to reverse the timing of this development process. They all suffer from lacking attendance and some of them were already shut down.

5.1.3 The North Asian Theme Park industry

The theme park industry in Asia is also in a growth mode. Estimates can be found which say that a total of approximately 35 large parks attract attendance of about 71 million visitors, generating a total of nearly \$ 1.5 billion in revenue (U.S. dollars). Additional 49 moderate-sized parks generate \$ 350 million in annual revenue. The total industry has roughly \$ 1.8 billion in annual revenue (IAAPA, 1999). Although parks in Japan (particularly the Cities of Tokyo, Kobe and Osaka) dominate these figures, there is high growth potential in other parts of the region, including Korea, Taiwan, Indonesia, and Malaysia. China does represent a substantial growth area for developing themed amusement parks as well.

5.2. Types of Theme Parks

There are overlapping names which can be found throughout the literature for different types of parks and in addition to that, the fact that this branch of industry creates new innovations every year (and therefore is changing permanently) makes it even more difficult to categorize theme parks.

Nevertheless, it seems at least to be possible to name facilities that are not recreation parks:

Recreation parks (municipal parkways, botanical gardens), several spare-time and sport facilities (chair lifts, Tennis courts, Golf courses, etc.) as well as cultural sightsseeing sites are tourist attractions as well as attractions for residents, but they cannot be regarded as ‘theme parks’ in this sense.

This delimitation is deducted by sequential criteria:

- In opposite to recreation and theme parks the mentioned facilities are not regionally closed and do not have a unitary business concept
- In opposite to recreation parks facilities like those mentioned above are mostly run by government or by the municipal administration, what means they are run within the local spare time- and recreation market.
- In opposite to recreation or theme parks, facilities like those mentioned above are just a single part of the whole local recreation infrastructure.

At this point, two different approaches of how to categorize theme parks shall be introduced: Categorization by

- Characteristics and
- Hierarchy with respects to economic importance of the parks to the region

5.2.1 Definitions by characteristics:

According to a study of the consulting company “Edinger Tourismusberatung” (1998, p.8), following types of recreation parks can be distinguished:

- Enjoyment parks
- Urban Entertainment Centers
- Sport- and Fun parks
- Theme parks
- Bath parks
- Experience parks

5.2.1.1 Recreation Parks (collective term)

Recreation parks are plants whose facilities are used for recreation purposes. The design of those facilities does not necessarily need to be the same, there is also no limitation in respects to activities in- and outdoors (it can also be mixed). Most important criteria is that these facilities stick together spatially and functionally close.

5.2.1.1.1 ENJOYMENT PARKS

Enjoyment parks are all facilities and contribute actively or passively to the enjoyment of their visitors. These facilities do not have a certain topic in common, neither do they have a preternatural teaching, sportive or shopping character. In the empiricism, these facilities are built mostly outdoors. “The Prater” in Vienna is a good example of these kind of parks.

5.2.1.1.2 URBAN ENTERTAINMENT CENTER

Urban Entertainment Centers (UECs) are mostly indoor built entertainment facilities with a concentration of experience shopping, a thematical gastronomy and entertainment area or a tethered spare-time and overnight stay facility. The “AEZ” (Vienna, 3rd district) and the “Mall of America”, Minneapolis (USA) are examples of UEC's.

5.2.1.1.3 SPORT- AND FUN PARKS

These are zoned areas (in- and outdoors) which contain a mixture of several sport or spare-time facilities. These facilities can be either a kind of main sports (tennis, squash, fitness, etc.), fun sports (skating, roller-blading, street hockey, etc.), extreme sports (free-climbing, bungee jumping, etc.) as well as game- and fun facilities. Example: "SantisPark", St. Gallen (Switzerland).

5.2.1.1.4. THEME PARKS

A theme park contains facilities of a unitary theme which either spreads around the whole park or only parts (areas, facilities) of the park.

Thus, a theme park is a "closed world" which aims at achieving the encounterance of an illusionary world at the one hand and the visitor's desire to leave the banal things in life behind on the other. Examples: Walt Disney World, EuroDisney, Universal Studios, etc.

5.2.1.1.5 BATH PARKS

Out- and indoor bath facilities, which feature additional entertainment elements and are of a certain size or offer wide spread possibilities to the visitor are called Bath parks. They derive from traditional baths and are at a higher stage of development, but they are an attraction on their own and therefore have become tourist attractions. Typical example: "Rogner Dorint Resort Blumau", Austria.

5.2.1.1.6 EXPERIENCE RESORTS

Experience resorts are Hotel- and Bungalow-facilities with a large size of spare time- and experience facilities, which are created for the stay of the visitor only.

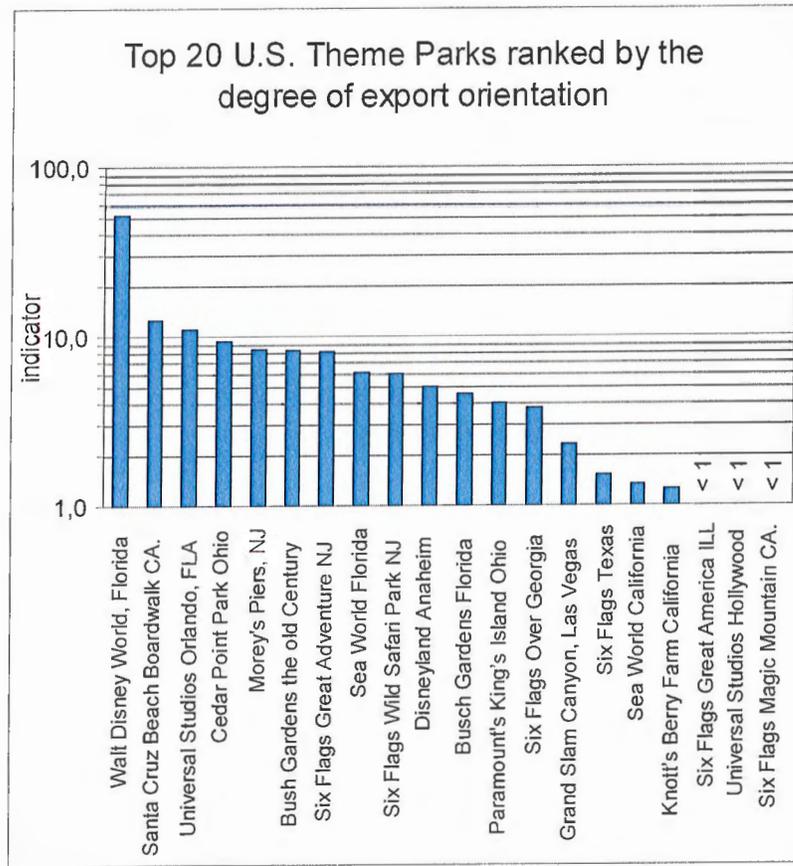
Problems in this categorization arise because most of the parks which can be met in empiricism are mixtures of two or more "types" of recreation parks. The example the "SantisPark" in Switzerland gives, reveals the difficulties in applying the mentioned criteria on parks to categorize them. On the one hand, this park is characterized by it

Sports- and Fun orientation, but it is a Theme park and features also characteristics of an typical UEC (big shopping and entertainment opportunities) on the other.

5.2.2 Hierarchy

To show the hidden hierarchy, the 20 biggest theme parks in the U.S. shall be related to the number of the local population – the result is a measure of the economic importance of a park to the respective region. It could also be used as an information device for the degree of the dependence of the region on the job- and tax revenue-creating characteristic of a theme park. Thereby it has to be considered that the listing only deals with the current status and does not show any development trends. For example, the government could try to ease the dependence of the region by supporting the other part of the local economy.

Figure 4: Top 20 U.S. Theme Parks ranked by the degree of export orientation



Talking about the regional economic importance of the top 20 US Theme Parks, it is not surprising to find a complete different ranking of the parks compared to a table where theme parks are ranked strictly by their visitor numbers.

Apart from Disney's first place (Walt Disney World), which derives from its outstanding number of visitors, we find Parks ranked top which are considered to be "small parks". And they are small, when considered the visitor number. Still, compared to the regional workforce or regional potential employment capacity, it can be seen which parks rule

their region as an employer and wage-payer. The higher the park is ranked in the chart above, the bigger its importance as the “economic backbone” of the region.

For the City of Santa Cruz, CA, owning a big park as the “Santa Cruz Boardwalk”, can be beneficial as well as sacrificial. These two sides of the medal arise, when arguments pro or con such parks shall be found: On the one hand, the “Boardwalk” is beneficial to the region because it is a big employer (and there would be no big employer otherwise) – the other side is, that this fact also shows a dependency of the region on the park. In the worst case, employees perhaps have no other chance than to accept any working conditions, wages, etc., the park provides, how good or bad they ever might be.

5.3. U.S. - Theme park facts in general

5.3.1 General impacts of major parks

Traditionally, destination attractions - and other types of tourist activities - have not been subjects of big attention for economic developers. However, times are changing and meanwhile, economic developers by all means seek job-creating opportunities in the service sector of the industry. A major destination attraction can have a significant impact on the region where it is located.

The investment in facilities, for example, can range from \$ 150 to \$ 300 million and up, depending on the size and quality of the attraction itself and on the related investment, such as resort hotels, conference centers and the like. The construction of the attraction and the refurbishment required from time to time provide employment for the local construction industry (all: Foden, 1996).

5.3.2 Customer catchment area

In the U.S., the locations of theme park sites are no longer demand-oriented (as in former times) but are chosen by the best accessibility. It is a rule-of-thumb, that the maximum

distance to the theme park must not exceed 150 miles for day-trippers. Note that the propensity for going there declines proportionally with the distance (Benesch, p.54).

For a major theme park in the U.S., following rules are accepted:

Table 1: Customer catchment area:

Catchment area	Range (up to)	Isochrone (hours to drive)	Percentage of citizens attracted to the park
Primary	50 miles	1 to 1,5 hours	20 – 45 %
Secondary	100 miles	Up to 2 hours	10 – 15 %
Tertiary / Tourist	150 miles +	-	1 – 11 %

(Source: Benesch, 1989, p.55)

This rule-of-thumb which holds true for all theme parks in the U.S. generally but must not be applied to the theme parks in Orlando (Florida) and Southern California (Los Angeles Area) because these parks are visited most commonly by “oversea-tourists”. For example: Walt Disney World (Orlando, Florida) quoted the share of foreign visitors compared to domestic travelers to its parks with 90 per cent (Benesch, p.55).

With exception of these two regions, it is estimated that “day trippers” contribute 75 per cent of the visits to theme parks.

5.3.3 Attendance 1998

Theme park attendance alone is in the millions, as can be seen from following table:

Table 2: US- Theme Park attendance numbers

Rank	Park	Operator/Owner	Location	Attendance 1998 (millions)
1.	Walt Disney World, Orlando	Walt Disney Company	Florida	41.7
2.	Disneyland Anaheim	Walt Disney Company	California	13.7
3.	Universal Studios Orlando	Universal Studios Inc.	Florida	8.9
4.	Universal Studios Hollywood	Universal Studios Inc.	California	5.1
5.	Sea World Orlando	Anheuser-Busch Corp.	Florida	4.9
6.	Busch Gardens Tampa	Anheuser-Busch Corp.	Florida	4.2
7.	Sea World San Diego	Anheuser-Busch Corp.	California	3.7
8.	Six Flags Great Adventure NJ	Premier Parks / Time Warner	New Jersey	3.4
9.	Knott's Berry Farm California	Cedar Fair Management Ltd.	California	3.4
10.	Cedar Point Park Ohio	Cedar Fair Management Ltd.	Ohio	3.4
11.	Paramount's King's Island Ohio	Paramount Parks	Ohio	3.4
12.	Six Flags Magic Mountain, Valencia	Premier Parks / Time Warner	California	3.1
13.	Santa Cruz Beach Boardwalk California	Sta. Cruz Seaside Comp.	California	3.0
14.	Six Flags Great America	Premier Parks / Time Warner	Illinois	2.9
15.	Six Flags Texas	Premier Parks / Time Warner	Texas	2.8

Source: Source: Amusement Business Magazine 1998, p.78

This table shows the attendance at the 15 leading theme parks in the United States. The most important and interesting fact of this specific market structure is that only 7

Companies run the 15 largest theme parks. In this table, I considered Walt Disney World as a single theme park. To be more precise, If Walt Disney World is split up into its 4 independent theme parks, following important fact has to be mentioned: One single Company, the Walt Disney Corporation, runs the 4 biggest parks in the U.S.!

5.3.4. US – Theme park market structure

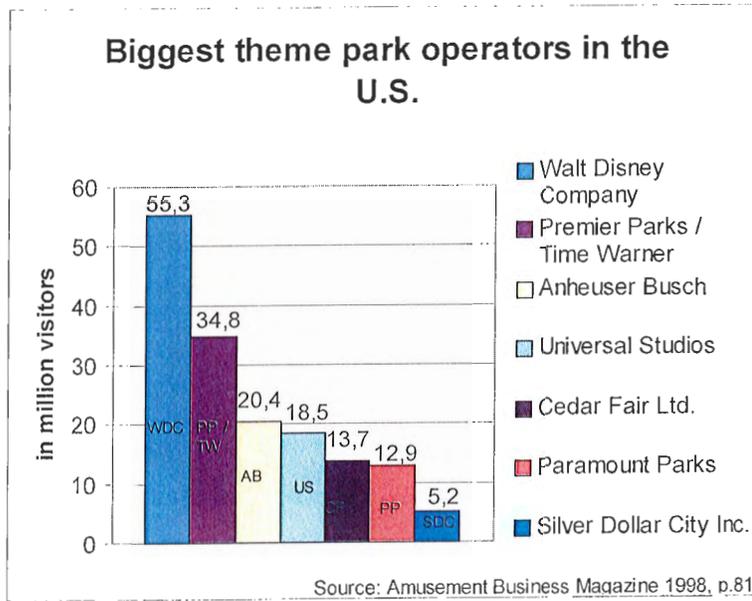
The market structure of major theme parks in the U.S. can be called an oligopoly. Participating players are several Companies like Banks, Oil Companies, Insurance Companies and Companies of the entertainment (movie and broadcasting) industry. The U.S. theme park market is highly concentrated, which can be seen from the figure below:

Table 3: US – Theme Park industry market structure

Owner / Carrier	Number of parks run by owner	Attendance 1998
Walt Disney Company	5 (WDW are 4 separate parks)	55.3 millions
Premier parks / Time Warner	25	34.8 millions
Anheuser – Busch	9	20.4 millions
Universal Studios Inc.	5	18.5 millions
Cedar Fair Ltd.	8	13.7 millions
Paramount Parks	6	12.9 millions
Silver Dollar City Inc.	5	5.2 millions

Source: Amusement Business Magazine 1998, p.81

Figure 5: Biggest Theme Park operators in the US

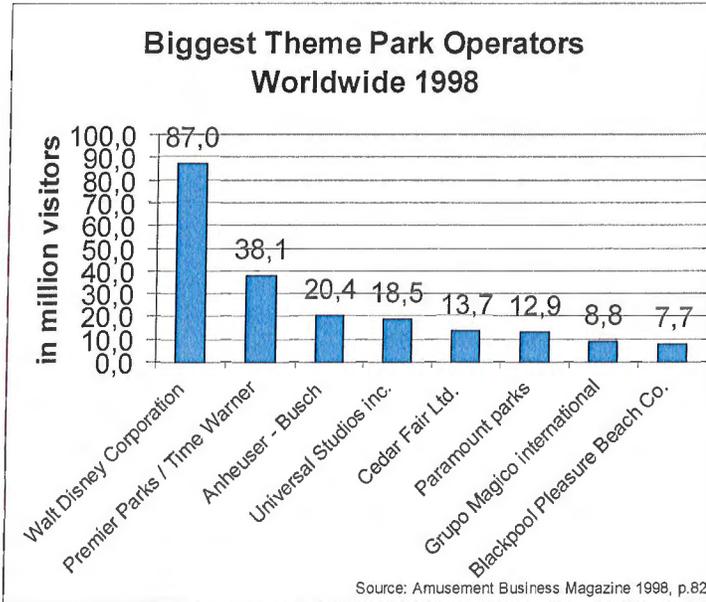


Though disposing over 5 theme parks only, the Walt Disney Company exceeds the attendance numbers of the second largest competitor by almost 60 %.

5.3.5. Top 10 Amusement / Theme Park Chains Worldwide

The unchallenged role of the Walt Disney Corporation as a leader of this branch of industry can be seen much more clearly when considering the biggest Amusement or theme park chains worldwide:

Figure 6: Biggest Theme Park operators worldwide

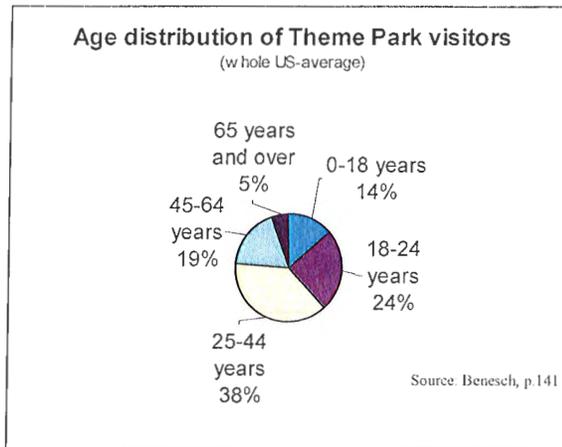


With just 9 theme parks worldwide, the Disney Company puts the Premier Parks/Time Warner Company with 31 parks in second place. On third, Anheuser-Busch is to be found with 9 parks (like Disney), Universal Studios is ranked fourth with 5 parks. Knott’s Berry Farm is the most popular park the Cedar Fair Ltd. owns – the company owns 8 parks in total. Paramount count 6, the “Grupo Magico international” owns 7, which are all located in Central and South America. All of Pleasure Beach Co.’s parks (3) are resided in England.

5.3.6 Age distribution of U.S. theme park visitors

Most theme parks have young families as their target group - that could be a reason, why the share of 25-44 year old visitors in relation to the total number of visitors is the highest in the statistics (if considered a family consisting of two adults with only one child):

Figure 7: Age distribution of Theme park visitors



6. THE AMUSEMENT PARK INDUSTRY

6.1. A BRIEF HISTORY

The roots of the amusement park industry go back to medieval Europe when pleasure gardens began to spring up on the outskirts of major European cities. These gardens were a forerunner of today's amusement parks, featuring live entertainment, fireworks, dancing, games, and even primitive amusement rides. Pleasure gardens remained extremely popular until the 1700's, when political unrest caused many of these parks to close. However, one of these parks remains: Bakken, north of Copenhagen, which opened in 1583 and now enjoys the status of the world's oldest operating amusement park (Kyriazi, p.14). The second oldest amusement park is to be found in Vienna, Austria. The "Prater", as it is called, was erected in 1766.

In the late 1800's, the growth of the industry shifted to America. Following the American Civil War increased urbanization gave rise to electric traction (trolley) companies. At that time, utility companies charged the trolley companies a flat fee for the use of their electricity. As a result, the transportation companies looked for a way to stimulate weekend use, or weekend ridership. This resulted in the amusement park. Typically built at the end of the trolley line, amusement parks initially were simple operations consisting of picnic facilities, dance halls, restaurants, games, and a few amusement rides often located on the shores of a lake or river. These parks were immediately successful and soon opened across America (Kyriazi, textual).

The amusement park entered its golden era with the 1893 World's Colombian Exposition in Chicago. This World's Fair introduced the Ferris Wheel and the amusement midway to the world. The midway, with its wide array of rides and concessions, was a huge success and dictated amusement park design for the next sixty years. The following year, Capt. Paul Boynton borrowed the midway concept and opened the world's first modern

amusement park - Paul Boyton's Water Chutes on Chicago's South side. Unlike the primitive trolley parks, the Water Chutes was the first amusement park to charge admission and use rides as its main draw rather than picnic facilities or a lake. The success of his Chicago park inspired him to open a similar facility at the fledgling Coney Island resort in New York in 1895 (Kyriazi, textual).

The amusement park industry grew tremendously over the next three decades. The center of the industry was Coney Island in New York, which at its peak was home to three of America's most elaborate amusement parks along with dozens of smaller attractions. Around the world, hundreds of new amusement parks opened, while many early trolley parks expanded by adding new rides and attractions. New innovations provided greater and more intense thrills to the growing crowds. By 1919, over 1,500 amusement parks were in operation in the United States. Unfortunately, this development did not last for long (Kyriazi, textual)

In 1929, America entered the economic depression, and by 1935 only 400 amusement parks remained; many struggling to survive. World War II further hurt the industry, when many parks closed and others refrained from adding new attractions due to rationing.

With the end of World War II, America and the amusement park industry enjoyed post war prosperity. Attendance and revenues grew to new records as new parks opened across America. A new concept, the Kiddieland, took advantage of the post-war baby boom, introducing a new generation to the joys of the amusement park in the rapidly growing suburbs. Unfortunately, this resurgence was short lived (Kyriazi, textual).

As the 1950's dawned, television, urban decay, segregation, and suburban growth began to take a heavy toll on the aging urban amusement park. The industry was again in distress as the public turned elsewhere for entertainment. What was needed was a new concept and that new concept was Disneyland.

When Disneyland first opened in 1955, many people were skeptical that an amusement park without any of the traditional attractions would succeed. But Disneyland was different. Instead of a midway, Disneyland offered five distinct themed areas, providing "guests" with the fantasy of travel to different lands and times. Disneyland was an

immediate success, and as a result, the theme park era was born. Built at a cost of USD 17 million, Disneyland represented the largest investment for building an amusement park that had been made up to that time. During the first season, a crowd of 3.8 million visitors was registered.

Over the next several years, there were many unsuccessful attempts to copy Disneyland's success. It wasn't until 1961, when Six Flags Over Texas opened, that another theme park was successful. Throughout the 1960's and 1970's, theme parks were built in many major cities across America. Unfortunately, while theme parks were opening across the country, many of the grand old traditional amusement parks continued to close in the face of increased competition and urban decay. However, some of the traditional parks were able to thrive during the theme park era because the renewed interest in amusement parks brought people back to their local park. In addition, many older traditional parks were able to borrow ideas from theme parks and introduce new rides and attractions to their long-time patrons.

As the 1980's dawned, the theme park boom began spreading around the world. Meanwhile, theme park growth slowed considerably in the United States due to escalating costs and a lack of markets large enough to support a theme park (Kyriazi, textual).

During the 1990's, the amusement park remains an international favorite. Many developing nations are experiencing the joys of the amusement park for the first time, while the older, more established amusement parks continue to search for new and different ways to keep their customers happy. Rides are taking advantage of technology to reach heights and speeds that thrill seekers only dreamt about not too long ago.

6.2 Where and when did the Theme-Park development start ?

To answer this question, a survey of the world's oldest Amusement parks which are still operating at the same site are quoted here chronologically (Kyriazi, 1997, p.27-64).

Table 4 : The world's oldest Theme Parks

	Name of Park	Location	Founded
1.	Bakken	Klampenborg Denmark	1583
2.	The Prater	Vienna Austria	1766
3.	Blackgang	Chine Cliff Top, Ventnor UK	1842
4.	Tivoli	Copenhagen Denmark	1843
5.	Lake Compounce Amusement Park	Bristol, CT USA	1846
6.	Hanayashiki	Tokyo Japan	1853
7.	Grand Pier	Teignmouth UK	1865
8.	Blackpool Central Pier	Blackpool UK	1868
9.	Cedar Point	Sandusky, OH USA	1870
10.	Clacton Pier	Clacton UK	1871
11.	Idlewild Park	Ligonier, PA USA	1878
12.	Sea Breeze Amusement Park	Rochester, NY USA	1879
13.	Skegness Pier	Skegness UK	1881
14.	Grona Lund Tivoli	Stockholm Sweden	1883
15.	Dorney Park	Allentown, PA USA	1884
16.	Coney Island	Cincinnati, OH USA	1886
17.	Pullen Park	Raleigh, NC USA	1887
18.	Beech Bend Park	Bowling Green, KY USA	1888
	Geauga Lake	Aurora, OH USA	1888
20.	Arnold's Park	Arnold's Park, IA USA	1889
21.	Carousel Gardens - City Park	New Orleans, LA USA	1891
22.	Conneaut Lake Park	Conneaut Lake Park, PA USA	1892
	Columbian Park	Lafayette, IN USA	1892
24.	Trimper's Rides and Amusements	Ocean City, MD USA	1893

Name of Park	Location		Founded
Whalom Park	Fitchburg, MA	USA	1893
26. Lakemont Park	Altoona, PA	USA	1894
27. New Walton Pier	Walton-on-Naze	UK	1895
28. Widam Park	Budapest	Hungary	1896
Blackpool Pleasure Beach	Blackpool	UK	1896
Waldameer Park	Erie, PA	USA	1896
Lagoon Park	Farmington, UT	USA	1896
32. Takarazuka Familyland	Takarazuka	Japan	1898
Mumbles Pier	Mumbles	UK	1898
Village Park	Old Orchard Beach, ME	USA	1898
Midway Park	Maple Springs, NY	USA	1898
Kennywood	West Mifflin, PA	USA	1898
37. Tibidabo	Barcelona	Spain	1899
Toledo Zoo	Toledo, OH	USA	1899
39. Vollmar's Park	Bowling Green, OH	USA	1900
40. Brighton Palace Pier	Brighton	UK	1901
41. Britannia Pier	Great Yarmouth	UK	1902
Canobie Lake Park	Salem, NH	USA	1902
Camden Park	Huntington, WV	USA	1902
44. Bushkill Park	Easton, PA	USA	1903
45. Grand Pier	Weston Super Mare	UK	1904
Keansburg Amusement Park	Keansburg, NJ	USA	1904
47. Oaks Amusement Park	Portland, OR	USA	1905
Carousel Village- Williams Park	Providence, RI	USA	1905
49. Frontierland	Morcambe	UK	1906
50. Toshimaen Park	Koyama	Japan	1907
Santa Cruz Beach Boardwalk	Santa Cruz, CA	USA	1907
Clementon Amusement Park	Clementon, NJ	USA	1907
Lenape Park	Mays Landing, NJ	USA	1907

6.3 Milestones in U.S. – Themepark History

1955

Disneyland opens. Generally, Disneyland is considered the nation's first theme park. Built at a cost of \$17 million, Disneyland represented the largest investment for building an amusement park that had been made up to that time. In spite of skepticism over such a new concept, the park was an instant success, drawing 3.8 million visitors to its five themed areas during its first season.

1959

The Matterhorn - ride premieres at Disneyland. The first major tubular steel roller coaster, it forever changes the face of roller coaster development.

1961

The first Six Flags park opens in Texas. This was the first successful, regional theme park. In its first full season of operation, 1.3 million visitors pass through the turnstiles.

1963

Arrow Development introduces the Log Flume ride at Six Flags over Texas. The ride quickly became the most popular ride at the park and soon the Log Flume was being built at theme and traditional parks around the world.

Late 1960's to Early 1970's

Large inner city parks begin closing, reflecting changing times. As turmoil increases throughout large cities, parks feel similar pressures.

1970's

Large corporate backed theme parks begin growing in numbers with such major corporations at Marriott Corp., Penn Central, Anheuser-Busch, Taft Broadcasting, Mattel, and Harcourt, Brace, Jovanovich investing in theme parks.

Many small family owned traditional parks succumb to competitive pressures and go the way of the mom and pop grocery store. Still other traditional parks renovate and expand to compete with the new wave of theme parks. Examples include Kennywood, Pittsburgh,

PA; Cedar Point, Sandusky, OH; Dorney Park, Allentown, PA; Geauga Lake, Aurora, OH; Lagoon, Farmington, UT; and Hersheypark, Hershey, PA.

1971

The opening of Walt Disney World on 27,500 acres of central Florida. Disney makes the biggest investment ever for an amusement resort, amounting USD 250 million.

1972

Kings Island theme park near Cincinnati, OH, opens and is credited with the revival of the classic wooden roller coaster by building the Racer. Wooden coasters once numbering near 2000, had now dwindled to less than 100.

1981

Opening of Canada's Wonderland in Toronto, Canada. It was widely considered to be the last theme park to be constructed in North America for several years. With costs up and all major markets apparently taken, experts considered the American theme park market saturated.

1982

EPCOT Center opens at Walt Disney World in Florida. Considered a permanent World's Fair, EPCOT is the first theme park to surpass \$1 billion in cost.

1983

The opening of Disneyland in Tokyo. Other corporations in the amusement business are now looking to the Far East and Europe to expand their operations.

1988

Sea World of Texas opens in San Antonio. Another major theme park to open in North America since 1981, it reinvigorates a slumbering industry. Soon several other new parks are under development, although not at the frenzied pace of the 1970's. Other new parks include:

- Fiesta Texas, San Antonio (1992)

- Knott's Camp Snoopy, Bloomington, MN (1992)
- MGM Grand Adventures, Las Vegas, NV (1993)
- Disney's Animal Kingdom, Walt Disney World, FL (1998)
- Lego World, Carlsbad, CA (1999)
- Heartland America, Indianapolis, IN (1999)
- Universal's Islands of Adventure, Orlando, FL (1999)
- Jazzland, New Orleans, LA (to be opened in 2000)

1987

Kennywood and Playland in Rye, NY are listed on the National Register of Historic Places, the first operating amusement parks to be honored. This is symbolic of the renewed appreciation of the heritage of the amusement park industry.

1990

"Boardwalk and Baseball" in Florida closes. Opened in 1974 as Circus World, "Boardwalk and Baseball" was the first corporate theme park to close. Facing stiff competition from Walt Disney World, Busch Gardens, Cypress Gardens and Sea World of Florida, the park never made a profit during its existence.

1992

Batman, the Ride opens at Six Flags Great America in Gurnee, IL. The first inverted roller coaster, in which the cars travel underneath the structure, is an immediate hit and soon parks around the world are building them.

1997

"Superman - The Ride" opens at Six Flags Magic Mountain, Valencia, CA. This roller coaster breaks previously untaught records for height (415 feet tall) and speed (100 miles per hour).

6.4 Development of the theme park industry in the coming future - Outlook

This shall only be an excerpt and an incomplete listing. The reason why this listing is posted here is to give an idea about the ongoing competition in this industrial sector as well as to show new radical ways in making business, theme park carriers and developers think of:

6.4.1 Disney's California Adventure

This new development in what was once Disneyland's parking lot will be a complex of shops, restaurants, a Hotel and some amusement rides, which are all themed to California and its cultural icons.

Status	Location	Company/Carrier	Opens	Size
Under Construction	Anaheim	Walt Disney Co.	2002	546 acres

Source: Own survey

6.4.2. Tokyo Disney Sea

The oriental Land Company Ltd., partners with the Walt Disney Company in the development of Tokyo Disneyland, is once again building a state of the art theme park with Disney's help. DisneySea will be a futuristic ocean themed park near Tokyo Disneyland. Disney wanted to build a similar park in Long Beach, California, but ran into too much local opposition. Construction costs of the park are up to USD 2.7 billion.

Status	Location	Company/Carrier	Opens	Size
Under Construction	Tokyo	Walt Disney Co.	2001	220 acres

Source: Interview 1

6.4.3. Universal Studios Japan

Universal, having noticed Disney's success in Tokyo, is aiming at the lucrative Japanese market with this new park, which will no doubt include many of the familiar rides that are popular at Universal's Hollywood and Orlando parks.

Universal's Osaka project is 25% owned by the City of Osaka, with Universal holding 17%, Rank Holdings controlling 10% and the balance divided up among several other companies in minority shares. Construction of the park costs USD 1.6 billion, and its estimated attendance is 8 millions.

Status	Location	Company/Carrier	Opens	Size
Preliminary site preparation	Osaka	Universal Studios et. al.	2001	140 acres

Source: Internet: <http://www.universalstudios.com/usj>, Nov. 5, 1999

6.4.4. Disneyland Hong Kong

The deal Walt Disney Co. struck with Hong Kong to build a major Disney theme park relies on a nearly \$ 3 billion, tax-payer funded investment by the territory, and just a \$ 314 million infusion from Disney. Investing far less than Hong Kong's taxpayers, Disney will own 43 % of the park – a smaller share than its 49 percent of Disneyland Paris – while Hong Kong will own 57 %. Critics say, that the cost might outweigh the benefits. They say, that the project initially will provide plenty of construction jobs, but ultimately will offer mainly low-skilled, low-wage employment.

Hong Kong's leader, Chief Executive Tung Chee-Hwa promised 16,000 jobs will be created for construction and related infrastructure projects, with Disneyland employing 18,400 people when it opens. Tung defended the taxpayer's investment and predicted it will boost the economy by \$ 18.980 billion over the next 40 years. It will be designed for an attendance of 5 million per year and will be expanded only if more people are visiting the park.

Status	Location	Company/Carrier	Opens	Size
Under Construction	Hong Kong	Walt Disney Co. / City of Hong Kong	2005	200 acres

Source: The Orange County Register, Nov 3, 1999, B3

6.4.5. Universal Studios Port Aventura, Spain

Universal acquired a stake and management of the park in June 1998 for around \$66 million from Pearsons Plc., and marks the company' first up and running international theme park. It is located in Port Aventura, 60 miles south of Barcelona, Spain. Owned by Universal Studios Recreation Group (37%), La Caixa (37%), Anheuser-Busch (20%) and Fecsa (6%). Universal controls the park, and will license its branded content to the park.

The 3-year-old, 117-acre park attracts around 3 million patrons a year. As part of the purchase, Universal gets 750 acres associated with Port Aventura, as well as the option to buy another 2,000 acres adjacent to the theme park. Already, Universal officials say they want to expand the current facility, and are considering building a second gate in an attempt to create an Orlando-style park in Spain.

Status	Location	Company/Carrier	Opens	Size
Under Construction (expansion)	Port Aventura, Spain	Universal Studios et. al.	2003	867 acres

Source: Internet: <http://www.universalstudios.com/usj>, Nov. 5, 1999

6.4.6. The Wonderful World of Oz

This park was scheduled to open in 1996. But, so far matters of site selection and government sponsorship have held up the park. Like Visionland in Alabama, this park is a cooperative effort between local governments trying to lure tourist dollars to their region.

Status	Location	Company/Carrier	Opens	Size
Pending site selection	Kansas City, Kansas	Warner Bros.	2002	536 acres

Source: Internet: www.worldofoz.com, Nov 5, 1999

6.4.7. Atwater Theme Park Project

A water and ride park featuring hotels, RV campground, Strip Mall, Ice Arena and an Amphitheater is planned for Atwater, California. Ernie Wilkins regards this site as ideal for a theme park.

Status	Location	Company/Carrier	Opens	Size
Under Construction	Atwater, California	Ernie Wilkins Corp.	2001	62.3 acres

Source: Internet: <http://www.elite.net/~themepk/index.html>, Nov. 5, 1999

6.4.8. Seapark

This park features a fascinating new idea is brought up by the SeaParks Entertainment & Attractions Group: A theme park on a float. Seapark, a Canadian Company, is attempting to realize that idea.

Status	Location	Company/Carrier	Opens	Size
Under Construction	India, Florida	SeaParks Entertainment & Attractions Corp.	2002/3	-

Source: Internet: www.seapark.com, Nov. 5, 1999

6.4.9. Veda Land

This park is also coming up with a completely new idea: Education in methods of mental training shall be used as well as some rides. Yogi Mahrishi Makesh and developer Doug Henning are the carriers of that new idea.

Status	Location	Company/Carrier	Opens	Size
Pending site selection	Buffalo, New York State	Doug Henning Corp.	-	1400 acres

Source: Internet: <http://www.theatrics.com/doughenning/vedalandpromo.html>, Nov. 5, 1999

6.4.10. Neverland East and West

Pop star Michael Jackson has been in negotiation with the governments of both Poland and South Korea over two possible theme parks. Since the Polish interior ministry did not approve the original site at an abandoned airport, Mayor of Warsaw Marcin Swiecicki presented four other potential locations.

Also, the development of the South Korean park does not proceed as fast as planned.

Status	Location	Company/Carrier	Opens	Size
Pending site selection	North Cholla Province, South Korea	Michael Jackson	2004	150 acres
Pending site selection	Warszaw, Poland	Michael Jackson	2004	222 acres

Source: Los Angeles Times 1999b

7. Major theme parks requirements and problems

7.1 Major theme parks requirements

The basic requirements that must be satisfied for a major theme park are summarized in the following table:

Table 5: Destination attraction basic requirements

Destination attraction basic requirements
• Adequate market within 100 –200 miles with sufficient disposable income
• Large site (100 – 400 acres and more)
• Excellent access to site (traffic)
• Appropriate zoning
• Available supply of part-time workers
• Acceptable weather (must be able to operate at least 140 days a year)

Source: Foden, 1996

Key to a successful theme park is an adequate market within 100 to 200 miles, consisting of a population with adequate disposable income to afford the required expenditures. The bulk of the attendees at theme parks are day-trippers and, in fact, successful theme parks require repeat business, which is most likely to come from day-trippers. Disneyland and Disneyworld are exceptions to this distance requirement in that each has either broad regional or national and in the case of Disneyworld, international--appeal.

An adequate site is critical. A site of 100 acres or more is necessary to provide not only the attraction itself, but also parking, buffer zones and expansion. (If a resort is planned, of course, more land is required.) The land should be rolling to permit attractive

landscaping and changes in elevation to mask exhibits and rides, although level sites, with proper inward looking design, can work as well.

Access to the site is important because of the need to tap markets from which attendees can arrive by express highways, with minimum delay to arrive at the site. Some attractions (e.g., Busch Gardens, Williamsburg, Six Flags over Georgia in Atlanta and Opryland, U.S.A.) have been able to acquire direct access from the highway, thus alleviating traffic congestion.

Appropriate zoning of the site is critical. A long drawn-out battle to change zoning classification is highly undesirable. The theme park developer has no interest in becoming involved in a battle for zoning change.

The availability of a large pool of part-time labor is a real asset for a locality hoping to land a destination attraction. College students, spouses of military personnel, and housewives seeking temporary or part-time employment are key sources. Location near a college or a military base is particularly desirable.

Weather has a direct bearing on the number of days a theme park can operate and, hence, on its potential profitability. Initially theme parks were designed to operate year round, but now many can be successful with 140-150 days of operation. Warm, rain-free weather is most desirable, particularly during the period April 1 to November 1.

7.2. Major theme parks problems

There are, of course, several problems that must be addressed, if a destination attraction is to be developed successfully in an area (See next Table).

Table 6: Theme parks as destination attractions- Problems to be addressed:

Theme parks as destination attractions – Problems to be addressed
• Need for larger site (100 –400 acres depending on concept)
• Traffic
• Large amounts of water required
• Seasonability in employment in most areas
• Lower wages

Successful destination attractions and their ancillary development require large sites with top-notch access. A site of at least 100 to 200 acres, and possibly up to 300-400 acres may be required. Obviously, unless such a site can be found, and at reasonable cost, a destination attraction cannot be developed in a given area.

The availability of large amounts of water is another potential problem for some areas. theme park rides, as well as overall ambience, often require large volumes of fresh water, which may be difficult to ensure at a particular location.

The seasonality of employment, an asset in some areas with large college or military establishment personnel, may be a detriment to some areas, which are seeking permanent, year-round employment. Similarly, the lower wages associated with the part-time/temporary employment at most facilities may be undesirable, although in other areas the employment opportunities may represent a real opportunity to meet a need.

7.3 Theme parks – Requirements to impact destination tourism

Having a theme park does not automatically insure an influx of tourism. To impact destination tourism, a theme park must (ERA 1998a, p.9):

- **Be unique, a "must see" destination.**

This can be accomplished through character development (Mickey and his friends), architectural form, natural features, special events and programming (Opryland) or a combination thereof.
- **Have large scale and a critical mass of attractions.**

Investment levels to impact international tourism generally must exceed U.S. \$150 million.
- **Combine high technology with human scale and quality service.**

Investments in the thrill hardware must be combined with a high level of service from the "hosts and hostesses" so that a unique local culture and friendly human contact is balanced to the high technology.
- **Encourage overnight stays.**

The principal economic benefits of tourism come when overnight stays are generated. Day visitors or tourists who stay with friends and relatives generate only 20 percent of the economic impact of tourists staying in hotels and motels (\$50 versus \$250 per day). Thus, in designing a theme park for tourism, a multiple attraction destination (with experiences that can occupy two or three days) is more likely to have the desired impact.
- **Have complementary destination activities.**

Tourist-oriented theme parks should be part of a mix of recreation and leisure activities. A true tourist destination would also have supporting

recreation uses such as high quality hotels, convention and conference facilities, resorts, recreational shopping and dining experiences, and sports activities including golf, tennis, and water-related activities, and excursions into nearby local tourism areas.

- **Support media (TV) coverage and exposure.**

Like most other things in life, future theme parks must be designed for television. The use of theme parks and resorts as backdrops for variety programs, celebrity games, sports competition, and convention/conference broadcasting is increasing rapidly and the resultant TV exposure is very important in creating awareness in tourism markets.

Given that these criteria are part of the theme park/tourist destination program, the results can be dramatic and provide a sustaining economic base. For example, at Walt Disney World, tourism increased from 2.8 million visitors in 1970 to over 35 million by 1992. The increase in the number of air visitors alone was 20 million. This increase in visitation (particularly overnight visitation) spurred the development of over 50,000 hotel rooms and resulted in the direct employment of over 250,000 persons (Benesch, 1989, summarized).

This is quite a success story for what was once only a mosquito infested swamp bought for an average price of \$200 per acre.

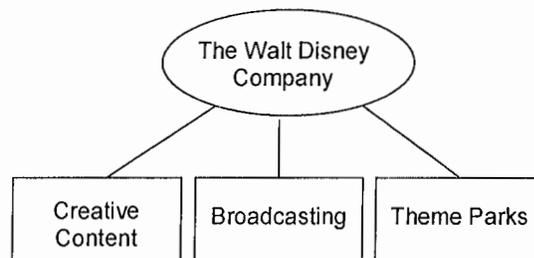
8. Case Study: The Disneyland Expansion

To analyze the impacts theme parks have on regions in detail, a case study shall be done. While analyzing the Disney Company's attempt to expand the existing Theme Parks in Anaheim, CA, and the impacts from running and expanding the Theme Park closely, it shall also be shown that the Disney Corp. is not only a world leader in Theme Parks but a leader in the entertainment industry in general.

8.1. The Walt Disney Company - A brief introduction

The Walt Disney Company was founded in 1922, and has become a world leader in family Entertainment. Today, the company is operating on a multinational level, has over 65,000 employees worldwide and over 189,000 shareholders. It is organized and divided into 3 sections of businesses:

Figure 8: Business Units of the Walt Disney Company



8.1.1 Description of Business Units (BU)

8.1.1.1 Business Unit Creative Content:

The Creative Content BU consists of following business fields: "The Buena Vista Internet Group" (Infoseek), "The Fairchild Publications", the Television Production / Distribution. It has to be noted, that the most important sections of

this BU are the “Walt Disney Studios” (Miramax, Home Entertainment, Theatrical Films, Buena Vista Music Group, Network TV Production) and the “Consumer Products” (Merchandise Licensing, The Disney Store, Disney Publishing, Disney Direct Marketing, Disney Interactive, etc.) (Source: The Walt Disney Company: “1998 Fact Book”, p.4).

8.1.1.2 Business Unit Broadcasting

As the name speaks for itself, this business unit covers “ABC Radio Networks”, “ABC Television Network” and “Cable Networks & international” (ESPN, Disney Channel, Toon Disney). (Source: The Walt Disney Company: “1998 Fact Book”, p.12)

8.1.1.3 Business Unit Theme Parks and Resorts

The “Walt Disney Imagineering” and the “Disney Regional Entertainment” (Club Disney, DisneyQuest, ESPN Zone) belong to this unit as well as the “Anaheim Sports” unit (The Mighty Ducks of Anaheim, The Anaheim Angels). Major component of this business field are – of course – the “Walt Disney Attractions” containing “The Disneyland Resort”, “Walt Disney World Resort”, “Disney Vacation Club”, “Disney Cruise Line” and “Tokyo Disney” (Source: The Walt Disney Company: “1998 Fact Book”, p.15)

While U.S. theme parks are always owned by the Disney Corporation, the way how parks abroad the U.S. are operated differs from that:

- The Oriental Land Co. owns Tokyo Disneyland (opened in 1983) and licenses Disney content for the park. Oriental Land is 59% owned by several Japanese companies, including real estate giant Mitsui Fudosan Co., construction Company Keisei Toshi Kaihatsu Co. and Rail Company Keisei Electric Railway Co. The park’s visitor number is approximately 16.7 millions.

- The 1992 opened Disneyland Paris is 39% controlled by a Disney unit, 24% by the Saudi-Arabian Prince Al-Waleed Bin Talal and 37% controlled by shareholders. It drew 12.6 million visitors in 1998.

8.1.2. Financial Key Numbers and Ratios

Table 7: Financial key numbers and ratios:

Business Segments	1996	1997	1998
Revenues (in million USD)			
Creative Content	\$ 10,159	\$ 10,937	\$ 10,302
Broadcasting	\$ 4,078	\$ 6,522	\$ 7,142
Theme Parks and Resorts	\$ 4,502	\$ 5,014	\$ 5,532
Total Revenue	\$ 18,739	\$ 22,473	\$ 22,976
Operating Income (in million USD)			
Creative Content	\$ 1,561	\$ 1,882	\$ 1,403
Broadcasting	\$ 782	\$ 1,294	\$ 1,325
Theme Parks and Resorts	\$ 990	\$ 1,136	\$ 1,287
KCAL Gain	-	\$ 135	-
Accounting Change	(\$ 300)	-	-
Total Operating Income	\$ 3,033	\$ 4,447	\$ 4,015

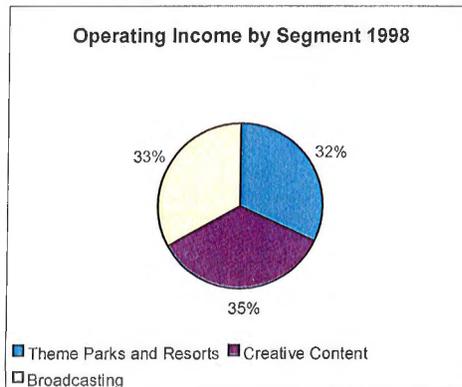
Source: Annual Report of the Walt Disney Company, 1998, p.70

During the second quarter of 1996, the company implemented SFAS 121 (different method of accounting), which resulted in the company recognizing a \$ 300 million non-cash charge related principally to certain assets included in the theme parks and Resorts segment.

The KCAL Gain derives from the acquisition of ABC networks – Disney sold its independent Los Angeles television station during the first quarter of 1997 afterwards.

It is interesting that the operating income by segment is distributed almost evenly in 1998:

Figure 9: Operating income by segment



Annual Report of the Walt Disney Company, 1998, p. 10

As can be seen clearly, the company's operating income was contributed by the 3 individual business segments in nearly equal measure. With the exception of the theme park – business unit, growth rated in operating income lagged behind historical trends, which is reasoned with increased cost pressures (such as higher key sports programming rights and increased action film production costs), and, of course, the difficult economic conditions in 1998.

Table 8: Characteristic data:

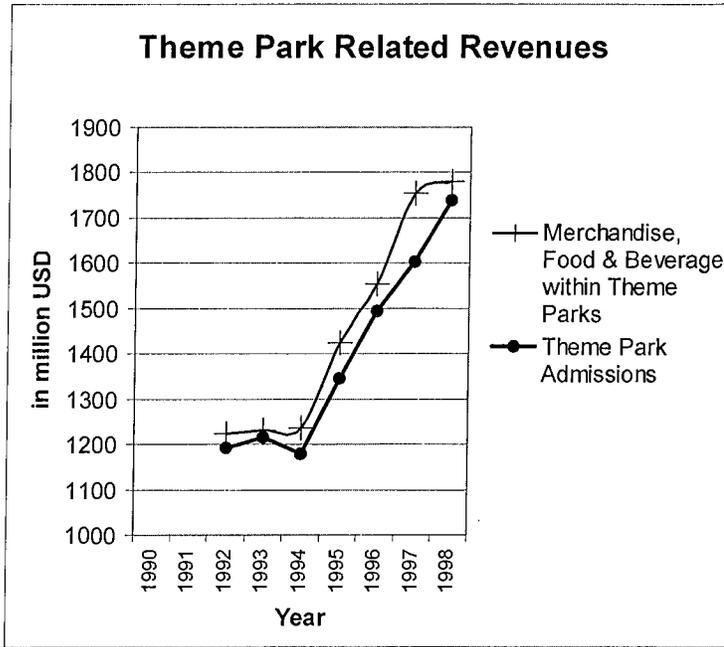
Characteristic data	1996	1997	1998
Operating Performance			
Operating Income/ Total Revenue	17.5 %	19.0 %	17.5 %
Income before Income taxes/Total Revenues	12.8 %	14.1 %	13.7 %
Net income / total revenues	7.3 %	8.2 %	8.1 %
Return on Investment			
Net income / Avg. Stockholder's equity	9.2 %	10.6 %	10.1 %
Net income / Average Total Assets	4.0 %	4.7 %	4.6 %
Capital structure			
Borrowings / Avg. Stockholder's equity	78.2 %	66.3 %	63.7 %
Borrowings / Avg. Total Book Capitalization	33.5 %	29.2 %	29.3 %
Borrowings / Total market Capitalization	29.0 %	20.5 %	22.5 %
Debt Service Coverage			
Income before Net Interest and Taxes / Total Interest Cost	4.7 x	5.4 x	6.1 x
Income before net interest, depreciation and Amortization / Total Interest cost	6.1 x	7.1 x	8.1 x

(Source: The Walt Disney Company: "1998 Fact Book", p17)

These figures illustrates the financial status of the Disney Company. The capital structure shows high ratios of liquidity and considered all the numbers, Disney Corp. can be considered as an extremely wealthy corporation.

Considered all Disney's theme parks together, the following development of theme park related revenues can be quoted:

Figure 10: Theme park related revenues

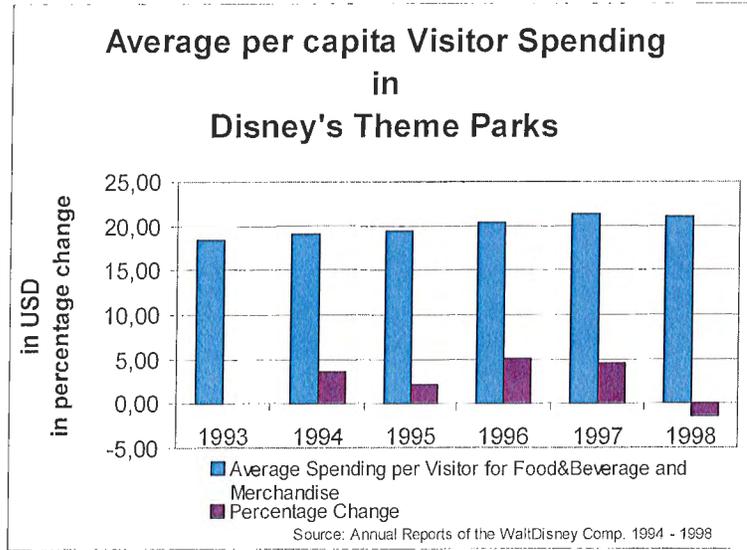


Source: Annual Reports of the Walt Disney Company, 1994-1998

It can be seen clearly, that Disney gains a higher profit from its “Merchandise, Food & Beverages sales” than the company does from admission fees.

The following graph depicts the average visitor spending trend for all Disney parks.

Figure 11: Development of average per capita visitor spending



Current expenditures per person at Disneyland are USD 21.04. Expenditures at Disney's California Adventure (which will be subject of a detailed analysis later in this paper), which has a substantial number of retailing and dining opportunities at a slightly higher level than the current park, are estimated at USD 23.6 per person, which is 12 percent above those at Disneyland (PKF Consulting, p29).

8.1.3 An Analysis of the company's status

What are the factors that contributed to the company's successes on its way towards becoming the World's largest family entertaining company?

The first force to be discussed is the threat of new entrants. Since the Disney company has been able to find a very distinctive niche in the industry, the entrance barriers are relatively high.

The company has been able to grow over a long period of time, and has developed from within the departments of Research and development, marketing, and finance. By relying on past experience, company officials know to a large extent what the target customer wants. As Disney pretty much dominates the family entertainment market, it will be very difficult for a new organization to develop brand recognition, brand identification and product differentiation. Disney has focused on market diversification for years and the company covers a wide array of products and services. Being a market leader has made it possible for the company to practice effective economies of scale in production. For example, over 500,000 copies of the Videocassette "Pinocchio" were sold in only two months, and the Company has 40-50 million visitors to its theme parks every year. In addition, an extremely large amount of capital investment is required for new entrants into the industry if they want to compete with the Disney Corporation. For instance, Disney spent USD3.6 billion in its European theme park (Euro Disneyland). Only very large companies can meet such large capital requirement. Lastly, the government policy towards the industry appears to be very favorable. The French government invested USD 1.2 billion (40%) in Euro Disneyland, provided public transportation facilities and a large tax relief (from 18.6% to 7%) on the cost of goods sold.

The bargaining power of customers is high in the service and in the entertainment industry. Since a large number of customers are needed to make Disney's operations run smoothly, the customers have certain powers. For instance, if the price on a particular home video is too high, customers may be reluctant to spend the money needed to purchase the product. Another example is the entrance fee charged at Disney's theme parks. It is stated in the case that the maximum amount of money that customers are willing to pay is USD 39. Accepting this fact, the entertainment industry is designed in a way that it will make the buyer spend more but the initial admission fee. A majority of Disney's product mix focuses on intangible returns on the buyer's money. The case that some customers may not realize that they are getting such a return may increase the bargaining power of the customers.

The bargaining power of suppliers is moderate. As the Disney Company is operating in a highly differentiated and unique industry with high switching costs associated with operations, the suppliers are dominated by a few companies and are most probably very concentrated. However, Disney is a unique and important customer of many of the suppliers and the company's size may certainly be a great advantage for them. By being able to order large volumes of unique products from unique suppliers, a dependency relationship in the industry will be created.

The threat to Disney that customers substitute their products or services is moderate to low. Obviously, other cartoon figures, theme parks, and movies can penetrate the market in which Disney is operating in, but this is not necessarily representing a significant threat. The Disney Company has already placed price ceilings on many of its product lines and should be able to compete with new competitors. However, the threat alone of new entrants into the market requires Disney to hedge against such risk by concurrently upgrading products and services.

Jockeying among current contestants does not play a very important role in Disney's external operational environment. It is true that the company's exit barriers are extremely high (who would buy a huge theme/amusement park?). Furthermore, capacity is augmented by extremely large investments. However, there are no close direct competitors to Disney's operations. Competitors such as "Lonely Tunes" (Time Warner Bros.) retail stores do not appear to commit themselves to expensive advertising campaigns to obtain market shares. Moreover, Disney's products are highly differentiated. The switching costs are therefore quite significant.

A multinational corporation such as the Disney Company faces internal weaknesses and strengths, which can, to a certain extent, be controlled. The external forces such as opportunity and threats are more difficult to control, and Disney has to adopt and take advantage to those forces. I would like to start-up focusing on the internal capabilities of the company.

Disney's main strength is in its resources and in the experience in the business. The company clearly has developed a very strong and well-known "brand-name" over many years. Disney has also been able to diversify its operations and products to hedge against decreasing sales in product lines. In recent years it has diverted into Home Video, Film, merchandise, Radio broadcasting, Network television and of course in theme parks. It has also effectively globally diversified its operations from USA to Japan and Europe. The main strengths in internal resources refer to human resources and financial stability. Employees in the Disney studios appear to be extremely innovative and in recent years they have produced several box-office productions. A Company without new ideas is doomed in today's competitive business environment.

Corporations always have internal weaknesses, and in Disney's case they are:

- A very large work force,
- frequent change in top-management, and
- High overhead expenses. (Source: Interview 1)

In 1991, the company had 58,000 employees. This fact represents possible communications problems, and a high level of bureaucracy within the corporation. By diversifying into more businesses and niches, the company's work force will grow even larger, and the organizational structure has to be able to support an expansion of the work force. The fact that the company very frequently changes its corporate officers makes the corporate structure even more complicated. There are many positive things that accompany changes, but change is also associated with resistance, and large expenses.

Large overhead costs are usually direct effects of a large work force and a large number of fixed assets. For instance, ticket prices should not be able to exceed USD 39 for entrance to Disneyland. Customers are not prepared to spend more money than that. Therefore, we can conclude that overhead costs should be closely monitored to match the price that customers are willing to pay for the goods and services offered.

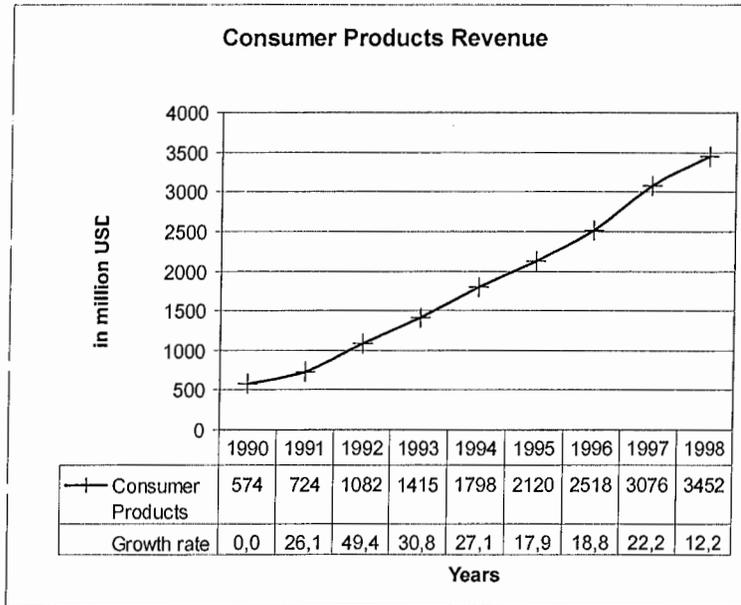
Legal and legislative forces are usually identified as being negative external factors to a company. Ironically, in Disney's case, the French government contributed greatly in the Euro Disneyworld project. The French government invested over USD 1.2 billion in the project, built communication facilities, and gave Disney tax relieves on cost of goods sold accounts as already mentioned. In addition, since the barriers of entry into the highly specialized industry in which Disney is operating, competition will find it difficult to penetrate the company's highly diversified product/service mix. Furthermore, large initial capital investments are required to enter the industry.

Major threats to the Disney Company include the following:

- Over saturated markets
- politics and economic aspects from a global perspective, and
- Foreign competition. (Source: Interview 1)

As the supply of services and products in the entertainment industry is starting to saturate the markets, competition will be more intense, and only the most powerful companies will be able to survive. Disney has leveraged this risk to a certain extent as it has diversified and globalized its operations, but still, the company is in the service/entertainment business. Some of its operations, such as the Network-television division may not be able to handle the pressure from the Cable-giants such as Turner Broadcasting Systems (TBS).

Figure 12: Development of consumer products revenue



Source: Annual Reports of the Walt Disney Company, 1994-1998

The surpassing growth rate in consumer product sales in the years 1992 until 1994 can probably be justified by the opening of Euro Disneyland. As more visitors from an under-supplied market (Europe) visit the new theme park, they tend to buy gradually more Disney-related souvenirs and consumer products.

After the first visitor-boom and the additional spending for consumer products in Euro Disney eased up in the year 1994, the “normal” growth rate of almost 20 % a year on average could be kept.

The effects of an economic depression could make it too expensive for people to utilize the services and the products offered. Once again, I have to point out that the company has hedged itself to the macroeconomics forces, as it has diversified its business worldwide. If there is a depression in Europe, Euro Disneyland may operate on a loss, meanwhile, the operations in Japan would be able to cover-up the losses by boosting

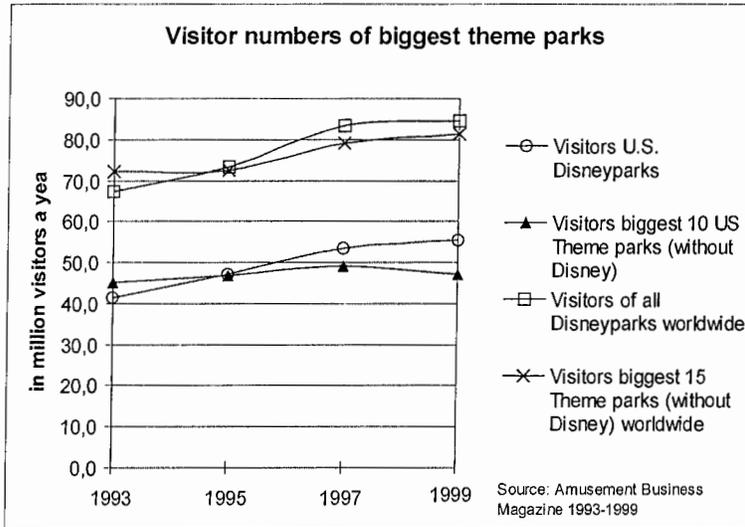
operating revenues. It is known that economic depressions very seldom strike the whole world economy at once.

Competition is always a threat to a company. Even though that the entrance barriers are relatively high in the niche in which the company is operating in, the threat of new competition cannot be excluded. The movie business and the Network-television departments are extremely risky. In those two areas of operation, Disney is the intruder, and there are several very powerful rivals. A less significant threat comes from new cartoon characters. New cartoon figures appears every-day in television shows, and in movie theaters overseas. Will "Mickey and the Gang" be able to beat the war of the limited market shares internationally and domestically? Only the future generation cartoon lovers can answer that question, but tendencies in the market should be very carefully monitored.

The corporate strategy is clearly focusing on diversifying its products and services. Rapid expansion overseas and an increase in the product and service mix have created an umbrella effect. Thus, risks have been minimized. If one product line fails, other product lines will cover-up for its losses.

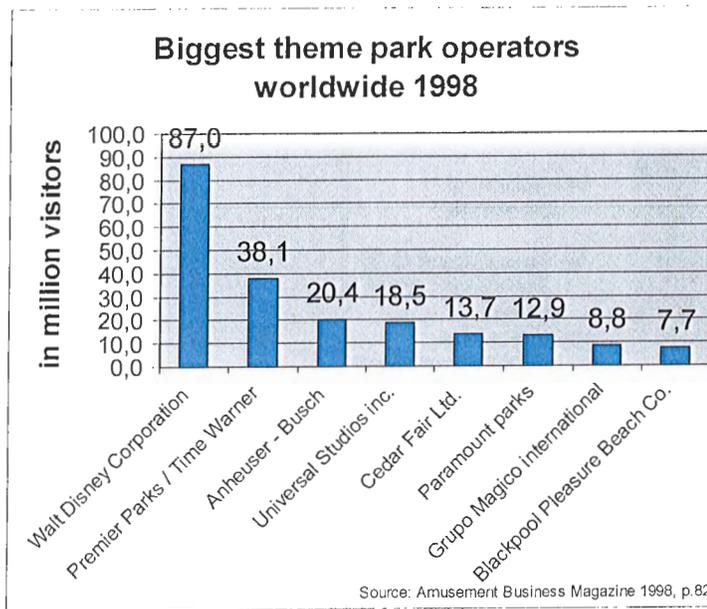
The following figure shall depict the quasi-monopoly status of Disney's theme parks in the United States and worldwide:

Figure 13: Visitor numbers biggest theme parks



Regarding the chart above, it should not cause any astonishment that the Walt Disney Corporation is by far the biggest theme park operator in the world. Note that they count more than the double visitor number than the second largest operator in the world does in figure 14.

Figure 14: Visitor numbers biggest theme park operators



Source: Amusement Business Magazine 1998, p.80

8.2 Introduction of the Case-study project

The USD 1.4 billion Disneyland Resort expansion will include a new theme park (Disney's California Adventure), a new 750-room deluxe resort hotel (Disney's Grand Californian Hotel), and the "Disneyland Center", a new retail dining and entertainment esplanade, which is supposed to accelerate new economic growth for Anaheim, Orange County and Southern California (Disney Corp., 1996a).

As planned, Disney's California Adventure will offer the following themed districts:

- The Hollywood / Beverly Hills area
- A beachfront boardwalk area
- A wilderness area
- A working farm and a farmer' Market / manufacturing area showcasing California's products.

Based on their experience with EPCOT Center in addition to Walt Disney World in Orlando, Florida, the Walt Disney Company estimates that as a result of the park's expansion, the numbers of visitors and the average length of stay will increase.

Attendance is expected from a stabilized baseline of 13.7 million people currently at Disneyland to an expected stabilized level of 20.2 million people for Disneyland and Disney's California Adventure combined (PKF Consulting, p8).

To me, this appears to be a conservative estimate, since the park area will be doubled in size, but the attendance will only increase by 40 percent relative to the 1996 attendance (when construction began).

8.2.1. Map of project site



8.2.1.1 Theme park district:

The theme park district is the largest of the land use areas and includes approximately 292 acres. The theme park District will include the existing Disneyland theme park (136 acres), a new theme park called “Disney’s California Adventure” and associated ticketing areas and pedestrian circulation areas (147 acres), and the new Disneyland administration building (9 acres). (EIR #311, V.1, p 4-34)

8.2.1.2 Hotel district

The hotel district is the second largest area within the Disneyland Resort and covers approximately 97 acres. The Hotel District is intended for hotels, meeting room space, accessory retail, recreational uses (e.g. pools, tennis, courts), landscaped areas and parking facilities (EIR #311, V.1, p 4-34).

8.2.1.3 Parking District

The 76 acres Parking district consists primarily of two major parking lots, which have easy access to the Interstate 5. Together, the parking lots contain 34,400 spaces (EIR #311, V.1, p 4-34).

8.2.1.4 Future Expansion District

The 81 acres future expansion district will accommodate a possible future expansion of the Disneyland Resort.

Table 9: Land use at WestCot

Land use	Districts (acres)			
	Hotel	Theme Park	Parking	Future Expansion
Hotels	97	-	-	-
Public Parking	-	-	76	-
Disneyland Theme Park	-	136	-	-
D’s California Adv. Park	-	147	-	-
Administration Bldg.	-	9	-	-
Future Expansion	-	-	-	81
Total (= 546)	97	292	76	81

8.2.2 Construction activities and phasing

The construction activities for the Disneyland Resort will involve many stages within each construction phase. Not all types of construction activities will occur at the same time: Many will occur sequentially.

Table 10: Phases of construction

Construction Phase	Estimated duration	Typical activity
1	1993-1995	Adoption of existing Theme Park to future needs ticket booths, people movers, etc.
2	1996-2002	Disney's California Adventure – Begin of construction & Park will be finished
3	2000-2010	Construction of 3 rd Theme park in "Future Expansion District" (81 acres)

8.2.3 Project objectives

The purpose of the expansion is to create an international, multi-day vacation destination, which integrates existing and future theme parks, hotels, and other visitor-serving facilities in proximity to each other. The 546 acre- Disneyland Resort will include a number of opportunities for shopping, dining, amusement, and recreational activities that will change the site from a single-day visit destination to a multi-day attraction. Since many guests will extend their length of stay, incremental vehicle trips to and from the area are expected to be reduced.

The objectives of the Disneyland Resort include (EIR #311, V.1, p 6-21):

- To reconfirm and enhance Southern California as one of the world's greatest tourist destinations.
- To transform the existing Disneyland Resort from a primarily day-use activity into a multi-day destination resort for use by the Southern California metropolitan area residents as well as visitors from around the world.
- To maintain and enhance the economic vitality of the City of Anaheim and Orange County by providing business and job opportunities associated with the construction and operation of the Disneyland Resort.
- To lay a foundation for future economic expansion.
- To minimize environmental impacts through comprehensive site development guidelines.

8.3. Current theme park market structure of the L.A. Area

What are the environmental conditions to the project ? Which framework is already existing in the case-study's region ?

8.3.1. Admission fees

Table 10: Current admission fees:

Park	Admission Adults	Admission Children	Admission Seniors
Disneyland Anaheim	38 USD	28 USD	36 USD (over 60 years)
Knott's Berry Farm	36 USD	26 USD	26 USD (over 60 years)
Six Flags Magic Mountain	39 USD	19.50 USD (smaller than 48 ")	19.50 USD (over 55 years)
Universal Studios Hollywood	29 USD	29 USD	-

*) by Oct. 11th, 1999: own survey

The quoted prices are on a daily admission ticket basis. Note that the big parks like Disney offer 3-, 4-, 5-, and 6-day passes as well (on a cheaper per-day basis). It attracts attention, that all parks have nearly the same admission prices. As Foden (1996) already mentioned, visitors are not willing to pay more than 39 USD admission fee, so there is no more room for maneuver for the competing companies.

8.3.2 Visitor numbers

Table 12: Visitor numbers of the L.A.-Area parks

Theme Park	Visitors 1998
Disneyland Anaheim	13,680 millions
Knott's Berry Farm	3,400 millions
Six Flags Magic Mountain	3,070 millions
Universal Studios Hollywood	5,100 millions

Source: Amusement Business Magazine 1998, p.76

In the L.A area, as well as worldwide, the Park run by Disney leads the ranking by attendance numbers by far. Ranked on second place is Universal's park in Hollywood, which counts only 37 % of Disney's visitor number, almost equal on third respectively fourth place Knott's Berry's Farm and Six Flags can be found with a visitor number of approximately 25 % of Disney's.

8.3.3 Origin of Visitors

8.3.3.1. Disneyland Anaheim

Table 13: Derivation of Disneyland's visitors

Derivation of Visitors	Share
Local (Southern California)	47 %
North California	22 %
U.S. Domestic travelers	16 %
International (mainly: Japan, Canada, UK, Germany)	15 %

Source: Study of the Projected Future Tax Collections, p.5

8.3.3.2. Knott's Berry Farm

Table 14: Derivation of Knott's Berry's visitors

Derivation of Visitors	Share
Local (Southern California)	59 %
U.S. Domestic (Nevada, North Calif., Arizona, etc)	30 %
International (mainly: Japan, Canada, UK, Germany)	11 %

Source: Knott's Berry's Public Relations Dept.

8.3.3.3. Six Flags Magic Mountain

Table 15: Derivation of Six Flags' visitors:

Derivation of Visitors	Share
Local (Southern California)	80 %
U.S. Domestic (Nevada, North Calif., Arizona, etc)	15 %
International (mainly: Japan, Canada, UK, Germany)	5 %

Source: Amusement Business Magazine 1998, p. 77

8.3.3.4. Universal Studios Hollywood

Table 16: Derivation of Universal's visitors

Derivation of Visitors	Share
Local (Southern California)	52 %
U.S. Domestic (Nevada, North Calif., Arizona, etc)	34 %
International (mainly: Japan, Canada, Mexico, UK, Germany)	14 %

Source: Amusement Business Magazine 1998, p. 76

Regarding the market area, interesting differences can be found. Disneyland, for example, has the lowest ratio of local customers, but the largest share of international visitors. Also, the general composition of the visitors origins is most equal at Disney's park – the only park with a comparable composition of the visitors origins are Universal's Studios in Hollywood.

The biggest dependency onto the regional market shows Six Flags Magic Mountain, which is not only the park with the biggest share of local visitors, but also the park with the smallest ratios of U.S. domestic (= other than Southern California) and international visitors ever.

As we learned earlier, that does not necessary mean that this park has the smallest impact on the regions economy compared to the others. Here, Six Flags Magic Mountain is the

smallest park in terms of visitor numbers and also the least “export-orientated” park in the region (compare figure 4, p.28).

8.4. Impacts of the project

8.4.1. Impacts from construction / expanding the existing theme park

8.4.1.1 Employment

Construction of the WESTCOT Center (see glossary) will result in 51,200 direct and indirect person-years (equivalent to the hours worked by one employee 8 hours a day, five days a week) of construction jobs in Southern California.

Of this total, construction will require 23,800 person-years to build the WESTCOT Center. Indirect construction jobs within Anaheim will result in additional 1,500 person-years of employment. Additionally, approximately 25,900 indirect person-years of construction jobs will be located in the region, but outside of the City of Anaheim (EIR#311, V.I, p. 3-252). The provision of these employment opportunities is a beneficial impact to the economy.

8.4.1.2 Housing

Construction employees do not typically relocate for a project. Although the construction phase one and two will take place over 7 years, most of the required trades will only be working for specific segments of the construction period. In addition, unemployment in the construction field is currently high. There are many unemployed or underemployed construction workers in the region who do not have to relocate for project employment. Construction employees are not expected to have a significant impact on housing (EIR#311, V.I, p 3-252).

8.4.2. Final impacts of the project

8.4.2.1 Employment

8.4.2.1.1 DIRECT EMPLOYMENT

The project will directly add new jobs as a result of its construction and operation. It will also induce new jobs as a result of income spent by workers filling these direct jobs, and may, in addition, result in indirect employment, to that extend that direct employment leads to local purchases of materials and services. The additional employment generated by the proposed project is a beneficial impact for job growth in Anaheim and the region.

The following table presents an estimate of the number of direct, new jobs which will be created as a result of the project. The estimates presented in the table were derived based on human resource requirements of the existing Disneyland theme park and retail and hotel operations in California.

Table 17: Employment projections

Jobs by Category	WESTCOT and Associated Uses Employment in 2002	Future Expansion District Employment in 2010	Total Project Employment by 2010
Theme Park (based on attendance)	6,630	3,315	9,945
The Disney Resort Hotels (based on rooms)	5,600	0	5,600
Retail (in Theme Parks, based on gross square feet)	2,100	0	2,100
Subtotal Future jobs	14,330	3,315	17,645
Existing site jobs (subtracted ^{a)})	2,482	0	2,482
Net direct jobs	11,848	3,315	15,163
Full-time	5,198	1,034	6,232
Part-time	3,809	1,429	2,238
Casual/Temporary	2,841	852	3,693
FTE primary wage earners	4,258	1,010	5,268

^{a)} Existing jobs that will be replaced by the Disneyland Resort are subtracted from the estimates shown above for the Disneyland Resort

Source: EIR#311, V.1, p3-273

The development of the theme park, Hotel, and Parking Districts will result in 5,198 direct, new permanent full-time cast member jobs, 3,809 permanent part-time cast jobs, and 2,841 casual/temporary cast jobs in the year 2002. WESTCOT represents 4,258 jobs likely to be filled by full-time equivalents (FTE) primary wage earners who are workers most likely to influence the residential location decision of their respective households, as is discussed further below.

Assuming a third park in the Future Expansion District will be operational by 2010, it will add 1,034 more full-time, 1,429 more part-time, and 852 more casual/temporary jobs. Full-time equivalent earner jobs will number 5,268.

Since the proportion of the theme-park area to the Hotel-Retail area is changing (disproportionately more Hotels and Retail-shops areas are added) the employment structure also changes:

Table 18: Changes in cast characteristics

CHANGES IN CAST CHARACTERISTICS		
(deriving from expansion of the park)		
Characteristic	Current Cast	Project Cast
Work site		
Theme Park	85.0 %	77.3 %
Hotel	15.0 %	22.7 %
Job Status		
Full-time	37.8 %	41.1 %
Part-time	37.5 %	34.6 %
Casual/Temporary	24.8 %	24.4 %
Median Age	27 years	28 years
Median Time Employed	36 months	36 months
Median Household size	3 persons	3 persons
Wage Earner Status		
Primary	39.9 %	41.7 %
Secondary / Other	60.1 %	58.3 %
Housing Tenure		
Owners	68.4 %	67.2 %
Renters	30.3 %	31.6 %
Other	1.3 %	1.2 %
Median months at current address	48 months	48 months

Source: EIR#311, V.4, Appendix H, p.51

As can be seen from the table, the future Cast will consist of a larger portion of full-time workers than the cast today. On average, future cast members will be slightly older than the current cast and to a higher percentage of primary wage earners.

8.4.2.1.2 WORKFORCE DEMANDED BY THE PROJECT

Table 19: Direct employment 2002 and 2010 forecast

DIRECT EMPLOYMENT 2002 AND 2010 FORECAST			
Employment	WESTCOT Jobs (as percent of 2002 forecast)	Total direct Jobs (as percent of 2010 forecast)	Total direct Jobs as percent of projected Job Growth (1990-2010)
Share in the City of Anaheim			
Net jobs	6.2 %	7.0 %	32.4 %
FTE Primary wage earner jobs	2.2 %	2.4 %	11.3 %
Share in the Northwest Orange County Subregion			
Net Jobs	1.4 %	1.6 %	8.2 %
FTE Primary wage earner jobs	0.5 %	0.6 %	2.8 %

Source: EIR #311, V.1, p.3-274

WESTCOT's cast is equal to 8 % of the number of Anaheim resident labor force. At buildout in 2010, the project's cast will be equal to 9 percent of the City's resident labor force.

Based on existing cast characteristics (taken from the existing Disneyland Resort), the project labor force will most likely be drawn from an area larger than the City of Anaheim (EIR #311, V.1, p.3-275).

The nature of many of the employment opportunities at the project (e.g. entry-level skill requirements, part-time and temporary work with commensurate pay) and the characteristics of the jobs suggests that the potential labor supply in the region will far exceed the likely demand for additional labor generated by the project. Given the

characteristics of the jobs and the employees, it is likely that the project will find its employees in the regional resident labor force. The project is not expected to induce significant migration into Southern California or substantially increase intra-urban mobility. The final project's direct employment would not result in significant employment impacts and would benefit the City with expanded employment opportunities (EIR #311, V.1, p.3-275).

8.4.2.1.3 POTENTIAL AND INDUCED EMPLOYMENT

The only reliable way to estimate indirect jobs and where such jobs are likely to occur is through the operation of an econometric model of the region. It traces the flow of dollars associated with construction and operation of the project as this spending filters through the various sectors of the regional economy. Based on the WESTCOT Center, a fiscal analysis of the project (Kotin, Regan Mouchly, Inc. 1991) included such an analysis. The City of Anaheim has independently reviewed and evaluated this study which can be summarized as follows:

The fiscal impact analysis indicates that each direct job associated with operation of the WESTCOT Center in Anaheim will result in 0.777 indirect jobs. About 15 percent (1,800) of these indirect jobs will be located in Anaheim (EIR #311, V.1, p.3-276). Applying these factors to the estimate of 15,163 total net direct project employees and 3,211 induced jobs suggests that the project could result in 14,277 indirect jobs, of which 2,142 would occur in Anaheim. Some unknown portion of these jobs will be part-time and temporary, and some will represent jobs for primary wage earners.

8.4.2.2 Housing

The project does not include any dwelling units, and therefore will not result in any direct increase in population in either Anaheim or the subregion of Orange County. To the extent that project employees and indirect or induced employment associated with the project result in net new households in either area, the project will cause an indirect increase in population. It is not expected that any such indirect population growth will result in significant impacts.

For the Disneyland Resort as a whole, it is estimated that 553 cast households will seek housing in Anaheim, or 1,659 people, which represents 5 percent of the 1990 -- 2010 population growth forecasted by SCAG for Anaheim. The proposed project's direct employment would not result in a significant indirect population impact, because the estimated population increase associated with the project is well within growth projections for the City (EIR #311, V.1, p.3-277).

The construction of the Disneyland Resort does not include the construction of any new residential units. Thus, it will not have any significant direct impact on housing in Anaheim or the subregion. As discussed in the EIR #311, the propensity of households to move from one location to another is a result of being a cast member or keeping a status of a "normal" theme park worker. Casual and temporary theme park workers are largely students living at home, and therefore their decision to take a job at the project is unlikely to influence their household's decision about where to live.

Considered these factors, it is estimated that the WESTCOT Center will generate the "need" for approximately 460 units while the future expansion district will generate the "need" for 63 housing units. Total estimated need for housing units in Anaheim to accommodate cast households is 523 (EIR #311, V.1, p.3-278).

8.4.2.3 Impacts on the Hotel industry

8.4.2.3.1 PROJECTED SUPPLY AND DEMAND FOR HOTEL ROOMS IN ANAHEIM

There are more than 80 motels and hotels within a two-mile radius of Disneyland, which contain approximately 16,000 rooms (Source: PKF Consulting, p. 19). Within Anaheim's

hotel inventory, the highest rated properties are the Disney branded, followed by the relatively new Convention Center headquarters hotels. Because of their very large size, the mentioned properties account for approximately one quarter of the City of Anaheim rooms inventory.

As would be expected, there is an inverse correlation between property age and quality (the younger the property the higher the quality). With a few notable exceptions, the average daily rates for the aggregate market of mid-level properties ranges from USD 40 to USD 60, depending on proximity to Disneyland, age, condition, and brand. The by far cheapest possibility to stay in the Anaheim Area is by using the Recreation Vehicle park, which prices range from USD 20 to USD 30 (Source: own survey, Nov. 5th, 1999).

Table 20: Projected Supply and Demand for Lodging

Projected Supply and Demand for Lodging						
Fiscal year	Supply			Demand		
	Addition	Room Nights	Percent Change	Room Nights	Percent Change	Occupancy
1998	0	6,214,125	-	4,289,079	-	69.0
1999	-146	6,160,835	-0.9	4,323,155	0.8	70.2
2000	0	6,160,835	0	4,146,641	-4.1	67.3
2001	750	6,434,585	4.4	4,143,243	-0.1	64.4
2002	2000	7,164,585	11.3	5,102,810	23.2	71.2
2003	1000	7,529,585	5.1	5,406,278	5.9	71.8
2004	1000	7,894,585	4.8	5,657,982	4.7	71.7
2005	750	8,168,335	3.5	5,844,132	3.3	71.5
2006	500	8,350,825	2.2	5,968,232	2.1	71.5
2007	250	8,442,085	1.1	6,030,282	1.0	71.4
Compound annual growth rate			3.5	4.1		

Source: PKF Consulting, p20.

At the start of the financial year (FY) 1996, approximately 146 older villa units at the Disneyland Hotel will be demolished to make way for the retail, dining and entertainment complex.

In FY 2001, it is expected that the first new private suppliers enter the market while the estimation expects 2000 more rooms to be supplied in the FY 2002 (with the 750-rooms of Disney's Grand Californian Hotel).

Another 2000 rooms will appear by other private suppliers in the years 2003-2004 (PKF Consulting, p.18).

Beyond 2005, the estimation expects the demand to stabilize and that the market will reach a plateau with regard to demand.

To talk about the demand side, it has to be mentioned that in the FY 1999, the new "Tomorrowland" was opened and demand is expected to rise modestly from prior year levels. In FY 2000, Disneyland will not offer any new attractions and the Convention Center will be undergoing its last phase of renovation. Some visitor groups could postpone their bookings to a time when the Convention Center is finished and since there is no new ride at Disneyland, the demand is to decline by 4.1 %.

In FY 2002, Disney's California Adventure and the Grand Californian will open and the Convention Center will be in its second year of operation. Given the new attractions, the demand will rise sharply.

After that, an abrupt decline in demand growth rate will occur, reflecting the maturity of Anaheim's revival.

8.4.2.3.2 PROJECTED GROWTH IN AVERAGE DAILY ROOM RATE

In the 1980s, the increase in the rooms supply depressed rates, then the economy caused demand to decline, and most recently Anaheim's hotel operators underestimated the strength of the market and contracted long-term-agreements with wholesalers or other groups for large room commitments at what are now currently below market rates.

Table 21: Projected growth in average daily room rate

Fiscal Year	Average Daily Room Rate	Growth	Revenue (USD)	Growth
1998	72.97	6.0	312,191,003	4.3
1999	75.09	3.2	324,615,174	4.0
2000	78.22	4.2	324,355,429	-0.1
2001	82.02	4.9	339,813,126	4.8
2002	88.08	7.4	449,470,935	32.3
2003	90.65	2.9	490,101,563	9.0
2004	93.23	2.8	527,488,386	7.6
2005	95.97	2.9	560,867,656	6.3
2006	98.86	3.0	590,036,946	5.2
2007	101.91	3.1	614,541,792	4.2
Compound annual growth		4.2 %		6.4 %

Source: PKF Consulting, p22.

In FY 2002, the year the California Adventure opens, the study forecasts an increase in the daily room rate, at 7.4 percent. A significant portion of this is attributable to the opening of the 750-room Grand Californian, which is envisioned to be the biggest hotel in Anaheim.

Beyond the financial year 2007, the study forecasts the daily room rate and room revenues to grow at the rate of inflation, which is assumed to be 3.0 percent annually.

To see an analysis of the impact of the additional hotel revenues see table 29, page 100.

8.4.2.4 Public Costs and Benefits

8.4.2.4.1 COSTS

8.4.2.4.1.1 Infrastructure costs

The expanded Disneyland is expected to draw 20 million and more visitors annually when finished. Currently, Disneyland attracts estimated 14 million visitors per year – this growth in visitor numbers makes clear, that a huge infrastructure investment programme has to take place.

Areawide improvements for WESTCOT costs are paid through issuance of revenue bonds, Federal, State, and Regional funding, and by bed tax collections and interest earnings. Disney and bond insurers have agreed to cover any bond payment shortfalls, meaning that there is no risk to Anaheim’s taxpayers and the City’s general fund. No new taxes have to be introduced on Anaheim’s taxpayers to construct this project (all: Protocol of the “Special Meeting of the Anaheim City Planning Commission”,p.59). Following table illustrates the summary of the infrastructure investment costs:

Table 22: Absorption of costs

COMMUNITY DEVELOPMENT	Amount (in million USD)
West Lincoln Ave. Widening / Beautification	\$ 3.0
Miscellaneous Community Development Improvements	\$ 1.2
POLICE AND FIRE BRIGADE	
Anaheim Canyon Substation	\$ 6.9
Fire Station Katella Street Relocation	\$ 1.4
Fire Station Clinton Street Modification	\$ 1.4
PUBLIC WORKS	
Anaheim Resort Area	\$ 450.0
Citywide Street Construction	\$ 26.0
Citywide Street Reconstruction	\$ 21.5
Sewer and Storm Drain improvements	\$ 8.3
Rail Improvements	\$ 1.5

Traffic Systems and Signals	\$ 5.5
Katella Ave Improvement	\$ 41.3
Imperial Highway Project	\$ 10.0
PUBLIC UTILITIES - ELECTRIC	
System Undergrounding	\$ 43.7
Overhead Line Extensions	\$ 15.0
Residential Expansion	\$ 11.0
Energy Efficiency program	\$ 6.9
Substation Improvements	\$ 5.7
Transformers and Capacitors	\$ 4.0
Control System Improvements	\$ 2.4
Telecommunications	\$ 2.1
System Protection Improvements	\$ 2.0
Communication System Improvements	\$ 2.0
Remote Customer Services Location	\$ 0.1
PUBLIC UTILITIES - WATER	
Water Main Replacements	\$ 16.8
New Water Transmission Mains	\$ 12.0
Water Production System	\$ 10.3
OTHER PUBLIC AGENCIES	
Interstate Highway 5 Improvement	\$ 1,100
TOTAL PUBLIC PROJECTS	\$ 1,812
PRIVATE DEVELOPMENT	
Disneyland Resort Expansion	\$ 1,400
New Commercial, Retail	\$ 690
TOTAL PRIVATE PROJECTS	\$ 2,090

Source: Addendum to "The Disneyland Resort Final EIR No.#311", p. 85

We see, that the public carries the costs of 1,812 million USD, while the private carrier of the project, the Walt Disney Company, invests over 2,000 million USD.

8.4.2.4.1.2 Environmental costs of the project

The following significant cumulative impacts are identified (EIR #311, V.1, p 5-30):

- Loss of prime agricultural land
- Land use incompatibilities inherent in the juxtaposition of commercial and residential uses.
- Cumulative air quality impacts related to emissions of ROG, NO_x, CO and PM10 which will exceed SCAQMD significance thresholds, significant cumulative SO_x emissions may also occur but are required to be offset.
- Construction impacts such as transportation disruption, air emissions, and visual disruptions.
- Solid waste impacts due to limited landfill capacity
- Potential impacts related to cumulative consumption of electricity and natural gas.

a) Traffic

In the environmental impact report (EIR #311, V.1, p 5-33), the development of the traffic density is forecasted until the year 2010 for the Interstate 5 which is the only highway access to the site and an important North-South connection as well. Nearly 2/3 of project traffic arrives by the I-5.

Table 23: P.M. peak hour vehicle trip generation

Types of traffic	P.M. Peak hour vehicle trip generation		
	Year 1990	Year 2002	Year 2010
Theme park related	48.377	52.639	59.054
Trough-Traffic	46.386	52.503	58.618
Total	94.763	105.142	117.672
Total growth rate	= 0	10.95 %	24.17 %

Source: EIR #311, V.5, p1-23

To host the additional arising traffic, following improvements of the Interstate Highway Number 5 are being undertaken (in the amount of \$ 1.1 billion, funded by tax dollars) and can be indicated as mitigation measures. The I-5 improvement will be completed in 2001 and features mainly a widening of the already existing I-5 by 3 lanes each direction and one additional lane which will be reserved for car-pooling (The I-5 Improvement Project, p.2) for the length of 9.5 miles (between I-91 and I-22). Besides, additional ramps for better and convenient access to the Anaheim Resort area and to the connecting Interstate Highways will be constructed.

b) Water

Table 24: Projected wastewater flow

PROJECTED WASTEWATER FLOW		
Component	Existing Wastewater Generation (thousands gallons per day)	Proposed Wastewater Generation (thousands gallons per day)
Existing		
Disneyland Theme Park	1190	
Disneyland Hotel	490	
TOTAL	1680	
Proposed Uses (WESTCOT Center)		
WESTCOT Theme Park		1900
Hotels		1160
Disneyland Park Additions		320
<u>New Facilities Subtotal</u>		3380
Existing uses to be credited		490
Future Expansion District		320
<u>Subtotal</u>		3210
TOTAL NET PROJECT GENERATION		3210 + 1680 = 4890

Source: EIR #311, V.5, Section 4, p.55

“Existing uses to be credited” in the table above means that the elimination of wastewater flows due to the replacement or removal of existing uses is referred to as a credit and is subtracted from the projected wastewater generated by the Disneyland Resort when finished.

The expanded Disneyland Resort will use an amount of water, which exceeds the current amount by approximately 2.9 times.

In order to minimize water consumption, it is required by the City that water conserving practices are adopted, such as (Source: EIR #311, V.5, Section 4, p.62):

- Use of reclaimed water for irrigation and washdown when it becomes available
- Use of vacuums and other equipment to reduce the use of water for washdown of exterior areas.
- Installation of flow-fittings and equipment such as low-flush-toilets and urinals
- Include self-closing valves for faucets and drinking fountains.
- Use of efficient irrigation systems such as drip irrigation and automatic systems, which use moisture sensors.
- Public information / awareness on water conservation via bathroom stickers, table tents, etc.
- Maximize the use of water efficient technologies and practices in any new Disney facility.

The use of low flow-fittings, fixtures and equipment will decrease the project’s water consumption by 25 to 50 percent, according to the City of Los Angeles (Source: EIR #311, V.5, Section 4, p.62).

c) Electricity

Table 25: Projected electrical consumption

PROJECTED ELECTRICAL CONSUMPTION		
Component	Existing annual Consumption (kWh)	Proposed Annual Consumption (kWh)
Existing use to remain		
Disneyland Theme Park	90,975,000	
Disneyland Hotel	46,380,000	
Subtotal	137,355,000	
Proposed uses (WESTCOT Center)		
WESTCOT Theme Park		206,885,000
Hotels		49,790,000
Public Parking facilities		34,059,000
Disneyland Theme Park Additions		18,865,000
Subtotal		309,599,000
Existing uses to be credited		19,412,000
Subtotal		290,187,000
Future Expansion District		88,000,000
Total net Project Consumption		378,187,000

Source: EIR#311, V.1, p.3-345

The expanded theme park as a whole will consume 378 million kWh annually with average daily estimated consumption of approximately 1,05 million kWh.

Compared to the levels of electricity consumption in the already existing theme park and in the park, when finally constructed, the development of the WESTCOT theme park denotes a rise in electricity demand by a factor of 2.75.

Again, "Existing uses to be credited" in the table above means that the elimination of electrical consumption due to the replacement or removal of existing uses is referred to as a credit and is subtracted from the projected waste water generated by the Disneyland Resort when finished.

As mitigation measures, the City of Anaheim requires the Disney Corporation to incorporate energy efficient technologies and practices to reduce on-site consumption of electricity, such as (Source: EIR #311, V.5, Section 4, p.76):

- Time-controlled interior and exterior public area lightning. Aesthetics lightning should be considered.
- The use of day lightning and photo cell controls for parking structures and other common area lightning
- The use of reflectors in ceiling lights
- Thermal insulation of walls to exceed state and local standards.
- The use of high-efficiency motors and motor controls (i.e. variable speed controls)
- The uses of variable volume pumping on water supply systems within the park and hotel areas.
- The isolation of air conditioning to any selected floor or floors.

d) Air quality

Table 26: Projected cumulative operational emissions in the year 2002

PROJECTED CUMULATIVE OPERATIONAL EMISSIONS				
IN THE YEAR 2002(in tons per day)				
	ROG	CO	SOx	NOx
WESTCOT Center	0.1492	0.9081	0.0444	0.5248
Cumulative Projects	0.8214	6.3875	-	1.3049
TOTAL	0.9706	7.2956	0.0444	1.8297
<ul style="list-style-type: none"> • WESTCOT Center includes: Utility emissions, onsite engines and vehicles, offsite motor vehicle trips • Cumulative Projects includes: Mobile source emissions associated with related projects 				

Source: EIR#311, V.1, p.4-15

The final EIR states that the Project will not result in exceedances of state or federal carbon monoxide concentration standards at impacted intersections and, therefore, will not result in significant localized carbon monoxide (CO) impacts. Operational impacts due to emissions of sulfur dioxide (SO₂) and particulate matter (measured as PM₁₀) are

not significant. However, operational regional emissions of reactive organic gases (ROG), nitrogen oxides (NOx) and CO from the operation of the Disneyland Resort will exceed the significance thresholds established by the SCAQMD and accepted by the City of Anaheim (Addendum to the Disneyland Resort EIR, #311, p.29).

Mitigation measures (Protocol of the “Special Meeting of the Anaheim City Planning Commission”, p25):

- The Disney Corporation is required to use clean fuel (not fossil) for attraction rides and other uses, as far as practicable.
- To the extent practicable, goods movements shall be scheduled for off-peak traffic hours by the carrier to avoid additional traffic congestion).
- Parking structures have to feature electronic and signage utilities to enhance smooth traffic flows and to reduce additional pollution
- Due to the fact, that the projects main customers will be families, extra ramps to the parking lots for car-pool lane -- users will be constructed to avoid traffic congestion and additional air pollution consequently.
- The use of electrical people movers and electrical shuttle buses from the parking lots to hotels and theme parks has to be implemented by the carrier of the project.

e) Solid waste

Table 27: Projected solid waste generation

PROJECTED SOLID WASTE GENERATION		
Component	Existing Solid Waste Generation (in metric tons a year)	Estimated Solid Waste Generation (in metric tons a year)
Existing		
Disneyland Theme Park	10,950	
Disneyland Hotel	4,745	
Total	15,695	
Proposed Uses (WESTCOT Center)		
WESTCOT Theme Park		15,661
Hotels		3,460
Disneyland Park Additions		4,565
New Facilities Subtotal		23,686
Existing uses to be credited		1,172
Future Expansion District		7,290
Subtotal		29,840
TOTAL NET PROJECT GENERATION		15,659 + 29,840 = 45,463

Source: EIR #311, V.5, Section 6, p.91

WESTCOT Center alone is estimated to generate an additional 23,686 tons of solid waste per year or 65 tons per day. The city of Anaheim requires the Disney Corp. to reduce their solid waste by 25 %, which means a reduction from 45,463 tons to 36,370 tons. This shall be achieved by (EIR #311, V.5, Section 6, p.87)

- Using recycled paper products for stationary, letterhead, and use of recycled paper for packaging
- Recovery of materials such as aluminum and cardboard.
- Collection of office paper including most offices and work sites in the park
- Receptacles for recycling of polystyrene (foam) cups. The cups are compressed into discs and a vendor hauls them to a local recycler for reprocessing them.

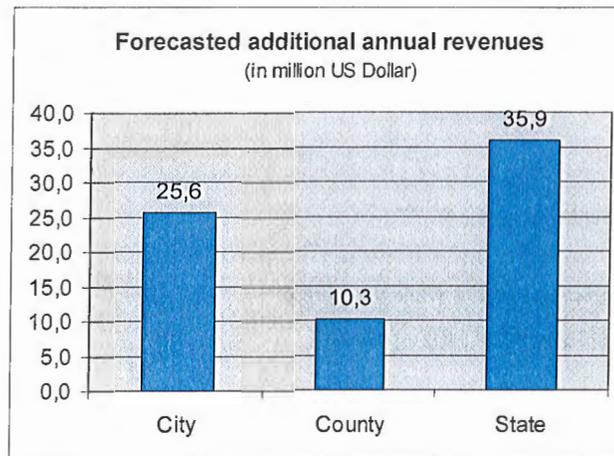
- Use of recycled toilet tissue and recycled paper towels.

8.4.2.4.2 BENEFITS

8.4.2.4.2.1 Monetary impacts

The Disneyland Corp. has a study being done, which estimates that the Disneyland Resort expansion will generate approximately USD 25 million per year in new revenues to the city of Anaheim and almost 36 million US Dollar to the state.

Figure 15: Forecasted additional annual revenues



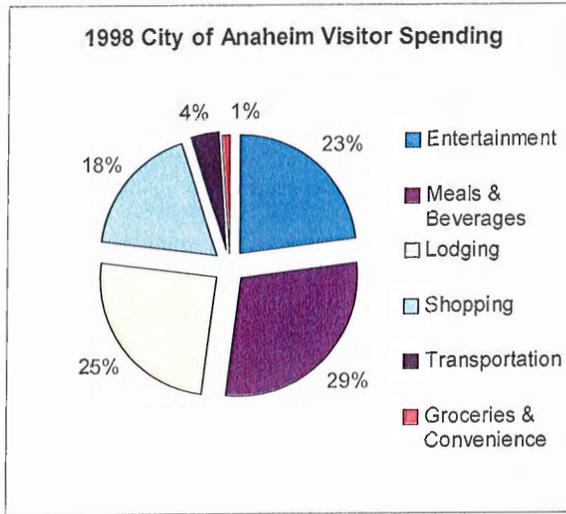
Source: The Disney Corp. 1996a (Inflation until 1999 considered)

Not only the City of Anaheim receives new revenues, also the County and in particular the State are financial "winners" of the new expanded theme park in Anaheim.

This makes clear, why not only the City of Anaheim alone has to afford the infrastructure investment program.

8.4.2.4.2.2 Visitor spending

Figure 16: Visitor spending in the city of Anaheim



Source: Anaheim/ Orange County Visitor Bureau 1998, p.6

In 1998, the average length of stay for visitors was 3.2 nights, while the average daily expenditure per travel party was \$ 167 (an avg. travel party equals 3.1 persons) in 1998.

a) Orange County employment Impact of visitor spending (direct and indirect)

Orange County visitor spending of \$ 5.6 billion (which is undertaken in the City of Anaheim by approx. 90 percent) directly and indirectly creates jobs in all sectors of the local economy:

Table 28: Orange County employment impact of visitor spending

Industry Sector	Employment	
	Number	% of Total
Eating & Drinking Establishments	39,800	26.5 %
Hotels & other Lodging Places	23,800	15.8 %
Retail Trade	23,600	15.7 %
Personal, Business & other Services	21,800	14.5 %
Amusement & Recreation Services	20,100	13.4 %
Financial, Insurance & Real Estate	6,100	4.1 %
Manufacturing	3,500	2.3 %
Transportation	3,200	2.1 %
Wholesale Trade	3,100	2.1 %
Government	1,800	1.2 %
Communications & Utilities	1,600	0.9 %
Construction	1,200	0.8 %
Agriculture, Other Resources and Mining	600	0.4 %
Total	150,200	100 %

Source: Anaheim / Orange County Visitor Bureau 1998, p.6

Presenting the results of the study (Anaheim / Orange County Visitor Bureau 1998, p.6) it has to be stated that:

- Each 1 % increase in visitors creates 1,500 jobs,
- 26 jobs are created per million dollars of spending,
- nearly 49 % of visitor industry employees are minorities,
- Visitor industry employees are 52 % male and 48 % female.

8.4.2.4.2.3 Projected tax revenues from the Hotel Industry to the City of Anaheim

The “transient occupancy tax” (TOT) is based upon a percentage of a hotel guest’s nightly room rate. Like many other cities, Anaheim has increased its TOT periodically over the past decade in order to fund tourism generating improvements or to augment the general fund in ways that will not affect local voters. It rose from 8.0 % in 1983 to 15.0% at current.

The Anaheim Public Financing Authority will assist the City of Anaheim by issuing lease revenue bonds to finance the expansion of the Anaheim Convention Center, the construction of infrastructure to improve the Anaheim Resort Area and the construction of a public parking facility.

The lease payments measurement revenues (LPMR) made by the City of Anaheim to the Financial Authority are determined by the tax receipts collected as follows in detail (PKF Consulting, p.28):

- For all hotel properties except those on Disney Property, 3.0 percentage points of the 15.0 percent tax to be collected from January 1st, 2001, onward is to be utilized to the LPMR.
- For the Disney hotel properties, the LPMR will include the sum of the 15 percent TOT and 1 % percentage point share of sales tax. As Disney’s California Adventure and Grand Californian Hotel open only in 2002, the numbers in the following table are dated from 2002 onward for “Disney’s share” of the LPMR payment.

I would like to discuss the sales-tax a little more: It is an added element of tax receipts and is utilized to measure the lease payments which, in turn, provide revenue to repay the proposed bond debt. Specifically, the City’s one percent portion of sales tax received, aggregated with TOT on Disney Hotels, on all sales subject to sales tax and TOT on Disney properties is to be utilized in the calculation of the LPMR. These sales consist essentially of the following:

- Food, Beverage and merchandise sales at the existing Disney branded Hotels

- Food, beverage and merchandise sales at the proposed Grand Californian Hotel;
- Food, beverage and merchandise sales at Disneyland and Disney's California Adventure
- Food, beverage and merchandise sales at the proposed Retail / Entertainment Center.

Table 29: Total LMPR Payments

Financial year	Non-Disney Hotel Room Revenue	15 % TOT	3 % of Room Revenue (used for LMPR payment)
2001	270.450.055	40.567.508	8.113.502
2002	326.140.101	48.921.015	9.784.203
2003	363.070.804	54.460.621	10.892.124
2004	396.646.704	59.497.006	11.899.401
2005	426.100.724	63.915.109	12.783.022
2006	451.227.006	67.684.051	13.536.810
2007	471.567.554	70.735.133	14.147.027
2008	485.714.581	72.857.187	14.571.437

Financial year	TOTAL LMPR Payment Flow (From City of Anaheim to Financial Authority)
2001	8.113.502
2002	35.461.918
2003	37.340.171
2004	39.140.889
2005	40.841.754
2006	42.437.305
2007	43.914.536
2008	46.231.972

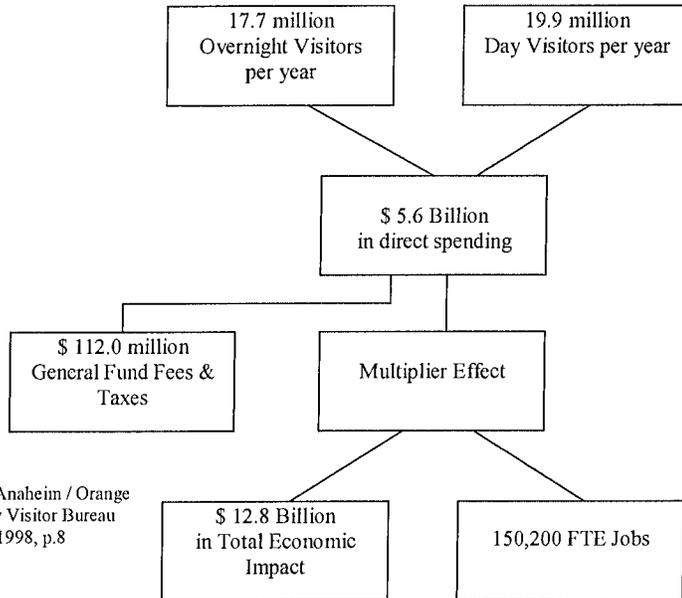
Financial year	Room Revenue from Disney's additional Hotels	15 % TOT	Estimated Food&Beverage and Merchandise Revenue	Sales Tax at 1 %	TOTAL TAX REVENUE to the City of Anaheim from Disney Sources (used for LMPR Payment)
2001	-	-	-	-	-
2002	123.330.834	18.499.625	717.809.000	7.178.090	25.677.715
2003	127.030.759	19.054.614	739.343.270	7.393.433	26.448.047
2004	130.841.682	19.626.252	761.523.568	7.615.236	27.241.488
2005	134.766.932	20.215.040	784.369.275	7.843.693	28.058.733
2006	138.809.940	20.821.491	807.900.353	8.079.004	28.900.495
2007	142.974.238	21.446.136	832.137.364	8.321.374	29.767.509
2008	147.263.466	22.089.520	857.101.485	8.571.015	30.660.535

SOURCE: PKF Consulting, p.26, p.30

Data in US Dollar

LMPR-Lease: The City of Anaheim makes lease payments to the Anaheim Public Financing Authority which will be used to pay interest and principal on the bonds. The LMPR payment is the aggregate of the 3.0 percentage points of the City-wide transient occupancy tax (TOT), and the full 15 % TOT and 1 % share of sales tax generated on Disney Properties..

8.4.2.4.2.4 Analysis of the total economic impact



Source: Anaheim / Orange County Visitor Bureau 1998, p.8

The direct and indirect economic impact can be summarized (Anaheim / Orange County Visitor Bureau 1998, p.6):

- \$ 5.6 billion in direct visitor spending
- nearly \$ 12.8 billion in direct and indirect spending within the county including:
 - \$ 3.2 billion in total personal income generated by visitor spending
 - Each 1 % increase in visitor spending adds \$ 128 million to Orange County's economy and creates \$ 32 million in earned income for residents.

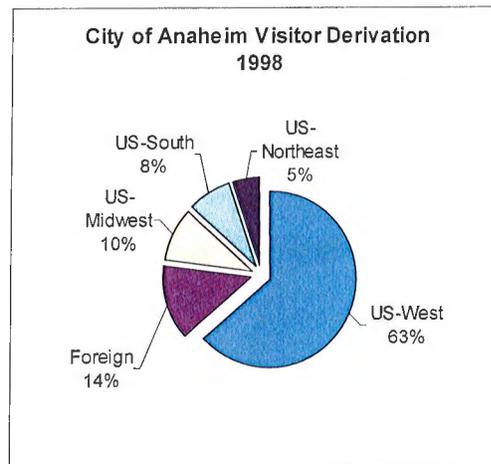
Local governments receive \$ 112 million in general fund fees and taxes from visitors and visitor-related industries. The State of California receives \$ 157 million in tax revenues from Orange County visitor spending.

8.5 Other impacts of the project

8.5.1. "Macro" - The Anaheim theme park in competition with Las Vegas

With regards to the competition for gaining the visitor's recreation budget, the geographically closest competitor to the Los Angeles Area with its 4 theme park (dominated by Anaheim's Disneyland) is the City of Las Vegas, Nevada which also has to be considered as a true competitor in terms of size (dollars spent) and visitor numbers. From an American perspective, these two places of interest are very close to each other - the distance is 265 miles, which takes approximately 5 to 6 hours of car travel.

Figure 17: City of Anaheim visitor derivation



Source: Anaheim / Orange County Visitor Bureau 1998, p.7

As it can be seen clearly, the key visitor market for the City of Anaheim lies in the domestic visitors, in particular in the Western U.S. (California, Nevada, Arizona, Oregon) – it can be assumed that this holds true for Las Vegas as well.

The second most important visitor group are foreign visitors (particularly Japanese and European travelers). Other U.S.- domestic travelers amend the pie to 100 percent.

In the 1990's, the City of Las Vegas with its gambling resorts and casinos repositioned itself as a more family-oriented destination, and due to the must-see nature of its newer generation of mega-casino resorts, it temporarily upstaged Southern California's theme parks in the regional family travel market. The biggest problem, however, was that gambling and other forms of entertainment did not mix in the long run.

In the early 1990s the casinos wanted to broaden their market base and thought their future lay in family entertainment. The city transformed into a cross between Disneyland and a gambling adventure by spending USD 1.7 billions to entertainment constructions over three years (Korman, p.26). The goal was to grow into a sort of desert Disneyland, but it did not quite work out – in 1995, only 7 % of the visitors brought their children. As "The Economist" stated, "the families stayed at home" (The Economist, 1998, p.70).

As already mentioned, this upstaging was just of a temporary nature which could be brought down to the problems Southern California faced in the years of 1992 with the civil unrest following the Rodney King trial, 1993 with immense wildfires and finally 1994, as strong earthquakes shook the region.

After that, Las Vegas' major Casino operators had recognized that the families that were attracted by attractions as pirate ships and volcanoes have a relatively low propensity to gamble and are refining Las Vegas' image as a "Disneyland for adults", with less emphasis on the family market (PKF Consulting, p.3).

If there has to be seen a competition between the Disney Resorts and Las Vegas, it is not identified in the fight between Disney's Anaheim Locations and Las Vegas, but between Disney's Carnival Cruise Lines and Las Vegas.

Disney's Carnival Cruise Lines has focused its attention on a growing rivalry with land-based destinations. Las Vegas has proven itself a formidable land-locked foe to Walt Disney Company's attractions in Florida. In January 1994, Carnival launched its first salvo on the "Desert City", positioning itself as the gambling alternative to Las Vegas.

However, Las Vegas' response to the Disney Company's action reflects the industry's growing awareness that current gambling competition is coming more from land than

from the sea. In the last few years, gambling was legalized in some other states of the U.S., and in almost all major Indian Reservations to ensure income sources for the native population. Apart from that, the cruise business has only a 5% share of vacations where the traveler spends more than \$1,000 (Zbar, p45).

8.5.2 Impact of the new Retail- and Entertainment Center at Disneyland on the region

8.5.2.1. Proposition 13

In June of 1978, California voters enacted Proposition 13 by a vote of 65 to 35 percent. It made six basic changes to the state's constitution (California Budget Project, p.14):

As follows by the inauguration of that, the income of the Californian cities was strongly restricted. An impact of proposition 13 was, that cities now are competing for sales tax revenues -- they are in favour to support the erection of shopping malls and entertainment facilities because this is almost the only way to raise the city's budget.

Considered this, the economic impact of Downtown Disney will have not a citywide impact, but an impact, which influences the entire region.

Downtown Disney is modeled after a much-larger complex of the same name at Florida's Walt Disney World. Several major parts of the Florida project currently aren't part of the Anaheim project, which at 20 acres is much smaller than 120-acre Florida complex.

Disneyland unveiled a lineup of high-profile restaurant and entertainment tenants in fall 1999 - from a New Orleans-style eatery to Latin and live-music nightclubs - that will anchor Downtown Disney, the shopping and entertainment complex that will link its two Anaheim theme parks. The complex is scheduled to open in 2002, along with Disney's California Adventure.

But Downtown Disney will be joining an increasingly crowded entertainment-retail market in north Orange County, which has seen the opening of two large centers over the

past 18 months. And at least three more such projects, all of them near Disneyland, are planned (Los Angeles Times, 1999a).

The complex will have some of the biggest restaurant industry's chains, and due to the high variety of bars and clubs, this project is very unique even in an overcrowded entertainment market as the one in Orange County.

Experts believe that other centers, such as the Century Stadium Promenade in Orange, Santa Monica's 3rd Street, Universal's Boardwalk and a proposed project in Garden Grove, are the most likely to suffer from the increased competition (Los Angeles Times, 1999a).

Downtown Disney is one of several huge-sized entertainment and shopping complexes planned for Orange County. Combined, it would add another 3 million square feet of stores, eateries and entertainment venues - the equivalent of South Coast Plaza, a big shopping mall, which is just 8 miles away.

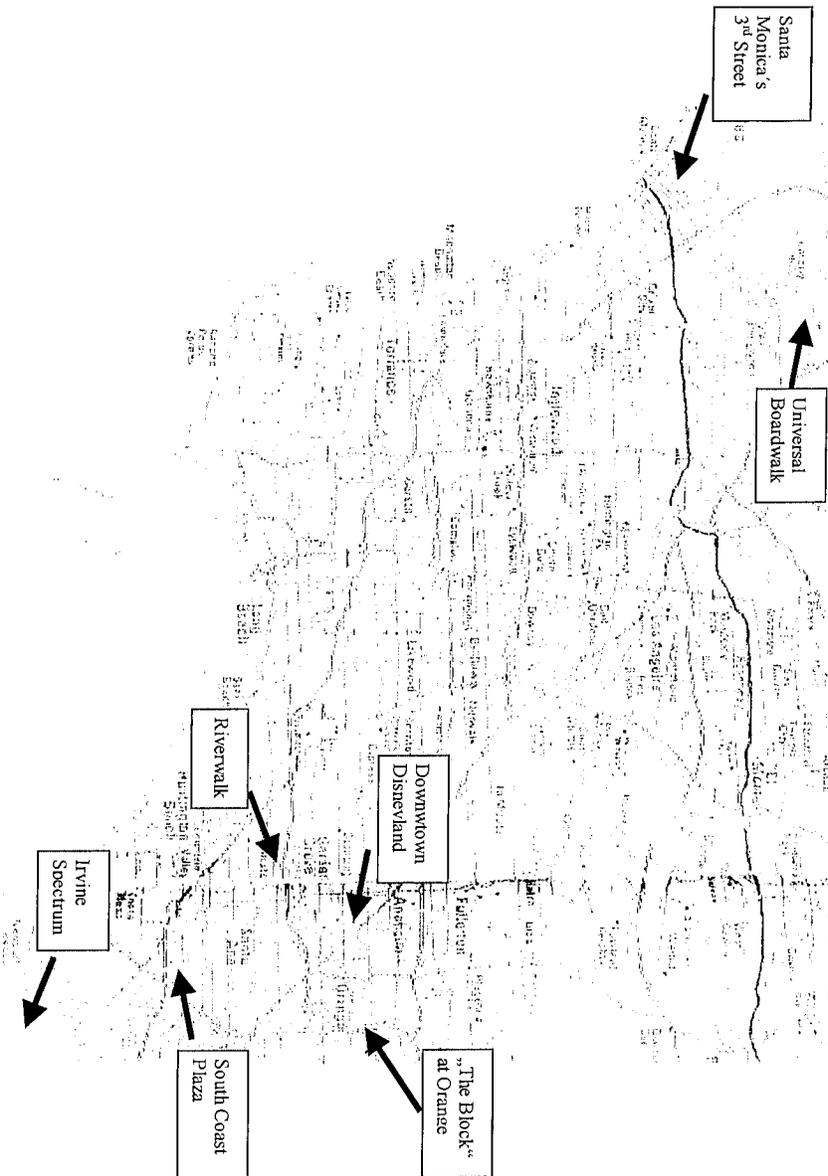
The others are Pointe Anaheim across the street from Downtown Disney, the Sportstown Entertainment Complex, also in Anaheim, and Riverwalk in Garden Grove (7 miles). Pointe Anaheim would include three hotels, stores, restaurants and a nightclub district with three stages for touring Broadway shows and Las Vegas-style concerts. A 24-screen movie theater could be substituted for the live entertainment (Los Angeles Times, 1999a).

Riverwalk would include "neighborhoods" of music with similarly themed restaurants. For example, a section for country-western music would include a restaurant selling Southern-style food.

Downtown Disney's AMC Theatre also will have plenty of competition, some of it self-inflicted. In neighboring Orange, AMC operates a 30-screen Theatre at "the Block" and the Century Promenade center includes a 25-screen Theater. The county's busiest movie house is the Edwards Spectrum Theater in Irvine, which has 21 screens with plans to add more. Theatres Circuit Inc. of Newport Beach, the county's largest theater operator, plans to boost its total number of movie screens by 25% over the next three years. Its three-

screen theater at South Coast Plaza is being renovated and will become the first in the county to serve light meals and alcoholic drinks.

8.5.2.2. Map of the influenced area



9. Summary

Several impacts of theme parks on regions are discussed in the chapters above. After naming the most important impacts, what is the quintessence from all this?

It is doubtless to say that tourism increases the region's economic balance of services – foreign money is brought into the region which had less income without tourism. Up to a critical point, tourism promotes the regions welfare. Beyond this point, the region suffers from overuse of the nature or generally spoken, negative externalities.

From a regional perspective, theme parks agglomerate the regions touristic industry and activities. Theme parks allow regions to split their industrial activity spatially. While some parts of the region underlie heavy touristic use, it would be possible to encourage other branches of industry in the other, or even to act considerably with the nature and the ecology. This is only possible, when the tourist dollars spent are reallocated across the whole region, e.g. by taxes and benefit payments.

Still, a question is unsolved. What happens with the “theme park subregion” in this model? Who is it who wants to live there?

Not only, that much of the demand for tourism related employment is seasonal and that low status and low pay characterize much tourist industry employment, the biggest danger lies in a disproportionate concentration of seasonal and low-paid employment which can be a threat to the region's employment structure. The case of the City of Anaheim illustrates this very bluntly: Hispanics are the biggest share on the city's population, and most of them work in traditionally blue-collar jobs. It is fact that those who can afford it, move to surrounding cities because of the low quality of live in Anaheim.

From my perspective, it is the task of politicians to avoid social inequality by introducing laws or acts which limit the amount of touristic activity to a regional “desirable” and reconcilable level.

10. Outlook

10.1 A comment on theme parks in comparison USA – Europe

How is the different development in those two continents possible ? What are the reasons for the fact, that the theme park industry is so mature in the US and relatively new in Europe ? Which development can be seen respectively expected in the future ?

First of all, I would like to summarize some aspects, which definitely have to be made when a comparison of the situation of theme parks in the USA and Europe is being made:

- 1.) The American way of how to consume spare-time differs strongly from the European way.

Europeans mostly prefer relaxing in their spare-time, while the typical American wants to consume attractions and fun - in an from European sight unbelievable short period of time. From an European perspective, this has to be considered as leisure-time stress.

In Europe, the tourist business is characterized by a wide variety of different opportunities, while in the US, the opportunities lack in respects to variety. For example, the missing of a regimen industry, which we know in Europe, in particular in Austria and Italy, expresses that.

On the other hand, the situation of insufficiency in types of recreation opportunities supported the development of the theme park industry in the U.S.

- 2.) The missing of cultural sites embosses the theme park industry in the U.S.

- a.) The U.S. show “historical reviews” or “historical landmarks” which are contemplated by Europeans without any understanding. Houses and Sites built in 1890 do not have such a high “historical” status in Europe than they have in the U.S.

- b.) Foreign culture and their histories, respectively the European and Arabic ones, are simplified to an extremely basic level, which does not seem to be justifiable from a European perspective. A drastic example is “Bush Garden’s” theme park in Orlando, Florida. The “amusement area” of the park is called “Timbuktu” (named after the city in West Africa), and it contains a brewery, designed in a Bavarian “*Bierhaus*”-style. Accordingly, the Americans associate Alcoholic beverages, more exactly beer, with an Islamic Country!
- 3.) Regarding the transferability of recreation parks of the U.S.-style, Europe’s recreation industry is considered as lagging behind the one in the U.S.

It has to be doubted if facilities of the size of Disneyland or Walt Disney World are economically viable in Europe.

The number and the geographical density of cultural attractions in Europe is immensely high and portrays an strong competitor to theme and recreation parks. “Fancy fair”-facilities are familiar to the Europeans already, so parks who specialize on this aspect of theme parks only, are not going to present something unique and new. Therefore, the long-run viability of parks of this kind is doubtful.

Nevertheless, the introduction of the EuroDisney-Park was an enrichment for Europe’s recreation and spare-time industry, and once again, several other parks followed Disney’s example by erecting a theme park in Europe (for example: Warner Bros. – theme park in Bottrop, Germany).

These two parks can be considered as a possible way of how to export the culture of theme parks from the U.S. into Europe, because they are way smaller than the “normal-sized” parks in the U.S.. That makes them performing economically quite well in a huge market with strong competition in the recreation industry.

10.2. Theme parks conquering Austria's tourism industry ?

One year ago, dozens of theme parks were planned all over Austria. RegioPlan Consulting, a market research company in Vienna, named investments of ATS 28 billions for constructing new theme parks in Austria (p.9). This year, only some projects, all together amounting ATS 12 billions, are still in the race. Most projects were stopped because they failed in the environmental compatibility test which is mandatory in Austria before the start of construction. Most prominent example is Frank Stronach's "World of Wonder" and a project close to Vienna's city boarder, at Wiener Neudorf – with planned investment costs of ATS 7 billion each, both south of Vienna. The study names two main reasons why so many projects failed: First, the projects were late in planning – Austrians travel a lot and know theme parks already from abroad. So the effect of something unique and new is lost. Second, most of the carriers of the projected theme parks were foreign companies – which underestimated the high degree of organization of so-called local pressure groups which have a huge resistance-know-how.

The currently biggest project is a theme park next to Parndorf's factory outlet center, the carrier plans to invest ATS 3 billions. The dimension of the project and its catchment area (from Budapest to Vienna), and the fact, that Stronach's World of Wonder will not be constructed, makes experts think that this project will perform perfectly.

10.3. Developing Trends of the theme park industry

Theme parks are considered to evolve as a component of the international tourism industry. From an international view, they will not blindly follow the U.S. model, but evolve new forms of attractions where tourism is a more important source of market support.

The following trends seem to be reasonable and likely:

10.3.1 Themed to country/region

New parks will have stronger theming tied to the country or local region, especially in Europe. Theme parks are increasingly becoming a symbol and showcase for regional pride, culture, and technological achievement. The danger here is that by being too serious about "cultural" tourism the parks can be too educative and could leak to be fun (ERA 1998a, p14).

10.3.2 Part of larger mixed-use destination projects

In the urban/suburban context, it can be seen that theme parks and large-scale attractions are being designed into regional and specialty shopping complexes, mixed-use waterfront developments, and even some multi-use office buildings. In more rural settings, additional components often include destination resorts, bungalow parks, shopping/restaurant villages, and special event centers / trade expositions.

10.3.3 Greater visitor participation and interaction

New attractions are being designed to provide greater participant control and encourage interplay between the visitor and his environment. This is a natural outgrowth of both available technology and the demonstrated appeal of such involvement at places like the San Francisco Exploratorium. New thrill rides are being offered where the rider can individually control the experience and intensity of the ride (see next point). Future

thematic concepts will be based more on participative activities (sports, music) that relate to the audience rather than comic book characterizations (ERA 1998a, p15).

10.3.4 Use of simulation experiences and virtual reality

Perhaps one of the most exciting areas of development is in the area of simulation achieved by the introduction of high-tech. Advances in technology have allowed attractions designers to realistically duplicate virtually any natural or special effects experience. By combining extremely high quality visual imagery with seats that are programmed to move with the action, visitors can realistically enjoy experiences that were previously unavailable in a theme park environment. The first highly popular example of this technology is the Star Tours attraction at Disneyland.

Note that these simulations are produced for a fraction of the cost of traditional attractions. The technology is also more flexible (one can change the experience by simply changing the software (film) rather than creating a new attraction), and more land efficient (a 45-seat simulator needs only about 300 square meters). A major challenge, however, will be to have the technology breakthrough and still maintain the thrill and spontaneity of perceived personal risk and group interaction.

10.3.5 Greater water orientation

A greater use of water related activities, attractions and landscaping is occurring in theme park design. Several parks (Tokyo Disney Sea, Universal Studios in Port Aventura, Spain, Seapark, etc.) combine an active water park with more traditional themed rides and amusements. Performance parks such as Sea World are still popular but future expansion will be limited by restrictions on capturing and displaying aquatic mammals. We see a continuing acceptance of new, high technology aquariums using acrylic tunnel concepts, which combine a scuba diver's view of the undersea world with a ride experience.

10.3.6 Design for all-weather operation/artificial environments

New theme parks are designed to have more covered attractions as well as climate-controlled walkways and rest areas. This allows for shorter amortization of high capital investment and fixed cost components. New theme parks are being designed with a higher degree of weather protection in order to enable a longer operating season and longer operating hours per day, which is an important topic in locations farther north than Florida (ERA 1998a, p15).

When one looks ahead at the larger number of tourists who are expected to travel to new destinations (particularly within the Asia - Pacific region), there will be increasing pressure on sensitive environmental and social resources at the destination. A new role for theme parks is emerging. By their nature, they are designed to handle large numbers of people within a controlled space and with manageable impacts. In the future they will have the chance of providing a greater educational function to introduce, interpret, and sensitize the overseas tourist to the environment and to the host community and its values. They can become a new gateway for host country tourism. Rather than being viewed as a stand-alone attraction, theme parks will become part of a balanced leisure product and tourism system that contributes to the economic development, employment, and resource preservation of an entire region (ERA 1998a, p15).

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Glossary

Anaheim Resort – consists of Disneyland, the WESTCOT Center and the Anaheim Convention Center.

Cast members – Important employees in a Theme Park. Typical kinds of employment of cast-members are actors and performers.

CO – Carbon Monoxide, is a gas considered responsible for global warming. Carbon Monoxide (CO) is a colorless, odorless, tasteless gas that can pose a significant threat to health if left undiagnosed and untreated. Public awareness of this threat will reduce its incidence and save lives.

EIR - Draft Environmental Impact Report. The City of Anaheim has had an EIR being done by Michael Brandman Associates in 1992.

FTE jobs – Full time equivalent jobs. Full time equivalent means a full annual salary and benefits. Government agencies use this in budget planning. If a department has ten full time equivalents, then it has ten salaries guaranteed. It may not, however, have to hire ten people. It might hire eight full time people and four part time people etc.

LMPR – The Anaheim Public Financing Authority will assist the City of Anaheim by issuing lease revenue bonds to finance the expansion of the Anaheim Convention Center, the construction of infrastructure to improve the Anaheim Resort Area and the construction of a public parking facility. The City of Anaheim makes lease payments to the Anaheim public Financing Authority, which will be used to pay interest and principal on the bonds.

Multiplier impact – the total income, output, employment or other economic measure resulting from export sales (such as tourists) of a regional or national economy, comprising the sum of the impacts of (a) the initial sales to tourists, (b) purchases by those selling directly to the tourists that support these sales (called the “indirect impact”), and (c) sales to the employees of these organizations in spending their wages and salaries in the economy (called the “induced impact”) (Lundberg, 1995)

NOx – Oxides of Nitrogen. NOx emissions influence and damage the atmospheric Ozone-layer.

PM10 – Particulate matter (dust), 10 micrometers or less in diameter.

Particulate matter is solid matter or liquid droplets from smoke, dust, fly ash, and condensing vapors that can be suspended in the air for long periods of time. These microscopic particles can affect breathing and respiratory symptoms, causing increased respiratory disease, lung damage, and premature death. Most particulate matter pollution comes from woodsmoke, dust from paved and unpaved roads, construction, motor vehicles and outdoor burning. Educating residents to burn wood cleaner, paving high traffic streets, improving street cleaning and maintenance, and encouraging alternatives to outdoor burning will help reduce particulate pollution.

Primary wage earner - the person who pays the basic bills in a household.

ROG - reactive organic gases.

SCAG - Southern California Association of Governments. The Southern California Association of Governments (SCAG) is the largest Metropolitan Planning Organization in the U.S. The Association serves a population in excess of 16 million persons, and provides regional planning and inter-jurisdictional coordination for an area encompassing over 38,000 square miles. This includes six counties, and 184 cities, represented by a 70 member Regional Council of local elected officials.

SCAQMD - is the Southern California Air Quality Management District, which includes LA, Orange, Riverside and San Bernardino Counties.

SFAS 121 – Accounting standard. This accounting standard changed the method that companies use to evaluate the carrying value of such assets by, among other things, requiring companies to assets at the lowest level at which identifiable cash flows can be determined.

SOx – Oxides of sulfur, is considered responsible for acid rain. When fossil fuel is burnt, byproducts are created which are potentially dangerous. Carbon-based petrochemical products are broken up in combustion to form, among many other products sulfur oxides (SOx).

TOT - The “transient occupancy tax” (TOT) is based upon a percentage of a hotel guest’s nightly room rate. Currently, it is at 15 % in the City of Anaheim.

- Tourism** – Term for all activities undertaken by or related to tourists on trips away from home. (Lundberg, 1995)
- Tourism industry** – the various firms and establishments, including business and non-profit organizations, that wholly or partly provide goods and services to tourist, directly or indirectly. (Lundberg, 1995)
- Tourist** – any individual on a trip to a place more than 100 miles away from his or her home or spending the night away from home and who returns home within 12 months; same as visitor and traveler. (U.S. Department of Commerce, Census 1977, p.21)
- Theme Park worker** – Worker in a Theme Park, usually of a low skilled level. In opposite to “*cast members*”, typical kinds of employment are cashiers, cleaners, Ride-operators, etc.
- Value added** – the difference between the value of goods or services produced and the costs of materials and supplies used in producing them. Consists of wages, interest and profit components added to the output of a firm, industry or region.
- Visitor days** – a measure of tourist demand: the number of visitors to an area multiplied by the number of days spent in that area. Visitor expenditure – expenditure made by or on behalf of a visitor to an area in that area. (Lundberg, 1995)
- WESTCOT** (resp. WESTCOT Center) – means the expansion of the already existing Disneyland Theme Park in the City of Anaheim. The WESTCOT Center will include a second gated Theme park and related service areas (referred to in this study as the “WESTCOT Theme Park”). It also includes modification of the existing Disneyland Hotel and the addition of new hotels, entertainment areas, internal transportation systems, and two parking facilities. Used as a term in the literature and in the EIR #311.

TABLE OF FIGURES

	<u>page</u>
Figure 1: Economic sectors influenced by the tourist dollar	7
Figure 2: 1996 employment for selected industries (U.S.)	13
Figure 3: 1996 Value added for selected industries	14
Figure 4: TOP 20 U.S. Theme parks ranked by degree of export orientation	28
Figure 5: Biggest Theme park operators in the U.S.	33
Figure 6: Biggest Theme park operators worldwide	34
Figure 7: Age distribution of Theme park visitors	35
Figure 8: Business units of the Walt Disney Company	54
Figure 9: Operating income by business segment	57
Figure 10: Theme park related revenues	59
Figure 11: Development of average per-capita visitor spending	60
Figure 12: Development of consumer products revenue	65
Figure 13: Visitor numbers of biggest theme parks 1998	67
Figure 14: Visitor numbers of biggest operators worldwide 1998	68
Figure 15: Forecasted additional annual revenues	95
Figure 16: Visitor spending in the City of Anaheim	96
Figure 17: City of Anaheim visitor derivation	102

INDEX OF TABLES

	<u>page</u>
Table 1: Customer catchment area	30
Table 2: U.S. – Theme park attendance numbers	31
Table 3: U.S. – Theme park industry market structure	32
Table 4: The world’s oldest Theme parks	39
Table 5: Destination attraction basic requirements	49
Table 6: Theme parks as destination attractions: Problems to be addressed	51
Table 7: Financial key numbers and ratios	56
Table 8: Characteristic data	57
Table 9: Land use at WESTCOT	71
Table 10: Phases of construction	72
Table 11: Current admission fees	73
Table 12: Visitor numbers of the L.A.-Area parks	74
Table 13: Derivation of Disneyland’s visitors	74
Table 14: Derivation of Knott’s Berry’s visitors	75
Table 15: Derivation of Six Flags’ visitors	75
Table 16: Derivation of Universal’s visitors	75
Table 17: Employment projections	78
Table 18: Changes in cast characteristics	79
Table 19: Direct employment and 2010 forecast	80
Table 20: Projected supply and demand for lodging	83
Table 21: Project growth in average daily room rate	85
Table 22: Absorption of costs	86
Table 23: P.M. peak hour vehicle trip generation	88
Table 24: Projected wastewater flow	89
Table 25: Projected electrical consumption	91
Table 26: Projected cumulative operational emissions in the year 2002	92
Table 27: Projected solid waste generation	94
Table 28: Orange County’s employment impact from visitor spending	97
Table 29: Total LMPR – payments	100

LEGOLAND FLORIDA RESORT ECONOMIC IMPACT ANALYSIS

April 6, 2016

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This report was prepared by Dr. James W. Farrell for use by the LEGOLAND Florida Resort to evaluate the economic and fiscal impacts of their activities.

1. Introduction

The LEGOLAND Florida Resort (LLFR) began construction and operations at the former site of Cypress Gardens during 2010 and opened the LEGOLAND Florida Theme Park in late 2011. Since its opening, LLFR has constructed and opened a water park, new restaurants, new attractions and the LEGOLAND Hotel. In addition, they have opened up the HUB model shop and a U.S. customer care center to support all Merlin U.S. attractions, hotels and new business development. LLFR has plans to continue expanding by opening new lands and attractions, new accommodations and increased support for their activities here.

This report was prepared for the purpose of addressing the economic and fiscal impacts of the LLFR. These estimates account for the direct, indirect and induced economic effects, often referred to as multipliers, within the central Florida region, as well as the external impact created by their activities.

Since opening, the LLFR has had a significant impact on the region. It is estimated that their activities and presence have generated nearly \$1 billion of total economic activity from 2010 through 2015. One time construction activity is responsible for \$313 million of economic activity and 2100 jobs in the past 5 years, while ongoing operations are responsible for an average of \$136 million of economic activity and over 1600 jobs per year since the resort's inception.

It is expected that the LLFR will continue to have a significant impact on the region as it draws visitors from around the globe to the resort. Based on anticipated construction activity over the next few years, LLFR is expected to generate over \$200 million of economic activity. As the attractions and accommodations continue to expand, it is anticipated the impact will expand as well. It is estimated that the ongoing operations will generate an average of 3000 jobs and \$271 million of economic activity per year for the next 5 years.

All of their economic activity has a fiscal impact as well. It is estimated that, between construction and ongoing operations, LLFR generated \$63 million in state and local tax revenues from 2010 through 2015.

The following sections outline the methodology, assumptions, activities used to estimate the economic impacts and fiscal impacts generated by this study.

2. Methodology and Assumptions

To evaluate the economic impact of the LLFR, this study has employed commonly used regional economic development models which calculate the economic multipliers associated with jobs and income in affected industries. These multipliers account for the additional spending and resulting jobs from the initial spending. This leads to a greater change to the local GDP than simply accounting for the initial expenditures.

For example, a construction worker would divide up the income he receives between savings and spending. His spending would be divided up between various retail stores (food, fuel, clothing, etc.) as well as other services. This spending would increase the profits of those businesses and lead to more income, and potentially more jobs, in those industries. This process (i.e. ripple effect) continues until the additional effects can no longer be felt. Along the way, some of the money will not find its way to other industries (saved money) or may leave the local economy through imports. Those leakages will diminish the effects over time.

Using the IMPLAN software and cross-industry multipliers calculated for Polk County, this study provides detailed estimates of the impacts of the LLFR. The analysis was conducted based on the LLFR's activities in Polk County as well as their estimated impact on external businesses in the region. Estimates of the market conditions for external impacts were based on prior studies produced or commissioned by LLFR.

Caveats

This analysis uses multipliers calculated by IMPLAN Group, LLC for use in their proprietary IMPLAN software to estimate the additional economic and fiscal impacts of events. The estimated employee counts and payroll were supplied by the LLFR for analysis and changes to those estimates would have significant effects on the results of the analysis. The estimated expenditures and local purchase percentages were based on averages for Polk County, FL for the industries in which the LLFR operates and adjusted in order to capture the impact of the activities to the wider geographic region.

3. Activities Measured

This study measures the economic impact of the construction activity, operations of the park, operations of the customer care center and operations of the HUB as well as the external impact generated by increased tourism on the restaurant and hotel industries.

Since 2010, LLFR has spent nearly \$200 million on construction activities in order to build the Theme Park and Water Park along with new on-site restaurants, new lands and mini-lands, retail space, the HUB, a customer care center and the newly opened LEGOLAND Hotel. They project spending another \$130 million on additional construction over the next several years to meet the growing demand for attractions and accommodations. The yearly estimates of expenditures on construction activities used in the study are included in Appendix A.

In addition to the construction activities, LLFR employs 1800 people across their parks, hotel and operations in the area with plans to expand employment as new attractions and accommodations are added. The yearly estimates for employee payroll used in the study are included in Appendix B.

Beyond LLFR's direct activities, the parks attract visitors to the area that spend money on accommodations and meals. Based on the Cypress Gardens Boulevard Corridor Study by the Lakemont Group and market data on visitor spending habits, this study estimated the external expenditures in the accommodation and restaurant sectors. Since opening, it is estimated that LLFR generated nearly \$110 million in sales for non-LLFR hotels and over \$20 million in sales for non-LLFR restaurants. The yearly estimates for external sales activity are included in Appendix C.

4. Economic Impacts

Table 1 summarizes the economic impact of the LLFR based on their direct activities and external impacts from 2010 through 2015. The cumulative impact of the activities generated nearly \$1 billion of total economic output for the area, inclusive of all estimated multiplier effects, in today's dollars. Additionally, LLFR's activities have generated over 10,000 job-years.

Table 1: Impact Summary - 2010 through 2015 All Activities

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	7665.8	\$223,632,541	\$413,162,732	\$681,512,315
Indirect Effect	1177.2	\$48,881,539	\$80,970,265	\$144,271,211
Induced Effect	1414.7	\$54,854,112	\$99,714,074	\$168,488,845
Total Effect	10257.8	\$327,368,192	\$593,847,071	\$994,272,372

The total impact of LLFR is based upon the impacts of their direct activities as well as the indirect and induced spending that occurs as a result of the direct activities. The Direct Effect measures the economic impact of LLFR's employment and construction activities. The Indirect Effect measures the economic impact of LLFR's suppliers, for example the jobs created in the food services industry due to their purchase of food to prepare and sell in their parks. The Induced Effect measures the economic impact of changes to household expenditures due to increased employment for both LLFR and their suppliers. An example of Induced Effect would be a LLFR employee spending more money at a restaurant because they have higher income. This study includes both the direct activities of LLFR as well as estimated external activities created by their ability to attract visitors to the area. The economic impacts shown include the Direct, Indirect and Induced Effects of LLFR's direct activities as well as the external activities they are estimated to create.

These impacts can be broken down into the one-time impacts generated from construction activities and the ongoing impacts from operations. Table 2 summarizes the impacts from construction activities from 2010 through 2015. Of the nearly \$1 billion of economic activity and 10,000 job-years, \$313 million and 2100 job-years were generated from construction activities.

Table 2: Impact Summary - 2010 through 2015 Construction Activities

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	1296.5	\$69,881,621	\$94,828,776	\$213,557,665
Indirect Effect	358.3	\$16,478,190	\$26,650,816	\$46,698,348
Induced Effect	448.0	\$17,374,754	\$31,585,521	\$53,364,809
Total Effect	2102.8	\$103,734,565	\$153,065,113	\$313,620,822

Table 3 summarizes the impacts from operations from 2010 through 2015. LLFR’s ongoing operations generated an average of 1631 jobs and \$136 million of economic activity per year during the first 5 years of operations.

Table 3: Impact Summary - 2010 through 2015 Operations

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	6369.3	\$153,750,920	\$318,333,956	\$467,954,651
Indirect Effect	819.0	\$32,403,349	\$54,319,449	\$97,572,863
Induced Effect	966.7	\$37,479,358	\$68,128,553	\$115,124,036
Total Effect	8155.0	\$223,633,627	\$440,781,958	\$680,651,550

Income and output for the top 10 impacted industries are included in Table 4. This table highlights how the direct and external activities impact other industries. This shows how industries that are not directly impacted also benefit from the activity. For example, the model estimates that LLFR’s presence would generate 95 jobs and \$12.8 million of output for area hospitals due to the needs of LLFR and their supplier’s employees, as well as all of the employees that had jobs created due to the induced and external effects.

Table 4: Top Ten for Employment - 2010 through 2015 Activities

Description	Total Employment	Total Labor Income	Total Value Added	Total Output
Amusement parks and arcades	5422.1	\$129,551,665	\$267,740,675	\$383,133,234
Construction of new commercial structures, including farm structures	1118.7	\$60,731,868	\$84,268,416	\$179,570,341
Hotels and motels, including casino hotels	641.2	\$17,247,578	\$38,699,399	\$62,935,766
Limited-service restaurants	350.1	\$6,388,102	\$11,570,773	\$19,305,218
Employment services	196.3	\$4,370,882	\$5,496,411	\$7,300,653
Construction of new multifamily residential structures	177.8	\$9,149,754	\$10,560,361	\$33,987,324
Real estate	162.2	\$1,668,103	\$16,786,374	\$23,276,759
Wholesale trade	130.0	\$9,292,387	\$19,682,614	\$29,450,260
Full-service restaurants	106.7	\$2,308,739	\$2,778,958	\$5,439,413
Hospitals	95.1	\$5,679,532	\$6,492,631	\$12,816,448

Looking to the future, LLFR anticipates significant new construction as well as expanding ongoing operations. The construction activities are expected to generate over \$200 million of economic activity and nearly 1400 job-years between 2016 and 2018, as seen on Table 5.

Table 5: Impact Summary - 2016 through 2018 Construction

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	685.1	\$35,742,172	\$43,579,308	\$125,543,543
Indirect Effect	420.1	\$15,164,996	\$25,793,773	\$43,705,379
Induced Effect	264.2	\$10,244,354	\$18,622,747	\$31,465,364
Total Effect	1369.4	\$61,151,522	\$87,995,828	\$200,714,286

Table 6 summarizes the expected impacts from future operations and external activities from 2016 through 2020. As LLFR continues to expand, their economic impact is expected to expand with them. It is anticipated that LLFR will generate an average of nearly 3000 jobs and \$271 million of economic activity per year for the next 5 years.

Table 6: Impact Summary - 2015 through 2020 Operations

Impact Type	Employment	Labor Income	Total Value Added	Output
Direct Effect	11270.3	\$303,344,311	\$623,729,293	\$924,235,642
Indirect Effect	1741.4	\$67,628,510	\$112,825,316	\$202,453,286
Induced Effect	1926.6	\$74,692,750	\$135,773,086	\$229,432,204
Total Effect	14938.3	\$445,665,571	\$872,327,695	\$1,356,121,133

5. Fiscal Impacts

In addition to considering the economic impact of the LLFR, it is also important to consider the fiscal impact to the local economy and the State.

Table 7 shows the estimated increases to tax revenues for the local economy and State based on the activities analyzed for 2010 through 2015. There are significant taxes generated by both the direct activities of LLFR as well as by their employees and the external activities.

Table 7: State and Local Tax Impact for 2010 through 2015 activities

Description	Employee Compensation	Tax on Production and Imports	Households
Dividends			
Social Ins Tax- Employee Contribution	\$147,330.00		
Social Ins Tax- Employer Contribution	\$284,838.00		
Sales Tax		\$31,687,075.00	
Property Tax		\$22,661,971.00	\$140,137.00
Motor Vehicle Licenses		\$569,494.00	\$369,634.00
Severance Tax		\$41,141.00	
Other Taxes		\$3,391,715.00	\$19,232.00
Non-Taxes		\$2,036,746.00	\$1,627,995.00
Total State and Local Tax	\$432,168.00	\$60,388,142.00	\$2,156,998.00

Appendix A: Construction Activities Measured

Table A1: New Construction Expenditures (2010 - 2015)

Year	Estimated Expenditures
2010	\$122,600,000
2011	\$7,800,000
2012	\$2,280,000
2013	\$12,400,000
2014	\$1,660,000
2015	\$43,970,000

Table A2: Proposed Construction Expenditures (2016 - 2018)

Year	Estimated Expenditures
2016	\$5,000,000
2017	\$44,000,000
2018	\$81,500,000

Appendix B: Operation Activities Measured

Table B1: Park, Hotel and Other Operations (2010 - 2015)

Year	Activity	Estimated Payroll
2011 -2012	Park Operations	\$30,700,000
2013	Park Operations	\$21,800,000
2014	Park Operations	\$24,300,000
2015	Park Operations	\$26,200,000
2015	Hotel Operations	\$3,700,000
2014	Customer Care Center	\$1,200,000
2015	Customer Care Center	\$1,200,000
2015	HUB	\$240,000

Table B2: Proposed Park, Hotel and Other Operations (2016 - 2020)

Year	Activity	Estimated Payroll
2016	Park Operations	\$27,380,000
2017	Park Operations	\$28,610,000
2018	Park Operations	\$32,400,000
2019	Park Operations	\$33,860,000
2020	Park Operations	\$35,380,000
2016	Hotel Operations	\$6,550,000
2017	Hotel Operations	\$10,230,000
2018	Hotel Operations	\$10,530,000
2019	Hotel Operations	\$18,350,000
2020	Hotel Operations	\$18,900,000
2016	Customer Care Center	\$2,400,000
2017	Customer Care Center	\$2,507,816
2018	Customer Care Center	\$2,840,029
2019	Customer Care Center	\$2,968,006
2020	Customer Care Center	\$3,101,242
2016	HUB	\$3,300,000
2017	HUB	\$3,448,247
2018	HUB	\$3,950,040
2019	HUB	\$4,081,008
2020	HUB	\$4,264,207

Appendix C: External Activities Measured

Table C1: Estimated External Impacts (2010 - 2015)

Year	Activity	Estimated Sales
2011	Hotel Operations	\$11,498,145
2012	Hotel Operations	\$23,079,877
2013	Hotel Operations	\$25,151,162
2014	Hotel Operations	\$27,066,298
2015	Hotel Operations	\$21,974,127
2011	Restaurant Operations	\$1,308,678
2012	Restaurant Operations	\$5,091,889
2013	Restaurant Operations	\$4,470,765
2014	Restaurant Operations	\$4,982,278
2015	Restaurant Operations	\$4,550,400

Table C2: Projected External Impacts (2016 - 2020)

Year	Activity	Estimated Sales
2016	Hotel Operations	\$23,502,106
2017	Hotel Operations	\$17,707,968
2018	Hotel Operations	\$19,257,886
2019	Hotel Operations	\$13,390,294
2020	Hotel Operations	\$14,924,183
2016	Restaurant Operations	\$4,686,912
2017	Restaurant Operations	\$4,827,519
2018	Restaurant Operations	\$4,972,345
2019	Restaurant Operations	\$5,121,515
2020	Restaurant Operations	\$5,275,161