



## ASSESSING THE IMPACT OF A CITY'S NIGHTTIME ECONOMY: BEST PRACTICES, STRATEGIC RECOMMENDATIONS, AND DATA COLLECTION TEMPLATE

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**JS&A**

Economic  
Development  
Consulting

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# PROJECT BACKGROUND

## Study Purpose

In partnership with the Responsible Hospitality Institute (RHI), Jon Stover & Associates (JS&A) evaluated existing best practices and developed a streamlined process to provide quantitative analysis and corresponding strategic recommendations in a way that is as resource-efficient, useful, and actionable as possible.

Key project objectives include following:

- Identify common characteristics of applicable existing nighttime economy impact studies to date.
- Identify sources of data from existing studies and other sources not included in studies.
- Organize recommendations for future studies to encompass the social, economic, fiscal and culture impacts in nightlife districts.

## Why Measure the Nighttime Economy?

Cities across the United States have become increasingly data-driven when it comes to making policy decisions and allocating financial resources for purposes related to economic development, placemaking, and revitalization. Over the last few years municipalities have started to apply this approach to better understand the positive and negative impacts of the nighttime portion of a city's economy.

This work has stemmed from a variety of issues, concerns, and needs. Often it is a result of city agencies wanting to better understand the scale of employment, sales, and visitor impact in the nighttime compared to the daytime. Sometimes it is in response to businesses owners struggling with issues related to permitting, liquor licenses, or voluntary agreements. Other times it is in response to problems with safety, cleanliness, transportation congestion or noise complaints. Depending on local conditions, nighttime impact assessments can have a large variety of purposes, objectives, and methodologies.

## Study Participants



The *Responsible Hospitality Institute (RHI)* is a private, non-profit organization founded in 1983 and is the leading source for events, resources and consultation services on nightlife. RHI's expertise has provided direct technical assistance to more than 70 North American cities to facilitate collaborative solutions to the most difficult nightlife challenges. Utilizing insights and model practices gathered from dozens of cities and countries throughout the world, RHI is in a unique position to guide communities' nighttime economy development by sharing lessons learned and helping city leaders avoid common pitfalls.



*Jon Stover & Associates (JS&A)* specializes in economic analysis, neighborhood revitalization, and helping public, private, and nonprofit organizations collaborate to meet economic development objectives. JS&A has helped dozens of clients across the country to enhanced their neighborhoods.

# CASE STUDIES

## Case Context

A relatively small number of economic impact assessments have been conducted on the local nighttime economies. Of those that do exist, the majority have been conducted within the last ten years, resulting in a lack of clear best practices for studies of this kind.

This assessment looks at seven studies across North America, Europe, and Australia to better understand what previous researchers have done to measure the impact of this particular type of activity. Each offers a different approach towards understanding how cities are economically and fiscally impacted by their nightlife establishments.

## Edmonton, Canada

*Edmonton's Late-Night Entertainment Economy (2012, 2016) by Responsible Hospitality Edmonton*

In 2012, in partnership with the City of Edmonton's Office of the Chief Economist, Responsible Hospitality Edmonton assessed the economic impact of the city's entertainment establishments open for service after midnight at least one night of the week. The study used the results of a business survey to estimate total late-night expenditures. In 2016, this survey and other economic data were updated and a second report with new impact results was released. Both studies calculated the annual Total Economic Output, Gross Domestic Product, and Full-Time Jobs created by Edmonton's late-night economy.

## New York, NY

*The \$9 Billion Economic Impact of the Nightlife Industry on New York City (2004) by New York Nightlife Association*

This study, conducted in 2004, focused specifically on the economic impact of bars, lounge, dance clubs, and music venues on New York City's economy. Bars and lounges that also featured restaurant operations were not included in the study. The study surveyed both patrons and owners of these establishments to estimate total attendee ancillary spending and late-night industry spending for operations. The study estimated the total economic and fiscal impact of the nightlife economy, calculating the jobs, earnings, economic output, personal income tax, sales and use tax, and business taxes generated annually.

The study also included a "Visitor Profile" which broke down the age, occupational, and geographic profile of nightlife patrons.

# CASE STUDIES

## **San Francisco, CA**

*The Economic Impact of San Francisco's Nightlife Businesses (2012, 2016) by the City of San Francisco Office of Economic Analysis*

Upon the request of the City Supervisor, an analysis reviewing trends in employment and sales of nightlife industries in San Francisco was conducted in 2012, and again in 2016 with updated statistics. The study defined nightlife businesses as art galleries, nightclubs, music venues, theaters, restaurants (full and limited-service), and drinking establishments.

The studies were primarily based around a survey of nightlife patrons and business owners conducted in 2012. The updated 2016 study also assessed the General Fund Sales taxes and Business taxes generated by the nightlife economy.

## **Washington, DC**

*Measuring the Nighttime Economy (2012) by the Responsible Hospitality Institute*

Focusing on the MidCity area of Washington, DC, this report studied the magnitude of overall nightlife activity, as well as its economic benefits. It measured the total number of nighttime establishments, annual sales, available occupancy/seats per venue, employment, operating costs, and total annual costs for products, services, licensing, and other fees. The study also measured the timing split of sales; calculated how many sales occurred between 5pm-10pm versus earlier or later in the night.

Findings were based on the results of a business owner survey administered in-person by a local consultant.

## **Sydney, Australia**

*Sydney Night Time Economy: Cost Benefit Analysis (2011) by Terry Bevan TBR and Alistair Turnham MAKE Associates*

This study, prepared for the Sydney City Council, analyzed both the economic benefits and costs of the city's nighttime economy. It assessed common data points such as total economic output and employment, as well as less common ones, such as policing and transport costs. The study concluded that the benefits of the nighttime economy to Sydney "substantially exceed the negative externalities". Data was primarily obtained through the Australian Bureau of Statistics and Dun & Bradstreet.

The study also included a "data framework" aimed to source reliable future nighttime economic data, policy development recommendations, and a state and federal fiscal impact assessment.

# CASE STUDIES

## London, UK

*London's 24 Hour Economy (2016) by London First and Ernest & Young*

This study specifically explores the benefits of the businesses and public infrastructure that support a literal 24-hour economy in London. The study assessed the number of jobs in the city's night-time economy by sector and the total number of night-time jobs created since 2004, in comparison with the rest of the United Kingdom. The impact of the city's recently launched "Night Tube" train service was also analyzed, concluding that the new service would create nearly 2,000 new jobs.

The findings were predominantly calculated using data from the Labour Force Survey Data from Nomis, a labor statistical service provided by the country's Office for National Statistics.

## Colchester, UK

*Colchester Night Time Economy Study (2012) by Tourism South East and TSE Research*

Conducted to support an effort by the Colchester Borough Council to attain an accreditation for excellence in town management, this study takes a highly comprehensive approach towards understanding the implications of a city's nighttime economy, this study not only the economic benefits of Colchester's nightlife, but how such activity impacted the perceptions and opinions of the city, as well as reported crime levels and the demographic profiles of the city's late-night visitors.

The study solely measured commercial activity between 5pm and 5am in the hospitality and entertainment industries, including late-night shopping. Data was collected through an in-person survey of town center visitors and a variety of government and private-sector third-party data sources

## Data Collection Best Practices

While each study followed a unique methodology, several commonalities exist. The majority of studies focused solely on businesses in the hospitality and entertainment industries that are traditionally associated with the nightlife sector, such as bars, music venues, and restaurants. Furthermore, given the relatively small number of prior research into the economic impact of nighttime economies, many of the case studies concluded that in-person surveys were the best way to collect quality data. Government data was also heavily utilized, particularly to measure employment-related data points.

Notably, the definition of "nighttime economy" varies between each of the studies, stressing the importance of future studies maintaining a high degree of methodological clarity when conducting similar analyses.

# DATA TYPES & DEFINITIONS

## Summary of Data Points Assessed

		Definition
Background	Lead Organizations	Entity(s) that commissioned the study (e.g. local government, business association, nonprofit)
	Geographic Area	Category of area studied (e.g. commercial corridor, neighborhood, entire city)
Orientation	Specific Industry Niche	What, if any, industries were targeted by the studies (e.g. food and beverage, entertainment)
	Definition of “Nighttime”	How the study defined the “nighttime economy” (e.g. time of sales, industry type)
	Purpose	Specific problems or strategic objectives which led to the commission of the study
Impacts Assessed	Arts & Cultural	Current status of the local arts and cultural scene (e.g. # of businesses with live music, performances, art galleries, etc.)
	Economic Impact	Economic benefits of nightlife (e.g. revenue, employment, sales tax).
	Fiscal Impact	Tax revenue generated by the night-time economy
	Community	How the nighttime economy generates vibrancy, safety, and draws visitors from other areas
	Real Estate	Comparison of size and impact of night-time economy to local economy as a whole
Data Collection Method	Online Survey	Digitally distributed surveys
	In-Person/Phone Survey	Surveys administered in-person or over the phone
	Government Data	Data supplied through local or state departments or agencies, such as a Property Assessors’ or City Clerks’ Office
Findings	Outputs	Key quantitative findings resulting from the analysis
	Type of analysis	Primary objective of study (e.g. economic impact, fiscal impact, etc.)
	Applications	How the study has been used to make legislative, regulatory, or other local impacts on the area’s nighttime economy.
	Conclusions	Key takeaways and recommendations of the study

# CASE STUDIES

## Summary of Existing Studies

		New York City	San Francisco	Edmonton	Washington, DC
Background	Lead Organizations	NY Nightlife Association	Office of Economic Analysis	Office of the Chief Economist; RHI	RHI
	Year(s)	2004	2012, 2016	2014, 2016	2012
	Geographic Area	City	City	City	Neighborhood
Orientation	Specific Industry Niche	Bar/Lounges & Club/Music Venues	All nightlife-oriented establishments	Nighttime entertainment (minors prohibited)	All nightlife-oriented establishments
	Definition of "Nighttime" Economy or Businesses	Bars and clubs that do not have independent restaurant operation	Businesses providing social activities and entertainment after normal business hours	Businesses open after 12am at least 1 night/week	5:00-10:00pm with food; after 10:00pm to closing for beverage/entertainment
	Purpose	Understand size and impact of nighttime economy	Understand size and impact of nighttime economy	Understand and develop nighttime economy	Explore opportunities to improve & quantify impact of nightlife industry
Impacts Assessed	Arts & Cultural	X	X		X
	Economic Impact	X	X	X	X
	Fiscal Impact	X	X	X	
	Community	X	X		
	Real Estate				X
	Tourism	X	X		
Data Collection Method	Online Surveys			X	X
	In-Person/Phone Survey	X	X	X	X
	Government Data	X	X		X
Findings	Outputs	Total economic activity, jobs, earnings, annual attendance	# of establishments, Full-Time Jobs, Tax Revenue, # visitors	Total GDP, Returns to Capital, Wages & Salaries, Full-Time Jobs	Gross sales, total costs, sales splits by product and time
	Type of analysis	Visitor profile & Economic impact	Overview, Economic/Fiscal impact	Economic/fiscal impact	Economic impact
	Applications	Tourism & Economic Development Strategy	Tourism & Economic Development Strategy	Increased public transit coverage and police presence; new merchants association formed	Reframe perceptions of nightlife activity; track industry growth
	Conclusions	Most out-of-town attendees visit city for nightlife	Nightlife industry is large part of city's economy	Late-night establishments constitute a significant piece of city economy	Most sales occur between 5-10pm; alcohol produces more \$ than food



# CASE STUDIES CONTINUED

## Summary of Existing Studies

		London	Sydney	Colchester
Background	Lead Organizations	London First	City Council	City Council & Tourism South East
	Year(s)	2016	2011	2012
	Geographic Area	City	City	Town Center
Orientation	Specific Industry Niche	None	None	None
	Definition of “Nighttime”	All commercial activity after standard business hours	All commercial activity after standard business hours	All hospitality and entertainment business activity between 5pm-5am
	Purpose	Understand impact of city’s 24-hour economy and new “Night Tube” train service	To inform City Council and other stakeholders in effort to develop long-term vision for the city after dark.	To provide evidence supporting city council application for an accreditation that recognizes excellent management of town centers at night.
Impacts Assessed	Arts & Cultural	X	X	X
	Economic Impact	X	X	X
	Fiscal Impact			
	Community		X	X
	Real Estate			
	Tourism			X
Data Collection Method	Online Surveys			
	In-Person/Phone Survey			X
	Government Data	X	X	X
Findings	Outputs	Total jobs, economic output, growth trends of night-time workers, % of total economy	Public costs of supporting nightlife activities, total economic output, employment,	Visitor volume, economic impact, perceptions and opinions of nighttime economy
	Type of analysis	Economic and cultural impact	Cost-benefit analysis	Economic and community impact
	Applications	Public transit; municipal services	Public policy, municipal services	Highlight city’s healthy nighttime economy
	Conclusions	Investments in strategic planning and late-night train services are crucial to development of London’s 24-hour economy	Benefits of the nighttime economy substantially exceed the negative externalities; true policing and health costs are difficult to measure	Most visitors are satisfied with quality of local nightlife; Over 70% of total nighttime expenditures and jobs are retained at local level

# CASE STUDIES: SUMMARY OF DATA POINTS ASSESSED

	Metric	New York	San Francisco	Edmonton	Washington	London	Sydney	Colchester
Cultural Impact	Venue or Amenity Count	X	X	X	X			X
	Venue or Amenity Mix		X	X	X			X
	Capacity / Number of Seats			X	X			
	Attendance			X	X			
	Occupancy rate			X				
Economic Impact	Total Employment	X	X	X	X	X	X	X
	Employment Mix (By Time of Day)				X		X	
	Wages & Salaries	X		X				
	Total Businesses	X	X	X	X		X	X
	Business Mix (By Type)		X	X			X	X
	Total Sales	X	X	X	X	X	X	X
	Sales Mix (By Time of Day)				X		X	X
	Sales Mix (By Business Type)		X			X	X	X
	Comparison to Other Industries					X	X	
Percentage of Total Economy			X		X	X		
Fiscal Impact	Sales Tax	X	X		X		X	
	Property Tax				X		X	
	Corporate Income Tax	X					X	
	Personal Income Tax	X					X	
	Hotel Tax							
	Liquor Tax							
	Licenses and Fees				X			
Community Impact	Pedestrian Count							
	Property Crime Rate							
	Personal Crime Rate							X
Real Estate Impact	Land Use Mix							X
	Commercial Lease Rates per SF							
	Commercial Sales Prices per SF				X			
	Commercial Vacancy Rate							
	Assessed Property Values							
Tourism Impact	Visitor Demographics	X	X					X
	Visitor Origin	X	X					X
	Average Spending	X	X					X
	Hotel Rooms & Occupancy							
	Hotel ADR & RevPAR							

# SUMMARY OF FINDINGS

## Study Considerations and Orientation

The fundamental aspect that will frame the study design and inform type of information that will need to be collected is defining the purpose or orientation of the study. In general there are six primary types of impacts that can be assessed, and each requires different types of data to be collected and analyzed: arts and cultural impact; economic impact; fiscal impact; community impact; real estate impact; and tourism impact. Other important study considerations include its scale (neighborhood-level, city-wide, or regional), how it defines the nighttime economy (certain industry segments or activity that happens at certain times of the day), data availability, and local capacity to collect data.

## Types of Nighttime Industry Impacts

Arts and Culture	Economic Impact	Fiscal Impact	Community Impact	Real Estate Impact	Tourism Impact
					

## Communicating and Leveraging Findings

Potential partners, advocates, and policymakers:

- City officials, policymakers
- Finance departments
- Planning, parks, and transportation departments
- Police, fire, and EMS
- Economic development entities
- Local nonprofits, business and arts advocacy organizations
- Neighborhood groups

Best practices for presenting findings:

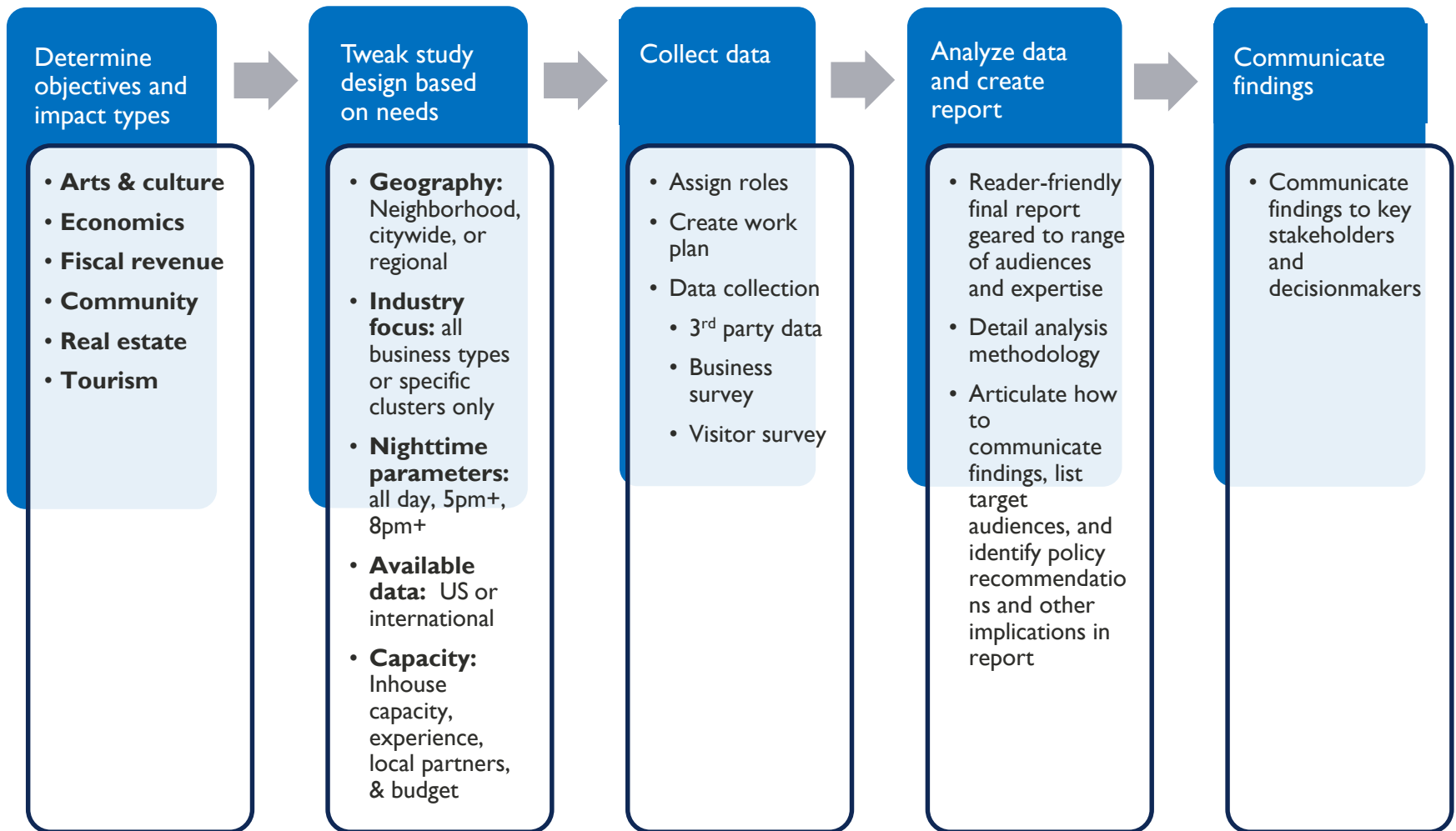
- Data driven and objective
- Clear; easy to understand
- Concise; emphasize the key takeaways
- Deliverables can include reports, executive summaries, memos, face-to-face meetings or conversations, hearings, testimonies, etc.

Impact study implications and results:

- Fundraising and advocacy-building
- More efficient use of resources
- More specialized and effective distribution of services

# RECOMMENDED NIGHTTIME IMPACT ANALYSIS PROCESS

We recommend undertaking the following five-step process when assessing the impact of the nighttime economy on a city or neighborhood.



# RECOMMENDED DATA SOURCES

Type of Data and Definition	Metric	Preferred Data Source	Cost*	Collection Process	Skill Required
<b>Arts and Cultural</b> Assessment of health of local arts and cultural scene, through assessing establishments such as music venues, theaters, or art galleries	Venue or Amenity Count	In-Person Survey, Google, Yelp	Medium	Online	Low
	Venue or Amenity Mix	In-Person Survey, Google, Yelp	Medium	Online	Low
	Capacity / Number of Seats	Business Survey, Local Municipality	Medium	In-Person	Low
	Attendance	Business Survey	Medium	In-Person	Medium
	Occupancy rate	Business Survey	Medium	In-Person	Medium
<b>Economic Impact</b> How nighttime activity helps develop local wealth and business growth.	Total Employment	ESRI Community Analyst (Support: IMPLAN)	Low	Online	Medium
	Employment Mix (By Time of Day)	ESRI Community Analyst (Support: IMPLAN)	Low	Online	Medium
	Wages & Salaries	ESRI Community Analyst (Support: IMPLAN)	Low	Online	Medium
	Total Businesses	ESRI Community Analyst (Support: GoogleMaps)	Low	Online	Medium
	Business Mix (By Type)	ESRI Community Analyst (Support: GoogleMaps)	Low	Online	Medium
	Total Sales	ESRI Community Analyst (Support: IMPLAN; Biz. Survey)	Low	Online	Medium
	Sales Mix (By Time of Day)	Business Survey	Medium	In-Person	Medium
	Sales Mix (By Business Type)	ESRI Community Analyst (Support: IMPLAN; Biz. Survey)	Low	In-Person	Medium
	Comparison to Other Industries	ESRI Community Analyst (Support: IMPLAN; Biz. Survey)	Low	Online	Medium
	Percentage of Total Economy	ESRI Community Analyst (Support: IMPLAN; Biz. Survey)	Low	Online	Medium
<b>Fiscal Impact</b> How nighttime economy generates tax revenue for city and/or state municipalities	Customer Spending	Pedestrian Survey	Medium	In-Person	Medium
	Sales Tax	IMPLAN (Support: Local Municipal Data)	Low	Online	High
	Property Tax	IMPLAN (Support: Local Municipal Data)	Low	Online	High
	Corporate Income Tax	IMPLAN (Support: Local Municipal Data)	Low	Online	High
	Personal Income Tax	IMPLAN (Support: Local Municipal Data)	Low	Online	High
	Hotel Tax	Local Tax Rate (Support: Biz Survey; Municipal Data)	Low	Online	High
	Liquor Tax	Local Tax Rate (Support: Biz Survey; Municipal Data)	Low	Online	High
<b>Community</b> How nightlife activity contributes to an area's vibrancy and safety	Licenses and Fees	IMPLAN (Support: Local Municipal Data)	Low	Online	High
	Pedestrian Count	Pedestrian Count	Medium	In-Person	Medium
	Customer Demographics	Pedestrian Survey	Medium	In-Person	Medium
	Public Transport. Stops and Frequency	Bus and Subway System Maps	Low	Online	Low
	Personal & Property Crime Rate	Walkscore.com; Local Police Data	Low	Online	Low
	Public Realm Enhancements	Past Plans & Studies; On-the-Group Surveying	Low	Online & In-Person	Medium
<b>Real Estate</b> How nighttime economy impacts local property values, vacancy rates, and hotel industry	Garbage Collection, # of Restrooms	Local Research and On-the-Ground Surveying	Low	Online & In-Person	Low
	Land Use Mix	Land Use Map; ESRI (Support: CoStar)	Low	Online	Medium
	Commercial Lease Rates per SF	CoStar; Other Local Data Sources	High	Online	Medium
	Commercial Sales Prices per SF	CoStar; Other Local Data Sources	High	Online	Medium
	Commercial Vacancy Rate	CoStar; Other Local Data Sources	High	Online	Medium
<b>Tourism</b> How nighttime economy attracts visitors from different geographies	Assessed Property Values	City Assessors' Office	Low	Online	Medium
	Visitor Origin (and Spending)	Pedestrian Survey	Medium	In-Person	Medium
	Hotel Rooms & Occupancy	STR	Low	Online	Medium
	Hotel ADR & RevPAR	STR	Low	Online	Medium

\* Cost includes an estimated sum total of (a) direct data costs and (b) cost to hire a consultant to conduct surveys and/or collect primary or secondary data

