

# 2023 Ironman Triathlon Impact Analysis



Sports Marketing and Tourism Series | April 2024

On July 2, 2023, the inaugural **Ironman 70.3 Pennsylvania Happy Valley Triathlon** took place in Centre and Clinton Counties. The event attracted over 2,400 athletes, and more than half traveled from other states and countries. This analysis describes the event, the amount and form of state support provided, and evaluates the state economic impact. A brief description of the motivation and methodology used for this analysis can be found at the end of this report.

## Event and State Grant

The Ironman Group operates triathlons and other multisport events on a worldwide basis. The inaugural 2023 Ironman 70.3 Pennsylvania Happy Valley Triathlon was a half triathlon comprised of three separate legs (swim, bike, run) of athletic competition in a single day:

- Swim: 1.2 miles in Foster Joseph Sayers Reservoir at Bald Eagle State Park
- Bike: 56 miles through Centre and Clinton Counties
- Run: 13.1 miles on the campus of The Pennsylvania State University ending at Beaver Stadium

Athletes registered with Ironman Group directly, and fees range from \$399 to \$999, depending on the registration package.<sup>1</sup> The group also constructed a “village” at the venue to host national and local vendors. Ironman staff arrived the week before the event to build out the event venue (e.g., athlete areas, athletic courses) and village areas. The village opened on June 30 and continued through July 2 (race day). The event also sponsored the Ironman Local Partners Program which promotes special offers to athletes and attendees on behalf of local businesses.

Due to more than 1,300 out-of-state and international athletes, there was strong demand for local hotel rooms. According to Smith Travel Report (STR) data for the State College area, demand for hotel rooms increased the Wednesday (June 28) before the event and remained elevated through the night following the race. Many athletes noted they arrived early to preview and train on all or parts of the three courses. Some athletes also likely visited the area in the months leading up to the event to train on the course.

The Department of Community and Economic Development (DCED) awarded a \$70,000 grant to the Happy Valley Adventure Bureau (HVAB), Centre County’s tourism department, to provide financial support for the event. The grant had to be used for the following purposes:

- \$45,000 for Site Fees which could include promotional materials, labor and rental fees at Beaver Stadium and the Penn State campus, and event hospitality.
- \$25,000 for the Ironman Annual Host City Fee which covered one half of the \$50,000 Host City Fee charged by the Ironman Group.

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<sup>1</sup> See: [Ironman 70.3 Pennsylvania Happy Valley](#).

## Economic Impact

To project the economic impact of the event, the Independent Fiscal Office (IFO) used hotel occupation reports, event budgets from the Ironman Group and HVAB, and Placer.ai reports that detail the number of individuals on-site on the event day. Based on these data, a reported \$818,000 was spent on event planning and production.

- The Ironman Group spent \$665,000 on personnel costs, equipment rental, public safety and lifeguard services, traffic control, travel expenses and other operations. This includes amounts paid to Penn State or local governments for services rendered, including police presence.
- The HVAB spent \$153,000 on the event:
  - \$50,000 for the Host City Fee: \$25,000 from the DCED grant, \$25,000 from HVAB; and
  - \$103,000 for facility usage, planning and promotions: \$45,000 from the DCED grant, \$58,000 from HVAB.

The IFO estimates that event attendees (athletes, companions, visitors and volunteers) spent roughly \$2.2 million in the days leading up to and immediately following the event. This includes:

- \$946,000 on hotels and other lodging (e.g., VRBO)
- \$427,000 on food and beverage (restaurants)
- \$832,000 on retail and other expenditures (transport, car rental, clothing)

These estimates assume that (1) the average out-of-state and international athlete stayed 3 nights, (2) non-local Pennsylvania athletes stayed 2 nights, (3) these athletes and their companions each spent \$100 per day on non-lodging goods and services in the area, and (4) a number of these athletes rented vehicles in-state. The analysis assumes that, on average, athletes brought one companion with them. Local athletes, their companions, visitors, event staff and volunteers were assumed to spend \$75 per day. A table at the end of this report provides detail on athletes' home county, state or country.

Other assumptions used by the economic analysis include:

- Hotel room rates increased for dates prior to and during the event with weekend rates (Friday to Sunday) increasing from an average of \$120/night in 2022 to \$180/night (+50%) in 2023. This rate increase extended beyond peak nights as average room rates from June 28 to July 3 (Wednesday through Monday) increased from \$117/night to \$155/night (+32%).
- Using the above assumptions and number and composition of athletes (i.e., local versus non-local), the analysis assumes a total demand of 5,500 room nights for athletes and guests. The analysis assumes that companions roomed with athletes.<sup>2</sup>
- Placer.ai reports provided by HVAB note that the Penn State Athletic Complex (the finish line and location of the Ironman Village) recorded an increase of 9,300 persons compared to the same day from 2022. This would include all athletes, companions, volunteers, event and vendor staff as well as additional local guests that visited the site.

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<sup>2</sup> The 5,500-room night projection only includes athletes and their companions connected to the event and does not consider normal hotel occupancy for the area at this time of year. It could be assumed that higher room rates and limited availability likely did "crowd out" some individuals who would have otherwise visited the area during the event, and thus the 5,500-room night demand is not a net increase.

## 2023 Ironman Triathlon Impact Analysis

<b>Net Direct Spending</b>	<b>\$2,762</b>
Event	\$577
<u>Athletes and Others</u>	<u>\$2,185</u>
Lodging	\$946
Food & Beverage	\$427
Retail & Miscellaneous	\$812
<b>Total Spending</b>	<b>\$4,713</b>
<b>Employee Compensation</b>	<b>\$1,493</b>
<b>FTE Jobs Supported</b>	<b>30</b>
<b>Taxes Generated</b>	<b>\$238</b>
Personal Income	\$47
Sales & Use	\$120
Local Earned Income	\$22
Local Hotel (5%)	\$49

Note: Dollars in thousands.

The table displays estimates for the state-level economic footprint of the event. Due to the nature of the event and types of spending (i.e., lodging and restaurants), it is likely that the great majority of the direct economic impact occurred in the State College area. Total direct spending is estimated at \$2.8 million and includes net event spending by Ironman Group and HVAB (\$0.6 million) and by athletes and companions (\$2.2 million).<sup>3</sup>

These spending data were input into the IMPLAN input-output model. The model converts new spending into economic impacts such as jobs supported, compensation paid and final sales or output. The economic impacts include (1) the direct effect of new spending (e.g., visitor spending at restaurants), (2) indirect effects (firms in the supply chain) and (3) induced effects (how workers spend extra incomes earned). The sum of these three impacts is referred to as the multiplier effect, as the original direct spending reverberates through the local and state economies and \$1 of new spending yields a final economic impact that exceeds \$1.

Highlights from the IMPLAN analysis include:

- **Total Spending:** Original spending of \$2.8 million yields total in-state spending of \$4.7 million. This reflects the noted indirect and induced effects and is reduced for leakage from the state economy as direct spending related to the event is re-spent by recipients.<sup>4</sup>
- **Employee Compensation:** The IMPLAN model estimates that \$1.5 million in employee wages and self-employment income were generated for Pennsylvania workers related to the event.
- **Jobs:** The number of full-time equivalent jobs supported by event spending. Although the event took place within a single week, the model converts additional hours worked into the implied number of jobs (full- and part-time) on an annual basis. The IFO then converted that output into full-time equivalent (FTE) jobs. The analysis projects that 30 FTEs were supported: 7 in the hotels and lodging sector, 5 in the restaurant sector and 18 throughout other sectors in the state.
- **Taxes Generated:** Based on the spending assumptions, state tax revenues related to the event include: \$47,000 in state personal income tax and \$120,000 in state sales tax. Local earned income taxes (assumed at 1.5%) total \$22,000. Centre County imposes a 5% tax on hotel expenditures, and the event generated \$49,000 in local hotel room tax.<sup>5</sup> As noted, this estimate is a gross figure and it is not reduced by a crowding out effect, or visitors who may have stayed at a hotel but did not due to the event.

<sup>3</sup> The direct spending is a net figure because it excludes reported spending that did not impact the state economy such as gift bags brought into the state, merchandise bought directly from out-of-state vendors at the event and wages paid to event staff that will be spent in their home state.

<sup>4</sup> Leakage refers to spending that flows out of the state economy such as federal taxes, savings, out-of-state travel and purchases of imports.

<sup>5</sup> See: [Ordinance 1 of 2019, Hotel Room Tax](#) (Centre County Board of County Commissioners).

## Background and Methodology

Act 54 of 2022 established the Sports, Marketing and Tourism Account which provides competitive grants to local partners to attract high-quality amateur and professional sporting and e-sporting events to the Commonwealth. The Act requires the IFO to provide an analysis of the direct and indirect impact of the event.

To project the economic impact, the report conducts an economic footprint study that quantifies the total economic activity related to the event. An economic footprint study is the broadest type of impact study, and includes all economic activity connected to the event. Economic footprint studies (1) do not include a counterfactual scenario (i.e., the outcome if the event did not take place), (2) do not quantify net new spending (i.e., shifted spending by those located in a geographic area that would be spent regardless), and (3) do not assess how state grant monies could have been used for other purposes, which would also generate economic impacts.

The analysis uses a “total spend” approach that estimates the direct spending by event athletes, attendees, support staff and the organizations that plan and conduct the event. Once the amount and type of direct spending has been determined, the IMPLAN economic model uses published data from the U.S. Bureau of Economic Analysis to determine industry supply chain relationships, and economic multipliers to derive the final or ultimate economic impact for spending, income and employment. It is noted that the full estimated economic impact will not occur immediately but would likely occur over several months up to a few years.

Data used for this report were submitted by DCED and HVAB. The IFO thanks them for their assistance.

<b>Athlete Point-of-Origin</b>			
<b>Category</b>	<b>Athletes</b>	<b>Share</b>	<b>Major Countries/States/Counties</b>
International	73	3%	Canada (62), Belgium (4)
<u>Out-Of-State</u>	<u>1,276</u>	<u>53%</u>	
Border States	627	26%	New Jersey (211), New York (191)
Northeast	75	3%	Connecticut (34), Massachusetts (30)
South	383	16%	Virginia (161), North Carolina (65)
Midwest	101	4%	Michigan (31), Indiana (26)
West	90	4%	California (31), Colorado (26)
<u>Pennsylvania</u>	<u>1,055</u>	<u>44%</u>	
Local	314	13%	Centre (148), Cumberland (43)
Non-Local	741	31%	Allegheny (107), Montgomery (80)

Source: Happy Valley Adventure Bureau.

## Staff Acknowledgements

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