



MARCH 2025

DENVER'S MARCH MADNESS

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INTRODUCTION

Ball Arena in downtown Denver will host several games on March 20 and March 22 for the NCAA Men's Division I basketball tournament, known as March Madness, later this month. In total, Denver will host six matchups: four games in the round of 64 and two in the round of 32.

With an arena capacity of just over 18,000, cumulatively the games will bring tens of thousands of basketball fans from all over the country to the streets of downtown Denver, providing a much needed economic boost to hotels, shops, restaurants, and other businesses in the area.

Key Findings

- Attendee spending at Denver's March Madness games will produce \$8-\$15 million in personal income and \$13-\$23 million in GDP for the Denver metro area.
- An estimated 800 hotel rooms in downtown Denver have been booked each night of the city's March Madness tournament for NCAA teams and staff.ⁱ
- For the 13 closest hotels to Ball Arena, the average nightly rate for a one-bedroom room jumped 18% during the round of 64 and by 40% for the round of 32 compared to average rates prior to the tournament.

ECONOMIC IMPACT OF MARCH MADNESS

Using consumer spending data from 2023 — the last time Denver hosted March Madness — CSI estimated the economic impact of hosting the game to the metro area.ⁱⁱ

The thousands of visitors and residents who will attend March Madness games are expected to spend roughly \$12 million on everything from hotel rooms and meals to jerseys and shoes. CSI modeled this spending using two separate scenarios: as an increase in consumer spending, and, separately, as an increase in industry sales.

These results are depicted in Figure 2.

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It is important to note that a significant portion of these totals are displaced spending, meaning that the dollars would have been spent within the Colorado economy on other goods and services if the tournament was not hosted in Denver. Visitor spending, which could be more accurately known after the event, would represent the “boost” to the metro Denver economy due to those dollars otherwise not being spent in Denver without the draw of the tournament.

FIGURE 1: ESTIMATED CONSUMER SPENDING DURING ROUNDS 1 AND 2 OF DENVER MARCH MADNESS

Industry	Attendee Spending
Lodging	\$4,911,456
Transportation	\$1,861,148
Food & Beverage	\$2,310,150
Retail	\$1,379,205
Recreation	\$1,463,649
Total	\$11,925,608

FIGURE 2: ECONOMIC IMPACT TO METRO DENVER DUE TO ATTENDEE SPENDING

Metric	Scenario 1 (Consumer Spending Increase)	Scenario 2 (Industry Sales Increase)
GDP	+\$13,000,000	+\$23,000,000
Output	+\$22,000,000	+\$39,000,000
Personal Income	+\$8,000,000	+\$15,000,000

HOTEL PRICES

Outside of restaurants and retail shops, hotels in downtown Denver also will see an influx of demand during the tournament from players, NCAA staff, media, and fans visiting to cheer on their team. To better understand how this demand has already impacted prices, CSI analyzed nightly rates for a one-bedroom room among 13 of the closest hotels to Ball Arena. These hotels, all within one mile of the arena, are likely to see sharper increases in demand than other hotels since fans will try to avoid a lengthy commute in a congested downtown area.

Hotel rate data was compiled on February 26. CSI compared the nightly rate on March 19 and March 21, the nights before games are to be played, to the same night of the week in March prior to the tournament.ⁱⁱⁱ

Rates among the 13 hotels examined were, on average, 18% higher on the night of March 19, just before the opening round of the tournament, than they were the same night the week prior. Only one hotel had a more affordable rate for March 19.

Prices for the round of 32 are even higher. The nightly rate for March 21 was up 40%, from \$185 on March 7 to \$233 the night before the round of 32. (March 7 was the only date in March that was the same day of the week and before any tournament demand.) While it is possible other events in the city may contribute to some of the demand, the tournament games remain the primary factor behind these price increases.

It is important to note that demand can fluctuate quickly as teams win and advance in the tournament or lose and head home, taking their fans with them. A team with a larger fanbase advancing could mean more booked rooms while the inverse also applies. Downtown Denver also has hosted various conferences and other events throughout the year that have brought thousands of visitors to the area.

REFERENCES

- i Visit Denver preliminary estimation
- ii Visit Denver preliminary estimation
- iii Data compiled from Hotels.com