



LAS VEGAS CONVENTION  
AND VISITORS AUTHORITY

THE IMPORTANCE  
OF TOURISM TO

THE SOUTHERN  
NEVADA LABOR  
MARKET

2015  
UPDATE

SEPTEMBER 2015

ECONOMIC IMPACT SERIES BRIEF

APPLIED  
ANALYSIS



## EXECUTIVE SUMMARY

Applied Analysis was retained by the Las Vegas Convention and Visitors Authority (the “LVCVA”) to review and analyze the economic impacts associated with its various operations and southern Nevada’s tourism industry more generally. This brief is specific to the importance of a healthy tourism economy to labor market stability in southern Nevada.

- The leisure and hospitality sector accounts for 32 percent of southern Nevada’s workforce, with casino hotels accounting for 12 of the 20 largest employers in the region.
- Due to southern Nevada’s strong dependence on the leisure and hospitality industry, a healthy tourism economy is the foundation for a stable and expanding labor market in the region. Historically, overall employment growth in southern Nevada has largely followed resort growth cycles, which tend to mirror national and international economic growth cycles. Likewise, broader economic growth cycles tend to dictate the general propensity of visitors to travel to Las Vegas. Simply stated, domestic and international economic growth supports expansion in the southern Nevada tourism industry, translating into employment growth in the broader local economy. While other, non-tourism related economic drivers also play an important role, the tourism sector is arguably the single most important driver of both growth and decline.
- Leisure and hospitality employment levels are now at record highs. In July 2015, the sector reported 289,300 positions, which represents a gain of 8,100 jobs from the prior year.

Compared to the pre-recession peak, leisure and hospitality employment has increased by 13,200 positions. Total employment across all sectors reported an annual gain of 29,500 positions in the latest period but remains down 31,500 jobs from the pre-recession peak.<sup>1</sup>

- In addition to direct leisure and hospitality employment, the indirect and induced impacts of the tourism industry are substantial. The industry supports an estimated 133,000 positions in the broader economy, with supported positions concentrated in financial and business services, retail, food and beverage, employment and personal services, health care and real estate.
- More than \$8.2 billion of tourism industry projects completed development in the first half of 2015 or remain under construction or planned in southern Nevada. These investments are expected to support nearly 47,000 direct person-years of employment<sup>2</sup> within the construction sector. When indirect and induced impacts are considered, the total employment impact sourced to recent tourism industry investments rises to more than 89,000 person-years of employment.

<sup>1</sup> Source: Nevada Dept. of Employment, Training and Rehabilitation and U.S. Bureau of Labor Statistics.

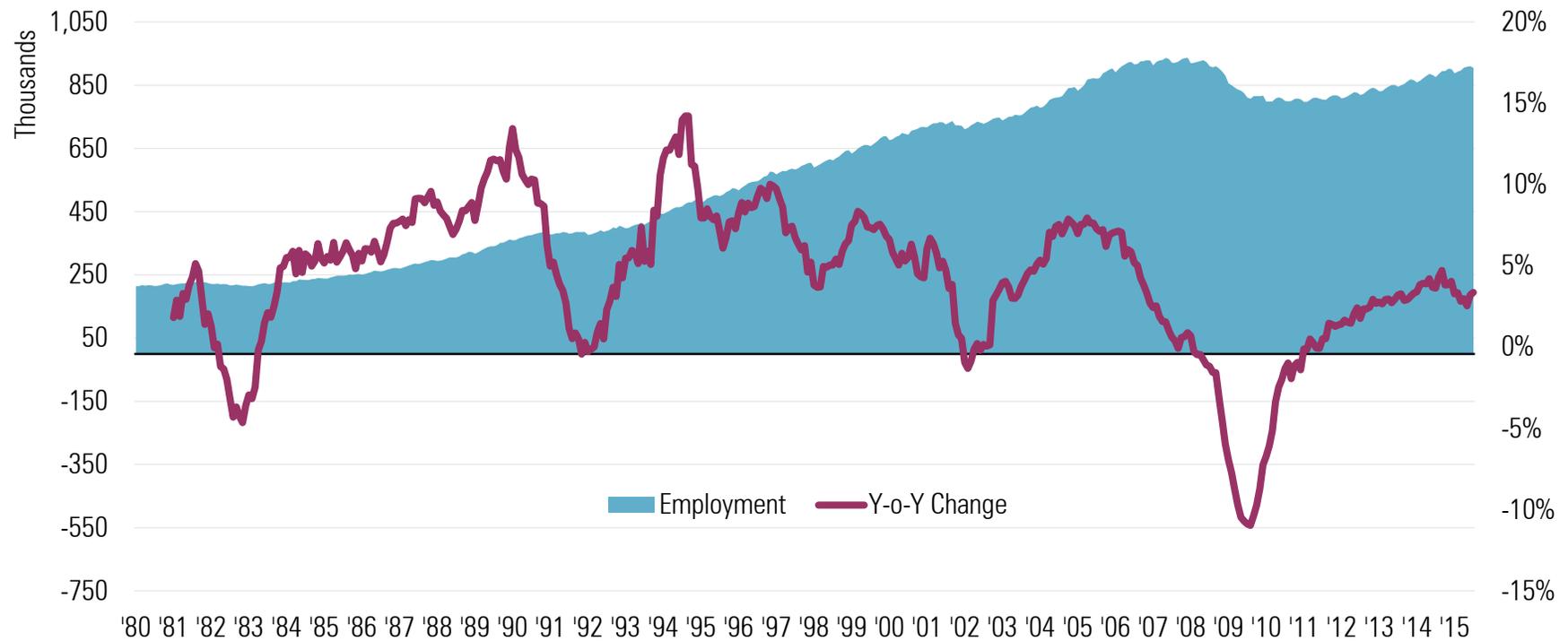
<sup>2</sup> A person-year of employment is equivalent to one person employed full time for an entire year.



## HISTORICAL EMPLOYMENT GROWTH IN SOUTHERN NEVADA

Along with visitor volume, employment levels have risen steadily in southern Nevada over the past 35 years, increasing from 214,500 in 1980 to 905,300 as of July 2015.<sup>3</sup> Representing a compound annual growth rate of 4.2 percent, employment has risen alongside major development activity in the region, with the major catalyst of this growth being proliferation of the tourism and gaming industry. Following severe job losses during the *Great Recession*, as of mid-2015, overall employment levels remain down 31,500 positions, or 3.4 percent, below the high of 936,800 reached in May 2007. In the past 12 months, employment in southern Nevada increased by 29,500 positions, or 3.4 percent, representing the 49<sup>th</sup> consecutive month of annual growth.

Exhibit 1  
Southern Nevada Employment Trends and Year-over-Year Growth



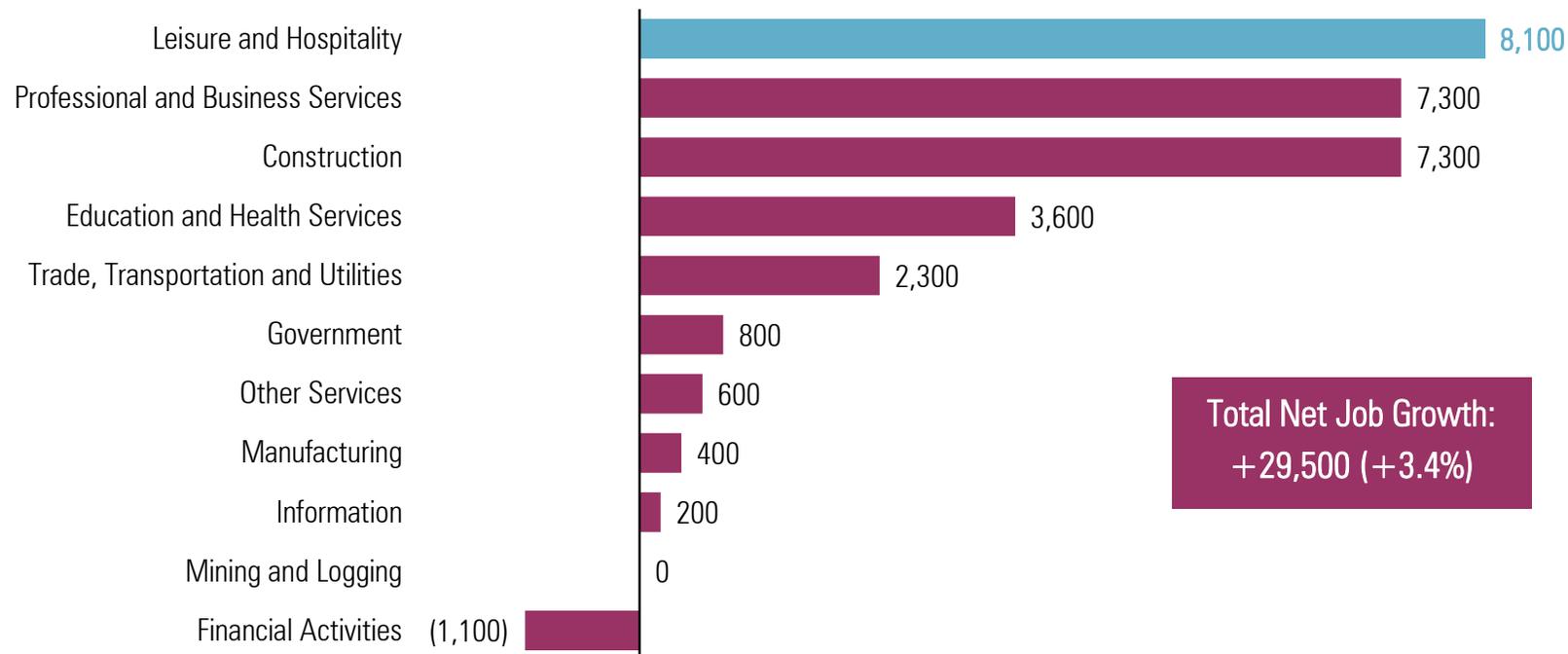
<sup>3</sup> Source: Nevada Dept. of Employment, Training and Rehabilitation and U.S. Bureau of Labor Statistics.



## SOUTHERN NEVADA LABOR MARKET PERFORMANCE BY SECTOR

The leisure and hospitality sector posted the largest employment gains during the past 12 months, adding 8,100 positions.<sup>4</sup> Recent additions reflected a 2.9-percent increase when compared to the same month last year (July). Construction and professional and business services each added 7,300 positions during the past 12 months, representing growth of 16.1 percent and 6.4 percent, respectively. Continued job growth has helped lower the unemployment rate in southern Nevada, and in recent months, it has been at levels last seen in 2008. As of July 2015, the unemployment rate in the Las Vegas Metropolitan Statistical Area (MSA) stood at 7.0 percent, down 1.0 percentage point from a year ago. For comparison, the unemployment rate was 6.9 percent in Nevada and 5.6 percent nationally for the same period.

**Exhibit 2**  
**Southern Nevada Employment Growth by Sector, July 2015 vs. July 2014**

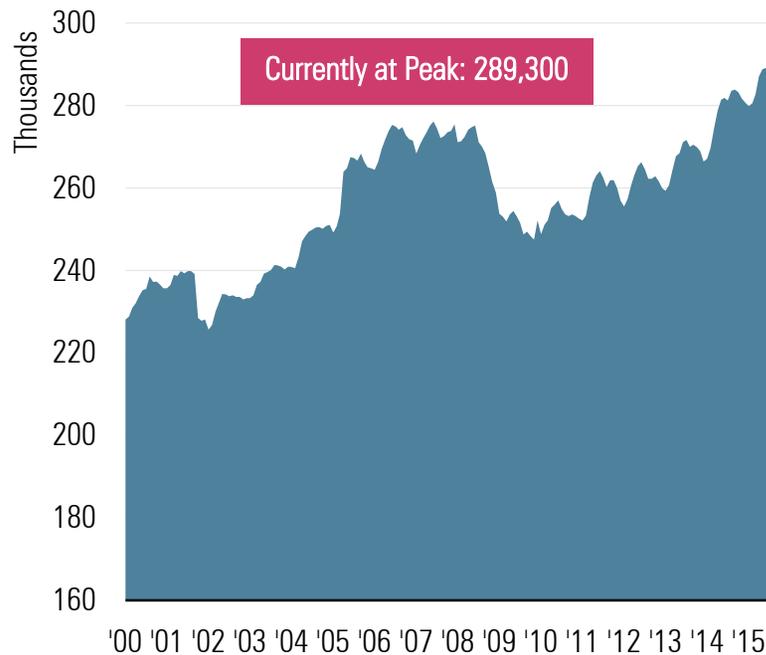


<sup>4</sup> Source: Nevada Dept. of Employment, Training and Rehabilitation and U.S. Bureau of Labor Statistics.

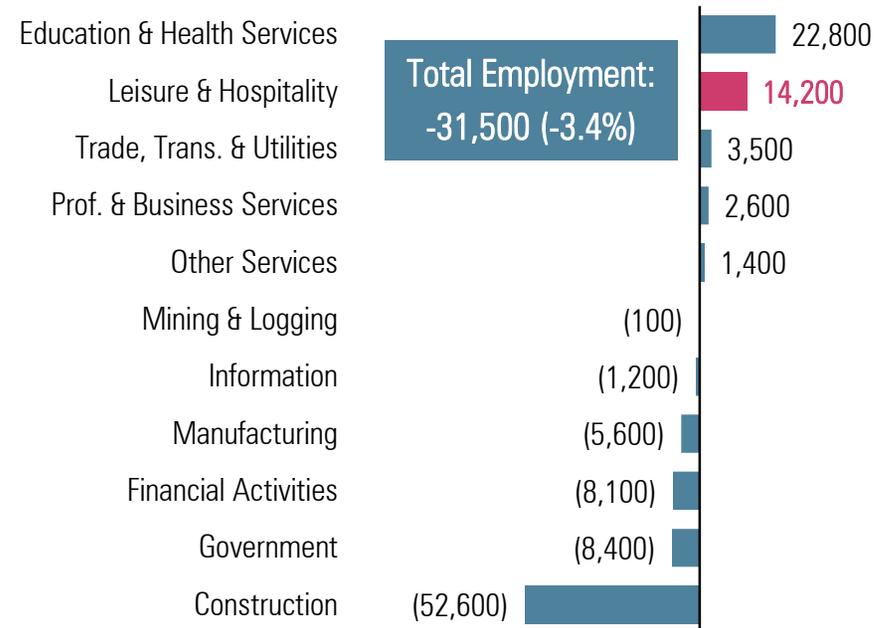
## LEISURE AND HOSPITALITY EMPLOYMENT IN SOUTHERN NEVADA

In July 2015, leisure and hospitality employment, which includes positions in the arts, entertainment, gaming, accommodation, food service and recreation industries, totaled 289,300 positions, or 32 percent of all jobs in southern Nevada.<sup>5</sup> The sector has reported annual growth for 65 consecutive months, with year-over-year gains of more than 5,000 positions reported for 25 consecutive months. As a result, leisure and hospitality employment reached a record high in the latest period and is up 13,200 positions, or 4.8 percent, compared to the pre-recession peak of 276,100 reported in June 2007. Compared to May 2007, when total employment was at its peak, the leisure and hospitality industry has gained 14,200 positions, or 5.2 percent. Education and health services was the only sector to report more substantial growth in the same period, rising by 22,800 positions.

**Exhibit 3**  
Southern Nevada Leisure and Hospitality  
Employment Trends



**Exhibit 4**  
Southern Nevada Employment Growth by Sector,  
July 2015 vs. Total Employment Peak (May 2007)



<sup>5</sup> Source: Nevada Dept. of Employment, Training and Rehabilitation and U.S. Bureau of Labor Statistics.



## SOUTHERN NEVADA EMPLOYMENT DEPENDENCE ON TOURISM

The leisure and hospitality sector is by far southern Nevada’s largest employment sector, accounting for roughly 32.0 percent of the total workforce and 35.6 percent of private employment. Casino hotels make up 12 of the 20 largest employers in Clark County, with six of the remaining eight sourced to government entities. Notably, only two private employers outside the leisure and hospitality industry are included on the top 20 list.

**Exhibit 5**  
**Top 20 Employers in Clark County<sup>6</sup>**

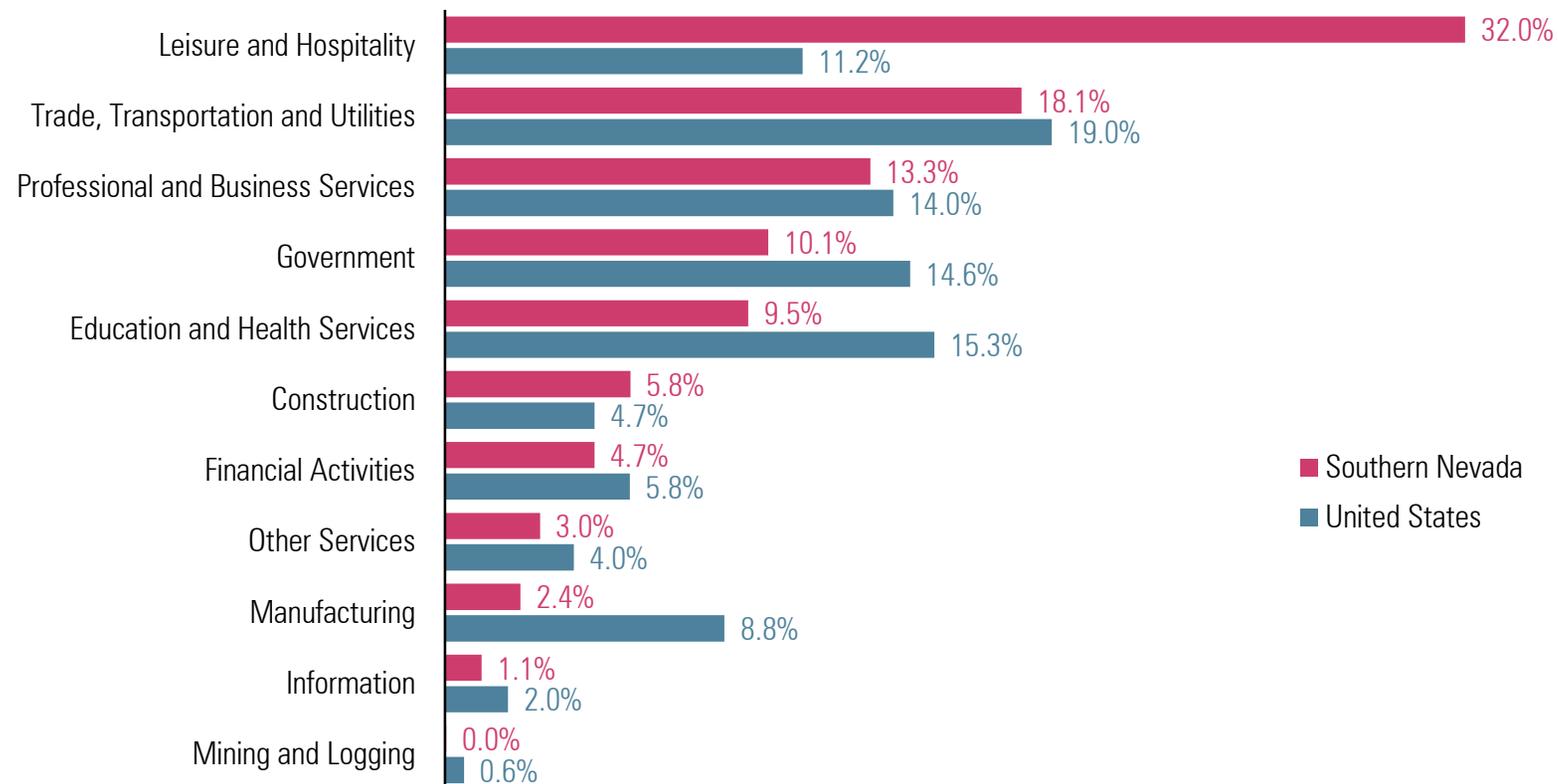
Rank	Employer	Industry	Employment <sup>7</sup>
1	Clark County School District	Elementary and Secondary Schools	30,000-40,000
2	Clark County	Executive and Legislative Offices Combined	8,000-8,500
3	MGM Grand Hotel/Casino	Casino Hotels	8,000-8,500
4	Wynn Las Vegas	Casino Hotels	8,000-8,500
5	Bellagio LLC	Casino Hotels	8,000-8,500
6	Aria Resort & Casino LLC	Casino Hotels	7,500-8,000
7	Mandalay Bay Resort and Casino	Casino Hotels	7,000-7,500
8	University of Nevada, Las Vegas	Colleges and Universities	5,000-5,500
9	Caesars Palace	Casino Hotels	5,000-5,500
10	Las Vegas Metropolitan Police	Police Protection	4,500-5,000
11	The Mirage Casino-Hotel	Casino Hotels	4,500-5,000
12	The Venetian Casino Resort	Casino Hotels	4,000-4,500
13	The Cosmopolitan of Las Vegas	Casino Hotels	4,000-4,500
14	The Palazzo Casino Resort	Casino Hotels	3,500-4,000
15	University Medical Center of So. NV	General Medical and Surgical Hospitals	3,000-3,500
16	Encore Las Vegas	Casino Hotels	3,000-3,500
17	Southwest Airlines Co.	Scheduled Passenger Air Transportation	3,000-3,500
18	Luxor Hotel and Casino	Casino Hotels	3,000-3,500
19	City of Las Vegas	Executive and Legislative Offices Combined	3,000-3,500
20	Sunrise Hospital and Medical Center	General Medical and Surgical Hospitals	2,500-3,000

<sup>6</sup> Source: Nevada Department of Employment, Training and Rehabilitation (Q1 2015).

<sup>7</sup> Employment counts represent the size classification for the establishment as reported by the Nevada Department of Employment, Training and Rehabilitation.

When contrasted against national averages, southern Nevada’s dependence on the tourism industry becomes apparent.<sup>8</sup> All but two employment sectors in southern Nevada report a lower share of employment as a percentage of the total workforce than the national average. The leisure and hospitality sector accounts for 11.2 percent of the nation’s workforce, which is 20.8 percentage points lower than the 32.0 percent share reported in southern Nevada. Construction is the only other sector in southern Nevada that reports a higher share than the nation, but the difference of 1.1 percentage points is significantly lower than the leisure and hospitality industry’s relative dominance.

**Exhibit 6**  
**Employment Shares by Sector, Southern Nevada vs. United States**



<sup>8</sup> Source: Nevada Dept. of Employment, Training and Rehabilitation and U.S. Bureau of Labor Statistics.

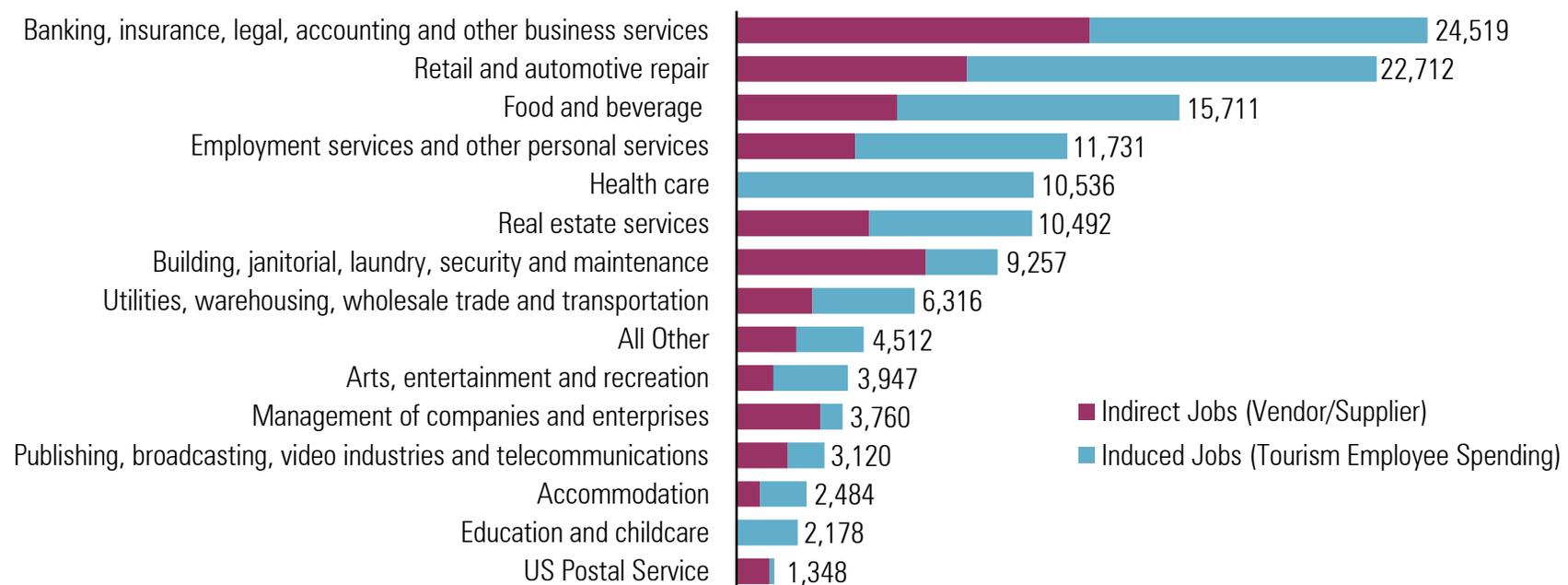


## THE RIPPLE EFFECTS OF THE TOURISM ECONOMY

Not only does the tourism sector directly employ and support its own workforce, but its indirect and induced impacts are substantial as well. Indirect, or secondary, impacts are often referred to as the “ripple” effect, respecting the reality that an industry’s impact reaches beyond just those workers showing up to a company’s worksite. Suppliers of goods and services providing everything from food to uniforms and casino chips to bathroom soap create jobs and economic activity. Many of these suppliers are based in southern Nevada, keeping those dollars in the region and stimulating job growth in other sectors of the economy. Employee spending also spurs commerce in the local economy; these effects are commonly known as induced impacts. The tourism industry supports approximately 133,000 positions in the broader southern Nevada economy,<sup>9</sup> with supported positions concentrated in financial and business services, retail, food and beverage, employment and personal services, health care and real estate.

Exhibit 7

### Indirect and Induced Employment in Southern Nevada Supported by the Tourism Industry



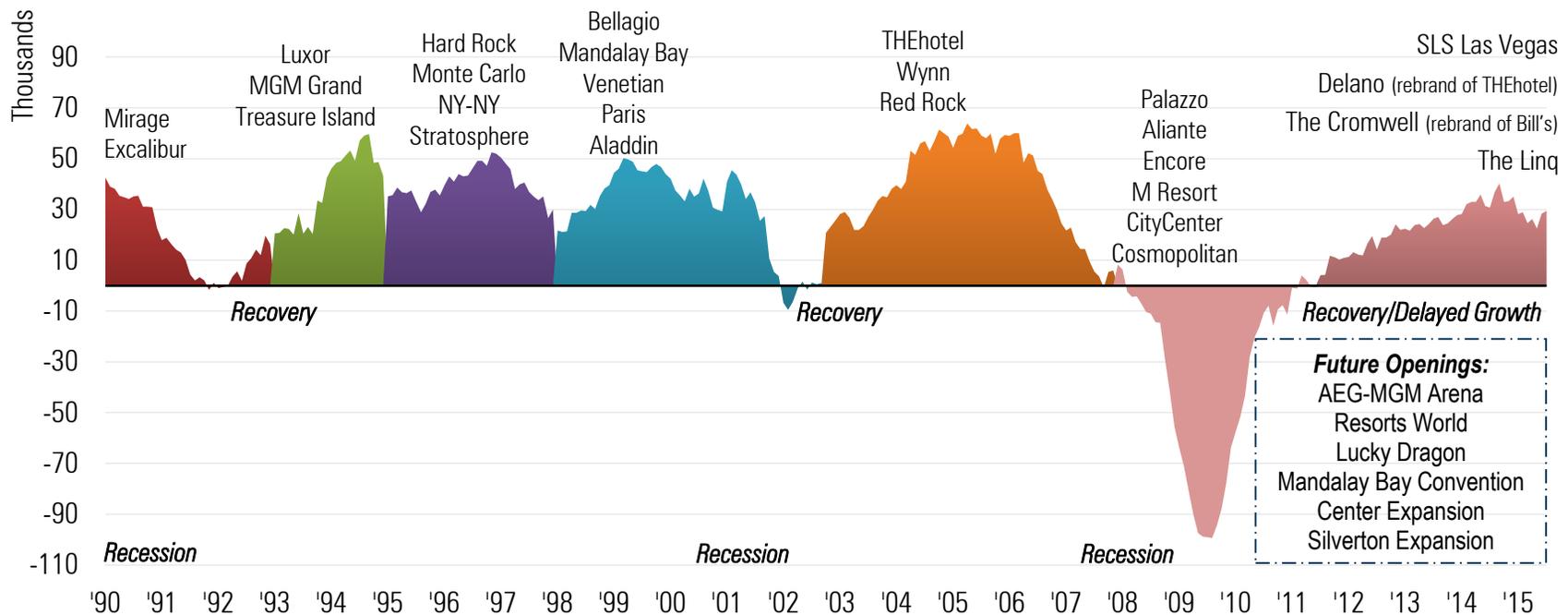
<sup>9</sup> 2014 economic impacts; see the March 2015 brief in this Economic Impact Series, *The Economic Impact of Southern Nevada’s Tourism Industry and Convention Sector*.



## TOURISM INDUSTRY INVESTMENT IMPACTS

Due to southern Nevada’s strong dependence on the leisure and hospitality industry, a healthy tourism economy is the foundation for labor market stability – and growth – in the region. Overall employment growth in southern Nevada has largely followed the billions of dollars invested in resort growth cycles, which tend to mirror national and international economic growth cycles. In turn, broader economic growth cycles tend to dictate the general propensity of domestic and international visitors to travel to Las Vegas. Since turning positive in early 2011, employment gains have been consistent. If long-term historical trends are any indication of the future, the southern Nevada labor market appears poised for continued growth through 2015 and into 2016 given significant new developments both underway and on the horizon.

**Exhibit 8**  
Southern Nevada Employment Growth (Year-over-Year) vs. Resort Growth Cycles<sup>10</sup>



<sup>10</sup> Source: Nevada Dept. of Employment, Training and Rehabilitation; U.S. Bureau of Labor Statistics and southern Nevada resort property opening data (various sources).



More than \$8.2 billion of tourism industry projects completed construction in the first half of 2015 or remain under construction or planned in southern Nevada as of the date of this publication. While the timing and extent of these projects is likely to evolve over time, the employment implications for the construction industry are substantial. Utilizing industry-standard multipliers,<sup>11</sup> the investments noted in Exhibit 9 are estimated to support nearly 47,000 direct person-years of employment within the construction sector. Note, a person-year of employment is equivalent to one person employed full time for an entire year. When indirect and induced impacts are considered, the total employment impact rises to more than 89,000 person-years of employment. This all-inclusive impact estimate also includes jobs sourced to vendor purchases and employee spending within the local community. Even if not all of the planned investments move forward as scheduled, the employment impacts are meaningful to the southern Nevada community.

**Exhibit 9**  
**Southern Nevada Tourism Investments<sup>12</sup>**

Project	Cost	Status	Est. Completion Date
Resorts World Las Vegas	\$4,000,000,000	Under Construction	Mid-2018 (Phase I)
All Net Resort/Arena (former Wet n' Wild)	\$1,400,000,000	Planned	Fall 2017
MGM Resorts International/AEG Arena	\$375,000,000	Under Construction	April 2016
Lucky Dragon Hotel & Casino	\$373,000,000	Under Construction	Late 2016/Early 2017
Monte Carlo 5,000-Seat Theater	\$100,000,000	Planned	Fall 2016
Mandalay Bay Convention Center Expansion	\$66,000,000	Under Construction	January 2016 (Phase II)
Henderson Space and Science Center	\$63,000,000	Under Construction	Spring 2016
McCarran - D Gate Connector (D Gates to U.S. Customs)	\$51,000,000	Planned	Early 2017
The Park and Toshiba Plaza	\$50,000,000	Under Construction	April 2016
TopGolf at MGM Grand	\$50,000,000	Under Construction	Spring 2016
Thomas & Mack Center Renovation	\$47,000,000	Under Construction	Spring 2016
Galleria at Sunset Expansion	\$26,000,000	Under Construction	Fall 2015 (Phase II)
Boulevard Mall Renovation	\$25,000,000	Under Construction	Fall 2016
Green Valley Ranch Resort & Spa Remodel	\$20,000,000	Under Construction	Fall 2015
Tropicana Las Vegas Renovation	\$20,000,000	Planned	Spring 2016
Pawn Plaza	\$2,000,000	Under Construction	October 2015
Fashion Show Mall Expansion	DND	Under Construction	Fall 2015
Silverton Hotel Expansion	DND	Under Construction	Spring 2016
IKEA	DND	Under Construction	Summer 2016
Alon Las Vegas (former Frontier)	DND	Planned	CY 2018
Other Small Projects	\$51,000,000	Various	2016-2018
Projects Completed in 2015	\$1,446,000,000	Completed	Early/Mid-2015
<b>Total</b>	<b>\$8,165,000,000</b>		

<sup>11</sup> To estimate the direct, indirect and induced employment impacts, Applied Analysis utilized a nationally recognized software application to estimate the overall economic impacts (IMPLAN).

<sup>12</sup> Status as of August 31, 2015. DND = Did Not Disclose. Source: LVCVA, third-party media sources and Applied Analysis.

## METHODOLOGY

General information on southern Nevada employment and unemployment was obtained from the United States Bureau of Labor Statistics and the Nevada Department of Employment, Training and Rehabilitation.

Information on tourism projects currently under construction or planned was obtained from the LVCVA's Construction Bulletin and third-party media sources.

Estimates of the economic impact of the tourism industry were based on data from the LVCVA's Visitor Profile Study prepared by GLS Research as well as visitor volume data reported by the LVCVA. Adjusted visitor spending estimates were developed by Applied Analysis; refer to the March 2015 brief of this Economic Impact Series for further detail. Secondary impacts were sourced to IMPLAN software.

## ANALYSIS LIMITATIONS

This analysis used the best available data to review the relationship of the tourism economy and labor market stability in southern Nevada. It relies heavily on data reported by third-party data providers; and, although we have no reason to doubt the accuracy of these data, they have not been subjected to any auditing or review procedures by AA.

In some cases, data may have been either incomplete or inconsistent. Efforts were taken to minimize any potential impacts of these challenges, and we believe the analysis provides a fair and reasonable response to the fundamental question presented.

Finally, it is important to note that this is a preliminary undertaking that will be supplemented by on-going and future analyses. This report is not intended to be comprehensive and may not be appropriate for all purposes.