



LAS VEGAS  
CONVENTION  
AND VISITORS  
AUTHORITY

Preliminary Draft Document  
For Discussion Purposes Only

# “10”

THE ECONOMIC IMPACT OF  
SOUTHERN NEVADA'S  
TOURISM INDUSTRY &  
CONVENTION SECTOR

APPLIED  
ANALYSIS



APRIL 2020

ECONOMIC IMPACT SERIES BRIEF

## 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. This brief outlines the economic impacts associated with the region's tourism industry, its convention travel segment and convention travel specifically served by the Las Vegas Convention Center (the "LVCC"). It is worth noting the analysis included below reflects the historical performance of Southern Nevada's tourism industry in 2019 and does account for the industry's performance expectations in 2020, which will be materially impacted by the COVID-19 health crisis and related response.

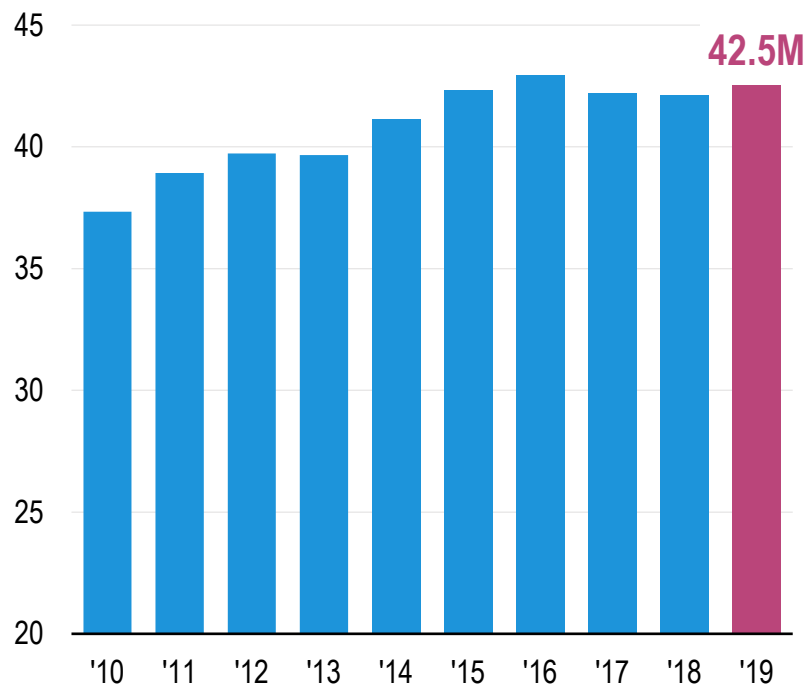
- In 2019, visitation to Southern Nevada rose to 42.5 million people, the second-highest annual total behind the 42.9 million visitors in 2016. The 1.0 percent visitation increase in 2019 reversed two years of annual declines. Overall visitation surpassed 42 million for the fifth consecutive year, continuing the tourism industry's significant economic impacts throughout the Southern Nevada community.
- Overall spending sourced to Southern Nevada visitors reached \$36.9 billion, directly supporting 242,500 employees in the tourism sector as well as \$11.0 billion in wages and salaries. Jobs directly supported by visitors represented 23.8 percent of total employment in Southern Nevada and 26.5 percent of all private employment (i.e., excluding government employment). Wages and salaries directly supported by visitor spending accounted for similar shares, making up 21.5 percent of all wages earned and 24.5 percent of all private wages in the region.
- The ripple effects of direct visitor spending create additional jobs, wages and output in the economy. When including the indirect (i.e., supplier) and induced (i.e., employee spending) impacts of visitor spending in 2019, Southern Nevada's tourism industry contributed \$63.6 billion in total output, supported roughly 376,800 jobs and generated \$17.1 billion in wages and salaries throughout the region.
- Convention attendance growth contributed to the positive overall visitation trend, rising 2.3 percent to a record of 6.6 million in 2019. On average, convention visitors spend 18 percent more than leisure visitors per trip, a value premium that generates greater economic impact per visitor. In total, spending by visitors attending conventions directly supported 43,500 jobs, \$2.0 billion in wages and economic output of \$6.6 billion. When including indirect and induced impacts, the totals increase to 67,600 jobs, \$3.1 billion in wages and \$11.4 billion of total economic output.
- The LVCC hosted 54 conventions and other events in 2019 with total attendance of 1.3 million, roughly 19.4 percent of the overall convention segment. Visitors to the LVCC directly supported 8,400 jobs, \$382.7 million in wages and overall economic output of \$1.3 billion. When including indirect and induced impacts, the total impact of LVCC convention attendees grows to 13,100 jobs, \$593.7 million in wages and regional economic output of \$2.2 billion.



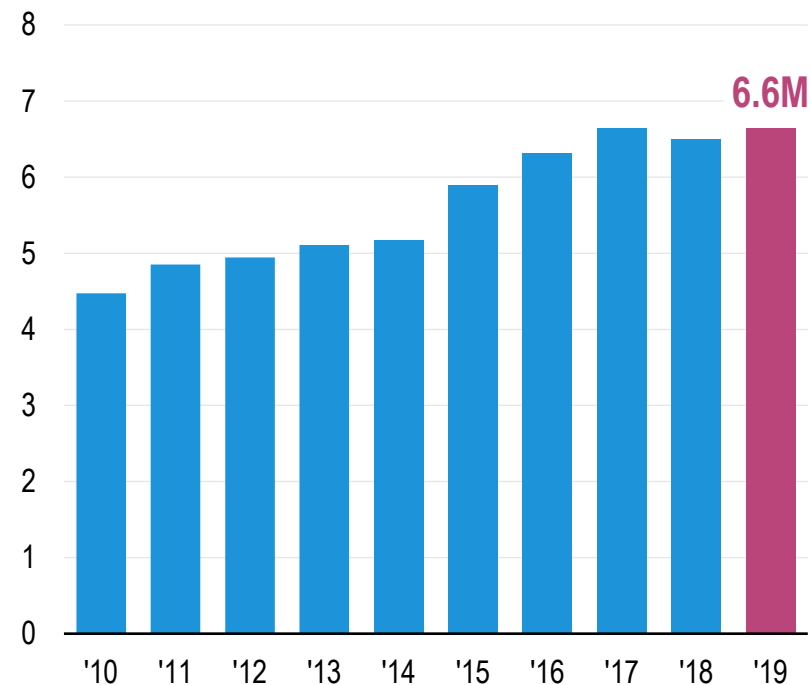
## LAS VEGAS VISITOR VOLUME

In 2019, visitation to Southern Nevada rose to 42.5 million people, the second-highest annual total behind the 42.9 million visitors in 2016. The 1.0 percent visitation increase in 2019 reversed two years of annual declines. Convention attendance growth contributed to the positive overall visitation trend, with annual attendance rising 2.3 percent to a record of 6.6 million in 2019. Overall visitation surpassed 42 million for the fifth consecutive year, continuing the tourism industry's significant economic impacts throughout the Southern Nevada community. On average, visitors to Southern Nevada in 2019 spent \$867 per trip, directly and indirectly supporting hundreds of thousands of jobs and billions of dollars in wages and salaries. With several high-profile tourism-related projects scheduled to open in 2020 and beyond, including Allegiant Stadium, Resorts World Las Vegas, MSG Sphere and the Las Vegas Convention Center expansion, Southern Nevada's tourism industry infrastructure adds additional capacity.

**Exhibit 1**  
Las Vegas Visitor Volume (in Millions)



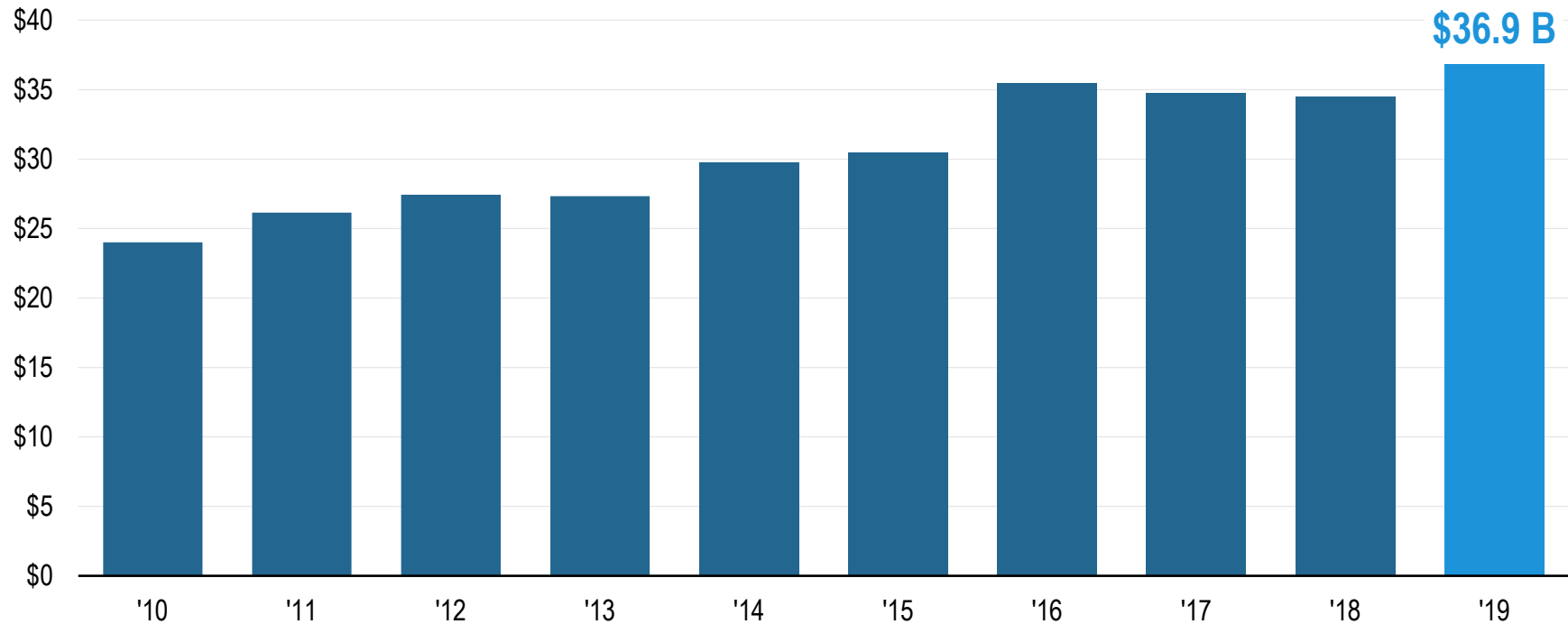
**Exhibit 2**  
Las Vegas Convention Attendance (in Millions)



## LAS VEGAS VISITOR SPENDING

The tourism industry in Southern Nevada remains the most significant driver of economic activity in the region, with direct visitor spending in 2019 estimated at \$36.9 billion after conservatively adjusting survey-based data for known control totals (e.g., actual gaming revenue, lodging expenditures based on room tax totals).<sup>1</sup> While Southern Nevada resorts continue to evolve and diversify their guest amenities and attractions, gaming remained the largest share of visitor spending in 2019, accounting for 22.9 percent of the \$36.9 billion in aggregate spending. Visitor spending on shopping and hotel rooms made up the next two largest spending categories for visitors at 18.7 percent and 15.7 percent, respectively. Rounding out the top five most significant spending categories were food and beverage, with 11.9 percent of visitor spending, and local transportation at 10.7 percent of visitor expenditures.

Exhibit 3  
Las Vegas Visitor Spending (in Billions)



<sup>1</sup> Adjusted total spending per visitor (overall) is estimated at \$867 including gaming budgets for 2019.

## EMPLOYMENT IMPACTS

Southern Nevada's tourism workforce is comprised of employees at the region's numerous resorts, hotels and casinos as well as the workers in bars, restaurants, nightclubs, retail outlets, sightseeing tour companies, taxicab operators and all other tourism-related businesses that cater to visitors.

Hotels and casinos are one of the largest employers in Southern Nevada, directly employing 164,100 workers in 2019. That total represented 16.1 percent of the region's total employment and 17.9 percent of all private employment.<sup>2</sup> An additional 78,300 employees working in other tourism-related businesses are estimated to be directly supported by visitor spending. Combined, the Southern Nevada tourism industry directly employs an estimated 242,500 workers, or 23.8 percent of the region's total workforce and 26.5 percent of private sector employment.

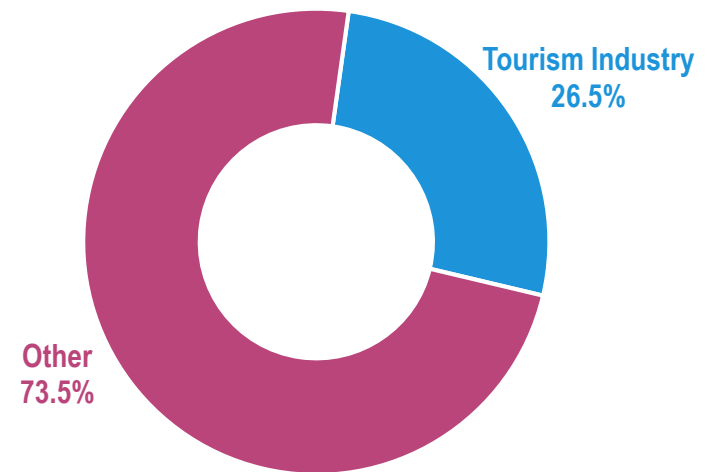
The impacts of visitor spending on employment flow beyond the tourism industry. Indirect, or secondary, impacts are often referred to as ripple effects that support additional jobs beyond workers directly employed in the tourism industry. Businesses in the tourism industry contract with suppliers and other businesses, which in turn have their own employees. Furthermore, tourism industry employees spend their earnings throughout the community, supporting other jobs in what are known as induced impacts. All told, the employment impacts of visitor spending total nearly 376,800 jobs when indirect and induced impacts are combined with direct employment.

<sup>2</sup> Source: Nevada Department of Employment, Training and Rehabilitation, last 12 months (quarterly average).

**Exhibit 4**  
**Direct Tourism Employment as a Share of Total Employment**



**Exhibit 5**  
**Direct Tourism Employment as a Share of Private Employment**



## WAGE IMPACTS

Southern Nevada tourism workers earned wages and salaries of \$11.0 billion in 2019, accounting for 21.5 percent of all wages earned in Southern Nevada during the year and 24.5 percent of all earnings among private industry workers. The wages and salaries earned by tourism industry workers is roughly equal to the total earnings by employees in Clark County's manufacturing, professional services and information industries, combined.<sup>3</sup>

When visitors spend at hotels, restaurants and other locations in Southern Nevada, the impact of each dollar ripples through the economy. These additional indirect and induced impacts multiply the overall wage impacts of direct visitor spending, generating additional wages for workers across many sectors of the economy.

In 2019, indirect wages supported by tourism businesses paying suppliers, vendors and other service providers were estimated at \$2.8 billion. Induced impacts are generated as tourism industry employees spend their \$11.0 billion in wages throughout the community, supporting additional wage payments. These induced impacts were estimated at \$3.2 billion. When the direct, indirect and induced impacts are combined, they total \$17.1 billion in wages and salaries throughout Southern Nevada that were supported by visitor spending.

<sup>3</sup> Source: Nevada Department of Employment, Training and Rehabilitation.

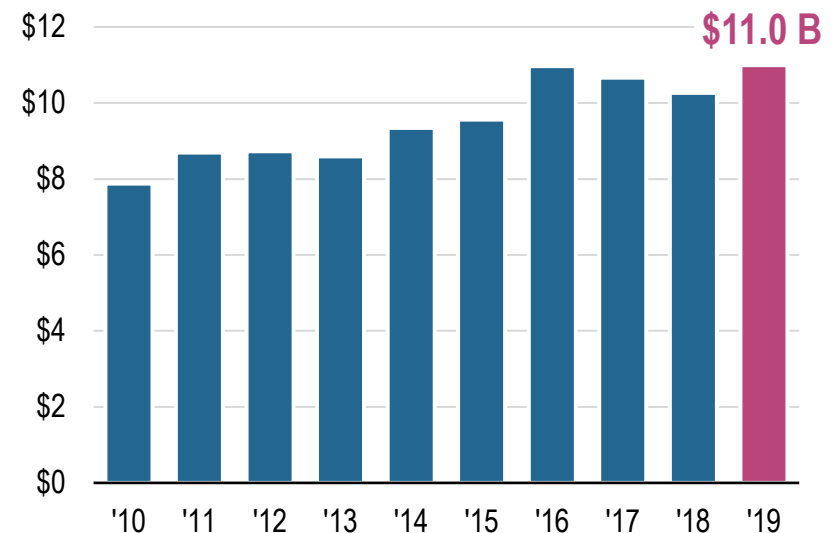
Exhibit 6

Direct Tourism Wages and Salaries as a Share of Total Wages and Salaries



Exhibit 7

Direct Wage Impacts of Visitor Spending (in Billions)

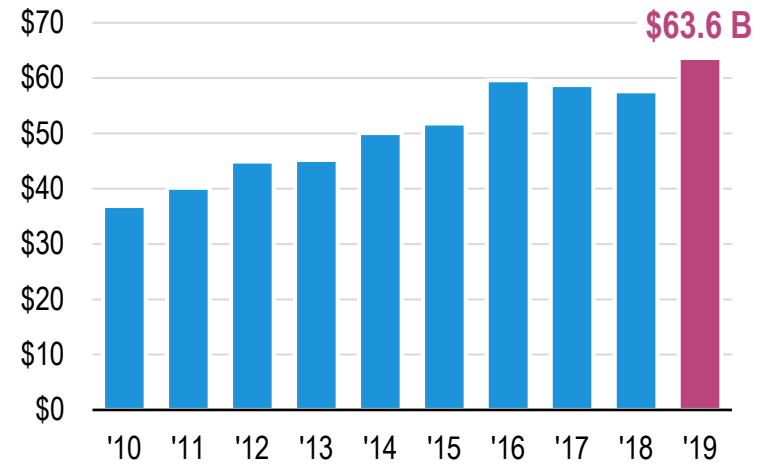


## ECONOMIC OUTPUT

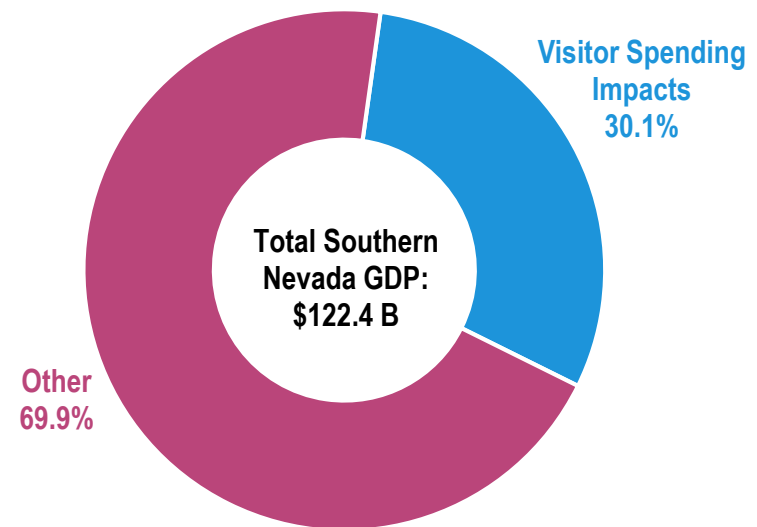
The direct economic output associated with Southern Nevada's tourism industry is equal to \$36.9 billion of visitor spending in 2019. That total accounted for nearly a third (30.1 percent) of the region's gross economic output of \$122.4 billion.<sup>4</sup> Though these are not perfectly aligned concepts, the fact that Southern Nevada's tourism industry directly generated such a significant portion of the region's gross product demonstrates the industry's importance in Southern Nevada.

As with the employment and wage impacts of visitor spending, the overall economic output related to visitor-related economic activity grows significantly after the indirect and induced ripple effects are considered. In 2019, indirect economic impacts were an estimated \$11.4 billion and induced economic impacts added another \$15.4 billion. When combined with the direct spending impacts, the overall impact of visitor spending on the Southern Nevada economy grows to \$63.6 billion, equating to 52.0 percent of the region's total gross product.

**Exhibit 8**  
Historical Total Economic Impacts of Tourism Spending  
(in Billions)



**Exhibit 9**  
Visitor Spending as a Share of Total Gross Product



<sup>4</sup> U.S. Bureau of Economic Analysis, 2018 GDP by Metropolitan Area (latest available).



## TOTAL ECONOMIC IMPACTS OF THE SOUTHERN NEVADA TOURISM INDUSTRY

As demonstrated by the previous pages, the direct impacts of Southern Nevada's tourism industry and the spending of the 42.5 million visitors are significant, accounting for roughly 24 percent of employment, 22 percent of wages earned and 30 percent of total output in the regional economy. Those impacts are magnified when the ripple effects of that direct spending generate additional economic activity. Suppliers of goods and services to businesses in the tourism industry providing food, cleaning supplies, uniforms and other inputs stimulate economic activity and create jobs. 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. Additionally, as tourism industry employees spend their wages at local businesses throughout the community, such as grocery stores, movie theaters, doctor's offices and retailers, they spur additional commerce in the local economy known as induced impacts.

Once these indirect and induced impacts of the tourism industry are combined with the direct impacts, the industry accounts for an estimated \$63.6 billion in aggregate economic output (52.0 percent of the region's gross product), supporting 376,800 jobs (37.0 percent of regional employment) while generating \$17.1 billion in local wage and salary payments (33.4 percent of total wages and salaries in the region). The details of these impacts are illustrated below.

**Exhibit 10**  
**Economic Impacts of the Southern Nevada Tourism Industry Related to Visitor Spending, 2019<sup>5</sup>**

	<i>Direct Impacts of Visitor Spending (Casinos, Hotels, Restaurants, Shopping, etc.)</i>	<i>Suppliers and Vendors Supported by Visitor Spending</i>	<i>Spending by Employees Directly Supported by Visitor Spending</i>	<i>Total Economic Impacts Generated by Visitor Spending</i>
	<b><u>Direct Impacts</u></b>	<b><u>Indirect Impacts</u></b>	<b><u>Induced Impacts</u></b>	<b><u>Total Impacts</u></b>
<b>Total Employees</b>	242,453	57,513	76,873	376,839
<b>Total Wage &amp; Salary Payments</b>	\$ 10,996,083,533	\$ 2,843,889,714	\$ 3,219,765,208	\$ 17,059,738,455
<b>Wages Per Employee</b>	\$45,353	\$49,448	\$41,884	\$45,271
<b>Total Economic Output</b>	\$ 36,852,323,035	\$ 11,379,864,887	\$ 15,405,266,656	\$ 63,637,454,578
<b>Output Per Employee</b>	\$151,997	\$197,866	\$200,399	\$168,872

<sup>5</sup> Calculations are based on IMPLAN, an input-output econometric model. Refer to the Methodology section of this analysis for further detail.



## TOTAL ECONOMIC IMPACTS OF THE CONVENTION AND MEETING SEGMENT

The conventions and meetings segment is an important contributor to the impact of Southern Nevada's tourism industry. In 2019, convention attendance climbed 2.3 percent to a record of 6.6 million, which helped increase overall visitation and raise the industry's total economic impact. Beyond attracting additional visitors, the convention segment provides positive impacts in the industry by boosting visitation during weekdays, keeping room occupancy rates high when leisure visitors are less likely to be in town. Survey data also indicates that convention visitors spend more per visit than the average leisure visitor. In 2019, the convention visitor spent \$994 per trip, nearly 20 percent higher than the \$843 spent by the average leisure visitor.

Because of their higher average spending profile, convention visitors generate higher per-capita economic impacts on Southern Nevada than leisure visitors. In 2019, convention visitor spending directly supported an estimated 43,500 jobs, \$2.0 billion in wages and \$6.6 billion in direct economic impact. When the indirect and induced impacts of convention visitor spending are included, the convention sector is estimated to support 67,600 jobs, \$3.1 billion in wages and \$11.4 billion in overall economic output in Southern Nevada. While convention visitors represented 15.6 percent of total visitation in 2019, their spending accounted for 17.9 percent of all visitor economic impacts, illustrating their importance to the tourism industry as a whole.

### Exhibit 11

#### Economic Impact of Southern Nevada Convention and Meeting Segment, 2019<sup>6</sup>

	<i>Direct Impacts of Convention &amp; Meeting Segment</i>	<i>Convention Suppliers &amp; Vendors</i>	<i>Spending by Convention &amp; Meeting Industry Employees</i>	<i>Total Economic Impacts Generated by Convention &amp; Meeting Segment</i>
	<b><u>Direct Impacts</u></b>	<b><u>Indirect Impacts</u></b>	<b><u>Induced Impacts</u></b>	<b><u>Total Impacts</u></b>
<b>Total Employees</b>	43,503	10,319	13,793	67,615
<b>Total Wage &amp; Salary Payments</b>	\$ 1,972,985,196	\$ 510,268,250	\$ 577,710,152	\$ 3,060,963,599
<b>Total Economic Output</b>	\$ 6,612,271,321	\$ 2,041,845,616	\$ 2,764,108,054	\$ 11,418,224,992

<sup>6</sup> Calculations are based on IMPLAN, an input-output econometric model. Refer to the Methodology section of this analysis for further detail.

## ECONOMIC IMPACT OF EVENTS HELD AT THE LV CONVENTION CENTER

The Las Vegas Convention Center (“LVCC”) plays an important role in the region’s convention and meeting segment, hosting 54 events in 2019 with a combined attendance of 1.3 million.<sup>7</sup> Attendance at LVCC conventions increased 1.9 percent in 2019 while accounting for 3.0 percent of all visitor trips and one in five convention and meeting trips to the region.

Like the convention segment overall, the economic impacts of spending by LVCC convention attendees generated notable figures, with total (i.e., direct, indirect and induced) impacts of LVCC visitors reaching 13,100 jobs, \$593.7 million in wages and salaries, and \$2.2 billion in economic output.

The economic potential related to LVCC increases in the coming years after completion of the LVCC’s overall expanded footprint. The expansion, scheduled for completion at the end of 2020, will add 600,000 square feet of exhibit space and 150,000 of meeting space. The additional space will allow existing conventions to expand and accommodate additional visitors as well increased capacity for hosting additional events. The project will provide an estimated 14,000 construction person-years of employment (defined as one person employed full-time for one year) throughout its development life cycle. The project is also expected to require thousands of permanent employees upon completion.

### Exhibit 12

#### Las Vegas Convention Center Impacts, 2019<sup>8</sup>

Statistic	Value
<b>Total LVCC Conventions</b>	<b>54</b>
<b>LVCC Convention Attendees</b>	<b>1,289,709</b>
<b>Employment Impact:</b>	
Direct	8,438
Indirect	2,002
Induced	<u>2,675</u>
<b>Total Employment</b>	<b>13,115</b>
<b>Wages and Salaries Impact:</b>	
Direct	\$382,694,916
Indirect	\$98,975,434
Induced	<u>\$112,056,967</u>
<b>Total Wages and Salaries</b>	<b>\$593,727,317</b>
<b>Economic Output:</b>	
Direct	\$1,282,565,435
Indirect	\$396,051,596
Induced	<u>\$536,147,002</u>
<b>Total Economic Output</b>	<b>\$2,214,764,034</b>

<sup>7</sup> Source: Las Vegas Convention and Visitors Authority; includes conventions and tradeshows.

<sup>8</sup> Data includes conventions and tradeshows. Baseline data is per the Las Vegas Convention and Visitors Authority. Calculations are based on IMPLAN, an input-output econometric model. Refer to the Methodology section of this analysis for further detail.

## METHODOLOGY

General and industry-specific employment and wage data reported on a quarterly basis were obtained from the Nevada Department of Employment, Training and Rehabilitation. Baseline travel volume, visitor spending data and room tax collections were obtained from the Las Vegas Convention and Visitors Authority, the Nevada Gaming Control Board, Clark County School District and the Nevada Commission on Tourism. Gross domestic product estimates were obtained from the Bureau of Economic Analysis.

Beginning in the 2019 fiscal year, the Gaming Control Board implemented new accounting procedures for departmental revenue reporting as follows: with regards to Financial Accounting Standards Board ("FASB") accounting standards codification 606, revenue from contracts with customers, all non-restricted licensees (public and nonpublic organizations as defined by FASB) were required to follow the new accounting standard when preparing standard financial statements. While the analysis contained herein is reflective of the latest economic activity, there may be modest variances from prior year editions of this report as a result of third-party reporting changes.

To identify the interrelationships in a regional economy, the IMPLAN (Impact Analysis for Planning) software, databases and methodology were used when estimating the economic impacts generated by the Southern Nevada resort and tourism industry. IMPLAN is one of three generally accepted applications used to model industry interrelationships within an economy. The model attempts to demonstrate mathematically how the outputs of one industry become the inputs of other industries.

IMPLAN employs a regional social accounting system that is used to generate a set of balanced accounts and multipliers. The social accounting system is an extension of input-output analysis. Input-output

analysis has been expanded beyond market-based transaction accounting to include non-market financial market flows by using a social accounting matrix framework. The model is designed to describe the transfer of money between industries and institutions (e.g., households) and contains both market-based and non-market financial flows, such as inter-institutional transfers. IMPLAN uses regional purchase coefficients generated by complex econometric equations that predict local purchases based on a region's characteristics. In this case, the region is Clark County, Nevada. Output from the model includes descriptive measures of the economy including total industry output, employment and value-added contributions for over 500 industries.

## ANALYSIS LIMITATIONS

This analysis used the best available data to analyze the economic impacts of Southern Nevada's tourism industry. 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. Input-output models, as is the case with all economics-based models, are not without their limitations. The static model used in this analysis, IMPLAN, for example, assumes that capital and labor are used in fixed proportions. This means that for every job lost or created, a fixed change in investment, income and employment will result. In reality, developers, operators, consumers and governments deal with a changing economy in very complex ways, constantly altering their mix of capital, labor and levels of investment.

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.