



*The University of Michigan's Center for Sport Management  
School of Kinesiology  
1402 Washington Heights  
Ann Arbor, MI 48109  
(734) 647 1309*

## **An All-Weather, Covered Mega-Event Stadium On UNLV's Campus:**

## **The Economic Value and Importance of A Stadium With Seating For 55,000 or More Spectators for Nevada, Clark County, the Las Vegas Region's Resorts, and UNLV**

### **EXECUTIVE SUMMARY**

**Dr. Mark S. Rosentraub**  
**Bruce and Joan Bickner Endowed Professor of Sport Management**

**Michael B. Cantor**  
**Research Associate**

**Alison Wasserman**  
**Research Assistant**

*And*

**Hobbs, Ong and Associates**  
**Las Vegas, Nevada**

**Public Financial Management**  
**Seattle, Washington**

**RCG Economics LLC**  
**Las Vegas, Nevada**

## Executive Summary

The Las Vegas metropolitan area is one of three major urban centers and tourist destinations in the United States without a state-of-the-art mega-events center with seating for 55,000 or more spectators. The absence of this community and economic development asset is even more surprising when one considers the vital role of special events in advancing the region’s dominant hospitality and tourism industry. A covered mega-events center near the region’s resorts will attract events that cannot be accommodated by existing venues. **A covered mega-events center near the region’s resorts will generate \$393.2 million in new direct spending for Southern Nevada’s hospitality sector each year and \$36.8 million in new annual tax revenues.**

### New Annual Spending and Taxes Produced by Spectators For Metropolitan Las Vegas, Resorts, Nevada, and Southern Nevada Governments

<b>Annual Incremental Visitor Expenditures From</b>				
NUMBER OF <i>EXPORT</i> EVENTS	<i>15 Events</i>	<i>20 Events</i>	<i>25 Events</i>	<i>30 Events</i>
<b>EXPENDITURES FOR:</b>				
<i>Lodging</i>	\$84,030,469	\$112,040,625	\$140,050,781	\$168,060,938
<i>Food and Beverages</i>	\$110,322,371	\$147,096,495	\$183,870,619	\$220,644,743
<i>Retail Spending</i>	\$51,946,178	\$69,261,570	\$86,576,963	\$103,892,355
<i>Entertainment (Shows)</i>	\$19,792,080	\$26,389,440	\$32,986,800	\$39,584,160
<i>Gaming</i>	\$97,193,250	\$129,591,000	\$161,988,750	\$194,386,500
<i>Local Transport</i>	\$25,804,406	\$34,405,875	\$43,007,344	\$51,608,813
<i>Sightseeing</i>	\$4,112,640	\$5,483,520	\$6,854,400	\$8,225,280
<b><u>TOTAL ANNUAL Benefit for the Las Vegas Regional Economy</u></b>	<b>\$393,201,394</b>	<b>\$524,268,525</b>	<b>\$655,335,656</b>	<b>\$786,402,788</b>
<i>Consumption on UNLV Campus</i>	\$66,150,000	\$88,200,000	\$110,250,000	\$132,300,000
<b><u>TOTAL ANNUAL Direct Economic Benefit for Resorts, Retail Centers in Metropolitan LV</u></b>	<b>\$327,051,394</b>	<b>\$436,068,525</b>	<b>\$545,085,656</b>	<b>\$654,102,788</b>
<b>Annual Tax Revenues</b>				
<i>State of Nevada Sales Tax</i>	\$13,037,862	\$17,383,816	\$21,729,770	\$26,075,724
<i>Clark County Sales Tax</i>	\$2,414,419	\$3,219,225	\$4,024,031	\$4,828,838
<i>Live Entertainment Tax</i>	\$4,329,863	\$5,454,863	\$6,579,863	\$7,704,863
<i>Hotel Taxes</i>	\$10,083,656	\$13,444,875	\$16,806,094	\$20,167,313
<i>NV General Fund Gaming Tax Revenue</i>	\$6,560,544	\$8,747,393	\$10,934,241	\$13,121,089
<i>Car Rental Taxes and Fees</i>	\$362,688	\$483,584	\$604,480	\$725,376
<b>Total Tax Revenues Generated From New Visitors</b>	<b>\$36,789,032</b>	<b>\$48,733,756</b>	<b>\$60,678,479</b>	<b>\$73,623,203</b>
<i>LVCVA Share of Hotel Taxes</i>	\$4,201,523	\$5,602,031	\$7,002,539	\$8,403,047

**Why will these benefits result from the building of a covered mega-events center?**

There is a set of events that require venues that can accommodate at least 55,000 spectators. Regions without sufficiently a large state-of-the-art mega-events center lose these events to other tourist destinations. These events **cannot be currently held** in Las Vegas even though it has (a) the largest supply of world-class resorts and (b) one of the country's best airports with non-stop connections to every major population center in North America and to urban centers in Europe, Asia, and Central America. There is also a possibility that some events that are currently held in Las Vegas will consider Cowboys Stadium in Arlington or the Mercedes-Benz Superdome in New Orleans as their future home.

Communities have been warned to be dubious when financial benefits from mega-events centers and sports facilities are promised. Some studies, for example, have used unrealistic estimates of attendance and economic benefits. **Why are the projected returns for Las Vegas' resorts, local governments, and Nevada in this study any more reliable? Ten different precautions used in this study should give community leaders and residents confidence in the projections made.**

## The Procedures Followed To Produce Realistic Measures Of The Benefits From A New Covered Mega-Events Center In Las Vegas

- (1) The only events for which financial benefits were reported are those that will bring new visitors to the region.
- (2) All substitution effects were eliminated in the enumeration of economic benefits; this means that spending by residents in the region was not included even though Major League Soccer would be a new activity. MLS, however, does not attract new visitors but it and other events attract local residents who shift their spending from existing recreational activities. That spending was not included in the analysis.
- (3) No value was included for the transfer of events from existing venues (including Sam Boyd Stadium) to the new mega-events center. All of the benefits enumerated were from events that at the current time will not take place in the Las Vegas region.
- (4) No event that could currently be held at any existing venue in Las Vegas was included in any measurement of the value of the new mega-events center.
- (5) The measurement of benefits was limited to direct spending by new visitors. No indirect or induced benefits were included. This was done since the hospitality sector and the region's resorts do not receive any additional benefits from the induced or indirect effects produced by visitors' spending. Those benefits do reverberate through the regional economy to other businesses and households but do not accrue to the region's resorts.<sup>1</sup>
- (6) Adjustments were also made to the estimates of the number of new visitors to Las Vegas because of the events held at the proposed mega-events center. Forecasts of the number of people attending events who generated new spending in the regional economy were reduced by estimating the number of (a) local residents who might also attend those events and (b) by those attending events from outside the region who still would have visited Las Vegas even if the new event was not held. This means that for mega-events, it is expected that only 31,500 spectators generated "net" new spending in the Southern Nevada economy.

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<sup>1</sup> Some analysts might argue that a small portion of the indirect economic benefits could also accrue to the resorts and the hospitality industry. To provide the most conservative estimate of the gains the resorts and hospitality sector of the economy will receive from the mega-events center's attraction of new events, all potential indirect or induced economic benefits were not included in the estimates produced for this report.

- (7) Economic benefits are generated from the construction of the mega-events center for residents of the region and for several businesses in the area. These benefits, however, were also **excluded** from the estimate of benefits that accrue to the hospitality sector and regional economy.
- (8) Spending data estimates were based on information produced by LVCVA through its repeated surveys of visitors to events in Las Vegas.
- (9) It is anticipated that several of the mega-events are likely to take place at times of the year that are not considered “peak.” Thus, these events represent important new business opportunities for the region’s hospitality sector and the economy. As a result, there should be a creation of new jobs.
- (10) The number of projected events was vetted with Las Vegas hospitality experts and was based on their experience and conversations with event promoters. No consultants were used in projecting how many new events a covered mega-events center is likely to attract to Las Vegas.

Had any of these analytical corrections to the estimates of the value of the mega-events center to the regional economy not been made, higher attendance, revenue, and tax projections could have been produced. Any other estimates, however, would not offer a prudent and realistic perspective on likely financial returns.

The prudent and conservative estimate produced by this report allows us to conclude that without a new mega-events center, there are numerous athletic and entertainment events that cannot take place in the Las Vegas region. There is even a possibility that some events that have repeatedly been held in the Las Vegas area will choose to relocate to other tourist destinations that have state-of-the-art mega-events stadia.

**Failure to retain these events and attract others that require venues with the ability to attract 55,000 or more spectators has the potential to cost Southern Nevada jobs, taxes, and economic development opportunities.**

**A new covered mega-events center on its campus will also advance UNLV's academic mission. Why?**

A covered mega-events center on campus will continue to strengthen the integration of all of UNLV's sports programs with the academic life of students, faculty, and staff. UNLV also will be able to welcome its alumni and the entire community to campus for sports and entertainment events throughout the year. The mega-events center as a new front-porch for UNLV will elevate the university's profile and create additional opportunities to welcome the community to the campus. UNLV needs to attract and retain faculty and students that will allow it to realize its full potential and enhance its contribution to the diversification of Southern Nevada's economy.

**To build a covered mega-events center on its campus UNLV must form a partnership with the region's resorts and hospitality industry, the LVCVA, LVE, and the State of Nevada. Can this be done?** Such a partnership is not unprecedented; indeed, UNLV, the State of Nevada, and the Las Vegas metropolitan region have worked together before to build a needed venue for events that has produced substantial economic development gains for the region.

For more than three decades the Thomas & Mack Center has served UNLV **and** the region as it hosts numerous entertainment events that create jobs and taxes while bringing hundreds of thousands of visitors to the region's resorts. The partnership between UNLV and the region's hospitality sector has made the **Thomas & Mack Center the 9<sup>th</sup> most successful arena in the world.** The Thomas & Mack Center is

the most successful arena in the United States without a team from either the National Basketball Association or the National Hockey League.

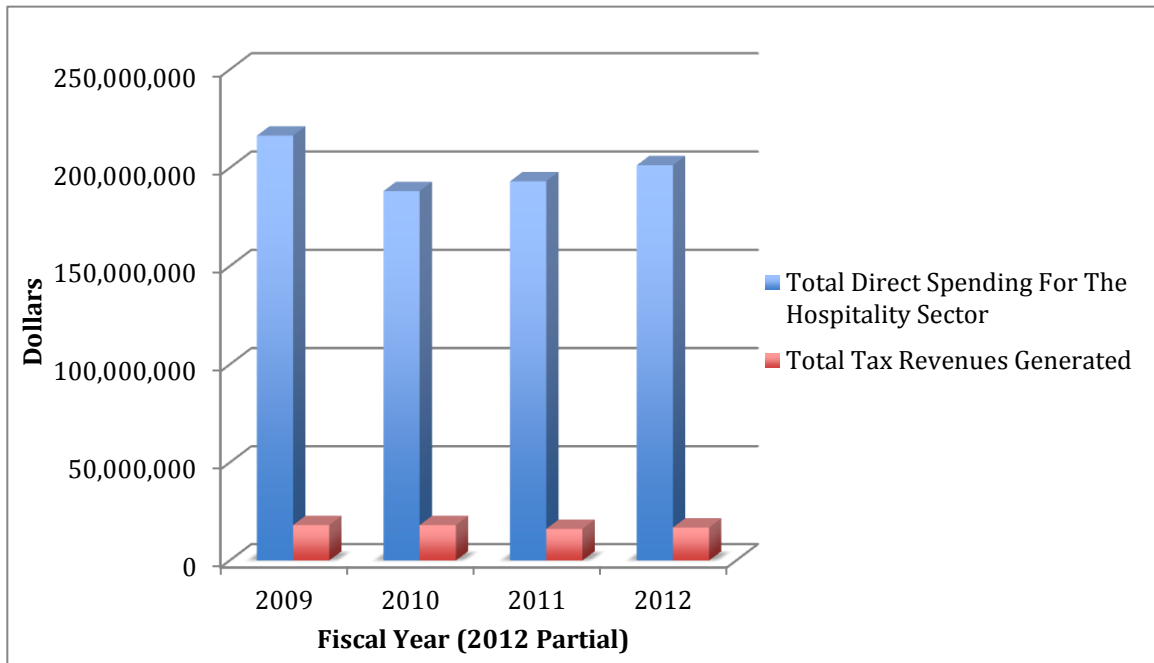
Another partnership between the State of Nevada, UNLV, and the Las Vegas hospitality sector to build a new mega-events center will generate new levels of spending at Southern Nevada's resorts. The new events attracted to the region will enhance the quality of life for all residents and businesses in the region. *More importantly, however, through a new partnership for a mega-events center, the potential for gains for the region's resorts and the overall economy is substantial. In addition, new tax revenues for the State of Nevada and local governments will also be produced beyond that which would otherwise exist if the new mega-events center were not built.*

Since opening in 1983 the Thomas & Mack Center has welcomed more than 21.7 million attendees to various events. The Center is a valued community resource serving residents, the hospitality sector, and UNLV. It also produces substantial economic returns for UNLV that allows the university to support its Division 1 sports programs. The region's resorts also benefit from the hotel room nights generated, and important tax revenues for every level of government. The Thomas & Mack Center is the result of a successful partnership involving UNLV, the State of Nevada, and the Las Vegas hospitality industry.

**No other university in the United States can point to a more successful partnership with its regional hospitality industry than UNLV.**

Out-of-town visitors attending events at the Thomas & Mack Center have spent more than \$200 million at Las Vegas' hotels, casinos, and retail outlets each year. At the same time, the events hosted at the facility provide a rich array of events that substantially enhance the quality of life in Southern Nevada. The tourists attending events at the Thomas and Mack Center annually generate approximately \$18 million in tax revenues for Nevada and Clark County governments and the LVCVA.

**Total Direct Spending and Tax Revenues Generated By Tourists Attending Events at the Thomas & Mack Center**





**What spending by visitors will lead to \$393.2 million in new economic activity and \$36.8 million in new tax revenues every year?**

If 15 events were held at the mega-events center a total of 472,500 seats would likely be sold to visitors each year. (A conservative estimate is that 31,500 tickets would be sold to new visitors to the region for each event even though the mega-events center would have the capacity for at least 55,000 seats.)

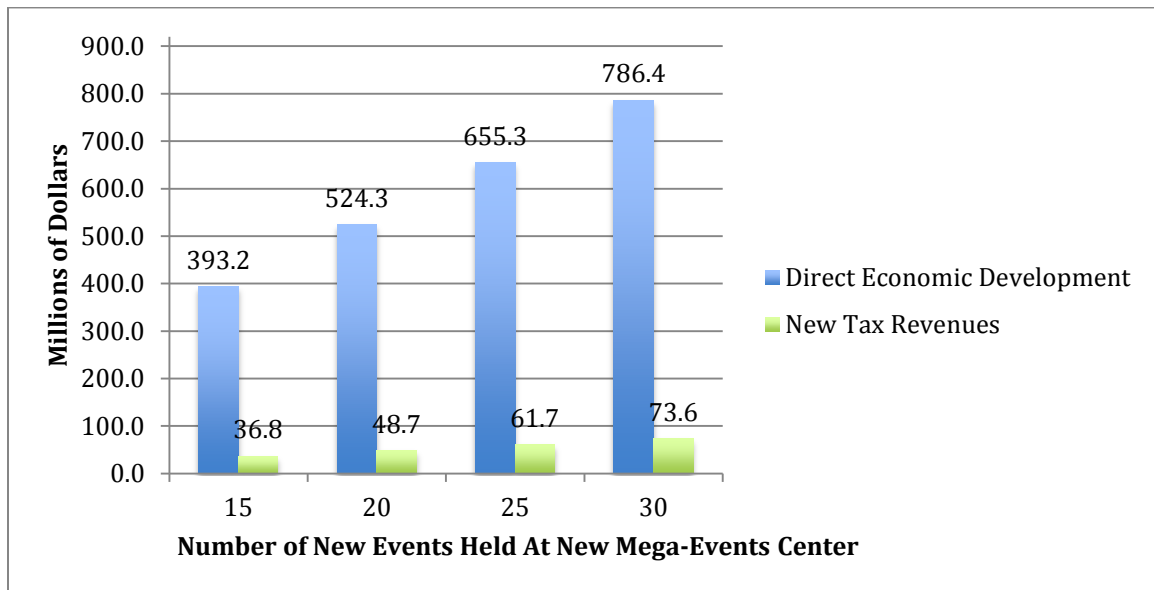
With an average ticket price of \$100 per person, visitors are projected to spend \$47.2 million for tickets. With average food, beverage, and souvenir purchases of \$40 per person, visitors are projected to spend \$18.9 million (or \$1.26 million per event). Total consumption at the mega-events center for all 15 events is therefore estimated to be \$66.1 million for the UNLV campus.

The total annual benefit for 15 events for the Las Vegas regional economy is projected as \$393.2 million in new direct spending (see chart on page I of this summary).

The new mega-events center would also produce new tax revenues for Nevada and Clark County local governments. With 15 new mega-events each year the State of Nevada, and local governments will potentially receive \$32.5 million in new tax revenues and fees each year. If the live entertainment tax were included, the 15 new mega events would generate \$36.8 million each year for the public sector.

If 15 new mega-events were held at the new mega-events center, \$393.2 million in new direct spending is projected to take place in metropolitan Las Vegas in every year. If the mega-events center is not built, this spending will not occur and the foregone income would be an annual drain on economic development.

### The Economic Benefit Effects of Events Held At The New Mega-Events Center



### What are the new events that are anticipated?

1. PAC-12 Football Conference Championship Game (December)
2. NFL Exhibition game (August)
3. New College Football Bowl Game (December)
4. Neutral Site College Football Game (Fall)<sup>2</sup>
5. Second Neutral Site College Football Game (Fall)

<sup>2</sup> Neutral site games are those that do not involve UNLV and similar to those hosted at Cowboys Stadium and other stadia across the country. For example, Michigan will play Alabama at Cowboys Stadium in 2012 and the University of Southern California will play Syracuse University at MetLife Stadium (Meadowlands, New Jersey) also in 2012. Las Vegas world-class resorts and entertainment options would be an attractive location for similar games if a state-of-the-art covered mega-events center with seating for at least 55,000 spectators existed.

6. International Soccer Festival (Summer)
7. Electronic Music Festival (2 to 3 days, Summer)
8. Country Music Festival (either with ACM weekend or another time)  
2-3 days
9. UFC International Fight Week (Summer)
10. Tour Concert (Summer)
11. Tour Concert (second, Summer)
12. Winter Kick Soccer Festival (February)
13. Rock Music Festival (Summer)
14. X Games (Summer)
15. NFL Pro Bowl (January)
16. MWC Football Championship Game (December)
17. NFR Closing Event (December)

In addition, leadership for Las Vegas Events and the Las Vegas Convention and Visitors Authority indicate that these other events would be potential new opportunities for Southern Nevada if the new covered mega-events center existed.

18. Wrestlemania
19. Republican or Democratic National Convention
20. NCAA Final Four Basketball Championships
21. Comic-Con
22. Boxing
23. MLS All-Star Game
24. Corporate Events

*Regional experts including leadership from LVE and LVCVA anticipate 17 or more events each year although some might be infrequent. Based on their expectation and to provide a conservative assessment, for this analysis it is initially anticipated that **only 15 new mega-events will take place at the new mega-events center on an annual basis.***

In addition, our study of all events hosted at ballparks and stadia across North America indicates that even areas lacking the world-class resorts that exist in Las Vegas regularly attract two or three events each summer. Las Vegas would easily surpass that level of activity with the building of a mega-events center.

The new mega-events center will produce other benefits for the metropolitan Las Vegas area and produce new tax revenues for Nevada. For example, the building of the mega-events center will generate more than 5,000 direct, induced, and indirect person years of employment generating \$197 million in wages for the construction industry.

**The new mega-events center will also enhance the quality of life in the region. Why?**

Along with the new 15 mega-events, there will be at least 37 other events at the mega-events center each year that will enhance the quality of life in Southern Nevada. Some, like Major League Soccer, do not currently exist in the region; others like Rebel football will relocate from Sam Boyd Stadium. At least 18 of these events, however, are not expected to take place in Las Vegas if the new mega-events center is not built. These events will add to the quality of life for the region's residents even though these games and events are unlikely to attract new visitors to the region.