

ECONOMIC IMPACT OF VISITORS IN NEVADA 2019

Prepared for:
Travel Nevada



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INTRODUCTION

The travel sector is an integral part of the Nevada economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Nevada's future. Gross output (business sales) attributable to visitor spending in Nevada neared \$68 billion in 2019.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for Nevada as it continues to expand upon its visitor economy, and by establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in Nevada, Tourism Economics has prepared a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for the state of Nevada. The model traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

The value of seasonal and second homes was estimated based on census data for seasonal units and estimated gross rents.

Visitors included those who stayed in overnight accommodations or those who came from a distance greater than 50 miles and deviated from their normal routine.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis. This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following data sources:

- TNS OmniTrak survey data, including spending, for domestic visitors to Nevada
- LVCVA and RSVCA: Visitation statistics
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- Nevada Department of Taxation: bed tax receipts
- Nevada Gaming Commission: revenues and tax collections for Nevada gaming
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Nevada based on aviation, survey, and credit card information

KEY FINDINGS

KEY FINDINGS

The visitor economy is an engine for economic growth

Growth in visitation, spending, and employment

Tourism is an integral part of the Nevada economy and continues to be a key driver of business sales, employment, and tax revenue.

Approximately 25% (1 in 4) of all jobs in the state were sustained by tourism.



Visitor Spending

Visitors to Nevada spent \$42.3 billion in 2019, which generated \$68 billion in total business sales, including indirect and induced impacts.



Continued Growth

Tourism-sustained jobs generated total income of \$21.5 billion in 2019, a 4.2% increase over the prior year.



Employment Generator

A total of 469,230 jobs were sustained by visitors to Nevada in 2019. This included 300,596 direct and 168,635 indirect and induced jobs.



Fiscal Contributions

Tourism in Nevada generated \$10.7 billion in tax revenues in 2019, with just over \$5 billion accruing to state and local governments.

KEY FINDINGS

Visitor Spending

Visitor spending has grown 13% over the past five years, increasing from \$37.5 billion in 2015 to \$42.3 billion in 2019.

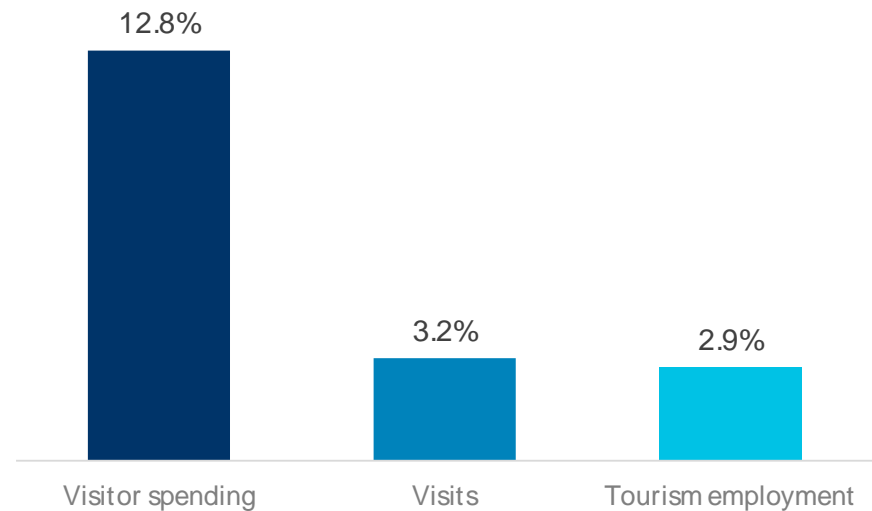
Visits

The number of visits to Nevada increased by 325,000 visits to top 56 million visits in 2019, a cumulative increase of 3.2%.

Tourism employment

Direct tourism-supported employment continued to expand, surpassing 300,000 jobs in 2019.

Cumulative Growth in Key Indicators, 2015-2019



Source: Tourism Economics

VISITATION & SPENDING

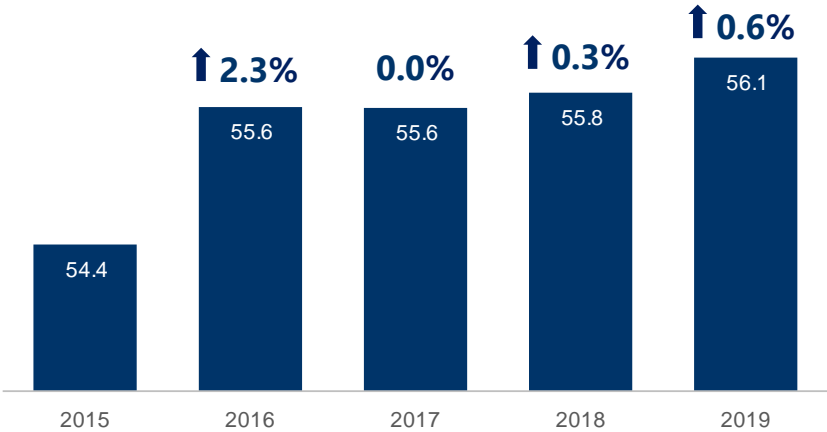
VISITATION AND SPENDING

Visitation trends

Visitation grew by more than 300,000 visitors to reach 56.1 million in 2019. An increase of 0.6%, growth was supported solely by domestic, overnight visitors, a key sector. Growth in 2019 was an improvement over recent years.

Nevada visitor levels and annual growth

Amounts in millions of visitors and year-on-year percentage growth



Source: Tourism Economics

VISITATION AND SPENDING

Visitor spending trends

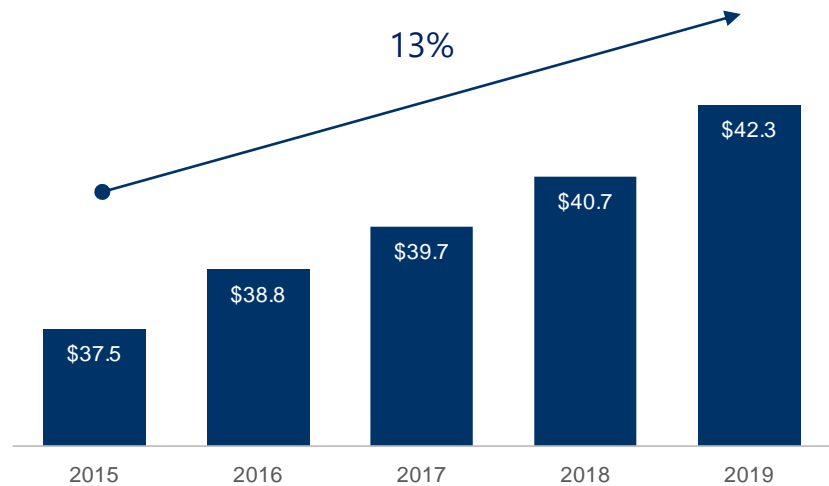
Visitor spending has increased for five straight years

Visitor spending in 2019 topped \$42 billion, an increase of 3.8% year-over-year, and a nearly \$5 billion increase over 2015.

Over the five-year period, visitor spending has cumulatively increased 13%; an annualized growth rate of 3.0%. More than 50% of the increase in visitor spending between 2015 and 2019 has occurred in the last three years.

Nevada total visitor spending

Amounts in billions of nominal dollars



Source: Tourism Economics

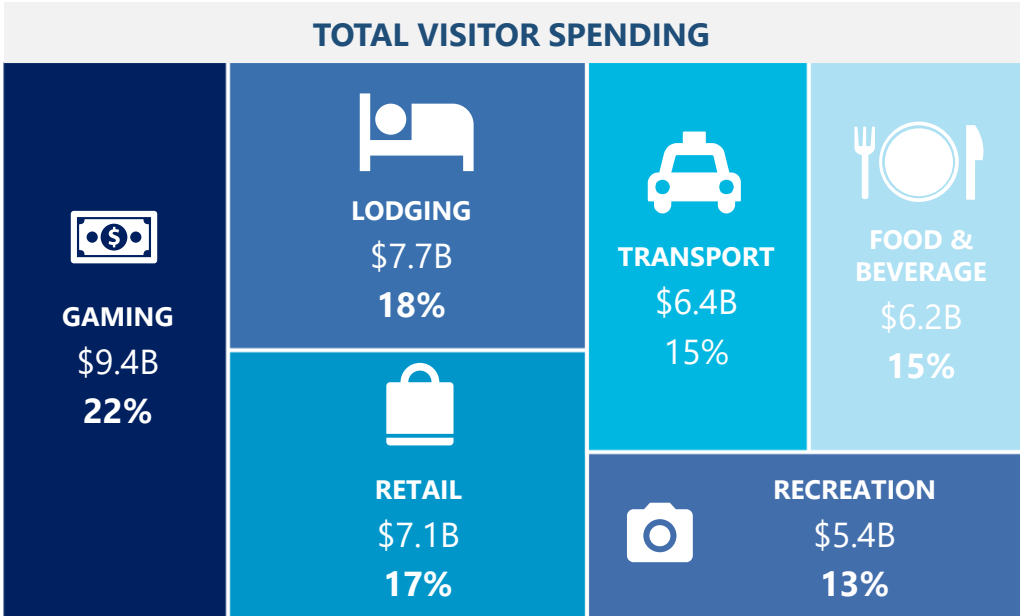
VISITATION AND SPENDING

Visitor spending by industry

Visitors to Nevada spent \$42.3 billion across a wide range of sectors in 2019

Visitors spent \$9.4 billion on gaming, \$7.7 billion on lodging, \$7.1 billion on retail, \$6.4 billion on transportation, including both local transportation and air, \$6.2 billion on food and beverages, and \$5.4 billion on recreational activities in 2019.

The value of second home accommodations, included in lodging spend, tallied \$172 million.



Note: Lodging spending is calculated as an industry, including meetings, catering, etc. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.

Source: Tourism Economics

VISITATION AND SPENDING

Visitor spending by industry

Visitor spending increased by \$1.5 billion between 2018 and 2019, an increase of 3.8%. Spending on lodging and recreation, including gaming, contributed more than half of the total increase.

While Nevada generally enjoyed broad growth, spending on recreational activities, as well as retail, led the charge.

Visitor Spending in Nevada

Amounts in millions of nominal dollars and growth rates

	2015	2016	2017	2018	2019	2019 Growth	CAGR 2015-2019
Total visitor spending	\$37,495	\$38,765	\$39,679	\$40,750	\$42,279	3.8%	3.0%
Gaming	\$8,691	\$8,807	\$9,044	\$9,305	\$9,380	0.8%	1.9%
Lodging*	\$6,587	\$6,955	\$7,284	\$7,352	\$7,703	4.8%	4.0%
Retail	\$6,392	\$6,402	\$6,480	\$6,796	\$7,141	5.1%	2.8%
Food & beverages	\$5,147	\$5,441	\$5,728	\$5,979	\$6,221	4.1%	4.9%
Recreation (non-gaming)	\$4,952	\$5,293	\$5,154	\$5,031	\$5,395	7.2%	2.2%
<i>Entertainment</i>				\$4,064	\$4,282	5.4%	
<i>Outdoor recreation</i>				\$966	\$1,113	15.2%	
Transportation	\$4,454	\$4,507	\$4,565	\$4,714	\$4,790	1.6%	1.8%
Air transportation	\$1,271	\$1,359	\$1,424	\$1,572	\$1,650	4.9%	6.7%

* Lodging includes 2nd home spending

Source: Tourism Economics

VISITOR ECONOMY TRENDS

Visitation segments

Visitation increased 0.6% in 2019, supported solely by domestic visitation.

Although domestic visits and spending account for the majority of tourism in Nevada, international visitors spend almost double in comparison to domestic visitors on a per person basis.

Visitor Volume and Spending

Amounts in millions of visitors, millions of nominal dollars, and dollars per person

	2015	2016	2017	2018	2019	2019 Growth
Total visitor volume	54.36	55.63	55.62	55.77	56.09	0.6%
Domestic	48.24	49.70	49.66	49.70	50.21	1.0%
International	6.12	5.93	5.97	6.07	5.88	-3.1%
Total visitor spending	\$37,495	\$38,765	\$39,679	\$40,750	\$42,279	3.8%
Domestic	\$30,517	\$31,462	\$32,183	\$33,140	\$35,389	6.8%
International	\$6,978	\$7,303	\$7,497	\$7,610	\$6,890	-9.5%
Per visitor spending	\$690	\$697	\$713	\$731	\$754	3.2%
Domestic	\$633	\$633	\$648	\$667	\$705	5.7%
International	\$1,140	\$1,231	\$1,256	\$1,254	\$1,171	-6.6%

Source: TNS OmniTrak; Tourism Economics

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on Nevada begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Nevada, we input visitor spending into a model of the Nevada state economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

- 1. Direct Impacts:** Visitors create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- 2. Indirect Impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.
- 3. Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitors, spend those wages in the local economy.

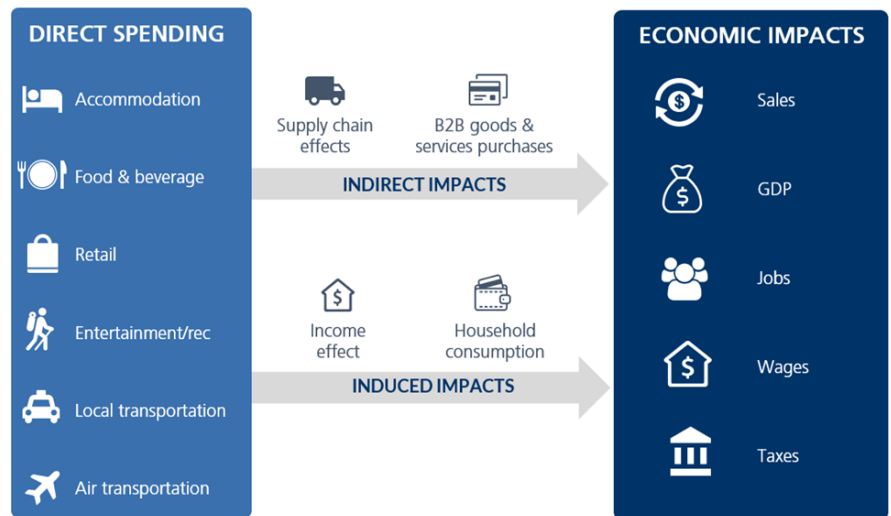
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

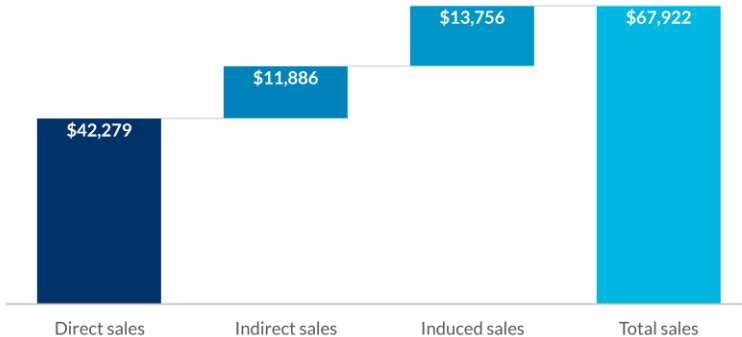


ECONOMIC IMPACTS

Business sales impacts by industry

Visitors and tourism businesses spent \$42.3 billion in Nevada in 2019. This supported a total of \$67.9 billion in business sales when indirect and induced impacts are considered.

Summary economic impacts (\$ millions)



Business sales impacts by industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
Total, all industries	\$42,279	\$11,886	\$13,756	\$67,922
By industry				
Lodging	\$21,363	\$119	\$97	\$21,578
Finance, insurance, and real estate	\$1,191	\$2,975	\$4,609	\$8,775
Retail trade	\$4,999	\$253	\$1,271	\$6,523
Recreation and entertainment	\$5,254	\$309	\$343	\$5,906
Food & beverage	\$3,733	\$424	\$1,116	\$5,273
Business services		\$3,475	\$1,162	\$4,637
Other transport	\$3,065	\$784	\$319	\$4,168
Education and healthcare		\$7	\$1,997	\$2,004
Air transport	\$1,650	\$92	\$113	\$1,854
Construction and utilities		\$1,107	\$464	\$1,571
Communications		\$746	\$575	\$1,321
Personal services	\$307	\$319	\$603	\$1,228
Government		\$622	\$326	\$948
Wholesale trade		\$376	\$552	\$928
Gasoline stations	\$718	\$20	\$68	\$806
Manufacturing		\$211	\$123	\$334
Agriculture, fishing, mining		\$50	\$18	\$67

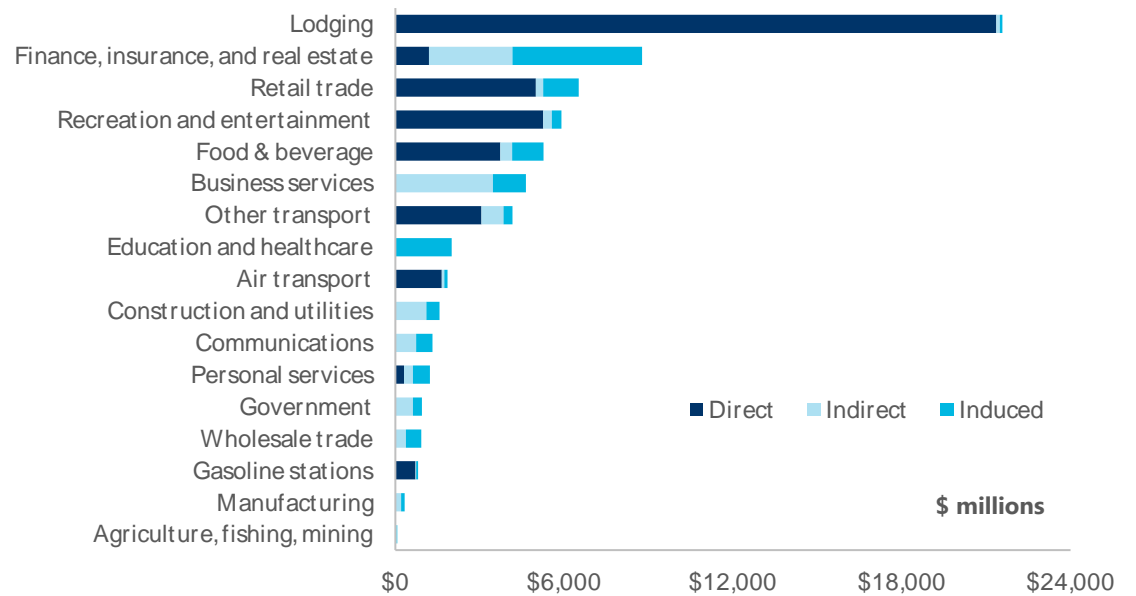
Source: Tourism Economics

ECONOMIC IMPACTS

Business sales impacts by industry

While the majority of sales are in industries directly serving visitors, nearly \$3 billion in business sales is happening in finance, insurance and real estate as a result of selling to tourism businesses.

Business sales impacts by industry



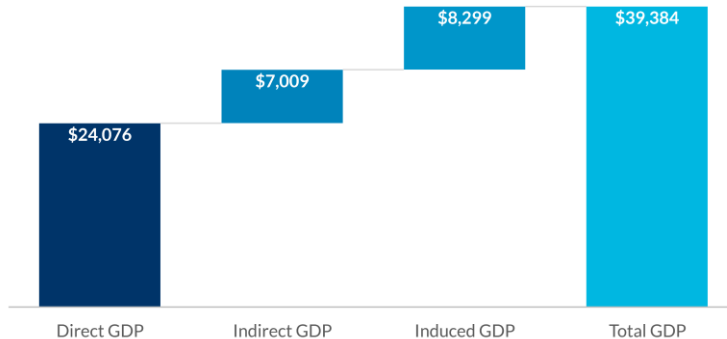
Source: Tourism Economics

ECONOMIC IMPACTS

GDP impacts by industry

Travel generated a total \$39.4 billion in state GDP in 2019 when indirect and induced values are considered, accounting for 22% of the state economy.

Summary GDP impacts (\$ millions)



GDP impacts by industry

Amounts in millions of current dollars	Direct value	Indirect value	Induced value	Total value
Total, all industries	\$24,076	\$7,009	\$8,299	\$39,384
By industry				
Lodging	\$14,102	\$77	\$63	\$14,243
Finance, insurance, and real estate	\$778	\$1,829	\$2,664	\$5,270
Recreation and entertainment	\$2,819	\$232	\$218	\$3,269
Food & beverage	\$2,044	\$303	\$741	\$3,088
Business services		\$2,200	\$738	\$2,938
Other transport	\$1,783	\$379	\$156	\$2,318
Retail trade	\$1,272	\$168	\$864	\$2,304
Education and healthcare		\$5	\$1,301	\$1,306
Air transport	\$1,009	\$58	\$71	\$1,138
Personal services	\$203	\$215	\$424	\$843
Construction and utilities		\$519	\$216	\$735
Wholesale trade		\$241	\$354	\$596
Communications		\$322	\$254	\$576
Government		\$352	\$150	\$503
Gasoline stations	\$66	\$13	\$42	\$120
Manufacturing		\$70	\$35	\$105
Agriculture, fishing, mining		\$25	\$6	\$32

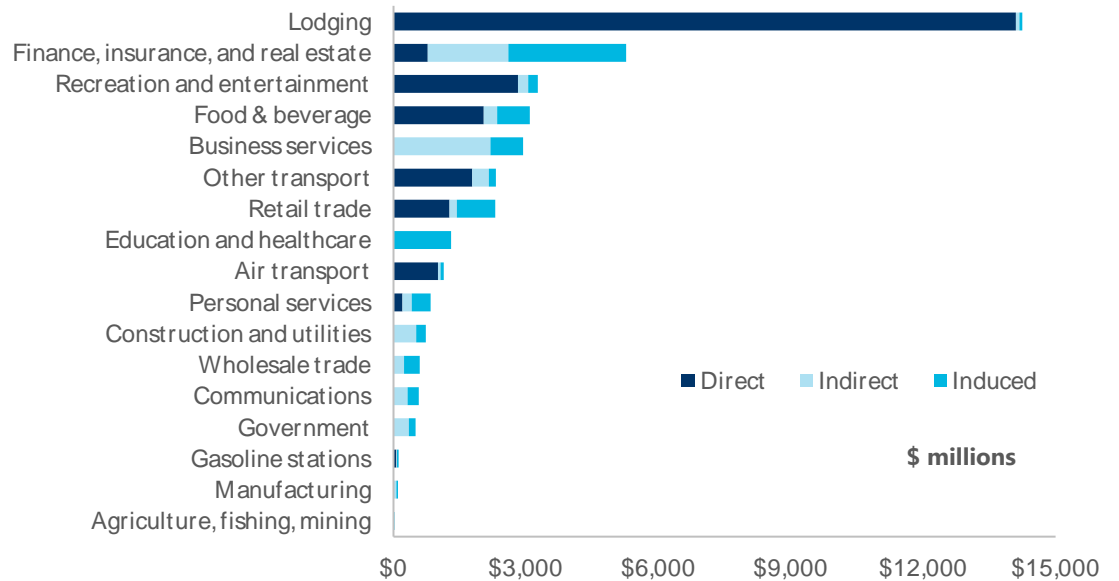
Source: Tourism Economics

ECONOMIC IMPACTS

GDP impacts by industry

The lodging industry has the largest economic contribution from direct visitor spending, followed by recreation.

GDP impacts by industry



Source: Tourism Economics

ECONOMIC IMPACTS

Tourism employment

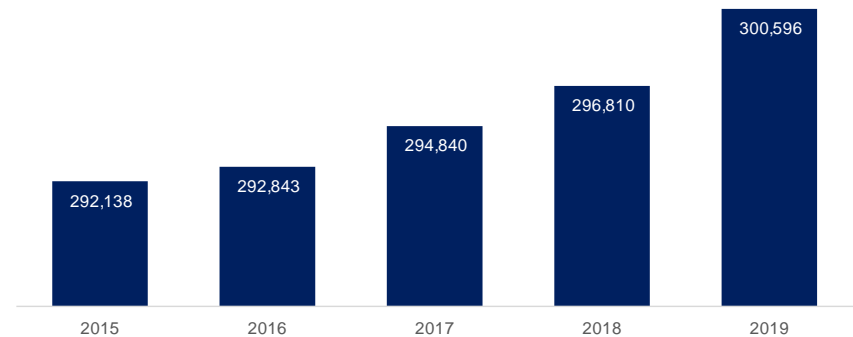
Visitor spending directly supported 300,596 jobs

In 2019, direct visitor spending supported 300,596 jobs in Nevada. Growing 1.3% from the previous year, tourism employment has increased 3% since 2015.

The 300,596 jobs directly supported by visitors represents 16% of all jobs within Nevada.

Direct tourism employment in Nevada

Amounts in number of jobs



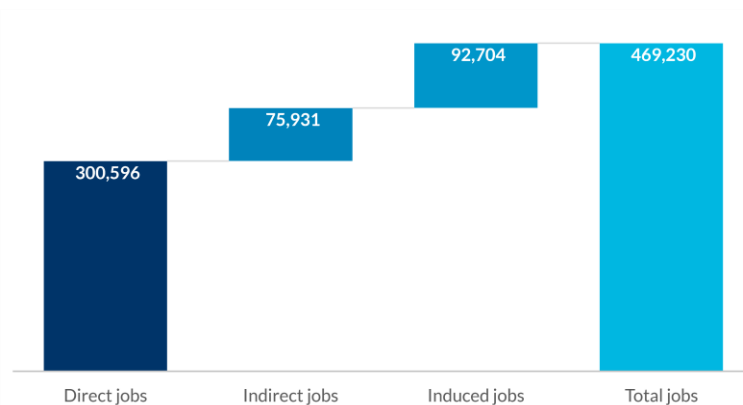
Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS

Employment impacts by industry

Tourism supported a total of 469,230 jobs when indirect and induced impacts are considered.

Summary employment impacts (number of jobs)



Employment impacts by industry

Amounts in number of jobs	Direct jobs	Indirect jobs	Induced jobs	Total jobs
Total, all industries	300,596	75,931	92,704	469,230
By industry				
Lodging	165,264	920	748	166,933
Food & beverage	40,587	5,485	13,669	59,741
Recreation and entertainment	33,931	3,014	3,044	39,989
Business services		28,475	10,858	39,334
Retail trade	22,108	2,805	12,330	37,243
Other transport	23,600	5,780	2,360	31,739
Finance, insurance, and real estate	2,620	14,430	13,779	30,829
Personal services	8,114	3,367	8,772	20,253
Education and healthcare		147	19,268	19,415
Government		3,125	1,115	4,241
Wholesale trade		1,685	2,474	4,159
Construction and utilities		2,872	1,274	4,146
Communications		2,066	1,318	3,384
Air transport	2,888	171	210	3,268
Gasoline stations	1,484	283	943	2,709
Manufacturing		925	349	1,273
Agriculture, fishing, mining		380	194	574

Source: Tourism Economics

ECONOMIC IMPACTS

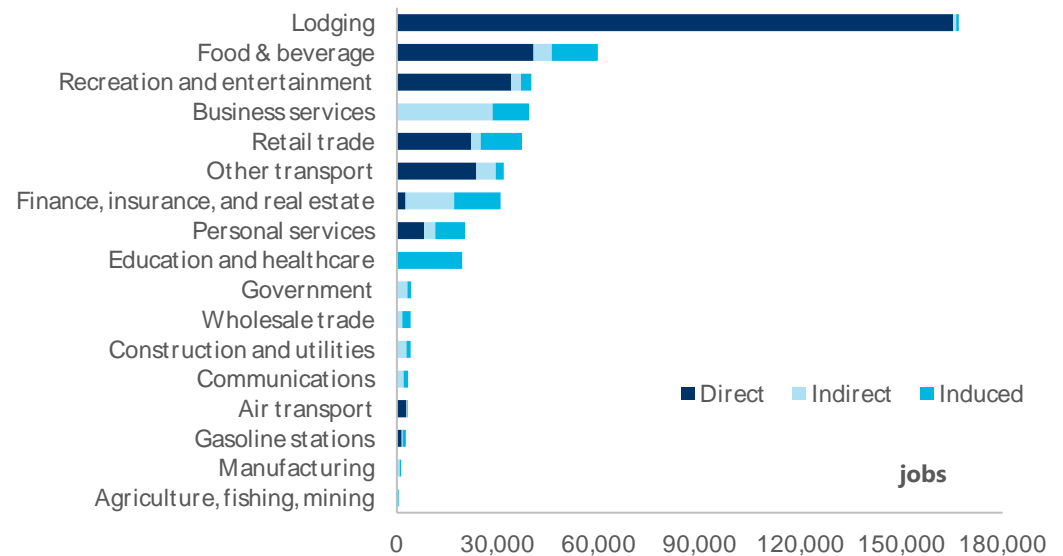
Employment impacts by industry

As a labor-intensive collection of services, tourism-related sectors represent significant employment to Nevada.

The 469,000 jobs supported by Nevada tourism span every sector of the economy, either directly or indirectly.

Suppliers to businesses directly interacting with tourism businesses registered nearly 76,000 jobs. Examples of this indirect effect include building services and business services like advertisers, printers, and bankers. The induced effect supported 92,700 jobs in Nevada—jobs that are supported by the income from tourism-supported jobs. A share of these jobs will be in retail or education/health care businesses.

Employment impacts by industry



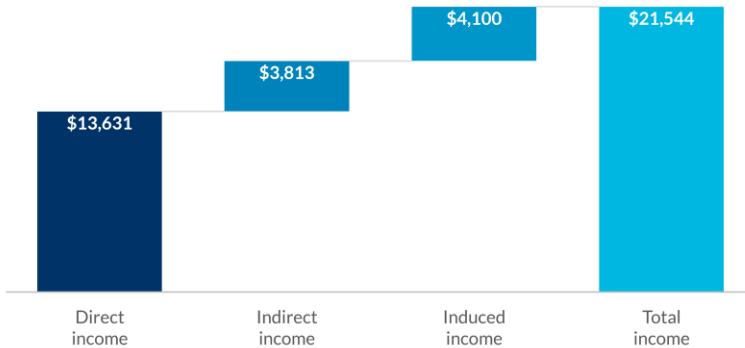
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Tourism generated \$13.6 billion in direct income and \$21.5 billion when indirect and induced impacts are considered.

Summary personal income impacts (\$ millions)



Personal income impacts by industry

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$13,631	\$3,813	\$4,100	\$21,544
By industry				
Lodging	\$8,464	\$47	\$38	\$8,549
Business services		\$1,654	\$579	\$2,233
Recreation and entertainment	\$1,420	\$116	\$87	\$1,624
Food & beverage	\$1,070	\$160	\$372	\$1,602
Other transport	\$1,175	\$304	\$118	\$1,597
Retail trade	\$692	\$96	\$448	\$1,235
Education and healthcare		\$5	\$1,201	\$1,206
Finance, insurance, and real estate	\$196	\$394	\$336	\$925
Personal services	\$245	\$161	\$366	\$772
Government		\$287	\$107	\$394
Air transport	\$324	\$19	\$24	\$367
Wholesale trade		\$126	\$185	\$311
Construction and utilities		\$217	\$94	\$311
Communications		\$157	\$94	\$250
Gasoline stations	\$46	\$8	\$28	\$82
Manufacturing		\$51	\$20	\$71
Agriculture, fishing, mining		\$12	\$3	\$15

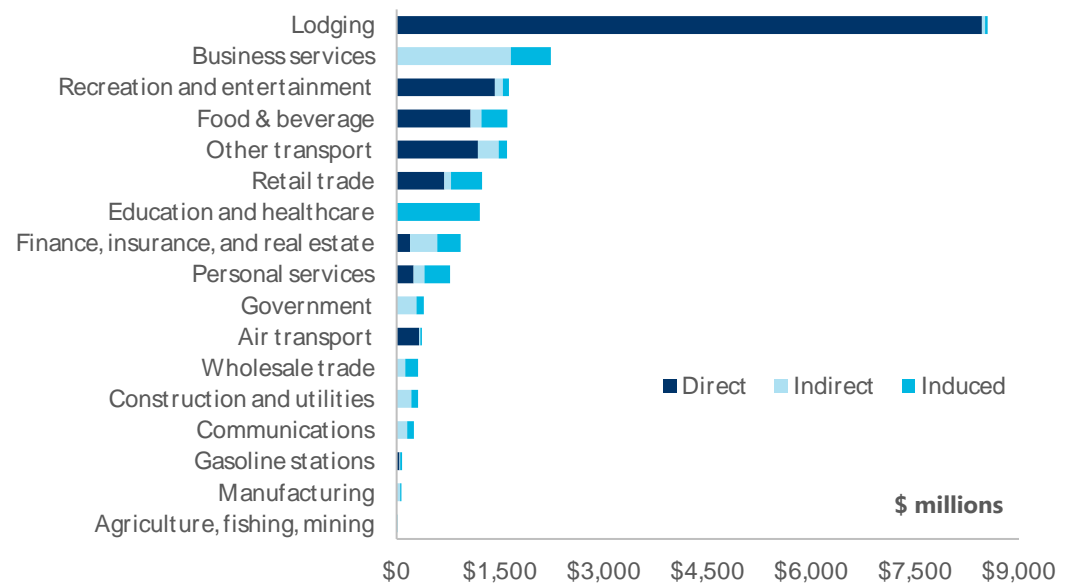
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

There are seven industries in which visitor activity supports more than \$1 billion in personal income. These range from the obvious—lodging and food & beverages, to the less obvious—business services and education & health care.

Personal income impacts by industry



Source: Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax) impacts, FY2019

Nevada tax revenues generated by visitor spending, visitor supported jobs, and business sales neared \$10.7 billion in FY 2019.

State and local taxes alone tallied \$5.0 billion.

Each household in Nevada would need to be taxed an additional \$4,689 to replace the visitor taxes received by the state and local governments in FY 2019.

Fiscal (tax) impacts

Amounts in millions of current dollars	Direct	Indirect/ Induced	Total
Total	\$7,242	\$3,453	\$10,696
Federal	\$3,546	\$2,105	\$5,651
Personal income	\$1,160	\$665	\$1,825
Corporate	\$546	\$377	\$922
Indirect business	\$319	\$190	\$509
Social insurance	\$1,521	\$873	\$2,394
State and Local	\$3,696	\$1,348	\$5,045
Sales	\$972	\$804	\$1,776
Gaming	\$721	\$82	\$803
Lodging Tax	\$888	\$0	\$888
Excise and fees	\$558	\$131	\$689
Property	\$557	\$331	\$888

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

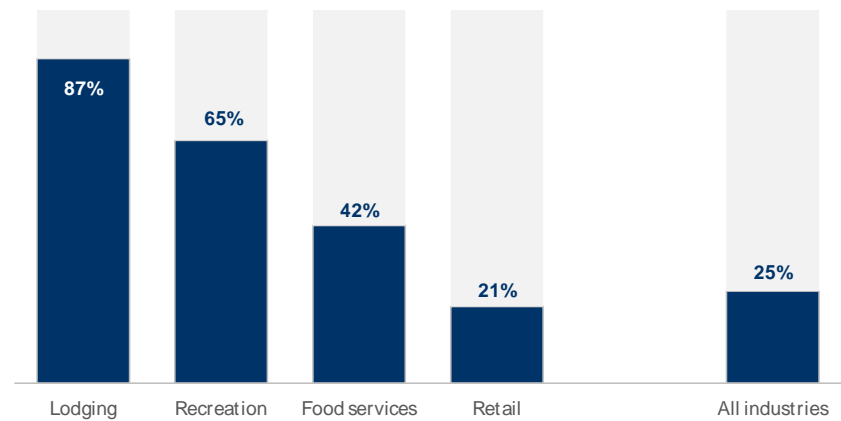
ECONOMIC IMPACTS

Tourism employment

Visitor-generated employment is a significant part of key industries—87% of lodging, 65% of recreation, and 42% of food & beverage employment is supported by visitor spending, including indirect and induced benefits.

Tourism employment intensity

Amounts in percentage of total industry employment



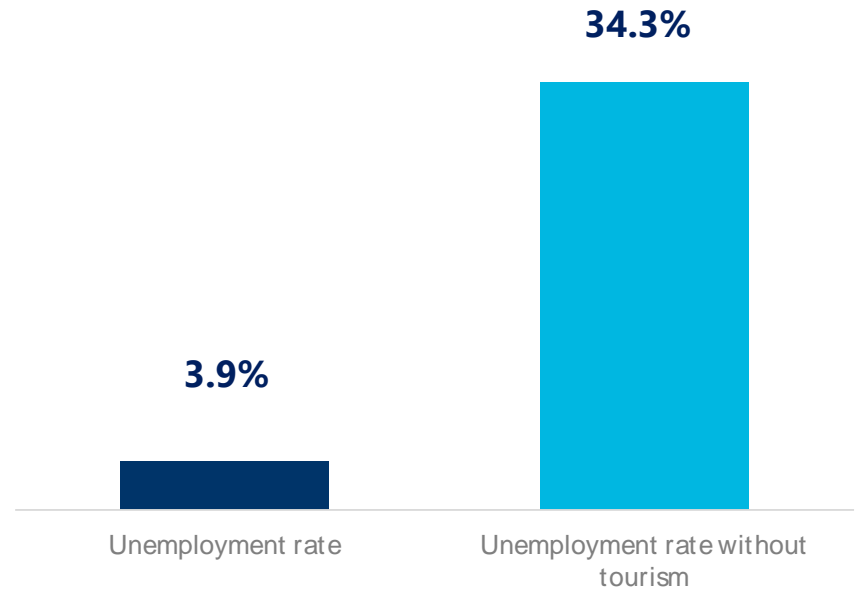
Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

Visitor-generated employment

In 2019, the unemployment rate was 3.9%.
Without jobs supported by visitors, the
unemployment rate would skyrocket to 34.3%.

Unemployment with and without the visitor economy



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context



**\$42.3
BILLION**

VISITOR SPENDING

The \$42.3 billion in visitor spending means that nearly \$116 million was spent EVERY DAY by visitors in Nevada.

Stacking \$42.3 billion worth of \$5 bills would reach 574 miles high—more than the distance between Las Vegas and Reno.



**\$21.5
BILLION**

PERSONAL INCOME

The \$21.5 billion in total income generated by tourism is the equivalent of \$20,000 for every household in Nevada, or about \$7,000 for every resident of the state.



**469,230
JOBS**

EMPLOYMENT

The number of total jobs sustained by tourism (469,230) supports 25% of all jobs in Nevada.

The number of jobs sustained by tourism is enough to fill Allegiant Stadium more than seven times.



**\$5.0
BILLION**

STATE AND LOCAL TAXES

The \$5.0 billion in state and local taxes generated by tourism would cover the average salaries of around 84,000 public school teachers in Nevada, or the average salaries of about 85,500 police officers.

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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