



Economic Impact of Tourism in Nevada, 2017

October 2018



Prepared for:
Nevada Division of Tourism

1. Key Findings

1) Tourism is a major contributor to Nevada's economy

Key facts about Nevada's tourism sector

In 2017, 56.3 million visitors spent nearly \$40 billion in Nevada

Visitor spending has increased 15% since 2013

Visitor spending sustains 27% of all jobs in Nevada

Tourism generates \$4,560 in state and local taxes for every household in Nevada



2) Visitor spending generates income, jobs, and tax revenue

Nevada Visitor Economy 2017

Dollar figures in millions

(Impacts include direct, indirect, and induced)

Visitor spending (direct spend only)	\$39,679
Economic impact	\$63,749
Employment impact	458,780
Personal income impact	\$20,131
Tax impacts (FY2017)	\$10,005
Federal	\$5,305
State & Local	\$4,700

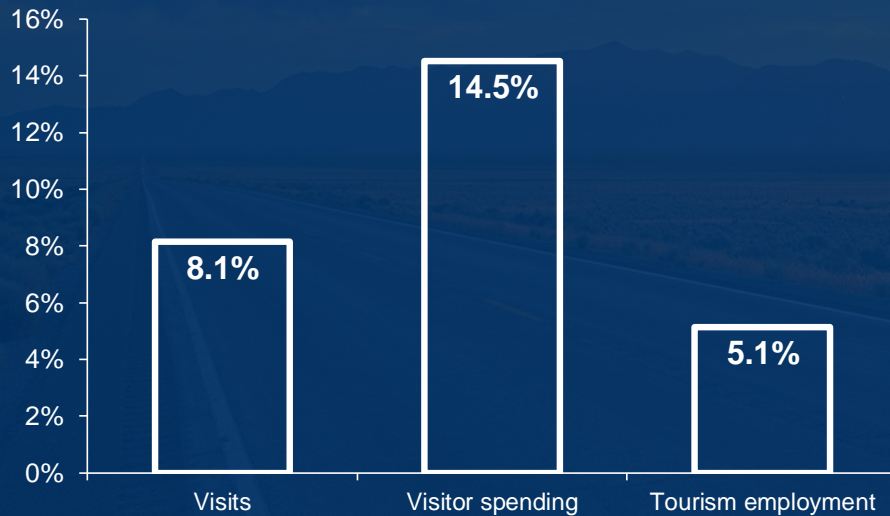
Source: Tourism Economics



3) Tourism indicators and economic impacts have increased since 2013

Growth in key indicators

Cumulative growth 2013-2017



Source: Tourism Economics

2. Tourism economy trends

Trends in Nevada tourism

1

Visitor spending is increasing – and has been for eight straight years

- Visitor spending reached nearly \$40 billion in 2017, increasing 2.4% over the prior year

2

Tourism employment has increased 5.1% since 2013

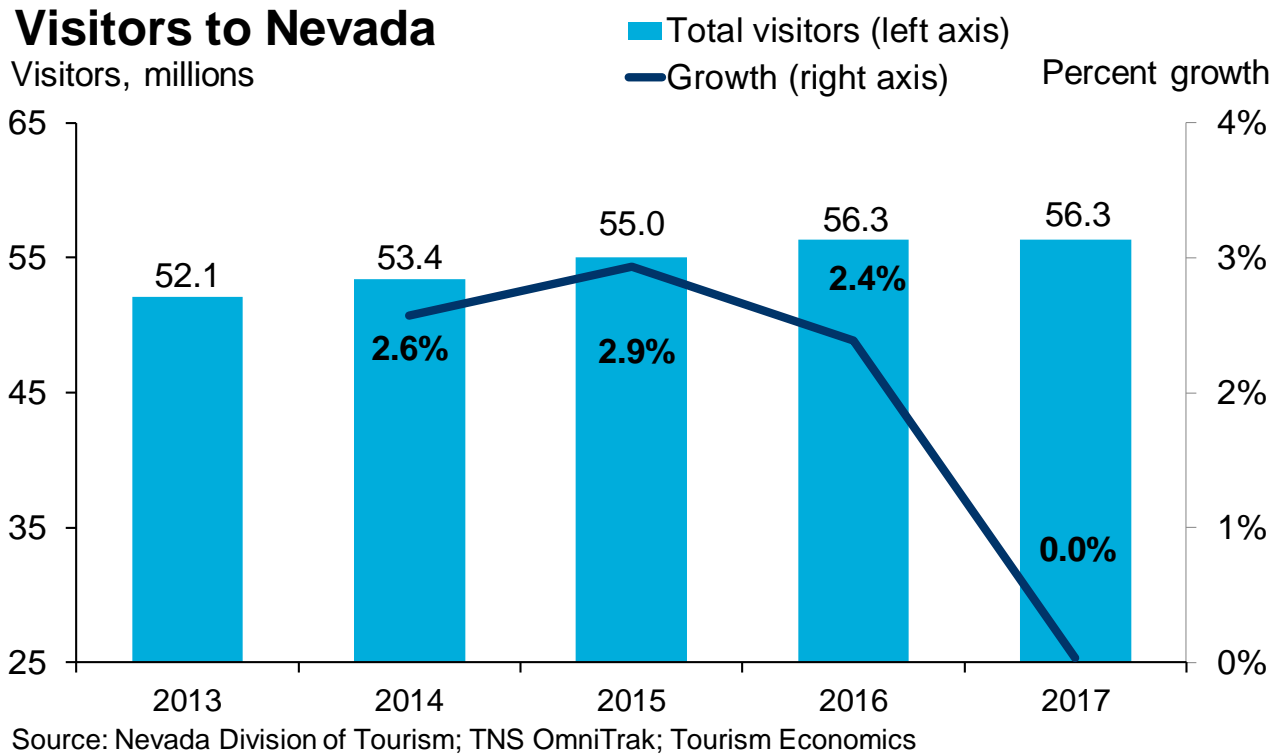
- Consistent visitor spending growth has positively impacted tourism employment in Nevada

3

Visitation growth plateaued in 2017

- While visitor spending increased, visitation growth plateaued in 2017 in comparison to 2016, registering 56.3 million

Visitation in 2017



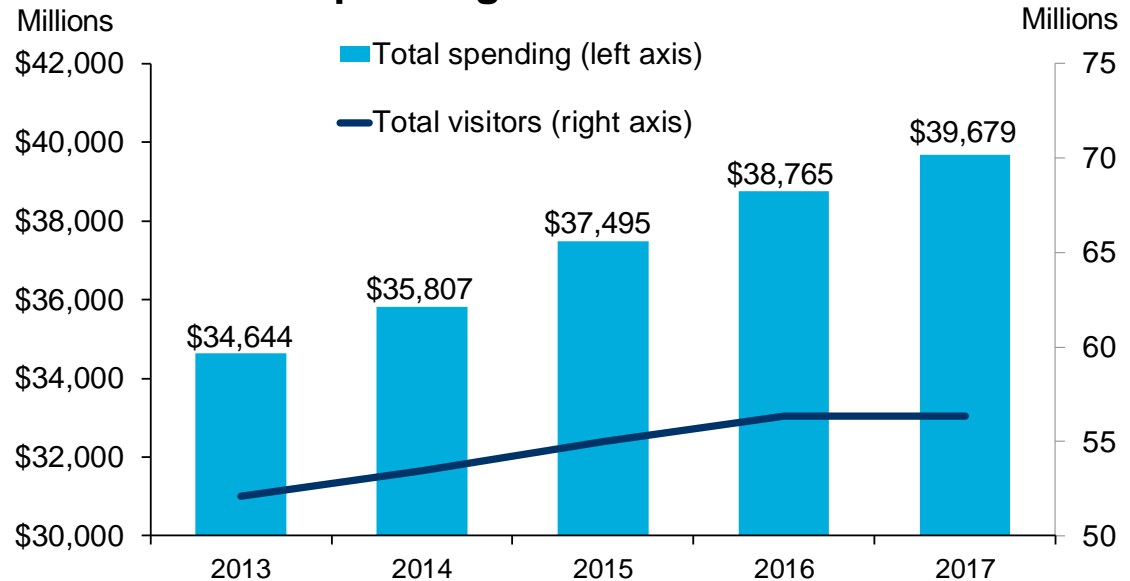
2017 Visitor trends

An estimated 56.3 million visitors to Nevada spent nearly \$40 billion in 2017. This represents a 15% increase since 2013.

Visits plateaued in comparison to 2016, yet spending rose 2.4% as average spending per visitor increased.

The Nevada travel industry has benefitted from improving consumer confidence and rising incomes. This positive economic environment has led to steady gains in spending, outpacing the volume of visitors.

Visitation and spending in Nevada

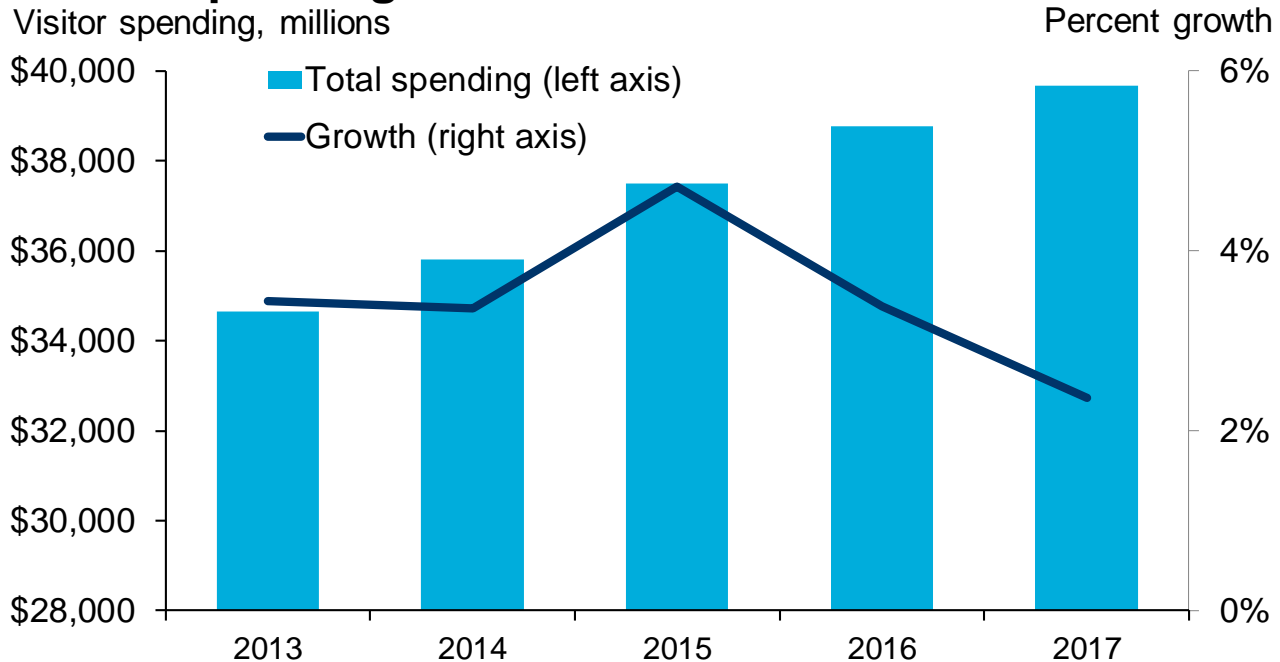


Source: Nevada Division of Tourism; TNS OmniTrak; Tourism Economics

Visitor spending growth

Visitor spending has increased every year since 2010, reaching a new peak of \$39.7 billion in 2017.

Visitor spending in Nevada



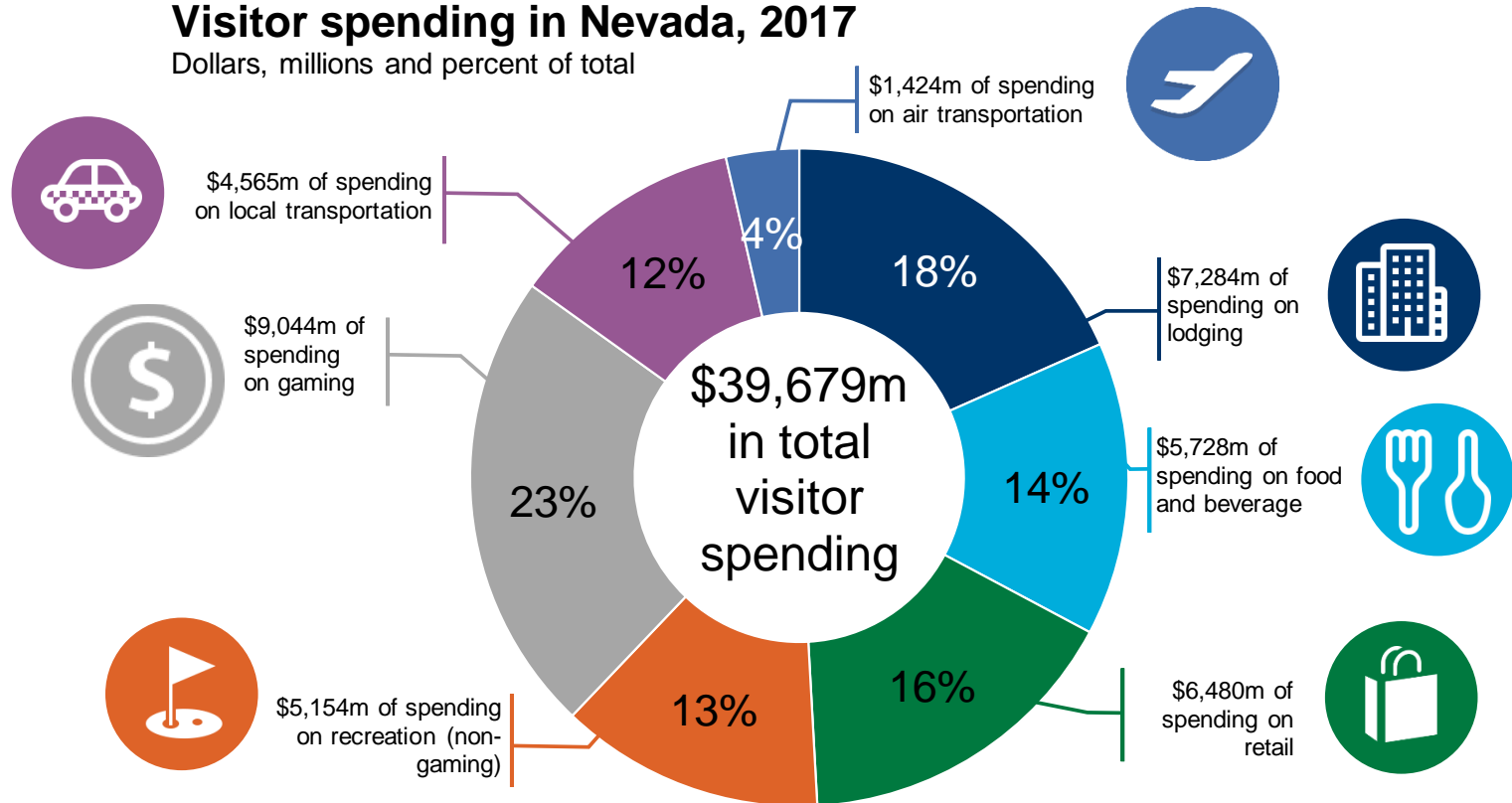
Source: Dean Runyan; TNS OmniTrak; Tourism Economics

Visitor spending in Nevada

Visitors to Nevada spent nearly \$40 billion across a wide range of sectors in 2017.

Visitor spending in Nevada, 2017

Dollars, millions and percent of total



Source: TNS OmniTrak; Tourism Economics

Note: Lodging spending is calculated as an industry, including meetings, catering, etc. Spending also includes dollars spent on second homes.

Visitor spending in Nevada

The gaming industry represents the largest spending sector at just over \$9 billion. Lodging* is the second largest spending sector, registering nearly \$7.3 billion.

Visitor spending increased \$915 million in 2017, with spending on lodging increasing the highest dollar amount (\$330 million).

*Lodging spending includes industry spend, such as meetings and conventions, catering, etc. as well as spending related to second home usage and rentals.

Visitor spending grew 2.4% year-over-year in 2017, led by increases in food & beverages and lodging. Overall spending growth has averaged 3.5% each year since 2013.

Visitor spending in Nevada

Nominal dollars, millions

	2013	2014	2015	2016	2017	2017 Growth	2013-2017 CAGR
Lodging*	\$5,846	\$6,123	\$6,587	\$6,955	\$7,284	4.7%	4.5%
Food and beverage	\$4,512	\$4,762	\$5,147	\$5,441	\$5,728	5.3%	4.9%
Retail	\$6,006	\$6,216	\$6,392	\$6,402	\$6,480	1.2%	1.5%
Recreation (non-gaming)	\$4,504	\$4,750	\$4,952	\$5,293	\$5,154	-2.6%	2.7%
Gaming	\$8,721	\$8,621	\$8,691	\$8,807	\$9,044	2.7%	0.7%
Local transportation	\$3,903	\$4,147	\$4,454	\$4,507	\$4,565	1.3%	3.2%
Air transportation	\$1,150	\$1,188	\$1,271	\$1,359	\$1,424	4.8%	4.4%
Total	\$34,644	\$35,807	\$37,495	\$38,765	\$39,679	2.4%	3.5%

Source: TNS OmniTrak; Tourism Economics

*Lodging includes spending on second homes

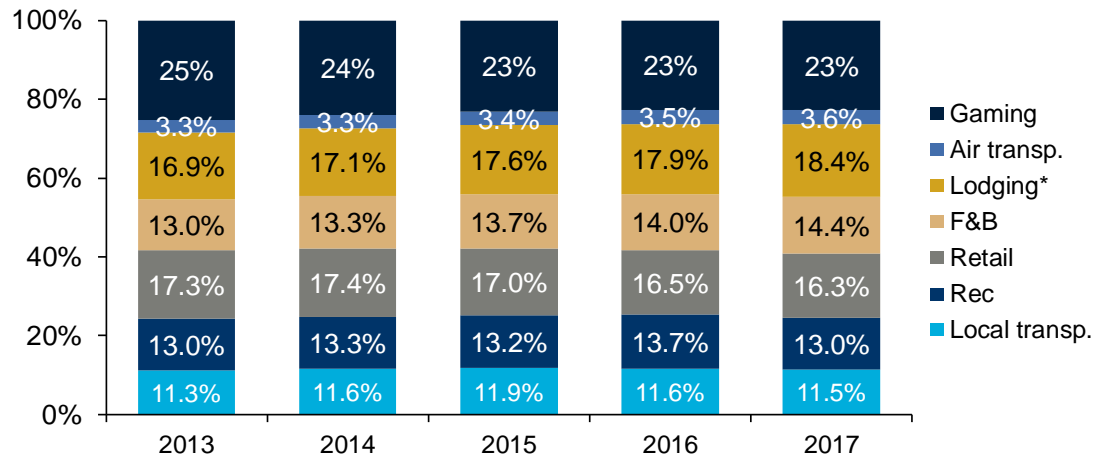
Visitor spending shares

The combination of room demand and room rate increases have resulted in a larger share of the visitor dollar going towards lodging since 2013. The sector remains an integral part of Nevada's tourism economy.

The share of the visitor dollar spent on local transportation has declined in recent years, a national trend, as gas prices have declined. Similarly, the share of the dollar spent on retail has also declined.

Nevada visitor spending

Percent of total



Source: TNS OmniTrak; Tourism Economics

*Note: Lodging includes visitor spending for second homes

Visitation segments – domestic and international

An increase in visitors from Canada, as well as overseas markets, offset a decline in visitation from Mexico. As a result, international visitation ticked up modestly in comparison to 2016, as did international spending.

Domestic visits and spending vastly outpace that of international visitors; however, international visitors spend more per person.

Trips and Spend

Nominal dollars, millions

	2013	2014	2015	2016	2017
Visits	52.1	53.4	55.0	56.3	56.3
Domestic	46.06	47.23	48.88	50.39	50.38
International	6.04	6.21	6.12	5.93	5.96
Spending	\$34,644	\$35,807	\$37,495	\$38,765	\$39,679
Domestic	\$27,916	\$28,873	\$30,517	\$31,462	\$32,183
International	\$6,729	\$6,934	\$6,978	\$7,303	\$7,497
Per traveler spending	\$665	\$670	\$682	\$688	\$704
Domestic	\$606	\$611	\$624	\$624	\$639
International	\$1,115	\$1,116	\$1,140	\$1,231	\$1,258

Source: TNS OmniTrak; Tourism Economics

3. Visitor Economic Impact

Introduction and definitions

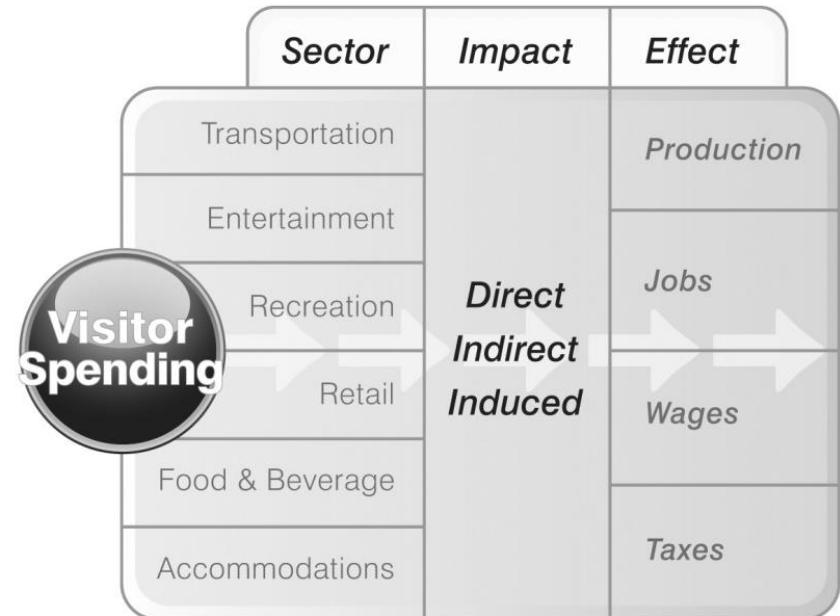
This study measures the economic impact of visitors in the state of Nevada. Our analysis of tourism's impact on Nevada begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism 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.

- 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.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called **indirect** 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.

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

How visitor spending generates employment and income

Visitor spending flows through the Nevada economy and generates indirect benefits through supply chain and income effects.



Business sales impacts (1 of 2)

Nevada visitor spending of \$39.7 billion translated into \$63.7 billion in business sales including indirect and induced impacts.

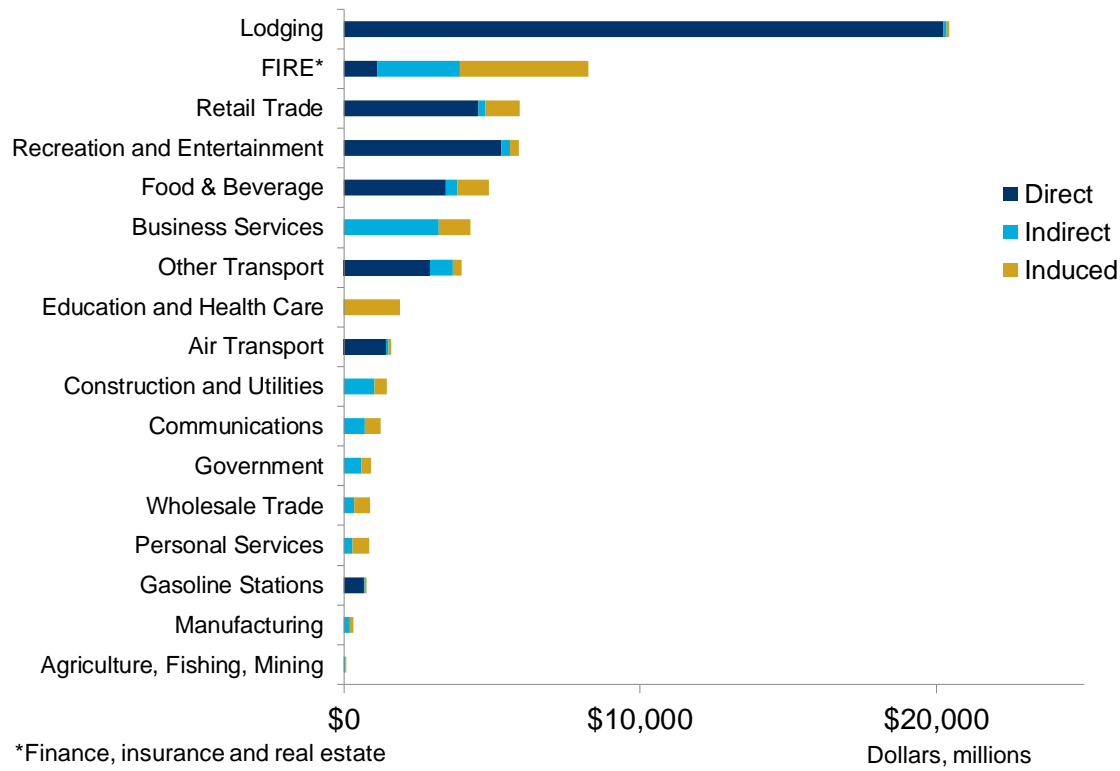
Business sales impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$47	\$17	\$64
Construction and Utilities		\$1,024	\$429	\$1,453
Manufacturing		\$196	\$114	\$310
Wholesale Trade		\$355	\$521	\$875
Air Transport	\$1,424	\$85	\$104	\$1,613
Other Transport	\$2,922	\$757	\$309	\$3,988
Retail Trade	\$4,536	\$235	\$1,184	\$5,956
Gasoline Stations	\$685	\$19	\$64	\$768
Communications		\$706	\$544	\$1,250
Finance, Insurance and Real Estate	\$1,122	\$2,803	\$4,343	\$8,267
Business Services		\$3,208	\$1,073	\$4,282
Education and Health Care		\$7	\$1,903	\$1,910
Recreation and Entertainment	\$5,325	\$275	\$305	\$5,904
Lodging	\$20,229	\$114	\$93	\$20,437
Food & Beverage	\$3,437	\$401	\$1,056	\$4,893
Personal Services		\$300	\$567	\$866
Government		\$599	\$314	\$913
TOTAL	\$39,679	\$11,130	\$12,940	\$63,749

Source: Tourism Economics

Business sales impacts (2 of 2)

While the majority of sales are in industries directly serving visitors, significant benefits accrue in sectors like finance, insurance and real estate from selling to tourism businesses and employees.

Business sales impacts by industry, 2017



GDP impacts (1 of 2)

Visitors generated \$37.3 billion in state GDP (value added) in 2017 including indirect and induced benefits—23.9% of the Nevada economy. This excludes the flow of dollars through the Nevada economy net of import leakages.

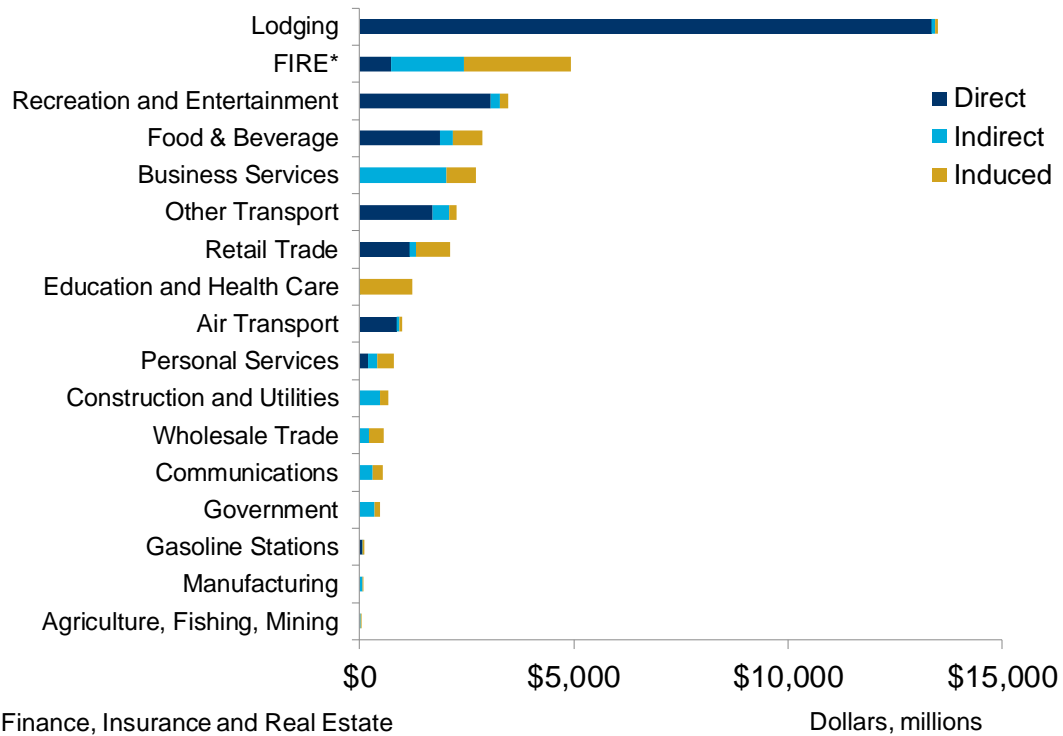
Value added impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$24	\$6	\$30
Construction and Utilities		\$466	\$194	\$660
Manufacturing		\$65	\$32	\$97
Wholesale Trade		\$227	\$333	\$561
Air Transport	\$871	\$52	\$64	\$987
Other Transport	\$1,700	\$397	\$164	\$2,260
Retail Trade	\$1,155	\$155	\$799	\$2,109
Gasoline Stations	\$63	\$12	\$40	\$115
Communications		\$299	\$236	\$535
Finance, Insurance and Real Estate	\$733	\$1,712	\$2,494	\$4,939
Business Services		\$2,027	\$680	\$2,707
Education and Health Care		\$5	\$1,222	\$1,227
Recreation and Entertainment	\$3,063	\$206	\$193	\$3,462
Lodging	\$13,354	\$75	\$61	\$13,489
Food & Beverage	\$1,882	\$285	\$696	\$2,863
Personal Services	\$203	\$201	\$395	\$799
Government		\$340	\$145	\$484
TOTAL	\$23,023	\$6,546	\$7,755	\$37,324
Share of Nevada's GDP	14.7%			23.9%

Source: Tourism Economics

GDP impacts (2 of 2)

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

Value added impacts by industry, 2017



*Finance, Insurance and Real Estate
Source: Tourism Economics

Employment impacts (1 of 2)

Visitor spending directly generated 294,840 jobs and 458,780 jobs when indirect and induced impacts are considered.

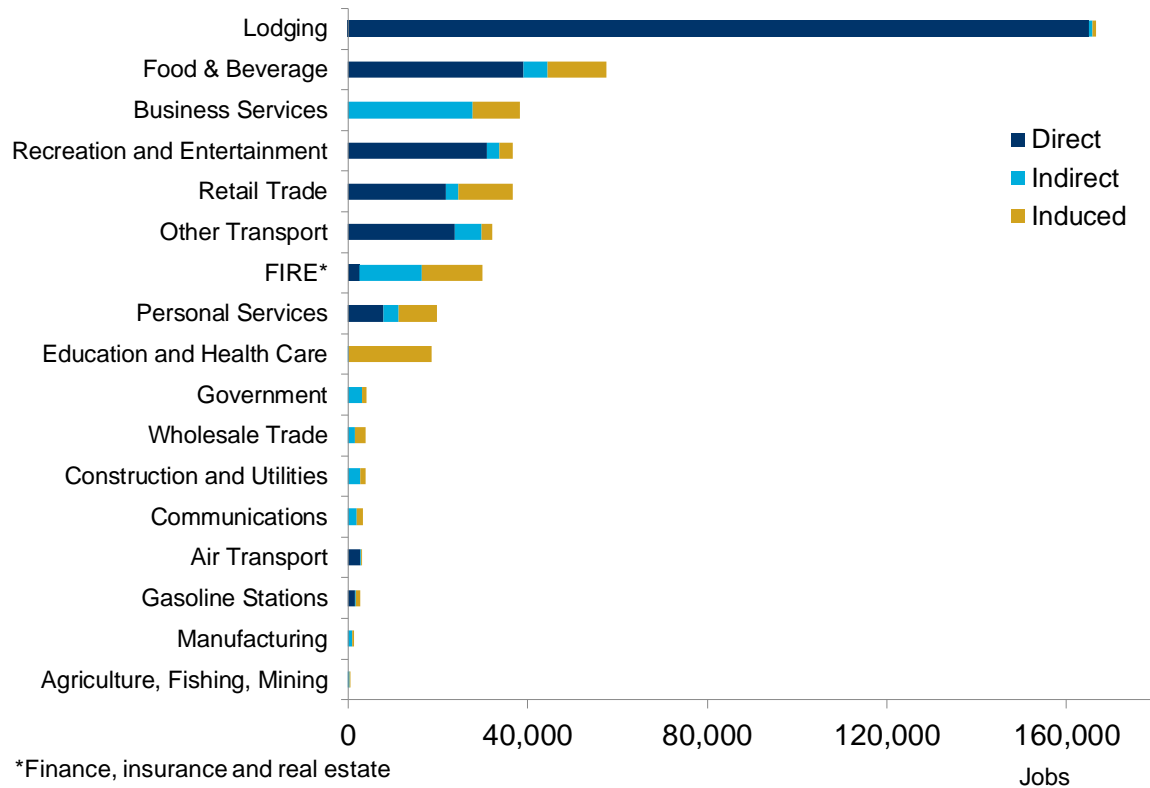
Employment Impacts				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		366	187	554
Construction and Utilities		2,698	1,196	3,894
Manufacturing		882	332	1,214
Wholesale Trade		1,581	2,321	3,903
Air Transport	2,664	159	195	3,017
Other Transport	23,828	5,849	2,388	32,065
Retail Trade	21,736	2,753	12,103	36,592
Gasoline Stations	1,427	275	915	2,617
Communications		1,990	1,270	3,260
Finance, Insurance and Real Estate	2,462	14,033	13,400	29,896
Business Services		27,720	10,570	38,291
Education and Health Care		141	18,485	18,626
Recreation and Entertainment	30,868	2,860	2,888	36,616
Lodging	164,916	924	751	166,591
Food & Beverage	39,019	5,319	13,256	57,594
Personal Services	7,916	3,315	8,637	19,868
Government		3,079	1,099	4,178
TOTAL	294,840	73,950	89,990	458,780
Share of Nevada's employment	17.2%			26.8%

Source: Tourism Economics

Employment impacts (2 of 2)

The total employment impact of nearly 460,000 jobs accounts for 27% of all jobs in the state of Nevada.

Employment impacts by industry, 2017



Personal income impacts (1 of 2)

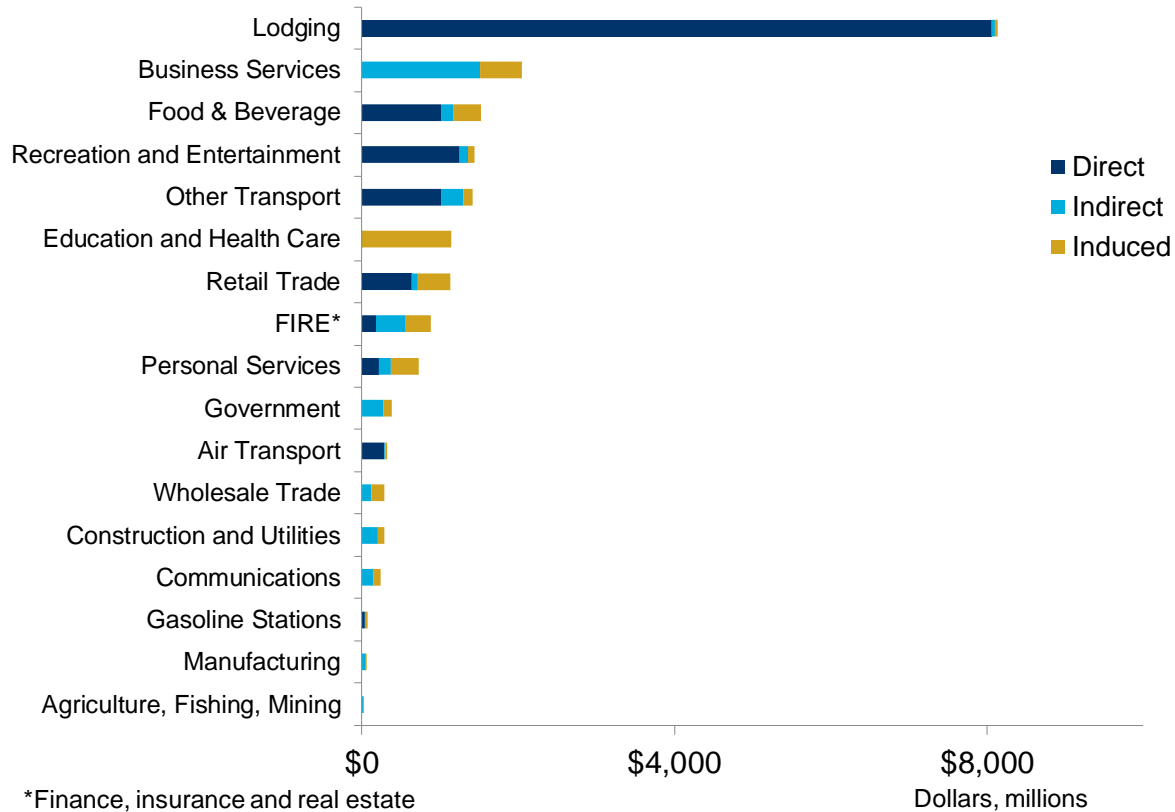
Visitors generated just over \$12.7 billion in direct personal income and \$20.1 billion including indirect and induced impacts.

Personal income impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$11	\$3	\$14
Construction and Utilities		\$204	\$88	\$292
Manufacturing		\$47	\$19	\$66
Wholesale Trade		\$119	\$174	\$293
Air Transport	\$286	\$17	\$21	\$324
Other Transport	\$1,007	\$293	\$113	\$1,413
Retail Trade	\$631	\$89	\$414	\$1,134
Gasoline Stations	\$40	\$8	\$26	\$73
Communications		\$149	\$89	\$237
Finance, Insurance and Real Estate	\$185	\$376	\$321	\$881
Business Services		\$1,516	\$531	\$2,046
Education and Health Care		\$5	\$1,135	\$1,140
Recreation and Entertainment	\$1,257	\$107	\$80	\$1,444
Lodging	\$8,057	\$45	\$37	\$8,138
Food & Beverage	\$1,018	\$152	\$354	\$1,525
Personal Services	\$222	\$154	\$350	\$727
Government		\$279	\$104	\$382
TOTAL	\$12,703	\$3,569	\$3,859	\$20,131

Source: Tourism Economics

Personal income impacts (2 of 2)

Personal income impacts by industry, 2017



*Finance, insurance and real estate

Source: Tourism Economics

Tax impacts, FY2017

Visitors generated state and local taxes of \$4.7 billion in FY2017.

Visitors generated \$10 billion in federal, state, and local taxes in fiscal year 2017.

Each household in Nevada would need to be taxed an additional \$4,560 per year to replace the state and local taxes generated by visitors.

Tax impacts, millions			
	Direct	Indirect/Induced	Total
Federal	\$3,317	\$1,988	\$5,305
Personal Income	\$1,081	\$633	\$1,714
Corporate	\$512	\$354	\$866
Indirect business	\$306	\$181	\$488
Social insurance	\$1,417	\$820	\$2,237
State and Local	\$3,446	\$1,254	\$4,700
Sales*	\$887	\$731	\$1,618
Gaming	\$687	\$80	\$768
Lodging Tax	\$810	\$0	\$810
Excise and Fees	\$528	\$126	\$653
Property	\$534	\$317	\$851
Total	\$6,763	\$3,242	\$10,005

Source: Tourism Economics

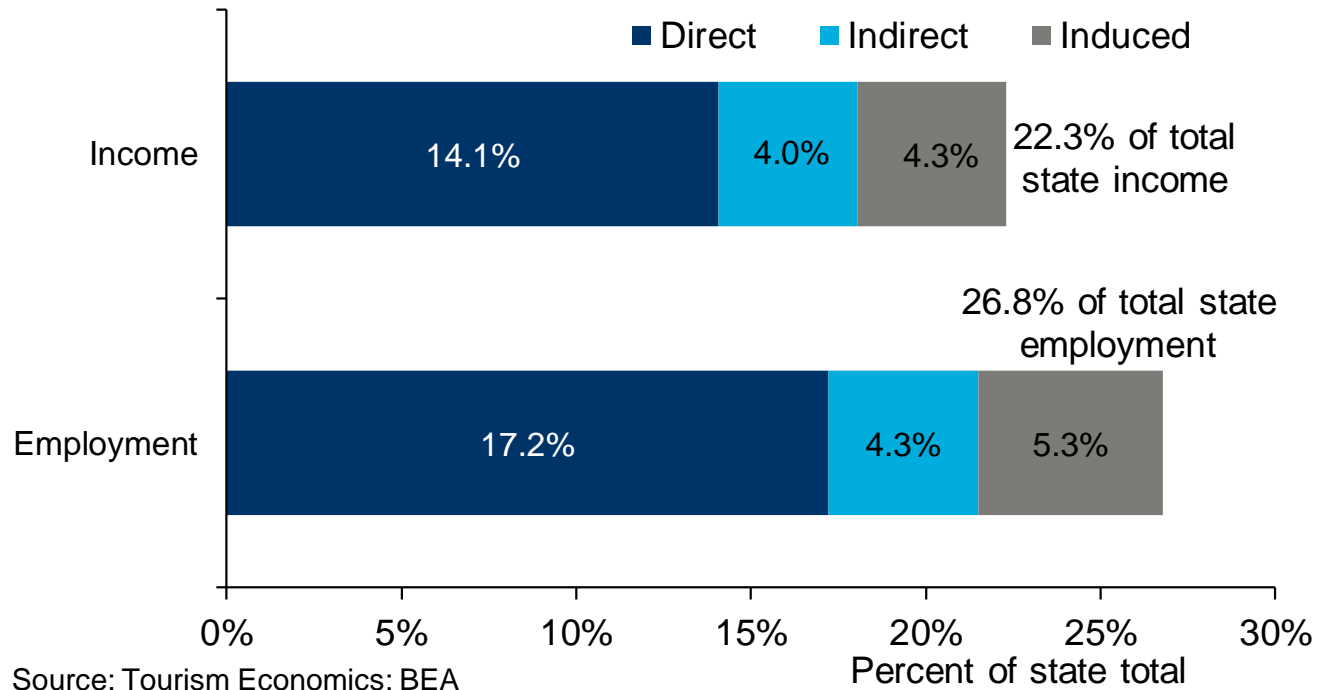
*includes entertainment tax levied on live entertainment

4. Economic Impact in Context

The tourism sector is a major contributor to Nevada's economy

If all employees sustained by tourism were unemployed, the unemployment rate would skyrocket to 36% from just 5%.

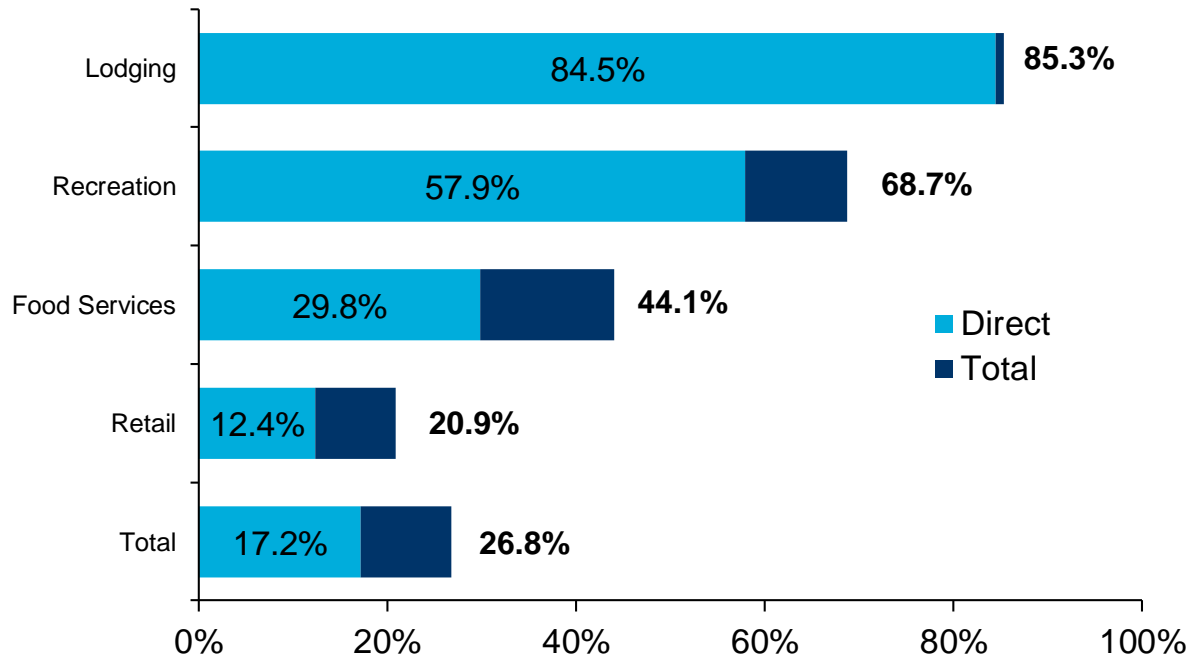
Share of total Nevada employment and income sustained by tourism



Visitor generated employment intensity

Visitor generated employment is a significant part of several industries—85% of lodging, 69% of recreation, and 44% of food & beverage employment is supported by visitor spending, when indirect and induced benefits are included.

Visitor employment intensity



Source: BEA, BLS, Tourism Economics

Figures in context

Tourism spending

The \$39.7 billion in visitor spending means that \$108.7 million was spent EVERY DAY by visitors to Nevada.

Employment

The number of jobs sustained by tourism (458,780) is nearly double the population of Reno, Nevada (245,255 in 2016).

Taxes

The \$4.7 billion in state and local taxes generated by tourism would cover the starting salaries of nearly 124,000 state school teachers in Nevada (~\$37,973, NEA 2016-2017).

Income

The \$20.1 billion in total income generated by tourism is the equivalent of \$19,500 for every household in Nevada.

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 250 professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, Philadelphia, and Belfast.

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