

## The Economic Impact of a New Stadium for Southern Nevada

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## I. Introduction

The Las Vegas metropolitan area is one of the only major urban centers and tourist destinations in the United States without a state-of-the-art stadium able to host events with seating for approximately 65,000 spectators. Since the Center for Sport & Policy's (UMCSP) last report in 2013, when there were three major tourist destinations without a covered stadium, one – Los Angeles – has initiated plans to build such a venue, which will allow that region to compete even more vigorously for events, attractions, and ultimately tourists with Las Vegas. Without a state-of-the-art venue with seating for approximately 65,000 spectators, Las Vegas, as one of the nation's top tourism destinations, will not have a valuable asset for the attraction of some events. A covered stadium near the region's resorts will attract events that cannot be accommodated by existing venues (including the T-Mobile Arena) and ensure that the extraordinary tourist location that defines Southern Nevada today will not forego important community and economic development opportunities.

Without a covered stadium, events that are interested in a venue with seating for as many as 65,000 people will bypass Las Vegas. Despite having the largest supply of world-class resorts and 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, Las Vegas cannot currently host mega-events needing a covered stadium given Las Vegas' climate.

## II. Methodology and Assumptions

An industry comprised of consultants and academics has been created to explain to various audiences (elected officials, community leaders, business leaders, and residents of an area) the value of sport, entertainment, meeting, cultural venues, and other economic development assets. While the models used by those in this industry can produce the information required to inform decisions, there has also been a level of abuse with the description of economic effects. Economic impact statements are notorious for over-exaggerating the new spending that would occur as a result of the building of a new arena, ballpark, stadium, or any other asset for economic development. Before turning to our estimates of the economic impact of a covered stadium for Southern Nevada, it is important to underscore the methodology used to produce appropriate estimates of new spending in the regional economy.

First, different terms are used to describe economic impact (also referred to as economic development or positive economic impact). An economic impact is created each time there is a change in spending patterns within a region. Those changes, however, might not create increments to a region's economy. Consider, for example, the building of a new stadium that either hosts a professional team or large-scale entertainment events. If the vast majority of people attending events live in the region, or would have planned to visit without the existence of the stadium, then their spending does not create a positive economic impact (Rosentraub, 1997; 2010; Winfree & Rosentraub, 2012). This is referred to as a "substitution effect" as their spending at the stadium is merely a substitution for consumption that would have taken place even if the new venue were not built. The fans attending the games of National Football League (NFL) teams, for example, are usually residents of the region who would have spent their discretionary income on other activities if games were not played. The issue of interest for an economic impact assessment is the *incremental* spending that occurs in the region as a result of the building of a new stadium. An economic impact assessment must adjust for existing consumption already present in the economy, or likely to be present even if the venue were not built.

This report eliminated substitution effects and provides an appropriately realistic assessment of likely economic impacts. The following precautions supported a conservative estimate of anticipated impacts:

1. The economic impacts projected in this report are based solely on events that (1) bring new visits to the Las Vegas metropolitan area, (2) can be held in a covered stadium, and (3) would attract more visits than would Sam Boyd Stadium.

2. A section of this report is dedicated to detailing new events and activities that would be attracted by a new stadium and that would enhance the region’s quality of life. However, these activities *were not included* in the measurement of the stadium’s economic impact.
  - a. This report did not include the spending that would take place at any home game of an NFL team or a Major League Soccer (MLS) team as these games would likely attract spending by residents of the region.
3. An effort was made to eliminate substitution effects.
4. For the projected attendance at events at the stadium that would not be held in Las Vegas if a covered stadium did not exist, it was anticipated that visitors would account for only 65 percent of all tickets sold (35 percent of tickets sold for special events at the stadium would be sold to Nevada residents or visitors whose visits would not constitute an additional trip to Las Vegas).
5. While construction of the new stadium will generate economic benefits for residents of the region and for several businesses in the area, these benefits *were excluded from the economic impacts reported* to maintain a conservative estimate.
6. Estimates on visitor spending were based directly on information produced by Las Vegas Convention and Visitors Authority (LVCVA). Each year the LVCVA surveys thousands of visitors to Las Vegas.
  - a. We also relied on tax information from Nevada’s Department of Revenue and the Nevada Gaming Control Board. Those data were valuable in validating survey responses by visitors participating in the LVCVA surveys.
7. To isolate the spending by visitors from that of Clark County residents, calculations on household spending patterns were made using data from the U.S. Department of Commerce’s annual survey of consumer spending (2014).
8. The number of projected events in a new covered stadium was vetted with Las Vegas hospitality experts.

**Table 1. Base Assumptions**

	15 Events (Existing + New)	5 Events (Competitive Bids)	20 Events (Existing, New & Competitive Bids)	Assumption Source
<i>Stadium Capacity</i>	65,000	65,000	65,000	
<i>Estimated Attendance</i>	47,250	50,714	48,405	Las Vegas Entertainment professionals, based on averages for the specific events to be held
<i>Tickets Purchased by Visitors (65%)</i>	460,688	164,821	629,265	Our own assumption to exclude all Nevada residents and potential for some attendees substituting one trip for another

**Table 2. Incremental Room Nights Occupied**

	15 Events (Existing + New)	5 Events (Competitive Bids)	20 Events (Existing, New & Competitive Bids)	Assumption Source
<i>Number Lodged in Hotel/Motel (96%)</i>	442,260	158,228	604,090	LVCVA 2014 Visitor Profile Study (p.4)
<i>Average Nights Spent</i>	3.2	3.2	3.2	LVCVA 2014 Visitor Profile Study (p.4)
<i>Average Persons per Room</i>	2.1	2.1	2.1	LVCVA 2014 Visitor Profile Study (p.4)

**Table 3. Spending Profile (\$2014 Averages)**

	15 Events (Existing + New)	5 Events (Competitive Bids)	20 Events (Existing, New & Competitive Bids)	Assumption Source
<i>Lodging per Night</i>	\$86.55	\$86.55	\$86.55	LVCVA 2014 Visitor Profile Study
<i>Food &amp; Beverage per Day</i>	\$168.99	\$168.99	\$168.99	2014 Survey of Consumer Expenditures (Bureau of Labor Statistics, U.S. Department of Labor)
<i>Local Transport per Trip</i>	\$68.83	\$68.83	\$68.83	LVCVA 2014 Visitor Profile Study
<i>Shopping per Trip</i>	\$151.24	\$151.24	\$151.24	2014 Survey of Consumer Expenditures (Bureau of Labor Statistics, U.S. Department of Labor)
<i>Shows per Trip</i>	\$47.56	\$47.56	\$47.56	LVCVA 2014 Visitor Profile Study
<i>Gaming per Day</i>	\$151.24	\$151.24	\$151.24	Nevada State Gaming Control Board
<i>Number Gambled (71%)</i>	54,185,214	19,385,883	74,012,989	LVCVA 2014 Visitor Profile Study
<i>Sightseeing per Trip</i>	\$14.49	\$14.49	\$14.49	LVCVA 2014 Visitor Profile Study

UMCSP’s 2012 and 2013 projections of the economic impact of a covered stadium anticipated that several music festivals would be hosted at the new venue. The regional market has changed across the past few years and other venues have been built to host those events. Given the new infrastructure that now exists, it is necessary to remove those large-scale events from any estimation of the new economic development that would be generated by covered stadium, as the economic contributions from those musical festivals in Southern Nevada is already present.

Readers are reminded that this report does not include the economic value and associated contributions to the economy from the presence of an NFL team even though some fans from other parts of the country might decide to attend games in Las Vegas. Spending by the region’s residents for tickets or other memorabilia would be a substitution for other forms of consumption already taking place in the region.

### III. Projected Events for The New Stadium

If a new stadium hosts only events that are currently part of the entertainment options available to visitors and residents, no new economic benefit would be created, unless it was clear some of these events could be expanded and attract additional tourists. There are five events currently held at Sam Boyd Stadium that industry professionals believe would attract more visitors if they were held in a new, state-of-the-art, covered stadium. The economic impact for these events includes only the anticipated incremental attendance and does not include (or “double count”) any existing attendance figures.

The increment in attendance at events currently held in Sam Boyd Stadium (see Table 4) and the projected attendance of new events (see Tables 5 and 6) reflect estimations made specific to a new, covered stadium with room for approximately 65,000 spectators. Attendance levels for a smaller, open-air facility are expected to be much less robust. Several of the events listed would likely not be attracted to an open-air stadium; such a facility would neither have the capacity nor the protection from Las Vegas’ harsh summer climate required by many of the projected new events.

The economic impacts reported are a function of the elevated attendance levels associated with the movement of five events from Sam Boyd Stadium to a state-of-the-art stadium and 10 new events that are likely to become part of Southern Nevada’s entertainment calendar. In addition to the five existing events and 10 new events, we have also included the possibility of hosting up to five additional “competitive bid” events in the new stadium; this

report provides possible tax, economic impact, and quality of life outcomes for a range of between 15 and 20 events.

The five events relocated from San Boyd Stadium were: USA Sevens Rugby, Monster Jam World Finals, Monster Energy Supercross Finals, Monster Energy Cup, and the Las Vegas Bowl (see Table 4).

**Table 4. Current Sam Boyd Stadium Events**

<b>Event</b>	<b>Date</b>	<b>Current Attendance</b>	<b>Projected Attendance</b>
<i>USA Sevens Rugby</i> <sup>1</sup>	February	75,000	150,000
<i>Monster Jam World Finals</i> <sup>2</sup>	March	28,000	90,000
<i>Monster Energy Supercross Finals</i>	May	31,000	55,000
<i>Monster Energy Cup</i>	October	31,000	55,000
<i>Las Vegas Bowl</i>	December	35,000	55,000

The 10 new events include two stadium concerts, two neutral site college football games, the Mountain West Football Championship game, the PAC 12 Football Championship game, an NFL exhibition game, an international rugby game, and one “friendly” soccer match involving teams from the English Premier League and/or other high profile teams (see Table 5).

**Table 5. Projected New Events**

<b>Event</b>	<b>Date</b>	<b>Projected Attendance</b>
<i>Stadium Concert</i>	Summer	60,000
<i>Stadium Concert</i>	Summer	60,000
<i>Neutral Site College Football Game</i>	August	55,000
<i>Neutral Site College Football Game</i>	Fall	55,000
<i>Friendly International Soccer Match</i> <sup>3</sup>	July/August/January	55,000
<i>Mountain West Football Championship Game</i>	December	45,000
<i>Pac-12 Football Championship Game</i>	December	45,000
<i>NFL Exhibition Game</i>	August	55,000
<i>International Rugby</i>	August-December	55,000
<i>Premier League Friendly</i>	Summer	50,000

The other events that hospitality experts believe would be targets of opportunity (or “competitive bid” events) include UFC International Fight Week, a boxing program, WrestleMania, CONCACAF Gold Cup, NCAA college football playoff game, an additional iconic concert, and the NCAA Men’s Basketball Final Four (see Table 6). More aggressive projections of the number of large-scale events that the stadium could host would result in a more robust estimate of impacts. While that possibility is explored, the more conservative estimates used in this report illustrate more realistic valuations of the impact of a new covered stadium to the Las Vegas economy.

<sup>1</sup> Three-day event

<sup>2</sup> Two-day event

<sup>3</sup> Potential for multiple games (Men’s and Women’s)

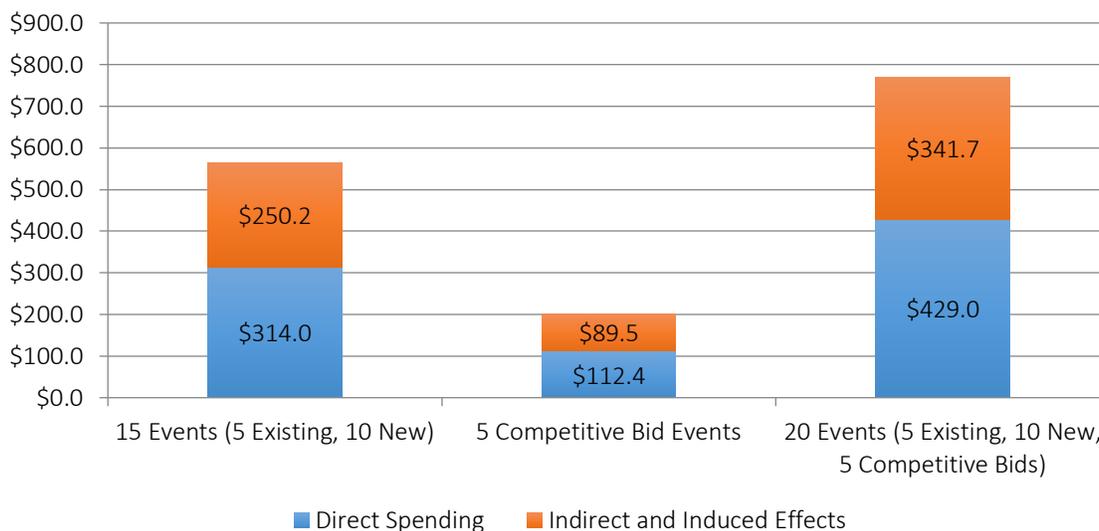
**Table 6. Projected New Competitive Bids (Five Anticipated per Year)**

Event	Date	Current Attendance	Projected Attendance
UFC International Fight Week	July	14,000	40,000
Boxing	September or May	14,000	40,000
WrestleMania	April	0	65,000
CONACEF – Gold Cup <sup>4</sup>	July	0	50,000
World Cup Qualifiers <sup>5</sup>	July/August	-	-
College Football Playoff Game	January	0	55,000
Additional Stadium Concert		0	50,000
Political Conventions		-	-
NCAA Final Four Basketball Game	March/April	0	55,000

#### IV. Projected Economic Impact

A covered stadium hosting just 15 events would generate \$314 million in direct incremental visitor spending at the region’s resorts (Figure 1). The total annual economic impact of 15 events (including direct, indirect, and induced spending) would be \$564.2 million. If as many as 20 events were held at the new stadium direct spending rises to \$429 million and total economic impact to nearly \$770.7 million. Table 7 provides a detailed breakdown of incremental direct visitor expenditures.

**Figure 1. Projected Total Economic Impact (Millions)**



**Table 7. Projected Annual Incremental Direct Visitor Expenditures**

	15 Events (Existing + New)	5 Events (Competitive Bids)	20 Events (Existing, New & Competitive Bids)
Lodging	\$58,327,776	\$20,867,971	\$79,670,873
Food and Beverage	\$77,852,843	\$27,853,468	\$106,340,484
Retail Shopping	\$68,129,451	\$24,374,723	\$93,059,142
Entertainment (Shows)	\$21,910,298	\$7,838,863	\$29,927,637
Gaming	\$49,468,429	\$17,698,356	\$67,569,744
Local Transportation	\$31,709,121	\$11,344,595	\$43,312,012
Sightseeing	\$6,675,362	\$2,388,249	\$9,117,987
<b>Total</b>	<b>\$314,073,278</b>	<b>\$112,366,224</b>	<b>\$428,997,879</b>

<sup>4</sup> Every two years (Men’s and Women’s)

<sup>5</sup> Men’s and Women’s

Tables 8 through 10 include calculations for total economic impact assuming different numbers of events will be held at the stadium. The tables also include an estimate of the additional sales taxes collected from the likely local spending resulting from the income generated by the indirect and induced effects caused by direct spending in the regional economy. The sales tax increment was estimated using national data for the likely consumption of taxable items (U.S. Bureau of Labor Statistics).

The calculation of the induced and indirect effects was made using multipliers that were produced by the Bureau of Economic Analysis, U. S. Department of Commerce for the Las Vegas metropolitan area. There are separate multipliers for expenditures related to lodging, food and beverage expenditures, retail spending, entertainment, gaming, local transportation, and sightseeing excursions. Each of these separate multipliers was used for each spending category.

**Table 8. Economic Impact of Hosting 15 Events (Sam Boyd’s 5 Existing and 10 New) at a New Stadium; Additional Sales Tax Revenue from Indirect & Induced Effects**

	Incremental Visitor Expenditures (Direct)	Indirect & Induced	Total Economic Impact
Lodging	\$58,327,776	\$44,527,424	\$102,855,200
Food and Beverage	\$77,852,843	\$55,618,071	\$133,470,913
Retail Shopping	\$68,129,451	\$47,888,191	\$116,017,642
Entertainment (Shows)	\$21,910,298	\$15,576,761	\$37,487,058
Gaming	\$49,468,429	\$60,836,274	\$110,304,703
Local Transport	\$31,709,121	\$19,773,808	\$51,482,928
Sightseeing	\$6,675,362	\$5,947,080	\$12,622,442
<b>Total</b>	<b>\$314,073,278</b>	<b>\$250,167,608</b>	<b>\$564,240,886</b>
	Sales Taxable Transactions	\$50,536,565	
	Additional Sales Tax Revenue	\$4,118,730	

**Table 9. Economic Impact of Hosting 5 New Competitive Bid Events at a New Stadium; Additional Sales Tax Revenue from Indirect & Induced Effects**

	Incremental Visitor Expenditures (Direct)	Indirect & Induced	Total Economic Impact
Lodging	\$20,867,971	\$15,930,609	\$36,798,579
Food and Beverage	\$27,853,468	\$19,898,517	\$47,751,985
Retail Shopping	\$24,374,723	\$17,132,993	\$41,507,716
Entertainment (Shows)	\$7,838,863	\$5,572,909	\$13,411,772
Gaming	\$17,698,356	\$21,765,438	\$39,463,793
Local Transport	\$11,344,595	\$7,074,489	\$18,419,084
Sightseeing	\$2,388,249	\$2,127,691	\$4,515,940
<b>Total</b>	<b>\$112,366,224</b>	<b>\$89,502,646</b>	<b>\$201,868,870</b>
	Sales Taxable Transactions	\$18,080,503	
	Additional Sales Tax Revenue	\$1,473,561	

**Table 10. Economic Impact of Hosting 20 Events (Sam Boyd’s 5 Existing, 10 New, and 5 Competitive Bids) at a New Stadium; Additional Sales Tax Revenue from Indirect & Induced Effects**

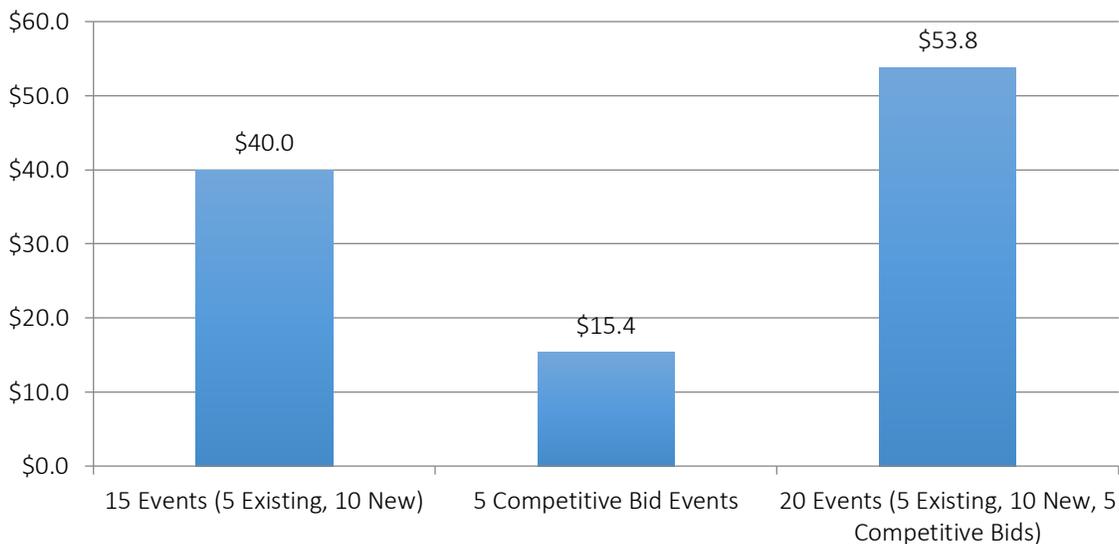
	Incremental Visitor Expenditures (Direct)	Indirect & Induced	Total Economic Impact
Lodging	\$79,670,873	\$60,820,744	\$140,491,617
Food and Beverage	\$106,340,484	\$75,969,642	\$182,310,125
Retail Shopping	\$93,059,142	\$65,411,271	\$158,470,413
Entertainment (Shows)	\$29,927,637	\$21,276,555	\$51,204,192
Gaming	\$67,569,744	\$83,097,271	\$150,667,016
Local Transport	\$43,312,012	\$27,009,370	\$70,321,382
Sightseeing	\$9,117,987	\$8,123,215	\$17,241,202
<b>Total</b>	<b>\$428,997,879</b>	<b>\$341,708,069</b>	<b>\$770,705,948</b>
	Sales Taxable Transactions	\$69,028,728	
	Additional Sales Tax Revenue	\$5,625,841	

### V. Projected Incremental Tax Revenues

Using the 15-event baseline model (Sam Boyd Stadium’s 5 existing + 10 new), the total amount of new tax dollars generated would be \$40.0 million (see Figure 2). A complete breakdown of incremental tax revenue is available in Table 11. Table 11 also includes an estimate of the sales taxes collected from the likely local spending from the income generated by the indirect and induced effects caused by the incremental direct spending in the regional economy. That sales tax increment was estimated by using national data for the likely consumption of taxable items (marginal propensity to consume). Those data are available from surveys of consumer spending performed for the United States Department of Labor’s Bureau of Labor Statistics.

These figures do not include any new tax revenue on the short-term rental of cars. There was no prudent way to make a valid estimate of that revenue.

**Figure 2. Projected Annual Incremental Tax Revenue (Millions)**



**Table 11. Breakdown of Projected Annual Incremental Tax Revenue**

	<b>15 Events (Existing + New)</b>	<b>5 Events (Competitive Bids)</b>	<b>20 Events (Existing, New &amp; Competitive Bids)</b>
<i>State Sales and Use Tax</i>	\$4,125,541	\$1,475,998	\$5,635,145
<i>Local School Support Tax</i>	\$5,363,204	\$1,918,797	\$7,325,689
<i>Supplemental City/County Relief Tax</i>	\$3,609,849	\$1,291,498	\$4,930,752
<i>Basic City/Council Relief Tax</i>	\$1,031,385	\$368,999	\$1,408,786
<i>Public Mass Transportation Tax</i>	\$515,693	\$184,500	\$704,393
<i>Transportation/Air Quality Tax</i>	\$515,693	\$184,500	\$704,393
<i>Flood Control</i>	\$515,693	\$184,500	\$704,393
<i>Water and Wastewater Improvements</i>	\$515,693	\$184,500	\$704,393
<i>Public Safety Tax</i>	\$618,831	\$221,400	\$845,272
<i>Combined Sales Tax</i>	\$16,811,581	\$6,014,692	\$22,963,217
<i>Additional Sales Tax (Indirect &amp; Induced)</i>	\$4,118,730	\$1,473,561	\$5,625,841
<i>Live Entertainment Tax</i>	\$8,097,503	\$4,000,883	\$10,431,593
<i>Hotel Taxes</i>	\$6,999,333	\$2,504,156	\$9,560,505
<i>State General Fund Gaming Tax</i>	\$3,833,803	\$1,371,623	\$5,236,655
<i>Total Tax Revenues Generated</i>	\$39,860,950	\$15,364,914	\$53,817,811

## VI. Consideration of Other Impacts: Regional Job Growth and Quality of Life

There will be a construction impact from the building of a new stadium. That projection can (and will) be made as soon as the design of the new stadium is approved.

MLS may approve a new franchise if the team could be housed in the new stadium (17 home games). The stadium might also encourage more fans to attend UNLV's football games (six home games). In addition, the United Football League (UFL) could play as many as four games in the new stadium. Those enhancements to the quality of life in the region are valuable. Since MLS, UNLV, and UFL games are likely to attract spending by residents of the region, however, there would be little if any new positive economic impact as a result. The economic contributions of these activities have not been included in calculations for the new stadium's economic impact.

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