

Committee on Homeland Security Hearing, 5/24/2022
“Examining DHS’ Efforts to Improve Processing for International Visitors”
Testimony of Kate Wik, CMO, LVCVA

INTRODUCTION AND LVCVA BACKGROUND

Chairman Thompson, Representative Titus and distinguished Members of the Committee, thank you for the opportunity to appear today to share relevant information on Las Vegas Tourism as an input to your review of the Department of Homeland Security’s efforts to improve processing for international visitors.

My name is Kate Wik. I serve as the Chief Marketing Officer for the Las Vegas Convention and Visitor’s Authority.

Our Mission is to attract visitors from all over the globe by promoting Las Vegas as the world’s most desirable destination for leisure and business travel.

TOURISM IMPACT

Tourism is the region’s #1 economic driver. Pre-pandemic, tourism provided \$36.9 Billion in DIRECT economic impact and contributed nearly \$63.6B in TOTAL economic impact per year to our economy.

There are many types of jobs impacted by tourism: Direct and Indirect including induced jobs. We conservatively estimate that 37% of Southern Nevada jobs are supported by tourism, representing more than 376,800 Southern Nevada workers (Direct, indirect and induced).

Las Vegas is more dependent on leisure and hospitality employment than any other large metro area in the nation. And, this reality was magnified with the pandemic. In the depths of the pandemic, Las Vegas’ unemployment rate exceeded 31%, more than twice the national rate of 14.7%.

The shut-down crippled the local economy and crippled our community. When visitation does not flow, it effects the livelihood of the estimated 2.3M Clark County residents.

SIZE AND SCALE OF LAS VEGAS

Las Vegas was built to operate in high volume. Of the world’s largest 20 hotels, more than half are in Las Vegas alone. And within the US, that is only further magnified. Of the United States’ 20 largest hotels, only 3 are NOT in Las Vegas. Las Vegas has concentrated volume, like no other destination. In a concentrated area of the five-mile “Las Vegas Strip,” there are 36 hotels with over 1,000 rooms.

Across the entire Las Vegas destination, there are approximately 150,000 rooms to fill, 365 days a year. This is roughly 20K more rooms than the nearest domestic competitors of Orlando or New York City. For comparison, the top US cities by number of hotel rooms include:

- Orlando, Florida: 137,000
- New York, New York: 130,000
- Los Angeles, California: 115,000

And, Las Vegas hotel rooms are occupied at a higher rate than the national average. Las Vegas occupancy, pre-Covid approached 89% and the US Domestic Average was 66%.

The high volume of hotel rooms combined with high occupancy rates directly translates to high annual visitation. In 2019, Las Vegas welcomed 42.5 million visitors. And, the first two months of 2020, prior to the pandemic, visitation was already up 4% year-over-year, putting Las Vegas on pace to welcome more than 43M visitors during the year.

Las Vegas is able to operate and sustain high visitation because of the overall mix of segments of business. In 2019, the segment mix was:

- Total Visitation: 42.5M visitors
- Leisure: 35.9M visitors
- Business: 6.6M Convention Attendees
- International: 13% or 5.7M visitors; A core segment for future growth.

PANDEMIC RECOVERY & AIR SERVICE

Managing through and out of the pandemic is anything but business as usual. And, Las Vegas leads in pandemic recovery across multiple measures.

I am happy to report that 2021 occupancy levels ended the year roughly 20 points higher than the national average. Visitor volume rebounded to 32.2M in 2021, 75% recovered from the pre-COVID tally of 42.5M visitors in 2019 and up dramatically from 19M in 2020. As of last month, visitation has recovered to roughly 85% of 2019 pre-COVID levels and May and Jun will see that recovery trajectory continue to improve.

Compared to the overall picture, however, the international segment has been slower to recover. In 2019, Las Vegas welcomed 5.7 million international visitors – accounting for 13% of total visitation. Pre-pandemic, this resulted in \$4.8 billion in DIRECT economic impact and \$8.3 billion in TOTAL impact (direct, indirect & induced).

However, preliminary data suggest international visitation to Las Vegas in 2021 was just over 1.1M travelers, less than 20% of pre-COVID volumes.

Providing air service access to Las Vegas is critical to the overall destination health and the full impact of tourism. Pre-pandemic, visitors accessed Las Vegas almost evenly split between drive and fly access. For international travelers, the mix is closer to 60% arriving by air with 40% by ground.

Pre-pandemic, Las Vegas regularly hosted more overnight international visitors than any U.S. city that is not a major Port of Entry. Las Vegas ranks as the fifth top U.S. destination for international visitors. And, only New York City, Los Angeles, Orlando and Miami host more annual international travelers.

As of June 2022, domestic air service to Las Vegas has more than fully recovered, with 127 domestic markets, 110 percent of 2019 service. In fact, Las Vegas will soon have 12 more direct domestic markets than June 2019.

This recovery is supported in large part by the leadership of our Congressional delegation, including Congresswoman Titus. She and other key members of the Nevada delegation worked tirelessly to keep Las Vegas and its workforce at the table during COVID relief negotiations, despite political headwinds from other sectors of our nation's economy. The federal funding ultimately provided through the American Rescue Plan Act, or ARPA, is helping to build infrastructure vital to Nevada's economic recovery.

That said, we have more work to do. International air service to Las Vegas will be only 79% recovered in international capacity. And, will have recovered 70% of the international markets from pre-pandemic from 8 out of 10 previous countries.

Las Vegas will enjoy nonstop service from 15 different carriers from 18 international destinations, including those in Canada, Mexico, United Kingdom, Germany, Netherlands, Panama, and Switzerland. Beginning in July 2022, Korean Air will resume flights from Seoul, South Korea to Las Vegas with a 3x weekly flight schedule.

International recovery continues to be one of our top priorities, we anticipate being fully recovered by the end of the year and have begun to focus on international growth due to its importance to Southern Nevada. There's a simple reason why this is so important to the Southern Nevada economy: international visitors spend 40% on average more than domestic visitors.

From the period of 2010 through 2019, international visitation to Las Vegas grew by 29% to nearly 5.7 million annual visitors. Las Vegas continues to be a "bucket list" destination for people worldwide and we expect visitation to continue to grow into the future. Markets of focus for new growth opportunities include:

- Australia: 4th largest foreign point of origin (unserved today), grew 33% in the same 2010 through 2019 time period
- Japan: 5th largest foreign point of origin (unserved today), grew 8% over the period
- Brazil: 9th largest foreign point of origin (unserved today), grew 140% over the period
- Ireland: 11th largest foreign point of origin (unserved today), grew 23% over the period

DRIVING FULL RECOVERY AND FUTURE GROWTH

Las Vegas is focused on driving growth over pre-pandemic levels. We drive demand through an unprecedented product (Vegas, baby!), a robust and growing entertainment calendar, and through a growing convention and tradeshow segment. All of which appeal to a global audience.

For more than a quarter century, 26 consecutive years, Las Vegas hosted the most top US trade shows by a wide margin, hosting 42 major shows, well over our closest competitor at 17 shows. And trade Shows are global in scale, with many attracting substantial international attendance.

The Consumer Electronics Show, CES, for example, has noted that upwards of a third (35%) of their attendees were international in 2019 (pre-COVID). Other examples include:

- National Assn of Broadcasters: 26% int'l in 2019
- SEMA: 24% int'l in 2019
- National Hardware: 29% int'l in 2019

When larger tradeshow are hosted in Las Vegas, the destination has benefitted from air carriers scheduling temporary added flights and/or larger-size aircraft from select international markets. The flexibility and collaboration with our DHS counterparts have been vital to facilitate these flights.

Entertainment, Sports & Events

Long known as the Entertainment Capital of the World, in recent years Las Vegas is more accurately known as the Greatest Arena on Earth. The expanding breadth of evolving sports and entertainment experiences will continue to draw visitors from across the globe.

With more than 100 showrooms comprising upwards of 130,000 seats and another 27 stadiums and arenas with combined capacity approaching a half a million, Las Vegas has more entertainment venues than any other city in the U.S.

With its diversity of venues, Las Vegas can host every type of headliner or event, from an intimate lounge show featuring Lady Gaga to an epic music festival like the Electric Daisy Carnival and its 150,000 nightly attendees.

Las Vegas features residencies by the world's most popular artists, drawn in by our incredible venues, including Allegiant stadium, completed in 2020, which hosted 19 major concerts and sporting events just within the second half of 2021.

And, we continue to pitch and secure new events with global appeal. Three recent examples include:

Concacaf Gold Cup Finals:

Las Vegas was host to the Concacaf Gold Cup Finals in August 2021 at Allegiant Stadium. The international soccer tournament features men's national teams from North America, Central America, and the Caribbean. The tournament is held every two years and determines the continental champion and is broadcast across multiple countries. The 62k tickets for the final event in Las Vegas sold out in just 90 minutes - a tournament record.

NFL Super Bowl 58:

In December 2021, Las Vegas was awarded and named host city for the NFL marquee sporting event: Super Bowl 58 to be held February 2024. While hosting the marquee event is prestigious and captures major media attention and is the most watched domestic sporting event, research has shown that the event has created more than \$500 million in total economic impact for the host city, and more than 350,000 room nights.

Formula 1:

In March 2022, Las Vegas and Formula 1 jointly announced a new Las Vegas Grand Prix for the 2023 Formula 1 race season. The Las Vegas Grand Prix will be a marquee event on the Formula 1 calendar and establishes a third race location in the United States, joining Miami and Austin. And, it will be a night race on a street track on the iconic Las Vegas Strip. The race is an ideal partnership, bringing the excitement and intensity of Formula 1 to the Greatest Arena on Earth. Formula 1 is a global sport with a 72-year history. F1 currently races in 21 countries across 5 continents. The Las Vegas event is projected to result in over \$400 million in direct incremental spend, and over \$700 million in total economic impact.

The Las Vegas race will draw a global audience, both in-person and watching broadcasts of the event around the world. The event is expected to attract over 170,000 visitors who will occupy over 400,000 room nights. Globally, the average audience per Grand Prix is 87M; In 2020 the largest TV audience for a race was 103.7M.

Within the 5 days of the announcement, the news generated an unprecedented amount of media coverage and social buzz, showcasing the global interest and momentum for a global audience.

Marque and high-profile events not only drive incremental visitation, they also bring a very affluent traveler to market. These events often drive an increased demand of private aircraft to the airport on already peak travel periods.

In Summary

Tourism is a major economic driver for southern Nevada.

Las Vegas is poised to continue to grow coming out of this pandemic. With domestic visitation to Las Vegas well on its way to pre-COVID volumes, international visitors should be our focus to assure Las Vegas' success and ultimate recovery.

This is a team effort.

The job of the LVCVA continues to be to drive demand to this incredible destination, and I am thankful that our partners in Congress, including Congresswoman Titus, are actively engaging to provide resources, staffing and the innovative practices needed to allow our federal partners to keep up with this growing demand.

The LVCVA works in close partnership with Harry Reid International Airport, and Director Rosemary Vassiliadis. We are grateful for our partnership and our common goals including the recovery and growth of international visitation.

I know that as a united team, all of us can build the Las Vegas economy back even better – supporting more visitors, more jobs and more indirect economic impact.

Thank you.