

LAS VEGAS, USA

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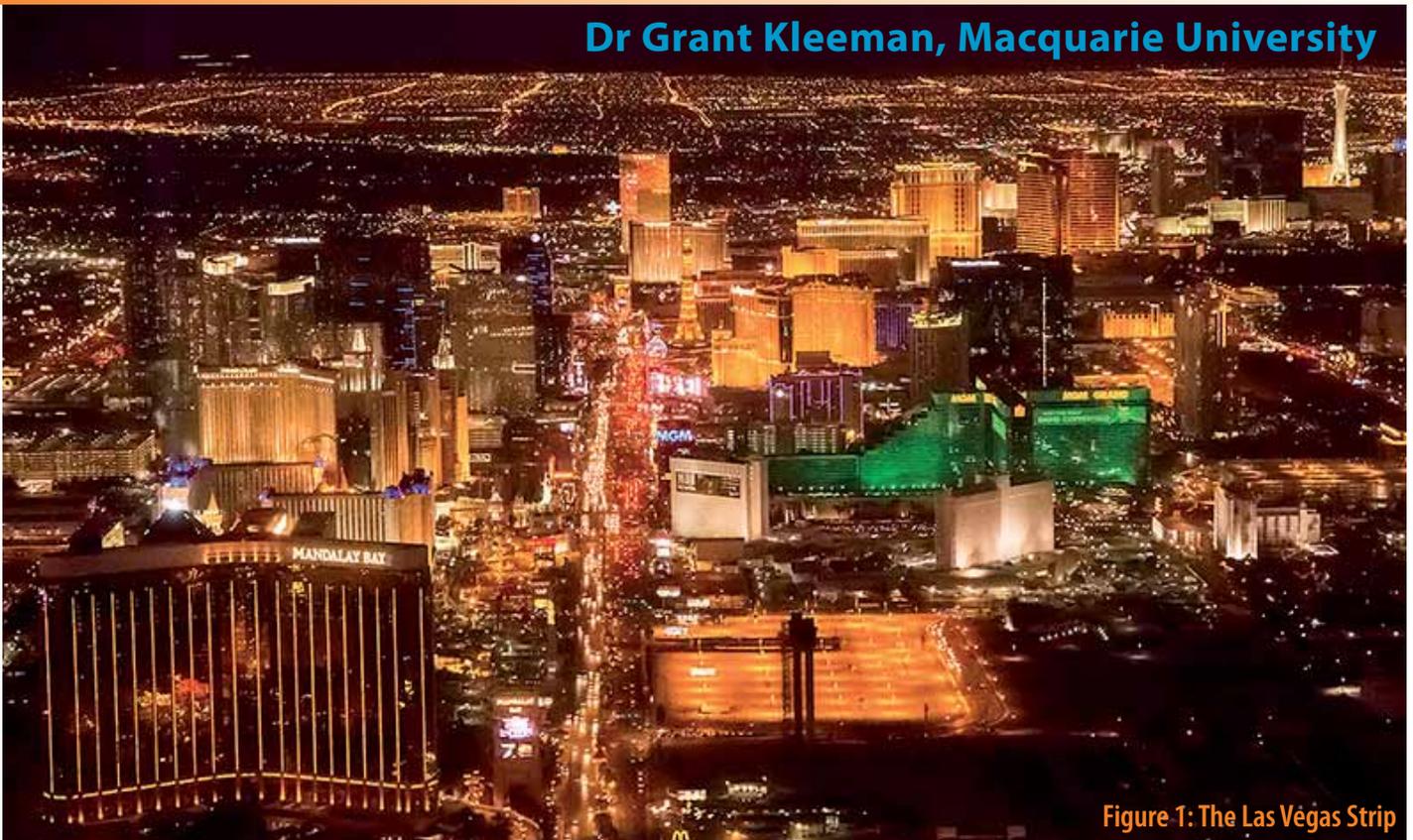


Figure 1: The Las Vegas Strip

Vegas! It's the only place in the world where you can party all night in Ancient Rome, be serenaded by a gondolier on the canals of Venice, and eat a lazy brunch at a sidewalk café in the shadow of the Eiffel tower. You can also bump into Superman on the way to dinner at Treasure Island and watch an erupting volcano at sunset. You can cruise 'The Strip' in a pink Cadillac and get married at midnight by an Elvis impersonator. You can shop for the most desired brands at exclusive boutiques, scour the factory outlet stores for a bargain, or snap up a tacky souvenir. You can also sip a neon metre-high margarita or vodka martini as you cruise from bar-to-bar, show-to-show, or casino-to-casino.

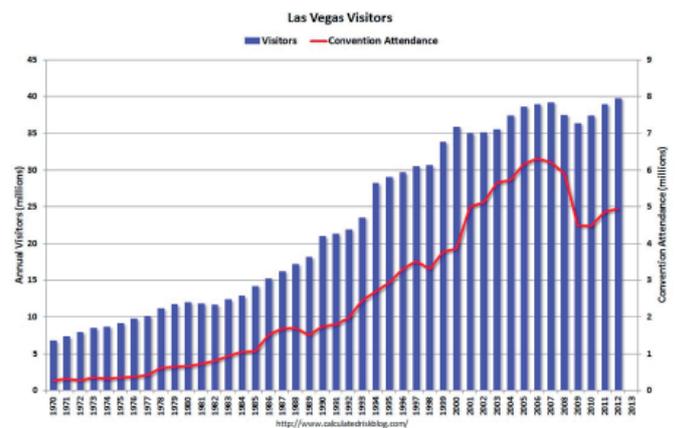
Welcome to Las Vegas! Internationally renowned tourist destination

Las Vegas is one of the world's most popular tourist destinations, famous for its vast casino-hotel-resort complexes and associated entertainments. The city's main entertainment precinct is concentrated along a 6.8km stretch of South Las Vegas Boulevard known as 'The Strip'. Las Vegas is also a major convention centre.

Nearly 40 million people visit Las Vegas each year (see Figure 2). Five million of these visitors travel there to attend the 19,000 conventions held in the city annually. Sixteen per cent of the city's visitors are international tourists.

Many of the world's largest hotel-casino-resort complexes are found on the Strip. Fifteen of the world's 25 largest hotels by room count are located on the Strip, with a total of over 62,000 rooms.

Figure 2: Trends in Las Vegas visitations, 1970–2013*



*The GFC (2007–08) had a major impact on convention attendance. Recovery of the sector has been slow.

Geography

Las Vegas is located in an arid desert basin surrounded by mountains. Much of the landscape is rocky and dusty. The environment is dominated by desert-like vegetation, and the area is subject to torrential flash

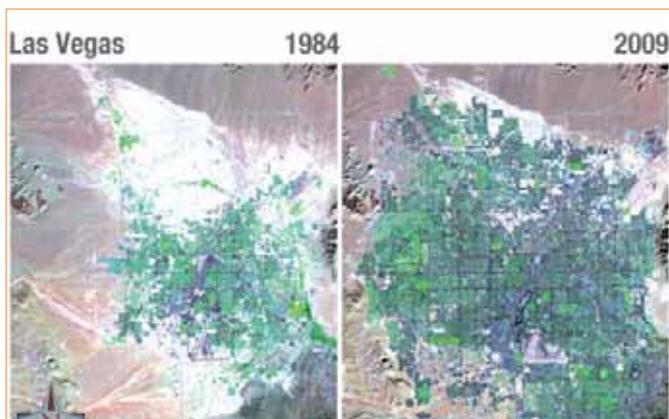


floods. The dry heat is, in itself, an attraction, especially for tourists from the colder parts of North America. With a population of just under two million, Las Vegas is one of the USA's largest inland urban centres.

Las Vegas has experienced very rapid population growth since it was founded in 1905. In the first decade of the 21st Century, for example, Las Vegas' population grew by approximately 40 per cent. In the 1990s it grew by more than 85 per cent.

The satellite images in Figure 3 show the expansion of the metropolitan area over a period of just 25 years. On the false-colour Landsat images the dark purple grid of city streets and the green of irrigated vegetation grow out in every direction into the surrounding desert.

Figure 3: Satellite images of Las Vegas, 1984–2009



Source: NASA

Origins and growth

Las Vegas was founded as a stopover for the pioneers travelling to the west, and became a railroad town in the early 20th century. It also served as a service centre for mines in the surrounding area.

In 1931 the state of Nevada legalised gambling. This led to the establishment of the casinos for which Las Vegas is now famous. Major developments occurred in the 1940s, following the influx of scientists and staff working on the Manhattan Project – the World War II research that led to the invention of the atomic bomb. Organised crime managed or funded most of the original casinos.

Table 1: Population growth, Las Vegas metropolitan region, 1910–2009

Year	Clark County Population	Change
1910	3,321	
1920	4,859	46.30%
1930	8,532	75.60%
1940	16,414	92.40%
1950	48,289	194.20%
1960	127,016	163.00%
1970	272,288	115.20%
1980	463,087	69.50%
1990	741,459	60.10%
2000	1,375,765	85.50%
2009	1,902,834	38.31%

Las Vegas' growth has always been closely linked to infrastructure. Completed in the 1930s, the giant Hoover dam provided Las Vegas with the power and water needed to support the city's development. The construction of a highway to Los Angeles provided a link to one America's largest concentrations of people.

The casino and entertainment complex constructed in Las Vegas by 1970 resulted in a rapid growth of airline connections and the development of the convention business. The city soon had enough business to justify links to just about every other major city in the U.S.A. By 2012, McCarran Airport ranked 24th in the world for passenger traffic, with 40,799,830 passengers passing through the terminal. The airport ranked 9th in the world for aircraft movement, with 527,739 takeoffs and landings.

The other advantage Las Vegas has is lots of hotel rooms. Nine of the top ten largest hotels in the world can be found in Las Vegas. The presence of so many hotel rooms has resulted in the emergence of the nation's largest convention business.

The city is also a leading centre of gaming related service. Las Vegas' initial advantage came from being home to the first large-scale gaming industry. As gaming spread, Las Vegas firms, especially those that specialised in building and managing mega-resort and entertainment complexes, often designed and build new gambling centers in places such as Macau in China, which recently exceeded Las Vegas in total gambling revenue. Las Vegas-based firms are now major suppliers of expertise to gaming enterprises worldwide. Revenue from gambling related activities now exceeds US\$9.2 billion.



Las Vegas Source: Wikimedia Commons

Impacts of the Global Financial Crisis

The building boom that had dominated Las Vegas' economy for more than a decade largely came to a halt during the GFC of 2007–2008. While some of the projects under construction continued to completion (for example, the Aria Resort and Casino, part of the vast, \$9.2 billion City Centre complex, opened in late 2009) others projects were put on hold. Construction on the Fontainebleau Resort, for example, came to a halt in late 2008 as it neared completion and after US\$2 billion had been spent. The Bank of America had cut off access to the \$800 million needed to complete the project. Other projects in limbo are the US\$4.8 billion Echelon Place Casino and Resort and the US\$5+ billion Plaza Hotel and Resort complex (see Figure 4), including what would be the largest casino on the Strip. There has been no construction on the massive lot since the hotel was put on hold in 2008. In just the last decade, more than 10 hotels and casinos have been closed and demolished.

Figure 4: Now on hold: An artist's impression of the giant Plaza Hotel and Resort complex

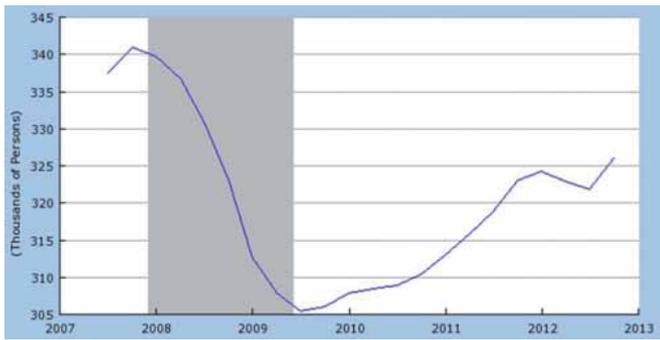


Source: <http://neondice.com/2011/06/>

Visitor numbers declined sharply in the wake of the crisis. Convention visitations showed the greatest decline as corporations cut back on non-essential spending. Employment declined throughout 2008 and early 2009 before beginning to recover in mid-2010. The recovery has, however, been slow. The unemployment rate in late 2011 was 14.2% and the city's homeless exceeded 14,000. By late 2012 there was still 15,000 fewer workers than there was at the onset of the GFC (see Figure 5). Given that forty-six per cent of the city's population works in the tourism sector it was not surprising that a downturn in visitation would impact negatively on unemployment and property values.

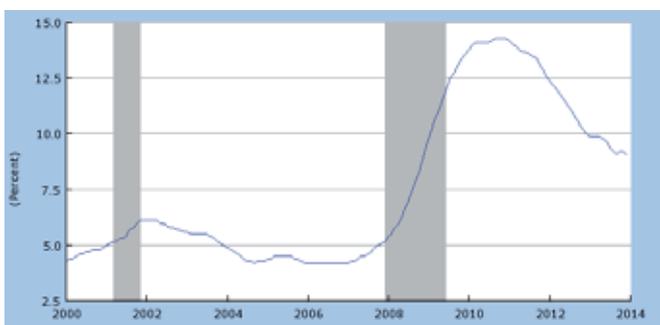


Figure 5: Las Vegas employment, 2007–2013



Source: Federal Reserve

Figure 6: Las Vegas unemployment, 2007–2013

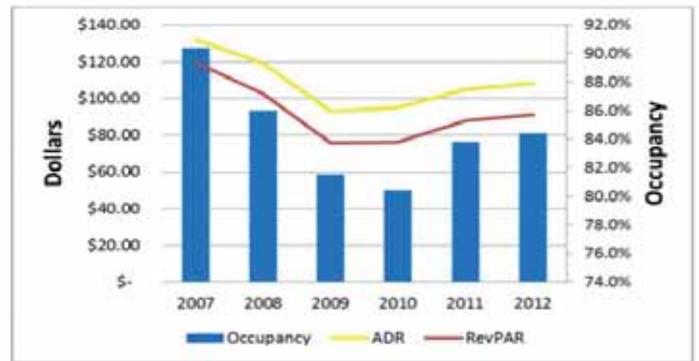


Source: Federal Reserve
<http://research.stlouisfed.org/fred2/series/LASV832UR>

Hotel occupancy

The number of rooms sold in Las Vegas in 2012 reached 46,480,000 a new high, having exceeded the 2007 peak of 43,979,000. Average room rates (US\$91.21 in 2012) have made a slow recovery since the 2010 but remain well below those achieved in 2007 (US\$132.00). Occupancy rates have recovered to 84.4% but remain below the 90.4% achieved before the GFC in 2007. See Figure 7.

Figure 7: Room occupancy (%) and daily rate (US\$), 2007–2012



RevPAR – Revenue Per Available Room

ADR – Average Daily Room Rate

Source: WageWatch [<http://ibrief.wagewatch.com/2013/03/>]



Las Vegas Source: Wikimedia Commons