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LAS VEGAS CASINO AND HOTEL MARKET OUTLOOK 2023

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Las Vegas's 38.8 million total visitors in 2022 was roughly 91.3% of 2019 levels and only 4.1 million below the peak number of visitors in 2016. Gaming revenue for Clark County in 2022 was \$12.8 billion, a new record for the market. Statistics from the Las Vegas Convention and Visitors Authority reflect 43.6 million total occupied room nights for Las Vegas in 2022, 20.6% more than in 2021. Occupied room nights, as well as total occupancy (79.2%), continued to lag 2019 performance, but the market's ADR (\$170.98) and RevPAR (\$135.42) reached record levels in 2022. This article examines the latest trends and developments relevant to the Las Vegas hospitality market.

Visitation

The southern Nevada economy is dependent on the hospitality, entertainment, and sports industries, which contribute to the high volume of visitors to the market. Las Vegas is ranked second on *TripAdvisor's* 2023 list of Popular U.S. Destinations. Visitation to Las Vegas remained above 42.1 million each year from 2015 through 2019 before the COVID-19 pandemic caused the total number of Las Vegas visitors to decline to just over 19 million in 2020. Las Vegas was deeply affected by the COVID-19 pandemic from March 2020 through mid-year 2021, but visitation to the market has significantly rebounded since that time. Las Vegas welcomed 38.8 million visitors in 2022, an increase of 20.5% from 2021. January and February were the only months during 2022 that the market did not host at least three million visitors; in contrast, this benchmark level was achieved in only four months of 2021 (July, October, November, and December). The following table illustrates the number of visitors to Las Vegas from 2008 through 2022, as provided by the Las Vegas Convention and Visitors Authority (LVCVA).

Table 1 – Total Number of Visitors to Las Vegas (2008–2022)

| Year | Total Visitors | % Change |
|-------------------|----------------|----------|
| 2008 | 37,481,552 | --- |
| 2009 | 36,351,469 | (3.0) % |
| 2010 | 37,335,436 | 2.7 |
| 2011 | 38,928,708 | 4.3 |
| 2012 | 39,727,022 | 2.1 |
| 2013 | 39,668,221 | (0.1) |
| 2014 | 41,126,512 | 3.7 |
| 2015 | 42,312,216 | 2.9 |
| 2016 | 42,936,100 | 1.5 |
| 2017 | 42,214,200 | (1.7) |
| 2018 | 42,116,800 | (0.2) |
| 2019 | 42,523,700 | 1.0 |
| 2020 | 19,031,100 | (55.2) |
| 2021 | 32,230,600 | 69.4 |
| 2022 | 38,829,300 | 20.5 |
| CAGR (2008-2019): | | 1.2 % |
| CAGR (2015-2019): | | 0.1 |
| CAGR (2010-2022): | | 0.3 % |
| CAGR (2018-2022): | | (2.0) |

Source: Las Vegas Convention and Visitors Authority

The overall visitor volume in 2022 remained below pre-COVID-19 levels primarily due to the limited amount of midweek meeting and convention business and suppressed international travel. Further growth in the

numbers of visitors is anticipated with additional large events, more convention attendance, and the increasing number of international passengers, which may be limited by the impact of inflation, a potential recession, and international conflicts.

Harry Reid International Airport

Harry Reid International Airport has rebounded from the impact of the COVID-19 pandemic faster than most airports in the country, which reflects the market’s popularity. Harry Reid International Airport served 52.7 million travelers in 2022, an increase of 32.6% over the number of passengers in 2021, a new record. There were 2,537,111 international passengers in 2022, which was an increase of 234.9% over the 757,642 international passengers in 2021 and two-thirds of the number of international visitors in 2019. The following table illustrates the number of Harry Reid International Airport passengers from 2010 through 2022.

Table 2 – Harry Reid International Airport Passenger Traffic (2010–2022)

| Year | Passengers | Change |
|-------------------|------------|--------|
| 2010 | 39,757,359 | - |
| 2011 | 41,481,204 | 4.3 % |
| 2012 | 41,667,596 | 0.4 |
| 2013 | 41,857,059 | 0.5 |
| 2014 | 42,885,350 | 2.5 |
| 2015 | 45,318,788 | 5.7 |
| 2016 | 47,368,219 | 4.5 |
| 2017 | 48,430,118 | 2.2 |
| 2018 | 49,646,118 | 2.5 |
| 2019 | 51,528,524 | 3.8 |
| 2020 | 22,201,479 | (56.9) |
| 2021 | 39,710,493 | 78.9 |
| 2022 | 52,667,741 | 32.6 |
| CAGR (2010-2019): | | 2.9 % |
| CAGR (2015-2019): | | 3.3 |
| CAGR (2010-2022): | | 2.4 % |
| CAGR (2018-2022): | | 1.5 |

Source: Las Vegas Convention and Visitors Authority

In 2022, three new airlines started or announced they would start service to Las Vegas (Advanced Air, Breeze Airways, and Sun Country Airlines), adding a combined 310,000 seats to the market annually. Airlines already serving Las Vegas added nonstop service to 36 markets in 2022, including 17 new domestic markets, which added an estimated 29,000 seats per week.

Clark County Department of Aviation Director Rosemary Vassiliadis affirmed in an interview with the *Las Vegas Review Journal* that growth at Harry Reid International Airport is on a trajectory to reach its capacity of 63–65 million annual passengers by about 2030. Eventually, a new reliever airport is expected to be constructed south of Las Vegas in the Ivanpah Valley between Jean and Primm; the earliest the new facility could be operational is 2037. Avoiding peak flying times and changing aircraft size are potential temporary solutions until a new supplemental airport is developed, and circumstances could change. However, as the Las Vegas market is dependent upon visitors arriving by air, the capacity issue will be a concern in the future should visitation to the area continue to grow at its current pace.

Average Daily Auto Traffic

The estimated average daily automobile traffic on the three major highways leading to Las Vegas (Interstate 15, U.S. Highway 95, and the 215 Beltway) declined 0.7% in 2022 compared to 2021. As indicated in the estimated daily traffic data for I-15 at the Nevada/California border and for all major highways, average daily traffic appears to have normalized above historic levels in recent years.

Table 3 – Average Daily Auto Traffic on All Major Highways (2010–2022)

| Year | I-15 at NV/CA Border | | All Major Highways | |
|-------------------|-----------------------------------|--------|-----------------------------------|--------|
| | Average Daily Auto Traffic (Est.) | Change | Average Daily Auto Traffic (Est.) | Change |
| 2010 | 40,213 | - | 86,738 | - |
| 2011 | 40,344 | 0.3 % | 99,844 | 15.1 % |
| 2012 | 41,706 | 3.4 | 100,774 | 0.9 |
| 2013 | 42,485 | 1.9 | 102,244 | 1.5 |
| 2014 | 42,318 | (0.4) | 108,823 | 6.4 |
| 2015 | 44,419 | 5.0 | 109,204 | 0.4 |
| 2016 | 45,329 | 2.0 | 115,229 | 5.5 |
| 2017 | 44,913 | (0.9) | 116,391 | 1.0 |
| 2018 | 45,402 | 1.1 | 119,068 | 2.3 |
| 2019 | 44,678 | (1.6) | 120,335 | 1.1 |
| 2020 | 37,460 | (16.2) | 105,766 | (12.1) |
| 2021 | 48,047 | 28.3 | 128,938 | 21.9 |
| 2022 | 45,694 | (4.9) | 128,005 | (0.7) |
| CAGR (2010-2019): | | 1.2 % | 3.7 % | |
| CAGR (2015-2019): | | 0.1 | 2.5 | |
| CAGR (2010-2022): | | 1.1 % | 3.3 % | |
| CAGR (2018-2022): | | 0.2 | 1.8 | |

Source: Las Vegas Convention and Visitors Authority

Traffic remains problematic on Interstate 15 near the Nevada/California border northbound (traveling toward Las Vegas) on Friday nights and southbound (entering Southern California) on Sunday nights or after holiday weekends. Brightline West is planning to develop a train service, traveling up to 200 MPH, between Southern California and Las Vegas. Brightline West representatives have indicated that construction of the system could begin in 2023 with completion in 2026 or 2027.

GAMING DEMAND

According to data compiled by the American Gaming Association (AGA), commercial gaming revenue, including traditional casino games, sports betting, and iGaming, in the U.S. was \$60.42 billion in 2022, a 13.9% increase from 2021 and a 38.5% increase from 2019. The Nevada Gaming Control Board (NGCB) reported that total win for Nevada’s non-restricted¹ casinos in 2022 was \$14.8 billion, exceeding 2021’s record performance of \$13.4 billion by 10.5% and surpassing the 2019 level by 23.4%. Gross gaming revenue from non-restricted gaming venues in Clark County in 2022 totaled \$12.8 billion, breaking the prior record of \$11.4 billion set in 2021 by 11.8% and exceeding the 2019 level by 23.5%.

¹ “Restricted” locations are venues such as taverns with up to 15 slot machines that are incidental to the main business of the venue.

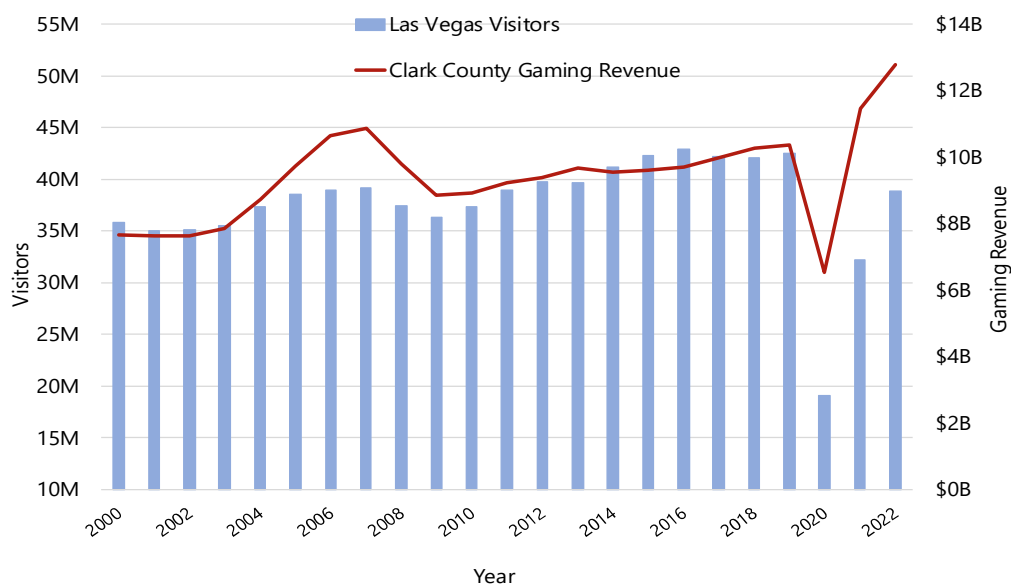
Visitors spent more money on gambling on a per-capita basis during the pandemic. This was in part because other options for visitors to spend money, including entertainment and F&B, were unavailable or limited during the pandemic due to capacity restrictions, lack of staffing, and other factors; thus, more time and money was spent gambling. The number of visitors, total gaming revenue, and gaming win per visitor for Clark County for 2010 through 2022 are set forth in the following table.

Table 4- Clark County Visitors, Gaming Revenue, and Gaming Win per Visitor (2010–2022)

| Year | Total Las Vegas Visitors | % Change | Total Clark County Gaming Revenue | % Change | Total Clark County Gaming Revenue per Visitor | % Change |
|----------------------|--------------------------|----------|-----------------------------------|----------|---|----------|
| 2010 | 37,335,436 | — | \$8,908,574,000 | — | \$239 | — |
| 2011 | 38,928,708 | 4.3 % | 9,222,677,000 | 3.5 % | 237 | (0.7) % |
| 2012 | 39,727,022 | 2.1 | 9,399,845,000 | 1.9 | 237 | (0.1) |
| 2013 | 39,668,221 | (0.1) | 9,674,404,000 | 2.9 | 244 | 3.1 |
| 2014 | 41,126,512 | 3.7 | 9,553,864,000 | (1.2) | 232 | (4.7) |
| 2015 | 42,312,216 | 2.9 | 9,617,671,000 | 0.7 | 227 | (2.2) |
| 2016 | 42,936,109 | 1.5 | 9,713,930,000 | 1.0 | 226 | (0.5) |
| 2017 | 42,214,200 | (1.7) | 9,978,503,000 | 2.7 | 236 | 4.5 |
| 2018 | 42,116,800 | (0.2) | 10,250,555,000 | 2.7 | 243 | 3.0 |
| 2019 | 42,523,700 | 1.0 | 10,355,675,000 | 1.0 | 244 | 0.1 |
| 2020 | 19,031,100 | (55.2) | 6,540,892,000 | (36.8) | 344 | 41.1 |
| 2021 | 32,230,600 | 69.4 | 11,440,576,000 | 74.9 | 355 | 3.3 |
| 2022 | 38,829,300 | 20.5 | 12,786,627,000 | 11.8 | 329 | (7.2) |
| CAGR (2010 to 2022): | | (1.3) % | | | 2.3 % | 3.7 % |
| CAGR (2018 to 2022): | | (4.4) | | | 2.9 | 7.7 |

Source: Nevada Gaming Control Board, Las Vegas Convention & Visitors Authority, HVS

Table 5 – Historical Las Vegas Visitors and Clark County Gaming Revenues (2000–2022)



Source: Las Vegas Convention and Visitors Authority

Clark County’s gaming revenue can be segmented into primarily visitor-based markets, specifically the Las Vegas Strip, Downtown, and Laughlin, with the balance of the county representing areas that primarily generate gaming revenues from local residents. The Las Vegas Strip subsegment generated 64.8% of the county’s non-restricted gaming revenues in 2022. The Las Vegas Strip and Downtown subsegments experienced the largest declines in gaming revenues in 2020 and the greatest year-over-year increases in 2021, with further growth in 2022. Clark County gaming revenues for 2018 through 2022 have been allocated to these segments in the following table.

Table 6- Clark County Gaming Revenue by Location (2018–2022)

| Year | CLARK COUNTY | | | LAS VEGAS STRIP | | | DOWNTOWN | | | LAUGHLIN | | | BALANCE OF COUNTY* | | |
|----------------------|--------------|----------|--|-----------------|------------|----------|-------------|------------|----------|-------------|------------|----------|--------------------|------------|----------|
| | Win ('000s) | % Change | | Win ('000s) | % of Total | % Change | Win ('000s) | % of Total | % Change | Win ('000s) | % of Total | % Change | Win ('000s) | % of Total | % Change |
| 2018 | \$10,250,612 | — | | \$6,588,499 | 64.3 % | — | \$649,941 | 6.3 % | — | \$509,126 | 5.0 % | — | \$2,503,046 | 24.4 % | — |
| 2019 | 10,355,717 | 1.0 % | | 6,587,454 | 63.6 | (0.0) % | 684,922 | 6.6 | 5.4 % | 512,233 | 4.9 | 0.6 % | 2,571,108 | 24.8 | 2.7 % |
| 2020 | 6,540,892 | (36.8) | | 3,733,427 | 57.1 | (43.3) | 464,201 | 7.1 | (32.2) | 366,676 | 5.6 | (28.4) | 1,976,588 | 30.2 | (23.1) |
| 2021 | 11,440,576 | 74.9 | | 7,076,507 | 61.9 | 89.5 | 842,216 | 7.4 | 81.4 | 486,059 | 4.2 | 32.6 | 3,035,794 | 26.5 | 53.6 |
| 2022 | 12,786,627 | 11.8 | | 8,287,964 | 64.8 | 17.1 | 880,169 | 6.9 | 4.5 | 500,725 | 3.9 | 3.0 | 3,117,769 | 24.4 | 2.7 |
| CAGR (2018 to 2022): | | 5.7 % | | | | 5.9 % | | | 7.9 % | | | (0.4) % | | | 5.6 % |

*Clark County less Las Vegas Strip, Downtown, and Laughlin

Source: Nevada Gaming Control Board, Las Vegas Convention and Visitors Authority

LODGING MARKET

Las Vegas is an internationally known entertainment and gambling destination, with the market’s economy historically driven by tourism. Prior to the pandemic, convention business and efforts to expand the presence of other industries contributed to meeting and group demand and commercial demand midweek. These segments, combined with the strong weekend leisure demand in this market, resulted in pre-pandemic hotel occupancy levels for Las Vegas well above the U.S. average. Occupancy for the Las Vegas market from 2010 to 2019 ranged from 80.4% in 2010 to 89.1% in 2016; the total annual number of occupied rooms in the market increased from 43.4 million to 48.3 million (CAGR of 1.2%) during that period. Both occupancy and average daily room rate (ADR) declined temporarily due to the decrease in tourism following the Las Vegas mass shooting on October 1, 2017, but quickly rebounded.

In March 2020, the COVID-19 pandemic began to affect the local market, similar to the rest of the nation, resulting in decreased activity, and occupancy declined significantly given the downturn in travel. ADR and revenue per available room (RevPAR) decreased market-wide in 2020, as casinos were required to temporarily suspend operations from March through June and major conventions and events in Las Vegas were canceled. Lodging demand in Las Vegas following the pandemic has been driven primarily by leisure demand due to lower levels of meeting and convention business.

Overall, total occupancy and occupied room nights in 2022 were higher than in 2021 but still below 2019 levels. However, the market’s ADR and RevPAR in the last three quarters of 2022 exceeded both 2021 and 2019 levels month-over-month. The market’s annual ADR for 2022 (\$170.98) surpassed both 2021 and 2019 levels. Despite annual increases in RevPAR from 2010 through 2019, RevPAR did not reach the prior peak level achieved in 2007 (\$119.41) before the pandemic; however, the market surpassed this benchmark in 2022. Continued growth in meeting and group business, especially midweek, and additional international travel may help the market establish new peak performance levels in 2023. Performance data for all Las Vegas hotels from 2007 through 2022 are summarized in the following table.

Table 7 – Las Vegas Hotel Performance (2007–2022)

| Year | Inventory | % Change | Total Rooms Occupied | % Change | Total Occupancy | Overall ADR | % Change | Overall RevPAR | % Change |
|-------------------|-----------|----------|----------------------|----------|-----------------|-------------|----------|----------------|----------|
| 2007 | 132,947 | — | 43,867,192 | — | 90.4 % | \$132.09 | — | \$119.41 | — |
| 2008 | 140,529 | 5.7 % | 42,967,252 | (2.1) % | 86.0 | 119.19 | (9.8) % | 102.50 | (14.2) % |
| 2009 | 148,941 | 6.0 | 41,986,134 | (2.3) | 81.5 | 92.93 | (22.0) | 75.74 | (26.1) |
| 2010 | 148,935 | (0.0) | 43,365,743 | 3.3 | 80.4 | 94.91 | 2.1 | 76.31 | 0.8 |
| 2011 | 150,161 | 0.8 | 45,654,165 | 5.3 | 83.8 | 105.11 | 10.7 | 88.08 | 15.4 % |
| 2012 | 150,481 | 0.2 | 46,479,707 | 1.8 | 84.4 | 108.08 | 2.8 | 91.22 | 3.6 |
| 2013 | 150,593 | 0.1 | 46,191,449 | (0.6) | 84.3 | 110.72 | 2.4 | 93.34 | 2.3 |
| 2014 | 150,544 | (0.0) | 47,497,234 | 2.8 | 86.8 | 116.73 | 5.4 | 101.23 | 8.5 |
| 2015 | 149,213 | (0.9) | 47,896,317 | 0.8 | 87.7 | 120.67 | 3.4 | 105.84 | 4.6 |
| 2016 | 149,339 | 0.1 | 48,485,632 | 1.2 | 89.1 | 125.96 | 4.4 | 112.28 | 6.1 |
| 2017 | 146,993 | (1.6) | 47,663,200 | (1.7) | 88.6 | 127.35 | 1.1 | 112.78 | 0.4 |
| 2018 | 147,238 | 0.2 | 47,452,600 | (0.4) | 88.2 | 128.85 | 1.2 | 113.54 | 0.7 |
| 2019 | 149,422 | 1.5 | 48,300,100 | 1.8 | 88.9 | 132.62 | 2.9 | 117.90 | 3.8 |
| 2020 | 143,117 | (4.2) | 21,201,200 | (56.1) | 42.1 | 120.31 | (9.3) | 50.65 | (57.0) |
| 2021 | 150,487 | 5.1 | 36,191,100 | 70.7 | 66.8 | 137.37 | 14.2 | 91.76 | 81.2 |
| 2022 | 150,857 | 0.2 | 43,641,600 | 20.6 | 79.2 | 170.98 | 24.5 | 135.42 | 47.6 |
| CAGR (2007-2019): | 1.0 % | | | 0.8 % | | | 0.0 % | | (0.1) % |
| CAGR (2015-2019): | 0.0 | | | 0.2 | | | 2.4 | | 2.7 |
| CAGR (2007-2022): | 0.8 % | | | (0.0) % | | | 1.7 % | | 0.8 % |
| CAGR (2018-2022): | 0.6 | | | (2.1) | | | 7.3 | | 4.5 |

Source: Las Vegas Convention and Visitors Authority, HVS

The overall outlook for the lodging market is optimistic, although midweek and international demand will need to continue to rebound for the market to return to pre-pandemic occupancy levels. It is anticipated that operators will be able to maintain high ADRs, especially during periods of elevated occupancy levels, such as weekends, holidays, and special events. The market is anticipated to continue to benefit from demand generated by leisure developments and events. While some leisure travel may dissipate if inflation and economic conditions affect consumer spending, industry participants hope that the return of group and convention business and international travel will offset any decline in the leisure segment. Based on historical market trends, occupancy throughout the entire week is expected to eventually return to levels achieved historically, which will contribute to further growth in market-wide RevPAR.

Leisure demand and occupancy levels remain highest on the weekends. Due in part to the ongoing recovery of the convention/group segment, the LVCVA reported that midweek annual occupancy reached 74.7% in 2022, which is 86.6% of the level achieved in 2019; this lags weekend occupancy performance, which was 89.3% in 2022, reaching 94.1% of the level achieved in 2019.

The following table sets forth midweek versus weekend occupancy data for Las Vegas by month for 2019 and 2022.

Table 8 – Las Vegas Midweek vs. Weekend Occupancy by Month (2022 vs. 2019)

| Month | Midweek | | | Weekend | | |
|---------------------|---------------|---------------|---------------------|---------------|---------------|---------------------|
| | 2019 | 2022 | 2022 as a % of 2019 | 2019 | 2022 | 2022 as a % of 2019 |
| January | 82.1 % | 52.0 % | 63.3 % | 88.8 % | 74.6 % | 84.0 % |
| February | 84.6 | 60.7 | 71.7 | 91.9 | 87.5 | 95.2 |
| March | 88.9 | 76.6 | 86.2 | 97.1 | 92.1 | 94.9 |
| April | 88.9 | 79.4 | 89.3 | 96.7 | 93.2 | 96.4 |
| May | 88.1 | 78.8 | 89.4 | 96.4 | 91.9 | 95.3 |
| June | 89.7 | 80.0 | 89.2 | 96.4 | 90.0 | 93.4 |
| July | 88.7 | 79.1 | 89.2 | 97.2 | 91.1 | 93.7 |
| August | 84.1 | 72.2 | 85.9 | 95.2 | 90.1 | 94.6 |
| September | 85.1 | 78.6 | 92.4 | 95.6 | 92.1 | 96.3 |
| October | 87.1 | 85.1 | 97.7 | 98.0 | 94.0 | 95.9 |
| November | 84.8 | 77.5 | 91.4 | 94.1 | 89.6 | 95.2 |
| December | 83.0 | 74.7 | 90.0 | 91.2 | 87.1 | 95.5 |
| Annual Total | 86.3 % | 74.7 % | 86.6 % | 94.9 % | 89.3 % | 94.1 % |

Source: Las Vegas Convention and Visitors Authority

The hotels on the Las Vegas Strip continue to drive the highest ADR and RevPAR in the market. The following tables set forth ADR and RevPAR data for the Las Vegas Strip and for Las Vegas by month for 2019 and 2022.

Table 9 – Las Vegas ADR by Month (2022 vs. 2019)

| Month | Las Vegas Strip | | | Las Vegas | | |
|---------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|--------------------------|
| | 2019 ADR | 2022 ADR | % Change (2022 vs. 2019) | 2019 ADR | 2022 ADR | % Change (2022 vs. 2019) |
| January | \$169.45 | \$153.84 | (9.2) % | \$156.53 | \$145.22 | (7.2) % |
| February | 140.05 | 159.20 | 13.7 | 130.06 | 149.52 | 15.0 |
| March | 143.83 | 173.63 | 20.7 | 133.95 | 163.14 | 21.8 |
| April | 141.37 | 187.72 | 32.8 | 130.40 | 176.97 | 35.7 |
| May | 151.55 | 186.74 | 23.2 | 140.52 | 175.76 | 25.1 |
| June | 129.49 | 167.38 | 29.3 | 120.43 | 156.92 | 30.3 |
| July | 136.38 | 170.48 | 25.0 | 126.92 | 160.43 | 26.4 |
| August | 131.33 | 157.58 | 20.0 | 120.96 | 148.09 | 22.4 |
| September | 148.08 | 199.49 | 34.7 | 137.11 | 187.18 | 36.5 |
| October | 146.50 | 225.69 | 54.1 | 135.33 | 209.89 | 55.1 |
| November | 145.49 | 200.16 | 37.6 | 134.95 | 186.48 | 38.2 |
| December | 136.16 | 187.90 | 38.0 | 125.08 | 176.71 | 41.3 |
| Annual Total | \$143.21 | \$182.11 | 27.2 % | \$132.62 | \$170.98 | 28.9 % |

Source: Las Vegas Convention and Visitors Authority

Table 10 – Las Vegas RevPAR by Month (2022 vs. 2019)

| Month | Las Vegas Strip | | | Las Vegas | | |
|---------------------|-----------------|-----------------|--------------------------------|-----------------|-----------------|--------------------------------|
| | 2019 RevPAR | 2022 RevPAR | % Change (2022 vs. 2019) | 2019 RevPAR | 2022 RevPAR | % Change (2022 vs. 2019) |
| January | \$144.20 | \$94.15 | (34.7) % | \$131.49 | \$86.12 | (34.5) % |
| February | 123.66 | 113.03 | (8.6) | 113.15 | 103.62 | (8.4) |
| March | 133.62 | 143.94 | 7.7 | 122.56 | 131.49 | 7.3 |
| April | 130.91 | 162.75 | 24.3 | 118.66 | 148.65 | 25.3 |
| May | 139.73 | 159.66 | 14.3 | 127.59 | 145.18 | 13.8 |
| June | 120.94 | 144.11 | 19.2 | 110.43 | 129.77 | 17.5 |
| July | 127.38 | 147.12 | 15.5 | 115.62 | 133.80 | 15.7 |
| August | 117.67 | 125.43 | 6.6 | 106.08 | 113.73 | 7.2 |
| September | 132.98 | 170.16 | 28.0 | 121.07 | 155.55 | 28.5 |
| October | 133.75 | 200.19 | 49.7 | 121.80 | 184.07 | 51.1 |
| November | 131.09 | 167.33 | 27.6 | 119.03 | 151.42 | 27.2 |
| December | 117.37 | 154.08 | 31.3 | 106.44 | 139.78 | 31.3 |
| Annual Total | \$129.46 | \$148.60 | 14.8 % | \$117.90 | \$135.42 | 14.9 % |

Source: Las Vegas Convention and Visitors Authority

According to information from the LVCVA, projects with a total of nearly 15,000 new guestrooms are in various stages of development. Although a significant amount of new guestroom supply is slated to enter the market, not all announced projects are expected to be developed. Projects are often proposed, but changes in plans or cancellations of anticipated projects are common in the Las Vegas market. The following table sets forth the hotels that have recently opened, are under construction, or are in the stages of early development in the Las Vegas market.

Table 11 – Potential Las Vegas New Hotel Supply

| Name of Property | Recent or Anticipated Completion Date | Address | Estimated Number of Rooms |
|--|---------------------------------------|-------------------------------------|---------------------------|
| English Hotel | 2022 | 921 S. Main Street | 74 |
| Home2 Suites by Hilton | 2022 | 8906 W. Deer Spring Way | 129 |
| TownePlace Suites | 2022 | 4360 Nexus Way | 119 |
| Holiday Inn Express at Railroad Pass | 2022 | 1530 Railroad Pass Casino Road | 127 |
| 2022 Total | | | 449 |
| SpringHill Suites by Marriott | 2023 | S. Decatur Boulevard/W. Sunset Road | 127 |
| Aloft Hotel | 2023 | St. Rose Parkway/Coronado Drive | 136 |
| Delta Hotels by Marriott | 2023 | 3883 W. Flamingo Road | 284 |
| Durango Station (Phase I) | 2023 | Durango Drive/215 Beltway | 211 |
| Fontainebleau Las Vegas | 2023 | 2777 S. Las Vegas Boulevard | 3,700 |
| 2023 Total | | | 4,458 |
| Element Las Vegas | 2024 | Grand Central Parkway/Symphony Park | 119 |
| AC Hotel by Marriott | 2024 | Grand Central Parkway/Symphony Park | 322 |
| Element Las Vegas | 2024 | 6605 S. Las Vegas Boulevard | 119 |
| Atwell Suites at the Pass | 2024 | 140 S. Water St. | 90 |
| Dream Las Vegas | 2024 | 5051 S. Las Vegas Boulevard | 531 |
| Home2 Suites by Hilton | 2024 | 8460 W Sunset Road | 120 |
| Majestic Las Vegas | 2024 | 305 Convention Center Drive | 720 |
| TBD | 2025 | 3735 S. Las Vegas Boulevard | 2,420 |
| AC Hotel by Marriott | 2025 | Dewey Drive/ Polaris Avenue | 225 |
| SpringHill Suites by Marriott | 2025 | Tropicana Avenue/Kelch Drive | 170 |
| All Net Resort & Arena | 2025 | 2601 S. Las Vegas Boulevard | 2,500 |
| Durango Station (Phase II) | TBD | Durango Drive/215 Beltway | 214 |
| M Resort (New Tower) | TBD | 12300 S. Las Vegas Boulevard | 384 |
| Nuance Las Vegas Hotel & Spa | TBD | Polaris Avenue/Quail Avenue | 340 |
| Skyline Hotel & Casino (Expansion) | TBD | 1741 N. Boulder Highway | 41 |
| TBD | TBD | Polaris Avenue/Quail Avenue | 2,000 |
| The Waterfalls | TBD | Lake Mead Parkway/Water Street | 110 |
| 2024 and Beyond Total | | | 10,425 |
| Total Recently Opened or Planned Guestrooms | | | 15,332 |

Source: Las Vegas Convention and Visitors Authority (as of November 28, 2022)

CONVENTION MARKET

Las Vegas is consistently ranked among the nation's top convention and meeting destinations. According to the Las Vegas Convention Visitors Authority (LVCVA), Clark County offers over 14 million square feet of meeting space. The Las Vegas Convention Center is a state-of-the-art facility that currently features 2.5 million square feet of exhibit space and 225 meeting rooms and hosts several of the largest conventions in the world; moreover, the Mandalay Bay Convention Center and The Venetian Resort each encompass over 1.5 million square feet of meeting space and host numerous events. According to LVCVA data, in 2022, Las Vegas hosted 75.1% of the number of convention attendees hosted in 2019. The recent expansion of the Las Vegas Convention Center, development of the underground tunnel system used to shuttle attendees, and renovations of existing facilities to be complete in 2025 are expected to bolster demand going forward.

The following table details convention attendance in the market by month for 2019 and 2022.

Table 12 – Las Vegas Convention Attendance by Month (2022 vs. 2019)

| Month | 2019 Attendance | 2022 Attendance | % Change (2022 vs. 2019) |
|--------------|------------------|------------------|--------------------------|
| January | 683,400 | 298,200 | (56.4) % |
| February | 748,600 | 439,000 | (41.4) |
| March | 552,200 | 494,200 | (10.5) |
| April | 529,500 | 377,400 | (28.7) |
| May | 520,800 | 391,100 | (24.9) |
| June | 514,000 | 469,100 | (8.7) |
| July | 498,800 | 325,000 | (34.8) |
| August | 657,800 | 394,100 | (40.1) |
| September | 459,400 | 372,600 | (18.9) |
| October | 525,300 | 628,100 | 19.6 |
| November | 603,200 | 582,800 | (3.4) |
| December | 356,100 | 219,900 | (38.2) |
| Total | 6,649,100 | 4,991,500 | (24.9) % |

Source: Las Vegas Convention & Visitors Authority

All major events have returned to, or are expected to return to, a normal rotation, with attendance rebounding. The return of larger events to the market resulted in significant growth in the number of convention attendees in 2022, at 126.2% over the 2.2 million attendees in 2021 and approximately 75% of the number of attendees in 2019 (as shown on the foregoing table). Heading into 2023, the number of attendees at events is expected to be between 65% and 90% of pre-pandemic levels, with the smaller events typically being at the higher end of the range. Furthermore, the rebound in attendance at events tends to vary by industry, size, and location of attendees.

Two of the earliest conventions held in the year, World of Concrete and CES, provide some insight into the recovery of the Las Vegas convention industry. The World of Concrete was the first major trade show held after the beginning of the pandemic, taking place June 10–14, 2021, at the expanded Las Vegas Convention Center. Approximately 37,000 attended the World of Concrete event in 2022, and attendance in January 2023 was close to the pre-pandemic level of 60,000. CES is an annual trade show organized by the Consumer Technology Association that typically showcases new products and technologies in the consumer electronics industry; CES has historically been the city’s largest annual trade show with attendance of approximately 170,000 people. CES was exclusively online in 2021. The Consumer Technology Association indicated that approximately 40,000 people attended the show in January 2022, followed by 115,000 in January 2023.

MAJOR DEVELOPMENTS AND CURRENT PROJECTS

Continuing development of numerous gaming, lodging, and entertainment venues enables Las Vegas to retain its status as a premier leisure destination. Numerous major projects, including the Las Vegas Convention Center expansion, Allegiant Stadium, Circa, Caesars Forum, Resorts World, and the redevelopment of the Virgin Hotel (formerly the Hard Rock Las Vegas), were completed during the pandemic,

and the market is now benefiting from these investments. Billions of dollars in additional developments are underway or planned, which bodes well for the area.

TRANSACTIONS

Several transactions of Las Vegas casino-resorts that were announced in 2021 closed in 2022, including the sales of the Venetian, Palazzo, and Sands Expo in February; The Cosmopolitan of Las Vegas in May; the Tropicana Las Vegas's operations in September; and the Mirage Hotel & Casino's operations in December.

On January 9, 2023, VICI Properties Inc. acquired Blackstone Real Estate Income Trust, Inc.'s 49.9% interest in the joint venture that owned MGM Grand Las Vegas and Mandalay Bay Resort for a cash consideration of approximately \$1.27 billion and VICI's assumption of Blackstone's pro-rata share of the existing property-level debt; the sale had been announced on December 1, 2022. VICI was the owner of the remaining 50.1% interest in the joint venture at the time of sale. The property-level debt has a principal balance of \$3.0 billion, matures in 2032, and bears interest at a fixed rate of 3.558% per annum through March 2030. MGM Resorts International leases back and continues to operate the properties. The lease will generate annual rent of approximately \$310 million upon commencement of the rental escalation on March 1, 2023.

ALLEGIANT STADIUM/SUPER BOWL LVIII

Allegiant Stadium has become a significant draw for the market for both sporting events and entertainment. The NFL's Raiders drew a paid attendance of 618,863 during the 2022 season, surpassing the total attendance of 600,775 in 2021. While the local fan base for the Raiders continues to grow, the games at Allegiant attract fans of both the home and visiting teams from outside Las Vegas.

Allegiant Stadium will host Super Bowl LVIII on February 11, 2024. Super Bowl LVIII is expected to have an estimated total economic impact of more than \$500 million on the greater Las Vegas area and the state of Nevada through direct spending, additional tax-dollar generation, hotel room occupancy, and job creation. In addition to the economic impact, the Super Bowl will generate positive media exposure for the city.

THE BORING COMPANY

Boring Co.'s \$47-million, 1.7-mile Convention Center Loop transports conventiongoers to and from the west, central, and south halls of the convention center in Tesla model vehicles free of charge. The first offshoot of the Convention Center Loop, extending between the Las Vegas Convention Center and Resorts World, was completed in June 2022. The Tropicana Loop of the system on the south end of the Strip (including an Allegiant Stadium station), the Caesars Loop for Caesars Entertainment properties located along the central Strip area, and an offshoot between the Westgate and the Las Vegas Convention Center are set to be the next sections to be constructed. Around five miles of tunnels and at least five stations will be included in the downtown area, with construction expected to begin in 2023. At full build-out, the system will run from the south Las Vegas Strip near Mandalay Bay to Downtown Las Vegas, with over 50 planned stops.

The resort corridor portions of the loop system are expected to go online in sections as they open, not necessarily connecting the entire system initially. The stadium to the Tropicana area will be one phase, the Caesars Loop will be another phase, and the Resorts World and Westgate connecting to the convention center will be another phase; phases that follow will connect those sections together. The cost to build a station ranges between \$1.5 million and \$20 million, depending on the size and structure of the station. Each property is responsible for the costs tied to its station, while the Boring Company is responsible for the construction and operation of the tunnel system. A Boring Co. representative indicated that, upon completion

of the transport loop, a trip from the Fremont Street Experience downtown to Reid International Airport on the system would cost about \$12 and would take eight or nine minutes.

PALMS LAS VEGAS

The San Manuel Band of Mission Indians became the first Native American tribe to own and operate a casino-resort in Las Vegas when the Palms Las Vegas reopened in April 2022. The Palms was closed during the statewide shutdown in March 2020, like other casinos, but had stayed closed until 2022. The Palms Las Vegas was purchased by the tribe from Red Rock Resorts Inc. for \$650 million; the sale had been announced in May 2021 and was closed in December 2021. Previously, Red Rock Resorts Inc. had purchased the property in 2016 for \$302.5 million and invested nearly \$700 million in upgrades before selling the property. The transaction provides the San Manuel tribe the opportunity to diversify its resources, expanding beyond the Yaamava' Resort & Casino at San Manuel (formerly known as the San Manuel Casino) in Highland, California, and into the Las Vegas market.

F1 LAS VEGAS GRAND PRIX

The inaugural Formula One Las Vegas Grand Prix will take place November 16–18, 2023, and is projected to have an overall economic impact of almost \$1.3 billion, including \$966 million in projected visitor spending and \$316 million in event operations and support costs. The race will take place at night and will consist of 50 laps around a 3.8-mile course that will include portions of Las Vegas Boulevard, Spring Mountain Road, Koval Lane, and Harmon Avenue. Approximately 100,000 attendees are expected daily to watch practice and qualifying rounds, as well as the Grand Prix race itself. A 300,000-square-foot, four-story paddock facility, located on 39 acres on the northeast corner of Harmon Avenue and Koval Lane, will feature the race's start/finish line, driver pits, and VIP areas. Spectator grandstands will be located throughout the site. Necessary infrastructure work will begin in April 2023. Although initially signed to a three-year deal, Las Vegas has committed to a ten-year plan, which provides the city with the certainty that race weekend will be on the calendar for the long term.

OAKLAND A'S

Major League Baseball's Oakland A's continue to explore options for a new stadium, including potential construction on the site of the Tropicana Las Vegas or on the 37-acre festival grounds site on the northern end of Las Vegas Boulevard. Las Vegas has become a potential location for professional sports teams looking to relocate in light of the ticket-sales experiences of the National Football League's Raiders and the National Hockey League's Golden Knights. Professional sports teams benefit the market by drawing fans of visiting teams, in addition to fans of the local teams who live outside of Las Vegas. While Nevada's governor has indicated that there is no intention to raise taxes to attract the A's, the team could qualify for other economic development programs. Additionally, Major League Baseball may waive the A's relocation fee if the team moves to Las Vegas, a savings worth up to \$1 billion. However, the A's also have potential plans to build a \$12-billion mixed-use project in Oakland that would be centered on a \$1-billion, 35,000-capacity waterfront stadium and would include residential, commercial, and public space.

MIRAGE HOTEL & CASINO

Hard Rock International completed the acquisition of The Mirage Hotel & Casino's operations from MGM Resorts International in December 2022. Under the terms of the agreement, MGM will retain the Mirage name and brand, licensing it to Hard Rock royalty-free for a maximum of three years. Hard Rock International plans to close The Mirage and spend billions to expand and upgrade the property beginning in late 2023 or 2024. Expansion plans include increasing the number of guestrooms from 3,044 to 3,640, expanding the casino

floor to 174,000 square feet, and adding additional convention space. The Las Vegas skyline is expected to ultimately feature a guitar-shaped hotel tower.

PROPOSED HARD ROCK HOTEL & CASINO (SOURCE WWW.HARDROCKHOTELS.COM)



The property is subject to a lease between Hard Rock and VICI Properties Inc., which calls for an initial annual base rent of \$90 million with a base term of 25 years. The lease also includes three ten-year tenant renewal options, an escalation of 2.0% per annum (converting to an escalation of the greater of 2.0% or CPI, capped at 3.0%, beginning in lease year eleven), and minimum capital expenditure requirements of 1.0% of annual net revenue economic terms, which are substantially the same as those under the previous MGM Master Lease.

THE FOUNTAINBLEU LAS VEGAS

The initial groundbreaking for the proposed Fontainebleau Las Vegas was in 2007. The real estate crash and subsequent Great Recession forced the project into bankruptcy in 2009, and billionaire Carl Icahn acquired it in 2010 for \$148 million. The Witkoff Group and New Valley LLC purchased the partially completed Fontainebleau in August 2017 for \$600 million from Icahn Enterprises L.P. Development of the casino-resort, renamed The Drew Las Vegas, then resumed in 2018, with Marriott International’s JW and Edition brands slated for the hotel component, but the project was put on hold in March 2020 because of the COVID-19 pandemic.

Fontainebleau Development and Koch Real Estate Investments purchased the stalled development for an undisclosed amount in 2021. The 67-story proposed Fontainebleau Las Vegas is now scheduled to open in late 2023. Upon opening, the property is expected to benefit from its location on the north end of the Las Vegas Strip, directly adjacent to the expanded Las Vegas Convention Center. The property is anticipated to feature a casino, over 3,700 guestrooms, F&B outlets, retail space, nightlife venues, a pool, a spa, and more than 500,000 square feet of convention and meeting space.

PROPOSED FONTAINEBLEAU LAS VEGAS (SOURCE: WWW.FONTAINEBLEAULASVEGAS.COM)



MSG SPHERE LAS VEGAS

The Madison Square Garden Co. is partnering with Las Vegas Sands Corp. on the construction of the \$2.17-billion MSG Sphere Las Vegas, which will be built east of the Venetian. The cost of the project has increased from \$1.8 billion due to inflation, issues with the global supply chain, and the project’s complexity. The 18,600-seat MSG Sphere will be built for music and entertainment performances and will feature a 16K LED screen, 164,300 channels, and 10,000 haptic seats. Revenue is expected to be generated from advertising and ticket sales for concerts, residency performances (between four and six residency headliners playing every year, with each artist playing ten to twelve shows), sporting events, and leasing the building for corporate events. The property is expected to open in the second half of 2023 with performances by U2.

PROPOSED MSG SPHERE (SOURCE: WWW.MSGSPHERE.COM)



DURANGO CASINO & RESORT

Groundbreaking for the proposed \$750-million Durango Casino & Resort project, located in southwestern Las Vegas, was held in March 2022. The 200-room property is expected to open before the end of 2023 and include more than 70,000 square feet of casino space, with over 2,000 slot machines, 46 table games, and a race/sportsbook, as well as four full-service F&B outlets and 20,000 square feet of meeting space.

DREAM LAS VEGAS

Groundbreaking for the proposed \$550-million Dream Las Vegas project was held in July 2022. The proposed casino-hotel is being developed on South Las Vegas Boulevard, adjacent to the airport and close to the “Welcome to Las Vegas” sign. The project is expected to feature a 20-story hotel with 531 rooms, a 20,000-square-foot casino floor, seven dining and nightlife venues, a third-level pool deck and day club, and multiple F&B outlets. Hyatt Hotels Corp. acquired the Dream Hotel brand and management platform in November 2022.

AREA 15 EXPANSION

Area 15, opened in September 2020, is an immersive art-entertainment complex offering attractions and activities such as Meow Wolf’s Omega Mart, art shows, virtual-reality experiences, and F&B outlets. The complex, located approximately one mile west of the Las Vegas Strip, has announced an expansion that is expected to include a decommissioned Boeing 747 aircraft to be repurposed for events, 85,000 square feet of additional space dedicated to pop-ups and outdoor experiences, and a 110,000-square-foot, horror-themed venue developed by Universal Parks & Resorts to anchor the planned expansion.



CONCLUSION

Although the pandemic had a deep impact on the market and the local hospitality industry, visitation has quickly rebounded and growth has continued, with numerous major projects being developed or completed. Thus, Las Vegas is experiencing a period of economic growth and recovery from the pandemic, led by the tourism and hospitality industry. Gaming revenue in Clark County, as well as ADR and RevPAR in Las Vegas, reached record levels in 2022. Although the number of visitors and the hotel occupancy levels for Las Vegas in 2022 remained below 2019 levels, there is optimism for continued recovery of the market in 2023 due to returning international travelers, increasing convention attendance, and additional events. Recent and ongoing developments in the market, such as the convention center expansion, Allegiant Stadium, Resorts World Las Vegas, and the MSG Sphere, along with the addition of unique, world-class events such as the Super Bowl and F1 races, should enable the market to retain its status as a premier entertainment destination and bode well for Las Vegas's future. Nevada's favorable tax structure for individuals and corporations also continues to provide an incentive for further relocation to the area.

Despite the positive factors for Las Vegas going forward, national economic concerns, such as inflation and a possible recession, may have an impact on visitation to the market and consumer spending going forward. Elevated inflation levels would also influence the pace of international travel and convention attendance recovery. Furthermore, ongoing international conflicts could contribute to economic uncertainty, supply disruptions, and higher energy costs, which would negatively affect the market.



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