



Summer visitor spending projected to rise 11 percent in southern Nevada

More visitors and more spending per visitor could translate into a healthy summer for southern Nevada businesses

Even with gaming revenue down and other economic worries on the horizon, consumer spending may be trending upwards just in time for the summer travel season. According to the latest Gallup survey on consumer behavior, in recent weeks Americans have become less likely to report that they are cutting back on their spending, suggesting that actual consumer expenditures may increase as the summer months – June, July and August – get underway. Similar to the trend reported at the start of last summer, the percentage of consumers saying they are cutting back on spending dropped in June, dipping to 67.8 percent compared to a high of 70.4 percent reached in late April/early May. If reported consumer sentiments materialize, it may mean increased spending during the summer travel season. According to Gallup, though not statistically strong, consumer responses regarding “cutting back” in spending are predictive of actual spending in following weeks. Last summer, the drop in consumer reports of cutting back was relatively short-lived; it will be important to watch how this indicator moves in the coming weeks.

For southern Nevada, rising visitor volumes coupled with rising national sales trends may translate into a substantial rise in overall summer visitor spending. If recent trends continue, total spending by southern Nevada visitors on food and drink, lodging, shopping, local transportation, sightseeing and gambling is projected to rise 11 percent for the three-month period covering June, July and August.

The projected 11-percent increase is predicated on a continuation of the trend of rising visitor volume as reported by the Las Vegas Convention and Visitors Authority (“LVCVA”) (monthly year-over-year increases averaged 5 percent for the first four months of 2011); rising



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average daily room rates also reported by the LVCVA (monthly year-over-year increases averaged over 9 percent for January-April 2011); and rising retail spending by U.S. consumers (monthly year-over-year increases averaged 8 percent for the same four-month period), which has been assumed to translate into increases in visitor spending on food and drink, shopping, transportation and sightseeing. The double-digit growth projection also takes into account stagnating gross gaming revenues reported in Clark County, which have reported monthly year-over-year changes averaging -0.3 percent during the first four months of the calendar year.

Shopping, particularly in mid and high-end outlets, seems an ever-expanding element of the visitor experience, as both the number of visitors who shop while visiting Las Vegas and average retail outlays per trip continue to trend upward. In 2010, 64 percent of southern Nevada visitors shopped during their stay, up from 60 percent in 2009, according to the LVCVA Visitor Profile Survey. Visitors who shopped reported spending an average of \$192 per trip, up 12.4 percent from the \$171 reported in the prior year.

Assuming the same portion of visitors will shop during their trip in 2011 (64 percent), that year-over-year growth in monthly visitors mirrors trends from the first four months of the year (i.e., June, July and August each see 5-percent more visitors than the same month last year) and that visitors spend 8 percent more than last year (mirroring national trends during the first four months of 2011), total shopping expenditures for the three summer months should rise from \$1.19 billion in 2010 to \$1.35 billion in 2011.

Mary Lau, President of the Retail Association of Nevada, commented, "Retail trends in important niche markets, such as tourist-oriented shopping destinations in Las Vegas, are relevant to retailers statewide. When it comes to the tourism industry and the state of Nevada, together we stand; divided we fall. More often than not, visitor spending trends have a decisive ripple effect on spending statewide."

**Trend in Estimated Southern Nevada
Visitor Shopping Expenditures**
Summer Months (June – August), 2006 – 2011 (Projected)

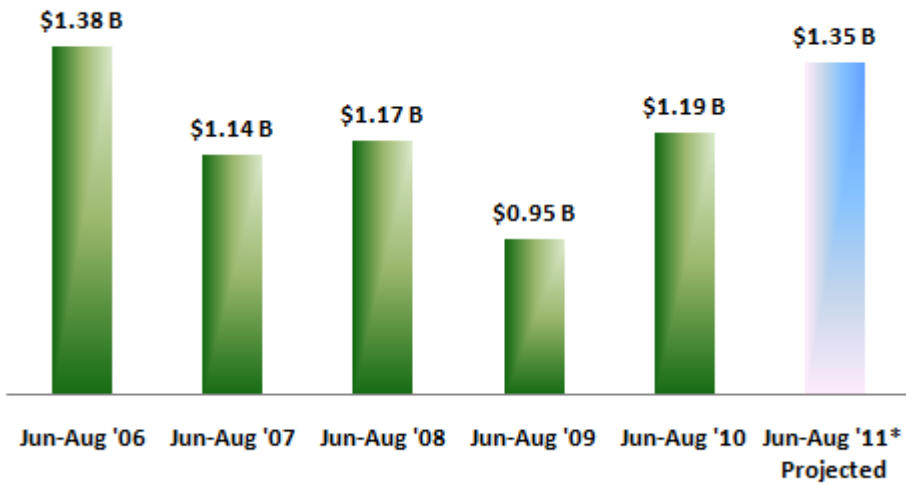
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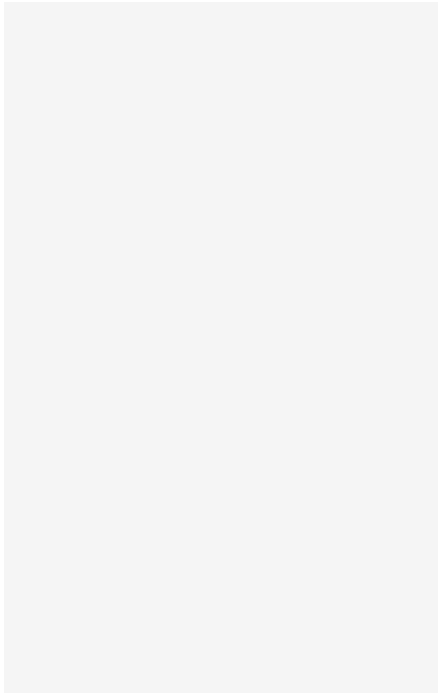
Applied Analysis, founded in 1997, is a Nevada-based advisory services firm providing information and analyses for both the public and private sectors.



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Source: Estimates by Applied Analysis based on visitation and visitor spending data from the Las Vegas Convention and Visitors Authority and LVCVA/GLS Research Visitor Spending Profiles



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