

# Las Vegas shows signs of reawakening a year after pandemic began

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March 21, 2021 - 12:50 am

It's like the week before Christmas for a tot who can't wait to open presents.

In this case, the present is a return to normal life in Southern Nevada, and the sparkling wrapped gifts are the promises that things are going to get better sooner rather than later.

This is what pent-up demand looks like.

The evidence is all around, with some indicators on the near horizon and some a little further away.

Trends hinting at Las Vegas' return have been mounting over the past few weeks as COVID-19 case numbers fell.

## Encouraging trends

Experts say the availability of vaccines should help make more Americans comfortable returning to destinations like Las Vegas.

"As more and more people are vaccinated, more and more people are going to feel comfortable traveling and feel comfortable in crowds," said Clyde Barrow,

a gaming industry expert and professor at the University of Texas Rio Grande Valley.

The change of heart comes just after the travel industry's U.S. economic output was estimated to have lost \$1.1 trillion in 2020, according to a recent report from the U.S. Travel Association.

But many people — including those who have not yet been vaccinated — view the dropping COVID-19 case numbers as a green light to travel again. The Centers for Disease Control and Prevention is still advising Americans to delay their vacation plans, but tourism experts say many have a desire to travel that outweighs concerns about catching the virus.

“Everything is going in a better direction, and there’s a lot of pent-up demand,” said Debi Nutton, a gaming consultant and former Wynn Resorts Ltd. executive.

## Higher room rates

And as more visitors fill Las Vegas’ resorts, the city is starting to return to some sense of normalcy.

Room rates shot up over the first weekend of the NCAA Tournament. Hotel rooms at [Palazzo](#), Linq and [Planet Hollywood](#) are available seven days a week again. [Buffets](#) and [dayclubs](#) — two major taboos at the height of the pandemic — are returning, albeit with amended operations. Fans are back at [Golden Knights](#) games again. Nearly 40 [shows](#) are performing on the Strip.

The list goes on.

Las Vegas Convention and Visitors Authority President and CEO Steve Hill said the problem many entertainment venues are facing now is that to maintain social distancing, crowds are greatly reduced and many shows, including Cirque du Soleil performances, need a full house to be profitable.

“Elimination of social distancing will be key to filling entertainment venues,” Hill said.

“We think as we head into summer the opportunity to open up attendance to 100 percent should be there with the caveats that we want to make sure we don’t have some completely left turn with a variant, and obviously in order for that to take place, the vaccine rollout needs to continue with at least the pace we’re at now.”

Gaming consultant Josh Swissman of The Strategy Organization said all of the trends that have been building up over the past few weeks are a sign that Las Vegas is on track to return to its former glory.

“In their own small individual way, (these indicators) lead to a slow, thoughtful building up of momentum and return to people actually coming to Las Vegas to enjoy themselves in greater numbers,” he said.

“(These are signs) that point toward Vegas getting a little bit closer to what Vegas was in terms of America’s favorite place to come and enjoy yourself.”

## **Greater capacity**

Loosened restrictions have helped open the doors for returning visitors.

Restaurants and casino floors are allowed to operate at [50 percent capacity](#), up

from 25 percent a few weeks back, and certain large gatherings that had been capped at 20 percent can fill up to [half](#) of their capacity.

“With Gov. Sisolak’s loosening of the capacity restrictions, I think that has made (casino) companies even more confident that the recovery will continue,” Macquarie analyst Chad Beynon said.

He added that even though booking windows are still short, “Strip operators are just becoming more enthused about what the summer could look like.”

The positive trends seem to have come at an opportune moment. The tourist corridor’s newest property, Virgin Hotels Las Vegas, is set to open [next week](#), pool season is kicking off at resorts across the valley, and the city is potentially just months away from seeing major conventions return.

“I think the COVID-related news has been positive of late and people are starting to travel again,” said Nehme Abouzeid, founder and president of marketing consultancy LaunchVegas, LLC.

“My friends in entertainment tell me advance tickets are selling well,” Abouzeid said. “The warm weather is arriving and the pools here look inviting. Quite rightly, Vegas never stopped marketing itself to the world since we knew that, while COVID was going to be serious and protracted, it would still be a relative blip and that our core industry would have to find a way back. People still longed to come here — nothing went wrong structurally with consumer demand for Vegas; they were simply responding to the pandemic.”

The sense of optimism surrounding Las Vegas tourism is refreshing, but experts warn that the city still faces a long road to recovery with possible bumps along the way.

For one, weekday visitation is still struggling to return to pre-pandemic levels. Strip occupancies today hover between 70 and 90 percent, but midweek rooms are typically only 40 to 60 percent full.

Those numbers aren't expected to fully bounce back until the city sees the return of international visitors and meetings and convention bookings.

Truist gaming analyst Barry Jonas said in-person conventions are expected to return this summer, but he expects a "more lagged" recovery for midweek business travel relative to the weekend leisure travel.

"We're certainly starting to see a return of Las Vegas tourism," Jonas said, but "the improvements are more pronounced on the weekends."

## **Threat from variants**

Another surge in U.S. COVID-19 cases could impede recovery. Some health experts worry about yet another spike in cases as variants of the virus continue to spread across the country.

That could lead to resorts facing strict operating restrictions again.

"While we are thankful that the destination is bouncing back well, we need to be mindful that one slip in the numbers could reverse the trend as we saw last November when the governor imposed the cut in capacity," said Brendan Bussmann of Global Market Advisors.

The rapidly changing numbers in both reduced cases and vaccinations has resulted in some organizations having to speed up their plans to accommodate the pent-up demand.

Hill told a Nevada Commission on Tourism recovery subcommittee Thursday that the LVCVA and its advertising consultant, R&R Partners, is considering bumping up a paid advertising and marketing campaign to attract leisure travelers.

“We will evolve to telling our own message again ... the governor’s decision to open up vaccinations to everyone on April 5 is also a signal for us to speed up from what we intended to do toward the end of April probably to the middle of April,” Hill said.

“The trends on the leisure side have followed the health numbers almost exactly. As things have gotten better, the interest in travel and the bookings we are seeing, both now and in the future, are really good, showing a lot of improvement,” he said.

There are other indications some of the long-term indications are looking good.

The Life is Beautiful music and arts festival scheduled for downtown Las Vegas Sept. 17-19 sold out 50,000 passes in record time, hours after they first went on sale.

## **World of Concrete approved**

Organizers of the World of Concrete, a major citywide convention that routinely draws 60,000 people to Southern Nevada, announced Wednesday that they had received permission from the Nevada Department of Business and Industry to stage their show from June 8-10 at the Las Vegas Convention Center.

Hill and other tourism leaders in the state had pointed to World of Concrete as the likely first major show to return to the trade show fold.

“The entire industry was watching to see if the World of Concrete could happen,” Hill said. “The fact that it did has resulted in three shows approved in the last 24 hours following that.

“This will be the first major show to take place across the United States,” he said. “Even though other states have been open to doing it, those shows have not been able to move forward because of the health situation and getting exhibitors to commit to come and attendees to attend, regardless of what the states’ protocols or rules were, those major shows have not happened.”

And conventions can also be important to leisure travel.

“I think people are desperate to get out of their houses and go anywhere,” said Pam Robinson, chairwoman of the Commission on Tourism’s recovery subcommittee. “When people come for conventions, they often add a day to their trips.”

Conventions and trade shows are big drivers of tourism for Southern Nevada. Executives for nearly every publicly traded Las Vegas-based company that have convention facilities — MGM Resorts International, Caesars Entertainment Inc., Wynn Resorts Ltd. and Las Vegas Sands Corp. among them — remarked during their fourth-quarter earnings calls how strong their convention calendars are looking for late 2021, 2022 and 2023.

“We’ve been wandering in the abyss for almost a year now ... and you can clearly see the light shining through at this point in Las Vegas,” Caesars Entertainment CEO Tom Reeg said during a February call with investors.

“We feel very good that we’ve seen the bottom in Vegas and in the business, and that we’re only going to keep getting better.”

Anticipating eventual high demand, the LVCVA tended to its convention infrastructure.

The organization months ago committed to having its new \$987.1 million West Hall and its \$52.5 million underground people-mover completed in time for the 2021 CES show. When the Consumer Technology Association, operators of CES, announced in July that it was canceling an in-person show, the LVCVA went ahead and completed construction.

Trade shows that had been canceled or postponed began scrambling for available dates to stage their shows.

The LVCVA also moved ahead with its plan to purchase the Las Vegas Monorail Co. out of bankruptcy. Hill said the 3.9-mile elevated electric transit system is critical to moving conventioners to shows when they return. As a result, the LVCVA expects the monorail to resume operations around the Memorial Day weekend.

## **What could go wrong**

While the Las Vegas reawakening shows blue skies in most areas, there are still some reasons to doubt everything will go smoothly and many questions remain unanswered.

Clark County officials are hopeful that between 60 percent and 70 percent of its residents will get their vaccinations by the end of May. What if they don’t?

What happens if the COVID-19 variants spread and the public has doubts that any vaccination would be effective?

Worse, what if vaccinations aren't effective against newly discovered variants?

While tourism leaders are confident that conventions and trade shows will come back strong, what will attendance look like? Will a show that normally draws 50,000 people see only 25,000?

That's one of the worries for shows that typically attract an international audience, like CES. While Nevada and the United States are on track for more visitation, there isn't much they can do about travelers from Europe, Asia and even Canada.

Nevertheless, experts are optimistic for Las Vegas' future.

"We don't know what's going to happen. ... We may see some stops and starts," UNLV Assistant Professor of Hospitality Amanda Belarmino said. But "I think this is the beginning of a long-term recovery."

Bussmann concurs.

"As long as this trend continues, it bodes well for the long term recovery that will include the business and MICE (meetings, incentives, conferencing and exhibitions) customer coming back to Las Vegas," he said. "With World of Concrete set for June, let's hope the trend continues to allow this event to come off what has historically been one of the largest gaming shows in the destination. Assuming this happens and we have no set back, it could make for a nice third and fourth quarter of bringing business back to Las Vegas."

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