

Major Las Vegas Development Projects Status Update

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As of the end of January 2020, prior to the closures of businesses determined to be non-essential and the announcement of stay-at-home recommendations due to COVID-19, the Las Vegas Convention and Visitors Authority (LVCVA) indicated that construction of over 12,000 hotel rooms was scheduled to be completed by 2023. While all announced projects may have not ended up being completed, strong visitation over the past few years, overall market hotel/motel occupancy of 88.9% in 2019, and the construction of projects that were

expected to be major demand generators, warranted the development of significant guestroom supply at that time. While the pandemic has caused a few major projects to be put on hold, the continuing development of several major projects will be beneficial for the recovery of the Las Vegas market.



On March 17, 2020, Nevada’s Governor Steve Sisolak ordered the closure of Nevada’s non-essential businesses, including casinos, and urged residents to implement social-distancing measures to reduce spreading COVID-19. Governor Sisolak authorized certain businesses, including restaurants, barbershops, hair salons, and most retail businesses, to reopen (with some limitations) beginning May 9, 2020, and Nevada began its emergence from the pandemic-related shutdown. Casinos were allowed to reopen on June 4, 2020, subject to protocols established by the Nevada Gaming Control Board. Nevada is one of many states that allowed construction to continue throughout the pandemic.

Construction was permitted to continue in Nevada because it is considered to be an essential business for the state, and rightfully so. The maintenance of jobs was cited as one reason for the classification of construction as an essential business. The development of several major projects, including the construction of Allegiant Stadium, Resorts World Las Vegas, and Circa; the redevelopment of the former Hard Rock into the Virgin Hotel Las Vegas; and the expansion of the Las Vegas Convention Center, continued throughout the shutdown period. Similar to everyone else, construction industry workers are at still at risk, and Nevada government officials released guidance for construction sites, including ensuring workers remain six feet apart, restricting meetings and gatherings to no more than ten people, and conducting daily surveys of workers’ health conditions.

Allegiant Stadium

The Allegiant Stadium was topped off in April 2020, fully enclosing the \$2-billion facility that will be the future home of the NFL’s Raiders and UNLV football. With the stadium now completely enclosed, the interior of the stadium is protected from weather elements; rain had caused minor damage in the past, resulting in a delay of the stadium roof system process. The translucent roof panels are designed to give the stadium an outdoor feel

Summary

During the three years preceding the onset of the COVID-19 pandemic, Las Vegas had entered a cycle of new development after the prolonged recovery from the 2008 Great Recession. The ongoing construction of major demand generators throughout the closure period is important to the eventual recovery of the Las Vegas market. This article summarizes the available information regarding the status of major tourism-related projects in the Las Vegas market.

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during day games, as they will be naturally lighted, while offering the comfort of a temperature-controlled facility. As the roof installation is now complete, landscaping, paving and concrete work, and signage and lighting work are occurring around the stadium site. The 85-foot Al Davis memorial torch, spanning multiple levels of the stadium, will serve as a centerpiece. The stadium remains on track for the planned July 31, 2020, completion date, and recruitment to fill up to 4,500 part-time positions for Las Vegas Raiders game days has begun. The first scheduled event at Allegiant Stadium is a concert by Garth Brooks on August 22, 2020. The football season was scheduled to begin later in August, with the start of the NFL's preseason. The first football game, a preseason game between the Raiders and the Arizona Cardinals, is scheduled for August 27, 2020. As of the writing of this article, these events are still scheduled to take place.

Resorts World Las Vegas

Construction of the \$4.3-billion, 3,500-room Resorts World Las Vegas, being built by Malaysia-based Genting Berhad, has continued through the pandemic, and is still anticipated to open in the summer of 2021. In addition to two resort towers housing the 3,500 guestrooms that will feature Hilton Hotels & Resorts, LXR Hotels & Resorts, and Conrad Hotels & Resorts brands, the property is expected to contain a 110,000-square-foot casino, with slots, table games, high-limit gaming areas, private gaming salons, dedicated poker room, and a race and sportsbook; 350,000 square feet of meeting and banquet space; a 27,000-square-foot world-class spa; a 220,000-square-foot pool complex; and multiple food and beverage outlets.

Circa Las Vegas

Construction of the Circa Las Vegas hotel-casino, which is being developed by D Las Vegas and Golden Gate owner Derek Stevens, is continuing. Once fully developed, the property is expected to feature 777 hotel rooms; a two-level casino with an estimated 1,350 slot machines and 49 table games; a connected nine-story garage; four retail concepts; a three-story, stadium-style sportsbook; and a fifth-floor pool amphitheater with a 14-million pixel screen, six temperature-controlled pools, and two spas. Construction of Circa Las Vegas is ahead of schedule; the first five floors, essentially everything except the hotel tower, will reportedly open on October 28, 2020, with the remainder of the resort expected to open before the end of the year. The project will be the first ground-up resort development in Downtown Las Vegas since 1980.

Virgin Hotels Las Vegas

The Hard Rock Hotel Las Vegas closed in early February 2020 to be transformed into a Virgin-branded resort. Re-conceptualized and revitalized, the Virgin Hotel Las Vegas property is anticipated to feature 60,000 square feet of fully-renovated casinos, over five acres of upgraded outdoor space and pools, new restaurants, lounges, and bars, as well as 130,000 square feet of remodeled meeting, event, and convention spaces. The property's \$200-million renovation is still on schedule to open during the fall of 2020.

Las Vegas Convention Center

Construction has continued on the 1.4 million-square-foot convention center expansion. The \$980.3-million West Hall expansion of the Las Vegas Convention Center and its \$52.5-million underground people-mover are approximately 80% complete. The convention center expansion is anticipated to be completed by the end of 2020, in time for the January 2021 Consumer Electronics Show, one of the city's largest conventions. The underground people-mover, expected to be completed by January 2021, will allow convention attendees to travel across the 200-acre convention center campus in under two minutes, free of charge, in all-electric Tesla vehicles. Construction is already underway on all three passenger stations in the system. Plans are being considered for extensions of the Tesla-based underground people-mover system to Wynn Encore, Resorts World Las Vegas, and Allegiant Stadium. The proposed extensions to Encore and Resorts World would not link directly to the convention center loop, which is being built to shuttle conventiongoers around the facility's halls. A \$540-million renovation plan for the Las Vegas Convention Center's other four exhibition halls, which was to begin in 2021, has been put on hold. Moreover, the relocation of the LVCVA offices to a site on Convention Center Drive has been postponed.

Delayed Projects

Construction of the 67-story Drew Las Vegas—the unfinished former Fontainebleau—was put on hold due to the COVID-19 pandemic. The 4,000-room casino-resort, which is located between the expanding Las Vegas Convention Center and Resorts World Las Vegas, was previously expected to be completed in 2022. The developers reportedly remain committed to the project.

Additionally, construction of the \$1.66-billion, 17,500-seat MSG Sphere behind the Venetian was halted due of the pandemic. Madison Square Garden Co. and Las Vegas Sands Corp. remain committed to building the MSG Sphere, but the global fallout from the coronavirus has led to construction impediments, including disruptions to its supply chain, and the venue is no longer anticipated to open in 2021 as previously planned.

Plans for new Las Vegas Monorail Co. stations at the MSG Sphere and Mandalay Bay have also been put on hold because of the pandemic. Since visitors make up most riders on the monorail, the long-term effects of the shutdown remain to be seen, as changes in visitation have historically affected monorail ridership.

Conclusion

Las Vegas has continued to maintain its position as an entertainment and gaming mecca over the years, due in part to the continued development of iconic properties, convention and meeting space, and entertainment venues. As the world makes its way through the pandemic, there is an obvious concern that the behavior of consumers will change in a way that will negatively affect the market. Early indications from gaming operators in the Las Vegas market are that the competitive and operating landscape in the Las Vegas casino and hotel market has been different since the reopening of gaming facilities. In addition to recommended guidelines for social distancing and hygiene designed to limit the continued spread of COVID-19, at least in the short term, potential changes in consumer behavior cannot be ignored.

While it is reasonable to anticipate that gaming facilities with primary reliance on local population and patrons located within driving distance will tend to recover quicker than destination markets, the COVID-19 impact is expected to eventually subside, and a vaccine will hopefully be developed at some point. The fundamentals that have made Las Vegas an iconic destination before the pandemic, including the variety of entertainment offerings, large amount of state-of-the-art meeting and convention space, and new resorts, will be a catalyst for the market's recovery. The ongoing expansion of the Las Vegas Convention Center, construction of the Allegiant Stadium, and development of new and renovated guestrooms at Resorts World Las Vegas, Circa Las Vegas, and Virgin Hotel Las Vegas, which are all slated to be opened within the next 18 months, will be part of Las Vegas' recovery from COVID-19 by contributing to the post-pandemic reinvention of the destination.

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