

The Importance of Sporting Events for the Las Vegas Market

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By the time Nevada’s Governor Sisolak ordered the closure of Nevada’s non-essential businesses and urged residents to implement social-distancing measures to reduce the spreading of COVID-19 on March 17, 2020, the **National Hockey League (NHL)** and **National Basketball Association (NBA)** had suspended their 2019-20 regular seasons, and **Major League Baseball (MLB)** had suspended its Spring Training and delayed the start of the 2020 regular season. In addition, the **National Collegiate Athletic Association (NCAA)**

Division I Men’s Basketball Tournament, commonly known as March Madness, and the **National Football League (NFL)**’s plans to hold its 2020 draft in Las Vegas had been canceled. The **Women’s National Basketball Association (WNBA)**’s 2020 season, which was scheduled to begin on May 15, 2020, was also postponed. The cancellation of sports-related events due to the COVID-19 pandemic not only resulted in lost handle for Las Vegas sportsbooks and revenue from other drivers for Las Vegas’ casino-resorts, but it also delayed the market’s ability to capitalize on the growing momentum that was being generated by the symbiotic relationship between Las Vegas and the world of sports. The return of sporting events will serve as a catalyst for Las Vegas’ recovery from the pandemic.



Sportsbooks in Nevada generate a relatively small percentage of overall gaming revenue for its casinos, approximately 2.7% statewide and 2.9% in Clark County in 2019. However, the benefits of sporting events and casinos’ sportsbooks for the Las Vegas market extend beyond the revenues generated from wagers placed on outcomes. For example, the market has historically benefited from the increased visitation during the weekend of the Super Bowl and during March Madness in the form of higher hotel guestroom rates, increased business for food and beverage outlets, and revenue generated from other sources, including shows and nightclubs. The weekend of the Super Bowl is one of Las Vegas’ busiest periods and draws roughly 300,000 visitors to the market. The weekend of the first two rounds of March Madness also draws thousands of incremental visitors to Las Vegas.

NATIONAL FOOTBALL LEAGUE (NFL)

The NFL’s draft was scheduled to be held in Las Vegas from April 23 to 25, 2020, but was held remotely because of the COVID-19 pandemic. The impact of the in-person draft would have been significant—both financially and in terms of publicity—for Las Vegas. The NFL’s draft is a three-day event that is held in a different city each year. Nashville, Tennessee, the site of the NFL’s 2019 draft, reported a \$224-million economic impact, with \$130 million in direct spending calculated. The draft was to be the first major NFL event held in Las Vegas; the NFL’s **Raiders** are expected to play their first season in Las Vegas in 2020, having played in Oakland, California, since 1995. The NFL’s draft was an event that would have served to officially introduce the Las Vegas Raiders and would have provided an opportunity to showcase the \$1.9-billion **Allegiant Stadium**, the new home of the Las Vegas Raiders, which is slated for completion in the summer of 2020.

Summary

Three U.S. major professional sports teams—the Vegas Golden Knights of the National Hockey League, Las Vegas Aces of the Women’s National Basketball Association, and Las Vegas Raiders of the National Football League—are based in Las Vegas. The importance of sporting events for the Las Vegas market extends beyond serving as the home for these professional teams. The return of sports will contribute to Las Vegas’ eventual recovery from the impact of the COVID-19 pandemic.

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Although the NFL's 2020 draft was held remotely, NFL's Commissioner Roger Goodell announced that Las Vegas has been chosen to host the draft in 2022. This will give the market a second chance to benefit from this event, which will be especially welcomed during the market's anticipated recovery period. Additionally, Allegiant Stadium has been selected to host the Pro Bowl, the NFL's all-star game, on January 31, 2021. Other NFL-sponsored events in the week preceding the Pro Bowl include the NFL FLAG championship game, AFC and NFC team practices, and a Pro Bowl skills showdown. **Caesars Entertainment** is the NFL's official casino sponsor and will use its properties for fan experiences. The NFL has indicated that Pro Bowl week will be dedicated to supporting a series of community and charitable events that will benefit the Las Vegas community. Opportunities for other major NFL events in Las Vegas in the future, including the Super Bowl, are also being evaluated.

The announcement of the NFL's 2020-21 regular season schedule on May 7, 2020, indicates that the league anticipates professional football to return this year. However, contingency plans (if games are not played or without fan attendance) have been formulated given the uncertainties relating to the pandemic, including whether states implement different requirements and guidelines with respect to social distancing that will impact the scheduling and/or location of games to be played. While contingencies for alterations to the schedule because of the pandemic are being considered, the NFL is currently planning for a normal season.

Playing games without fans means loss of gate receipts, concession revenues, advertising, and other sources of revenues, such as parking and memorabilia, but the NFL wants the games to be played with or without fans because of broadcast proceeds, which is the primary source of revenue for the league. Should the NFL's 2020 regular season begin as scheduled on September 10, 2020, with or without fans in attendance, the introduction of the Las Vegas Raiders to the league will be at a time when sports fans (and bettors) are starved for action, especially if other sports seasons are not resumed, and could provide the Las Vegas market and operators with additional marketing/exposure opportunities.

The Las Vegas Raiders are scheduled to participate in four prime-time nationally televised regular-season games at Allegiant Stadium this year, but the fate of the NFL's 2020 season is far from certain. As reports of positive COVID-19 testing by key players have already emerged, it will be interesting to see how betting lines will be influenced by game-day COVID-19 testing reports if football games are played this season, as anyone who tests positive is expected to be isolated until medically appropriate to return.

NATIONAL HOCKEY LEAGUE (NHL)

The NHL is planning to forgo the balance of its regular season and hold a post-season playoff in 2020. Teams were permitted to reopen their training facilities on June 8, 2020, with all players required to undergo mandatory testing for COVID-19. The NHL's playoff format will feature two hub cities that will host all playoff games with 12 teams participating in each city. Reportedly, training camp will last two weeks, with playoff teams traveling to respective hub cities on July 23 or 24, 2020. The **Vegas Golden Knights** are among the 24 teams that have qualified for the playoffs under the NHL's 2020 return-to-play plan.

Las Vegas, along with Chicago, Edmonton, Los Angeles, and Toronto, is being considered as a potential host city should the NHL resume its season. All games are expected to take place without fans in attendance, but the ability to provide a safe and secure environment for players and personnel will be a factor that will be considered in selecting the two hub cities. Being selected as a hub city for the NHL's 2020 playoff would appear to be an excellent marketing opportunity, in addition to contributing to the selected market's economic ramp-up. Las Vegas is considered a strong contender for one of the hubs because of the city's large number of hotel rooms and the highly regarded T-Mobile Arena; however, it is currently unknown if the Golden Knights would be able to play at their home rink if Las Vegas were to be chosen as a hub city.

NATIONAL BASKETBALL ASSOCIATION (NBA)

The NBA is planning to restart its 2019-20 season in late July at the **Walt Disney World Resort** in Florida. The league will invite 22 teams to a single-site campus for all games, practices, and housing for the remainder of the season. The teams will play eight "seeding" games before beginning the playoffs. The NBA has established a

rigorous program to prevent and mitigate the risk related to COVID-19, including a regular testing protocol and stringent safety practices.

WOMEN'S NATIONAL BASKETBALL ASSOCIATION (WNBA)

The WNBA's 2020 season, which was scheduled to begin on May 15, 2020, will take place at the **IMG Academy** in Bradenton, Florida, and will feature 22 regular-season games followed by a traditional playoff format.

Beginning in July, IMG Academy will be the home for each of the league's 12 teams and will serve as a single site for training camp, games, and housing. Under the current plan, WNBA teams will report to IMG Academy in early July, and regular-season action will begin in late July after a team training camp period. The WNBA 2020 season will be played without fans in attendance due to the COVID-19 pandemic. The top priority will continue to be the health and safety of players and staff, and the league is working on a comprehensive set of guidelines to ensure that appropriate medical protocols and protections are in place.

MAJOR LEAGUE BASEBALL (MLB)

MLB is planning to have a shortened 2020 regular season beginning on July 23 or 24 to conclude on September 27, followed by a playoff with five teams from each league making the postseason. Due to efforts to contain extra exposure to COVID-19, teams will not venture outside their region in the regular season.

NATIONAL COLLEGIATE ATHLETIC ASSOCIATION (NCAA)

Universities and colleges nationwide, including the **University of Nevada**, Las Vegas (UNLV), canceled in-person classes during the Spring 2020 semester and moved fully to online instruction because of the COVID-19 pandemic. It is unlikely that college sporting events will be played until students are cleared to return to campus. Given that UNLV's football team is expected to play the majority of its home games at Allegiant Stadium, the return of college sports will also be beneficial to the Las Vegas market. If campuses are not open in time for the football season, other sports may be canceled during the academic year because of the significant amount of revenue derived from football. While options are being considered by league officials, different approaches to the pandemic taken by states and individual schools will complicate the process. On May 27, 2020, the NCAA lifted its ban on on-campus activities, which increases the possibility that college football will return in the fall. Meanwhile, COVID-19 cases have spiked in numerous states, with the football-centric states of Florida and Texas considered new hotspots for the virus.

CONCLUSION

The return of sporting events in the U.S. has begun. On May 9, 2020, **mixed martial arts (MMA)** returned to competition with **UFC 249** in Jacksonville, Florida, becoming the first major U.S. sporting event after the nearly two-month shutdown because of the pandemic. The UFC 249 pay-per-view event took place in front of no fans and with minimal personnel. While the COVID-19 testing plan implemented for the event did result in one fighter being eliminated from competing at UFC 249, the fight card did proceed and marked the beginning of the return of sports.

The National Association for Stock Car Auto Racing (NASCAR) returned to action on May 17, 2020, at **Darlington Raceway** in South Carolina without fans. The ability for fans to attend races will be determined on a state-by-state basis; if and when races are opened to fans, it will likely be at a reduced capacity.

Horse racetracks that are currently operating are doing so without spectators, and strict safety-screening protocols are in place for essential employees who are already on the grounds to provide daily care for horses. On May 27, 2020, the **Nevada Athletic Commission** approved new coronavirus health and safety protocol and granted the UFC and Top Rank two requested dates for live fight cards in Las Vegas without fans in attendance. Golf courses have remained open, or have reopened, in many U.S. jurisdictions pursuant to health guidelines. The **Professional Golfers' Association of America (PGA)** Tour returned with the 2020 Charles Schwab Challenge on June 11, 2020, in Fort Worth, Texas, without fans, but at least five golfers withdrew from the **2020 Travelers Championship** set for June 25 to 28, 2020, because of potential COVID-19 exposure.

Although both professional and collegiate sports leagues struggle with the development of plans to return to play given parameters safeguarding the health and safety of both athletes and fans, the return of fun and games do matter as the world makes its way through the pandemic. There is no guaranteed timetable as to when fans will be permitted to attend any games, but the return of sporting events will be a factor in returning to “normalcy.” Sports are going to be important to Las Vegas’ recovery. In addition to revenue for sportsbooks and publicity for the Las Vegas market when sporting events resume, once spectators are allowed in the venues, sports will continue to be a driver that will generate demand from visitors who will want to come to Las Vegas and experience a game or a fight as in the past.

About **Shannon S. Okada, MAI**



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