

## **Las Vegas—Staking its Claim as a World City**

University of Nevada, Las Vegas  
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Brookings Mountain West Initiative

Robert Lang, Nonresident Senior Fellow, Metropolitan Policy Program at Brookings  
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These are clearly tough times for Las Vegas. The region faces multiple challenges. But Las Vegas can use these bad times to lay the seeds of good things to follow, if it acts now on several fronts: promoting a new and more diversified economy; improving transportation linkages to the West; and building and retrofitting an urban environment that is more efficient and sustainable.

Las Vegas swings between boom and bust periods, and often lives on the kindness of strangers—especially Californians—who now have precious little kindness to give. Californians are no longer able to sell the house in Orange County in order to buy a McMansion in Vegas. The region must move past its Blanche Dubois But it is important to remember that this region has boomed and busted its way to major urban status, though there have been significantly more boom periods than bust.

Las Vegas is a world city, with worldwide fame, and a world of opportunity. It is a city that few could foresee as a major urban center. Even as late as 1970, the best urban analysts failed to predict a million people living in the Las Vegas Valley by 2000. For instance, Jerome Packard, an urban specialist at the Urban Land Institute, was able to forecast every U.S. region above one million by the 20<sup>th</sup> century but Las Vegas.

The fact that no one saw Las Vegas coming is key theme in its development. It is why there is no interstate to Phoenix. It is why so little water has been allocated to the region. Despite the odds, Las Vegas is now a major metropolitan area. The region, even in face of the current downturn, is primed for more growth, but what are the new drivers of growth and what is left of the old growth model?

### *Old Growth Engine, New Growth Engine*

Las Vegas is more reliant on tourism and conventions than Washington, D.C. is on government, but like D.C., the region has the capacity to leverage its key assets and remake its economy by laying new industries atop its core business. Consider Washington, DC. It was a logical site for defense contracting, but it was not inevitable that defense contracting would lead to the internet and other high tech spin off industries. The D.C. region used two key government assets—the Pentagon and the National Institutes of Health—to seed its now expansive telecommunication and bio tech economies.

But what key assets does Las Vegas have to leverage? To start, Las Vegas is a world city with global reach. People are here from around the world. People party in Vegas; people meet in Vegas; and people have *heard* of Vegas. It's embedded in popular culture through Hollywood. It's 'Honeymoon in Vegas', not 'Honeymoon in Salt Lake'. It's 'Viva Las Vegas', not 'Viva Phoenix'. The city needs to go with its strength – embrace it, extend it, expand it. Be grateful for it, the way D.C. is grateful for government. It's a good hand to be dealt.

The first step, which is already being taken, is to reframe Las Vegas as a world meeting space—the Great Convening City. It has become a well known ad campaign that 'What happens in Las Vegas stays in Las Vegas'. This is a fun town that knows privacy. That is why convention goers love the place. It's fun, and thus, you can mix business with pleasure. This was at least the case before the new austerity set in, which is why the President's recent remarks were worrisome. The loss of fun would be deadly to Las Vegas.

What is now needed is a flip side to what happens in Las Vegas, Stays in Las Vegas. The city needs a brand that captures the fact that at 3:00 a.m., what happens in Las Vegas stays in Las Vegas, but at 3:00 p.m., the business conducted at conventions does not stay in Vegas but rather, ripples through the world economy.

The conventions that occur here are really based on deal making, such as the International Council of Shopping Centers convention in Las Vegas where participants meet and begin negotiating the location and financing of retail development. What is key here is the face-to-face encounters where people meet and begin to build trust, which is the basis of business exchange. Relationships begun at these conferences are the basis for follow up. Deals, coordination, and action – it's all about personal connections.

Las Vegas, best known for its gambling and entertainment, has also emerged as a deal-making center of world importance. Because Las Vegas is such a "fun" place and has a large tourist capacity in terms of hotel rooms and meeting space, it attracts the nation's largest trade shows.

These shows form ad hoc market exchanges that gather whole industries to a common space to make deals. The irony is that what happens in Las Vegas arguably reaches well beyond the city in terms of business activity. The city's reputation for discretion in personal matters has enhanced its attractiveness as a public space.

As a place for business networking, Las Vegas is, in this sense, a leading world city of great importance to the American economy. The city has not reached this status by traditional means, and conventional data measuring economic activity do not easily capture its form of exchange.

In a world where face-to-face interaction still matters — and may be even more important than ever—Las Vegas offers world-class venues for people to meet and do business. To get a sense of this, consider the variety and size of some of the trade shows that have recently convened in Las Vegas, including the National Association of Broadcasters (110,000 attendees), the World of Concrete Exposition (85,000 attendees), and International Consumer Electronics Show (150,000 attendees).

Some organizations now have annual meetings that have grown so large that Las Vegas is the only venue big enough to hold their major annual trade shows. A good example is CTIA — The Wireless

Association. This Washington, D.C.-based trade group could hold its largest exhibition in Orange County, Calif., as recently as 2007.

But as the cell phone industry took off, attendance shot up and future annual conventions are now scheduled for Las Vegas. Although to outsiders a trade show can seem trivial for a rapidly evolving technology such as wireless, these are make-or-break events for many start-up firms. Their ability to have access to the entire industry—if just for several days a year—can provide the basis for key contacts that lead to everything from patent licensing to venture capital deals.

Ironically, wireless is one of the most space-liberating technologies ever devised. Give many high-end white collar workers a 3G iPhone or a BlackBerry and they can pretty much do their entire job from anywhere in the world. But in the end, business is all about trust, and that still requires face-to-face encounters.

Las Vegas now plays the highly critical role of gathering all the firms in key industries in one place where they can exchange ideas in person. The fact that Las Vegas is especially fun and frivolous—an adult Disneyland—creates even more incentive for people to attend its conferences, which is how it became the nation's preeminent convention destination in the first place.

To all the killjoys who now want to shame people out of a Las Vegas convention visit, note that a major stimulus for the country remains the social lubricant that Sin City provides business contacts.

It will never be known how many business deals started in Las Vegas, how many patents pitched or licensed, venture capital investments made, projects started, or business networks connected. However, it has to be plenty because Las Vegas is the largest convention city in the U.S., if not the world.

And paradoxically, as telecommunication technology improves, these now infrequent face-to-face encounters grow in importance. There is an intensified exchange that then relies on electronic communications to flesh out the details and coordination.

Now what has Las Vegas gotten so far out of its role as a major business exchange—really on par with the New York Stock Exchange or the Chicago Board of Trade? Not much beyond the tourist dollars. That is until recently.

A key first step and an indicator of future potential is seen at the giant furniture mart—the World Market Center. Las Vegas, because of its enormous convention capacity, is the only place to hold the nation's largest trade shows. One such show is furniture and house wares.

High Point, North Carolina—because of its lumber—has been the traditional home for many furniture manufacturers and the big furniture tradeshow, but the event grew so big that it permanently had to relocate to Las Vegas, even as High Point retains a show and center. Las Vegas has developed a year round trade show capacity in furnishing with big bi-annual events. The city is now poised to be a leading design center. It can potentially become the Milan of the U.S.

Following the example of the World Market Center, Las Vegas needs to systematically evaluate all its major conventions and determine what other trade shows can be turned into permanent

industry. It would not take many of these leveraged opportunities to transform the Las Vegas economy and shrink the percentage of total gross regional product that comes from tourism.

At Vegas' core would remain tourism and conventions, but now layered atop this would be rings of new industries such as design. Also, because Las Vegas has such a capacity and talent for holding conventions it can even target new industries that do not hold conventions in the city. This is already happening in the energy sector as Las Vegas becomes *the* place for alternative energy conferences.

It is possible for Vegas to convene its way to a leadership position in the alternative energy industry. The University of Nevada, Las Vegas has already hosted the two largest and most important national energy summits to date. Meetings such as these can put a city on the map in a particular industry.

Consider the mid-1970s Asilomar Conference on the commercial use of DNA technology. Held just outside of San Francisco at Monterey Bay, the event was attended by people all over the U.S. Most bio tech related research at that point was based in the East, for example Harvard and MIT in Boston, Cold Springs Harbor Labs in Long Island and the whole pharmaceutical research industry concentrated especially in New Jersey. Despite this, the Bay Area researchers organized the "Woodstock" of biotech, which succeeded in making key connections in academia, established rules for proceeding, and set priorities for industry. In short, the conference set the frame for the entire biotech industry.

Clearly the fact that Stanford University and the University of California—Berkeley had first rate molecular biology programs helped the Bay Area emerge as a major biotech center. But other regions—for instance, Baltimore with Johns Hopkins University—also had excellent capacity in life sciences yet never make the link to commercial biotech. Note that Asilomar was all about the commercial application for technology and was not an academic meeting covering basic research. In this way, the Bay Area made the leap into biotech ahead of other competing regions.

Sometimes a recurring meeting of national or international significance can establish a region as a leading center in a key sector. For example, the Davos World Economic Forum in Davos Switzerland has put the city on the map as a leading location for new ideas in a wide range of topics. Can Las Vegas become the Davos of alternative energy? Are there other key sectors the city can go after? What Las Vegas has is the world city status as a convening place and that means it can decide which high-profile events best match the city's plans for economic development.

### *Regional Connections*

World cities are defined by their networks and connections into the global economy. Las Vegas is well connected via air travel. Many leading researchers are still surprised by the extent of the region's links in world air travel. This is a function of both tourism and conventions, which have made the Las Vegas strip a "world space" on par with the centers of other leading world cities. Again, this is an asset and a capacity that Las Vegas has only started to leverage.

Also important are connections to nearby major metros. The strength of these connections can join Southern California, Phoenix-Tucson, and Las Vegas into a world class “megaregion” of the greater southwest. Las Vegas needs improved ground links to these partners and it needs them now.

A key surface connection is the proposed Interstate 11 to Phoenix. The bypass bridge and access roads around Hoover Dam are almost finished and lie along the route. Phoenix and Las Vegas are the two largest metropolitan areas that lie adjacent without a direct interstate. The reason is that the Interstate routes were based on the 1950 census, when the two regions were tiny. Under these rules, Amarillo, Texas got an interstate link down to Lubbock. Any recalibration of metropolitan connectivity would immediately green light a new Interstate between Phoenix and Las Vegas. The construction of Interstate 11 would be a proper recognition of the urban geography of the southwest in the 21<sup>st</sup> century.

The other key surface transportation link is high speed rail to Los Angeles. Why high speed rail? The answer is that high speed rail is used around the world as a high capacity alternative to short haul air travel. In addition, it is greener, more efficient, and can go from city center to city center. Critics of high speed rail argue that the U.S. lacks the population density to support high speed rail. This is based on complete lack of understanding of U.S. geography. Large-scale American urban regions are as dense as those in Europe, and—unlike Europe—most are still growing. The prevailing view in urban planning circles is that due to shifts in public policy, consumer preference, energy use and environmental impact, most large U.S. metropolitan areas will grow denser.

Why does Las Vegas in particular warrant a high speed rail connection? Simply put, the region meets the criteria for such a project. About a third of the visitors to the city are from Southern California. Many of these people arrive on short haul flights that clog Las Vegas’s airport. This is capacity that Las Vegas needs for more distant and international linkages with the rest of the world. In addition, the dense air links between Los Angeles and Las Vegas are waste fuel and add to greenhouse gases in the earth’s atmosphere. Consider that the energy used just to lift a plane out of the airport represents the equivalent energy that it takes to push a high speed passenger train with the equivalent passengers all the way from Las Vegas to Los Angeles.

The U.S. is clearly late to the high –speed rail game, but even that fact may prove an advantage that Las Vegas can gain. The benefits of being late to high speed rail are two-fold. The technology is well established so Las Vegas will benefit from the latest technology without having to upgrade from older rail. In one step, the train can improve on the speeds seen in the Acela line between Boston and Washington, Dc—now the fastest rail in the U.S.

Perhaps more importantly, high speed rail represents an opportunity for an enormous technology transfer. The big European firms that build high speed rail are dying to enter the U.S. market. America is the last and potentially biggest market for high speed rail. As a requirement to play in this market, the U.S. should insist that they are given the tools to locate some of the production within the country itself. Boeing is a prime example of this. The rest of the world demanded that the U.S. show them how to build aircraft, which is one way Boeing sells big

orders of planes. As a key site for a major high speed rail project, Las Vegas can grab some of this technology and manufacturing capacity.

### *Urban Design and Sustainability*

Finally, there is the issue of remaking Las Vegas' built environment. The city is in many ways highly urban. Las Vegas, along with nearby Phoenix, is in the "dry sunbelt." The realities of aridity, steep mountainsides and large federal land holdings have served to constrain outward growth and produce more densely settled metropolitan areas than the East. The average lot size for a single-family home in Las Vegas is just a fraction of those found in the "wet sunbelt" cities of Atlanta and Charlotte.

But so far Las Vegas has seen little benefit from its density. In fact, one can argue that the city really has "dense sprawl" because it remains auto dependent. This is even true despite the fact that Las Vegas has one of the most concentrated and centralized major employment cores in the U.S.

This last round of growth saw the initiation of a new modern Las Vegas through style place making. The City Center project could be to Las Vegas what Rockefeller Center was to NYC: a city within a city that indicates a new urban form. Both projects were delivered during economic downturns.

In addition to better regional connections to Los Angeles and Phoenix, Las Vegas needs better intra-city transit. The new bus rapid transit system (BRT) is a first step in this process and comes as other major metros in the intermountain west are building light rail networks and commuter rail. If done properly, BRT can offer the benefits of light rail, including remaking the lower density space.

Finally, despite some changes that will see Las Vegas shift to more traditional urban forms, Vegas is not an eastern city, nor is it some generic sunbelt town. The city thrives on whimsy, and some element of this should always remain or Las Vegas could lose what made it fun in the first place. But it is doubtful that the city will ever be boring.