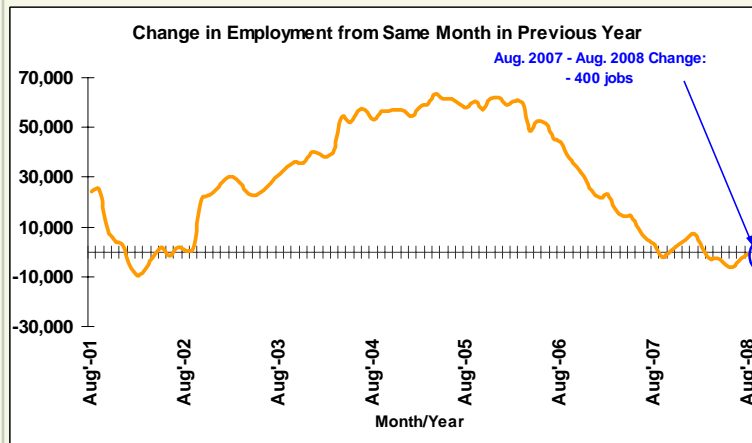


## SEPTEMBER *ECONOMIC INSIGHT*<sup>SM</sup> CLARK COUNTY ECONOMY CONTINUES TO STRUGGLE

RESTREPO  
CONSULTING  
GROUP LLC

Restrepo Consulting Group LLC ("RCG"), *Economic INsight*<sup>SM</sup> report tracks the current health of the Clark County (Las Vegas-Paradise MSA) economy using three major annual indicators – changes in: establishment-based jobs (coincident indicator), the same jobs by major industry (coincident indicator) and unemployment claim filings (leading indicator). The data included in our *Economic Insight*<sup>SM</sup> are provided by the Nevada Department of Employment, Training & Rehabilitation ("DETR") and analyzed by RCG. There is typically a two-month lag in the release of the data by DETR. These job estimates are derived primarily from employment data reported on unemployment insurance (UI) tax reports that nearly all employers are required to file with the state of Nevada. These jobs represented approximately 98.6% of all jobs in Clark County in August.

### TOTAL JOB CHANGE



### ANALYSIS

In our September issue, we note that the state of Nevada recently reported that Clark County saw a decline of 400 establishment-based jobs this past August compared to August 2007. The number of jobs dropped slightly to 920,000 compared to August 2007's 920,400 jobs. This was an even smaller decrease than what we saw in July when there was a 3,000 job loss compared to July 2007, considering the intensity of the recession in Southern Nevada. Similar to July, job growth has been level compared to August 2007.

The health of our job market is directly related to the current global financial crisis and the impact of the eventual bail out or rescue plan approved by Congress. Credit is the oxygen that supports the nation's business community and fuels economic expansion and job creation.

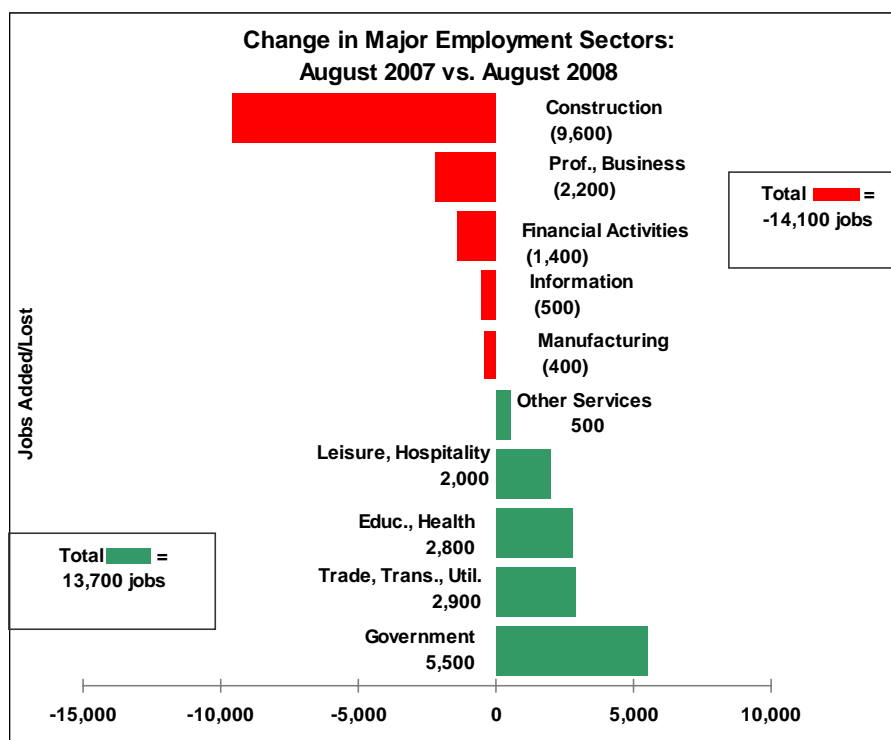
*(continued in next column)*

### TOTAL JOB CHANGE *(continued)*

Restrictive lending policies that choke investment will have a major impact on the performance of small and large business alike. At this point, we really don't know how big the recently approved \$700 billion bail out plan will ultimately be and how long it will take to unclog the nation's credit "arteries."

What we do know is that the financial turmoil is impacting our local economy significantly. As we noted in our August *Economic INsight*<sup>SM</sup>, the actual level of unemployment in Southern Nevada is unknown. The official statistics do not cover the number of undocumented workers and other workers not covered by unemployment insurance. Accordingly, the "true" non-seasonally adjusted unemployment rate is likely higher than the officially reported August rate of 7.1%.

## **JOB CHANGE BY INDUSTRY**



**ANALYSIS**

RCG notes in this month’s *Economic INsight<sup>SM</sup>* that DETR reported the loss of 14,100 jobs this August in 5 of the 11 major industries when compared to August 2007. The majority of these losses were again in Construction and Professional and Business Services. On the other hand, there was a gain of 13,700 jobs in 4 of the 11 sectors when comparing the two months. The largest gains were in the Government (primarily in local government), Trade, Transportation and Utility as well as the Education/Health sectors. Natural Resources and Mining saw no change. As mentioned, the net result was a loss of 400 jobs in August 2008 compared to August 2007, a better than expected sign for Southern Nevada taking into account all of the economic turmoil and fear we have been seeing in the last several months.

As the liquidity crisis and the housing market-driven recession deepens, it is not surprising that the majority of these losses were in Construction (-9,600 jobs).

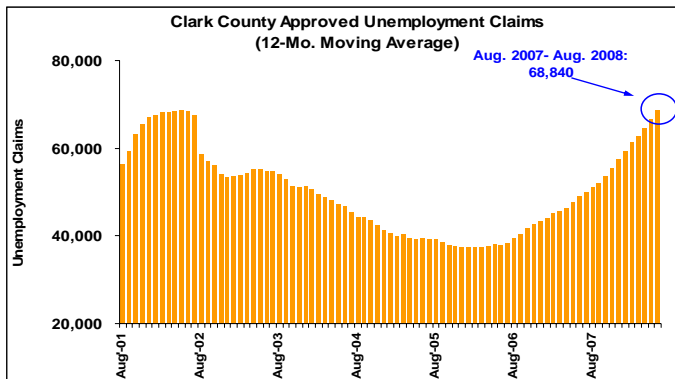
As we’ve previously stated, personal and business financial decisions should not be hinged on the 76,000 - 100,000 jobs that might be generated by current and planned resort projects (based on the latest LVCVA data). Credit markets are expected to stay very constrained in 2009 and 2010 (even with the bailout), potentially raising unemployment in other business sectors and wiping out net job growth.

Government (federal, state and local) jobs in Clark County grew by 5,500 in August 2008 compared to August 2007. Much of this gain was in local government, which grew by 5,200 jobs. The 2008 YTD data showed an increase of 4,400 state and local government jobs (compared with 2007 YTD), of which almost all were in local governments. However, when compared to this past July, state and local government jobs dropped by 1,200 in August. We will have to wait until the September and October numbers are released to develop a more complete trend line.

## UNEMPLOYMENT CLAIM FILINGS

### ANALYSIS

Our August *Economic INsight*<sup>SM</sup>, notes that the state of Nevada recorded 68,640 approved unemployment claim filings in Clark County during the 12-month period ending August 2008. This was 40% higher than the change recorded between August 2006 and August 2007 (49,096 filings). This was a slight rise above the 39% increase noted this July, and remains a very troublesome number in view of the unprecedented turmoil we are seeing in the global credit market and economy.



On a year-to-date basis, 48,576 approved claims were filed in Clark County between January and August 2007 compared to 33,383 filings during the same period in 2007, a 45.5% rise, a change similar to this past July. While the year-over-year, year-to-date comparisons remain of great concern to us, there is one small bright spot. August saw a slight decline compared to July. There were nearly 6% fewer approved filings this August (6,837 claims) versus July (7,249 claims). We continue monitoring this very important indicator each month, because of what it tells about where the local economy is headed.

### FURTHER THOUGHTS

If there are any lingering doubts that we are in a potentially protracted recession, they should have been dispelled by the events of the last 30 days or, more importantly, by the events of the last 10 days. It has been recently said by some of the nation's leading economists and financial analysts that the current battering of the economy, resulting first from the meltdown in the housing market and leading to the meltdown of the global financial markets, is unprecedented in our lifetime. I wish I could say this is largely hyperbole. But, I'm afraid that what we are seeing today is not a mere bump in the road for the Southern Nevada economy.

Some observers have compared the current situation to the Savings and Loan ("S&L") crisis of the mid-1980s to mid-1990s. However, there are major differences between the two events. First, the size of the problem is very different. According to the December 2000 issue of the FDIC's *Banking Review*, the initial cost to the taxpayers and the lending industry of the S&L bailout was about \$519 billion - and today's situation is currently estimated at \$700 billion, and, by some accounts, growing - but no one knows how much more. Second, there are material differences in the types of assets at the core of both events. The S&L assets were easy to understand "hard" assets like office buildings, industrial parks, apartment complexes and shopping centers. The assets in today's debacle are obscure financial instruments like derivatives and credit default swaps, which many in the industry don't even understand. The major questions are: What is the underlying value of these financially engineered assets? And how long will it take for the plan approved last week by Congress and signed by the President to "trickle down" to state and local economies. I am reminded of Winston Churchill's famous quote in a speech before Parliament in November 1942 at the height of World War II. It is worth repeating today, because, in a very real sense, we are in the middle of a major global crisis:

*Restrepo Consulting Group LLC is the most established and prominent Nevada-based urban economics and real estate consulting firm in the state. John Restrepo, principal of the firm, has been providing economic, demographic, real estate market and public policy research services research in Nevada since 1988. RCG advises a variety of public and private organizations. The firm uses its deep expertise in regional economics, modeling, market analysis and database management to assist its clients. RGC has prepared numerous demographic assessments, highest and best use studies, market analyses and regional economic reports. The firm's other services lines include financial advisory services, strategic planning, and gaming industry consulting. Accordingly, RCG is sought after by many of Nevada's most prominent companies and public agencies. RCG is located at 3960 Howard Hughes Parkway, Suite 130, 89169, and can be reached at 702.967.3188. John Restrepo can be contacted at [jrestrepo@rcg1.com](mailto:jrestrepo@rcg1.com). Our website can be accessed at [www.rcg1.com](http://www.rcg1.com).*