Economic INsight℠

DECEMBER 2009 Volume 2, Issue 12

RESTREPO CONSULTING GROUP LLC

2006 Report Laid Out Roadmap to Sustainable Future for Southern Nevada

THIS MONTH

The worsening in 2 (approved claims and housing prices) of our 4 indicators moderated again in November. While Southern Nevada's economy continued to struggle, it did less so in November - the 24th month of the recession. It appears that some economists are informally proclaiming the recession is "over". That said, the ongoing consensus is that the U.S. will see a slow and plodding recovery especially in the labor market and consumer spending. This will cause the local recovery to lag. In Nevada, the growing chorus of calls for a more diverse economy grows.

UNLV-CBER just reported that its Southern Nevada Index of Leading Economic Indicators for December (latest estimate-based on October data) dropped slightly to 125.54 from November's 126.23 (September data). According to CBER: "The two indicators that did show positive year-over-year growth contributed little to the index after weighting and seasonal adjustment. Gross gaming revenue, the most heavily weighted series in the index, caused the largest drag on the index. Improved performance in the gaming sector will be a key component to future Clark County job growth."

We return this month to the issues of economic growth, economic diversification and economic development discussed in our October *Economic INsight*. This time, we have more detailed observations on how our community can move forward to a more sustainable future. These observations come from a well-thought-out and perceptive treatise on the subject by the Theodore Roosevelt Institute ("TRI") published in late-2006 for the Southern Nevada Regional Planning Coalition, titled "*Southern Nevada Regional Economic Study*" (see **Further Thoughts**).

> ***"Central to long term prosperity and economic diversification is the development of leading industry clusters that seek competitive advantage through continued innovation, highly skilled and productive workers, and the utilization of advanced infrastructure and technology." - TRI 2006 Study***

TOTAL JOB CHANGE

DETR just reported the Las Vegas MSA economy had a net job loss of 60,400 establishment-based jobs[1] in November versus November 2008's 903,500, a drop of 6.7% to 843,100 *(Note: the last time the local economy had roughly this number of jobs was December 2004)*. This was a slight rise from the year-over-year change recorded in October (-6.3%) and reflects 8,800 fewer jobs in the region in November.

The average monthly rate of job losses between January and November was 5,145 compared to 5,140 last month. The number of jobs lost during the three months ending in November was 1,800, because of the 9,000-job increase in September. The current 3-month change equals .5% of the 38,300 "net" jobs lost YTD. Finally, there were 89,800 fewer jobs in November than existed in December 2007. Note: November's jobs were 93,400 lower than that recorded in the 10-year peak month of May 2007 (936,500 jobs). It would take about 2.5 years to return to December 2007's 932,900

[1] *Per DETR, establishment-based employment "does not coincide with the labor force concept. Includes multiple job holders."*

establishment-based jobs, if employment started rising this past December at the 4%± annual growth rate recorded between 2000 and 2007. Question: When will Southern Nevada return to this rate of job growth?

Regarding Clark County's unemployment rate, the reported estimate was 12.1% in November, .9 points lower than October, 55% higher than the 7.8% recorded in November 2008 and more than double the 5.6% recorded in December 2007. Our research and empirical information indicates that Clark County's actual rate is 6 to 7 points higher, if discouraged and forced part time workers are included. In November, the Nevada unemployment rate was also 12.3% and the U.S. rate was 10%.

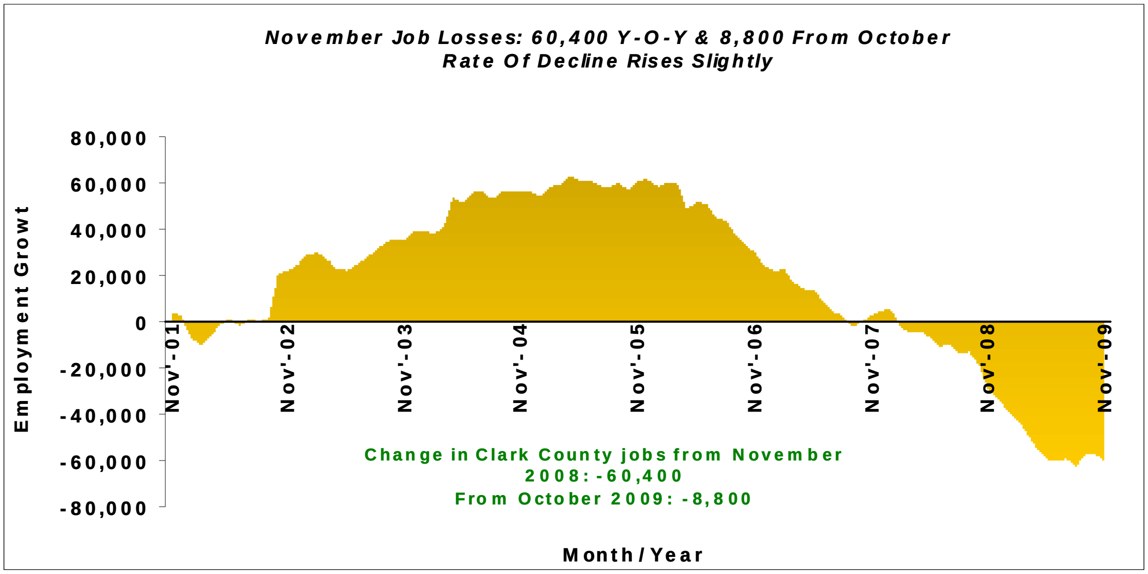
Note: Arizona's rate was 8.9% and Phoenix's was 8.4% in November. We will continue monitoring the Arizona unemployment rate because of the many similarities between the two states, especially their two largest metro areas – Las Vegas and Phoenix. In November, Phoenix had an unemployment rate 4 points lower than Las Vegas.

Two other indicators are also worth noting. The MSA's labor force was 985,500 in November, down by 1% from October's 995,500 persons, and down by 1.8% from November's 2008's 1,003,100 job seekers. The ratio of total employment (866,500) to labor force was 88% in November, similar to the 87% in October.

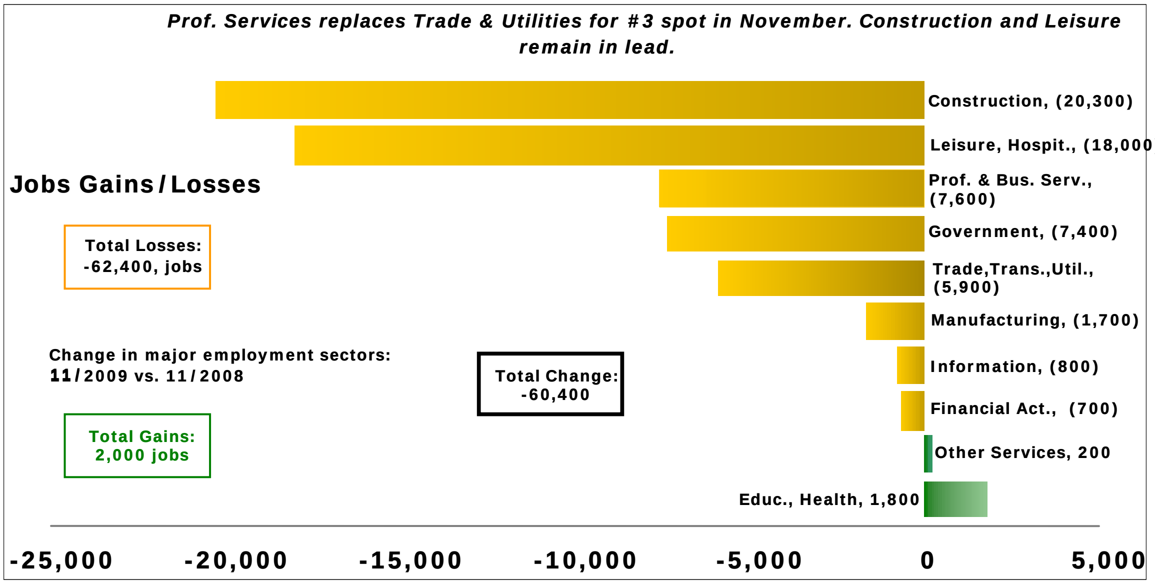
The disturbing fact is that the primary reason for the drop in the unemployment rate in Clark County (-17,600 labor force drop) and Nevada in November, was due to a decline in the number of persons in the workforce, *not* job creation. This downward adjustment was due to the unemployed giving up looking for work, therefore, not being counted in the stats, or leaving the region and state. There were just 300 more employees (total, not establishment-based) in Clark County added in November compared to October. Nevada's lost 400 jobs. That said, it was a major improvement over the 5,000+ job losses in Nevada between September and October.

Important, very disturbing note, per recent DETR release: "Recently published, first quarter employment and wage information indicate Nevada's monthly survey of employers is underestimating (RCG-added underline) the number of job losses in the state," Anderson (Bill Anderson, Chief Economist for DETR) said. "A preliminary comparison reveals year-over-year job levels were down roughly 9.0 percent in March of this year, as opposed to the 5.3 percent originally estimated. There isn't any reason to believe that the divergence improved in the following months. This year, we will likely see one of the biggest benchmark reestimates ever recorded, and a realization that Nevada's labor market is worse off than originally estimated."

It will be interesting, and *troubling*, to see what the results of the March benchmarking will be.



JOB CHANGE BY INDUSTRY



Note: Natural Resources saw no change.

ANALYSIS

Job losses persisted in 8 of the 11 major employment sectors this November compared to November 2008. Two industries saw a gain: 2.7% (1,800 jobs) in Education (includes private colleges like the University of Phoenix) and Health employment, and .8% in Other Services (200 jobs). Natural Resource jobs remained unchanged.

Construction (-20,300), Leisure and Hospitality (-18,000) and Professional & Business Services (-7,600) led with 74% of the losses. On a percentage change basis, Construction led with a year-over-year drop of 23.1% followed by Information with 7.5% and Government with 7%.

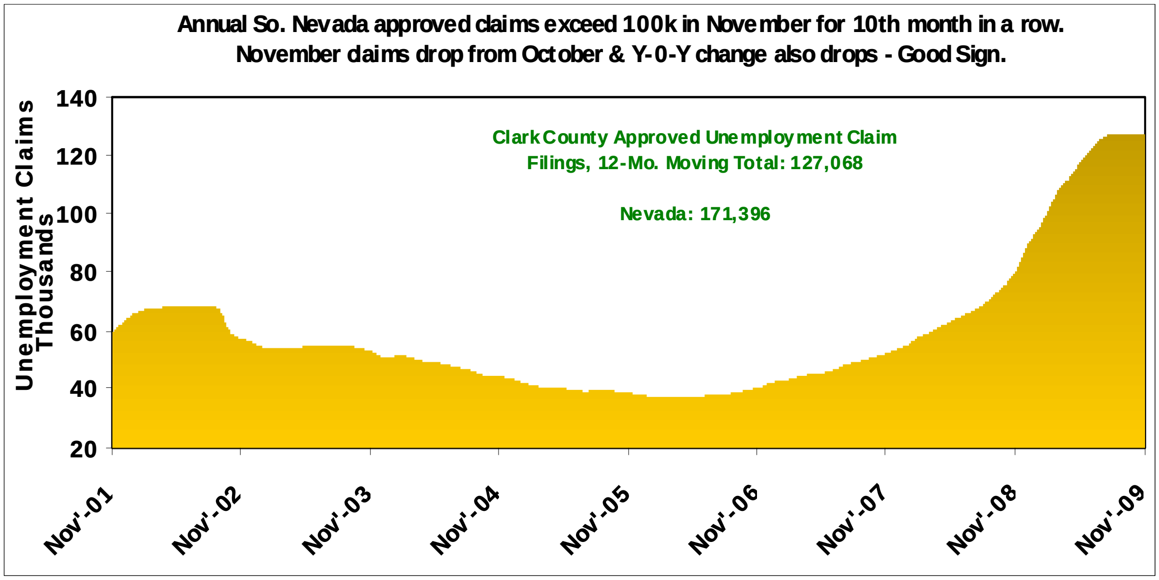
On YTD basis, Construction continued to lead in shedding jobs with 15,200 losses. Leisure and Hospitality followed with 12,800 and Professional & Business Services with 6,600. On a percent basis, Construction also led YTD with an 18.3% drop, followed by Professional & Business Services at 6.1% and Manufacturing at 5.3%.

November was a continued retrenchment from the temporary September "bump" of 9,100 jobs in state and local government recorded between August and September.

In November, Clark County's Construction sector had 67,700 jobs, nearly 30,200 fewer than it had in December 2007. The last time the industry had a similar number of jobs was April 2001 (67,200). Regarding the Leisure and Hospitality sector, November's estimate was 245,200, a difference of 28,500 from the 273,700 jobs reported in December 2007. The last time this sector had a similar number of jobs was in April 2004 (247,100).

Note: The peak employment month in Construction was June 2006 (112,000); for the Leisure and Hospitality it was June 2007 (276,100).

APPROVED UNEMPLOYMENT CLAIM FILINGS ("FIRST PAYMENTS")



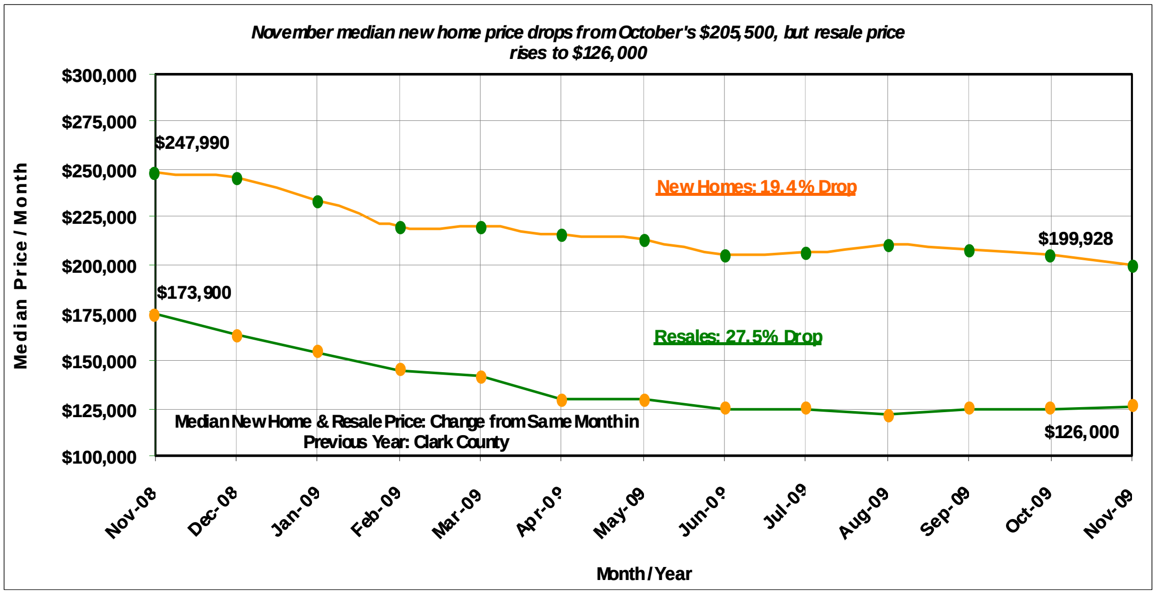
ANALYSIS

For the 3rd month in a row, the State of Nevada recorded over 127,000 approved unemployment claim filings ("first payments") in Clark County during the 12 months ending November 2009 – but the number continued to decline slightly. Nevada saw 171,396 approved claims during the period. In November, Clark County represented 73% of the state's approved claims. November was also the 10th month in a row that Southern Nevada saw annual approved claims exceeding 100,000. The Y-O-Y change in the county for November was 44.3%, a 15-point drop from October. The annual change for Nevada was 40.1%, a 13-point drop. These declines are potentially welcome news for both areas. It is important to note, however, what economist Dean Baker, recently observed when speaking about the national employment picture: "There is also reason to believe that UI claims will fall relative to the number of layoffs as a recession continues, since many of the people who are losing their jobs are likely to have worked too little in the prior year to qualify for benefits."

When comparing November 2009 to November 2008 claims, the number of approved claims in the county saw a noteworthy drop of 5.5%. A similar drop occurred at the state level. As a point of reference, approved claims went up by 103.5% between November 2007 and November 2008 in Clark County, 90.8% for the state. Additionally, the last three months' decreases were much lower than what were experienced between January and August 2009, which ranged from 34% to 123%.

November's approved filings of 8,813 for Clark County were 10.1% above October's 8,008 filings, after an 8.1% rise in October. This was the largest increase from the previous month in 2009. Approved filings for Nevada were up 13.3% from the 10,709 in October to 12,136, the greatest increase YTD. The 2008 change for the same two months was 16.2% in Clark County and 18.9% for Nevada.

MEDIAN NEW HOME & RESALE PRICE



ANALYSIS

November data released by Home Builders Research ("HBR") showed a 27.5% drop in the median resale home price and 19.4% in the median new home price in Clark County, when comparing November 2009 to November 2008.

The median price for new homes dropped 2.7% in November compared to October, and rose (.8%) for resales. *Note: The median resale price decline by .2% last mon*th. The November uptick in the resale price was largely due to the fact that the housing credit was extended into 2010 and expanded to include existing home owners that qualify.

November's median new home price of $199,928 is just below the April 2003 price of $199,822. In the case of resales, median price of $126,000 remained at pre-2000 prices. The overall median home price rose in November to $136,384 from $133,024 in October. Once again, at least 6 months of price increases are needed for a sustained market rebound.

HBR also reported 3,696 resale closings this November versus 2,518 in November 2008, a substantial rise of 47%. In the case of new home closings, there were 604 units sold in November versus 619 in November 2008, only a 2.4% drop. While the size of the resale inventory continues to plague the recovery of the new home market, this month's decline is a welcome relief from the double digit Y-O-Y declines experienced each month during most of the last 36 months. Additionally, total home sales for the 12 months ending this November were 48,934. The sales for the same period in 2008 were 40,018, a jump of 22%.

According to the Greater Las Vegas Association of Realtors ("GLVAR"):

"GLVAR reported declines in most categories related to the number of homes listed for sale. Its statistics on local homes listed for sale without offers showed 8,385 such single-family homes and another 1,826 such condos and townhomes. That's up overall from October, when there were 8,075 homes and another 1,884 condos and townhomes listed for sale without any sort of offer.

RealtyTrac recently reported that: "After four straight months with the nation's top foreclosure rate among metropolitan areas with a population of at least 200,000, Las Vegas dropped to No. 5 thanks to a 33 percent decrease in foreclosure activity from the previous month. One in every 102 Las Vegas housing units received a foreclosure filing in November — still more than four times the national average."

The Case-Shiller Index ("CSI"-not seasonally adjusted) for Las Vegas declined by 16.7% YTD, compared to the 20-city average tracked by the Index, which rose by .1%. Comparing October 2009 to the same month in 2008, the Las Vegas CSI dropped by 29% versus -6% for the 20-city average. According to the CSI, the Las Vegas housing market remains very challenged, but improved dramatically nationally. Per Standard and Poor's, publisher of the indices, "The S&P/Case-Shiller Home Price Indices measures the residential housing market, tracking changes in the value of the residential real estate market in 20 metropolitan regions across the United States. These indices use the repeat sales pricing technique to measure housing markets."

The National Economic Picture

The mixed signals continue at the national level, albeit they are tending toward the positive.

- The U.S. Bureau of Labor Statistics ("BLS") just reported that:

  "Nonfarm payroll employment edged down (-85,000) in December, and the unemployment rate was unchanged at 10.0 percent, the U.S. Bureau of Labor Statistics reported today. Employment fell in construction, manufacturing, and wholesale trade, while temporary help services and health care added jobs."

  "Unemployment rates for the major worker groups--adult men (10.2 percent), adult women (8.2 percent), teenagers (27.1 percent), whites (9.0 percent), blacks (16.2 percent), and Hispanics (12.9 percent)--showed little change in December. The unemployment rate for Asians was 8.4 percent, not seasonally adjusted."

  "Among the unemployed, the number of long-term unemployed (those jobless for 27 weeks and over) continued to trend up, reaching 6.1 million. In December, 4 in 10 unemployed workers were jobless for 27 weeks or longer."

- The BLS also noted that: "In December, the average workweek for production and nonsupervisory workers on private nonfarm payrolls was unchanged at 33.2 hours. The manufacturing work- week, at 40.4 hours, and factory overtime, at 3.4 hours, were unchanged over the month. Since May, the manufacturing workweek has increased by 1.0 hour." The weekly average was 34.1 in December 2007, the start of the recession. At a minimum, the average weekly hours worked will have to rise to the December 2007 number before we see substantive hiring starting again.

- Once again (newer data not out yet), we report that according to the Federal Reserve, the household Debt Service Ratio ("DSR") declined by 5.5% from 13.60 in Q3, 2008 to 12.85 in Q3, 2009 (the latest data). The DSR is an estimate of the ratio of debt payments to disposable personal income. Debt payments consist of the estimated required payments on outstanding mortgage and consumer debt. Additionally, the Financial Obligations Ratio ("FOR") dropped 4.1% from 18.52 in Q3, 2008 to 17.76 in Q3, 2009. The FOR adds to the DSR car lease payments, rents on for-lease dwelling units, homeowners' insurance and property tax payments. These are positive indicators that consumers are slowly paying down debt.

- The Institute of Supply Management's ("ISM") Purchasing Managers Index ("PMI") jumped in December (55.9) from November (53.6). ISM recently reported that, " The manufacturing sector grew for the fifth consecutive month in December as the PMI rose to 55.9 percent, its highest reading since April 2006 when it registered 56 percent. This month's report is quite strong as both the New Orders and Production Indexes are above 60 percent. The sector may be benefiting from an excessive destocking cycle as indicated by the recent performance of the Customers' Inventories Index. Customers' inventories have been 'too low' for nine consecutive months, and this month's index is the lowest reading since the inception of the index in January 1997. Overall, the recovery in manufacturing is continuing, but there are still some industries mired in the downturn as evidenced by the seven industries still in decline."

- The ISM also just reported that its December non-manufacturing index rose to just over 50.1 from November's 48.7, indicating growth in the non-manufacturing sector for three out of the last four months. An index above 50% means that the services sector is expanding, which is good news. According to the ISM, "Respondents' comments vary by industry and, for the most part, are either neutral or slightly more optimistic about business conditions."

- According to the most recent release by Reuters and the University of Michigan, the Index of Consumer Sentiment was 72.5 in the December 2009 survey, up from 67.4 in November, and substantially above the 60.1 recorded in December 2008. "Consumers reported that the economy was slowly improving and thought that the unemployment rate would only marginally increase. While most think the worst is over; the problem is that consumers are still quite uncertain about when prospects for their own finances will improve. Even when consumers become convinced that sustained gains will be forthcoming, there will still be strong spending headwinds, including intentions to add to their savings and reserve funds and to decrease their indebtedness as well as continued restraints on the availability of credit. Overall, the data suggest consumer spending will rise by just 1.6% in 2010."

- The December Consumer Confidence Index from the Conference Board rose to 52.9 (1985=100) from 50.6 in November. According to the Conference Board, "Consumer Confidence posted yet another moderate gain in December as expectations for the short-term future increased to the highest level in two years (Index 75.8, Dec. 2007). The Present Situation Index, however, continued to lose ground and remains at a 26-year low (Index 17.5, Feb. 1983). A more optimistic outlook for business and labor market conditions was the driving force behind the increase in the Expectations Index. Regarding income, however, consumers remain rather pessimistic about their short-term prospects and this will likely continue to play a key role in spending decisions in early 2010."

- Also, from a spending standpoint, the personal savings rate (seasonally adjusted) in November rose to 4.7 from 3.8 in November 2008 (it reached a 15-year high of 6.4% in May). It was 4.7 this October. This Y-O-Y rise is a good thing for individual households, many of which are debt-ridden and need to rebuild balance sheets, but not a good thing for the Southern Nevada economy and its job market.

- The U.S. Department of Labor said recently that: "Manufacturing sector productivity grew 13.4 percent in the third quarter of 2009, as output rose 8.4 percent and hours worked fell 4.4 percent tables A and 3). The third quarter gain in manufacturing productivity was the largest in the series, which begins in the second quarter of 1987. Over the last four quarters, manufacturing productivity grew 3.0 percent. Manufacturing unit labor costs fell 6.1 percent in the third quarter of 2009, but rose 3.0 percent over the last four quarters."

- U.S. distressed commercial real estate jumped to $180 billion in December, according to Real Capital Analytics ("RCA"). Vegas led with the most distressed assets at $17.7 billion. Manhattan followed with $12.3 billion, then Miami with $7.6 billion, Los Angeles with $7.1 billion and Phoenix with $6.1 billion as the Top 5. RCA, does not expect the pace of the distress process to diminish. The firm estimates that more distressed assets will come well in 2010. RCA also noted that only $18 billion, or 10%, of these properties has been settled.

- The Mortgage Bankers Association just reported in its Q3, 2009 Databook that: "Commercial and multifamily mortgages continued to feel stress in the face of the weakened economy," said Jamie Woodwell, MBA's Vice President of Commercial Real Estate Research. "The deterioration in commercial and multifamily loan performance is generally in line with what is being seen in other parts of the economy, with loans backed by commercial properties continuing to performing far better than construction and development loans." The MBA also noted that: "Between the second and third quarters, the 30+ day delinquency rate on loans held in commercial mortgage-backed securities (CMBS) rose 0.17 percentage points to 4.06 percent. The 60+ day delinquency rate on loans held in life company portfolios rose 0.08percentage points to 0.23 percent. The 60+ day delinquency rate on multifamily loans held or insured by Fannie Mae rose 0.11 percentage points to 0.62 percent. The 90+ day delinquency rate on multifamily loans held or insured by Freddie Mac remained unchanged at 0.11 percent. The 90+day delinquency rate on loans held by FDIC-insured banks and thrifts rose 0.51 percentage points to 3.43 percent."

- Finally, according to American Banking News: "Moody's disclosed their November report, which showed that more US credit card users fell further behind on their payments in the month. In addition, the charge-off rate on these cards rose to 10.56 percent last month, after falling for each of the prior two months. In October, the charge off rate was 10.04 percent.

  The charge-off rate measures those credit card account balances written off as uncollectable, as an annualized percentage of total outstanding principal balance. The record-high of 10.76 percent was reached in June of this year.

Beyond the charge offs, another important barometer for the industry is the delinquency rate, which measures how many consumers are falling behind, and how far behind they are. In the month, the delinquency rate (which includes all credit card payments that are between 30 and 180 days late) also rose to 6.2 percent, from 6.1 percent in October. However, the early stage delinquency rate, which measures payments that are 30 to 60 days late, slipped to 1.6 percent from 1.66 percent in October. Moody's said this measure is volatile and the improvement may not indicate any consumer trends."

Southern Nevada & Nevada

THE ECONOMY

The Southern Nevada economic recovery remains relatively moribund compared to what is happening nationally. In addition to the trends noted above in our four indicators:

- Gasoline prices in Las Vegas remain relatively low compared to the peak, but it is on the rise. The bad news: it's largely due to the very weak economic recovery. According to AAA, the recent (January 6, 2010) price of regular gas, locally, was $2.75 per gallon compared to $2.69 last month and $1.79 last year at this time. The peak was recorded on June 21, 2008 at $4.28.

- The Nevada Department of Taxation reported on December 23, 2009, that between October 2008 and October 2009 taxable retail sales dropped by 17.8% for the state. The state also reported a 19.7% decline for the first four months of FY 2010. In Clark County, the annual decrease was 19%. The 4-month change was a 19.7% drop. Clearly, spending at the individual and business levels remains very constrained.

Further Thoughts

In past recessions, the U.S. economy tended to bounce back strongly with growth in GDP of 4-5%. However, will this happen this time? In other words, will the U.S. economy rebound sufficiently in 2010 to make up for the lost ground of 2008 and 2009? As we all now know, the current recession, which some economists are saying has "ended", was the worst since the Great Depression. Additionally, it has features and issues associated with it that your "run of the mill" recession normally doesn't have.

For example, most recessions are triggered by over-manufacturing as companies get too eager concerning expansionary predictions, thereby, causing surplus inventories. Businesses then slow production and layoff workers as they reduce inventories back to supportable levels. At that point, companies increase production and rehire. This, in turn, reduces unemployment, stimulating a new growth cycle. However, this time around, the U.S. economy is suffering double-digit unemployment, enormous debt levels and a frail consumer.

The challenges facing strong national economic growth in 2010 are almost completely based on the fact that consumers are plagued with having to shrink their debts. By some accounts, credit card delinquencies jumped in 2009 to more than 6% (double the rate recorded at the end of 2005) of total cards "outstanding." Additionally, total outstanding consumer credit is currently around $2.5 trillion; it almost reached $2.6 trillion in 2008. The decline means that consumers are taking out less credit as they rebuild balance sheets. This is not exactly the best formula for a return to robust consumer spending. And, it has consequences for the rapid return of commercial development in Southern Nevada, because of our discretionary spending-dependent economy.

Everyone also knows the unemployment story, and recovering the 3.6 million jobs lost since January is only one issue that we must be concerned about. The U.S. Census Bureau estimates that approximately 2.5 million new job seekers per year, on average, will come into the workforce in the next several years. The problem is that they may not be getting the jobs that they might have gotten, without the recession. The reason: Many baby boomers, near retirement, are likely to continue working during the next several years as they also repair their balance sheets.

Let's do some simple math. Adding these new workers to the jobs lost equals 6.1 million jobs that would have to be generated in 2010, nationally, to exceed the 2008 estimate. According to federal statistics, the greatest number of yearly jobs generated during the last 10 years was 3 million in 1999. That is just less than half what is required to be created in

2010 to regain the losses. If this calculation holds true for the U.S., it certainly holds true for Southern Nevada. For example, if Clark County jobs (establishment-based) started growing at the annual rate of 4% experienced between 2000 and 2007, it would take nearly three years to get back to the December 2007 estimate of 932,900. And, it will take even more time for the Southern Nevada job market to fully return to its pre-recession peak. The simple fact is that the only way to reduce unemployment is through consistent job growth (we believe at least 6 continuous months) before we see the fruits of a sustained economic recovery in the region.

Additionally, one of the most serious drags on Nevada's economic recovery is the hazardous financial situation of California. There is great concern around the country about California as the nation's leading economic engine. California's problems are many and complex, from its finances, mortgage defaults, double-digit unemployment and the cost of doing business there, including the production of high value durable goods. Its health heavily influences the health of Southern Nevada for a variety of reasons.

So where does this leave our region? It leaves it in the same position of relying more than ever on its extensive resources and competitive advantages, like its creativity, entrepreneurial spirit, climate, location, "brand" and business -friendly government sector, to move them forward to the next phase of their evolution. At the same time, we must continue working on our major challenges, such as a discretionary spending-based economy, troubled educational system and growth-dependent culture and institutions.

In our opinion, the next phase for Southern Nevada is one that focuses on how it develops, economically speaking, not just how much they grow. The concepts are not the same. Development speaks to the quality of economic activity, while growth speaks to the quantity of the activity. The bridge from an economy and community that is overly growth-dependent to one that is evolving and developing is economic diversification, which almost totally based on workforce investment, i.e., education, is something that will take all our resources and talents to really achieve.

The TRI report's major observations about how we should move toward a more sustainable economy are as relevant today as they were 4 years ago as noted below:

> *"Our analysis of emerging clusters relative to our community* ***and*** *both of the criteria above suggests selected opportunities within eight detailed clusters.*
>
> *These target clusters are:*
> - *Hospital and Health Related Cluster: Service Provision and Manufacturing*
> - *Regional Offices Cluster: Southwestern and Other Headquarter Functions*
> - *Homeland Security Cluster: Complementary Services and Manufacturing*
> - *Research and Development Cluster: Synergistic and Complementary to Other*
>
> *Target Clusters*
> - *Education and Training Institutions Cluster*
> - *Information and Communications Technology Cluster*
> - *Life Sciences Cluster"*
>
> ***Current Strengths: General Categories***
>
> *First, our research reconfirms the basic attractiveness of Southern Nevada for current industry targets as:*
>
> - *Administrative and Back Office Services*
> - *Distribution Centers*
> - *Furniture Mart Supplier and Related Services*
> - *Potential Public Higher Education Research Park Expansion*
>
> ***Impact of Demographic Changes: General Categories***
>
> *Our population forecasts and other demographic changes and spatial networking both reinforce and suggest including:*
>
> - *Education Services [Public and Private]*
> - *Hospital and Health Related*
> - *Research and Development*
> - *Regional Offices*
> - *Senior Services*

Detailed Clusters

Our analysis of emerging clusters relative to our community ***and*** *both of the criteria above suggests selected opportunities within eight detailed clusters.*

These target clusters are:

- *Hospital and Health Related Cluster: Service Provision and Manufacturing*
- *Regional Offices Cluster: Southwestern and Other Headquarter Functions*
- *Homeland Security Cluster: Complementary Services and Manufacturing*
- *Research and Development Cluster: Synergistic and Complementary to Other Target Clusters*
- *Education and Training Institutions Cluster*
- *Information and Communications Technology Cluster*
- *Life Sciences Cluster*

Further on the TRI report also notes the following:

*"**Selected Sustainability Technologies:***
Future Cluster Potential

The events of 9/11 terrorist bombings as well as the natural disasters and resultant economic impacts of Hurricane Katrina have increased the demand for sustainability technologies throughout the United States. Nevada is uniquely positioned to capture this market due its unique climatology and geology.

Two identifiable sectors include:

- *Selected solar industry components such as cells and panels [within 334413, 333414].*
- *Electric Power Generation, Transmission and Distribution [2211].*

However, there is significant amount of activity in Southern Nevada in this sector that does not easily fit into easily definable categories. This represents a unique opportunity for Southern Nevada to create meaningful public partnerships with the federal government to exploit these advantages. A summary follows. Nevada is progressing on innovative applications for three unique areas:

Renewable and Alternative Energy - *Nevada has all the desirable renewable energy sources and facilities to become a significant player in the renewable and alternative energy market. The state's prominence as an ideal "living laboratory" for validation of alternate energy technologies is attracting companies into the state.*

Environmental Technologies - *Nevada is at the forefront of innovation and commercialization in environmental technologies. The federal R&D funds flowing into Nevada have shaped the competitive base of companies and facilities operating in this sector. Companies operating in the sector have demonstrated capabilities in environmental bioremediation (bio/phyto remediation), waste management (solid waste management and wastewater treatment), and bio-security.*

Disaster Mitigation and Management - *Nevada is a prominent location in the region for expertise in disaster mitigation and management. Prevalence of world-class infrastructural facilities drives this growing prominence. Many of Nevada's technology businesses are collaborating with the infrastructure and the U.S. Departments of Defense and Energy to develop innovative products and services.*

To develop these as diversifiable clusters may well take true community planning and coordination among local governments and the federal government. These opportunities for Southern Nevada are important; the catalyst to bring them into fruition may require community coordination."

Does any of this sound familiar? Suppose we had started doing some of the advanced planning three or four years ago to begin our economic evolution, where we would be today?

About the Publication

The data included in our EI are provided by the Nevada Department of Employment, Training & Rehabilitation ("DETR") and Home Builders Research ("HR"), and analyzed by RCG. There can be up to a two-month lag in the release of some of the data. The job (establishment-based) estimates are derived primarily from data reported via unemployment insurance ("UI") tax reports that nearly all employers are required to file with the State of Nevada. The historical monthly estimates are revised by RCG each month as DETR revises its previous calculations.

Restrepo Consulting Group LLC

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, demographics, modeling, market analysis and database management to assist its clients. RGC has prepared numerous demographic and economic forecasts, highest and best use studies, market analyses, and regional economic reports. The firm's other services lines include financial advisory services, public policy research, strategic planning, and gaming industry consulting. The firm is sought after by many of Nevada's most prominent companies and public agencies. RCG has offices at 3980 Howard Hughes Parkway, Suite 290 89169, and can be reached at 702.967.3188. The firm's website can be accessed at: www.rcg1.com.

Contact Us:

Restrepo Consulting Group LLC
3980 Howard Hughes Parkway, Suite 290
Las Vegas, NV 89169
Phone: (702) 967-3188
Fax: (702) 967-3196
Email: info@rcg1.com