

Southern Nevada Economic Briefing

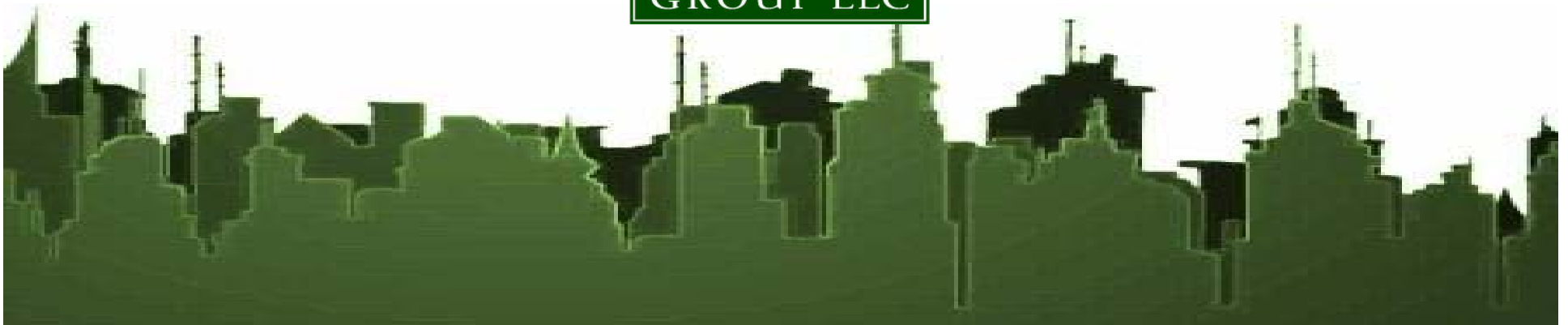


Annual Educational Symposium

October 29, 2009

Prepared by:

**RESTREPO
CONSULTING
GROUP LLC**



What's An Economist?

An expert who will know tomorrow why the things he or she forecasted yesterday didn't happen today.

The National Economy



The Great Recession

Only two positions today: “cash or fetal”

Recession in full swing, with mixed signs of recovery.
Technical indicators improving, but job market extremely weak

The culprits

Real estate asset collapse, cheap & easy credit, job losses, consumer confidence/spending, debt loads

What's next?

Are we at bottom or is it just a case of “Premature Exhilaration”?

Some Important National Indicators

- Length of Recession: **22 months (12/07)**
- Real GDP Growth: **+3.5% from Q2 to Q3**
- ISM Manufacturing Index (9/08 - 9/09): **+21.2% (52.6)**
- Consumer Conf. Index (9/08 - 9/09): **-13.5% (53.1)**
- Personal Savings Rate (7/08 - 7/09): **+76.5% (3%)**
- DJIA (10/08 - 10/09): **+7.6% (9311 to 10016)**
From low (3/09 – 10/09): **+53.9% (6547 to 10016)**



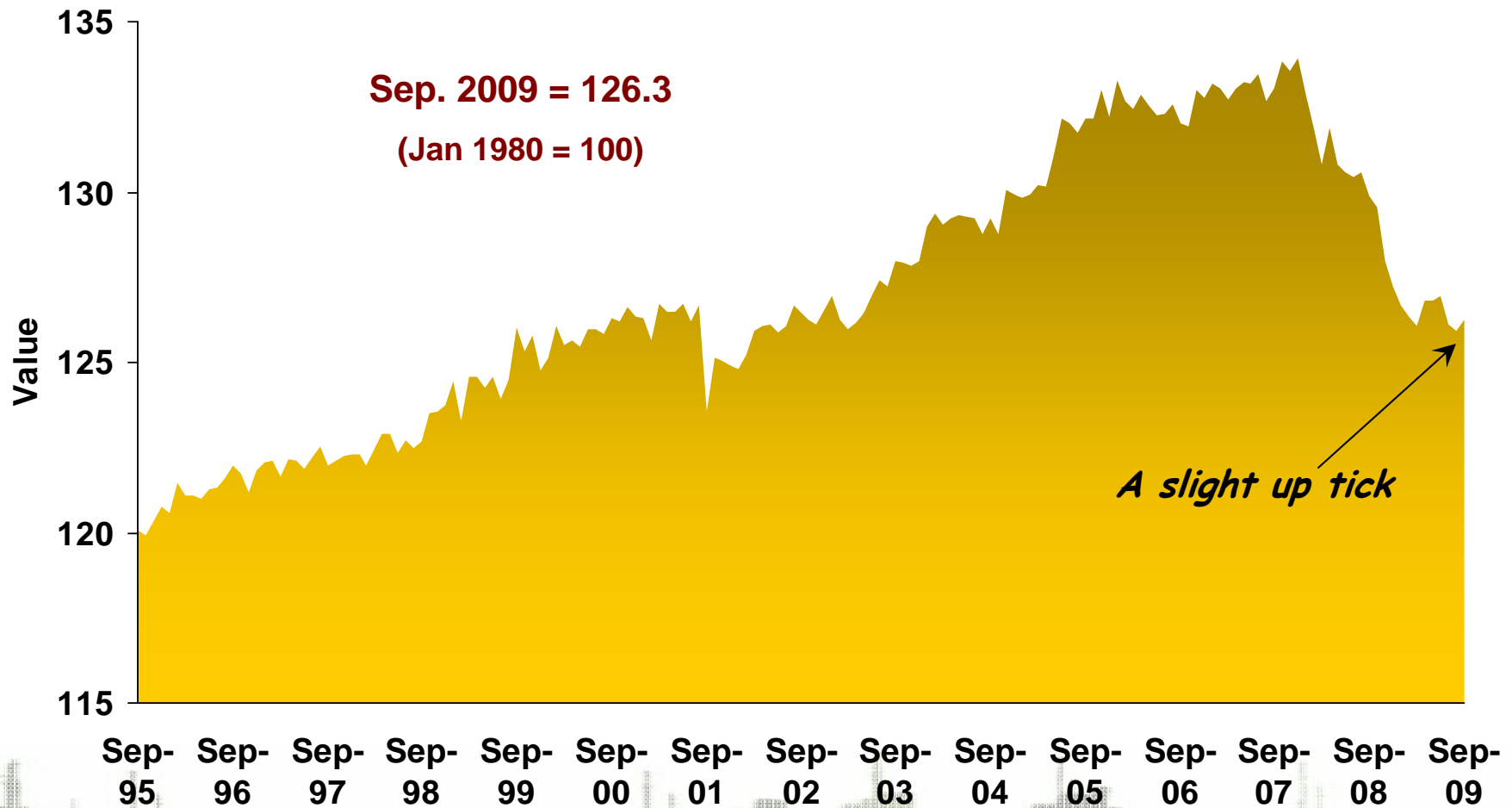
Nevada & Clark County Economies

1995-2005: Southern Nevada's "The Gilded Age"

- Irrational Exuberance
- "Chain of Blame"
 - *Real Estate Industry, Only One Cycle – UP!*
 - *Valley Boosters Gone Wild*
 - *Analysts Turned Cheerleaders*
 - *Media Drinking The Kool-Aid*
 - *Cheap & Easy Credit By Lenders*
 - *Buyers & Sellers,*
- & Last But Not Least*
 - *All of US*

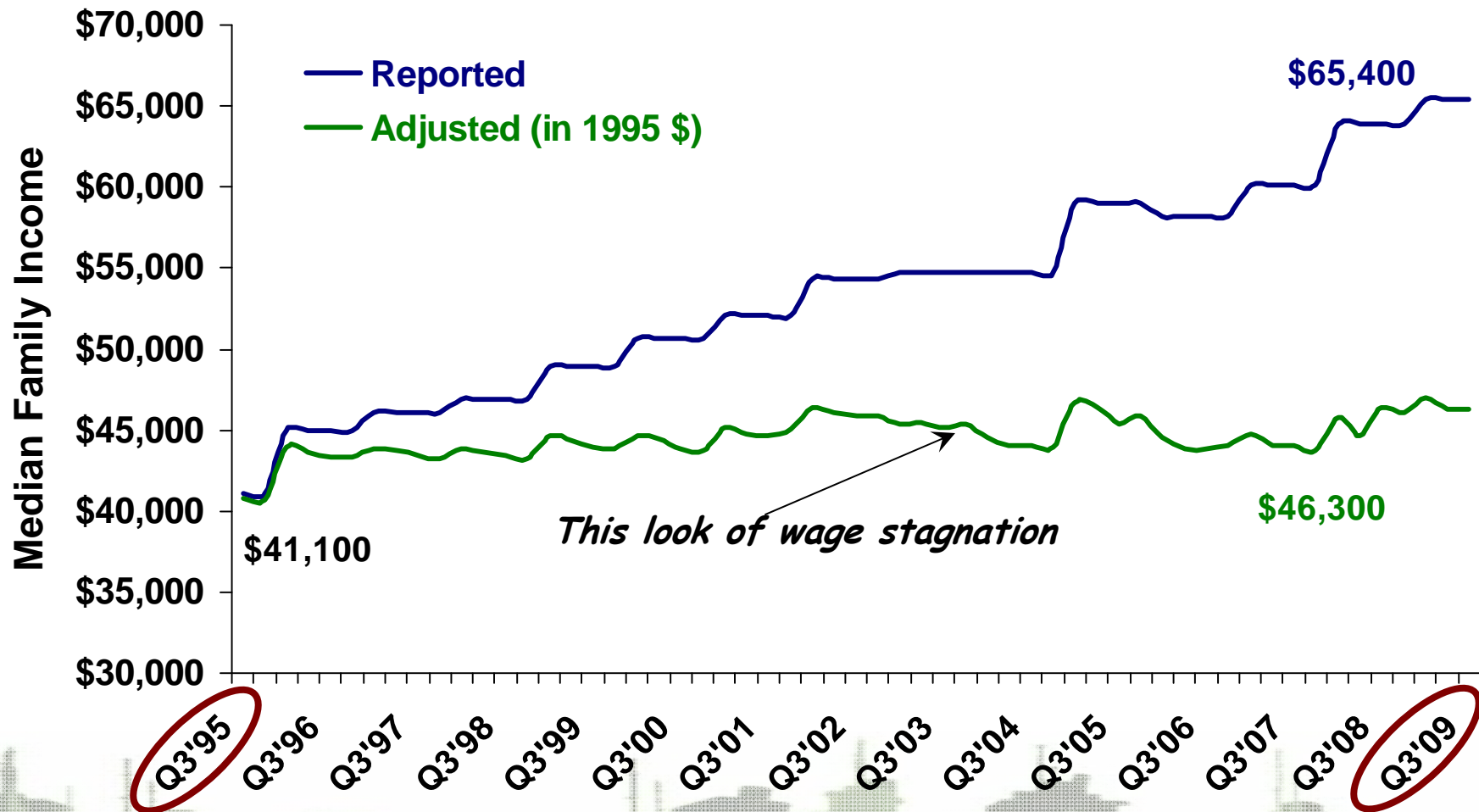


Southern Nevada Index of Leading Economic Indicators: 9/1995 – 9/2009

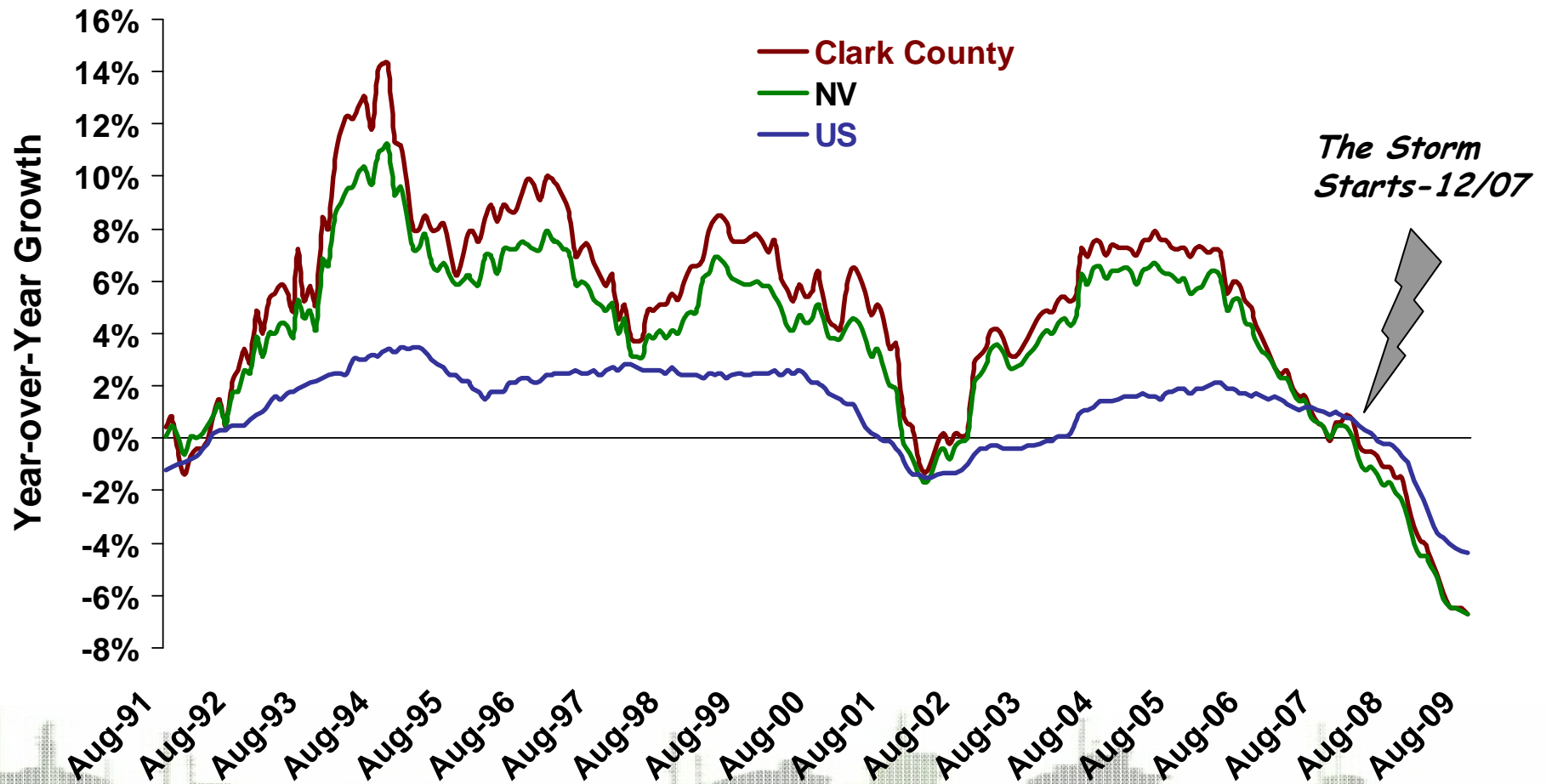


Clark County Median Family Income

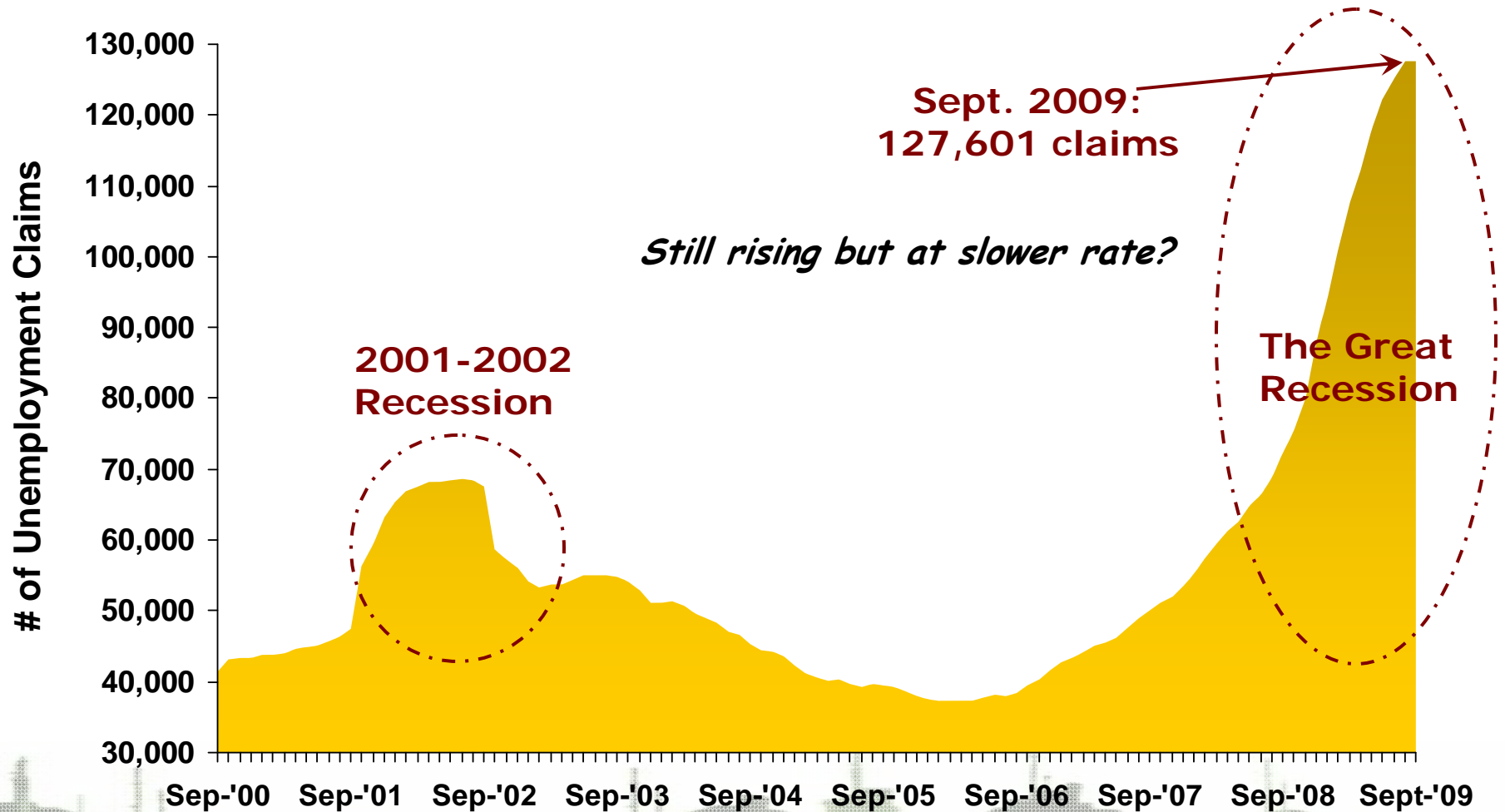
Reported vs. Inflation-Adjusted (in 1995 \$): Q3, 1995 – Q3, 2009



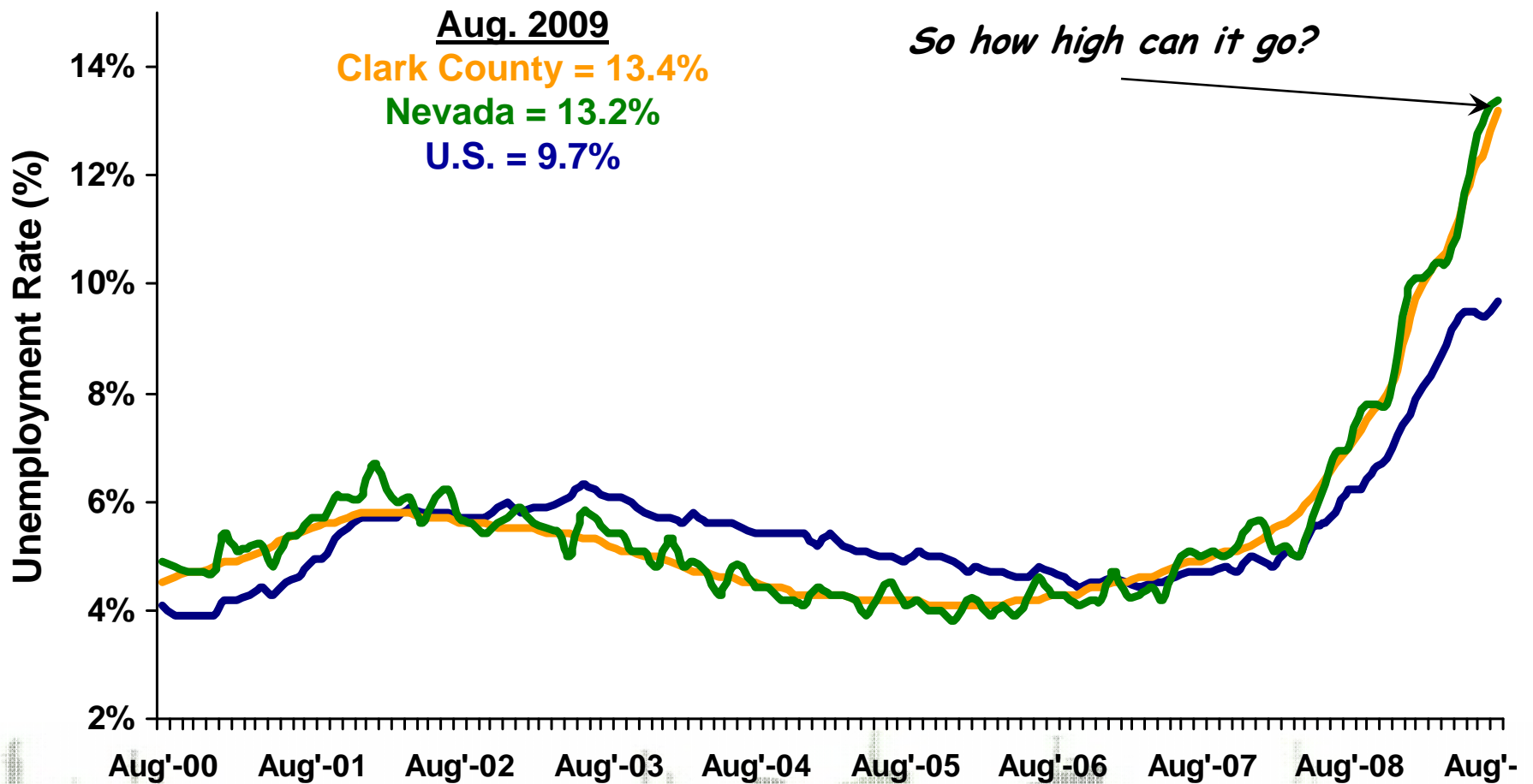
Clark County, Nevada & U.S. Job Growth: 8/1991 – 8/2009



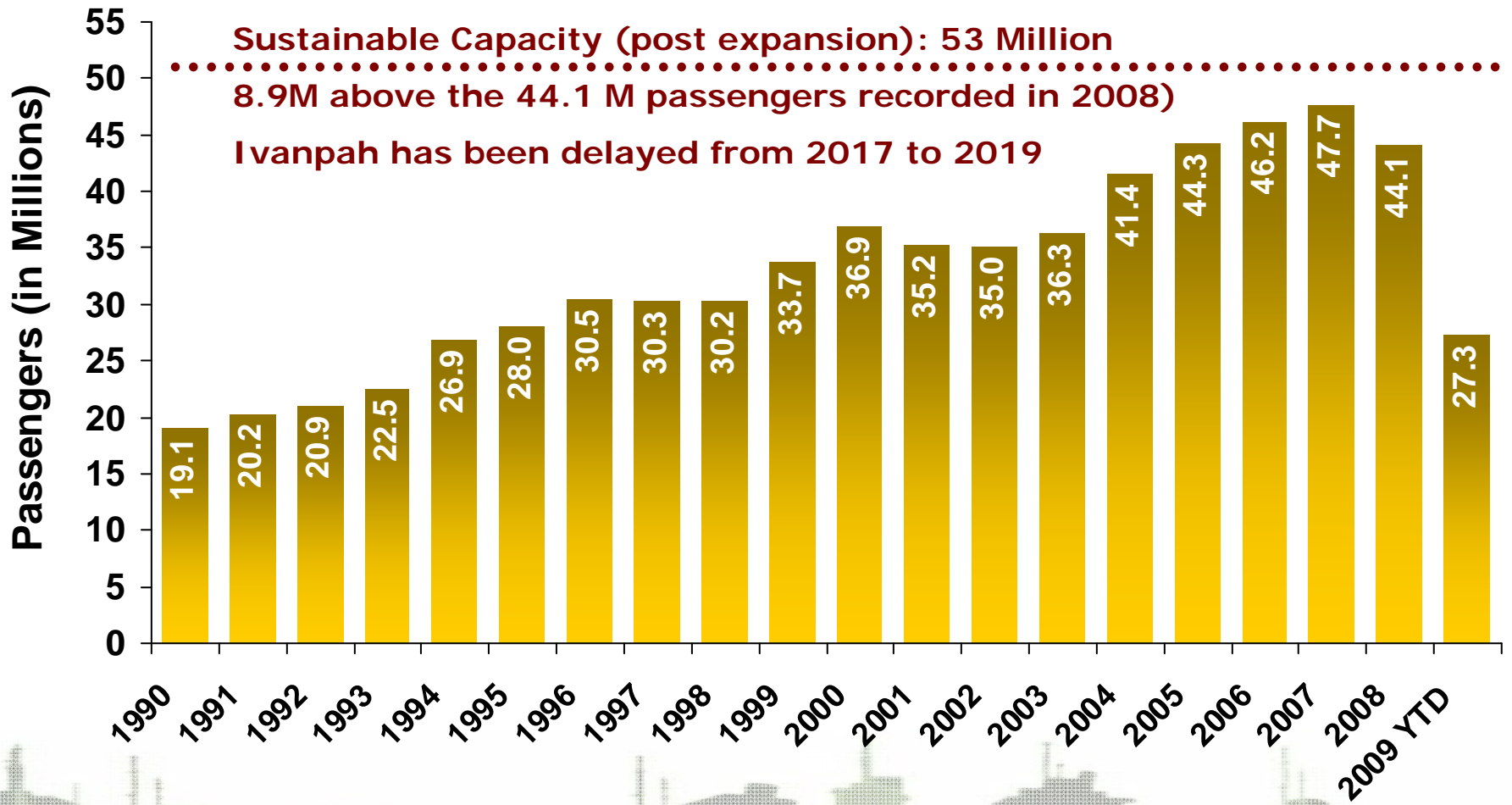
of Approved First-Payment Unemployment Claims: 9/2000 – 9/2009 (12-Mo. Annualized Totals)



Clark County, Nevada & U.S. Unemployment Rates: 8/2000 – 8/2009

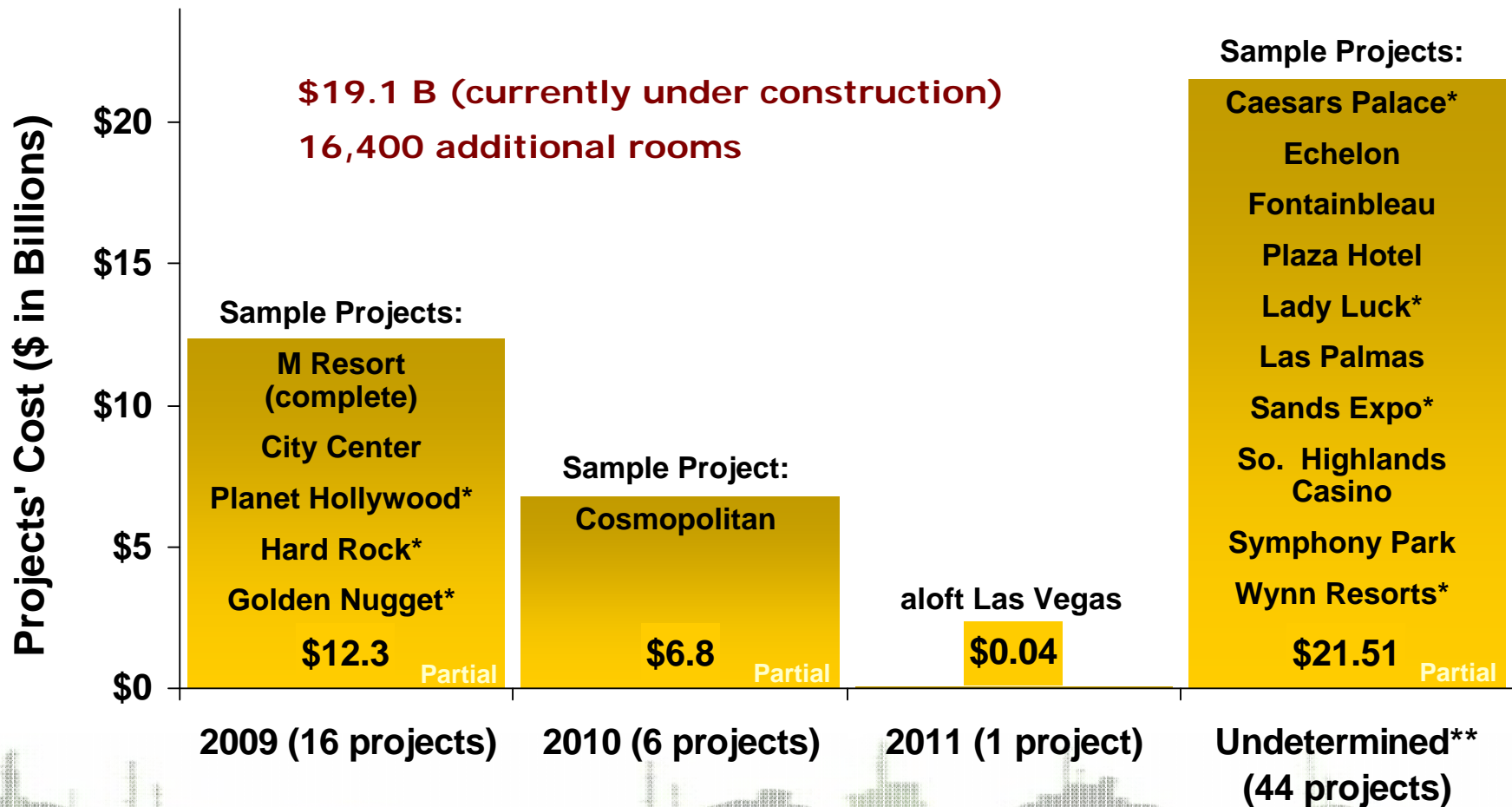


McCarran Annual Passengers: 1990 – 2008, & 2009 (YTD August)

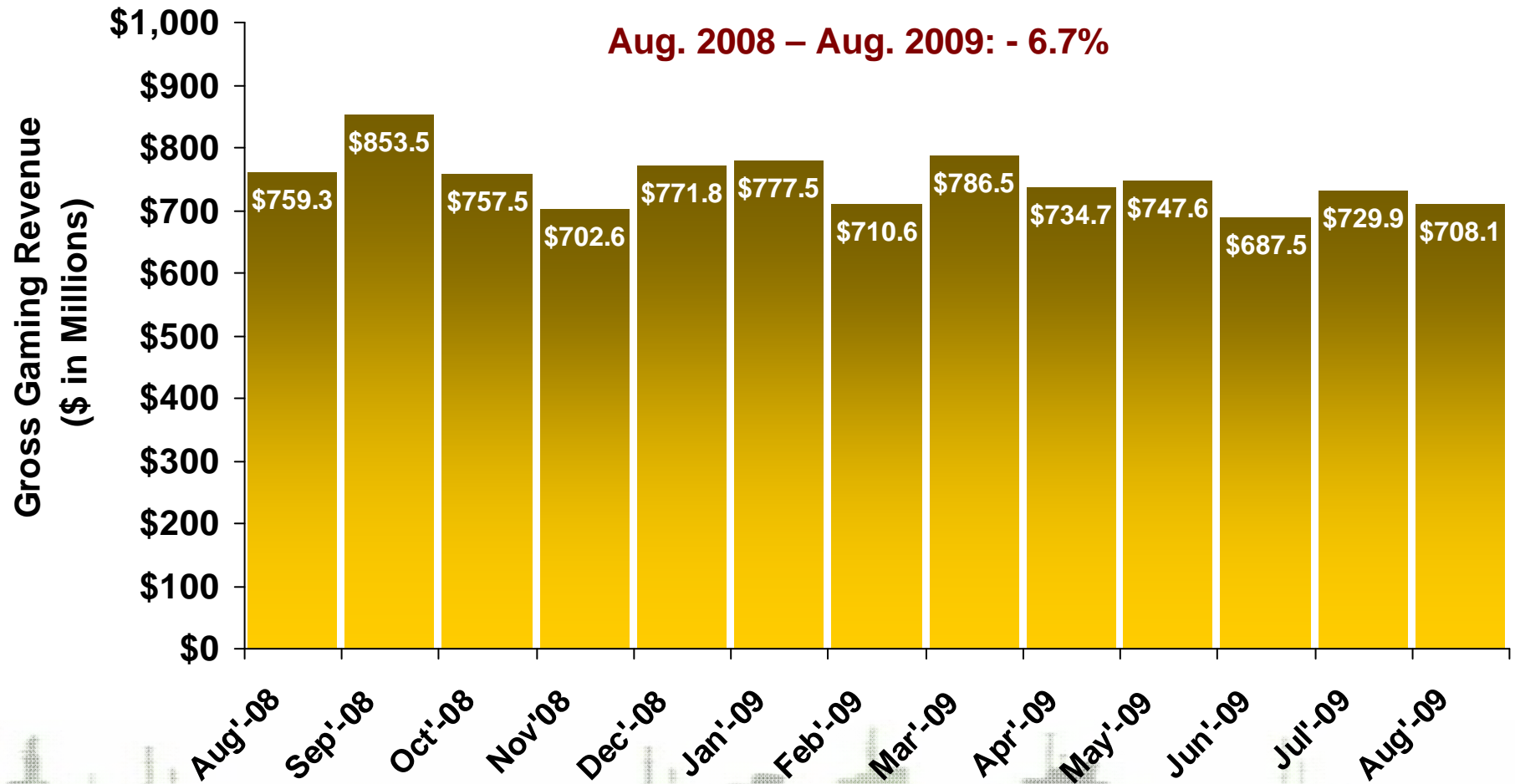


Resort Industry Investment: Will They Come?

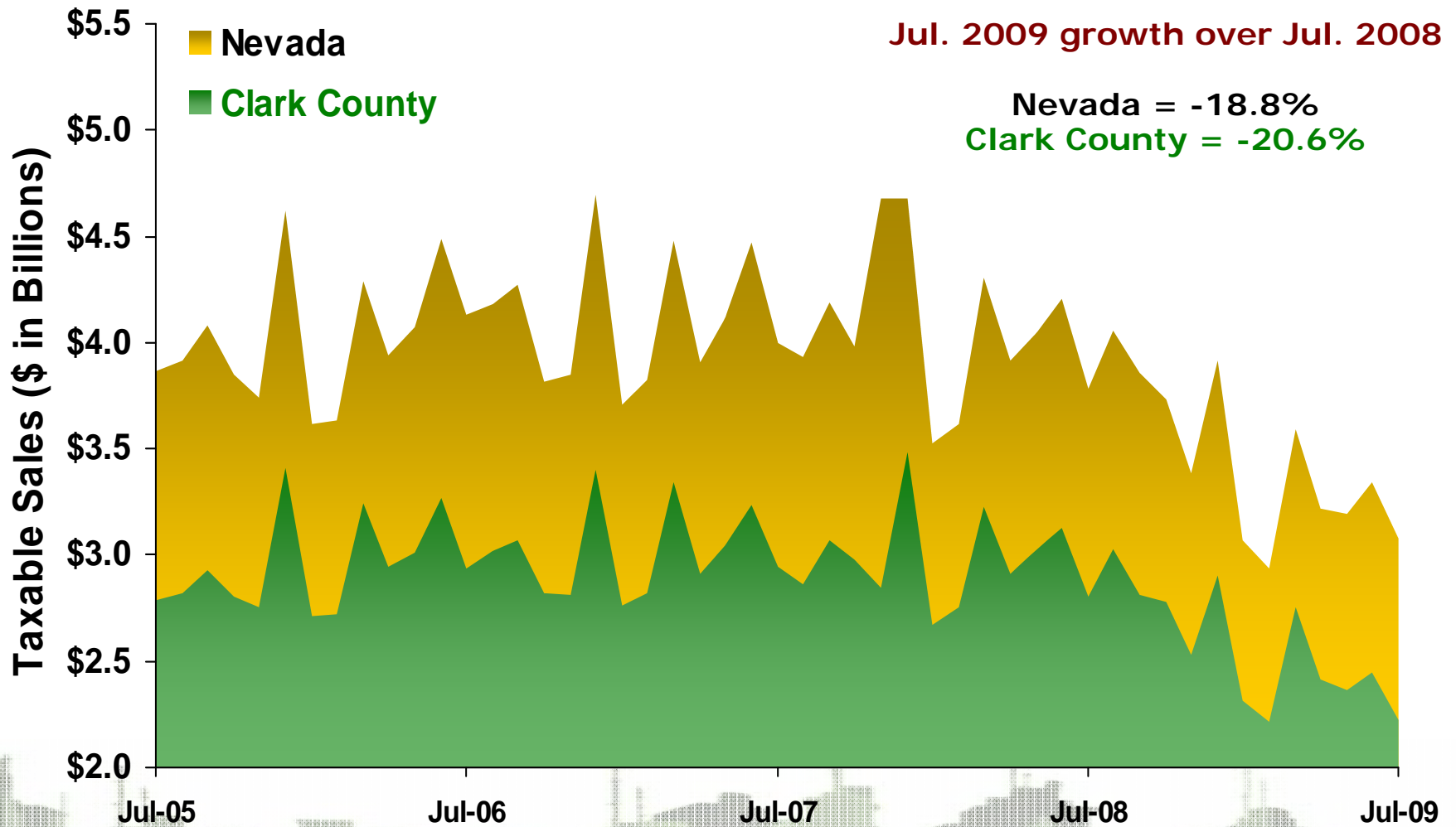
Projects' Cost (\$B) by Scheduled Completion Year:
2009 – 2011 & Undetermined



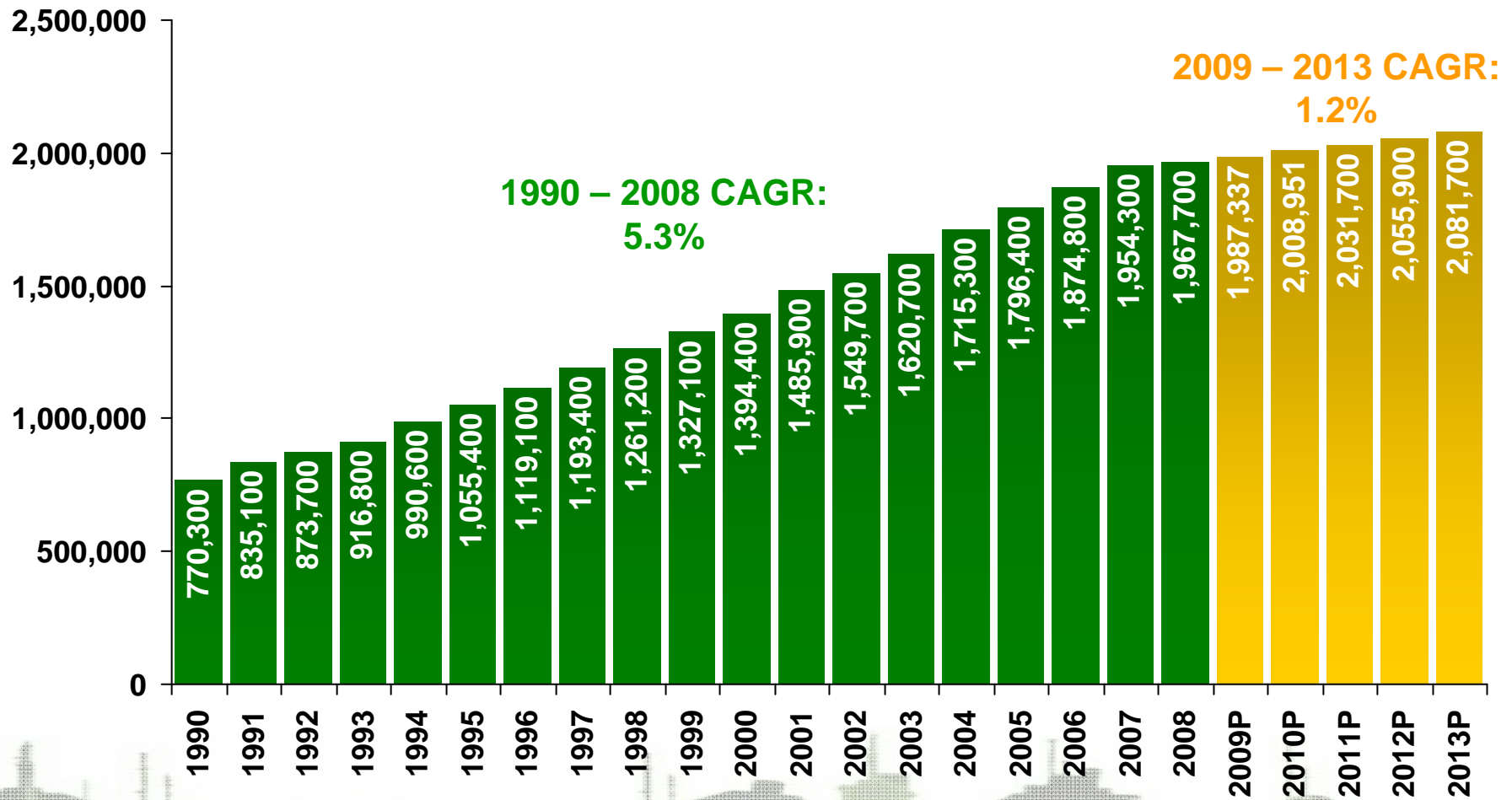
Clark County Gross Gaming Revenue: 8/2008 – 8/2009



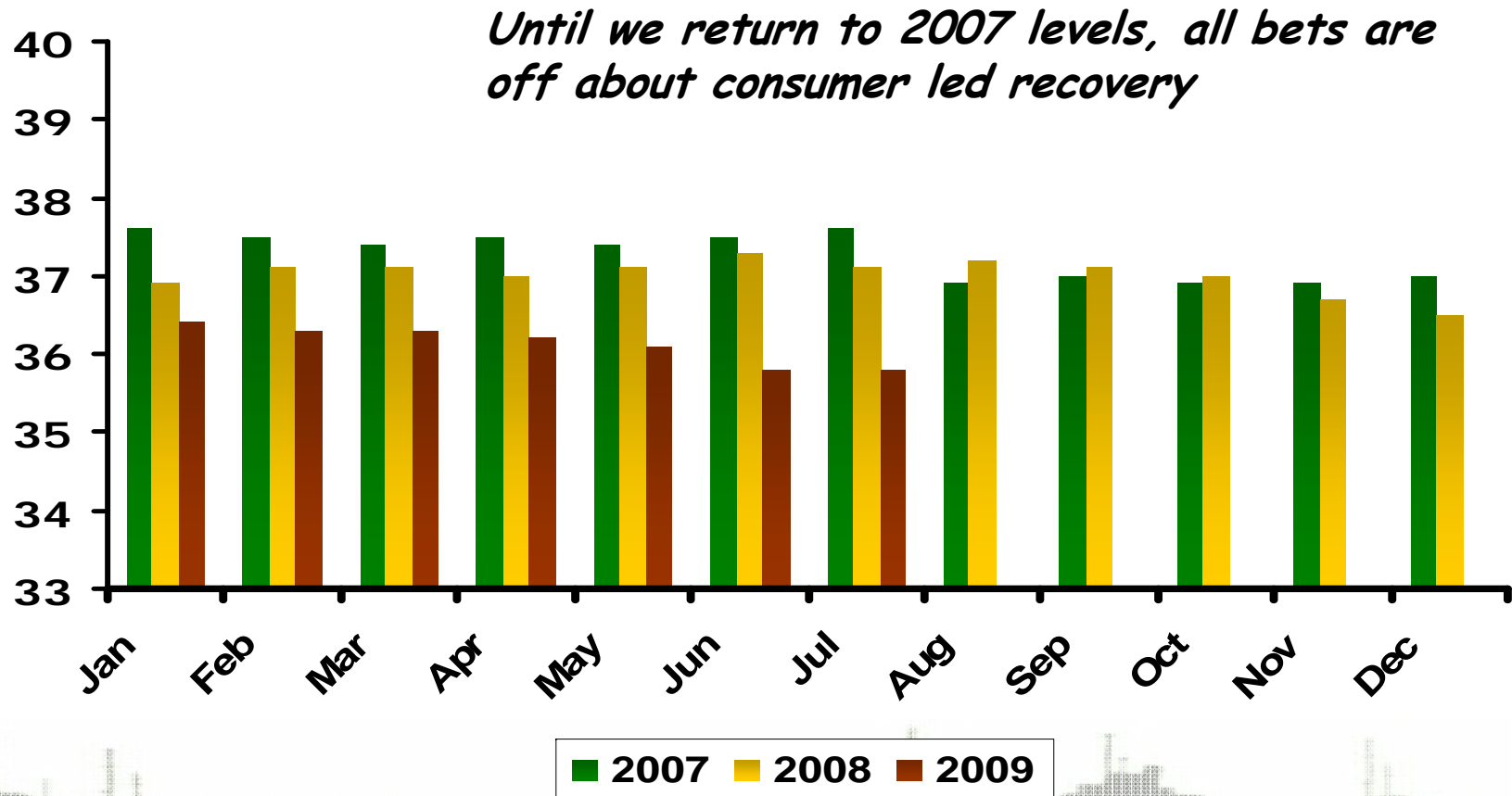
Clark County & Nevada Taxable Sales 7/2005 – 7/2009



Clark County Population: 1990 – 2008 Estimates & 2009 – 2013 Projections



Average Weekly Hours-Nevada: 2007-2009 YTD

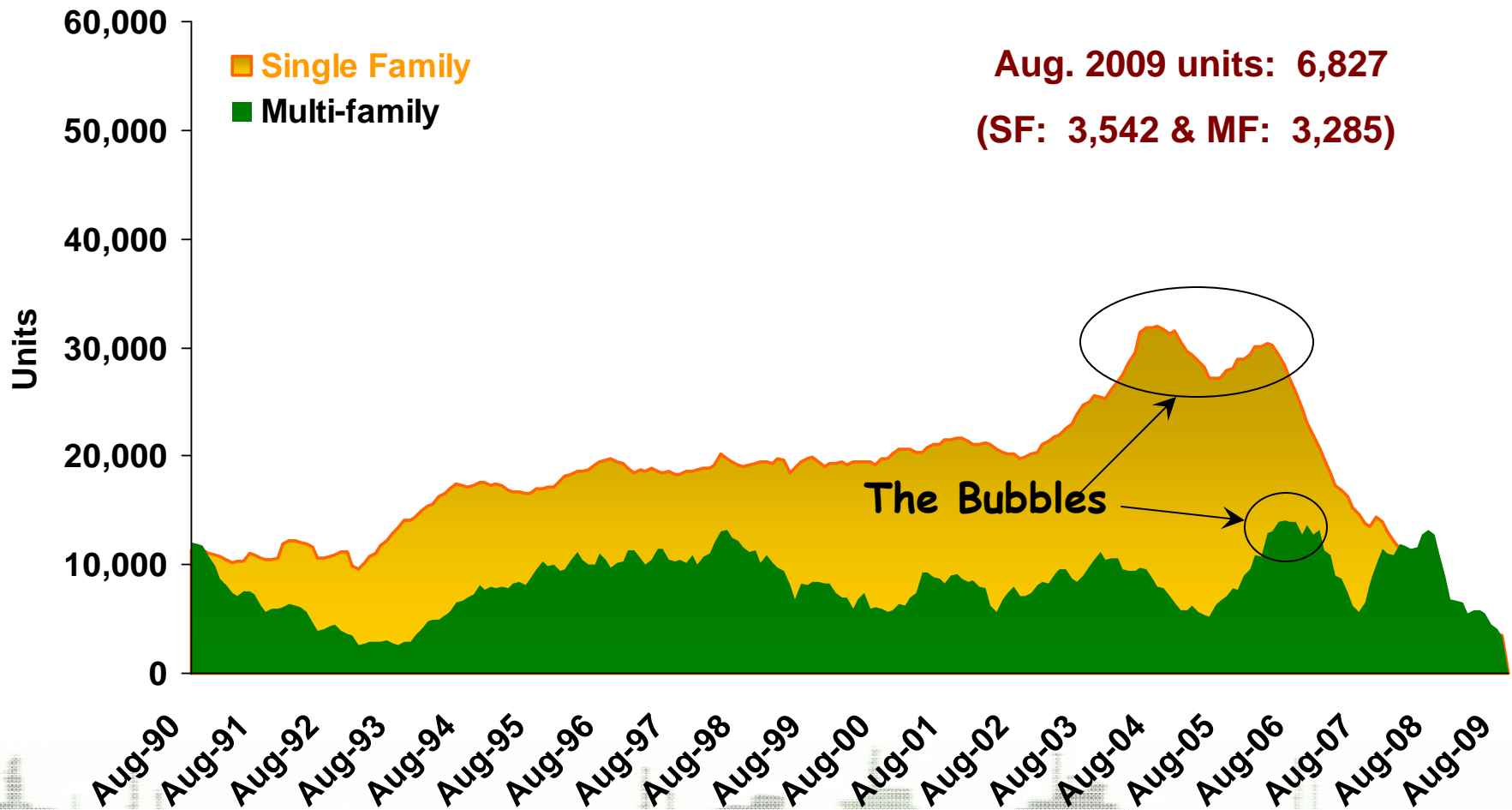




The Real Estate Markets

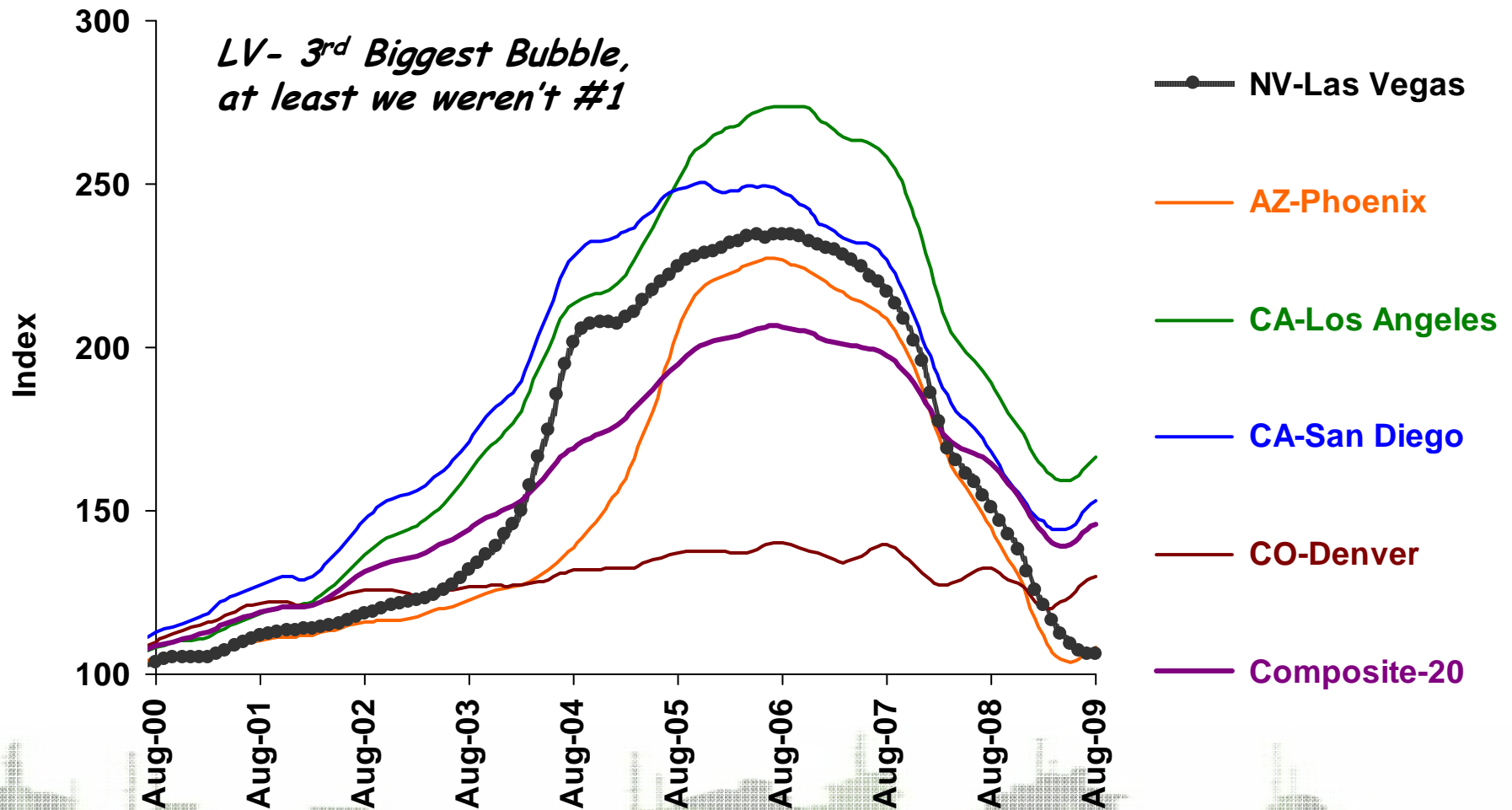
Residential

Clark County Residential Units Permitted Single Family & Multi-family 8/1990 – 8/2009 (12-mo. Annualized Totals)

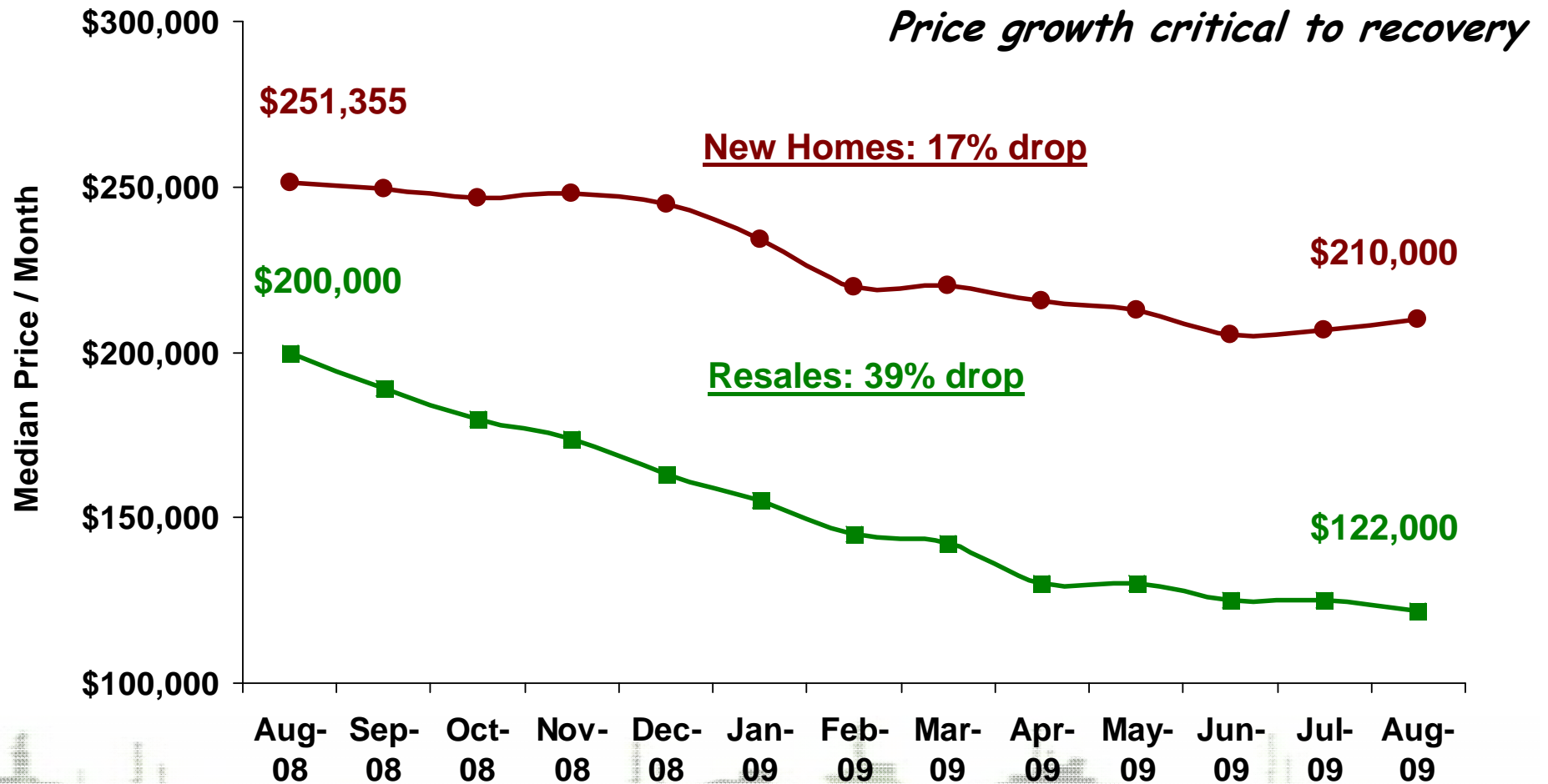


S&P / Case-Shiller Housing Price Index

Select Southwestern U.S. MSAs: 8/2000 – 8/2009

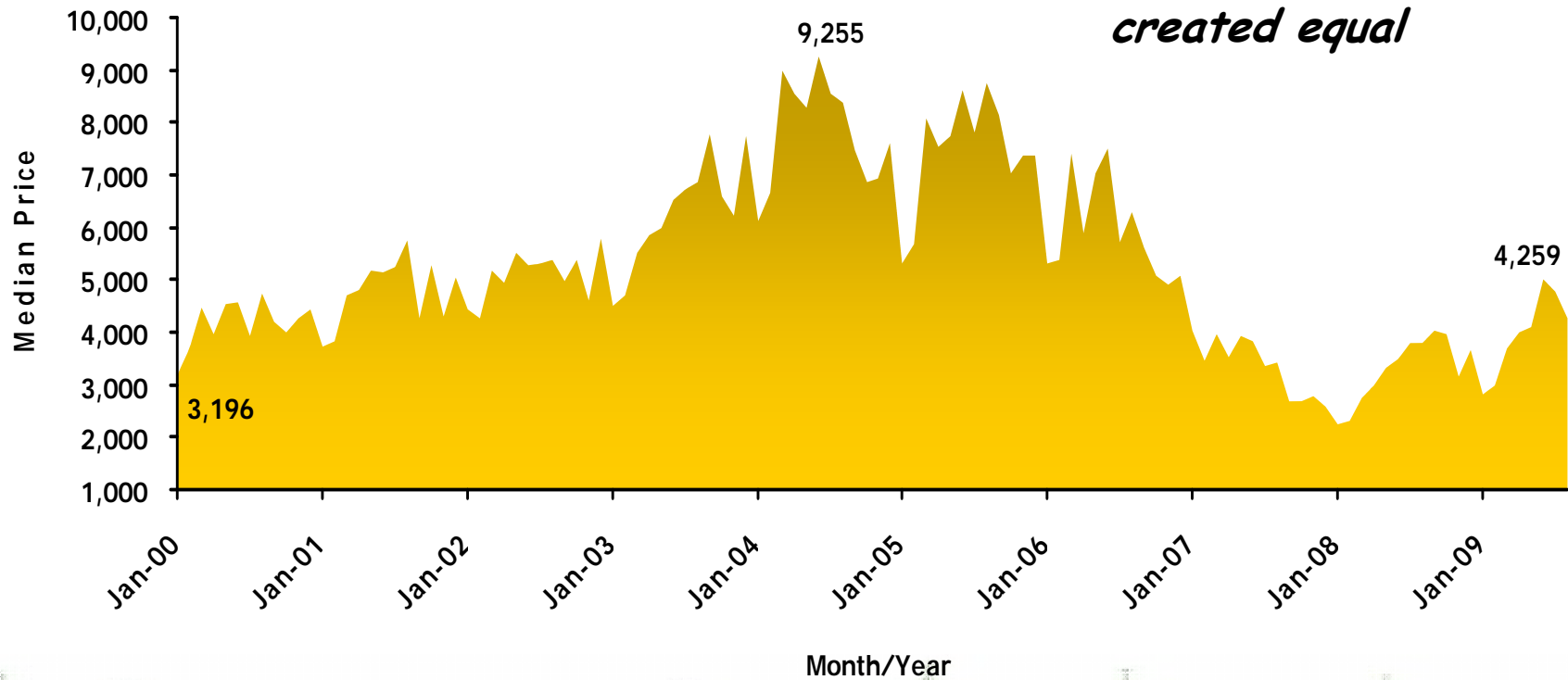


Clark County Median New Home & Resale Price Change from Same Month Previous Year: 8/2008 – 8/2009



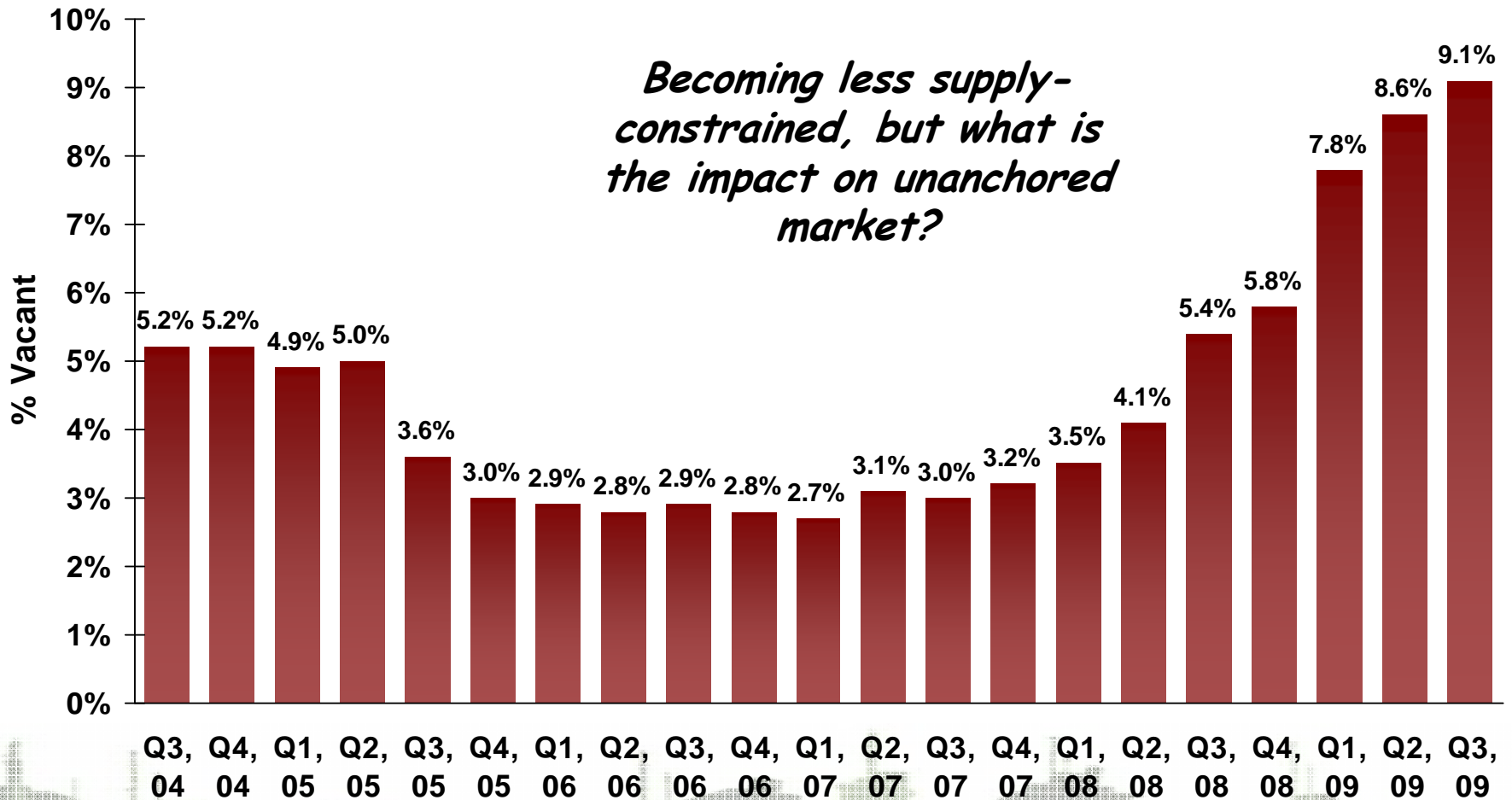
Monthly New Home & Resale Closings 2000-YTD 8/2009

*Sales growth leads,
but not all sales are
created equal*



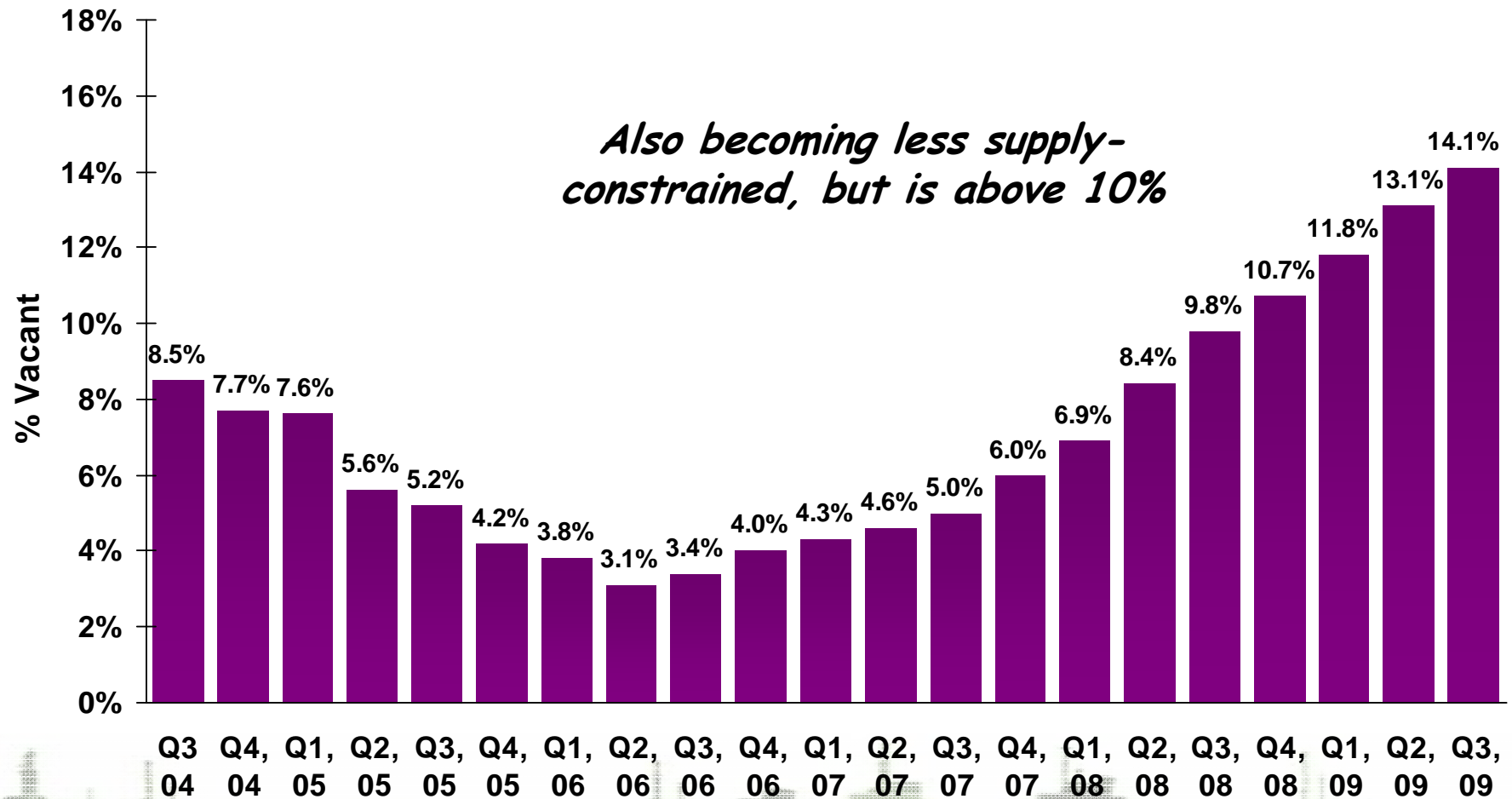
Commercial

Valley Anchored Retail Vacancy Q3, 2004 – Q3, 2009



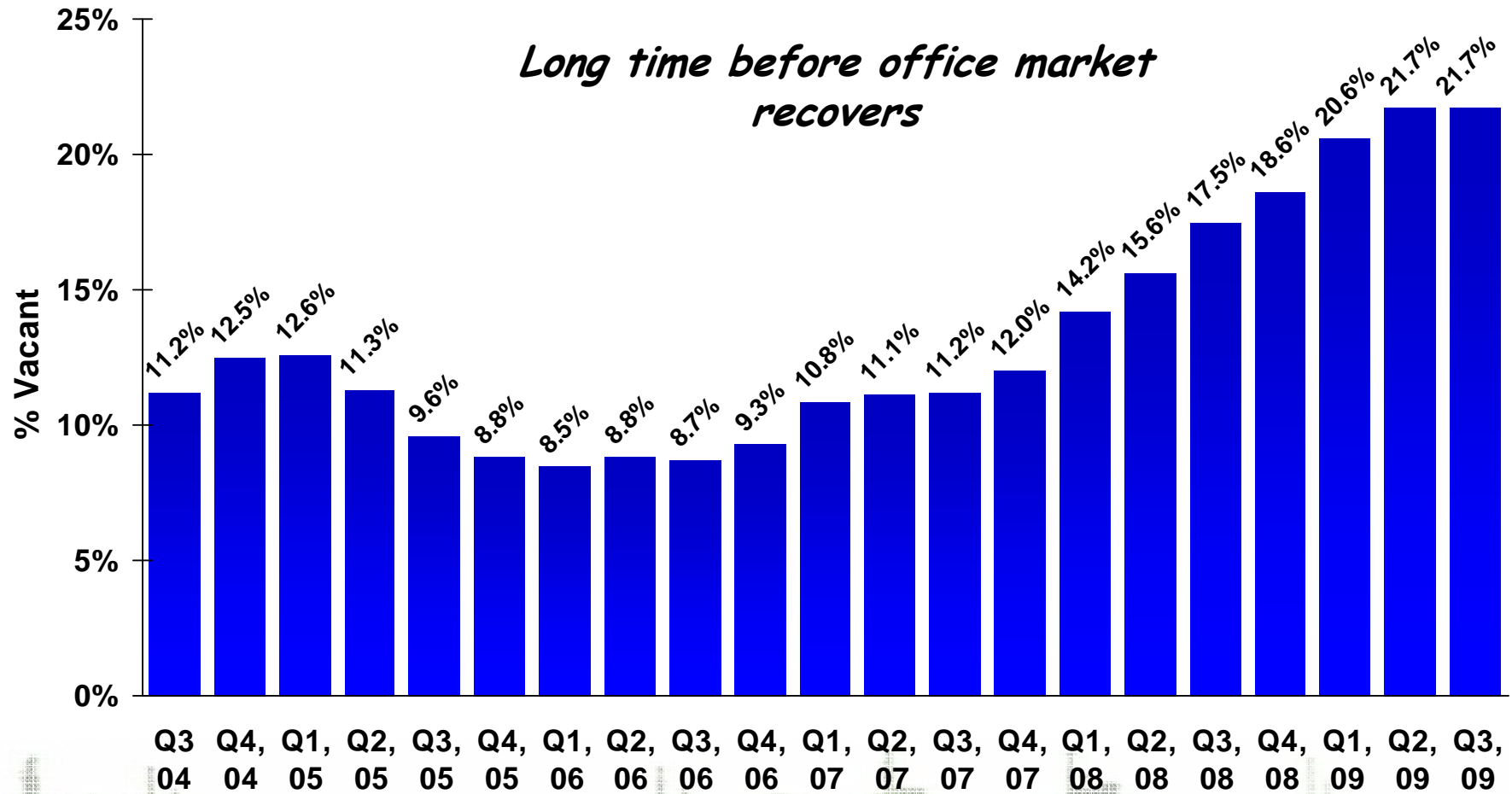
Valley Industrial Vacancy

Q3, 2004 – Q3, 2009



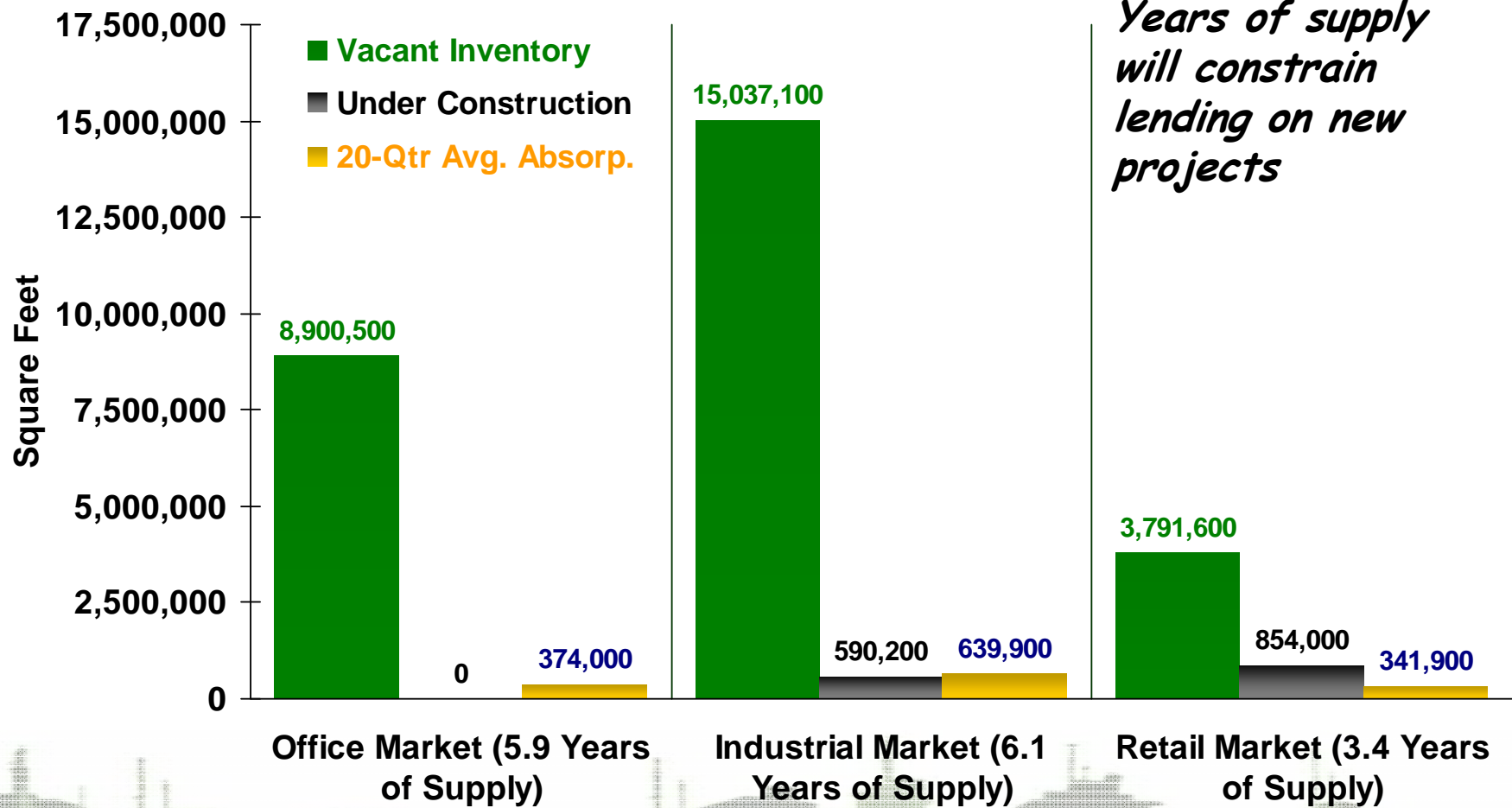
Valley For-Lease Office Vacancy

Q3, 2004 – Q3, 2009



Years of Supply

(Based on Existing Vacant & Under-Construction space,
& 20-Qtr Average Absorption)



Conclusion

In Conclusion

RECESSION IS HERE

- Flat is the new “up” cycle
- Consumer weakness will continue into 2011
- The other dropping shoes: commercial r.e. & credit cards

WHAT KIND OF RECESSION?

- Really bad, but NOT a depression
- Start of sustained economic recovery in early-2011?
- Start of sustained local housing recovery in 2012?

DON'T PANIC

- Recovery is inevitable if delayed
- New opportunities will be created
- Low home prices are good for Nevada in long run
- In desperate times comes real change: change in economy

What Is the Shape of Southern Nevada' Recovery?

1. The Past-The V



2. The Future-The W





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