

Southern Nevada Economic Briefing



Construction Financial Management Association

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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**
- **Change in GDP (Q2, 2008 - Q2,2009): -2.4%**
- **ISM Manufacturing Index (8/08 - 8/09): +7.3%**
- **Consumer Conf. Index (9/08 - 9/09): -13.5%**
- **Personal Savings Rate (7/08 - 7/09): +61.5%**
- **DJIA (9/08 - 9/09): -10.2%**
From low (2/08 - 9/09): +37.9%



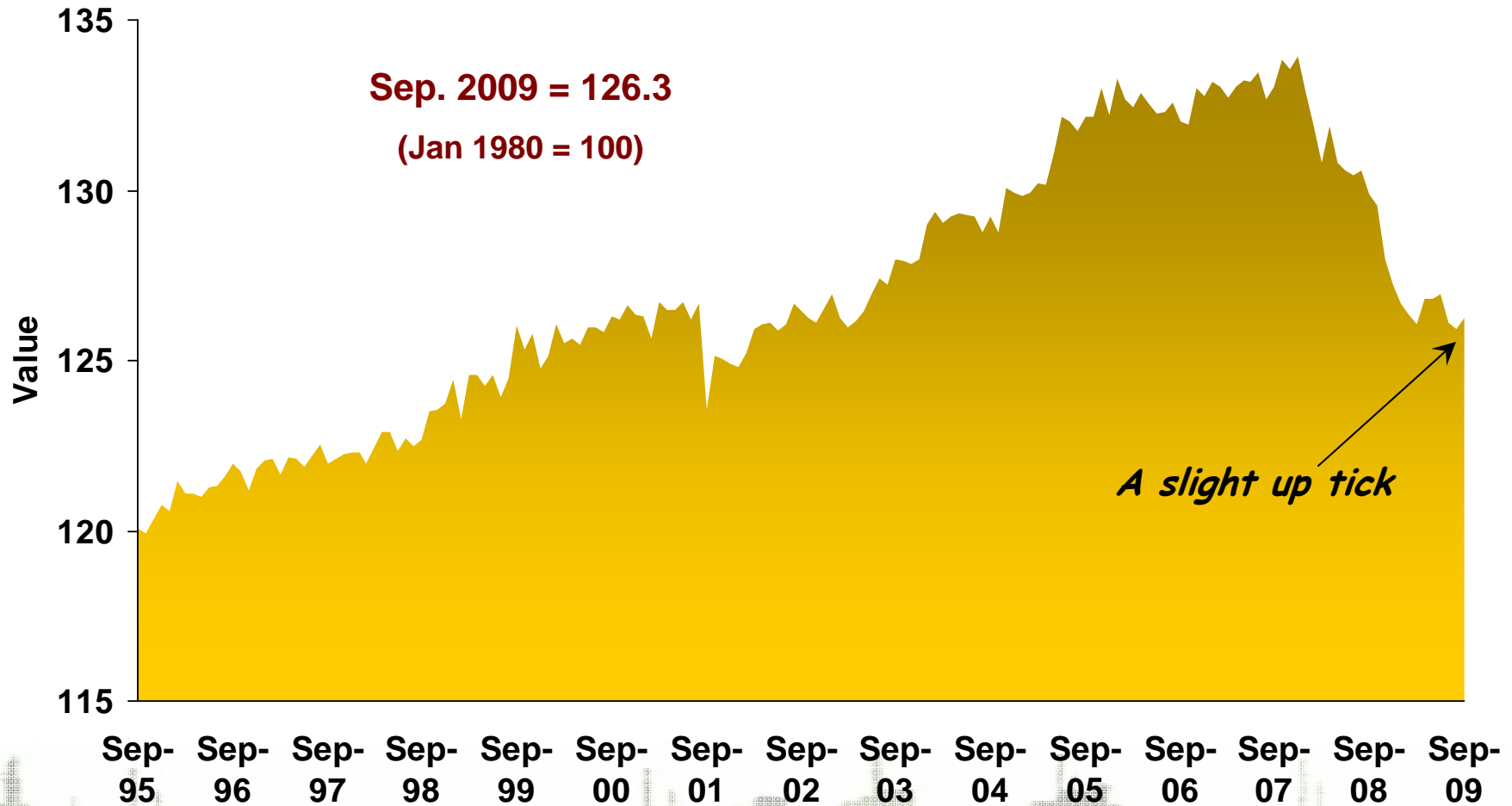
Nevada & Clark County Economies

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

Irrational Exuberance & The Chain Of Blame

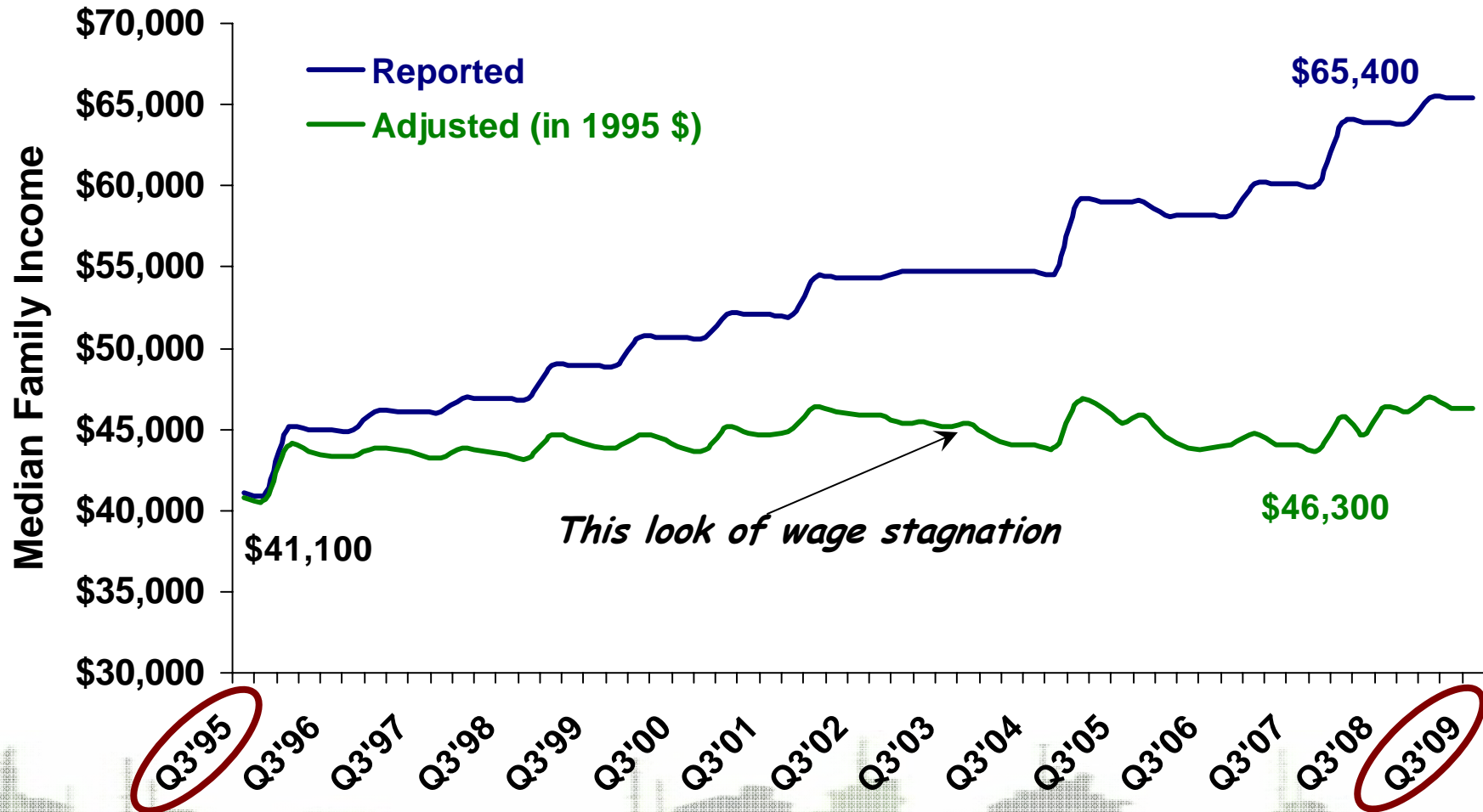
- ✓ *Real Estate Industry*
- ✓ *Analysts Turned Cheerleaders*
- ✓ *Media Drinking The Kool-Aid*
- ✓ *Cheap & Easy Credit By Lenders*
- ✓ *Buyers & Sellers, & Last But Not Least*
- ✓ *All of US*

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

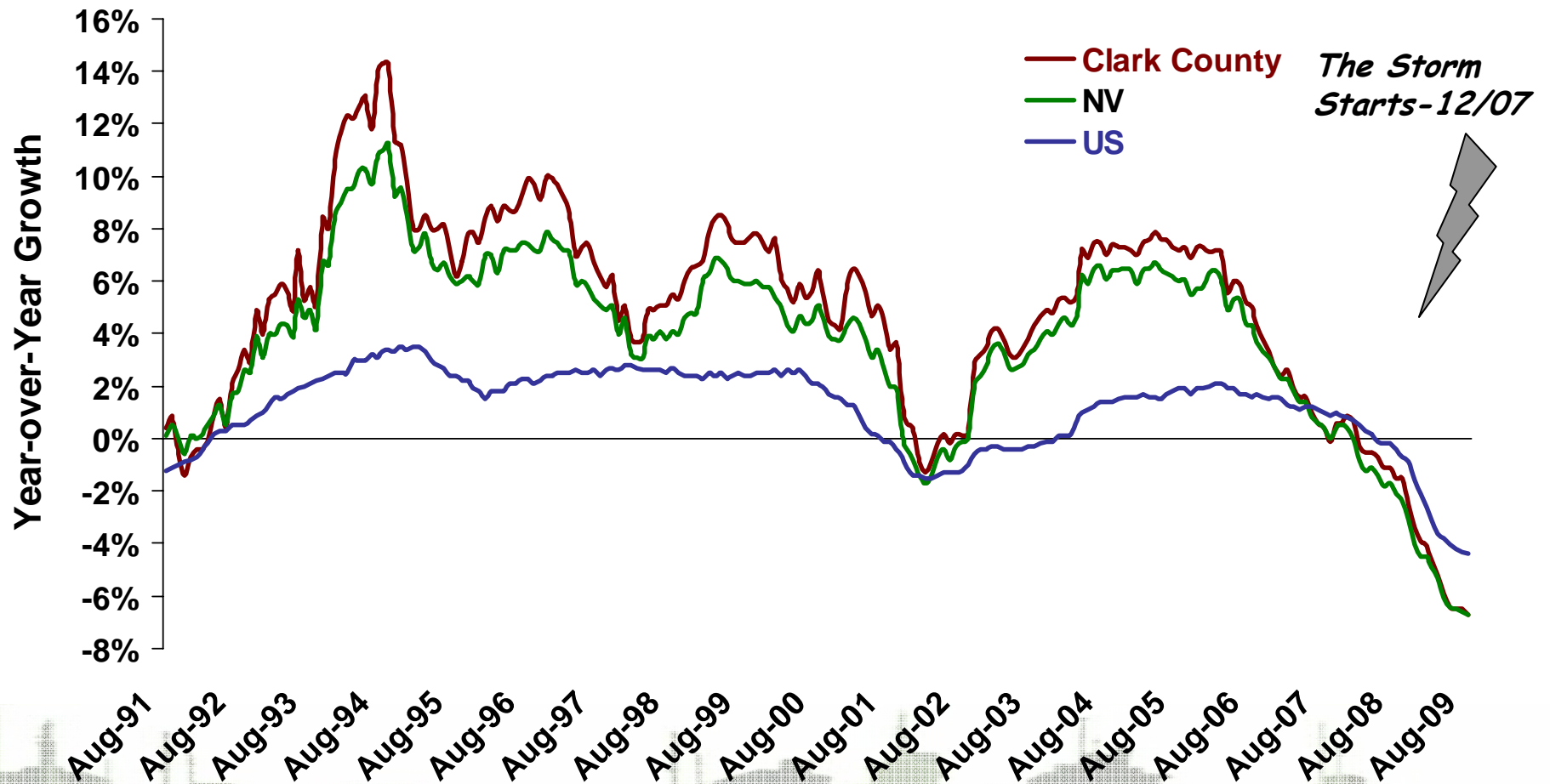


Clark County Median Family Income

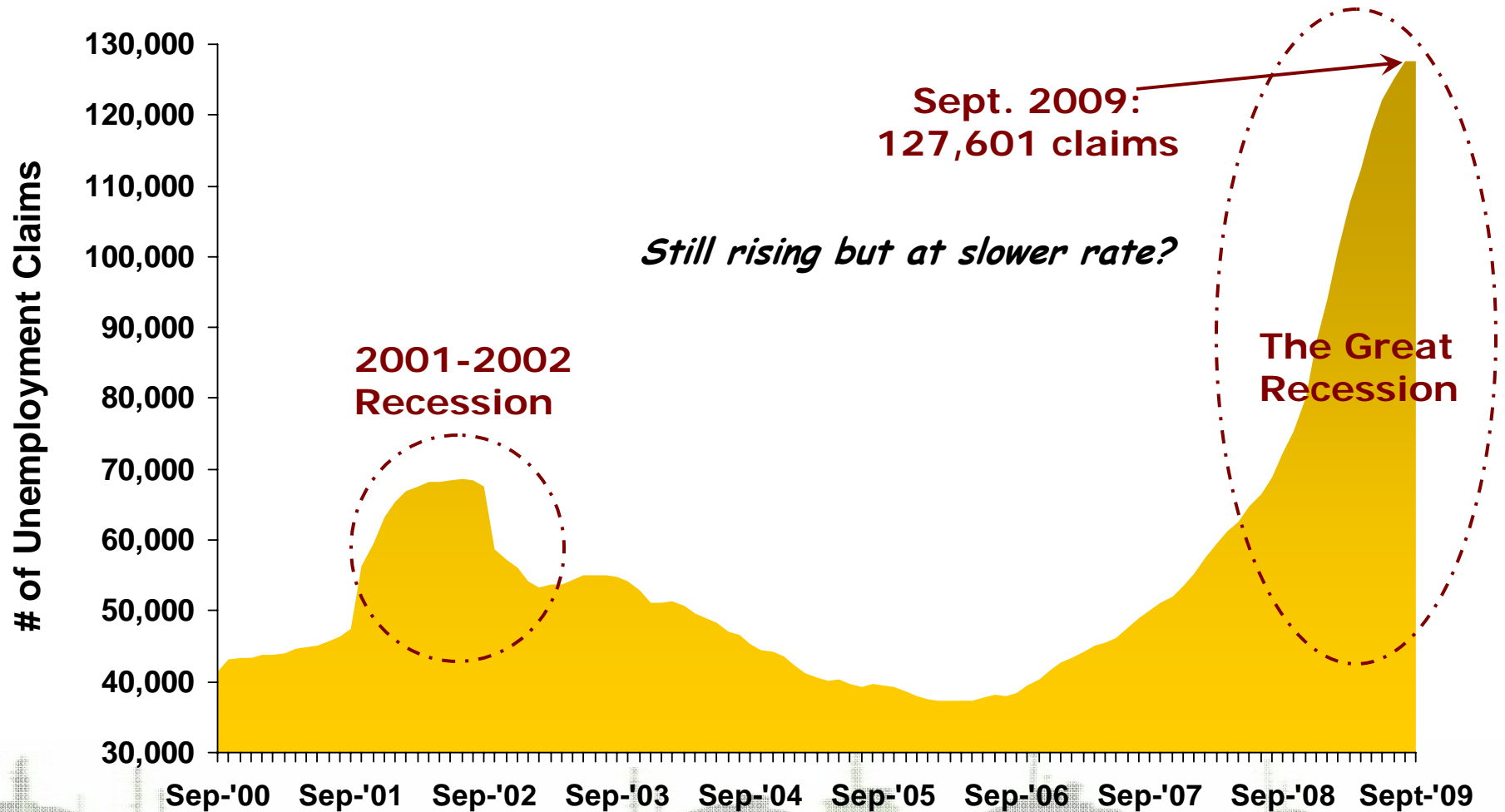
Reported vs. Inflation-Adjusted (in 1995 \$): Q3, 1995 – Q3, 2009



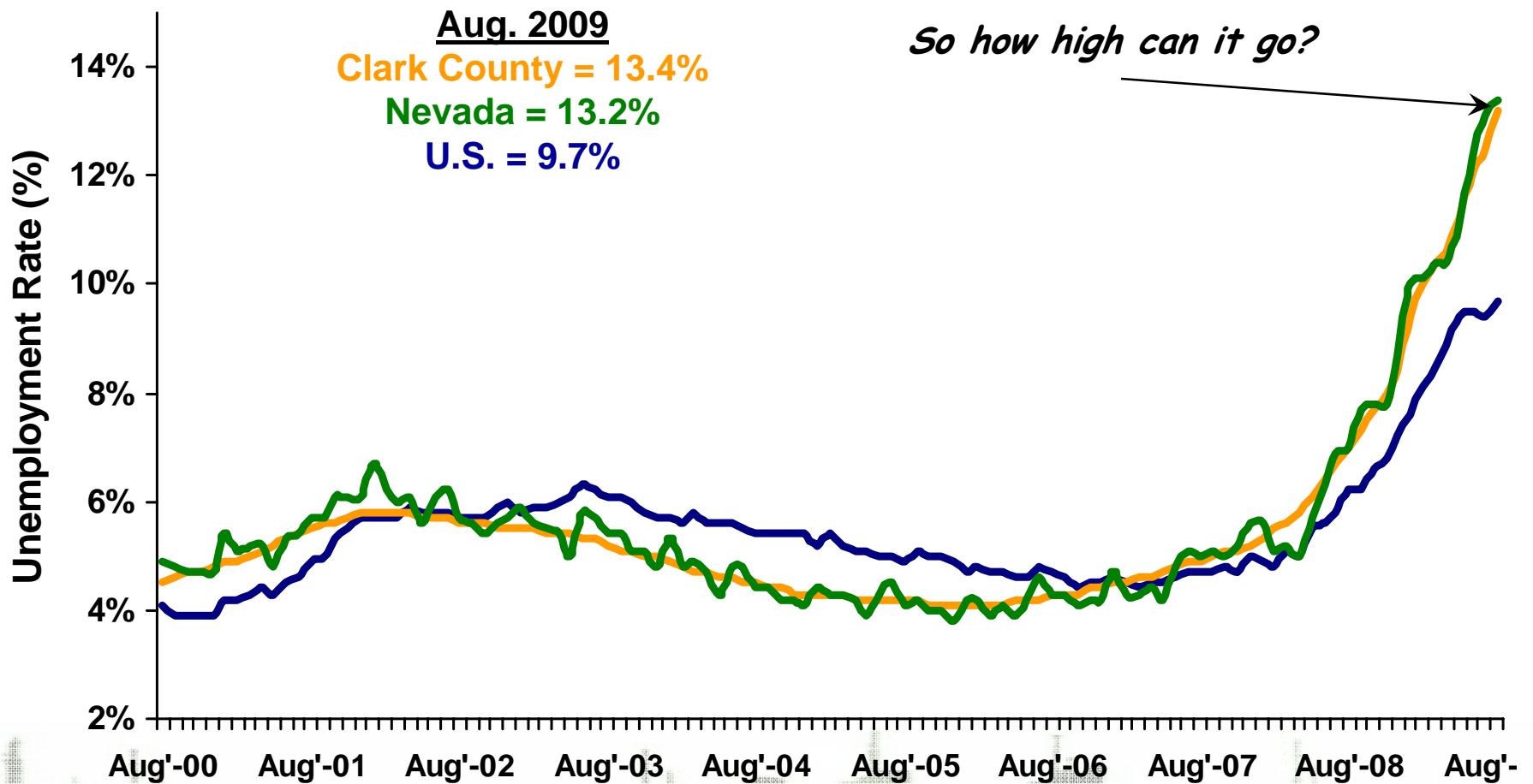
Clark County, Nevada & U.S. Job Growth: 8/1991 – 8/2009



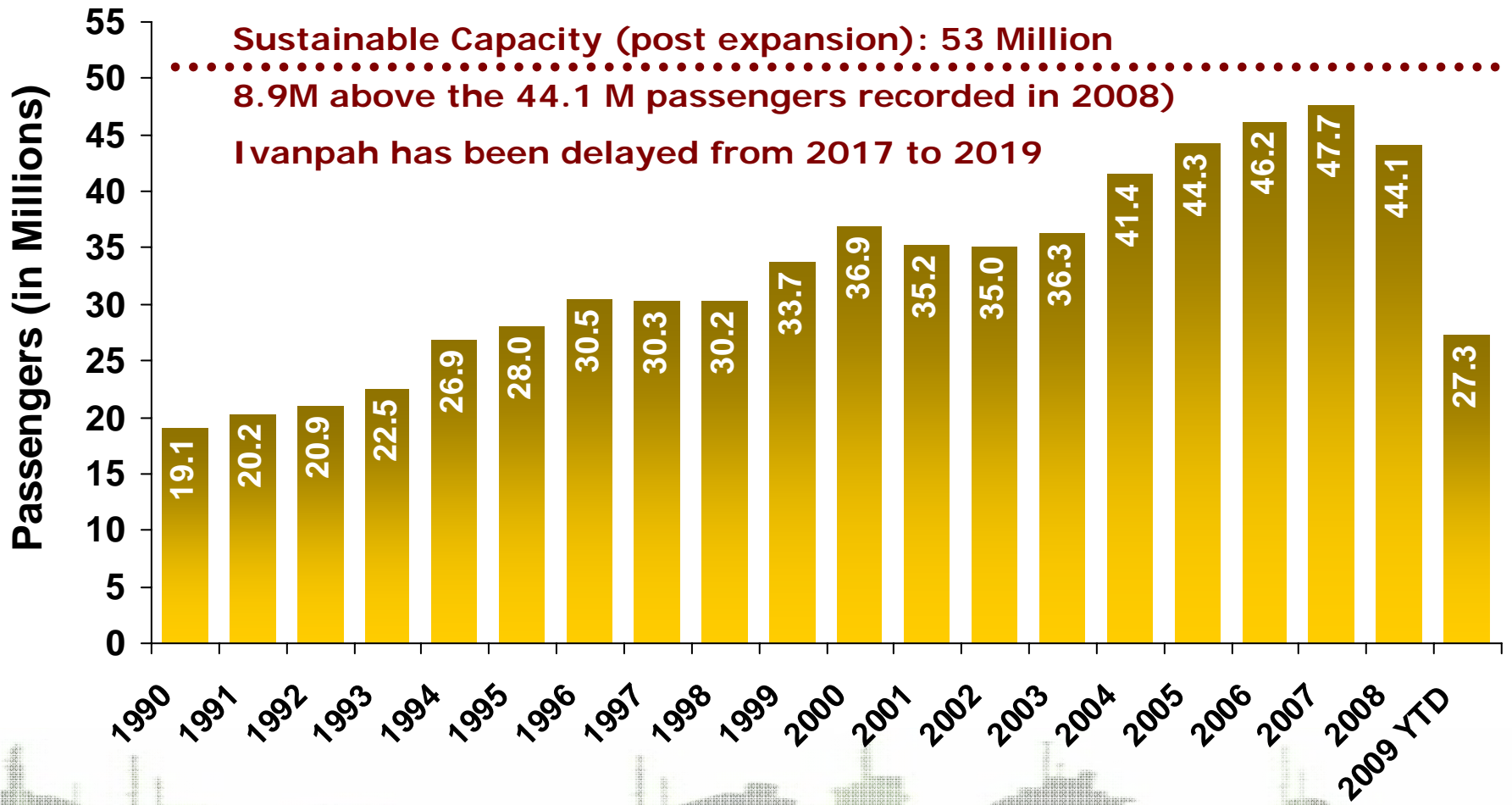
of Approved First-Payment Unemployment Claims: 7/2000 – 7/2009 (12-Mo. Annualized Totals)



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

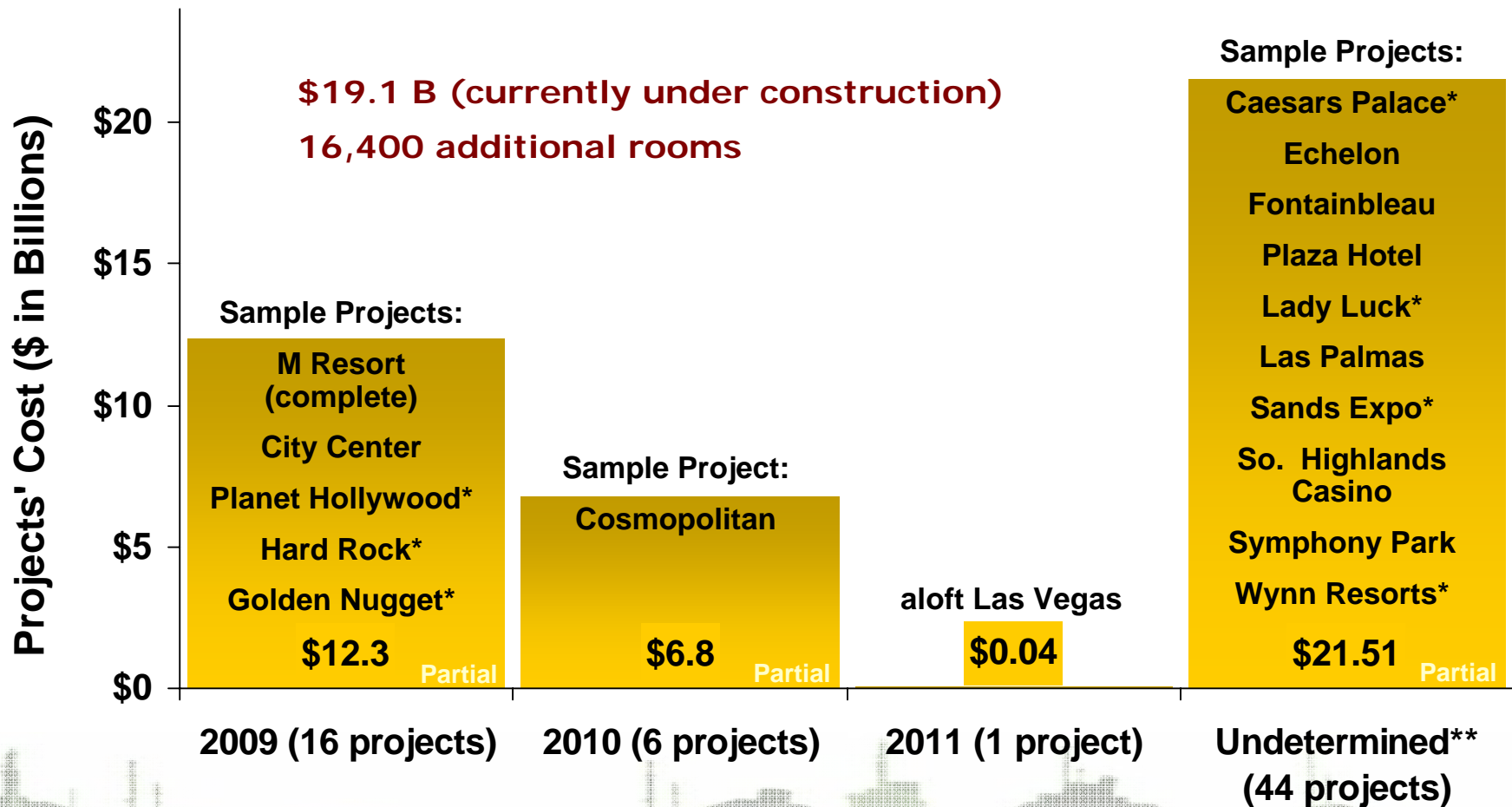


McCarran Annual Passengers: 1990 – 2008, & 2009 (YTD August)

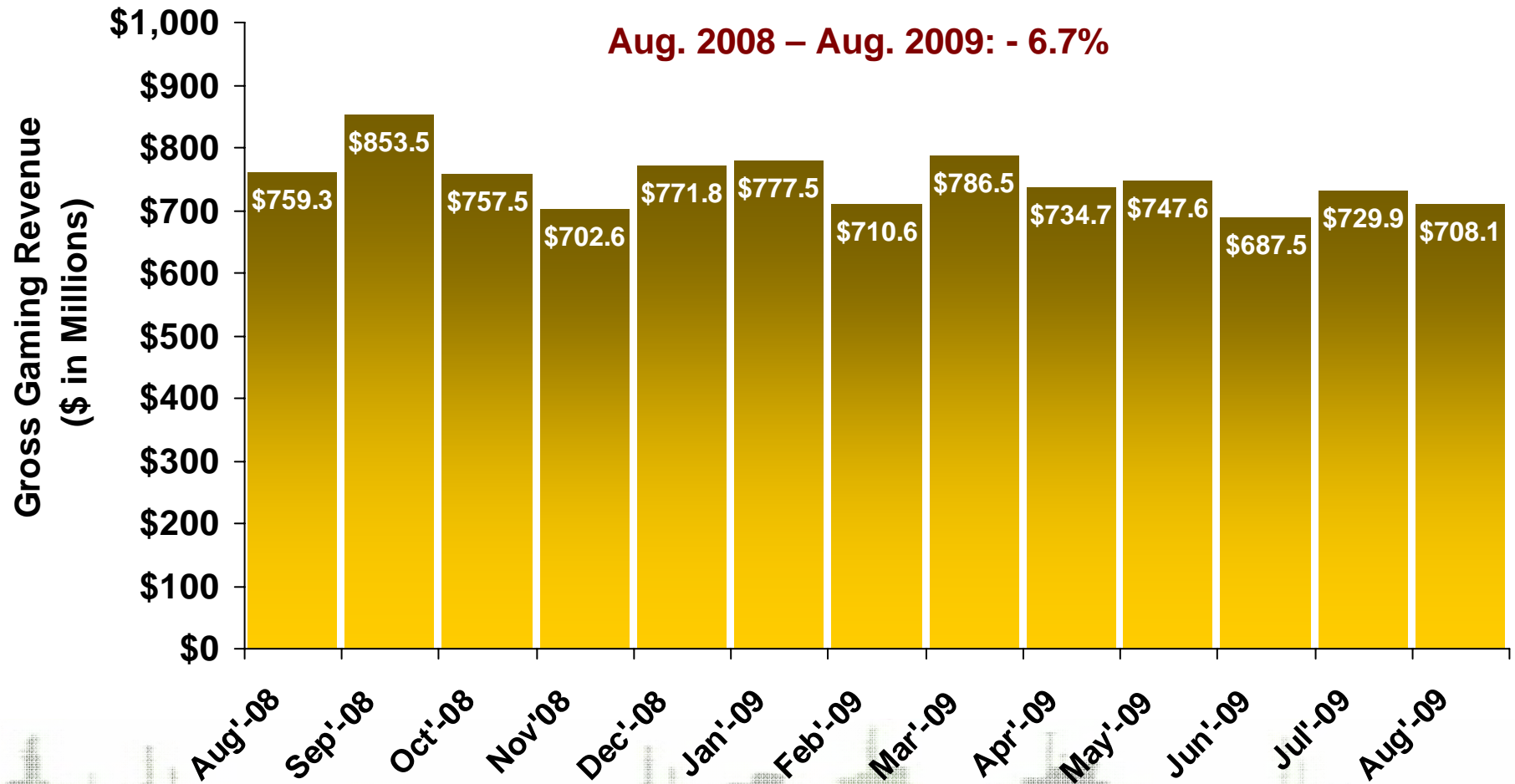


Resort Industry Investment: Will They Come?

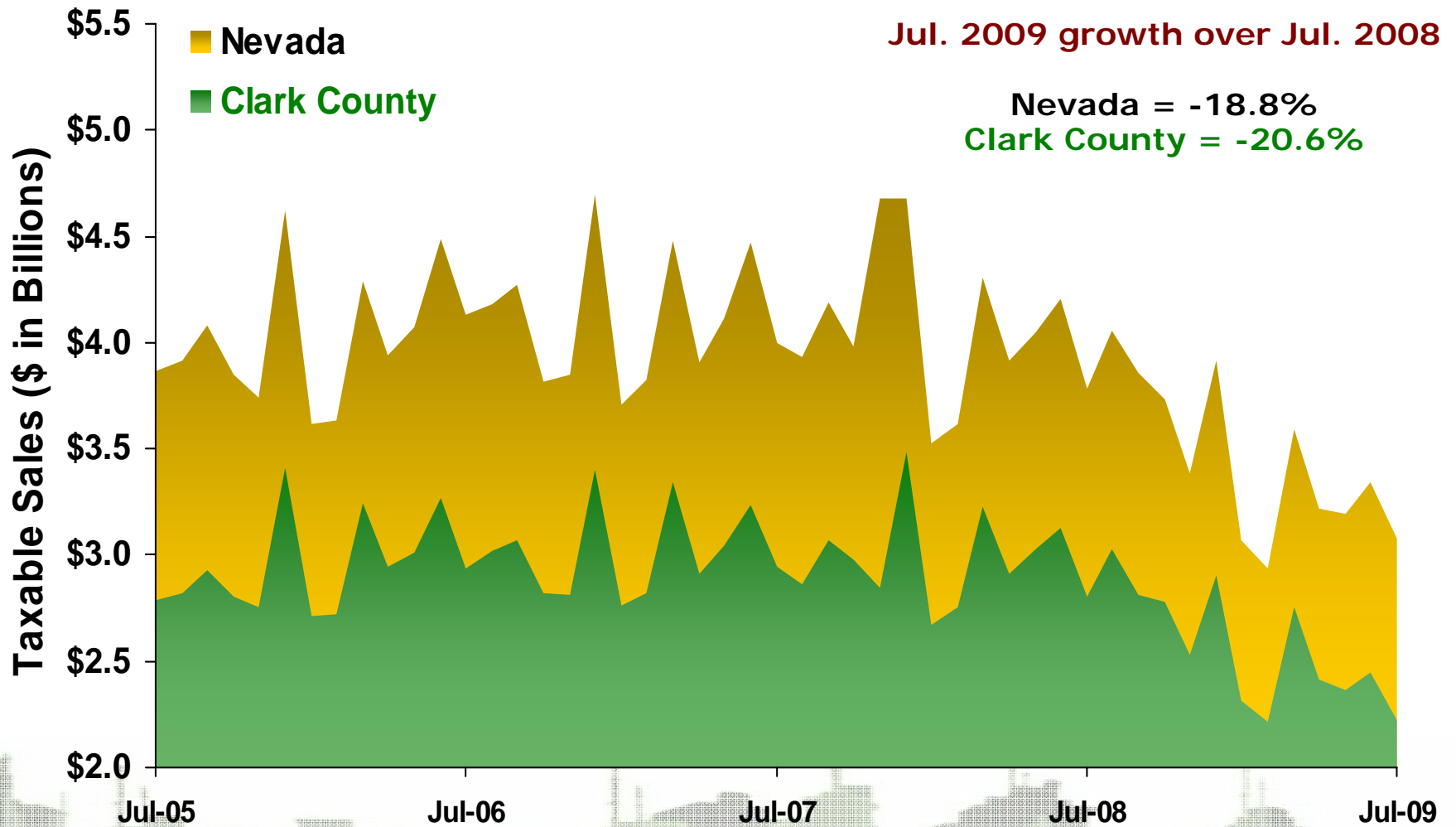
Projects' Cost (\$B) by Scheduled Completion Year:
2009 – 2011 & Undetermined



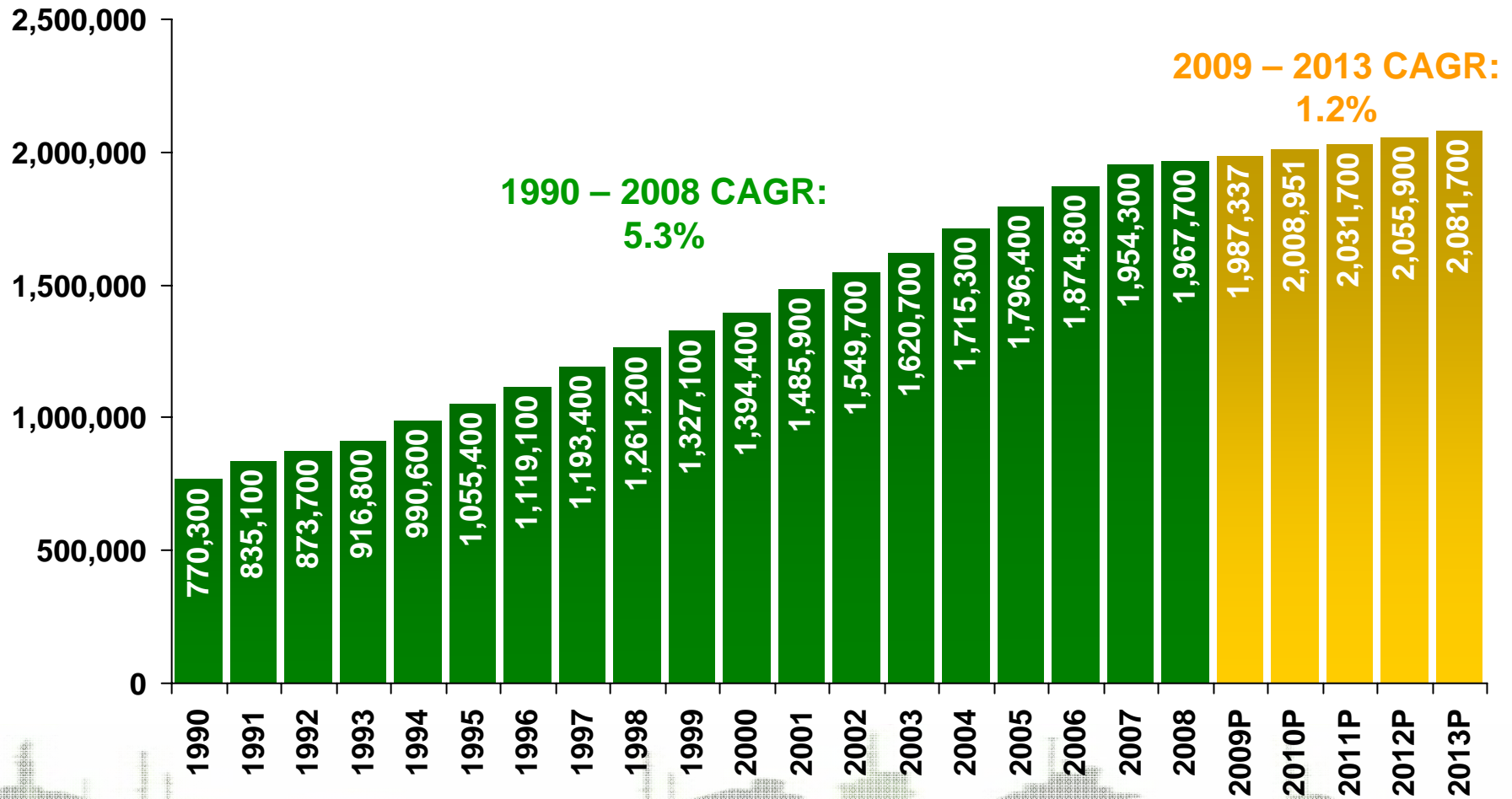
Clark County Gross Gaming Revenue: 8/2008 – 8/2009



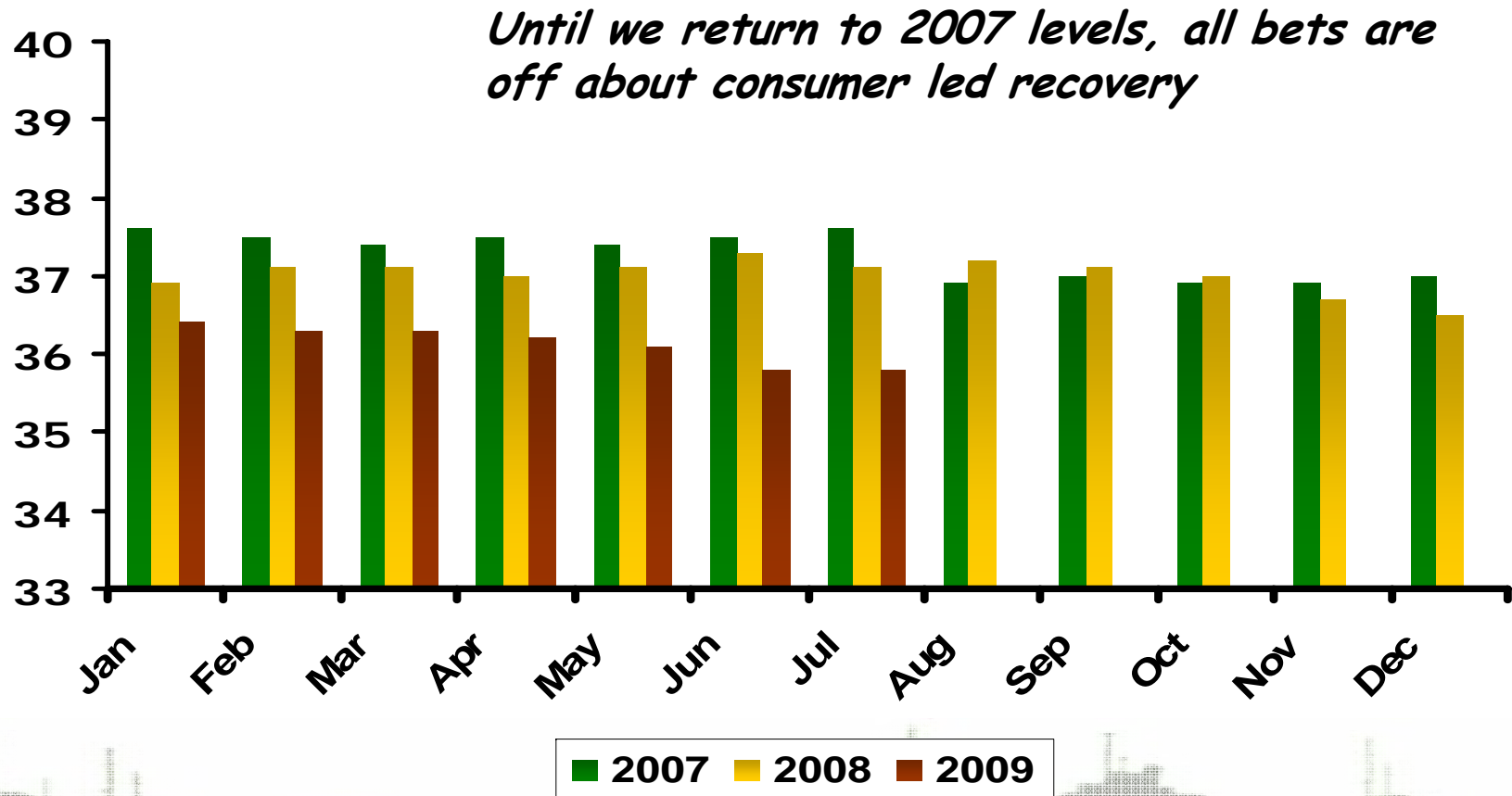
Clark County & Nevada Taxable Sales 7/2005 – 7/2009



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



Average Weekly Hours-Nevada: 2007-2009 YTD

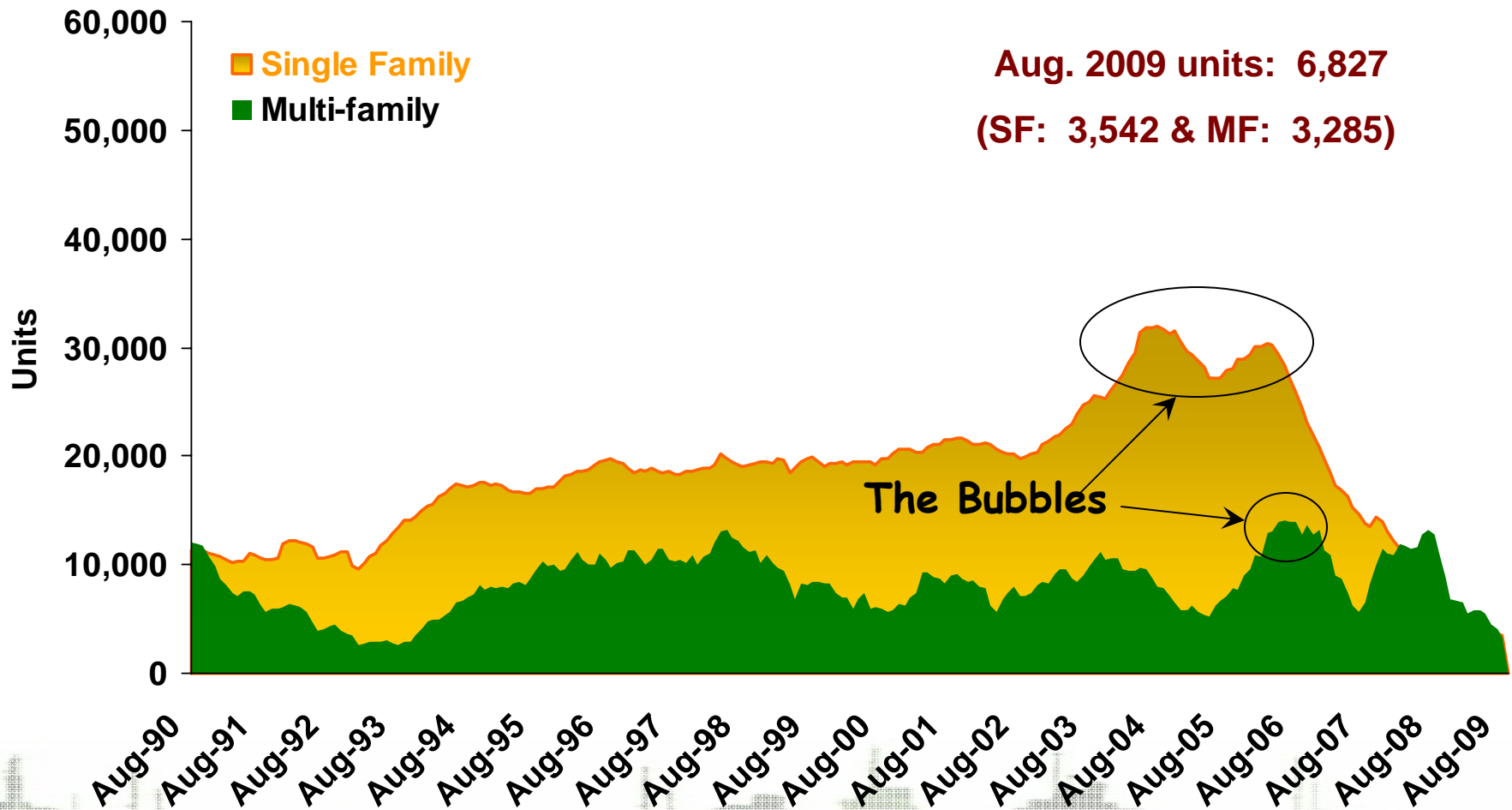




The Real Estate Markets

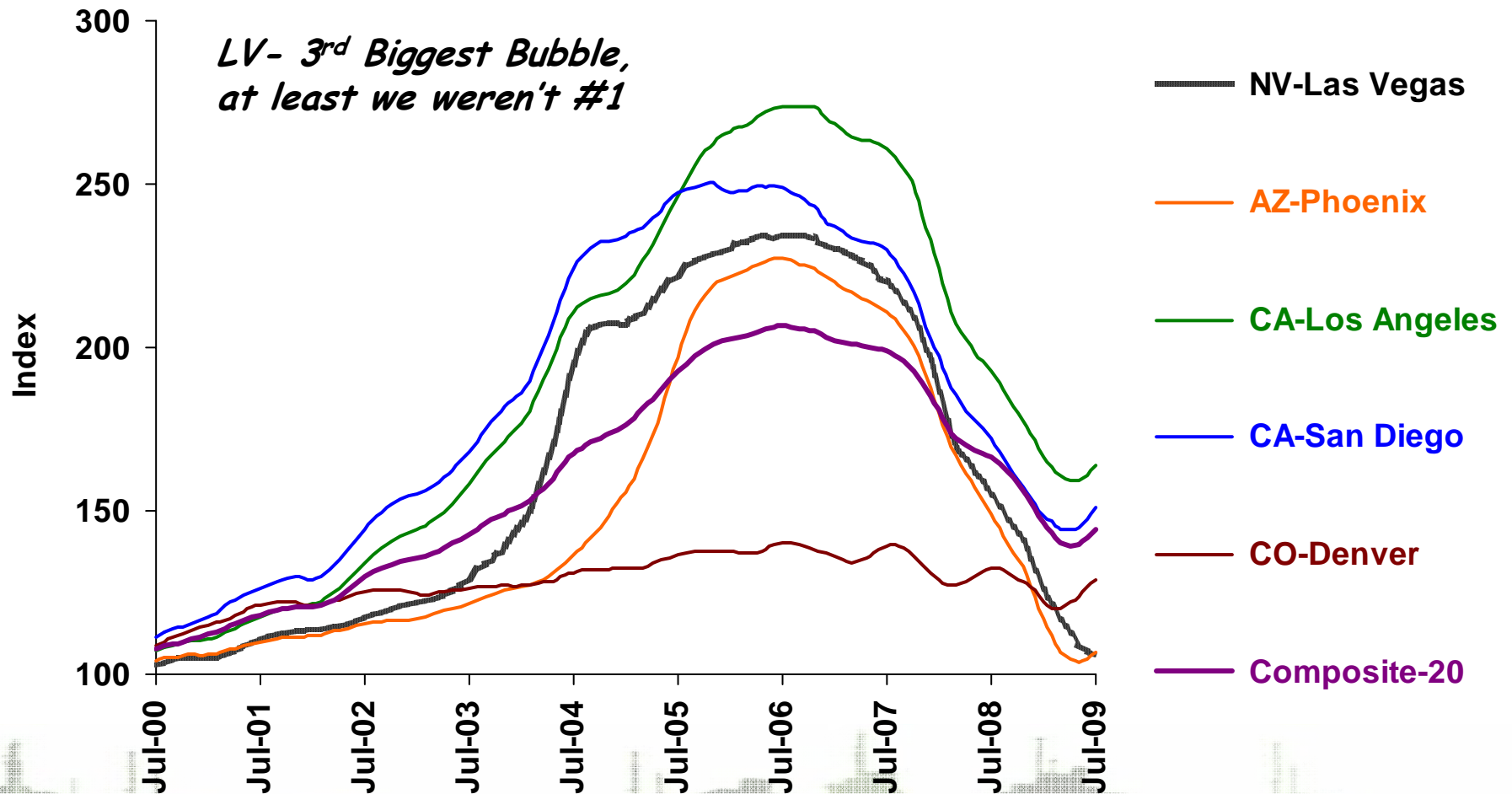
Residential

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

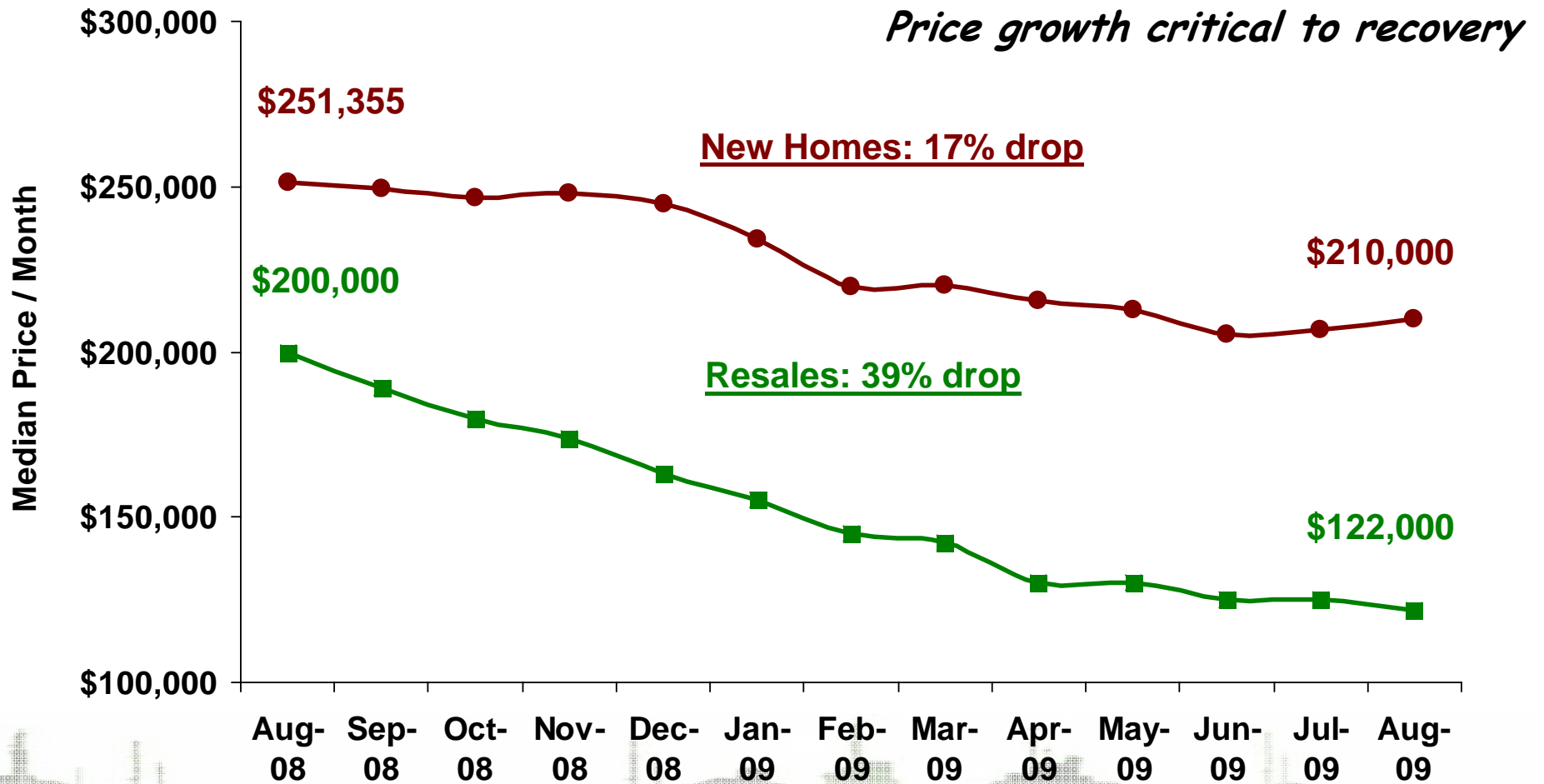


S&P / Case-Shiller Housing Price Index

Select Southwestern U.S. MSAs: 7/2000 – 7/2009

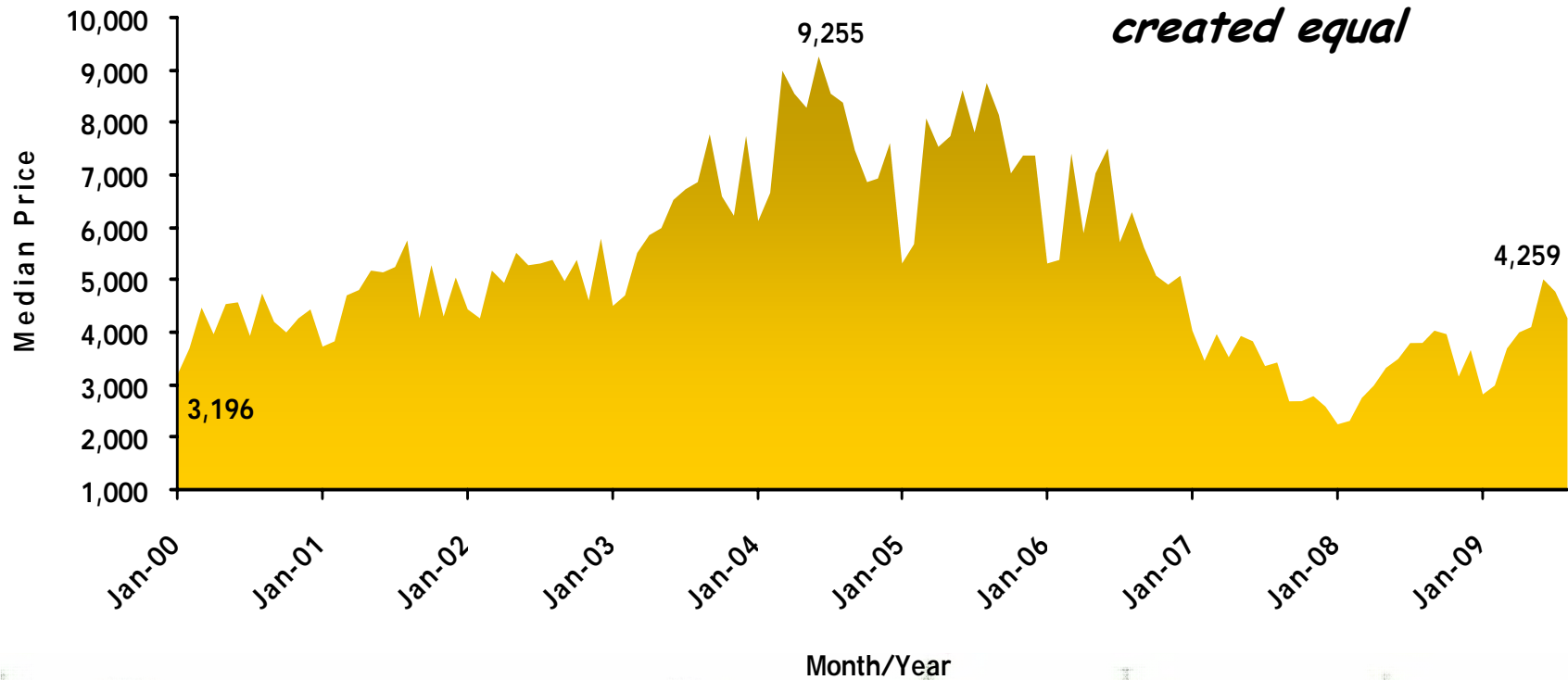


Clark County Median New Home & Resale Price Change from Same Month Previous Year: 8/2008 – 8/2009



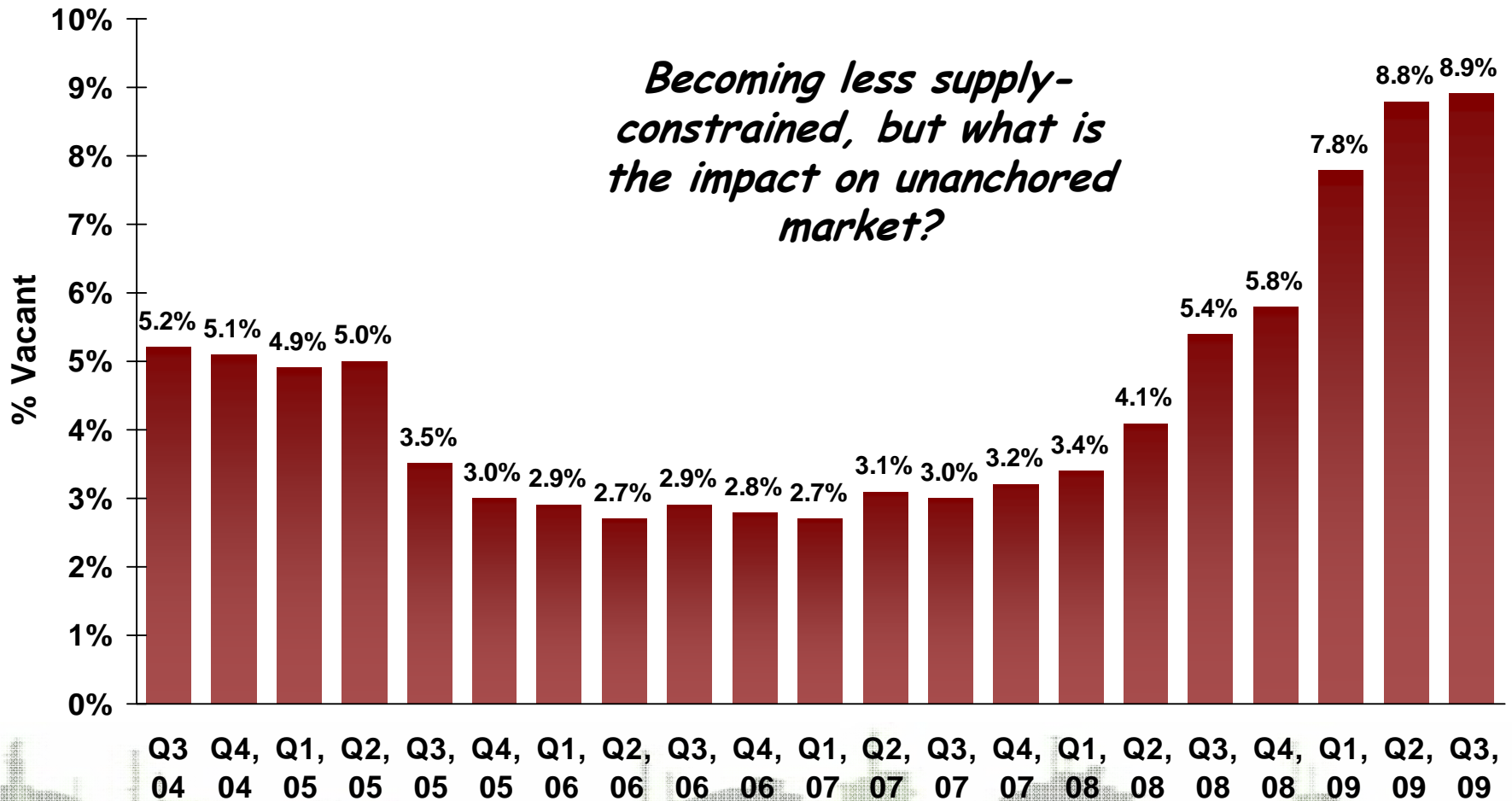
Monthly New Home & Resale Closings 2000-YTD 2009

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



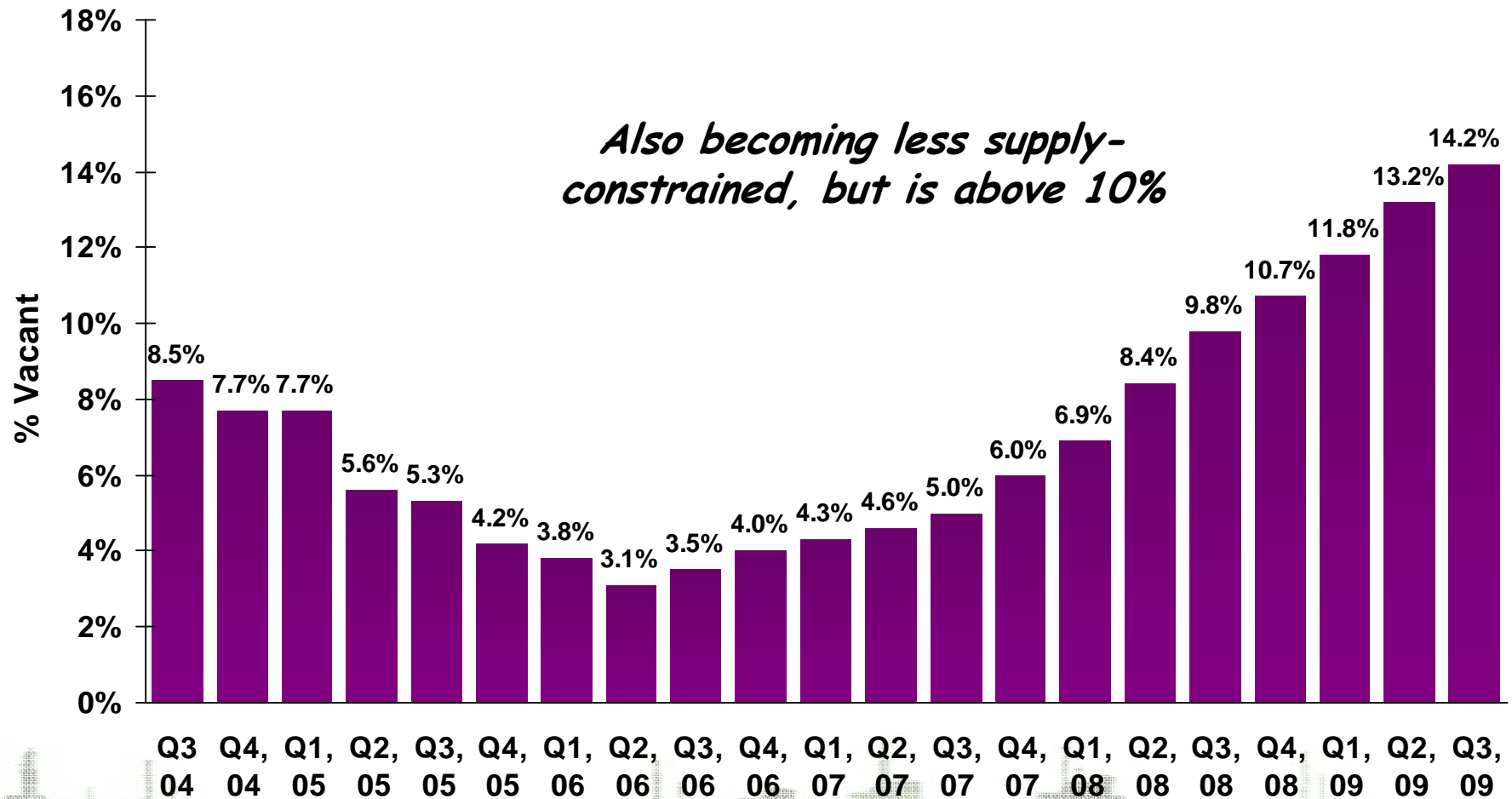
Commercial

Valley Anchored Retail Vacancy Q3, 2004 – Q3, 2009



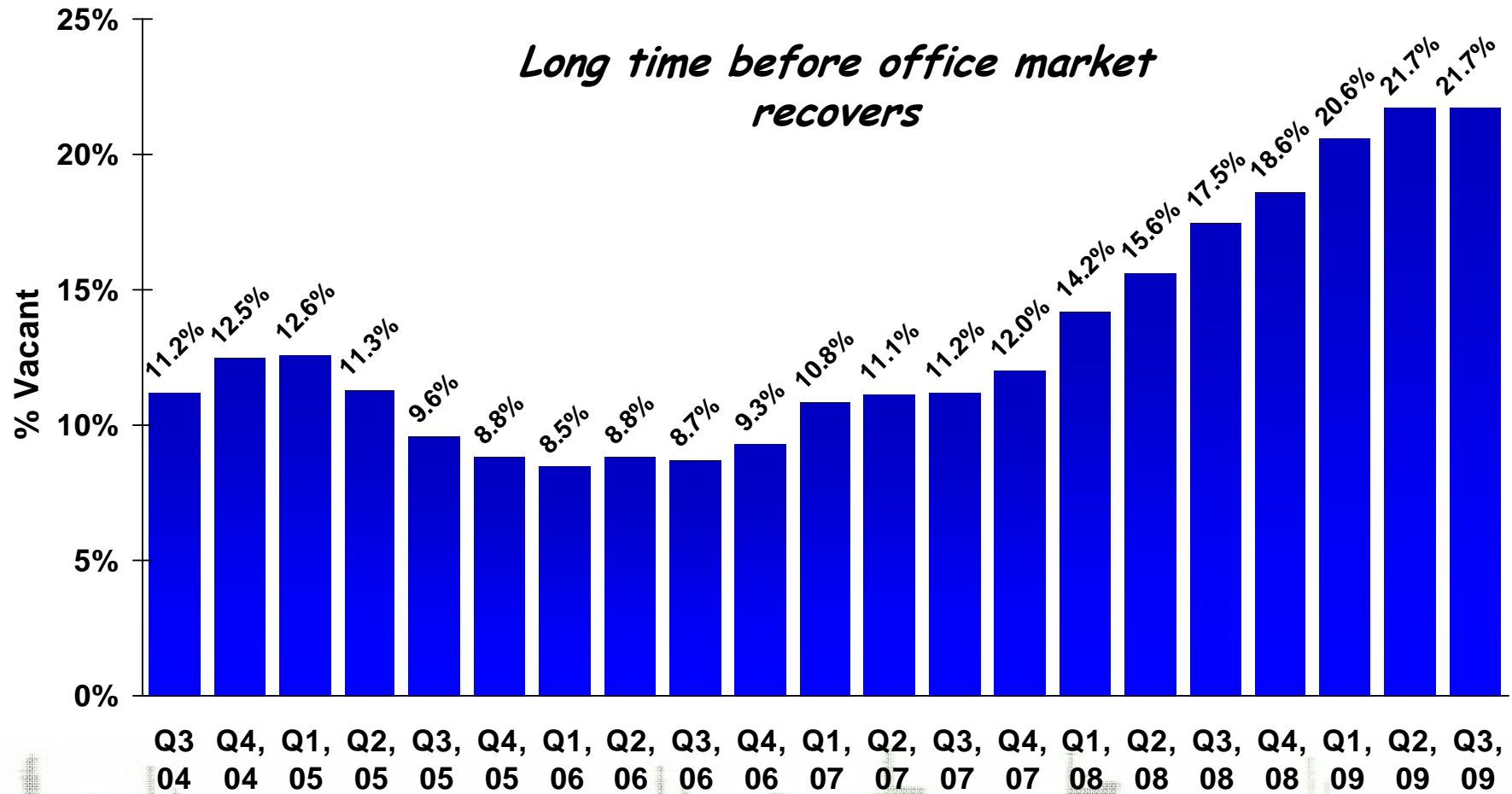
Valley Industrial Vacancy

Q3, 2004 – Q3, 2009



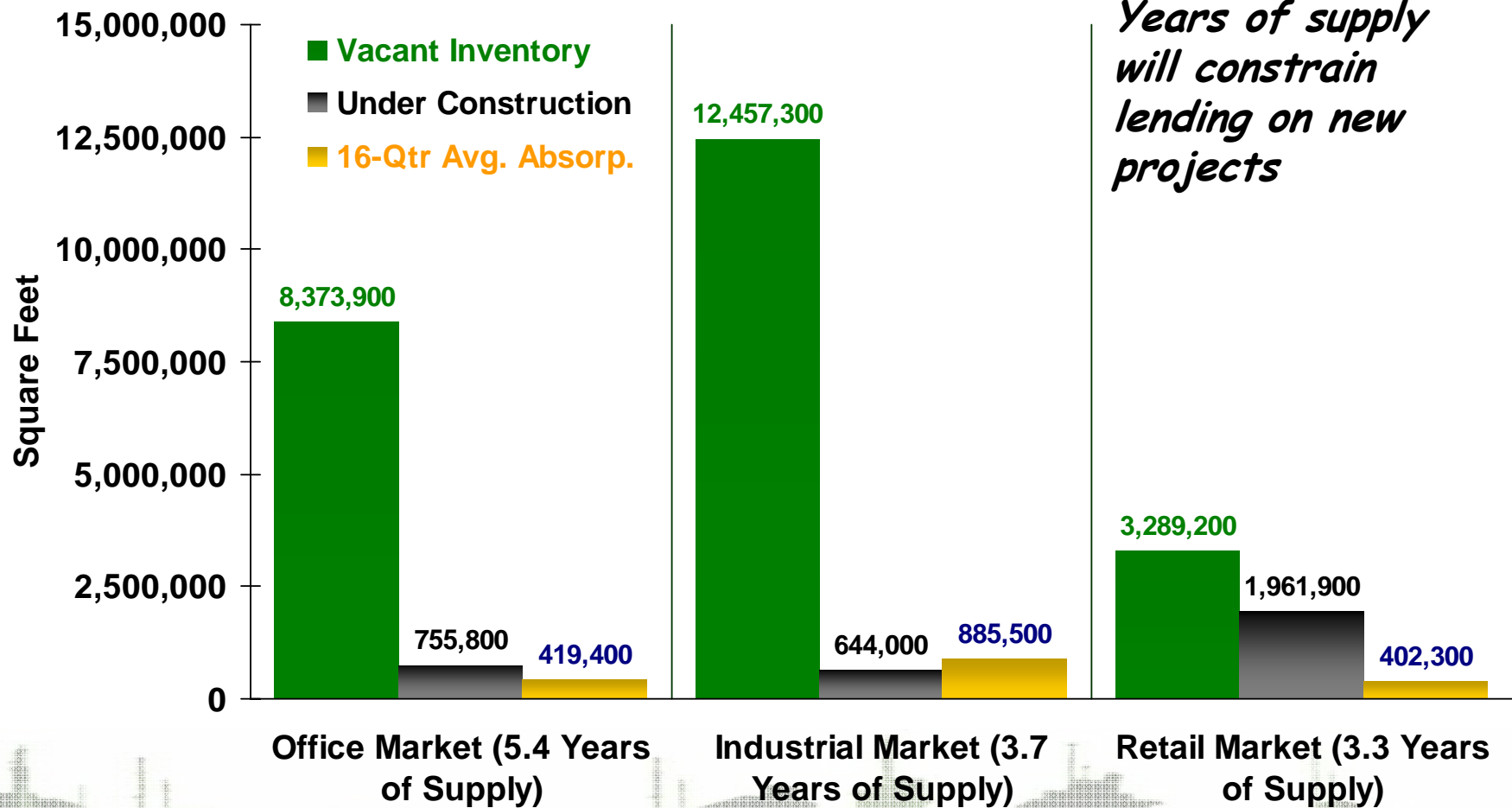
Valley For-Lease Office Vacancy

Q3, 2004 – Q3, 2009



Years of Supply

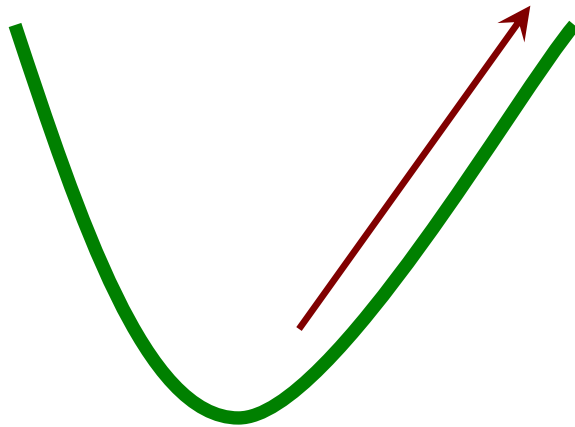
(Based on Existing Vacant & Under-Construction space,
& 16-Qtr Average Absorption)



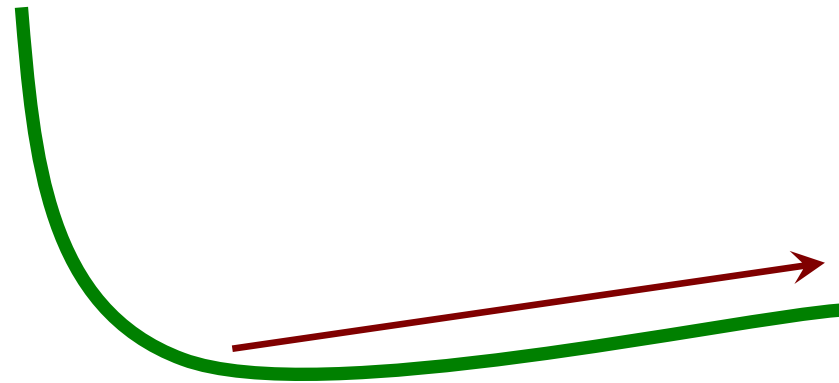
Conclusion

What The Southern Nevada Long-Term Growth Trajectory Look Like

1. The Past



2. The Future



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
- Exports are not enough
- Nevada budget to get worse

WHAT KIND OF RECESSION?

- Bad, but NOT a depression
- Economic in So. Nevada recovery in early-2011
- 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: Real fiscal & economic structure change



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