

Las Vegas Economic & Market Briefing

**Home Builders Research Webinar
February 4, 2010**

Prepared by:



www.rcg1.com



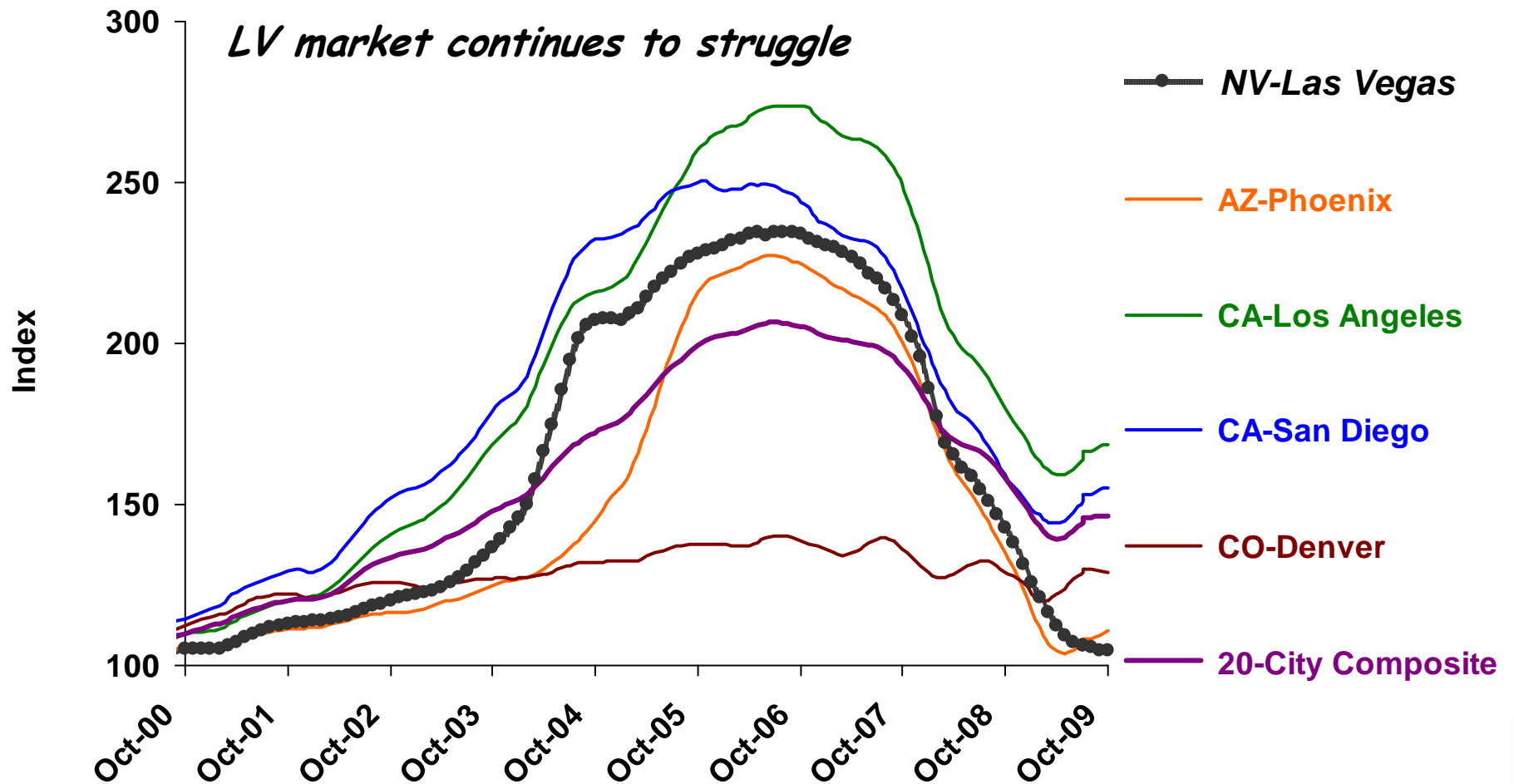
Economic Setting: National



Some Important National Indicators

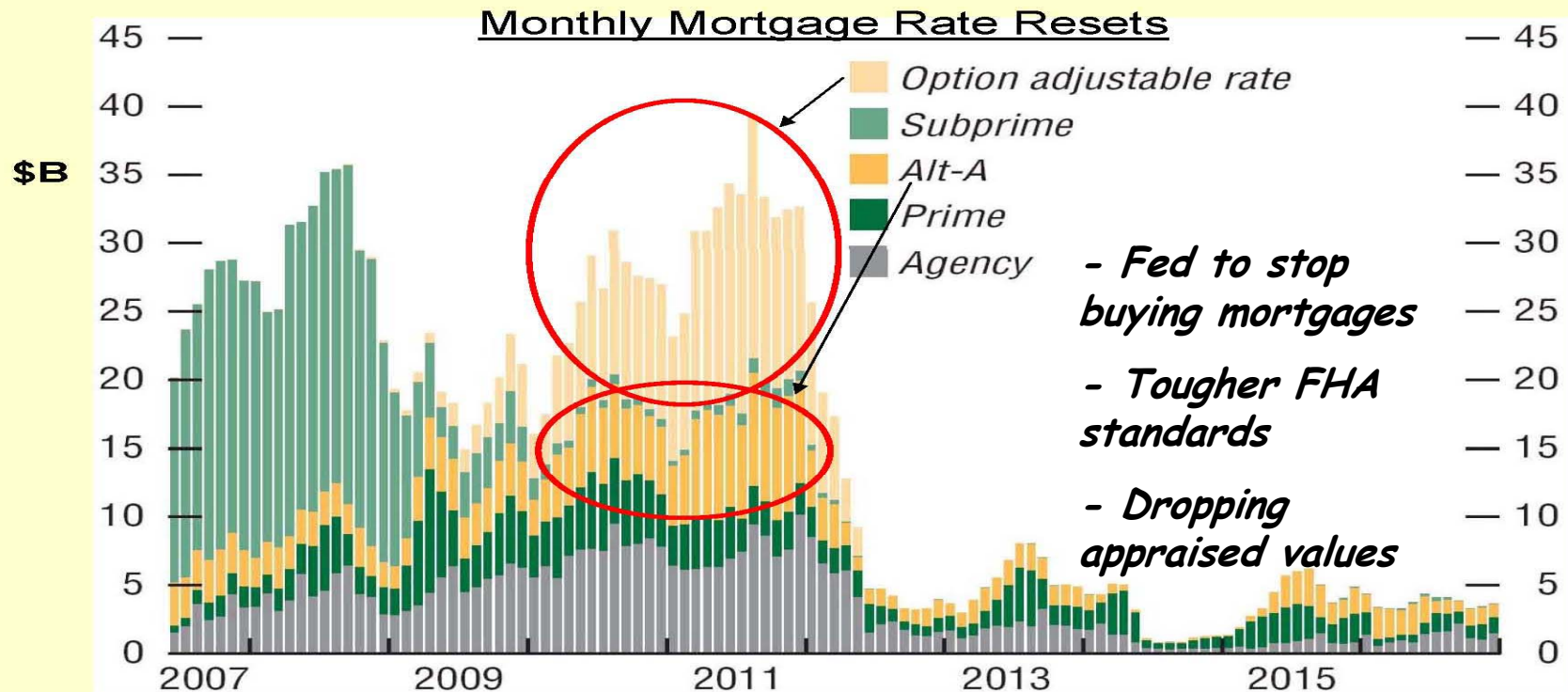
1.	Non-Farm Employment	12 mos. ending 12/2009	-3.0%
2.	Gross Domestic Product	12 mos. ending 12/2009	+5.7%
3.	ISM Manufacturing Index	12 mos. ending 12/2009	+70%
4.	Consumer Confidence Index	12 mos. ending 1/2010	+50%
5.	Personal Savings Rate	12 mos. ending -11/2009	+24%
6.	Semiconductor Index	12 mos. ending 1/2010	+57%
7.	Case-Shiller Housing Price Index	12 mos. ending 11/2009	-0.1%

S&P / Case-Shiller Housing Price Index Selected Western MSAs: 10/2000 – 10/2009



What will happen when Alt-As & Option ARMs reset?

The Chart on the Previous Page Misses the Fact That Alt-A and Option ARM Resets Will Surge in 2010-11



Source: Credit Suisse.

T2 Partners LLC

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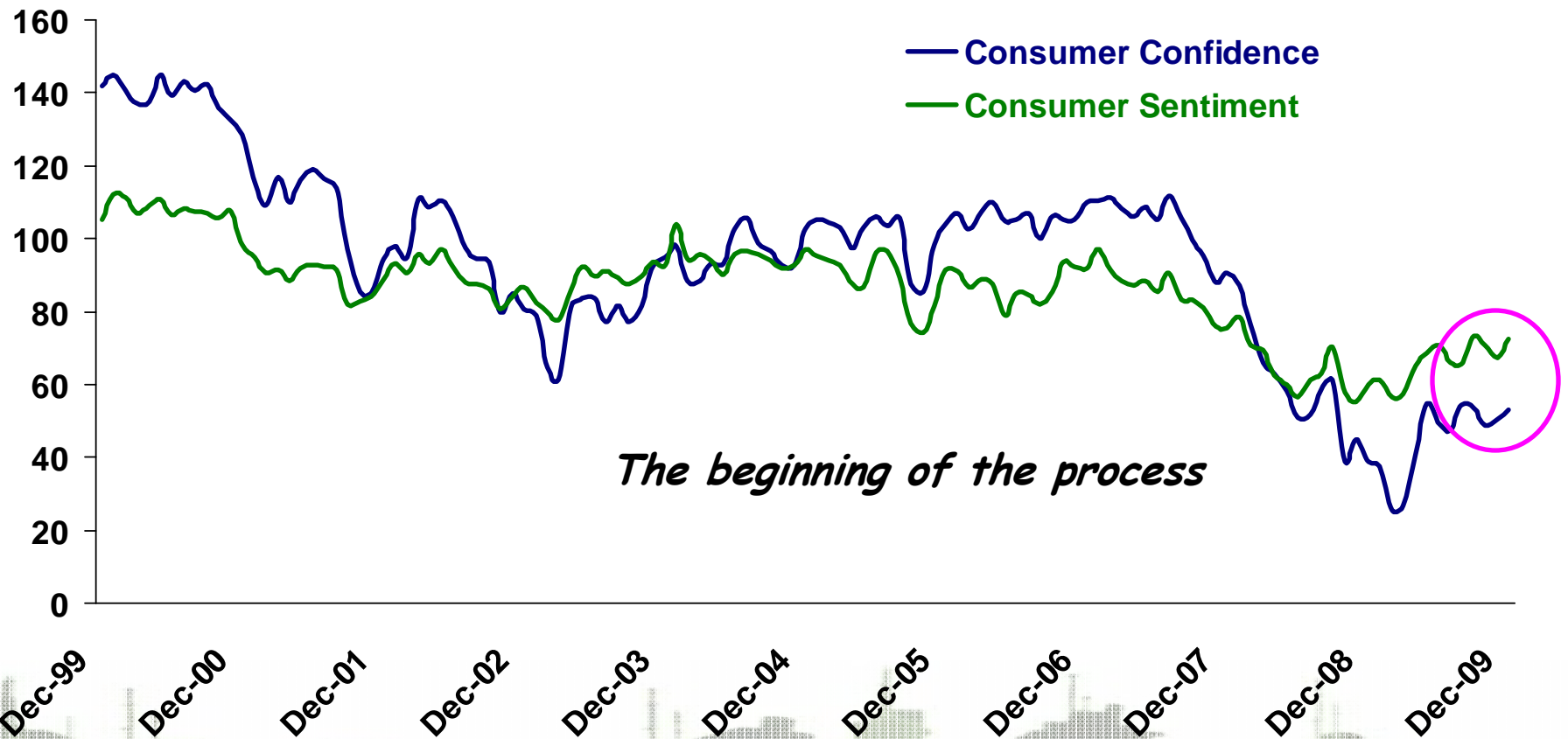
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Source: Credit Suisse.

Consumer Confidence rises from low-point at beginning of 2009

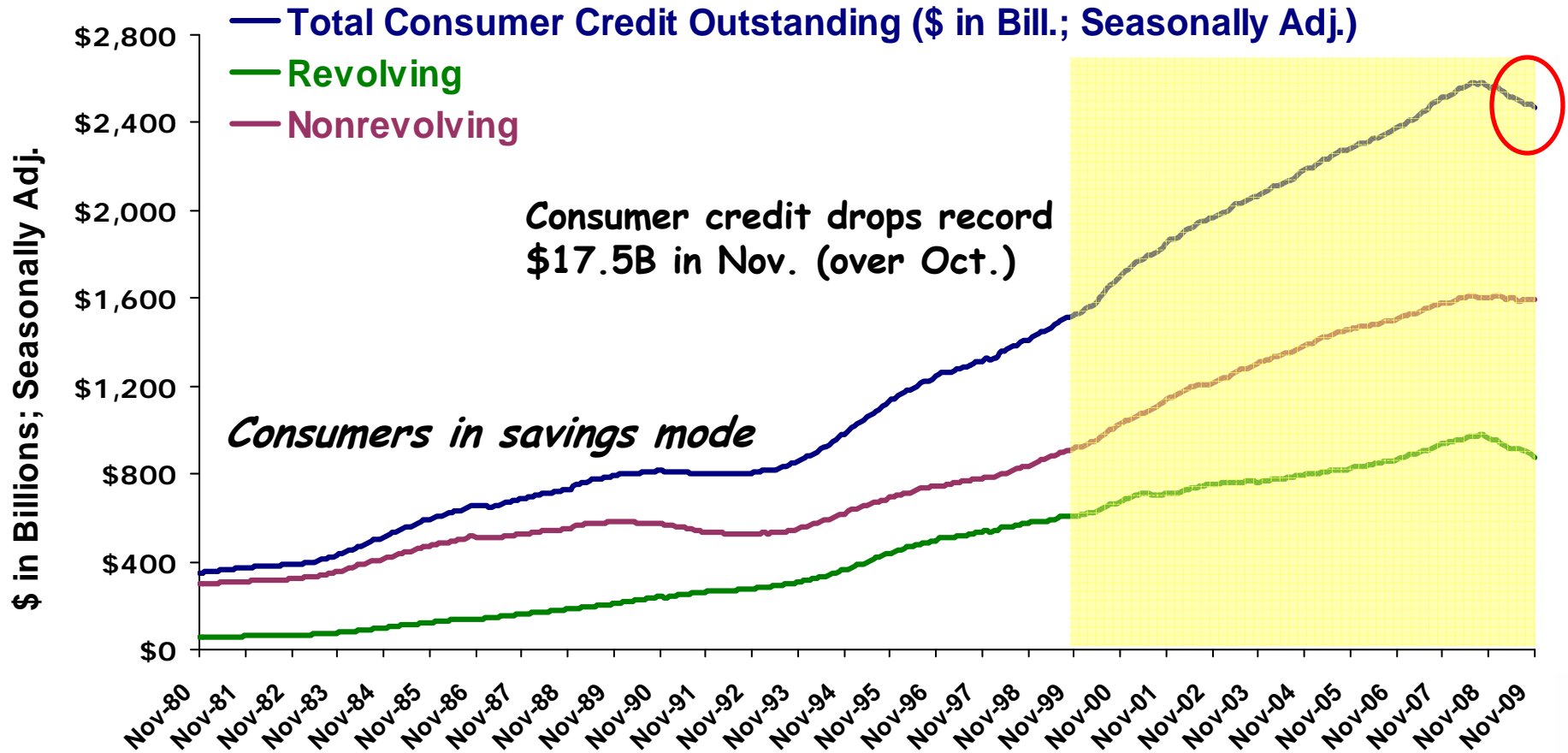
U.S. Consumer Confidence and Sentiment Indices: 12/1999 – 12/2009



The beginning of the process

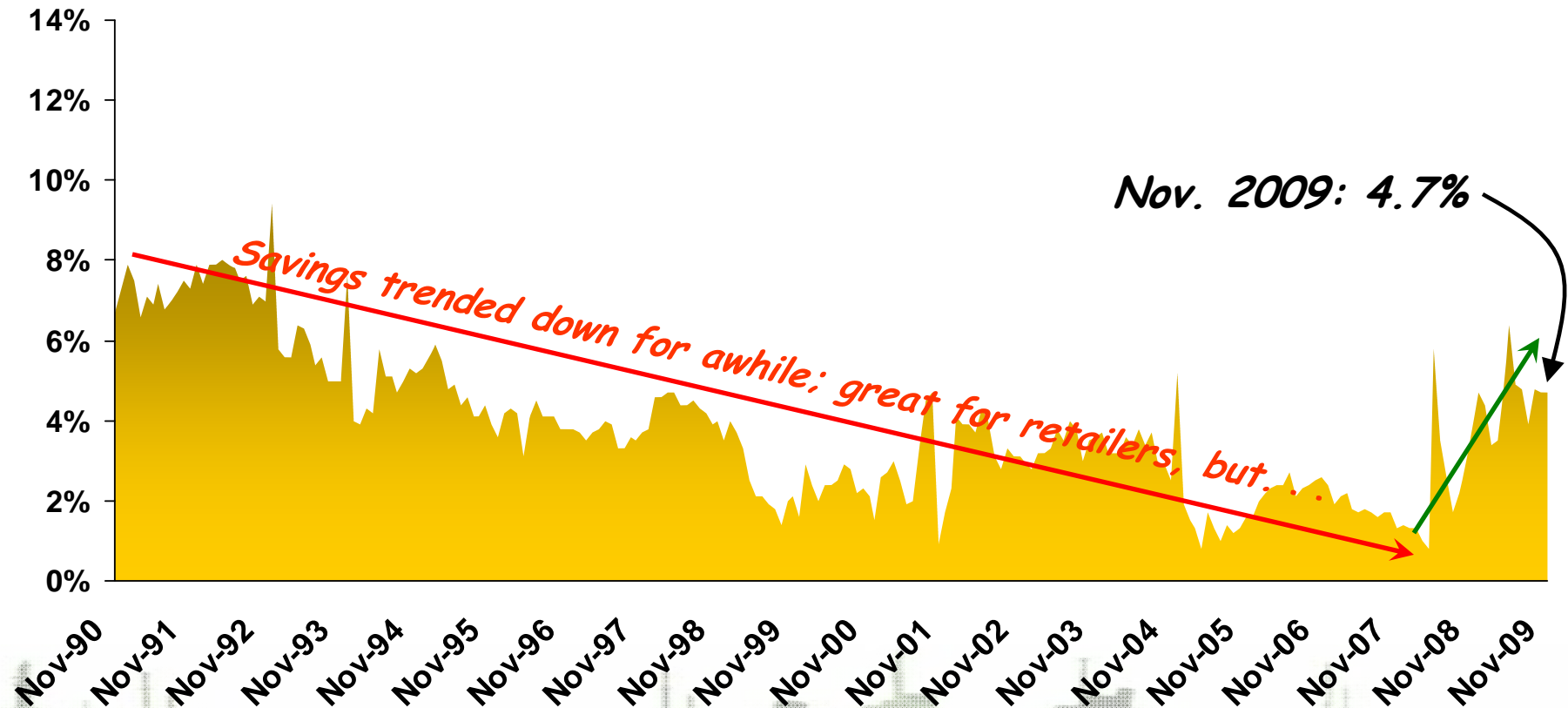
Consumers spent more this past decade - financed by cheap & easy credit

Consumer Credit Outstanding: 11/1980 - 11/2009



Savings going up, because consumers are rebuilding balance sheets

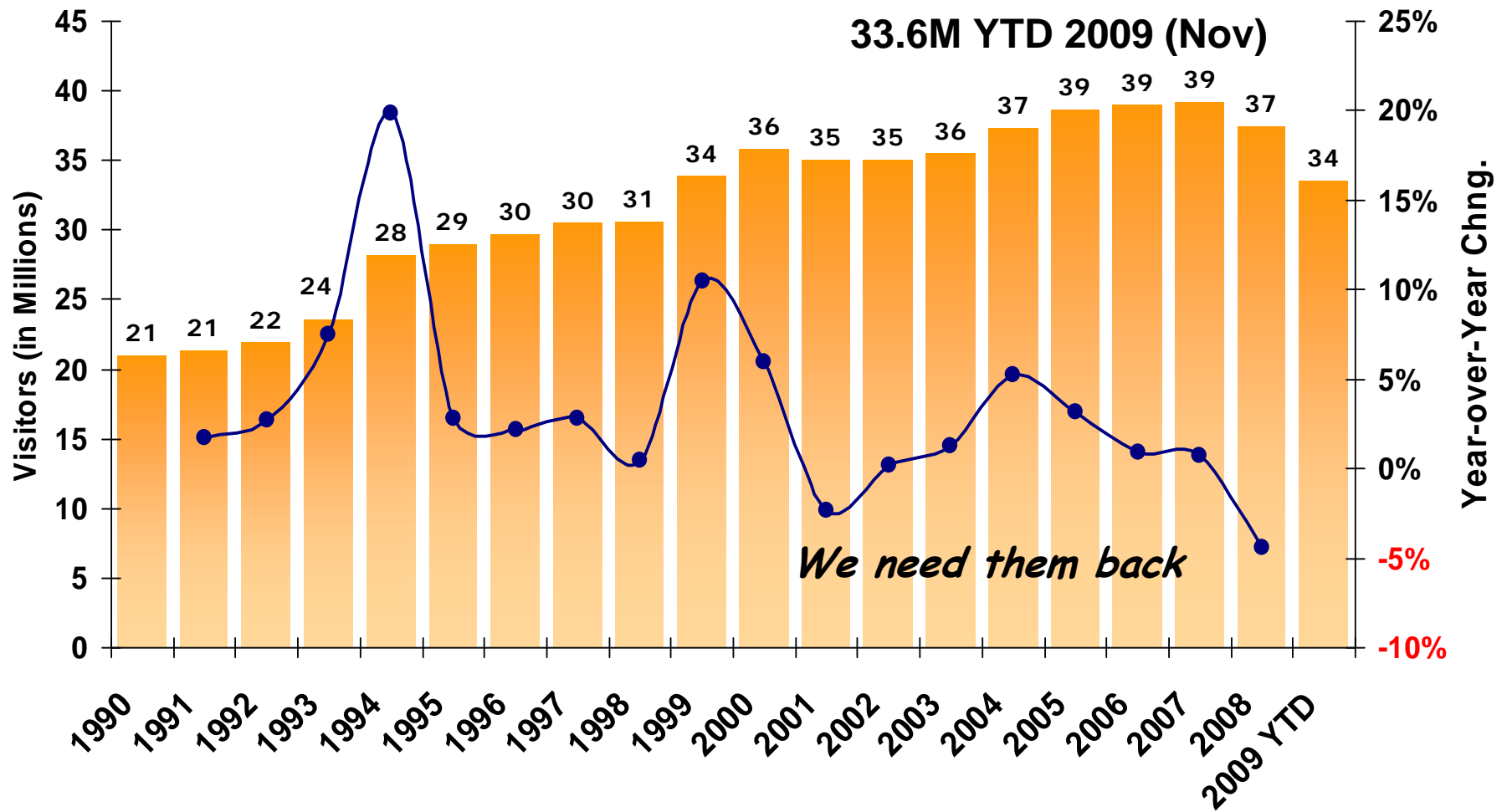
U.S. Personal Savings Rate as % of Disposable Income:
11/1990 – 11/2009



Economic Setting: Las Vegas

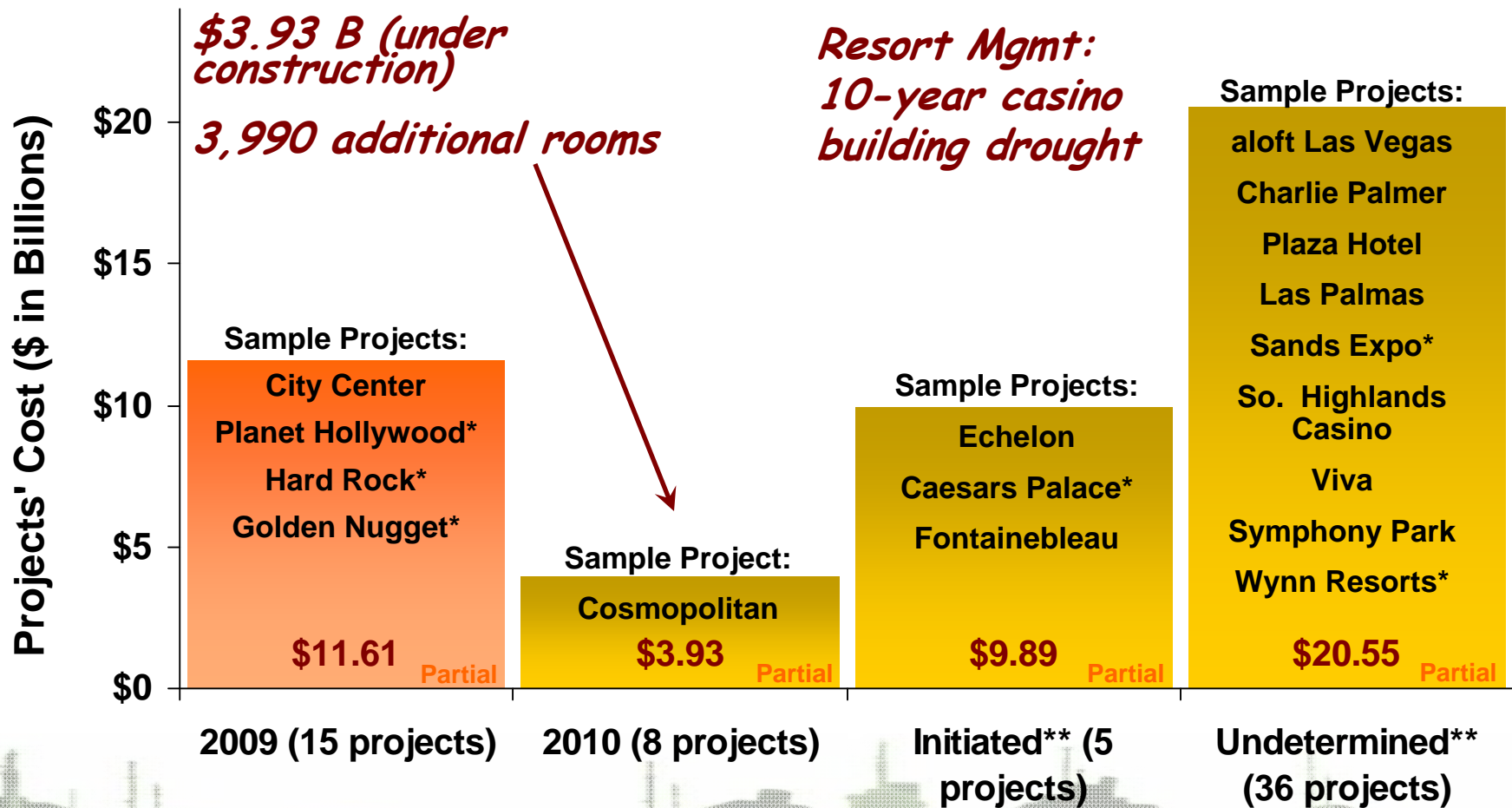


Las Vegas Valley Visitor Volume: 1990 – 2009 YTD (Nov)

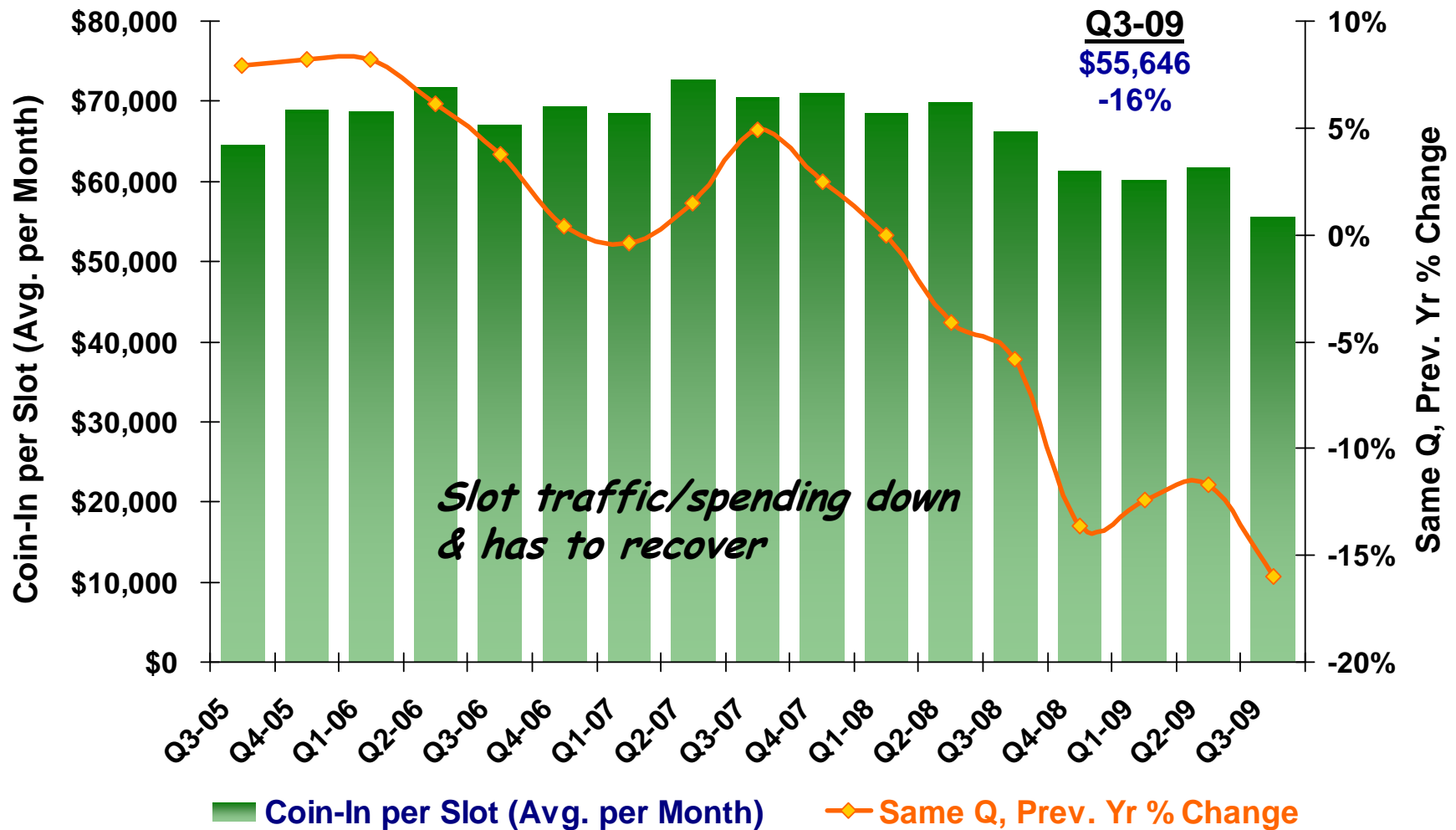


Resort Industry Investment

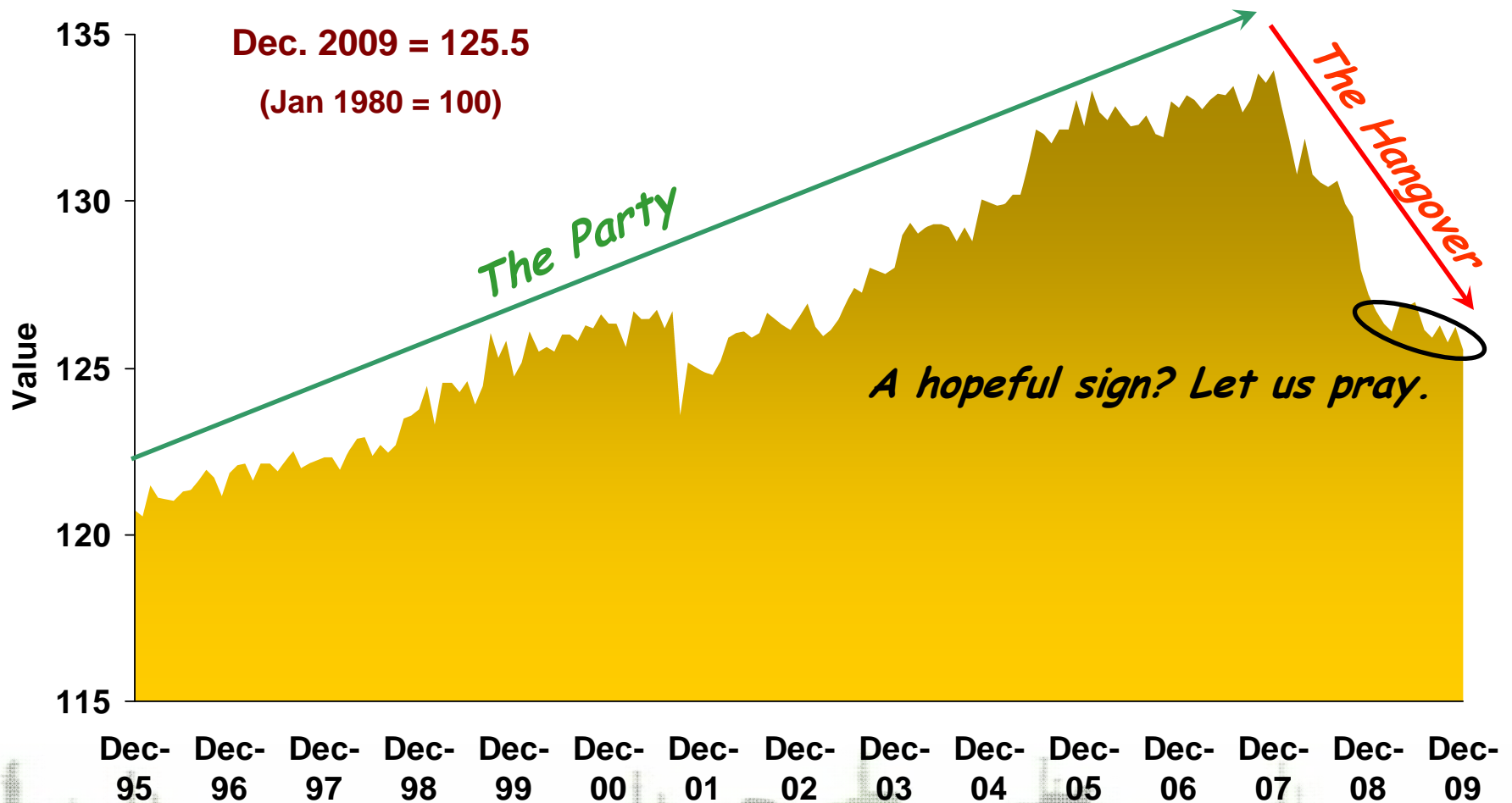
Projects' Cost (\$B) by Scheduled Completion Year: 2009 – 2010, Initiated & Undetermined



Clark County Gaming Activity – Coin-In per Slot (Avg. per Month): Q3, 2005 - Q3, 2009

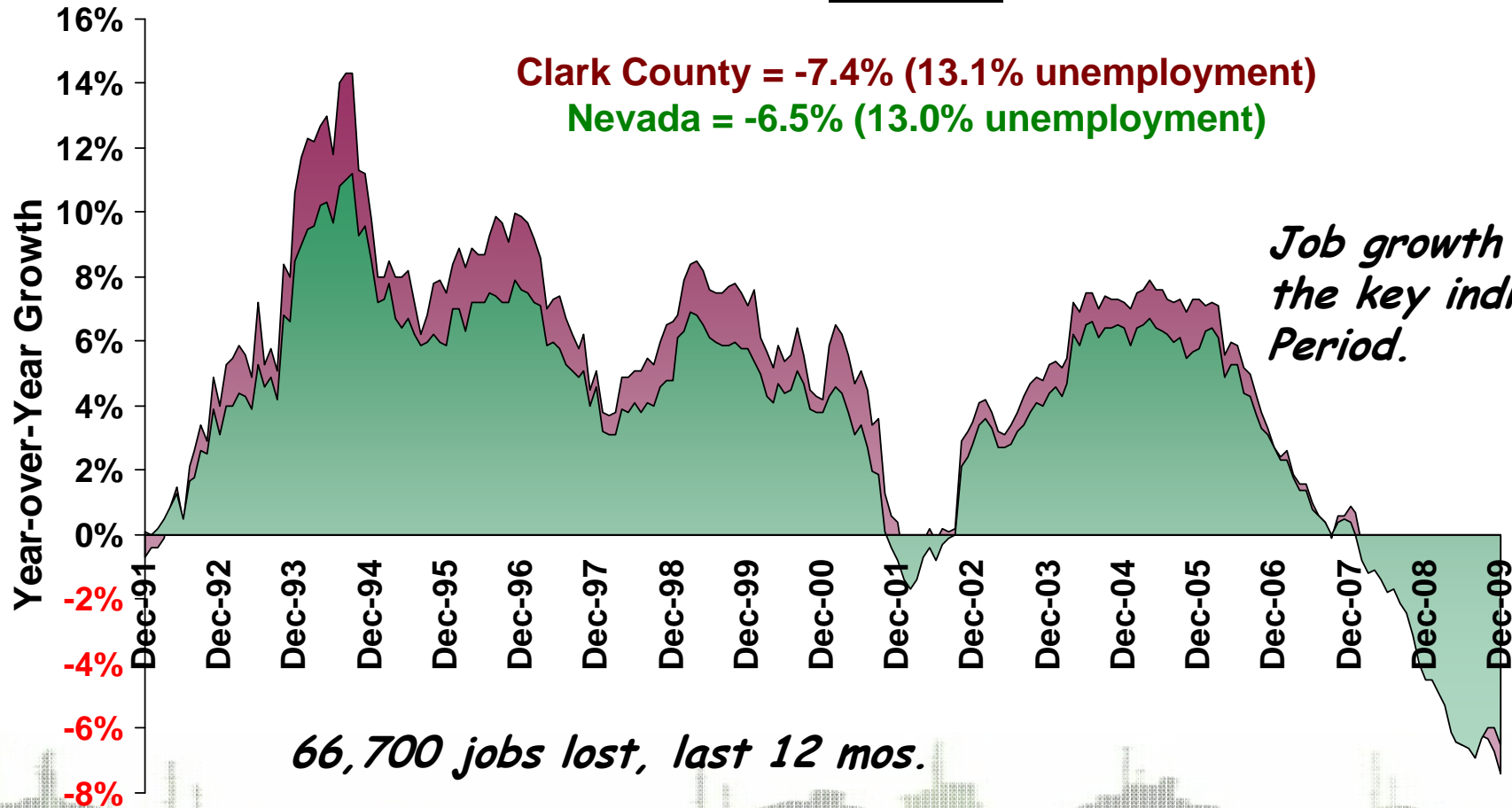


Southern Nevada Index of Leading Economic Indicators: 12/1995 – 12/2009



Clark County & Nevada Job Growth: 12/1991 – 12/2009

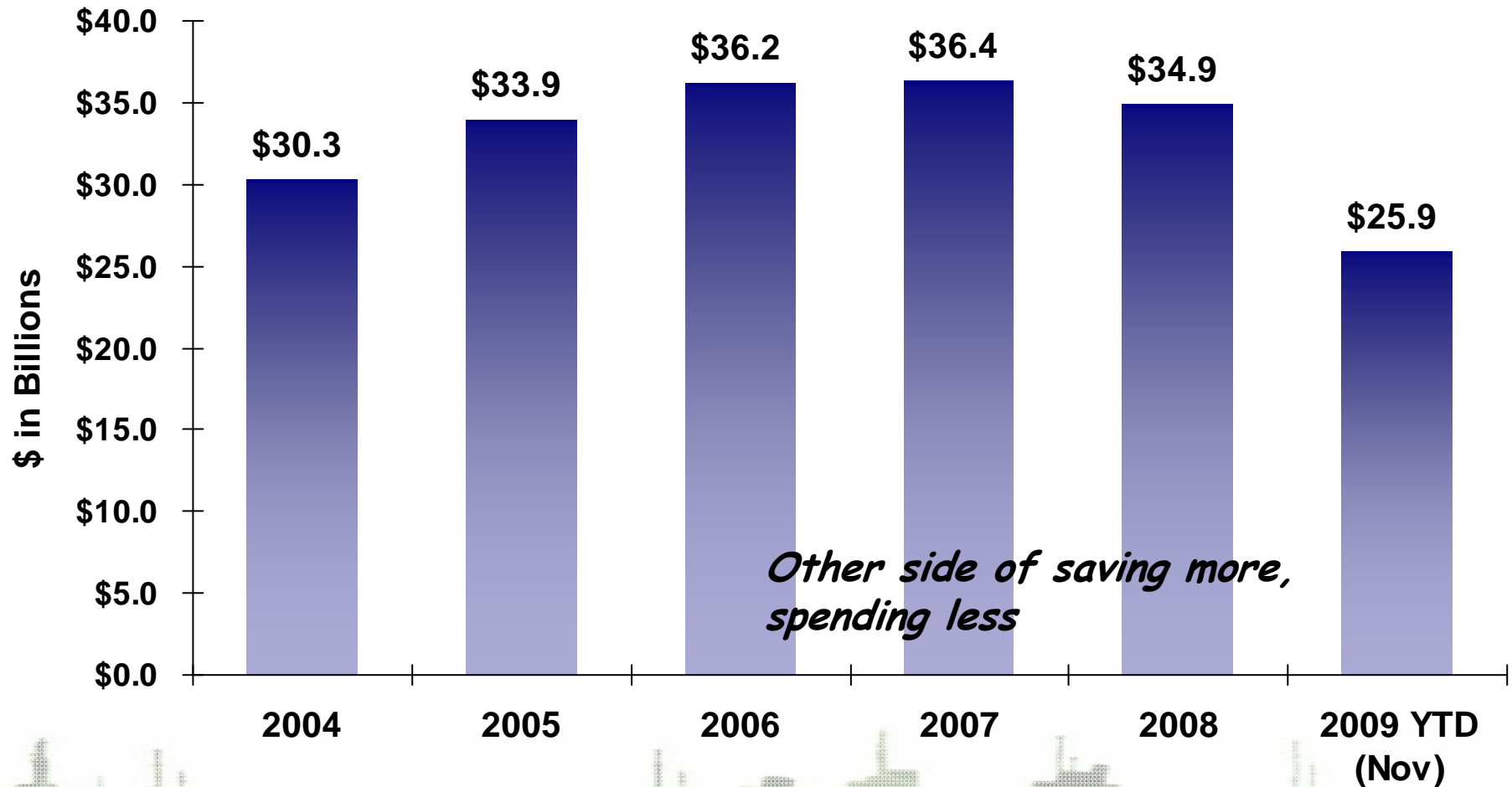
Dec. 2009



66,700 jobs lost, last 12 mos.

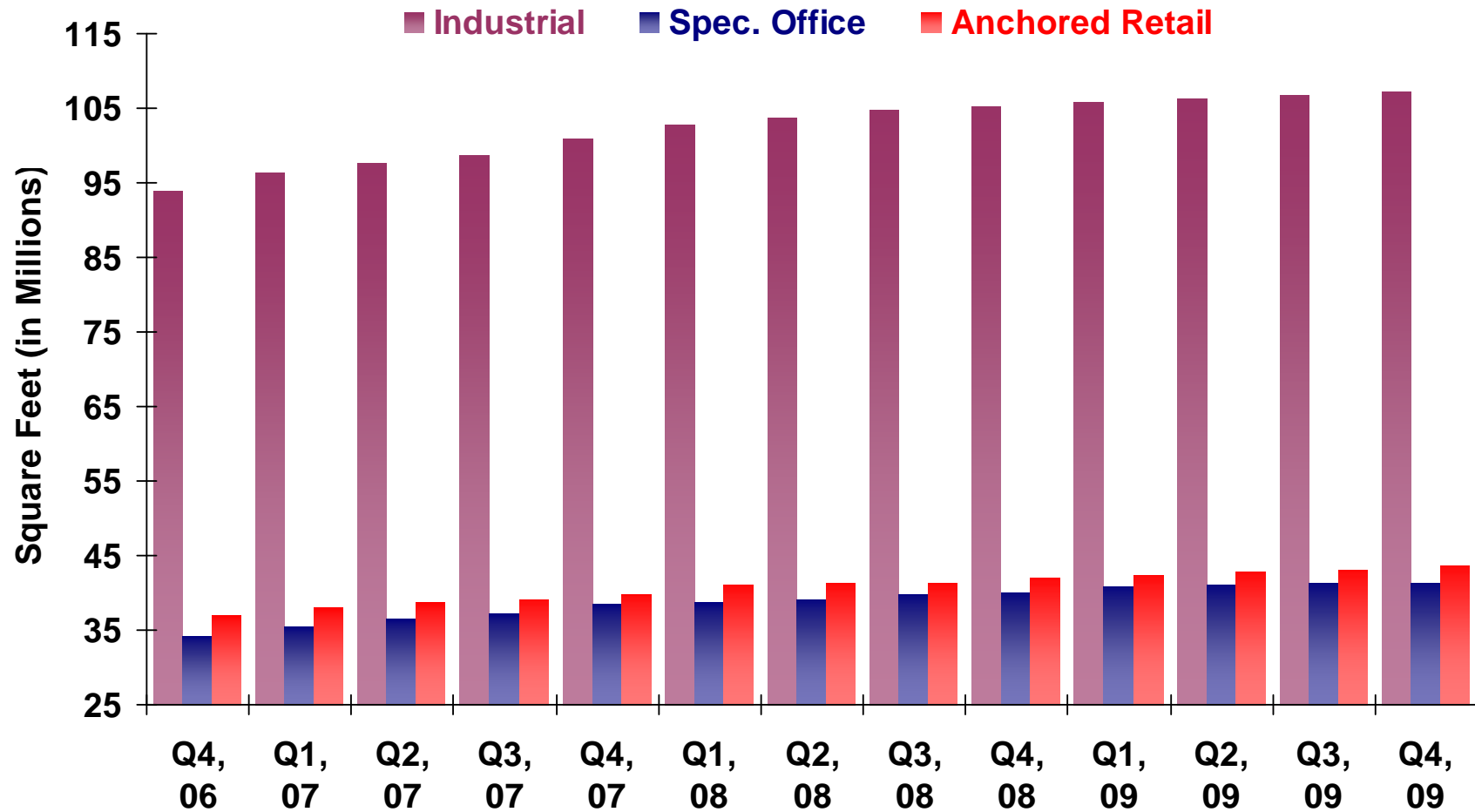
79,000 more jobs needed to have 5% unemployment

Clark County Taxable Retail Sales: 2004 –2009 YTD (Nov)



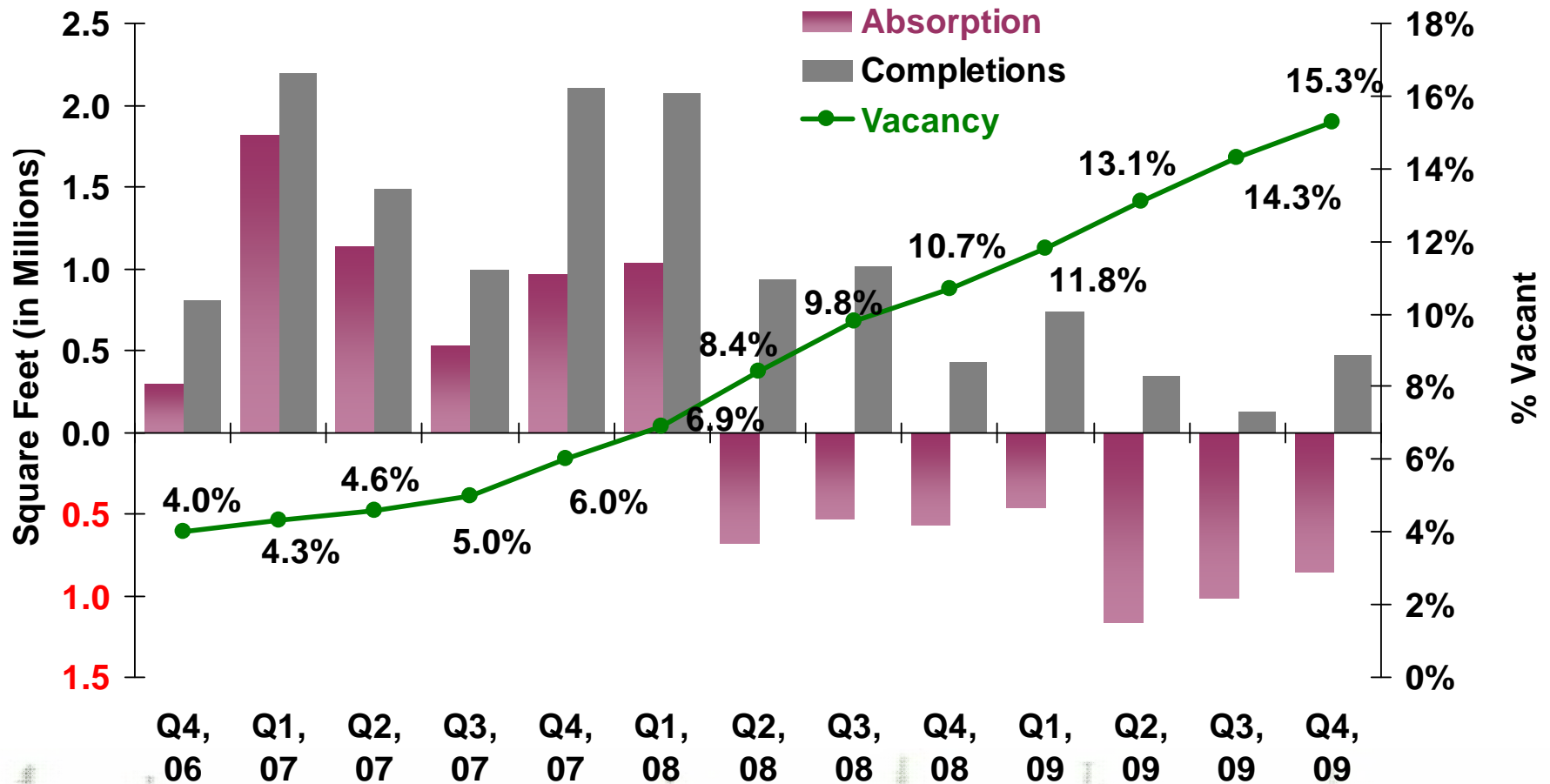
Las Vegas Valley Commercial Inventory

Spec. Office & Anchored Retail Space: Q4, 06 – Q4, 09



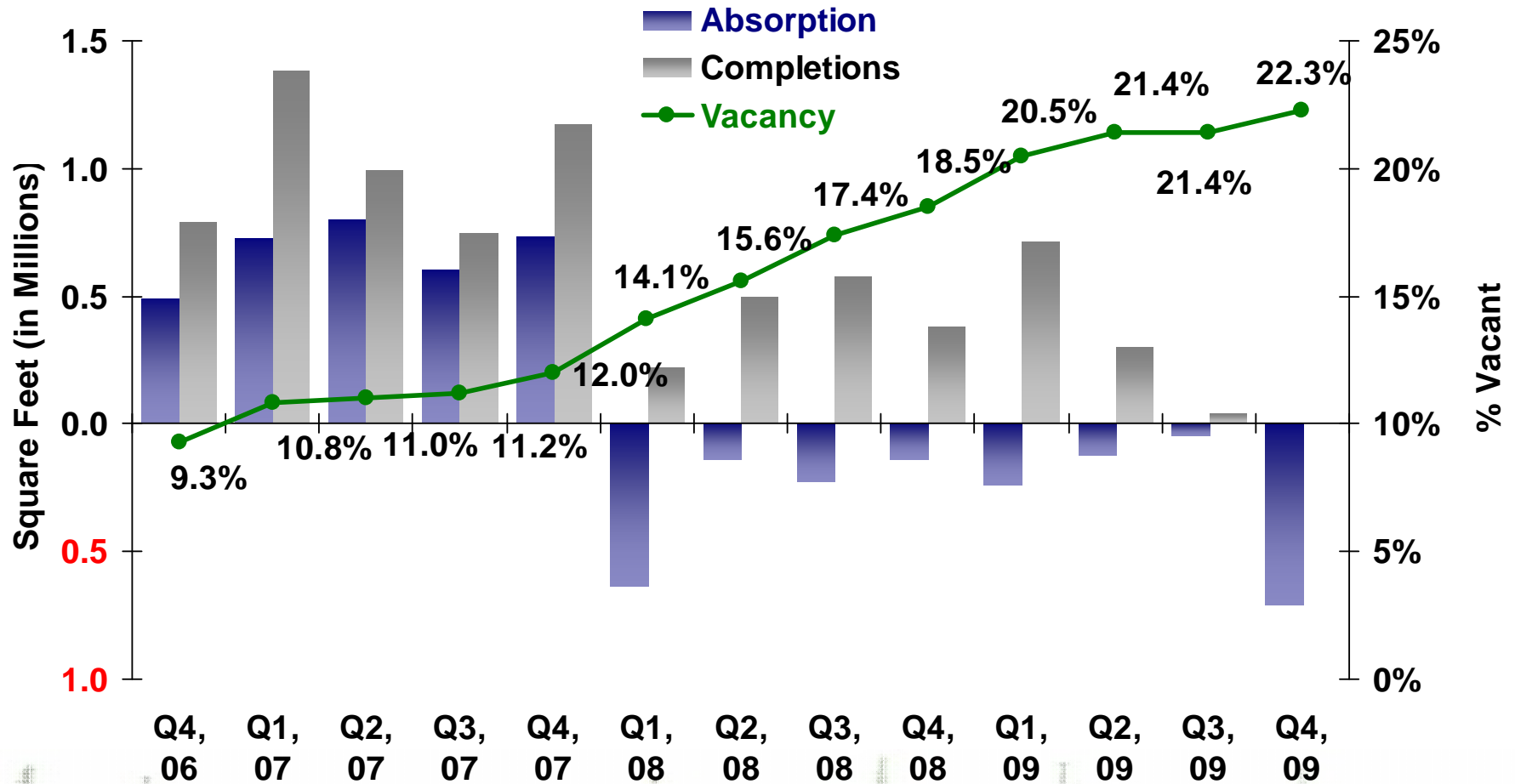
Las Vegas Valley Industrial Market

Vacancy, Absorption & Completion Trends: Q4, 06 – Q4, 09



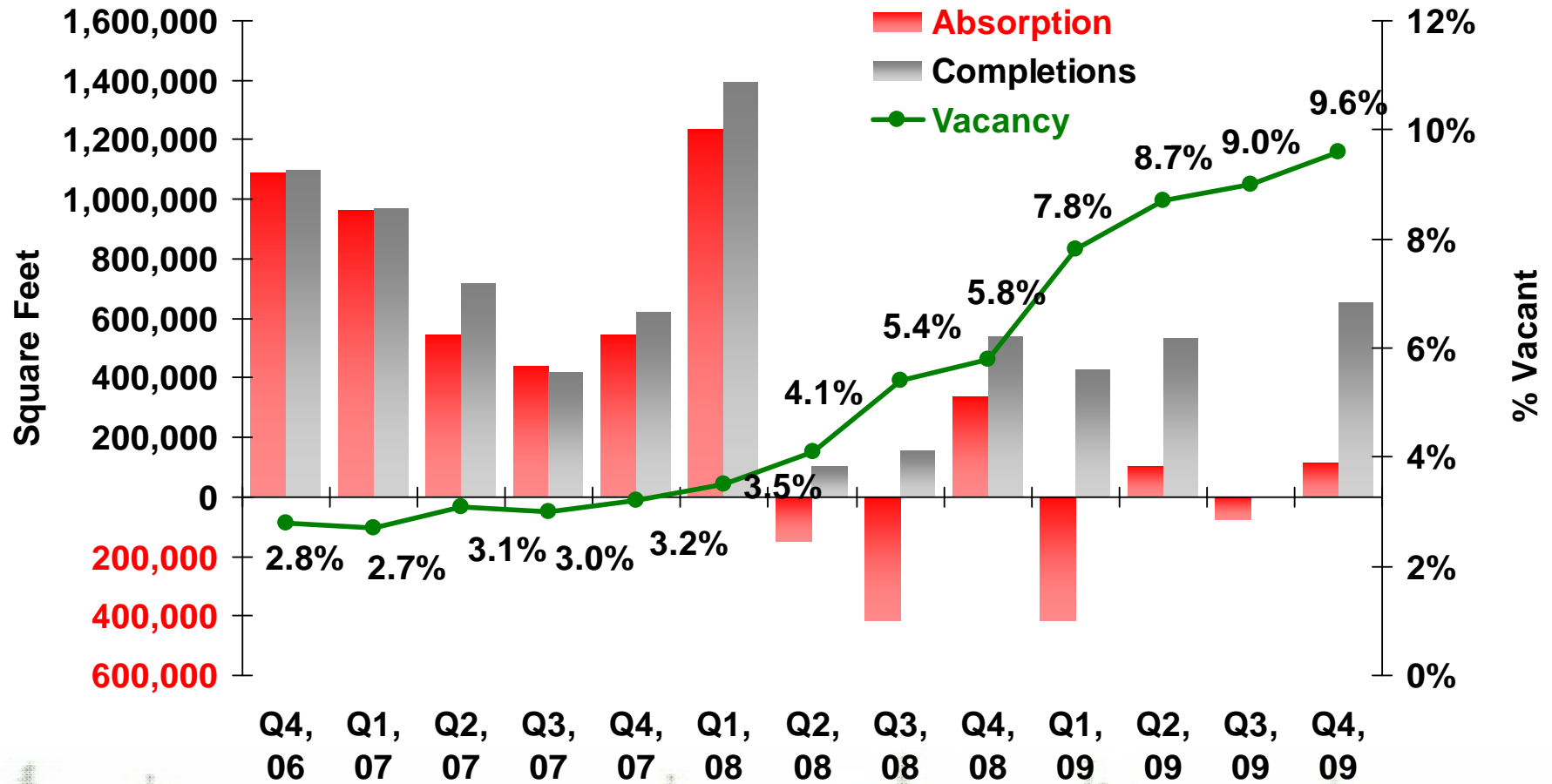
Las Vegas Valley Spec. Office Market

Vacancy, Absorption & Completion Trends: Q4, 06 – Q4, 09



Las Vegas Valley Anchored Retail Market

Vacancy, Absorption & Completion Trends: Q4, 06 – Q4, 09



Conclusions



Conclusions & Observations

- Recovery will be slow and plodding
- National economy needs at least 6 months sustained job growth to really benefit Las Vegas visitor spending
- But specter of “job-less” recovery remains
- Consumer confidence is only the first step, must be combined with debt reduction & then by spending
- Discretionary spending will be constrained
- Spending on dining out will return first
- Luxury market recovery will lag, emphasis on value
- Continue seeing pressure from tenants on terms

So when will see the start of a sustained recovery in Vegas?

Conclusions & Observations, Cont.

2012



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