

2009 Southern Nevada Economic Briefing



**City Council Meeting
November 18, 2009**

**RESTREPO
CONSULTING
GROUP LLC**



The National Economy



The Great Recession: What kind of recovery?

This is the kind of recovery that only a statistician can love.

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Some Important National Indicators

- Length of Recession (starting 12/07):
 - 23 months (through 11/09)
- GDP Growth (Q2, 2009 – Q3,2009):
 - +3.5%
- ISM Manufacturing Index (10/08 – 10/09):
 - +43.9% (55.7)
- Consumer Conf. Index (9/08 - 9/09):
 - +22.9% (47.7)
- Personal Savings Rate (9/08 - 9/09):
 - +50% (3.3%)
- DJIA:
 - (11/08 – 11/17/09): +23% (8497 to 10428)
 - From low (3/09 – 11/17/09): +59% (6547 to 10428)



Nevada & Clark County Economies



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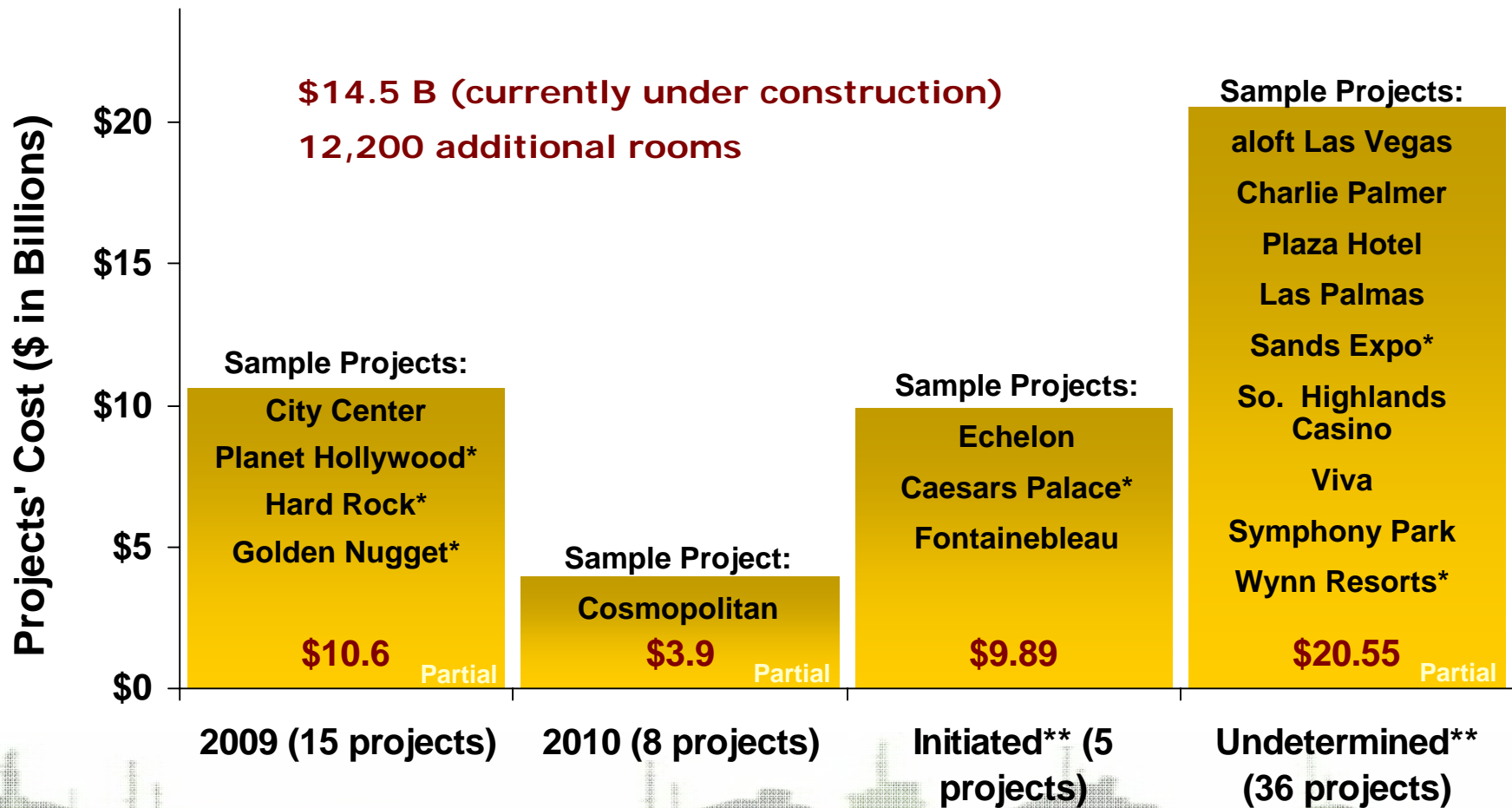
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THE DRIVER: THE RESORT INDUSTRY

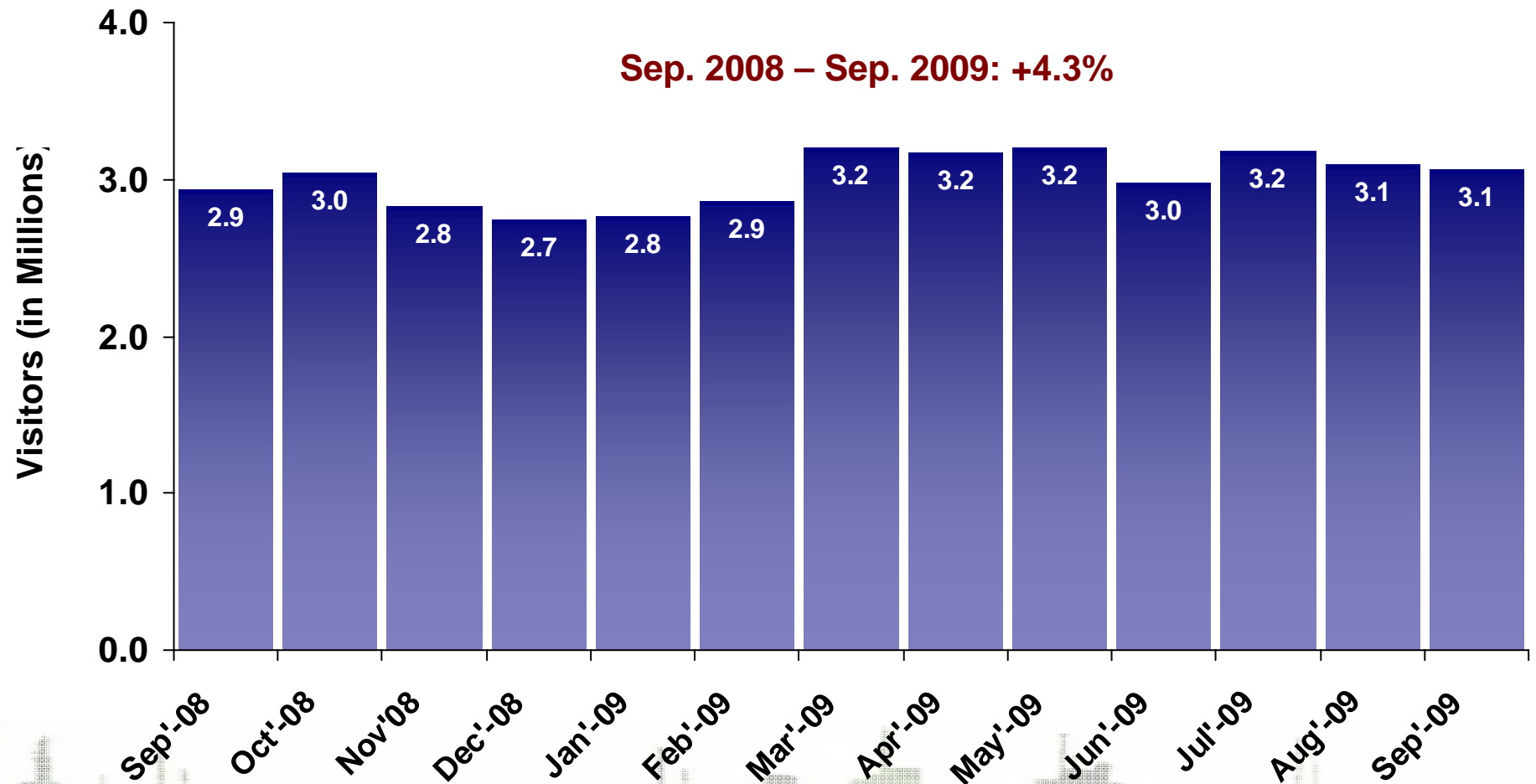


Resort Industry Investment: Will They Come?

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



Las Vegas Valley Visitor Volume: 9/2008 – 9/2009

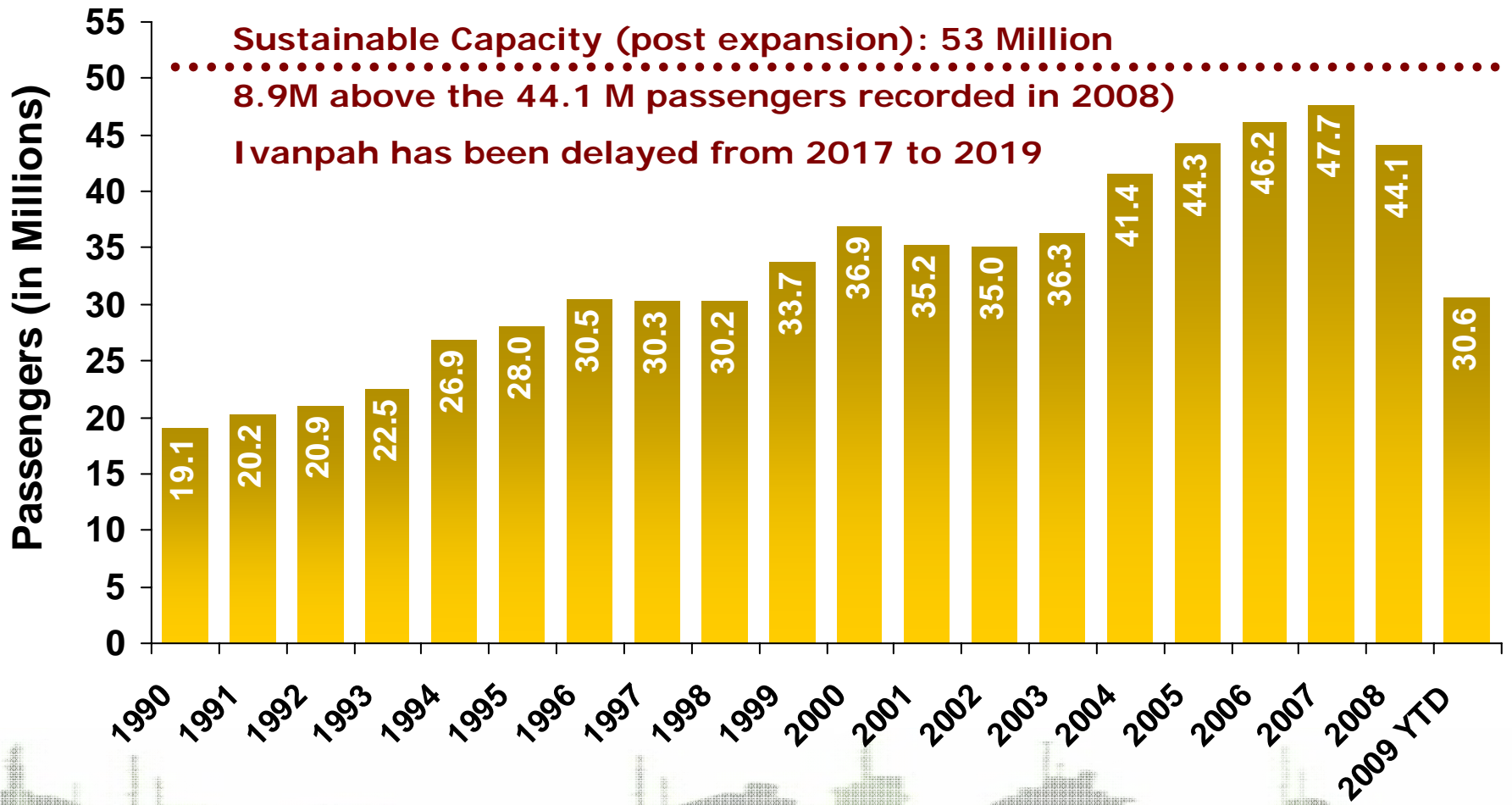


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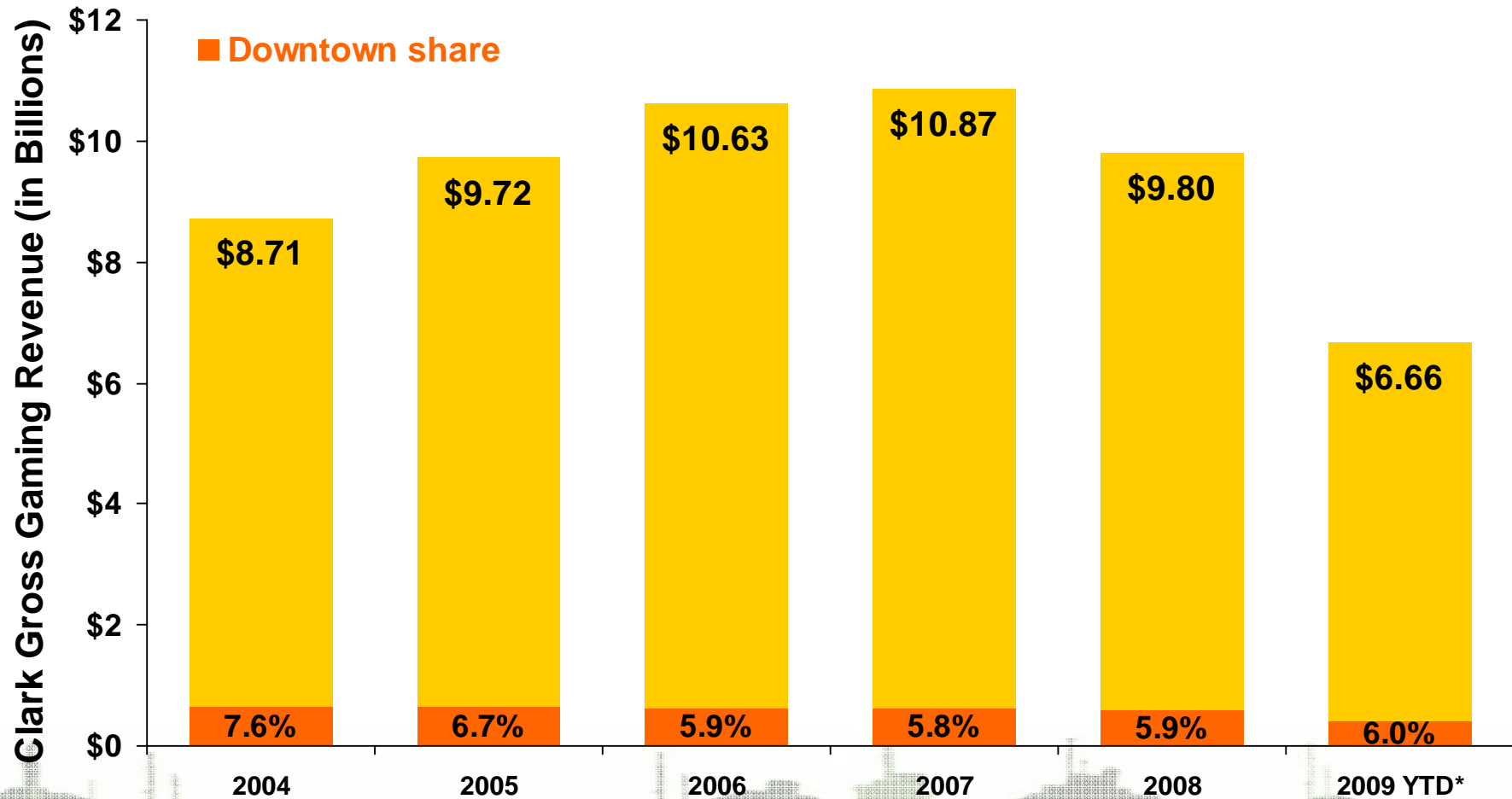
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Sources: Las Vegas Convention and Visitors Authority.

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



Gross Gaming Revenue: Downtown as % of Clark County: 2004 – 2009 YTD (Sept.)

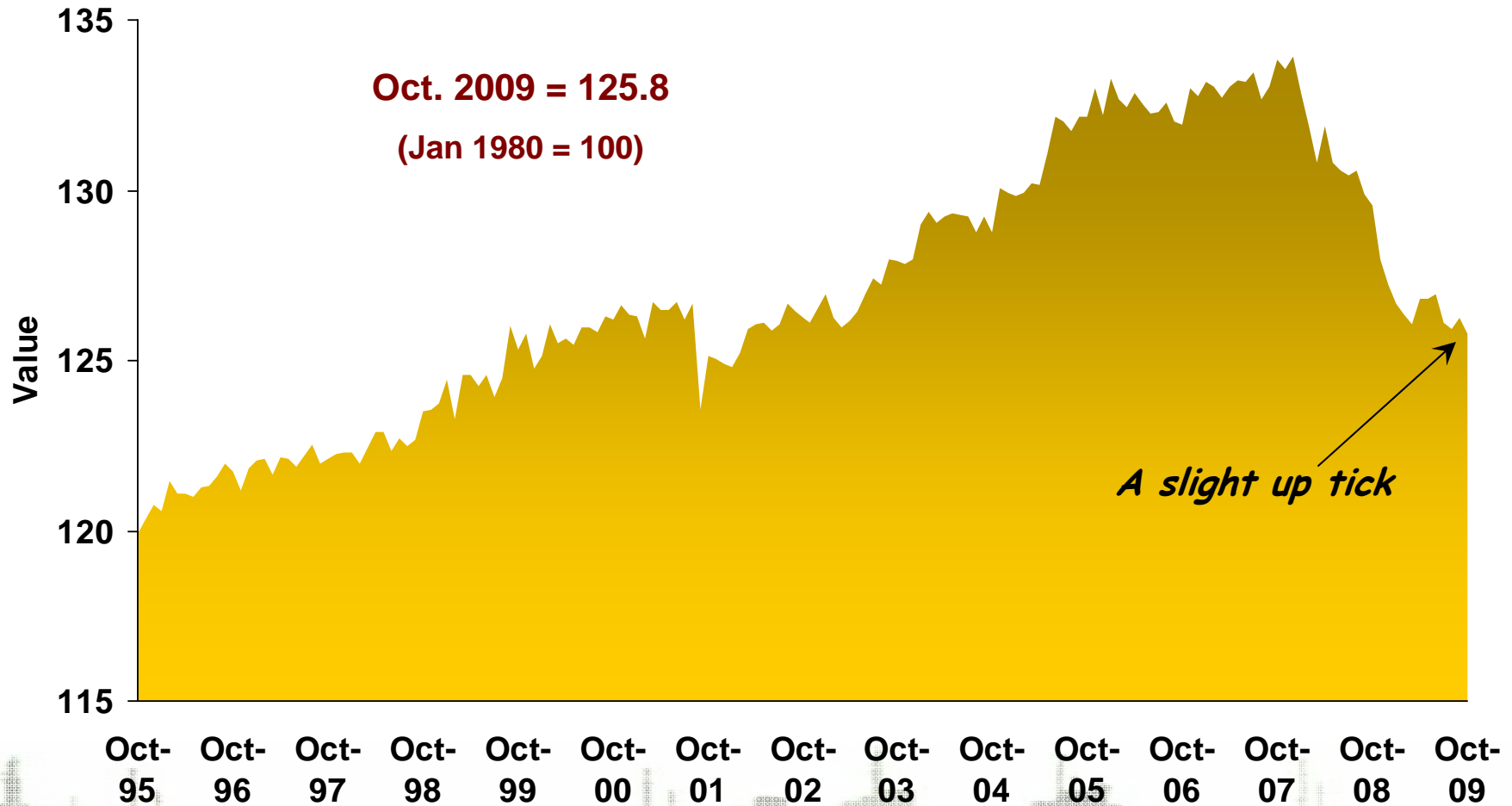


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THE JOB MARKET



Southern Nevada Index of Leading Economic Indicators: 10/1995 – 10-/2009

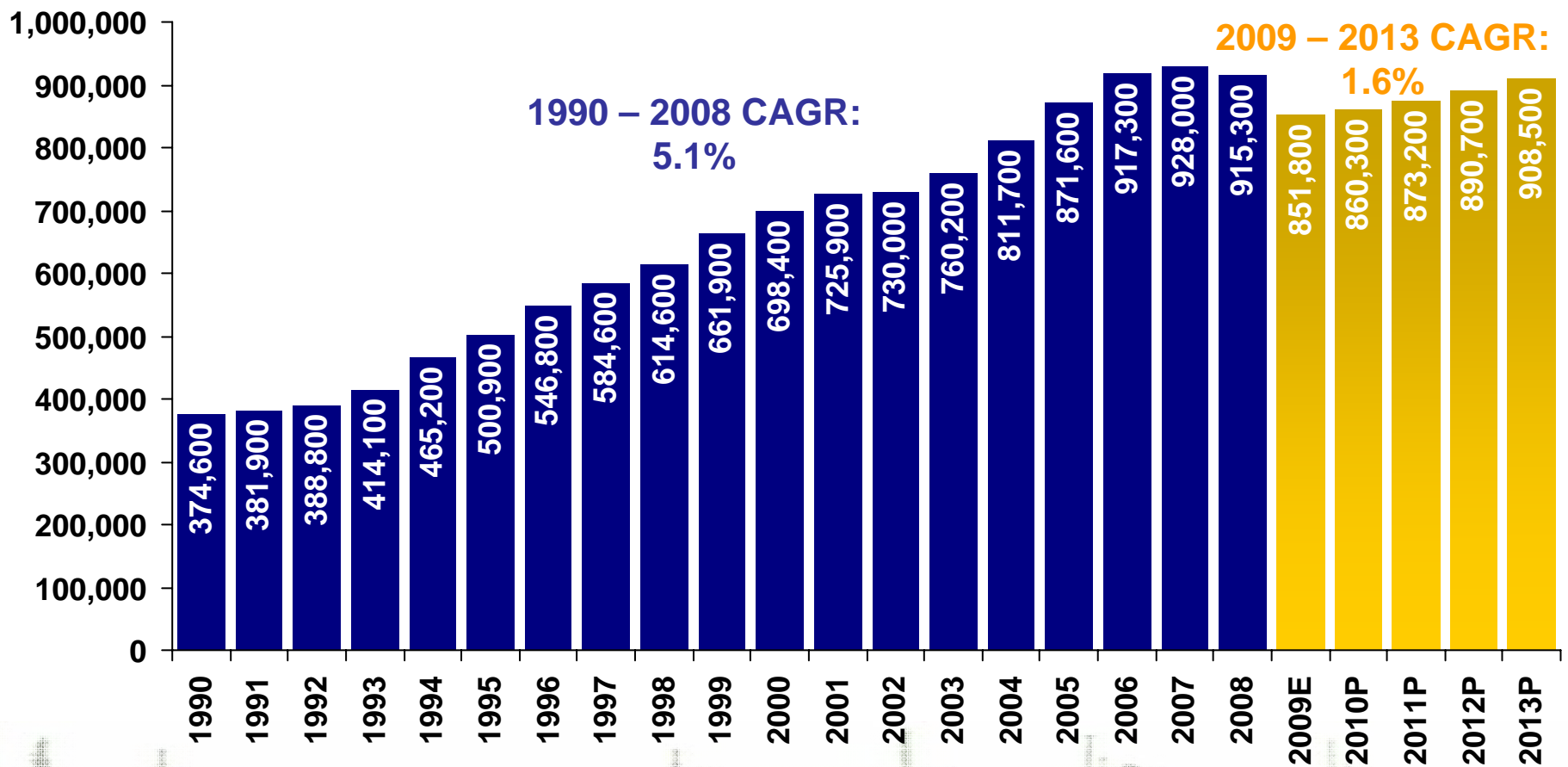


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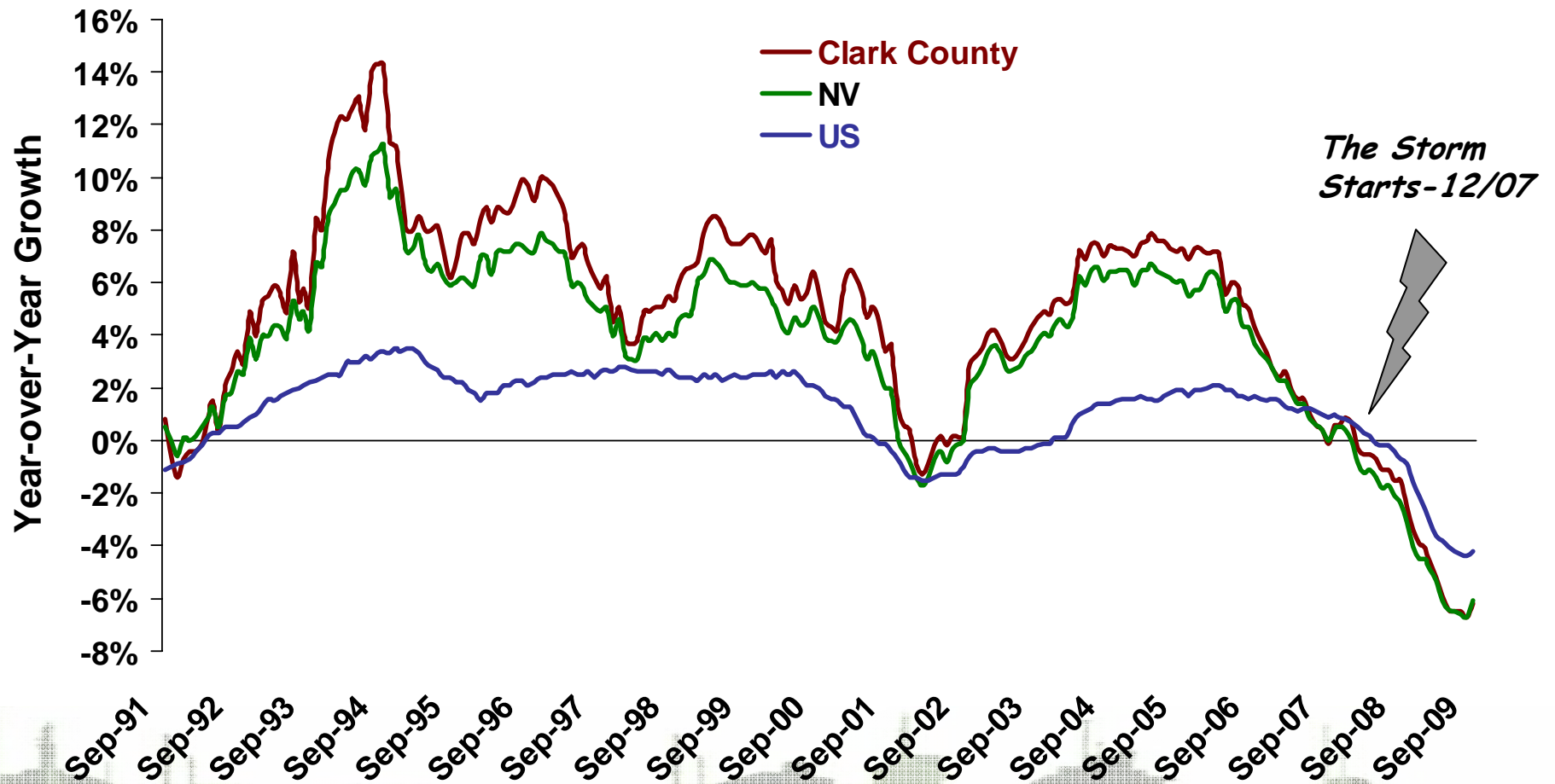
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Source: UNLV Center for Business and Economic Research.

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

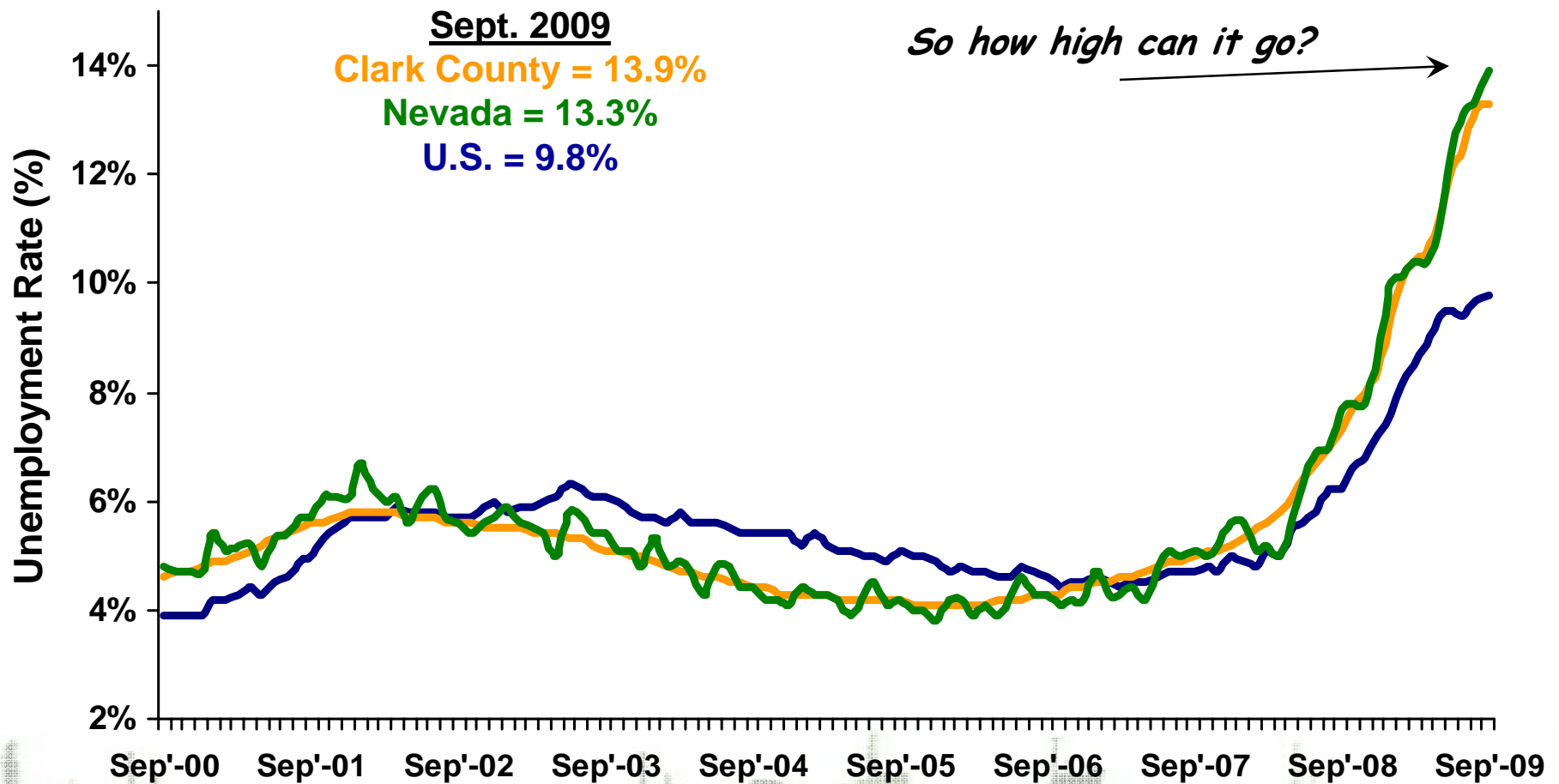


Clark County, Nevada & U.S. Job Growth: 9/1991 – 9/2009



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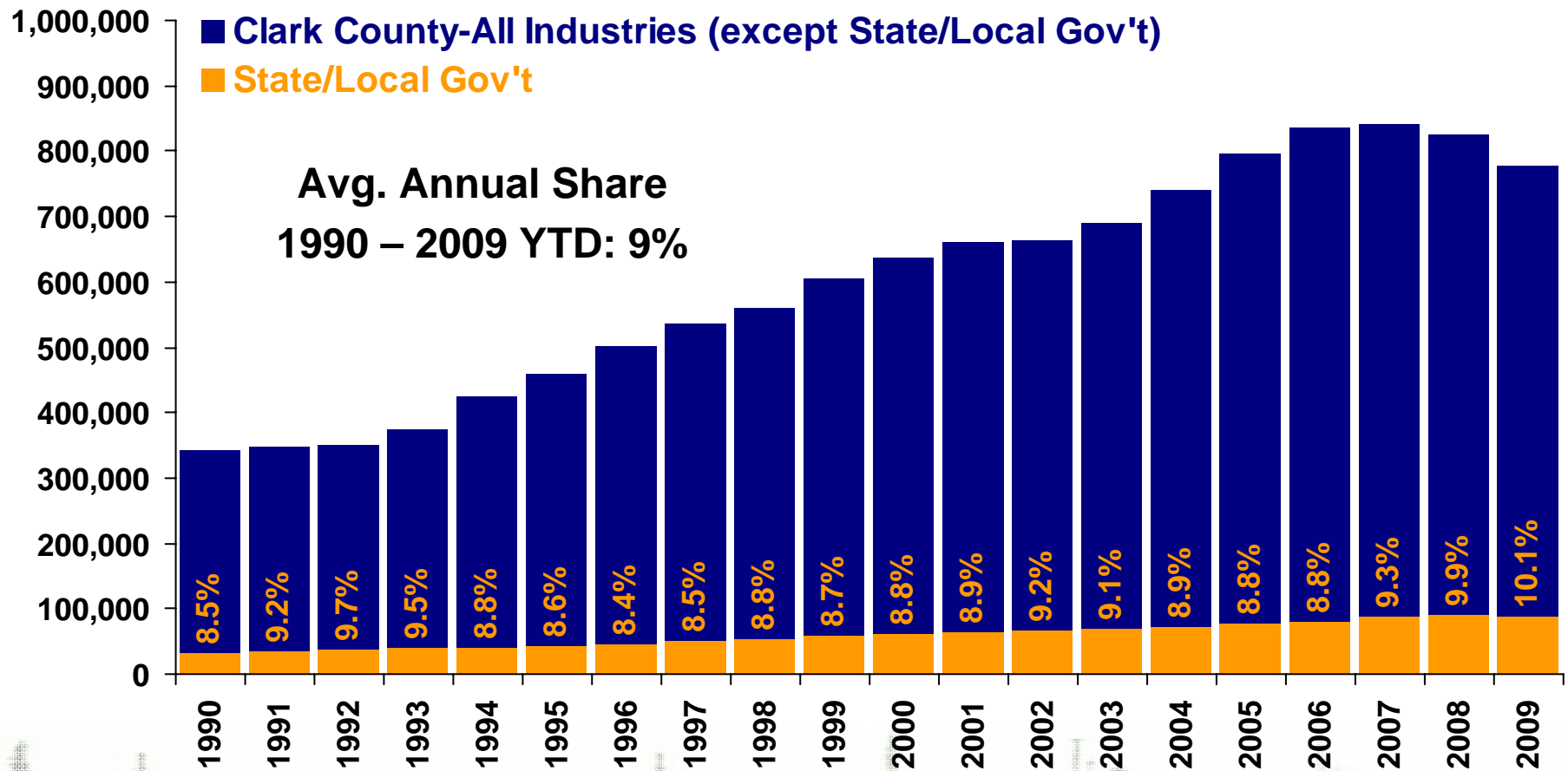
Clark County, Nevada & U.S. Unemployment Rates: 9/2000 – 9/2009



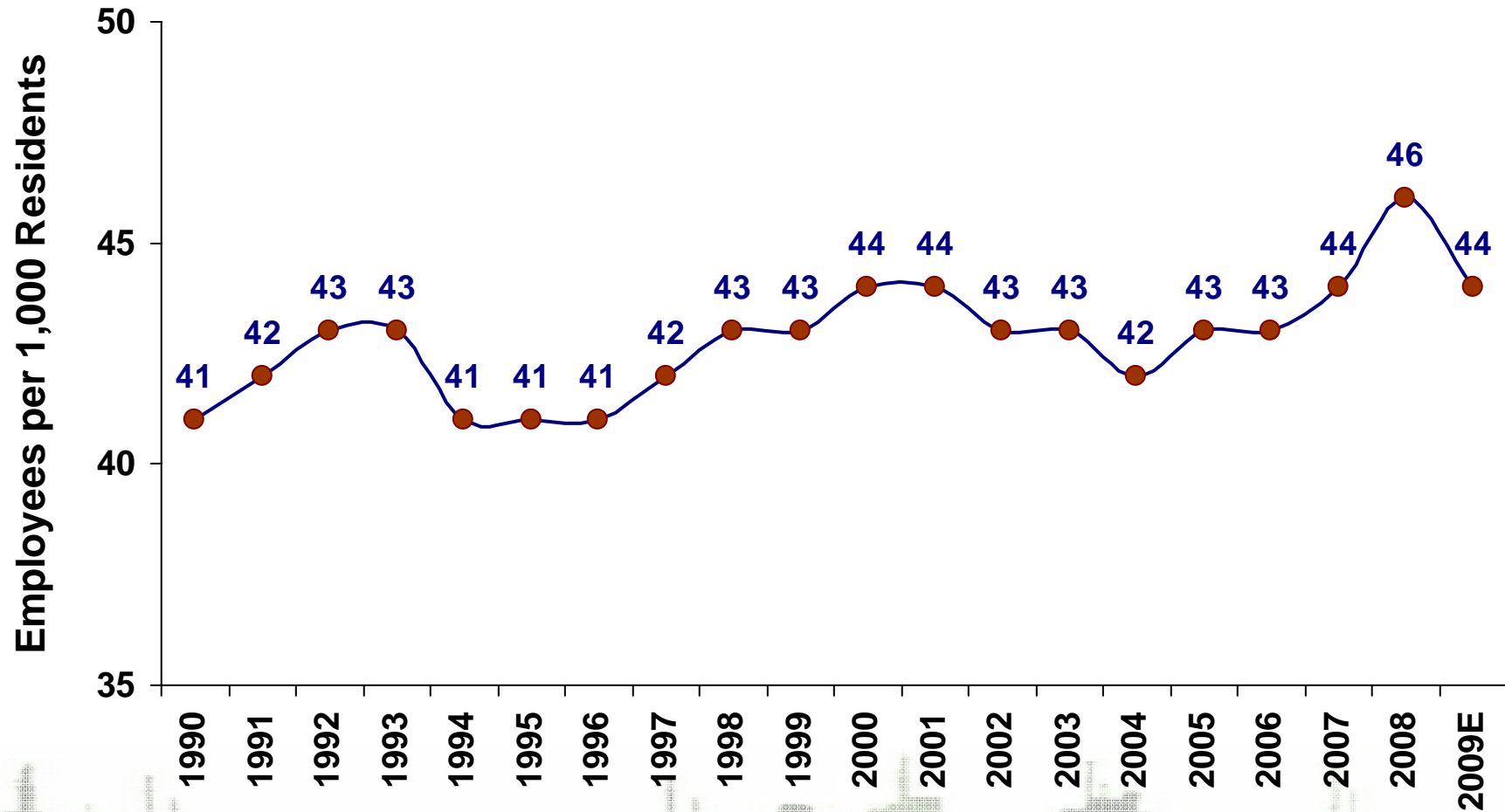
STATE & LOCAL GOVERNMENT



Clark County State & Local Jobs % of Total Employment: 1990 – 2009 YTD (Oct.)



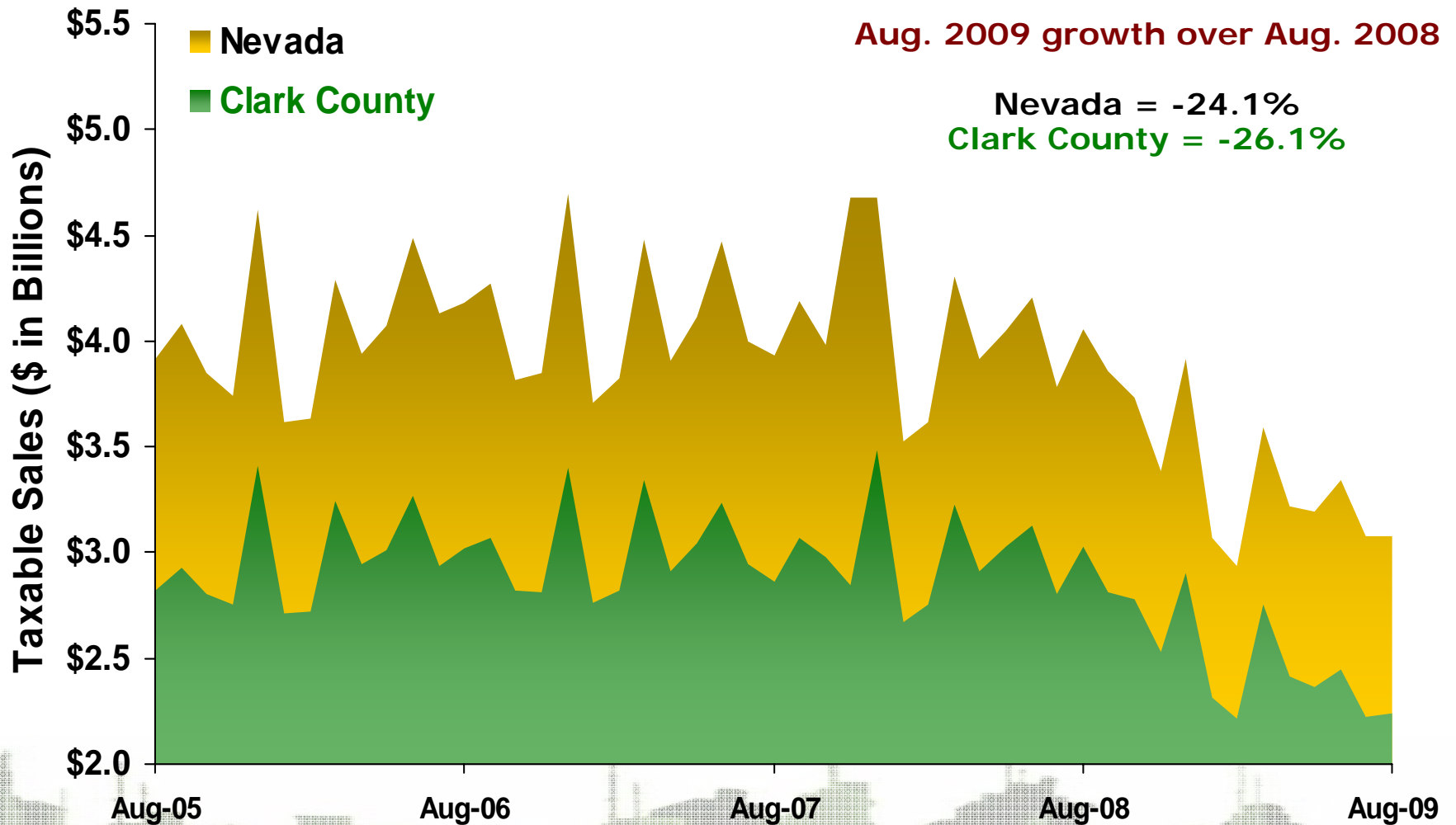
Clark County State & Local Employees per 1,000 Residents: 1990 – 2009E



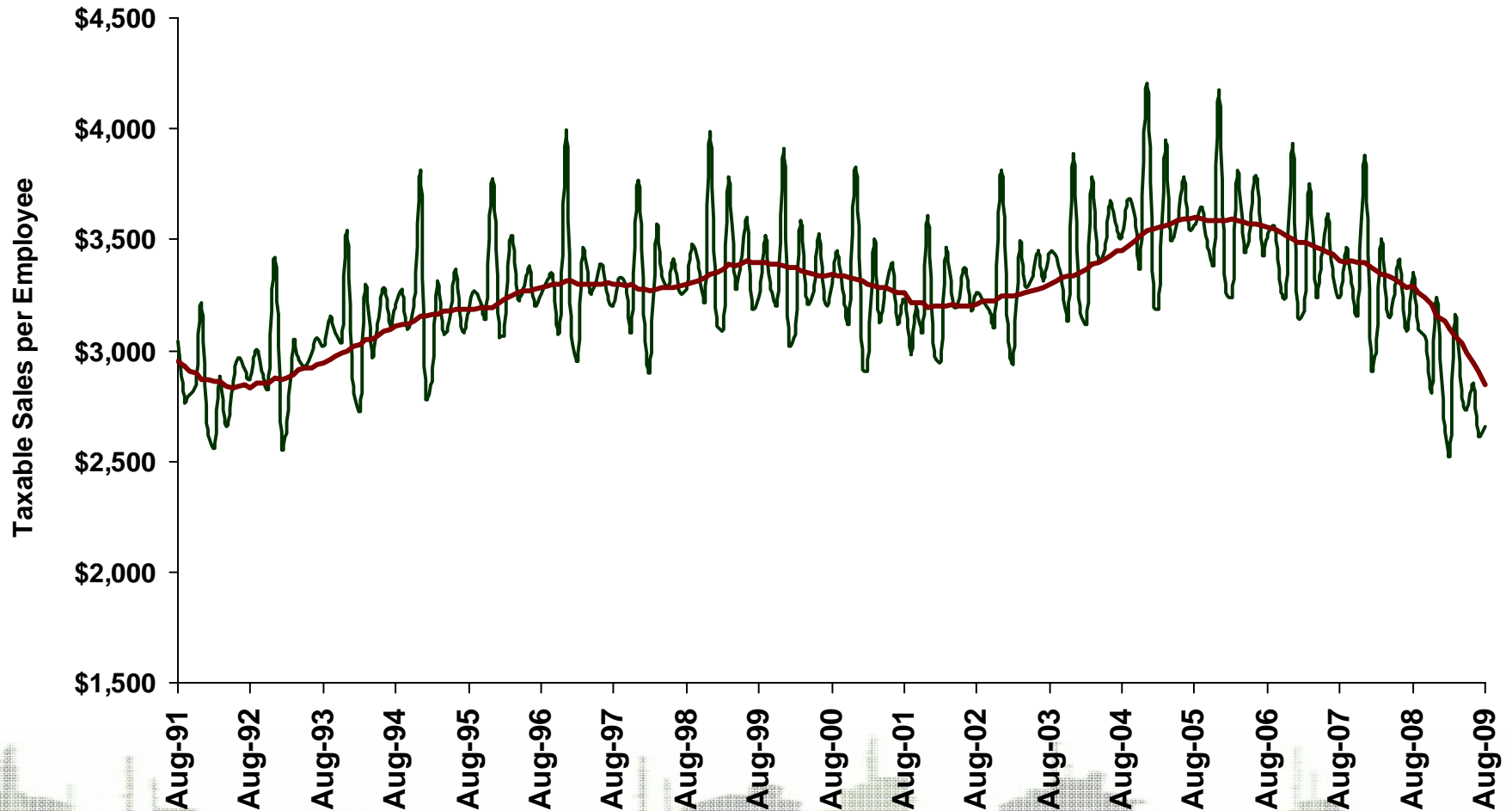
TAXABLE RETAIL SALES



Clark County & Nevada Taxable Sales 8/2005 – 8/2009



Clark County Taxable Sales per Employee in Real (2009) \$: 8/1991 – 8/2009

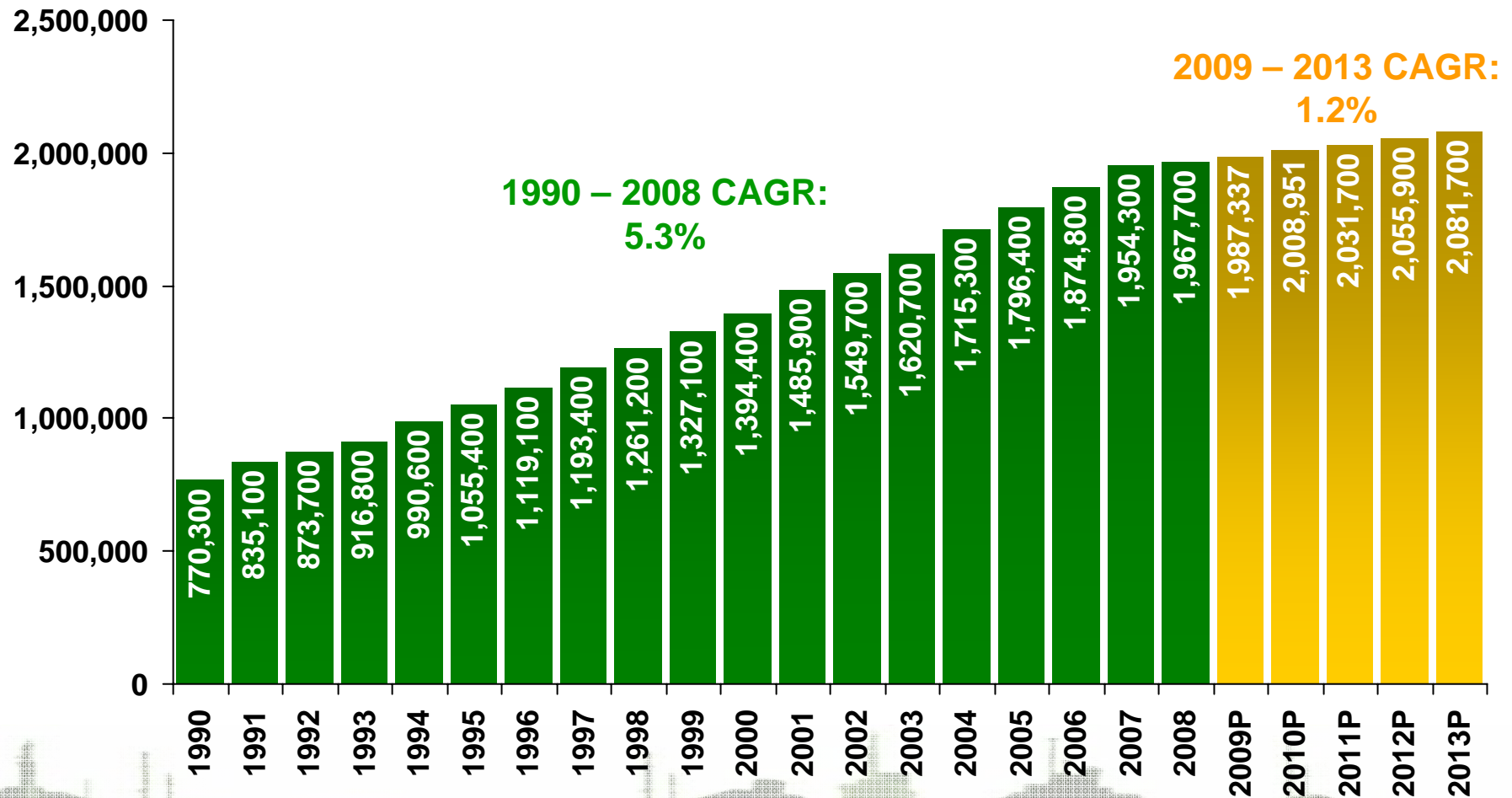


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THE DEMOGRAPHICS



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



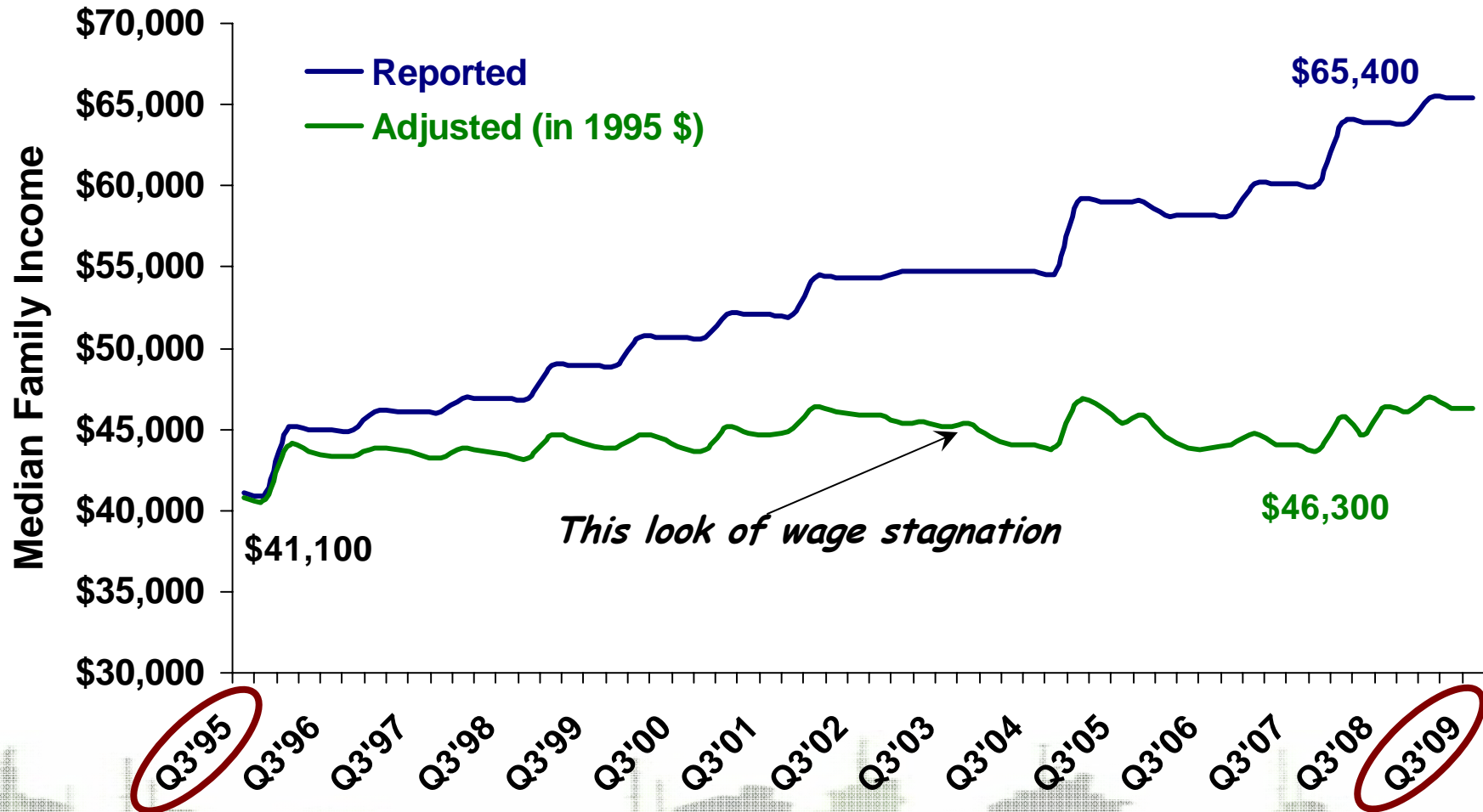
Las Vegas Cost of Living Index: Q3, 2009

Cost of Living Index	Items Index Costs	Grocery Items	Housing	Utilities	Transp.	Health Care	Misc. Goods & Serv.
Las Vegas, NV	104.4	108.8	106.9	98.8	107.5	105.2	100.9

LV is 4.4% Higher than National Metro Area Average of 100

Clark County Median Family Income

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



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THE REAL ESTATE MARKETS

- Residential*
- Commercial*

Residential

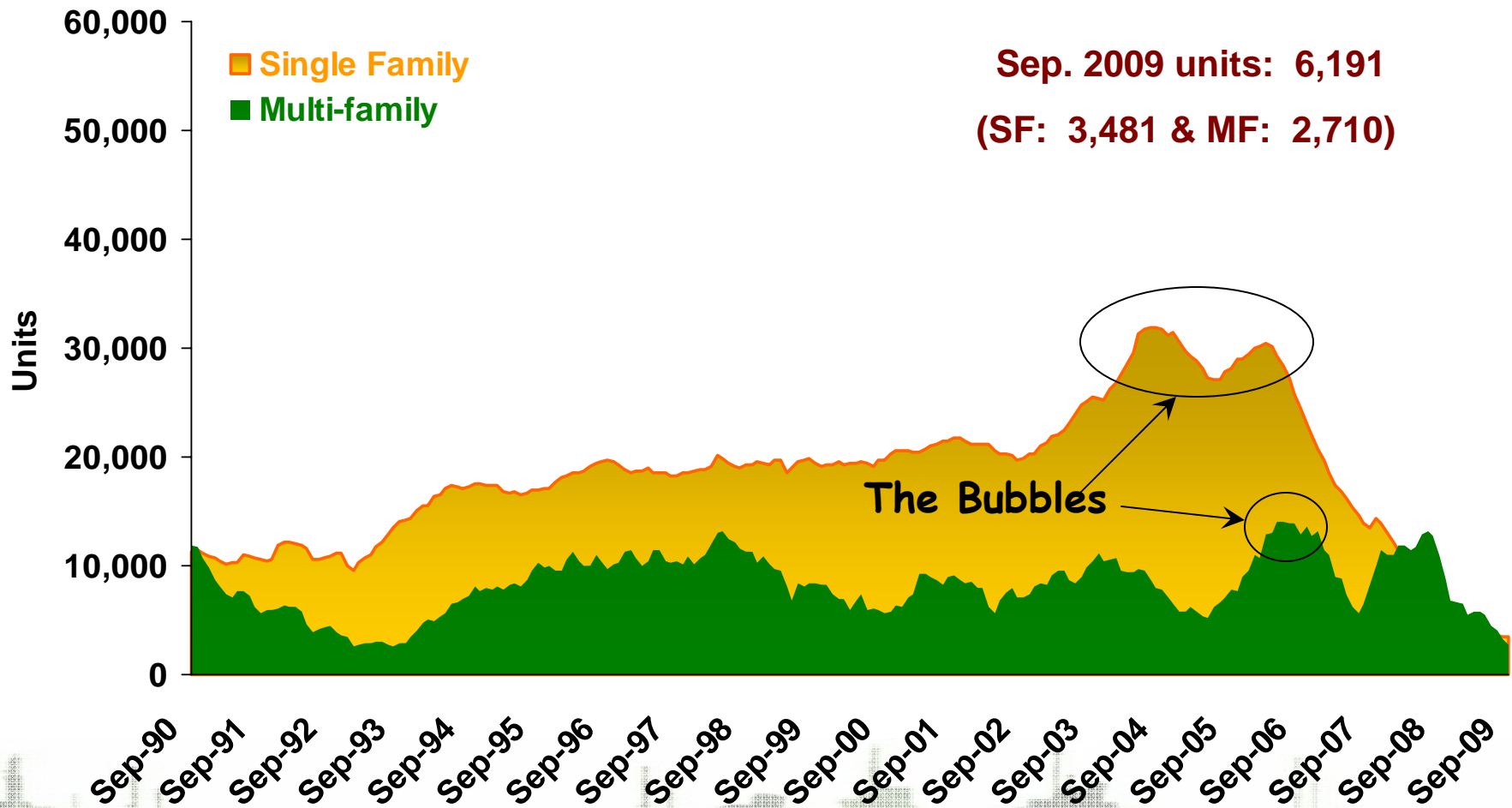
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Foreclosure Filings: Q3, 2009 vs Q3, 2008

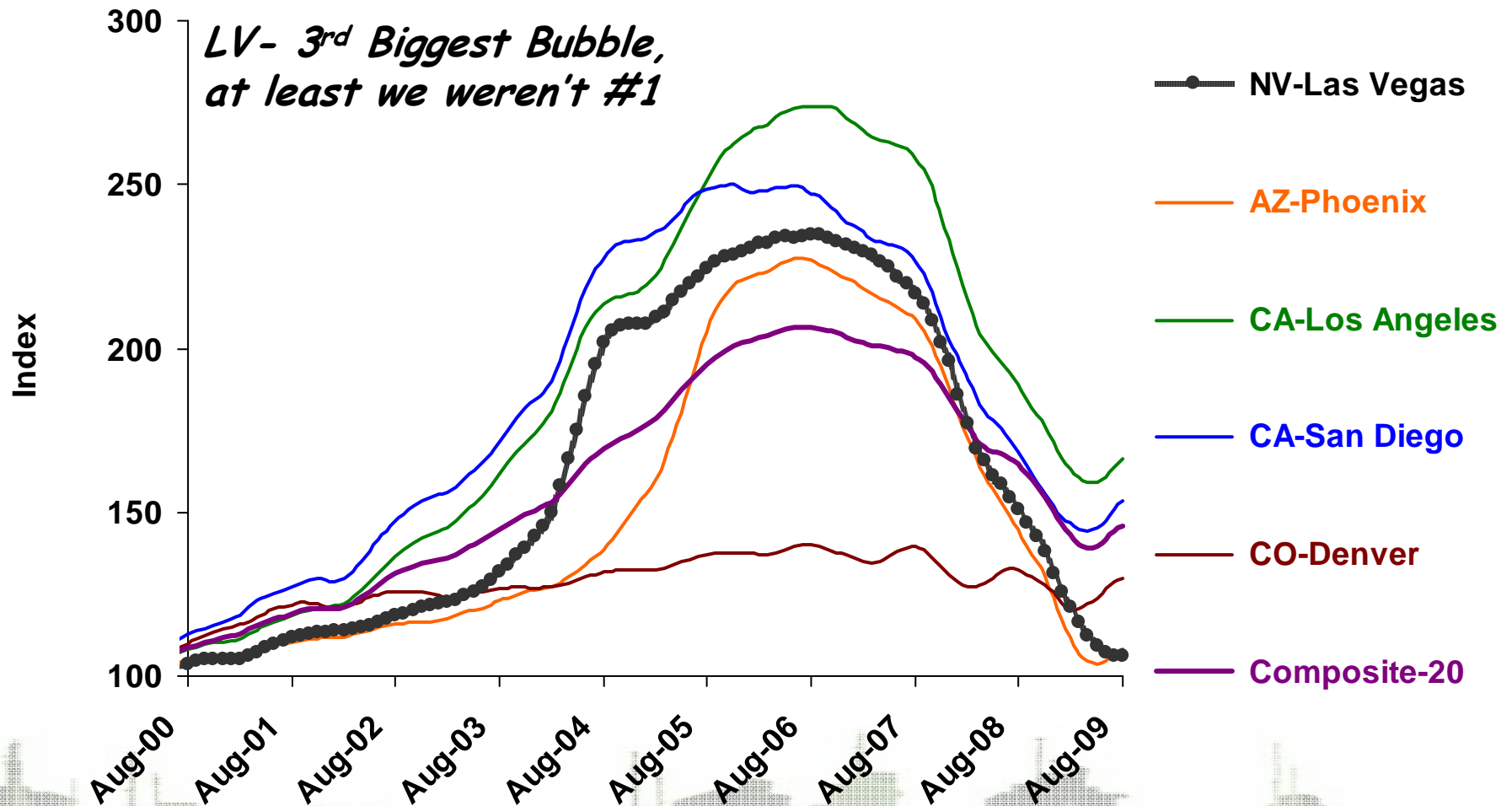
	Total Filings & Units (LV)	% Change from Q3, 2008	% of Households (Foreclosure rate)
U.S.	937,840	+22.5%	.73%, 1 in 136 HH
Nevada	47,425	+59%	4.4%, 1 in 23 HH
Las Vegas/ Paradise MSA	40,408 (Units)	+54%	5% or 1 in 20 HH, nation's highest

Clark County Residential Units Permitted Single Family & Multi-family 9/1990 – 9/2009 (12-mo. Annualized Totals)



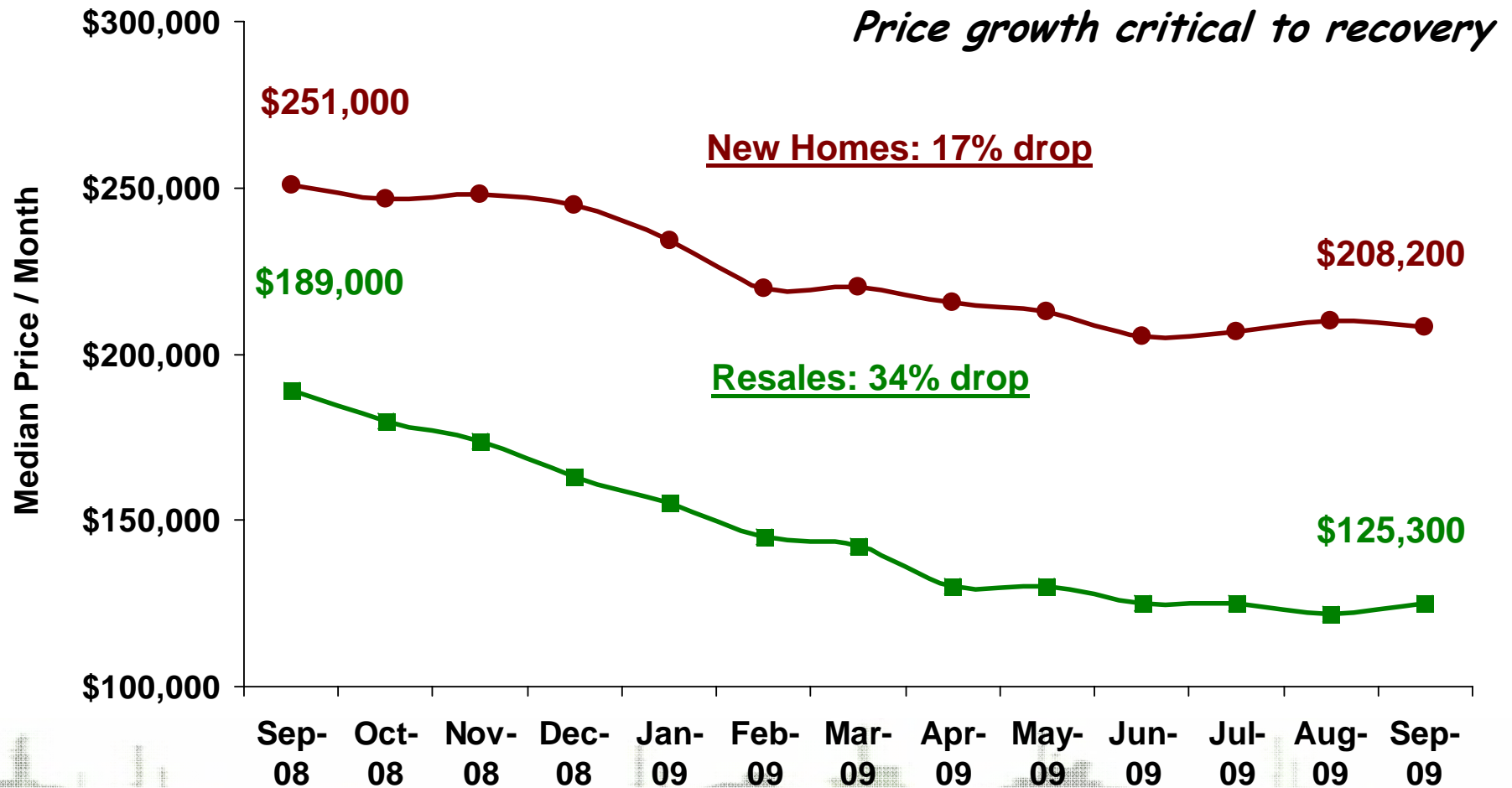
S&P / Case-Shiller Housing Price Index

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



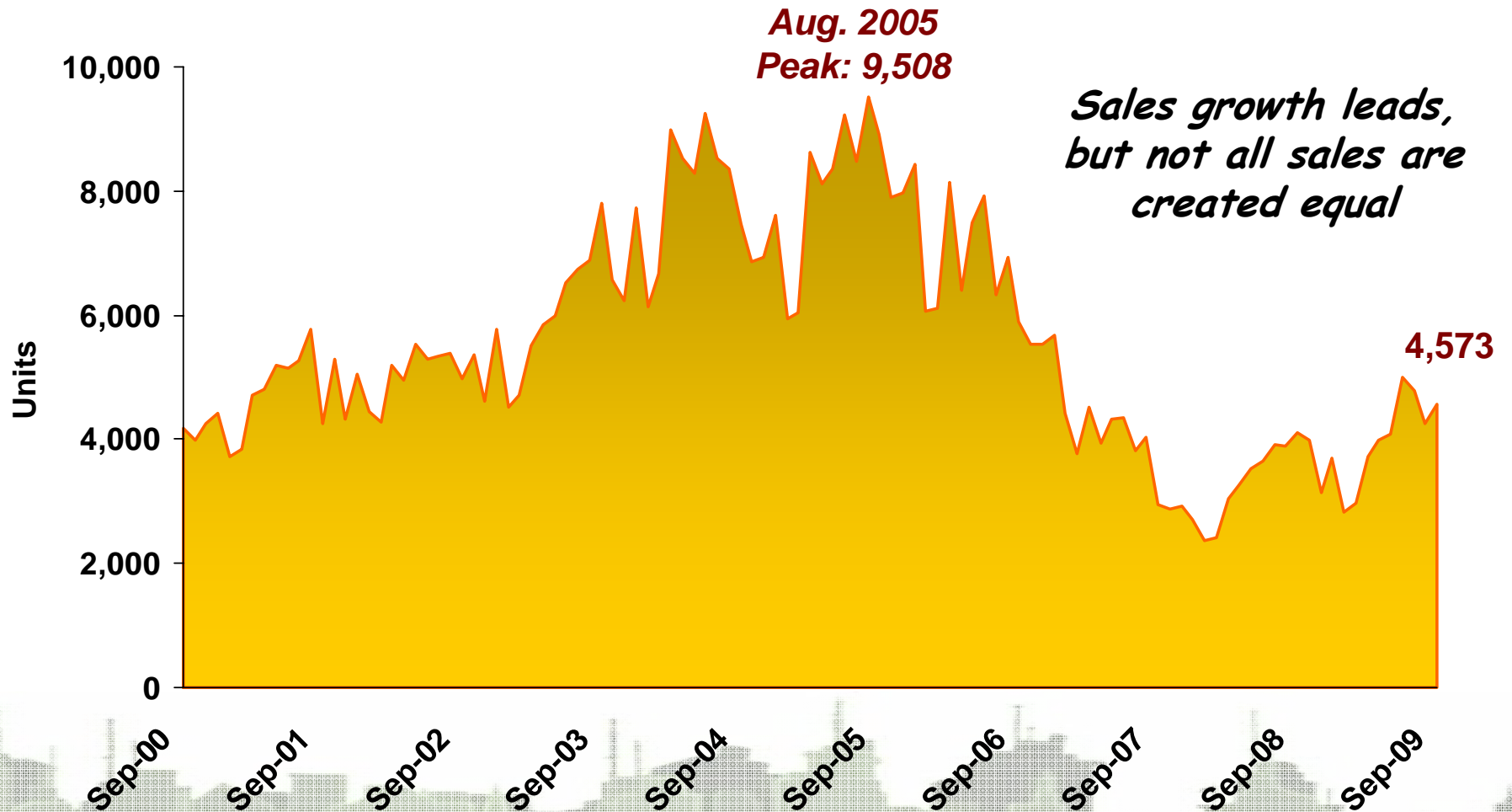
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Clark County Median New Home & Resale Price Change from Same Month Previous Year: 9/2008 – 9/2009



Monthly New Home & Resale Closings

9/2000 – 9/2009

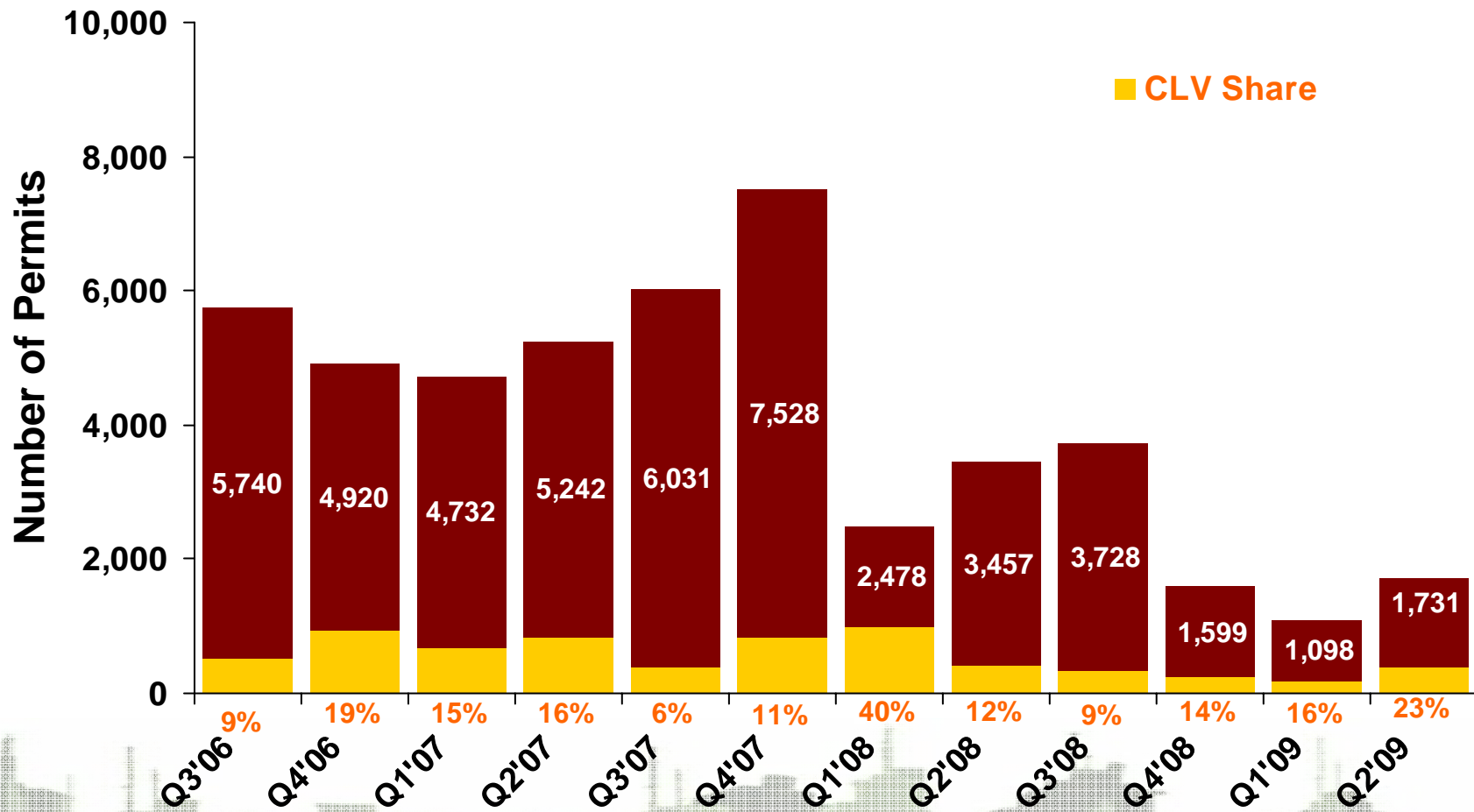


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Source: Home Builders Research.

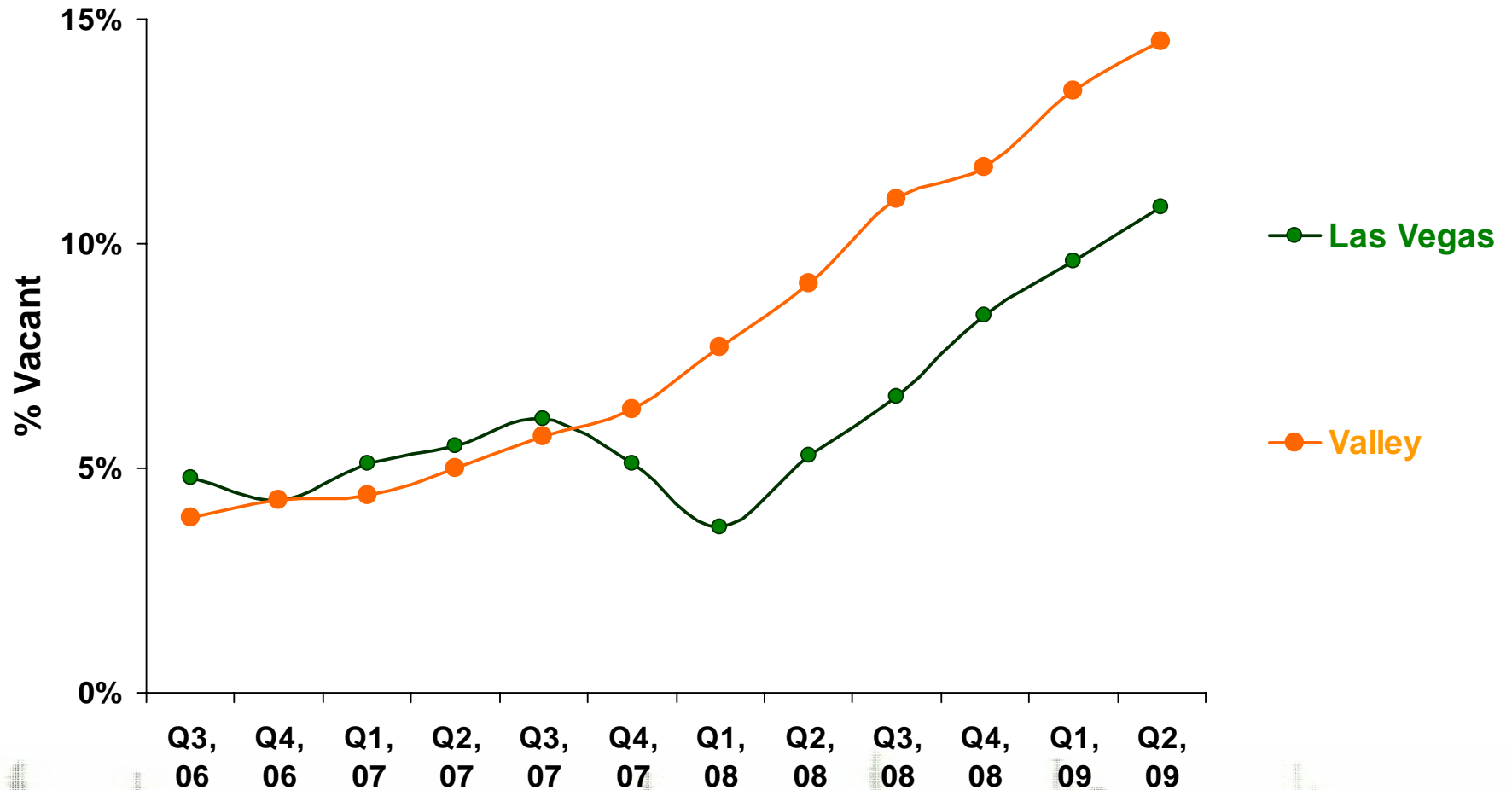
Residential Permits: Las Vegas as % of Valley: Q3, 06 – Q2, 2009



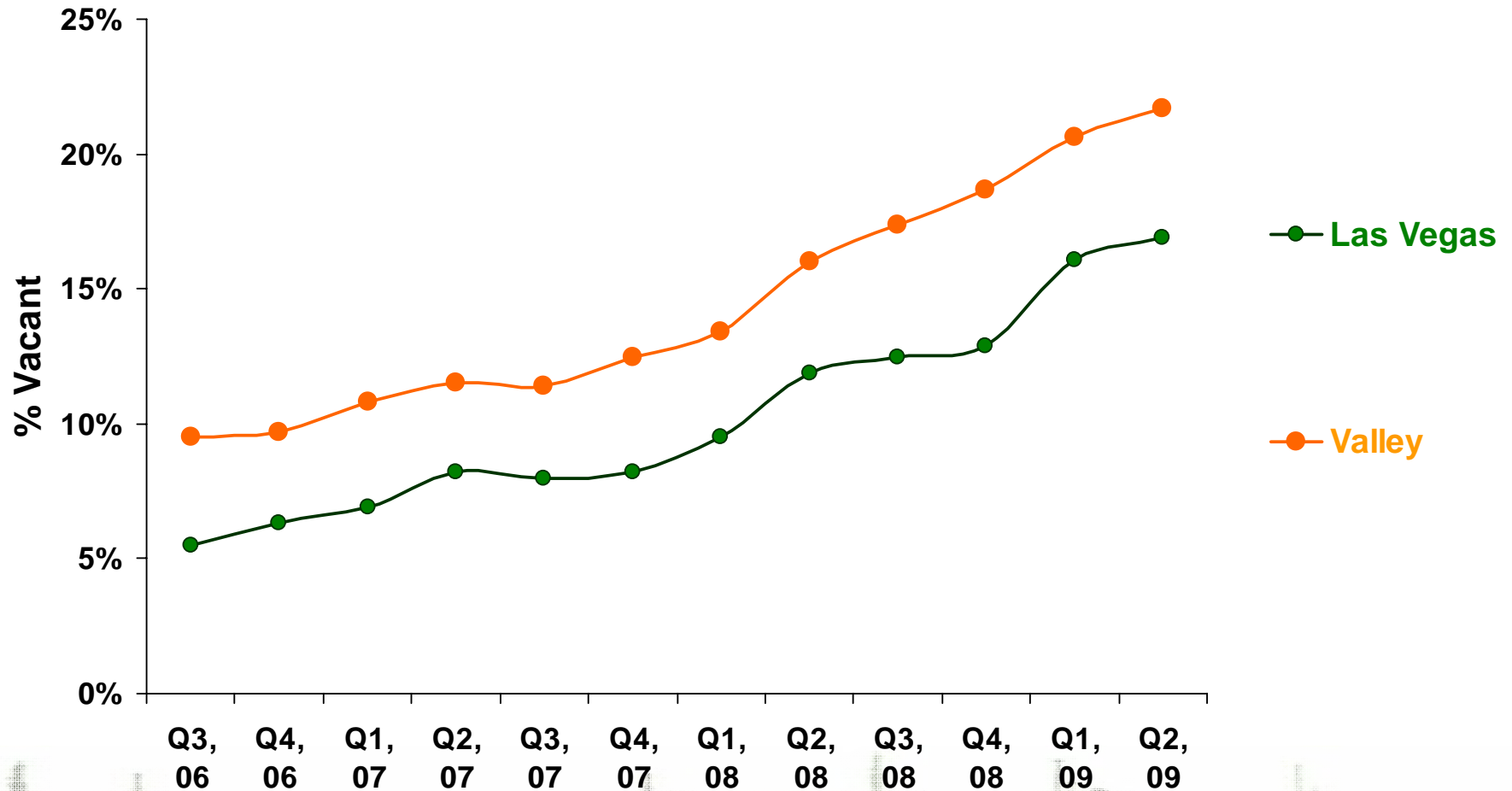


Commercial

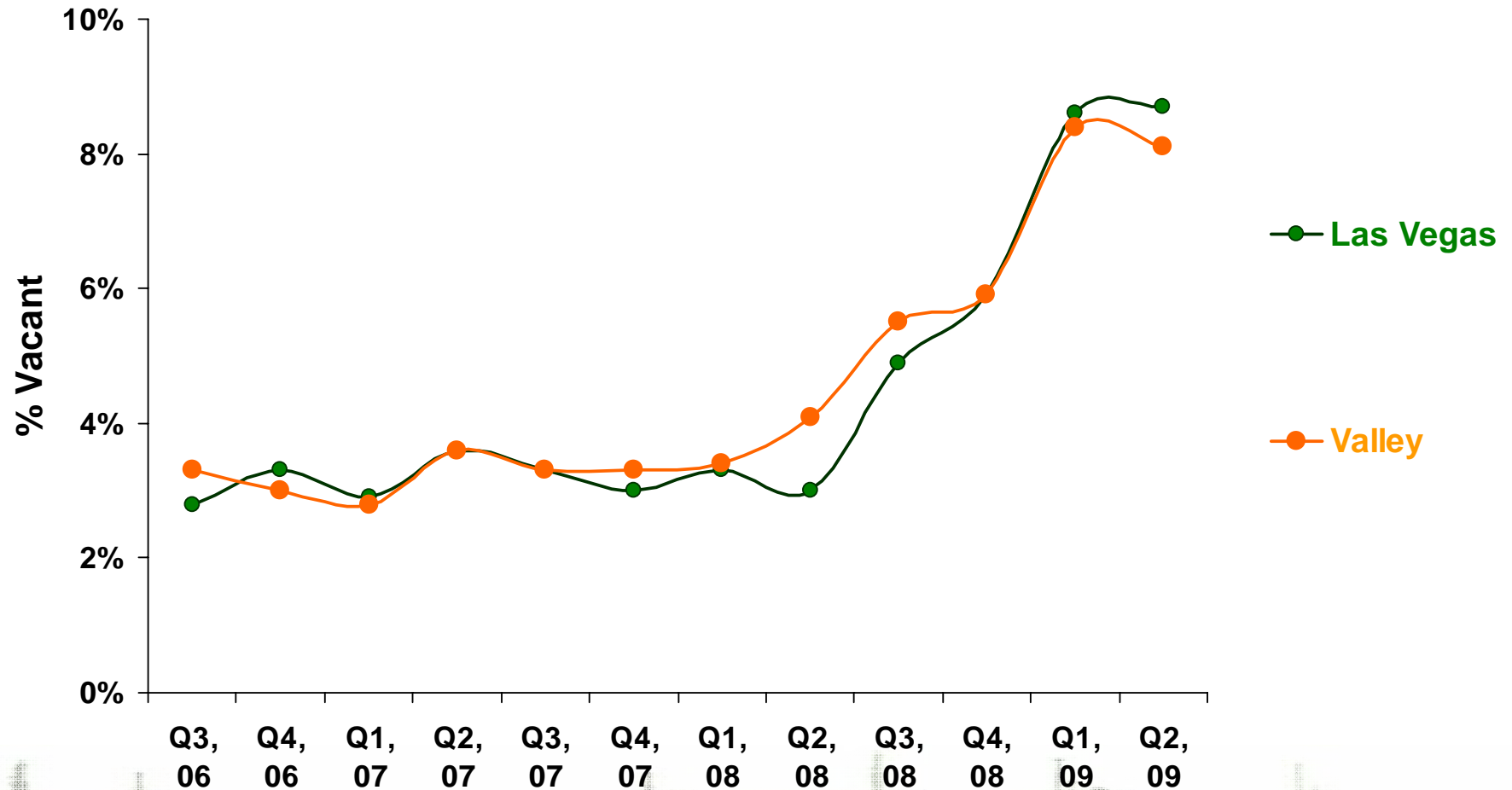
Valley-wide & Las Vegas For-Lease Industrial Vacancy: Q3, 06 – Q2, 09



Valley-wide & Las Vegas For-Lease Office Vacancy: Q3, 06 – Q2, 09



Valley-wide & Las Vegas For-Lease Anchored Retail Vacancy: Q3, 06 – Q2, 09



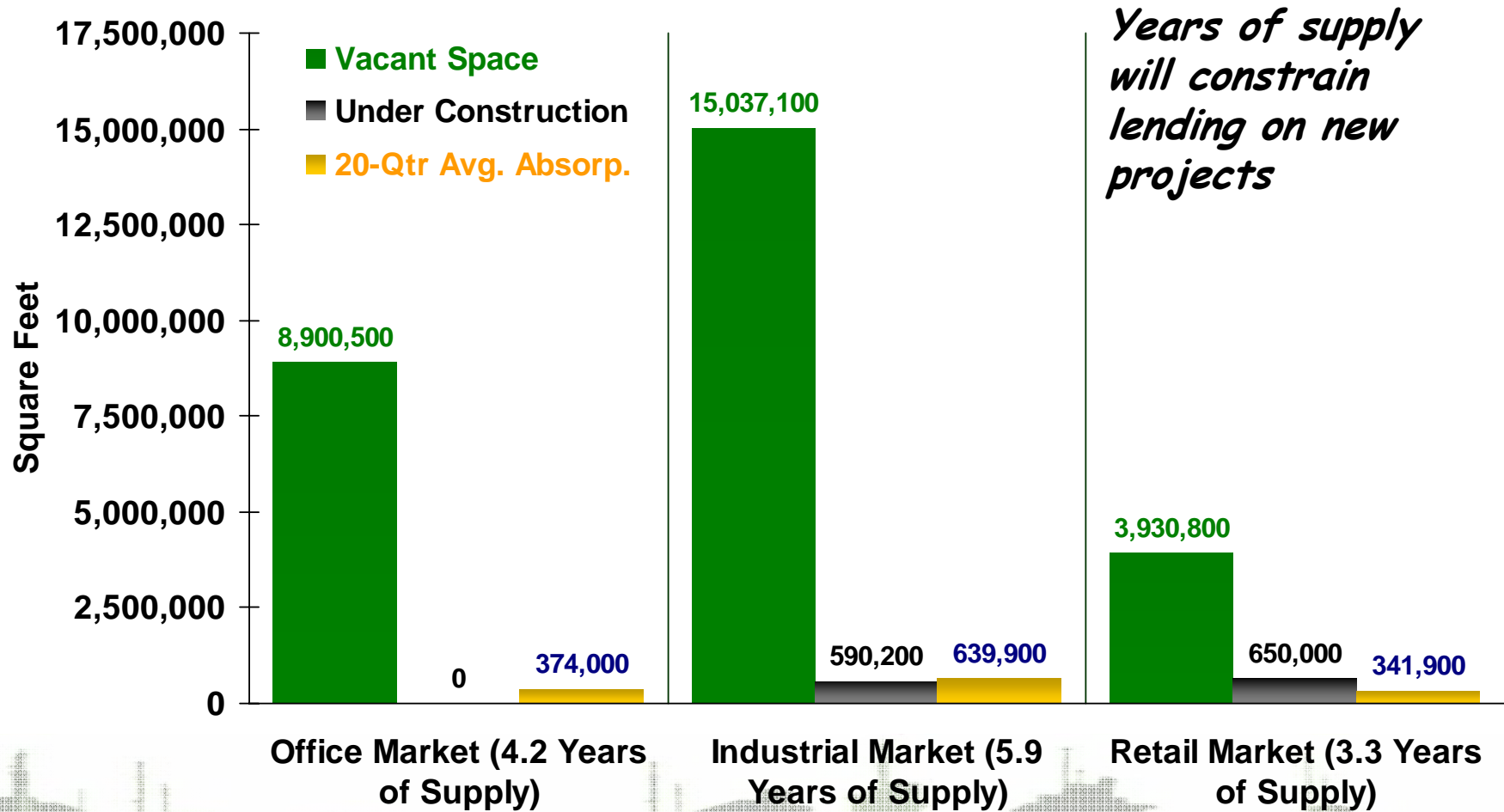
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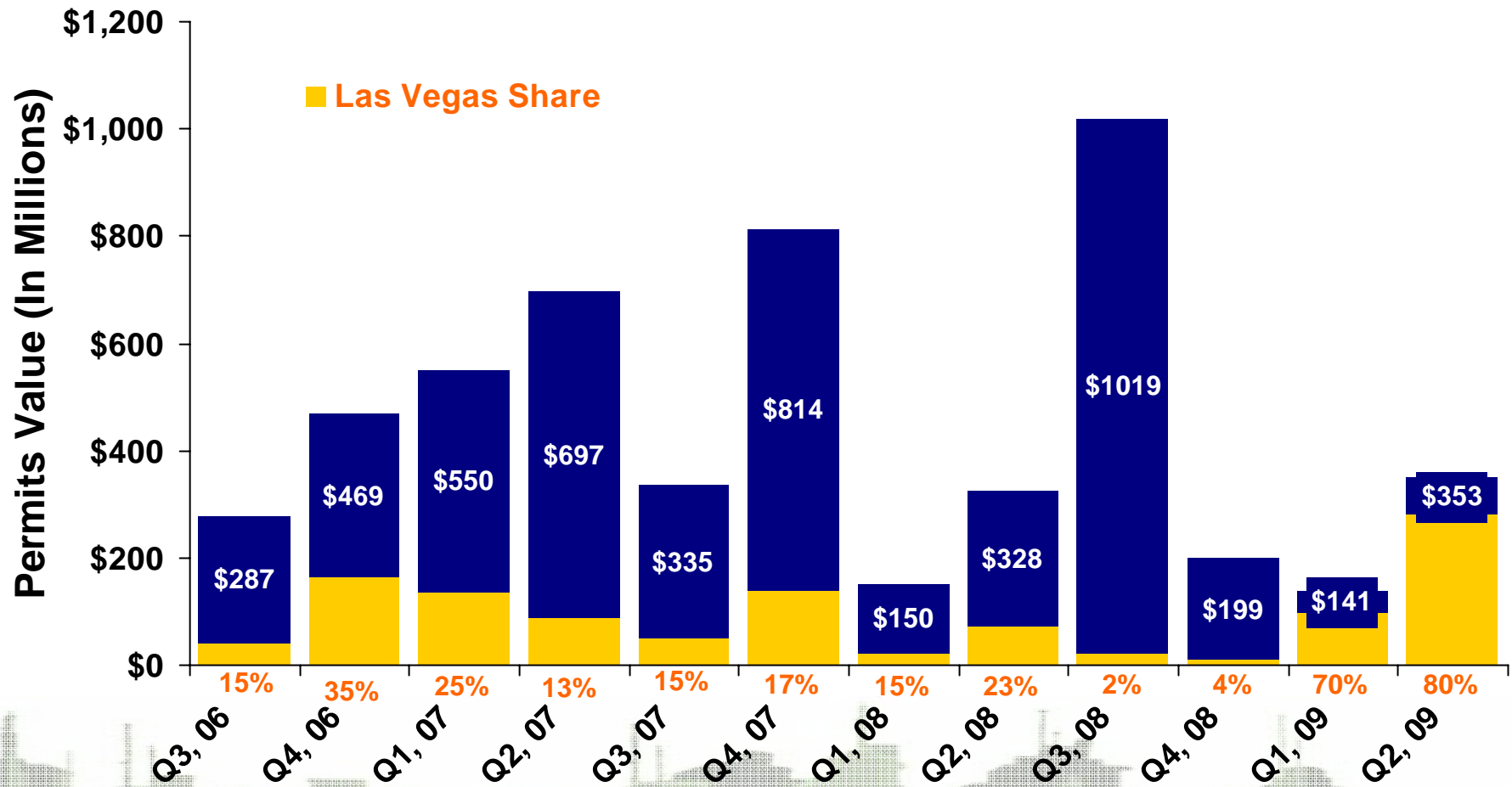
Source: Restrepo Consulting Group.

Years of Supply until Stabilized Rate

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



Commercial Permit Value: Las Vegas as % of Valley: Q3, 06 – Q2, 2009



CONCLUSION

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In Conclusion

THE NEW REALITY

- Really bad, but NOT a depression
- Southern Nevada recovery will lag national recovery
- Flat will be the new “up” cycle once recovery start
- The other dropping shoes: commercial r.e. & personal credit cards, impact on Southern Nevada?

WHAT KIND OF RECESSION?

- Consumer weakness will continue into 2011
- Start of sustained economic recovery in early-2011?
- Start of sustained local housing recovery in 2012?

In Conclusion: The Challenge

- “[State] tax revenue generally follows a U-shaped pattern after a recession, falling sharply for two or possibly more years before beginning to recover.
- The 2001 recession is notable both for the depth of the decline and the sharpness of the recovery, for reasons we have written about elsewhere.
- In the last two recessions (1990-91 & 2001) it has taken at least five years for tax revenue (as adjusted here) to re-attain its pre-crisis peak.”
 - Nelson A. Rockefeller Institute of Government, the State University of New York.

“What Will Happen to State Budgets When the Money Runs Out?”, February 19, 2009



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