2010 Southern Nevada Economic Briefing

Legislative Subcommittee on Logistics

January 25th, 2010

RESTREPO CONSULTING GROUP LLC

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The National Economy

Some Important National Indicators

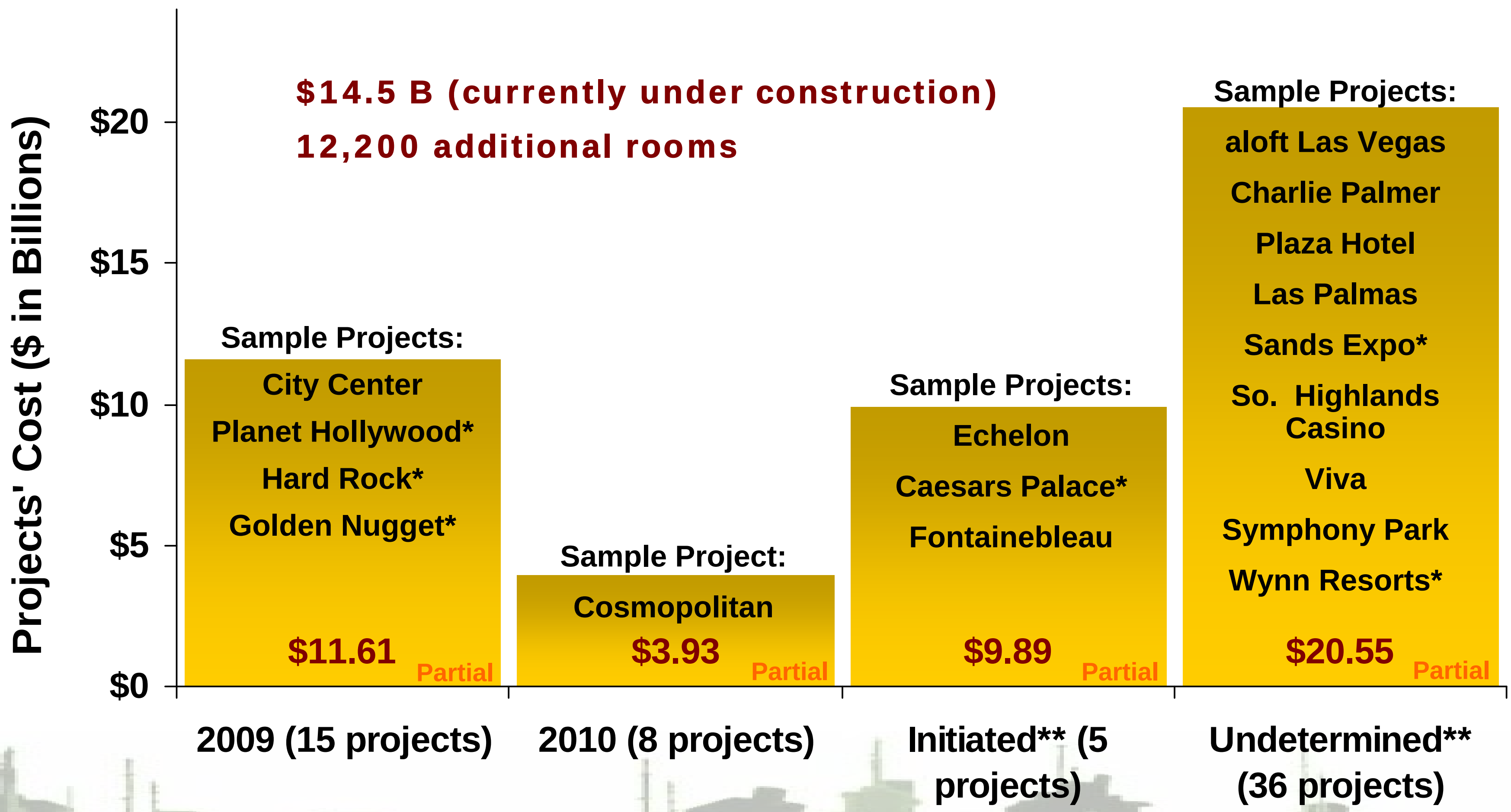
- **Recession started 12/07:**
  - **25 months ago (through 01/10)**
- **National GDP Growth (Q2, 2009 – Q3,2009):**
  - **+2.2%**
- **ISM Manufacturing Index (12/08 – 12/09):**
  - **+70% (55.9)**
- **Consumer Conf. Index (12/08 - 12/09):**
  - **+37% (52.9)**
- **Personal Savings Rate (11/08 - 11/09):**
  - **+24% (4.7%)**

Nevada & Clark County Economies

THE DRIVER: THE RESORT INDUSTRY

Resort Industry Investment: Will They Come?

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



*Expansion/Redevelopment
**Initiated or proposed projects with opening dates to be determined.
Source: Las Vegas Convention and Visitors Authority (as of 11/4/2009).

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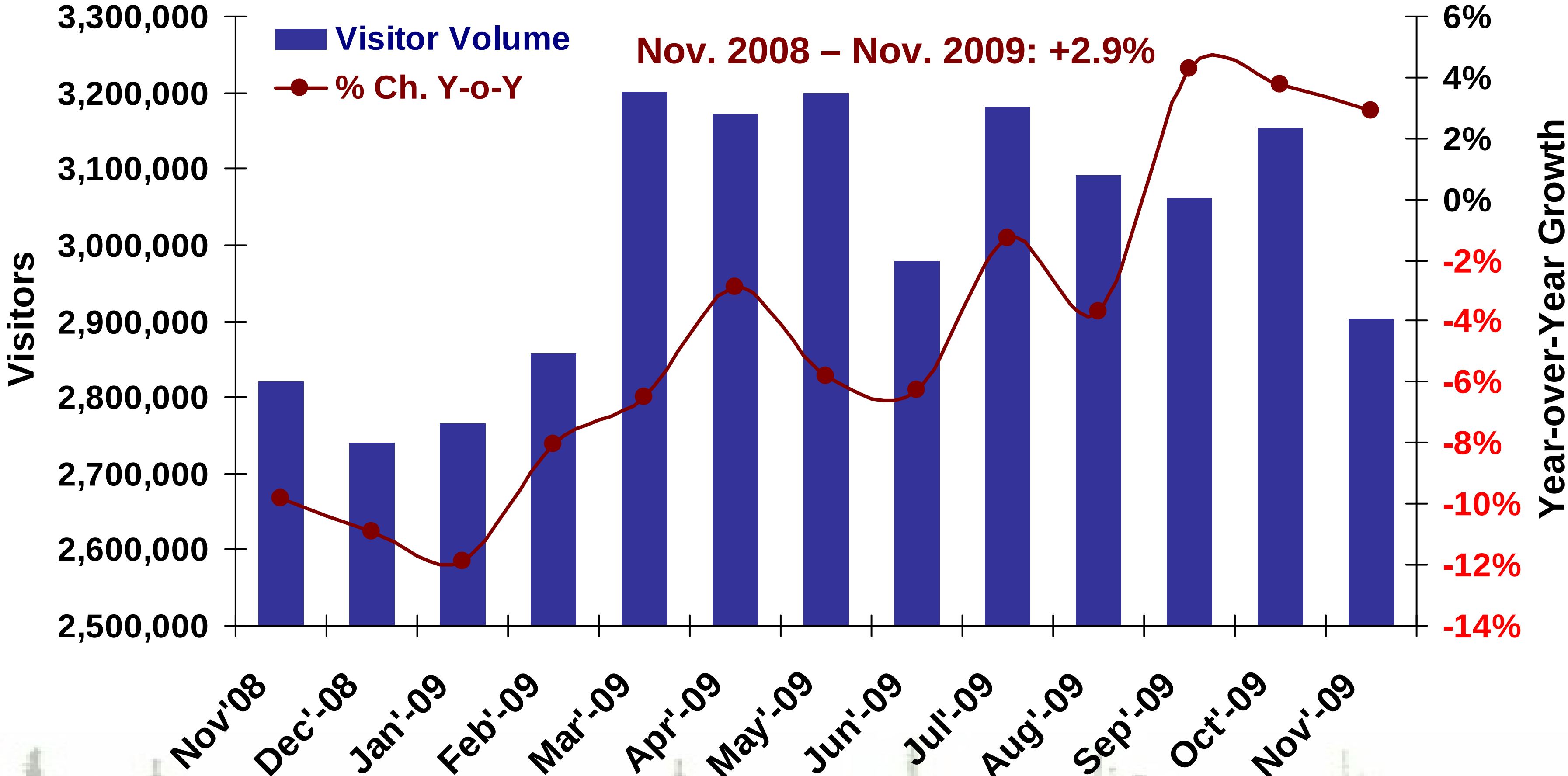
Las Vegas Valley Monthly Visitor Volume: 11/2008 –11/2009



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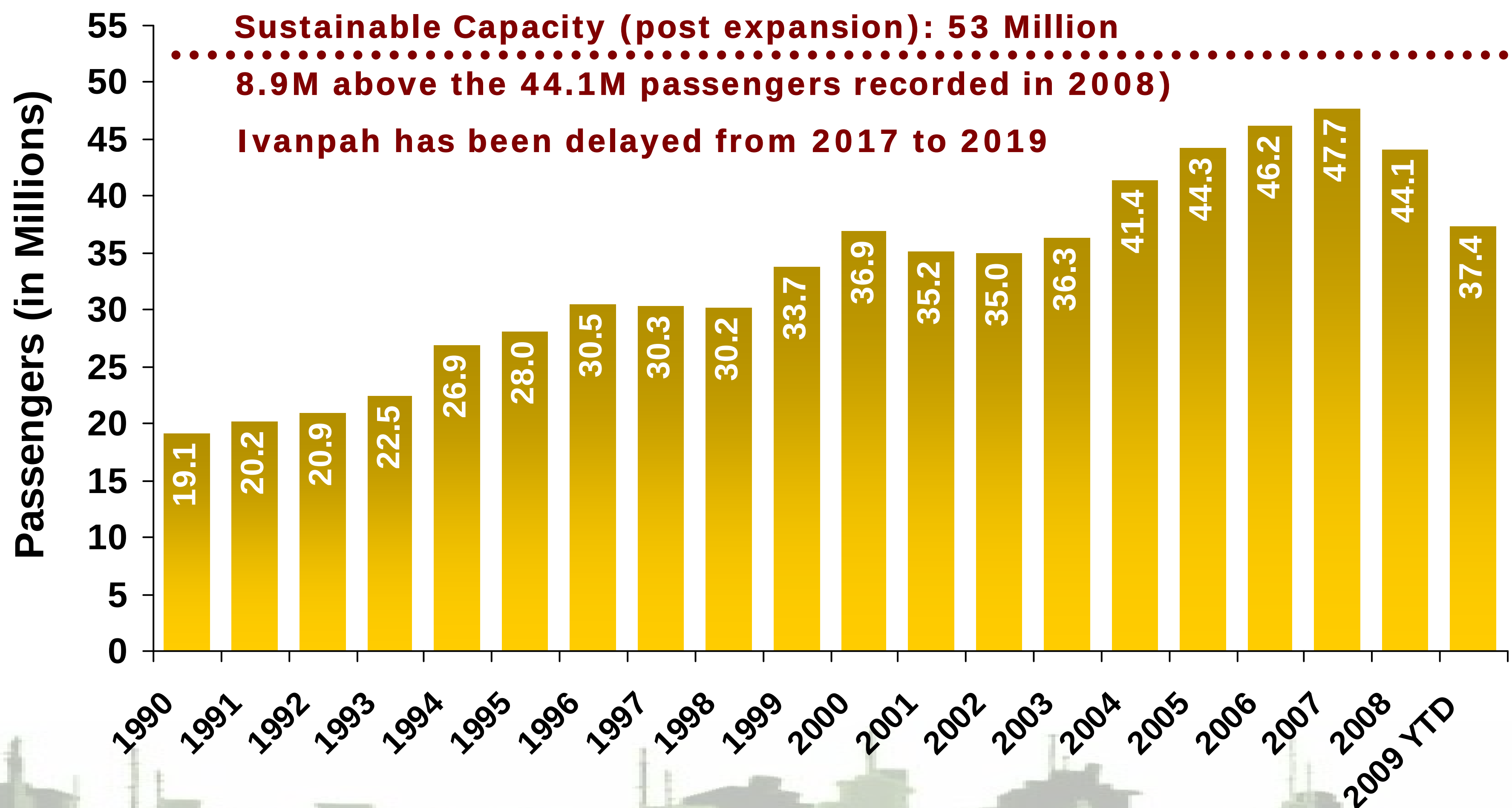
Sources: Las Vegas Convention and Visitors Authority.

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



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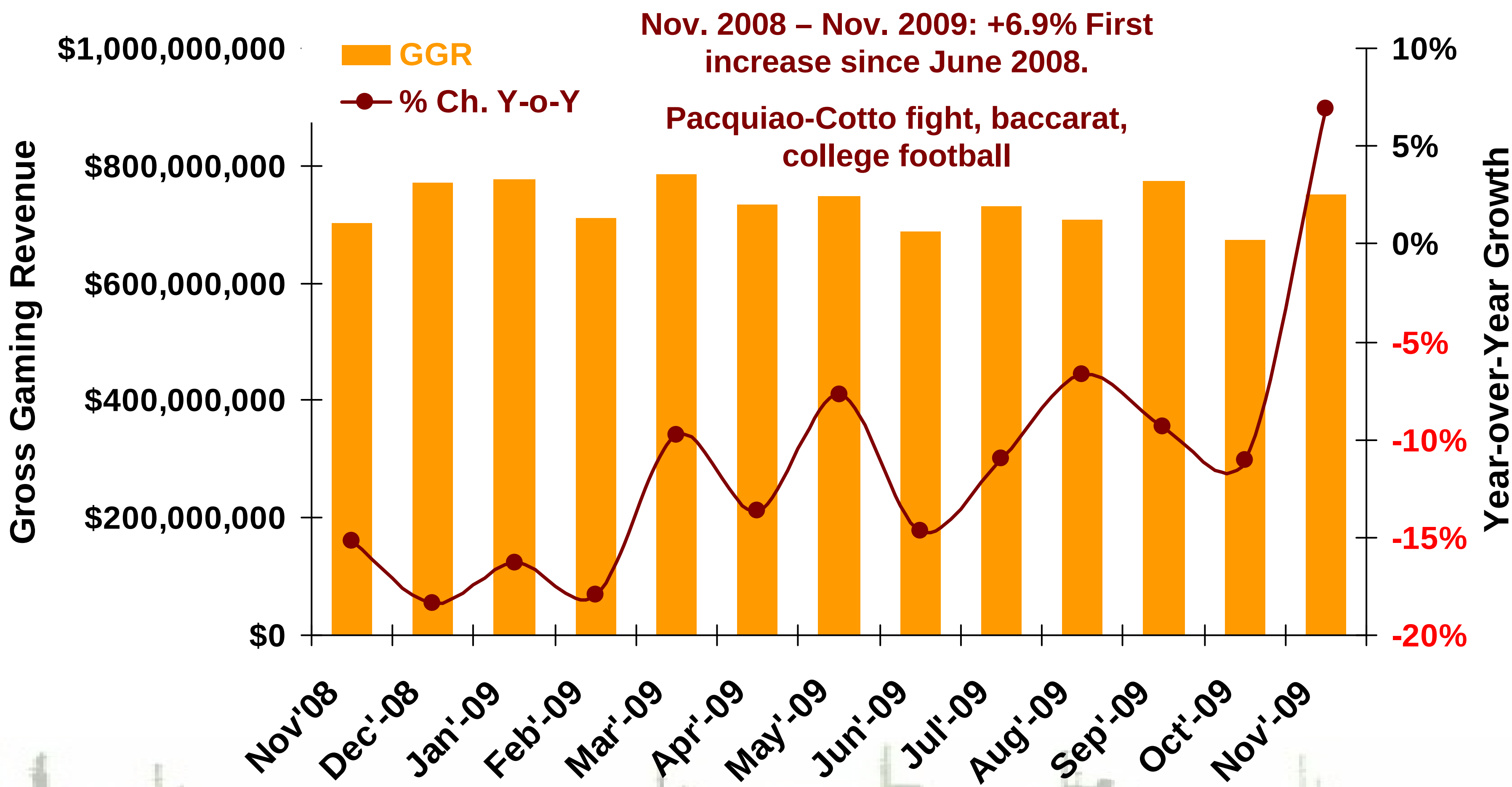
Source: McCarran International Airport; Deutsche Bank.

Clark County Monthly Gross Gaming Revenue: 11/2008 –11/2009



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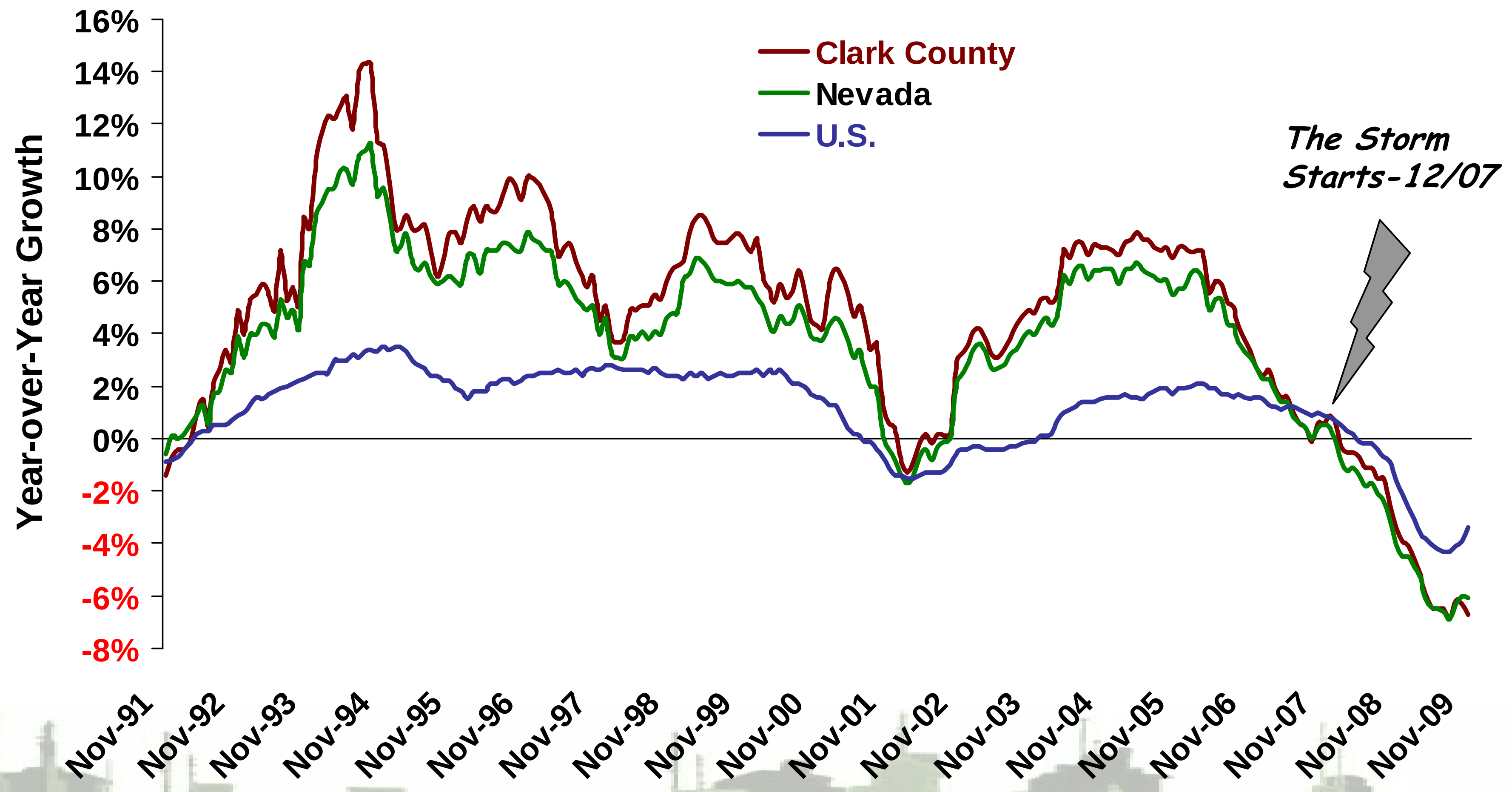
Sources: Las Vegas Convention and Visitors Authority.

THE JOB MARKET

Clark County, Nevada & U.S. Job Growth: 11/1991 – 11/2009



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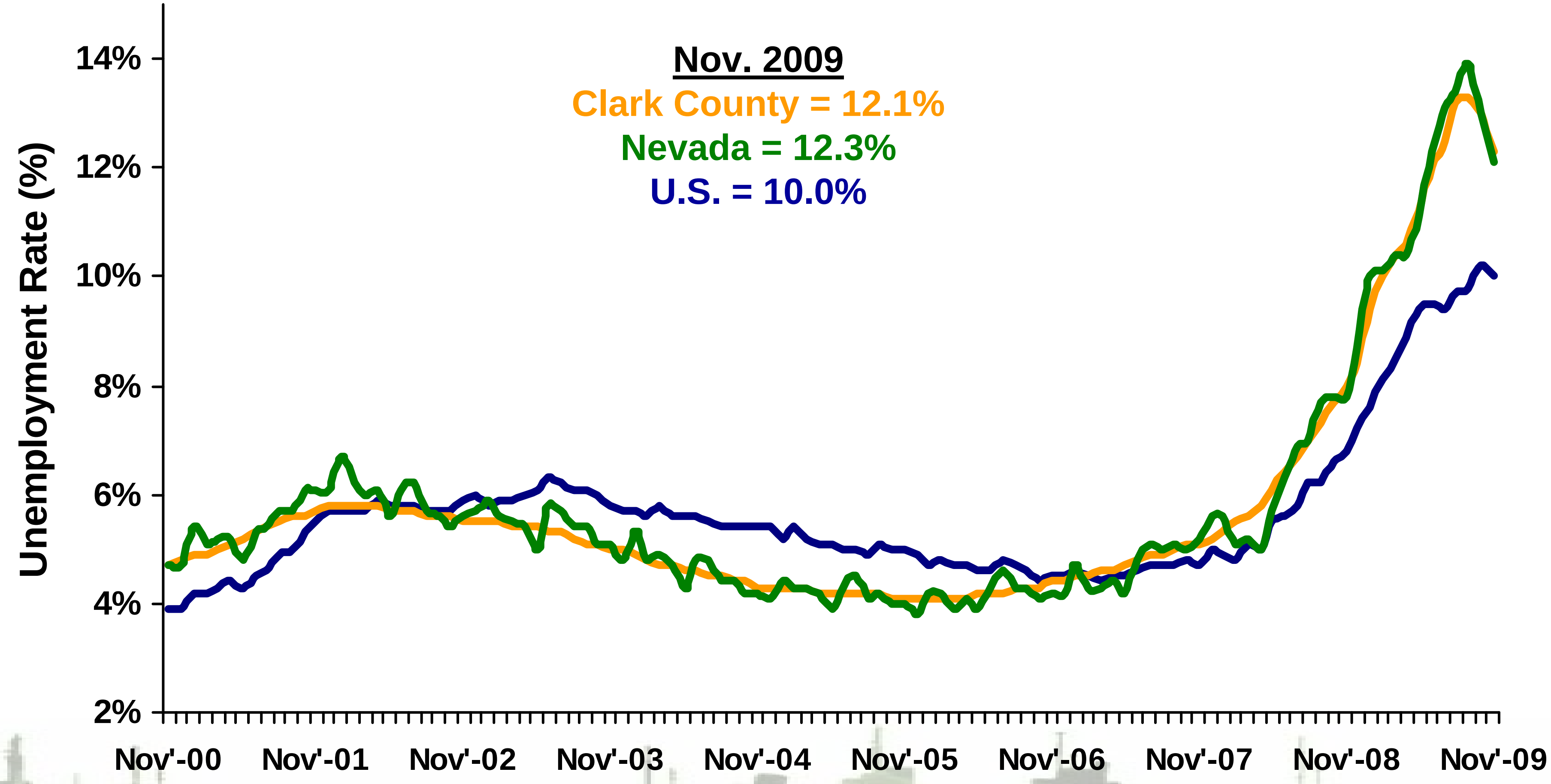
Source: Bureau of Labor Statistics.

Clark County, Nevada & U.S. Unemployment Rates: 11/2000 – 11/2009



Source: Nevada Department of Employment, Training and Rehabilitation.

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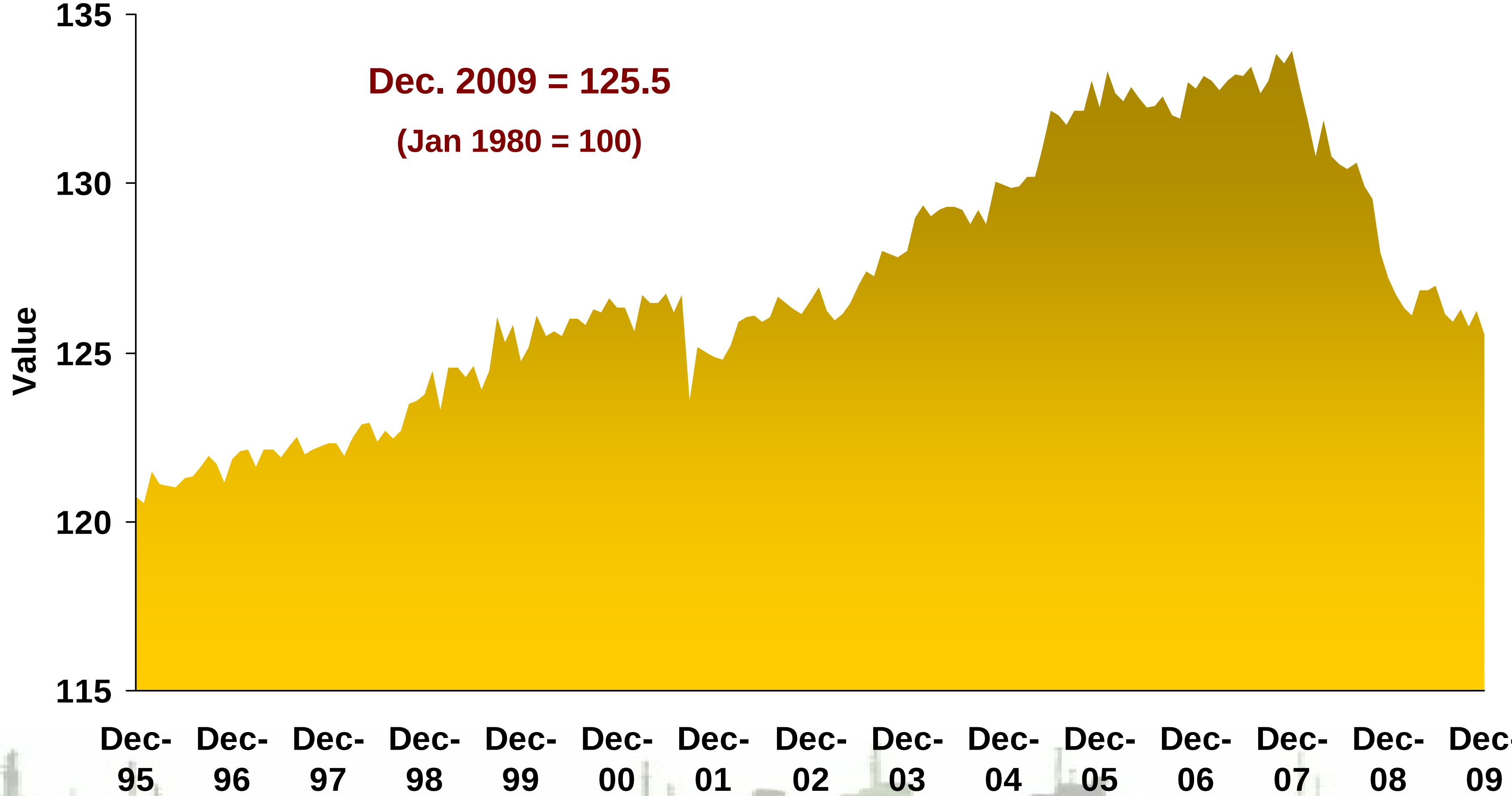
Southern Nevada Index of Leading Economic Indicators: 12/1995 – 12/2009



Source: UNLV Center for Business and Economic Research.

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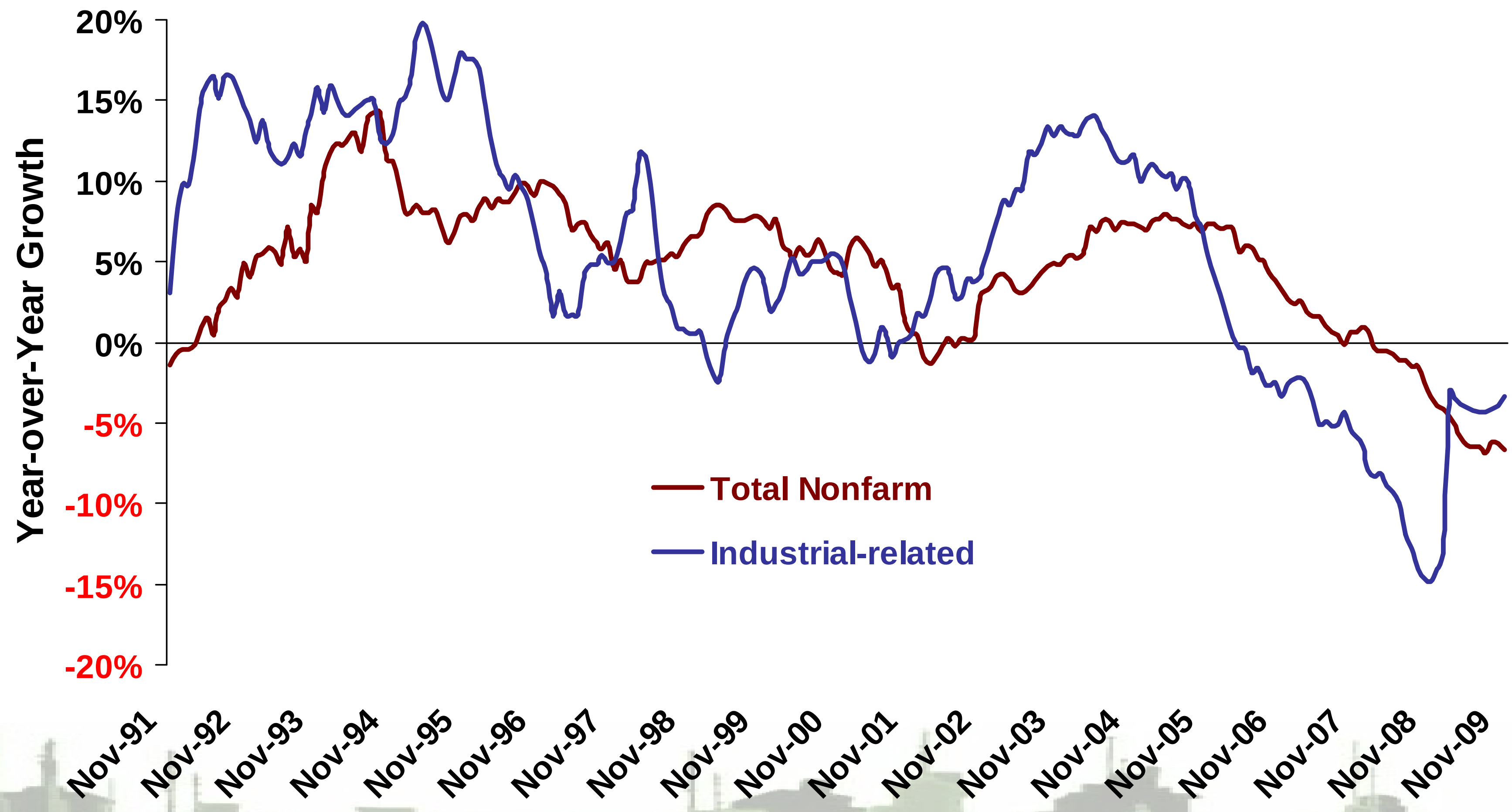
Clark County Job Growth: Total Nonfarm & Industrial-Related*
11/1991 – 11/2009



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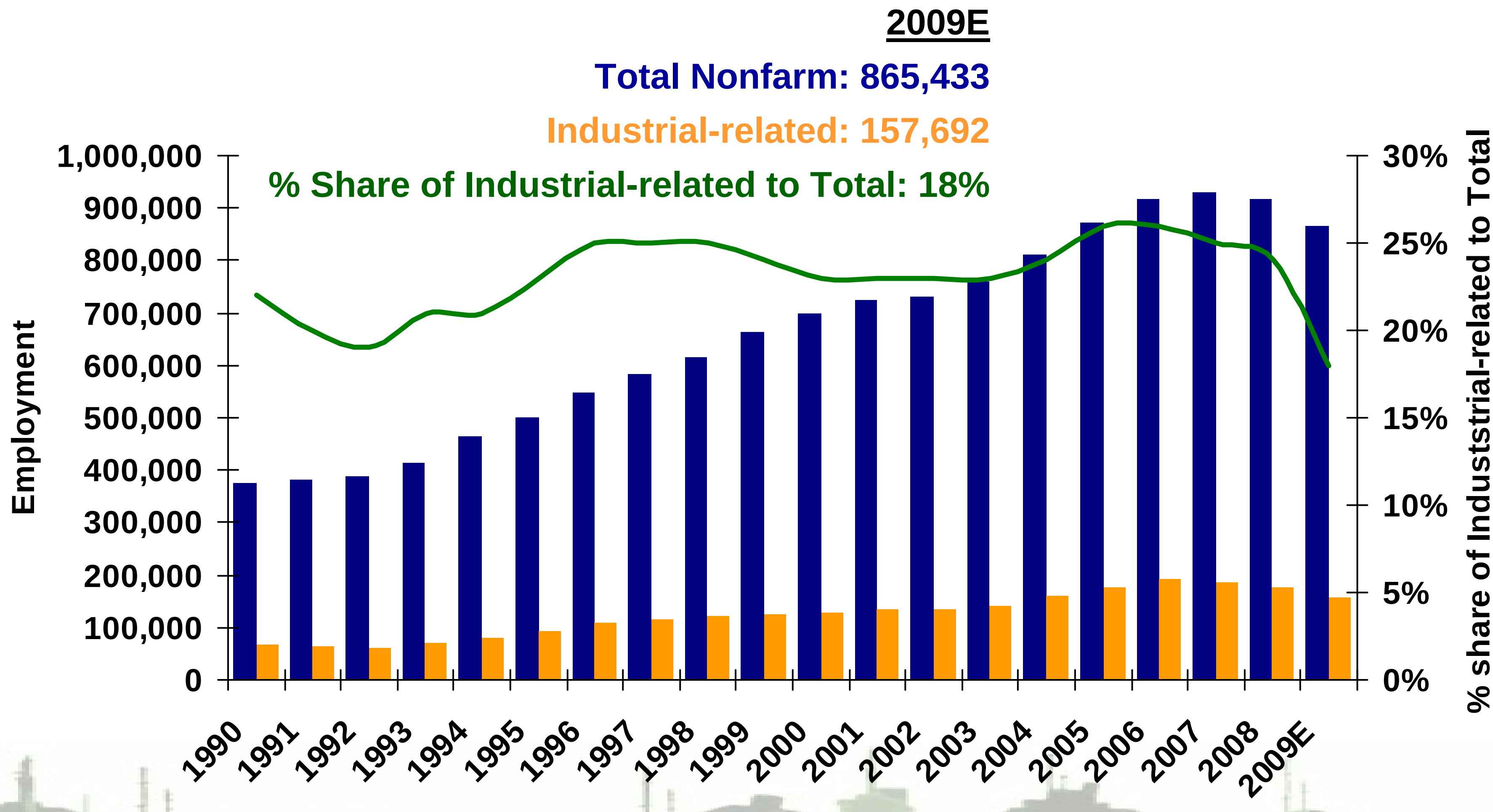
*Industrial-related industries include Construction, Manufacturing, Transport. & Warehousing and Wholesale Trade

Sources: Bureau of Labor Statistics.

Clark County Employment: Total Nonfarm & Industrial-Related*
1990 – 2009 Estimates



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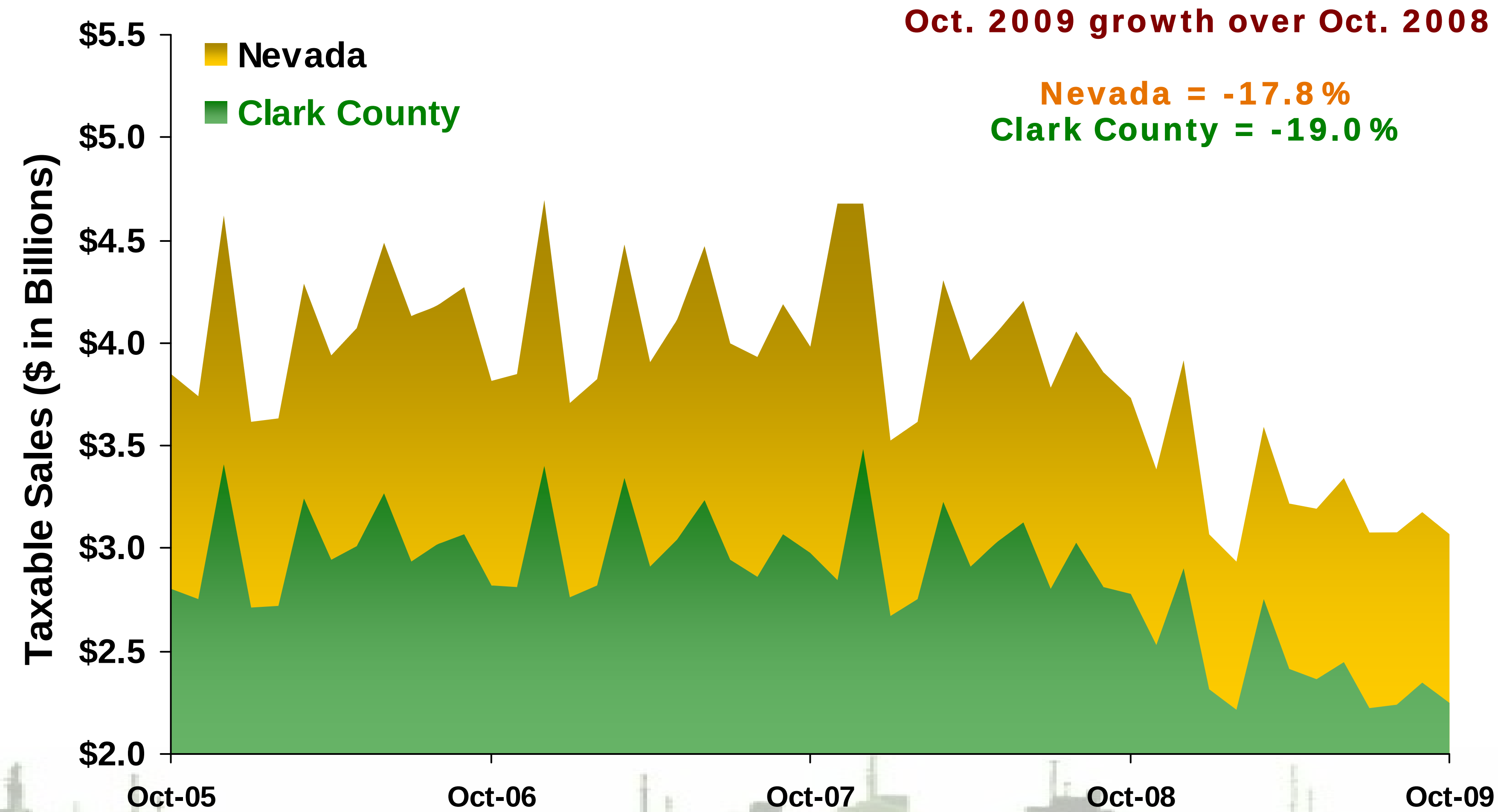
*Industrial-related industries include Construction, Manufacturing, Transport. & Warehousing and Wholesale Trade

Sources: Nevada DETR.

TAXABLE RETAIL SALES

Clark County & Nevada Taxable Sales
10/2005 – 10/2009



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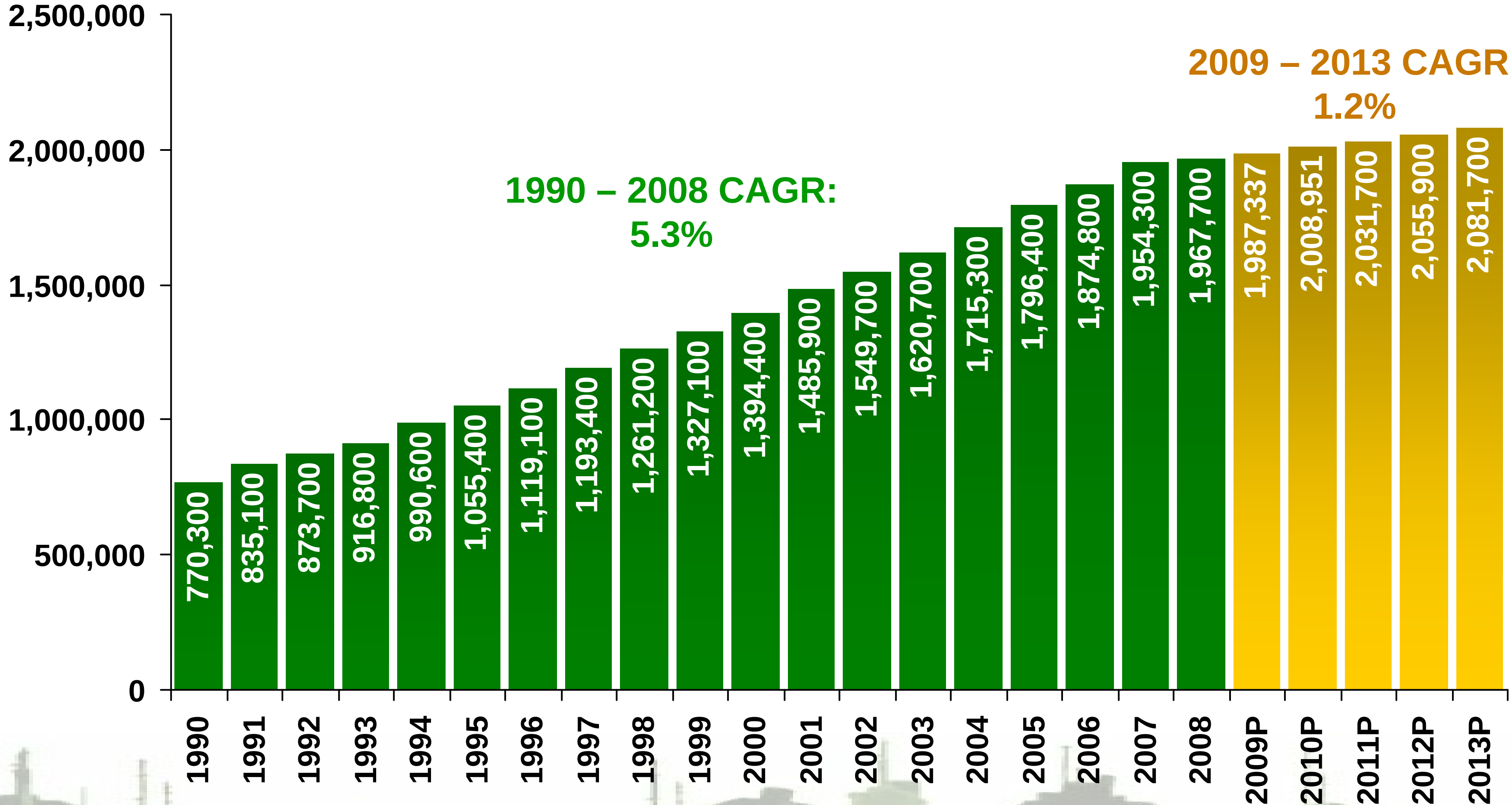
Sources: Nevada Department of Taxation.

THE DEMOGRAPHICS

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



Note: Clark County Comprehensive Planning Department 2009 prelim. estimate = 2,006,347.
Source: Nevada State Demographer.

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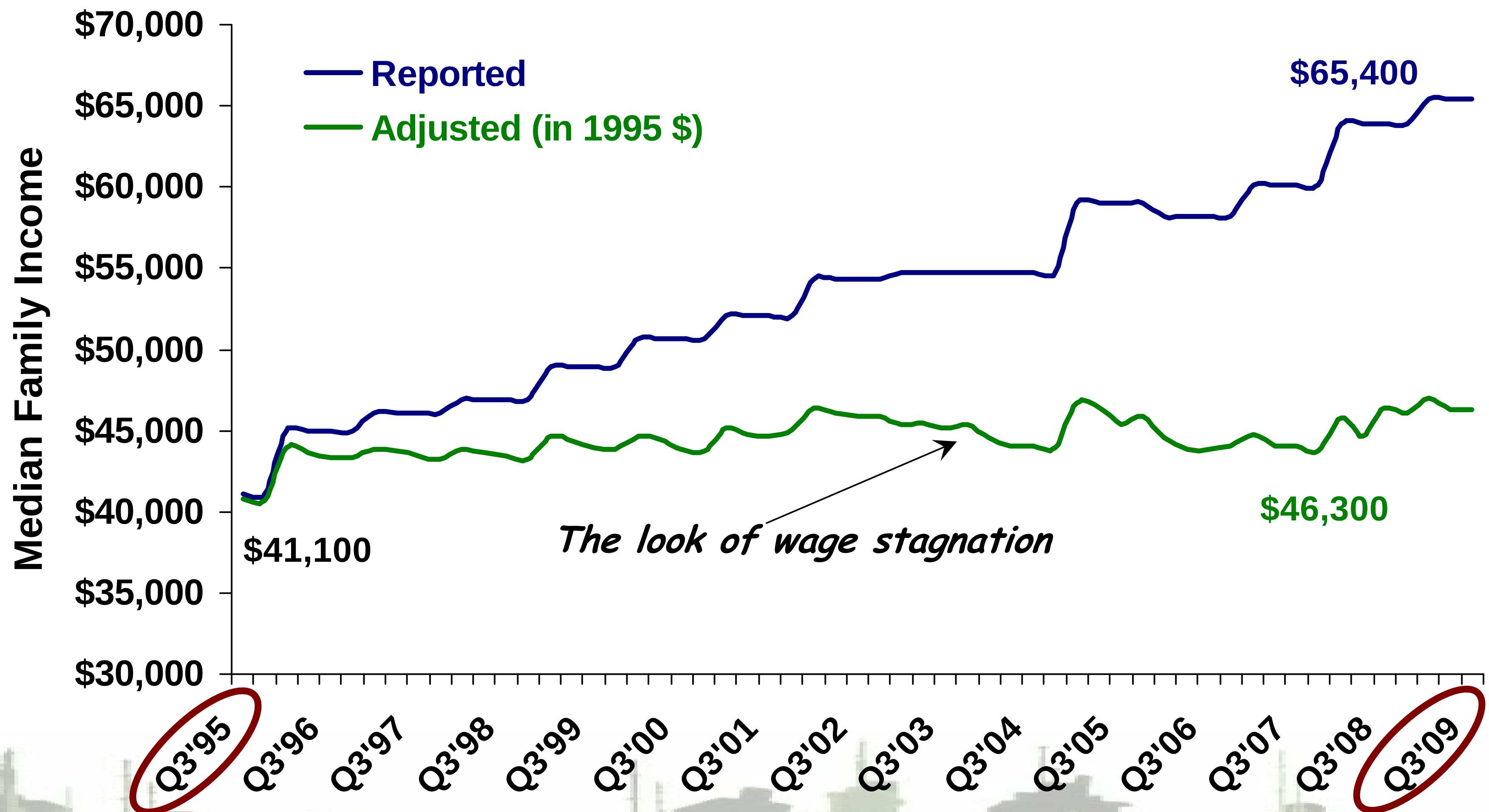
Clark County Median Family Income

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



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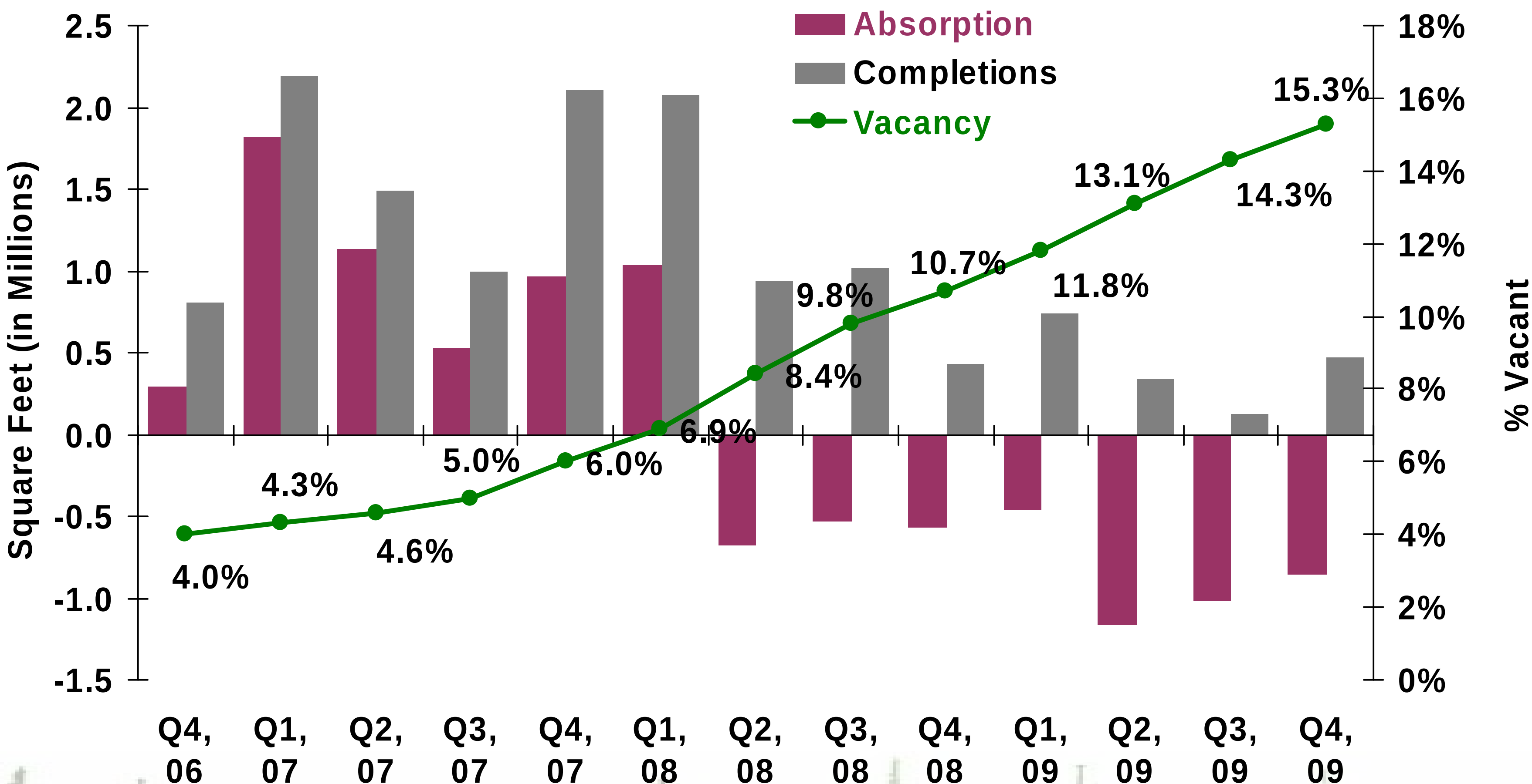
Source: National Association of Home Builders.

COMMERCIAL MARKET

Las Vegas Valley Industrial Market
Vacancy, Absorption & Completion Trends: Q4, 06 – Q4, 09



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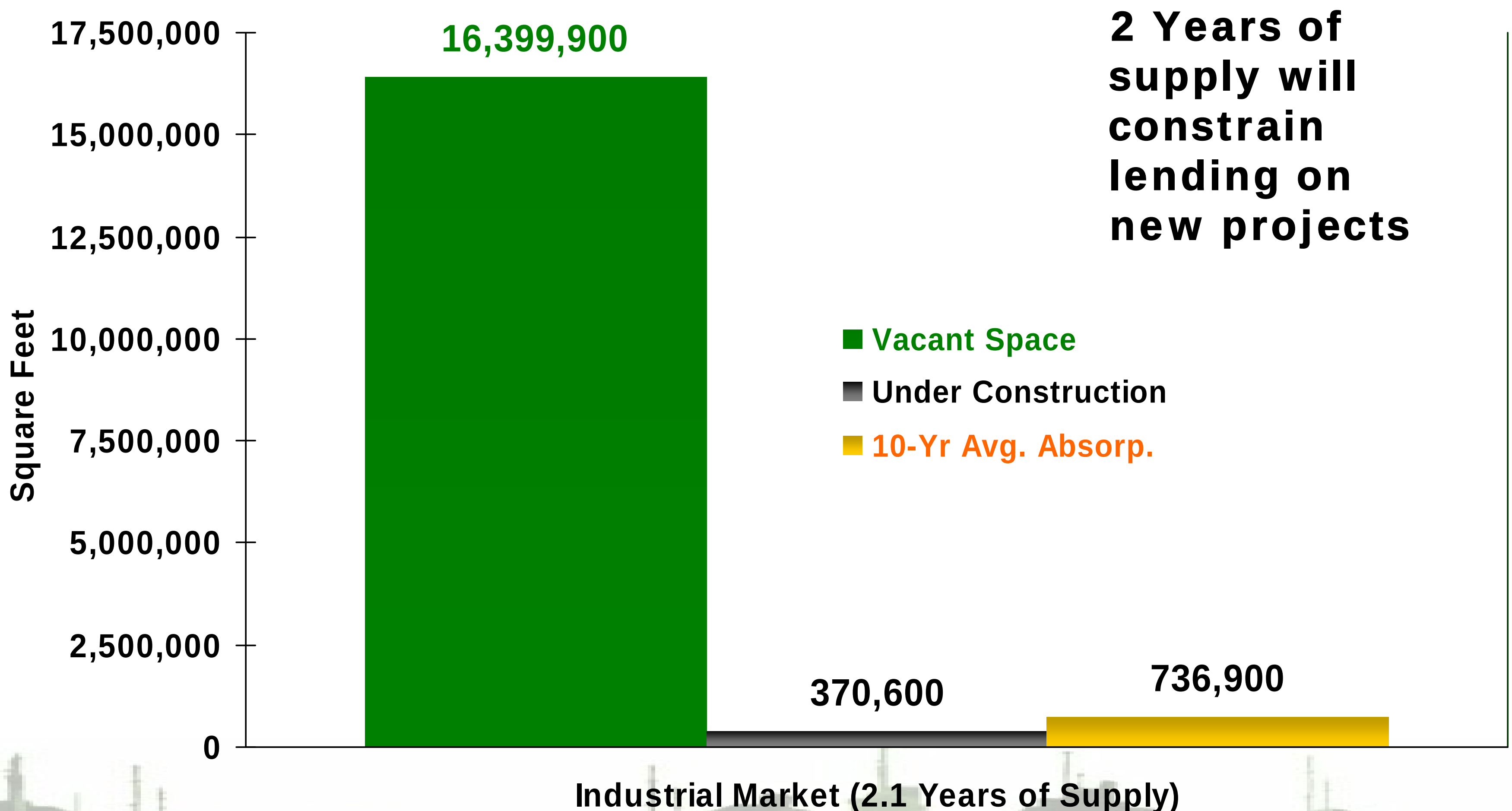
Source: Restrepo Consulting Group.

Years of Industrial Supply until Stabilized Rate
(Based on Existing Vacant & Under-Construction space, & 10-year Average Absorption)



Source: Restrepo Consulting Group.

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CONCLUSION

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 to continue into 2011
- Start of sustained economic recovery sometime in 2011?
- Start of sustained local housing recovery in 2012?

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Source: Adapted from Chris Thornberg.

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