

# *2009 Southern Nevada Economic Briefing*

**NAIOP**  
COMMERCIAL REAL ESTATE  
DEVELOPMENT ASSOCIATION

**NAIOP Legislative Retreat  
January 2010**

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# *The National Economy*



## The Great Recession: What kind of recovery?

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

3

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# 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*



5

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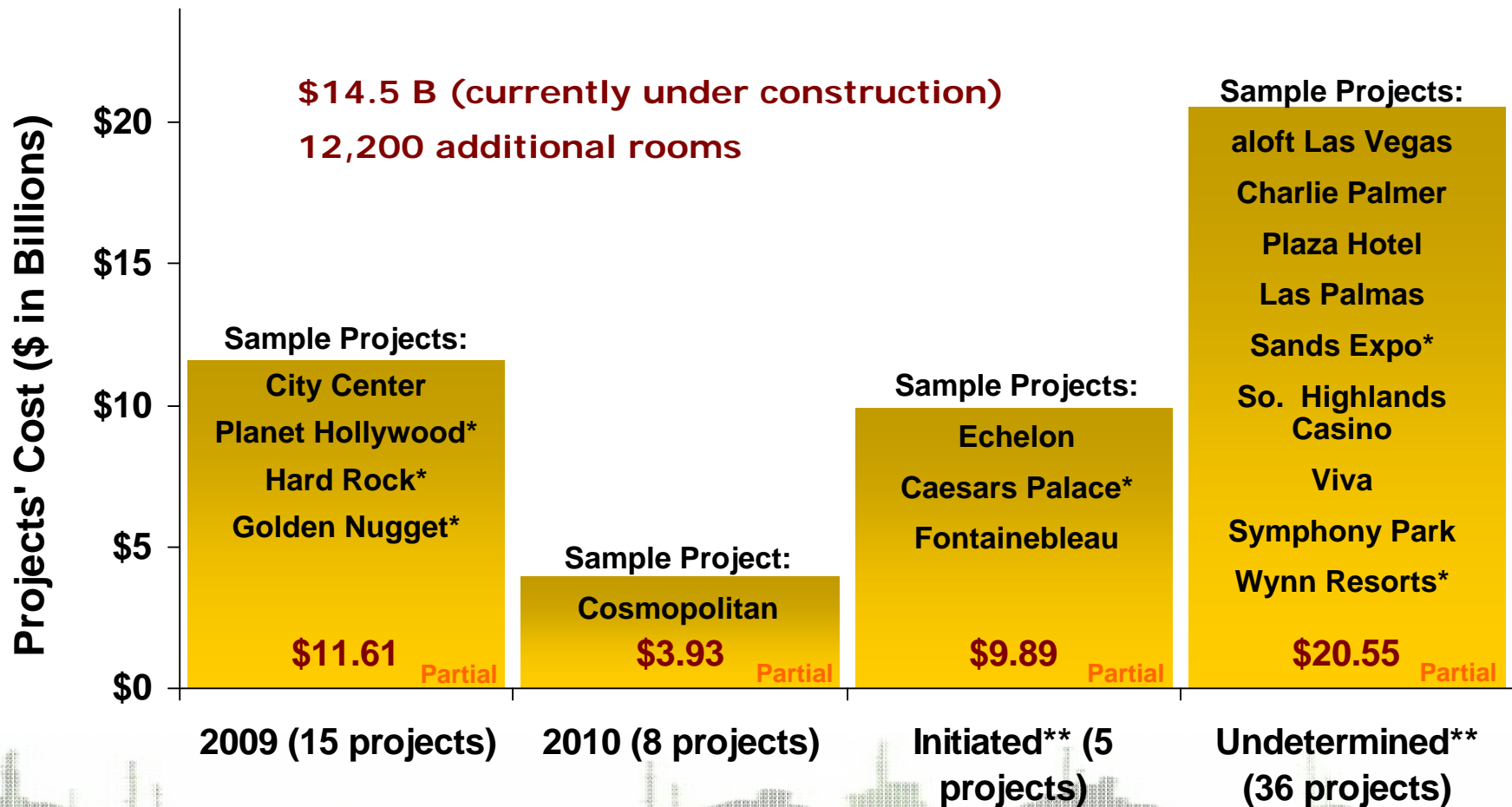
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*THE DRIVER: THE RESORT INDUSTRY*

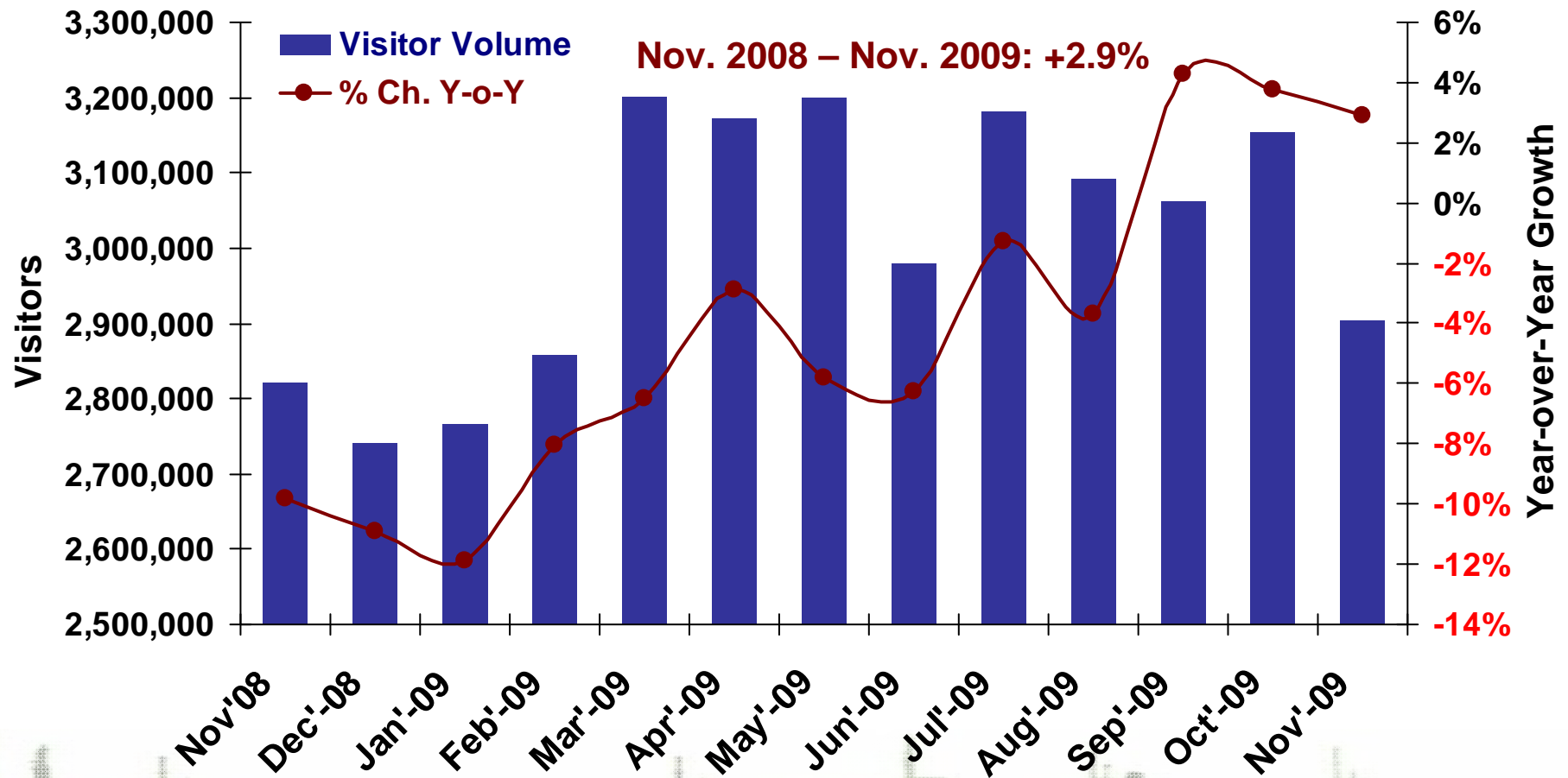


# Resort Industry Investment: Will They Come?

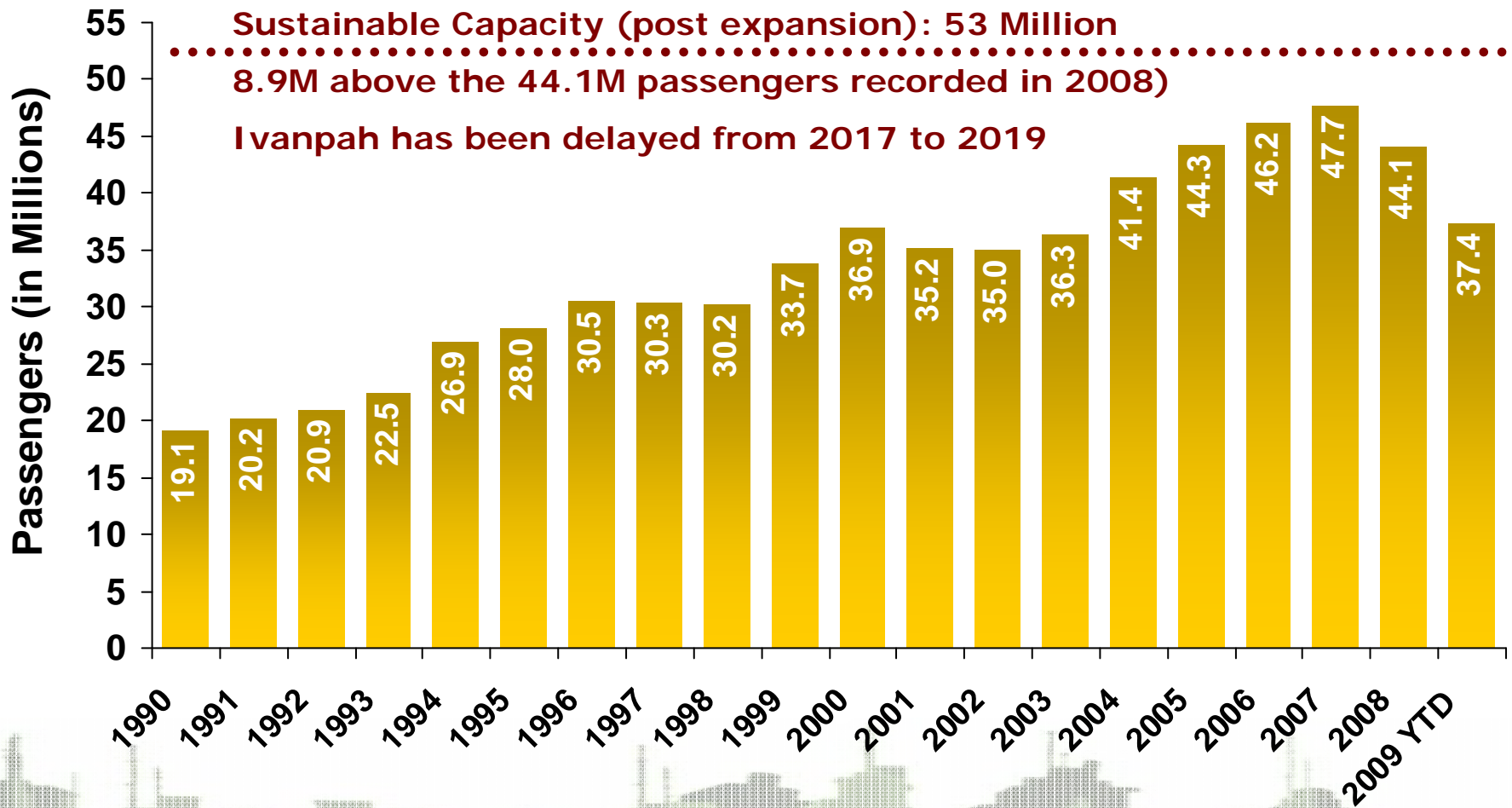
Projects' Cost (\$B) by Scheduled Completion Year:  
2009 – 2010, Initiated & Undetermined



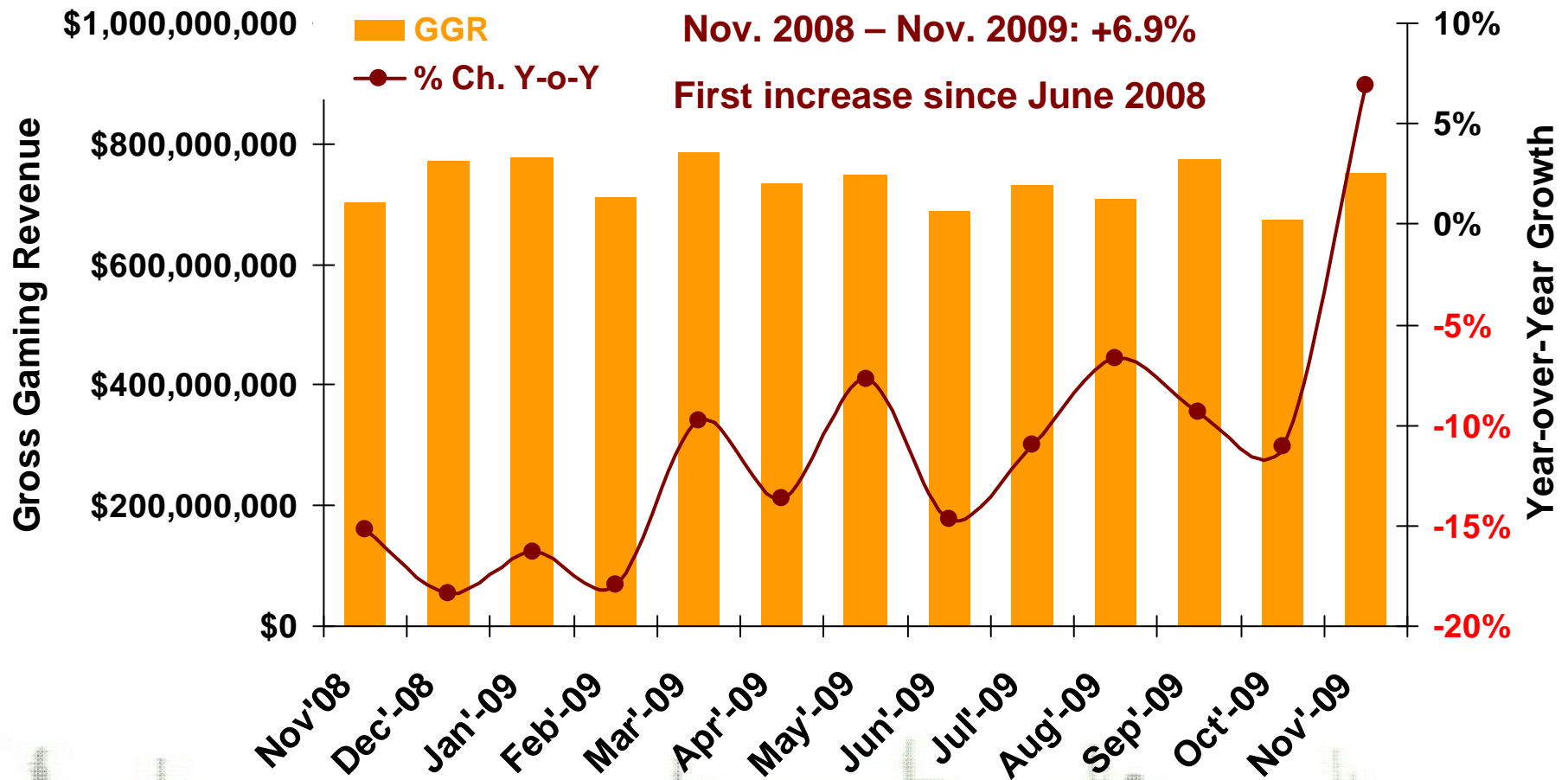
# Las Vegas Valley Visitor Volume: 11/2008 – 11/2009



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



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

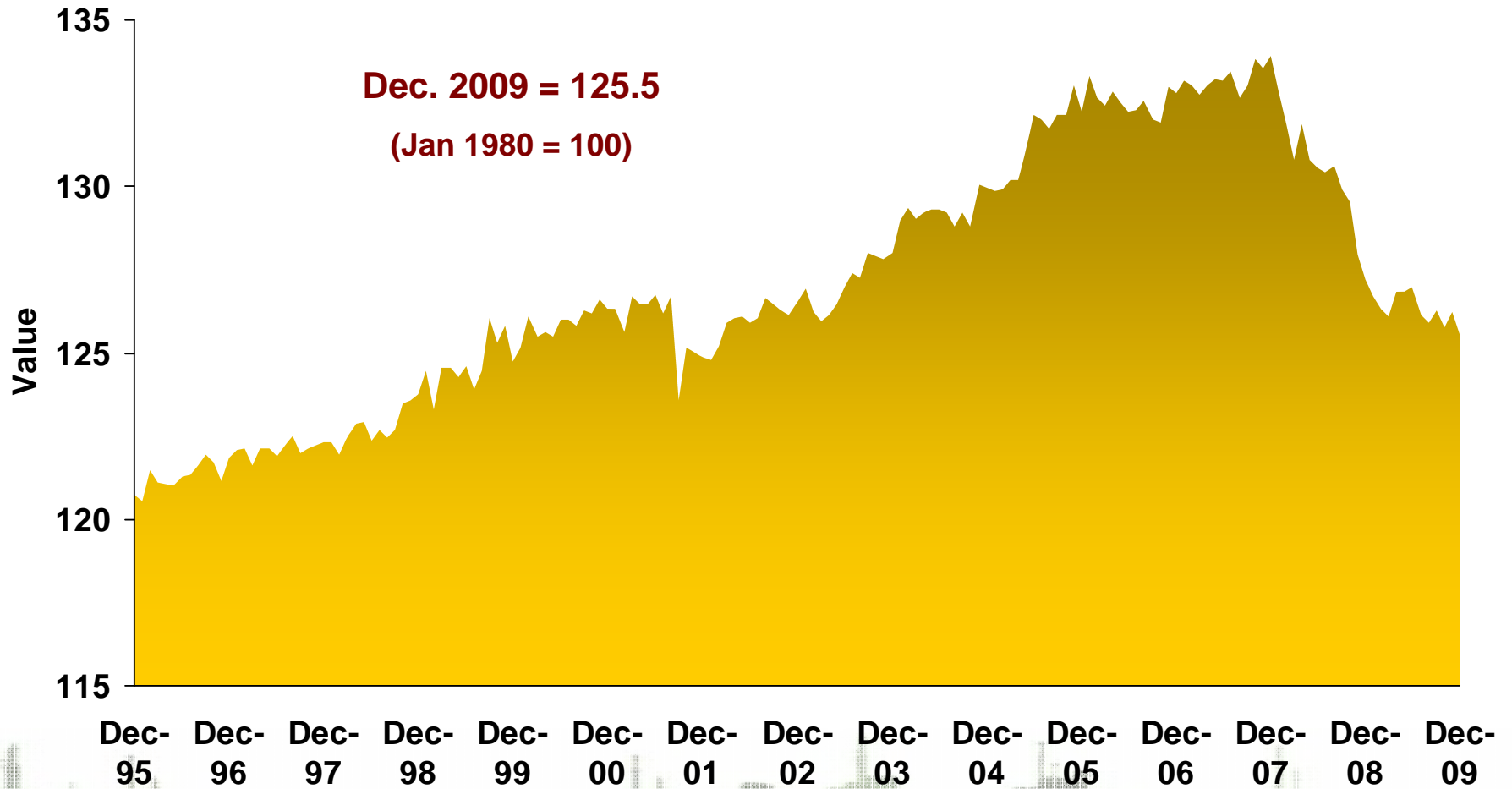


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# *THE JOB MARKET*



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

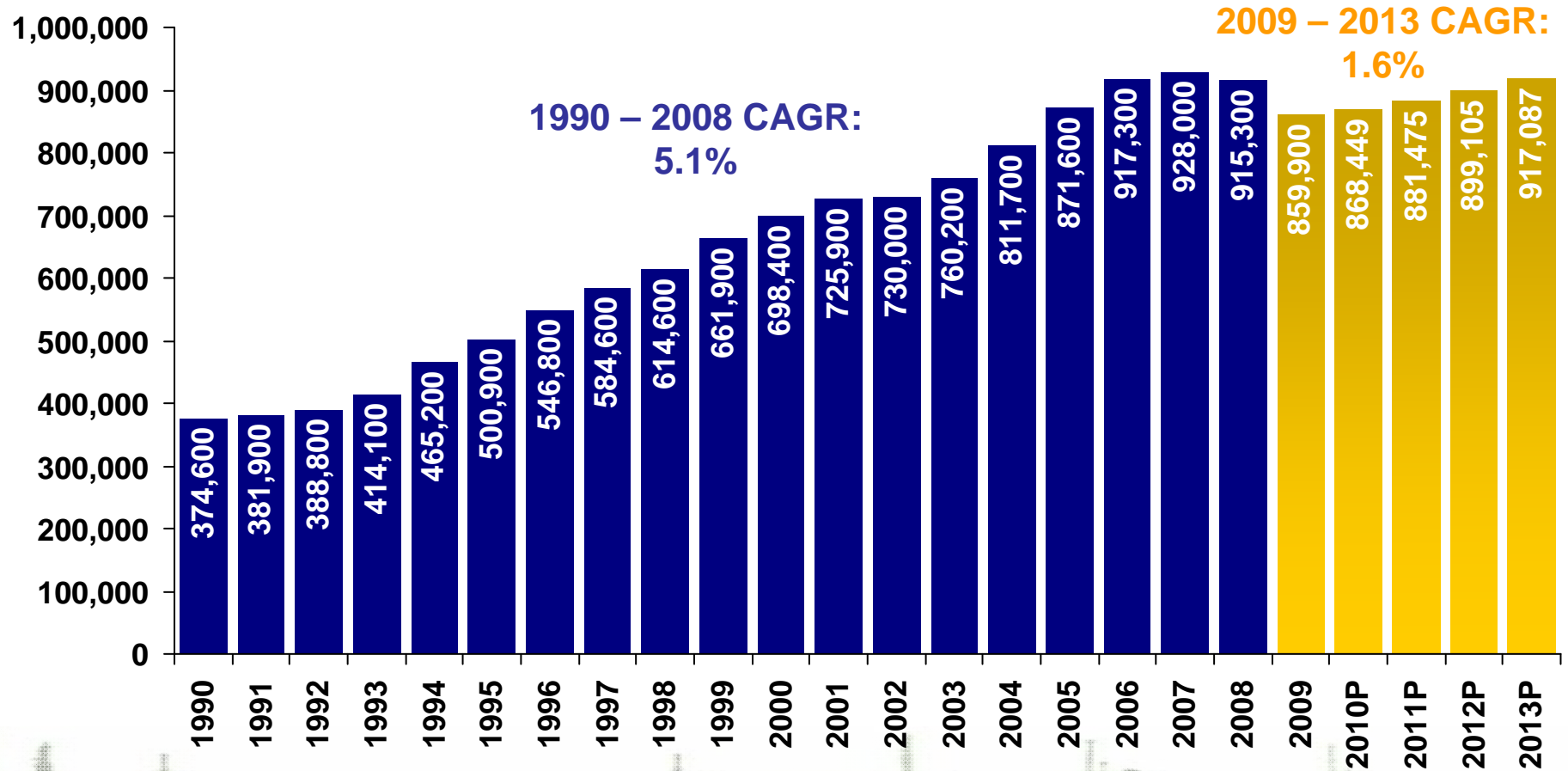


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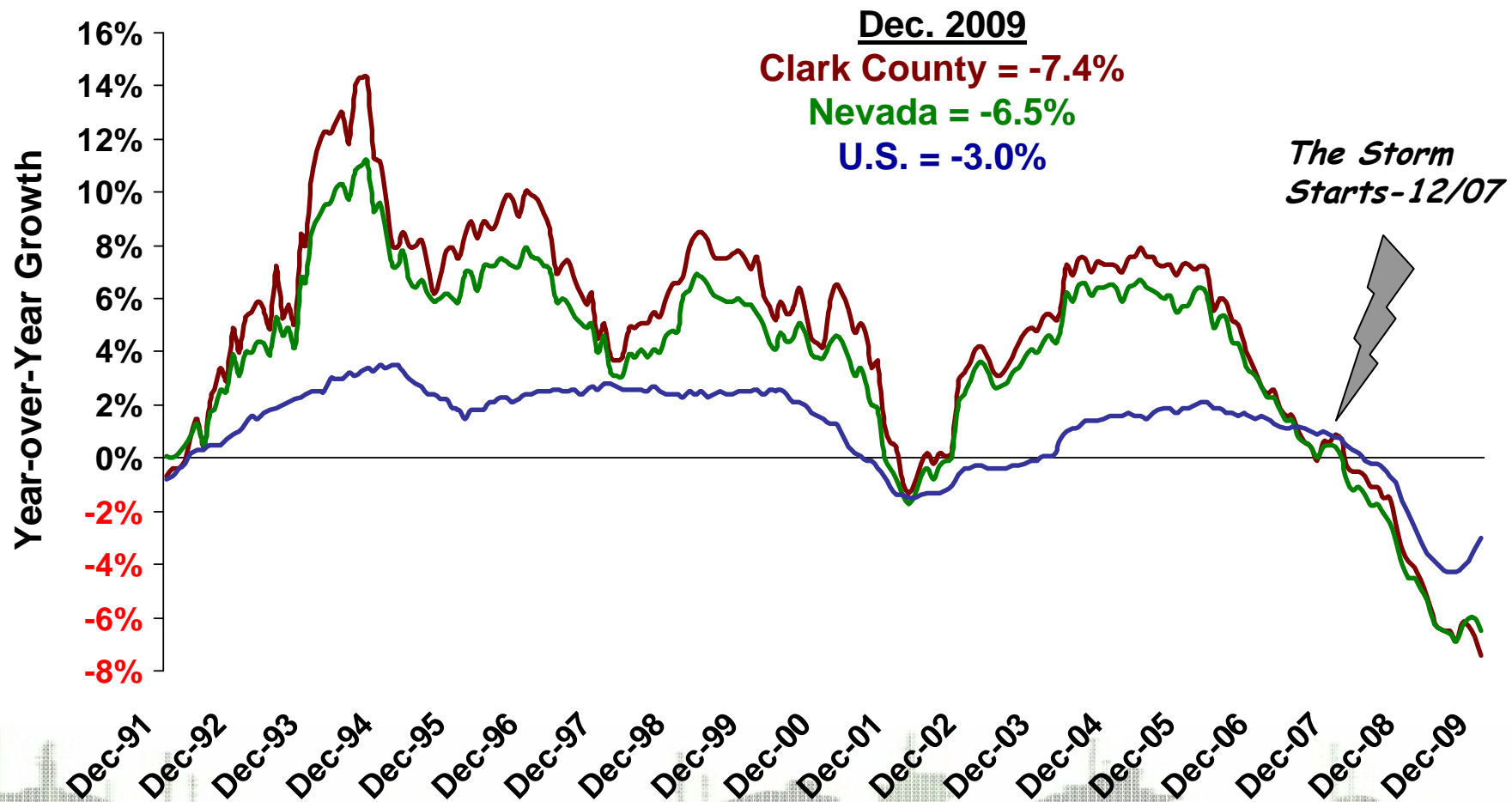
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Source: UNLV Center for Business and Economic Research.

# Clark County Employment: 1990 – 2009 Estimates & 2010 – 2013 Projections

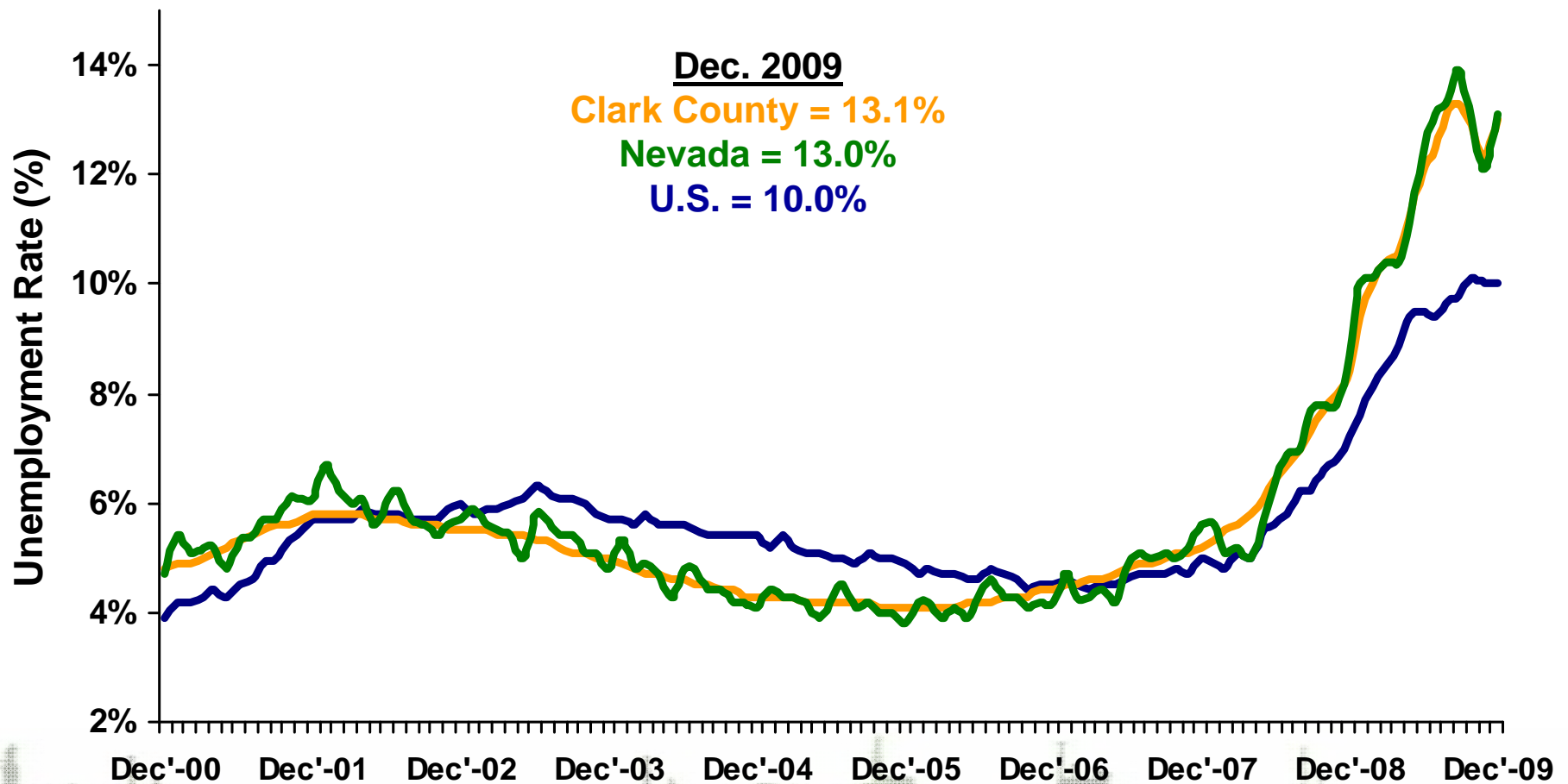


# Clark County, Nevada & U.S. Job Growth: 12/1991 – 12/2009



14

# Clark County, Nevada & U.S. Unemployment Rates: 12/2000 – 12/2009

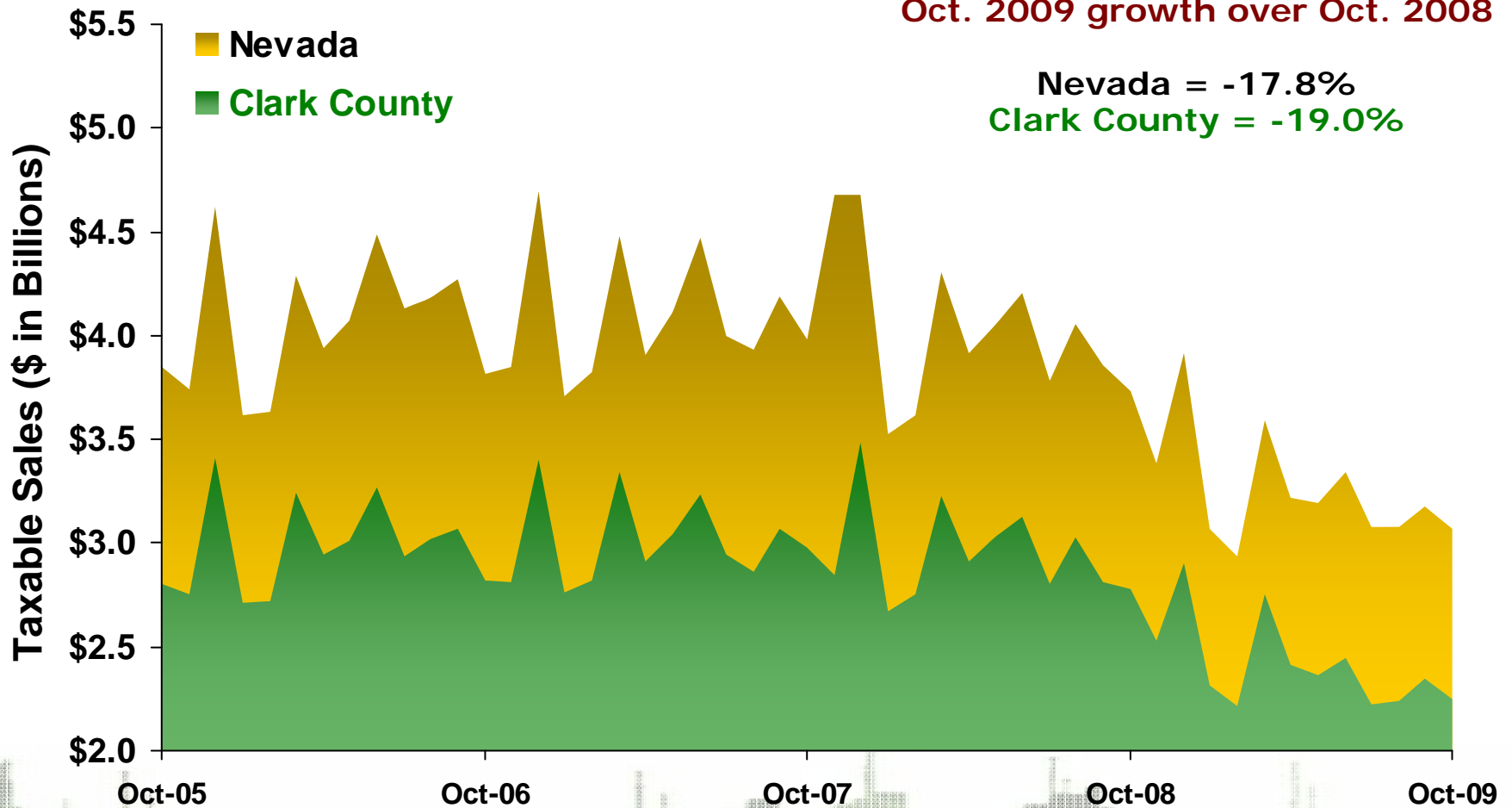


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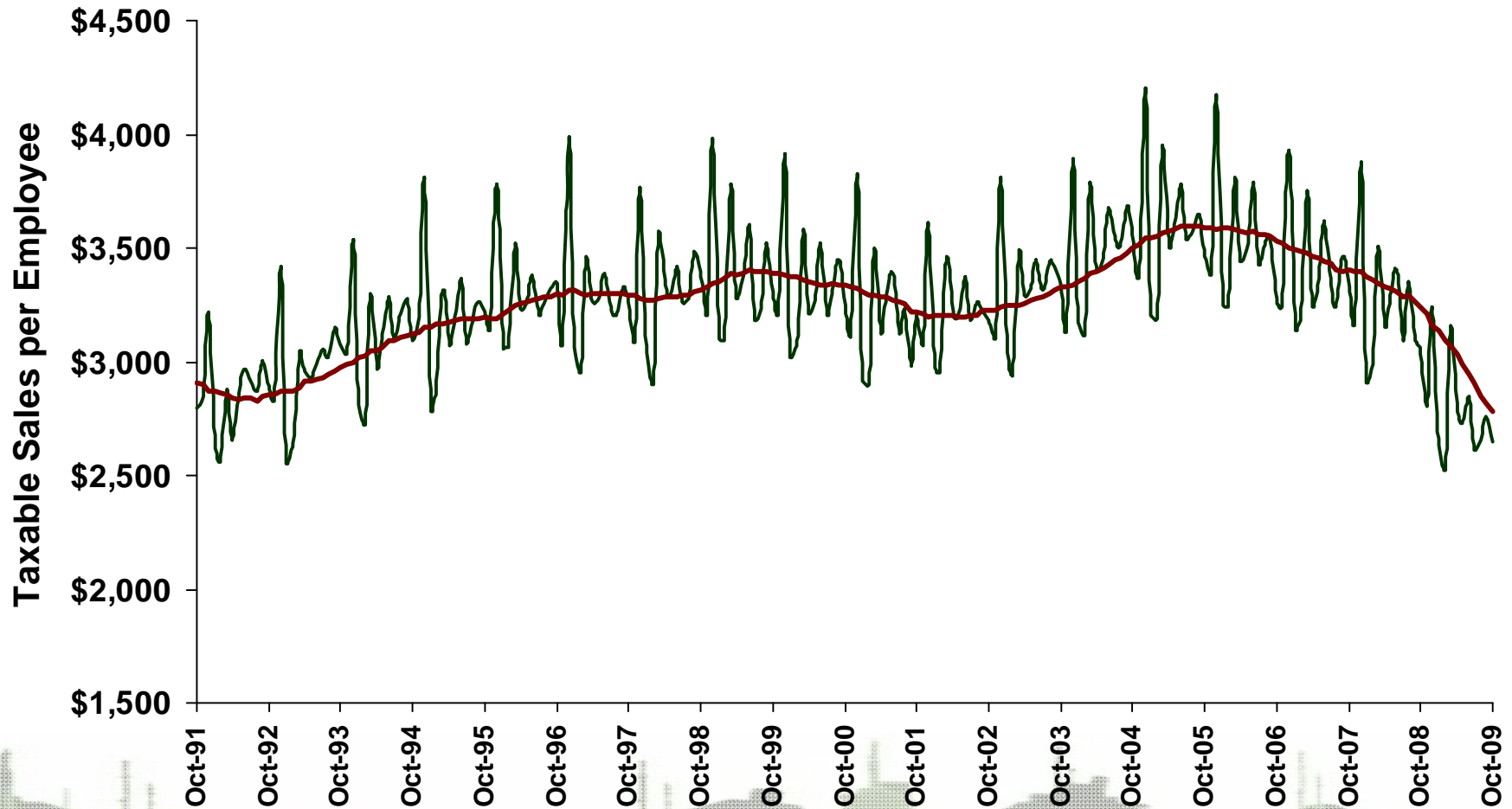
# *TAXABLE RETAIL SALES*



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



# Clark County Taxable Sales per Employee in Real (2009) \$: 10/1991 – 10/2009



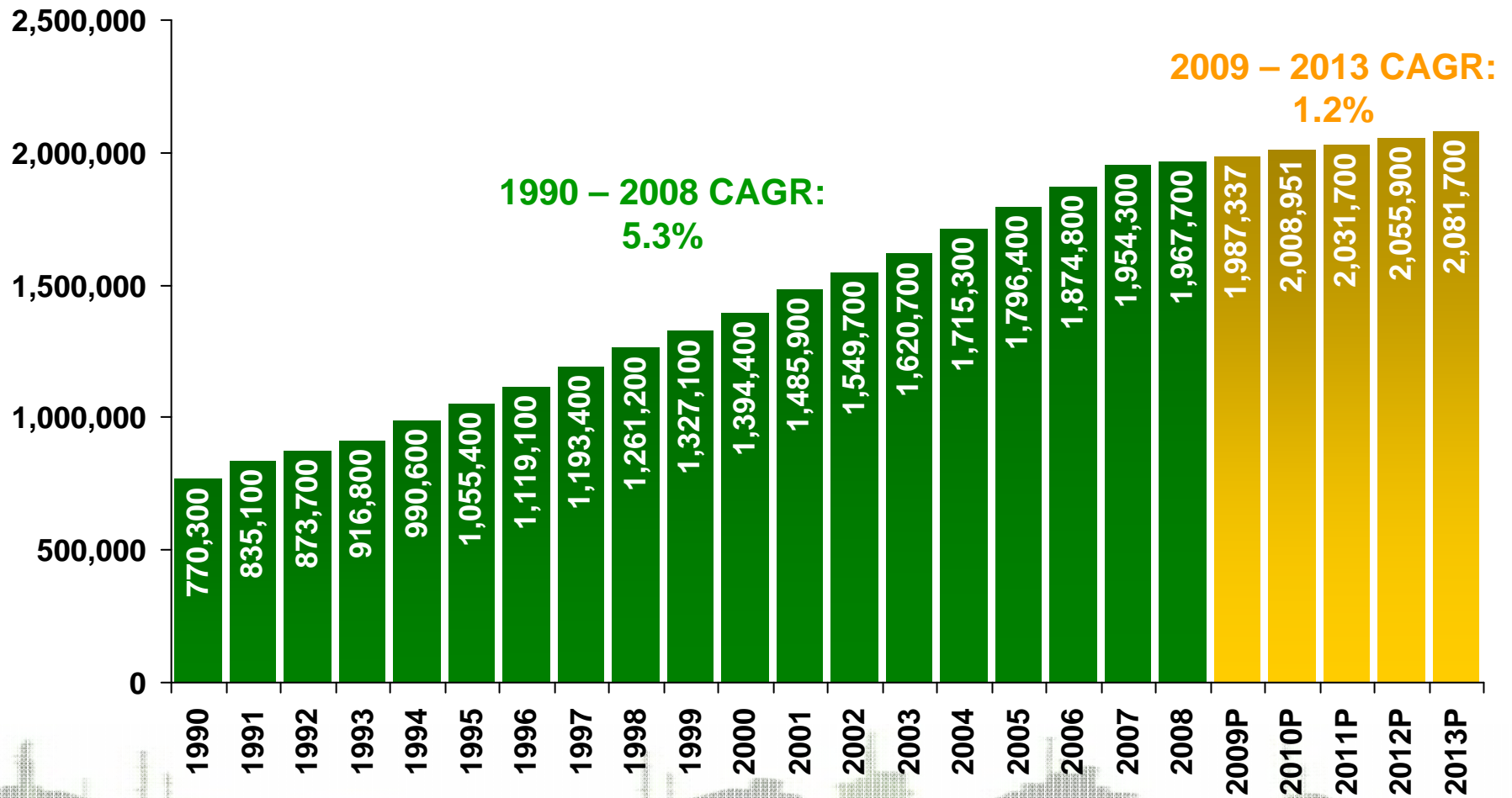
18

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# *THE DEMOGRAPHICS*



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



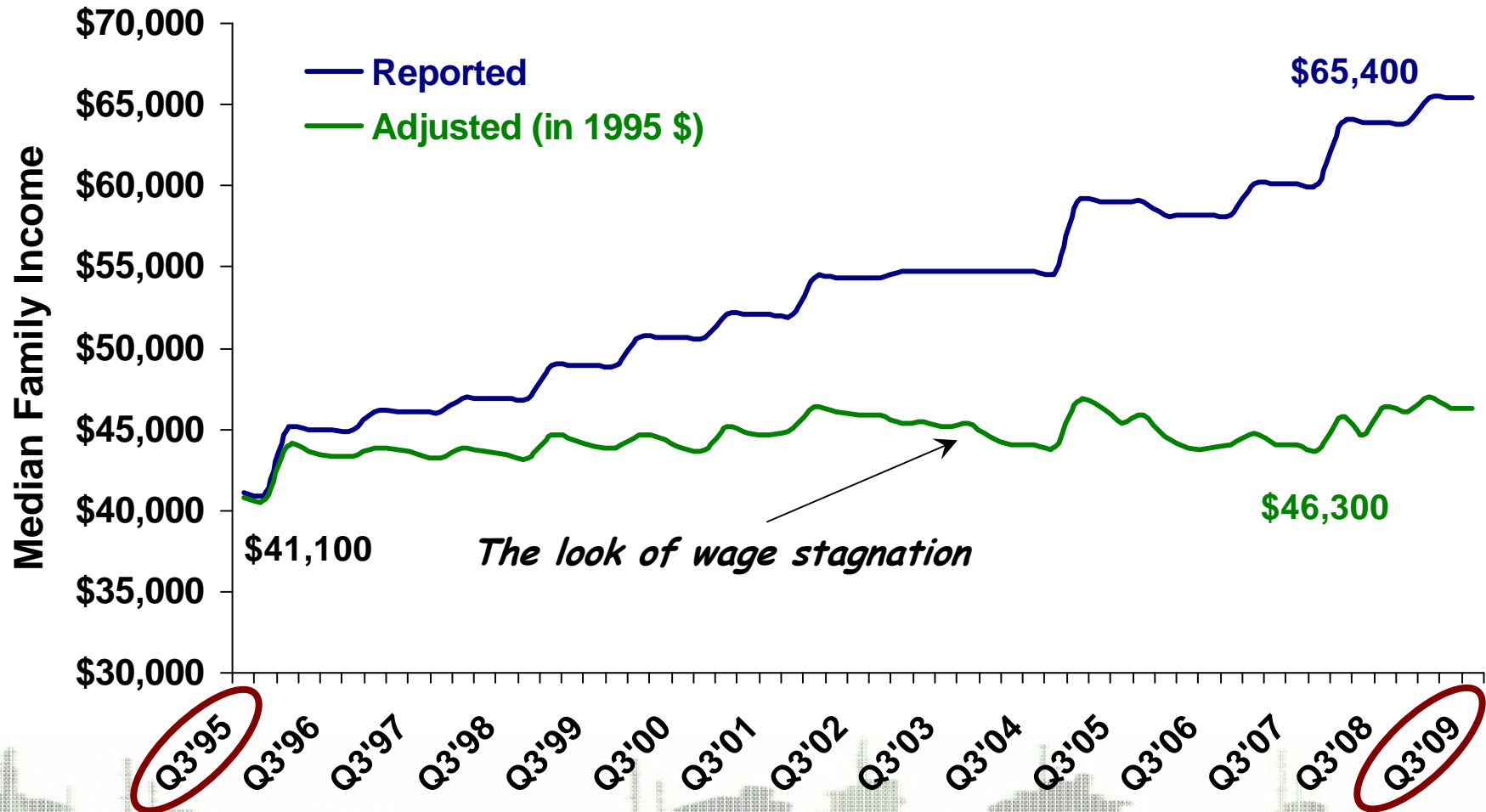
# Las Vegas Cost of Living Index: Q3, 2009

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



# *THE REAL ESTATE MARKETS*

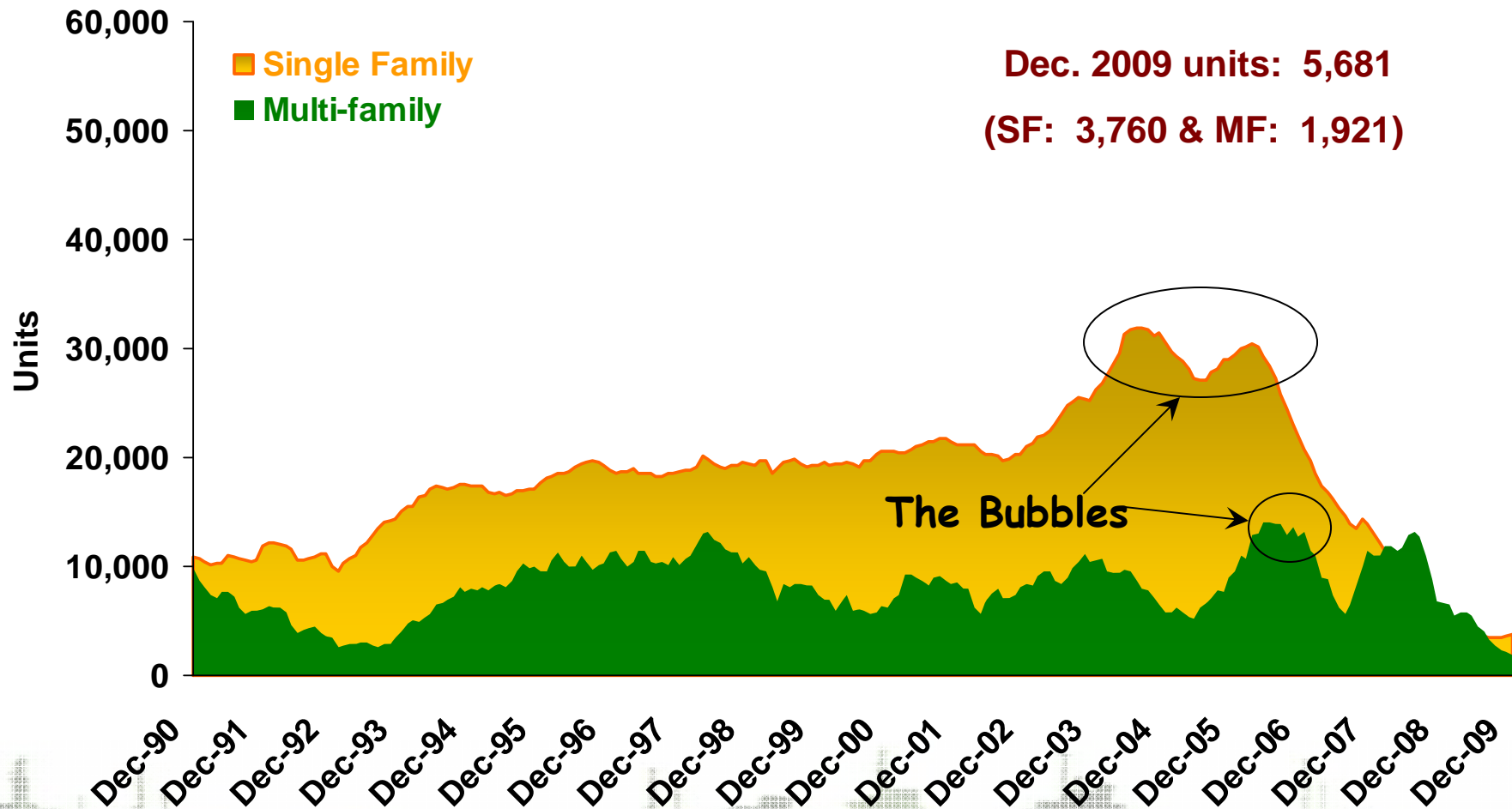
- Residential*
- Commercial*

# *Residential*

## Foreclosure Filings: Q3, 2009 vs Q3, 2008

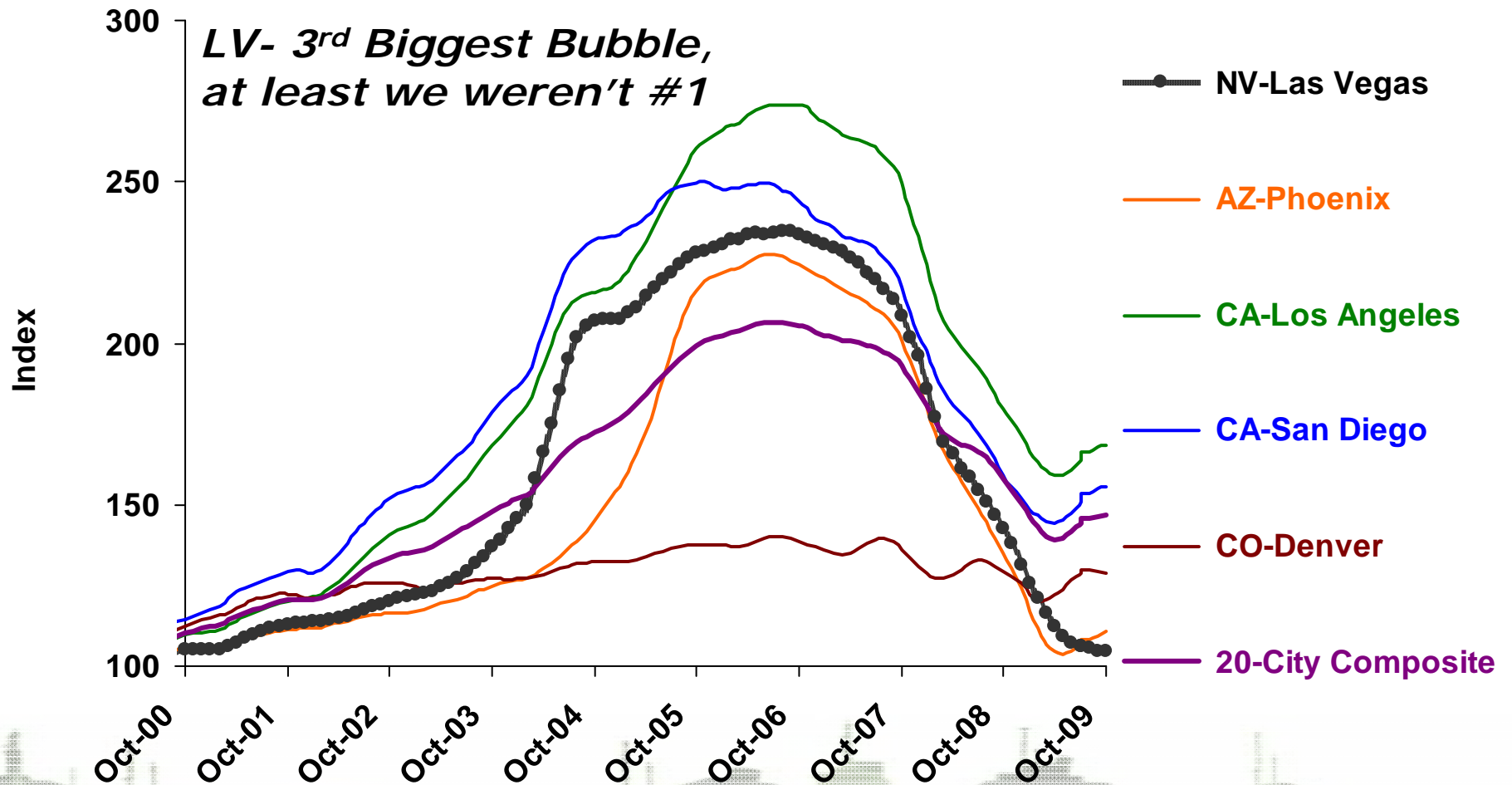
	<b>Total Filings &amp; Units (LV)</b>	<b>% Change from Q3, 2008</b>	<b>% of Households (Foreclosure rate)</b>
<b>U.S.</b>	937,840	+22.5%	.73%, 1 in 136 HH
<b>Nevada</b>	47,425	+59%	4.4%, 1 in 23 HH
<b>Las Vegas/ Paradise MSA</b>	40,408 (Units)	+54%	5% or 1 in 20 HH, nation's highest

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



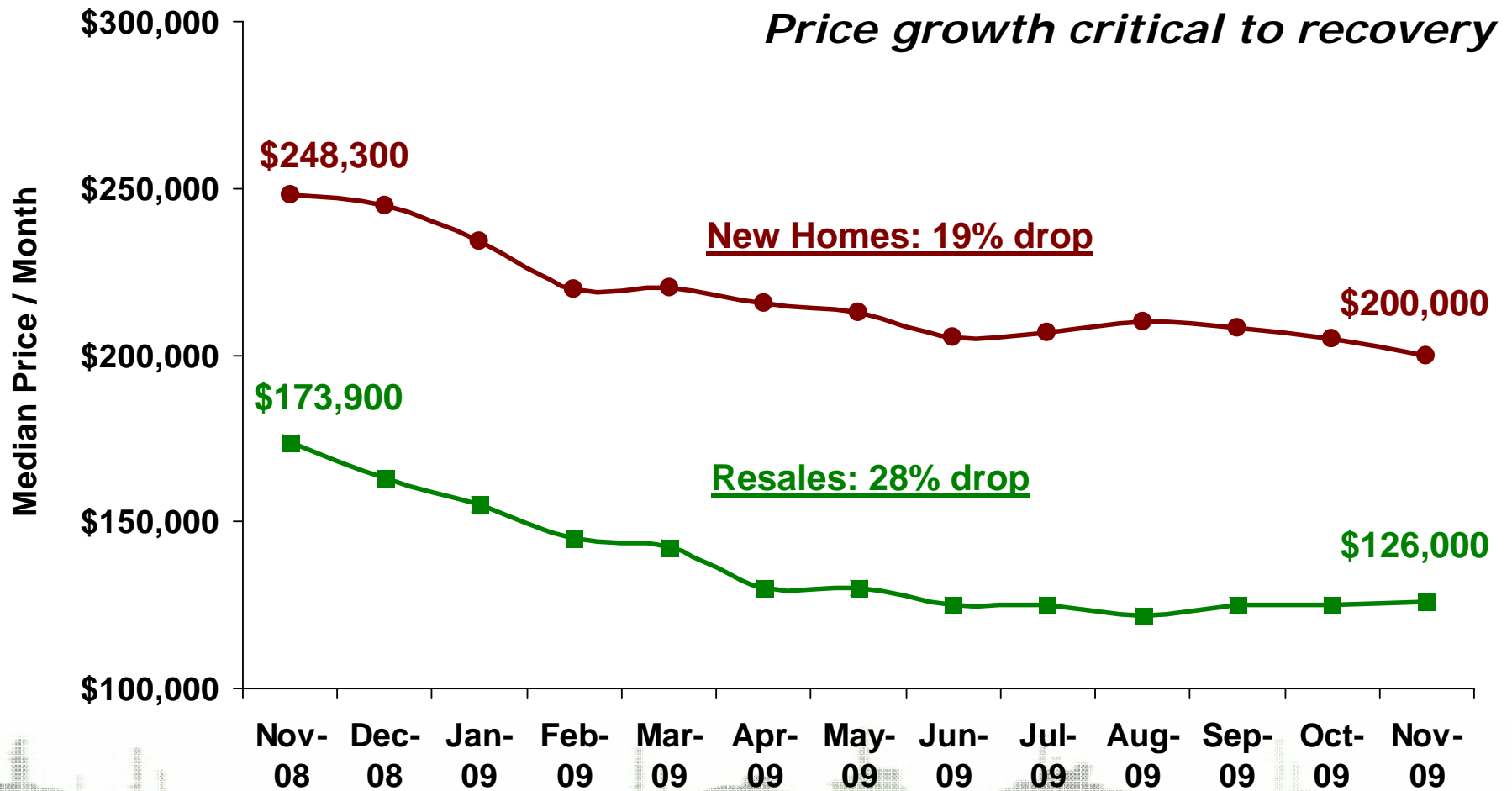
# S&P / Case-Shiller Housing Price Index

## Select Southwestern U.S. MSAs: 10/2000 – 10/2009

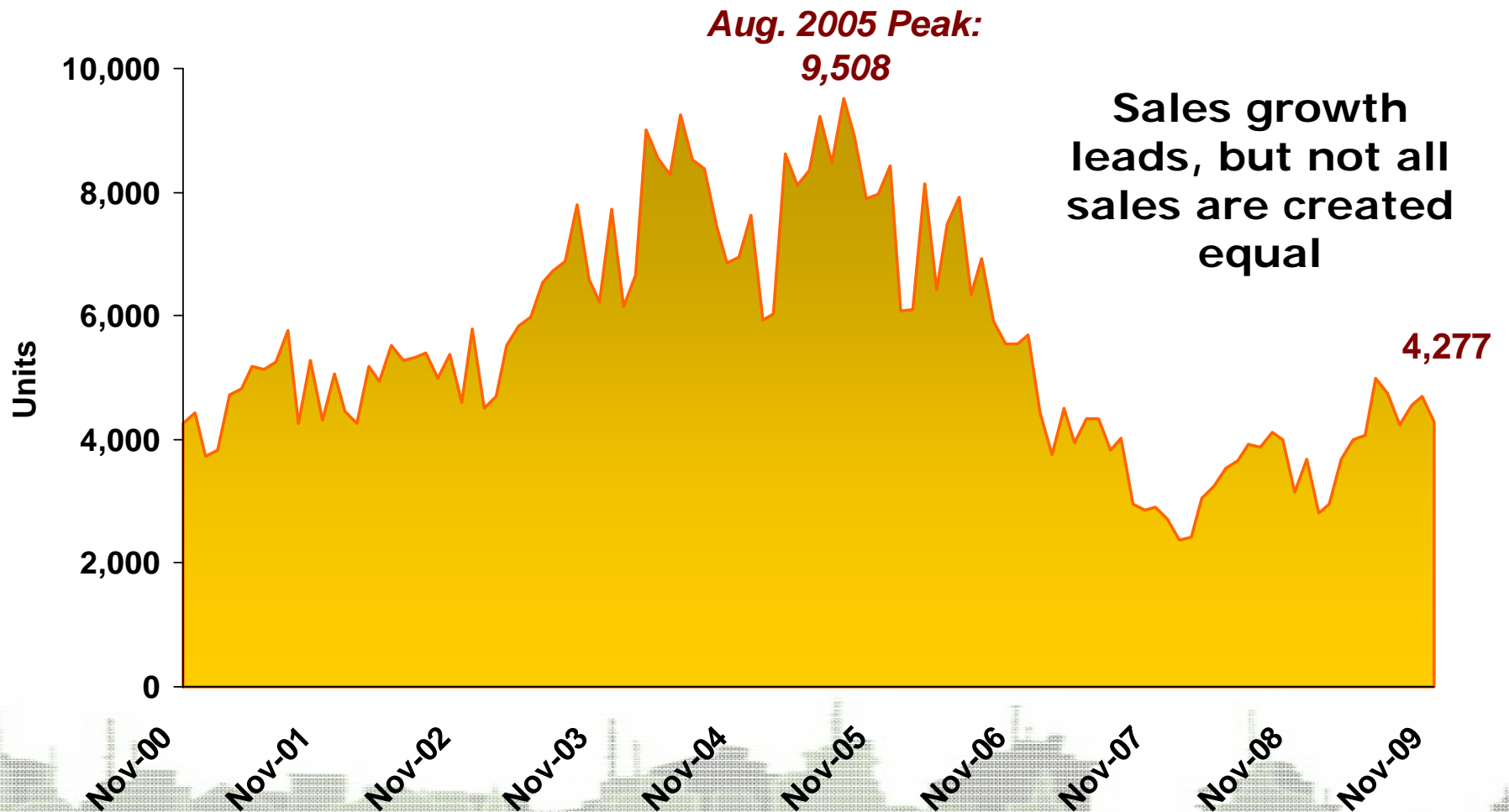


27

# Clark County Median New Home & Resale Price Change from Same Month Previous Year: 11/2008 – 11/2009



# Monthly New Home & Resale Closings 11/2000 – 11/2009

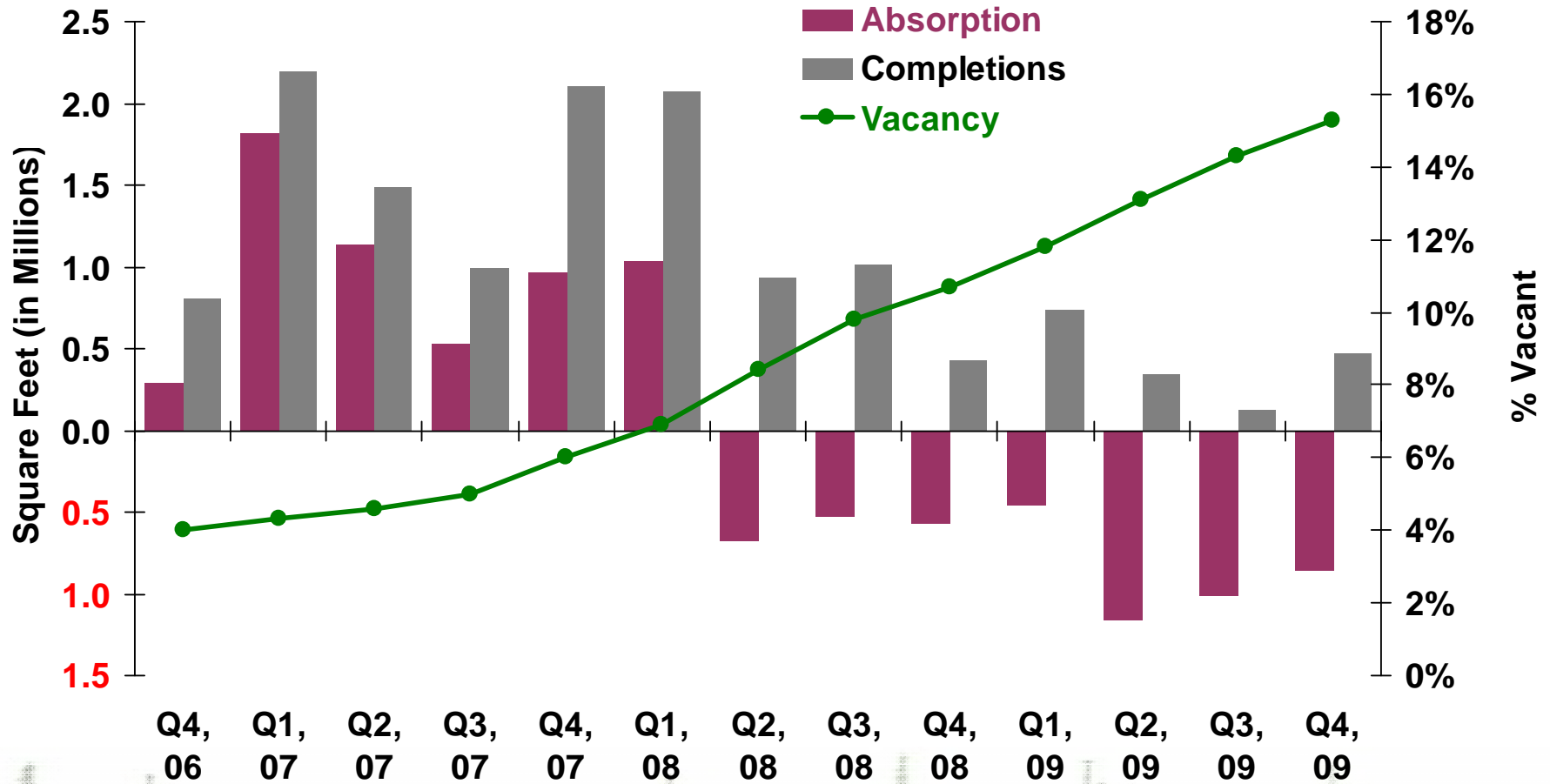




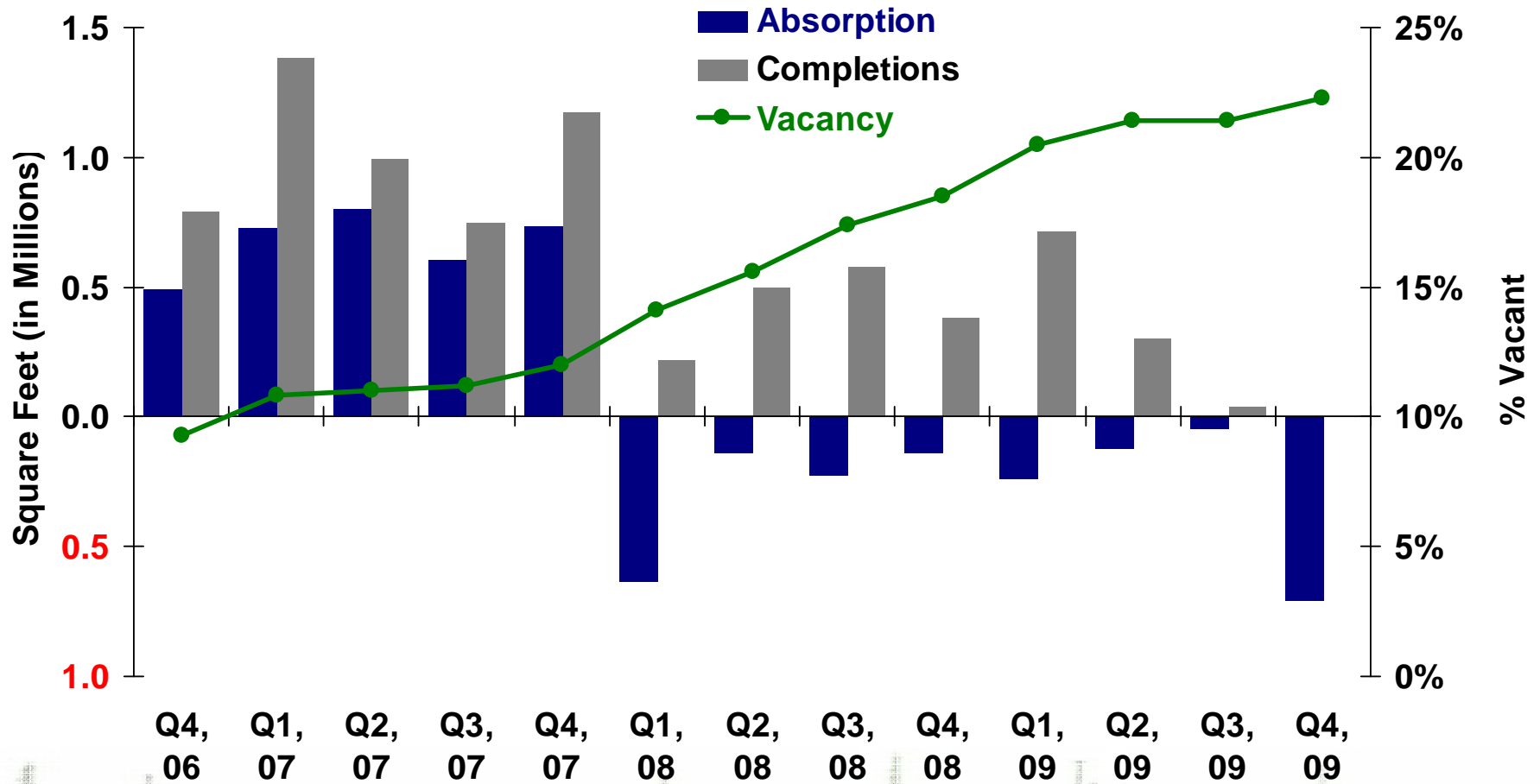
# *Commercial*

# Las Vegas Valley Industrial Market

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

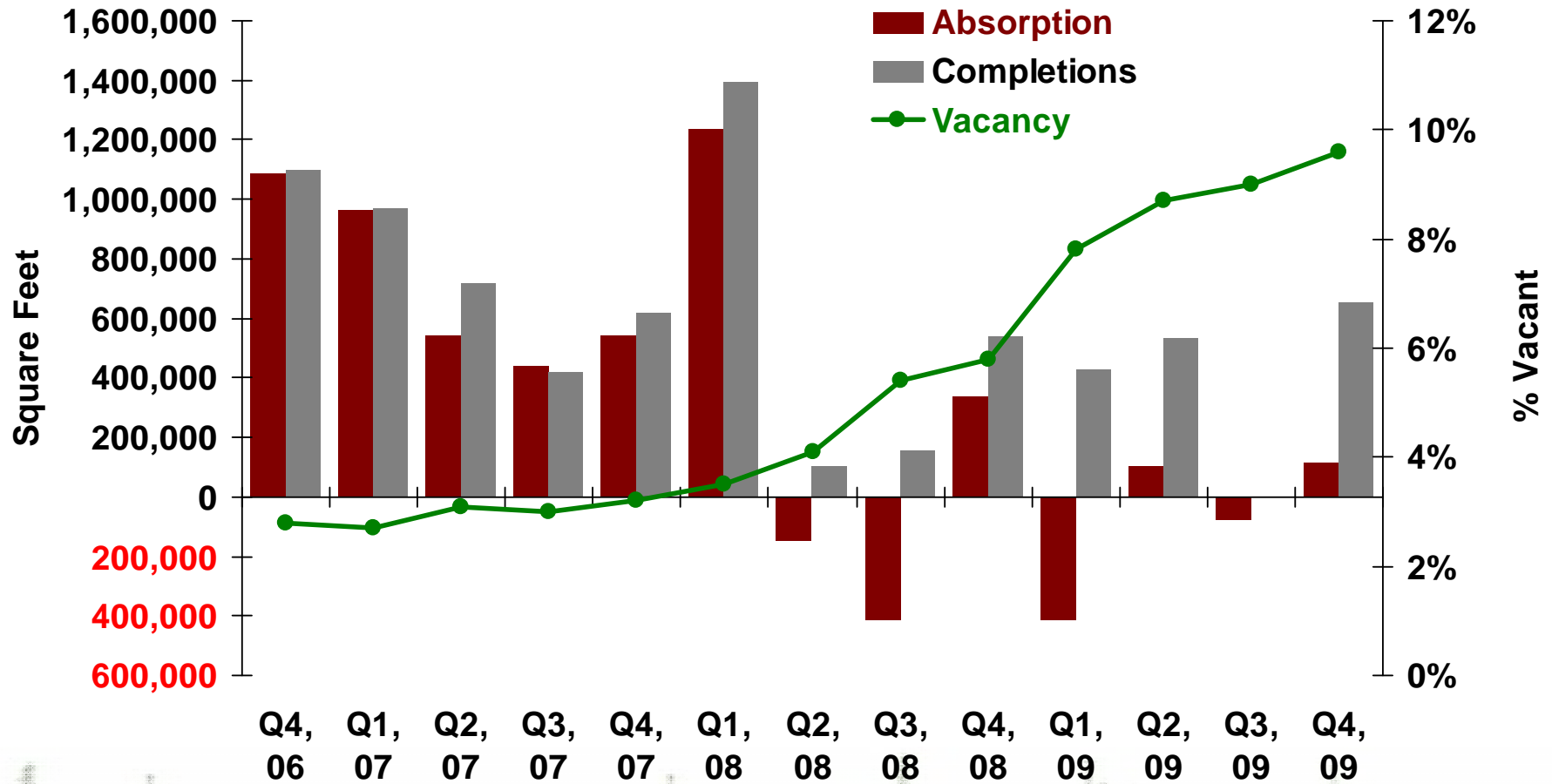


# Las Vegas Valley Spec. Office Market Vacancy, Absorption & Completion Trends: Q4, 06 – Q4, 09



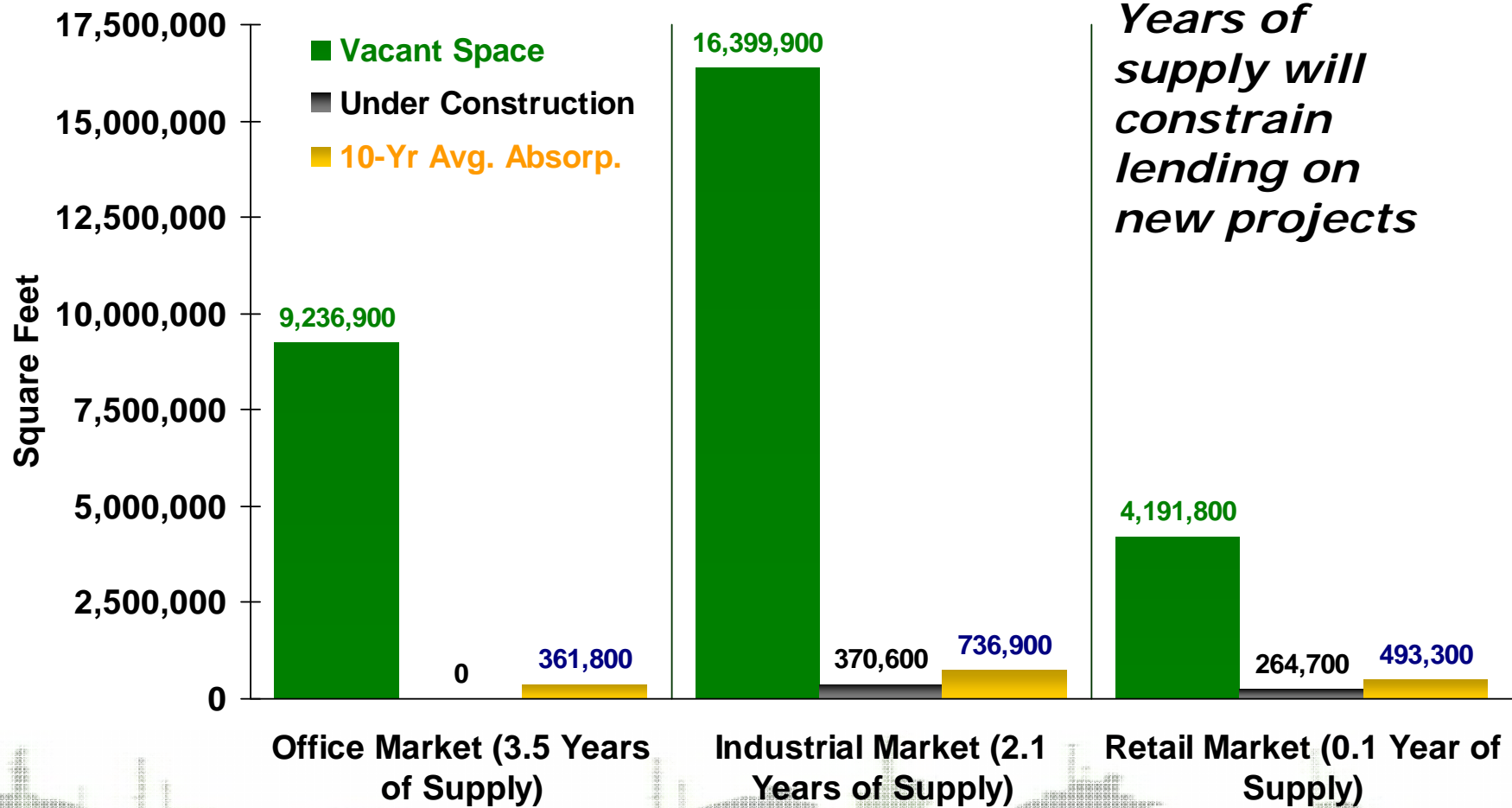
# Las Vegas Valley Anchored Retail Market

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



# Years of Supply until Stabilized Rate

(Based on Existing Vacant & Under-Construction space, & 10-year Average Absorption)



# *CONCLUSION*

# In Conclusion

## *THE NEW REALITY*

- Really bad, but NOT a depression
- Southern Nevada's recovery will lag national recovery
- Flat will be the new "up" cycle once recovery starts
- 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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