

SOUTHERN NEVADA 2015 ECONOMIC OUTLOOK

NAIOP

COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

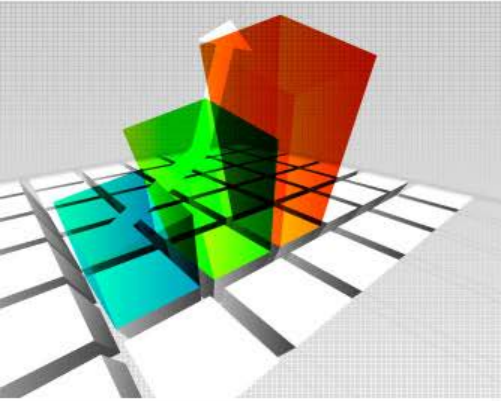
SOUTHERN NEVADA CHAPTER

*NAIOP
Washington D.C.
Legislative Retreat
February 9-11, 2015*

Prepared by:

**RCG
ECONOMICS**

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ECONOMICS**



ECONOMIC OVERVIEW

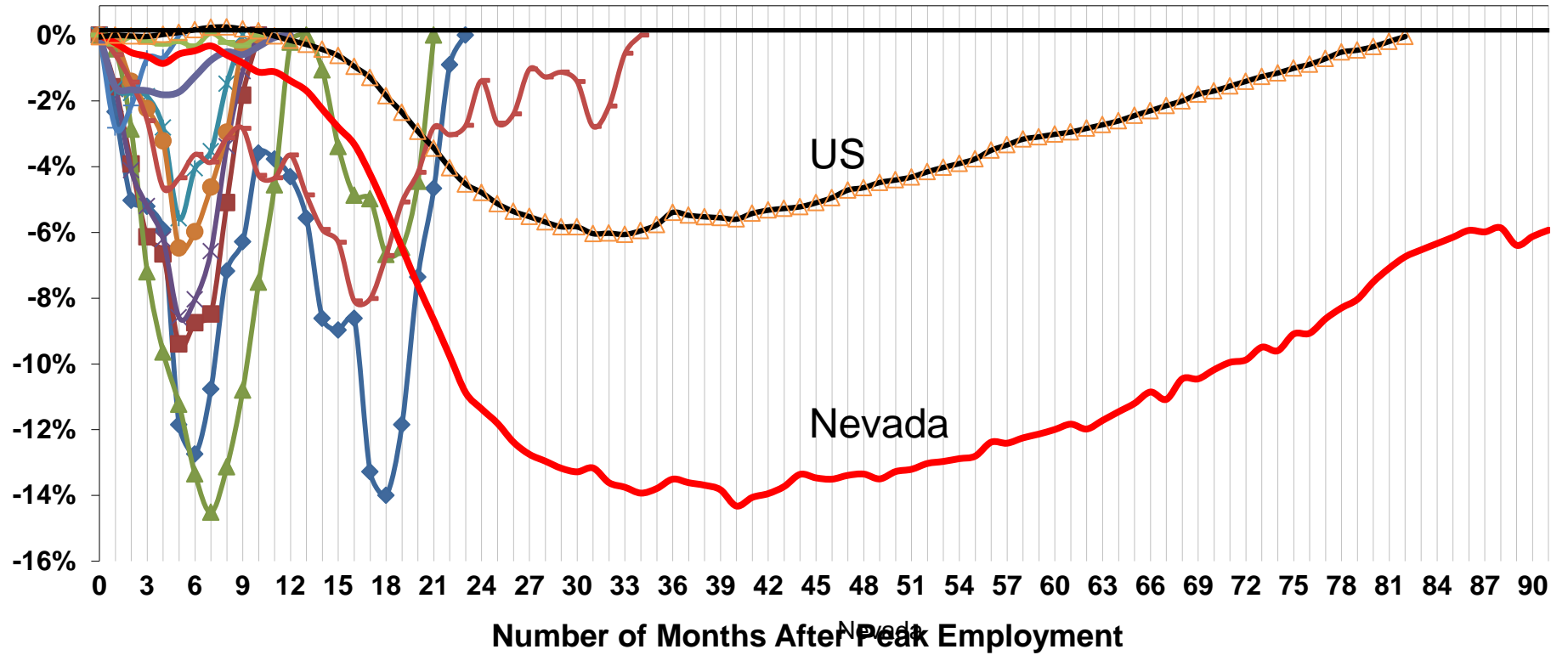


Nevada job recovery from Great Recession after 90 months.

Nevada Recession Recoveries: 1948-Present

Comparison of Recession Job Growth Recoveries
 % Job Losses Relative to Peak Employment Month

- ◆ 1948
- 1953
- ▲ 1957
- ✕ 1960
- ✱ 1969
- 1974
- ◆ 1980
- 1981
- ▲ 1990
- 2001
- 2007
- ▲ US 2007



Las Vegas recovery somewhat mixed.

Rank Among 60 Largest US Metros: 2000-2013

Population Change (#)	#10
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Population Growth (%)	#3
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Employment Change (#)	#10
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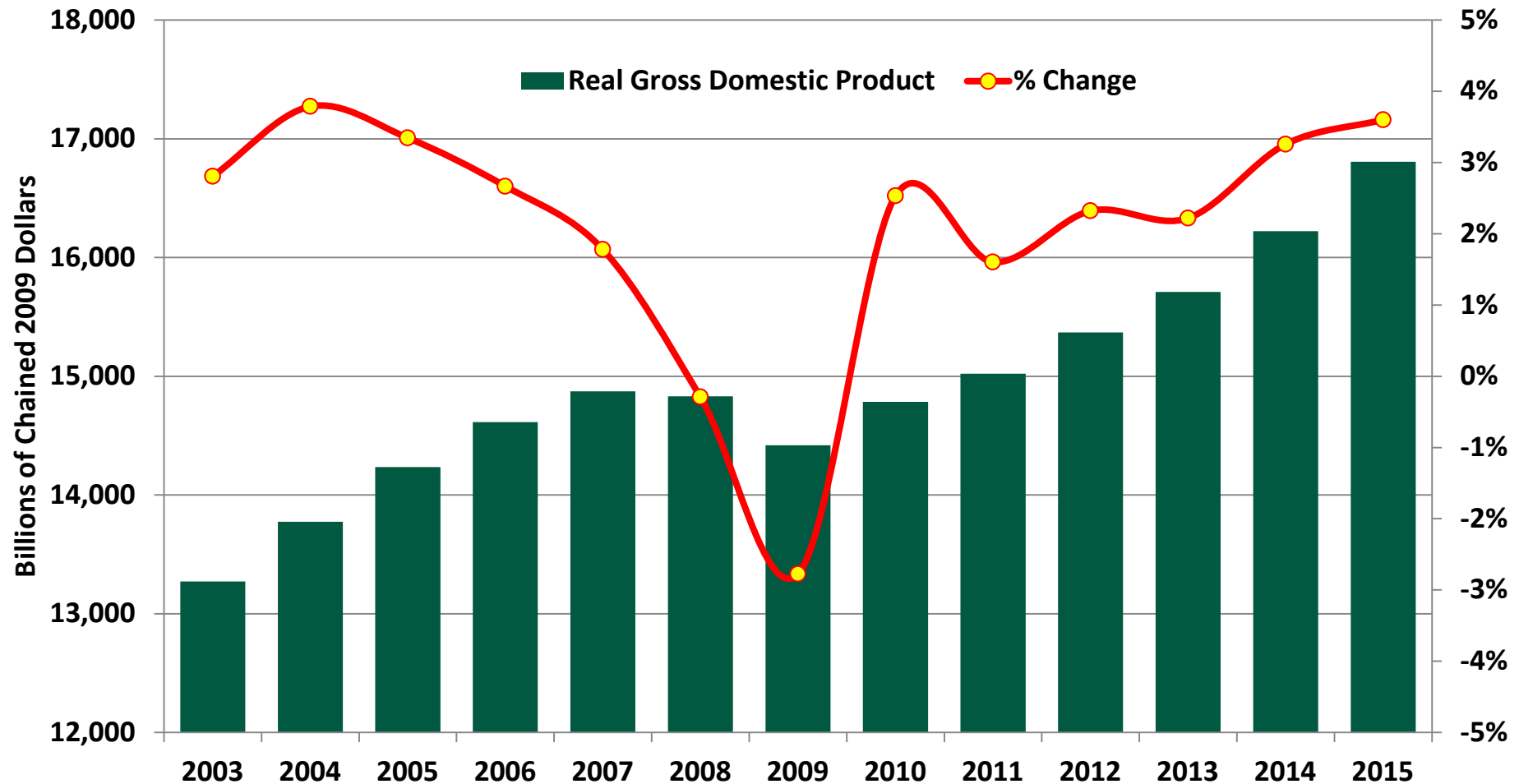
Employment Growth (%)	#5
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Real GMP* Change (#)	#33
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Real GMP* Growth (%)	#25
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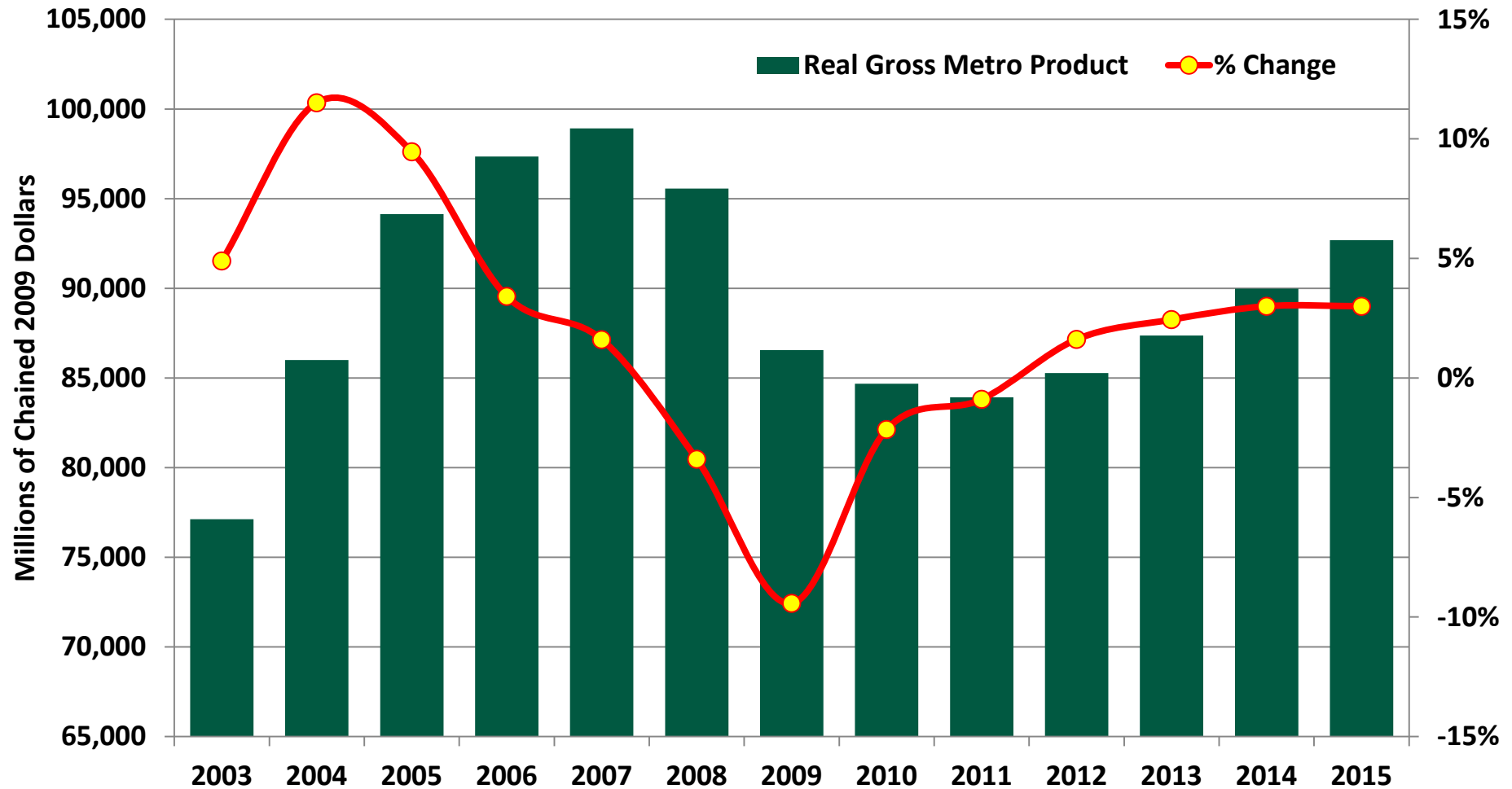
US real GDP further improving, compared to recent years.

US Real GDP Forecast: 2003-2015



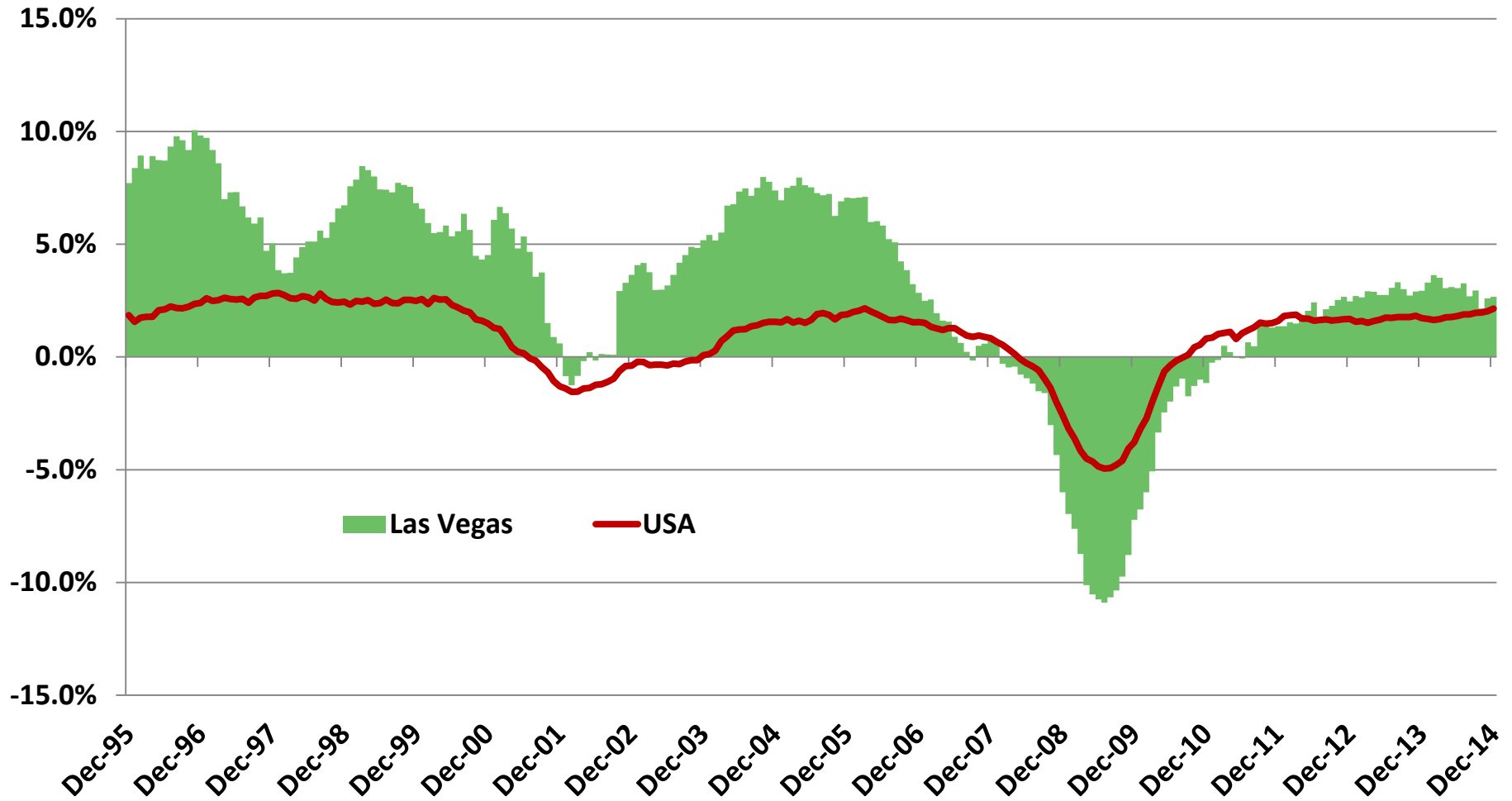
Las Vegas real GMP growth also improving coming out of Great Recession.

Las Vegas Real GMP Forecast: 2003-2015



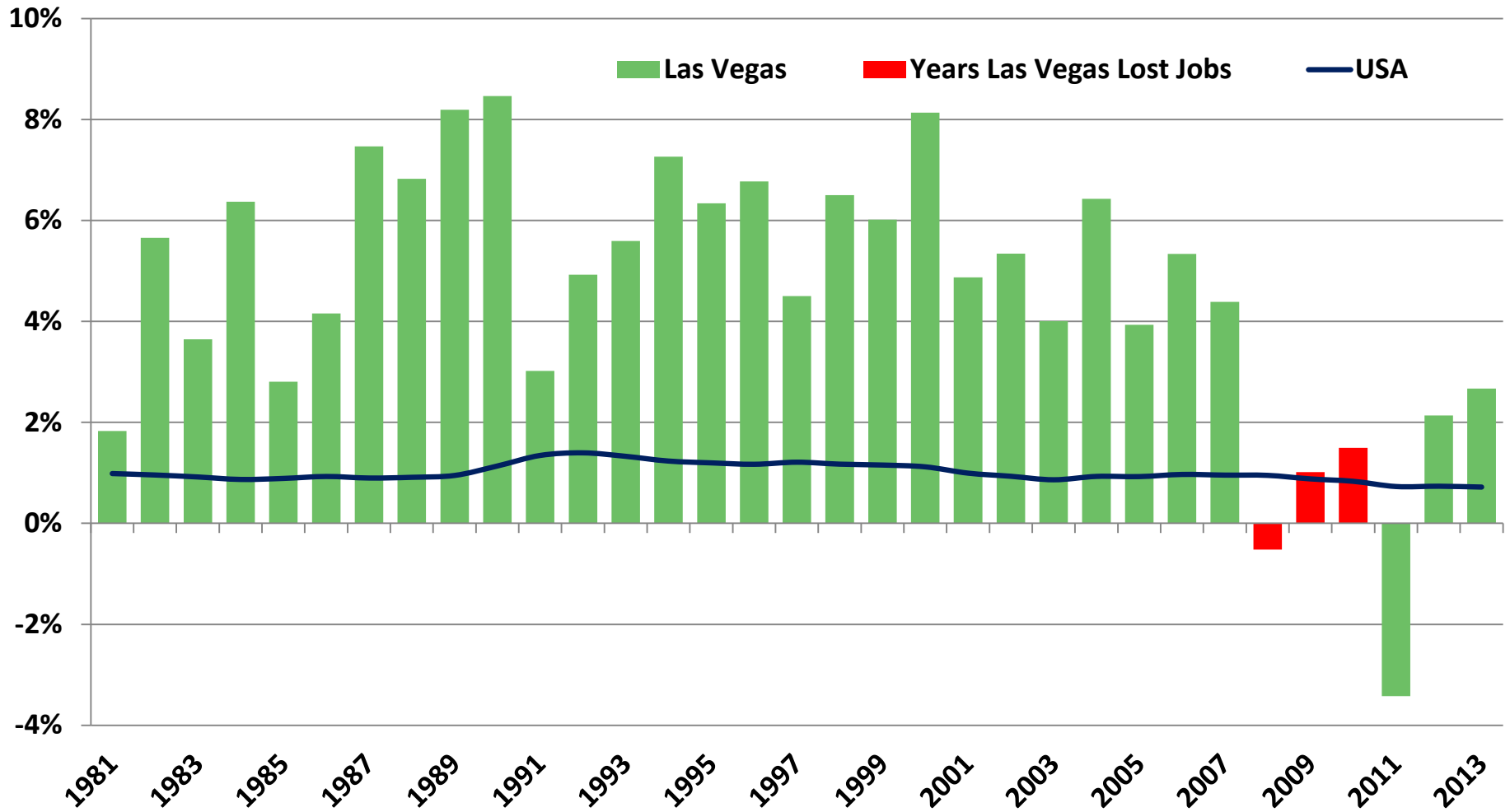
Job growth hurt in '01 Recession but crippled by Great Recession.

Las Vegas MSA Employment vs. US Employment (% Change): Dec-95 to Dec-14



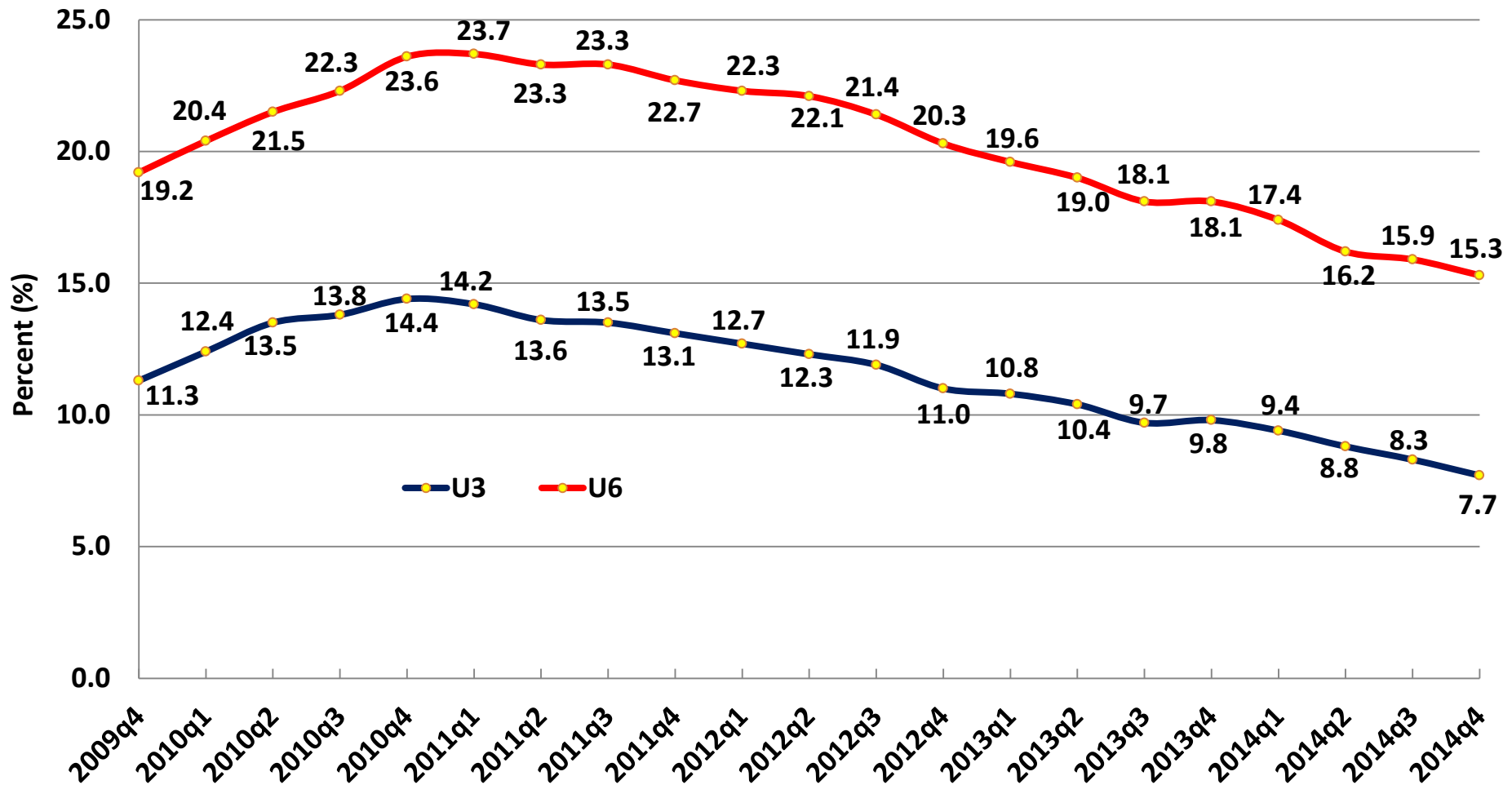
Great Recession severely reduced population growth, now recovering.

Clark County Population vs. US Population (% Change): 1981-2013



« Headline » Unemployment rate improving but U-6 rate still too high.

Nevada U-3 & U-6 Unemployment Rates: Q4-09 to Q4-14

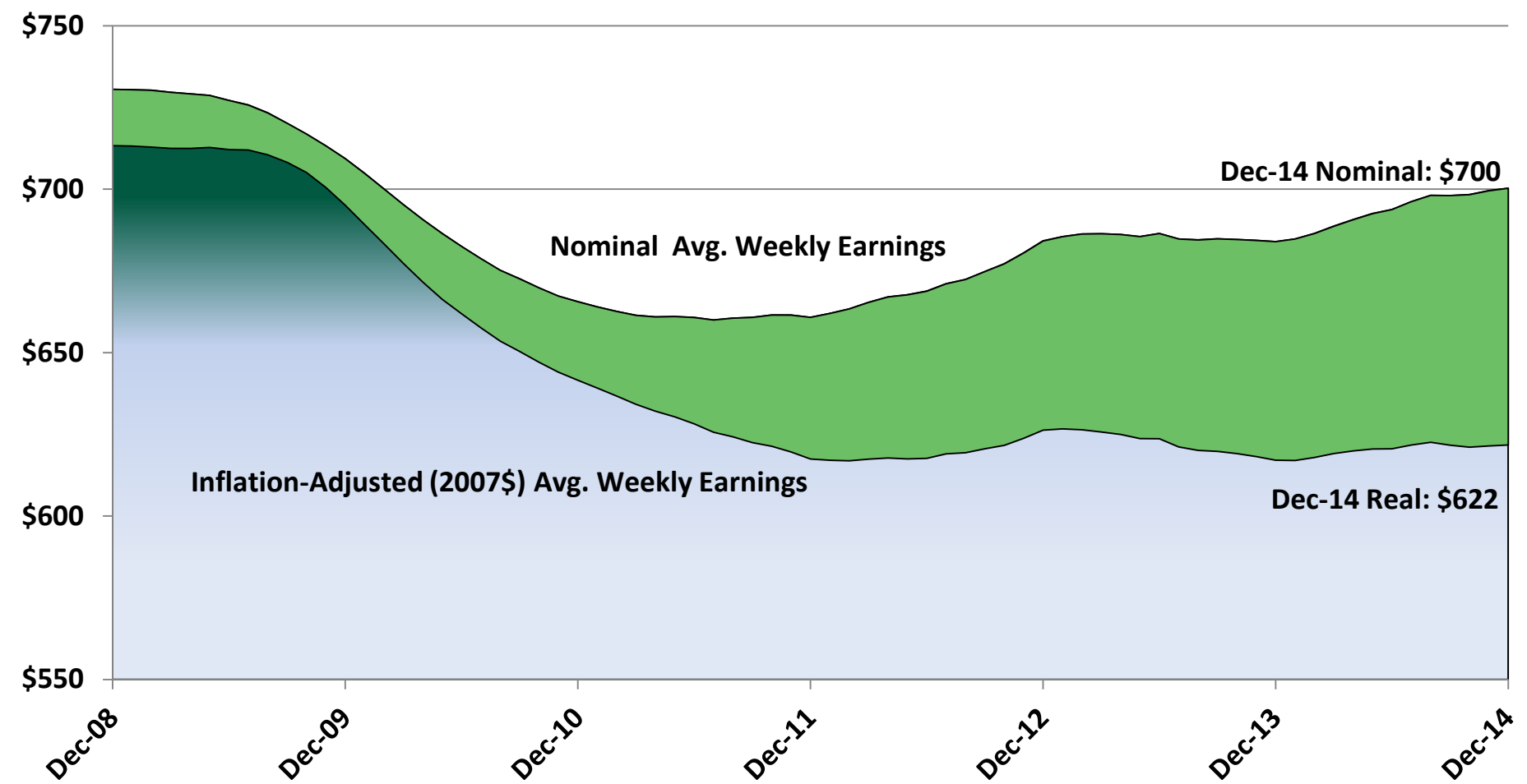


Note: Quarterly figures are rolling averages of the 4 quarters ending in the noted quarter.

Source: Bureau of Labor Statistics.

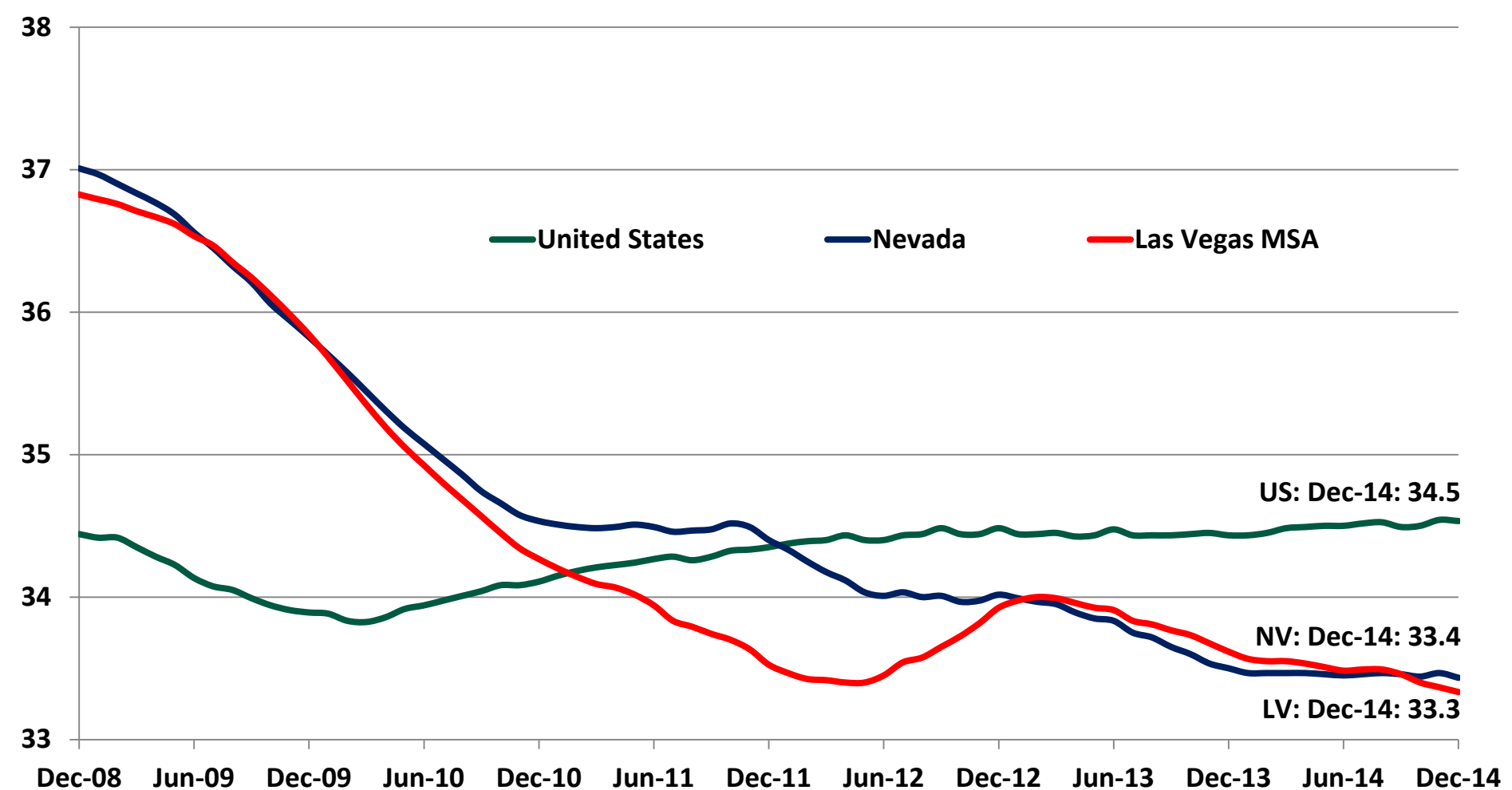
Wages, after adjusting for inflation, remain stagnant.

Las Vegas MSA Average Weekly Earnings: Dec-08 to Dec-14



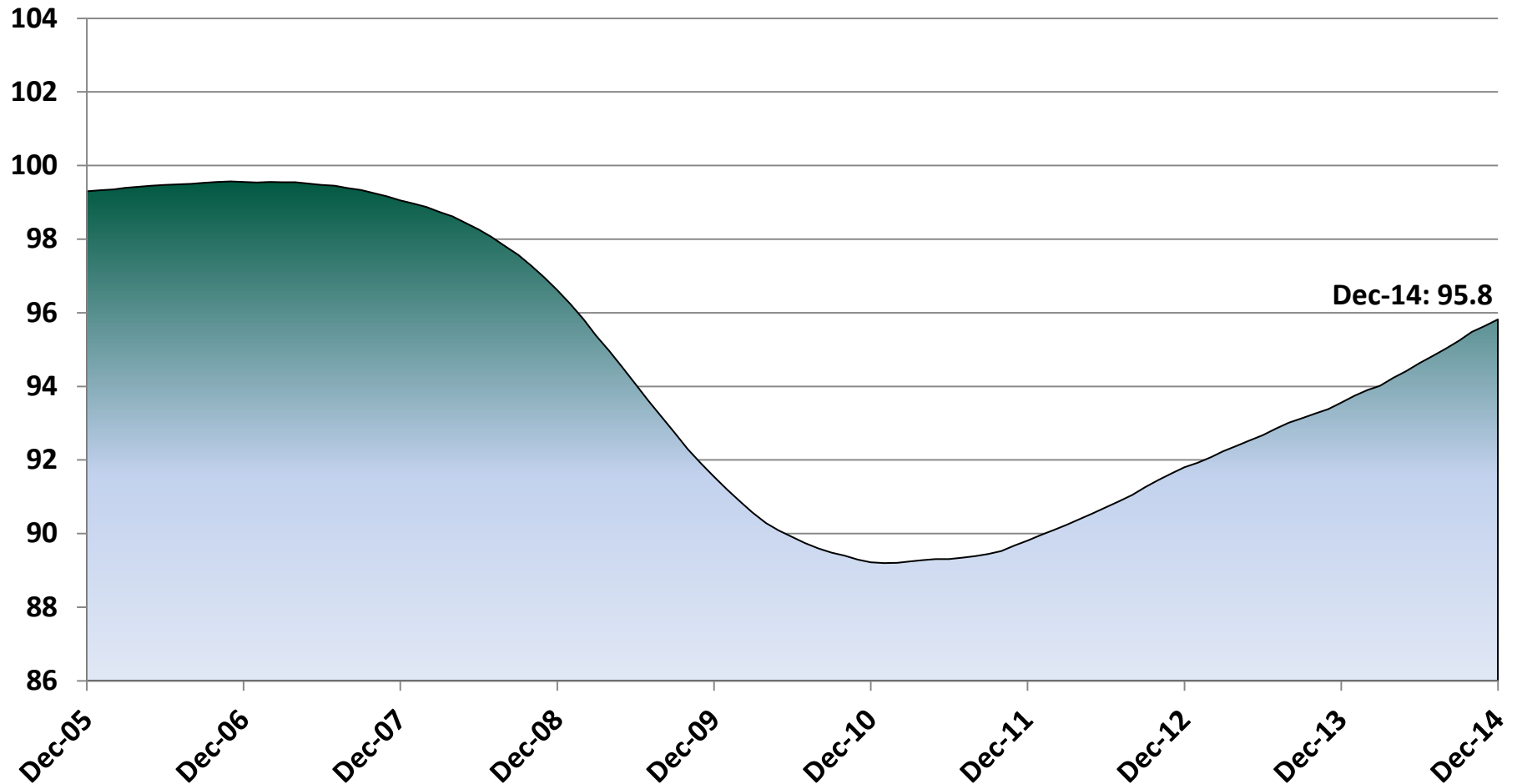
Age of the part-time worker. Weekly hours dropping as unemployment rate drops.

Las Vegas MSA Average Weekly Hours: Dec-08 to Dec-14



Employment index steadily improving, work remains to reach full employment.

Las Vegas MSA RCG Employment Index: Dec-05 to Dec-14



Dec-14: 95.8

Las Vegas skilled worker pool has boomed since 2000.

Las Vegas MSA High-Skill Population Growth (% Change): 2000-2013

MSA	Bach. Degree+ Pop. Growth	Rank	Total Pop. Growth	Rank
Charlotte, NC	102%	1	35%	5
Grand Rapids, MI	93%	2	9%	33
Las Vegas	91%	3	45%	3
Austin, TX	80%	4	49%	2
Raleigh, NC	79%	5	51%	1
Riverside, CA	74%	6	34%	8
Nashville, TN	72%	7	27%	12
Orlando, FL	66%	8	37%	4
San Antonio	66%	9	32%	9
Phoenix	63%	10	34%	6

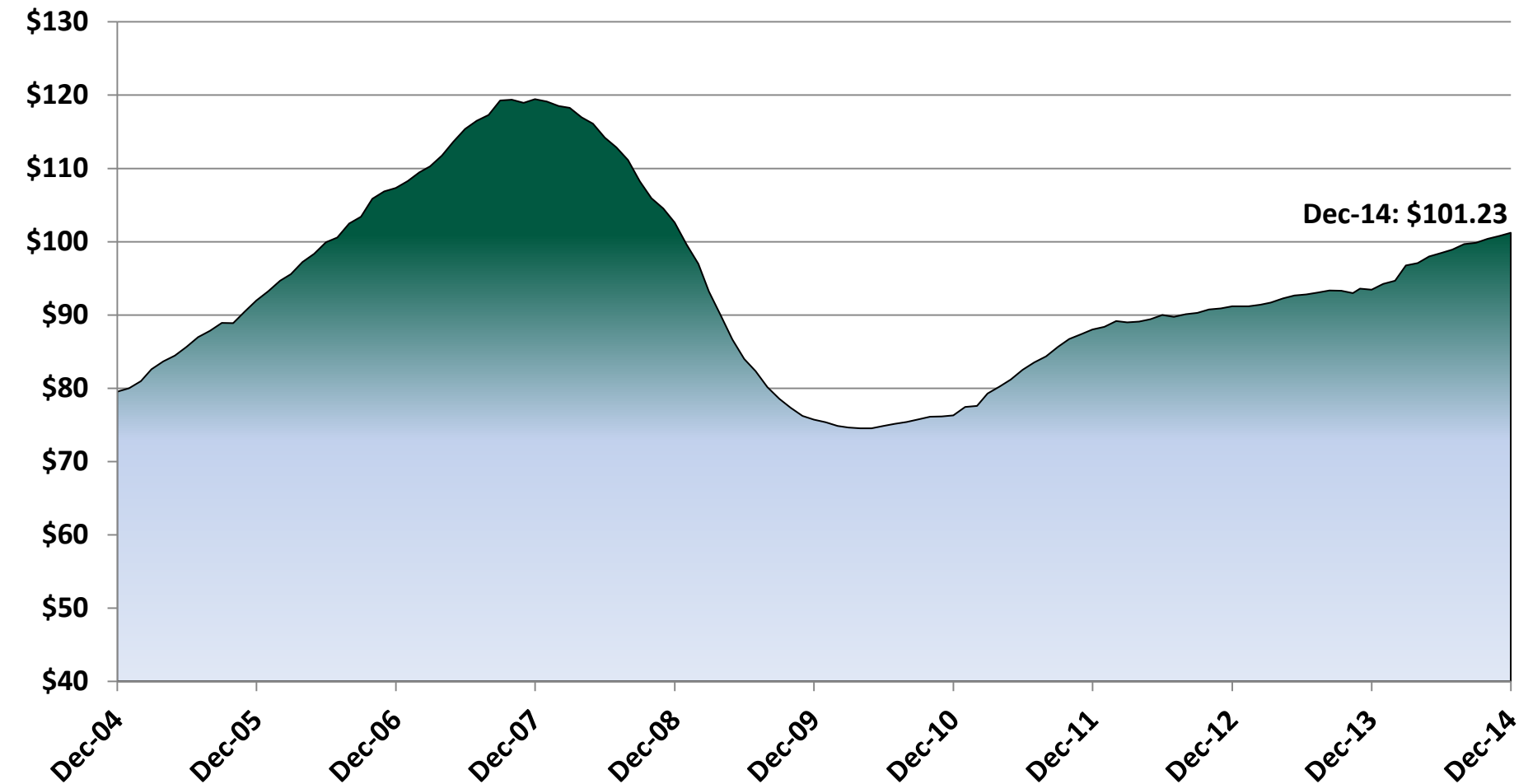
Nevada jobs bounce back big in 2013, but U-6 rate remains stubbornly high.

Nevada Employment vs. Rest of US (% Change): 2013

Fastest Growing States	1-YR Growth Rate	Slowest Growing States	1-YR Growth Rate
North Dakota	3.7%	Rhode Island	0.7%
Nevada	3.4%	Arkansas	0.6%
Florida	2.8%	DC	0.6%
Oregon	2.8%	Pennsylvania	0.5%
Utah	2.8%	New Jersey	0.5%
Texas	2.7%	South Dakota	0.4%
Colorado	2.7%	Vermont	0.3%
California	2.6%	Virginia	0.3%
South Carolina	2.5%	West Virginia	0.1%
Delaware	2.4%	New Mexico	-0.2%

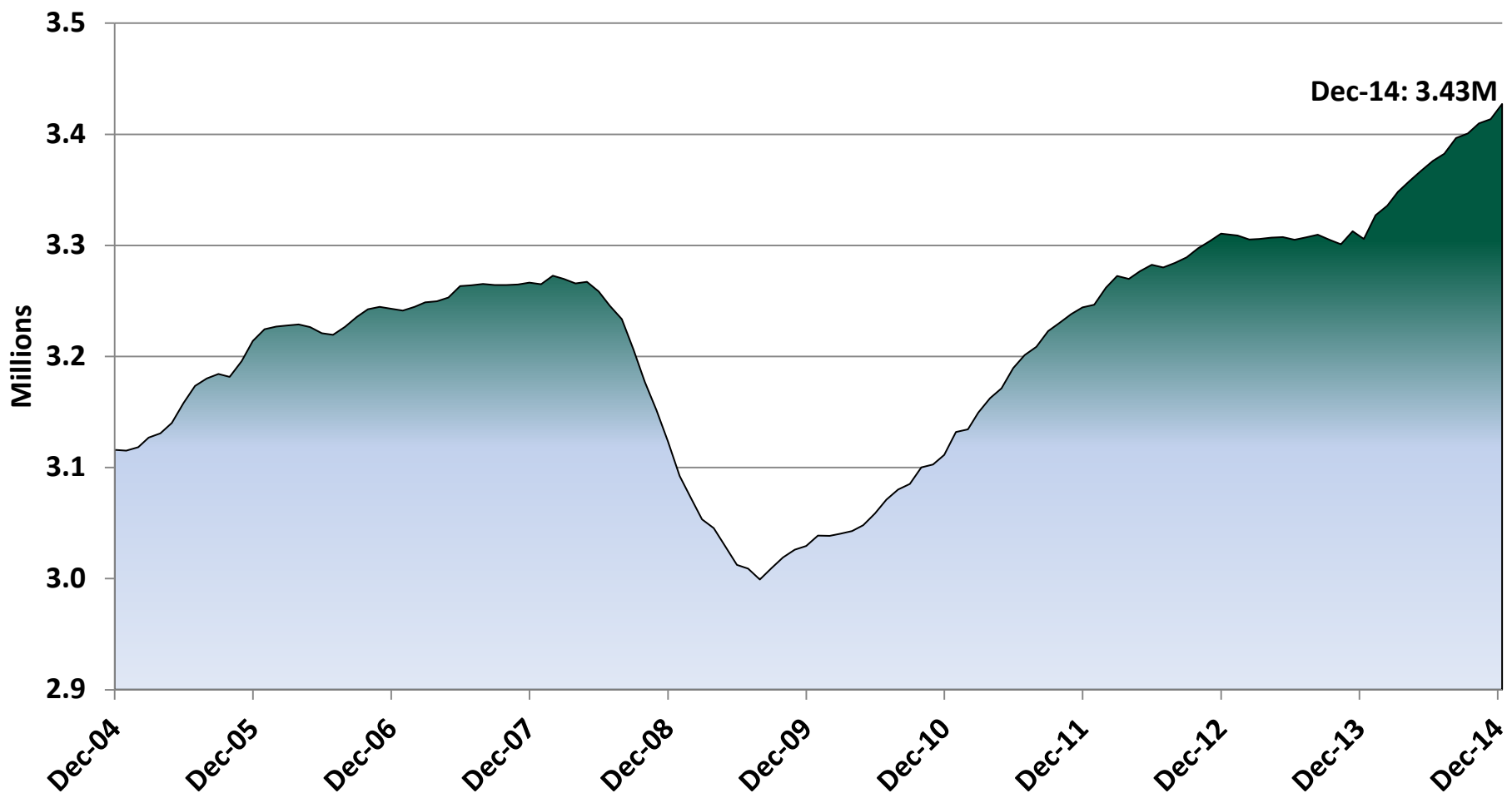
RevPAR recovering slowly from recession but back up over \$100.

Las Vegas Valley Hotel Revenue per Available Room: Dec-04 to Dec-14



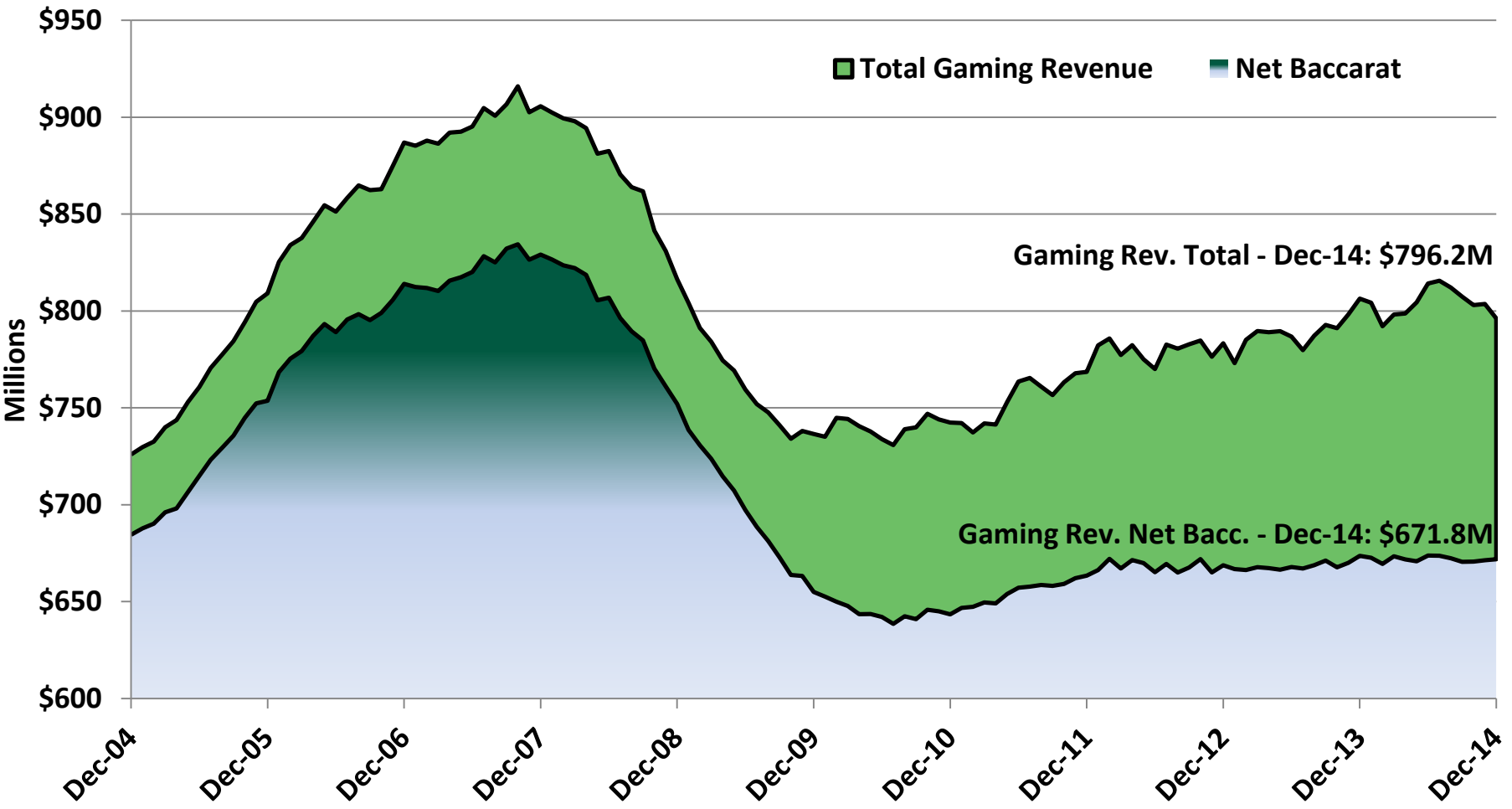
Visitor volume at highest ever levels & continues to spike.

Las Vegas Valley Visitor Volume: Dec-04 to Dec-14



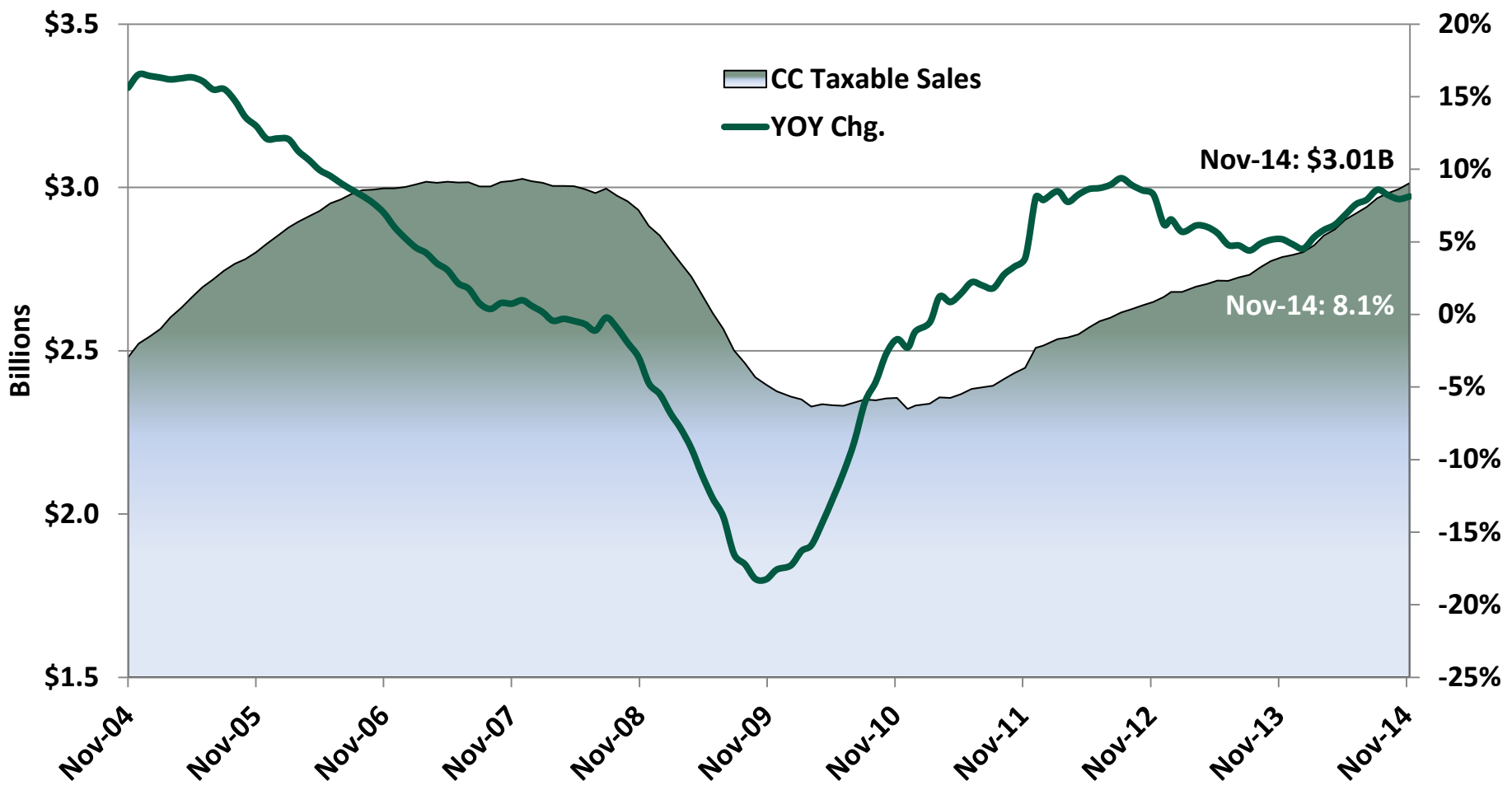
Gaming revenue increasing due to baccarat; net baccarat stagnant.

Clark County Gaming Revenue: Dec-04 to Dec-14



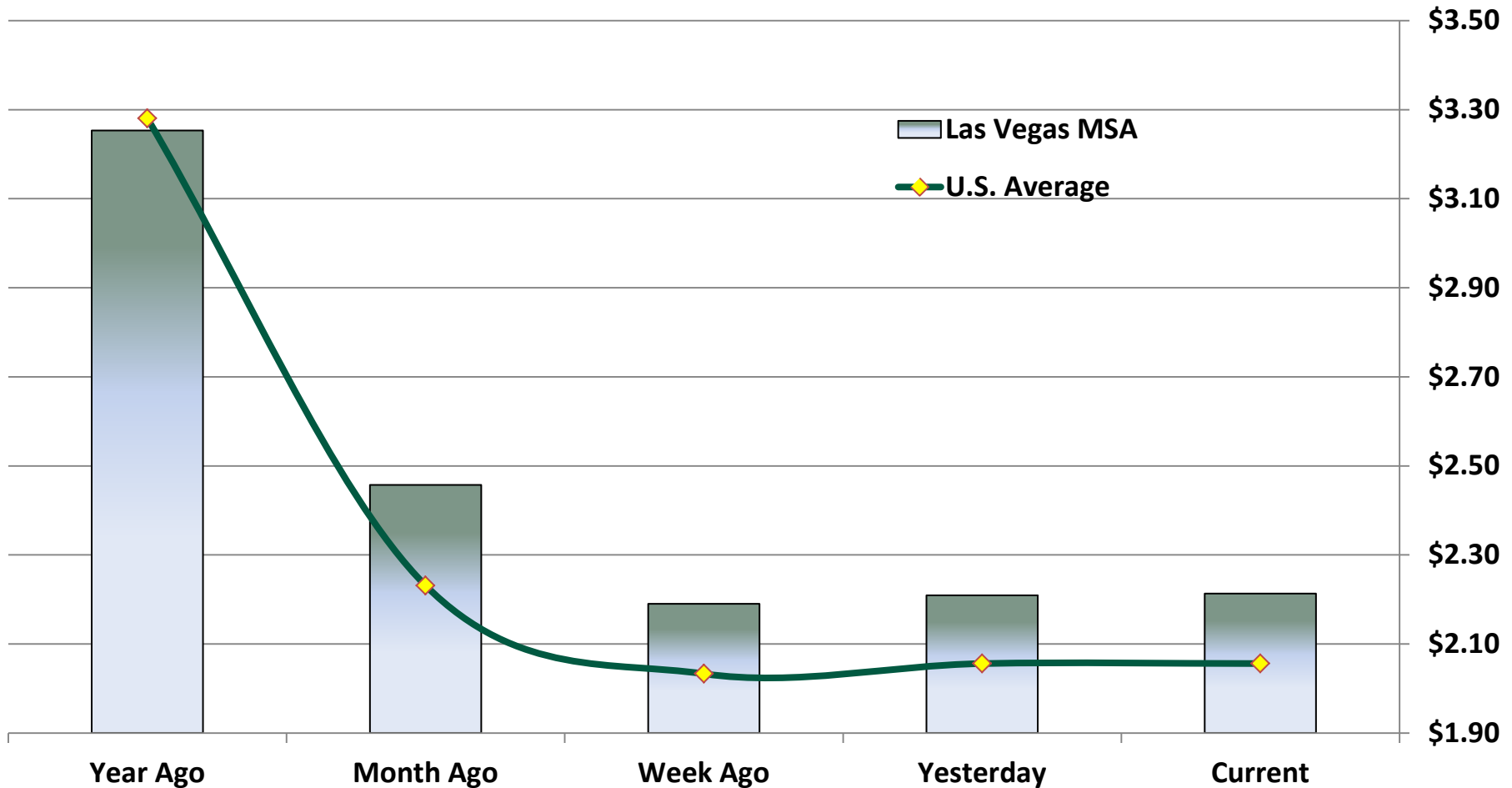
Taxable sales nearing all-time high, continues to fuel LV economy.

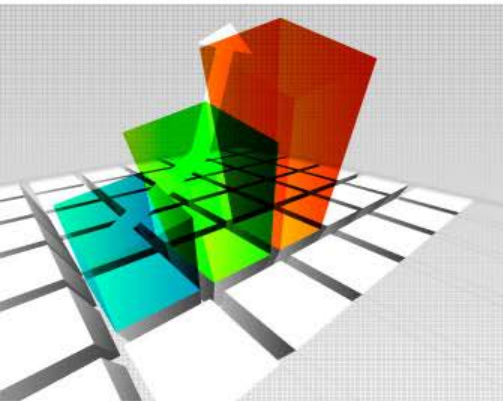
Clark County Taxable Retail Sales: Nov-04 to Nov-14



Gas prices have tumbled over the last several months.

US & Las Vegas MSA Gas Prices: One Year Ago to Current (2/2/2015)





LOOKING FORWARD

Three Rules of Forecasting

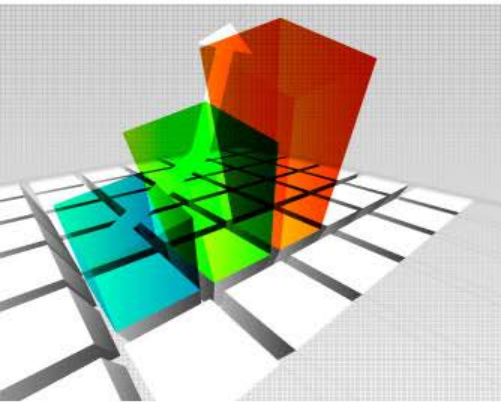
If you give a number, don't give a date.

If you give a date, don't give a number.

If you get it right, don't look surprised.

-- Anonymous





LOOKING FORWARD

How Others See Us

SoNv has average development & redevelopment opportunities.

2015 Metro Perspective: Top 10 Metros for Development/Redevelopment: Opportunities + Las Vegas MSA (Of 60 Largest Metros)

1 Houston	4.62	Weak
2 Dallas/Fort Worth	4.24	Declining
3 San Jose	4.20	Average
4 Seattle	4.19	Improving
5 New Orleans	4.17	Strong
6 New York—Brooklyn	4.15	
7 Denver	4.14	
8 San Francisco	4.09	
9 Nashville	4.06	
10 Minneapolis/St. Paul	4.05	
57 Las Vegas	3.17	
58 Milwaukee	3.17	
59 Spokane	3.17	
60 Birmingham	3.17	

Based on survey of 1,400 industry leaders.

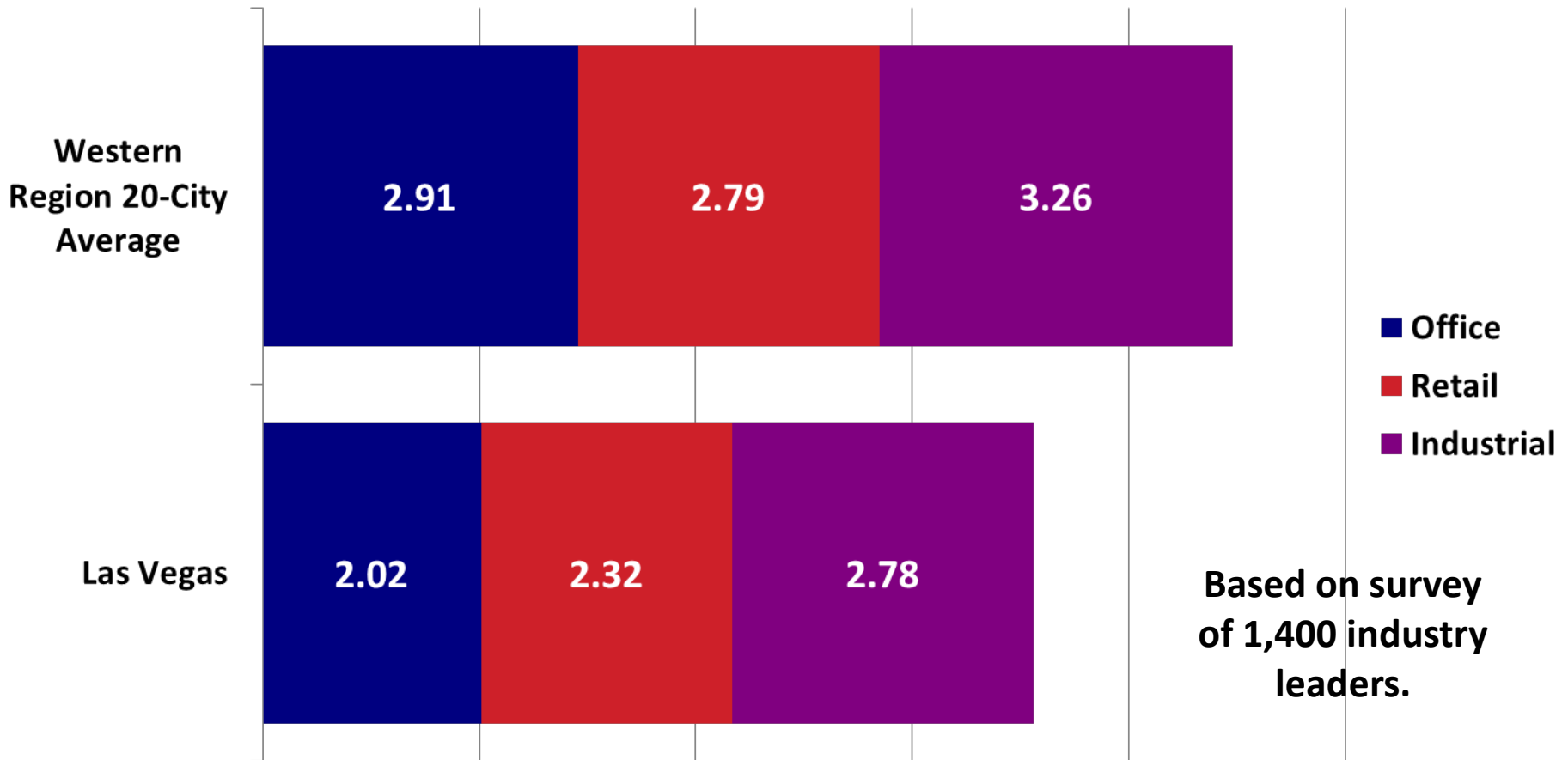
SoNV lags in projected economic strength among western metros.

2015 Strength of Economy Scores (Out of 5): Local Outlook: West Region



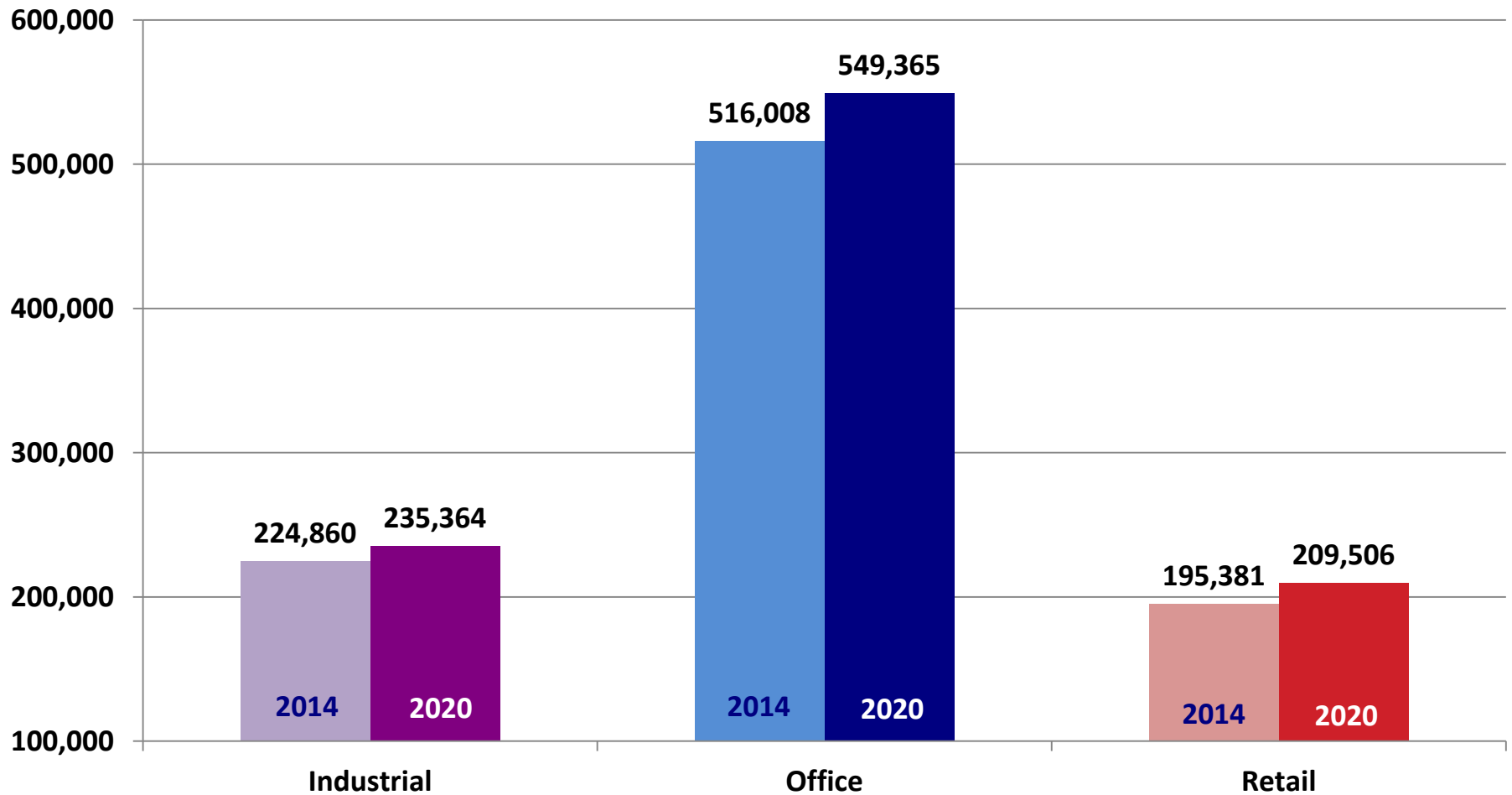
SoNV CRE lags investment prospects lag other western metros, cont'd.

2015 Sector Investment Prospects (Out of 5): Las Vegas & Western Region



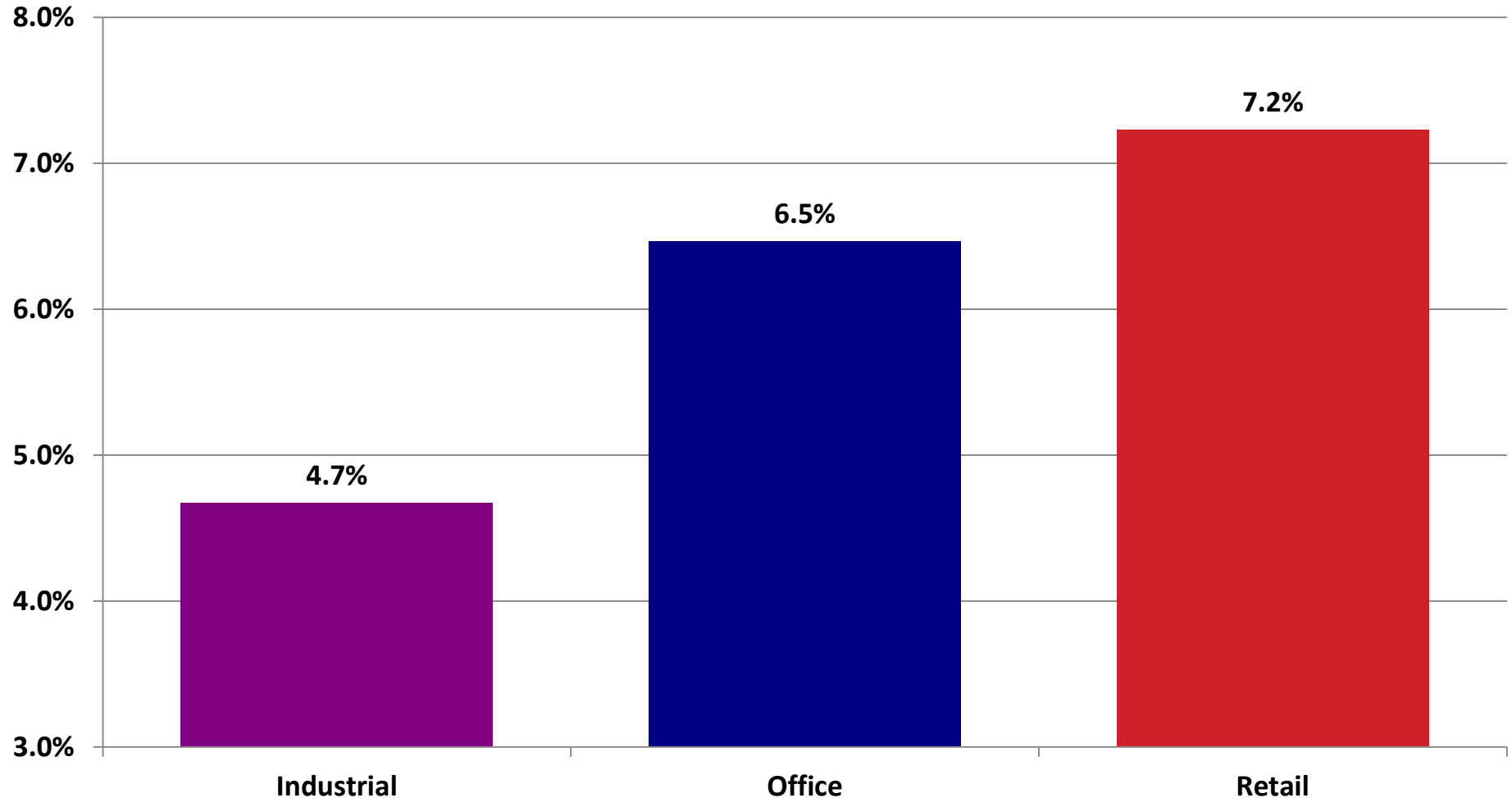
LV office occupations appear to have potential this decade on a #s basis.

Las Vegas Major Occupations Forecast, by Total Jobs: 2014-2020



Las Vegas retail occupations should see greatest growth on a % basis .

Las Vegas Major Occupations Forecast, by Percent Growth: 2014-2020

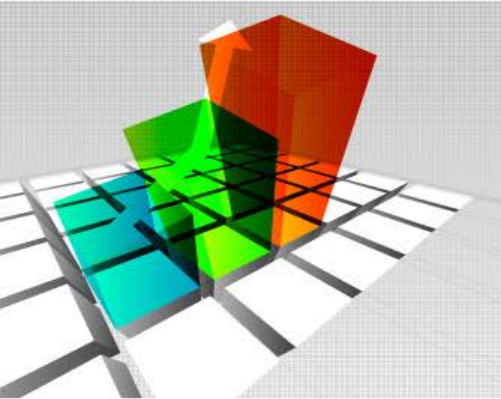


Less than optimal LV real estate prospects: investment, development & homebuilding.

2015 Top 10 U.S. Metros to Watch Plus Las Vegas: Overall Real Estate Prospects (5 is Highest Score)

	Market (Of 75 Largest Markets)	Investment	Development	Homebuilding
1	Houston (1, 1, 2)	4.01	3.80	4.21
2	Austin (2, 4, 1)	3.85	3.68	4.33
3	San Francisco (3, 2, 5)	3.82	3.75	3.80
4	Denver (5, 5, 4)	3.66	3.54	3.87
5	Dallas/Fort Worth (9, 8, 3)	3.56	3.43	3.98
6	Los Angeles (6, 6, 6)	3.65	3.52	3.73
7	Charlotte (7, 7, 7)	3.61	3.44	3.71
8	Seattle (4, 3, 17)	3.70	3.72	3.34
9	Boston (8, 9, 14)	3.58	3.37	3.39
10	Raleigh/Durham (16, 17, 9)	3.42	3.24	3.57
64	Las Vegas (62, 64, 64)	2.59	2.46	2.58

Based on survey
of 1,400 industry
leaders.

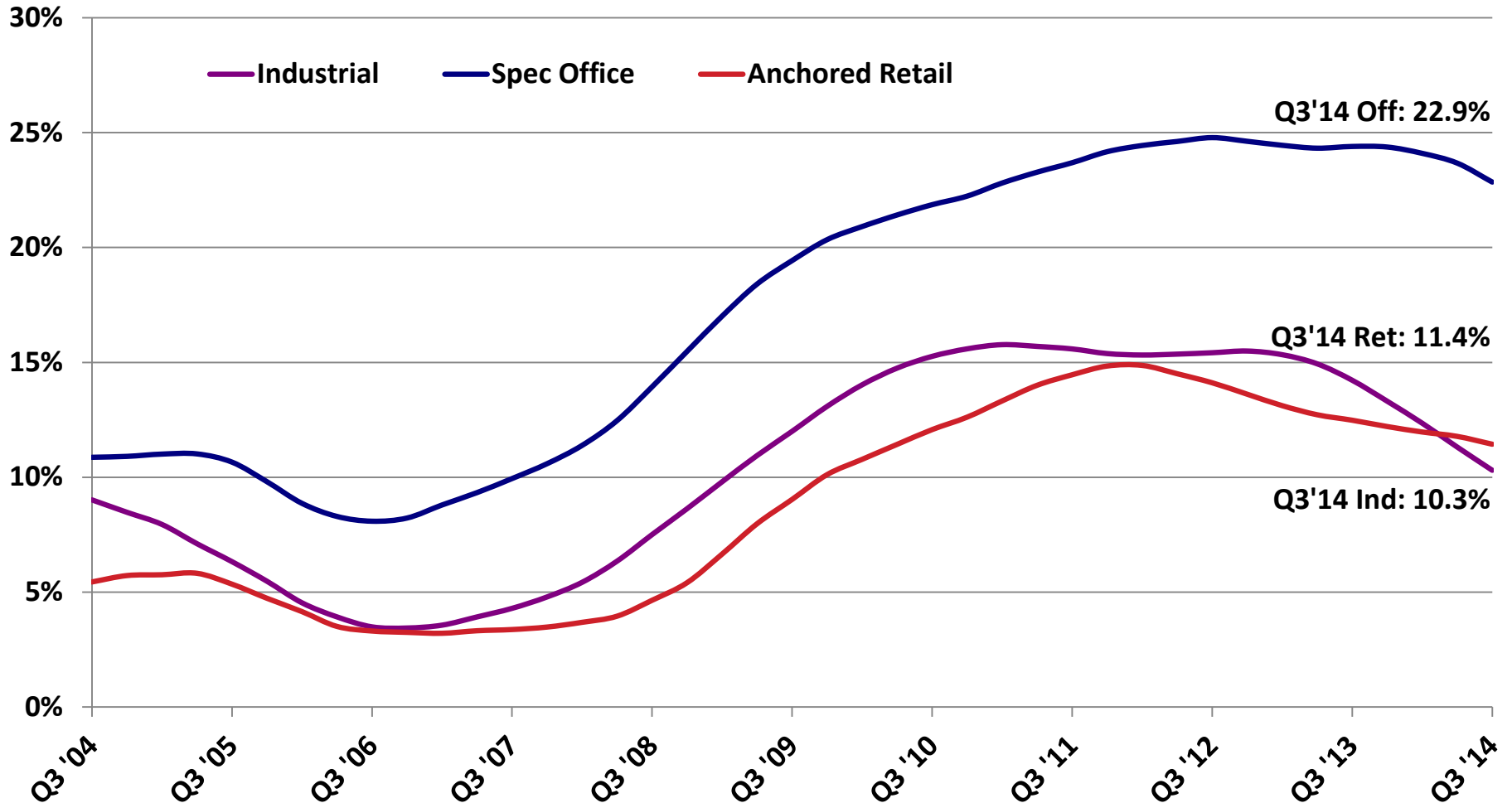


LOOKING FORWARD: SO. NEVADA'S ECONOMY & REAL ESTATE MARKETS



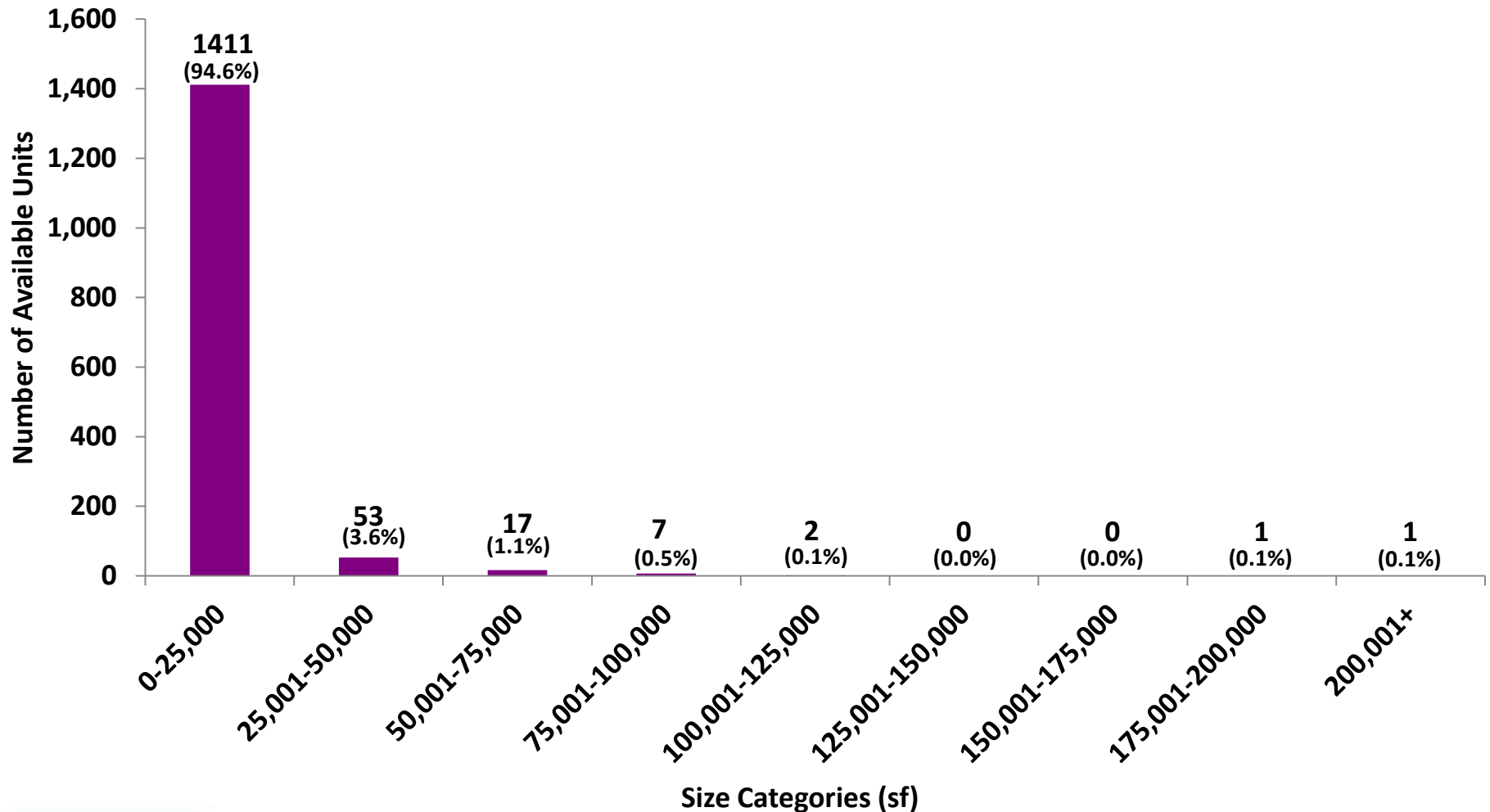
Vacancy rates recovering across board, led by Industrial real estate.

Las Vegas Valley Commercial Real Estate Vacancy Rates: Q3/04 to Q3/14



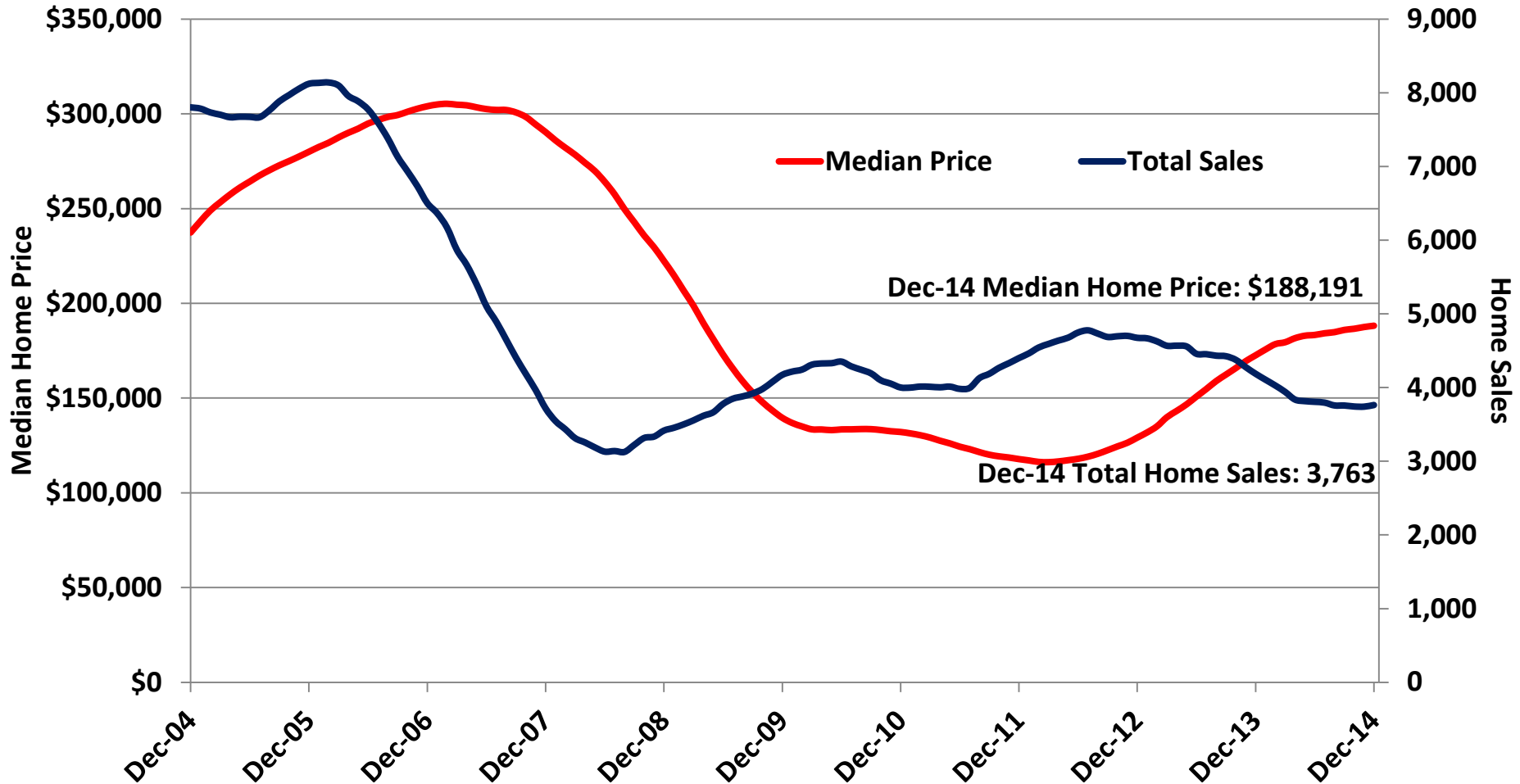
Lack of larger units hampering Industrial growth in LV; but help on the way.

Las Vegas Valley Distribution of Available Industrial Units, by Size: Q3/14



Home sales slowing as price rises & cash-buyers leave market.

Las Vegas MSA Weighted Sales & Median Home Price: Dec-04 to Dec-14



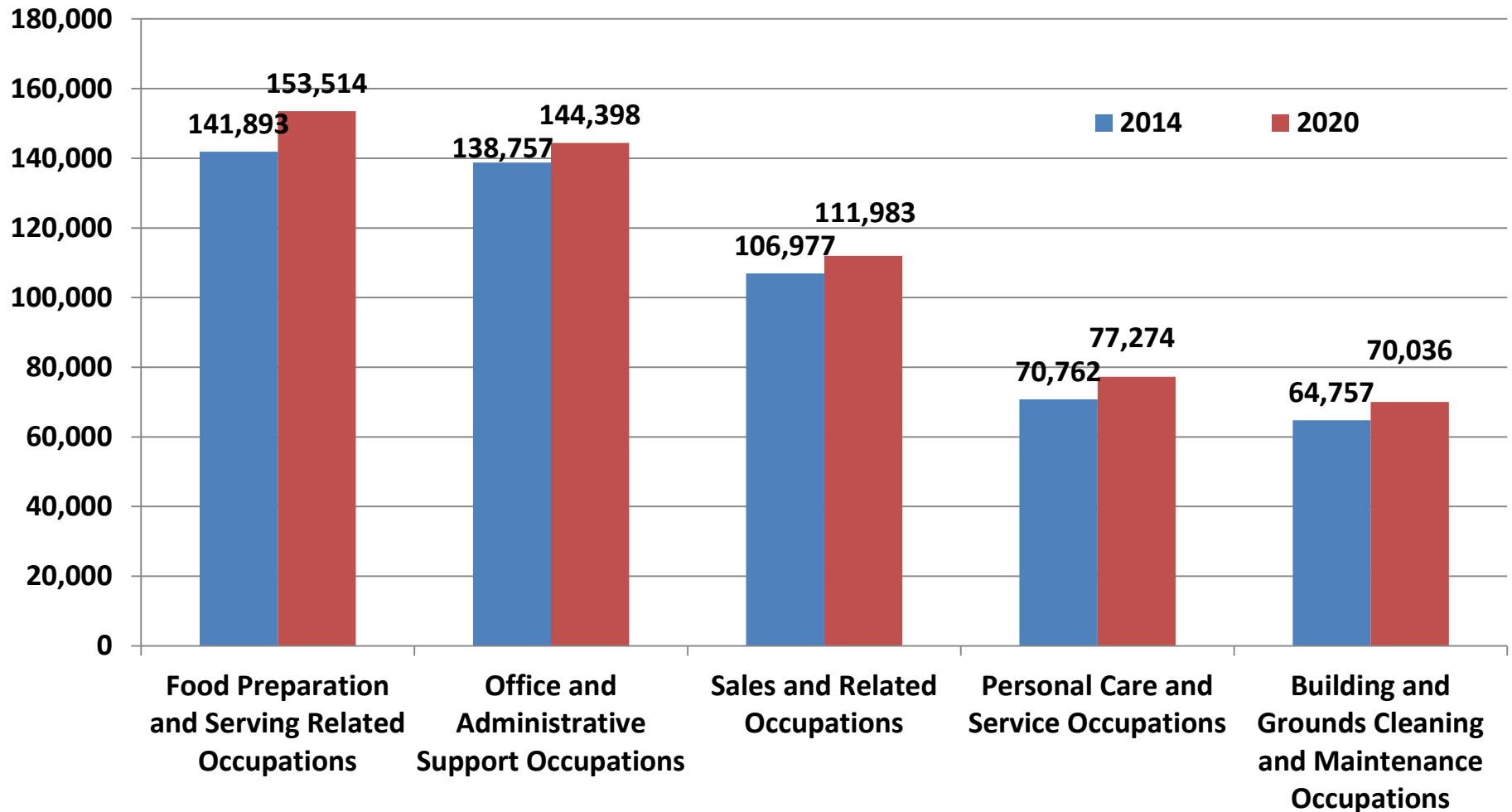
Looking ahead: Las Vegas MSA poised to continue making strides.

Las Vegas MSA Population/Employment Forecast (% Change): 2014-2015

Las Vegas MSA (Pop./Emp.)	2014	2015
Population*	2.0%	2.1%
Population**	1.8%	1.8%
Population***	1.3%	1.4%
Employment**	1.9%	1.9%

Food service & administration jobs lead Las Vegas industries in size.

Top 5 Las Vegas Industries, by Total Jobs: 2014-2020



Service jobs will continue to lead.

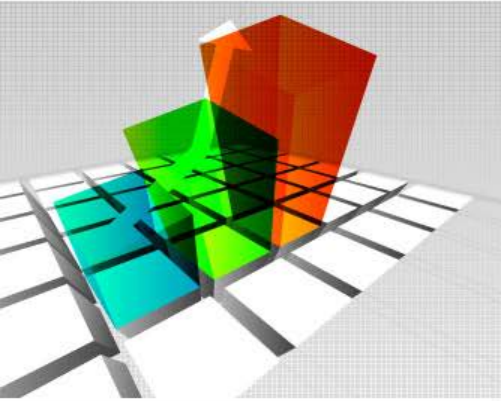
Las Vegas Top 10 Job Forecast (# Change): 2014-2020

Rank	Description	2014 Median Hourly Earnings	Job Growth (2014-2020)
1	Food Preparation and Serving Related Occupations	\$12.11	11,621
2	Personal Care and Service Occupations	\$12.21	6,512
3	Office and Administrative Support Occupations	\$15.68	5,641
4	Building and Grounds Cleaning and Maintenance Occupations	\$14.73	5,279
5	Sales and Related Occupations	\$14.28	5,006
6	Healthcare Practitioners and Technical Occupations	\$39.41	3,843
7	Transportation and Material Moving Occupations	\$16.16	3,690
8	Healthcare Support Occupations	\$15.17	2,376
9	Management Occupations	\$39.32	2,254
10	Business and Financial Operations Occupations	\$27.22	2,056

Healthcare & STEM jobs will grow by greatest amount, by percentage.

Las Vegas Top 10 Job Forecast (% Change): 2014-2020

Rank	Description	2014 Median Hourly Earnings	% Chng Jobs (2014-2020)
1	Healthcare Support Occupations	\$15.17	13.1%
2	Community and Social Service Occupations	\$23.23	11.8%
3	Computer and Mathematical Occupations	\$33.26	11.4%
4	Life, Physical, and Social Science Occupations	\$32.76	10.5%
5	Healthcare Practitioners and Technical Occupations	\$39.41	10.5%
6	Arts, Design, Entertainment, Sports, and Media Occupations	\$20.98	9.9%
7	Personal Care and Service Occupations	\$12.21	9.2%
9	Food Preparation and Serving Related Occupations	\$12.11	8.2%
9	Building and Grounds Cleaning and Maintenance Occupations	\$14.73	8.2%
10	Legal Occupations	\$40.58	7.3%



YESTERDAY, TODAY & TOMORROW IN PICTURES

While 2015 definitely won't be another 2004 . . .



*To infinity
and beyond...*

It won't be another 2008 either . . .



It won't even be another 2009 – 2013. . .



But even though still a bit wobbly, the recovery will continue to take hold in 2015.



- ✓ Fed Policy
- ✓ Corporate Profits
- ✓ Gas Prices
- ✓ Resort Industry Health
- ✓ Recovering RE market
- ✓ Healthy Job Growth
- ✓ Population Growth
- ✓ Economic Development



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SOUTHERN NEVADA CHAPTER

Contact:

Katrina Bruce

Chapter Executive | NAIOP Southern Nevada

Tel: (702) 798-7194 | Fax: (702) 798-8653

katrina@naiopnv.org

www.naiopnv.org