

SOUTHERN NEVADA 2015 & BEYOND

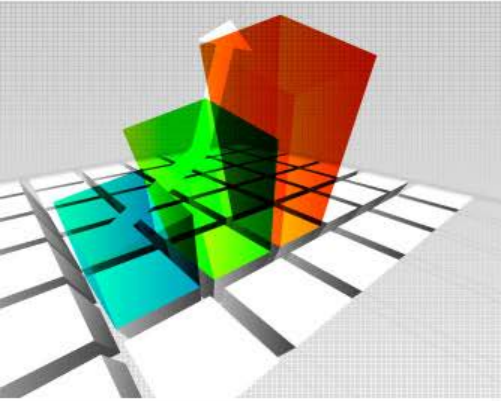


February 10, 2015

Prepared by:

**RCG
ECONOMICS**

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ECONOMICS**



HOW OTHERS SEE US



SoNv has average development & redevelopment opportunities.

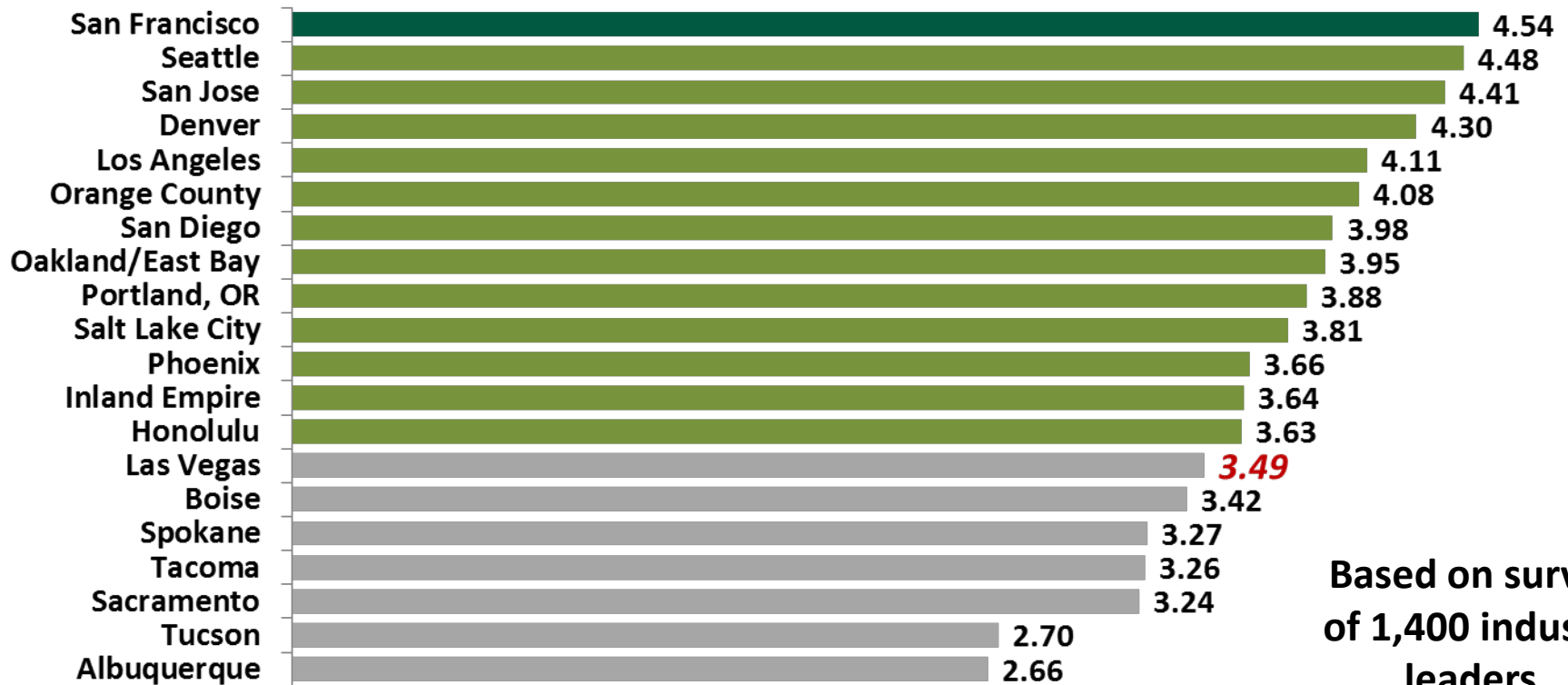
2015 Metro Perspective: Top 10 Metros for Development/Redevelopment: Opportunities + Las Vegas MSA (Of 60 Largest Metros)

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	

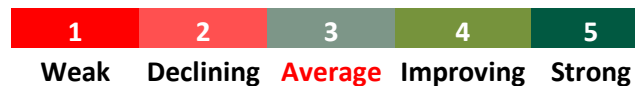
Based on survey of 1,400 industry leaders.

SoNV lags in projected economic strength among western metros.

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

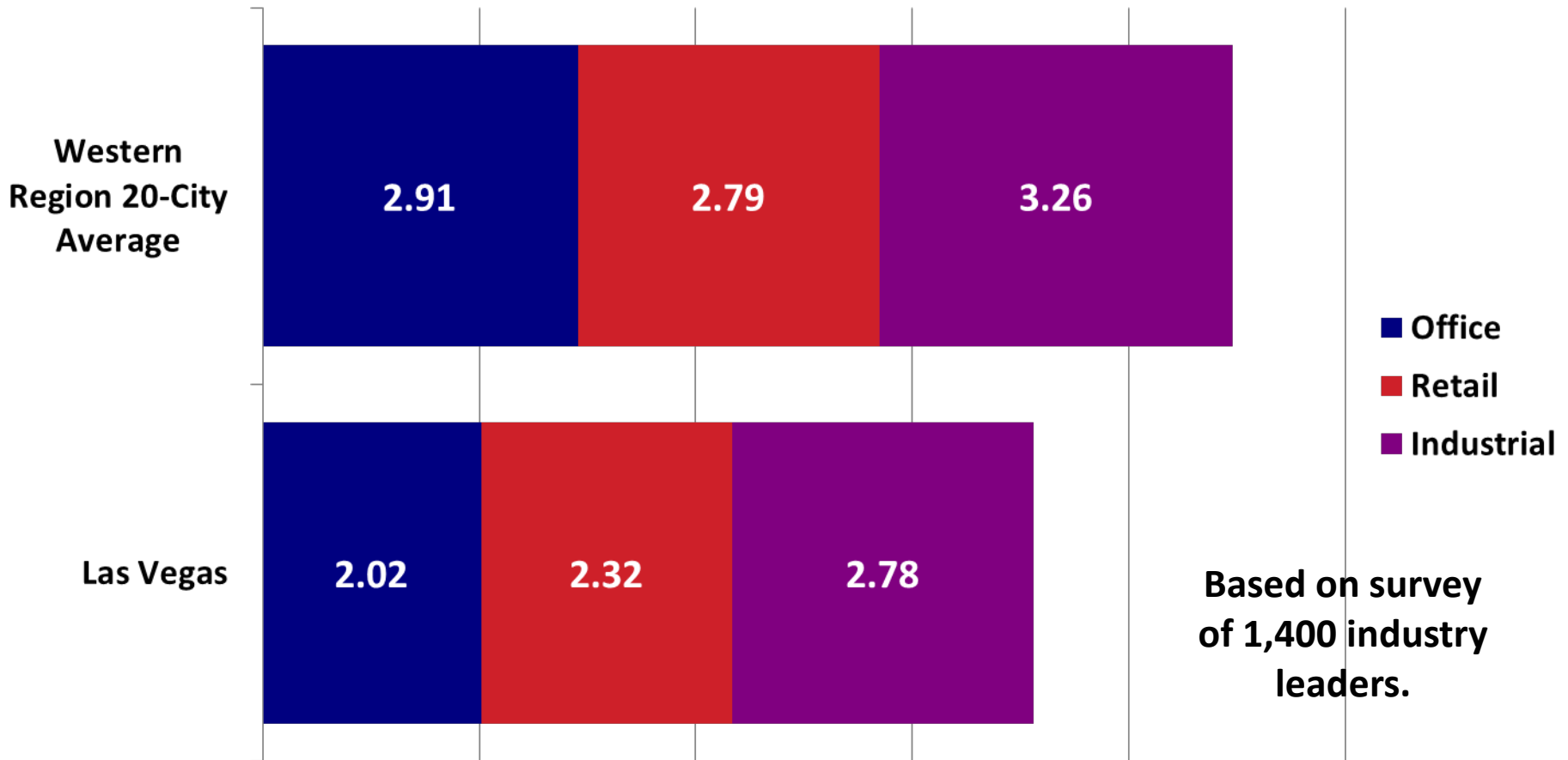


Based on survey of 1,400 industry leaders.



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

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

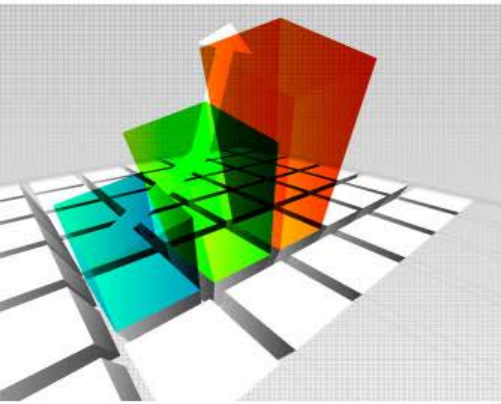


Less than optimal LV real estate prospects: investment, development & homebuilding.

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.



THE REALITY: SOUTHERN NEVADA ECONOMY



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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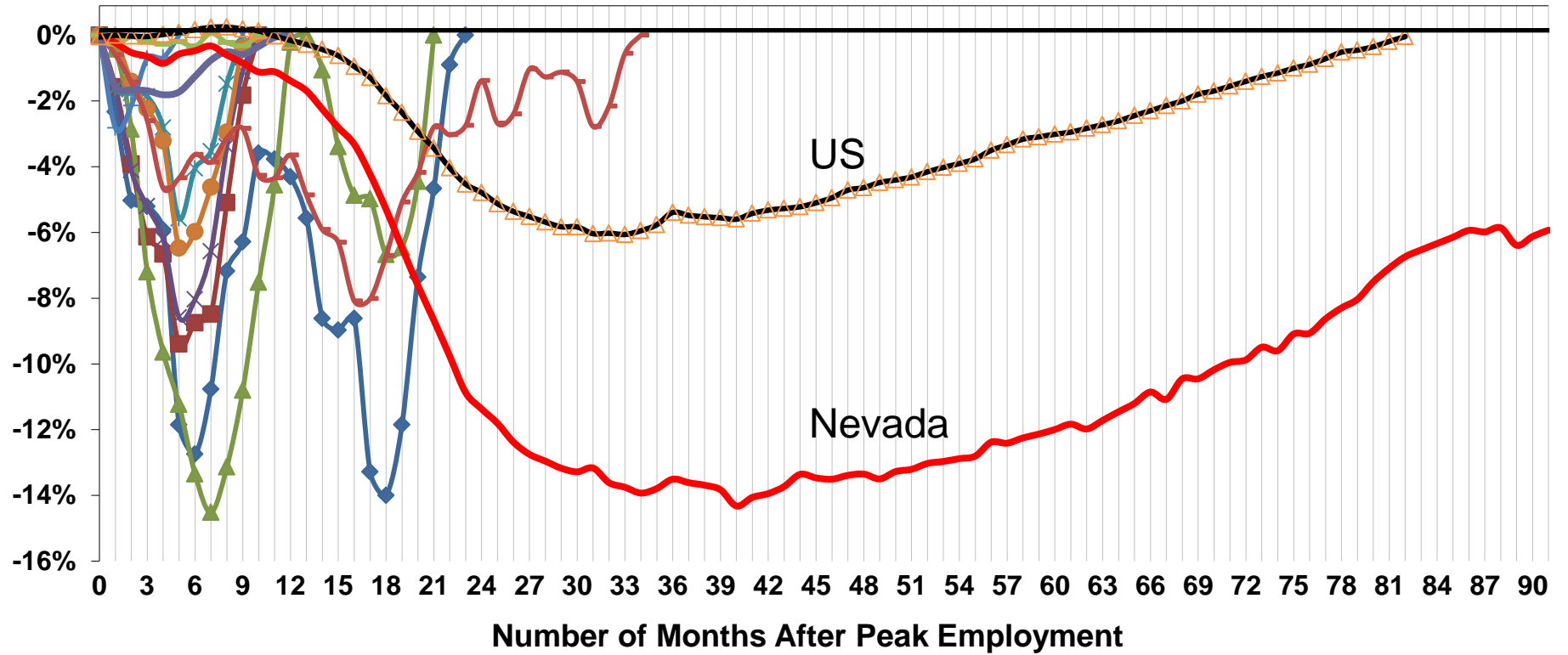
Real GMP* Growth (%)	#25
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Nevada job recovery from Great Recession after 91 months.

Nevada Recession Recoveries: 1948-Present

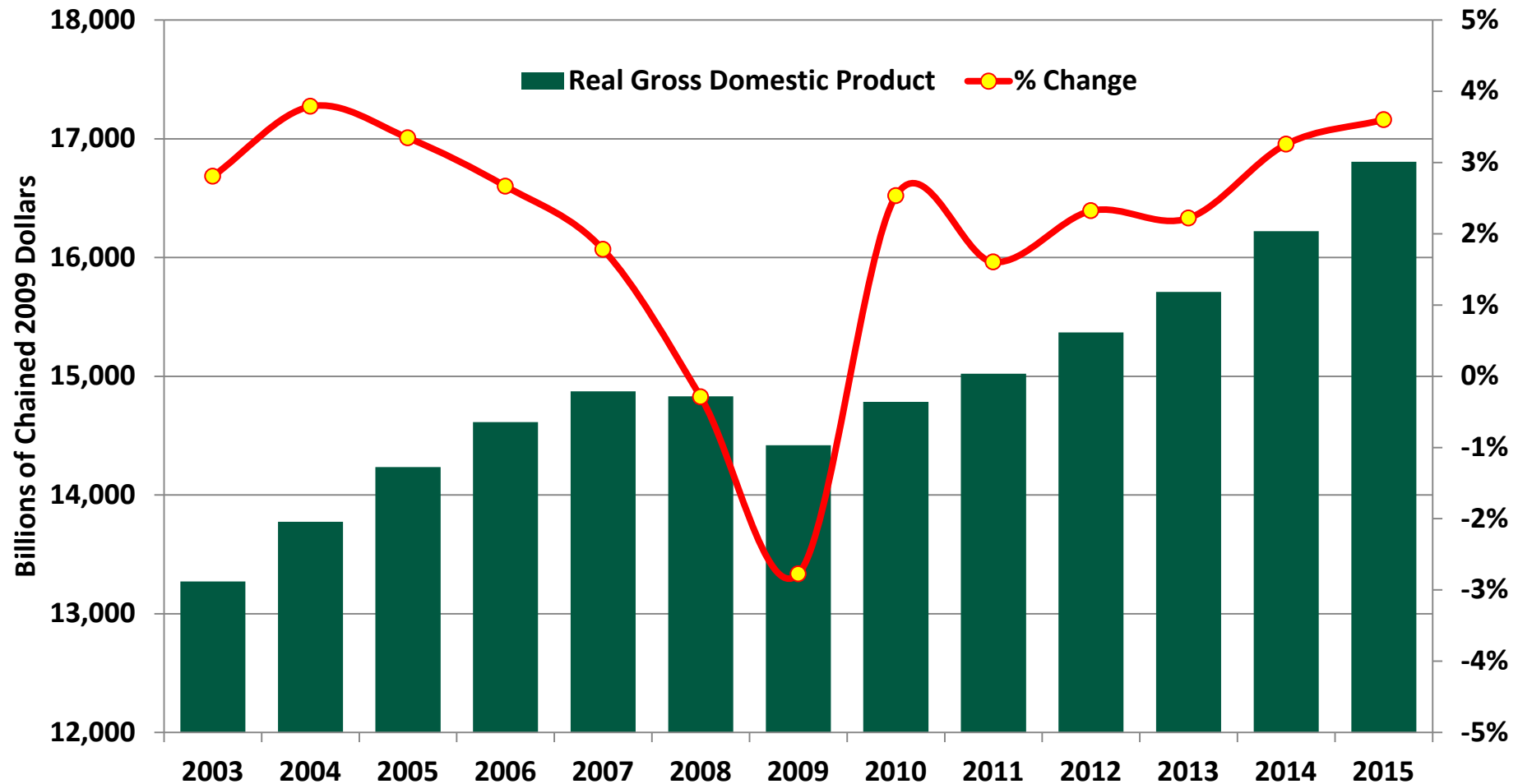
Comparison of Recession Job Growth Recoveries
 % Job Losses Relative to Peak Employment Month

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



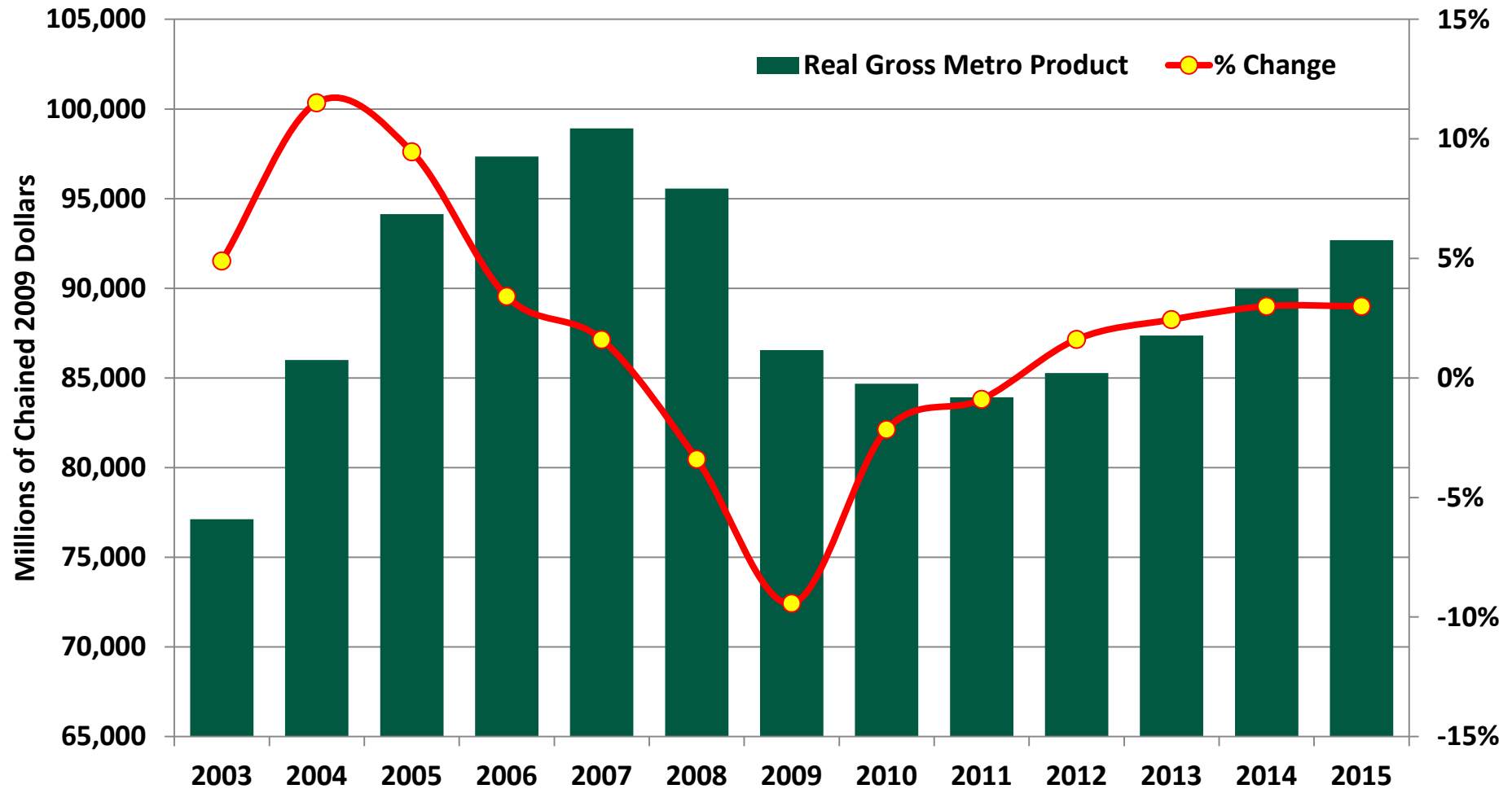
US real GDP further improving, compared to recent years.

US Real GDP Forecast: 2014-2015



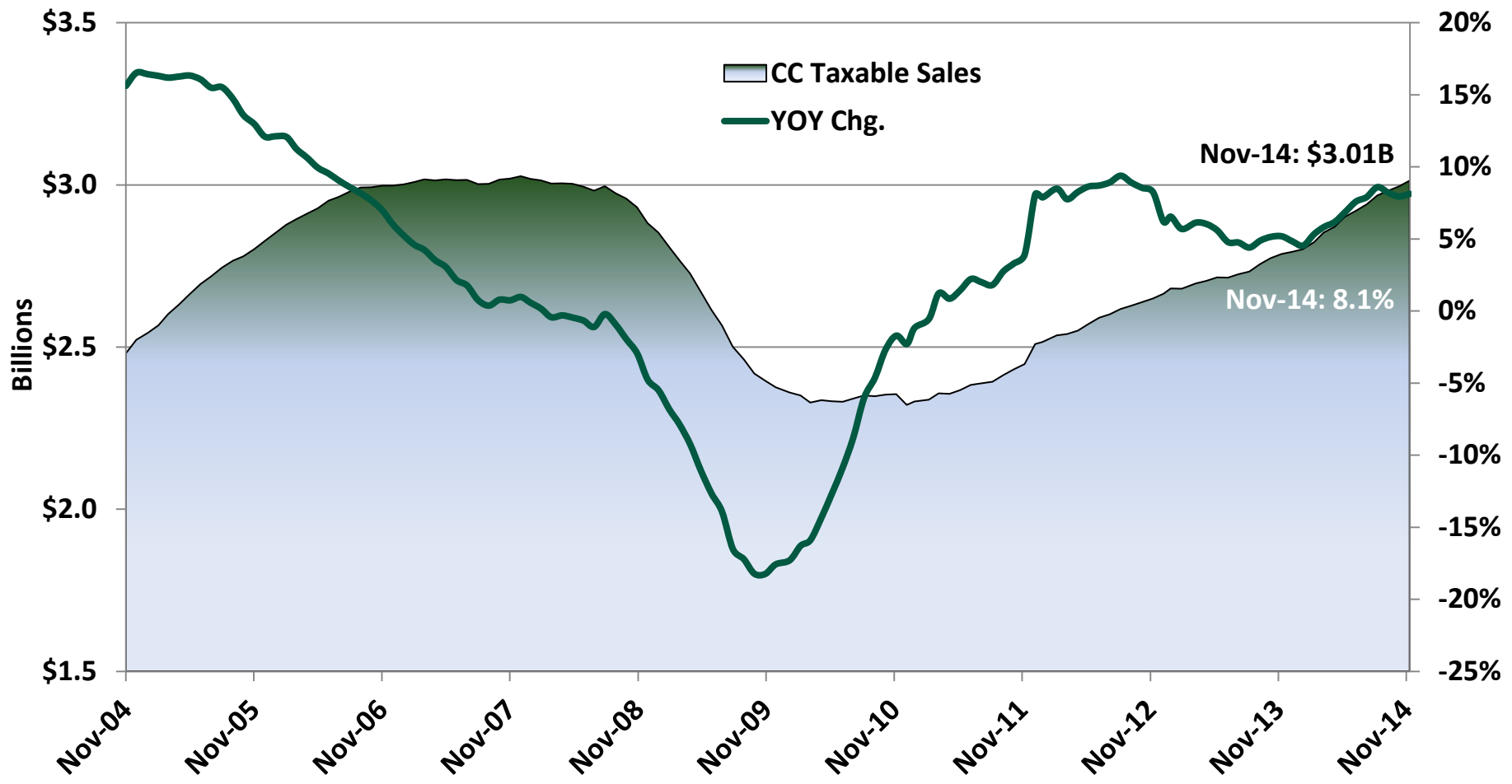
Las Vegas real GMP growth also improving coming out of Great Recession.

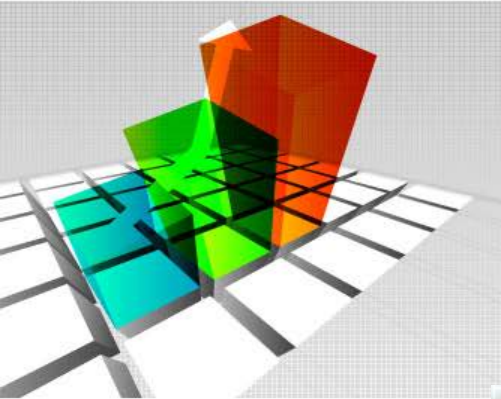
Las Vegas Real GMP Forecast: 2014-2015



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

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





THE REALITY: SOUTHERN NEVADA POPULATION & JOBS



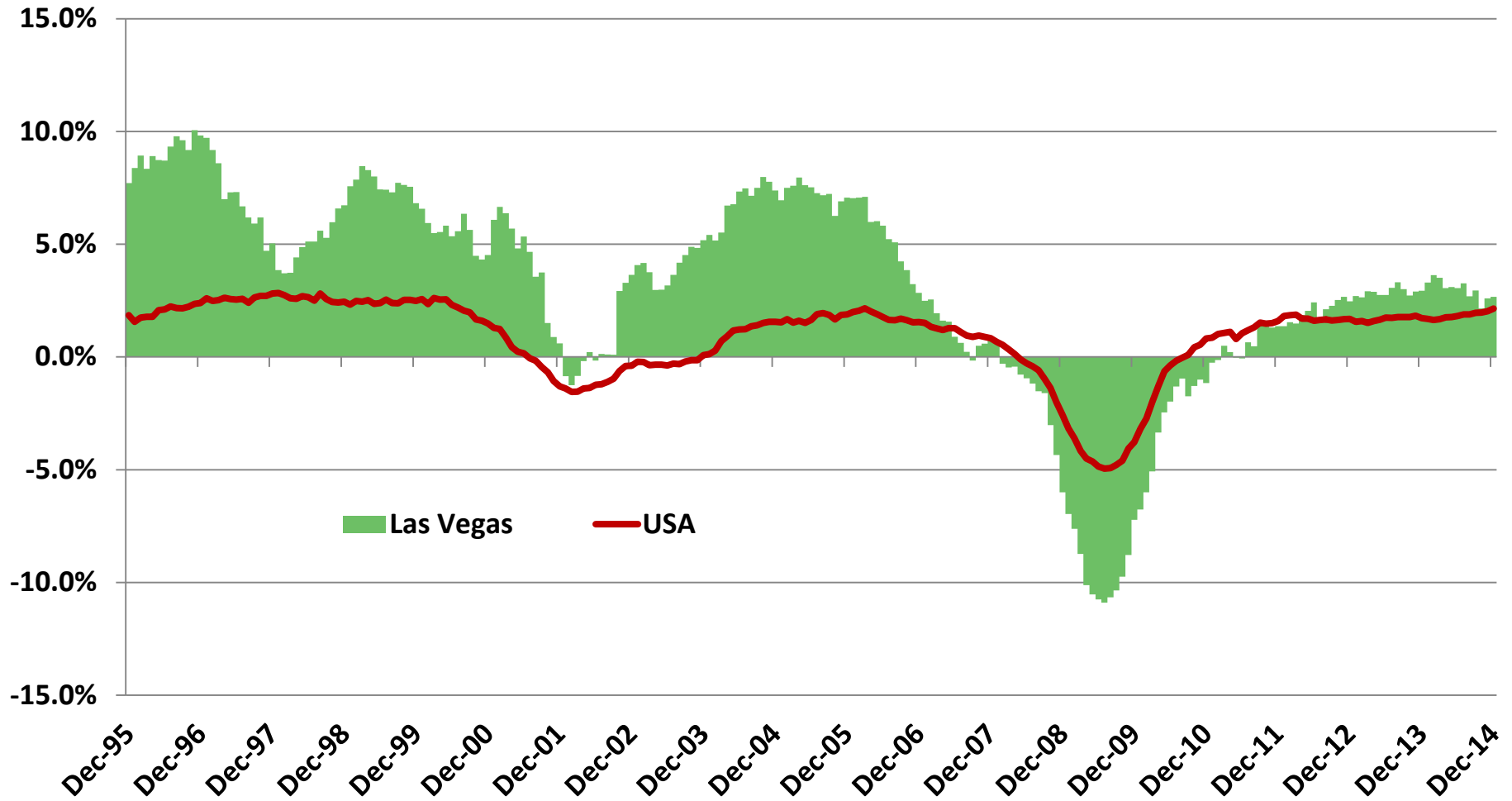
Las Vegas skilled worker pool has boomed since 2000.

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

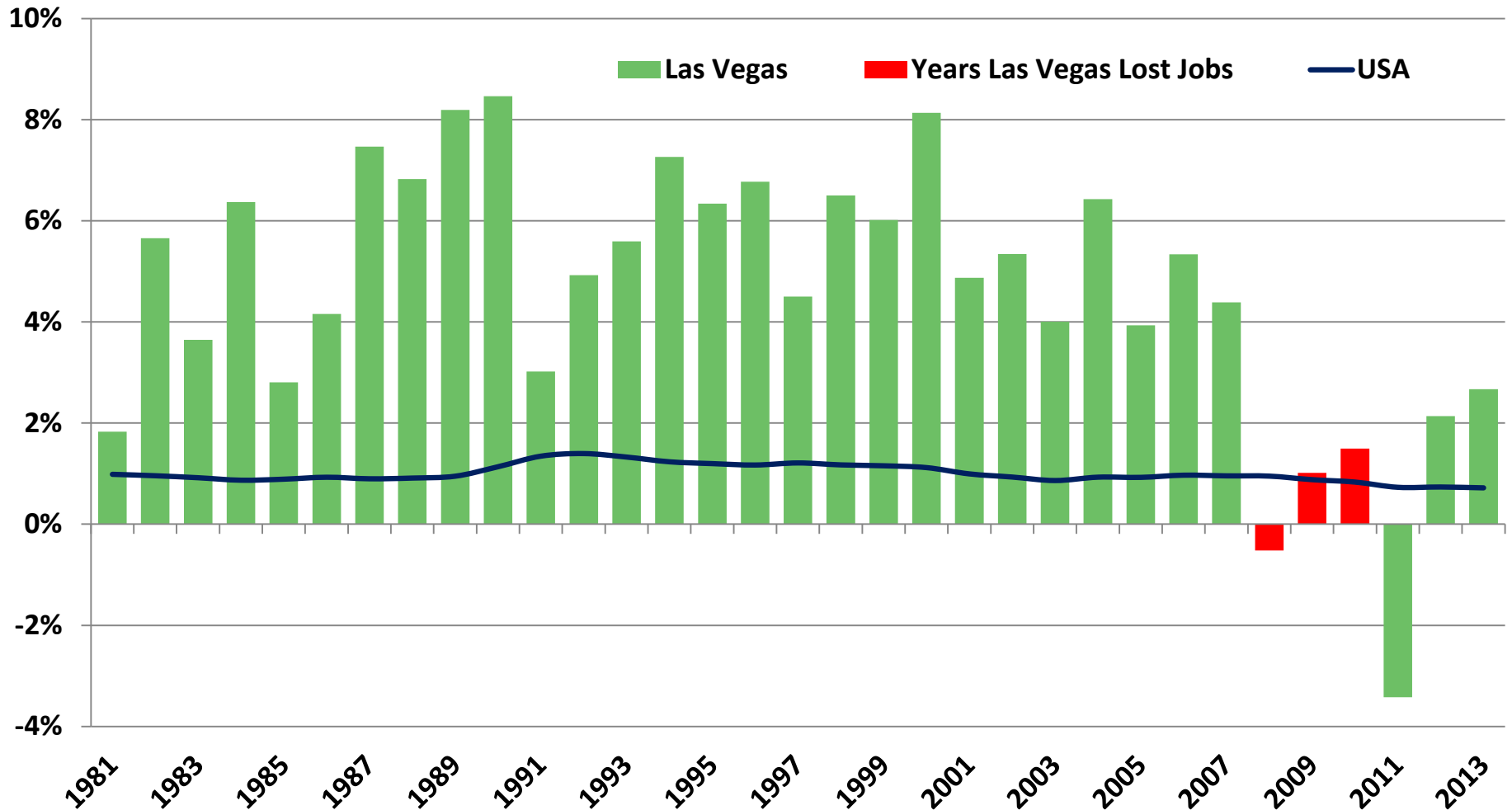
Job growth hurt in '01 Recession but crippled by Great Recession.

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



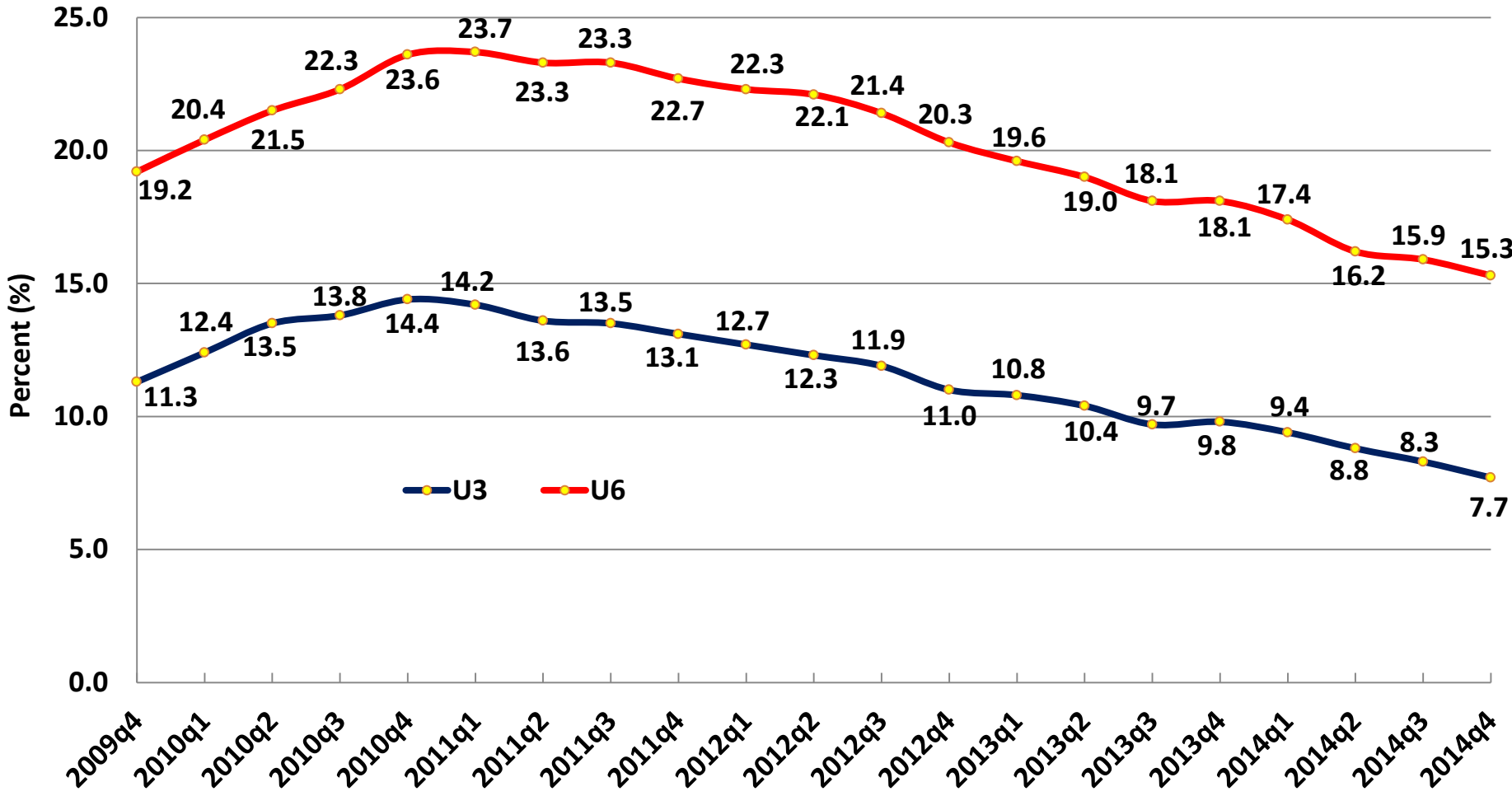
Nevada jobs bounce back big in 2013, but U-6 rate remains stubbornly high.

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%

“Headline” Unemployment rate improving but U-6 rate still too high.

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

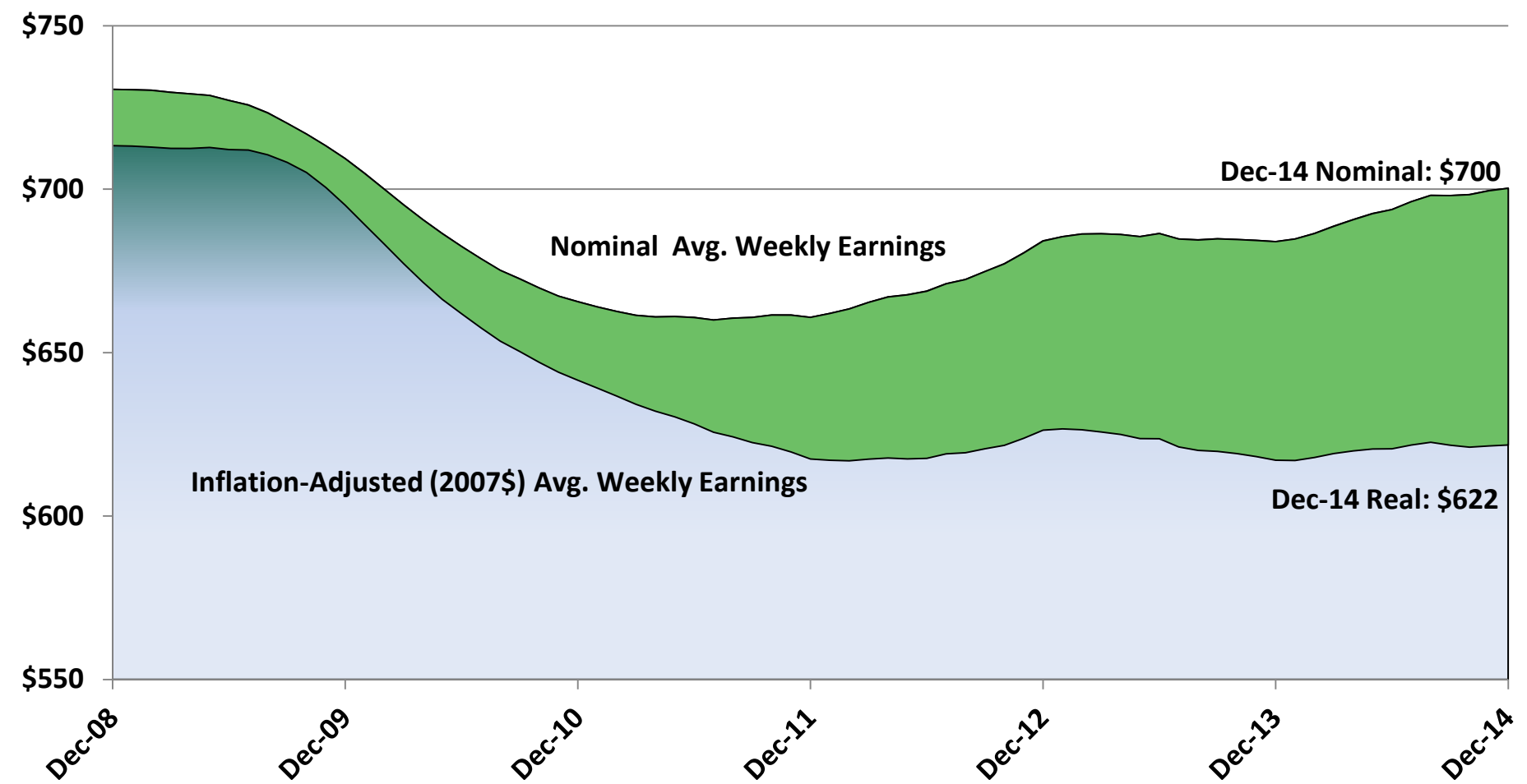


Note: Quarterly figures are rolling averages of the 4 quarters ending in the noted quarter.

Source: Bureau of Labor Statistics.

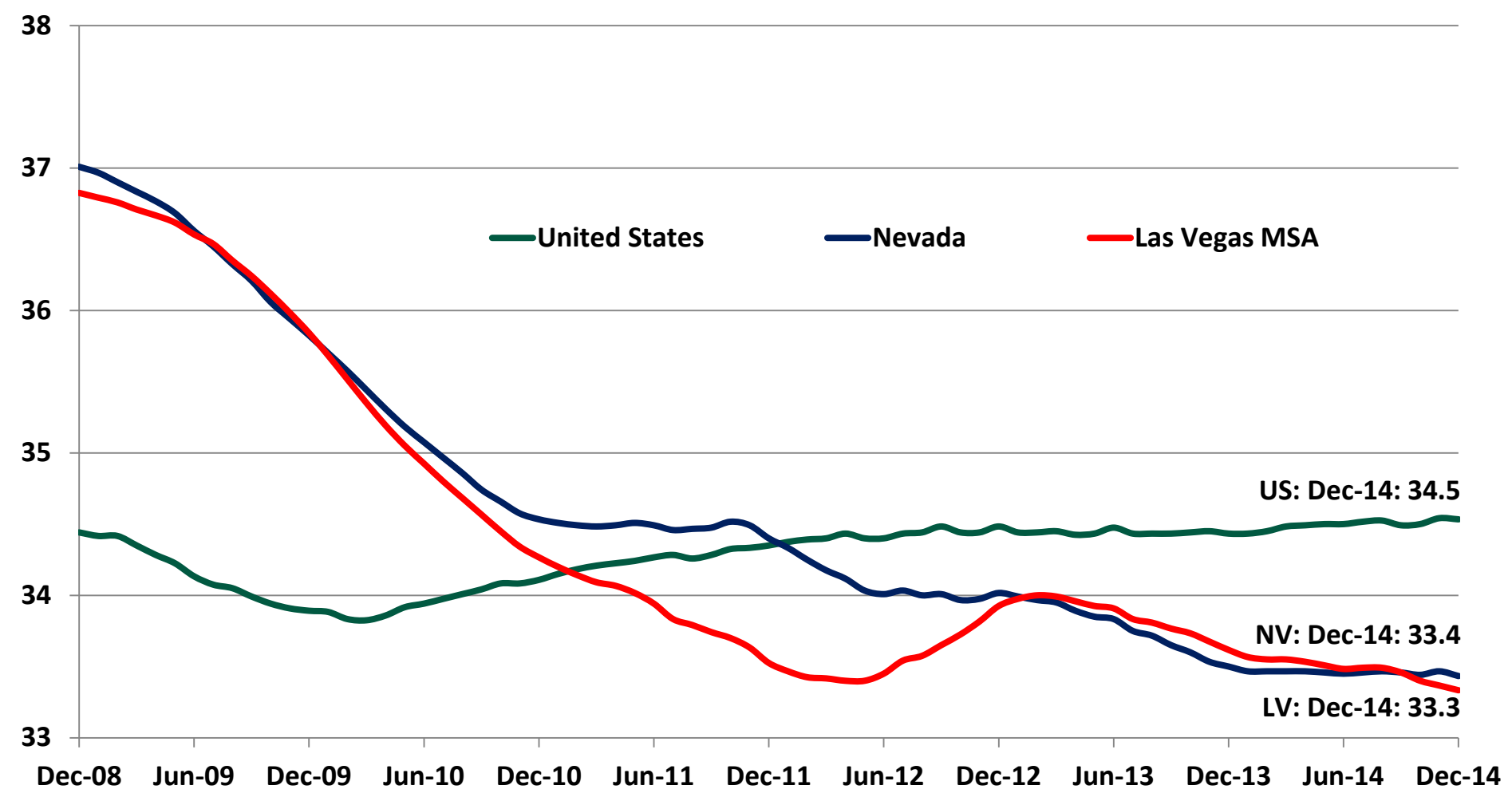
Wages, after adjusting for inflation, remain stagnant.

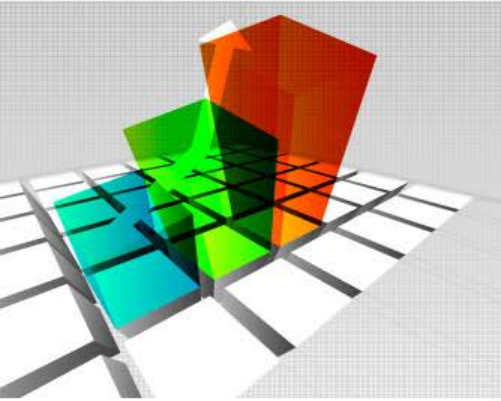
Las Vegas MSA Average Weekly Earnings: Dec-08 to Dec-14



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

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



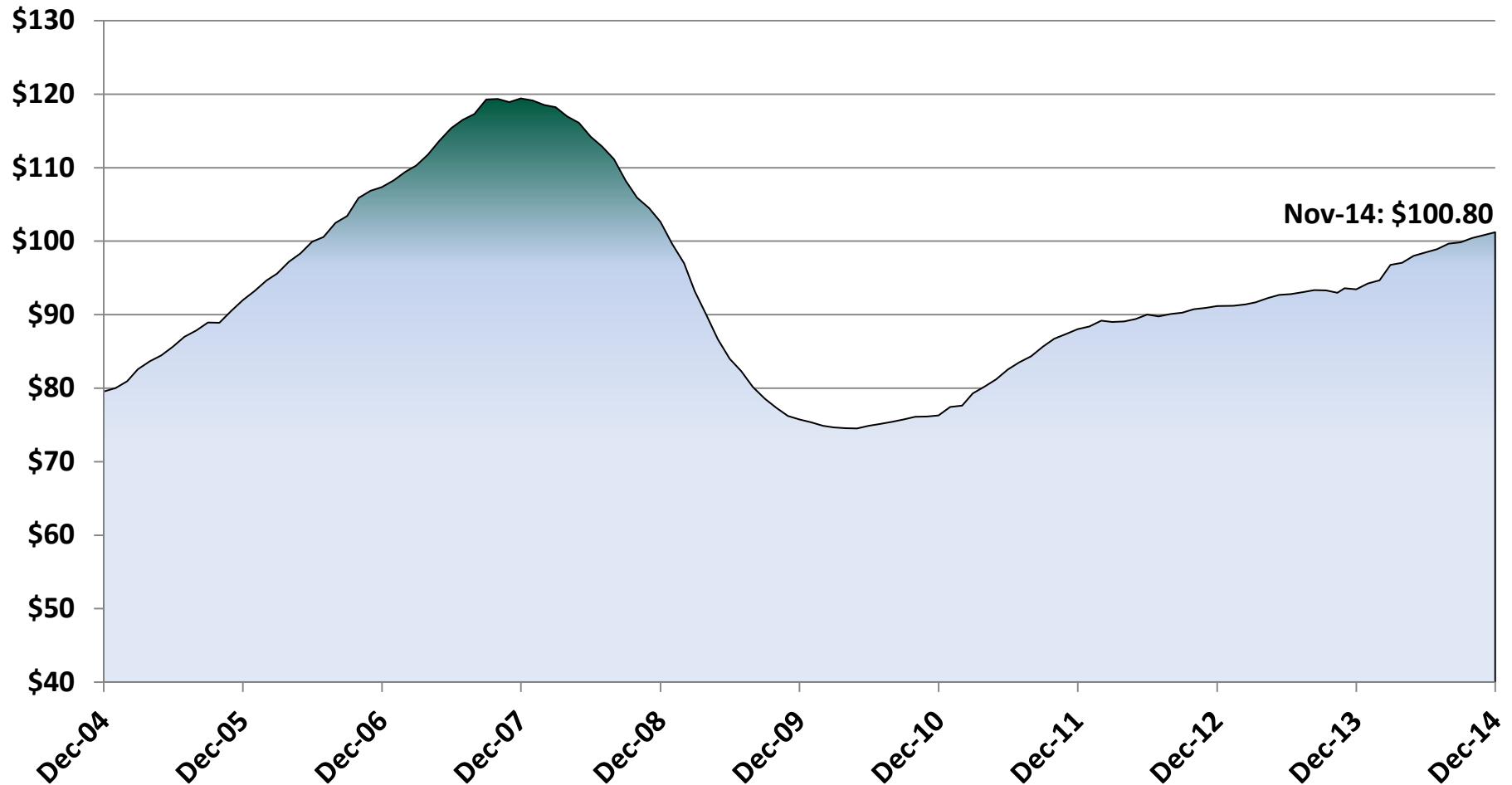


THE REALITY: SOUTHERN NEVADA GAMING & TOURISM



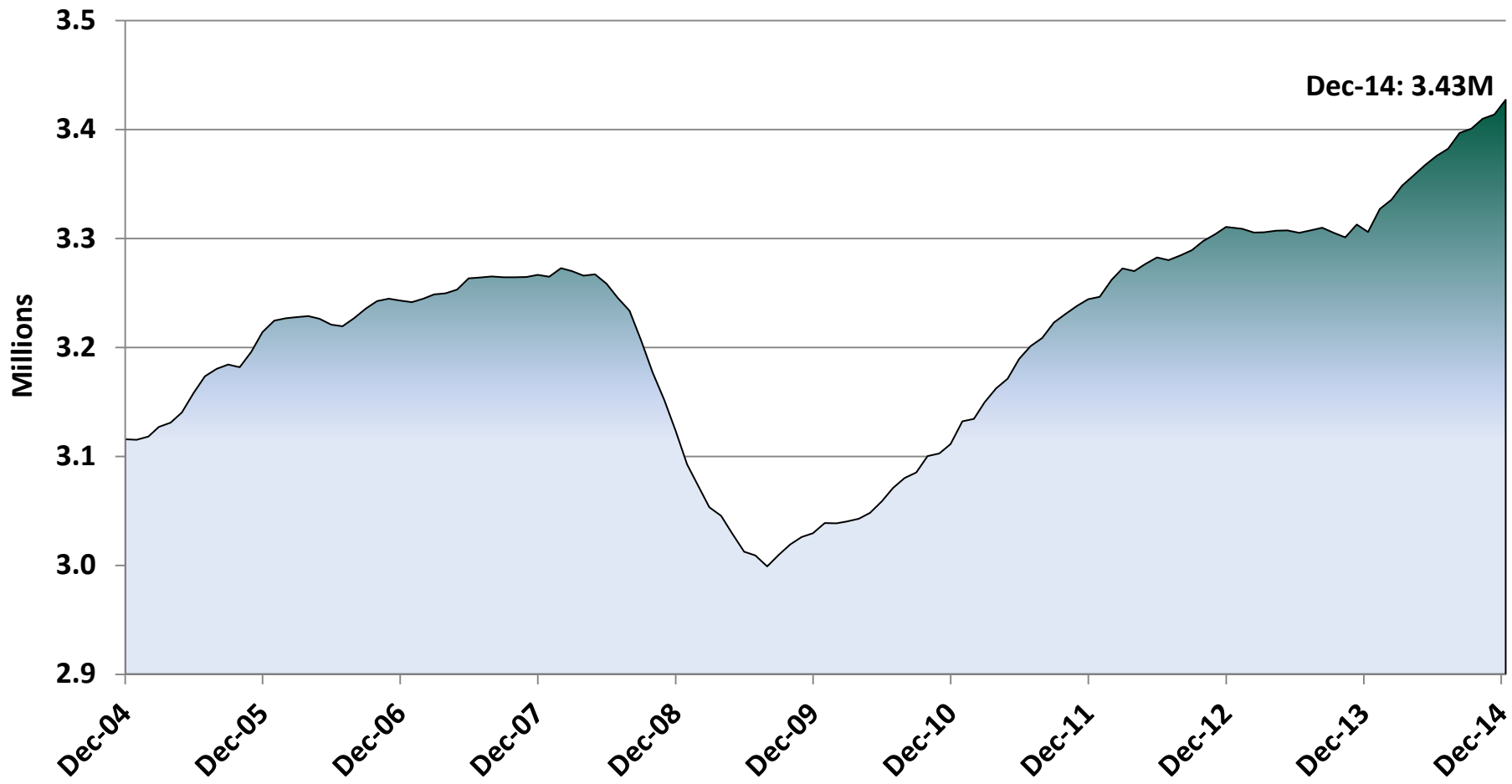
RevPAR recovering slowly from recession but back up over \$100.

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



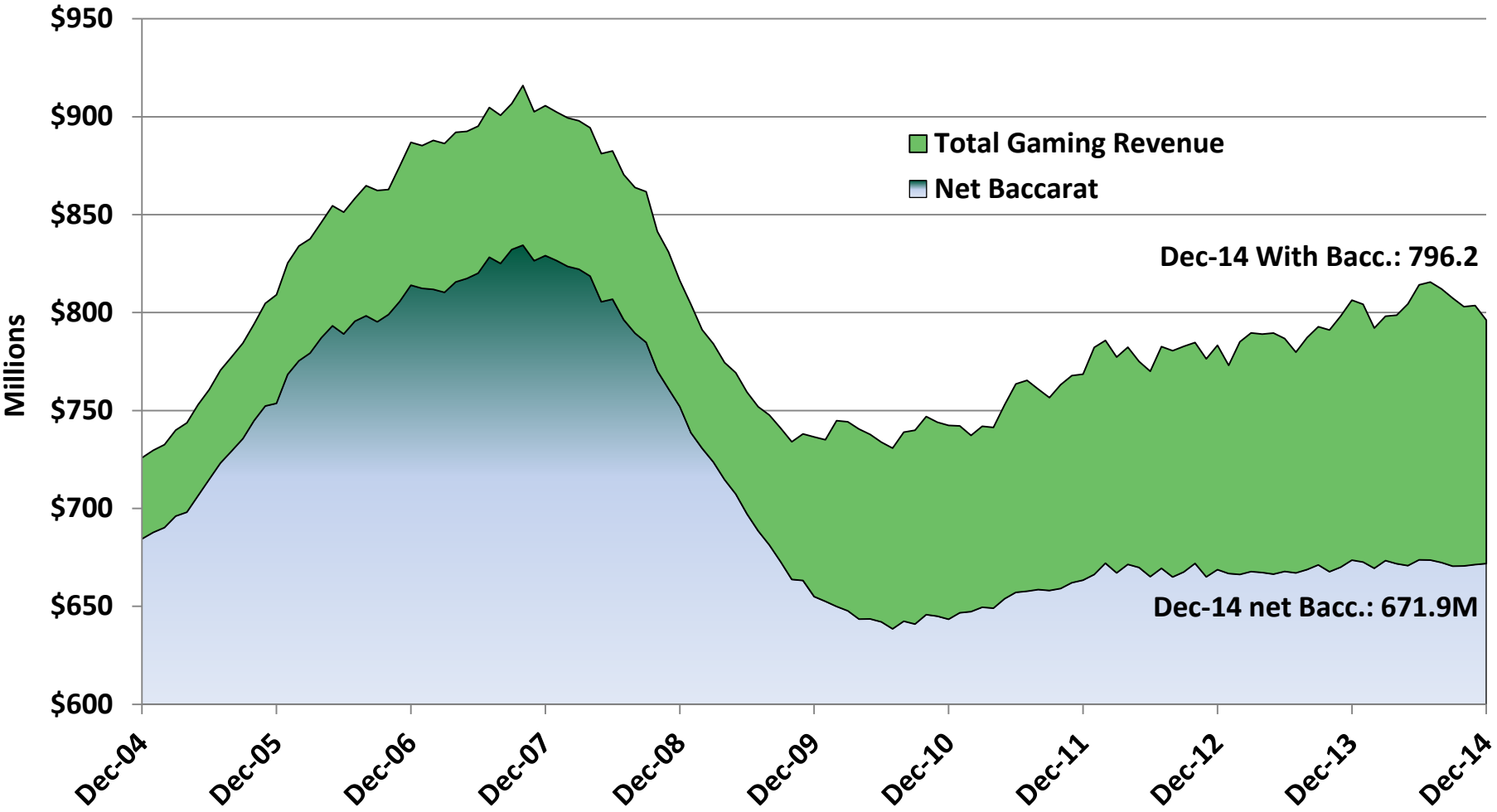
Visitor volume at highest ever levels & continues to spike.

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



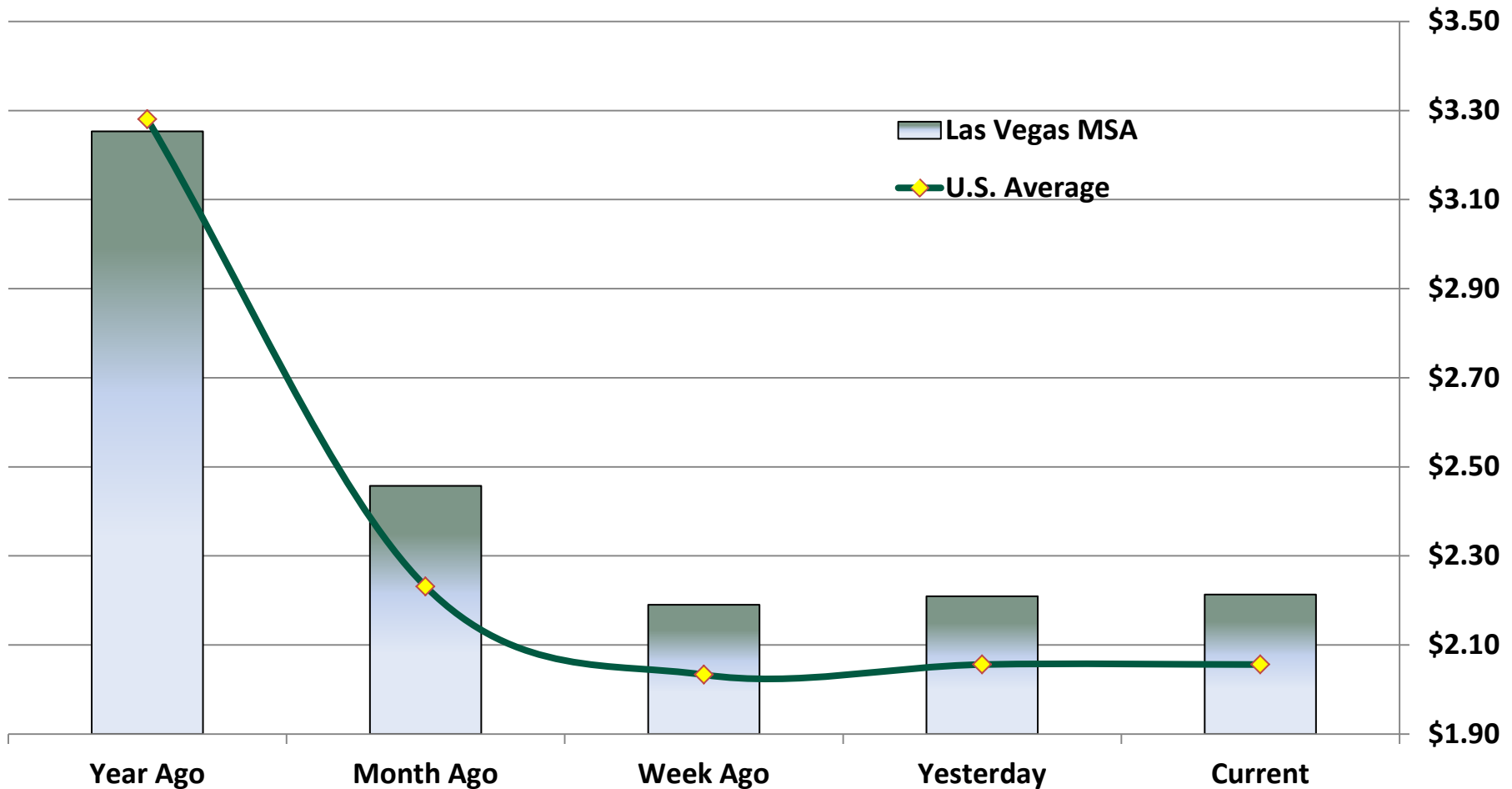
Gaming revenue increasing due to baccarat; net baccarat stagnant.

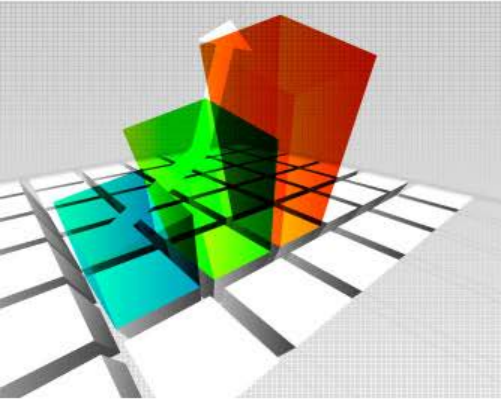
Clark County Gaming Revenue: Dec-04 to Dec-14



Gas prices have tumbled over the last several months.

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



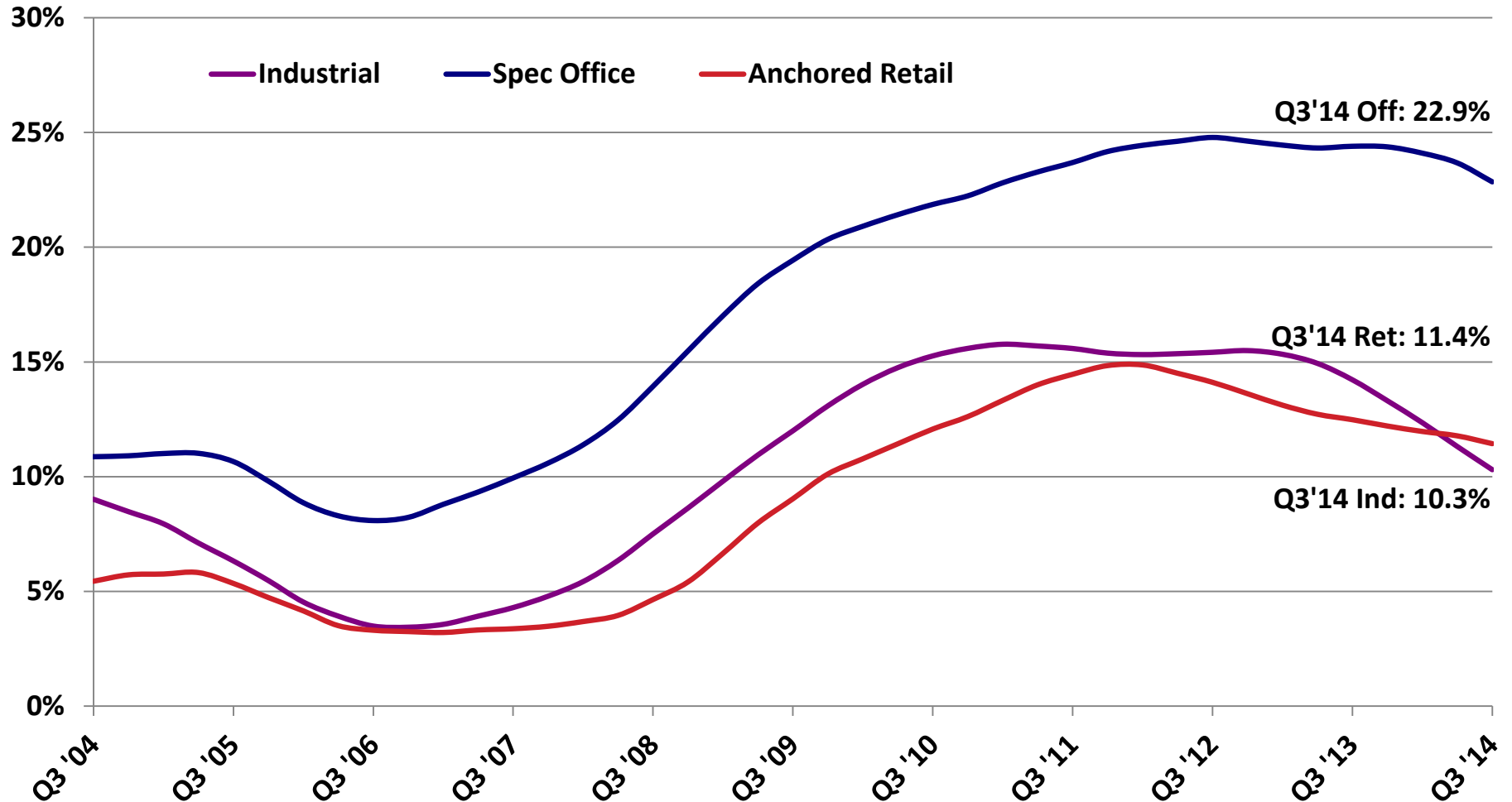


THE REALITY: SOUTHERN NEVADA REAL ESTATE MARKETS



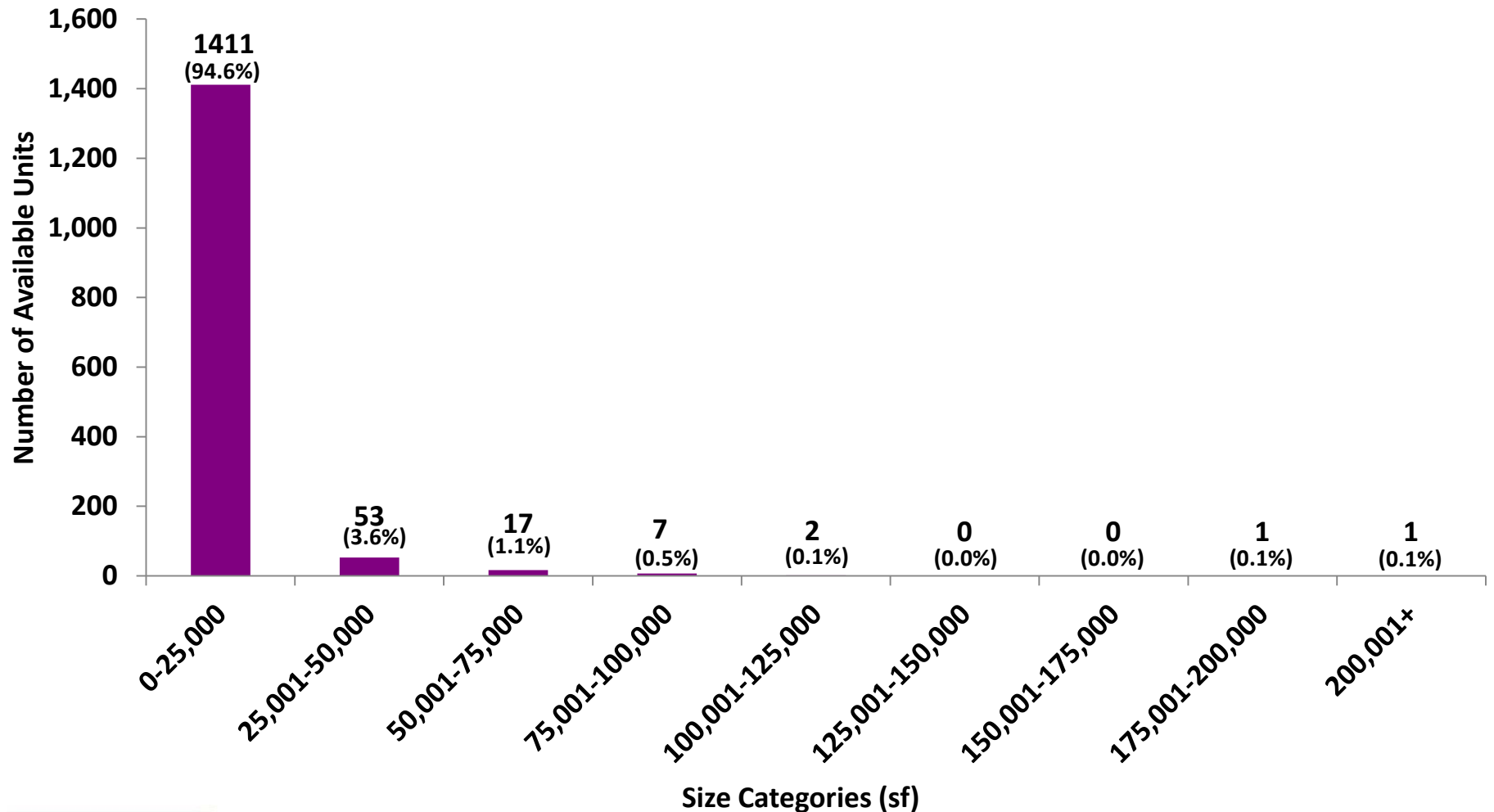
Vacancy rates recovering across board, led by Industrial real estate.

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



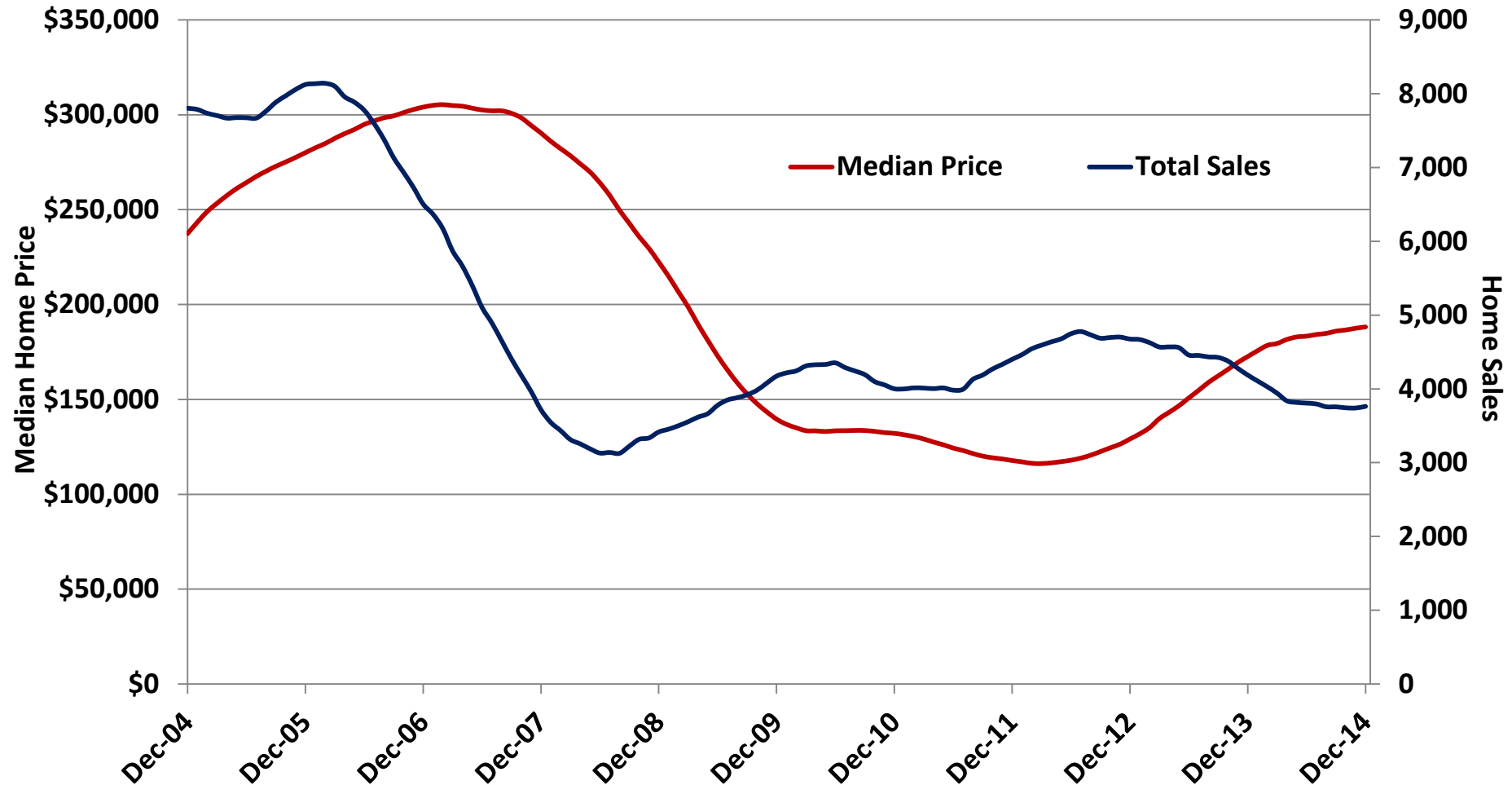
Lack of larger units hampering Industrial growth in LV; but help on the way.

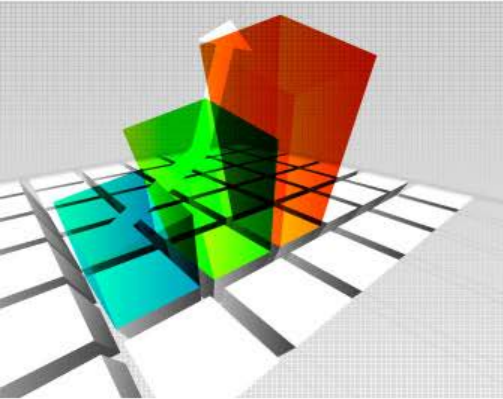
Las Vegas Valley Distribution of Available Industrial Units, by Size: Q3/14



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

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





LOOKING FORWARD

“The only function of economic forecasting is to make astrology look respectable.”
--John Kenneth Galbraith



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

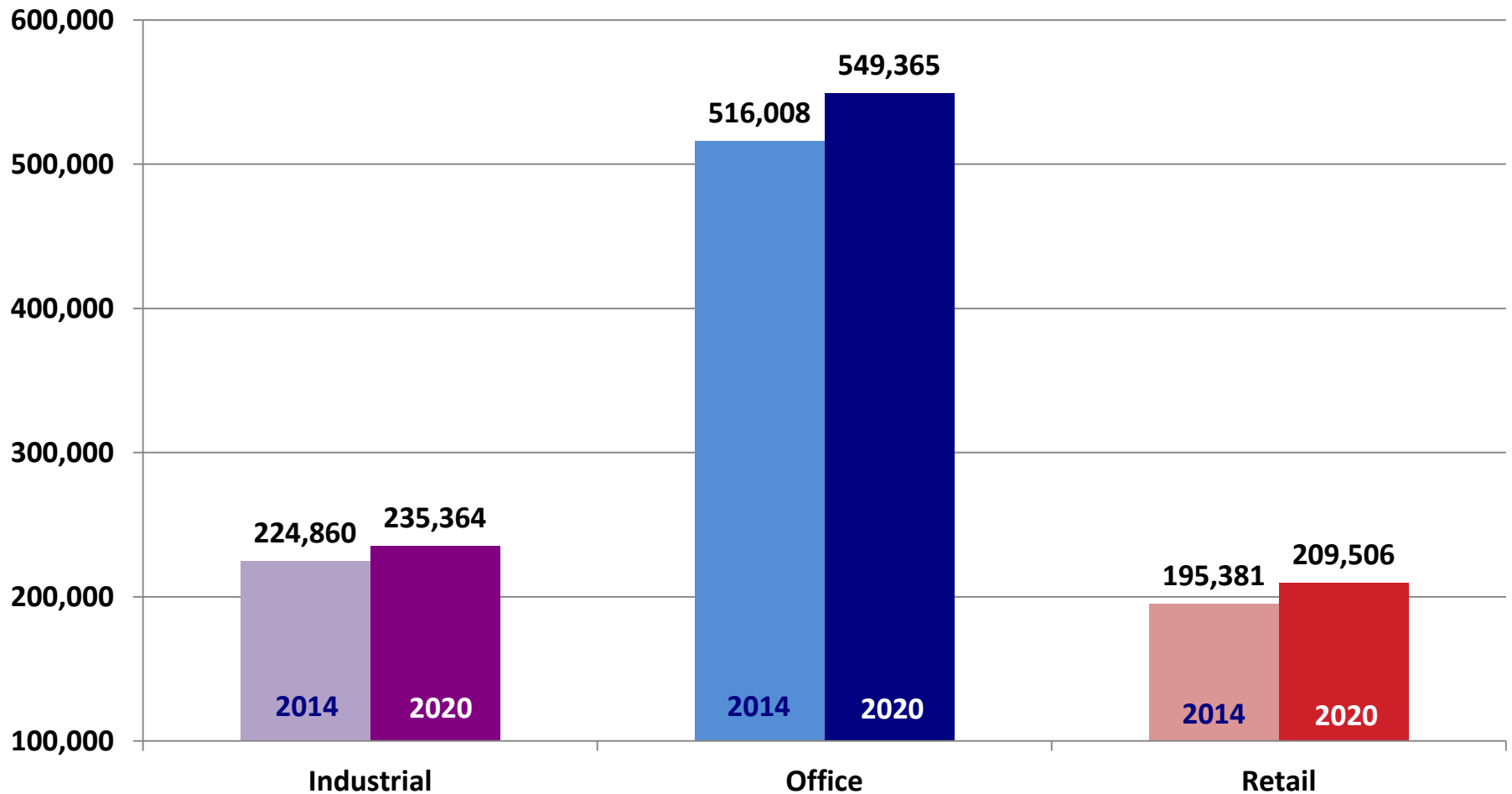
Las Vegas MSA Population/Employment Forecast (% Change): 2014-2015

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%

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

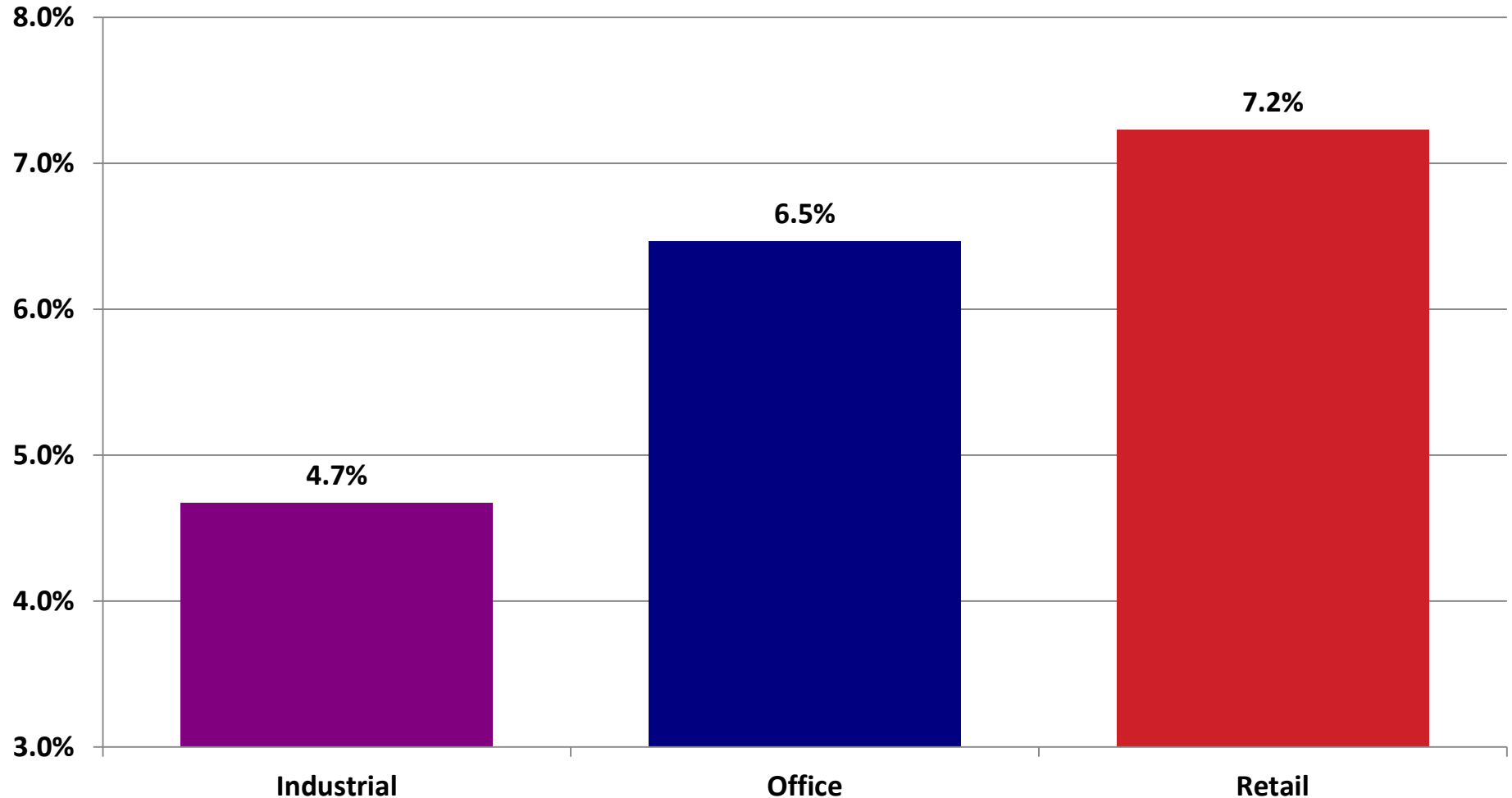
LV office-using jobs will be the largest.

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



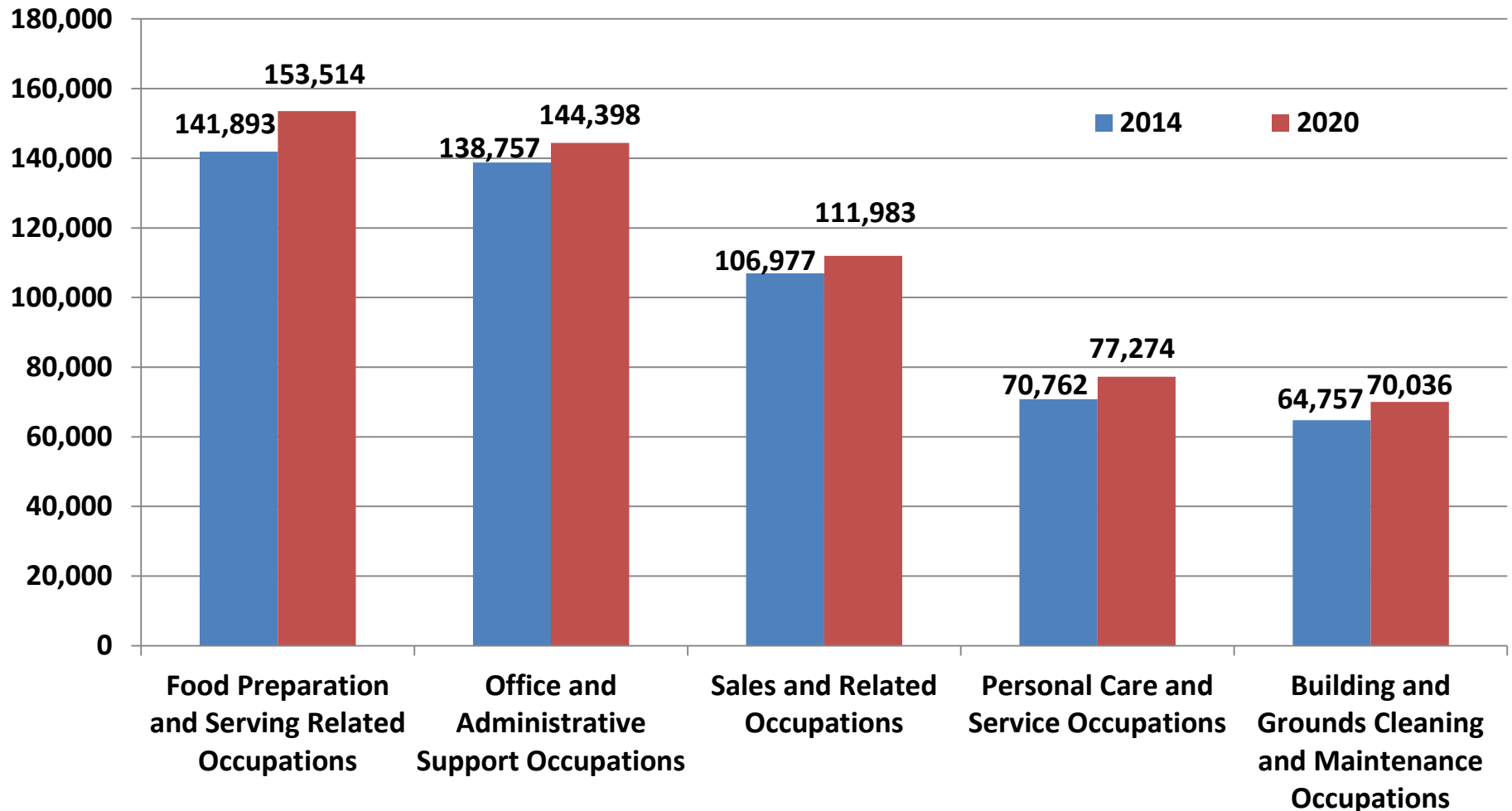
Retail jobs will be fastest growing.

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



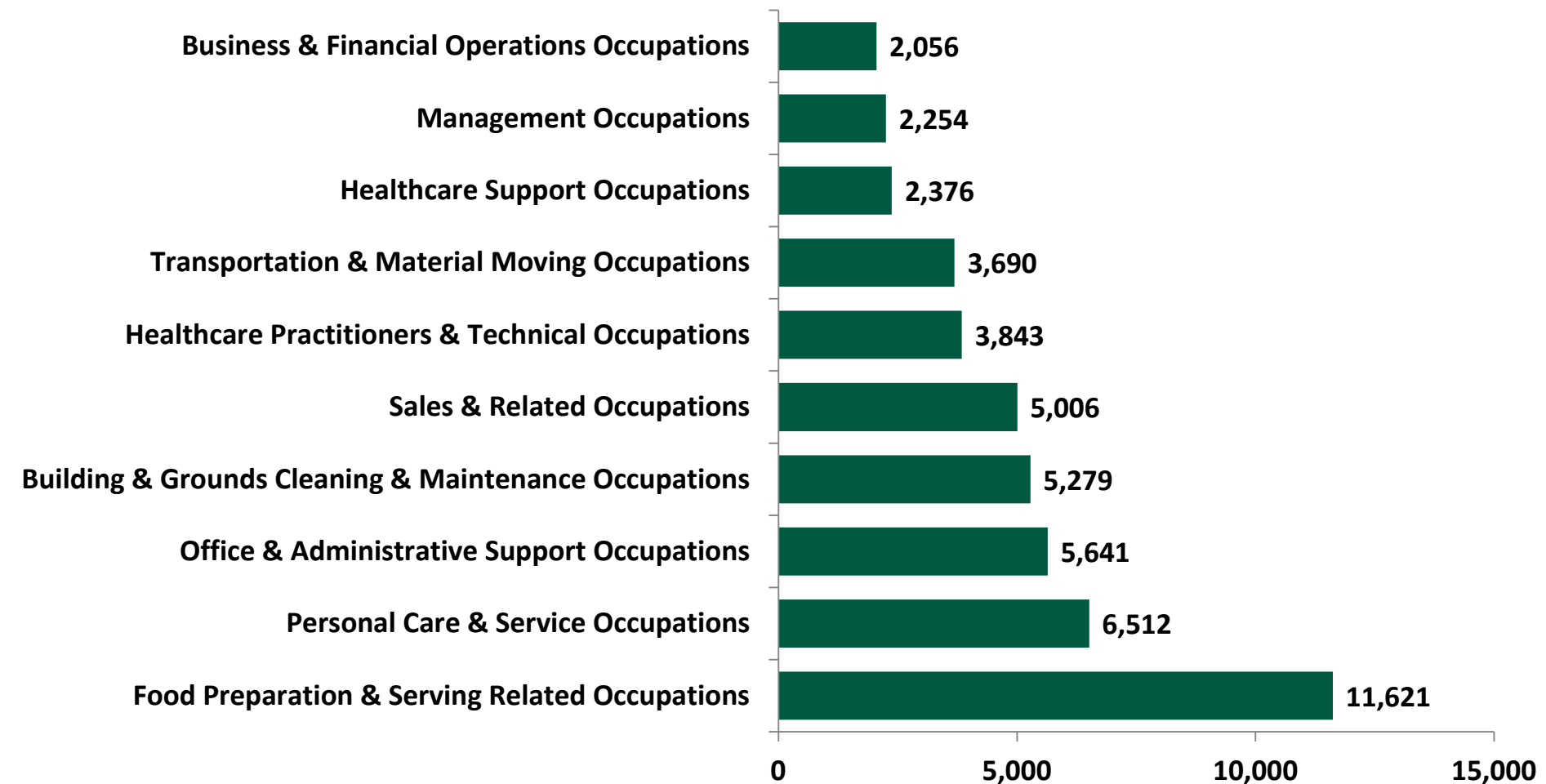
In terms of occupations, food service & administration will be the biggest BIGGEST.

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



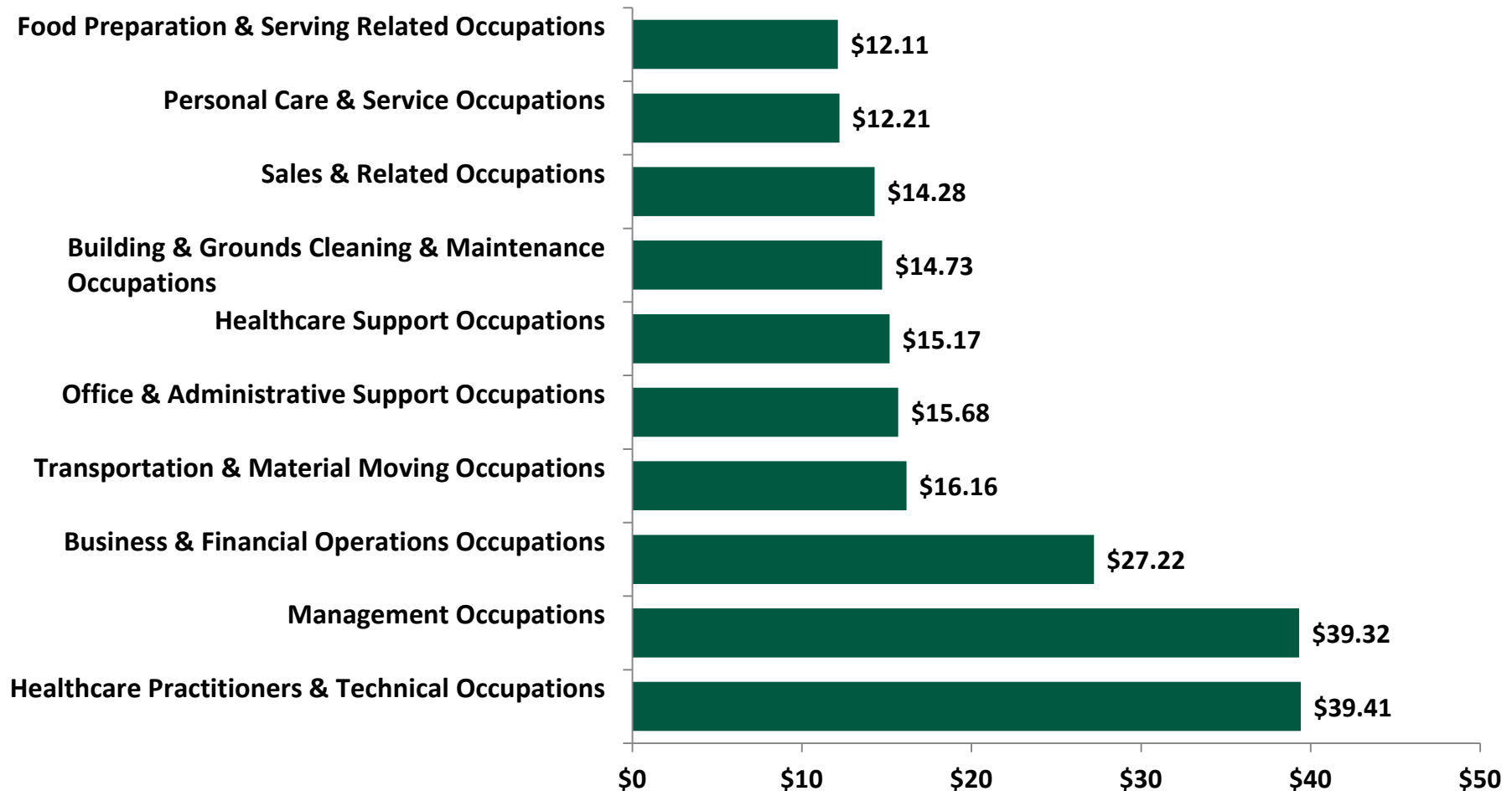
In terms of the # of jobs that will be produced, Services will lead.

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



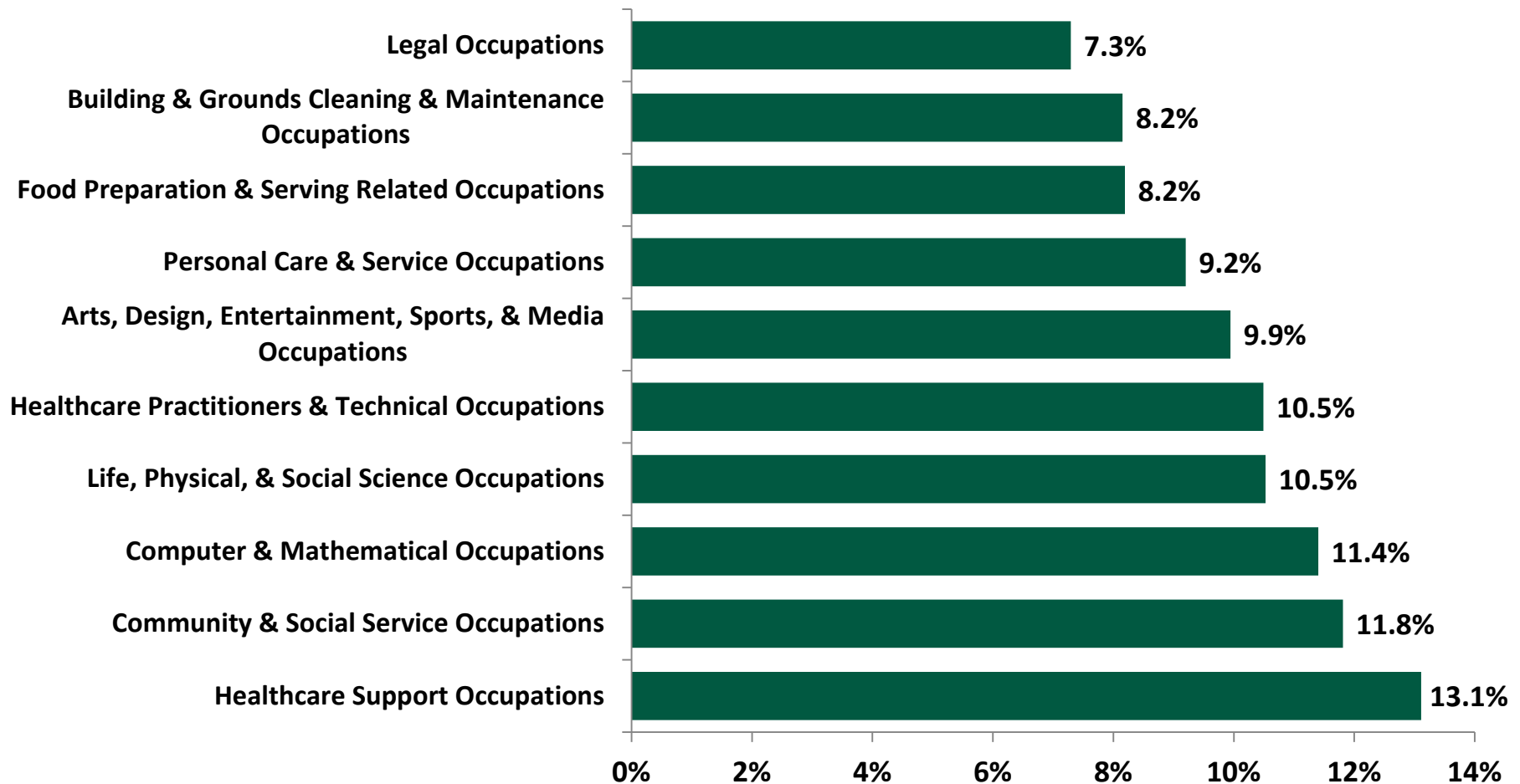
In terms of the # of jobs that will be produced, Services will lead.

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



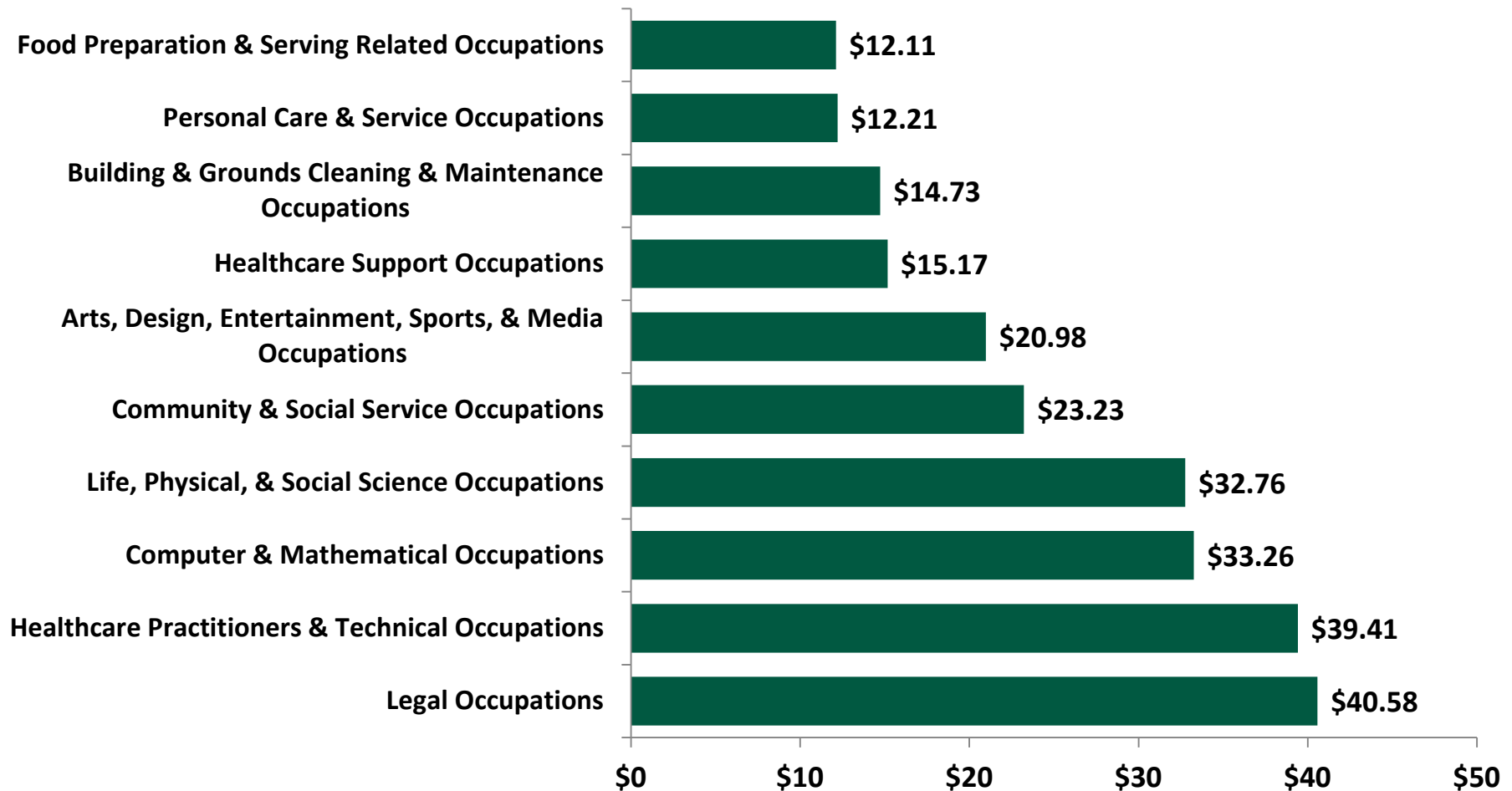
In terms of the rate of growth, Healthcare & STEM jobs will lead.

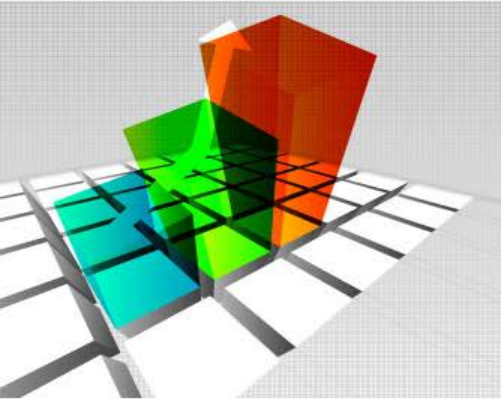
Las Vegas Top 10 Job Forecast (% Change): 2014-2020



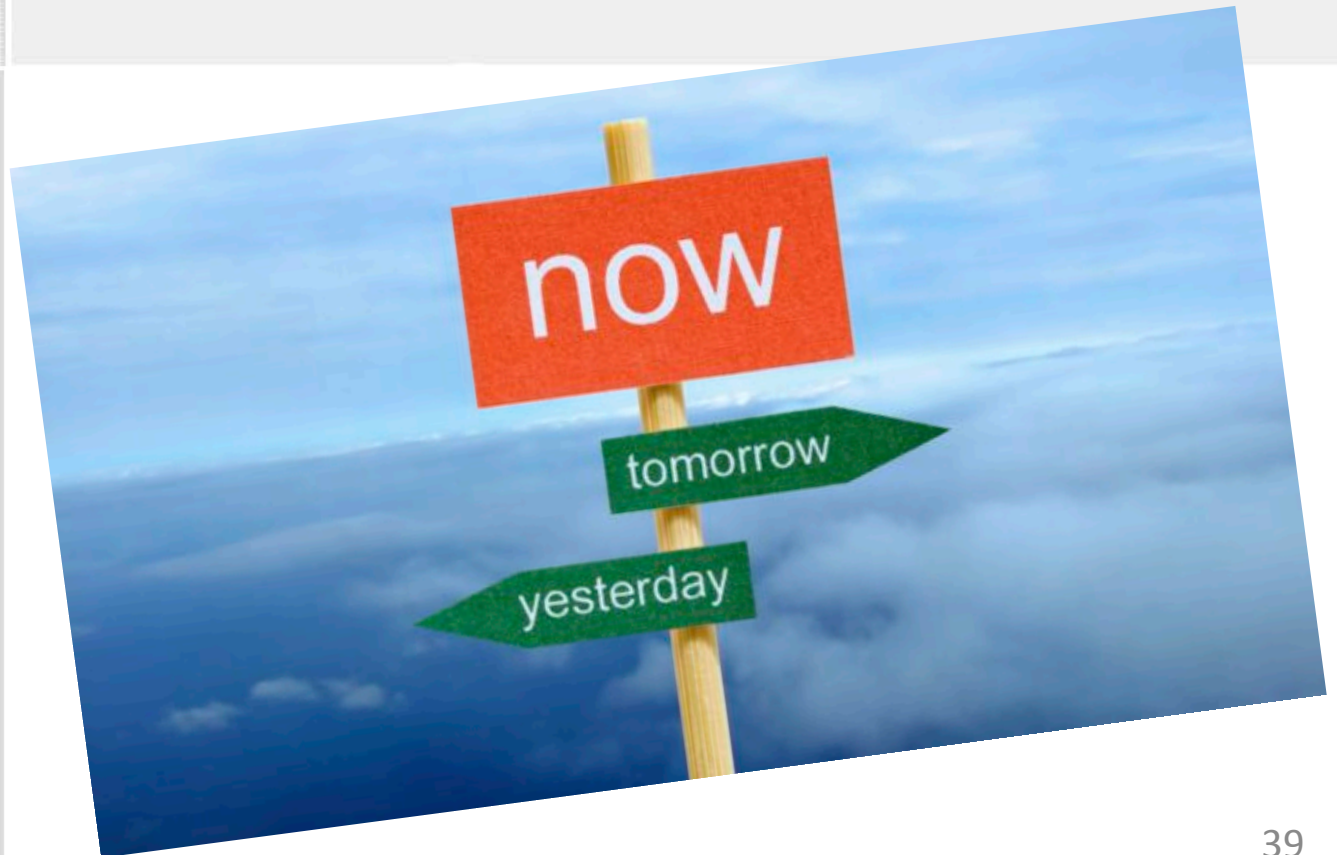
In terms of the rate of growth, Healthcare & STEM jobs will lead.

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





WRAP-UP YESTERDAY, NOW & 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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