

SOUTHERN NEVADA ECONOMY MOVING FORWARD



Presented to:

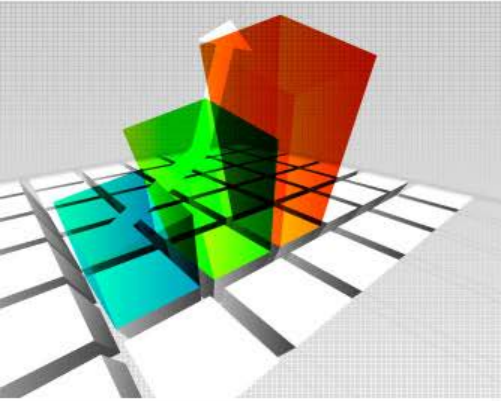


February 26, 2015

Presented by:

**RCG
ECONOMICS**

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ECONOMICS**



HOW OTHERS SEE US



SoNv has average development & redevelopment opportunities

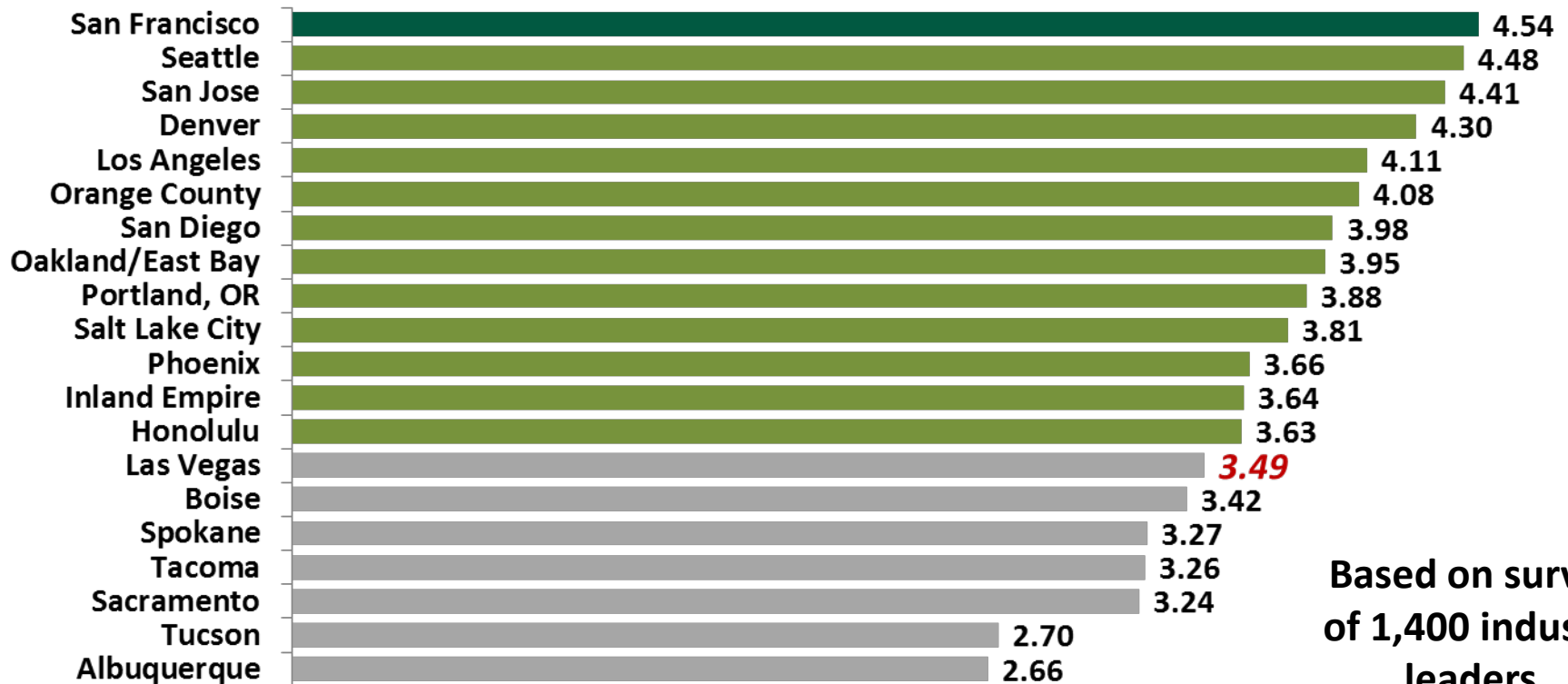
2015 Metro Perspective: Top 10 Metros for Development/Redevelopment: Opportunities + Las Vegas MSA (Of 60 Largest Metros)

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.

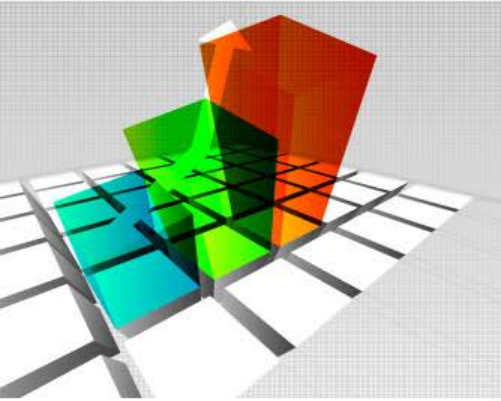
SoNV lags in projected economic strength among western metros

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



Based on survey of 1,400 industry leaders.





THE REALITY: SOUTHERN NEVADA ECONOMY



Recovery somewhat mixed

Rank Among 60 Largest US Metros: 2000-2013

Population Change (633,959)	#10
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Population Growth (45.5%)	#3
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Employment Change (175,400)	#10
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Employment Growth (25.7%)	#5
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Real GMP* Change (\$16.8B)	#33
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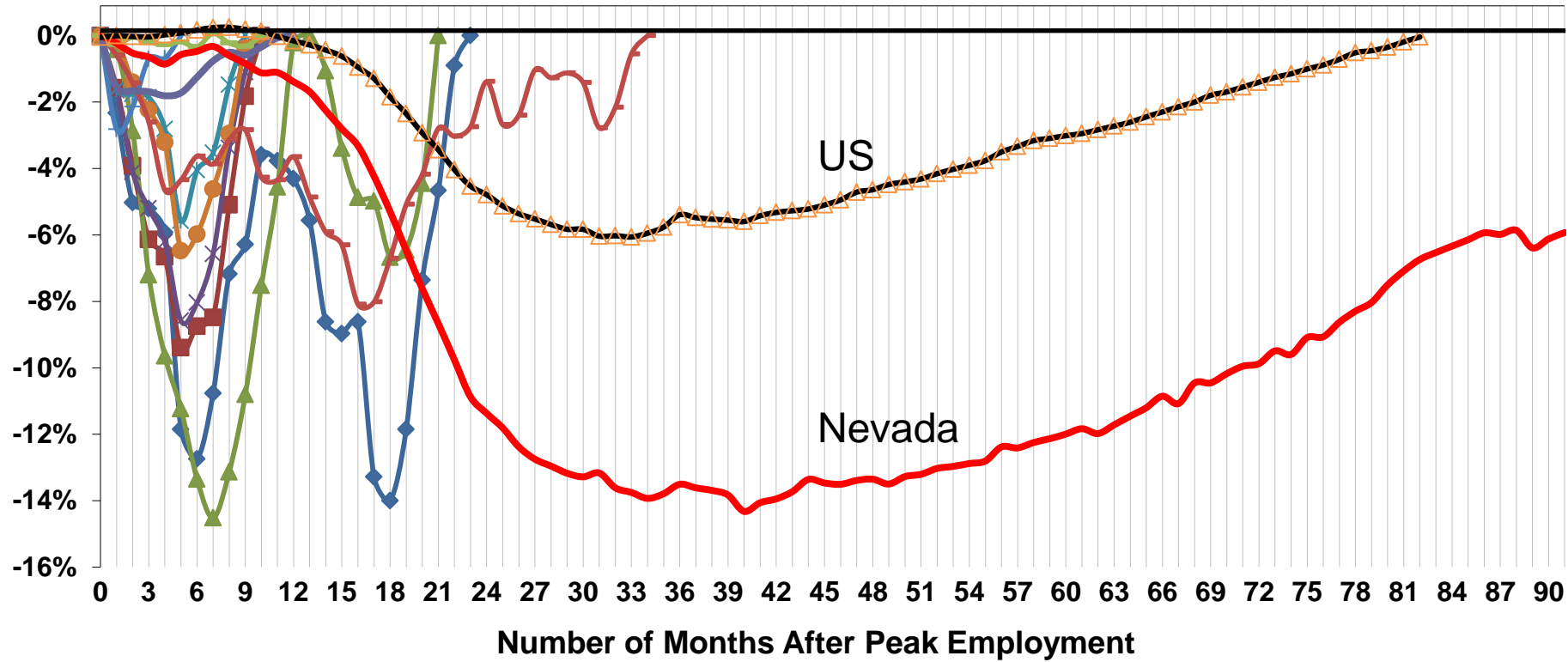
Real GMP* Growth (23.9%)	#25
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Nevada job recovery from Great Recession (after 91 months)

Nevada Recession Recoveries: 1948-Present

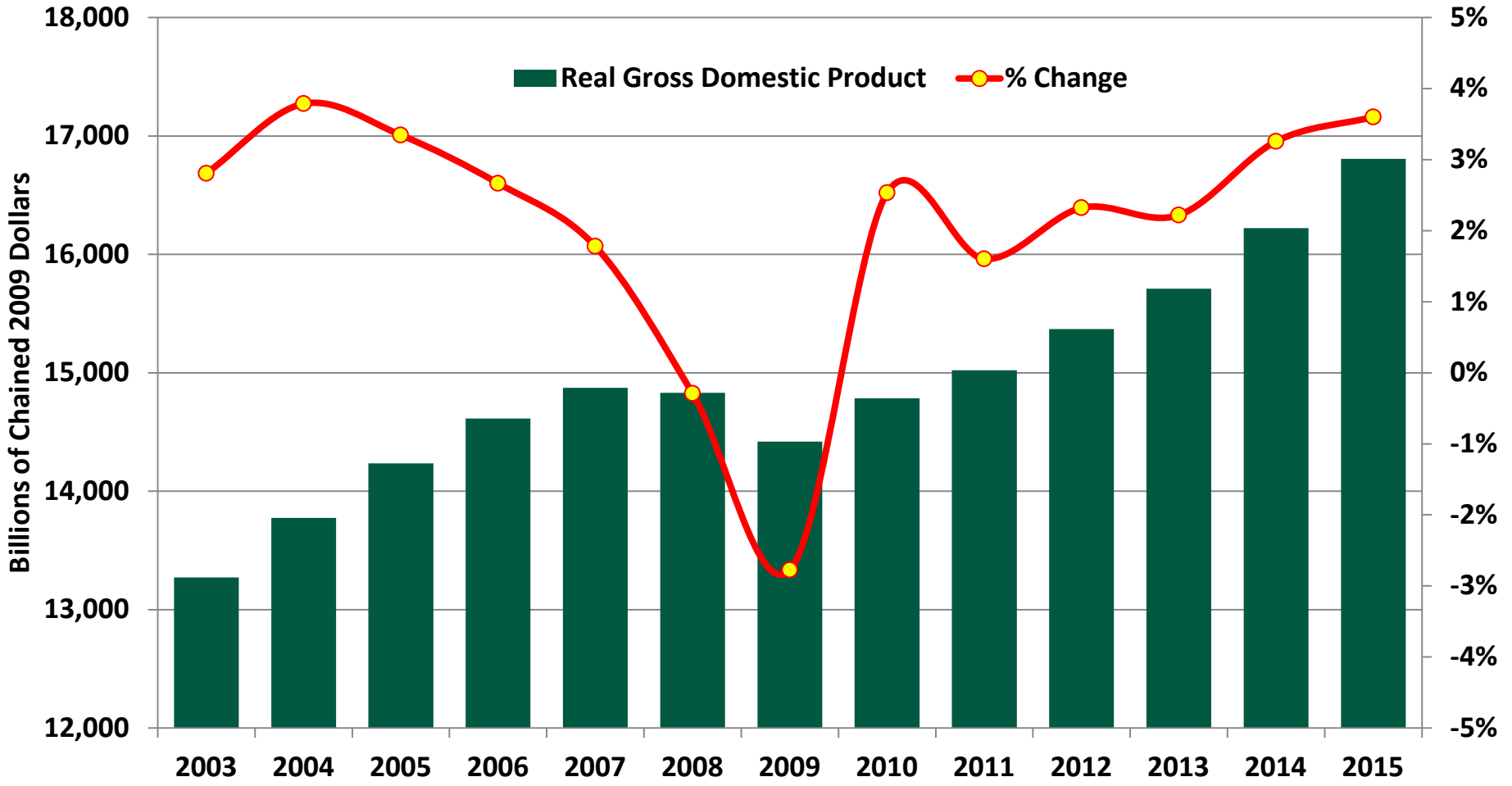
Comparison of Recession Job Growth Recoveries
 % Job Losses Relative to Peak Employment Month

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



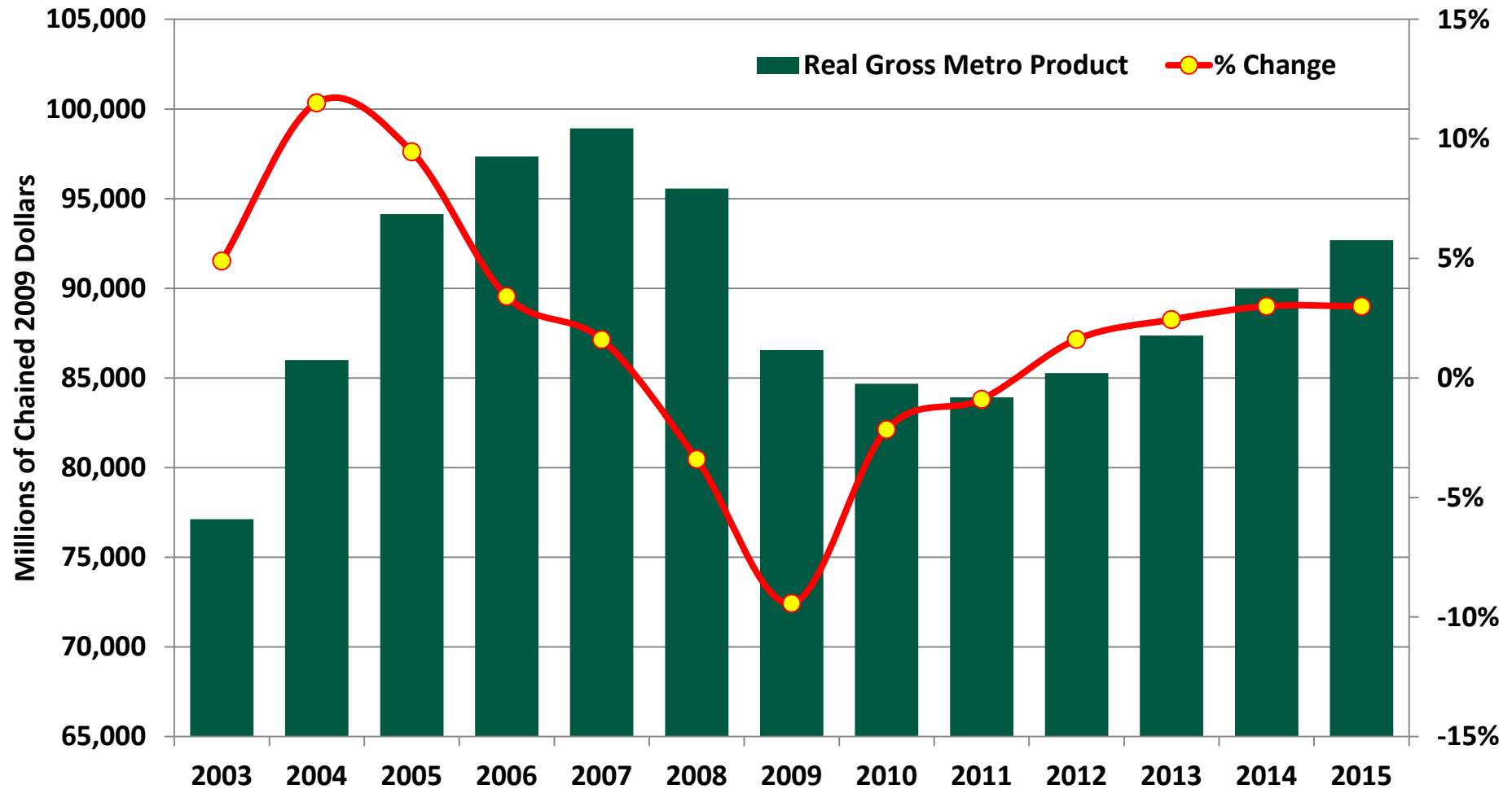
U.S. real GDP bounce back starting in 2010

US Real GDP Forecast: 2014-2015



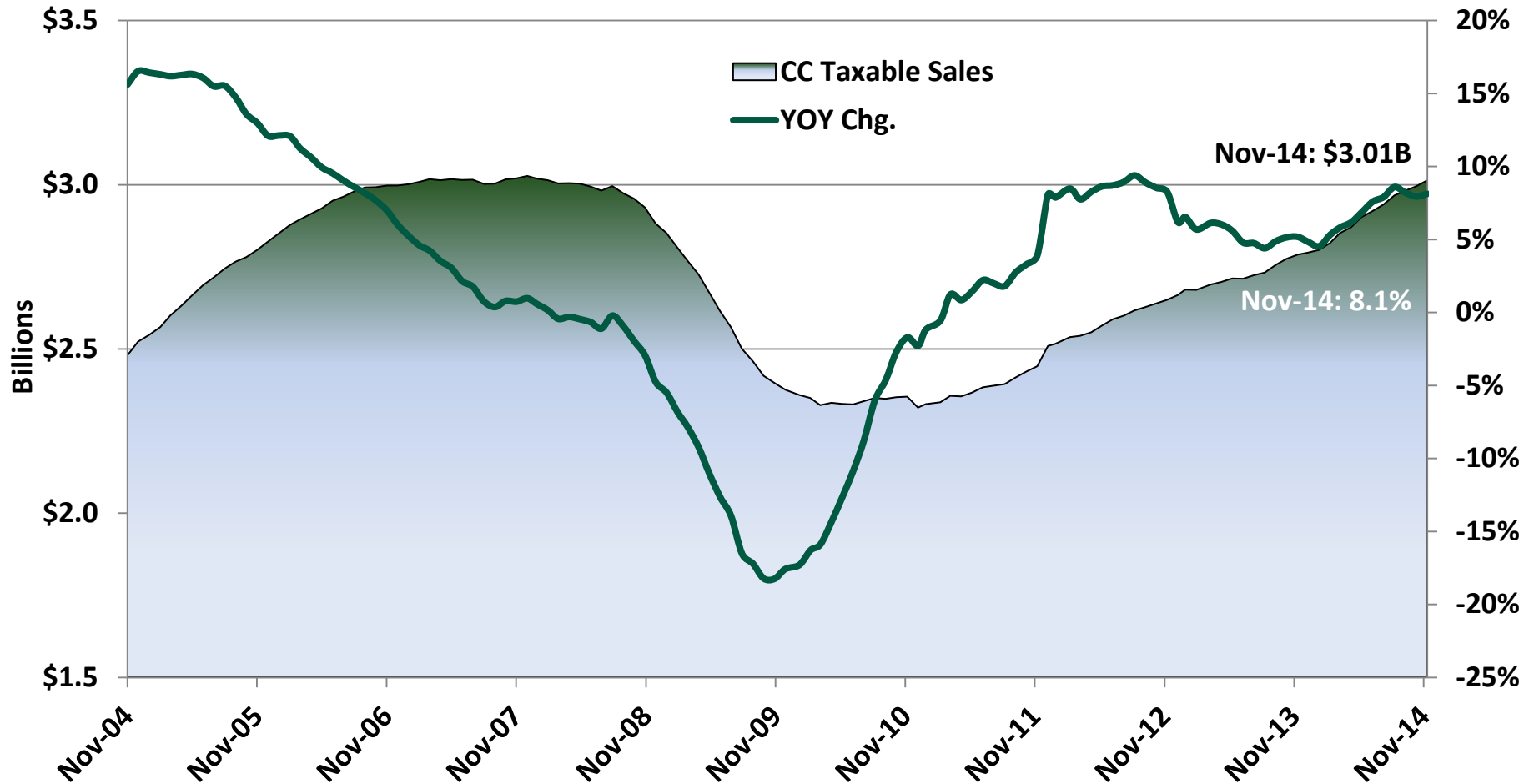
Las Vegas real GMP recovery Great Recession lagged U.S.

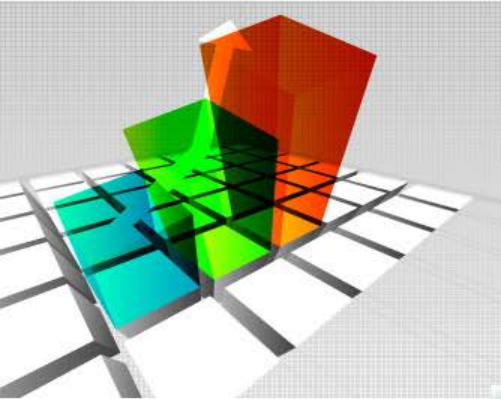
Las Vegas Real GMP Forecast: 2014-2015



Taxable sales nearing all-time high thanks to decent visitor recovery

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





THE REALITY: SOUTHERN NEVADA POPULATION & JOBS



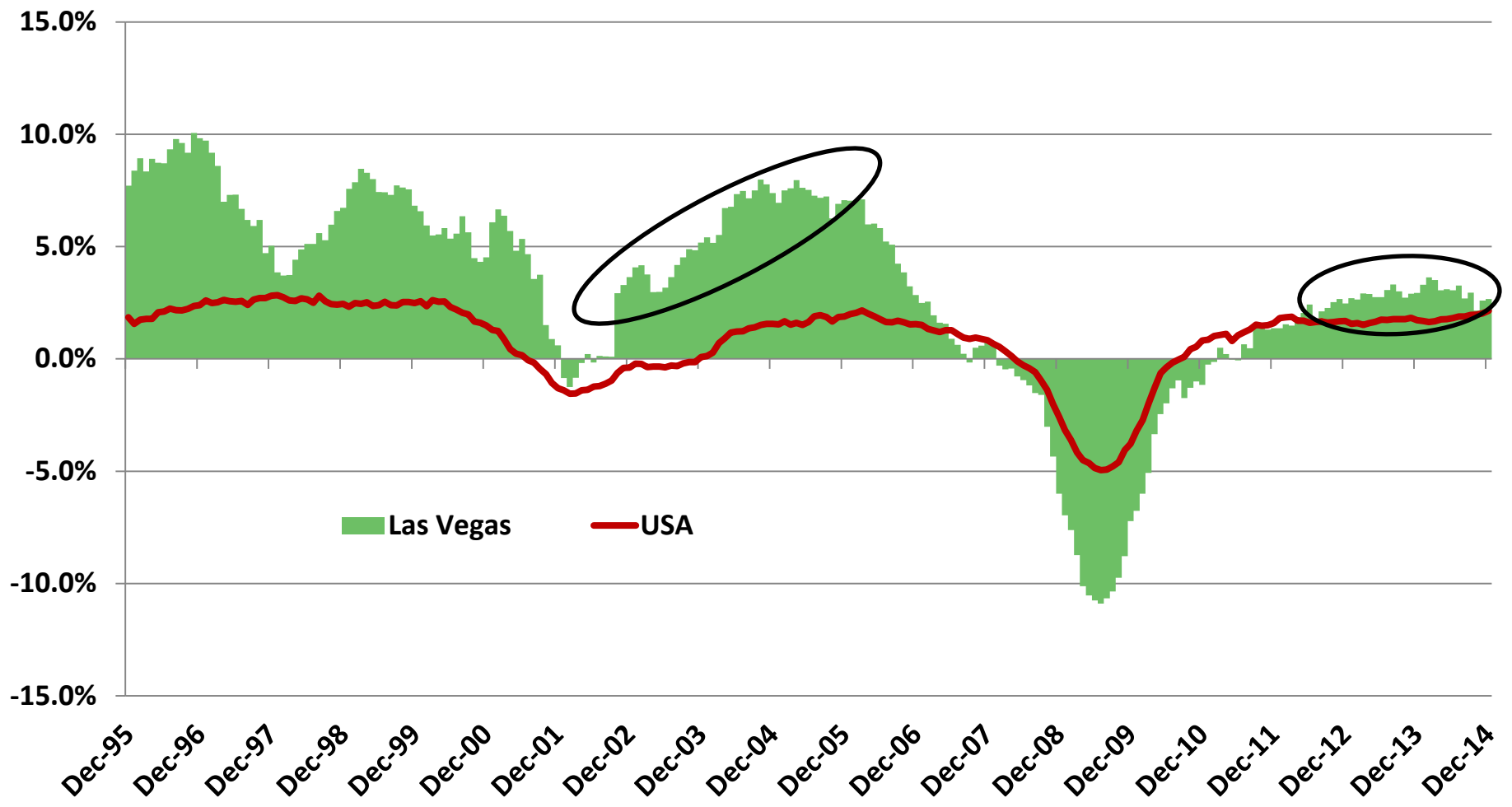
Las Vegas skilled worker pool & population have boomed since 2000

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

MSA	Bach. Degree+		Total Pop.	
	Pop. Growth	Rank	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

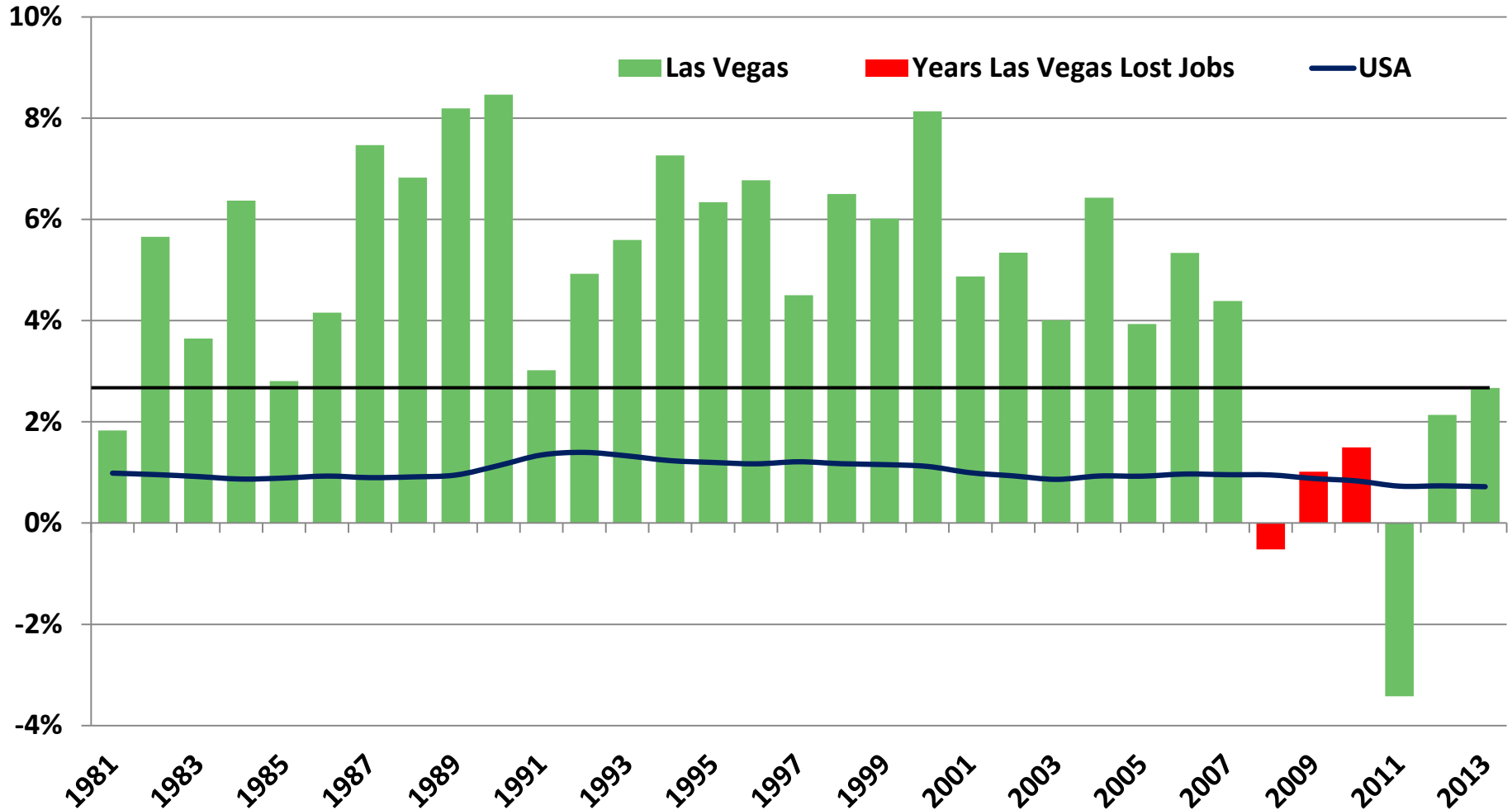
Job market recovery much more moderate than from 2001

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



Great Recession severely reduced Vegas population growth; recovery moderate

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



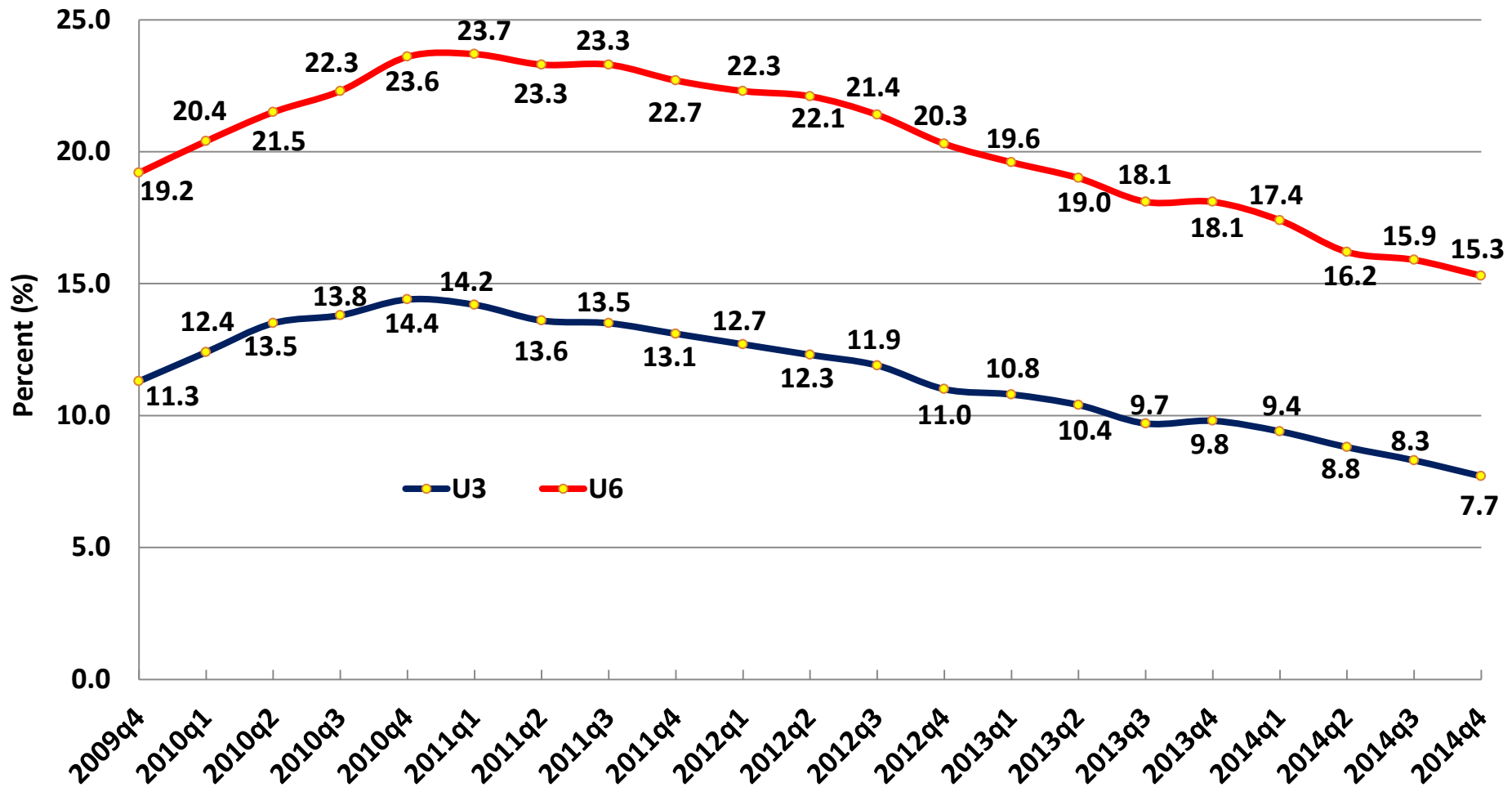
Nevada jobs bounce back big in 2013, but . . .

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%

U-6 unemployment rate still stubbornly high even with lower "Headline" rate

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

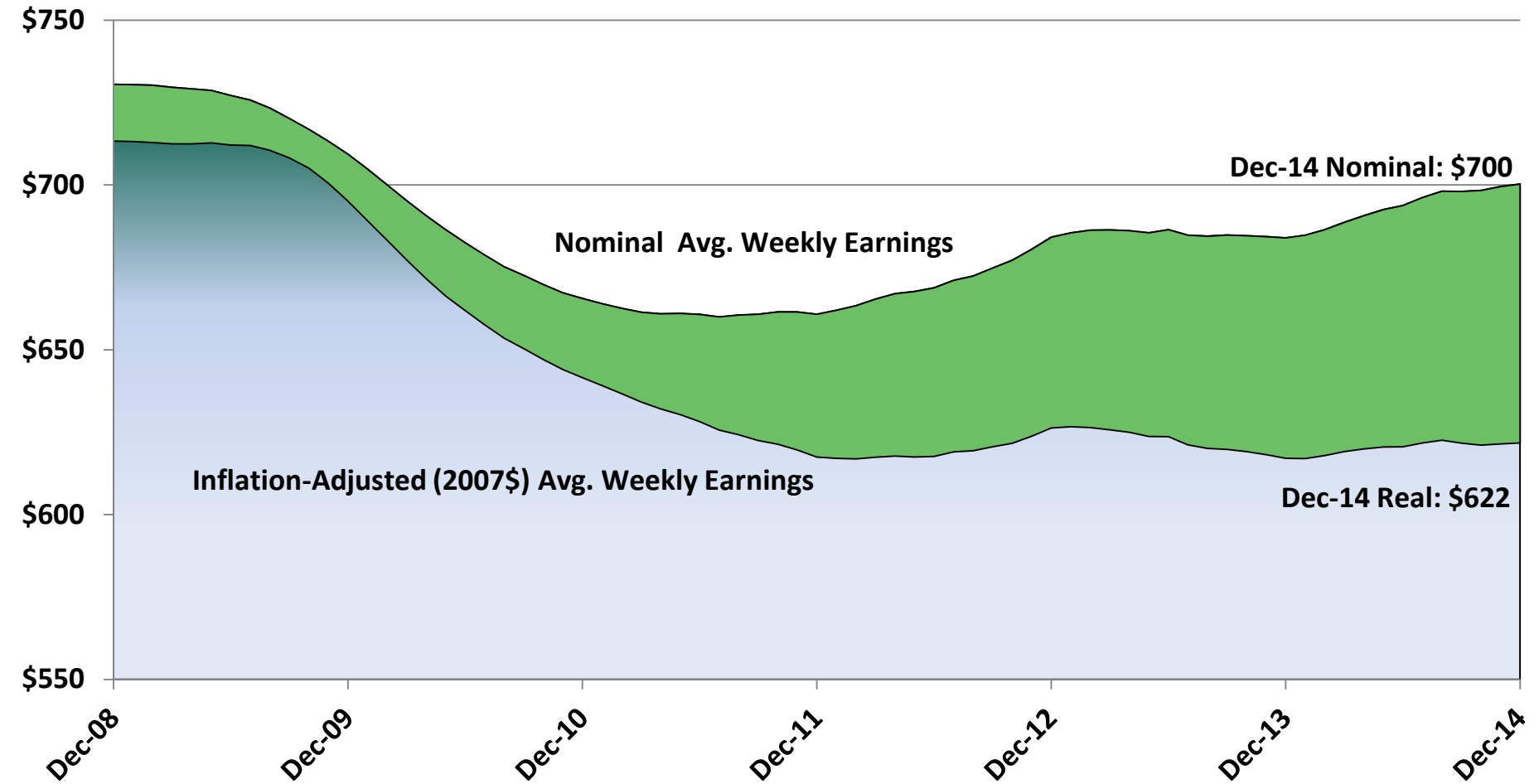


Note: Quarterly figures are rolling averages of the 4 quarters ending in the noted quarter.

Source: Bureau of Labor Statistics.

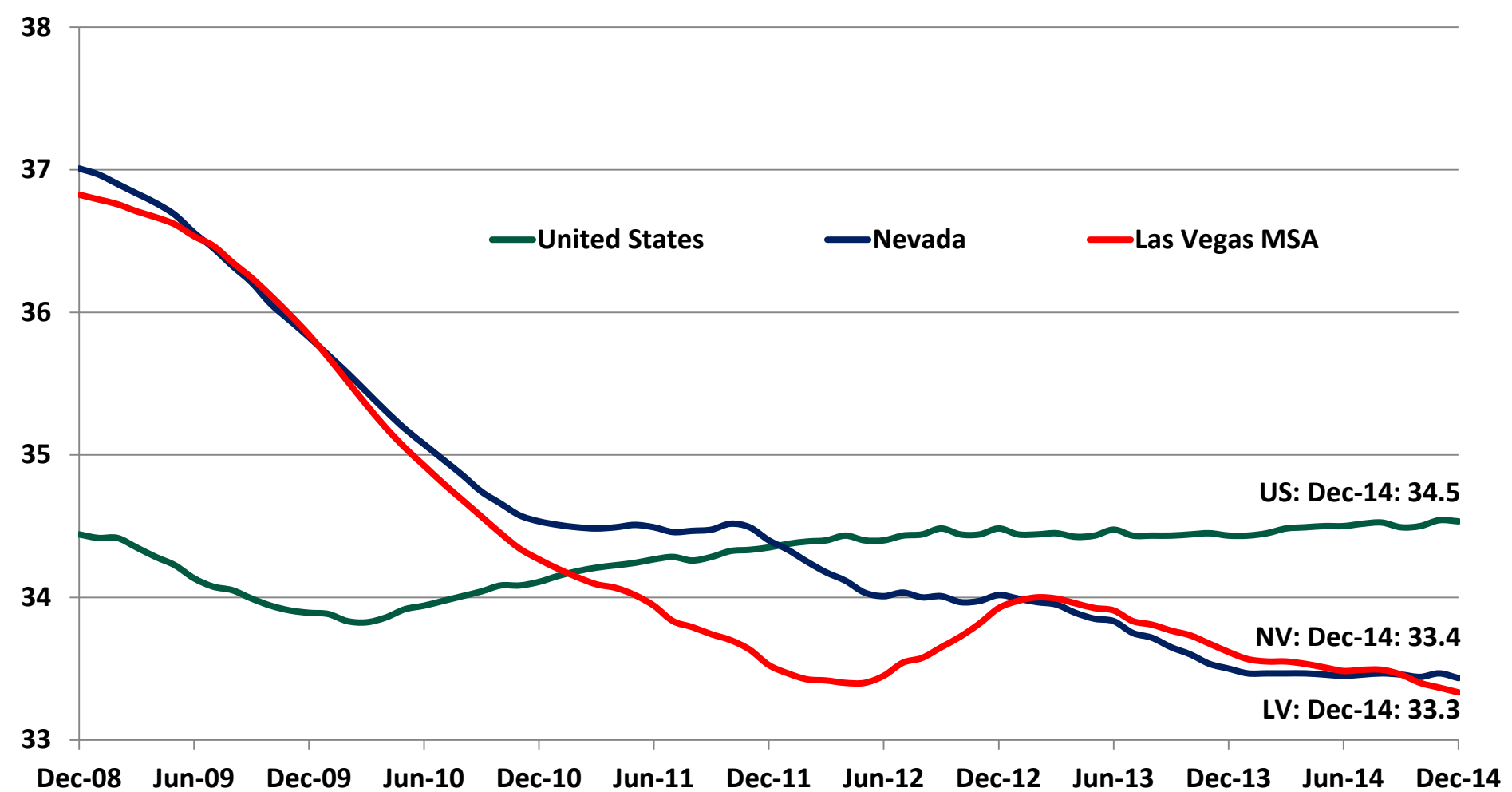
And still remain stagnant Same story at national level

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



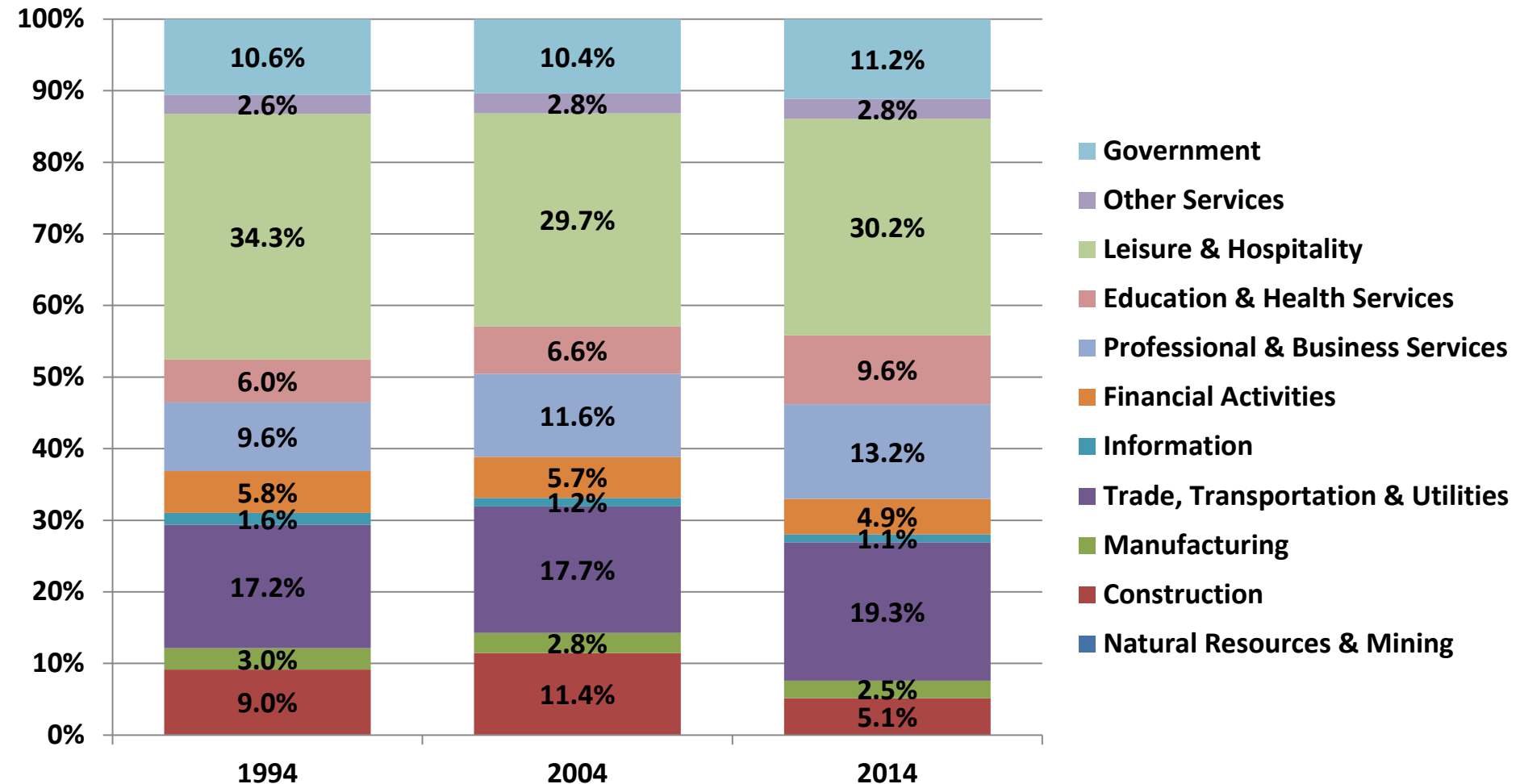
Age of the part-time worker is here to stay until job market slack is fixed

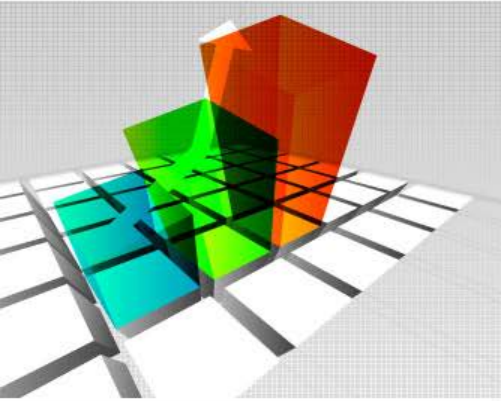
Las Vegas MSA Average Weekly Hours: Dec-08 to Dec-14



Is Las Vegas economy more developed today than yesterday?

Las Vegas MSA Job Distribution: 1994, 2004 and 2014



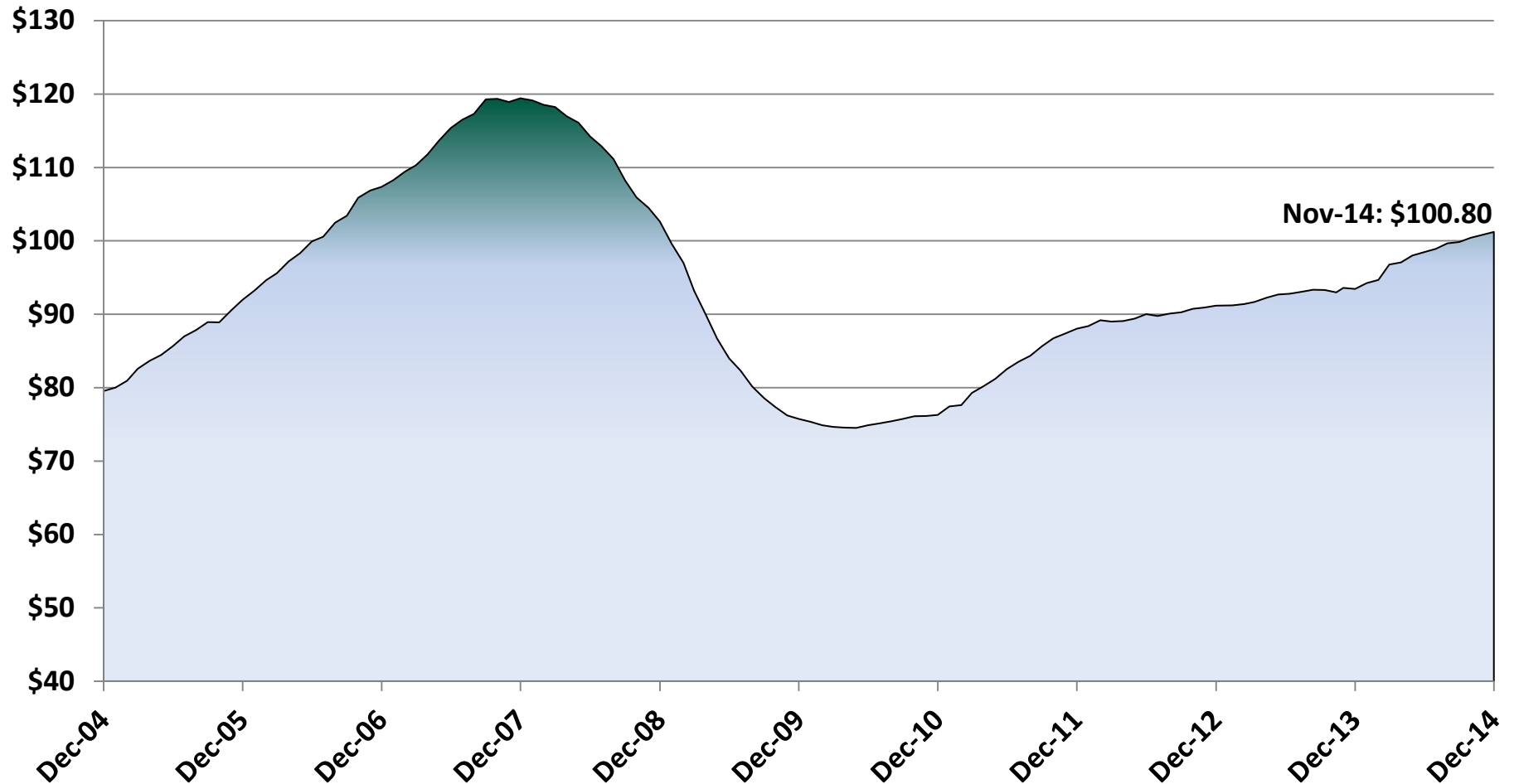


THE REALITY: SOUTHERN NEVADA GAMING & TOURISM



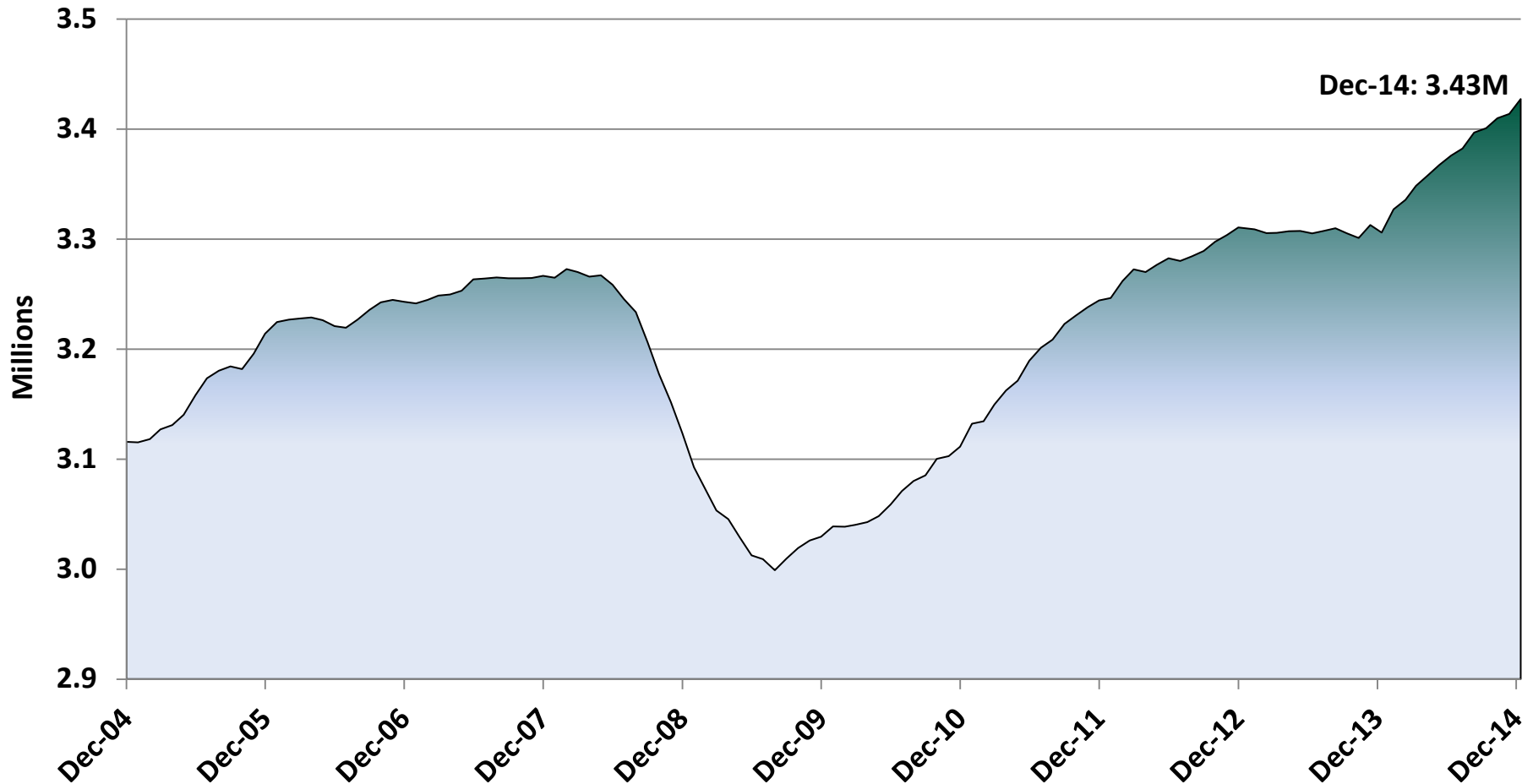
RevPAR now recovering moderately & is back over \$100

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



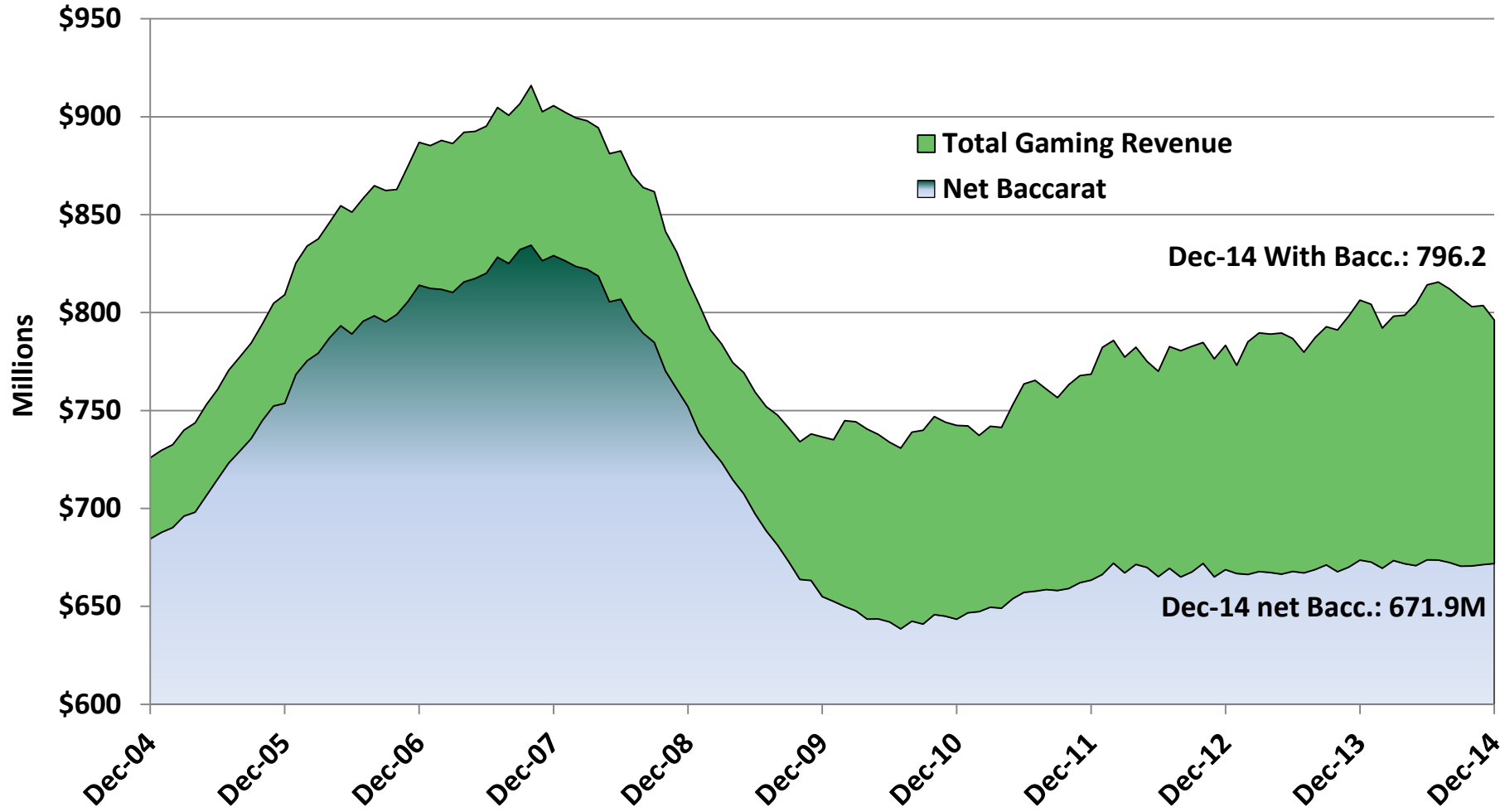
But visitor volumes are back & highest ever levels & spiking to new highs

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



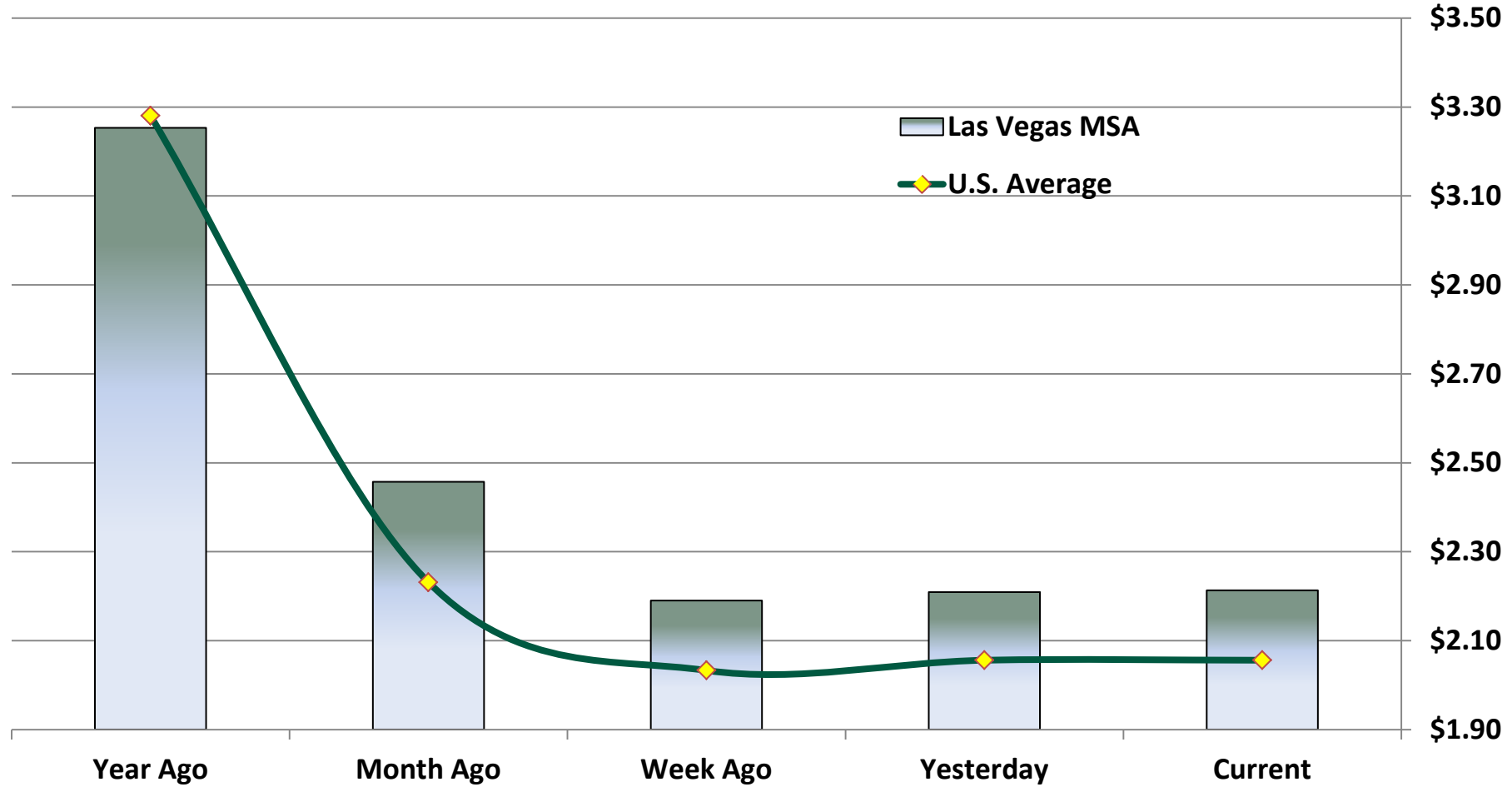
Gaming revenues returned moderately due to baccarat; slot revenues stagnant

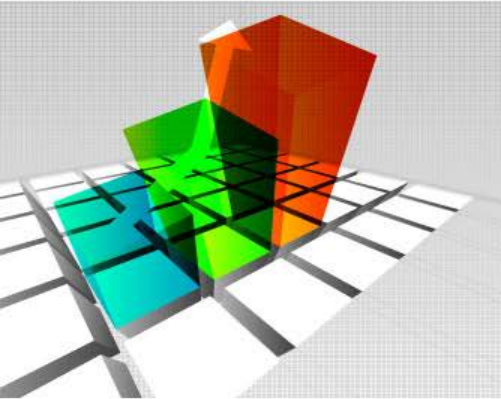
Clark County Gaming Revenue: Dec-04 to Dec-14



The expected "raise": tumbling gas prices

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



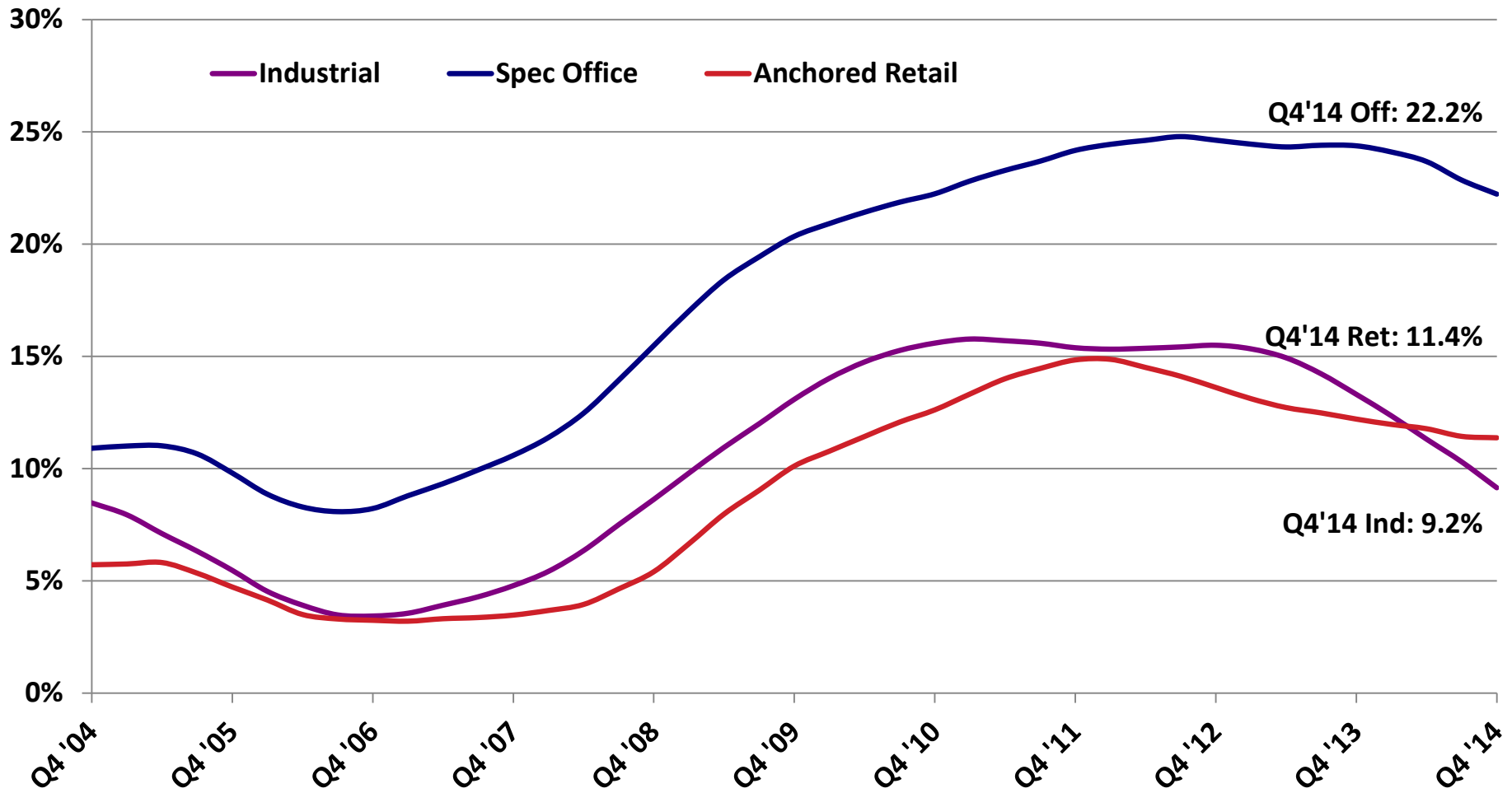


THE REALITY: SOUTHERN NEVADA REAL ESTATE MARKETS



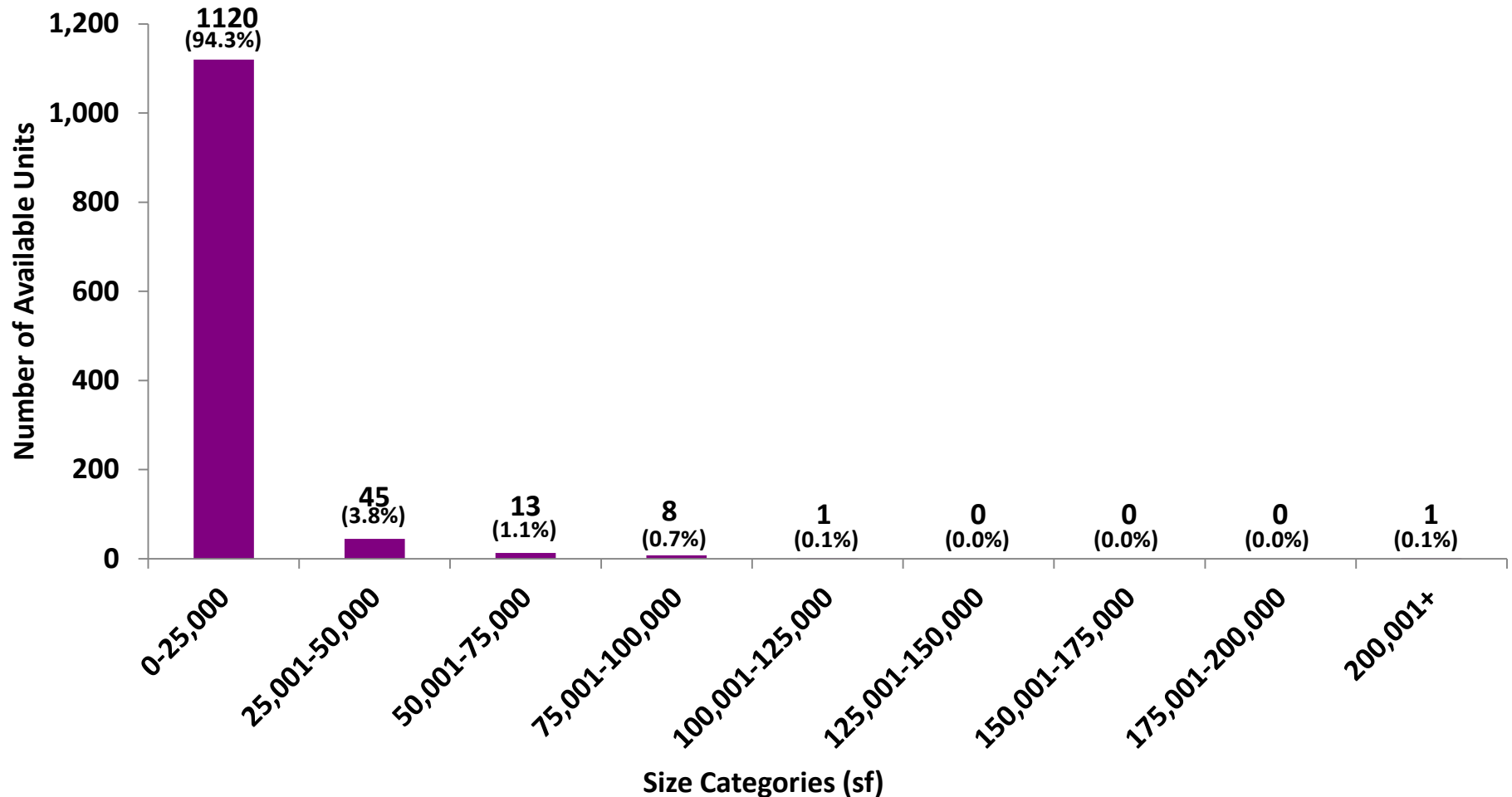
Vacancy rates now recovering across board, led by Industrial

Las Vegas Valley Commercial Real Estate Vacancy Rates: Q4/04 to Q4/14



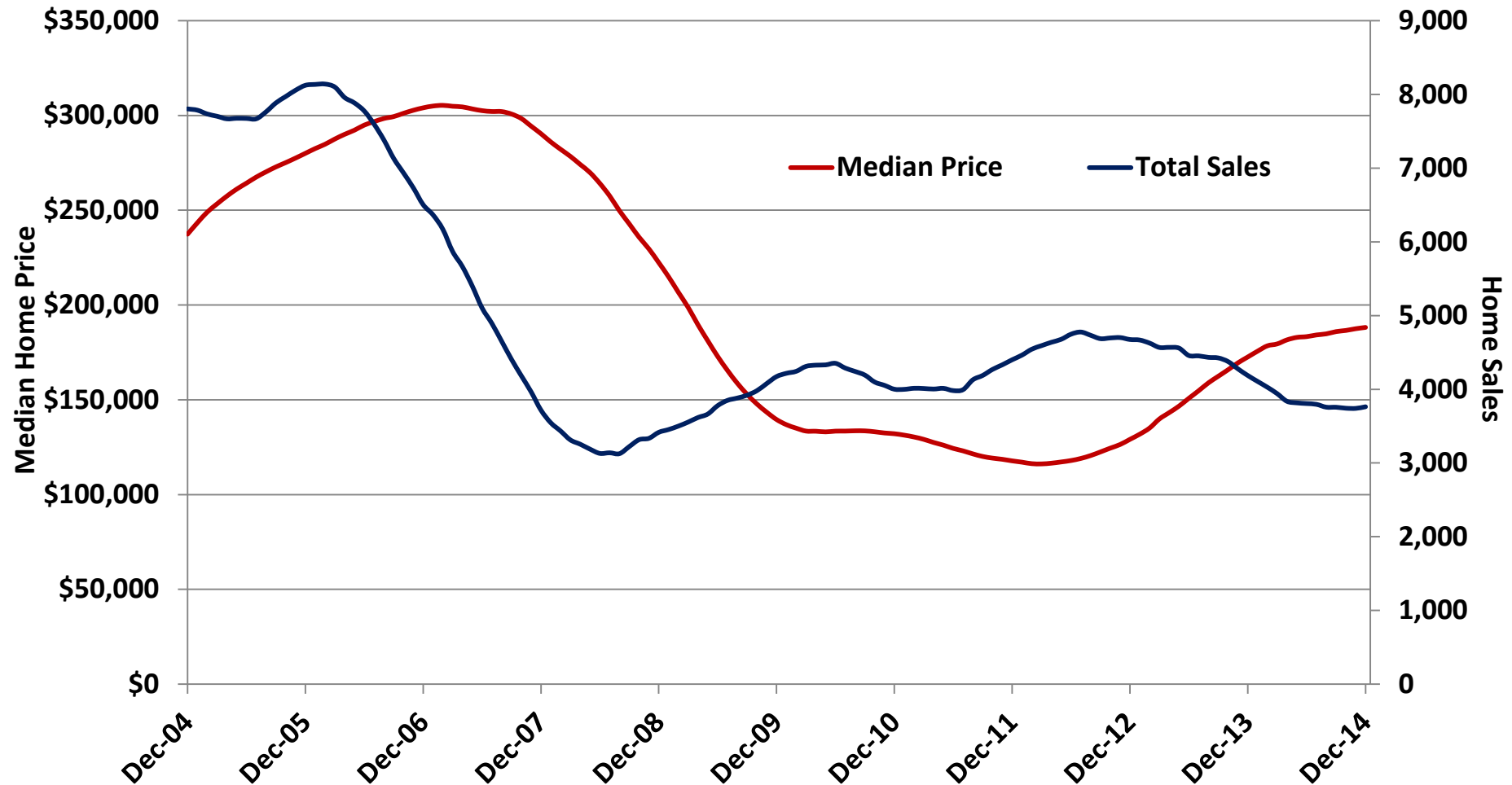
Lack of larger units hampering economic growth in Las Vegas

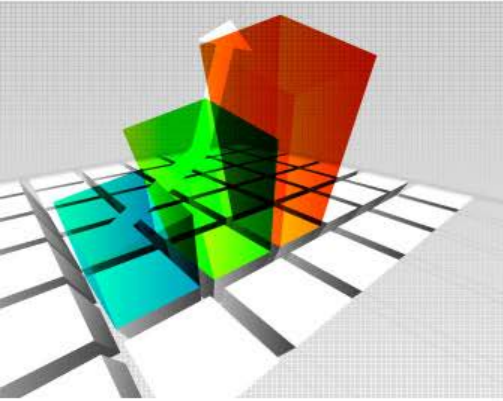
Las Vegas Valley Distribution of Available Industrial Units, by Size: Q4/14



Home prices & sales have recovered; mini spike in '12 & '13; prices leveling off

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.

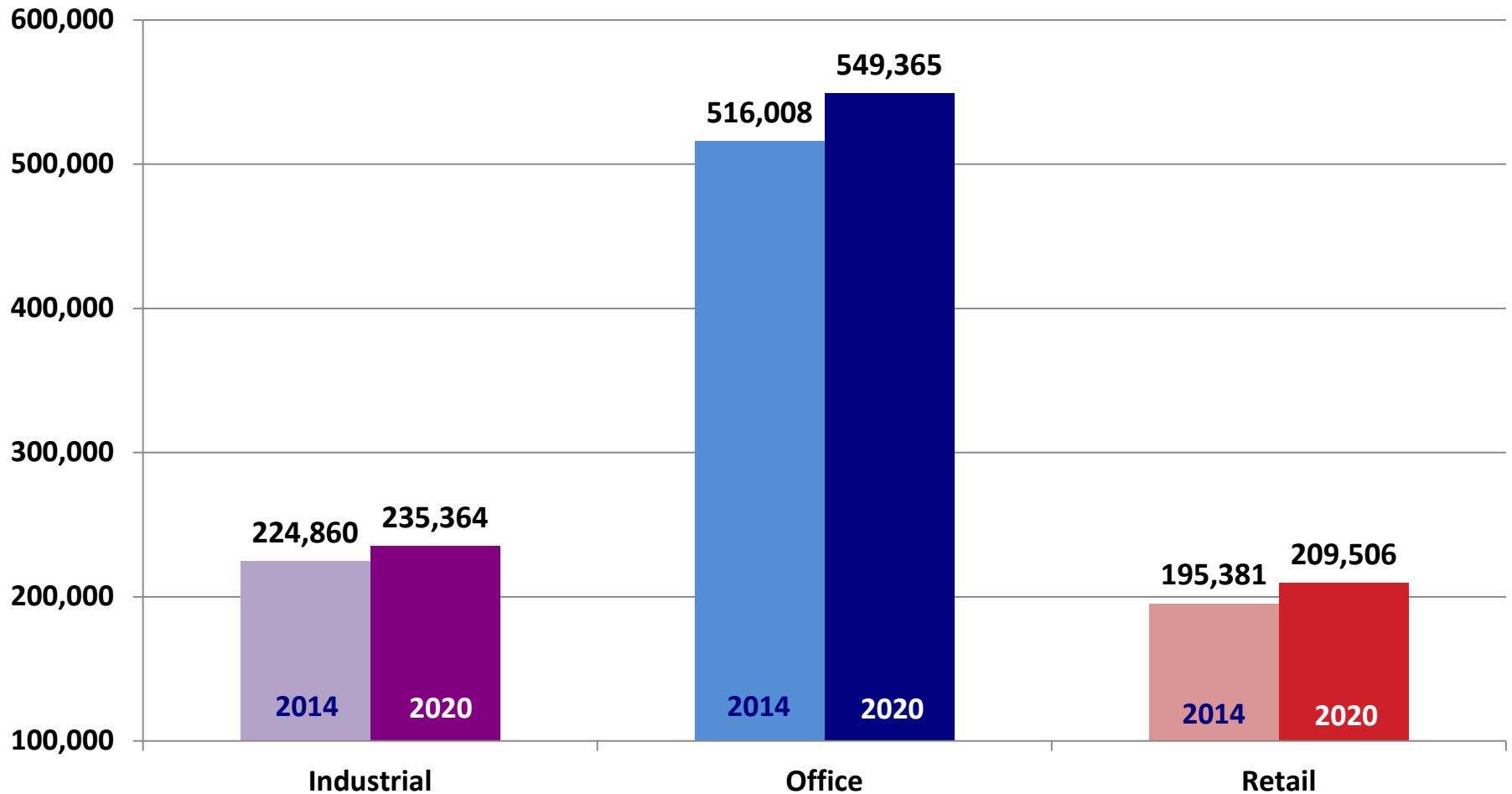
Las Vegas MSA Population/Employment Forecast (% Change): 2014-2015

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*

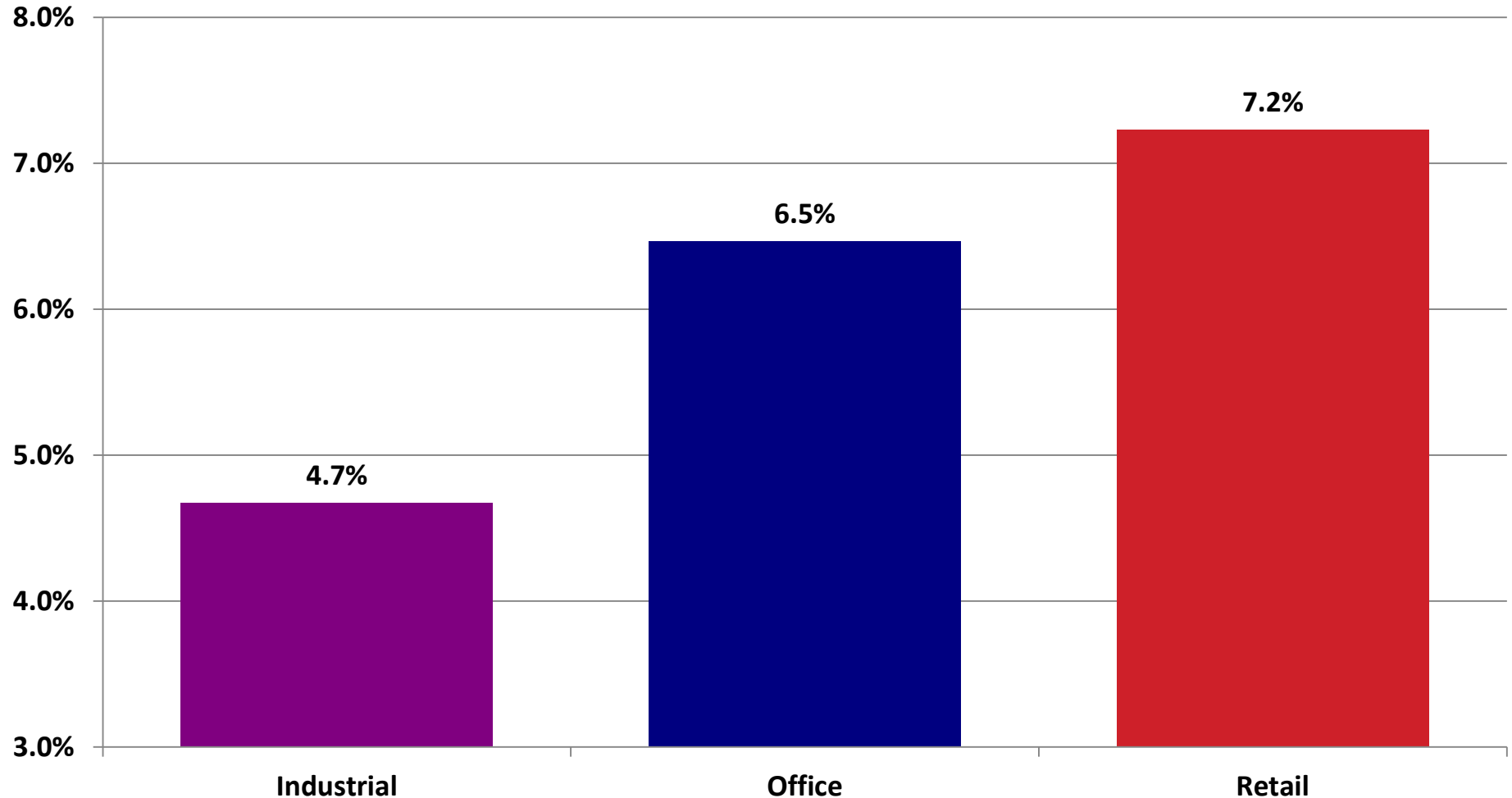
LV office jobs will be the biggest sector in 2020; ongoing spread of service economy

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



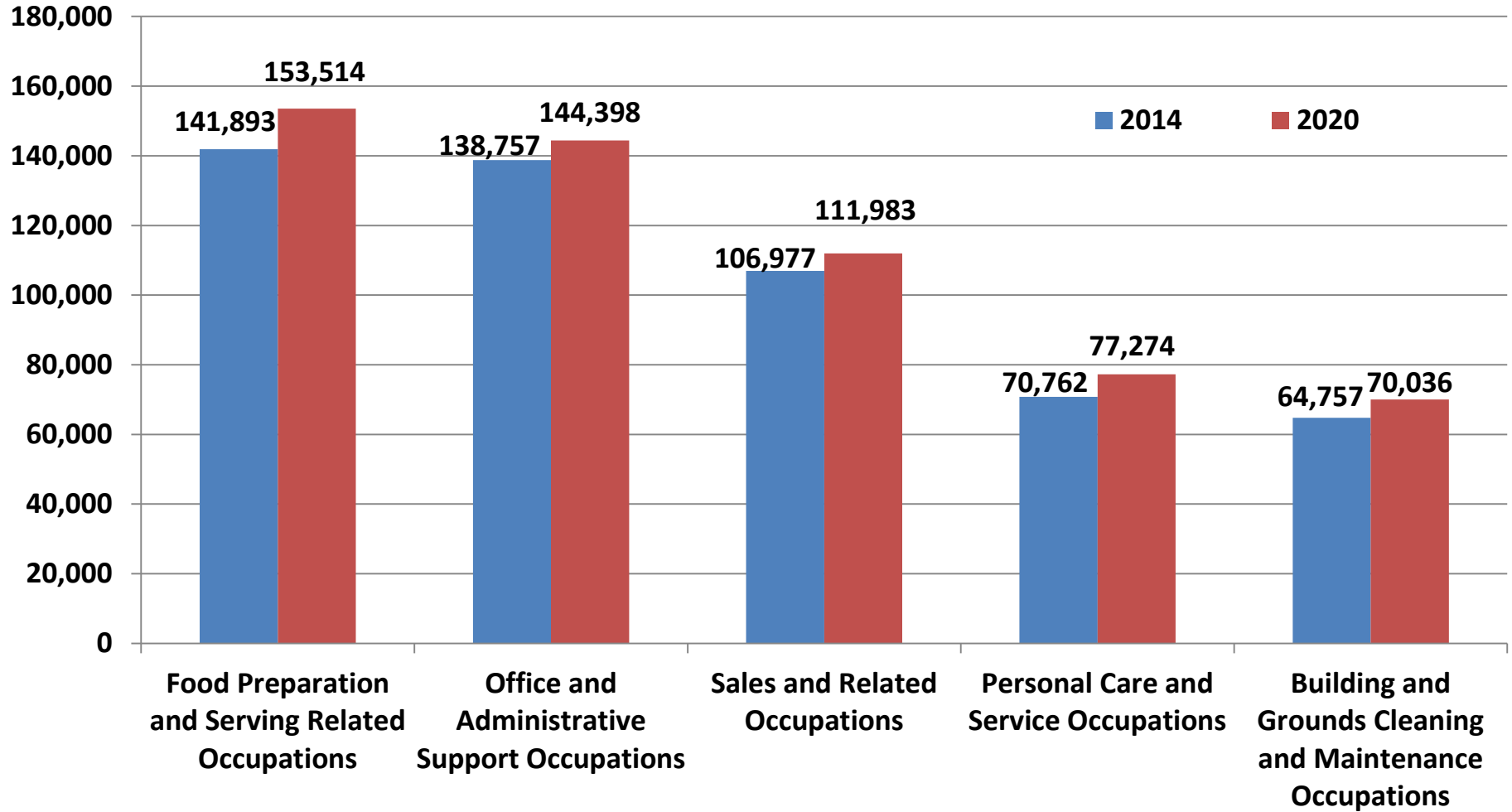
Retail jobs will be fastest growing on a % basis

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



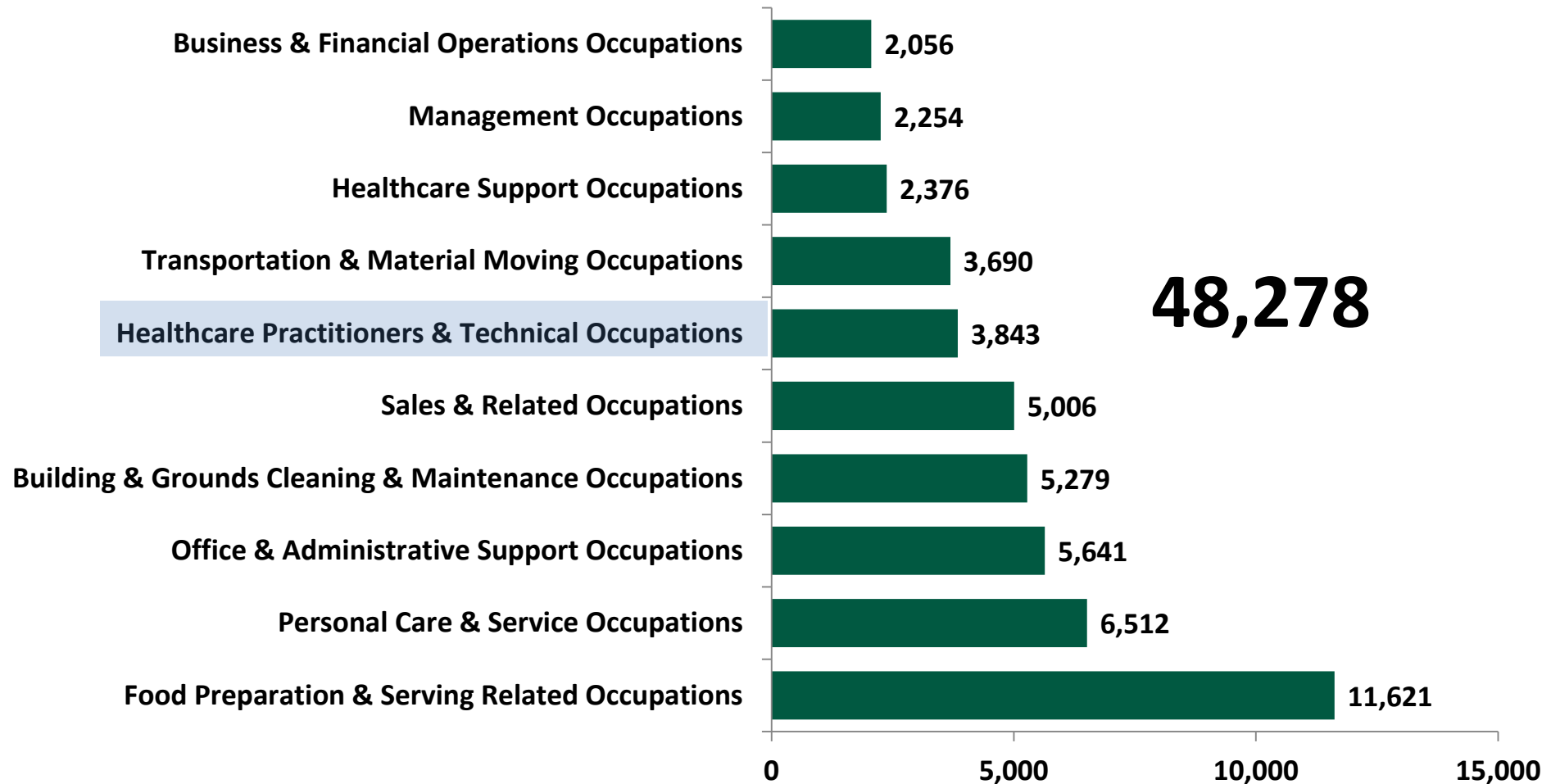
Occupations, food service plus office & administration will be the 2 biggest

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



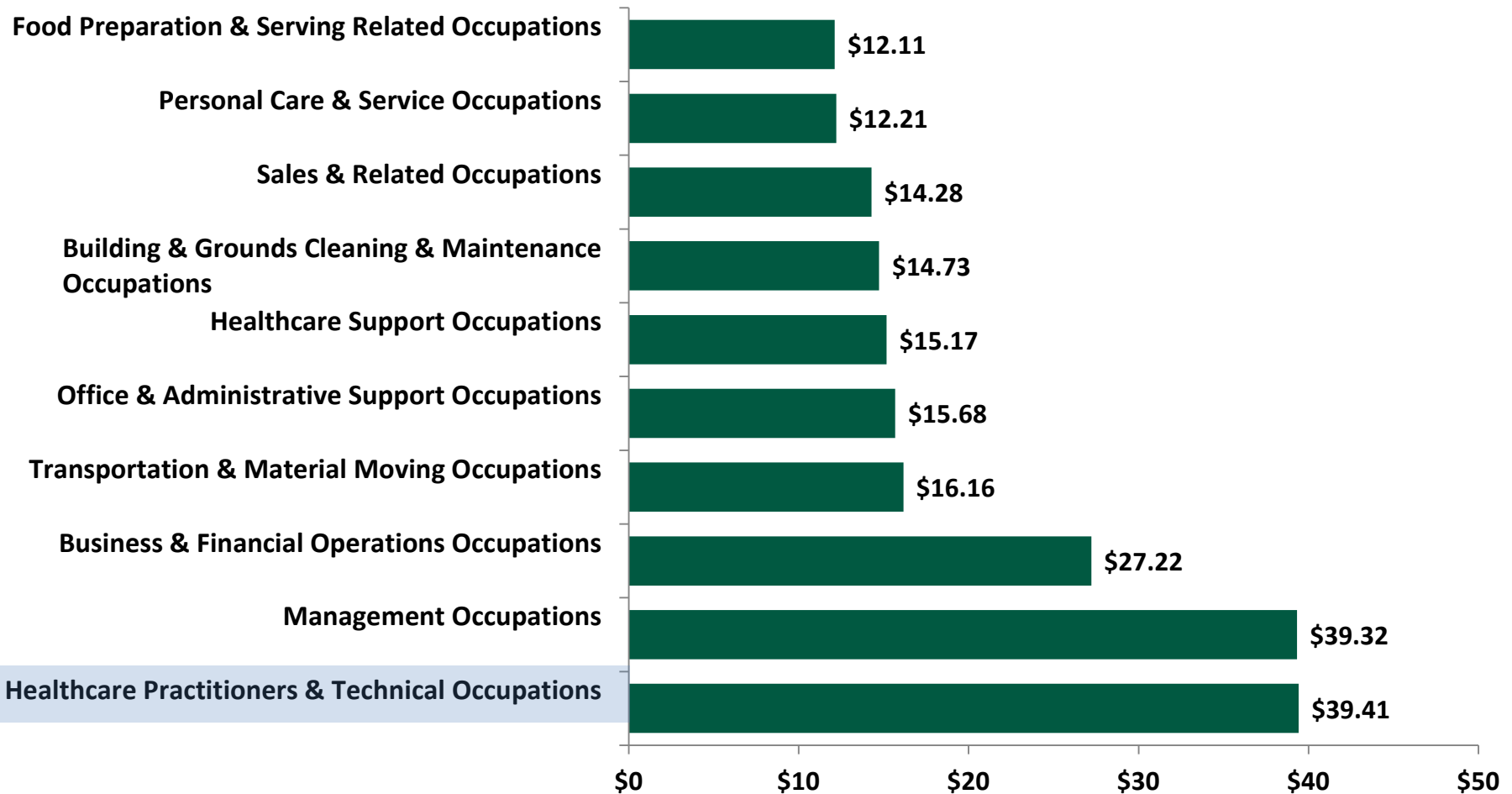
Services will lead in # of jobs that will be produced

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



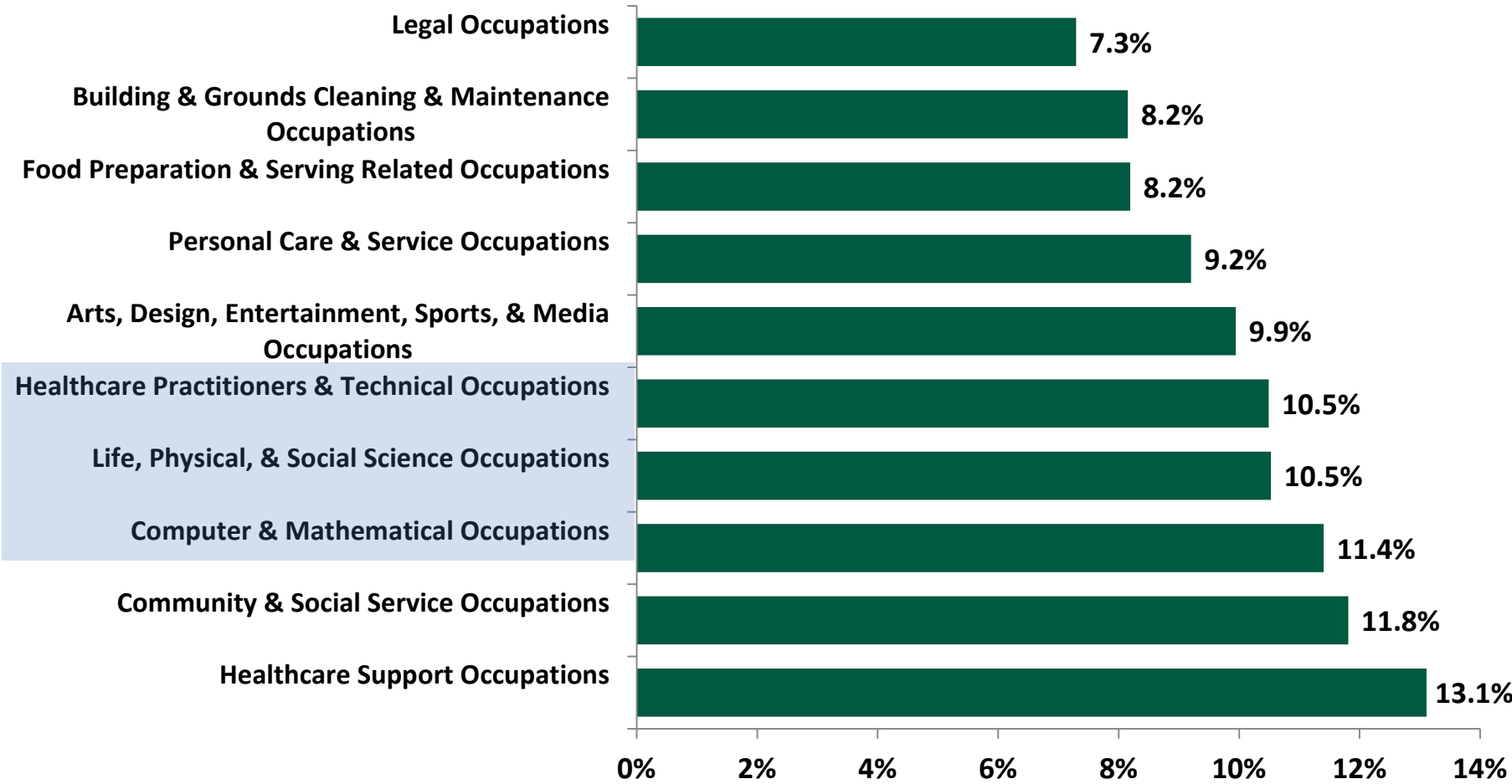
But 7 of the 10 projected Service jobs will be under \$20 per hour

Las Vegas Top 10 Job Forecast using 2014 Wages



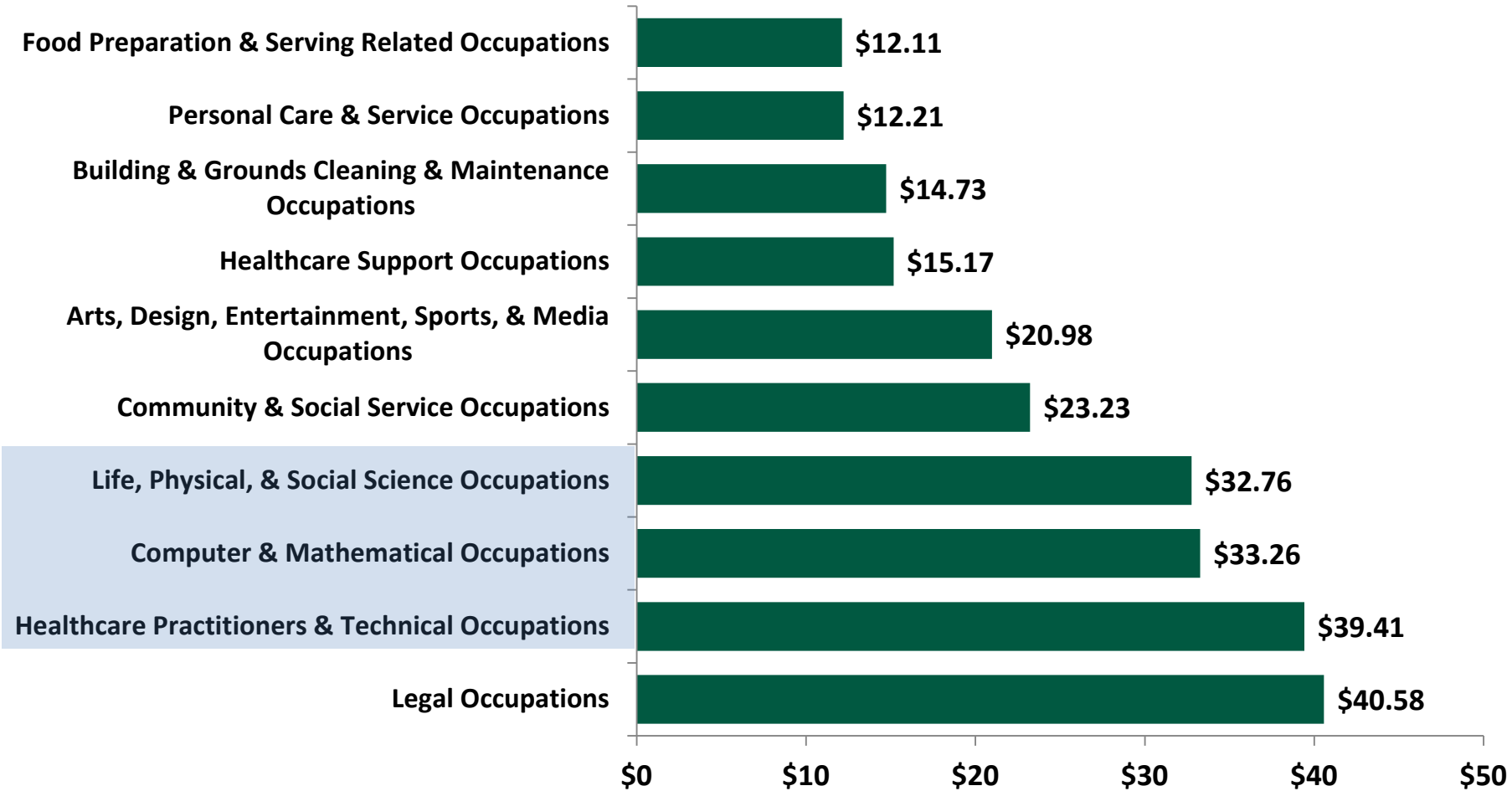
Good News: STEM jobs will see growth above 10% through 2020

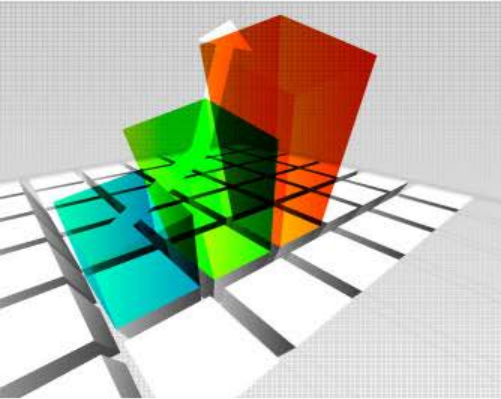
Las Vegas Top 10 Job Forecast (% Change): 2014-2020



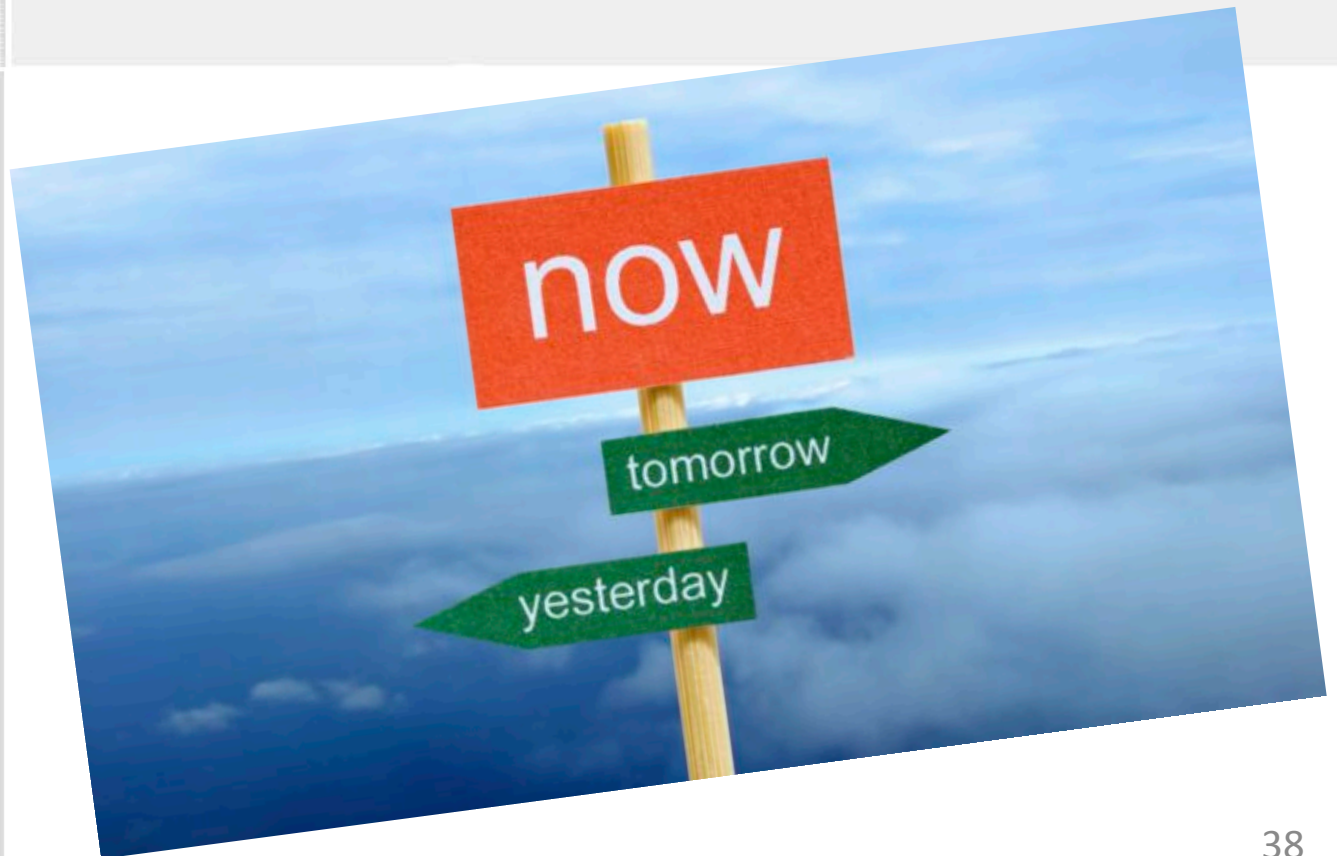
STEM jobs will also be highest paying

Las Vegas Top 10 Job Forecast using 2014 Wages





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.



Tax Policies

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



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