

STATE OF SOUTHERN NEVADA'S ECONOMY

Presented to:

CBRE

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Presented by:

**RCG
ECONOMICS**

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Southern Nevada

HOW OUTSIDERS SEE US

LV mid-pack for development & redevelopment opportunities

2016 Metro Perspective: Top 10 Metros for Development/Redevelopment Opportunities & Las Vegas MSA (Of 75 Largest Metros)

1 Portland, ME	4.50
2 New Orleans	4.50
3 Boise	4.50
4 Salt Lake City	4.33
5 Columbus	4.25
6 San Antonio	4.24
7 Greenville	4.22
8 Raleigh/Durham	4.16
9 New York-Brooklyn	4.16
10 Nashville	4.14
49 Las Vegas	3.60
73 Memphis	2.86
74 Hartford	2.75
75 Columbia	2.75

Weak

Declining

Average

Improving

Strong



LV perceived as having so-so economic strength among western metros

2016 Strength of Economy Scores (Out of 5): Local Outlook: West Region



Note: Average score of local market participants' opinion on strength of local economy, investor demand, capital availability, development, job opportunities, public/private investments & local development commitment.

LV industrial prospects are good; other sectors viewed as weaker than region

West Average

3.25

3.42

3.54

Las Vegas

2.66

2.38

3.56

- Office
- Retail
- Industrial



Ouch. LV RE prospects look shaky for investment, development & homebuilding.

2016 Top 10 U.S. Metros to Watch Plus Las Vegas:
Overall Real Estate Prospects (5 is Highest Score)

Rank	Market (Of 75 Largest Markets)	Investment	Development	Homebuilding
1	Dallas/Fort Worth (2, 3, 1)	3.87	3.79	4.34
2	Austin (4, 1, 2)	3.82	3.83	4.17
3	Charlotte (11, 5, 4)	3.71	3.69	4.07
4	Seattle (3, 10, 5)	3.84	3.57	4.00
5	Atlanta (5, 6, 8)	3.79	3.68	3.93
6	Denver (8, 13, 3)	3.74	3.51	4.14
7	Nashville (7, 2, 14)	3.75	3.81	3.67
8	San Francisco (9, 14, 12)	3.73	3.51	3.77
9	Portland, OR (10, 7, 16)	3.71	3.63	3.64
10	Los Angeles (1, 8, 25)	3.87	3.61	3.50
62	Las Vegas (68, 53, 62)	2.99	2.98	2.95

Las Vegas's overall real estate prospects are ranking low in order, investment, development & homebuilding.

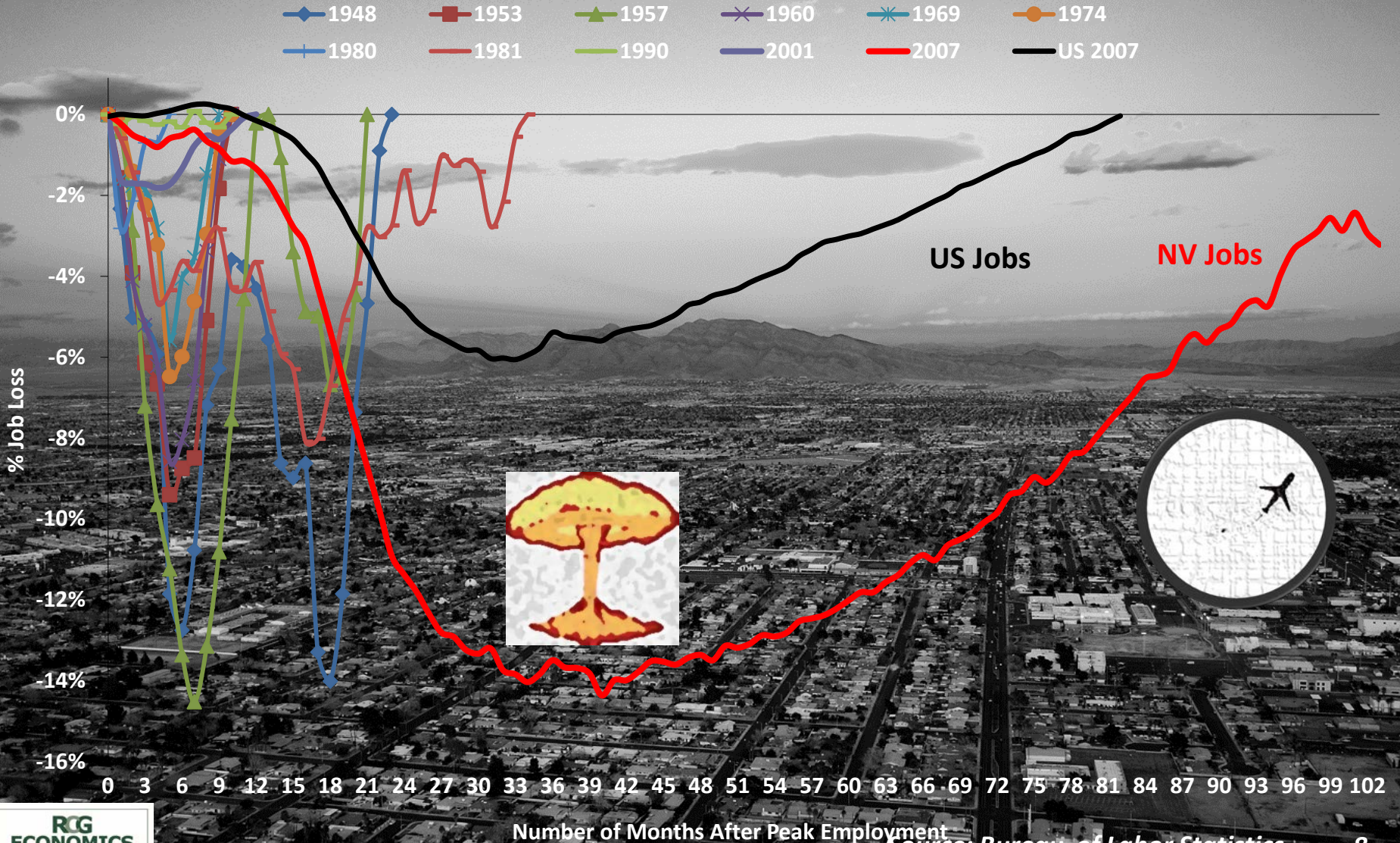
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WHAT'S THE REALITY

WELCOME TO
REALITY
ENJOY THE JOURNEY

The Long & Winding Road

Nevada job recovery from Great Recession (after 103 months)



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Tourism

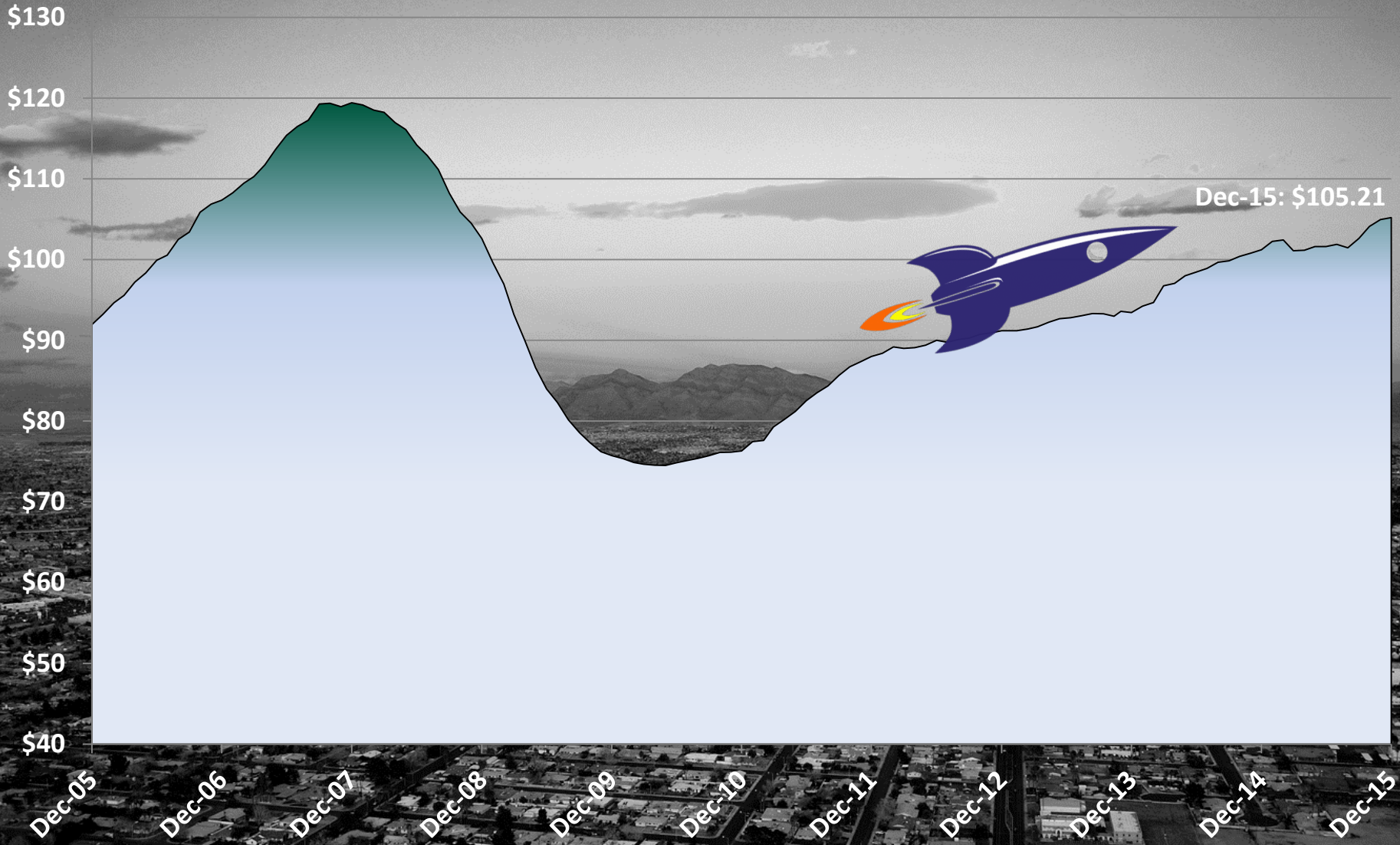
Tourists love Vegas now more than ever

Las Vegas Visitor Volume: Dec-05 to Dec-15



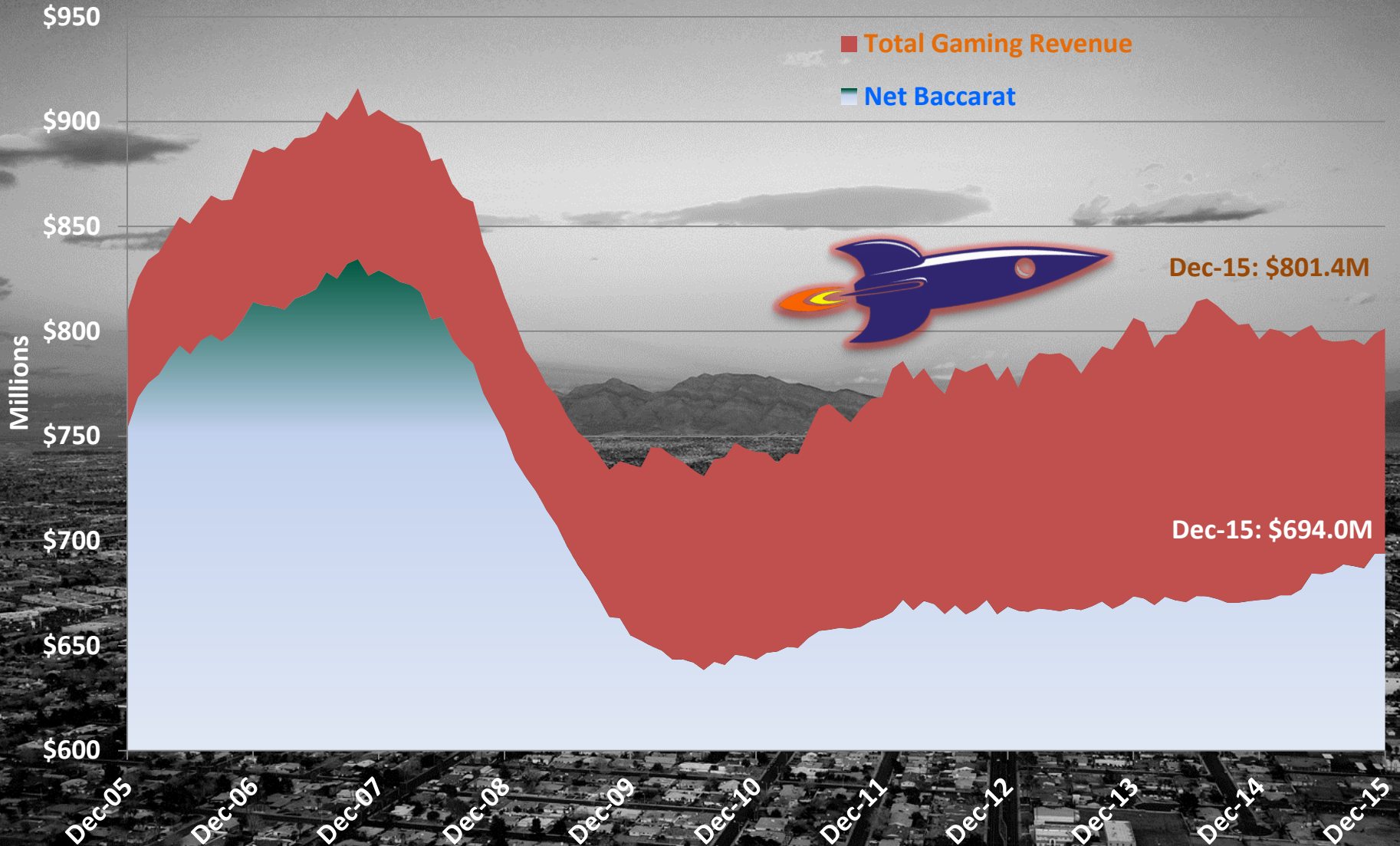
Hotel room revenue on a steady path

LV Hotel Rev. per Avail. Room (RevPAR): Dec-05 to Dec-15



Slot play finally beginning to improve

Clark County Gaming Revenue: Dec-05 to Dec-15



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General Economy



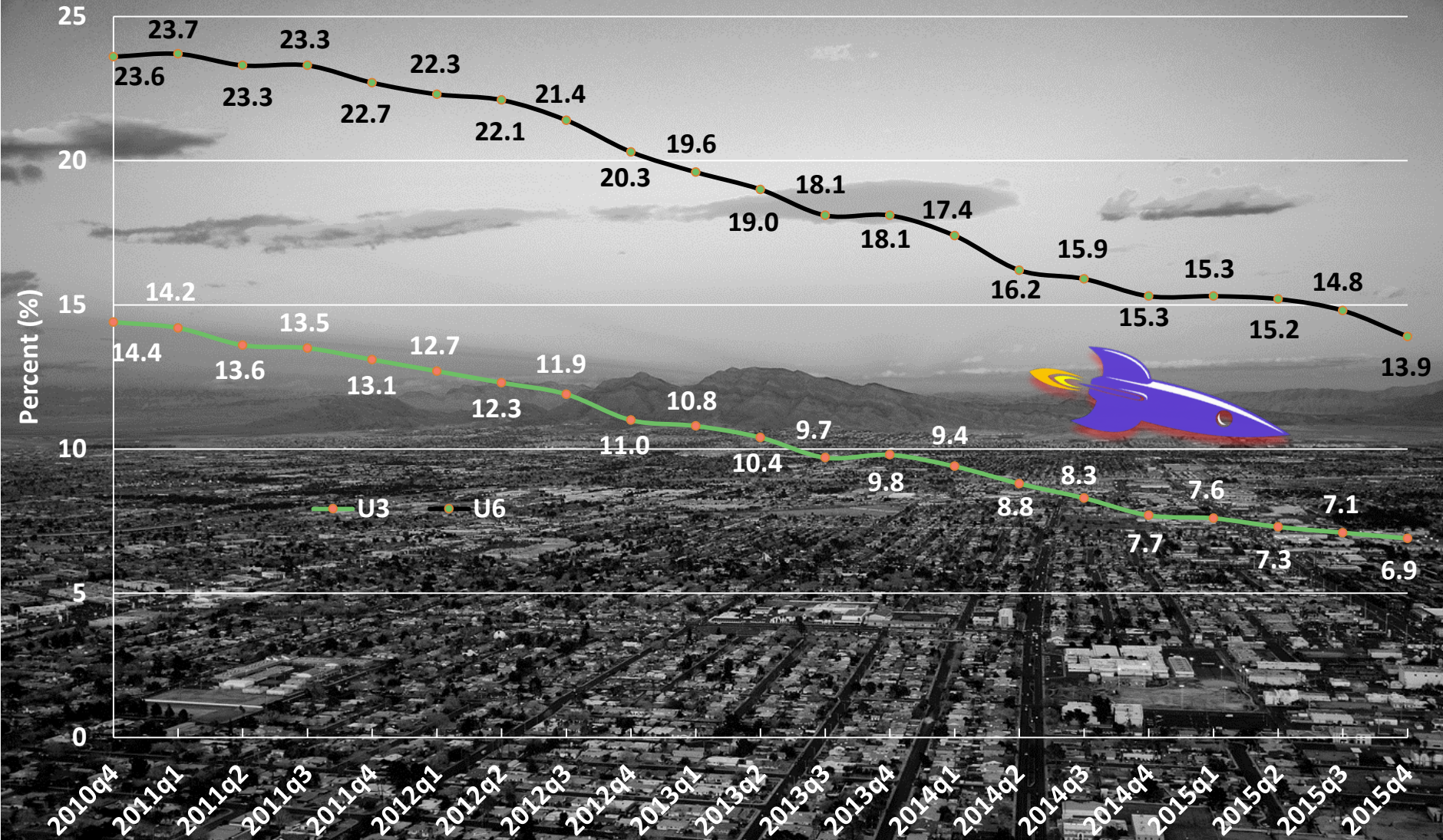
Unemployment declining; job growth slowing

Las Vegas MSA Unemployment & Job Growth: Dec-05 to Dec-15



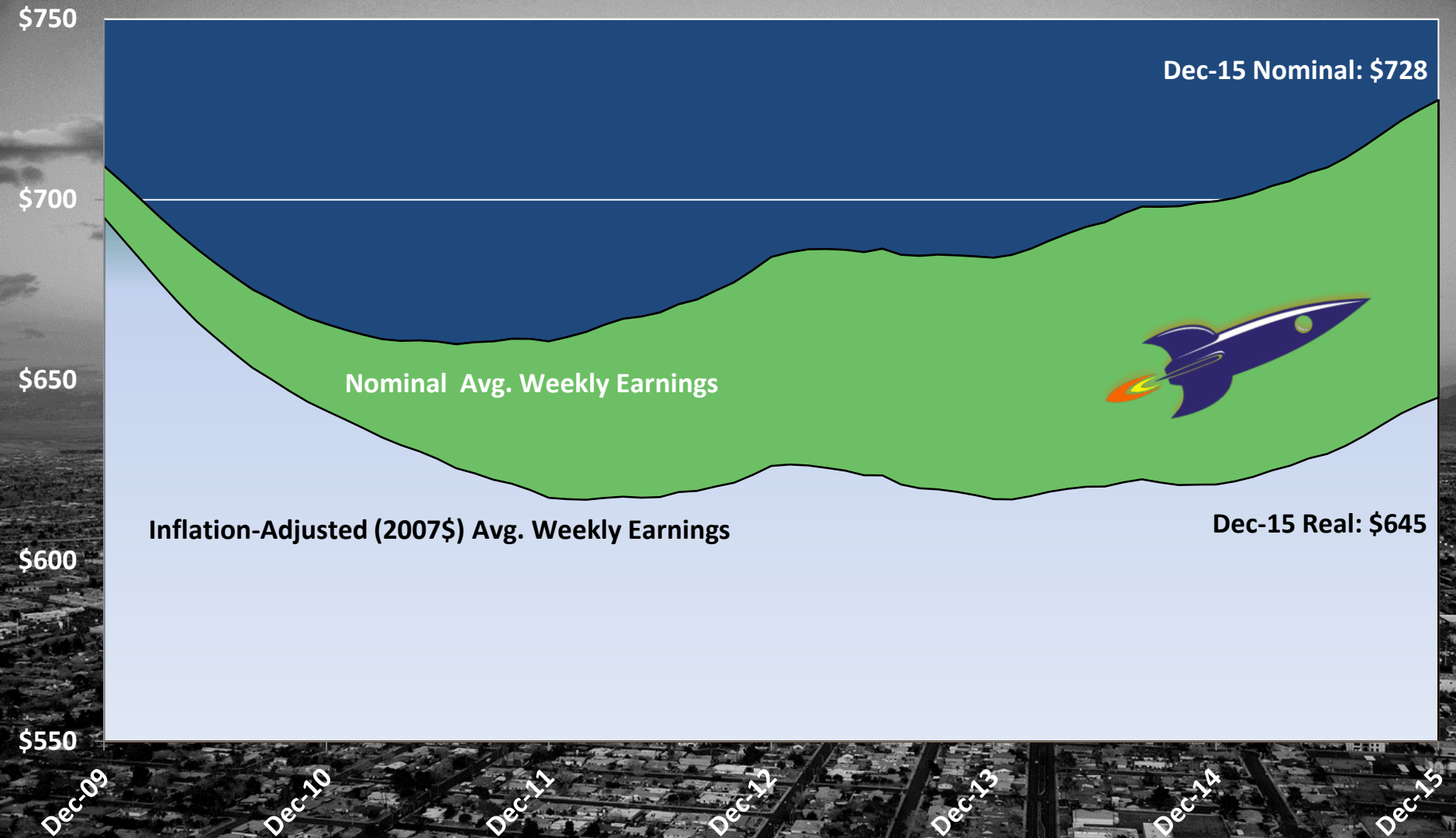
Not all unemployment rates are equal

Nevada U-3 & U-6 Rates: Q4/10 to Q4/15



Average earnings rise over last year

Las Vegas MSA Average Weekly Earnings: Dec-09 to Dec-15



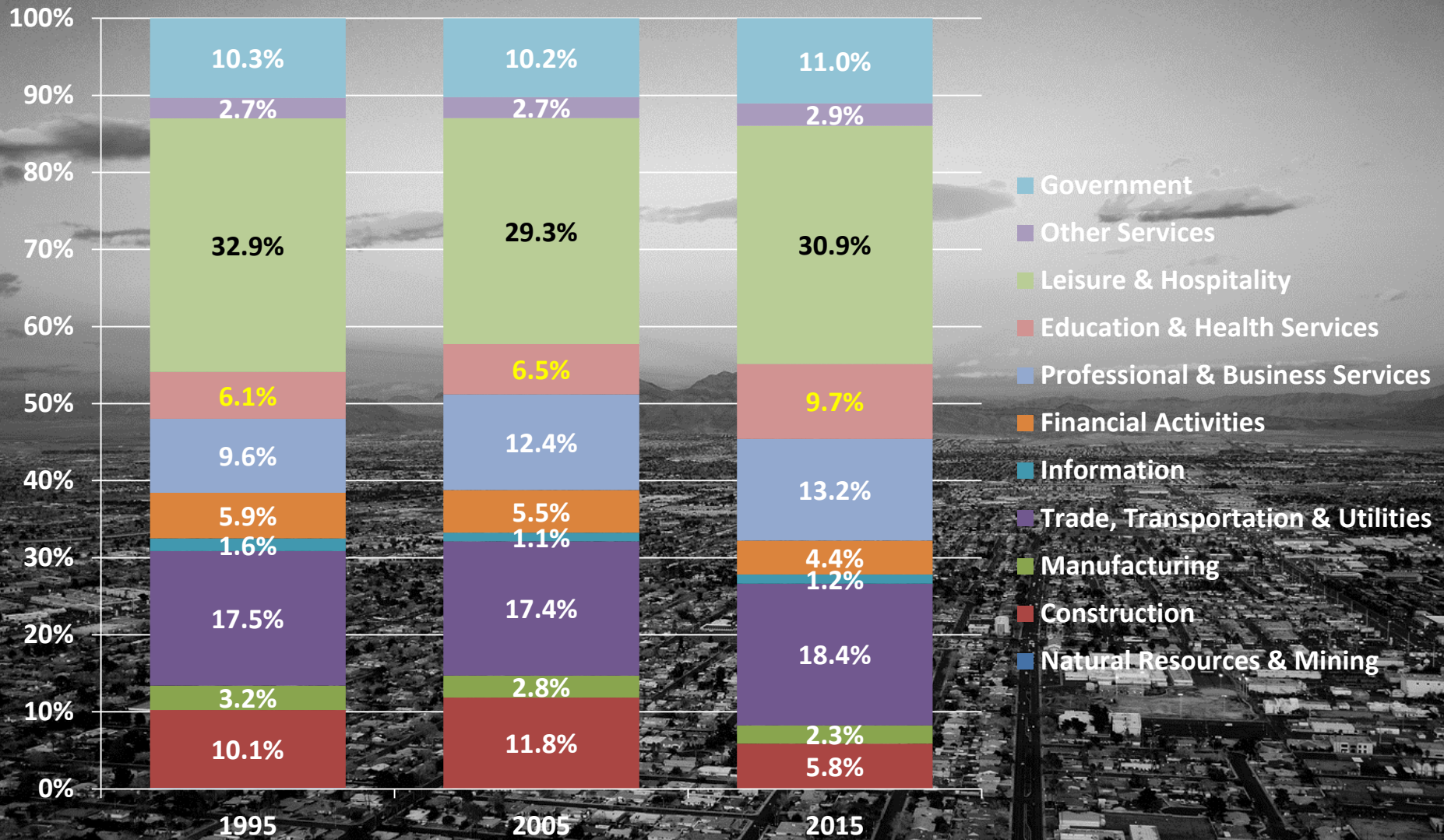
Weekly hours finally moving up

Las Vegas MSA Average Weekly Hours: Dec-09 to Dec-15



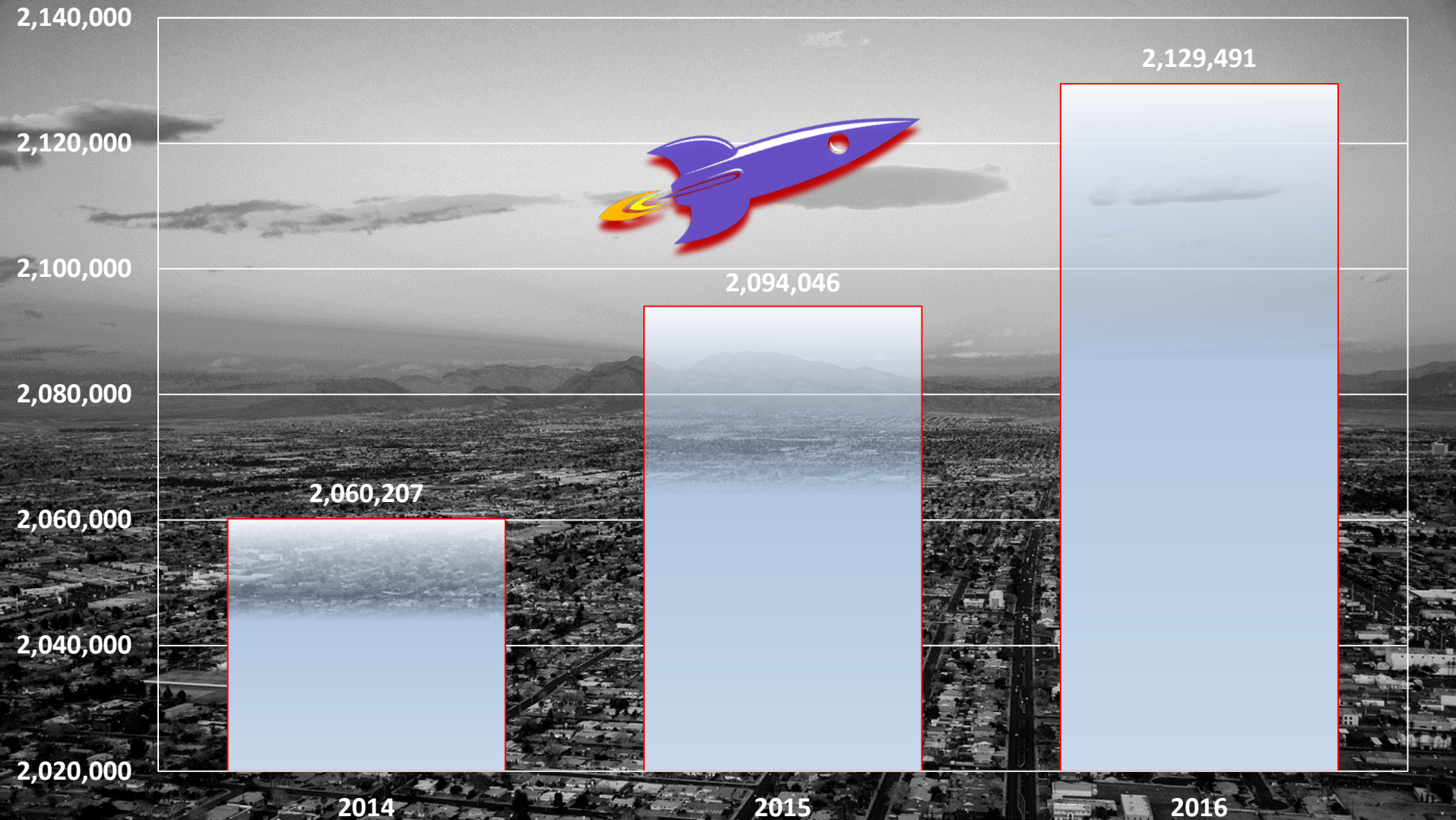
Resort Industry still rules, Eds/Meds jumps

Las Vegas MSA Job Sector Distribution: Dec-95, '05 and '15



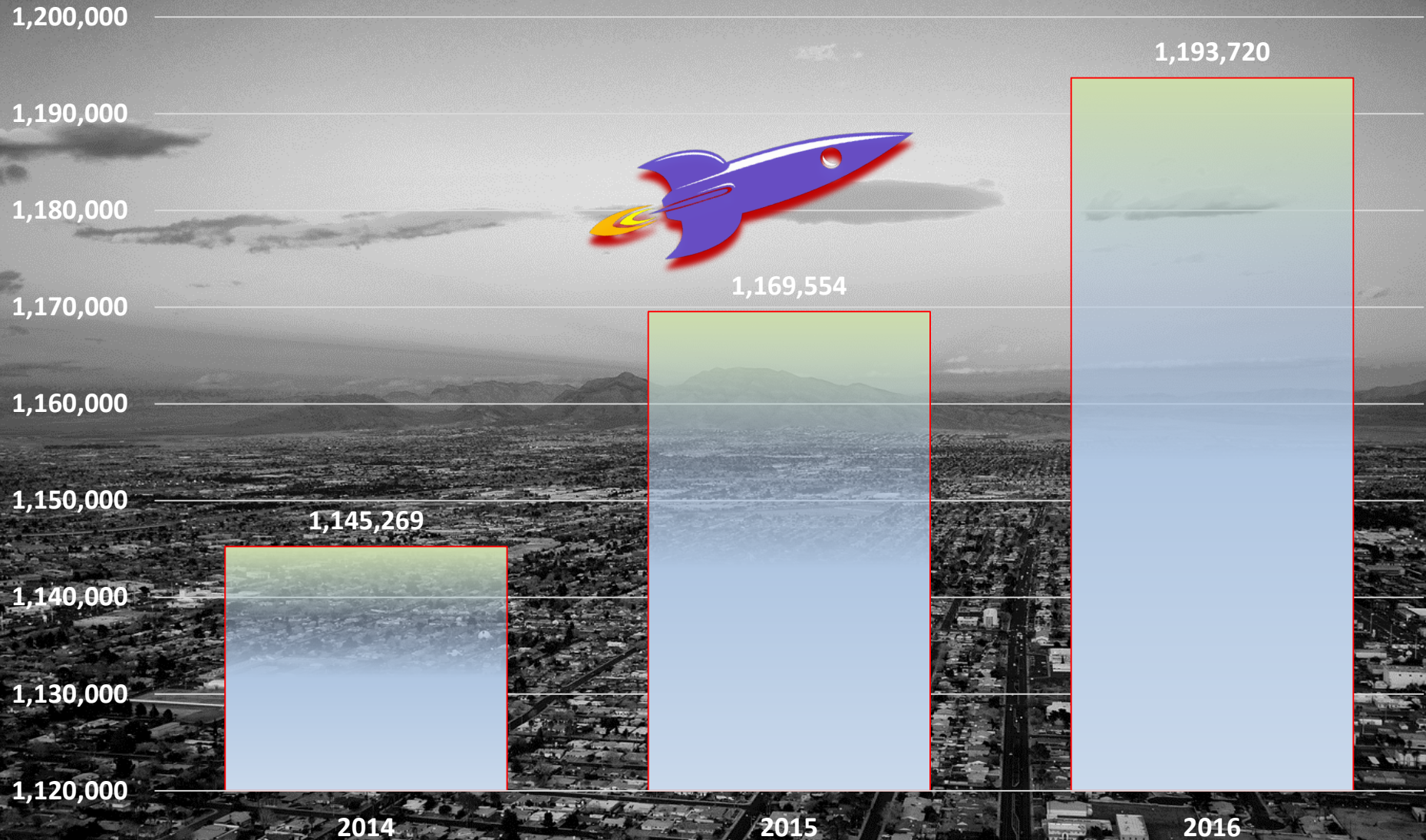
Population to increase to 1.7% in 2016

Las Vegas MSA Population: 2014-2016



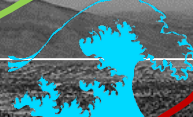
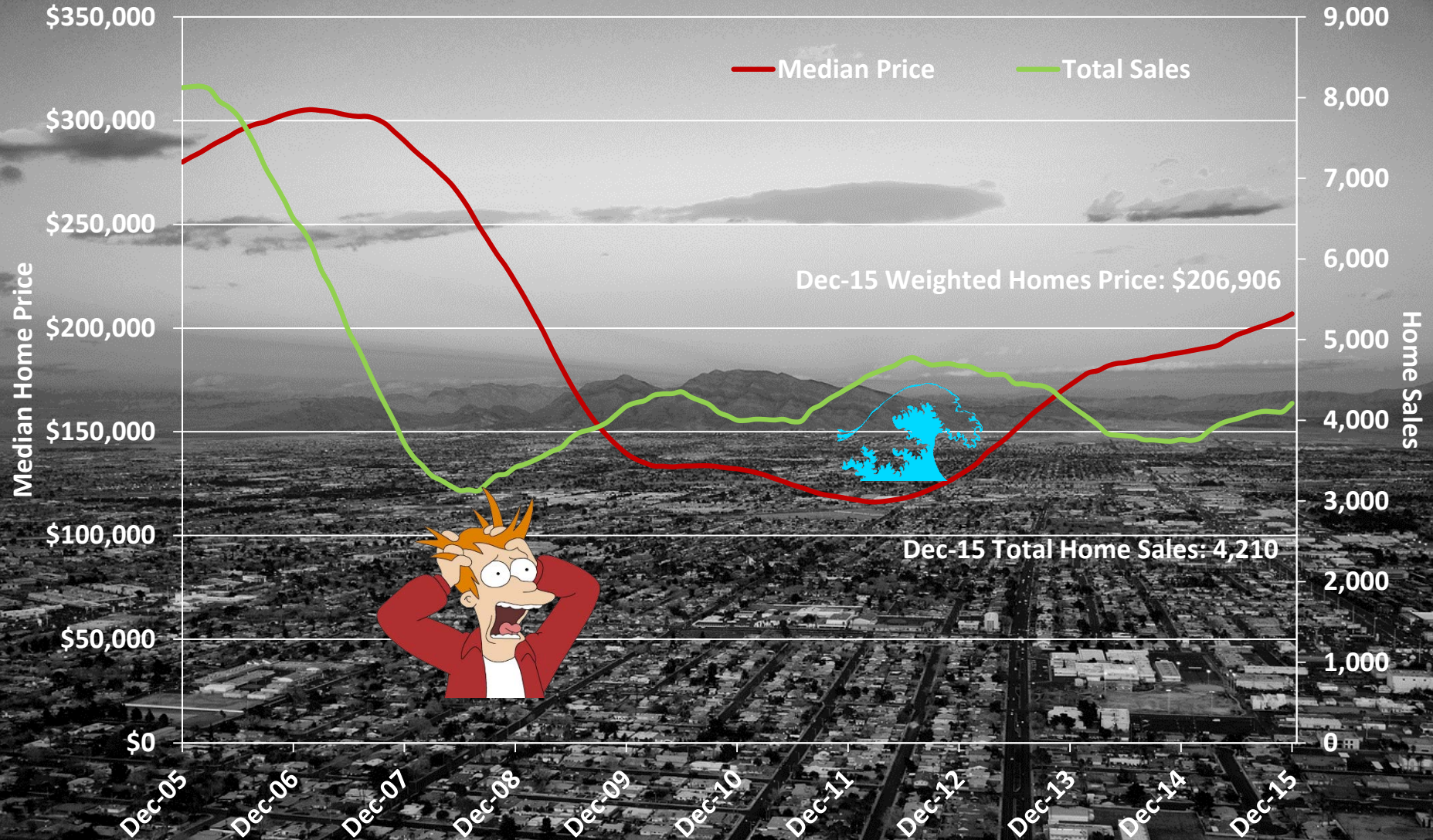
Jobs to increase to 2.1% in 2016

Las Vegas MSA Employment: 2014-2016



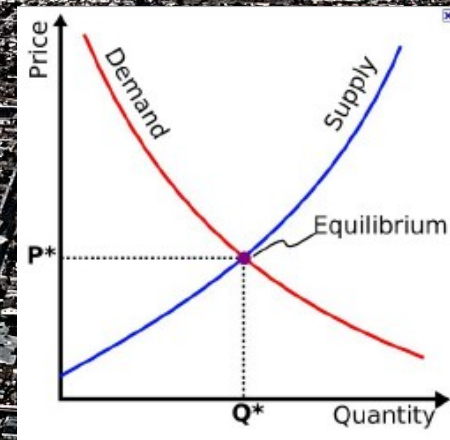
Housing market picking up

LV MSA Total Home Sales & Median Price: Dec-05 to Dec-15



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Office & Industrial Supply



Major lack of large Industrial space

Distribution of Available IND Units, by Size Category: Q4, 2015



Major lack of large office space

Distribution of Available Units, by Size Category: Q4, 2015



2016 Food for Thought

1. Low gas prices, will be the gift that keeps on giving; but cuts both ways
2. Wages & hours work finally seeing upswing as the job market continues to tighten
3. Commercial real estate markets will continue to strengthen, most bullish on Industrial, especially Warehouse-Distribution & especially Spec
 - Continued growth in E-Commerce, making DCs the NEW retail centers
 - Industrial has a longer runway for appreciation & income growth; changing U.S. economic landscape
 - Growing demand for Warehouse Distribution space & continued land shortages, but be careful of irrational exuberance
 - Lot's large space construction in large space, not much under 200,000 sf. This product largely in urban core. Getting critical for same-day delivery
4. Housing market will level off
5. Leisure & Hospitality will rule-on, but Eds & Meds are the future
6. Blowback from slowing China & Western European economies; We're NOT Alone

Shameless Plug

Our Services

- ✓ Real Estate Market Research
- ✓ Regional Economics
- ✓ Demographics
- ✓ Public Policy Research
- ✓ Tax Policy Analysis

Our Products

- ✓ The Stat Pack
- ✓ Nevada Job Flash
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- ✓ Metro Area Overviews



Questions?



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