

InSight 2016



THE AUTHORS



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6 BIG QUESTIONS FOR SOUTHERN NEVADA

Why are we here?

How is Las Vegas viewed by outsiders?

How is the hospitality industry doing?

How are Las Vegas consumers doing?

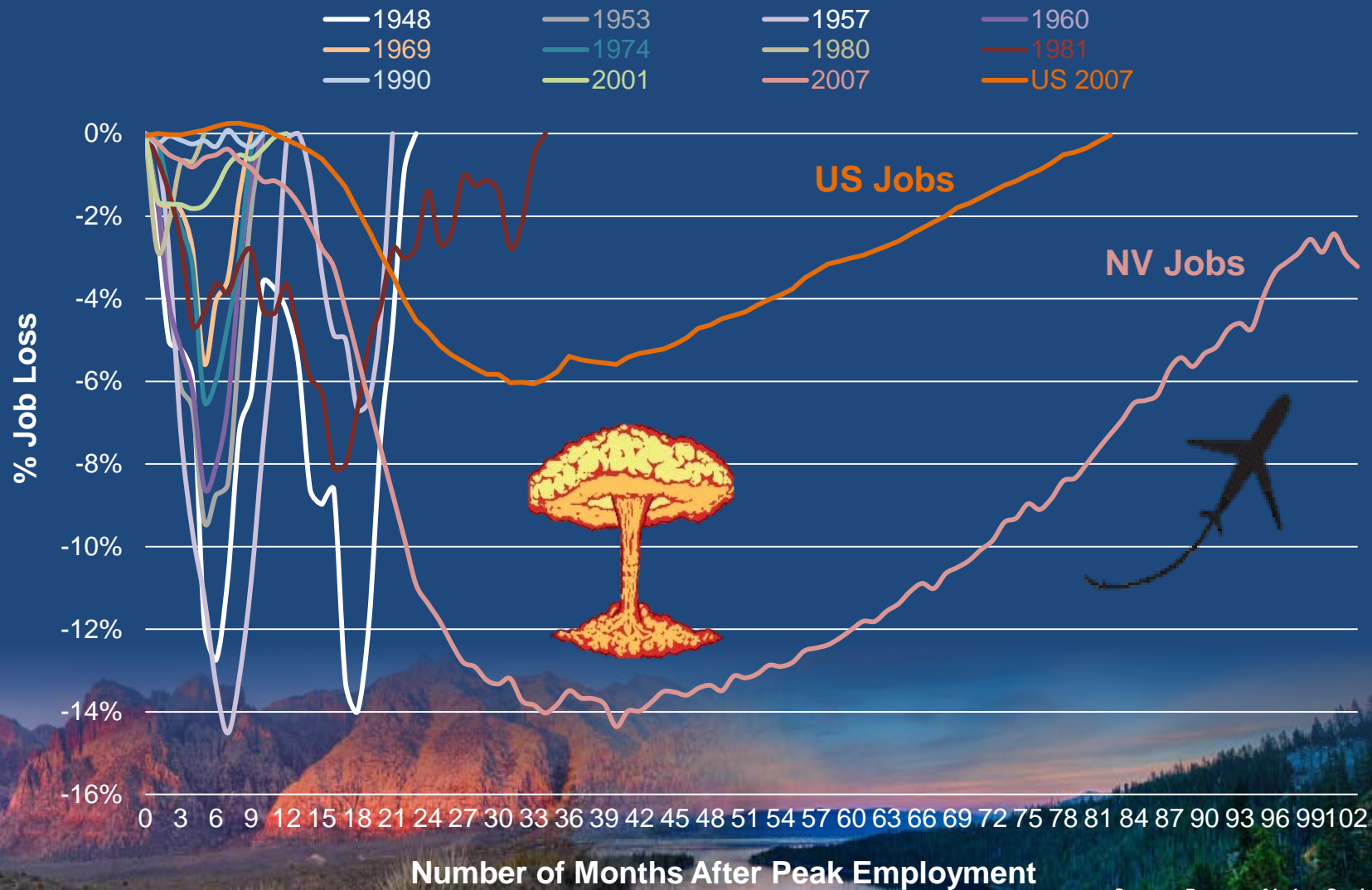
Is our economy really diversifying?

**What happened in 2015 & what does it mean for
Southern Nevada in 2016?**



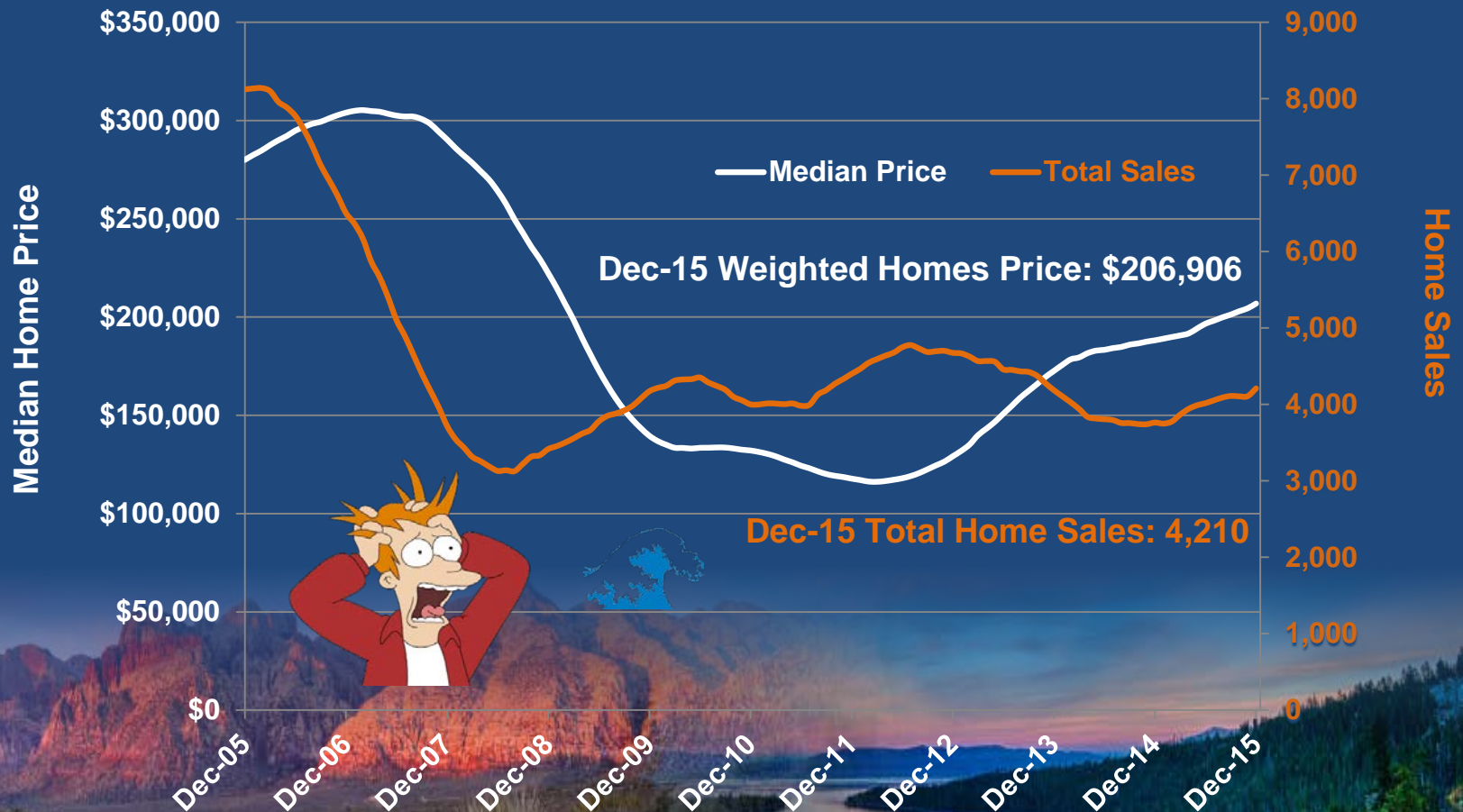
WHY ARE WE HERE?

Nevada Recession Job Market Recovery: 1948-2015



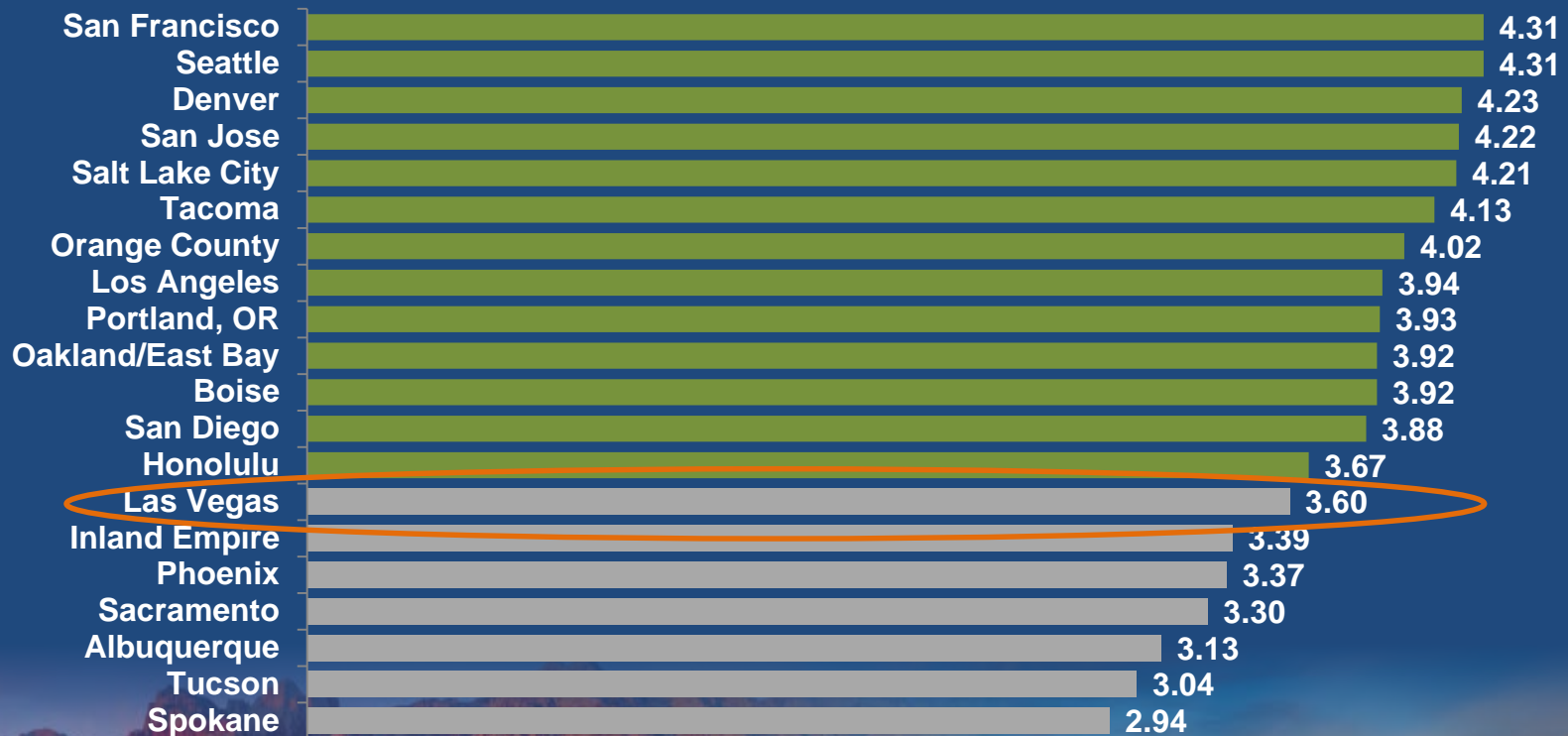
WHY ARE WE HERE?

Las Vegas MSA Total Sales & Median Home Price, Last 10 Yrs.: Dec-05 to Dec-15



HOW IS SOUTHERN NEVADA VIEWED BY OUTSIDERS?

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

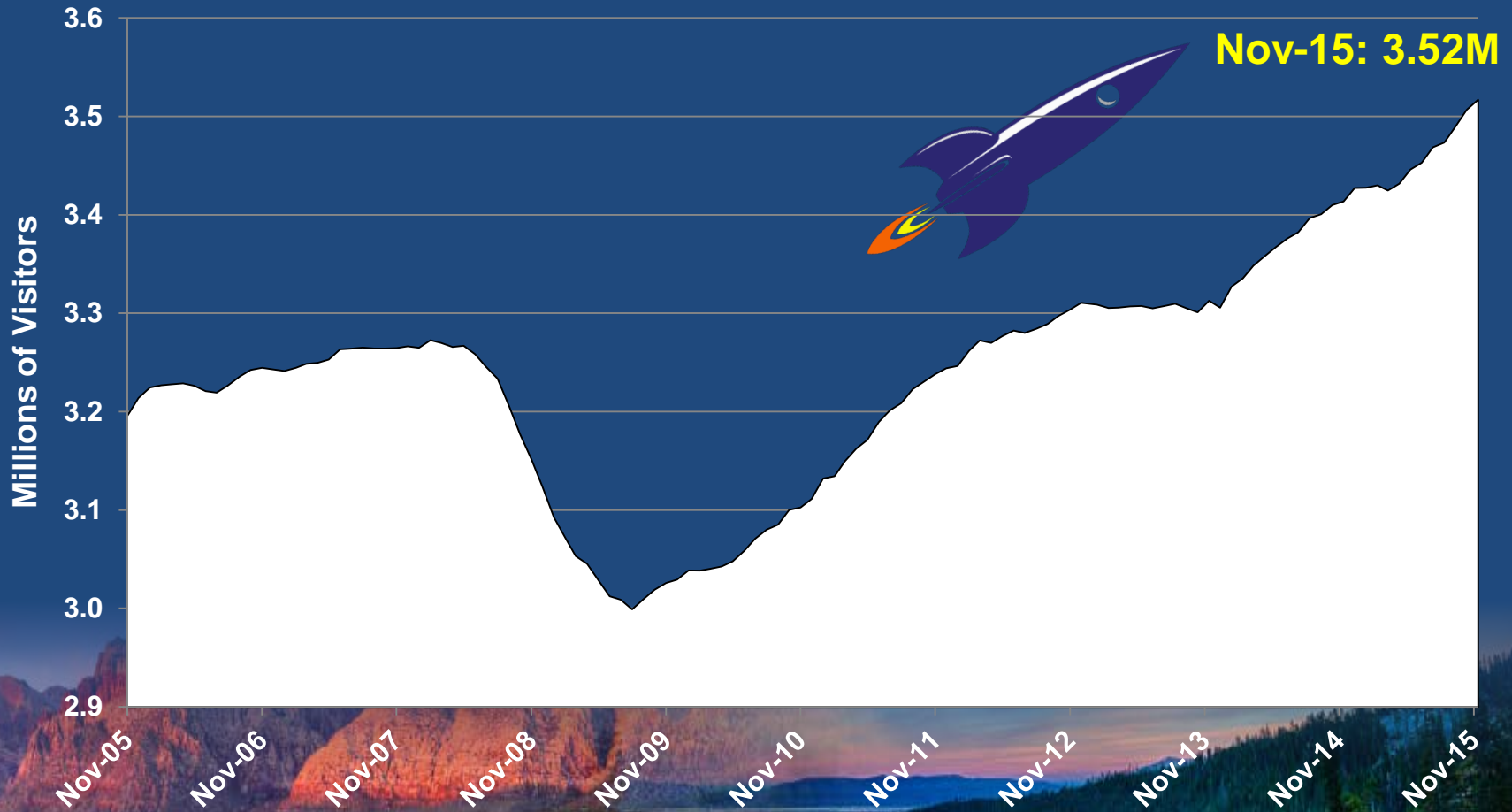


Note: Average score of local market participants' opinion on strength of local economy, investor demand, capital availability, development & redevelopment opportunities, public/private investments & local development community.

Source: Emerging Trends in Real Estate 2016 ULI-PwC Survey

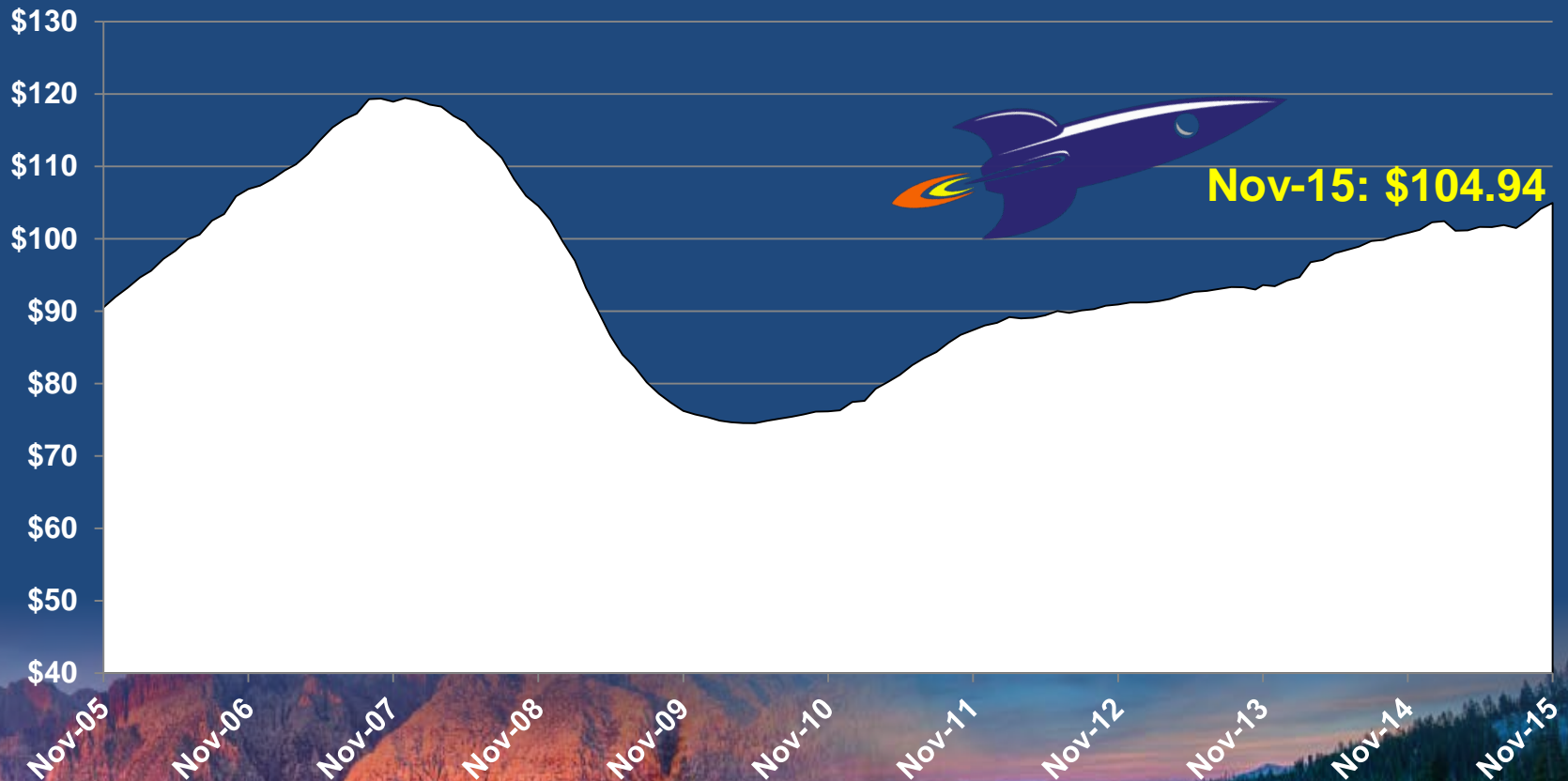
HOW IS THE HOSPITALITY INDUSTRY DOING?

Las Vegas Visitor Volume, Last 10 Yrs.: Nov-05 to Nov-15



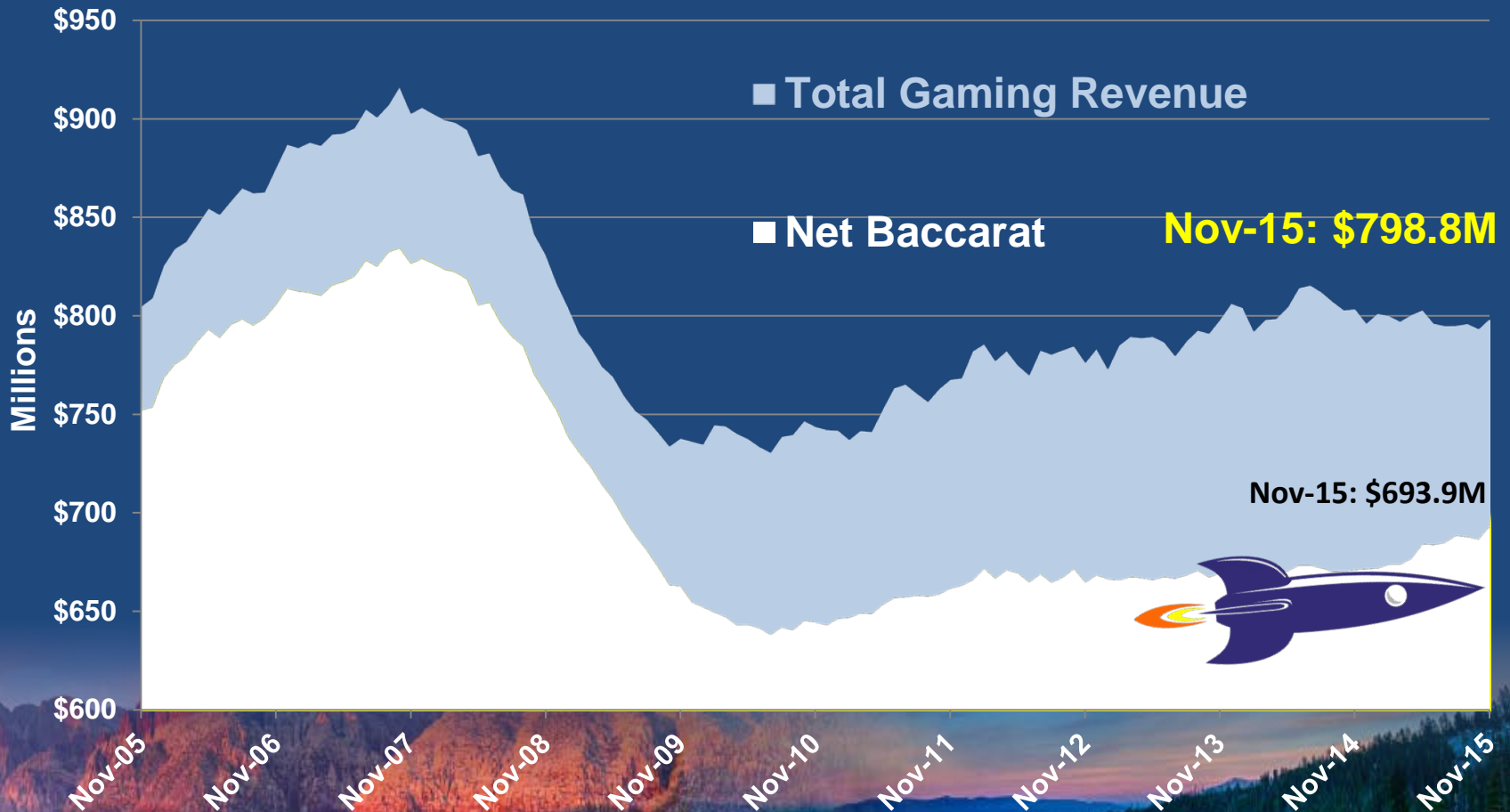
HOW IS THE HOSPITALITY INDUSTRY DOING?

LV Hotel Revenue per Available Room (RevPAR), Last 10 Yrs.: Nov-05 to Nov-15



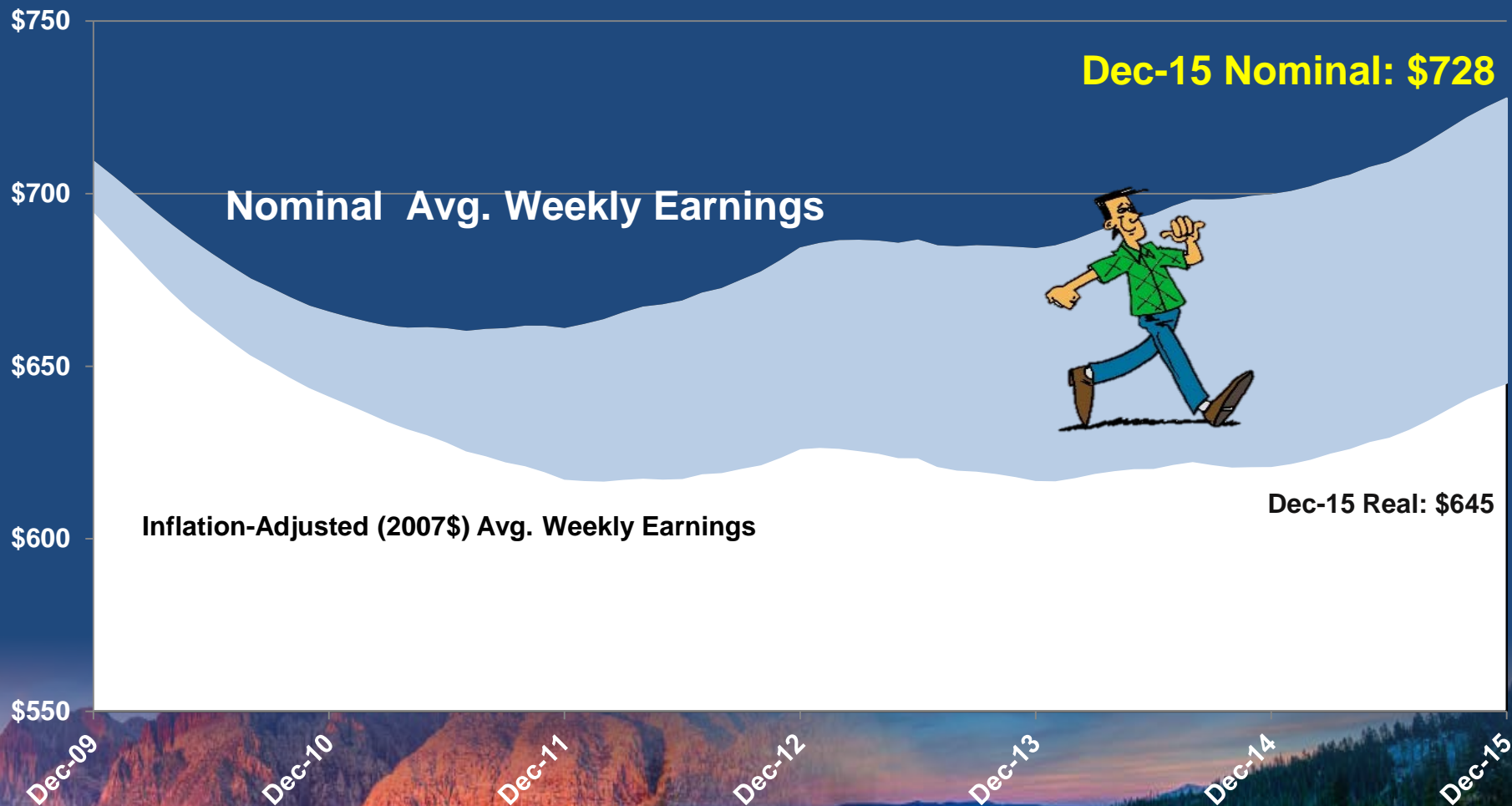
HOW IS THE HOSPITALITY INDUSTRY DOING?

Clark County Gaming Revenue Last, 10 Yrs.: Nov-05 to Nov-15



HOW ARE LAS VEGAS CONSUMERS DOING?

Las Vegas MSA Average Weekly Earnings, Last 6 Yrs.: Dec-09 to Dec-15



Dec-15 Nominal: \$728

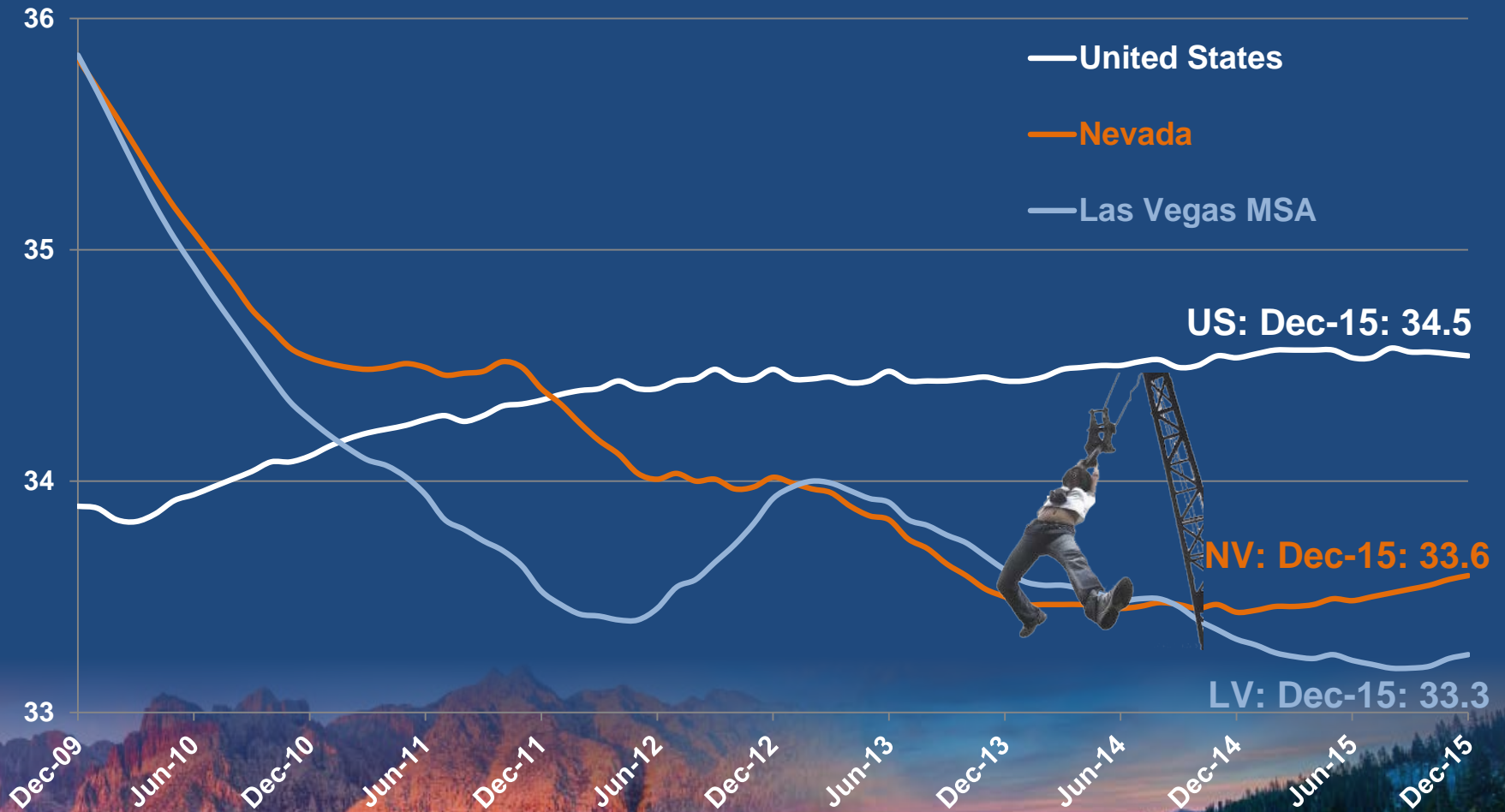
Nominal Avg. Weekly Earnings

Inflation-Adjusted (2007\$) Avg. Weekly Earnings

Dec-15 Real: \$645

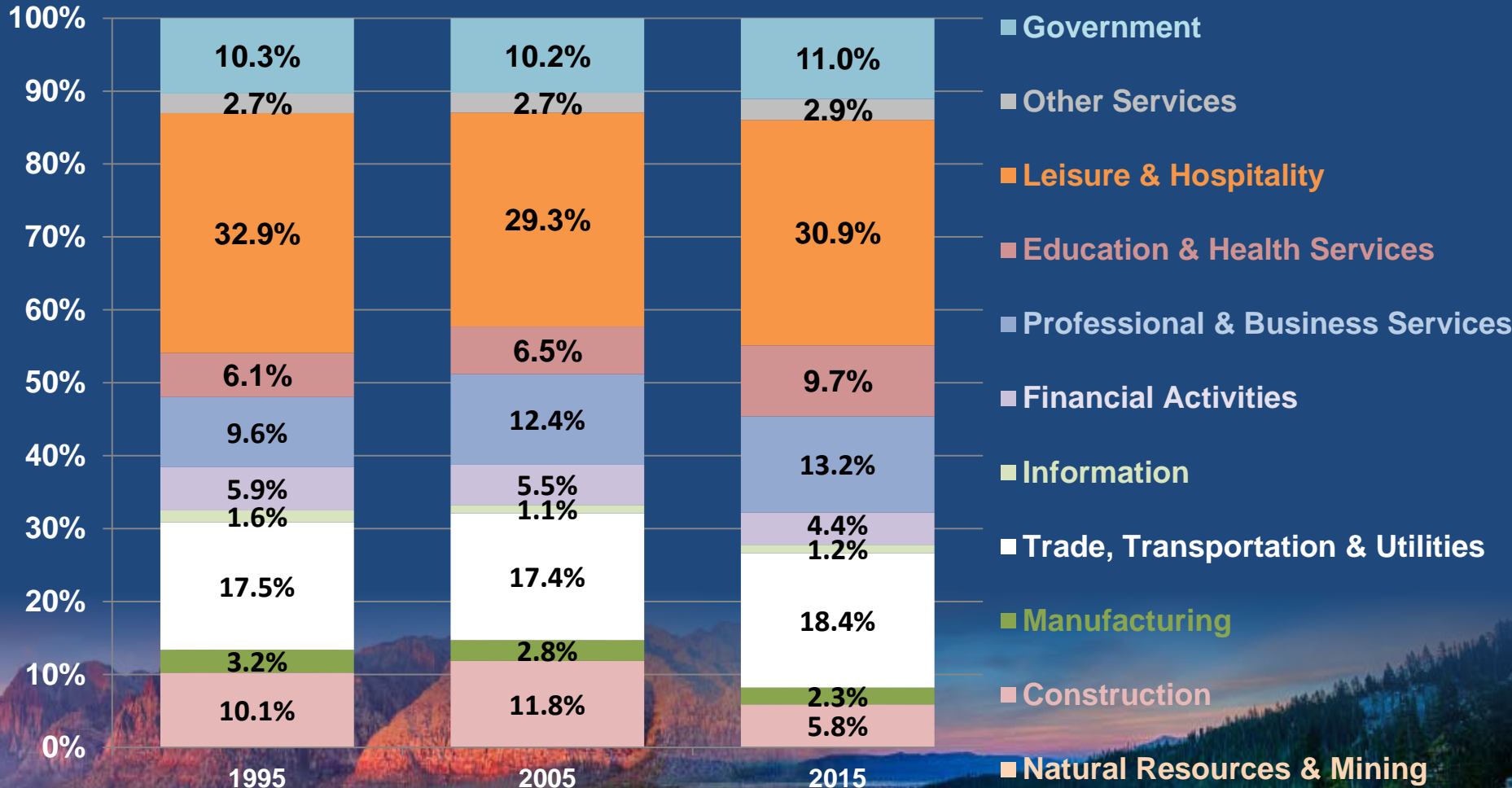
HOW ARE LAS VEGAS CONSUMERS DOING?

Las Vegas MSA Average Hours Worked, Last 6 Yrs.: Dec-09 to Dec-15



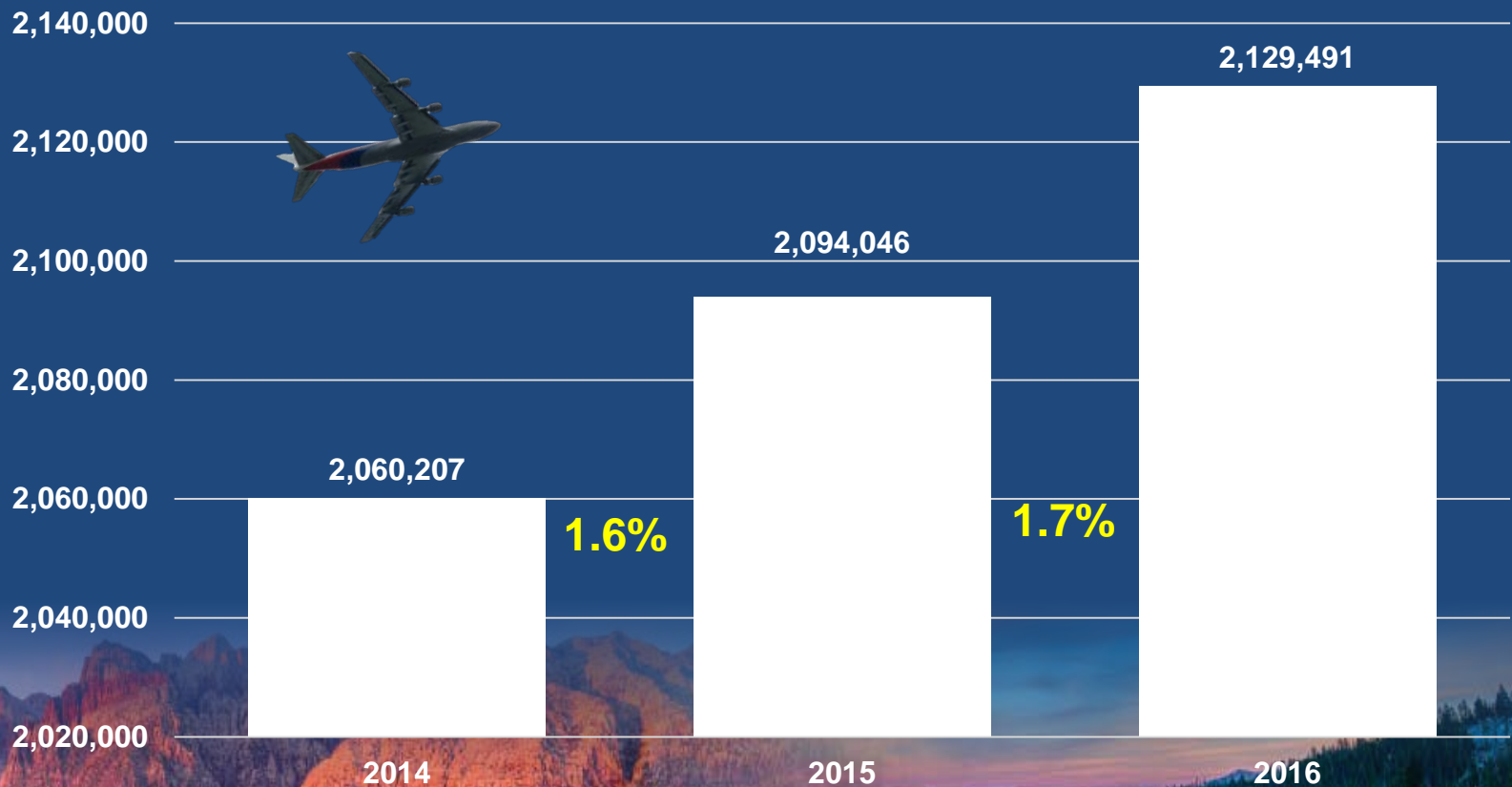
IS OUR ECONOMY REALLY DIVERSIFYING?

Share of Jobs by Industry: Dec-95, Dec-05 & Dec-15



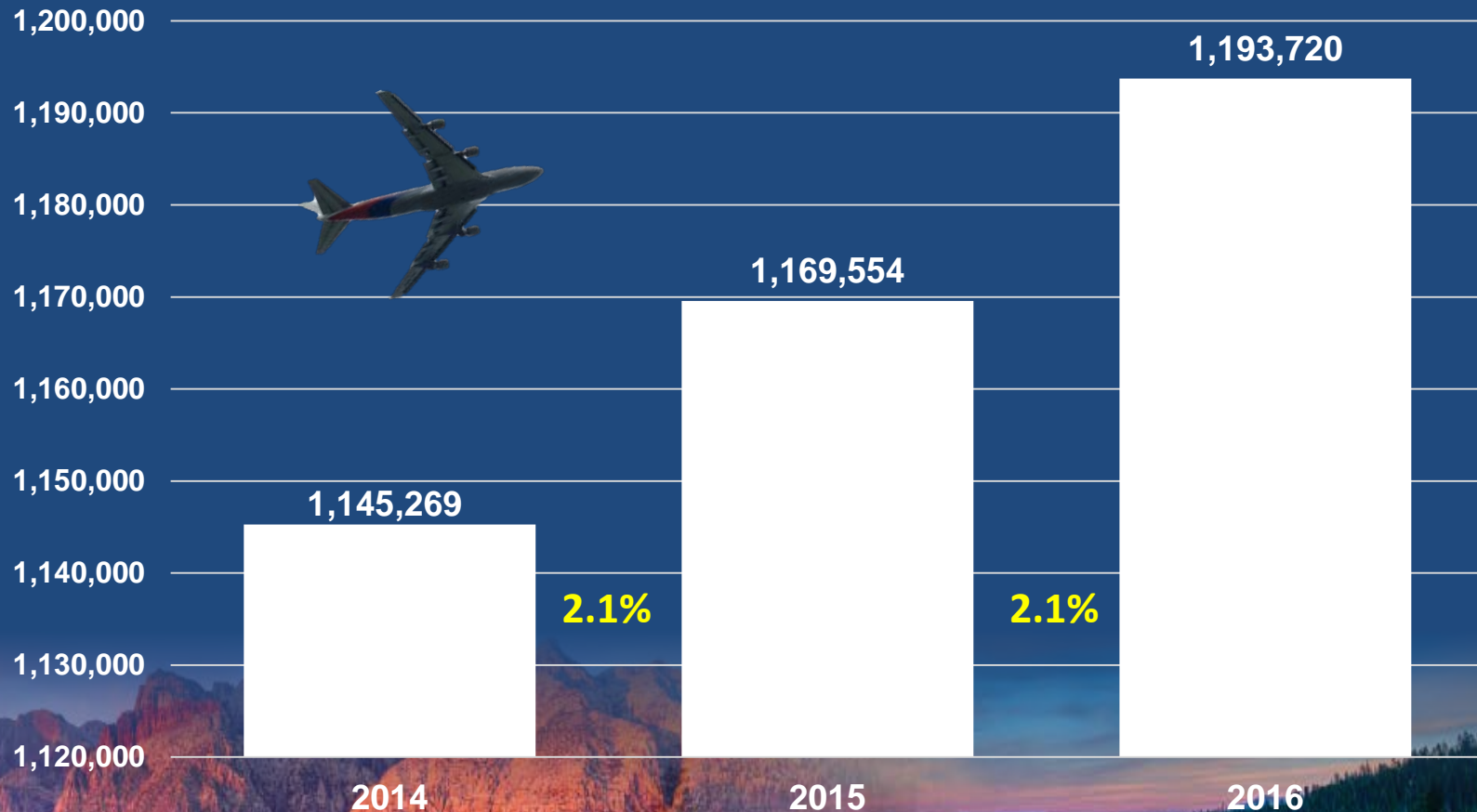
WHAT HAPPENED IN 2015 & WHAT DOES IT MEAN FOR SO. NEVADA IN 2016?

Las Vegas MSA Population & Growth: 2014-2016



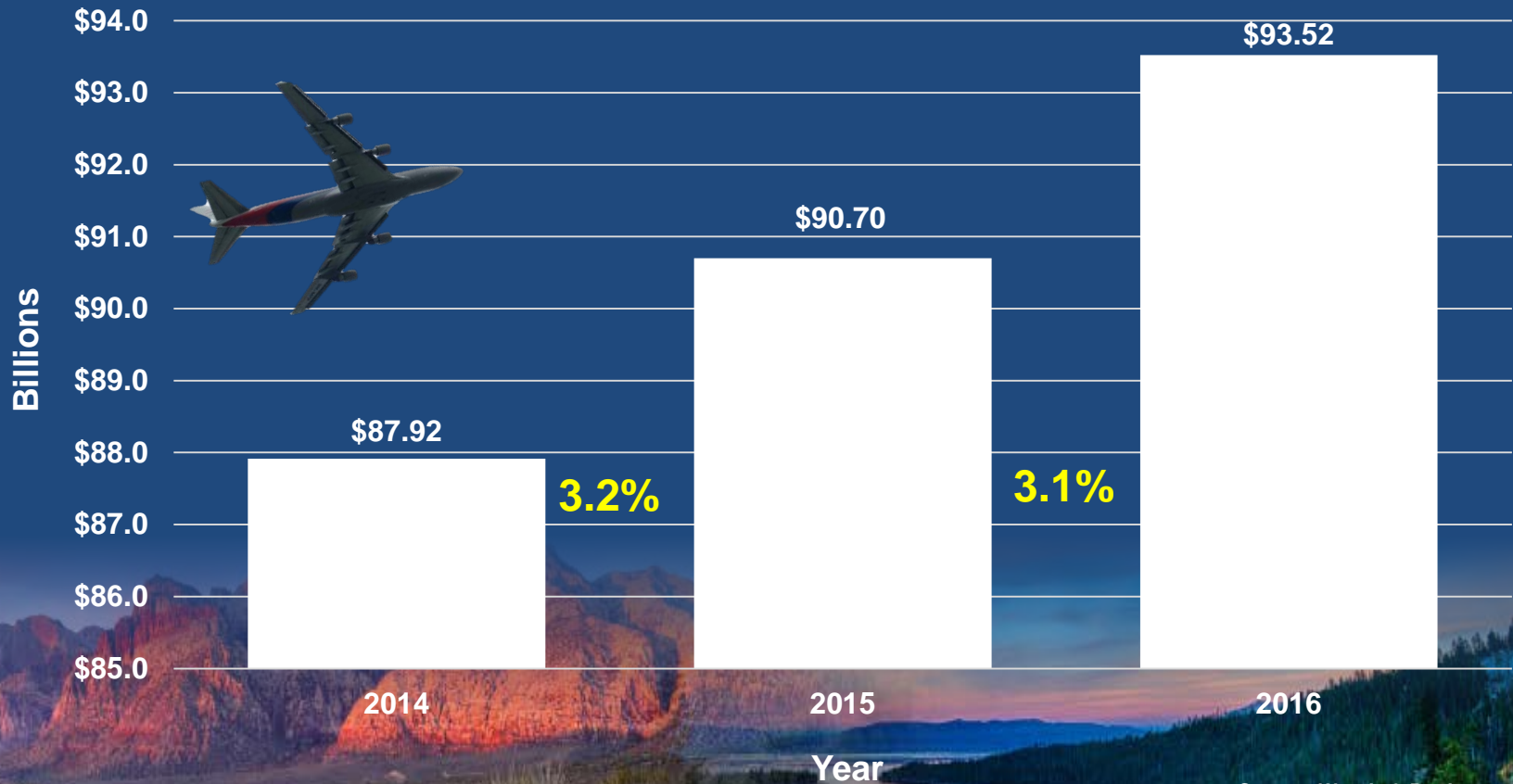
WHAT HAPPENED IN 2015 & WHAT DOES IT MEAN FOR SO. NEVADA IN 2016?

Las Vegas MSA Employment: 2014-2016



WHAT HAPPENED IN 2015 & WHAT DOES IT MEAN FOR SO. NEVADA IN 2016?

Las Vegas MSA Gross Metropolitan Product (Billions 2009 Dollars): 2014-2016



Source: Woods & Poole

HOW ARE WE AFFECTED BY NATIONAL AND GLOBAL ECONOMIC CONDITIONS?



EIGHT BIG QUESTIONS FOR THE US AND THE WORLD

How will the U.S. economy perform in 2016?

How will the rest of the world perform?

Will China ruin everything?

Will the Fed ruin everything?

What is the impact of low oil prices?

Is the U.S. consumer still strong?

What impact will the election have?

How will all of this impact Southern Nevada?



HOW WILL THE U.S. ECONOMY PERFORM IN 2016?

Real GDP Growth 2.5% - 3.0%



HOW WILL THE REST OF THE WORLD PERFORM?

Europe	1.7%
China	6.0% (?)
Emerging Asia	6.1%
Brazil	-3.5%
U.K.	2.5%
Canada	1.4%
Japan	1.2%
Global Growth	3.4%

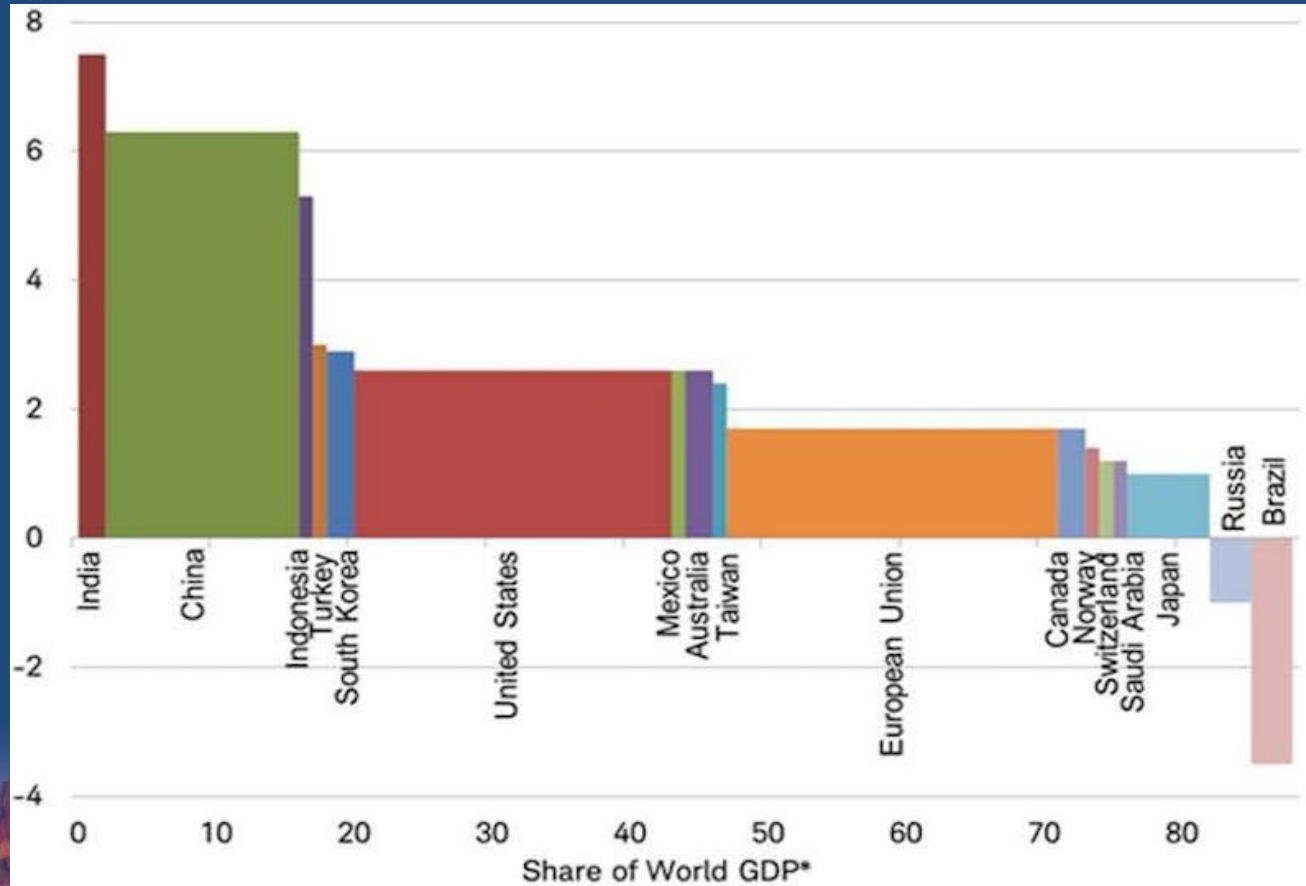


WILL CHINA RUIN EVERYTHING?



- ✓ 13.5% of US GDP is exports to rest of the world
- ✓ 7% of US exports are to China
- ✓ 1% of US GDP is exports to China

WILL CHINA RUIN EVERYTHING?



Source: Charles Schwab:
<http://www.schwab.com/public/schwab/nn/articles/Central-Banks-to-the-Rescue>

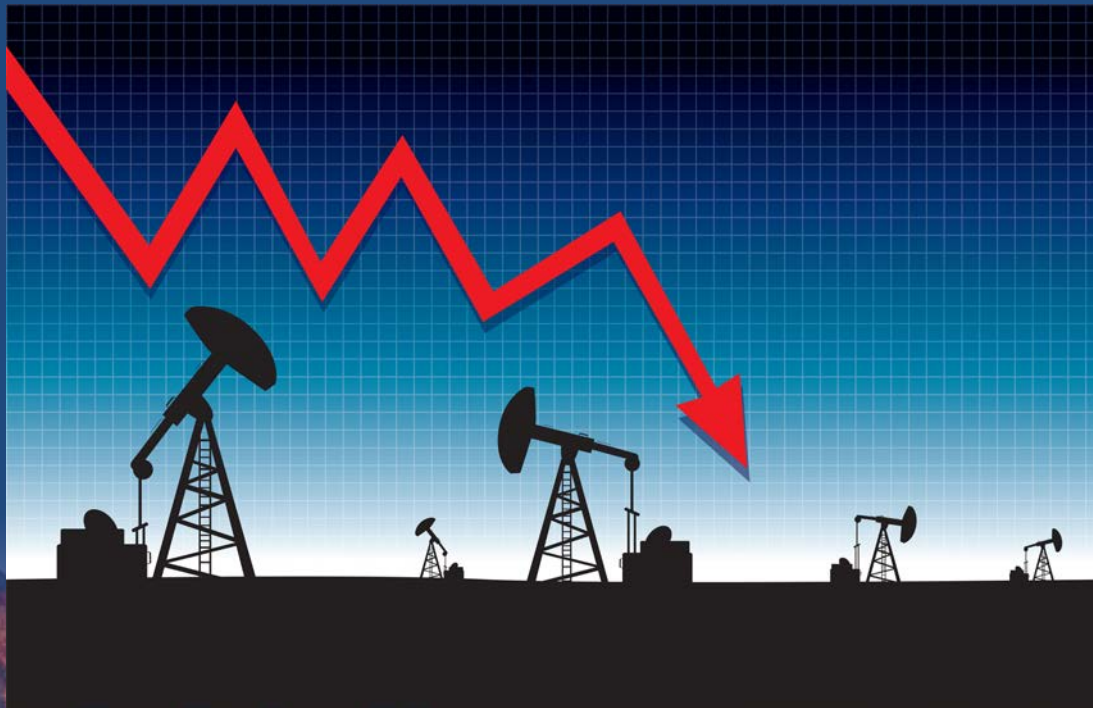
WILL THE FED RUIN EVERYTHING?

How many interest rate increases coming in 2016?



WHAT IS THE IMPACT OF LOW OIL PRICES?

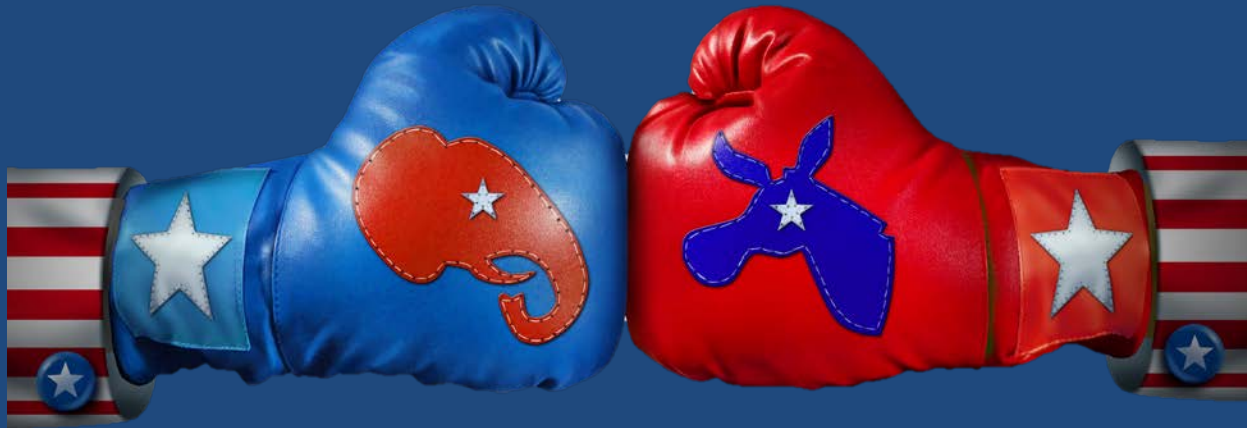
Large stimulus for consumers
Hurts employment in the oil patch
Hurts energy-related Capex



IS THE CONSUMER STILL STRONG?



WHAT IMPACT WILL THE ELECTION HAVE?



HOW WILL ALL OF THIS IMPACT SOUTHERN NEVADA?



#NevadaMatters



HOW WILL ALL OF THIS IMPACT SOUTHERN NEVADA?

Headwinds

- Weak Chinese Economy
- Strong U.S. Dollar
- Latin America Weakness
- Election Uncertainty

Tailwinds

- Low Energy Prices
- Low Unemployment
- Stable Home Prices
- Low Interest Rates
- Stimulative Federal Budget
- Consumer Confidence



WHAT IMPACT WILL THE ELECTION HAVE?

Democrats

Winners

- Alternative Energy
- Infrastructure

Losers

- Pharma and Biotech
- Big Banks
- Coal
- MLP's
- H-1B employers
- For-profit education

Republicans

Winners

- Oil & Gas
- Defense
- Coal
- Medical Device

Losers

- Managed Care
- REIT's



the STAT PACK



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The logo for RCG Economics is contained within a white rectangular box with a thin black border. It features the text "RCG" in a bold, green, sans-serif font above the text "ECONOMICS" in a bold, green, sans-serif font.

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