

NEVADA ECONOMY MOVING FORWARD

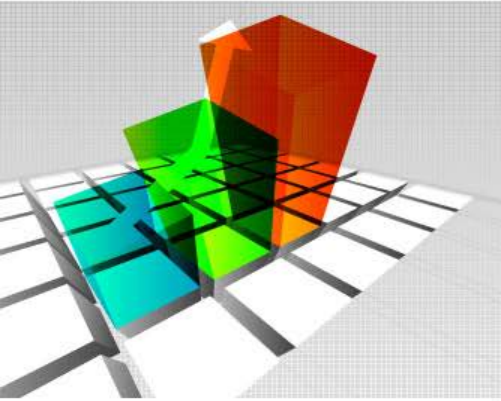
Presented to:
**2015 NEVADA
TRANSPORTATION
CONFERENCE**
April 14, 2015



Presented by:

**RCG
ECONOMICS**

**RCG
ECONOMICS**



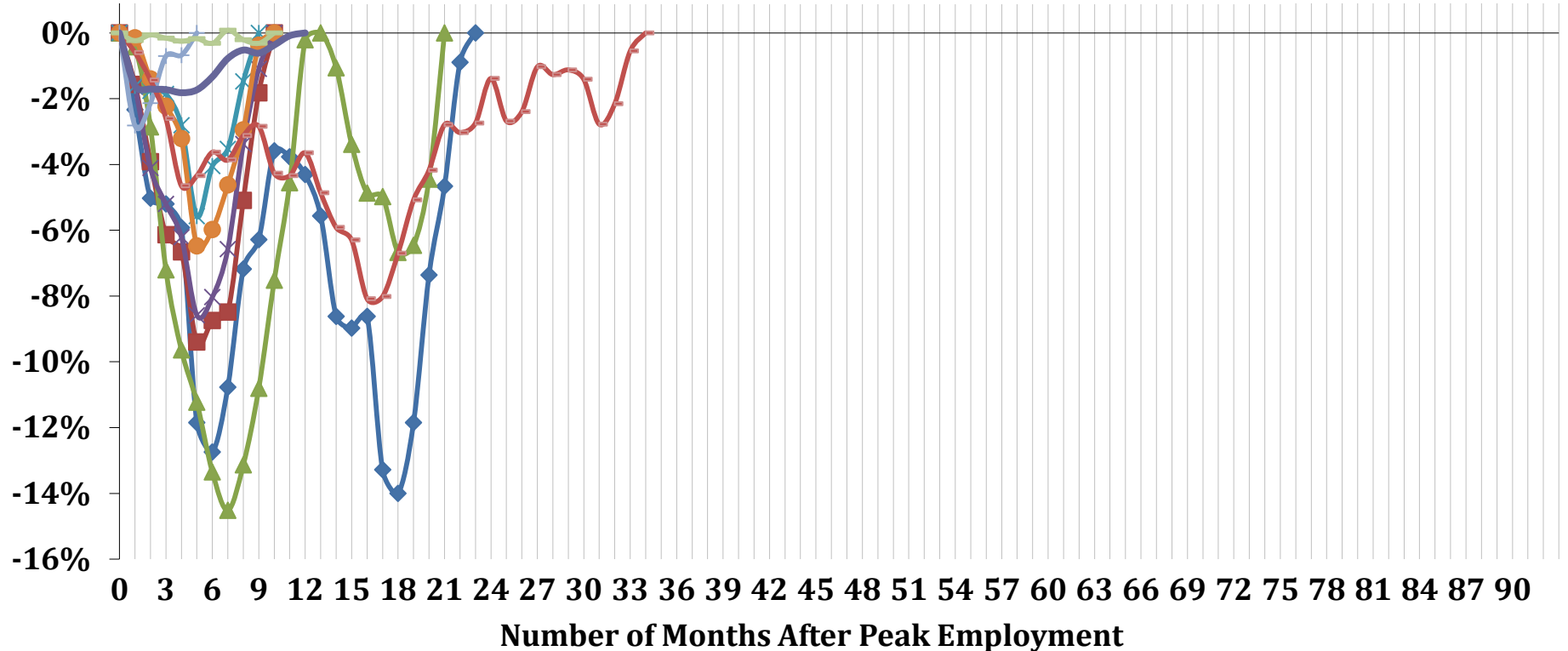
THE REALITY: NEVADA ECONOMY

Nevada job recoveries pre-Great Recession

Nevada Recession Recoveries: 1948-2001

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

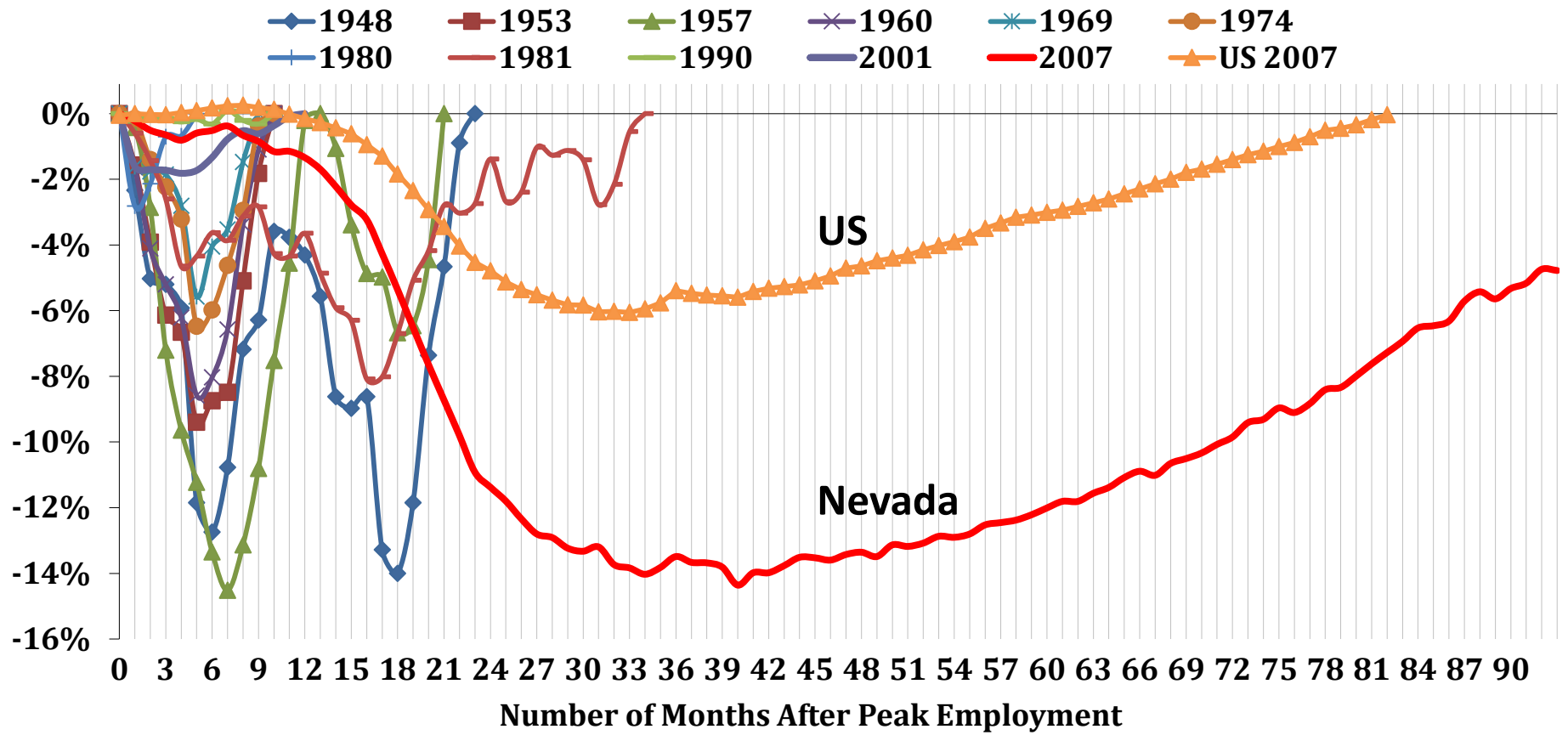
◆ 1948 ■ 1953 ▲ 1957 ✕ 1960 * 1969 ● 1974
+ 1980 — 1981 — 1990 — 2001 2007



Nevada job recovery from Great Recession (after 94 months)

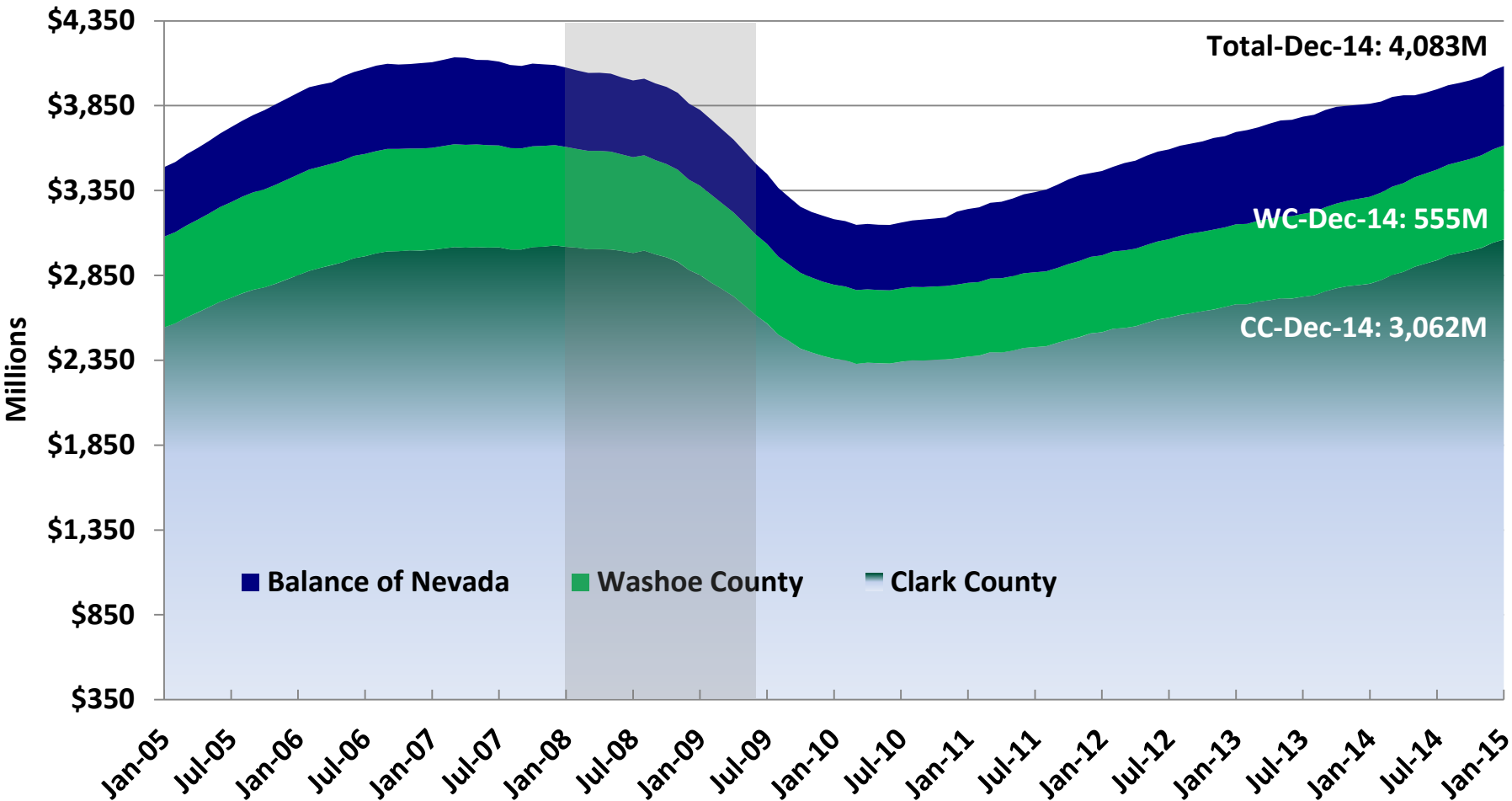
Nevada Recession Recoveries: 1948-Present

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



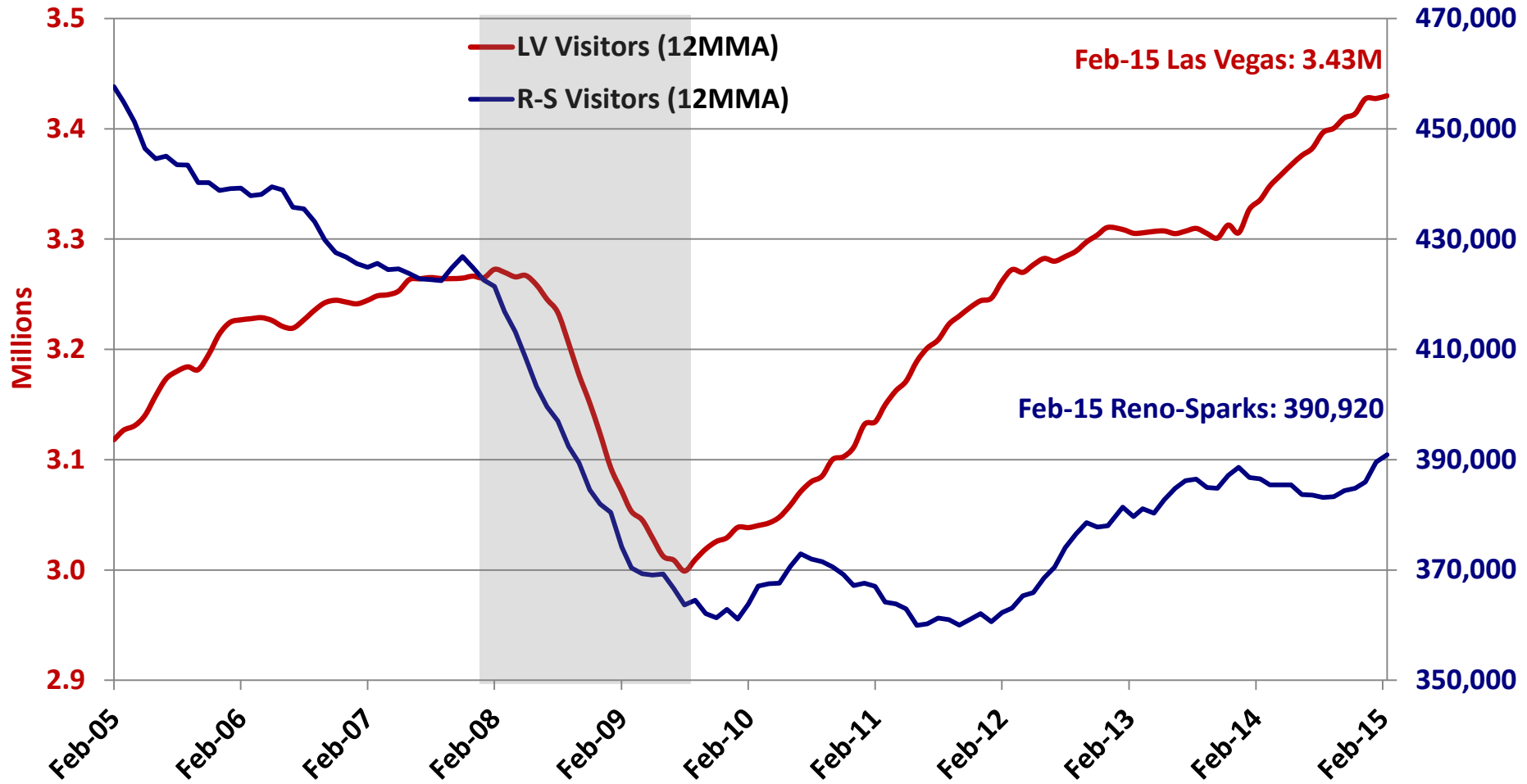
State taxable sales near all-time high thanks to economic recovery & visitors

Nevada, Clark & Washoe Counties Taxable Retail Sales: Jan-05 to Jan-15



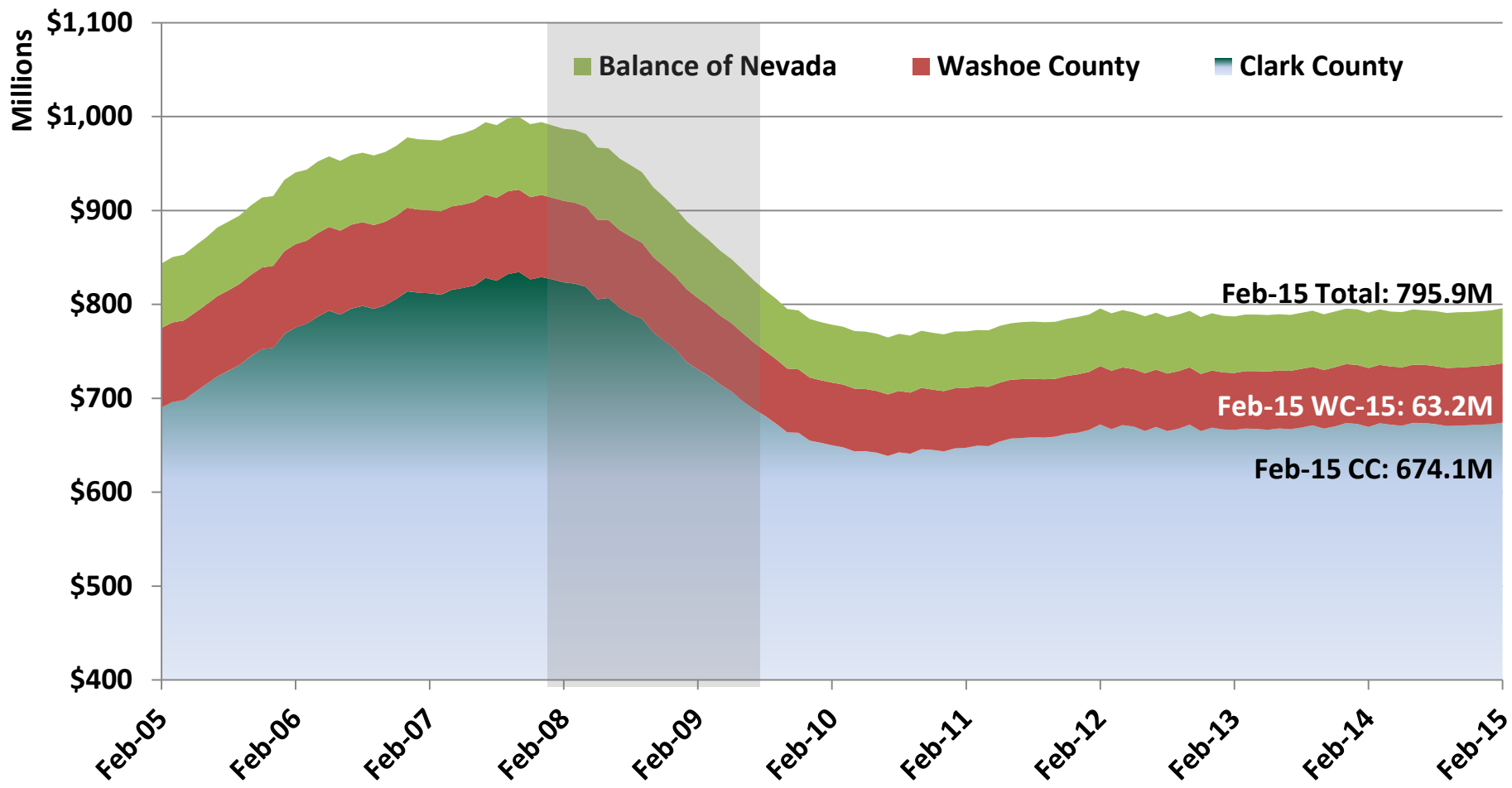
LV visitor volumes back & highest ever; Reno levels up modestly

Las Vegas & Reno-Sparks Visitor Volumes: Feb-05 to Feb-15



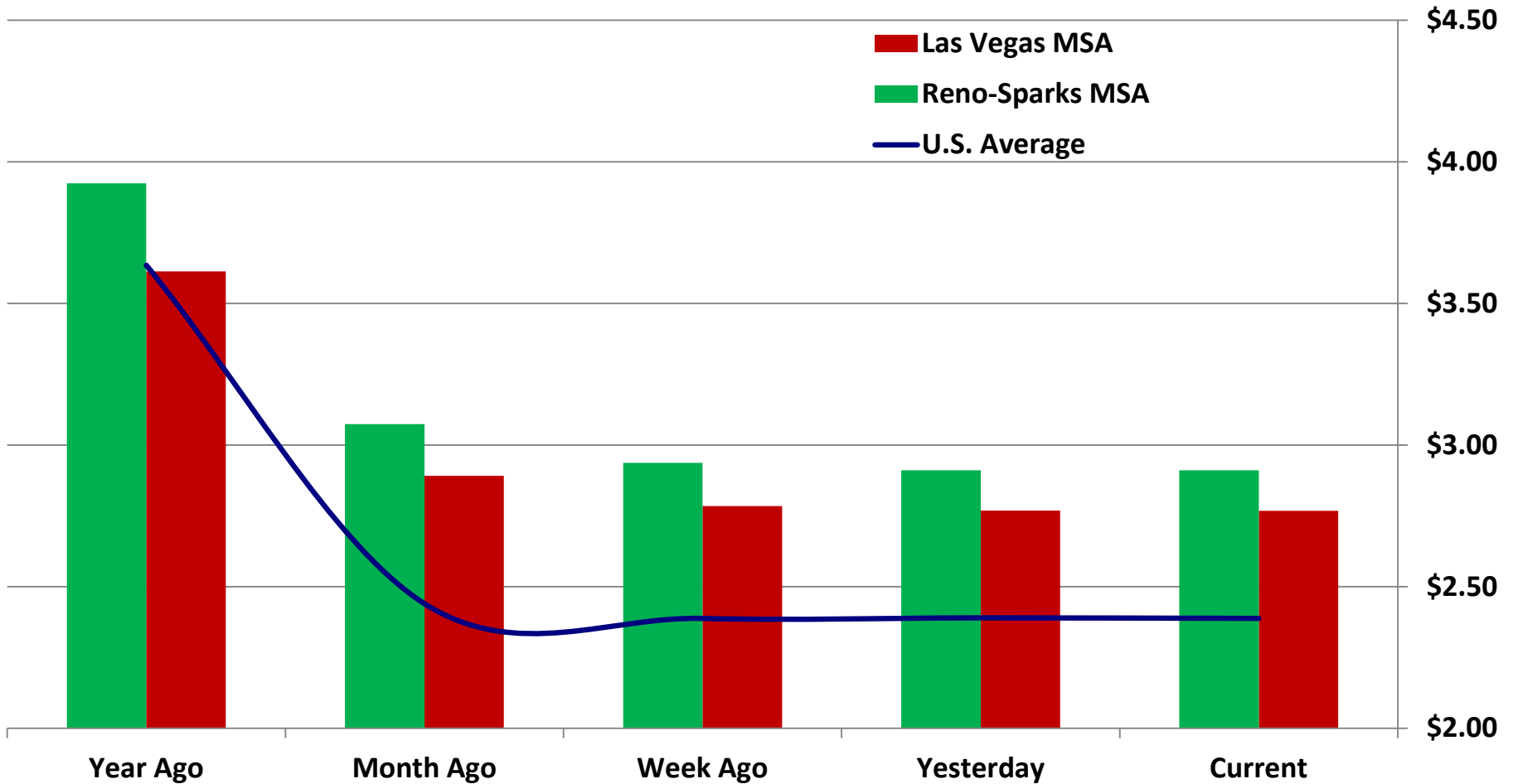
Gaming revenues returned moderately due to baccarat; slot revenues stagnant

Nevada, Las Vegas & Reno Gaming Revenues: Feb-05 to Feb-15



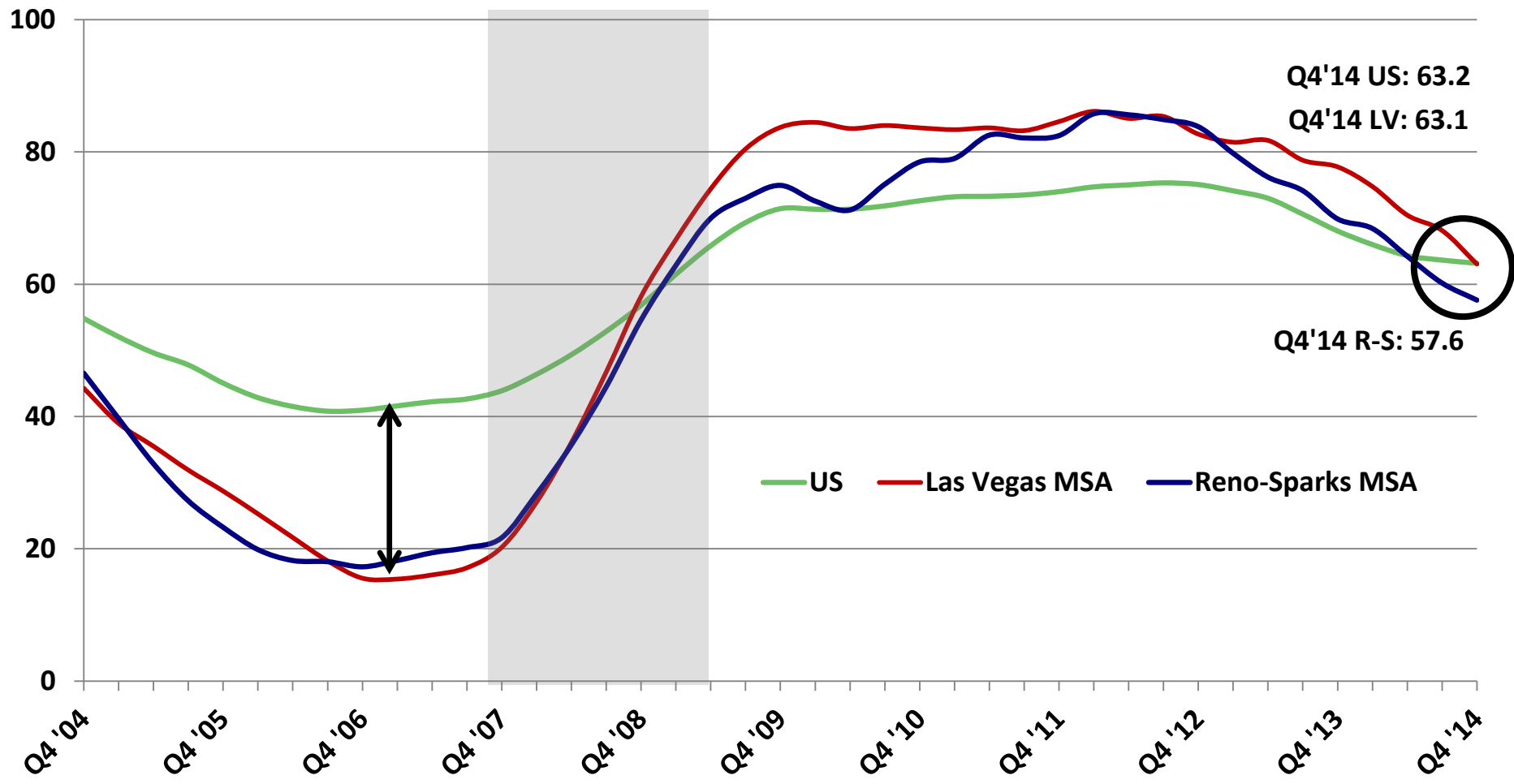
The unexpected "raise"; the gas price premium

US, Las Vegas & Reno-Sparks Gas Prices: One Year Ago to Current (4/13/2015)



Home affordability suffered during Great Boom, now near US avg, but??

US, Las Vegas and Reno MSA Home Opportunity Indices: Q4/04 to Q4/14

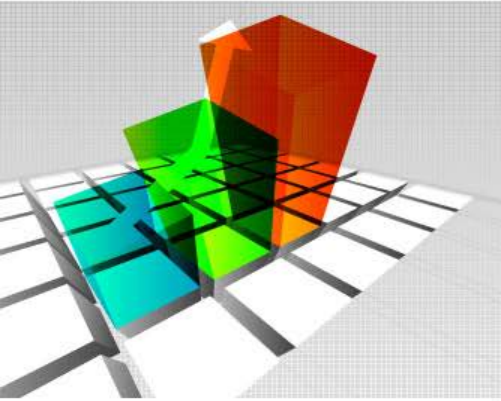


Q4'14 US: 63.2

Q4'14 LV: 63.1

Q4'14 R-S: 57.6

— US — Las Vegas MSA — Reno-Sparks MSA



THE REALITY: NEVADA POPULATION & JOBS

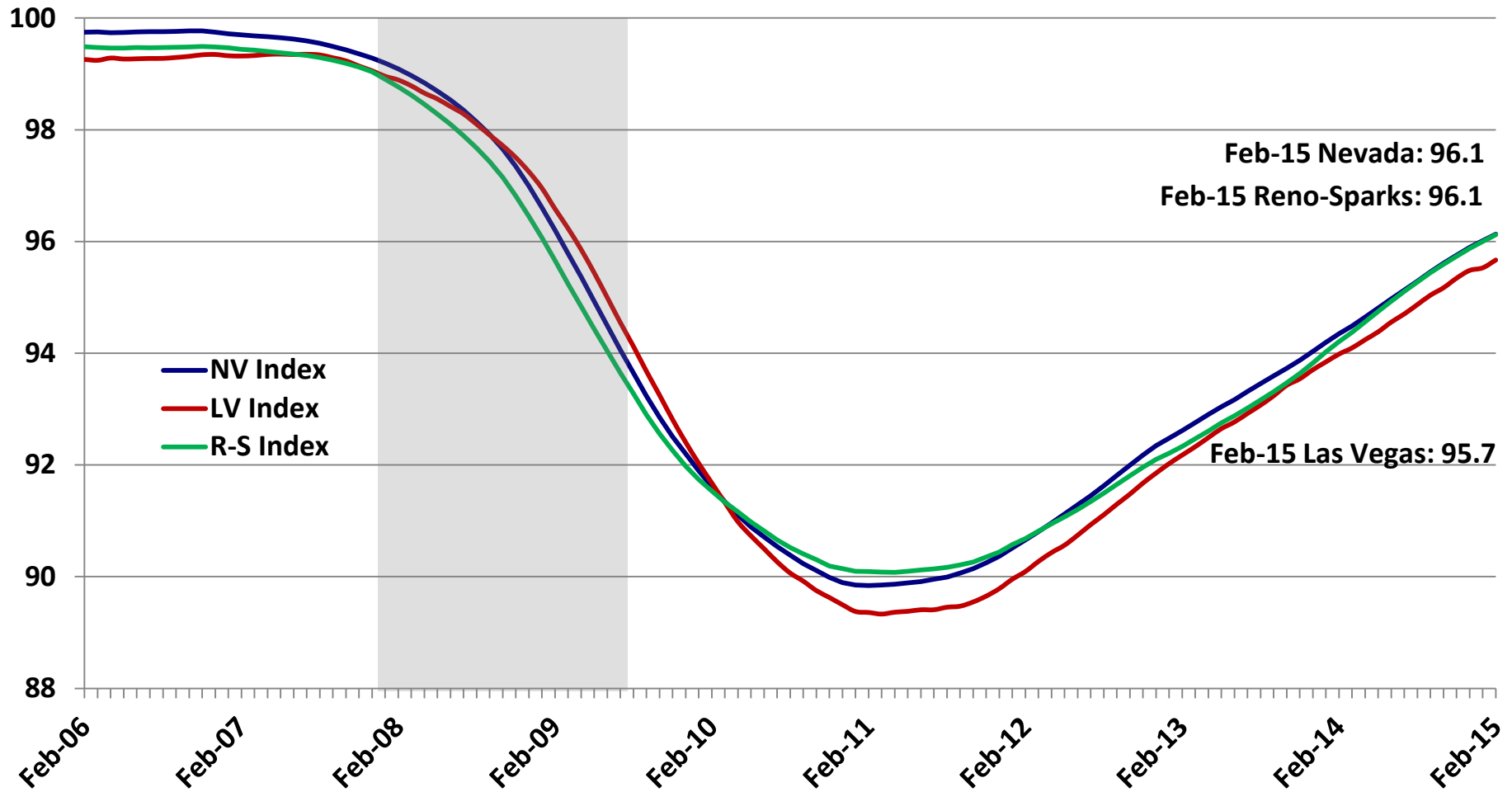
Nevada jobs bounced back big in 2014, but . . .

Nevada Employment vs. Rest of US (% Change): 2014

Fastest Growing States	1-YR Growth Rate	Slowest Growing States	1-YR Growth Rate
1. North Dakota	5.4%	1. Kansas	0.9%
2. Texas	4.0%	2. Illinois	0.9%
3. Utah	3.9%	3. Maine	0.8%
4. Nevada	3.5%	4. Nebraska	0.8%
5. Oregon	3.0%	5. South Dakota	0.8%
6. Florida	3.0%	6. Virginia	0.8%
7. North Carolina	2.8%	7. Maryland	0.8%
8. Washington	2.7%	8. New Jersey	0.7%
9. Delaware	2.7%	9. Alaska	0.6%
10. Georgia	2.7%	10. Mississippi	0.0%

RCG's Job Indices show steady job recovery over last 4 years

RCG Nevada, Las Vegas & Reno MSA Jobs Indices: Feb-06 to Feb-15



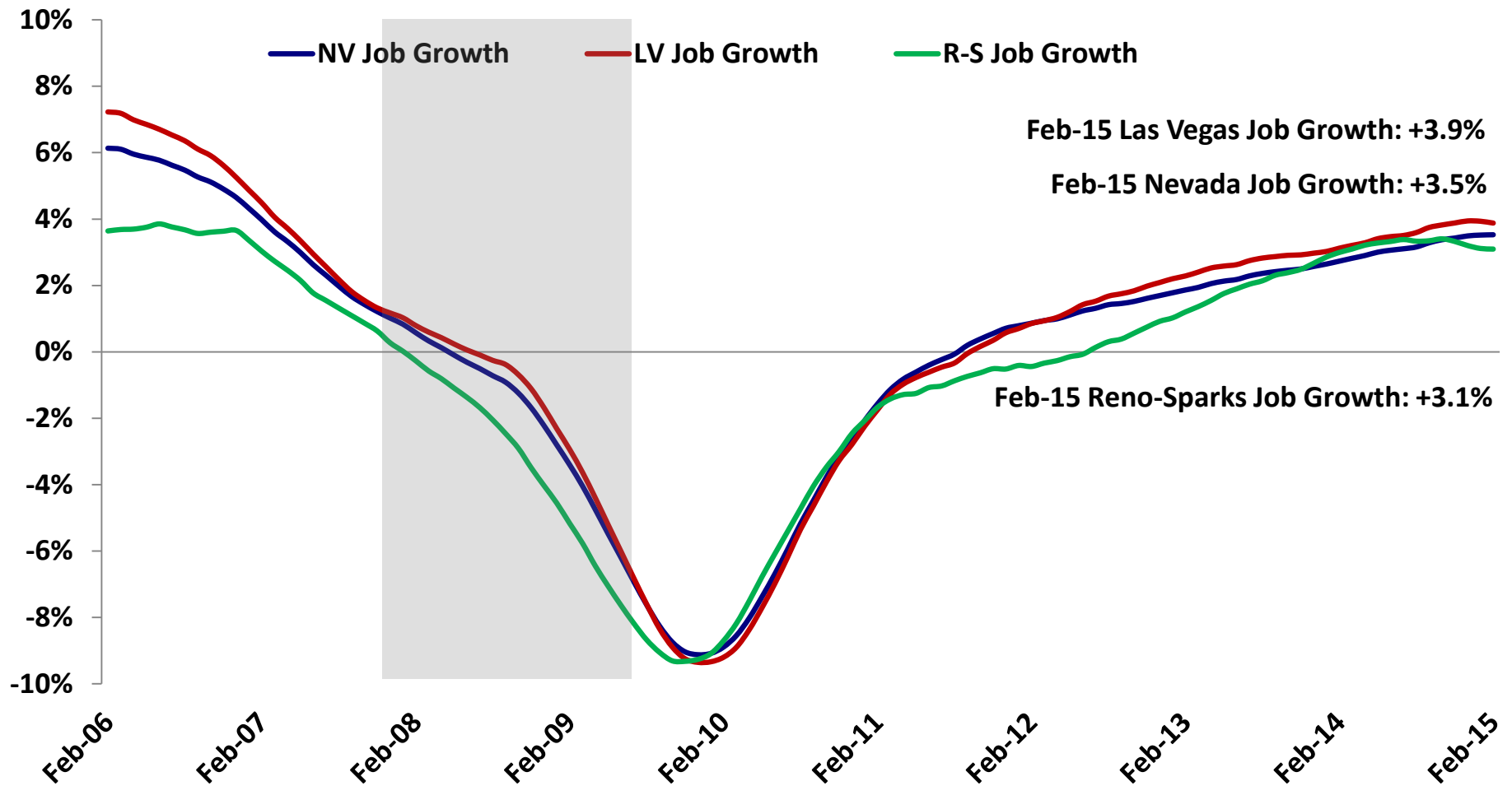
— NV Index
— LV Index
— R-S Index

Feb-15 Nevada: 96.1
Feb-15 Reno-Sparks: 96.1

Feb-15 Las Vegas: 95.7

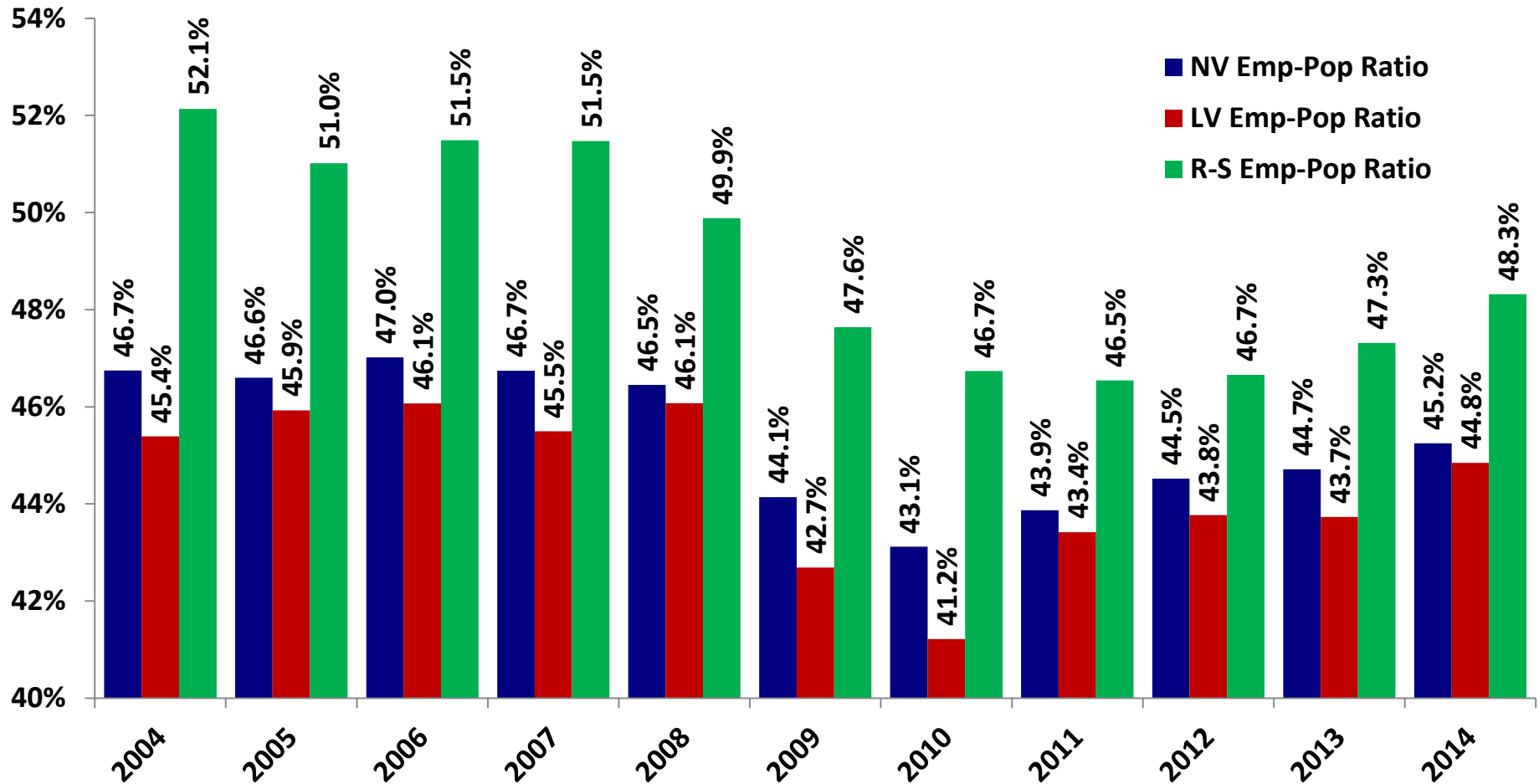
Nevada & its major job markets continue to gain steam since early 2011

Nevada, Las Vegas & Reno MSA Employment Growth: Feb-06 to Feb-15



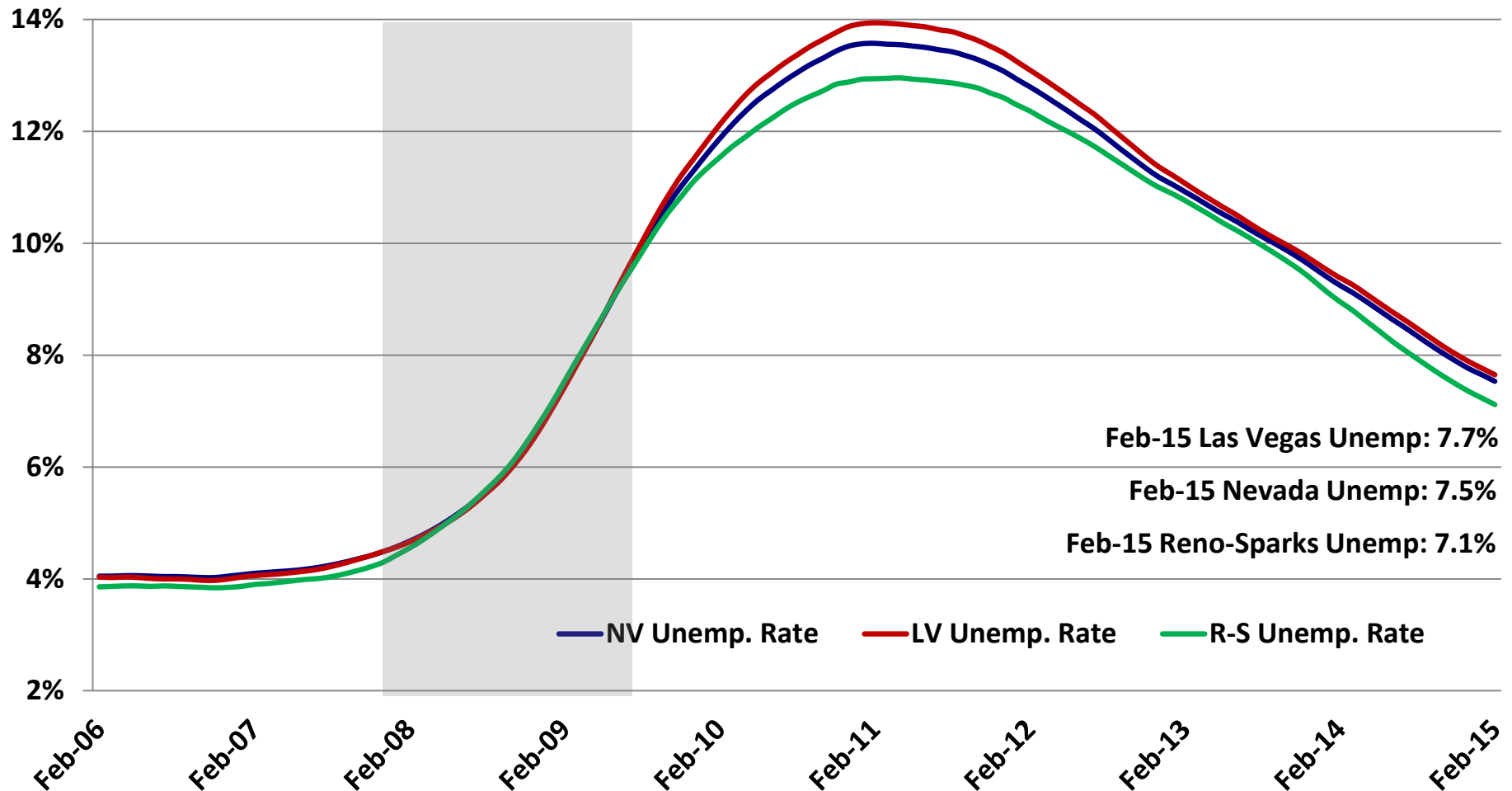
Looking at another way, the job market as % of the population is doing better

Nevada, Las Vegas & Reno MSA Employment-Population Ratio: 2004-2014



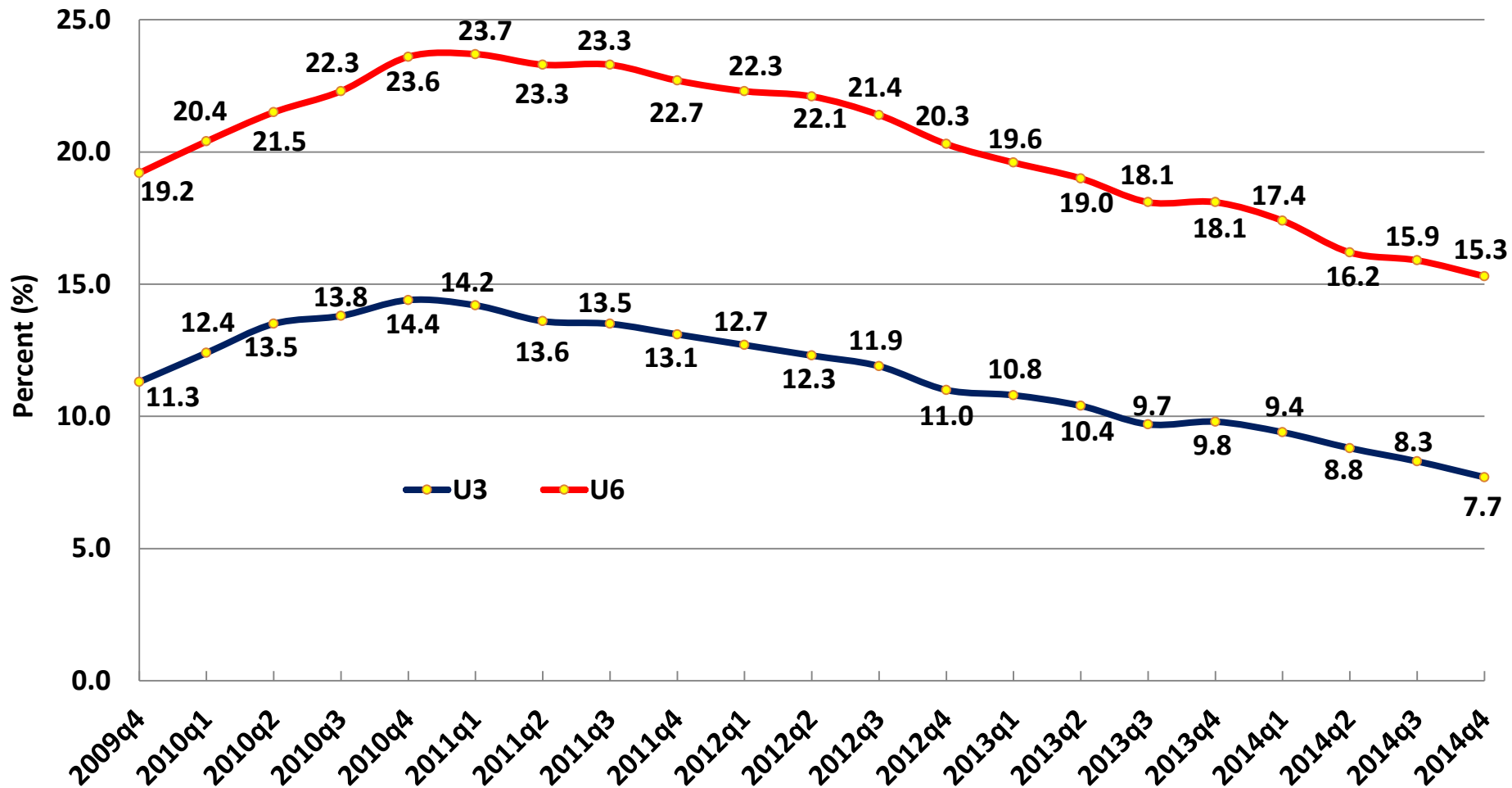
And the "headline" unemployment rate continues to drop

Nevada, Las Vegas & Reno MSA Unemployment Rate: Feb-06 to Feb-15



Nevada's U-6 jobless rate still stubbornly high even with lower "Headline" rate

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

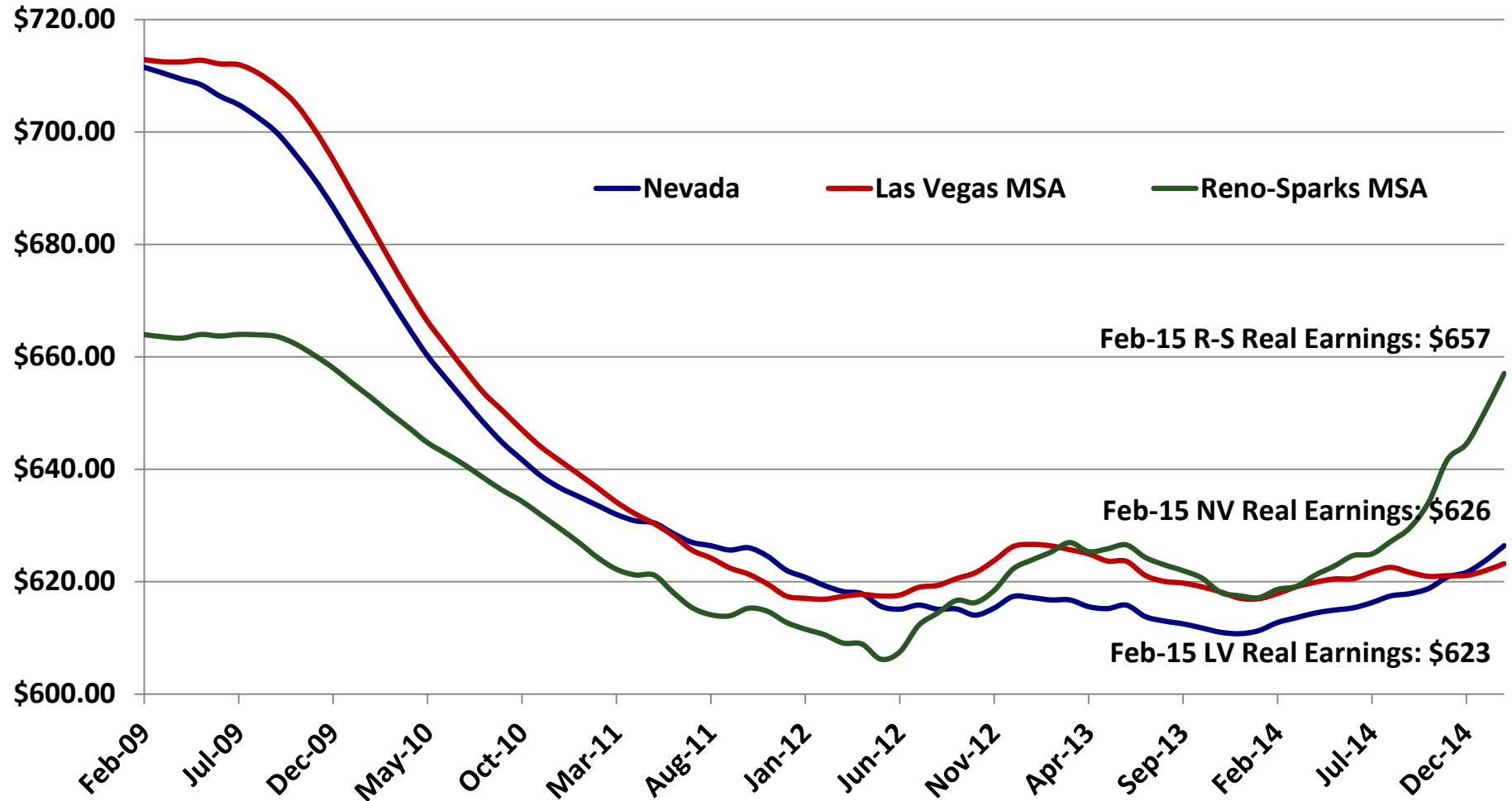


Note: Quarterly figures are rolling averages of the 4 quarters ending in the noted quarter.

Source: Bureau of Labor Statistics.

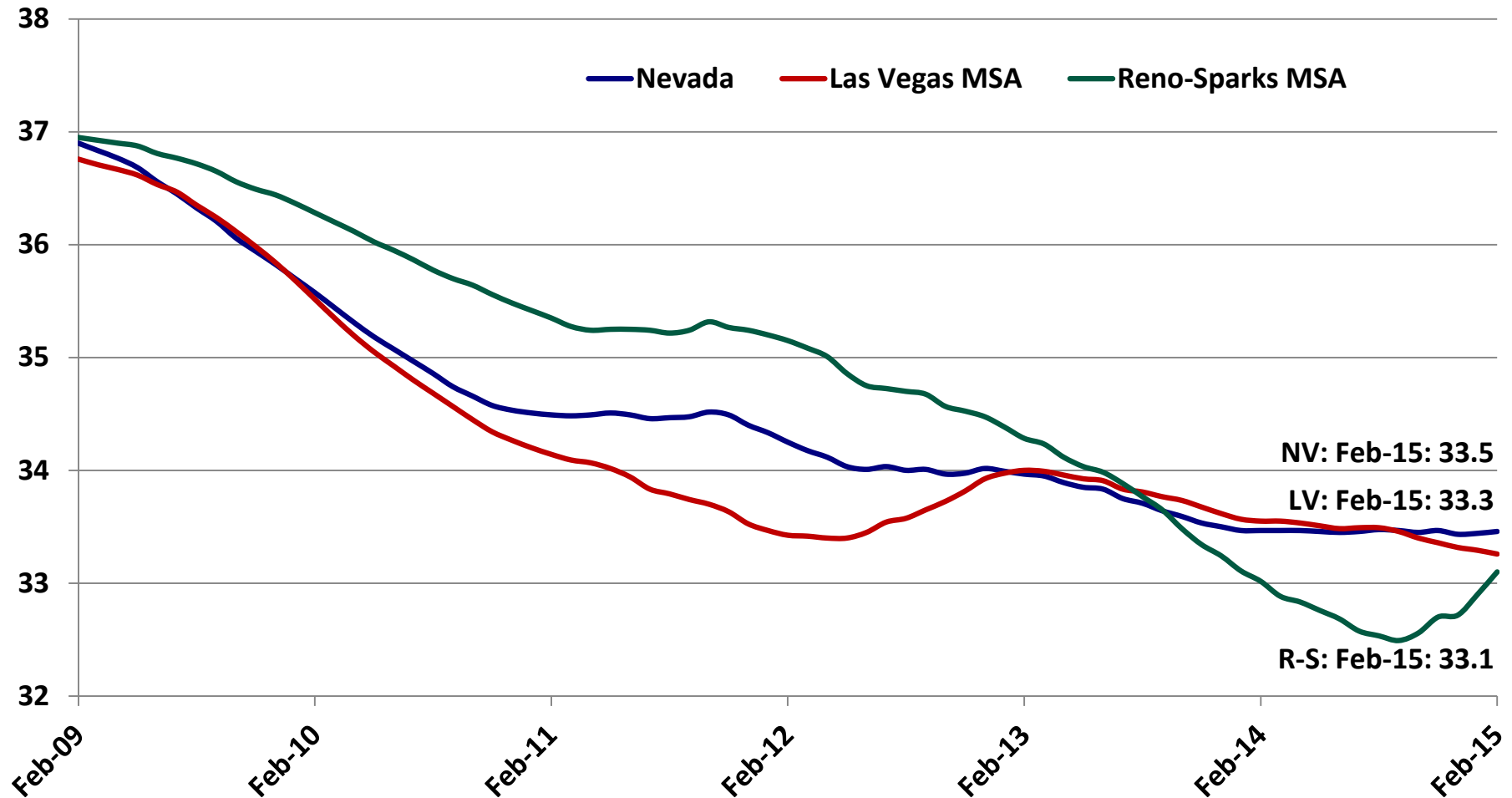
And "real" wages remain stagnant in Nevada & Las Vegas & Reno doing pretty well

Real Average Weekly Earnings (\$2007): Feb-09 to Feb-15



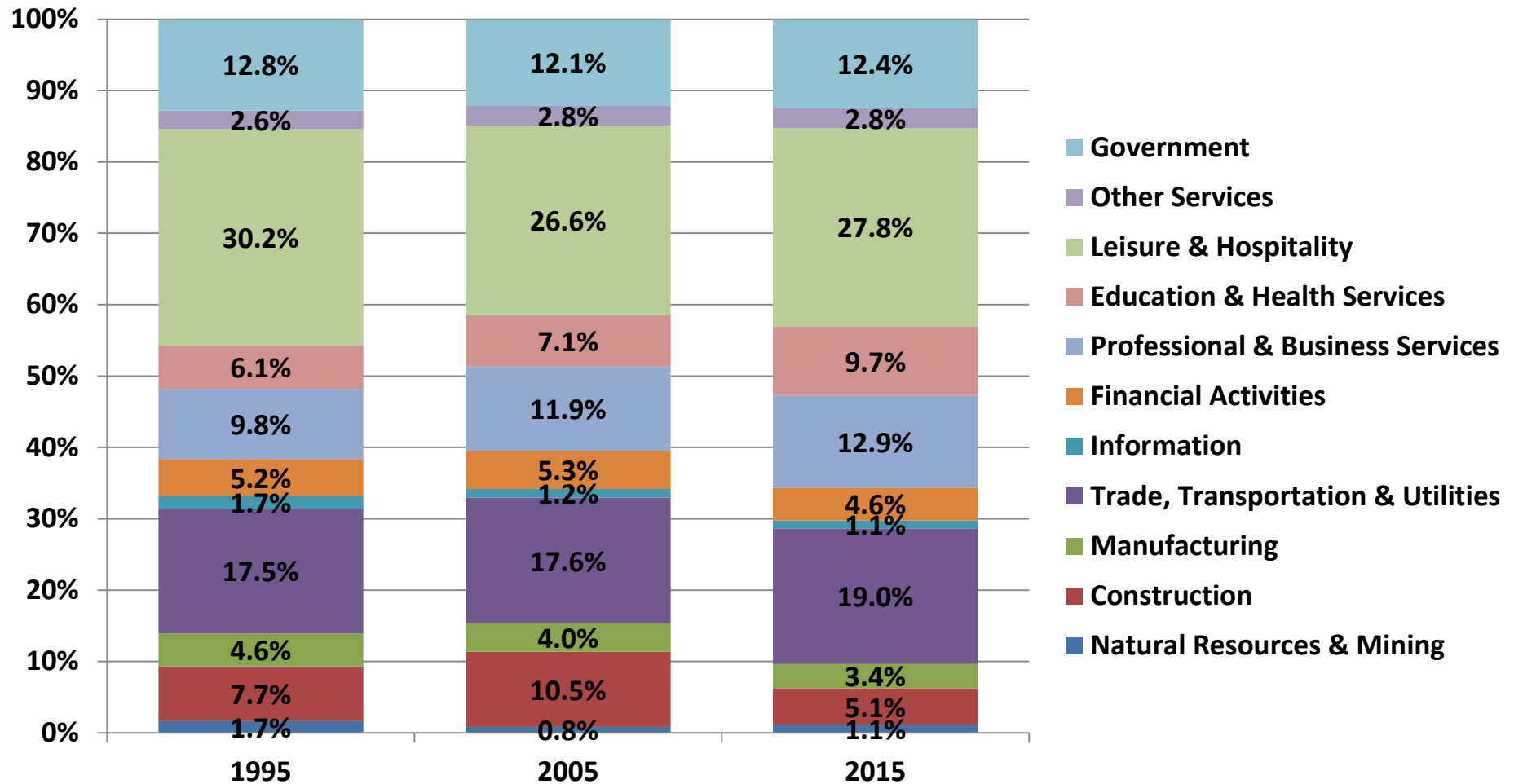
Age of the part-time worker is here until job market slack is absorbed

Nevada, Las Vegas & Reno MSA Average Weekly Hours: Feb-09 to Feb-15



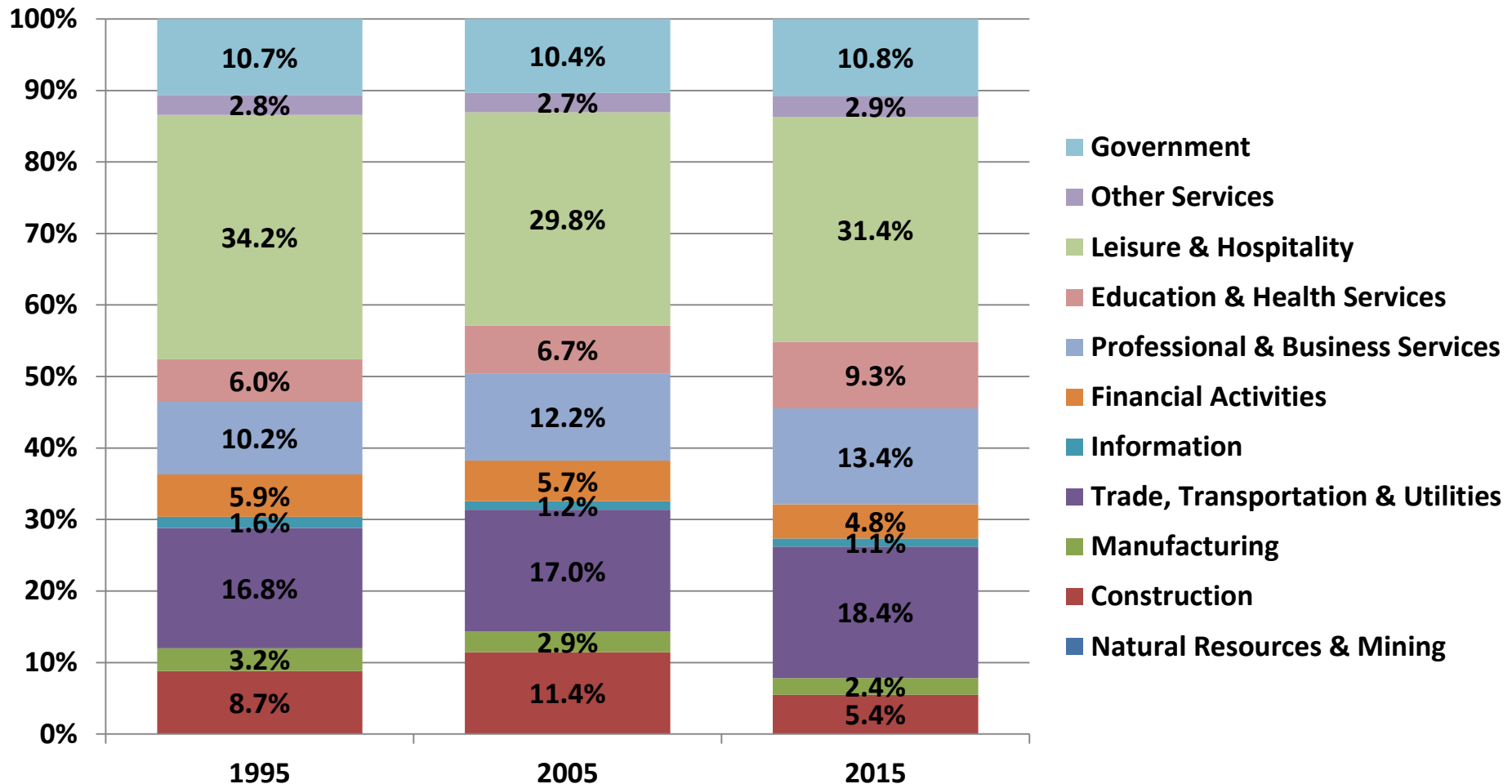
Is Nevada's economy more diverse today than yesterday? Kind of

Nevada Job Distribution: 1995, 2005 and 2015



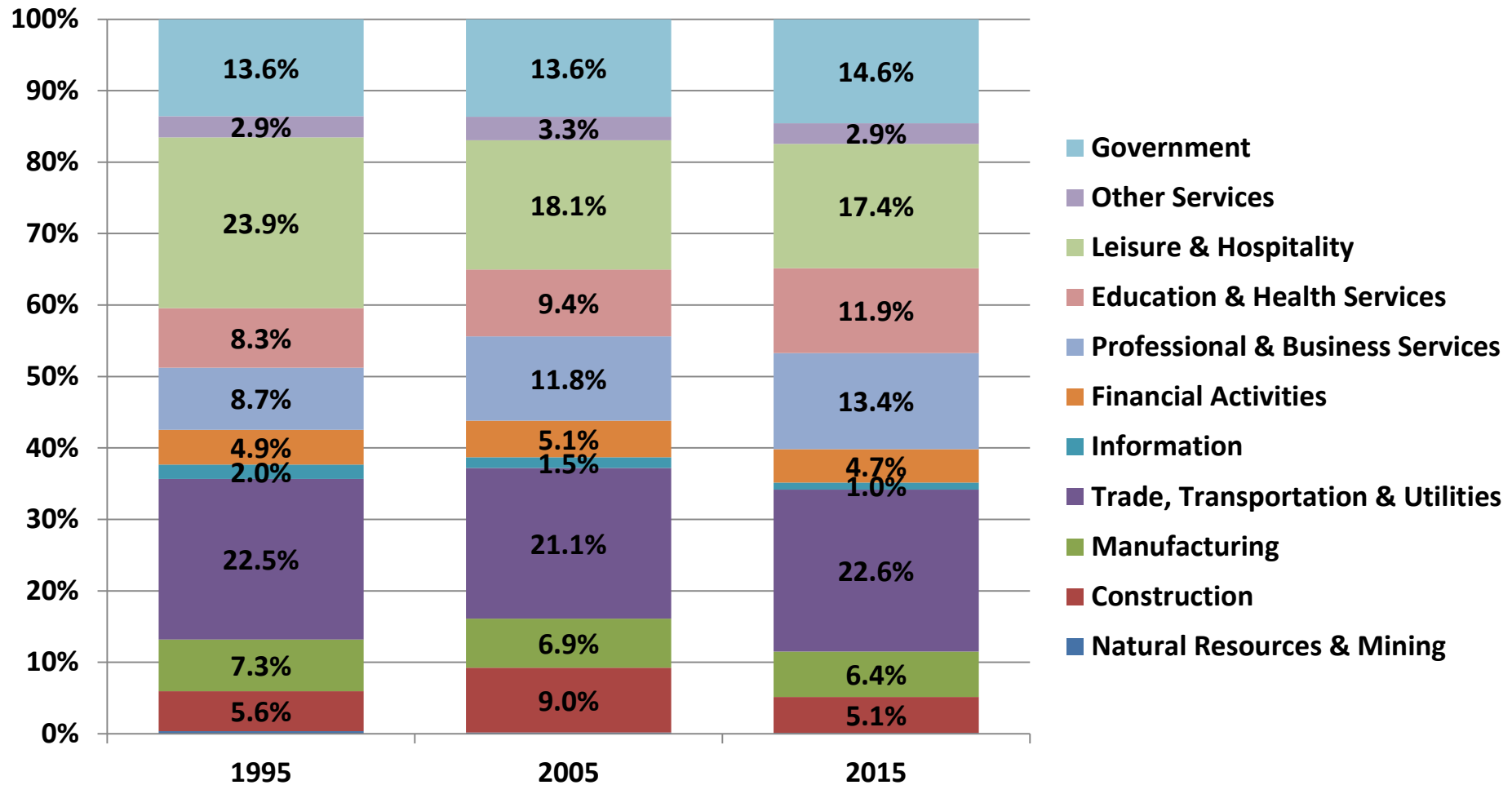
Is Las Vegas' economy more developed today than yesterday? Also, kind of

Las Vegas MSA Job Distribution: 1995, 2005 and 2015



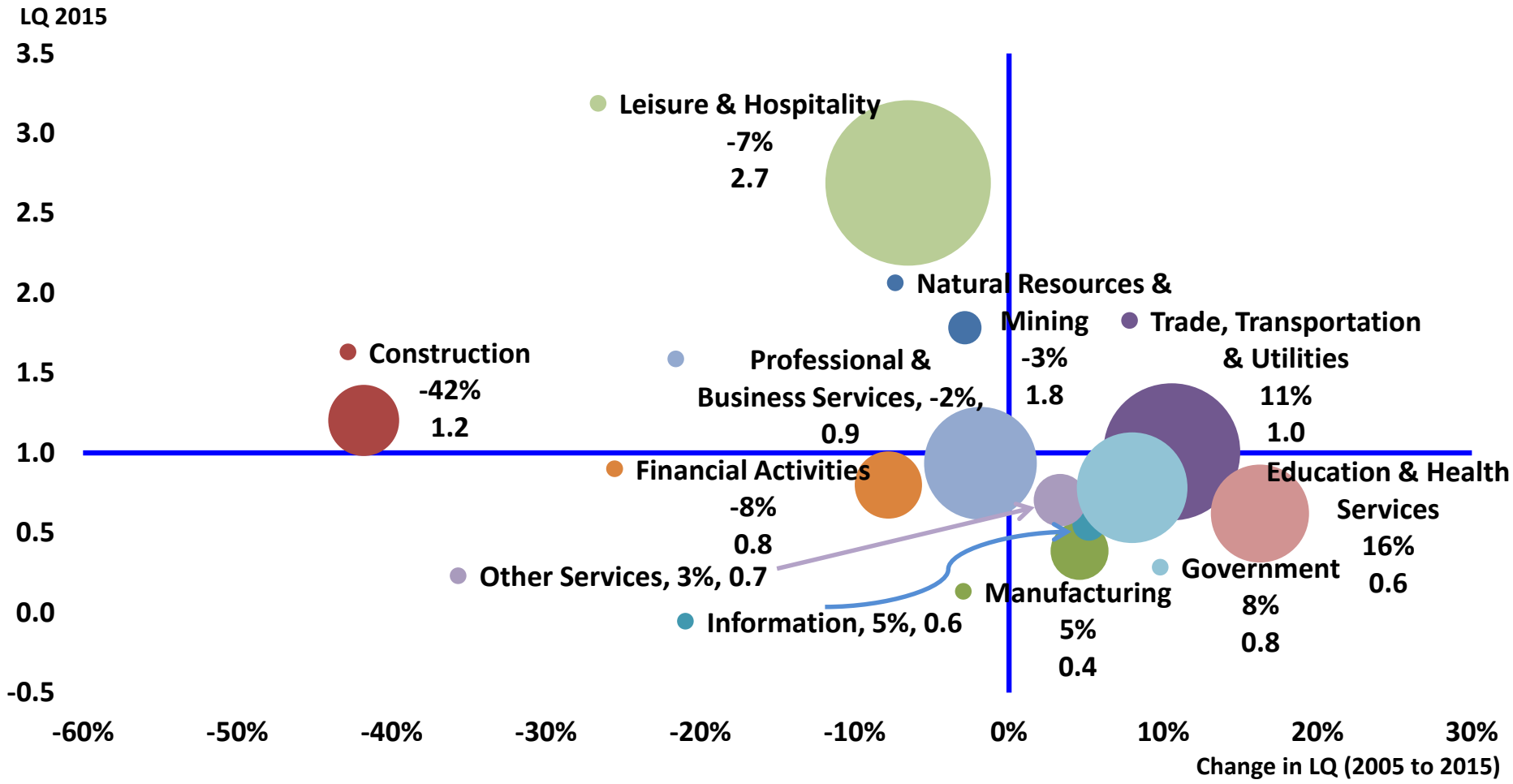
Is Reno's economy more developed today than yesterday? Also kind of, but leads

Reno-Sparks MSA Job Distribution: 1995, 2005 and 2015



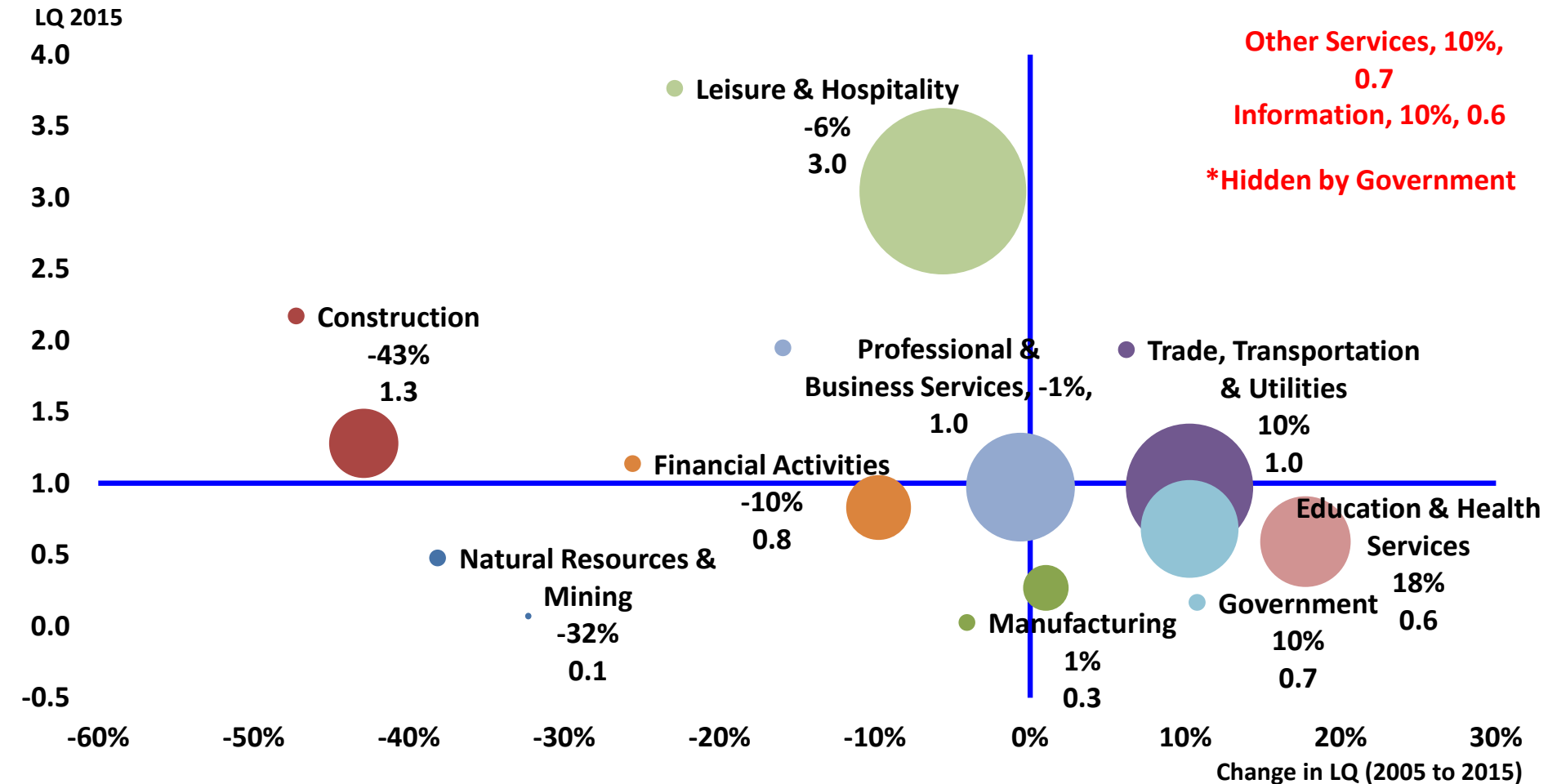
Nevada remains concentrated in Leisure & Hospitality but Educ/Health, Govt & Trade/Transport growing

Nevada Location Quotient: Change, 2005-2015



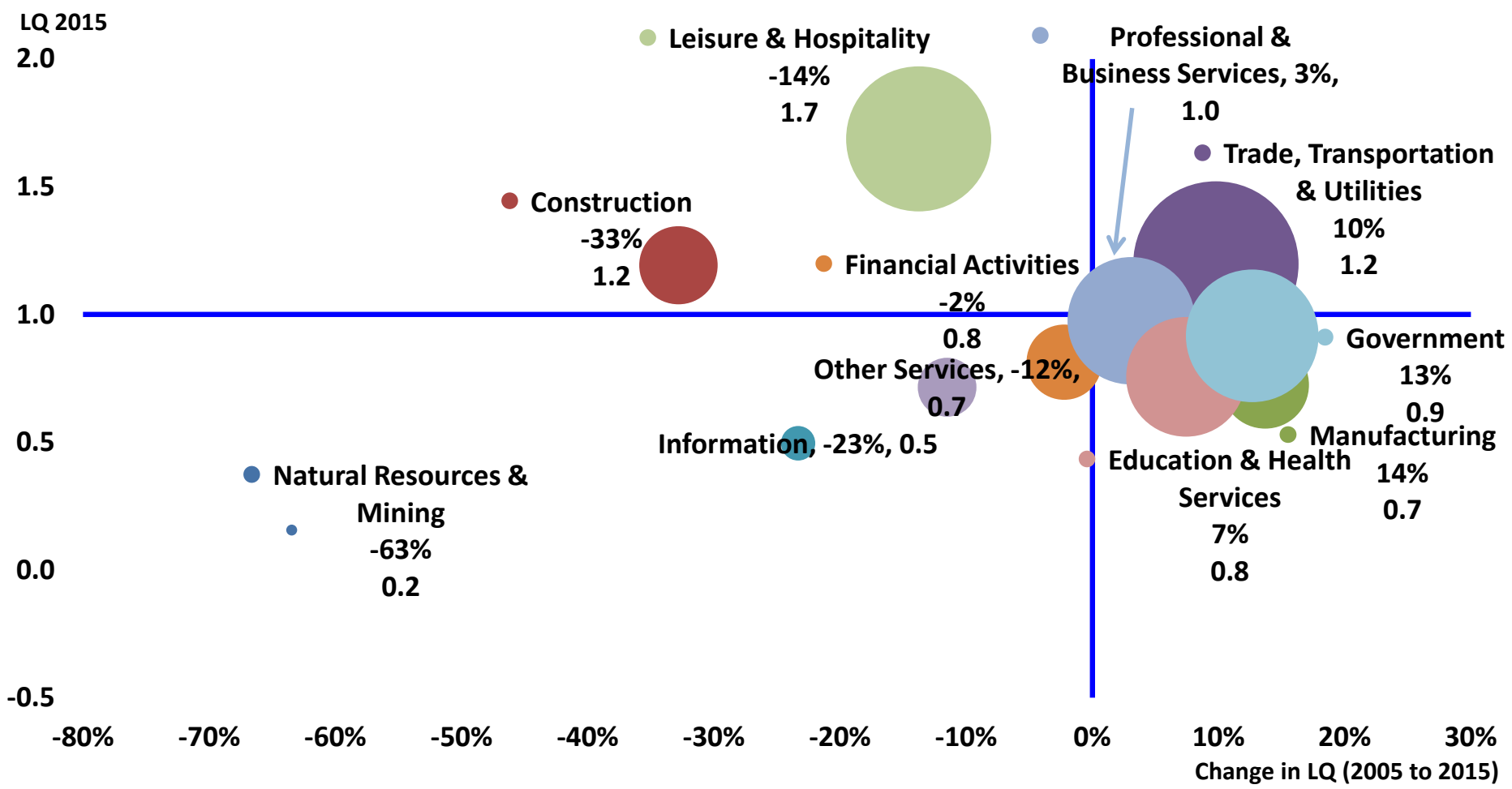
Las Vegas also still concentrated in Leisure & Hospitality but Educ/Health, Info & Trade/Transport growing

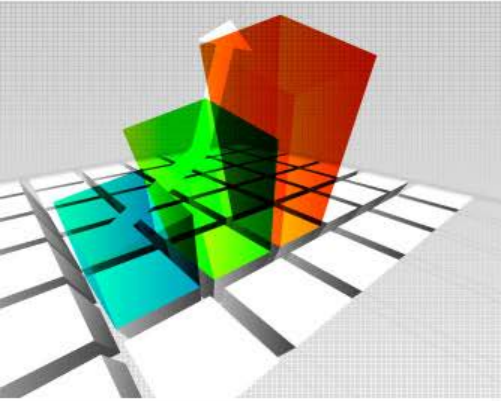
Las Vegas MSA Location Quotient: Change, 2005-2015



Reno-Sparks is most diversified. Relatively low Leisure/Hosp Growing Mfg, Trade/Transport & Educ/Health sectors.

Reno-Sparks MSA Location Quotient: 2005-2015





NORTHERN NEVADA GROWTH FORECAST: TESLA & NATURAL GROWTH



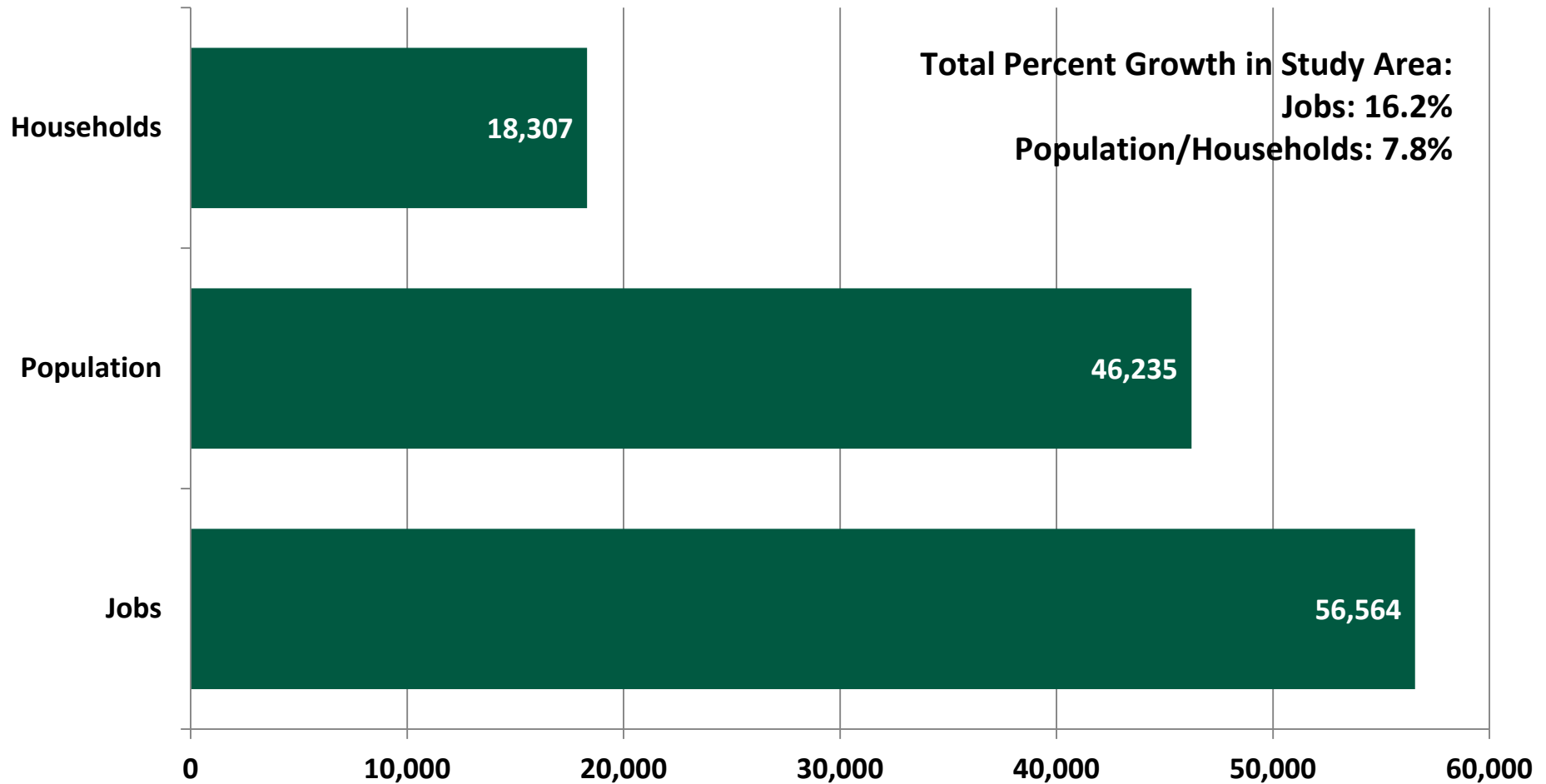
New Tesla battery plant will help bring thousands of needed jobs to Nevada

Tesla Gigafactory Facts

- ❑ **Goal: Produce mass market electric car in ~3 years.**
- ❑ 6,500 jobs at buildout; 7,646 indirect & induced jobs.
- ❑ Nucleus of new economic cluster for the state.
- ❑ Factory to use economies of scale to reduce costs of lithium-ion batteries.
- ❑ Should reduce battery cost by greater than most expect.
- ❑ By 2020, should more than double lithium-ion battery production of 2013.
- ❑ Expect to decrease per kWh cost of battery by 30%.

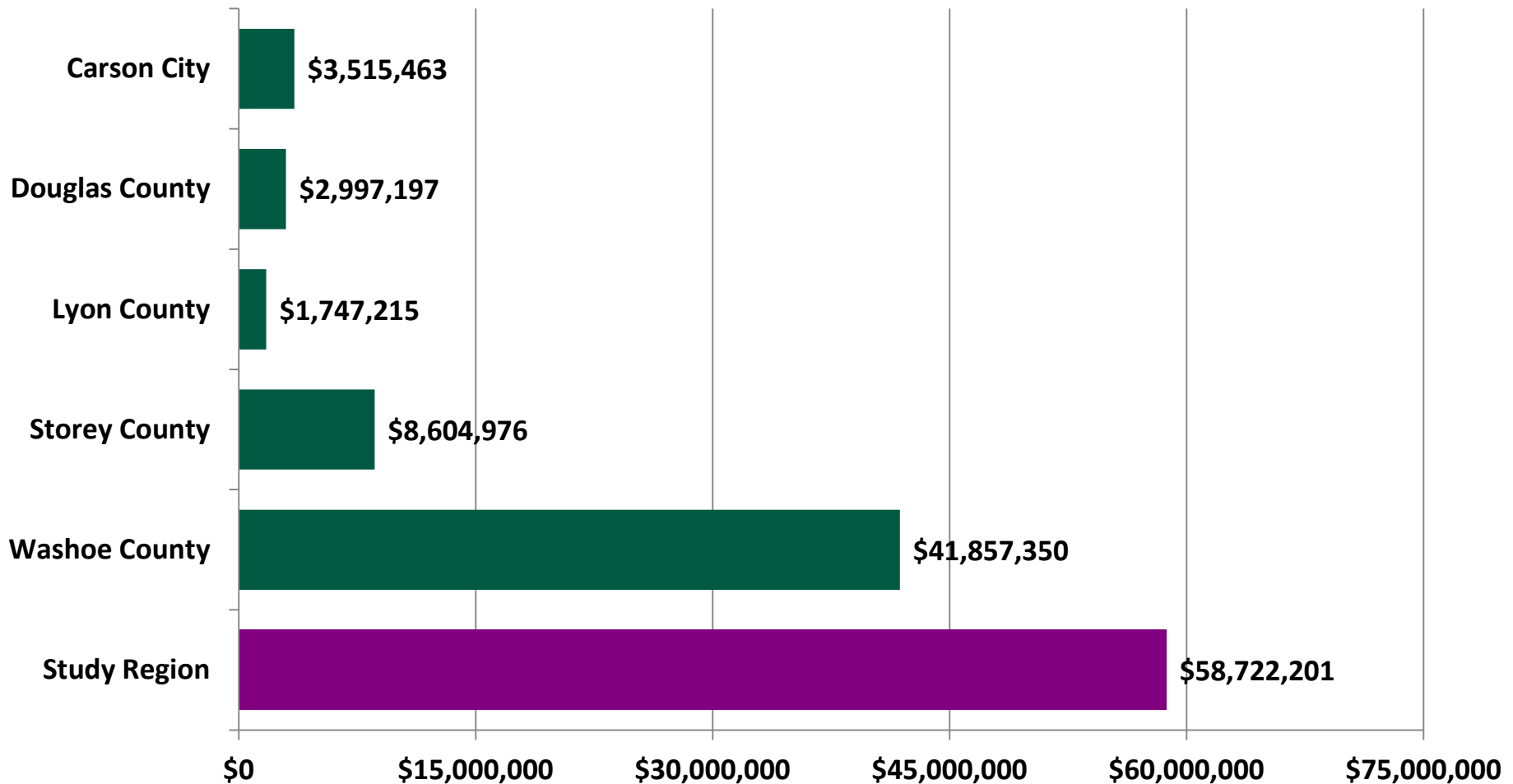
Job growth to generate millions in fuel tax revenues in Northern Nevada

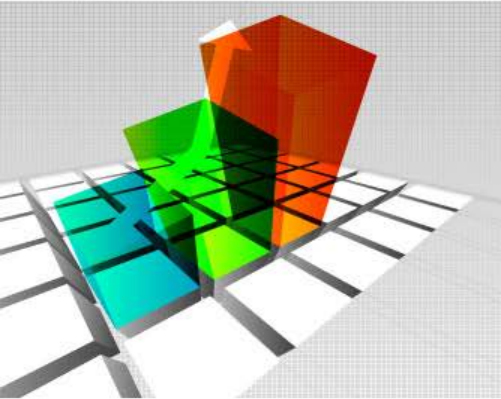
Total Projected Growth-Scenario A due to Tesla & "Natural" Growth: 2015-2019



Growth to generate millions in fuel tax revenues in Northern Nevada

Projected Fuel Tax Revenues-Scenario A, Due Tesla & "Natural Growth: 2015-2019





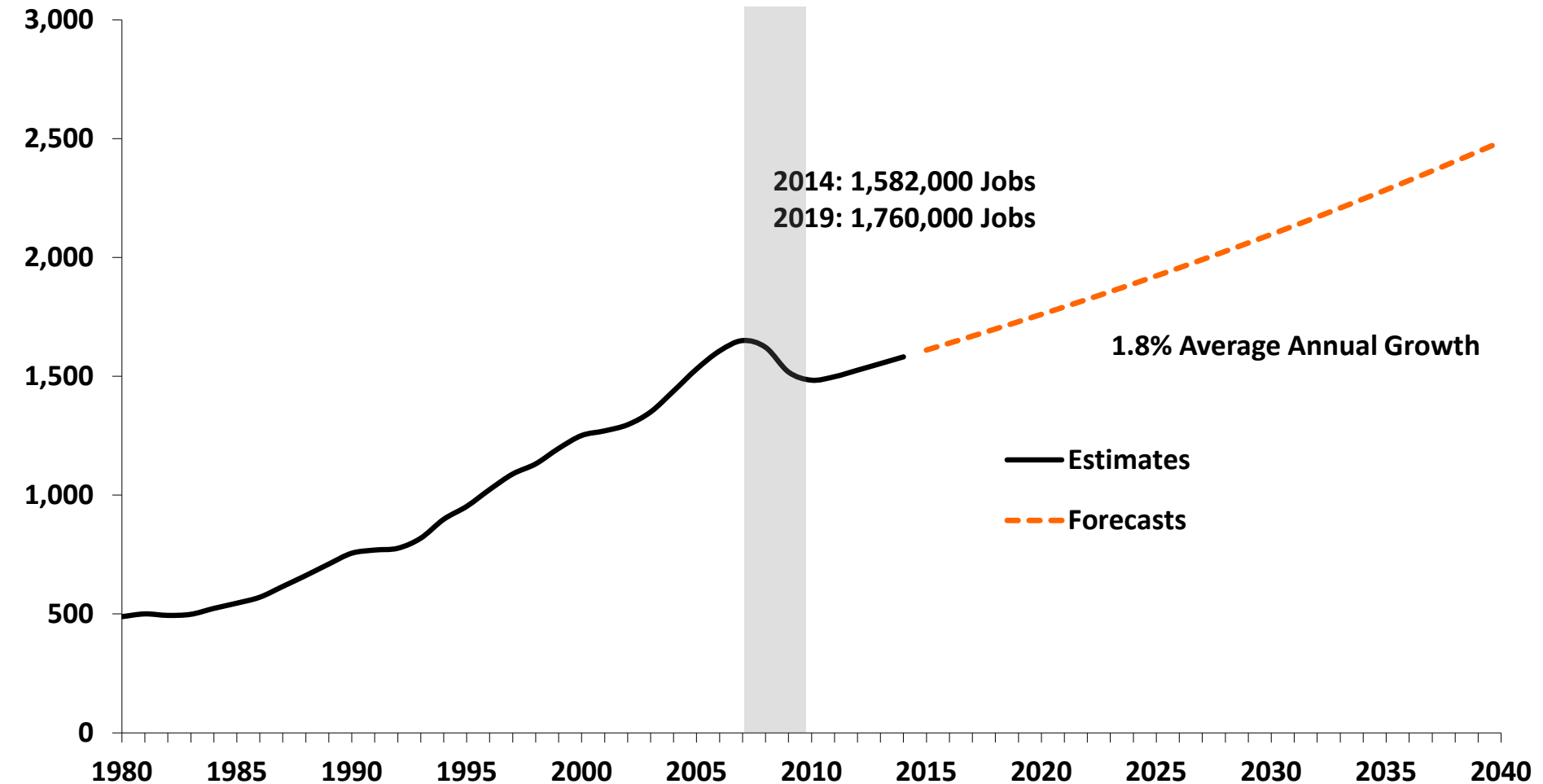
LOOKING FORWARD

"The only function of economic forecasting is to make astrology look respectable."

--John Kenneth Galbraith

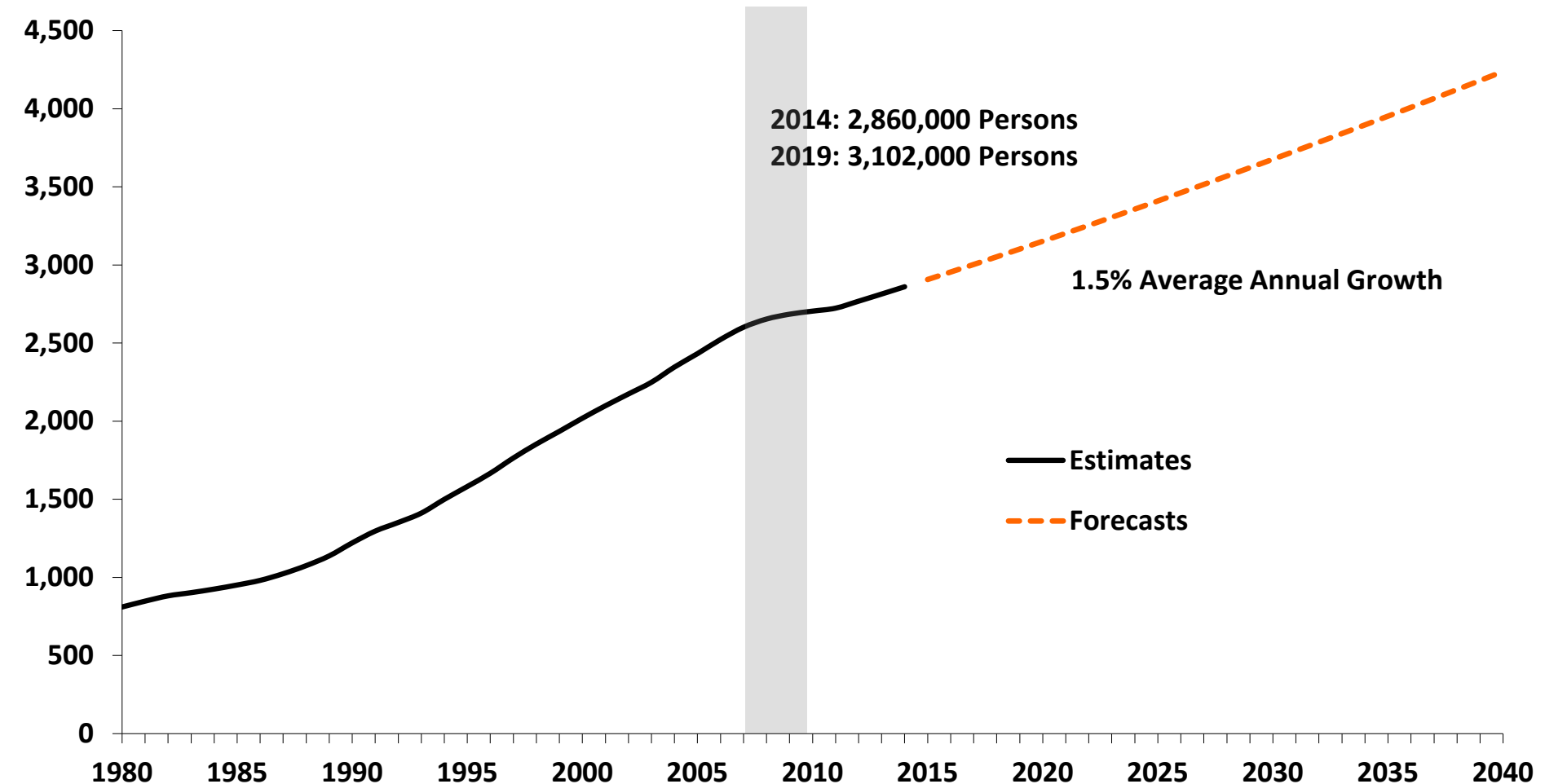
Looking ahead: Nevada poised to continue making strides.

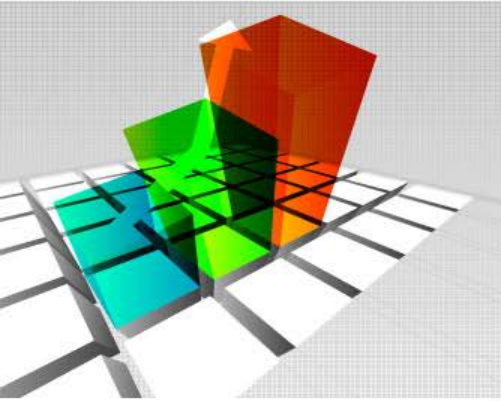
Nevada Employment Trends & Forecast (Thousands): 1980-2040



Looking ahead: Nevada poised to continue making strides.

Nevada Population Trends & Forecast (Thousands): 1980-2040





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 . . .



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

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

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

**Final Tax
Package**

RCG ECONOMICS

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