

Nevada Economic Outlook

2010 Nevada Transportation Conference

March 23rd, 2010

Prepared by:



www.rcg1.com



7 Stages of Economic Grieving



7 Stages of Economic Grieving - #1



- 1. Shock stage:
- Initial paralysis at hearing the bad news.



Source: Elizabeth Kubler-Ross

7 Stages of Economic Grieving - #2



- 1. Shock stage: Initial paralysis at hearing the bad news.



- 2. Denial stage:
 - Trying to avoid the inevitable.



Source: Elizabeth Kubler-Ross

7 Stages of Economic Grieving - #3



•1. Shock stage: Initial paralysis at hearing the bad news.

•2. Denial stage: Trying to avoid the inevitable.



3. Anger stage:
Frustrated outpouring of
bottled-up emotion.

7 Stages of Economic Grieving - #4



•1. Shock stage: Initial paralysis at hearing the bad news.

•2. Denial stage: Trying to avoid the inevitable.

3. Anger stage: Frustrated outpouring of bottled-up emotion.



•4. Bargaining stage:
•Seeking in vain for a way out.

7 Stages of Economic Grieving - #5

•1. Shock stage: Initial paralysis at hearing the bad news.

•2. Denial stage: Trying to avoid the inevitable.

3. Anger stage: Frustrated outpouring of bottled-up emotion.

•4. Bargaining stage: Seeking in vain for a way out.

5. Depression stage:
Final realization of the
inevitable



7 Stages of Economic Grieving - #6

- 1. Shock stage: Initial paralysis at hearing the bad news.
- 2. Denial stage: Trying to avoid the inevitable.
- 3. Anger stage: Frustrated outpouring of bottled-up emotion.
- 4. Bargaining stage: Seeking in vain for a way out.
- 5. Depression stage: Final realization of the inevitable.
- 6. Testing stage: Hopefully seeking realistic solutions.



7 Stages of Economic Grieving - #7

- 1. Shock stage: Initial paralysis at hearing the bad news.
- 2. Denial stage: Trying to avoid the inevitable.
- 3. Anger stage: Frustrated outpouring of bottled-up emotion.
- 4. Bargaining stage: Seeking in vain for a way out.
- 5. Depression stage: Final realization of the inevitable_
- 6. Testing stage: Hopefully seeking realistic solutions.

Acceptance stage: Finally finding the way forward.

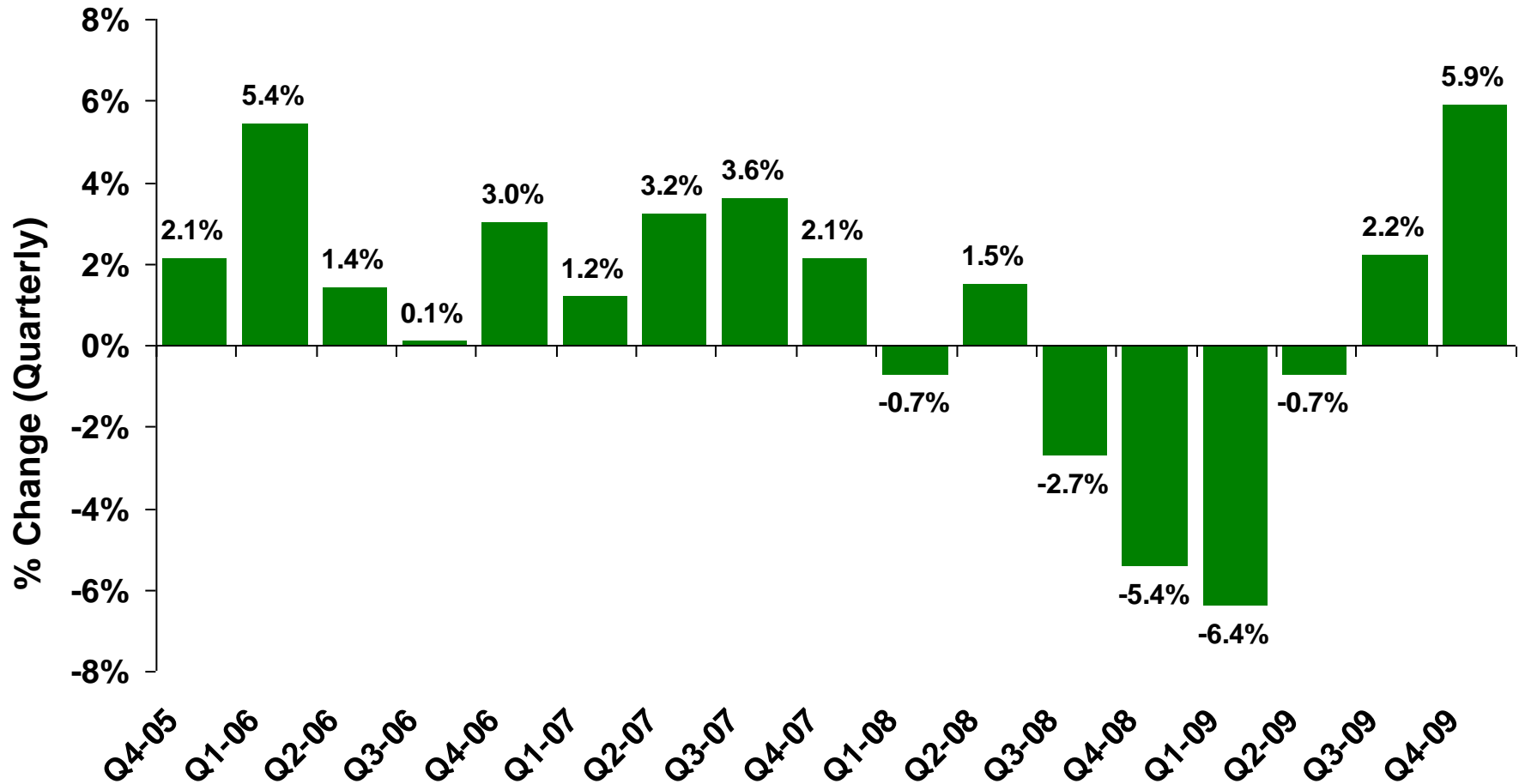


National Indicators

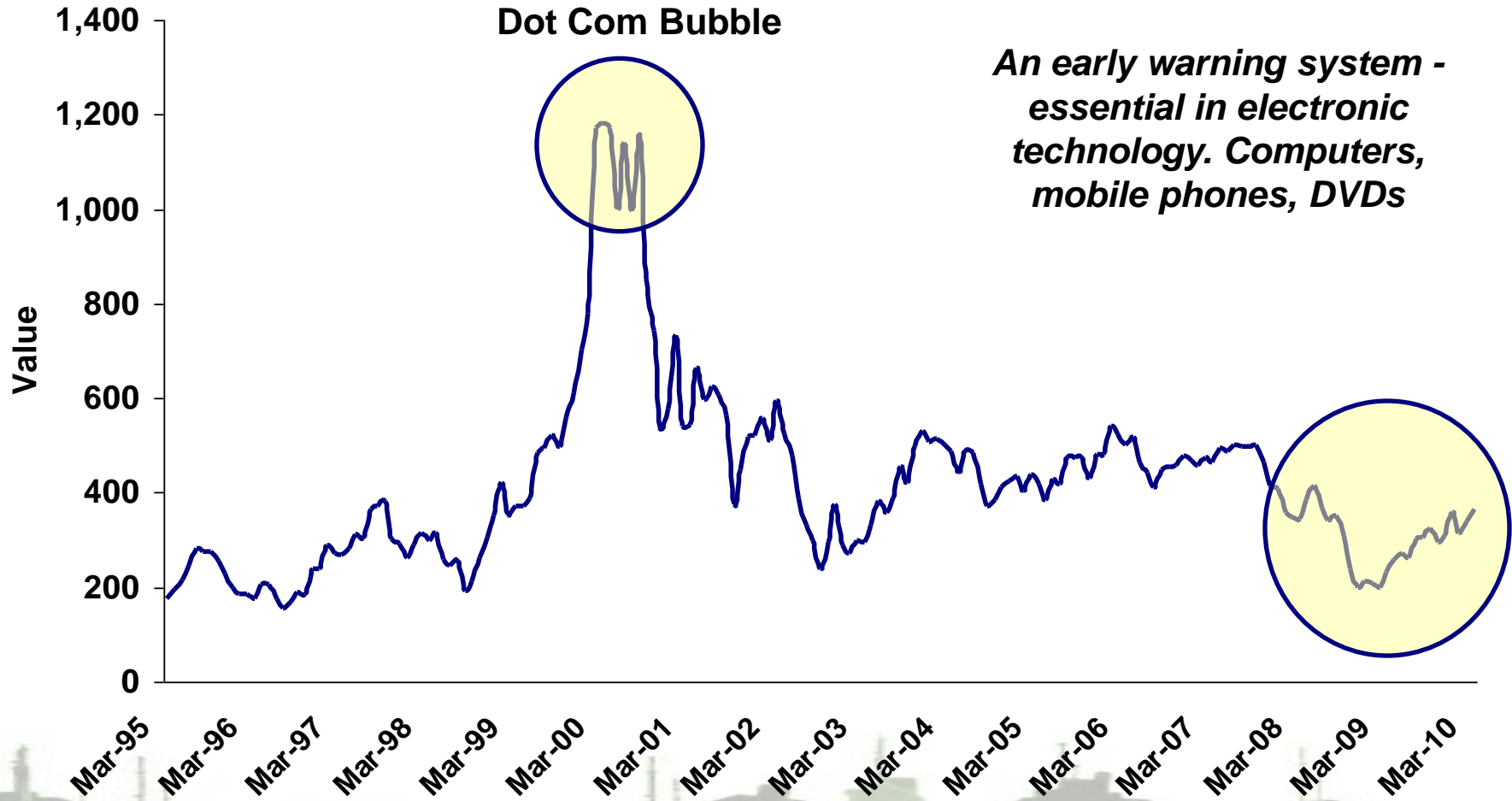


U.S. Real Gross Domestic Product

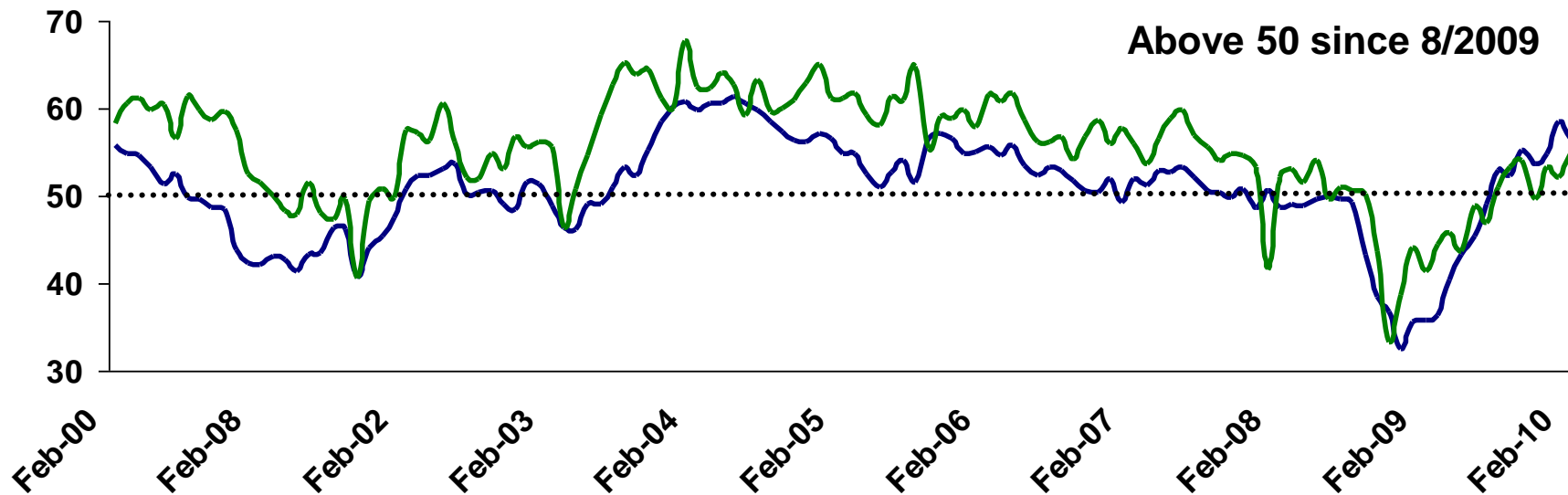
(% Change - Quarterly; Seasonally Adjusted Annual Rate):
Q4, 2005 - Q4, 2009



Semiconductor Sector Index: 3/1995 – 3/2010



U.S. Purchasing Managers Indexes (MFG & Non-MFG): 2/2000 – 2/2010



MFG Purchasing Managers Index

Feb 2010 = 56.5

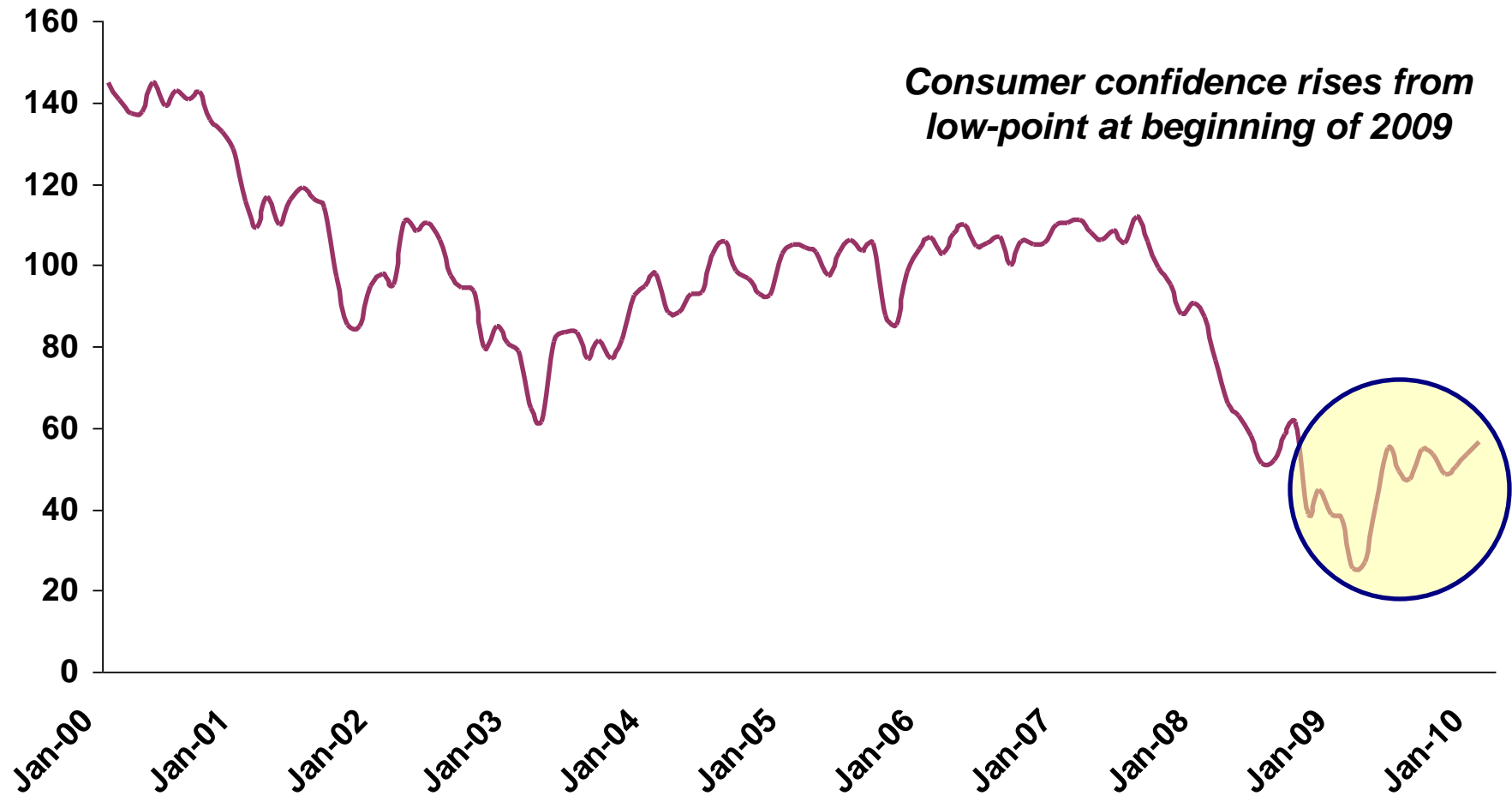
- Above 50: Manuf. & economy expanding
- 43 to 50: Manuf. contracting; economy may be growing
- Below 43: Manuf. & economy in recession

Non-MFG Business Activity Index Only

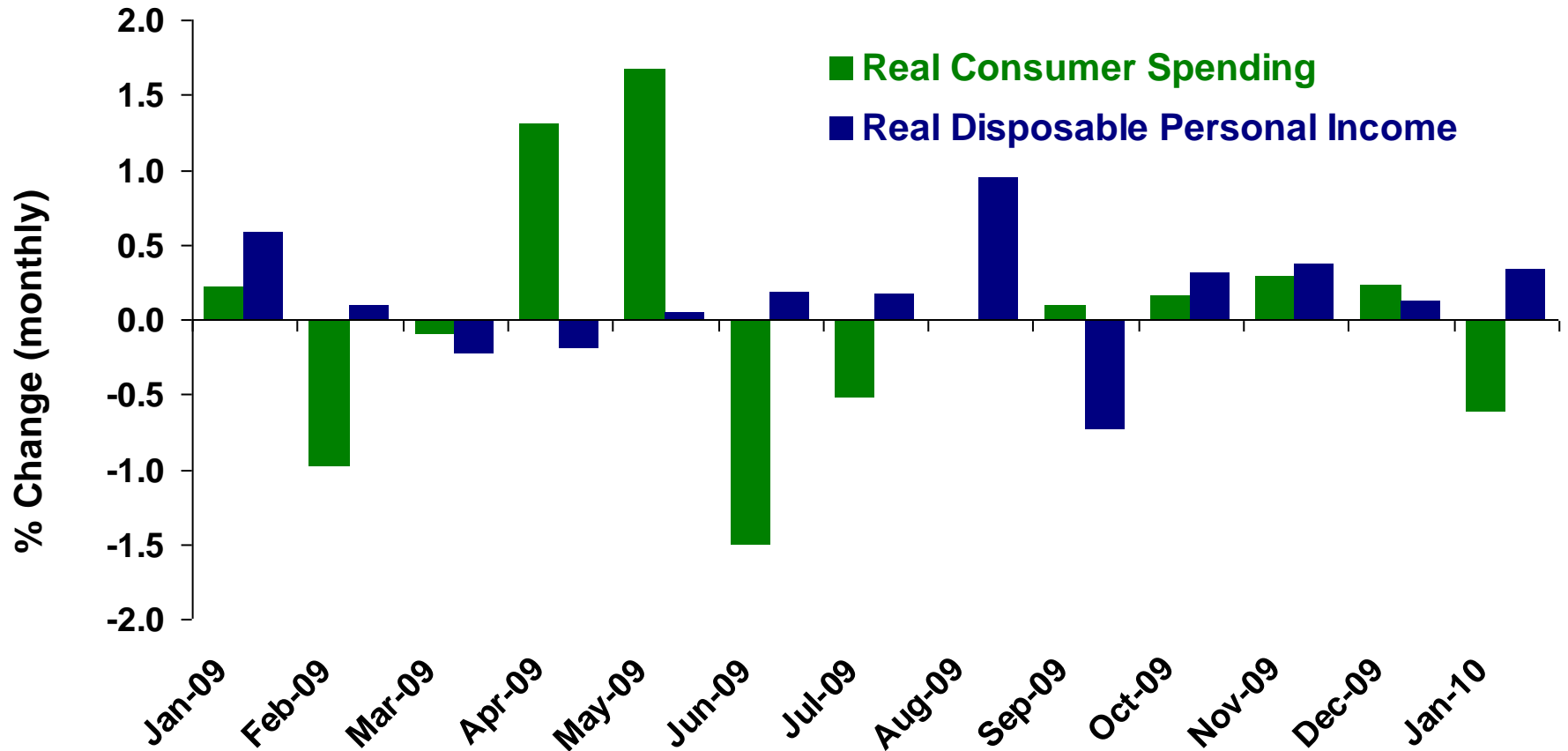
Feb 2010 = 54.8

- Above 50: Indicates growth in business activity
- Below 50: Indicates contraction in business activity

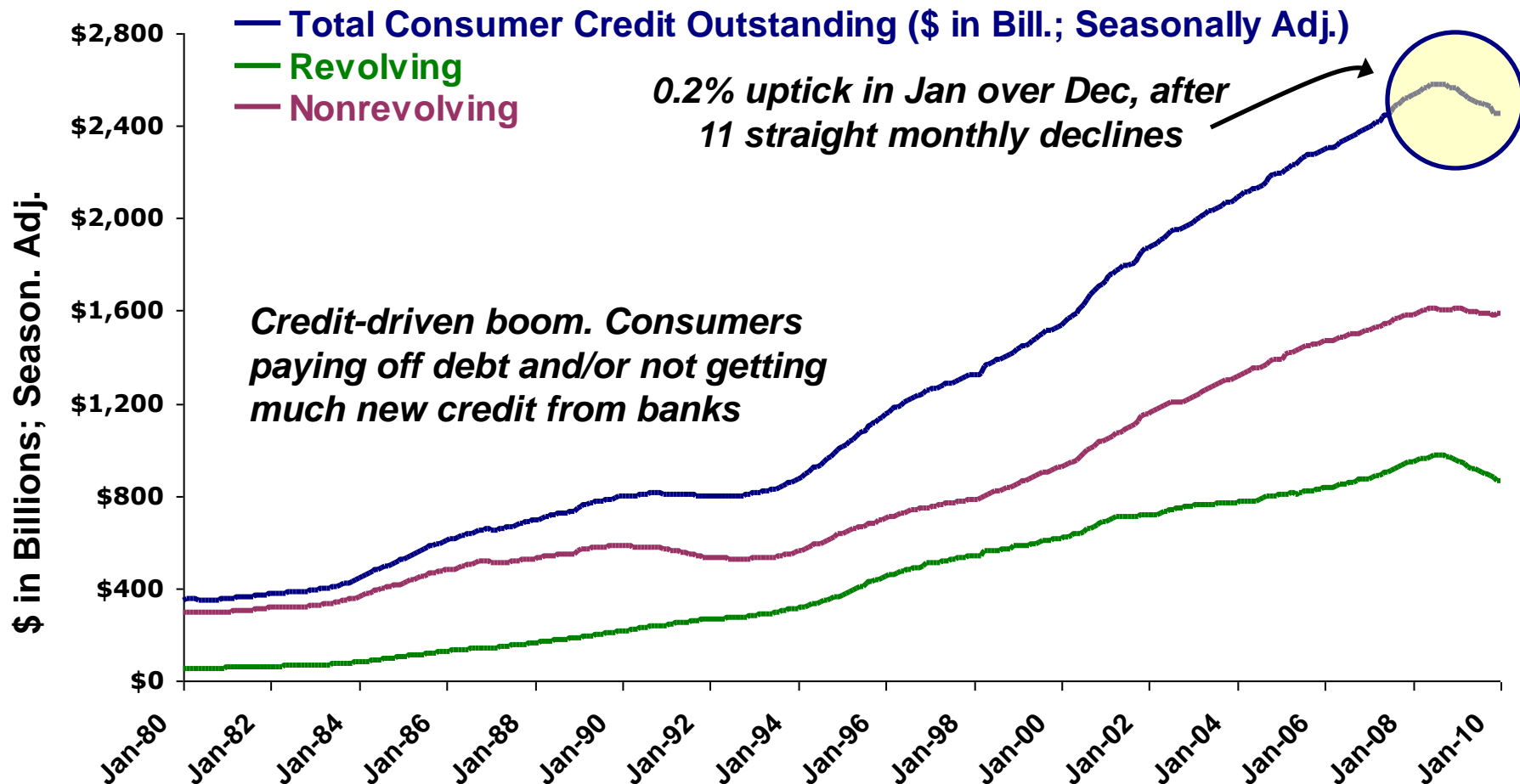
U.S. Consumer Confidence and Sentiment Indices: 1/2000 – 1/2010



U.S. Personal Income & Consumer Spending: 1/2009 – 1/2010



U.S. Consumer Credit Outstanding: 1/1980 – 1/2010

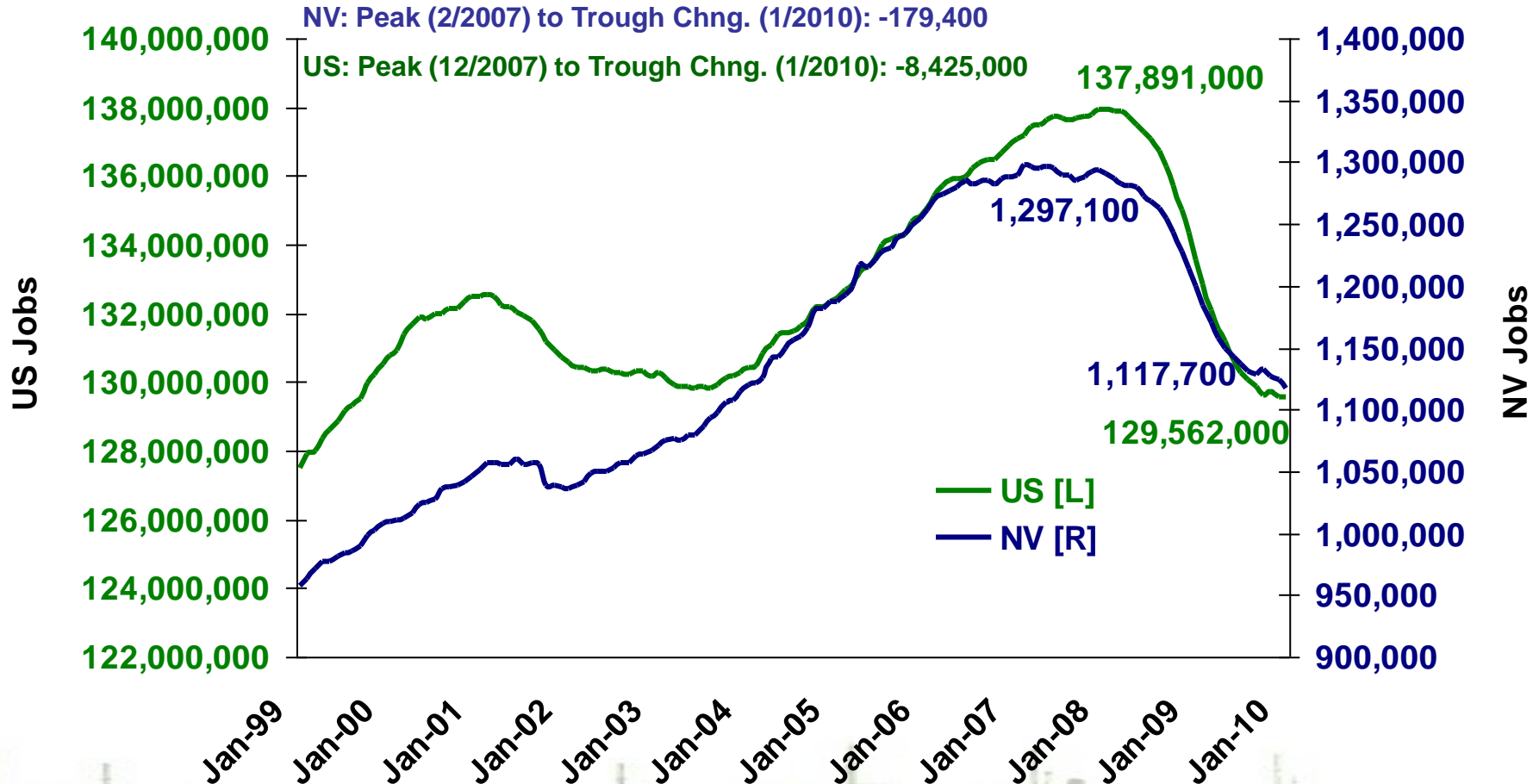


Nevada & U.S. Indicators



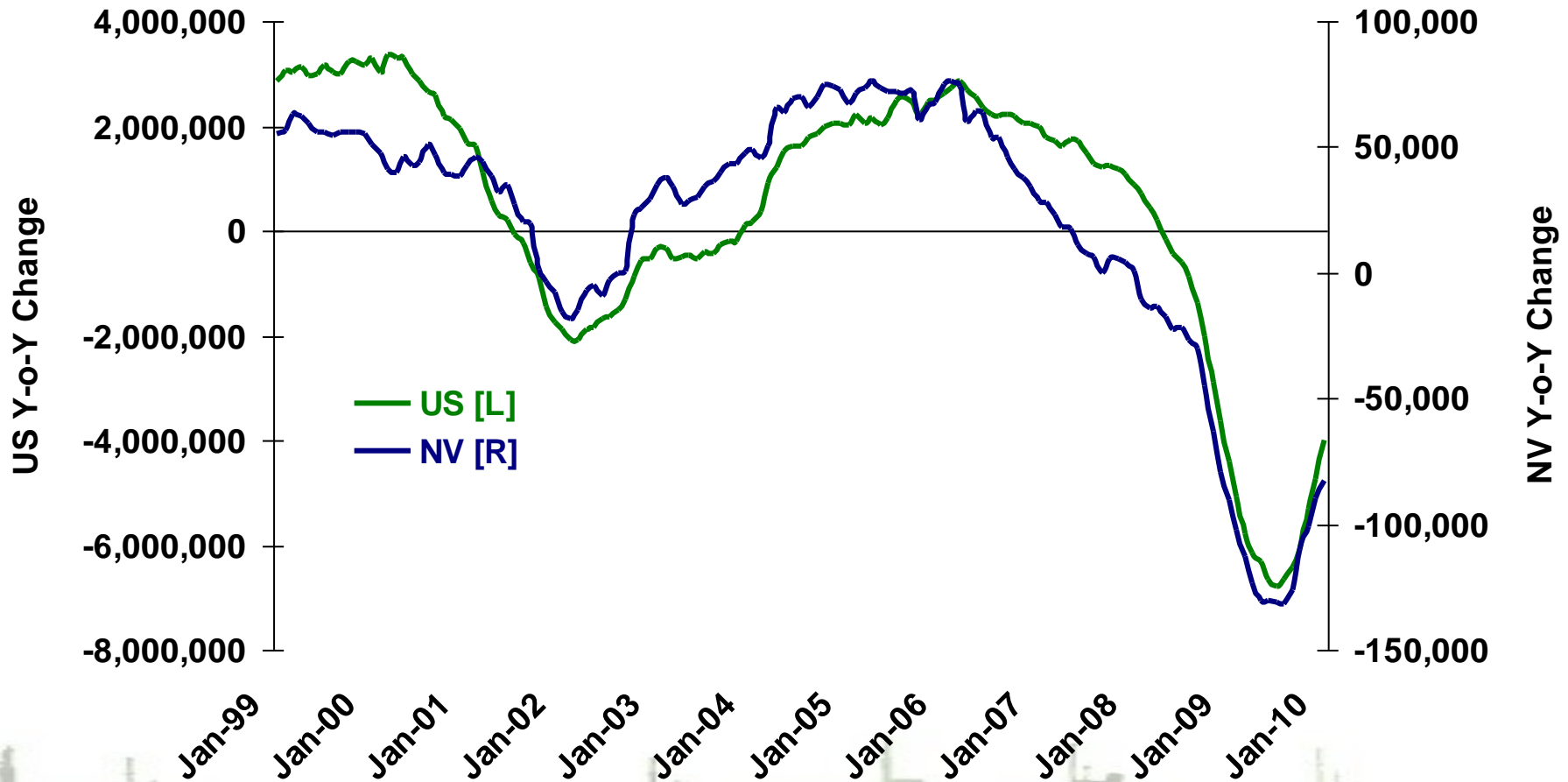
Establishment-Based Jobs

Nevada & US: 1/1999 – 1/2010



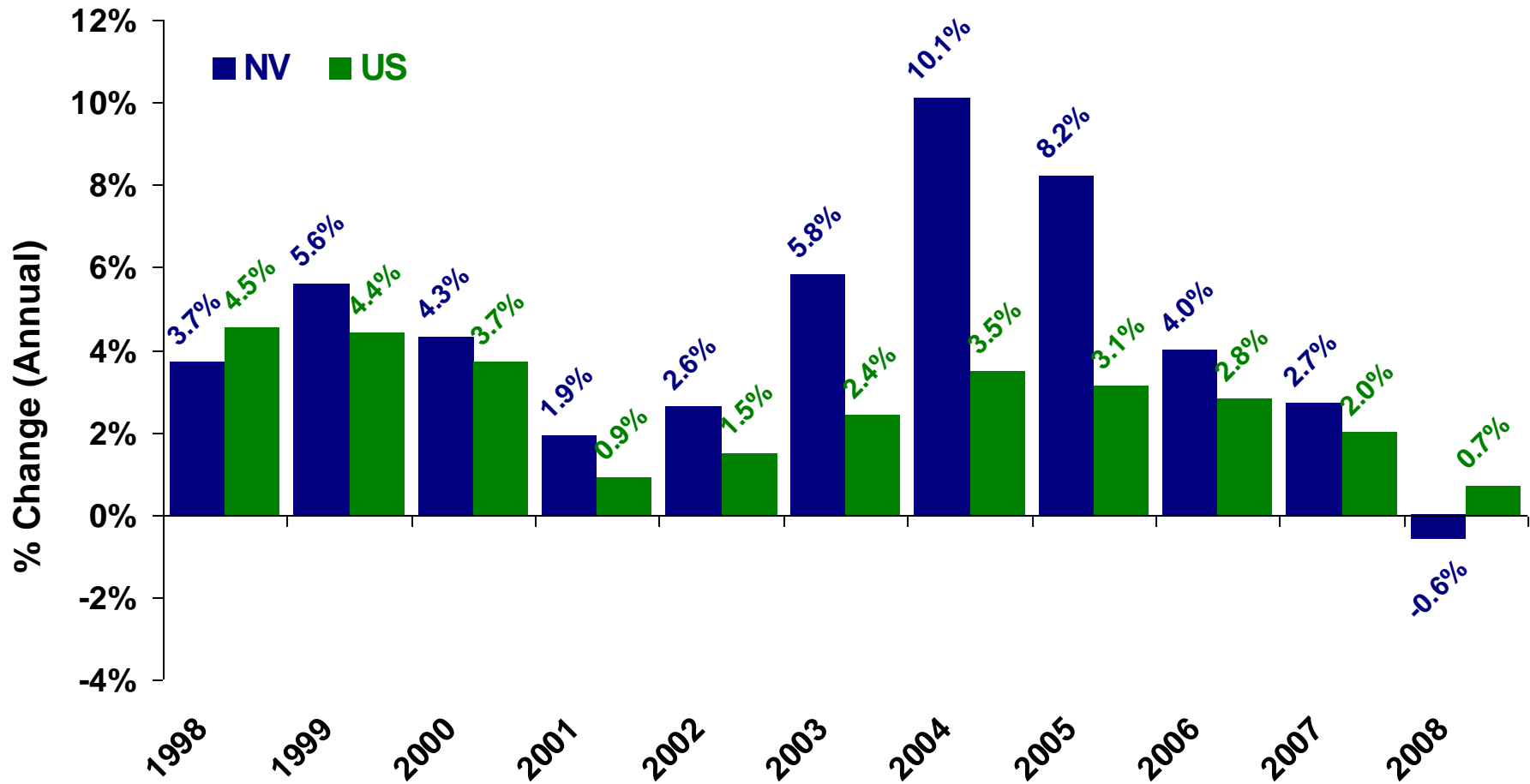
Establishment-Based Job Growth (# Y-o-Y)

Nevada & US: 1/1999 – 1/2010



U.S. & Nevada Real Gross Domestic Product*

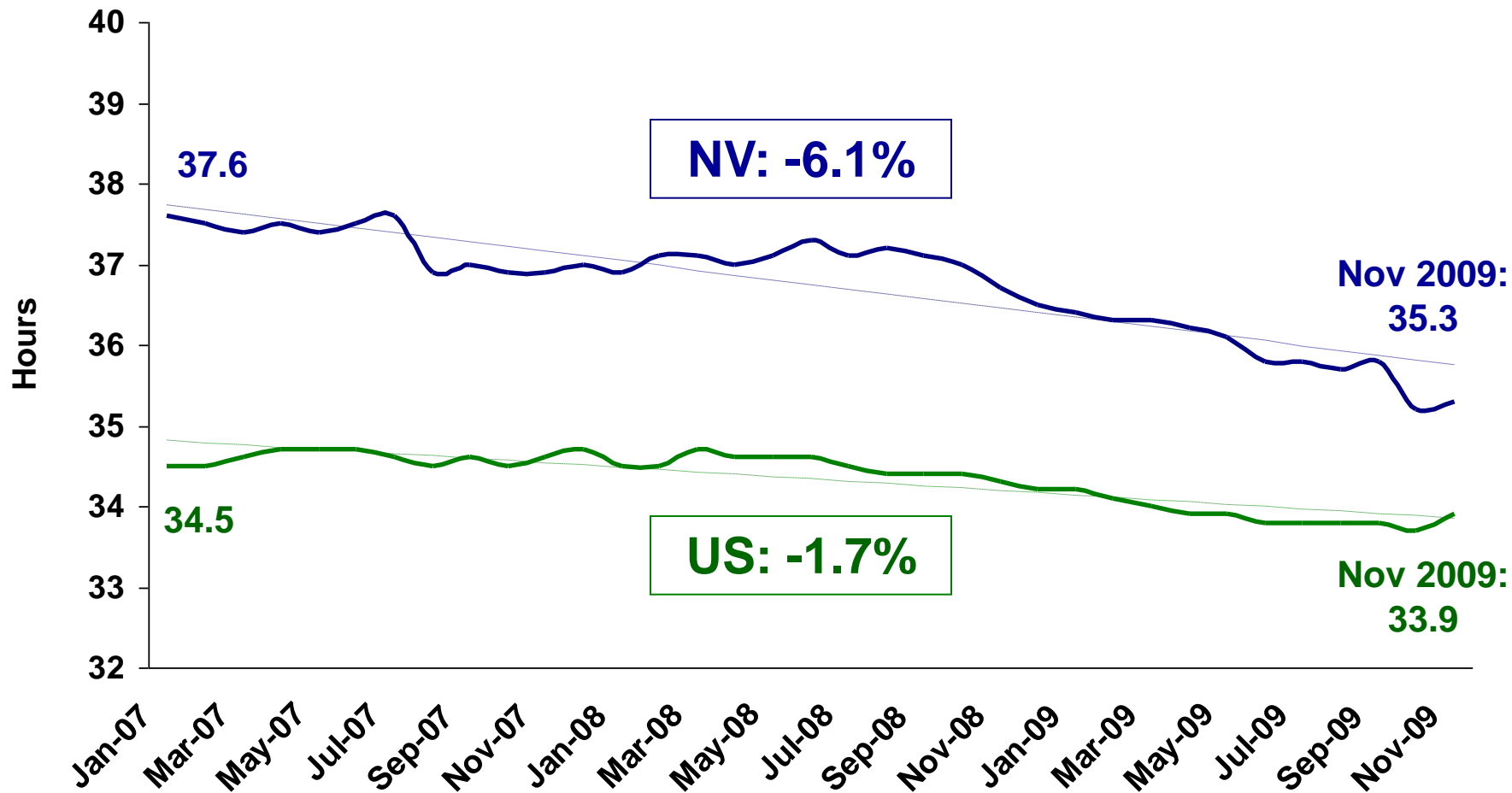
(% Change - Annual; Seasonally Adjusted Annual Rate):
1998 - 2008



Average Weekly Hours Worked

Nevada & U.S.:

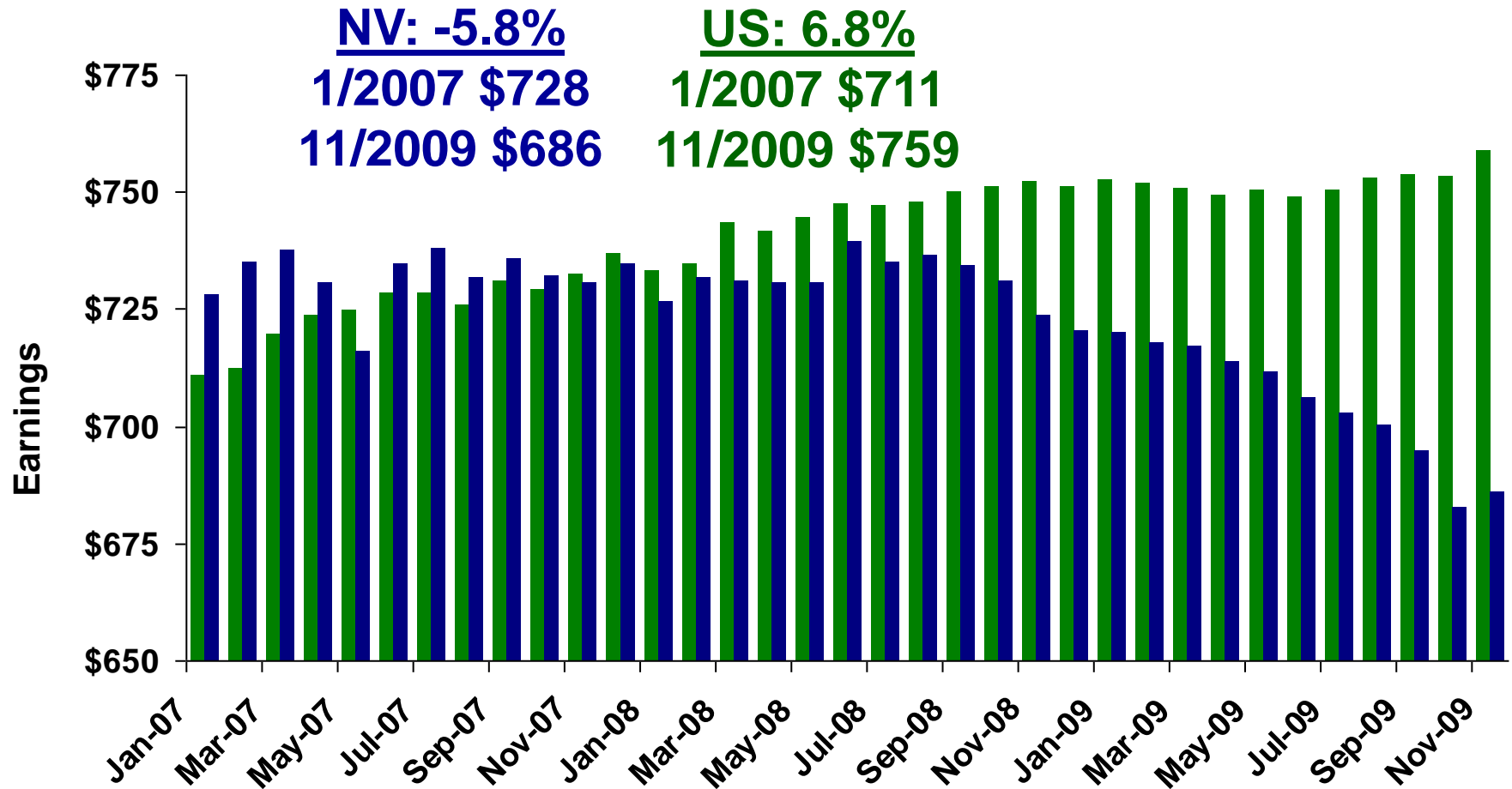
1/2007 – 11/2009



Average Weekly Earnings

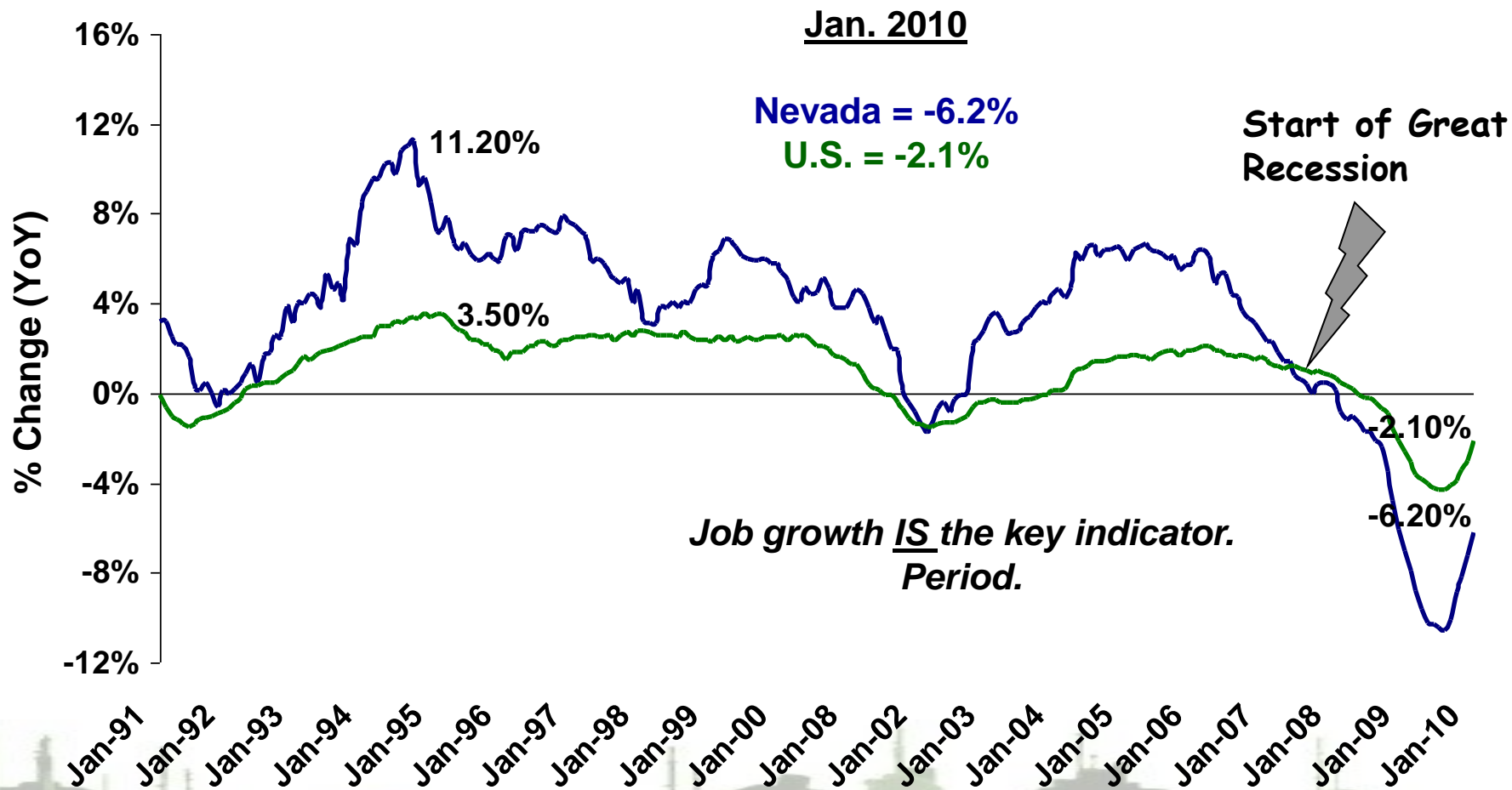
Nevada & U.S.:

1/2007 – 11/2009

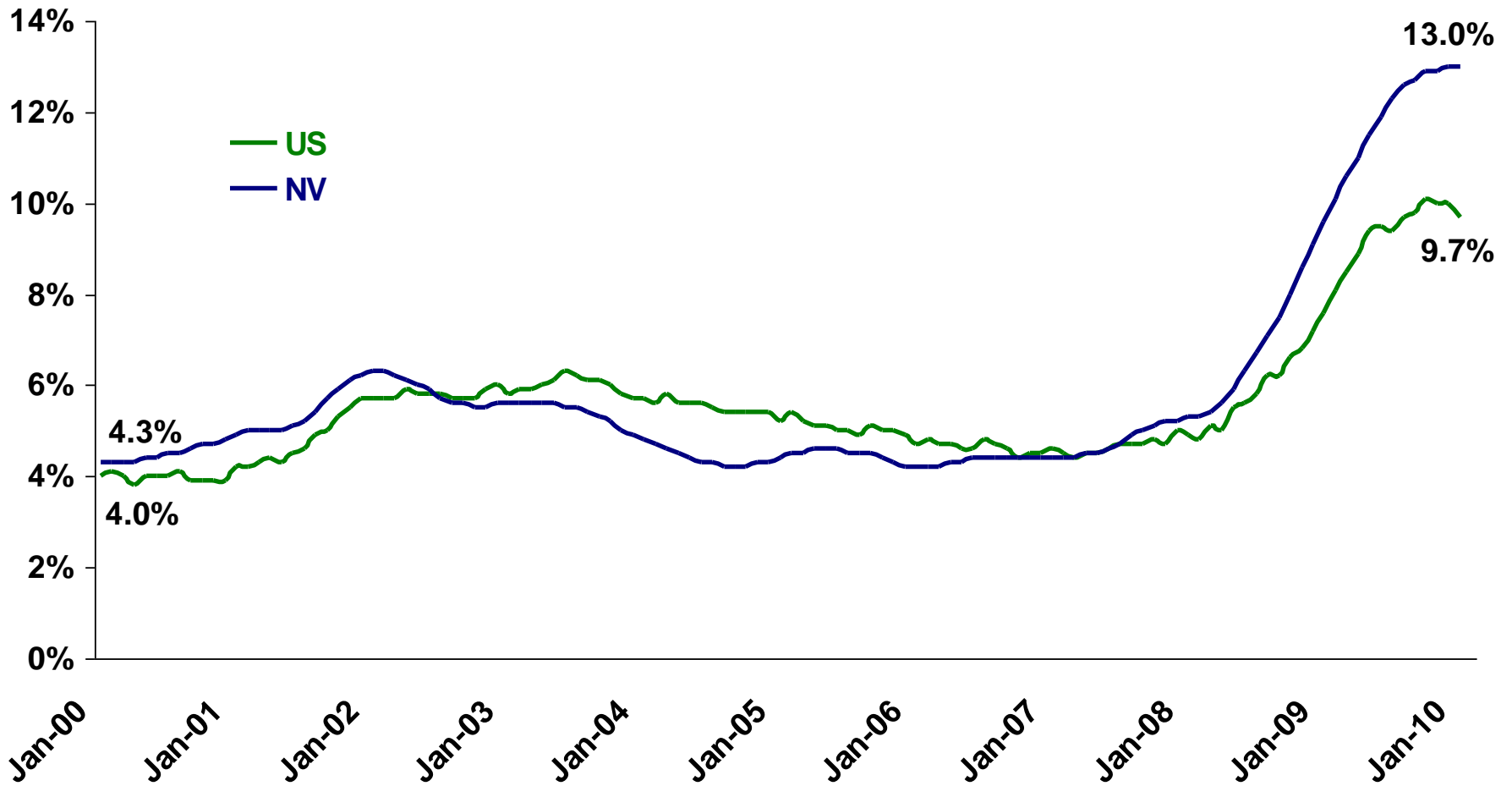


Establishment-Based Job % Growth

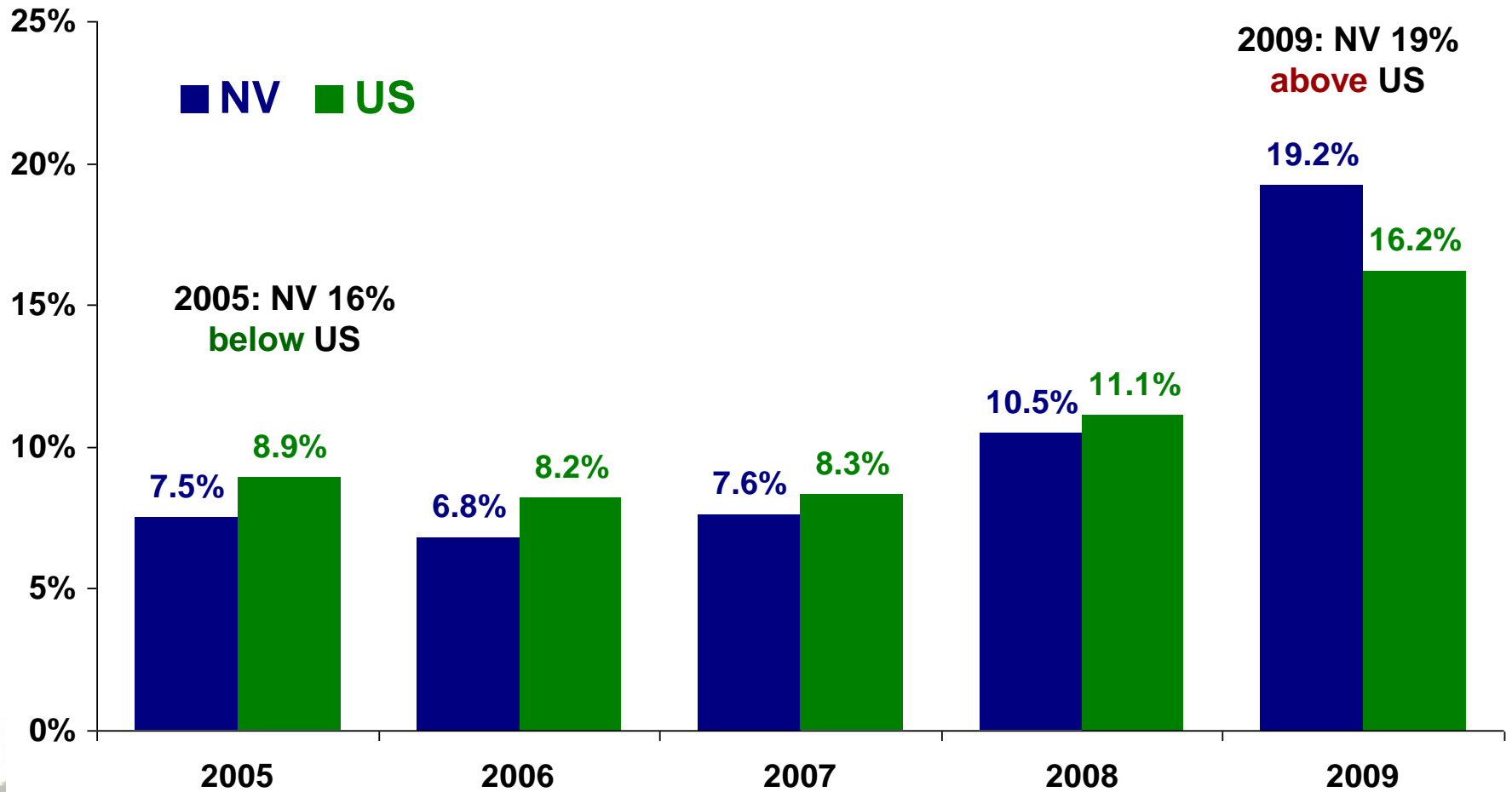
Nevada & US:
1/1991 – 1/2010



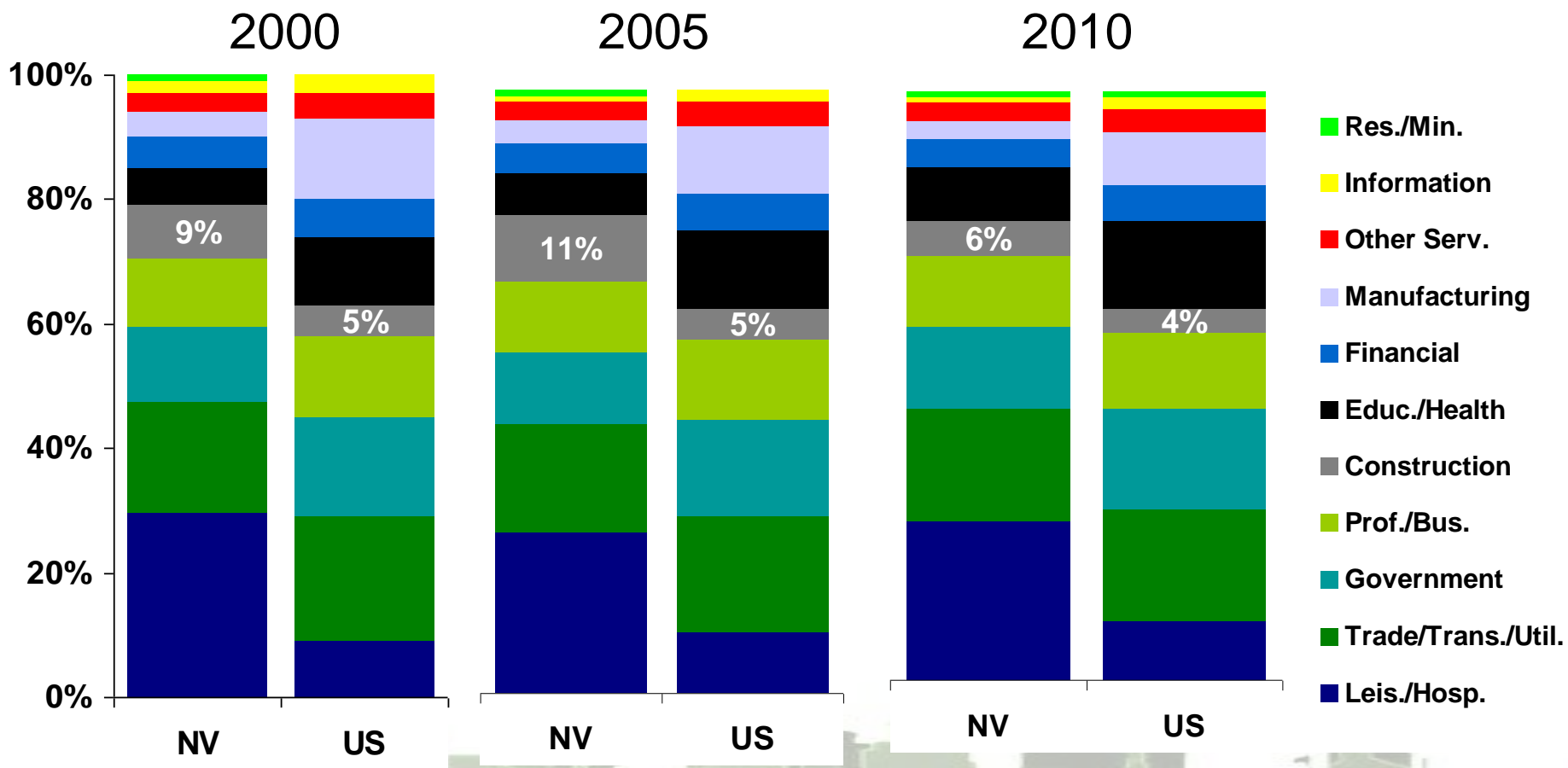
Unemployment Rate Trend for U.S. and Nevada: 1/2000 – 1/2010



U-6 Unemployment for U.S. and Nevada: 2005 – 2009



Employment Distribution by Industry for U.S. and Nevada: 2000 v. 2005 v. 2010

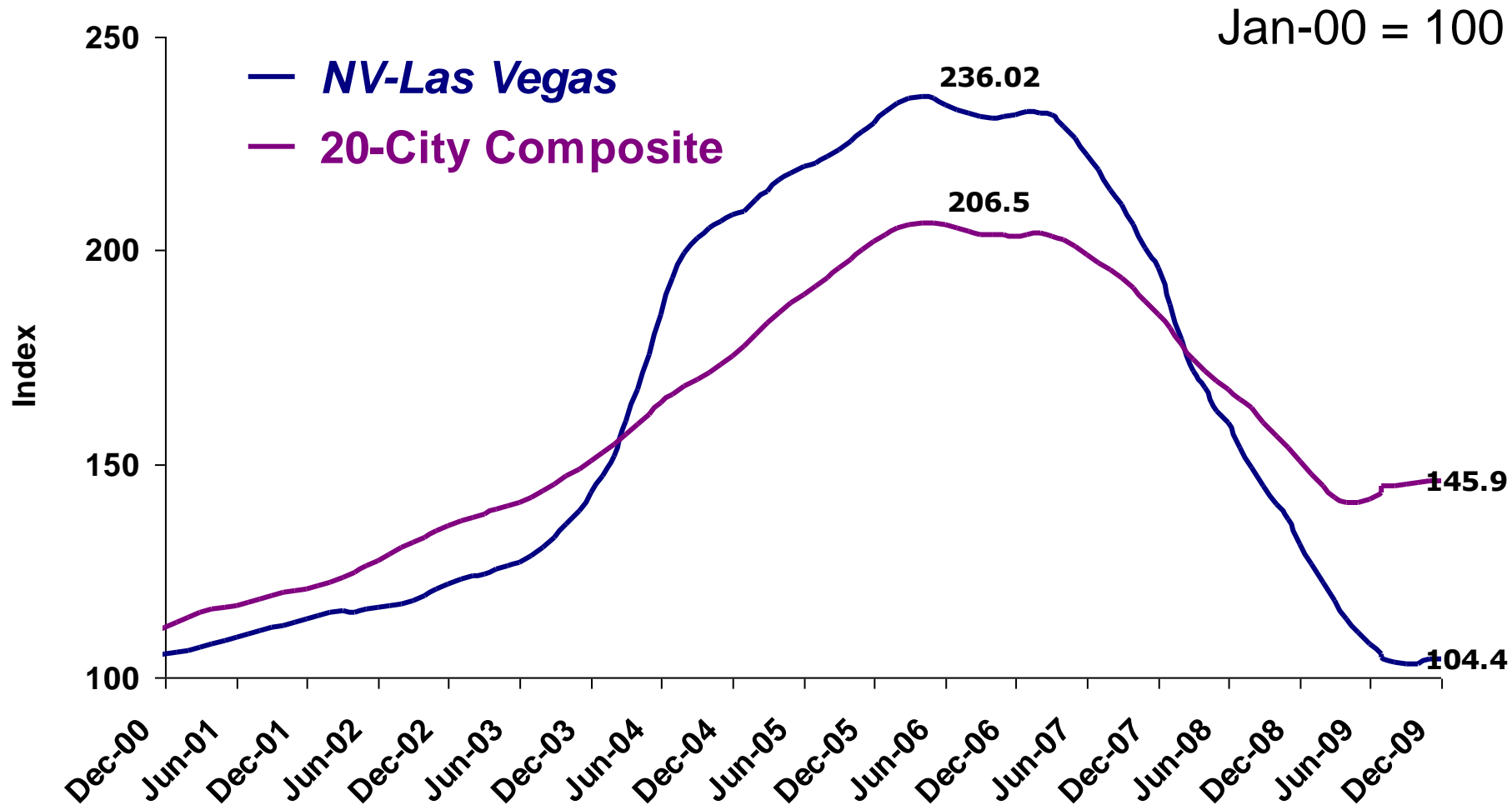


Nation's Top 10 Foreclosure Markets: 1/2010

Rank	State	Properties w/ Filings Jan '10	1/every X HH (rate)	% Ch. from Dec '09	% Ch. from Jan '09
	US	315,716	409	-9.7	15.1
1	Nevada	11,854	95	0.7	-17.9
2	Arizona	21,048	129	4.5	43.4
3	California	71,817	187	-10.8	-6.4
4	Florida	47,069	187	-14.9	15.5
5	Utah	4,087	231	-11.5	128.2
6	Idaho	2,603	246	-34.5	72.2
7	Michigan	17,574	258	-12.7	53.9
8	Illinois	18,120	291	1.7%	25.4
9	Oregon	4,812	338	13.5%	6.7
10	Georgia	11,274	357	-13.1%	13.8

S&P / Case-Shiller Housing Price Index

Las Vegas Metro Area & 20-City Composite: 12/2000 – 12/2009



ARRA Stimulus Projects



- **Nevada to receive \$270M in roadway & transit funding:**
 - **\$39M to RTC for roadway projects**
 - **\$33.6M to RTC for transit projects**
 - **\$69M for NDOT projects in So. Nevada**



Types of Economic Benefits

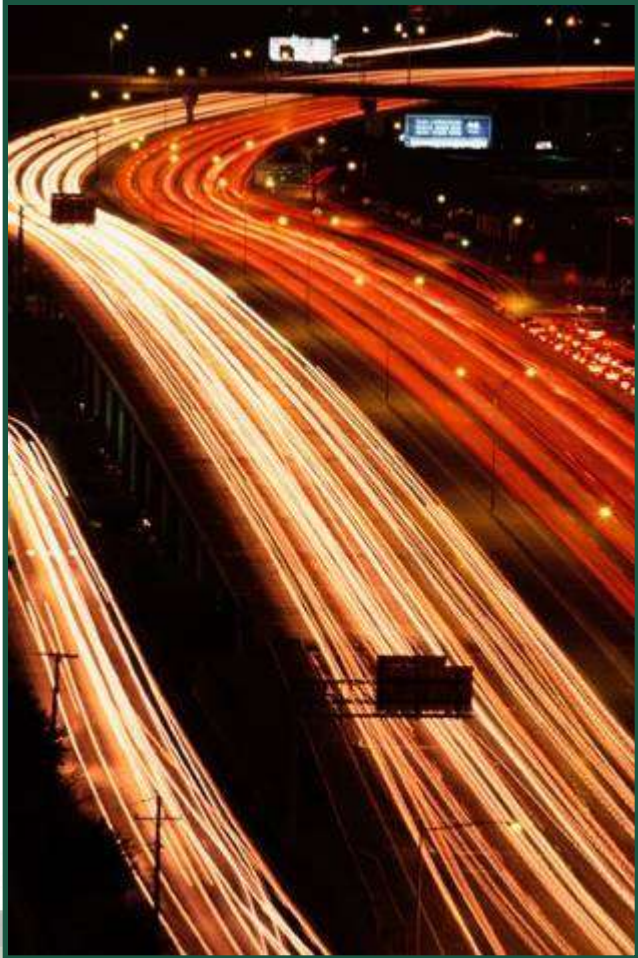
- **Direct:**
 - **Purchase of construction materials, Jobs created, Payroll, etc.**
- **Indirect:**
 - **Wholesale purchases of goods & services**
 - **Suppliers replenish inventory after selling materials to construction companies**
- **Induced:**
 - **Employment & labor income growth generated by construction companies' employees**
 - **Rent / Home purchase**
 - **Dining out**
 - **Other personal income spent locally**

The Ripple Effect

- **For every \$1 spent, another:**
 - **\$.52 in Output**
 - **.53 Jobs**
 - **\$.38 Wages**



Total Benefits



- **\$216M in total output**
- **1,677 full-time equivalent construction & non-construction jobs**
- **\$102.5M in direct, indirect & induced payroll during projects**

Conclusions & Observations

- **National recovery will be slow & plodding**
- **Specter of “job-less” recovery remains, unemployment rate will remain in single digits to low double digits for at least 3 years.**
- **LV commercial markets: Tenant & buyers are kings for several years**
- **Sustained national consumer confidence + debt reduction + discretionary spending = LV housing + job recovery = LV ECONOMIC RECOVERY (defined as at least 6 mos. of improvements)**
- **State & local government budgets wont return to pre-recession peak for at least 5 years**
- **Last but not least, there are no magic bullets, just fundamentals: education leading to work force quality & diversification leading to economic development**

So when is the likely start of a sustained recovery in Nevada?

Late-2011 to Early-2012



Contact:

John Restrepo

702-967-3188

jrestrepo@rcg1.com

www.rcg1.com

