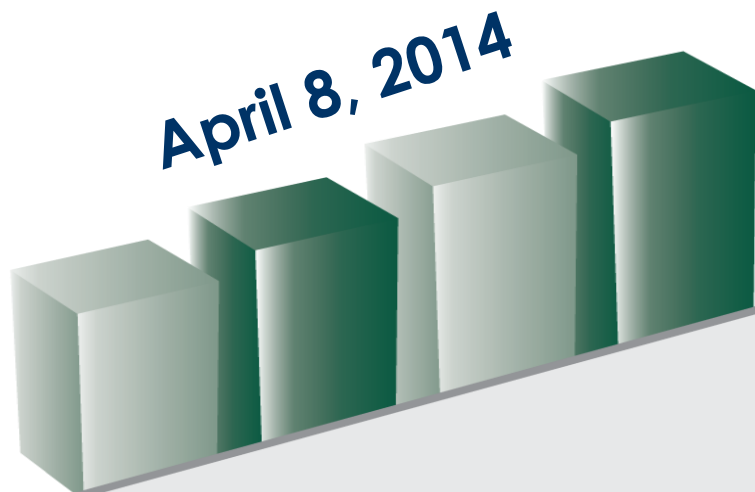


NEVADA'S ECONOMY: REBUILD & RECOVER – STILL A TOUGH MARKET?

2014

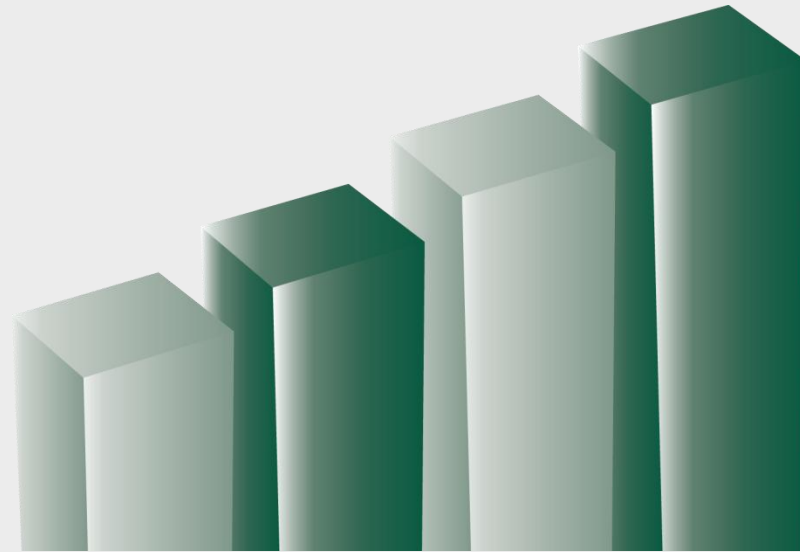
Nevada Transportation Conference
Texas Station



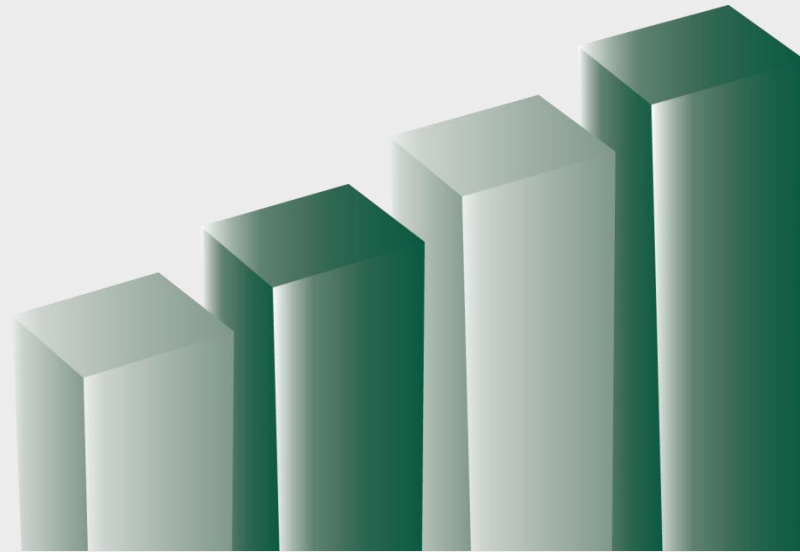
Prepared by:

RCG
ECONOMICS

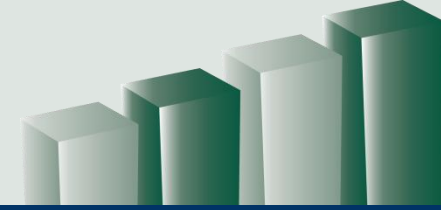
REBUILD



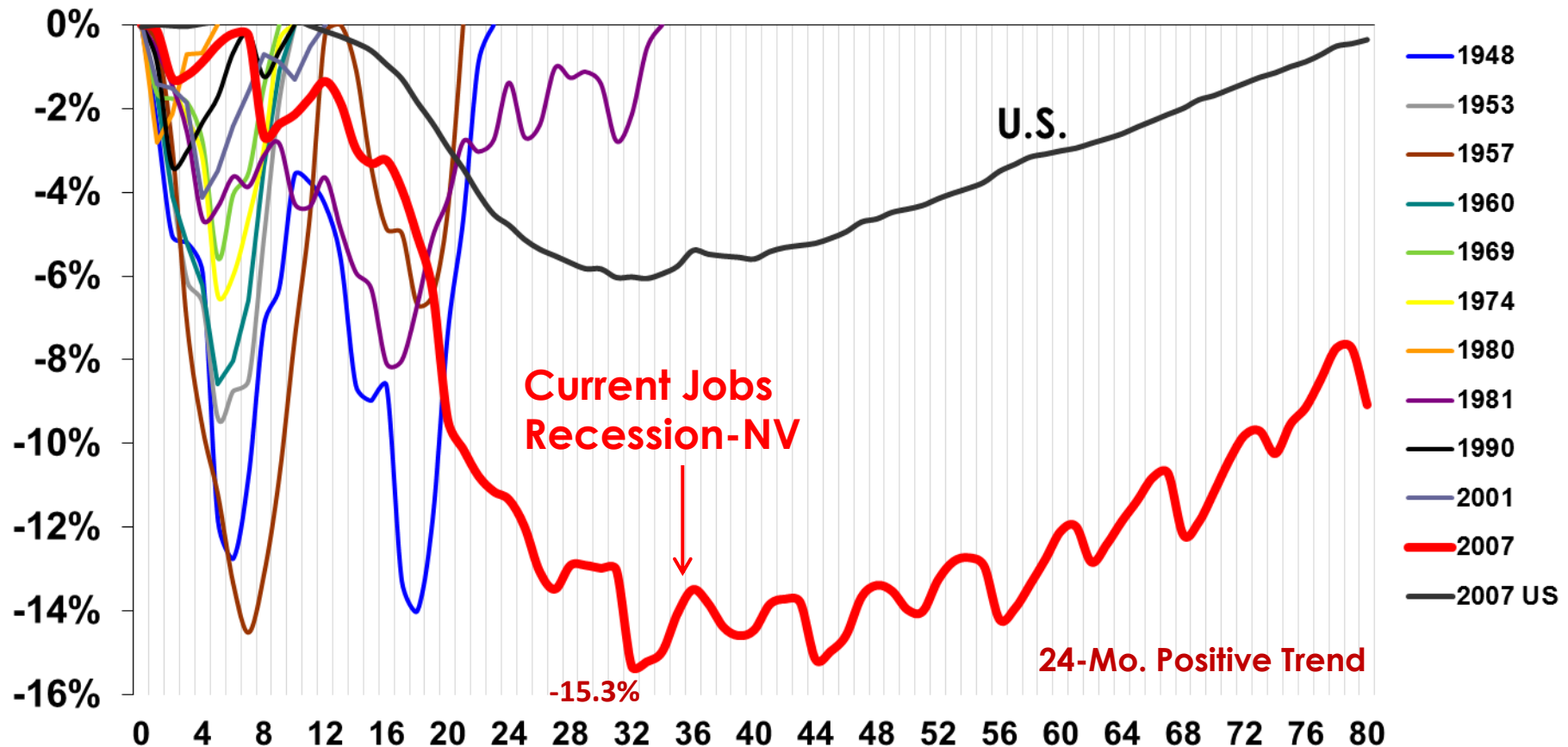
NEVADA'S ECONOMY



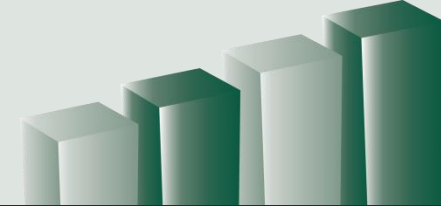
The Great Recovery Claw Back.



Nevada Recovery Comparison: Last 11 Recessions % Job Losses Compared to Peak Job Month (12/2007), 1948 - 2007



The “real” unemployment rate - beyond the official rate.

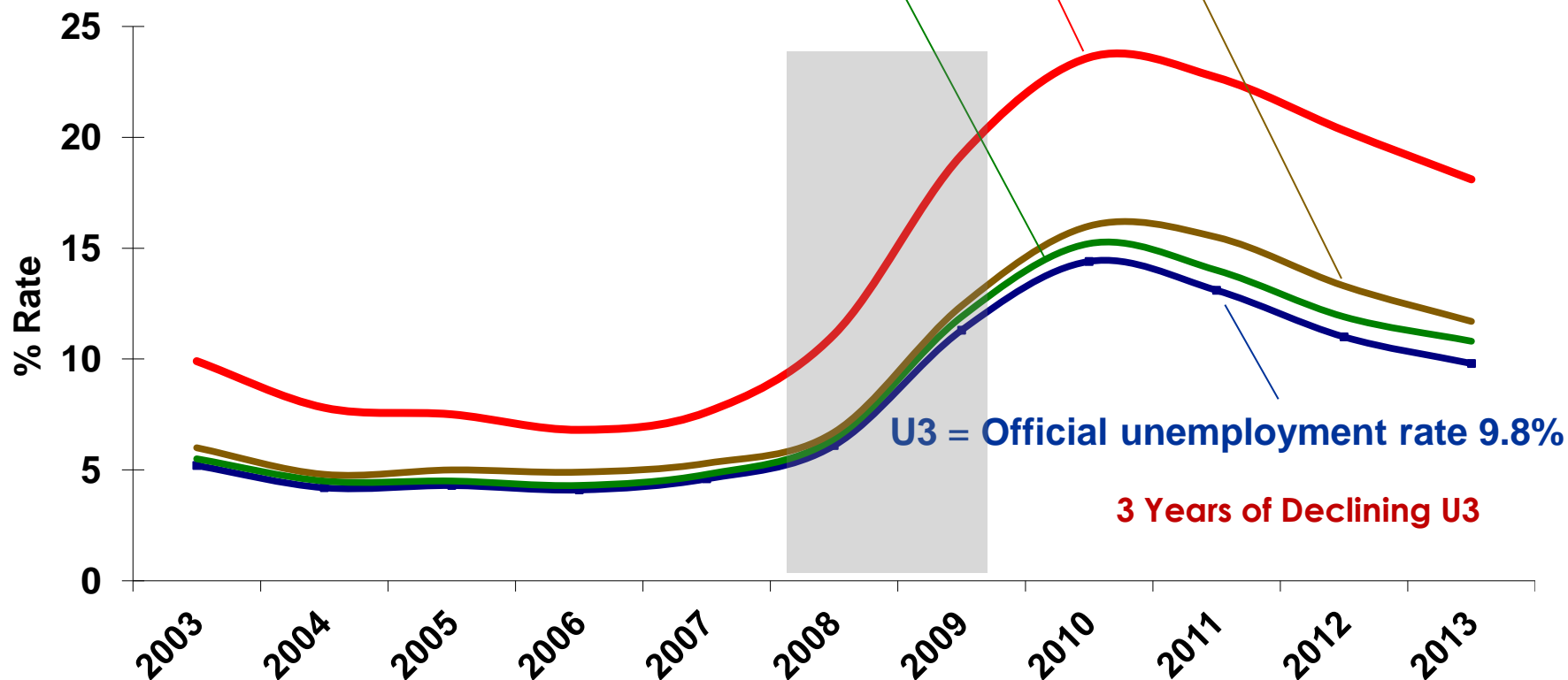


Alternative Measures of the Nevada Unemployment Rate: 2003 - 2013

U6 = U3 + All Marginally Attached + Part-time Workers – 18.1%

U5 = U3 + Discouraged + All Other Marginally Attached Workers-11.7%

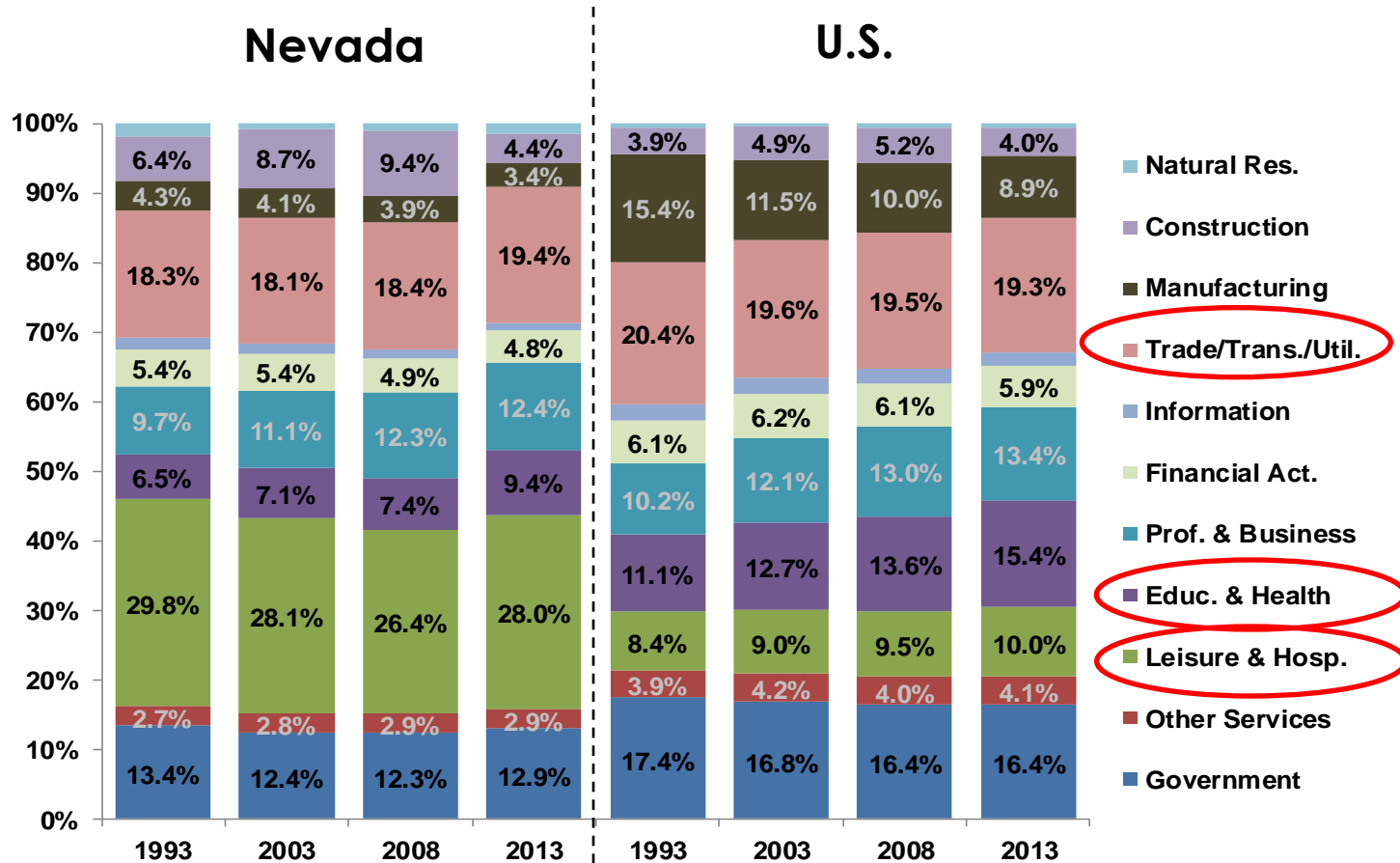
U4 = U3 + Discouraged Workers- 10.8%



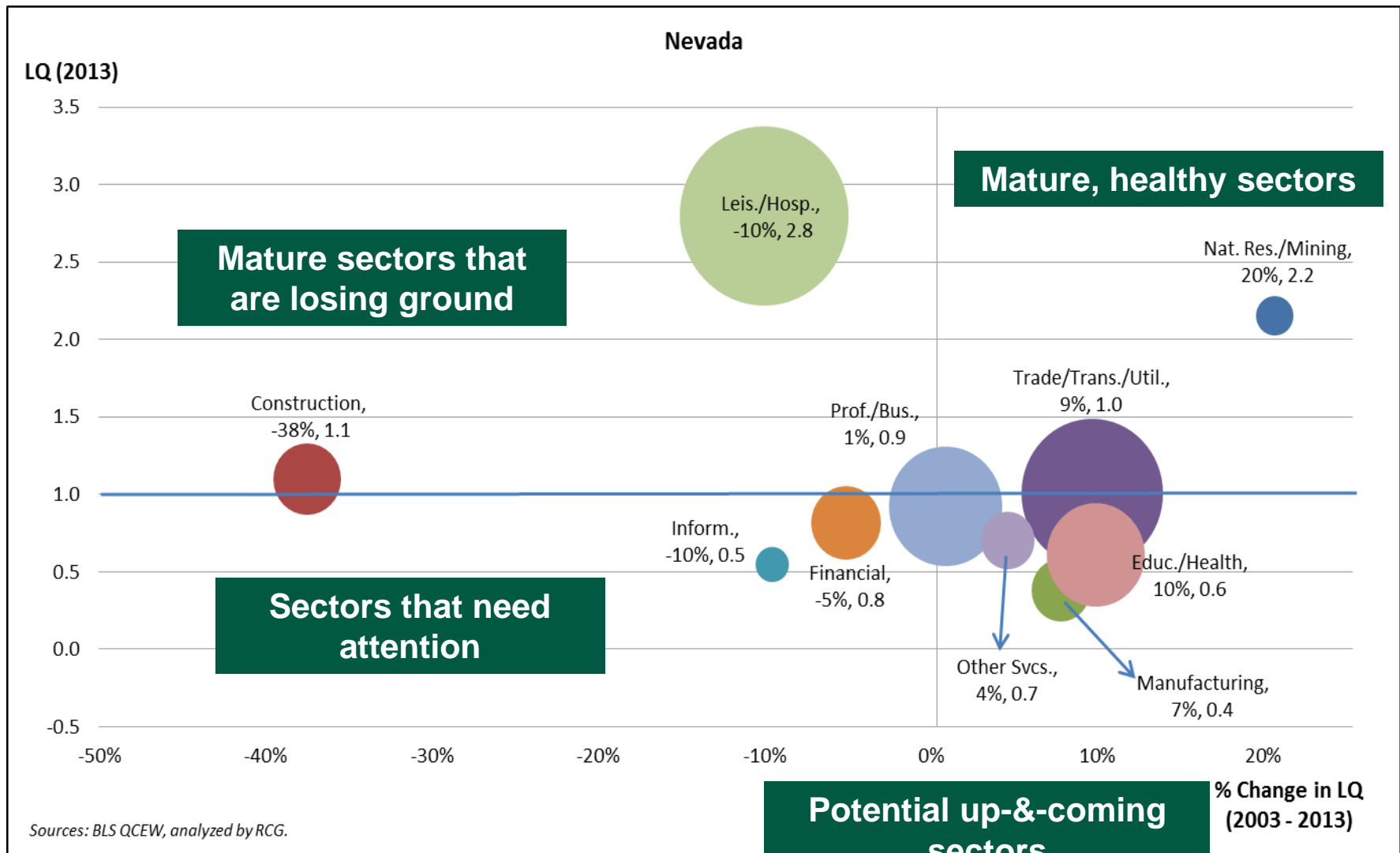
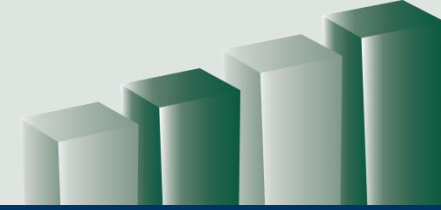
Diversified or Not? Nevada's Economy



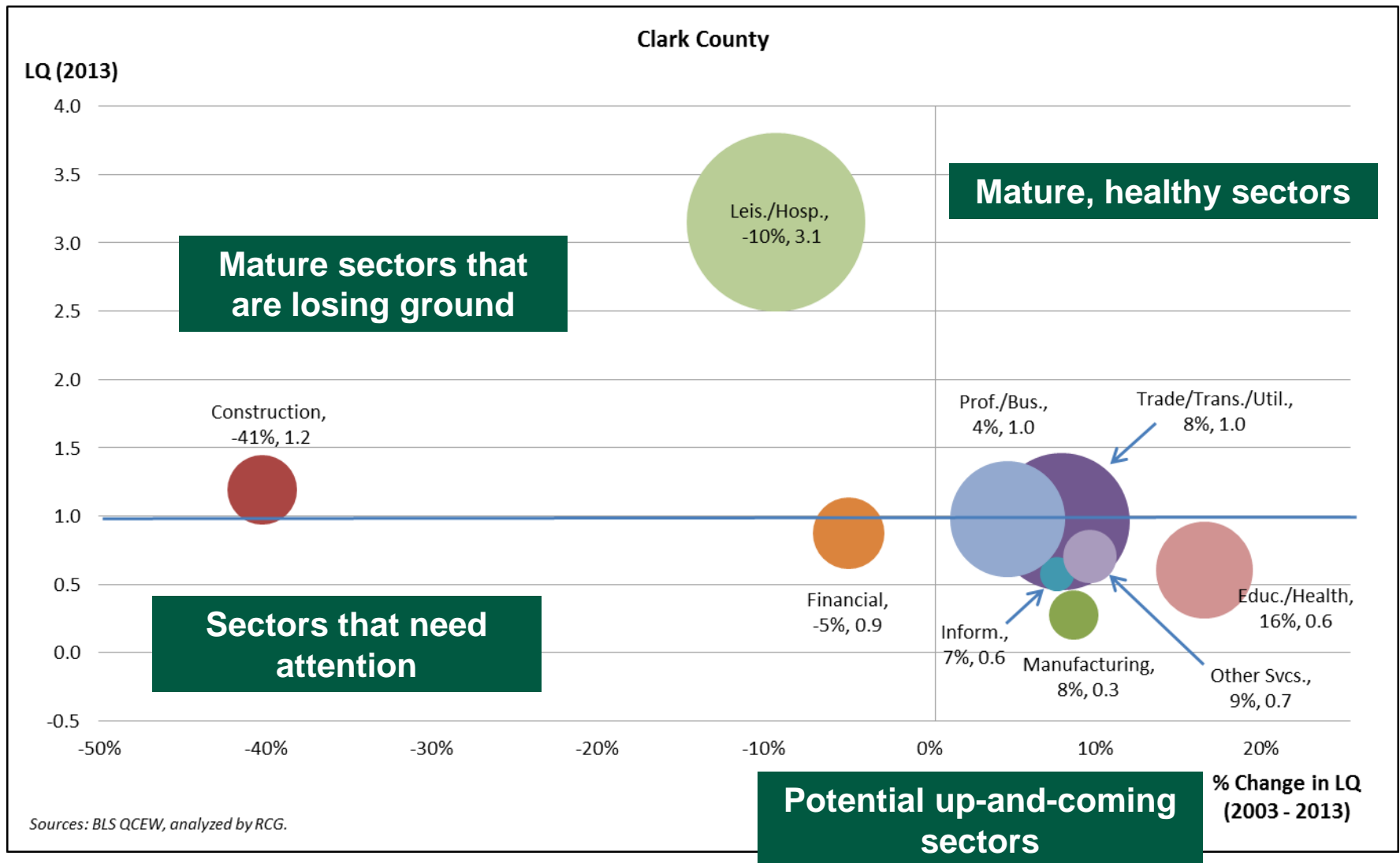
Employment by Industry: 2013



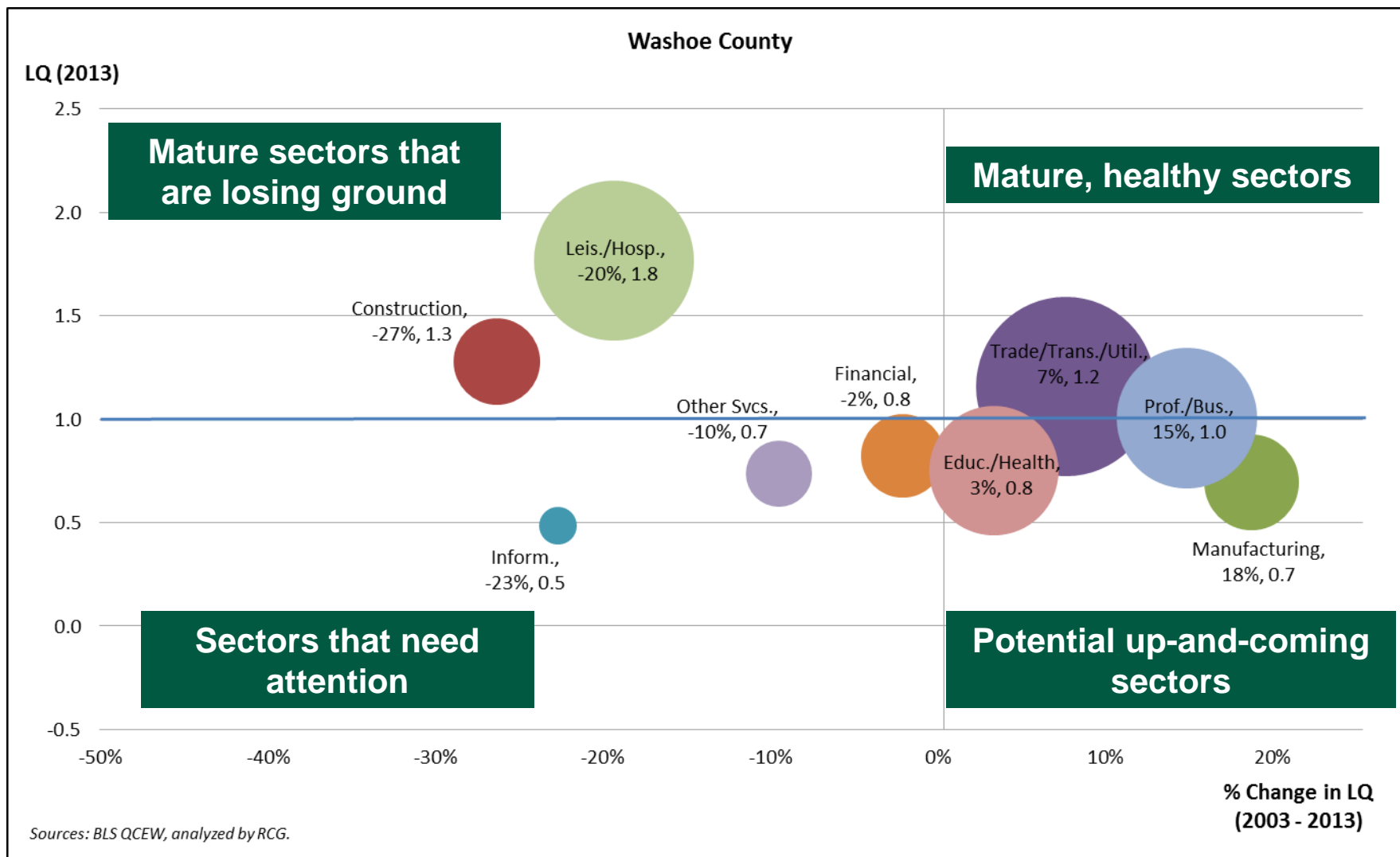
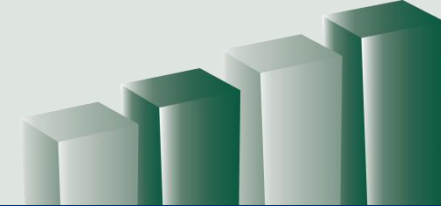
Diversified or Not?, cont.: Location Quotients Nevada's Economy, Last 10 Years



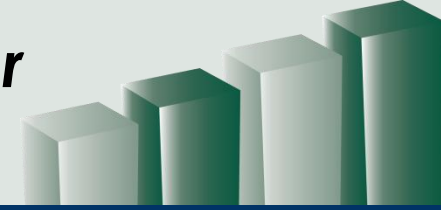
Diversified or Not?, cont.: Location Quotients Clark County's Economy, Last 10 Years



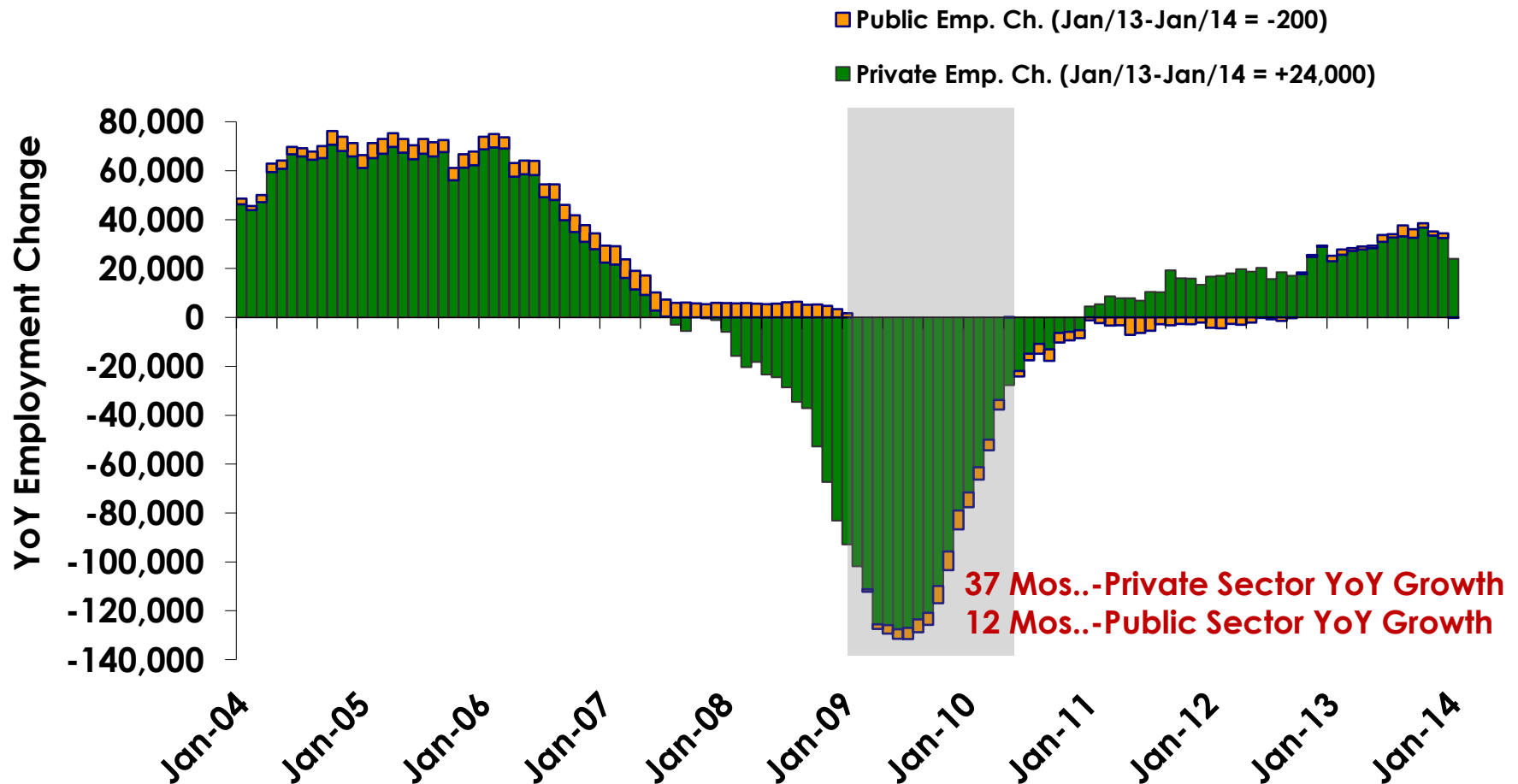
Diversified or Not?, cont.: Location Quotients Washoe County's Economy, Last 10 Years



Private sector positive since 2011; public sector shows uptick beginning last year.



Nevada Public & Private Employment YoY Growth: 2004 - 2014

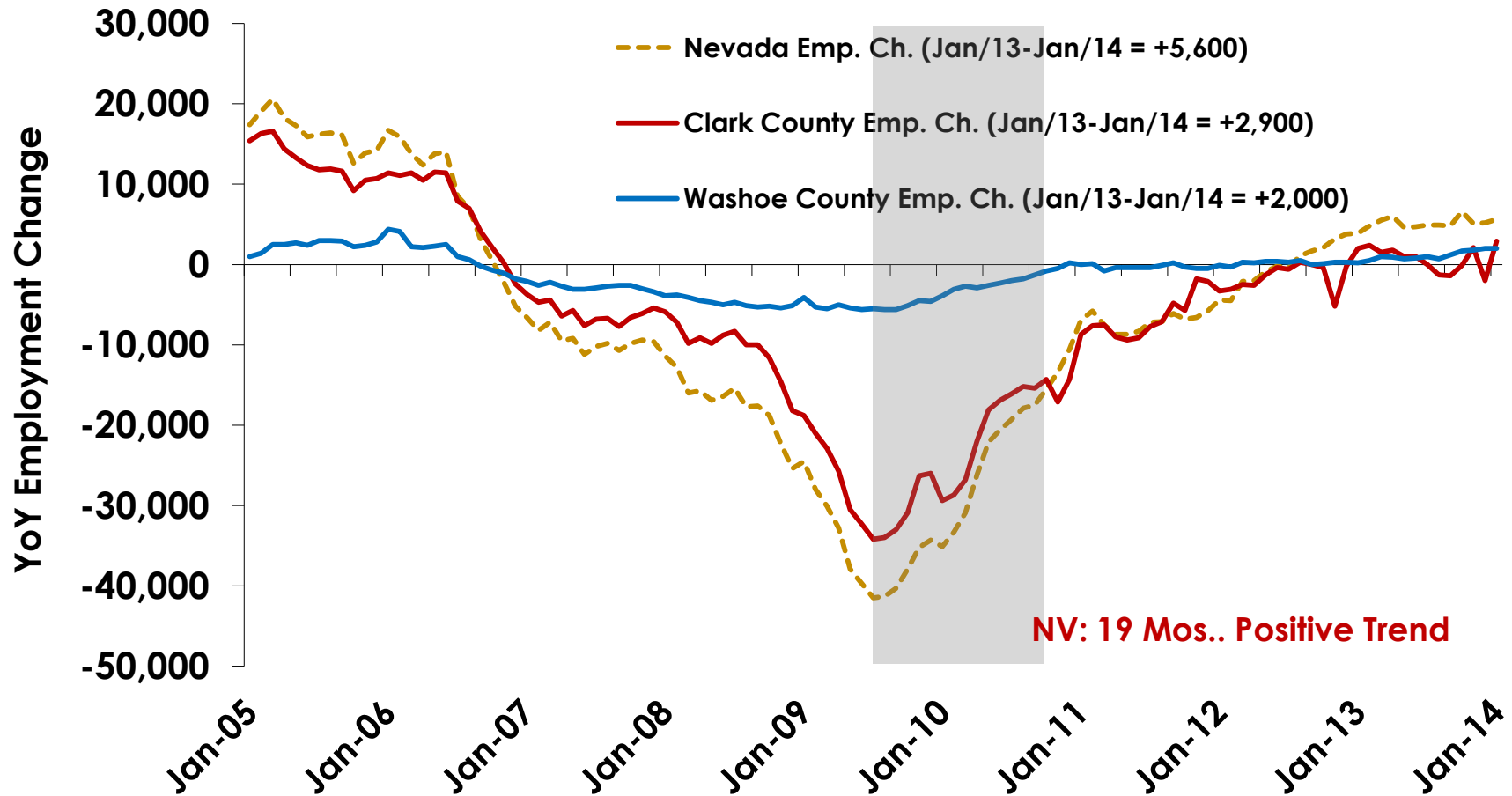


Note: Clark County comprises 72% of State total employment; Washoe County comprises 17%.

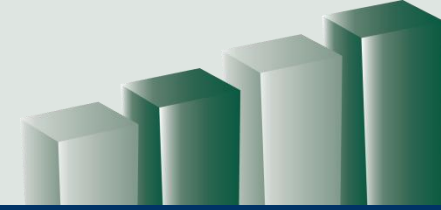
Construction sector seeing positive job growth.



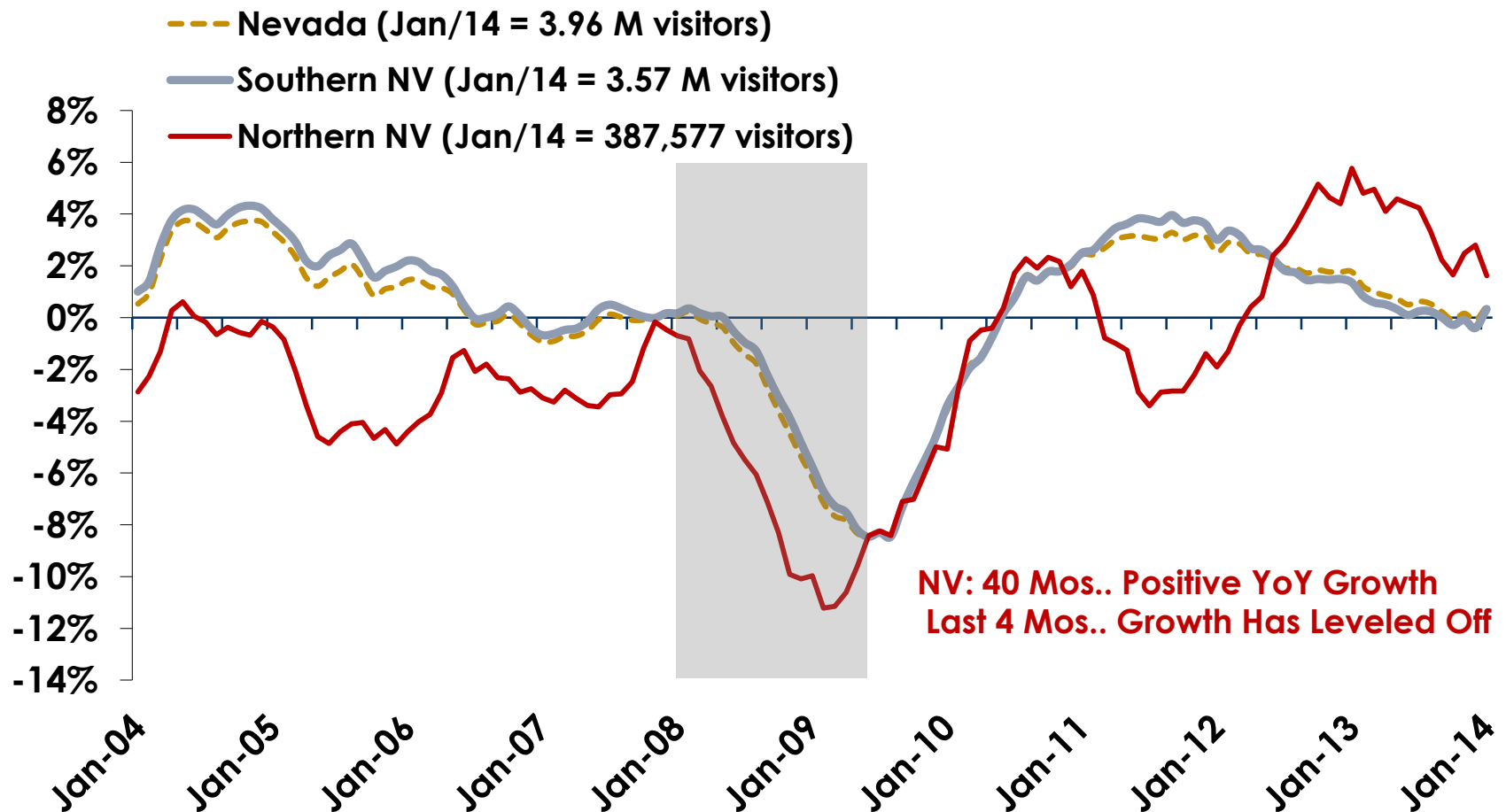
Nevada Construction Employment YoY Growth: 2005 - 2014



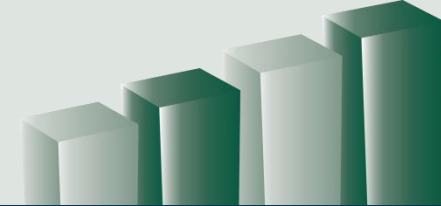
The return of visitors.



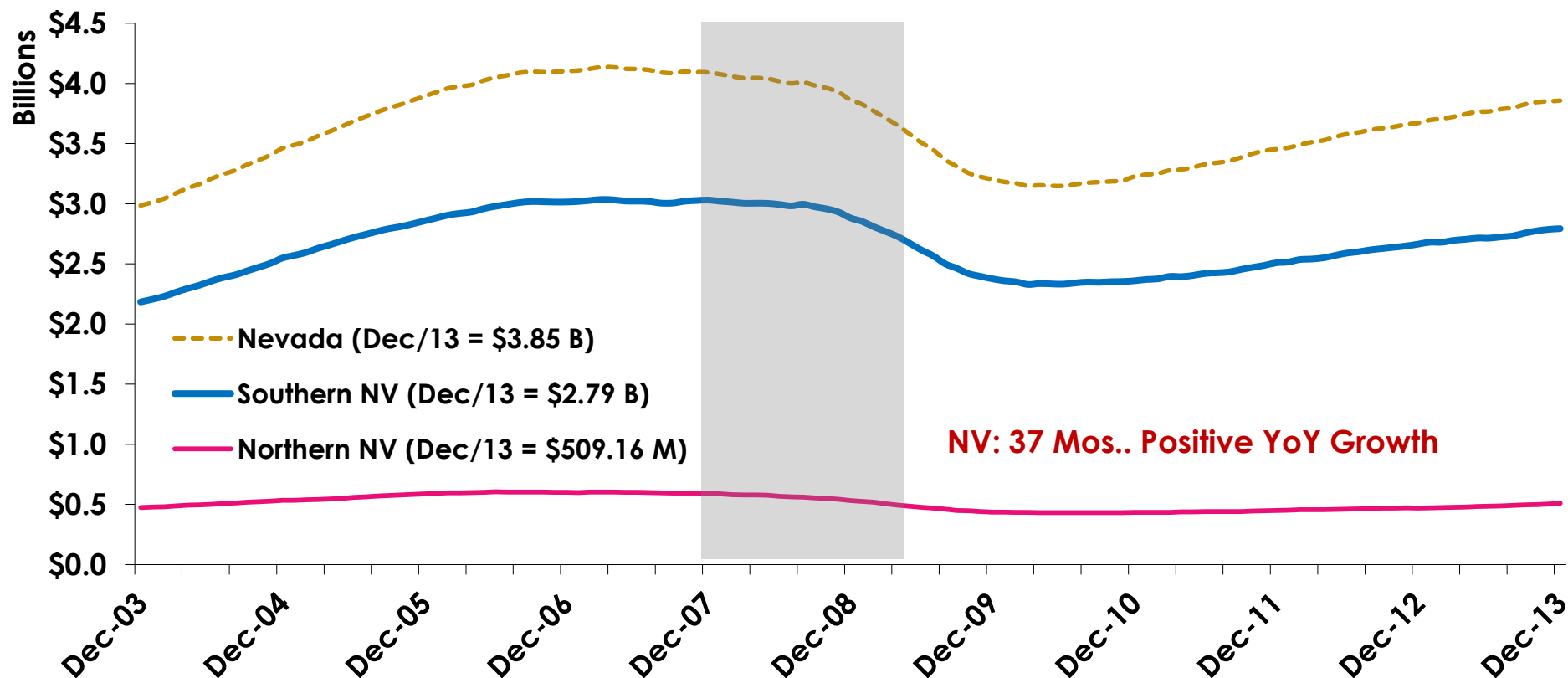
Nevada Visitation YoY Growth: 2004 – 2014



Consumer Spending Slowly Returning. How Sustainable?



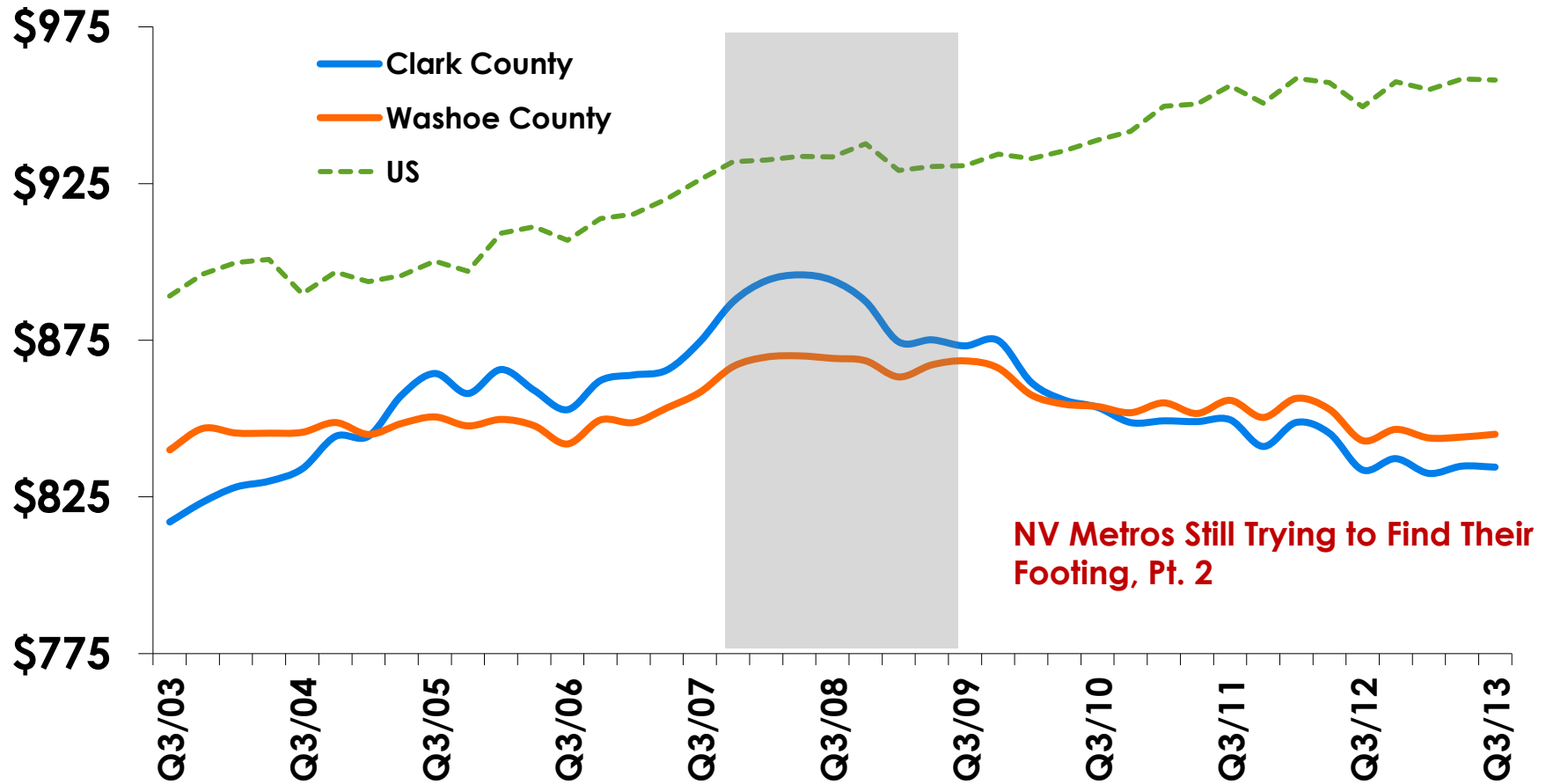
Nevada Taxable Sales (12-Mo. Moving Average): 2003 – 2013



**Nevada has competitive but relatively low wages.
Avg. weekly wage below U.S. average.**



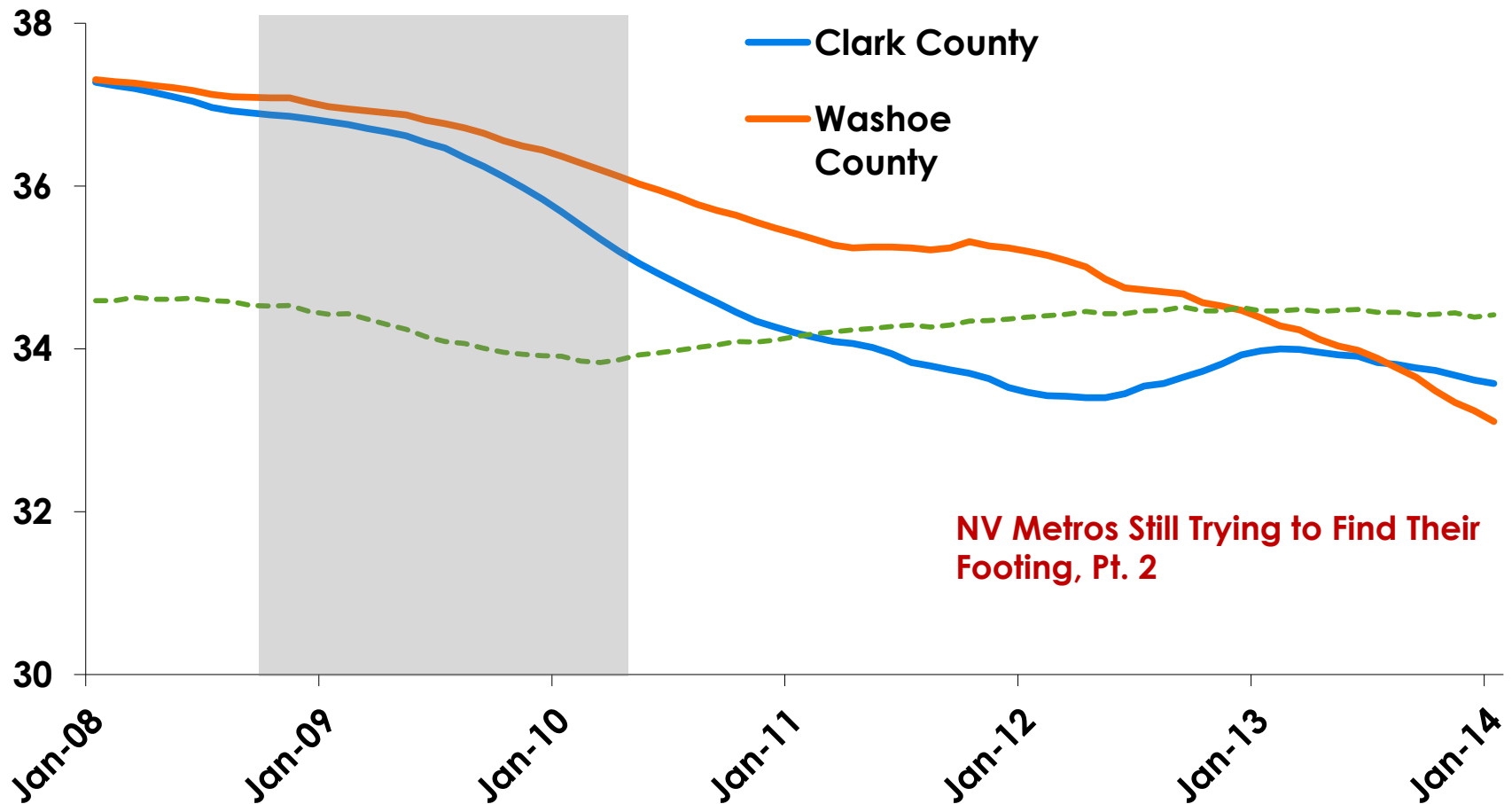
Clark County, Washoe County & US Average Weekly Wages – Adj. in 2013 \$



Average weekly hours worked in Nevada are at low points, but we expect improvement.



Clark County, Washoe County & US Average Weekly Hours Worked: 2008-2014

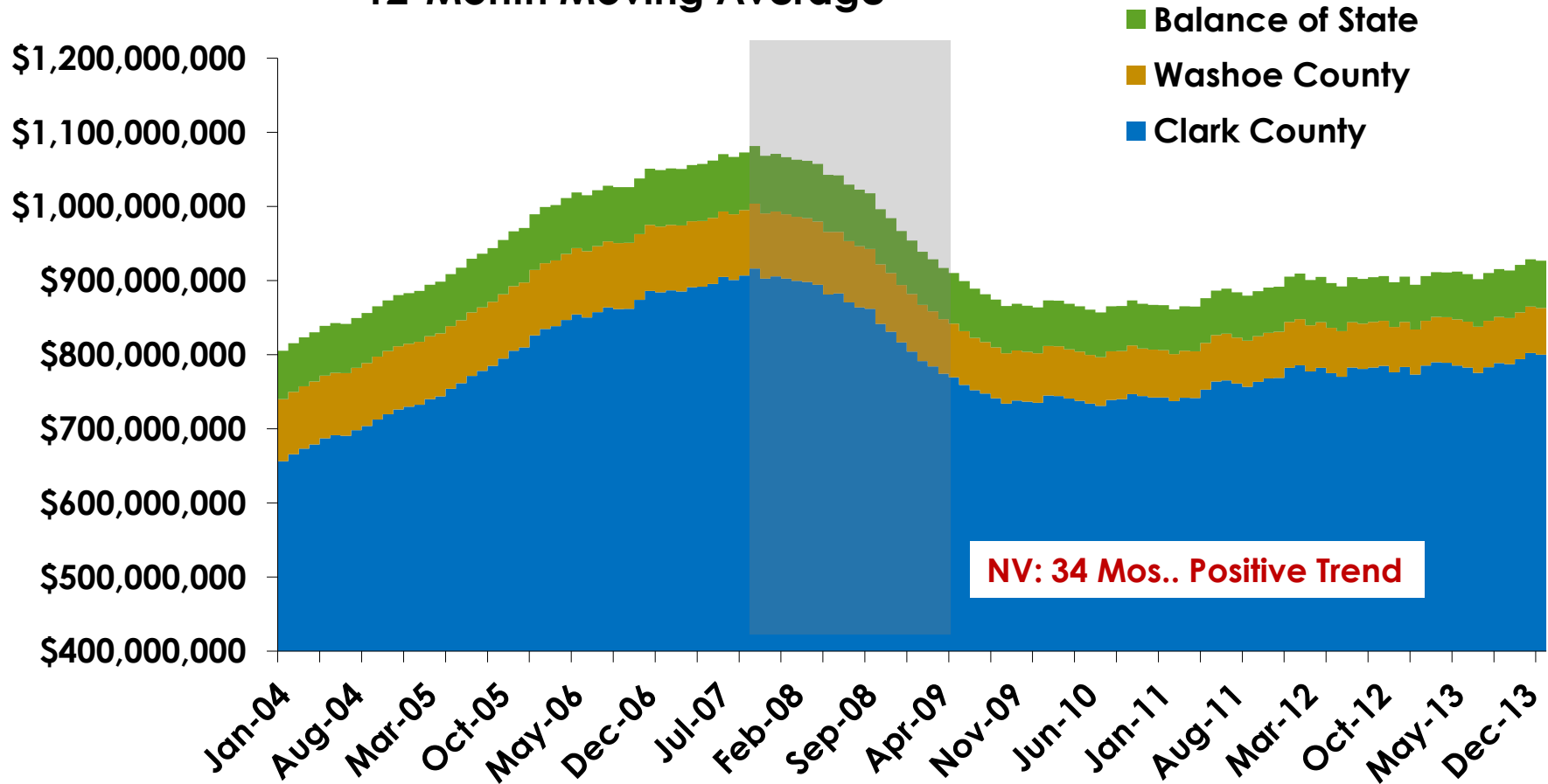


Nevada remains a strong player in global gaming resort market. No longer “Mecca”?

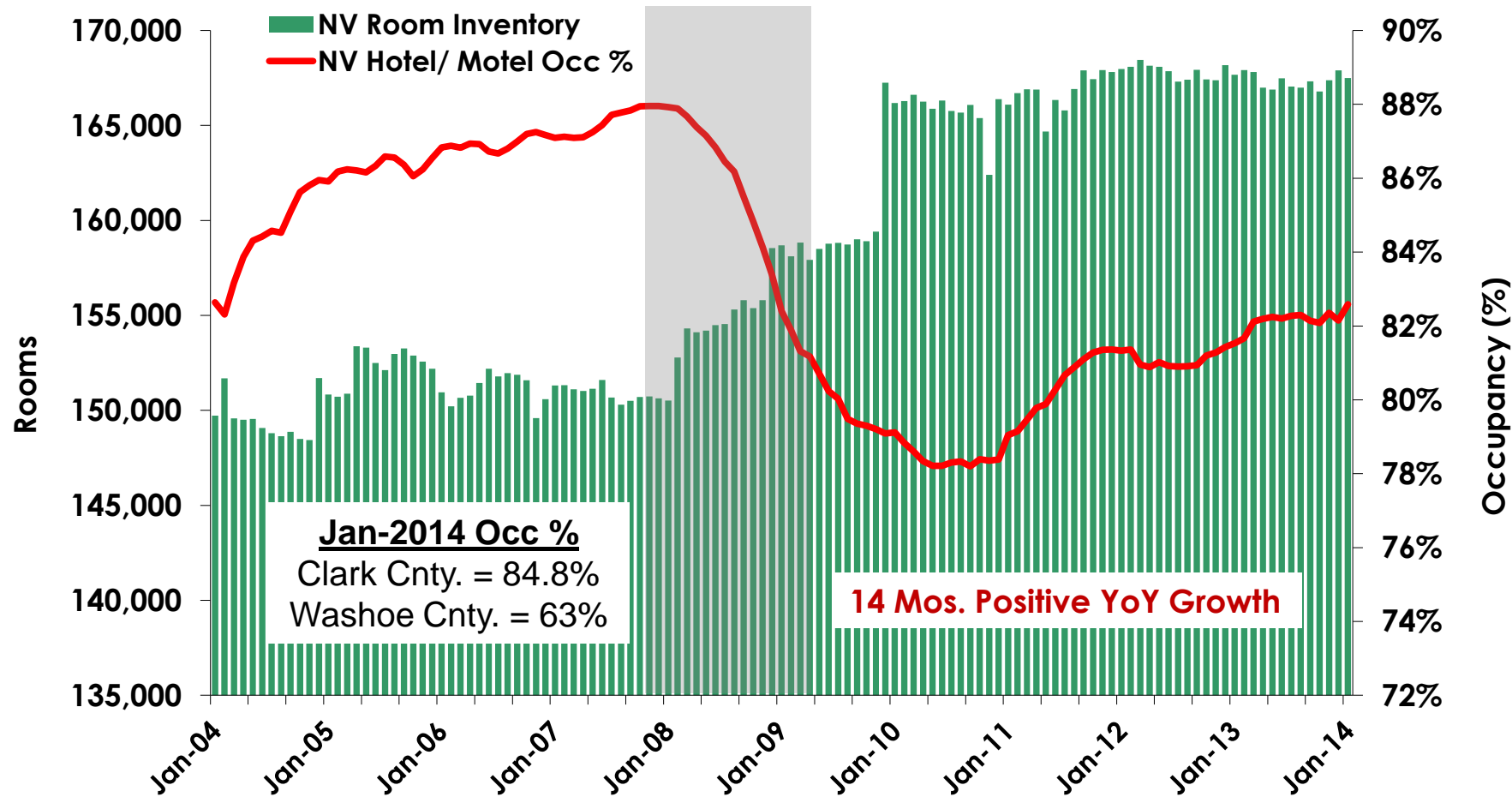


Clark County, Washoe County & Balance of State Gaming Revenue: 2003 – 2013

12-Month Moving Average



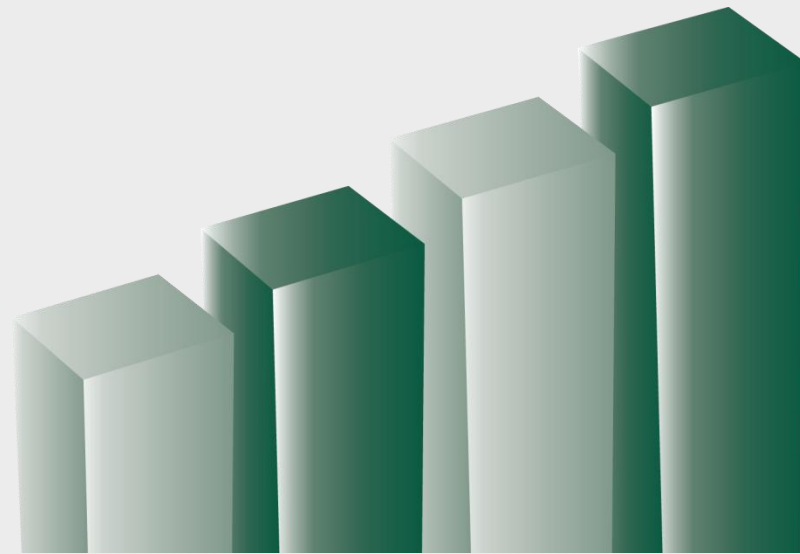
Nevada Room Inventory & Occupancy Rates: 2004 – 2014



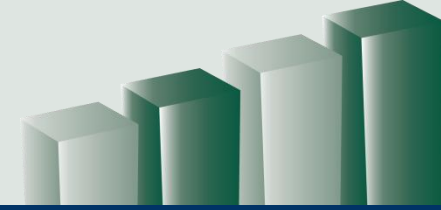
Note: Clark County comprises approx. 89% of State's total room inventory.

Sources: Las Vegas Convention & Visitors Authority; Reno-Sparks Convention & Visitors Authority.

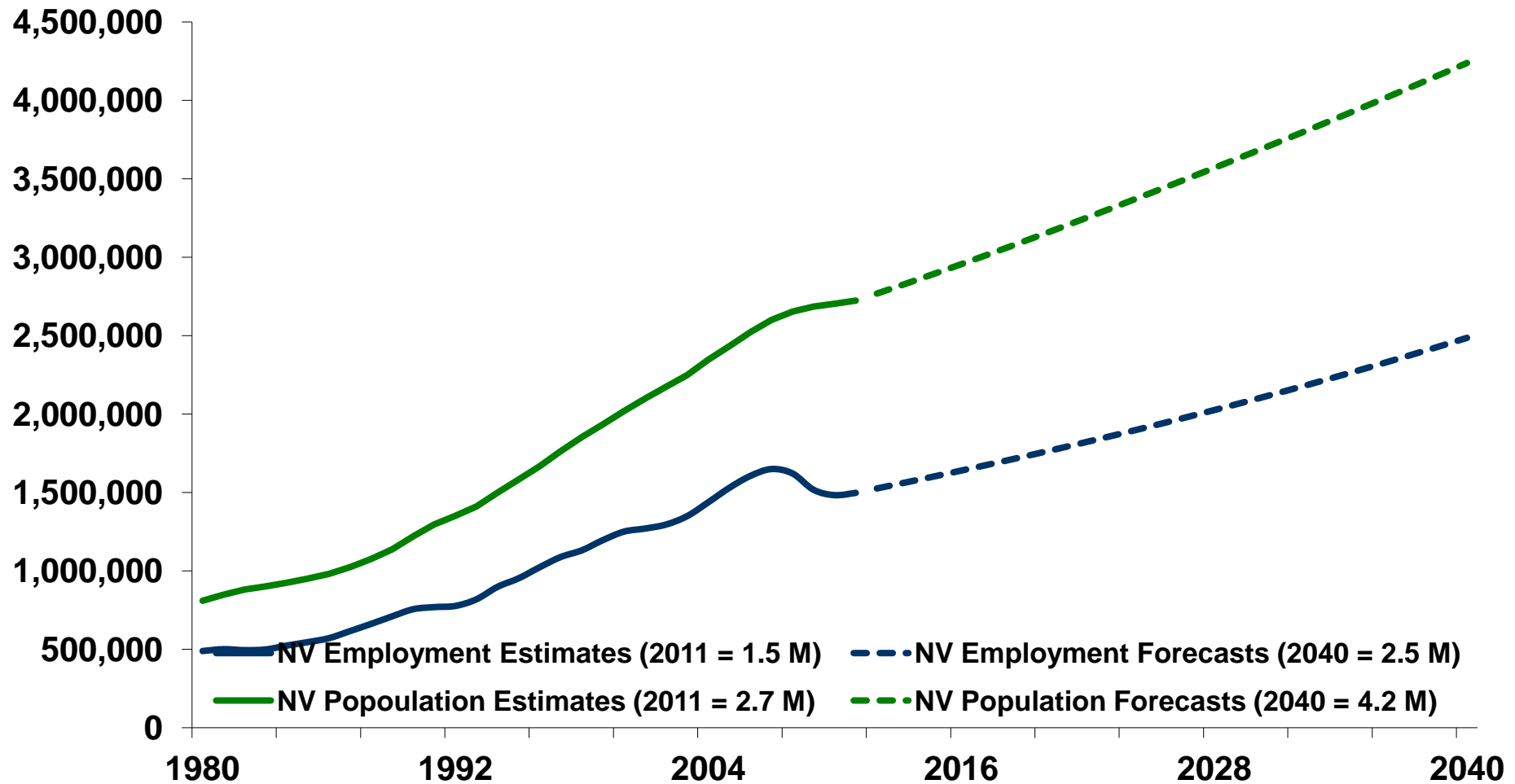
RECOVER



Nevada's future actually looks pretty bright.



Nevada Population/Employment Counts & Forecasts



The NEW Economic Development Strategy.



- **Restructured & Revamped Economic Development**
- **Relentless Pragmatism & Breaking Down Silos**
- **Linking Nevada's Economic Future to Mega-Region**
- **Understanding 3Ts: Talent, Time & Treasure**
- **Real Public-Private Partnerships**





- **STRENGTHS-Internal**

- *Proximity to CA, Other Western Markets & Pacific Rim*
- *Relatively Low Tax Climate but Specter of Margin Tax*
- *Affordable Real Estate*
- *Cost of Industrial & Office Space*
- *Stable Climate*
- *Can-Do Culture*
- *Pro-Business Government Sector*
- *New Infrastructure*
- *Telecommunications Connectivity*





- **WEAKNESSES-Internal**
 - *Problematic Tax “Portfolio” & Specter of Margin Tax*
 - *Under-Funding of Socio-Economic Infrastructure*
 - *Potential Water-Related Growth Constraints*
 - *Workforce Skills*
 - *Consumption-Driven Economy*
 - *Limited Availability of Venture Capital*
 - *K-12 Education System*





- **OPPORTUNITIES-Internal & External**
 - *Renewal Energy & Related Mfg. (e.g., Tesla)*
 - *I-11*
 - *High Rate of Entrepreneurship*
 - *UNLV Med School & Tier 1 Research Designations*
 - *Growth of Angel Investor Network*
 - *Higher Ed & Technology Commercialization*
 - *Dedicated Economic Development Funding*
 - *Revamping of Workforce Training Programs*
 - *Indexed Fuels Tax*
 - *Outdoor Recreation Industry & on Gaming Mfg.*
 - *Focus on Supply Chain/Logistics, e.g., High Value, Light Weight Air Freight*

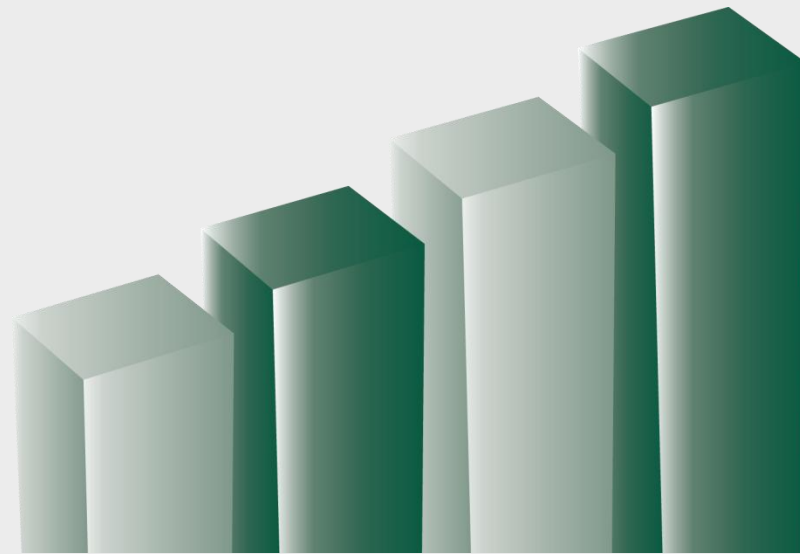




- **THREATS-External**
 - *Economic Development Funding & Incentives*
 - *Workforce Quantity & Quality*
 - *Educational Infrastructure*
 - *Venture Capital Availability*
 - *Ongoing Spread of Gaming*
 - *Panama Canal Expansion*
 - *Western US Drought*



Questions





RCG ECONOMICS

Contact:

John Restrepo

702-967-3188

jrestrepo@rcg1.com

www.rcg1.com

Twitter: @rcgeconomics