



WHITE PAPER

Las Vegas: An Economy on the Rise

By Jeremy Aguero

Introduction

During the Great Recession and the years that followed, Southern Nevada suffered harder and longer than most anywhere else in the country from the combined negative effects of just about every key economic metric, from devastating unemployment and withering layoffs to crippling foreclosures and plunging home prices. For half a decade, the signs of recovery trickled in. Unemployment dropped. Tourists returned. Homebuilders built. Home prices climbed. Businesses opened.

Good news mixed with bad as some economic indicators showed promise and others lagged, yet the momentum of recovery continued. By 2014, many of the key economic vital signs had reached or neared pre-recession levels, making the year an important pivot point for the regional economy. Those positives have continued through today, and now the majority of critical economic indicators have regained all or most of the ground that they lost during the Great Recession, and in some cases, all-time highs are again being set. Today, instead of looking back at how far we had come since the recession, we look into the future and imagine how much farther we might go.

Jobs

Job growth is a shining example of how some of Nevada's economic indicators have outperformed most of the nation in recent years. The Silver State's consistent job growth kept the state ranked at or near the top of national rankings for three years running. In 2015, Nevada finished with the nation's sixth-best job growth rate of 3.1 percent. Month after month of successful job growth has helped push statewide job counts back to their pre-recession peak, and in Las Vegas, home to nearly three-quarters of jobs in the state, total jobs surpassed the 2007 peak earlier this year.

Amid the rise in jobs, the state's seasonally adjusted unemployment rate has improved significantly from the national high of 13.7 percent in late 2010. Today the unemployment rate has declined to 6.3 percent. That is still too high, but underlying the unemployment rate is a growing labor force. More people are working or searching for work in Nevada than ever before, a sign that our economy is providing opportunity for both longtime unemployed residents back on the job market and new residents moving here from other states in search of better job and housing prospects.

Nevada has also seen a surge in weekly wages, which climbed by a nation-leading 5.2 percent in 2015, raising the typical worker's annual earnings by about \$1,900. Southern Nevada has also performed well on that metric with a 4 percent increase, which ranked fourth among large metropolitan statistical areas. Both the state and regional rate surpassed the national rate of 2.3 percent.

Investment and Construction

As jobs and businesses have returned to Southern Nevada, so have the cranes, earthmovers and construction workers. Once again the state's landscape is being transformed, which has been fueled by the return of investments capital in new resort hotels, shopping centers, industrial centers and other building projects throughout the region. Major projects, including SLS Las Vegas, the LINQ and High Roller, and Downtown Summerlin were completed in 2014 to the tune of \$2 billion in investment. Other recently completed projects include the \$172 million Wyndham Desert Blue resort, the \$100 million renovation of Westgate Las Vegas, the \$55 million Bellagio room remodel and the \$375 million T-Mobile Arena.

This trend is only growing stronger, as currently planned, under construction, or recently completed projects in Southern Nevada total more than \$12 billion in investment. Those include a \$1 billion expansion of Las Vegas-based technology giant Switch Communications, the \$1.4 billion expansion of the Las Vegas Convention Center, the \$4 billion Resorts World Las Vegas resort hotel, the \$373 million Lucky Dragon Boutique hotel, the \$1.9 billion Las Vegas Stadium and the \$1 billion Faraday Future electric vehicle factory.

The investment pipeline extends well beyond the confines of the Las Vegas Strip. Several local shopping centers, including Las Vegas Premium Outlets North, Galleria at Sunset, Boulevard Mall and Tivoli Village, have completed or are undergoing renovations or expansions. Meanwhile, the iconic Swedish furniture retailer IKEA recently opened a 351,000-square-foot store in Las Vegas. Available land and opportunities have attracted significant investment in new industry building and construction as well, including a \$34 million recycling center by Republic Services and a new North American headquarters for Ainsworth Gaming Technology.

Technology

Meanwhile, Nevada has moved to the forefront of the ever-growing technology industry, specifically in the areas of unmanned aerial systems or drones and the autonomous vehicle industry. This welcome growth is bringing innovation and diversification to a state that desperately needed them.

Nevada is just one of six federally approved locations where drones can be flown and tested. Last year, the state was the test site for the nation's first package delivery by an autonomous drone in an urban setting (conducted by the Australian company Flirtey) and for a cloud-seeding test to study the effects of drought and possible solutions to shrinking water resources.

Nevada has also positioned itself at the forefront of the autonomous vehicle industry. In 2011, the state was the first to allow driverless cars on its roadways, which opened the door to companies such as Google to test-drive their vehicles. Since then, electric automakers Tesla and Faraday Future, both with self-driving vehicle technology, have moved into the state and built manufacturing plants.

Conclusion

Nevada will not soon forget the pain of the Great Recession, nor should it. However, the state and the economy have turned the corner, as seen through job growth, the influx of investment in construction and projects, and the growing technology industry. These many milestones have made clear that Nevada has entered a period of building instead of rebuilding, and the Silver State is poised for new opportunities in a promising future.

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