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The Next Las Vegas boom

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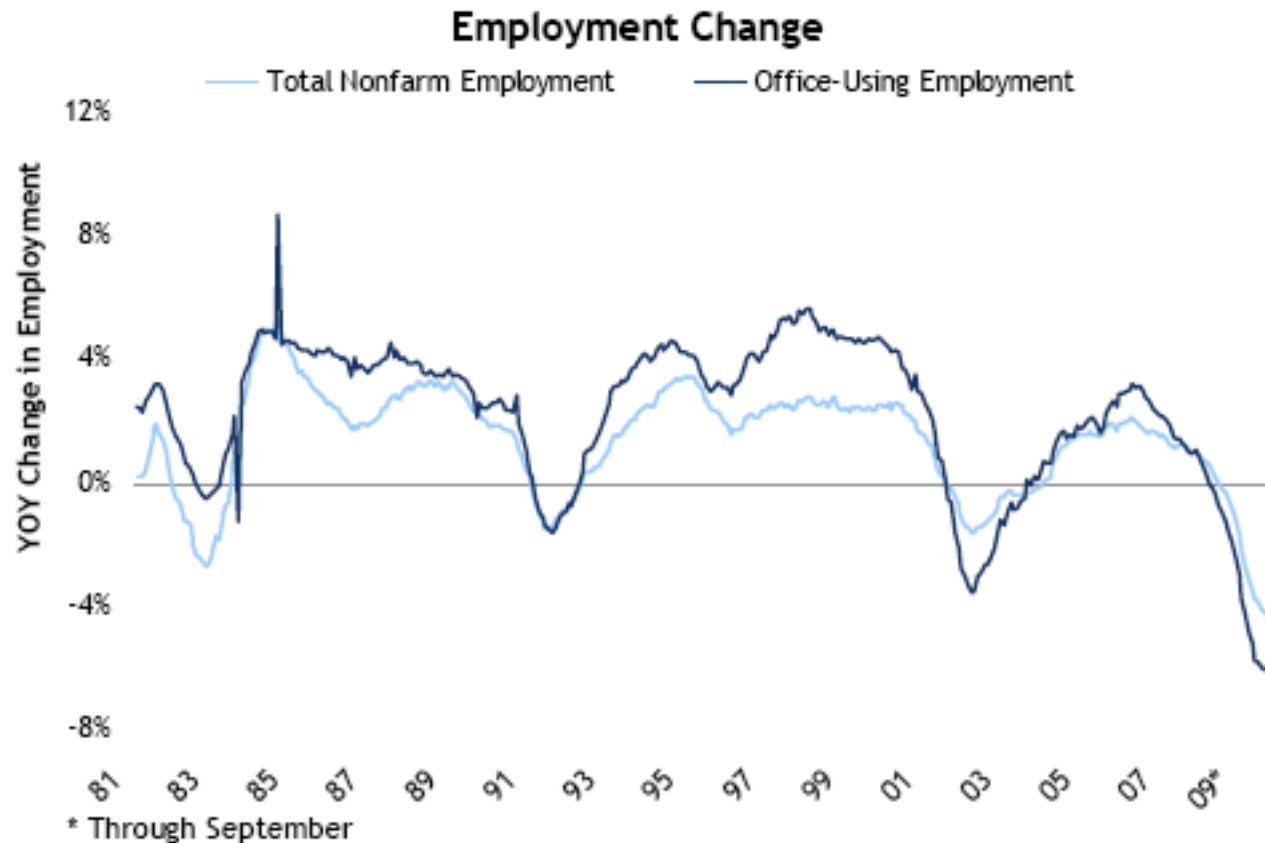
The Next Las Vegas Boom

Robert Lang, UNLV Director Brookings Mountain West

The Great Recession—Where are We Now?

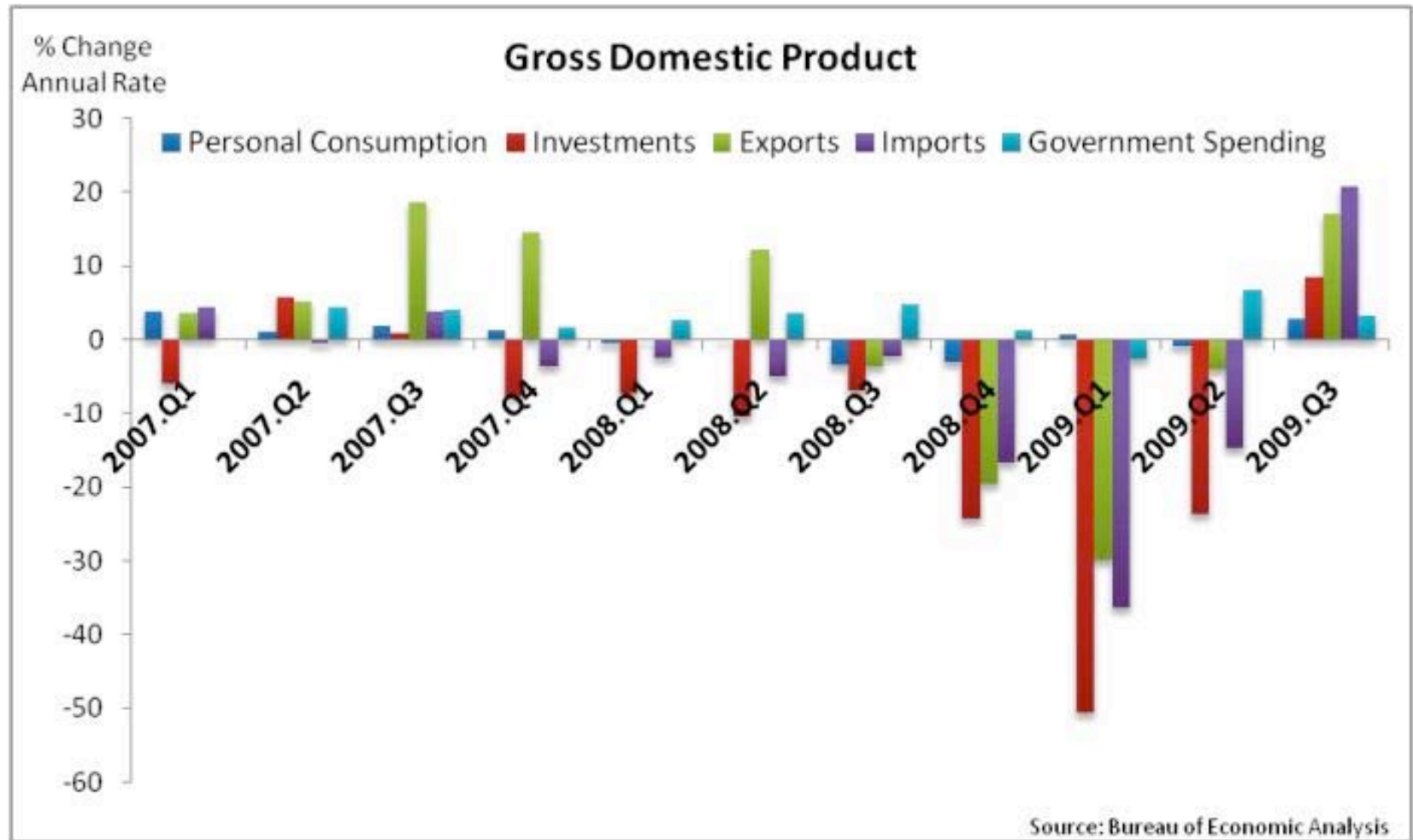


U.S. Employment

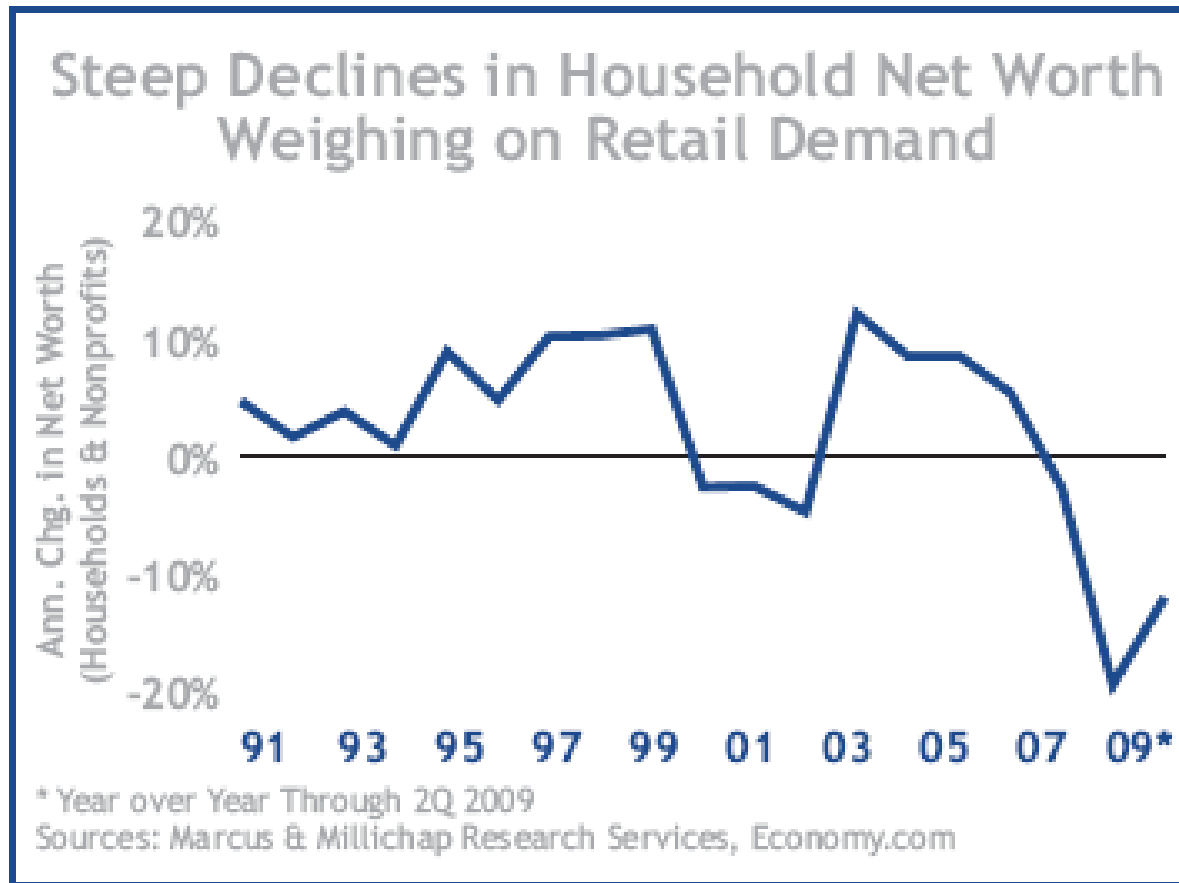


Sources: Marcus & Millichap Research Services, Economy.com

U.S. GDP by Type



U.S. Household Net Worth



U.S. Retail Sales



Where is Commercial Real Estate?



Changes in Retail Vacancies

Improving Markets		Markets with highest increase in vacancy	
Region	3Q09-3Q08	Region	3Q09-3Q08
Memphis, TN	From 10% to 8.9%	Phoenix, AZ	From 8.4% to 11.4%
Providence, RI	From 7.3% to 6.6%	SW Florida	From 5.7% to 8.5%
Long Island, NY	From 5.1% to 4.6%	Sacramento, CA	From 7.6% to 10.4%
New York, NY	From 3.0% to 2.5%	Tucson, AZ	From 5.5% to 8.2%
Westchester, NY	From 7.2% to 6.7%	Inland Empire, CA	From 6.3% to 9.0%
Tulsa, OK	From 7.8% to 7.6%	Orlando, FL	From 5.7% to 8.3%



Changes in Retail Rents: 3Q08-3Q09

Improving Markets			Down Markets		
Region	Rent (psf)	Up	Region	Rent (psf)	Down
San Antonio, TX	\$15.47	4.4%	Memphis, TN	\$10.98	18.1%
Cincinnati, OH	\$12.53	2.9%	Toledo, OH	\$8.04	17.8%
Tulsa, OK	\$10.09	1.8%	East Bay/Oakland	\$24.88	13.8%
San Francisco, CA	\$31.98	1.5%	Seattle/Puget Sound	\$19.96	11.8%
Madison, WI	\$13.38	1.2%	Southwest FL	\$17.31	10.2%
Raleigh/Durham	\$16.39	1.3%	Las Vegas, NV	\$22.55	9.9%
Dallas/Ft Worth	\$14.51	0.9%	Detroit, MI	\$12.72	9.6%
Birmingham, AL	\$10.10	0.9%	Tucson, AZ	\$18.24	9.5%
West Michigan	\$10.68	0.8%	Miami-Dade, FL	\$25.83	9.3%
Columbus, OH	\$12.15	0.4%			
Philadelphia, PA	\$15.12	0.2%			

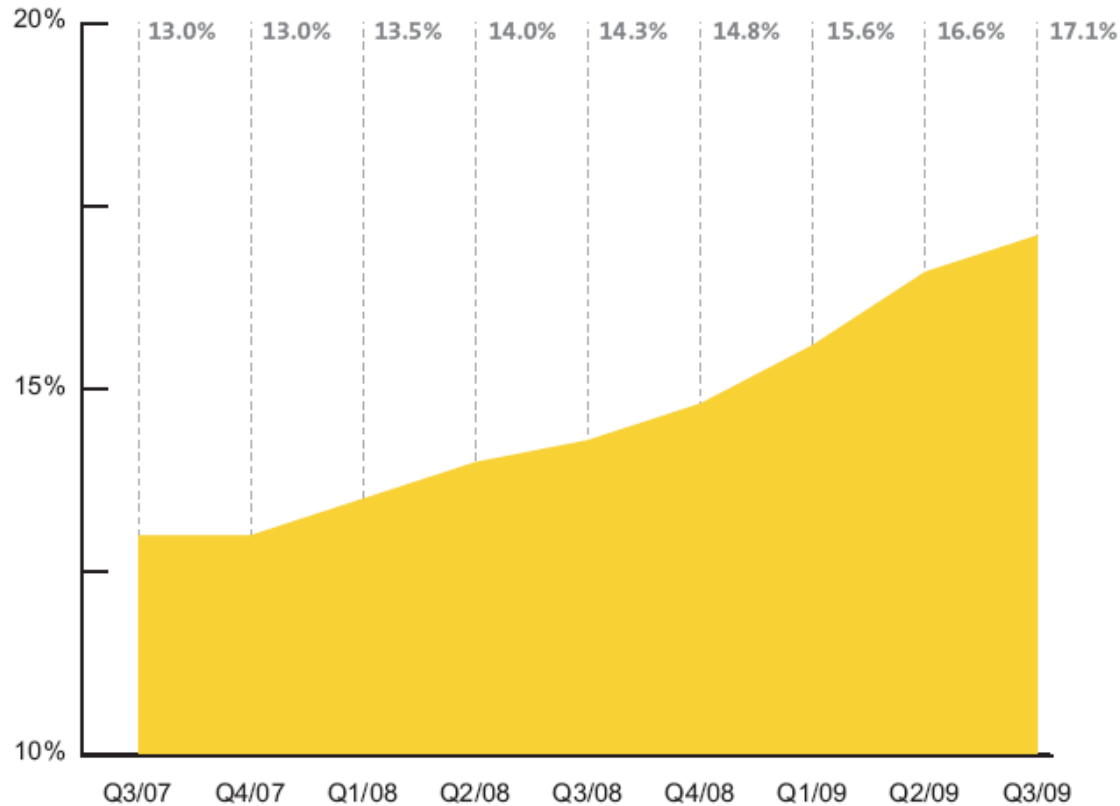


U.S. Store Closings



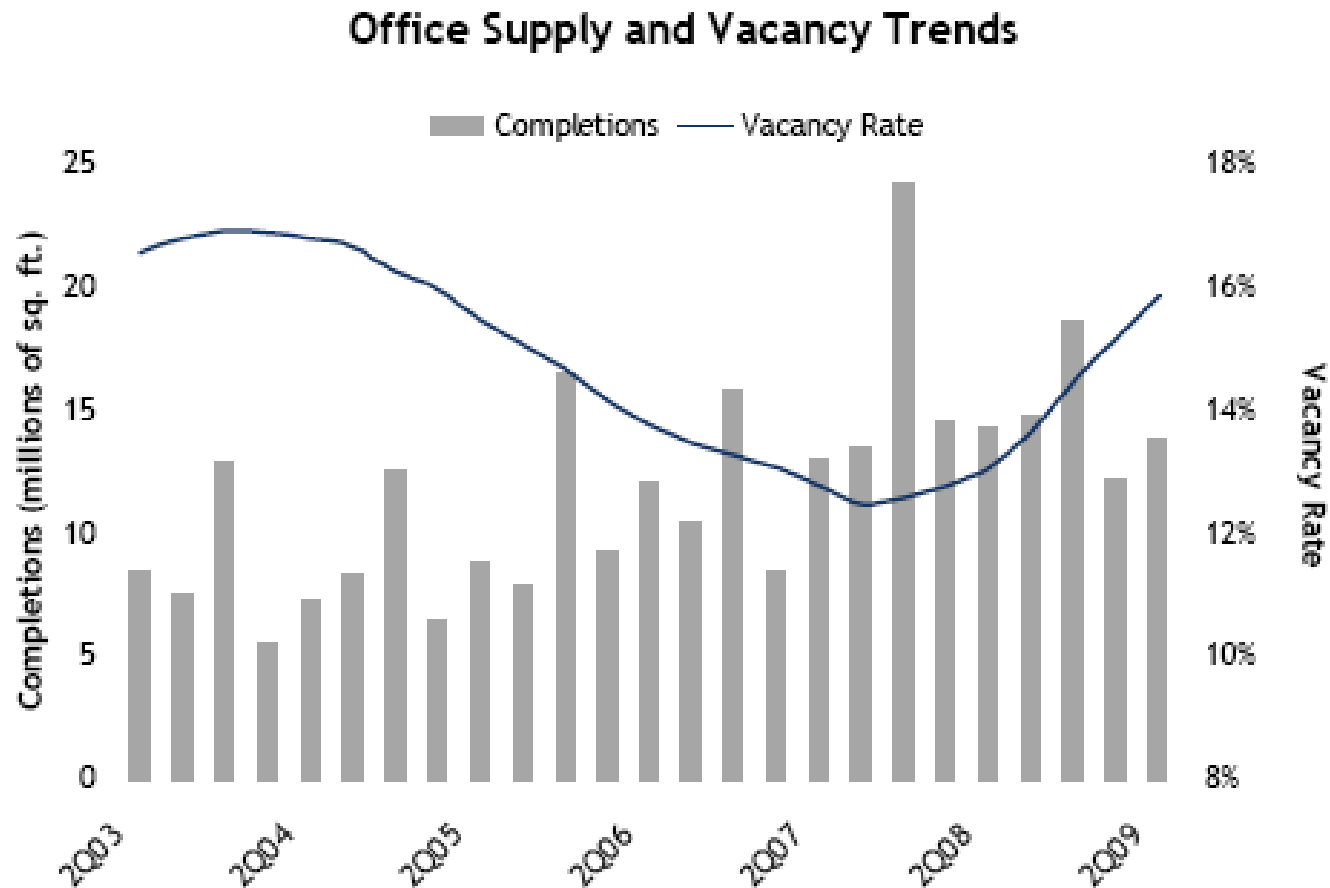
U.S. Office Vacancy Rates

US OFFICE VACANCY RATE*



* All classes of space

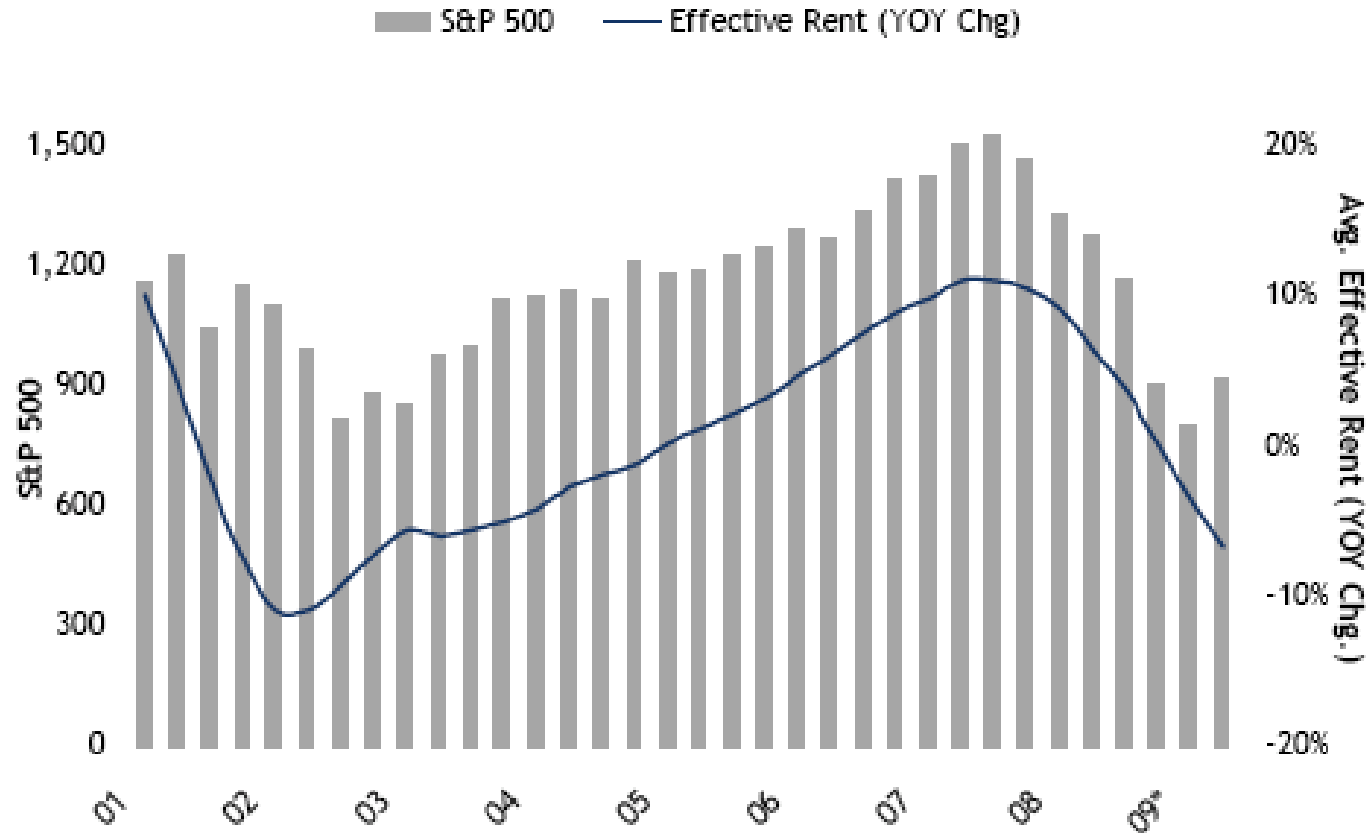
Office Supply and Vacancy Trends



Sources: Marcus & Millichap Research Services, Reis

U.S. Office Rents

Office Effective Rent Growth vs. S&P 500

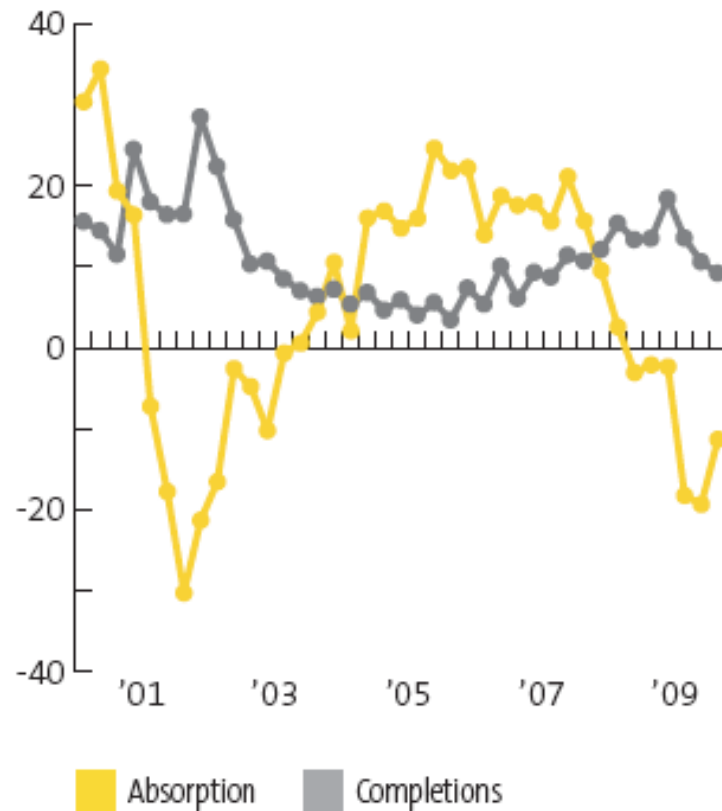


* Through 2Q

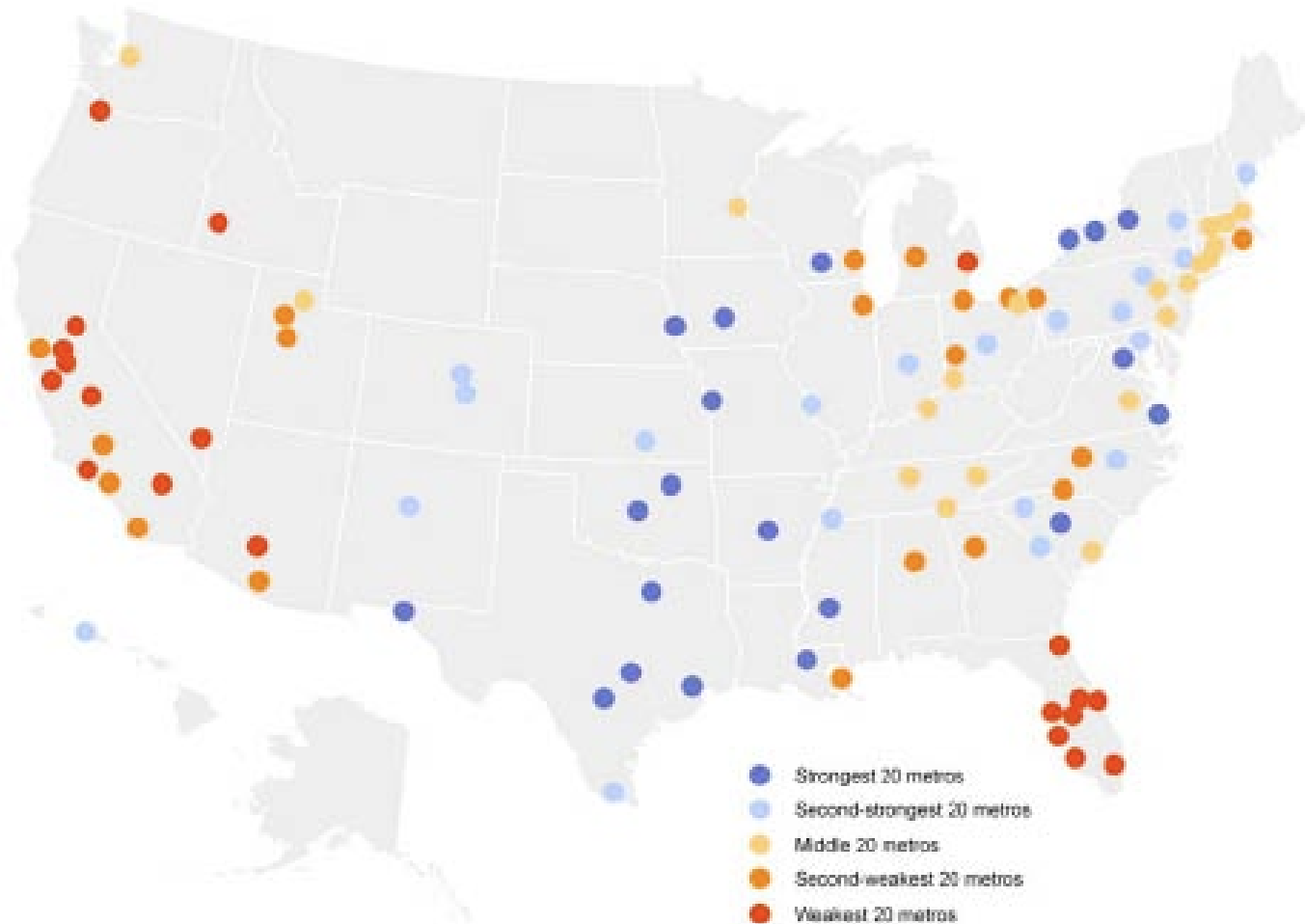
Sources: Marcus & Millichap Research Services, Reis, Standard & Poor's

Office Market—Absorption and Completions

Absorption and Completions
in Millions of Square Feet



Overall Performance of Top 100 Metro Areas During Recession



Top 20 Best and Worst Metro Areas

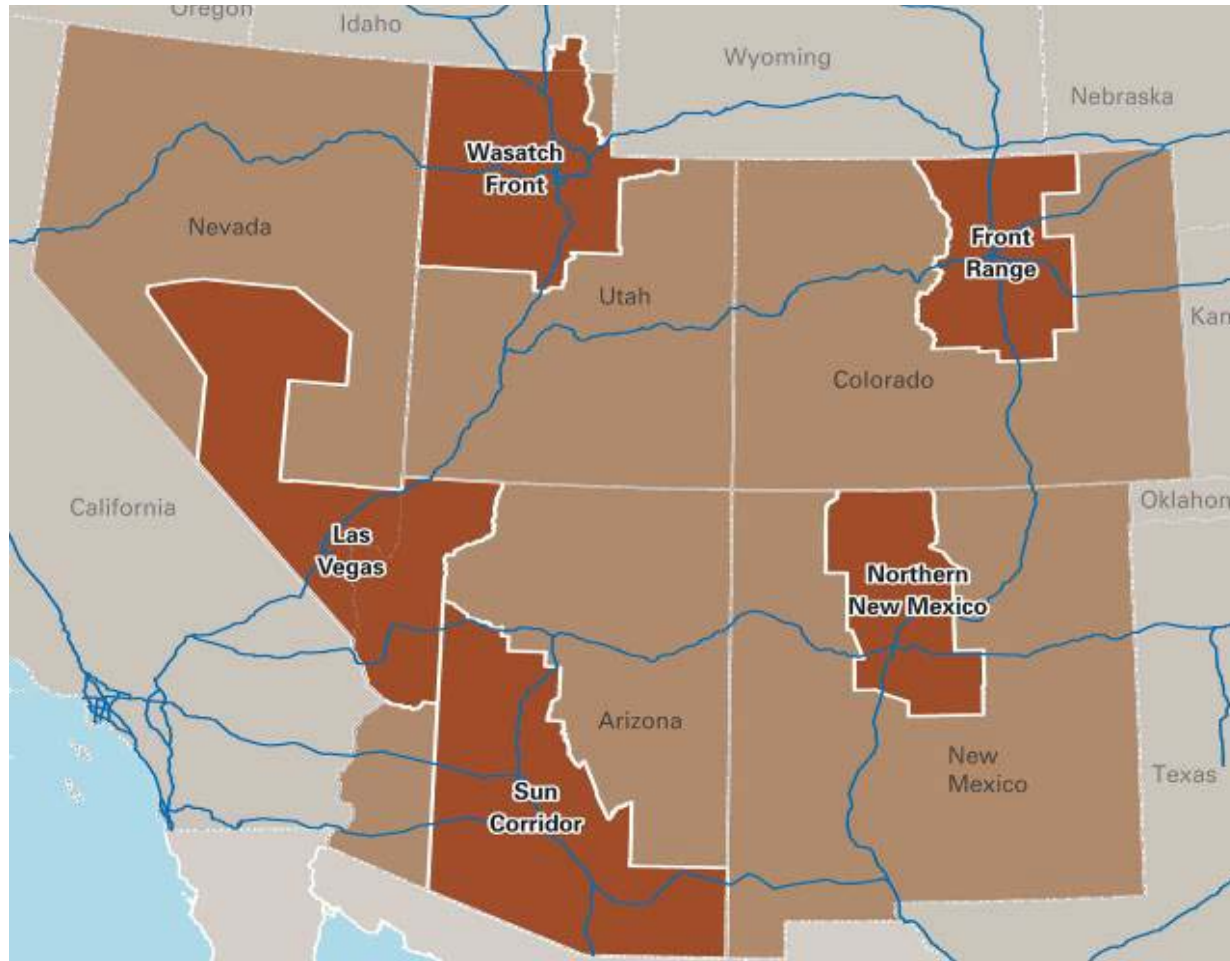
The 20 strongest-performing metro areas		The 20 weakest-performing metro areas	
Austin, TX	Little Rock, AR	Boise City, ID	Orlando, FL
Baton Rouge, LA	Madison, WI	Bradenton, FL	Oxnard, CA
Buffalo, NY	Oklahoma City, OK	Cape Coral, FL	Palm Bay, FL
Columbia, SC	Omaha, NE-IA	Detroit, MI	Phoenix, AZ
Dallas, TX	Rochester, NY	Fresno, CA	Portland, OR-WA
Des Moines, IA	San Antonio, TX	Jacksonville, FL	Riverside, CA
El Paso, TX	Syracuse, NY	Lakeland, FL	Sacramento, CA
Houston, TX	Tulsa, OK	Las Vegas, NV	San Jose, CA
Jackson, MS	Virginia Beach, VA-NC	Miami, FL	Stockton, CA
Kansas City, MO-KS	Washington, DC-VA-MD-WV	Modesto, CA	Tampa, FL



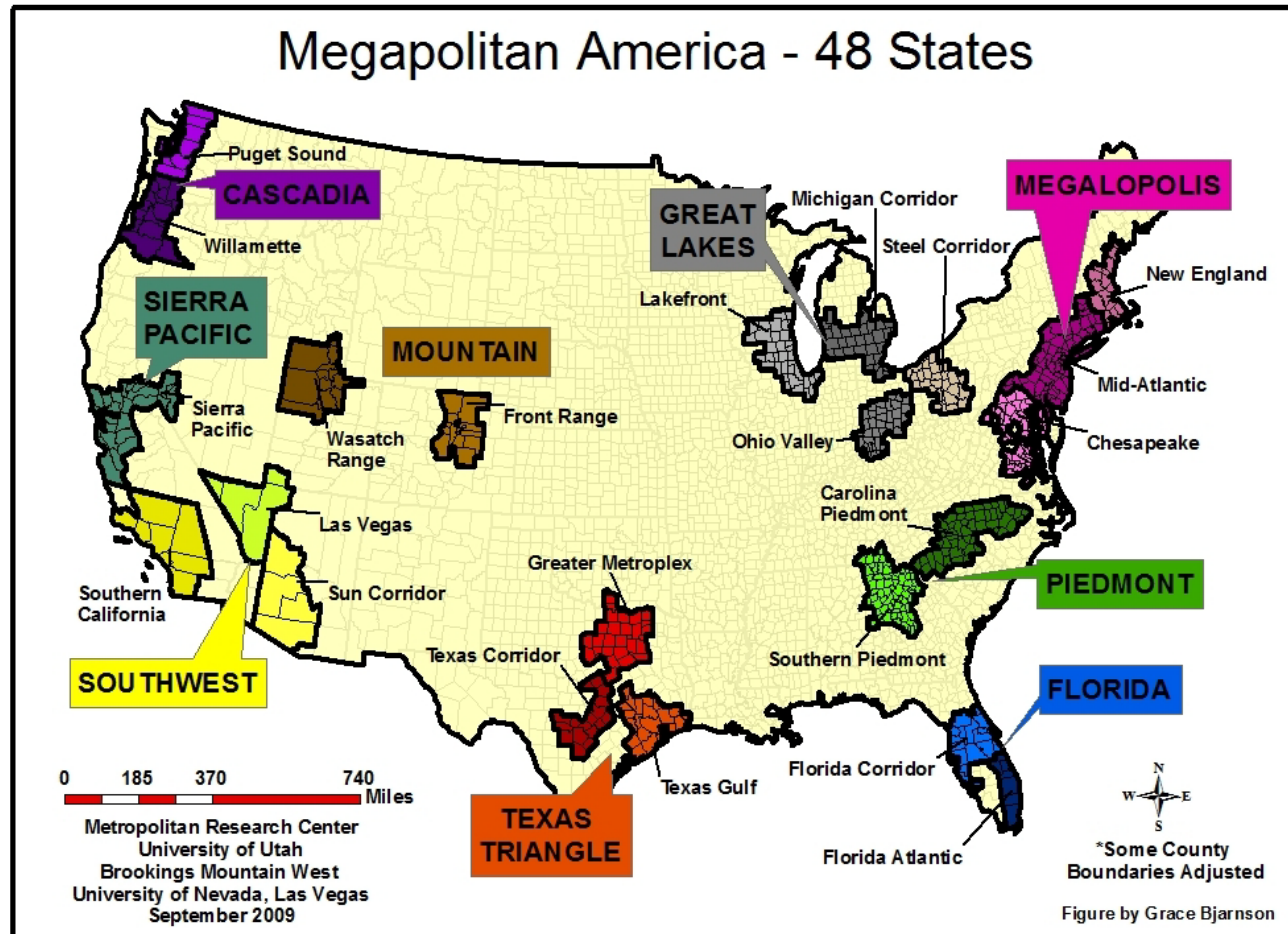
Las Vegas in the Southwestern Megaregion



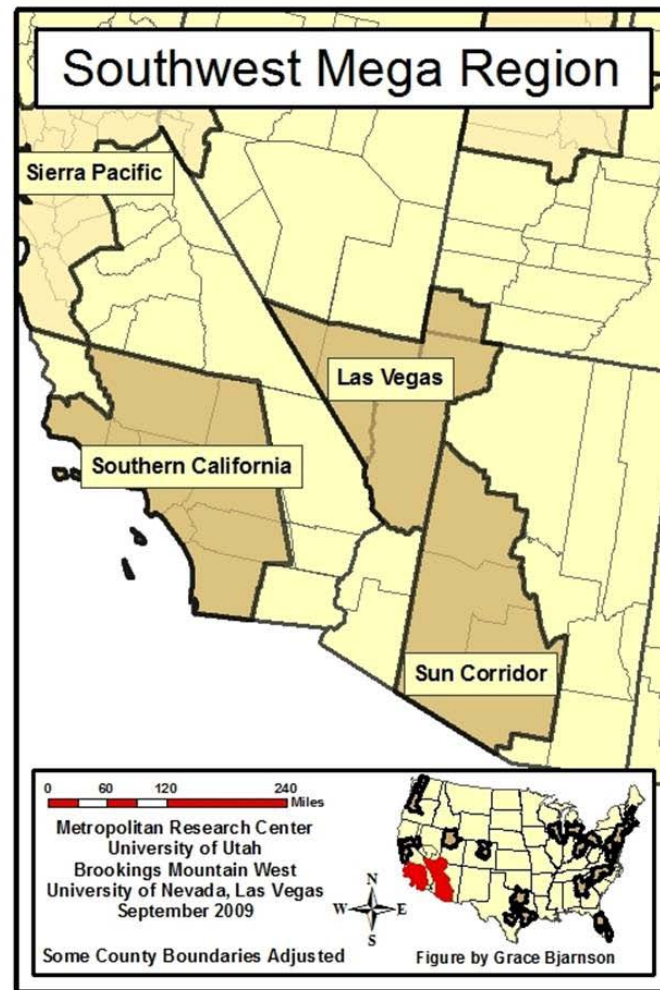
The 2008 Brookings Report Identified Five Megapolitans in the Intermountain West



Lang and Nelson, 2010 Book



Lang/Nelson Definition of Las Vegas Mega



Population Change, 1970-1940

Southwest Megapolitans

(Thousands)

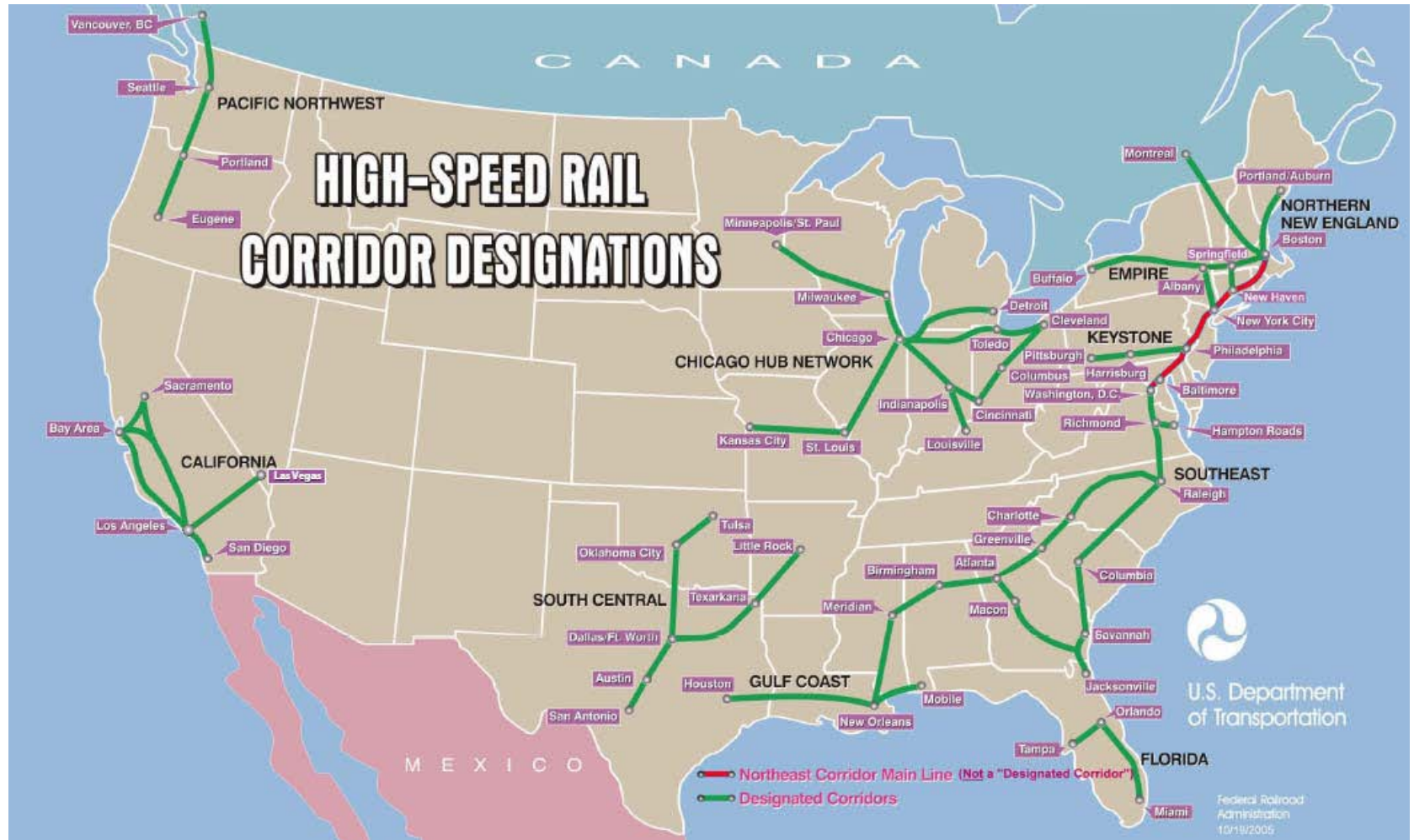
Megapolitan Area	1970	2000	2010	2025	2040	Growth '70-'40	Percent Change
So Cal	11,976	20,237	22,635	26,386	30,273	18,297	153%
Las Vegas	323	1,674	2,407	3,416	4,442	4,119	1275%
Sun Corridor	1,447	4,297	5,699	7,447	9,233	7,786	538%
Total	13,746	26,208	30,741	37,249	43,948	30,202	220%

Source: Woods & Poole, 2009

Las Vegas—The Bridge to Somewhere



Official 2009 High Speed Rail Map



European 2009 High Speed Rail



Megapolitan vs. Megaregion Rail

- ▶ ***Megapolitans* are mostly continuous urban corridors and are best served by “Regional High-Speed Rail”**
- ▶ ***Megaregions* are proximate but discrete urban complexes that need “Express High-Speed Rail” to bridge the gaps between multiple megapolitan areas**



Megapolitan vs. Megaregion HSR

- ▶ **In Megapolitans—Trains mostly compete with autos and should make multiple stops at key centers along the route**
- ▶ **In Megaregions—Trains mostly compete with short-haul air service and should make very few stops in order to maintain maximum speed**



California/Mountain West HSR

- ▶ **Megapolitans**
 - ▶ **Front Range = Regional HSR**
 - ▶ **Sun Corridor = Regional HSR**
 - ▶ **Wasatch Front = Regional HSR**
- ▶ **Megaregions**
 - ▶ **So Cal to Las Vegas = Express HSR**
 - ▶ **So Cal to Nor Cal = Express HSR**
 - ▶ **So Cal to Sun Corridor = Express HSR**



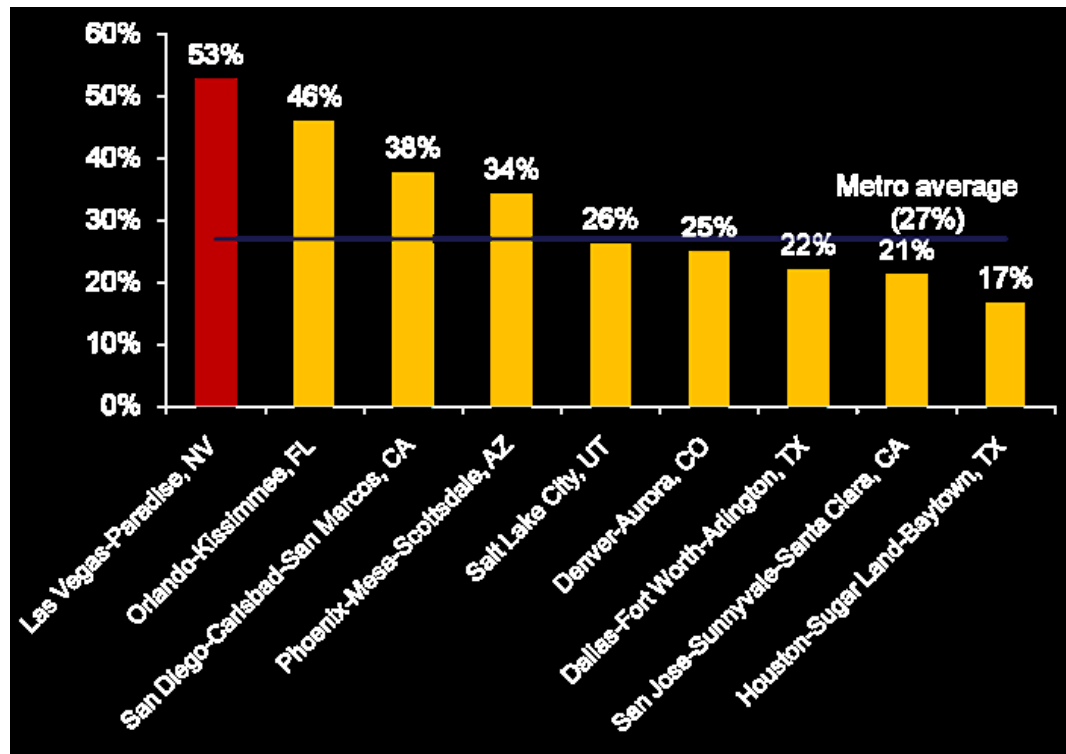
Linking the Southwest Megaregion



Economic Diversification—The Next Frontier



Overlying on Growth & Tourism

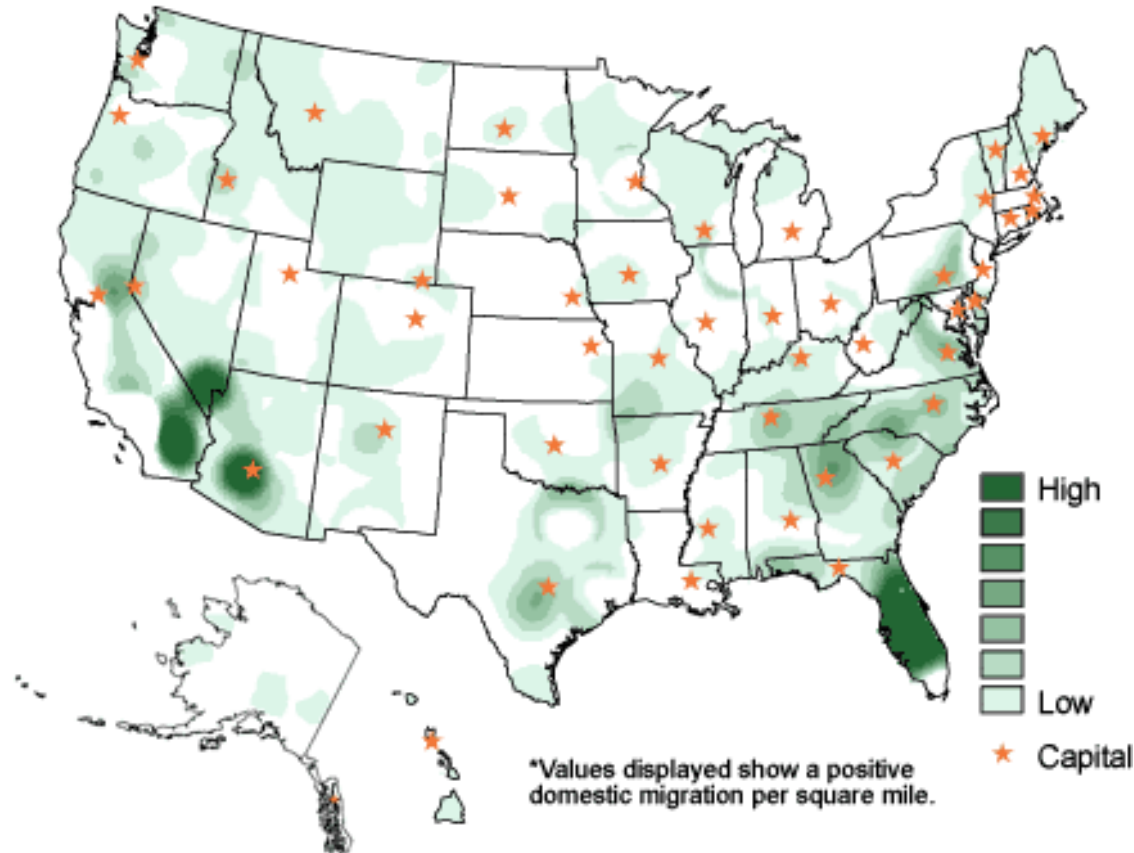


Share of metro private sector GDP from food, drinking, leisure, hospitality, construction, and real estate

We Used to Count on Migrants

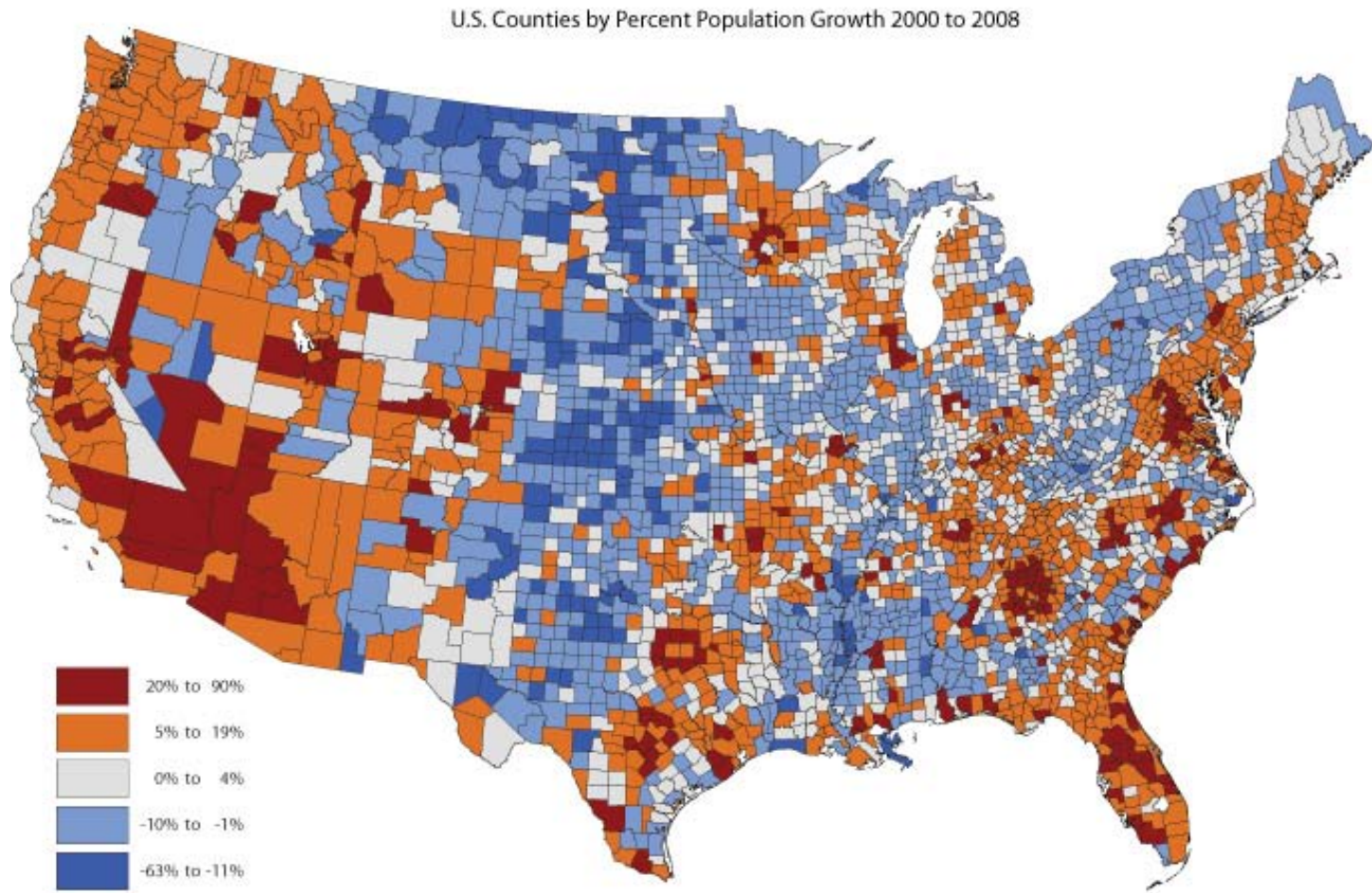
Where Americans Are Moving

Domestic Migration Density, July 2003 to July 2004*



Based on U.S. Census Bureau county-level migration estimates.
Map by the Indiana Business Research Center, April 2005

County Population Change, 2000-2008



Las Vegas Has a Future in Alternative Energy



But the Real Boom Will Come from Better Leveraging the Region's World City Assets



Need to be Less Tuscan, More Milan



How About an Ikea to Start?



From the Brookings Press

