

# PREVIEW 2018

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# theStatPack.com

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**BRACE YOURSELVES...**



**FUN IS COMING!!!!**



# **What Did 2017 Give Us?**

Source: Pinterest (cropped)

# Global Stock Markets Up (2017)

Source: Bloomberg

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|              |             |
|--------------|-------------|
| <b>China</b> | <b>+54%</b> |
|--------------|-------------|

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|              |             |
|--------------|-------------|
| <b>India</b> | <b>+39%</b> |
|--------------|-------------|

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|                |             |
|----------------|-------------|
| <b>Germany</b> | <b>+28%</b> |
|----------------|-------------|

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|              |             |
|--------------|-------------|
| <b>Japan</b> | <b>+24%</b> |
|--------------|-------------|

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|                      |             |
|----------------------|-------------|
| <b>Great Britain</b> | <b>+22%</b> |
|----------------------|-------------|

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|                         |             |
|-------------------------|-------------|
| <b>U.S. S&amp;P 500</b> | <b>+22%</b> |
|-------------------------|-------------|

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# Robust Global Markets = International Visitors



Source: [mccarran.com](https://www.mccarran.com)

# Global Growth Helps Las Vegas

42.2 million visitors (2017)

\$129.45 average room rate (+2.8%)

Source: LVCVA

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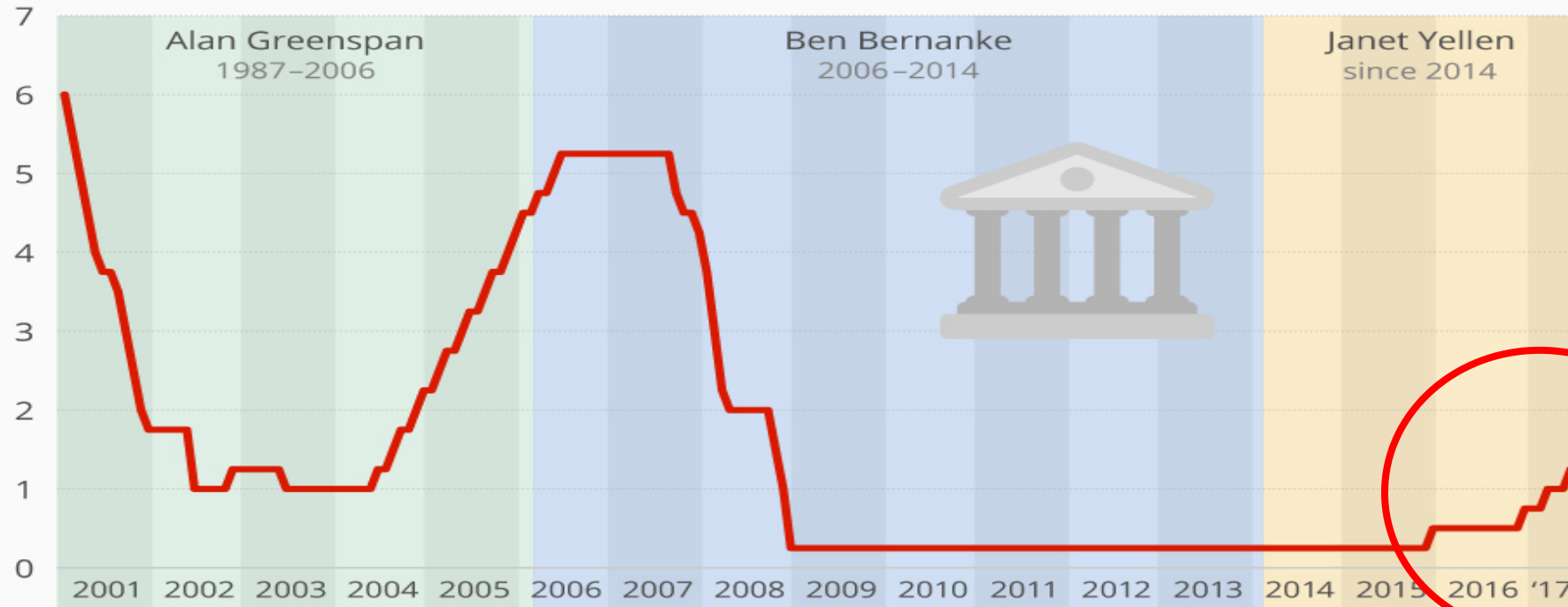




# Modestly Higher Interest Rates

## U.S. Federal Funds Rate Since 2001

Federal Reserve upper interest rate benchmark (in %) and respective Fed chairs



CC BY ND  
@StatistaCharts

As of June 14, 2017

Sources: Federal Reserve, deltatstock

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In 2017,  
the price of  
single family homes  
in Southern Nevada  
rose by 16%

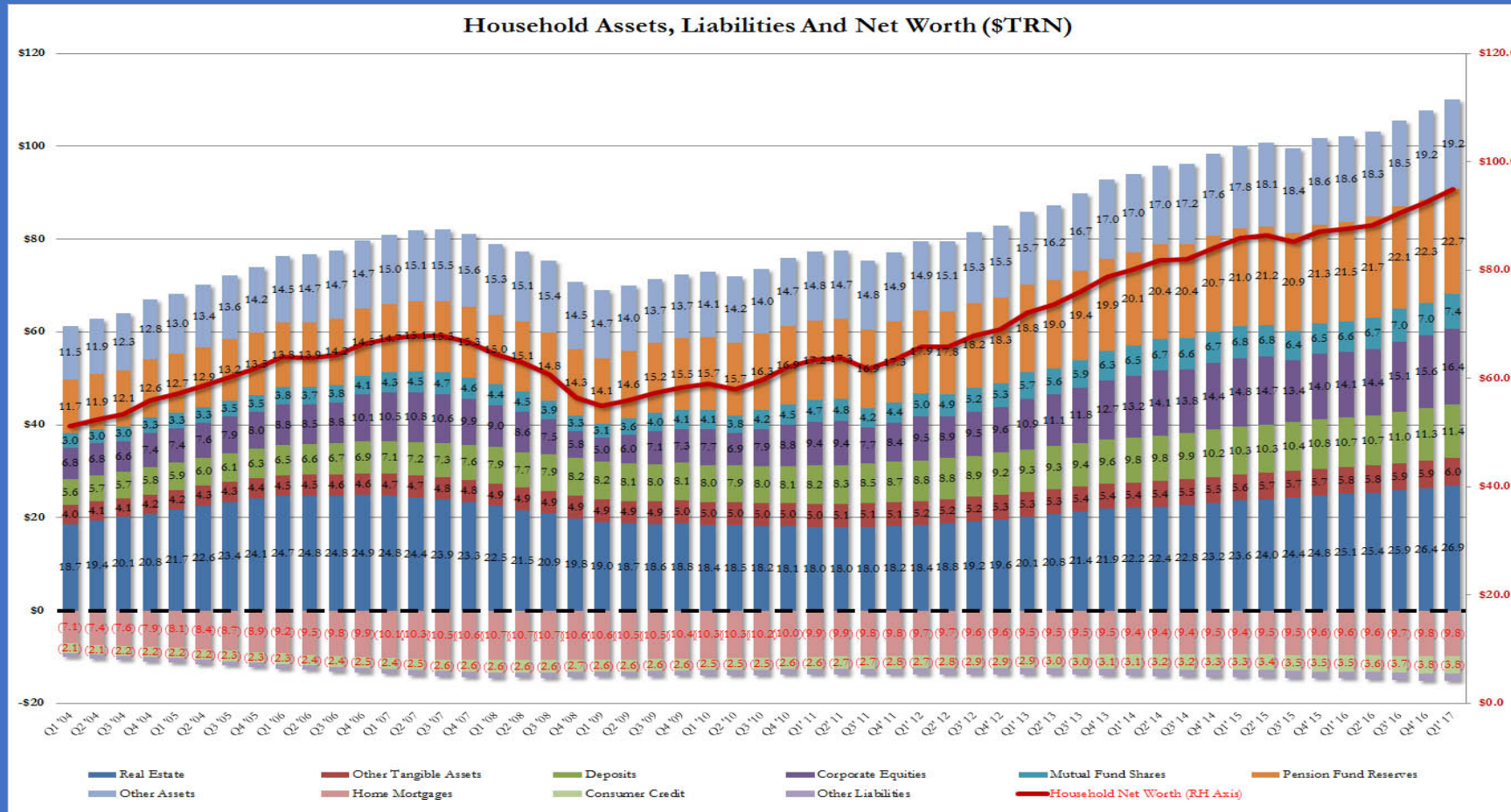
(Source: Home Builders Research)




Source: iStock.com

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# Record High Consumer Net Worth



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A young boy with light brown hair, wearing a grey jacket, is holding a metal bowl of food with both hands. He has a sad expression on his face. The background is dark and blurry, showing other people in a crowd.

**PLEASE SIR**

**MAY I HAVE SOME MORE**



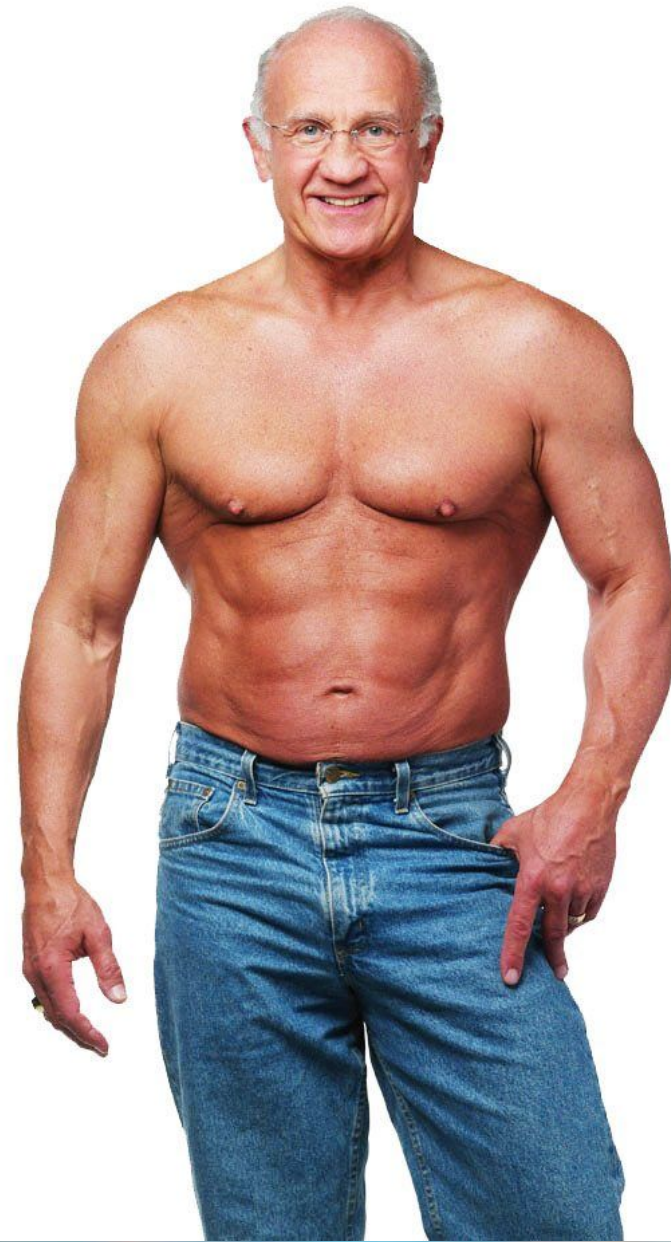
**But can this  
continue?**

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Source: <http://entertainment.ie>

**Is an 8-year  
expansion  
normal...?**



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Source: <https://za.pinterest.com/pin/510947520208083891/>



# Extra Innings...?

# Really?



Source: [www.hIntv.com](http://www.hIntv.com)

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**HEY LAS VEGAS**

**YOU TOTALLY DESERVE IT**

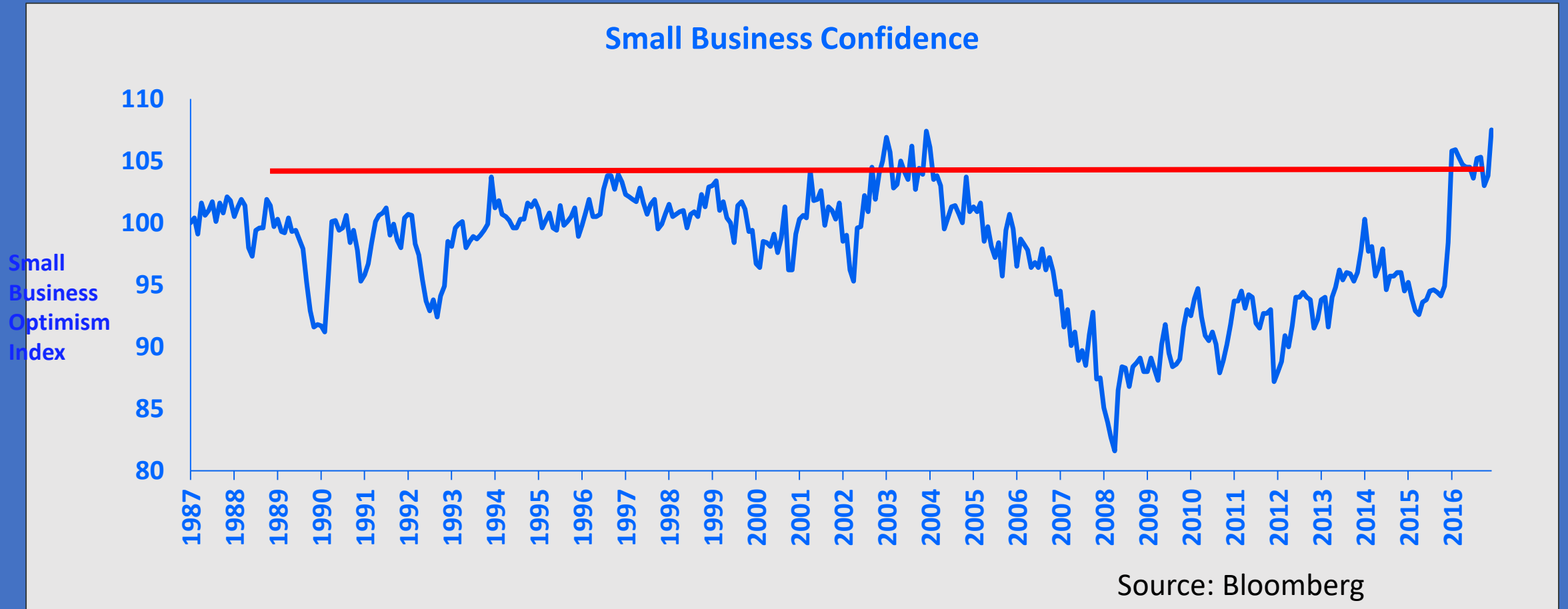
# High CEO Confidence

CEO Confidence Index



Source: Bloomberg

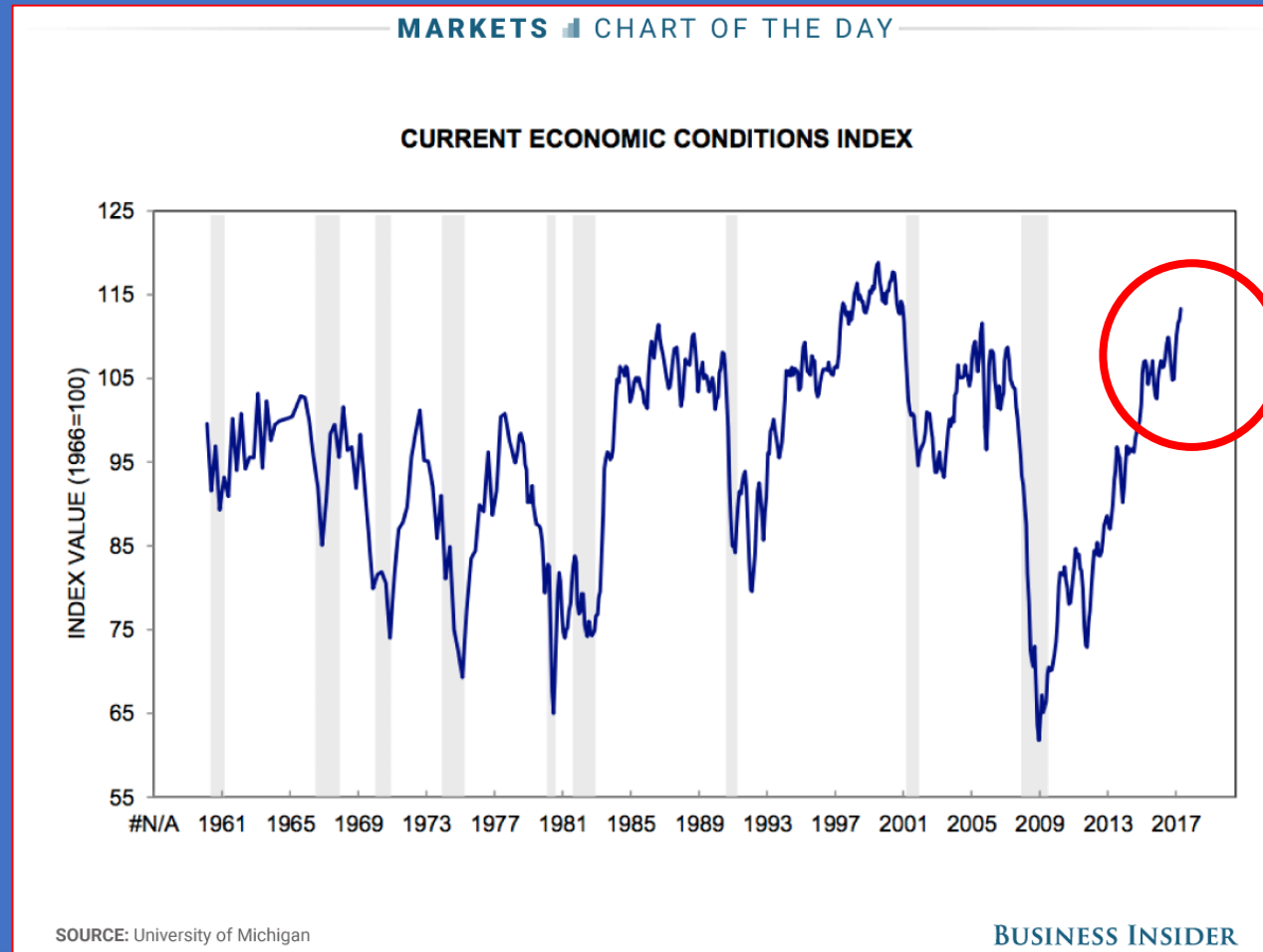
# Even Higher Small Business Confidence



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# Really High Consumer Confidence



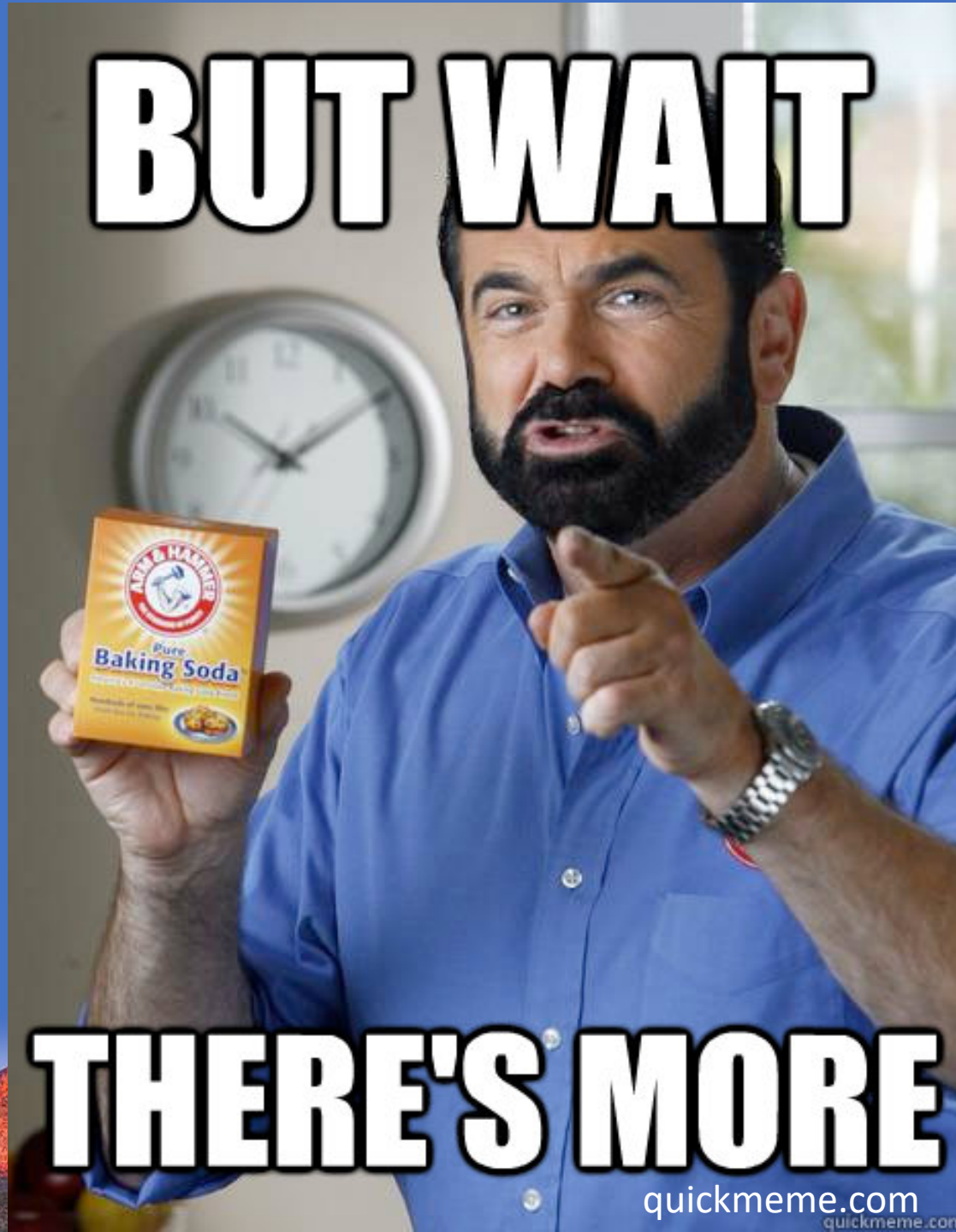
**LOOK AT IT**



**ALL THE CONFIDENCE I HAVE**

Source: <https://nous.my/win-game-life/>

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quickmeme.com  
quickmeme.com



# Tax Reform Adds Octane



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Source: iStock.com

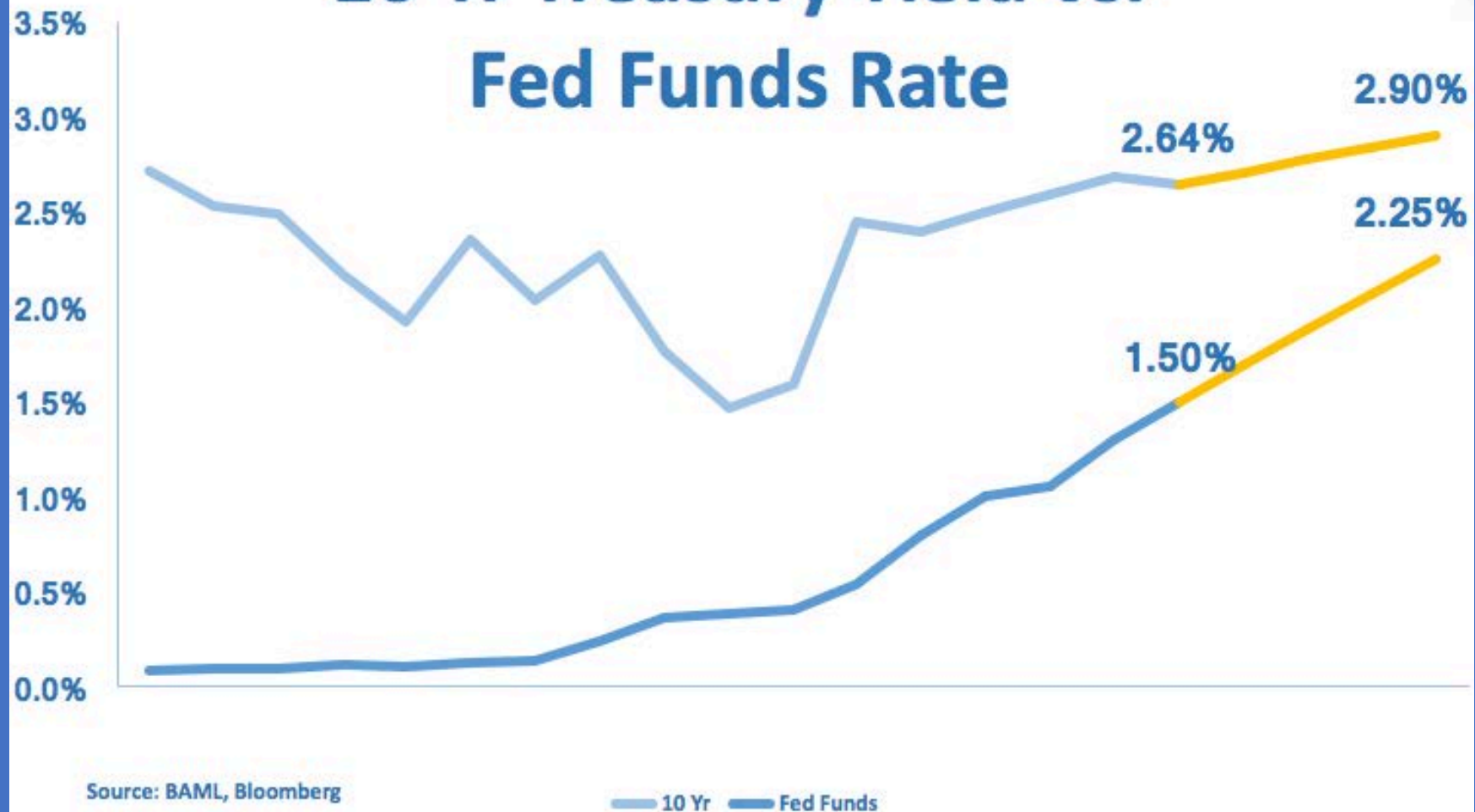
# Fed Funds Rate



Source: BAML, Bloomberg

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# 10 Yr Treasury Yield vs. Fed Funds Rate

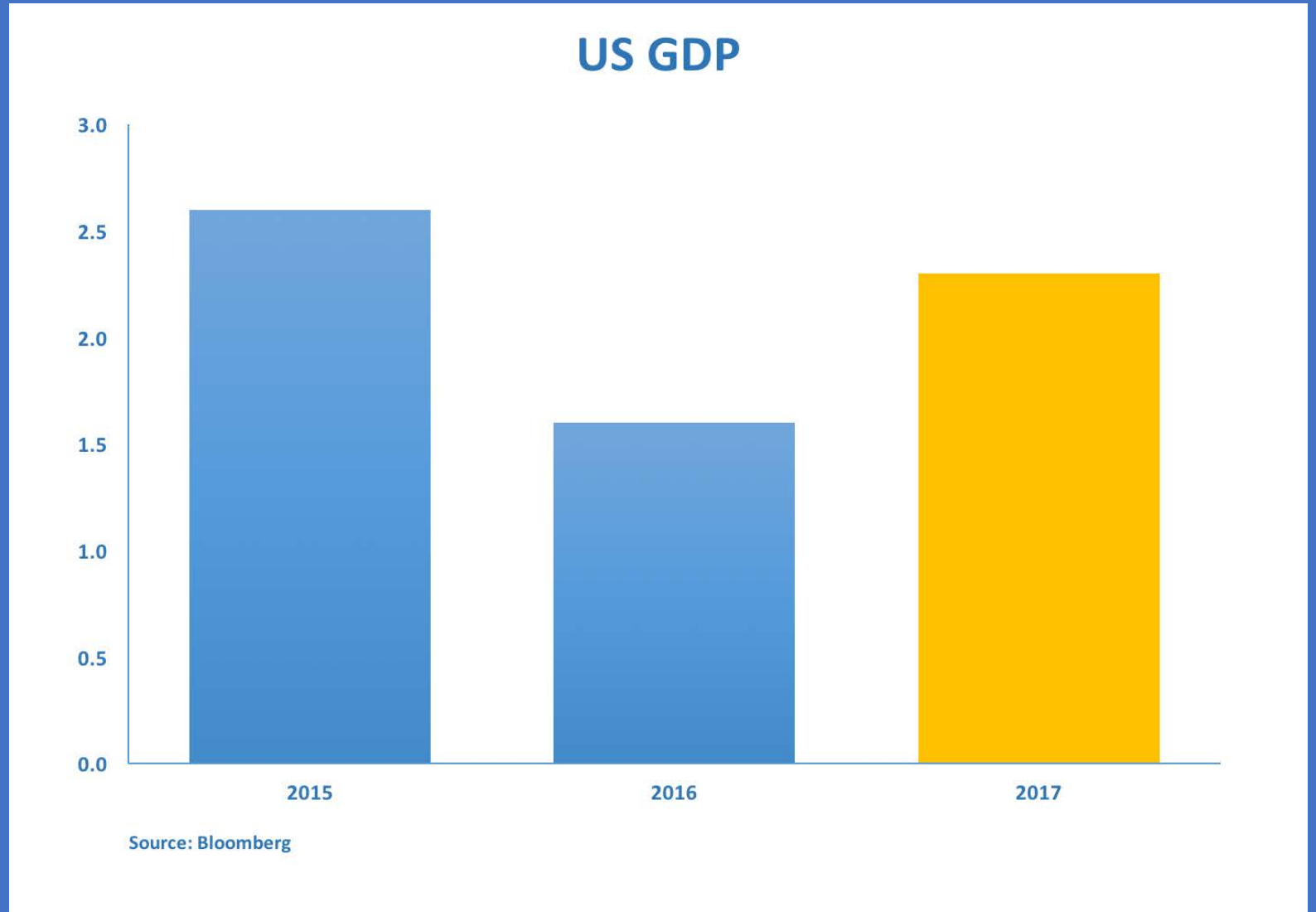


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# Percentage Real GDP Growth

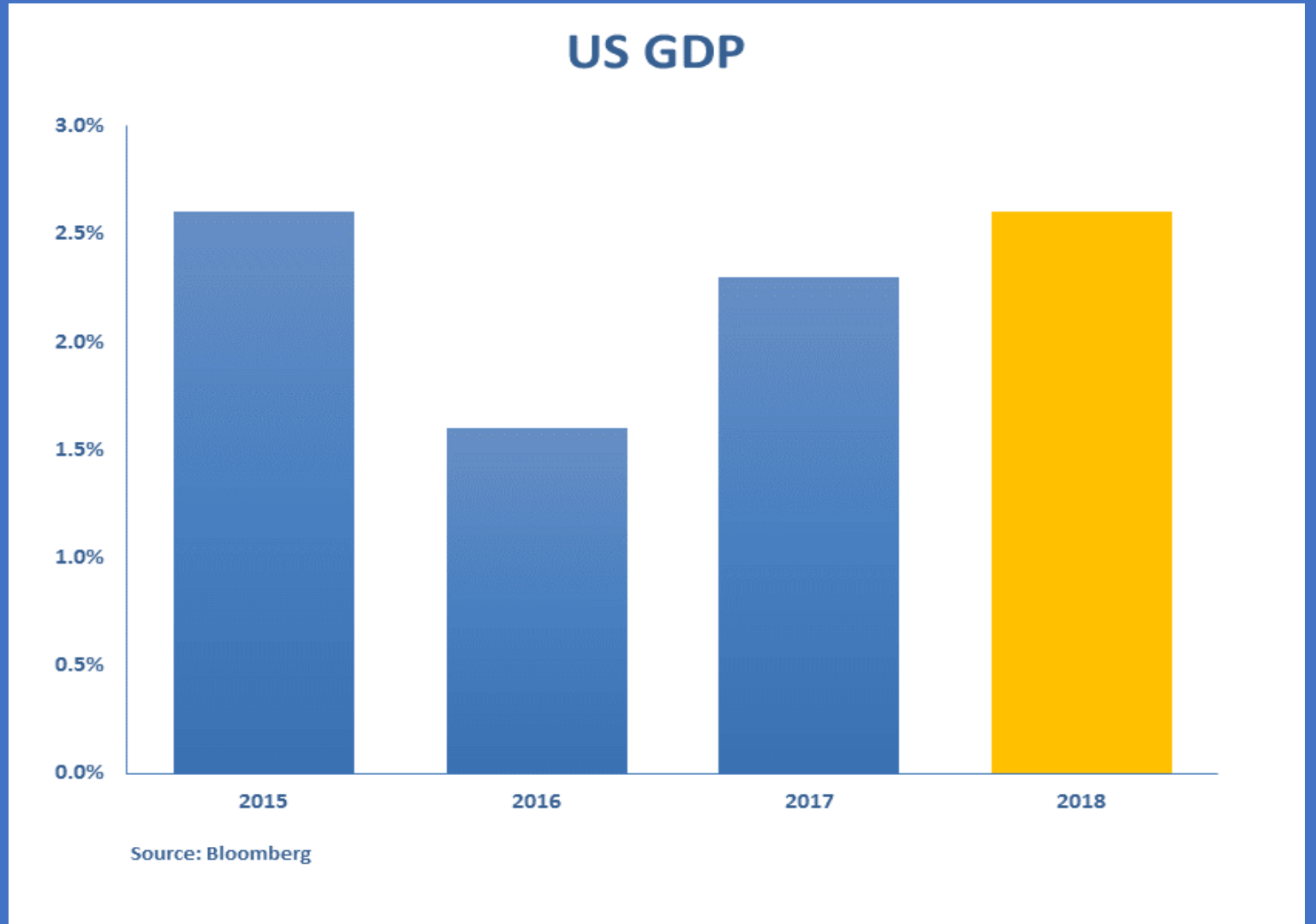
Last year we  
said...



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# And now...?



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# Reasons *Why It Can* Continue

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Tax reform helps US markets

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Global economic recovery helps  
Europe and Asia

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Slow pace of interest rate hikes  
isn't scaring anyone yet

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Accelerating GDP growth



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# What Could Possibly Interrupt This Love-fest?



Source: <http://www.xxlmag.com/news/2017/09/kanye-west-taylor-swift-mtv-vmas-speech/>

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# Inflation Returns



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Source: <http://money.cnn.com/2017/11/15/news/louise-linton-steven-mnuchin-dollar-bills-treasury/index.html>

# High Leverage Leads to Asset Bubbles



Source: iStock.com

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# New Fed Chair Overreacts

Source: <http://www.businessinsider.com/fed-chair-jerome-powell-trump-pick-for-yellen-replacement-2017-11>

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# Trade War or NAFTA Withdrawal



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Source: <https://www.pinterest.com/pin/459437599463745929/>



# Oil Shock



Source: <https://www.pinterest.com/pin/531495193496153584/>

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# Oil Shock



Source: <http://www.personal.psu.edu/afr3/blogs/siowfa12/2012/11/the-gas-shortage.html>

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# China Hard Landing

Image source: <http://www.dailymail.co.uk/news/article-3742489/Track-field-events-hold-torrential-downpour-hits-Olympic-stadium-pole-vault-discus-hurdles-place.html>

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# Recap: What Could Interrupt This?

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Inflation Comes Back

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High Leverage Leads to Asset Bubbles

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New Fed Chair Over Reacts

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Trade War/NAFTA Withdrawal

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Korean Peninsula Conflict

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Oil Shock

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China Hard Landing

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# Live Long and Prosper



Source: <https://www.ebay.com> › ... › Wardrobe › Reproductions

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Source: [imgflip.com](https://imgflip.com)

# Fortune Telling Is My Thing

*“The only function of economic forecasting is to make astrology look respectable.”*

—The late Ezra Solomon, economist & professor of economics at Stanford University



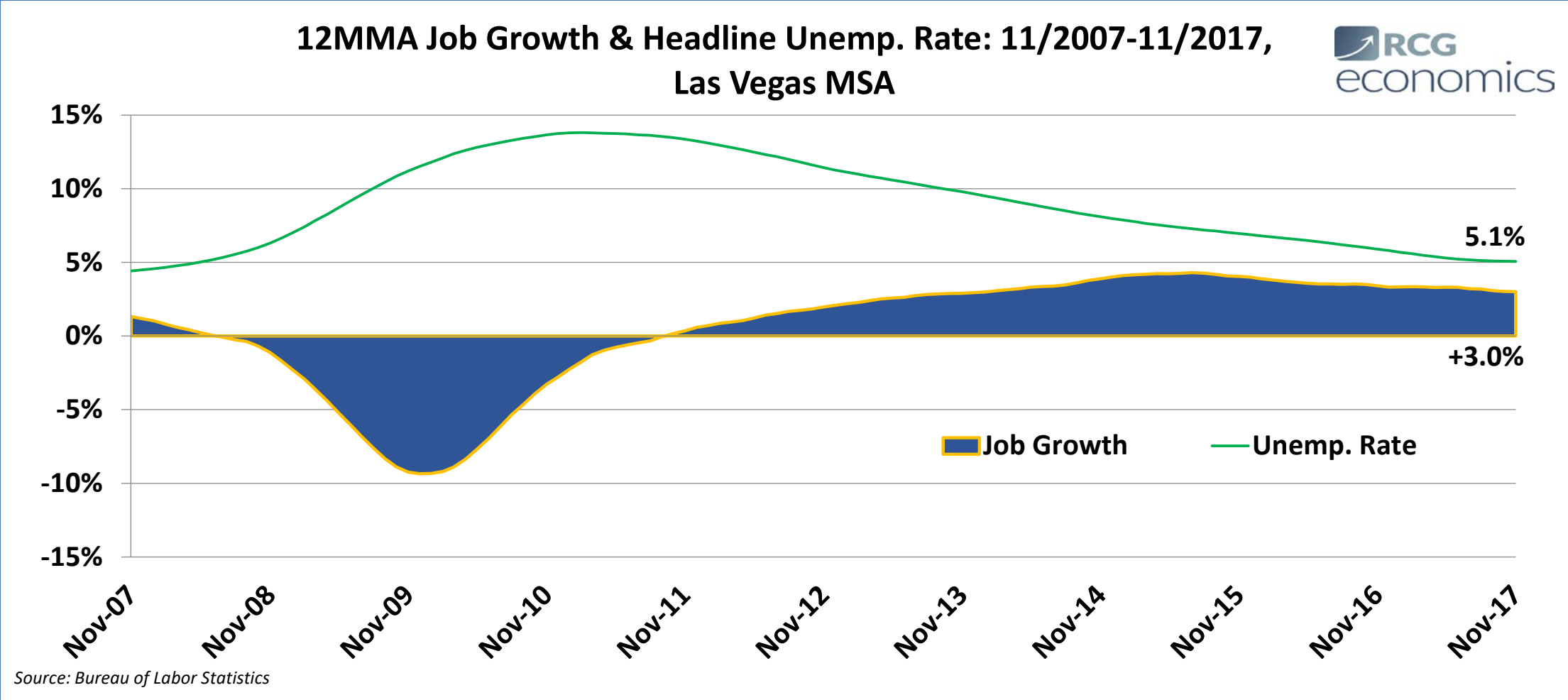
# The Job Market: We're Back



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Source: Giphy.com

# 56,000 Jobs Above 2007 Peak



# How About One of So. NV's Favorite Industries?

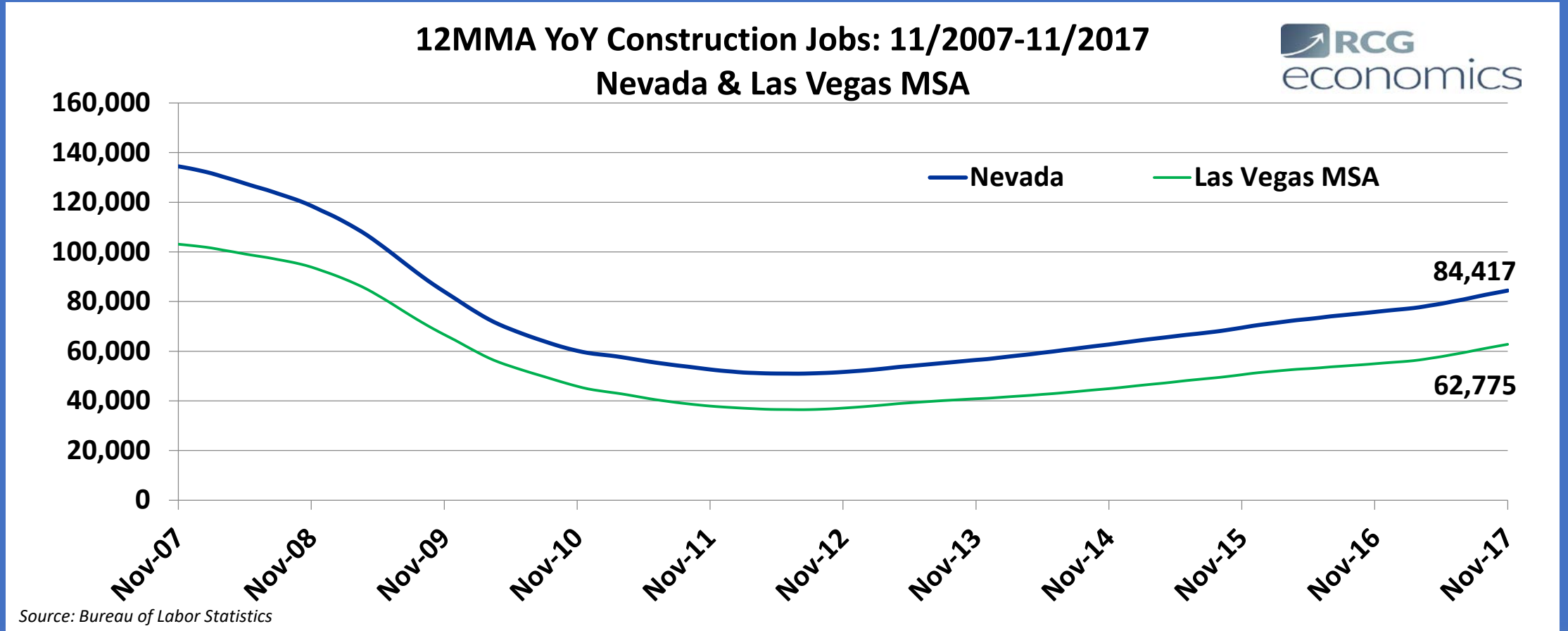


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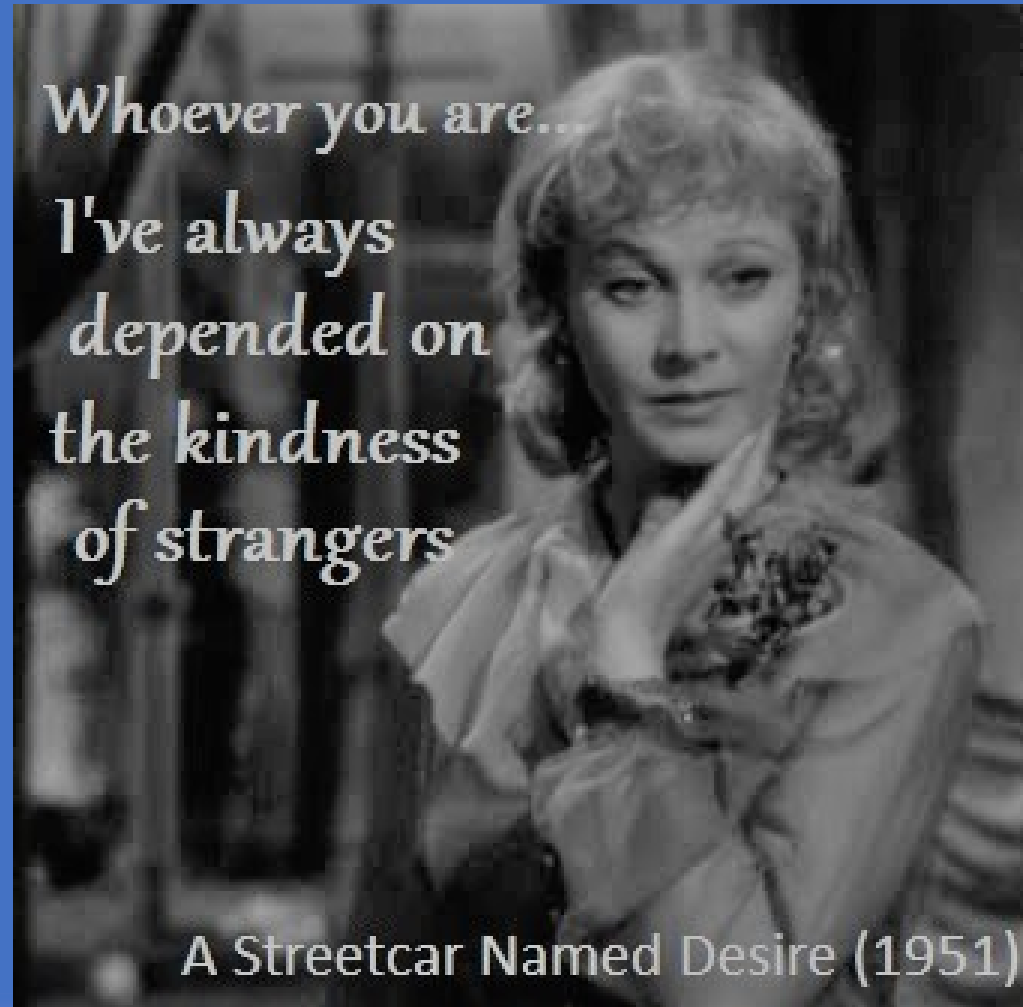
Source: [imgflip.com](https://imgflip.com)



# Construction Jobs Below Peak But Steadily Building



# How About Them Tourists?



# Strangers Are Kind Again!

## Resort Corridor Construction Proves It

|                              | 2017       | 2018       | 2019-2023    |
|------------------------------|------------|------------|--------------|
| Total investment             | \$429 MIL  | \$1.3 BIL  | \$12.4 BIL   |
| Additional convention space  | 151,100 sf | 572,000 sf | 1,236,882 sf |
| Additional hotel rooms       | (5)        | 1,194      | 7,260        |
| Additional new properties    | 3          | 4          | 9            |
| Source: Convention Authority |            |            |              |



# Robot Strippers...

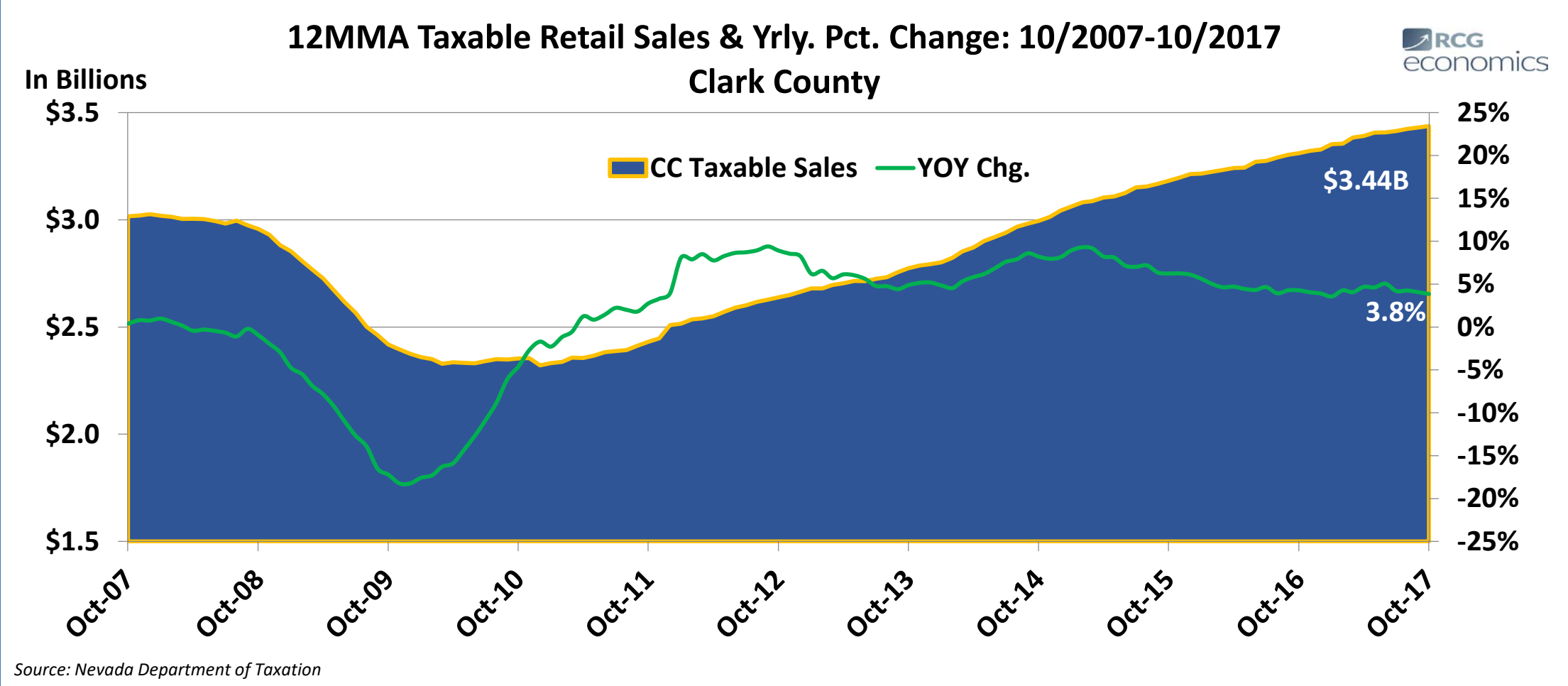
## Imagine Next Year's Numbers!



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Source: Giphy.com

# Retail Sales Are Growing Steadily



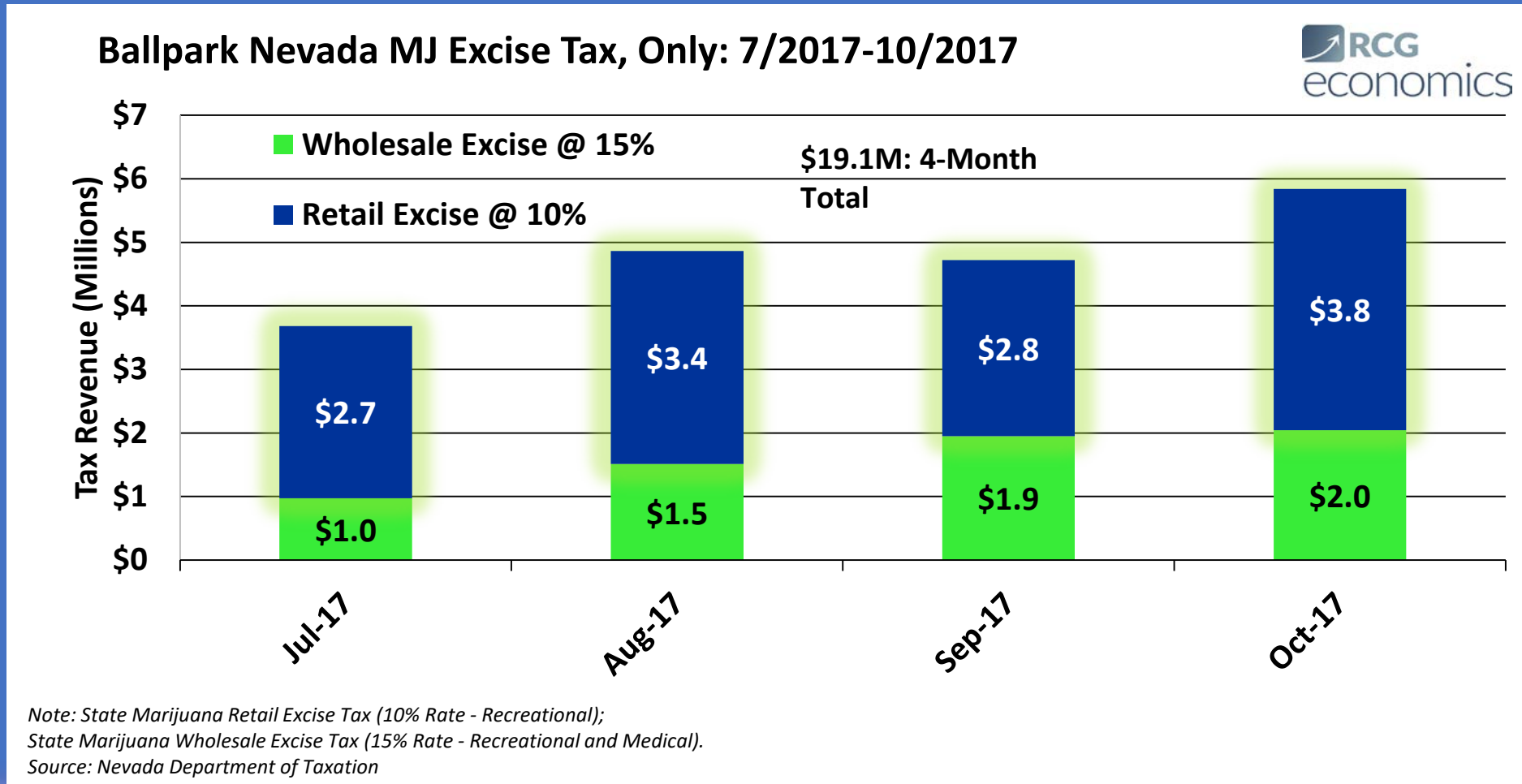
# Weed Money... Like... Whoa



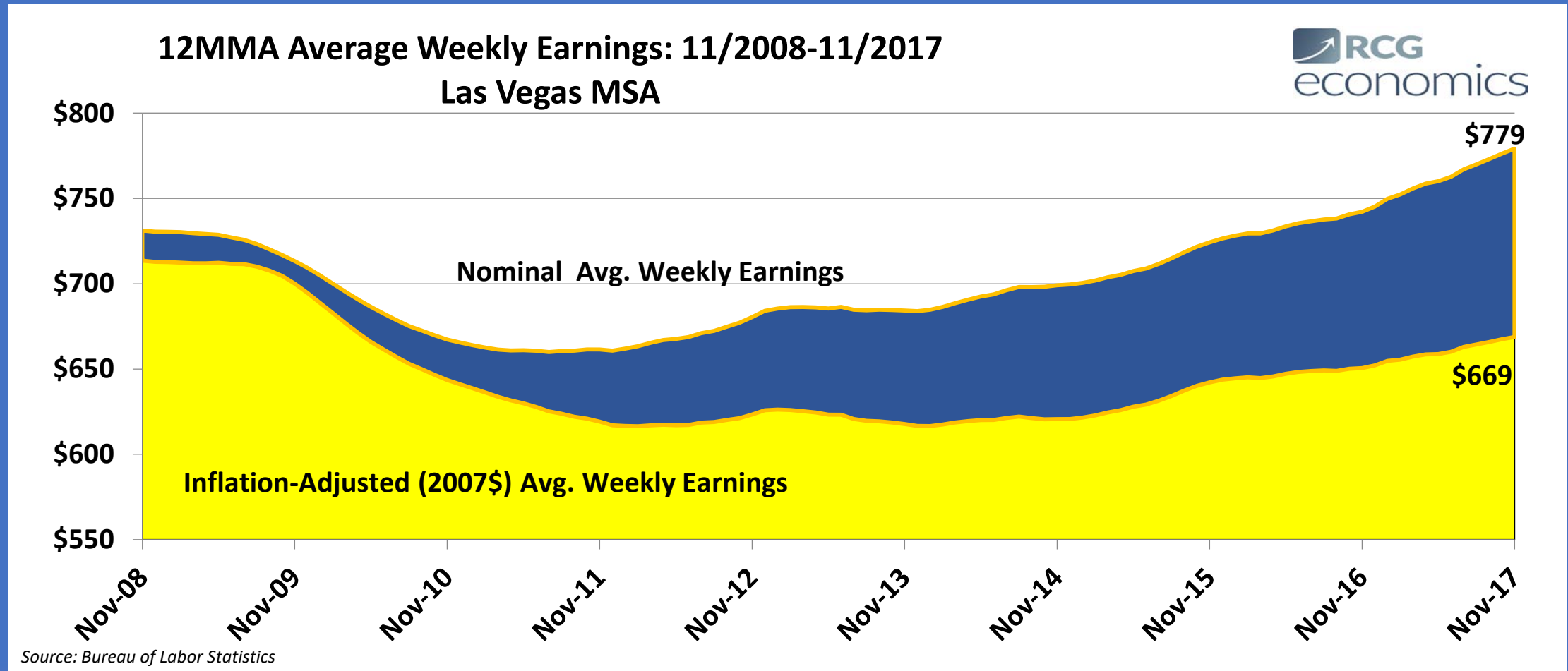
- Wholesale Excise Tax  
(Recreational & Medical)
- Retail Excise Tax  
(Recreational Only)
- Plus Sales Taxes &  
Licensing Fees



# Holy Smokes! Adult-Use MJ's Glowing Green Start: Excise Taxes Alone



# Real Wages Growing (Real Slow)



# Why The Sluggish Wage Recovery?

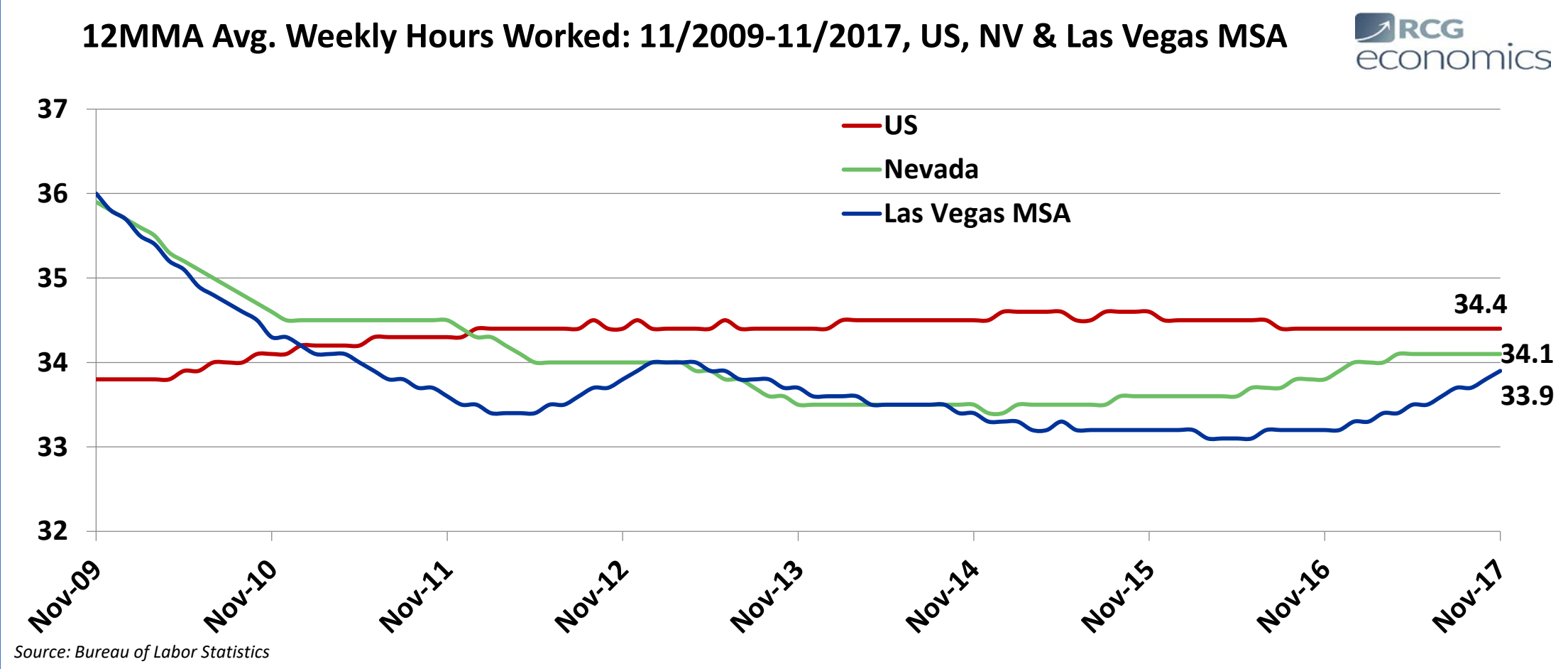
- Doing More With Less Post-Recession
- Automation
- Gig Economy & Contractors





# Full-Time Ahead!

## Las Vegas Hours Catching Up



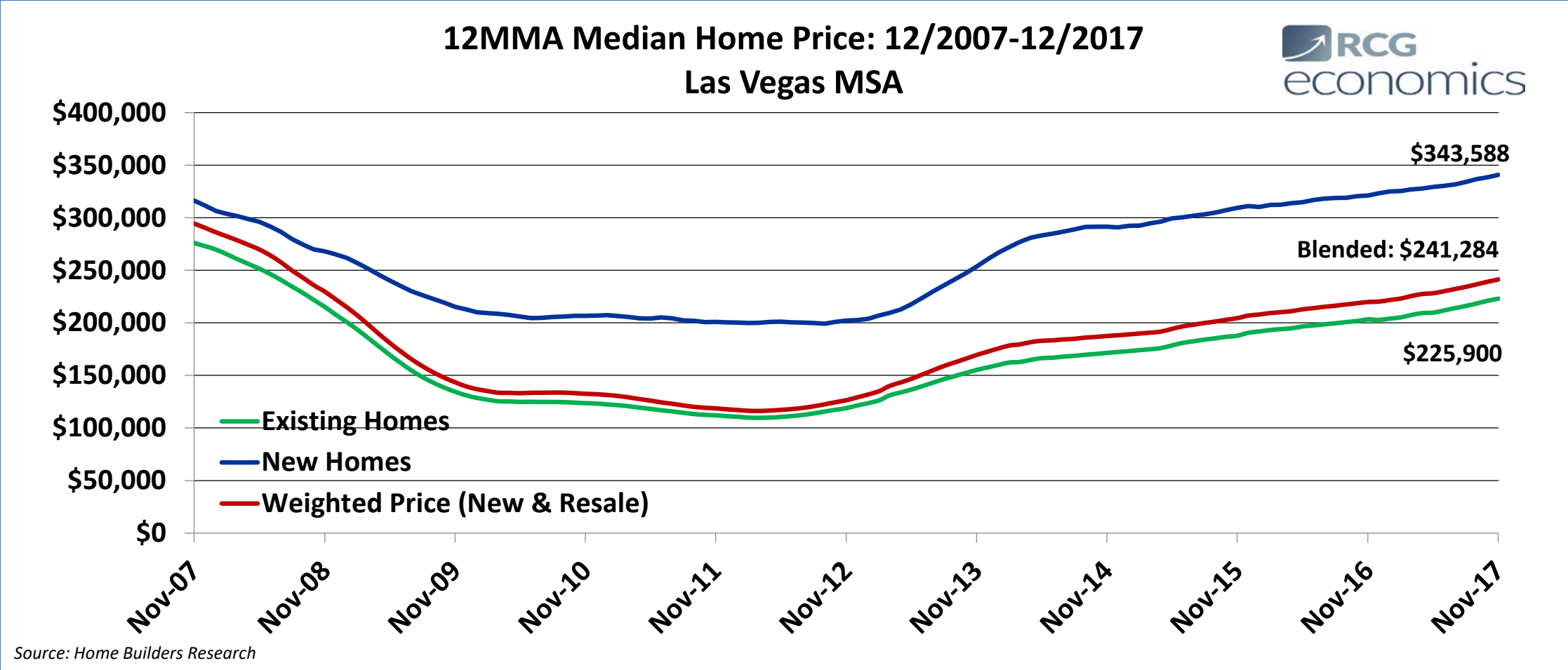
# The Housing Market



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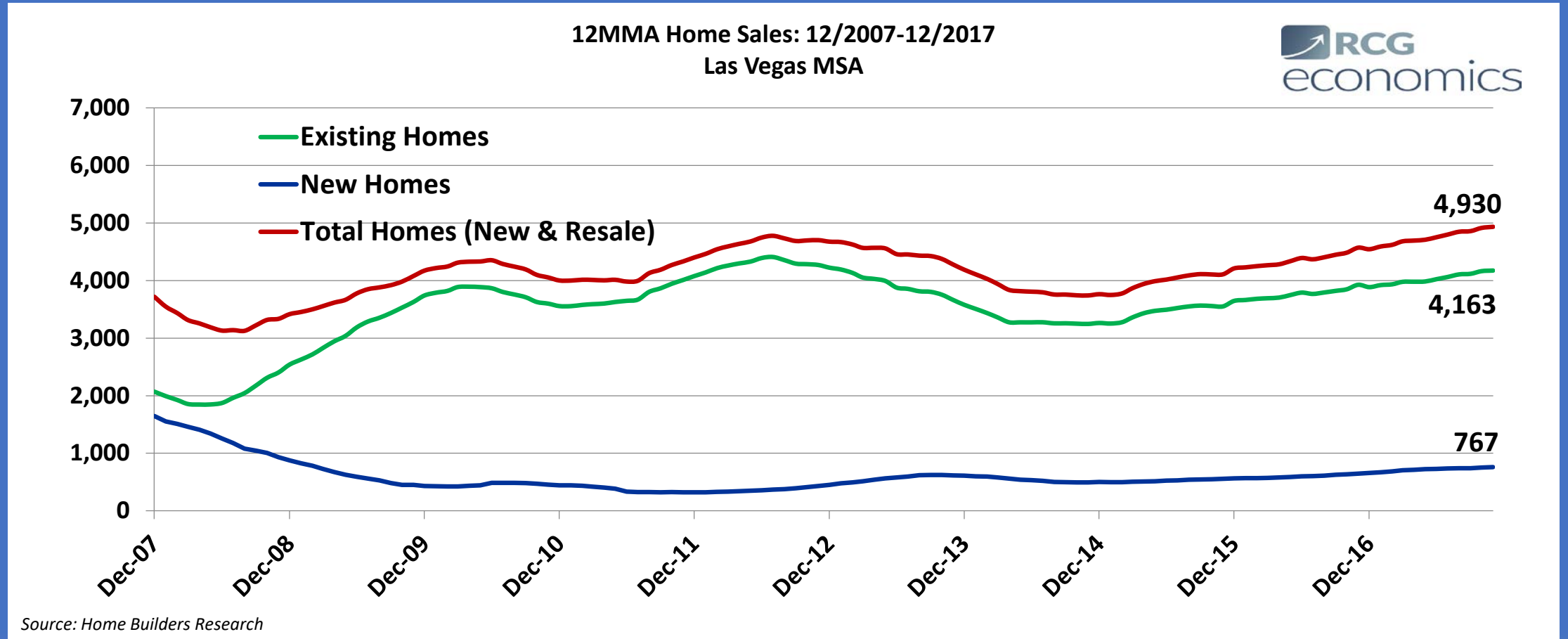
Source: Giphy.com

# Resales Still Recovering: New Homes Too Hot?

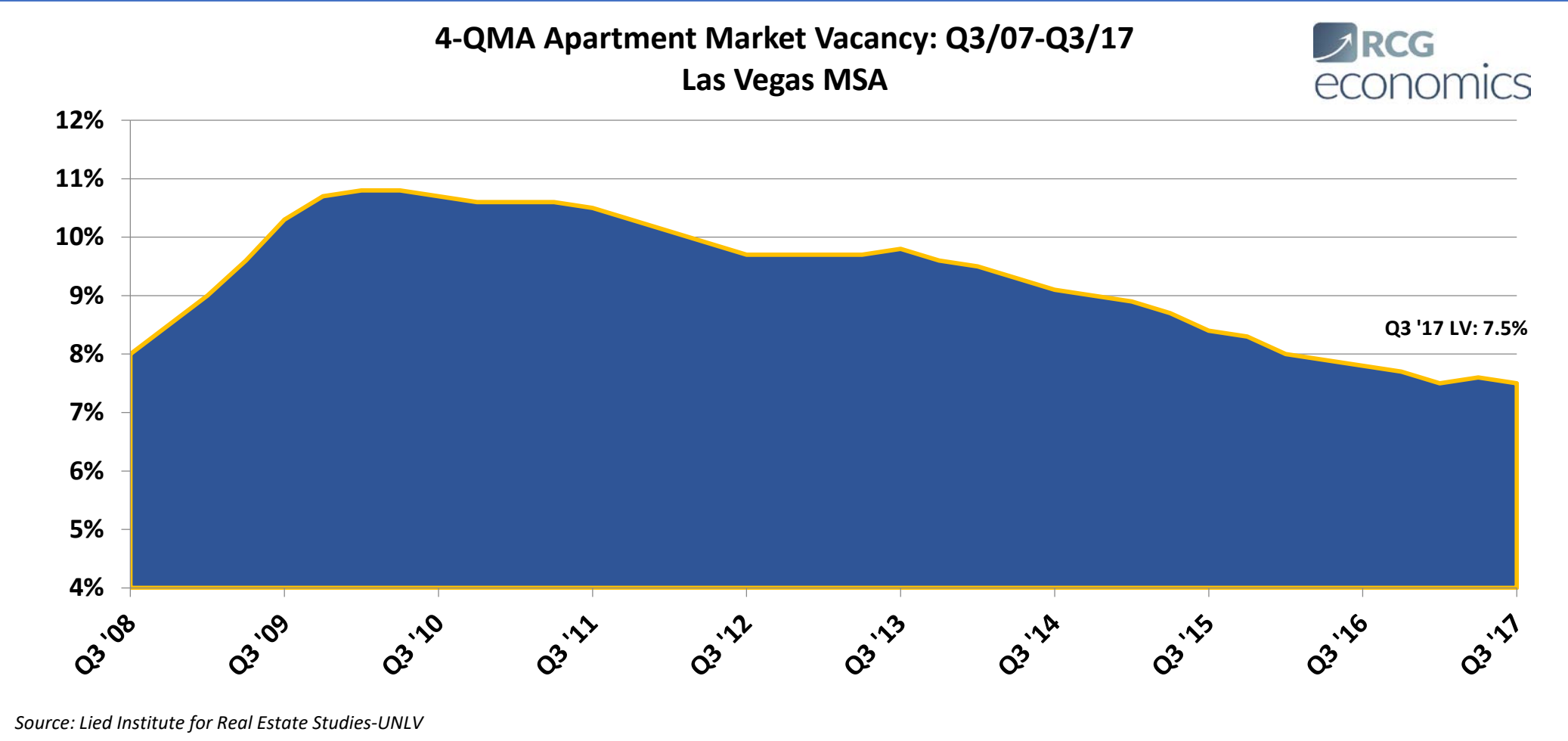




# New Home Sales Flat Prices Matter!



# Renting On The Rise



# Almost Done. Stay Strong.



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Source: Gify.com



# And The Commercial Markets?



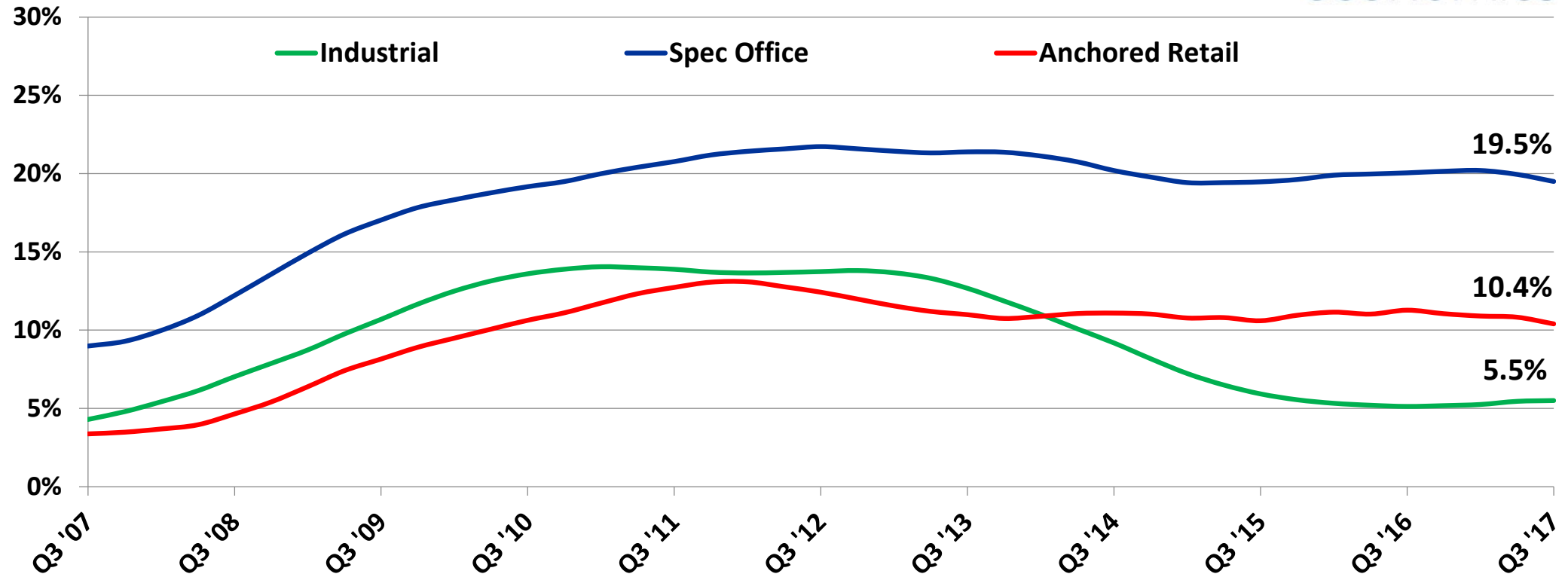
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Source: Giphy.com

# Vacancy: Dropping & Steady As She Goes

4-QMA Commercial Market Vacancy: Q3/07-Q3/17  
Las Vegas MSA

RCG  
economics



Source: RCG Economics



# How Big Will Automation Be?



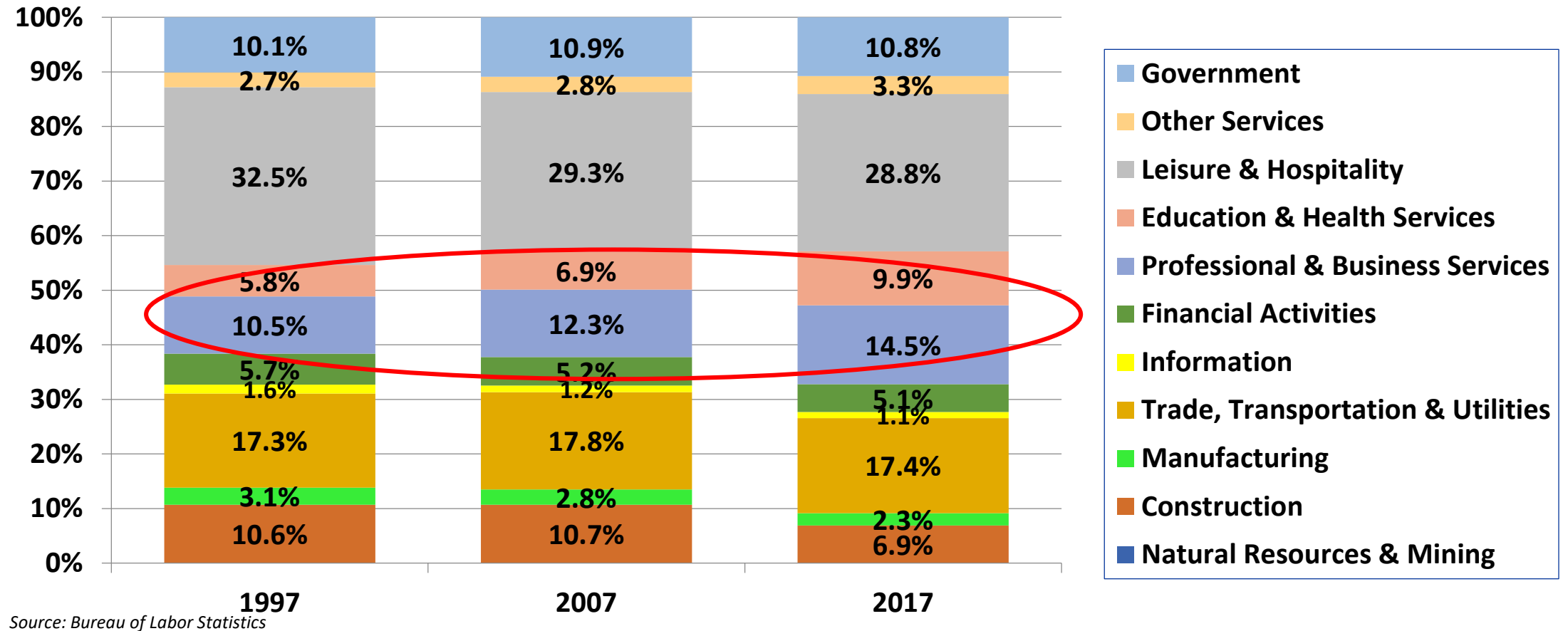


# Diversification Progress

## Want Strong Growth When $LQ < 1$

| Industry Sector                        | Location Quotient (2017) | % Chng. (2007-2017) |
|--|--------------------------|---------------------|
| Total All Industries                   |                          |                     |
| <b>Education &amp; Health Services</b> | <b>0.6</b>               | <b>23%</b>          |
| <b>Other Services</b>                  | <b>0.8</b>               | <b>21%</b>          |
| Information                            | 0.6                      | 8%                  |
| Professional & Business Services       | 1.0                      | 7%                  |
| Government                             | 0.7                      | 5%                  |
| Financial Activities                   | 0.9                      | 1%                  |
| Trade, Transportation & Utilities      | 0.9                      | 1%                  |
| Natural Resources & Mining             | 0.1                      | 1%                  |
| Manufacturing                          | 0.3                      | -5%                 |
| Leisure & Hospitality                  | 2.7                      | -12%                |
| Construction                           | 1.4                      | -26%                |
| Source: US Bureau of Labor Statistics  |                          |                     |

# White Collar Growth Blue Collar...Not So Much



# #Winning



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Source: Ethan Miller / Getty





- ✓ Pro Sports
- ✓ Tax Cuts
- ✓ Tourism Investments
- ✓ Roads & Public Works
- ✓ Kind Strangers
- ✓ Happier Residents
- ✓ Real Estate Back

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Source: [imgflip.com](https://imgflip.com)



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