EMPLOYMENT LANDS STUDY (2020)

Prepared by:



NAIOP

COMMERCIAL REAL ESTATE DEVELOPMENT ASSOCIATION



Introduction



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Purpose & Focus of the Study

- Focus: Estimate land scarcity in So. Nevada ("So. NV") with a focus on the Las Vegas Valley to gauge its potential impact on economic development & growth
- Purpose 1: Be a tool & resource for local, state & national elected officials, & support the goals of So. NV stakeholders
 ✓ NAIOP-So. NV members
 ✓ Clark County
- Purpose 2: Build on two previous studies

 So. Nevada Employment Land Analysis RCG (2015)
 Strategic Analysis of So. Nevada's Economy: Potential Land Constraints on Economic Growth & Development – Theodore Roosevelt Institute ("TRI", 2016)
- NAIOP's latest report updates several critical metrics to address the interplay between the supply of developable land & the region's current & future economic prospects





So. NV Economic Development & Conservation Act (Draft, "the BILL")



The Bill is key to So. Nevada's Economic Future & Quality of Life

- SNPLMA determined initial borders
- BLM scrapped its RMP in 2019 (LVRJ)
- Clark County initiated the "lands bill" process
- Senator Catherine Cortez-Masto's office took the lead in sponsoring the Act in Congress
- 49,000+ acre expansion of the SNPLMA boundary (32,000+ net acres of disposal)
- 82,000+ acres of additional wilderness areas
- Expands Red Rock Canyon National Conservation Area by 68,078 acres
- 298,000+ acres for use as "areas of critical environmental concern" ("ACEC")
- It has not yet been introduced in Congress (E&E News)

So. NV Economic Development & Conservation Act: 2019





So. Nevada's Employment Land Supply

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Methodology: Filtering

- Results based on series of filters applied to Las Vegas Valley parcels: ✓ Filter 1: Keep only undeveloped parcels ✓ Filter 2: Keep only parcels of 20+ acres \checkmark Filter 3: Keep only parcels with a slope of less than 7% ✓ Filter 4: Remove parcels too far from Valley \checkmark Filter 5: Remove parcels owned by USA/Feds outside disposal boundary ✓ Filter 6: Remove "oddly" shaped parcels \checkmark Filter 7: Keep parcels zoned for commercial, industrial, open space only
 - Filter 8: Remove parcels owned by residential developers
 - ✓ Filter 9: Remove parcels more than 1 mile from a road



Potential lands (20+ acres) are largely clustered in North Valley & points north & to a lesser extent, the South Valley

- Apex & Speedway contain a notable amount of vacant land
- Large cluster of vacant land north of Aliante
- Potential supply toward Mt. Charleston/Skye Canyon area
- Smaller cluster in area of Henderson executive airport
- Remainder is vacant infill land



LV Valley Employment Land Map, by Parcel: 2019



Source: RCG, SNWA, Clark County Clark County Assessor

There are exurban lands, but they're not included in the Study

- Too distant & unlikely to see development in during the study time-frame of 3 to 5 years
 - ✓ Boulder City (79,500 acres)
 - ✓ Ivanpah Valley (6,000 to 23,000 acres)
 - ✓ Mohave Generating Station site (2,500 acres)
 - ✓ Southland (9,000 acres)

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LV Valley Employment Land Map, by Parcel: 2019



Source: RCG, SNWA, Clark County Clark County Assessor

Methodology: Site Rankings

- 8 ranking criteria
- 16 possible points; 2 points each
- Point scale based on input from industry experts & data clustering

4 parcel tiers
 ✓ Tier 1: 13 – 16 points
 ✓ Tier 2: 9 – 12 points
 ✓ Tier 3: 5 – 8 points
 ✓ Tier 4: 0 – 4 points

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Rank Criteria	0 Points	1 Point	2 Points
Zoning	Not Industrial/ Undeveloped	Undeveloped/ Open Space	Industrial
Average Slope	Greater than 3.5%	NA	Less than or equal to 3.5%
Owner	Federal-Owned	Municipally- Owned	Privately-Owned
Acres Over 7% Slope	Greater than 2 Acres	0.5 - 2 Acres	Less than or equal to 0.5 Acres
Assessed Value Per Acre	Greater than \$100,000	\$50,000 - \$100,000	Less than or equal to \$50,000
Distance to freeway	Greater than 5,280 sf	1,320 - 5,280 sf	Less than or equal to 1,320 sf
Distance to highway	Greater than 2,640 sf	250 - 2,640 sf	Less than or equal to 250 sf
Distance to railroad	Greater than 5,280 sf	250 - 5,280 sf	Less than or equal to 250 sf

Parcel quality tiers follow expected "bell shape" curve

- 320 acres not included & ranked due to data limitations
- Total of ~19,100 acres in 198 parcels (18,800 acres in 190 ranked parcels)
- Rank tiers, by parcels (#=190)
 ✓ Tier 1: 7% (16 points)
 ✓ Tier 2: 39% (12 points)
 ✓ Tier 3: 45% (8 points)
 ✓ Tier 4: 9% (4 points)

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LV Valley Employment Land (20+ acres), by Rank: 2019

Best parcels likely to be absorbed by 2030

- Total needed land: appx. 14,100 acres
- Less than identified 19,100, but

 ✓ Not all parcels will be used for
 commercial/industrial development
 - ✓ Not all parcels well-suited; 9,100 acres in Tiers 1 & 2
- If projects are forced on sub-optimal parcels, this can create business cost disadvantages
- Would make SoNv less competitive

Clark County Job Growth & Land Demand: 2018 - 2035

Description	Commercial	Industrial	Total
Job Growth	274,433	115,590	390,023
Land Demand (ac.)	5,159	8,960	14,119



Non-federal (municipal & private) parcels tend to be smaller

- Excludes federal parcels
- Most parcels relatively small
- Only 22 parcels of 60+ acres
- Parcels, by size range
 ✓ 20 40 acres: 64%
 ✓ 40 60 acres: 19%
 ✓ 60 80 acres: 10%
 ✓ 80 100 acres: 2%
 ✓ 100+ acres: 5%



Employment Land Analysis Non-Federally-Owned Parcel Inventory, by Acres: 2019



Municipalities do not have many parcels to offer

- Municipally-owned parcels only
- Most parcels relatively small
- Only 7 parcels of 60+ acres
- Parcels, by size range
 ✓ 20 40 acres: 63%
 ✓ 40 60 acres: 8%
 ✓ 60 80 acres: 17%
 ✓ 80 100 acres: 4%
 ✓ 100+ acres: 8%



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Employment Land Analysis <u>Municipally-Owned</u> Parcel Inventory, by Acres: 2019



Netting out municipal parcels, private sector parcels are also limited

- Privately-owned parcels only
- Most parcels relatively small
- Only 15 parcels of 60+ acres
- Parcels, by size range
 ✓ 20 40 acres: 64%
 ✓ 40 60 acres: 21%
 ✓ 60 80 acres: 9%
 ✓ 80 100 acres: 1%
 ✓ 100+ acres: 5%

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Employment Land Analysis Privately-Owned Parcel Inventory, by Acres: 2019





Economic Costs of Land Supply Constraints

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Methodology

- Data sources: IMPLAN, Woods & Poole Economics
- IMPLAN metrics for output, jobs, earnings (personal & business), GRP to create base-case
- Woods & Poole Economics growth rates applied to IMPLAN metrics
- 3 scenarios developed:
 - ✓ Unconstrained ("base-case")
 ✓ 3% cost disadvantage due to land constraints
 ✓ 5% cost disadvantage due to land constraints
- Cost disadvantage: Refers to increased cost burden to firms modeled as a decline in contributions to economic output, jobs, earnings & Gross Regional/Domestic Product ("GRP or GDP"). Compared to the unconstrained base-case.
- Modeled % cost disadvantages via IMPLAN model to estimate disadvantage scenarios



Economic Output reduced by up to \$69.5B in 2035

(Output includes intermediate supply chain steps before reaching the consumer)

Effects of Cost Disadvantages: So. NV Output/Spending,

- Avg. annual output growth

 ✓ Base-case (not constrained): 2.8%
 ✓ 3% cost disadvantage: 1.9%
 ✓ 5% cost disadvantage: 1.3%
- By 2035, base-case growth reduced by:
 ✓ 3% cost disadvantage: \$43.6B
 ✓ 5% cost disadvantage: \$69.5B
- By 2035 base-case growth reduced by:
 ✓ 3% cost disadvantage: 14%
 ✓ 5% cost disadvantage: 22%

Sources: RCG Economics, IMPLAN, Woods & Poole Economics





There are various cost disadvantages caused by land constraints. For example, rents would likely rise due to lack of available space, resulting in higher costs to businesses relative to other regions. The 3% & 5% cost disadvantages herein are hypothetical values meant to show how relatively small disadvantages can cause relatively large potential negative economic effects.

Total jobs potentially reduced by up to 329k in 2035 due to cost disadvantages

• Avg. annual job growth

✓ Base-case (not constrained): 1.9%
✓ 3% cost disadvantage: 1.2%
✓ 5% cost disadvantage: 0.7%

- By 2035, base-case growth reduced by:
 ✓ 3% cost disadvantage: 204.8K jobs
 ✓ 5% cost disadvantage: 329.1K jobs
- By 2035, base-case growth reduced by:
 ✓ 3% cost disadvantage: 11%
 ✓ 5% cost disadvantage: 18%



Effects of Cost Disadvantages: So. NV Employment, 2018-

Sources: RCG Economics, IMPLAN, Woods & Poole Economics



Earnings could be reduced by up to \$19B in 2035 (Earnings = Business & Personal)

- Avg. annual earnings growth

 ✓ Base-case (not constrained): 2.8%
 ✓ 3% cost disadvantage: 2.0%
 ✓ 5% cost disadvantage: 1.6%
- By 2035, base-case growth reduced by:
 ✓ 3% cost disadvantage: \$12.2B
 ✓ 5% cost disadvantage: \$19.5B
- By 2035, base-case growth reduced by:
 ✓ 3% cost disadvantage: 11%
 ✓ 5% cost disadvantage: 18%





Effects of Cost Disadvantages: So. NV Earnings, 2018-2035



Sources: RCG Economics, IMPLAN, Woods & Poole Economics



Recommendations & Major Findings

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Recommendations & Major Findings

- Nevada's Congressional delegation should aggressively move the Act forward
- Economic development & growth, infrastructure will be impacted as soon as 2030 if So. NV's land supply is not increased, especially as it relates to larger developable parcels
- Failing to ensure an adequate supply of developable employment land will severely impact So. NV's future economic competitiveness & resilience
- What appears to be small % changes in GRP lead to very large dollar impacts
- A healthy natural environment depends on a healthy regional economy & a healthy regional economy depends on a healthy natural environment; balanced land use policies are key
- Adopting pragmatic land use & economic strategies based on hard data are key to building on So. NV's economic strengths in order to broaden the region's mix of businesses & industries; including higher-quality jobs



Recommendations & Major Findings, cont.

- Using creative, innovative & balanced land use strategies will help make So. NV become a leading Western logistics hub
- Focusing on inventive land use strategies will also help attract a broader set of businesses to the region, leading to accelerated technology adoption & workforce development
- Even with the current challenges, So. NV should aggressively lean forward; other regions are not waiting to develop their sustainable economic development, green technology & balanced land use strategies
- Finally, there is nothing standing in the way of So. NV becoming a leader in the resilient economy movement, while building on its unique economic structure & location





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