



NEVADA  
CONTRACTORS  
ASSOCIATION

ONE INDUSTRY. ONE VOICE

# RESIDENTIAL & COMMERCIAL DEVELOPMENT ACTIVITY FORECAST





The data and analysis that follows is preliminary and subject to change. The COVID-19 health crisis is evolving on a daily basis.



National  
Economic  
Recession



Local  
Health  
Crisis



Local  
Economic  
Conditions



Residential  
Market  
Trends



Commercial  
Market  
Trends



Development  
Activity  
Outlook





National  
Economic  
Recession



Local  
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Crisis



Local  
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Residential  
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Development  
Activity  
Outlook



# COVID-19



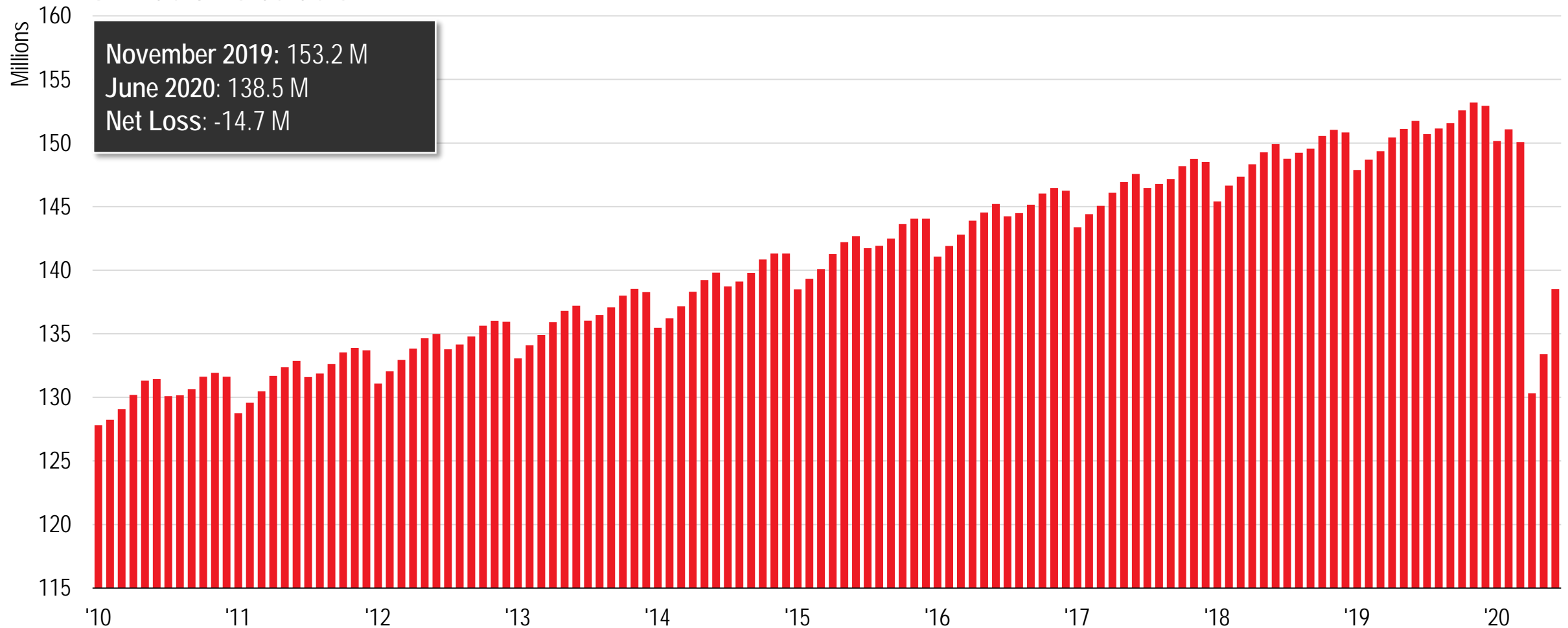
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The U.S. entered a recession in February, according to the official economic arbiter

*"U.S. GDP fell 5% in the first quarter and is likely to post the worst decline in history for the second quarter – possibly more than 50%. The recession brings to an end the longest expansion in U.S. history...dated as lasting 128 months, or nearly 11 years."*

# Establishment-Based Employment

## United States



Source: U.S. Bureau of Labor Statistics



# Unemployment Rate

## United States

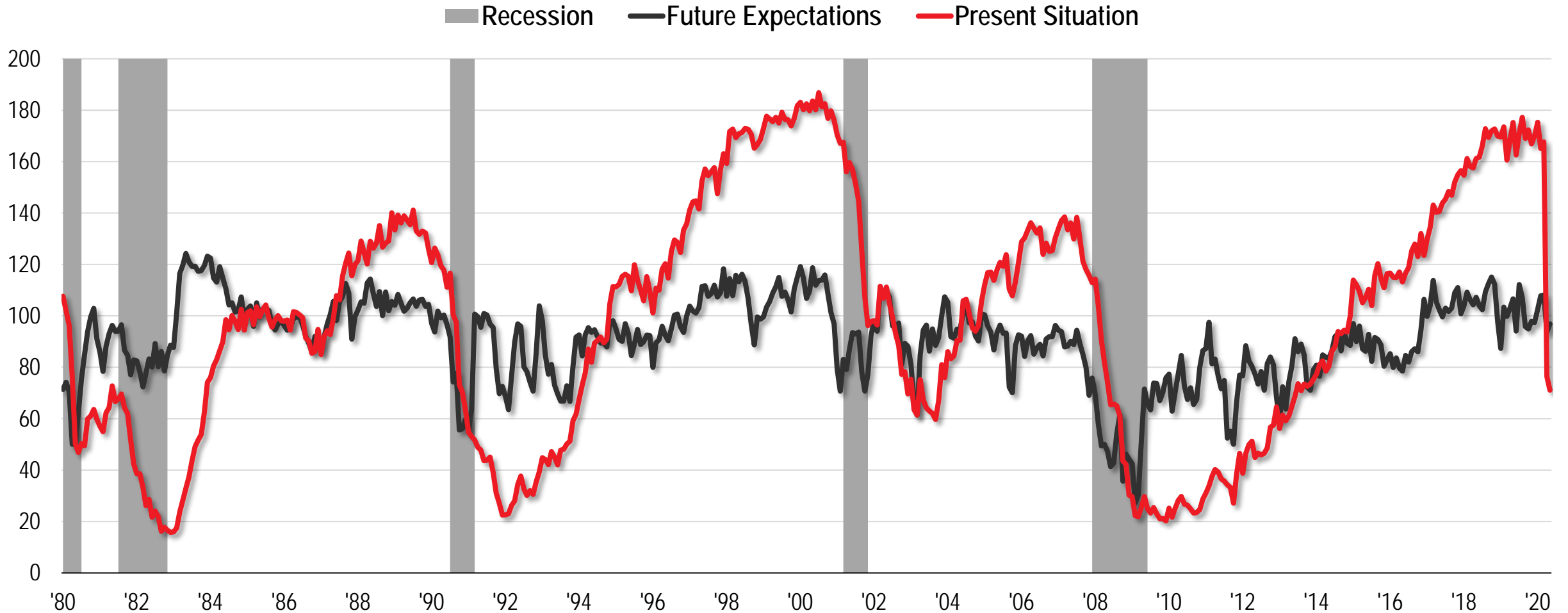


Source: U.S. Bureau of Labor Statistics



# Consumer Confidence

## United States



Source: The Conference Board



National  
Economic  
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Local  
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Local  
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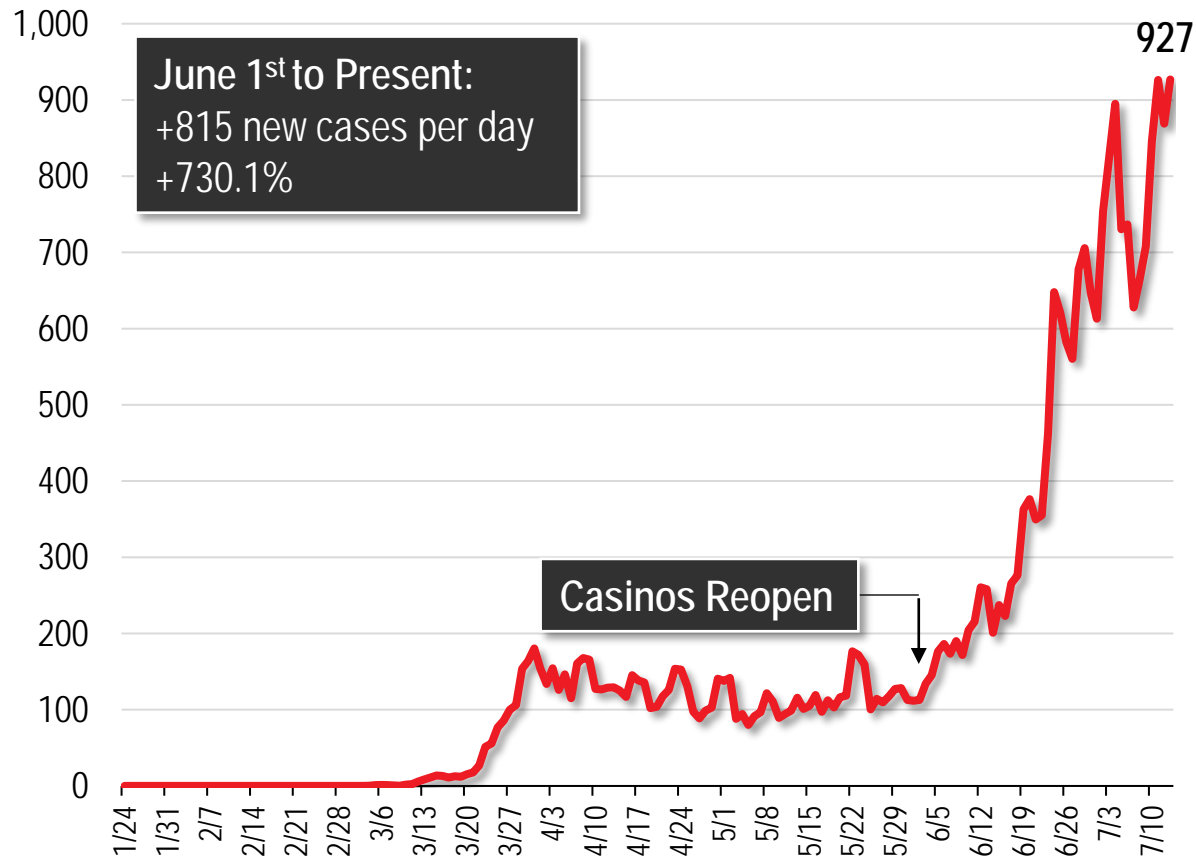
Commercial  
Market  
Trends



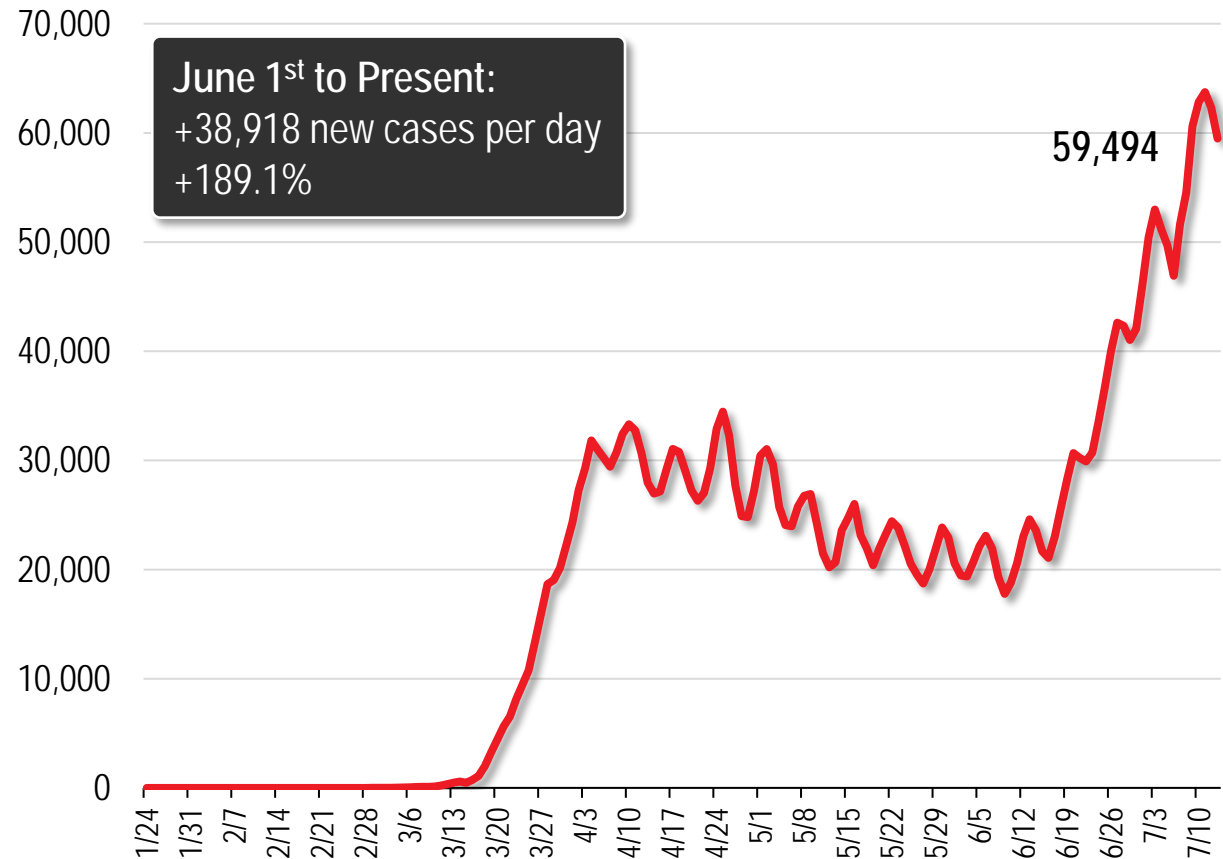
Development  
Activity  
Outlook

# New Daily COVID-19 Cases 3-Day Rolling Average

Nevada



United States

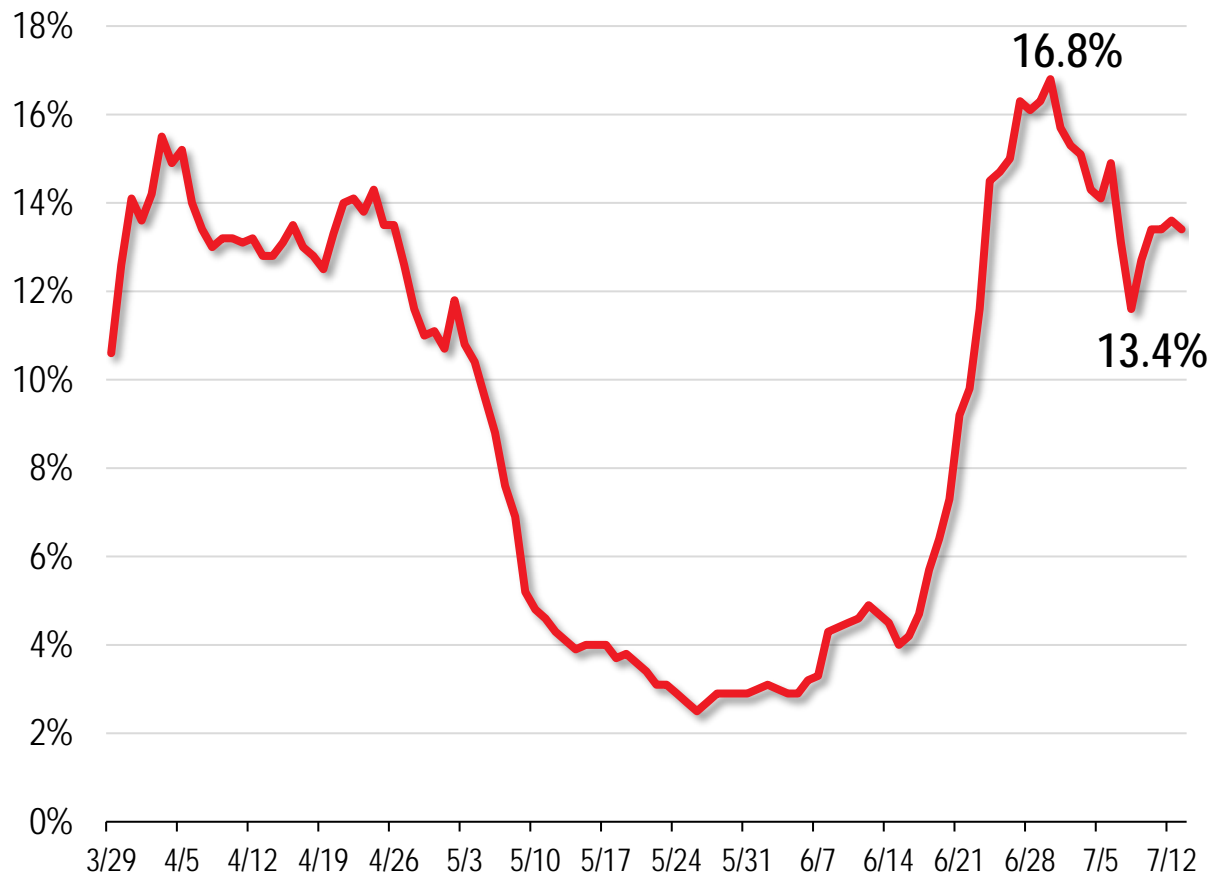


Source: Johns Hopkins University; Nevada Department of Health and Human Services

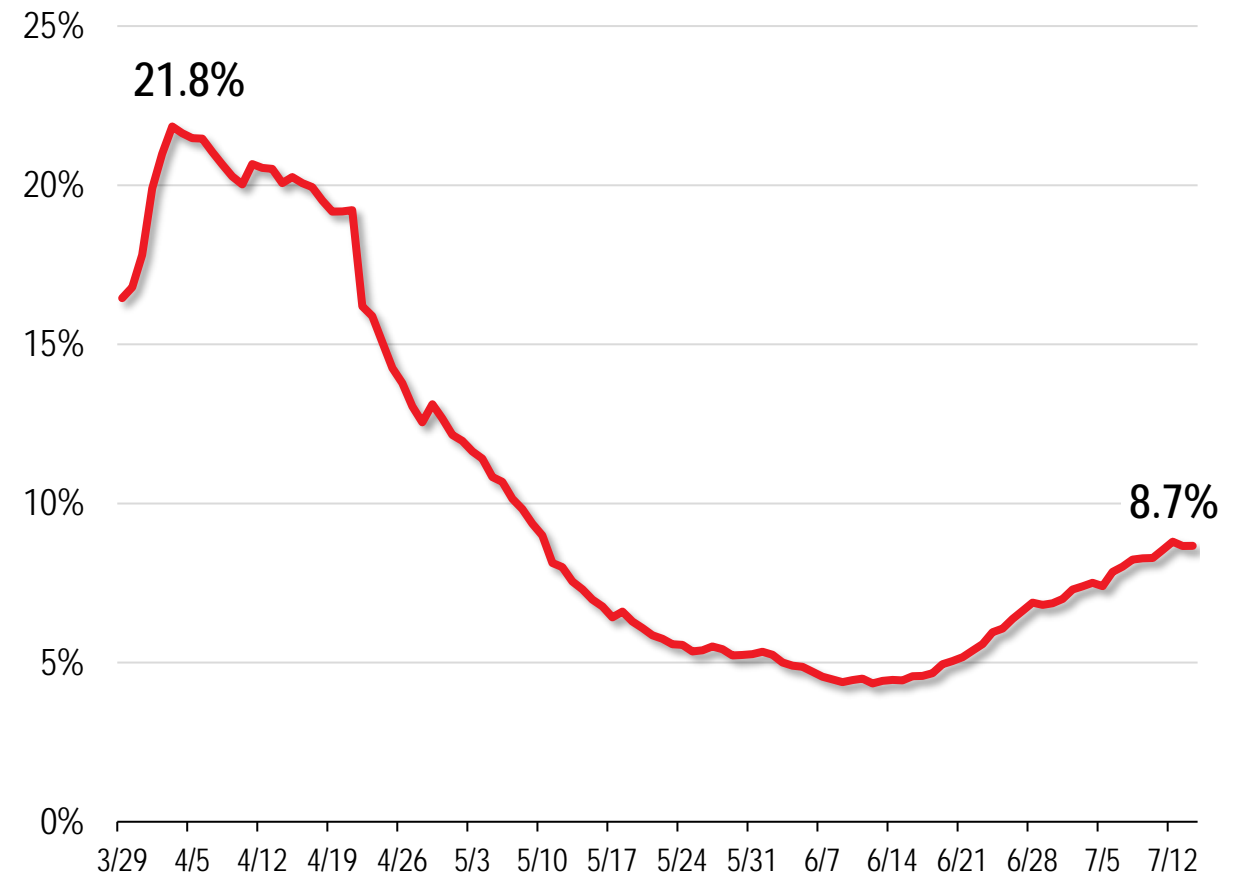
# COVID Testing Positivity Rate

## 7-Day Moving Average

Nevada



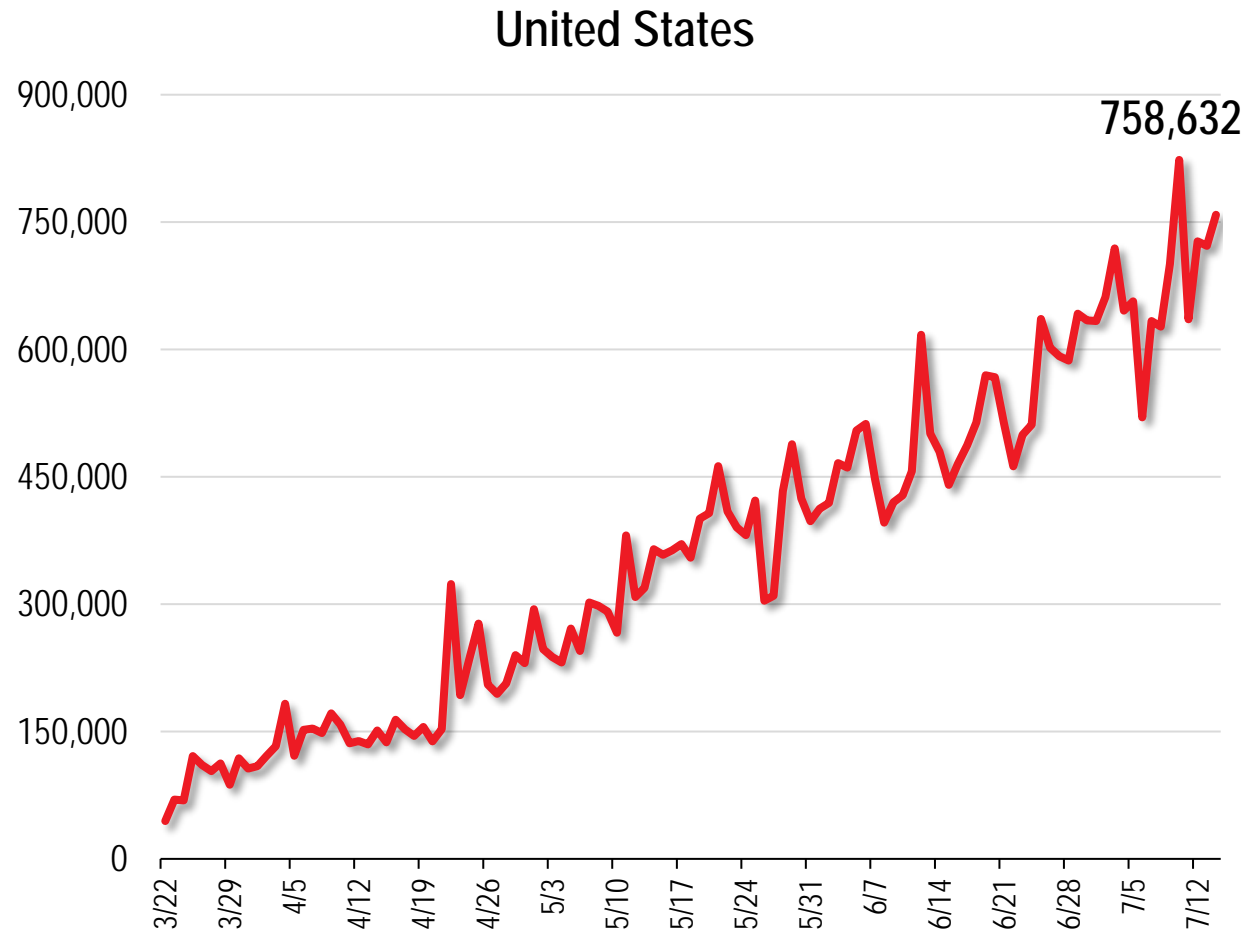
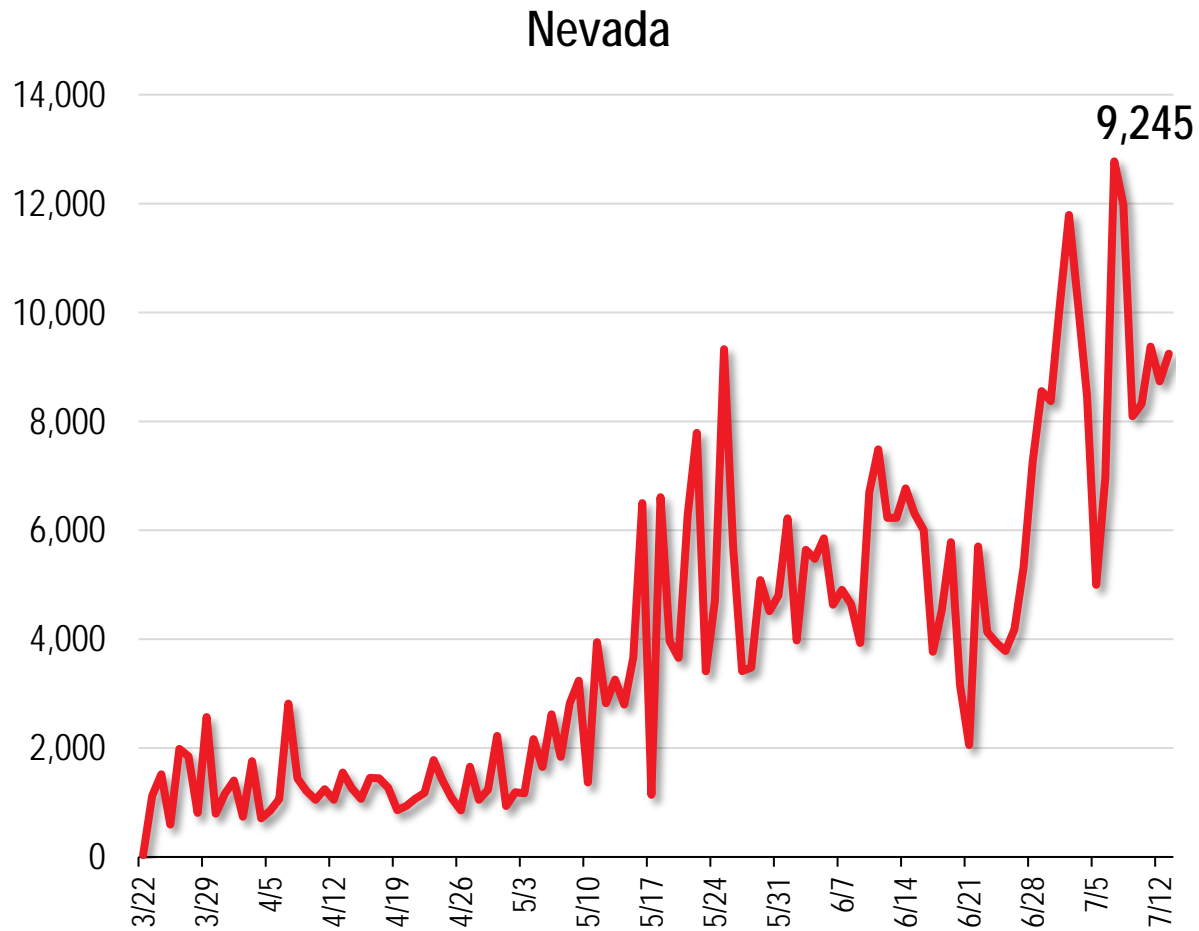
United States



Source: Nevada Department of Health and Human Services; CovidTracking



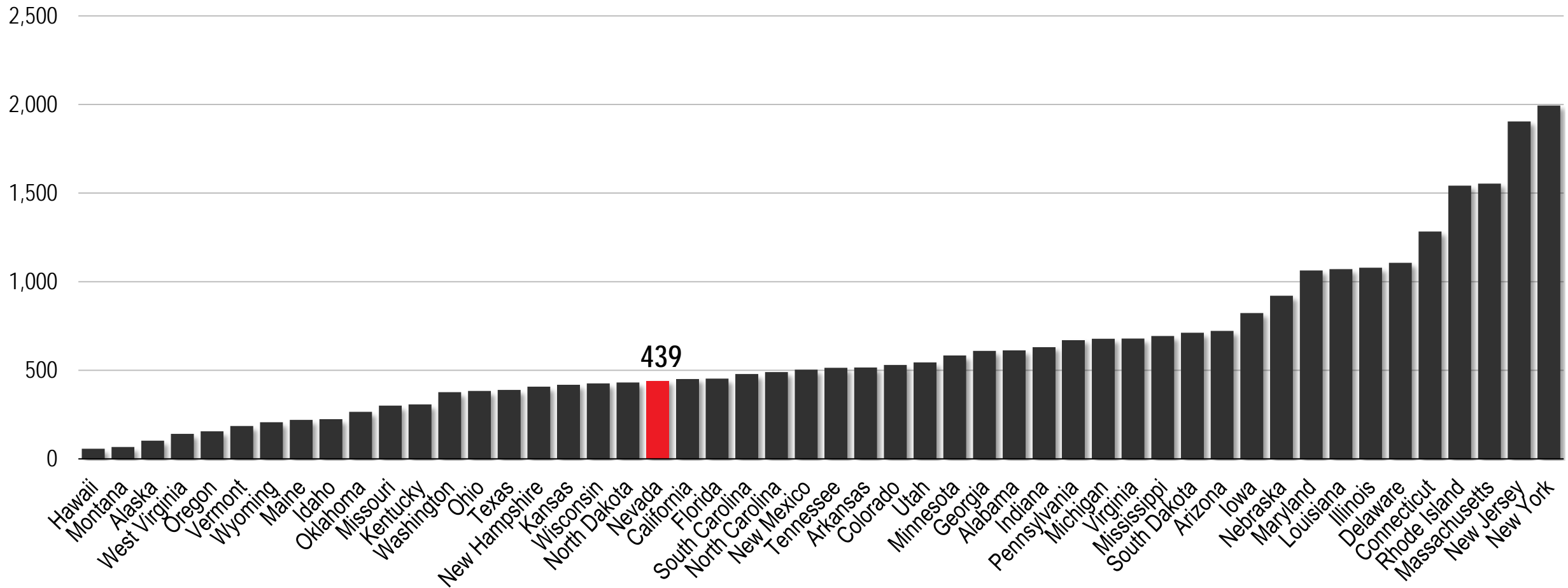
# COVID-19 Testing Counts per Day



Source: Nevada Department of Health and Human Services; CovidTracking

# Confirmed COVID-19 Cases per 100,000 Residents

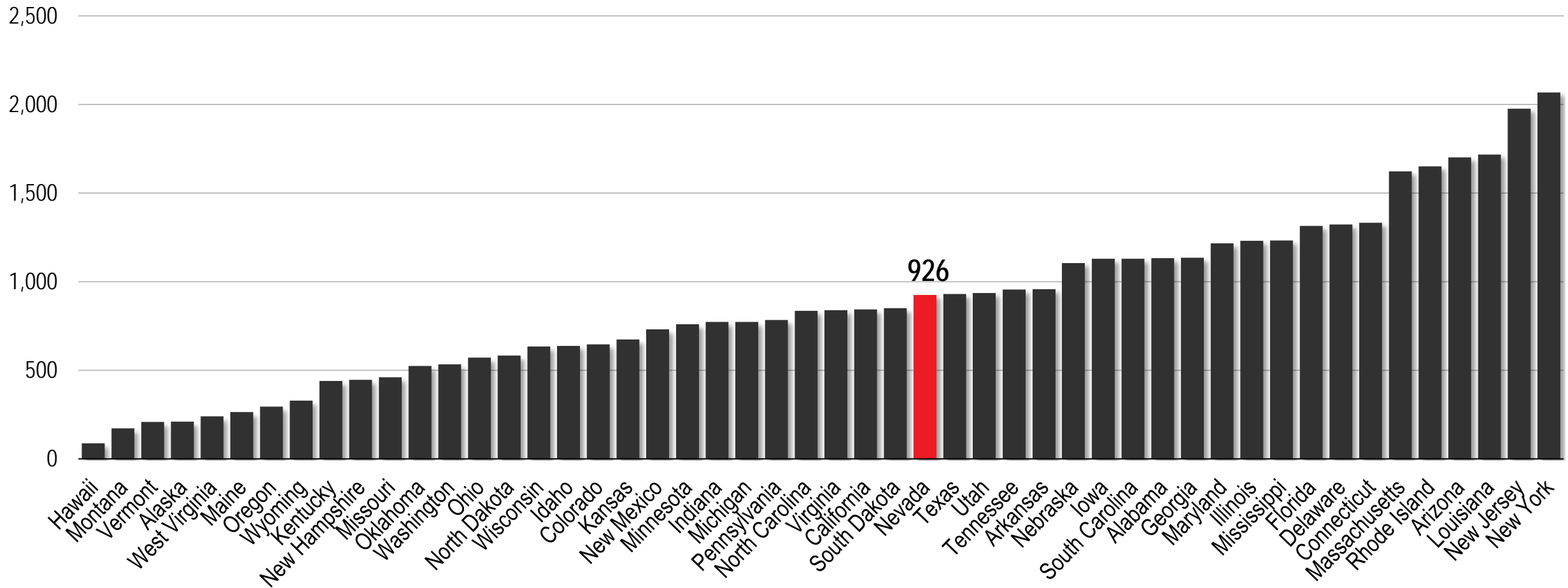
## By State (June 21)



Source: Johns Hopkins University; Nevada Department of Health and Human Services; US Census Bureau

# Confirmed COVID-19 Cases per 100,000 Residents

## By State (July 13)



Source: Johns Hopkins University; Nevada Department of Health and Human Services; US Census Bureau

NO SHIRT. NO SHOES.  
**NO MASK. NO SERVICE.**

Learn more at [nvhealthresponse.nv.gov](https://nvhealthresponse.nv.gov)







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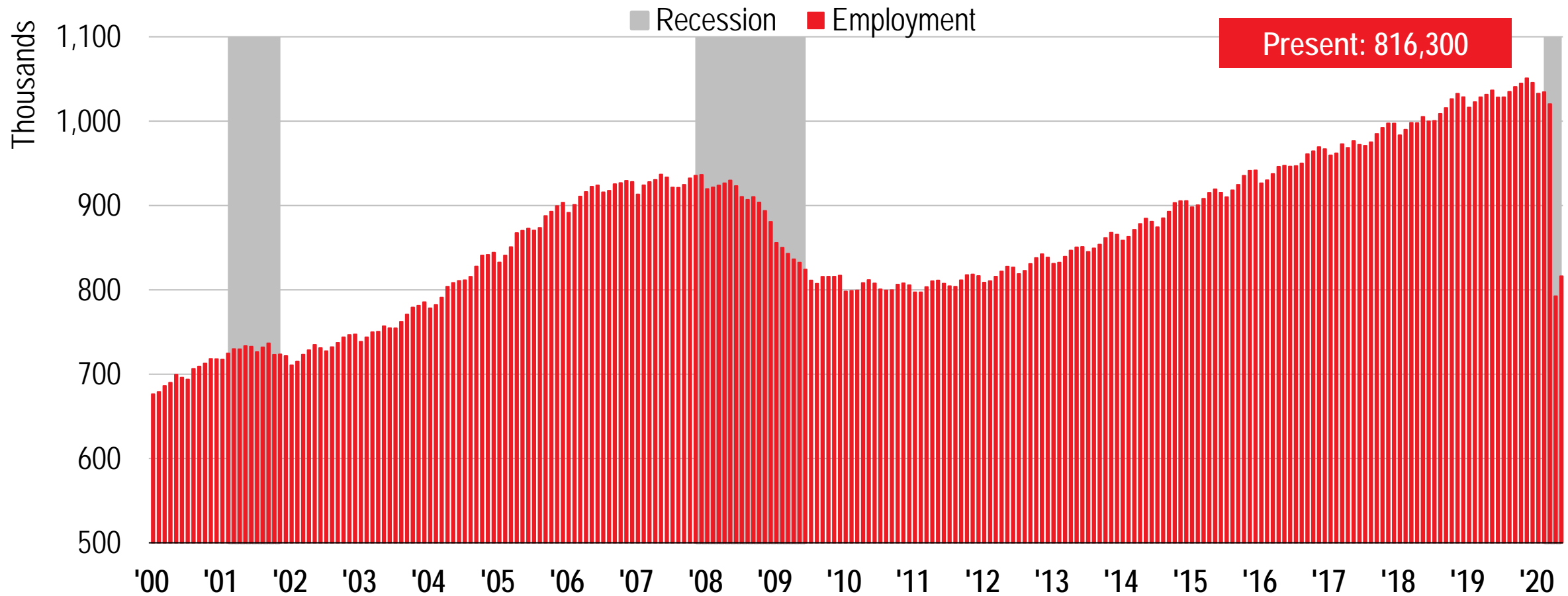
Commercial  
Market  
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Development  
Activity  
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# Employment

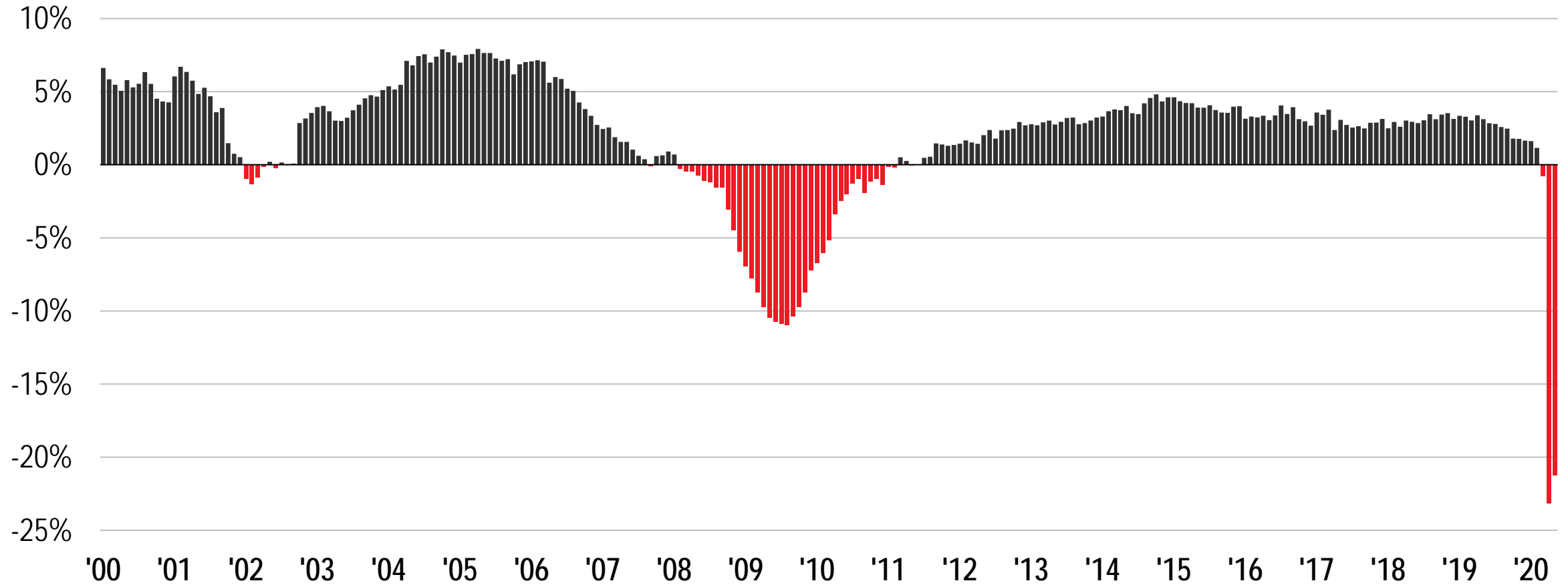
## Las Vegas Metropolitan Area



Source: U.S. Bureau of Labor Statistics

# Employment Growth

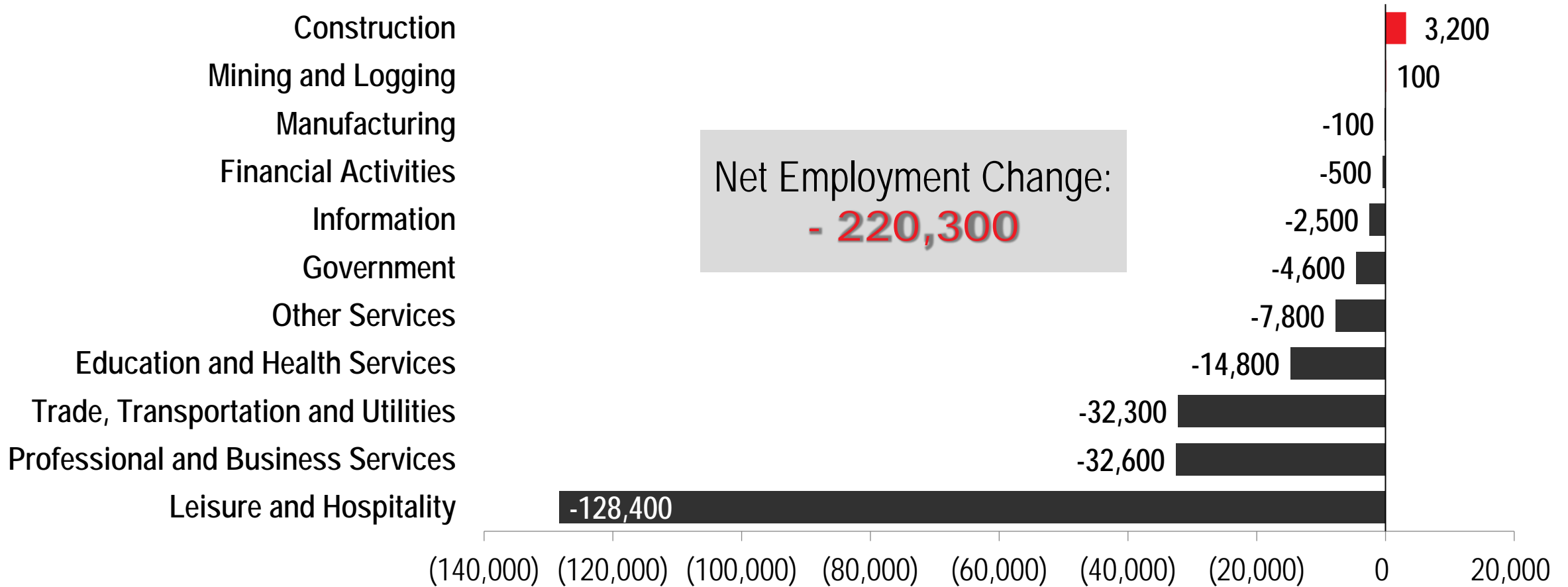
Las Vegas Metropolitan Area | Year-over-Year



Source: U.S. Bureau of Labor Statistics

# Employment Growth

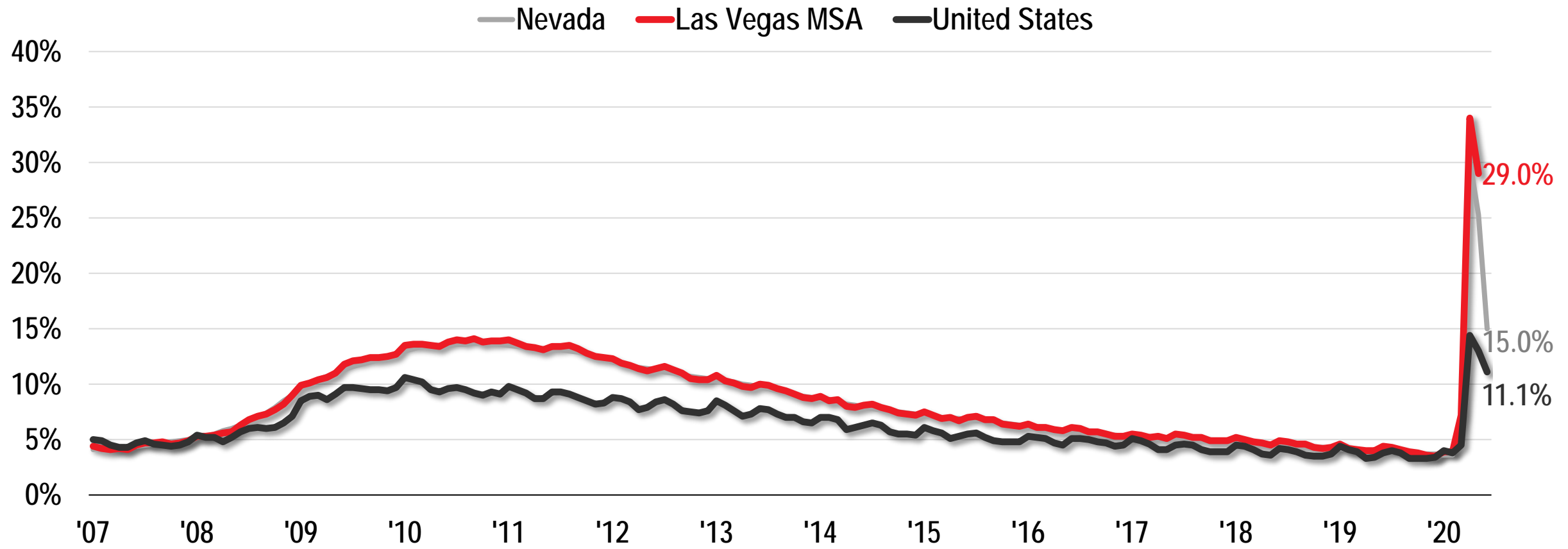
Las Vegas Metropolitan Area | Last 12 Months



Source: U.S. Bureau of Labor Statistics (May 2020 vs. May 2019)

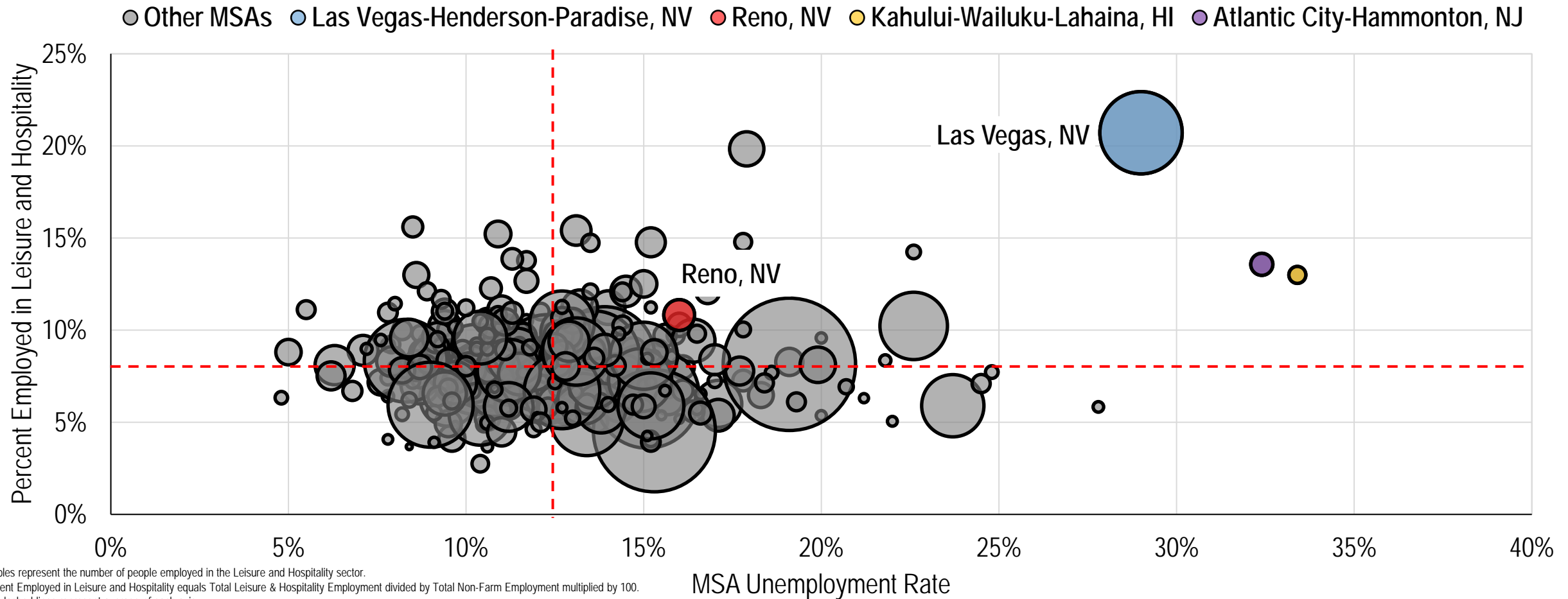


# Unemployment Rate



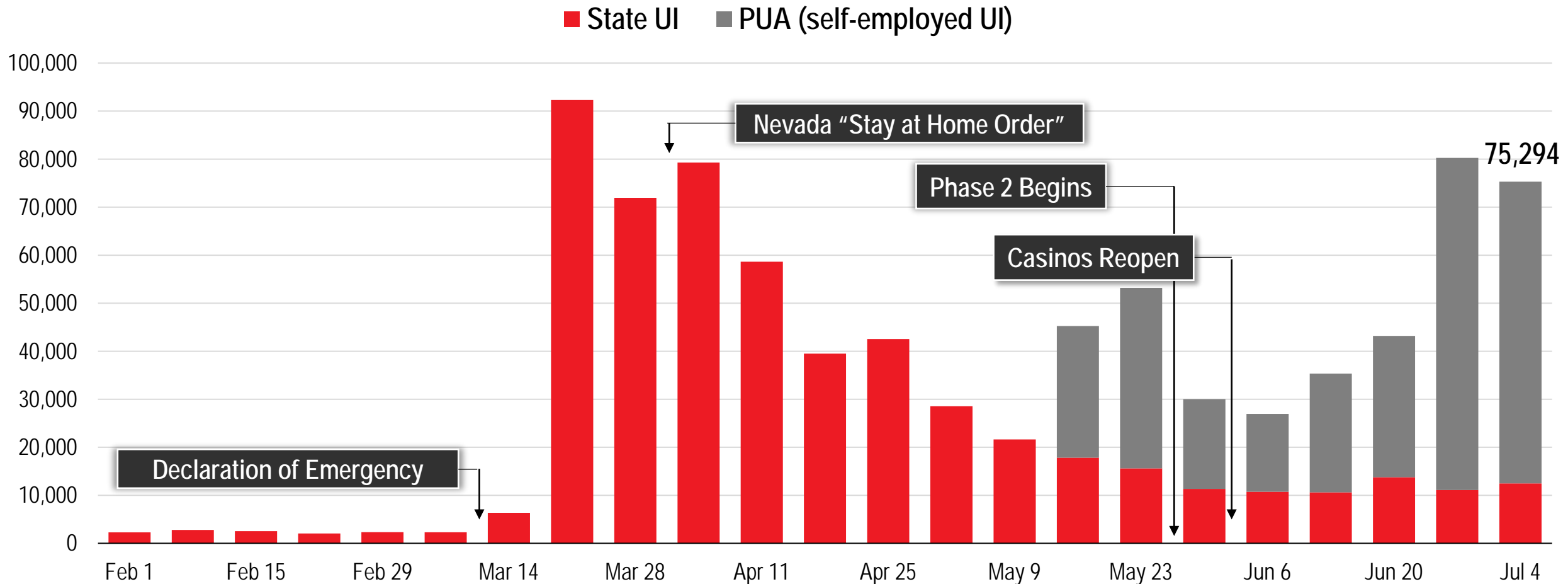
Source: U.S. Bureau of Labor Statistics

# MSA Unemployment Rate vs. Percent Employed in Leisure/Hospitality vs. Size of Leisure/Hospitality Industry



# Direct Impact on Nevada's Unemployment

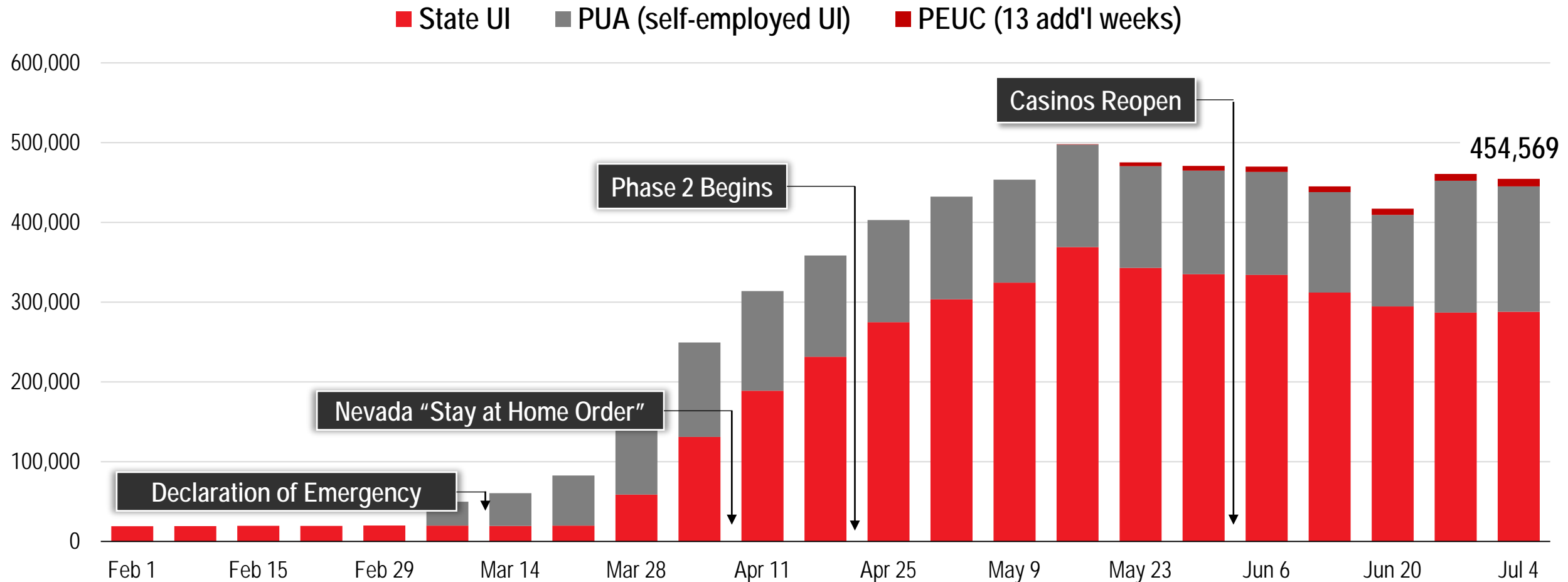
## Initial Unemployment Insurance Claims



Source: Nevada Department of Employment, Training and Rehabilitation

# Direct Impact on Nevada's Unemployment

## Continued Unemployment Insurance Claims



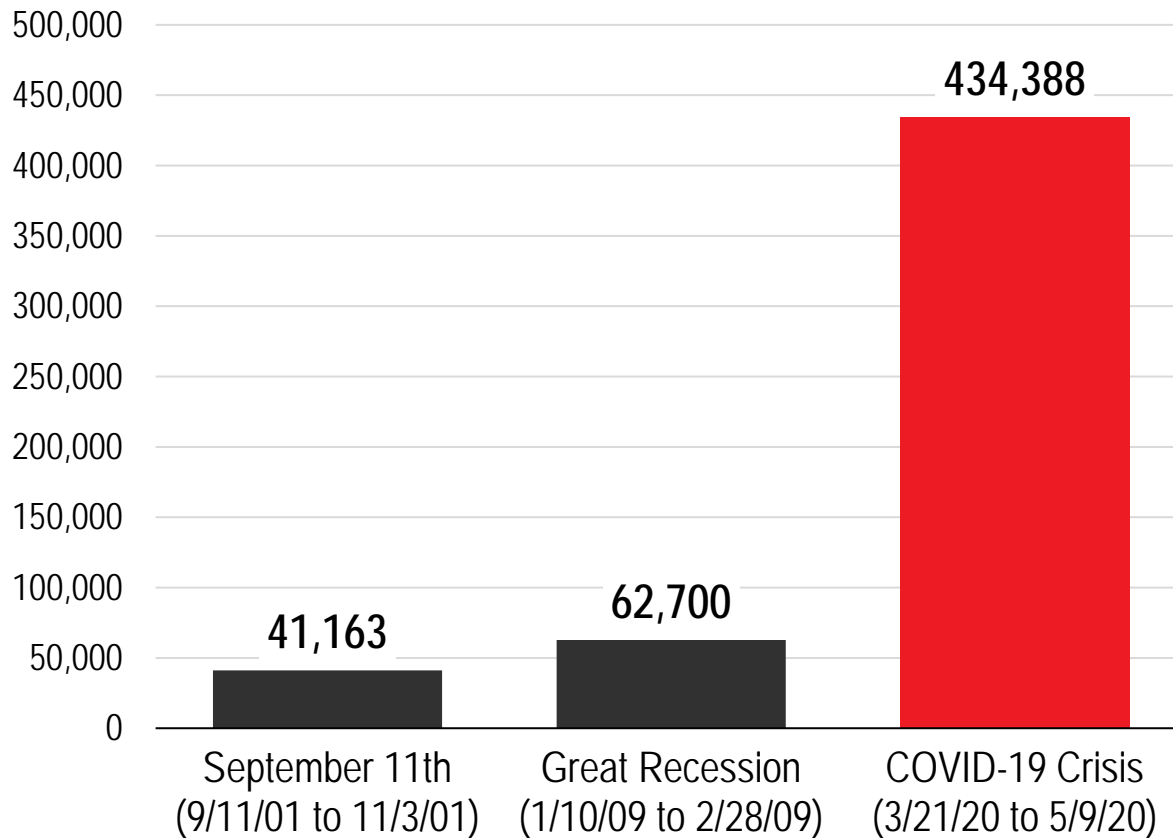
Source: Nevada Department of Employment, Training and Rehabilitation



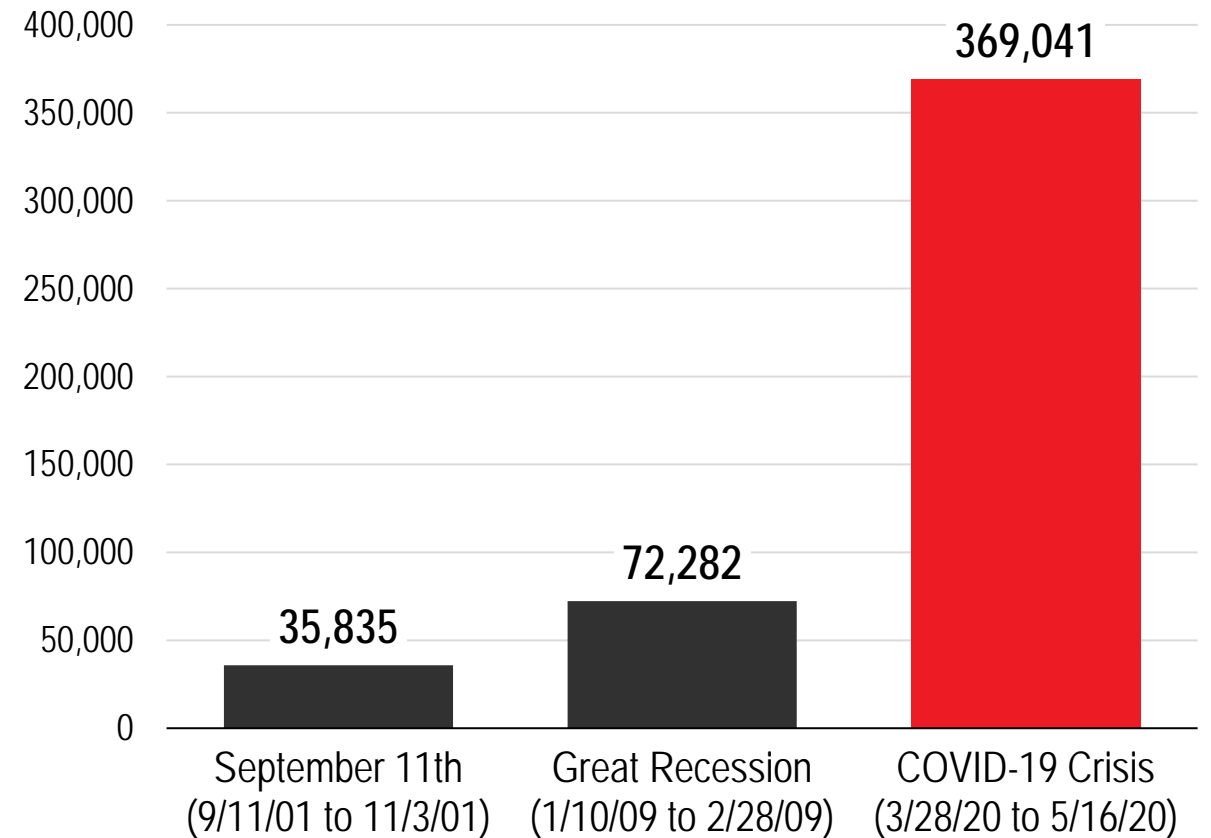
# Unemployment Insurance Claims

## Historical 8-Week Periods

Initial Claims



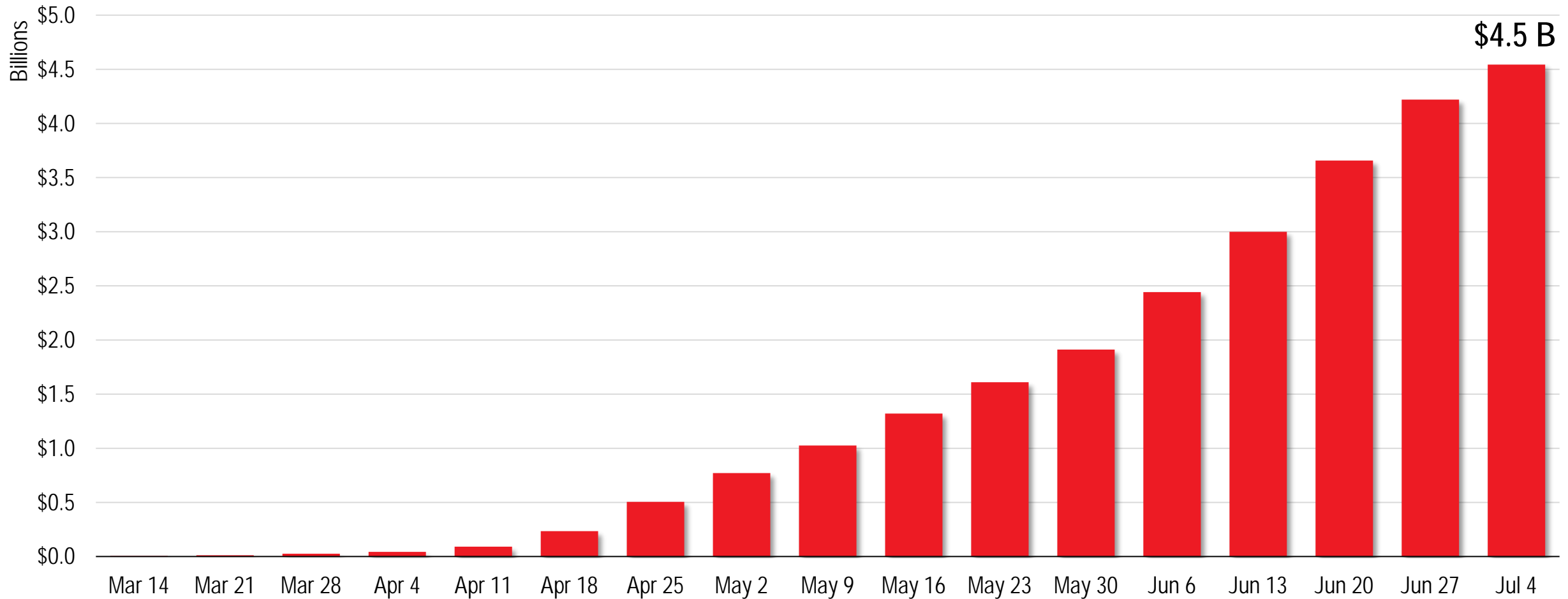
Continued Claims



Source: Nevada Department of Employment, Training and Rehabilitation

# Cumulative Unemployment Insurance Payments

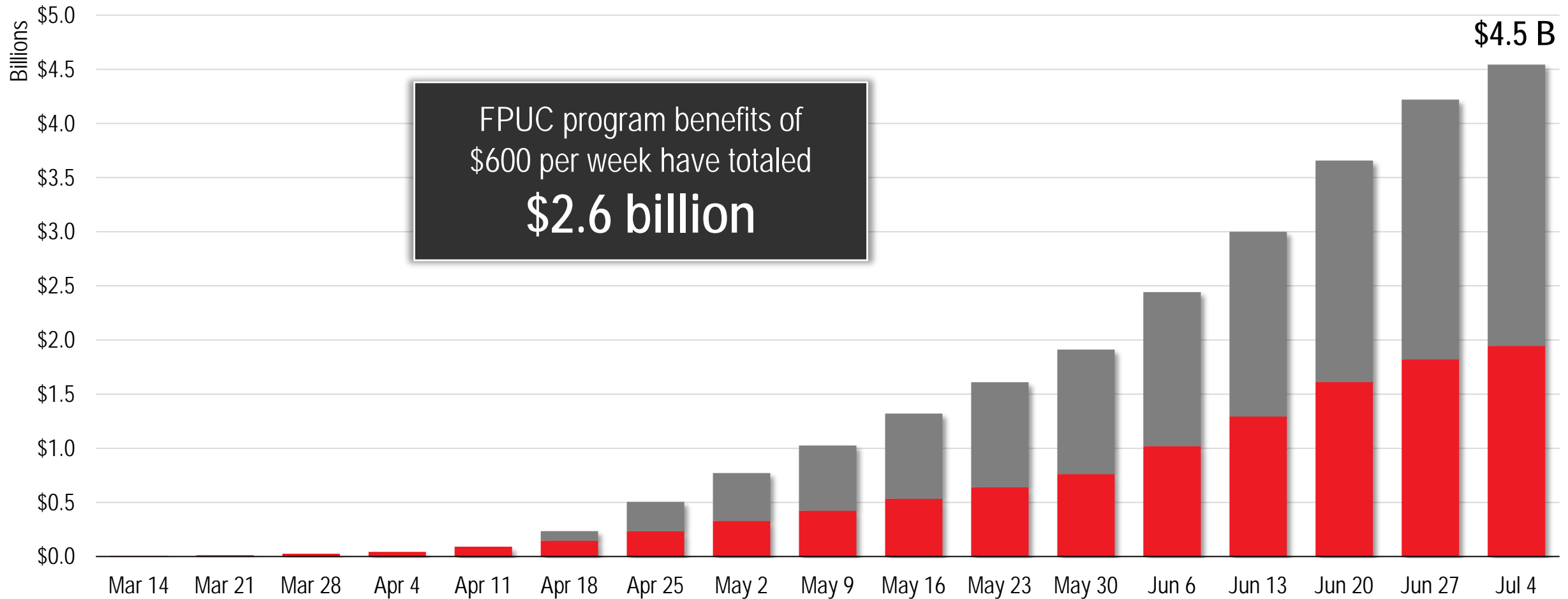
## State and Federal Programs



Source: Nevada Department of Employment, Training and Rehabilitation

# Cumulative Unemployment Insurance Payments

## State and Federal Programs



Source: Nevada Department of Employment, Training and Rehabilitation

# LAS VEGAS REVIEW-JOURNAL



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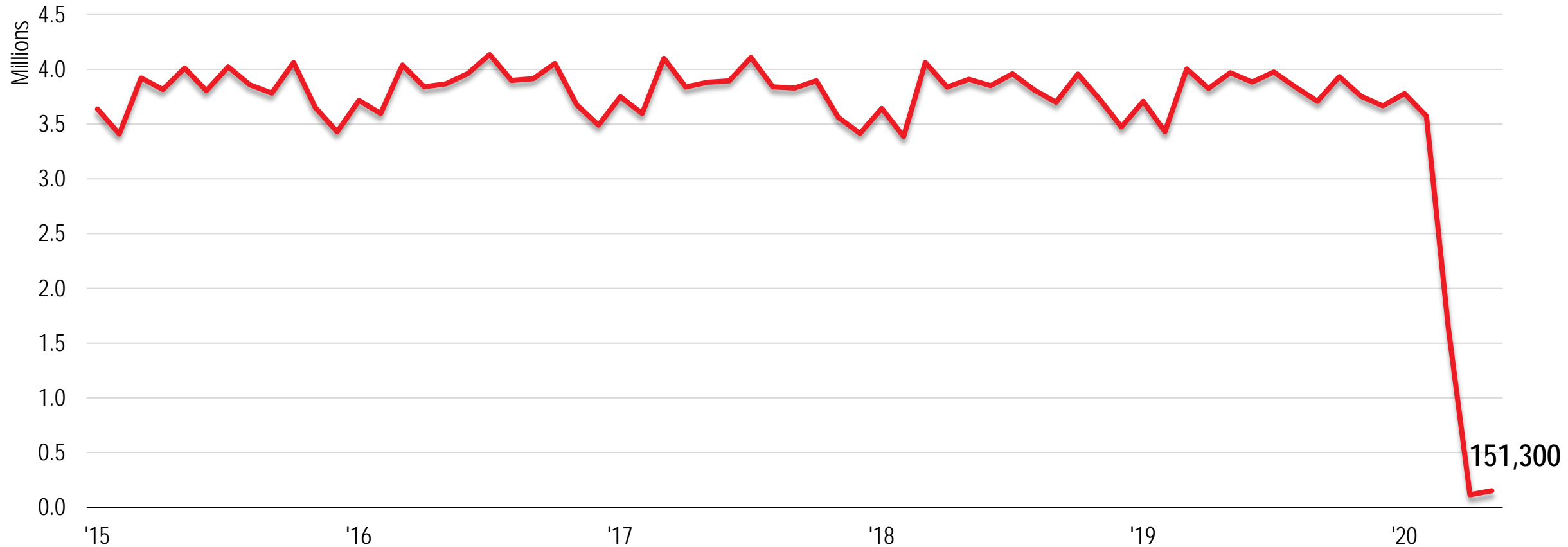
Las Vegas casinos reopening, bring hope for economic recovery

*"After 78 days of silence, Las Vegas' casinos came back to life Thursday, welcoming back the gaming and tourism that serves as Nevada's lifeblood... Since then, thousands of tourism industry jobs have been lost, leading Las Vegas to report the highest unemployment rate of any U.S. metropolitan area."*



# Southern Nevada Visitor Volume

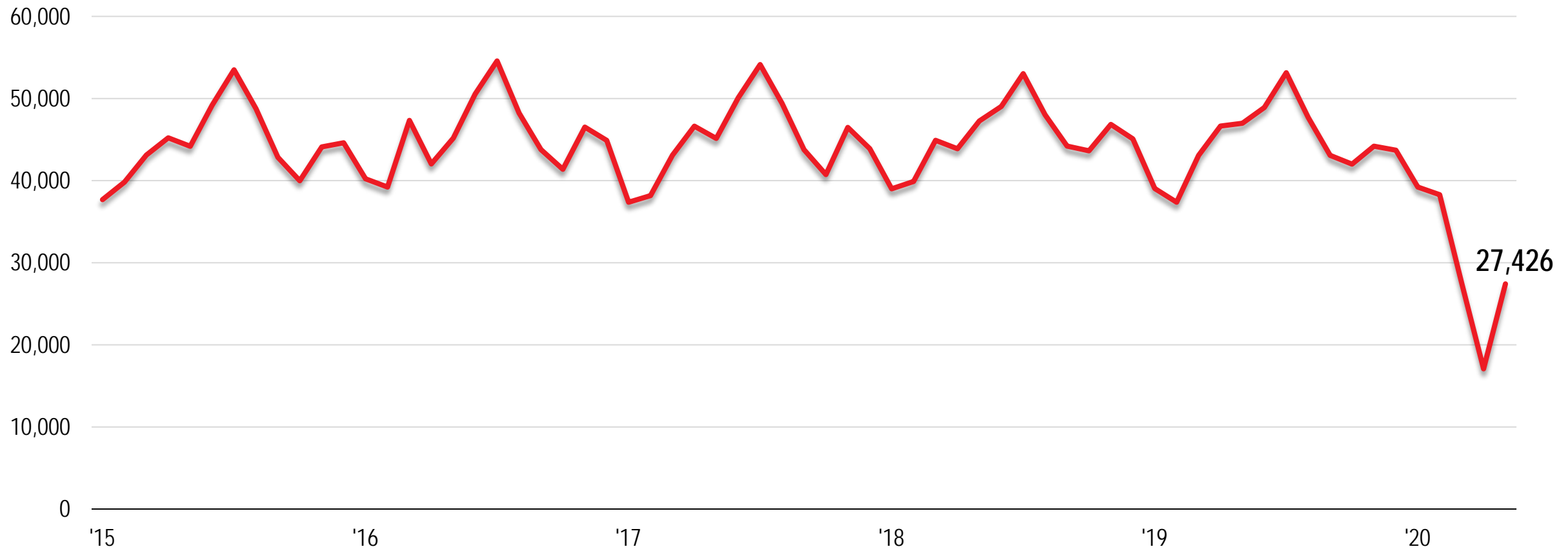
## Monthly Total



Source: Las Vegas Convention and Visitors Authority

# Daily Auto Traffic

## Interstate 15 at California Border



Source: McCarran International Airport

# McCarran International Airport Passengers

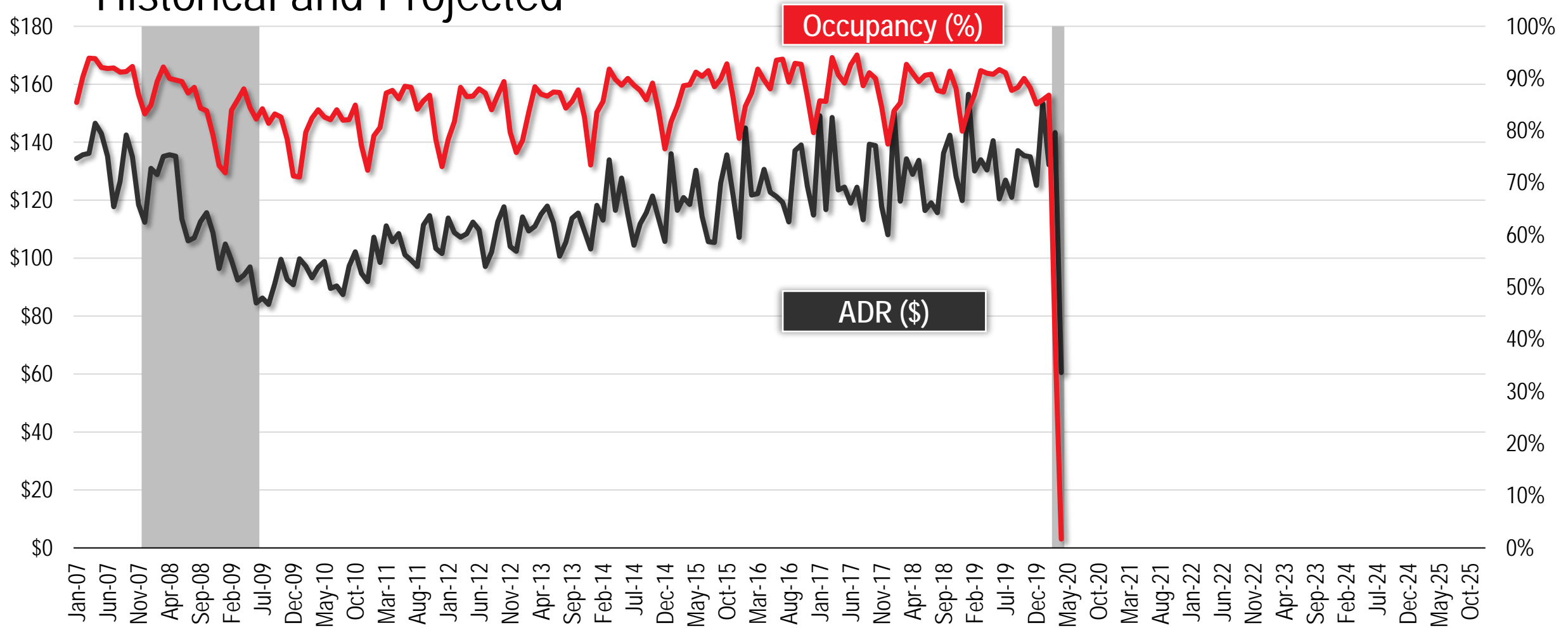
## Monthly Total



Source: McCarran International Airport

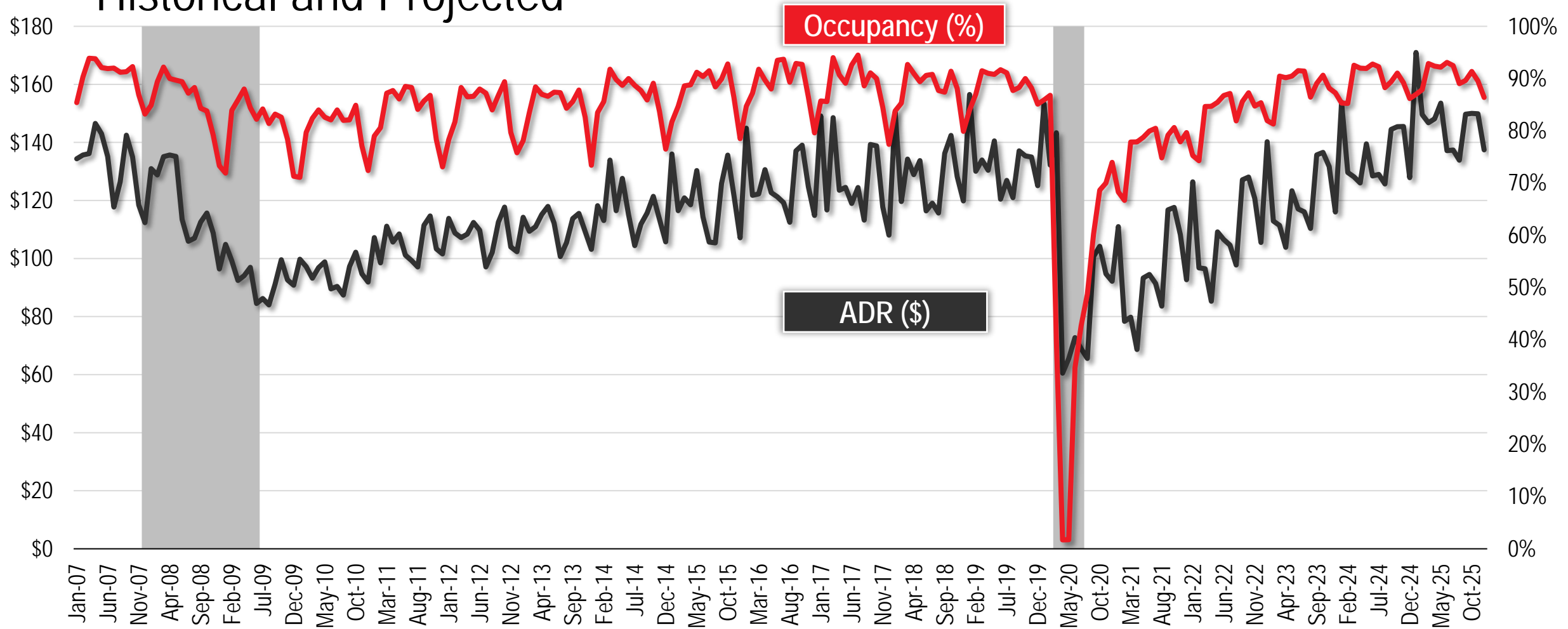
# Hotel Occupancy and ADR in Southern Nevada

## Historical and Projected



# Hotel Occupancy and ADR in Southern Nevada

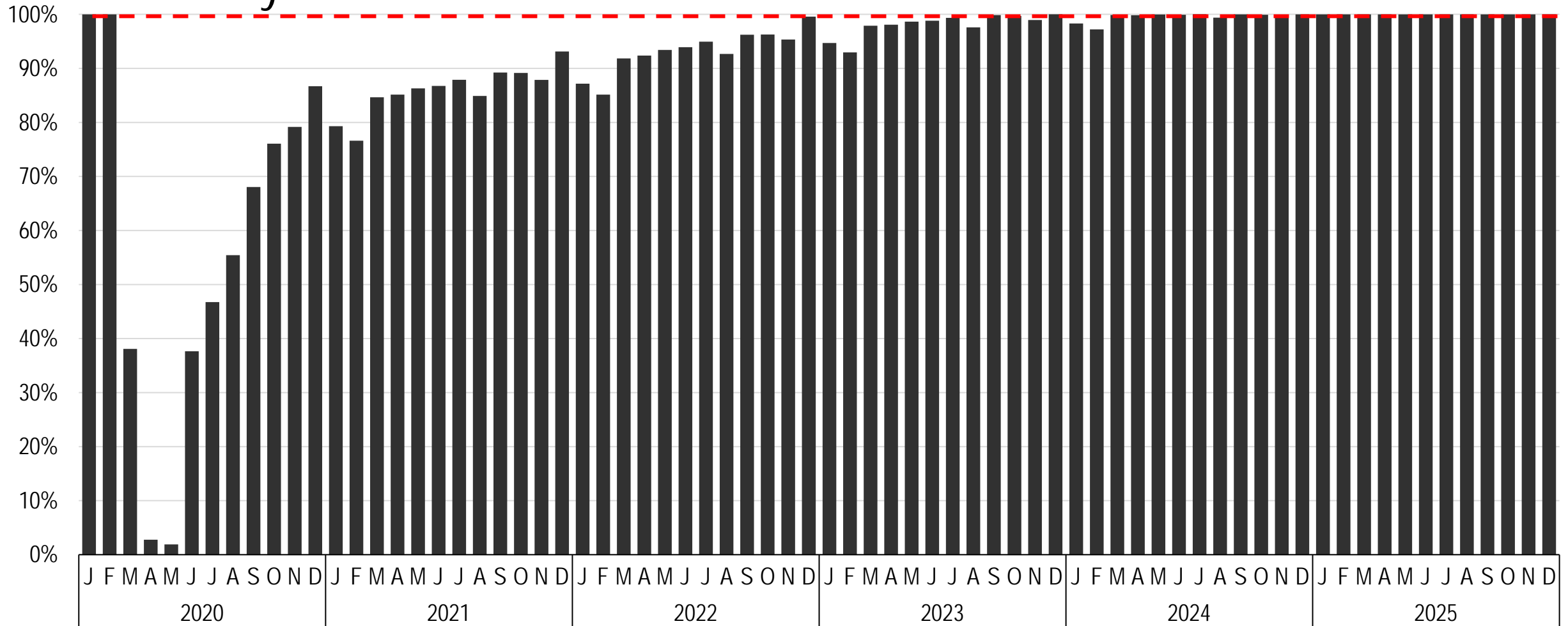
## Historical and Projected





# Visitor Volume in Southern Nevada

## Recovery Curve





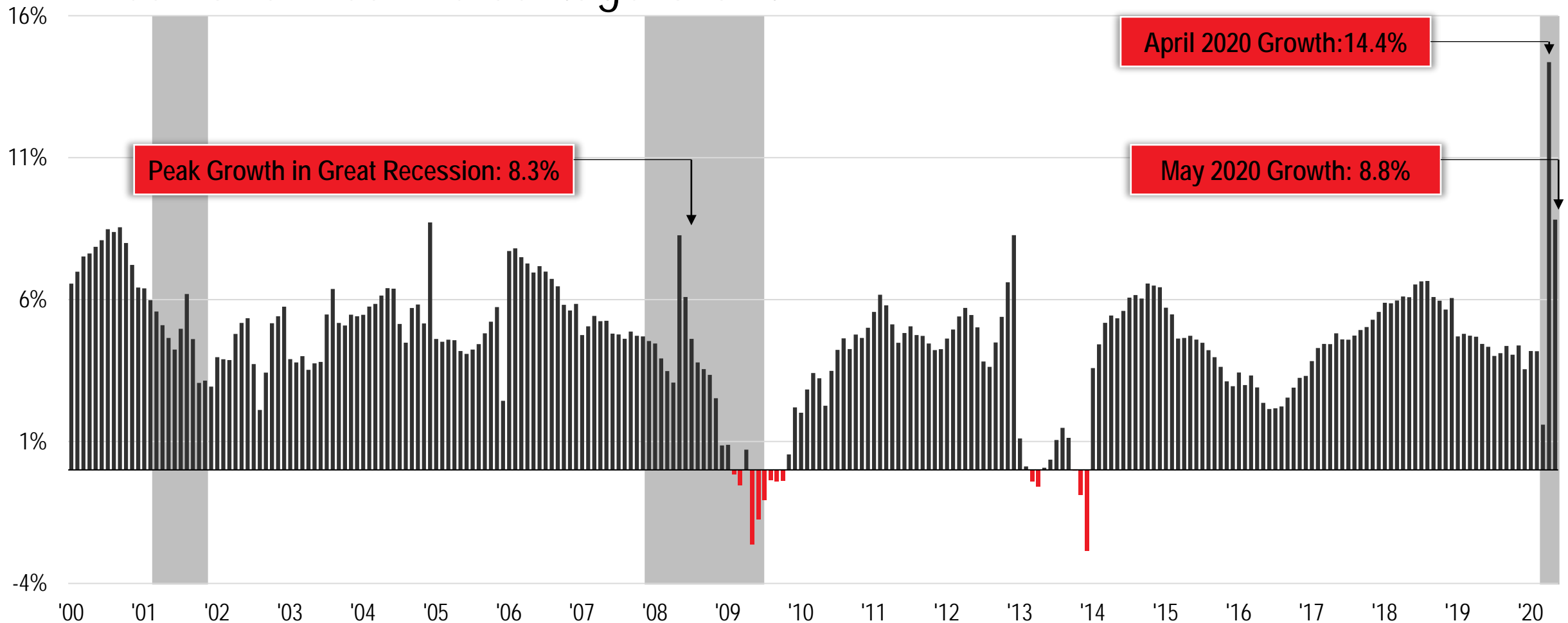
# CARES Act

Coronavirus Aid,  
Relief, and Economic  
Security Act



# U.S. Disposable Personal Income

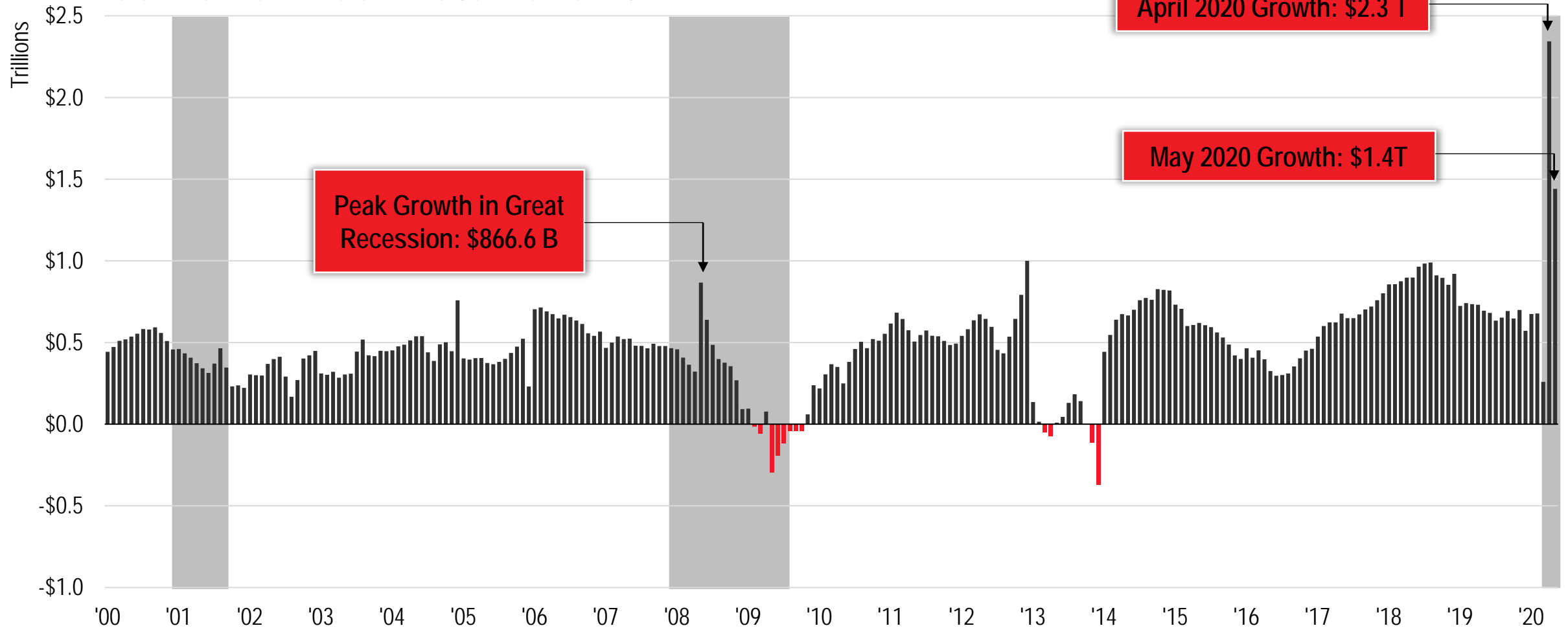
## Year-Over-Year Percentage Growth



Source: Federal Reserve Bank of St. Louis

# U.S. Disposable Personal Income

## Year-Over-Year Total Growth



Source: Federal Reserve Bank of St. Louis

# THE WALL STREET JOURNAL.

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## U.S. Retail Sales Rose Record 18% in May

*"Retail sales...increased a seasonally adjusted 17.7% in May from a month earlier...The May increase was the biggest in records dating back to 1992, and smashed economists' expectations for a 7.7% increase."*

Source: The Wall Street Journal



# Estimated CARES Act Aid Funding Allocation

## Nevada

Name	Estimated Funding
Paycheck Protection Program (PPP)	\$4.1 Billion
Emergency Increase in Unemployment Compensation (\$600 per Week)	\$3.7 Billion
2020 Recovery Rebates for Individuals (\$1,200 per Adult; \$500 per Child)	\$2.7 Billion
Coronavirus Relief Fund (State and Local Governments)	\$1.3 Billion
Pandemic Unemployment Assistance	\$1.1 Billion
Subsidy for Certain Loan Payments	\$824.5 Million
Expansion of the Medicare Hospital Accelerated Payment Program	\$617.1 Million
Public Health and Social Services Emergency Fund	\$470.2 Million
<u>Other</u>	<u>\$2.4 Billion</u>
<b>TOTAL</b>	<b>±\$17.2 Billion</b>

Note: Preliminary estimates and potentially conservative.



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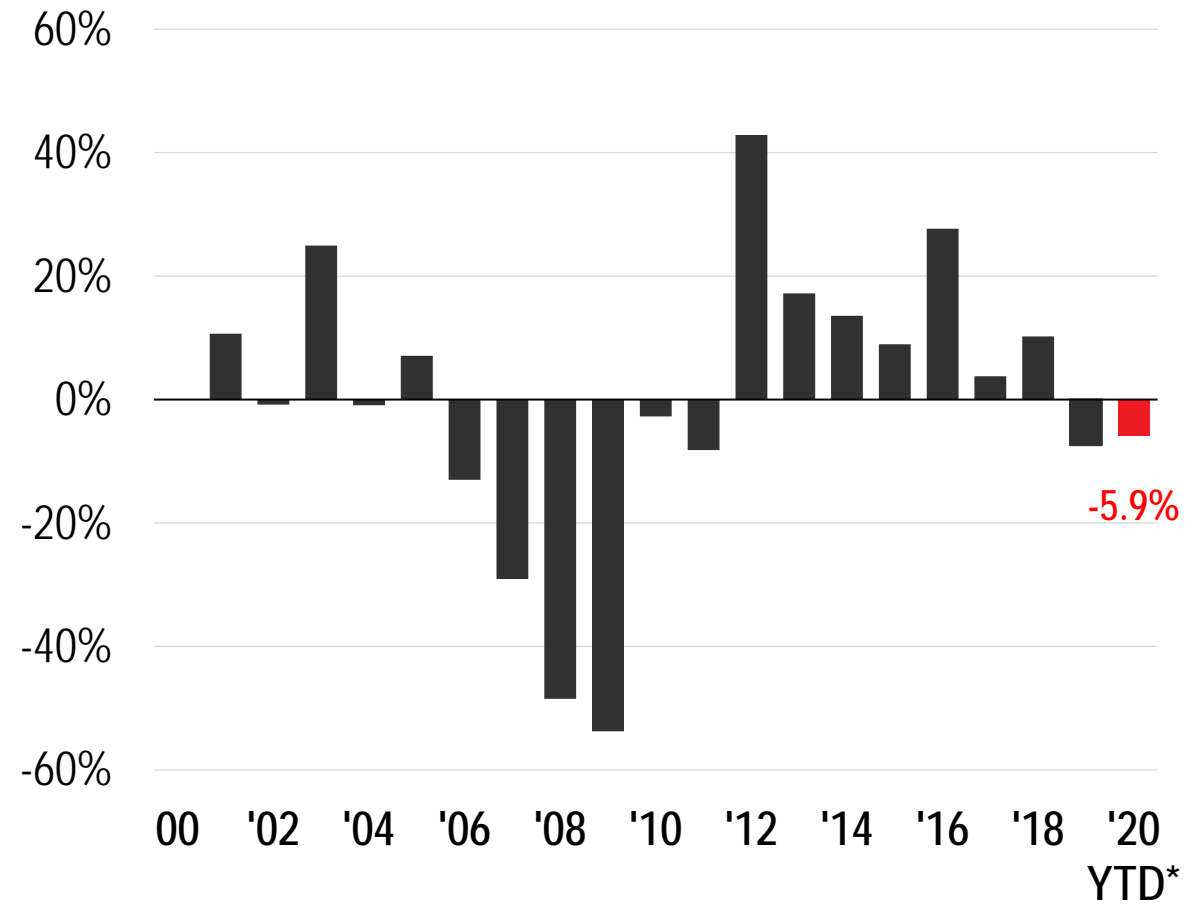
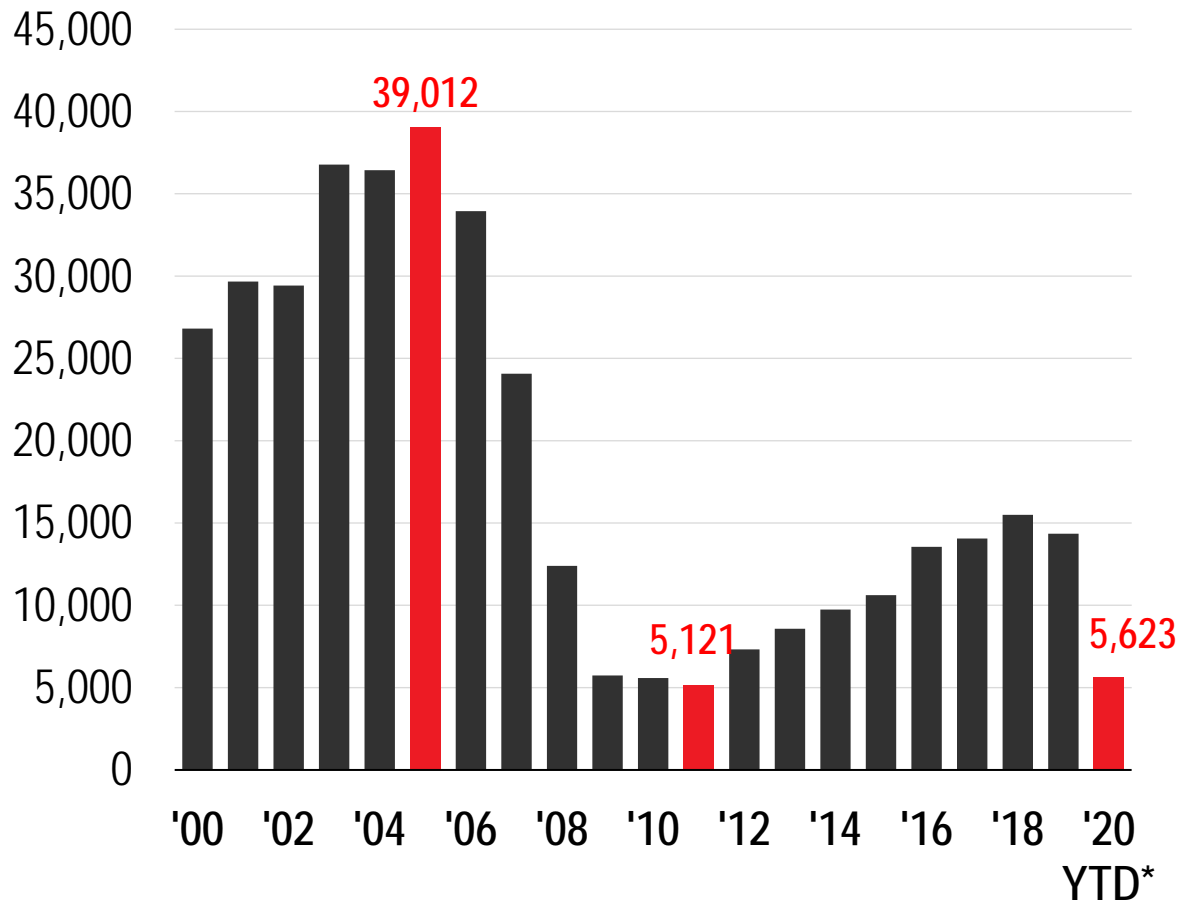
Commercial  
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# Residential Units Permitted

## Las Vegas Area



\*Through May 2020

Source: Local Jurisdictions, Applied Analysis





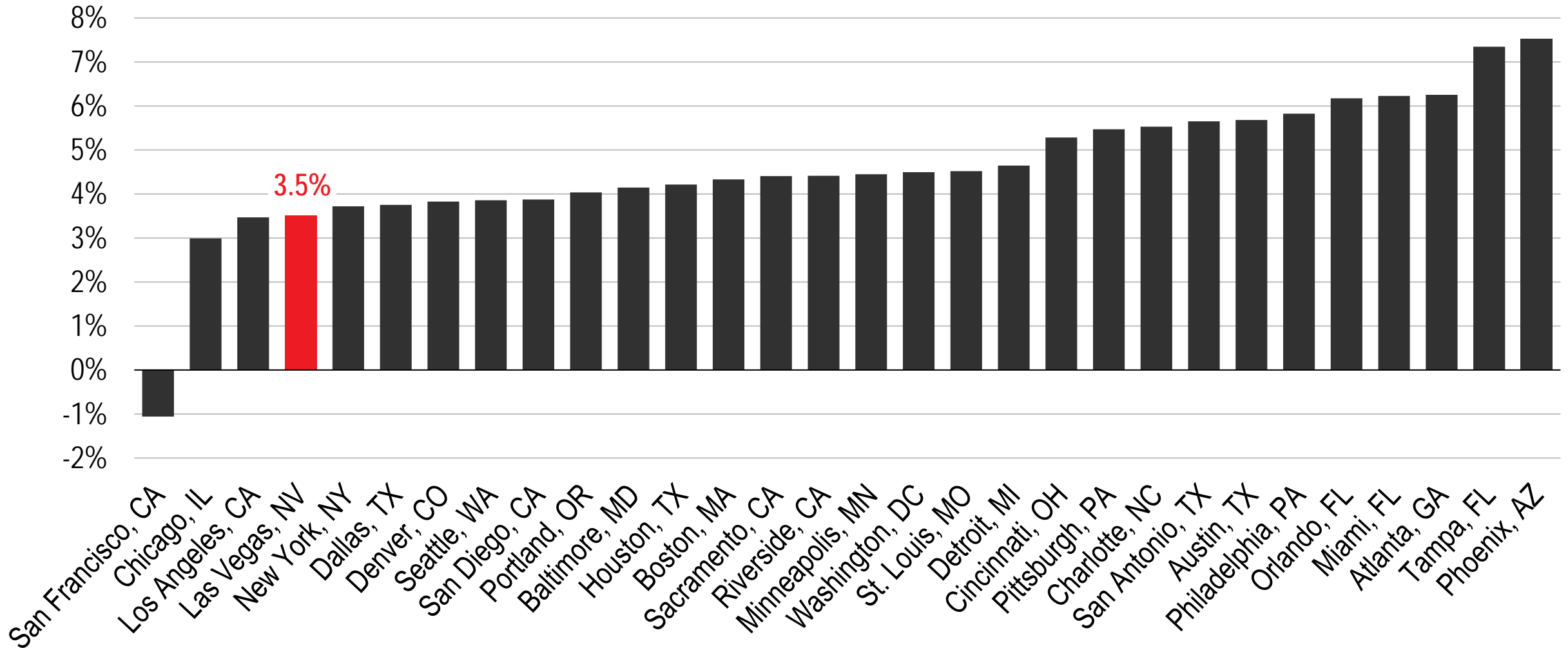
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Homebuilder sentiment jumps back to pre-coronavirus pandemic high

*"Homebuilder sentiment jumped 14 points to 72 in July, according to the National Association of Homebuilders/Wells Fargo Housing Market Index (HMI). That is exactly where it was in March, before the pandemic hit the U.S. economy. Anything above 50 is considered positive sentiment. The index plummeted to 30 in April."*

# House Price Index Growth

## Largest 30 MSAs – Q1 2020 vs. Q1 2019

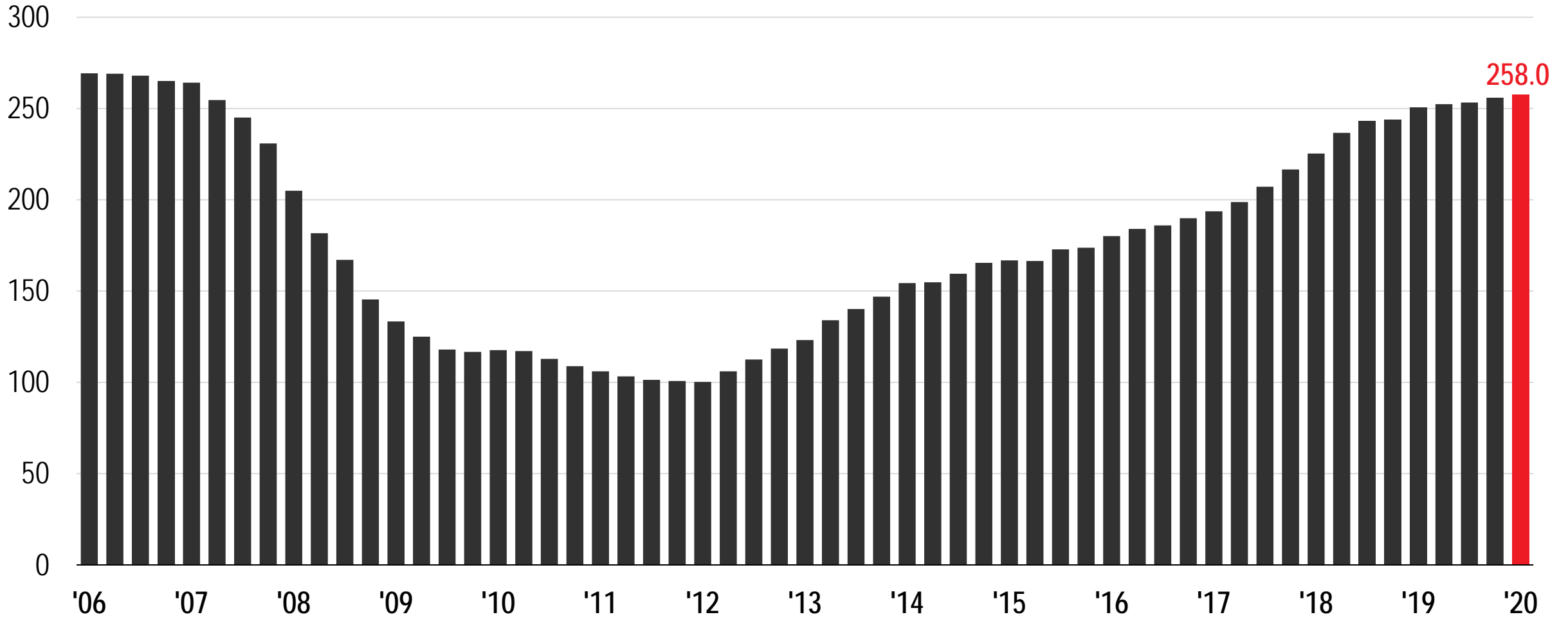


Source: Source: Federal Housing Finance Agency (Q1 2020 v. Q1 2019)



# House Price Index

## Las Vegas MSA

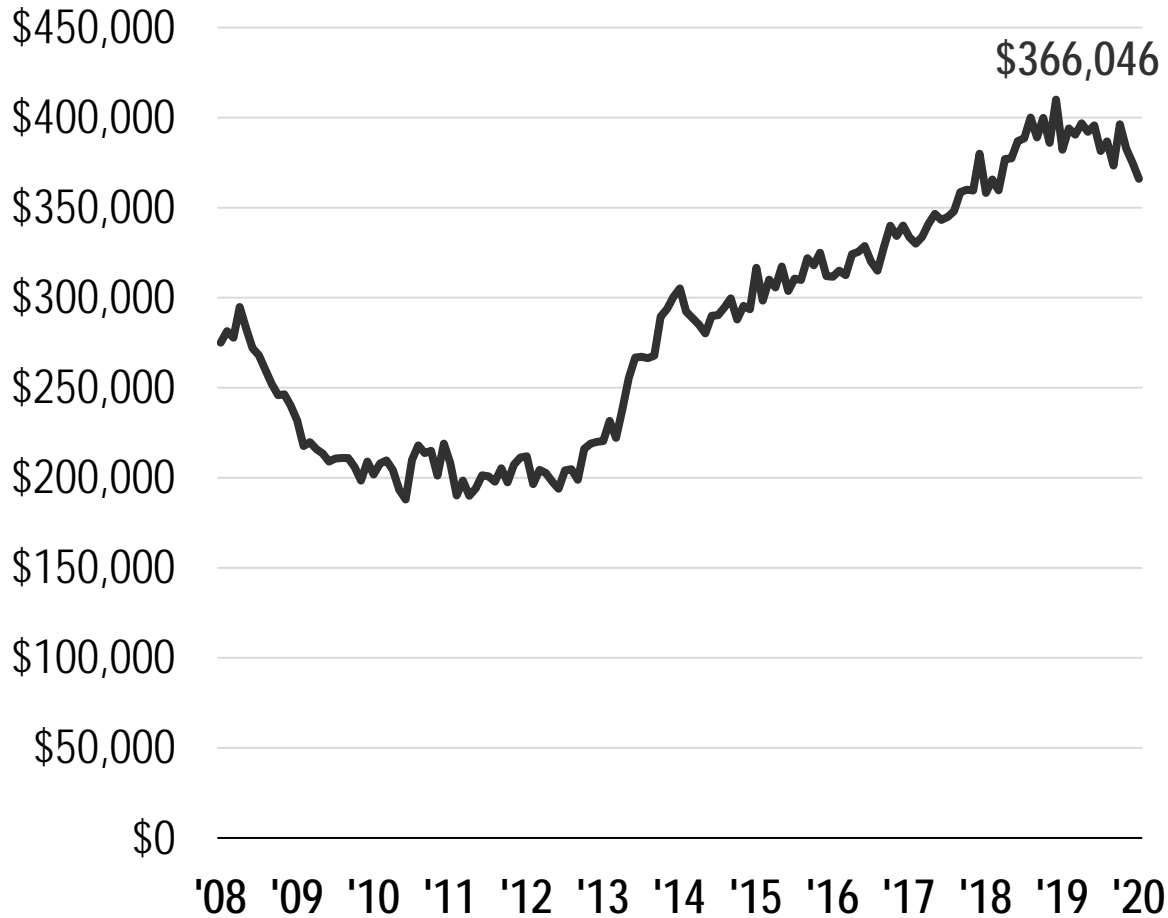


Source: Federal Housing Finance Agency (1995=100)

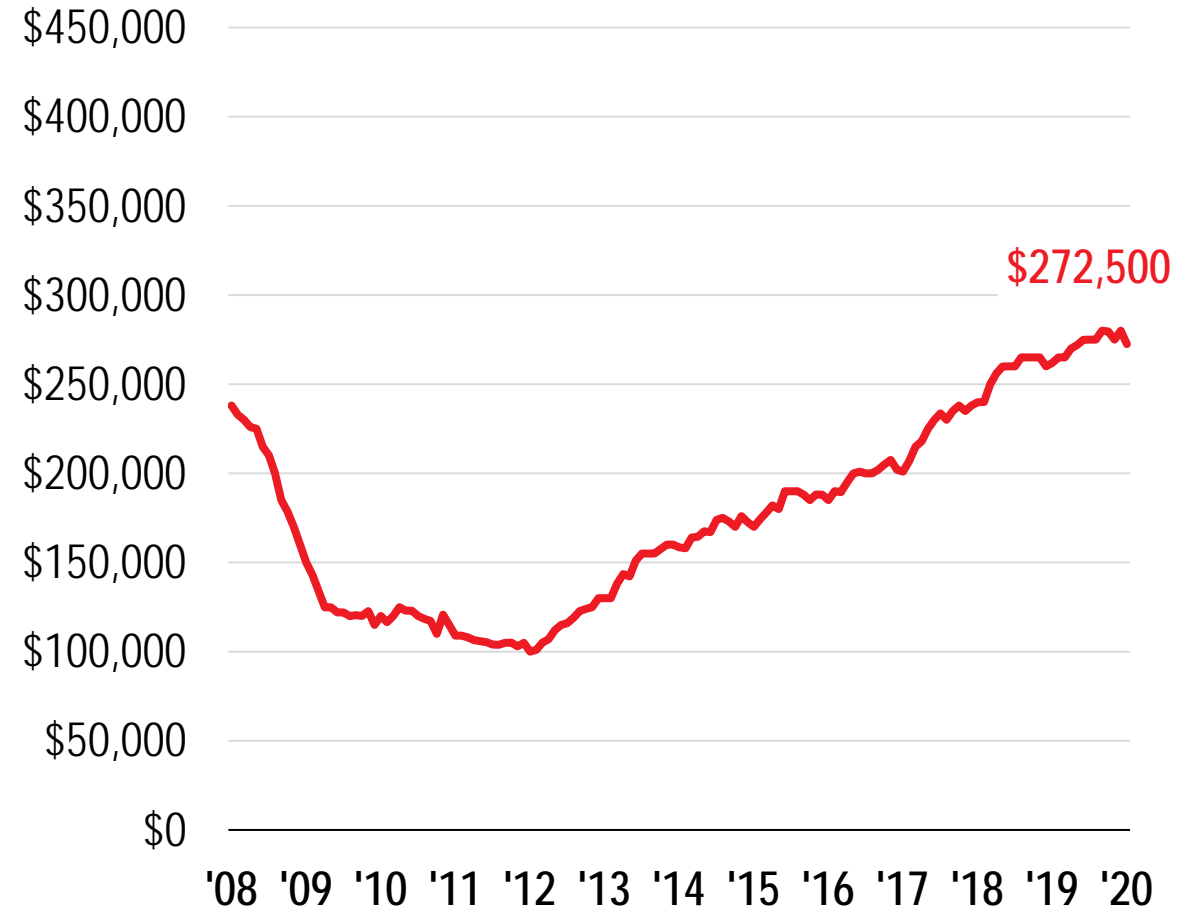
# New and Existing Home Prices

## Las Vegas Area

New Home Median Price



Existing Home Median Price

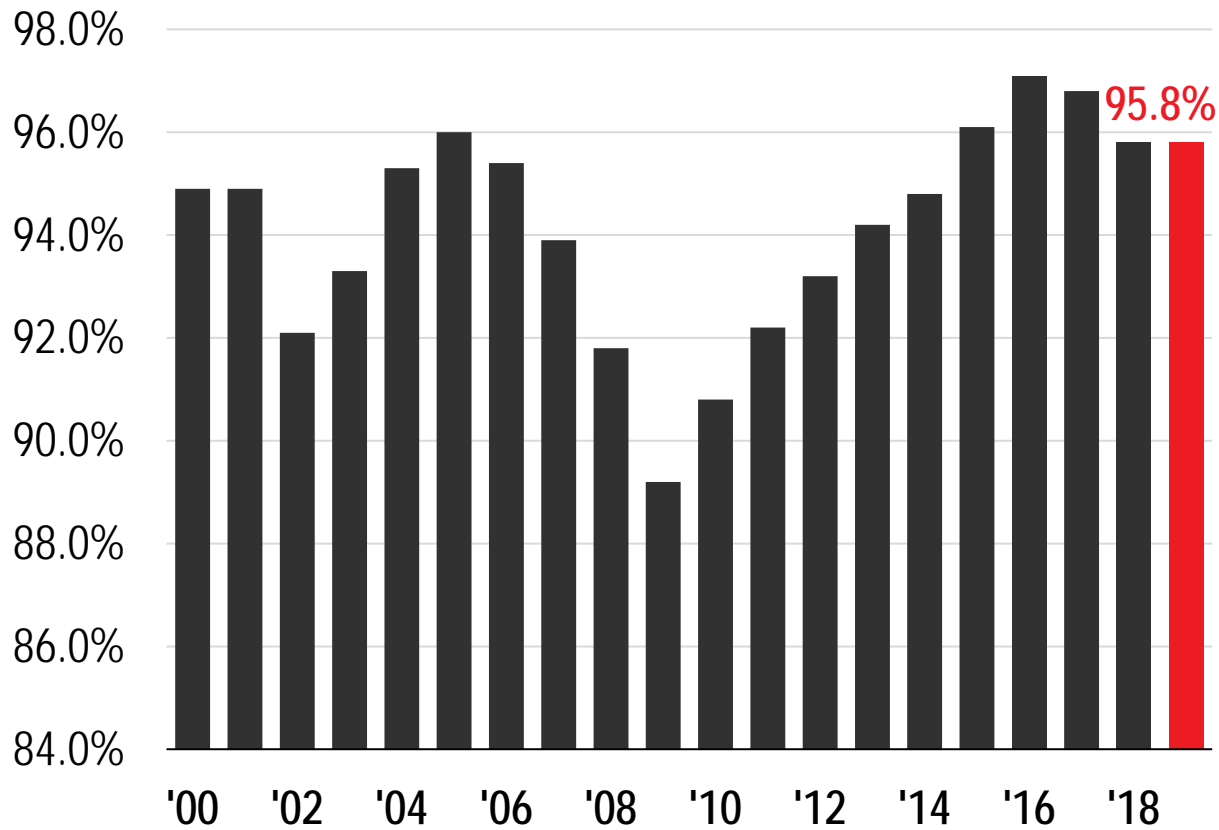


Source: SalesTraq

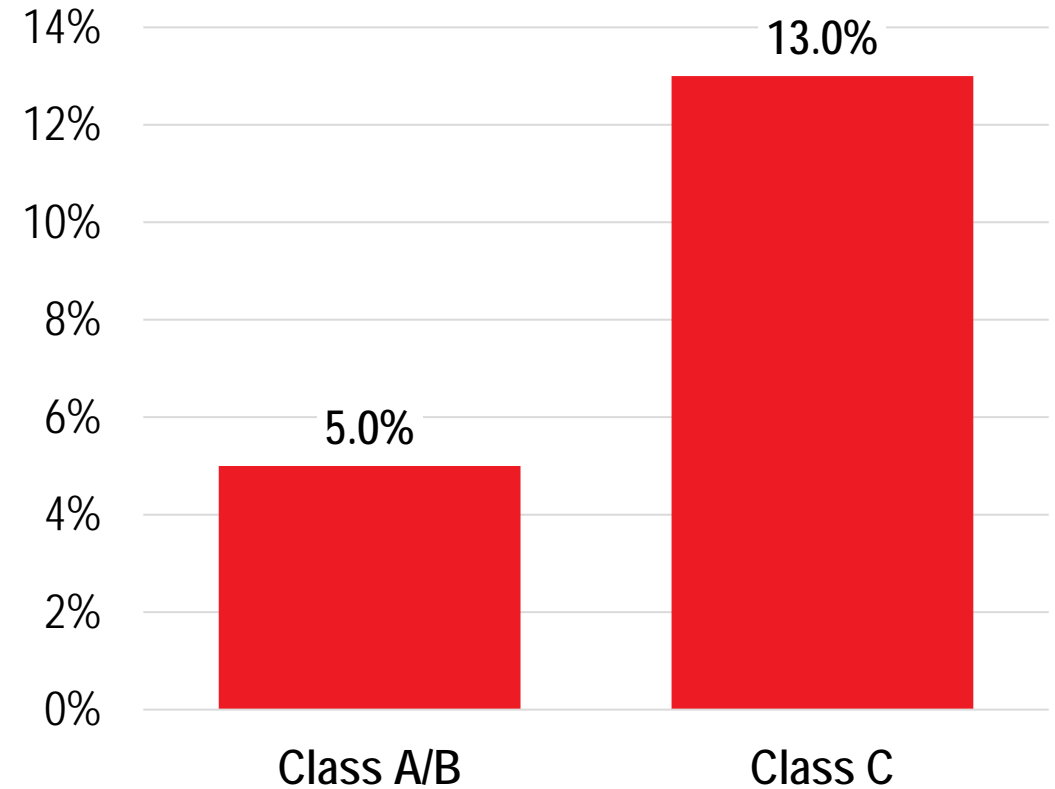
# Apartment Market Metrics

## Las Vegas Valley

Average Occupancy Rate



Quoted Post-COVID Delinquency Rates  
from Selected Apartment Operators (Sample)



Source: REIS and Applied Analysis

# Eviction Moratorium



## DECLARATION OF EMERGENCY DIRECTIVE 025

**WHEREAS**, on March 12, 2020, I, Steve Sisolak, Governor of the State of Nevada, issued a Declaration of Emergency to facilitate the State's response to the COVID-19 pandemic; and

**WHEREAS**, on March 13, 2020, Donald J. Trump, President of the United States, declared a nationwide emergency pursuant to Sec. 501(6) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the "Stafford Act"); and

**WHEREAS**, the World Health Organization (WHO) and United States Centers for Disease Control and Prevention (CDC) have advised that there is a correlation between density of persons gathered and the risk of transmission of COVID-19; and

**WHEREAS**, close proximity to other persons is currently contraindicated by public health and medical best practices to combat COVID-19; and

Quoted Post-COVID Delinquency Rates  
from Selected Apartment Operators (Sample)



# The Washington Post

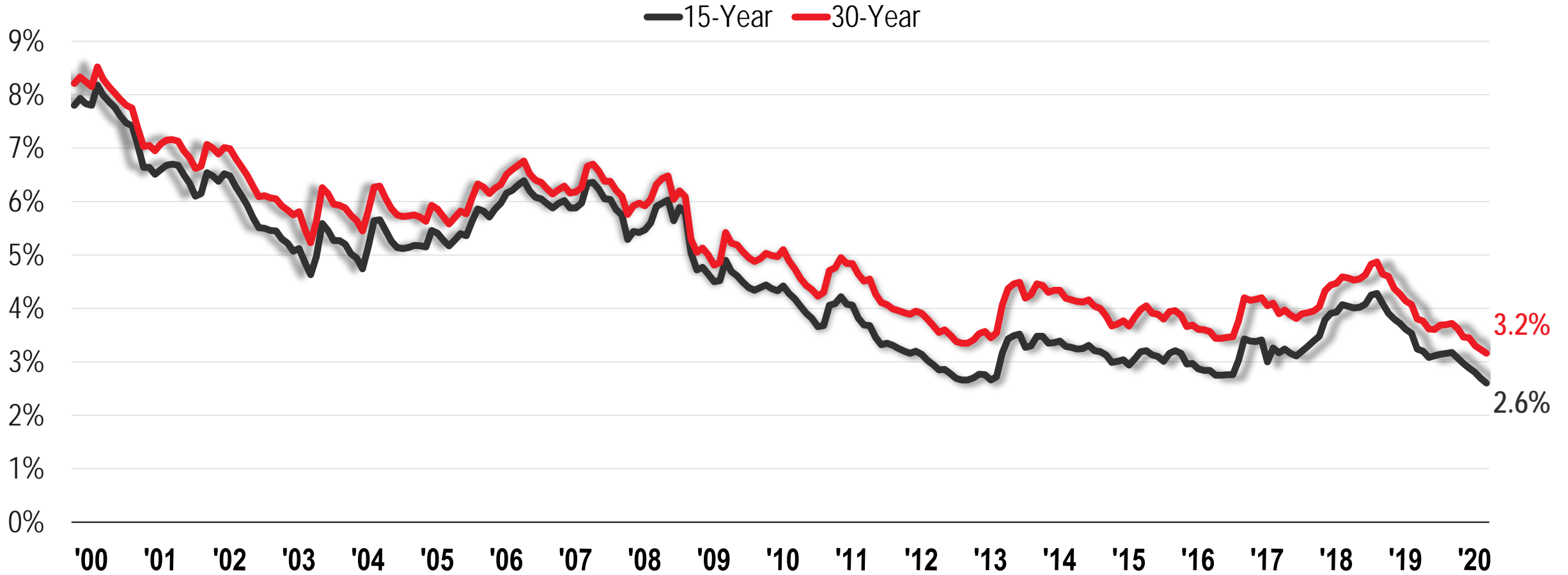
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Evictions are likely to skyrocket this summer as jobs remain scarce. Black renters will be hit hard.

*"A crisis among renters is expected to deepen this month as the enhanced unemployment benefits that have kept many afloat run out at the end of July and the \$1,200-per-adult stimulus payment that had supported households earlier in the crisis becomes a distant memory."*

# U.S. Mortgage Interest Rates

## Fixed-Rate

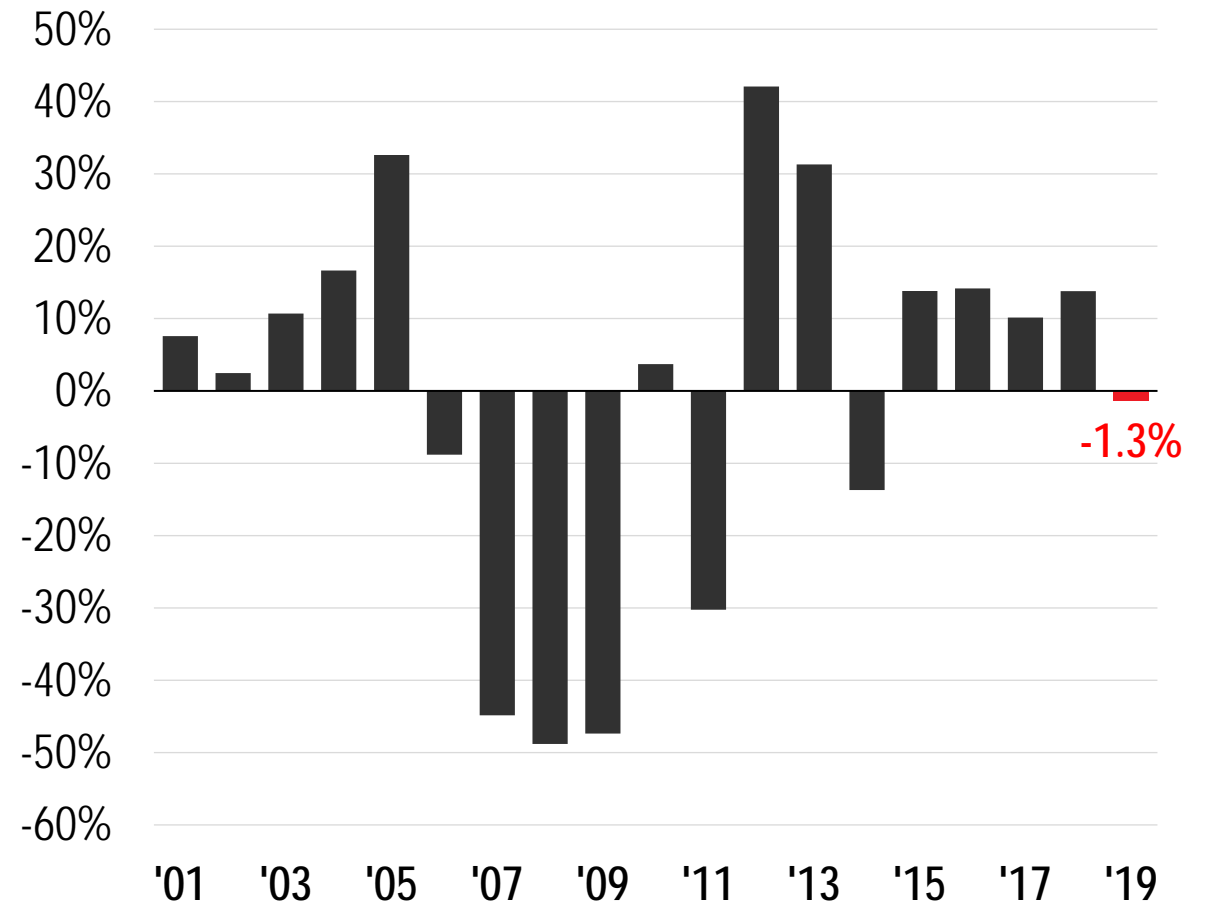
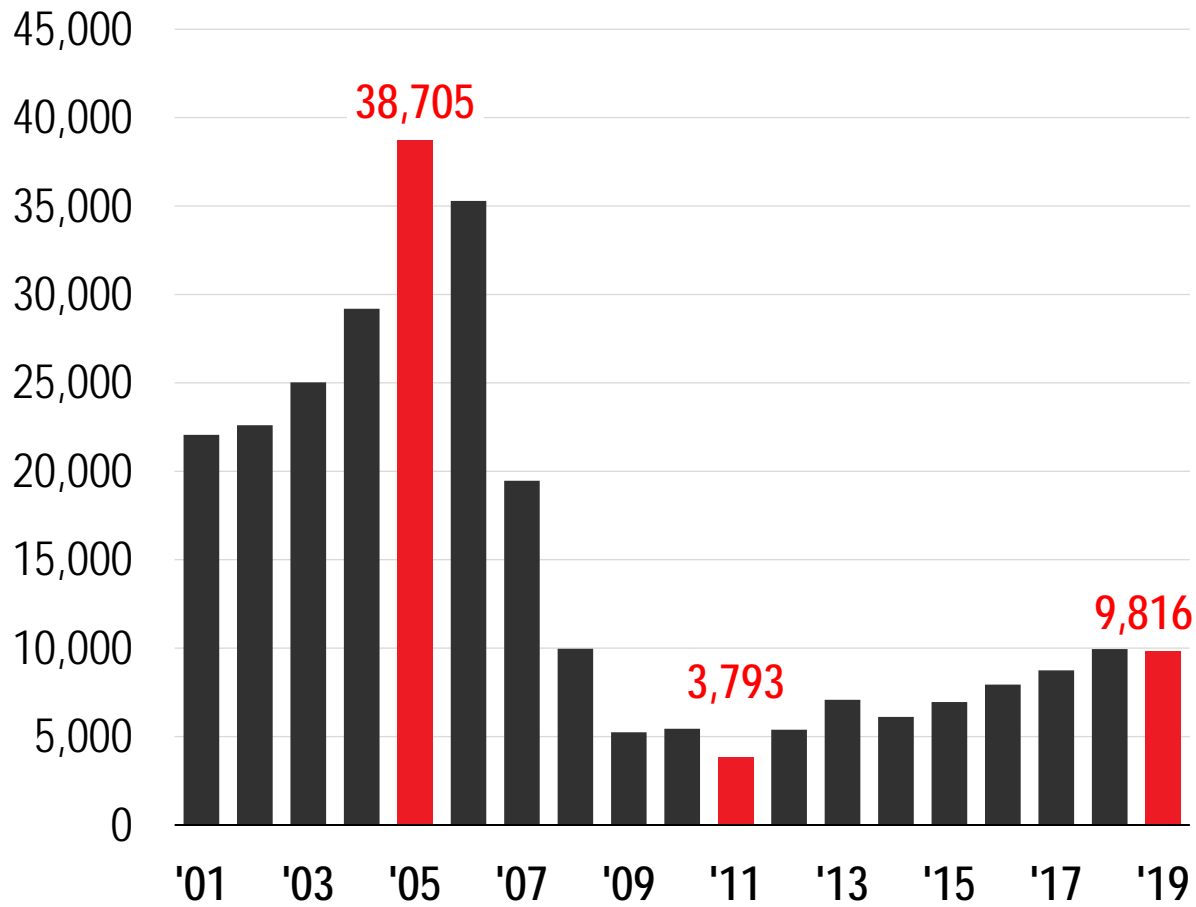


Source: Freddie Mac



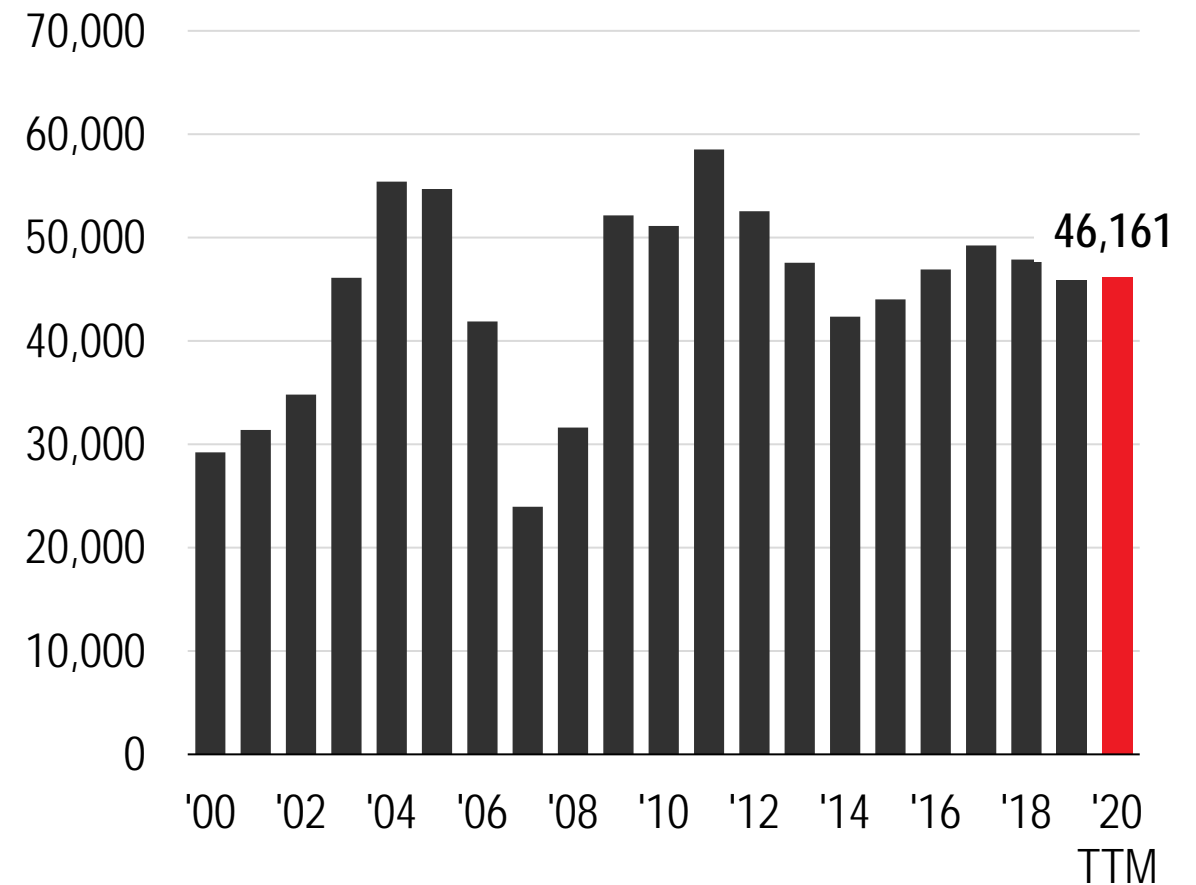
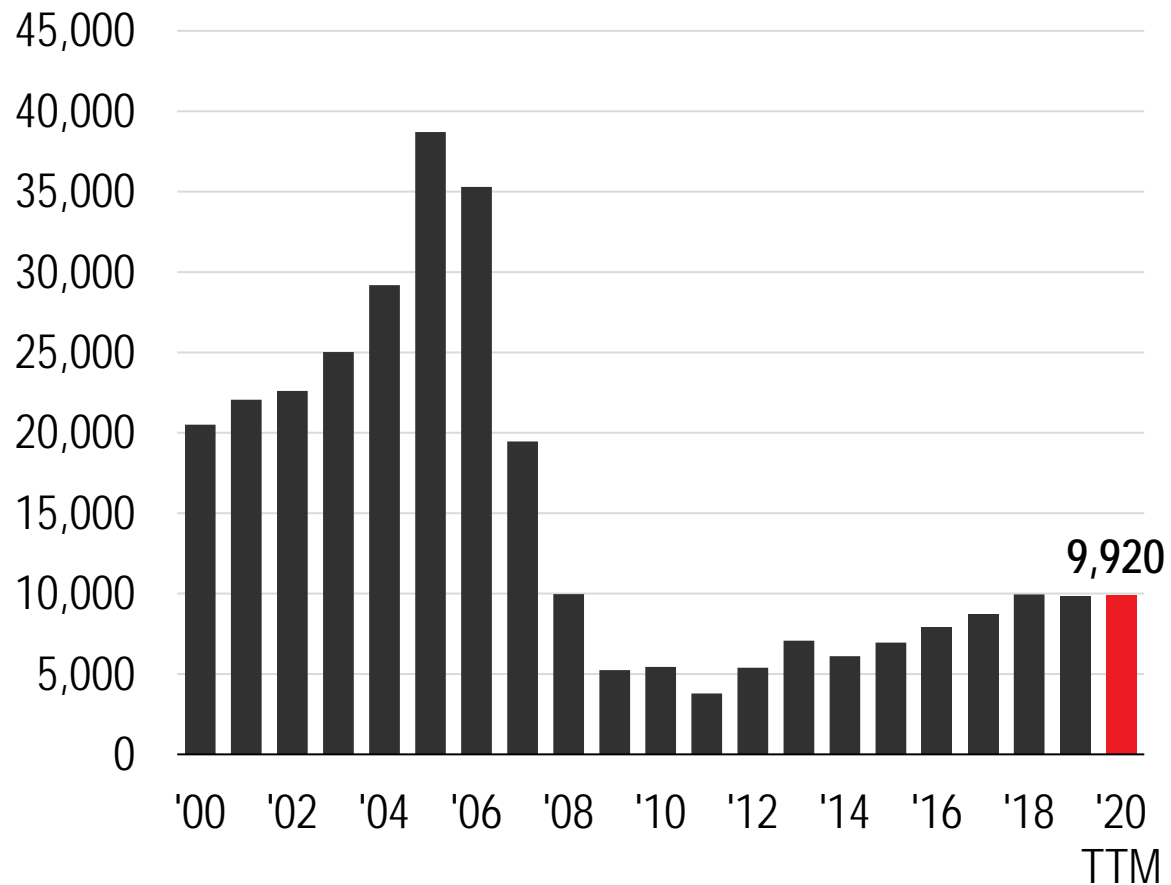
# New Home Closings

## Las Vegas Area



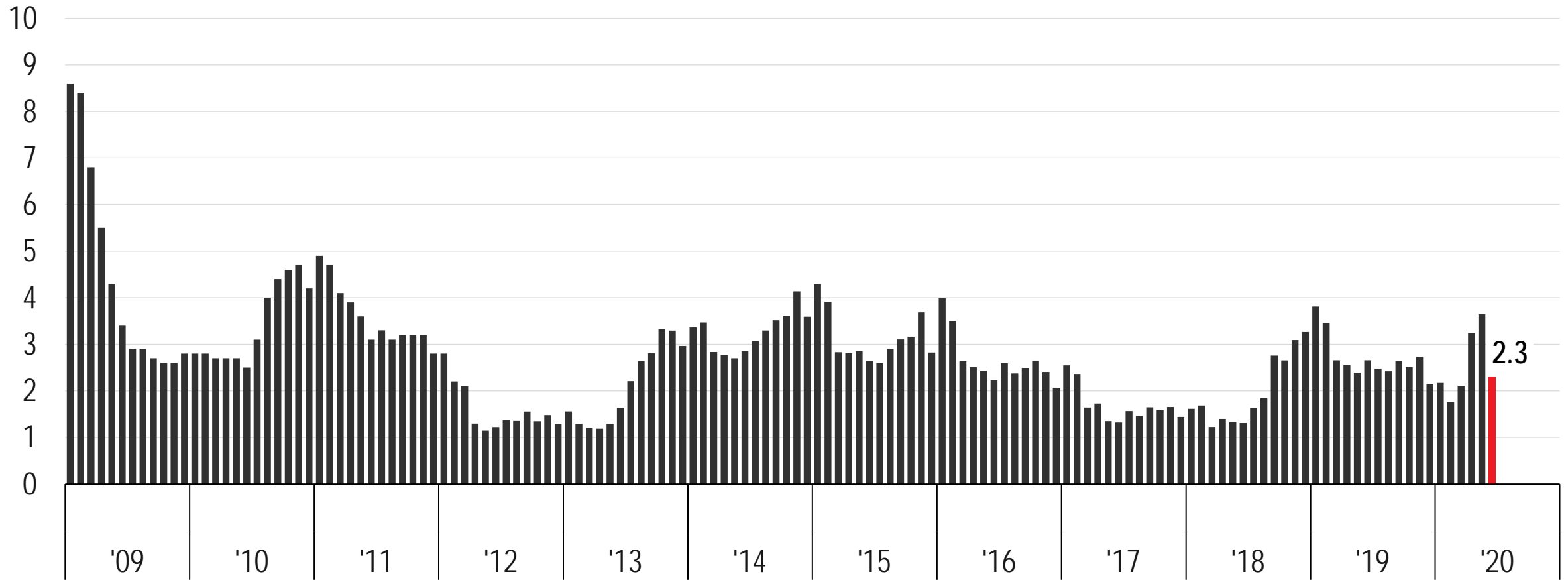
Source: SalesTraq

# New vs. Existing Home Sales



Source: SalesTraq

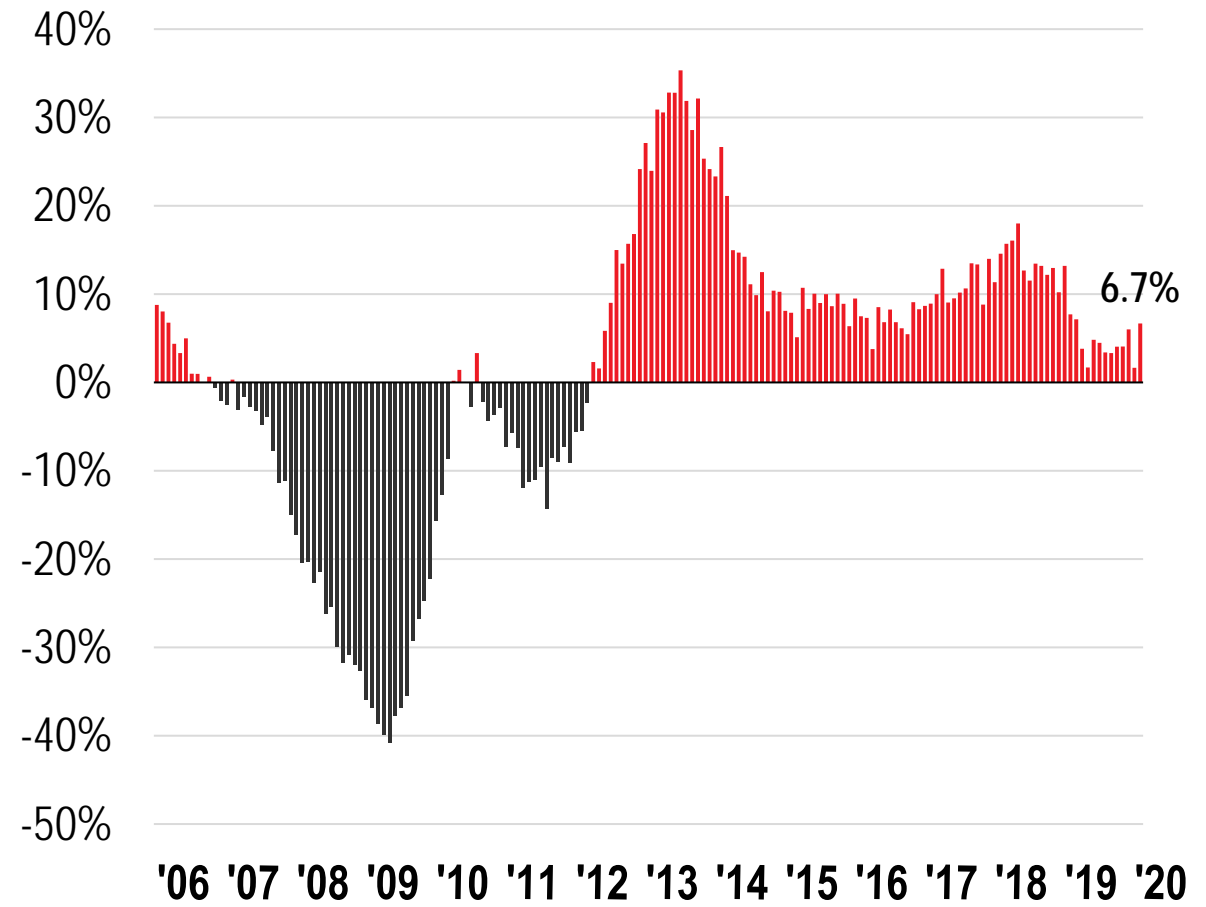
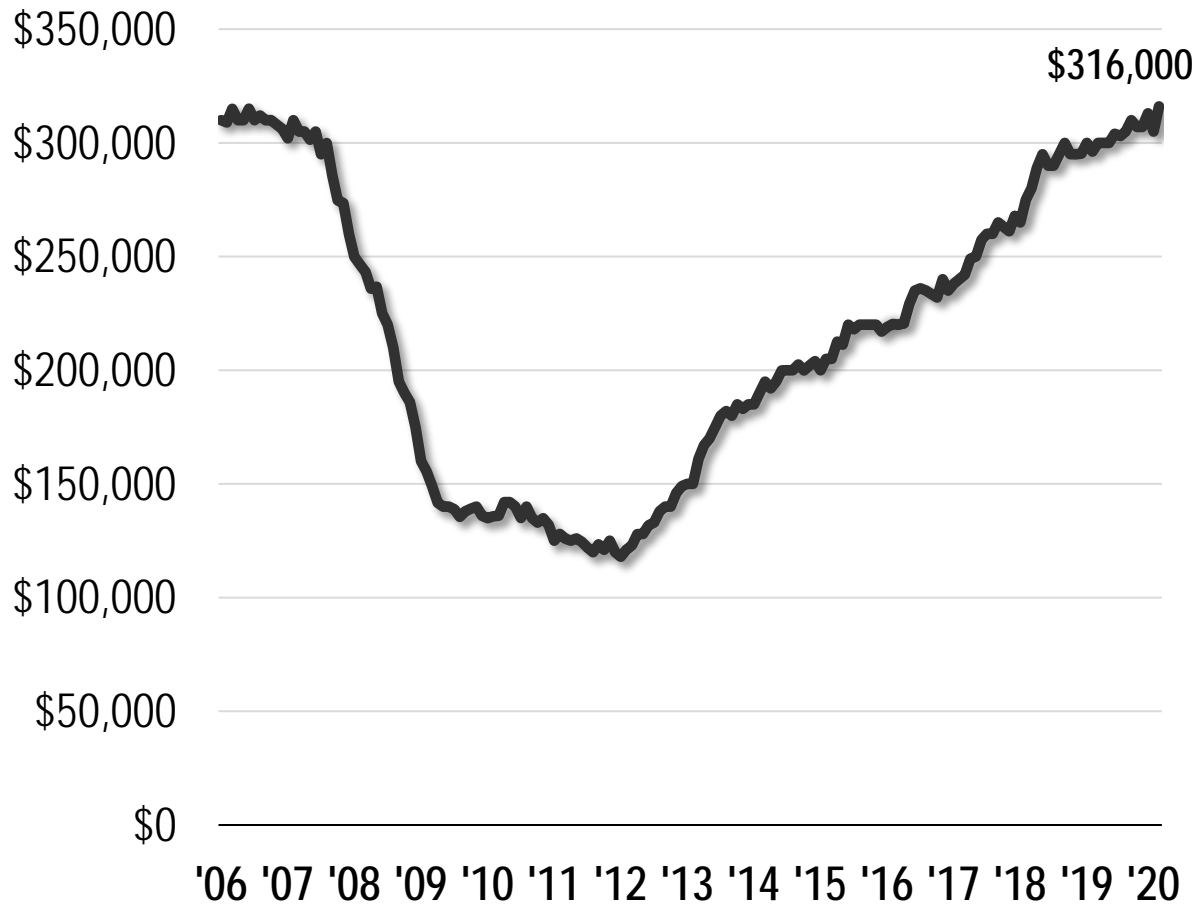
# Effective Months of Availability Multiple Listings Service (MLS)



Source: MLS, SalesTraq

# Single Family Residential Median Closing Price

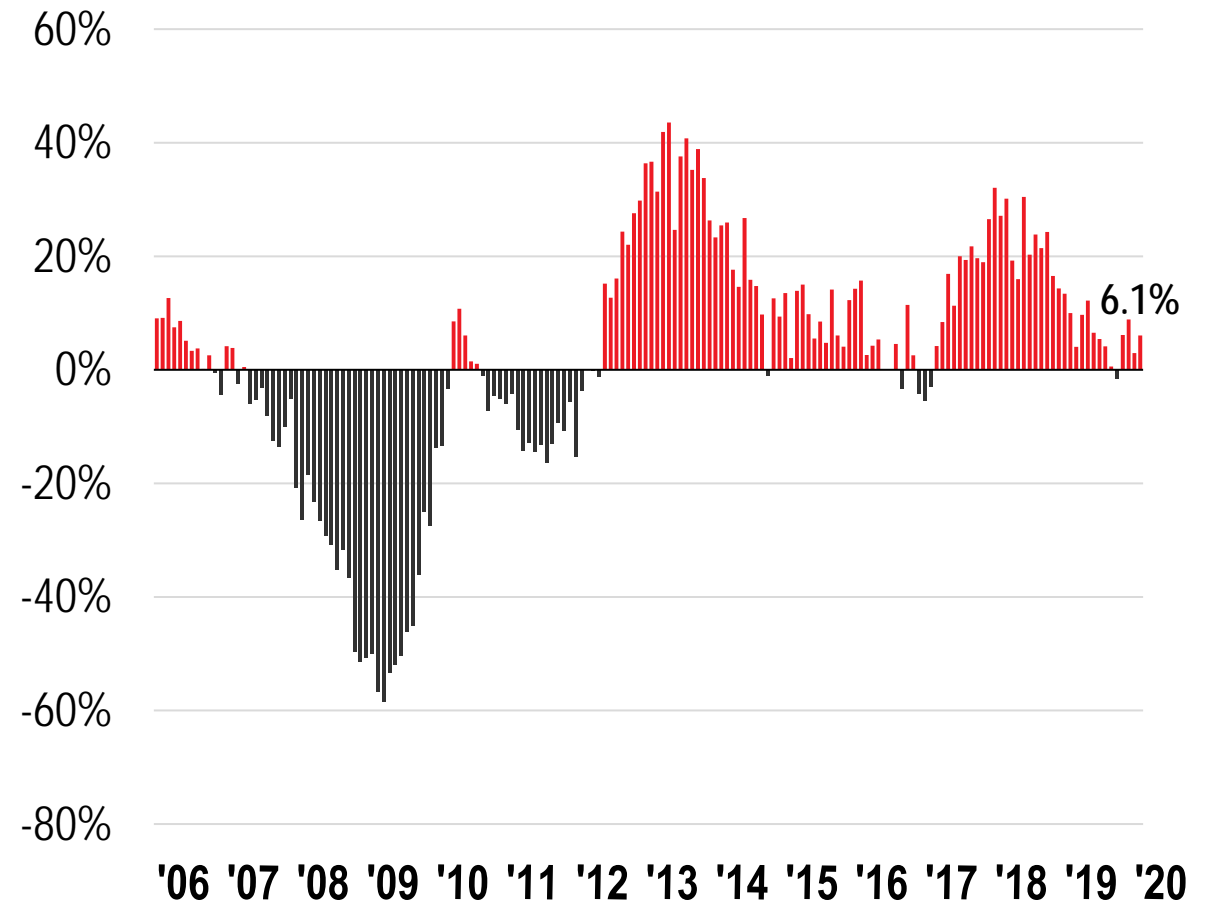
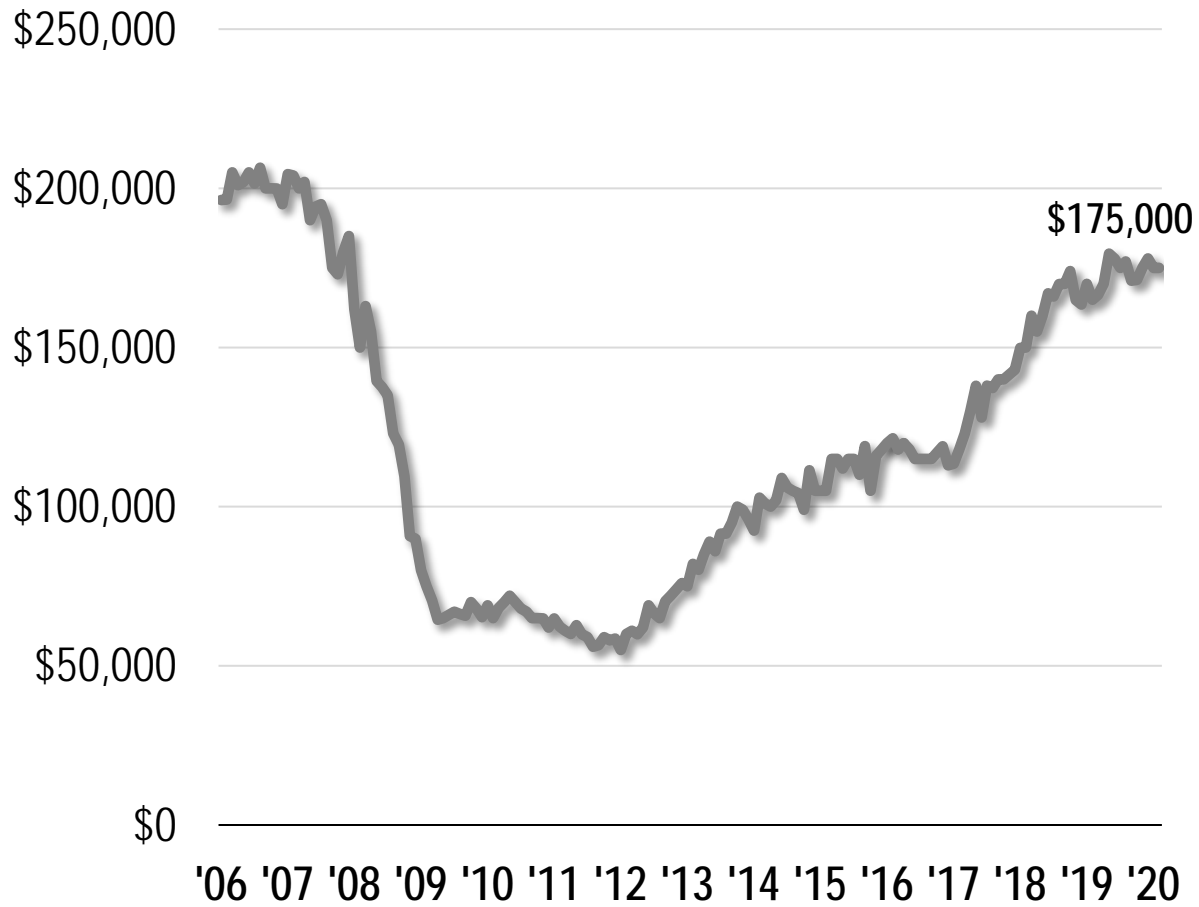
## Southern Nevada



Source: Las Vegas Realtors

# Condo/Townhouse Median Closing Price

## Southern Nevada



Source: Las Vegas Realtors



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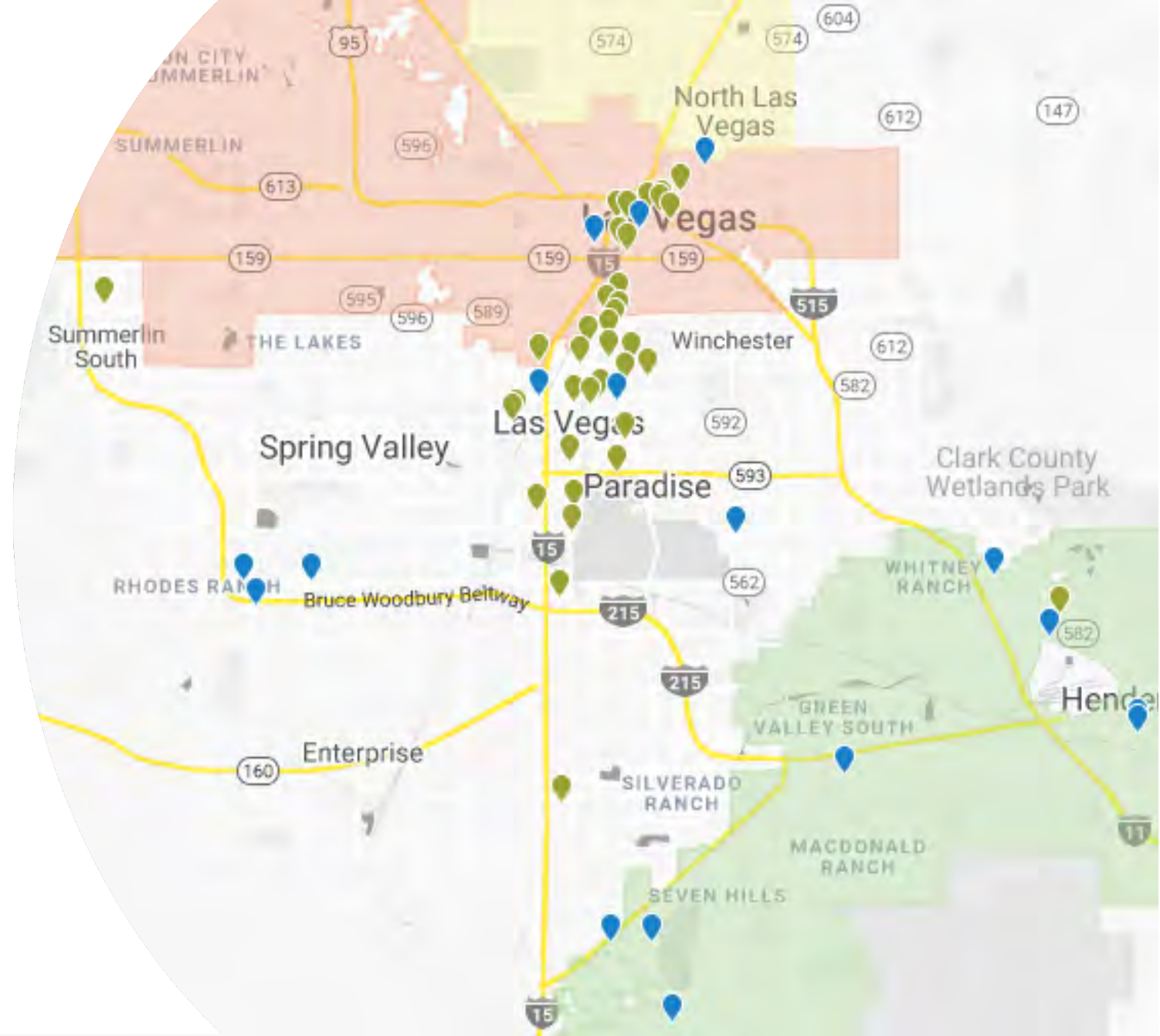
Commercial  
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# Las Vegas Area Development Pipeline: \$23.6 Billion



Source: VegasDevMap.com

# LAS VEGAS REVIEW-JOURNAL



Las Vegas construction could take a hit amid coronavirus fallout

# STALLED

*"At least one major project has slowed construction activity amid the coronavirus turmoil. Drew Las Vegas owner Steve Witkoff's namesake firm said this month it "paused construction crews" from coming on-site at the north Strip hotel-casino-the former Fountainbleu – and asked corporate employees to work from home."*





**STALLED**



# COMPLETING 2020





# COMPLETING

## COVID-19 REMINDERS TO STAY SAFE & HEALTHY

# 2020

Wash your hands often with soap and water for at least 20 seconds.

If soap and water are not readily available, use a hand sanitizer.

Cough or sneeze into the crook of your elbow.

Avoid touching your eyes, nose, and mouth.

Maintain a minimum of 6-foot distance between people whenever possible.

Mortenson

McCARTHY



# COMPLETING 2021



# COMPLETING 2021





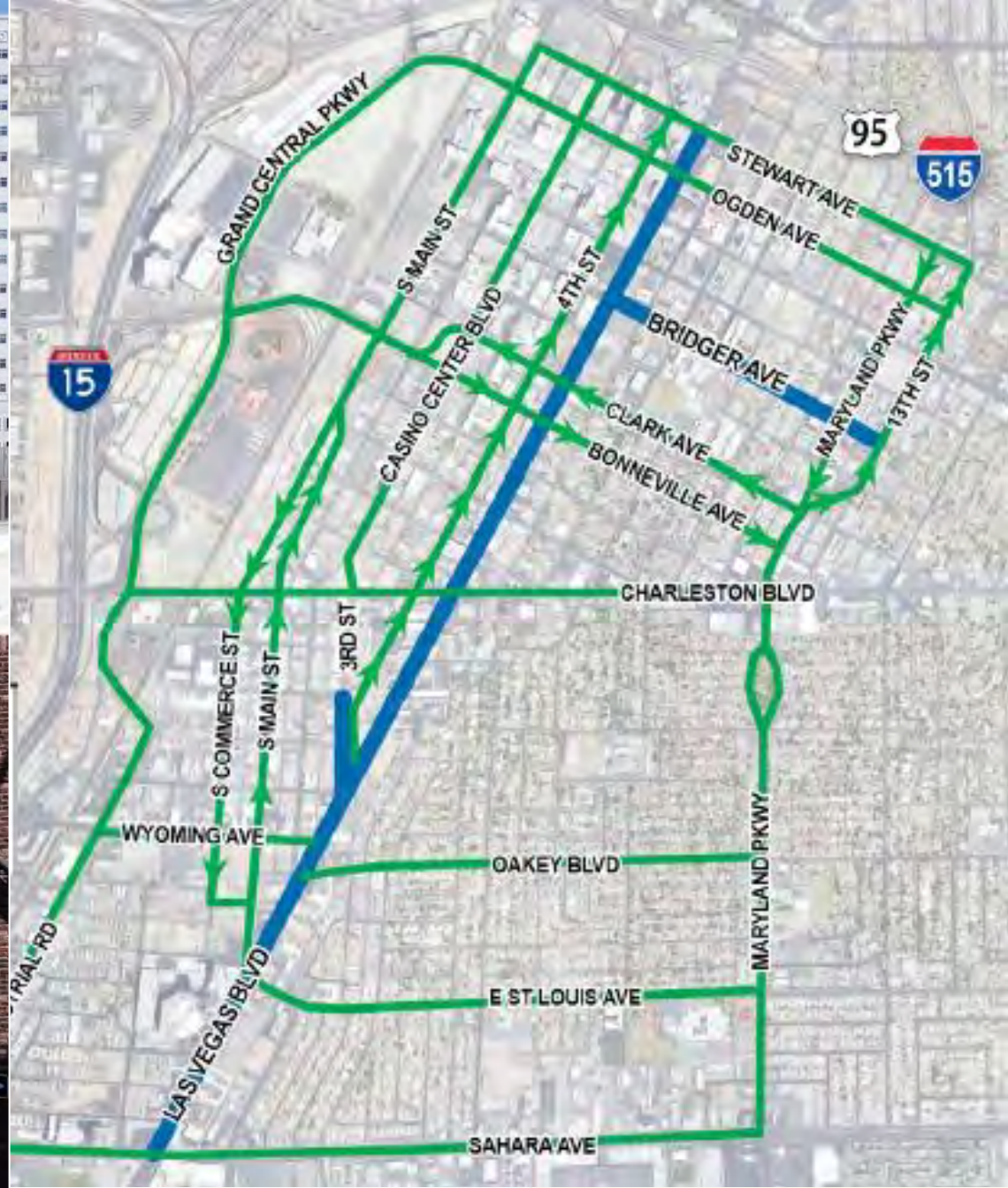
## UP TO 29 PALM TREES BEING RELOCATED \$47M REPAVING PROJECT ON LAS VEGAS STRIP

INDIAN SPRINGS

Tonight: 🌧️ 42° Rain with possible t-storms 8 NEWSNOW.com









# LAS VEGAS REVIEW-JOURNAL



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Underground people mover ready to expand to Strip resorts

*"Tourism leaders are forging ahead with Elon Musk's untested underground people mover and planning to extend into the resort corridor. Plans call for new connections to Encore and Resorts World Las Vegas on the north end of the Strip."*





New Exhibit Hall

North Hall

Central Hall

South Hall

Project	Cost	Status	Est. Completion Date
Resorts World Las Vegas	\$4,300,000,000	Under Construction	2021
The Drew	\$3,100,000,000	Planned	2022
Jackie Robinson Arena and Hotel Project	\$3,000,000,000	Planned	DND
Allegiant Stadium (Raiders)	\$1,970,000,000	Under Construction	2020
MSG Sphere at the Venetian	\$1,660,000,000	Under Construction	2021
Las Vegas Convention Center Expansion	\$1,400,000,000	Under Construction	2020
Union Village	\$1,200,000,000	Under Construction	2025
Henderson West	\$950,000,000	Planned	2028
Majestic Las Vegas	\$850,000,000	Planned	2023
Google Data Center	\$600,000,000	Under Construction	2020
UnCommons	\$400,000,000	Planned	2021
Caesars FORUM Conference Center	\$375,000,000	Under Construction	2020
Astral Hotel and Casino	\$350,000,000	Planned	2022
Haas Automation Manufacturing Plant	\$327,000,000	Planned	2022
Nevada Museum of Art, Las Vegas	\$250,000,000	Planned	2025
I-15 and Tropicana Interchange Reconstruction	\$200,000,000	Planned	2024
Virgin Hotels Las Vegas (rebrand of Hard Rock Hotel & Casino)	\$200,000,000	Under Construction	2020
UNLV Medical School Building	\$155,000,000	Planned	2021

*Note: Several projects have details that are not disclosed or to be determined. DND = "Did Not Disclose". Totals may not sum due to rounding.*

Project	Cost	Status	Est. Completion Date
SAHARA Las Vegas (Rebrand of SLS Las Vegas)	\$150,000,000	Under Construction	2023
I-15/CC-215 Northern Beltway Interchange	\$110,500,000	Planned	2022
The STRAT Hotel & Casino Rebrand	\$110,000,000	Under Construction	2021
Las Vegas Monorail Extension to Mandalay Bay	\$100,000,000	Planned	DND
Elysian at the Hughes Center	\$100,000,000	Under Construction	2020
Delta by Marriott	\$100,000,000	Under Construction	2022
Centennial Hills Hospital Expansion	\$98,000,000	Under Construction	2021
AC Hotel by Marriott	\$95,000,000	Planned	2022
Expo at World Market Center Las Vegas	\$90,000,000	Under Construction	2020
CSN Health & Sciences Building	\$77,000,000	Under Construction	2021
Intermountain Healthcare Performance Center	\$75,000,000	Under Construction	2020
The Bend	\$70,000,000	Under Construction	2021
New 215 Interchanges at Losee, Pecos, and Lamb	\$70,000,000	Under Construction	2020
Luxury Apartments at Twain/Dean Martin	\$65,000,000	Under Construction	2020
Nevada State College Education Building	\$64,400,000	Under Construction	2021
Blue Diamond Widening	\$58,600,000	Under Construction	2020
New Las Vegas Municipal Courthouse	\$56,000,000	Under Construction	2021
Hampton Inn & Suites/Home2Suites	\$55,000,000	Under Construction	2020

*Note: Several projects have details that are not disclosed or to be determined. DND = "Did Not Disclose". Totals may not sum due to rounding.*

Project	Cost	Status	Est. Completion Date
Las Vegas Convention Center Loop	\$52,500,000	Under Construction	2020
Downtown Henderson	\$50,000,000	Under Construction	2021
Las Vegas Boulevard Repaving	\$47,700,000	Under Construction	2021
Downtown Grand Hotel & Casino Third Tower	\$45,000,000	Under Construction	2020
Water Pipeline to Apex Industrial Park	\$42,000,000	Under Construction	2020
South Point Hotel Casino & Spa Renovation	\$40,000,000	Under Construction	2020
Monorail Station at MSG Sphere Las Vegas	\$33,600,000	Planned	DND
I-215 Beltway Widening	\$29,600,000	Planned	2021
Fremont Hotel and Casino Expansion	\$32,000,000	Planned	2021
Sahara and Las Vegas Blvd Pedestrian Bridge	\$28,000,000	Planned	2024
Lifeguard Arena in Henderson	\$25,000,000	Under Construction	2020
El Cortez Hotel and Casino Renovations	\$21,000,000	Under Construction	2020
Nevada State College Dorms	\$20,000,000	Planned	2020
Archie Grant Park Affordable Housing Renovations	\$12,300,000	Under Construction	2020
McCarran Airport Infrastructure Improvements	\$13,900,000	Planned	DND
Treehouse Las Vegas	\$7,100,000	Under Construction	2020
Skyline Hotel & Casino Expansion	\$7,000,000	Under Construction	2020
Neon Museum Expansion	\$3,000,000	Under Construction	2020

*Note: Several projects have details that are not disclosed or to be determined. DND = "Did Not Disclose". Totals may not sum due to rounding.*



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MORTGAGE BANKERS ASSOCIATION

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July 16, 2020

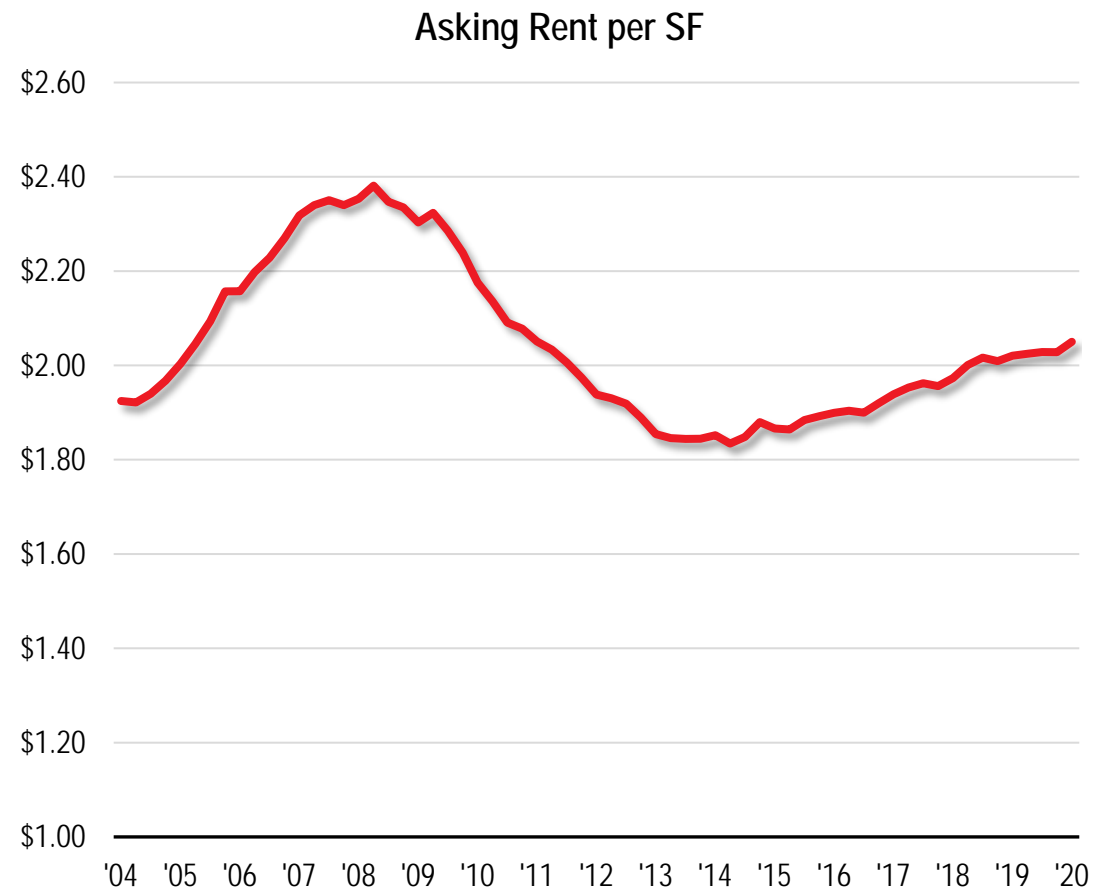
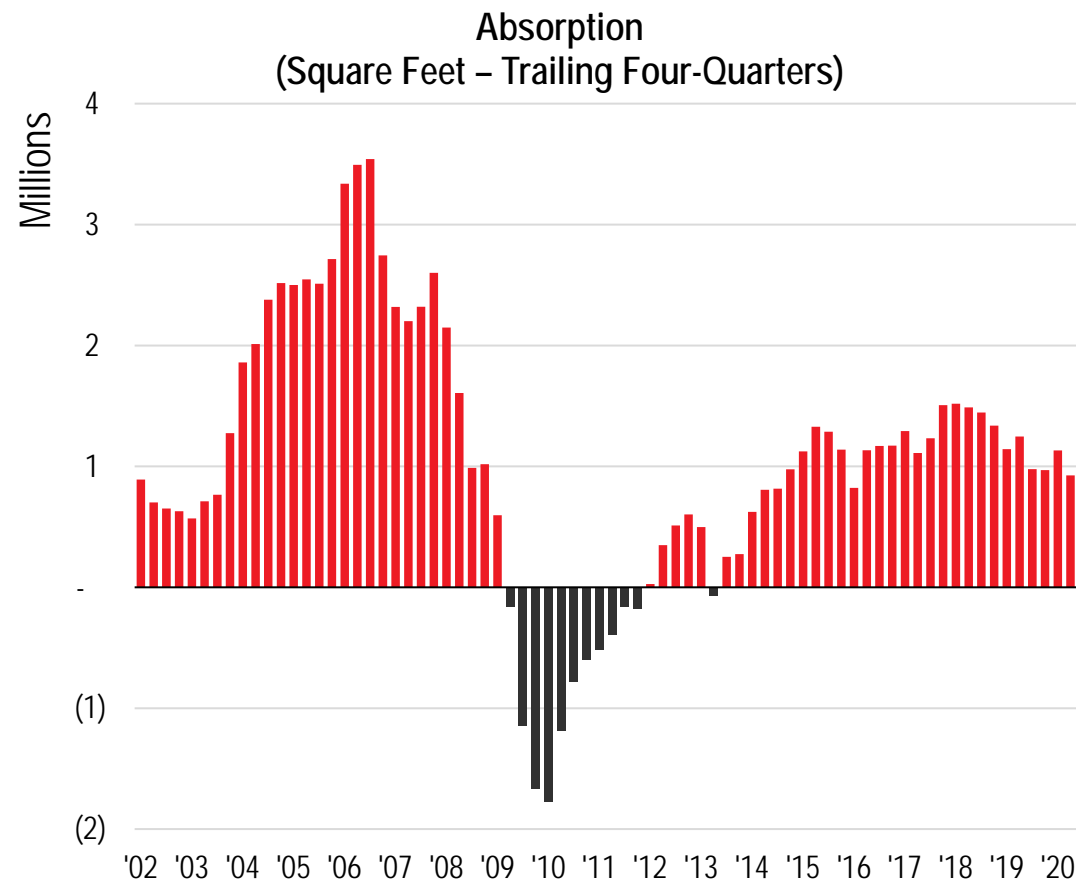
## COVID-19 Pandemic to Cause Pullback in Commercial/Multifamily Lending in 2020

*"Commercial and multifamily mortgage bankers are expected to close \$248 billion of loans backed by income-producing properties in 2020, a 59 percent decline from 2019's record volume of \$601 billion, according to a new forecast released today by the Mortgage Bankers Association."*



# Commercial Real Estate Markets

## Office Space – Las Vegas Area



Source: Applied Analysis



# McKinsey & Company

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## Reimagining the office and work life after COVID-19

*"Before the pandemic, the conventional wisdom had been that offices were critical to productivity, culture, and winning the war for talent. Companies competed intensely for prime office space in major urban centers ....*

*Densification, open-office designs, hoteling, and co-working were the battle cries. But estimates suggest that early this April, 62 percent of employed Americans worked at home during the crisis."*

Source: McKinsey & Company

# ARCHITECT

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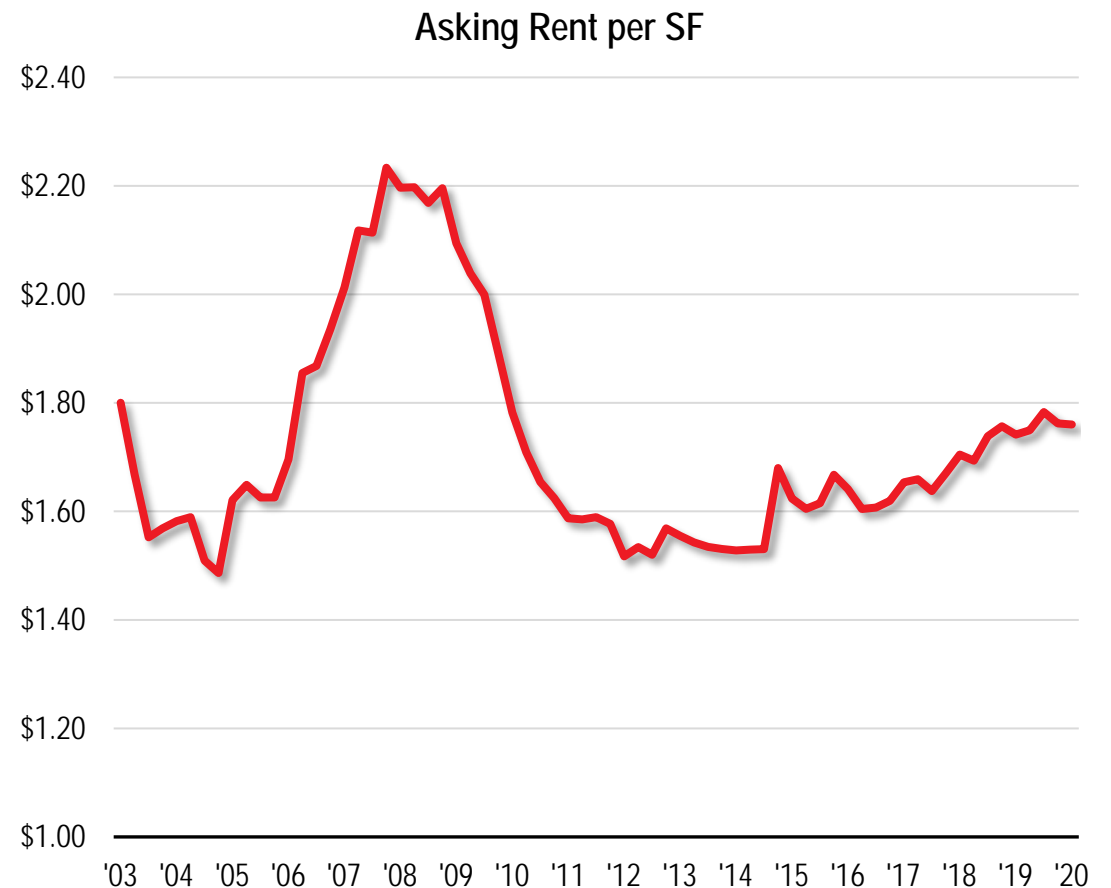
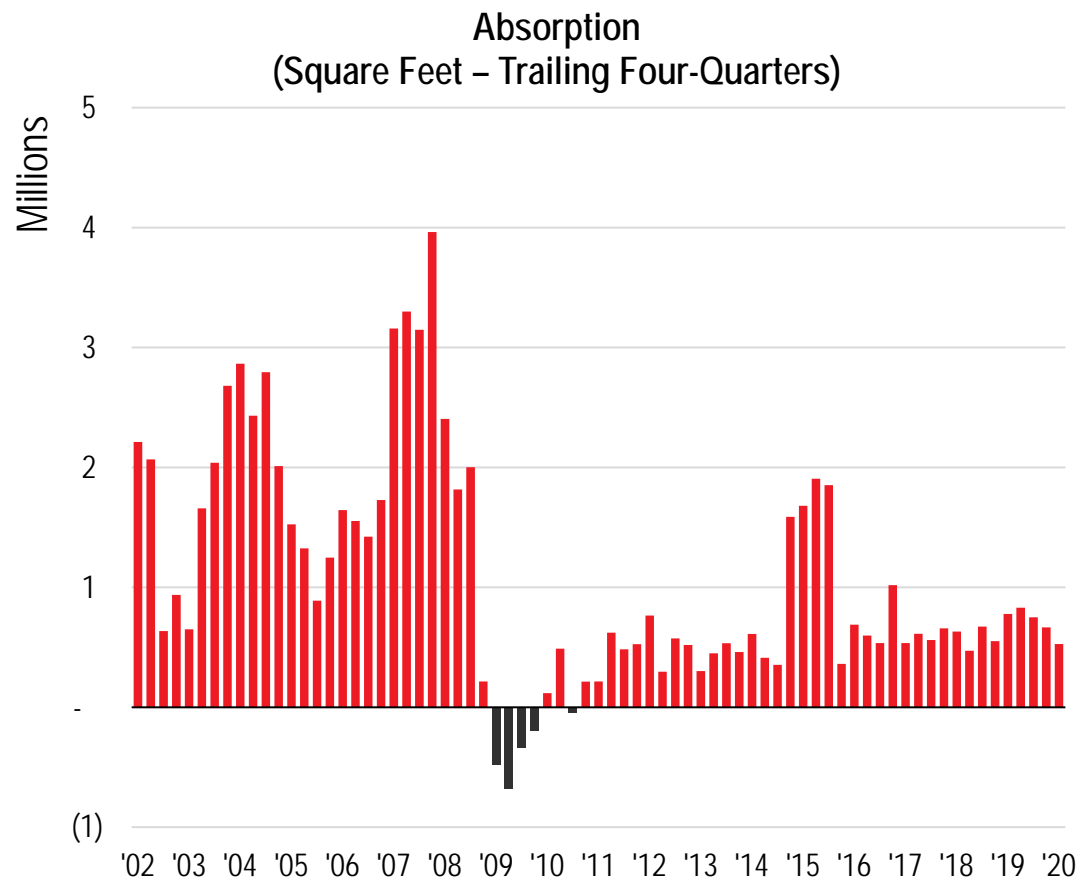
## Rethinking Office Design Trends in a Post-COVID World

*"New COVID-19 protocols will require greater physical separation in workplaces via spatial, physical, and temporal means. Workstations will be spaced further apart, conference rooms depopulated, space-dividing partitions erected, and staff issued rotating schedules. For example, a portion of employees will come to the office on a given day, while the rest will work remotely."*

Source: Architect Magazine

# Commercial Real Estate Markets

## Retail Space – Las Vegas Area



Source: Applied Analysis

# 36%

Of Retailers Adjusted Their  
Marketplace Strategy as a  
Result of COVID-19



Source: Digitalcommerce360



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bluestem  
brands, inc.

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Loft Company

Tuesday Morning

J. Crew

Neiman Marcus



# CNBC

## Grocers Urgently Need to Fix Broken Online Business Model, as Pandemic Shifts More to Web

*"U.S. online shopping accounted for 5.1% of grocery sales at the end of 2019 and rose to 6.6% as of April 12. ... The trend has laid bare an unpleasant reality for grocers: As they sell more online, their profits are squeezed. Shifting consumer behavior caused by the coronavirus pandemic has created new urgency for grocers to fix the broken business model, particularly if there's a second wave of infections."*

Source: CNBC



# Forbes

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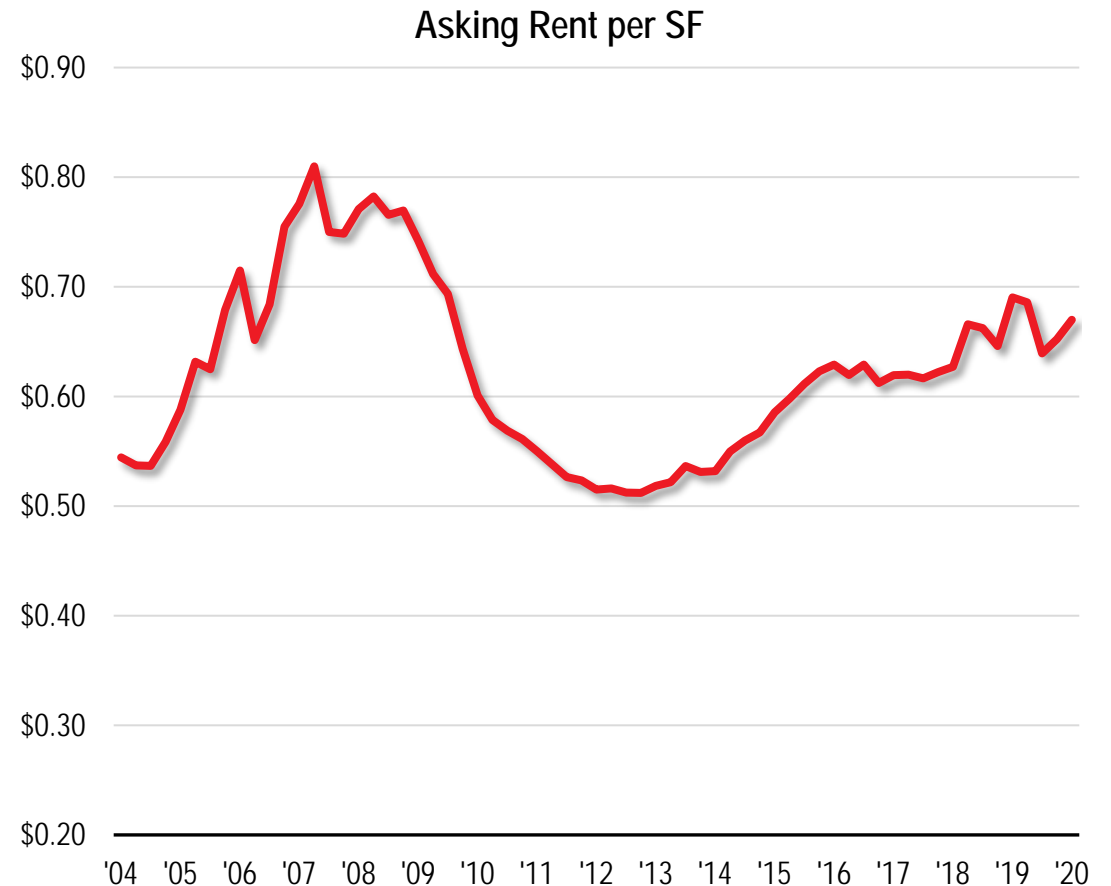
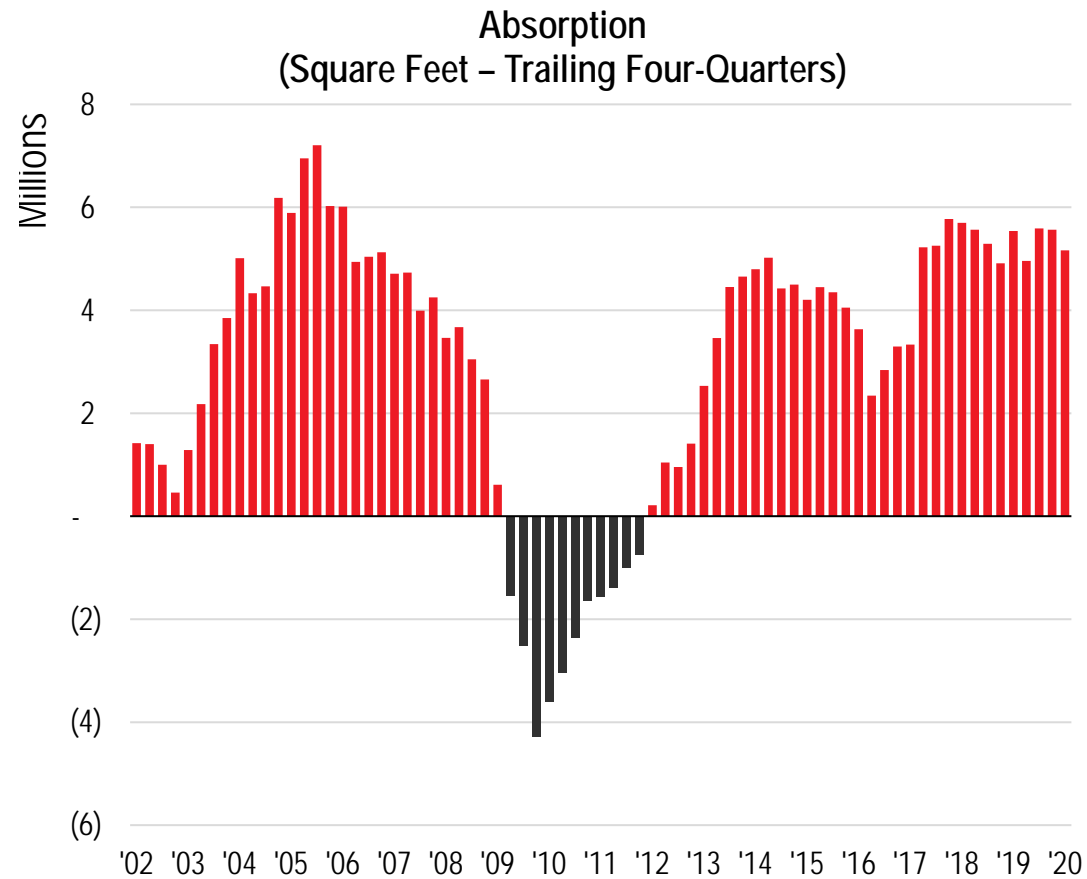
## Dark Stores are the Future of Post-Pandemic Retail

*"Whole Foods recently converted stores in Los Angeles and New York to dark stores. Other grocery chains like Kroger and Giant Eagle have temporarily moved some locations to dark stores, with plans that some locations could become permanent. Dark stores are most common in grocery chains, but the trend is also moving to other industries."*

Source: Forbes

# Commercial Real Estate Markets

## Industrial Space – Las Vegas Area



Source: Applied Analysis

# LAS VEGAS SUN

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Amazon hiring 1,000 full-time workers for Henderson facility

*"Amazon is accepting applications for more than 1,000 full-time positions for its new fulfillment center near Bruner Avenue and Bermuda Road in west Henderson. The 600,000 square-foot facility, which is scheduled to open this year, will "support customer fulfillment by receiving large orders of inventory, largely from small and medium sized businesses, and redistributing products to fulfillment centers across the company's operations network."*

Source: Las Vegas Sun



National  
Economic  
Recession



Local  
Health  
Crisis



Local  
Economic  
Conditions



Residential  
Market  
Trends



Commercial  
Market  
Trends



Development  
Activity  
Outlook

# 2010 vs. 2020







±140,000 Lost Jobs



±3 Years

±230,000 Lost Jobs

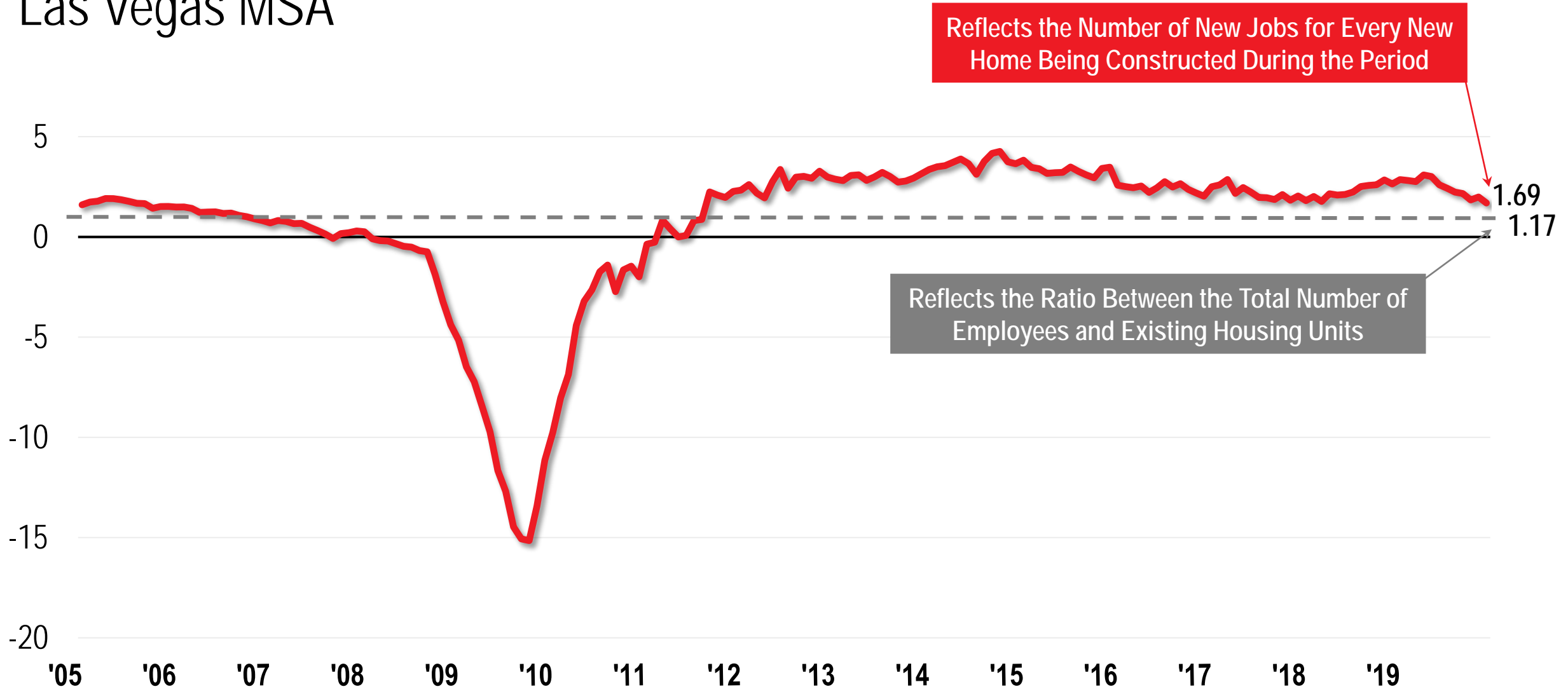


±1 Month

Note: Las Vegas MSA










# Employment Growth-to-Permit Ratio

## Las Vegas MSA



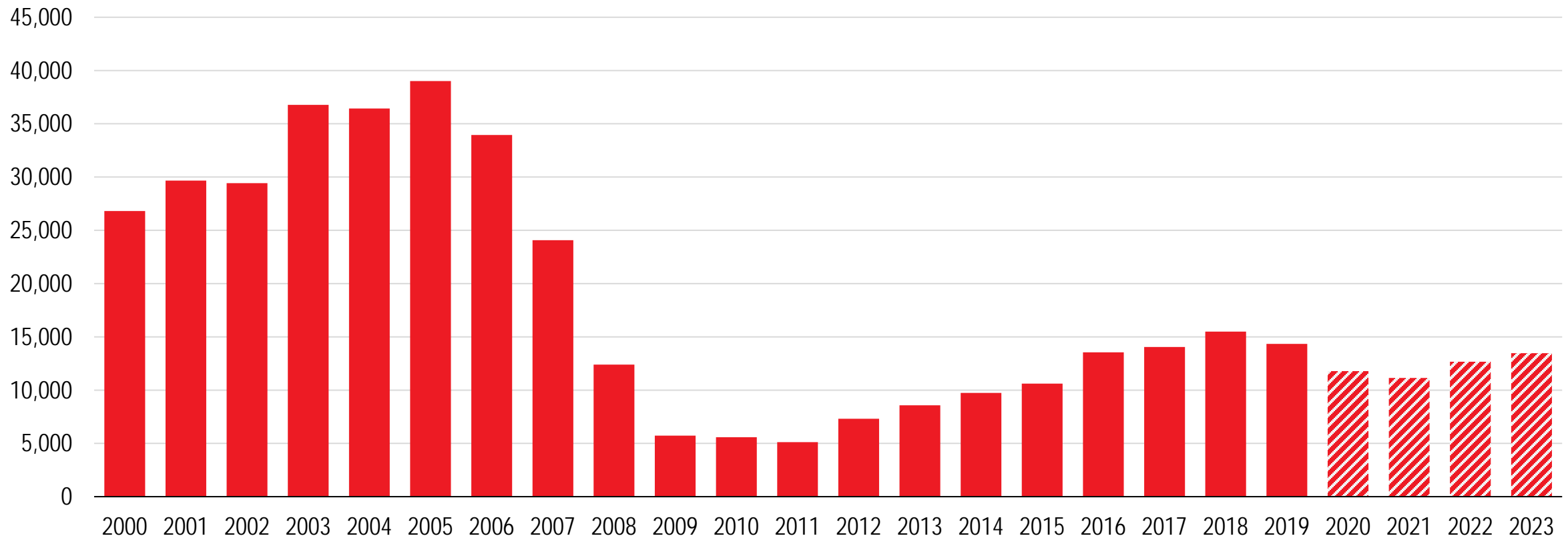
Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau and Applied Analysis

# Residential Development Market Outlook Factors

Timing	Factors	Impact
2020	Nonessential business closures (limiting sales opportunities)	
2020-2021	Supply-chain disruption (delays) for materials	
2020-2021	Potential for labor-related challenges as workers potentially relocate	
2020-2021	Record-low or near record-low mortgage interest rates (for-sale market)	
2020-2021	Reduced for-rent multi-family starts (pause on financing)	
2020-2021	Population in-migration for workers moderates given employment condition	
2021	Health crisis subsides (vaccination); travel and tourism activity normalizes	
2021-2023	Broader tourism and economic recovery takes hold	
2022-2023	Economic recovery translates into stronger population growth	










# Historical and Projected Development Activity

## Number of Residential Units



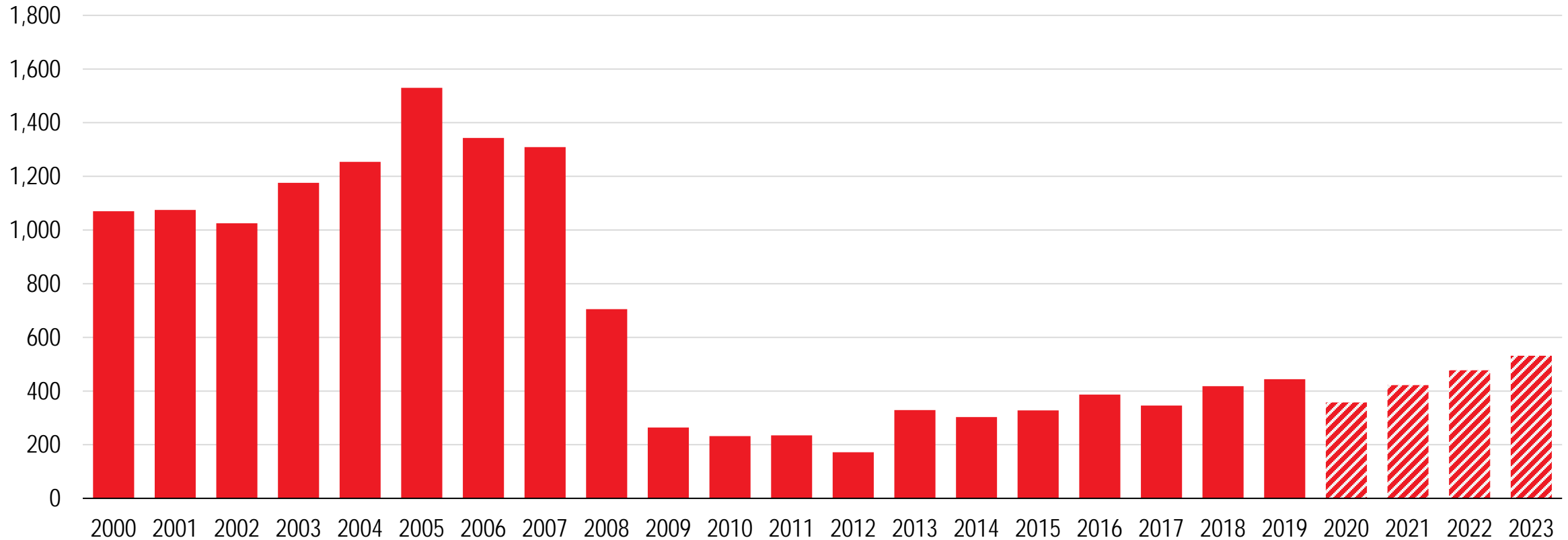


# Non-Residential Development Market Outlook Factors

Timing	Factors	Impact
2020	Nonessential business closures (limiting sales opportunities)	
2020-2021	Supply-chain disruption (delays) for materials	
2020-2021	Potential for labor-related challenges as workers potentially relocate	
2020-2021	A number of public projects (transportation) continue to move forward	
2020-2021	Private sector demand (and financing) for new office/retail space is limited	
2020-2021	Industrial/distribution demand remains elevated (online shopping/last mile)	
2021	Health crisis subsides (vaccination); travel and tourism activity normalizes	
2021-2023	Broader tourism and economic recovery takes hold	
2022-2023	Economic recovery translates into stronger population growth (demand)	

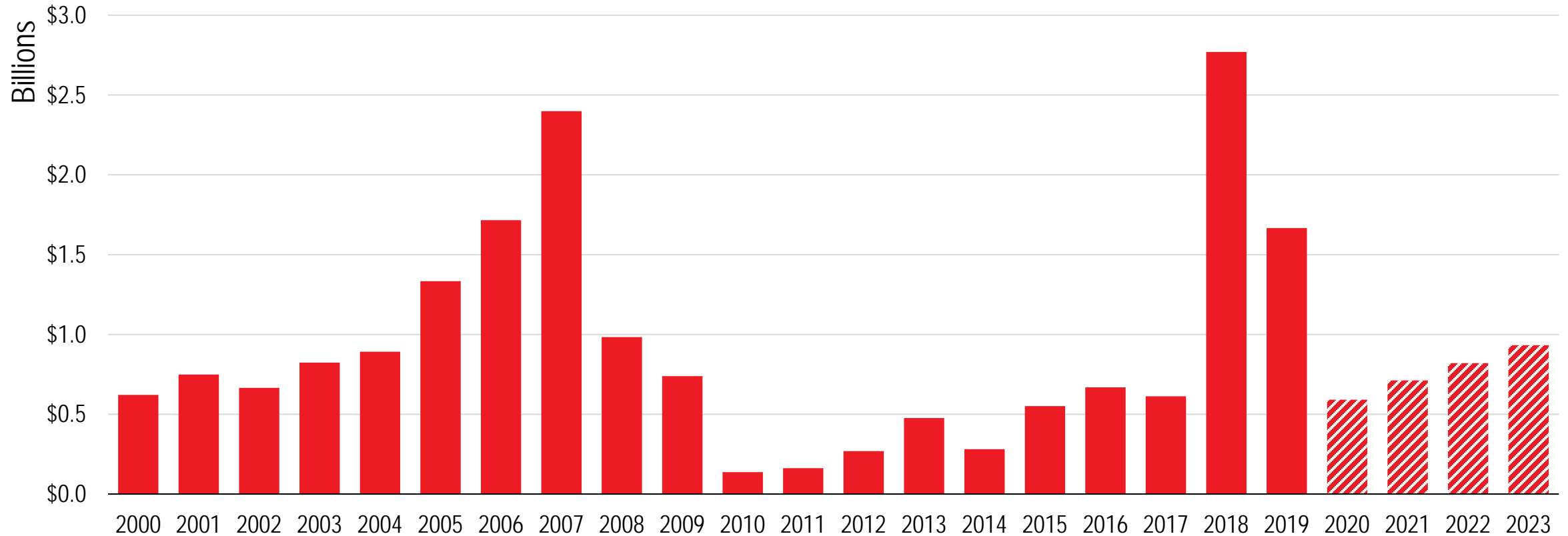
# Historical and Projected Development Activity

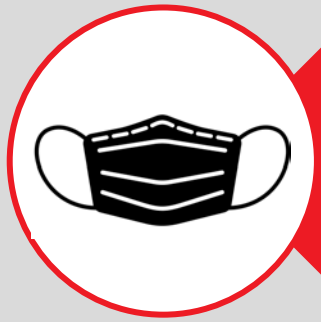
## Number of Commercial Permits



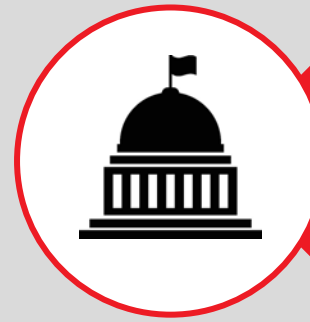
# Historical and Projected Development Activity

## Amount of Commercial Permitted Value

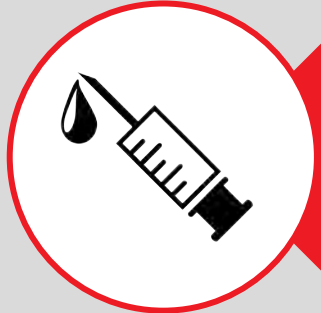




Duration and Intensity  
of Health Crisis



Regulatory Intervention  
(Federal or Local)



Timing and Effectiveness  
of a Vaccine



Shifts in Consumer  
Behavior Patterns



Additional Rounds of  
Government Stimulus



Change in Population  
Migration Activity



Labor Supply-Demand  
Alignment



Travel and Tourism  
Industry Performances





NEVADA  
CONTRACTORS  
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ONE INDUSTRY. ONE VOICE

# RESIDENTIAL & COMMERCIAL DEVELOPMENT ACTIVITY FORECAST

