



2019 & BEYOND
The Future We Are Building

Jeremy Aguero
February 7, 2019

A close-up photograph of an elephant's head, rendered in a monochromatic blue color. The elephant's trunk is visible at the bottom, and its large ears are spread out. The texture of the elephant's skin is clearly visible.

ARE WE HEADED INTO A RECESSION?



“The record of *failure to predict recessions* is virtually unblemished.”

-- 2001 International Journal of Forecasting

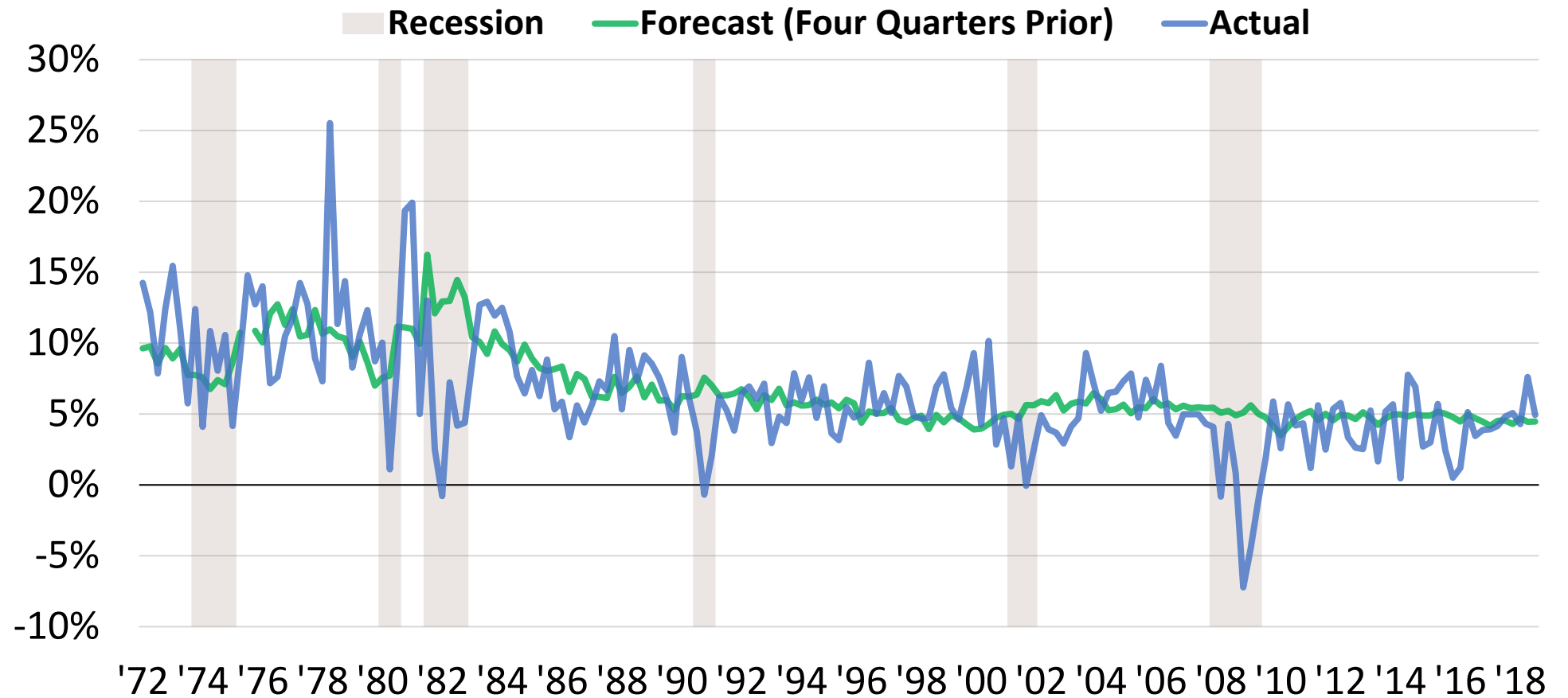
“I look forward to the day when economists manage to get themselves *thought of as humble, competent people*, on a level with dentists.”

-- John Maynard Keynes

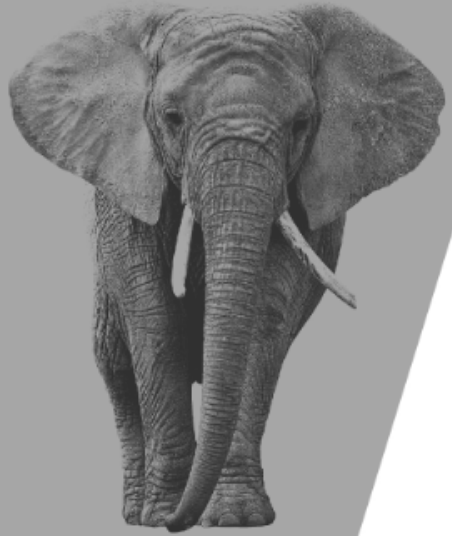


Quarter-Over-Quarter Growth

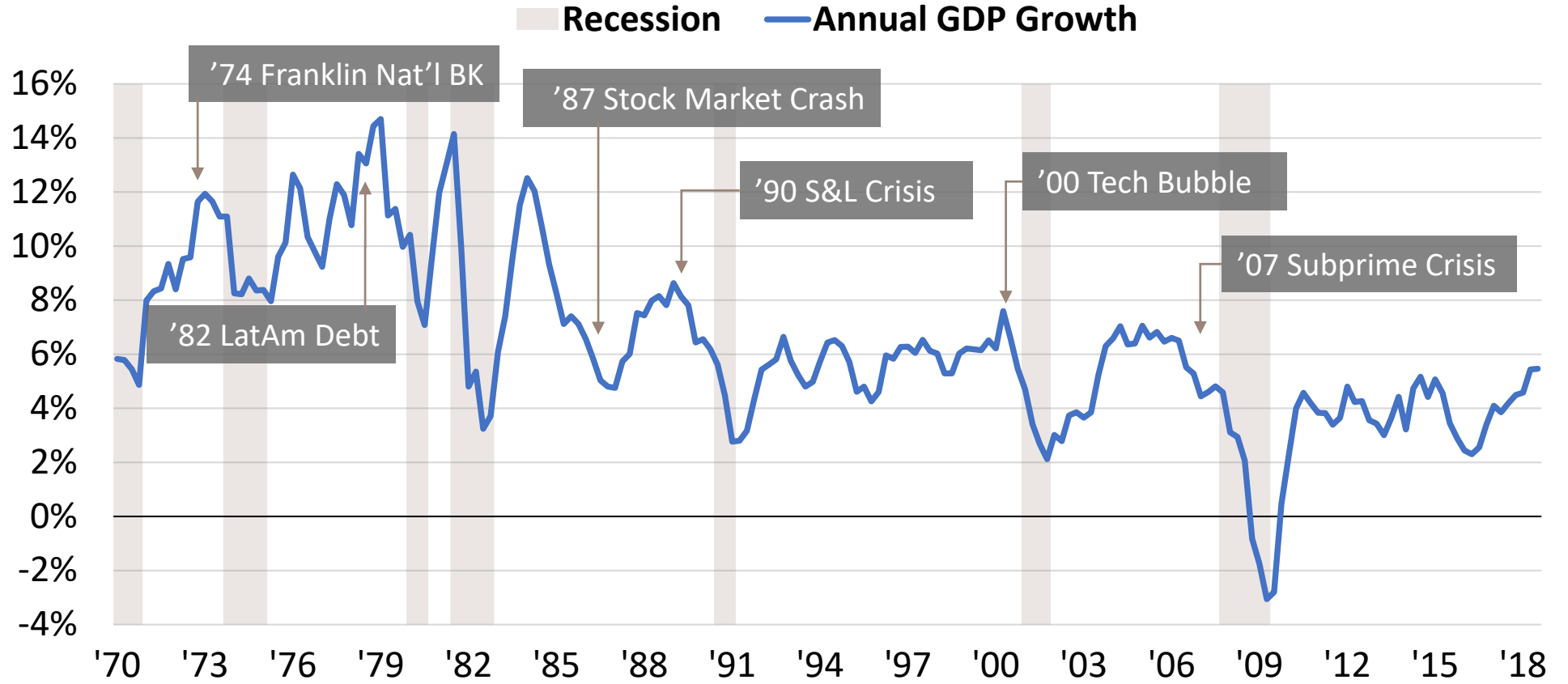
Forecast Four Quarters Prior vs. Actual



Source: Federal Reserve Bank of Philadelphia and United States Bureau of Economic Analysis



Annual GDP Growth and Financial Events



Source: United States Bureau of Economic Analysis



Comparative Analysis of Periods of Expansion and Real GDP Growth

Recent expansion has experienced the **slowest GDP growth** in history

Trough	Peak	Duration (Qtrs.)	Real GDP Compound Annual Growth Rate
Q4 1949	Q2 1953	15	7.6%
Q2 1958	Q2 1960	9	5.5%
Q4 1970	Q4 1973	13	5.1%
Q1 1961	Q4 1969	36	4.9%
Q3 1980	Q3 1981	5	4.3%
Q1 1975	Q1 1980	21	4.3%
Q4 1982	Q3 1990	32	4.3%
Q2 1954	Q3 1957	14	4.0%
Q1 1991	Q1 2001	41	3.6%
Q4 2001	Q4 2007	25	2.9%
Q2 2009	To Date	37	2.3%
Average		22	4.4%

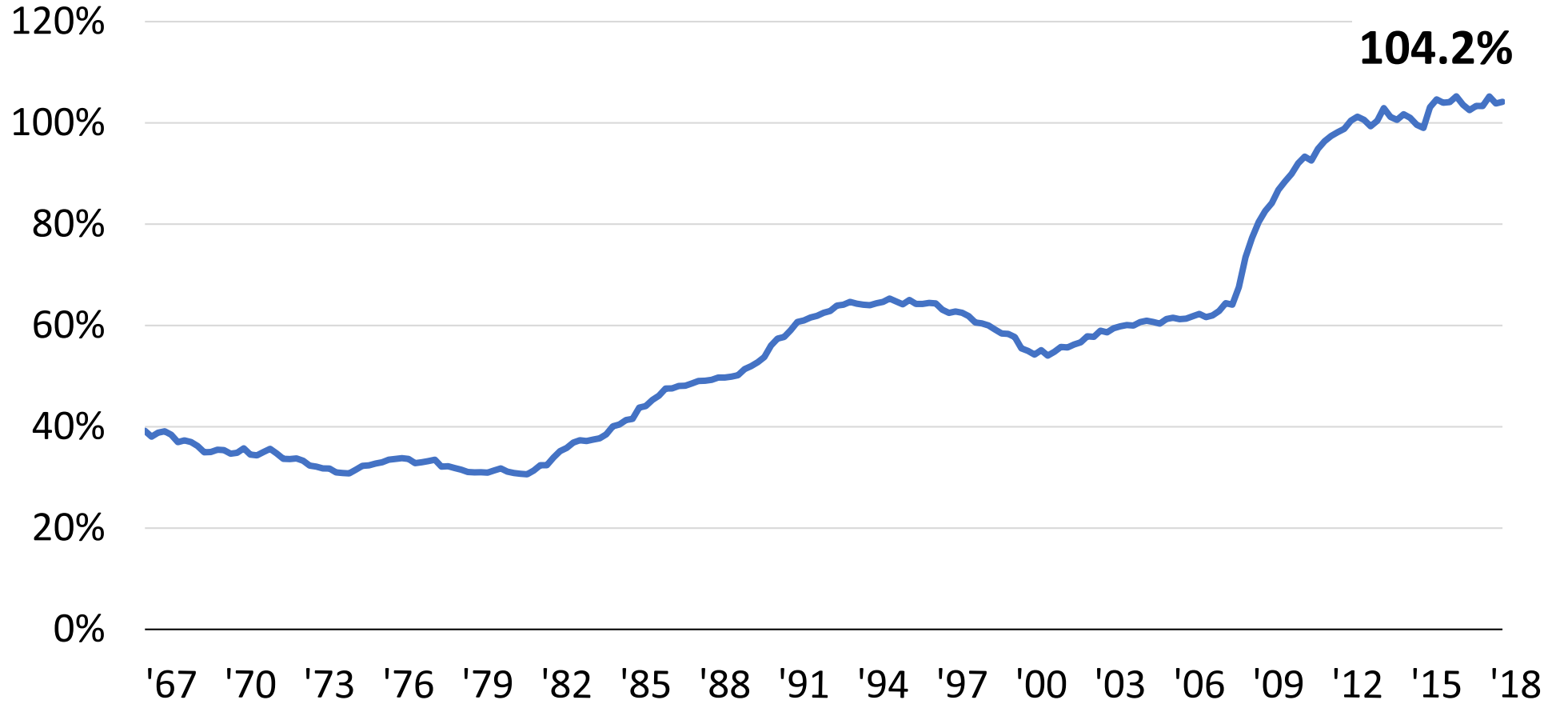
Source: United States Bureau of Economic Analysis and Applied Analysis

A close-up, monochromatic blue image of an elephant's head, showing its trunk and large ears. The text "RECESSION IS INEVITABLE" is overlaid in white, bold, sans-serif font across the center of the image.

RECESSION IS INEVITABLE



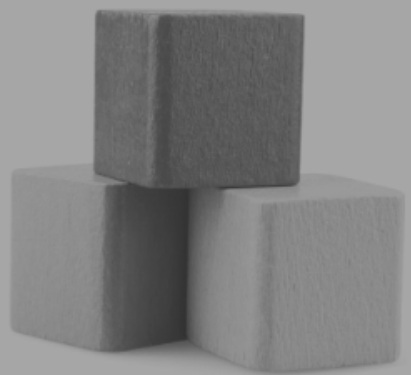
Public Debt as a Percent of GDP



Source: Federal Reserve Bank of St. Louis

The image features three dark blue wooden blocks stacked in a 2-1 formation. The top block is centered on two blocks below it. The background is a solid, medium blue color. The text 'THE FUNDAMENTALS' is overlaid in white, bold, sans-serif font with a slight drop shadow.

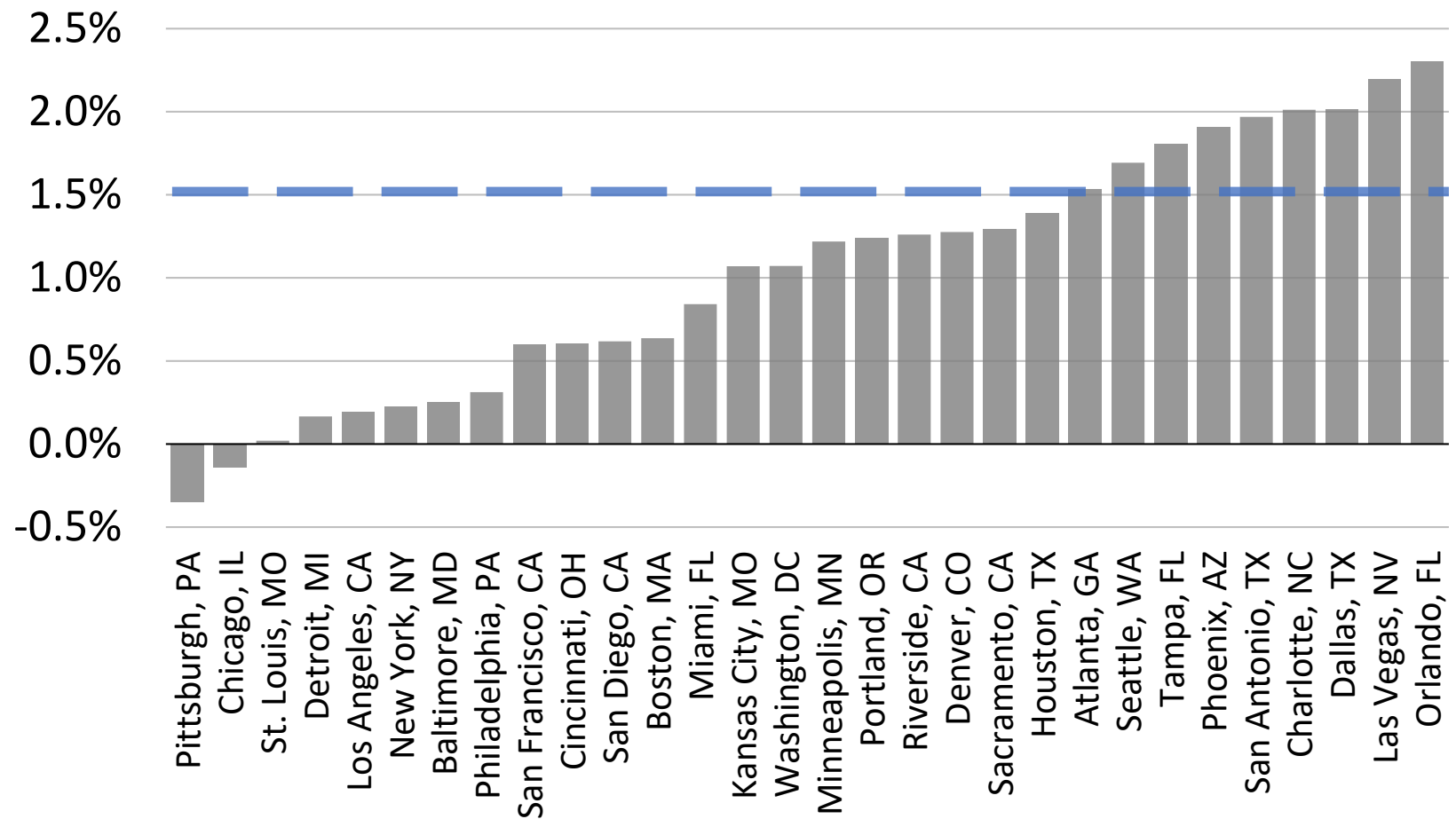
THE FUNDAMENTALS



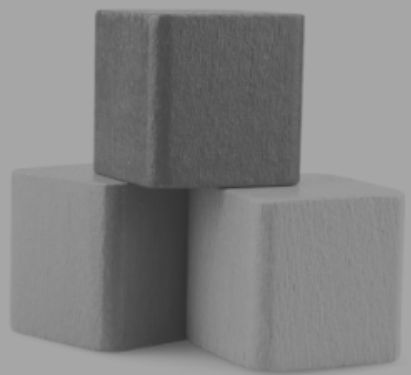
Population Growth

Largest 30 MSAs and Reno MSA

**Reno MSA:
+1.5%**



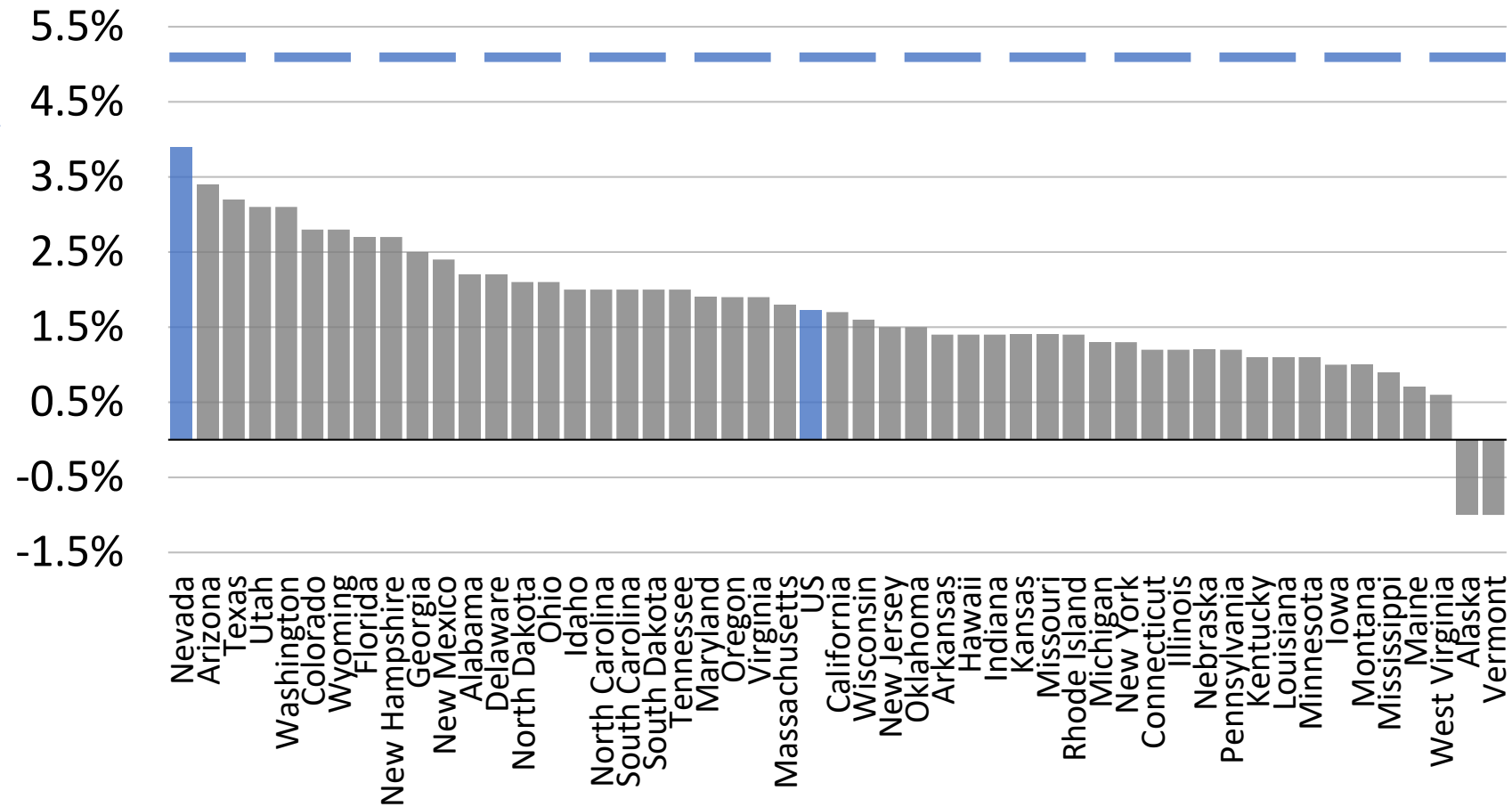
Source: U.S. Census Bureau (2016 vs. 2017)



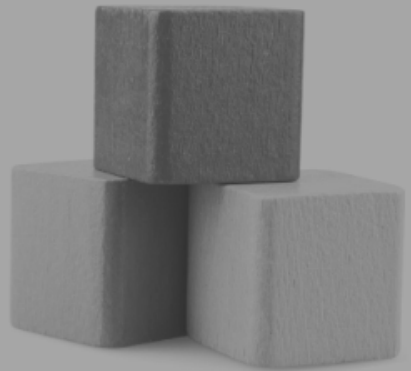
Employment Growth

United States and the Reno MSA

Reno MSA:
+5.2%

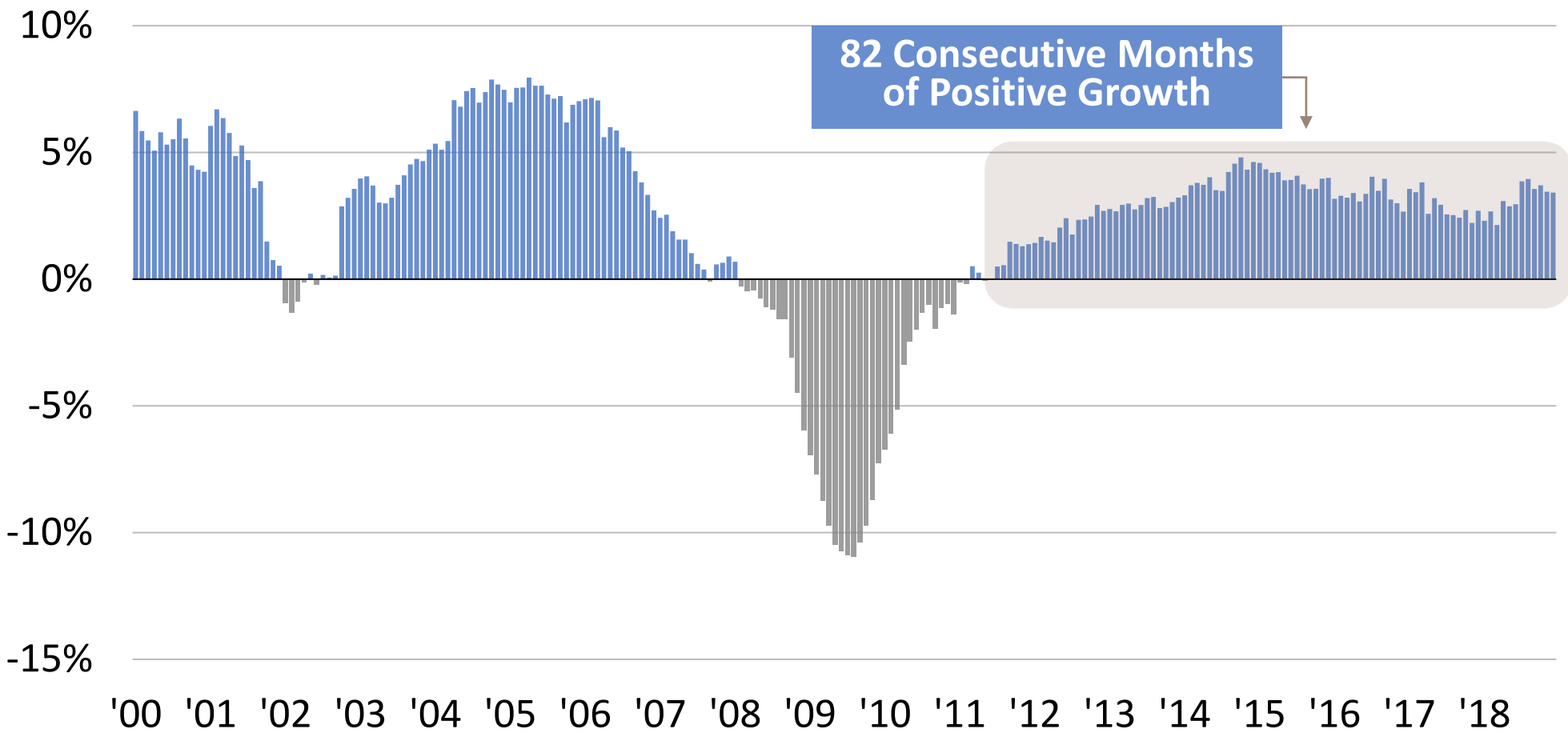


Source: U.S. Bureau of Labor Statistics (December 2018 vs. December 2017; Total Non-Farm, Seasonally Adjusted)

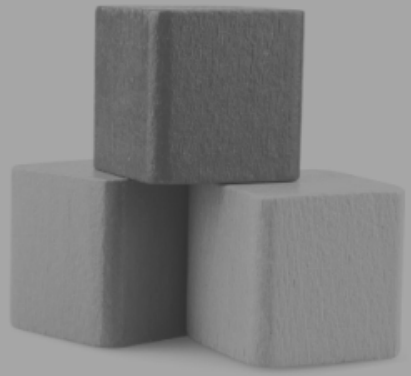


Employment Growth

Reno MSA | Year-over-Year

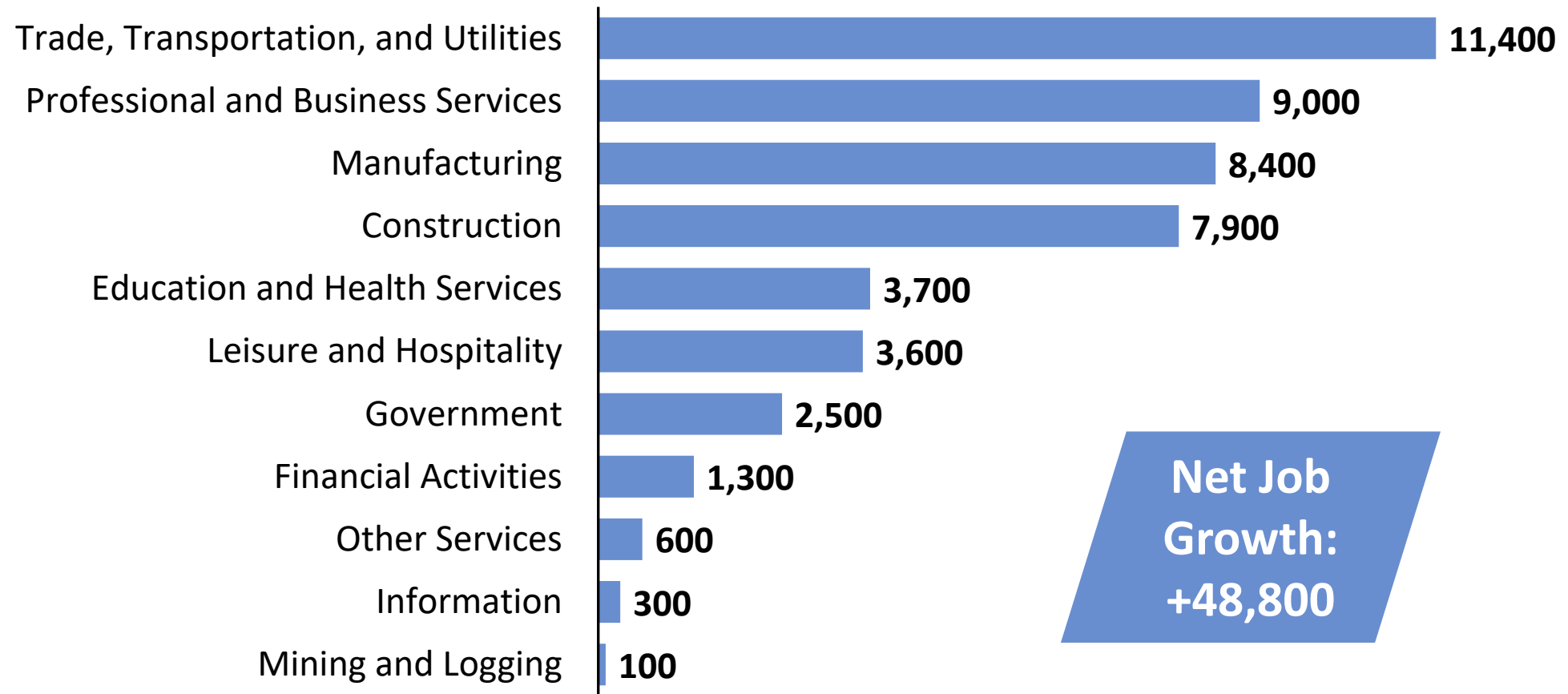


Source: U.S. Bureau of Labor Statistics

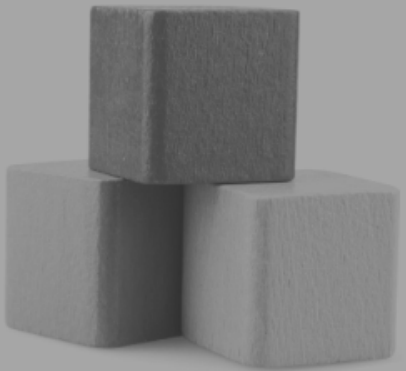


Employment Growth

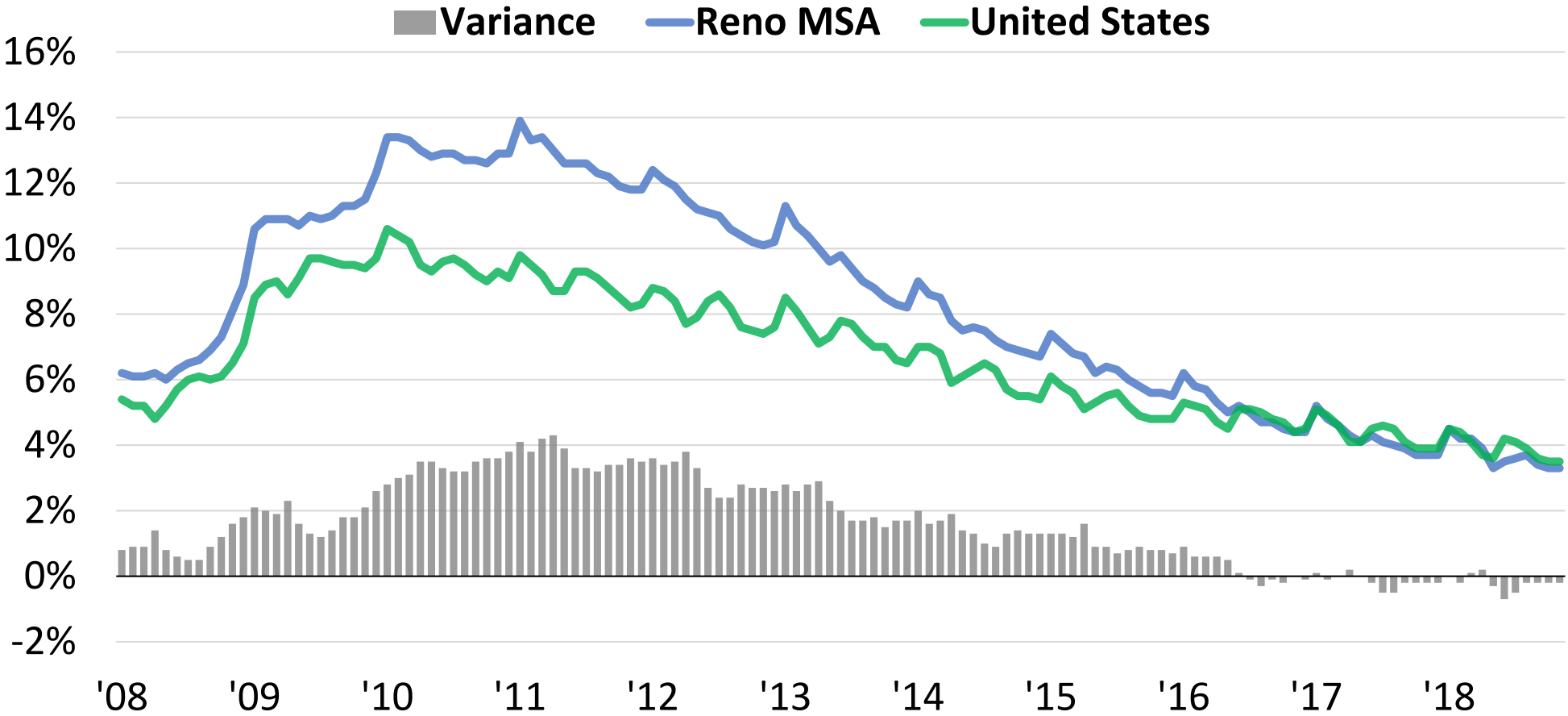
Reno MSA | Last 5 Years



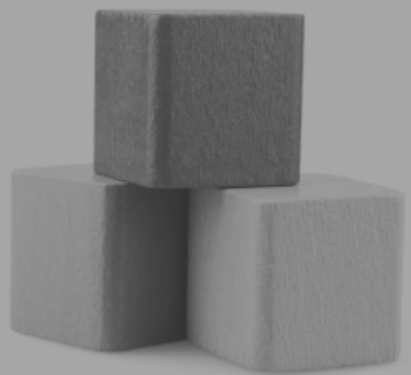
Source: U.S. Bureau of Labor Statistics (December 2018 vs. December 2013)



Unemployment Rate

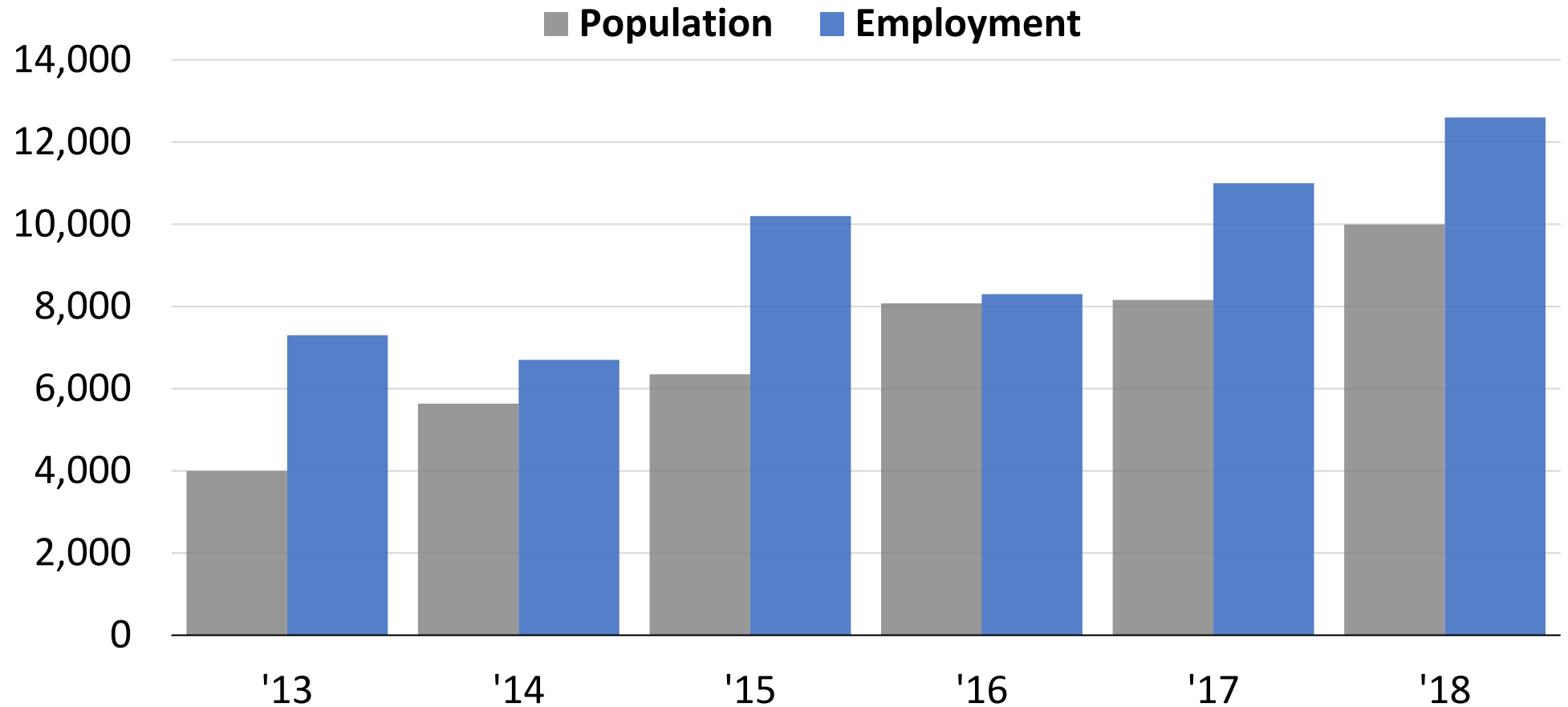


Source: U.S. Bureau of Labor Statistics

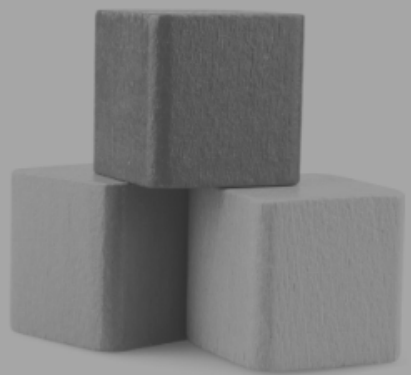


Population and Employment

Reno MSA Total Increase | 2013-2018

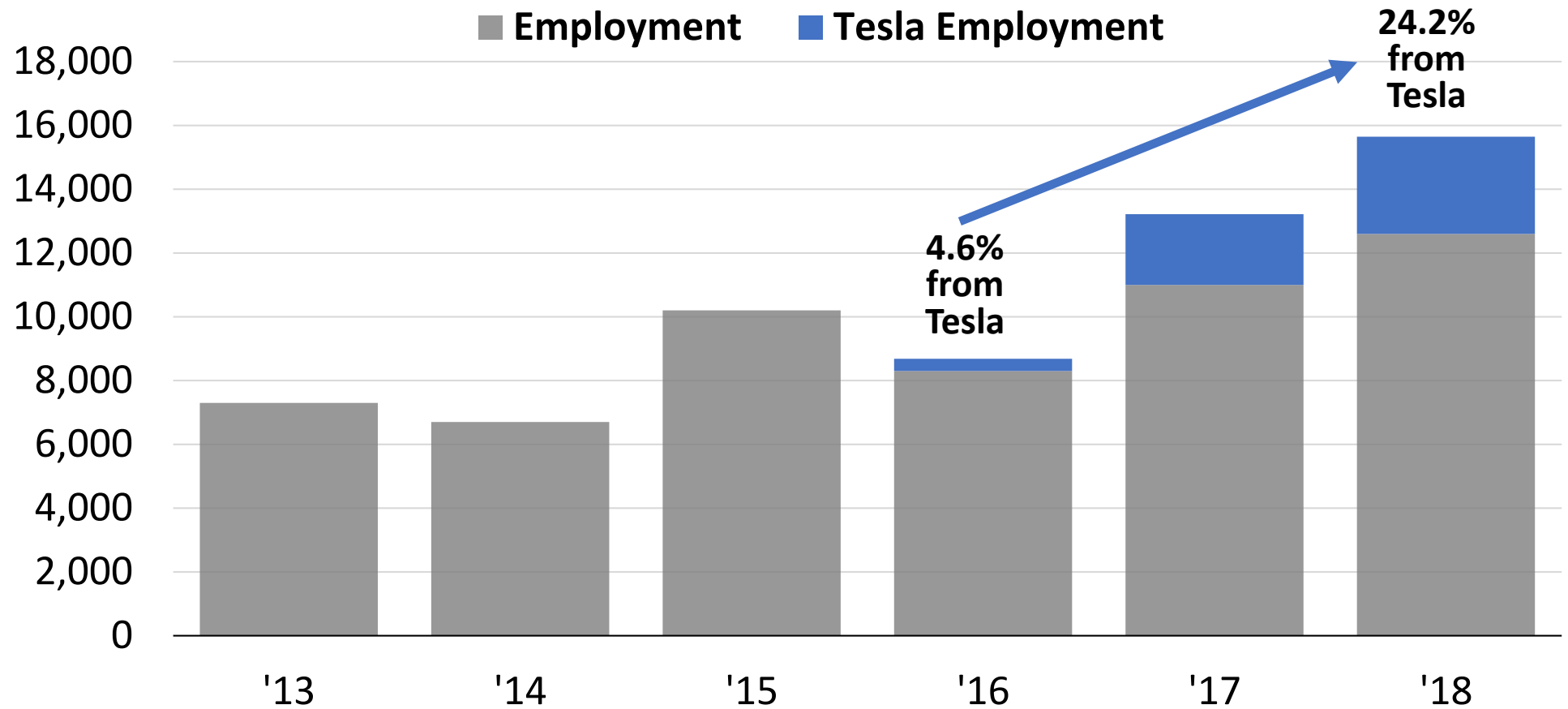


Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, EMSI, Governor's Office of Economic Development

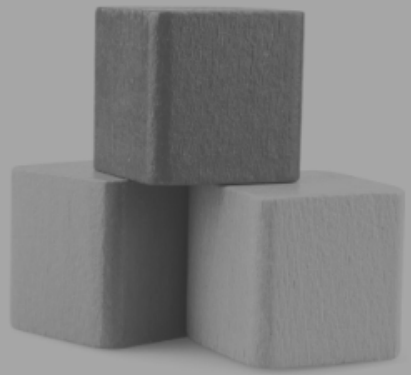


Impact of Tesla on the Reno MSA

Total Increase | 2013-2018



Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, EMSI, Governor's Office of Economic Development



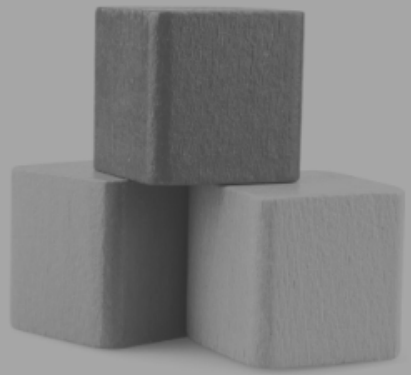
ECONOMIC DIVERSIFICATION: HOW IS RENO DOING?



Changing the Employment Base

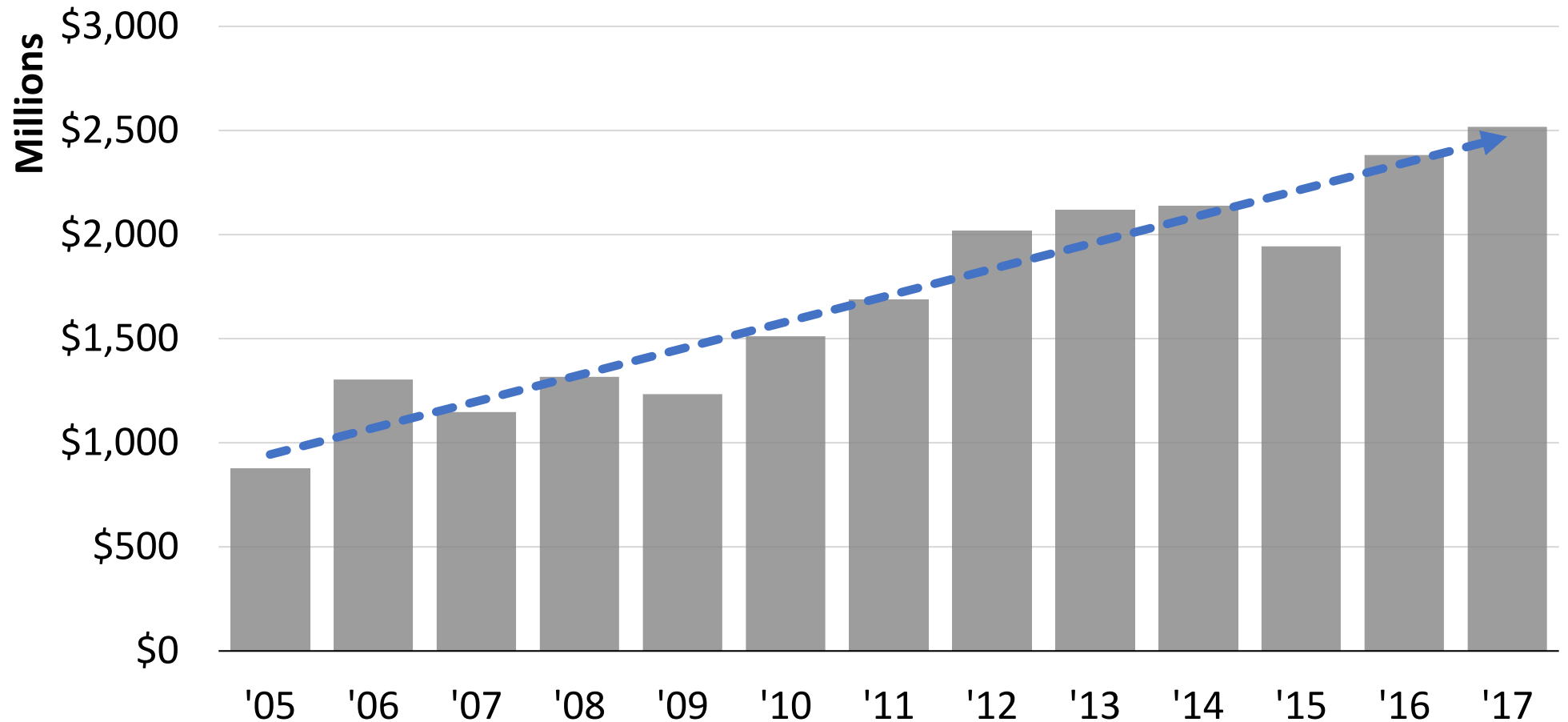
Sector	2013	2018	Net Growth
Trade, Transportation and Utilities	45,900	57,300	11,400
Professional and Business Services	28,100	37,100	9,000
Manufacturing	12,600	21,000	8,400
Construction	10,400	18,300	7,900
Education	23,100	26,800	3,700
Leisure and Hospitality	34,300	37,900	3,600
Government	29,600	32,100	2,500
Financial Activities	9,500	10,800	1,300
Other Services	5,900	6,500	600
Information	2,000	2,300	300
Mining and Logging	200	300	100
Total	201,600	250,400	+48,800

Source: U.S. Bureau of Labor Statistics

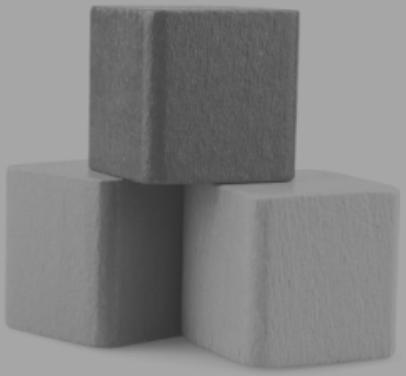


Total Exports

Reno MSA

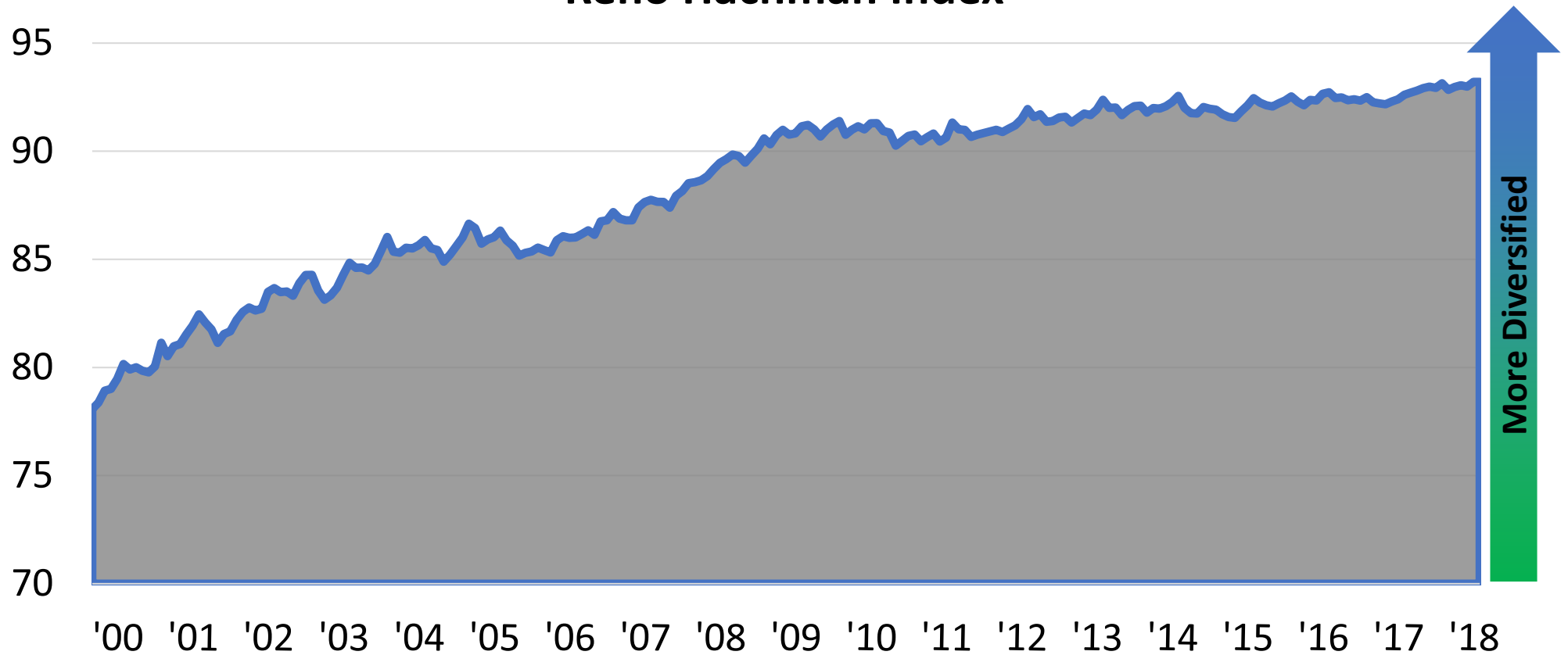


Source: U.S. Department of Commerce

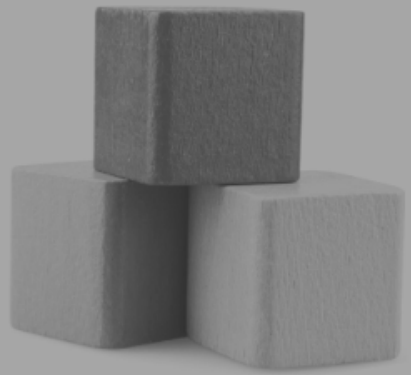


Diversifying Industry

Reno Hachman Index

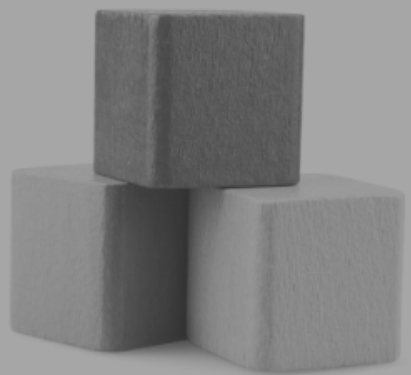


Source: U.S. Bureau of Labor Statistics and Applied Analysis

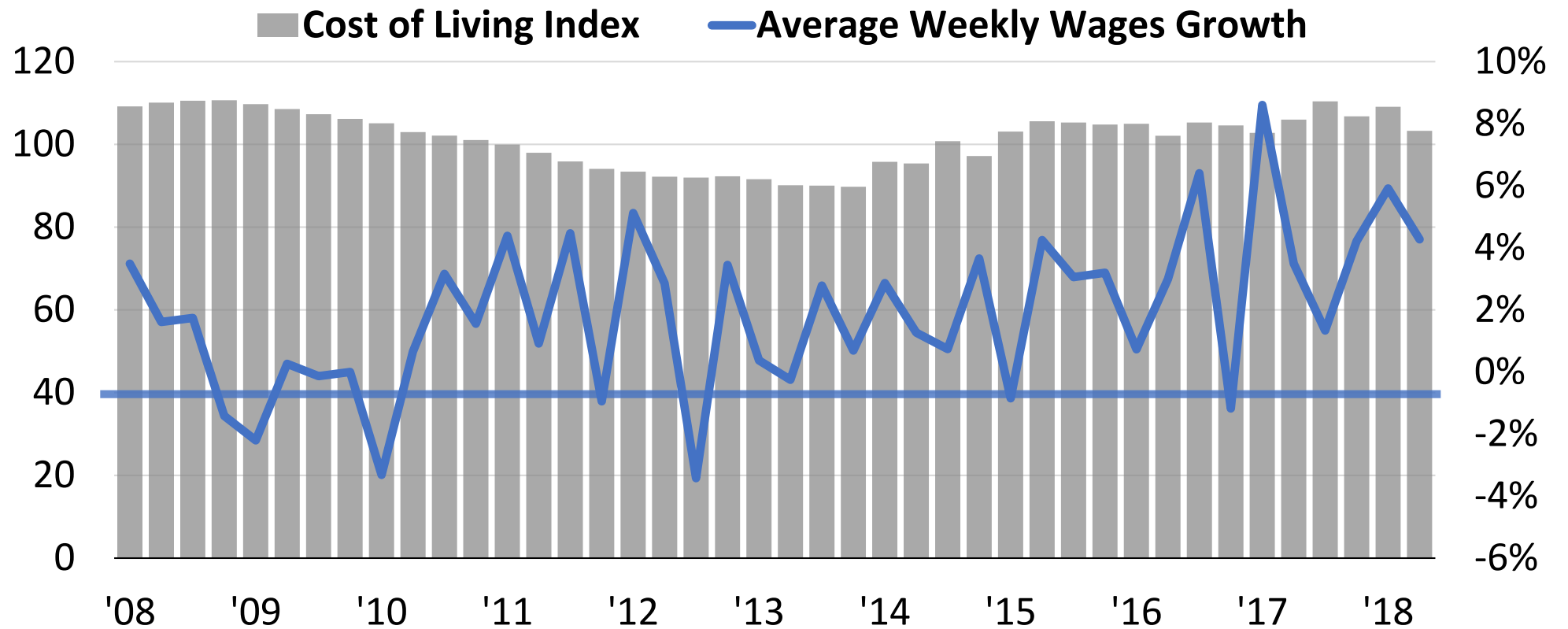


HOW AFFORDABLE IS IT TO SETTLE DOWN IN RENO?

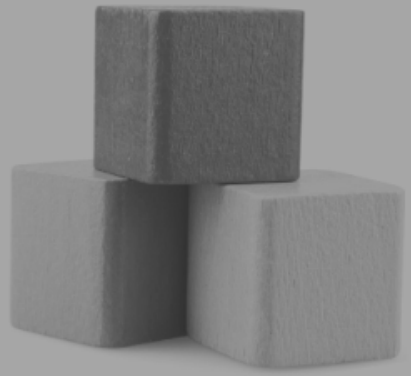




Cost of Living Index (COLI) vs. Average Weekly Wage Growth Northern Nevada

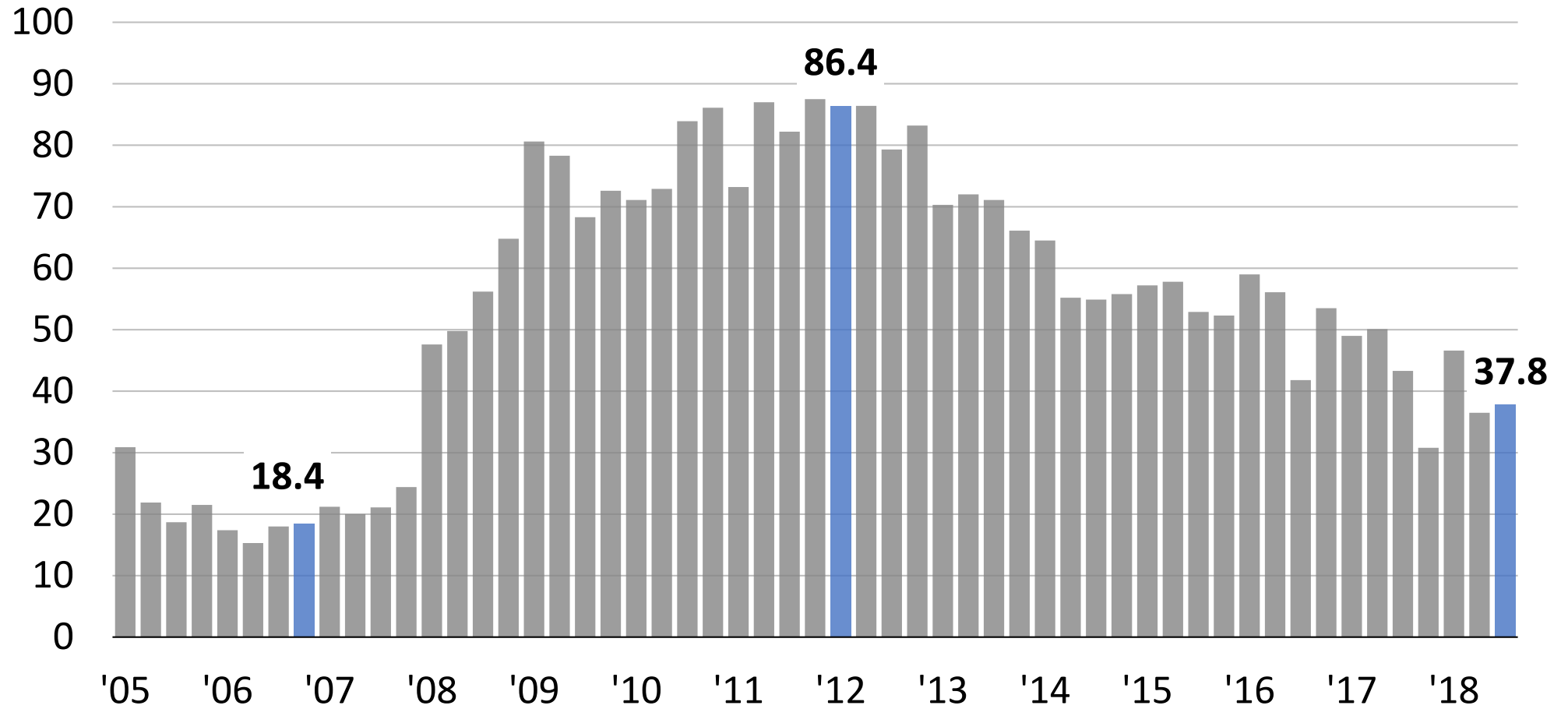


Source: U.S. Bureau of Labor Statistics and The Council for Community and Economic Research

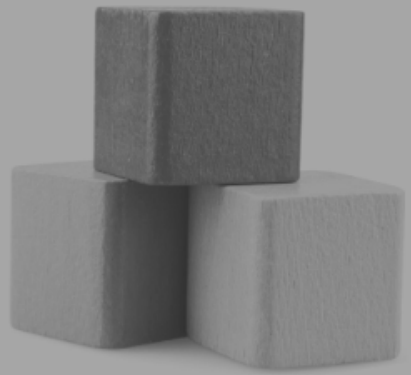


Housing Opportunity Index

Reno MSA

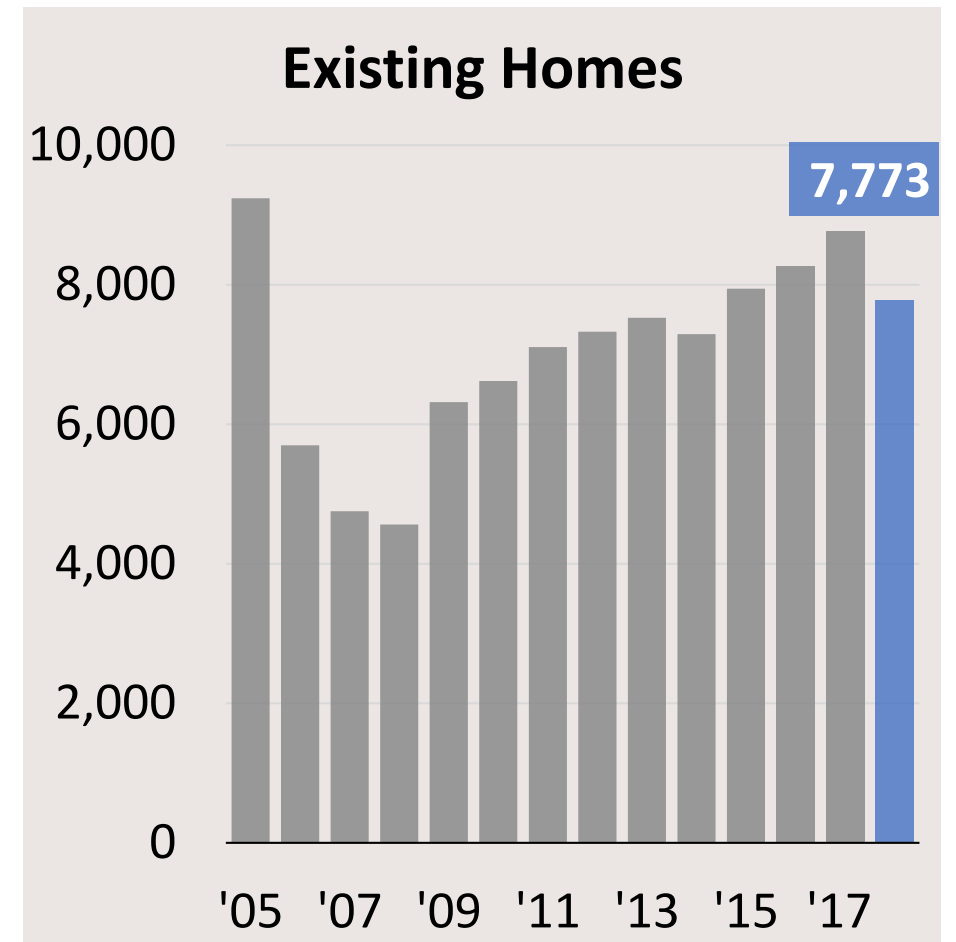
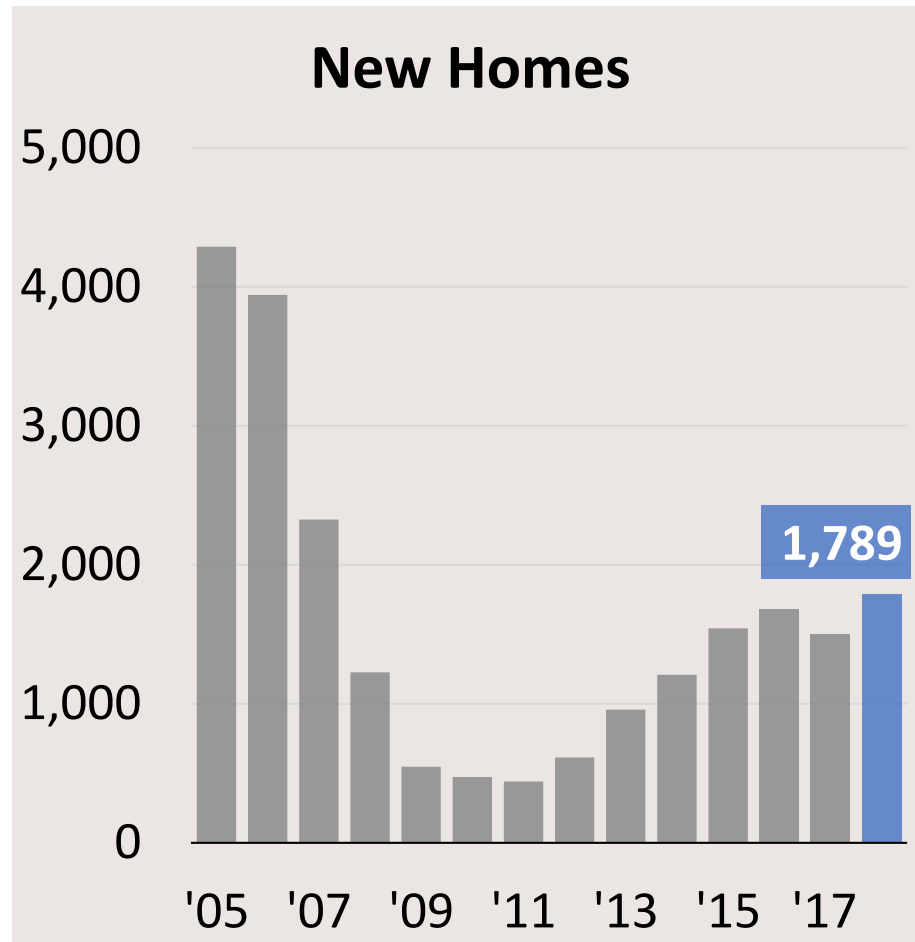


Source: National Association of Homebuilders



Home Closings

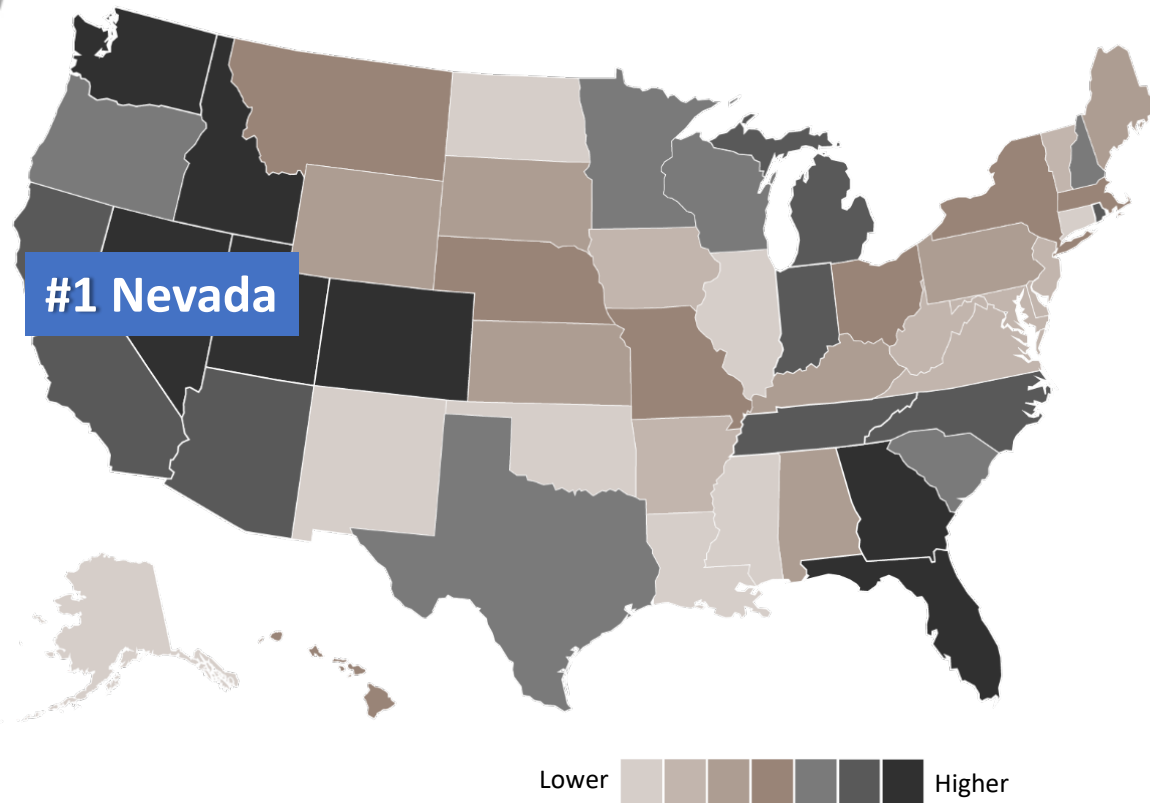
Washoe County



Source: SalesTraq, NNRMLS

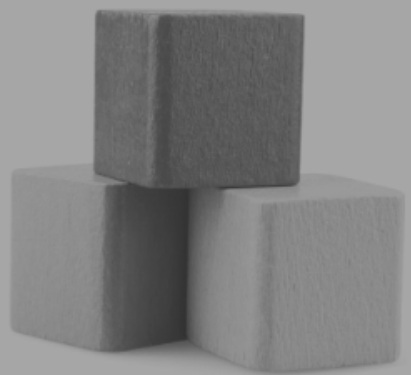
Fastest House Price Appreciation

House Price Index Growth



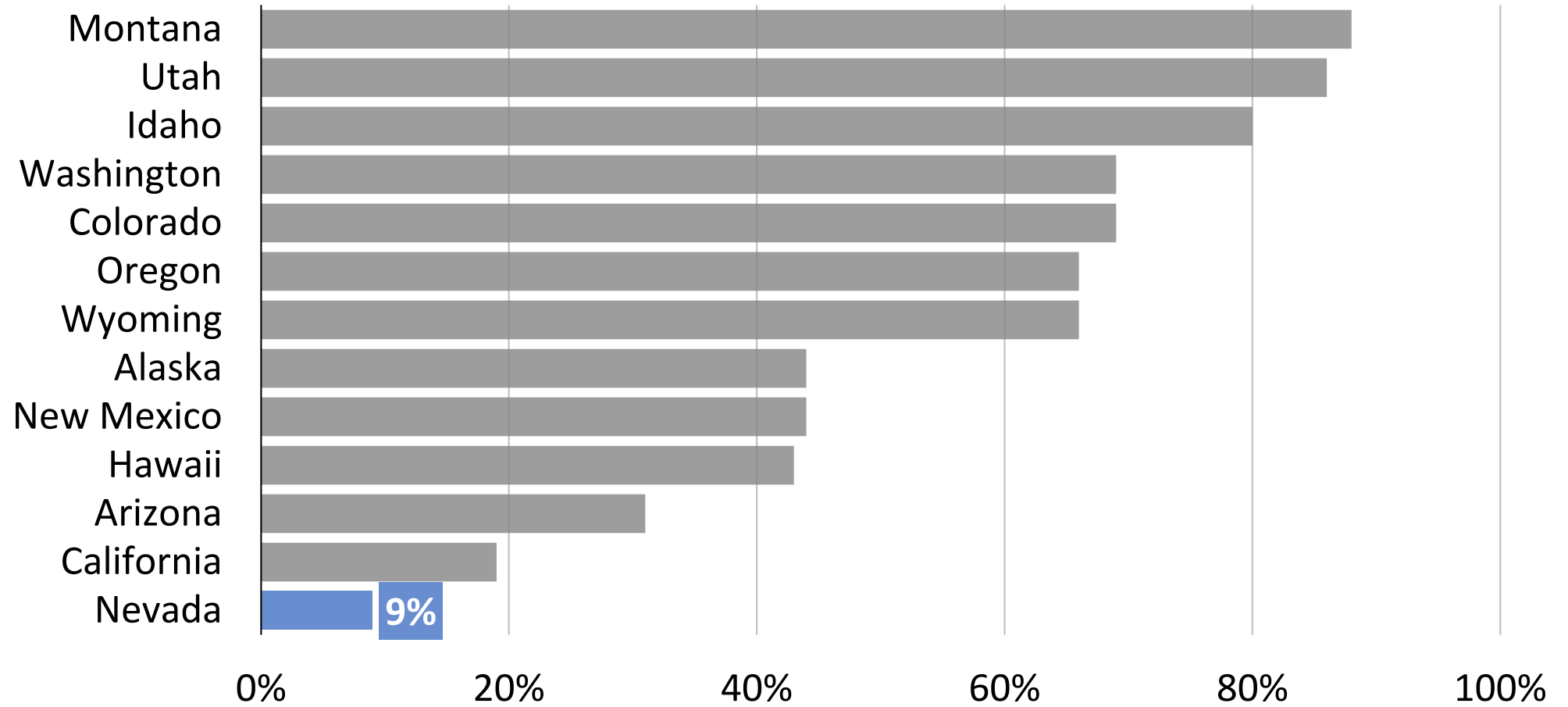
Rank	State	Growth
1	Nevada	+15.0%
2	Idaho	+13.0%
3	Utah	+10.4%
4	Washington	+9.9%
5	Colorado	+9.8%
6	Florida	+9.2%
7	Georgia	+8.9%
8	Arizona	+8.8%
9	California	+8.6%
10	Tennessee	+7.7%

Source: Federal Housing Finance Agency (Q3 2017 vs. Q3 2018)

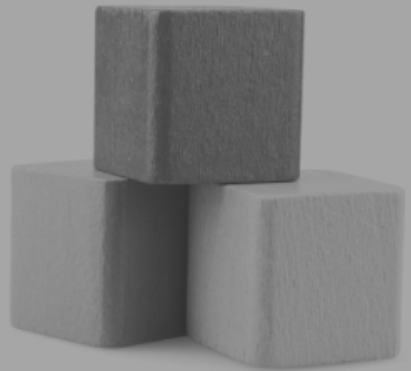


Growth in Values Since 2005

In Western States

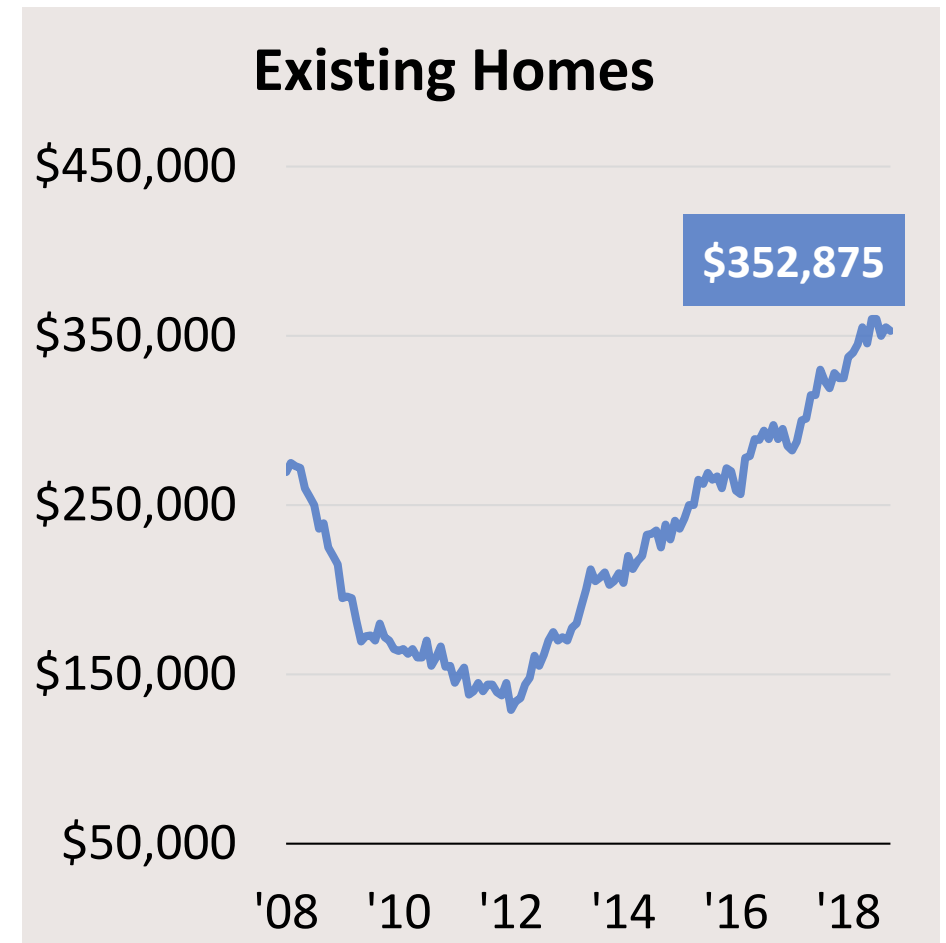
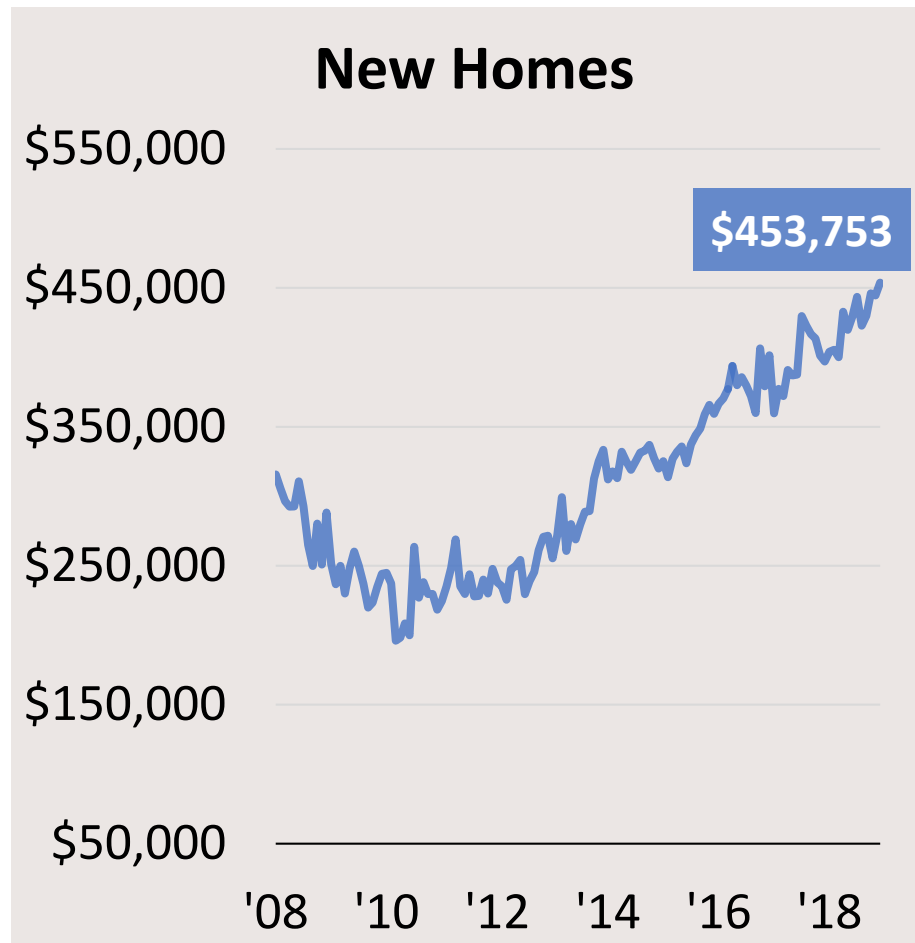


Source: National Association of Realtors (ACS and FHFA)



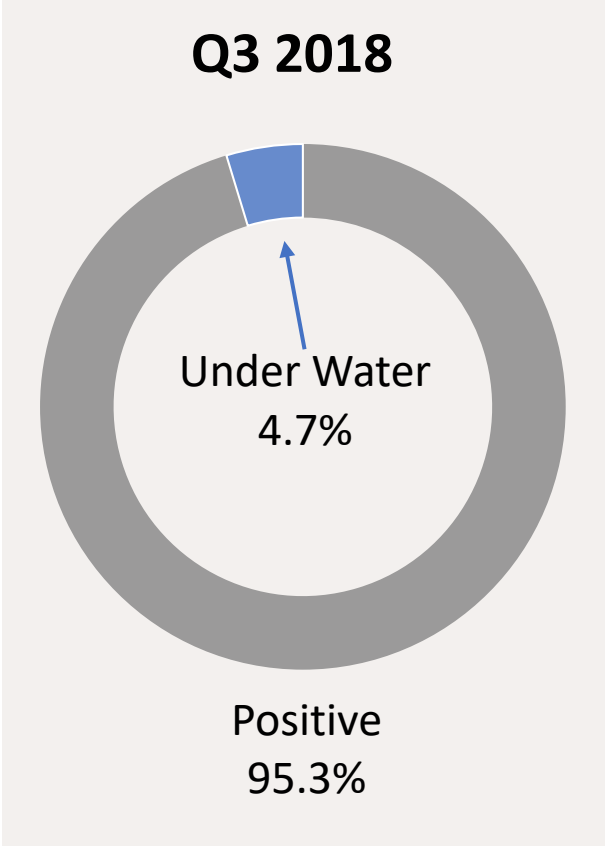
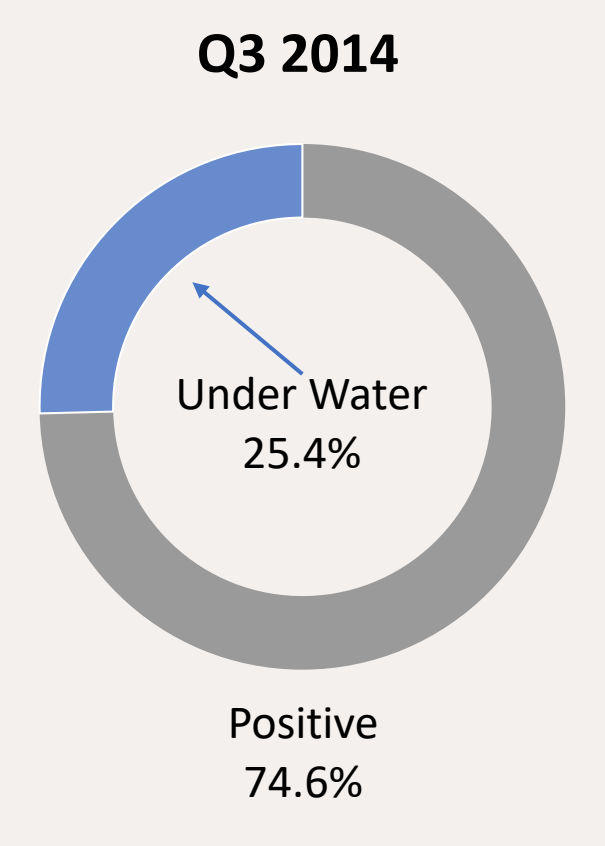
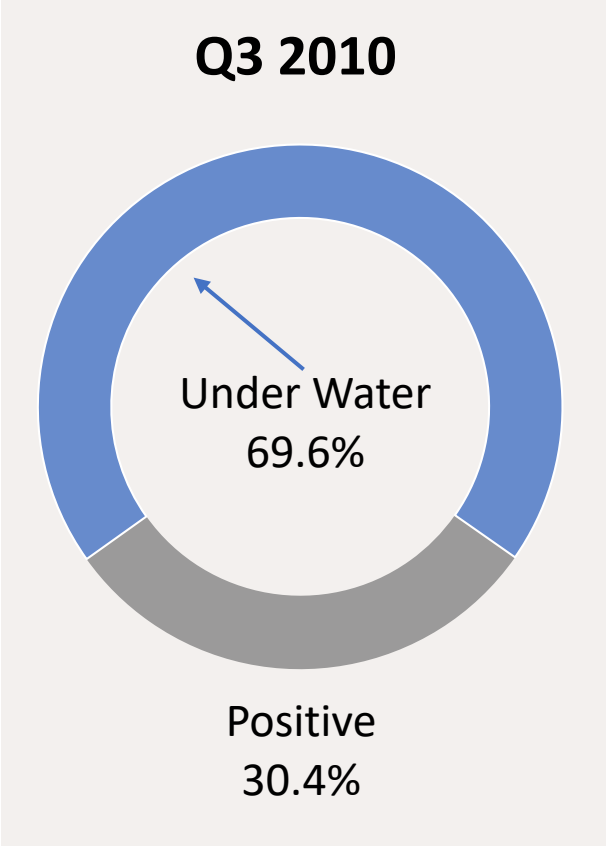
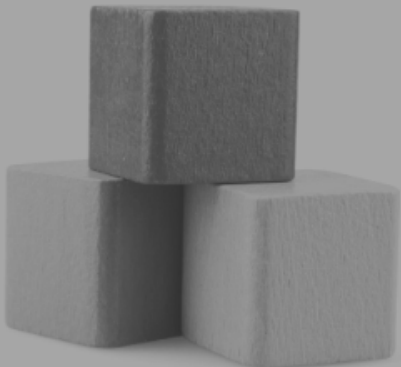
Median Home Prices

Reno Area

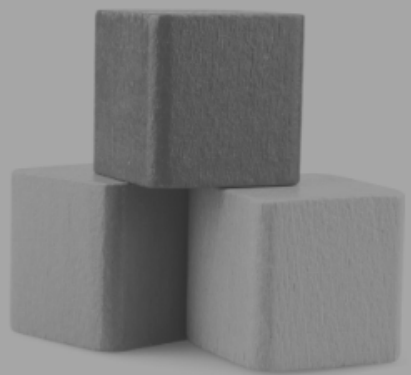


Source: SalesTraq

Nevada Homeowner's Equity

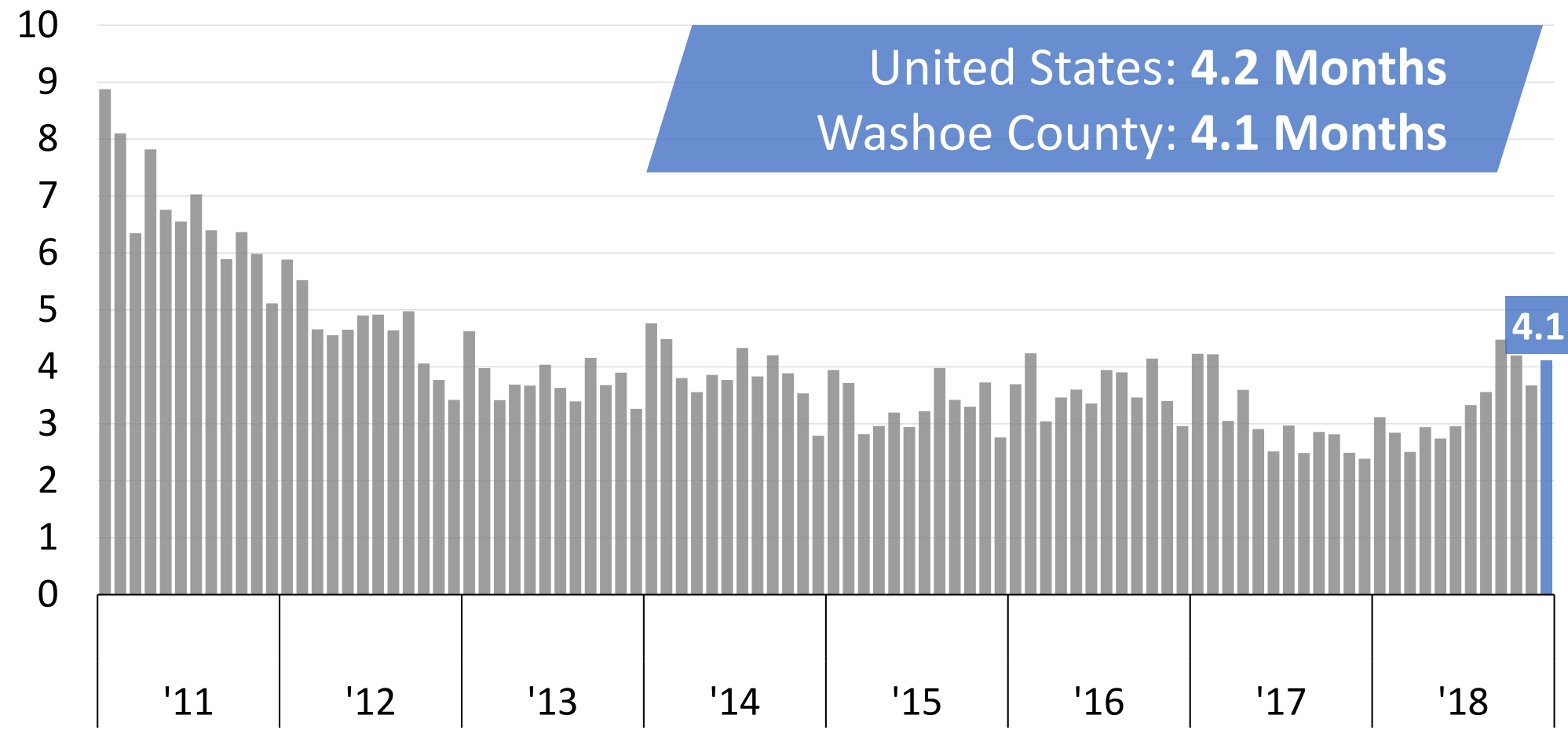


Source: CoreLogic

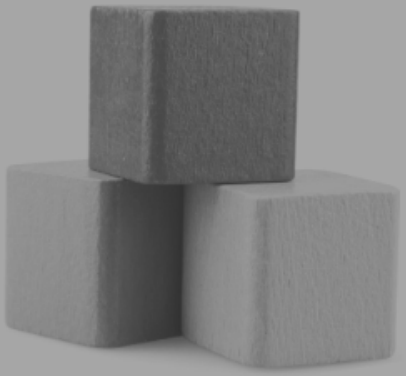


Effective Months of Availability

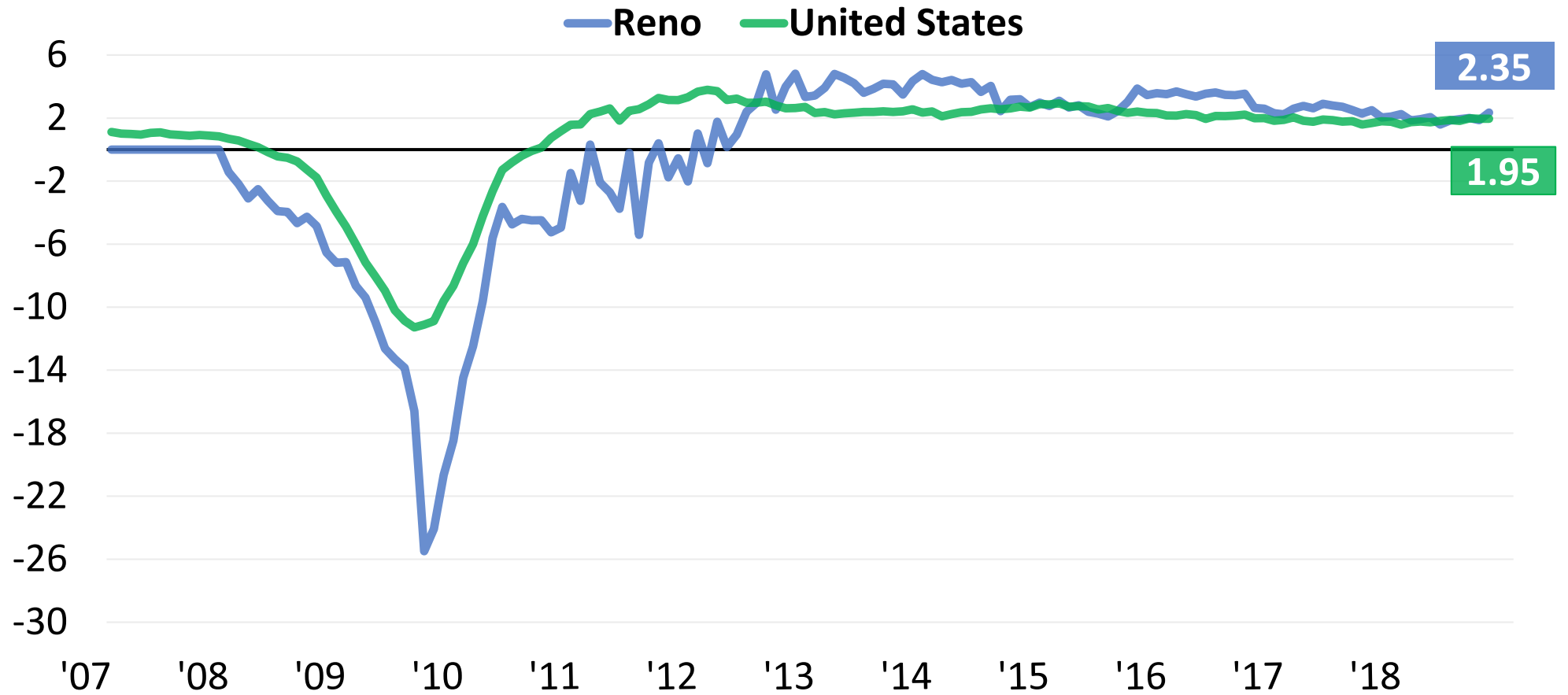
Multiple Listings Service (MLS)



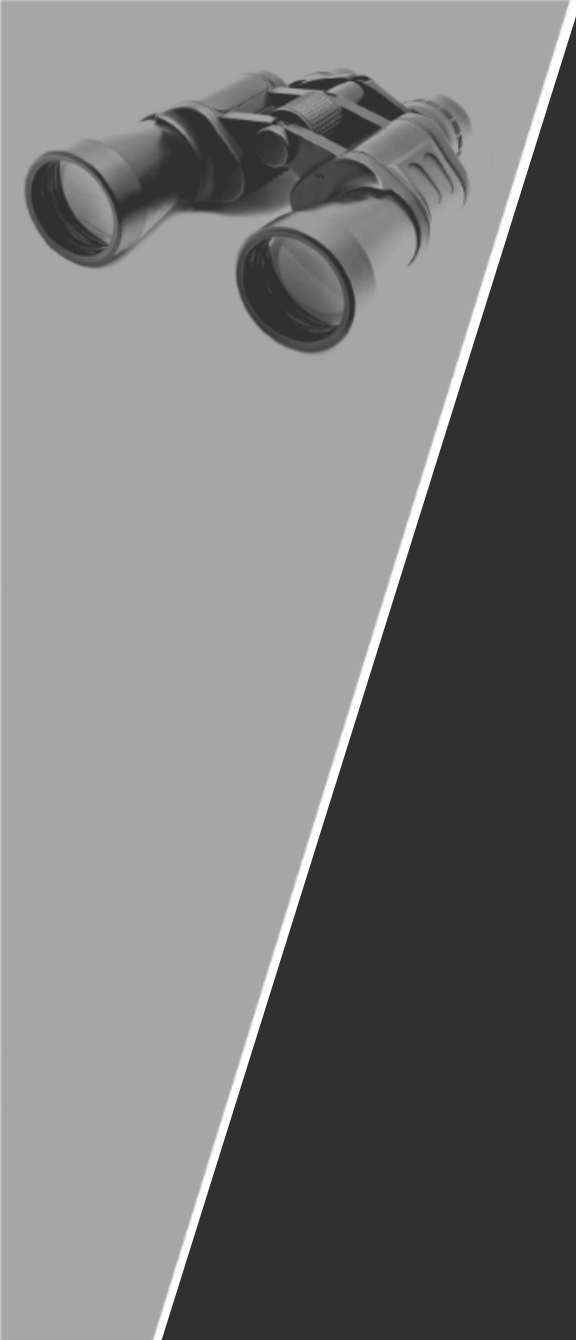
Source: SalesTraq



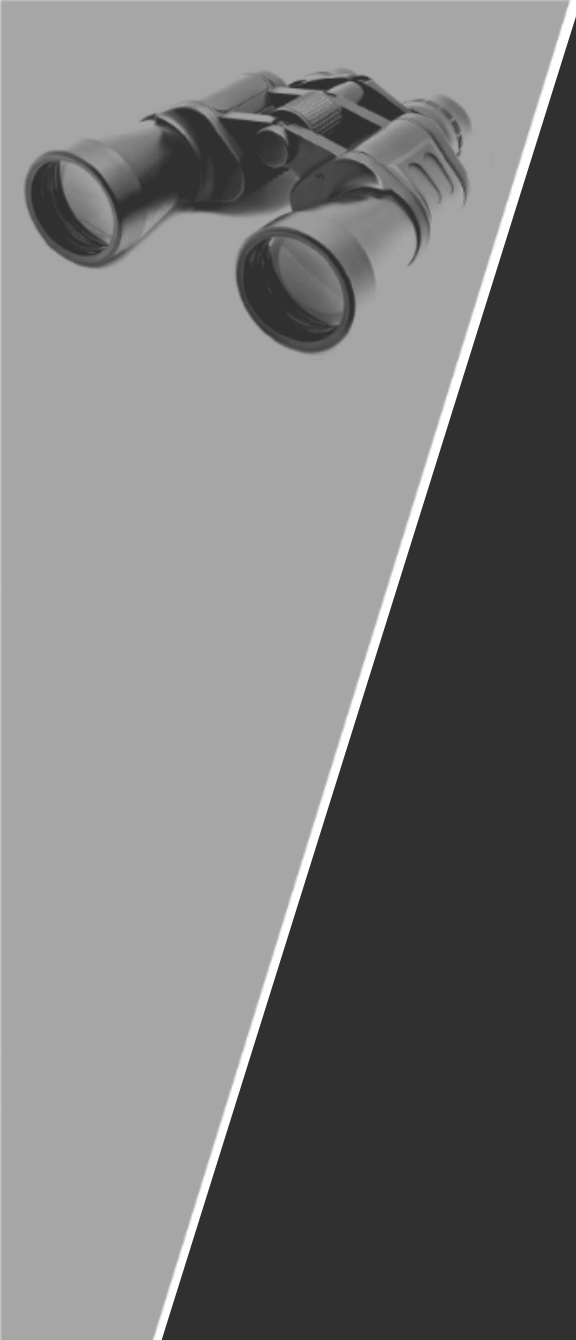
Employment-Growth-to-Permit Ratio (E/P Ratio)



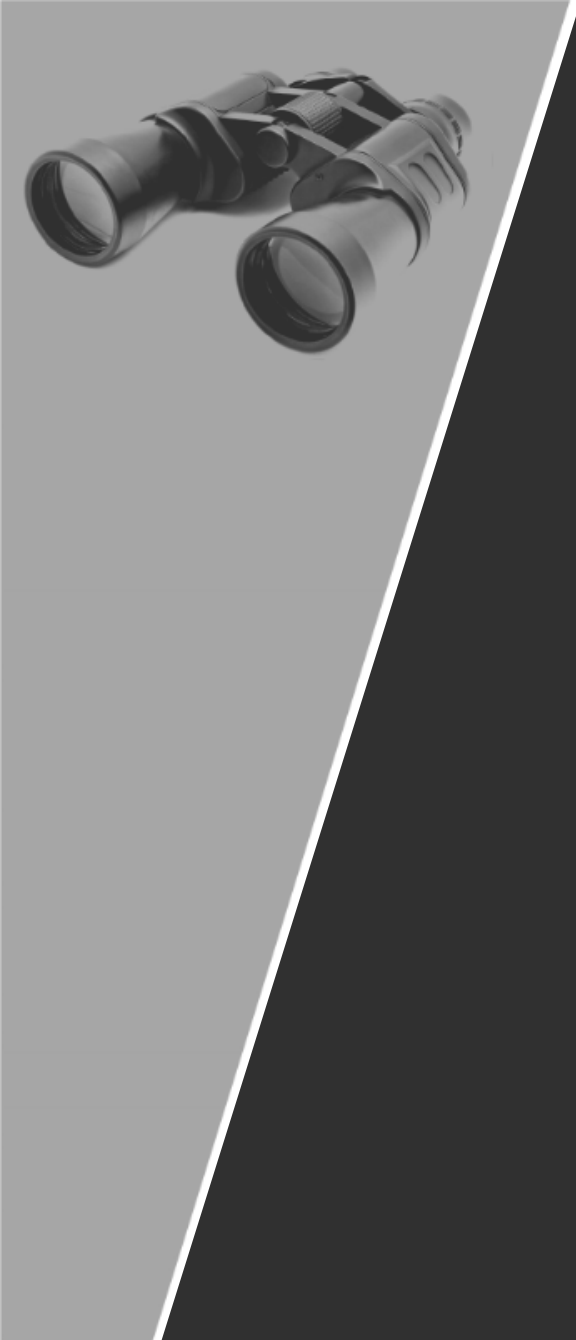
Source: United States Bureau of Labor Statistics, United States Census Bureau and Applied Analysis



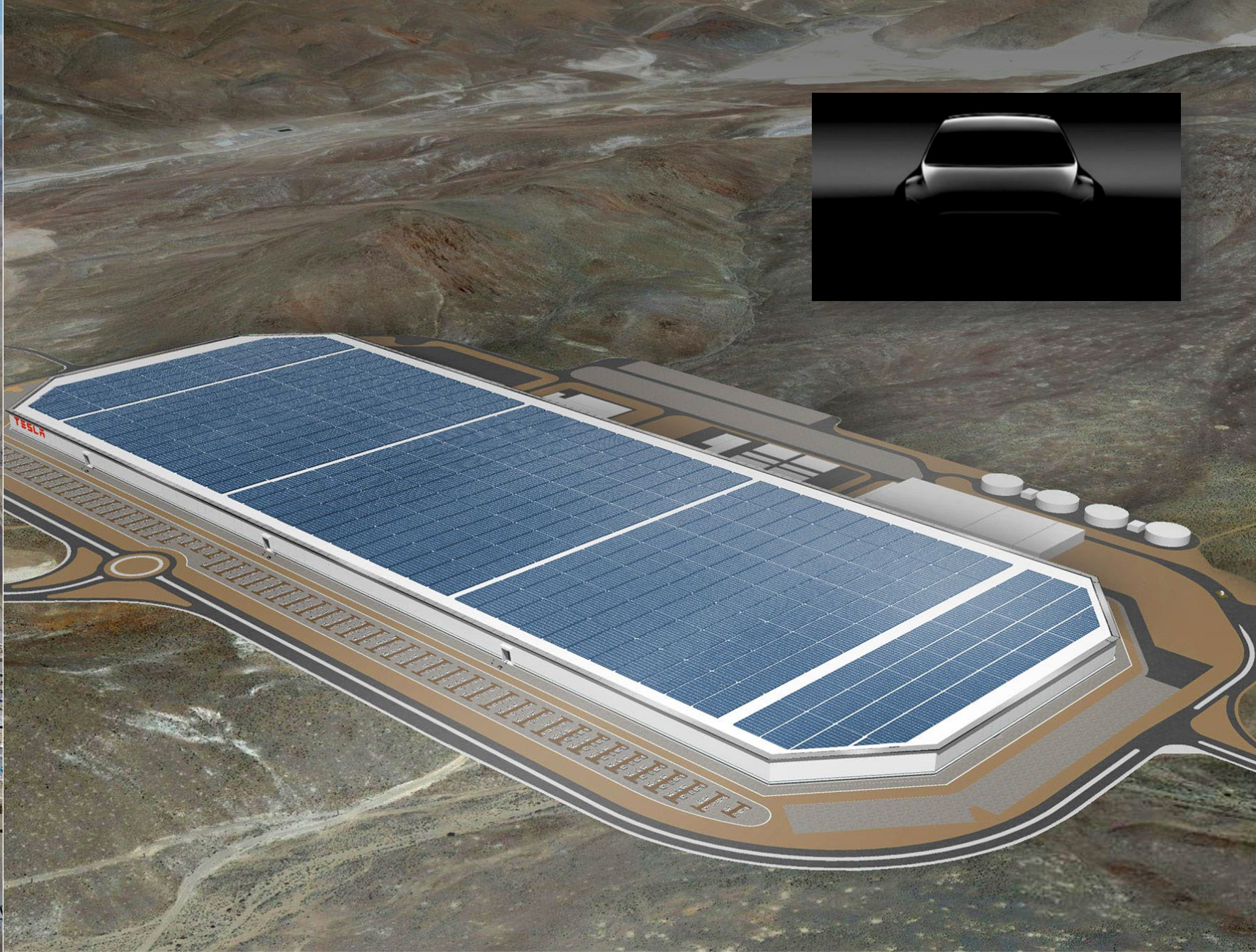
2019 & BEYOND



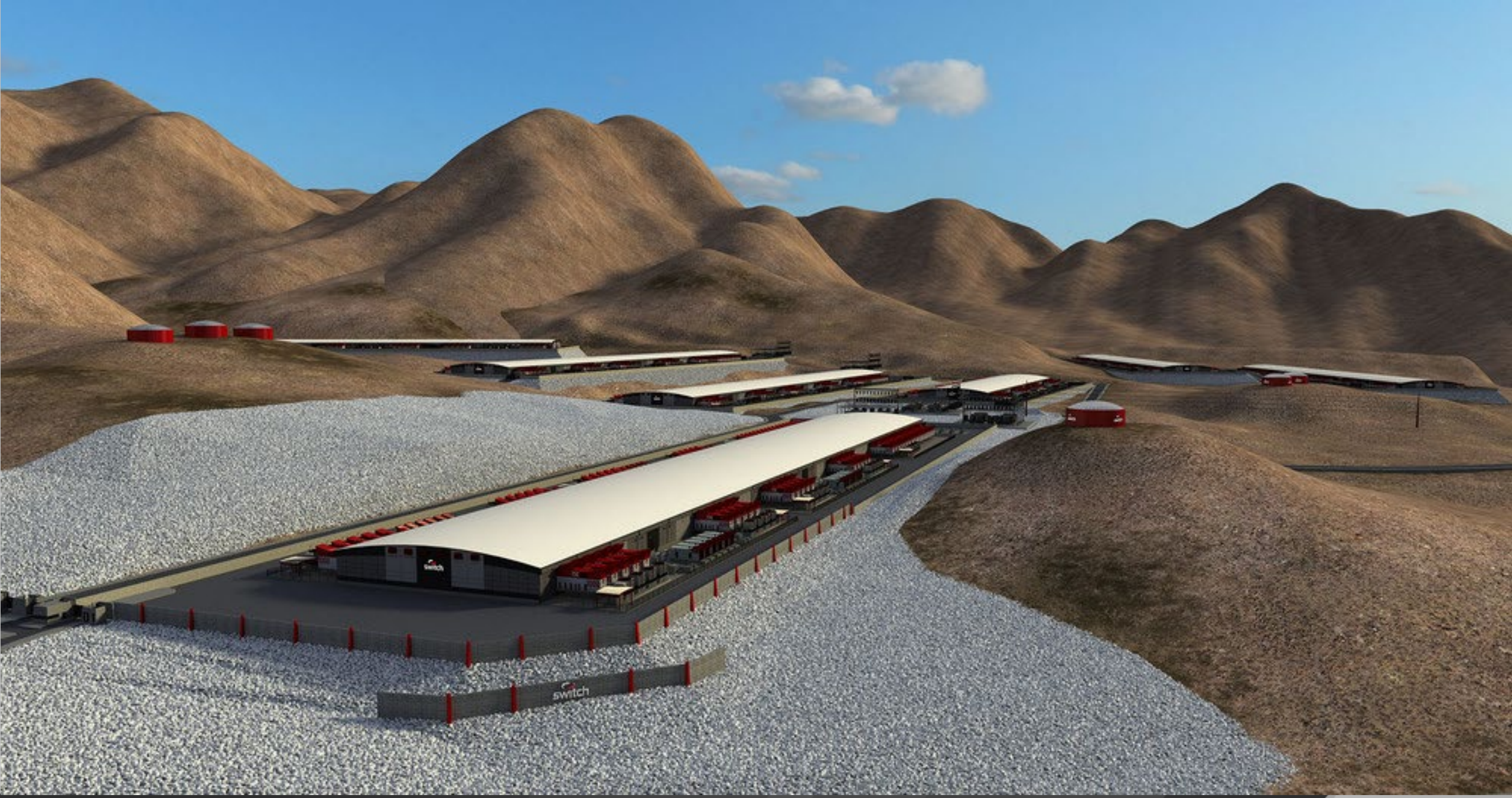
SUSTAINABILITY



\$16.8B



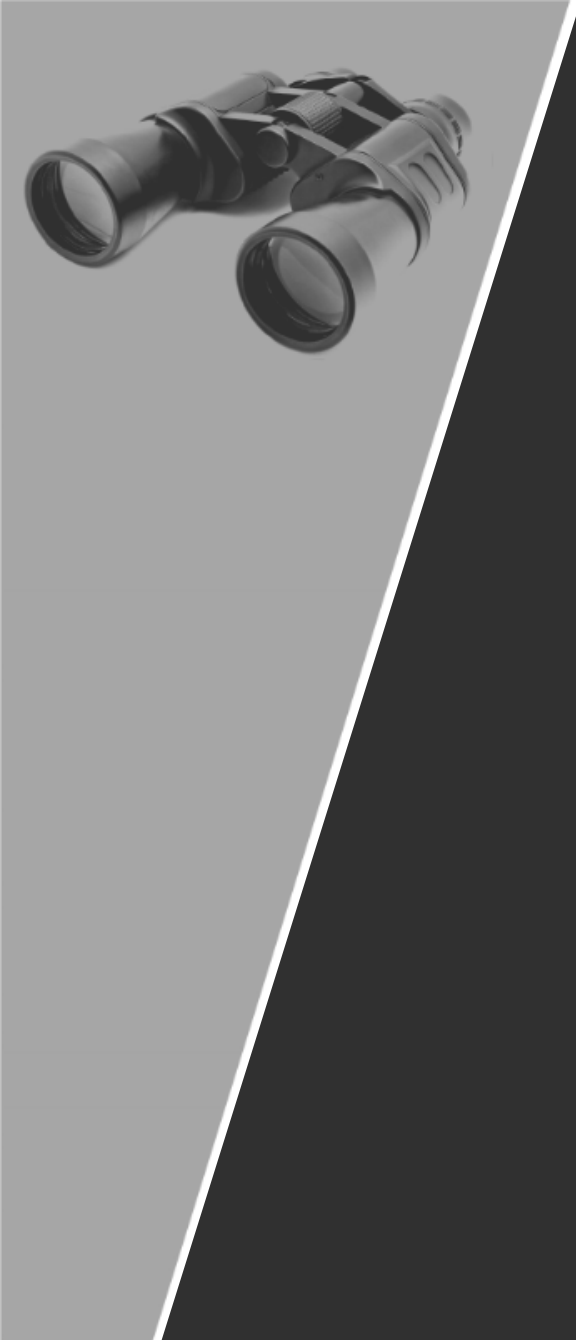
2019 & BEYOND The Future We Are Building



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14,477

FENNEMORE CRAIG
ATTORNEYS

DCG DICKSON
COMMERCIAL
GROUP

Frank
LEPORI
CONSTRUCTION CO.



BARRICK

WHITNEY PEAK
HOTEL



DERMODY
PROPERTIES

Atlantis
CASINO RESORT SPA • RENO

G
GREATER
NEVADA
Credit Union

PLUMAS
BANK
HERE. For Good. FDIC

RL RENO
LAND
INC.

LP
Insurance Services

switch

GSR GRAND
SIERRA RESORT AND CASINO

NV Energy



McDONALD CARANO
YOUR NEVADA LAW FIRM SINCE 1949

Savage and Son
Plumbing • HVAC • Piping Since 1893
COMMERCIAL • RESIDENTIAL • INDUSTRIAL

THE ROW

ELDORADO | CIRCUS CIRCUS | SILVER LEGACY
In The Heart Of Reno | TheRowReno.com

EideBailly

PEPPERMILL
RENO

WELLS
FARGO

OnTrac



K KOCH

HORIBA

elemental led

Technology | Engineering | Innovation



Zazzle

rfxcel



BLOCKCHAINS



ClearCapital

FIGURE *its*

logistics



GRAND ROUNDS

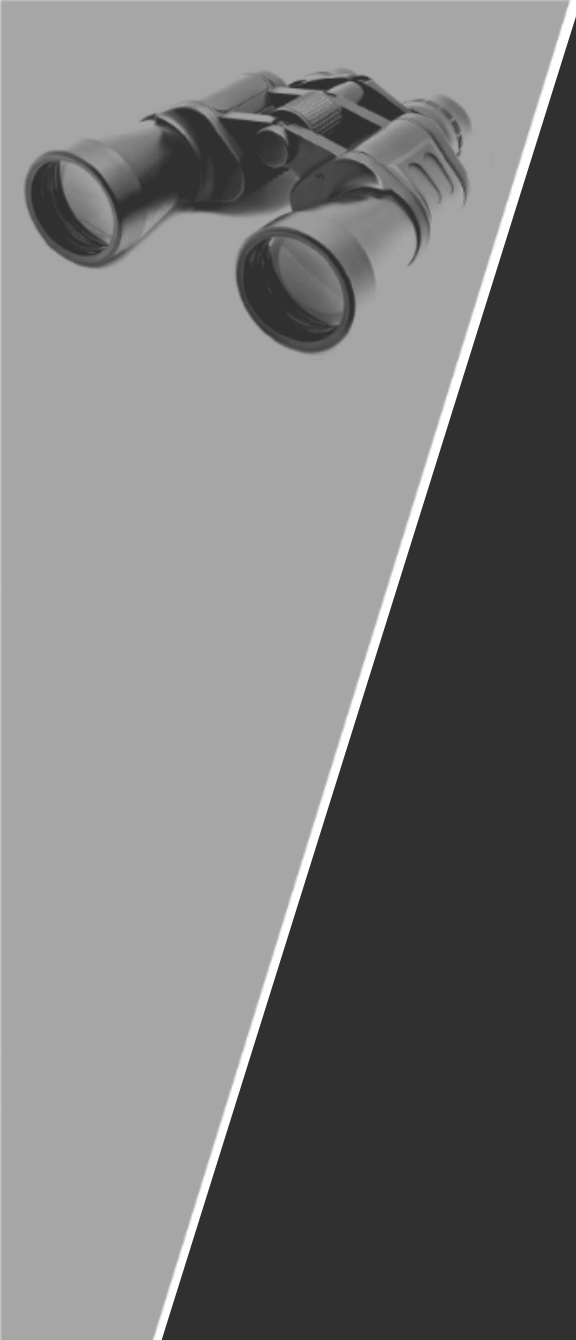


TRAINERROAD

SNC SIERRA NEVADA CORPORATION



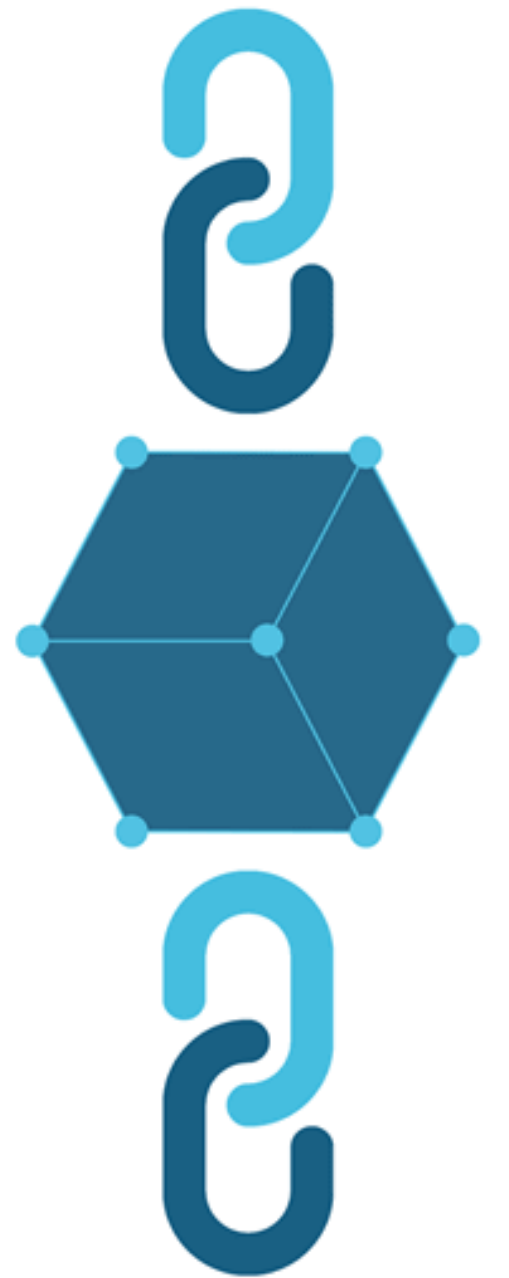
Panasonic



63,794

11,271

21,463



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APPLIED ANALYSIS 



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Jeremy Aguero
February 7, 2019