

Las Vegas Sun

Southern Nevada economy still lags nation, but stabilizing

Researcher: Economy starting 'to level off' after steep decline

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Southern Nevada's economy lags behind the rest of the nation, but it appears to be stabilizing even though there's no inkling of when a recovery will occur.

That's based on the Southern Nevada Index of Leading Economic Indicators released today by the Center for Business and Economic Research. It shows the November index rose 0.27 percent after falling in October. It has followed an up and down pattern in recent months, which is a big improvement over the steep declines in 2008 and early 2009, said Bob Potts, the center's assistant director.

"It is starting to level off," Potts said. "We have gone over a waterfall and are bouncing along the bottom of the stream waiting for another turning point where we start moving back up to the surface."

The national index started moving up over the summer, but the Las Vegas economy has failed to do so. The reason is Las Vegas relies on discretionary income of tourists who have yet to open their wallets to the amount of spending that the city needs to recover, Potts said.

"We are starting to see somewhat better times, but the problem is we may be at a sustained time at the bottom trying to pull ourselves back up," Potts said.

The November index, which measures data from September, is giving no indication when that recovery will occur, Potts said. It is a forecast of the Southern Nevada economy through March 1.

The index, which is weighted by month, saw only three of 10 categories increase. It showed gaming revenue up 9.3 percent, taxable sales increasing 4.7 percent between August and September. Convention attendance also rose 70 percent in that time span.

Las Vegas saw declines in residential and commercial permits, visitor volume and passengers coming through McCarran International Airport.

The Clark County Tourism Index showed the smallest annual decline since June 2008, Potts said. It has improved because of an increase in the number of visitors and stabilizing occupancy rates, Potts said. Gaming revenues, however, continue to be a drag in the index, he added.

The Clark County Business Activity Index rose 1.84 percent compared to August but fell 8.6 percent compared to September 2008.

Taxable sales caused the index to decline the most, Potts said. Gaming revenues and employment also contribute to the index.

The Clark County Construction Index continued its decline and stands at 72.36, Potts said. It hasn't been that low since February 1993. A year ago it was 116.62.

The index is a composite of construction employment, residential units permitted and commercial units permitted, he said. Each of those categories have declined significantly and show limited prospects for growth in the near future, Potts said.

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