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REMI 2007 Executive Summary

Each year the Regional Transportation Commission (RTC), the Southern Nevada Water Authority (SNWA), Clark County Comprehensive Planning (CCCP), the Center for Business and Economic Research (CBER) at the University of Nevada, Las Vegas, and a group of community demographers and analysts work together to provide a long-term forecast of economic and demographic variables influencing Clark County. Our common goal is to develop a long-term forecast of the Clark County population that is consistent with the structural economic characteristics of the county, using a general-equilibrium demographic and economic model developed by Regional Economic Models, Inc. (REMI) specifically for Clark County. We recalibrate the model to reflect the most current information available and our understanding of the most likely influences about the local economy.

The model recalibration incorporates the most recent information about employment growth, expected hotel construction, transit investment, and an amenity factor representing negative externalities from growth. The resulting forecast predicts net positive economic growth throughout the range of the forecast, though growth is much stronger in the short run. The primary focus remains on the long run, which has a final population forecast of more than 3.7 million in 2035.

The accompanying table gives the population forecast. Population growth rates remain robust in the near-term forecast, but fall below the long-term average by 2018 (employment growth does the same but falls more quickly, falling below the long-term average by 2013 because the recent rapid employment growth leads to a relatively higher long-term average than for population). The population in Clark County grew at a rate of 5.3 percent in 2006, following the relatively weak showing of 3.9 percent in 2005. Because there is a historical precedent for growth rebounding somewhat after relatively slow years, as shown in the accompanying table, the model then predicts that growth will taper off as the economy matures. Although we have allowed for some realistic short-term variability in the near-term forecast, long-term forecasts are necessarily smoothed out to slower growth with maturation. By 2015, the growth rate slows to 3 percent, and by 2032 it has leveled off at 1.1 percent. This represents a long-term convergence to the national average annual population-growth rate.