

Executive Summary

Each year, the Regional Transportation Commission (RTC), the Southern Nevada Water Authority (SNWA), Clark County Comprehensive Planning (CCCP),¹ 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. The primary goal is to develop a long-term forecast of the Clark County population that is consistent with the structural economic characteristics of the county. Toward this end, we employ 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 about the local economy.

The model recalibration incorporates the most recent available information about employment growth, expected hotel construction, transit investment, and an amenity factor representing negative externalities from growth. The resulting forecast predicts positive economic growth throughout the range of the forecast, though the variance in the growth forecast is much higher in the short run compared to the long run. Hence, the primary focus remains on the long run, which has a final population forecast of 3.31 million in 2035. With effect from this year, the forecast is extended to 2050 which shows a population forecast of 3.85.

Table 1 summarizes the population forecast. The population in Clark County is predicted to grow at a rate of 3.4 percent in 2009. We note that, despite short-term economic uncertainties and model difficulties, the main focus of this forecasting exercise, the long-term population-growth estimate is fairly consistent with past forecasts. By

¹ Beginning this year, CCCP is replaced by Southern Nevada Regional Planning Coalition (SNRPC).
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2015, the growth rate is at 2.6 percent, and by 2030 it has leveled off at around 1 percent. This represents a long-term convergence to the national average annual population-growth rate, which is projected to stabilize at around 1 percent after 2020. We forecast a growth rate of 1.1 percent in the year 2035, which is consistent with last year's forecast. The forecast predicts a growth rate of 0.8 percent in the year 2050.

The current recession affects population. A severe recession drives up unemployment rates and places people at economic risk. During such periods, we might expect slower rates of migration as people tend to be less sure of their economic environment in locations with which they are not as familiar. For economies such as Clark County, where there is a fairly higher percentage of the work force in construction than the national economy, the stoppage of construction at big projects is likely to result in out-migration because workers in this industry are accustomed to moving to find work. The effect of the current economic environment is to keep the population levels below the trend line shown in the baseline forecast. These recent events are natural swings of a couple years' duration and should be fully expected over the forecast range.

Although we feel this year's forecasts are sound, there are significant risks to the forecasts which could lead to our having either over- or underestimated population growth in the short-run. Specifically, the assumptions used in the forecast rely on current knowledge of construction activity on the Las Vegas Strip. To the extent that new information differs, the short-run forecasts will differ. We say, however, that these risks tend to arise from short-run uncertainty; whereas, our forecasts are primarily meant to be long-run planning tools.