

LOCAL MARKET ASSESSMENT

NEVADA

GLOBAL INFLUENCES & OPPORTUNITIES



NEVADA

TAKE A CLOSER LOOK

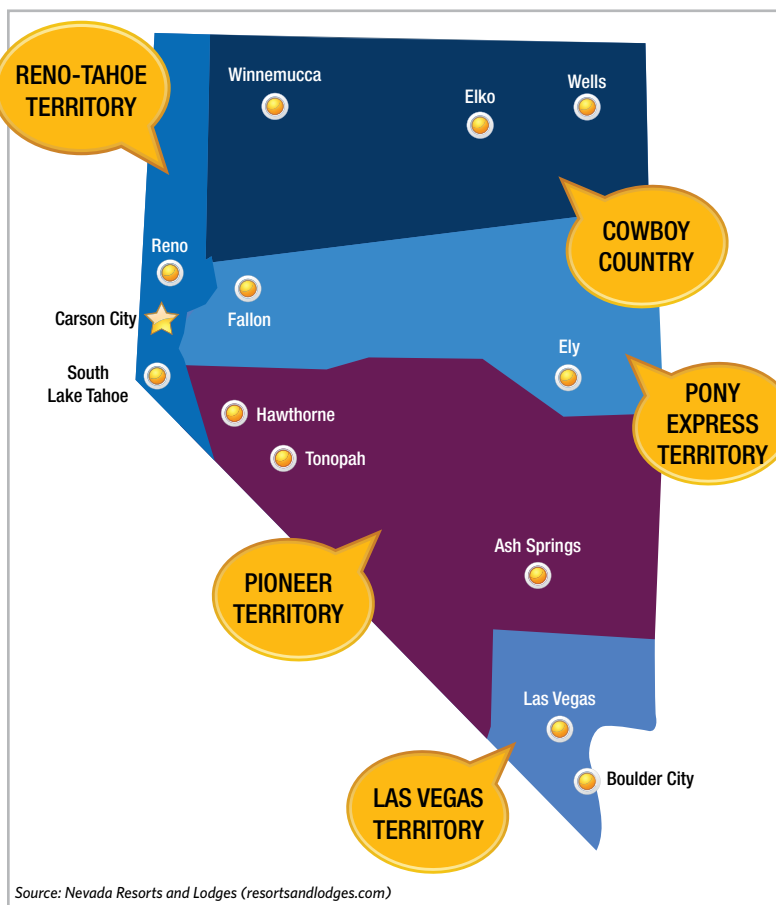


How to find global influences and opportunities in your local market

What makes Nevada unique? For starters, consider its geography and climate. Nevada has more mountain ranges than any other U.S. state. While its mountains offer excellent ski options, Nevada also happens to be the driest state, with average annual rainfall under 10 inches.

Its skies may lack precipitation, but Nevada has more hot springs than any other state, with more than 300 occurring naturally. You'll also find an abundance of gold, silver and other minerals under ground. In fact, while Nevada is called the Silver State, it is actually the nation's largest producer of gold (73 percent of U.S. production in 2014).

Even though the federal government owns and manages roughly 85 percent of Nevada's land, the state's two biggest economic centers—Las Vegas and Reno/Sparks—are teeming with innovation, growth, and global opportunities.



Attracting Global Business

Nevada is strongly pro-business, regularly ranking among the top 10 for new business launches. In addition to low levels of government regulation and costs to incorporate, Nevada refuses to impose taxes on corporate income or gross receipts. It also has no personal income tax and no inventory, estate, franchise or inheritance taxes.

Other key talking points include location (a day's drive to reach more than 60 million people and five major ports), excellent air flight connections, and great weather.

So far, the state's biggest coup is Tesla's Gigafactory, currently under construction east of Reno. The first section of Tesla's massive 3,000-acre \$5 billion battery factory is expected to begin producing lithium-ion cells in late-2016. Built so Tesla can start manufacturing affordable mass-market vehicles, the factory will be powered by renewable energy sources (geothermal, wind and solar), aiming for net zero energy consumption.

Source: Nevada Resorts and Lodges (resortsandlodges.com)

While Tesla Motors is an American firm, Panasonic is a major partner in the project, already bringing new Japanese families to the area. Across the state, foreign-owned companies employ well over 40,000 workers in Nevada (*more on page 4*) and more than 200 foreign-held firms have operations in Nevada.

Jobs Created by Foreign-owned Companies in Nevada

Top 5 countries	Workers employed
Canada	9,800
Germany	7,000
United Kingdom	5,300
France	4,100
Japan	2,400

Source: Business Roundtable, 2013

The state regularly conducts foreign trade missions which have supported foreign direct investment, especially in new, emerging technologies. Recent developments include:

- In May, 2016, the Governor's Office of Economic Development (GOED) and the Nevada Institute for Autonomous Systems (NIAS) executed an agreement with Chinese firm EHang, Inc., to collaborate on testing, training, and developing smart drones at a Nevada facility.
- WaterStart, a private/public/academic joint venture designed to spur economic growth in the water sector signed agreements with two innovative Israeli start-ups (OutLocks and Ayyeka) to test new water technologies and ultimately establish operations in southern Nevada.
- Sparks-based Sierra Nevada Corp. recently signed an agreement with the United Nations to help U.N. member states access space using the company's Dream Chaser spacecraft, which is already set to deliver cargo to the International Space Station as early as 2019.

Las Vegas

Over 600,000 people call Las Vegas home, although the city receives well over 40 million visitors each year, including more than 6.7 million from outside the U.S. The city also plays host to over 21,000 conventions each year, including the International Consumer Electronics Show, which draws over 165,000 attendees from 150 countries.

Clearly, hospitality, gaming and tourism are major attractions, although Las Vegas also boasts other key assets, including a high-capacity and globally connected airport, a world-class performing arts center, and a major downtown redevelopment effort.

In terms of residential investments, foreign buyers, particularly from Asia, are taking a closer look at Las Vegas, where they can find great weather, entertainment and leisure activities at a fraction of the price for comparable homes along the West Coast.

International Real Estate Community in Las Vegas

Real estate professionals interested in expanding their global connections within the industry have no shortage of options, starting with the Greater Las Vegas Association of REALTORS® (GLVAR). Its Global Business Council hosts monthly informational meetings and other key events, including inbound trade missions and tours/networking events linked to major meetings held in Las Vegas, such as the Asian Real Estate Association of America's (AREAA) 2016 convention (lasvegasrealtor.com/global/local-global-events).

Beyond GLVAR, globally-minded real estate professionals can also participate in local chapters of both AREAA (areaa.org/lasvegas) and the National Association of Hispanic Real Estate Professionals (NAHREP, nahrep.lasvegas.org).

More Ways to Make Global Connections

With so many international visitors traveling to Las Vegas, the city recognizes the importance of building global relationships and invites local business leaders to participate in its many efforts. Two organizations are particularly noteworthy in this regard:

Las Vegas Global Economic Alliance (LVGEA)

As the lead organization for economic development in Southern Nevada, LVGEA executes a global marketing and outreach plan for the region (in cooperation with GOED and other municipal organizations), including facilities familiarization (FAM) tours for global corporate site selectors and business outreach missions to numerous countries, yielding millions of dollars in new capital investment.

This is your go-to source for detailed market information, essential for selling corporations and other investors on the region, as well as vital networking contacts. LVGEA also works with the World Affairs Council of Las Vegas (see below) in hosting foreign delegations—a great opportunity to cement personal relationships with international business visitors. Learn more at lvgea.org.

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World Affairs Council of Las Vegas (WACLV)

The WACLV is an all-volunteer, bipartisan, non-profit member organization dedicated to engaging and educating Americans on international affairs and foreign policy. In addition to hosting foreign delegates (noted above), you may be interested in joining WACLV's Advisory Council (includes leaders in government, business and education) or its International Visitors Committee (which is preparing for WACLV to join the National Council of International Visitors, a State Department program that sponsors high-level international visitors to the United States to gain a better understanding of American culture). Learn more at wacvl.org/get-involved.

A World Apart: Reno

Las Vegas may be Nevada's most famous city, but it certainly isn't the only global hotspot in the state, by a long shot. "People tend to think of Las Vegas when they think of Nevada, or to think Reno is nearby. We're not; we're nearly 500 miles away," explains Jeni Temen, CIPS with Coldwell Banker Select in Reno. "Down there, it's entertainment. Up here, it's all about business."

Reno, along with its close neighbor, Sparks, has racked up an impressive list of corporate residents, both domestic and foreign. The Tahoe Reno Industrial Center (TRI Center), nine miles east of Reno, is a massive 107,000-acre park with 30,000 acres of developable sites pre-approved for industrial and manufacturing uses.

In addition to Tesla's Gigafactory (which is expected to employ 6,500 people), several foreign companies already have operations in the TRI Center, including Schluter Systems (a German manufacturer of floor base products) and Ardagh Group (Luxembourg producer of glass and metal packaging). The complex also offers premium locations for remote and secure data centers.

Reno is also noteworthy as one of the nation's busiest distribution hubs. Some of the largest names in the technology, retail, and automotive industries have centralized distribution operations in Reno, partly due to its strategic location, within easy reach of all major population centers in the Western U.S. Amazon, for example, is in the process of expanding its fulfillment operations near Reno, moving from a 750,000-square-foot warehouse into three buildings, north of Reno, totaling 1.2 million square feet on 91 acres.

Temen, who also teaches CIPS courses, believes that global success requires at least two critical skills. "You must have excellent, intimate knowledge of your market, including what your state offers to relocating businesses," she says. "But you also need to understand differences in cultures and business practices—and adapt your style accordingly."

Agents interested in expanding their global real estate connections are invited to join the Reno/Sparks Association of REALTORS® Global Business Council, which holds Power Hour meetings every other month, offering agent tips and real perspectives on doing global business. Learn more at rsar.net/calendar/globalbusiness. The NAHREP also has a chapter in Reno (nahrepreno.org) for real estate networking opportunities with the Hispanic community.

Other Global Opportunities

Even though business-driven growth is making headline news in Nevada, real estate professionals in search of global opportunities should also investigate these niche segments:

Resort/luxury buyers - Nevada's strong tourism industry isn't limited to the Las Vegas Strip. Buyers of luxury/resort homes from around the world are attracted to Nevada's summer and winter recreation opportunities, including Lake Tahoe, the largest alpine lake in North America.

Immigration - Nearly one in five Nevadans are immigrants. The Latino share of Nevada's population grew from 10.4 percent in 1990 to 27.5 percent in 2013. Over the same time, Asians grew from 2.9 to 7.7 percent. Both groups are significant home buying segments. The 2014 purchasing power of Nevada's Latinos totaled \$15.7 billion and \$9.3 billion for Asians.

International students - Foreign students contribute an estimated \$69 million to Nevada's economy. Its Optional Practical Training (OPT) Program allows students to work full time in the U.S. after graduation; STEM degree holders can stay for 29 months vs. 12 months for non-STEM graduates. Roughly 70 percent of students in the Las Vegas area stay after graduation, the 5th highest ranking for foreign student retention out of 188 U.S. metropolitan areas.

Without doubt, Nevada offers abundant opportunities for real estate professionals to expand their global connections and cultivate new business in many fascinating market segments. 🔍

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Copies of this report and local market assessments for additional states can be found at realtor.org/global/local-market-assessment.