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GOED Provides Pathway to Southern Nevada Diversification

UNLV's Brookings Mountain West, CBER and Transportation Research Center Produce Study Evaluating Industrialization Opportunities in Southern Nevada

CARSON CITY, Nev. – Southern Nevada's economy is less diversified compared to other Mountain West metropolitan areas despite gains in key economic sectors over the past decade. The Nevada Governor's Office of Economic Development (GOED) unveiled a [study](#) prepared by UNLV's Brookings Mountain West, Center for Business and Economic Research (CBER) and Transportation Research Center that addresses key barriers and makes recommendations to strengthen and diversify the Southern Nevada economy.

"We came together as a region during the pandemic to take a hard look at diversification and came away with a consensus that we need to do a much better job of working together," said Bob Potts, GOED Deputy Director.

Dr. David Damore, the study's lead author and the executive director of The Lincy Institute and Brookings Metro West, added, "The economic growth that Southern Nevada experienced over the past decade has been concentrated in lower-productivity and lower-wage occupations. As the COVID-19 recession again demonstrated, the lack of a diverse and resilient economy leaves the region and by extension, the State of Nevada, vulnerable to macrolevel economic downturns."

Dr. Kris Sanchez, the Nevada State Director of the Department of Business & Industry had convened a Southern Nevada Infrastructure Work Group to address the essential long-term sustainability and resiliency of the region during his tenure as GOED's Deputy Director.

"Southern Nevada's next chapter in economic development will require a consistent and purposeful focus on infrastructure development that supports the region's opportunities and enhances its strengths while ensuring that existing businesses can prosper and expand," Sanchez said. "Regional collaboration and integrated strategic planning is essential to long-term sustainability and success."

Recognizing the ongoing need to diversify the Southern Nevada economy, in 2023 GOED commissioned UNLV's Brookings Mountain West, Center for Business and Economic Research, and Transportation Research Center to evaluate how Southern Nevada can leverage its geography and connectivity to neighboring states and metros at the megapolitan level to pursue industrial opportunities in the face of shifting global supply chains, diminishing developable land, the need for efficient management of the regional water supply, and the availability of unprecedented federal resources to support clean energy development, manufacturing, electrification of transportation systems, and supply-chain resiliency.

The report finds that:

- Although Southern Nevada had limited governance fragmentation, economic development is siloed across jurisdictions, and unlike neighboring metros, the region lacks a governance structure, such as a council of governments, to facilitate the planning and coordination needed to realize regional economic and infrastructure priorities.
- Relative to adjacent metropolitan regions, gaps in job creation, labor productivity, and wages have persisted due to Southern Nevada's continued overconcentration of employment in low-wage and low-productivity occupations.
- The region has a substantially lower share of manufacturing employment compared to other metros in the Southwest Triangle Megapolitan Cluster and the Mountain Megapolitan Cluster and the manufacturing jobs that are in Southern Nevada pay lower wages.
- The lack of a robust regional manufacturing sector limits economic diversification and resilience, constrains transportation infrastructure and undercuts the region's ability to compete for federal resources available through the CHIPS and Science Act, the Inflation Reduction Act, and the Infrastructure Investment and Jobs Act.
- As a highly consummative market, Southern Nevada is overly dependent on I-15 for the movement of goods by semi-truck and because much of the freight traffic that enters the region passes through to serve out-of-state markets, Southern Nevada absorbs the costs (e.g., pollution, traffic, and road deterioration) but receives little benefit from these exchanges.

- Compared to proximate metros, Southern Nevada has a dearth of research facilities, generates significantly fewer advanced degrees, and secures substantially less research and development funding to support the regional economy.
- While scaled industrialization is challenged by limited developable land and the need for efficient water use, there are opportunities to locate industrial activity in the South County (i.e., Primm, Jean, Sloan, and the Eldorado Valley) and North County (i.e., Apex and UNLV North) areas of Clark County.

The study's recommendations provide a framework to develop, fund, and govern regional industrial development that include:

- Concentrating warehousing and logistics activity in the South County area to complement the development of the Southern Nevada Supplemental Airport, leverage the area's proximity to the Southern California ports and I-15, and capture the increasing flow of goods originating from Mexico and Latin America via I-11.
- Focusing manufacturing and research and development in the North County area to utilize the Apex Industrial Park for large-scale industrial initiatives and to develop the UNLV North Campus through public and private partnerships to strengthen the region's research capacity and create centers of excellence supporting targeted industries.
- Pursuing industries that align with federal funding streams and that can grow the regional export economy including supply chains supporting electric batteries and clean energy and capturing the flow of commodities related to mining, critical minerals, and metals that can be processed and redistributed in Clark County and beyond.
- Fortifying the regional rail and highway transportation infrastructure to improve the outbound, inbound, through, and intraregional movement of freight.
- Implementing governance reforms to coordinate regional industrial development including establishing a council of governments, integrating a regional planning body into the existing



metropolitan planning organization, and creating an inland port authority to develop and administer large-scale industrial infrastructure projects.

- Fortifying local and state funding streams dedicated to industrial development including tax-increment financing, industrial park grants, and targeted tax abatements, as well as strengthening grant administration capacity to better position the region to compete for federal resources.
- Coordinating at the local, state, and federal levels to implement a unified, regional economic vision.

About the Governor's Office of Economic Development

Created during the 2011 session of the Nevada Legislature, the [Governor's Office of Economic Development](#) is the result of a collaborative effort between the Nevada Legislature and the Governor's Office to restructure economic development in the state. GOED's role is to promote a robust, diversified and prosperous economy in Nevada, to stimulate business expansion and retention, encourage entrepreneurial enterprise, attract new businesses and facilitate community development.