

Reno-area's bright spots are there, economist says

Directions 2008 keynote speaker Jeff Thredgold says Reno's economic outlook is positive. "We are not as bad as other places. The opportunities are very large," the economist from Utah said during his speech to more than 800 businesspeople at the forum on Wednesday.



Survey reveals dim view of '07

BY BILL O'DRISCOLL
bodriscoll@rgj.com

Northern Nevada businesses had a markedly dimmer view of the region's economy in 2007 than a year earlier but a majority foresee no worsening in the year ahead, according to a survey released Wednesday.

The number of respondents rating the economy as "very good" in the annual Economic Outlook Survey fell to 3.9 percent from 21.6 percent in 2006 in the latest query conducted in December. Three years ago, more than 37 percent rated the economy "very good."

Additionally, 57.7 percent said overall conditions in the greater Reno-Tahoe region worsened in 2007, up from 28.2 percent a year earlier, according to results presented at Wednesday's Directions 2008 economic forum in Reno.

Sara Hart, director of research for InfoSearch International in Reno, which conducted the survey, downplayed perceptions of pessimism among respondents.

"What I'm not seeing is a path of gloom and doom, but increased caution," she said at the annual event that in recent years has been marked by bullishness in the community.

"There isn't the same sense of gung-ho optimism here. I see more caution. But people still feel empowered by a sense of collective purpose," Hart said.

Other key findings in the survey versus 2006:

■ **Revenues:** The number of respondents reporting higher revenues last year fell 20 percentage points to 36.5 percent while those reporting falling revenues jumped from 13.6 percent to 35 percent. And for the first time in four years of surveys, fewer than half expect revenues to increase in the coming year and more expect no change than did a year ago.

SEE SURVEY ON 7A

State's outlook stronger than Calif., Florida

BY BILL O'DRISCOLL
bodriscoll@rgj.com

Optimism in the face of a struggling economy in Northern Nevada permeated the stage Wednesday at the Directions 2008 forum in Reno.

"The real estate market got a little carried away ... (but) Reno's outlook is very positive. Just not being Las Vegas is a major advantage," keynote speaker and Utah economist Jeff Thredgold told an audience of 850 business leaders.

Other speakers also considered the economy, including housing, relatively strong compared to key U.S. regions.

"Nevada is much better than California or Florida," said Eugenio Aleman, senior economist at Wells Fargo & Co. "We are not as bad as other places. The opportunities are very large. The world is not falling apart. Things are going to come back."

Tom Cargill, economist at the University of Nevada, Reno, said the Reno area's diversification away from its traditional gaming base adds more stabil-

ity against economic bumps.

"(Gaming) will never disappear, but the more diversified we are, the better off we are economically and politically," he said. "We're in much better shape now ... we have better shock absorbers."

Robert Barone, managing partner at Ancora West Advisors, voiced objections to media reports that he said help fuel the housing crisis, and he was met with applause from the audience.

Cargill characterized media coverage of the economy as "almost a feeding frenzy out there," adding, "The economy is solid."

Thredgold cited a 10-year cycle of events, notably the 1987 stock market crash and the 1997 Asian financial crisis.

But he said population growth in Northern Nevada, with an attractive tax structure, mild climate and outdoor recreational opportunities, will help keep the region viable.

"With in-migration, it has great opportunity for housing," he said.

Survey/Area expansions dropped in 2007

From 6A

■ **Expansion:** The number of respondents saying they expanded in the area in 2007 dropped to 28.5 percent from 33 percent, but those expanding facilities outside the region rose from 26.9 percent from 23.1 percent. And 21.4 percent said they expect to expand in this region this year, down from 38.4 percent last year.

of businesses expecting staff increases in the coming year fell to 32.4 percent from 59.2 percent last year.

Speakers at the forum voiced confidence that Northern Nevada, with a diverse economy, can weather the challenges, notably in a struggling housing sector.

"I remain optimistic in the long run. The opportunities are immense," said Tom Cargill

Nevada, Reno. "Sure we'll take a hit, but keep focused on the long run."

Others among the 850 people in attendance also saw positive signs in the survey and the business climate at large.

"I have no concerns," said Dave LaPlante, CEO of Twelve Horses, a Reno-based Web development firm. "Cargill nailed it when he said we've got good

Chuck Alvey, CEO of the forum's co-host, the Economic Development Authority of Western Nevada, said the economy is cyclical.

"Businesses are having difficulties and pulling back," Alvey said of the latest survey's findings. "But it's a natural cycle. People tend to forget we go through these things. What's important is how we address