

DOWNTOWNPROJECT

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THE ECONOMIC IMPACT OF DOWNTOWN PROJECT

A Summary of DOWNTOWN PROJECT IMPACTS

Downtown Project's economic impacts come from a wide variety of sources, including construction projects, small business investments, tech investments, visitors to festivals, and the management of all these activities.

The next three pages summarize these activities. These activities can be broken into two categories. Construction, or one-time impacts, are non-recurring activities that have a defined benefit. Recurring activities, in contrast, are measured on an annual basis. Finally, both of these categories are further divided into direct, indirect, and induced impacts, whose definitions are included below.



Container Park at Dusk

The Breakdown of ECONOMIC IMPACTS

Direct	<p>Direct impacts measure the effects of the specific impacting force being considered. The specific impacts of investments, construction, and activities of Downtown Project are solely considered. An example of a direct impact would be a construction worker being hired to work on a new project.</p>
Indirect	<p>Indirect impacts measure how businesses respond to the impacting condition (secondary impacts); an example would be a supplier to a Downtown Project small business hiring based on incremental business/spending sourced to the small business.</p>
Induced	<p>Induced impacts reflect the effects of increased consumer expenditure due to the change in wage and salary conditions; an employee of the Downtown Project goes out and spends money in another segment of the economy (e.g., at grocery stores or in movie theaters) is an example of induced impacts.</p>
Total	<p>Total impacts reflect the sum of direct, indirect, and induced impacts.</p>

A Summary of EMPLOYMENT IMPACTS

IMPACTS		Direct	Indirect	Induced	Total
One-Time Impacts (Job-Years)	Past Projects	277	69	106	451
	Ongoing Projects	212	102	94	407
	Planned Projects	486	193	205	884
	Total One-Time	975	364	404	1,743
Recurring Annual Impacts (Jobs)	Small Business	-	328	65	393
	VTF Capital (Formerly Vegas Tech Fund)	-	51	80	131
	Corporate	38	20	30	87
	Life is Beautiful & Visitors	571	193	196	959
	Total Recurring	609	592	371	1,571

Note: Figures may not sum due to rounding.



A Summary of LABOR INCOME IMPACTS

IMPACTS		Direct	Indirect	Induced	Total
One-Time Impacts (Millions \$)	Past Projects	\$15.8	\$3.6	\$4.7	\$24.1
	Ongoing Projects	\$12.4	\$4.7	\$4.1	\$21.3
	Planned Projects	\$28.4	\$9.2	\$9.0	\$46.6
	Total One-Time	\$56.6	\$17.5	\$17.8	\$91.9
Recurring Annual Impacts (Millions \$)	Small Business	\$ -	\$13.1	\$3.0	\$16.1
	VTF Capital (Formerly Vegas Tech Fund)	\$ -	\$2.7	\$3.6	\$6.2
	Corporate	\$4.4	\$1.1	\$1.3	\$6.7
	Life is Beautiful & Visitors	\$24.4	\$8.7	\$7.8	\$41.0
	Total Recurring	\$28.8	\$25.6	\$15.6	\$70.0

Note: Figures may not sum due to rounding.

A Summary of OUTPUT IMPACTS

IMPACTS		Direct	Indirect	Induced	Total
One-Time Impacts (Millions \$)	Past Projects	\$42.9	\$10.6	\$15.1	\$68.6
	Ongoing Projects	\$37.6	\$13.5	\$13.3	\$64.5
	Planned Projects	\$83.2	\$26.5	\$29.2	\$138.9
	Total One-Time	\$163.7	\$50.6	\$57.7	\$272.0
Recurring Annual Impacts (Millions \$)	Small Business	\$ -	\$29.4	\$8.4	\$37.8
	VTF Capital (Formerly Vegas Tech Fund)	\$ -	\$9.2	\$15.9	\$25.1
	Corporate	\$8.9	\$3.2	\$4.2	\$16.3
	Life is Beautiful & Visitors	\$77.7	\$25.7	\$26.7	\$130.1
	Total Recurring	\$86.6	\$67.5	\$55.2	\$209.2

Note: Figures may not sum due to rounding. Figures reflect the value of additional industry production, which includes the amount of labor income paid to employees.



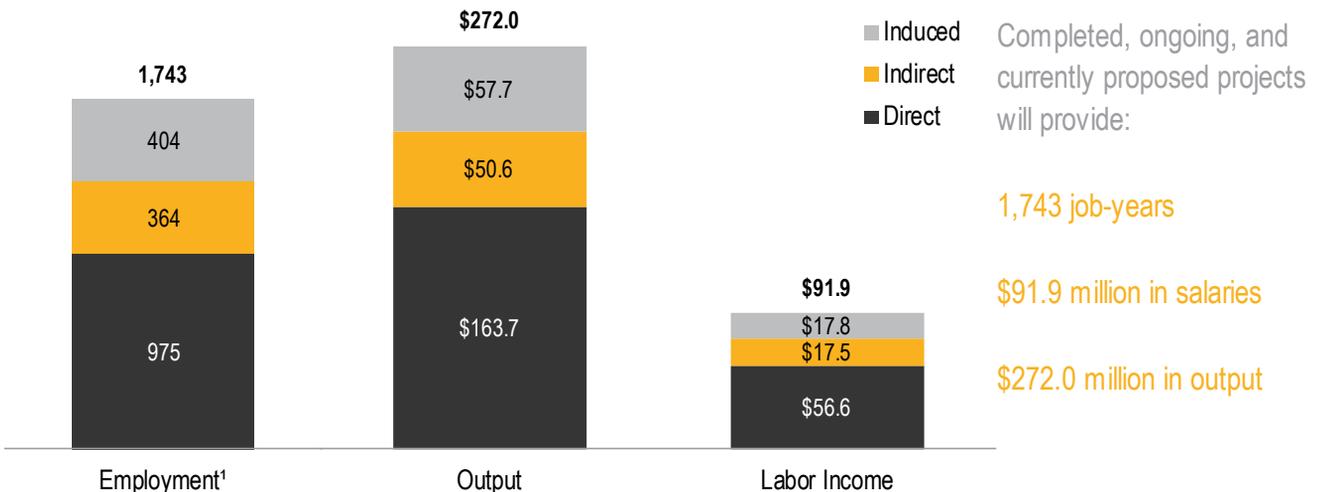
The Economic Impact of REAL ESTATE INVESTMENTS

Downtown Project's ongoing real estate investments in downtown Las Vegas include the renovation and construction of businesses, homes, and community area. The following figures describe the one-time economic impact of these investments.



The 211, A 315 unit apartment complex in Downtown

Total Economic Impact of REAL ESTATE RENOVATION & CONSTRUCTION



¹Employment is given in job-years, one person employed for one year

Part of Downtown Project's commitment to connecting the community is by providing new residential development in the area. To that end, Downtown Project currently offers 700 units for lease, and is currently developing another 231 units at Fremont9. These units will not only provide residents a place close to Downtown businesses but also the opportunity to collide with others through their design and location.



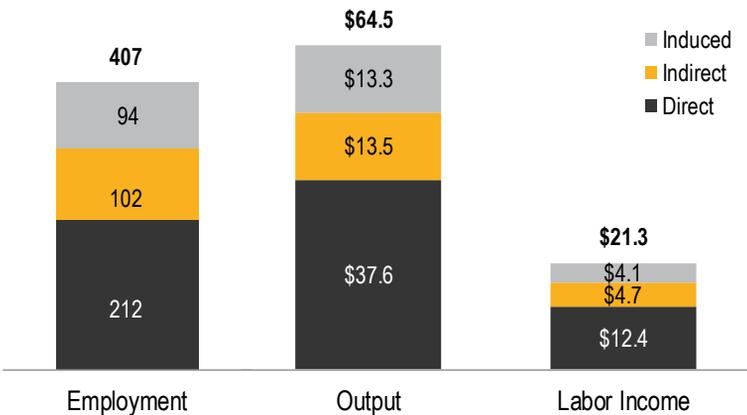
A Rendering of Fremont9, Downtown Project's latest residential development with many community amenities

Detailed Economic Impact of REAL ESTATE INVESTMENTS

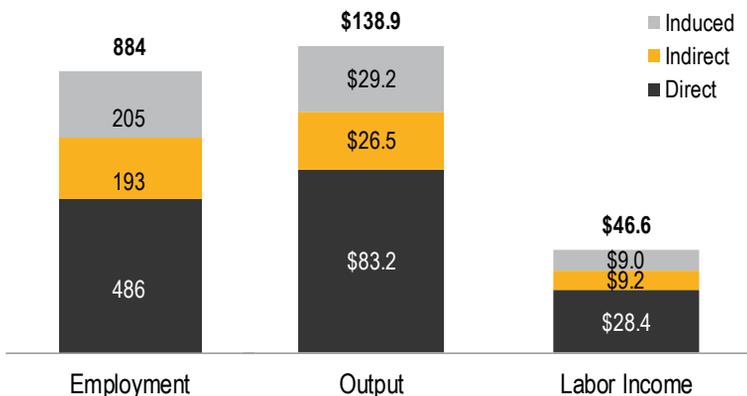
Completed Projects One-Time Construction Impact



Ongoing Projects One-Time Construction Impact



Planned Projects One-Time Construction Impact



Completed projects generated:

- 451 job-years of employment
- \$24.1 million in salaries
- \$68.6 million in output

Ongoing projects will generate:

- 407 job-years of employment
- \$21.3 million in salaries
- \$64.5 million in output

Planned projects could generate:

- 884 job-years of employment
- \$46.6 million in salaries
- \$138.9 million in output

The Economic Impact of VTF Capital INVESTMENTS

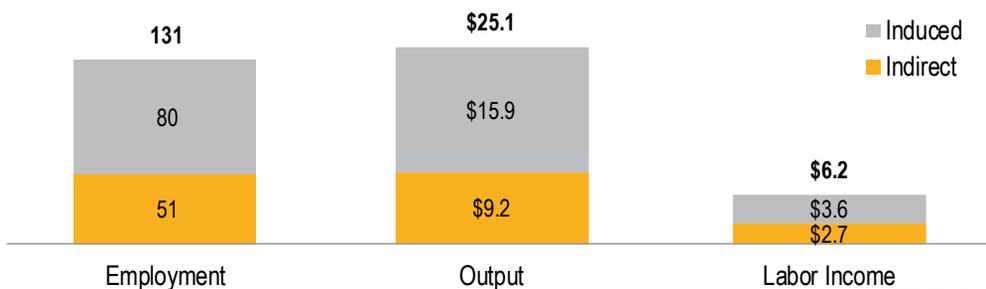
As a part of his \$350 million commitment to Downtown Project, Tony Hsieh invested a portion of the \$50 million tech allocation in VegasTechFund, a separate venture fund launched in parallel to Downtown Project. Its initial focus was seeding and accelerating the growth of the startup ecosystem in downtown Las Vegas.

In its first two years VegasTechFund deployed more seed stage venture capital in Las Vegas than any other firm in Nevada history. According to CB Insights, the firm is still the most active venture capital firm in Nevada, although its focus broadened starting in 2014.

As the firm grew to include a broader set of limited partners, the firm's investment criteria expanded to include companies based across the United States. And today about 15 percent of its portfolio companies are based in Las Vegas.

The firm, now known as VTF Capital, focuses primarily on companies in the commerce and commerce-related space with about 15 percent of its portfolio companies based in Las Vegas.

Among VTF Capital's Las Vegas investments is The Mill, an accelerator based in downtown Las Vegas. The Mill Startup Accelerator helps seed-stage companies focused on developing an exceptional customer service culture.. The following figures describe the annual and recurring impacts of VTF Capital's investments in these startups, excluding the impact from other investors and founders.



A selection of VTF Capital companies that provide jobs in Las Vegas

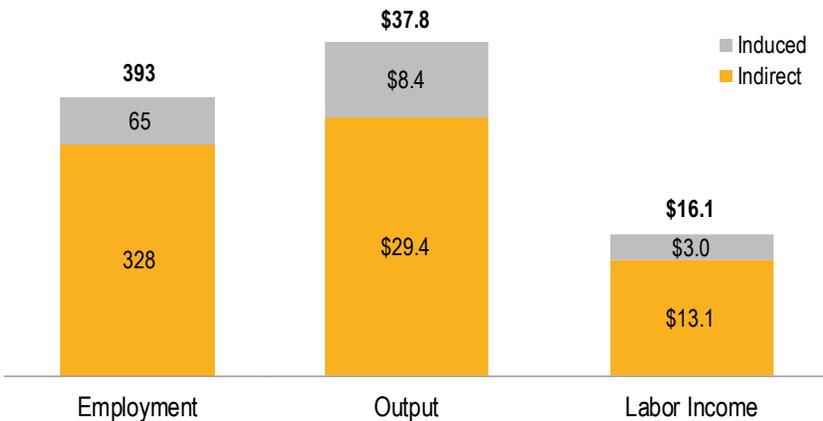
The Economic Impact of SMALL BUSINESS INVESTMENTS

Downtown Project continually invests in area businesses in downtown Las Vegas. One of the main goals is to enable community members to follow their passions, whatever they may be. Investments in gathering spaces and unique business ideas also further the impact of these ventures.



Scott Seeley and Drew Cohen of *The Writer's Block* in Downtown Las Vegas

Total Annual Recurring Economic Impact of DOWNTOWN PROJECT'S SMALL BUSINESS INVESTMENTS



Downtown Project's small business investments should generate in total:

393 job-years of employment

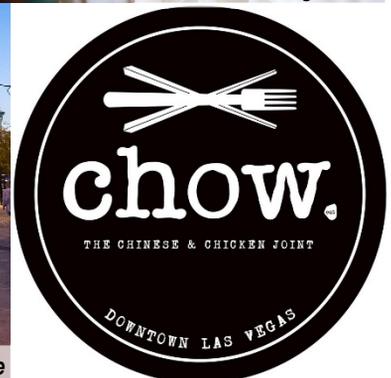
\$16.1 million in salaries

\$37.8 million in output

bin
702



61 Small business investments from Downtown Project



The Economic Impact of OTHER VENTURES

Economic Impact of **QUALITY OF LIFE IMPROVEMENTS**

Downtown Project's many improvements to the downtown Las Vegas area have had numerous improvements on the quality of life of its residents and visitors.

Projects such as the Container Park, Gold Spike, Inspire, and many others not only create an economic impact through their jobs and spending, but also from fostering an environment where communities can connect or obtain services previously unavailable near downtown Las Vegas. Additionally, these quality of life improvements will also increase property values and returns to other owners in the area. These impacts, though substantial, are not readily quantifiable.



Big Rig Jig by Mike Ross, one of Downtown Project's many public art installations

Economic Impact of **LIFE IS BEAUTIFUL & VISITORS**

Downtown Project, in addition to attracting new visitors with the addition of new amenities and businesses to the area, also helps to generate 75,000 visitor-trips to the area through the Life is Beautiful Festival.¹ In total, these visitors generate \$86.3 million in total economic impacts for southern Nevada.

The 75,000 visitors to the Life is Beautiful Festival generate an estimated \$52.2 million in local spending, producing an aggregate economic impact of \$86.3 million in the community. In addition, the \$15.9 million budget for the event produces a total ripple effect of \$27.9 million.

Additionally it is worth mentioning the significant efforts Downtown Project has made in developing properties for local and visitor events. These other events have attracted 13,925 visitors who have a total economic impact of \$15.9 million. These events also provide a further amenitie benefit to local residents that is not able to be captured in economic impacts.

¹56% of Life is Beautiful attendees are visitors.

Economic Impact of **DOWNTOWN PROJECT CORPORATE MANAGEMENT**

The operation of Downtown Project's real estate portfolio, investments, community events, and other activities directly employs 38 workers and Downtown Rangers. When factoring both indirect and induced impacts, a total of 87 jobs are generated from the activities of Downtown Project, earning \$6.7 million in income. The additional production from managing these various enterprises generates a total of \$16.3 million in economic output throughout the city.



Limitations and METHODOLOGY

LIMITATIONS

Applied Analysis (“AA”) is pleased to present this *The Economic Impact of Downtown Project*. AA was retained by DTP RE, LLC to estimate the economic impacts associated with the ongoing new construction, renovation, and investments of the Downtown Project. This report summarizes our approach, the limitations of our research and our salient findings.

This report was designed by AA in response to the request by DTP RE, LLC. However, we make no representations as to the adequacy of these procedures for all purposes. The findings and estimates are as of the most recent update of this report (March 10, 2017). We have no responsibility to update this report for the events and circumstances that may occur after this date.

Our report contains economic and market data. This information was collected from third parties and is presented in this summary report; it was assembled by AA. While we have no reason to doubt the accuracy of the data reported herein or utilized in the formation of our findings, the information collected was not subjected to any auditing or review procedures by AA; and therefore, we make no representations or assurances as to its completeness.

METHODOLOGY

To identify and model the interrelationships in the Nevada economy, IMPLAN (Impact Analysis for Planning) software and databases were used. IMPLAN is an input-output model (or econometric system). It utilizes complex economic equations to explain how the “outputs” of one industry become the inputs of others and vice versa. This relationship is sometimes referred to as the “multiplier” or “ripple” effect, illustrating how changes in one sector of the economy can affect other sectors.

The notion of multipliers rests upon the difference between an “initial effect” and the “total effects” of that change or stimulus. Generally speaking, these effects are segmented into direct impacts, indirect impacts and induced impacts, as described on page 3.



The Llama Lot not only provides parking for the area but also serves as a vibrant outdoor event space