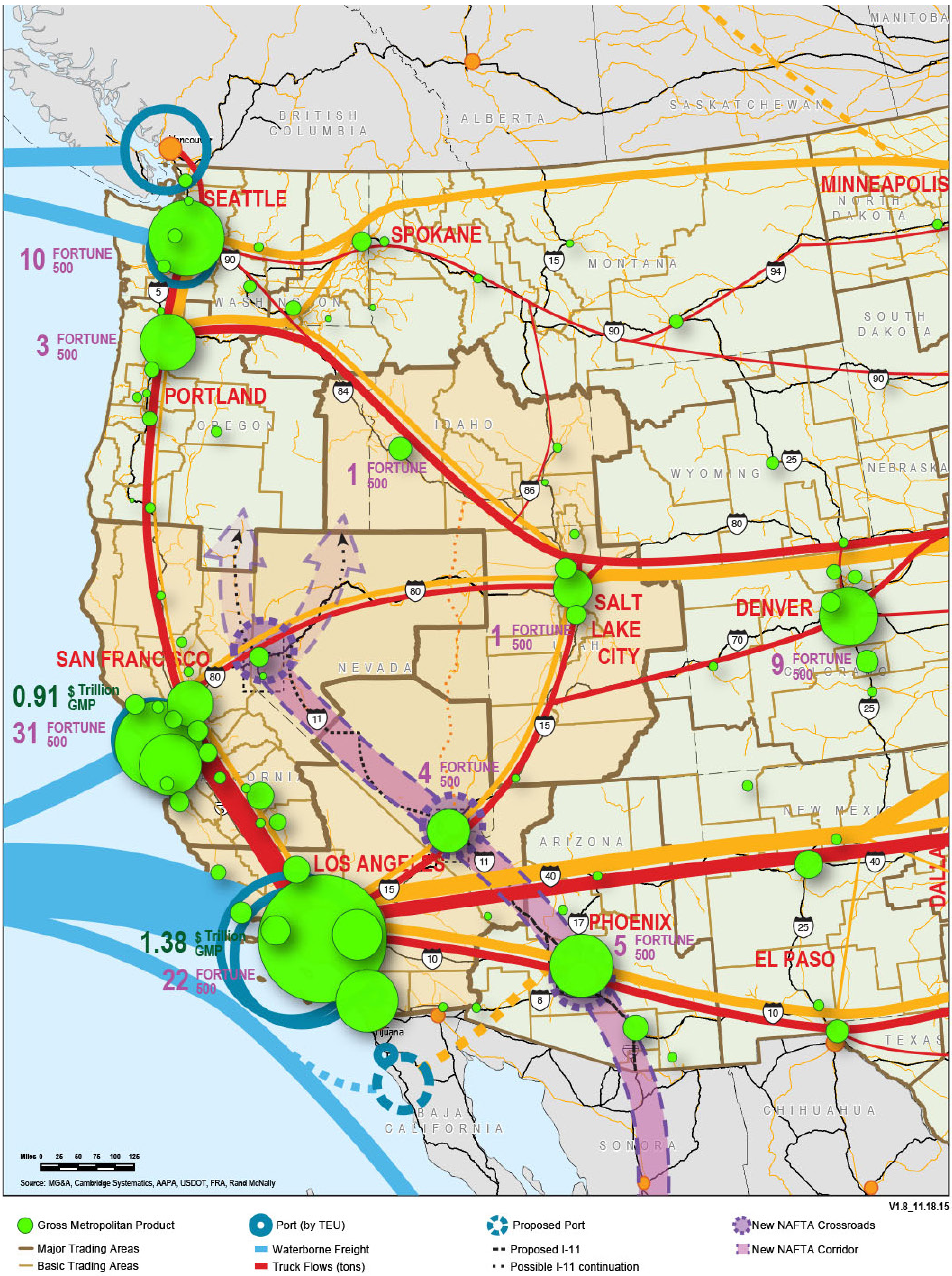
Context & Competitive Market Analysis

Potential Future Freight System Serving Nevada

ECONOMIC REGIONS AND TRADE CORRIDORS



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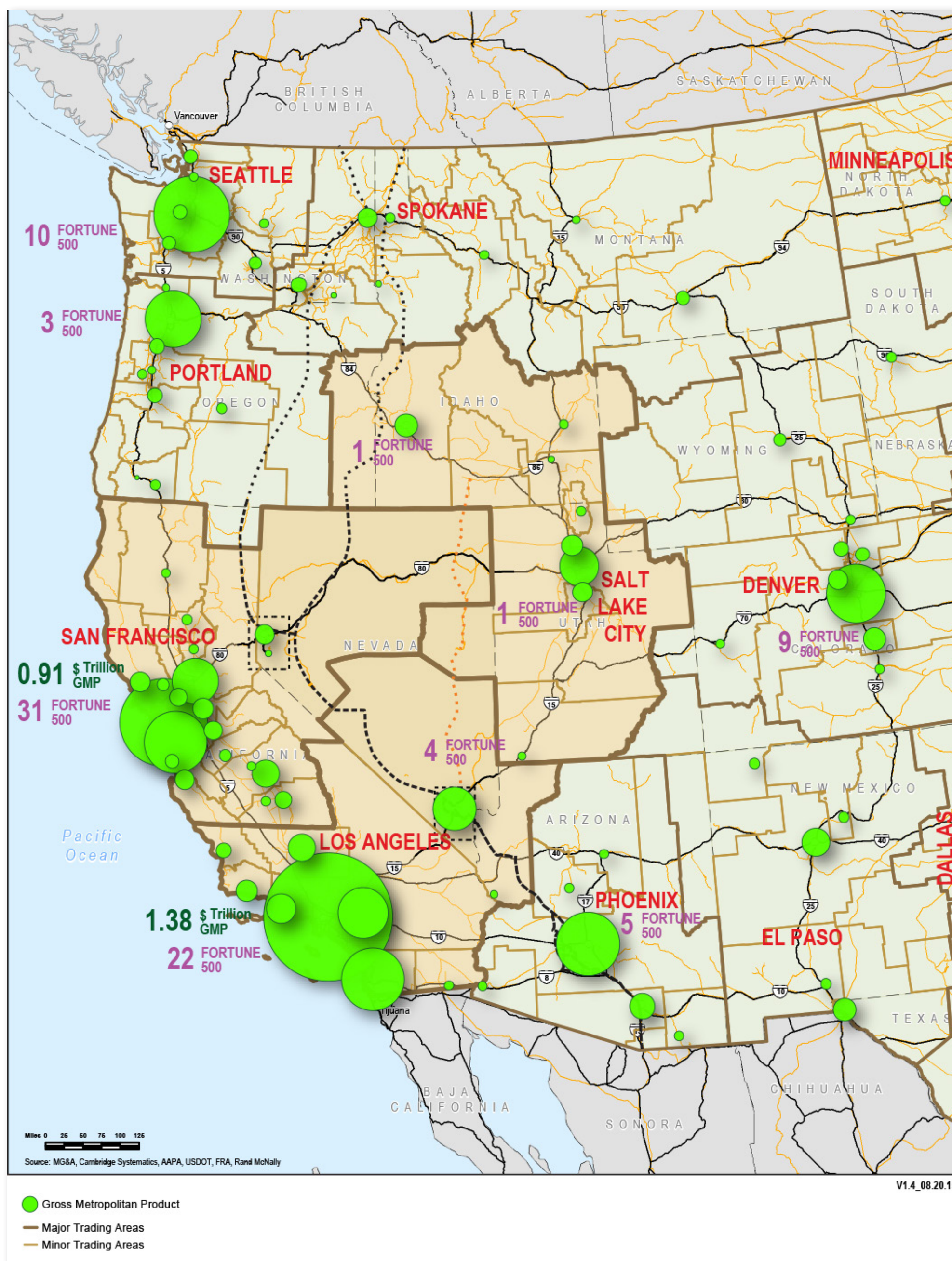
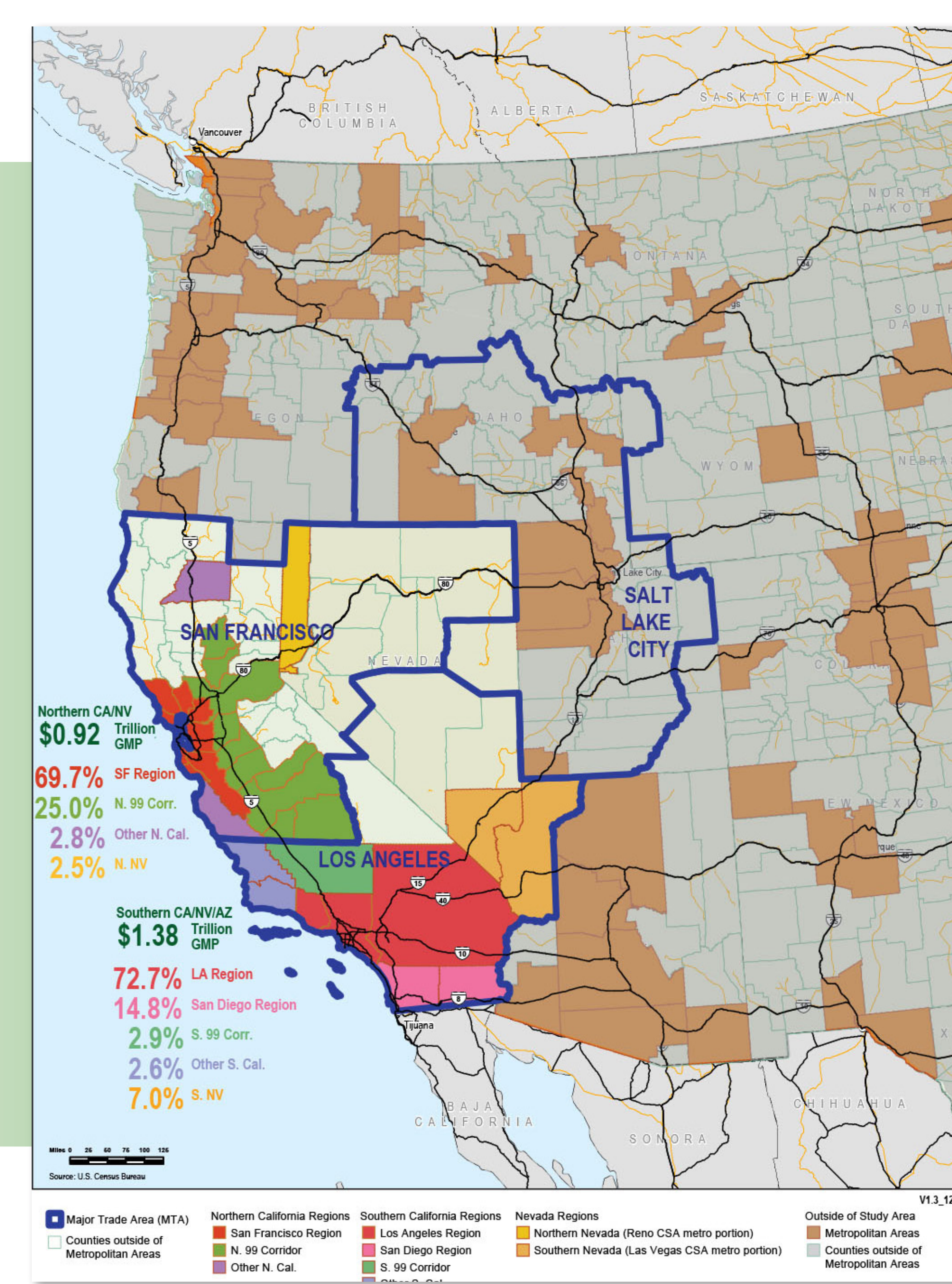
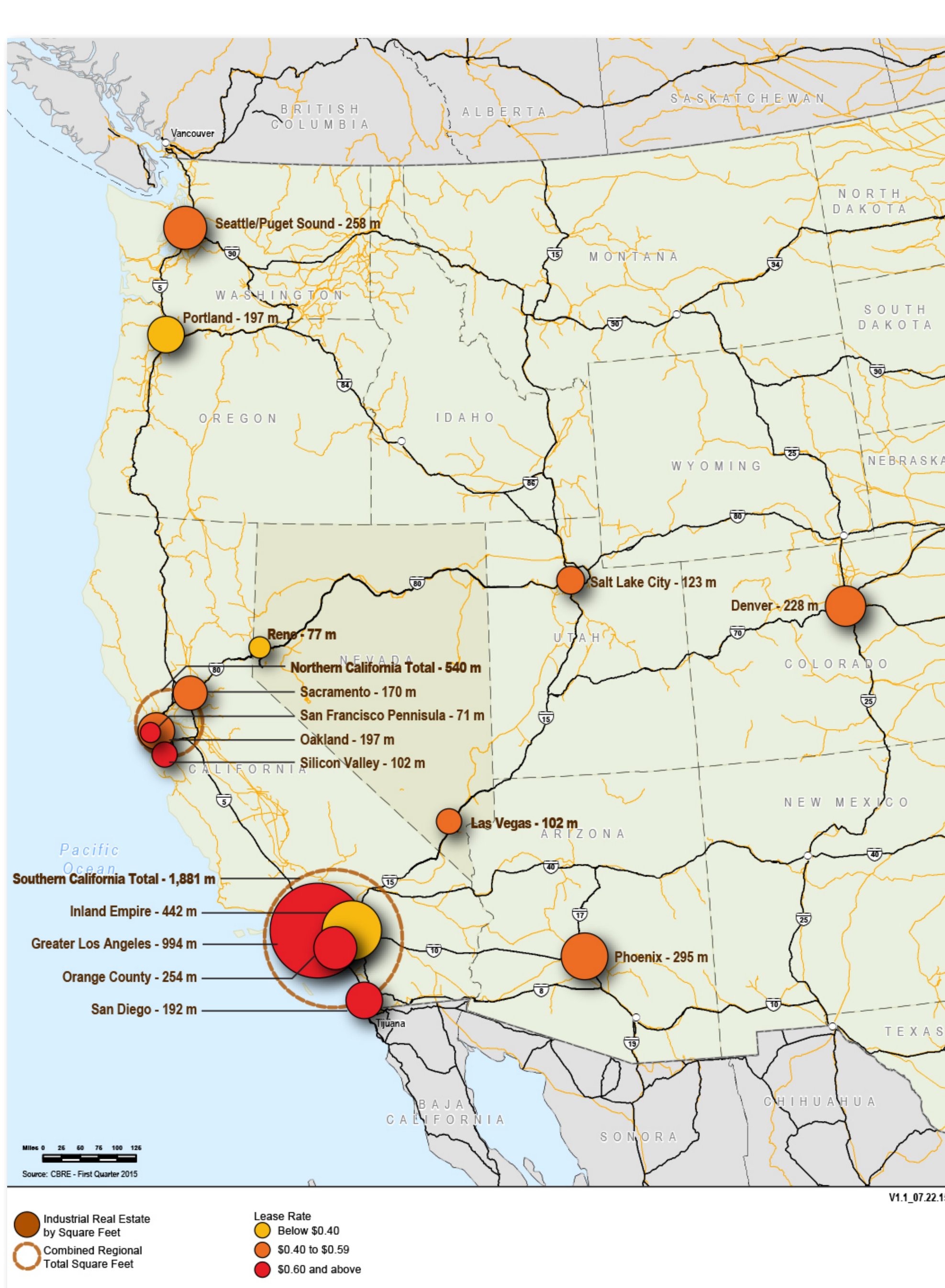
How will this Plan Establish a Competitive Advantage for Nevada?



- Nevada is part of three of the most successful economic regions in the United States.
- Southern Nevada is part of the Los Angeles MTA with the largest GMP and the second greatest concentration of Fortune 500 headquarters. Northern Nevada is part of the San Francisco MTA, which is second in GDP but has the largest concentration of headquarters. Eastern Nevada is part of the Salt Lake MTA, which is third is size and number of headquarters.
- Nevada's close proximity to these three very large and diverse concentrations of economic activity provides it with an opportunity and competitive advantage in attracting industry to the state.

- Each of the three economic regions that cover the state can divided into multiple subareas using MSAs within each economic region.
- The southern Nevada subarea has 8.3% of total employment in the Los Angeles economic region, but only 7% of GMP. Northern Nevada has 4% of total employment in the Los Angeles economic region, but only 2.5% of GMP.
- The state has a high economic dependency on freight-related industries.





- Nevada has two large concentrations of industrial real estate in southern Nevada and in northern Nevada.
- Northern Nevada has a larger percentage, 12.5%, of the total in the San Francisco MTA than southern Nevada, which has only 5.7% of the total for the Los Angeles economic region.
- Northern Nevada has a competitive advantage over any of the four Northern California sub-markets as average lease rate is the lowest at 38 cents per ft^2/month.
- Las Vegas' has a challenge to attract a greater share of the Greater Los Angeles market, the largest industrial market in the United States. The Las Vegas industrial lease rate of 56 cents per ft^2/month is higher than the current average lease rate in the Inland Empire, and southern Nevada lacks a large industrial park like Tahoe-Reno Industrial Center.

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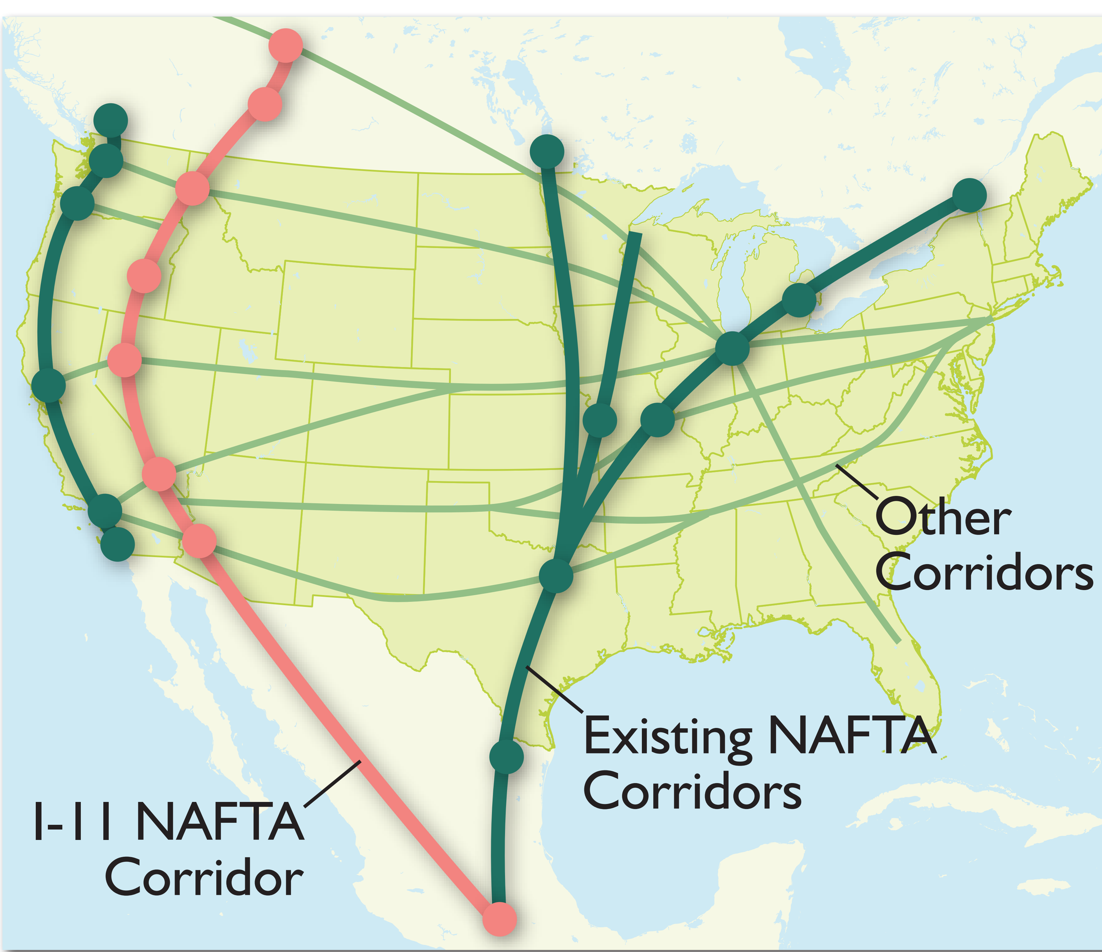
The Framework for Change

Nevada must change in three ways to capitalize on these opportunities and establish a competitive market position:



Crossroads: The geometry of the state's major metropolitan areas must change from "corridors" to "crossroads" to gain broader access to more markets. Corridors provide access in only two directions, limiting market reach, while crossroads provide multidirectional access to a larger market space and make the region more attractive to freight-related industries and businesses.

Modal Integration: Nevada must increase its capacity and efficiency for intermodal rail–truck and air–truck transfers through a more integrated multimodal configuration. Fragmented modal configurations cause increased conflicts and inefficiencies in modal transfers, resulting in longer dray distances between yards, terminals, ports, airports, and other ancillary freight services and facilities. In contrast, integrated modal configurations are designed to be highly efficient freight hubs with the benefits of reducing cost and environmental impacts, while increasing reliability and safety.

Capacity and Performance: Capacity and performance improvements will be necessary to reduce congestion and traffic incidents, allowing for smoother movements of freight through the system with increased reliability, mobility, and safety.