

## THE VEGAS BUBBLE

# REPENT NOW!

# THE CRASH IS NEAR

***YOU THOUGHT LAS VEGAS  
GROWTH WOULD GO ON  
FOREVER. SILLY YOU!***

BY GLENN CAMPBELL

It seems like such a little thing: Las Vegas housing prices are flat for the first time in decades. Foreclosures are up. Unsold homes are up. But no one is panicking yet.

It's only a blip on the radar screen, right? Just a minor "correction." It doesn't mean anything.

Or maybe it's the beginning of the end.

Las Vegas has had a fantastic run. Build it, and they will come! It's been an exhilarating ride to the top of the roller coaster.

Are you ready for the other side?

Please stop laughing. You say that people have been predicting the bust for 20 years now, and it hasn't happened.

Yeah, well they called the Titanic unsinkable. The iceberg was just a bump. It woke people up, but nothing to panic about.

The ship can't be sinking, the passengers said, BECAUSE THE BAND IS STILL PLAYING.

But if you look at the ship's design—at

what's keeping it afloat—you might think differently. Once the hull is breached, one bulkhead after another is going to fail 'til the band can't play no more.

It's simple physics.

Growth here has been phenomenal, but there's nothing holding it up. Vegas doesn't produce anything. Nobody needs Vegas. It's all built on hype, puffery and perception—things that can evaporate in a minute.

Las Vegas has approximately two industries: tourism and construction. Tourism seems to be chugging along, but what about construction?

The bubble grew like this: Investors built megaresorts, employing construction workers, who needed homes. Homes were built for them, employing more construction workers, who required more homes, etc. Housing boomed.

On the other side of the roller coaster: If construction slows, then construction workers leave, putting their homes on the market. More houses are available, so prices fall. Lower prices mean less new home construction, releasing more workers, who try to sell their homes, etc. Housing crashes.

The Las Vegas economy, like many a pyramid scheme, is addicted to exponential growth. Once the growth slows, the whole house of cards collapses.

Tourism may be booming, but it alone can't support the huge population here. To become a sustainable economy again, the population is going to have to DROP, and there is no pleasant way for this to happen.

And tourism isn't all too sound either. In the sordid business of selling fantasies to idiots, if the idiots change their mind and decide not to come this year, you're screwed. If Vegas loses its glitter, it may also lose its tourists.

Remember Houston after the oil boom or Detroit after the auto makers faded. Better yet, think of the ghost towns that surround our fair city. When things were humming, everyone believed in perpetual motion. No one thought the good times would end.

What will a downturn mean for Family Court? It can't be good. If you thought child welfare was troubled now, imagine it when the economy goes south. Drug abuse, up. Delinquency, up. Divorce, up, because it is often tied to financial stress.

On a positive note, the San Andreas Fault is also overdue. As soon as California slides into the ocean, Las Vegas will become a port city, replacing Los Angeles.

*Then we'll have a diversified economy.*

—GC