

NEVADA STATE BANK

Economic Briefing

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Nevada has been presented with a series of opportunities not seen since the onset of the Great Recession. New projects on the north end of the Strip in Las Vegas, industrial projects in Reno and tech startups and relocations statewide have shown Nevada's economy is more resilient and adaptable than some observers thought.

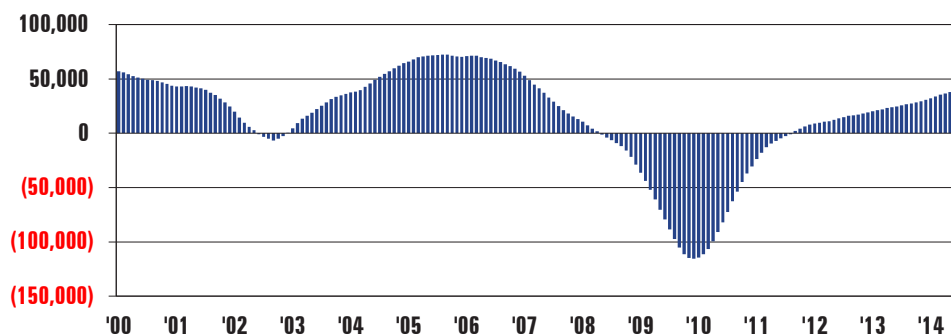
Signs of recovery and expansion abound in the tourism sector. SLS Hotel & Casino, an overhaul of the former Sahara Hotel & Casino, will open on August 23rd, bringing more than 3,000 jobs, 1,600 hotel rooms and a renewed energy to the north end of the Las Vegas Strip. Not far from the SLS, Genting Resorts World will soon begin construction on the site of the former Stardust Resort & Casino, a \$4-billion undertaking. Other positive news came in the form of Crown Resort's (headed by James Packer, an Australian billionaire) purchase of the former New Frontier property, with reported plans to eventually open up a new casino resort on the site. Further projects include MGM's City of Rock festival grounds, the MGM/AEG Arena, New York New York's Park retail project, renovation and rebranding of the Delano and Linq Hotels, the Bally's Bazaar, the Mandalay Bay Convention Center expansion and the recent opening of the Cromwell and Linq. All of this comes at a time when total visitation to Clark County is still 1.0 percent below its pre-recession peak and gaming revenue is 11.1 percent below its highest twelve month total. These additional investments are expected to generate increased interest (i.e., visitor trips); however, many industry experts remain concerned about whether the market can truly sustain supply additions or whether these projects will simply cannibalize existing market share.

In the north, recent announcements include the largest corporate expansion in Nevada's history. Tesla announced site work for their gigafactory has been completed. In just three and a half weeks, construction workers cleared a massive pad for the \$5-billion project in a large-scale demonstration of Nevadans getting back to work. The Tesla project is far from a certainty, with talk of a special session of the Nevada State Legislature and speculation that land clearing in Reno could simply be used as leverage in negotiations with other states. That being said, the work is certainly welcome. Unemployment in the Reno area is at 7.2 percent, lower than the state average of 7.7 percent, but still considerably higher than the national rate (6.2 percent in July). Average total employment during the past twelve months has grown 2.3 percent in Washoe County; and, in particular, the construction sector has grown 14.3 percent during the same period. Though Tesla is continuing to pursue negotiations and potentially site work in other states for its coveted factory, Nevada will benefit either way as other companies will take a closer look at the amenities offered in the Tahoe-Reno Industrial Center. Other success stories in the area include the geothermal industry, which continues to take advantage of Northern Nevada's unique geology, and a recently opened nightclub in the Grand Sierra Resort, which reported having to hire additional employees to meet demand.

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NEVADA EMPLOYMENT GROWTH

TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
1,221,500	1,219,900	1,177,300
GROWTH RATE	0.1% ▲	3.8% ▲

Nevada Private Average Weekly Hours Worked		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
33.8	33.2	33.8
GROWTH RATE	1.8% ▲	0.0% ◆

Nevada Unemployment Rate		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
7.7%	7.9%	10.0%
GROWTH RATE	-0.2% ▼	-2.3% ▼

Nevada Initial Unemployment Insurance Claims		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
14,503	12,524	14,910
GROWTH RATE	15.8% ▲	-2.7% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
1,197,650	1,193,967	1,158,258
GROWTH RATE	0.3% ▲	3.4% ▲

Nevada Private Average Weekly Hours Worked ⁽¹⁾		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
33.5	33.5	33.8
GROWTH RATE	0.0% ◆	-1.1% ▼

Nevada Unemployment Rate ⁽¹⁾		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
8.8%	9.0%	10.7%
GROWTH RATE	-0.2% ▼	-1.9% ▼

Nevada Initial Unemployment Insurance Claims ⁽²⁾		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
174,184	174,591	210,606
GROWTH RATE	-0.2% ▼	-17.3% ▼

Notes: (1) Trailing 12-month/4-quarter averages.
(2) Trailing 12-month/4-quarter totals.

MONTHLY & QUARTERLY

Economic Indicator Series

Nevada Residential Housing Units Permitted

Jun-14

Current Period	Prev. Period	Same Period	Prev. Yr.
1,063	1,085		1,476
GROWTH RATE	-2.0% ▼		-28.0% ▼

Nevada Taxable Retail Sales

May-14

Current Period	Prev. Period	Same Period	Prev. Yr.
\$4,253,877,223	\$3,903,083,977		\$3,937,876,283
GROWTH RATE	9.0% ▲		8.0% ▲

Nevada Gross Gaming Revenue

Jun-14

Current Period	Prev. Period	Same Period	Prev. Yr.
\$906,904,294	\$971,251,875		\$793,058,748
GROWTH RATE	-6.6% ▼		14.4% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Jun-14

Current Period	Prev. Period	Same Period	Prev. Yr.
4,015,093	4,053,031		3,980,723
GROWTH RATE	-0.9% ▼		0.9% ▲

Clark/Washoe County Visitor Volume

Jun-14

Current Period	Prev. Period	Same Period	Prev. Yr.
4,197,937	4,278,616		4,091,369
GROWTH RATE	-1.9% ▼		2.6% ▲

Nevada New Business Creation

Q4 '13

Current Period	Prev. Period	Same Period	Prev. Yr.
432	582		442
GROWTH RATE	-25.8% ▼		-2.3% ▼

Nevada Housing Price Index

(Q1 1991 = 100)

Q1 '14

Current Period	Prev. Period	Same Period	Prev. Yr.
167.6	163.0		138.6
GROWTH RATE	2.8% ▲		21.0% ▲

Clark County Office Market Vacancy Rate

Q2 '14

Current Period	Prev. Period	Same Period	Prev. Yr.
25.2%	25.6%		25.7%
GROWTH RATE	-0.4% ▼		-0.5% ▼

Nevada Hotel/Motel Occupancy

Q1 '14

Current Period	Prev. Period	Same Period	Prev. Yr.
80.5%	75.1%		77.5%
GROWTH RATE	5.4% ▲		3.0% ▲

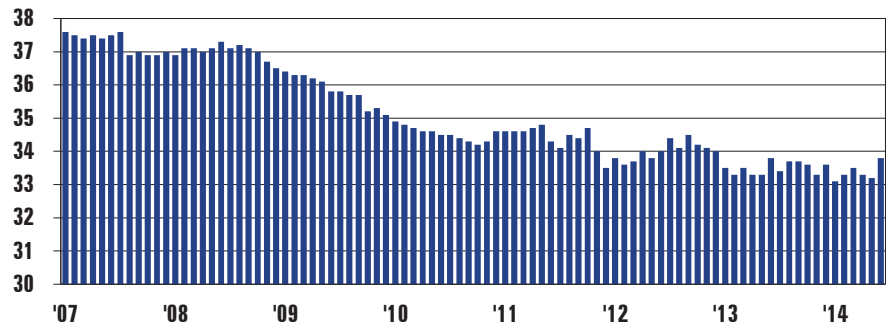
State of Nevada Personal Income

Q1 '14

Current Period	Prev. Period	Same Period	Prev. Yr.
\$27,813,370,250	\$27,515,494,250		\$26,641,783,250
GROWTH RATE	1.1% ▲		4.4% ▲

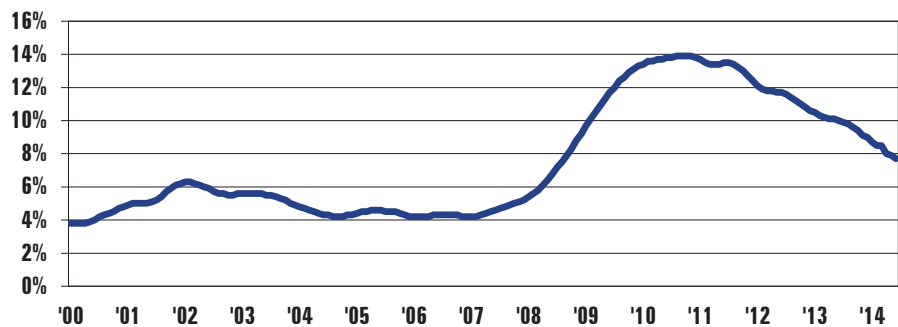
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED

MONTHLY SERIES



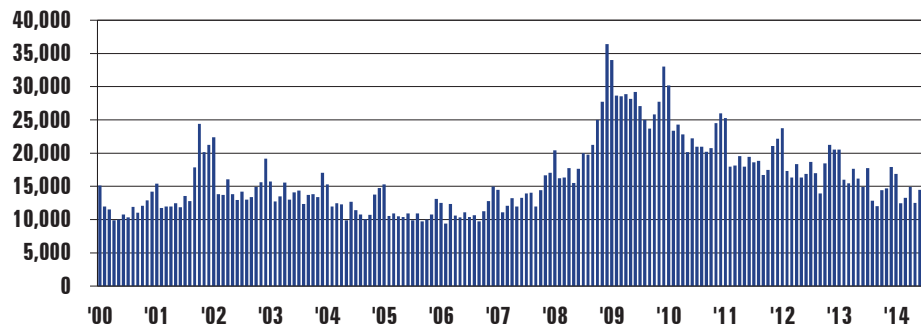
NEVADA UNEMPLOYMENT RATE

MONTHLY SERIES



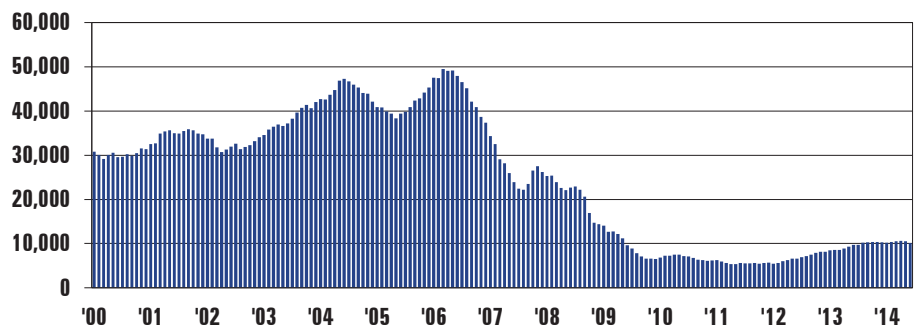
NEVADA UNEMPLOYMENT INSURANCE CLAIMS

MONTHLY SERIES

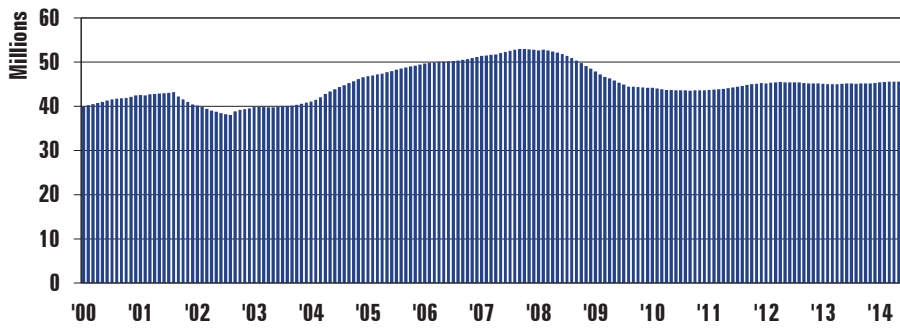


NEVADA RESIDENTIAL UNITS PERMITTED

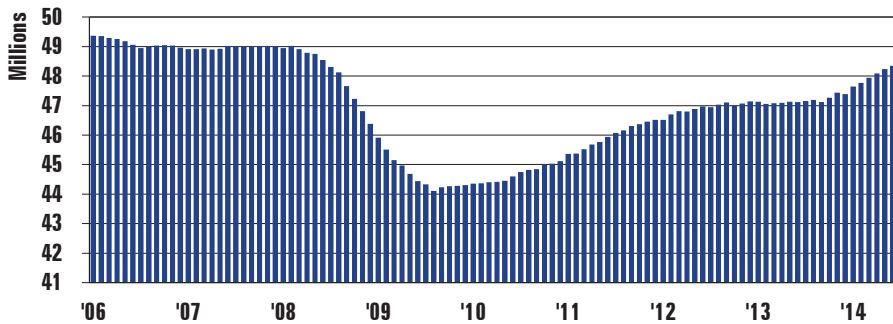
TRAILING 12-MONTH TOTALS



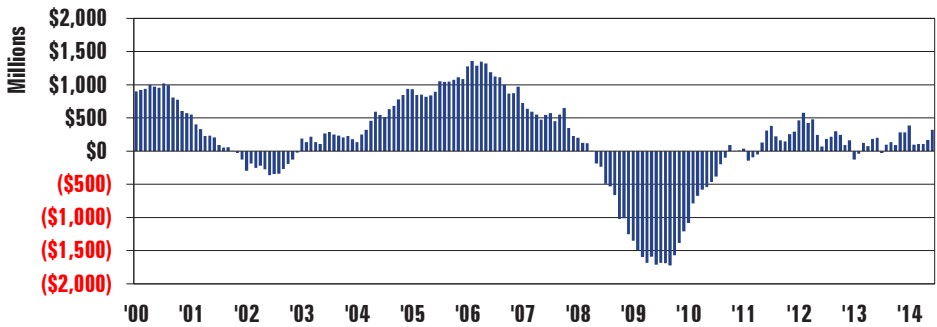
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS TRAILING 12-MONTH TOTALS



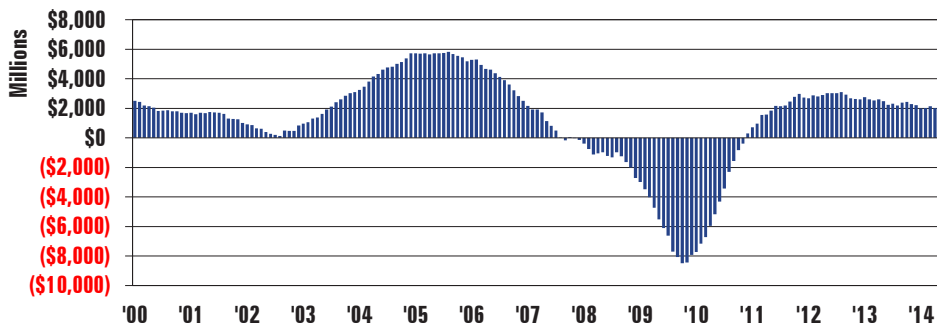
CLARK/WASHOE COUNTY VISITOR VOLUME TRAILING 12-MONTH TOTALS



GROWTH IN NEVADA GROSS GAMING REVENUES TRAILING 12-MONTH TOTALS



GROWTH IN NEVADA TAXABLE RETAIL SALES TRAILING 12-MONTH TOTALS



TRAILING 12-MONTH
Economic Indicator Series

Nevada Residential Housing Units Permitted ⁽²⁾		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
10,090	10,503	9,714
GROWTH RATE		-3.9% ▼ 3.9% ▲

Nevada Taxable Retail Sales ⁽²⁾		May-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$47,253,017,526	\$46,937,016,586	\$45,156,727,020
GROWTH RATE		0.7% ▲ 4.6% ▲

Nevada Gross Gaming Revenue ⁽²⁾		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$11,226,758,893	\$11,112,913,347	\$10,905,669,725
GROWTH RATE		1.0% ▲ 2.9% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers ⁽²⁾		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
45,628,014	45,593,644	45,195,717
GROWTH RATE		0.1% ▲ 1.0% ▲

Clark/Washoe County Visitor Volume ⁽²⁾		Jun-14
Current Period	Prev. Period	Same Period Prev. Yr.
48,341,714	48,235,146	47,116,284
GROWTH RATE		0.2% ▲ 2.6% ▲

Nevada New Business Creation ⁽²⁾		Q4 '13
Current Period	Prev. Period	Same Period Prev. Yr.
1,548	1,558	1,643
GROWTH RATE		-0.6% ▼ -5.8% ▼

Nevada Housing Price Index ⁽¹⁾		Q1 '14
Current Period	Prev. Period	Same Period Prev. Yr.
158.3	151.0	128.1
GROWTH RATE		4.8% ▲ 23.5% ▲

Clark County Office Market Vacancy Rate ⁽¹⁾		Q2 '14
Current Period	Prev. Period	Same Period Prev. Yr.
25.4%	25.5%	25.7%
GROWTH RATE		-0.1% ▼ -0.3% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾		Q1 '14
Current Period	Prev. Period	Same Period Prev. Yr.
79.9%	79.2%	79.3%
GROWTH RATE		0.7% ▲ 0.6% ▲

State of Nevada Personal Income ⁽²⁾		Q1 '14
Current Period	Prev. Period	Same Period Prev. Yr.
\$111,253,481,000	\$110,061,977,000	\$106,567,133,000
GROWTH RATE		1.1% ▲ 4.4% ▲

Notes: (1) Trailing 12-month/4-quarter averages.
(2) Trailing 12-month/4-quarter totals.

Tech, including globally competitive datacenters, has proven to be a catalyst for incremental investment in both the north and the south. Projects, including Apple's datacenter, have acted as bellwethers for tech companies looking to invest in Nevada. The company has planned an additional two new data buildings, bringing the total to 10 datacenters. Though it is early, and difficult to tell whether Apple has caused companies to relocate/collocate, the Economic Development Authority of Western Nevada (EDAWN) has reported a marked increase in inquiries from technology companies. In Las Vegas, Switch has started construction on SuperNAP 9, its largest data center yet at 575,000 square feet. Switch, while somewhat less recognizable than Apple or other tech giants, may very well be more vital to the State's economy. Not only is Switch the state's largest startup in a generation, but its collocation strategy and innovative technologies have prompted, at least in part, companies such as Wirellessor, Zumasy's, and Tracky to locate their operations in Nevada. Switch plans for 10 SuperNAPs in its current Las Vegas campus, and wants to export the design and knowledge gained in Nevada across the globe for construction of further SuperNAP facilities. Tech communities made up of smaller startups also continue to coalesce around Downtown Reno in Startup Row and Las Vegas around Downtown Project's various enterprises as they prove to be centers for collaboration and innovation.

Renewed interest in Nevada, both from existing businesses and those seeking out new markets, is an encouraging sign the state's elongated economic recovery has transitioned into economic resurgence. There is little doubt that Nevada has residual challenges, not only from the recession but also from the state's narrow economic base and underperforming education system. These challenges notwithstanding, economic growth tends to follow investment and population growth. Nevada currently has both and seems to be picking up steam. 🚀

Prepared by:

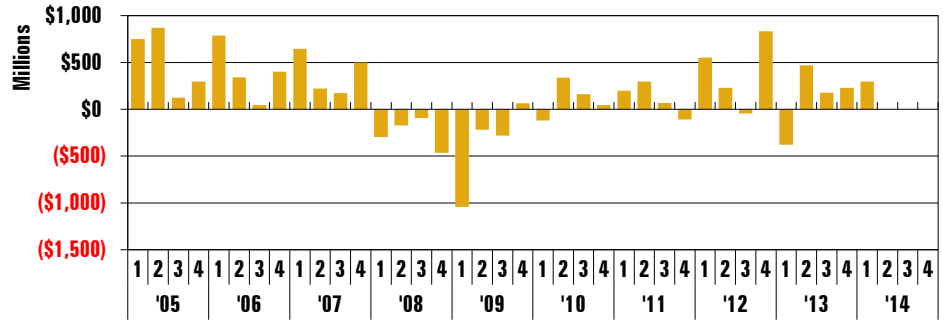


appliedanalysis.com

Methodology: Applied Analysis ("AA") was retained by Nevada State Bank to summarize and analyze a series of key economic indicators on a recurring basis. Relevant data were obtained from AA's internal databases as well as national, regional and local data providers, including, without limitation, state and local governments. While we have no reason to doubt the accuracy of any of the data reported, we have not performed an audit or assurance procedures on these data, and as such, we cannot attest to their completeness. Generally speaking, data reported are for Nevada, Clark County, Washoe County, or the metropolitan areas therein. Please note that these geographies may differ slightly between data providers.

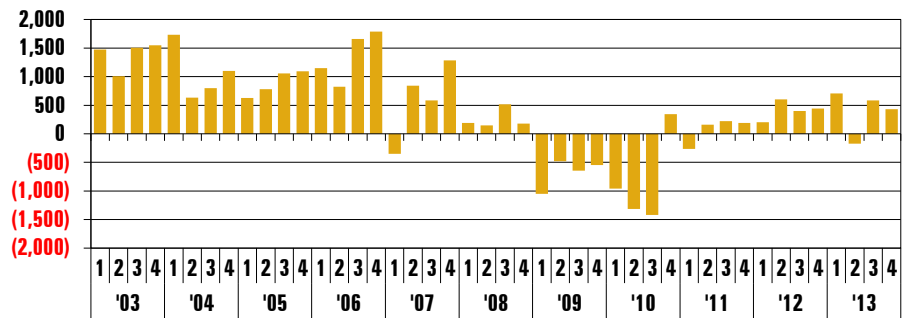
STATE OF NEVADA PERSONAL INCOME GROWTH

QUARTER-OVER-QUARTER



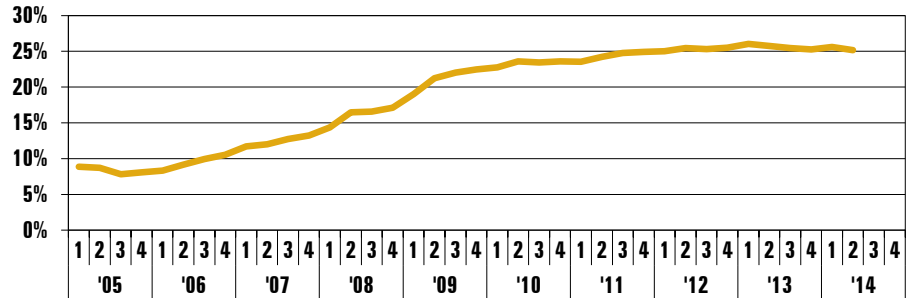
NEVADA NEW BUSINESS CREATION

QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE

QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY

QUARTERLY SERIES

