

NEVADA STATE BANK

Economic Briefing

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VOLUME SEVEN

Nevada's economy beat expectations in 2014 and appears primed for continued growth in the coming year. Improved metrics in productivity, employment and income suggest the state has moved well beyond post-recession recovery and is settling into a pattern of sustained growth. Record visitor volume in the south, the recent announcement that Tesla will build its highly anticipated giga-factory in the north and nation-leading housing price appreciation statewide provide further evidence that the economy's growth trend should extend well into 2015.

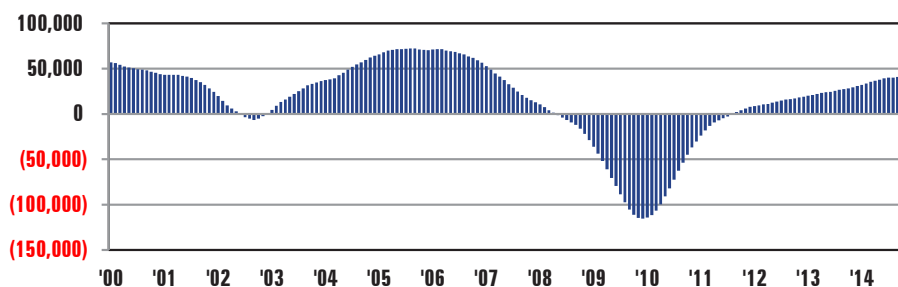
Nevada's economy expanded at roughly 2.4 percent during 2013 (latest data available). While this pace of expansion was not as high as some observers had hoped, it is accompanied by a 2.4-percent increase in employment through October 2014 – 10th highest rate in the nation – as well as the nation's fastest decline in unemployment. Additionally, between the first and second quarters of 2014, Nevada's aggregate personal income grew by 1.5 percent. This pace of income growth is nearly double the rate reported in the second quarter of 2013 and was the second-fastest rate reported in the far west states during Q2 2014 (Oregon was number one with a growth rate of 1.7 percent). Also worth noting, nearly every sector of the state's economy contributed to the expansion, with strong gains in the business and professional services sector.

Significant developments in the southern and northern portions of the state suggest these trends will continue in 2015. In the south, Las Vegas visitor volume appears poised to break the 41 million trip mark for the first time in history by year's end. Additionally, the convention calendar is particularly strong in 2015, Genting's \$4.0-billion plus Resorts World casino-hotel project is scheduled to commence construction in Q1 2015, the MGM/AEG arena development is now well underway and the Electric Daisy Carnival reported selling out its 2015 event in record time. In the north, the Tesla announcement has provided renewed optimism as the regional economy gears up for a \$6 billion, 50 gigawatt-hour factory powered primarily with its own solar and wind power plants. In a class of its own, Tesla's giga-factory could

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NEVADA EMPLOYMENT GROWTH

TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
1,226,800	1,225,800	1,193,700

GROWTH RATE	0.1% ▲	2.8% ▲
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Nevada Private Average Weekly Hours Worked Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
33.4	33.6	33.6

GROWTH RATE	-0.6% ▼	-0.6% ▼
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Nevada Unemployment Rate Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
7.1%	7.3%	9.4%

GROWTH RATE	-0.2% ▼	-2.3% ▼
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Nevada Initial Unemployment Insurance Claims Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
14,124	13,563	14,403

GROWTH RATE	4.1% ▲	-1.9% ▼
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TRAILING 12-MONTH

Employment Indicators

Nevada Employment⁽¹⁾ Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
1,210,058	1,207,300	1,169,008

GROWTH RATE	0.2% ▲	3.5% ▲
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Nevada Private Average Weekly Hours Worked⁽¹⁾ Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
33.4	33.5	33.6

GROWTH RATE	0.0% ▼	-0.5% ▼
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Nevada Unemployment Rate⁽¹⁾ Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
8.1%	8.3%	10.1%

GROWTH RATE	-0.2% ▼	-2.0% ▼
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Nevada Initial Unemployment Insurance Claims⁽²⁾ Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
173,318	173,597	199,584

GROWTH RATE	-0.2% ▼	-13.2% ▼
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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

Sep-14

Current Period	Prev. Period	Same Period Prev. Yr.
1,059	1,104	745
GROWTH RATE	-4.1% ▼	42.1% ▲

Nevada Taxable Retail Sales

Sep-14

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,232,069,035	\$4,088,089,224	\$4,071,224,881
GROWTH RATE	3.5% ▲	4.0% ▲

Nevada Gross Gaming Revenue

Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
\$913,643,061	\$902,652,556	\$954,319,750
GROWTH RATE	1.2% ▲	-4.3% ▼

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
4,123,874	3,852,937	3,992,369
GROWTH RATE	7.0% ▲	3.3% ▲

Clark/Washoe County Visitor Volume

Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
4,249,984	4,001,137	4,106,343
GROWTH RATE	6.2% ▲	3.5% ▲

Nevada New Business Creation

Q2 '14

Current Period	Prev. Period	Same Period Prev. Yr.
180	644	-173
GROWTH RATE	-72.0% ▼	-204.0% ▼

Nevada Housing Price Index

(Q1 1991 = 100)

Q3 '14

Current Period	Prev. Period	Same Period Prev. Yr.
172.4	169.2	156.2
GROWTH RATE	1.9% ▲	10.3% ▲

Clark County Office Market Vacancy Rate

Q3 '14

Current Period	Prev. Period	Same Period Prev. Yr.
24.8%	25.2%	25.5%
GROWTH RATE	-0.4% ▼	-0.7% ▼

Nevada Hotel/Motel Occupancy

Q2 '14

Current Period	Prev. Period	Same Period Prev. Yr.
84.5%	80.5%	82.2%
GROWTH RATE	4.0% ▲	2.3% ▲

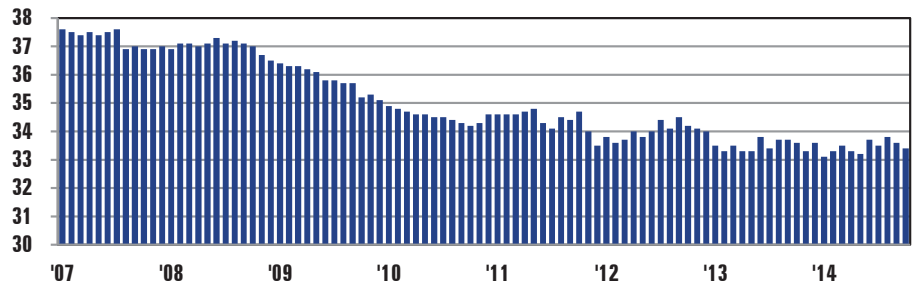
State of Nevada Personal Income

Q2 '14

Current Period	Prev. Period	Same Period Prev. Yr.
\$28,383,270,750	\$27,966,218,000	\$27,310,231,000
GROWTH RATE	1.5% ▲	3.9% ▲

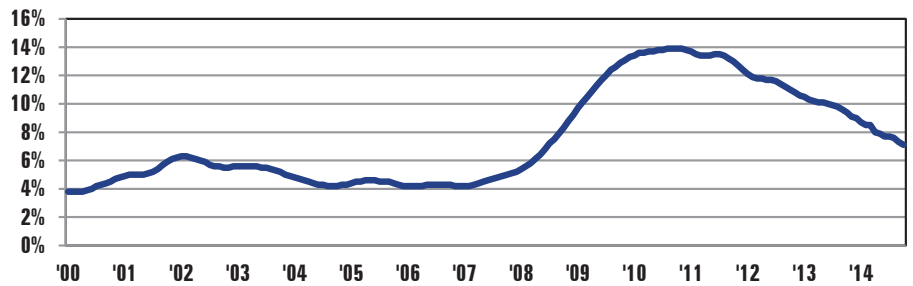
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED

MONTHLY SERIES



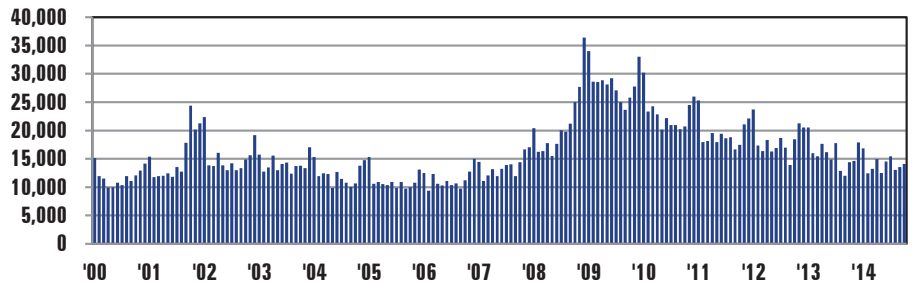
NEVADA UNEMPLOYMENT RATE

MONTHLY SERIES



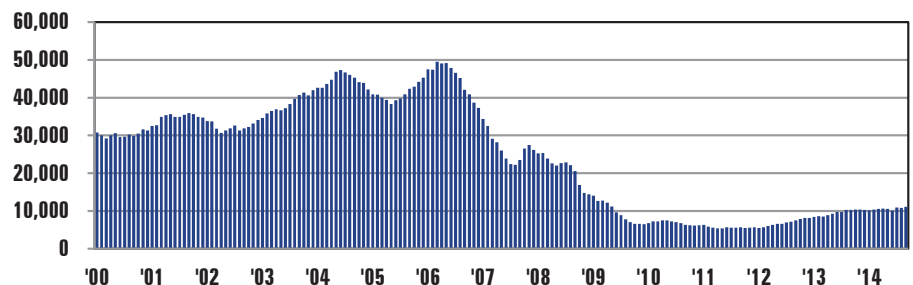
NEVADA UNEMPLOYMENT INSURANCE CLAIMS

MONTHLY SERIES

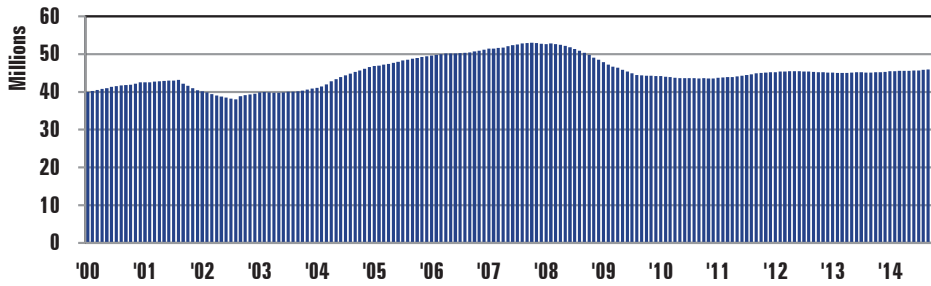


NEVADA RESIDENTIAL UNITS PERMITTED

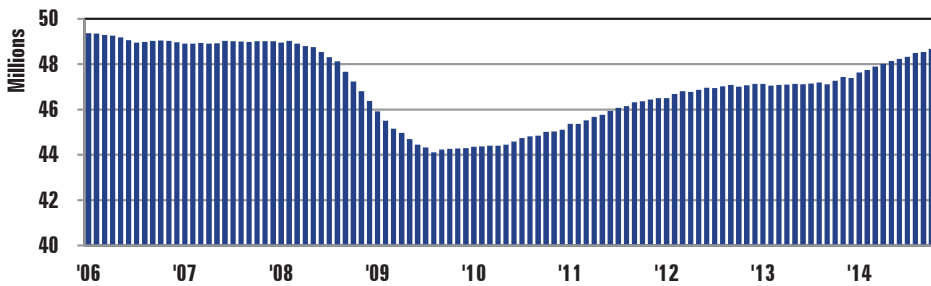
TRAILING 12-MONTH TOTALS



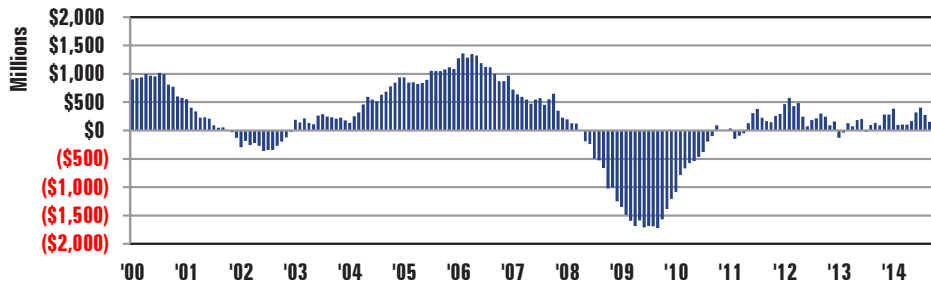
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS TRAILING 12-MONTH TOTALS



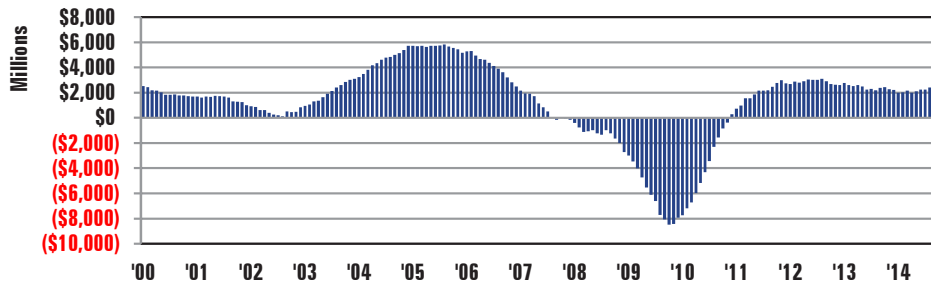
CLARK/WASHOE COUNTY VISITOR VOLUME TRAILING 12-MONTH TOTALS



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⁾		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
11,108	10,794	10,281
GROWTH RATE		2.9% ▲ 8.0% ▲

Nevada Taxable Retail Sales ⁽²⁾		Sep-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$48,124,329,314	\$47,963,485,160	\$45,896,699,755
GROWTH RATE		0.3% ▲ 4.9% ▲

Nevada Gross Gaming Revenue ⁽²⁾		Oct-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$11,101,701,625	\$11,142,378,314	\$10,962,435,220
GROWTH RATE		-0.4% ▼ 1.3% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers ⁽²⁾		Oct-14
Current Period	Prev. Period	Same Period Prev. Yr.
46,044,876	45,913,371	45,179,526
GROWTH RATE		0.3% ▲ 1.9% ▲

Clark/Washoe County Visitor Volume ⁽²⁾		Oct-14
Current Period	Prev. Period	Same Period Prev. Yr.
48,681,714	48,538,073	47,267,376
GROWTH RATE		0.3% ▲ 3.0% ▲

Nevada New Business Creation ⁽²⁾		Q2 '14
Current Period	Prev. Period	Same Period Prev. Yr.
1,838	1,485	1,373
GROWTH RATE		23.8% ▲ 33.9% ▲

Nevada Housing Price Index ⁽¹⁾		Q3 '14
Current Period	Prev. Period	Same Period Prev. Yr.
167.8	163.8	143.0
GROWTH RATE		2.5% ▲ 17.4% ▲

Clark County Office Market Vacancy Rate ⁽¹⁾		Q3 '14
Current Period	Prev. Period	Same Period Prev. Yr.
25.2%	25.4%	25.7%
GROWTH RATE		-0.2% ▼ -0.5% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾		Q2 '14
Current Period	Prev. Period	Same Period Prev. Yr.
80.5%	79.9%	79.4%
GROWTH RATE		0.6% ▲ 1.1% ▲

State of Nevada Personal Income ⁽²⁾		Q2 '14
Current Period	Prev. Period	Same Period Prev. Yr.
\$113,533,083,000	\$111,864,872,000	\$109,240,924,000
GROWTH RATE		1.5% ▲ 3.9% ▲

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

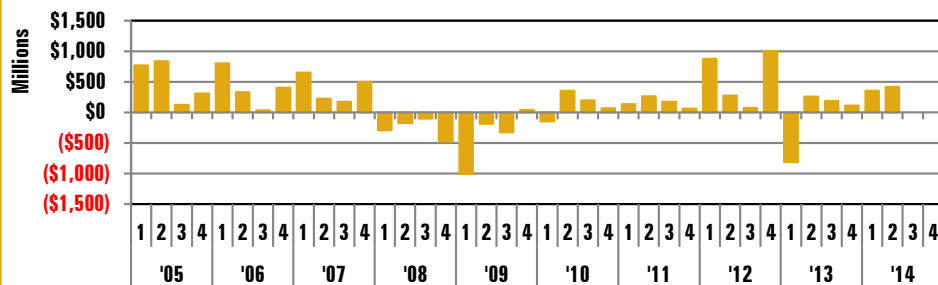
add as much as 7 percent to the region's gross metropolitan product in 2015.

Importantly, improved economic metrics are also translating into higher property values. In its Q3 2014 report, the Federal Housing Finance Agency noted, "The seasonally adjusted, purchase-only [Housing Price Index] rose in 40 states during the third quarter of 2014. **The top five states in annual appreciation: 1) Nevada 2) Hawaii 3) California 4) North Dakota 5) Florida.**" [emphasis added] Going from worst to first in this key metric has helped bolster consumer spending activity. Nevada's taxable retail sales volumes are up more than 8.0 percent in both Clark and Washoe counties. Combined with lower prices for gasoline, which some economists believe could save a typical household \$750 per year, consumer confidence and consumer spending should be strong entering the New Year.

It was not that long ago that Nevada was held up as the state most affected by the Great Recession. Today, the tone and tenor of the economic discourse has clearly changed. More important than positive economic metrics, both consumers and businesses appear to have a renewed confidence relative to where the state is heading and are making plans for stability, growth and new opportunities in 2015. 🌀

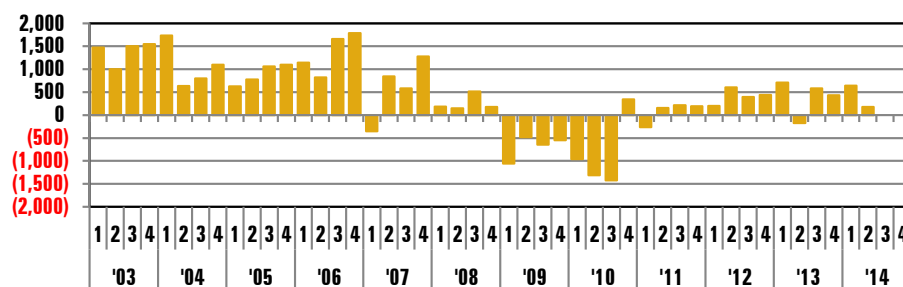
STATE OF NEVADA PERSONAL INCOME GROWTH

QUARTER-OVER-QUARTER



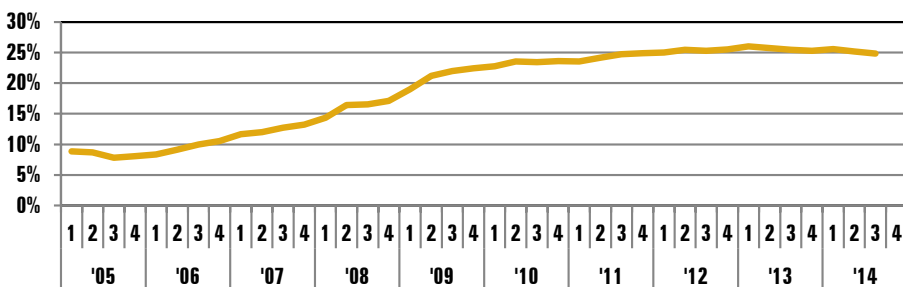
NEVADA NEW BUSINESS CREATION

QUARTER-OVER-QUARTER



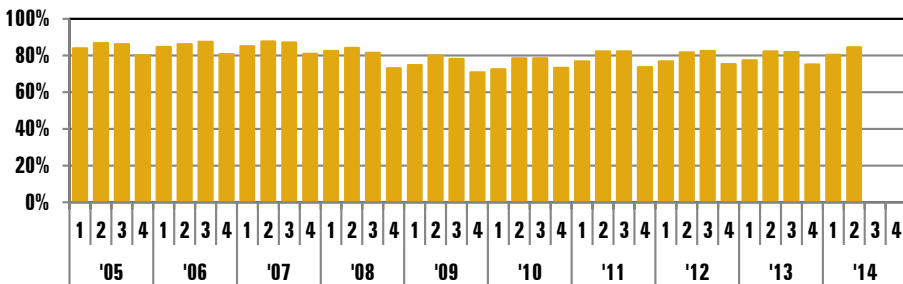
LAS VEGAS OFFICE MARKET VACANCY RATE

QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY

QUARTERLY SERIES



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.

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DECEMBER 2014

NEVADA STATE BANK
THE DOOR TO YOUR FUTURE