

NEVADA STATE BANK

Economic Briefing

JANUARY 2015
ISSUE ONE
VOLUME EIGHT

Las Vegas tourism officials expected 2014 to be a record-breaking year, but it turns out the Las Vegas Convention and Visitors Authority's projection for an all-time high of 40 million visitors was not high enough. The agency revealed this month that the final number is expected to be 41.1 million visitors for 2014, a big jump from 2013. The strong visitor numbers are another sign of the post-recession recovery for Las Vegas and Nevada, which are starting to feel the ripple effect of the improving economy across the United States. The rising tide of visitors is apparent in the money flowing to resort properties throughout the state, especially those in southern Nevada.

According to the recently released Nevada Gaming Abstract, total revenue for the state's casinos grew 3.6 percent to \$23.9 billion in the fiscal year that ended June 30, 2014. Much of that growth was fueled by hotel room revenue climbing \$357.5 million statewide, a 7.5 percent improvement thanks in part to an uptick in occupancy rate. Gaming revenue rose by \$245.5 million, or 2.4 percent, but lost ground in its share of overall revenue compared to non-gaming revenue, dropping slightly from 45.1 percent to 44.5 percent.

The statewide trends were greatly influenced by Clark County, which accounts for about 90 percent of all casino revenue in Nevada. Overall revenue for the county's casinos climbed \$813.8 million,

or 4.0 percent. A significant share of that growth came from an 8.0 percent climb in room revenue.

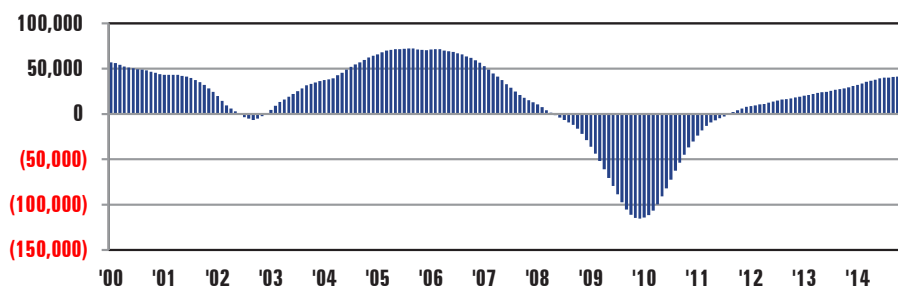
Casinos on the Las Vegas Strip saw even more growth, with overall revenue rising \$769.2 million, a 5.0 percent increase. Like the rest of the state, a significant portion of that growth was driven by rising room revenue, which went up by \$322.4 million (+8.2 percent) as the occupancy rate inched up to 90.4 percent. Gaming revenue for Strip casinos was up 4.2 percent but dipped slightly as the share of overall revenue (37.0 percent to 36.8 percent). Room revenue remained the second-largest category at 26.1 percent of all revenue.

Casinos in downtown Las Vegas rely more heavily on gaming revenue, which

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NEVADA EMPLOYMENT GROWTH

TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
1,230,700	1,227,200	1,203,200
GROWTH RATE	0.3% ▲	2.3% ▲

Nevada Private Average Weekly Hours Worked		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
33.6	33.4	33.3
GROWTH RATE	0.6% ▲	0.9% ▲

Nevada Unemployment Rate		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
6.9%	7.1%	9.1%
GROWTH RATE	-0.2% ▼	-2.2% ▼

Nevada Initial Unemployment Insurance Claims		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
16,389	14,124	14,673
GROWTH RATE	16.0% ▲	11.7% ▲

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
1,212,383	1,210,092	1,172,133
GROWTH RATE	0.2% ▲	3.4% ▲

Nevada Private Average Weekly Hours Worked ⁽¹⁾		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
33.5	33.4	33.5
GROWTH RATE	0.1% ▲	-0.2% ▼

Nevada Unemployment Rate ⁽¹⁾		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
7.9%	8.1%	10.0%
GROWTH RATE	-0.2% ▼	-2.1% ▼

Nevada Initial Unemployment Insurance Claims ⁽²⁾		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
175,034	173,318	192,997
GROWTH RATE	1.0% ▲	-9.3% ▼

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

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

Oct-14

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,083,096,318	\$4,232,069,035	\$3,893,965,767
GROWTH RATE	-3.5% ▼	4.9% ▲

Nevada Gross Gaming Revenue

Nov-14

Current Period	Prev. Period	Same Period Prev. Yr.
\$876,278,690	\$913,643,061	\$875,941,506
GROWTH RATE	-4.1% ▼	0.0% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Nov-14

Current Period	Prev. Period	Same Period Prev. Yr.
3,610,993	4,123,874	3,537,293
GROWTH RATE	-12.4% ▼	2.1% ▲

Clark/Washoe County Visitor Volume

Nov-14

Current Period	Prev. Period	Same Period Prev. Yr.
3,861,581	4,249,984	3,793,085
GROWTH RATE	-9.1% ▼	1.8% ▲

Nevada New Business Creation

Q2 '14

Current Period	Prev. Period	Same Period Prev. Yr.
180	644	-173
GROWTH RATE	-72.0% ▼	N/A ▲

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

Q4 '14

Current Period	Prev. Period	Same Period Prev. Yr.
23.6%	23.4%	24.3%
GROWTH RATE	0.2% ▲	-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% ▲

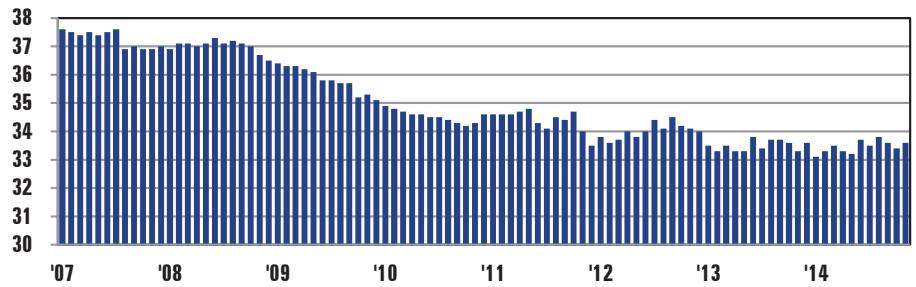
State of Nevada Personal Income

Q3 '14

Current Period	Prev. Period	Same Period Prev. Yr.
\$28,586,751,250	\$28,257,890,500	\$27,496,859,000
GROWTH RATE	1.2% ▲	4.0% ▲

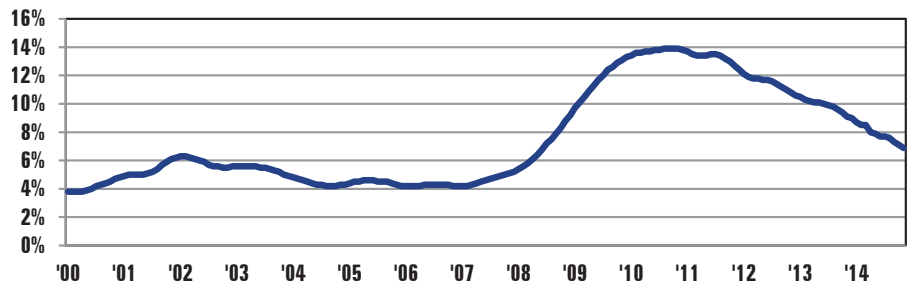
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED

MONTHLY SERIES



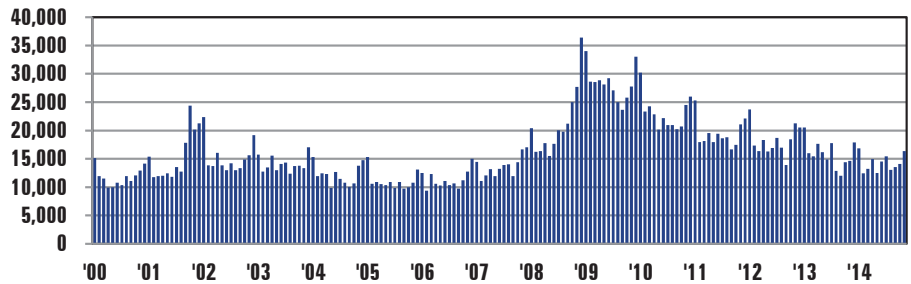
NEVADA UNEMPLOYMENT RATE

MONTHLY SERIES



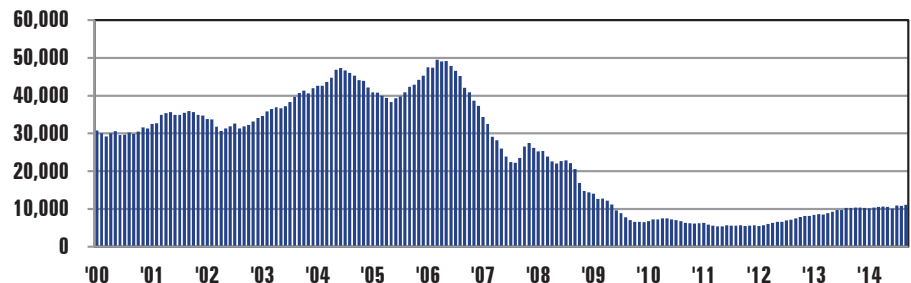
NEVADA UNEMPLOYMENT INSURANCE CLAIMS

MONTHLY SERIES

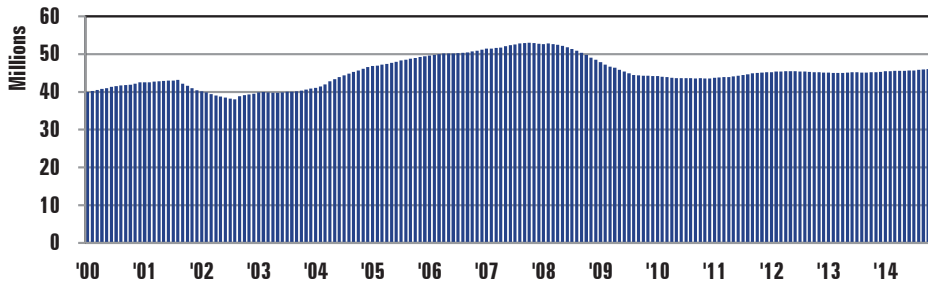


NEVADA RESIDENTIAL UNITS PERMITTED

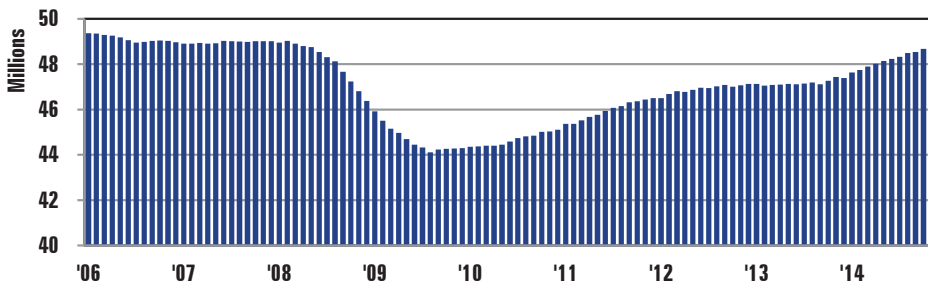
TRAILING 12-MONTH TOTALS



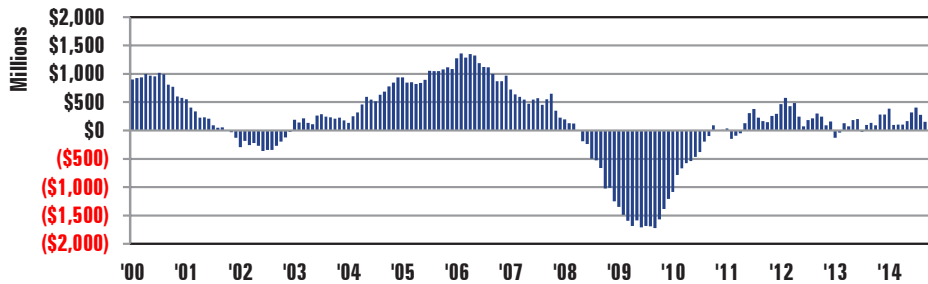
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS TRAILING 12-MONTH TOTALS



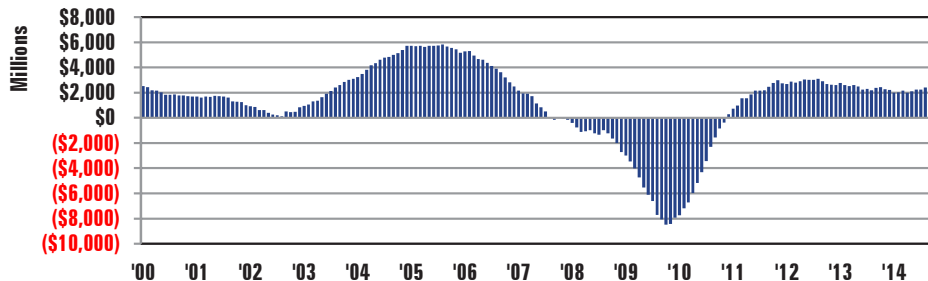
CLARK/WASHOE COUNTY VISITOR VOLUME TRAILING 12-MONTH TOTALS



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⁾		Oct-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$48,313,459,865	\$48,124,329,314	\$46,121,859,570
GROWTH RATE		0.4% ▲ 4.8% ▲

Nevada Gross Gaming Revenue ⁽²⁾		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$11,102,011,586	\$11,101,674,402	\$11,055,606,215
GROWTH RATE		0.0% ▲ 0.4% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers ⁽²⁾		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
46,117,615	46,043,915	45,158,302
GROWTH RATE		0.2% ▲ 2.1% ▲

Clark/Washoe County Visitor Volume ⁽²⁾		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
48,750,210	48,681,714	47,442,677
GROWTH RATE		0.1% ▲ 2.8% ▲

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⁾		Q4 '14
Current Period	Prev. Period	Same Period Prev. Yr.
23.8%	24.0%	24.8%
GROWTH RATE		-0.2% ▼ -1.0% ▼

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⁾		Q3 '14
Current Period	Prev. Period	Same Period Prev. Yr.
\$114,347,005,000	\$113,031,562,000	\$109,987,436,000
GROWTH RATE		1.2% ▲ 4.0% ▲

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

accounted for 52.0 percent of the \$977.0 million in overall revenue. However, the 3.8-percent growth in revenue was barely helped by gaming, which went up a mere 0.5 percent. Downtown Las Vegas' revenue growth was spurred by a 12.3-percent growth in room revenue and an 11.1-percent bump in beverage revenue. Together, they enjoyed \$27.9 million in additional revenue, which accounted for the majority of overall revenue growth. Downtown casinos enjoyed a significant boost in occupancy rate, which climbed from 81.4 percent to 85.0 percent. That improvement was four times better than the occupancy rates statewide and in Clark County.

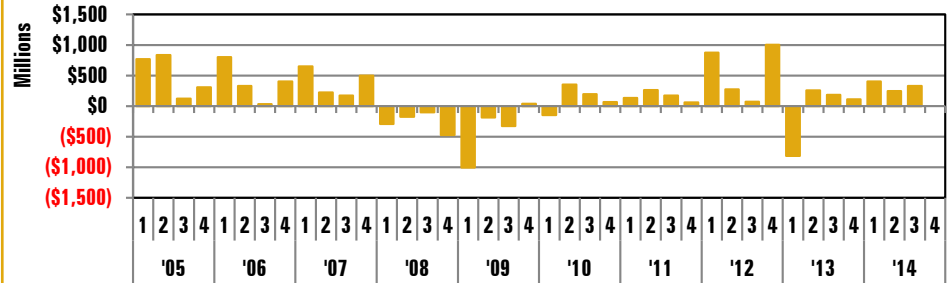
Casinos in Washoe County did not see the same success as their southern counterparts, with overall revenue climbing only 2.5 percent. The highest growth category was food revenue, at 5.2 percent.

The positive tourism trends are also evident at McCarran International Airport. Through November, passenger counts were up 2.5 percent in 2014. Most of that growth was through a steady rise in domestic flights, but international passengers saw a significant gain of nearly 13 percent.

As strong as 2014 was for the state's gaming and tourism metrics, officials are predicting an even better year for 2015 thanks to the healthier national economy and increased flight capacity at McCarran. In fact, the Las Vegas Convention and Visitors Authority is already projecting 41.6 million visitors for 2015, which would make it another record year for Las Vegas tourism. 📈

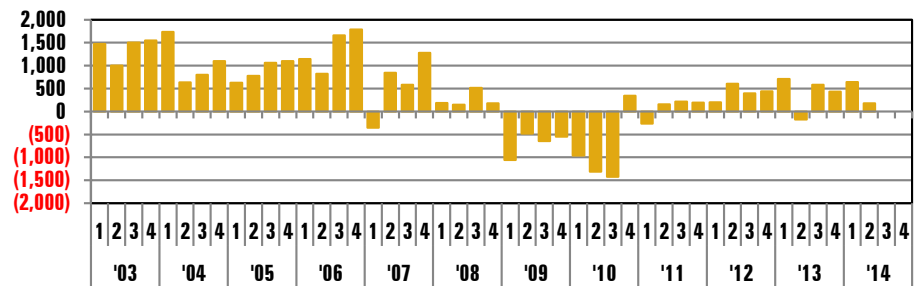
STATE OF NEVADA PERSONAL INCOME GROWTH

QUARTER-OVER-QUARTER



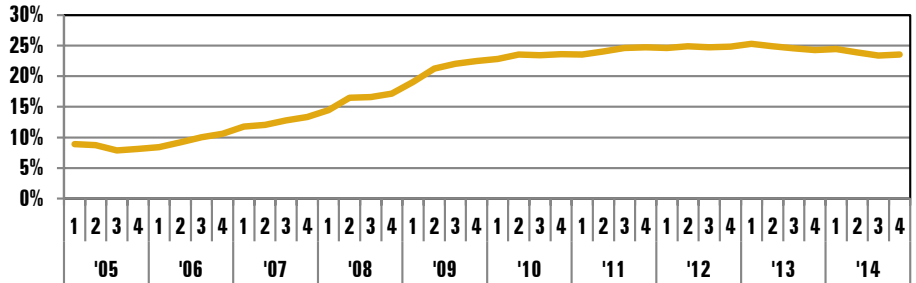
NEVADA NEW BUSINESS CREATION

QUARTER-OVER-QUARTER



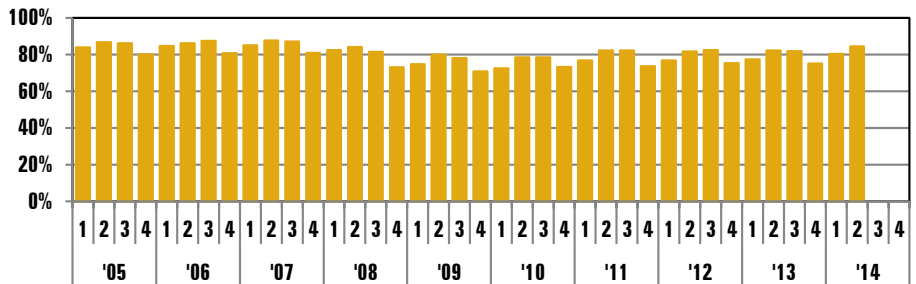
LAS VEGAS OFFICE MARKET VACANCY RATE

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.