

NEVADA STATE BANK

Economic Briefing

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ISSUE TWO
VOLUME EIGHT

In the years since the Great Recession, Nevada's year-end economic prognosis was usually a mixed bag. As the state gradually rebuilt from the economic rubble, any positive signs of improvement tended to get overshadowed by negative overall trends. That changed in 2014 as the state economy finally showed across-the-board gains and transitioned from a period of recovery to one of stability and growth. That transition was evident in the many economic vital signs that not only grew in 2014 but actually reached or approached pre-recession levels.

Historically, the hallmark of Nevada's economic strength was evident in its population growth. Year after year, the Silver State sat atop the list of fastest-growing states as people voted with their feet in search of economic opportunity. In the wake of the recession, population growth slowed and even reversed as the state lost residents. Yet in 2014, Nevada was back in familiar territory near the top of nationwide population growth rankings. Its 1.7-percent growth rate was second only to North Dakota, which has topped the list three years running thanks to its oil fracking boom.

Many of those new Nevada residents were drawn to the state's improving job market, which has experienced several years of steady growth and falling unemployment. The statewide monthly joblessness rate closed 2014 at 6.8 percent, the lowest since June 2008. The improving unemployment rate could taper off as the long-term unemployed reenter the workforce amid improving job prospects, but more people looking for work

would be another sign of a healthier economy, even if that temporarily moves the unemployment rate in the wrong direction.

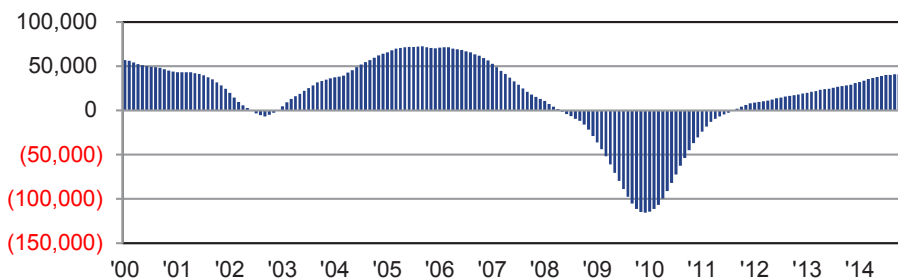
Even with the improving job market, however, overall hours worked in non-government sectors remained flat, closing the year at 33.4 hours a week, well below the pre-recession peak of 37.6 hours. In contrast, weekly wages for private industry workers grew 3.5 percent throughout the year, reaching an average of nearly \$712 in December, the highest level since early 2009.

Nevadans closed 2014 with more good news for their wallets as the average price of a gallon of regular gasoline tumbled about a \$1.00 from a year earlier. Analysts expect prices to rise steadily this year but still remain cheaper than in 2014, saving the typical American household \$750 over the year. The combination of more workers earning more money and spending less on gasoline appears to have primed consumer spending, especially in Clark County. Taxable retail sales in southern Nevada for

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NEVADA EMPLOYMENT GROWTH

TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
1,230,800	1,231,700	1,203,100
GROWTH RATE	-0.1% ▼	2.3% ▲

Nevada Private Average Weekly Hours Worked		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
33.2	33.6	33.6
GROWTH RATE	-1.2% ▼	-1.2% ▼

Nevada Unemployment Rate		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
6.8%	6.9%	9.0%
GROWTH RATE	-0.1% ▼	-2.2% ▼

Nevada Initial Unemployment Insurance Claims		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
18,122	16,389	17,924
GROWTH RATE	10.6% ▲	1.1% ▲

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
1,214,775	1,212,467	1,175,683
GROWTH RATE	0.2% ▲	3.3% ▲

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

Nevada Unemployment Rate ⁽¹⁾		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
7.7%	7.9%	9.8%
GROWTH RATE	-0.2% ▼	-2.1% ▼

Nevada Initial Unemployment Insurance Claims ⁽²⁾		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
175,232	175,034	190,395
GROWTH RATE	0.1% ▲	-8.0% ▼

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

Nov-14

Current Period	Prev. Period	Same Period Prev. Yr.
717	1,067	617
GROWTH RATE	-32.8% ▼	16.2% ▲

Nevada Taxable Retail Sales

Nov-14

Current Period	Prev. Period	Same Period Prev. Yr.
\$3,965,304,650	\$4,083,096,318	\$3,710,883,659
GROWTH RATE	-2.9% ▼	6.9% ▲

Nevada Gross Gaming Revenue

Dec-14

Current Period	Prev. Period	Same Period Prev. Yr.
\$950,692,054	\$876,278,690	\$1,034,017,068
GROWTH RATE	8.5% ▲	-8.1% ▼

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Dec-14

Current Period	Prev. Period	Same Period Prev. Yr.
3,619,715	3,610,993	3,577,086
GROWTH RATE	0.2% ▲	1.2% ▲

Clark/Washoe County Visitor Volume

Dec-14

Current Period	Prev. Period	Same Period Prev. Yr.
3,682,044	3,861,581	3,499,657
GROWTH RATE	-4.6% ▼	5.2% ▲

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

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% ▲

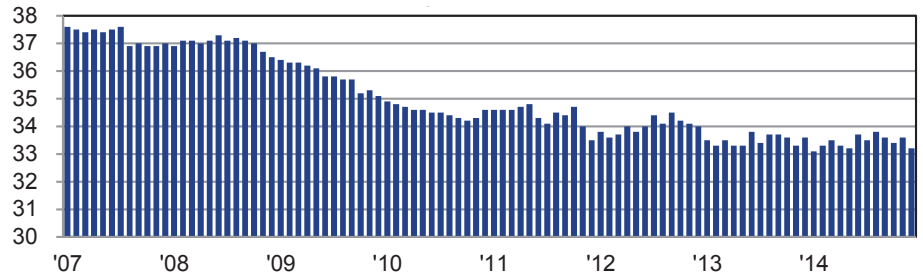
State of Nevada Personal Income

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% ▲

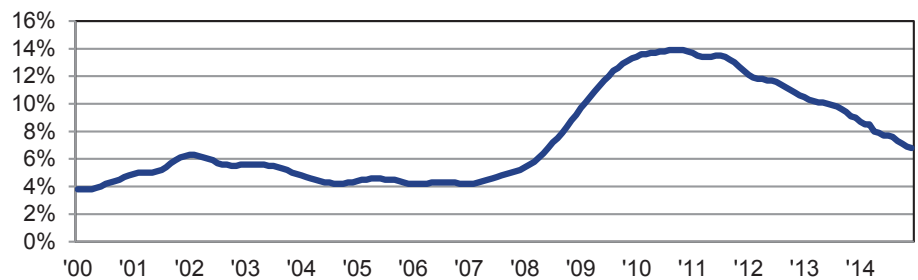
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED

MONTHLY SERIES



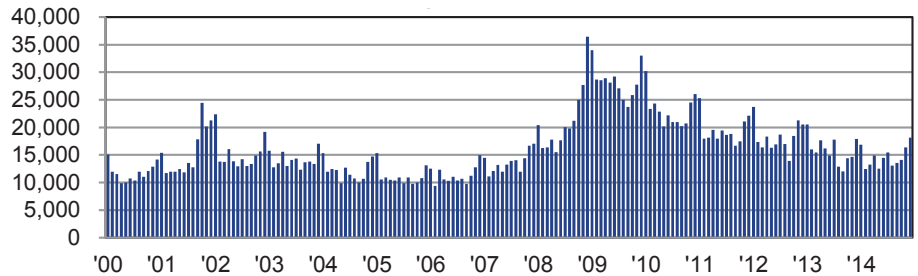
NEVADA UNEMPLOYMENT RATE

MONTHLY SERIES



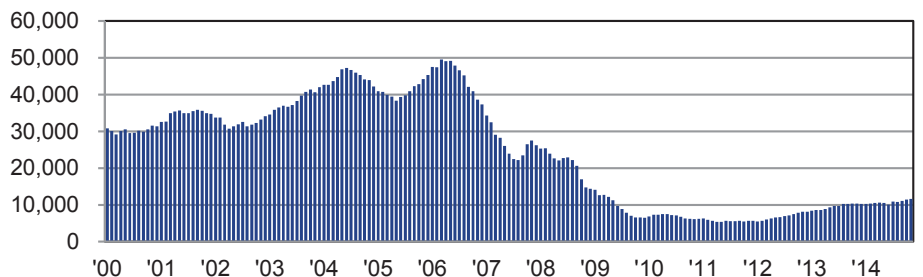
NEVADA UNEMPLOYMENT INSURANCE CLAIMS

MONTHLY SERIES

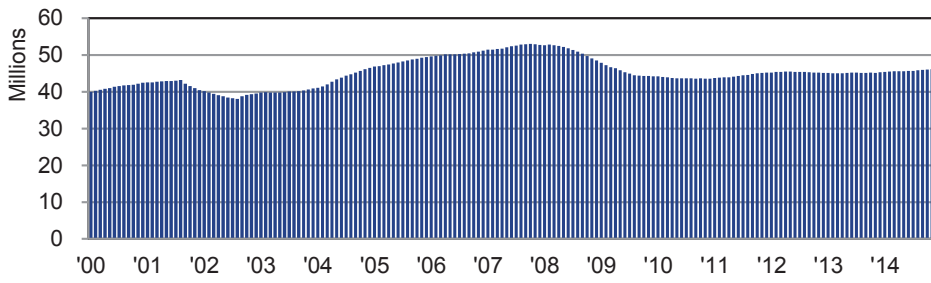


NEVADA RESIDENTIAL UNITS PERMITTED

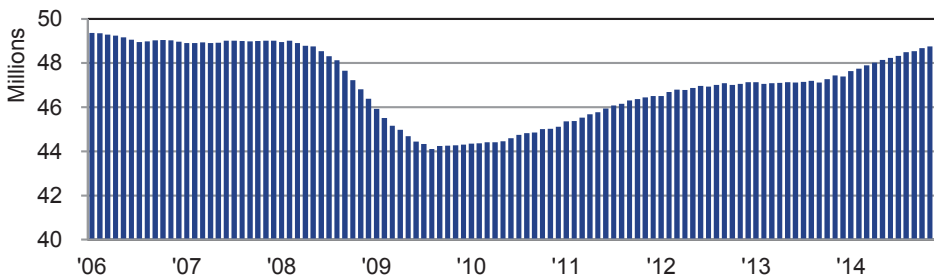
TRAILING 12-MONTH TOTALS



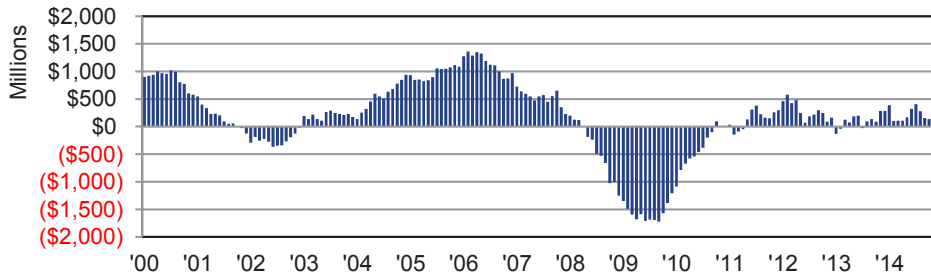
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS TRAILING 12-MONTH TOTALS



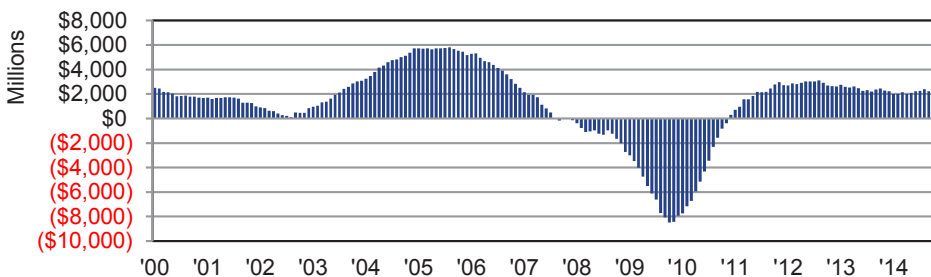
CLARK/WASHOE COUNTY VISITOR VOLUME TRAILING 12-MONTH TOTALS



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⁾		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
11,575	11,475	10,342
GROWTH RATE	0.9% ▲	11.9% ▲

Nevada Taxable Retail Sales⁽²⁾		Nov-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$48,567,880,856	\$48,313,459,865	\$46,196,551,199
GROWTH RATE	0.5% ▲	5.1% ▲

Nevada Gross Gaming Revenue⁽²⁾		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
\$11,018,687,931	\$11,102,012,945	\$11,146,263,784
GROWTH RATE	-0.8% ▼	-1.1% ▼

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers⁽²⁾		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
46,160,244	46,117,615	45,289,370
GROWTH RATE	0.1% ▲	1.9% ▲

Clark/Washoe County Visitor Volume⁽²⁾		Dec-14
Current Period	Prev. Period	Same Period Prev. Yr.
48,932,597	48,750,210	47,388,773
GROWTH RATE	0.4% ▲	3.3% ▲

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.

the 12 months through November 2014 climbed to \$36.2 billion, up 8.1 percent over the previous year and closing in on the 12-month high set in early 2007.

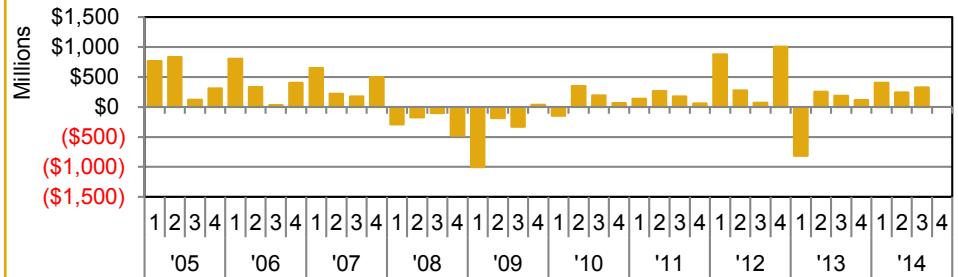
Nevada's housing market also showed strong post-recession signs in 2014, topping the nation with a 10.35-percent one-year home price appreciation through September 2014, the latest date available. That number was more than 2 percentage points higher than in the second-ranked state, Hawaii. The price surge has helped bring underwater homes to the surface, dropping the statewide percentage from 32.2 percent to 25.4 percent. Foreclosures also showed improvement, with default notices in Clark County closing the year down 89.3 percent from their December 2009 peak and nearing pre-recession levels. Home building continued to rebound in 2014, with new home permits in Clark County rising 9.6 percent year over year. The 9,506 permits issued in the 12 months through November was the highest number since May 2009.

Despite the overall improvement in 2014, some economic indicators still lagged. Statewide gaming revenue has been stagnant, ending the year down 1.1 percent, and Las Vegas convention attendance grew a modest 0.9 percent. The 5.2 million conventioners in 2014 remains more than a million people short of the pre-recession peak. Those sluggish figures are countered, however, by strong growth in visitor volume, including the record 41.1 million people who visited Las Vegas in 2014.

With the foundation of recovery set in 2014, 2015 is positioned to see continued economic growth and stability as the Great Recession becomes a more-distant memory. 📈

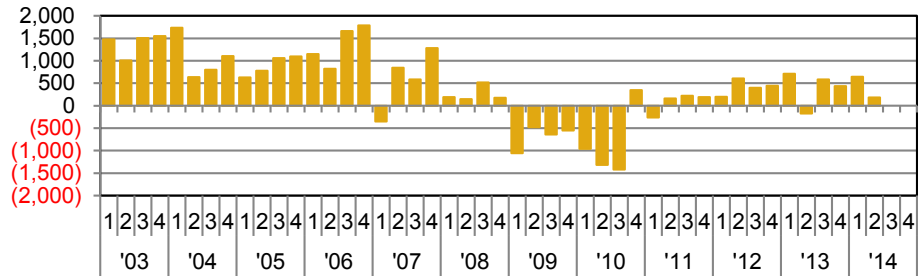
STATE OF NEVADA PERSONAL INCOME GROWTH

QUARTER-OVER-QUARTER



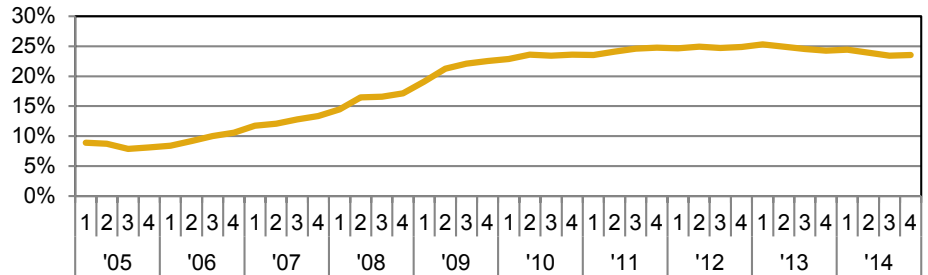
NEVADA NEW BUSINESS CREATION

QUARTER-OVER-QUARTER



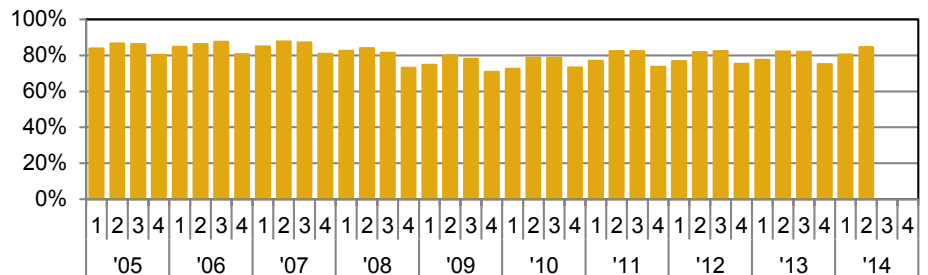
LAS VEGAS OFFICE MARKET VACANCY RATE

QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY

QUARTERLY SERIES



Prepared by:
APPLIED ANALYSIS

 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.