

NEVADA STATE BANK

Economic Briefing

JULY 2015
ISSUE SEVEN
VOLUME EIGHT

Southern Nevada has been the focus of Nevada's economy for most of the past 50 years, but that appears to be changing. The state's northwestern urban center – commonly known as the Reno-Sparks metropolitan statistical area (MSA) or Washoe County – has recently reported improved measures of economic performance and a number of high-profile projects, suggesting even stronger growth on the horizon may be possible.

It is easy, and accurate, to point to the \$5.0 billion Tesla Gigafactory and Switch's new \$1.0 billion SuperNAP data center as evidence of northern Nevada's economic renaissance. But there is more to it than that, and these admittedly impressive projects may very well be more the result of a fertile economic environment than the catalyst of change. Northern Nevada has all of the pro-business advantages long touted by the south, but it also has better-performing public schools, high quality of life measures and well-positioned economic assets like the 107,000-acre Tahoe-Reno Industrial Center.

Northern Nevada has quietly positioned itself to be remarkably attractive to businesses in a number of sectors. This metamorphosis was often masked by a declining tourism and gaming sector severely impacted by the national proliferation of casino gaming, particularly in northern California. Anchored by a

strong university and benefitting from a more diversified economic base compared to the Las Vegas MSA, Reno has retained a greater share of its home-grown talent pool and has been more successful in attracting tech-savvy Millennials and entrepreneurial GenXers. Projects like MidTown Reno and its Startup Row, along with locally based web development success stories like Noble Studios, clearly reflect this evolution.

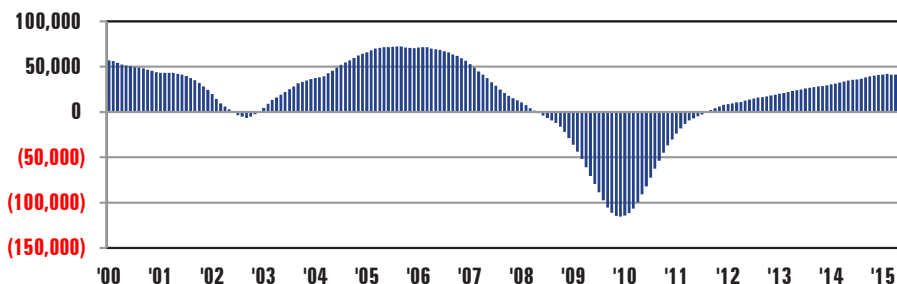
The underlying statistics are clearly positive. Washoe County's population is currently 437,600, up 1.2 percent during the past 12 months. Electric meter connections reported by NV Energy suggest growth is continuing in both the single-family and multifamily segments. Moreover, new residential permits totaled 2,535 during the past 12 months, an increase of 41 percent compared to the 1,795 reported just one year ago.

The Reno-Sparks MSA unemployment rate has fallen to 6.1 percent, and employment

Continued on Back Cover >>

NEVADA EMPLOYMENT GROWTH

TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		May-15
Current Period	Prev. Period	Same Period Prev. Yr.
1,259,500	1,247,500	1,219,700
GROWTH RATE	1.0% ▲	3.3% ▲

Nevada Private Average Weekly Hours Worked		May-15
Current Period	Prev. Period	Same Period Prev. Yr.
33.5	33.4	33.2
GROWTH RATE	0.3% ▲	0.9% ▲

Nevada Unemployment Rate		May-15
Current Period	Prev. Period	Same Period Prev. Yr.
7.0%	7.1%	7.9%
GROWTH RATE	-0.1% ▼	-0.9% ▼

Nevada Initial Unemployment Insurance Claims		May-15
Current Period	Prev. Period	Same Period Prev. Yr.
10,963	13,550	12,524
GROWTH RATE	-19.1% ▼	-12.5% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		May-15
Current Period	Prev. Period	Same Period Prev. Yr.
1,231,708	1,228,392	1,190,758
GROWTH RATE	0.3% ▲	3.4% ▲

Nevada Private Average Weekly Hours Worked ⁽¹⁾		May-15
Current Period	Prev. Period	Same Period Prev. Yr.
33.5	33.5	33.5
GROWTH RATE	0.0% ◆	0.0% ◆

Nevada Unemployment Rate ⁽¹⁾		May-15
Current Period	Prev. Period	Same Period Prev. Yr.
7.2%	7.3%	8.7%
GROWTH RATE	-0.1% ▼	-1.5% ▼

Nevada Initial Unemployment Insurance Claims ⁽²⁾		May-15
Current Period	Prev. Period	Same Period Prev. Yr.
172,560	174,121	174,591
GROWTH RATE	-0.9% ▼	-1.2% ▼

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

Apr-15

Current Period	Prev. Period	Same Period	Prev. Yr.
1,073	1,143	1,074	1,074
GROWTH RATE	-6.1% ▼	-0.1% ▼	

Nevada Taxable Retail Sales

Apr-15

Current Period	Prev. Period	Same Period	Prev. Yr.
\$4,117,129,670	\$4,549,164,085	\$3,903,083,977	\$3,903,083,977
GROWTH RATE	-9.5% ▼	5.5% ▲	

Nevada Gross Gaming Revenue

May-15

Current Period	Prev. Period	Same Period	Prev. Yr.
\$1,003,548,230	\$898,009,466	\$971,220,551	\$971,220,551
GROWTH RATE	11.8% ▲	3.3% ▲	

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

May-15

Current Period	Prev. Period	Same Period	Prev. Yr.
4,269,119	4,026,692	4,060,271	4,060,271
GROWTH RATE	6.0% ▲	5.1% ▲	

Clark/Washoe County Visitor Volume

May-15

Current Period	Prev. Period	Same Period	Prev. Yr.
4,414,093	4,180,688	4,258,238	4,258,238
GROWTH RATE	5.6% ▲	3.7% ▲	

Nevada New Business Creation

Q4 '14

Current Period	Prev. Period	Same Period	Prev. Yr.
886	455	432	432
GROWTH RATE	94.7% ▲	105.1% ▲	

Nevada Housing Price Index

(Q1 1991 = 100)

Q1 '15

Current Period	Prev. Period	Same Period	Prev. Yr.
183.6	177.7	166.7	166.7
GROWTH RATE	3.3% ▲	10.1% ▲	

Clark County Office Market Vacancy Rate

Q2 '15

Current Period	Prev. Period	Same Period	Prev. Yr.
23.1%	23.3%	23.9%	23.9%
GROWTH RATE	-0.2% ▼	-0.8% ▼	

Nevada Hotel/Motel Occupancy

Q4 '14

Current Period	Prev. Period	Same Period	Prev. Yr.
77.0%	83.4%	74.9%	74.9%
GROWTH RATE	-6.4% ▼	2.1% ▲	

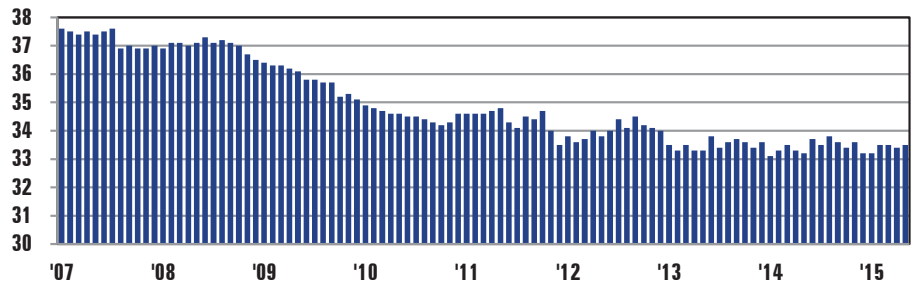
State of Nevada Personal Income

Q1 '15

Current Period	Prev. Period	Same Period	Prev. Yr.
\$29,318,461,500	\$29,017,143,250	\$28,055,479,000	\$28,055,479,000
GROWTH RATE	1.0% ▲	4.5% ▲	

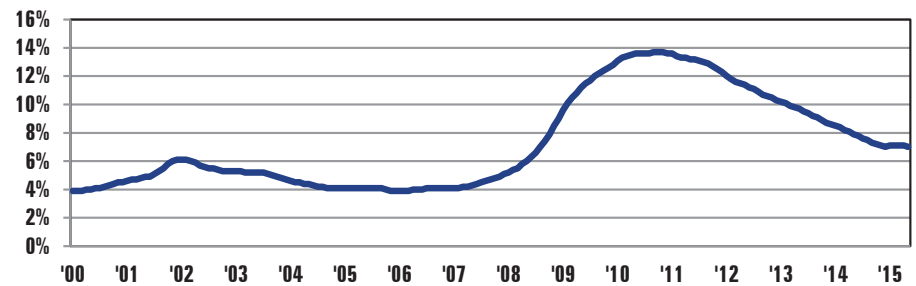
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED

MONTHLY SERIES



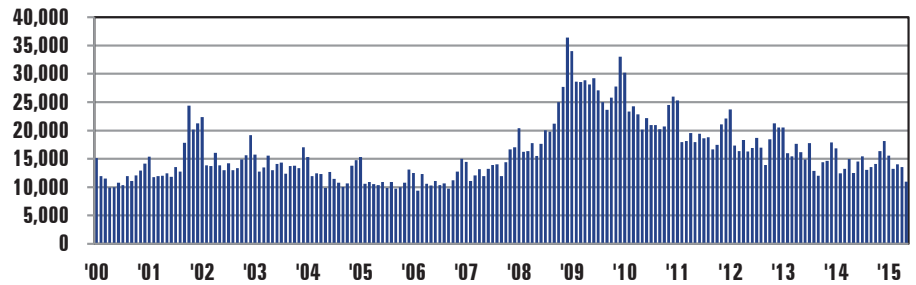
NEVADA UNEMPLOYMENT RATE

MONTHLY SERIES



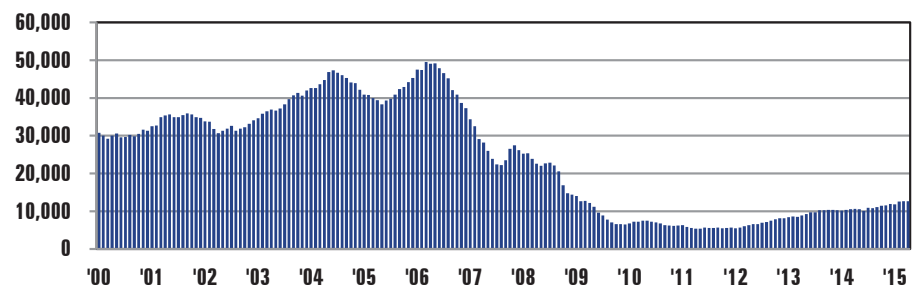
NEVADA UNEMPLOYMENT INSURANCE CLAIMS

MONTHLY SERIES

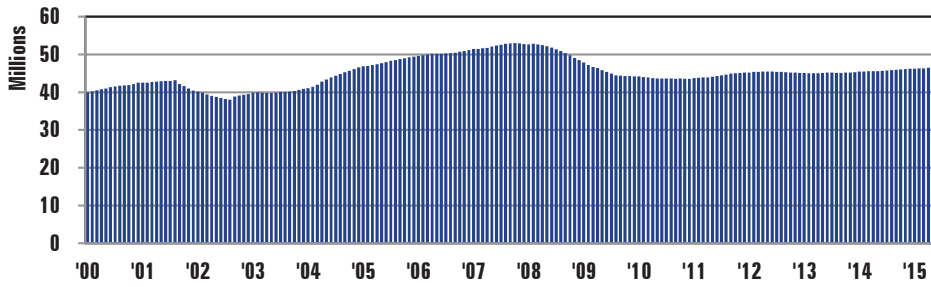


NEVADA RESIDENTIAL UNITS PERMITTED

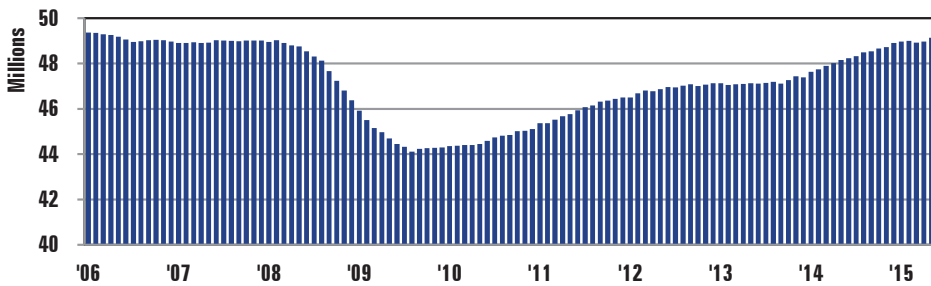
TRAILING 12-MONTH TOTALS



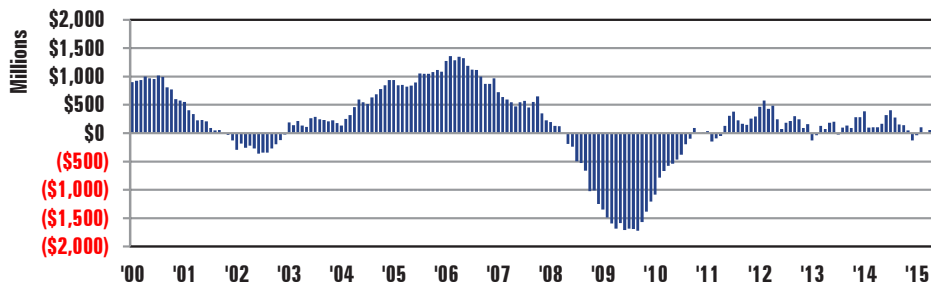
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS TRAILING 12-MONTH TOTALS



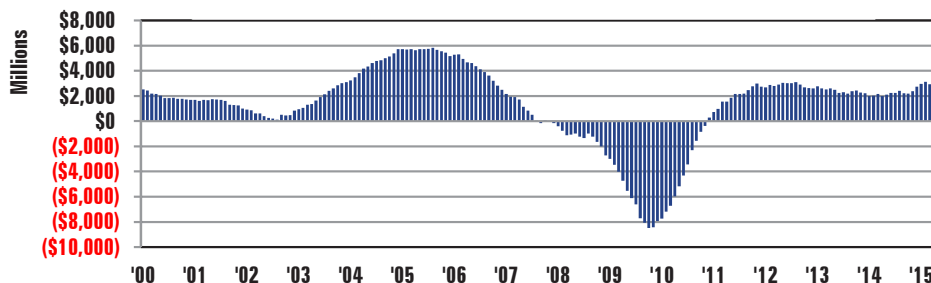
CLARK/WASHOE COUNTY VISITOR VOLUME TRAILING 12-MONTH TOTALS



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⁾		Apr-15	
Current Period	Prev. Period	Same Period	Prev. Yr.
12,657	12,658		10,590
GROWTH RATE		0.0% ▼	19.5% ▲

Nevada Taxable Retail Sales ⁽²⁾		Apr-15	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$49,961,282,642	\$49,747,236,949		\$46,937,016,586
GROWTH RATE		0.4% ▲	6.4% ▲

Nevada Gross Gaming Revenue ⁽²⁾		May-15	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,124,674,254	\$11,092,346,575		\$11,112,879,326
GROWTH RATE		0.3% ▲	0.1% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers ⁽²⁾		May-15	
Current Period	Prev. Period	Same Period	Prev. Yr.
46,692,959	46,484,111		45,601,119
GROWTH RATE		0.4% ▲	2.4% ▲

Clark/Washoe County Visitor Volume ⁽²⁾		May-15	
Current Period	Prev. Period	Same Period	Prev. Yr.
49,131,356	48,975,501		48,148,454
GROWTH RATE		0.3% ▲	2.0% ▲

Nevada New Business Creation ⁽²⁾		Q4 '14	
Current Period	Prev. Period	Same Period	Prev. Yr.
2,165	1,711		1,548
GROWTH RATE		26.5% ▲	39.9% ▲

Nevada Housing Price Index ⁽¹⁾		Q1 '15	
Current Period	Prev. Period	Same Period	Prev. Yr.
175.7	171.5		157.8
GROWTH RATE		2.5% ▲	11.3% ▲

Clark County Office Market Vacancy Rate ⁽¹⁾		Q2 '15	
Current Period	Prev. Period	Same Period	Prev. Yr.
23.3%	23.5%		24.4%
GROWTH RATE		-0.2% ▼	-1.1% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾		Q4 '14	
Current Period	Prev. Period	Same Period	Prev. Yr.
81.4%	80.8%		79.1%
GROWTH RATE		0.6% ▲	2.3% ▲

State of Nevada Personal Income ⁽²⁾		Q1 '15	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$117,273,846,000	\$116,068,573,000		\$112,221,916,000
GROWTH RATE		1.0% ▲	4.5% ▲

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

growth in the region is a robust 3.1 percent. Northern Nevada added 6,300 jobs during the past year, with particularly strong increases in business and professional services (+1,800 jobs, +6.6 percent); leisure and hospitality (+1,700 jobs, +4.5 percent); and trade, transportation and utilities (+1,500 jobs, +3.3 percent).

Other statistics are also worth noting. The number of hours worked per employee, which has been a particularly troubling statistic for Nevada and the Reno-Sparks region, has increased 6.6 percent during the past 12 months, or from 32.0 hours per week to 34.1 hours per week. Similarly, incomes are on the rise. Average weekly earnings are up 3.5 percent year-over-year. By way of comparison, southern Nevada average weekly earnings increased by only 1.1 percent during the same period. Finally, median existing home prices have reported year-over-year increases for the past 12 quarters. They currently stand at \$268,000 per unit, 17.6 percent higher than they were one year ago and nearly \$100,000 higher than the price reported in the southern portion of the state.

Growth is not all roses and sunshine. Many are asking whether northern Nevada is prepared for the demand that these growth trends will place on resources and infrastructure. Clearly, they are not; but they will be. Local government officials are acutely aware of these challenges and appear ready to face them head on. Land and housing price bubbles will potentially be a problem, as will an oversubscribed talent pool. That said, compared with the problems created by an economy facing decline and even obsolescence, the challenges created by growth and prosperity should be welcomed with open arms.

Prepared by:

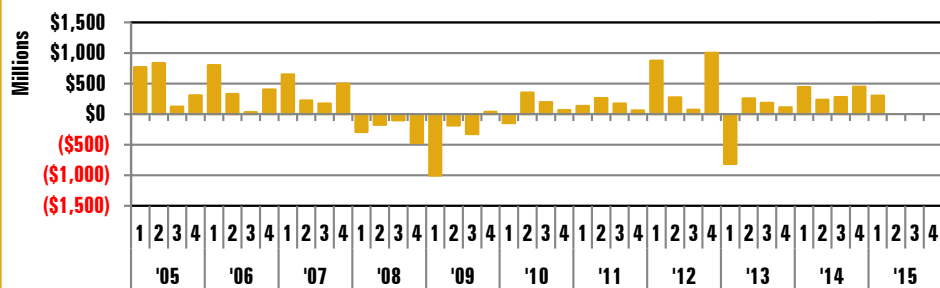


appliedanalysis.com

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.

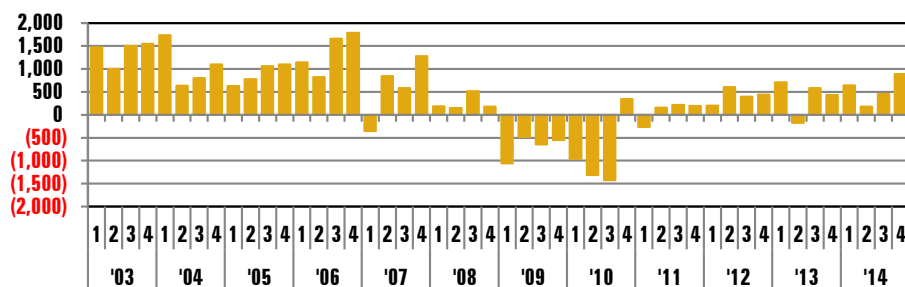
STATE OF NEVADA PERSONAL INCOME GROWTH

QUARTER-OVER-QUARTER



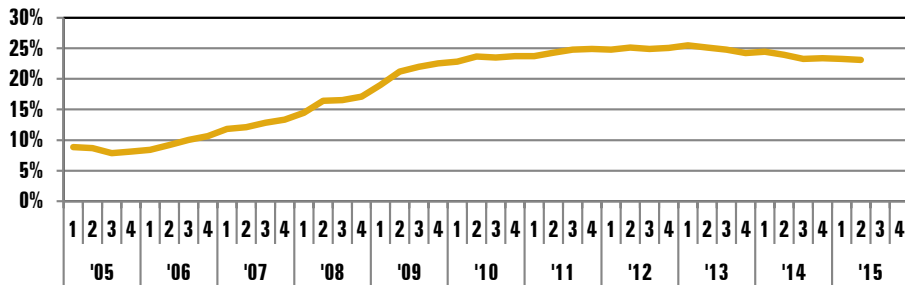
NEVADA NEW BUSINESS CREATION

QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE

QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY

QUARTERLY SERIES

