

Positive economic conditions in Nevada were evident in the housing market last year as several key metrics continued their upward trends. Specifically, key indicators such as price appreciation, home selling activity, and non-distressed sales showed notable growth, solidifying the return of a stable housing market as the state enters a new period of rising housing demand.

Economic Briefing

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According to the most recent data from Federal Housing Finance Agency, home prices in Nevada reported positive annual growth that pushed the home price index up by 7.8 percent in the third quarter of 2016, which ranked Nevada as seventh in the nation in year-over-year home price appreciation. That year-over-year growth is responsible for increasing the median home price in Nevada.

At the regional level, home price appreciation was roughly the same in both southern and northern Nevada. In the Las Vegas area, the median price for existing homes in December increased by 7.4 percent to \$202,000 over the year. This annual price growth rate was down slightly from the 8.9 percent reported in 2015. In the north, the existing single-family median home price increased by 8.4 percent in the third quarter of 2016 compared to the prior year. That growth rate was a significant drop from the previous year's growth of

15.7 percent but remained slightly higher than the national median home price appreciation rate of 7.9 percent.

New home prices also showed strong growth in the state. In the Las Vegas area, the new home median price grew by 9.0 percent to \$340,067 in 2016, a growth rate that exceeded the 2015 figure of 6.3 percent. In northern Nevada, the new home median sales price showed signs of slowing. The median price increased by 3.9 percent in 2016 to \$380,545, which was a fraction of the 15.0 percent growth in the prior year.

Strong growth in home prices increased equity for homeowners across the state and reduced the number of underwater mortgages. According to real estate research firm CoreLogic, average year-over-year equity growth in Nevada was \$16,000 in the third quarter of 2016 (latest available), ranking it seventh in the nation. This trend has helped many home

MONTHLY

Employment Indicators

Nevada Employment		Dec-16
Current Period	Prev. Period	Same Period Prev. Yr.
1,311,300	1,311,900	1,274,300
GROWTH RATE	0.0% ◀	2.9% ▲

Nevada Private Average Weekly Hours Worked		Dec-16
Current Period	Prev. Period	Same Period Prev. Yr.
34.1	33.8	33.4
GROWTH RATE	0.9% ▲	2.1% ▲

Nevada Unemployment Rate		Dec-16
Current Period	Prev. Period	Same Period Prev. Yr.
5.1%	5.2%	6.3%
GROWTH RATE	-0.1% ▼	-1.2% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Dec-16
Current Period	Prev. Period	Same Period Prev. Yr.
1,290,133	1,287,050	1,257,592
GROWTH RATE	0.2% ▲	2.6% ▲

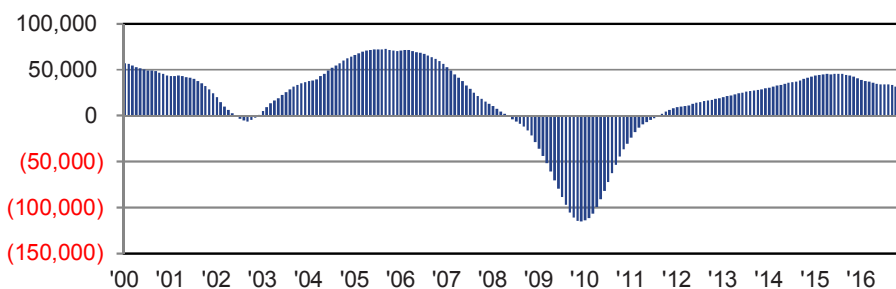
Nevada Private Average Weekly Hours Worked ⁽¹⁾		Dec-16
Current Period	Prev. Period	Same Period Prev. Yr.
33.9	33.8	33.6
GROWTH RATE	0.2% ▲	0.8% ▲

Nevada Unemployment Rate ⁽¹⁾		Dec-16
Current Period	Prev. Period	Same Period Prev. Yr.
5.9%	6.0%	6.7%
GROWTH RATE	-0.1% ▼	-0.8% ▼

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

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NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



MONTHLY & QUARTERLY
Economic Indicator Series

Nevada Initial Unemployment Insurance Claims

Dec-16

Current Period	Prev. Period	Same Period Prev. Yr.
13,061	12,850	14,528
GROWTH RATE	1.6% ▲	-10.1% ▼

Nevada Residential Housing Units Permitted

Oct-16

Current Period	Prev. Period	Same Period Prev. Yr.
1,166	1,013	1,148
GROWTH RATE	15.1% ▲	1.6% ▲

Nevada Taxable Retail Sales

Nov-16

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,449,867,013	\$4,440,092,377	\$4,212,911,244
GROWTH RATE	0.2% ▲	5.6% ▲

Nevada Gross Gaming Revenue

Dec-16

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,007,981	\$4,135,477	\$3,955,110
GROWTH RATE	-3.1% ▲	1.3% ▼

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Dec-16

Current Period	Prev. Period	Same Period Prev. Yr.
4,007,981	4,135,477	3,955,110
GROWTH RATE	-3.1% ▼	1.3% ▲

Clark/Washoe County Visitor Volume

Dec-16

Current Period	Prev. Period	Same Period Prev. Yr.
3,876,053	4,028,812	3,817,198
GROWTH RATE	-3.8% ▼	1.5% ▲

Nevada New Business Creation

Q2 '16

Current Period	Prev. Period	Same Period Prev. Yr.
389	1,589	688
GROWTH RATE	-75.5% ▼	-43.5% ▼

Nevada Housing Price Index

(Q1 1991 = 100)

Q3 '16

Current Period	Prev. Period	Same Period Prev. Yr.
208.3	206.1	193.2
GROWTH RATE	1.1% ▲	7.8% ▲

Clark County Office Market

Vacancy Rate

Q4 '16

Current Period	Prev. Period	Same Period Prev. Yr.
20.1%	20.4%	22.0%
GROWTH RATE	-0.3% ▼	-1.9% ▼

Nevada Hotel/Motel Occupancy

Q1 '16

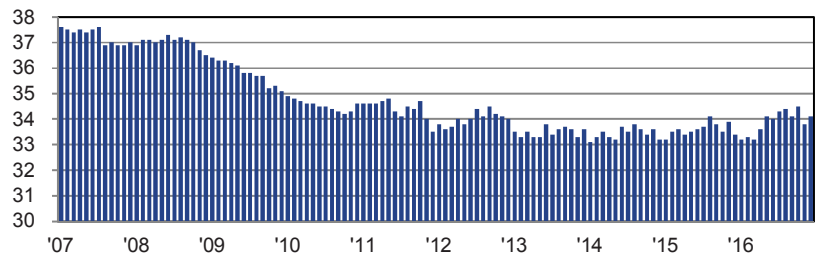
Current Period	Prev. Period	Same Period Prev. Yr.
80.9%	79.2%	79.6%
GROWTH RATE	1.7% ▲	1.3% ▲

State of Nevada Personal Income

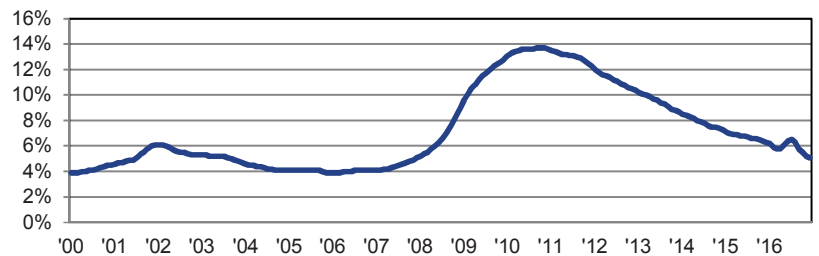
Q3 '16

Current Period	Prev. Period	Same Period Prev. Yr.
\$31,911,411,750	\$31,602,152,500	\$30,533,238,000
GROWTH RATE	1.0% ▲	4.5% ▲

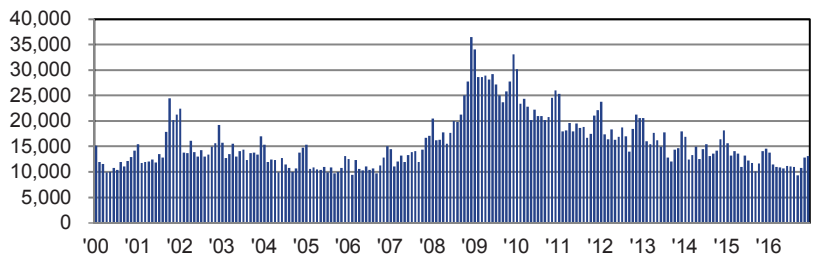
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



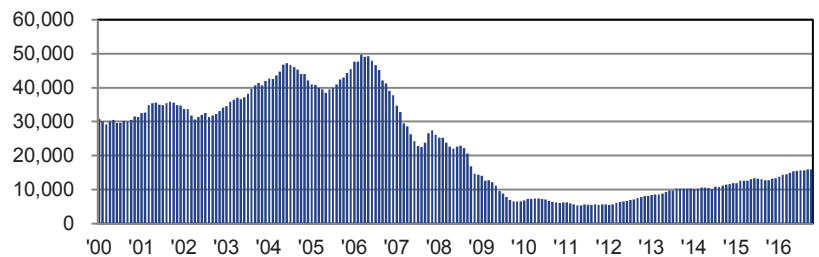
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



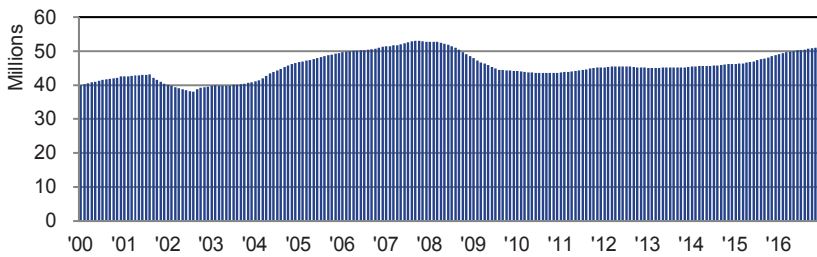
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



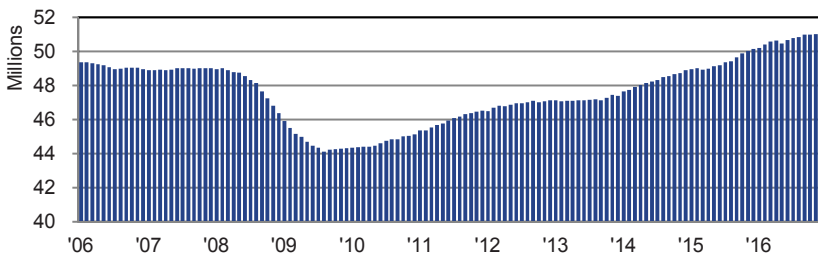
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



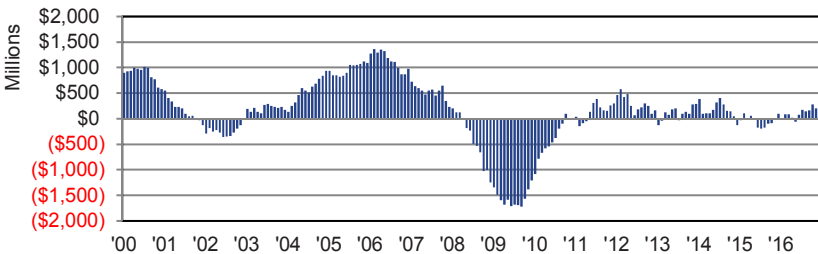
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



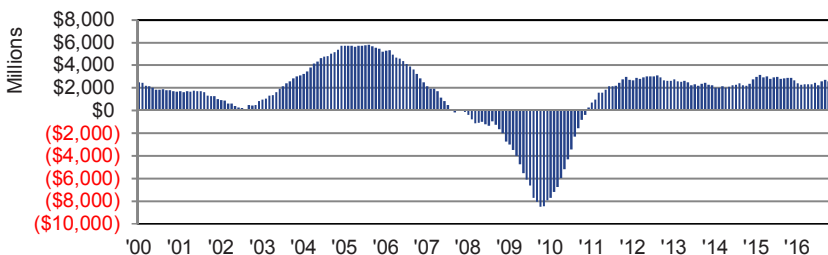
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



GROWTH IN NEVADA GROSS GAMING REVENUE
TRAILING 12-MONTH TOTALS



GROWTH IN NEVADA TAXABLE RETAIL SALES
TRAILING 12-MONTH TOTALS



TRAILING 12-MONTH
Economic Indicator Series

Nevada Initial Unemployment Insurance Claims ⁽²⁾

		Dec-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
136,797	138,264		154,860
GROWTH RATE	-1.1% ▼		-11.7% ▼

Nevada Residential Housing Units Permitted ⁽²⁾

		Oct-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
15,972	15,954		12,816
GROWTH RATE	0.1% ▲		24.6% ▲

Nevada Taxable Retail Sales ⁽²⁾

		Nov-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$54,036,819,563	\$53,799,863,794		\$51,449,593,733
GROWTH RATE	0.4% ▲		5.0% ▲

Nevada Gross Gaming Revenue ⁽²⁾

		Dec-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,257,146,789	\$11,284,023,074		\$11,114,808,119
GROWTH RATE	-0.2% ▼		1.3% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers ⁽²⁾

		Dec-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
51,086,470	51,033,599		48,821,404
GROWTH RATE	0.1% ▲		4.6% ▲

Clark/Washoe County Visitor Volume ⁽²⁾

		Dec-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
51,082,855	51,024,000		50,154,381
GROWTH RATE	0.1% ▲		1.9% ▲

Nevada New Business Creation ⁽²⁾

		Q2 '16	
Current Period	Prev. Period	Same Period	Prev. Yr.
3,385	3,684		2,625
GROWTH RATE	-8.1% ▼		29.0% ▲

Nevada Housing Price Index ⁽¹⁾

		Q3 '16	
<i>(Q1 1991 = 100)</i>			
Current Period	Prev. Period	Same Period	Prev. Yr.
203.4	199.6		185.0
GROWTH RATE	1.9% ▲		9.9% ▲

Clark County Office Market Vacancy Rate ⁽¹⁾

		Q4 '16	
Current Period	Prev. Period	Same Period	Prev. Yr.
20.7%	21.1%		22.4%
GROWTH RATE	-0.5% ▼		-1.8% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾

		Q1 '16	
Current Period	Prev. Period	Same Period	Prev. Yr.
82.5%	82.2%		81.0%
GROWTH RATE	0.3% ▲		1.5% ▲

State of Nevada Personal Income ⁽²⁾

		Q3 '16	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$127,645,647,000	\$126,408,610,000		\$122,132,952,000
GROWTH RATE	1.0% ▲		4.5% ▲

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

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mortgages return to positive equity, as the share of underwater mortgages dropped from 19.0 percent to 14.2 percent over the year.

Home selling activity in southern Nevada continued to gain momentum through the end of the year. In Las Vegas, existing home sales in 2016 increased by 6.6 percent to 46,911, the largest annual sales volume since 2013. Additionally, Las Vegas area new homes sales in 2016 reached 7,934, an increase of 14.2 percent from the previous year and the highest annual total since 2008.

A closer look at the resale home closing mix reveals that most sales are now non-distressed, which is a marked departure from most of the post-recession period when the vast majority of sales were foreclosures, short sales or other distressed sales. According to SalesTraQ, the number of distressed sales as a percentage of total sales in southern Nevada was 72.8 percent in 2011. Over the past five years, the percentage of distressed sales in the region has fallen to 12.3 percent.

In recent years, economic growth in Nevada has been nothing short of impressive as the state recovered from the downturn. The housing market has experienced a notable recovery of its own and is now in a period of stable, steady growth in terms of price and sales volumes. Overall trends in the economy, particularly growth in jobs, wages, and population, suggest housing demand will persist.

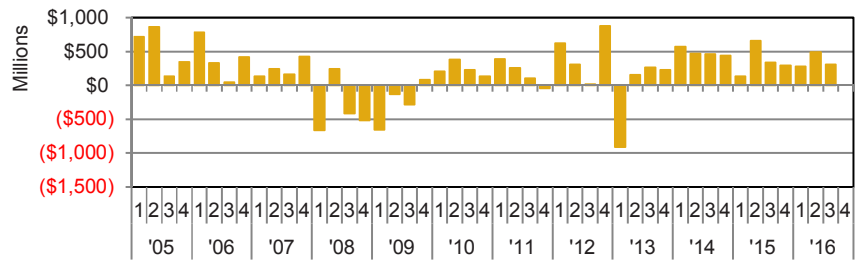
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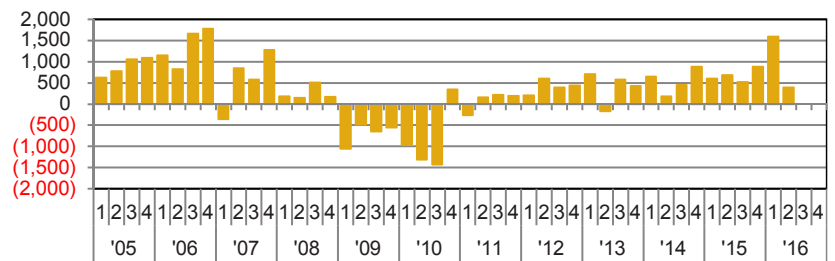
appliedanalysis.com

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.

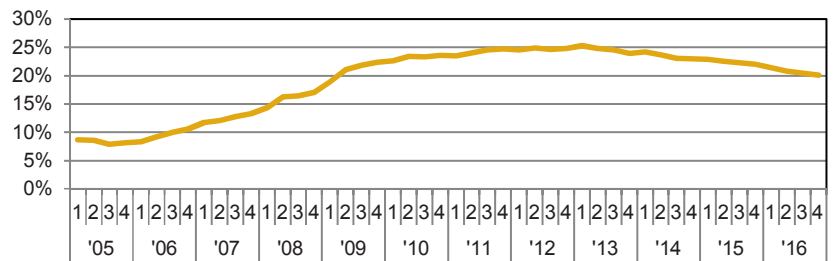
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



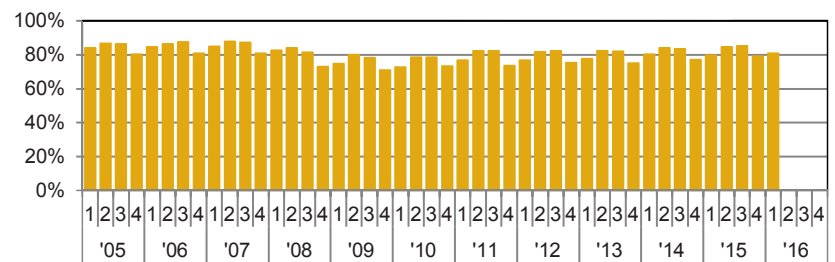
NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES



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