

It is no surprise that the performance of the housing market can ebb and flow along with the broader economy. While not necessarily reflective of the entire industry, KB Home, one of the largest homebuilders in the United States, reported a 30-percent year-over-year increase in order volume for last quarter. The surge in activity is reflective of rising demand for new housing units across the nation. National new home sales totaled 566,000 in the 12 months through February 2017, representing a 13.0-percent annual increase and the highest 12-month total since mid-2008. In explaining his company's sales growth, KB Home Chief Executive Officer Jeffrey Mezger pointed to a shortage of supply and strong demand in all of his company's markets.

Economic Briefing

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Positive new home market trends are evident in Nevada, and in some cases, the industry in the Silver State is outperforming the national trends. In Southern Nevada, new home closings during the 12 months ending February 2017 grew by 17.3 percent to 8,198, the highest 12-month total in nearly eight years. The latest results also continued a 19-month streak of double-digit annual growth in new home sales activity. Pricing within the new home segment moved directionally consistent with rising sales numbers. In February, the median closing price for a new home in southern Nevada was \$329,992, representing a 4.8-percent year-over-year growth rate.

Homebuilders in Southern Nevada are responding to rising demand by making additional investments in inventory. According to SalesTraq, new residential housing permits in the Las Vegas Area in the 12 months ending February 2017 increased a notable 12.1 percent to 8,617, the highest total since 2008. However, growth in new

residential permits in the United States has flattened in recent months, and on a trailing 12-month basis recorded a 0.5-percent dip in February 2017.

In Northern Nevada, the new home market has also experienced gains over the past year, yet a slowdown appears to be emerging. In the 12 months ending February 2017, new home closings in Washoe County reached 1,535, a 3.2-percent increase over the prior year. Median new home prices continue to expand, but at a slower pace. On a trailing 12-month average basis, the median new home closing price in Washoe County increased 10.1 percent to \$387,085 in February 2017, which marked ten consecutive months of double-digit growth.

Expanding homebuilding activity, combined with broader construction activity associated with Nevada's strengthening economy, has provided for respectable gains in the state's construction sector. The industry was

MONTHLY

Employment Indicators

Nevada Employment		Feb-17
Current Period	Prev. Period	Same Period Prev. Yr.
1,311,300	1,304,200	1,271,400
GROWTH RATE	0.5% ▲	3.1% ▲

Nevada Private Average Weekly Hours Worked		Feb-17
Current Period	Prev. Period	Same Period Prev. Yr.
33.5	34.1	33.3
GROWTH RATE	-1.8% ▼	0.6% ▲

Nevada Unemployment Rate		Feb-17
Current Period	Prev. Period	Same Period Prev. Yr.
4.9%	5.0%	5.9%
GROWTH RATE	-0.1% ▼	-1.0% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Feb-17
Current Period	Prev. Period	Same Period Prev. Yr.
1,306,600	1,303,275	1,265,150
GROWTH RATE	0.3% ▲	3.3% ▲

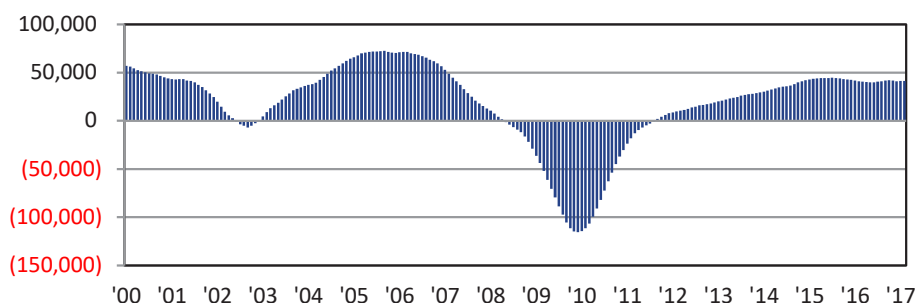
Nevada Private Average Weekly Hours Worked ⁽¹⁾		Feb-17
Current Period	Prev. Period	Same Period Prev. Yr.
34.0	34.0	33.6
GROWTH RATE	0.0% ▲	1.1% ▲

Nevada Unemployment Rate ⁽¹⁾		Feb-17
Current Period	Prev. Period	Same Period Prev. Yr.
5.7%	5.8%	6.6%
GROWTH RATE	-0.1% ▼	-0.9% ▼

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

Feb-17

Current Period	Prev. Period	Same Period Prev. Yr.
10,278	14,167	11,429
GROWTH RATE	-27.5% ▼	-10.0% ▼

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

Jan-17

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,272,918,270	\$5,442,568,460	\$3,822,151,380
GROWTH RATE	-21.5% ▼	11.8% ▲

Nevada Gross Gaming Revenue

Jan-17

Current Period	Prev. Period	Same Period Prev. Yr.
\$1,036,265,398	\$956,174,456	\$925,066,268
GROWTH RATE	8.4% ▲	12.0% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Jan-17

Current Period	Prev. Period	Same Period Prev. Yr.
3,960,882	4,007,981	3,811,565
GROWTH RATE	-1.2% ▼	3.9% ▲

Clark/Washoe County Visitor Volume

Feb-17

Current Period	Prev. Period	Same Period Prev. Yr.
3,949,188	4,087,900	3,955,919
GROWTH RATE	-3.4% ▼	-0.2% ▼

Nevada New Business Creation

Q3 '16

Current Period	Prev. Period	Same Period Prev. Yr.
764	389	524
GROWTH RATE	96.4% ▲	45.8% ▲

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

Q3 '16

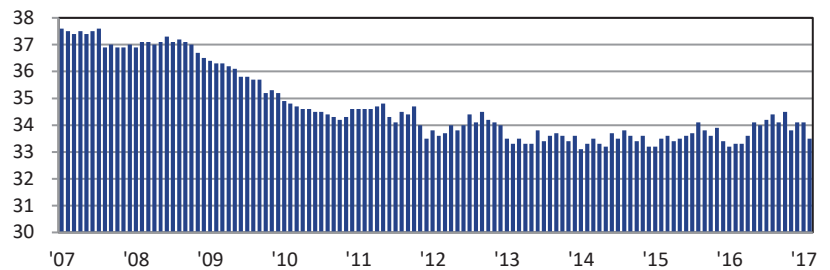
Current Period	Prev. Period	Same Period Prev. Yr.
87.0%	84.4%	85.3%
GROWTH RATE	2.6% ▲	1.7% ▲

State of Nevada Personal Income

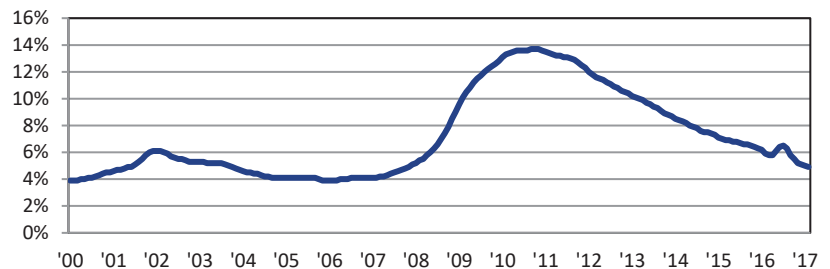
Q4 '16

Current Period	Prev. Period	Same Period Prev. Yr.
\$32,718,580,500	\$32,760,602,750	\$30,826,425,000
GROWTH RATE	-0.1% ▼	6.1% ▲

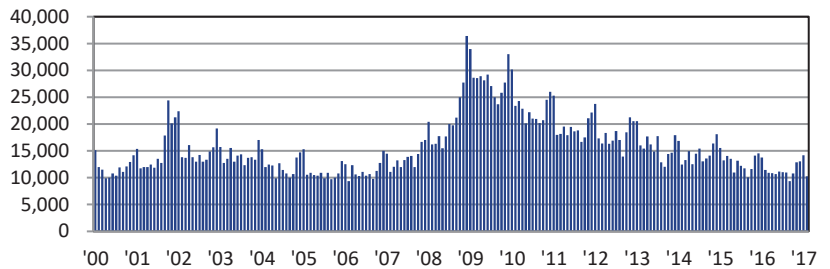
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



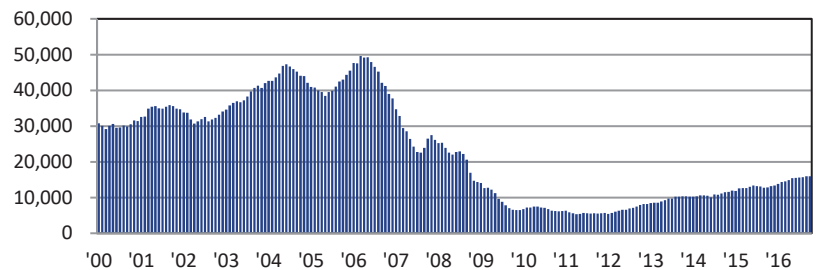
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



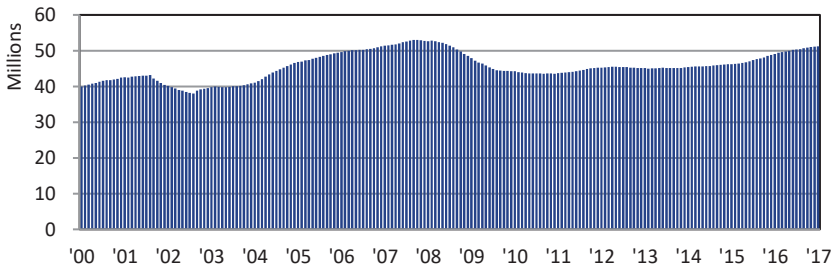
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



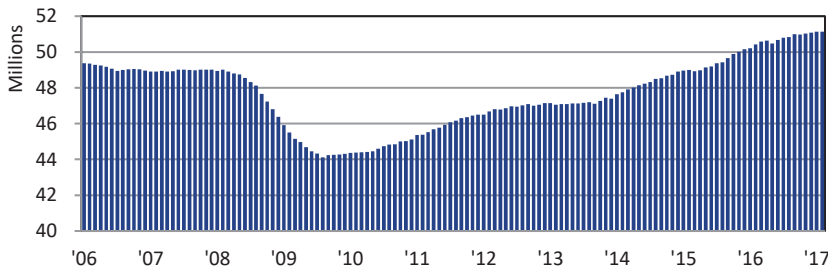
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



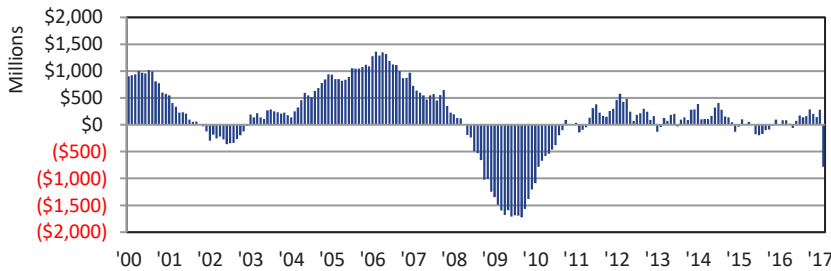
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



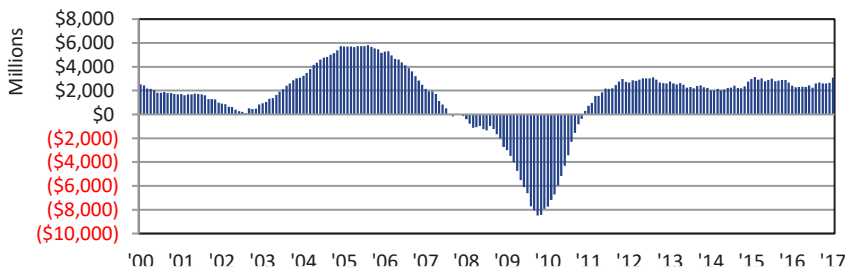
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



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⁾ Feb-17

Current Period	Prev. Period	Same Period Prev. Yr.
136,071	137,222	151,233
GROWTH RATE	-0.8% ▼	-10.0% ▼

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⁾ Jan-17

Current Period	Prev. Period	Same Period Prev. Yr.
\$54,806,616,418	\$54,355,849,528	\$51,714,957,236
GROWTH RATE	0.8% ▲	6.0% ▲

Nevada Gross Gaming Revenue ⁽²⁾ Feb-17

Current Period	Prev. Period	Same Period Prev. Yr.
\$10,378,515,422	\$11,368,425,011	\$11,161,070,452
GROWTH RATE	-8.7% ▼	-7.0% ▼

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers ⁽²⁾ Jan-17

Current Period	Prev. Period	Same Period Prev. Yr.
51,235,787	51,086,470	49,076,399
GROWTH RATE	0.3% ▲	4.4% ▲

Clark/Washoe County Visitor Volume ⁽²⁾ Feb-17

Current Period	Prev. Period	Same Period Prev. Yr.
51,133,692	51,140,423	50,419,047
GROWTH RATE	0.0% ▼	1.4% ▲

Nevada New Business Creation ⁽²⁾ Q3 '16

Current Period	Prev. Period	Same Period Prev. Yr.
3,625	3,385	2,694
GROWTH RATE	7.1% ▲	34.6% ▲

Nevada Housing Price Index ⁽¹⁾ Q3 '16
(Q1 1991 = 100)

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⁾ Q3 '16

Current Period	Prev. Period	Same Period Prev. Yr.
82.9%	82.5%	81.6%
GROWTH RATE	0.5% ▲	1.3% ▲

State of Nevada Personal Income ⁽²⁾ Q4 '16

Current Period	Prev. Period	Same Period Prev. Yr.
\$130,874,322,000	\$131,042,411,000	\$123,305,700,000
GROWTH RATE	-0.1% ▼	6.1% ▲

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

« Continued From Cover

devastated during the past economic downturn, losing more than 100,000 jobs statewide. Since reaching a low of 47,600 positions in February 2012, the sector has expanded by 30,500 jobs over the ensuing five years to reach 78,100 in February 2017. The 5,600 construction jobs gained between February 2016 and February 2017 represents a 7.7-percent growth rate. Construction employment growth during the same period in Southern Nevada (+7.7 percent) and Northern Nevada (+10.5 percent) illustrates that statewide growth is distributed in both major metropolitan areas within the state. Comparatively, construction employment in the United States grew by 3.3 percent over the same timeframe.

Continued strength in the fundamentals of Nevada's economy and ongoing population growth point to positive demand for new housing in the near future. Statewide employment grew by 3.1 percent year-over-year in February 2017 to 1.3 million, while average weekly wages edged up 1.7 percent during the same period. Expanding job opportunities are a key driver of the state's population growth, which ranked second in the nation in 2016 with a 2.0-percent growth rate. Tight housing supply, which in Southern Nevada averages 2.4 months of housing inventory, will also contribute to stabilizing prices in the housing sector. However, it is important to remain mindful of broader factors, including rising interest rates and the strength of the national economic climate.

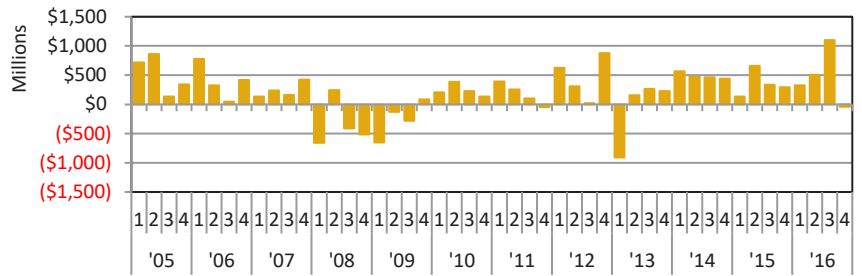
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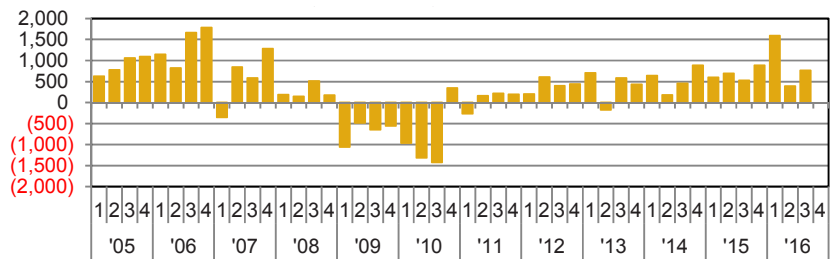
appliedanalysis.com

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.

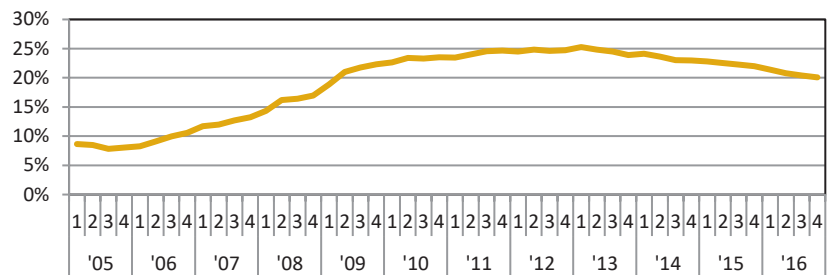
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES

