

The recent purchase by Google of 1,210 acres of land at the Tahoe Reno Industrial Center signaled another significant development for the region's high-tech economic expansion. Google, which indicated that the land will house a data center in the future, joins a growing list of technology giants that have expanded or started operations in Northern Nevada. In recent years, the region has attracted companies including Tesla, Panasonic, Microsoft, Switch, Ebay and Apple, all of which have helped diversify the regional and state economies while advancing Nevada's reputation as a business-friendly location for Silicon Valley stalwarts.

Economic Briefing

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Apple, which opened its Northern Nevada data center in 2012, announced earlier this month that it would invest an additional \$1 billion in its data center at the Reno Technology Park. The company will also purchase a warehouse in downtown Reno to support its data center operations. That news followed an Apple announcement earlier in the year of a 200-megawatt expansion of its solar power operations for its data center. Such long-term investments by one of the world's largest and most successful technology companies help solidify Nevada's attractiveness to other high-tech firms seeking to expand or enhance operations.

Meanwhile, electric automaker Tesla continues to make strides at its Gigafactory at the Tahoe Reno Industrial Center and on Wall Street. In the past two months, the company's stock price increased by about 35 percent while its market capitalization surpassed that of a well-established rival, Ford. Investor confidence in Tesla is partly sourced to the company's promise to deliver a highly-anticipated mass market model for which nearly 400,000 people have put

down a \$1,000 deposit. At the Gigafactory outside Reno, which will play a key role in manufacturing Tesla vehicles, Tesla and partner Panasonic have continued to invest capital and hire workers. The most-recent compliance audit for the Governor's Office of Economic Development showed that through September 2016, total capital investment in the project surpassed \$839 million, which has supported 2,500 construction jobs. Tesla has also hired more than 1,000 permanent employees and continues to add 150 to 200 more each month.

Activity at the Gigafactory and throughout the region as a whole is evident in ongoing job trends. On a trailing 12-month average basis, construction and manufacturing employment have increased for 55 and 25 consecutive months, respectively. In March 2017, the construction industry added about 1,100 jobs on a trailing 12-month basis from a year ago, representing growth of 8.1 percent. The manufacturing industry also showed significant gains with the addition of 900 jobs on a trailing 12-month basis, a 6.8 percent expansion over the same period.

MONTHLY

Employment Indicators

Nevada Employment		Mar-17
Current Period	Prev. Period	Same Period Prev. Yr.
1,317,000	1,312,700	1,280,000
GROWTH RATE	0.3% ▲	2.9% ▲

Nevada Private Average Weekly Hours Worked		Mar-17
Current Period	Prev. Period	Same Period Prev. Yr.
34.0	33.5	33.3
GROWTH RATE	1.5% ▲	2.1% ▲

Nevada Unemployment Rate		Mar-17
Current Period	Prev. Period	Same Period Prev. Yr.
4.8%	4.9%	5.8%
GROWTH RATE	-0.1% ▼	-1.0% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Mar-17
Current Period	Prev. Period	Same Period Prev. Yr.
1,309,800	1,306,717	1,268,350
GROWTH RATE	0.2% ▲	3.3% ▲

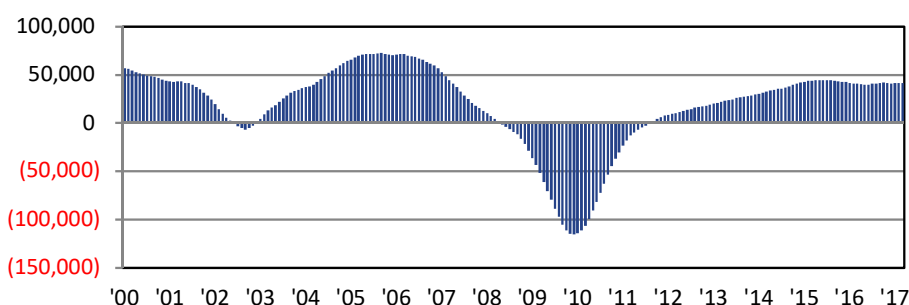
Nevada Private Average Weekly Hours Worked ⁽¹⁾		Mar-17
Current Period	Prev. Period	Same Period Prev. Yr.
34.0	34.0	33.6
GROWTH RATE	0.2% ▲	1.4% ▲

Nevada Unemployment Rate ⁽¹⁾		Mar-17
Current Period	Prev. Period	Same Period Prev. Yr.
5.6%	5.7%	6.5%
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

Mar-17

Current Period	Prev. Period	Same Period Prev. Yr.
9,545	10,278	10,924
GROWTH RATE	-7.1% ▼	-12.6% ▼

Nevada Residential Housing Units Permitted

Feb-17

Current Period	Prev. Period	Same Period Prev. Yr.
879	1,058	2,042
GROWTH RATE	-16.9% ▼	-57.0% ▼

Nevada Taxable Retail Sales

Feb-17

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,220,154,700	\$4,272,918,270	\$4,026,863,019
GROWTH RATE	-1.2% ▼	4.8% ▲

Nevada Gross Gaming Revenue

Mar-17

Current Period	Prev. Period	Same Period Prev. Yr.
\$991,023,123	\$945,266,438	\$922,329,184
GROWTH RATE	4.8% ▲	7.4% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Feb-17

Current Period	Prev. Period	Same Period Prev. Yr.
3,718,557	3,960,882	3,713,730
GROWTH RATE	-6.1% ▼	0.1% ▲

Clark/Washoe County Visitor Volume

Mar-17

Current Period	Prev. Period	Same Period Prev. Yr.
4,528,963	3,949,188	4,449,146
GROWTH RATE	14.7% ▲	1.8% ▲

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)

Q4 '16

Current Period	Prev. Period	Same Period Prev. Yr.
214.8	208.3	197.6
GROWTH RATE	3.1% ▲	8.7% ▲

Clark County Office Market

Vacancy Rate

Q1 '17

Current Period	Prev. Period	Same Period Prev. Yr.
19.8%	20.1%	21.3%
GROWTH RATE	-0.3% ▼	-1.5% ▼

Nevada Hotel/Motel Occupancy

Q3 '16

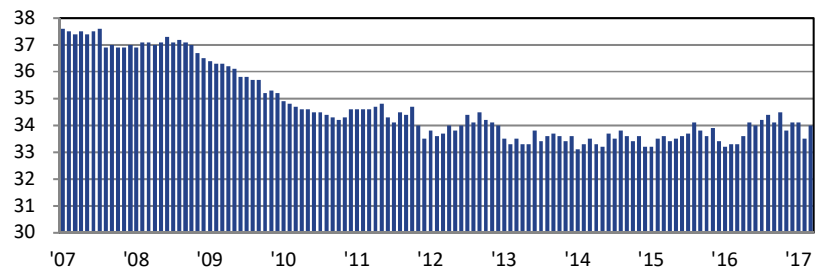
Current Period	Prev. Period	Same Period Prev. Yr.
87.0%	84.4%	85.3%
GROWTH RATE	2.6% ▲	1.7% ▲

State of Nevada Personal Income

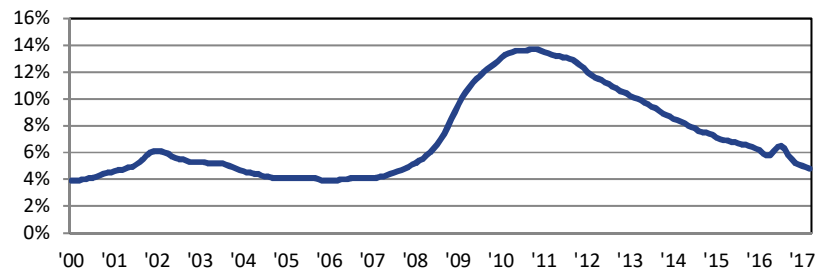
Q4 '16

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% ▲

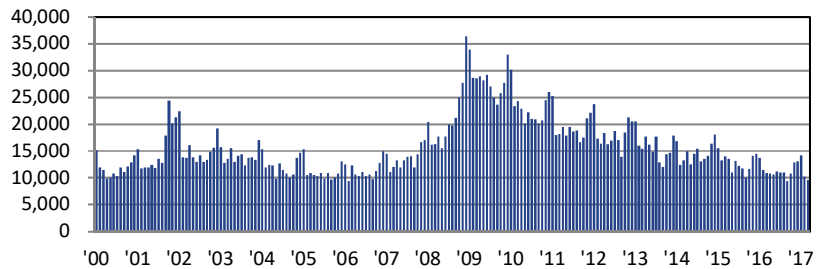
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



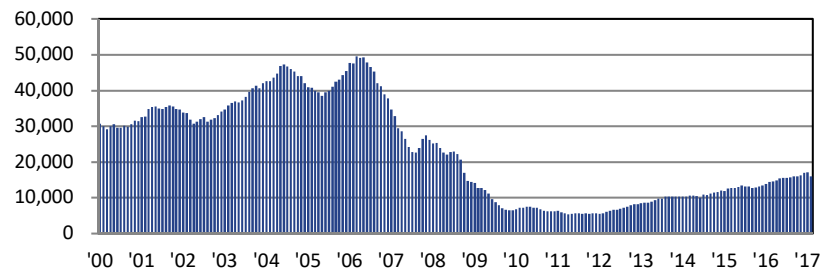
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



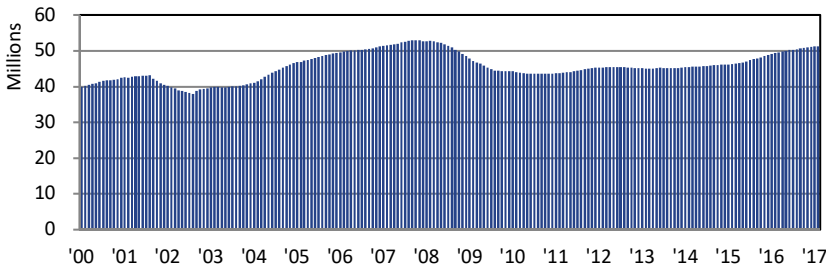
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



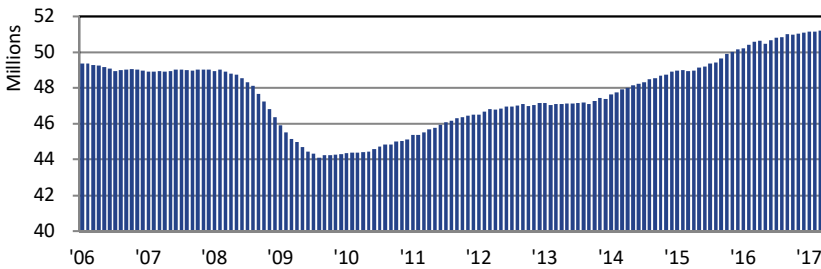
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



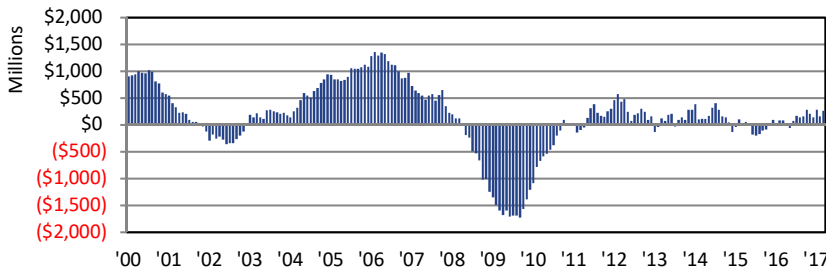
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



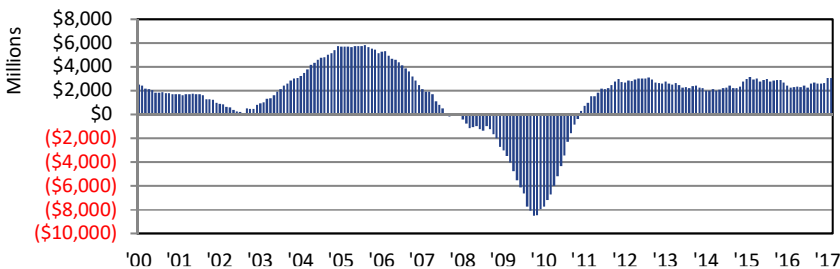
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



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⁾

		Mar-17	
Current Period	Prev. Period	Same Period	Prev. Yr.
134,692	136,071	148,113	
GROWTH RATE	-1.0% ▼	-9.1% ▼	

Nevada Residential Housing Units Permitted ⁽²⁾

		Feb-17	
Current Period	Prev. Period	Same Period	Prev. Yr.
15,952	17,115	14,329	
GROWTH RATE	-6.8% ▼	11.3% ▲	

Nevada Taxable Retail Sales ⁽²⁾

		Feb-17	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$54,999,908,099	\$54,806,616,418	\$51,909,410,538	
GROWTH RATE	0.4% ▲	6.0% ▲	

Nevada Gross Gaming Revenue ⁽²⁾

		Mar-17	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,392,468,294	\$11,323,774,355	\$11,132,238,588	
GROWTH RATE	0.6% ▲	2.3% ▲	

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

		Feb-17	
Current Period	Prev. Period	Same Period	Prev. Yr.
51,240,614	51,235,787	49,392,421	
GROWTH RATE	0.0% ▲	3.7% ▲	

Clark/Washoe County Visitor Volume ⁽²⁾

		Mar-17	
Current Period	Prev. Period	Same Period	Prev. Yr.
51,213,509	51,133,692	50,573,801	
GROWTH RATE	0.2% ▲	1.3% ▲	

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⁾

		Q4 '16	
<i>(Q1 1991 = 100)</i>			
Current Period	Prev. Period	Same Period	Prev. Yr.
207.7	203.4	190.3	
GROWTH RATE	2.1% ▲	9.1% ▲	

Clark County Office Market Vacancy Rate ⁽¹⁾

		Q1 '17	
Current Period	Prev. Period	Same Period	Prev. Yr.
20.3%	20.6%	22.0%	
GROWTH RATE	-0.3% ▼	-1.7% ▼	

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.

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These industry-specific trends are part of larger growth trends in the Northern Nevada economy. In March 2017, the number of jobs in the Reno metropolitan area grew 4.5 percent to 222,500 on a trailing 12-month basis. With an increasing number of jobs, the number of unemployed is decreasing. On a trailing 12-month average basis, unemployment fell 21 percent over the past year to 10,861, the lowest level since 2008. Meanwhile, the labor force grew by 1.3 percent over the past year, three times the statewide growth rate of 0.4 percent. This suggests that many unemployed workers are now finding jobs and that new employment opportunities are attracting workers into the region.

Growth of this magnitude is a source of prosperity and better economic conditions for most people in the region. However, it is important to recognize potential impacts of rapid growth, such as the increased cost of housing. Rents in the Reno area have climbed to record levels as unit availability has tightened. If the housing stock does not keep up the increasing demand, upward pressure on housing prices and rents could make housing affordability a growing concern.

In the meantime, ongoing investment by Tesla, Apple and other technology companies will continue to drive Northern Nevada's economic expansion. At the same time, their success and strengthening ties to the region will encourage other companies to pursue opportunities in Northern Nevada, which will support additional expansion and growth in the region's technology sector.

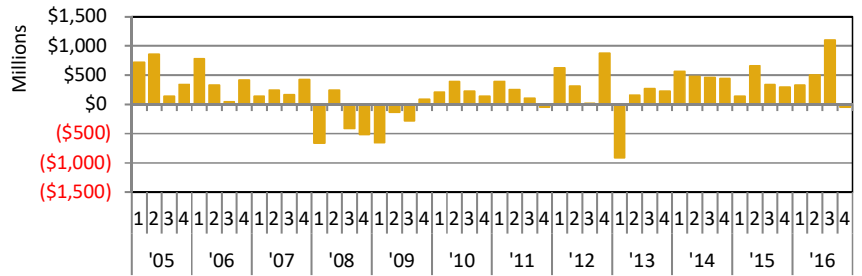
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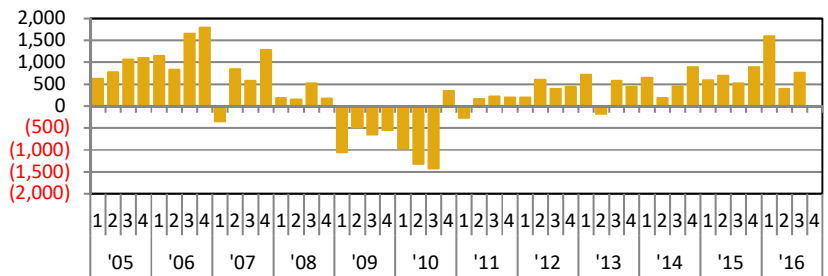
appliedanalysis.com

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.

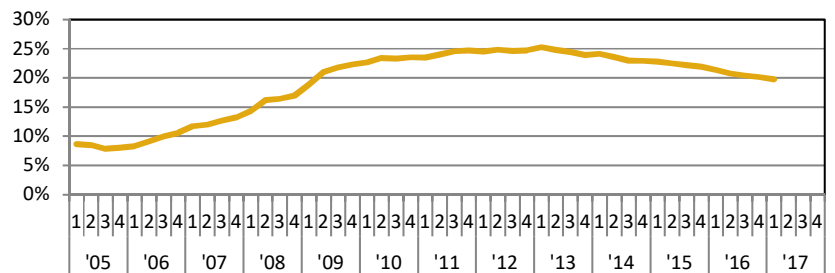
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



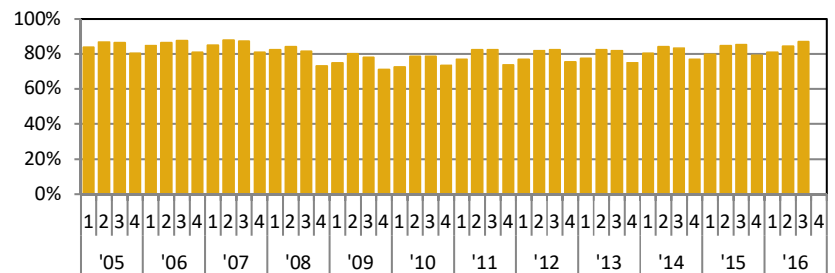
NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES



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