

# Economic Briefing

MARCH 2018

ISSUE THREE | VOLUME TWELVE

Nevada's population growth is again near the top of the national rankings, as the state's employment opportunities, business environment and other advantages are attracting thousands of new residents from across the United States and especially the West. That influx of residents is being felt throughout the economy, from increased employment to higher levels of consumer spending. Population growth is also impacting the state's housing market, which finished 2017 with rising home values, climbing sales volumes and increasing homebuilding activity.

Home prices in Nevada appreciated by 11.6 percent over the year, the third-fastest growth among all states, according to the Federal Housing Finance Agency's House Price Index (HPI) for the fourth quarter of 2017. The Las Vegas and Reno metropolitan areas each reported significant growth over the year, fueling Nevada's strong showing. Las Vegas reported HPI growth of 12.6 percent, ranking fourth among the country's 100 largest metropolitan areas. Reno's home values grew by 11.8 percent, ranking 17th out of all 403 U.S. metropolitan areas ranked in the House Price Index.

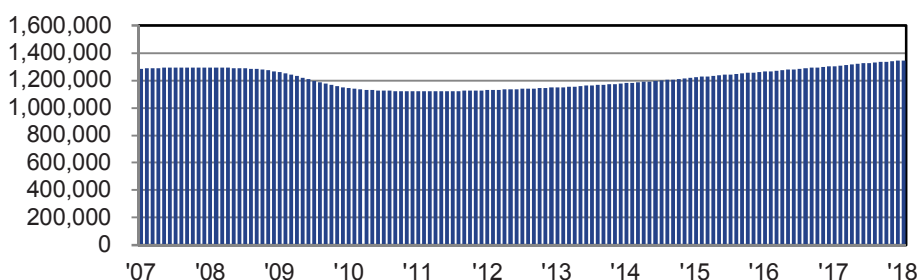
In southern Nevada, the median sales price of existing homes reached \$238,000 in December 2017, the highest level since January 2008 but well below the all-time high of \$290,000 in June 2006. By comparison, new home prices have surpassed prior peak levels, reaching nearly \$380,000 in December 2017, well above the pre-recession high of \$344,000 in August 2007. Existing homes in the Las Vegas area appreciated faster than new homes

over the year, rising 17.8 percent compared to 11.7 percent for the new home market. Tight supply of existing homes on the market contributed to 10.1 percent annual growth of new home sales to 8,739, more than doubling the 4.9 percent growth rate for existing home sales, which totaled 49,232 transactions on the year.

In Washoe County, the monthly median closing price of new homes rose to over \$400,000 during 2017, reaching \$430,000 in July, the highest number on record, before declining slightly to end the year at \$399,000. The December price represented a 2.6 percent decline year-over-year. The existing home market in Washoe County came close to setting a record, as the \$350,000 median price in July trailed only the January 2006 level of \$370,000. Existing home prices also leveled off later in the year, settling at \$345,000 in December. Unlike the new home market, the slight decline from the peak in July did not significantly impact overall price appreciation, which grew 16.0 percent over the prior year. The existing home market also

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## NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



## MONTHLY

### Employment Indicators

Nevada Employment		Jan-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,342,700	1,365,900	1,306,900
GROWTH RATE	-1.7% ▼	2.7% ▲

Nevada Private Average Weekly Hours Worked		Jan-18
Current Period	Prev. Period	Same Period Prev. Yr.
33.4	33.9	34.1
GROWTH RATE	-1.5% ▼	-2.1% ▼

Nevada Unemployment Rate		Jan-18
Current Period	Prev. Period	Same Period Prev. Yr.
4.9%	4.9%	5.3%
GROWTH RATE	0.0% ◆	-0.4% ▼

## TRAILING 12-MONTH

### Employment Indicators

Nevada Employment <sup>(1)</sup>		Jan-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,343,967	1,340,983	1,302,500
GROWTH RATE	0.2% ▲	3.2% ▲

Nevada Private Average Weekly Hours Worked <sup>(1)</sup>		Jan-18
Current Period	Prev. Period	Same Period Prev. Yr.
34.1	34.1	34.0
GROWTH RATE	0.0% ◆	0.3% ▲

Nevada Unemployment Rate <sup>(1)</sup>		Jan-18
Current Period	Prev. Period	Same Period Prev. Yr.
5.0%	5.0%	5.7%
GROWTH RATE	0.0% ◆	-0.7% ▼

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

MONTHLY & QUARTERLY  
Economic Indicator Series

**Nevada Initial Unemployment Insurance Claims**

Jan-18

Current Period	Prev. Period	Same Period Prev. Yr.
12,939	13,006	14,167
GROWTH RATE	-0.5% ▼	-8.7% ▼

**Nevada Residential Housing Units Permitted**

Jan-18

Current Period	Prev. Period	Same Period Prev. Yr.
1,189	1,457	1,314
GROWTH RATE	-18.4% ▼	-9.5% ▼

**Nevada Taxable Retail Sales**

Dec-17

Current Period	Prev. Period	Same Period Prev. Yr.
\$5,567,464,045	\$4,711,001,404	\$5,442,568,460
GROWTH RATE	18.2% ▲	2.3% ▲

**Nevada Gross Gaming Revenue**

Jan-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$1,015,027,320	\$960,146,149	\$1,036,217,995
GROWTH RATE	5.7% ▲	-2.0% ▼

**Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers**

Dec-17

Current Period	Prev. Period	Same Period Prev. Yr.
4,155,078	4,206,319	4,007,981
GROWTH RATE	-1.2% ▼	3.7% ▲

**Clark/Washoe County Visitor Volume**

Dec-17

Current Period	Prev. Period	Same Period Prev. Yr.
3,816,884	3,930,064	3,876,053
GROWTH RATE	-2.9% ▼	-1.5% ▼

**Nevada New Business Creation**

Q2 '17

Current Period	Prev. Period	Same Period Prev. Yr.
732	-2,841	389
GROWTH RATE	125.8% ▲	88.2% ▲

**Nevada Housing Price Index**

(Q1 1991 = 100)

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
239.0	228.5	214.5
GROWTH RATE	4.6% ▲	11.5% ▲

**Clark County Office Market**

**Vacancy Rate**

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
18.7%	19.0%	20.1%
GROWTH RATE	-0.3% ▼	-1.4% ▼

**Nevada Hotel/Motel Occupancy**

Q3 '17

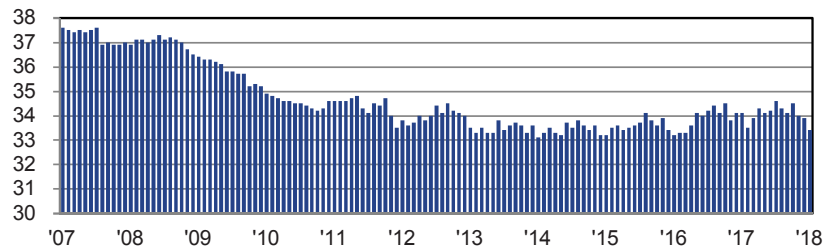
Current Period	Prev. Period	Same Period Prev. Yr.
87.1%	84.8%	87.0%
GROWTH RATE	2.3% ▲	0.1% ▲

**State of Nevada Personal Income**

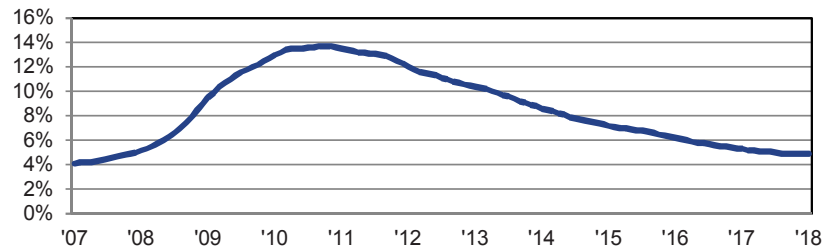
Q3 '17

Current Period	Prev. Period	Same Period Prev. Yr.
\$33,405,022,000	\$33,125,131,500	\$32,681,949,000
GROWTH RATE	0.8% ▲	2.2% ▲

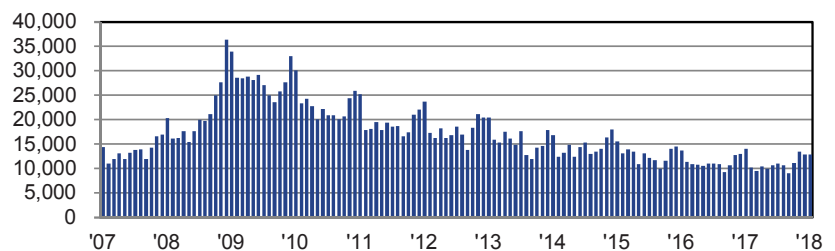
**NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED**  
MONTHLY SERIES



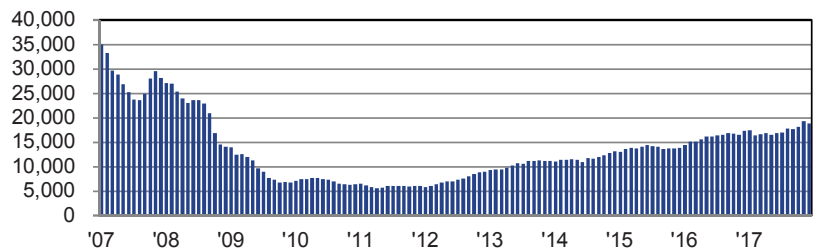
**NEVADA UNEMPLOYMENT RATE**  
MONTHLY SERIES



**NEVADA UNEMPLOYMENT INSURANCE CLAIMS**  
MONTHLY SERIES

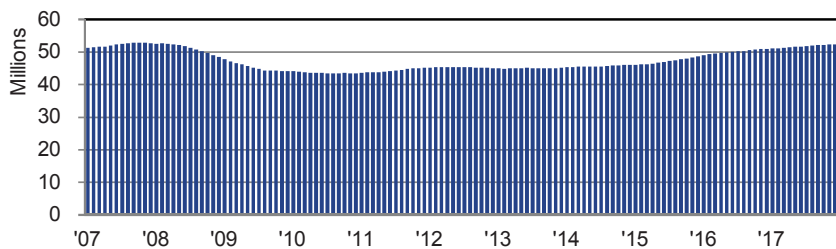


**NEVADA RESIDENTIAL UNITS PERMITTED**  
TRAILING 12-MONTH TOTALS



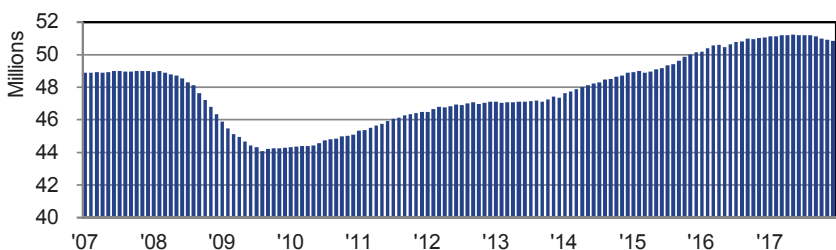
**LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS**

TRAILING 12-MONTH TOTALS



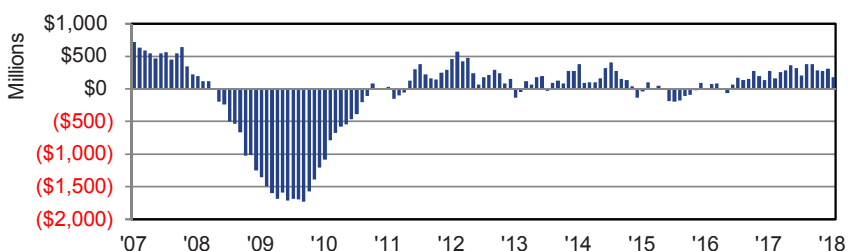
**CLARK/WASHOE COUNTY VISITOR VOLUME**

TRAILING 12-MONTH TOTALS



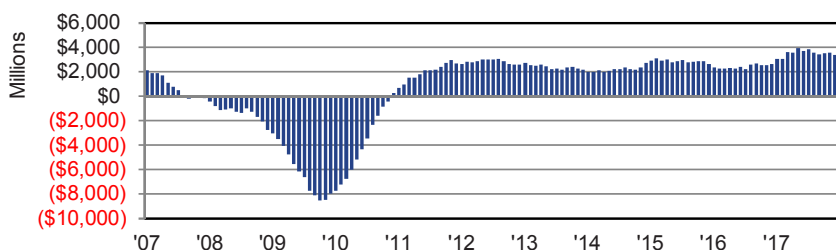
**GROWTH IN NEVADA GROSS GAMING REVENUE**

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 <sup>(2)</sup>** Jan-18

Current Period	Prev. Period	Same Period Prev. Yr.
132,783	134,011	137,222
GROWTH RATE	-0.9% ▼	-3.2% ▼

**Nevada Residential Housing**

**Units Permitted <sup>(2)</sup>** Jan-18

Current Period	Prev. Period	Same Period Prev. Yr.
18,764	18,889	17,524
GROWTH RATE	-0.7% ▼	7.1% ▲

**Nevada Taxable Retail Sales <sup>(2)</sup>**

Dec-17

Current Period	Prev. Period	Same Period Prev. Yr.
\$57,747,445,594	\$57,622,550,009	\$54,355,849,528
GROWTH RATE	0.2% ▲	6.2% ▲

**Nevada Gross Gaming Revenue <sup>(2)</sup>**

Jan-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$11,549,693,792	\$11,570,884,467	\$11,368,276,043
GROWTH RATE	-0.2% ▼	1.6% ▲

**Las Vegas/Reno-Tahoe**

**Enplaned and Deplaned Passengers <sup>(2)</sup>** Dec-17

Current Period	Prev. Period	Same Period Prev. Yr.
52,507,666	52,360,569	51,085,857
GROWTH RATE	0.3% ▲	2.8% ▲

**Clark/Washoe County Visitor Volume <sup>(2)</sup>**

Dec-17

Current Period	Prev. Period	Same Period Prev. Yr.
50,859,720	50,918,889	51,085,529
GROWTH RATE	-0.1% ▼	-0.4% ▼

**Nevada New Business Creation <sup>(2)</sup>**

Q2 '17

Current Period	Prev. Period	Same Period Prev. Yr.
-1,236	-1,579	3,385
GROWTH RATE	21.7% ▲	-136.5% ▼

**Nevada Housing Price Index <sup>(1)</sup>**

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
226.8	220.6	206.9
GROWTH RATE	2.8% ▲	9.6% ▲

**Clark County Office Market Vacancy Rate <sup>(1)</sup>**

(Q1 1991 = 100)

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
19.2%	19.6%	20.5%
GROWTH RATE	-0.4% ▼	-1.3% ▼

**Nevada Hotel/Motel Occupancy <sup>(1)</sup>**

Q3 '17

Current Period	Prev. Period	Same Period Prev. Yr.
83.2%	83.2%	82.9%
GROWTH RATE	0.1% ▲	0.3% ▲

**State of Nevada Personal Income <sup>(2)</sup>**

Q3 '17

Current Period	Prev. Period	Same Period Prev. Yr.
\$133,620,088,000	\$132,500,526,000	\$130,727,796,000
GROWTH RATE	0.8% ▲	2.2% ▲

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

◀ Continued From Cover

saw significantly more activity than that for new homes. Existing home closings in Washoe County were up 3.7 percent to 7,182 in 2017, while total new home closings declined 16.0 percent year-over-year to 1,394.

The demand for housing has risen significantly over the past few years as the state's economy rebounded and population has grown. Nevada has ranked among the five fastest-growing states for four straight years, and homebuilders have taken notice. In 2017, permits for the construction of over 4,500 new residential units were issued in Washoe County, 26.7 percent more than the total for 2016. Clark County data show that over 13,900 new units were permitted, a 2.4 percent increase from the prior year. This follows growth of 28.0 percent in residential permits for Clark County during 2016. As the population continues to grow and the state sets new records for total employment, demand for housing is expected to remain strong and result in continued price appreciation, even as builders ramp up production.

Rising home prices reduced the share of Nevada homeowners with negative equity to 8 percent in the fourth quarter of 2017, according to CoreLogic. While that rate ranked fourth-highest in the nation, it marks a significant improvement from 72.7 percent in early 2010. Foreclosures in Clark County also dropped significantly in 2017, declining 55.3 percent over the year to 1,669, continuing the improvement since the 2009 peak of 34,000 foreclosure filings. By most measures, Nevada's housing market closed 2017 by continuing the momentum of recent years and remains on solid footing for a positive 2018.

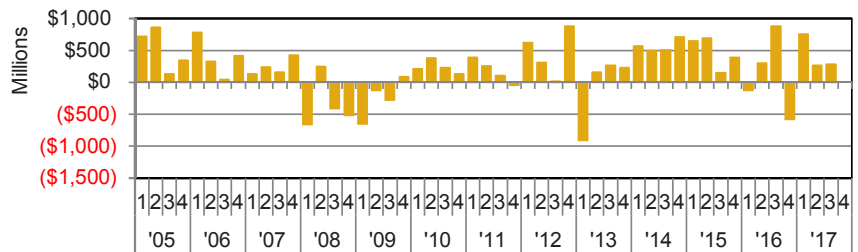
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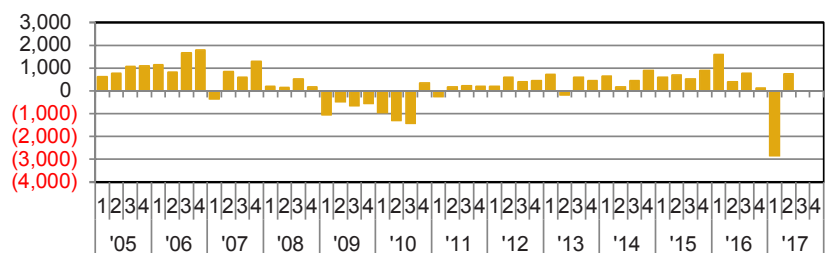
appliedanalysis.com

**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.

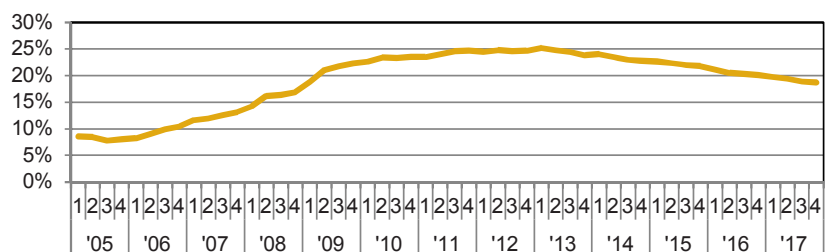
**NEVADA PERSONAL INCOME GROWTH**  
QUARTER-OVER-QUARTER



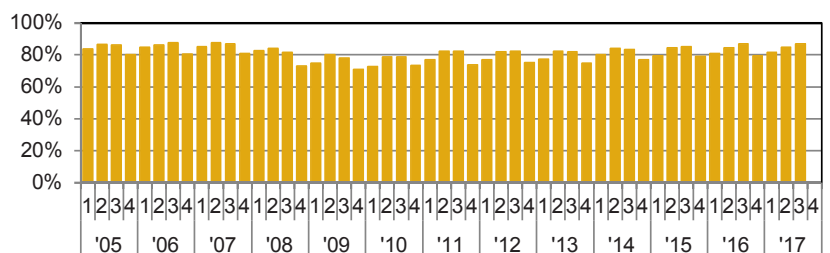
**NEVADA NEW BUSINESS CREATION**  
QUARTER-OVER-QUARTER



**LAS VEGAS OFFICE MARKET VACANCY RATE**  
QUARTERLY SERIES



**NEVADA HOTEL/MOTEL OCCUPANCY**  
QUARTERLY SERIES



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