

Economic Briefing

OCTOBER 2018

ISSUE TEN | VOLUME TWELVE

Nevada's robust job growth and rising population trend continue to drive the upward trajectory of the state's economy. These factors are having a particular effect on the statewide housing market, which remains in an extended period of high demand and rising price appreciation. Southern Nevada is home to the hottest market in the country, as home values increased by 13 percent on a year-over-year basis, according to the latest S&P CoreLogic Case-Shiller Index. Seattle and San Francisco came in behind Southern Nevada with price growth of 12.8 percent and 10.7 percent, respectively.

Rising home prices and sales volumes have been evident in both the resale and new home markets, with limited availability of resale homes, which has averaged less than two months of effective inventory over the past year, helping to drive growth in the new home segment. The latest trends in new home closings and prices reflect a strong appetite

for new housing units and a willingness to pay a premium for new construction. In the 12 months through August 2018, new home closings in Southern Nevada totaled 9,833, an increase of 15.8 percent from the 8,490 closings in the prior year, according to SalesTraq. The 9,833 closings marked the highest 12-month total since November 2008 and reflected a significant recovery from the low of 3,781 closing in the 12 months through January 2012. New home prices continued to climb and reached a record high in August 2018. The median new home closing price of \$400,000 rose 14.9 percent higher than the \$348,000 recorded the year before, according to SalesTraq.

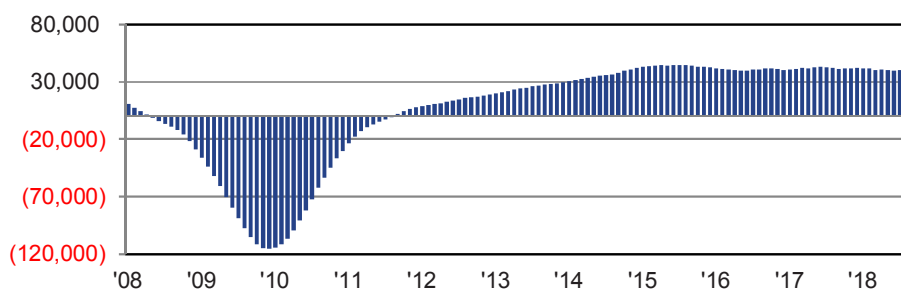
The demand and willingness to pay a higher price for a new home has translated into growth of new homebuilding activity.

In the 12 months through June 2018, 10,124 permits for new residential for-sale units were issued in Clark County, up 13.6 percent from the year before when 8,989 new residential permits were issued. This represented the 26th consecutive month of double-digit growth in new residential permits issued on a trailing 12-month basis. Moreover, permitting growth in Southern Nevada was more than double the national year-over-year growth rate of 5.0 percent.

Northern Nevada's housing market has experienced similar trends. In the 12 months through July 2018, 1,683 new home closings were reported in Washoe County, an increase of 12.6 percent from the year prior. This represented the fifth consecutive month of positive year-over-year growth in Washoe County following 10 consecutive

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NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		Aug-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,389,500	1,386,100	1,342,100
GROWTH RATE	0.2% ▲	3.5% ▲

Nevada Private Average Weekly Hours Worked		Aug-18
Current Period	Prev. Period	Same Period Prev. Yr.
34.5	34.5	34.3
GROWTH RATE	0.0% ◆	0.6% ▲

Nevada Unemployment Rate		Aug-18
Current Period	Prev. Period	Same Period Prev. Yr.
4.5%	4.6%	4.9%
GROWTH RATE	-0.1% ▼	-0.4% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Aug-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,368,750	1,364,800	1,327,683
GROWTH RATE	0.3% ▲	3.1% ▲

Nevada Private Average Weekly Hours Worked ⁽¹⁾		Aug-18
Current Period	Prev. Period	Same Period Prev. Yr.
34.1	34.0	34.1
GROWTH RATE	0.0% ◆	-0.2% ▼

Nevada Unemployment Rate ⁽¹⁾		Aug-18
Current Period	Prev. Period	Same Period Prev. Yr.
4.8%	4.9%	5.2%
GROWTH RATE	-0.1% ▼	-0.4% ▼

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

Aug-18

Current Period	Prev. Period	Same Period Prev. Yr.
9,580	10,554	10,728
GROWTH RATE	-9.2% ▼	-10.7% ▼

Nevada Residential Housing Units Permitted

Aug-18

Current Period	Prev. Period	Same Period Prev. Yr.
1,352	1,236	1,932
GROWTH RATE	9.4% ▲	-30.0% ▼

Nevada Taxable Retail Sales

Jul-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$5,047,867,279	\$5,318,515,719	\$4,696,710,631
GROWTH RATE	-5.1% ▼	7.5% ▲

Nevada Gross Gaming Revenue

Aug-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$912,980,589	\$995,164,786	\$989,526,639
GROWTH RATE	-8.3% ▼	-7.7% ▼

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Jul-18

Current Period	Prev. Period	Same Period Prev. Yr.
4,840,199	4,700,395	4,726,430
GROWTH RATE	3.0% ▲	2.4% ▲

Clark/Washoe County Visitor Volume

Aug-18

Current Period	Prev. Period	Same Period Prev. Yr.
4,287,107	4,445,262	4,349,586
GROWTH RATE	-3.6% ▼	-1.4% ▼

Nevada New Business Creation

Q1 '18

Current Period	Prev. Period	Same Period Prev. Yr.
1,205	-550	-2,841
GROWTH RATE	319.1% ▲	142.4% ▲

Nevada Housing Price Index

(Q1 1991 = 100)

Q2 '18

Current Period	Prev. Period	Same Period Prev. Yr.
258.9	248.2	221.2
GROWTH RATE	4.3% ▲	17.0% ▲

Clark County Office Market

Vacancy Rate

Q2 '18

Current Period	Prev. Period	Same Period Prev. Yr.
17.9%	18.0%	19.1%
GROWTH RATE	-0.1% ▼	-1.2% ▼

Nevada Hotel/Motel Occupancy

Q2 '18

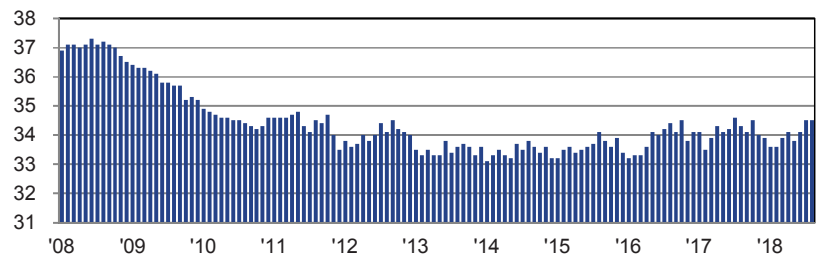
Current Period	Prev. Period	Same Period Prev. Yr.
85.5%	81.7%	85.5%
GROWTH RATE	3.8% ▲	0.0% ◀

State of Nevada Personal Income

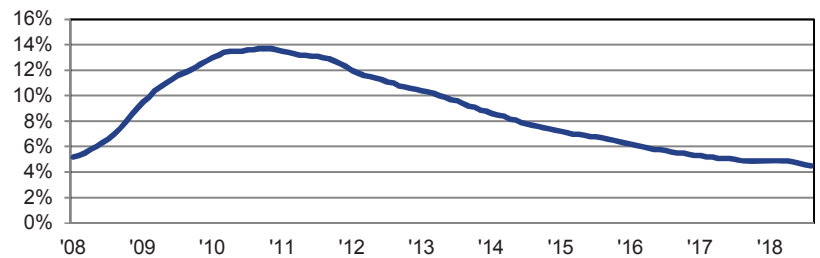
Q2 '18

Current Period	Prev. Period	Same Period Prev. Yr.
\$36,291,792,250	\$35,992,089,000	\$34,309,158,000
GROWTH RATE	0.8% ▲	5.8% ▲

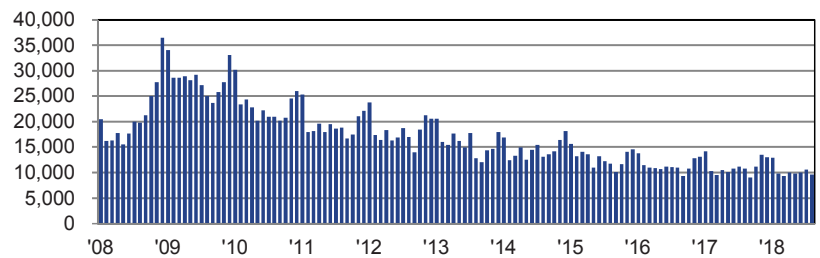
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



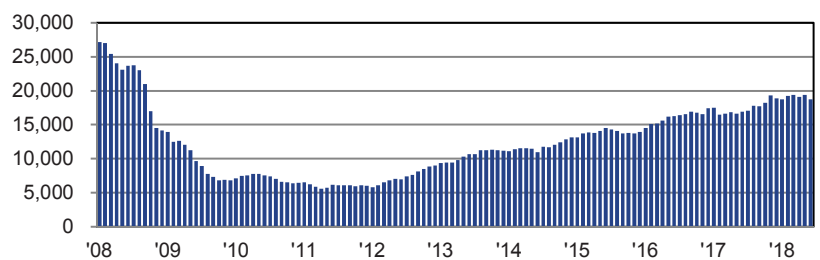
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



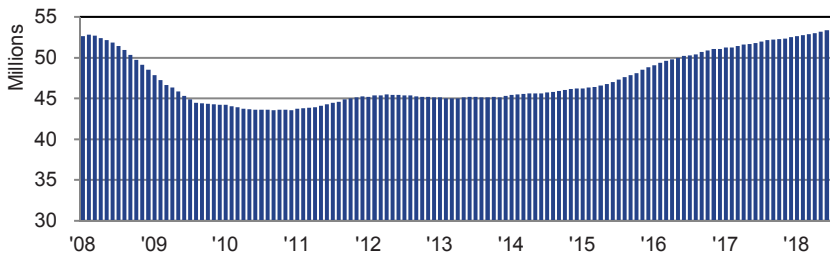
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



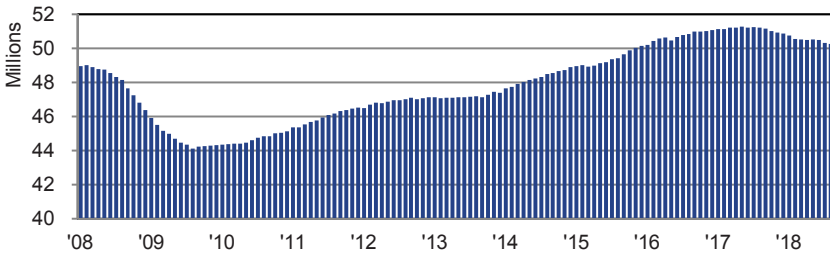
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



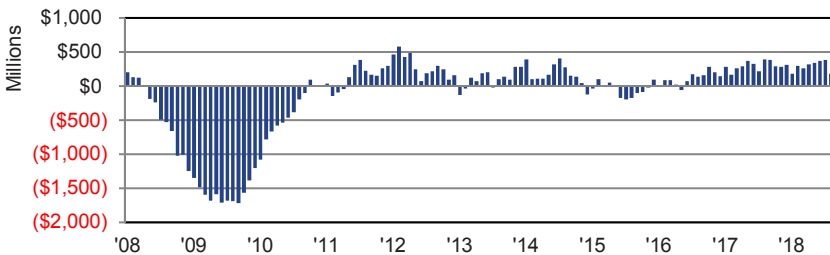
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



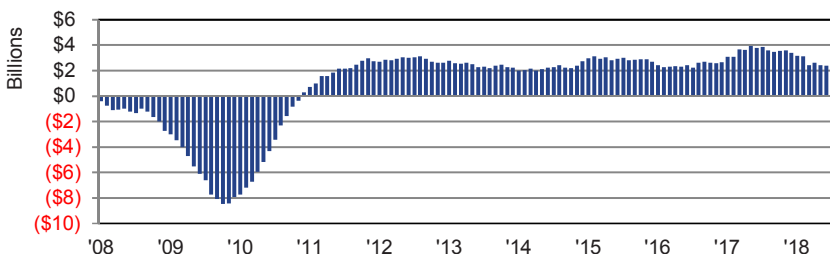
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



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⁾ Aug-18

Current Period	Prev. Period	Same Period Prev. Yr.
128,794	129,942	133,291
GROWTH RATE	-0.9% ▼	-3.4% ▼

Nevada Residential Housing Units Permitted ⁽²⁾ Aug-18

Current Period	Prev. Period	Same Period Prev. Yr.
17,824	18,404	17,814
GROWTH RATE	-3.2% ▼	0.1% ▲

Nevada Taxable Retail Sales ⁽²⁾ Jul-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$59,298,980,168	\$58,947,823,520	\$56,784,102,317
GROWTH RATE	0.6% ▲	4.4% ▲

Nevada Gross Gaming Revenue ⁽²⁾ Aug-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$11,733,633,965	\$11,810,180,015	\$11,555,547,986
GROWTH RATE	-0.6% ▼	1.5% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers ⁽²⁾ Jul-18

Current Period	Prev. Period	Same Period Prev. Yr.
53,460,339	53,346,570	51,968,089
GROWTH RATE	0.2% ▲	2.9% ▲

Clark/Washoe County Visitor Volume ⁽²⁾ Aug-18

Current Period	Prev. Period	Same Period Prev. Yr.
50,253,363	50,315,842	51,217,478
GROWTH RATE	-0.1% ▼	-1.9% ▼

Nevada New Business Creation ⁽²⁾ Q1 '18

Current Period	Prev. Period	Same Period Prev. Yr.
1,847	-2,199	-1,579
GROWTH RATE	184.0% ▲	217.0% ▲

Nevada Housing Price Index ⁽¹⁾ Q2 '18
(Q1 1991 = 100)

Current Period	Prev. Period	Same Period Prev. Yr.
243.8	234.4	215.1
GROWTH RATE	4.0% ▲	13.3% ▲

Clark County Office Market Vacancy Rate ⁽¹⁾ Q2 '18

Current Period	Prev. Period	Same Period Prev. Yr.
18.2%	18.4%	19.6%
GROWTH RATE	-0.2% ▼	-1.4% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾ Q2 '18

Current Period	Prev. Period	Same Period Prev. Yr.
83.3%	83.3%	83.6%
GROWTH RATE	0.0% ◊	-0.3% ▼

State of Nevada Personal Income ⁽²⁾ Q2 '18

Current Period	Prev. Period	Same Period Prev. Yr.
\$145,167,169,000	\$143,968,356,000	\$137,236,632,000
GROWTH RATE	0.8% ▲	5.8% ▲

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

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months of decreasing closings to end 2017. The new home median closing price increased 3.2 percent over the prior year, reaching an all-time high of \$443,538.

The growth in homebuilding as well as the overall construction activity in an expanding economy has sparked notable expansion of the state's construction workforce. Construction employment reached 93,600 in August 2018, up 10.9 percent over the prior year, making it the fastest-growing industry in Nevada. Construction employment has grown steadily since 2012, with 73 consecutive months of year-over-year growth. Demand for construction workers is influencing construction wages, which have grown 14 consecutive months on a year-over-year basis. As of August 2018, the average weekly wage for Nevada's construction workers stood at \$1,140, up 11.5 percent from the year before and 40.6 percent higher than the statewide average weekly wage of \$811.

The strength of the statewide economy as demonstrated by growth in employment, population and wages suggests that current trends in housing sales volumes, prices and homebuilding will continue along with rising housing demand created by the influx of new residents moving to Nevada.

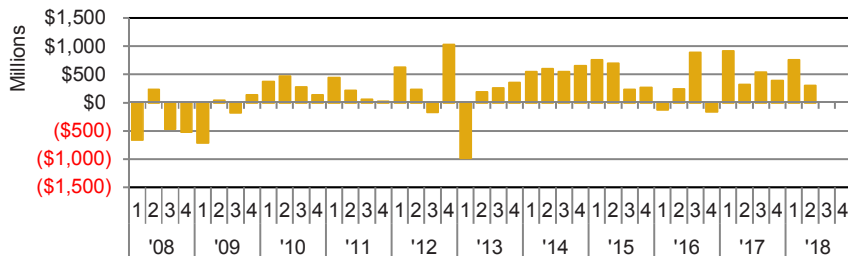
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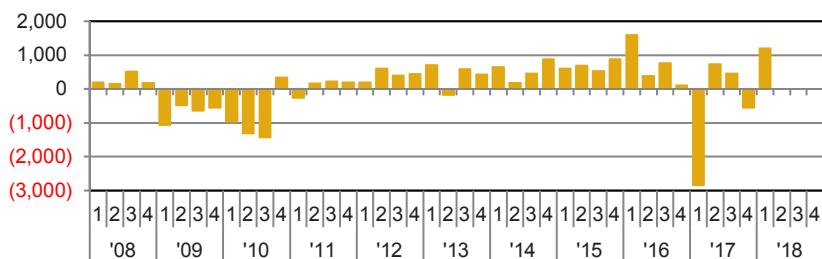
appliedanalysis.com

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.

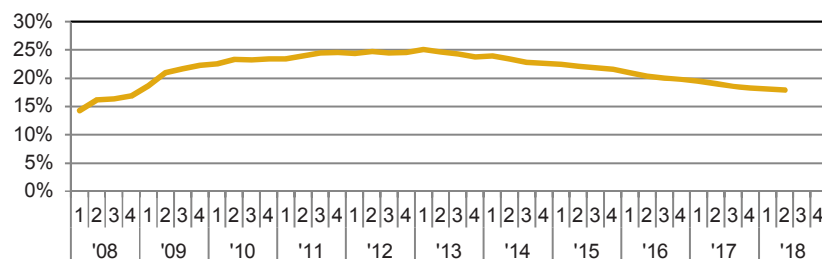
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



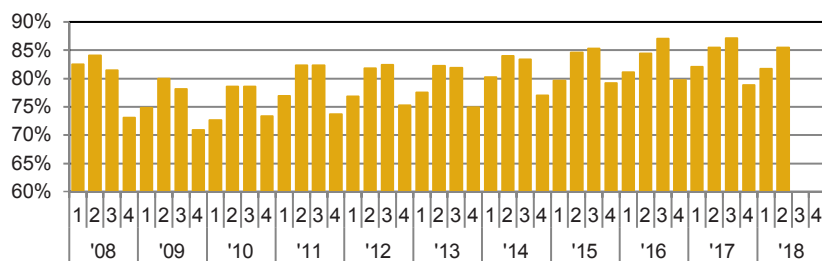
NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES



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