

Economic Briefing

JANUARY 2019

ISSUE ONE | VOLUME THIRTEEN

Nevada's trailing 12-month taxable retail sales total eclipsed \$60 billion in October 2018 for the first time in state history. This milestone was the culmination of nine years of consistent growth since 2009, when taxable retail sales in Nevada were at their lowest amid the recession, falling to \$38.4 billion. From 2009 to 2017 (the last complete calendar year of taxable retail sales data), Nevada's taxable retail sales increased \$19.3 billion, growing from \$38.4 billion to \$57.7 billion (50.2 percent growth) at a compound annual growth rate (CAGR) of 5.2 percent.

This growth was primarily driven by Clark and Washoe counties, which account for about 73 percent and 14 percent of statewide taxable retail sales, respectively. From 2009 to 2017, Clark County's taxable retail sales increased by \$13.0 billion to \$41.5 billion (45.5 percent growth), growing at a CAGR of 4.8 percent. Washoe County's taxable retail sales increased by \$3.0 billion (56.3 percent) from 2009 to 2017, growing at a CAGR of 5.7 percent.

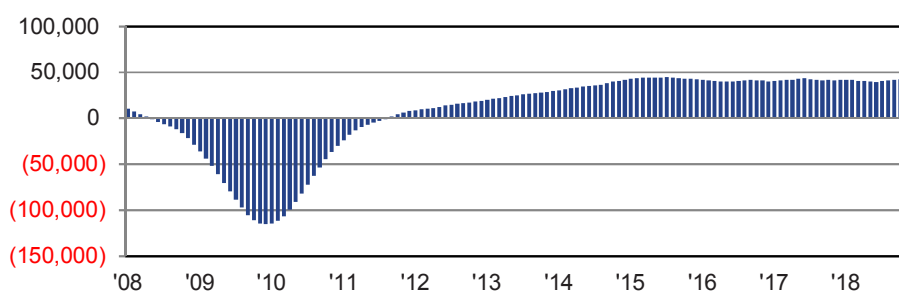
The turnaround in taxable retail sales is attributable to the state's population and economic growth over the past decade. Since 2009, Nevada's population has grown by 350,000, or 13.0 percent, and surpassed 3.0 million people for the first time in 2018. This increased population base means increased taxable retail sales spending in categories such as food services and drinking places (20.6 percent of Nevada's October 2018 taxable retail sales) or motor vehicle and parts dealers (11.2 percent of Nevada's October 2018 taxable retail sales). These two categories are worth noting because they make up the largest shares of taxable retail sales, accounting for nearly one-third of all taxable retail sales in Nevada.

Between 2009 and 2017, the statewide unemployment rate dropped by 6.3 percentage points, decreasing from 11.3 percent in 2009 to 5.0 percent in 2017 (dropping even further to 4.2 percent in October 2018). During the same time, average weekly wages increased from \$700 to \$768 (reaching \$802 as of October 2018), suggesting that the state's workforce is not only expanding and finding work with greater success, but is also earning more, thus increasing overall spending trends.

In Clark County, much of the growth in taxable retail sales can be attributed to increases in sales at food services and drinking places, which are mainly restaurants and bars that are tracked as part

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NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		Nov-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,414,900	1,411,500	1,362,400
GROWTH RATE	0.2% ▲	3.9% ▲

Nevada Private Average Weekly Hours Worked		Nov-18
Current Period	Prev. Period	Same Period Prev. Yr.
34.2	34.1	34.0
GROWTH RATE	0.3% ▲	0.6% ▲

Nevada Unemployment Rate		Nov-18
Current Period	Prev. Period	Same Period Prev. Yr.
4.4%	4.4%	4.9%
GROWTH RATE	0.0% ◊	-0.5% ▼

TRAILING 12-MONTH Employment Indicators

Nevada Employment ⁽¹⁾		Nov-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,381,308	1,376,933	1,337,458
GROWTH RATE	0.3% ▲	3.3% ▲

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

Nevada Unemployment Rate ⁽¹⁾		Nov-18
Current Period	Prev. Period	Same Period Prev. Yr.
4.7%	4.7%	5.1%
GROWTH RATE	0.0% ◊	-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

Nov-18

Current Period	Prev. Period	Same Period Prev. Yr.
11,941	9,903	13,507
GROWTH RATE	20.6% ▲	-11.6% ▼

Nevada Residential Housing Units Permitted

Oct-18

Current Period	Prev. Period	Same Period Prev. Yr.
1,736	1,118	1,597
GROWTH RATE	55.3% ▲	8.7% ▲

Nevada Taxable Retail Sales

Oct-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$5,102,487,212	\$5,071,712,546	\$4,672,847,151
GROWTH RATE	0.6% ▲	9.2% ▲

Nevada Gross Gaming Revenue

Nov-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$967,168,553	\$1,062,896,522	\$909,013,517
GROWTH RATE	-9.0% ▼	6.4% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Nov-18

Current Period	Prev. Period	Same Period Prev. Yr.
4,406,260	4,781,039	4,206,319
GROWTH RATE	-7.8% ▼	4.8% ▲

Clark/Washoe County Visitor Volume

Nov-18

Current Period	Prev. Period	Same Period Prev. Yr.
4,081,314	4,360,890	3,930,064
GROWTH RATE	-6.4% ▼	3.8% ▲

Nevada New Business Creation

Q2 '18

Current Period	Prev. Period	Same Period Prev. Yr.
1,142	105	732
GROWTH RATE	987.6% ▲	56.0% ▲

Nevada Housing Price Index

(Q1 1991 = 100)

Q3 '18

Current Period	Prev. Period	Same Period Prev. Yr.
263.8	258.7	229.4
GROWTH RATE	2.0% ▲	15.0% ▲

Clark County Office Market Vacancy Rate

Q3 '18

Current Period	Prev. Period	Same Period Prev. Yr.
17.7%	17.8%	18.5%
GROWTH RATE	-0.1% ▼	-0.8% ▼

Nevada Hotel/Motel Occupancy

Q3 '18

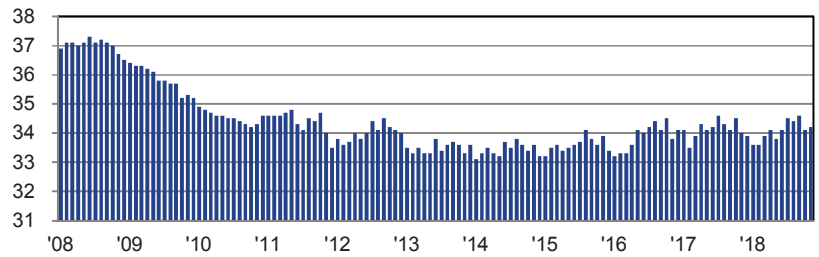
Current Period	Prev. Period	Same Period Prev. Yr.
85.0%	85.5%	87.8%
GROWTH RATE	-0.5% ▼	-2.8% ▼

State of Nevada Personal Income

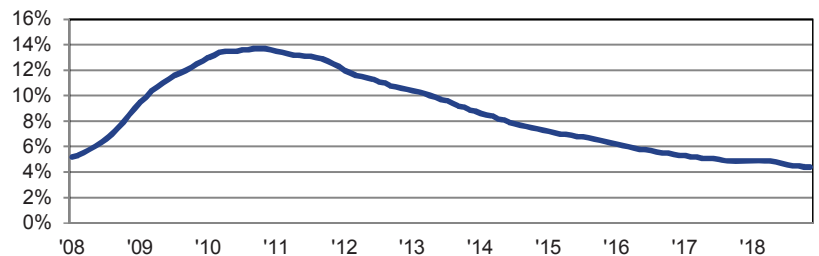
Q3 '18

Current Period	Prev. Period	Same Period Prev. Yr.
\$36,790,375,000	\$36,240,300,000	\$34,849,750,000
GROWTH RATE	1.5% ▲	5.6% ▲

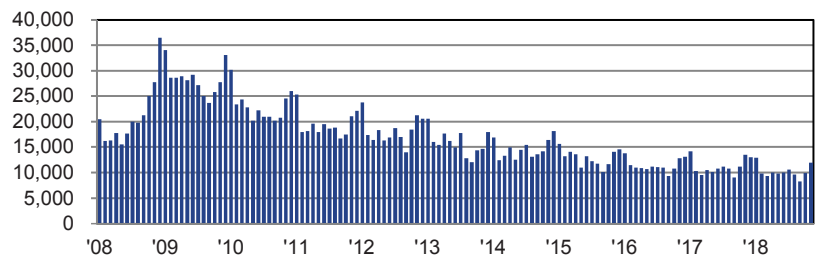
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



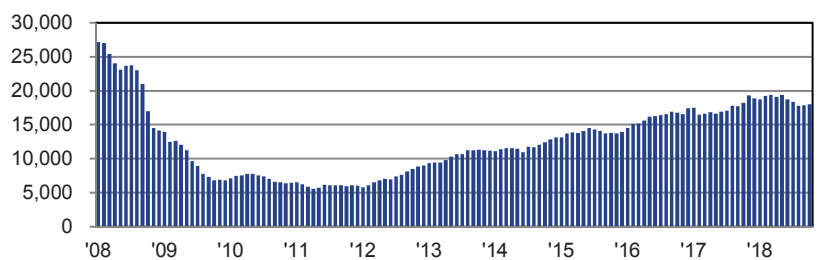
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



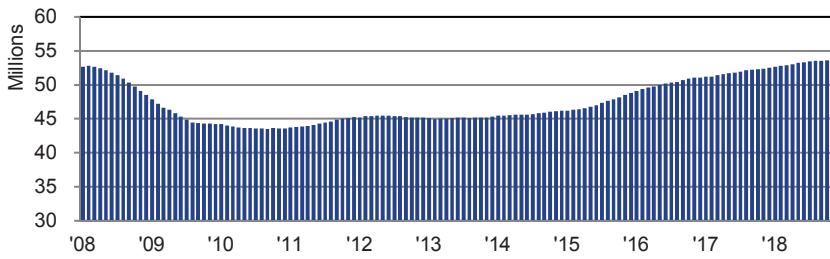
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



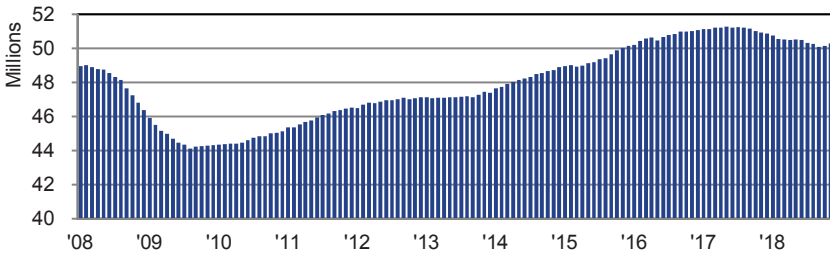
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



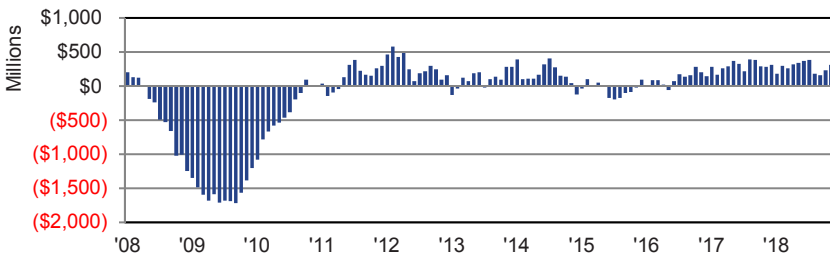
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



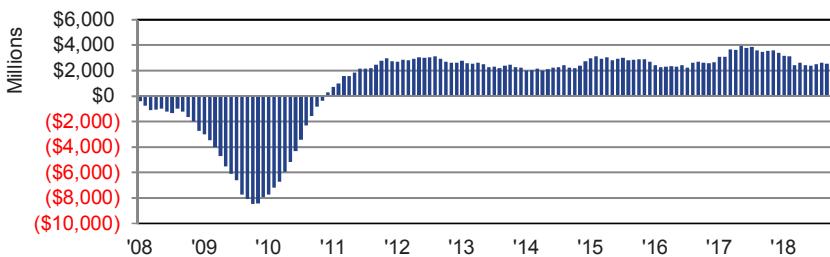
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



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⁾ Nov-18

Current Period	Prev. Period	Same Period Prev. Yr.
125,149	126,715	134,066
GROWTH RATE	-1.2% ▼	-6.7% ▼

Nevada Residential Housing Units Permitted ⁽²⁾ Oct-18

Current Period	Prev. Period	Same Period Prev. Yr.
18,038	17,899	18,246
GROWTH RATE	0.8% ▲	-1.1% ▼

Nevada Taxable Retail Sales ⁽²⁾ Oct-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$60,104,929,564	\$59,675,289,503	\$57,361,415,618
GROWTH RATE	0.7% ▲	4.8% ▲

Nevada Gross Gaming Revenue ⁽²⁾ Nov-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$11,877,938,743	\$11,819,783,707	\$11,566,988,197
GROWTH RATE	0.5% ▲	2.7% ▲

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

Current Period	Prev. Period	Same Period Prev. Yr.
53,839,334	53,639,393	52,360,569
GROWTH RATE	0.4% ▲	2.8% ▲

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

Current Period	Prev. Period	Same Period Prev. Yr.
50,280,153	50,128,903	50,918,889
GROWTH RATE	0.3% ▲	-1.3% ▼

Nevada New Business Creation ⁽²⁾ Q2 '18

Current Period	Prev. Period	Same Period Prev. Yr.
1,157	747	-1,236
GROWTH RATE	54.9% ▲	-193.6% ▼

Nevada Housing Price Index ⁽¹⁾ Q3 '18
(Q1 1991 = 100)

Current Period	Prev. Period	Same Period Prev. Yr.
252.5	243.9	220.3
GROWTH RATE	3.5% ▲	14.6% ▲

Clark County Office Market Vacancy Rate ⁽¹⁾ Q3 '18

Current Period	Prev. Period	Same Period Prev. Yr.
17.9%	18.1%	19.1%
GROWTH RATE	-0.2% ▼	-1.2% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾ Q3 '18

Current Period	Prev. Period	Same Period Prev. Yr.
82.8%	83.5%	83.8%
GROWTH RATE	-0.7% ▼	-1.0% ▼

State of Nevada Personal Income ⁽²⁾ Q3 '18

Current Period	Prev. Period	Same Period Prev. Yr.
\$147,161,500,000	\$144,961,200,000	\$139,399,000,000
GROWTH RATE	1.5% ▲	5.6% ▲

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

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of the leisure and hospitality supersector. From 2009 to 2017, annual taxable retail sales from food services and drinking places increased from \$6.1 billion to \$10.7 billion, an increase of \$4.6 billion that accounted for 35.5 percent of total retail sales growth during that period. The food services and drinking places sector makes up about 24 percent of all taxable retail sales in Clark County, thus its performance plays a large role in overall retail spending trends.

Similar to the rest of the state, growth in taxable retail sales in Clark County is a credit to improved economic conditions. Clark County population increased from 1.9 million in 2009 to 2.3 million in 2018, meaning a larger local customer base. Also, the average weekly wages of private sector employees in Clark County increased from \$708 in 2009 to \$780 in 2017 after falling to as low as \$660 in 2011. As of October 2018, the average weekly wage was \$802 as the wage growth trend growth continued well into 2018. With the falling unemployment rate – 4.4 percent in October 2018 from 11.5 percent in 2009 – rising wages and an increasing employment base suggest continued positive retail spending trends into 2019, both in Southern Nevada and across the state.

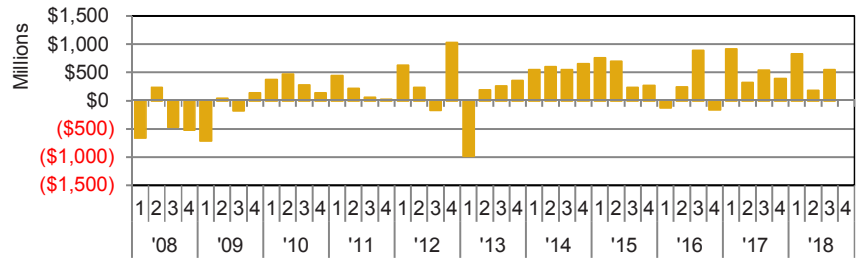
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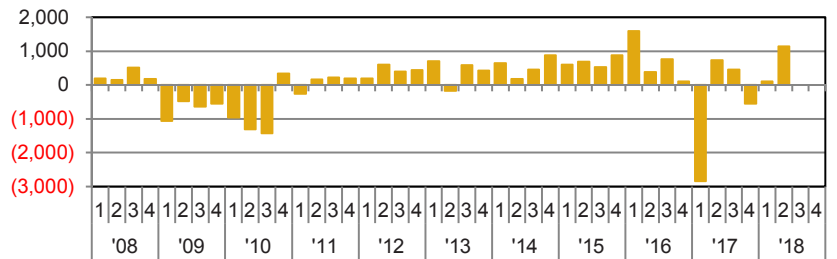
appliedanalysis.com

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.

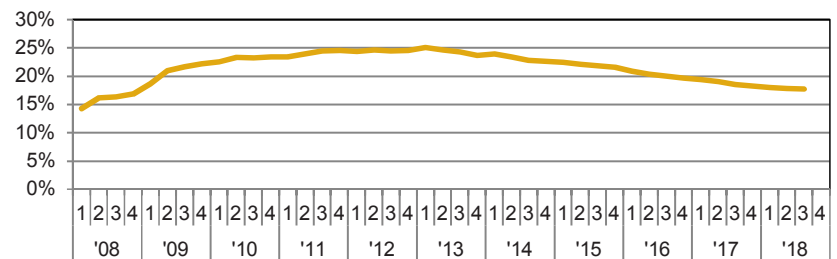
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



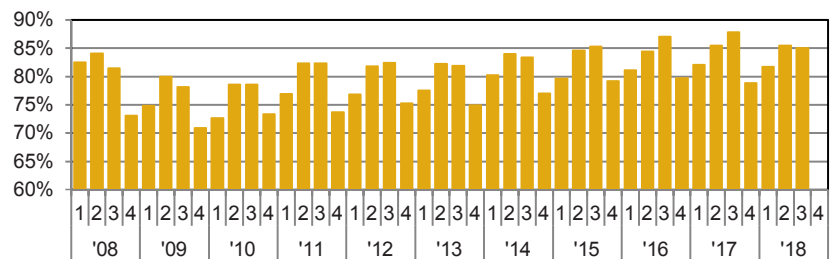
NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES



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