

# Economic Briefing

MARCH 2019

ISSUE THREE | VOLUME THIRTEEN

Nevada's housing market finished 2018 where it began – as one of the fastest-appreciating markets in the nation. At the close of 2017, Nevada's annual home price appreciation of 11.5 percent ranked third-fastest in the United States, according to the Federal Housing Finance Agency's House Price Index. Twelve months later, the state's annual home price growth rate dipped slightly to 11.2 percent, yet the state's ranking climbed by one spot to second. Not coincidentally, the top three states in home price appreciation – Idaho, Nevada and Utah – were also the three fastest-growing states in population in 2018, illustrating the relationship between growing housing demand and rising home prices.

Nevada's 11.2 percent growth rate in the FHFA's purchase-only House Price Index was 10 times the national average of 1.1 percent. Southern Nevada drove the statewide trend with a 13.3 percent annual increase in its House Price Index, which ranked third among the 100 largest metropolitan areas. Using the all-transactions House Price Index,

a similar measure that includes refinance mortgages, the Las Vegas metro area's 17.6 percent home price appreciation was the fastest in the country, while the Reno metro area ranked seventh with an annual growth rate of 11.8 percent.

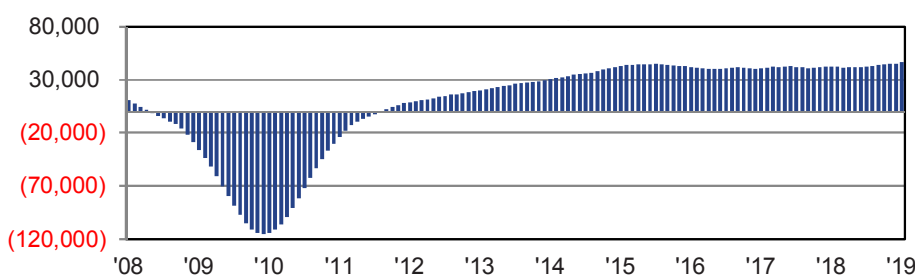
By the end of 2018, the median closing price for an existing home in Southern Nevada was \$260,000, an increase of 9.2 percent, or \$22,000, from the prior year mark of \$238,000. The median price of a new home rose by 7.9 percent during the same period, growing from roughly \$380,000 to \$410,000, an increase of \$30,000. The median price for a new home dwarfs the pre-recession peak of \$343,900 that was reached in August 2007, while the median price for existing homes remained \$30,000 below the pre-recession peak of \$290,000 in October 2006.

Rapidly rising home prices may be having an effect on slowing demand in the existing home market. Closings in the resale segment in Southern Nevada dropped by 2.8 percent in 2018, declining from 49,200 closings to 47,900 closings. It is possible that potential homebuyers are being deterred by fast-rising prices, though the same trend has not been evident in the new home segment. New home closings increased by 13.8 percent in 2018, rising from 8,700 to 9,900.

In Northern Nevada, the variance in home price growth between the existing and new home segments was more pronounced. At the end of 2018, the median price for existing homes in Washoe County increased by 1.8 percent to \$330,800, while the median price for new homes jumped by 14.3 percent from \$397,000 to \$453,800. Despite the large increase in median new home prices, new

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## NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



## MONTHLY

### Employment Indicators

Nevada Employment		Jan-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,399,900	1,419,500	1,345,900
GROWTH RATE	-1.4% ▼	4.0% ▲

Nevada Private Average Weekly Hours Worked		Jan-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.4	34.5	33.6
GROWTH RATE	-0.3% ▼	2.4% ▲

Nevada Unemployment Rate		Jan-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.4%	4.4%	4.8%
GROWTH RATE	0.0% ◊	-0.4% ▼

## TRAILING 12-MONTH

### Employment Indicators

Nevada Employment <sup>(1)</sup>		Jan-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,390,967	1,386,467	1,344,550
GROWTH RATE	0.3% ▲	3.5% ▲

Nevada Private Average Weekly Hours Worked <sup>(1)</sup>		Jan-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.2	34.1	34.1
GROWTH RATE	0.2% ▲	0.3% ▲

Nevada Unemployment Rate <sup>(1)</sup>		Jan-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.5%	4.6%	5.0%
GROWTH RATE	-0.1% ▼	-0.5% ▼

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-19

Current Period	Prev. Period	Same Period Prev. Yr.
11,390	11,948	12,939
GROWTH RATE	-4.7% ▼	-12.0% ▼

**Nevada Residential Housing Units Permitted**

Dec-18

Current Period	Prev. Period	Same Period Prev. Yr.
1,140	1,632	1,457
GROWTH RATE	-30.1% ▼	-21.8% ▼

**Nevada Taxable Retail Sales**

Dec-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$5,917,746,806	\$5,111,430,721	\$5,567,464,045
GROWTH RATE	15.8% ▲	6.3% ▲

**Nevada Gross Gaming Revenue**

Jan-19

Current Period	Prev. Period	Same Period Prev. Yr.
\$984,526,623	\$999,697,073	\$1,015,043,568
GROWTH RATE	-1.5% ▼	-3.0% ▼

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

Dec-18

Current Period	Prev. Period	Same Period Prev. Yr.
4,244,365	4,406,260	4,155,078
GROWTH RATE	-3.7% ▼	2.1% ▲

**Clark/Washoe County Visitor Volume**

Jan-19

Current Period	Prev. Period	Same Period Prev. Yr.
4,063,406	3,851,440	3,983,038
GROWTH RATE	5.5% ▲	2.0% ▲

**Nevada New Business Creation**

Q3 '18

Current Period	Prev. Period	Same Period Prev. Yr.
642	1,136	492
GROWTH RATE	-43.5% ▼	30.5% ▲

**Nevada Housing Price Index**

(Q1 1991 = 100)

Q4 '18

Current Period	Prev. Period	Same Period Prev. Yr.
267.9	263.8	239.8
GROWTH RATE	1.6% ▲	11.7% ▲

**Clark County Office Market Vacancy Rate**

Q4 '18

Current Period	Prev. Period	Same Period Prev. Yr.
17.0%	17.2%	17.9%
GROWTH RATE	-0.2% ▼	-0.9% ▼

**Nevada Hotel/Motel Occupancy**

Q3 '18

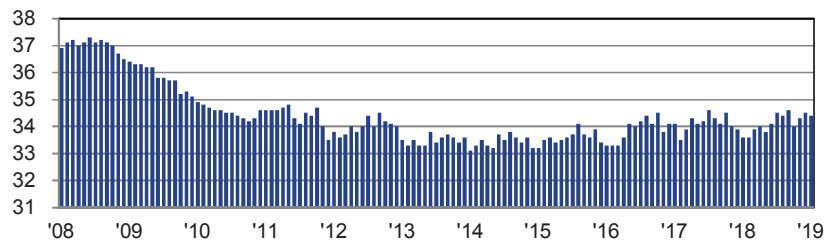
Current Period	Prev. Period	Same Period Prev. Yr.
85.0%	85.5%	87.8%
GROWTH RATE	-0.5% ▼	-2.8% ▼

**State of Nevada Personal Income**

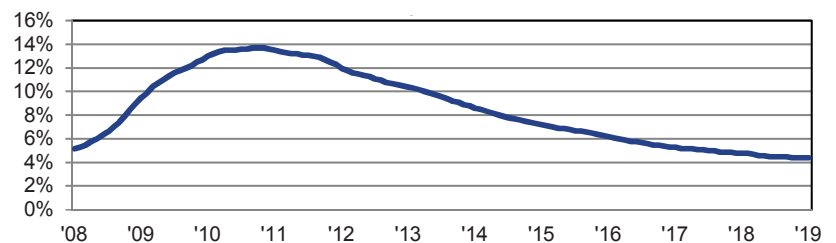
Q3 '18

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% ▲

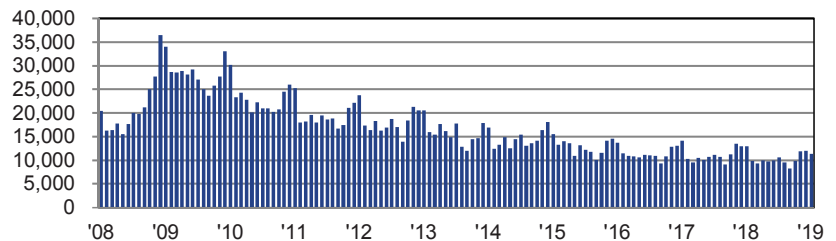
**NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED**  
MONTHLY SERIES



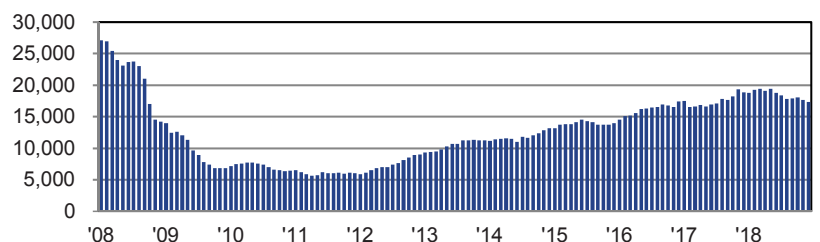
**NEVADA UNEMPLOYMENT RATE**  
MONTHLY SERIES



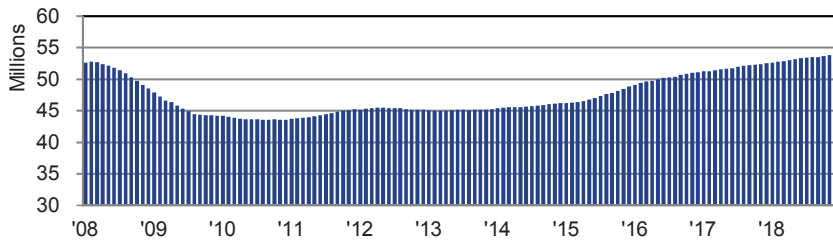
**NEVADA UNEMPLOYMENT INSURANCE CLAIMS**  
MONTHLY SERIES



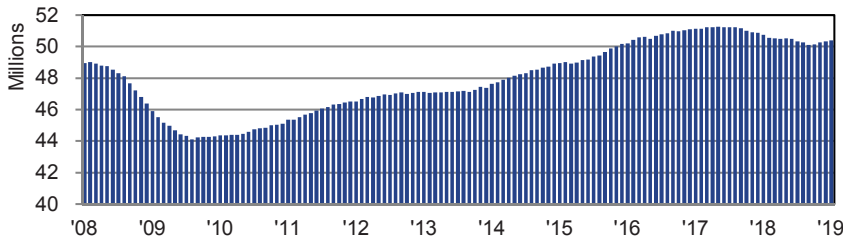
**NEVADA RESIDENTIAL UNITS PERMITTED**  
TRAILING 12-MONTH TOTALS



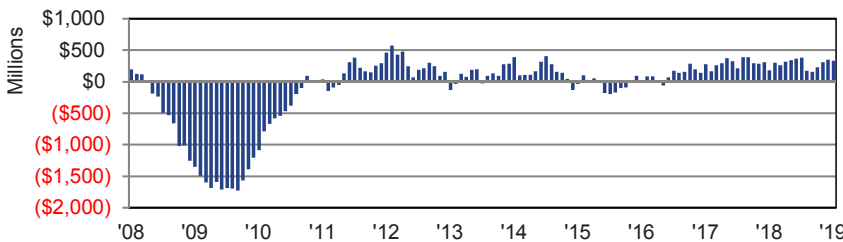
**LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS**  
TRAILING 12-MONTH TOTALS



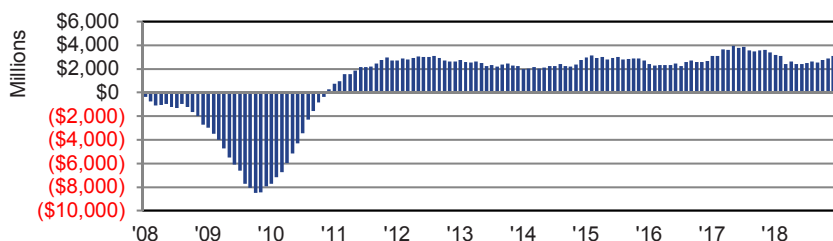
**CLARK/WASHOE COUNTY VISITOR VOLUME**  
TRAILING 12-MONTH TOTALS



**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 <sup>(2)</sup>**

		Jan-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
122,542	124,091	132,783	
GROWTH RATE	-1.2% ▼	-7.7% ▼	

**Nevada Residential Housing Units Permitted <sup>(2)</sup>**

		Dec-18	
Current Period	Prev. Period	Same Period	Prev. Yr.
17,321	17,638	18,889	
GROWTH RATE	-1.8% ▼	-8.3% ▼	

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

		Dec-18	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$60,855,641,642	\$60,505,358,881	\$57,747,445,594	
GROWTH RATE	0.6% ▲	5.4% ▲	

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

		Jan-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,886,888,837	\$11,917,405,782	\$11,549,870,304	
GROWTH RATE	-0.3% ▼	2.9% ▲	

**Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers <sup>(2)</sup>**

		Dec-18	
Current Period	Prev. Period	Same Period	Prev. Yr.
53,928,621	53,839,334	52,507,666	
GROWTH RATE	0.2% ▲	2.7% ▲	

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

		Jan-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
50,395,077	50,314,709	50,754,858	
GROWTH RATE	0.2% ▲	-0.7% ▼	

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

		Q3 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
332	294	-383	
GROWTH RATE	12.8% ▲	186.7% ▲	

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

		Q4 '18	
<i>(Q1 1991 = 100)</i>			
Current Period	Prev. Period	Same Period	Prev. Yr.
259.6	252.5	226.8	
GROWTH RATE	2.8% ▲	14.4% ▲	

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

		Q4 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
17.3%	17.5%	18.5%	
GROWTH RATE	-0.2% ▼	-1.2% ▼	

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

		Q3 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
82.8%	83.5%	83.8%	
GROWTH RATE	-0.6% ▼	-1.0% ▼	

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

		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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home sales did not slow and actually grew at a faster rate than prices with closings increasing by 19.4 percent from 1,498 in 2017 to 1,788 in 2018. Though prices for existing homes have grown at a slower rate, the number of closings in Washoe County declined by 11.3 percent to 7,800 closings.

Strong demand for new homes in Southern Nevada was met by substantial growth in homebuilding activity in 2018. New residential permits over the year grew by 13.3 percent, rising from 9,500 to 10,800. Meanwhile, in Washoe County, permitting activity declined from 5,200 permits to 4,500 permits over the year. The overall decline was a product of a 29.9 percent decline in multi-family unit permitting, which was offset by 13.5 percent growth in permits for single-family residences.

Throughout the state, the multi-year trend of rapid population and employment growth has propelled the housing market as demand for homes remained robust. Those trends have shown little signs of slowing, as Nevada led all states with 4.0 percent year-over-year employment growth in January 2019 and thousands of new residents arrive each month. If these trends extend through 2019, Nevada's housing market should experience another year of benefits driven by demand.

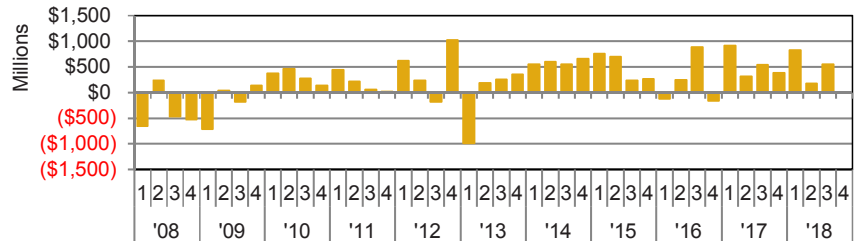
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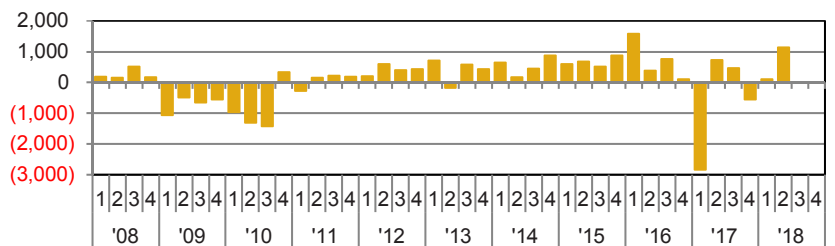
appliedanalysis.com

**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.

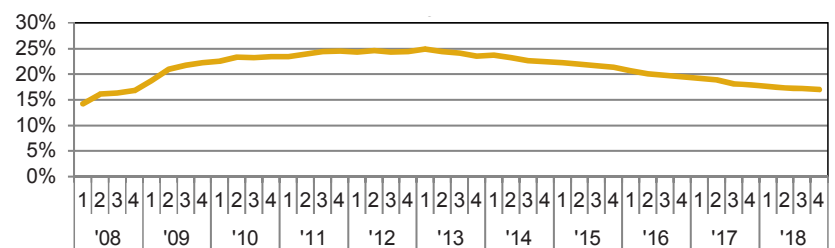
**NEVADA PERSONAL INCOME GROWTH**  
QUARTER-OVER-QUARTER



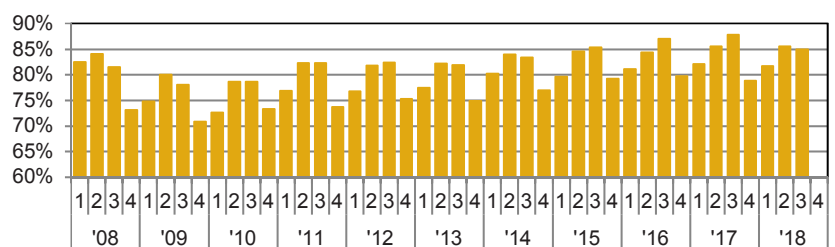
**NEVADA NEW BUSINESS CREATION**  
QUARTER-OVER-QUARTER



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



**NEVADA HOTEL/MOTEL OCCUPANCY**  
QUARTERLY SERIES



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