

# Economic Briefing

APRIL 2019

ISSUE FOUR | VOLUME THIRTEEN

Wages are an important indicator of economic health, as they are a key component of consumer spending, the primary driver of economic activity. For workers in Nevada and across the United States, wages have been steadily rising amid falling unemployment during the second-longest economic expansion in the country's history. Nationally, wages in February 2019 grew by 3.1 percent over the past year, a healthy amount that was dwarfed by the 8.2 percent wage growth in Nevada.

Rapid growth in statewide wages is more notable given the simultaneous rise in both population (2.1 percent) and employment (3.5 percent), both areas where Nevada leads the nation. With large increases in population and workforce, one would generally expect wages to grow more slowly, given the rising availability of workers. However, the demand for labor in Nevada has been strong enough to defy this norm, as the expanding economy continues to absorb the influx of new workers and the unemployment rate falls. Nevada's 8.2 percent wage growth in February 2019 ranked second among all states, trailing only Wyoming.

Regionally, the statewide wage trend has been driven by exceptionally strong growth in Northern Nevada. Through February 2019, average weekly wages in the Reno metropolitan area had climbed over the past year from \$805 to \$941, an annual increase of 16.8 percent. The trend accelerated in the later part of 2018 and has continued through the first part of 2019, with five of the past six months reporting double-digit annual growth rates, reaching as high as 20.7 percent in January 2019. During the same timeframe, Southern Nevada reported annual wage growth of 3.4 percent, which followed three months of more than 5.0 percent annual growth rates.

In the state and the nation, wage growth is often correlated with unemployment as businesses competing to hire and retain a smaller pool of qualified workers typically raise wages to do so. Nevada's recent rise in wages has coincided with the falling unemployment rate, which dropped to 4.1 percent in February 2019, the lowest point in

a dozen years. Southern Nevada's unemployment rate dropped to 4.2 percent during the same time period, while Northern Nevada's rate dipped to 3.7 percent, the 10th month under 4 percent over the past year. These trends in falling unemployment suggest wage growth will continue to experience an upward trajectory.

While the average wages for all private workers in the state have shown considerable growth, the level of growth has differed significantly among various industries. Nevada's construction industry has reported significant wage growth during the state's ongoing building boom. Employment in the sector has grown by 11.7 percent over the past year, while wage growth within the construction industry has climbed 15.3 percent. This growth has made the construction industry one of the highest paying sectors of the Nevada economy, with workers averaging a weekly wage of \$1,246, 50 percent higher than the average across all industries. By comparison, in the leisure and hospitality sector,

## MONTHLY

### Employment Indicators

Nevada Employment		Feb-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,406,300	1,402,600	1,359,100
GROWTH RATE	0.3% ▲	3.5% ▲

Nevada Private Average Weekly Hours Worked		Feb-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.5	34.6	33.6
GROWTH RATE	-0.3% ▼	2.7% ▲

Nevada Unemployment Rate		Feb-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.3%	4.4%	4.8%
GROWTH RATE	-0.1% ▼	-0.5% ▼

## TRAILING 12-MONTH

### Employment Indicators

Nevada Employment <sup>(1)</sup>		Feb-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,395,125	1,391,192	1,348,242
GROWTH RATE	0.3% ▲	3.5% ▲

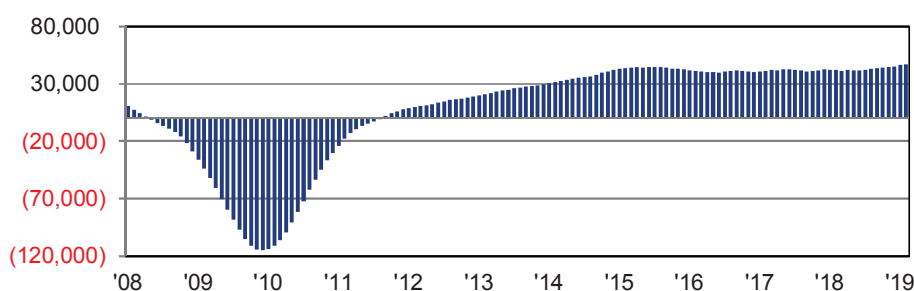
Nevada Private Average Weekly Hours Worked <sup>(1)</sup>		Feb-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.3	34.2	34.1
GROWTH RATE	0.2% ▲	0.5% ▲

Nevada Unemployment Rate <sup>(1)</sup>		Feb-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.5%	4.5%	5.0%
GROWTH RATE	0.0% ◊	-0.5% ▼

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

Continued on Back Cover >>

## NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



# MONTHLY & QUARTERLY

## Economic Indicator Series

### Nevada Initial Unemployment Insurance Claims

Feb-19

Current Period	Prev. Period	Same Period Prev. Yr.
9,290	11,390	9,827
GROWTH RATE	-18.4% ▼	-5.5% ▼

### Nevada Residential Housing Units Permitted

Feb-19

Current Period	Prev. Period	Same Period Prev. Yr.
1,335	1,204	1,588
GROWTH RATE	10.9% ▲	-15.9% ▼

### Nevada Taxable Retail Sales

Jan-19

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,839,251,588	\$5,917,746,806	\$4,492,374,966
GROWTH RATE	-18.2% ▼	7.7% ▲

### Nevada Gross Gaming Revenue

Feb-19

Current Period	Prev. Period	Same Period Prev. Yr.
\$1,011,538,885	\$984,219,413	\$1,017,822,006
GROWTH RATE	2.8% ▲	-0.6% ▼

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

Feb-19

Current Period	Prev. Period	Same Period Prev. Yr.
3,939,756	4,236,720	3,865,388
GROWTH RATE	-7.0% ▼	1.9% ▲

### Clark/Washoe County Visitor Volume

Feb-19

Current Period	Prev. Period	Same Period Prev. Yr.
3,757,874	4,063,406	3,749,287
GROWTH RATE	-7.5% ▼	0.2% ▲

### Nevada New Business Creation

Q3 '18

Current Period	Prev. Period	Same Period Prev. Yr.
635	1,142	460
GROWTH RATE	-44.4% ▼	38.0% ▲

### 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

Q4 '18

Current Period	Prev. Period	Same Period Prev. Yr.
80.2%	85.0%	78.7%
GROWTH RATE	-4.8% ▼	1.5% ▼

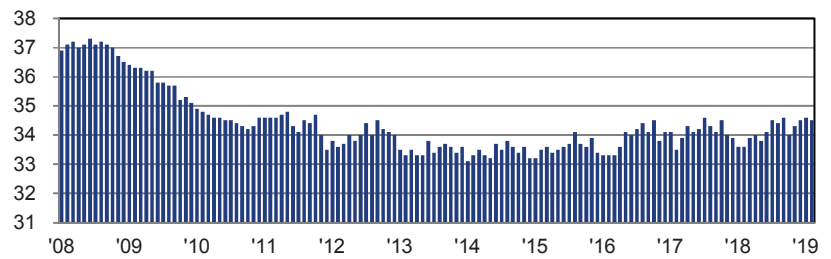
### State of Nevada Personal Income

Q4 '18

Current Period	Prev. Period	Same Period Prev. Yr.
\$37,269,775,000	\$36,737,900,000	\$35,237,250,000
GROWTH RATE	1.4% ▲	5.8% ▲

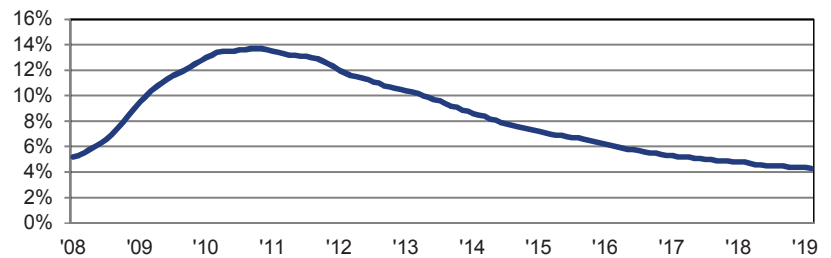
## NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED

### MONTHLY SERIES



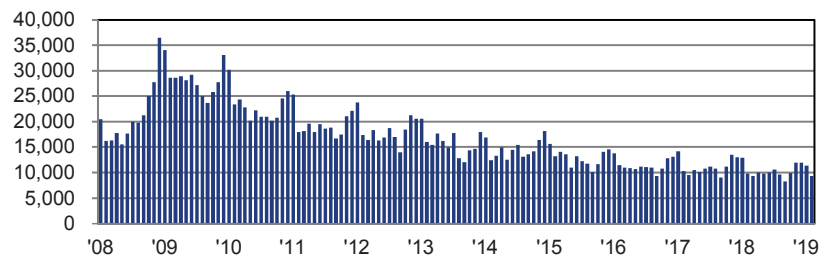
## NEVADA UNEMPLOYMENT RATE

### MONTHLY SERIES



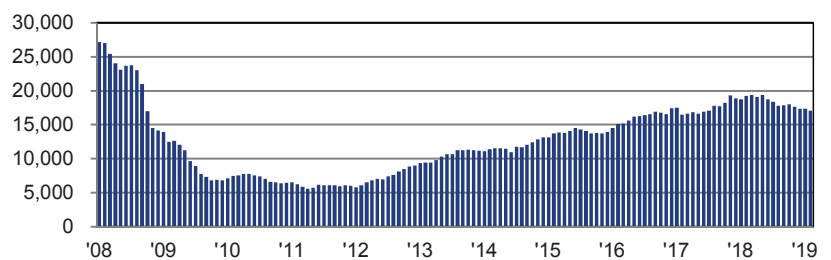
## NEVADA UNEMPLOYMENT INSURANCE CLAIMS

### MONTHLY SERIES

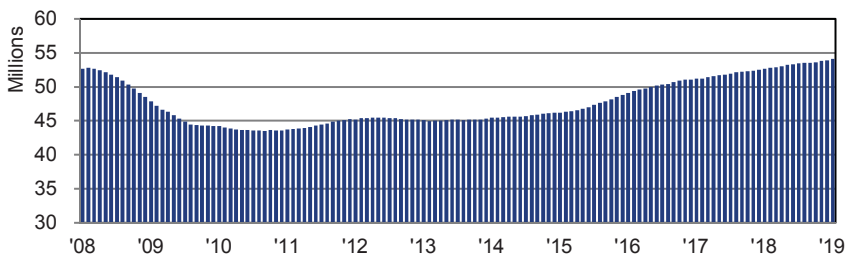


## NEVADA RESIDENTIAL UNITS PERMITTED

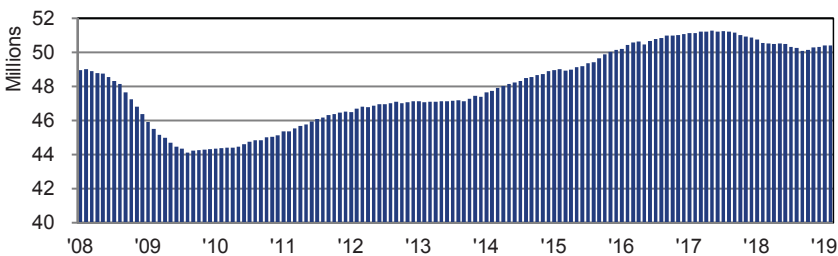
### TRAILING 12-MONTH TOTALS



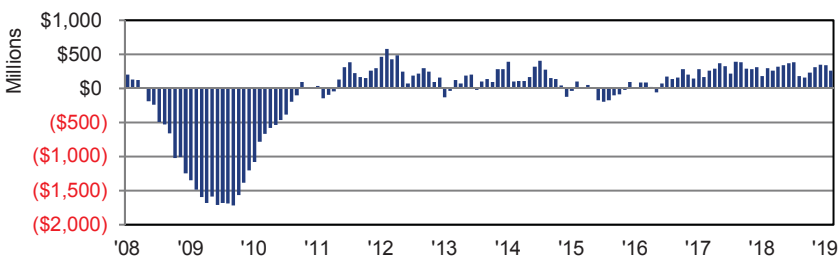
**LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS**  
TRAILING 12-MONTH TOTALS



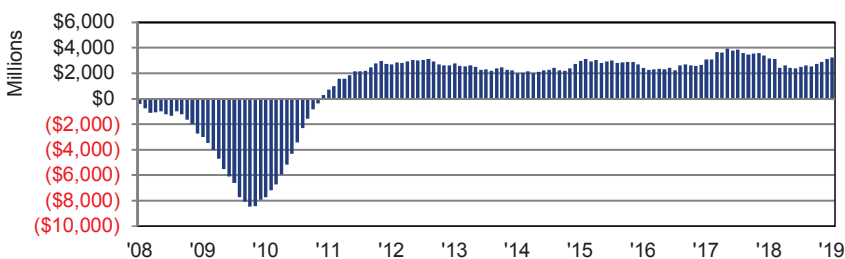
**CLARK/WASHOE COUNTY VISITOR VOLUME**  
TRAILING 12-MONTH TOTALS



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

		Feb-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
122,005	122,542	132,332	
GROWTH RATE	-0.4% ▼	-7.8% ▼	

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

		Feb-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
17,083	17,336	19,264	
GROWTH RATE	-1.5% ▼	-11.3% ▼	

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

		Jan-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$61,202,518,264	\$60,855,641,642	\$57,966,902,290	
GROWTH RATE	0.6% ▲	5.6% ▲	

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

		Feb-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,880,226,903	\$11,886,510,023	\$11,622,349,733	
GROWTH RATE	-0.1% ▼	2.2% ▲	

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

		Feb-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
54,151,285	54,076,917	52,782,039	
GROWTH RATE	0.1% ▲	2.6% ▲	

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

		Feb-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
50,403,664	50,395,077	50,554,957	
GROWTH RATE	0.0% ◊	-0.3% ▼	

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

		Q3 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
1,332	1,157	-1,540	
GROWTH RATE	15.1% ▲	186.5% ▲	

**Nevada Housing Price Index**

		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>**

		Q4 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
83.1%	82.7%	83.5%	
GROWTH RATE	0.4% ▲	-0.4% ▼	

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

		Q4 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$149,079,100,000	\$146,951,600,000	\$140,949,000,000	
GROWTH RATE	1.4% ▲	5.8% ▲	

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

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the largest sector of the Nevada economy with a quarter of all employment, the average weekly wage has increased by 4.5 percent over the past year. However, the industry’s average weekly wage of \$519 was 37.6 percent below the statewide average.

The wage growth disparities between industries highlight an underlying factor in Nevada’s rising wage trends – the diversification of the state’s economy. Over the past year, employment in Nevada has increased by 3.5 percent. There are three sectors of the economy that have seen employment levels grow faster than the statewide average: manufacturing (12.2 percent), construction (11.7 percent) and professional and business services (6.6 percent). These industries all have above-average wage levels, and as they begin to make up a larger share of the state economy, the statewide average wage should continue to rise. Since the start of 2015, these three industries have increased their share of statewide employment from 21.9 percent to 25.0 percent.

Nevada’s ongoing economic expansion has shown little sign of slowing, as employment and population growth have been at or near the top of national rankings in recent years. These macroeconomic trends have driven the state’s ever-growing and diversifying economy, benefiting Nevada’s businesses and residents. As these trends continue, Nevada’s workers are likely to continue experiencing the benefits of greater economic opportunity and rising wages.

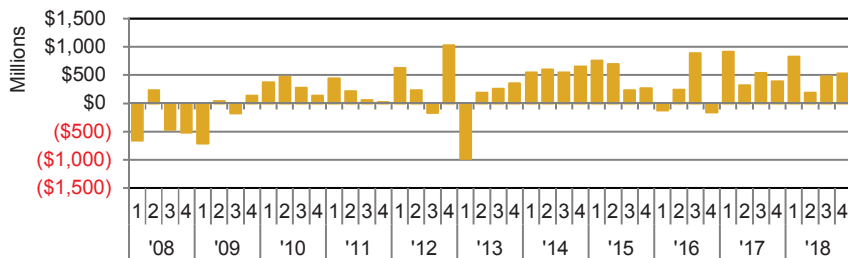
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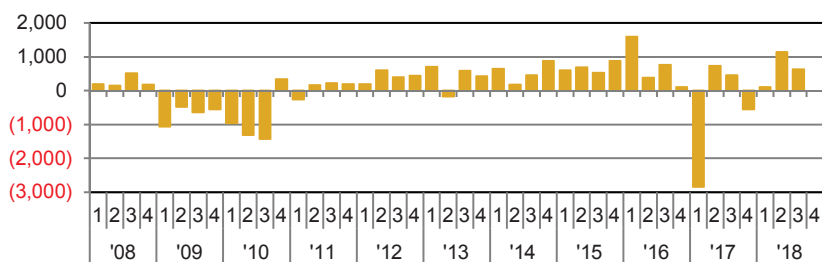
appliedanalysis.com

**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.

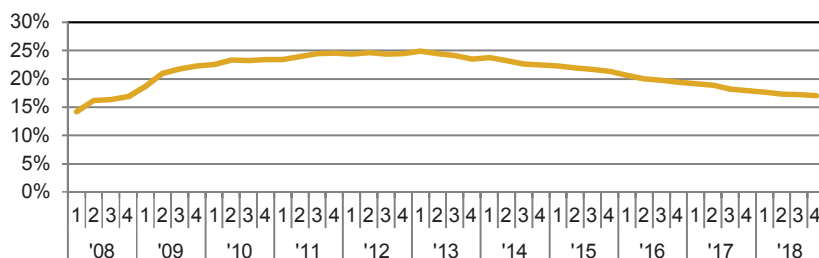
**NEVADA PERSONAL INCOME GROWTH**  
QUARTER-OVER-QUARTER



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



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



**NEVADA HOTEL/MOTEL OCCUPANCY**  
QUARTERLY SERIES

