

Economic Briefing

JUNE 2019

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Nevada has sustained strong economic growth for several years, consistently at or near the top of national rankings for various growth measures, including population, employment, and wages, among other metrics. But as strong as the state's economy has been, Northern Nevada and the Reno area in particular have seen impressive growth buoyed by the rapid expansion of the manufacturing and technology industries in the region and a boom of investment and development projects. Tesla has surpassed its hiring and payroll goals for the Gigafactory, companies such as Apple and Google continue to build and expand data centers at the Tahoe Reno Industrial Center (TRIC), and cutting-edge startups like the finance technology and blockchain company Figure Technologies as well as Blockchains, LLC have expanded operations in Reno and have large plans for the future, just to name a few developments driving growth in the region.

Over the 12 months through April 2019, manufacturing employment in the Reno metropolitan area rose by 17.7 percent, or roughly 4,000 jobs, making it the fastest growing sector in the region. Since the beginning of 2017 the sector has added over 11,000 jobs, nearly one-third of the 35,000 total new jobs created in the period. This has increased manufacturing's overall share of employment in the Reno area from 8.2 percent to 10.2 percent. While Tesla and Gigafactory co-tenant Panasonic have accounted for a significant portion of the sector's growth with roughly 7,000 jobs, other manufacturers have grown along with them to significantly increase the sector's presence in the region.

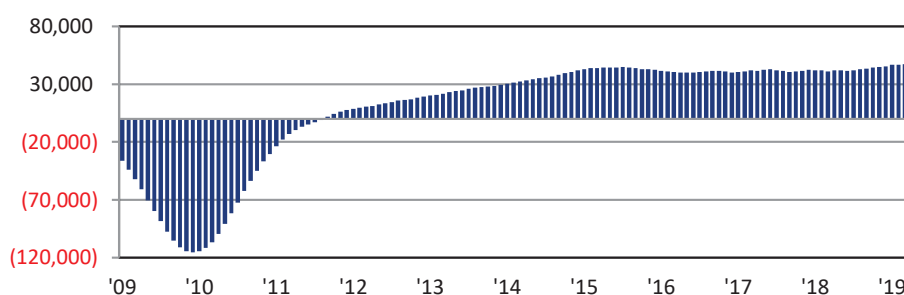
The manufacturing sector is not the sole source of Northern Nevada's rapid economic ascent, however, as nearly every sector has shown year-over-year employment growth. Through April 2019, overall employment in the Reno area was up 5.6 percent year-over-year, well above Nevada's statewide growth of 3.6 percent

and more than three times the national growth rate of 1.6 percent. In fact, Reno ranks second among all U.S. metro areas for employment growth, trailing only Ocean City, New Jersey, which has an employment base just one-sixth the size of Reno's. This growth has lowered Reno's unemployment rate to its lowest point in 20 years at 2.9 percent, significantly lower than the Nevada and United States unemployment rates of 4.0 and 3.6 percent, respectively.

Much of Reno's employment growth has come in relatively high-wage industries, including manufacturing (17.7 percent year-over-year growth) as well as professional and business services (12.8 percent growth) and construction (9.0 percent growth). This concentration of new high-wage jobs has led to significant increases in the average weekly wage for Reno-area workers. Over the past year, Nevada has seen the average weekly wage for private sector workers increase by 5.8 percent, the second-fastest growth rate in the country behind Wyoming. In the same period,

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NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		Apr-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,426,000	1,415,200	1,374,200
GROWTH RATE	0.8% ▲	3.8% ▲

Nevada Private Average Weekly Hours Worked		Apr-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.6	34.6	34.0
GROWTH RATE	0.0% ◆	1.8% ▲

Nevada Unemployment Rate		Apr-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.0%	4.2%	4.6%
GROWTH RATE	-0.2% ▼	-0.6% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Apr-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,403,383	1,399,067	1,355,283
GROWTH RATE	0.3% ▲	3.5% ▲

Nevada Private Average Weekly Hours Worked ⁽¹⁾		Apr-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.4	34.3	34.1
GROWTH RATE	0.1% ▲	0.9% ▲

Nevada Unemployment Rate ⁽¹⁾		Apr-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.4%	4.4%	4.9%
GROWTH RATE	0.0% ◆	-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

Apr-19

Current Period	Prev. Period	Same Period Prev. Yr.
10,080	9,387	9,983
GROWTH RATE	7.4% ▲	1.0% ▲

Nevada Residential Housing Units Permitted

Apr-19

Current Period	Prev. Period	Same Period Prev. Yr.
1,310	1,100	1,510
GROWTH RATE	19.1% ▲	-13.2% ▼

Nevada Taxable Retail Sales

Mar-19

Current Period	Prev. Period	Same Period Prev. Yr.
\$5,628,409,110	\$4,563,698,099	\$5,413,030,851
GROWTH RATE	23.3% ▲	4.0% ▲

Nevada Gross Gaming Revenue

Apr-19

Current Period	Prev. Period	Same Period Prev. Yr.
\$936,478,914	\$1,022,974,667	\$953,738,992
GROWTH RATE	-8.5% ▼	-1.8% ▼

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Apr-19

Current Period	Prev. Period	Same Period Prev. Yr.
4,621,760	4,795,353	4,513,674
GROWTH RATE	-3.6% ▼	2.4% ▲

Clark/Washoe County Visitor Volume

Apr-19

Current Period	Prev. Period	Same Period Prev. Yr.
4,211,055	4,390,438	4,235,574
GROWTH RATE	-4.1% ▼	-0.6% ▼

Nevada New Business Creation

Q4 '18

Current Period	Prev. Period	Same Period Prev. Yr.
422	635	-550
GROWTH RATE	-33.5% ▼	176.7% ▲

Nevada Housing Price Index

(Q1 1991 = 100)

Q1 '19

Current Period	Prev. Period	Same Period Prev. Yr.
272.8	266.0	246.6
GROWTH RATE	2.6% ▲	10.6% ▲

Clark County Office Market

Vacancy Rate

Q1 '19

Current Period	Prev. Period	Same Period Prev. Yr.
16.0%	16.6%	17.3%
GROWTH RATE	-0.6% ▼	-1.3% ▼

Nevada Hotel/Motel Occupancy

Q4 '18

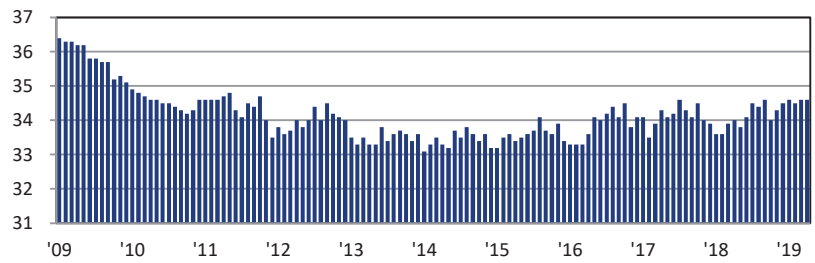
Current Period	Prev. Period	Same Period Prev. Yr.
80.2%	85.0%	78.7%
GROWTH RATE	-4.8% ▼	1.5% ▲

State of Nevada Personal Income

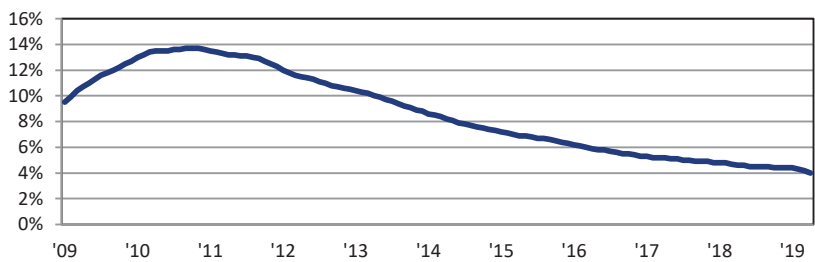
Q4 '18

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% ▲

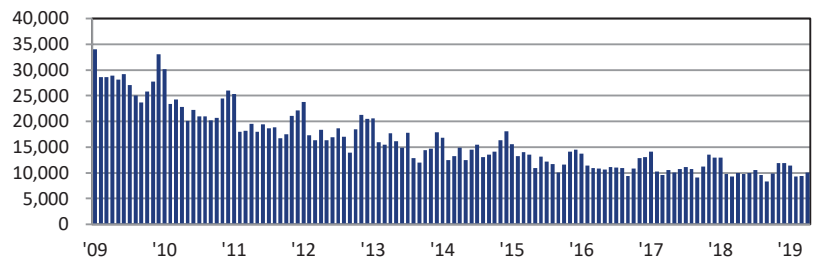
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



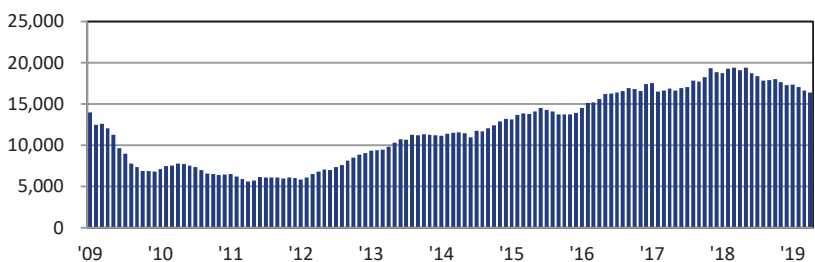
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



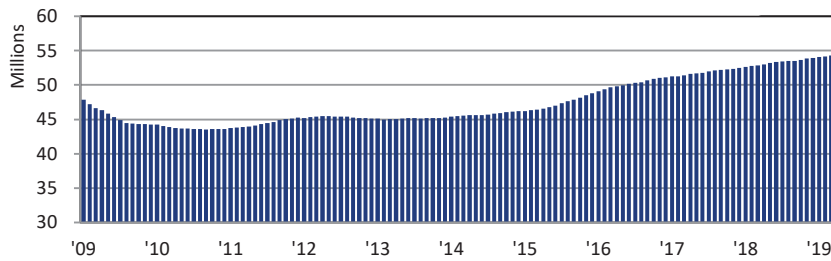
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



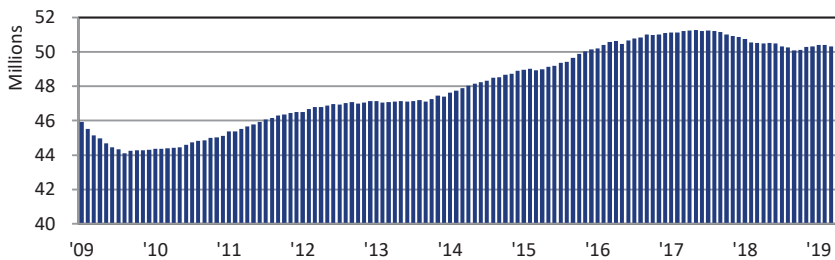
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



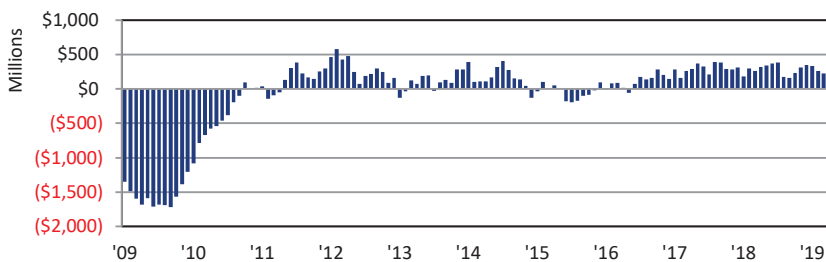
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



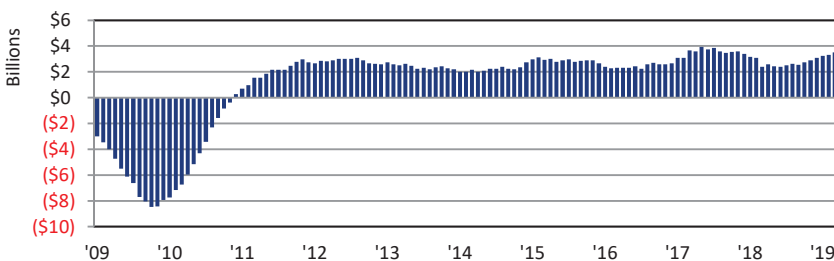
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



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 ⁽²⁾

		Apr-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
122,150	122,053		131,590
GROWTH RATE	0.1% ▲		-7.2% ▼

Nevada Residential Housing Units Permitted ⁽²⁾

		Apr-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
16,406	16,606		19,131
GROWTH RATE	-1.2% ▼		-14.2% ▼

Nevada Taxable Retail Sales ⁽²⁾

		Mar-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$61,627,020,944	\$61,411,642,685		\$58,120,491,376
GROWTH RATE	0.4% ▲		6.0% ▲

Nevada Gross Gaming Revenue ⁽²⁾

		Apr-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,861,922,108	\$11,879,182,186		\$11,722,733,033
GROWTH RATE	-0.1% ▼		1.2% ▲

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

		Apr-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
54,400,254	54,292,168		53,025,906
GROWTH RATE	0.2% ▲		2.6% ▲

Clark/Washoe County Visitor Volume ⁽²⁾

		Apr-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
50,285,037	50,309,556		50,495,854
GROWTH RATE	0.0% ◊		-0.4% ▼

Nevada New Business Creation ⁽²⁾

		Q4 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
2,305	1,333		-2,199
GROWTH RATE	72.9% ▲		204.8% ▲

Nevada Housing Price Index ⁽¹⁾

		Q1 '19	
<i>(Q1 1991 = 100)</i>			
Current Period	Prev. Period	Same Period	Prev. Yr.
264.6	258.0		233.6
GROWTH RATE	2.6% ▲		13.3% ▲

Clark County Office Market Vacancy Rate ⁽¹⁾

		Q1 '19	
Current Period	Prev. Period	Same Period	Prev. Yr.
16.7%	17.0%		17.8%
GROWTH RATE	-0.4% ▼		-1.2% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾

		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 ⁽²⁾

		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 average wage in the Reno area increased by 22.2 percent, more than three times the statewide rate. The average weekly wage for Reno workers across all industries is now \$1,008, 20.5 percent higher than the statewide average of \$836 per week.

Northern Nevada’s economic growth has been a boon overall, but has also been associated with some challenges in the region. Housing prices in the Reno area have reached their highest levels ever, potentially outstripping wage growth gains. In April 2019, the median new home among single family residences and townhouses/condos in Washoe County sold for more than \$462,000, while the median resale home sold for \$344,000. In the Las Vegas area, home prices have appreciated rapidly as well, but the overall cost remains much lower, with the median new home selling for \$396,855 and median resale home for \$269,997. Construction of new housing in Northern Nevada has increased in recent years, but developers have struggled to keep up with increasing demand and the rising cost of inputs, particularly construction wages, which have risen by 28 percent statewide over the past 12 months.

The current expansion is changing the Northern Nevada economy in many ways, creating a more diversified, high-tech and high-wage environment. As long as the national and state economies remain strong, the Reno area should continue to grow and attract more high-tech companies by leveraging its proximity to Silicon Valley, Nevada’s business-friendly reputation, and the region’s logistical strengths.

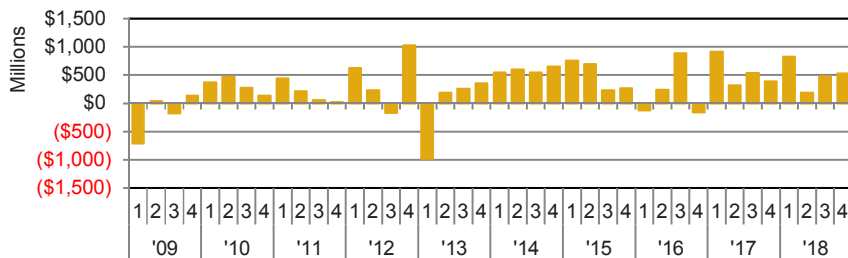
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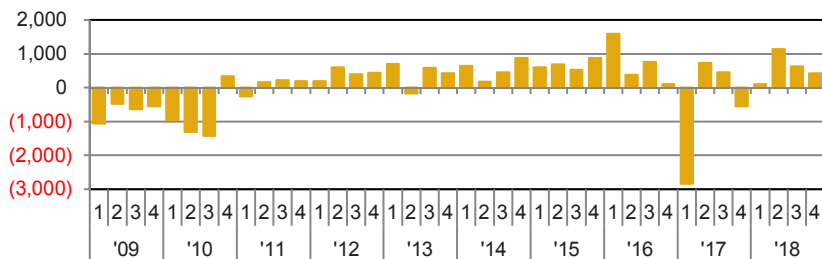
appliedanalysis.com

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.

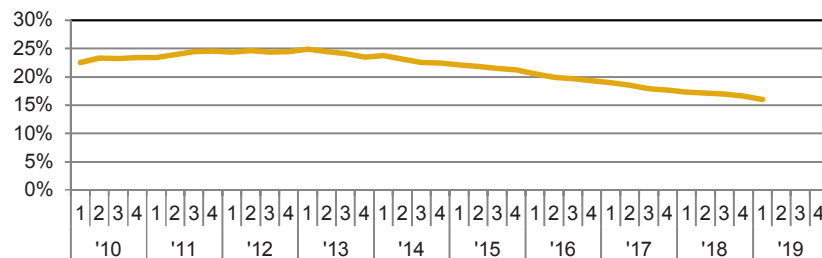
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES

