



Economic Briefing

SEPTEMBER 2019

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One of the many bright spots of Nevada's economic expansion has been the recovery of the housing market, which was one of the nation's hardest hit during the economic downturn of a decade ago. Strong employment and population growth trends since then have driven the state's economic growth, and the rise in incomes and residents has helped drive demand for housing throughout the state.

Nevada's home price appreciation has been at or near the top of the national rankings for the past several years. In seven of the past eight quarters through June 2019, Nevada was among the top three states in year-over-year home price appreciation, with three months in the top spot, according to the Federal Housing Finance Agency's House Price Index. Meanwhile, Southern Nevada was the hottest housing market in the country for much of 2018, with S&P CoreLogic Case-Shiller Home Price Index values rising by as much as 14 percent on a year-over-year basis. That trend has continued into 2019, as Southern Nevada was the nation's second-hottest market in June 2019 behind Phoenix as home prices increased by 5.5 percent on a year-over-year basis.

The Southern Nevada new home market has benefitted from increasing home prices and sales as it has expanded to meet the demands of the expanding economic and population base. The median new home price reached a peak of \$410,000 in December 2018, while new home closings over the past year have hovered near 10,000 on a trailing 12-month basis, the highest totals in more than a decade. These indicators both climbed along with new permits issued for to-be-sold homes, as homebuilders ramped up

activity from under 4,000 permits a year in 2011 to more than 10,000 in 2018.

Like the broader housing market, the long-term upward trends in the new home segment have shown recent signs of slowing down in Southern Nevada. The months of effective inventory for single-family residences in the region has increased from under two months, which was the case for much of 2017 and 2018, to roughly two-and-a-half months of effective inventory as of August 2019.

Total trailing 12-month new home closings have recorded a decline in year-over-year growth rates for much of 2019. These totals rose by double-digit year-over-year growth rates for 11 consecutive months and 41 of 43 months until the 13.3 percent recorded in February 2019. Since then, year-over-year growth rates have fallen to 0.8 percent in July 2019, the most recent data available. The median new home closing price has followed suit, falling from the December 2018 high of \$410,000 to \$381,490 in July 2019. By comparison, trailing 12-month totals for existing home closings have fallen in 11 consecutive months, but existing home prices have continued to rise, climbing 5.8 percent year-over-year to \$275,000 in July 2019.

MONTHLY

Employment Indicators

Nevada Employment		Jul-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,426,400	1,426,900	1,381,000
GROWTH RATE	0.0% ◊	3.3% ▲

Nevada Private Average Weekly Hours Worked		Jul-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.4	35.0	34.5
GROWTH RATE	-1.7% ▼	-0.3% ▼

Nevada Unemployment Rate		Jul-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.1%	4.0%	4.5%
GROWTH RATE	0.1% ▲	-0.4% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Jul-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,415,283	1,411,500	1,366,067
GROWTH RATE	0.3% ▲	3.6% ▲

Nevada Private Average Weekly Hours Worked ⁽¹⁾		Jul-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.5	34.5	34.0
GROWTH RATE	0.0% ◊	1.5% ▲

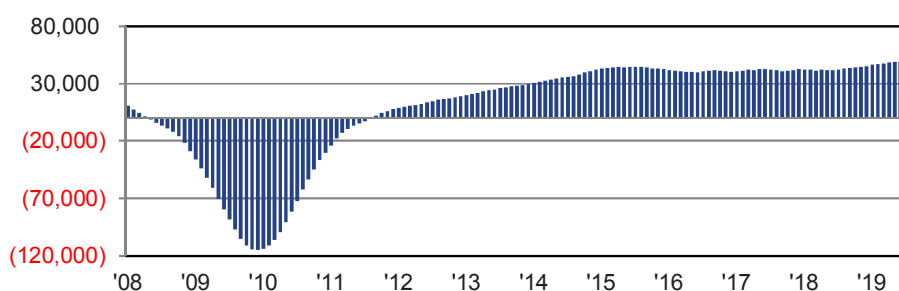
Nevada Unemployment Rate ⁽¹⁾		Jul-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.3%	4.3%	4.8%
GROWTH RATE	0.0% ◊	-0.4% ▼

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

(2) Trailing 12-month/4-quarter totals.

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NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



MONTHLY & QUARTERLY
Economic Indicator Series

Nevada Initial Unemployment Insurance Claims

Jul-19

Current Period	Prev. Period	Same Period Prev. Yr.
9,872	9,456	10,554
GROWTH RATE	4.4% ▲	-6.5% ▼

Nevada Residential Housing Units Permitted

Jul-19

Current Period	Prev. Period	Same Period Prev. Yr.
1,865	2,230	1,236
GROWTH RATE	-16.4% ▼	50.9% ▲

Nevada Taxable Retail Sales

Jun-19

Current Period	Prev. Period	Same Period Prev. Yr.
\$5,637,972,387	\$5,435,985,733	\$5,318,515,719
GROWTH RATE	3.7% ▲	6.0% ▲

Nevada Gross Gaming Revenue

Jul-19

Current Period	Prev. Period	Same Period Prev. Yr.
\$1,023,950,453	\$1,040,994,018	\$994,997,324
GROWTH RATE	-1.6% ▼	2.9% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Jun-19

Current Period	Prev. Period	Same Period Prev. Yr.
4,847,490	4,944,861	4,700,395
GROWTH RATE	-2.0% ▼	3.1% ▲

Clark/Washoe County Visitor Volume

Jul-19

Current Period	Prev. Period	Same Period Prev. Yr.
4,442,217	4,329,135	4,445,262
GROWTH RATE	2.6% ▲	-0.1% ▼

Nevada New Business Creation

Q1 '19

Current Period	Prev. Period	Same Period Prev. Yr.
386	736	-77
GROWTH RATE	-47.6% ▼	601.3% ▲

Nevada Housing Price Index

(Q1 1991 = 100)

Q2 '19

Current Period	Prev. Period	Same Period Prev. Yr.
272.9	272.3	256.5
GROWTH RATE	0.2% ▲	6.4% ▲

Clark County Office Market

Vacancy Rate

Q2 '19

Current Period	Prev. Period	Same Period Prev. Yr.
15.4%	15.4%	16.5%
GROWTH RATE	0.0% ◊	-1.1% ▼

Nevada Hotel/Motel Occupancy

Q1 '19

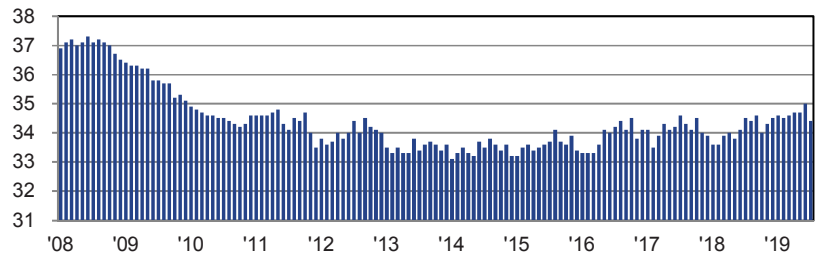
Current Period	Prev. Period	Same Period Prev. Yr.
81.6%	80.2%	81.7%
GROWTH RATE	1.4% ▲	-0.1% ▼

State of Nevada Personal Income

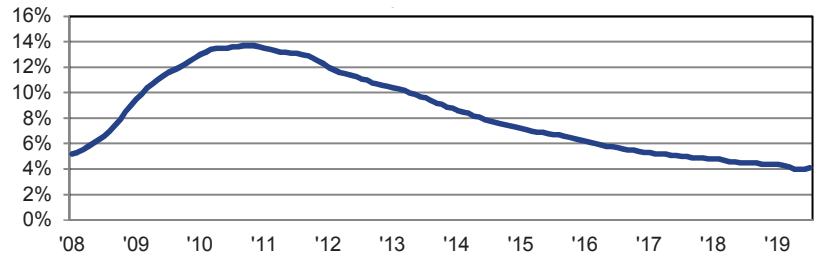
Q1 '19

Current Period	Prev. Period	Same Period Prev. Yr.
\$38,011,400,000	\$37,606,175,000	\$36,064,775,000
GROWTH RATE	1.1% ▲	5.4% ▲

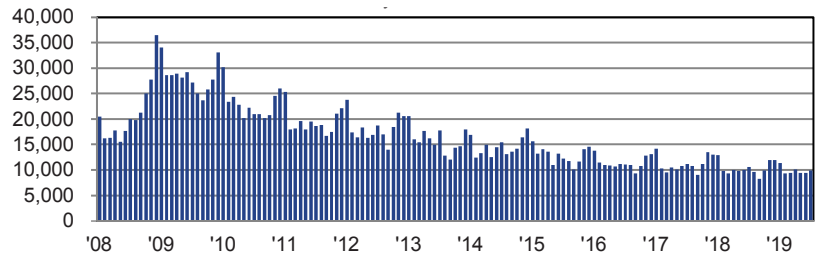
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



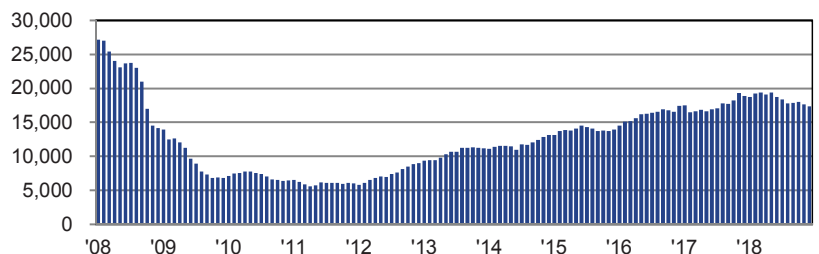
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



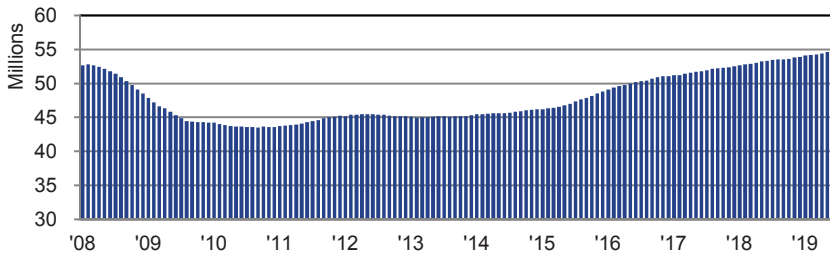
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



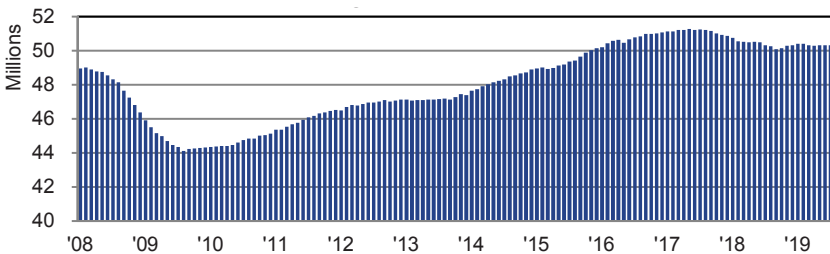
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



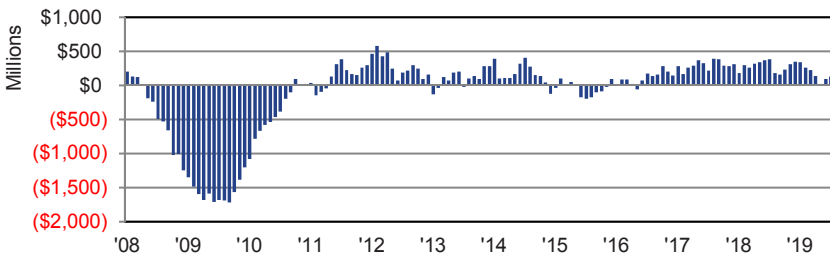
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



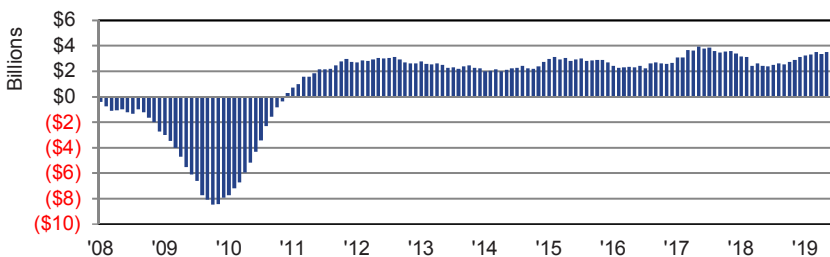
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



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⁾

		Jul-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
120,568	121,250	129,942	
GROWTH RATE	-0.6% ▼	-7.2% ▼	

Nevada Residential Housing Units Permitted ⁽²⁾

		Jul-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
17,695	17,066	18,404	
GROWTH RATE	3.7% ▲	-3.9% ▼	

Nevada Taxable Retail Sales ⁽²⁾

		Jun-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$62,561,025,875	\$62,241,569,207	\$58,947,823,520	
GROWTH RATE	0.5% ▲	6.1% ▲	

Nevada Gross Gaming Revenue ⁽²⁾

		Jul-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,936,551,860	\$11,907,598,731	\$11,809,539,740	
GROWTH RATE	0.2% ▲	1.1% ▲	

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

		Jun-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
54,787,640	54,640,545	53,346,570	
GROWTH RATE	0.3% ▲	2.7% ▲	

Clark/Washoe County Visitor Volume ⁽²⁾

		Jul-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
50,315,699	50,318,744	50,315,842	
GROWTH RATE	0.0% ◆	0.0% ◆	

Nevada New Business Creation ⁽¹⁾

		Q1 '19	
Current Period	Prev. Period	Same Period	Prev. Yr.
1,469	1,108	-1,057	
GROWTH RATE	32.6% ▲	239.0% ▲	

Nevada Housing Price Index ⁽¹⁾

		Q2 '19	
<i>(Q1 1991 = 100)</i>			
Current Period	Prev. Period	Same Period	Prev. Yr.
268.3	264.2	242.6	
GROWTH RATE	1.6% ▲	10.6% ▲	

Clark County Office Market Vacancy Rate ⁽¹⁾

		Q2 '19	
Current Period	Prev. Period	Same Period	Prev. Yr.
15.8%	16.1%	16.9%	
GROWTH RATE	-0.2% ▼	-1.1% ▼	

Nevada Hotel/Motel Occupancy ⁽¹⁾

		Q1 '19	
Current Period	Prev. Period	Same Period	Prev. Yr.
83.1%	83.1%	83.4%	
GROWTH RATE	0.0% ◆	-0.3% ▼	

State of Nevada Personal Income ⁽²⁾

		Q1 '19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$152,045,600,000	\$150,424,700,000	\$144,259,100,000	
GROWTH RATE	1.1% ▲	5.4% ▲	

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

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The cooldown in the Southern Nevada new home market has been reflected in local new residential permitting activity, where year-over-year growth rates for trailing 12-month residential permitting activity for to-be-sold homes have decreased for the three consecutive months through July 2019. Labor shortages, higher labor costs and rising materials costs may also be factoring into declining homebuilding activity.

The situation in Washoe County has not followed Southern Nevada's trends, as home prices and closings have continued to rise throughout 2019. The trailing 12-month total for new home closings has increased for 17 consecutive months in Washoe County, with growth rates above 10 percent in 10 of the past 12 months. Meanwhile, new home prices in Washoe County have continued to increase, suggesting a steady pool of new home buyers who are willing to buy new homes regardless of increasing prices amid the region's rapidly expanding economy.

Homebuilding activity and a hot real estate market in both Southern and Northern Nevada have contributed to the state's booming construction economy. Over the past year, statewide construction employment has grown to 98,600 (as of July 2019), an increase of 7,800 jobs over the year (+8.5 percent). Statewide growth in average weekly construction wages has been even more substantial, with the statewide average weekly wage for construction workers reaching \$1,427 as of July 2019, an increase of \$326, or 29.6 percent, over the same period last year.

Nevada's new home market has grown in concert with the state's economic fortunes, and ongoing positive trends in population, job growth and other core economic indicators should continue to support homebuilding to meet higher demand for homes across the state.

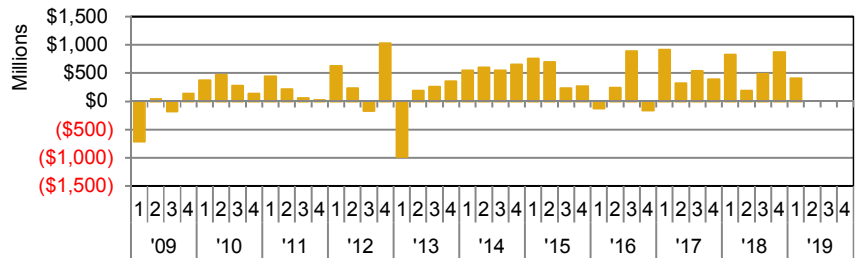
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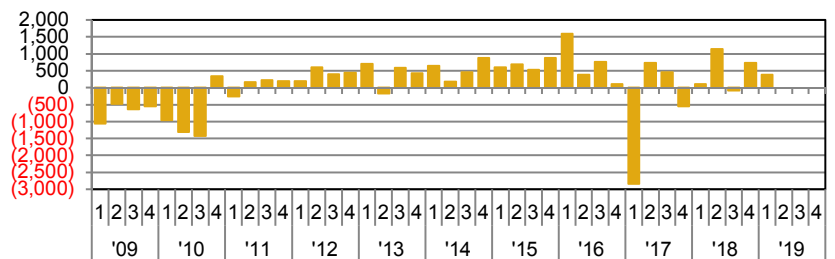
appliedanalysis.com

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.

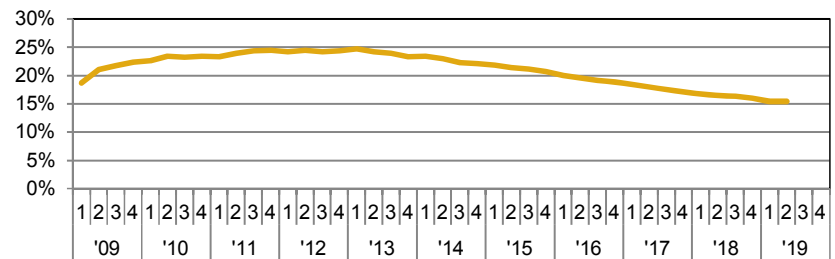
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



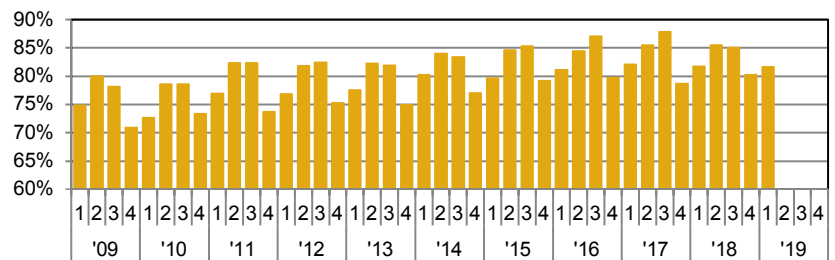
NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES



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