



The Silver State housing market saw significant shifts over the course of 2022. Early in the year, sales volumes were holding near 2021 levels, and price increases were recorded nearly every month. The back-half of 2022 has been a different story, as rising mortgage rates have dampened demand, slowing sales volumes and driving prices down from their mid-year peaks. The dynamics in the Nevada housing market are not just a local trend, as climbing mortgage rates are throttling back demand nationally.

Economic Briefing

DECEMBER 2022

ISSUE TWELVE | VOLUME SIXTEEN

In the United States, home prices peaked in the second quarter of 2022 with an annual growth rate of 17.8 percent, according to the Federal Housing Finance Agency's House Price Index. Home prices dipped 0.7 percent over the next three months, though annual price appreciation remained in double-digits at 12.4 percent in the third quarter. In Nevada, home price growth at the second-quarter peak reached 21.8 percent, exceeding the national rate. However, the state's home price drop since then had been more pronounced, declining 3.5 percent from the peak. On the year, home prices in the state climbed 9.9 percent, though more recent monthly data showed pricing declines have persisted.

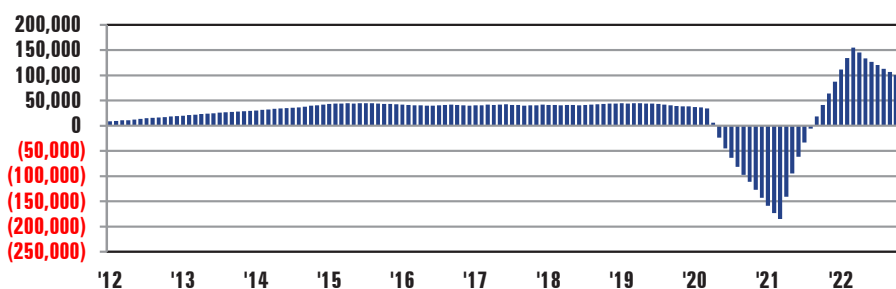
The state's two largest housing markets have followed suit. In Southern Nevada, the median single-family home price peaked in May 2022 at \$482,000. Since then, median prices have declined in five of the last six months. The median price fell to \$430,990 in November 2022, down 2.0 percent from the prior month and up 2.3 percent from one year earlier. Even with the late-year decline, the median single-family home price remained

40.4 percent higher than three years ago, with prices increasing an average of 12.0 percent each year. With the recent slowdown, overall sales volumes fell to 1,521 in November 2022, down 11.8 percent from October and down 53.5 percent from November 2021. Sales volumes peaked this year in March when 3,272 homes were sold. As of November, monthly volumes had fallen in seven of the last eight months.

In Northern Nevada, home prices fell faster since peaking compared to Southern Nevada and the nation. As of November 2022, the median price for the single-family market reached \$550,000, up 1.9 percent from the prior month and up 2.5 percent on the year. That was down 10.6 percent from the \$615,000 peak in May following price declines in five of six months. In November, 351 homes sold, marking a 6.9 percent decline from October and a 35.5 percent drop from one year ago. Like pricing, sales volumes peaked in May 2022 with 521 units sold. Since May, overall sales volumes have declined month-over-month in four out of six months.

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NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



MONTHLY Employment Indicators

| Nevada Employment | | Nov-22 |
|-------------------|--------------|-----------------------|
| Current Period | Prev. Period | Same Period Prev. Yr. |
| 1,487,100 | 1,482,100 | 1,430,000 |
| GROWTH RATE | 0.3% ▲ | 4.0% ▲ |

| Nevada Private Average Weekly Hours Worked | | Nov-22 |
|--|--------------|-----------------------|
| Current Period | Prev. Period | Same Period Prev. Yr. |
| 35.0 | 35.3 | 34.8 |
| GROWTH RATE | -0.8% ▼ | 0.6% ▲ |

| Nevada Unemployment Rate | | Nov-22 |
|--------------------------|--------------|-----------------------|
| Current Period | Prev. Period | Same Period Prev. Yr. |
| 4.9% | 4.6% | 5.3% |
| GROWTH RATE | 0.3% ▲ | -0.4% ▼ |

TRAILING 12-MONTH Employment Indicators

| Nevada Employment ⁽¹⁾ | | Nov-22 |
|----------------------------------|--------------|-----------------------|
| Current Period | Prev. Period | Same Period Prev. Yr. |
| 1,450,108 | 1,445,350 | 1,354,983 |
| GROWTH RATE | 0.3% ▲ | 7.0% ▲ |

| Nevada Private Average Weekly Hours Worked ⁽¹⁾ | | Nov-22 |
|---|--------------|-----------------------|
| Current Period | Prev. Period | Same Period Prev. Yr. |
| 34.9 | 34.9 | 35.0 |
| GROWTH RATE | 0.0% ◆ | -0.4% ▼ |

| Nevada Unemployment Rate ⁽¹⁾ | | Nov-22 |
|---|--------------|-----------------------|
| Current Period | Prev. Period | Same Period Prev. Yr. |
| 4.8% | 4.9% | 7.7% |
| GROWTH RATE | -0.1% ▼ | -2.9% ▼ |

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

Sep-22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|----------------|--------------|-----------------------|
| 7,531 | 9,272 | 6,852 |
| GROWTH RATE | -18.8% ▼ | 9.9% ▲ |

Nevada Residential Housing Units Permitted

Oct-22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|----------------|--------------|-----------------------|
| 1,133 | 1,267 | 1,770 |
| GROWTH RATE | -10.6% ▲ | -36.0% ▼ |

Nevada Taxable Retail Sales

Sep-22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|-----------------|-----------------|-----------------------|
| \$7,469,340,291 | \$7,016,983,284 | \$6,825,232,997 |
| GROWTH RATE | 6.4% ▲ | 9.4% ▲ |

Nevada Gross Gaming Revenue

Oct-22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|-----------------|-----------------|-----------------------|
| \$1,280,704,342 | \$1,248,849,028 | \$1,221,749,941 |
| GROWTH RATE | 2.6% ▲ | 4.8% ▲ |

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Oct-22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|----------------|--------------|-----------------------|
| 5,557,377 | 5,154,065 | 4,532,551 |
| GROWTH RATE | 7.8% ▲ | 22.6% ▲ |

Clark/Washoe County Visitor Volume

Oct-22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|----------------|--------------|-----------------------|
| 4,160,690 | 3,888,799 | 3,815,946 |
| GROWTH RATE | 7.0% ▲ | 9.0% ▲ |

Nevada New Business Creation

Q2 '22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|----------------|--------------|-----------------------|
| 3,126 | 4,639 | 3,158 |
| GROWTH RATE | -32.6% ▼ | -1.0% ▼ |

Nevada Housing Price Index

(Q1 1991 = 100)

Q3 '22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|----------------|--------------|-----------------------|
| 401.8 | 415.6 | 365.6 |
| GROWTH RATE | -3.3% ▼ | 9.9% ▲ |

Clark County Office Market

Vacancy Rate

Q3 '22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|----------------|--------------|-----------------------|
| 15.2% | 15.5% | 16.3% |
| GROWTH RATE | -0.3% ▼ | -1.1% ▼ |

Nevada Hotel/Motel Occupancy

Q2 '22

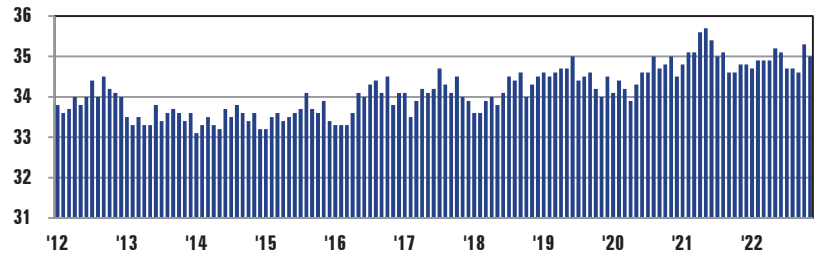
| Current Period | Prev. Period | Same Period Prev. Yr. |
|----------------|--------------|-----------------------|
| 78.1% | 66.1% | 68.4% |
| GROWTH RATE | 12.0% ▲ | 9.7% ▲ |

State of Nevada Personal Income

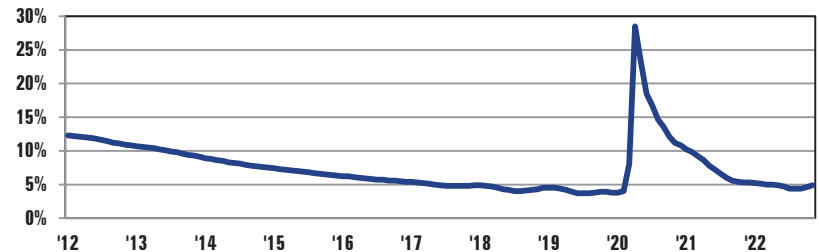
Q2 '22

| Current Period | Prev. Period | Same Period Prev. Yr. |
|------------------|------------------|-----------------------|
| \$47,762,125,000 | \$47,088,975,000 | \$46,497,075,000 |
| GROWTH RATE | 1.4% ▲ | 2.7% ▲ |

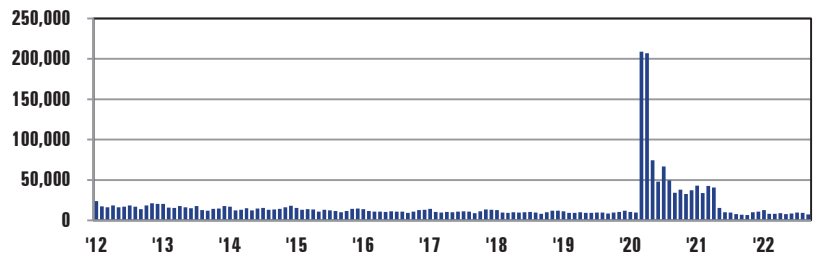
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



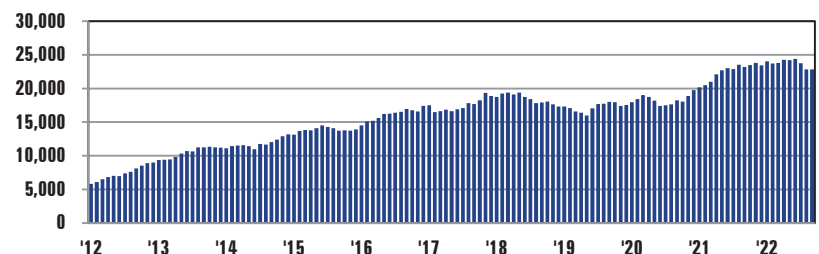
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



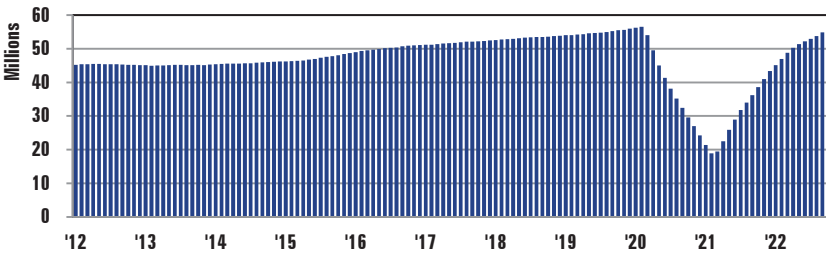
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



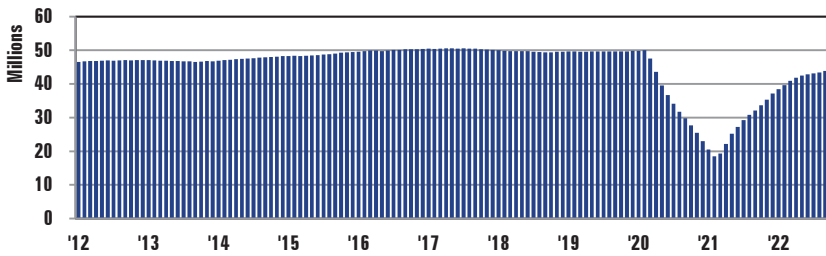
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



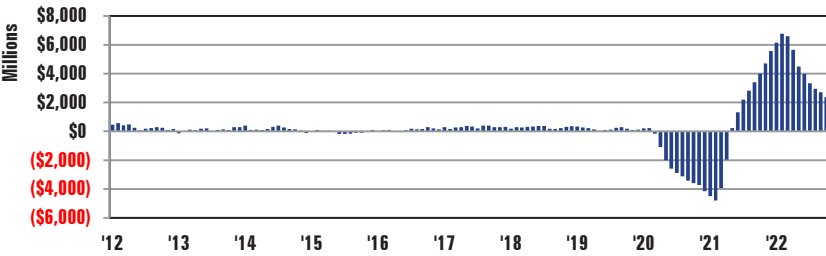
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



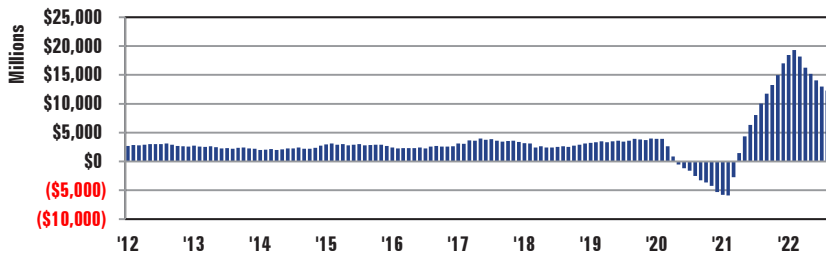
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



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⁾

| | | Sep-22 | |
|----------------|--------------|-------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| 108,135 | 107,456 | 318,241 | |
| GROWTH RATE | 0.6% ▲ | -66.0% ▼ | |

Nevada Residential Housing Units Permitted ⁽²⁾

| | | Oct-22 | |
|----------------|--------------|-------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| 22,200 | 22,837 | 23,477 | |
| GROWTH RATE | -2.8% ▼ | -5.4% ▼ | |

Nevada Taxable Retail Sales ⁽²⁾

| | | Sep-22 | |
|------------------|------------------|------------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| \$83,571,666,613 | \$82,927,559,319 | \$72,119,228,164 | |
| GROWTH RATE | 0.8% ▲ | 15.9% ▲ | |

Nevada Gross Gaming Revenue ⁽²⁾

| | | Oct-22 | |
|------------------|------------------|------------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| \$14,778,453,910 | \$14,719,499,509 | \$12,414,955,627 | |
| GROWTH RATE | 0.4% ▲ | 19.0% ▲ | |

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

| | | Oct-22 | |
|----------------|--------------|-------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| 55,868,085 | 54,843,259 | 38,600,244 | |
| GROWTH RATE | 1.9% ▲ | 44.7% ▲ | |

Clark/Washoe County Visitor Volume ⁽²⁾

| | | Oct-22 | |
|----------------|--------------|-------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| 44,236,612 | 43,891,868 | 33,657,005 | |
| GROWTH RATE | 0.8% ▲ | 31.4% ▲ | |

Nevada New Business Creation ⁽²⁾

| | | Q2 '22 | |
|----------------|--------------|-------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| 14,660 | 14,692 | 7,269 | |
| GROWTH RATE | -0.2% ▼ | 101.7% ▲ | |

Nevada Housing Price Index ⁽¹⁾

| | | Q3 '22 | |
|------------------------|--------------|-------------|-----------|
| <i>(Q1 1991 = 100)</i> | | | |
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| 396.7 | 387.6 | 331.4 | |
| GROWTH RATE | 2.3% ▲ | 19.7% ▲ | |

Clark County Office Market Vacancy Rate ⁽¹⁾

| | | Q3 '22 | |
|----------------|--------------|-------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| 15.6% | 15.9% | 16.3% | |
| GROWTH RATE | -0.3% ▼ | -0.7% ▼ | |

Nevada Hotel/Motel Occupancy ⁽¹⁾

| | | Q2 '22 | |
|----------------|--------------|-------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| 72.0% | 69.6% | 49.8% | |
| GROWTH RATE | 2.4% ▲ | 22.2% ▲ | |

State of Nevada Personal Income ⁽²⁾

| | | Q2 '22 | |
|-------------------|-------------------|-------------------|-----------|
| Current Period | Prev. Period | Same Period | Prev. Yr. |
| \$191,048,500,000 | \$188,355,900,000 | \$185,988,300,000 | |
| GROWTH RATE | 1.4% ▲ | 2.7% ▲ | |

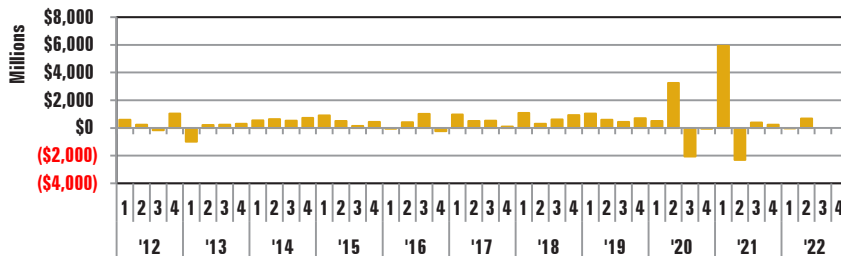
Notes: (1) Trailing 12-month/4-quarter averages. (2) Trailing 12-month/4-quarter totals.

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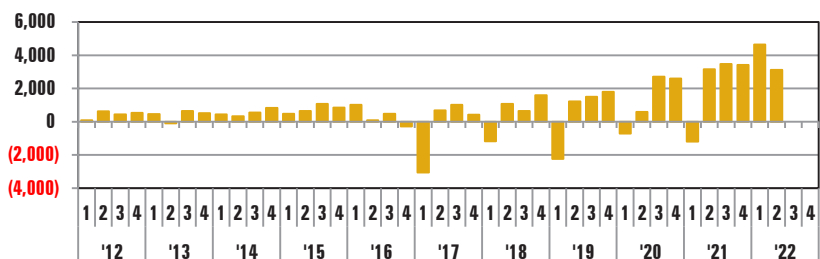
The decline in sales activity pushed effective availability higher as the number of homes on the market has more than doubled over the past year. As of November, effective availability (the number of listings divided by the number of closings taking place) in the single-family market reached 4.8 months in Southern Nevada, up from 4.6 months in October and up from 0.9 months one year ago. In Northern Nevada, effective inventory remained tighter at 3.0 months in November, down from 3.4 months in the prior month but up from 0.9 months one year ago. Effective inventory in both the southern and northern portions of the state got as low as 0.7 months in early 2022 before inventory increased throughout the remainder of the year. Going into 2023, the number of homes on the market may not increase significantly because homeowners who purchased or refinanced in the past few years have mortgage rates under 4 percent, much lower than the current 30-year fixed rate of more than 6 percent.

Mortgage rates climbed quickly in 2022 as the Federal Reserve ramped up its key rate to combat four-decade highs in inflation. The Federal Reserve raised its rate seven times in 2022, the last coming in mid-December, and has signaled more increases in the new year. That means mortgage rates will likely remain elevated, and the housing market dynamics that affected pricing and availability in the second half of 2022 are likely to persist into 2023.

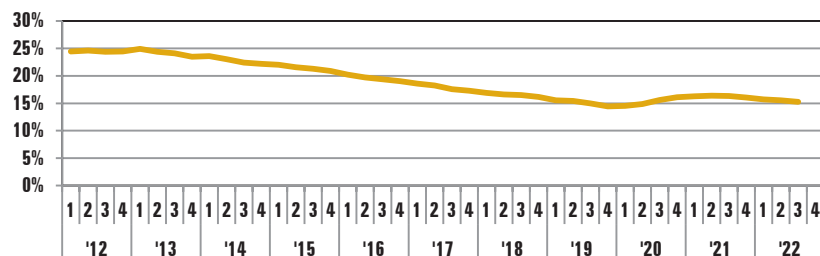
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



Prepared by:



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 HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES

