

NEVADA BUSINESS CONDITIONS

UNLV | LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

February 2022

The “third” estimate of U.S. real gross domestic product (GDP) for the third quarter of 2021 equaled 2.3 percent at an annual rate, which was revised up by 0.2 percent from the prior estimate. The revision largely reflected upward adjustments in consumer spending and private inventory investment. Overall, the lower growth rate in the third quarter was primarily caused by a deceleration in consumer spending due to the resurgence of coronavirus cases as well as goods and labor supply shortages. U.S. nonfarm employment continued a weaker-than-expected gain, adding 199,000 jobs in December, its lowest gain since a loss in December 2020. The largest job gain occurred in the leisure and hospitality sector, adding 53,000 jobs despite the resurgence of COVID-19 cases. The U.S. unemployment rate in December dropped by 0.3 percent to a pandemic low of 3.9 percent. In 2021 nearly 6.5 million additional workers returned to the workforce. A positive sign but the economy is still short 3.5 million nonfarm workers compared to February 2020. Retail sales in November only gained 0.3 percent month-over-month despite the Black Friday weekend, which may reflect early holiday shopping in October. The most recent data indicate that the U.S. economy will continue its expansion, but at a slower pace. Moreover, the combination of the Omicron variant, continued supply shortages, higher inflation, and a reduction in government fiscal support poses probable headwinds. The Federal Reserve announced that it will end its asset purchases by March, three possible rate hikes in 2022, as well as a potential reduction of its balance sheet to dampen inflation.

Nevada’s economic activity posted positive signals based on the most recent data. Seasonally adjusted statewide employment added 2,600 jobs in November, the weakest gain in the past year. The largest gains occurred in the leisure and hospitality and government sectors, adding 2,700 and 1,300 jobs, respectively. The November unemployment rate also fell by 0.4 percent to 6.8 percent. November gaming revenue experienced a strong double-digit increase of 71.4 and 41.0 percent, respectively, compared to a year and two years ago. It also topped \$1 billion for the ninth consecutive month, a record. October taxable sales also rose strongly by 26.7 percent year-over-year. The rapid surge of the Omicron variant, however, creates economic disruptions especially in the leisure

and hospitality sector, which will probably post weaker economic readings for the next few months.

Clark County also displayed generally favorable signs in its local economic activity. Seasonally adjusted employment gained only 1,700 jobs in November. The unemployment rate in November also fell from 7.6 to 7.3 percent. November gaming revenue surged by 9.8 percent month-over-month despite an 8.2 percent drop in visitor volume from October. Total Harry Reid Airport passengers for November also declined by 4.6 percent from last month after a strong month-over-month gain of 10.7 percent in October. Nonetheless, Harry Reid Airport passenger volume remained only 4.6 percent lower than its level in November 2019. October taxable sales rose strongly by 22.7 percent from two years ago. November residential permits gained 38.3 percent from last month, adding 1,732 units, the highest level since May 2016 amid the high demand in the local housing market. According to the Greater Las Vegas Realtors Association, Southern Nevada posted the record-high total number of existing homes sales in 2021.

Washoe County also exhibited generally favorable signals in its local economic activity. The Reno-Sparks seasonally adjusted employment lost 1,300 jobs in November, but the unemployment rate fell by 0.3 percent to 3.7 percent. October taxable sales climbed by 30.0 percent from two years ago. November air passengers jumped by 117.4 percent year-over-year and surpassed its level from two years ago by 1.7 percent. November gaming revenue also increased substantially by 19.9 percent from two years ago, while visitor volume remained 5.2 percent lower over the same period. November residential permits were up by 17.7 percent from last year.

The views expressed are those of the authors and do not necessarily represent those of the University of Nevada, Las Vegas or the Nevada System of Higher Education.

	Date	Units	Data			Growth		Comments
			Latest	Previous	Year Ago	Recent	Year Ago	
Nevada								
Employment	2021M11	000s, SA	1367.5	1364.9	1273.4	0.2%	7.4%	Improved
Unemployment Rate*	2021M11	%, SA	6.8	7.2	8.7	-0.4%	-1.9%	Improved
Taxable Sales	2021M10	\$billion	6.623	6.825	5.227	-3.0%	26.7%	Up Strongly From Year Ago
Gaming Revenue	2021M11	\$million	1321.62	1221.41	771.18	8.2%	71.4%	Up Strongly
Air Passengers	2021M11	million persons	4.324	4.544	1.970	-4.9%	119.4%	Strong Recovery
Gasoline Sales	2021M10	million gallons	105.27	102.25	99.14	3.0%	6.2%	Up Strongly
Clark County								
Employment	2021M11	000s, SA	977.8	976.1	902.2	0.2%	8.4%	Improved
Unemployment Rate*	2021M11	%, Smoothed SA	7.3	7.6	10.2	-0.3%	-2.9%	Improved
Taxable Sales	2021M10	\$billion	4.852	4.976	3.673	-2.5%	32.1%	Up Strongly From Year Ago
Gaming Revenue	2021M11	\$million	1159.96	1056.68	639.81	9.8%	81.3%	Up Strongly
Residential Permits	2021M11	units permitted	1732	1252	1467	38.3%	18.1%	Up Strongly
Commercial Permits	2021M01	permits	32	17	39	88.2%	-17.9%	Low and Volatile
Air Passengers	2021M11	million persons	3.989	4.181	1.807	-4.6%	120.7%	Strong Recovery
Gasoline Sales	2021M10	million gallons	71.50	69.97	65.37	2.2%	9.4%	Up Strongly
Visitor Volume	2021M11	million persons	3.206	3.493	1.596	-8.2%	100.9%	Strong Recovery
Washoe County								
Employment**	2021M11	000s, SA	248.0	249.3	238.5	-0.5%	4.0%	Improved
Unemployment Rate*	2021M11	%, Smoothed SA	3.7	4.0	4.7	-0.3%	-1.0%	Improved
Taxable Sales**	2021M10	\$billion	1.067	1.142	0.895	-6.6%	19.2%	Up Strongly From Year Ago
Gaming Revenue	2021M11	\$million	82.66	86.91	66.71	-4.9%	23.9%	Up Strongly From Year Ago
Residential Permits	2021M11	units permitted	445	422	378	5.5%	17.7%	Up Strongly
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2021M11	million persons	0.324	0.351	0.149	-7.7%	117.4%	Strong Recovery
Gasoline Sales**	2021M10	million gallons	15.50	15.27	15.29	1.5%	1.4%	Up Over Year Ago
Visitor Volume	2021M11	million persons	0.285	0.323	0.216	-11.8%	31.9%	Up Strongly From Year Ago
United States								
Employment	2021M12	million, SA	148.951	148.752	142.503	0.1%	4.5%	Improved
Unemployment Rate*	2021M12	%, SA	3.9	4.2	6.7	-0.3%	-2.8%	Improved
Consumer Price Index	2021M11	82-84=100, SA	278.9	276.7	260.9	0.8%	6.9%	Up Over Year Ago
Core CPI	2021M11	82-84=100, SA	283.2	281.7	269.8	0.5%	5.0%	Up Over Year Ago
Employment Cost Index	2021Q3	05.12=100, SA	148.1	145.8	141.6	1.6%	4.6%	Up Over Year Ago
Productivity Index	2021Q3	2012=100, SA	111.6	113.0	112.3	-1.3%	-0.7%	Decreased
Retail Sales	2021M11	\$billion, SA	639.8	638.2	541.2	0.3%	18.2%	Up Strongly
Auto and Truck Sales	2021M11	million, SA	12.86	12.96	15.87	-0.8%	-19.0%	Down Significantly
Housing Starts	2021M11	million, SA	1.679	1.502	1.551	11.8%	8.3%	Up Strongly
Real GDP***	2021Q3	2012\$billion, SA	19478.9	19368.3	18560.8	2.3%	4.9%	Weak Growth
Dollar Exchange Rate	2021M12	06.01=100	115.824	115.025	111.910	0.7%	3.5%	Up Over Year Ago
Trade Balance	2021M11	\$billion, SA	-80.172	-67.158	-67.307	19.4%	19.1%	Year-Over-Year Deficit Increase
S and P 500	2021M12	monthly close	4766.18	4567.00	3756.07	4.4%	26.9%	Up Strongly
Real Short-term Rate*	2021M12	%, NSA	-4.74	-4.85	-2.41	0.1%	-2.3%	Down From Year Ago
Treasury Yield Spread*	2021M12	%, NSA	1.41	1.51	0.84	-0.1%	0.6%	Up Over Year Ago

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted

*Growth data represent change in the percentage rate

**Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties

***Recent growth is an annualized rate

Sources: Nevada Department of Taxation; Nevada Department of Employment, Training, and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Federal Reserve System.