



# NEVADA BUSINESS CONDITIONS

**UNLV** | LEE BUSINESS SCHOOL  
CENTER FOR BUSINESS  
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March 2020

The “advance” estimate of U.S. real gross domestic product (GDP) for the fourth quarter of 2019 grew at an annual rate of 2.1 percent for the second consecutive quarter. As a result, the U.S. economy expanded by 2.3 percent in 2019, slower than the 2.9 percent recorded in 2018. According to incomplete source data, consumer and government spending and residential investment continued to contribute positively to real GDP in the fourth quarter. Business investment including inventory investment, however, continued its contraction for the third straight quarter. Despite slowed consumer spending, the U.S. economy expanded, boosted by net exports, which rebounded strongly after two consecutive quarters of declines. U.S. nonfarm employment added a better-than-expected 225,000 jobs in January. Revised higher employment for November and December added an additional 7,000 jobs. The unemployment rate, nevertheless, ticked up to 3.6 percent. Average hourly earnings in January rose by 3.1 percent year-over-year. Retail sales in December experienced the strongest year-over-year gain since August 2018 of 5.8 percent. Housing starts in December also surged by 40.8 percent year-over-year, hitting its highest level in 13 years. The U.S. economy continues its moderate expansion, benefitting from its strong labor market, while the current coronavirus epidemic centered in China brings uncertainty as it disrupts trade and supply chains.

The Nevada economy experienced mostly positive signals with the release of the most recent data. Seasonally adjusted statewide employment lost 3,500 jobs in December, which slowed the yearly growth rate to 1.9 percent compared to the 2.6 percent rate last month. The unemployment rate, nonetheless, fell to 3.8 percent, a 20-year low. December gaming revenue increased strongly by 5.8 percent year-over-year. November taxable sales continued its robust year-over-year increase, rising by 6.0 percent, while gasoline sales (in gallons) gained modestly by 0.8 percent over the same period.

Clark County also posted generally favorable signals in local economic activity. Seasonally adjusted employment gained 500 jobs in December, which produced a year-over-year growth rate of 2.4 percent. The unemployment rate in December also edged down to 4.0 percent, the lowest since the Great Recession.

December visitor volume and gaming revenue increased strongly by 5.5 and 6.6 percent, respectively, from last year. Total McCarran Airport passengers in December also climbed strongly by 8.8 percent year-over-year, which contributed to its record-breaking 51.5 million passengers in 2019. November taxable sales and gasoline sales (in gallons) experienced year-over-year increases of 4.8 and 1.6 percent, respectively. Residential housing permits/units in December, however, fell by 12.0 percent despite a substantial nationwide gain.

Washoe County reported largely positive economic signals. The Reno-Sparks seasonally adjusted employment added 100 jobs in December, up by 3.8 percent from last year. The unemployment rate ticked down to a 20-year low of 3.1 percent. November taxable sales for Washoe and Storey Counties rose strongly by 8.9 percent from a year ago, and gasoline sales continued its gain of 1.2 percent over the same period. December visitor volume and gaming revenue, however, declined by 3.7 and 2.1 percent, respectively, from last year.

Stephen M. Miller, Director  
Jinju Lee, Economic Analyst  
UNLV Center for Business and Economic Research

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 |                                 |
| <b>Nevada</b>          |         |                   |         |          |          |        |          |                                 |
| Employment             | 2019M12 | 000s, SA          | 1440.1  | 1443.6   | 1412.7   | -0.2%  | 1.9%     | Up Over Year Ago                |
| Unemployment Rate*     | 2019M12 | %, SA             | 3.8     | 4.0      | 4.4      | -0.2%  | -0.6%    | Reduced                         |
| Taxable Sales          | 2019M11 | \$billion         | 5.418   | 5.376    | 5.111    | 0.8%   | 6.0%     | Up Over Year Ago                |
| Gaming Revenue         | 2019M12 | \$million         | 1057.60 | 937.47   | 999.68   | 12.8%  | 5.8%     | Up Over Year Ago                |
| Air Passengers         | 2019M12 | million persons   | 4.664   | 4.530    | 4.265    | 3.0%   | 9.4%     | Up Strongly                     |
| Gasoline Sales         | 2019M11 | million gallons   | 100.16  | 105.58   | 99.37    | -5.1%  | 0.8%     | Up Over Year Ago                |
| <b>Clark County</b>    |         |                   |         |          |          |        |          |                                 |
| Employment             | 2019M12 | 000s, SA          | 1044.7  | 1044.2   | 1019.9   | 0.0%   | 2.4%     | Up Over Year Ago                |
| Unemployment Rate*     | 2019M12 | %, Smoothed SA    | 4.0     | 4.1      | 4.6      | -0.1%  | -0.6%    | Reduced                         |
| Taxable Sales          | 2019M11 | \$billion         | 3.986   | 3.954    | 3.804    | 0.8%   | 4.8%     | Up Over Year Ago                |
| Gaming Revenue         | 2019M12 | \$million         | 917.55  | 805.22   | 861.09   | 14.0%  | 6.6%     | Up Strongly                     |
| Residential Permits    | 2019M12 | units permitted   | 864     | 725      | 982      | 19.2%  | -12.0%   | Down From Year Ago              |
| Commercial Permits     | 2019M12 | permits           | 30      | 22       | 26       | 36.4%  | 15.4%    | Low and Volatile                |
| Air Passengers         | 2019M12 | million persons   | 4.248   | 4.179    | 3.903    | 1.7%   | 8.8%     | Up Strongly                     |
| Gasoline Sales         | 2019M11 | million gallons   | 69.03   | 71.89    | 67.96    | -4.0%  | 1.6%     | Up Over Year Ago                |
| Visitor Volume         | 2019M12 | million persons   | 3.667   | 3.754    | 3.474    | -2.3%  | 5.5%     | Up Over Year Ago                |
| <b>Washoe County</b>   |         |                   |         |          |          |        |          |                                 |
| Employment**           | 2019M12 | 000s, SA          | 261.1   | 261.0    | 251.6    | 0.0%   | 3.8%     | Up Over Year Ago                |
| Unemployment Rate*     | 2019M12 | %, Smoothed SA    | 3.1     | 3.2      | 3.6      | -0.1%  | -0.5%    | Reduced                         |
| Taxable Sales**        | 2019M11 | \$billion         | 0.804   | 0.821    | 0.738    | -2.1%  | 8.9%     | Up Over Year Ago                |
| Gaming Revenue         | 2019M12 | \$million         | 71.96   | 68.94    | 73.47    | 4.4%   | -2.1%    | Down From Year Ago              |
| Residential Permits    | 2019M12 | units permitted   | 623     | 334      | 526      | 86.5%  | 18.4%    | Up Strongly                     |
| Commercial Permits     | 2018M12 | permits           | 40      | 21       | 42       | 90.5%  | -4.8%    | Low and Volatile                |
| Air Passengers         | 2019M12 | million persons   | 0.382   | 0.318    | 0.341    | 20.1%  | 11.9%    | Up Strongly                     |
| Gasoline Sales**       | 2019M11 | million gallons   | 15.20   | 15.90    | 15.01    | -4.4%  | 1.2%     | Up Over Year Ago                |
| Visitor Volume         | 2019M12 | million persons   | 0.363   | 0.352    | 0.377    | 3.2%   | -3.7%    | Down From Year Ago              |
| <b>United States</b>   |         |                   |         |          |          |        |          |                                 |
| Employment             | 2020M01 | million, SA       | 152.186 | 151.961  | 150.134  | 0.1%   | 1.4%     | Up Over Year Ago                |
| Unemployment Rate*     | 2020M01 | %, SA             | 3.6     | 3.5      | 4.0      | 0.1%   | -0.4%    | Up Month-Over-Month             |
| Consumer Price Index   | 2019M12 | 82-84=100, SA     | 258.5   | 257.9    | 252.7    | 0.2%   | 2.3%     | Up Over Year Ago                |
| Core CPI               | 2019M12 | 82-84=100, SA     | 265.9   | 265.6    | 260.1    | 0.1%   | 2.2%     | Up Over Year Ago                |
| Employment Cost Index  | 2019Q4  | 05.12=100, SA     | 138.9   | 137.9    | 134.9    | 0.7%   | 3.0%     | Up Over Year Ago                |
| Productivity Index     | 2019Q4  | 2012=100, SA      | 108.2   | 107.9    | 106.3    | 0.3%   | 1.8%     | Up Over Year Ago                |
| Retail Sales           | 2019M12 | \$billion, SA     | 529.6   | 527.8    | 500.5    | 0.3%   | 5.8%     | Up Over Year Ago                |
| Auto and Truck Sales   | 2019M12 | million, SA       | 16.70   | 17.09    | 17.38    | -2.3%  | -3.9%    | Down From Year Ago              |
| Housing Starts         | 2019M12 | million, SA       | 1.608   | 1.375    | 1.142    | 16.9%  | 40.8%    | Up Strongly                     |
| Real GDP***            | 2019Q4  | 2012\$billion, SA | 19219.8 | 19121.1  | 18783.5  | 2.1%   | 2.3%     | Robust Growth                   |
| Dollar Exchange Rate   | 2020M01 | 06.01=100         | 115.326 | 115.950  | 114.401  | -0.5%  | 0.8%     | Up Over Year Ago                |
| Trade Balance          | 2019M12 | \$billion, SA     | -48.880 | -43.691  | -60.807  | 11.9%  | -19.6%   | Year-Over-Year Deficit Decrease |
| S and P 500            | 2020M01 | monthly close     | 3225.52 | 3230.78  | 2704.10  | -0.2%  | 19.3%    | Up Strongly From Year Ago       |
| Real Short-term Rate*  | 2020M01 | %, NSA            | -0.98   | -0.76    | -0.33    | -0.2%  | -0.7%    | Down From Year Ago              |
| Treasury Yield Spread* | 2020M01 | %, NSA            | 0.24    | 0.32     | 0.34     | -0.1%  | -0.1%    | Down From 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.