



# NEVADA BUSINESS CONDITIONS

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The “advance” estimate of U.S. real gross domestic product (GDP) for the fourth quarter of 2021 grew at a better-than-expected pace, up by 6.9 percent at an annual rate. As a result, real GDP increased by 5.7 percent in 2021, the strongest growth since 1984. The larger-than-expected growth in the fourth quarter was mainly boosted by a replenishment of inventories. Exports also contributed positively to the real GDP growth. U.S. nonfarm employment experienced a stronger-than-expected gain, adding 467,000 jobs in January, despite record-high COVID cases. The largest job gain occurred in the leisure and hospitality sector, adding 151,000 jobs. The U.S. unemployment rate in January, however, edged up 0.1 percent to 4.0 percent as more people returned to the labor market. The average hourly earnings surged by 0.7 percent from last month, the largest jump since December 2020 with the ongoing labor shortage. Despite the strong job market, retail sales in December posted the biggest month-over-month decline of 1.9 percent since February 2021. In addition, January consumer sentiment plummeted to its lowest level since November 2011, largely due to increasing COVID-19 cases and decreasing household real income caused by higher inflation, which pose probable short-run headwinds. The most recent data, however, indicate that the U.S. economy will continue its expansion. The Federal Reserve will likely increase the federal funds rate by 25 basis points to a target range of 0.25-0.50 percent in March, followed by possibly two more rate increases this year.

Nevada’s economic activity posted positive signals based on the most recent data. Seasonally adjusted statewide employment added 3,700 jobs in December. The largest gains occurred in the leisure and hospitality and trade, transportation, and utilities sectors, adding 2,400 and 1,600 jobs, respectively. The December unemployment rate also fell by 0.5 percent to 6.4 percent. December gaming revenue dropped by 13.0 percent month-over-month amid the spread of the Omicron variant. It, nevertheless, continued to top a seasonally unadjusted \$1 billion for the tenth consecutive month, a record (but seasonally adjusted, only 6 out of 10). November taxable sales also declined slightly by 0.8 percent from last month but rose strongly by 27.3 percent year-over-year.

Clark County displayed somewhat mixed signs in its local economic activity during this surge in the Omicron variant. Seasonally adjusted employment in December gained 6,100 jobs and remained 6.6 percent lower than its previous peak in February 2020. The unemployment rate in December also fell from 7.3 to 6.9 percent. Total Harry Reid Airport passengers and visitor volume for December declined by 3.0 and 3.9 percent, respectively, from last month and remained 8.9 and 16.0 percent lower than their levels of two years ago. December gaming revenue plummeted by 13.9 percent month-over-month amid the surge in COVID cases but climbed by 8.8 percent from two years ago. November taxable sales also rose strongly by 20.6 percent from two years ago. December residential permits contracted by 22.1 percent from last year. The weaker tourism readings will likely continue for next month as COVID cases peaked in January.

Washoe County exhibited generally favorable signals in its local economic activity. The Reno-Sparks seasonally adjusted employment added 1,100 jobs in December, which brought the gap from the pre-pandemic peak to within one percent. The unemployment rate also fell by 0.2 percent to 3.5 percent. November taxable sales climbed by 27.4 percent from two years ago. December air passengers increased by 2.2 percent month-over-month, but visitor volume slightly decreased by 0.6 percent over the same period. December gaming revenue also increased substantially by 6.5 percent from two years ago. December residential permits declined by 6.4 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 |                                 |
| <b>Nevada</b>          |         |                   |         |          |          |        |          |                                 |
| Employment             | 2021M12 | 000s, SA          | 1372.2  | 1368.5   | 1277.5   | 0.3%   | 7.4%     | Improved                        |
| Unemployment Rate*     | 2021M12 | %, SA             | 6.4     | 6.9      | 8.2      | -0.5%  | -1.8%    | Improved                        |
| Taxable Sales          | 2021M11 | \$billion         | 6.570   | 6.623    | 5.162    | -0.8%  | 27.3%    | Up Strongly From Year Ago       |
| Gaming Revenue         | 2021M12 | \$million         | 1150.17 | 1321.62  | 683.72   | -13.0% | 68.2%    | Down Month-Over-Month           |
| Air Passengers         | 2021M12 | million persons   | 4.211   | 4.323    | 1.832    | -2.6%  | 129.9%   | Up Strongly From Year Ago       |
| Gasoline Sales         | 2021M11 | million gallons   | 99.07   | 105.27   | 89.01    | -5.9%  | 11.3%    | Up Strongly From Year Ago       |
| <b>Clark County</b>    |         |                   |         |          |          |        |          |                                 |
| Employment             | 2021M12 | 000s, SA          | 984.4   | 978.3    | 905.7    | 0.6%   | 8.7%     | Improved                        |
| Unemployment Rate*     | 2021M12 | %, Smoothed SA    | 6.9     | 7.3      | 9.7      | -0.4%  | -2.8%    | Improved                        |
| Taxable Sales          | 2021M11 | \$billion         | 4.808   | 4.852    | 3.650    | -0.9%  | 31.7%    | Up Strongly From Year Ago       |
| Gaming Revenue         | 2021M12 | \$million         | 998.45  | 1159.96  | 556.93   | -13.9% | 79.3%    | Down Month-Over-Month           |
| Residential Permits    | 2021M12 | units permitted   | 1211    | 1732     | 1555     | -30.1% | -22.1%   | Down From Year Ago              |
| Commercial Permits     | 2021M01 | permits           | 32      | 17       | 39       | 88.2%  | -17.9%   | Low and Volatile                |
| Air Passengers         | 2021M12 | million persons   | 3.870   | 3.989    | 1.670    | -3.0%  | 131.8%   | Down Month-Over-Month           |
| Gasoline Sales         | 2021M11 | million gallons   | 68.02   | 71.50    | 59.51    | -4.9%  | 14.3%    | Down Month-Over-Month           |
| Visitor Volume         | 2021M12 | million persons   | 3.081   | 3.206    | 1.307    | -3.9%  | 135.8%   | Down Month-Over-Month           |
| <b>Washoe County</b>   |         |                   |         |          |          |        |          |                                 |
| Employment**           | 2021M12 | 000s, SA          | 250.2   | 249.1    | 240.5    | 0.4%   | 4.0%     | Improved                        |
| Unemployment Rate*     | 2021M12 | %, Smoothed SA    | 3.5     | 3.7      | 4.7      | -0.2%  | -1.2%    | Improved                        |
| Taxable Sales**        | 2021M11 | \$billion         | 1.024   | 1.067    | 0.874    | -4.0%  | 17.2%    | Up Strongly From Year Ago       |
| Gaming Revenue         | 2021M12 | \$million         | 76.54   | 82.66    | 63.39    | -7.4%  | 20.7%    | Down Month-Over-Month           |
| Residential Permits    | 2021M12 | units permitted   | 485     | 445      | 518      | 9.0%   | -6.4%    | Down From Year Ago              |
| Commercial Permits     | 2018M12 | permits           | 40      | 21       | 42       | 90.5%  | -4.8%    | Low and Volatile                |
| Air Passengers         | 2021M12 | million persons   | 0.331   | 0.324    | 0.154    | 2.2%   | 114.6%   | Strong Recovery                 |
| Gasoline Sales**       | 2021M11 | million gallons   | 14.06   | 15.50    | 13.65    | -9.2%  | 3.0%     | Down Month-Over-Month           |
| Visitor Volume         | 2021M12 | million persons   | 0.283   | 0.285    | 0.206    | -0.6%  | 37.3%    | Up Strongly From Year Ago       |
| <b>United States</b>   |         |                   |         |          |          |        |          |                                 |
| Employment             | 2022M01 | million, SA       | 149.629 | 149.162  | 143.017  | 0.3%   | 4.6%     | Improved                        |
| Unemployment Rate*     | 2022M01 | %, SA             | 4.0     | 3.9      | 6.4      | 0.1%   | -2.4%    | Up Month-Over-Month             |
| Consumer Price Index   | 2021M12 | 82-84=100, SA     | 280.2   | 278.9    | 261.6    | 0.5%   | 7.1%     | Up Over Year Ago                |
| Core CPI               | 2021M12 | 82-84=100, SA     | 284.8   | 283.2    | 269.9    | 0.6%   | 5.5%     | Up Over Year Ago                |
| Employment Cost Index  | 2021Q4  | 05.12=100, SA     | 149.9   | 148.1    | 142.8    | 1.2%   | 5.0%     | Up Over Year Ago                |
| Productivity Index     | 2021Q4  | 2012=100, SA      | 113.4   | 111.6    | 111.1    | 1.6%   | 2.1%     | Up Over Year Ago                |
| Retail Sales           | 2021M12 | \$billion, SA     | 626.8   | 639.1    | 536.0    | -1.9%  | 16.9%    | Down Month-Over-Month           |
| Auto and Truck Sales   | 2022M01 | million, SA       | 15.04   | 12.54    | 16.78    | 20.0%  | -10.4%   | Down From Year Ago              |
| Housing Starts         | 2021M12 | million, SA       | 1.702   | 1.678    | 1.661    | 1.4%   | 2.5%     | Up Over Year Ago                |
| Real GDP***            | 2021Q4  | 2012\$billion, SA | 19806.0 | 19478.9  | 18767.8  | 6.9%   | 5.5%     | Strong Growth                   |
| Dollar Exchange Rate   | 2021M12 | 06.01=100         | 115.824 | 115.025  | 111.910  | 0.7%   | 3.5%     | Up Over Year Ago                |
| Trade Balance          | 2021M12 | \$billion, SA     | -80.731 | -79.331  | -65.802  | 1.8%   | 22.7%    | Year-Over-Year Deficit Increase |
| S and P 500            | 2022M01 | monthly close     | 4515.55 | 4766.18  | 3714.24  | -5.3%  | 21.6%    | Recent Decrease                 |
| Real Short-term Rate*  | 2022M01 | %, NSA            | -4.75   | -4.74    | -2.92    | 0.0%   | -1.8%    | Down From Year Ago              |
| Treasury Yield Spread* | 2022M01 | %, NSA            | 1.61    | 1.41     | 1.00     | 0.2%   | 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.