



# NEVADA BUSINESS CONDITIONS

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The “third” estimate of U.S. real gross domestic product (GDP) for the fourth quarter of 2021 expanded by 6.9 percent at an annual rate, which was revised down by 0.1 percent from the previous estimate. The revision mainly reflected downward revisions to consumer consumption and exports, which were partly offset by a larger private inventory investment than previously reported. The better-than-expected growth in the fourth quarter mainly reflected a surge in inventory investment as businesses restocked depleted inventories caused by high demand and supply disruptions. U.S. nonfarm employment experienced a robust gain, adding 431,000 jobs in March. The largest job gains occurred in the leisure and hospitality and professional and business services sectors, adding 112,000 and 102,000 jobs, respectively. The U.S. unemployment rate in March dropped to 3.6 percent, only 0.1 percent higher than the level in February 2020. The labor force participation rate for ages between 25 and 54 increased to 82.5 percent, mirroring the average level in 2019. The average hourly earnings from last month and last year also climbed strongly by 0.4 and 5.6 percent, respectively, but were below the rate of inflation. Retail sales in February rose by 0.3 percent month-over-month amid escalating inflation. The most recent data indicate that the U.S. economy will continue its expansion, but consumer sentiment continues to decline with pessimism rising as real household income decreases. To control inflation, the Federal Reserve will likely increase rates more aggressively to near 2 percent this year and begin to reduce its asset holdings by up to \$95 billion per month beginning in May. The Fed raised the federal funds rate by 25 basis points to a target range of 0.25-0.50 percent in March, lower than a much talked about 50 basis point increase due to the uncertainty of the Russian-Ukraine war.

Nevada’s economic activity posted positive signals based on the most recent data. Seasonally adjusted statewide employment added 6,300 jobs in February. The largest gains occurred in the leisure and hospitality and trade, transportation, and utilities sectors, adding 3,400 and 3,000 jobs, respectively. The trade, transportation, and utilities employment now stands about 8 percent above the pre-pandemic peak. The February unemployment rate also fell to 5.1 percent. February gaming revenue rebounded, up by 3.2 percent from the previous month and continued

to top \$1 billion for a record 12 consecutive months. January taxable sales declined by 21.2 percent month-over-month largely due to the surge in the COVID-19 cases but remained substantially higher than pre-pandemic levels. Gaming revenue and taxable sales comments refer to seasonally unadjusted data.

Clark County also displayed favorable signs in its local economic activity with the reduced COVID-19 cases and business restrictions related to COVID-19. Seasonally adjusted employment in February experienced a strong gain of 7,600 jobs. The unemployment rate in February dropped from 6.5 to 6.1 percent. Total Harry Reid Airport passengers and visitor volume for February rebounded, up by 6.2 and 5.8 percent, respectively, month-over-month but remained 13.5 and 28.0 percent lower than their levels from two years ago. February gaming revenue also rose by 2.3 percent month-over-month. January taxable sales dropped 22.5 percent from last month, yet is up by 17.0 percent compared to two years ago. February residential permits experienced a loss of 19.9 percent from last year despite continued strong demand. Las Vegas home prices in March continued to post records partly due to the expectation of higher interest rates amid a shortage of home inventory.

Washoe County also exhibited generally positive signals in its local economic activity. The Reno-Sparks seasonally adjusted employment only added 300 jobs in February but remained higher than the pre-pandemic peak. The unemployment rate fell by 0.3 percent to 3.0 percent. January taxable sales gained substantially by 24.9 percent from two years ago. February gaming revenue also increased by 8.5 percent from two years ago. February residential permits, nonetheless, declined slightly by 0.5 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	2022M02	000s, SA	1434.1	1427.8	1307.4	0.4%	9.7%	Improved
Unemployment Rate*	2022M02	%, SA	5.1	5.2	9.8	-0.1%	-4.7%	Improved
Taxable Sales	2021M01	\$billion	6.100	7.736	4.899	-21.2%	24.5%	Up Strongly Year-Over-Year
Gaming Revenue	2022M02	\$million	1113.15	1078.76	772.40	3.2%	44.1%	Up Strongly
Air Passengers	2022M02	million persons	3.663	3.452	1.784	6.1%	105.3%	Rebounded Strongly
Gasoline Sales	2022M01	million gallons	93.99	100.74	88.35	-6.7%	6.4%	Up Strongly From Year Ago
<b>Clark County</b>								
Employment	2022M02	000s, SA	1039.5	1031.9	923.1	0.7%	12.6%	Improved
Unemployment Rate*	2022M02	%, Smoothed SA	6.1	6.5	9.1	-0.4%	-3.0%	Improved
Taxable Sales	2022M01	\$billion	4.403	5.682	3.444	-22.5%	27.8%	Up Strongly Year-Over-Year
Gaming Revenue	2022M02	\$million	949.87	928.72	631.54	2.3%	50.4%	Up Month-Over-Month
Residential Permits	2022M02	units permitted	1285	2125	1605	-39.5%	-19.9%	Declined
Commercial Permits	2021M01	permits	32	17	39	88.2%	-17.9%	Low and Volatile
Air Passengers	2022M02	million persons	3.344	3.147	1.614	6.2%	107.1%	Up Month-Over-Month
Gasoline Sales	2022M01	million gallons	64.54	69.67	59.32	-7.4%	8.8%	Up Over Year Ago
Visitor Volume	2022M02	million persons	2.782	2.629	1.629	5.8%	70.8%	Up Month-Over-Month
<b>Washoe County</b>								
Employment**	2022M02	000s, SA	253.3	253.0	243.3	0.1%	4.1%	Increased
Unemployment Rate*	2022M02	%, Smoothed SA	3.0	3.3	4.4	-0.3%	-1.4%	Reduced
Taxable Sales**	2022M01	\$billion	0.931	1.154	0.824	-19.3%	13.0%	Down Month-Over-Month
Gaming Revenue	2022M02	\$million	83.59	74.27	70.47	12.5%	18.6%	Up Month-Over-Month
Residential Permits	2022M02	units permitted	419	401	421	4.5%	-0.5%	Down From Year Ago
Commercial Permits	2018M12	permits	40	21	42	90.5%	-4.8%	Low and Volatile
Air Passengers	2022M02	million persons	0.311	0.297	0.162	4.8%	91.7%	Up Month-Over-Month
Gasoline Sales**	2022M01	million gallons	14.31	14.81	14.01	-3.4%	2.1%	Up Over Year Ago
Visitor Volume	2022M02	million persons	0.279	0.256	0.235	9.0%	18.6%	Up Month-Over-Month
<b>United States</b>								
Employment	2022M03	million, SA	150.925	150.494	144.431	0.3%	4.5%	Improved
Unemployment Rate*	2022M03	%, SA	3.6	3.8	6.0	-0.2%	-2.4%	Declined
Consumer Price Index	2022M02	82-84=100, SA	284.2	281.9	263.3	0.8%	7.9%	Up Over Year Ago
Core CPI	2022M02	82-84=100, SA	287.9	286.4	270.5	0.5%	6.4%	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	111.2	1.6%	2.0%	Up Over Year Ago
Retail Sales	2022M02	\$billion, SA	658.1	656.1	559.6	0.3%	17.6%	Up Over Year Ago
Auto and Truck Sales	2022M02	million, SA	14.03	15.02	15.93	-6.6%	-11.9%	Down From Year Ago
Housing Starts	2022M02	million, SA	1.769	1.638	1.447	8.0%	22.3%	Up Over Year Ago
Real GDP***	2021Q4	2012\$billion, SA	19806.3	19478.9	18767.8	6.9%	5.5%	Strong Growth
Dollar Exchange Rate	2022M03	06.01=100	116.412	115.049	113.355	1.2%	2.7%	Up Over Year Ago
Trade Balance	2022M02	\$billion, SA	-89.185	-89.229	-67.548	0.0%	32.0%	Year-Over-Year Deficit Increase
S and P 500	2022M03	monthly close	4530.41	4373.94	3972.89	3.6%	14.0%	Recent Increase
Real Short-term Rate*	2022M03	%, NSA	-4.96	-4.57	-3.07	-0.4%	-1.9%	Down From Year Ago
Treasury Yield Spread*	2022M03	%, NSA	1.69	1.60	1.58	0.1%	0.1%	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.