

# QUARTERLY INDICATORS

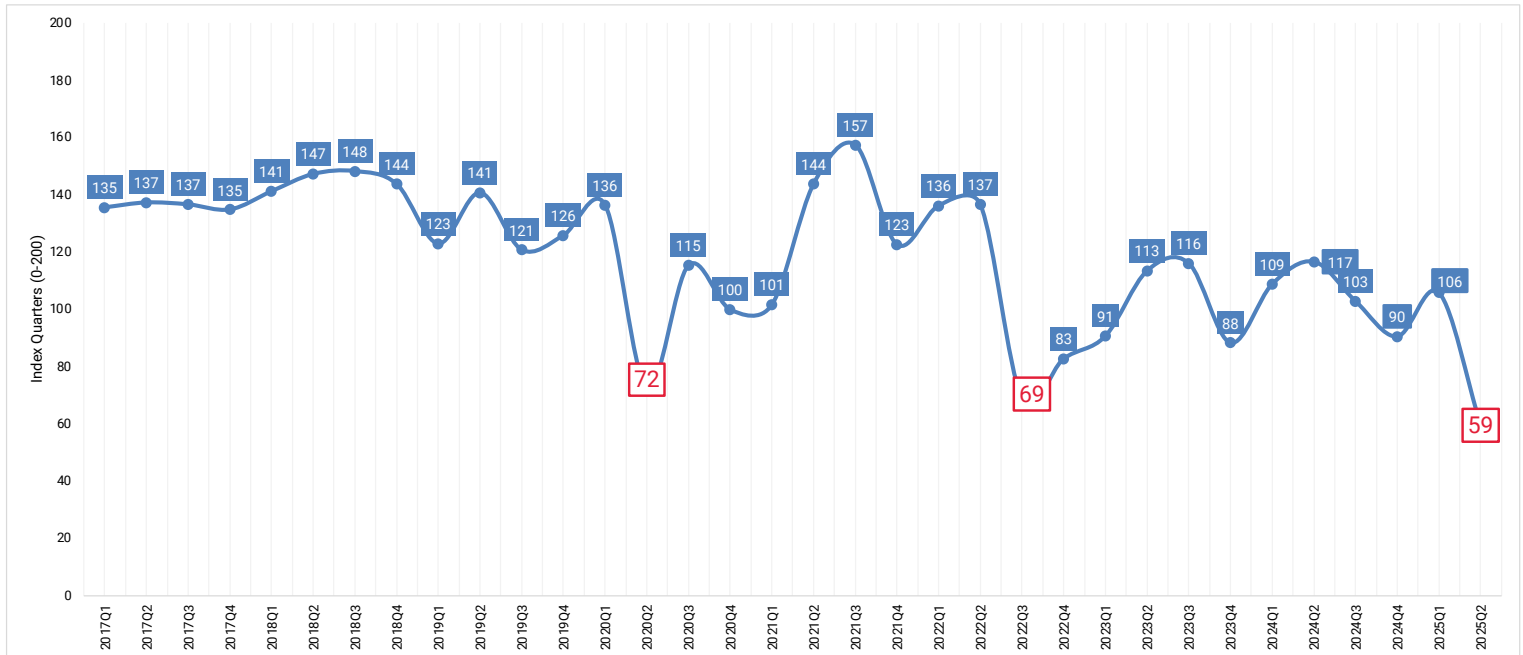
## Southern Nevada Business Confidence Index



LEE BUSINESS SCHOOL  
CENTER FOR BUSINESS  
AND ECONOMIC RESEARCH

Second Quarter 2025

### Local Business Confidence Plummets to its Lowest Level in 16 Years amid Economic Uncertainty in the Second Quarter of 2025



### Southern Nevada Business Confidence Index, Highlights

#### ECONOMIC EXPECTATIONS

- Local business leaders' confidence as captured by the CBER Southern Nevada Business Confidence Index plunged from 105.7 in the prior quarter to 59.4 in 2025Q2.
- Local business leaders' view of U.S. economic conditions nosedived, decreasing from 106.5 in the prior quarter to 24.5 in 2025Q2. When asked about economic conditions in Nevada, these business leaders' views also sank, dropping from 100.0 last quarter to 42.9 in 2025Q2.

#### EXPECTATIONS FOR HIRING

- The expectations on hiring dropped from 93.5 in 2025Q1 to 53.1 in 2025Q2, a rather pessimistic signal regarding the local economy.

#### EXPECTATIONS FOR HOME PRICES

- Expectations on home prices in Southern Nevada tumbled, from 147.8 in the prior quarter to 110.2 in 2025Q2.
- The Las Vegas Case-Shiller home price index reached its peak in September 2024 but has slightly decreased and stabilized since then, reversing its prior upward trajectory observed since March 2023.

## MOST IMPORTANT CHALLENGES

- Economic uncertainty, marked by 43.8 percent of business leaders, ranked first by a wide margin as the most difficult challenge in Southern Nevada going into 2025Q2, followed by both higher operating and/or production costs and decreasing sales at 12.5 percent each.

## KEY SKILLS AND TRAITS FOR HIRING DECISION

- Local business leaders ranked “prior experience in the industry” the highest at 21.3 percent, when asked what skills and traits they look for in their hiring decisions.

## POTENTIAL RECESSION

- A majority of respondents (i.e., 43.8 percent) expressed the belief that the U.S. economy will be in a recession in the second half of 2025, while 10.4 percent believed that we are already in a recession.
- A decrease occurred in the percentage of respondents, compared to the previous quarter (32.6 vs. 10.4 percent), who expected no recession in the next two years.

## FULL REPORT BELOW

### Economic Outlook: Global, National, and Local

The third estimate for U.S. real gross domestic product (GDP) for the fourth quarter of 2024 continued its solid expansion, growing by an annualized 2.4 percent. Real GDP also increased by 2.8 percent over 2024. The increase largely reflected strong consumer spending, partly offset by a decrease in investment. Wages continue to grow, posting a 3.8 percent year-over-year increase in March, reaching \$36.00 per hour, and outpacing inflation. U.S. nonfarm employment increased in March by 228,000 jobs, reflecting gains in health care, social assistance, and transportation and warehousing. The unemployment rate experienced little change at 4.2 percent in March. Alongside the expanding labor market, recent economic data indicate that the United States continues to expand. Advanced estimates for retail sales in March grew by 1.4 and 4.6 percent, respectively, month-over-month (MoM) and year-over-year (YoY). The Core PCE inflation rate of 2.8 percent in March came in slightly above market forecasts. At the FOMC meeting on January 29, the Fed paused interest rate cuts, which was in alignment with most economists’ expectations. During the last meeting on March 19, the Fed continued to maintain interest rates as economic policy uncertainty increased with recent tariff policies. The 30-year mortgage rate had been declining from mid-January to the beginning of April but has recently increased.

*“U.S. real gross domestic product (GDP) for the fourth quarter of 2024 continued its solid expansion, growing by an annualized 2.4 percent.”*

Clark County posted mixed economic signals. Seasonally adjusted employment declined by 7,500 jobs MoM in January. The unemployment rate in December remained unchanged from the previous month at 6.0 percent. January gaming revenue declined by 1.8 percent MoM but rose by 13.2 percent YoY. Harry Reid passengers in January increased by 0.3 percent YoY, while visitor volume fell by 0.6 percent over the same period. The local housing market experienced stabilizing housing prices and increases in residential permits.

The survey results presented in this report indicate decidedly pessimistic sentiment on local business conditions, U.S. economic conditions, and the local economy. Local business leaders also anticipated moderate increases in local housing prices but decreases in construction activity. Economic (policy) uncertainty has driven this negative outlook as concerns grow around the potential impact of tariffs on the local and national economies.

## Southern Nevada Business Confidence Index

The Southern Nevada Business Confidence Index, constructed by the Center for Business and Economic Research (CBER) at the University of Nevada, Las Vegas (UNLV), fell to 59.4 in the second quarter of 2025 from 105.7 in the first quarter of 2025 (Figure 1). That is, local business leaders expressed more pessimism this quarter as they anticipate a weakened economy in Southern Nevada and the United States.

The index includes five components: business leaders' expectations of (i) general economic conditions in Nevada, as well as expectations for their own industry's (ii) sales, (iii) profits, (iv) hiring, and (v) capital expenditures. All five components remained below 100.0, indicating respondents' pessimistic feelings about different economic areas. Respondents also expressed a negative economic outlook overall with the index sitting below 100.0 at 59.4. The index values for business expectations of Nevada economic conditions, sales, profits, hiring, and capital expenditures scored 42.9, 79.2, 62.5, 53.1, and 59.2, respectively (Figure 2)<sup>1</sup>.

### Expectations for the U.S. and Nevada Economies

Southern Nevada business leaders forecasted that Nevada economic conditions will drop with a score of 42.9, lower than last quarter's score of 100.0. Local business leaders also expressed unprecedented pessimism on U.S. economic conditions with a score of 24.5, which is below 106.5 from the previous quarter and the lowest the component has ever reached since the survey's start in the second quarter of 2008. (Figures 3 and 4).

When asked about the U.S. economy, 85.7 percent of business leaders forecasted a moderate decrease or strong decrease in economic conditions, while 10.2 percent projected a moderate increase or strong increase in economic conditions. The remaining 4.1 percent projected no change. When asked the same question about the Nevada economy, 69.4 percent of business leaders predicted a moderate decrease or strong decrease in economic conditions, 18.4 percent anticipated no change, and 12.2 percent expected a moderate increase or strong increase in economic conditions.

*“Southern Nevada business leaders forecasted that Nevada economic conditions will drop with a score of 42.9, lower than last quarter's score of 100.0.”*

<sup>1</sup> Note: When reporting percentage responses, totals may not add to 100 because of rounding. The index equals the average of its five components. Each component is calculated as follows: add 100 to the difference between the percentages of positive and negative responses. Thus, for example, if the index for the sales component equals 79.2 (=100 - 20.8), this means that 20.8 (-45.8 - 25.0) percent more respondents expressed a negative attitude (45.8 percent) than those who expressed a positive attitude (25.0 percent).

Figure 1  
CBER's Southern Nevada Business Confidence Index

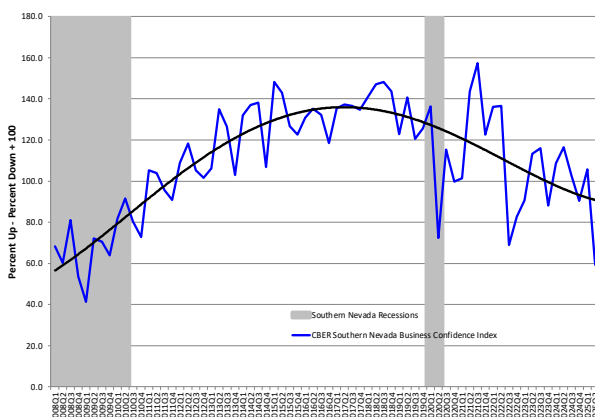
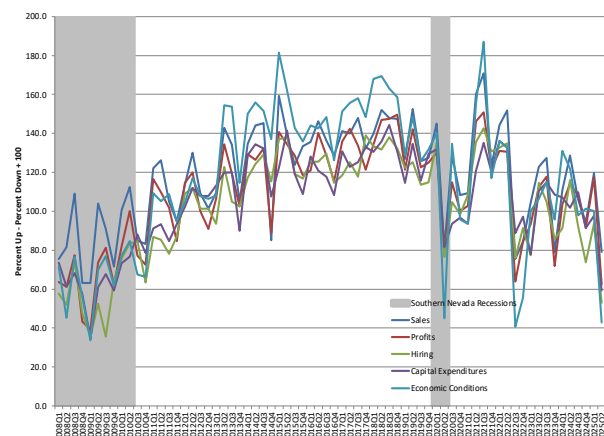


Figure 2  
Components of CBER's Southern Nevada Business Confidence Index



## Expectations for Sales

Local business leaders expressed pessimism on sales with an individual component value of 79.2, scoring the highest among the five components (Figure 5). This shows a decrease compared to a component value of 119.6 last quarter. When asked about sales in their own industry, 45.8 percent of the respondents forecasted a decrease, 29.2 percent expected no change, and 25.0 percent predicted an increase.

*“Local business leaders expressed pessimism on sales with an individual component value of 79.2.”*

## Expectations for Profits

Local business leaders also expressed more pessimism on profits with a component score of 62.5 (Figure 6). When asked about profits, 54.2 percent of respondents anticipated decreased profits in their industry, 29.2 percent predicted no change, and 16.7 percent forecasted increased profits.

## Expectations for Hiring

The index value for expectations on hiring fell by 40.4 points from last quarter to 53.1 this quarter (Figure 7). The quarter-over-quarter decrease marks a continued setback, with a score below 100.0 indicating that the local job market still faces challenges. When asked about hiring in their own industry, 57.1 percent of local business leaders expected a decrease, 32.7 percent expected no change, and 10.2 percent projected an increase.

Figure 3

How do you think economic conditions in U.S. will change in the coming quarter compared to the current quarter?

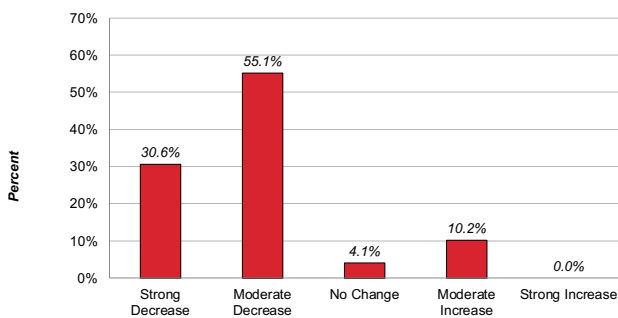


Figure 4

How do you think economic conditions in Nevada will change in the coming quarter compared to the current quarter?

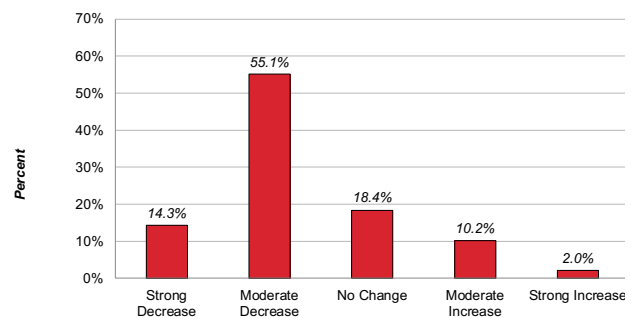


Figure 5

How do you think sales in your industry will change in the coming quarter compared to the current quarter?

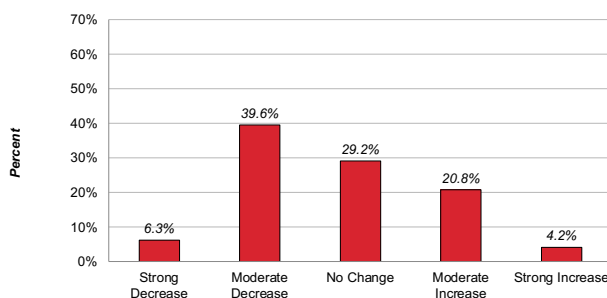
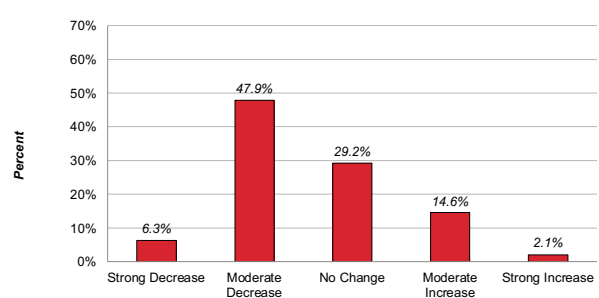


Figure 6

How do you think profits in your industry will change in the coming quarter compared to the current quarter?



Note: When reporting percentage responses, totals may not add to 100 because of rounding.

## Expectations for Capital Expenditure

The index component for expectations on capital expenditures fell to 59.2 this quarter from 97.8 last quarter (Figure 8). That is, 51.0 percent of respondents forecasted decreased capital expenditures in their industry, while 10.2 percent projected increased capital spending. The remaining 38.8 percent expected no change.

## Expectations for Home Prices

The index value for expectations on home prices in Southern Nevada, which is not a component of the overall index, scored the highest value at 110.2 (Figure 9). The value, which decreased from 147.8 in the previous quarter, suggests that local businesses expect housing prices in Southern Nevada to continue to increase despite high interest rates and reduced affordability. Notably, the most recent movement in the Las Vegas Case-Shiller Home price index posted a slight decrease in local home prices during October 2024 that has since remained stable. Residential permits, however, rose in January, up by 69.1 percent from last month and up 13.8 percent from last year. The 30-year mortgage rate, which moves with the 10-year Treasury yield, remains around 7 percent as the Fed kept interest rates unchanged. When asked about expectations on home prices, 34.7 percent of the respondents expected increases in home prices in Southern Nevada, 40.8 percent forecasted no change, and 24.5 percent predicted decreases in home prices.

*“The index value for expectations on home prices in Southern Nevada, which is not a component of the overall index, scored the highest value at 110.2.”*

Figure 7

How do you think hiring in your industry will change in the coming quarter compared to the current quarter?

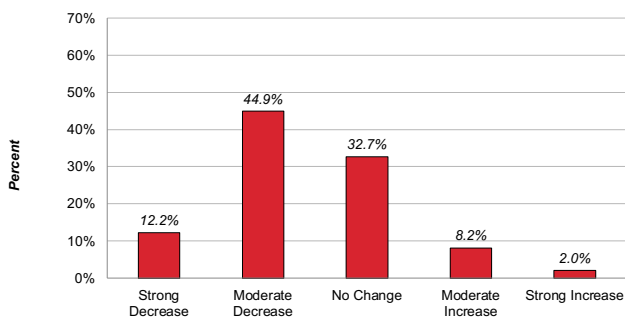
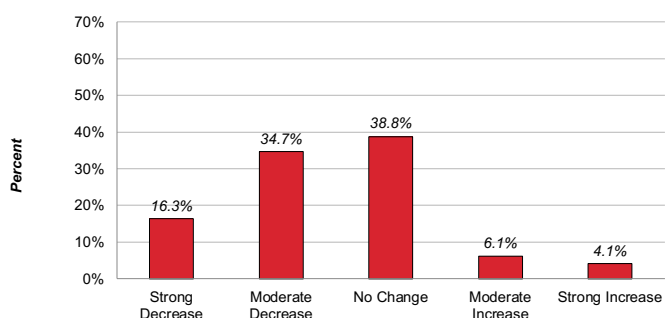


Figure 8

How do you think capital expenditures in your industry will change in the coming quarter compared to the current quarter?



Note: When reporting percentage responses, totals may not add to 100 because of rounding.

## Expectations for Construction Activity

Local business leaders predict a decrease in construction activity in Southern Nevada, which is also not a component of the overall index, with a value of 83.7 (Figure 10). When asked about expectations on construction activity, 28.6 percent of the respondents expected more construction activity, 26.5 percent projected no change, and 44.9 percent forecasted less construction activity.

## Most Important Challenges

Economic uncertainty, marked by 43.8 percent of business leaders, ranked as the most difficult challenge in Southern Nevada in the second quarter of 2025, consistent with results from the first quarter of 2025 (Figure 11). Higher operating and/or production costs tied with decreasing sales as the second most difficult challenge in Southern Nevada at 12.5 percent. Finding qualified employees fell from second place last quarter to tying with government regulations for fourth place this quarter at 8.3 percent.

*“Economic uncertainty, marked by 43.8 percent of business leaders, was ranked the most difficult challenge.”*

Figure 9

How do you think home prices in Southern Nevada will change in the coming quarter compared to the current quarter?

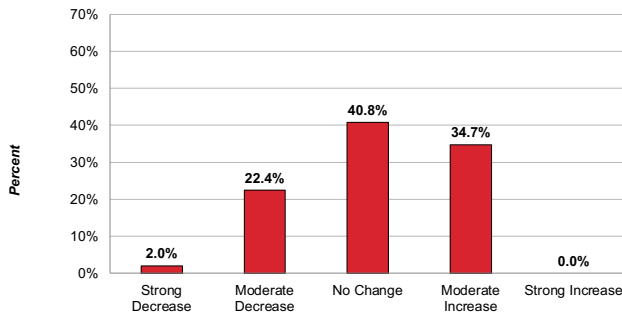
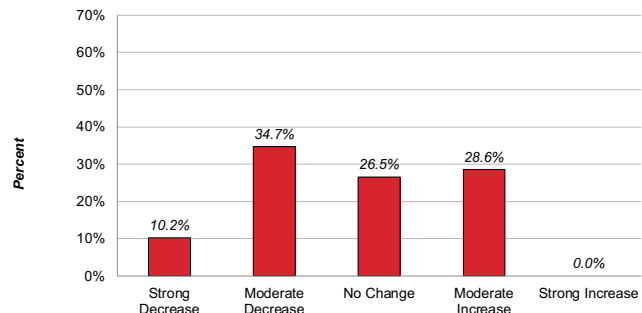


Figure 10

How do you think construction activity in Southern Nevada will change in the coming quarter compared to the current quarter?



Note: When reporting percentage responses, totals may not add to 100 because of rounding.

## Key Skills and Traits for Hiring Decision

When asked about important traits or skills in the hiring decision, 21.3 percent of local business leaders marked experience in the industry the highest when making such decisions (Figure 12). This was followed by people and social skills at 17.3 percent and flexibility and adaptability at 16.7 percent. Education level and technical qualifications came in the lowest at 9.3 and 10.0 percent, respectively, of business leaders.

## National Fiscal and Monetary Policies

Local business leaders rated both the current national fiscal and monetary policies as relatively weak (Figures 13 and 14). When asked about current national monetary policy, 33.3 percent reported that the monetary response was “too/relatively weak,” while 16.7 percent reported it was “too/relatively strong.” The remaining 50.0 percent reported that it was “just about right.” When asked about current national fiscal policy implemented by Congress and the Administration, 44.7 percent of respondents answered that the fiscal policy response was “too/relatively strong,” 8.5 percent reported “just about right,” and 46.8 percent reported “too/relatively weak.”

*“Local business leaders rated both the current national fiscal and monetary policies as relatively weak.”*

Figure 11

What is the most important challenge that you face in your business today?

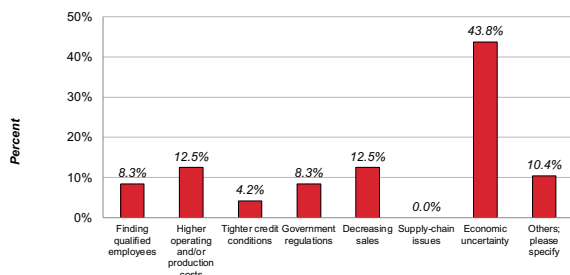


Figure 12

Job skills for hiring reflected in survey

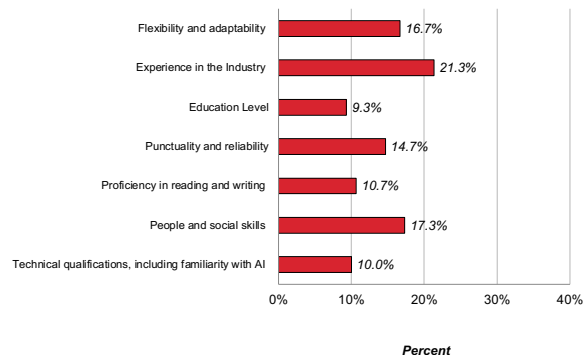




Figure 13

How would you rate current national monetary policy?

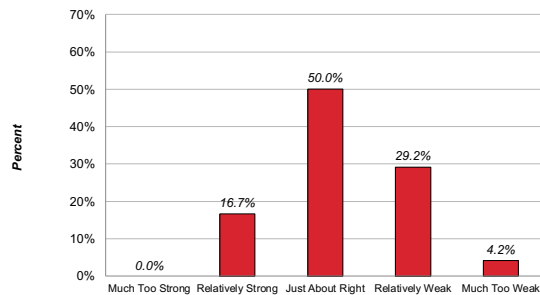
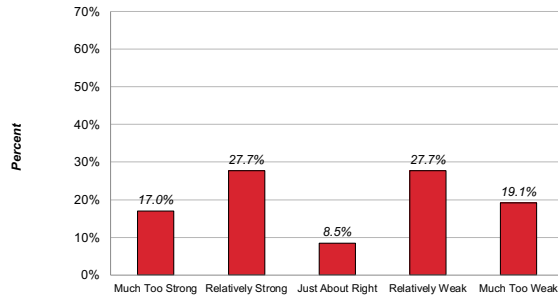


Figure 14

How would you rate current national fiscal policy?



Note: When reporting percentage responses, totals may not add to 100 because of rounding.

### Potential Economic Recession

Most business leaders (79.2 percent) believe that the U.S. economy will slide into a recession within the next two years (Figure 15). Specifically, 12.5 percent predicted a recession sometime in the remaining first half of 2025, 43.8 percent predicted sometime in the second half of 2025, and 22.9 percent predicted sometime in 2026. On the other hand, 10.4 percent of respondents thought that the U.S. economy already experiences a recession. Finally, 10.4 percent of respondents said that no recession will occur in the next two years.

### Interest Rates Between Now and the End of the Second Quarter of 2025

The majority (45.8 percent) of respondents believed that the Fed will make no change to interest rates in the second quarter of 2025 (Figure 16). 22.9 percent expected a rate increase, with 4.2 percent forecasting a large increase and 18.8 percent forecasting a slight increase. On the other hand, 31.3 percent predict a slight decrease while 0.0 percent predict a large decrease.

Figure 15

When do you believe that the next recession will occur in the national economy?

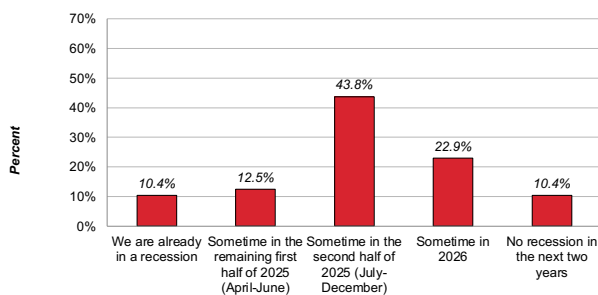


Figure 16

What do you think will happen to interest rates between now and the end of the 2nd quarter of 2025?

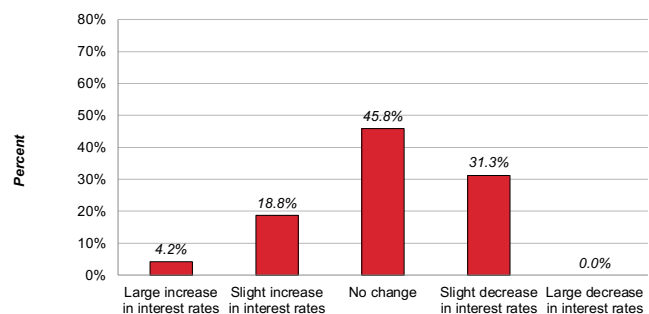


Figure 17

Which best describes your position in the business?

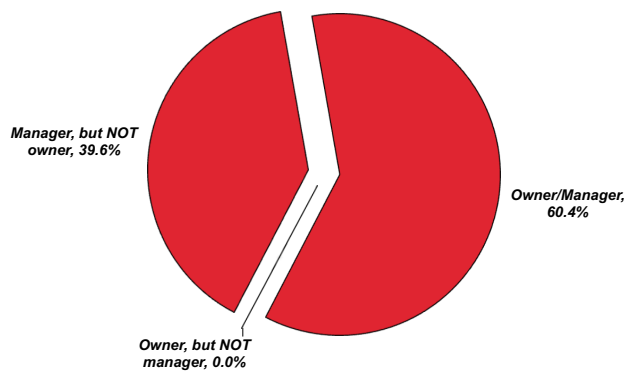


Figure 18

How many people, full time and part time, does your business currently employ, NOT including yourself?

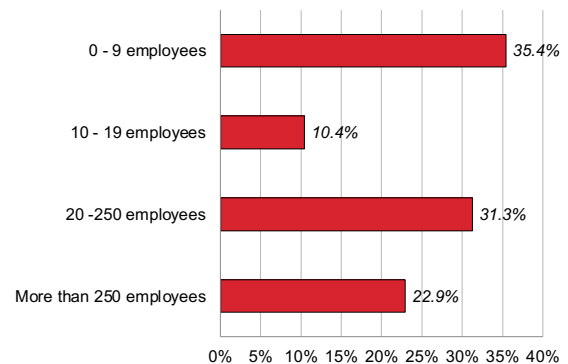
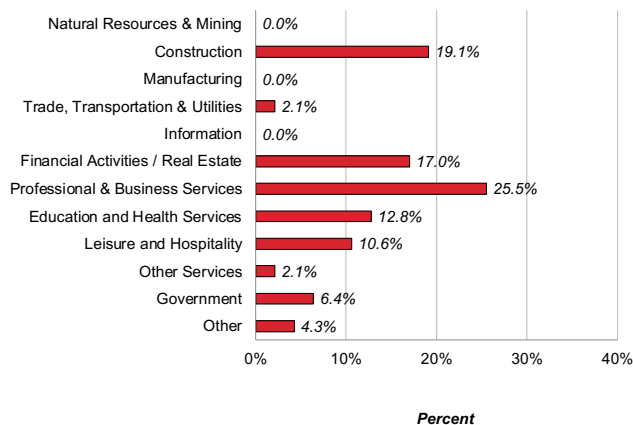


Figure 19

Business sectors reflected in survey



Note: When reporting percentage responses, totals may not add to 100 because of rounding.

## Conclusion

The most recent CBER business survey suggests that local business leaders harbor an extremely pessimistic outlook on their industry's business conditions in the second quarter of 2025. That is, local business leaders predict worsening conditions for sales and profits in the second quarter. Outlooks for hiring and capital expenditures remain pessimistic but at a greater rate compared to last quarter. The respondents also anticipate local economic conditions and U.S. economic conditions to worsen. In conclusion, the local economy is expected to contract in the second quarter of 2025.

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.*

Please email us at [CBER@UNLV.EDU](mailto:CBER@UNLV.EDU) for questions and concerns.