

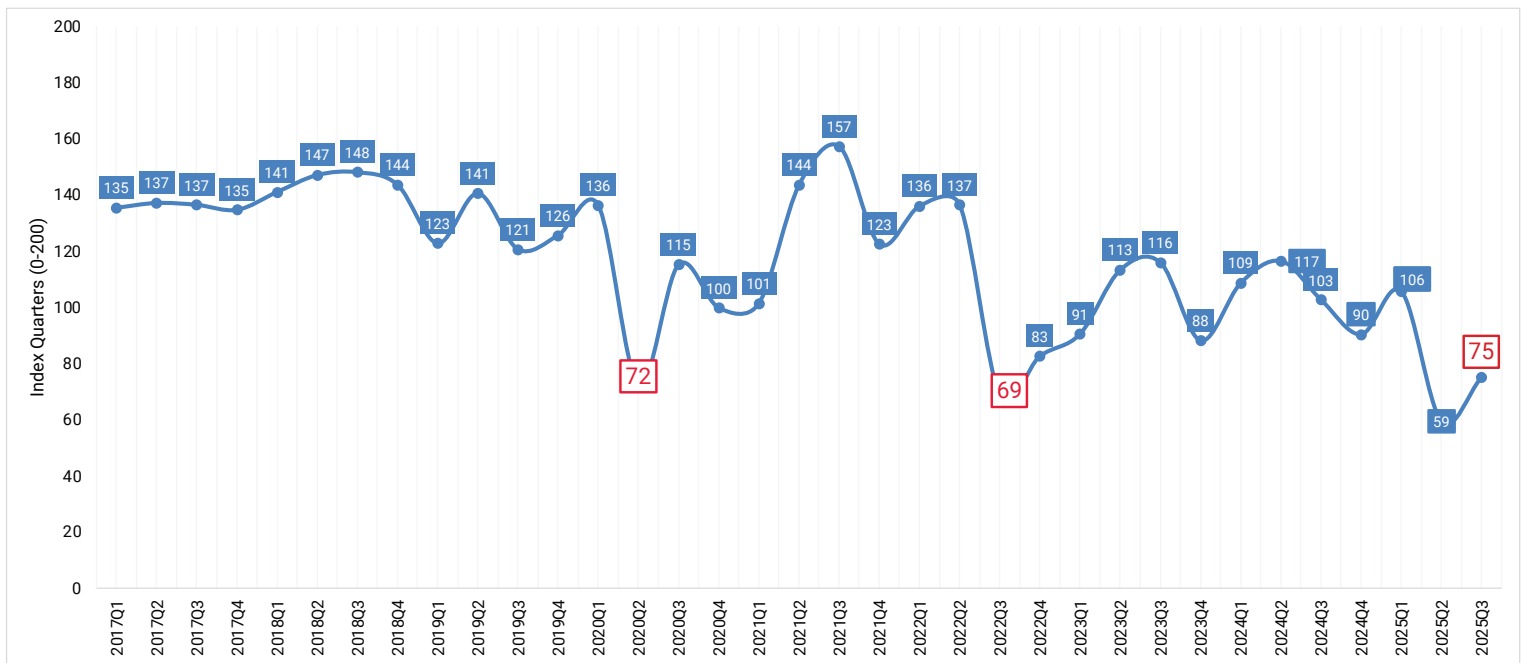
QUARTERLY INDICATORS

Southern Nevada Business Confidence Index

UNLV | LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

Third Quarter 2025

Local Business Confidence Remains Low for Second Straight Quarter Amid Economic Uncertainty in the Third 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, increased from 59.4 in 2025Q2 to 75.2 in 2025Q3. Although the index remained below 100, the increase suggests that local business leaders may feel less pessimistic than in the previous quarter.
- Southern Nevada business leaders continued to anticipate worsening national and local economic conditions for the third quarter of 2025.

EXPECTATIONS FOR HIRING

- Hiring sentiment remained below 100 for five consecutive quarters, suggesting continued weakness in hiring activity in Southern Nevada.
- The factors behind this trend appear to have shifted over time. In recent quarters, businesses reported low confidence in hiring activity driven by ongoing economic uncertainty and rising operating costs, while earlier low levels were mainly due to difficulties in finding qualified workers.

EXPECTATIONS FOR HOME PRICES

- The index value for expectations on home prices in Southern Nevada decreased to 82.5 in 2025Q3, down from 110.2 in the previous quarter, suggesting respondents expect local home prices to decline, on average.

- The seasonally adjusted Las Vegas Case-Shiller Home Price Index declined two consecutive months after reaching its peak of 306.4 in February 2025.

MOST IMPORTANT CHALLENGES

- Economic uncertainty was cited by 40.6 percent of respondents as the most pressing challenge heading into 2025Q3. This was followed by higher operating and/or production costs (18.8 percent) and government regulations (17.2 percent).

POTENTIAL RECESSION

- A slim majority (50.9 percent) of respondents expect interest rates to remain unchanged through the end of Q3 2025, while 33.3 percent anticipate a decrease. The survey period was several weeks prior to the most recent meeting of the Federal Open Market Committee.
- Regarding the timing of a recession, 28.1 percent of business leaders expect one in 2026, followed by 22.8 percent who anticipate it in the second half of 2025. Interestingly, 21.1 percent believe that the United States is already in a recession, roughly in line with 20.8 percent in 2024Q3, while another 28.1 percent expect no recession in the next two years.

FULL REPORT BELOW

Economic Outlook: Global, National, and Local

The most recent estimate for U.S. real gross domestic product (GDP) posted an annual increase of 3.0 percent in the second quarter of 2025. The growth was driven by consumer spending and a decline in imports, which are subtracted from exports and which had surged in the previous quarter ahead of anticipated tariffs. Seasonally adjusted U.S. nonfarm employment added only 73,000 jobs in July, with gains mainly in health care and social assistance, while federal government employment continued to decline and other sectors were little changed. In addition, May and June employment figures were significantly revised downward, with only 19,000 and 14,000 jobs added, respectively, instead of the previously reported 144,000 and 147,000. The unemployment rate increased slightly to 4.2 percent in July from 4.1 percent in the previous month. Inflation nudged up as the Consumer Price Index (CPI) rose 2.7 percent year-over-year in June, and core CPI, which excludes food and energy, increased 2.9 percent. Retail sales increased 0.6 percent month-over-month in June but were followed by a 1.8 percent drop in auto and truck sales, perhaps highlighting a slowdown in large consumer purchases. The Federal Reserve left its benchmark interest rate unchanged at 4.25 to 4.50 percent at its July meeting, maintaining its moderately restrictive policy stance amid ongoing economic uncertainty around economic policy.

“U.S. real gross domestic product (GDP) posted an annual increase of 3.0 percent in the second quarter of 2025.”

Nevada’s economy showed overall weakness in June. Statewide, seasonally adjusted employment decreased in June by 0.3 percent from the previous month and increased by only 0.3 percent year-over-year. The unemployment rate declined slightly to 5.4 percent, though remaining the highest in the nation. Gaming revenue totaled \$1.3 billion, up 3.5 percent from the prior year, while air passenger volume fell 5.9 percent to 5.2 million over the same period. Taxable sales increased by 0.7 percent in May compared to a year earlier.

In Clark County, employment fell 0.2 percent in June, and the unemployment rate remained the same at 5.7 percent. Gaming revenue reached \$1.2 billion, a 3.5 percent increase from last year. Visitor volume and air travel dropped in June 10.8 percent and 6.3 percent year-over-year, respectively. Despite summer tending to be a slower time in general in Las Vegas, recent weak tourism numbers have also been driven by fewer international travelers and reduced traveling spending by U.S. consumers.

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), increased to 75.2 in 2025Q3 from 59.4 in Q2 (Figure 1). The increase suggests that local business leaders may feel slightly less pessimistic than in the previous quarter. The rise could reflect early signs of stabilization or a rebound in optimism in certain sectors, even as concerns about broader economic conditions persist.

The index is based on five components: expectations for general economic conditions in Nevada and respondents' own industry outlooks on sales, profits, hiring, and capital expenditures. All five components remained below the neutral value of 100.0, signaling pessimism. Component scores for Nevada economic conditions, sales, profits, hiring, and capital expenditures were 58.7, 84.1, 77.8, 71.4, and 84.1, respectively (Figure 2)¹.

Expectations for the U.S. and Nevada Economies

Southern Nevada business leaders reported continued expectations of worsening economic conditions in the third quarter of 2025, though sentiment rebounded slightly compared to last quarter. The index value for U.S. economic conditions increased from 24.5 to 47.6, a 94.3 percent quarter-over-quarter increase and 36.1 percent lower than one year ago. Nevada economic conditions also presented a slight increase from 42.9 to 58.7, a 36.8 percent quarterly increase, and a 40.1 percent drop year-over-year (Figures 3 and 4).

When asked about the U.S. economy, 69.8 percent of business leaders forecasted a decrease in economic conditions, while 17.5 percent projected an increase. The remaining 12.7 percent expected no change. When asked the same question about the Nevada economy, 61.9 percent of business leaders anticipated a decrease, 17.5 percent projected no change, and 20.6 percent expected an increase.

“Southern Nevada business leaders reported continued expectations of worsening economic conditions in the third quarter of 2025, though sentiment rebounded slightly.”

¹ 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 84.1 (= 100 - 15.9), this means that 15.9 (46.0 - 30.2) percent more respondents expressed a negative attitude (46.0 percent) than those who expressed a positive attitude (30.2 percent). In this case, the subtraction result differs by 0.1 percent due to hidden decimal values.

Figure 1

CBER's Southern Nevada Business Confidence Index

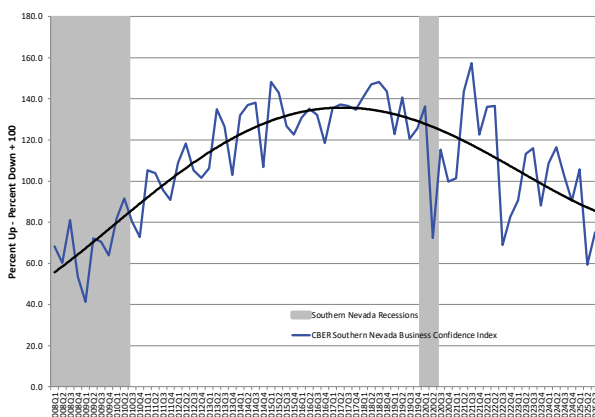
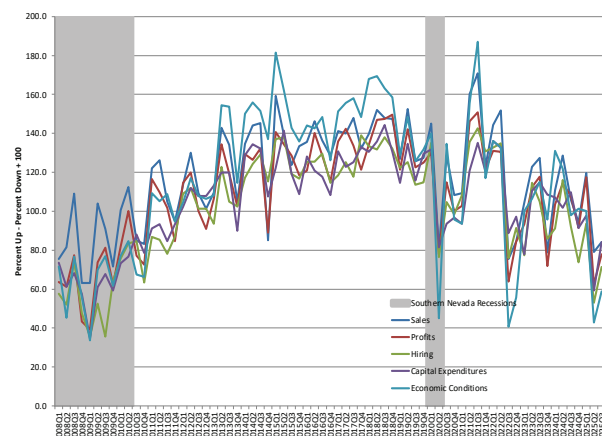


Figure 2

Components of CBER's Southern Nevada Business Confidence Index



Expectations for Sales

Respondents continued to anticipate reduced sales with a value of 84.1, despite a modest improvement in the sales index value compared to last quarter. The index rose from 79.2 to 84.1, a 6.2 percent quarter-over-quarter increase (Figure 5). When asked about sales in their own industry, 46.0 percent of the respondents forecasted a decrease, 23.8 percent expected no change, and 30.2 percent predicted an increase.

“Respondents continued to anticipate reduced sales with a value of 84.1.”

Expectations for Profits

The index value for profit expectations also remained below 100, with a value of 77.8, indicating respondents continued to anticipate reduced profits in the third quarter of 2025 amid persistent cost pressures (Figure 6). When asked about profits, nearly half of the respondents (49.2 percent) anticipated decreased profits in their industry, 23.8 percent predicted no change, and 27.0 percent forecasted increased profits.

Expectations for Hiring

Hiring sentiment remained below 100 for five consecutive quarters, suggesting continued weakness in hiring activity in Southern Nevada (Figure 7). The factors behind this trend appear to have shifted over time. In recent quarters, low confidence on hiring activity is likely driven by ongoing economic uncertainty and rising operating costs (Figure 11), while earlier low levels were mainly due to difficulties in finding qualified workers. When asked about hiring in their own industry, 44.4 percent of local business leaders expected a decrease, 39.7 percent expected no change, and 15.9 percent predicted an increase.

Figure 3

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

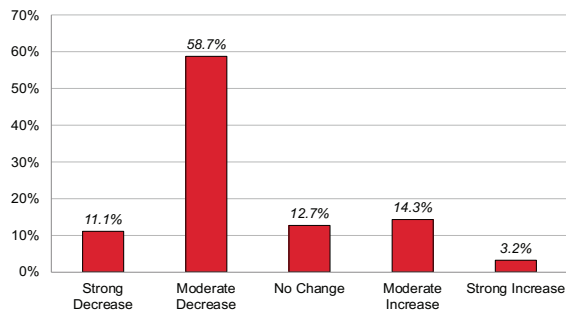


Figure 4

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

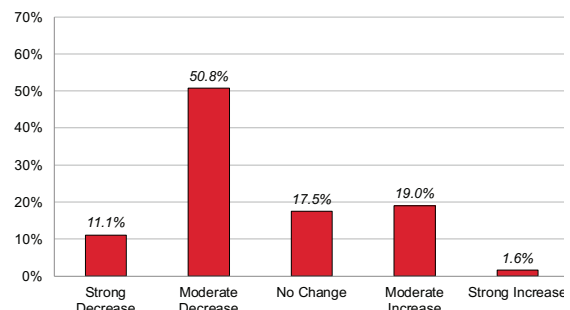


Figure 5

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

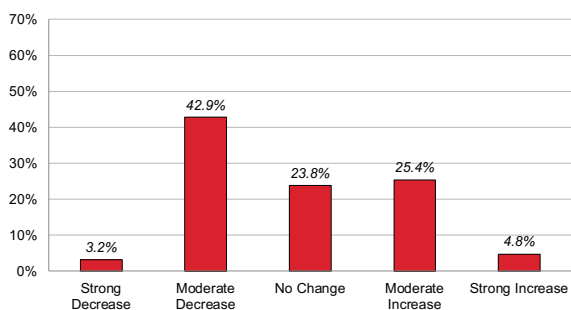
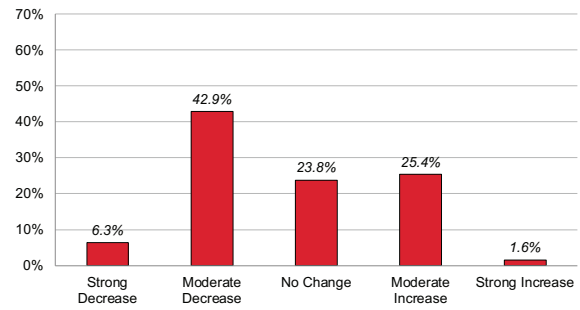


Figure 6

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 value for expectations on capital expenditure rose significantly to 84.1, up 42.1 percent from the previous quarter. Even with the rebound, this component still remained below 100, reflecting ongoing hesitation to invest amid uncertain conditions (Figure 8). That is, 42.9 percent of respondents forecasted decreased capital expenditure in their industry, while 27.0 percent anticipated increased capital spending. The remaining 30.2 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, decreased to 82.5 in 2025Q3, down from 110.2 in the previous quarter (Figure 9). This aligns with the currently struggling local housing market, where rising inventory is largely driven by high interest rates and reduced affordability. Consequently, the seasonally adjusted Las Vegas Case-Shiller Home Price Index declined two consecutive months after reaching its peak of 306.4 in February 2025. When asked about expectations on home prices, 25.4 percent of respondents expected home prices to rise, 31.7 percent forecasted no change, and 42.9 percent predicted a decline.

“The index value for expectations on home prices in Southern Nevada, which is not a component of the overall index, decreased to 82.5 in 2025Q3, down from 110.2.”

Figure 7

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

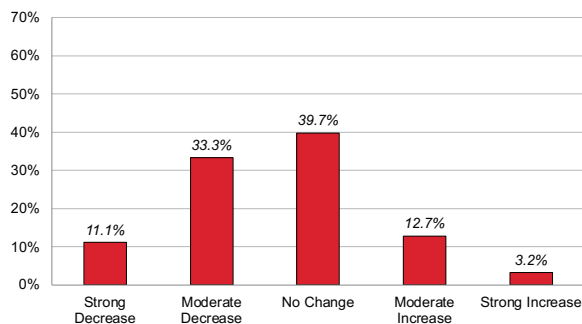
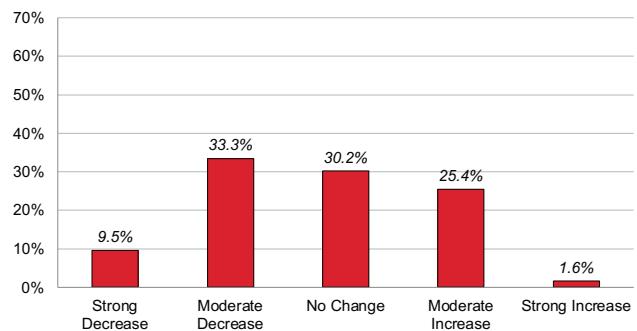


Figure 8

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

Expectations for construction activity fell to 82.5, down 25.1 percent from last quarter (Figure 10). This aligns with slower homebuilding activity and a more cautious outlook for commercial development. When asked about expectations on construction, 17.5 percent of respondents expected more construction activity, 12.7 percent projected no change, and 69.8 percent forecasted less construction activity in the third quarter of 2025.

Most Important Challenges

Economic uncertainty remained the top concern, cited by 40.6 percent of respondents. Higher operating and production costs followed at 18.8 percent, with government regulations close behind at 17.2 percent (Figure 11). These top concerns have remained largely consistent across 2025, though concern over government regulations has grown since last quarter, when it ranked lower and tied with decreasing sales. This marks a shift from the third quarter of 2024, when finding qualified employees was the top concern, cited by 33.3 percent of respondents.

“Economic uncertainty, marked by 40.6 percent of business leaders, remained the top concern.”

National Fiscal and Monetary Policies

Local business leaders continued to view both national fiscal and monetary policies as somewhat weak (Figures 13 and 14). When asked about current national monetary policy, 40.4 percent of respondents reported that the response was “too/relatively weak,” while 10.5 percent viewed it as “too/relatively strong.” The remaining 49.1 percent said the stance was “just about right.” Regarding current national fiscal policy enacted by Congress and the Administration, 50.0 percent of respondents said the response was “too/relatively weak.” 39.3 percent considered it “too/relatively strong,” and just 10.7 percent felt it was “just about right.”

“Local business leaders continued to view both national fiscal and monetary policies as somewhat weak.”

Figure 9

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

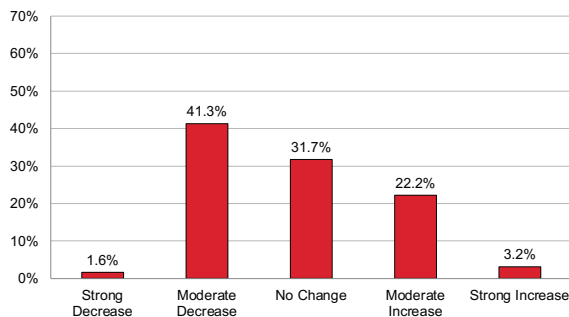
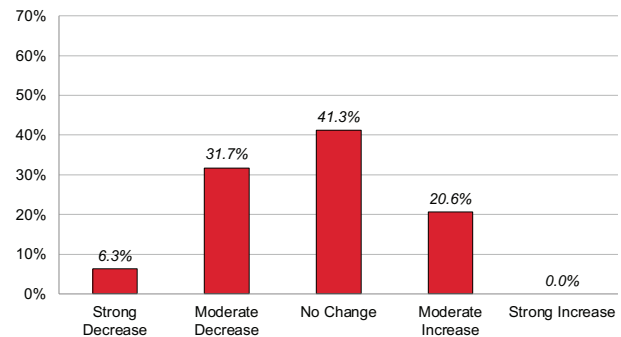


Figure 10

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.

Figure 11

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

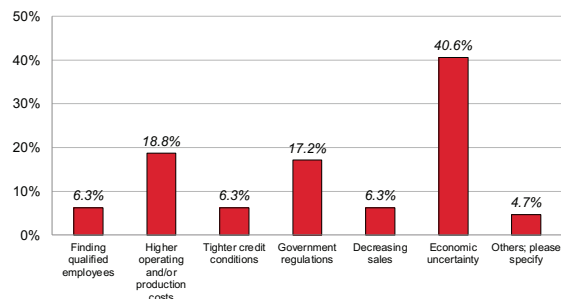
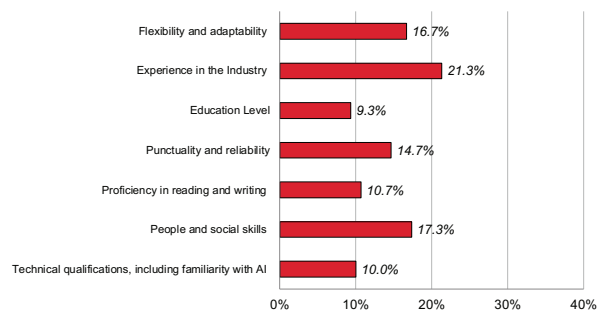


Figure 12

Job skills for hiring reflected in survey



Potential Economic Recession

Recession expectations have slightly shifted since Q2. In the current quarter, 28.1 percent of respondents expect a recession in 2026, up from 22.9 percent last quarter. Meanwhile, 22.8 percent now foresee a recession in the second half of 2025, down from 43.8 percent. Another 21.1 percent believe the U.S. is already in a recession, up from 10.4 percent in Q2 and 20.8 percent in 2024Q3, indicating a rebound in pessimism from last year. The share of respondents expecting no recession within the next two years also rose to 28.1 percent, from 10.4 percent previously. (Figure 15).

Interest Rates Between Now and the End of the Third Quarter of 2025

When asked about the Fed's likely interest rate policy by the end of 2025Q3, 50.9 percent of respondents predicted no change, 33.3 percent expected a decrease, and 15.8 percent forecasted rate hikes (Figure 16). The federal funds rate has remained in the 4.25 to 4.5 percent range since 2024 and the survey period was several weeks prior to the latest meeting of the Federal Open Market Committee.

Figure 13

How would you rate current national monetary policy?

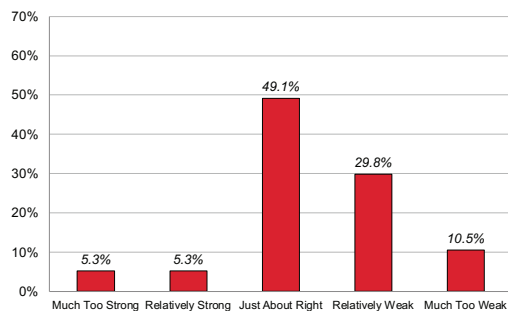
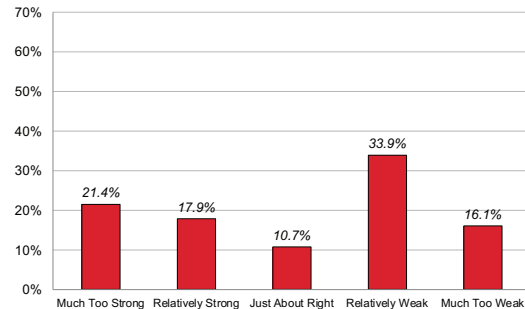


Figure 14

How would you rate current national fiscal policy?



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

Figure 15

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

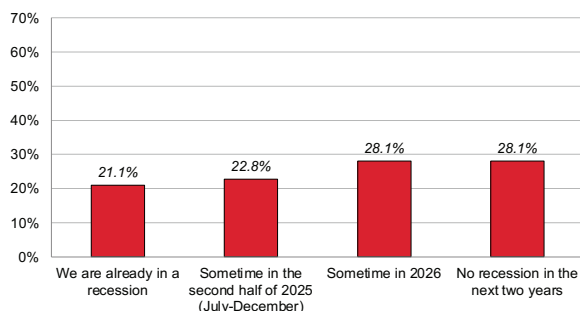


Figure 16

What do you think will happen to interest rates between now and the end of the 3rd quarter of 2025?

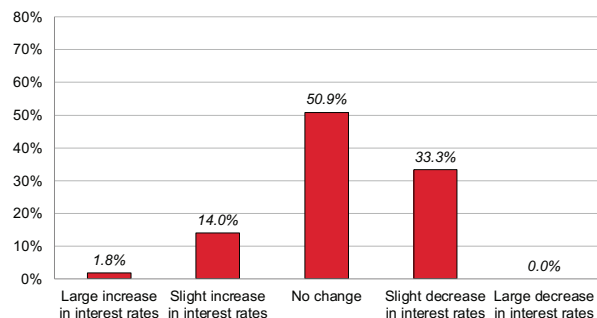


Figure 17

Which best describes your position in the business?

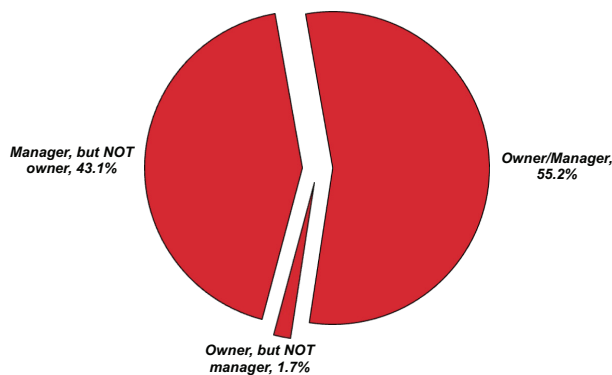


Figure 18

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

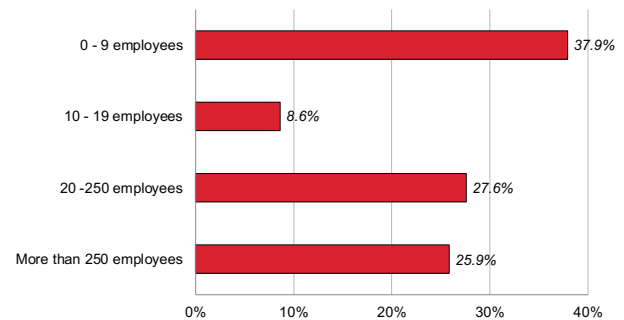
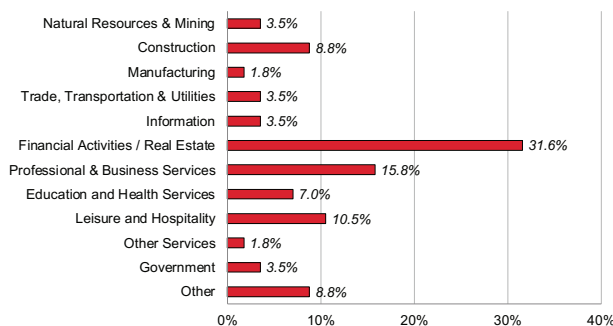


Figure 19

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 confidence survey indicates that local businesses continue to hold a pessimistic outlook on their industry's business conditions in the third quarter of 2025. Although the confidence index remained below 100, it increased from the prior quarter, implying a modest easing of pessimism. Survey respondents reported ongoing concerns about economic volatility, policy direction, and rising operating and/or production costs as key challenges facing local businesses. The index remains well below readings from both the first quarter of 2025 and the third quarter of 2024, indicating a more pessimistic outlook compared to earlier this year and the same period last year.

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 for questions and concerns.