

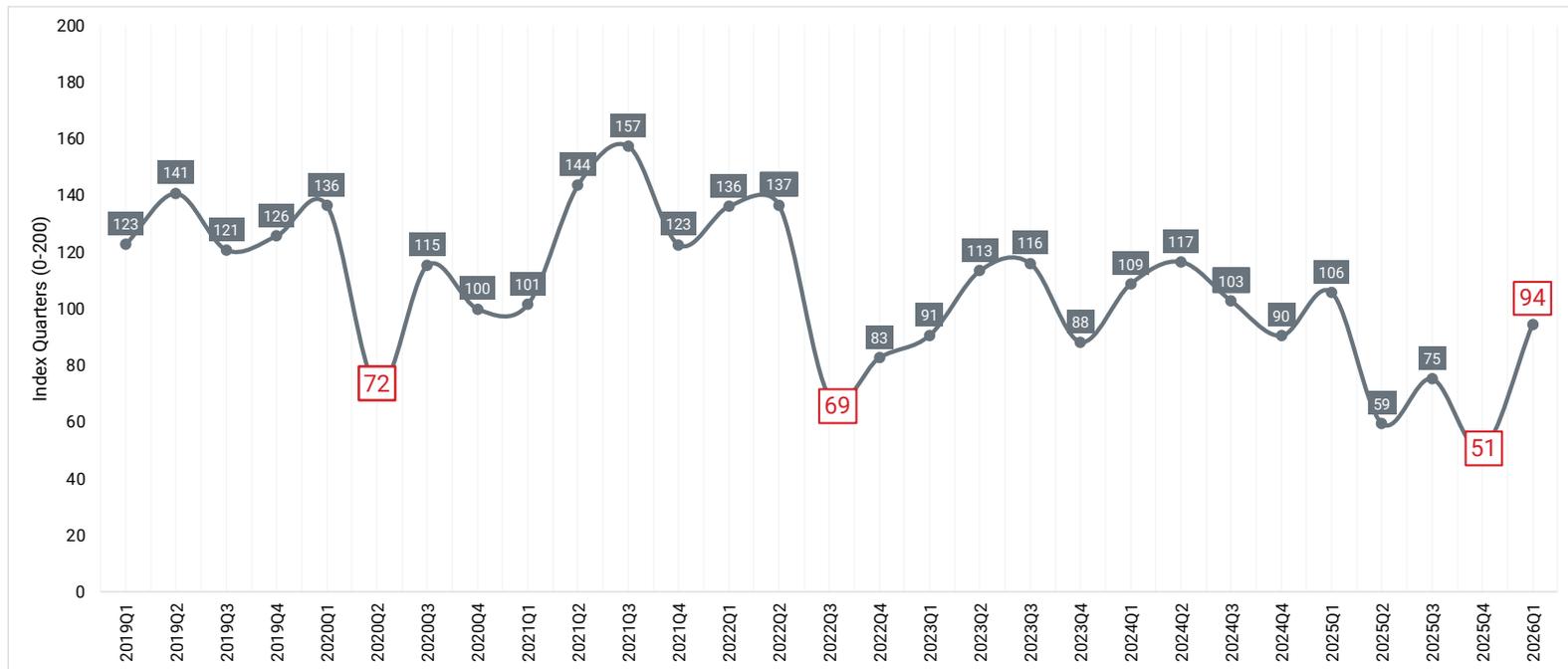
QUARTERLY INDICATORS

Southern Nevada Business Confidence Index

UNLV LEE BUSINESS SCHOOL
CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

First Quarter 2026

Local Business Confidence Rebounded To 94.4, Near 100, After Its Lowest Reading After The Great Recession, Indicating Easing Pessimism



Southern Nevada Business Confidence Index, Highlights

ECONOMIC EXPECTATIONS

- Local business leaders' confidence, as captured by the CBER Southern Nevada Business Confidence Index, increased from 50.5 in 2025Q4, its lowest reading after the Great Recession, to 94.4 in 2026Q1. This recovery suggests that the pervasive pessimism among local business leaders has moderated from the previous quarter.
- Southern Nevada business leaders continued to anticipate worsening national and local economic conditions for the first quarter of 2026, but by smaller magnitudes than the previous quarter.

EXPECTATIONS FOR HIRING

- Hiring sentiment remained below 100 for the seventh consecutive quarter, suggesting continued weakness in hiring activity in Southern Nevada.
- The factors behind this hiring trend appear to have shifted over time. That is, in recent quarters, businesses reported low confidence in hiring activity driven by ongoing economic uncertainty, while over a year ago low levels mainly reflected difficulties in finding qualified workers.

EXPECTATIONS FOR HOME PRICES

- The index value for expectations on home prices in Southern Nevada increased to 77.8 in 2026Q1, up from 71.6 in the previous quarter, suggesting respondents expect local home prices to decline, on average, but at a reduced rate.
- The seasonally adjusted Las Vegas Case-Shiller Home Price Index increased to 298.3 in October 2025 compared to 296.8 in September 2025. Previously, the index had declined for seven consecutive months after reaching its peak of 306.0 in February 2025.

MOST IMPORTANT CHALLENGES

- Economic uncertainty was cited by 47.2 percent of respondents as the most pressing challenge heading into 2026Q1. This was followed by a tie for second place, finding qualified employees (16.7 percent) and government regulations (16.7 percent).

POTENTIAL RECESSION

- A super majority (78.8 percent) of respondents expect a decrease in interest rates through the end of 2026Q1, while 15.2 percent anticipate no change.
- Regarding the timing of the next recession, 33.3 percent of business leaders believe that there will be no recession in the next two years, up from 32.6 percent last year, while 27.3 percent believe that the United States is already in a recession, up from 11.6 percent last year.

FULL REPORT BELOW

Current Economic Conditions: Global, National, and Local

The initial estimate for U.S. real gross domestic product (GDP) posted an annual increase of 4.4 percent in the third quarter of 2025. The growth was driven by consumer spending, exports, and government spending, which were partly offset by a decrease in investment. Seasonally adjusted U.S. nonfarm employment added only 50,000 jobs in December while the unemployment rate decreased slightly to 4.4 percent from 4.5 percent in the previous month. Inflation nudged up as the Consumer Price Index (CPI) rose 2.7 percent year-over-year in December, and core CPI, which excludes food and energy, increased 2.6 percent. The Federal Reserve lowered interest rates by 0.25 percentage points to a range of 3.50 to 3.75 percent at its December meeting, as recent economic indicators suggest moderating economic growth. The federal government shutdown continued to affect several economic data series at the end of 2025 as a result of missing October values. The U.S. Department of Justice opened a federal investigation of Fed Chair Powell regarding previous testimony to Congress on renovations to the Federal Reserve building in Washington, D.C., raising concerns about the Fed's ongoing independence. Chair Powell for the first time responded to the political pressure in written and televised remarks.

“Clark County’s economy weakened as tourism continued to struggle with softening demand.”

Clark County’s economy weakened as tourism continued to struggle with softening demand. November employment fell 0.1 percent from the prior month, and the unemployment rate decreased to 5.6 percent, down 0.4 percentage points from November 2024. November gaming revenue rose 2.0 percent year-over-year. Visitor volume in November continued its year-over-year decline, down 4.6 percent, resulting in a 6.8 percent year-to-date decline. Factors contributing to recent weak tourism numbers include fewer international travelers and reduced travel spending by U.S. consumers. Clark County taxable sales in November remained unchanged year-over-year while statewide taxable sales grew

by 6.1 percent, largely supported by a 2.9 percent gain in Washoe County, whose economy is more diversified in industries other than leisure and hospitality than Clark County’s, and a substantial 489.4 percent increase in Storey County, where the Tahoe-Reno Industrial Center is located.

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 94.4 in 2026Q1, from 50.5 (its second-lowest reading on record) in the previous quarter (Figure 1). The lowest reading on record was 41.3 in 2009Q1, since records began in 2008Q1. The increase suggests that the pessimism among local business leaders has moderated for the time being. The rise could reflect easing concerns about broader economic conditions which end the year strong despite the ongoing economic uncertainty.

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 equaled 91.7, 97.2, 97.2, 88.9, and 97.2, 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 first quarter of 2026, though their pessimism moderated from the previous quarter. That is, the index value for Nevada economic conditions rose from 36.0 in 2025Q4 to 91.7 in 2026Q1. The index value for U.S. economic conditions also increased from 61.3 to 72.2. (Figures 3 and 4). Viewed differently, the Nevada index of economic conditions rose from 41.3 percent below the U.S. index to 27.0 percent above the U.S. index. That is, Nevada business leaders see recovery in Nevada as stronger than in the United States.

“Southern Nevada business leaders reported continued expectations of worsening economic conditions in the first quarter of 2026, though their pessimism moderated from the previous quarter.”

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 97.2 (= 100 – 2.8), this means that 2.8 (36.1 – 33.3) percent more respondents expressed a negative attitude (36.1 percent) than those who expressed a positive attitude (33.3 percent).

Figure 1
CBER’s Southern Nevada Business Confidence Index

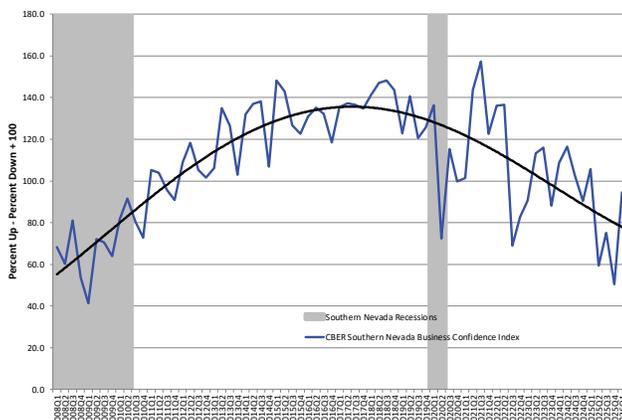
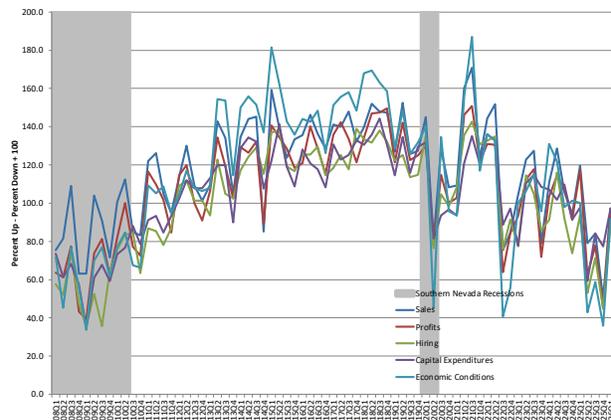


Figure 2
Components of CBER’s Southern Nevada Business Confidence Index



When asked about the U.S. economy, 58.3 percent of business leaders forecasted a decrease in economic conditions, while 30.6 percent projected an increase. The remaining 11.1 percent expected no change. When asked the same question about the Nevada economy, 38.9 percent of business leaders anticipated a decrease, 30.6 percent projected no change, and 30.6 percent expected an increase.

Expectations for Sales

Respondents continued to anticipate reduced sales with a value of 97.2. The index rose from 50.0 to 97.2, a 94.4 percent quarter-over-quarter increase (Figure 5). When asked about sales in their own industry, 36.1 percent of the respondents forecasted a decrease, 30.6 percent expected no change, and 33.3 percent predicted an increase.

“Respondents continued to anticipate reduced sales with a value of 97.2”

Expectations for Profits

The index value for profit expectations also remained below 100, with a value of 97.2, indicating respondents continued to anticipate reduced profits in the first quarter of 2025 (Figure 6). The index rose from 44.7 to 97.2, a 117.4 percent quarter-over-quarter increase. When asked about profits, 36.1 percent anticipated decreased profits in their industry, 30.6 percent predicted no change, and 33.3 percent forecasted increased profits.

Figure 3

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

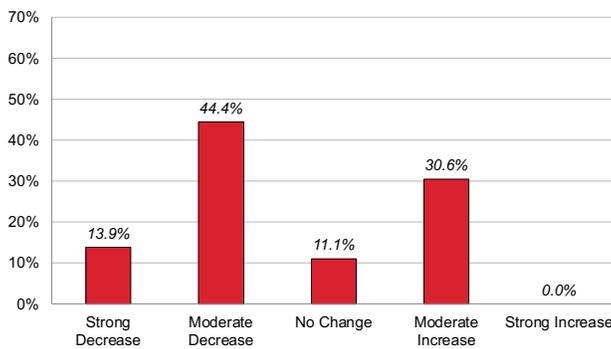


Figure 4

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

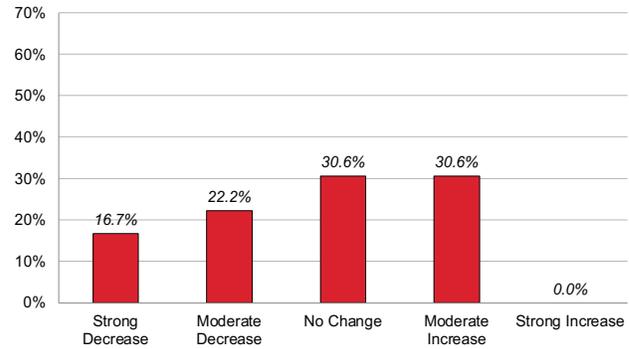


Figure 5

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

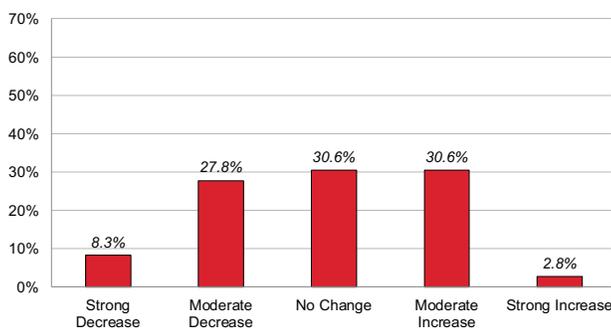
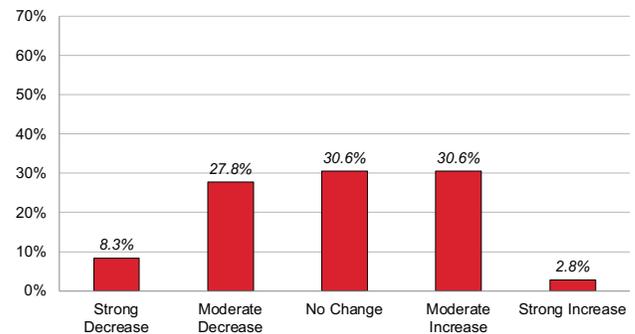


Figure 6

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 Hiring

Hiring sentiment has remained below 100 for seven 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 in hiring activity is likely driven by ongoing economic uncertainty (Figure 11), while earlier low levels were mainly due to difficulties in finding qualified workers. When asked about hiring in their own industry, 30.6 percent of local business leaders expected a decrease, 50.0 percent expected no change, and 19.4 percent predicted an increase.

“The index value for expectations on capital expenditure rose to 97.2, up 25.7 percent from the previous quarter.”

Expectations for Capital Expenditure

The index value for expectations on capital expenditure rose to 97.2, up 25.7 percent from the previous quarter and reflecting reduced hesitation to invest amid uncertain conditions (Figure 8). That is, 30.6 percent of respondents forecasted decreased capital expenditures in their industry, while 27.8 percent anticipated increased capital spending. The remaining 41.7 percent expected no change.

Figure 7

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

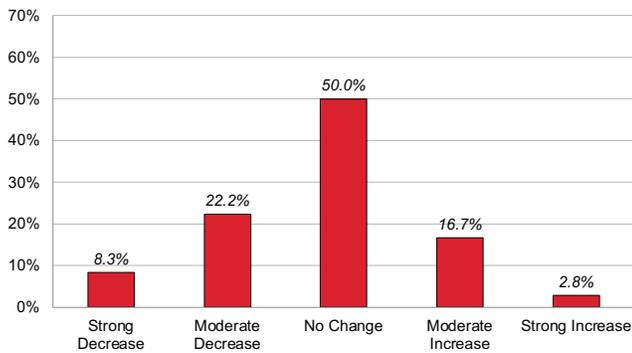
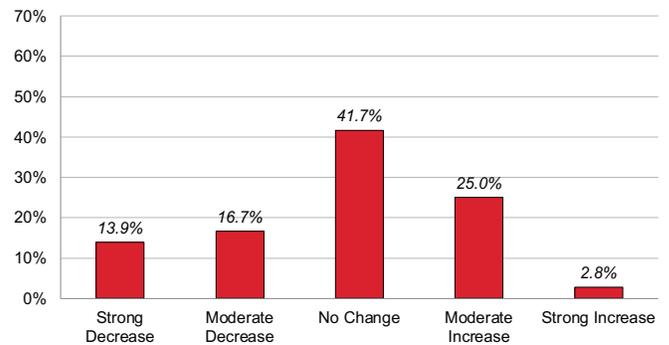


Figure 8

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 Home Prices

The index value for expectations on home prices in Southern Nevada, which is not a component of the overall index, increased to 77.8 in 2026Q1, up from 71.6 in the previous quarter (Figure 9). Despite the increase, the index continues to indicate that more respondents expect local home prices to decline. This aligns with the current struggling local housing market, where elevated inventory is largely driven by high interest rates and reduced affordability. Consequently, the seasonally adjusted Las Vegas Case-Shiller Home Price Index declined seven consecutive months after reaching its peak of 306.0 in February 2025 but rose again in October. When asked about expectations on home prices, 27.8 percent of respondents expected home prices to rise, 22.2 percent forecasted no change, and 50.0 percent predicted a decline.

“Expectations for construction activity rose to 88.9, up from 65.3 last quarter.”

Expectations for Construction Activity

Expectations for construction activity rose to 88.9, up from 65.3 last quarter (Figure 10). This aligns with slow homebuilding activity and a cautious outlook for commercial development. When asked about expectations on construction, 25.0 percent of respondents expected more construction activity, 38.9 percent projected no change, and 36.1 percent forecasted less construction activity in the first quarter of 2026.

Most Important Challenges

Economic uncertainty remained the top concern, cited by 47.2 percent of respondents. Finding qualified employees and government regulations followed tied for second place at 16.7 percent (Figure 11). Higher operating and/or production costs ranked fourth at 8.3 percent. These top concerns have shifted somewhat from the previous quarter, with finding qualified employees rising from sixth to second place and decreasing sales falling from second to last place.

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

National Fiscal and Monetary Policies

Local business leaders continued to view both national fiscal and monetary policies as somewhat weak (Figures 12 and 13). When asked about current national monetary policy, 42.4 percent of respondents reported that the response was “too/relatively weak,” while 21.2 percent viewed it as “too/relatively strong.” The remaining 36.4 percent said the stance was “just about right.” Regarding current national fiscal policy enacted by Congress and the Administration, 69.7 percent of respondents said the response was “too/relatively weak.” 15.2 percent considered it “too/relatively strong,” and 15.2 percent felt it was “just about right.”

Figure 9

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

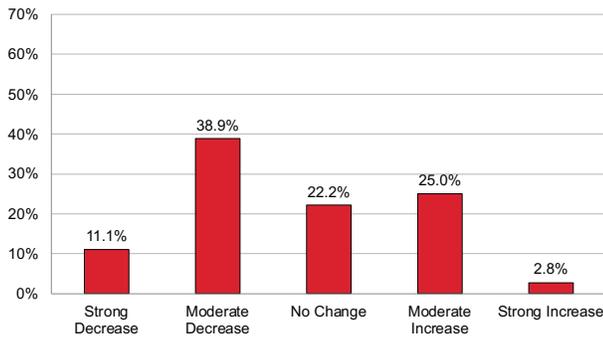
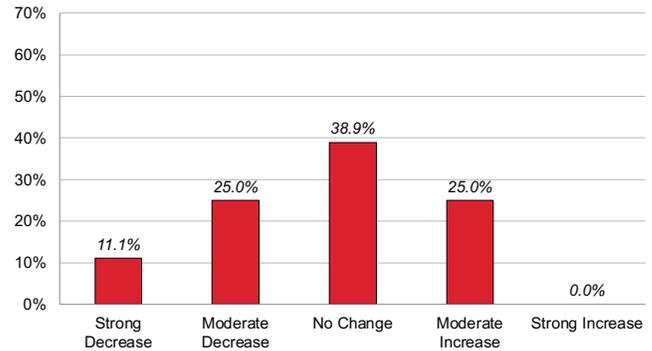


Figure 10

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?

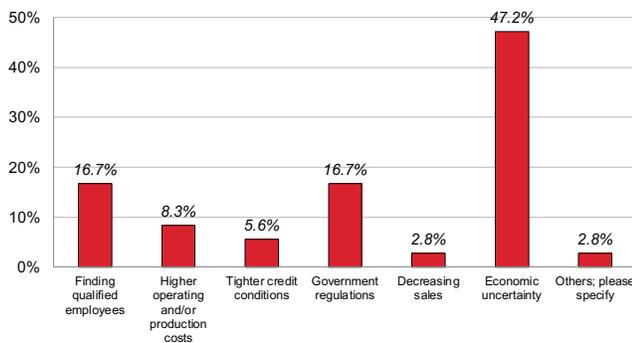
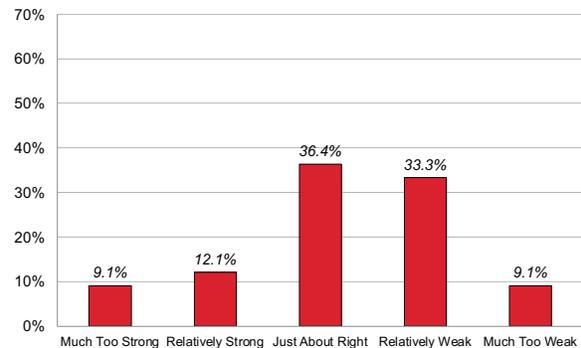


Figure 12

How would you rate current national monetary policy?



Potential Economic Recession

Recession expectations have shifted slightly since 2025Q4. In the current quarter, 21.2 percent of respondents expect a recession in 2026, down from 39.4 percent last quarter. Another 27.3 percent believe the U.S. is already in a recession, down from 39.4 percent in the previous quarter. The share of respondents expecting no recession within the next two years grew to 33.3 percent, from 16.9 percent previously (Figure 14).

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

When asked about the Fed’s likely interest rate policy by the end of 2026Q1, 15.2 percent of respondents predicted no change, 78.8 percent expected a decrease, and 6.1 percent forecasted rate hikes (Figure 15). The federal funds rate dropped to the 3.50 to 3.75 percent range in December 2025.

Figure 13

How would you rate current national fiscal policy?

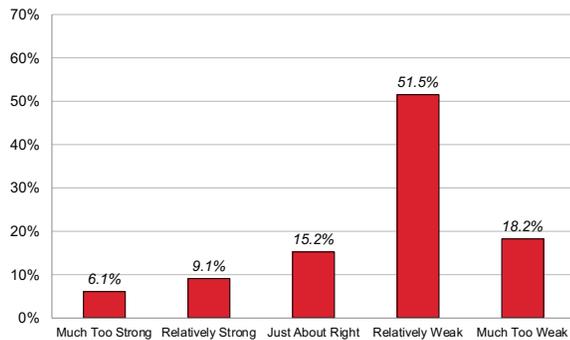
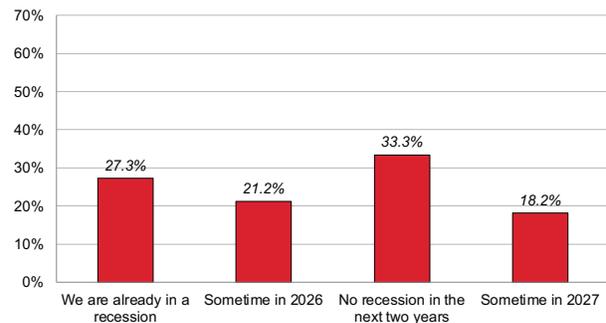


Figure 14

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



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

Figure 15

What do you think will happen to interest rates between now and the end of the the 1st quarter of 2026?

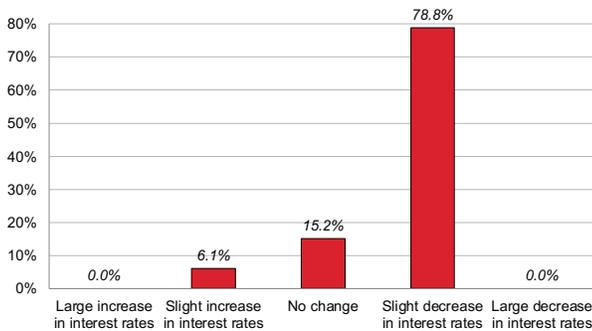


Figure 16

Which best describes your position in the business?

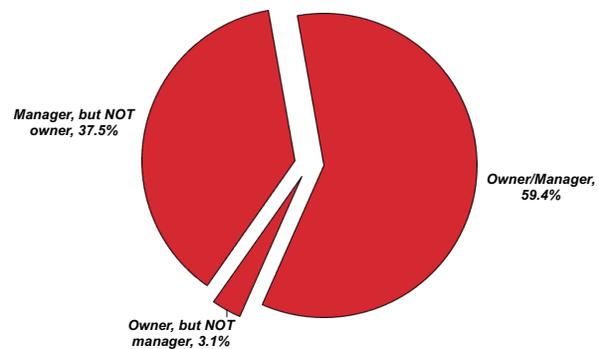


Figure 17

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

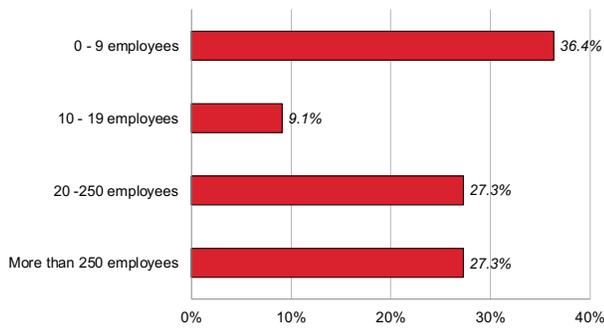


Figure 18

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 first quarter of 2026. The confidence index grew closer to the neutral level of 100 from the prior quarter, indicating reduced pessimism and little further deterioration in sentiment. Survey respondents reported ongoing concerns about economic volatility and policy direction as key challenges facing local businesses. The index rose above readings from the past three quarters, indicating a less pessimistic outlook in the most recent quarter.

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.