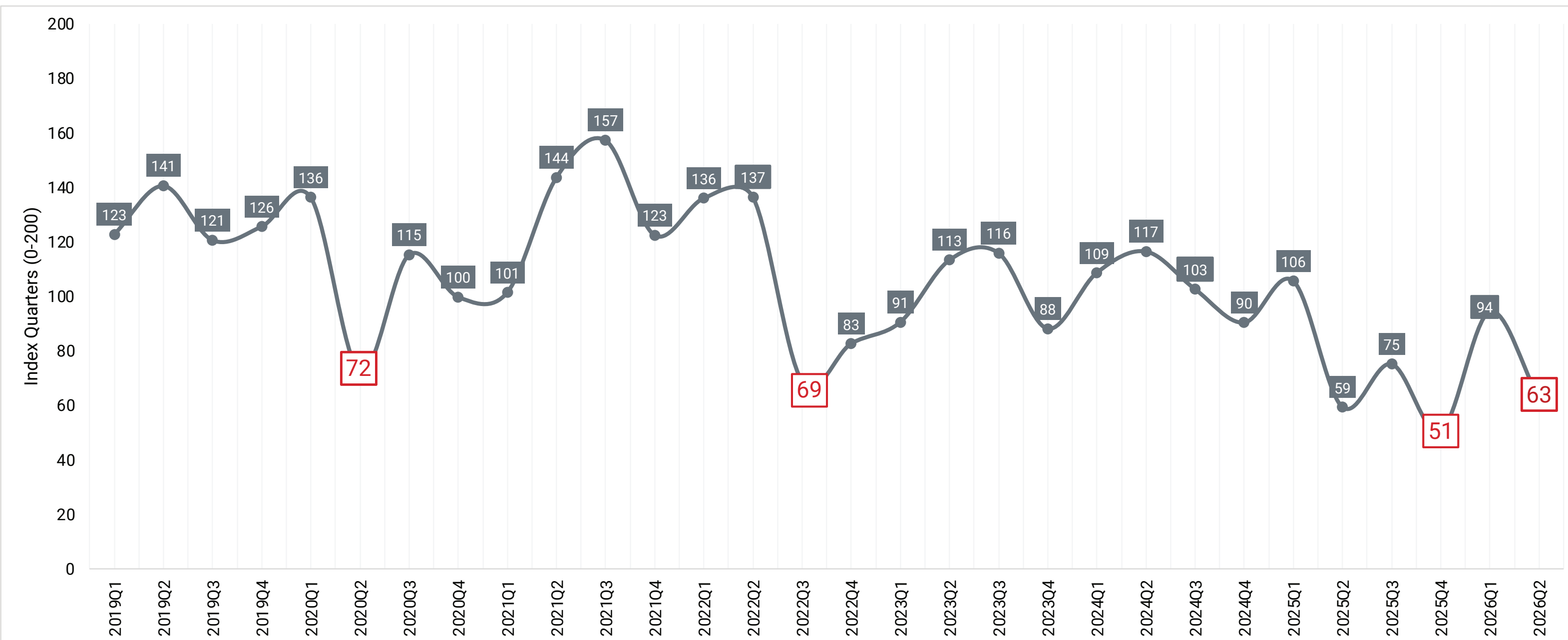
QUARTERLY INDICATORS

Southern Nevada Business Confidence Index

UNLV LEE BUSINESS SCHOOL
CENTER FOR BUSINESS AND ECONOMIC RESEARCH

Second Quarter 2026

Local Business Confidence Slid To 62.7, With Growing Concerns About Broader Economic Conditions Amid Ongoing Geopolitical Tensions



Southern Nevada Business Confidence Index, Highlights

ECONOMIC EXPECTATIONS

- Local business leaders' confidence, as captured by the CBER Southern Nevada Business Confidence Index, decreased from 94.4 in 2026Q1 to 62.7 in 2026Q2, suggesting that pessimism among local business leaders has increased from the previous quarter.

- Southern Nevada business leaders continued to anticipate worsening national and local economic conditions for the second quarter of 2026, but by larger magnitudes than the previous quarter.

EXPECTATIONS FOR HIRING

- Hiring sentiment remained below 100 for the eighth consecutive quarter, suggesting continued weakness in hiring activity in Southern Nevada.

- Over the past year, businesses reported low confidence in hiring activity, probably driven by ongoing economic uncertainty.

EXPECTATIONS FOR HOME PRICES

- The index value for expectations on home prices in Southern Nevada increased to 90.9 in 2026Q2, up from 77.8 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 302.7 in January 2026 compared to 301.3 in December 2025. Although the index has risen for the past four consecutive months, year-over-year growth declined by 0.9 percent in January 2026.

MOST IMPORTANT CHALLENGES

- Economic uncertainty was cited by 57.6 percent of respondents as the most pressing challenge heading into 2026Q2. This was followed by a tie for second place, higher operating and/or production costs (12.1 percent) and decreasing sales (12.1 percent).

POTENTIAL RECESSION

- Nearly half (43.3 percent) of respondents expect no change in interest rates through the end of 2026Q2, while 33.3 percent anticipate a decrease.

- Regarding the timing of the next recession, 46.7 percent of business leaders believe that there will be no recession in the next two years, up from 10.4 percent last year, while 20.0 percent believe that the United States is already in a recession, up from 10.4 percent last year.

FULL REPORT BELOW

Current Economic Conditions: Global, National, and Local

The third estimate for U.S. real gross domestic product (GDP) posted an annual increase of 0.5 percent in the fourth quarter of 2025. The growth was driven by consumer spending and investment, which were partly offset by a decrease in government spending and exports. Seasonally adjusted U.S. nonfarm employment added 178,000 jobs in March, while the unemployment rate decreased slightly to 4.3 percent from 4.4 percent in the previous month. Inflation nudged up as the Consumer Price Index (CPI) rose 3.3 percent year-over-year in March due to higher crude oil prices, and core CPI, which excludes food and energy, increased 2.6 percent. The Federal Reserve maintained interest rates within a range of 3.50 to 3.75 percent at its March meeting, as there has been uncertainty surrounding economic indicators, especially with recent developments in the Middle East.

Clark County's economy exhibited somewhat favorable signals, with a recent rebound in tourism. January employment added 1,500 jobs from the prior month, and the unemployment rate decreased to 5.5 percent, down 0.5 percentage points from January 2025. February gaming revenue rose 0.8 percent year-over-year. Visitor volume in February remained unchanged year-over-year, ending 13 consecutive months of year-over-year declines. Clark County taxable sales in January rose 5.3 percent year-over-year while statewide taxable sales grew by 8.8 percent, largely supported by a substantial 106.6 percent increase in Storey County, where the Tahoe-Reno Industrial Center is located.

"Clark County's economy exhibited somewhat favorable signals, with a recent rebound in tourism."

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), decreased to 62.7 in 2026Q2, from 94.4 in the previous quarter (Figure 1). The decrease suggests that the pessimism among local business leaders has heightened. The fall could reflect growing concerns about broader economic conditions amid the ongoing U.S.-Israel war.

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 46.9, 66.7, 54.5, 69.7, and 75.8, 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 second quarter of 2026, with their pessimism increasing from the previous quarter. That is, the index value for Nevada economic conditions fell from 91.7 in 2026Q1 to 46.9 in 2026Q2. The index value for U.S. economic conditions also decreased from 72.2 to 24.2, the lowest score on record. (Figures 3 and 4). That is, Nevada business leaders see worsening conditions in the United States as more severe than in Nevada.

"Southern Nevada business leaders reported continued expectations of worsening economic conditions in the second quarter of 2026, with their pessimism increasing from the previous quarter."

When asked about the U.S. economy, 84.8 percent of business leaders forecasted a decrease in economic conditions, while only 9.1 percent projected an increase. The remaining 6.1 percent expected no change. When asked the same question about the Nevada economy, 65.6 percent of business leaders anticipated a decrease, 21.9 percent projected no change, and 12.5 percent expected an increase.

[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 66.7 (100 – 33.3), this means that 33.3 (57.6 – 24.2) percent more respondents expressed a negative attitude (57.6 percent) than those who expressed a positive attitude (24.2 percent).

Figure 1

CBER's Southern Nevada Business Confidence Index

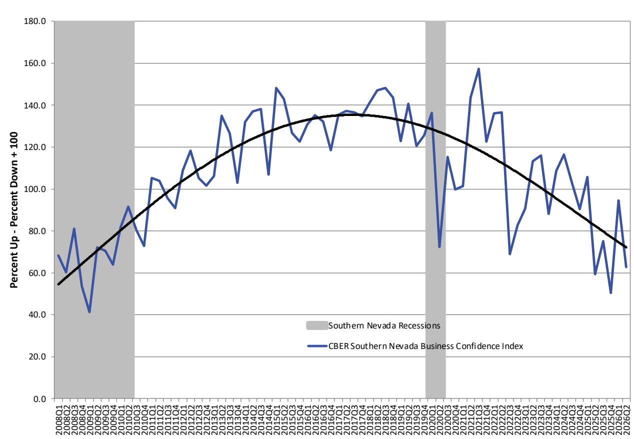
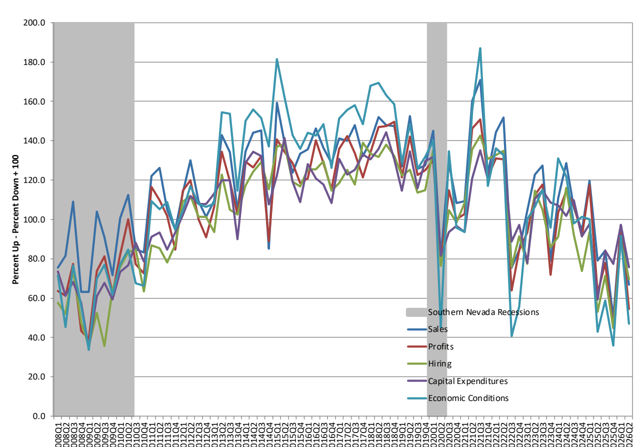


Figure 2

Components of CBER's Southern Nevada Business Confidence Index



Expectations for Sales

Respondents continued to anticipate reduced sales with a value of 66.7. The index fell from 97.2 to 66.7, a 31.4 percent quarter-over-quarter decrease (Figure 5). When asked about sales in their own industry, 57.6 percent of the respondents forecasted a decrease, 18.2 percent expected no change, and 24.2 percent predicted an increase.

"Respondents continued to anticipate reduced sales with a value of 66.7."

Expectations for Profits

The index value for profit expectations also remained below 100, with a value of 54.5, indicating respondents continued to anticipate reduced profits in the second quarter of 2026 (Figure 6). The index fell from 97.2 to 54.5, a 43.9 percent quarter-over-quarter decrease. When asked about profits, 60.6 percent anticipated decreased profits in their industry, 24.2 percent predicted no change, and 15.2 percent forecasted increased profits.

Expectations for Hiring

Hiring sentiment has remained below 100 for eight consecutive quarters. Currently, hiring sentiment is 69.7, down from 88.9 last quarter, suggesting continued weakness in hiring activity in Southern Nevada (Figure 7). Over the past year, low confidence in hiring activity has likely been driven by ongoing economic uncertainty (Figure 11). When asked about hiring in their own industry, 33.3 percent of local business leaders expected a decrease, 63.6 percent expected no change, and 3.0 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?

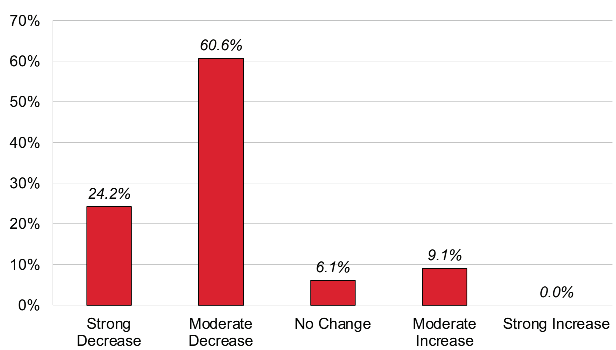


Figure 4

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

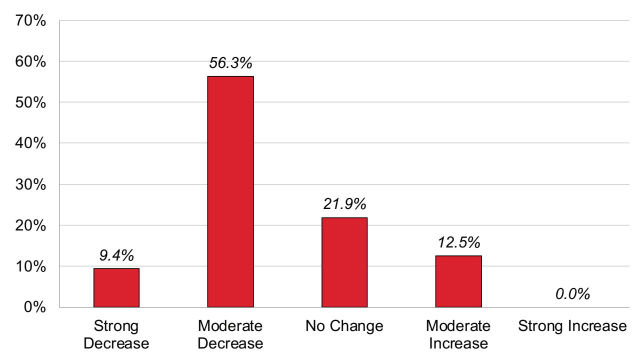


Figure 5

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

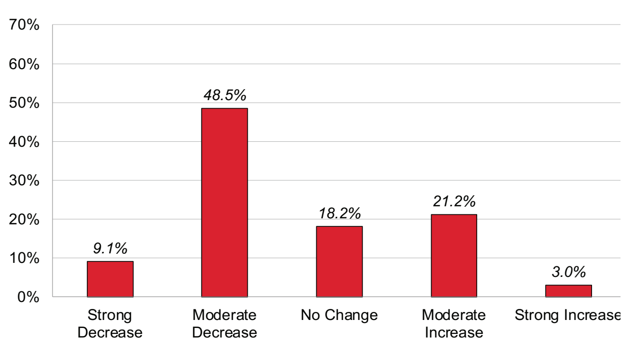
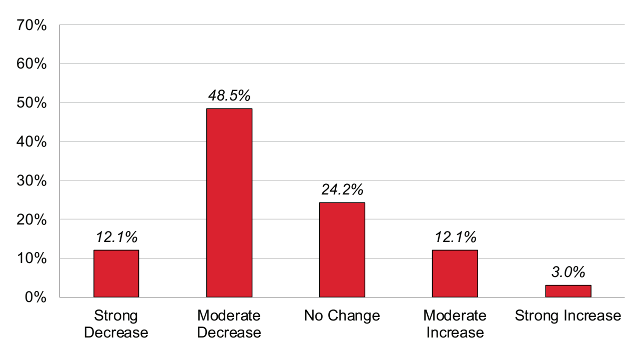


Figure 6

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 fell to 75.8, down 22.0 percent from the previous quarter, reflecting increased hesitation to invest amid uncertain conditions (Figure 8). That is, 42.4 percent of respondents forecasted decreased capital expenditures in their industry, while 18.2 percent anticipated increased capital spending. The remaining 39.4 percent expected no change.

"The index value for expectations on capital expenditure fell to 75.8, down 22.0 percent from the previous quarter."

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 90.9 in 2026Q2, up from 77.8 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 decreased by 0.9 percent from a year earlier in January 2026. When asked about expectations on home prices, 27.3 percent of respondents expected home prices to rise, 36.4 percent forecasted no change, and 36.4 percent predicted a decline.

Figure 7

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

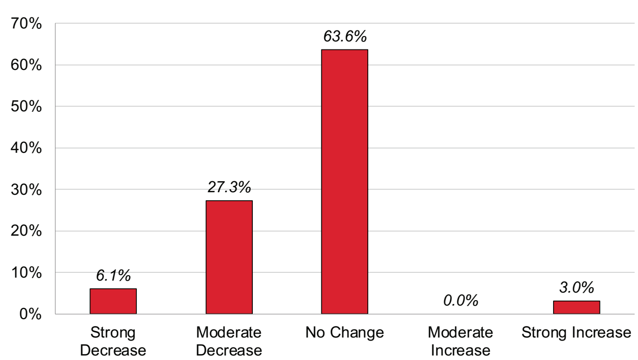
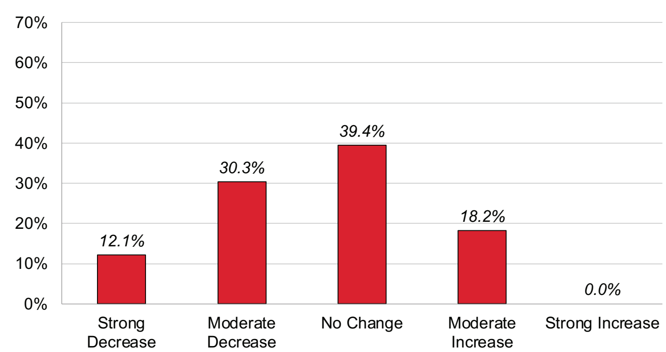


Figure 8

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 72.7, down from 88.9 last quarter (Figure 10). This aligns with slow homebuilding activity and a cautious outlook for commercial development. When asked about expectations on construction, 18.2 percent of respondents expected more construction activity, 36.4 percent projected no change, and 45.5 percent forecasted less construction activity in the second quarter of 2026.

"Economic uncertainty remained the top concern, cited by 57.6 percent of respondents."

Most Important Challenges

Economic uncertainty remained the top concern, cited by 57.6 percent of respondents. Higher operating and/or production costs and decreasing sales tied for second place at 12.1 percent (Figure 11). Finding qualified employees ranked fourth at 9.1 percent. These top concerns have shifted somewhat from the previous quarter, with higher operating and/or production costs rising from fourth to second place and decreasing sales rising from last to second place.

Figure 9
How do you think home prices in Southern Nevada will change in the coming quarter compared to the current quarter?

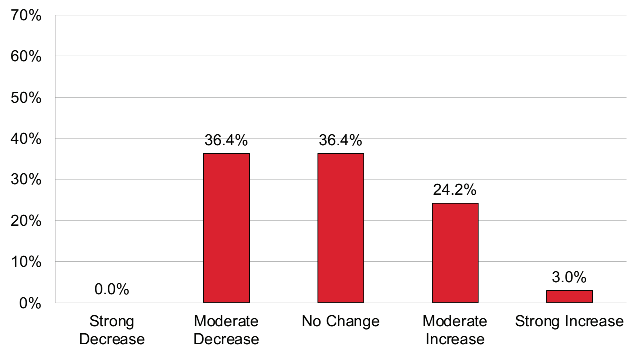
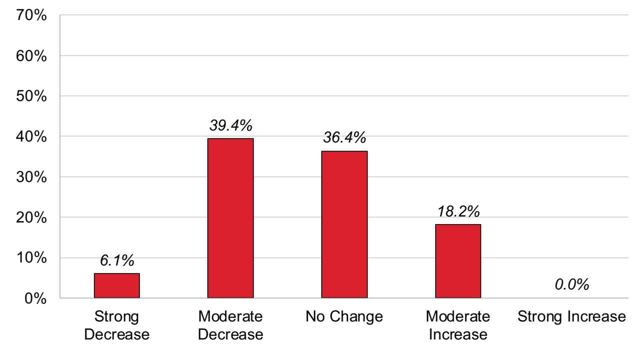


Figure 10
How do you think construction activity in Southern Nevada will change in the coming quarter compared to the current quarter?



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?

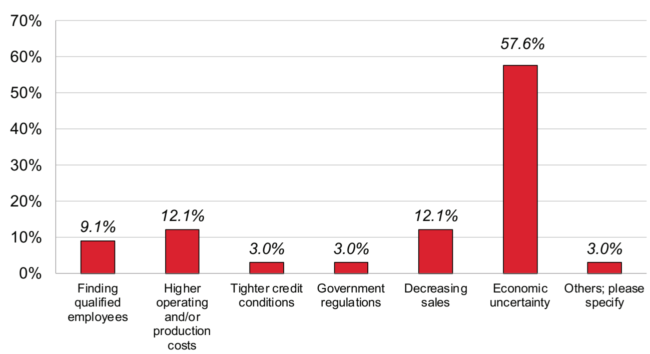
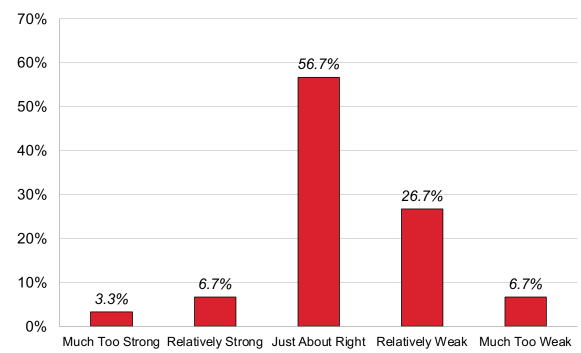


Figure 12
How would you rate current national monetary policy?



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, 33.3 percent of respondents reported that the response was "too/relatively weak," while 10.0 percent viewed it as "too/relatively strong." The remaining 56.7 percent said the stance was "just about right." Regarding current national fiscal policy enacted by Congress and the Administration, 56.7 percent of respondents said the response was "too/relatively weak," 26.7 percent considered it "too/relatively strong," and 16.7 percent felt it was "just about right."

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

Potential Economic Recession

Recession expectations have shifted slightly since 2026Q1. In the current quarter, 20.0 percent of respondents expect a recession in 2026, down from 21.2 percent last quarter. Another 20.0 percent believe the U.S. is already in a recession, down from 27.3 percent in the previous quarter. The share of respondents expecting no recession within the next two years grew to 46.7 percent, from 33.3 percent last quarter (Figure 14).

Interest Rates Between Now and the End of the Second Quarter of 2026

When asked about the Fed's likely interest rate policy by the end of 2026Q2, 43.3 percent of respondents predicted no change, 33.3 percent expected a decrease, and 23.3 percent forecasted rate hikes (Figure 15). The federal funds rate remained in the 3.50 to 3.75 percent range in March 2026.

Figure 13

How would you rate <u>current national fiscal policy</u>?

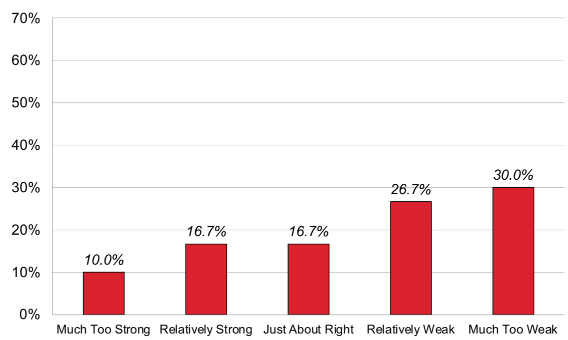
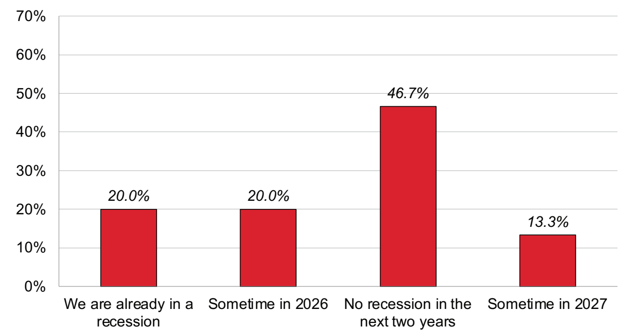


Figure 14

When do you believe that the <u>next recession</u> 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 <u>interest rates</u> between now and the end of the the 2nd quarter of 2026?

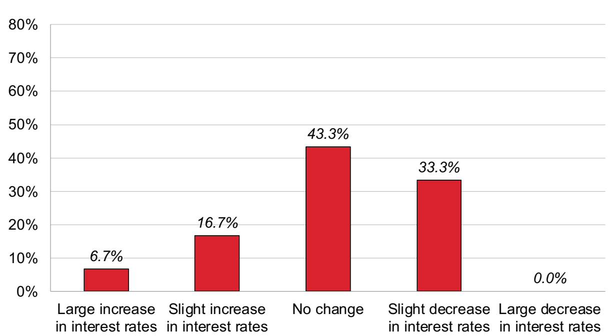


Figure 16

Which best describes <u>your position</u> in the business?

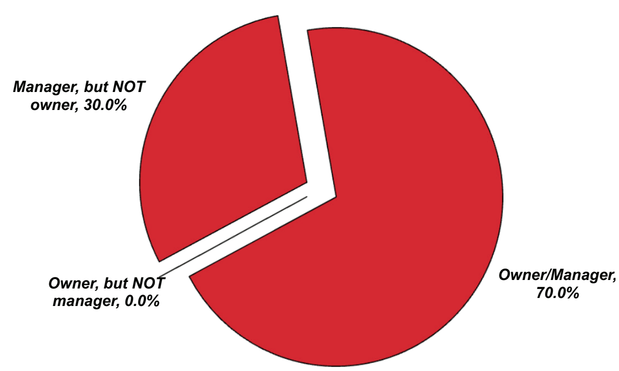


Figure 17

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

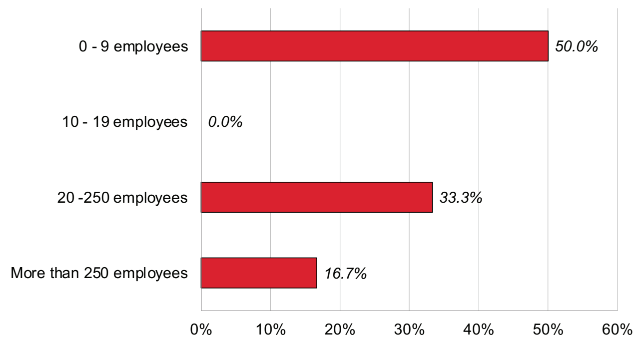
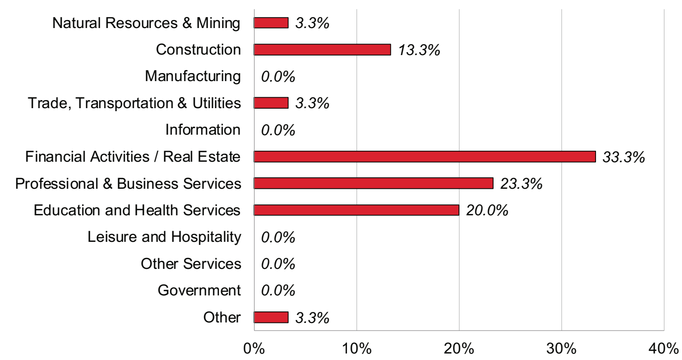


Figure 18

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 second quarter of 2026. The confidence index dropped further below the neutral level of 100 from the prior quarter, indicating increased pessimism and further deterioration in sentiment amid the ongoing U.S.-Israel war. Survey respondents reported ongoing concerns about economic volatility and policy direction as key challenges facing local businesses.

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.