

# Economy In Brief

APRIL 2014



A Monthly Review of Workforce & Economic Information by the Research & Analysis Bureau-

## Economic Summary

Nevada experienced another monthly increase in employment (3,000) and a decrease in the unemployment rate, which now sits at eight percent, down from 8.5 percent in March. A decline that large last occurred in 1983. Other barometers, such as initial claims for unemployment insurance and house prices, discussed in more detail later, also showcase the improving economy. Nearly all major industries and all of Nevada's metropolitan statistical areas (MSAs) are growing in this broad based recovery with nearly every new report bringing noticeable advances.

The 2013 average home price appreciation rate was impressive. According to the Federal Housing Finance Administration, Nevada house prices rose by 24 percent in 2013, the largest increase since 2004. More recent estimates of annualized gains from the Greater Las Vegas Association of Realtors (GLVAR) and the Reno/Sparks Association of Realtors (RSAR) show price gains are slowing in both the Las Vegas and Reno/Sparks areas. Existing single-family homes sold in the Las Vegas area have appreciated by 15 percent in April from a year ago according to GLVAR. In the Reno/Sparks area, prices for existing single-family homes are up by 12 percent from April 2013. A leveling off in appreciation rates to a more normal and sustainable level has been expected. Residential property prices in Nevada have been recovering

since 2012.

Real estate prices are increasing across the country; however, no other state's average appreciation rate was above 20 percent except Nevada's. U.S. house prices rose 7.7 percent in 2013 compared to 2012. Information from December 2013 through February 2014 (the latest data available at the national level) show monthly price gains despite the unusually cold and snowy winter weather in some parts of the country.

The unemployment rate is calculated with inputs from the monthly employer survey, household survey, and initial claims for unemployment insurance. All three inputs support downward pressure on the rate. On a year-to-date basis, claims are down by 11.8 percent over the year. The 2014 year-to-date drop is the best since 2011 when the State was coming off the recessionary highs. Dynamics between the unemployed and total labor force can make the unemployment rate volatile. For example, in April the number of unemployed fell from 117,300 in March to 110,000 in April. Taking the year-to-date average irons out the volatility to reveal the underlying trend. From January to April, the number of unemployed Nevadans averaged 115,600, and the unemployment rate averaged 8.3 percent, 2.2 percentage points below the rate a year ago. Since December, the rate has dropped a full percentage point.

### Economic Indicators

#### UNEMPLOYMENT RATES APRIL 2014

Nevada*	8.0%
Las Vegas MSA	7.4%
Reno-Sparks MSA	7.0%
Carson City MSA	7.8%
Elko Metropolitan Area	5.0%
United States*	6.3%
California*	8.1%

#### JOB GROWTH (YOY)\*

Nevada*	3.8%
Las Vegas MSA	3.0%
Reno-Sparks MSA	4.3%
Carson City MSA	0.7%
United States*	1.7%
California*	2.3%

#### CONSUMER PRICE INDEX (YOY)

United States	2.0%
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#### GAMING WIN (YOY) MAR 2014

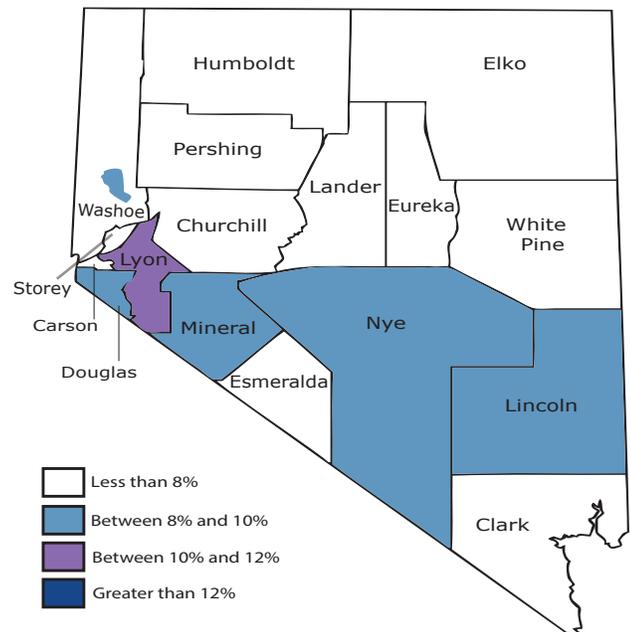
Nevada	7.6%
Clark County	10.4%
Washoe County	10.7%

#### TAXABLE SALES (YOY) FEB 2013

Nevada	4.6%
Clark County	4.1%
Washoe County	7.5%

\* Seasonally Adjusted

### Unemployment Rate by County



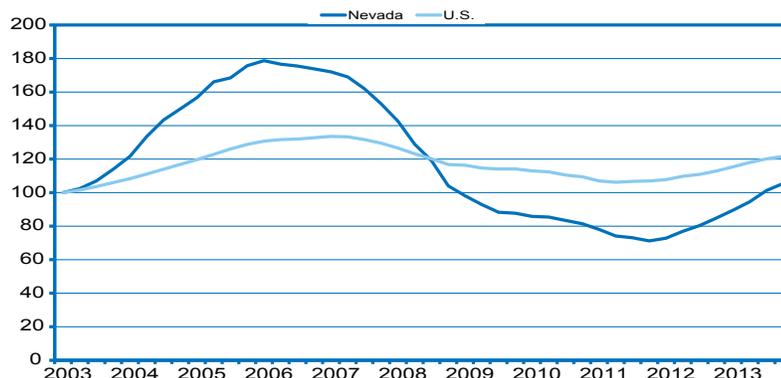
# Economic Summary

The non-seasonally adjusted unemployment rates fell in each of the State's metro areas. Las Vegas had a reading of 7.4 percent, down by 2.5 over-the-year, and the rate in the Reno/Sparks area fell by 2.9 to seven percent. Carson City's fell by 2.5 percentage points to 7.8 percent. In the Elko area, the rate fell to five percent from six percent last year.

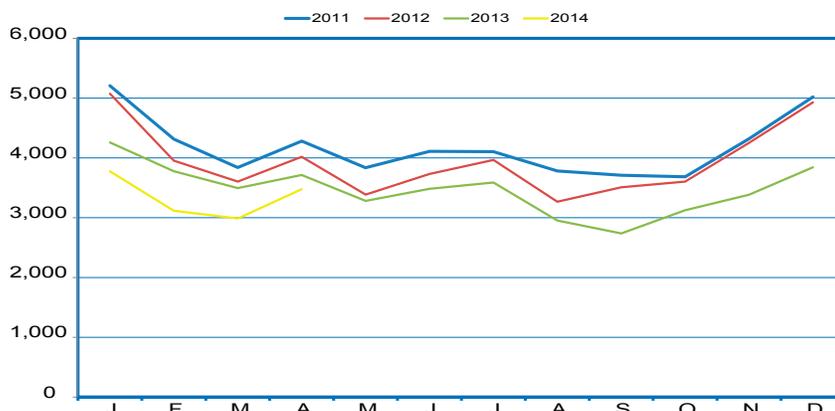
In April, employers added 3,000 jobs to payrolls, the ninth consecutive monthly gain and the 40th consecutive gain on a year over year basis. On a year-to-date basis, there are 44,000 more jobs in 2014 than there were in the same period in 2013. The private sector is averaging a gain of 42,700, or a 4.3 percent increase. About 55 percent of the jobs that were lost during the downturn have been recovered in total.

Of Nevada's super-sectors, nine out of ten are experiencing growth so far this year. Mining employment has declined by an estimated 300 positions. Professional and business services hit the recovery mark this month. Any growth beyond current levels will bring jobs in the sector above the prerecession peak. Jobs in the professional and business services sector are up by 9,300 year-to-date through April. Leisure and hospitality has added 11,800 and manufacturing grew by 1,300 over the same time frame. Currently, manufacturing has recovered about 29 percent of the jobs lost during the recession. Comprehensively, all the MSAs are making progress with jobs. Las Vegas is obviously the leader in numerical change, with employment up by 27,300 so far in 2014. However, Carson City has the distinction of the highest monthly growth rate out of the three MSAs at 1.1 percent (300 jobs) from March-April. Reno/Sparks has the highest year-to-date growth rate at 4.7 percent (8,900 jobs). In the Reno/Sparks area, the professional and business services sector has added 2,800 jobs year-to-date for a very high growth rate of 10.9 percent.

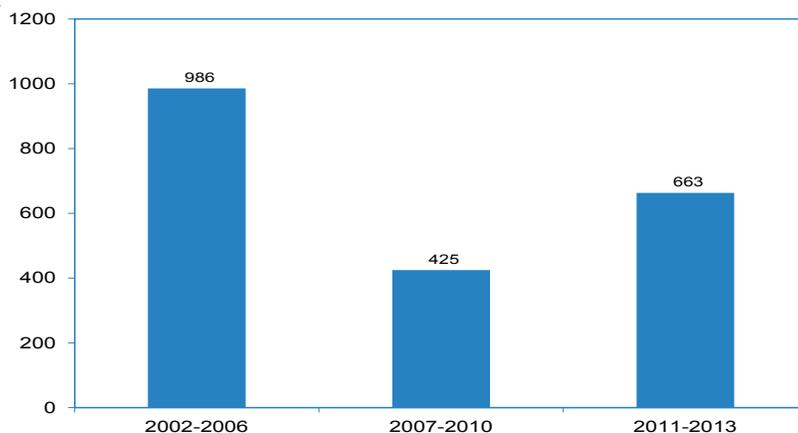
FHFA House Price Index



Average Weekly Initial Claims



Average 2nd Quarter Hiring (since 1st Quarter) in the Building Material and Garden Supply Stores



# Economic Summary

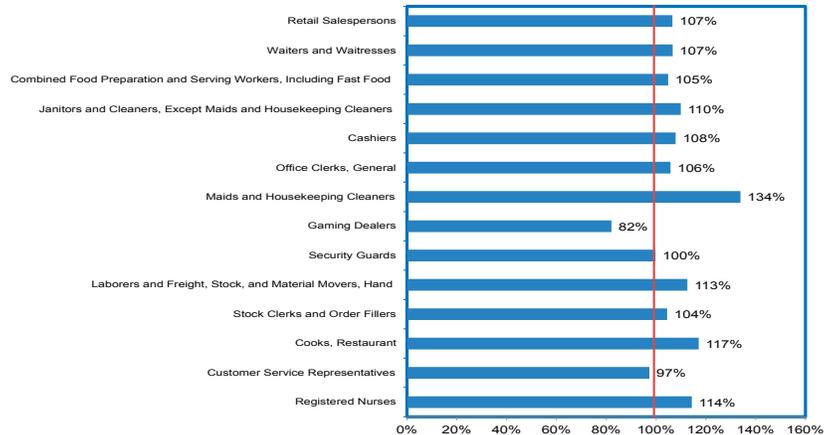
The U.S. Census Bureau has information on worker flows into, out of, and within a selected study area. In Carson City, more people commute into the area for work than people who both live and work in the State capital. Approximately 57 percent of the people employed in Carson live outside the area, compared to 43 percent living and working in Carson City. In Clark County, 94 percent of the employed both live and work in the area, while six percent are employed in the area and live outside. People living and working in Washoe County account for 83 percent of all jobs holders, and the remaining 17 percent work in the area but live outside.

**Carson City Stands Out**  
Local Employment Dynamics: Worker Inflows/Outflows

	Total Employment	Inflow	Live and Work	Outflow
Las Vegas-Paradise	818,942	47,262	771,680	27,539
Reno-Sparks	188,208	32,575	155,633	26,663
Carson City	26,937	15,245	11,692	10,168

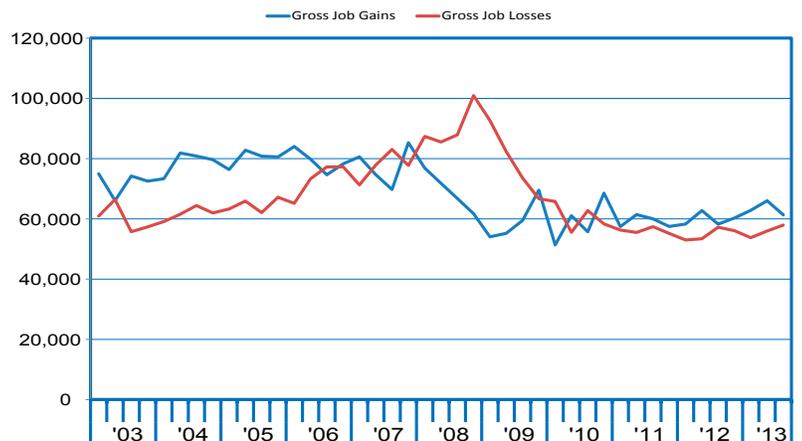
Worker inflows and outflows are likely higher in the northern metro areas because many consider Carson City, Reno/Sparks and the surrounding areas as one labor pool. So naturally, there is a lot of movement between the areas. In Clark County, limited employment opportunities exists within a reasonably driving distance outside the County.

**Nevada Wages Compare Favorably NV Avg. Wages vs. U.S. :15 Largest Occupations**



Retail salespersons and waiters/waitresses are the occupations with the largest employment in Nevada. These two occupations combined make up approximately 5.6 percent of total employment, with employment levels of 46,500 and 38,500, respectively in May 2013, the latest occupational data available. The ten largest occupations accounted for about 21 percent of total employment. In addition to retail salespersons and waiters/waitresses, the largest occupations include combined food preparation and service workers, including fast food; janitors and cleaners, except maids and housekeeping cleaners; cashiers; and general office clerks.

**Business Employment Dynamics: Private Sector**  
Gross Job Gains vs. Gross Job Losses (SA)



These top six occupations pay an average wage greater than the national average for the same occupation. Another example on the high end, Nevada maids and housekeeping cleaners are paid 34 percent more than the national average; whereas, gaming dealers are paid at 82 percent of the national wage. An important note here is that wages for tipped occupations, such as dealers, are likely to be substantially higher than what estimates show.

# Economic Summary

The change in the number of jobs over time is the net result of increases and decreases in employment that occur in all businesses in the economy. During 2013:IIIQ gross job gains at expanding or opening private sector establishments totaled 61,300, a decrease of 4,700 from the previous quarter. This is an increase of 3,100 relative to the same period in 2012. Gross job losses at contracting or closing private sector establishments totaled 58,000 in the third quarter of 2013, an increase of 2,000 from the previous quarter. This is a year over year increase of 700 job losses. The difference between the number of gross job gains and the number of gross job losses yields a “net” employment gain of 3,400 jobs in the private sector during 2013:IIIQ, an increase of 1,000 net jobs relative to last year. This represents the twelfth consecutive quarter of net job growth, based upon BLS’s Business Employment Dynamics.

The U.S. economy added 288,000 jobs in April, and the unemployment rate fell to 6.3 percent from 6.7 percent a month earlier. Job growth occurred in every super-sector barring information, which fell by 3,000 jobs. In April, the number of unemployed people totaled 9,753,000. Federal government employment continues to descend, falling to levels last seen in the 1960s. Local governments, on the other hand, are making a comeback in employment, rising by 45,000 since the start of 2014. Nationally, the private sector accounts for 84 percent of jobs. Total job levels are 113,000 short of the recovery mark, meaning next month could complete the U.S.’s job recovery.

On the last day of February, the Bureau of Labor Statistics estimated that there were 4.2 million job openings across the nation, up by 158,000 over the year. Concurrent improvement was experienced in the number of unemployed persons per job opening. The ratio between the unemployment level and job openings trended downward to 2.5 in February 2014 from its peak of 6.8 in July 2009. Employers have the most open positions in six years with

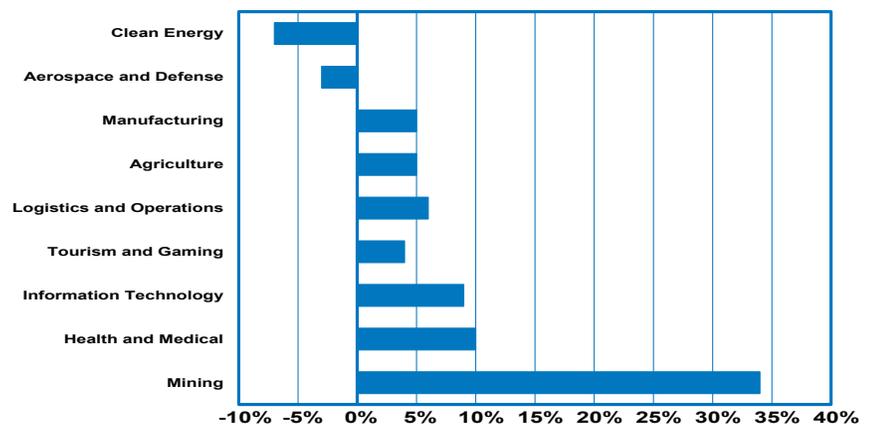
most of them in the professional/business service sector and the trade/transportation/utilities sector, each containing approximately 20 percent of the job openings.

Nevada’s clean energy sector includes energy extraction, generation, distribution, construction of infrastructure, environmental agencies and some manufacturing companies. Since 2010, the clean energy sector has lost about 1,600 jobs with nearly all of the decline in the construction related industries. The contraction had nearly everything to do with the housing bust rather than a move away from clean energy. To substantiate this point,

Labor Force Status Flows from Unemployment to Employment



2010-2013 Job Growth % by Sector



Nevada welcomed its first utility scale wind facility near Ely in August 2012. Known as the Spring Valley wind farm, this facility has the capacity to generate up to 150 MW of wind energy. The Governor’s Office of Economic Development points to the State’s solar, wind and geothermal potential, available land, and a strong commitment to a renewable energy portfolio for the eminent job growth of the clean energy sector.

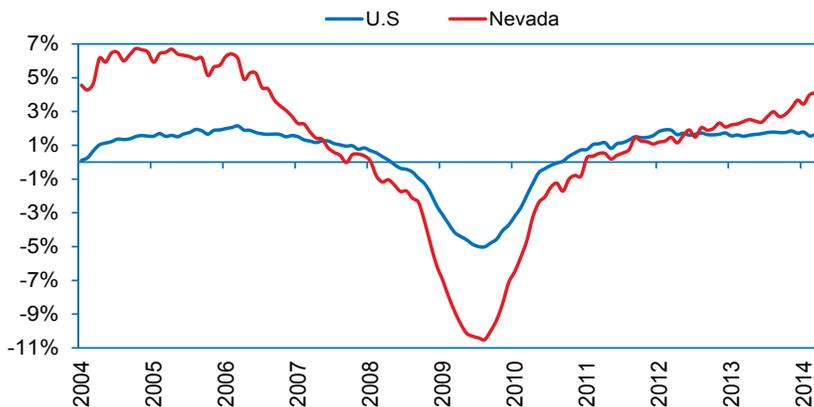
*Bill Anderson, Chief Economist  
Leandra Copeland, Supervising Economist*

# Trends at a Glance

## Industrial Employment

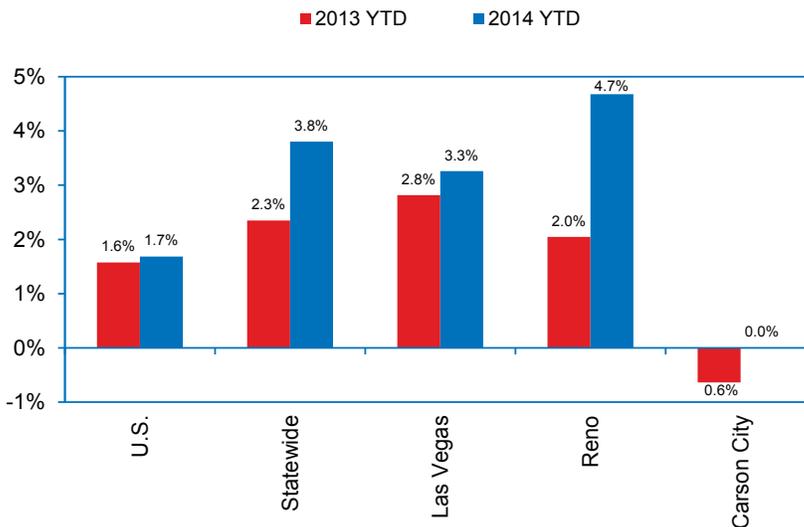
- Nevada's year-over-year job growth rate was above the nation's by 2 percentage points in April.
- Industrial employment in Nevada grew at a rate of 3.7 percent relative to a year prior, equating to a gain of 43,600 jobs.
- For the U.S., April job readings were up 1.7 percent relative to April 2013, equating to a gain of 2,377,000 jobs.

**Job Growth**  
(Year-Over-Year Percent Change)  
U.S. vs Nevada



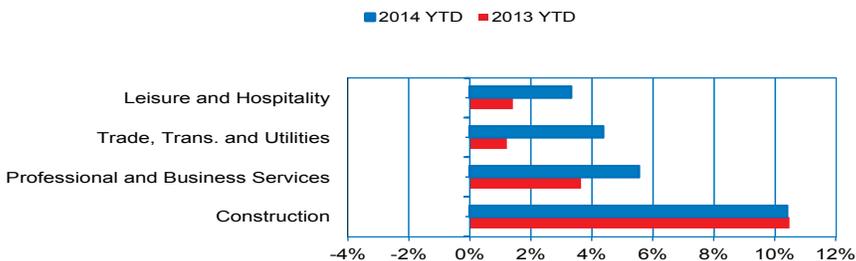
- The year-to-date annual rate of change in jobs remains better than a year ago for Nevada.
- The Las Vegas MSA's job count is 3.3 percent higher YTD relative to the same period in 2013.
- In the Reno-Sparks MSA, YTD job readings have increased by 4.7 percent since 2013.
- In Carson City, employment is zero percent YTD.

**Job Growth by Region**  
(YTD through April, Not Seasonally Adjusted)



- Jobs in the State's largest industry, leisure and hospitality, are up 3.3 percent YTD. A year earlier, YTD job readings were up 1.4 percent over the same time frame.
- Jobs in the trade, transportation, and utilities sectors are up 4.4 percent YTD relative to the same time frame in 2013.
- The professional and business services sector increased 5.5 percent YTD from a year earlier.
- Jobs in construction increased over the past year equating to an 10.4 percent YTD increase.

**Job Growth by Industry**  
(YTD through April, Not Seasonally Adjusted)

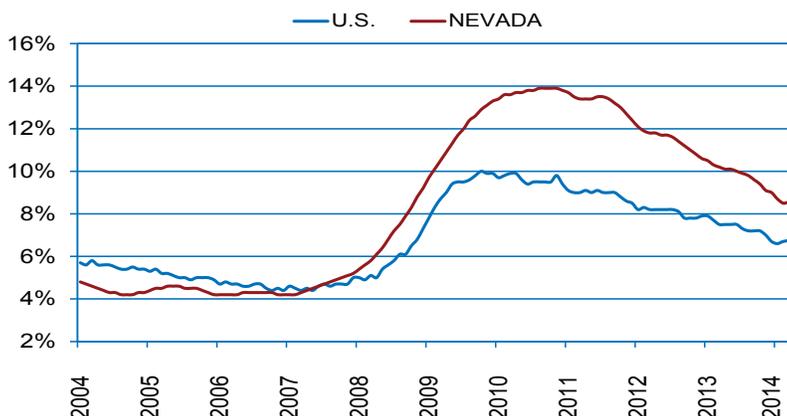


# Trends at a Glance

## Unemployment

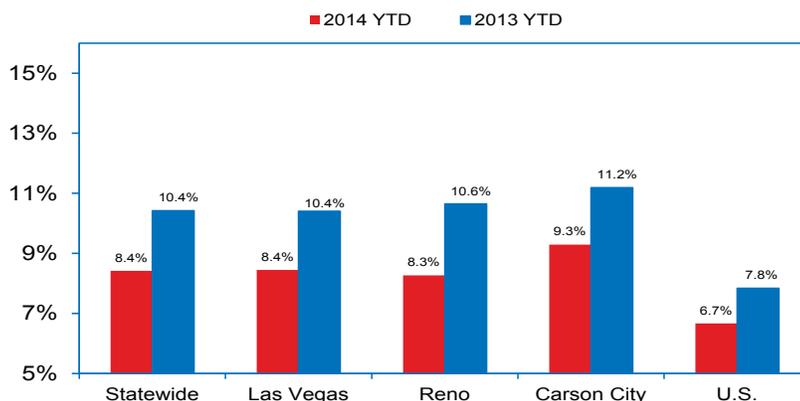
- April's seasonally adjusted unemployment rate in Nevada is 8.0 percent.
- Nationally, the unemployment rate is 6.3 percent over the month.
- Nevada is no longer tied for the highest unemployment rate in the nation; that distinction goes to Rhode Island with a rate of 8.3 percent. However, Nevada's rate exceeds the national average by 1.7 percentage points.

**Unemployment Rates  
U.S. vs Nevada  
(Seasonally Adjusted)**



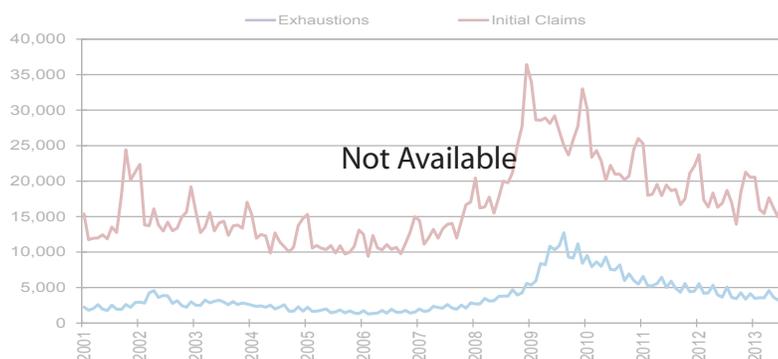
- At 10.4 percent, the statewide unadjusted unemployment rate decreased 2.0 percentage points YTD from 2013 to 2014.
- The Las Vegas-Paradise MSA recorded an unemployment rate of 10.4 percent YTD, a 2.0 point decrease over-the-year.
- The Reno-Sparks MSA's jobless rate was 8.3 percent YTD. This equates to a decrease of 2.4 percentage points compared to the same period last year.
- The jobless rate in Carson City was 9.3 percent YTD, down 1.9 percentage points over 2013.

**Unemployment Rate by Region  
(YTD through April Not Seasonally Adjusted)**



- **Unemployment Insurance Statistics:**  
We are not reporting UI information this month due to potential volatility in the data as a result of the conversion to UInv, DETR's modernized computer system. Once data is available, we will look at all affected periods and make every attempt to provide a clearer picture of claim activity during the transition period.

**Nevada Unemployment Insurance: Initial Claims and Exhaustions  
(final payments)**

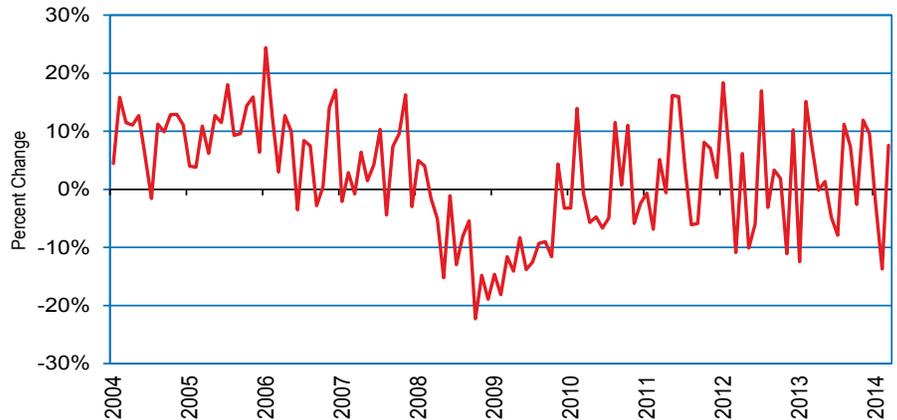


# Trends at a Glance

## Economic Indicators

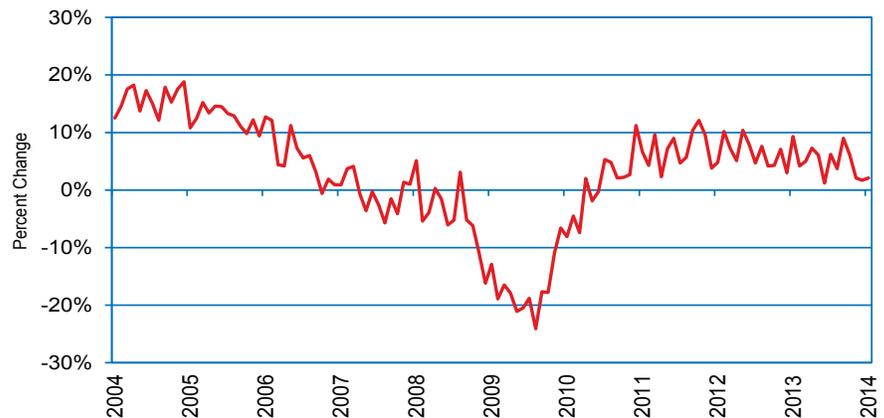
- Nevada's non-restricted gaming licensees reported a 7.6 percent increase in gaming win compared to March 2013.
- For the fiscal year-to-date, gaming win has increased 1.7 percent.

**Nevada Gross Gaming Win**  
(Year-Over-Year Percentage Change)



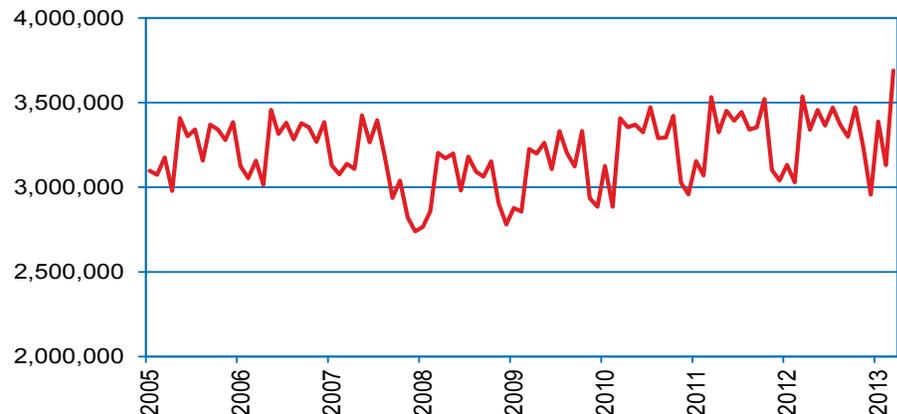
- In February, taxable sales increased 4.6 percent over February 2013 with collections totaling 3.5 billion.

**Statewide Taxable Sales**  
(Year-Over-Year Percentage Change)



- Las Vegas visitor volume increased 151,788 in March relative to a year prior, a 4.3 percent increase.
- Year-to-date, visitor volume increased 5.3 percent in 2013 compared to a year earlier.

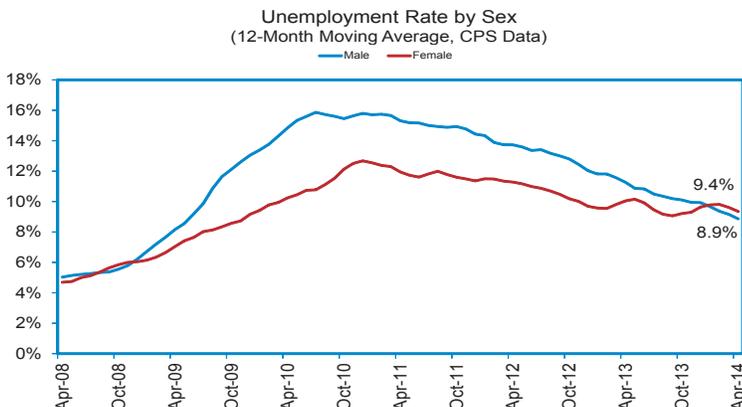
**Las Vegas Monthly Visitor Volume**



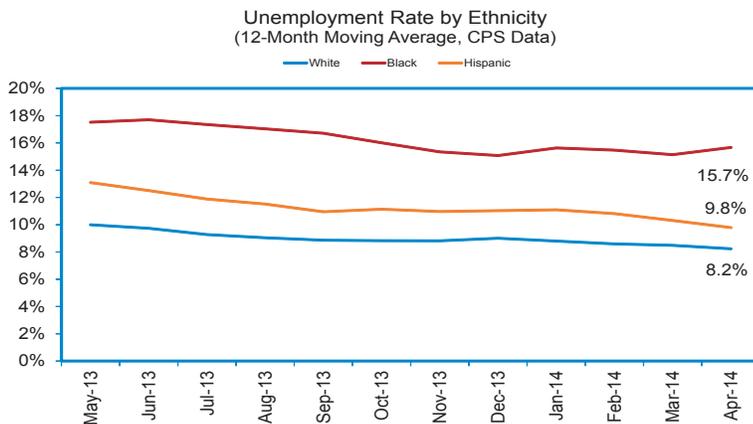
# Trends at a Glance

## Demographics of the Unemployed

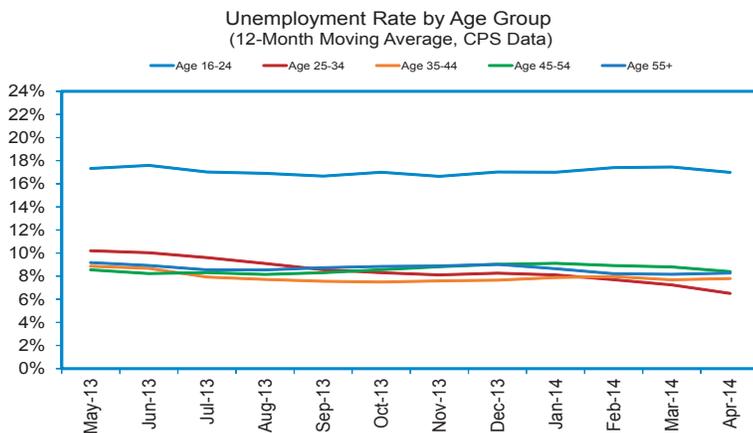
- The 12 month average unemployment rate for men in Nevada was 8.9 percent in April, decreasing from 9.2 percent last month.
- The female unemployment rate declined to 9.4 percent compared to 9.6 percent in March.



- The unemployment rate for Nevada's white labor force decreased by 0.3 since March to 8.2 percent in April.
- The rate for Nevada's unemployed Black labor force increased by 0.6 to 15.7 percent.
- The 12 month average unemployment rate for Nevada's Hispanic labor force decreased in April to 9.8 percent, from 10.3 percent in March.



- Nevada's youngest workers, age 16-24, experienced the highest unemployment rate of any age group in the State, coming in at 17.0 percent for the 12 month average ending in April.
- The unemployment rate for workers age 25-34 was 6.5 percent and is down by 0.8 percentage points since last month.
- The lowest unemployment rate for any age group in Nevada goes to both the 25-34 olds. For the 12 month average ending in February the 35-44 group's rate was 7.8 percent.

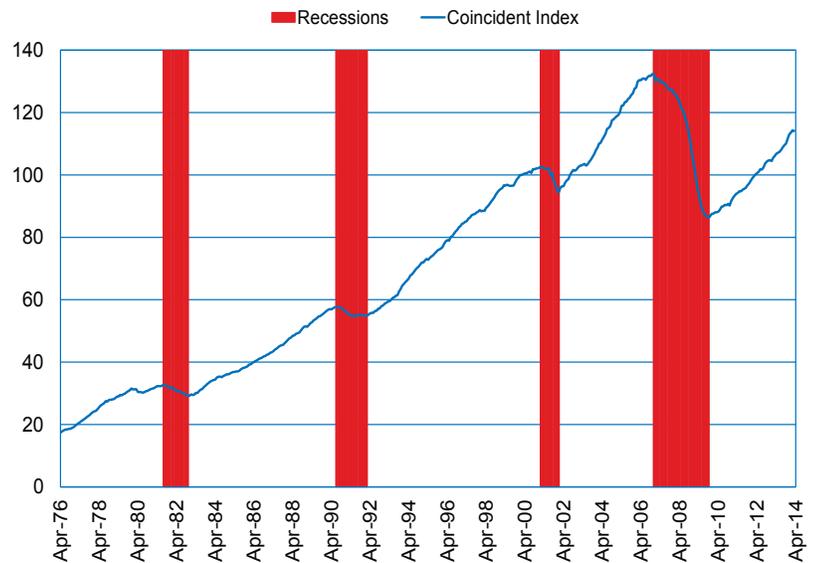


# Trends at a Glance

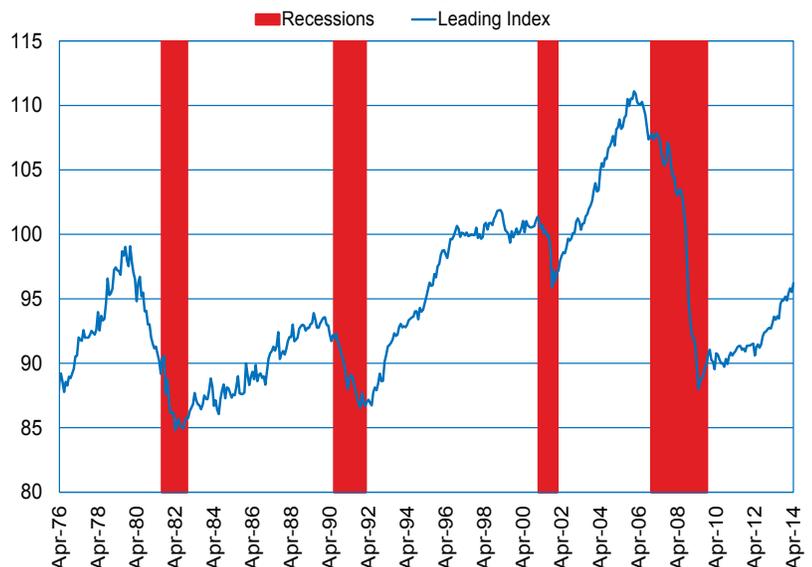
## CBER-DETR Nevada Coincident and Leading Employment Indexes

- The Nevada Coincident Employment Index measures the ups and downs of the Nevada economy using an index of employment variables. The peak of the last employment cycle in Nevada occurred in December 2006. The coincident index then regressed steadily through October 2009, where the coincident index reached a bottom.
- The April release of data conveys a generally positive story for both indexes on a year-over-year basis. For the coincident index, the unemployment rate (inverted), household employment, nonfarm employment, and the insured unemployment rate (inverted) all moved in a positive direction.
- Since March 2014, the indexes tell a mixed story. For the coincident index, the unemployment rate (inverted) moved in a positive direction whereas the insured unemployment rate (inverted), nonfarm employment, and household employment moved in a negative direction. The coincident index moved higher, nonetheless, because of the large decline in the unemployment rate. This occurred because so many people exited the labor force, which led to the title of this report.
- The Nevada Leading Employment Index provides a signal about the future direction of the coincident index. For example, for Nevada's most recent employment recession, the leading index provided a clear signal by peaking in January 2006, eleven months before the coincident index reached its peak, and reached a bottom in May 2009, five months before the coincident index reached its bottom.
- For the leading index, commercial permits, construction employment, housing permits, the short-duration unemployment rate (inverted), the real Moody's Baa bond rate (inverted), and initial claims for unemployment insurance (inverted) all moved in a positive direction.
- For the leading index, much more positive news appears since construction employment, initial claims for unemployment insurance (inverted), commercial permits, housing permits, the real Moody's Baa bond rate (inverted), and the short-duration unemployment rate (inverted) all moved in a positive direction.

CBER-DETR Nevada Coincident Employment Index



CBER-DETR Nevada Leading Employment Index



# Trends at a Glance

## Welfare Indicators

- The Temporary Assistance for Needy Families (TANF) program provides time-limited cash assistance to low-income families with children so they can be cared for in their own home. TANF also seeks to reduce dependency by promoting job preparation, reducing out-of-wedlock pregnancies and encouraging the formation and maintenance of two-parent families. As an economic indicator, TANF reveals information on the relative well-being of Nevada's low-income families. The number of recipients in the program is strongly influenced by the ups and downs of the business cycle.
- In April 34,842 individuals were receiving assistance. Since April of last year, the level of assistance increased by 24.9 percent, or 6,936 more recipients.

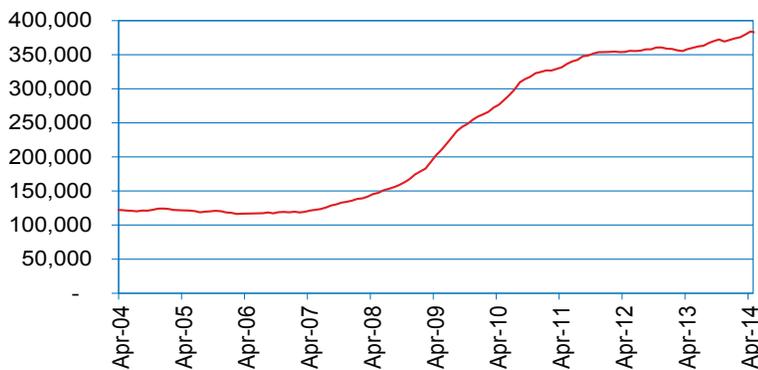
**Temporary Assistance for Needy Families in Nevada, Number of Cash Recipients**



Source: Nevada Department of Health and Human Services

- The Supplemental Nutrition Assistance Program (SNAP), formerly known as “food stamps”, provides the means to increase food purchasing power to raise the nutritional level among low-income households and is the first line of defense against hunger for thousands of Nevadans.
- In April, 384,136 Nevadans participated in the program. Over-the-year, the number of participants receiving assistance had an increase of 7.2 percent, or 25,817 more recipients.

**Supplemental Nutrition Assistance Program, Number of Participating Nevadans**



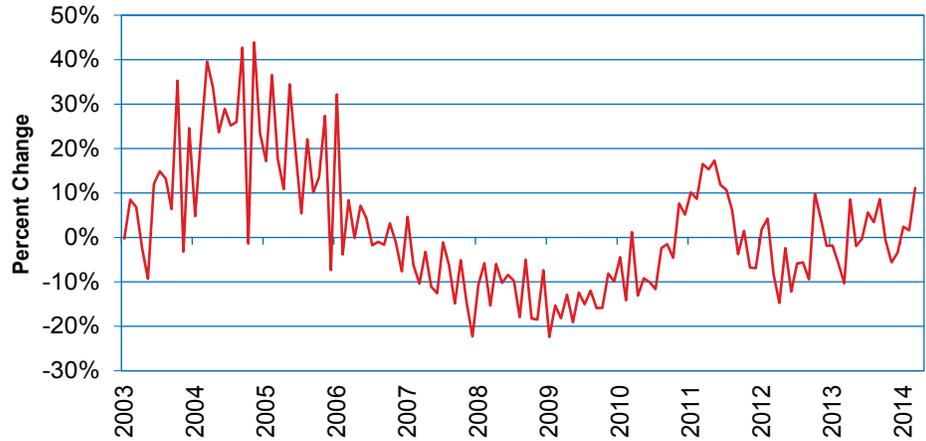
Source: Nevada Department of Health and Human Services

# Trends at a Glance

## Business Activity

- New business entity formations are comprised of both domestic and foreign entities forming/registering in the State. Trends indicate directional insight into business formation and investments.
- In March new business filings were up 11.1 percent over March 2013. Year-to-date the formation of new businesses are up 5.1 percent compared to the same period last year.

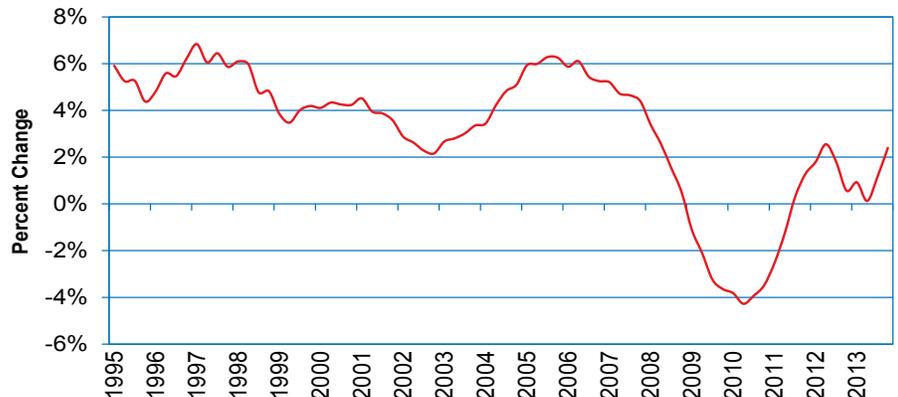
**Business Entity Formations**  
(Year-Over-Year Percentage Change)



Source: Nevada Secretary of State

- The State unemployment insurance (UI) contribution operations report identifies the number of UI-liable employers processed each quarter.
- During the fourth quarter of 2013 there were 58,523 employers subject to UI taxes. Compared to the same quarter in 2012, there are 1,369 more employers in the program, a 2.4 percent increase.

**U.I. Contributory Employers**  
(Year-Over-Year Percentage Change)



# Economy In Brief

## *Research & Analysis Bureau*

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