

RENO MSA INDUSTRY TRENDS-OCTOBER 2018

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Business Activity, Construction, and Housing indexes provide a simplified look at important industry trends within the Reno MSA economy.

Business Activity Index October 2018

Provides historical and current trends for business activity in the Reno MSA region.

Construction Index October 2018

Provides historical and current trends for the construction industry in the Reno MSA region.

SF Housing Index (Revised) October 2018

Provides historical and current trends for single-family housing activity in the Reno MSA region.

Business Activity Index						Construction Index					SF Housing Index			
% Change	Taxable Sales	Taxable Gaming Revenue	Nonfarm Employment	Airport Passengers	Airport Cargo	% Change	Construction Employment	Commercial Building Permit Valuation	Commercial Building Permits	Residential Building Permit Valuation	Residential Building Permit Units	% Change	SF Homes Sold	Median Price of SF Homes
Month to Month	0.26% ↑	-0.25% ↓	0.63% ↑	0.50% ↑	-0.31% ↓	Month to Month	1.02% ↑	-1.07% ↓	0.99% ↑	-3.03% ↓	-2.95% ↓	Month to Month	-1.33% ↓	0.78% ↑
Year to Year	2.62% ↑	2.16% ↑	5.48% ↑	5.63% ↑	-4.41% ↓	Year to Year	5.03% ↑	30.59% ↑	6.27% ↑	-3.46% ↓	0.61% ↑	Year to Year	-6.68% ↓	10.78% ↑

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The Reno MSA Business Activity, Construction, and Housing Indexes are created using the composite methodology introduced by the Department of Commerce and made popular by The Conference Board. All data variables are monthly, seasonally adjusted using the moving average method, and all series reported in dollar terms are adjusted for inflation. All indexes, with the exception of the Construction Index, are based on data starting January 1995, with 1995=100. The Construction Index is based on data starting January 2001, with 2001=1000. The following variables are included in each index:

Business Activity Index

- MSA Employment
- WC Gaming Revenue
- WC Taxable Sales
- RTIA Passengers
- RTIA Cargo

Construction Index**

- MSA Construction Employment
- WC Commercial Permits
- WC Commercial Permit Valuation
- WC Residential Permit Units
- WC Residential Permit Valuation

SF Housing Index

- WC Single-Family Home Sales
- WC Single Family Median Sales Price

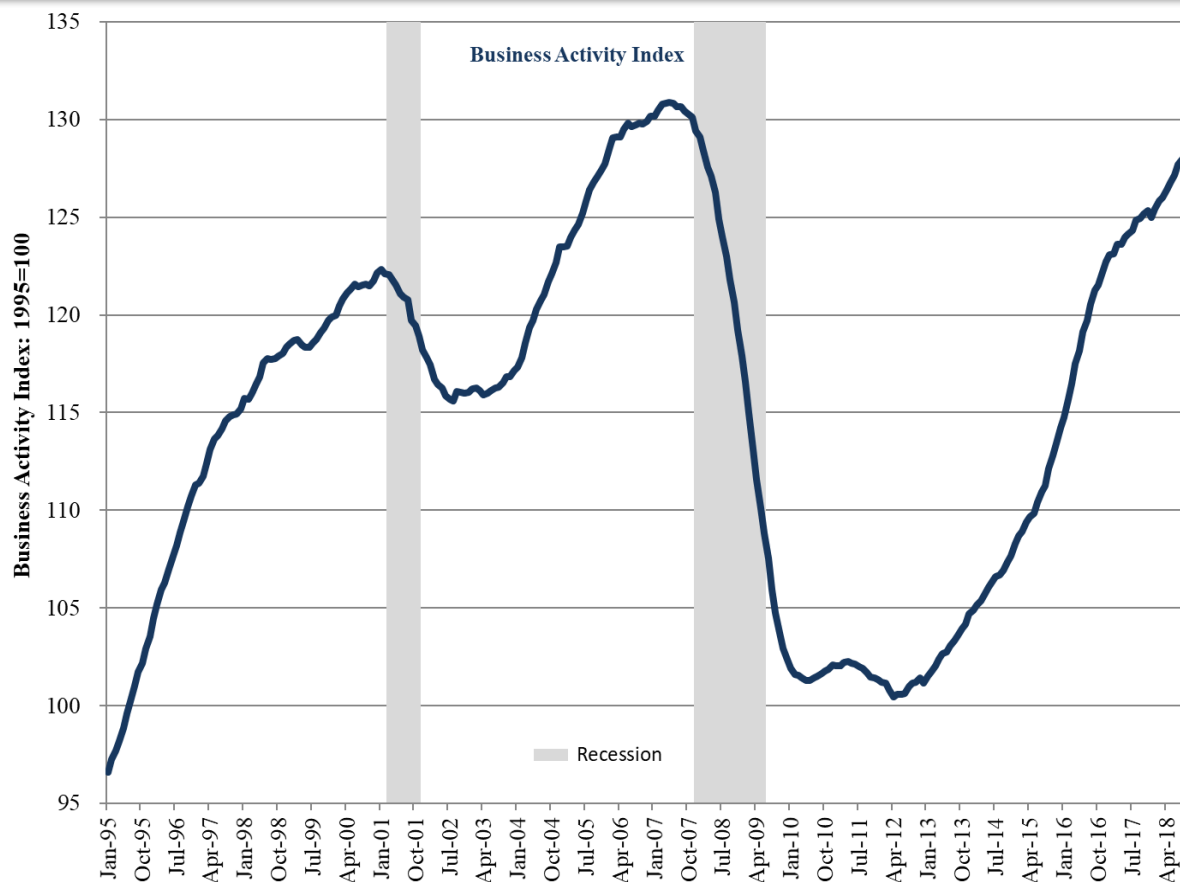
* MSA-Reno Metropolitan Statistical Area * WC-Washoe County * RTIA-Reno Tahoe International Airport *SF-Single Family

Reno MSA Business Activity Index

Reno MSA Business Activity Index increased between September and October 2018, the tenth month of growth after a small (0.29%) index decrease in December 2017.

The Reno MSA Business Activity Index provides a simplified picture of business activity in the Reno MSA region. While similar to our Reno MSA Leading Economic Index, this index excludes some local residential indicators and all national indicators to arrive at a local business activity index. As with the leading index, taxable sales data for this index is projected using average 12-month, year-over-year change for the variable.

The Index shows 0.29% increase between September and October 2018. The index increased by 2.65% over the same period last year (October 2017 and 2018).



Series	Latest Period- October 2018	Prev. Period- September 2018	Change Prev. Period	Prev. Year- October 2017	Change Prev. Year
Taxable Sales (Washoe Co., SA, CPI)	437,134,885	436,011,601	0.26%	425,960,718	2.62%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	43,612,391	43,719,531	-0.25%	42,690,409	2.16%
CES Employment (Reno MSA, SA)	238,033	236,542	0.63%	225,667	5.48%
Airport Passengers (Reno Tahoe Airport, SA)	348,510	346,766	0.50%	329,926	5.63%
Airport Cargo Lbs. Shipped (Reno Tahoe Airport, SA)	12,369,779	12,408,677	-0.31%	12,940,016	-4.41%
Business Activity Index Result	128.49	128.12	0.29%	125.17	2.65%

Monthly declines in the index occurred in taxable gaming revenue for the second month in a row. Airport cargo and passengers data was not available for October 2018 and was estimated using historical growth rates for these series.

Source: Nevada Department of Taxation, Nevada Gaming Control Board, Current Employment Statistics (CES)-Bureau of Labor Statistics, and Reno-Tahoe International Airport.

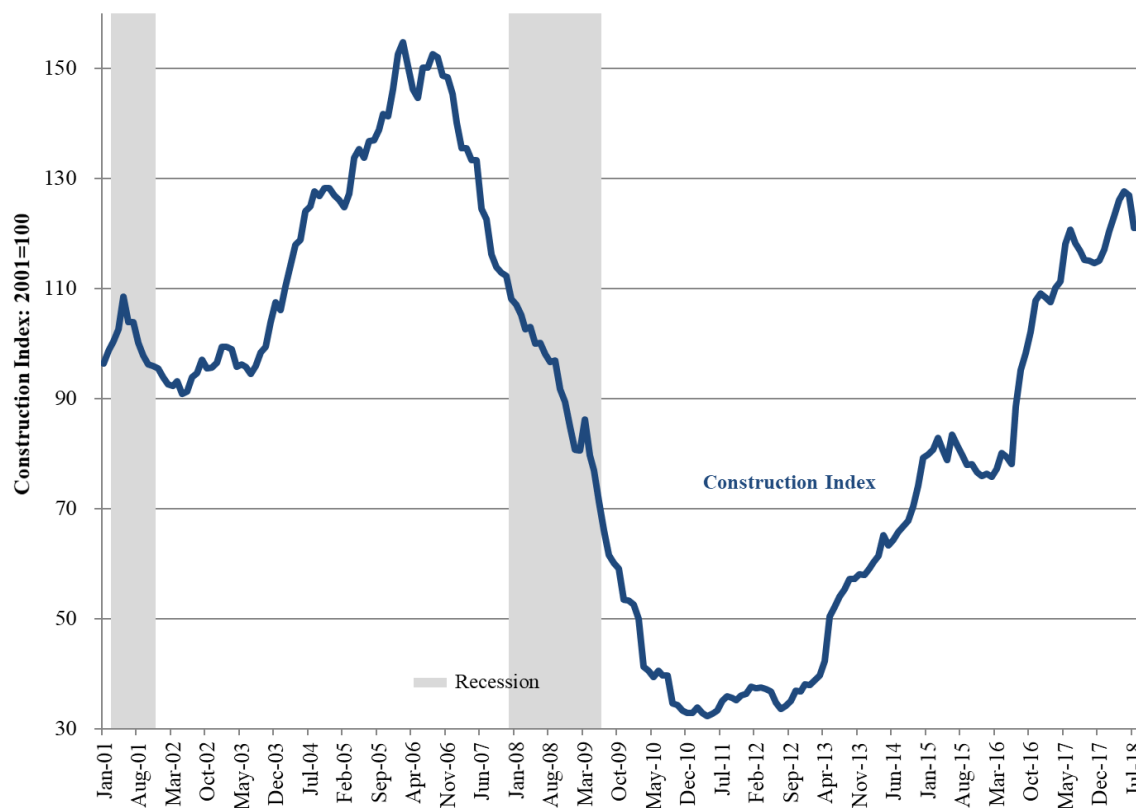
SA-Series results are seasonally adjusted. CPI-Series results are adjusted for inflation to 1995.

Reno MSA Construction Index

Reno MSA Construction Index declined by 0.75% between September and October 2018, the first month of index decline after two months of growth in August and September 2018.

The Reno MSA Construction Index provides a picture of the performance of the construction industry in the Reno MSA region. Currently, no single variable represents the condition of the construction industry in the area. By combining multiple construction-related indicators into a single number, the Construction Index represents the state of the construction industry each month, allowing for comparison of trends in the industry over time.

The Index shows a 0.75% decline between September and October 2018. Construction employment continues to increase. All but one (commercial building permits) permit measurements showed a decline over the previous month.



Series	Latest Period- October 2018	Prev. Period- September 2018	Change Prev. Period	Prev. Year- October 2017	Change Prev. Year
Reno MSA Construction Employment (SA)	17,400	17,225	1.02%	16,567	5.03%
Washoe Co. Commercial Building Permit Value (SA, CPI)*	37,287,161	37,691,824	-1.07%	28,553,707	30.59%
Washoe Co. Commercial Building Permits (SA)*	25.4	25.2	0.99%	24	6.27%
Washoe Co. Residential Building Permit Value (SA, CPI)*	50,554,668	52,136,463	-3.03%	52,366,524	-3.46%
Washoe Co. Residential Building Permit Units (SA)*	387	399	-2.95%	385	0.61%
Construction Index Result	124.91	125.86	-0.75%	115.13	8.49%

Despite these declines, the overall construction industry in the region continues to grow-the index increased by 8.49% from the same period last year (October 2017 and 2018) with a decline only in the residential building permit valuation.

Source: Current Employment Statistics-Bureau of Labor Statistics and Building Departments of City of Reno, City of Sparks, and Washoe County.

SA-Series results are seasonally adjusted. CPI-Series results are adjusted for inflation to 2001.

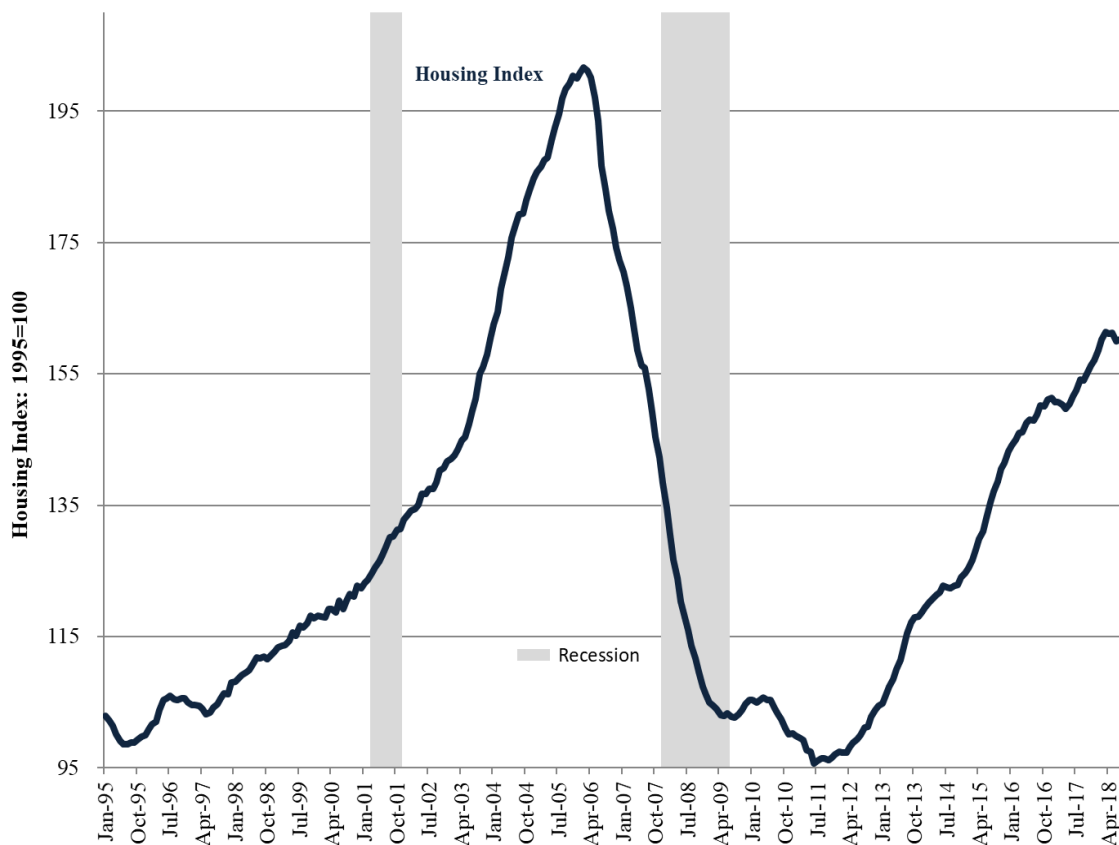
*Includes data for Washoe County, City of Reno, and City of Sparks.

Reno MSA Single-Family Housing Index

The Reno MSA Single-Family Housing index declined between September and October 2018 for the third straight month.

The goal of the Reno MSA Single-Family Housing Index is to provide a simplified picture of the residential housing market in the Reno MSA region. The original index included employment, number of home sales, home prices, and home affordability series. This simplified index will allow for comparison of housing sales trends in the region over time.

The index decreased by 0.19% between September and October 2018. The number of new and existing homes sold in the region continues to decrease. While in the past the decline in home sales was due to lack of homes available for sale, recently, sales continued to decline while listings increased. Some shortage still exists in the market, but some of the sales decline can now be attributed to growth in



home prices, which continue to increase as shown by the index. The index increased by 2.10% compared to the same period previous year (October 2017 and 2018).

Series	Latest Period- October 2018	Prev. Period- September 2018	Change Prev. Period	Prev. Year- October 2017	Change Prev. Year
New and Existing Homes Sold (Washoe Co., SA)	684	693	-1.33%	733	-6.68%
Median Price of New/Existing Homes (Washoe Co., SA, CPI)	232,206	230,399	0.78%	209,613	10.78%
Housing Index Result	158.83	158.83	-0.19%	155.26	2.10%

Source: Washoe County Assessor/Center for Regional Studies (UNR).
SA-Series results are seasonally adjusted. CPI-Series results are adjusted for inflation to 1995.