

RENO MSA INDUSTRY TRENDS-DECEMBER 2018

Published February 2019

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

Business Activity Index December 2018

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

Construction Index December 2018

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

SF Housing Index December 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	0.37% ↑	-0.12% ↓	0.61% ↑	0.34% ↑	-0.42% ↓	Month to Month	0.86% ↑	-3.58% ↓	-3.01% ↓	-2.38% ↓	-2.88% ↓	Month to Month	-1.56% ↓	0.24% ↑
Year to Year	3.55% ↑	2.02% ↑	6.53% ↑	5.05% ↑	-2.15% ↓	Year to Year	5.36% ↑	17.39% ↑	14.17% ↑	-7.33% ↓	-10.50% ↓	Year to Year	-8.96% ↓	9.65% ↑

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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

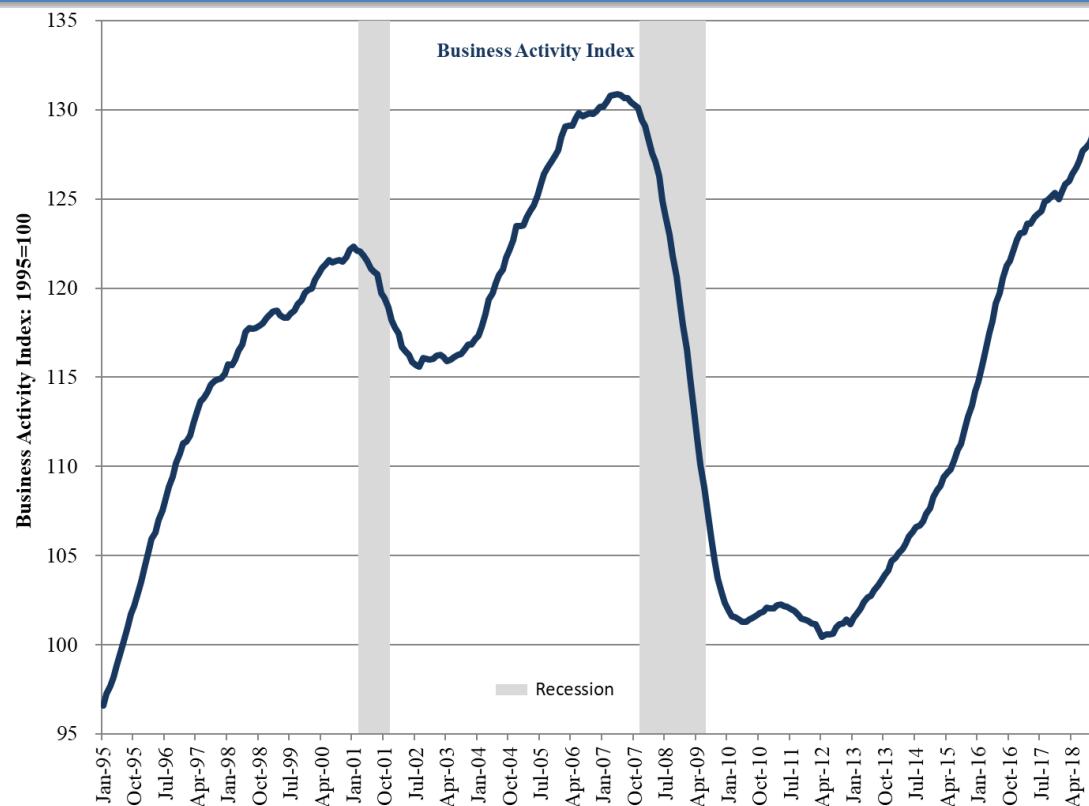
* MSA-Reno Metropolitan Statistical Area * WC-Washoe County * RTIA-Reno Tahoe International Airport *SF-Single Family

Reno MSA Business Activity Index

Reno MSA Business Activity Index increased between November and December 2018, the twelfth 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 November and December 2018. The index increased by 3.68% over the same period last year (December 2017 and



Series	Latest Period- December 2018	Prev. Period- November 2018	Change Prev. Period	Prev. Year- December 2017	Change Prev. Year
Taxable Sales (Washoe Co., SA, CPI)	440,173,186	438,560,640	0.37%	425,064,739	3.55%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	43,745,974	43,797,296	-0.12%	42,881,895	2.02%
CES Employment (Reno MSA, SA)	241,167	239,700	0.61%	226,375	6.53%
Airport Passengers (Reno Tahoe Airport, SA)	350,841	349,650	0.34%	333,964	5.05%
Airport Cargo Lbs. Shipped (Reno Tahoe Airport, SA)	12,405,223	12,457,444	-0.42%	12,678,228	-2.15%
Business Activity Index Result	129.57	129.20	0.29%	124.97	3.68%

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.

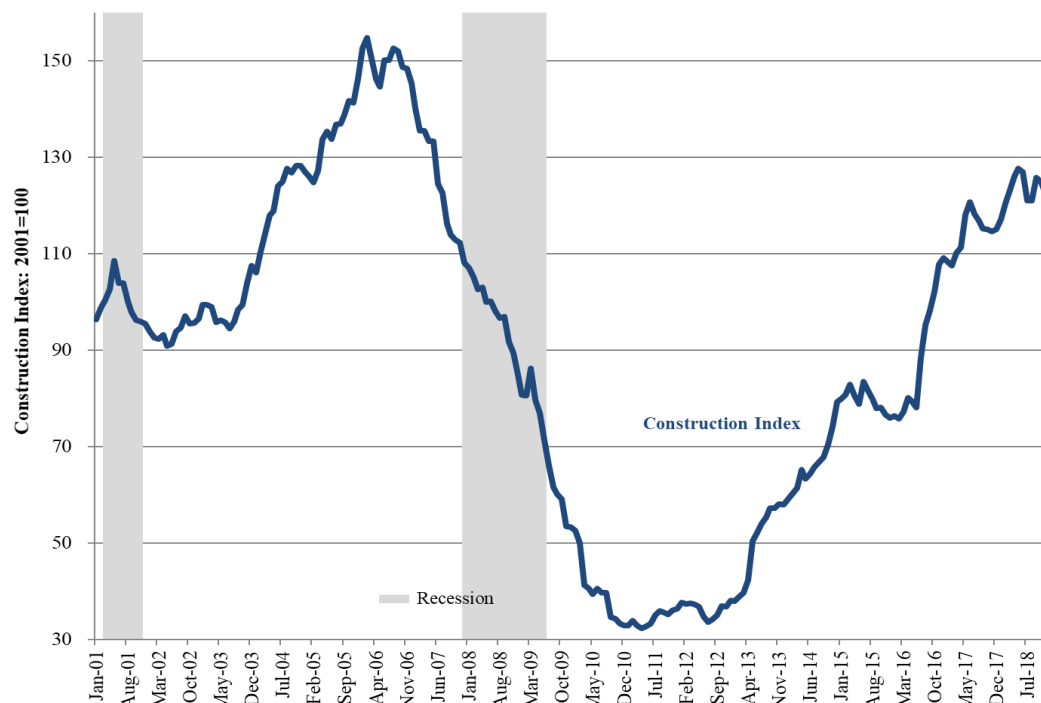
2018). The airport cargo shipped series grew for two months (October and November) before declining in December. The taxable gaming revenue decline is due to a higher increase in the Consumer Price Index used to adjust the series for inflation, rather than an actual decline in the series.

Reno MSA Construction Index

Reno MSA Construction Index declined by 2.07% between November and December 2018, the third 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 2.07% decline between November and December 2018. Construction employment in the region continues to increase. However, commercial permit series (both count and valuation) declined compared to the previous month. Despite this decline, commercial permits increased compared to the previous year. Both residential permit series declined compared to the previous month and remained lower than the same month in 2017.



Series	Latest Period- December 2018	Prev. Period- November 2018	Change Prev. Period	Prev. Year- December 2017	Change Prev. Year
Reno MSA Construction Employment (SA)	17,692	17,542	0.86%	16,792	5.36%
Washoe Co. Commercial Building Permit Value (SA, CPI)*	32,251,013	33,449,617	-3.58%	27,472,446	17.39%
Washoe Co. Commercial Building Permits (SA)*	24.2	24.9	-3.01%	21	14.17%
Washoe Co. Residential Building Permit Value (SA, CPI)*	51,464,774	52,720,282	-2.38%	55,536,627	-7.33%
Washoe Co. Residential Building Permit Units (SA)*	382	394	-2.88%	427	-10.50%
Construction Index Result	119.99	122.54	-2.07%	115.02	4.32%

Despite these declines, the overall construction industry, as represented by the index, continues to grow. The index increased by 4.32% compared to the same month in the previous year (December 2017 to 2018).

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

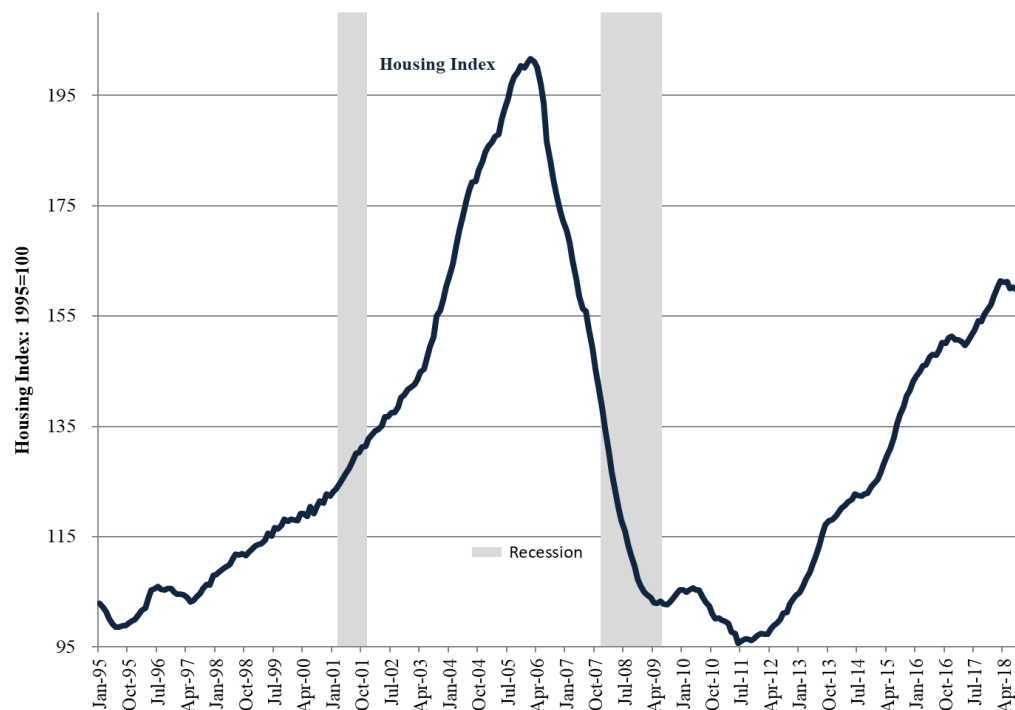
The Reno MSA Single-Family Housing index declined between November and December 2018, following a one month increase and three months of decline in August, September, and October 2018.

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 declined by 0.57% between November and December 2018, but increased by 0.49% compared to the same period previous year (December 2017 and 2018).

The number of new and existing homes sold in the region continues to decrease. New home sales fell from 147 in November to 112 in December. Existing home sales declined from 496 in November to 407 in December. 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. The overall price of homes in the region increased, driven by median new home prices, which grew from \$470,950 in November to \$507,009 in December. Median existing home prices declined from \$371,000 in November to \$350,000 in December.



Series	Latest Period- December 2018	Prev. Period- November 2018	Change Prev. Period	Prev. Year- December 2017	Change Prev. Year
New and Existing Homes Sold (Washoe Co., SA)	668	679	-1.56%	734	-8.96%
Median Price of New/Existing Homes (Washoe Co., SA, CPI)	234,600	234,047	0.24%	213,946	9.65%
Housing Index Result	157.81	158.72	-0.57%	157.05	0.49%

Additionally, of some concern is the number of distressed home listings in the Reno-Sparks region, which increased by 32% between 4th Quarter 2017 and 2018.

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