

RENO MSA INDUSTRY TRENDS-FEBRUARY 2017

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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 February 2017

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

Construction Index February 2017

Provides historical and current trends for the construction industry in the Reno MSA region. (PLEASE SEE PAGE 2)

SF Housing Index February 2017

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

0.38% ↑

% Change	Taxable Sales	Taxable Gaming Revenue	Nonfarm Employment	Airport Passengers	Airport Cargo
Month to Month	0.59% ↑	-0.80% ↓	0.27% ↑	0.45% ↑	0.68% ↑

% Change	Construction Employment
Month to Month	0.23% ↑

-0.30% ↓

% Change	Nonfarm Employment	SF Homes Sold	Median Price of SF Homes	Housing Opportunity Index
Month to Month	0.27% ↑	-0.46% ↓	-2.29% ↓	0.00% ↑

6.88% ↑

% Change	Taxable Sales	Taxable Gaming Revenue	Nonfarm Employment	Airport Passengers	Airport Cargo
Year to Year	8.42% ↑	1.24% ↑	4.61% ↑	6.06% ↑	11.76% ↑

% Change	Construction Employment
Year to Year	9.39% ↑

2.35% ↑

% Change	Nonfarm Employment	SF Homes Sold	Median Price of SF Homes	Housing Opportunity Index
Year to Year	5.03% ↑	1.84% ↑	4.44% ↑	2.29% ↑

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:

<p style="text-align: center;"><u>Business Activity Index</u></p> <ul style="list-style-type: none"> • MSA Employment • WC Gaming Revenue • WC Taxable Sales • RTIA Passengers • RTIA Cargo 	<p style="text-align: center;"><u>Construction Index**</u></p> <ul style="list-style-type: none"> • MSA Construction Employment • WC Commercial Permits • WC Commercial Permit Valuation • WC Residential Permit Units • WC Residential Permit Valuation 	<p style="text-align: center;"><u>SF Housing Index</u></p> <ul style="list-style-type: none"> • MSA Employment • WC Single-Family Home Sales • WC Single Family Median Sales Price • MSA Housing Opportunity Index
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* MSA-Reno Metropolitan Statistical Area * WC-Washoe County * RTIA-Reno Tahoe International Airport *SF-Single Family

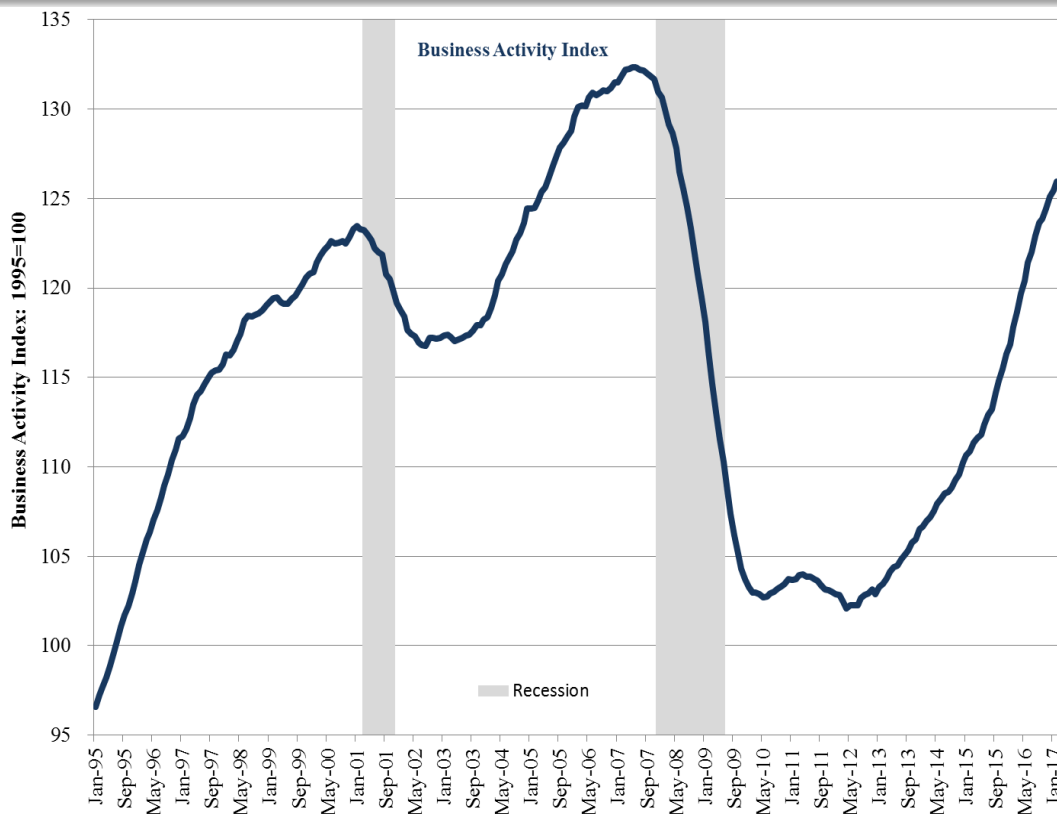
***It should be noted that due to the changes in the software used to track and report building permit data, specific building permit valuation and count series used in the index are temporarily unavailable from the City of Reno, City of Sparks, and Washoe County. As a result, the Construction Index will exclude these series and show construction employment only. Building permit data will be added back to the index as soon as it becomes available.*

Reno MSA Business Activity Index

Reno MSA Business Activity Index increased by 0.38% between January and February 2017, totaling 50 straight months of growth in business activities in the region.

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 0.38% increase between January and February 2017. The index increased by 6.88% over the same period last year (February 2016 and 2017). Business activity in the region increased for 50 straight months since December 2012.



Series	Latest Period- February 2017	Prev.Period- January 2017	Change Prev. Period	Prev. Year- February 2016	Change Prev. Year
Taxable Sales (Washoe Co., SA, CPI)	421,059,092	418,590,273	0.59%	388,364,323	8.42%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,170,839	42,510,263	-0.80%	41,655,829	1.24%
CES Employment (Reno MSA, SA)	221,942	221,333	0.27%	212,167	4.61%
Airport Passengers (Reno Tahoe Airport, SA)	307,670	306,293	0.45%	290,083	6.06%
Airport Cargo Lbs. Shipped (Reno Tahoe Airport, SA)	13,191,123	13,101,486	0.68%	11,802,600	11.76%
Business Activity Index Result	125.93	125.45	0.38%	117.82	6.88%

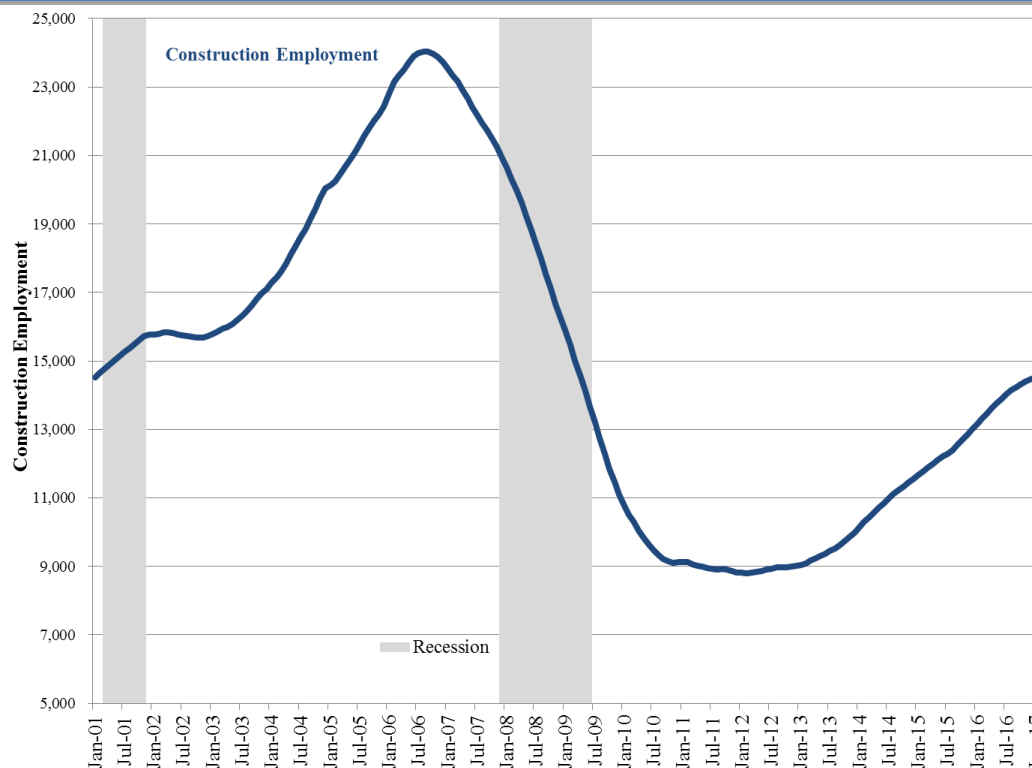
Source: Nevada Department of Taxation, Nevada Gaming Control Board, Current Employment Statistics (CES)-Bureau of Labor Statistics, and Reno-Tahoe International Airport.

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

Reno MSA Construction Index

Due to the changes in the software used to track and report building permit data, specific building permit valuation and count data used in the index are temporarily unavailable from the City of Reno, City of Sparks, and Washoe County. As a result, the Construction Index will exclude these data and show construction employment only. Permit data will be added back to the index as soon as it becomes available.

Reno MSA Construction Index (employment only) increased by 0.23% between January and February 2017. The index increased by 9.39% from the same period last year (February 2016 and 2017). Seasonally adjusted construction employment increased for 60 straight months since February 2012.



Series	Latest Period- February 2017	Prev.Period- January 2017	Change Prev. Period	Prev. Year- February 2016	Change Prev. Year
Reno MSA Construction Employment (SA)	14,558	14,525	0.23%	13,308	9.39%

Source: Current Employment Statistics-Bureau of Labor Statistics.

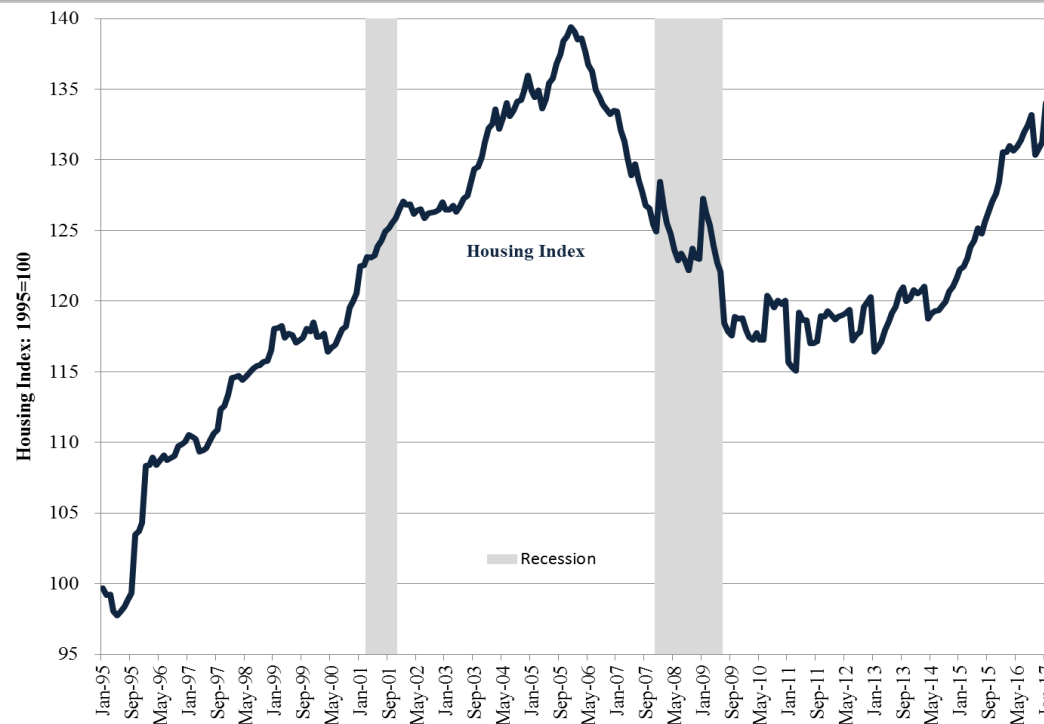
SA-Series results are seasonally adjusted.

Reno MSA Single-Family Housing Index

Reno MSA Single-Family Housing Index¹ decreased slightly by 0.30% January and February 2017, first decline in the index since October 2016.

The Index shows a 0.30% decrease between January and February 2017. This is due to a small decrease in the number of new and existing homes sold and a larger decline in the inflation- and seasonally- adjusted median home price.

It should be noted that the actual median price of homes increased between January and February 2017 from \$315,000 to \$330,000. However, home prices are impacted by seasonality and must be adjusted for this, and inflation, to be comparable to past periods. This indicates that while prices increased, the increase was smaller than inflation and



seasonality.

Series	Latest Period- February 2017	Prev.Period- January 2017	Change Prev. Period	Prev. Year- February 2016	Change Prev. Year
CES Employment (Reno MSA, SA)	221,942	221,333	0.27%	212,167	4.61%
New and Existing Homes Sold (Washoe Co., SA)	716	719	-0.46%	706	1.40%
Median Price of New/Existing Homes (Washoe Co., SA, CPI)	200,702	205,416	-2.29%	188,842	6.28%
Housing Opportunity Index (Reno MSA)-estimated	53.5	53.5	0.00%	59.0	-9.32%
Housing Index Result	133.63	134.03	-0.30%	130.56	2.35%

The index increased by 2.35% over the same period last year (February 2016 and 2017).

Source: Current Employment Statistics (CES)-Bureau of Labor Statistics, Washoe County Assessor/Center for Regional Studies (UNR), National Association of Home Builders.

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

¹ The Reno MSA Single-Family Housing Index provides a simplified picture of the residential housing market in the Reno MSA region, including employment, number of home sales, home prices, and home affordability. Currently, no single variable represents housing activity in the area. By combining multiple housing market-related indicators into a single number, the Single Family Housing Index represents the state of the housing market each month, allowing for comparison of trends in the region over time.