

RENO MSA INDUSTRY TRENDS-JULY 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 July 2018

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

Construction Index July 2018

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

SF Housing Index (Revised) July 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 | | | | | | | |
| 0.39% | ↑ | -0.26% | ↓ | 0.50% | ↑ | -4.78% | ↓ | -7.51% | ↓ | -6.54% | ↓ | -4.50% | ↓ | -5.78% | ↓ | 0.12% | ↑ | -0.83% | ↓ | 0.98% | ↑ |
| 2.71% | ↑ | 3.58% | ↑ | 4.16% | ↑ | 2.25% | ↑ | 11.12% | ↑ | -16.67% | ↓ | 9.04% | ↑ | 11.20% | ↑ | 5.04% | ↑ | -0.43% | ↓ | 10.44% | ↑ |
| 4.49% | ↑ | 7.00% | ↑ | -4.95% | ↓ | 5.49% | ↑ | 9.04% | ↑ | 11.20% | ↑ | -0.43% | ↓ | 10.44% | ↑ | | | | | | |

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

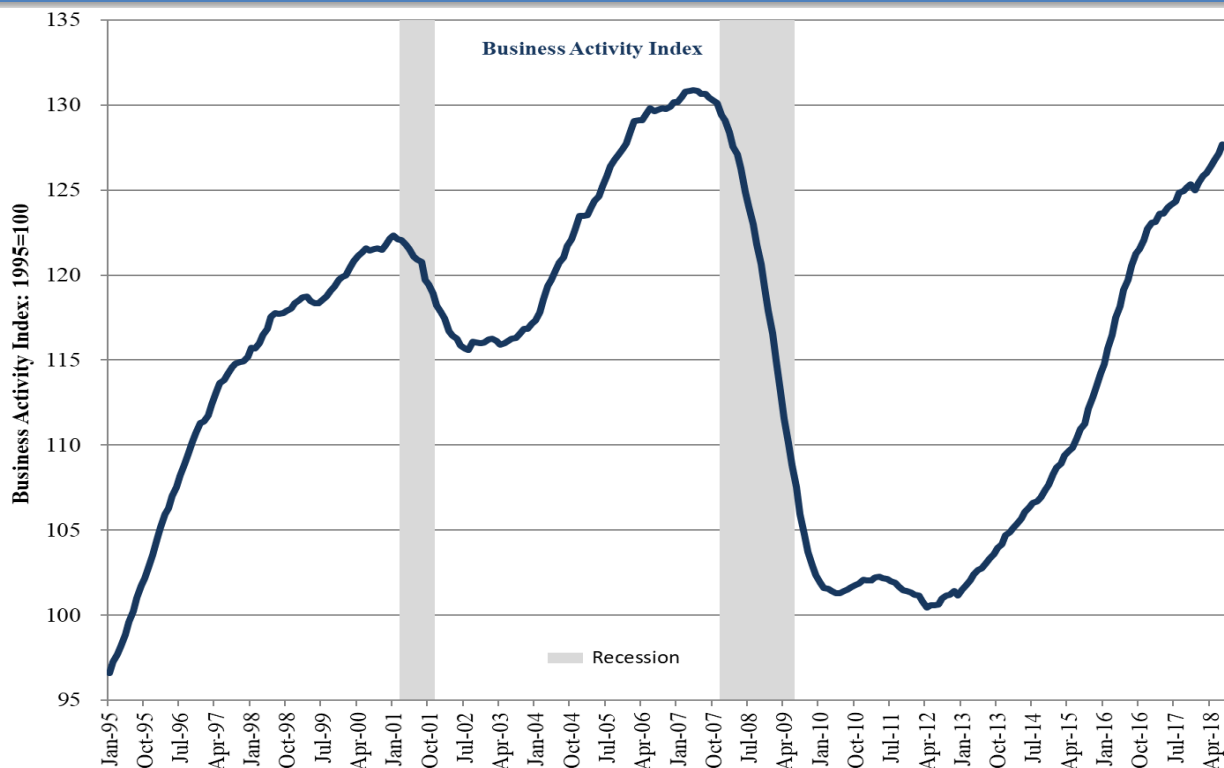
- WC Single-Family Home Sales
- WC Single Family Median Sales Price

* 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 June and July 2018, the seventh 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 0.39% increase between June and July 2018. The index increased by 2.71% over the same period last year (July 2017 and

| Series | Latest Period- July 2018 | Prev. Period- June 2018 | Change Prev. Period | Prev. Year- July 2017 | Change Prev. Year |
|---|-----------------------------|----------------------------|------------------------|--------------------------|----------------------|
| Taxable Sales (Washoe Co., SA, CPI) | 438,210,765 | 436,661,597 | 0.35% | 419,367,932 | 4.49% |
| Taxable Gaming Revenue (Washoe Co., SA, CPI) | 43,685,411 | 43,800,595 | -0.26% | 42,176,856 | 3.58% |
| CES Employment (Reno MSA, SA) | 234,008 | 232,850 | 0.50% | 224,658 | 4.16% |
| Airport Passengers (Reno Tahoe Airport, SA) | 344,536 | 343,388 | 0.33% | 321,991 | 7.00% |
| Airport Cargo Lbs. Shipped (Reno Tahoe Airport, SA) | 12,422,617 | 12,357,683 | 0.53% | 13,069,269 | -4.95% |
| Business Activity Index Result | 127.67 | 127.17 | 0.39% | 124.30 | 2.71% |

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 gaming revenue series saw a small decline in July, its first decline in over a year. Airport cargo pounds shipped series experienced its first monthly increase in over a year. Other series continue to grow.

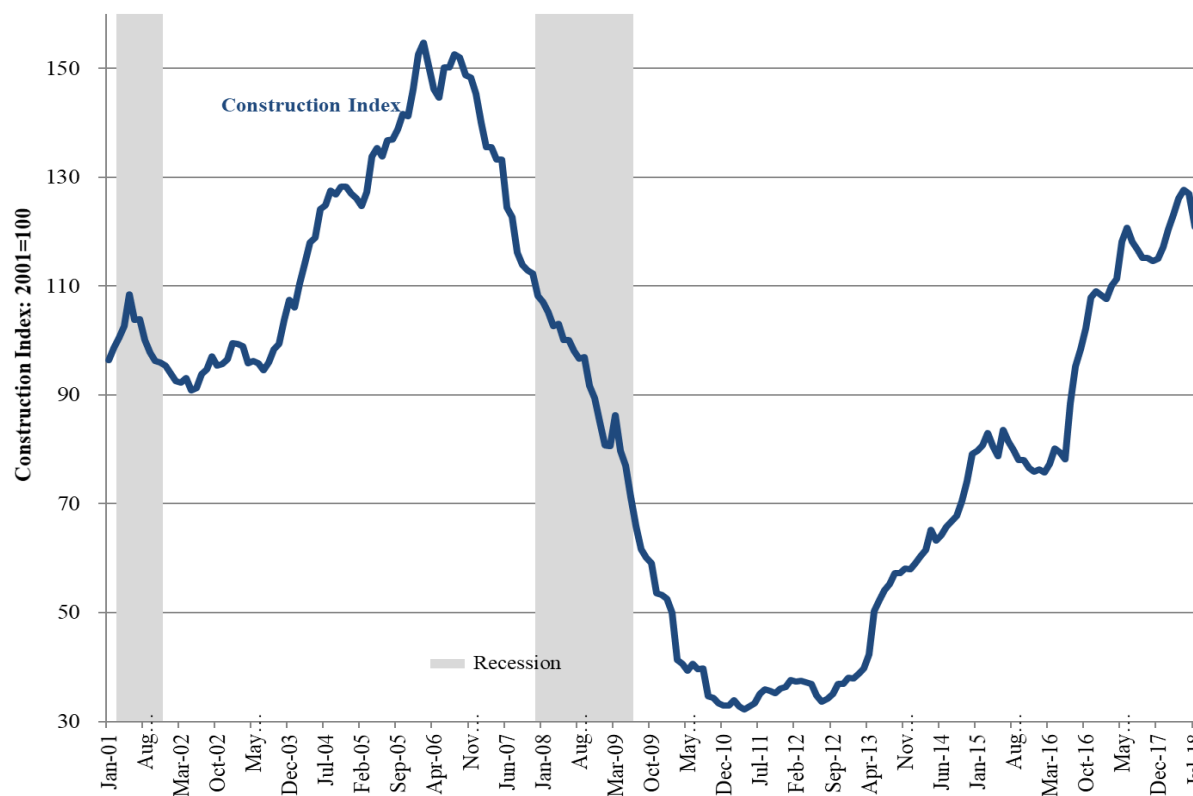
Reno MSA Construction Index

Reno MSA Construction Index decreased by 4.78% between June and July 2018, the second month of decline after a six-month growth period since December 2017.

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 4.78% decline between June and July 2018. While construction employment continues to increase, while permits fluctuate. In July, all four building permit measures declined compared to the previous month, and number of commercial permits declined compared to the previous year, though

the value of permits continues to increase. The overall construction industry in the region is growing, with the index increasing by 2.25% from the same period last year (July 2017 and 2018).



| Series | Latest Period- July 2018 | Prev. Period- June 2018 | Change Prev. Period | Prev. Year- July 2017 | Change Prev. Year |
|---|-----------------------------|----------------------------|------------------------|--------------------------|----------------------|
| Reno MSA Construction Employment (SA) | 16,983 | 16,950 | 0.20% | 16,100 | 5.49% |
| Washoe Co. Commercial Building Permit Value (SA, CPI)* | 32,713,442 | 35,368,626 | -7.51% | 29,439,952 | 11.12% |
| Washoe Co. Commercial Building Permits (SA)* | 25.0 | 26.8 | -6.54% | 30 | -16.67% |
| Washoe Co. Residential Building Permit Value (SA, CPI)* | 52,275,588 | 54,739,392 | -4.50% | 47,942,516 | 9.04% |
| Washoe Co. Residential Building Permit Units (SA)* | 394 | 418 | -5.78% | 354 | 11.20% |
| Construction Index Result | 120.89 | 126.96 | -4.78% | 118.23 | 2.25% |

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

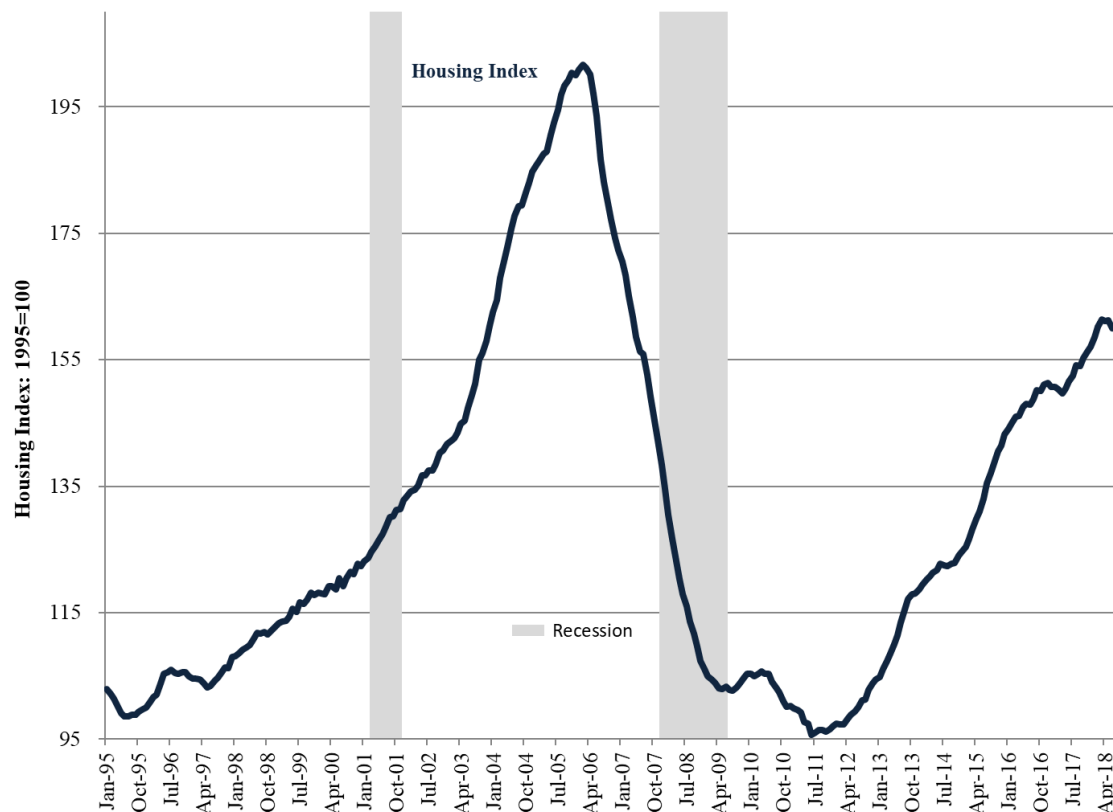
SA-Series results are seasonally adjusted. CPI-Series results are adjusted for inflation to 2001.

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

Reno MSA Single-Family Housing Index

The Reno MSA Single-Family Housing was revised last month to exclude employment and Housing Opportunity Index series. The revised index increased slightly between June and July 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. Due to inconsistencies in these series, the Housing Affordability Index and employment data were removed from the index, leaving only the number of homes sold and home price series. This simplified index will allow for comparison of housing sales trends in the region over time.



The index increased by 0.12% between June and July 2018. The number of new and existing homes sold in the region continues to decrease. This decline in the number of sales is due to a housing supply shortage in the region, which, in part, is the driving force behind

| Series | Latest Period- July 2018 | Prev. Period- June 2018 | Change Prev. Period | Prev. Year- July 2017 | Change Prev. Year |
|--|-----------------------------|----------------------------|------------------------|--------------------------|----------------------|
| New and Existing Homes Sold (Washoe Co., SA) | 716 | 722 | -0.83% | 719 | -0.43% |
| Median Price of New/Existing Homes (Washoe Co., SA, CPI) | 227,481 | 225,272 | 0.98% | 205,977 | 10.44% |
| Housing Index Result | 160.19 | 160.00 | 0.12% | 152.51 | 5.04% |

the region's price growth. The index increased by 5.04% compared to the same period previous year (July 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.