

Nevada Workforce & Economic Briefing

MAY 2007

JIM GIBBONS
Governor



DETR
Nevada Department of Employment,
Training and Rehabilitation

TERRY JOHNSON
Director

Principal Author

Research & Analysis Bureau

William Anderson, Chief Economist

HIGHLIGHTS
&
SUMMARY

Highlights

- Based upon activity in the first quarter of this year, Nevada's economy continues to expand at an impressive rate, but the pace of the expansion remains well below that from previous years. The much-publicized housing slump explains a significant portion of the slowdown in growth. As a result, the timing of a rebound in this all-important sector will surely shape the near-term future of the State's economy. Still, economic conditions in Nevada remain impressive relative to much of the rest of the nation. Although unemployment is on the upswing, the State's jobless rate is still lower than the U.S. average. Job growth has been cut in half, but it is still double the gains being recorded in the nation as a whole. Personal income growth is a full percentage point stronger in Nevada than in the U.S.
- After topping out in early-2002, Nevada's unemployment rate (seasonally adjusted¹) trended down until the beginning of 2006, and it has been on the upswing, albeit unevenly, since. In March 2007, the jobless rate stood at 4.3%, unchanged from February, but up 0.5 percentage point from a year ago.
- Through the first quarter of the year, the unemployment rate has averaged 4.6%, not seasonally adjusted. This is up 0.6 percentage point from the same three months in 2006. Nationally, the jobless rate has averaged 4.8% so far this year. Nevada's jobless rate has come in below the U.S.¹ in each of the past five years.
- Year-to-date through March, the Clark County unemployment rate stands at 4.4%, not adjusted for seasonal variation, while it is 4.7% in Washoe County. In the balance of the rest of the State, it is 5.6%.
- As the unemployment rate is edging up, job growth, although still healthy, is slowing. During 2004 and 2005, job gains in Nevada came in at about 6%. Growth eased to 4.8% in 2006. During the first three months of this year, job growth has averaged 3.4%. Again, however, despite the slowdown, Nevada is faring quite well relative to the nation as a whole, where job growth averaged 1.5% during the first quarter of this year.

¹ The seasonal adjustment process removes the month-to-month seasonal effects from a data series. Over the course of a year, the levels of employment and unemployment undergo sharp fluctuations due to such seasonal developments as changes in weather, the planting and harvesting of crops, major holidays, and the opening and closing of schools. Since these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month.

- Specifically for March of this year, the 1.3 million jobs maintained in the State's business establishments translate into a gain of 39,900 (3.1%) from the same month a year ago. March represents the first time since August 2003 that year-over-year job gains fell short of the 40,000-mark.
- Las Vegas metropolitan statistical area (MSA) job growth has averaged 3.5% through March, slightly higher than Reno-Sparks' 3.2% gain. The year-over-year increase in the Carson City MSA was minimal, at 1%.
- Nevada average weekly wages rose just 2.7% through the first three quarters of 2006. Wage growth was down from 4.5% in 2005 and 5% in 2004.
- Through March, initial claims for unemployment insurance were up nearly 10% from a year ago. YTD results were helped by a 2.3% decline in March, when there were nearly 12,100 new claims. This broke a five-month string during which double-digit gains were recorded in every month.
- Continued unemployment claims remained well above (21%) year-ago readings in March, and the average duration of unemployment rose for the third consecutive month.
- Nevada's taxable sales gains have been below 5% in nine of the past 12 months, through February. Specifically in February, sales were up 3.7% from a year ago. Recent sales gains have not compared favorably to a year-ago, when sales growth in the double-digits was the norm. However, growth eased considerably in March 2006. As a result, it will be interesting to see how sales trends in coming months compare to softer year-ago readings
- At 3.02 million, Las Vegas visitor volume edged up 1.3% from year-ago readings in February. As it has for the past several months, visitor volume will probably trend in a fairly narrow range until the first of several new megaresort-type projects (the Palazzo) comes on-line late this year. Current expansion plans call for approximately 40,000 new rooms over the next few years, which will certainly add to the attractiveness of Southern Nevada as a visitor destination.
- Gaming win was up an impressive 8.4% during 2006, thanks to a solid showing in November and December. During that two-month period, win increased by more than 15% relative to a year ago. However, 2007 got off to a fairly weak start, as January win fell 2.1% and February's results grew just 2.9%.
- For all of 2006, Nevada personal income grew at a 7.3% pace. Income gains were the lowest since

2003. Still, Nevada continues to outpace the nation, where personal income grew just 6.3% in 2006, a full percentage point below Nevada.

- As for Nevada's construction and real estate activity, signs of weakness in the residential sector remain evident on a number of different fronts. Housing permit activity is down by approximately 60% in the first three months of 2007 in the State. In southern Nevada, new home closings are down by more than 40%, while the median price of new homes is growing modestly, at best. In fact, median prices declined in March from year-ago levels. Recorded resales are down by nearly one-third during the first three months of the year.
- The weakness in the housing segment is also impacting the State's labor markets. March construction jobs are off by 1,300 relative to a year ago. In 2006, the construction sector added about 9,000 new jobs. Additionally, March unemployment insurance claims in the construction industry are up by one-third compared to the same month in 2006.

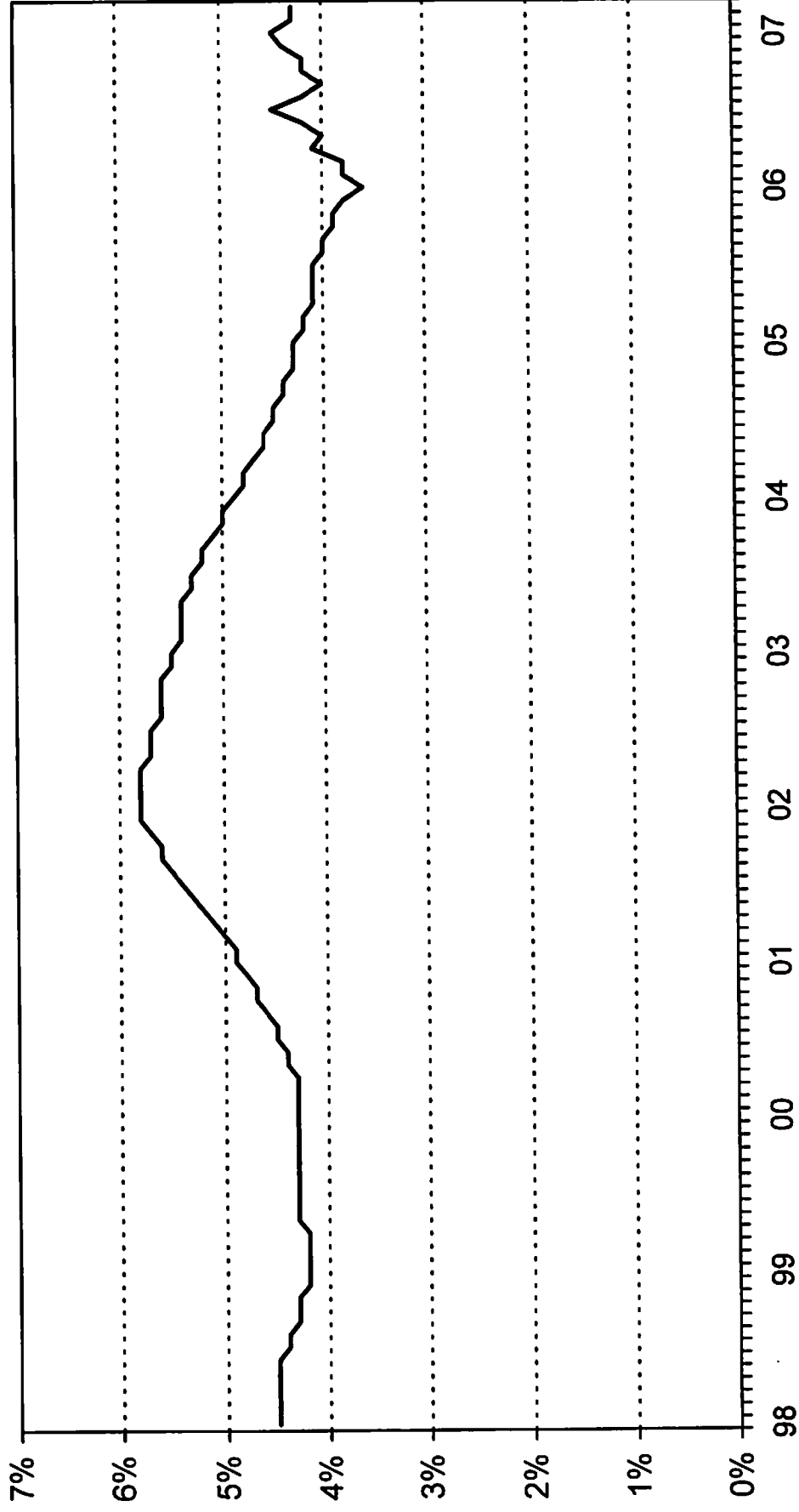
UNEMPLOYMENT RATE

Nevada Unemployment Rate
(seasonally adjusted)

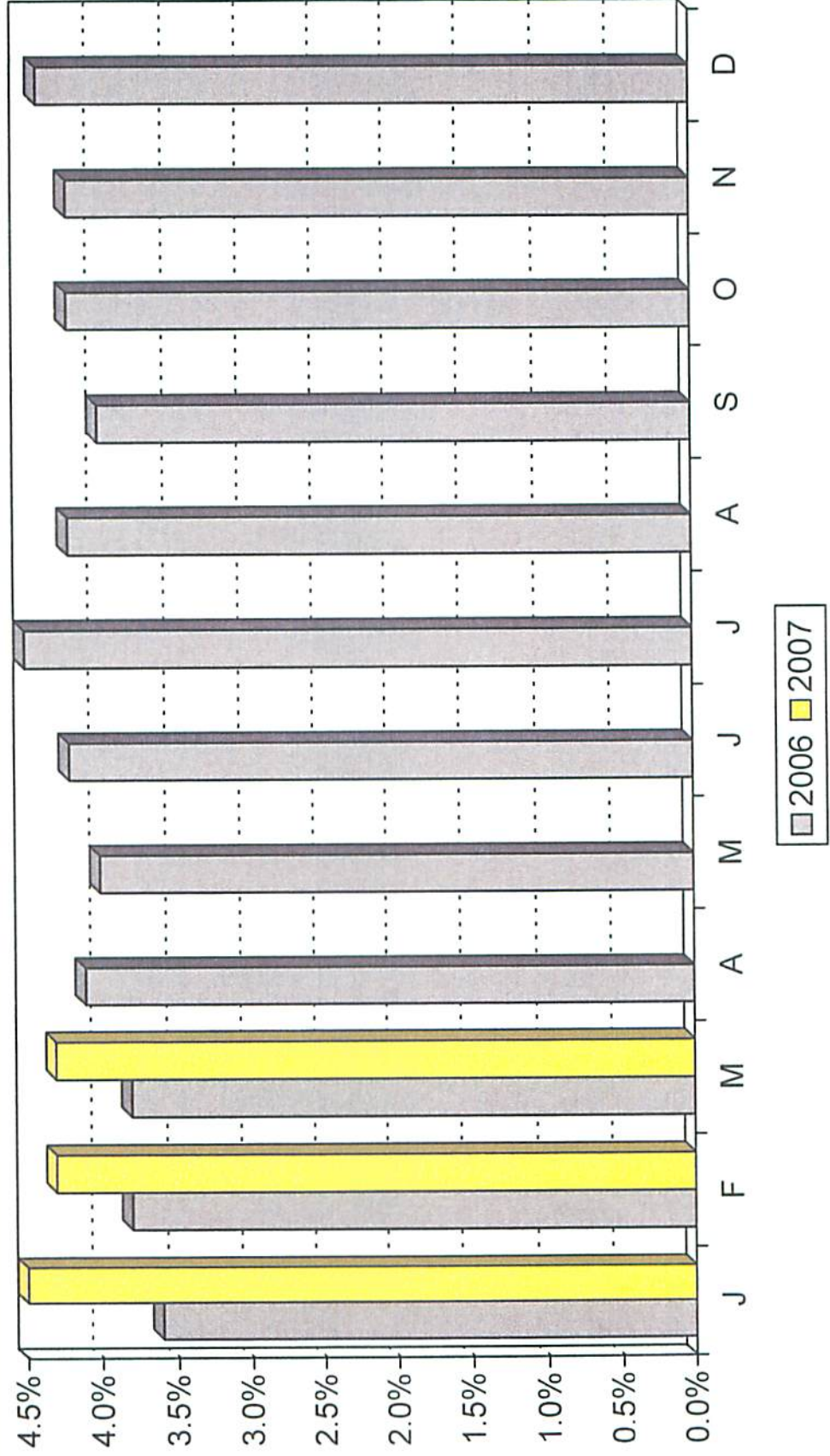
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
1998	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.4%	4.4%	4.3%	4.3%	4.3%	4.2%	4.4%
1999	4.2%	4.2%	4.2%	4.2%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
2000	4.3%	4.3%	4.3%	4.3%	4.4%	4.4%	4.4%	4.5%	4.6%	4.7%	4.7%	4.8%	4.5%
2001	4.9%	4.9%	5.0%	5.1%	5.2%	5.3%	5.4%	5.5%	5.6%	5.6%	5.7%	5.8%	5.3%
2002	5.8%	5.8%	5.8%	5.8%	5.7%	5.7%	5.7%	5.6%	5.6%	5.6%	5.6%	5.5%	5.7%
2003	5.5%	5.4%	5.4%	5.4%	5.4%	5.3%	5.3%	5.2%	5.2%	5.1%	5.0%	5.0%	5.3%
2004	4.9%	4.8%	4.8%	4.7%	4.6%	4.6%	4.5%	4.5%	4.4%	4.4%	4.3%	4.3%	4.6%
2005	4.3%	4.2%	4.2%	4.1%	4.1%	4.1%	4.1%	4.0%	4.0%	3.9%	3.9%	3.8%	4.1%
2006	3.6%	3.8%	3.8%	4.1%	4.0%	4.2%	4.5%	4.2%	4.0%	4.2%	4.2%	4.4%	4.0%
2007	4.5%	4.3%	4.3%										
2006-2007													
Change													
(pct. points)	0.9	0.5	0.5										

The federal/state cooperative program under which employment and unemployment estimates for states and local areas are developed is the Local Area Unemployment Statistics Program (LAUS). These estimates are prepared by state employment security agencies in accordance with Bureau of Labor Statistics definitions and procedures. They are used for planning and budgetary purposes, as an indication of need for employment and training programs, and to allocate federal funds under the Workforce Investment Act (WIA), Federal Emergency Management Agency (FEMA), etc.

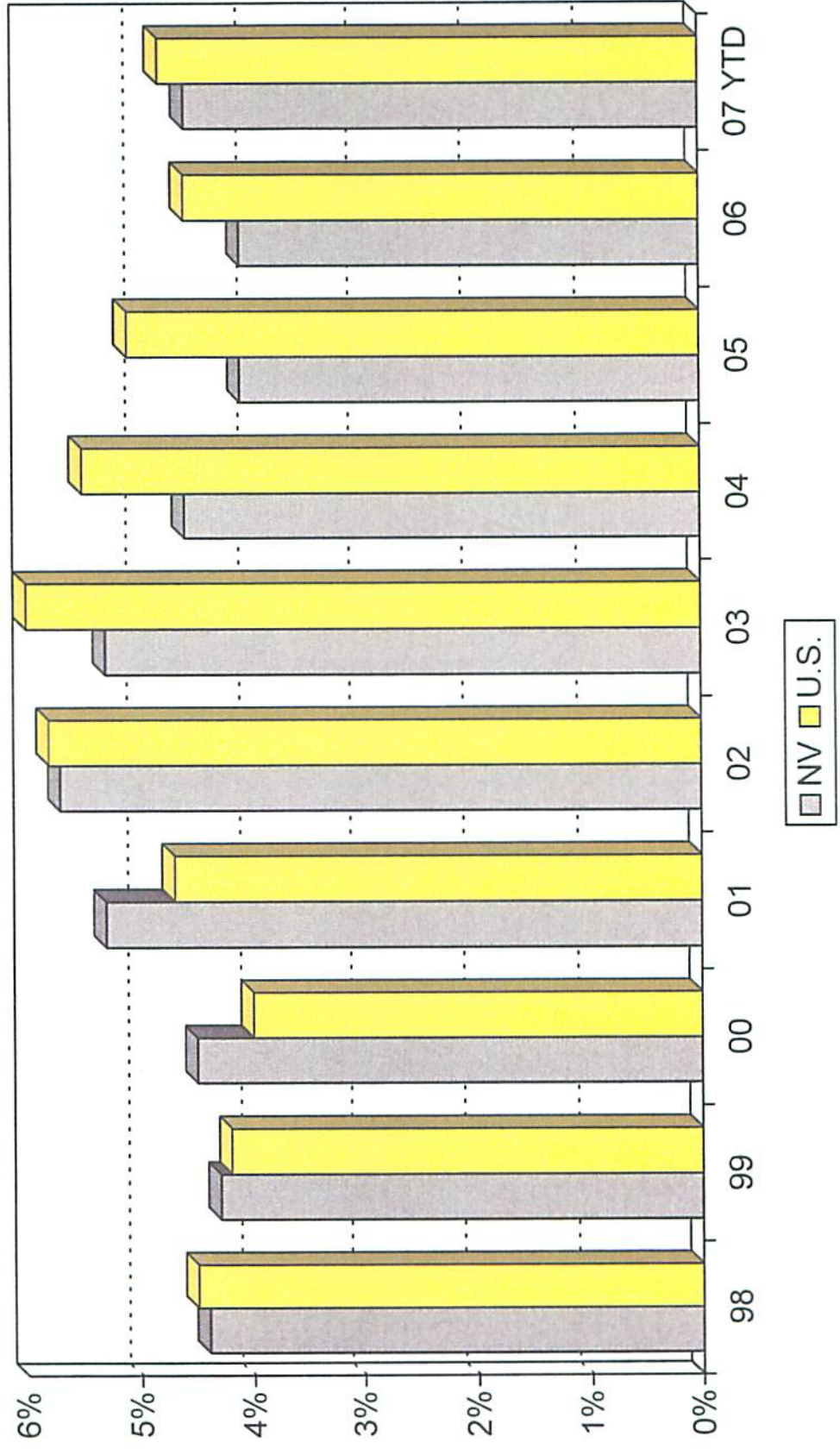
Nevada Unemployment Rate (seasonally adjusted)



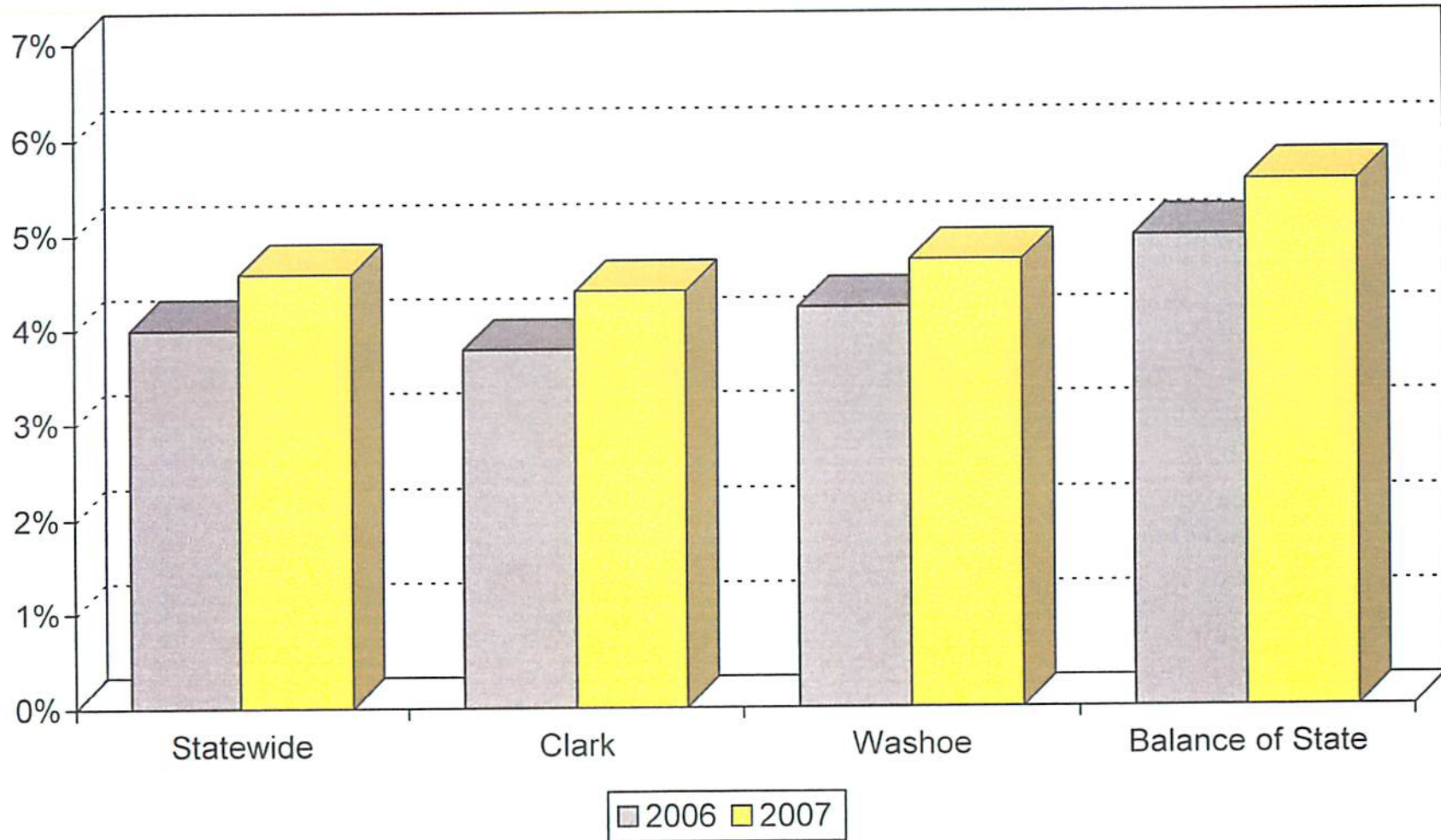
Nevada Unemployment Rate: 2007 vs. 2006 (seasonally adjusted)



Nevada Unemployment Rate vs. the U.S. (2007 YTD through March)



Regional Unemployment Rates (YTD through March)



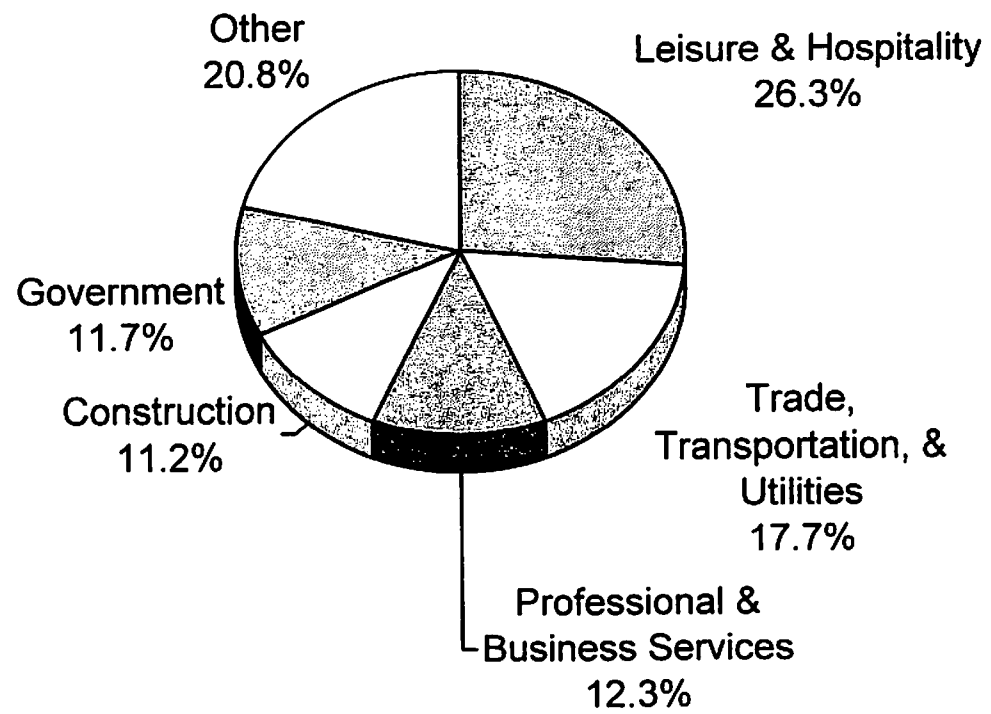
JOBS

Nevada Jobs

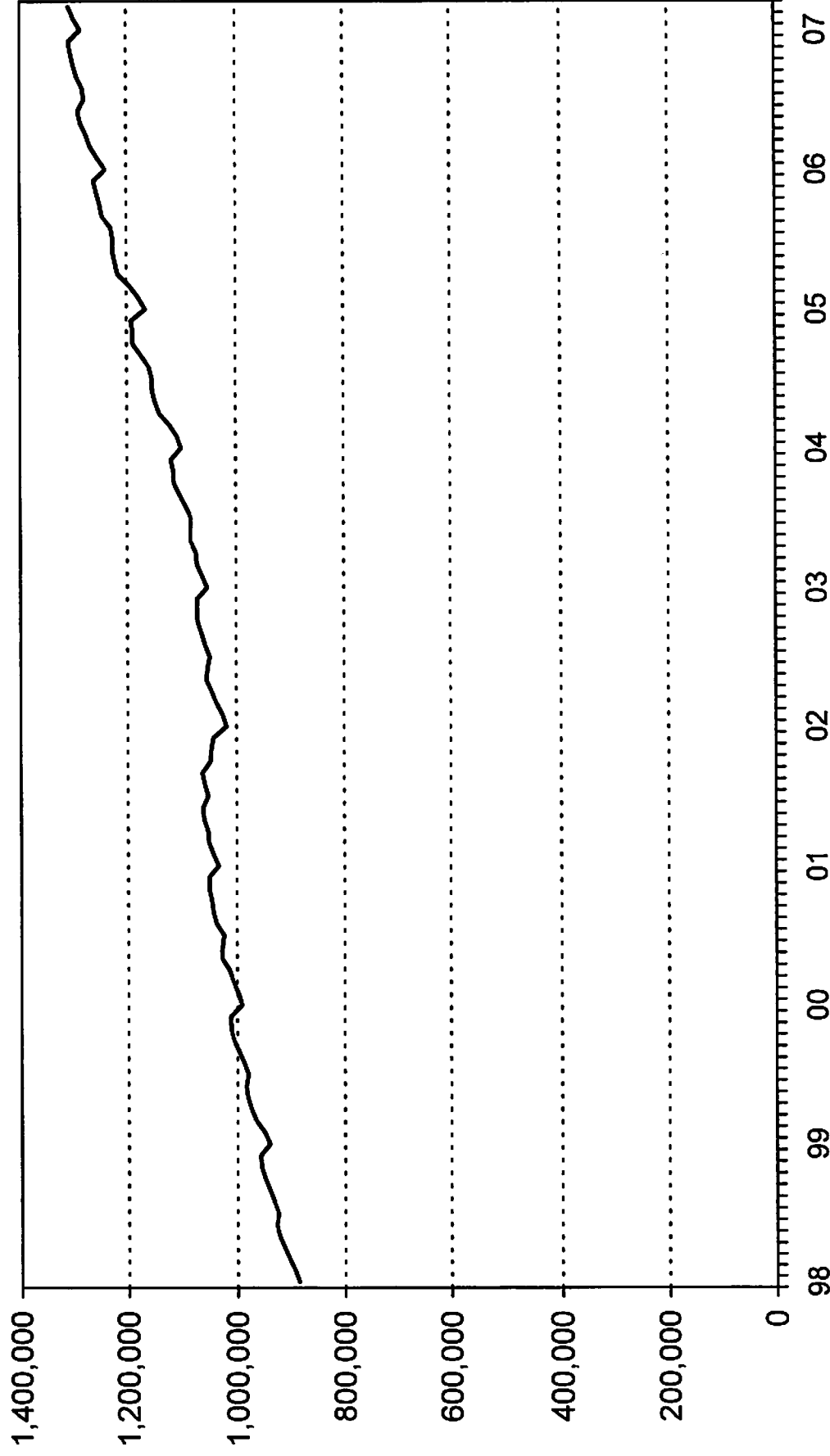
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
1998	886,500	894,300	903,600	912,700	921,700	928,100	925,100	932,700	941,100	950,000	956,800	958,000	925,900
1999	941,000	950,400	966,000	974,900	981,500	984,500	980,700	987,800	997,000	1,007,000	1,012,400	1,013,300	983,000
2000	991,600	997,500	1,007,400	1,014,800	1,028,000	1,027,700	1,024,800	1,038,300	1,043,600	1,046,700	1,051,100	1,051,300	1,026,900
2001	1,033,800	1,043,200	1,051,700	1,053,100	1,060,200	1,062,400	1,052,300	1,058,600	1,063,100	1,048,000	1,047,000	1,043,400	1,051,400
2002	1,019,100	1,025,900	1,037,400	1,046,200	1,055,600	1,053,600	1,049,200	1,057,500	1,063,600	1,070,500	1,072,200	1,072,700	1,052,000
2003	1,053,500	1,062,900	1,071,800	1,074,100	1,084,100	1,083,600	1,083,200	1,093,200	1,103,900	1,114,300	1,115,200	1,119,900	1,088,300
2004	1,101,500	1,108,300	1,122,000	1,140,200	1,148,300	1,153,700	1,153,600	1,158,800	1,174,000	1,189,200	1,189,400	1,193,000	1,152,700
2005	1,166,700	1,179,500	1,195,000	1,216,500	1,221,800	1,226,700	1,225,700	1,229,500	1,246,400	1,250,300	1,256,300	1,261,500	1,223,000
2006	1,239,700	1,254,800	1,268,000	1,275,400	1,285,600	1,290,500	1,279,100	1,282,200	1,292,500	1,298,800	1,303,600	1,307,400	1,281,500
2007	1,285,500	1,298,600	1,307,900										
2006-2007													
Change	45,800	43,800	39,900										
	3.7%	3.5%	3.1%										

The federal/state cooperative program under which job estimates for states and local areas are developed is the Current Employment Statistics Program (CES). The Program revolves around a monthly survey of non-farm business establishments used to collect wage and salary employment, hours worked, and payroll, by industry and area.

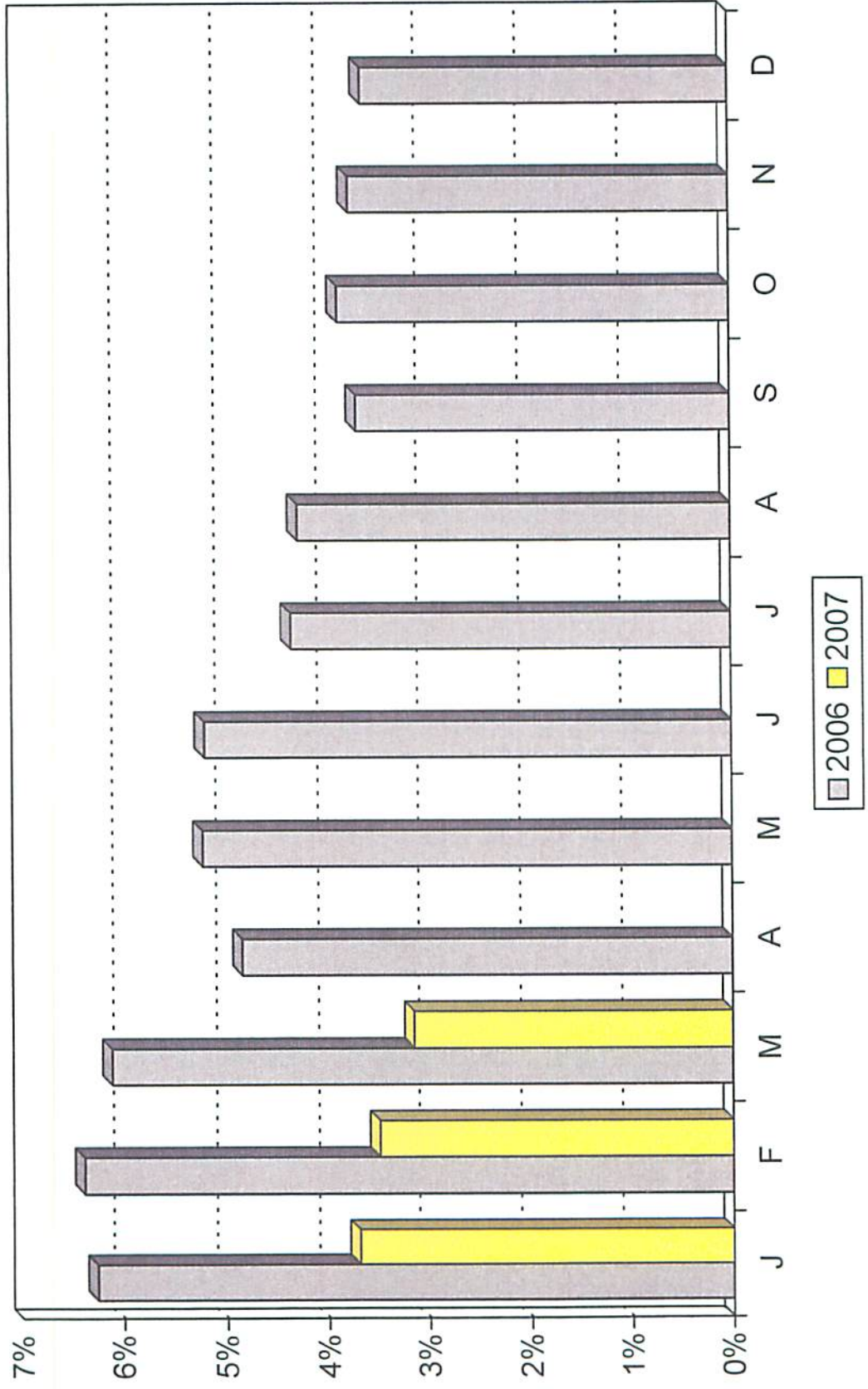
Nevada Jobs by Industry: 2006



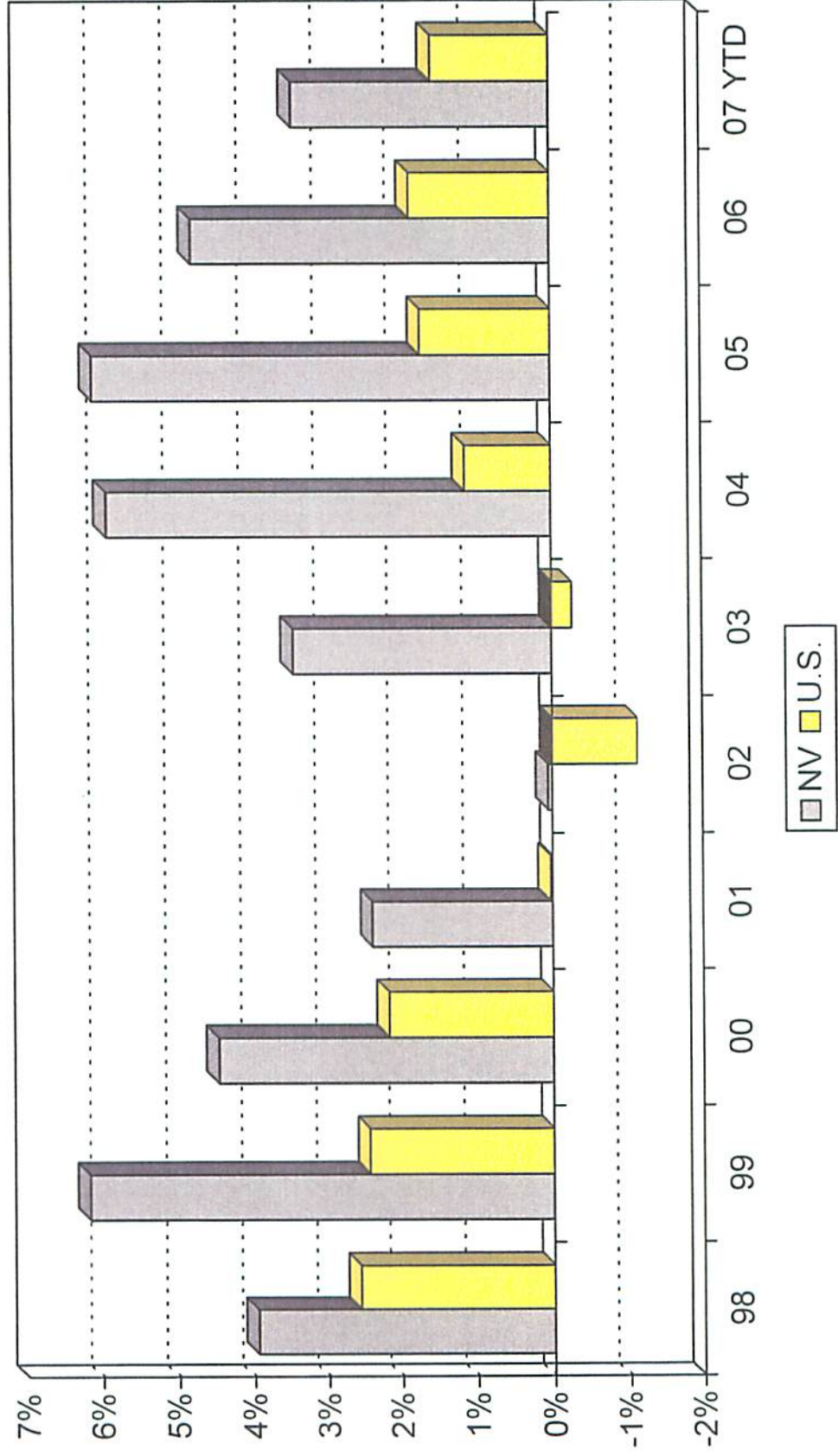
Nevada Jobs



Nevada Job Growth: 2007 vs. 2006



Nevada Job Growth vs. the U.S. (2007 YTD through March)



Regional Job Growth (YTD through March)



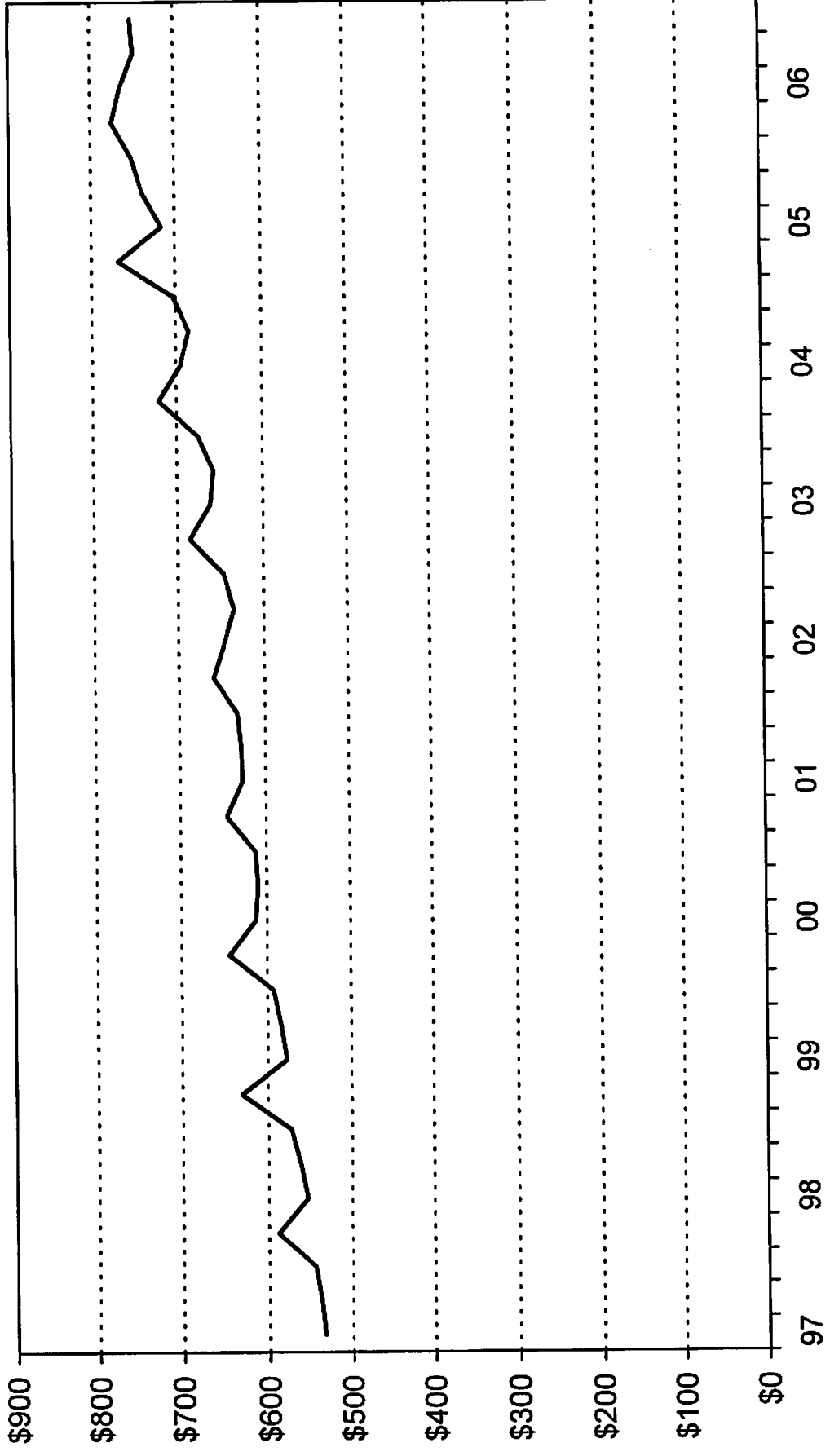
WAGES

Nevada Average Weekly Wages

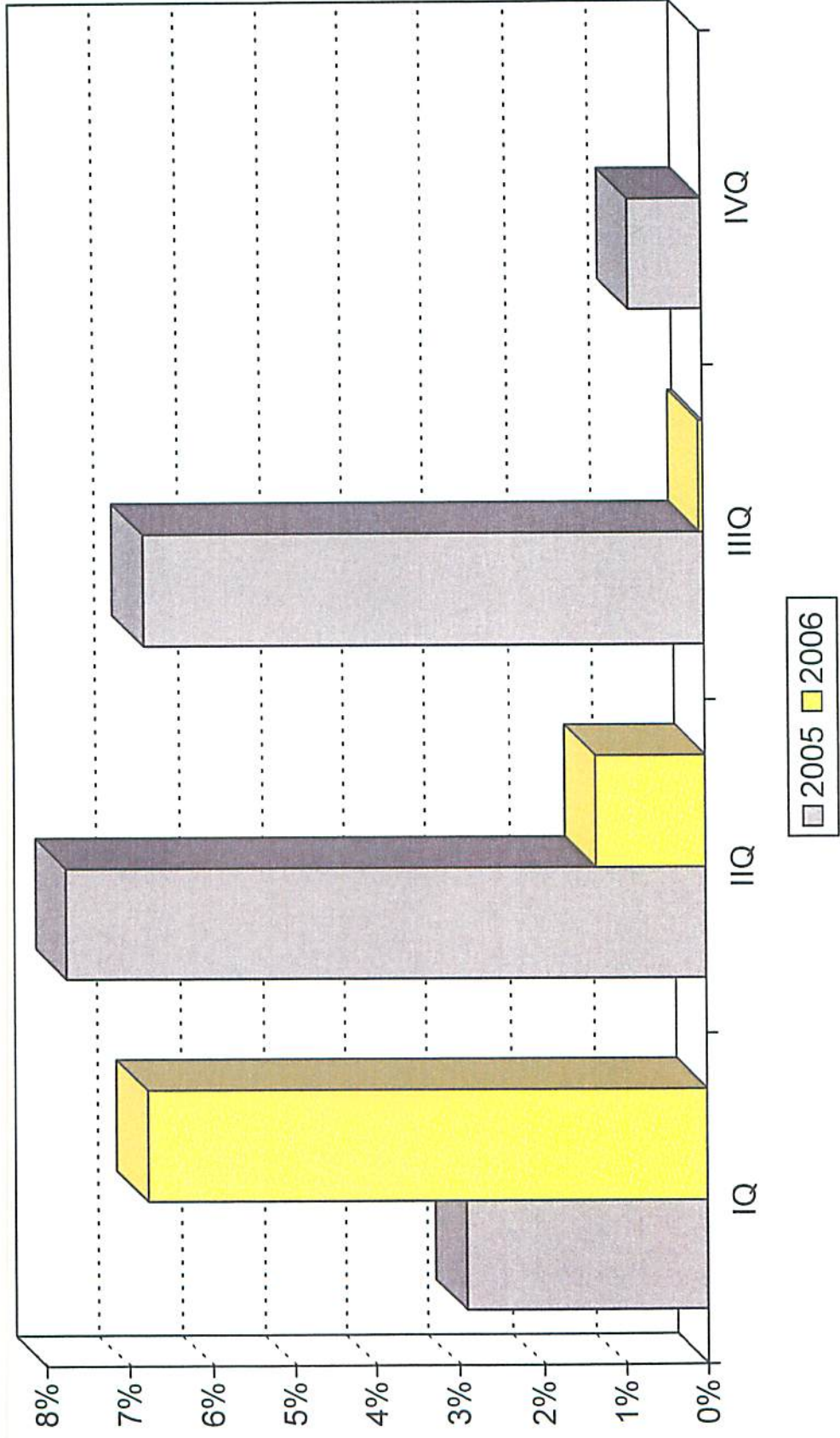
	IQ	IIQ	IIIQ	IVQ	Annual Average
1997	\$533	\$538	\$544	\$589	\$551
1998	\$554	\$562	\$573	\$631	\$581
1999	\$578	\$584	\$593	\$644	\$600
2000	\$613	\$610	\$613	\$646	\$621
2001	\$627	\$628	\$633	\$660	\$637
2002	\$647	\$635	\$646	\$686	\$654
2003	\$662	\$658	\$675	\$721	\$679
2004	\$696	\$685	\$703	\$768	\$714
2005	\$716	\$738	\$751	\$775	\$745
2006	\$764	\$748	\$751		
<hr/>					
2005-2006					
Change	6.8%	1.3%	0.1%		

Average weekly wage data is obtained via the Quarterly Census of Employment and Wages (QCEW) Program. The QCEW is a federal/state cooperative program that collects and compiles employment and wage data, by industry, for workers covered by state unemployment insurance (UI) laws.

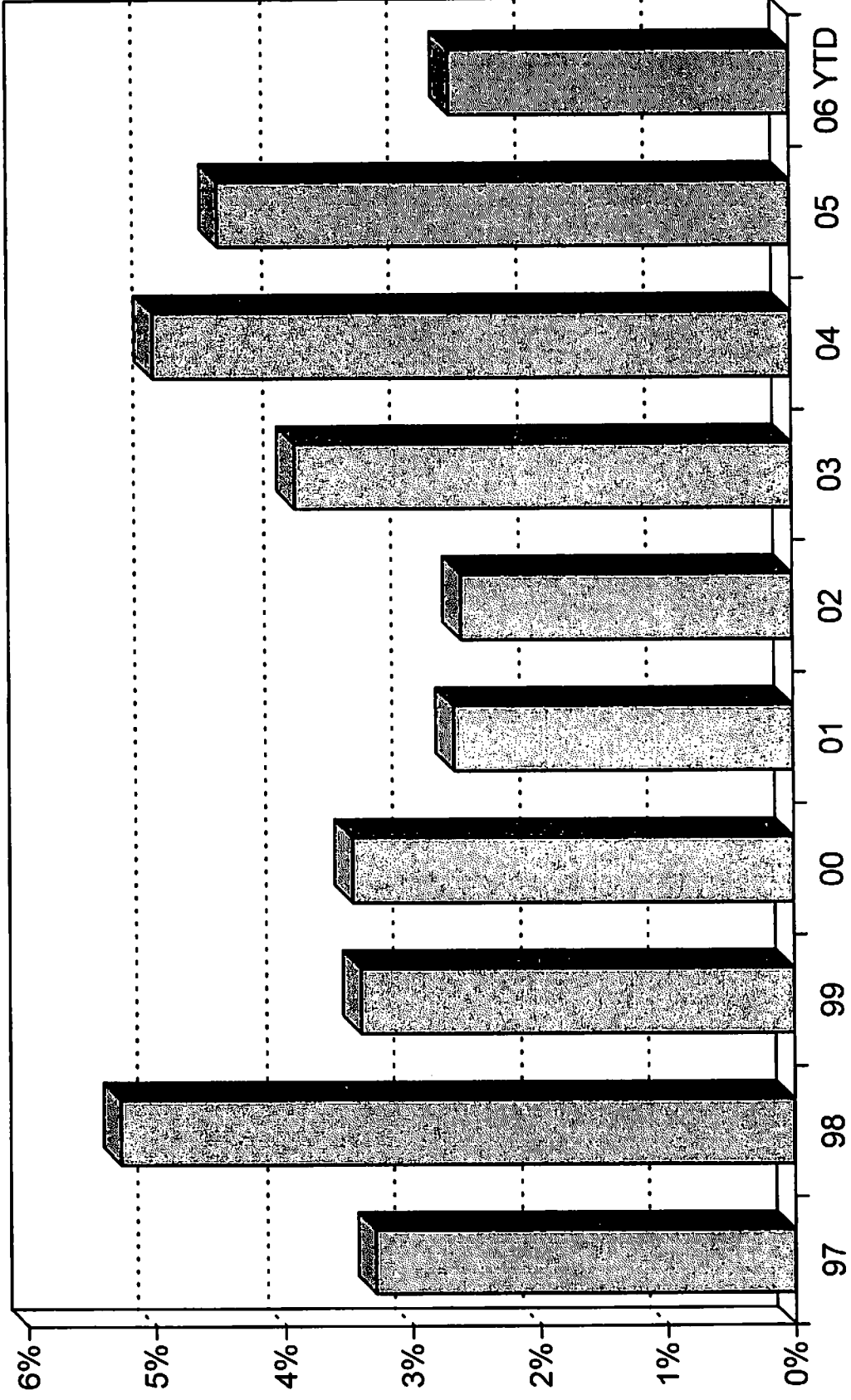
Nevada Average Weekly Wages



Nevada Average Weekly Wages Growth: 2006 vs. 2005



Nevada Average Weekly Wages Growth



UNEMPLOYMENT
INSURANCE

Nevada Unemployment Insurance Indicators

Initial Claims

	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
2006	12,508	9,385	12,339	10,587	10,321	11,074	10,379	10,679	9,754	11,236	12,766	14,991	11,335
2007	14,452	11,112	12,058										
2006-2007													
Change	1,944	1,727	-281										
	15.5%	18.4%	-2.3%										

Continued Claims (weeks claimed)

	January	February	March	April	May	June	July	August	September	October	November	December	Annual Average
2006	91,935	74,419	79,709	75,205	88,410	73,288	90,373	75,751	69,821	85,907	76,609	91,469	81,075
2007	119,558	96,107	96,220										
2006-2007													
Change	27,623	21,688	16,511										
	30.0%	29.1%	20.7%										

Average Duration (weeks)

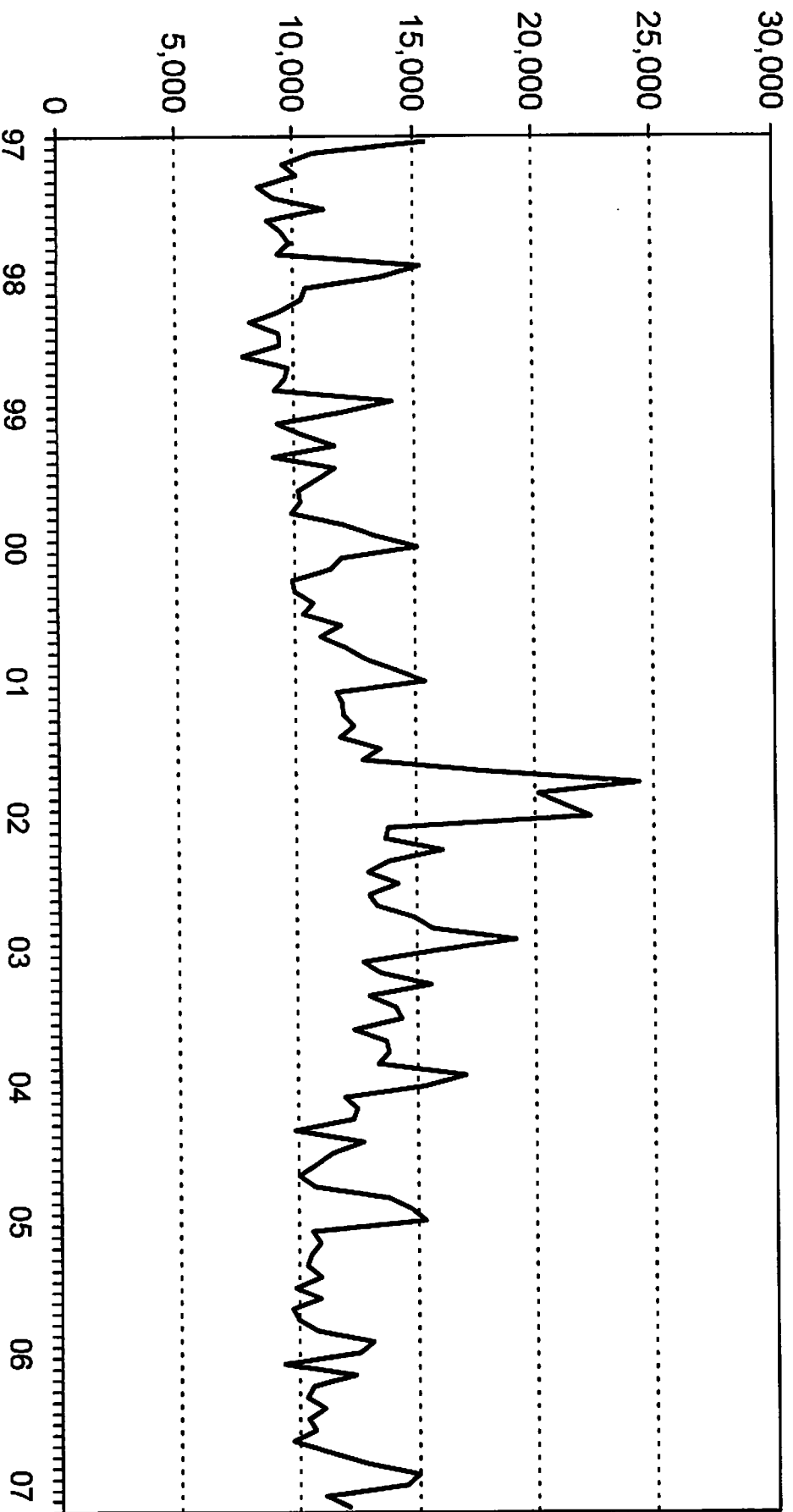
	January	February	March	April	May	June	July	August	September	October	November	December
2006	13.23	13.12	12.97	12.97	12.96	12.90	12.96	12.85	12.81	12.70	12.64	12.63
2007	12.72	12.84	12.97									
2006-2007												
Change	-0.51	-0.28	0.00									
	-3.9%	-2.1%	0.0%									

Initial Claim – An initial claim is any notice of unemployment filed by an individual to initiate 1) a determination of entitlement to and eligibility for compensation (a new claim); 2) a subsequent period of unemployment within a benefit year or period of eligibility (an additional claim); or 3) a new claim filed to request a determination of eligibility and establishment of a new benefit year within an existing spell of unemployment (transitional claim).

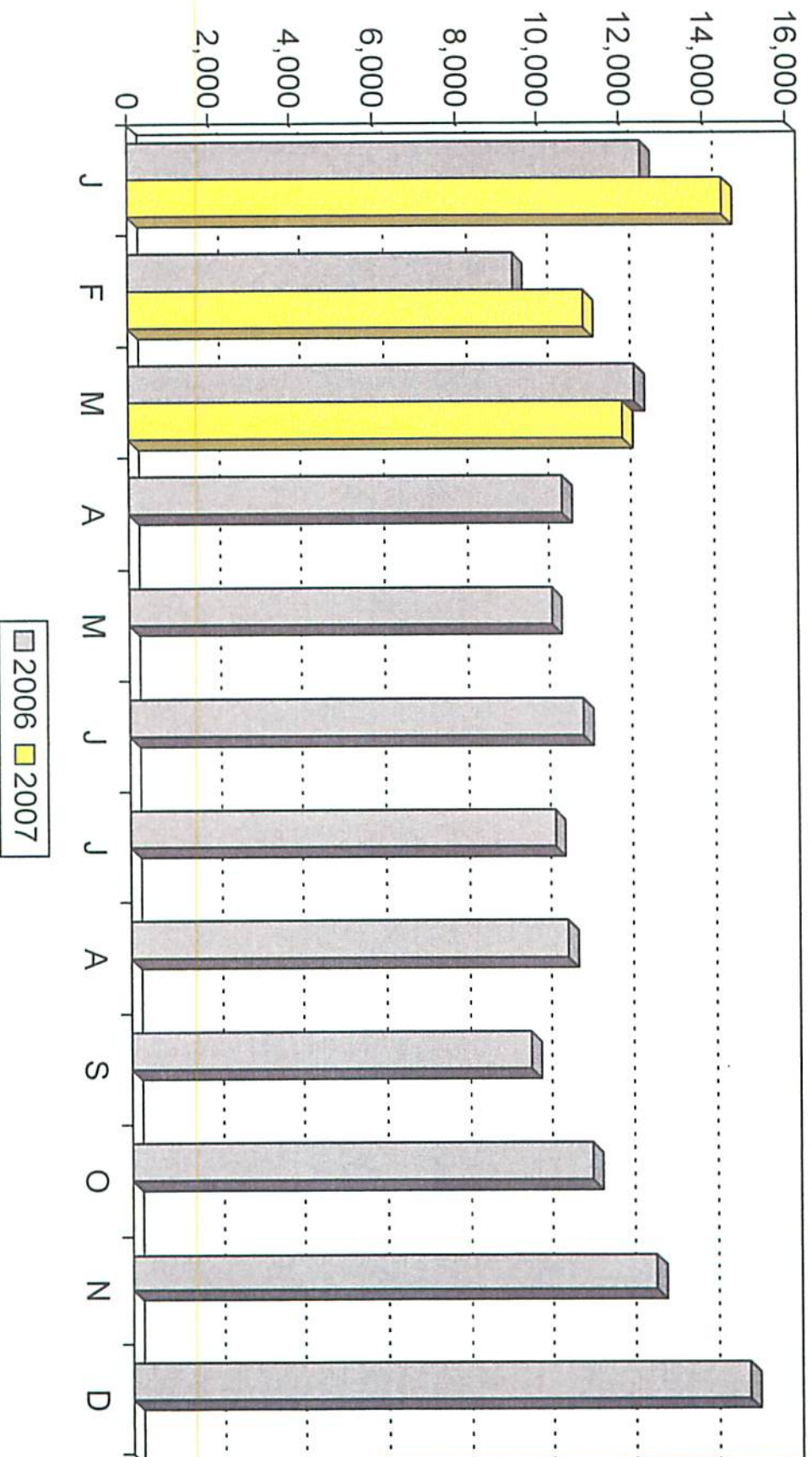
Continued Claim – A claim filed after the initial claim, by mail, telephone, electronically, or in person, for waiting-period credit or payment for a certified week of unemployment.

Average Duration -The average number of consecutive weeks a claim is paid, expressed on a 12-month moving average basis.

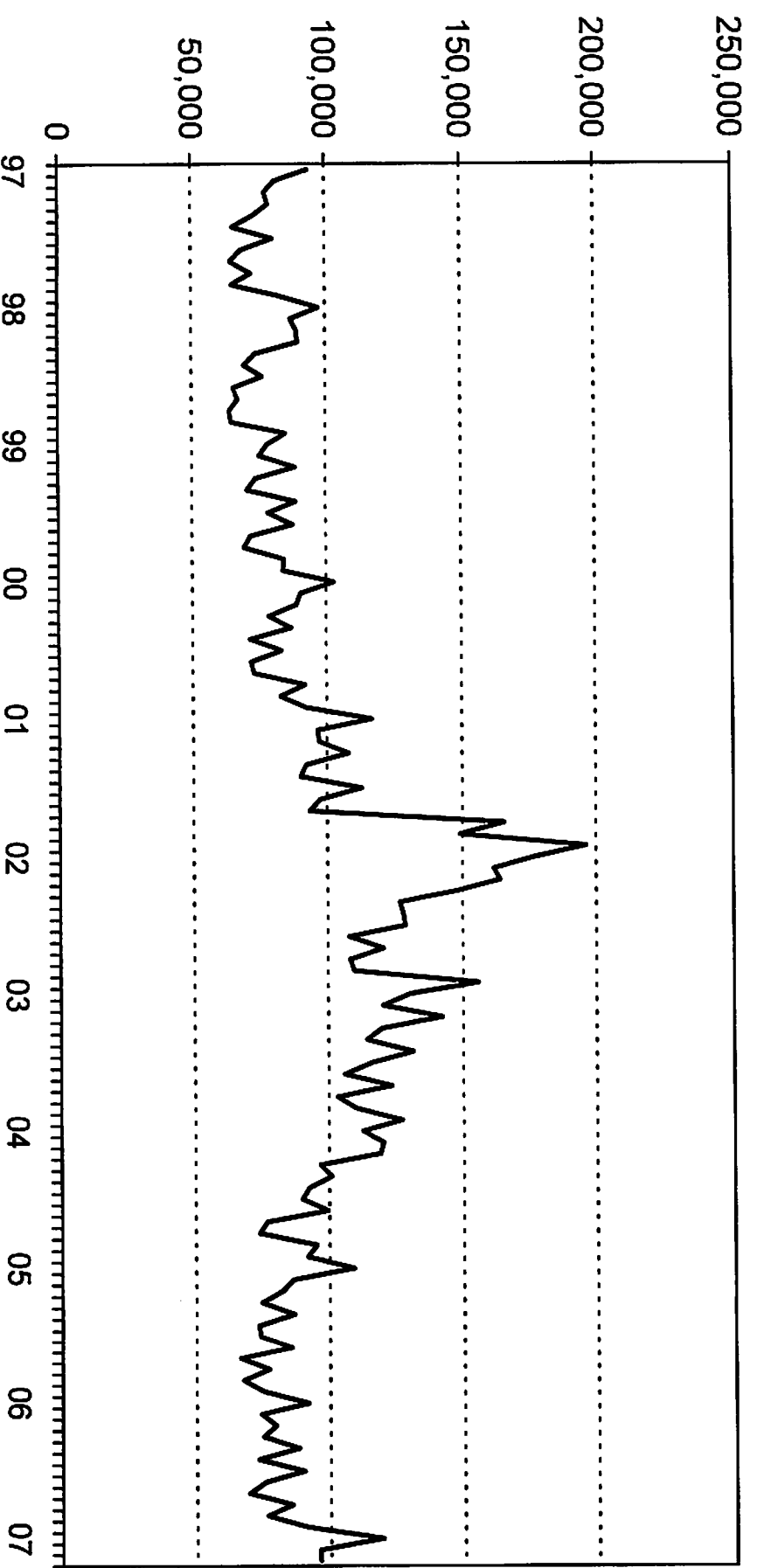
Nevada Initial Claims for Unemployment Insurance



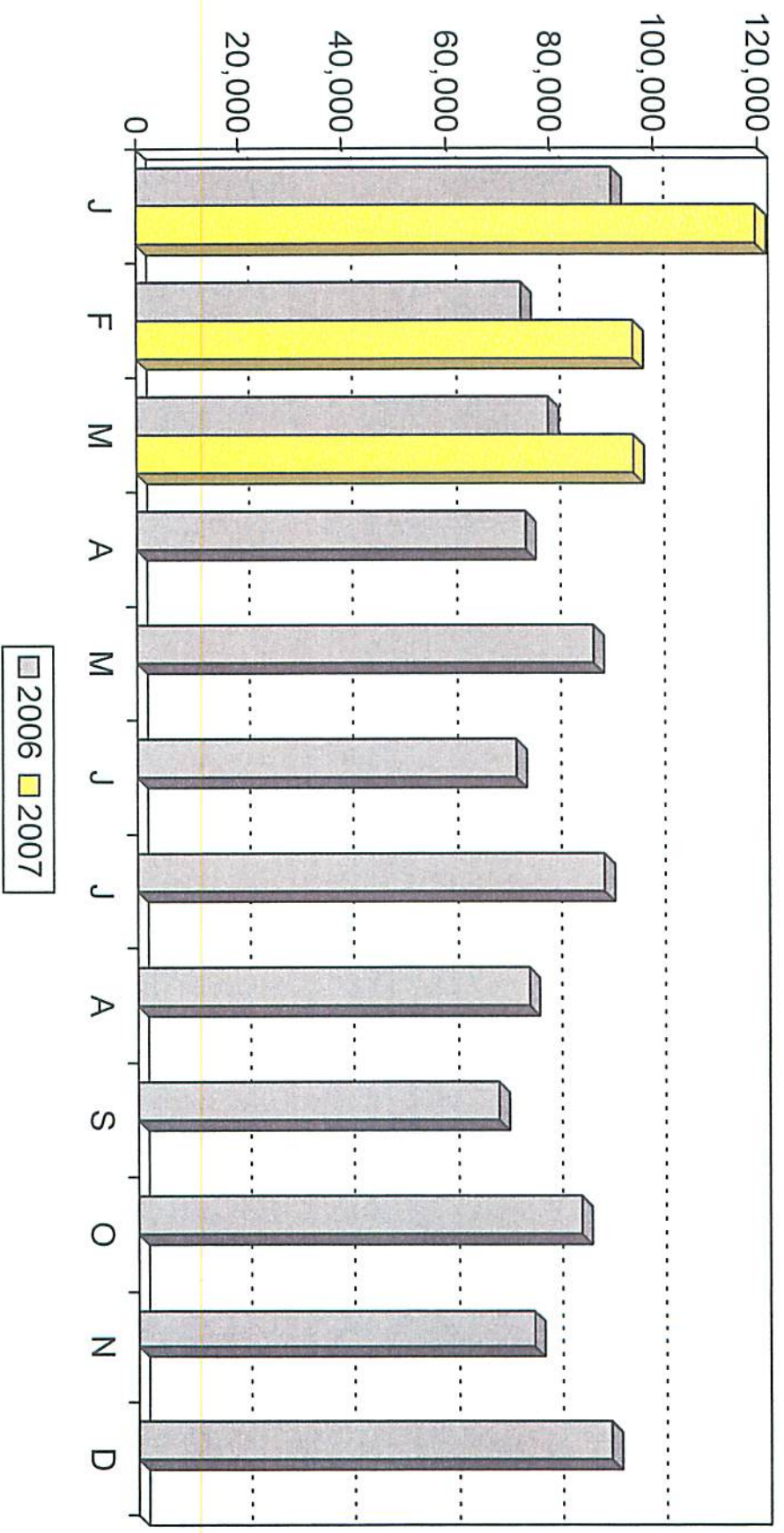
Nevada Initial Claims for Unemployment Insurance: 2007 vs. 2006



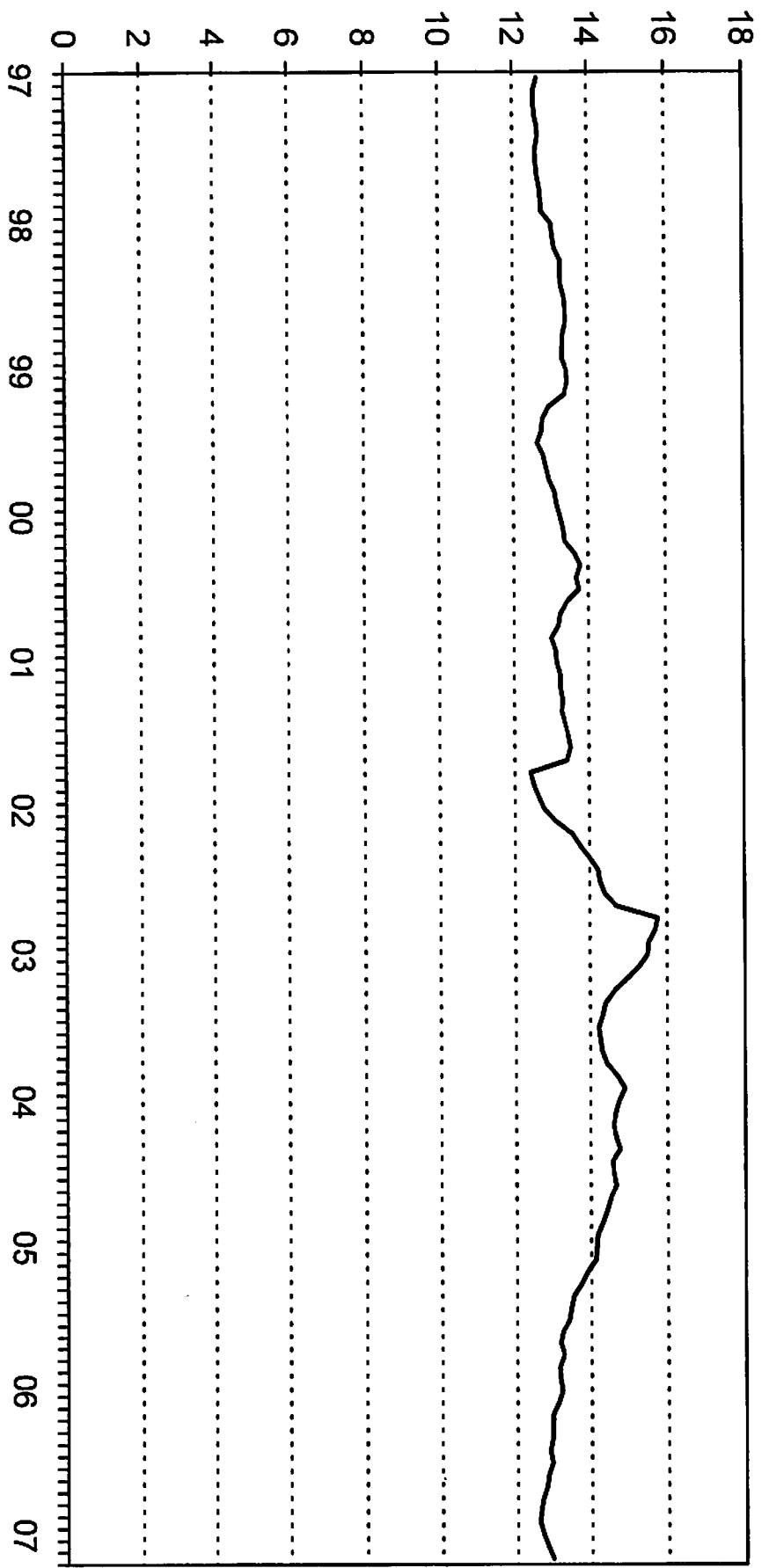
Nevada Continued Claims for Unemployment Insurance (weeks claimed)



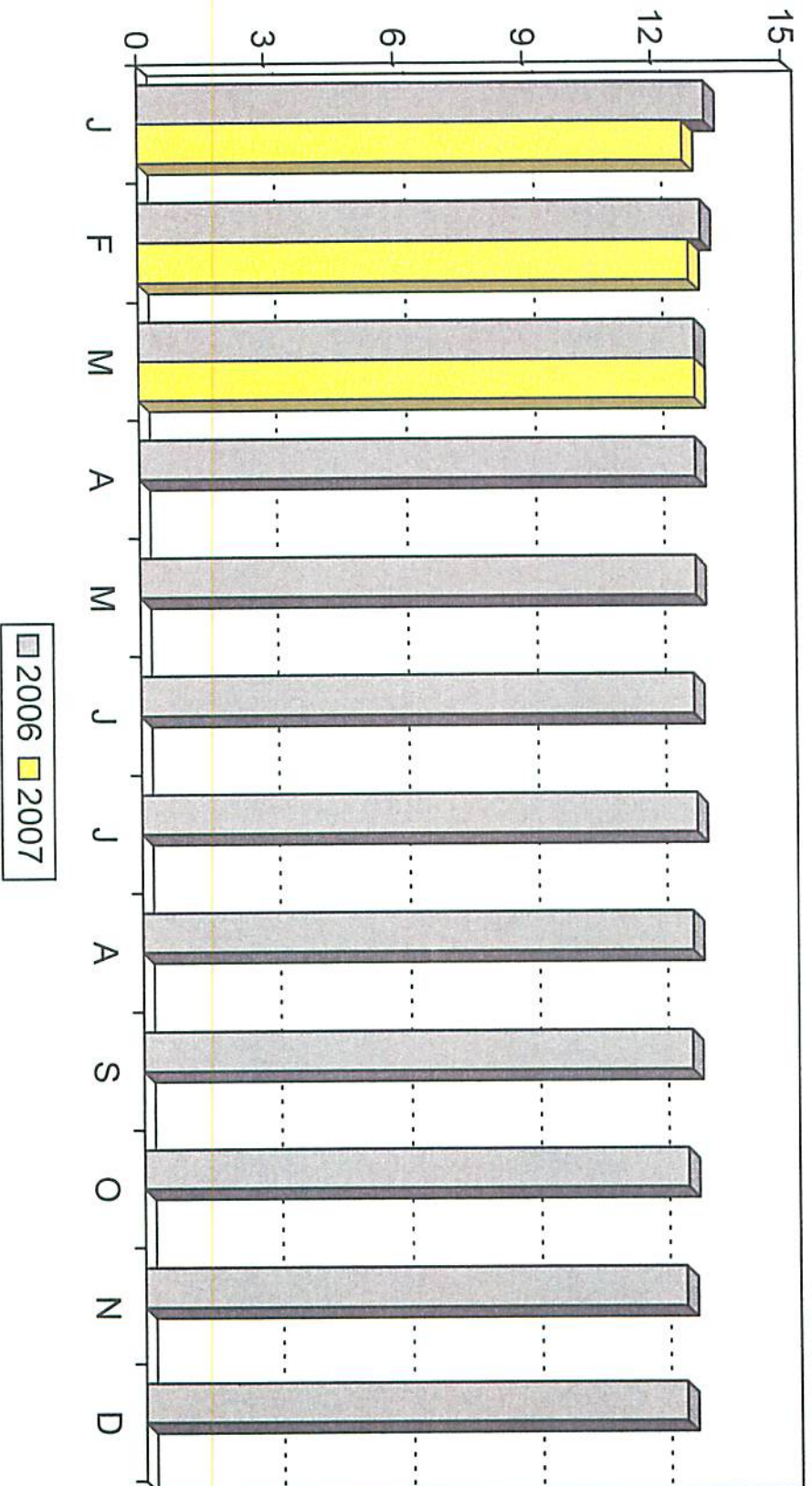
Nevada Continued Claims for Unemployment Insurance: 2007 vs. 2006 (weeks claimed)



Average Duration of Nevada Unemployment Insurance Claims (weeks; 12-month moving average)



Average Duration of Nevada Unemployment Insurance Claims: 2007 vs. 2006 (weeks; 12-month moving average)



SALES & GAMING
ACTIVITY

Nevada Retail and Gaming Indicators

Nevada Taxable Sales

	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
2006	\$3,640,624,000	\$3,658,433,000	\$4,293,233,000	\$3,940,710,000	\$4,073,980,000	\$4,507,178,000	\$4,045,463,000	\$4,182,435,000	\$4,269,281,000	\$3,843,717,000	\$3,891,881,000	\$4,697,659,000	49,044,594,000
2007	\$3,674,338,000	\$3,793,876,000											
2006-2007 Change	0.9%	3.7%											

Las Vegas Visitor Volume

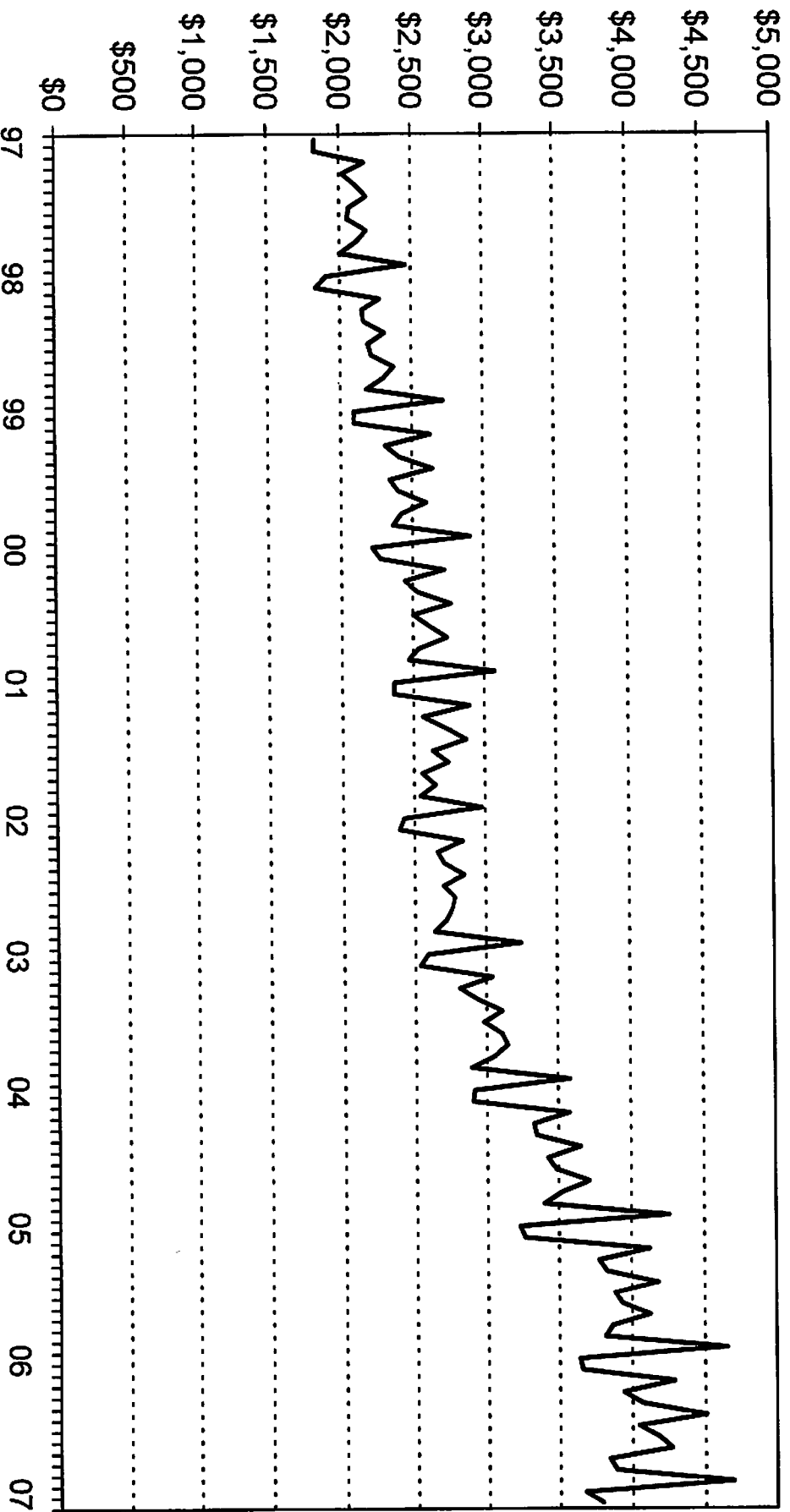
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
2006	3,175,528	2,977,418	3,408,421	3,301,734	3,341,156	3,157,228	3,369,877	3,341,005	3,278,884	3,384,978	3,124,369	3,054,291	38,914,889
2007	3,156,419	3,015,850											
2006-2007 Change	-0.6%	1.3%											

Nevada Gaming Win

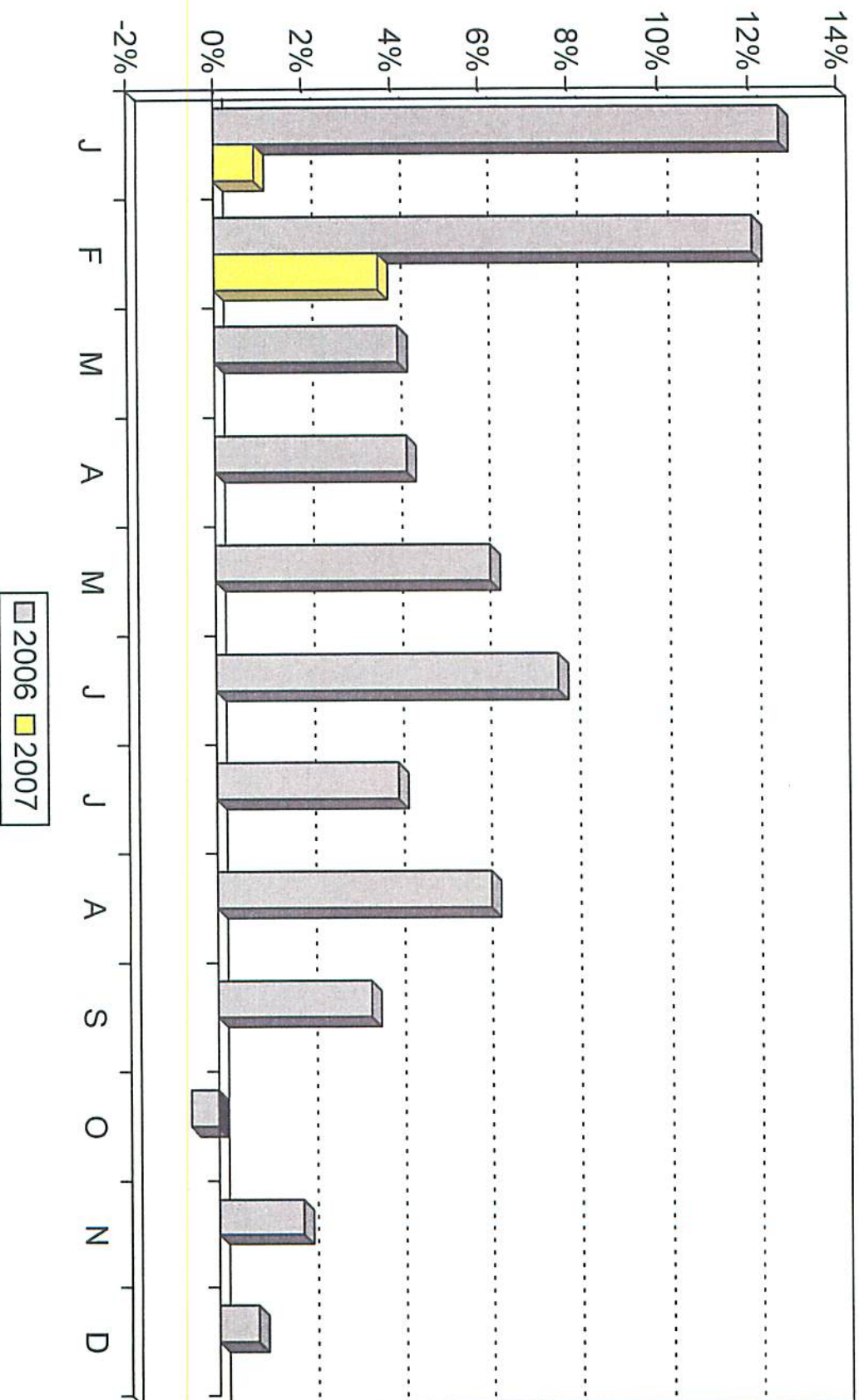
	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
2006	\$1,141,176,000	\$1,026,293,000	\$1,062,940,000	\$989,793,000	\$1,126,598,000	\$921,077,000	\$1,038,761,000	\$1,063,326,000	\$984,970,000	\$1,062,981,000	\$1,140,738,000	\$1,062,753,000	\$12,621,406,000
2007	\$1,117,053,000	\$1,055,715,000											
2006-2007 Change	-2.1%	2.9%											

<p>Taxable Sales – Sales of tangible personal property subject to the Nevada sales tax.</p> <p>Visitor Volume – The number of visitors to Las Vegas based upon responses to a survey administered by the Las Vegas Convention and Visitors Authority.</p> <p>Gaming Win – Casino winnings from gaming operations reported to the Nevada Gaming Control Board.</p>
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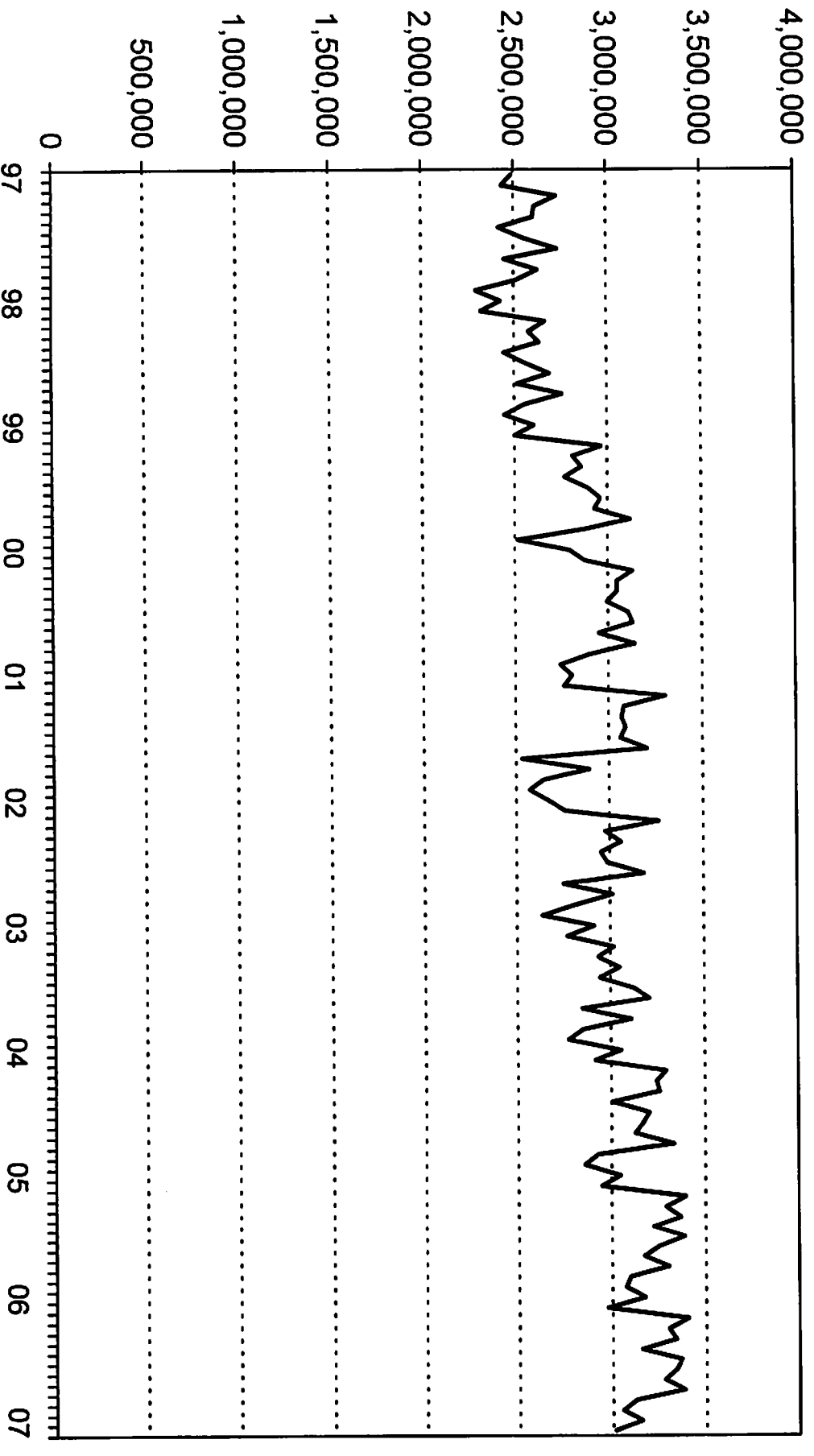
Nevada Taxable Sales (millions of \$)



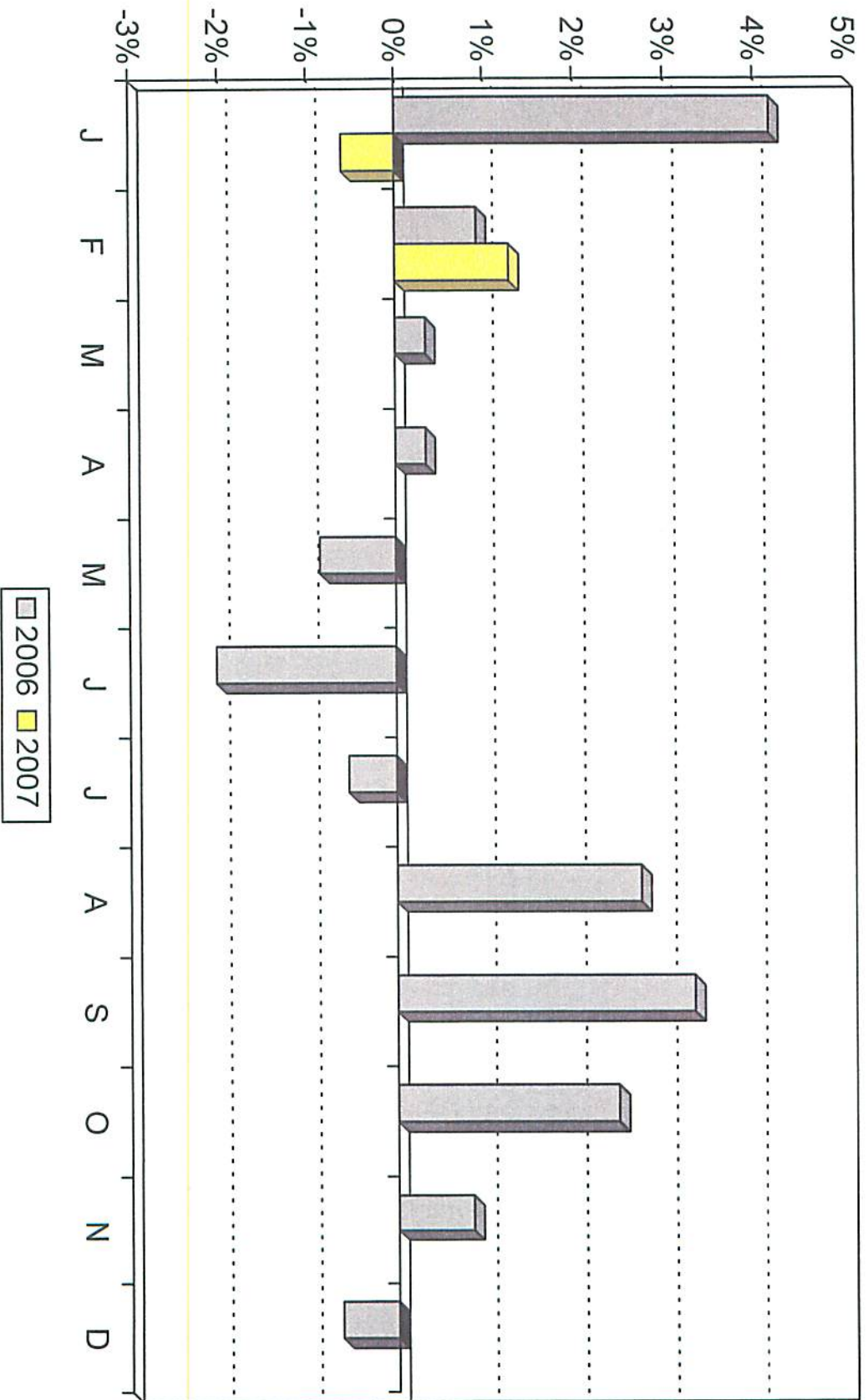
Nevada Taxable Sales Growth: 2007 vs. 2006



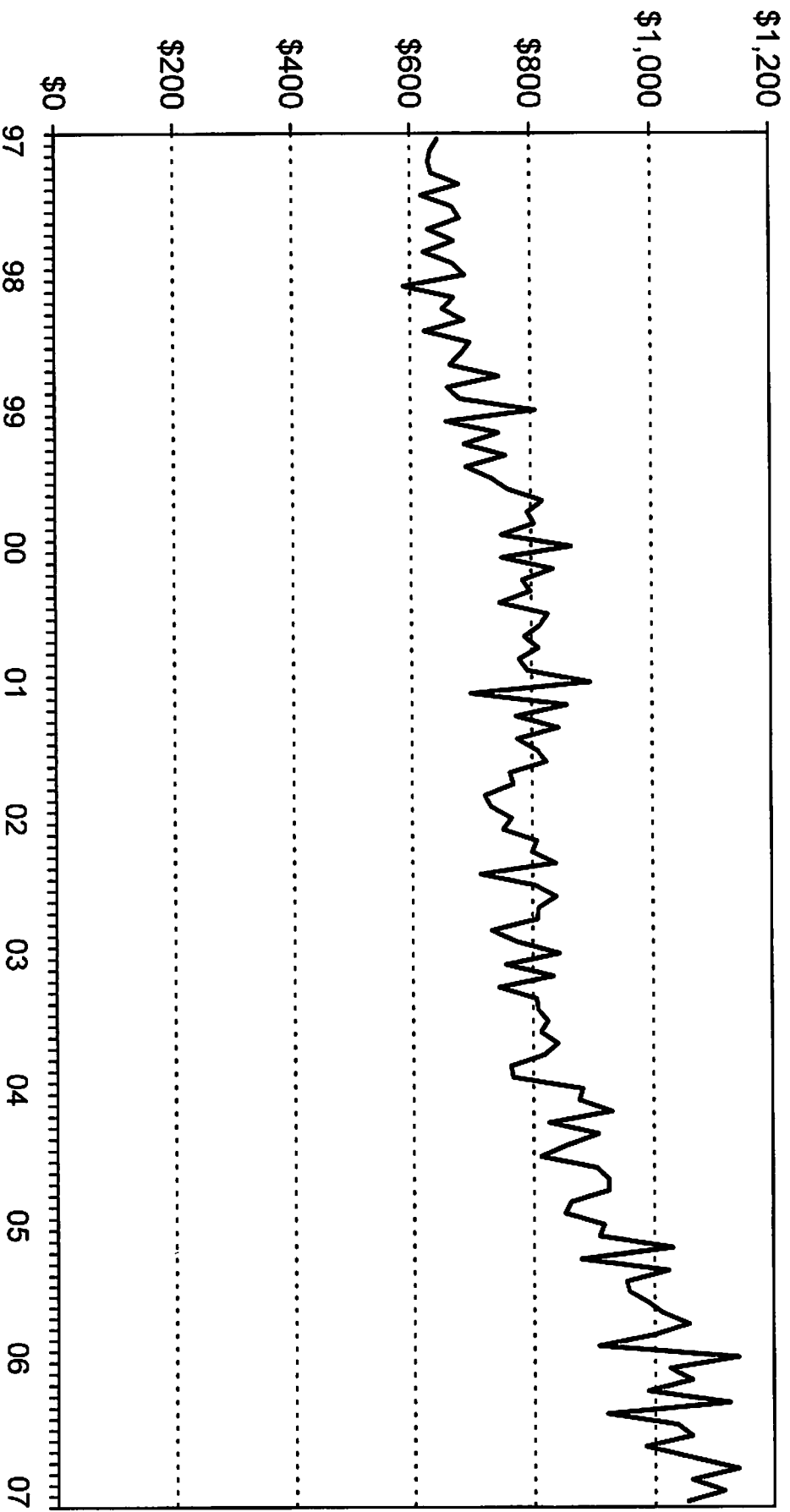
Las Vegas Visitor Volume



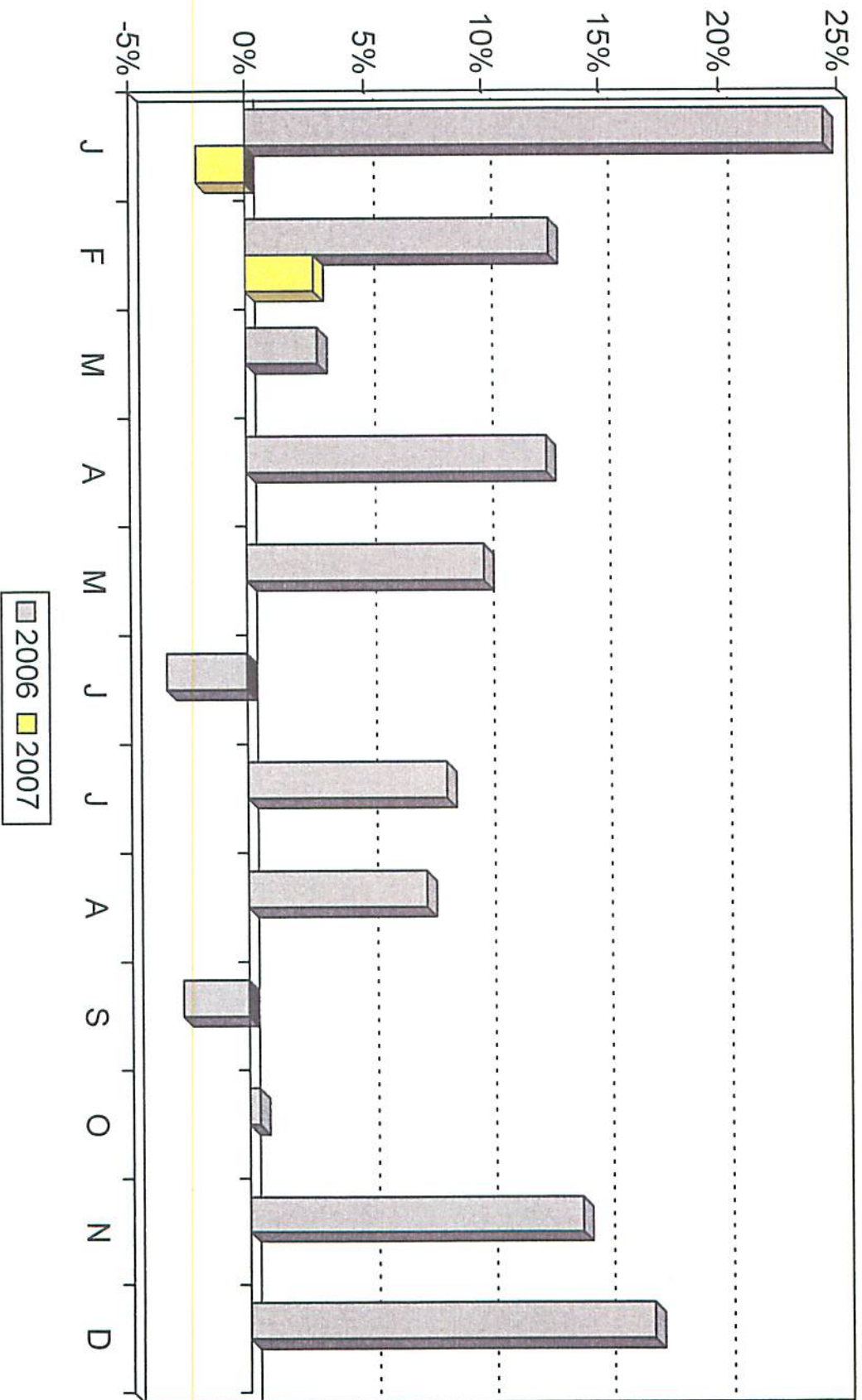
Las Vegas Visitor Volume Growth: 2007 vs. 2006



Nevada Gaming Win (millions of \$)



Nevada Gaming Win Growth: 2007 vs. 2006



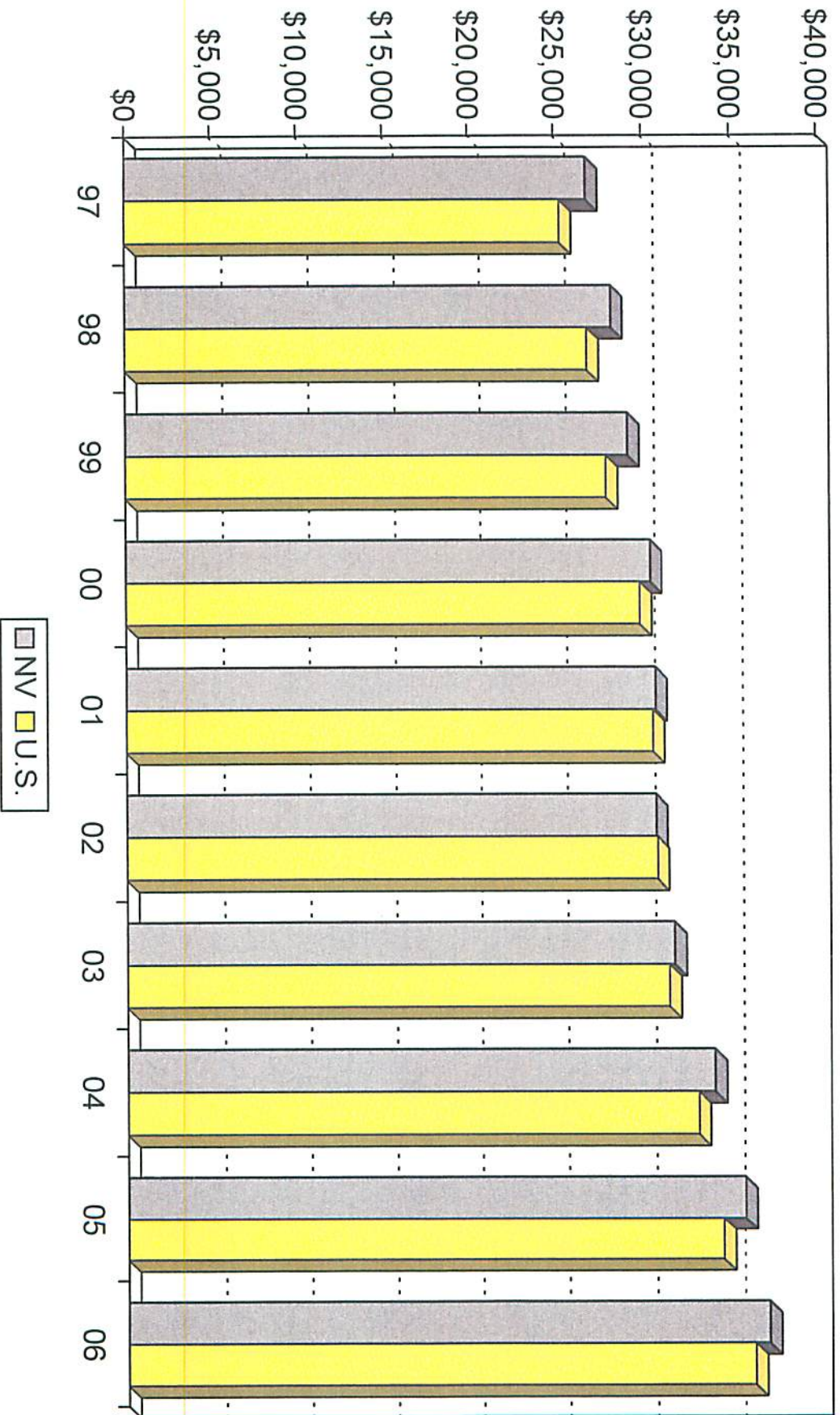
PERSONAL
INCOME

Nevada Personal Income
(billions of \$; seasonally adjusted at annual rates)

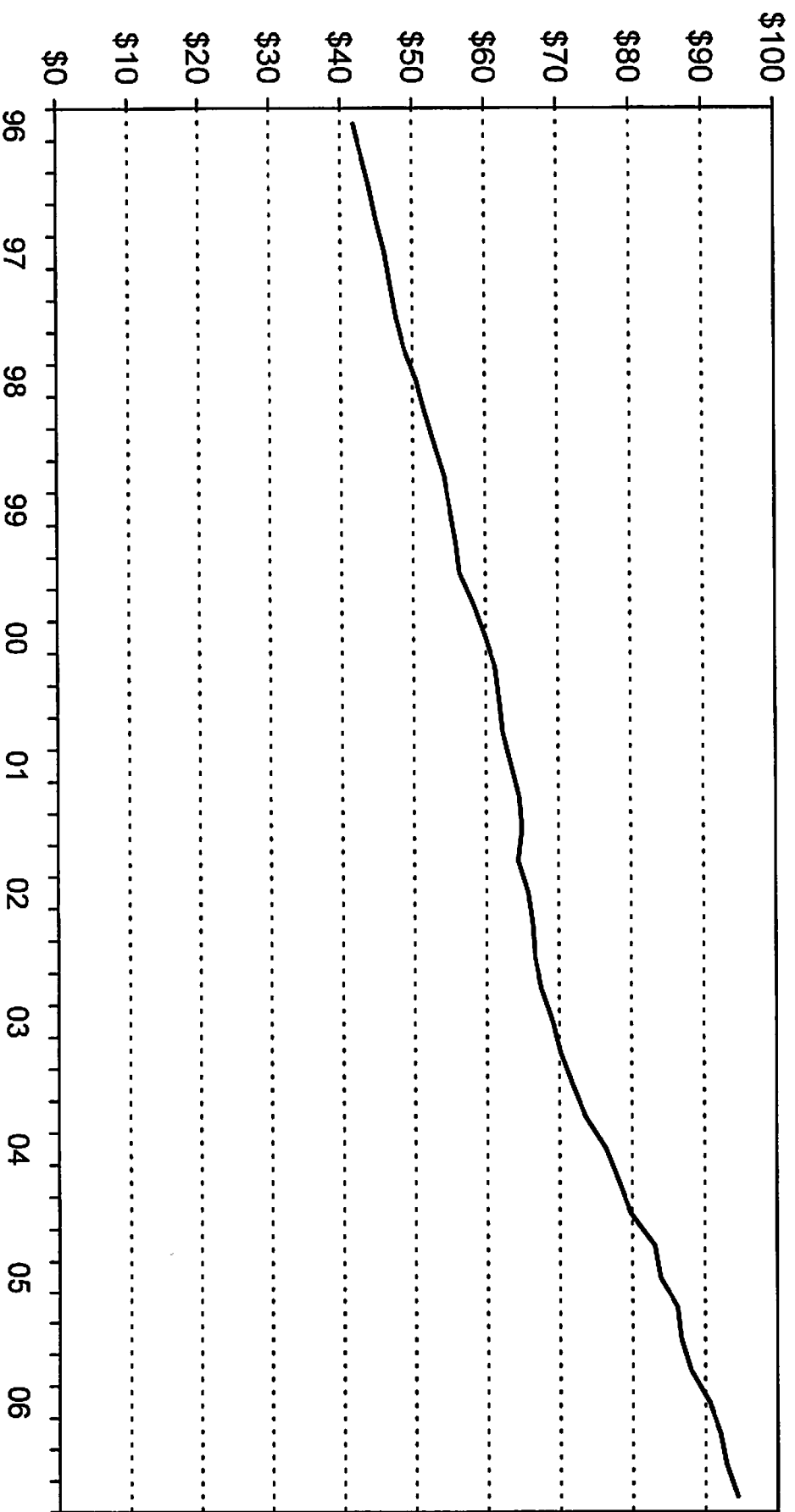
	IQ	IIQ	IIIQ	IVQ	Annual Average
1997	\$46.1	\$46.9	\$47.7	\$48.8	\$47.4
1998	\$50.5	\$51.7	\$53.0	\$54.3	\$52.4
1999	\$55.1	\$55.9	\$56.4	\$58.4	\$56.5
2000	\$60.0	\$61.4	\$61.9	\$62.4	\$61.4
2001	\$63.5	\$64.6	\$64.9	\$64.4	\$64.4
2002	\$65.8	\$66.4	\$66.7	\$67.6	\$66.6
2003	\$69.1	\$70.2	\$71.8	\$73.6	\$71.2
2004	\$76.4	\$78.1	\$79.8	\$83.1	\$79.4
2005	\$83.9	\$86.2	\$86.7	\$88.1	\$86.2
2006	\$90.6	\$92.1	\$93.0	\$94.5	\$92.6
2005-2006					
Change	8.0%	6.9%	7.2%	7.3%	7.3%

Personal income is defined as the income that is received by persons from participation in production, from both government and business transfer payments, and from government interest (which is treated like a transfer payment). It is calculated as the sum of wage and salary disbursements, other labor income, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and transfer payments to persons, less personal contributions for social insurance.

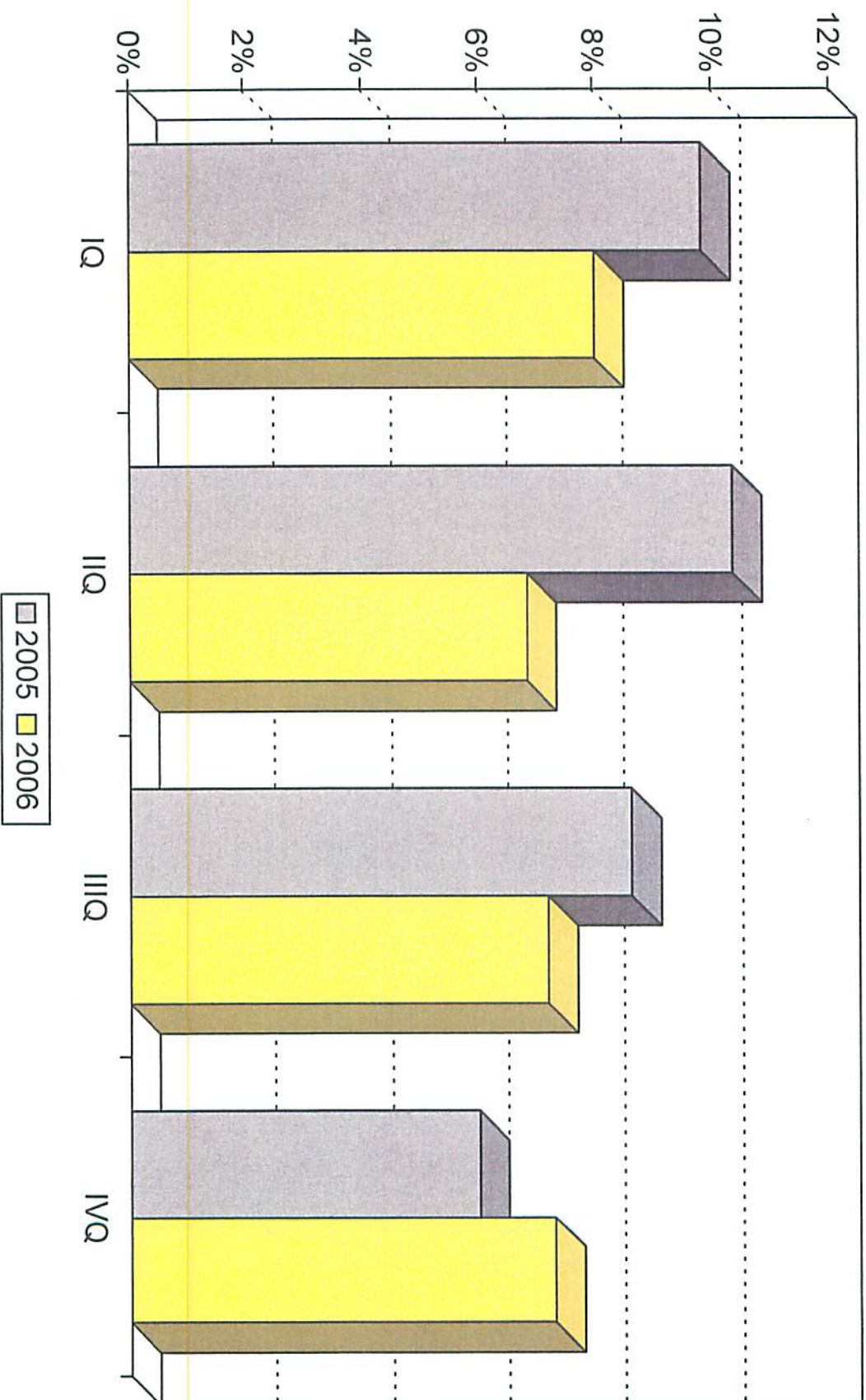
Nevada Per Capita Personal Income vs. the U.S.



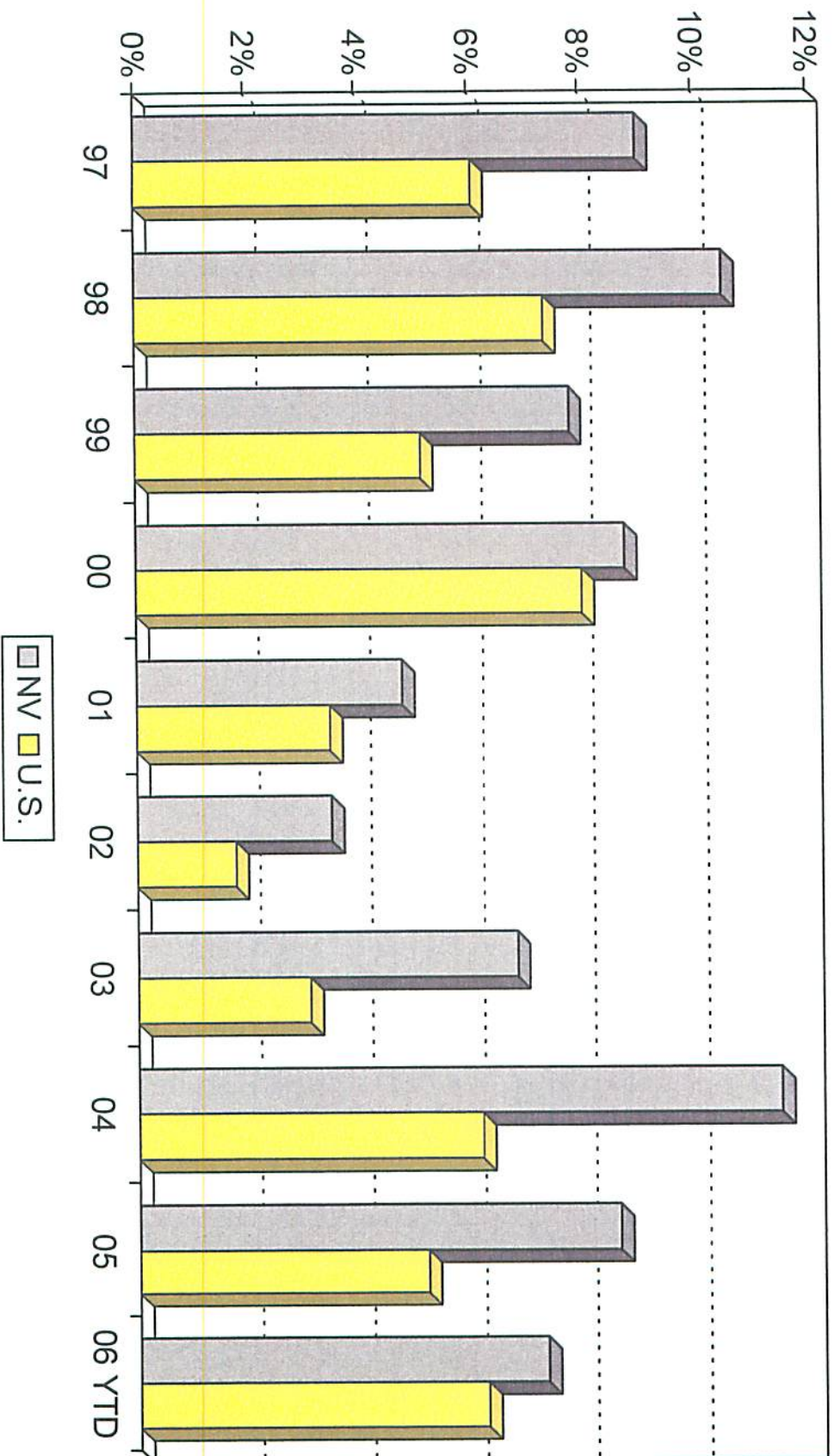
Nevada Personal Income (billions of \$; seasonally adjusted at annual rates)



Nevada Personal Income Growth: 2006 vs. 2005



Nevada Personal Income Growth vs. the U.S. (2006 YTD through IVQ)



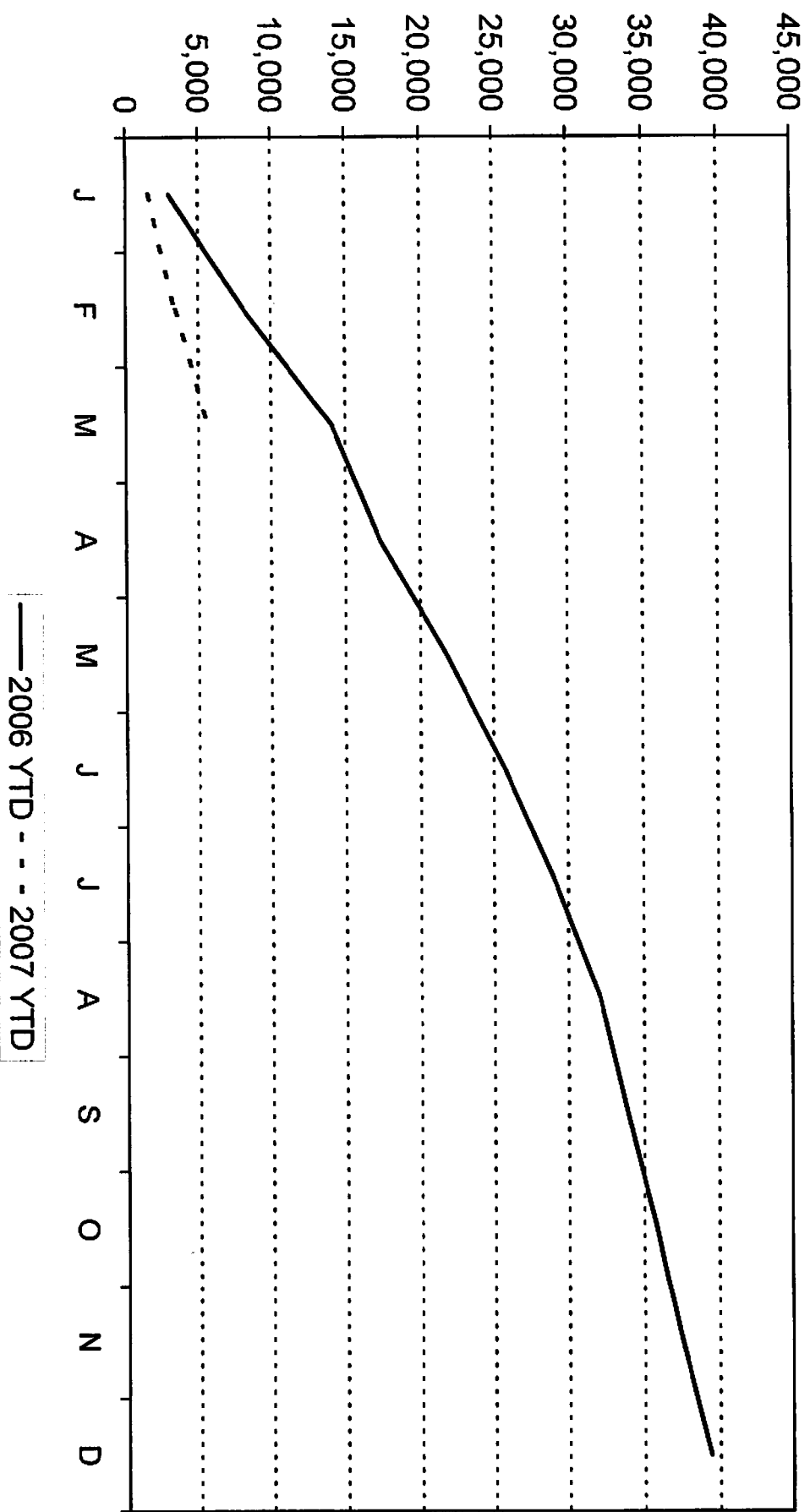
RESIDENTIAL
HOUSING PERMITS

Nevada Residential Housing Permits

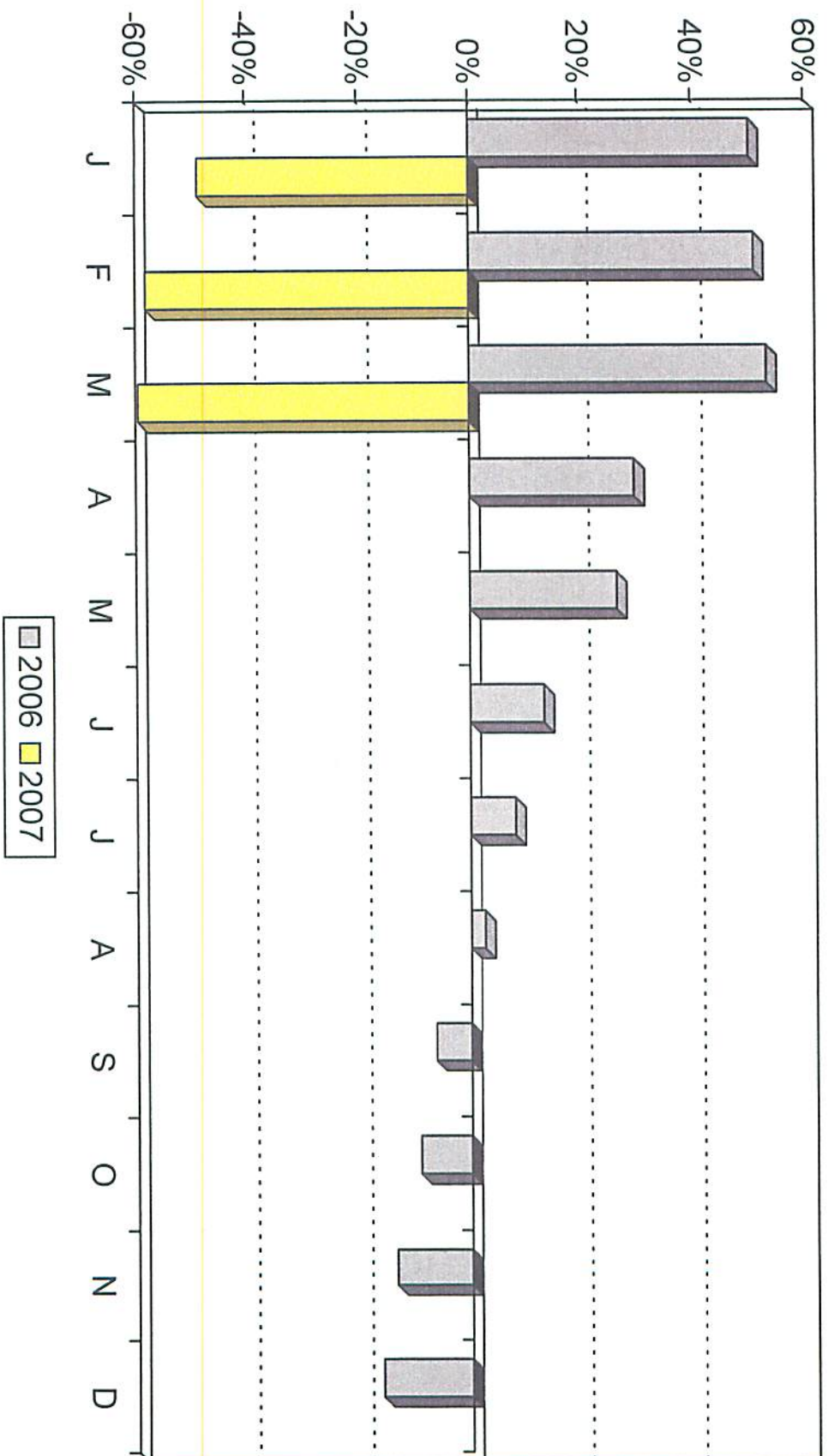
	January	February	March	April	May	June	July	August	September	October	November	December
2004 YTD Total	3,512	7,158	11,098	16,157	21,643	26,152	29,955	32,972	36,844	39,318	41,983	44,663
2005 YTD Total	1,996	5,430	9,196	13,329	17,195	22,699	26,955	31,302	36,260	39,526	43,426	47,038
2006 YTD Total	2,997	8,198	14,087	17,311	21,788	25,779	29,171	32,115	33,930	35,846	37,511	39,429
2007 YTD Total	1,538	3,426	5,699									
<hr/>												
2006-2007												
Change	-1,459	-4,772	-8,388									
	-48.7%	-58.2%	-59.5%									

Statistics are based upon reports submitted by local building permit officials in response to a national mail survey administered by the Bureau of the Census.

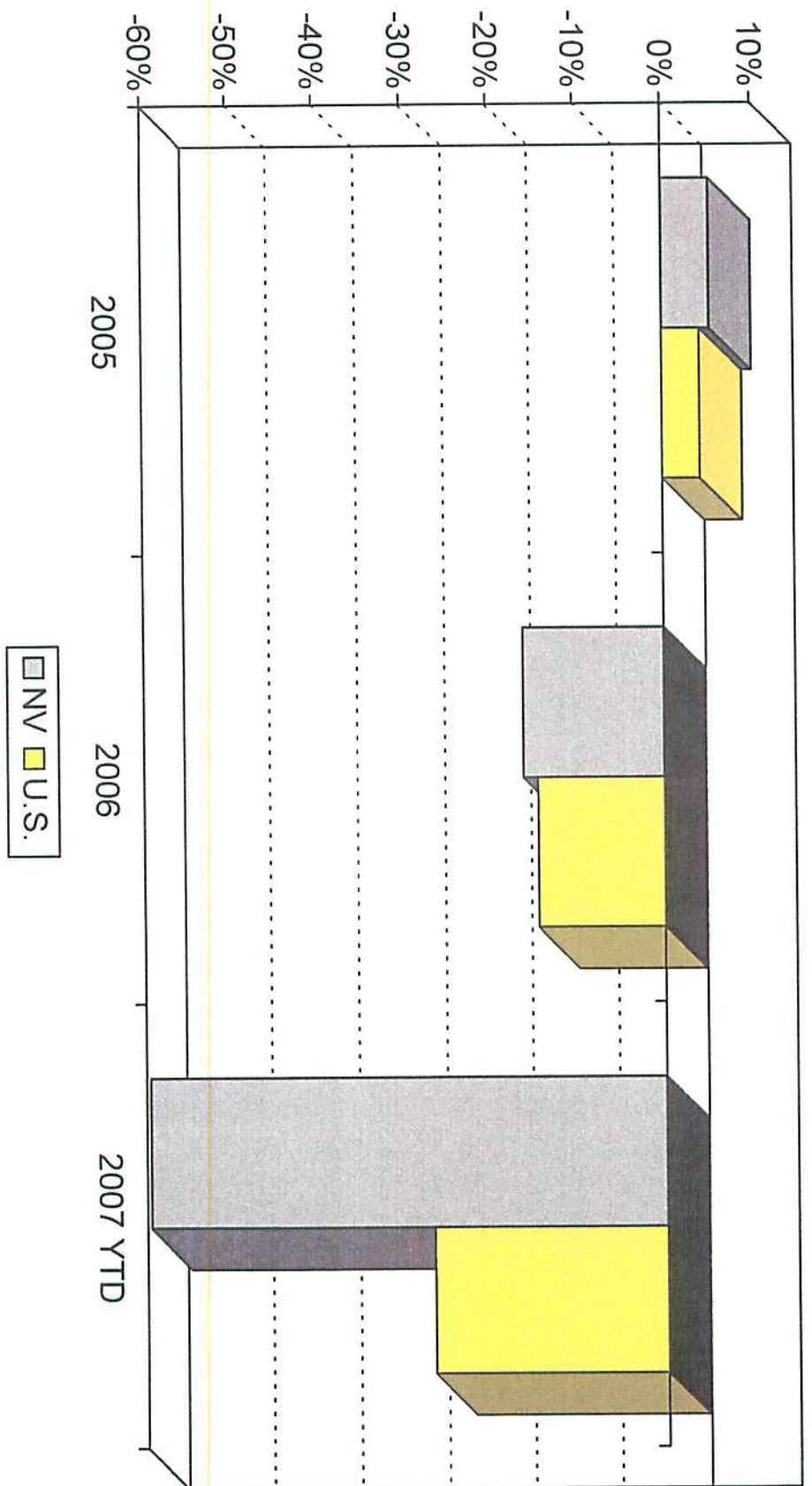
Nevada Residential Housing Permits (number of units)



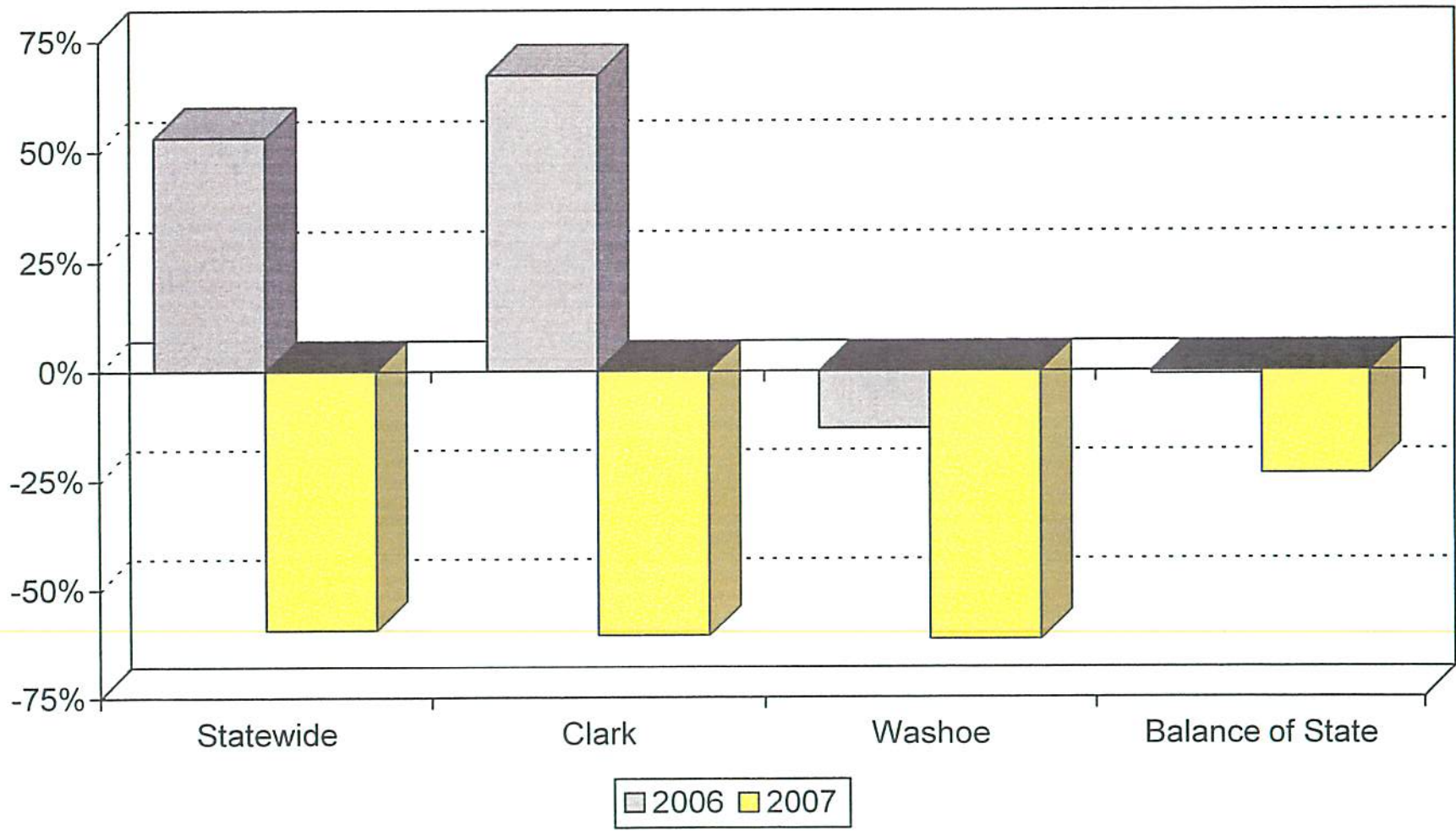
Nevada Residential Housing Permits: 2007 YTD vs. 2006 YTD



Nevada Residential Housing Permit Growth vs. the U.S. (2007 YTD through March)



Regional Residential Housing Permit Growth (YTD through March)



SOUTHERN NEVADA
RESIDENTIAL
MARKETS

Southern Nevada Real Estate and Construction Indicators

New Home Closings

	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
2006	2,862	2,872	3,632	2,646	3,046	3,618	2,822	3,278	2,847	2,585	2,809	3,034	36,051
2007	2,052	1,411	1,799										
2006-2007 Change	-810 -28.3%	-1,461 -50.9%	-1,833 -50.5%										

New Home Permits

	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
2006	2,173	2,578	3,022	2,290	2,025	2,191	1,568	1,764	1,367	860	1,292	2,089	23,219
2007	1,158	1,279	1,969										
2006-2007 Change	-1,015 -46.7%	-1,299 -50.4%	-1,053 -34.8%										

New Home Median Price

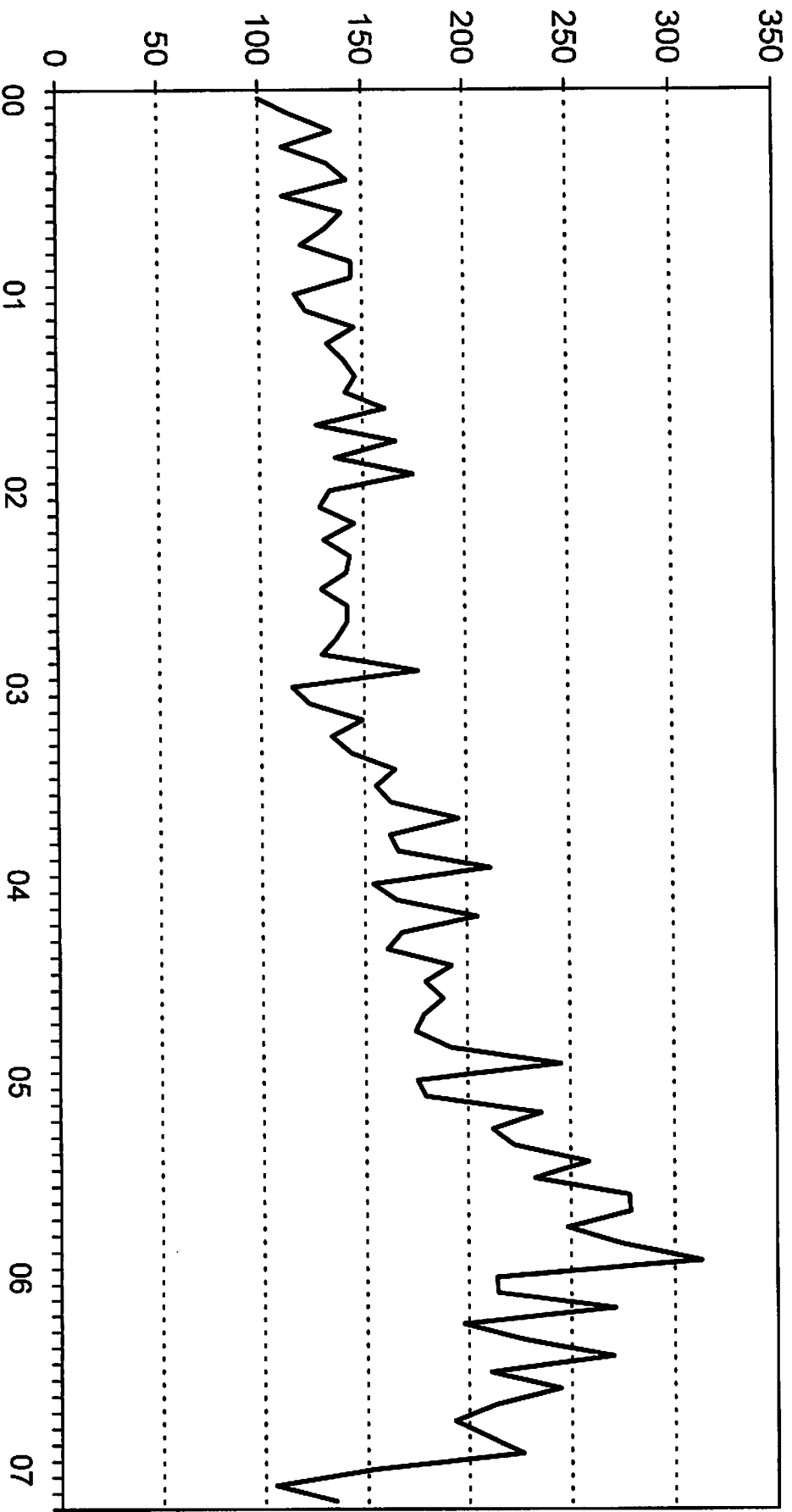
	January	February	March	April	May	June	July	August	September	October	November	December
2006	\$303,751	\$308,753	\$316,147	\$328,702	\$323,030	\$334,647	\$324,517	\$325,544	\$321,160	\$326,160	\$335,850	\$337,781
2007	\$334,945	\$315,965	\$305,990									
2006-2007 Change	\$31,194 10.3%	\$7,212 2.3%	-\$10,157 -3.2%									

Recorded Resales

	January	February	March	April	May	June	July	August	September	October	November	December	Annual Total
2006	3,257	3,203	4,454	3,714	4,406	4,271	3,512	3,641	3,069	2,934	2,753	2,678	41,892
2007	2,423	2,332	2,739										
2006-2007 Change	-834 -25.6%	-871 -27.2%	-1,715 -38.5%										

Information on Southern Nevada real estate and construction markets are provided to the Research and Analysis Bureau on a complementary basis by Home Builders Research, Inc., based in Las Vegas. These data are proprietary and are to be treated as confidential.

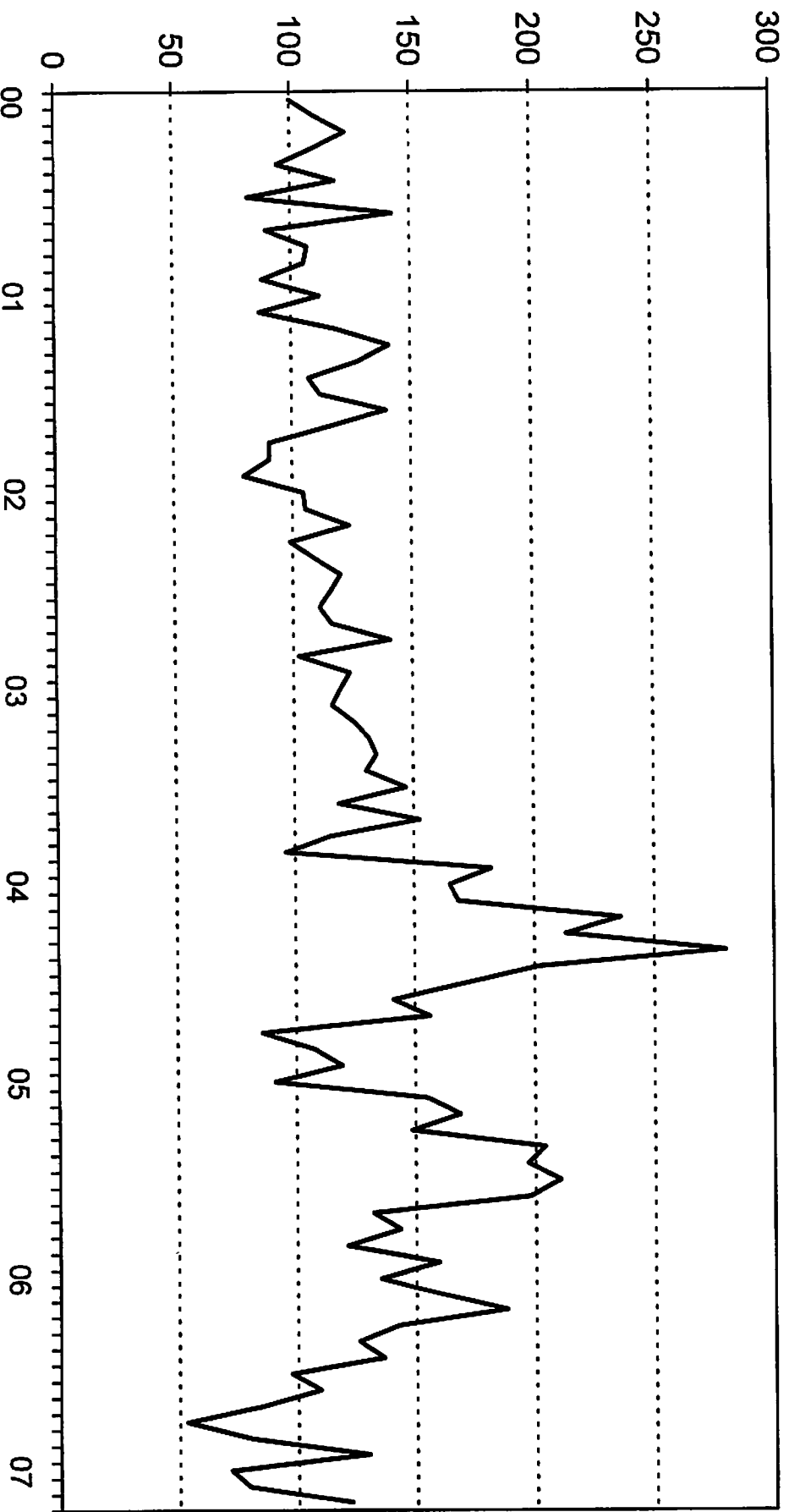
Southern Nevada New Home Closings (January 2000 = 100)



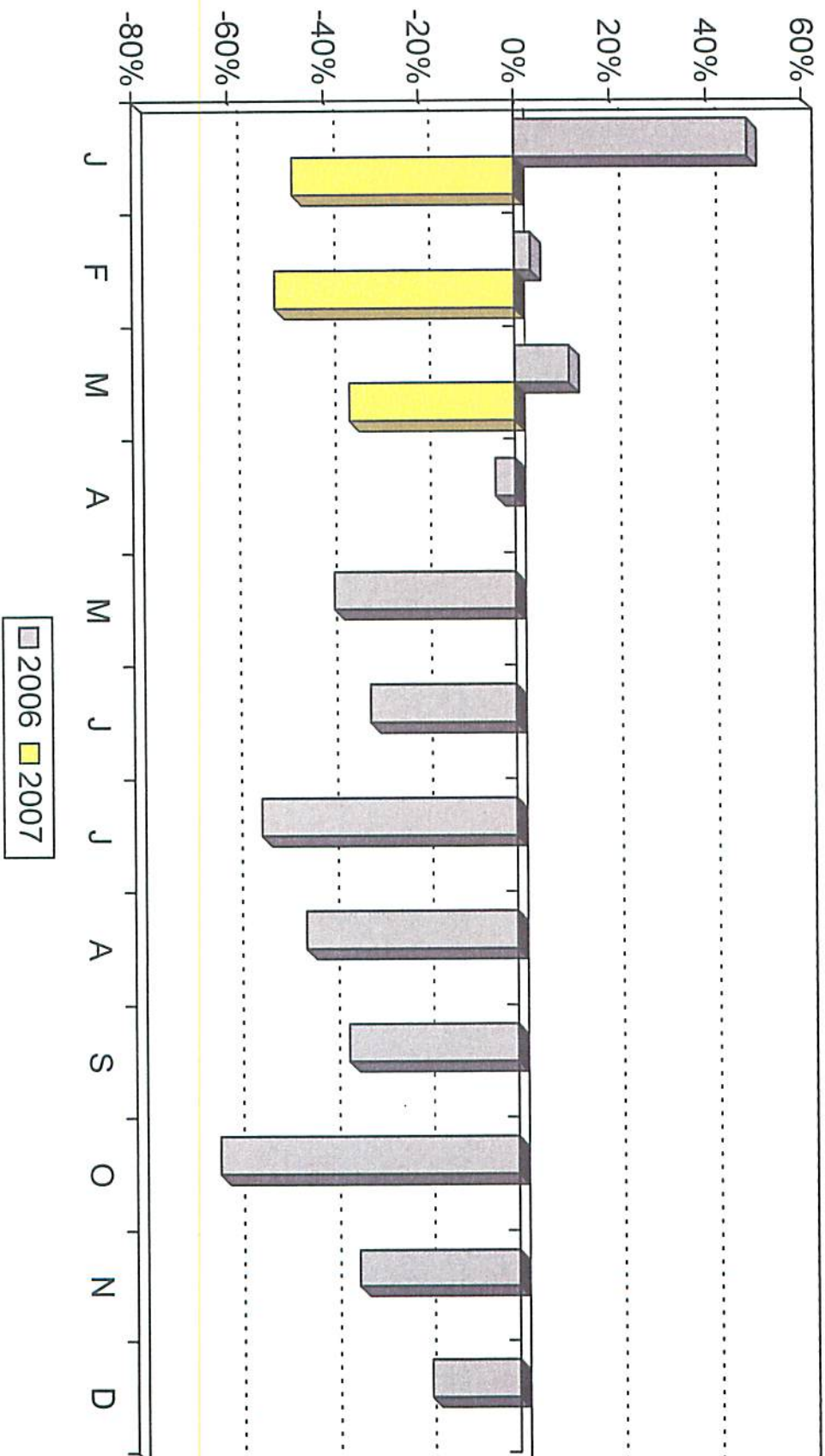
Southern Nevada New Home Closings Growth: 2007 vs. 2006



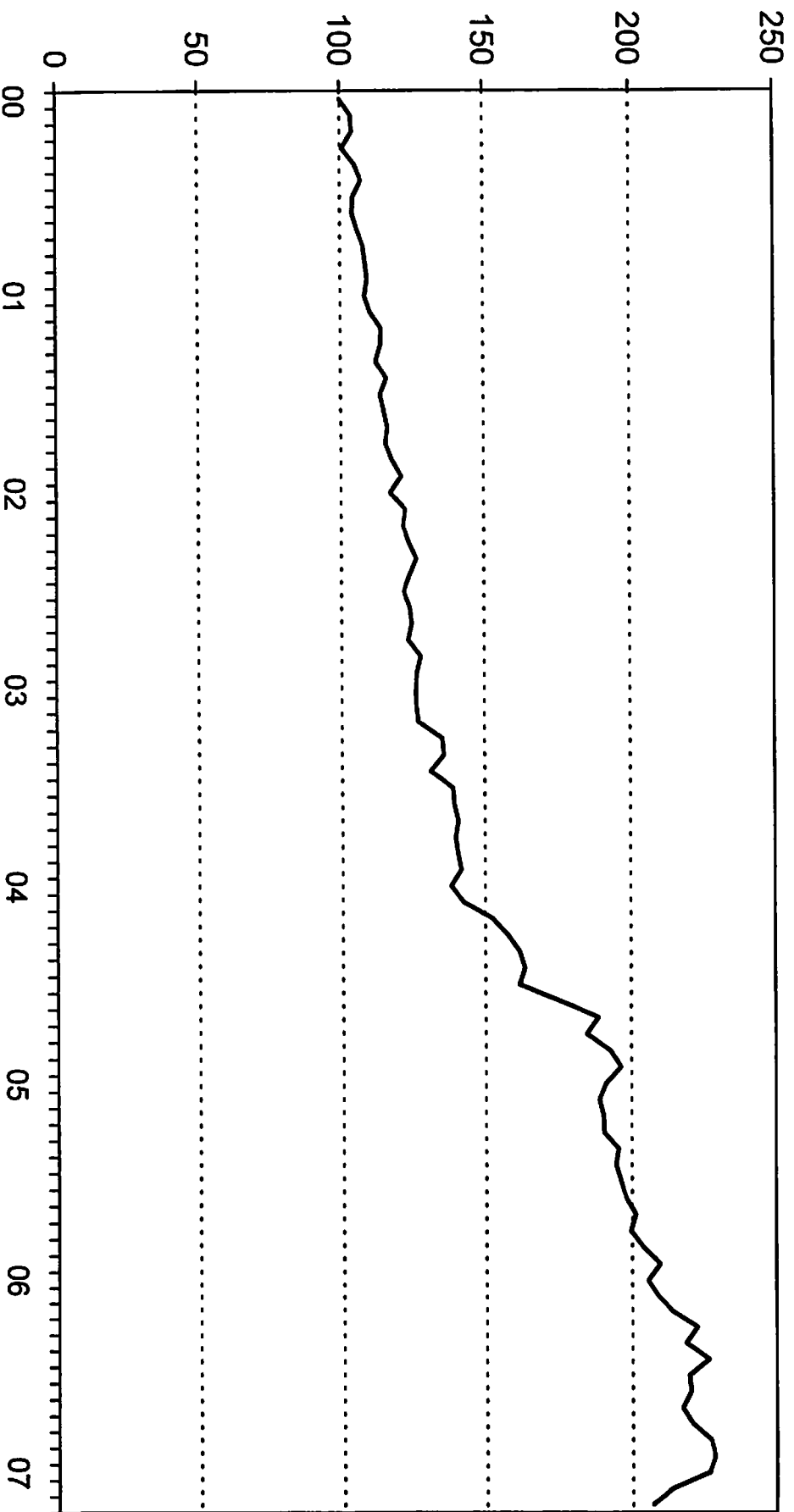
Southern Nevada New Home Permits (January 2000 = 100)



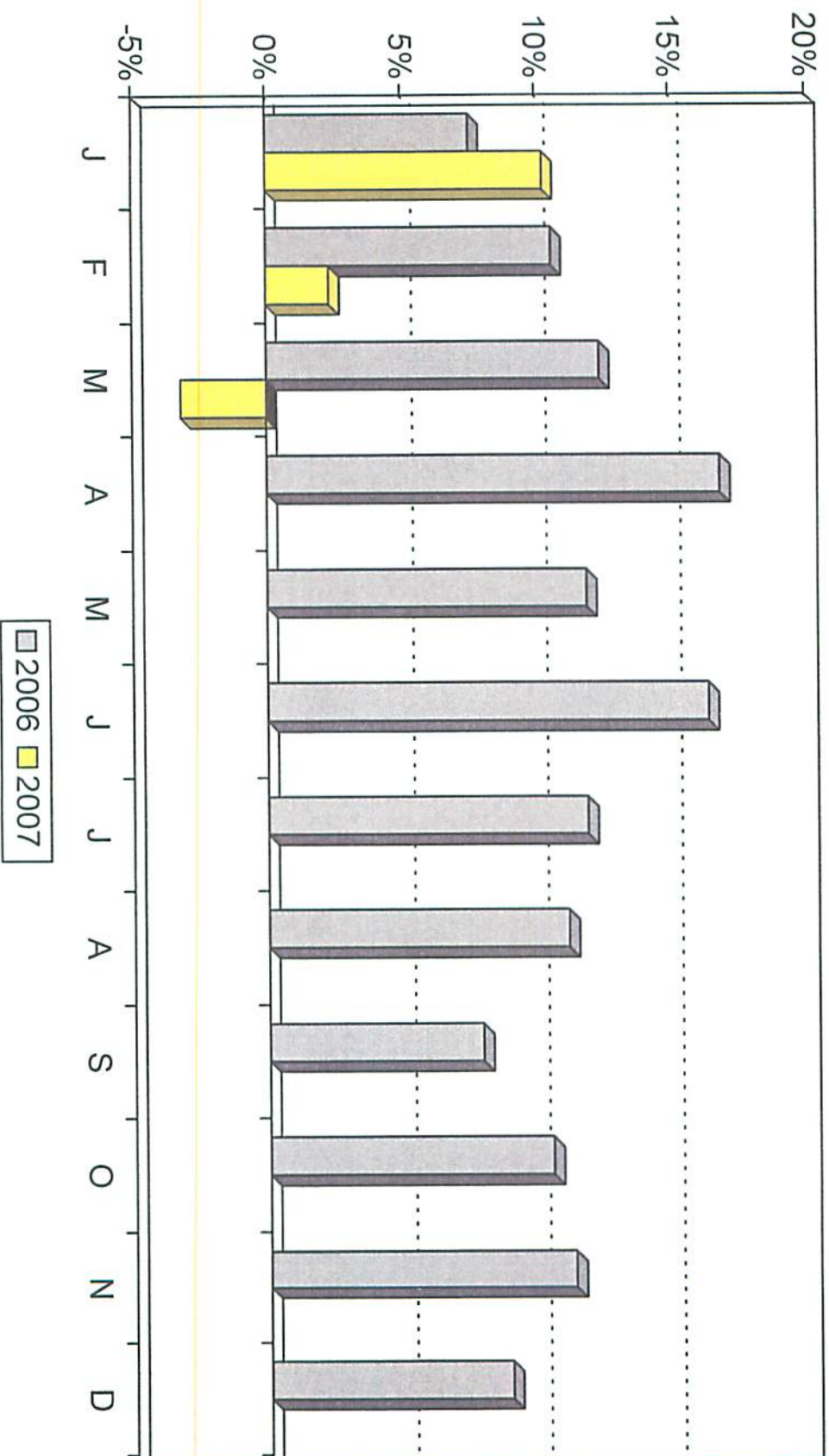
Southern Nevada New Home Permits Growth: 2007 vs. 2006



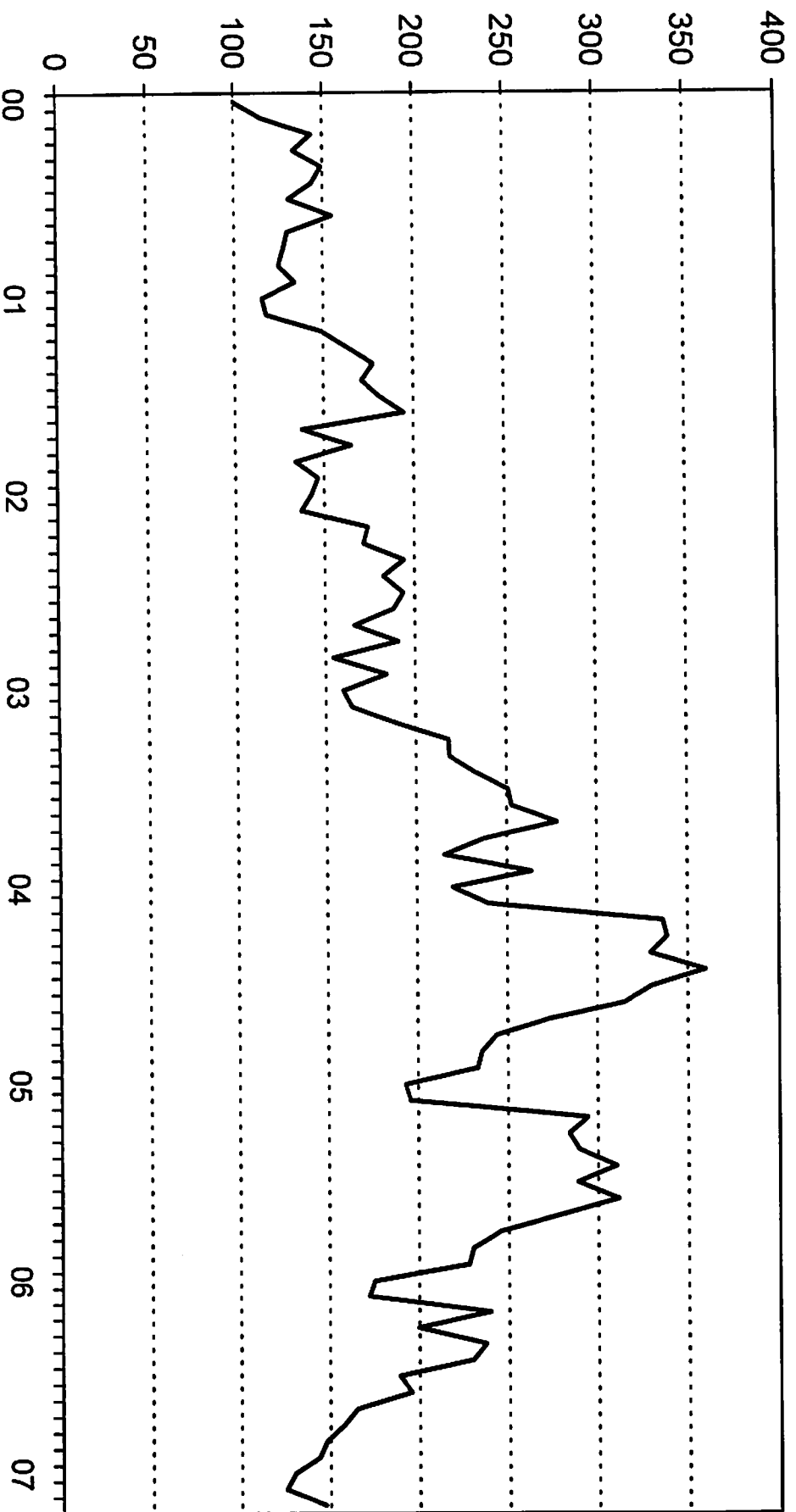
Southern Nevada New Home Median Price (January 2000 = 100)



Southern Nevada New Home Median Price Growth: 2007 vs. 2006



Southern Nevada Recorded Resales (January 2000 = 100)



Southern Nevada Recorded Resales Growth: 2007 vs. 2006

