

RENO MSA INDUSTRY TRENDS-DECEMBER 2020

Published February 2021

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

Business Activity Index December 2020

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

Construction Index December 2020

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

Housing Affordability Index 3Q 2020

Provides historical and current trends for housing affordability in the Reno MSA region.

-0.67%



-2.44%



-2.54%



	Taxable Sales	Taxable Gaming Revenue	Nonfarm Employment	Airport Passengers	Airport Cargo
% Change					
Month to Month	-3.9% ↓	1.1% ↑	1.5% ↑	-3.6% ↓	0.6% ↑

	Construction Employment	Commercial Building Permit Valuation	Commercial Building Permits	Residential Building Permit Valuation	Residential Building Permit Units
% Change					
Month to Month	0.05% ↑	-13.4% ↓	-3.0% ↓	11.1% ↑	-3.2% ↓

	Median Price of SF Homes	Median Family Income	30-Year Fixed Mortgage Rate	Required Qualifying Income
% Change				
Quarter to Quarter	6.03% ↑	0.27% ↑	-8.95% ↓	2.88% ↑

-6.41%



11.67%



0.69%



	Taxable Sales	Taxable Gaming Revenue	Nonfarm Employment	Airport Passengers	Airport Cargo
% Change					
Year to Year	7.1% ↑	-0.6% ↓	-3.4% ↓	-55.6% ↓	-2.3% ↓

	Construction Employment	Commercial Building Permit Valuation	Commercial Building Permits	Residential Building Permit Valuation	Residential Building Permit Units
% Change					
Year to Year	-0.3% ↓	41.7% ↑	85.7% ↑	11.2% ↑	-22.6% ↓

	Median Price of SF Homes	Median Family Income	30-Year Fixed Mortgage Rate	Required Qualifying Income
% Change				
Year to Year	9.81% ↑	3.17% ↑	-19.40% ↓	2.46% ↑



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The Reno MSA Business Activity and Construction 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. The Business Activity Index is based on data starting January 1995, with 1995=100. The Construction Index is based on data starting January 2001, with 2001=1000.

The Reno MSA Housing Affordability Index is based on a ratio of median family income to qualifying family income, the income necessary to purchase a median priced home in Washoe County. Qualifying income is estimated using a mortgage calculator with inputs for median home price, average 30-year fixed mortgage rate, and housing-related expenses (property tax, utilities, and mortgage insurance). Annual median family income data lags a year and is estimated quarterly using the national Employment Cost Index data for wage and salary increases for each quarter. This index is based on annual data between 1997 and 2018, with data starting in the 1st Quarter (1Q) 2019 estimated on quarterly basis.

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

Housing Affordability Index

- WC Median Price of New and Existing SF Homes
- MSA Median Family Income
- US 30-Year Fixed Mortgage Rate

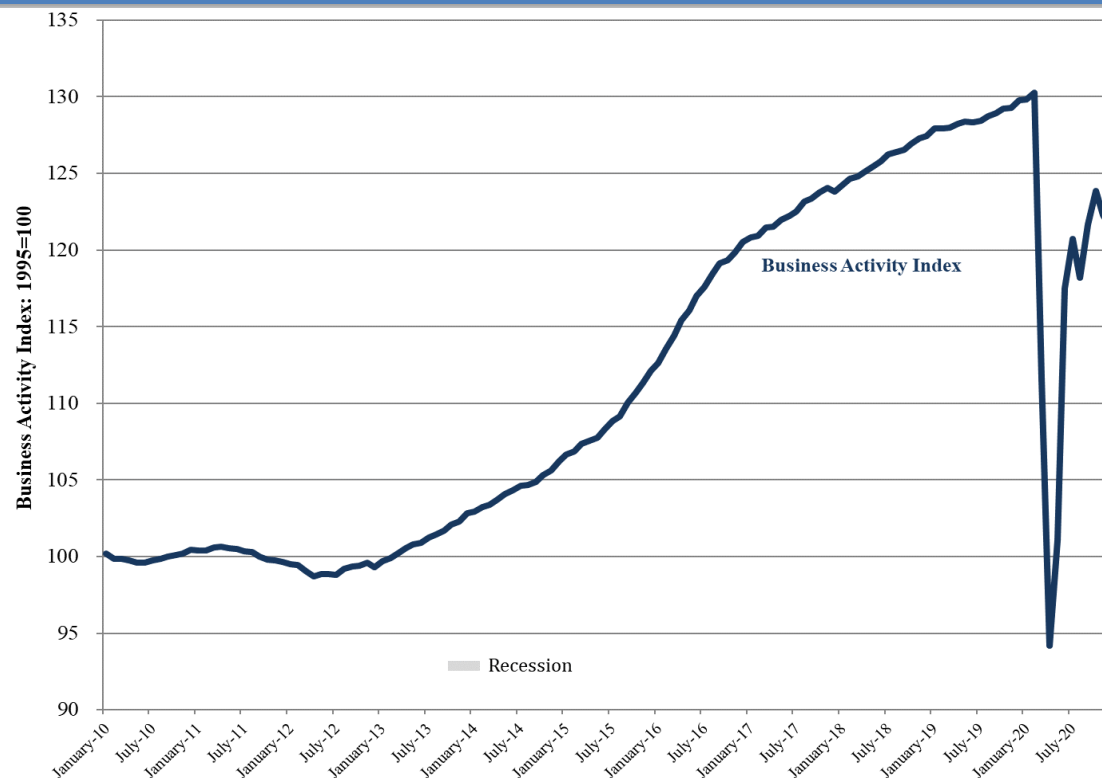
* MSA-Reno Metropolitan Statistical Area * WC-Washoe County * RTIA-Reno Tahoe International Airport *SF-Single Family

Reno MSA Business Activity Index

Reno MSA Business Activity Index declined between November and December 2020, remaining below pre-COVID levels as some variables remain impacted by the pandemic.

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 and airport data for this index is projected using average 12-month, year-over-year change for the variable.

The Index shows a 0.67% decline between November and December 2020. The index declined by 6.41% compared to the same period last year (December 2019 and 2020).



The index shows declines in taxable sales and airport passengers. This is due to high levels of both variables expected for December, which did not occur due to impact of the pandemic.

The index also shows taxable sales have recovered sufficiently to exceed December 2019 levels, though all other series remain below last year's (pre-pandemic) levels.

Series	Latest Period-	Prev. Period-	Change	Prev. Year-	Change
	December 2020	November 2020		Prev. Period	
Taxable Sales (Washoe Co., SA, CPI)	486,331,655	506,128,485	-3.91%	453,955,740	7.13%
Taxable Gaming Revenue (Washoe Co., SA, CPI)	42,353,044	41,891,525	1.10%	42,613,625	-0.61%
CES Employment (Reno MSA, SA)	239,417	235,777	1.54%	247,875	-3.41%
Airport Passengers (Reno Tahoe Airport, SA)	164,670	170,824	-3.60%	370,889	-55.60%
Airport Cargo Lbs. Shipped (Reno Tahoe Airport, SA)	11,963,067	11,890,529	0.61%	12,241,641	-2.28%
Business Activity Index Result	121.48	122.29	-0.67%	129.80	-6.41%

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

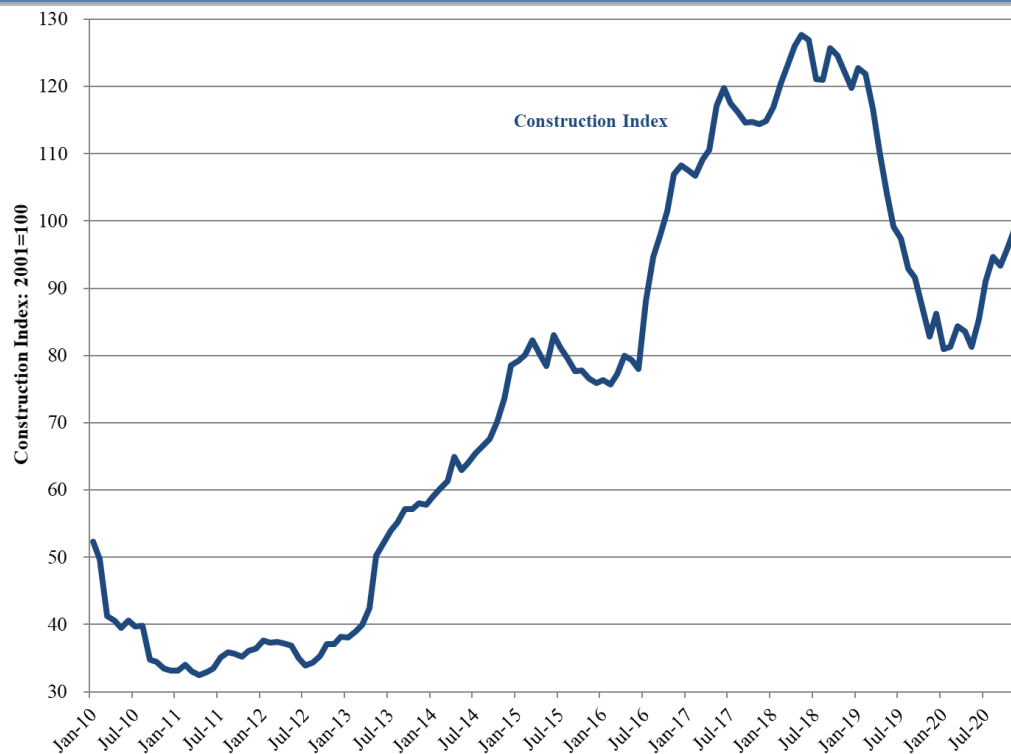
SA-Series results are seasonally adjusted. CPI-Series results are adjusted for inflation to 1995.

Reno MSA Construction Index¹

Reno MSA Construction Index declined between November and December 2020, given a high level of construction activity in November and return to lower levels in December.

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 decline of 2.44% between November and December 2020. The index increased by 11.67% compared to the same month in the previous year



Series	Latest Period- Prev. Period		Change Prev. Period	Prev. Year-	
	December 2020	November 2020		December 2019	Change Prev. Year
Reno MSA Construction Employment (SA)	17,992	17,983	0.05%	18,042	-0.28%
Washoe Co. Commercial Building Permit Value (SA, CPI)*	28,730,518	33,183,607	-13.42%	20,282,050	41.65%
Washoe Co. Commercial Building Permits (SA)*	10.8	11.2	-2.99%	5.8	85.71%
Washoe Co. Residential Building Permit Value (SA, CPI)*	49,656,004	44,690,768	11.11%	44,653,466	11.20%
Washoe Co. Residential Building Permit Units (SA)*	246	255	-3.22%	318	-22.58%
Construction Index Result	96.34	98.76	-2.44%	86.27	11.67%

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.

(December 2019 and 2020). Construction employment increased slightly in December. All commercial permit measures declined, but remain significantly higher compared to December 2019. Residential permit value increased compared to the previous month and year, but the number of units declined during both periods.

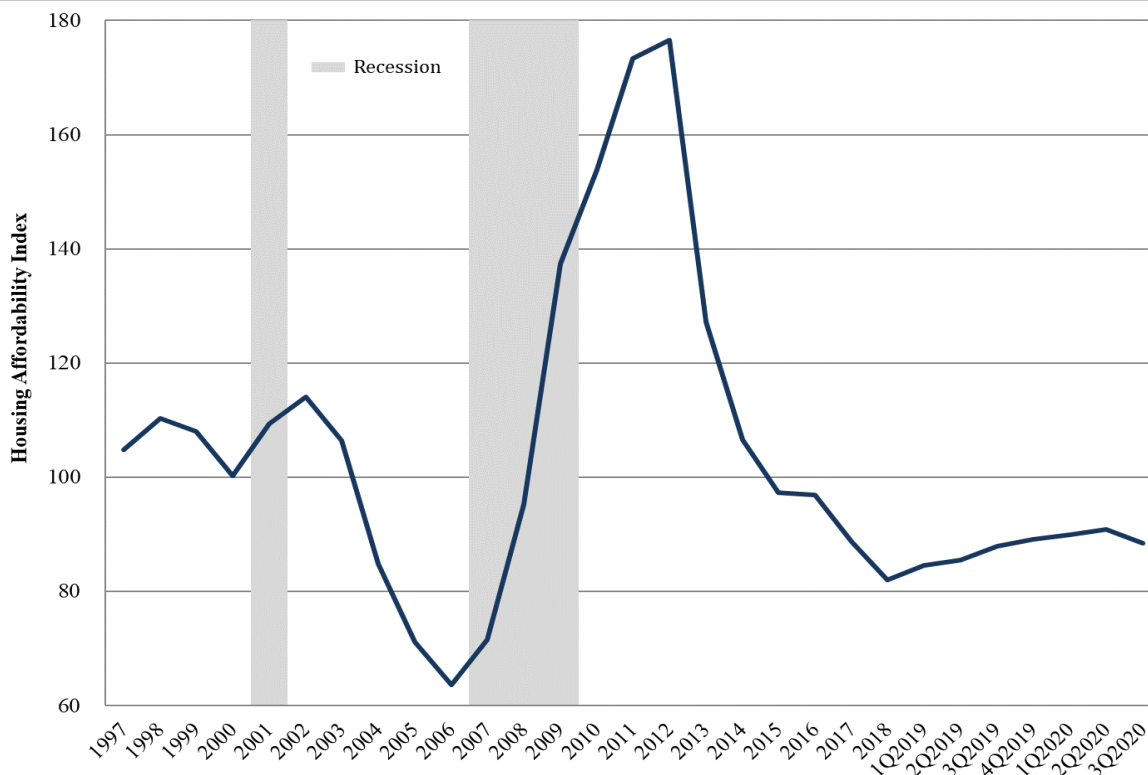
¹ It should be noted City of Reno building permit data has not been reported directly by the City since February 2019. These data were collected from the Accela database, but may be not directly comparable to historical data due to potential differences in the data reporting methodology.

Reno MSA Housing Affordability Index

The new Reno MSA Housing Affordability index declined between 3Q 2020 and 2Q 2020, but increased compared to the previous year (3Q 2019).

The goal of the Reno MSA Housing Affordability index is to track affordability of region’s housing over time by combining the three variables affecting affordability: income, interest rates, and prices. The index compares median family income to qualifying income (combination of above three variables).

A ratio of 100 indicates that median family income is sufficient to purchase a median-priced home. The 3Q 2020 index of 88.50 indicates median family income is 11.50% below the income necessary to qualify for median priced home.



Series	Latest Period- 3Q 2020	Prev. Period 2Q 2020	Change Prev. Period	Prev. Year- 3Q 2019	Change Prev. Year
Median Price of New/Existing Homes (Washoe Co.)	447,483	422,024	6.03%	407,500	9.81%
Median Family Income (MSA)	79,389	79,178	0.27%	76,950	3.17%
30- Year Fixed Mortgage Rate (US)	2.95	3.24	-8.95%	3.66	-19.40%
Required Qualifying Income (Estimated)	89,703	87,189	2.88%	87,547	2.46%
Housing Affordability Index Result	88.50	90.81	-2.54%	87.90	0.69%

The index declined by 2.54% between 3Q 2020 and 2Q 2020, making homes in the region slightly less affordable. While the 30-year mortgage rate declined and estimated median income

Source: Washoe County Assessor/Center for Regional Studies (UNR), Federal Financial Institutions Examination Council's (FFIEC), Bureau of Labor Statistics, and Federal Reserve Bank of St. Louis.

increased during this period, home prices during this period increased at a higher rate, resulting in a higher required qualifying income. The index increased by 0.69% compared to 3Q 2019.