

Economic index drops second straight month

By HUBBLE SMITH REVIEW-JOURNAL

Economic indicators			
Taxable sales	\$2.51 bil.	\$2.15 bil.	16.5
	Last month	Year ago	Percent change
New residents	8,889	8,643	2.8
Total employment	860,600	821,700	4.7
Unemployment rate	4.0	5.5	—
New home sales	2,502	2,183	14.6
Median price new home	\$259,700	\$206,167	26.0
Existing home sales	5,851	4,697	24.6
New home permits	2,232	1,906	17.1
Commercial permits	103	103	0.0
Gaming revenue	\$647.2 mil.	\$655.8 mil.	-1.3
Visitor volume	3.71 mil.	3.65 mil.	1.7
McCarran passengers	3.64 mil.	3.24 mil.	12.2

SOURCES: Las Vegas Convention and Visitors Authority, Nevada Employment Security Division, Home Builders Research, UNLV Center for Business and Economic Research, Nevada Gaming Control Board, Nevada Department of Tourism, Nevada Department of Motor Vehicles and Public Safety. Some percentages are rounded.

The Southern Nevada Index of Leading Economic Indicators declined for the second straight month as only four of the 10 series contributed positively, the Center for Business and Economic Research reported.

The index dropped to 129.21 in September, down from 129.29 in August. The construction series were off slightly and tourism indicators were mixed, said Keith Schwer, director of the research center at University of Nevada, Las Vegas.

The decline in the local economic index still compares favorably with the U.S. Index of Leading Indicators, which has experienced a three-month decline. Both the Southern Nevada and U.S. indices continue to trend upward for the year, Schwer noted. The index is a six-month forecast from the month of the data (July), based on a net-weighted average of 10 series after adjustments for seasonal variation.

The accompanying Review-Journal chart includes several of the index's categories, along with data such as new residents and employment and housing numbers, updated for the most recent month for which figures are available. "If you're sailing, it's a little bit of the doldrums. The wind has let off," said Bob Potts, assistant director at CBER.

The overall business activity index showed modest declines in all components, but remains up 6 percent from a year ago. July's gross gaming revenue of \$647.2 million was off 1.3 percent from a year ago and 8.1 percent from the previous month. The dip follows a strong performance in the first half of the year, a one-month blip in an otherwise strong upward trend, Schwer said.

Taxable sales fell to \$2.51 billion, down 3.6 percent from the previous period, but up 16.5 percent increase from a year ago. The tourism index turned down in July. Visitor volume and hotel occupancy contributed positively, but was offset by a greater decline in gaming revenue.

Even with sharp increases in building material prices and supply delays, the construction sector of the Southern Nevada economy continues its strong performance. Job growth in construction is up 10 percent from a year ago and permitting levels foretell strong activity in the months ahead, Schwer said.

Against the backdrop of rising interest rates, high oil prices and political uncertainty both here and abroad, Nevada's economy fared surprisingly well over the summer, said Jim Shabi, economist for the Nevada Department of Employment, Training and Rehabilitation.

Although the statewide unemployment rate rose and employment declined slightly in both June and July, the results were attributable primarily to the usual decline in school employment. Nevada's private sector produced 10,700 jobs during those months.

Other Nevada economic indicators reflected the summer slowdown to varying degrees.

Statistics for hotel occupancy rates, air passenger counts and gaming win were below levels of previous months, but were still on "solid ground," Shabi said.

Construction remains the primary driver of the state's economic growth. The Las Vegas housing market is on pace to set annual sales records for both new and existing homes this year, although permitting activity slowed in June and July on concerns of higher interest rates.

"With resort construction under way in Las Vegas and mining activity on the increase in many rural areas of the state, the outlook for Nevada's economy remains positive," Shabi said.