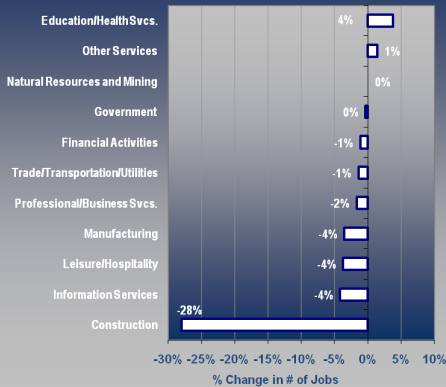




Economic Indicators

Washoe County, 2nd Quarter 2010

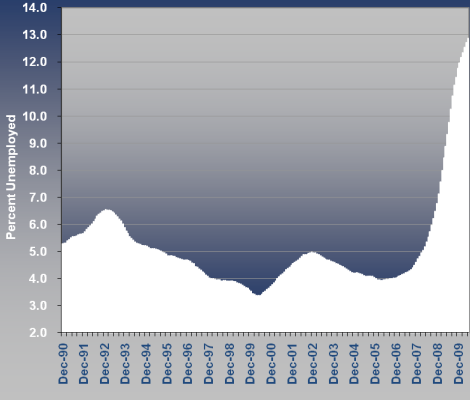
Percent Change in Reno MSA's Employment:
June '09 to June '10



Washoe County's economy appears to be picking up steam in 2010, although evidence of progress is not often easy to spot amid all of the sour notes.

Starting with the first quarter data, we began to see positive indicators in the employment, taxable revenue, and air travel statistics – and for the most part, we're seeing continued strength in those areas at the end of the second quarter. Compared to the end of first quarter, the Reno MSA's **employment** was up slightly or flat in all major industrial categories except construction, which posted another loss. The year-over-year numbers are still down for most sectors, but the fact that from month to month we are starting to see improvement is excellent news.

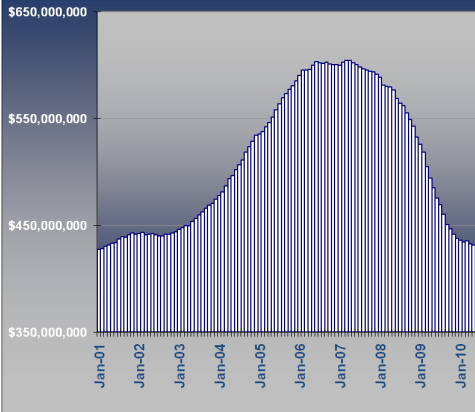
Unemployment Rate
(Trailing 12mo Average)



This is a significant milestone for the area – **JOBS** have to be the first area of improvement before we can start talking about gains in other parts of the economy. After years of fairly consistent declines in employment across the board, these monthly gains are something to be celebrated!

Still, the **unemployment rate** for the Reno MSA is still hovering around record highs, posting a 13.6% rate in June 2010. What's more troubling is that the "published" unemployment rate underestimates the actual number of people out of work because it only counts those people who are actively seeking employment in the tally – so people who have simply given up hope of finding a job and those who accepted part-time work as a stop-gap measure to help pay the bills are **NOT** counted in the official "published" unemployment estimate. The Bureau of Labor Statistics estimates that at least another 8% of people are truly unemployed in Nevada, which would push the Reno MSA's true unemployment rate to well over 20%.

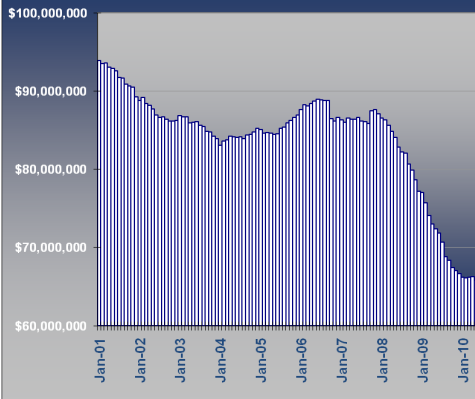
Taxable Sales
(Trailing 12mo Average)



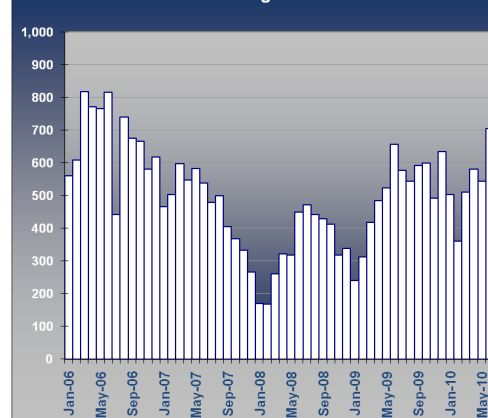
Washoe County's **taxable sales revenue** has been staging somewhat of a recovery in 2010, which means people are spending more than they previously were. June's total taxable sales were up 11% from May, up 7% from March, and basically flat compared to last year. Auto sales posted declines, but construction and retail spending both posted gains from earlier in the year. Looking at the graph of taxable sales for the county, it appears as if it lagged the housing bubble's burst by about 16-18 months – it took people quite a while to grasp the full scope of where we were headed, but once they did, spending took a huge hit.

Airline **passenger counts** and **cargo handling** at the Reno-Tahoe International Airport have been trending up in 2010 after a very sluggish 2009. Passenger activity at the airport was up 1% for the first six months of 2010, and cargo loading was up 6%. The cargo numbers are especially encouraging for the area, as they tend to foretell businesses perceptions of future consumer activity.

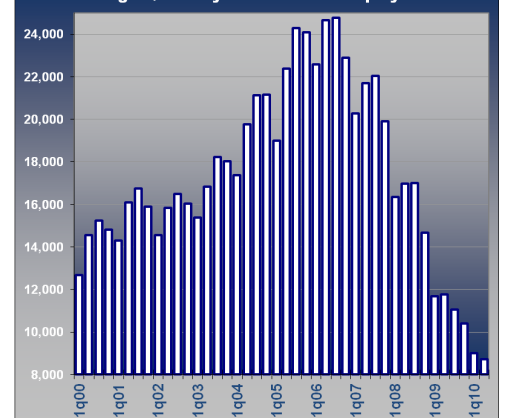
Taxable Gaming Revenue
(Trailing 12mo Average)



New and Existing Home Sales



Average Quarterly Construction Employment



Continued...



Economic Indicators

Washoe County, 2nd Quarter 2010

Washoe County's **taxable gaming revenue** has continued to struggle in 2010 and was down 4% through the first half of the year. Declining casino revenue is nothing new to Northern Nevada, but it remains to be seen how quickly the area's tourism numbers will pick up once the economy begins to recover. Many analysts believe that we may be witnessing a fundamental shift in how people spend and save in the wake of the Great Recession, and because gaming represents a luxury for most people, we never recover a significant portion of the gaming market if people begin to reevaluate how they spend money.

The **housing market** in the Truckee Meadows has not hit bottom yet in terms of pricing, but it may be close. In general, a healthy market's median home price is between 2.5 and 3 times the area's median household income, and the latest income numbers for Washoe County put the area median at around \$68,000 per year – which correlates to a median home price of \$170,000 to \$204,000. The median resale price for existing homes was \$180,000 in June, so it's roughly in line with what the historical averages are for the area. That doesn't mean the prices are done falling, but it does mean that they should be close to the bottom.

Home **foreclosures** are still a huge concern for Washoe County, which have a negative impact on prices for all homes. Second quarter foreclosures were up 33% from a year earlier, and nearly double what they were in the first quarter of 2010. Once jobs begin to stabilize, we should start to see foreclosures begin to subside.

The Center for Regional Studies is an economic development collaborative between the University of Nevada, Reno, College of Business Administration, and the Nevada Small Business Development Center. The Center serves the State of Nevada with data and market analyses designed to help a business select a location for operations, understand current market trends, and predict where the local economy is headed. For more information about the Center, please call us at 775-784-1771 or visit us online at www.CenterForRegionalStudies.org.

Washoe County Indicators			INDICATOR VALUES			GROWTH RATES			
			Current Month/Quarter	Previous Month/Quarter	Same Month/Qtr Previous Year	vs. Previous Month or Quarter	vs. One Year Ago		
MSA Employment	Total (Reno MSA)	Jun-10	189,400	190,500	194,800	-0.6%	-	-2.8%	-
	Natural Resources and Mining	Jun-10	300	300	300	0.0%	=	0.0%	=
	Construction	Jun-10	8,500	8,900	11,800	-4.5%	-	-28.0%	-
	Manufacturing	Jun-10	11,000	11,100	11,400	-0.9%	-	-3.5%	-
	Trade/Transportation/Utilities	Jun-10	42,700	42,500	43,300	0.5%	+	-1.4%	-
	Information Services	Jun-10	2,300	2,300	2,400	0.0%	=	-4.2%	-
	Financial Activities	Jun-10	8,900	8,900	9,000	0.0%	=	-1.1%	-
	Professional/Business Svcs.	Jun-10	23,600	23,500	24,000	0.4%	+	-1.7%	-
	Education/Health Svcs.	Jun-10	22,100	22,000	21,300	0.5%	+	3.8%	+
	Leisure/Hospitality	Jun-10	33,500	33,500	34,800	0.0%	=	-3.7%	-
	Other Services	Jun-10	7,000	7,000	6,900	0.0%	=	1.4%	+
	Government	Jun-10	29,500	30,500	29,600	-3.3%	-	-0.3%	-
Unemployment	Rate Not Seasonally Adjusted (Reno MSA)	Jun-10	13.6%	13.3%	11.7%	2.3%	-	16.2%	-
Wages	Avg. Hourly Wage, All Industries	3q-09	\$ 20.00	\$ 19.93	\$ 19.90	0.4%	+	0.5%	+
	Avg. Hourly Wage, Construction Industry	3q-09	\$ 23.88	\$ 23.63	\$ 23.43	1.1%	+	1.9%	+
Gaming	Taxable Gaming Revenue	Jun-10	\$ 64,603,000	\$ 69,989,000	\$ 69,241,000	-7.7%	-	-6.7%	-
Taxable Sales	Total Taxable Sales	Jun-10	\$ 473,450,031	\$ 425,202,494	\$ 472,109,488	11.3%	+	0.3%	+
	Taxable Construction Sales	Jun-10	\$ 8,467,412	\$ 8,091,626	\$ 17,127,545	4.6%	+	-50.6%	-
	Taxable Retail Sales	Jun-10	\$ 319,944,370	\$ 296,554,891	\$ 318,199,091	7.9%	+	0.5%	+
	Taxable Auto Sales	Jun-10	\$ 46,859,705	\$ 47,146,047	\$ 48,248,844	-0.6%	-	-2.9%	-
Airline Activity	Total Passengers Enplaned/Deplaned	Jun-10	361,406	312,378	347,880	15.7%	+	3.9%	+
	Total Pounds of Cargo On/Offloaded	Jun-10	8,737,038	8,273,448	7,870,143	5.6%	+	11.0%	+
Housing	New Single Family Home Sales	Jul-10	22	74	55	-70.3%	-	-60.0%	-
	Existing Single Family Home Sales	Jul-10	449	631	521	-28.8%	-	-13.8%	-
	Median Sales Price of New Single Family Homes	Jul-10	\$ 256,805	\$ 203,658	\$ 242,000	26.1%	+	6.1%	+
	Median Sales Price of Existing Single Family Homes	Jul-10	\$ 180,000	\$ 169,000	\$ 180,000	6.5%	+	0.0%	=
	Newly Foreclosed Homes	Jul-10	262	253	351	3.6%	-	-25.4%	+
	Sales of Previously Foreclosed Homes	Jul-10	184	220	302	-16.4%	-	-39.1%	-