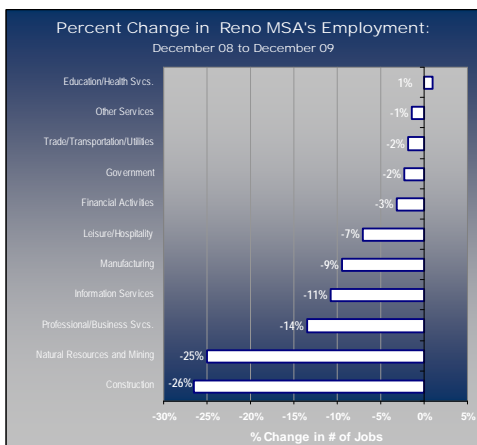


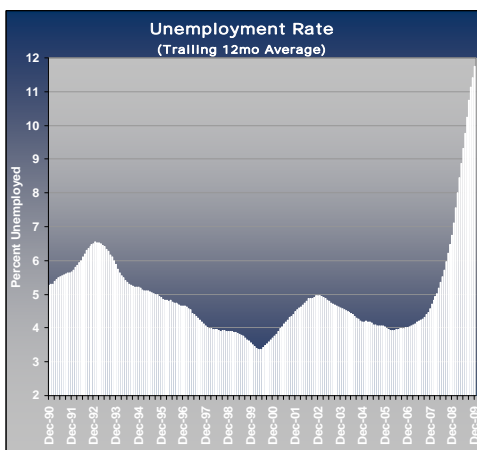
Economic Indicators

Washoe County, 4th Quarter 2009



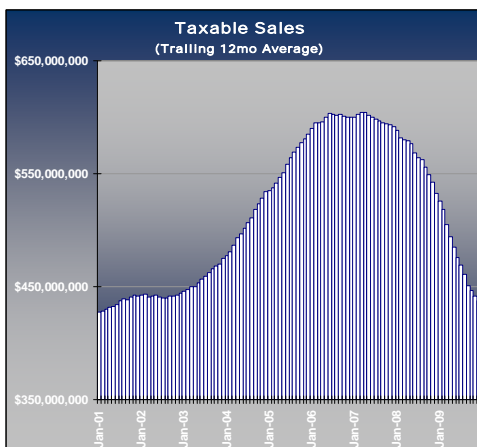
Few will mourn the passing of 2009 – a year marked by skyrocketing unemployment, falling home values, and rising foreclosures – but there are very few positive trends in the economy that would indicate better times are around the corner in 2010.

After more than two straight years of economic malaise, the far reaching effects of this recession have taken their toll on the State's finances, and budgets everywhere are being busted. For Washoe County, the dramatic reduction in taxable sales revenue, gaming revenue, and property values have forced local governments into the difficult position of cutting services and staff to help bridge the gap in funding.



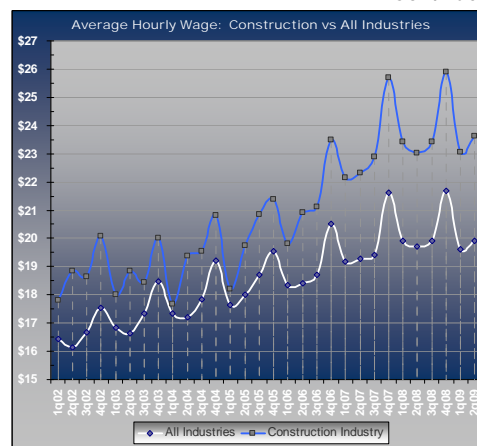
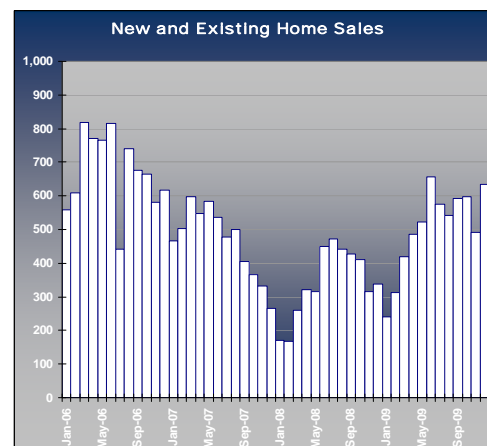
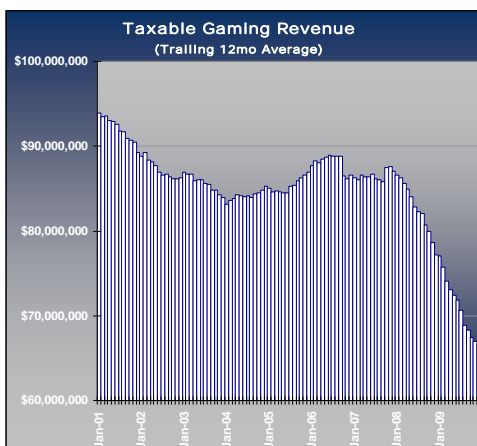
Taxable sales revenue fell 2% in 2007 from the previous year, then 10% in 2008, and another 18% in 2009 – all this after decades of stable increases that more than kept pace with population growth. Two possible signs of hope for 2010 is that the 4th quarter decreases compared to the previous year were much less dramatic than the preceding three quarters in 2009, and taxable auto sales were actually *up* 3.4% in December 2009 compared to a year earlier. **Gaming revenue** from Washoe County casinos took a similar hit as taxable sales, though, decreasing 11% in 2008 and 14% in 2009.

Much of the reason behind the falling sales and gaming revenue can be attributed to Washoe County's horrific labor market conditions in 2009. **Unemployment** shot up 5% in 2009, ending the year at nearly 13%, and the county lost another 13,300 jobs over the year. With so many people out of work, working for less, or fearing for their jobs, spending on most non-essential goods has been severely curtailed. Additionally, the County has historically seen several thousand people per year move into the area to provide a natural boost to the region's tax base, but far fewer people were able to relocate to the area in 2009 because of the limited number of available jobs in the area and limited mobility caused by economic problems in the area's feeder markets.



In December 2009, **employment** in the Reno MSA was down 6.3% from a year earlier, and those losses were spread among all major industrial sectors except *Education & Health Services*, which managed to add 100 jobs over the year. The *construction* industry fared the worst, losing another 3,600 jobs or 27% of its workforce. With new construction nearly at a standstill in Washoe County, particularly for new homes, this industry is going to have a hard time regaining traction in 2010. *Professional & Business Services* was another hard-hit industry in 2009, losing 3,700 jobs, or 14% of its workforce. The area's *Leisure & Hospitality* industry had been steadily losing employees even before the current recession, but the loss rate accelerated in 2009 with a 7% decrease in employment. For many local casinos, this recession may prove to be too much to bear.

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Home sales have been a mixed bag in 2009, but it was mostly bad apples. *Existing* single family home sales were up 70% in the 4th quarter relative to a year earlier, and up 52% for the year as a whole. Nearly all of those sales were driven by the glut of distressed (bank owned or short sale) homes on the market, and the steep, 28% drop in median sales prices of homes sold in 2009 reflected that new reality. By the end of 2009, the median sales price of an existing home in Washoe County was just \$174,500, down almost half from the peak values. *New* home sales were few and far between in 2009 – just 520 new homes were sold in the year, which was down 51% from 2008. For reference, in an “average” year, Washoe County closed 3,500 new units. With so many deals to be had with existing homes, most buyers were not willing to pay a premium for a newly constructed home in 2009...a trend that is likely to continue into 2010.

Notices of Default, which are filed after a homeowner is 90 days late with a mortgage payment, were up 57% in 2009, and up 14% in the fourth quarter compared to a year earlier. These are important to track because they serve as an “early warning” of sorts for the number of foreclosures that could be coming. Although not all NODs lead to a foreclosure, there is generally a 6 month lag from when a NOD is filed and the home is foreclosed. Actual **home foreclosures** were up 21% in 2009, but were down 4% in the 4th quarter. So long as the rest of the economy continues to struggle, many homeowners will continue to have trouble making the payments on their homes and the area’s housing market will continue to have trouble gaining ground.

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.nvdata.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	
Employment	Total (Reno MSA)	Dec-09	196,300	197,900	209,600	-0.8%	-	-6.3%	-
	Natural Resources and Mining	Dec-09	300	300	400	0.0%	=	-25.0%	-
	Construction	Dec-09	10,000	10,600	13,600	-5.7%	-	-26.5%	-
	Manufacturing	Dec-09	12,400	12,600	13,700	-1.6%	-	-9.5%	-
	Trade/Transportation/Utilities	Dec-09	47,500	47,600	48,400	-0.2%	-	-1.9%	-
	Information Services	Dec-09	2,500	2,500	2,800	0.0%	=	-10.7%	-
	Financial Activities	Dec-09	9,200	9,200	9,500	0.0%	=	-3.2%	-
	Professional/Business Svcs.	Dec-09	23,700	23,800	27,400	-0.4%	-	-13.5%	-
	Education/Health Svcs.	Dec-09	21,200	21,100	21,000	0.5%	+	1.0%	+
	Leisure/Hospitality	Dec-09	33,000	33,500	35,500	-1.5%	-	-7.0%	-
	Other Services	Dec-09	6,900	6,900	7,000	0.0%	=	-1.4%	-
	Government	Dec-09	29,600	29,800	30,300	-0.7%	-	-2.3%	-
Unemployment	Rate Not Seasonally Adjusted (Reno MSA)	Dec-09	12.7%	11.4%	8.8%	11.4%	-	44.3%	-
Wages	Avg. Hourly Wage, All Industries	2q-09	\$ 19.93	\$ 19.63	\$ 19.70	1.5%	+	1.2%	+
	Avg. Hourly Wage, Construction Industry	2q-09	\$ 23.63	\$ 23.05	\$ 23.03	2.5%	+	2.6%	+
Gaming	Taxable Gaming Revenue	Dec-09	\$ 54,283,000	\$ 62,420,000	\$ 58,986,000	-13.0%	-	-8.0%	-
Taxable Sales	Total Taxable Sales	Dec-09	\$ 517,214,032	\$ 398,727,722	\$ 567,495,303	29.7%	+	-8.9%	-
	Taxable Construction Sales	Dec-09	\$ 9,961,023	\$ 11,893,022	\$ 15,398,925	-16.2%	-	-35.3%	-
	Taxable Retail Sales	Dec-09	\$ 380,052,788	\$ 290,433,172	\$ 395,340,416	30.9%	+	-3.9%	-
	Taxable Auto Sales	Dec-09	\$ 45,770,391	\$ 39,803,312	\$ 44,253,069	15.0%	+	3.4%	+
Airline Activity	Total Passengers Enplaned/Deplaned	Dec-09	294,385	268,110	309,771	9.8%	+	-5.0%	-
	Total Pounds of Cargo On/Offloaded	Dec-09	13,149,429	8,093,678	12,713,339	62.5%	+	3.4%	+
Housing	New Single Family Home Sales	Dec-09	20	42	32	-52.4%	-	-37.5%	-
	Existing Single Family Home Sales	Dec-09	614	450	307	36.4%	+	100.0%	+
	Median Sales Price of New Single Family Homes	Dec-09	\$ 251,610	\$ 218,250	\$ 269,495	15.3%	+	-6.6%	-
	Median Sales Price of Existing Single Family Homes	Dec-09	\$ 175,050	\$ 173,000	\$ 218,950	1.2%	+	-20.1%	-
	Newly Foreclosed Homes	Dec-09	194	201	218	-3.5%	+	-11.0%	+
	Sales of Previously Foreclosed Homes	Dec-09	254	232	194	9.5%	+	30.9%	+