

**Q1**  
**2023**

# ECONOMIC OVERVIEW

UNEMPLOYMENT  
CONSTRUCTION  
HOUSING  
NEWS



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**Washoe County Unemployment Rate is well above the United States rate, but remained below the State of Nevada rate, US News & World Report ranked Reno 79th overall out of 150 metro areas, the Reno MSA Housing Affordability Index was created to track affordability of the region's housing over time by combining the three variables affecting affordability: income, interest rates, and prices.**

## **WASHOE COUNTY AREA UNEMPLOYMENT**

The U.S. Bureau of Labor Statistics Unemployment Rate for Washoe County was 4.4% for March 2023. The Washoe County unemployment rate was well above the 3.6% United States national rate, but remained below the 5.4% State of Nevada rate. The unemployment rate for Washoe County in March 2022 was 3.1% reflecting a year over year decline of 1.3%.

The April 2023 edition of the Job Flash prepared by RCG Economics reported; "The Reno-Sparks MSA "headline" (minimum) unemployment rate remained the same in February. It continues to be about 3/4ths of the Las Vegas rate. Compared to February 2022, the region gained 10,800 private payroll jobs (a 4.8% increase) but the unemployment rate increased 1.7 points YOY. YOY average weekly inflation-adjusted wages are 6.1% higher compared to February 2022 but average weekly hours decreased 0.7 hours (a 2.0% decrease). Compared to Las Vegas, the Reno-Sparks region has only seen a 0.6% month-over-month decline in inflation-adjusted wages compared to Vegas' 1.9% decline."

## **US NEWS AND WORLD REPORT'S BEST CITIES**

Jason Hidalgo writing in an article for the Reno Gazette Journal published on May 20, 2023 states in part: "Another ranking for best cities in the United States is out, giving Reno one more opportunity to go toe-to-toe with other metro areas in the country. US News & World Report just released its list of Best Places to Live in the U.S. in 2023-24, ranking 150 metro areas. The report was released on the same day as the Milken Institute's 2023 Best-Performing Cities list, where Reno ranked pretty high at 16th. So how did Reno do in the US News & World Report rankings? Well, in the words of today's youth, Reno did "aight". Reno ranked 79th overall in the list with a score of 6.3 out of 10, which is about middle of the pack. To put that in perspective, the No. 1 overall city – Green Bay, Wisconsin scored 6.9 out of 10. In short, while Reno's ranking isn't exactly great, it isn't too bad, either. If it's any consolation, Reno did much better than its cross-state rival. Las Vegas ranked 136th out of 150 with an overall score of 5.7. Whatever US News & World Report's equivalent of the Fremont Cannon is, it's apparently staying in Northern Nevada for now."

"Growth continues to be a strength for Reno. Economic growth pushed Reno to 16th place in the Milken Institute rankings, which were heavily weighted toward growth. Reno also did well in this metric in the US News & World Report list, ranking 22nd overall. Reno, however, ranked low among best places to retire at just 113th. While Nevada boasts tax advantages with the lack of income tax, the state typically ranks low in healthcare quality. Reno's housing affordability issues do not help either."



## CONSTRUCTION INDEX:

Ekey Economic Consultants and the Center for Regional Studies created the Reno MSA Construction Index to provide a picture of the performance of the construction industry in the Reno MSA region. EKAY states “Reno MSA Construction Index declined between February and March 2023, continuing a trend of contractions in the index. The index shows a decline of 3.08% between February and March 2023. The index is also 20.23% lower than the same period last year (March 2022). The only series showing an increase during both periods is construction employment, as the region’s construction is increasing into the spring months. However, future construction, as represented by permit data, is expected to be lower than in the past. Increasing interest rates and a restriction on lending due to the recent bank crisis are impacting developers’ ability to obtain new financing and afford to continue existing project development.”

## HOUSING AFFORDABILITY INDEX:

The goal of the Reno MSA Housing Affordability Index, created by Ekey Economic Consultants and the Center for Regional Studies, is to track affordability of the 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). EKAY states: “The Reno MSA Housing Affordability index increased between 1Q 2023 and 4Q 2022, but remains below the level of first quarter 2022. A ratio of 100 indicates that median family income is sufficient to purchase a median-priced home. The 1Q 2023 index of 67.81 indicates median family income is 32.19% below the income necessary to qualify for median priced home. The index increased by 7.73% between 4Q 2022 and 1Q 2023, making homes in the region more affordable. This is because home prices and mortgage rates declined between the two periods, resulting in a lower qualifying income required for home purchase, while incomes in the area increased. The index is 6.23% lower than 1Q 2022, indicating homes are still less affordable than they were this time last year. This is due primarily to the large increase in the mortgage rates, which occurred in the later part of 2022.”

### Reno MSA Construction Index-March 2023

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

-2.97%					
	Construction Employment	Commercial Building Permit Valuation	Commercial Building Permits	Residential Building Permit Valuation	Residential Building Permit Units
% Change Month to Month	0.57%	-1.8%	-6.8%	-8.9%	-8.5%
-20.12%					
	Construction Employment	Commercial Building Permit Valuation	Commercial Building Permits	Residential Building Permit Valuation	Residential Building Permit Units
% Change Year to Year	8.1%	-84.9%	-34.0%	-46.1%	-26.8%

### Reno MSA Housing Affordability Index-1Q 2023 \*\*\*UPDATED\*\*\*

Provides historical and current trends for single-family housing affordability in the Reno MSA

7.73%				
% Change	Median Price of SF Homes	Median Family Income	30-Year Fixed Mortgage Rate	Required Qualifying Income
Quarter to Quarter	-4.02%	1.22%	-4.35%	-6.04%
-6.23%				
% Change	Median Price of SF Homes	Median Family Income	30-Year Fixed Mortgage Rate	Required Qualifying Income
Year to Year	-3.64%	12.31%	66.75%	19.77%