

**Q3**  
**2022**

# ECONOMIC OVERVIEW

UNEMPLOYMENT

BEST PLACES TO LIVE FOR QUALITY OF LIFE

WHAT DOES IT TAKE TO BE WEALTHY



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**Washoe County Unemployment Rate continues to outpace the United States and State of Nevada rates, Bloomberg economic models predict a recession within the next 12 months, and the State of Nevada revenue exceeds projections by \$1 Billion.**

## **WASHOE COUNTY AREA UNEMPLOYMENT**

The U.S. Bureau of Labor Statistics Unemployment Rate for Washoe County was 3.1% for September 2022. The Washoe County unemployment rate continued to outpace the 3.3% United States national rate, and 4.8% State of Nevada rate. The unemployment rate for Washoe County in September 2021 was 3.2% reflecting a year over year improvement of just 0.03%.

The November 2022 edition of the Job Flash prepared by RCG Economics, reported; “The Reno-Sparks MSA “headline” (minimum) unemployment rate decreased 0.4 percentage points in September. Compared to September 2021, the region gained 10,100 total payroll jobs (a 4.0% increase); of those 10,600 were private payroll jobs (a 4.8% increase) and the unemployment rate declined .1 points. YOY average weekly inflation-adjusted wages were 1.3% lower compared to September 2021 and average weekly hours decreased 0.5 hours YOY. The Reno-Sparks MSA’s YOY unemployment rate and employment continued to show improvement and signal its growing economy, which ranks 40th nationally.”

## **FORECAST FOR US RECESSION WITHIN YEAR HITS 100%:**

Josh Wingrove writing in an article for Bloomberg dated October 17, 2022 stated in part: “A US recession is effectively certain in the next 12 months in new Bloomberg Economics model projections...” “The latest recession probability models by Bloomberg economist Anna Wong and Eliza Winger forecast a higher recession probability across all timeframes, with the 12-month estimate a downturn by October 2023 hitting 100%, up from 65% for the comparable period in the previous update.” “The model is more certain of a recession than other forecasts. A separate Bloomberg survey of 42 economists predicts the probability of a recession over the next 12 months now stands at 60%, up from 50% a month earlier.” “The Bloomberg Economics model uses 13 macroeconomic and financial indicators to predict the chance of a downturn at horizons of one month to two years. While the chance of a recession within 12 months has reached 100% under the model, the odds of a recession hitting sooner are also up. The model forecasts the likelihood of a recession within 11 months at 73%, up from 30%, and the 10-month probability rose to 25% from 0%. The deterioration in the outlook was driven by a broad-based worsening in the economic and financial indicators used as inputs to the model, Bloomberg Economics found.

## STATE OF NEVADA REVENUE EXCEEDS PROJECTIONS BY \$1 BILLION:


This Reno published an article written by April Corbin Girnus of the Nevada Current on October 14, 2022 that states in part; “The State of Nevada is collecting significantly more revenue than projected – around \$1 billion this fiscal year.” “The current biennium revenue projections were set in May 2021 when Nevada’s employment rate was being reported at 8.1% and uncertainty over covid variants and stimulus packages loomed. Forecasters then predicted Nevada would bring in \$4.42 billion during Fiscal Year 2022, but \$5.44 billion as been collected so far. That figure includes approximately \$255 million more gaming revenue than expected, \$311 million more in taxable sales than expected, and \$110 million more in modified business tax revenue than expected. Fiscal analysts are typically conservative in their estimates but the gap between FY2022 projections and actual revenue collected is extreme. For comparison, sales tax revenue projections across the past 13 biennia were on average within plus or minus 5.5% of actual collected revenue, according to an LCB report. In FY2022, the forecast error rate is 19%. The current fiscal year being so far off its projection is a testament to how truly unprecedented and impossible to predict the pandemic was, said fiscal analyst.”

## CONSTRUCTION INDEX:

EKAY 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 August and September 2022, as construction in the region continued to slow compared to record levels of activity in 2017-2019, and late 2020, into 2021. The index shows a decline of 3.83% between August and September 2022. The index declined by 25.97% compared to the same month in the previous year (September 2021 and 2022). Construction employment in the region increased both compared to previous month’s level and previous year, as existing projects continue to be constructed and those pending due to lack of construction labor are coming to market. However, future construction activity, as represented by commercial and residential permit numbers and valuations are showing an expected slowdown in construction activities in the near future. All measures of building permits (with the exception of commercial permits) declined both compared to the previous month and previous year.”

### Reno MSA Construction Index-September 2022

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

-3.83% 					
	Commercial	Commercial	Residential	Residential	
	Building	Building	Building	Building	
	Permit	Permit	Permit	Permit	
	Valuation	Permits	Valuation	Units	
% Change	Construction	Commercial	Commercial	Residential	Residential
	Employment	Building	Building	Building	Building
Month to	0.53% 	-53.3% 	3.5% 	-7.1% 	-4.3% 
Month					
-25.97% 					
	Commercial	Commercial	Residential	Residential	
	Building	Building	Building	Building	
	Permit	Permit	Permit	Permit	
	Valuation	Permits	Valuation	Units	
% Change	Construction	Commercial	Commercial	Residential	Residential
	Employment	Building	Building	Building	Building
Year to	7.1% 	-87.7% 	-55.3% 	-37.2% 	-19.6% 
Year					