

Q3 2023

ECONOMIC OVERVIEW

CONSTRUCTION
HOUSING
NEWS



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CORFAC
INTERNATIONAL



Washoe County Unemployment Rate is above the United States rate, but remained below the State of Nevada rate. The Ekay Economic Consultants Housing Affordability Index reveals a large decline in home prices and strong increase in family income resulted in a lower qualifying income despite high interest rates.

WASHOE COUNTY AREA UNEMPLOYMENT




The U.S. Bureau of Labor Statistics Unemployment Rate for Washoe County was 4.2% for September 2023. The Washoe County unemployment rate was 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 September 2022 was 3.4% reflecting a year over year increase of .8%.

The November 2023 edition of the Job Flash prepared by RCG Economics reported; “The Reno-Sparks MSA “headline” (minimum) unemployment rate declined by 0.3 points in September. This continues to be lower than the Las Vegas rate. Compared to September 2022, the region gained 8,300 private payroll jobs (a 3.1% increase) while the unemployment rate declined .8 points YOY. YOY average weekly inflation-adjusted wages are 4.9% higher compared to September 2022 and average weekly hours increased 0.9 hours (a 2.7% increase). Compared to Las Vegas, the Reno-Sparks region has seen a 2.1% decline in YOY job growth compared to Vega’s 2.0% decline.”



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 increased between June and July 2023, the second month of an increase in the index, following months of declines. The index shows an increase of 3.89% between June and July 2023. The index is, however, 17.87% lower than the same period of last year (July 2022). All index series show an increase between June and July 2023. Compared to July 2022, construction employment and number of commercial building permits increased, while remaining series declined, resulting in a decline in the overall index. A concern regarding building permit data should be noted. Data for all three jurisdictions are collected through Acela database. While the database’s reporting of commercial and single-family residential permit activity appears to be relatively consistent, the lack of any multifamily activity reported since February 2023, raises a concern that some data may not be captured and reported by the database. As all three jurisdictions (Reno, Sparks, and Washoe) utilize this system and no consistent alternative source of data is available, we will continue to report this data, with the above caution.”

3.89% 					
	Construction	Commercial	Commercial	Residential	Residential
	Employment	Building Permit Valuation	Building Permits	Building Permit Valuation	Building Permit Units
% Change Month to Month	0.52% 	43.2% 	40.0% 	0.6% 	1.8% 
-17.87% 					
	Construction	Commercial	Commercial	Residential	Residential
	Employment	Building Permit Valuation	Building Permits	Building Permit Valuation	Building Permit Units
% Change Year to Year	7.9% 	-76.9% 	20.7% 	-54.6% 	-49.0% 

Construction Index











July 2023

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



HOUSING AFFORDABILITY INDEX:

The goal of the Reno MSA Construction Index created by the Ekay Economic Consultants and the Center for Regional Studies is to track affordability of region's housing over time by combining the three variables affecting affordability: income, interest rate, and prices. The index compares median family income to qualifying income (combination of above three variables). A ratio of 100 indicates that median family income is sufficient to purchase a median-priced home. The 2Q 2023 index of 66.70 indicates median family income is 33.3% below the income necessary to qualify for median priced home. The index declined by 2.44% between 1Q and 2Q 2023, making homes in the region less affordable. This is because while family income increased during this period, home prices and mortgage rates increased at a higher rate, resulting in higher qualifying income required for home purchase. The index is, however 7.88% lower than in 2Q 2022, indicating homes are much more affordable than they were this time last year. This is due primarily to the large decline in home prices, which fell from a median level of \$607,000 last year and strong increase in family income, resulting in a lower qualifying income, despite high interest rates."

-2.44% 				
	Median Price of SF Homes	Median Family Income	30-Year Fixed Mortgage Rate	Required Qualifying Income
% Change Quarter to Quarter	3.55% 	2.01% 	2.20% 	4.55% 
7.88% 				
	Median Price of SF Homes	Median Family Income	30-Year Fixed Mortgage Rate	Required Qualifying Income
% Change Year to Year	-7.12% 	11.43% 	23.53% 	3.28% 

Housing Affordability Index

2Q 2023

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