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Improvement Expected in Nevada's Employment Outlook, but Remains below Pre-Recession Peak

Carson City, NV — Employment in Nevada is projected to increase by 2 percent or 23,000 jobs in 2013, and the state is expected to gain another 26,000 jobs in 2014 and 30,000 jobs in 2015, according to a report released by the Department of Employment, Training and Rehabilitation's (DETR) Research and Analysis Bureau.

However, employment will likely remain below the peak levels achieved in 2007 for several more years, said Bill Anderson, DETR's chief economist.

"To put this in perspective, Nevada lost almost 200,000 jobs from peak to trough; 100,000 of which were construction jobs," Anderson said. "In 2006, at peak levels of employment, construction represented 11.2 percent of the total workforce. In 2012, that share stood at 4.6 percent."

Construction is projected to see some growth over the next few years, with a gain of 4,600 jobs in 2013. It is expected to add 4,900 and 6,000 jobs in 2014 and 2015, respectively. However, in 2015, construction jobs will still be 75,000 below the pre-recession peak, Anderson said.

While the state has been steadily adding jobs, a return to the construction-driven boom years is not likely, Anderson added. In 2011, the Nevada economy created 6,800 jobs, a 0.6 percent increase. In 2012, employment grew 1.5 percent, or 17,100 jobs. Though job gains have accelerated, employment in the first quarter of 2013 (the most recent available quarter) is still 12 percent below the peak level attained in the second quarter of 2007, a difference of 155,000 jobs.

"Arguably, the more modest and diversified growth we expect to see going forward will leave the state better positioned to weather future economic downturns," Anderson said.

Another industry projected to show improvement is the hospitality industry, with expected gains of 2,800 jobs in 2013, 3,900 jobs in 2014 and another 5,200 jobs in 2015.

All told, 2015 job levels are projected to stand 78,300 higher than in 2012, with contributions from nearly every sector of the economy. The complete report with projections by industry is attached. Information in the report may be attributed to Anderson.

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DETR is comprised of the Employment Security Division, Equal Rights Commission, Rehabilitation Division, the Information Development and Processing Division and the Research and Analysis Bureau. DETR works in partnership with the Nevada JobConnect System to provide training and job placement services to job seekers and to assist employers in hiring practices.

Nevada Quarterly Employment Forecast (2013:IIQ – 2015:IVQ)

The Research and Analysis Bureau is home to a variety of labor market forecasting/projection activities. For instance, in partnership with the U.S. Department of Labor, the Bureau is responsible for regular Statewide and sub-State short- and long-term industry/occupational projections. That information is available on our website. The results highlighted below are from a separate regular quarterly forecast that is designed to provide policymakers and other users with our most timely forward-looking assessment of the State's labor market. This information was recently presented to the Employment Security Council.

Methodology and Background

Using statewide employment data from the Quarterly Census of Employment and Wages (QCEW)¹, employment levels are forecasted using standard time series techniques with monthly data. The final output is then averaged to quarterly values. These models are supplemented with “local knowledge,” such as known construction projects, in finalizing the projections. The current forecast period is for the second quarter of 2013 through the last quarter of 2015.

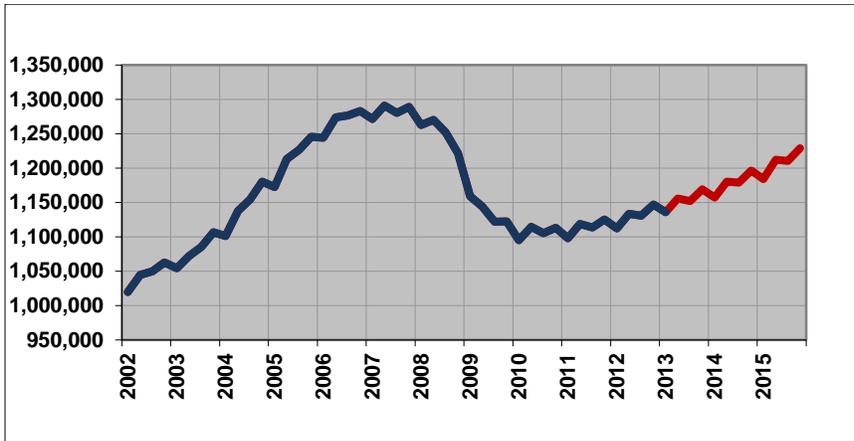
Total Employment

Nevada was the most negatively affected state during the recession, mostly due to above average levels of employment in the construction industry and the State's reliance on tourism and gaming. Both of these sectors were extremely hard-hit by the economic downturn. Nevada's recovery has lagged the national economy, but the economic situation is improving in Nevada. For instance, private sector job growth in Nevada during this year's first quarter, at 2.3 percent, was higher than that for 34 other states.

Employment will likely remain below the peak levels achieved in 2007 for several more years. To put this in perspective, Nevada lost almost 200,000 jobs from peak to trough. In 2011, the Nevada economy created 6,800 jobs, a 0.6 percent increase. In 2012, employment grew 1.5 percent, or 17,100 jobs. Though job gains have accelerated, employment in the first quarter of 2013 (the most recent available quarter from QCEW) is still 12 percent below the peak level attained in the second quarter of 2007, a difference of 155,000 jobs. Expectations are that total covered employment will expand

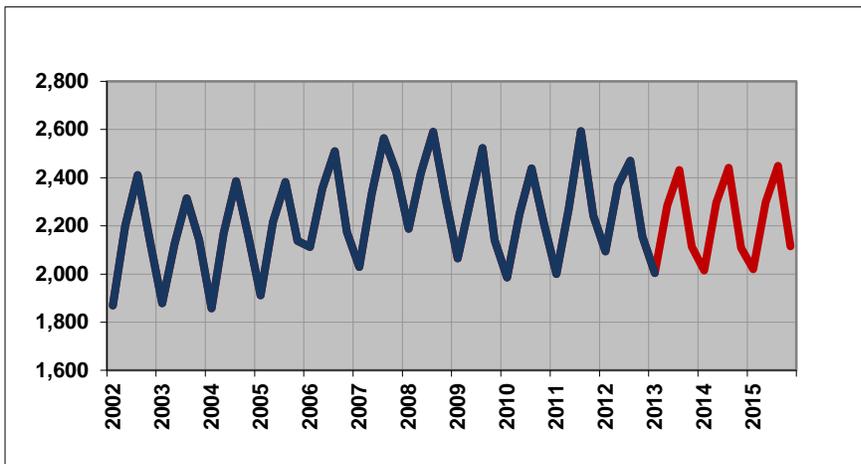
¹ In the QCEW Program, the Research and Analysis Bureau collects and compiles employment and wage data for workers covered by Nevada unemployment insurance laws, and federal civilian workers covered by Unemployment Compensation for Federal Employees. The QCEW staff arranges the data by type of industry according to the North American Industry Classification System (NAICS). They assign each employing unit a NAICS code and location code. After screening the quarterly data, they transmit it to the Bureau of Labor Statistics (BLS). BLS combines all of the states' data for analysis of national economic trends and performance.

two percent, or 23,000 jobs, in 2013. Job gains are predicted to be 26,000 and 30,000 in 2014 and 2015, respectively.



Agriculture, Forestry, Fishing and Hunting

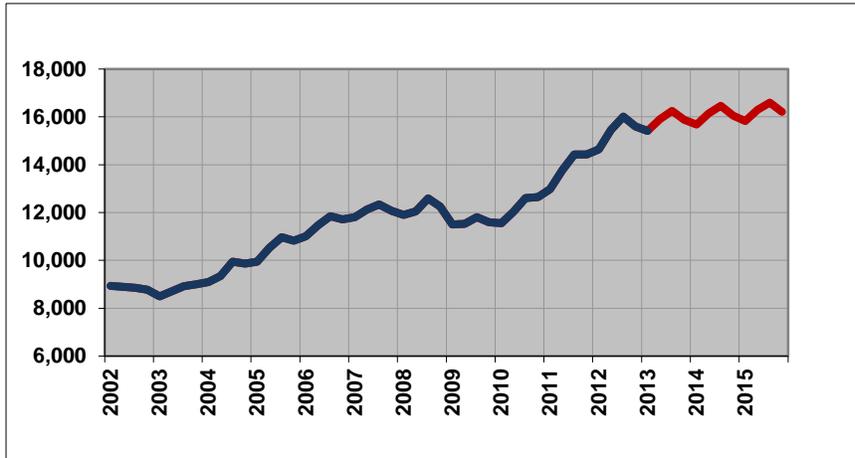
Agriculture is a significant part of rural Nevada. Nevada does not have much employment in forestry, fishing and hunting, so the industry is mainly driven by agriculture. Nevada's agricultural production is primarily focused in livestock and alfalfa hay production. The outlook for the industry is expected to remain relatively flat (after taking into account normal seasonal fluctuations) through the end of 2015.



Mining, Quarrying, and Oil and Gas Extraction

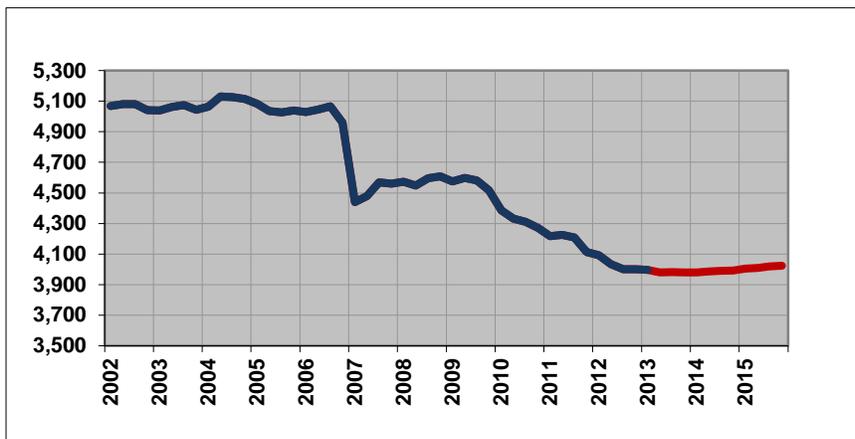
Nevada has a long history of mining and it still continues to be a key contributor to the State's economy, although it is a major industry only in rural Nevada. Gold dominates Nevada's mining base and the price of gold is an important determinant of mining employment. For a decade leading up to last year, Nevada has experienced a modern-

day gold rush fueled by rising gold prices, benefiting rural mining communities. Gold prices have come down from their all-time high reached in the fall of 2011. Lately, employment growth in the mining industry has been increasing at a slower pace, a trend most likely to continue. Our current forecast is estimating 400 additional jobs in 2013 and an additional 400 by the end of year 2015.



Utilities

Nevada's utilities industry employment remained fairly steady until the end of 2006, but has been falling since. The declining trend in employment reflects the use of new technologies and more efficient power plants, requiring fewer workers. We expect a flat outlook for this industry for the forecast period.



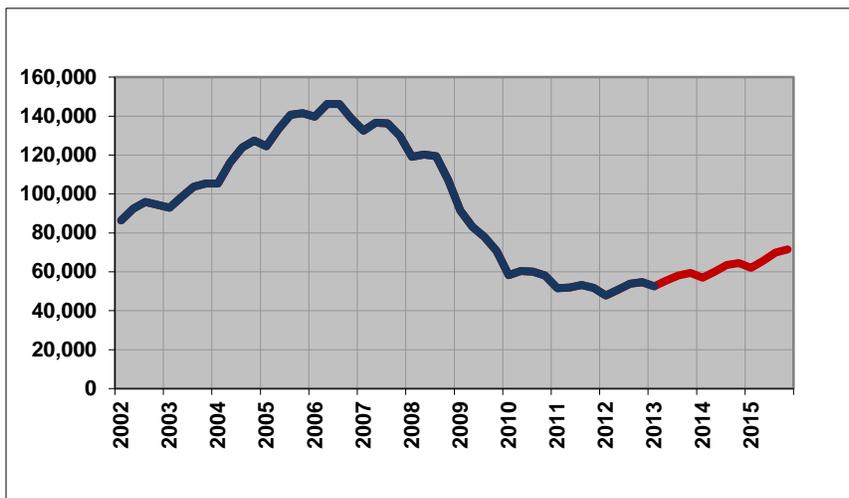
Construction

Nevada experienced a rapid construction boom that was fueled by strong population and employment growth in the two decades leading up to the recession, but also by easy credit and speculation. The housing crisis left Nevada in a deep hole in terms of jobs. Construction employment plummeted for almost six straight years, bottoming out

in 2012. The pronounced losses in construction employment were, in large part, an adjustment from the exceptionally high levels prior to the start of the recession.

Construction activity has picked up, mostly in Southern Nevada, but there are other projects scattered throughout Nevada. In Las Vegas, a number of halted construction projects are resuming in addition to new projects that are underway or in the pipeline. Some of the major projects include Caesars Entertainment's "Linq," MGM Resort International's 20,000-seat indoor sports and events arena, the SLS and Gansevoort, and the Genting Group's plans to build Resorts World Las Vegas on the site of the former Stardust site. Las Vegas Downtown Grand is set for opening this fall on the former site of Lady Luck closed since 2006. Furthermore, housing permits are on the rise, a sign that Nevada's housing market is beginning to show signs of recovery. This is good news as housing construction creates demand for consumer goods and services and has important economic linkages to other industrial sectors, creating the need for realtors, landscapers, etc. However, a sustainable housing recovery will be dependent on employment and income growth.

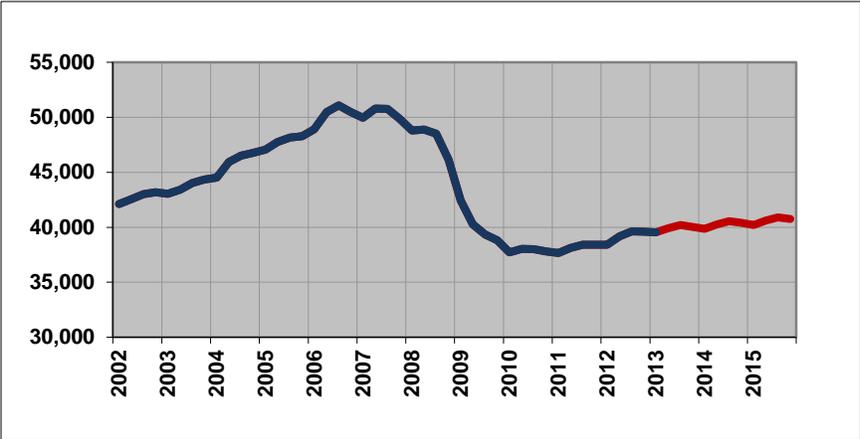
In 2013, we project adding 4,600 construction jobs, with an additional 4,900 and 6,000 jobs in 2014 and 2015, respectively. In 2015, construction jobs would still be 75,000 below the pre-recession peak, almost half the employment it once had.



Manufacturing

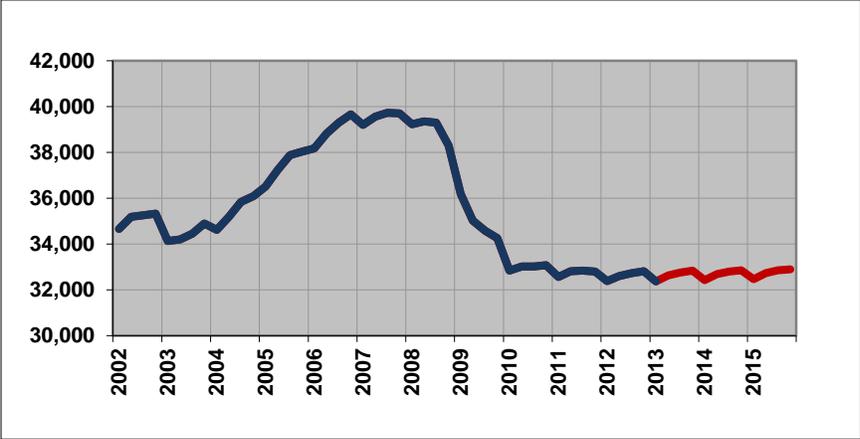
Nevada had a growing manufacturing sector up until six years ago. Manufacturing employment reached its peak in the third quarter of 2006 at 51,100 jobs. Manufacturing is also a source of high-wage jobs, creating a critical multiplier effect on many communities. Manufacturing slumped in the deep recession as households and businesses cut back spending, creating lower demand for factory goods at home and abroad. Employment in this sector took a nose dive during the recession, losing 13,400 jobs from peak to trough, and has been slow to recover.

The manufacturing sector is making a slow but steady comeback, perhaps due the State’s efforts of its economic development on attracting new manufacturing companies to Nevada, and it may just be a sign of a slowly improving economy. In 2013, we forecast 700 more jobs in the manufacturing sector, followed by 400 and 300 jobs in 2014 and 2015, respectively.



Wholesale Trade

The overall economy and domestic demand for goods influence employment in the wholesale trade industry, but logistics management technologies, the Internet, and global competition have had a major impact on wholesale trade activity as well. Technological advances have made distribution more efficient, reducing the need for workers. The Internet has also allowed cutting out “middlemen” in the distribution process. Competition from abroad tends to put downward pressure on prices and hurts the low-margin wholesalers the most. The wholesale sector employment seems to have reached the bottom after a period of downfall since the recession took hold of Nevada’s economy. In the near term, we expect a flat outlook for this industry.

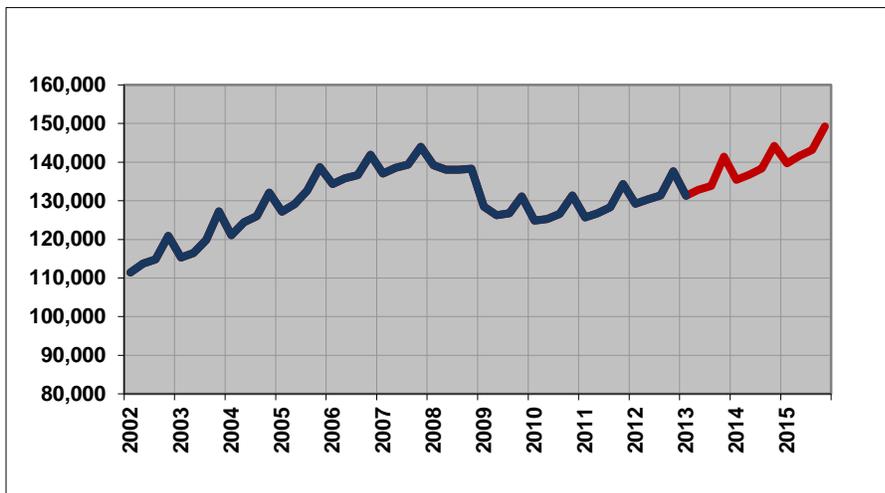


Retail Trade

Southern Nevada, which drives Nevada's economy, is heavily dependent on tourism, conventions, and gaming, which in turn feed the retail industry. Retailers rely on consumer spending and disposable income. The latter two are a reflection of the relative strength of the economy; therefore, it is no surprise that consumption plummeted during the recession. Nevada's economy had a rash of store closings and vacant retail space when the recession hit. As the recession unraveled, retail employment fell by 19,100 from its peak employment of 144,000 at the end of 2007, reaching its post-recession low in the first quarter of 2010. Since then, retail employment has been in recovery.

Improved household balance sheets are facilitating pent-up demand. As job growth accelerates, consumers will gain more confidence. The retail sector in Las Vegas will benefit from the construction developments on and around the strip as many of them include retail space. Some of the positives include the revival of the halted "Shops at Summerlin" project. Construction is already underway, and the Shops are slated to open late 2014 or early 2015.

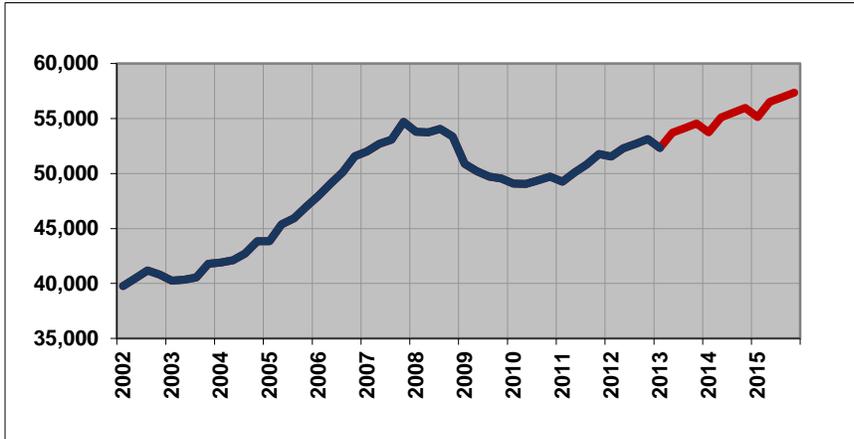
We are forecasting to add 2,700 jobs in 2013 and then 3,800 and 4,800 jobs in 2014 and 2015, respectively.



Transportation and Warehousing (includes post office)

Nevada allows for easy access to major western markets, making it an ideal location for the transportation and warehousing industry. Combined with the State's business friendly tax climate, Nevada is a popular choice for warehousing, distribution, and internet fulfillment centers. This sector lost about 5,700 jobs during the economic downturn. The transportation and warehousing industry has experienced a rapid recovery and is estimated to have 57,400 jobs by the end of 2015, 2,700 jobs above the

peak employment attained in 2007. In 2013, employment is expected to grow by 1,300 jobs, followed by an additional 1,400 jobs both in 2014 and 2015.



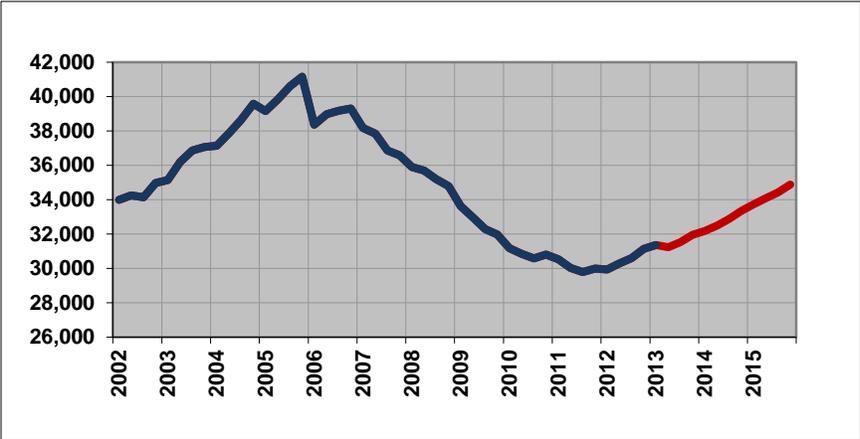
Information

Employment in the information industry has been trending down for some time, mostly driven by the decline in employment in the newspaper, periodical, book, and directory publishers sector. Circulation has been falling largely because of the availability of information on the Internet. Most of the expected growth is being driven by the software publishers and the data processing, hosting, related services, and other information services industries. Technological advances will increase productivity, which will slow the growth of employment in the industry. Motion pictures and broadcasting have generated some unpredictable spikes in employment. The Nevada film tax credit may benefit the employment in this sector. Our outlook for 2013 is flat, but we expect 200 additional jobs by the time the year 2015 unfolds.



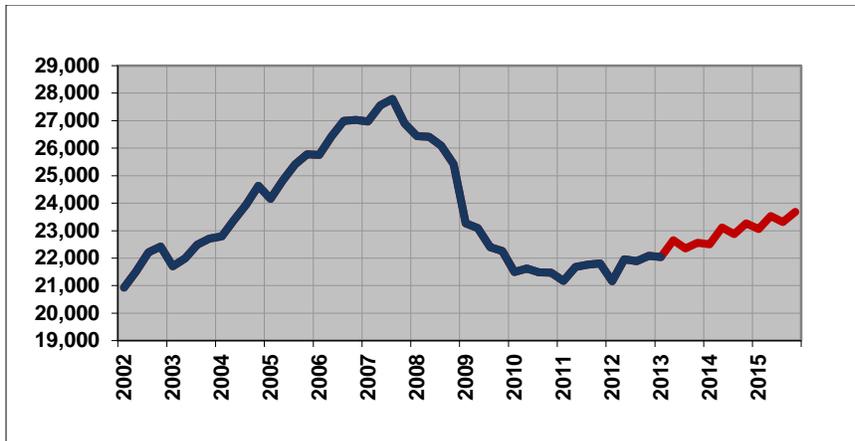
Finance and Insurance

Housing market woes preceded a financial crisis that directly impacted the finance and insurance industry. Employment in the finance and insurance industry already started trending down in 2006 until hitting the bottom in the third quarter of 2011, losing 27.6 percent of the employment. The overall state of the economy will play a major role in the recovery of the finance and insurance industry. The rebound in this sector is particularly related to the strengthening construction industry and housing market. In 2013, we project an additional 1,000 jobs and 1,200 and 1,600 jobs in 2014 and 2015, respectively.



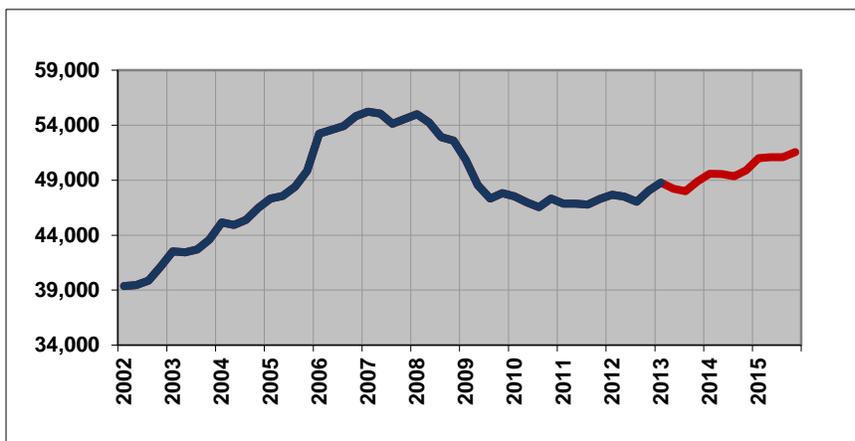
Real Estate and Rental and Leasing

At the height of the real estate boom, employment in the real estate and rental and leasing industry reached its high at 27,900 jobs in the third quarter of 2007. The housing market crash and ensuing financial crisis crippled the industry. As the economic crisis unfolded, the industry lost one-fourth of its jobs. The bottom level of employment was not reached until the first quarter of 2012 with 21,200 jobs. The recovery in this industry is correlated to the rebounding construction industry and the housing market. As Nevada's housing market and economy continues to recover, employment in the industry also is expected to rebound. The forecast for 2013 yields an additional 600 jobs, while it is projected that there will be 500 more jobs added both in 2014 and 2015.



Professional, Scientific, and Technical Services

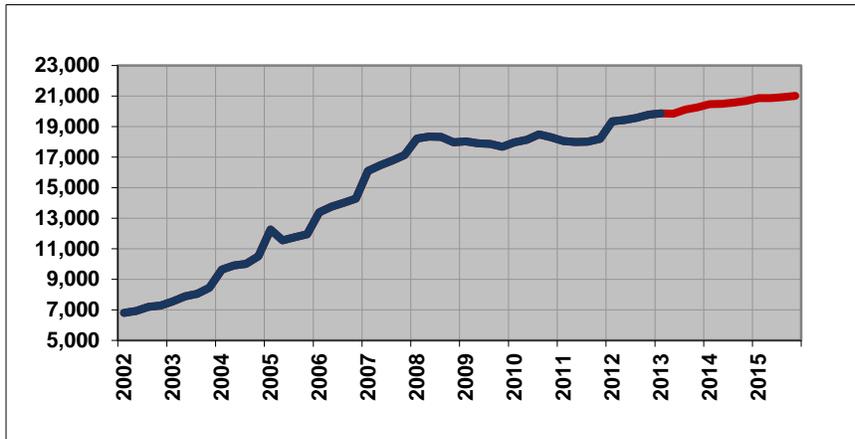
The professional, scientific and technical services industry has begun to recover the jobs lost during the economic downfall. As the Nevada economy grows, businesses will require more services, such as accounting, payroll, computer and business consulting services. As the construction sector recovers, residential and commercial buildings will require more architecture, engineering, design and inspection services. Some other growth drivers in this industry will be an increased need for network and computer systems security, mobile technologies, and the health care industry's technological needs. This year, we estimate to add 900 new jobs and 1,100 and 1,600 jobs in 2014 and 2015, respectively.



Management of Companies and Enterprises

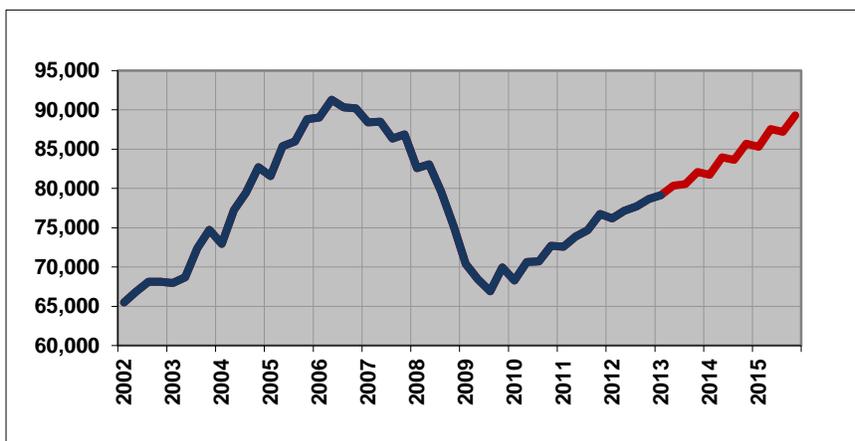
The management of companies and enterprises industry includes corporate headquarters and holding companies. Nevada's advantages in attracting these types of companies are the business-friendly tax structure and regulatory environment. Employment in the industry has steadily increased because of the competitive

advantages just mentioned. We expect 500 additional jobs this year and another 500 next year, with an additional 400 jobs added in 2015.



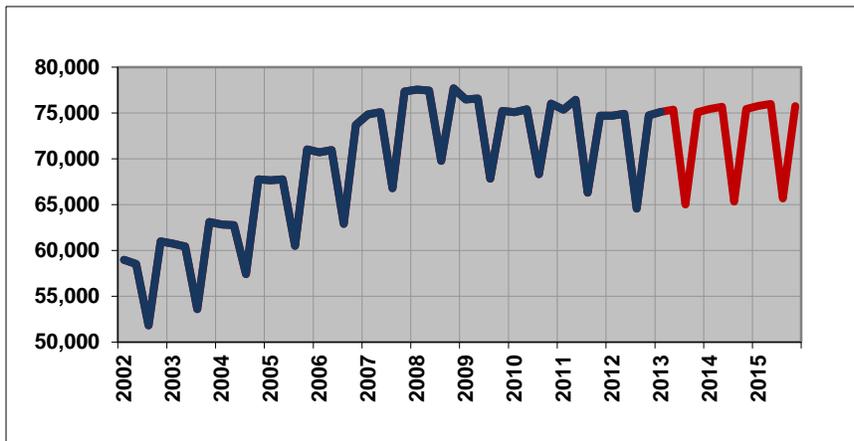
Administrative and Support and Waste Management and Remediation Services

The growth in this industry stems from overall growth; there will be more need for facilities support as firms contract out such activities as security, landscaping and janitorial services. This industry is also a home to the employment services industry, which comprises employment placement agencies, temporary help services, and professional employer organizations and houses the convention and trade show organizers. The growth of this sector is expected to increase as the economy grows, although at a slower pace than in the pre-recession period. Our forecast shows steady growth with 3,100 new jobs in 2013 and 3,200 and 3,600 jobs in 2014 and 2015, respectively.



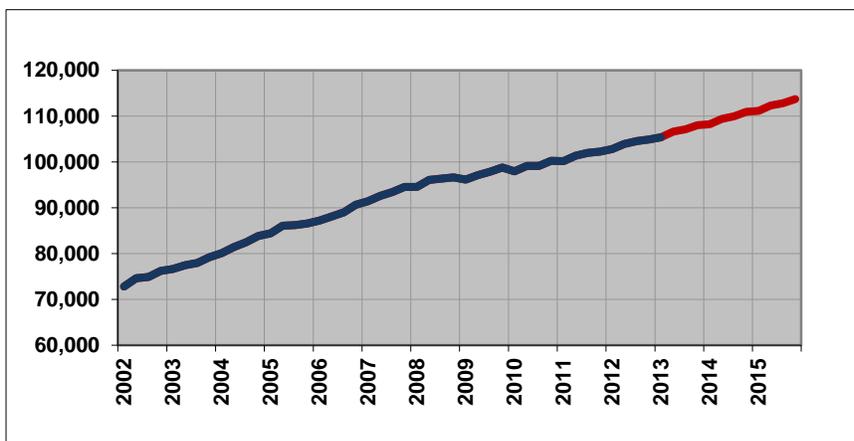
Education (includes public education)

In the last decade, Nevada's population grew at the fastest pace in the country. When the recession hit, Nevada experienced an exodus out of the state that had a slight impact on school enrollment. The education sector experienced a reduction in the workforce as the recession crippled education funding. In the near term, there are no major changes expected to school enrollment. Given that colleges and universities are publicly funded, with expected resources set through the current biennium, we expect the education sector to grow ever so slightly in the next two years, increasing by about 1,100 jobs.



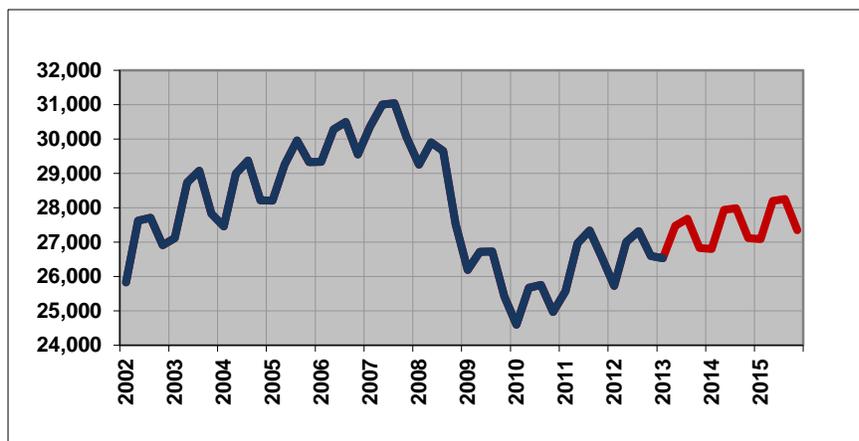
Health Care and Social Assistance (includes public hospitals)

Demographics are the main driver of the growth in the number of jobs in the health care and social assistance sector. Employment in the individual and family services industry, which provides a variety of social assistance to children, elderly people, people with disabilities, and others, is projected to increase as well. Our projections predict an additional 2,800 jobs in 2013, with an equal amount added both in 2014 and 2015.



Arts, Entertainment, and Recreation

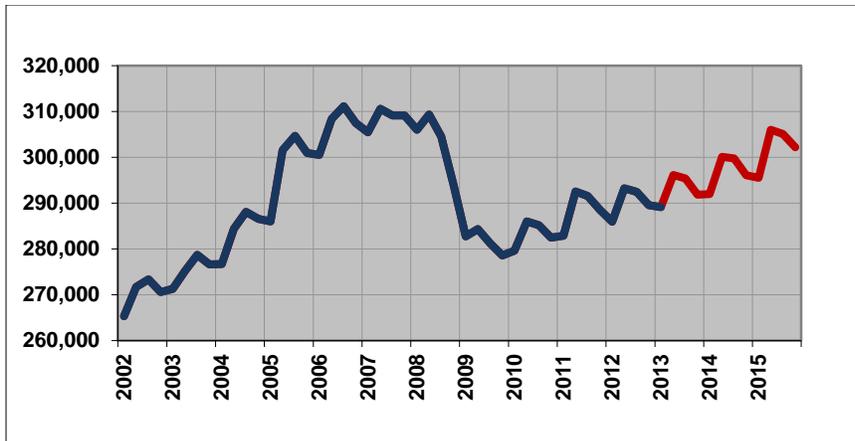
The arts, entertainment and recreation sector is a relatively small sector in terms of employment. This sector benefits from overall economic growth and depends on discretionary spending by locals and tourists. In 2013, the projected growth is 500 additional jobs, with an additional 600 in the following two years.



Accommodation and Food Service

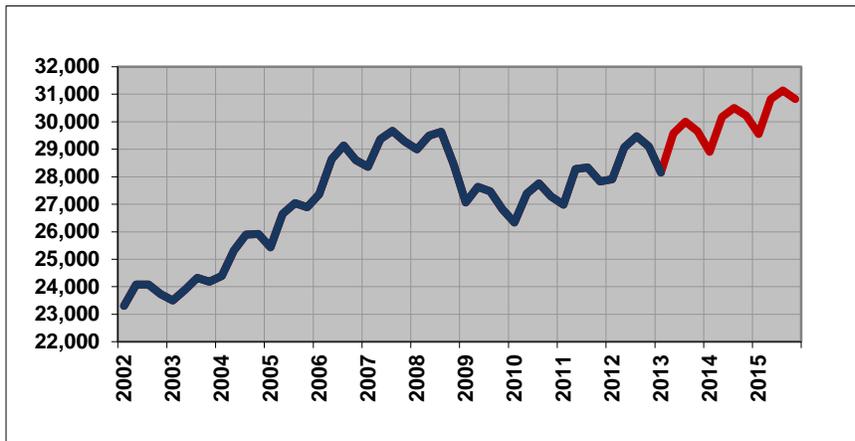
The hospitality and food service industry has the largest share of employment in Nevada, accounting for about a quarter of all jobs in the State. Most hospitality and food services jobs are concentrated in the Las Vegas area. The fact that the Las Vegas economy is dependent on tourism and has a consumption-based economy makes it very susceptible to the national economy's ups and downs. The success of the industry thus depends on people having disposable income to spend.

Employment in the accommodations and food services industry reached its peak in the third quarter of 2006. The recession left cost this sector 32,600 jobs before the post-recession bottom was reached in the fourth quarter of 2009. Tourism related employment has steadily increased since the end of the recession. Construction developments on and around the Las Vegas strip will have a significant impact on the accommodations and food services sector employment. The forecast estimates 2,800 additional jobs in 2013. We expect further gains of 3,900 and 5,200 jobs in 2014 and 2015, respectively.



Other Services

Employment in the other services industry is highly correlated with the macro economy. This industry includes entities such as repair and maintenance services and personal and laundry services. The use of these services will increase as the economy creates more jobs and consumer incomes increase. It is projected that the other services industry will have 500 new jobs in 2013, with 600 jobs added both in 2014 and 2015.



Government (excludes post office, education and hospitals)

The public administration sector consists of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area. This sector excludes public hospitals, public schools and federally run post offices that are included elsewhere in this forecast.

Employment in the public administration sector experienced a steady increase leading up to the start of the recession, reaching its peak in the third quarter of 2008 with 75,900 jobs. Public administration employment has been greatly reduced due to state and local

government budget shortfalls as a result of the weak economy. From peak to trough, Nevada lost 7,400 public administration jobs, or 9.7 percent, most of them in local government. Job losses halted in the third quarter of 2012. In 2010, there was a temporary peak in the federal government employment driven by the 2010 decennial census as seen in the graph below. Currently, public administration employment is 68,600, 9.5 percent below peak levels. Our prior forecast came within 200 jobs from the actual employment levels. We project a flat outlook for government jobs due to fiscal constraints.

