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**DETR's RESEARCH AND ANALYSIS BUREAU**  
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### **Nevada Projected to See Continued Labor Market Improvement**

Carson City, NV —Nevada Department of Employment, Training and Rehabilitation's (DETR) Research and Analysis Bureau predicts Nevada's labor market will continue to show marked improvement through 2017, said Bill Anderson, chief economist.

“This is the first forecast in which we are predicting that employment will surpass the peak levels achieved in 2007, set to occur in late 2016,” Anderson said.

Nevada lost about 175,000 jobs from peak to trough during the recession. 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. Job gains have continued to accelerate into 2014, though 2014:1Q still stands nine percent (116,000 jobs) below the peak, he said. Expectations are that total covered employment will expand 3.1 percent, or by 36,000 jobs, in 2014. Job gains are predicted to be 41,000 in 2015, 44,000 in 2016, and 49,000 in 2017.

One particular area of note, is the construction industry, which was the hardest hit during the recession. “In 2014, we project adding 6,700 construction jobs, with an additional 7,700 jobs in 2015, 8,600 jobs in 2016 and 9,800 jobs in 2017,” Anderson said. “In 2017, construction jobs would still be 56,000 below the pre-recession peak.

In 2014, we forecast 1,200 more jobs in the manufacturing sector, followed by 1,000 in 2015, 1,400 in 2016, and 2,800 in 2017, when the bulk of Tesla's employment will be filled. We are projecting 4,000 additional retail trade jobs in 2014 and then adding 3,400 jobs in 2015, 3,800 jobs in 2016, and 4,300 jobs in 2017.”

The full report from the Research and Analysis Bureau follows this release.

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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 (2014:IIQ – 2017: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 Economic Forum, the Employment Security Council, and the Governor's Workforce Investment Board.*

## **Methodology and Background**

Using statewide employment data from the Quarterly Census of Employment and Wages (QCEW)<sup>1</sup>, 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 2014 through the last quarter of 2017.

## **Total Employment**

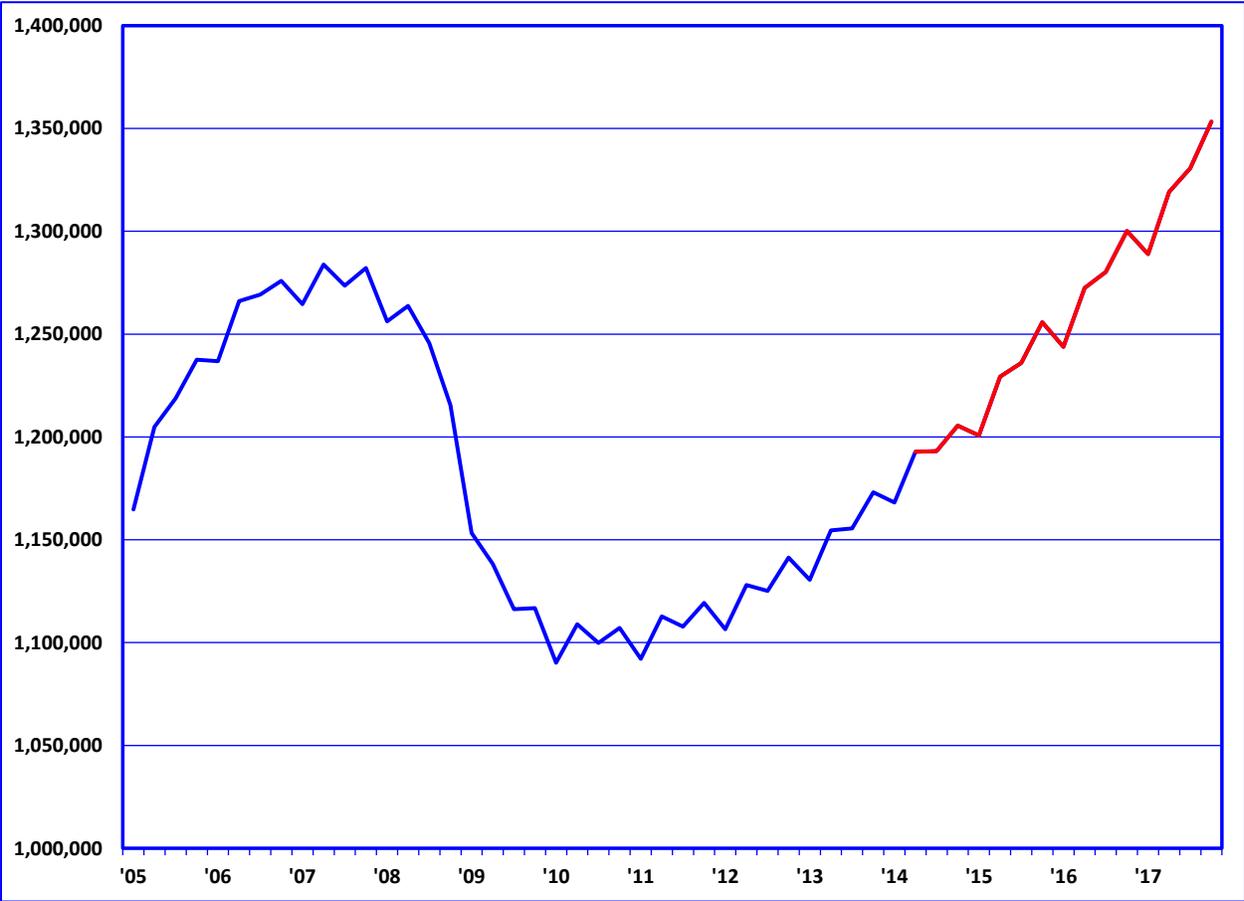
Nevada was the most negatively affected state during the recession, mostly due to above average levels of employment in the construction industry and the State's reliance on tourism and gaming. Both of these sectors were extremely hard-hit by the economic downturn. Nevada's initial recovery lagged the 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 3.6 percent, was higher than that for 48 other states.

This is the first forecast in which we are predicting that employment will surpass the peak levels achieved in 2007; set to occur in late 2016. To put this in perspective, Nevada lost about 175,000 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. Job gains have continued to accelerate into 2014, though 2014:IQ still stands nine percent (116,000 jobs) below the peak. Expectations are that total covered

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<sup>1</sup> 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.

employment will expand 3.1 percent, or by 36,000 jobs, in 2014. Job gains are predicted to be 41,000 in 2015, 44,000 in 2016, and 49,000 in 2017.

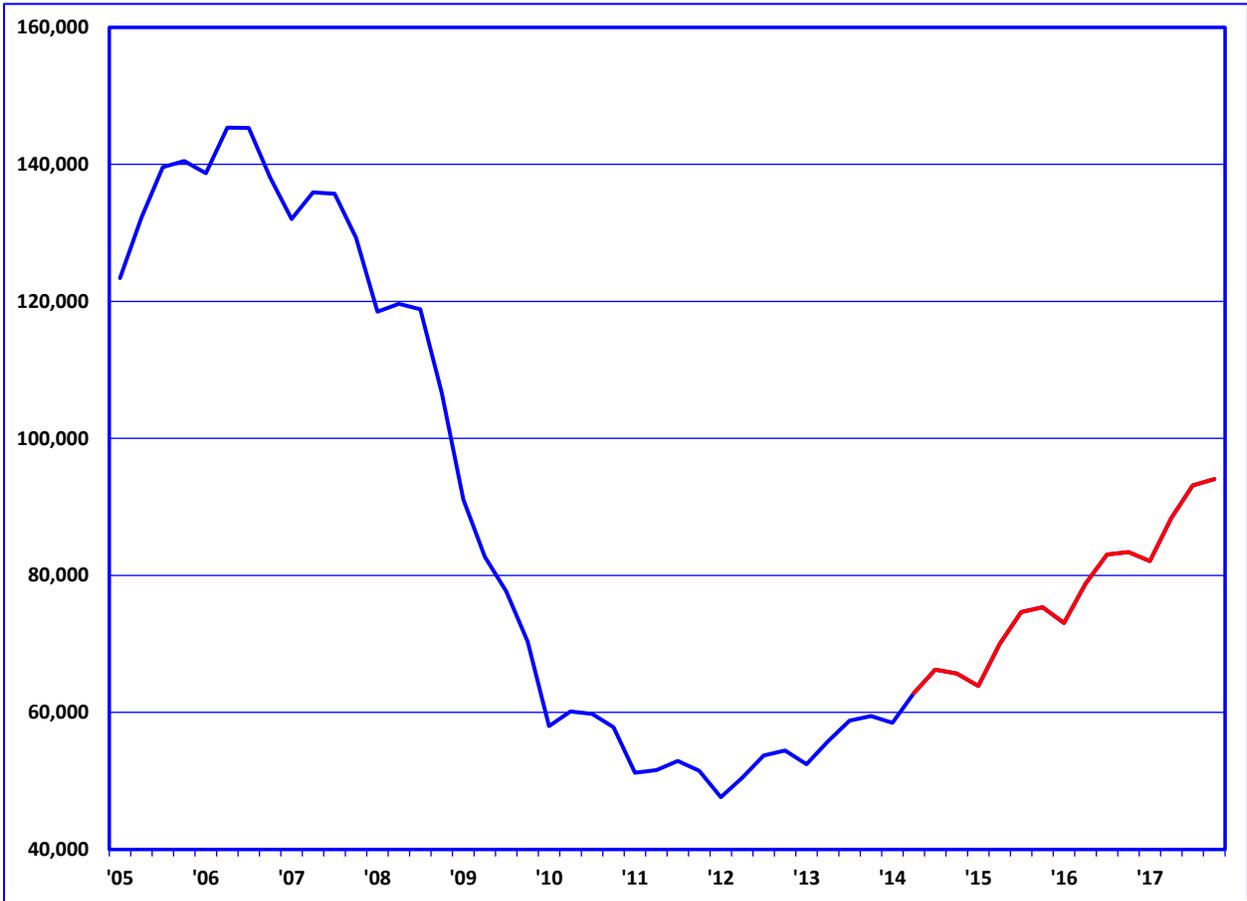


# Construction

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 turned positive again after the 2012 trough, and has been trending upwards since. This growth is being driven by projects in both the northern and southern metro areas. Notably in the north is the Tesla battery manufacturing plant, which plans to begin operations in 2015. In southern Nevada, construction on the Strip is coming back with the Genting project on the former Stardust/Echelon site, and the new arena.

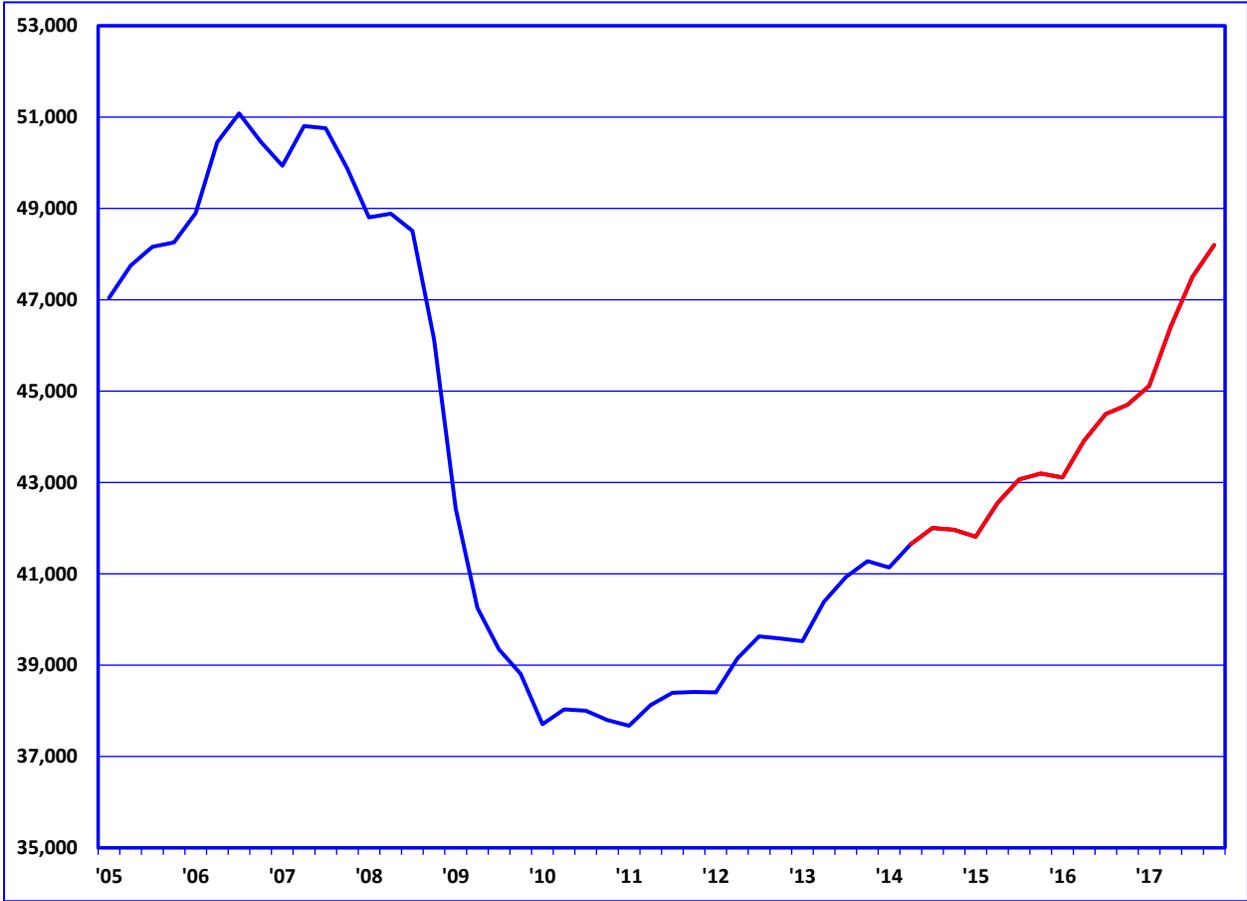
In 2014, we project adding 6,700 construction jobs, with an additional 7,700 jobs in 2015, 8,600 jobs in 2016 and 9,800 jobs in 2017. In 2017, construction jobs would still be 56,000 below the pre-recession peak.



# Manufacturing

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. However, the manufacturing sector is gearing up for a true rally in the coming years, on the back of Tesla's giga-factory. The employment gains that will be realized at this one facility will account for approximately 14 percent of manufacturing employment in the Silver State.

In 2014, we forecast 1,200 more jobs in the manufacturing sector, followed by 1,000 in 2015, 1,400 in 2016, and 2,800 in 2017, when the bulk of Tesla's employment will be filled.

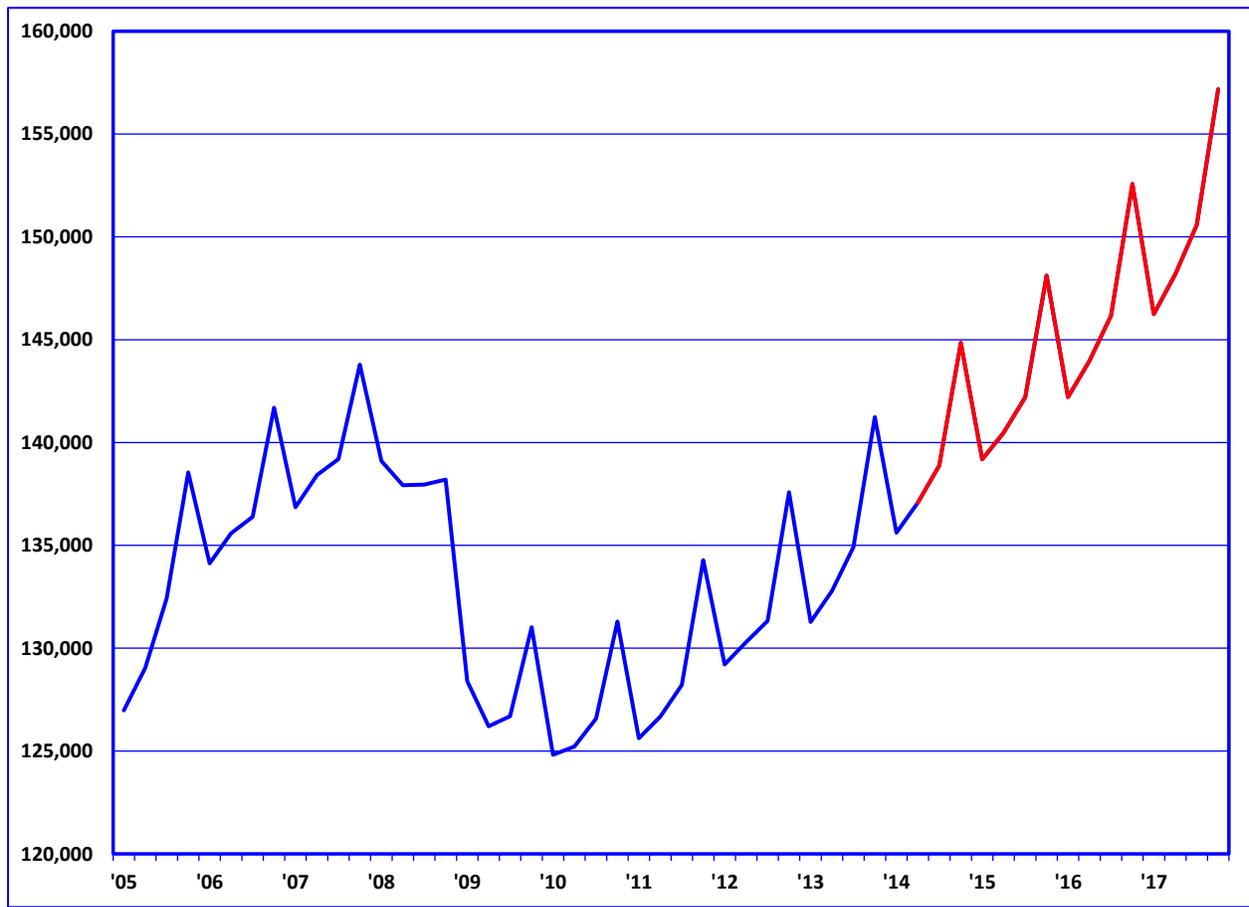


## Retail Trade

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 unfolded, 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.

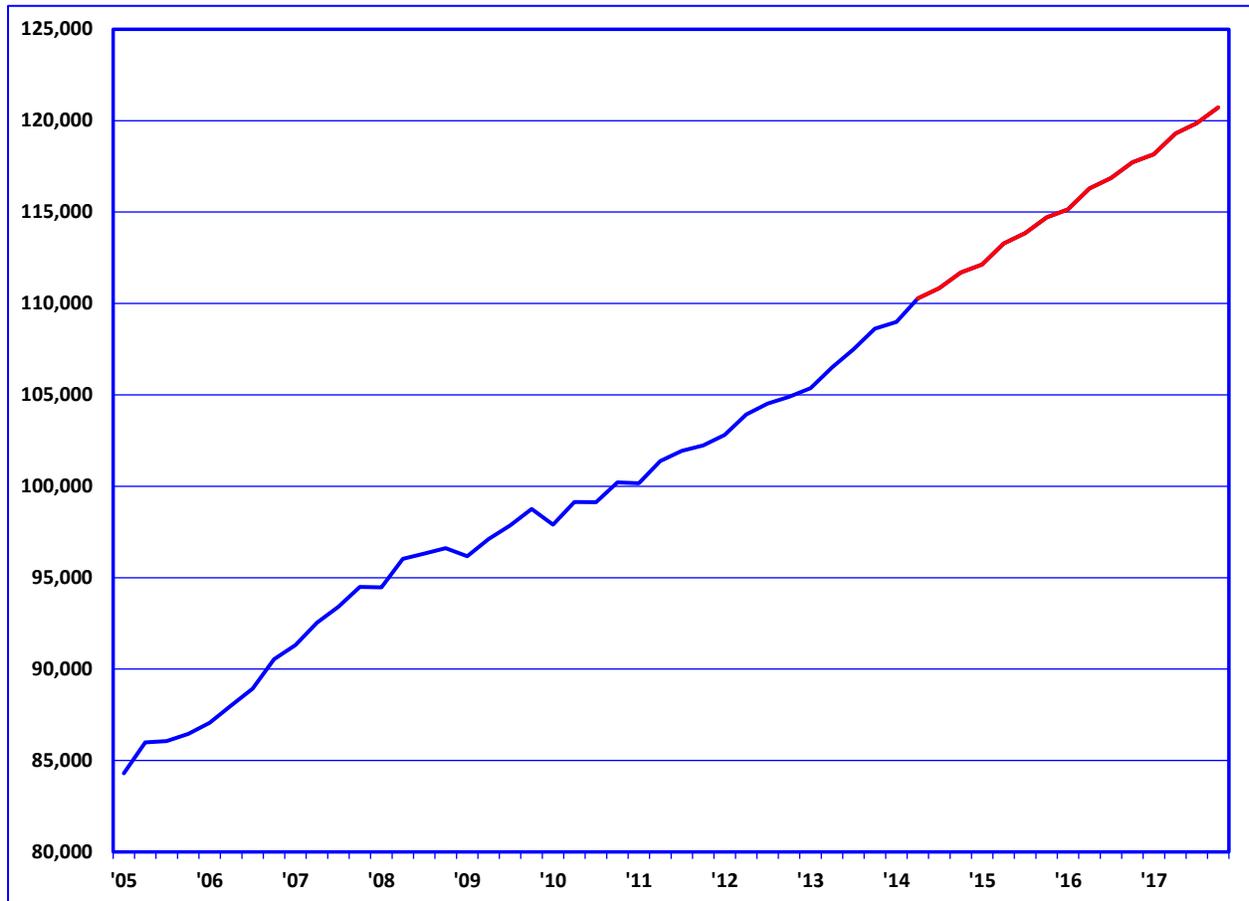
Improved household balance sheets are facilitating pent-up demand. As job growth accelerates, consumers will gain more confidence. The retail sector in Las Vegas will benefit from the construction developments on and around the Strip as many of them include retail space.

We are projecting 4,000 additional jobs in 2014 and then adding 3,400 jobs in 2015, 3,800 jobs in 2016, and 4,300 jobs in 2017.



## 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 3,400 jobs in 2014, and an additional 3,000 jobs in 2015, 2016, and 2017.



# 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 accommodation and food services industry reached its peak in the third quarter of 2006. The recession 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 accommodation and food services sector employment. The forecast estimates 9,400 additional jobs in 2014. We expect further gains of 12,000 jobs in 2015 and 2016, and 13,000 jobs in 2017.

