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Nevada Unemployment Rate Up In October *Housing Slump and Tourism Season May Be the Reason*

The statewide unemployment rate rose slightly to 4.2 percent from 4.0 percent in October 2006, according to figures released by the state Department of Employment, Training & Rehabilitation (DETR). However, Nevada's seasonally adjusted rate is still lower than the U.S. rate, which dropped from 4.6 percent in September to 4.4 percent in October.

Officials point to the housing slump as a partial reason for the slight increase. The construction industry reported fewer jobs in October after months of strong employment gains.

"We've been hearing for a while that Nevada's housing market was losing momentum," said Terry Johnson, DETR director. "It's not surprising that the unemployment rate has been adversely affected. This slight increase, however, is not reason for alarm. Nevada's unemployment rate remains below the national average and employers are still adding jobs at a remarkable rate."

Another reason for the increase in unemployment is the end of Nevada's tourism season. The leisure and hospitality industry reported fewer jobs, which reflects the normal seasonal trends. The construction sector, the primary driver of Nevada's employment growth, varied significantly from the statewide trend.

The construction industry added an average of 2,000 jobs per month from February through September, continuing the strong growth trend seen in 2004 and 2005. However, the October data *may* signal the end of that trend. Construction employment fell by 700 jobs statewide in October.

Though residential construction is experiencing a slowdown, the commercial construction industry remains robust, Johnson said. With major projects slated throughout the state, construction workers can reasonably expect their skills to be in high demand.

The casino hotels and gaming sector have grown modestly since Wynn Las Vegas opened in April 2005. The Palazzo at the Venetian, the Encore at Wynn Las Vegas, Project City Center and Echelon Place are just a few of the projects that will give a boost to Nevada's largest industry.

Governor Kenny Guinn said that such a slight increase is not surprising given the time of year, and the current housing market: "Nevada is still in good shape. " We're still adding an impressive number of jobs and have a remarkable amount of commercial construction on the horizon. Even with residential construction slowing down, Nevada's job force continues to grow at a fast pace, thus creating the need for new housing."

Ballot questions in the recent elections could possibly affect labor markets in the future. DETR's Research and Analysis Bureau will be watching to see if taverns that serve food begin to lay off kitchen workers in favor of keeping gaming machines and bar patrons who smoke. Question five, which passed, forbids smoking in establishments that serve hot food. The bureau will also attempt to measure whether employers will add fewer new jobs because of the hike in minimum wage.

"It's too soon to predict what will happen," Johnson said. "The smoking measure and increase in minimum wage are two issues we will be looking at very closely. " However, October was too soon to see an affect from the ballot questions, but in the near future, we may start to see some changes in employment trends due to these new laws."



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 connect businesses and workers.