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Nevada's Unemployment Climbs to 4.6 percent in May, Higher than the National Rate of 4.5 Percent

Nevada's unemployment rate hit 4.6 percent in May, surpassing the national average of 4.5 percent for the first time in five years according to the Department of Employment, Training & Rehabilitation (DETR).

The job growth rate a year ago for Nevada was 5.2 percent. It has now dropped to 2.2 percent for the last 12-month period which is the lowest it's been since October 2002, said Terry Johnson, DETR director. However, it is still higher than the national average, which is 1.4 percent.

"We are definitely experiencing a narrowing of the gap between the state and the rest of the nation in job growth and unemployment, Johnson said. " Although May was not our best month in terms of the unemployment rate, we are still adding jobs to the economy — more jobs than the rest of the nation, just at a slower pace than what we are used to seeing."

From 2003 to 2005, Nevada ranked first in job growth in the nation, now it ranks about sixth, he said. There is a combination of factors leading to a higher unemployment rate and the slowing of job growth.

"People are continuing to move to Nevada at a tremendous pace, but unfortunately the labor market has not been able to absorb that growth as quickly as in the past," Johnson said. "This is why we can continue to register a fair amount of job growth, but continue to see a rise in the unemployment rate."

Johnson said the housing slump is one of the leading causes of the rising unemployment rate. The continuing decline in the sale of new and existing homes has put a crimp in Nevada's economic health for the past several months, he said.

From 2003 to 2006, employers added nearly 50,000 residential and commercial construction jobs to the economy. The state has lost about 6,000 of those jobs since last summer. During the construction boom, Nevada added about 1,300 construction jobs per month, Johnson said.

Construction industry employment is nearly 3 percent lower statewide than a year ago, he said. Additionally, the closure of the Stardust and pending closure of the New Frontier hotel and casinos in Las Vegas have contributed to a loss of jobs in the gaming industry. This is coupled with the fact that no large new properties have opened since the Red Rock in April 2006.

DETR has seen a 25 percent increase in the number of unemployment insurance claims by construction related workers in the past year. This industry includes all occupations ranging from construction office workers to carpenters.

Additionally, there has been a 58 percent increase in the number of claims by food prep and service workers over the year, which includes the time since the passing of Ballot Questions 5 and 6, raising minimum wage and banning smoking.

"Since our last report in March, the rate of increase of claims from the food service sector has climbed by another seven percent," said Johnson. "It appears that there could be a link between the smoking ban and the number of workers at restaurants and bars losing their jobs."

Another factor contributing to the rise in unemployment includes other business closures, such as Merrilat Industries and HCA Billing Center in Las Vegas.

"Nevada is near the low point of its business cycle," Johnson said. "Following the opening of the Mirage resort nearly 20 years ago, Las Vegas saw a wave of casino openings about every three years, sustaining a high rate of growth for most of the 1990s."

In the past seven years, Wynn Las Vegas is the only mega-resort to open. There were some smaller hotel casinos to open in the same time period.

"The good news is, there are major projects on the horizon that will bring a much-needed boost to Nevada's labor market," Johnson said. "New gaming properties will add tens of thousands of workers and growth in tourism will generate new jobs in such industries as slot machine manufacturing, linen services, uniform supply and more."

According to the Las Vegas Convention and Visitors Authority, nearly 10,000 new rooms will become available in 2008. About 16,000 more will open in 2009 and more than

5,000 are scheduled to come on line in 2010. The 40,000 new rooms that will become available in the next five years will mark Las Vegas' largest expansion ever.



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.