

DIRECTOR
Larry J. Mosley



GOVERNOR
Jim Gibbons

OFFICE OF THE DIRECTOR

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Contact for this release
Bill Anderson, Chief Economist
775-684-0387

Nevada's Unemployment Jumps to 6.2 Percent in May

Carson City, NV —Nevada's unemployment rate surged 0.5 percent to 6.2 percent in May. It is the highest the rate has been since May 1994, said Chief Economist Bill Anderson with the Nevada Department of Employment, Training & Rehabilitation. The national unemployment rate is 5.5 percent.

“The Nevada economy is reeling under the coupled effect of a long-term housing slowdown and sky rocketing fuel prices,” Anderson said. “Most of the increase can be attributed to a seasonal surge in the labor force that was not met by typical job growth.”

Nevada's industrial job growth was down 0.7 percent from May 2007 to May 2008. Unemployment rates were up by nearly 2 percent in each of Nevada's three metropolitan statistical areas from year-ago levels, and employment growth was decidedly negative ranging from -0.5 percent in Las Vegas to -2.1 percent in Carson City. May marks the third straight month of year-over-year declines in employment growth.

“There is fear that record fuel prices may weaken the economy further,” Anderson said. “Gas prices reached record highs on a nearly daily basis in May as the price for a barrel of oil topped \$140 for the first time ever. For an economy reliant on cheap travel options for its visitors, high fuel prices can have a particularly negative effect.”

In April, auto traffic to Las Vegas and Reno was down 7.8 percent and 4.6 percent, respectively. Airline passenger counts were down 5.5 percent at McCarran International airport from April 2007 to April 2008. Reno-Tahoe International saw its passenger counts decline by 12.7 percent over the same time frame. Given the decrease in demand, some major airlines are beginning to cut regularly scheduled flights to Nevada.

“At nearly two years old the housing slump continues to wreak havoc on the Nevada economy, but there are signs that problems in the resale market may finally be working themselves out,” Anderson said. “Sales of existing homes have been increasing in recent months in response to lower prices, though most of the sales are bank-owned, short sales or in foreclosure status. Those looking for a turn around in construction employment for new housing should not expect to see a turn around any time soon. Permits for new

residential buildings remained nearly non-existent in April, and industry experts are now estimating a gradual turn around starting sometime in 2009.”

A lack of available credit for commercial construction projects is changing expectations as a number of proposed projects are being scaled back or shelved completely, Anderson said. Despite lowered expectations for some projects, a number of large scale privately funded projects continue to move forward and should give employment numbers a boost over the year to come. The Legends at Sparks Marina, a \$1 billion project, is set to open an initial slate of stores in the fall. The center piece of the project is Scheels, a 250,000 square foot sporting goods store. The site also features an up scale outdoor mall and plans for a casino hotel. In Las Vegas the \$9.2 billion CityCenter will have 18 million square feet of public space and feature five hotels and residential projects. The development is considered the largest privately-financed project in the United States.

“While times are tough right now, Nevada workers should see some light at the end of the tunnel by 2009 Anderson said.



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