

Nevada Quarterly Employment Forecast (2013:IVQ – 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.

Methodology and Background

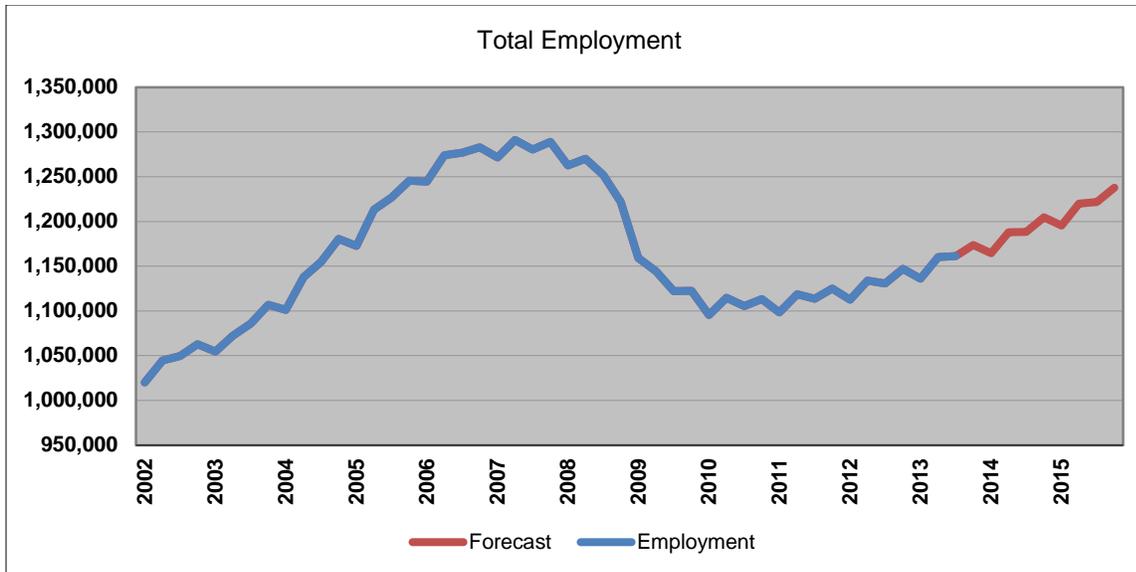
Using statewide employment data from the Quarterly Census of Employment and Wages (QCEW)¹, employment levels are forecasted using standard time series techniques with monthly data. The final output is then averaged to quarterly values. These models can be supplemented with “local knowledge,” such as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

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 third quarter of 2013 (the most recent available quarter from QCEW) is still 10 percent below the peak level attained in the second quarter of 2007, a difference of 129,700 jobs. Expectations are that total covered employment will expand 2.4 percent, or 26,800 jobs, in 2013. Job gains are predicted to be 29,000 and 32,000 in 2014 and 2015, respectively.

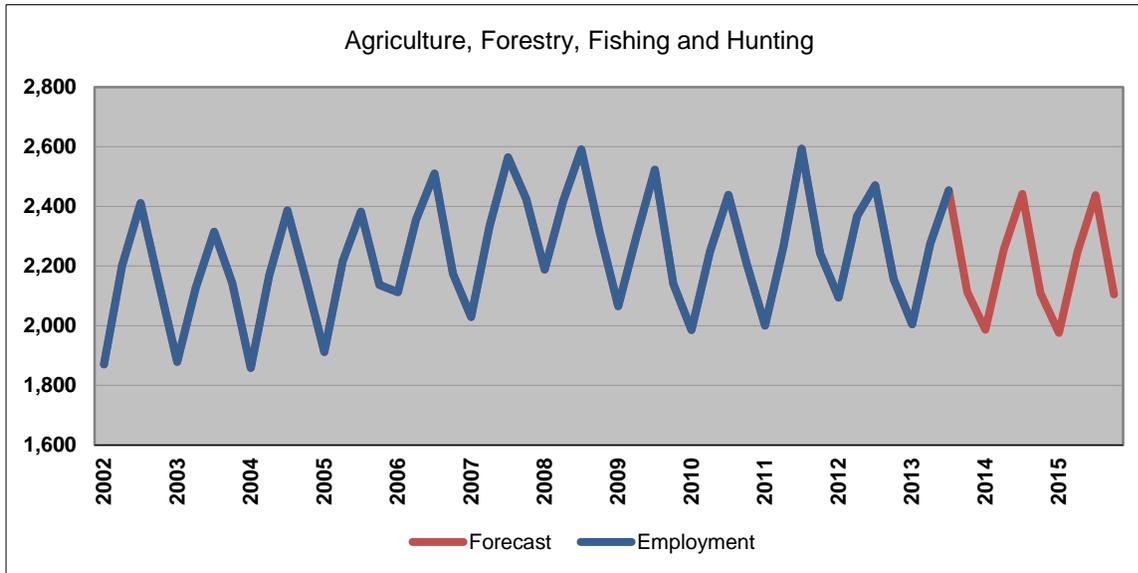
¹ In the QCEW Program, the Research and Analysis Bureau collects and compiles employment and wage data for workers covered by Nevada unemployment insurance laws, and federal civilian workers covered by Unemployment Compensation for Federal Employees. The QCEW staff arranges the data by type of industry 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.



Industry Title	2012-2015 Change Forecast (Oct 2013)	2012-2015 Change Forecast (March 2014)	Forecast Change
Agriculture, Forestry, Fishing and Hunting	-51	-81	-30
Mining, Quarrying, and Oil and Gas Extraction	809	-185	-994
Utilities	-18	-70	-53
Construction	15536	15411	-125
Manufacturing	1419	3247	1828
Wholesale	105	1040	935
Retail Trade	11270	11133	-138
Transportation and Warehousing (includes post office)	4069	2693	-1376
Information	-5	67	72
Finance and Insurance	3785	1587	-2198
Real Estate and Rental and Leasing	1626	1522	-105
Professional, Scientific, and Technical Services	3619	2962	-656
Management of Companies and Enterprises	1382	1974	593
Administrative and Support and Waste Management and Remediation Services	9909	7942	-1968
Education (includes public education)	1071	4046	2975
Health Care and Social Assistance (includes public hospitals)	8450	9233	783
Arts, Entertainment, and Recreation	1059	2006	947
Accommodation and Food Service	11874	21125	9252
Other Services	1697	1647	-50
Government (excludes post office, education and hospitals)	683	401	-283
Total Employment	78289	87701	9411

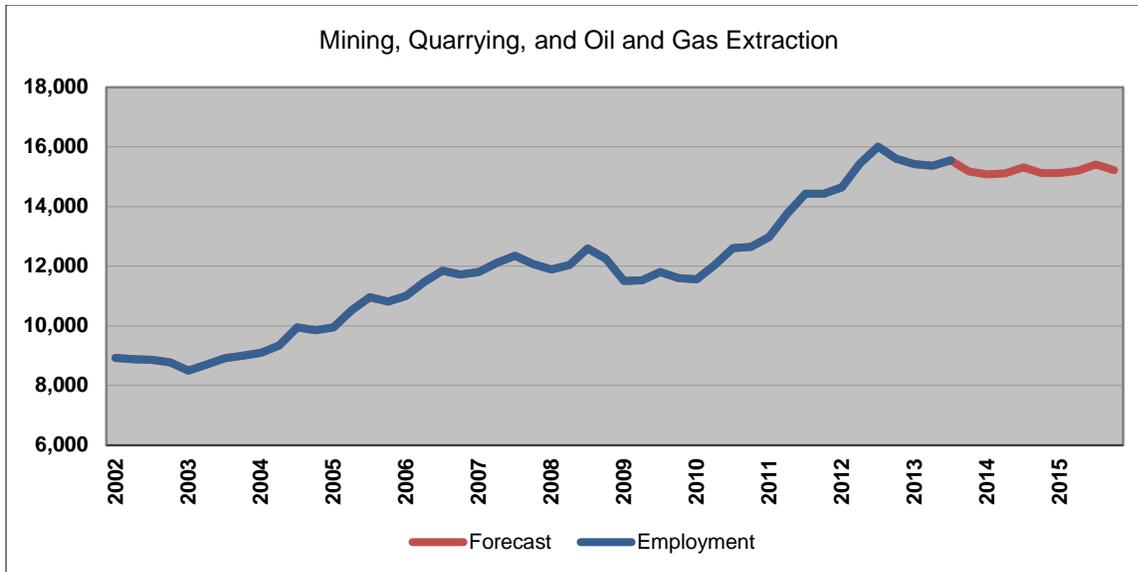
Agriculture, Forestry, Fishing and Hunting

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.



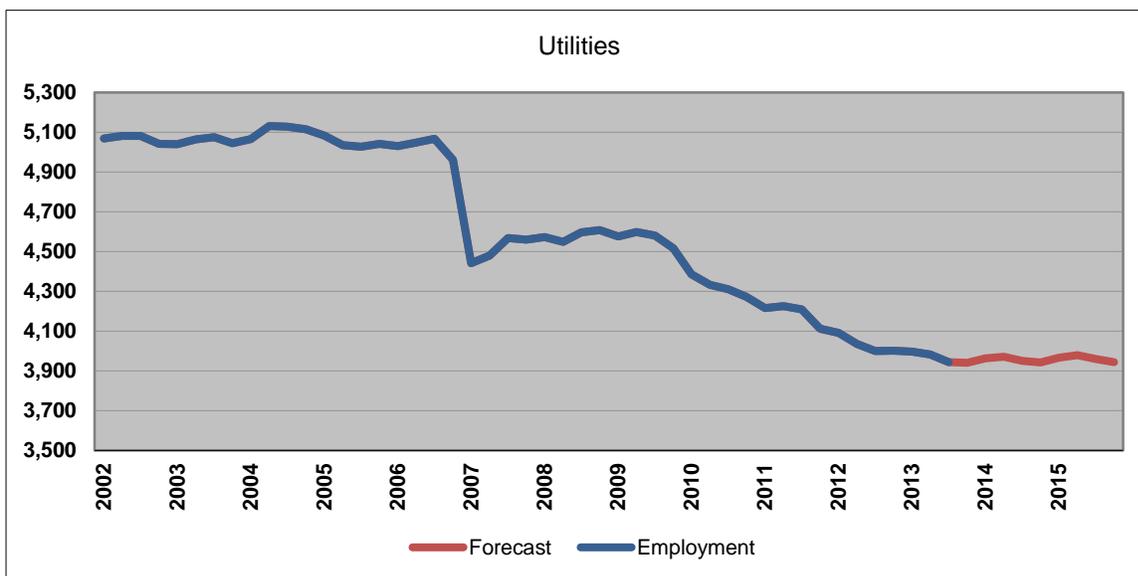
Mining, Quarrying, and Oil and Gas Extraction

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. Employment growth in the mining industry has been negative for the last two quarters on a year ago basis. Our current forecast is estimating the mining industry to remain relatively flat in the next two years.



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.



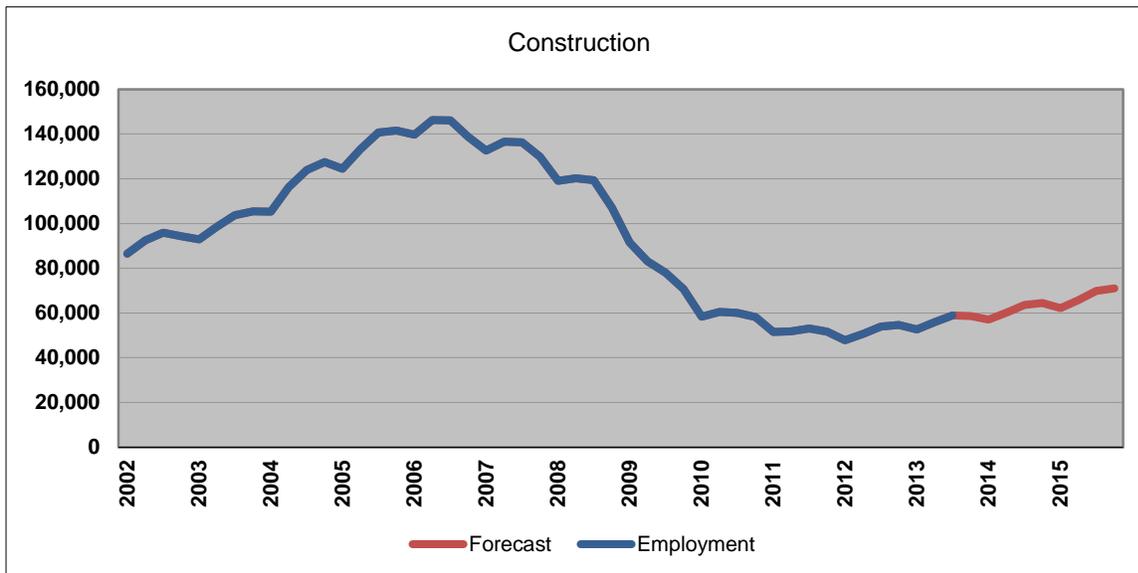
Construction

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, the Cromwell, and the Genting Group's plans to build Resorts World Las Vegas on the north end of the Las Vegas Strip. Furthermore, housing permits and starts 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 4,800 construction jobs, with an additional 10,700 jobs in the following two years. At the end of 2015, construction jobs would still be 75,100 below the pre-recession peak, almost half the employment it once had.

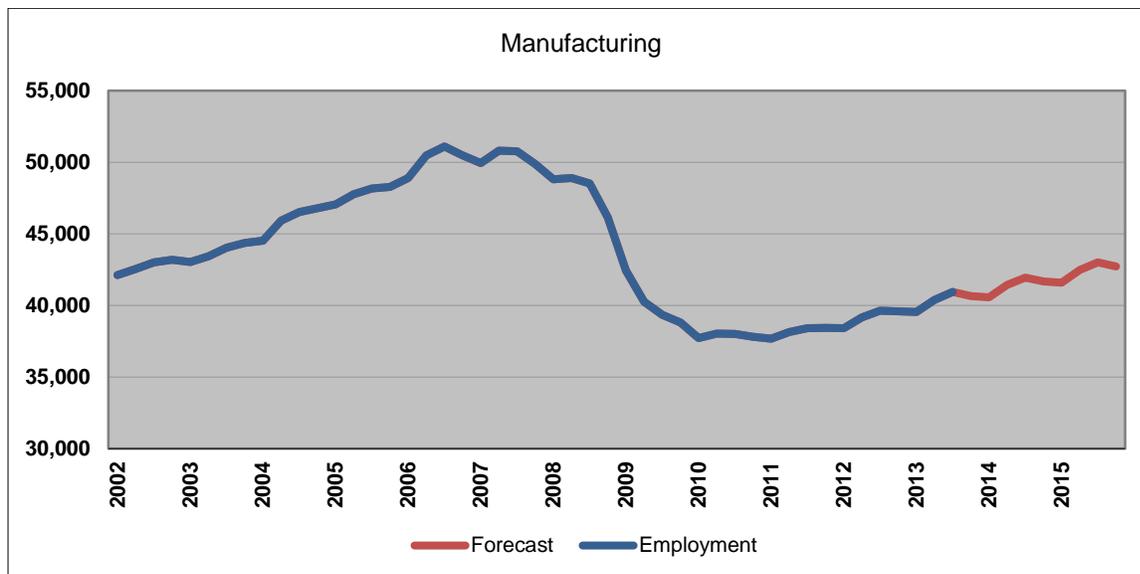


Manufacturing

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

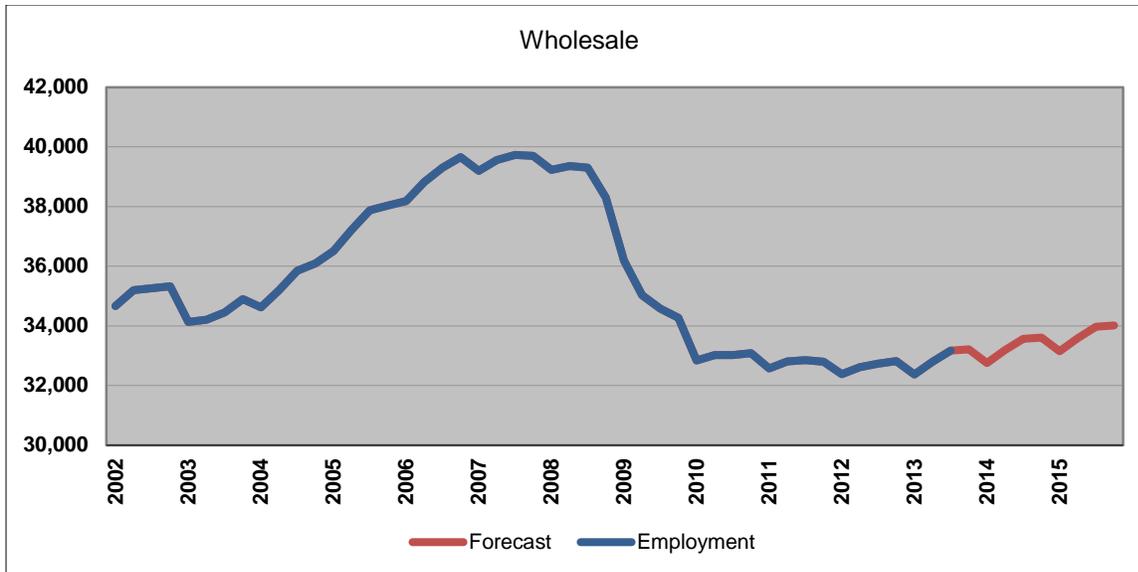
abroad. Employment in this sector took a nose dive during the recession, losing 13,400 jobs from peak to trough, and has been slow to recover.

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 1,200 more jobs in the manufacturing sector, followed by 1000 jobs both in 2014 and 2015.



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 modest growth for this industry. Job gains in 2013 are expected to be 300, followed by similar increases in 2014 and 2015.



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.

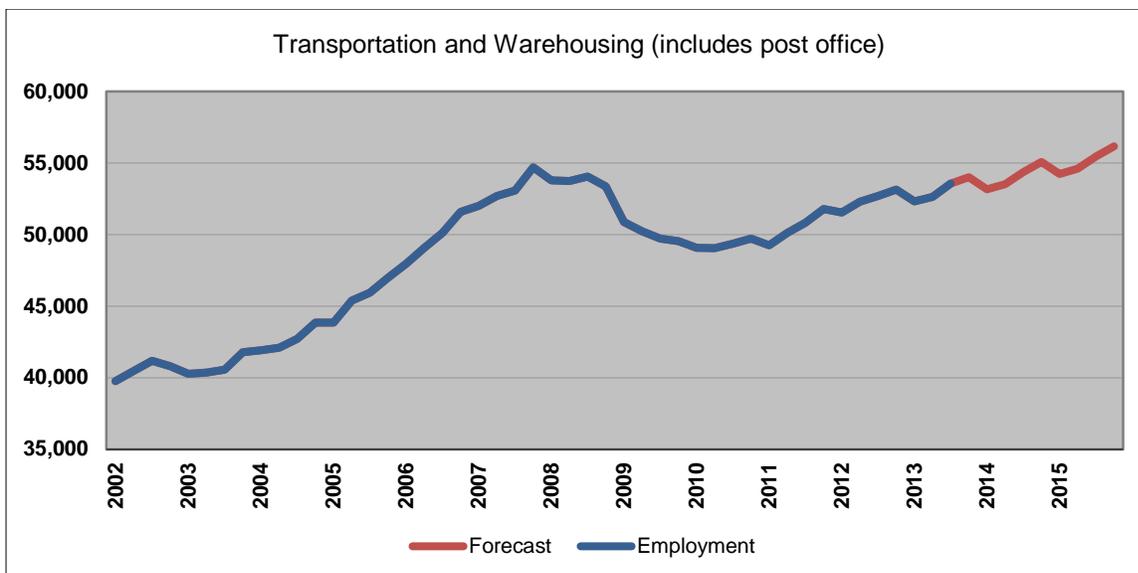
Improved household balance sheets are facilitating pent-up demand. As job growth accelerates, consumers will gain more confidence. The retail sector in Las Vegas will benefit from the construction developments on and around the strip as many of them include retail space. Some of the positives include 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 3,000 jobs in 2013 and then 3,800 and 4,400 jobs in 2014 and 2015, respectively.



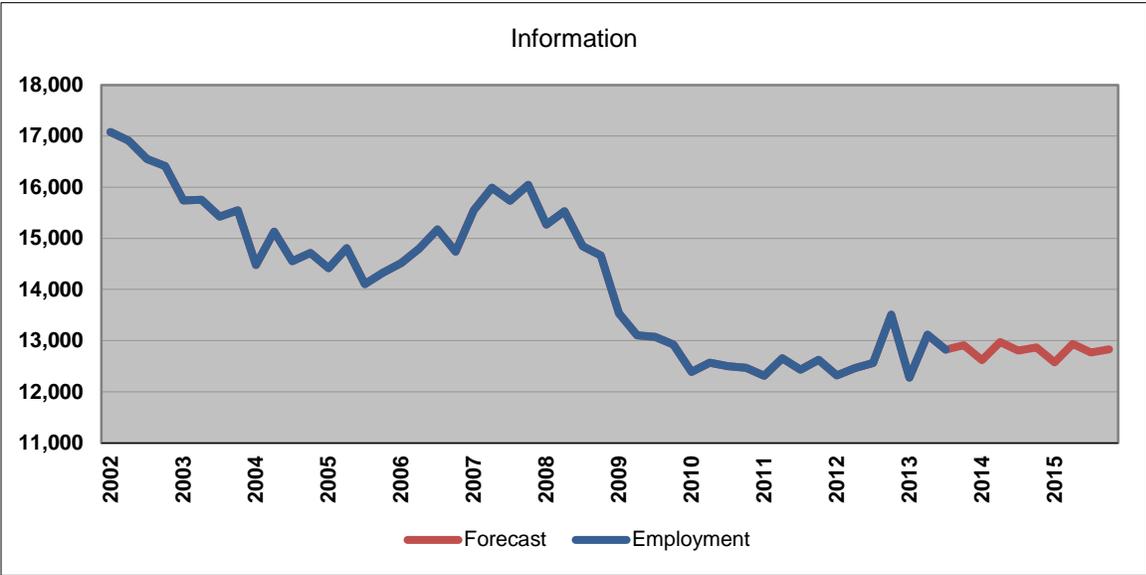
Transportation and Warehousing (includes post office)

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 56,200 jobs by the end of 2015, 1,500 jobs above the peak employment attained in 2007. In 2013, employment is expected to grow by 700 jobs, followed by an additional 900 and 1,100 jobs in 2014 and 2015, respectively.



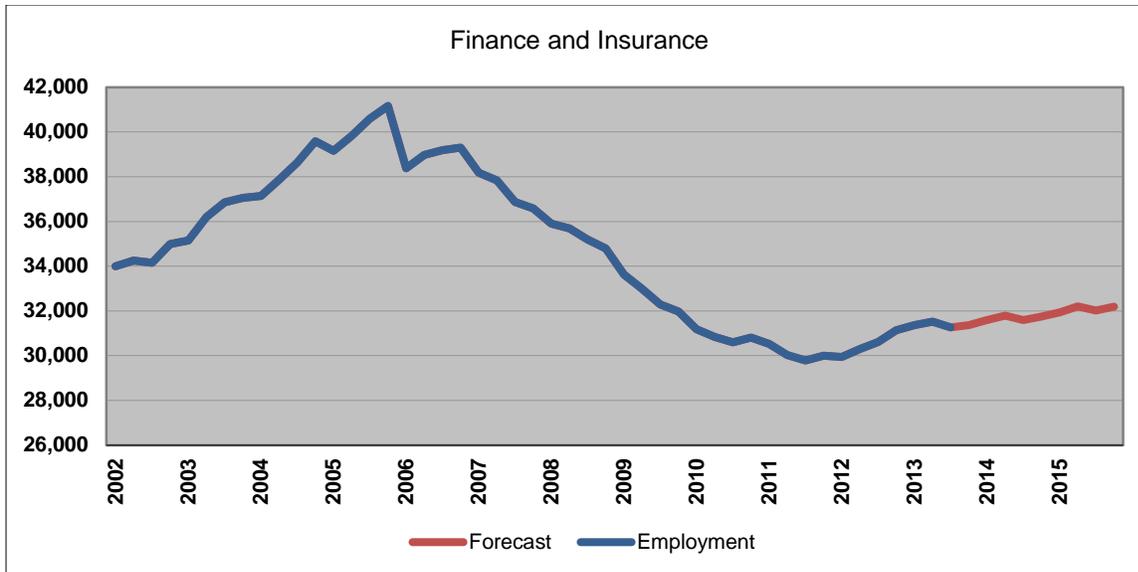
Information

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 near outlook for the information industry is expected to remain flat.



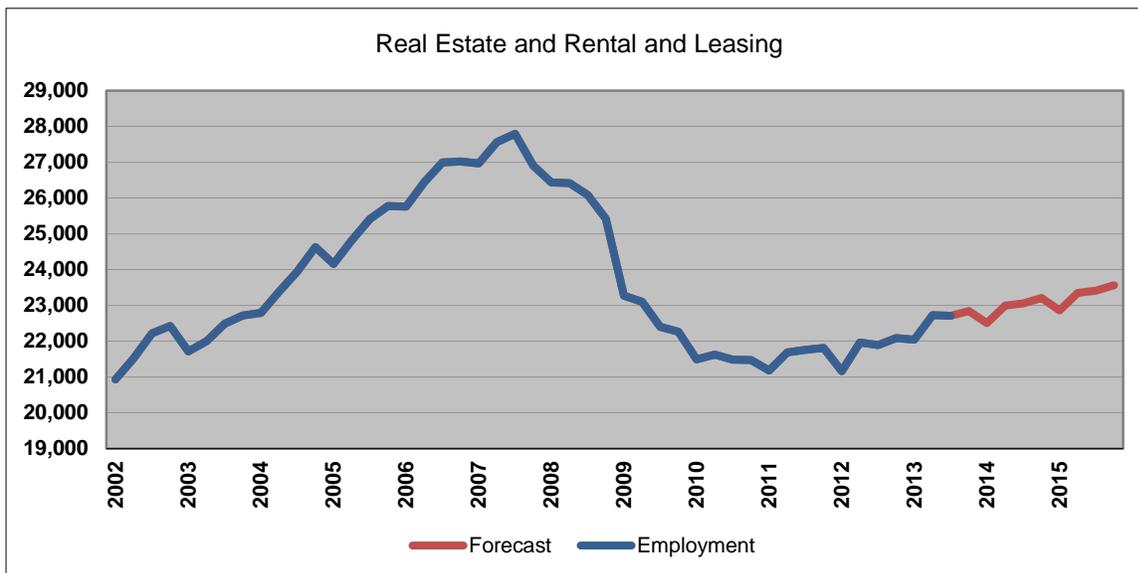
Finance and Insurance

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. In 2013, we project an additional 900 jobs and 300 and 400 jobs in 2014 and 2015, respectively.



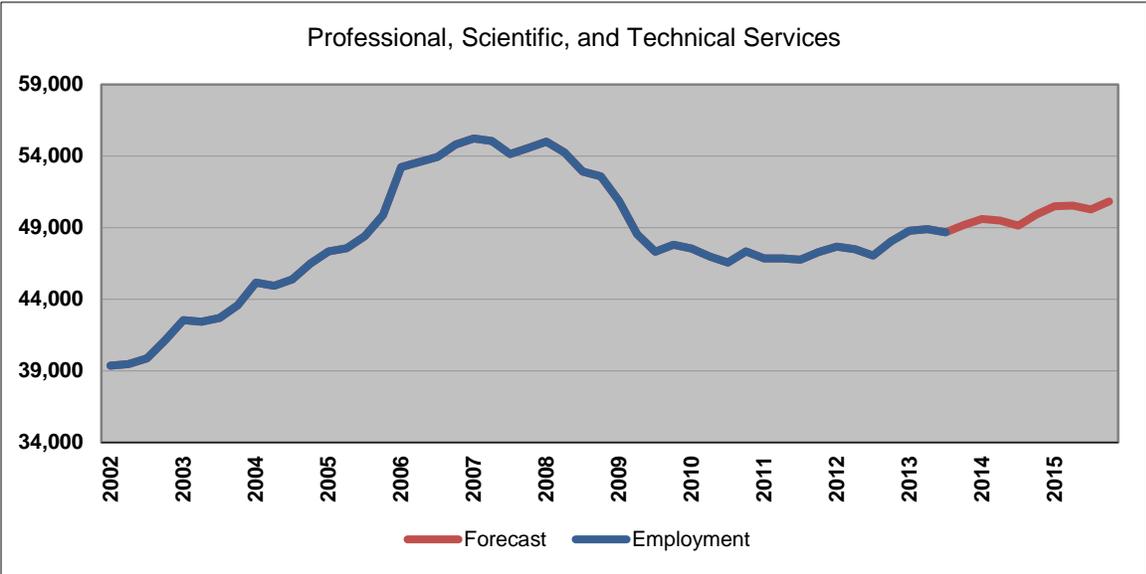
Real Estate and Rental and Leasing

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 800 jobs, while it is projected that there will be 400 more jobs added both in 2014 and 2015.



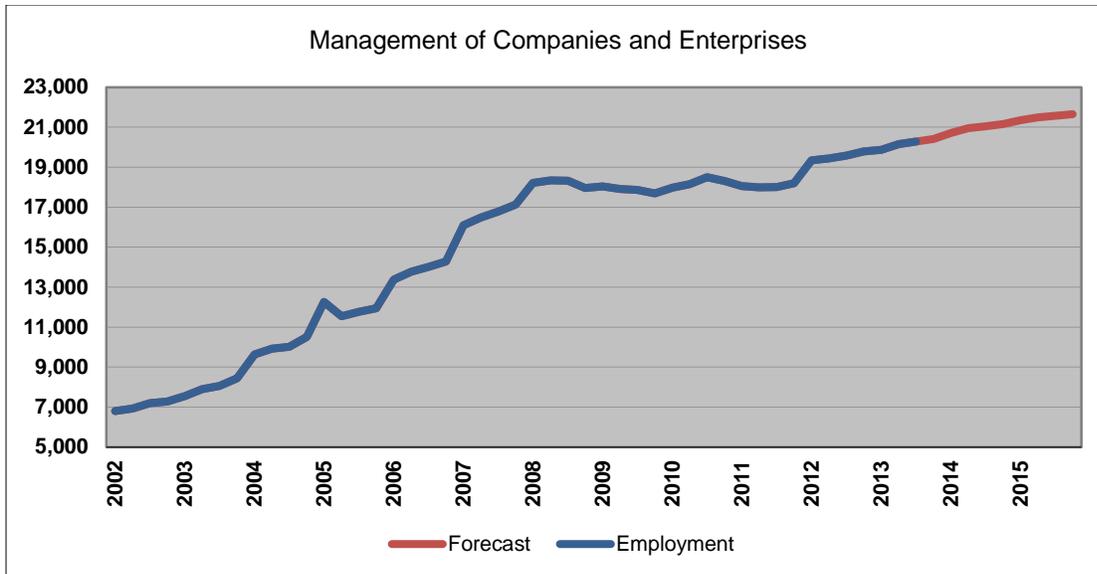
Professional, Scientific, and Technical Services

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 1,300 new jobs and 700 and 1,000 jobs in 2014 and 2015, respectively.



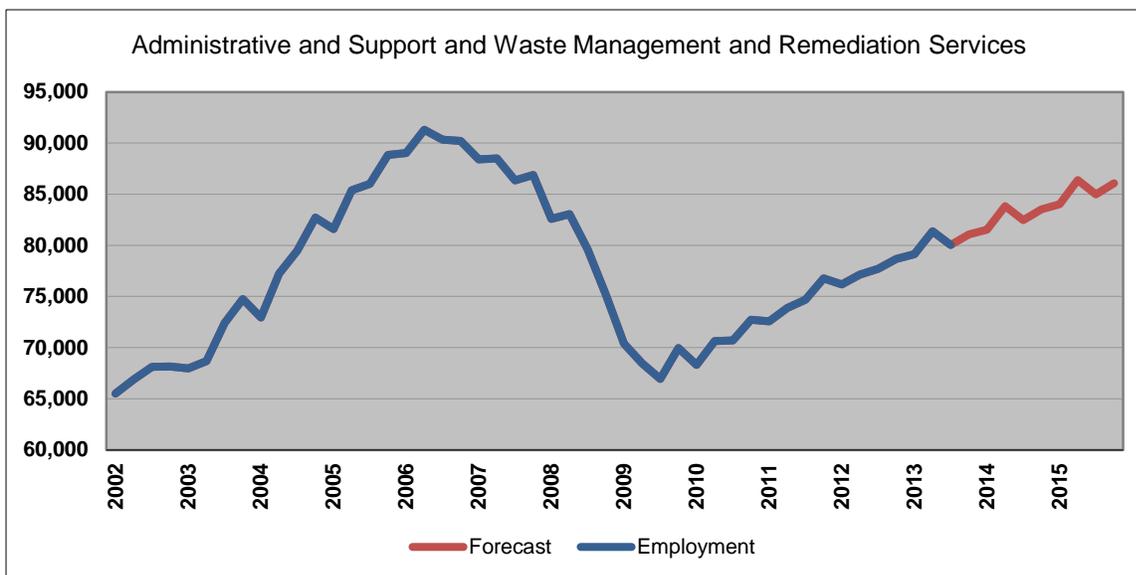
Management of Companies and Enterprises

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 600 additional jobs this year and another 800 next year, with an additional 500 jobs added in 2015.



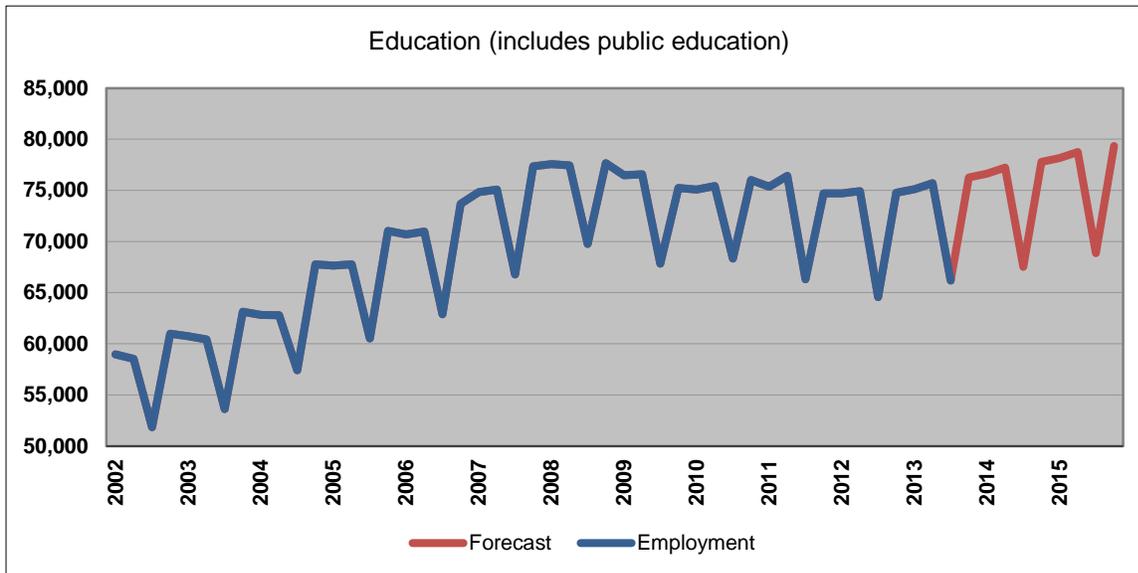
Administrative and Support and Waste Management and Remediation Services

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 3,000 new jobs in 2013 and 2,500 jobs both in 2014 and 2015.



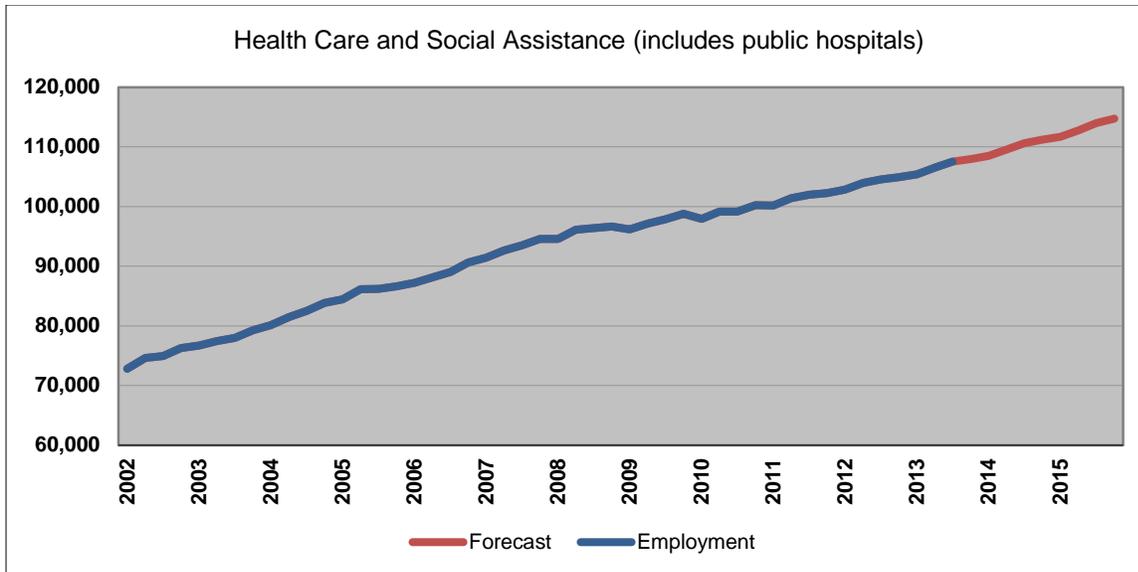
Education (includes public education)

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. Also, 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 an additional 1,100 jobs in 2013, with similar gains in the following two years.



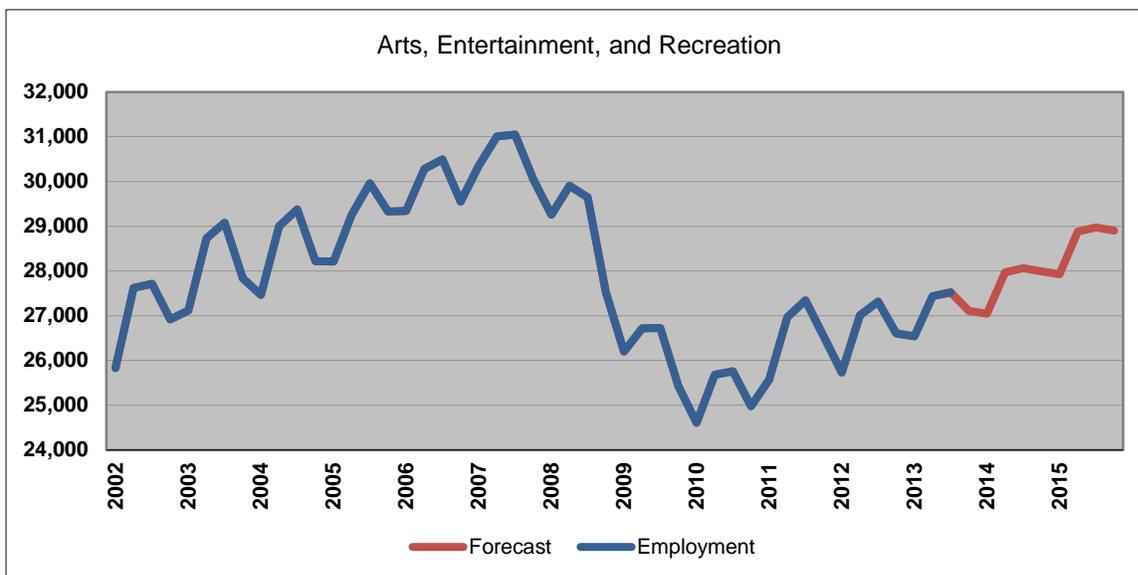
Health Care and Social Assistance (includes public hospitals)

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 3,100 and 3,300 jobs added in 2014 and 2015, respectively.



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 1,500 in the following two years.

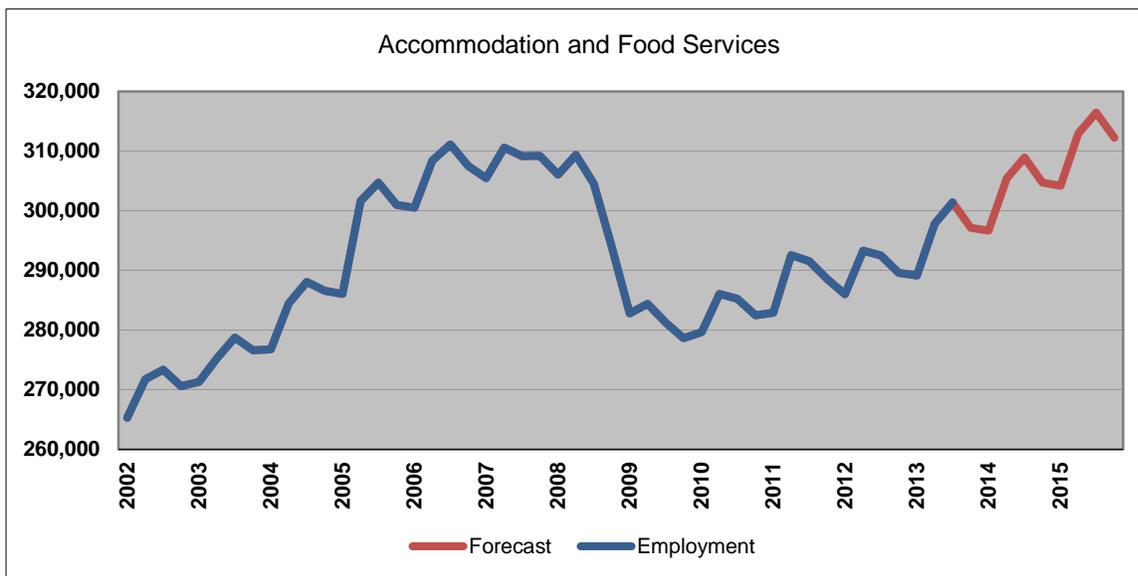


Accommodation and Food Service

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

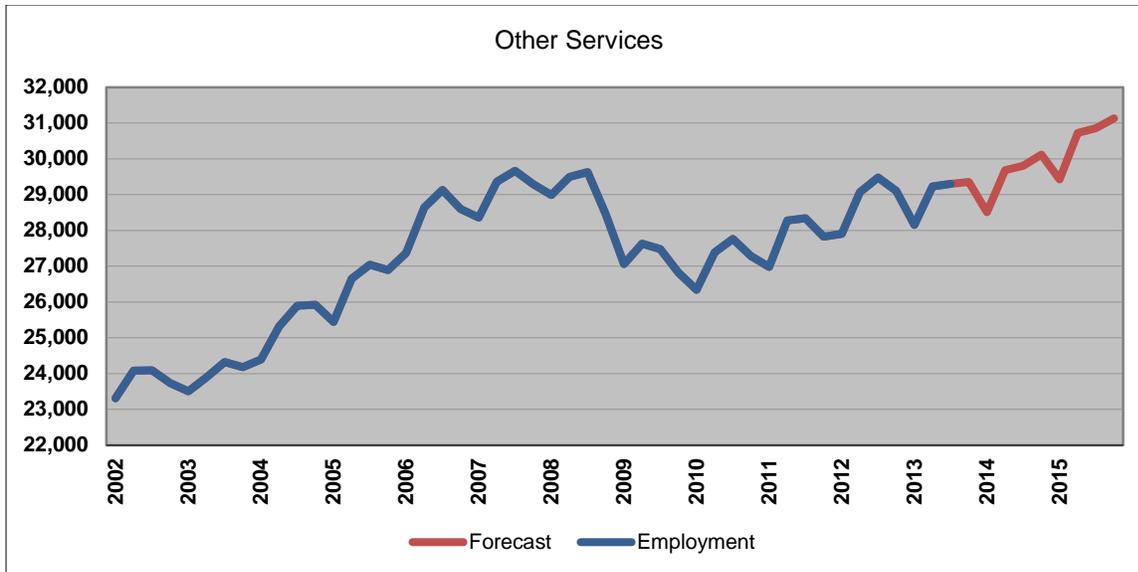
economy is dependent on tourism and has a consumption-based economy makes it very susceptible to the national economy's ups and downs. The success of the industry thus depends on people having disposable income to spend.

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 6,000 additional jobs in 2013. We expect similar gains both in 2014 and 2015.



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 100 new jobs in 2013, with an additional 1,500 jobs by the end of 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 69,900, 7.9 percent below peak levels. We project a flat outlook for government jobs due to fiscal constraints.

Government (excludes post office, education and hospitals)

