



C I T Y O F  
**RENO**  
Memorandum

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**DATE:** December 17, 2024

**TO:** Mayor and City Council

**THROUGH:** Jackie Bryant, City Manager

**FROM:** Calli Wilsey, Director of Policy and Strategy  
Jason Gortari, Urban Economist

**DEPT:** Office of Policy and Strategy

**SUBJECT:** Monthly Economic Update: December

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Staff is pleased to provide Council with this monthly update on key economic indicators. These updates aim to assist Council in making informed policy decisions by offering insights into interconnected topics such as the labor market, housing, tourism, consumer activity, and other critical economic drivers.

This memo provides an economic update featuring the most recent local data as of December 2024, highlighting key metrics and trends shaping the region's economic outlook.

**Executive Summary:**

The latest economic data in the Reno-Sparks Metropolitan Statistical Area (MSA) indicates a continued softening in Reno's labor market. Additionally, the national economy remains positive but is experiencing similar trends of cooling.

- 4.8% unemployment rate in October, up 0.6% over-the-year and 0.1% from last month (seasonally adjusted).
- Half a percent over-the-year job growth in October (2024 range 2.7%-0.5%).
- October 2024 headline inflation came in at 2.6%, up slightly from 2.4% in September. (Shelter costs continue to put upward pressure on the inflation rate)
- 6.7% over-the-year increase in visitor volume in October (13 out of the last 15 months have been down over-the-year).

Economic Signals	
Upside Cushions	Downside Risks
<ul style="list-style-type: none"> <li>• Moderating Inflation</li> <li>• House Price Stability</li> <li>• Normalizing Wage Growth</li> <li>• Stable Labor Market</li> </ul>	<ul style="list-style-type: none"> <li>• Low Housing Supply</li> <li>• Consumer Spending Cooling</li> <li>• Presidential Transition</li> <li>• Visitation Cooling</li> </ul>

## This Month's Indicators:

### Labor Market

Key indicators: initial claims, unemployment, job openings, and employment.

- In October, Reno's unemployment rate rose to 4.8%. Despite the increase, the rate remains below its 10-year average of 5% and is consistent with a healthy labor market.
- As of October 2024, Reno's job market remains positive but shows signs of cooling, with job growth at 0.5%—the slowest pace this year and below the national rate of 1.3%.
- The Education & Health Services sector continues to demonstrate strong job growth, adding 300 jobs over-the-month and 1,400 over-the-year in the metro area.
- The September job openings data revealed little change in Nevada compared to the previous month. However, quits in the state have hit an all-time low. With steady growth in hires, the data suggests a stable labor market, characterized by slower hiring, reduced quits, and decreased overall churn in the labor market.
- As of October, Nevada recorded 11,091 initial unemployment insurance claims, an increase of 882 from the previous month. However, this total remains consistent with the state's historical average and is not considered unusual.

### Tourism

Key indicators: visitor volume, hotel occupancy rate, avg. daily room rate-hotels, and gaming win.

- In October 2024, the Reno MSA tourism sector experienced a positive month across a variety of measures.
- The number of visitors increased by 20,958 compared to the previous year.
- While the 2024 cumulative visitor numbers remain below the same period last year, two of the past three months have increased over their respective periods from the previous year.
- The increase in visitor volume is evident in hotel occupancy rates, which have grown by 2.0% over-the-year, reaching 64.7%.
- Additionally, for the first time in the past 8 months, the average daily room rate increased (+\$3.91) over-the-year.
- Reno's gaming industry saw a decline this month, as gaming win decreased by \$2.2 million in October. Gaming win in Reno has declined seven out of the last eight months over-the-year.

- The Reno MSA tourism sector showed signs of improvement this month with increased visitor numbers, higher hotel occupancy rates, and a rise in average daily room rates, despite continued challenges in the gaming industry.

## Housing

**Key indicators:** avg. single-family home prices, median days on market, 30-day fixed mortgage rates, and avg. apartment rent.

- The housing market in the Reno MSA remains robust, with demand consistently exceeding supply.
- The current average value of a single-family home is \$554,400, reflecting a 3.7% increase over-the-year.
- In October, the median time for a single-family home to be listed on the market and go under contract was 58 days. This is a three-day increase over-the-year but aligns with the national average.
- As of the end of November, the average 30-year fixed mortgage rate was 6.81%. This represents a decrease of nearly half a percent from the previous year but is up by 0.9% from the previous month.
- While mortgage rates remain relatively high compared to recent years, they are more in line with historical norms.
- In the Reno MSA, the average rent for all apartment types stands at \$1,686. While this is a 4.5% increase over-the-year, rents have declined month-over-month for the second consecutive month.
- Although apartment rents in the region have been increasing, the recent trend suggests the potential for more stable pricing ahead.

## Consumer

**Key indicators:** include the Consumer Confidence Index (CCI), Washoe taxable sales, headline inflation, and avg. weekly wages in the Reno MSA.

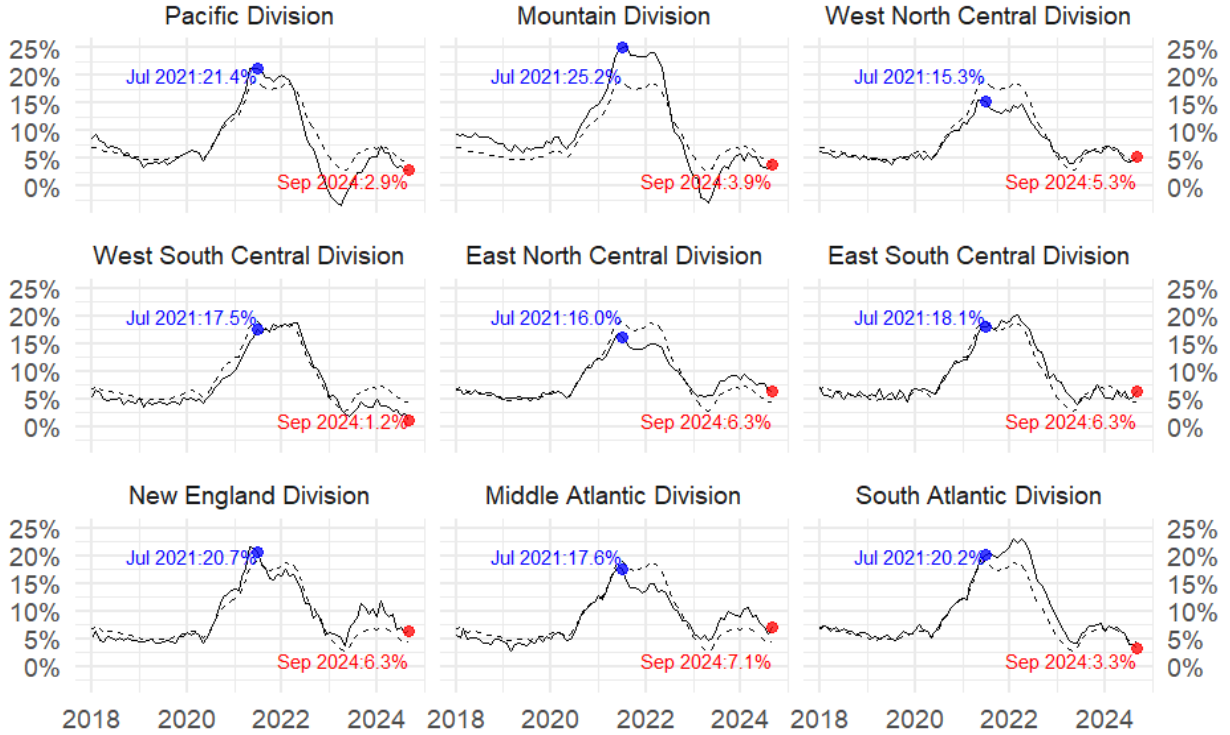
- The consumer market in Washoe County is showing signs of stabilization as inflation continues to ease and consumer budgets tighten.
- In September, Washoe County's taxable sales totaled \$1.1 billion, down 0.9% over-the-year.
- The Consumer Confidence Index (CCI) measures how optimistic or pessimistic consumers feel about the economy and their personal finances, based on surveys of current conditions and future expectations. A value above 100 indicates greater consumer confidence compared to a baseline, while a value below 100 reflects lower confidence and potential caution in spending.
- The CCI increased to 111.7 in November 2024, up from 109.6 in October, the highest level since July 2023.
- Headline inflation increased by 0.2 percentage points over-the-month to 2.6% in October. Shelter costs continue to put upward pressure on the inflation rate.
- Core inflation, which strips out the more volatile categories of food and energy, is down from a peak of 6.6% over-the-year growth in September 2022 to 3.3% in October 2024.

### Special Topic: U.S. Housing Price Regional Comparison

- The FHFA House Price Index (HPI) measures single-family house price changes across the U.S., at the national, census division, state, metro area, county, ZIP code, and census tract levels.
- “Purchase-Only” HPI: Tracks changes in transaction prices for conforming, conventional mortgages that are purchased or securitized.
- Using data from the FHFA HPI, this special topic highlights the nationwide acceleration of housing prices following the pandemic and the current deceleration trends observed as of September 2024 across the U.S.’s nine Census regional divisions.
- Shortly after the pandemic, home price acceleration was evident across all Census Divisions, indicating a nationwide phenomenon rather than a region-specific trend.
- By July 2021, U.S. house prices experienced their sharpest surge since 2009, driven by historically low mortgage rates, tight inventory, and increased demand for single-family homes fueled by remote work trends.
- The Mountain Division—which includes Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming—experienced the strongest impact from an influx of new residents during this period, with home price increases (solid black line) significantly surpassing the U.S. average (dashed line).
- While home prices remain elevated, price growth has consistently decelerated since the pandemic-driven boom in all regions.
- This rapid cooling began in 2022 when the Federal Reserve raised interest rates to combat inflation. Higher mortgage rates reduced affordability, limiting demand, and slowing housing starts, which, in turn, tempered price growth nationwide.
- For the third consecutive month, U.S. house prices have shown minimal movement. Looking ahead, price acceleration is expected to remain constrained as long as mortgage rates stay above 6% to 6.5%.
- As inventory levels gradually improve, price growth may further moderate. However, ongoing economic factors and limited housing supply are likely to sustain upward pressure on prices in many regions.

# Regional House Price Acceleration & Deceleration

12-month percent change in seasonally adjusted purchase-only house price index  
Solid line division, dotted line US average



Federal Housing Finance Agency (FHFA)