



C I T Y O F  
**RENO**

## Memorandum

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**DATE:** May 16, 2025

**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: May 2025

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A handwritten signature in black ink, appearing to read "Jackie Bryant".

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 May 2025, highlighting key metrics and trends shaping the region's economic outlook. Many economic indicators have a lag time between their occurrence and when that data is released. Additionally, the data is released at various times throughout each month. The monthly economic update memo is meant to highlight new information that has been released since the last memo. To help explain what is new in each of these monthly updates, these memos will include a table for each indicator that details the following:

- The most recent date when the data for the indicator was released (*See: Most Recent Release Date*);
- The month or timeframe that the most recent data released represents (*See: Current Data Month*);
- If new data has not been released since the last memo, what version of the monthly memo you can find the most recent analysis (*See: Latest Memo with Analysis*); and
- The date when the next data set is expected to be released (*See: Next Release Date*).

## Executive Summary:

The latest economic data for the Reno-Sparks Metropolitan Statistical Area (MSA) reflects a generally stable economy, though signs of softening are emerging in select indicators. While current data does not yet capture the direct impact of ongoing tariff negotiations, the uncertainty surrounding potential trade policy changes appears to be weighing on consumer confidence and prompting caution among investors and developers.

- 4.7% unemployment rate in March, down 0.1% over-the-year and down 0.2% from last month (not seasonally adjusted).
- 1.4% increase in employment over-the-year in March (3,900 more jobs compared to last March - seasonally adjusted)
- April 2025 headline inflation eased to 2.3%, down from 2.4% in March. This is the lowest reading since February 2021.
- 1.8% over-the-year increase in visitor volume in March (5,191 more visitors than we had in March 2024).

Economic Signals	
Upside Cushions	Downside Risks
<ul style="list-style-type: none"><li>• Inflation Moderation</li><li>• House Price Stability</li><li>• Steady Wage Growth</li><li>• Stable Labor Market</li></ul>	<ul style="list-style-type: none"><li>• Low Housing Supply</li><li>• Negative GDP Growth</li><li>• Tariffs</li><li>• Low Consumer Confidence</li></ul>

## This Month's Indicators:

### Labor Market

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

- March employment data shows that the Reno MSA labor market remains stable and continues to track within the growth range observed during the first quarter of the calendar year (1.3%–1.4%). Over-the-year employment increased by 1.4%, driven primarily by gains in the education and health services sectors, similar to last month.
- In 2025, the strongest industry growth has occurred in the education and health services sector, as well as the broad “other services” category, which includes professions such as hairstylists, barbers, auto mechanics, and lobbyist. Most other sectors have remained relatively flat, while the transportation and warehousing sector continues to show some weakness.
- Tesla Motors announced in late April plans to hire over 1,000 workers at its Gigafactory in Storey County to support semi-truck production.
- The unemployment rate in the Reno MSA fell to 4.7% in March 2025, down from 4.9% in February and 4.8% in March 2024 (not seasonally adjusted).
- The Reno MSA continues to maintain an unemployment rate consistent with a healthy labor market. In contrast, Nevada has the highest unemployment rate in the nation, followed closely by Michigan and California.

- In March 2025, Nevada recorded 10,633 initial unemployment insurance claims, a decrease of 115 claims, or 1.1%, from February’s total of 10,748. While March’s claims were up 3.3% over-the-year, they remain low by historical standards.
- Job openings are a key indicator for policymakers, providing insight into labor market supply-demand dynamics that influence wages and inflation. In February, Nevada saw a 11.0% increase in job openings compared to the previous month and a decline of 4.7% over-the-year.
- Meanwhile, hires increased compared to the previous month, while layoffs also rose. Although individuals can become unemployed for various reasons, a sustained increase in layoffs is often a warning sign of an approaching recession. However, given that both hires and job openings continue to trend upward, February’s rise in layoffs is likely tied to seasonal factors, such as the post-holiday release of temporary workers. Even so, this will remain a key metric to monitor closely.
- The Department of Employment, Training and Rehabilitation reported that one business in Northern Nevada has closed this month, resulting in layoffs. PrimeSource Building Products, Inc. in Carson City laid off 65 workers.

Indicator	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Employment - Reno MSA	4/29/2025	Mar. 2025	This Memo	5/28/2025
Unemployment Rate- Reno MSA	4/29/2025	Mar. 2025	This Memo	5/28/2025
Initial Claims - Nevada	4/24/2025	Mar. 2025	This Memo	5/29/2025
Job Openings - Nevada	4/16/2025	Feb. 2025	This Memo	5/20/2025

## Tourism

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

- The Reno MSA’s tourism market remains relatively flat in March and on par with last year.
- In March 2025, the region saw 5,191 more visitors than in March 2024, marking a 1.8% over-the-year increase in visitation.
- Key events and activities that typically attract visitors during the month of March include St. Patrick’s Day celebrations, Rocky Mountain Oyster Fry, skiing, and spring break for primary and secondary education.
- Hotel occupancy rates rose slightly to 57.2% in March 2025, a 1.3% increase over-the-year; however, the uptick did not translate into higher room rates.
- The average daily room rate declined by \$0.56 over-the-year and decreased by \$7.96 from February.
- Reno’s gaming industry showed positive momentum this month with gaming win totals increasing by \$5.7 million, or 10.9%, over-the-year. Year-to-date gains in 2025 remain positive, an encouraging sign amid recent declines in consumer confidence.
- Overall, tourism data for the Reno MSA held steady this month with a slight increase in visitors and hotel stays, lower room rates, and positive growth in gaming revenue despite economic uncertainty.

Indicator	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Visitor Volume	4/28/2025	Mar. 2025	This Memo	5/28/2025
Hotel Occupancy Rate	4/28/2025	Mar. 2025	This Memo	5/28/2025
Avg. Daily Room Rate - Hotels	4/28/2025	Mar. 2025	This Memo	5/28/2025
Gaming Win - Reno	4/24/2025	Mar. 2025	This Memo	5/29/2025

## Housing

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

- The transition from winter to spring brought little change as the Reno MSA housing market remains competitive driven by strong demand and limited inventory.
- In March 2025, the average value of a single-family home reached \$563,071, reflecting a 3.8% over-the-year increase.
- In April, the median time for a single-family home in Reno to go under contract was 44 days, 3 days slower than last April and 6 days faster than the U.S. average.
- Compared to March, homes are selling approximately 6 days faster, signaling stronger buyer activity as we enter the spring market this month.
- As of the first week in May, the average 30-year fixed mortgage rate is 6.76%, down slightly from April.
- The average rent for all apartment types in the Reno MSA is \$1,724, representing a 4.4% or \$73 increase over-the-year. While rents have held steady over the past six months, recent data suggests rental rates are beginning to rise.
- The U.S. housing market is slowing, with higher inventory levels beginning to shift conditions away from a seller's market. Major metros like Dallas, Phoenix, and Atlanta are leading to an increase in supply, while mortgage applications have declined and adjustable-rate mortgages are on the rise, indicating buyers are seeking alternative options to achieve affordability.
- Economic uncertainty is reducing buyer confidence and new housing starts, though potential mortgage rate cuts could help offset the slowdown.
- Locally, the Reno MSA continues to show signs of a strong sellers' market, with just 2.01 months of housing supply in March, well below the 5–7 months of a balanced market. This keeps the region firmly in a seller's market, even as national conditions continue to cool.

Indicator	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Avg. Single Family Home Prices	4/16/2025	Mar. 2025	This Memo	5/16/2025
Median Days on Market	5/1/2025	Apr. 2025	This Memo	6/1/2025
Avg. Apartment Rent Prices	5/1/2025	Apr. 2025	This Memo	6/1/2025
30-Day Fixed Mortgage Rates	5/10/2025	May. 2025	This Memo	6/07/2025

## Consumer

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

- The Nevada Department of Taxation has implemented its first phase of their new tax system, “Modernize Your Nevada Tax” (MYNT).
- The system shifts revenue accounting from a partial accrual basis to a cash basis, which will complicate historical comparisons.
- Washoe County reported \$870.2 million in total taxable sales for February, up 0.8% over-the-year and but down 7.3% from January.
- 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.
- In April 2025, the CCI fell to 86.0, marking a 11.5-point decline over-the-year and a 7.9 point decline from March.
- Consumer confidence declined for a fifth consecutive month in April, falling to levels not seen since the onset of the COVID pandemic.
- Growing concerns over tariffs weighed on the economic outlook as the U.S. consumer confidence slumped to a nearly five-year low in April.
- Headline inflation declined by 0.1 percentage point in April to 2.3%, coming closer to the Federal Reserve’s 2% target. This is the lowest reading since February 2021.
- This is the first inflation report since Trump’s tariffs. Consumer goods showed lower-than-expected price increases, partly offset by falling gas prices, but it’s still too early to see the full impact that tariffs will have on consumers.

Indicator	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Taxable Sales	5/01/2025	Feb. 2025	This Memo	6/01/2025
Average Weekly Wages	3/5/2025	2024:Q3	<a href="#">March</a>	6/04/2025
Consumer Confidence Index	4/29/2025	Apr. 2025	This Memo	5/27/2025
Headline Inflation	5/13/2025	Apr. 2025	This Memo	6/10/2025

### **Special Topic: Understanding Economic Indicators**

Economic indicators are tools that help us understand trends in the economy. They help us make informed decisions by understanding both current conditions and future outlooks. Indicators typically fall into three broad categories: leading, coincident, and lagging. This research brief uses parent-friendly examples to help us all better understand these types of indicators.

#### Leading Indicators – Signals What’s Ahead

- Leading indicators offer early signs about the future direction of the economy. They often reflect current or past data but help us predict future trends.
- Parent analogy: Parents might relate to this by estimating their child’s height based on their own. If both parents are tall, chances are the child will also grow to be tall, maybe even needing extra-long pants someday. If one parent is tall and the other is of average height, the child will likely fall somewhere in between. While family genetics can throw a curveball, using the parents’ height still provides a fairly reliable estimate of the child’s eventual height.

What do <u>leading</u> economic indicators tell us?	
Indicator	Description
Nevada Initial Unemployment Insurance Claims	Early signals of changes to the health of the labor market and the unemployment rate. If someone files today, they may be officially counted as unemployed in a month or two. It's a leading sign of future changes in the labor market.
Nevada Job Openings	Indicates employer expectations, future hiring plans, and the supply and demand of labor.
Reno MSA Housing Median Days on Market	Often changes ahead of prices and reflects shifts in demand or confidence in housing.
U.S. Consumer Confidence Index	Reflects future consumer behavior, spending or saving intentions.

Coincident Indicators – What’s Happening Now

- Coincident indicators reflect current economic activity. They move with the business cycle, providing a real-time snapshot.
- Parent analogy: Like taking a child’s temperature, it tells you how they’re doing right now and helps you determine whether they have a fever or not.

What do coincident indicators tell us?	
Indicator	Description
Gross Domestic Product (GDP)	Measures current economic output. Two consecutive quarters of negative GDP growth results in a technical recession. In the first quarter of 2025, GDP declined by 0.3%, the first negative growth in three years. If it declines next quarter, we will be in a technical recession.
Reno MSA Total Nonfarm Employment	Tracks real-time job growth or decline.

Reno Gaming Win	Directly tied to current discretionary tourism and consumer spending.
Reno MSA Occupancy Rate - Hotels	Reflects current travel demand and economic activity in the hospitality sector.
Reno MSA Average Daily Room Rate - Hotels	Moves with real-time hotel demand and tourism market conditions.
Washoe County Taxable Sales	Reflect current consumer and business spending, which directly tracks overall economic activity.

Lagging Indicators – Telling Us Where We've Been

- Lagging indicators are “old” data (usually a month/quarter) and tell us something about where we came from. These indicators are the least helpful in predicting the future but can be helpful in looking at performance of certain policies that were in place previously.
- Parent analogy: Like a child’s report card at school—it summarizes your child performance for the previous semester/term and highlights areas of strength or concern, but it does not necessarily tell you how that child will perform in the future.

<b>What do <u>lagging</u> economic indicators tell us?</b>	
<b>Indicator</b>	<b>Description</b>
Reno MSA Unemployment Rate	Confirms labor market conditions after changes have occurred.
Reno MSA Average Single-Family Home Prices	Reflects past housing market conditions and economic shifts.
U.S. 30-Year Fixed Mortgage Rate	Adjusts after broader economic changes, though can reflect current housing market conditions.
Reno MSA Average Apartment Rent Prices	Adjusts after economic shifts due to lease structures.
U.S. Headline Inflation (Consumer Price Index)	Measures the average price change over time; reflects past economic pressures.
Washoe County Average Weekly Wage	Wages typically rise after economic growth (as employers respond to increased demand) and fall after a slowdown or recession (as layoffs occur or hours are cut).
Reno MSA Visitor Volume	Generally lagging, as reports are compiled and published after visits occur to evaluate past performance of events.

While no one can predict exactly when the next recession will occur or when the next, economic indicators help us make informed decisions by offering insight into where the economy has been, where it is now, and where it might be headed.