



C I T Y O F
RENO

Memorandum

DATE: September 23, 2025

TO: Mayor and City Council

THROUGH: Jackie Bryant, City Manager

FROM: Calli Wilsey, Director of Policy and Strategy
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DEPT: Office of Policy and Strategy

SUBJECT: Monthly Economic Update: September 2025

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 September 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) points to a cooling economy. Listed below is a summary of key highlights across the major segments we monitor relative to the Reno MSA:

Labor Market:

- The Reno MSA labor market remains relatively stable, adding 4,000 jobs over-the-year with unemployment falling to 4.5 percent, but softer hiring, rising layoffs, and declining quits point to early signs of cooling statewide despite recent gains in job openings.

Tourism:

- The Reno MSA tourism sector remained sluggish in July 2025 with lower visitation, hotel occupancy, and room rates compared to last year, though gaming revenue again provided a bright spot with strong gains likely driven by local play.

Housing:

- The Reno MSA housing market is cooling with slower price gains and more inventory, though upcoming interest rate cuts could steady conditions and spark renewed demand.

Consumer:

- Consumer conditions in August 2025 pointed to cautious sentiment, with the Consumer Confidence Index slipping to 97.4 and remaining well below last year. Views of business conditions improved slightly, but job availability concerns deepened for the eighth straight month. Inflation ticked up to 2.9 percent, driven by higher food and electricity costs and tariff-related pressures on goods, keeping households wary and reinforcing expectations of continued price growth despite the Fed's rate cut.

Economic Signals	
Upside Cushions	Downside Risks
<ul style="list-style-type: none">• Inflation Under 3%• Stable Home Prices• Interest Rate Cuts• Increasing Wages	<ul style="list-style-type: none">• Low Housing Supply• Cooling Labor Market• Tariffs• Softening in Visitor Volume

This Month's Indicators:

Labor Market

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

- July seasonally adjusted employment data shows that the Reno MSA labor market continues to show a relatively stable labor market compared to June. Employment in the Reno MSA grew 1.4 percent over-the-year, adding about 4,000 jobs, which is positive and falls near the middle of this year's growth range (1.1 percent to 1.7 percent).
- The unemployment rate in the Reno MSA decreased over-the-month in July 2025 to 4.5 percent, down from 4.6 percent in June and down from 5.2 percent in July 2024 (not seasonally adjusted).
 - The Reno MSA continues to maintain an unemployment rate consistent with a healthy labor market.

- Nevada’s unemployment rate remained unchanged this month at 5.4 percent (seasonally adjusted), but still sits at near top of the nation with the second highest unemployment rate in July, excluding Washington, D.C.
- Conversely, South Dakota (1.8 percent) had the lowest rate, followed by North Dakota (2.5 percent) and Vermont (2.6 percent) in July 2025.
- Nevada’s above-average unemployment rate is largely driven by the Las Vegas MSA, which stands at 6.0 percent.
- Without Las Vegas, Nevada’s statewide rate would place closer to the middle of the national rankings.
- In July 2025, Nevada reported 12,563 initial claims for unemployment insurance, an 8.0 percent increase from June but a 4.8 percent decrease compared to July 2024. Despite the over-the-month uptick, initial claims remain low by historical standards and are near the 12-month average of 11,702.
 - The Department of Employment, Training and Rehabilitation (DETR) reported no new layoffs or business closures this month.
- The Job Openings and Labor Turnover Survey (JOLTS) provides key data on labor market supply and demand, offering valuable insight into trends that influence wages and inflation.
 - In July, Nevada posted an 8.1 percent monthly increase in job openings and a 4.7 percent gain over-the-year. After months of decline, June and July brought back-to-back growth, suggesting a possible stabilization in labor demand. Hiring, however, was down 4.9 percent compared to last year.
 - Quits dropped 5.4 percent from a year ago, extending their downward trend in 2025, while layoffs rose more than 20 percent over the same time last year.
 - Quits and layoffs move in opposite directions: more quits in strong markets, more layoffs in weak ones.
 - Quits climbed steadily after the Great Recession, plunged during COVID, then spiked to record highs in 2022 during the “Great Resignation.”
 - Since then, quits have fallen below pre-pandemic levels while layoffs are gradually increasing, signaling a cooling labor market ahead.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Employment - Reno MSA	BLS-CES	8/27/2025	Jul. 2025	This Memo	10/1/2025
Unemployment Rate- Reno MSA	BLS-LAUS	8/27/2025	Jul. 2025	This Memo	10/1/2025
Initial Claims - Nevada	DOL	8/31/2025	Jul. 2025	This Memo	9/30/2025
Job Openings - Nevada	BLS-JOLTS	9/17/2025	Jul. 2025	This Memo	10/22/2025

Tourism

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

- Reno MSA’s tourism remained sluggish in July, with most major indicators still running below where they were a year ago.
- In July 2025, the region saw 2,770 less visitors than in July 2024, marking a 0.7 percent decline.
 - Key events and activities that typically attract visitors during the month of July include the USA Roller Sports National Championships, American Century Celebrity Golf Championship Tournament, 4th of July celebrations, and summer tourism.
- In July 2025, hotel occupancy rates fell to 72.8 percent, marking a half of percent decrease compared to July 2024.
- The average daily room rates for hotels were down \$5.49 over-the-year but increased \$4.24 from June.
- Reno’s gaming win posted strong gains, up \$6.9 million (9.9%) from last July and \$8.3 million (12.2%) compared to June. Although a July increase is typical with peak summer tourism, the scale of the growth, despite softer visitation, points to a boost from local play.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Visitor Volume	RSCVA	8/28/2025	Jul. 2025	This Memo	9/28/2025
Hotel Occupancy Rate	RSCVA	8/28/2025	Jul. 2025	This Memo	9/28/2025
Avg. Daily Room Rate - Hotels	RSCVA	8/28/2025	Jul. 2025	This Memo	9/28/2025
Gaming Win - Reno	GCB	8/29/2025	Jul. 2025	This Memo	9/30/2025

Housing

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

- The Reno MSA housing market is showing signs of softening, but recent interest rate cuts may stabilize this trend and potentially flatten the market in the near future.
- While a single rate cut might not lead to a significant change, a series of anticipated cuts throughout the remainder of 2025 and into 2026 could exert gradual downward pressure on mortgage rates, potentially reigniting housing activity.
- In August 2025, the average value of a single-family home reached \$566,580, a 0.8 percent increase over-the-year. However, price growth continues to slow, signaling ongoing market softening compared to the more rapid increases of recent years.
- In August, the median time for a single-family home in Reno to go under contract was 59 days, 8 days longer than last August and 2 days faster than the national average. This marks the fifth consecutive month that homes are taking longer to sell compared to last year, indicating a potential slowdown in the housing market.
- As of the second week of September, the average 30-year fixed mortgage rate is 6.35 percent, slightly down from the previous month but up from 6.08 percent this time last year.

- The average rent for all apartment types in the Reno MSA is \$1,752, reflecting a 3.7 percent or \$62 increase over-the-year. Rents have now increased for seven consecutive months compared to the same time last year.
- Housing inventory continues to rise, with 3.0 months of supply in August, up from 2.9 months in July. This marks the highest level in recent years and the fifth consecutive month of increasing inventory. Despite the rise, supply in the region remains relatively low.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Avg. Single Family Home Prices	Zillow	9/16/2025	Aug. 2025	This Memo	10/16/2025
Median Days on Market	Realtor.com	9/8/2025	Aug. 2025	This Memo	10/6/2025
Avg. Apartment Rent Prices	Zillow	9/16/2025	Aug. 2025	This Memo	10/16/2025
30-Day Fixed Mortgage Rates	Freddie Mac	9/11/2025	Aug. 2025	This Memo	10/6/2025

Consumer

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

- The Bureau of Labor Statistics' (BLS) Quarterly Census of Employment and Wages (QCEW) program publishes a quarterly count of employment and wages reported by employers. This data is available at the county, MSA, state, and national levels by industry.
 - The QCEW dataset has an approximate six-month lag but is often used as a benchmark for other BLS survey programs because it is based on actual counts of employment and wages rather than estimates or survey-based projections.
 - Using the most recent QCEW data, the first quarter of 2025 (2025:Q1) shows that average weekly wages across all industries in the Washoe County continued to rise.
 - As of 2025:Q1, average weekly wages in Washoe County reached \$1,384, up \$167, or 13.7 percent over-the-year, well above both the national and state growth rates of 4.1 percent.
 - Wages in Washoe County have consistently outpaced inflation through 2024 and into 2025, meaning workers are seeing real income gains.
 - Even as prices continue rising and the broader economy shows signs of slowing, wage growth is supporting households and contributing to positive economic conditions.
- 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 August 2025, the CCI was 97.4, marking an 8.2-point decline over-the-year and a 1.3-point decrease from July.

- Overall confidence slipped slightly in August but remained broadly in line with the past three months.
- Consumers’ views of current business conditions improved modestly, while assessments of the labor market continued to cool.
- Notably, perceptions of current job availability declined for the eighth consecutive month.
- At the same time, pessimism about future job prospects grew, and optimism about future income softened.
- **Headline inflation increased to 2.9 percent in August, up from July’s rate of 2.7 percent.**
 - Inflation rose in August, driven by higher costs for essentials like food and electricity, while tariffs added pressure on goods such as clothing and household furniture.
 - Despite staying at or below 3 percent for much of the year, inflation has left many Americans more pessimistic about the economy and heightened market concerns about future price increases.
 - The uptick in August was not large enough to prevent the Federal Reserve from moving forward with an interest rate cut.
 - Looking ahead, inflationary pressures are expected to persist, with price growth likely to accelerate in the near term.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Taxable Sales	Taxation	8/10/2025	May 2025	This Memo	TBD
Average Weekly Wages	BLS-QCEW	9/9/2025	2025:Q1	This Memo	12/3/2025
Consumer Confidence Index	Conference Board	8/26/2025	Aug. 2025	This Memo	9/23/2025
Headline Inflation	BLS-CPI	9/11/2025	Aug. 2025	This Memo	10/15/2025

Special Topic: The Six Months of Consolidated Tax: Part Two – Liquor Tax

- In the next six months, our special topic will cover one of the six revenue sources that contribute to the consolidated tax. The City’s largest general fund revenue source.
- Consolidated Tax, or C-Tax for short, consolidates six distinct taxes into a single revenue pool. These funds are then distributed monthly to local governments and districts using a two-step allocation formula.
- More information about C-Tax can be found at [Reno.Gov/Ctax](#)
- The second source of revenue we will discuss is the liquor tax.

What is the Liquor Tax?

- Nevada’s liquor tax is applied to the sale of alcoholic beverages in the state and managed by the Nevada Department of Taxation.
- Tax rates vary by alcohol content:

- Malt beverages/beer: \$0.16 per gallon
- 0.5 percent to 14 percent alcohol: \$0.70 per gallon
- 14.1 percent to 22 percent alcohol: \$1.30 per gallon
- Over 22 percent alcohol: \$3.60 per gallon
- Only taxes collected on beverages with more than 22 percent alcohol by volume (ABV) flow to local governments through the C-Tax system. Revenues from all other categories, including beer, wine, hard seltzers, and malt beverages, go directly to the State General Fund and do not support local governments.

Where Does the Revenue Collected From this Tax Go?

- Of every \$3.60 collected per gallon of alcohol over 22 percent, \$2.95 (82 percent) is deposited into the State General Fund and \$0.15 (4 percent) goes to the State liquor program to support alcohol recovery. The remaining 50 cents (14 percent) goes into the C-Tax system.
- Of the six revenue sources that make up the C-Tax system, the liquor tax is by far the smallest contributor.
- In FY 2024, only \$4.5 million in liquor tax revenue was distributed to local governments, representing just 0.2 percent of the entire C-Tax distribution. By contrast, the supplemental city-county relief tax, the largest source, contributed \$1.5 billion.

Surrounding State Comparisons for Spirits Over 22 Percent Alcohol by Volume (ABV)

- Nevada's liquor tax rates sit in the middle of the pack (39th highest) compared to its national counterparts. When compared to its neighboring states, Nevada is on the lower end of the scale. The differences are important because they affect cross-border purchasing and highlight how other states structure their alcohol revenues.

Distilled Spirits (over 22% ABV):

- **Nevada (Rank: 39th):** \$3.60 per gallon
- **California (Rank: 40th):** \$3.30 per gallon (slightly lower than Nevada)
- **Arizona (Rank: 43rd):** \$3.00 per gallon (lower than Nevada)
- **Idaho (Rank: 10th):** \$12.13 per gallon, which is nearly 3x Nevada's rate. Idaho operates as a state-controlled system where liquor is only sold in state-run or contracted stores
- **Oregon (Rank: 2nd):** \$22.85 per gallon, which is over 6x Nevada's rate. Like Idaho, Oregon operates as a state-controlled system where liquor is only sold in state-run or contracted stores
- **Utah (Rank: 6th):** \$15.90 per gallon, which is over 4x Nevada's rate. Like Idaho and Oregon, Utah operates as a state-controlled system where the government controls all sales

Takeaway: Nevada is competitive regionally but far below high-control states like Idaho, Utah and Oregon.

Source: Tax foundation: <https://taxfoundation.org/data/all/state/state-distilled-spirits-taxes-2024/>

History and Challenges:

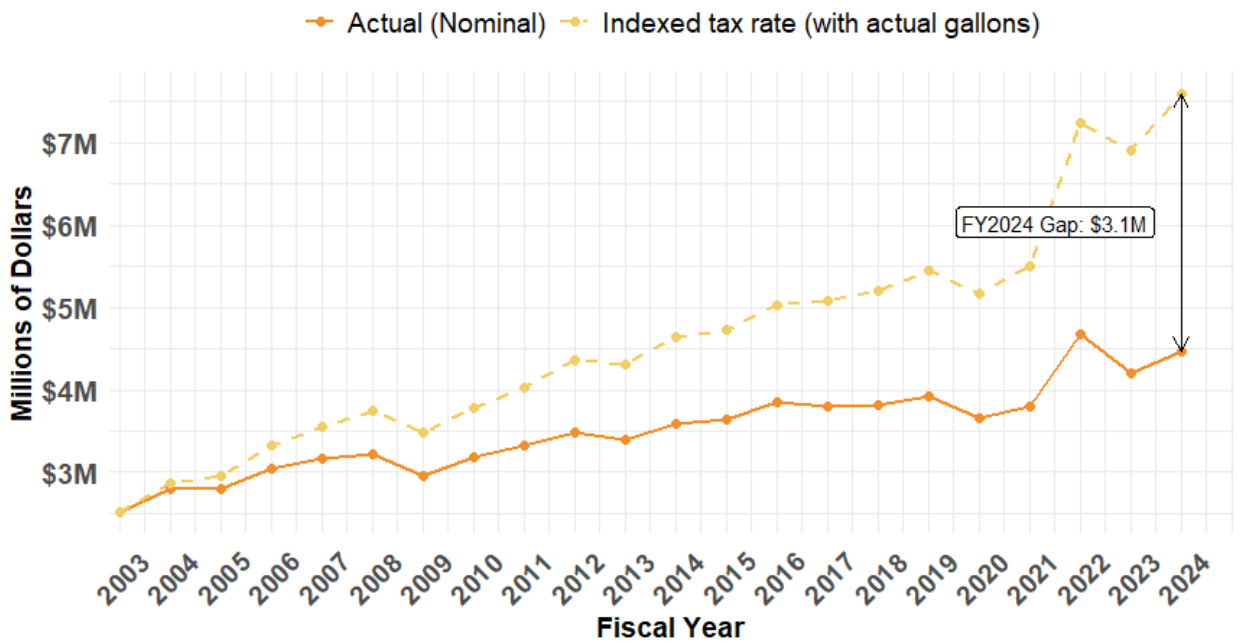
- Nevada first enacted the liquor excise tax in 1945, setting rates ranging from \$0.03 per gallon for malt beverages and beer and \$0.60 per gallon for spirits over 22 percent ABV.
- The tax structure was based on volume (per gallon), not price, and tied directly to alcohol content.
- Over time, rates were increased periodically: once in 1947, twice in the 1960s, twice in the 1980s, and most recently in 2003 under Senate Bill 183 (20th Special Session).
- In 2003, the state’s portion of the tax on alcohol over 22% ABV was raised, but the local government share, set at \$0.50 per gallon through Senate Bill 439 of the 1969 Session, has remained unchanged since.
- That 2003 adjustment was the last significant rate change, meaning Nevada’s liquor tax has gone more than 20 years without an increase or any inflation indexing.
- Liquor tax collections grew after the 2003 increase but have remained flat since around FY2010 because rates are fixed per gallon, revenues do not grow with inflation or rising retail prices, unlike sales taxes or fuel taxes.
- Today, Nevada’s liquor tax remains a stable, volume-based excise tax that generates modest revenue primarily for the State General Fund, with only a small portion benefiting local governments. However, its real value continues to erode due to flat per-gallon rates and inflation.

What if Liquor Tax was Indexed to Inflation?

- When analyzing the liquor tax portion allocated to C-Tax, we compare actual collections to what revenues would have been if the liquor tax had been indexed to the unadjusted U.S. All-City Average Consumer Price Index (CPI).

C-Tax: Liquor Tax Revenue - Actual vs. CPI-Indexed Rate Scenario

Indexed scenario applies a CPI-indexed per-gallon rate (since FY2003) to the actual gallons



Note: FY = July–June. Indexed series uses CPI-Unadjusted U.S. All City fiscal-year average; base year = FY2003.

- Orange (Nominal): Actual liquor tax revenue collected under Nevada’s fixed per-gallon rate.
- Yellow (Indexed tax rate with actual gallons): What revenue would have been if the per-gallon tax rate had been indexed to inflation each year since 2003, applied to the same gallons of alcohol actually sold.

What the Chart Shows

- Early years (2003–2010): The two lines are close together, since inflation was relatively modest.
- After 2010: The yellow line begins pulling ahead. This is inflation compounding year after year on the per-gallon rate.
- By FY2024: The indexed tax rate scenario produces substantially more revenue than Nevada actually collected, showing the magnitude of the missed opportunity.

Key Highlights

- In FY2024, Nevada collected \$4.47 million under the fixed per-gallon tax.
- If the tax had been indexed to inflation since 2003, collections would have been about \$7.6 million.
- That’s a gap of roughly \$3.1 million in just one year.