



C I T Y O F
RENO
Memorandum

DATE: April 11, 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: April 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 April 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) highlights the region's stable economy. However, due to the recent implementation of U.S. tariffs and weakening economic indicators, slower growth is likely in the coming months.

- 4.8% unemployment rate in February, down 0.1% over-the-year and down 0.3% from last month (not seasonally adjusted).
- 1.5% increase in employment over-the-year in February (4,100 more jobs compared to last February).
- March 2025 headline inflation eased to 2.4%, down from 2.8% in February. The slowdown was primarily driven by declines in gasoline prices. Going forward the Federal government is likely to face a difficult trade-off as tariff driven price increases start to feed through to the inflation data and activity remains soft.
- 2.8% over-the-year decrease in visitor volume in February (8,720 fewer visitors than we had in February 2024).

Economic Signals	
Upside Cushions	Downside Risks
<ul style="list-style-type: none">• Inflation Moderation• House Price Stability• Steady Consumption• Stable Labor Market	<ul style="list-style-type: none">• Low Housing Supply• Elevated Interest Rates• Tariffs• Softening Consumer Confidence

This Month's Indicators:

Labor Market

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

- February employment data indicates that the Reno MSA labor market is beginning to rebalance after a period of rapid post-COVID expansion. Over-the-year employment grew by 1.5%, led primarily by gains in the education and health services sectors.
- The trade and transportation sectors, which include logistics and warehousing, experienced significant growth in recent years, but were down 500 jobs over-the-year. Recent job losses in these industries likely reflect a return to more sustainable, long-term employment levels.
- Modest job growth declines are unsurprising effects of the high-interest rate environment. It remains to be seen whether the uptick in February total job growth will be sustained.
- The unemployment rate in the Reno MSA fell to 4.8% in February 2025, down from 5.1% in January and 4.9% in February 2024 (not seasonally adjusted).
- Reno's current unemployment rate is consistent with a healthy labor market. In contrast, Nevada's statewide unemployment rate stood at 5.7% in February, the highest in the nation. This was largely driven by the Las Vegas metro area, where the 5.9% unemployment rate was the second highest (behind Fresno, CA) among U.S. metro areas with populations over one million.
- In February 2025, 10,748 initial claims for unemployment insurance were filed in Nevada, a decrease of 2,054 claims, or 16 percent, from January 2025 when there were 12,802 claims. This is also a lower number of claims than were seen in February 2024, when there were 10,928 initial claims.

- Job openings are a key indicator for policymakers, providing insight into labor market supply-demand dynamics that influence wages and inflation. In January, Nevada saw a 2.7% decrease in job openings compared to the previous month and a decline of 15.1% over-the-year.
- Similar to last month, both quits and layoffs also decreased, suggesting that employers are retaining their staff while employees are choosing to stay in their current positions. Layoffs are up 4.5% over-the-year but aren't at concerning levels.
- The Department of Employment, Training and Rehabilitation reported that two businesses in Northern Nevada have closed, resulting in layoffs. Forever 21 in Reno laid off 36 workers and the HC Companies in Sparks announced that it closes its operations by the end of May, impacting 57 employees.

Indicator	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Employment - Reno MSA	4/9/2025	Feb. 2025	This Memo	4/29/2025
Unemployment Rate- Reno MSA	4/9/2025	Feb. 2025	This Memo	4/29/2025
Initial Claims - Nevada	3/27/2025	Feb. 2025	This Memo	4/24/2025
Job Openings	3/20/2025	Jan. 2025	This Memo	4/16/2025

Tourism

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

- The Reno MSA's tourism market returned to typical seasonal patterns in February, following a stronger-than-average January.
- In February 2025, the region saw 8,506 fewer visitors than in February 2024, marking a 2.8% over-the-year decline in visitation.
- Key events and activities that typically attract visitors during the month of February include Super Bowl and Valentine's Day celebrations, skiing, and university athletics.
- Hotel occupancy rose slightly to 57.8%, a 0.9 percentage point increase over-the-year; however, the uptick did not translate into higher room rates.
- The average daily room rate declined by \$2.05 over-the-year, reflecting a relatively soft month for local hotels.
- Reno's gaming industry ended its short positive streak, with gaming win totals decreasing by \$3.9 million, or 6.4%, over-the-year.
- Overall, February was a typically slower winter month for the Reno MSA's tourism sector. Weaker consumer confidence and reduced discretionary spending have likely contributed to slightly below-average performance this month.

Indicator	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Visitor Volume	3/28/2025	Feb. 2025	This Memo	4/28/2025
Hotel Occupancy Rate	3/28/2025	Feb. 2025	This Memo	4/28/2025
Visitor Volume	3/28/2025	Feb. 2025	This Memo	4/28/2025
Avg. Daily Room Rate - Hotels	3/28/2025	Feb. 2025	This Memo	4/28/2025

Gaming Win - Reno	3/27/2025	Feb. 2025	This Memo	4/24/2025
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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 remains competitive, driven by strong demand and limited inventory.
- In February 2025, the average value of a single-family home reached \$556,694, reflecting a 4.3% over-the-year increase.
- In March, the median time for a single-family home in Reno to go under contract was 50 days—one day faster than last March and three days faster than the U.S. average.
- Compared to February, homes are selling approximately 15 days faster, signaling stronger buyer activity as the spring market picks up.
- As of the first week in April, the average 30-year fixed mortgage rate is 6.64 down slightly from March. Even though inflation has risen to 3%, mortgage rates have dipped to their lowest levels in 2025.
- The average rent for all apartment types in the Reno MSA is \$1,690, representing a 4.1% or \$67 increase over-the-year. While rents are higher than last year, prices have remained relatively stable month-to-month.
- Overall, the Reno MSA is experiencing a strong start to the spring housing season, characterized by stable home prices, faster sales, and steady rental trends.

Indicator	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Avg. Single Family Home Prices	3/16/2025	Feb. 2025	This Memo	4/16/2025
Median Days on Market	4/3/2025	Mar. 2025	This Memo	5/1/2025
Avg. Apartment Rent Prices	4/3/2025	Mar. 2025	This Memo	5/1/2025
30-Day Fixed Mortgage Rates	4/3/2025	April. 2025	This Memo	5/1/2025

Consumer

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

- 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.
- Consumer confidence declined for a fourth consecutive month.
- In March 2025, the CCI fell to 92.9, down from 101.1 in February, marking a 10.2-point decline over-the-year and a 7.2 point decline from February.
- This was the lowest CCI reading since February 2021 and the largest monthly drop since August 2021.

- This decline was driven by consumers' pessimism about future business conditions and lower expectations about future employment prospects.
- Headline inflation declined by 0.4 percentage point in March to 2.4%, coming closer to the Federal Reserve's 2% target. This decline was primarily driven by declines in gasoline prices and a broader decline in the energy index.

Indicator	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Taxable Sales	12/05/2025	Oct. 2024	<u>December</u>	Unknown
Average Weekly Wages	3/5/2025	2024:Q3	<u>March</u>	6/4/2025
Consumer Confidence Index	3/25/2025	Mar. 2025	This Memo	4/29/2025
Headline Inflation	4/10/2025	Mar. 2025	This Memo	5/13/2025

Special Topic: Stock Market Performance and its Broader Implications – Golden Cross vs. Death Cross

- The S&P 500 tracks the performance of 500 of the largest publicly traded companies in the United States and serves as a key benchmark for the overall health of the stock market.
- Movements in the S&P 500 reflect investor and consumer sentiment and can influence state revenue collections through capital gains and shifts in consumer behavior.
- Recent announcements and changes to U.S. tariff rates have introduced uncertainty amongst all types of investors.
- In response to tariff-related concerns, the S&P 500 declined by 10% between late February and early March.
- While the market experienced a partial rebound in late March, growth remains below expectations for the year.
- By the end of March, investor sentiment turned cautiously optimistic after the U.S. signaled a more moderate approach to tariffs.
- Despite the short-term recovery, market volatility has triggered the formation of an approaching “death cross.”
- A death cross occurs when a trend's short-term moving average (typically the 50-day MA) falls below its long-term moving average (usually the 200-day MA). This technical chart pattern suggests that downward momentum is strengthening and may signal the start of a prolonged downtrend.
- In contrast, a “golden cross” occurs when a short-term moving average crosses above a long-term moving average from below, often seen as a bullish indicator of sustained upward momentum.
- Traders commonly use the 50-day and 200-day moving averages to identify both death and golden crosses.
- Historical data supports some validity of these patterns: a study by Schaeffer's Investment Research found that golden crosses had a 64% success rate between 1970 and 2009.
- Notably, a death cross has appeared before all the most severe bear markets over the course of the last 100 years.

- However, neither the death cross nor the golden cross is a guaranteed signal. There have been instances where stocks fell after a golden cross or rose after a death cross.
- Importantly, both patterns are considered lagging indicators—they confirm existing trends rather than predict new ones.
- As of April 7, 2025, the S&P 500 is nearing a death cross for the first time since March 2022.
- Looking ahead, with the short-term moving average converging toward the long-term moving average, analysts, investors, and policymakers should monitor for a potential death cross, which may indicate further downside risk to consumer sentiment, confidence, and spending.

S&P 500 with 50-day (short-term) and 200-day (long-term) Moving Averages (MA)

