



C I T Y O F  
**RENO**

## Memorandum

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**DATE:** July 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: July 2025

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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 July 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 and cautious consumer spending. Listed below is a summary of key highlights across the major segments we monitor relative to the Reno MSA:

### *Labor Market:*

- The labor market in May 2025 continues to show modest growth with stable unemployment and initial claims, though signs of cooling persist as job openings soften and worker confidence in switching jobs declines.

### *Tourism:*

- The tourism sector showed modest but broad-based gains in May with higher visitation, increased hotel occupancy, and stable room rates, despite a slight seasonal dip in gaming revenue.

### *Housing:*

- The housing market in June 2025 showed renewed activity entering the summer with modest price increases over the same time last year, slightly improved inventory, and buyers benefiting from more options despite continued competition.

### *Consumer:*

- Consumer spending remains cautious as taxable sales in Washoe County fell 13% year-over-year, consumer confidence stayed below average at 93.0, and concerns over inflation, tariffs, and price pressures continue to weigh on household outlooks. Headline inflation rose to its highest rate since February this month at 2.7%.

Economic Signals	
Upside Cushions	Downside Risks
<ul style="list-style-type: none"><li>• Inflation Under 3%</li><li>• Stable Home Prices</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 U.S. GDP Growth</li><li>• Tariffs</li><li>• Uncertain Monetary Policy</li></ul>

## This Month's Indicators:

### Labor Market

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

- May employment data shows that the Reno MSA labor market continues to see modest improvements. Over-the-year employment increased by 1.4%, which is positive but is in the lower end of the growth range realized this year (1.3%–1.7%). This increase is driven primarily by gains in the education and health service and the leisure and hospitality sectors.
- The unemployment rate in the Reno MSA increased slightly over-the-month in May 2025 at 4.3%, up from 4.2% in April but down from 4.7% in May 2024 (not seasonally adjusted).
  - The Reno MSA continues to maintain an unemployment rate consistent with a healthy labor market. Nevada's unemployment rate improved slightly this month,

to 5.5% (seasonally adjusted), but still sits at the top of the nation with the highest unemployment rate in May, excluding Washington, D.C.

- In May 2025, Nevada reported 11,369 initial claims for unemployment insurance, a 3.4% decrease from April but a 4.1% increase compared to May 2024. Despite the over-the-year uptick, initial claims remain low by historical standards and are still below the 12-month average of 11,758.
  - It’s also important to note that total compensation for unemployment insurance, which represents the total dollars paid to all ongoing claimants (not just new ones), was down by nearly \$1.3 million or 3.4% over-the-year. This indicates that people may be receiving benefits for fewer weeks and finding jobs faster.
  - The Department of Employment, Training and Rehabilitation (DETR) reported that Sierra Health and Wellness Centers, LLC will be closing its facility in Reno, affecting over 20 employees.
- 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 April, Nevada’s job openings rose by 4.6% compared to the previous month but were down 9.3% over-the-year.
  - While job openings have been steadily declining over-the-year, the unexpected monthly increase may signal resilience in the labor market.
  - In contrast, quits were down 21.1% year-over-year and declined 11.8% from March. The continued downward trend in quits throughout 2025 suggests that workers are becoming less confident in their ability to find new or better job opportunities. This is typically a sign of a cooling labor market.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Employment - Reno MSA	<a href="#">BLS-CES</a>	7/2/2025	May 2025	This Memo	7/30/2025
Unemployment Rate- Reno MSA	<a href="#">BLS-LAUS</a>	7/2/2025	May 2025	This Memo	7/30/2025
Initial Claims - Nevada	<a href="#">DOL</a>	6/29/2025	May 2025	This Memo	7/31/2025
Job Openings - Nevada	<a href="#">BLS-JOLTS</a>	6/18/2025	Apr. 2025	This Memo	7/23/2025

### Tourism

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

- Reno MSA’s tourism market was positive in May with several indicators up over-the-year.
- In May 2025, the region saw 4,680 more visitors than in May 2024, marking a 1.5% over-the-year increase in visitation.
  - Key events and activities that typically attract visitors during the month of May include the Reno River Festival, Hot August Nights’ Spring Revival Festival, college graduation celebrations, and Memorial Day holiday tourism.

- In May 2025, hotel occupancy rates rose to 62.5%, marking a 3.3% increase compared to March 2024.
- The average daily room rate increased slightly by \$0.32 over-the-year but was down \$16.89 from April, largely reflecting seasonal trends.
- Reno’s gaming industry saw a modest decline, with total gaming wins down \$1.8 million (2.8%) over-the-year. Over-the-month, gaming win decreased by \$1.2 million (1.9%), which is not unexpected given the seasonal dip in demand for tourism typically observed in May relative to April.
- Overall, May 2025 reflected positive trends in the Reno MSA’s tourism sector. While modest, most key indicators showed upward movement.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Visitor Volume	<a href="#">RSCVA</a>	6/28/2025	May 2025	This Memo	7/28/2025
Hotel Occupancy Rate	<a href="#">RSCVA</a>	6/28/2025	May 2025	This Memo	7/28/2025
Avg. Daily Room Rate - Hotels	<a href="#">RSCVA</a>	6/28/2025	May 2025	This Memo	7/28/2025
Gaming Win - Reno	<a href="#">GCB</a>	6/26/2025	May 2025	This Memo	7/31/2025

## Housing

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

- Although the Reno MSA housing market has shown some recent signs of softening, activity picked up with a strong start to the summer buying season.
- In June 2025, the average value of a single-family home reached \$576,250, reflecting a 1.7% over-the-year increase.
- In June, the median time for a single-family home in Reno to go under contract was 46 days, 8 days slower than last June and 7 days faster than the U.S. average. The longer timeline, in part, reflects rising inventory levels, giving buyers more options and time to make decisions.
- As of the first week in July, the average 30-year fixed mortgage rate is 6.72%, down slightly from last month and July last year.
- The average rent for all apartment types in the Reno MSA is \$1,770, reflecting a 3.2% or \$55 increase over-the-year. Rents have continued to trend upward for the past five consecutive months.
- Housing inventory in the Reno MSA is increasing, reaching 2.4 months of supply, the highest level in recent years. However, supply remains relatively limited. Buyers purchasing homes at or near the median price still face competition and must act quickly to secure a property.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Avg. Single Family Home Prices	<a href="#">Zillow</a>	7/16/2025	Jun. 2025	This Memo	8/16/2025
Median Days on Market	<a href="#">Realtor.com</a>	7/8/2025	Jun. 2025	This Memo	8/8/2025
Avg. Apartment Rent Prices	<a href="#">Zillow</a>	7/16/2025	Jun. 2025	This Memo	8/8/2025
30-Day Fixed Mortgage Rates	<a href="#">Freddie Mac</a>	7/7/2025	Jun. 2025	This Memo	8/8/2025

## Consumer

Key indicators: 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 \$1.0 billion in total taxable sales for April, down 13.0% over-the-year and down 1.2% from March.
- 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 June 2025, the CCI was 93.0, marking a 4.8-point decline over-the-year but a 5.4 point increase from May.
  - The CCI is at its second lowest level since February 2021.
  - Tariffs remained on top of consumers’ minds and were frequently associated with concerns about their negative impacts on the economy and prices.
  - The Yale Budget Lab estimates the effective US tariff rate is currently 14.7%, the highest level since 1938.
  - Inflation and high prices were another important concern cited by consumers in June.
- Headline inflation increased by 0.3 percentage point from May to 2.7% in June. This is the highest rate since February and still above the Federal Reserve’s 2% target.
  - Vehicle prices fell over-the-month with prices on new vehicles down 0.3% and used cars and trucks tumbling 0.7%. However, tariff-sensitive apparel prices rose 0.4%. Household furnishings, which also are influenced by tariffs, increased 1% for the month.
  - Shelter prices increased just 0.2% for the month. This CPI category was still the largest contributor to the overall CPI gain.
  - The evidence in June was mixed on how much influence tariffs had over prices, though there were signs that the duties are having an impact.

- Looking forward, evolving tariff policies could lead to greater upward pressure on consumer prices in the coming months.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Taxable Sales	<a href="#">Taxation</a>	6/1/2025	Mar. 2025	This Memo	7/10/2025
Average Weekly Wages	<a href="#">BLS-QCEW</a>	6/4/2025	2024:Q4	<a href="#">June Memo</a>	9/9/2025
Consumer Confidence Index	<a href="#">Conference Board</a>	6/24/2025	Jun. 2025	This Memo	7/29/2025
Headline Inflation	<a href="#">BLS-CPI</a>	7/15/2025	Jun. 2025	This Memo	8/12/2025

### **Special Topic: Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index Trends**

- In this month's special topic, we analyze the Institute for Supply Management (ISM) Manufacturing Purchasing Managers' Index (PMI), a key measure of the economic health of the U.S. manufacturing sector.
- The ISM Manufacturing PMI is derived from a monthly survey of purchasing managers at approximately 300 manufacturing firms and tracks five critical components: new orders, production, employment, supplier deliveries, and inventories, with each component seasonally adjusted and weighted.
- This index is widely followed by investors, economists, and policymakers as a leading indicator of business conditions, often providing insights ahead of broader economic reports.
- A PMI reading above 50 signals expansion in the manufacturing sector, while a reading below 50 indicates contraction.
- As of June 2025, U.S. manufacturing activity slowed its rate of contraction with improvements in inventory and production. However, input prices continue to edge higher, a sign that the anticipation of tariffs on imported goods is still weighing on businesses' ability to plan and invest with confidence.
- The PMI inched up to 49.0 in June 2025, slightly above May's six-month low of 48.5. Despite the uptick, it marked the fourth consecutive month the index remained below the 50 threshold, signaling continued contraction in the manufacturing sector, which accounts for about 10.2% of the U.S. economy.
- What kind of correlation does the ISM Manufacturing PMI have with recessions? Historically, in the month preceding a recession, the PMI has ranged from 42.1 to 66.2, with an average of 49.7, a level we currently sit below.
- As this wide range shows, the PMI's value at the onset of past recessions has varied, with some readings in expansion territory and others in contraction. This variability suggests that the PMI alone is not a reliable predictor of recession timing. Instead, it is more

meaningful to observe the PMI's behavior during recessions when it consistently remains in contraction, and outside of recessions when it tends to trend in expansion.

- Since 2022, although the ISM Manufacturing PMI has shown a steady pattern of contraction, the pace of decline has leveled off, leaving the index hovering in a somewhat flat and narrow range. This recent trend likely reflects the uncertainty the manufacturing sector faces as national tariff and monetary policies continue to evolve.

### ISM Manufacturing Purchasing Managers' Index Over Time (Monthly)

