C I T Y O F
RENO
Memorandum

DATE: March 3, 2026

TO: Mayor and City Council

THROUGH: Jackie Bryant, City Manager

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DEPT: Office of Policy and Strategy

SUBJECT: Monthly Economic Update: February 2026

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 February 2026, 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) shows a slowing economy with weakening momentum. Listed below is a summary of key highlights across the major segments we monitor relative to the Reno MSA:

Labor Market:

- December 2025 labor market data indicate the Reno MSA remains stable, characterized by low unemployment and modest hiring activity but with fewer job openings and continued signs of potential softening.

Tourism:

- Tourism data in the Reno MSA remained steady in December 2025 with modest gains in visitation and occupancy offset by slightly lower room rates and gaming revenue, resulting in overall activity that was largely in line with last year.

Housing:

- January 2026 housing Reno's housing market remains in a seasonal winter slowdown with stable home prices and slightly improved mortgage rates but slower sales activity.

Consumer:

- Although Washoe County taxable sales were up 10.4 percent over-the-year in November, sharply lower consumer confidence and ongoing inflation pressures suggest households may become more cautious, creating potential risks for future spending.

Economic Signals:

Upside Cushions	**Downside Risks**
• Housing Price Stability • Decreasing Inflation • Stable Labor Market • Increasing Wages	• Consumer Credit Stress • National Policy Uncertainty • Low Housing Supply • Weakening Consumer Confidence

This Month's Indicators:

Labor Market

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

- Reno MSA's December data indicates the broader labor market remains relatively stable with steady employment for most of 2025, low unemployment, and low layoff rates.
- Employment in the Reno MSA declined 0.3 percent over-the-year (800 jobs), placing growth at the low end of the 2025 range (-0.3 percent to 1.6 percent).
  - Compared to December 2024, construction employment declined by 2,100 jobs, and trade, transportation, and utilities declined by 600 jobs.
  - Education and health services sector recorded the largest job gains over-the-year.
- The Reno MSA unemployment rate edged down 0.1 percent to 4.0 percent from November to December 2025 (not seasonally adjusted) and was 0.7 percentage points lower than December 2024.

    - The Reno MSA continues to post an unemployment rate consistent with a healthy labor market.
    - Nevada's statewide unemployment rate remained at 5.2 percent in December (seasonally adjusted), tying for the fourth-highest rate nationally (excluding Washington, D.C.) alongside Oregon and Delaware.
    - California (5.5 percent) and New Jersey (5.4 percent) recorded the highest unemployment rates this month.
    - South Dakota and Hawaii recorded the lowest unemployment rates at 2.2 percent.
    - Nevada's elevated statewide rate continues to be driven largely by the Las Vegas MSA, which reported a 5.2 percent unemployment rate, though this was an improvement of 0.3 percentage points from November.
- In December 2025, Nevada reported 13,852 initial claims for unemployment insurance, a 13.3 percent increase from November and a 4.6 percent increase compared to December 2024.
    - Although this marks the highest level observed this year, seasonal increases and highs in December and January are typical. Claims remain near the 12-month average (11,865) and are low by historical standards.
    - The Department of Employment, Training and Rehabilitation (DETR) did not report any layoffs in this reporting period in Northen Nevada.
- The Job Openings and Labor Turnover Survey (JOLTS) provides key data (job openings, quits, hires, and layoffs) on labor market supply and demand, offering valuable insight into trends that influence wages and inflation.
    - In December 2025, Nevada experienced a 25.6 percent over-the-year decline in job openings. While openings data can be volatile, the size of this decline warrants monitoring, particularly after relative stability through the first ten months of 2025.
    - Hiring increased both over-the-month and over-the-year.
    - Quits and layoffs moved in opposite directions, a typical sign of softening labor conditions:
        - Quits declined 6.5 percent over-the-year, indicating workers are becoming more cautious and less willing to leave their current jobs amid concerns about finding new or higher-paying opportunities).
        - Layoffs increased 6.2 percent over-the-year, suggesting employers are scaling back staffing levels to manage costs, preserve capital, and focus on core operations.
    - Overall, December JOLTS data suggest the labor market remains stable but is operating in a lower-opening, low-hire, low-fire environment.

Broader Implication to the City:

- Positive job growth signals expanding industries, increased business activity, a growing labor market, and stronger consumer spending, which boosts City revenues through higher sales taxes and business-related fees. A low unemployment rate and fewer initial claims indicate a healthy labor market, supporting household spending and sustaining local revenue growth.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Employment - Reno MSA	BLS-CES	2/6/2026	Dec. 2025	This Memo	4/8/2026
Unemployment Rate - Reno MSA	BLS-LAUS	2/6/2026	Dec. 2025	This Memo	4/8/2026
Initial Claims - Nevada	DOL	2/1/2026	Dec. 2025	This Memo	3/1/2026
Job Openings - Nevada	BLS-JOLTS	2/19/2026	Dec. 2025	This Memo	3/31/2026

Tourism

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

- Tourism activity in the Reno MSA was generally stable with several key indicators showing modest over-the-year gains.
- In December 2025, the Reno MSA welcomed 285,162 visitors, an increase of 4,955 visitors from December 2024, or a 1.8 percent increase.
    - Key events and activities that typically attract visitors during the month of December include ski season, the Santa Pub Crawl, Home for the Holidays at Greater Nevada Field, Christmas and New Years Eve holiday travel & celebrations, and Wolf Pack basketball games.
- In December 2025, hotel occupancy rates increased to 54.1 percent, marking a 1.2 percent uptick compared to December 2024.
- The average daily room rates for hotels in December were $127.90 per night, down $4.69 over-the-year but up by $1.82 from November.
- Reno's gaming win in December decreased by $1.1 million (-1.6 percent) compared to last year but increased by $9.1 million (16.4 percent) from November in large part due to seasonality fluctuations.
- Overall, tourism activity in Reno remained largely in line with last year's levels.

Broader Implication to the City:

- Tourism drives local spending that directly supports City revenues through room, sales, and property-related taxes, business license fees, and a variety of other fees the City collects. Strong visitor activity benefits hotels, restaurants, and entertainment venues, generating ripple effects across the local economy which helps sustain vital public services.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Visitor Volume	RSCVA	1/28/2026	Dec. 2025	This Memo	2/27/2026
Hotel Occupancy Rate	RSCVA	1/28/2026	Dec. 2025	This Memo	2/27/2026
Avg. Daily Room Rate - Hotels	RSCVA	1/28/2026	Dec. 2025	This Memo	2/27/2026
Gaming Win - Reno	GCB	1/28/2026	Dec. 2025	This Memo	2/27/2026

Housing

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

- This month's Reno MSA housing data reflects the continuation of the typical winter seasonal slowdown with home prices holding steady amid persistently elevated mortgage rates.
- In January 2026, the average value of a single-family home reached $559,258 in the Reno MSA, down 0.4 percent over-the-year and up 0.2 percent over-the-month.
- In January, the median time for a single-family home in Reno to go under contract was 81 days, 6 days longer than last January and 3 days slower than the national average.
    - This marks the tenth consecutive month that homes are taking longer to sell compared to last year.
- As of the January 2026, the average 30-year fixed mortgage rate is 6.10 percent, slightly lower than the previous month and down from 6.95 percent this time last year.
- The average rent for all apartment types in the Reno MSA is $1,757, reflecting a 6.6 percent or $112 increase over-the-year. Rents have now increased for 11 consecutive months.

Broader Implication to the City:

- The health of the housing market impacts construction activity and related revenues, such as building permits and real property transfer taxes. Stable home values help maintain the property tax base to fund essential City services. Rising rents and limited supply can highlight ongoing affordability challenges that affect residents' discretionary spending and workforce housing needs.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Avg. Single Family Home Prices	Zillow	2/16/2026	Jan. 2026	This Memo	3/16/2026
Median Days on Market	Realtor.com	2/8/2026	Jan. 2026	This Memo	3/8/2026
Avg. Apartment Rent Prices	Zillow	2/16/2026	Jan. 2026	This Memo	3/16/2026
30-Day Fixed Mortgage Rates	Freddie Mac	2/8/2026	Jan. 2026	This Memo	3/6/2026

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 continues to implement their new tax system, "Modernize Your Nevada Tax" (MYNT).
    - The system shift continues to complicate historical comparisons.
    - Washoe County reported $1.1 billion in total taxable sales for November, up 10.4 percent over-the-year and down 4.3 percent from October.
- 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 index is based on a five-question survey with two questions related to present conditions and three questions related to future expectations.

  - In January 2026, the CCI fell to 84.5, representing a 14.7-point decline over the year and a 9.7-point decrease from December.
  - January's reading is the lowest level since May 2014, which was more than 11 years ago.
  - The CCI is based on five core survey components: two questions measuring current business and employment conditions (the "Present Situation"), and three questions assessing expectations for business conditions, employment, and household income over the next six months.
  - All five components declined in January, contributing to the overall drop in the index.
  - Overall, January's results reflect a continued shift toward pessimism with consumer concerns about both current economic conditions and future expectations deepening at the start of the year.
- U.S. headline inflation eased to 2.4 percent over-the-year in January 2026, dropping from 2.7 percent in December, a 0.3 percentage point decline from the prior month and the lowest annual rate since May 2025.
  - January's inflation rate has returned to levels last seen in May 2025, shortly after President Donald Trump announced a new round of aggressive tariffs on U.S. imports.
  - While shelter remained a primary contributor to overall Consumer Price Index (CPI) gains, monthly shelter costs increased just 0.2 percent, bringing the annual shelter inflation rate down to 3.0 percent. Shelter accounts for more than one-third of the total, making its moderation particularly significant for overall inflation trends.

Broader Implication to the City:

- Higher wages strengthen Reno's economy by boosting consumer spending and increasing sales tax revenues. Inflation is the rate at which prices for goods and services rise. However, inflation erodes consumer purchasing power and increases production costs for businesses. Unstable prices also greatly increase the uncertainty in forecasting City revenues and optimizing expenditures. Together, wage growth, inflation, and consumer spending shape overall consumer confidence, which directly influences the future revenue outlook.

Indicator	Source	Most Recent Release Date	Current Data Month	Latest Memo with Analysis	Next Release Date
Taxable Sales	Taxation	2/1/2026	Nov. 2025	Dec. Memo	3/1/2026
Average Weekly Wages	BLS-QCEW	12/19/2025	2025:Q2	Dec. Memo	3/3/2026
Consumer Confidence Index	Conference Board	1/27/2026	Jan. 2026	This Memo	2/24/2026
Headline Inflation	BLS-CPI	2/11/2026	Jan. 2026	This Memo	3/11/2026

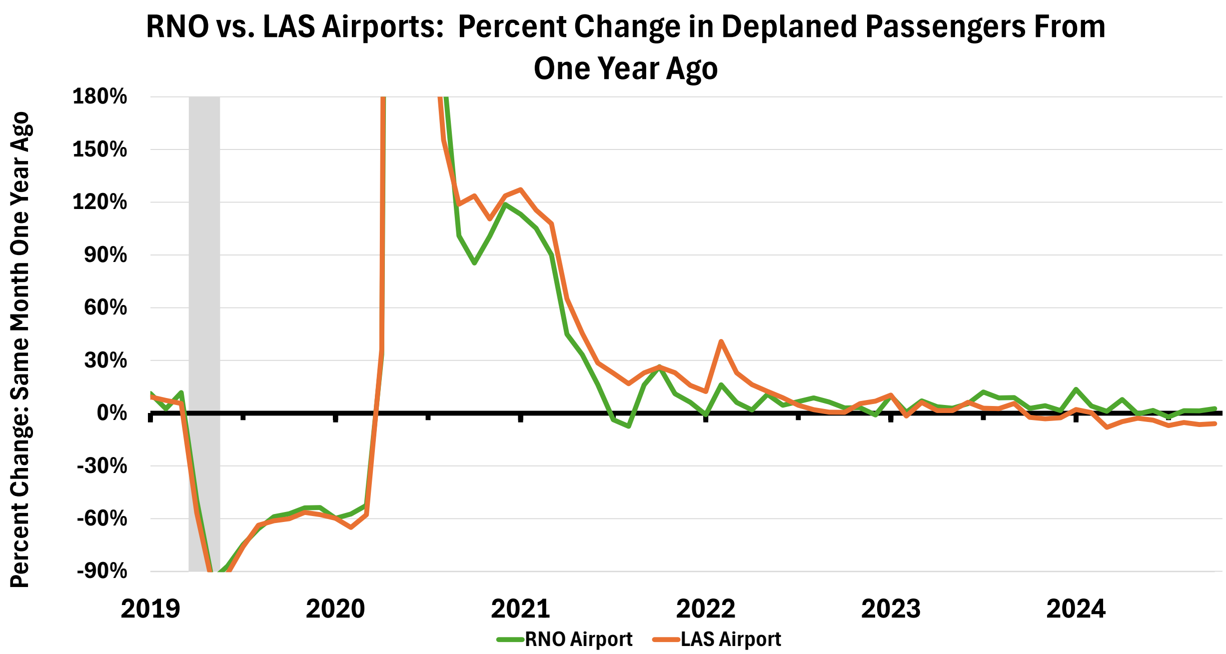
Special Topic: Deplaned Passengers and Taxable Sales in Reno and Las Vegas

In the coming months, we will examine key economic variables that influence taxable sales, as sales tax remains one of the largest sources of revenue for local governments.

- In October 2025, the United States federal government shutdown caused significant staffing shortages among air-traffic controllers, many of whom were working without pay. In response, the Federal Aviation Administration and the U.S. Department of Transportation issued an emergency order reducing flights at 40 high-volume U.S. airports by up to 10 percent beginning November 7.
- In light of this disruption, this month's special topic explores the extent to which airport activity, measured by deplaned passengers, relates to taxable sales in Washoe and Clark counties. The analysis identifies whether changes in deplaned passengers translates into meaningful shifts in consumer spending in each county.
- Deplaned passengers represent the number of travelers who arrive at an airport and exit the aircraft. This measure is important because arriving passengers generate immediate local spending on hotels, dining, transportation, and retail, all of which contribute directly to taxable sales.
- Understanding how closely taxable sales move with deplaned passengers helps clarify the extent to which each region relies on tourism-related spending and how sensitive monthly sales tax revenue may be to fluctuations in travel.

Deplaned Passengers Trends:

- Using deplaned passenger data from the Reno–Tahoe Airport Authority and the Clark County Department of Aviation, we first examined deplaned passenger trends at Reno–Tahoe International Airport and compared them with those at Harry Reid International Airport. This comparison highlighted the significant declines in deplaned passengers during the onset of the COVID-19 pandemic and similarly sharp rebounds as travel reopened in both counties.
- In the period following the initial recovery, however, the two regions diverged. Passenger arrivals in Reno stabilized in a narrow, consistent range with relatively small deviations from year-earlier levels. This steadiness indicates a more predictable travel pattern anchored by regional visitors and stable domestic activity.
- In contrast, Las Vegas exhibited more pronounced fluctuations over the same period, reflecting its larger and more dynamic visitor base, convention schedule, and international tourism presence. These differences suggest that Las Vegas is more sensitive to external factors affecting travel, while Reno's airport activity tends to follow steadier trends.



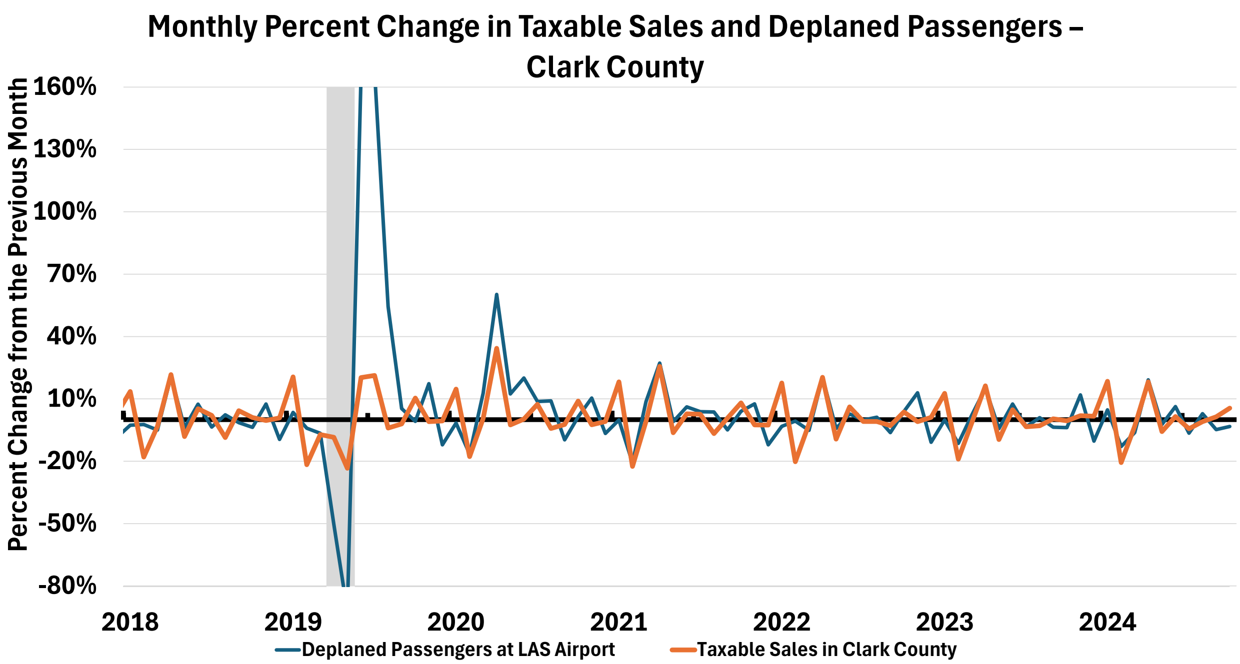
How Strong is the Relationship Between Deplaned Passengers and Taxable Sales:

- We ran a regression analysis to assess the strength of the relationship between the month-to-month percent change in deplaned passengers and taxable sales. A regression analysis is a statistical tool that shows whether two measures tend to move together and how strong that relationship is. When you run a regression analysis, it generates a results table with several measures and statistical metrics. For the purposes of this analysis, we focused on two key measures: the correlation coefficient (R) and the R^2 score.
- A correlation coefficient tells you how strongly two things move together and whether they move in the same or opposite direction. For example, do they both go up together, or does one go up while the other goes down?
- The second measure we analyzed, the R^2 (R-squared) score, tells you how much of the change in your outcome (like taxable sales) can be explained by the change in the variables you included, but it does not tell you about the direction like the correlation coefficient does. R^2 ranges from 0 to 1 (or 0% to 100%). A higher R^2 score (closer to the value of 1) means your variable does a better job explaining the data. A low R^2 (closer to the value of 1) means there are other important variables you haven't included in your regression analysis explain the changes of your variable.
- For monthly taxable sales data, we used Department of Taxation data for both Washoe and Clark counties. We then plotted the two data sets to visualize how closely deplaned passengers align with taxable sales.

Clark County:

- When looking at the month-to-month percent change in deplaned passengers and taxable sales for Clark County, the two series follow one another closely. Months with softer deplaned passengers often coincide with slower taxable sales, while periods of increased deplaned passengers tend to align with stronger spending.

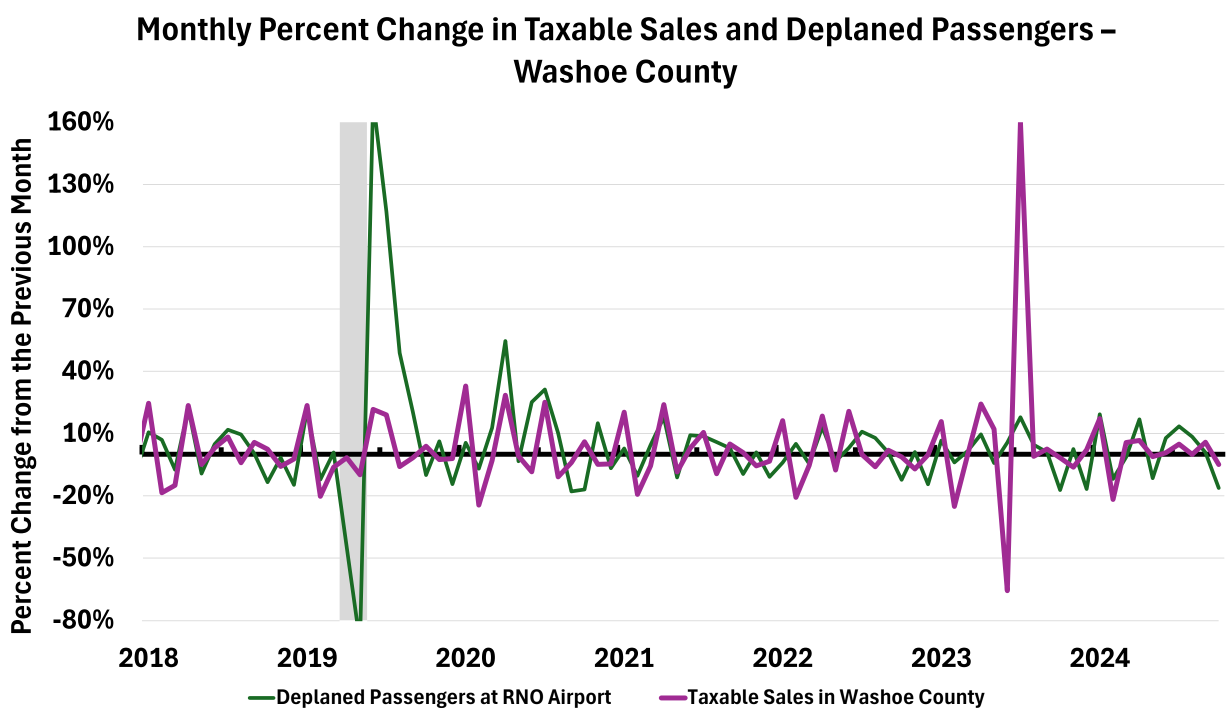
- An analysis on Clark County's data showed a correlation of 0.69, which indicates a moderately positive relationship between deplaned passengers and taxable sales. A value closer to one would mean they rise and fall almost in tandem moving in the same direction, and a value near zero would suggest little to no connection. In this case, Clark County's correlation value indicates a meaningful relationship, consistent with the county's well-known dependence on tourism and visitor spending.
- The regression's R^2 value of 0.47 means that roughly 47 percent of the variation in taxable sales can be explained by changes in deplaned passengers. The remaining 53 percent of variation comes from other factors, such as local economic conditions, business activity, consumer behavior, fluctuations in major events, and other economic variables. However, these other variables were not included in the analysis because the focus of this special was specific to deplaned passengers.
- This relationship indicates that taxable sales in Clark County are meaningfully influenced by shifts in visitor activity. The pattern aligns with the structure of the Las Vegas economy where tourism plays a sizable role in driving monthly consumer spending. As a result, changes in passenger traffic provide useful insight into taxable sales performance for that region.



Washoe County:

- Washoe County tells a different story. The regression analysis for Washoe County produced a correlation of 0.38, indicating a noticeably weaker relationship between deplaned passengers and taxable sales. In practical terms, this means the two measures do not move together very closely, and changes in deplaned passengers do not consistently translate into comparable shifts in monthly spending activity. This weaker relationship is consistent with what is observed in the month-to-month charts, where taxable sales and passenger arrivals do not move as close in tandem as they do in Clark County.

- Washoe County's R^2 value of 0.14 shows that only about 14 percent of the variation in taxable sales can be explained by changes in deplaned passengers, while the remaining 86 percent is influenced by broader economic conditions. This lower explanatory value suggests that taxable sales in Reno/Sparks are less dependent on tourism activity and are more strongly shaped by local demand, population growth, and regional economic dynamics. Deplaned passengers may contribute to regional activity, but they are not a strong predictor of month-to-month taxable sales. As a result, deplaned passengers provide limited insight into short-term revenue fluctuations in Washoe County compared to the stronger relationship observed in Clark County.



Conclusion:

- Taken together, these comparisons highlight key differences in how the two regional economies function. In Las Vegas, taxable sales tend to rise and fall more closely with changes in deplaned passengers, suggesting the area's sales tax revenue is more dependent on tourism. In Washoe County, the relationship is weaker, indicating a more locally supported taxable sales base that is less dependent on deplaned passenger fluctuations.
- Notably, neither region exhibits a high correlation coefficient (+.80 or higher) or R^2 (+.70 or higher) score between deplaned passengers and taxable sales. This suggests that sales activity in both areas is shaped by a range of factors beyond deplaned passengers alone, and that deplaned passenger counts by themselves are not a reliable predictor of overall taxable sales each month.