




C I T Y O F
RENO

Memorandum

DATE: May 29, 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: May 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 May 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:

Overall, the Reno metropolitan statistical area (MSA) economy is positive with indicators pointing to healthy labor market conditions, a strong tourism month, stable housing prices, and strengthening consumer signals. 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 continued to strengthen in March with solid employment growth, declining unemployment, and low levels of claims for unemployment insurance, all signaling continued economic expansion.

Tourism:

- Tourism activity in the Reno MSA strengthened in March with visitor volume, hotel occupancy, average daily room rates, and gaming revenue all increasing over-the-year, reflecting continued momentum in the region's tourism economy and positive signs of sustained discretionary consumer spending.

Housing:

- Reno MSA housing conditions in April remained relatively unchanged from last month with flat home prices, limited inventory, faster home sales, and continued rent growth, reflecting ongoing market tightness.

Consumer:

- Consumer activity was positive in April as consumer confidence improved modestly and expectations for future economic conditions strengthened, despite inflation accelerating to its highest level since May 2023.

Economic Signals:

Upside Cushions	Downside Risks
<ul style="list-style-type: none">• Housing Price Stability• Growth in Consumer Spending• Stable Labor Market• Increasing Wages	<ul style="list-style-type: none">• Iran War/Oil Prices• National Policy Uncertainty• Low Housing Supply• Increasing Inflation

This Month's Indicators:

Labor Market

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

- March data once again showed continued employment growth in the Reno MSA alongside a stable labor market and declining unemployment rate.
- Employment in the Reno MSA grew 2.2 percent over-the-year, adding 6,200 jobs. This marks the upper end of the growth range observed so far this year (0.6 percent to 2.2 percent, seasonally adjusted) and reflects continued positive labor market expansion.
 - The largest over-the-year job gains occurred in education and health services this month.

- The Reno MSA unemployment rate declined from 4.6 percent in February to 4.3 percent in March 2026 (not seasonally adjusted) and was 0.2 percentage points lower than March 2025, reflecting continued labor market stability and improvement over the past year.
 - The Reno MSA continues to post an unemployment rate consistent with a healthy labor market.
 - Nevada’s statewide unemployment rate was unchanged from March at 5.3 percent (seasonally adjusted), tied for the second-highest rate nationally with California (excluding Washington, D.C.).
 - Delaware recorded the nation’s highest unemployment rate in March (5.4 percent).
 - South Dakota (2.3 percent) and Hawaii (2.4 percent) had the lowest unemployment rates this month.
 - Nevada’s elevated statewide unemployment rate continues to be driven largely by the Las Vegas MSA, which reported a 5.4 percent unemployment rate this month, improving notably from 5.8 percent in the prior month.
- In April 2026, Nevada reported 10,962 initial claims for unemployment insurance, a 1.7 percent increase from March and a 6.9 percent decrease compared to April 2025.
 - Initial claims for unemployment insurance remain low, below the 12-month average (11,887), and are also low by historical standards.
 - The Department of Employment, Training and Rehabilitation (DETR) reported no new Worker Adjustment and Retraining Notification (WARN) notices in Reno.

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	5/19/2026	Mar. 2026	This Memo	6/3/2026
Unemployment Rate - Reno MSA	BLS-LAUS	5/19/2026	Mar. 2026	This Memo	6/3/2026
Initial Claims - Nevada	DOL	5/1/2026	Apr. 2026	This Memo	6/1/2026
Job Openings - Nevada	BLS-JOLTS	2/19/2026	Dec. 2025	March Memo	7/22/2026

Tourism

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

- March tourism activity in the Reno MSA was strong this month with all key indicators showing over-the-year gains following a positive February.
- In March 2026, the Reno MSA welcomed 345,181 visitors, an increase of 43,830 visitors from March 2025, or a 14.5 percent increase.

- Key events and activities that typically attract visitors during the month of March include ski season, USBC Open Championships, St. Patrick’s Day celebrations, Pub Crawls, and NCAA basketball games.
- In March 2026, hotel occupancy rates increased to 64.2 percent, marking a 7.0 percent increase when compared to the same month last year.
- The average daily room rates for hotels in March were \$132.86 per night, up \$2.22 over-the-year and down by \$5.04 from February.
- Reno’s gaming win in March increased by \$4.3 million (7.5 percent) compared to last year and up by \$1.4 million (4.4 percent) from February.

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	<u>RSCVA</u>	4/28/2026	Mar. 2026	This Memo	5/28/2026
Hotel Occupancy Rate	<u>RSCVA</u>	4/28/2026	Mar. 2026	This Memo	5/28/2026
Avg. Daily Room Rate - Hotels	<u>RSCVA</u>	4/28/2026	Mar. 2026	This Memo	5/28/2026
Gaming Win - Reno	<u>GCB</u>	4/28/2026	Mar. 2026	This Memo	5/28/2026

Housing

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

- Overall, this month’s Reno MSA housing data continued to reflect a market characterized by relatively stable home prices and limited housing supply. For buyers, competition remains elevated, particularly for single-family homes priced near the market average, as available inventory remains constrained.
- In April 2026, the average value of a single-family home was \$576,823 in the Reno MSA, down 0.2 percent over-the-year and unchanged over-the-month.
- In April, the median time for a single-family home in Reno to go under contract was 42 days, 2 days shorter than last April and 10 days faster than the national average.
 - This marks the second consecutive month in a year that homes are selling faster compared to last year.
 - Inventory remained low for both single-family homes and condo/townhome units at just 1.6 months of supply, down nearly 35 percent from last April, further reinforcing that the Reno housing market remains in seller’s market conditions.
- As of April 2026, the average 30-year fixed mortgage rate was 6.30 percent, slightly higher than the previous month and down from 6.81 percent this time last year.

- The average rent for all apartment types in the Reno MSA is \$1,783, reflecting an 8.9 percent or \$146 increase over-the-year. Rents have now increased for 14 consecutive months.

Broader Implication to the City:

- The health of the housing market impacts construction activity and key revenue sources, including building permits, sales and use tax, and the real property transfer tax (both of which are included in consolidated 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	5/16/2026	Apr. 2026	This Memo	6/16/2026
Median Days on Market	Realtor.com	5/8/2026	Apr. 2026	This Memo	6/8/2026
Avg. Apartment Rent Prices	Zillow	5/16/2026	Apr. 2026	This Memo	6/16/2026
30-Day Fixed Mortgage Rates	Freddie Mac	5/6/2026	Apr. 2026	This Memo	6/6/2026

Consumer

Key indicators: 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. The index is based on a five-question survey with two questions related to present conditions and three questions related to future expectations.
 - In April 2026, the CCI was 92.8, representing a 7.1-point increase over-the-year and a 0.6-point increase from an upwardly revised March.
 - Consumer confidence edged up in April but remained relatively flat overall, even as concerns over rising gasoline prices increased following a surge in crude oil prices tied to the conflict in the Middle East.
 - 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 (the “Expectations”).
 - The “Present Situation” cooled slightly in April, as net views of current business conditions (the share saying conditions are “good” versus “bad”) decreased.
 - However, the “Expectations” increased this month as two of its three components—net perceptions of labor market and household income conditions six months from now—edged up.

- This month’s CCI report further suggests that consumers remain somewhat pessimistic about current business conditions but generally expect conditions to improve in the near term due to various economic indicators remaining positive nationwide.
- U.S. headline, seasonally adjusted inflation was 3.8 percent over-the-year in April 2026, up from 3.3 percent in March, a 0.5 percentage point increase from the prior month.
 - Though energy and gasoline have been much of the headline story, inflation pressures also came from a variety of other areas.
 - Prices that consumers pay for a wide range of goods and services increased at a faster-than-expected pace in April.
 - Energy prices, which jumped 3.8 percent, accounted for more than 40 percent of the headline gain, while food prices also climbed 0.5 percent.
 - The U.S. annual inflation rate is at its highest level since May 2023.

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	This Memo	Next Release Date
Taxable Sales	Taxation	4/1/2026	Feb. 2026	April Memo	6/1/2026
Average Weekly Wages	BLS-QCEW	3/10/2026	2025:Q3	Mar. Memo	6/2/2026
Consumer Confidence Index	Conference Board	4/30/2026	Apr. 2026	This Memo	5/28/2026
Headline Inflation	BLS-CPI	5/12/2026	Apr. 2026	This Memo	6/10/2026

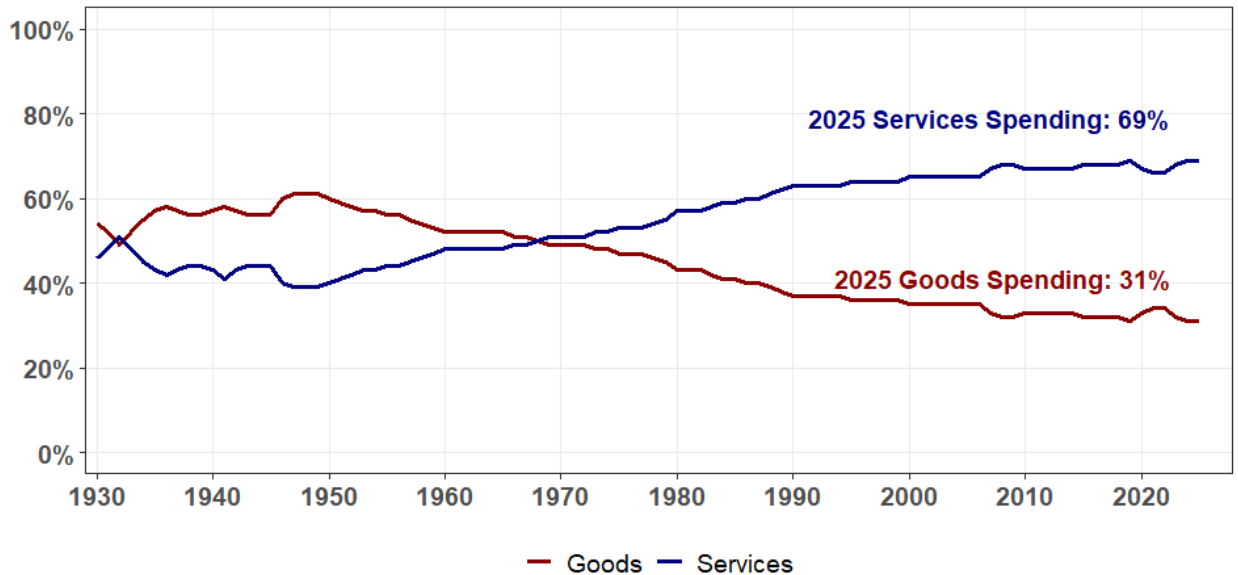
Special Topic: Long-Term Shift in Consumer Spending and Implications for the Sales Tax Base

- This month, we continue our deep dive into taxable sales, one of the largest revenue sources for local governments in Nevada.
- Using data from the U.S. Bureau of Economic Analysis, this special topic examines the long-term shift in U.S. consumer spending from goods to services between 1930 and 2025.
- During the mid-20th century, the U.S. economy was primarily goods-based with tangible goods accounting for roughly 55 to 60 percent of total consumer spending.

- Around 1970, spending on services surpassed spending on goods, marking a major structural shift in the economy. By 2025, services accounted for approximately 69 percent of total consumer spending, compared to 31 percent for goods.
- This transition reflects broader economic changes, including growth in healthcare, technology, finance, entertainment, telecommunications, and other service industries.
- The trend has important implications for Nevada because the state’s sales tax system relies heavily on the taxation of tangible goods and exempts sales tax on many services. As consumer spending shifts toward services and digital consumption that may not be fully taxable, the effective sales tax base has narrowed over time.
- As a result, growth in overall consumer spending does not always translate proportionally into taxable sales growth, raising long-term questions regarding revenue stability and the sustainability of Nevada’s sales tax structure.
- Policymakers have previously discussed broadening the sales tax base on services. One example was Assembly Bill 569 from the 2011 Legislative Session, which proposed a one percent excise tax on certain services while exempting areas such as healthcare, daycare, funeral services, phone and internet services, and personal care services. Although the bill received multiple hearings, no further action was ultimately taken.

Share of Total U.S. Personal Consumption Expenditures

Spending on Goods vs Spending on Services (Calendar Years: 1930 - 2025)



Source: Bureau of Economic Analysis, Personal Consumption Expenditures by Type of Product.