Memorandum

DATE: December 30, 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: December 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 December 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) presents mixed signals with many indicators showing modest growth amid elevated uncertainty. Listed below is a summary of key highlights across the major segments we monitor relative to the Reno MSA:

Labor Market:

- September 2025 data indicates that the Reno MSA labor market remains healthy but is gradually cooling with modest job growth, low unemployment claims, and signs of slowing hiring.

Tourism:

- October 2025 tourism data shows that activity in the Reno MSA remained positive with visitor volumes and hotel occupancy modestly higher than last year, while average room rates and gaming win declined from recent months largely due to normal seasonal patterns.

Housing:

- The Reno MSA's housing market data as of November 2025 indicates a stabilizing market typical of the winter season with home values largely flat, longer selling times, slightly higher mortgage rates and higher inventory on the market compared to last month.

Consumer:

The Reno area realized taxable sales growth and rising real wages that outpaced inflation, while consumer confidence weakened sharply and inflation cooled to its lowest level since 2021, signaling a stable but increasingly cautious consumer sentiment.

Economic Signals	
Upside Cushions	**Downside Risks**
• Rate Cuts (December 2025) • Decreasing Inflation • Stable Labor Market • Increasing Wages	• Low Housing Supply • National Policy Uncertainty • Shifting Trade Policy • Federal Data Accuracy (Due the government shutdown)

This Month's Indicators:

Labor Market

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

- Due to the recent federal government shutdown, the release of labor market data from the Bureau of Labor Statistics (BLS) has been delayed. As a result, the data from the BLS is more lagged than usual but is expected to be fully caught up by next year.
- September's seasonally adjusted employment data indicates that the Reno MSA labor market is cooling and reflects many of the trends that were in place prior to the federal shutdown.

- Employment in the Reno MSA grew 0.2 percent over-the-year, adding about 1,100 jobs, which is positive but falls at low end of the growth range observed this year (0.2 percent to 1.6 percent).
- The unemployment rate in the Reno MSA increased slightly over-the-month in September 2025 to 4.3 percent, but it was down 0.2 percent from September 2024 (not seasonally adjusted).
    - The Reno MSA continues to maintain an unemployment rate consistent with a healthy labor market.
    - Nevada's unemployment rate decreased this month to 5.3 percent (seasonally adjusted), but still sits near the top of the nation with the second highest unemployment rate in September, excluding Washington, D.C.
    - Conversely, South Dakota (2.0 percent) had the lowest rate, followed by Hawaii (2.5 percent) and Vermont (2.5 percent), in September 2025.
    - Nevada's above-average unemployment rate is largely driven by the Las Vegas MSA, which stands at 5.7 percent.
- In October 2025, Nevada reported 11,793 initial claims for unemployment insurance, an 8.6 percent increase from September and a 6.3 percent increase compared to October 2024. Despite the increase, initial claims remain low by historical standards and are near the 12-month average of 11,673.
    - 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 on labor market supply and demand, offering valuable insight into trends that influence wages and inflation.
    - In August 2025, Nevada posted a 1.5 percent monthly decrease in job openings and a 4.5 percent decline over-the-year. This drop suggests that employers are cautious, hinting at slower hiring and easing wage pressure.
    - Quits increased 2.9 percent from a year ago. While quits ticked up this month, the overall trend has flattened following a sustained decline over the past two years.
    - Quits and layoffs move in opposite directions: more quits in strong markets, more layoffs in weak ones.
    - Layoffs have increased steadily since August 2025 with over-the-year number of layoffs up by 19.0 percent. However, layoff levels still remain low by historical standards, despite the large increase.
    - Overall, August's JOLTS results are little changed from last month and continue to suggest a softening yet stable labor market.

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	12/11/2025	Sep. 2025	This Memo	1/16/2026
Unemployment Rate - Reno MSA	BLS-LAUS	12/11/2025	Sep. 2025	This Memo	1/16/2026
Initial Claims - Nevada	DOL	11/30/2025	Oct. 2025	This Memo	1/1/2026
Job Openings - Nevada	BLS-JOLTS	12/2/2025	Aug. 2025	This Memo	12/30/2025

Tourism

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

- Tourism activity in the Reno MSA remained positive in October with most key indicators coming in modestly above their levels or close to par from the same period last year.
- In October 2025, the Reno MSA welcomed 340,099 visitors, an increase of 6,372 visitors from October 2024, or a 1.9 percent increase.
    - Key events and activities that typically attract visitors during the month of October include the Reno Zombie Crawl, Halloween celebrations, International Bowling Federation championships, and Wolfpack football games.
- In October 2025, hotel occupancy rates increased to 66.0 percent, marking a 1.3 percent uptick compared to October 2024.
- The average daily room rates for hotels in October were $138.63 per night, down $1.90 over-the-year and down by $11.39 from August. This isn't unusual due to seasonality.
- Reno's gaming win in October increased by $0.2 million (0.3%) compared to last year but decrease by $7.3 million (-9.6%) from September, in large part due to seasonality fluctuations.

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	11/26/2025	Oct. 2025	This Memo	12/29/2025
Hotel Occupancy Rate	RSCVA	11/26/2025	Oct. 2025	This Memo	12/29/2025
Avg. Daily Room Rate - Hotels	RSCVA	11/26/2025	Oct. 2025	This Memo	12/29/2025
Gaming Win - Reno	GCB	11/25/2025	Oct. 2025	This Memo	12/30/2025

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 indicates a stabilizing market typical of the slower winter season.
- In November 2025, the average value of a single-family home reached $561,727 in the Reno MSA, down 0.1 percent over-the-year, and up 0.2 percent over-the-month.
- In November, the median time for a single-family home in Reno to go under contract was 71 days, 7 days longer than last November and 6 days slower than the national average.
    - This marks the eight consecutive month that homes are taking longer to sell compared to last year.
- As of the second week of December, the average 30-year fixed mortgage rate is 6.22 percent, slightly higher than the previous month and down from 6.88 percent this time last year.
- The average rent for all apartment types in the Reno MSA is $1,749, reflecting a 5.9 percent or $97 increase over-the-year. Rents have now increased for ten 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	12/16/2025	Nov. 2025	This Memo	1/16/2026
Median Days on Market	Realtor.com	12/8/2025	Nov. 2025	This Memo	1/8/2026
Avg. Apartment Rent Prices	Zillow	12/16/2025	Nov. 2025	This Memo	1/16/2026
30-Day Fixed Mortgage Rates	Freddie Mac	12/6/2025	Nov. 2025	This Memo	1/6/2026

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 September, up 4.8 percent over-the-year and down 4.9 percent from August.
- 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 second quarter of 2025 (2025:Q2) shows that average weekly wages across all industries in the Reno MSA continued to rise.
    - As of 2025:Q2, average weekly wages in the Reno MSA reached $1,369, up $63 or 4.8 percent over-the-year, outpacing both the national growth rate of 3.4 percent and state growth rate of 4.0 percent.
    - Wages in the Reno MSA have consistently outpaced inflation through 2025, meaning workers are seeing real wage gains, though the rapid pace seen in the immediate post-pandemic years has cooled slightly to a stable and healthy rate.
- 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 November 2025, the CCI was 88.7, marking a 21.4-point decline over-the-year and a 6.8-point decrease from October.
    - Consumer confidence has fell for a fourth straight month in November and is the lowest level for the index in the past seven months.
    - All five components of the overall index flagged or remained weak.
    - Consumers' write-in responses to the survey pertaining to factors affecting the economy continued to be led by references to prices and inflation, tariffs and trade, and politics, with increased mentions of the federal government shutdown.
    - Overall November's CCI results clearly indicate that Americans currently harbor pessimistic views about the economy.
- Headline inflation dropped from 3 percent in September to 2.6 percent in November, marking the lowest annual rate since March 2021. October data is unavailable due to the 2025 federal government shutdown and lapse in appropriations, which is why the comparison skips directly from September to November.
    - U.S. inflation slowed more than expected in November, representing a notable downside surprise that could influence near-term financial market conditions and Federal Reserve policy expectations.
    - While slower inflation is a good thing for the economy and the 2.7% reading is moving closer to the Fed's target of 2%, inflation could be slowing because consumers are cutting back on spending.

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	12/1/2025	Sep. 2025	This Memo	1/1/2026
Average Weekly Wages	BLS-QCEW	12/19/2025	2025:Q2	This Memo	3/3/2026
Consumer Confidence Index	Conference Board	11/25/2025	Oct. 2025	This Memo	12/30/2025
Headline Inflation	BLS-CPI	12/18/2025	Nov. 2025	This Memo	1/13/2026

Special Topic: The Six Months of Consolidated Tax: Part Five – Basic City County Relief Tax

- Over a six-month period, 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 fifth source of revenue we will discuss is the basic city-county relief tax (BCCRT).

What is the Basic City-County Relief Tax?

- The total sales tax rate in Washoe County is 8.265% of the sales price.
- Nevada's BCCRT is one of two components of the total sales tax rate that flows into the C-Tax system for local governments.
- The tax is collected by the Department of Taxation monthly.
- BCCRT Tax Rate: $0.50 per $100 dollar of the sales price.

Revenue Destination	Tax Rate	Share
K-12 Education	3.140%	38%
State General Fund	2.000%	24%
C-Tax (SCCRT)	1.750%	21%
C-Tax (BCCRT)	0.500%	6%
All Other Uses	0.875%	11%
Total	**8.265%**	**100%**

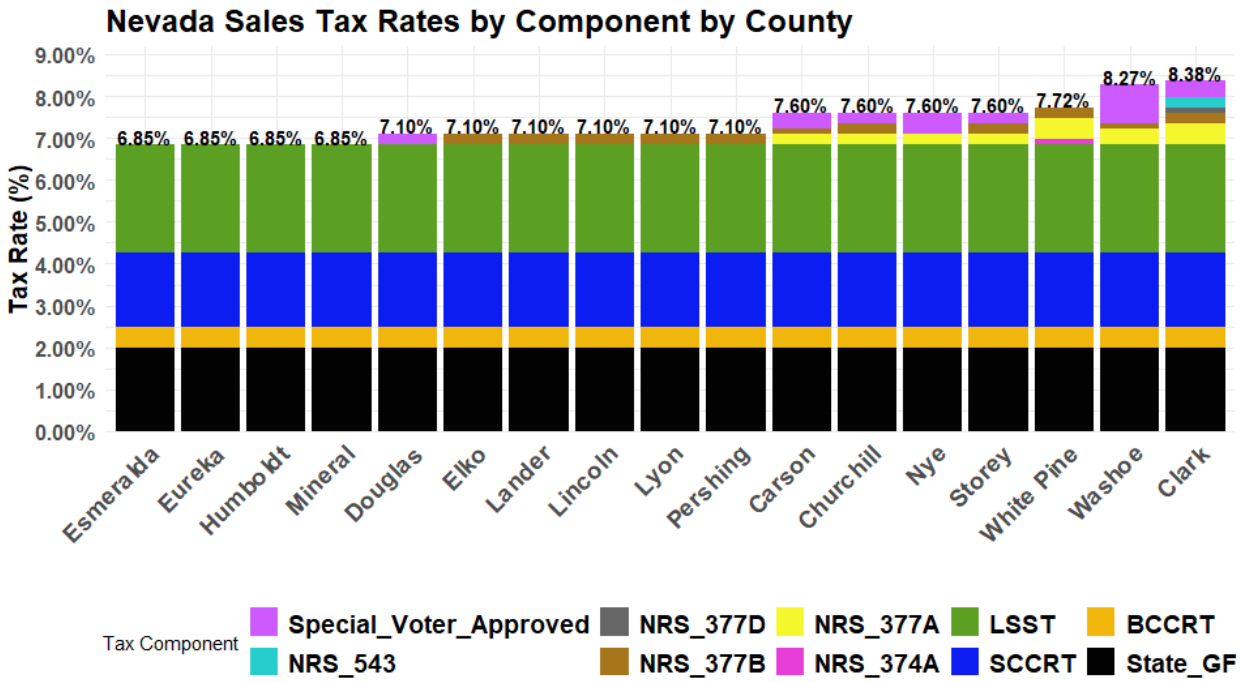
- Of the six revenue sources that make up the C-Tax system, BCCRT is the second largest contributor.
- In FY2025, $425.4 million in BCCRT revenue was distributed to local governments, representing 19.3 percent of the entire C-Tax distribution. By contrast, the supplemental city-county relief tax, the largest source, contributed $1.5 billion.

History & Origins of the Tax:

- The BCCRT was created in the 1981 legislative session by Assembly Bill 369.
- In-state proceeds from the BCCRT were returned to the county in which the revenue was generated, which is still in place in the C-Tax system today.
- Out-of-state proceeds from the BCCRT were distributed among the counties by population, which is also still in place in the C-Tax system today.
- However, there was a key difference in how the revenue was distributed within each county among local governments, special districts, and enterprise districts.
- Prior to the creation of the C-Tax system in 1997:
    - If the county had no incorporated cities, the county general fund received all proceeds from the tax.
    - If the county had one incorporated city, the proceeds were apportioned to the city and county based on their respective shares of the county's total population
    - If the county had two or more incorporated cities, the proceeds were apportioned among the cities by population, and the county received no revenue. This was true in Washoe County prior to the creation of C-Tax.

Sales Tax Rate Breakdown by County:

- To help explain Nevada's sales tax distribution and rate structure, this section outlines the different sales tax rates across the state and identifies the components that are applied uniformly in every county.
- The chart and table below compare sales tax rates across Nevada's 17 counties as of 2025, with Carson City treated as a county for this purpose.
- Washoe County has the second-highest sales tax rate in Nevada at 8.265 percent, slightly below Clark County, which has the highest rate at 8.375 percent.
- Esmeralda, Eureka, Humboldt, and Mineral Counties have the lowest sales tax rates in the state at 6.85 percent, which represents Nevada's statewide minimum rate.
- BCCRT is levied in every county and is part of the statewide minimum sales tax rate of 6.85 percent, represented in the chart by the green, blue, orange, and black segments of each county bar.
- As noted above, the BCCRT, shown as the orange segment in the chart, generated more than $425 million, while the total sales tax rate generates several billion dollars statewide.
- Any portion above the green bar reflects "optional sales taxes" that were adopted through voter approval and/or county commission action over time.
- It is important to note that ONLY the orange (BCCRT) and blue (Supplemental City County Relief Tax) are included in the consolidated tax distribution to local entities.



Color on Chart	Tax Component	Rate	NRS Reference
Black	State General Fund	2.00%	NRS 372.105
Orange	Basic City-County Relief Tax (BCCRT)	.50%	NRS 377.020
Blue	Supplemental City-County Relief Tax (SCCRT)	1.75%	NRS 377.040
Green	Local School Support Tax (LSST)	2.60%	NRS 374
Pink	Maintenance/Repair of School Facilities	Up to .25%	NRS 374A
Yellow	Misc Local Sales Tax Ordinances	Various	NRS 377A
Brown	Infrastructure Sales Tax	.25%	NRS 377B
Grey	Education Programs	.25%	NRS 377D
Teal	Flood Control Tax	.25%	NRS 542
Purple	Voter approved or special acts	.25%	Misc.