



C I T Y O F  
**RENO**

## Memorandum

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**DATE:** January 28, 2026

**TO:** Mayor and City Council

**THROUGH:** Jackie Bryant, City Manager

**FROM:** Calli Wilsey, Director of Policy and Strategy  
Jason Gortari, Urban Economist

**DEPT:** Office of Policy and Strategy

**SUBJECT:** Monthly Economic Update: January 2026

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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 January 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) 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:

- November 2025 labor market data indicates the Reno MSA remains stable but points to a slowing outlook into 2026, with modest job growth and a healthy unemployment rate, but cooling hiring activity.

### Tourism:

- November 2025 tourism data show mixed performance in the Reno MSA, with higher visitor volumes, improved hotel occupancy, and increased gaming win compared to last year, while lower room rates and seasonal factors continue to weigh on average daily rates and month-to-month results.

### Housing:

- December 2025 housing data shows the Reno MSA housing market continues to stabilize during the slower winter season, with flat home values when compared to the same month last year and longer selling times.

### Consumer:

- December 2025 consumer data show consumer confidence index (CCI) weakened, with the CCI dropping below last year. Concerns over household finances, jobs, and income grew, despite the lowest inflation since 2021, indicating cautious consumer spending.

### Economic Signals:

Upside Cushions	Downside Risks
<ul style="list-style-type: none"><li>• Housing Price Stability</li><li>• Decreasing Inflation</li><li>• Stable Labor Market</li><li>• Increasing Wages</li></ul>	<ul style="list-style-type: none"><li>• Low Housing Supply</li><li>• National Policy Uncertainty</li><li>• Shifting Trade Policy</li><li>• Federal Data Accuracy (Due the government shutdown)</li></ul>

## This Month's Indicators:

### Labor Market

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

- November labor market data suggest the Reno MSA remains stable overall, though forward-looking indicators point to a more mixed outlook.
- The Bureau of Labor Statistics (BLS) did not release data for October due to a lapse in federal appropriations. Consequently, standard monthly comparisons have been adjusted to reflect the period from September to November.

- Employment in the Reno MSA grew 0.3 percent over-the-year, adding about 800 jobs, which is positive but falls at low end of the growth range observed this year (0.2 percent to 1.6 percent).
  - The largest over-the-year job losses occurred in construction and trade, transportation, and utilities.
  - The sector with the largest job gain was the education and health and services sector.
- The Reno MSA unemployment rate edged down to 4.2 percent from September to November 2025 (not seasonally adjusted) and was 0.4 percentage points lower than November 2024.
  - The Reno MSA continues to post an unemployment rate consistent with a healthy labor market.
  - Nevada’s statewide unemployment rate declined to 5.2 percent in November (seasonally adjusted), tying for the third-highest rate nationally (excluding Washington, D.C.), alongside Oregon.
  - California (5.5 percent) and New Jersey (5.4 percent) recorded the highest unemployment rates this month.
  - South Dakota (2.1 percent) had the lowest unemployment rate, followed by Hawaii (2.2 percent) and North Dakota (2.6 percent).
  - Nevada’s elevated statewide rate continues to be driven largely by the Las Vegas MSA, which reported a 5.5 percent unemployment rate.
- In November 2025, Nevada reported 12,221 initial claims for unemployment insurance, a 3.6 percent increase from October and a 0.4 percent decrease compared to November 2024.
  - Despite the increase, initial claims remain low by historical standards and are near the 12-month average of 11,787.
  - The Department of Employment, Training and Rehabilitation (DETR) did not report any layoffs in this reporting period in Northern 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 October 2025, Nevada experienced a 6.8 percent over-the-month decline in job openings and a 12.8 percent decline over-the-year, signaling a cooling in employer hiring activity.
  - Hiring declined both over-the-month and over-the-year, reinforcing this slowdown.
  - Quits and layoffs moved in opposite directions, a typical sign of softening labor conditions:
    - Quits declined 25.0 percent over-the-year.
    - Layoffs increased 12.5 percent over-the-year.
  - Overall, October JOLTS data indicate a labor market that remains stable but is losing momentum.

**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	<a href="#">BLS-CES</a>	1/16/2026	Nov. 2025	This Memo	2/4/2026
Unemployment Rate - Reno MSA	<a href="#">BLS-LAUS</a>	1/16/2026	Nov. 2025	This Memo	2/4/2026
Initial Claims - Nevada	<a href="#">DOL</a>	1/1/2026	Nov. 2025	This Memo	2/1/2026
Job Openings - Nevada	<a href="#">BLS-JOLTS</a>	12/30/2025	Oct. 2025	This Memo	1/27/2026

## Tourism

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

- Tourism activity in the Reno MSA showed mixed results with key indicators posting modest increases or declines compared to the same period last year.
- In November 2025, the Reno MSA welcomed 276,013 visitors, an increase of 13,125 visitors from November 2024, or a 5.0 percent increase.
  - Key events and activities that typically attract visitors during the month of November include the opening of nearby ski resorts, Thanksgiving holiday travel, and Wolf Pack football and basketball games.
- In November 2025, hotel occupancy rates increased to 55.2 percent, marking a 4.0 percent uptick compared to November 2024.
- The average daily room rates for hotels in October were \$126.08 per night, down \$4.69 over-the-year and down by \$12.55 from August.
- Reno’s gaming win in November increased by \$3.7 million (7.1 percent) compared to last year but decreased by \$12.7 million (-18.6 percent) from October in large part due to seasonality fluctuations.
- Overall, the increase in visitor volume and gaming win this month may have been supported by lower room rates.

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	<a href="#">RSCVA</a>	12/29/2025	Nov. 2025	This Memo	1/28/2026
Hotel Occupancy Rate	<a href="#">RSCVA</a>	12/29/2025	Nov. 2025	This Memo	1/28/2026

Avg. Daily Room Rate - Hotels	<u>RSCVA</u>	12/29/2025	Nov. 2025	This Memo	1/28/2026
Gaming Win - Reno	<u>GCB</u>	12/30/2025	Nov. 2025	This Memo	1/28/2026

## 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 point to continued market stabilization consistent with the slower winter season but may also reflect underlying trends of slower migration and persistently high mortgage rates.
- In December 2025, the average value of a single-family home reached \$561,394 in the Reno MSA, down 0.2 percent over-the-year, and up 0.3 percent over-the-month.
- In December, the median time for a single-family home in Reno to go under contract was 78 days, 7 days longer than last November and 5 days slower than the national average.
  - This marks the ninth consecutive month that homes are taking longer to sell compared to last year.
- As of the second week of January, the average 30-year fixed mortgage rate is 6.06 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 \$1,745, reflecting a 6.5 percent or \$106 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	<u>Zillow</u>	1/16/2025	Dec. 2025	This Memo	2/16/2026
Median Days on Market	<u>Realtor.com</u>	1/8/2025	Dec. 2025	This Memo	2/8/2026
Avg. Apartment Rent Prices	<u>Zillow</u>	1/16/2025	Dec. 2025	This Memo	2/16/2026
30-Day Fixed Mortgage Rates	<u>Freddie Mac</u>	1/15/2025	Dec. 2025	This Memo	2/6/2026

## Consumer

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

- 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.

- Despite an upward revision in November following the end of the government shutdown, consumer confidence declined again in December and remained well below its January peak.
- Four of the five components of the overall index decreased.
- Among the five components, measures related to the household finances component experienced the sharpest declines, driving the overall decrease in consumer confidence.
- In December 2025, the CCI was 89.1, marking a 20.4-point decline over-the-year and a 3.8-point decrease from November.
- Overall, December’s CCI results indicate weakening consumer confidence, driven by rising concerns about jobs, income, and broader economic uncertainty.
- **Headline inflation dropped from 3 percent in September to 2.7 percent in December, marking the lowest annual rate since March 2021. October and November 2025 data values are not available due to the 2025 lapse in federal appropriations.**
  - U.S. inflation slowed more than expected in December, representing a notable downside surprise that could influence near-term financial market conditions and Federal Reserve policy expectations.
  - While slower inflation is generally a good thing for the economy and the 2.7 percent reading is moving closer to the Fed's target of 2 percent, 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	<u>Taxation</u>	12/1/2025	Sep. 2025	<u>Dec. Memo</u>	2/1/2026
Average Weekly Wages	<u>BLS-QCEW</u>	12/19/2025	2025:Q2	<u>Dec. Memo</u>	3/3/2026
Consumer Confidence Index	<u>Conference Board</u>	12/23/2025	Dec. 2025	This Memo	1/27/2026
Headline Inflation	<u>BLS-CPI</u>	1/13/2026	Dec. 2025	This Memo	2/11/2026

**Special Topic: The Six Months of Consolidated Tax: Part Six – Supplemental 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.
- Starting next month, we will launch a series focused on the key variables that influence sales tax performance, given that sales tax is a vital revenue source and the primary contributor to the consolidated tax system.
- 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](http://Reno.Gov/Ctax).
- The sixth source of revenue we will discuss is the Supplemental City-County relief tax (SCCRT).

What is the Supplemental City-County Relief Tax?

- The total sales tax rate in Washoe County is 8.265% of the sales price.
- Nevada’s SCCRT 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.
- SCCRT Tax Rate: \$1.75 per \$100 dollars of the sales price.

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

History & Origins of the Tax:

- SCCRT was created as part of Nevada’s property tax “tax shift” in the late 1970s and early 1980s to offset revenue losses after the statutory property tax cap was reduced.
- The tax was intended to replace lost local government revenue by shifting reliance from property tax to sales tax.
- Early distributions included guaranteed allocations to protect counties, particularly rural counties, from sudden revenue declines.

Guaranteed vs. Nonguaranteed Counties:

- AB 104 (1991) and SB 506 (1993) formally established the guaranteed vs. nonguaranteed county framework, effective FY 1993–94.
- Guaranteed counties receive a fixed annual SCCRT amount, adjusted only by:
  - The lesser of county population + inflation growth, or
    - Statewide SCCRT revenue growth.

- This structure insulates guaranteed counties from volatility, regardless of their actual SCCRT collections.

#### Historical Evolution & Current Guaranteed Counties:

- In FY 1993–94, 10 counties were guaranteed.
- Over time, economic growth shifted counties to nonguaranteed status:
  - Nye (FY 2006–07), Storey (FY 2015–16), Douglas & Lyon (FY 2022–23), White Pine (FY 2024–25)
- As of FY 2024–25, five counties remain guaranteed:
  - Esmeralda, Lander, Lincoln, Mineral, and Pershing

#### Why Counties Transition Out of Guaranteed Status:

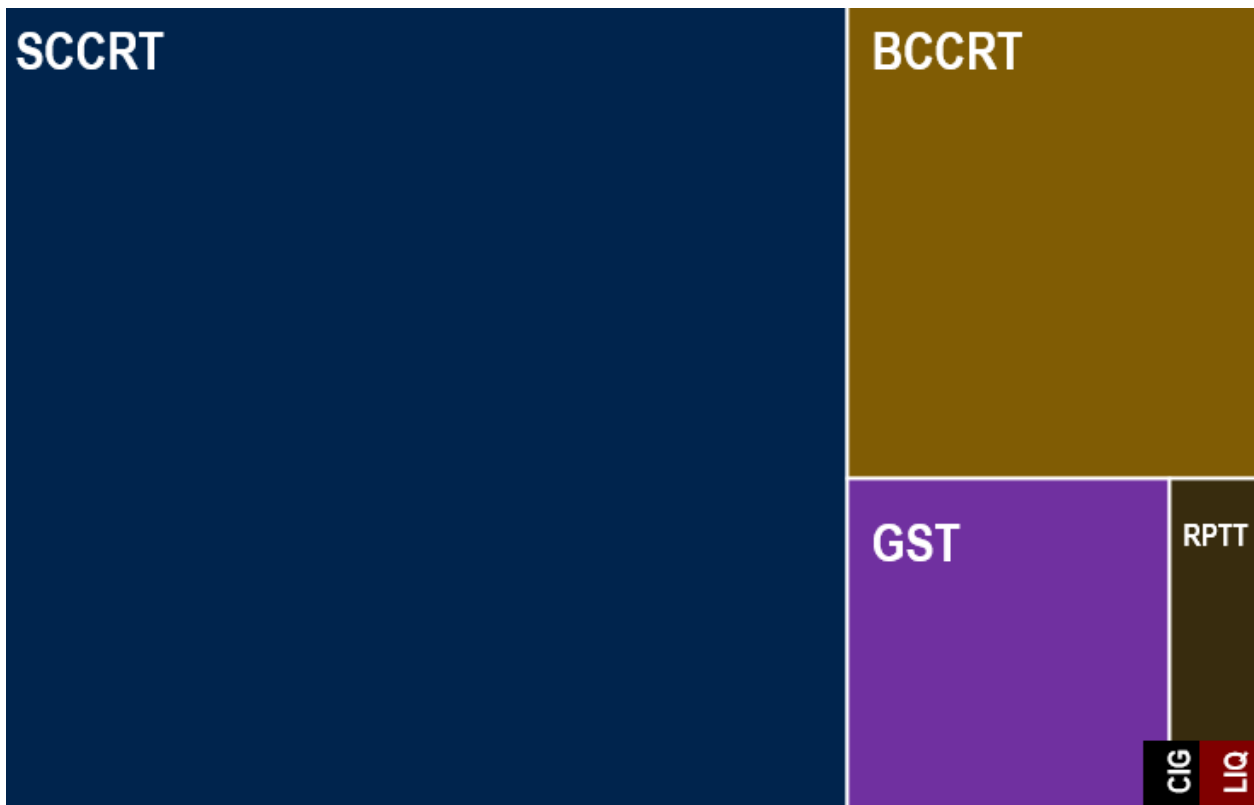
- Under NRS 377.057, a guaranteed county must become nonguaranteed if its SCCRT collections exceed its guaranteed amount by more than 10 percent in a fiscal year.
- A waiver may be granted by the Nevada Tax Commission for one-time economic events (e.g., major mine construction).
- Over time, sustained economic growth typically results in a county losing guaranteed status.

#### Distribution to Nonguaranteed Counties:

- After guaranteed counties receive their statutory share, all remaining SCCRT revenue is distributed to nonguaranteed counties.
- Each nonguaranteed county's share is based on its proportion of total SCCRT collections among nonguaranteed counties.

#### Fiscal Significance:

- Of the six revenue sources that make up the C-Tax system, SCCRT is the largest contributor.
- In FY2025, \$1.5 billion in SCCRT revenue was distributed to local governments, representing 67.4 percent of the entire C-Tax distribution.



Tax Category	FY25 Amount	Share
Supplemental City-County Relief Tax	\$1,488.6 M	67.4%
Basic City-County Relief Tax	\$425.4 M	19.3%
Governmental Service Tax	\$231.7 M	10.5%
Real Property Transfer Tax	\$52.9 M	2.4%
Cigarette Tax	\$7.0 M	0.3%
Liquor Tax	\$3.7	0.2%
<b>Total</b>	<b>\$2,209.5 M</b>	<b>100%</b>

The table and tree chart above show the **total** amount of C-Tax distributed **statewide** by tax type to all local governments, towns, special districts, and enterprise districts. The table below shows the C-Tax received by all local entities within Washoe County in FY2025. Of the \$2,209.5 million received statewide, the Washoe County region received \$320.9 million. Of the \$320.9 million received within Washoe County, Reno received \$98.8 million.

Washoe County FY25 Total C-Tax Distributions:

Entity	FY25	Share
Washoe County (Entity)	\$162.9 M	50.8%
City of Reno	\$98.8 M	30.8%
City of Sparks	\$39.8 M	12.4%
Truckee Meadows Fire Protection	\$11.7 M	3.6%

North Lake Tahoe Fire Protection	\$4.7 M	1.5%
Incline Village GID	\$1.8 M	0.6%
Palomino Valley GID	\$0.6 M	0.2%
Carson-Truckee Water Conservancy	\$0.3 M	0.1%
Sun Valley Water & Sanitation GID	\$0.1 M	<0.1%
Verdi T.V. GID	\$0.1 M	<0.1%
<b>Total</b>	<b>\$320.9 M</b>	<b>100%</b>