CITY OF RENO

Memorandum

DATE: March 27, 2026

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: March 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 March 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) indicates a moderating but still expanding economy with growing uncertainty around how national trade policy and geopolitical tensions may impact the region at the local level moving forward. Listed below is a summary of key highlights across the major segments we monitor relative to the Reno MSA:

Labor Market:

- Due to the annual benchmarking process, where prior-year survey data is revised to reflect actual reported figures, January 2026 job, employment, and unemployment data released from the Bureau of Labor Statistics experienced a longer-than-usual release lag during this time and this data will not be available until April.

Tourism:

- Despite a moderating economy, Reno's tourism sector was positive in January 2026 with visitor volume up and gains in hotel occupancy, room rates, and gaming, driven by seasonal and group events.

Housing:

- Reno's housing market remains stable but competitive with home prices holding steady, limited supply keeping it a seller's market, and rising rents alongside slightly improved mortgage rates through February 2026.

Consumer:

- Consumer conditions remain mixed with strong wage growth and rising taxable sales supported by real income gains, while lower consumer confidence creates some uncertainty in the outlook.

Economic Signals:

Upside Cushions	Downside Risks
• Housing Price Stability • Stable Inflation • Stable Labor Market • Increasing Wages	• Iran War/Oil Prices • National Policy Uncertainty • Low Housing Supply • Low Consumer Confidence

This Month's Indicators:

Labor Market

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

- Due to the annual benchmarking process, where prior-year survey data is revised to reflect actual reported figures, January 2026 job, employment, and unemployment data experienced a longer-than-usual release lag and will not be available until April.
- In February 2026, Nevada reported 10,745 initial claims for unemployment insurance, a 16.9 percent increase from January and unchanged compared to February 2025.

    - Although this represents a notable over-the-month decline, seasonal decreases in claims during February and March are typical. Claims remain close to the 12-month average (11,865) and are low by historical standards.
- The Department of Employment, Training and Rehabilitation (DETR) reported two Worker Adjustment and Retraining Notification (WARN) notices in Reno. Water Safety Corp of Nevada plans to lay off 35 employees on April 1, and SK Food Group will lay off 209 workers by the end of April.

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	Last Memo	4/8/2026
Unemployment Rate - Reno MSA	BLS-LAUS	2/6/2026	Dec. 2025	Last Memo	4/8/2026
Initial Claims - Nevada	DOL	3/1/2026	Feb. 2026	This Memo	4/1/2026
Job Openings - Nevada	BLS-JOLTS	2/19/2026	Dec. 2025	Last Memo	3/31/2026

Tourism

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

- Even in a challenging economic climate, tourism activity in the Reno MSA was positive in January with several key indicators showing over-the-year gains.
- In January 2026, the Reno MSA welcomed 307,686 visitors, an increase of 33,637 visitors from January 2025, or a 12.3 percent increase.
    - Key events and activities that typically attract visitors during the month of January include ski season, the Sheep Show, American Bus Association 100th anniversary celebration, and Wolf Pack basketball games.
- In January 2026, hotel occupancy rates increased to 58.9 percent, marking a 5.3 percent increase when compared to January 2025.
- The average daily room rates for hotels in January were $137.19 per night, up $1.76 over-the-year and up by $9.29 from December.
- Reno's gaming win in January increased by $1.9 million (2.9 percent) compared to last year and increased by $4.3 million (6.6 percent) from December.
- Overall, Reno continues to demonstrate resilience in a shifting economy. While tourism over the past year has been modest, strong group demand and steady leisure visitation have supported tourism stability in the Reno MSA.

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	2/27/2026	Jan. 2026	This Memo	3/27/2026
Hotel Occupancy Rate	RSCVA	2/27/2026	Jan. 2026	This Memo	3/27/2026
Avg. Daily Room Rate - Hotels	RSCVA	2/27/2026	Jan. 2026	This Memo	3/27/2026
Gaming Win - Reno	GCB	2/27/2026	Jan. 2026	This Memo	3/27/2026

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 reflects stabilizing prices. However, for buyers, competition remains strong for single family homes priced near the average due to limited supply.
- In February 2026, the average value of a single-family home reached $566,802 in the Reno MSA, down 0.4 percent over-the-year and up 0.1 percent over-the-month.
- In February, the median time for a single-family home in Reno to go under contract was 72 days, 7 days longer than last February and 2 days slower than the national average.
    - This marks the eleventh consecutive month that homes are taking longer to sell compared to last year.
    - Inventory remained tight on single family residents and condo/townhomes at just 2.0 months of supply, affirming that we are still in a seller's market despite slower selling times.
- As of February 2026, the average 30-year fixed mortgage rate is 5.98 percent, slightly lower than the previous month and down from 6.76 percent this time last year.
- The average rent for all apartment types in the Reno MSA is $1,769, reflecting an 8.4 percent or $137 increase over-the-year. Rents have now increased for 12 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	3/16/2026	Feb. 2026	This Memo	4/16/2026
Median Days on Market	Realtor.com	3/8/2026	Feb. 2026	This Memo	4/8/2026
Avg. Apartment Rent Prices	Zillow	3/16/2026	Feb. 2026	This Memo	4/16/2026
30-Day Fixed Mortgage Rates	Freddie Mac	3/8/2026	Feb. 2026	This Memo	4/6/2026

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 $1.3 billion in total taxable sales for December, up 9.4 percent over-the-year and up 18.8 percent from November.
- 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 estimates.
    - Using the most recent QCEW data, the third quarter of 2025 (2025:Q3) shows that average weekly wages across all industries in the Reno MSA continued to rise.
    - As of 2025: Q3, average weekly wages in the Reno MSA reached $1,415, up $125 or 6.4 percent over-the-year, outpacing both the national growth rate of 4.7 percent and state growth rate of 4.3 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.
- 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 February 2026, the CCI was 91.2, representing an 8.9-point decrease over-the-year and a 2.2-point decrease from an upwardly revised January.
    - **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.
    - Four of five components increased in February, contributing to the overall increase in the index from January. All five measures remained well below the four-year peak achieved in November 2024 which translated to a CCI of 112.8.
    - Overall, confidence ticked up in February after falling in January, as consumers' pessimistic expectations for the future eased somewhat.
- U.S. headline, seasonally adjusted inflation was 2.4 percent over-the-year in February 2026, up from 2.1 percent in January, a 0.3 percentage point increase from the prior month
    - February's inflation report came in as expected and provides a baseline before any potential impacts from the Iran conflict begin to affect prices.
    - While this month's inflation report was broadly stable, prices rose modestly for shelter and services while several goods categories, including used vehicles and auto insurance, saw declines.

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	3/1/2026	Dec. 2025	This Memo	4/1/2026
Average Weekly Wages	BLS-QCEW	3/10/2026	2025:Q3	This Memo	6/2/2026
Consumer Confidence Index	Conference Board	2/27/2026	Feb. 2026	This Memo	3/30/2026
Headline Inflation	BLS-CPI	3/11/2026	Feb. 2026	This Memo	4/10/2026

Special Topic: When Wages Outpace Inflation - What It Means for Taxable Sales

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 light of the recent release of average weekly wages for the Reno MSA through the third quarter of 2025, we analyze how inflation has impacted real wage gains in the region.
- Real wage gains refer to increases in workers' earnings after accounting for inflation, essentially showing how much purchasing power improves over time.
- When wage growth outpaces inflation, households have more real disposable income. These additional dollars are more likely to be spent, particularly on discretionary goods

and services, many of which are subject to sales tax, thereby supporting taxable sales growth.

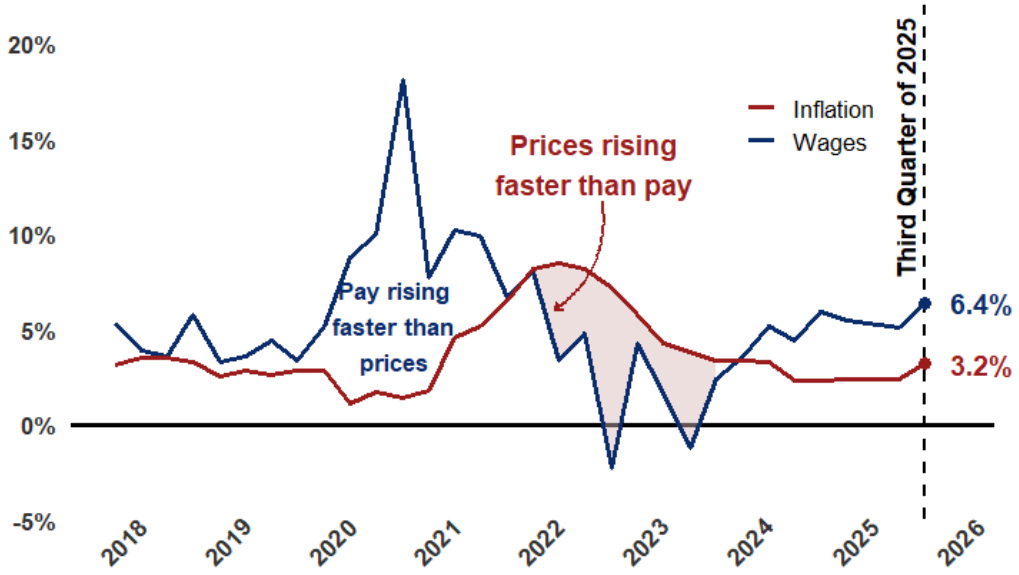
- The slowdown in inflation over the past two years has been positive for workers. While average weekly wages in the Reno MSA have continued to increase, they did not consistently keep pace with inflation until recently. Strong wage growth over the past two years has allowed earnings to exceed the longer-term inflation trend, reversing the erosion in real wages experienced over the previous few years.
- Using data from the BLS's QCEW survey and the Consumer Price Index for All Urban Consumers (CPI-U), West Region, the latest figures show nominal wages in the Reno Sparks MSA increased by 6.4 percent over the past 12 months as of the third quarter of 2025, while inflation stood at 3.2 percent over the same period. When wage growth exceeds inflation, workers experience an increase in purchasing power.
- Several factors influence nominal wage growth and inflation, including labor market conditions, labor costs, and shifts in employment composition. For example, in the fourth quarter of 2020, nominal wages in the Reno MSA increased 18.1 percent over-the-year while inflation was just 1.4 percent, resulting in a record high gap of 16.7 percentage points, largely driven by pandemic-related labor market disruptions.
- Conversely, the largest negative gap occurred in the fourth quarter of 2022, when nominal wages declined by 2.3 percent over the year while inflation peaked at 7.2 percent, producing a gap of negative 9.5 percentage points. During periods like this, purchasing power declines, which can constrain consumer spending and dampen taxable sales.

Why this matters for taxable sales:

- Higher real wages increase household purchasing power, particularly for middle- and lower-income households that tend to spend a larger share of additional income.
- Discretionary spending such as retail, dining, and services is more sensitive to real income gains and is largely taxable.
- As real incomes rise, consumers are more likely to shift from essential only spending to broader consumption, expanding the taxable base.
- Sustained real wage growth can also improve consumer confidence, further reinforcing spending activity.

Wages are Keeping up with Inflation in Reno-Sparks

CPI-West all urban consumers inflation vs. average weekly wages [% change]



Source: Bureau of Labor Statistics (quarterly data)