

# Nevada Department of Employment, Training and Rehabilitation Research and Analysis Bureau

## Annual Economic Report September 30, 2024

### Executive Summary

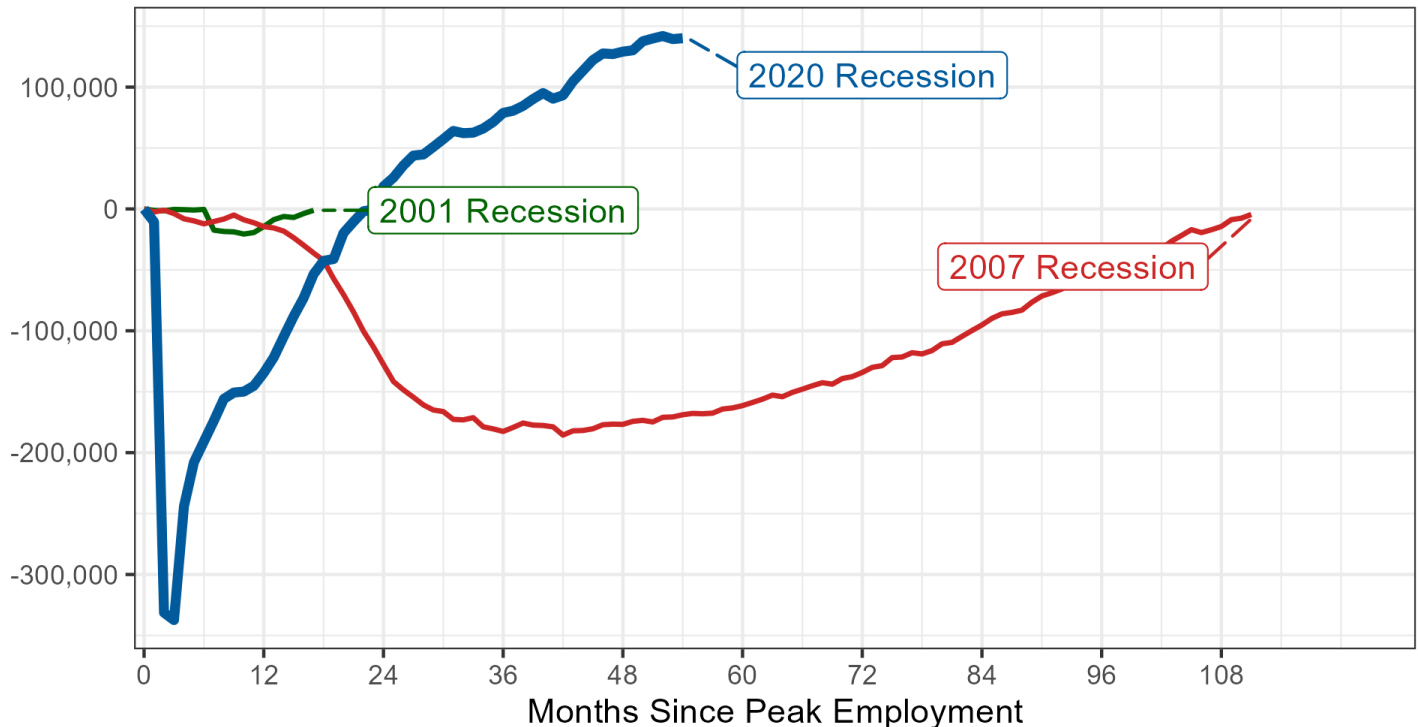
Through the summer of 2024, Nevada's labor market has remained remarkably stable. Employment growth has trended between 3.0 and 3.5% through much of the year. The unemployment rate has fluctuated between 5.0 and 5.5% for most of the last 18 months. The participation rate has remained in the very narrow range of 62.7 to 62.8% throughout the year. Toward the end of the summer, employment growth has softened slightly, and the unemployment rate has risen slightly – trends that largely mirror similar activity in national labor markets.

Industry employment in Nevada has been characterized by ongoing economic diversification as employment at casino hotels remains significantly below pre-pandemic levels while other industries have led the employment recovery in the state. Since December 2019, goods-producing employment in Nevada is up 22.4%, the fastest growth of any state in the nation while service-providing employment is up 8.3% - the 8<sup>th</sup>-fastest pace. Construction employment, which still has not reached levels seen prior to the Great Recession has recently begun growing at a much faster pace and is nearing the levels seen in 2005 and 2006.

Though Nevada has one of the highest unemployment rates in the nation, this unemployment has been concentrated in individuals reentering the labor market and unemployed for 14 weeks or less. Rather than contradicting its rapid employment growth, the number of individuals reentering the labor market and finding work appears to help sustain the pace of employment growth that Nevada has seen, with labor force participation rising from one of the lowest rates in the nation following the pandemic to near the national median rate. And nationally, the downward pressure on labor force participation due to retirement appears to be levelling off, while the labor force participation rate excluding non-participants who are retired has been rising in recent years as younger, larger generations are entering the labor force.

### Employment

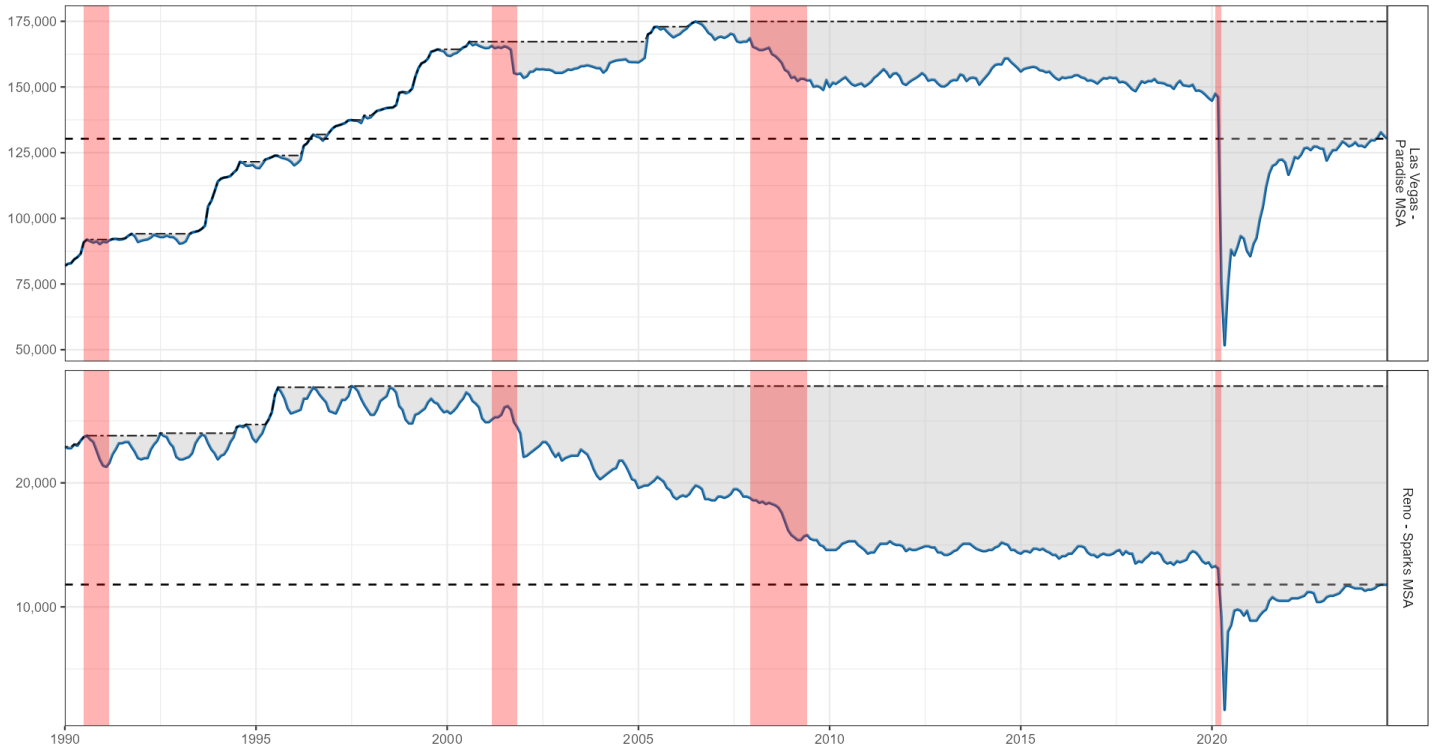
## Job Loss Since Peak Employment, Nevada



The chart above shows employment trends through the last three recessions, showing the varied impacts these recessions have had on employment in Nevada. The 2001 recession was mild in Nevada, with almost no impact from the dot com bubble burst, and the greatest impact showing up following 9/11. Despite concerns at the time that no one would ever want to fly again, employment had fully recovered within 24 months from the onset of the recession, with a peak job loss of fewer than 25,000 jobs. The Great Recession marked the first time that Nevada had the highest unemployment rate in the nation as the housing crash had an outsized impact on a rapidly growing state seeing a huge housing boom due to out-migration from California. In that recession, Nevada lost 2/3 of its employment in the construction industry, a hit which remains almost 20 years later. It took 3 years for employment to reach its trough, and 6 more years after that for employment to fully recover. With nearly 200,000 jobs lost and a decade of below-peak employment, the Great Recession seemed at the time to be the greatest hit the economy could have imagined.

The COVID-19 pandemic quickly changed that outlook. Due to the impact of the pandemic response to the service sector in the state, unemployment rapidly rose, surpassing 30% in April 2020 – the single highest rate any state has experienced going back to 1976. Nearly 350,000 workers were displaced, but as the economy began to reopen employment bounced back accordingly. With nearly double the number of jobs lost in the Great Recession in the time of the relatively short 2001 recession, the impact of this disruption continues to echo in the economy. Even since it passed its pre-recession peak employment, Nevada has continued to add jobs at an average annual pace of roughly 4%.

Casino Hotels Employment Compared to Series Peak  
Red areas indicate recessions



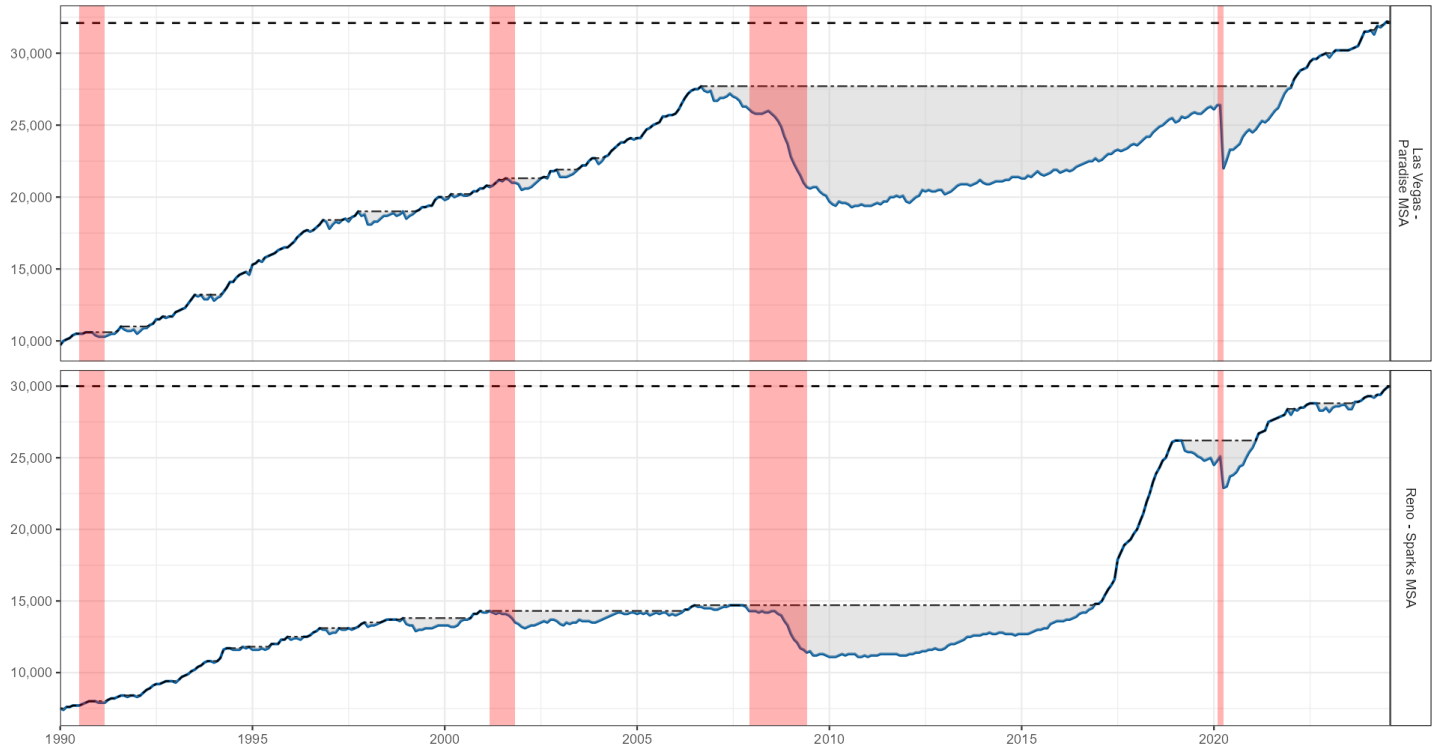
The casino industry has been largely flat since the early 2000s in Las Vegas, with peak employment in 2006. Through the 2020 pandemic, the industry had a large drop in employment, which recovered rapidly as the economy reopened. But in both Las Vegas and Reno, overall casino employment has not recovered to levels seen before the pandemic.

In contrast, the Manufacturing industry – though impacted by the Great Recession – has seen significant growth in both metropolitan areas, running in excess of pre-recession employment. This industry was affected by the opening of Tesla’s Gigafactory 1 in 2017 but has seen robust growth throughout the state even after this opening.

More broadly, goods-producing employment in Nevada has been particularly robust, showing the fastest pace of growth in the nation since December 2019 and significantly outpacing employment in service-providing industries in the state. This growth in employment has been accompanied by rising wages in such industries helping to improve Nevada’s economic diversification and wages.

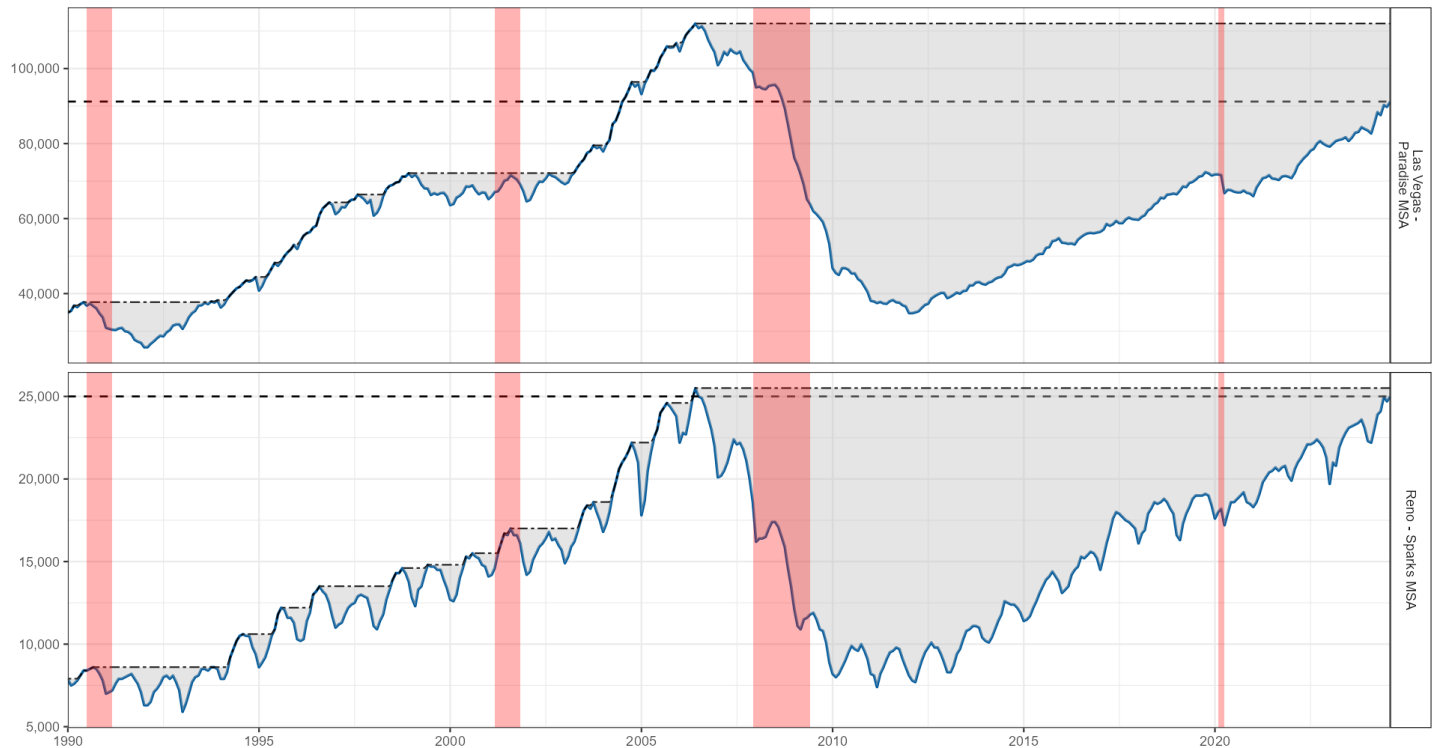
## Manufacturing Employment Compared to Series Peak

Red areas indicate recessions



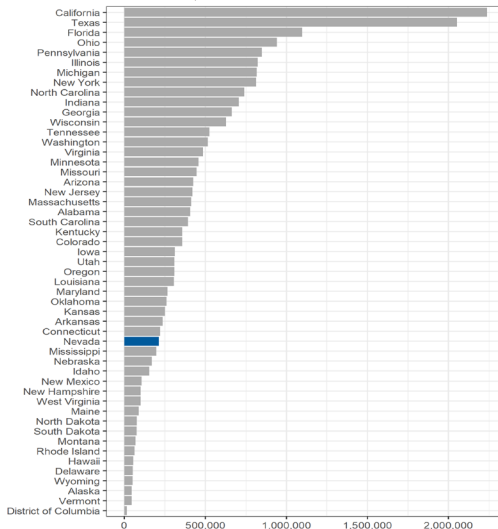
## Construction Employment Compared to Series Peak

Red areas indicate recessions



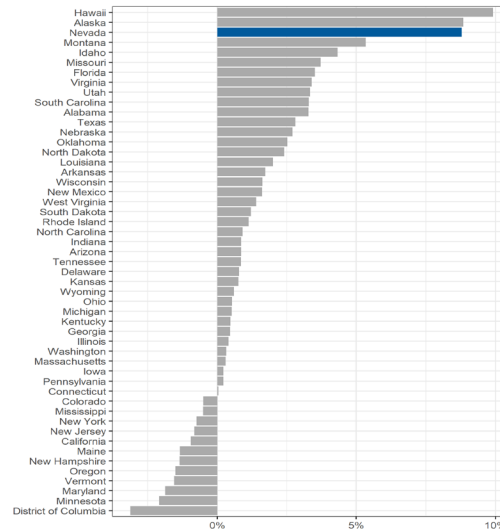
### Goods Producing Employment

Nevada is 211,600 and ranks 34th



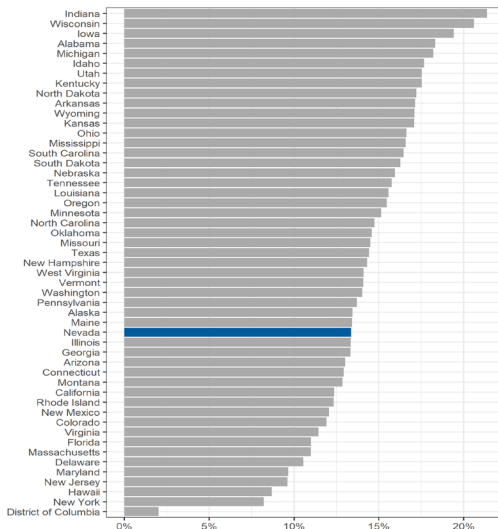
### Annual Employment Change

Nevada is 8.8% and ranks 3rd



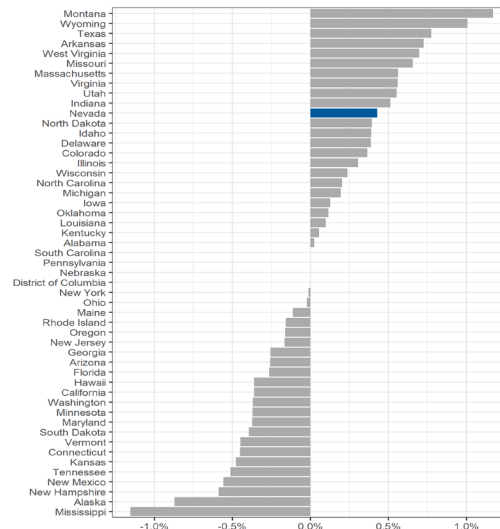
### Share of Total Employment

Nevada is 13.4% and ranks 33rd



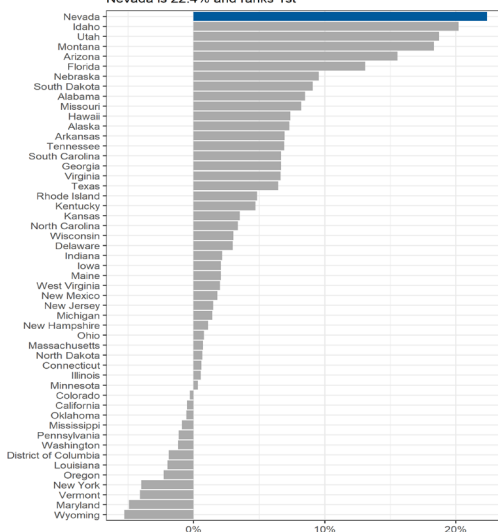
### Monthly Employment Change

Nevada is 0.4% and ranks 11th



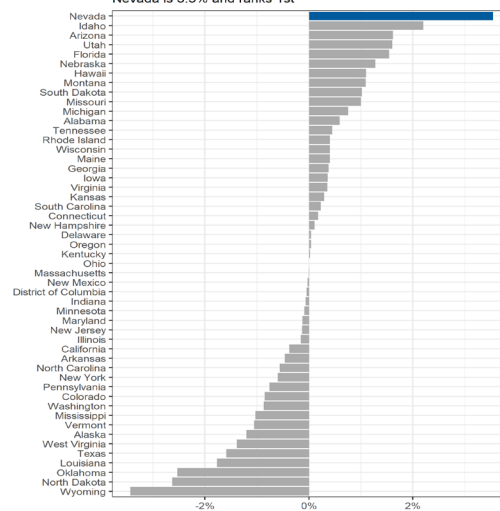
### Change Since December 2019

Nevada is 22.4% and ranks 1st



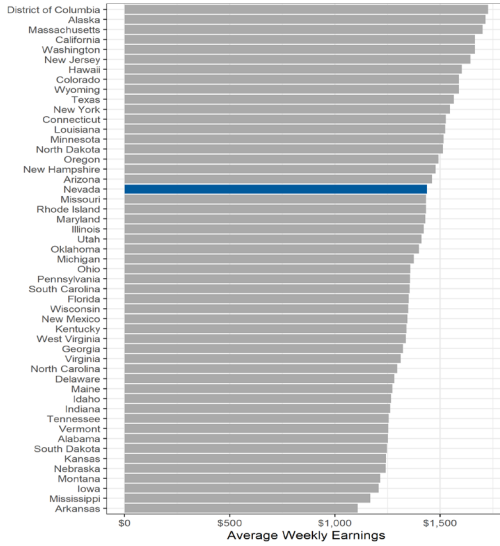
### 10-Year Industry Share Change

Nevada is 3.5% and ranks 1st

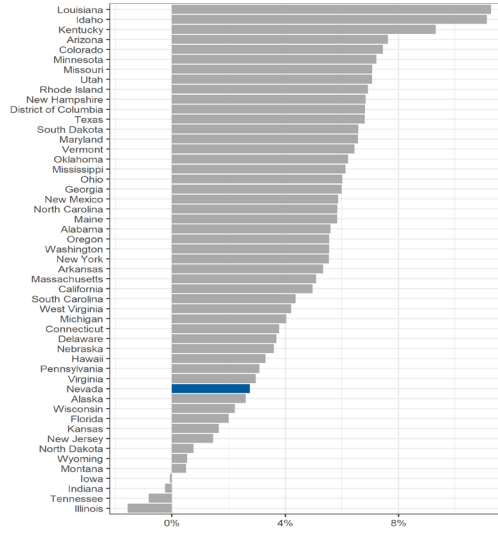


Seasonally Adjusted Data, Source: <https://download.bls.gov/pub/time.series/arm/em/data/1>AllData>  
Goods Producing Industry

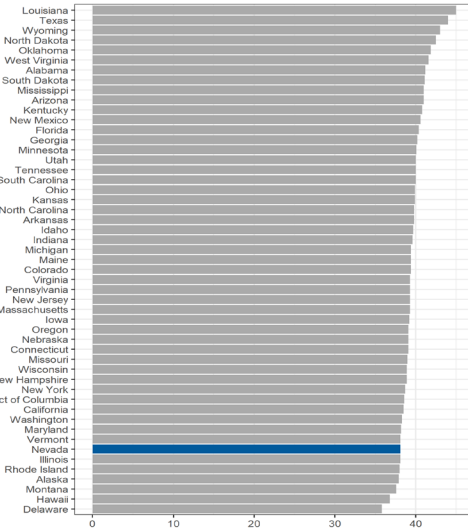
**Goods Producing Hours and Earnings**  
Nevada is \$1,437.13 and ranks 19th of 51 states.



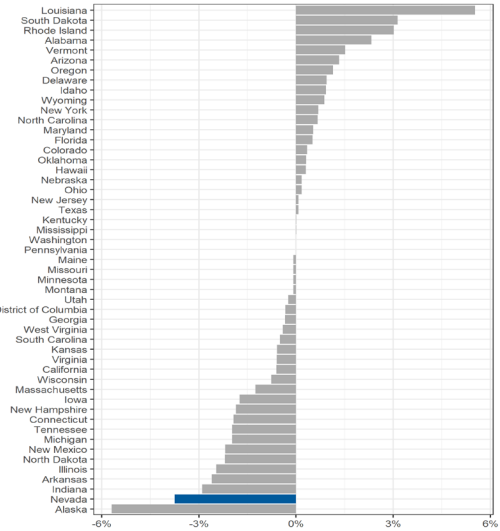
**Annual Change, 3-Month Average**  
Nevada is 2.7% and ranks 39th of 51 states.



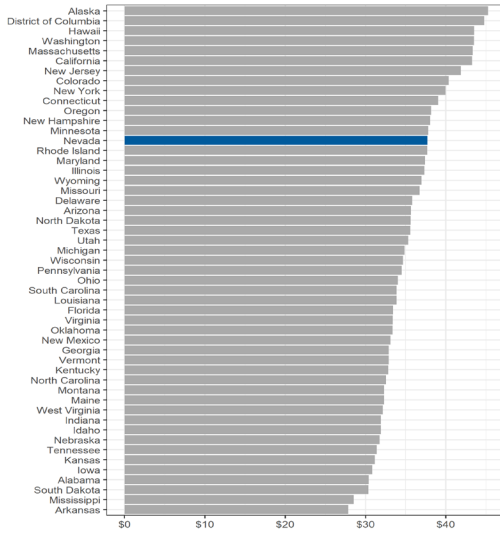
**Average Hours Worked, All Employees**  
Nevada is 38.1 and ranks 45th of 51 states.



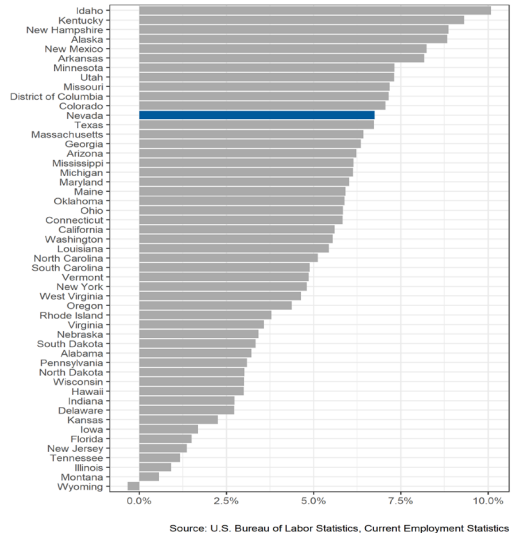
**Annual Change, 3-Month Average**  
Nevada is -3.7% and ranks 50th of 51 states.



**Average Hourly Wage, All Employees**  
Nevada is \$37.72 and ranks 14th of 51 states.



**Annual Change, 3-Month Average**  
Nevada is 6.7% and ranks 12th of 51 states.

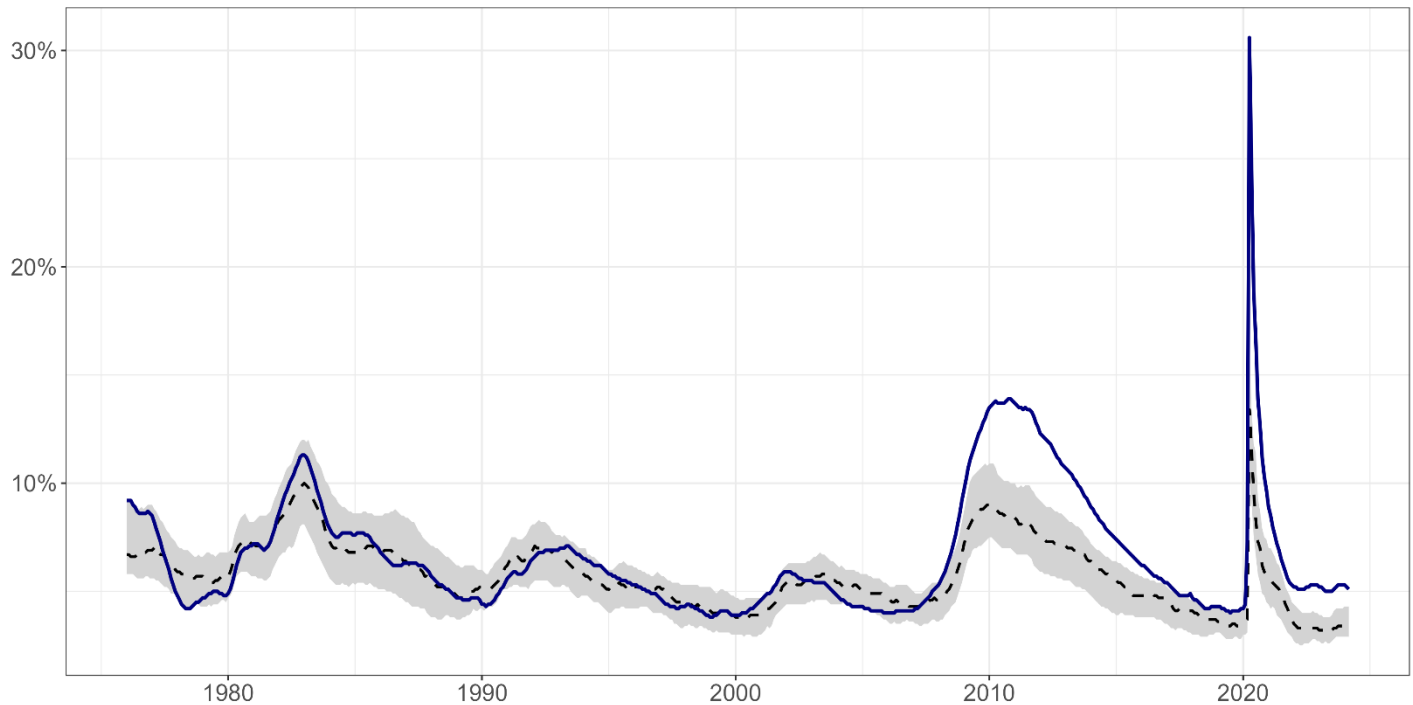


Source: U.S. Bureau of Labor Statistics, Current Employment Statistics Data for August 2024

## Unemployment

Nevada has the nation's highest unemployment rate at 5.5% as of August 2024. This rate has been consistently higher than the nation during the recovery from the COVID-19 pandemic.

Unemployment Rate for Nevada and Other States  
Grey area represents 20th to 80th percentile for all states

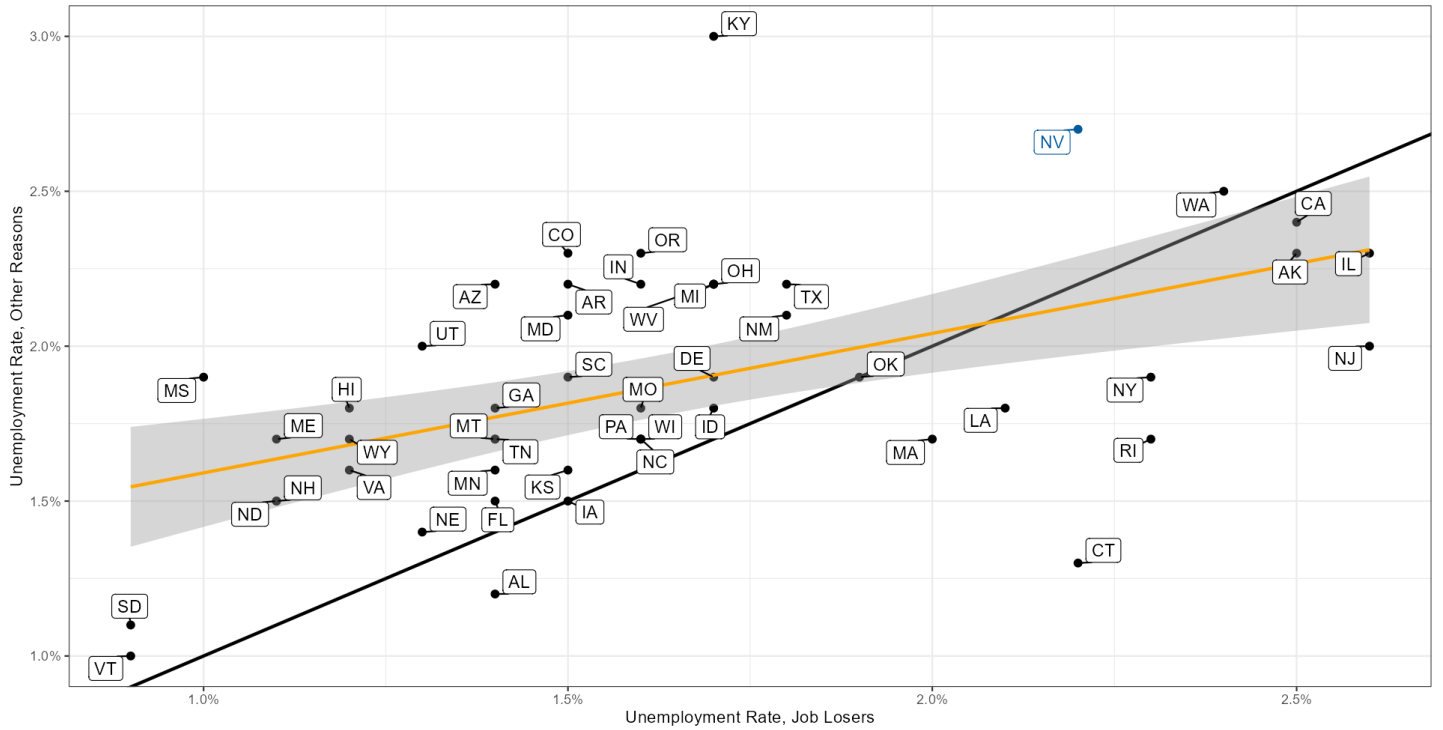


While Nevada's unemployment rate has not changed significantly, the composition of unemployment has been shifting, with a rising share of new entrants and reentrants to the workforce and generally declining unemployment duration, based on data from the Current Population Survey. These trends suggest that in Nevada unemployment is largely playing a transitory role as people enter the workforce, seek work, and then find employment.

These trends can be visualized using the Alternative Measures of Labor Underutilization and comparing the change in these 12-month averages. The charts below shows the relatively high unemployment due to reasons other than job loss, calculated as the difference between U3 and U2 rates. The first chart shows that Nevada stands out the most in its unemployment due to reasons other than job loss, with the second-highest such rate in the nation while the second chart shows that Nevada is one of a relatively small number of states seeing decreases in its unemployment rate over the last 12 months in both job-loss and non-job-loss unemployment.

Twelve Month Average through 2024 Q2

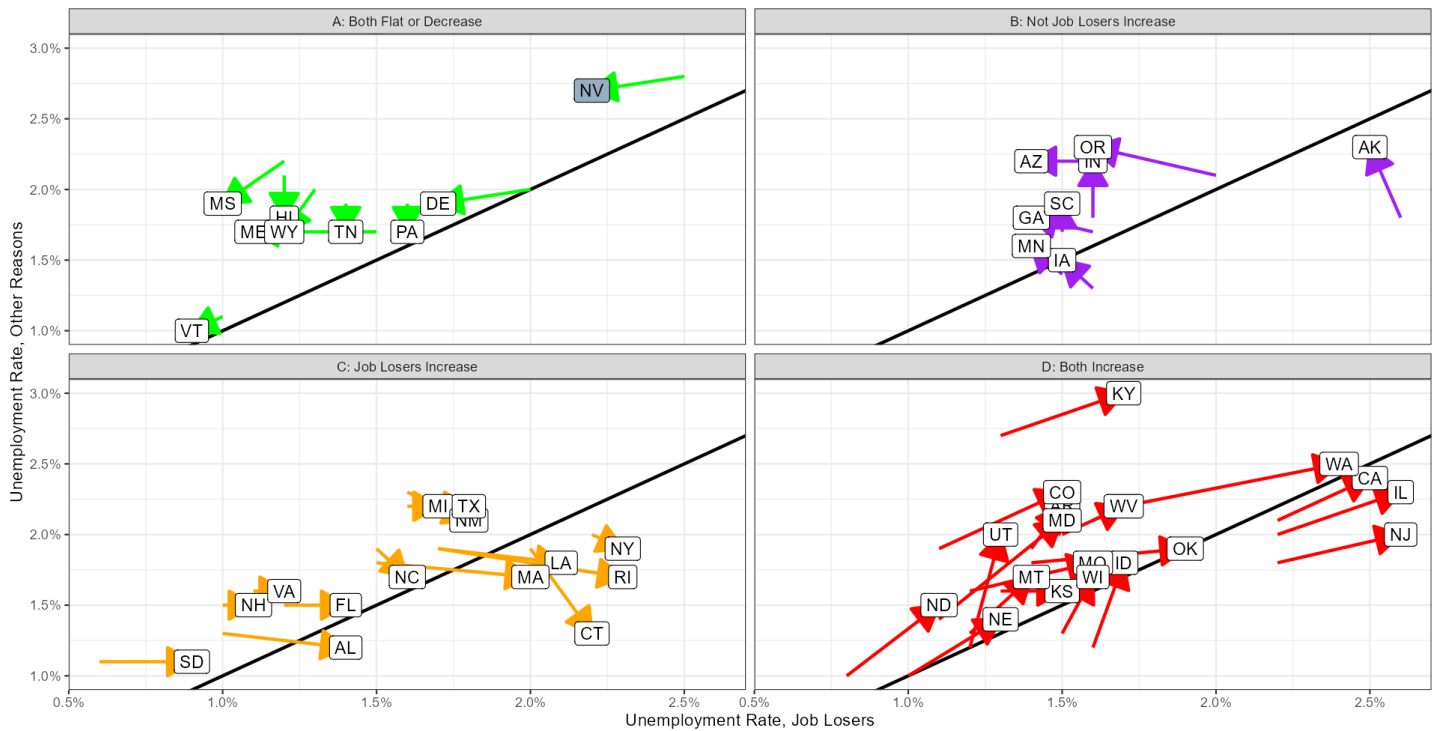
Black line represents balance between unemployment due to job loss or other reasons



Data from <https://www.bls.gov/lau/stall.htm>

Twelve Month Average through 2024 Q2

Black line represents balance between unemployment due to job loss or other reasons



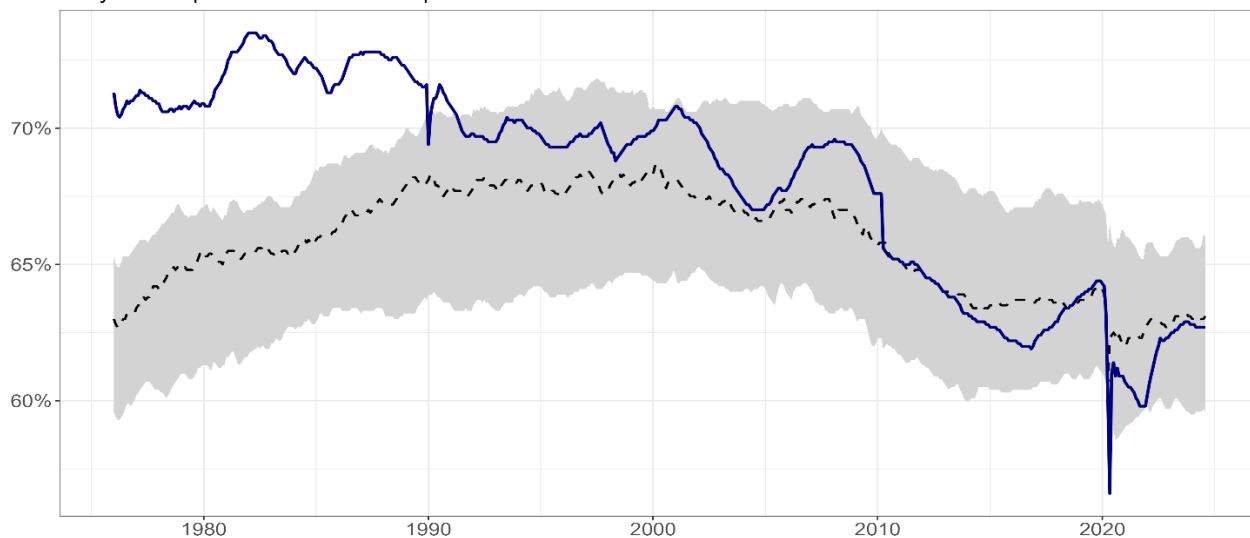
Data from <https://www.bls.gov/lau/stall.htm>

## Labor Force Participation

As its economy has matured, labor force participation in Nevada has shifted from being much higher than the national average to a state closer to the median. This reflects the growing popularity of retirement in Las Vegas, similar to that seen in other Sun Belt states. Participation was dramatically impacted by the COVID-19 pandemic but has returned to normal over the last couple years.

Labor Force Participation Rate for Nevada and Other States

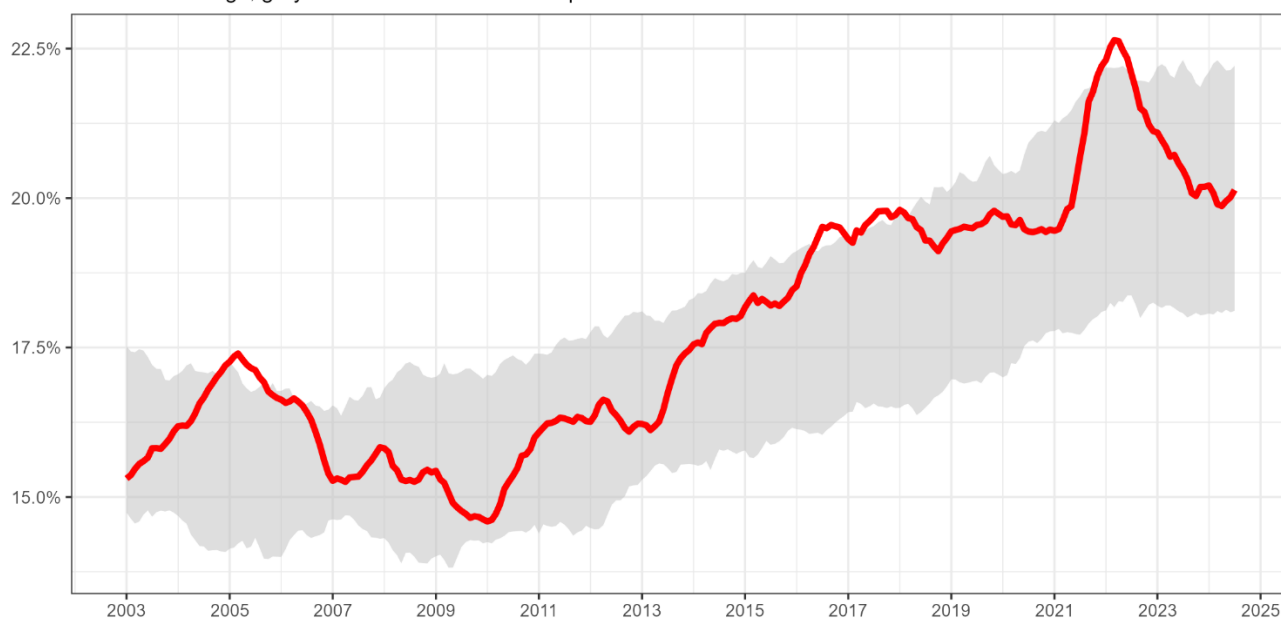
Grey area represents 20th to 80th percentile for all states



The impact of retirement has been a major factor in declining labor force participation between the Great Recession and the COVID recession as the Baby Boom generation has approached retirement age.

Retirement Rate for Non-Participating Population

12-month average, grey ribbon shows 20th to 80th percentile for all states



Data from Current Population Survey

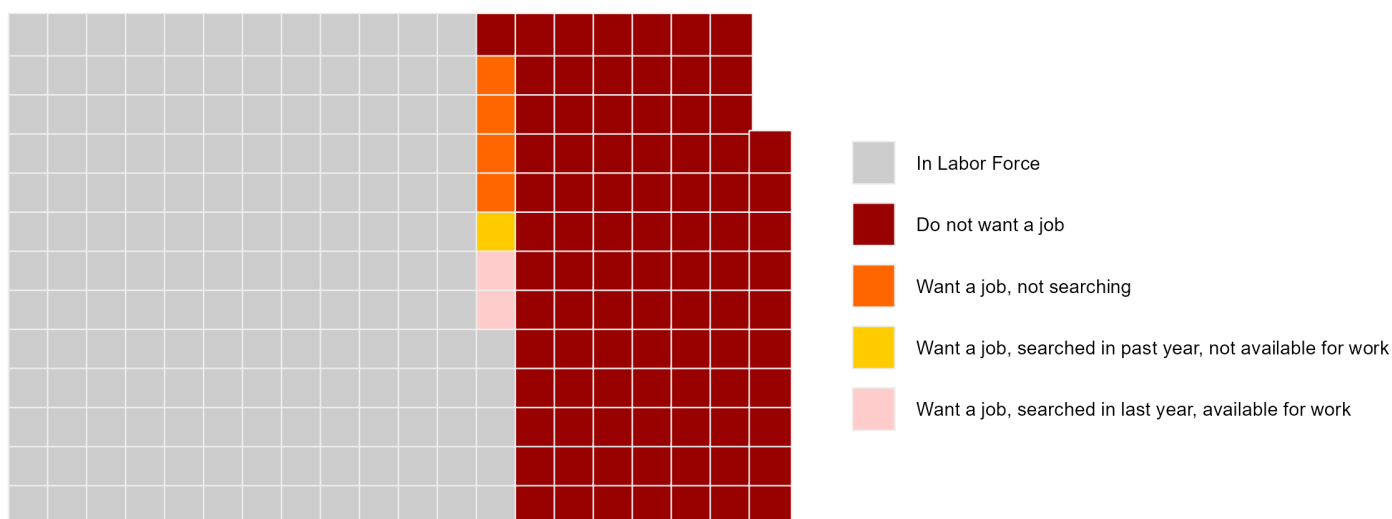
Of note, the share of the population not participating in the labor market due to retirement has broadly levelled off since 2019, indicating that for both Nevada and for other states, the pressure on overall labor force participation due to retirement is likely to begin to ebb. This should help to support higher participation rates in the near future.

Knowing reasons for non-participation is particularly important to help states understand how best to engage individuals who are marginally attached to the labor market but not actively seeking work. While the vast majority of non-participants indicate that they do not work, there is potential – if limited – room to continue to attract workers to the labor force.

Most people not in the labor force **do not want a job**.

Of those who do, they may be **available** or **unavailable** for work, and may or **may not have searched for work** in the past year.

Each square represents 10,000 individuals in the civilian, non-institutionalized population 16 or older.



Twelve-month average, data through July 2024