

Economic Development in Nevada's Changing Economy

September 30, 2022



Nevada Governor's Office of
ECONOMIC DEVELOPMENT

Nevada's Plan for Recovery and Resilience

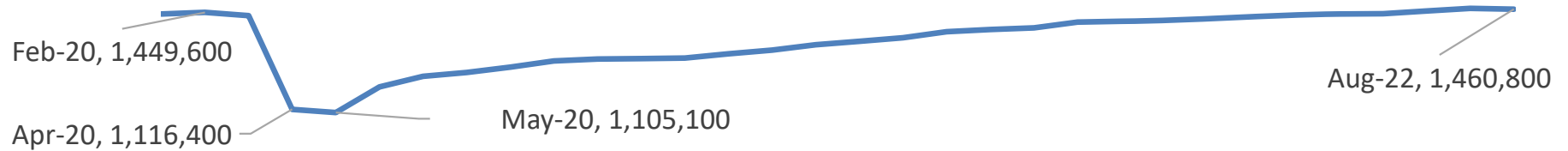
GOED Vision: A Diverse, Innovative, Sustainable and Resilient Economy

SRI mapped Nevada's assets and identified state-wide strengths and weaknesses in six principal areas:

- Innovation ecosystem
- Economy
 - Diversification of Economic Base
 - Skilled Workforce Attraction/Retention
- Physical Infrastructure
 - Energy, Broadband, Transportation, Housing
- Quality of Life
 - Health, Safety, Education, Recreation
- Governance
 - Institutional Assets, Taxation, Business-Friendly Environment
- Natural Resources
 - Land, Minerals, Water

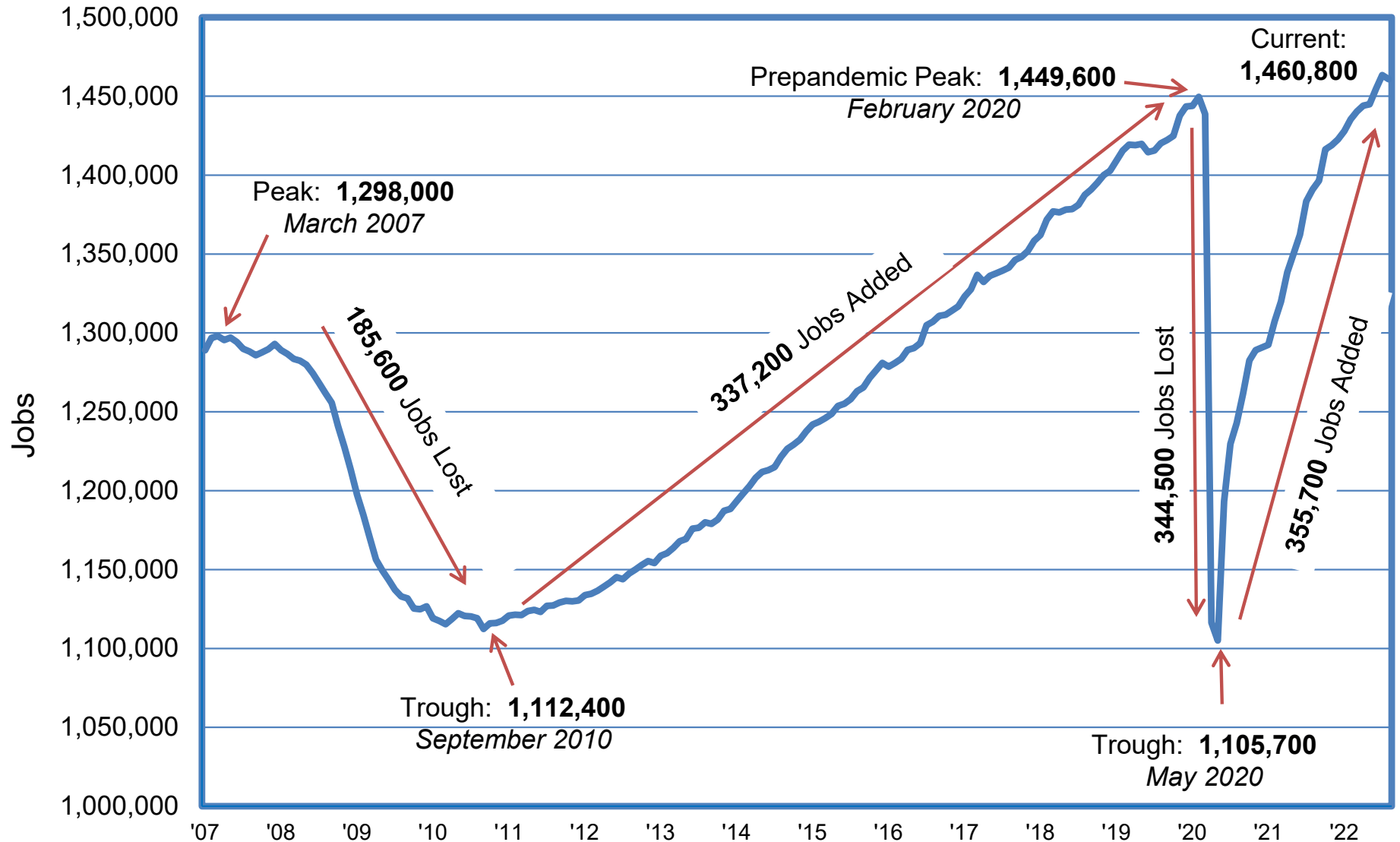
Economic Overview

- August jobs: 1,460,800

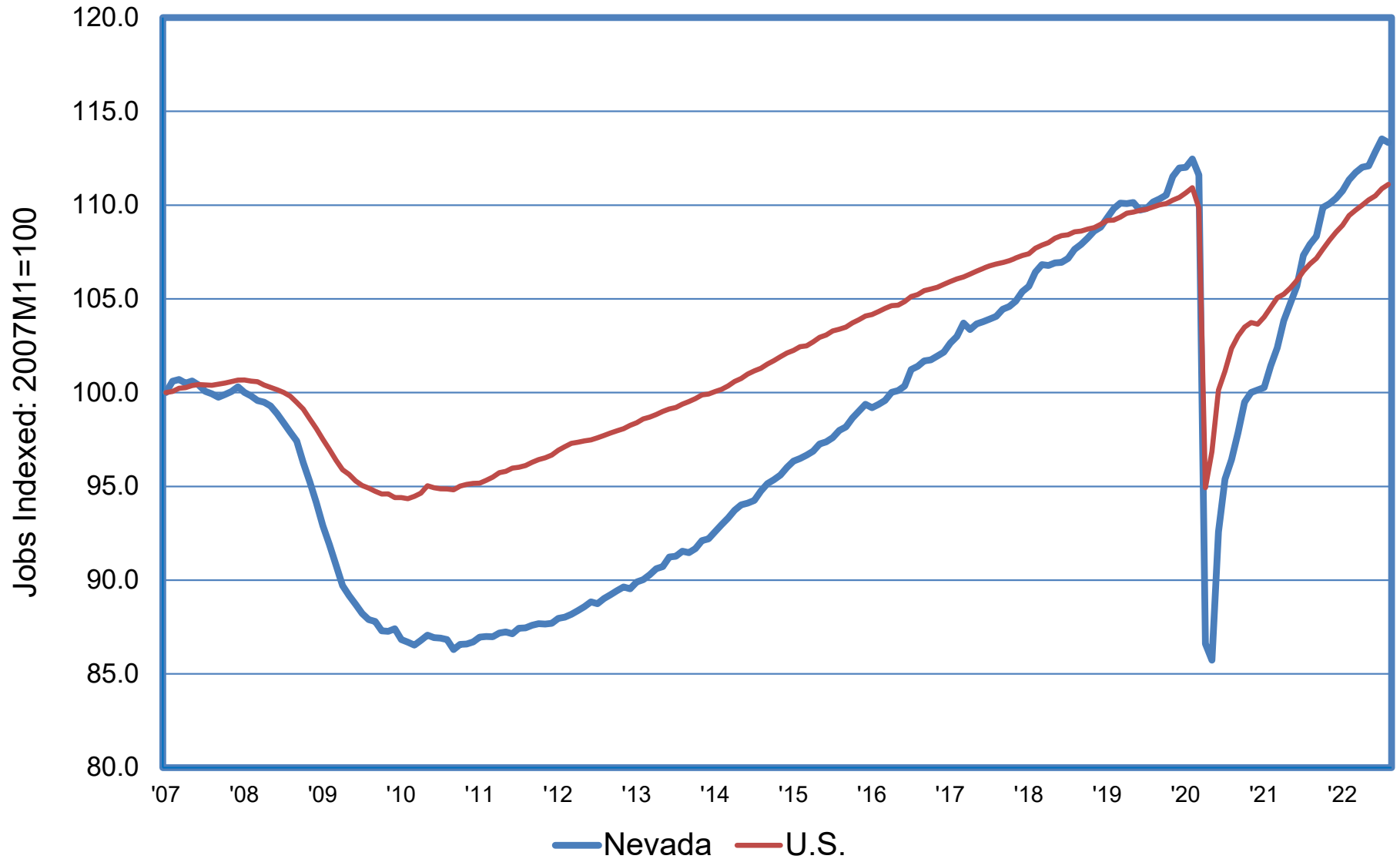


- In April 2020 we lost 333,200 jobs with an unemployment rate of 28.5 percent
- 282,100 of the 333,200 lost jobs were in Clark County (85 percent)
- Service based industries most exposed to the economic downturn
 - Service producing down 27.8 percent vs. goods producing down 8.0 percent
- As of August, we are fully recovered, up 11,200 jobs from the pre-pandemic peak
 - Still down 31,000 Accommodations and Food Services; 32,600 in Leisure and Hospitality as a whole.
 - We lost 210,000 Leisure and Hospitality jobs and have regained 177,400 (84.4%)
- August state unemployment rate: 4.4 percent
 - Las Vegas unemployment at 5.7 percent and Reno at 3.4 percent
- Labor Force Participation Rate now at 60.3 percent

Nevada's Procyclical Economy

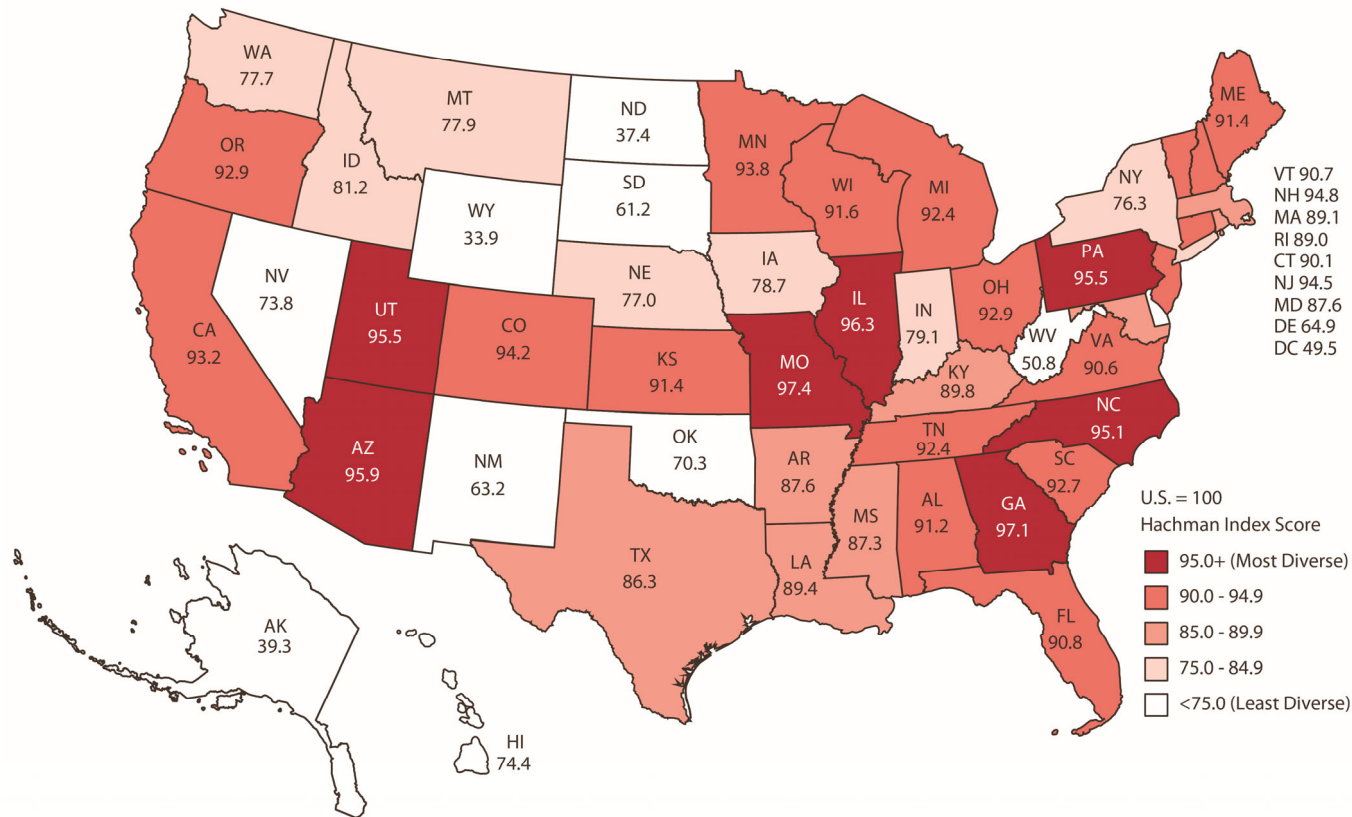


Nevada's Procyclical Economy

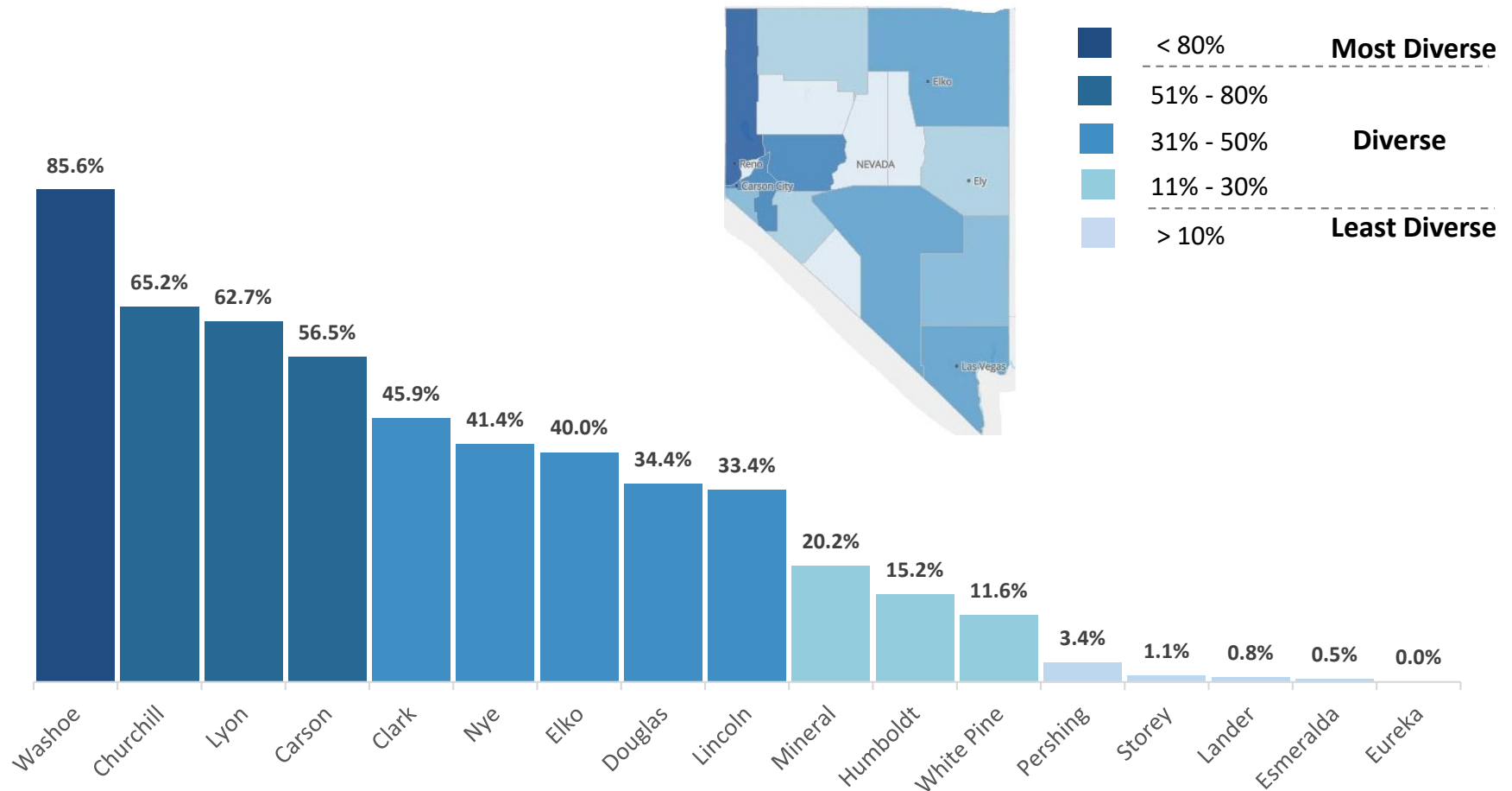


Nevada's Procyclical Economy

Competitive Environment:	UT	AZ	CO	NV
Measure of Economic Diversity (Hachman Index)	95.5 Most Diverse	95.9 Most Diverse	94.2 Diverse	73.8 Least Diverse
Top Four Targeted Industries for Diversification	Same	Same	Same	Same



Industry Diversity Index – Nevada Counties



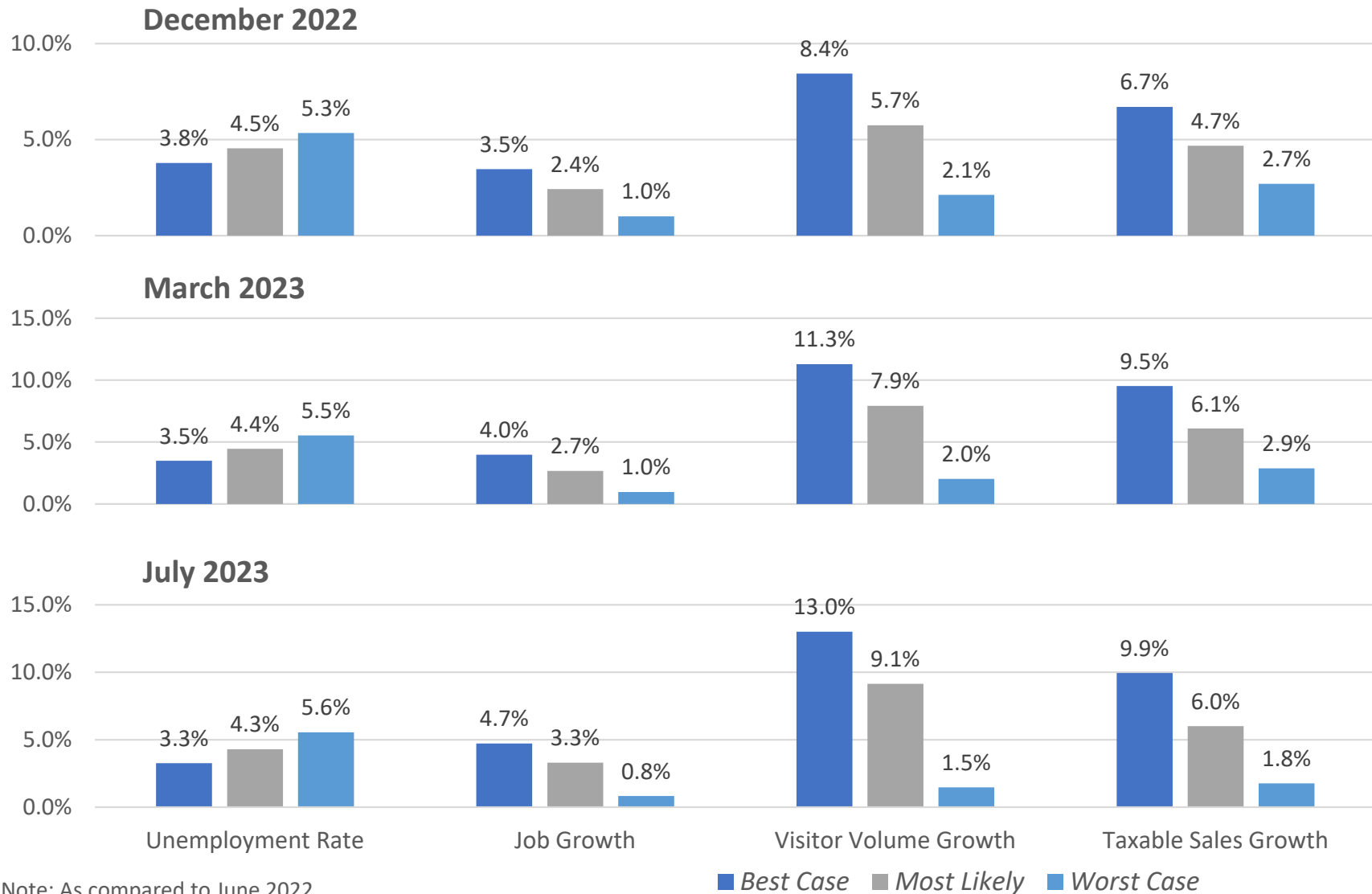
Source: Economic Modeling, LLC (Emsi)

Current Conditions

We currently find ourselves in a transitional period

- Inflation at its highest level since 1981
 - Approaching 9 percent
 - Largely driven by energy
 - While commodity prices are dropping
- University of Michigan Consumer Sentiment Index at lowest level on record
- While the Fed's Survey of Consumer Inflation Expectations at one of its highest levels
- Two consecutive quarters of GDP growth
 - Is often considered a recession, but it's not an official definition
- High labor shortage
 - Two openings for each person unemployed

Consensus Scenario Projections



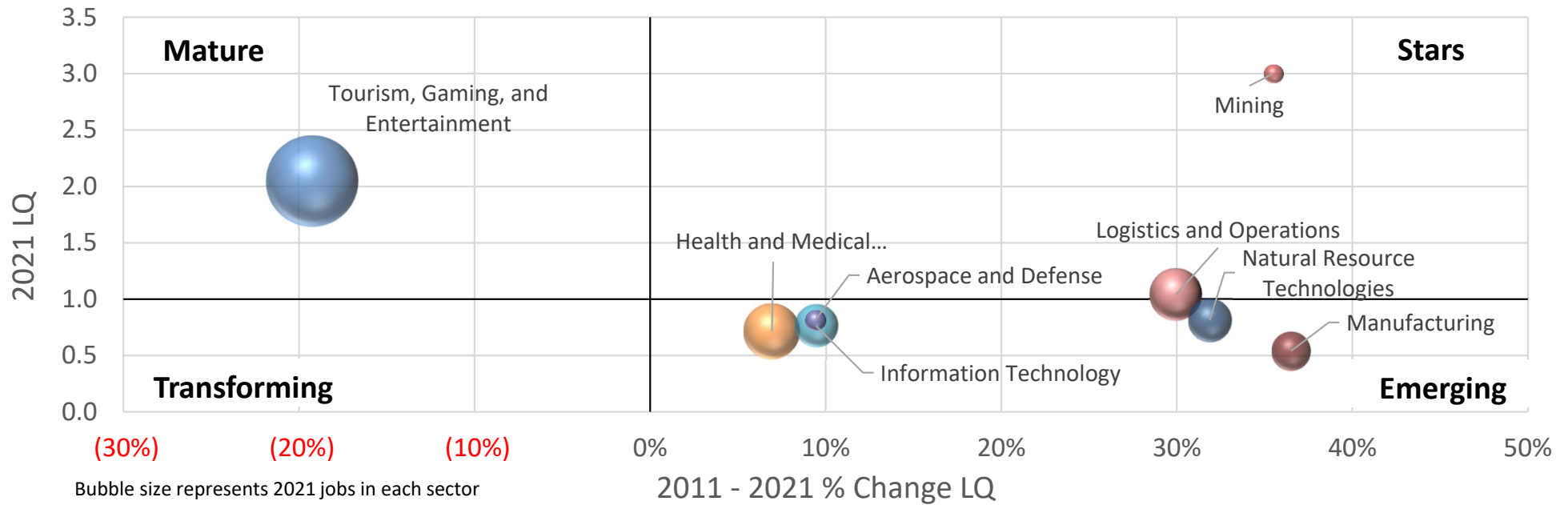
Structural Differences within Nevada's Economy



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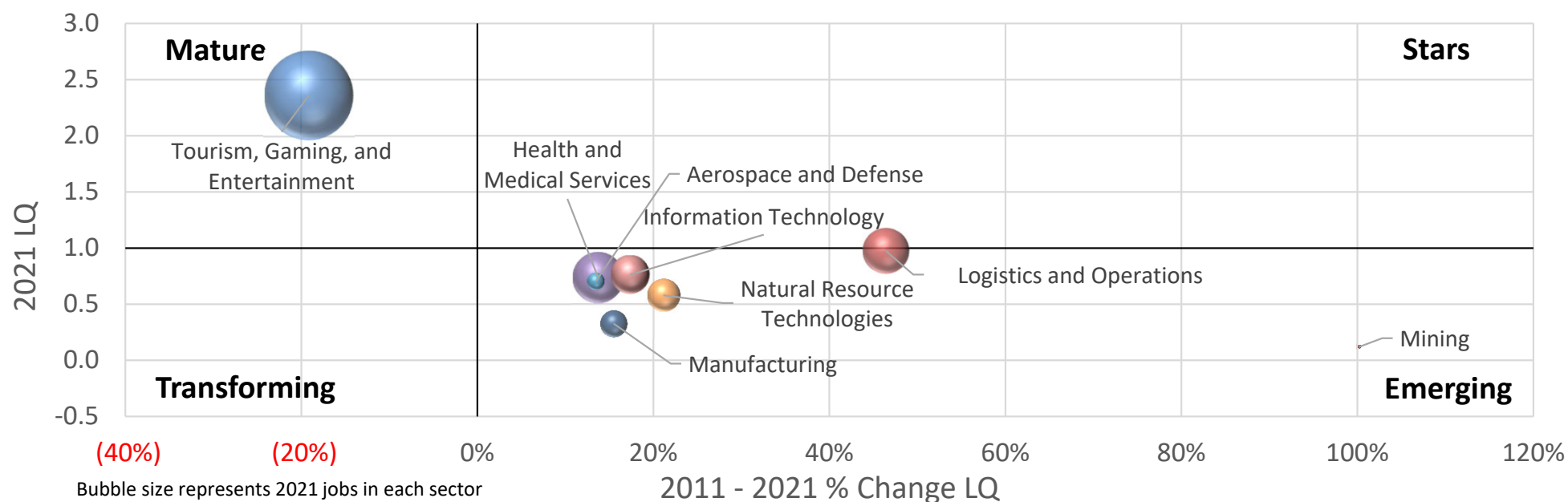
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Nevada's Industry Base



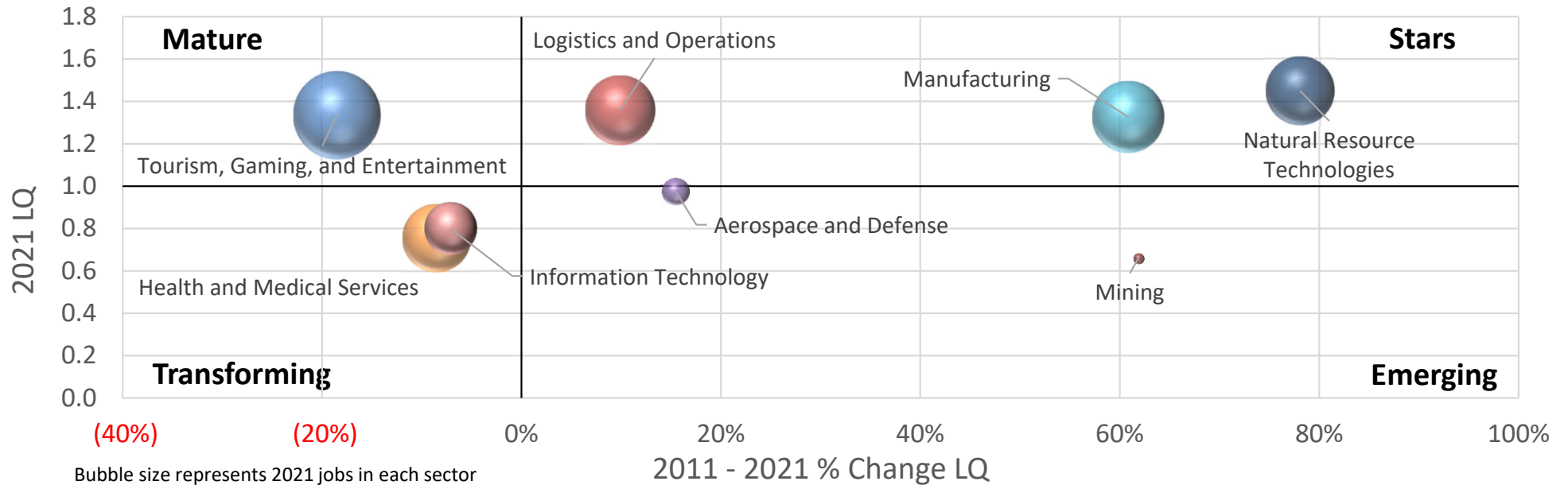
Sector	2011 Jobs	2021 Jobs	2021 LQ	Percent Change LQ	Earnings Per Worker
Manufacturing	39,613	63,151	0.54	37%	\$88,206
Mining	14,061	14,859	3.00	36%	\$124,042
Natural Resource Technologies	47,400	80,191	0.81	32%	\$94,388
Logistics and Operations	65,433	115,374	1.04	30%	\$76,492
Information Technology	51,868	79,370	0.76	9%	\$82,907
Aerospace and Defense	13,530	18,347	0.81	9%	\$114,104
Health and Medical Services	91,805	133,489	0.71	7%	\$77,387
Tourism, Gaming, and Entertainment	392,419	358,361	2.05	(19%)	\$44,965

Southern Nevada's Industry Base

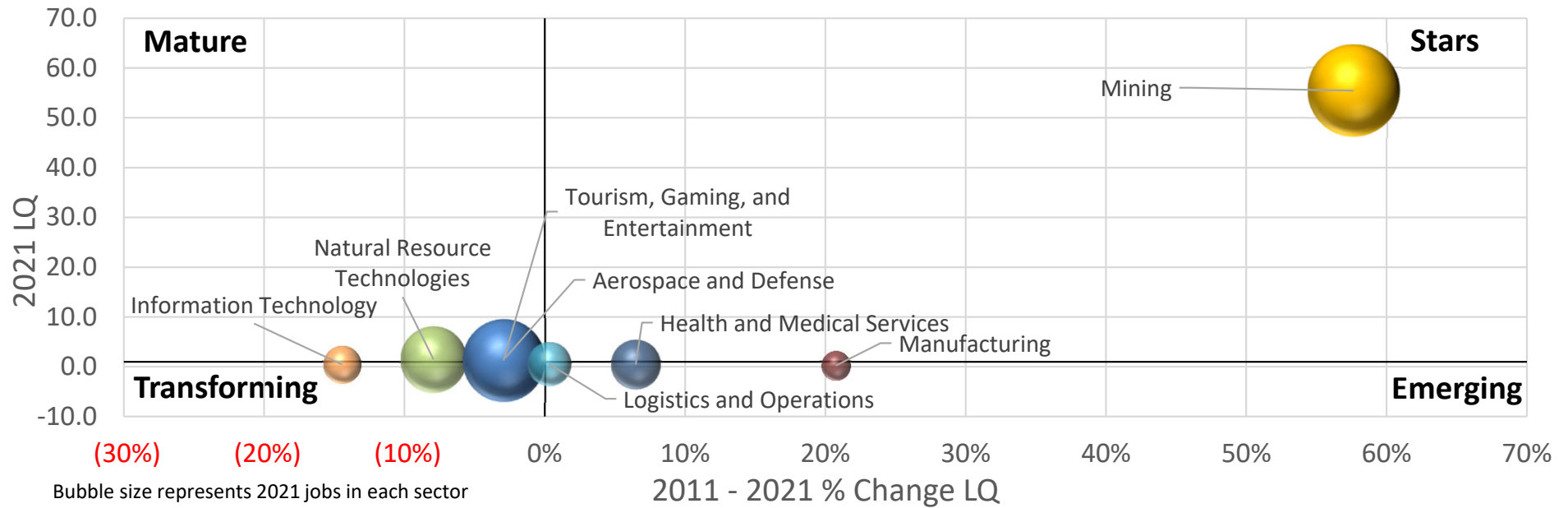


Sector	2011 Jobs	2021 Jobs	2021 LQ	Percent Change LQ	Earnings Per Worker
Mining	276	428	0.12	100%	\$88,466
Logistics and Operations	39,168	77,305	0.98	46%	\$74,469
Natural Resource Technologies	26,445	40,826	0.58	21%	\$90,738
Information Technology	34,759	56,656	0.76	17%	\$80,876
Manufacturing	20,428	27,373	0.33	15%	\$75,251
Health and Medical Services	63,783	98,014	0.73	14%	\$76,388
Aerospace and Defense	8,123	11,349	0.70	13%	\$115,199
Tourism, Gaming, and Entertainment	324,999	295,251	2.36	(19%)	\$46,396

Northern Nevada's Industry Base

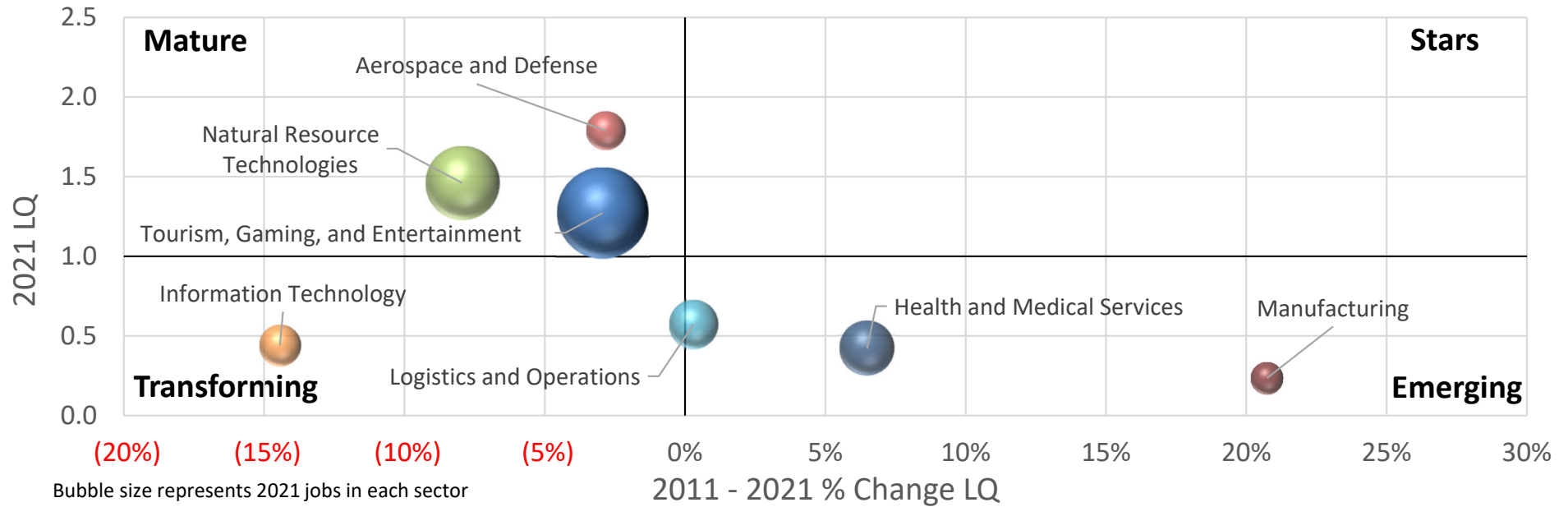


Balance of State Industry Base



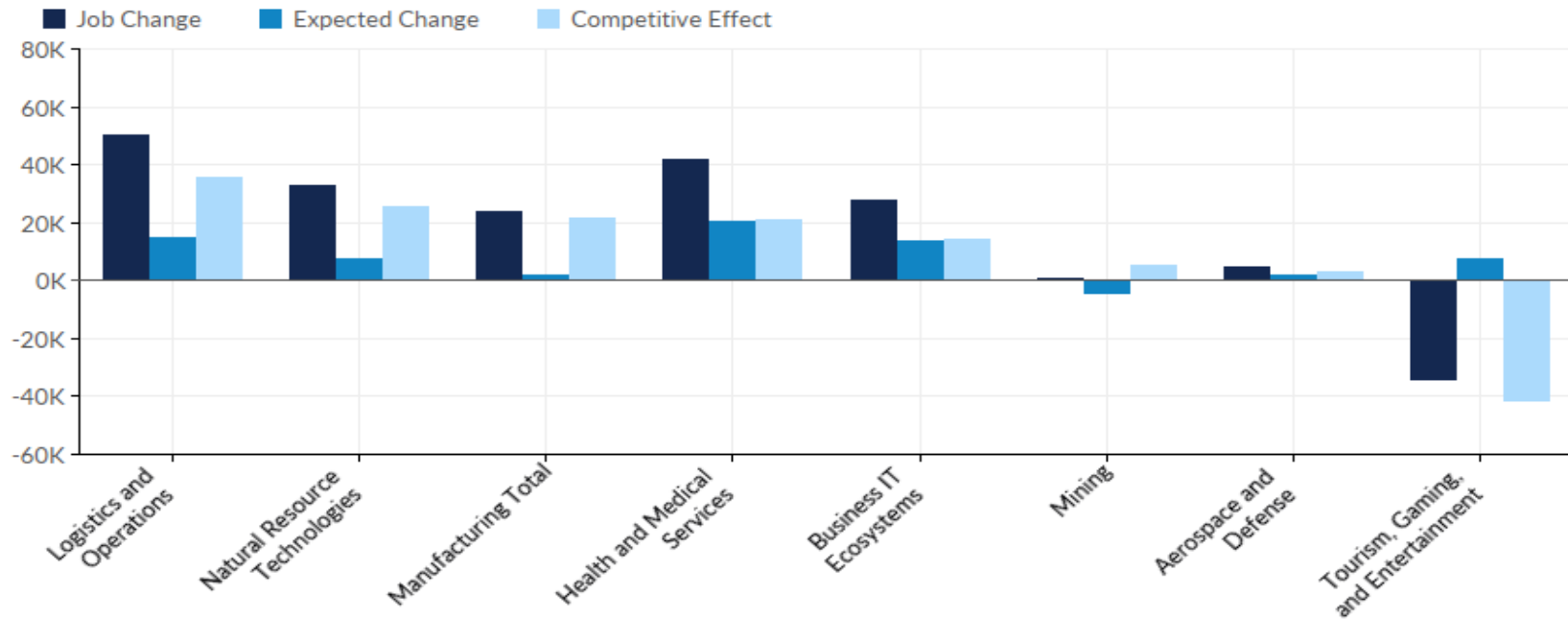
Sector	2011 Jobs	2021 Jobs	2021 LQ	Percent Change LQ	Earnings Per Worker
Mining	13,050	13,697	55.47	58%	\$125,199
Manufacturing	1,140	1,372	0.24	21%	\$80,667
Health and Medical Services	3,196	3,951	0.42	6%	\$65,023
Logistics and Operations	2,723	3,164	0.57	0%	\$88,427
Aerospace and Defense	1,963	2,018	1.79	(3%)	\$125,219
Tourism, Gaming, and Entertainment	11,863	11,115	1.27	(3%)	\$32,470
Natural Resource Technologies	7,121	7,179	1.46	(8%)	\$82,679
Information Technology	2,241	2,288	0.44	(14%)	\$76,168

Balance of State – a Diversifying Economy?



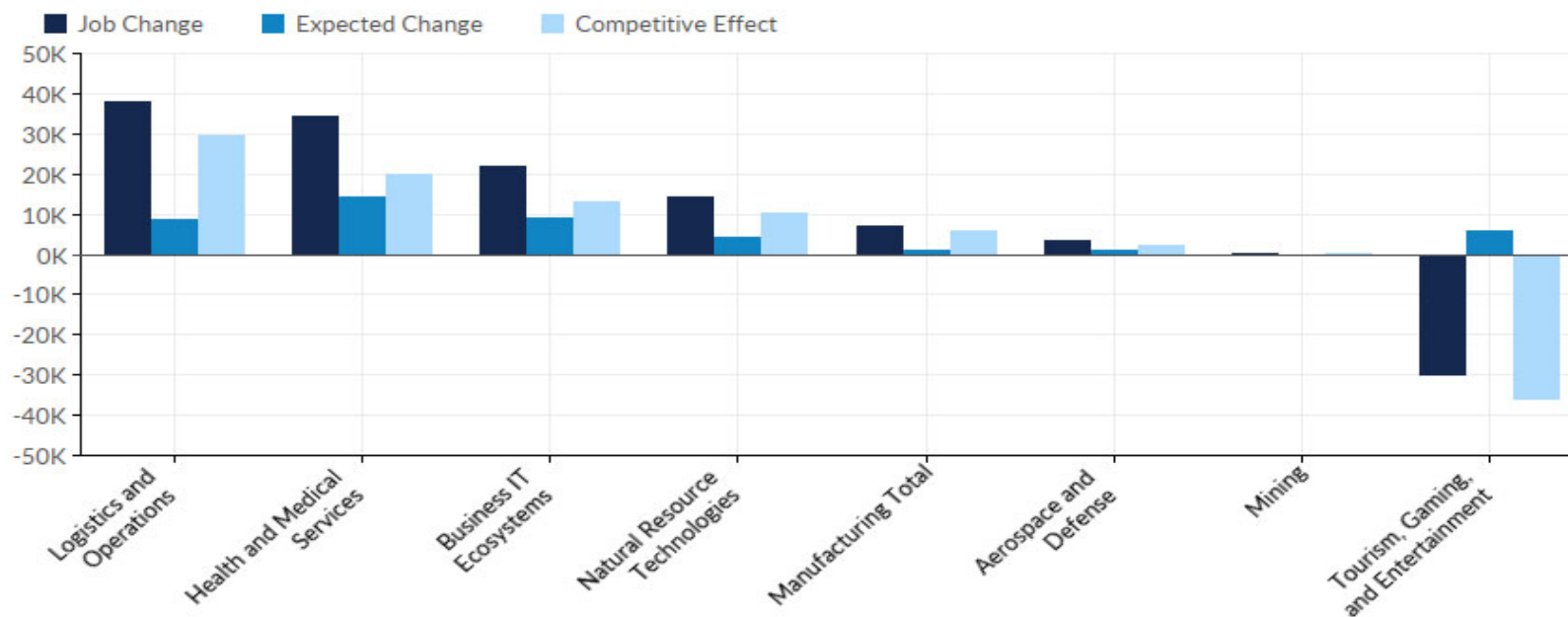
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Nevada's Diversifying Economy



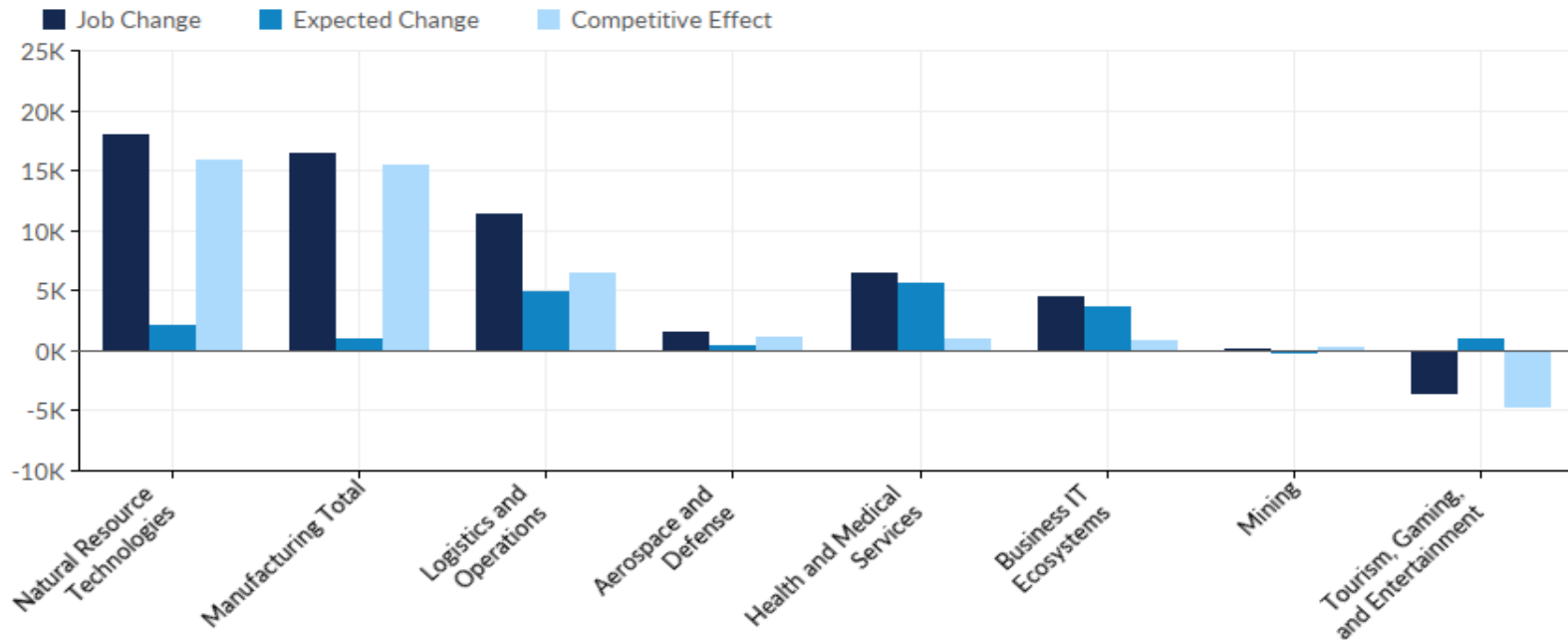
Sector	Job Change 2011 - 2021	Expected Growth Explained by National Growth and National Industry Growth	Nevada's Competitive Effect Over the Past Ten Years	Earnings Per Worker
Logistics and Operations	49,941	14,531	35,410	\$76,492
Natural Resource Technologies	32,791	7,366	25,424	\$94,388
Manufacturing	23,538	2,057	21,481	\$88,206
Health and Medical Services	41,684	20,629	21,055	\$77,387
Information Technology	27,502	13,443	14,059	\$82,907
Mining	798	(4,184)	4,982	\$124,042
Aerospace and Defense	4,817	1,576	3,241	\$114,104
Tourism, Gaming, and Entertainment	(34,058)	7,257	(41,316)	\$44,965

Southern Nevada's Diversifying Economy



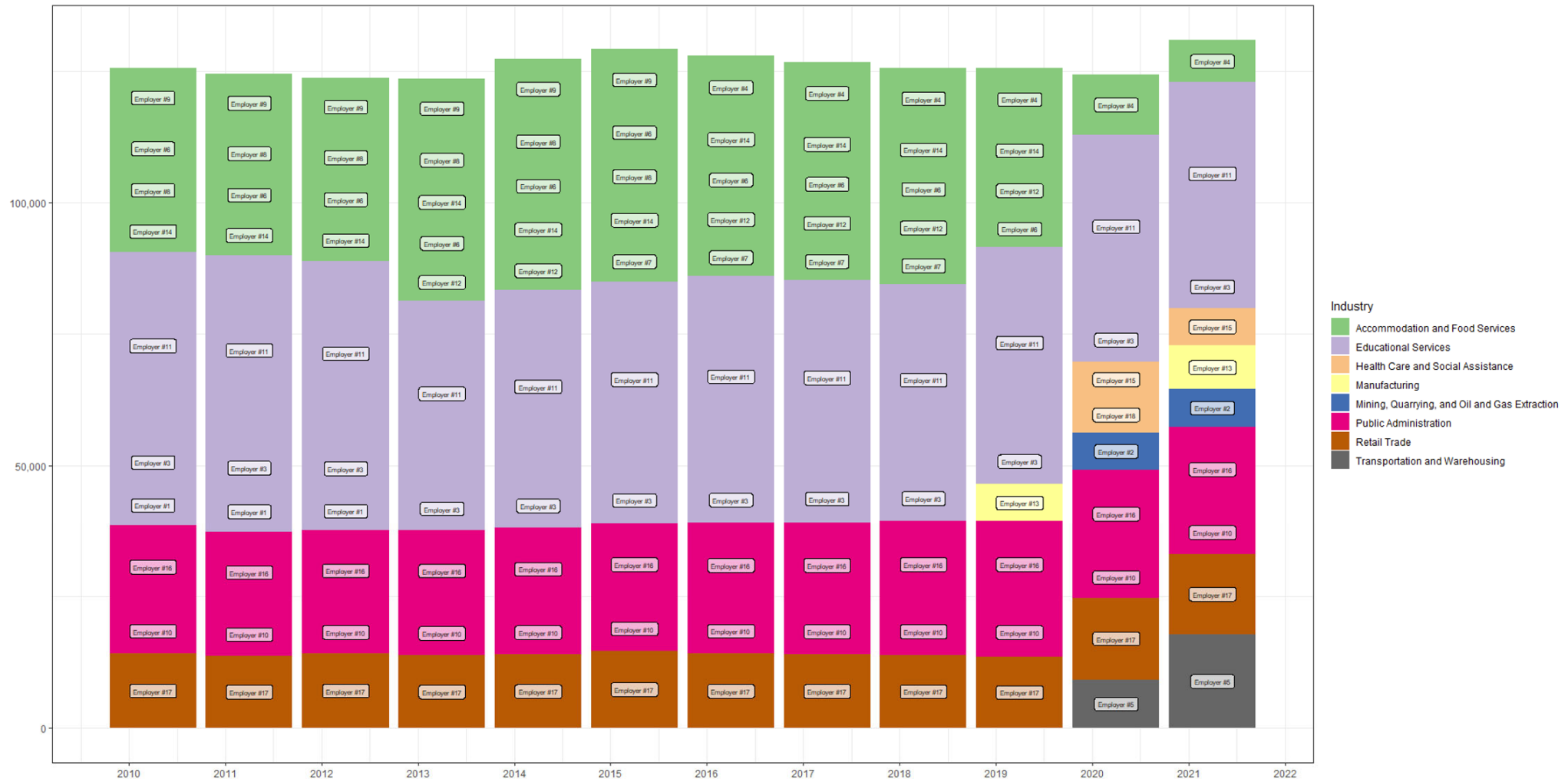
Sector	Job Change 2011 - 2021	Expected Growth Explained by National Growth and National Industry Growth	Southern Nevada's Competitive Effect Over the Past Ten Years	Earnings Per Worker
Logistics and Operations	38,137	8,698	29,438	\$74,469
Health and Medical Services	34,231	14,332	19,899	\$76,388
Information Technology	21,897	9,009	12,889	\$80,876
Natural Resource Technologies	14,381	4,110	10,271	\$90,738
Manufacturing	6,945	1,061	5,885	\$75,251
Aerospace and Defense	3,226	946	2,280	\$115,199
Mining	152	(82)	234	\$88,466
Tourism, Gaming, and Entertainment	(29,748)	6,010	(35,758)	\$46,396

Northern Nevada's Diversifying Economy

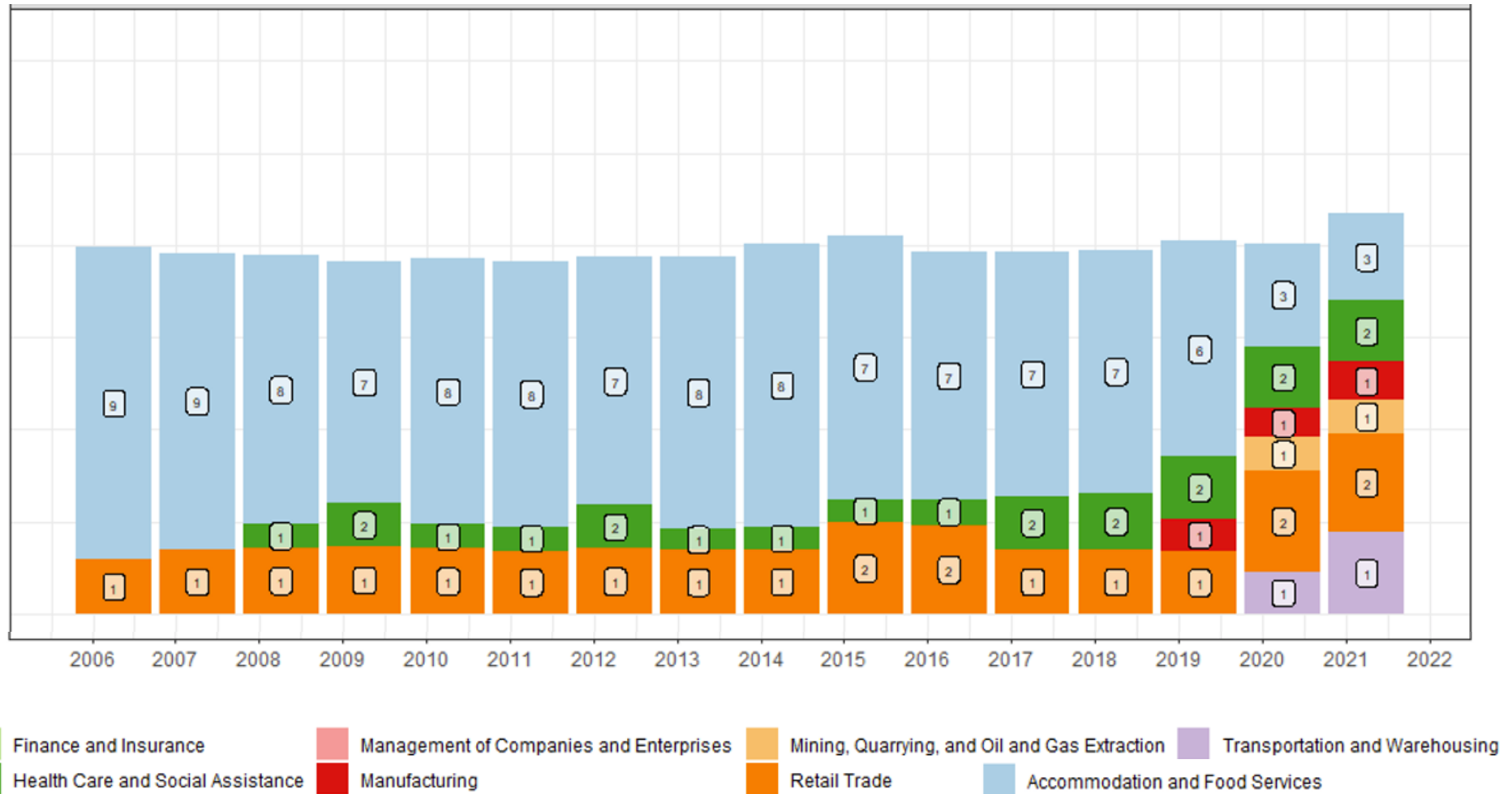


Sector	Job Change 2011 - 2021	Expected Growth Explained by National Growth and National Industry Growth	Northern Nevada's Competitive Effect Over the Past Ten Years	Earnings Per Worker
Natural Resource Technologies	18,023	2,124	15,899	\$101,128
Manufacturing	16,362	937	15,425	\$98,816
Logistics and Operations	11,333	4,902	6,430	\$76,390
Aerospace and Defense	1,524	392	1,132	\$106,600
Health and Medical Services	6,514	5,572	942	\$81,707
Information Technology	4,456	3,631	825	\$86,187
Mining	159	(168)	327	\$123,301
Tourism, Gaming, and Entertainment	(3,572)	1,024	(4,596)	\$39,304

Ten Largest Employers in Nevada by Industry



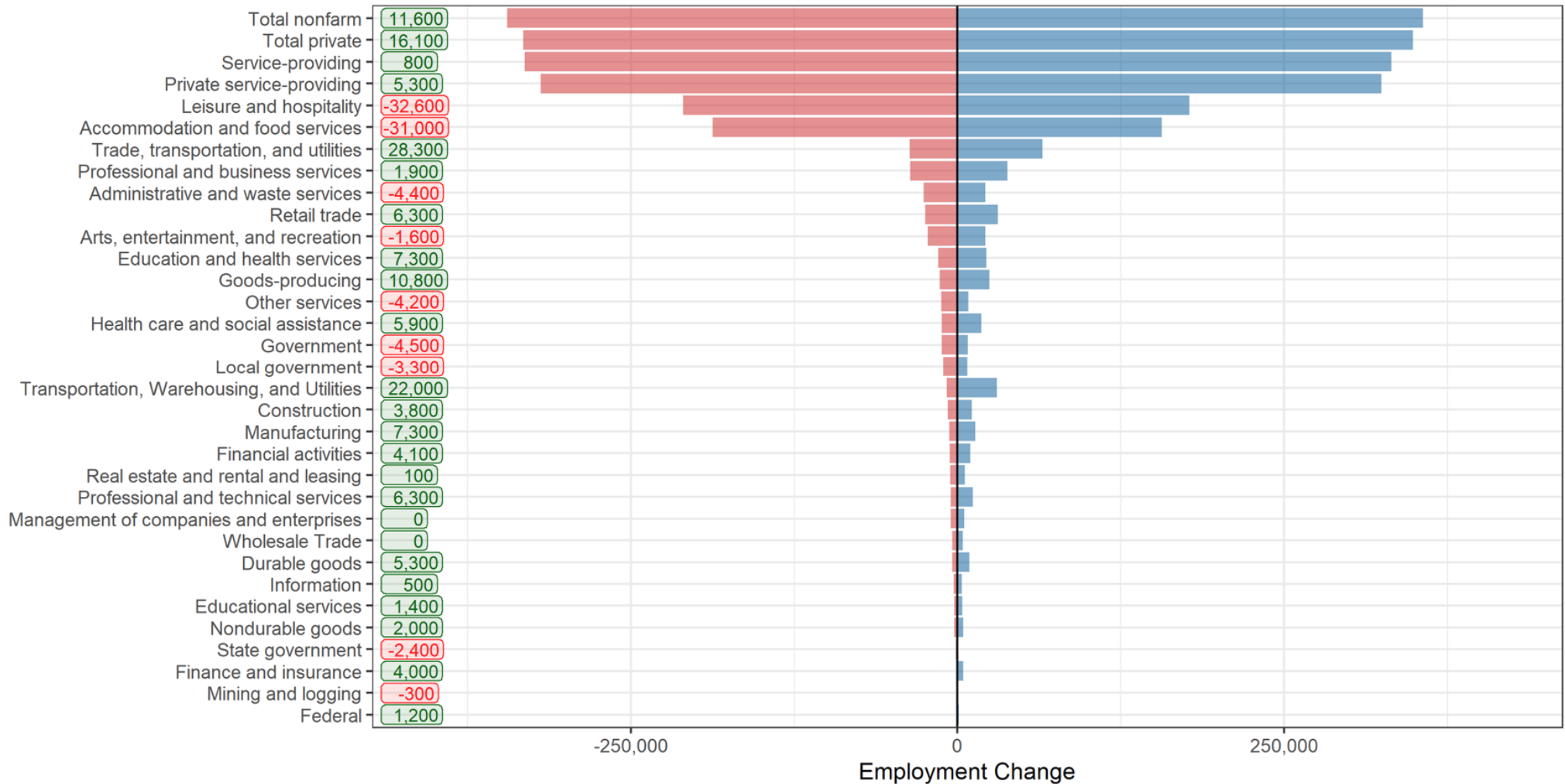
Ten Largest Employers in Nevada by Industry: Private Sector Only



Jobs Lost and Gained: Nevada

Jobs Lost and Gained, Nevada

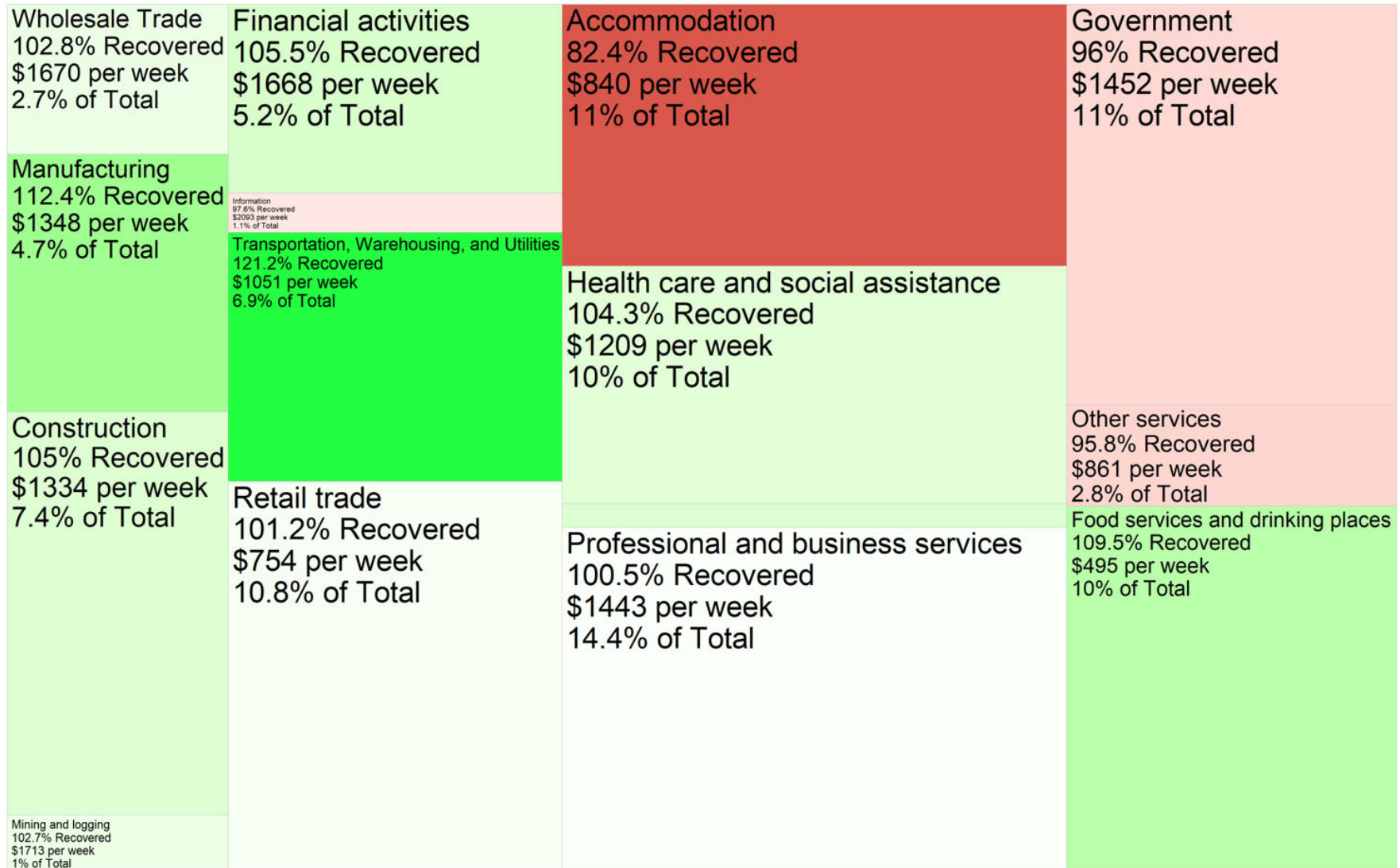
Jobs Lost Feb 2020 to May 2020, Gained May 2020 to August 2022



Seasonally Adjusted Data

Statewide Employment Recovery: August 2022

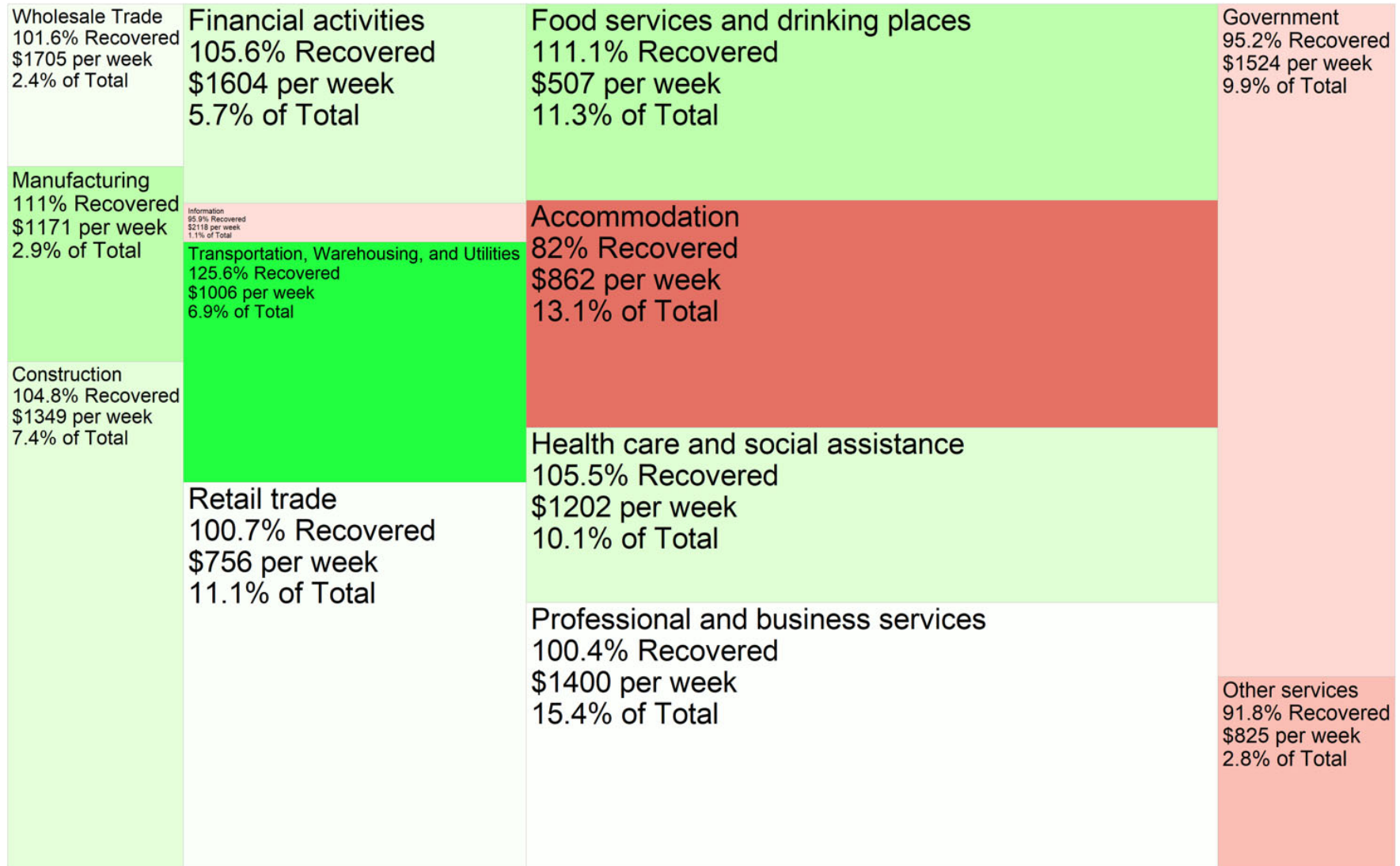
Box size reflects number of jobs and color reflects job recovery



Source: DETR Research and Analysis Division

Las Vegas Employment Recovery: August 2022

Box size reflects number of jobs and color reflects job recovery



Source: DETR Research and Analysis Division

Reno Area Employment Recovery: August 2022

Box size reflects number of jobs and color reflects job recovery



Source: DETR Research and Analysis Division

The Story

- GOED Vision: A Diverse, Innovative, Sustainable and Resilient Economy.
- Nevada's procyclical economy leaves us particularly exposed to economic downturns.
- All regions of the state are diversifying, but at different rates.
- Northern Nevada fared much better than Southern Nevada because of a more diversified economy.
- The pandemic has accelerated diversification across the state and created unprecedented opportunity to stabilize Nevada's procyclical economy.
- We need to be clear on what our constraints are so together we can manage and take advantage of the opportunity in front of us.
 - Water
 - Land
 - Workforce

Using Data and Information to Align Economic and Workforce Development: Workforce Analysis



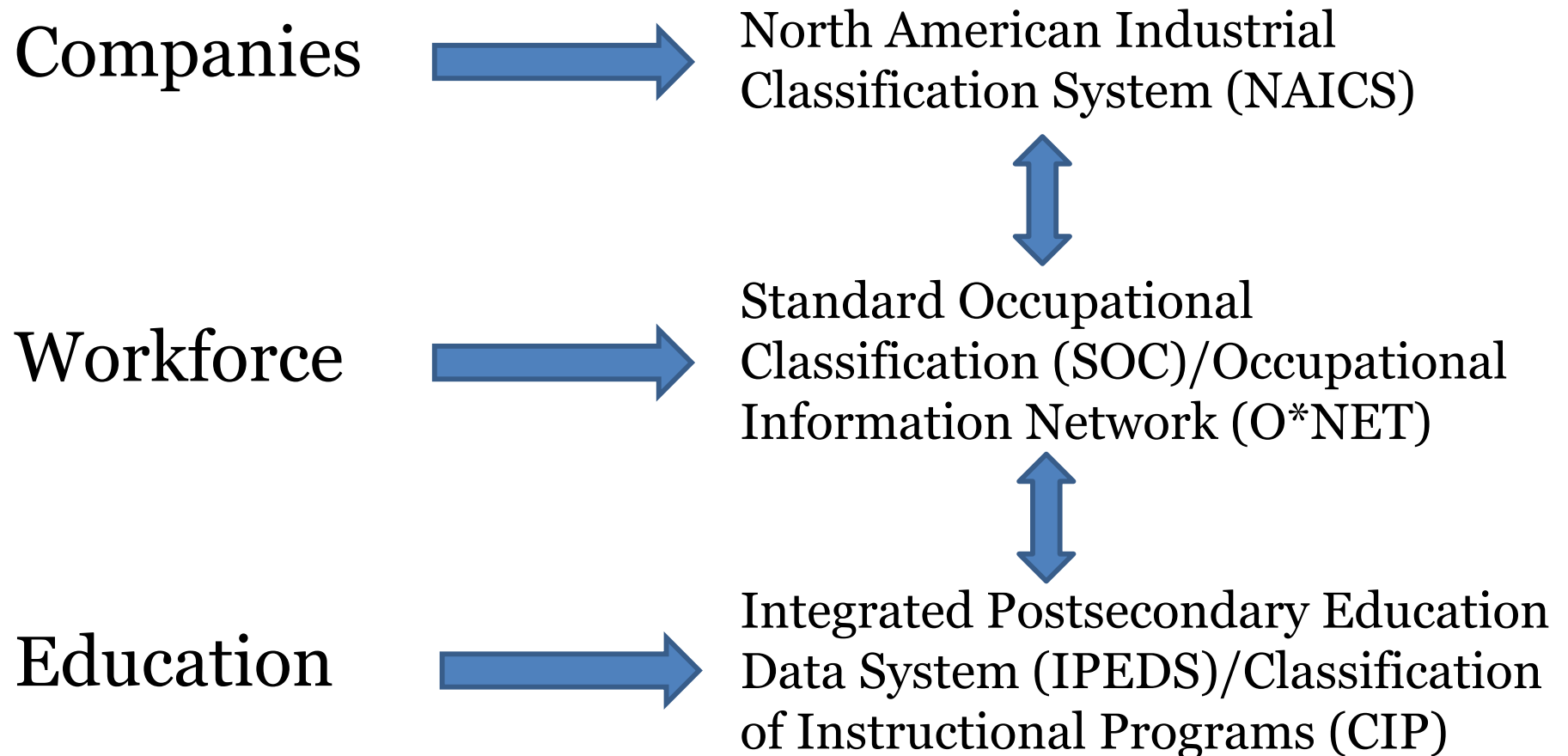
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Strategic Location Drivers

- 1 Workforce Skills
- 2 Transportation infrastructure
- T3 Ease of permitting and regulatory procedures
- T3 Workforce development
- 5 Utilities (cost, reliability)
- 6 Right-to-work state
- T7 Higher education resources
- T7 State and local tax scheme
- T9 Economic development strategy
- T9 Land/building prices and supply

Source: Site Selection Magazine Survey of corporate real estate executives, October 2021

The Economic and Workforce Information Pipeline



In-Demand Occupation Analysis

Identifying high demand occupations

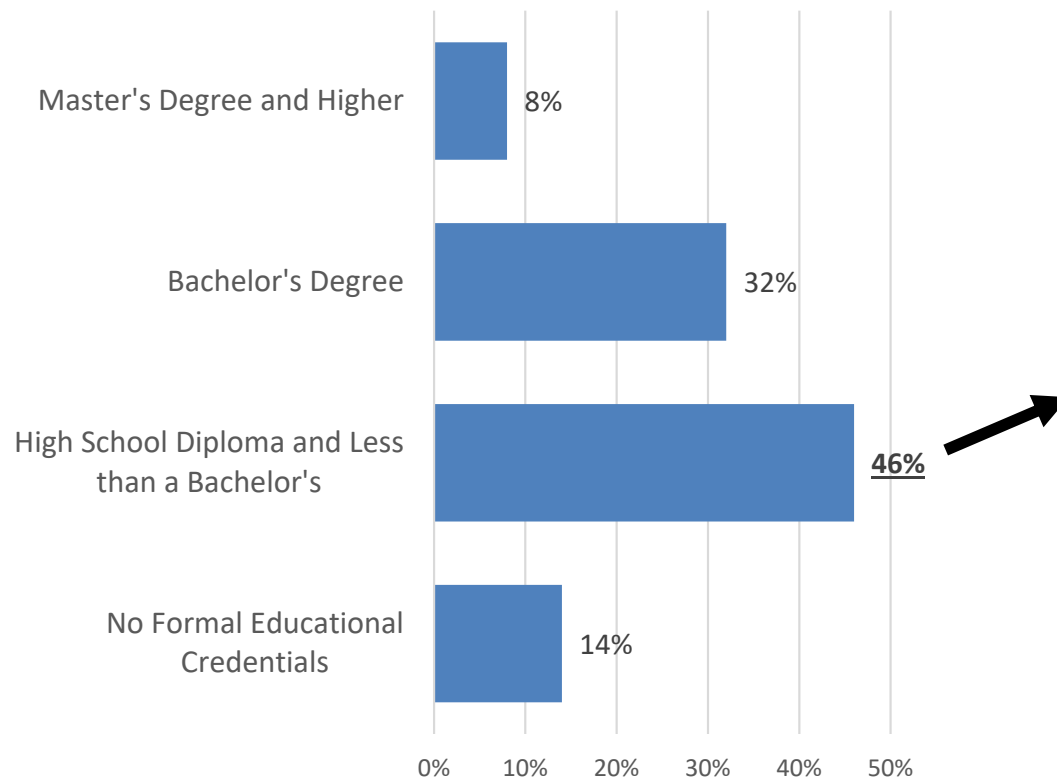
- Target Sector approach
- Real-time job postings
- DETR Occupational Employment Projections
- Brookings STEM Score
- Job openings
- Wages
- Automation
- Covid risk

In-Demand Occupation Rankings

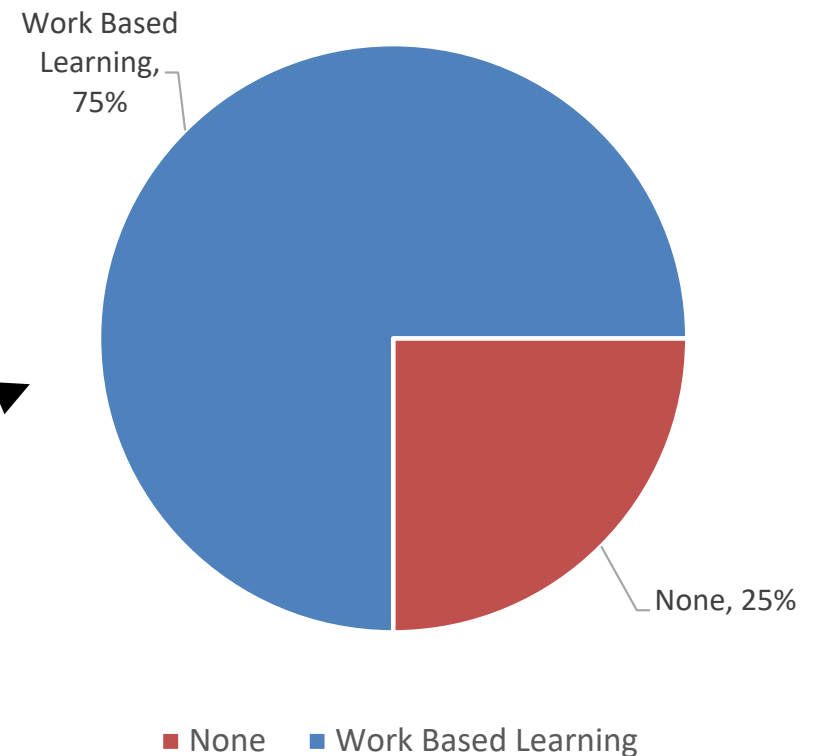
Description	State Rank	Southern Nevada Rank	Northern Nevada Rank	Northeastern Nevada Rank	Central Nevada Rank
Healthcare Diagnosing or Treating Practitioners	1	1	1	1	1
Other Production Occupations	2	2	2	4	5
Construction Trades Workers	3	3	3	2	2
Other Installation, Maintenance, and Repair Occupations	4	4	4	3	3
Engineers	5	5	5	5	4
Metal Workers and Plastic Workers	6	6	7	10	10
Health Technologists and Technicians	7	7	6	7	7
Other Management Occupations	8	8	9	6	6
Business Operations Specialists	9	9	8	8	8
Computer Occupations	10	10	10	13	9
Material Moving Workers	11	11	11	9	13
Counselors, Social Workers, and Other Community and Social Service Specialists	12	12	12	16	11
Drafters, Engineering Technicians, and Mapping Technicians	13	13	13	11	14
Preschool, Elementary, Middle, Secondary, and Special Education Teachers	14	15	14	20	19
Information and Record Clerks	15	14	15	15	12
Life Scientists	16	16	17	17	17
Vehicle and Mobile Equipment Mechanics, Installers, and Repairers	17	17	16	14	16
Financial Specialists	18	18	19	23	25
Extraction Workers	19	25	21	12	15
Art and Design Workers	20	19	18	19	20
Social Scientists and Related Workers	21	20	20	28	27
Textile, Apparel, and Furnishings Workers	22	22	29	29	34
Electrical and Electronic Equipment Mechanics, Installers, and Repairers	23	23	23	21	22
Life, Physical, and Social Science Technicians	24	21	24	18	18
Operations Specialties Managers	25	24	22	22	21
Physical Scientists	26	26	26	24	23
Material Recording, Scheduling, Dispatching, and Distributing Workers	27	27	25	25	26
Other Office and Administrative Support Workers	28	29	27	33	35
Plant and System Operators	29	30	32	26	29
Other Healthcare Support Occupations	30	28	28	27	24

Work-based Learning for Nevada's In-Demand Occupations

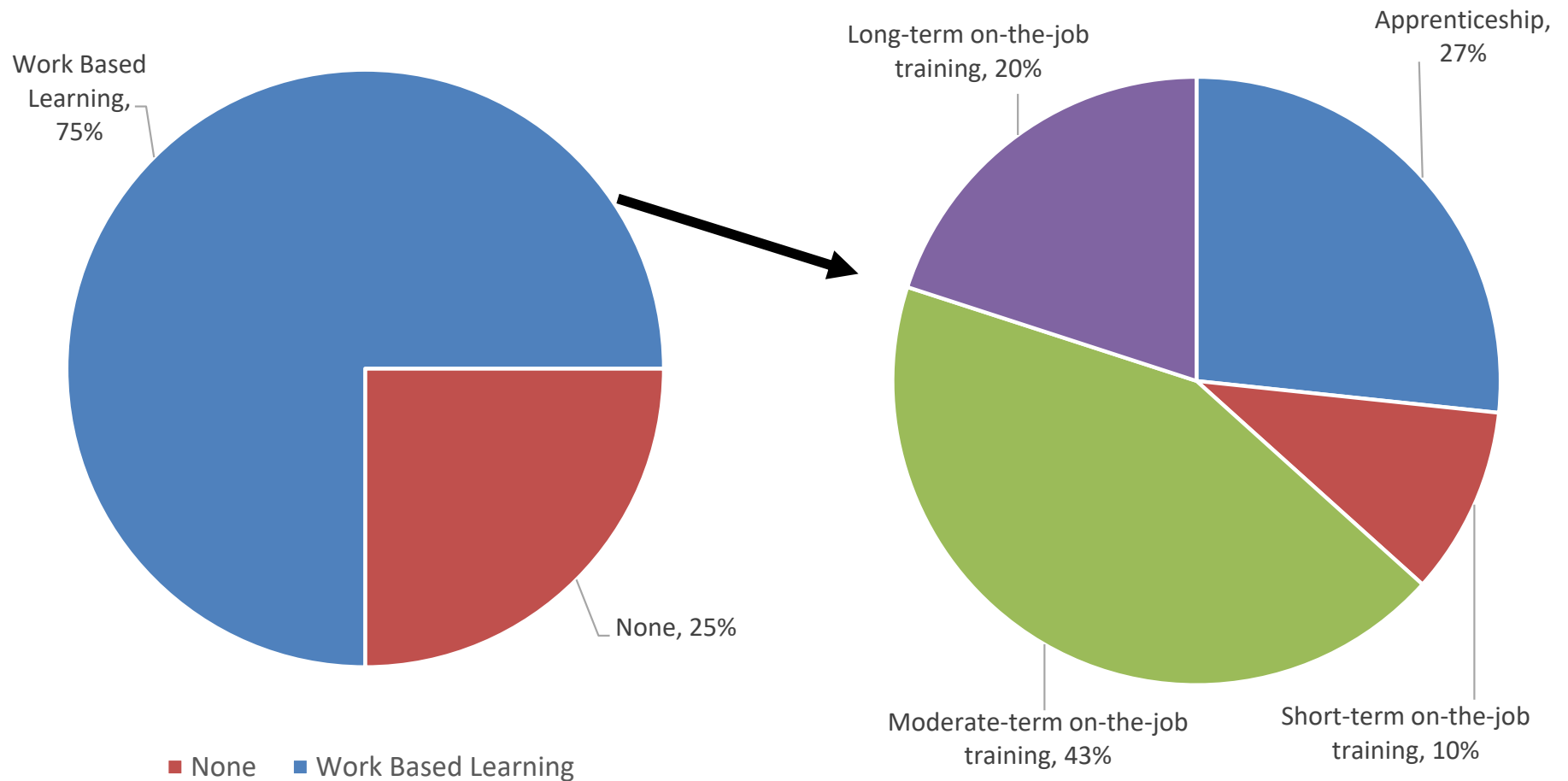
Typical Entry Level Education for Top 100 In-Demand Jobs



Typical On-The-Job Training for In-Demand, Middle Skill Jobs

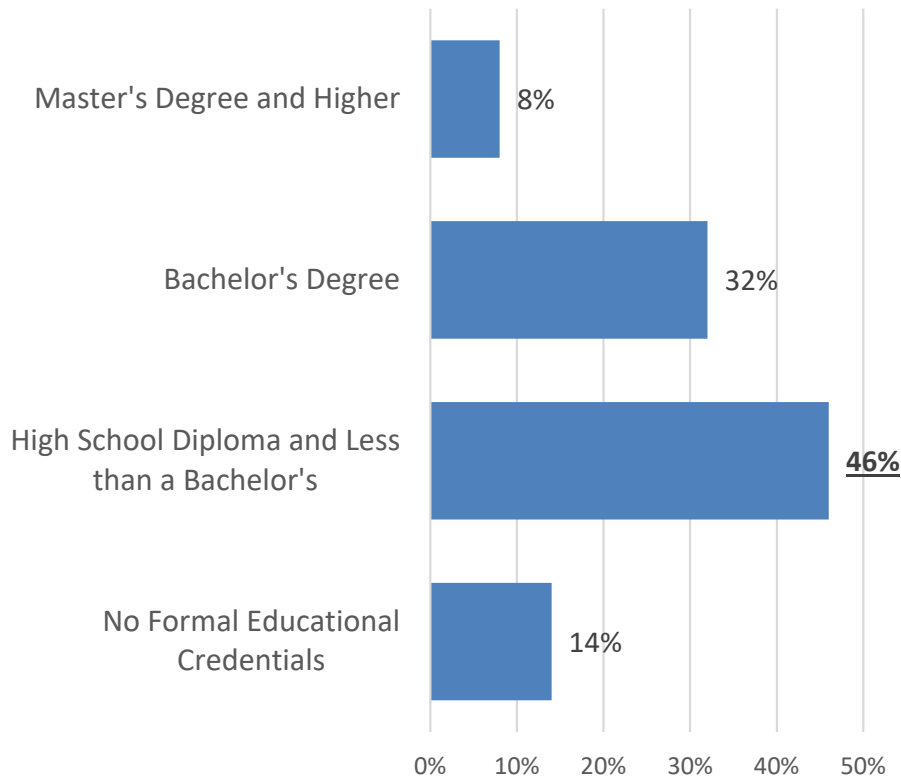


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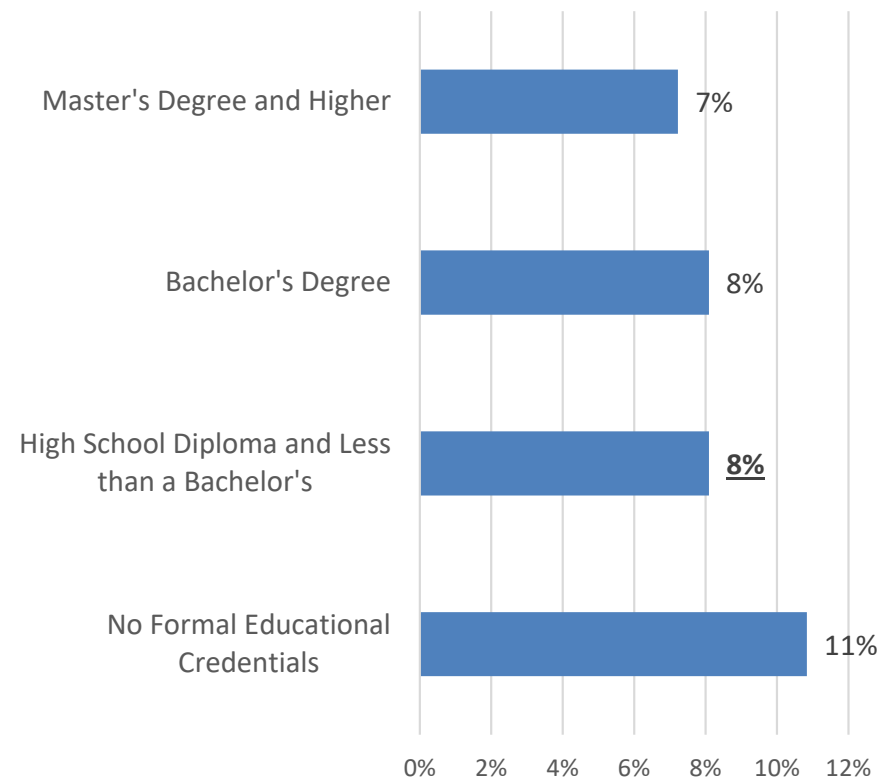


Education Projections: Is Growth Meeting Demand?

Typical Entry Level Education for Top 100 In-Demand Jobs



Percent Change of Education Cohort Populations 2019-2026



Governors Office of Economic Development

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Deputy Director

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