

A Positive Outlook

Retail Sales: Another Sign of Nevada's Strengthening Economy



Jeremy Aguero, Consultant



**APPLIED
ANALYSIS**

\$40.3 billion in the 12 months through February. Meanwhile in Washoe County, taxable sales grew more than twice as fast (8.6 percent) to \$7.9 billion for the previous 12 months. On a broad note, these are positive trends that illustrate the economic well-being of the state, its residents and its visitors.

Digging deeper into the numbers provides additional insight into certain sectors of the economy. Nonstore retail sales, which capture online sales from companies like Amazon, have consistently remained atop the fastest-growing sales categories in the state. Through February, trailing 12-month sales for nonstore retailers grew by 15.8 percent to \$1.1 billion, the highest point yet. Growth in this category was even stronger in Clark County (17.5 percent) and Washoe County (17.2 percent), illustrating the continued shift in consumer shopping habits and the growth potential for Amazon and other online retailers that have established distribution and fulfillment centers in Nevada.

Sales at motor vehicle and parts dealers have also remained strong, suggesting Nevadans feel economically secure enough to commit to significant purchases of new vehicles. Statewide sales through the 12 months ending February 2017 grew by 6.8 percent to \$6.5 billion, with growth in Washoe County (9.2 percent) outpacing the 5.8 percent growth rate in Clark County. Sales growth at restaurants and bars, which captures spending by both residents and visitors, has slowed somewhat but remains strong. In the 12 months ending February 2017, total sales at food services and drinking places increased 4.1 percent to \$12.1 billion, which is an all-time high.

Finally, sales of building material and garden equipment and supplies are approaching highs not seen in nearly a decade, indicative of the recent surge in the construction industry. Through February, trailing 12-month sales in this category reached \$2.4 billion, recording growth of 10.7 percent over the year. The double-digit growth during the period marked just the seventh month of double-digit growth in the past three years, with three of those coming in the past three consecutive months. Growth in Clark County (11.1 percent) outpaced Washoe County (9.6 percent), but both regions are experiencing significant construction activity with more on the horizon. Apple recently announced a \$1 billion investment in its northern Nevada data center on top of ongoing construction at Tesla's Gigafactory, while in southern Nevada, major projects expected to start construction this year include the \$1.4 billion Las Vegas Convention Center expansion and renovation and the \$1.9 billion Las Vegas Stadium.

Nevada is in the midst of an economic revival that again has it sitting at or near the top of the nation in many key measures. As these trends continue, we can expect them to carry over into taxable retail sales as a reflection of the growing confidence among our state's consumers.



702.383.0009 nsbank.com/outlook

A division of ZB, N.A. Member FDIC