CITY OF RENO

Memorandum

DATE: September 8, 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: August 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 August 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:

Overall, the data in August's indicator report shows that the Reno metropolitan statistical area (MSA) economy remains healthy, much like last month, supported by a strong labor market, continued tourism strength, stable housing conditions, and resilient consumer spending. Listed below is a summary of key highlights across the major segments we monitor relative to the Reno MSA:

Labor Market:

- The Reno MSA labor market remained healthy in July, supported by steady job growth, low unemployment, and minimal UI claims, with no significant layoffs reported in Northern Nevada.

Tourism:

- The Reno MSA's tourism sector showed strong momentum in July, with visitor volume rising 7.5 percent year-over-year to 406,338—the highest July total since 2018. Hotel occupancy climbed to 77.8 percent, room rates increased, and gaming revenues remained solid. Major events and attractions continued to draw visitors, reinforcing the sector's recent strength.

Housing:

- Reno MSA housing conditions remained strong in July, with well-positioned homes continuing to sell quickly amid low inventory and stable prices. Mortgage rates held steady, while apartment rents continued their upward trend.

Consumer:

- Consumer activity remained strong in July with Washoe County taxable sales continuing to grow. Although consumer confidence dipped slightly from June, it remains modest. Inflation eased compared with last month, but prices for key services—including shelter, transportation, and medical care—continued to rise over-the-year.

Economic Signals:

Upside Cushions	**Downside Risks**
• Housing Price Stability • Growth in Consumer Spending • Stable Labor Market • Positive Tourism Indicators	• Iran War/Oil Prices • National Policy Uncertainty • Low Housing Supply • Volatility in Inflation

This Month's Indicators:

Labor Market

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

- July data shows that the labor market is still expanding steadily, though the rate of growth has slowed compared with the first half of the year.

- Employment in the Reno MSA grew 0.3 percent over-the-year, adding 900 jobs. This extends the low end of the growth range observed so far this year (0.3 percent to 2.2 percent, seasonally adjusted) and reflects continued positive labor market expansion.
  - The largest over-the-year job gains occurred in trade, transportation, and utilities and the education and health serves sectors this month.
- The Reno MSA unemployment rate edged down 0.1 percent from last month to 4.0 percent in July 2026 (not seasonally adjusted) and was 0.4 percentage points lower than July 2025.
  - The Reno MSA has posted an unemployment rate consistent with a healthy labor market for several years and continues to remain healthy.
  - Nevada's statewide unemployment rate was 5.0 percent in July, down 0.1 percentage point from 5.1 percent in June (seasonally adjusted).
- In July 2026, Nevada reported 11,996 initial claims for unemployment insurance, a 2.3 percent increase from June and a 5.7 percent decrease compared to July 2025.
  - Although initial claims for unemployment insurance increased this month, they remain low, below the 12-month average (11,711), and are also very low by historical standards.
  - The Department of Employment, Training and Rehabilitation (DETR) reported one new Worker Adjustment and Retraining Notification (WARN) notices impacting Reno.
    - No new layoffs were identified in Northern Nevada.
    - A notable WARN notice in Henderson came from Henderson Hospital, which will lay off 100 employees effective October 12, 2026.

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	8/28/2026	July 2026	This Memo	9/30/2026
Unemployment Rate - Reno MSA	BLS-LAUS	8/28/2026	July 2026	This Memo	9/30/2026
Initial Claims - Nevada	DOL	8/1/2026	July 2026	This Memo	9/1/2026
Layoff Notices - Reno MSA	DETR	8/1/2026	July 2026	This Memo	9/1/2026

Tourism

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

- The Reno MSA's tourism sector continued to show solid momentum in July as visitors filled local hotels, dined in area restaurants, supported businesses, and enjoyed the region's attractions. All major tourism indicators were up over-the-year, while gaming revenues remained robust.

- In July 2026, the Reno MSA welcomed 406,338 visitors, an increase of 28,418 visitors from July 2025, or a 7.5 percent increase.
    - Similar to June, July recorded the highest visitor volume for any month of July since 2018, marking the strongest July tourism performance in nearly a decade.
    - Key events and activities that typically attract visitors during the month of July include the Fourth of July holiday, Biggest Little City Wingfest, Reno Basque Festival, Reno Aces baseball, and the Barracuda Championship PGA golf.
- In July 2026, hotel occupancy rates increased to 77.8 percent, marking a 5.0 percent increase when compared to the same month last year.
- The average daily room rates for hotels in July were $161.01 per night, up $6.30 over-the-year and up by $9.49 from June.
- Reno's gaming win in July increased by $0.8 million (1.0 percent) compared to last year and down by $4.7 million (-5.8 percent) from June.

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	8/28/2026	July 2026	This Memo	9/28/2026
Hotel Occupancy Rate	RSCVA	8/28/2026	July 2026	This Memo	9/28/2026
Avg. Daily Room Rate - Hotels	RSCVA	8/28/2026	July 2026	This Memo	9/28/2026
Gaming Win - Reno	GCB	8/28/2026	July 2026	This Memo	9/28/2026

Housing

Key indicators: avg. single-family home prices, median days on market, 30-day fixed mortgage rates, and avg. apartment rent.

- Overall, the latest Reno MSA housing data indicates housing market remained firmly seller-leaning in July.
- In July 2026, the average value of a single-family home was $583,131 in the Reno MSA, up 1.0 percent over-the-year and up slightly from last month.
- In July, the median time for a single-family home in Reno to go under contract was 50 days, 1 day shorter than last July and 7 days faster than the national average.
    - This marks the fifth consecutive month in a year that homes are selling faster compared to last year.
    - Inventory remained low for both single-family homes and condo/townhome units at just 1.9 months of supply, down nearly 32 percent from last June. Sellers in the Reno housing market continue to maintain the upper hand over buyers.

- As of July 2026, the average 30-year fixed mortgage rate was 6.66 percent, which was slightly higher than the previous month but down from 6.72 percent this time last year.
- The average rent for all apartment types in the Reno MSA is $1,832, reflecting a 6.6 percent or $113 increase over-the-year. Rents have now increased for 17 consecutive months.

Broader Implication to the City:

- The health of the housing market impacts construction activity and key revenue sources, including building permits, sales and use tax, and the real property transfer tax (both of which are included in consolidated 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	8/16/2026	July 2026	This Memo	9/16/2026
Median Days on Market	Realtor.com	8/8/2026	July 2026	This Memo	9/8/2026
Avg. Apartment Rent Prices	Zillow	8/16/2026	July 2026	This Memo	9/16/2026
30-Day Fixed Mortgage Rates	Freddie Mac	9/10/2026	July 2026	This Memo	9/10/2026

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 $1.2 billion in total taxable sales for June, up 13.8 percent over-the-year.
- 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 July 2026, the CCI was 90.8, representing a 7.9-point decrease over-the-year and a 1.4-point decrease from an upwardly revised June.
    - Consumer confidence decreased slightly in July continuing a general downward sloping trajectory from late 2021.
    - 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 (the "Expectations").

- The "Present Situation" declined in July as deteriorating views of current employment conditions outweighed a slight improvement in perceptions of business conditions.
    - However, the "Expectations" remained unchanged this month.
    - Consumers continue to hold positive views of future business conditions and household income six months ahead, while expectations for the labor market remain negative, effectively offsetting one another.
- U.S. headline, seasonally adjusted inflation was 3.4 percent over-the-year in July 2026, down from 3.5 percent in June, a 0.1 percentage point decrease from the prior month.
    - Within the Consumer Price Index, prices for food and key services—including shelter, transportation, and medical care—continued to rise compared with last year, although grocery prices edged down slightly.
    - Gasoline prices fell nearly three percent over the past month but remained about 15 percent higher than a year ago.
    - Energy prices are still well below their peak in late April, yet they remain above pre-war levels.

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	7/25/2026	June 2026	This Memo	8/27/2026
Average Weekly Wages	BLS-QCEW	8/28/2026	2025:Q4	June Memo	9/1/2026
Consumer Confidence Index	Conference Board	8/14/2026	July 2026	This Memo	9/1/2026
Headline Inflation	BLS-CPI	8/12/2026	July 2026	This Memo	9/11/2026

Special Topic: How are Nevada's Property Tax Caps Determined?

- This month, we continue our deep dive into Nevada's property tax system. Property taxes are a critical and relatively stable source of revenue for local governments, supporting essential services such as public safety, streets, parks, and other municipal services.
- Nevada's property tax abatement system limits how much an individual property owner's tax bill can increase from one year to the next.
- There are two types of caps: a lower cap for owner-occupied homes and qualifying residential rental properties and a higher cap for most other properties.

Owner-Occupied Homes and Qualifying Residential Rentals (Low Cap)

- Under NRS 361.4723 and NRS 361.4724, the annual property tax increase for primary residences and qualifying residential rental properties is generally subject to a "low cap" of 3 percent.
- The low cap may be less than 3 percent if the alternative statutory cap calculated under NRS 361.4722 results in a lower rate.
- The alternative statutory cap formula is explained below in the "high cap" section below.
- As a result, the annual low cap applied to most owner-occupied residential properties can range from **0 percent** to a maximum of **3 percent**.

All Other Property (High Cap)

- Under NRS 361.4722, most other properties, including commercial and industrial properties, are subject to a variable annual property tax cap referred to here as the "high cap."
- The high cap is calculated using the greater of:
    - **The county's 10-year average growth in assessed value, or**
    - **Twice the growth in the Consumer Price Index (CPI) from the preceding calendar year.** (i.e. CPI = 3%. 3% x 2 = 6% for the high cap)
- As a result, the annual high cap can range from **0%** to a maximum of **8%**.
- Each fiscal year, the Nevada Department of Taxation calculates this alternative statutory cap separately for all 17 counties to determine what the caps will be for each county.

Why Does the Calculation Matter?

- The annual calculation can have a noteworthy effect on both taxpayers and local government revenues. In Washoe County, the low cap applicable to owner-occupied homes has historically been 3 percent in most years, while the cap applicable to other properties has generally been higher.
- However, the statutory formula can produce a cap below 3 percent. When that occurs, the lower calculated rate applies to both categories of property.
- For example, if Washoe County's calculated cap were 0.2 percent, the annual increase in property tax bills would generally be limited to 0.2 percent for both owner-occupied homes and properties otherwise subject to the higher cap. This example happened in fiscal year (FY) 2017 in both Washoe and Clark counties.

What Does the History Show?

- To better understand how Nevada's property tax caps have operated over time, we analyzed Clark and Washoe counties, the state's two largest counties, along with Storey County, which has experienced particularly strong assessed-value growth.
- The analysis covers FY2006 through FY2027, covering the complete history of the cap system since it was established and providing more than two decades of experience under Nevada's property tax abatement system.

- The historical results show a notable difference between the lower and higher caps in the selected counties.
- In Clark and Washoe Counties, the 3 percent lower cap was reached in all but two years and only once in Storey County. In other words, underlying growth in the statutory calculation was generally sufficient to produce a low cap of at least 3 percent in most years.
- The experience for properties subject to the high cap has been more varied. The maximum 8 percent cap was reached:
    - 7 times in Washoe County
    - 11 times in Clark County
    - 18 times in Storey County
- These differences demonstrate how the same statewide formula can produce substantially different results depending on local assessed-value growth and economic conditions in that County.

Conclusion

- Nevada's property tax caps provide taxpayers with protection from rapid over-the-year increases in their property tax bills, particularly during periods of strong property value growth.
- At the same time, the caps can cause taxable property tax revenues to grow more slowly than assessed values and the underlying cost of providing public services.
- For local governments, this creates an important tradeoff: the same mechanism that provides predictability and protection for taxpayers can also limit how quickly property tax revenues respond to growth in property values, inflation, and the cost of providing services.

Table of the 22-Year History Since Tax Caps Have Been in Place (FY2006-FY2027):

	LOW CAP - MAX 3%				HIGH CAP - MAX 8%		
Fiscal Year	**Washoe**	**Clark**	**Storey**		**Washoe**	**Clark**	**Storey**
2006	3.0%	3.0%	3.0%		6.9%	8.0%	8.0%
2007	3.0%	3.0%	3.0%		8.0%	8.0%	8.0%
2008	3.0%	3.0%	3.0%		7.7%	8.0%	8.0%
2009	3.0%	3.0%	3.0%		8.0%	8.0%	8.0%
2010	3.0%	3.0%	3.0%		7.7%	8.0%	8.0%
2011	3.0%	3.0%	3.0%		4.9%	8.0%	8.0%
2012	3.0%	3.0%	3.0%		4.0%	6.3%	8.0%
2013	3.0%	3.0%	3.0%		6.4%	6.4%	8.0%
2014	3.0%	3.0%	3.0%		4.2%	4.2%	8.0%
2015	3.0%	3.0%	3.0%		3.0%	3.0%	8.0%
2016	3.0%	3.0%	3.0%		3.2%	3.2%	5.9%
2017	0.2%	0.2%	2.9%		0.2%	0.2%	2.9%

2018	2.6%	2.6%	3.0%		2.6%	2.6%	3.0%
2019	3.0%	3.0%	3.0%		4.2%	4.2%	4.2%
2020	3.0%	3.0%	3.0%		4.8%	4.8%	8.0%
2021	3.0%	3.0%	3.0%		5.0%	3.6%	8.0%
2022	3.0%	3.0%	3.0%		6.3%	3.4%	8.0%
2023	3.0%	3.0%	3.0%		8.0%	8.0%	8.0%
2024	3.0%	3.0%	3.0%		8.0%	8.0%	8.0%
2025	3.0%	3.0%	3.0%		8.0%	8.0%	8.0%
2026	3.0%	3.0%	3.0%		8.0%	8.0%	8.0%
2027	3.0%	3.0%	3.0%		8.0%	8.0%	8.0%
Years Max Cap Reached	**20**	**20**	**21**		**7**	**11**	**18**

- Low Cap Takeaway: The low cap 3 percent max was reached in 20 of 22 years in both Washoe and Clark counties and 21 times in Storey County.
- High Cap Takeaway: The high cap 8 percent max was reached less consistently, ranging from 7 years in Washoe County to 18 years in Storey County.