

RESEARCH NOTES



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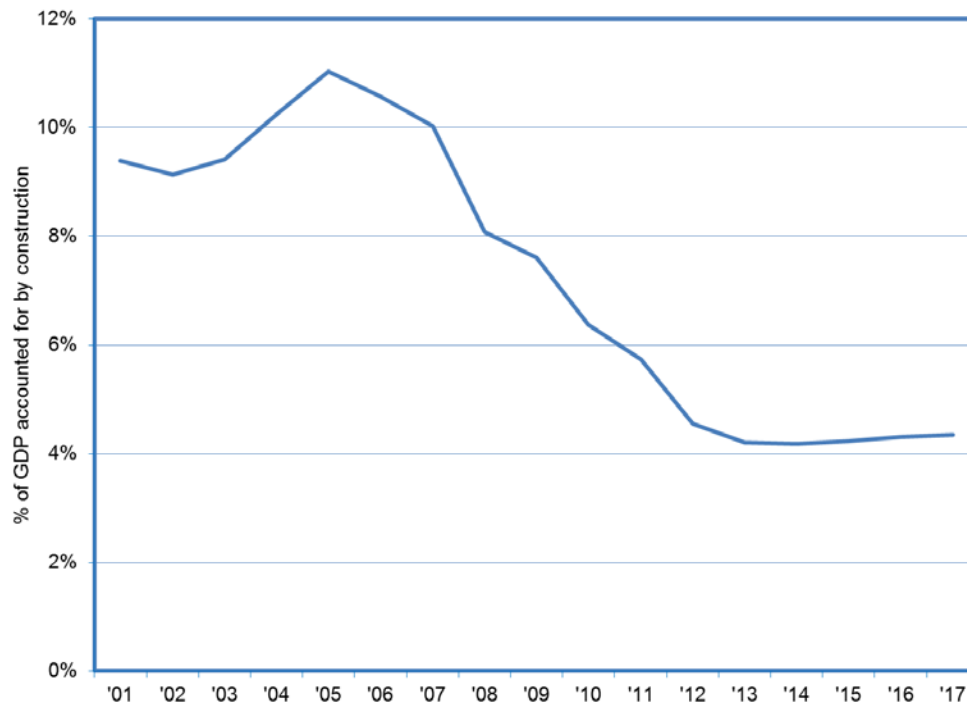
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Construction's Share of Private GDP
Tim Wilcox, Economist

Note: 2017:105
August 11, 2017

Construction Accounts for a Smaller Share of Private Sector Economic Activity in Nevada Relative to Pre-Recession



- Construction has long been a vital element in the Silver State's economy. Using Regional Economic Modeling Inc. (REMI) information, this *Research Note* examines the role of construction in the Nevada economy.
- In Nevada, total economic activity in the construction sector has decreased from \$8 billion in 2001 to \$5.4 billion in 2017 (in 2009 \$). This is a nearly 33% decrease in 16 years. This compares to a 3.1% decrease throughout the U.S. over the same time period, suggesting that the Silver State's construction sector was hit relatively hard by the most recent recession.
- Looked at another way, construction's share of private sector gross domestic product (GDP) decreased from 9.4% to 4.3%, or 5.1 percentage points. Construction's GDP share peaked at 11% in 2005 and had its lowest point in 2014 at 4.2%.
- This is more than the national decrease of 1.8 percentage points over the same time. Specifically, construction accounts for 4.2% of U.S. GDP as of 2017.
- As a result, the share of economic activity accounted for by construction in Nevada has been very similar to national norms of late. Prior to the downturn, our share was nearly double the nation's.