

Research Notes

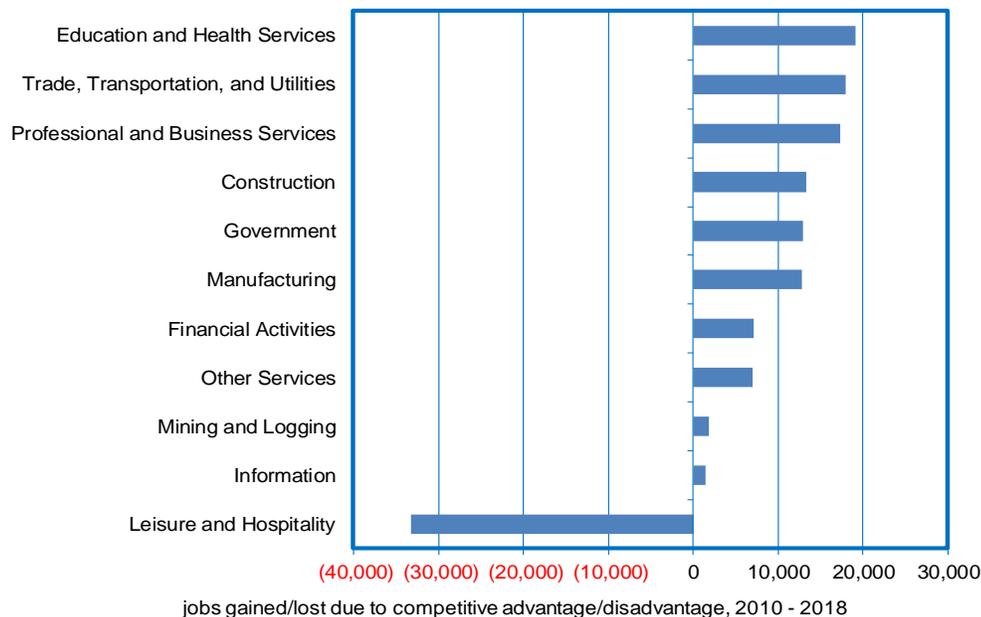


CES Shift Share Analysis
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Shift Share Analysis Reveals the State has a Competitive Advantage in Nearly all Industries

Nevada's Competitive Effect from 2010-2018



- Utilizing the most recent Current Employment Statistics (CES) data, we examine job growth in the years subsequent from the recession to the current economic expansion (2010-2018) in Nevada using a shift-share analysis. This analysis can demonstrate whether the State has a competitive advantage/disadvantage in each of the eleven CES supersectors: mining and logging, construction, manufacturing, trade/ transportation/utilities, information, financial activities, professional/business services, education/health services, leisure/hospitality, other services, and government.
- A shift share analysis takes a closer look at a region's economic growth by examining three contributing factors: the industrial mix effect, the national growth effect, and the regional competitive effect. The first two factors explain how much of an industry's growth in a given area is attributable to national trends as a whole and in the specific industry.
- The final factor, the competitive effect, is job growth that cannot be explained by national trends and therefore is likely due to an industry growing in a region above or below expectations due to an advantage or disadvantage.
- All but one of the supersectors, leisure and hospitality, saw job growth below expectations. Leisure and hospitality added 46,500 jobs between 2010 and 2018, but would have added 78,400 jobs if following national growth trends for this period. The volume of employees and the composition of the industry primarily specific to Nevada can help explain why it has appeared to perform below expectations when compared against the nation. Large casinos make a large part of this industry in Nevada whereas

Research Notes



nationally they do not.

- Education and Health services saw the strongest growth, followed by trade/ transportation/utilities, and professional/business services. Although the growth in information appears to be small, due to the small size of the overall industry, this growth still represents 12 percent more jobs than would be expected following national trends. Manufacturing in the State realized the greatest local competitive advantage on a percentage basis, increasing jobs by 34 percent more than expected if it were to follow trends of its national counterparts.
- These trends suggest that from after the recession to the economic expansion, the State has employment growth in almost all of Nevada's industries has exceeded the growth based on national trends in those same industries nationwide.

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Research Notes

