

Northern Nevada Industry Report: Manufacturing

including Carson City, Douglas, Lyon, Storey and Washoe Counties

NORTHERN NEVADA BUSINESS BUILDERS

Northern Nevada Business Builders programs promote job growth and economic prosperity in northern Nevada by helping identify both opportunities for expansion and the barriers facing local businesses.

Business Builders is a community-based, volunteer-driven economic development tool, encouraging the growth and stability of local businesses.

The Economic Development Authority of Western Nevada and Northern Nevada Development Authority recently merged Business Builders databases as a result of their respective economic development strategic studies (Target2010 and Northern NVision). The result is a regional report on manufacturing, providing a comprehensive data analysis including the counties of

Carson City, Douglas, Lyon, Storey and Washoe.

For more information on the Business Builders Programs, contact

EDAWN -
(775) 829-3700 - www.edawn.org
NNDA -
(775) 883-4413 - www.nnda.org

INDUSTRY OVERVIEW

Although shrinking as a whole nationally, the manufacturing industry has great potential in northern Nevada. Nevada led the nation in manufacturing job growth from 2000-2005 at 10.7 percent (US Department of Labor Bureau of Labor Statistics). Manufacturing contributed \$4 billion to Nevada's gross state product in 2004, according to the Bureau of Economic Analysis.

In the Reno-Sparks MSA, the manufacturing industry employed 14,280 in 2006. The average annual wage of those jobs was \$39,358, 7 percent higher than all other industries combined.

The local business climate was overwhelmingly cited as a top strength of doing business in the area. This is particularly important as companies look to keep their costs

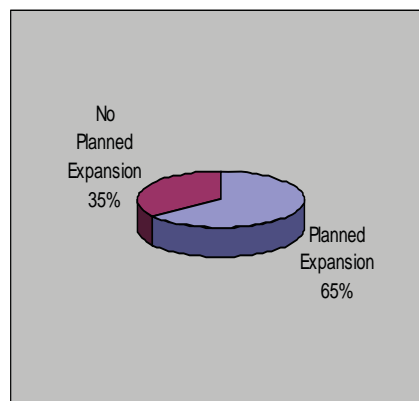
of doing business low to remain competitive in the global marketplace.

Union representation continues to be low for the regional manufacturers. Two companies or 3 percent, reported having union representation among their workforce. Both reported having a positive working relationship with the unions and had not experienced union activity.

REGIONAL MANUFACTURERS ARE INVESTING IN THE FUTURE

While the rest of the nation prepares for an economic slowdown, Nevada continues to buck the trends and foresee continued growth. A majority of manufacturing executives have plans to expand their facilities, equipment and number of jobs in the next three years. This strong forecast is a testament to northern Nevada's growing economy, the confidence of executives and the willingness of this industry to invest in the future.

Expanding Manufacturers



Planned Expansions - 3 years

Facility Expansion	531,800
New Jobs	1,002
Capital Investment	\$116,100,000

(Note: 16 of 61 companies with planned expansions did not complete estimates.)

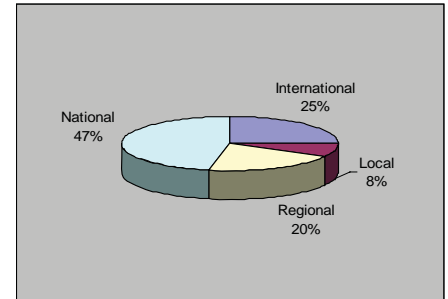
Manufacturing company executives are optimistic about their futures and potential for growth while taking advantage of the positive economic climate in northern Nevada.

NEW DOLLARS IMPORTED INTO THE REGIONAL ECONOMY

Area manufacturers have a strong impact on the regional economy by exporting their goods and services outside the area and thus importing new dollars into the local marketplace. An impressive 73 percent of the area's manufacturers have a primary market on a national or international scale.

Primary industries such as manufacturing are important to expanding the regional economy by bringing in new dollars.

Primary Market for Area Manufacturers

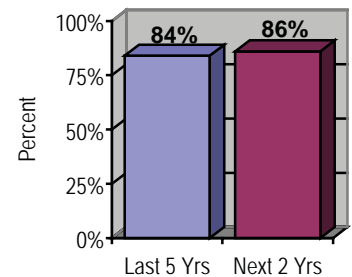


INNOVATION AND CONFIDENCE

Another important indicator of the regional economy and industry strength is whether local businesses are creating new products. New products demonstrate business confidence, innovation and growth. Regional manufacturing executives are confident in the marketplace by experiencing a growing market share.

Eighty-six percent of companies introduced new products in the last five years and 84 percent plan to introduce new products in the next two years.

Area Manufacturers New Product Development



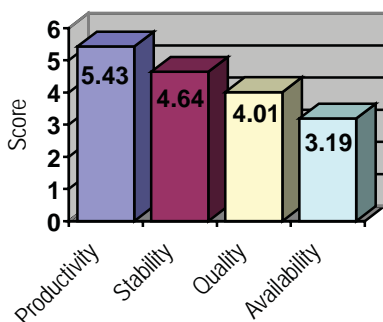
AREA WORKFORCE RATES HIGH IN PRODUCTIVITY

Manufacturing executives rated the local workforce highly for productivity, stability and quality. The challenge of worker availability mentioned by local executives is not unique to the region as the nation is experiencing a tight labor market that is currently at its lowest since 2001. In fact, northern Nevada has many advantages over other areas.

Nevada is the second fastest growing state in the nation with new workers moving to the area every day. Nevada's labor force grew 7.8 percent over the past year, almost twice the rate or greater than any other western state (DETR & Western Blue Chip Economic Forecast, December 2006). This growth is equivalent to 95,000 new workers a year.

In response to our regional workforce challenges, EDAWN, Nevadaworks and NNDA have partnered to launch the Workforce Network to address these and other workforce issues that are surfacing in the region's highly competitive employee recruitment and retention environment. The Workforce Network will serve as a clearing house and connect employers and employees. The workforce network is also initiating an inbound recruiting effort in collaboration with the Reno-Tahoe Airport Authority, directed at those visiting the area for recreation pursuits and other related travel.

Workforce Rankings by Manufacturing Execs



Nevada has a low unemployment rate of 4.2 percent, which ranks in the middle (24th) of all states nationwide. (US Bureau of Labor Statistics). Among other western states, labor availability is even tighter. Utah has an unemployment rate of 2.5 percent, Idaho stands at 3.2 percent and Arizona's rate of unemployment is 3.6 percent as of October 2006.