

October 2020 Las Vegas Strip Gaming Revenue Analysis

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New Restrictions

Governor Sisolak ordered new restrictions going into effect today. Some of these new restrictions include:

- Casino capacity has been reduced from 50 to 25 percent
- Reservations are required at all restaurants and bars that serve food for in-person dining. Fast food restaurants and food courts are exempt from the reservation requirement. Restaurant and bar capacity was reduced from 50 to 25 percent. No more than four patrons can be at a table
- Public gatherings are limited to no more than 50 people or 25 percent of code capacity, whichever is less

These new restrictions come at a difficult time, as the operators were continuing to get their footing. For some context, however, November and December are traditionally among the slower months of the year in terms of visitation. If we index the visitation data from the LVCVA, we can see that February, November, and December are below an "average" month in terms of visitation. People tend to visit family or stay home during this time of year, with little besides NFR (which will not be held here this year) going on between Thanksgiving and New Year.

	Visitation Index											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	1.00	0.90	1.08	1.01	1.02	1.02	1.08	1.01	1.01	1.02	0.94	0.91
2018	0.97	0.89	1.07	1.01	1.03	1.02	1.04	1.01	0.99	1.05	0.99	0.93
2019	0.96	0.90	1.04	1.00	1.04	1.02	1.04	1.01	0.98	1.04	0.99	0.98
Average	0.98	0.90	1.06	1.01	1.03	1.02	1.05	1.01	0.99	1.04	0.97	0.94

Source: LVCVA; CBRE

If we look at seasonality for convention attendance, December is the slowest month of the year before things get hopping in the first quarter.

	Convention Attendance Index											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	1.33	1.12	1.37	0.91	0.93	0.88	0.92	0.99	0.84	1.24	0.96	0.52
2018	1.13	1.27	1.20	1.04	0.90	0.92	0.75	1.19	0.81	1.23	1.13	0.41
2019	1.23	1.35	1.00	0.96	0.94	0.93	0.90	1.19	0.83	0.95	1.09	0.64
Average	1.23	1.25	1.19	0.97	0.92	0.91	0.86	1.12	0.82	1.14	1.06	0.52

Source: LVCVA; CBRE

Customer Research

I participated in a research project that surveyed executives and polled over 1,000 customers to determine their behaviors and attitudes relating to Las Vegas in a Covid and Post-Covid environment. The data revealed that over 50% of Las Vegas customers currently continue their past activities with moderate variation of behavior, such as wearing a mask. A secondary group (approximately 25%) will resume past behaviors once they have been inoculated or a treatment is proven. A smaller amount (11%-13%) will only return to normal Las Vegas gaming activities 12 months after delivery of an effective vaccine.

Among other findings, the research suggests that there are mutually exclusive customer groups. For example:

- 64% of those sampled plan on returning to Las Vegas within 12 months
- 54% are comfortable flying to Las Vegas within 12 months
- 52% believe Las Vegas resorts are safe to visit
- 59% believe smoking should be banned in casinos
- 36% believe that mask-wearing and social distancing should be followed even after there is a vaccine

The last bullet point notes a large group of customers that are cautious about visiting and are less likely to be swayed by marketing offers or lower prices and more concerned about safety protocols.

If you are interested in purchasing the complete research report, you can visit www.postcovidvegas.com.

October 2020 Las Vegas Strip Analysis

Some quick notes regarding October's numbers – baccarat propped up the numbers this month. VIP volume was down again, but good hold compared to last October gave us an increase in VIP win. The mass market, on the other hand, didn't hold all that great on lower volume. Sequentially from September, total volume was up 5.2% on a supply increase of 4.6%. Things were still moving in the right direction.

October 2020 had one extra weekend day compared to last October but may have had some slot collections slip into November.

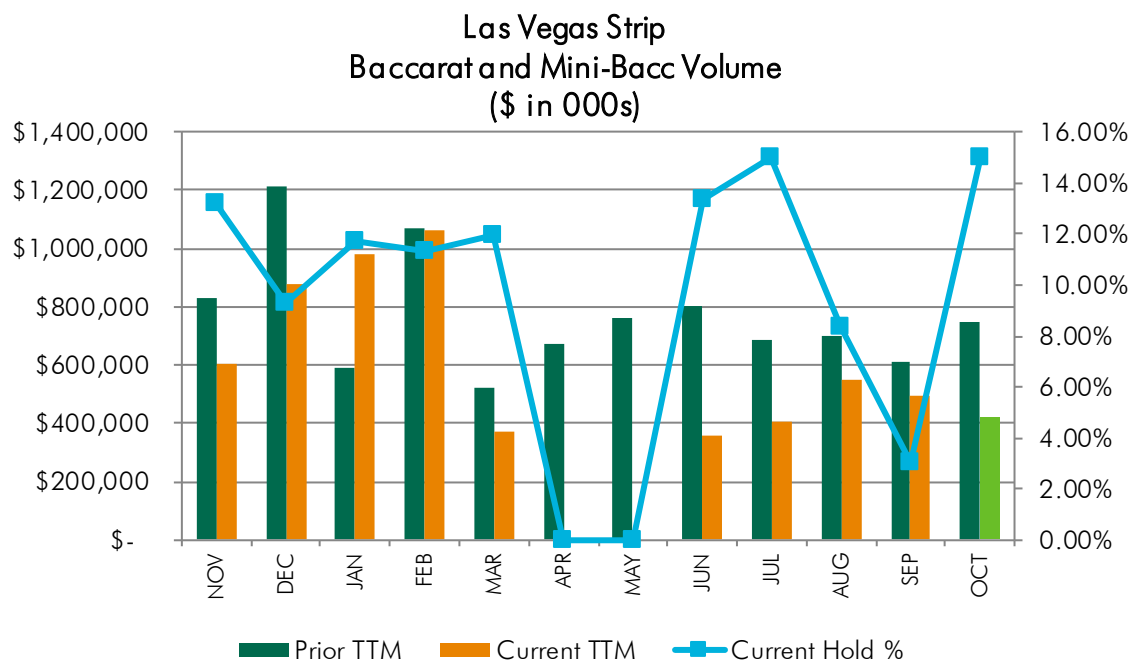
Unadjusted for luck factors and calendar issues, according to the Nevada Gaming Control Board, October 2020 revenue was as follows:

- Las Vegas Strip gaming revenue was \$375.8 million, down -30.2% for the month, and down -43.6% YTD.
- Table games revenue, excluding bacc/mini bacc, was \$88.1 million, down -38.6% for the month, and down -44.7% YTD.
- Bacc/mini bacc revenue was \$63.5 million, up 5.1% for the month, but down -45.4% YTD.
- Slot revenue was \$208.1 million, down -31.8% for the month, and down -41.6% YTD.

Mass market table games (excluding bacc/mini bacc) hold was 13.85% in October 2020, 225 bps below the hold of 16.10% in October 2019 and 211 bps below the trailing twelve-month average. Bacc/mini bacc hold was 15.00%, 689 bps above October 2019, and 401 bps above the trailing twelve-month average.

Slot volume was down -25.7% for the month, and is down -40.7% YTD. Hold was 7.43% this month, versus the 8.09% hold of last October. The variance may be tied to collection issues.

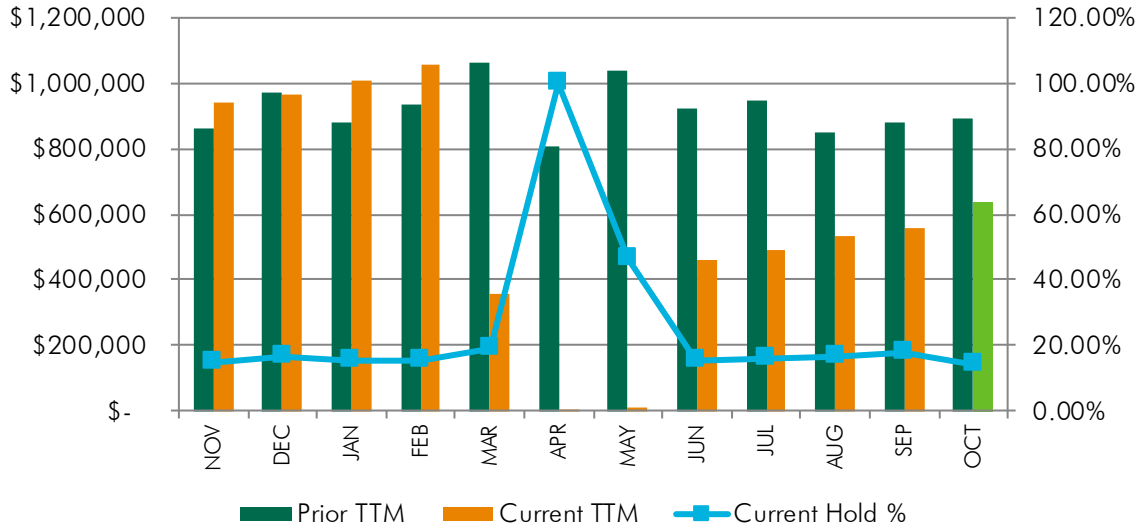
The following graphs show month over month changes for the trailing twelve months as well as the hold percentage in the current twelve months.



Source: NGCB; CBRE estimates

In the trailing twelve months ending October 2020, baccarat volume was down -33.5% over the TTM ending October 2019. Baccarat hold in the current TTM is lower (down by -148 bps) over the previous TTM, and win is down by -41.4% in the period.

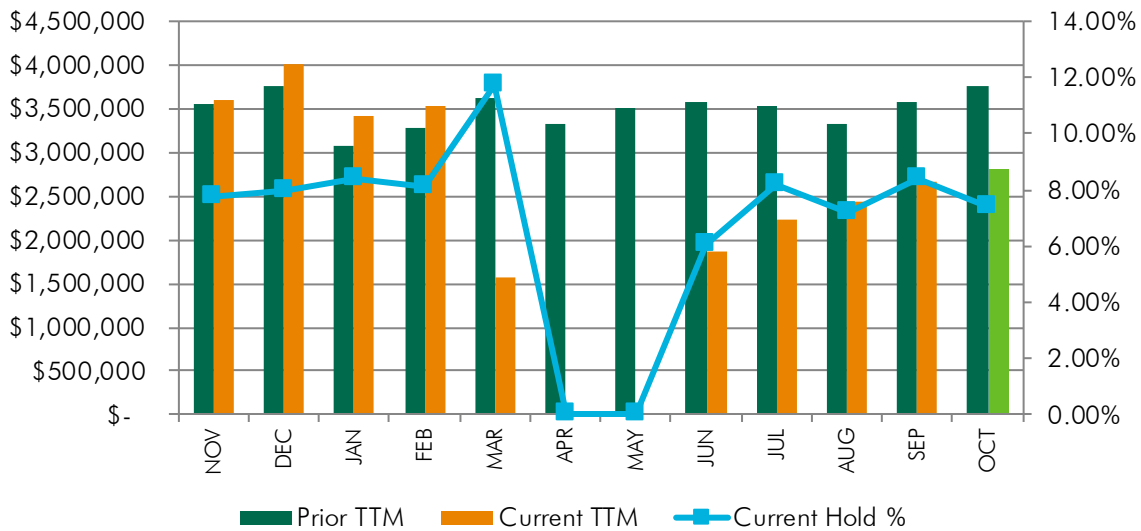
Las Vegas Strip Mass Market Table Games Volume (\$ in 000s)



Source: NGCB; CBRE estimates

Mass market table games volume was down by -36.4% in the TTM through October 2020. The hold percentage is up by 7 basis points, which pushes a TTM revenue decline to -36.1%.

Las Vegas Strip Slot Volume (\$ in 000s)



Source: NGCB; CBRE estimates

Slot volumes are down -33.0% in the TTM comparison, and win is down by -33.9% in the period, due to a 11 bps decline in hold.

Downtown Las Vegas

Downtown gaming revenue fell 22.7% this month. The bigger news for Downtown was the successful opening of Circa. If you have not yet visited the property, I strongly recommend you take time to see it. The big set pieces of the property (the sports book and pool) are as impressive as advertised and pictures do not do them justice.

Please see the attachment for more detail on the Downtown market.

Las Vegas Locals Market

The locals gaming market was down 11.1% this month versus October 2019, but volume was only down 4.6%. Again, slot collection issues appear to be the culprit.

Please see the attachment for more details on the local market.

Las Vegas Locals Gaming Revenue		
<u>Period</u>	<u>Revenue (\$000)</u>	<u>% Change</u>
TTM Ending OCT 2018	\$2,342,665	3.3%
TTM Ending OCT 2019	\$2,416,041	3.1%
TTM Ending OCT 2020	\$1,893,923	-21.6%

Source: NGCB; CBRE estimates

Nevada Statewide

Nevada had a solid month, with many submarkets showing gains for the month. Excluding the Strip, Nevada is down 22.3% in the TTM comparison.

Area	Trailing Twelve Months			% of State
	2019 OCT	2020 OCT	TTM % Change	
Statewide	\$12,003,434,049	\$8,413,930,816	(29.9%)	100.0%
Clark County	\$10,327,742,518	\$7,067,326,574	(31.6%)	84.0%
LV Strip	\$6,578,364,400	\$4,201,249,205	(36.1%)	49.9%
Downtown	\$684,231,829	\$480,948,670	(29.7%)	5.7%
North Las Vegas	\$300,558,595	\$214,570,750	(28.6%)	2.6%
Laughlin	\$508,838,664	\$381,618,726	(25.0%)	4.5%
Boulder Strip	\$853,737,965	\$664,927,342	(22.1%)	7.9%
Mesquite	\$136,193,126	\$109,586,374	(19.5%)	1.3%
Balance of County	\$1,261,817,942	\$1,014,425,506	(19.6%)	12.1%
Washoe County	\$859,117,520	\$686,742,839	(20.1%)	8.2%
Reno	\$629,024,891	\$496,925,591	(21.0%)	5.9%
Sparks	\$137,410,997	\$112,745,311	(18.0%)	1.3%
North Lake Tahoe	\$25,444,439	\$19,311,268	(24.1%)	0.2%
Balance of County	\$67,237,193	\$57,760,670	(14.1%)	0.7%
South Lake Tahoe	\$227,517,217	\$181,427,628	(20.3%)	2.2%
Elko County	\$309,327,853	\$246,685,618	(20.3%)	2.9%
Wendover	\$210,354,363	\$166,184,506	(21.0%)	2.0%
Balance of County	\$98,973,490	\$80,501,115	(18.7%)	1.0%
Carson Valley Area*	\$111,708,659	\$89,545,917	(19.8%)	1.1%
Other	\$168,020,282	\$142,202,236	(15.4%)	1.7%

* Carson Valley Area includes Carson City, Gardnerville, Minden and all other areas of Douglas County except South Lake Tahoe.

Source: NGCB; CBRE estimates

Mobile Gaming

Mobile sports betting was \$13.6 million for the month, totaling \$69.1 million YTD.

Sports - Mobile Revenue	2020	
	OCT	YTD
(\$ millions)		
Statewide	\$13.60	\$69.08
Strip	(\$3.51)	\$4.11
Downtown	\$12.11	\$44.65
LV Locals	\$4.39	\$17.54
Other	\$0.63	\$2.78

Source: NGCB; CBRE estimates

Please feel free to contact me if you have questions at 702.369.4803 or brent.pirosch@cbre.com.