

August 2018 Las Vegas Strip Gaming Revenue Analysis

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Running a little later than usual this month because the NGCB added a new line to its reporting for Ultimate Texas Hold'em. I had to update all my spreadsheets to accommodate the change, but it also gave me a chance to look at the visitor numbers and add a quick analysis I haven't touched on in a while.

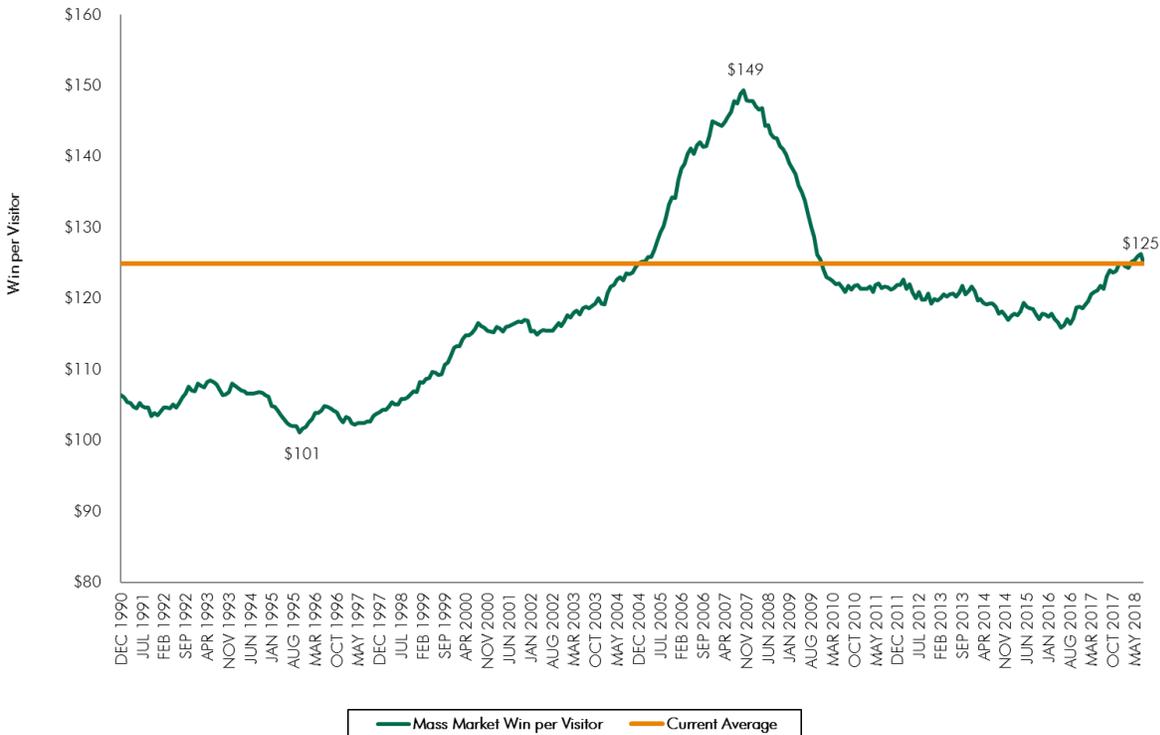
I will be out of the country when the NGCB releases its numbers next month, so we will pick things back up at the end of November.

Mass Market Win

Releasing my report after the LVCVA reported their numbers for August let me match up visitor numbers with win a bit better. I often spend some digital ink discussing baccarat trends, but a quick look at mass market visitor and available room data is worthwhile.

The chart below graphs visitor counts and mass market gaming win on a twelve-month rolling average basis. This visitor-based graph generally tracks with the available room graph up through the recession (see further below), but does not start to show recovery until mid-2016. While the current average of \$125 per visitor is well below the peak of \$149 set in September 2007, it shows overall improvement over the long-term.

12-Month Rolling Average Mass Market Gaming Revenue per Visitor 1990 - Present

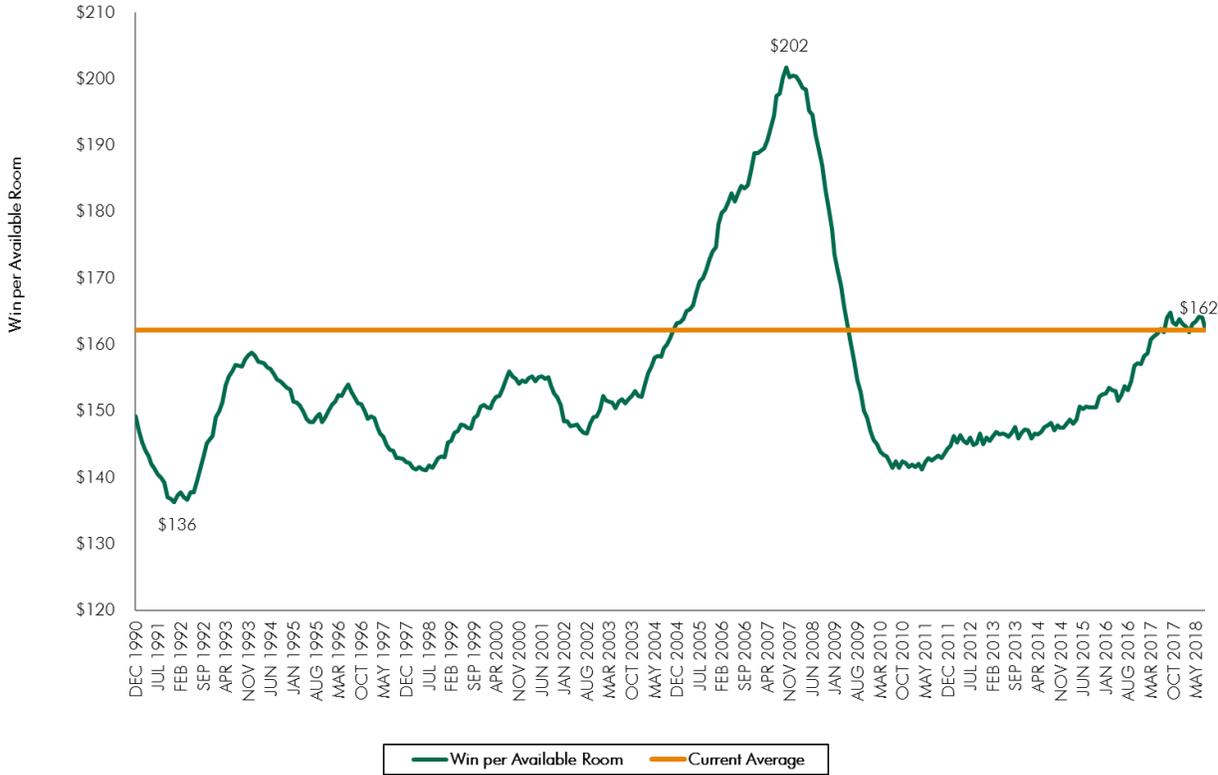


Source: NGCB; CBRE estimates

The next chart graphs available rooms and mass market gaming win on a twelve-month rolling average basis. The chart shows that the current average of \$162 per available room night is a pretty solid number historically. Also, the trend line of the past several years shows remarkable consistency of a slow but steady climb.



12-Month Rolling Average Mass Market Gaming Revenue per Available Room 1990 - Present



Source: NGCB; CBRE estimates

On a CPI-adjusted basis both metrics show a decline from the early 1990s to present, which is no surprise given the decreased emphasis on gaming revenue over the past couple decades. However, recent years have shown some degree of improvement.

August 2018 Las Vegas Strip Analysis

August 2018 had an extra Friday compared to August last year, but it appears that some collections slipped into September.

Unadjusted for luck factors and calendar issues, according to the Nevada Gaming Control Board, August 2018 revenue was as follows:

- Las Vegas Strip gaming revenue was \$477.9 million, down -12.4% for the month, but up 0.9% YTD.
- Table games revenue, excluding bacc/mini bacc, was \$115.7 million, down -25.8% for the month, and down -5.4% YTD.
- Bacc/mini bacc revenue was \$97.0 million, down -8.6% for the month, but up 9.6% YTD.

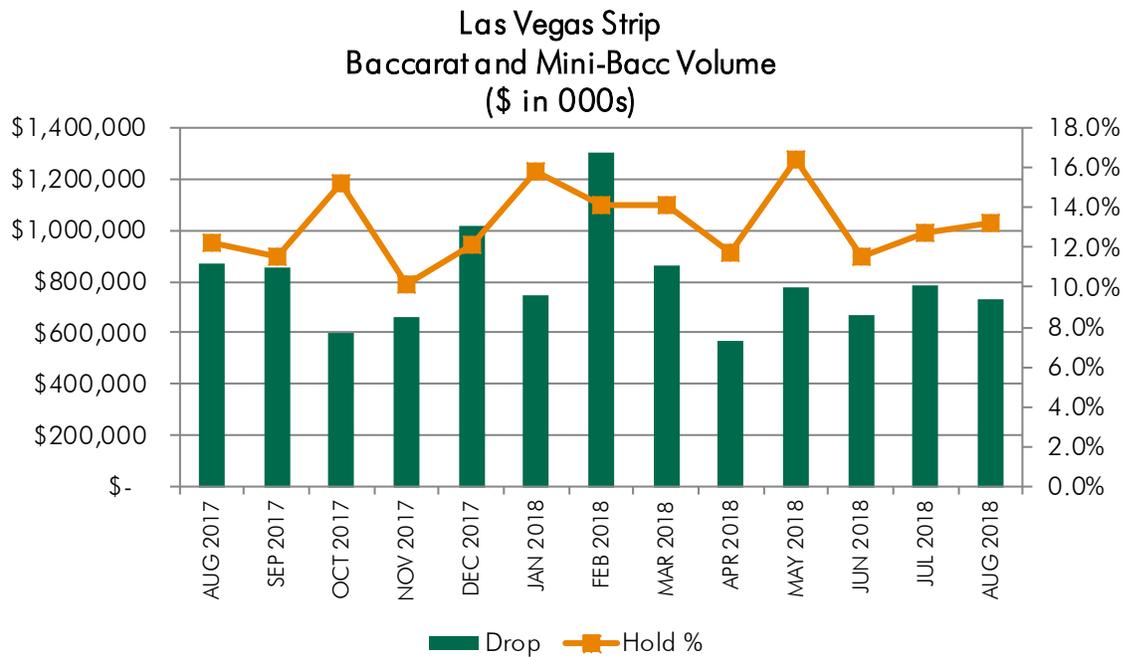


- Slot revenue was \$255.1 million, down -1.3% for the month, but up 1.3% YTD.

Mass market table games (excluding bacc/mini bacc) hold was 14.13% in August 2018, 147 bps below the hold of 15.60% in August 2017 and 148 bps below the trailing twelve-month average. Bacc/mini bacc hold was 13.24%, 100 bps above August 2017, and 4 bps below the trailing twelve-month average.

Slot volume was up 0.8% for the month, and is up 0.6% YTD. Hold was 8.02% this month, versus the 8.19% hold of last August.

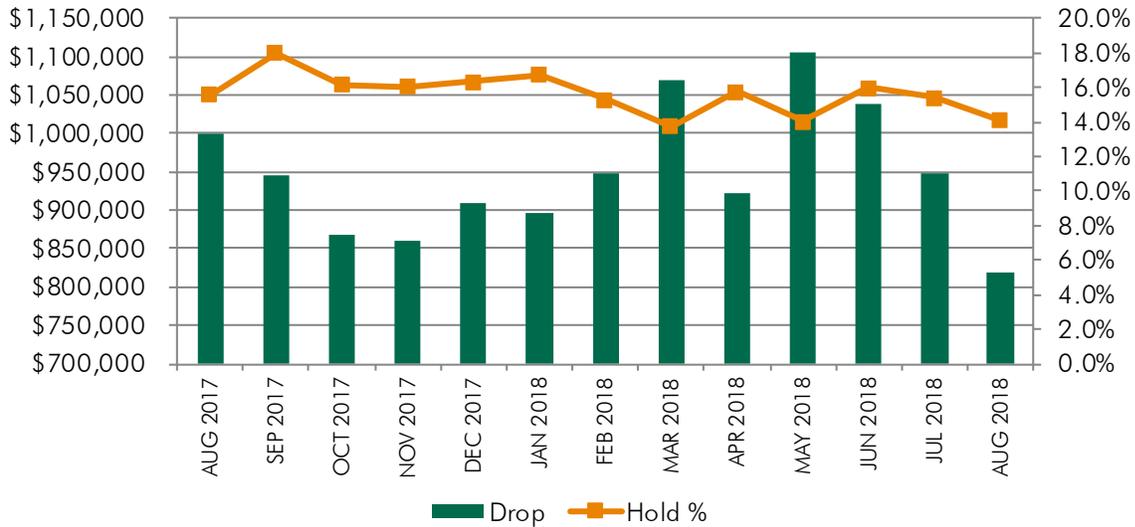
The following graphs show the drop/handle and win percentage for the Las Vegas Strip for the trailing thirteen months.



Source: NGCB; CBRE estimates

In the trailing twelve months ending August 2018, baccarat volume was up 5.1% over the TTM ending August 2017. Baccarat hold in the current TTM is lower (down by -65 bps) over the previous TTM, and win is up by 0.3% in the period.

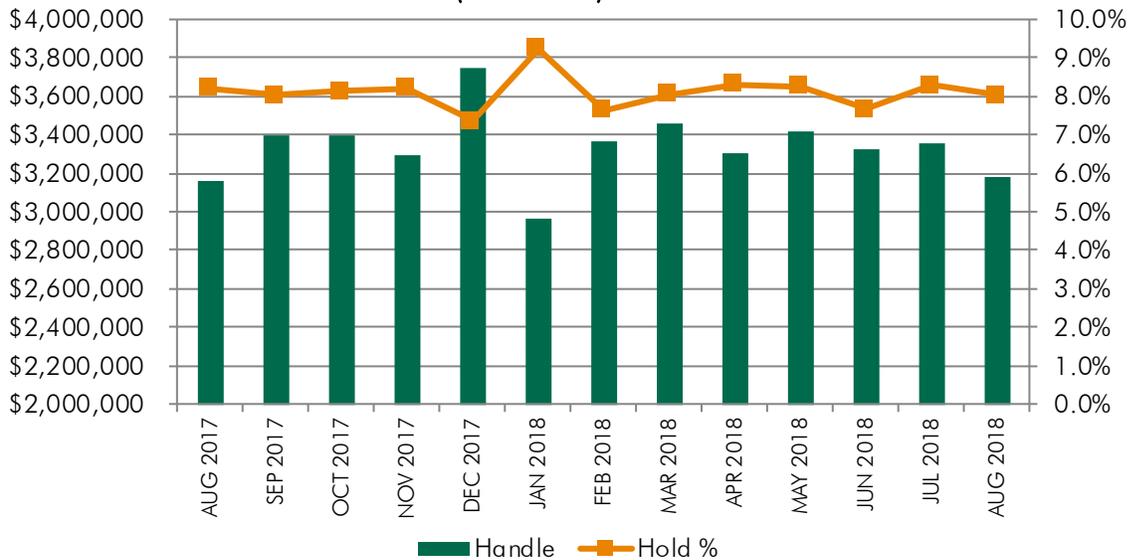
Las Vegas Strip Mass Market Table Games Volume (\$ in 000s)



Source: NGCB; CBRE estimates

Mass market table games volume was down by -0.5% in the TTM through August 2018. The hold percentage is down by -56 basis points, which pushes the TTM revenue decline to -4.0%.

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



Source: NGCB; CBRE estimates

Slot volumes are up 0.7% in the TTM comparison, and win is up by 1.8% in the period, due to a 8 bps increase in hold.

Downtown Las Vegas

Downtown gaming revenue fell 4.8% this month. The market is able to hold on to its positive trend in the TTM comparison (+2.0%), even with the absence of the Lucky Dragon.

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

Las Vegas Locals Market

The locals gaming market was down 7.5% this month versus August 2017, but the local market's long-term trend is solidly in positive territory (+3.0%) in the TTM comparison. Both table games and slot volumes are up in the TTM comparison (+3.8% and +3.6%, respectively).

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 AUG 2016 | \$2,197,446 | 2.7% |
| TTM Ending AUG 2017 | \$2,246,735 | 2.2% |
| TTM Ending AUG 2018 | \$2,314,677 | 3.0% |

Source: NGCB; CBRE estimates

Nevada Statewide

Nevada was down again this month, not helped by calendar collection issues. Excluding the Strip, Nevada is up 3.9% in the TTM comparison, however. In the TTM, every submarket except for the Strip is still in positive territory.

| Area | Trailing Twelve Months | | | % of State |
|----------------------------|-------------------------|-------------------------|-------------|---------------|
| | 2017 | 2018 | TTM | |
| | AUG | AUG | % Change | |
| Statewide | \$11,555,280,240 | \$11,735,456,039 | 1.6% | 100.0% |
| Clark County | \$9,992,193,424 | \$10,076,645,334 | 0.8% | 85.9% |
| LV Strip | \$6,520,193,300 | \$6,501,926,124 | (0.3%) | 55.4% |
| Downtown | \$617,765,931 | \$630,398,486 | 2.0% | 5.4% |
| North Las Vegas | \$283,534,361 | \$290,697,388 | 2.5% | 2.5% |
| Laughlin | \$485,870,890 | \$501,454,303 | 3.2% | 4.3% |
| Boulder Strip | \$805,289,789 | \$830,623,832 | 3.1% | 7.1% |
| Mesquite | \$121,911,453 | \$128,190,954 | 5.2% | 1.1% |
| Balance of County | \$1,157,627,697 | \$1,193,354,247 | 3.1% | 10.2% |
| Washoe County | \$814,302,042 | \$863,073,621 | 6.0% | 7.4% |
| Reno | \$599,897,146 | \$635,641,792 | 6.0% | 5.4% |
| Sparks | \$127,603,032 | \$133,565,417 | 4.7% | 1.1% |
| North Lake Tahoe | \$25,727,109 | \$26,922,986 | 4.6% | 0.2% |
| Balance of County | \$61,074,753 | \$66,943,423 | 9.6% | 0.6% |
| South Lake Tahoe | \$220,497,976 | \$234,035,745 | 6.1% | 2.0% |
| Elko County | \$274,442,638 | \$292,190,293 | 6.5% | 2.5% |
| Wendover | \$181,148,374 | \$196,784,850 | 8.6% | 1.7% |
| Balance of County | \$93,294,264 | \$95,405,442 | 2.3% | 0.8% |
| Carson Valley Area* | \$102,282,433 | \$109,048,638 | 6.6% | 0.9% |
| Other | \$151,561,726 | \$160,462,408 | 5.9% | 1.4% |

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

Source: NGCB; CBRE estimates

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