

January 2018 Las Vegas Strip Gaming Revenue Analysis

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Baccarat

We advocate analyzing January and February on a combined basis because calendar issues with New Years Day and Chinese New Year can significantly impact the numbers. For instance, Chinese New Year was in February this year (starting the 16th), but started in late January last year (January 28th). Also, any kind of historical perspective will require a two to three-month view.

The highest baccarat/mini-bacc win for a combined January-February was \$374.7 million in 2013, aided by the single-month win record in February 2013. The January-February combination in 2013 was also a record in terms of volume for the period, and was assisted by a strong hold of 14.63%. 2017's January-February combination fell significantly short of the 2013 record (-29.5%) at \$264.2 million.

This year, the January volumes were very weak (-22.1%), and the casinos were less lucky (although the hold was strong compared to the TTM average). Based on January's baccarat win of \$117.0 million, February's baccarat number will have to be \$147.2 million to break even with 2017's January-February total. That is not an impossible number based on historical performance for February, but it would have to be more than 42% above February 2017 to break even, and the baccarat trends have been weak thus far.

As a quick reminder, baccarat play goes to just a handful of properties. In the TTM comparison, the mass market is up 2.7%.

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Except for the event calendar, January 2017 had an extra weekend day compared to this January, but both likely benefited from December collections.

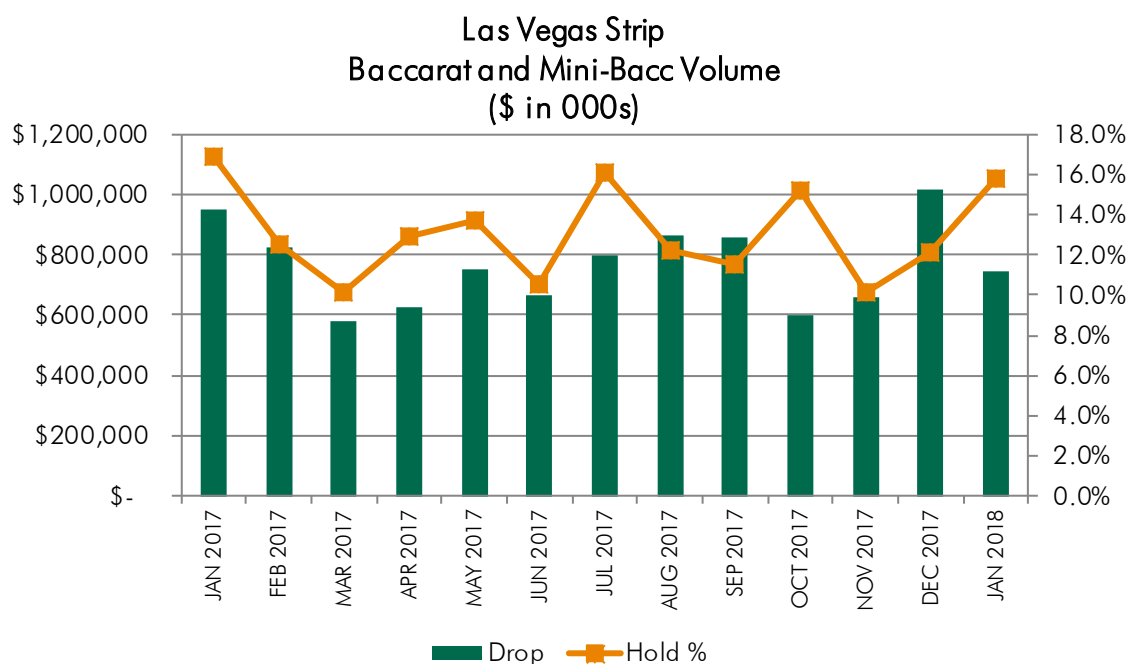
Unadjusted for luck factors and calendar issues, according to the Nevada Gaming Control Board, January 2018 revenue was as follows:

- Las Vegas Strip gaming revenue was \$554.8 million, down -8.9% for the month.
- Table games revenue, excluding bacc/mini bacc, was \$149.8 million, down -8.0% for the month.
- Bacc/mini bacc revenue was \$117.0 million, down -27.3% for the month.
- Slot revenue was \$272.9 million, down -0.5% for the month.

Mass market table games (excluding bacc/mini bacc) hold was 16.73% in January 2018, 61 bps below the hold of 17.34% in January 2017 but 42 bps above the trailing twelve-month average. Bacc/mini bacc hold was 15.76%, 112 bps below January 2017, but 298 bps above the trailing twelve-month average.

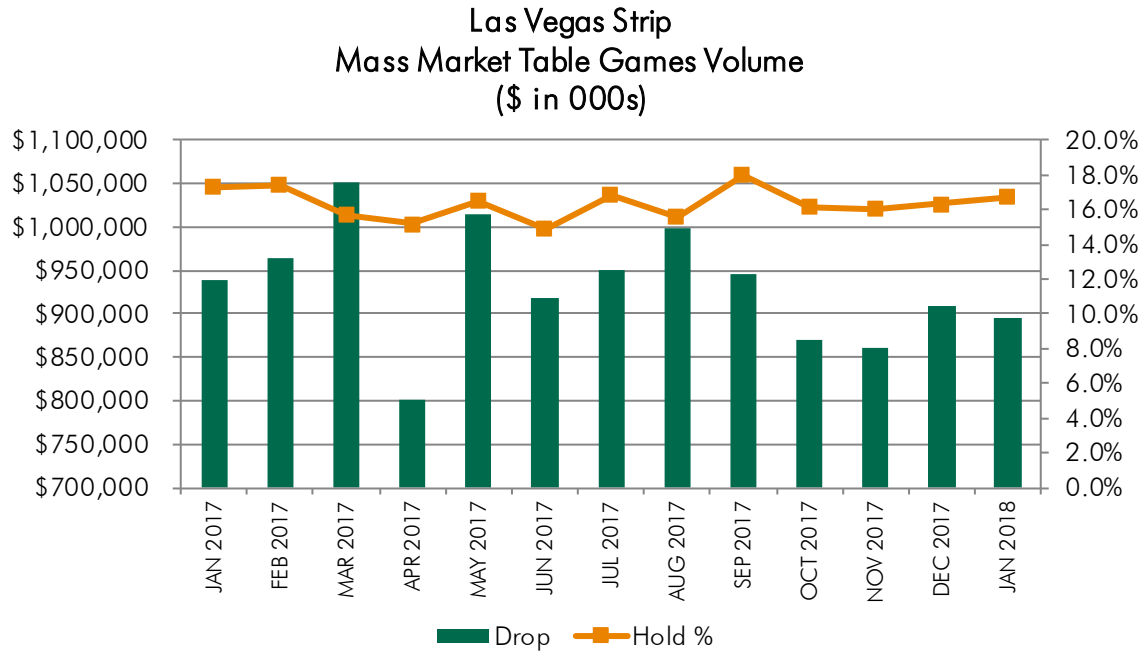
Slot volume was down -2.6% for the month. Hold was 9.22% this month, versus the 9.03% hold of last January.

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



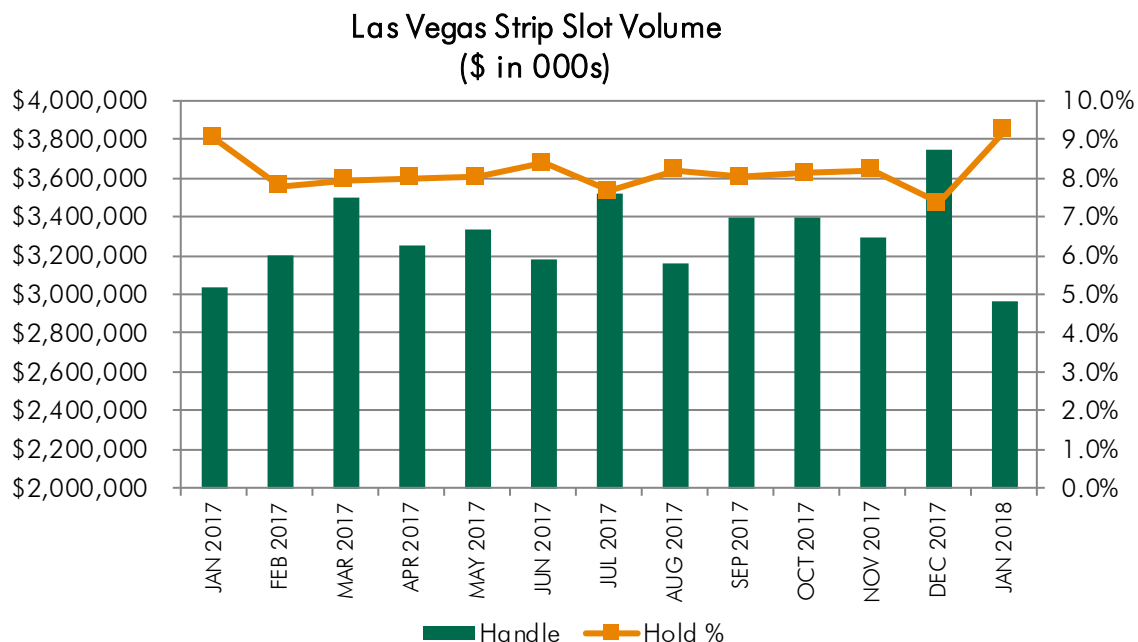
Source: NGCB; CBRE estimates

In the trailing twelve months ending January 2018, baccarat volume was down -2.9% over the TTM ending January 2017. Baccarat hold in the current TTM is much lower (down by -164 bps) over the previous TTM, so win is down by -13.9% in the period.



Source: NGCB; CBRE estimates

Mass market table games volume was down by -3.6% in the TTM through January 2018. The hold percentage is up by 92 basis points, however, which pushes the TTM revenue increase to 2.2%.



Source: NGCB; CBRE estimates

Slot volumes are up 1.4% in the TTM comparison, and win is up by 2.4% in the period, due to a 8 bps increase in hold.

Downtown Las Vegas

Downtown gaming revenue was up 1.8% this month, but was not very lucky. Table games drop was off significantly (-24.7%) and slot volume also decreased (-1.8%), but table games hold was up 343 bps compared to last year and 383 bps above the TTM average.

The market is able to hold on to its positive trend in the TTM comparison (+9.4%). Same-store growth (less the Lucky Dragon) is estimated around 3.5%-4.0%.

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

Las Vegas Locals Market

The locals gaming market was up 8.2% this month versus January 2017, and the local market's long-term trend is solidly in positive territory (+3.7%) in the TTM comparison. Both table games and slot volumes are up in the TTM comparison (+2.1% and +3.0%, respectively), reflective of the strength of our local economy.

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

Las Vegas Locals Gaming Revenue

Period	Revenue (\$000)	% Change
TTM Ending JAN 2016	\$2,155,954	3.4%
TTM Ending JAN 2017	\$2,205,844	2.3%
TTM Ending JAN 2018	\$2,286,662	3.7%

Source: NGCB; CBRE estimates

Nevada Statewide

Nevada crossed over \$1.0 billion in gaming revenue this January, but it was still off by 2.0% from last year. The Strip was the primary drag on the statewide figures; Nevada was up 7.7% without it. Overall the numbers look healthy. Excluding the Strip, Nevada is up 4.6% in the TTM.

Area	Trailing Twelve Months			% of State
	2017 JAN	2018 JAN	TTM % Change	
Statewide	\$11,368,271,468	\$11,550,687,985	1.6%	100.0%
Clark County	\$9,829,700,923	\$9,945,124,726	1.2%	86.1%
LV Strip	\$6,452,722,278	\$6,406,875,020	(0.7%)	55.5%
Downtown	\$578,113,299	\$632,212,699	9.4%	5.5%
North Las Vegas	\$281,178,208	\$287,926,707	2.4%	2.5%
Laughlin	\$475,373,100	\$494,360,571	4.0%	4.3%
Boulder Strip	\$804,794,788	\$818,691,747	1.7%	7.1%
Mesquite	\$117,596,043	\$125,014,602	6.3%	1.1%
Balance of County	\$1,119,923,206	\$1,180,043,381	5.4%	10.2%
Washoe County	\$805,453,510	\$835,486,348	3.7%	7.2%
Reno	\$593,047,859	\$617,057,767	4.0%	5.3%
Sparks	\$127,032,058	\$128,133,105	0.9%	1.1%
North Lake Tahoe	\$25,621,334	\$26,092,449	1.8%	0.2%
Balance of County	\$59,752,259	\$64,203,024	7.4%	0.6%
South Lake Tahoe	\$218,069,403	\$224,036,012	2.7%	1.9%
Elko County	\$265,872,997	\$286,033,052	7.6%	2.5%
Wendover	\$173,967,338	\$190,883,071	9.7%	1.7%
Balance of County	\$91,905,660	\$95,149,978	3.5%	0.8%
Carson Valley Area*	\$100,345,875	\$104,927,583	4.6%	0.9%
Other	\$148,828,758	\$155,080,263	4.2%	1.3%

* 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.