

March 2018 Las Vegas Strip Gaming Revenue Analysis

Brent Pirosch

Director of Gaming Consulting

CBRE

T: 702.369.4803

brent.pirosch@cbre.com

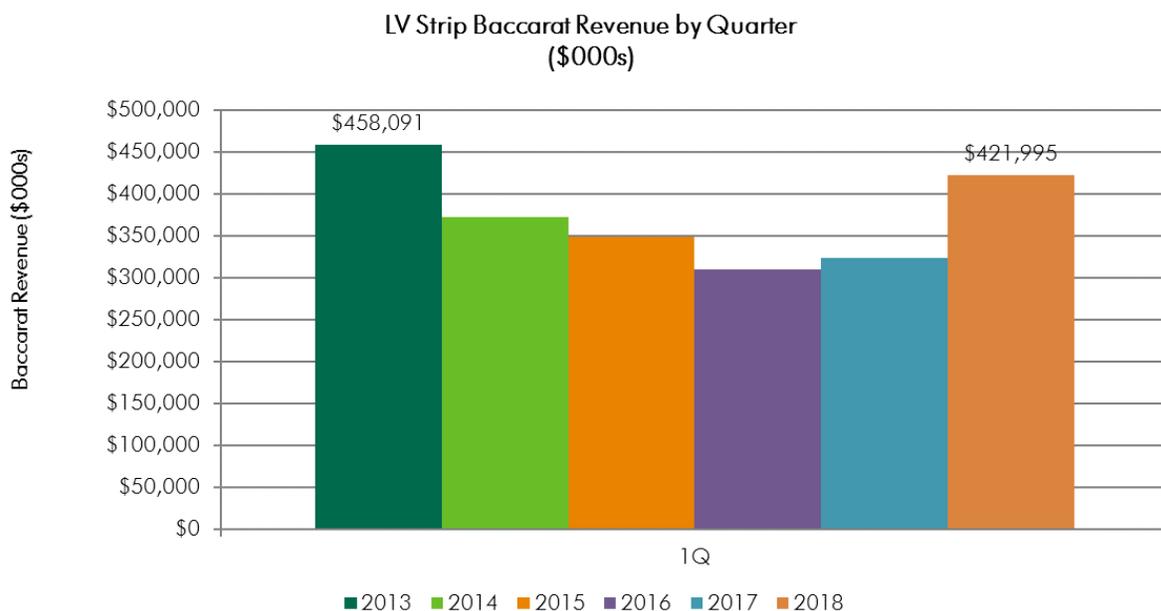
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Baccarat Growth

The overall trend for March appears to be following from last month, where baccarat is propping up the market, but the mass market is struggling with bad hold.

Baccarat has made some big strides in the first quarter of 2018, benefitting from improvements in the Macau market. The chart below highlights baccarat revenue on the Strip in the first quarter. In terms of first quarter periods, 1Q 2013 is the record at \$458.1 million. 1Q 2018 shows solid improvement of 30.6% of 1Q 2017, and is the second-best first quarter showing.



Source: NGCB; CBRE estimates

Baccarat revenues are still down in the TTM comparison, but just barely, and baccarat volume is up significantly (+7.7%).

Baccarat goes to just a handful of properties, as we often remind folks, and this first quarter baccarat jump has masked a decrease in the mass market. The mass market is off by 3.2% year-to-date but this appears more related to decreased hold rather than a collapse of volume. Also, despite being a drop from 1Q 2017, mass market revenue in the first quarter of this year is still among the highest periods outside the pre-recession boom. We'll continue to keep an eye on the trend to see if the hold issue works itself out. See the analysis below for more details about baccarat and the mass market hold trends.

March 2018 Las Vegas Strip Analysis

March 2018 had one extra weekend day but may have had some collections slip into April.

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

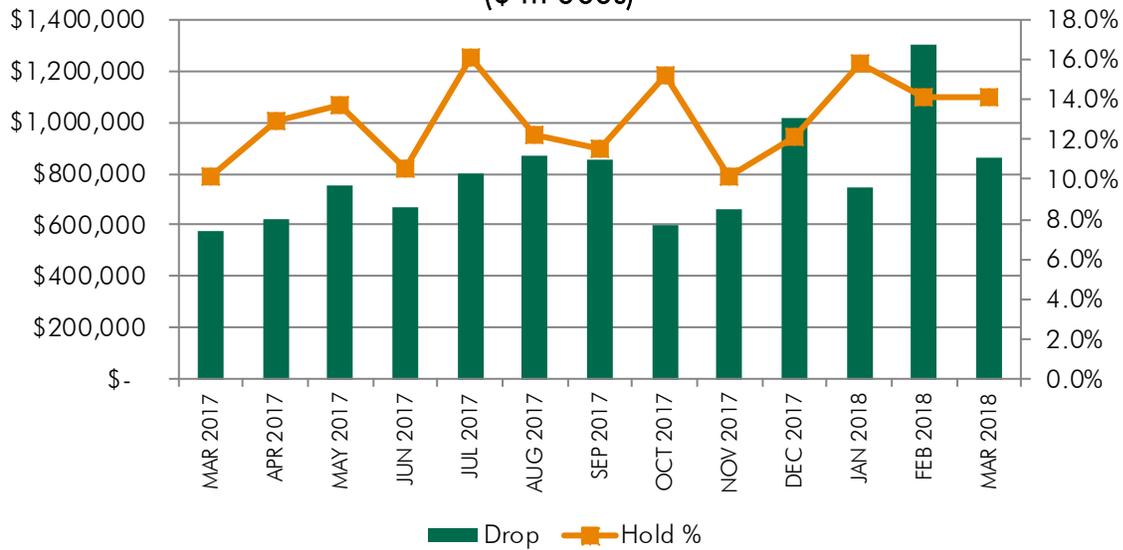
- Las Vegas Strip gaming revenue was \$573.9 million, up 9.1% for the month, and up 3.3% YTD.
- Table games revenue, excluding bacc/mini bacc, was \$147.0 million, down -10.9% for the month, and down -10.9% YTD.
- Bacc/mini bacc revenue was \$121.6 million, up 106.5% for the month, and up 30.6% YTD.
- Slot revenue was \$278.4 million, up 0.2% for the month, and up 0.8% YTD.

Mass market table games (excluding bacc/mini bacc) hold was 13.74% in March 2018, 195 bps below the hold of 15.70% in March 2017 and 219 bps below the trailing twelve-month average. Bacc/mini bacc hold was 14.14%, 397 bps above March 2017, and 89 bps above the trailing twelve-month average.

Slot volume was down -1.3% for the month, but is up 0.4% YTD. Hold was 8.06% this month, versus the 7.94% hold of last March.

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

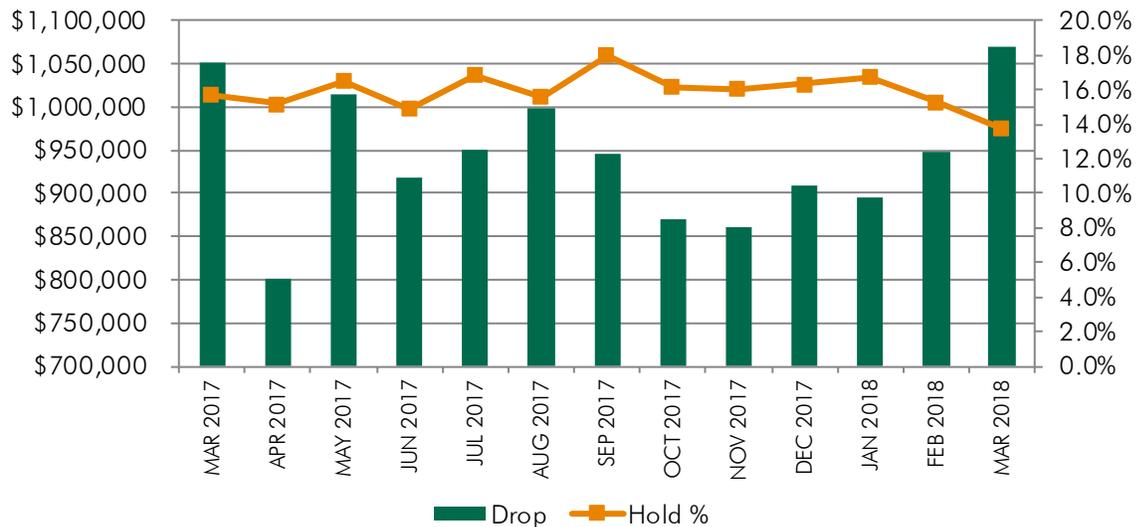
Las Vegas Strip Baccarat and Mini-Bacc Volume (\$ in 000s)



Source: NGCB; CBRE estimates

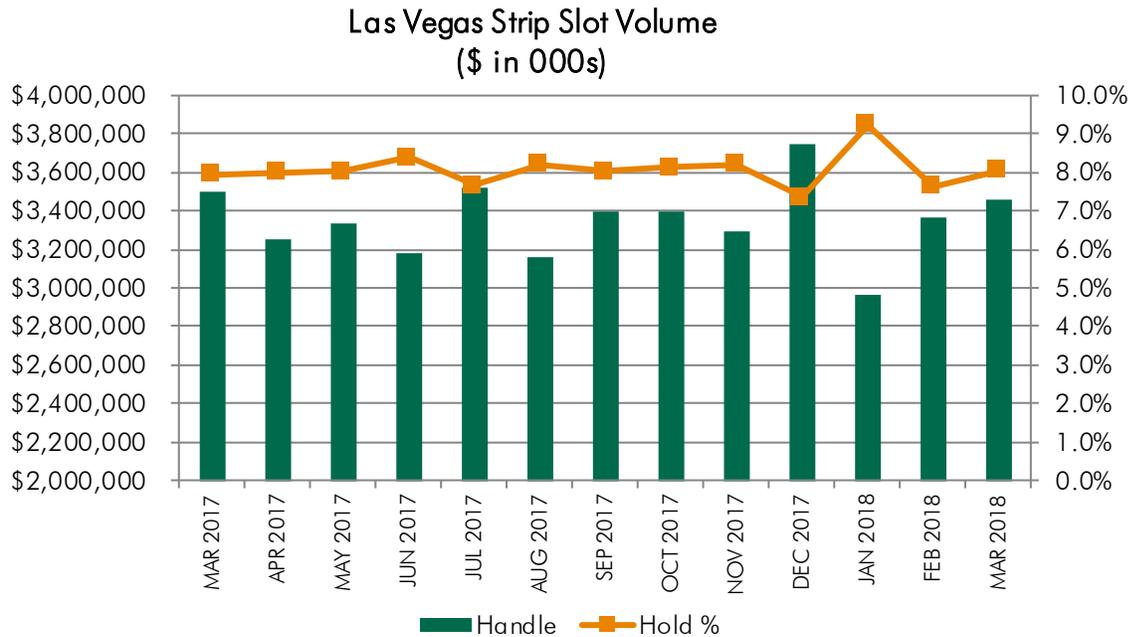
In the trailing twelve months ending March 2018, baccarat volume was up 7.7% over the TTM ending March 2017. Baccarat hold in the current TTM is lower (down by -108 bps) over the previous TTM, and win is down by -0.4% in the period.

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



Source: NGCB; CBRE estimates

Mass market table games volume was down by -3.1% in the TTM through March 2018. The hold percentage is up by 24 basis points, which holds the TTM revenue decline to -1.6%.



Source: NGCB; CBRE estimates

Slot volumes are up 1.4% in the TTM comparison, and win is up by 2.2% in the period, due to a 7 bps increase in hold.

Downtown Las Vegas

Downtown gaming revenue fell 14.2% this month. The Lucky Dragon, which had boosted Downtown's numbers for the year and change it was open, closed the casino in early January. We believe same-store growth Downtown is still ahead of the headline number as the Downtown story remains strong.

The market is able to hold on to its positive trend in the TTM comparison (+5.7%).

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

Las Vegas Locals Market

The locals gaming market was down 4.8% this month versus March 2017, but the local market's long-term trend is solidly in positive territory (+3.3%) in the TTM comparison. Both table games and slot volumes are up in the TTM comparison (+2.7% and +3.2%, respectively).

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

Las Vegas Locals Gaming Revenue

Period	Revenue (\$000)	% Change
TTM Ending MAR 2016	\$2,168,977	2.9%
TTM Ending MAR 2017	\$2,202,559	1.5%
TTM Ending MAR 2018	\$2,274,727	3.3%

Source: NGCB; CBRE estimates

Nevada Statewide

Nevada hit more than \$1.0 billion in gaming revenue this March, making it three months in a row the state has surpassed that mark. The last time the state numbers started all three months at \$1.0 billion+ was back in 2008. Excluding the Strip, Nevada is up 4.3% in the TTM comparison.

Area	Trailing Twelve Months			% of State
	2017 MAR	2018 MAR	TTM % Change	
Statewide	\$11,392,345,086	\$11,656,297,907	2.3%	100.0%
Clark County	\$9,852,466,095	\$10,038,988,789	1.9%	86.1%
LV Strip	\$6,463,593,026	\$6,516,319,194	0.8%	55.9%
Downtown	\$590,840,741	\$624,758,162	5.7%	5.4%
North Las Vegas	\$279,061,714	\$285,403,600	2.3%	2.4%
Laughlin	\$476,929,014	\$497,872,391	4.4%	4.3%
Boulder Strip	\$791,850,811	\$813,899,052	2.8%	7.0%
Mesquite	\$118,926,739	\$125,313,818	5.4%	1.1%
Balance of County	\$1,131,264,048	\$1,175,422,573	3.9%	10.1%
Washoe County	\$806,186,236	\$840,375,441	4.2%	7.2%
Reno	\$593,629,484	\$620,192,788	4.5%	5.3%
Sparks	\$126,680,742	\$129,394,357	2.1%	1.1%
North Lake Tahoe	\$25,664,392	\$26,250,956	2.3%	0.2%
Balance of County	\$60,211,619	\$64,537,337	7.2%	0.6%
South Lake Tahoe	\$216,525,527	\$226,679,610	4.7%	1.9%
Elko County	\$268,242,269	\$287,567,818	7.2%	2.5%
Wendover	\$175,511,799	\$193,069,405	10.0%	1.7%
Balance of County	\$92,730,470	\$94,498,410	1.9%	0.8%
Carson Valley Area*	\$100,144,235	\$106,196,710	6.0%	0.9%
Other	\$148,780,721	\$156,489,541	5.2%	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.