

November 2018 Las Vegas Strip Gaming Revenue Analysis

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Happy New Year

I'm guessing that many of you are out of the office this week enjoying the holidays. In either case, I wish you all a Happy New Year and hope 2019 is a healthy and prosperous time for you.

We've got just one more month to go before we close out the revenue data for 2018. Barring a disaster, December will likely be sufficient to hold 2018 above 2017 gaming revenue. The Strip needs just \$439.0 million in December to break even with 2018 – a number so low we haven't seen its like since 2004.

The trailing twelve-month comparison through this November has been as strong as anything since 2007, and mass market revenue has been above everything since 2008. In all, 2018 looks to be among the highest since the recession.

November 2018 Las Vegas Strip Analysis

November 2018 had one extra Friday but may have had some collections slip into December.

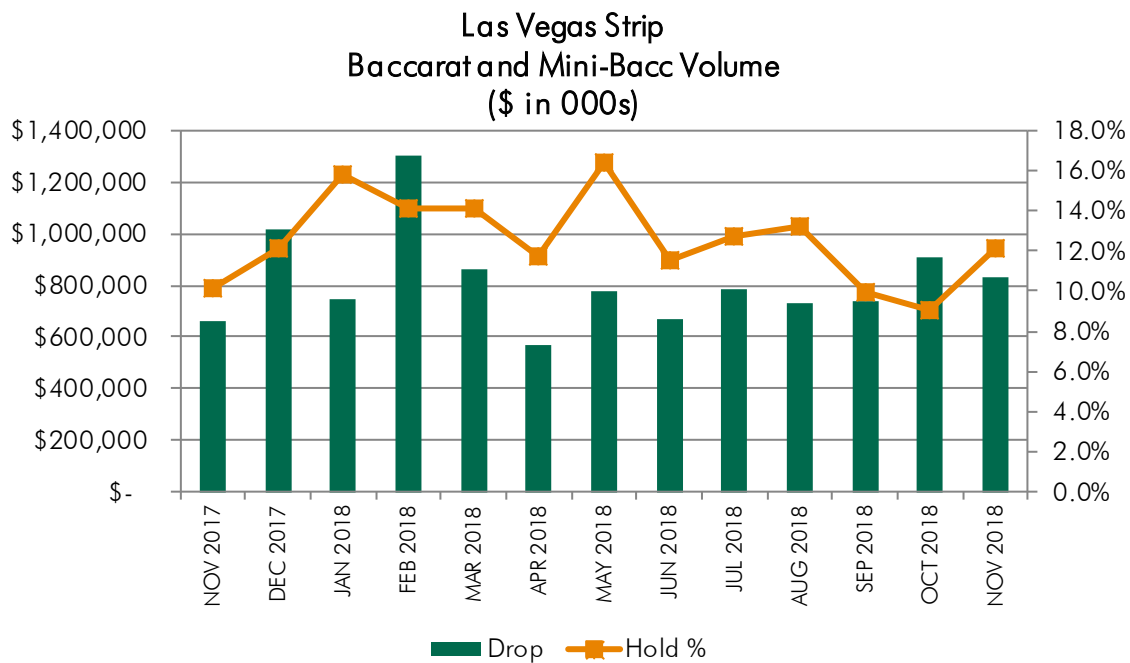
Unadjusted for luck factors and calendar issues, according to the Nevada Gaming Control Board, November 2018 revenue was as follows:

- Las Vegas Strip gaming revenue was \$534.5 million, up 10.0% for the month, and up 2.2% YTD.
- Table games revenue, excluding bacc/mini bacc, was \$134.8 million, down -2.4% for the month, and down -2.1% YTD.
- Bacc/mini bacc revenue was \$101.2 million, up 51.4% for the month, and up 7.3% YTD.
- Slot revenue was \$279.9 million, up 3.6% for the month, and up 2.5% YTD.

Mass market table games (excluding bacc/mini bacc) hold was 15.69% in November 2018, 35 bps below the hold of 16.03% in November 2017 and 4 bps above the trailing twelve-month average. Bacc/mini bacc hold was 12.15%, 206 bps above November 2017, and 65 bps below the trailing twelve-month average.

Slot volume was up 8.2% for the month, and is up 2.0% YTD. Hold was 7.86% this month, versus the 8.21% hold of last November.

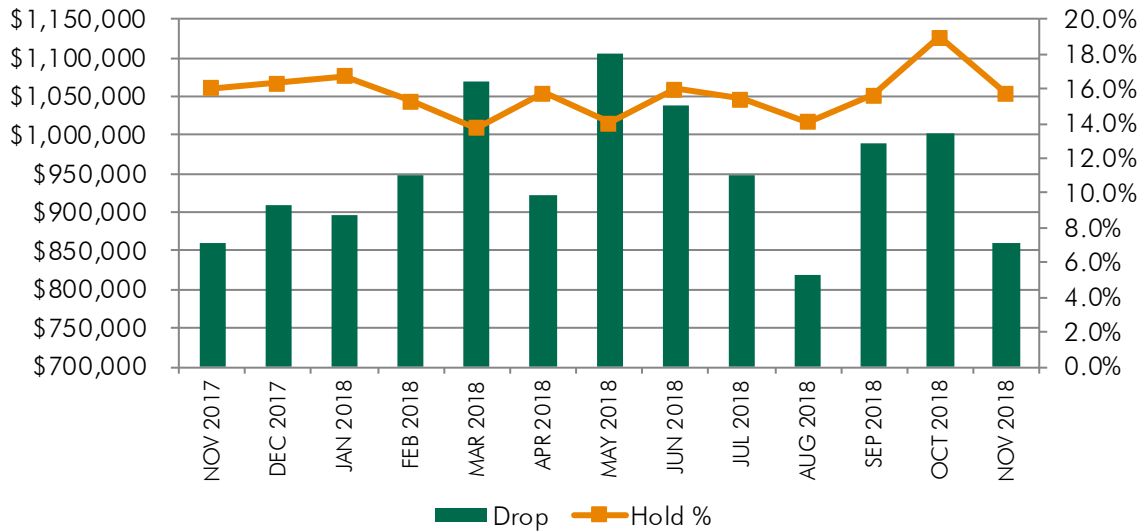
The following graphs show the drop/handle and win percentage for the Las Vegas Strip for the trailing thirteen months.



Source: NGCB; CBRE estimates

In the trailing twelve months ending November 2018, baccarat volume was up 6.7% over the TTM ending November 2017. Baccarat hold in the current TTM is lower (down by -57 bps) over the previous TTM, but win is up by 2.1% in the period.

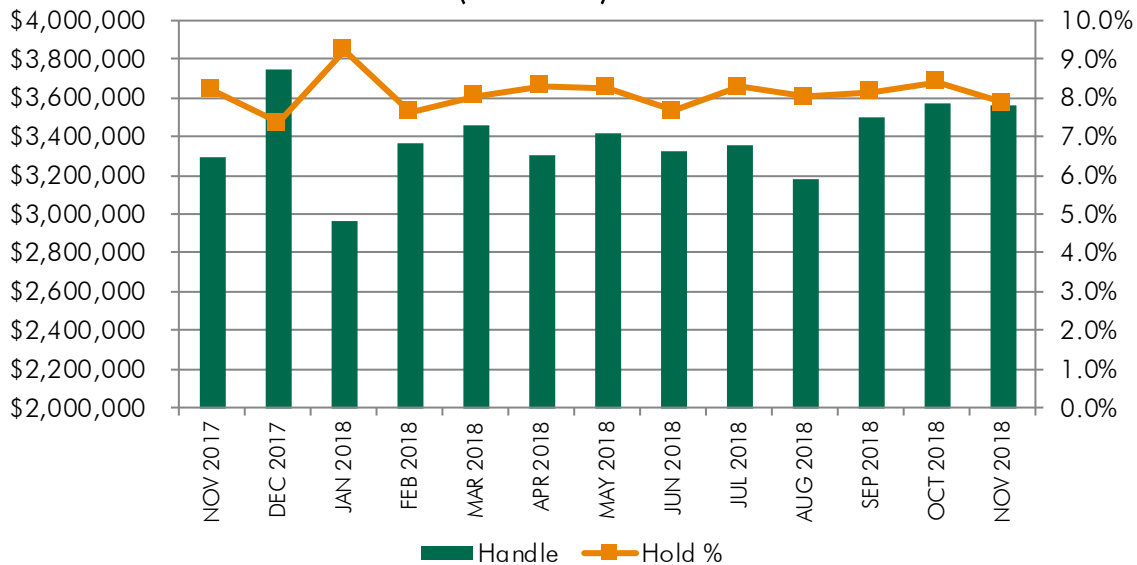
Las Vegas Strip Mass Market Table Games Volume (\$ in 000s)



Source: NGCB; CBRE estimates

Mass market table games volume was up by 2.1% in the TTM through November 2018. The hold percentage is down by -57 basis points, which holds the TTM revenue decline to -1.5%.

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



Source: NGCB; CBRE estimates

Slot volumes are up 1.9% in the TTM comparison, and win is up by 2.8% in the period, due to a 7 bps increase in hold.

Downtown Las Vegas

Downtown gaming revenue was up 2.2% this month. The Lucky Dragon, which had boosted Downtown’s numbers in 2017, closed the casino in early January 2018. We estimate that same-store growth Downtown is about 5%, and that the Downtown story remains strong.

The market is positive in the TTM comparison (+1.7%).

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

Las Vegas Locals Market

The locals gaming market was down 1.1% this month versus November 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 (+4.8% and +2.8%, 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 NOV 2016 | \$2,205,765 | 2.3% |
| TTM Ending NOV 2017 | \$2,265,998 | 2.7% |
| TTM Ending NOV 2018 | \$2,340,634 | 3.3% |

Source: NGCB; CBRE estimates

Nevada Statewide

Nevada was well ahead of November last year, up 6.4% for the month. Both the YTD (+2.9%) and TTM (+2.7%) comparisons are up, and every submarket is in positive territory. Excluding the Strip, Nevada is up 3.9% in the TTM comparison.



| Area | Trailing Twelve Months | | | % of State |
|----------------------------|-------------------------|-------------------------|-----------------|---------------|
| | 2017 NOV | 2018 NOV | TTM % Change | |
| Statewide | \$11,566,720,451 | \$11,879,031,071 | 2.7% | 100.0% |
| Clark County | \$9,985,593,640 | \$10,209,247,952 | 2.2% | 85.9% |
| LV Strip | \$6,479,397,994 | \$6,593,531,220 | 1.8% | 55.5% |
| Downtown | \$626,992,674 | \$637,504,660 | 1.7% | 5.4% |
| North Las Vegas | \$285,193,047 | \$294,111,584 | 3.1% | 2.5% |
| Laughlin | \$489,798,494 | \$507,322,902 | 3.6% | 4.3% |
| Boulder Strip | \$813,512,344 | \$835,940,554 | 2.8% | 7.0% |
| Mesquite | \$123,629,928 | \$130,257,081 | 5.4% | 1.1% |
| Balance of County | \$1,167,069,159 | \$1,210,579,950 | 3.7% | 10.2% |
| Washoe County | \$823,826,463 | \$867,032,927 | 5.2% | 7.3% |
| Reno | \$606,472,510 | \$638,614,486 | 5.3% | 5.4% |
| Sparks | \$127,725,323 | \$134,898,850 | 5.6% | 1.1% |
| North Lake Tahoe | \$26,367,614 | \$26,806,357 | 1.7% | 0.2% |
| Balance of County | \$63,261,015 | \$66,713,231 | 5.5% | 0.6% |
| South Lake Tahoe | \$221,680,655 | \$232,921,574 | 5.1% | 2.0% |
| Elko County | \$278,319,360 | \$298,516,216 | 7.3% | 2.5% |
| Wendover | \$185,374,038 | \$201,512,466 | 8.7% | 1.7% |
| Balance of County | \$92,945,320 | \$97,003,750 | 4.4% | 0.8% |
| Carson Valley Area* | \$103,538,687 | \$110,610,301 | 6.8% | 0.9% |
| Other | \$153,761,646 | \$160,702,103 | 4.5% | 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.