

October 2018 Las Vegas Strip Gaming Revenue Analysis

Brent Pirosh

Director of Gaming Consulting

CBRE

T: 702.369.4803

brent.pirosch@cbre.com

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October

The October 1, 2017 mass shooting in Las Vegas contributed to significant declines in gaming revenue and visitation for that month, which makes comparisons this year more challenging. At the same time, however, this was the second-best October in the Strip's history (behind October 2007).

November and December 2017 top line numbers were also below the previous year, but 2017 still ended in positive territory and mass market gaming revenue recovered in December. Barring abnormally low hold, we still expect the year-end total for 2018 to squeak past 2017. If not the total figure, at least mass market gaming revenue should surpass last year.

October 2018 Las Vegas Strip Analysis

October 2018 had one fewer weekend day than October last year, and October 2017 may have benefitted more from September collections.

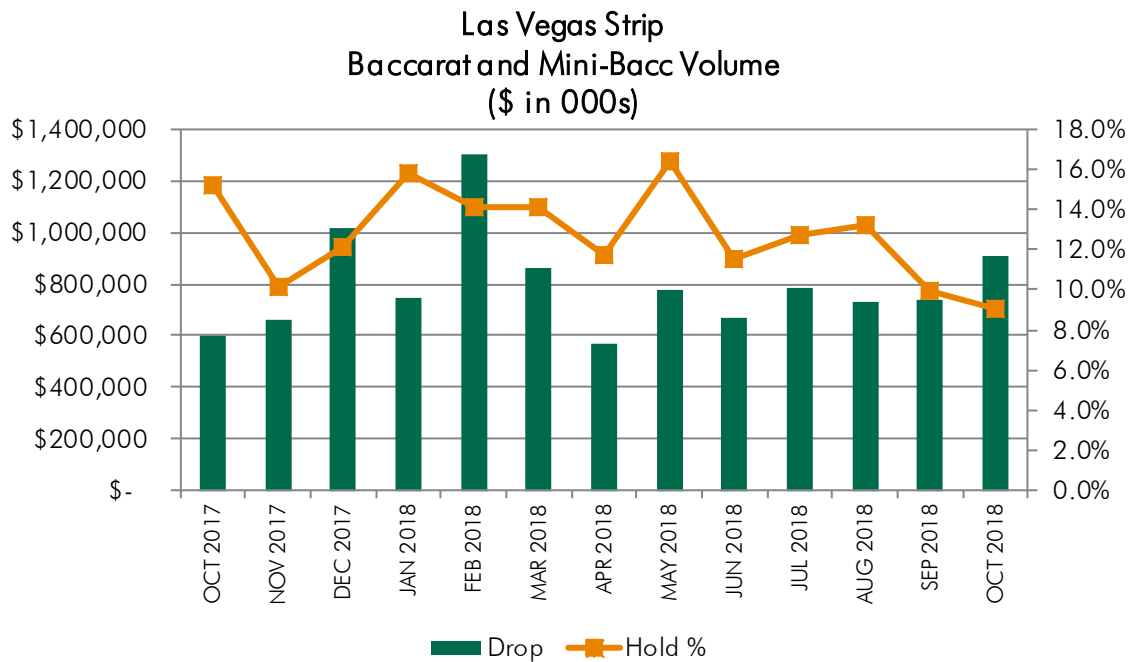
Unadjusted for luck factors and calendar issues, according to the Nevada Gaming Control Board, October 2018 revenue was as follows:

- Las Vegas Strip gaming revenue was \$593.4 million, up 12.2% for the month, and up 1.5% YTD.
- Table games revenue, excluding bacc/mini bacc, was \$190.7 million, up 35.6% for the month, but down -2.1% YTD.
- Bacc/mini bacc revenue was \$81.7 million, down -10.5% for the month, but up 4.3% YTD.
- Slot revenue was \$300.2 million, up 8.6% for the month, and up 2.4% YTD.

Mass market table games (excluding bacc/mini bacc) hold was 19.01% in October 2018, 282 bps above the hold of 16.19% in October 2017 and 334 bps above the trailing twelve-month average. Bacc/mini bacc hold was 9.00%, 622 bps below October 2017, and 366 bps below the trailing twelve-month average.

Slot volume was up 5.1% for the month, and is up 1.4% YTD. Hold was 8.40% this month, versus the 8.13% hold of last October.

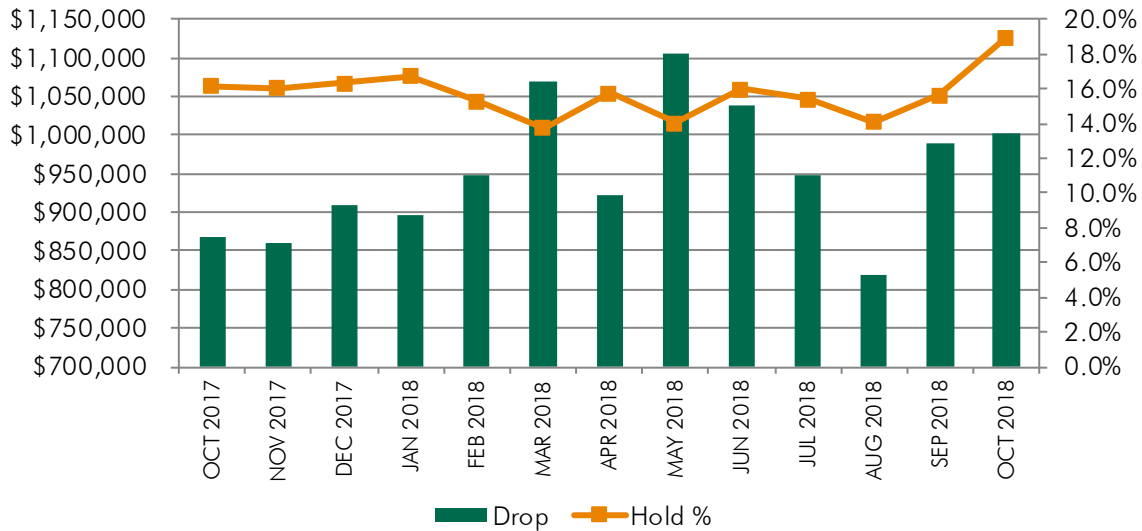
The following graphs show the drop/handle and win percentage for the Las Vegas Strip for the trailing thirteen months.



Source: NGCB; CBRE estimates

In the trailing twelve months ending October 2018, baccarat volume was up 4.8% over the TTM ending October 2017. Baccarat hold in the current TTM is lower (down by -95 bps) over the previous TTM, and win is down by -2.5% in the period.

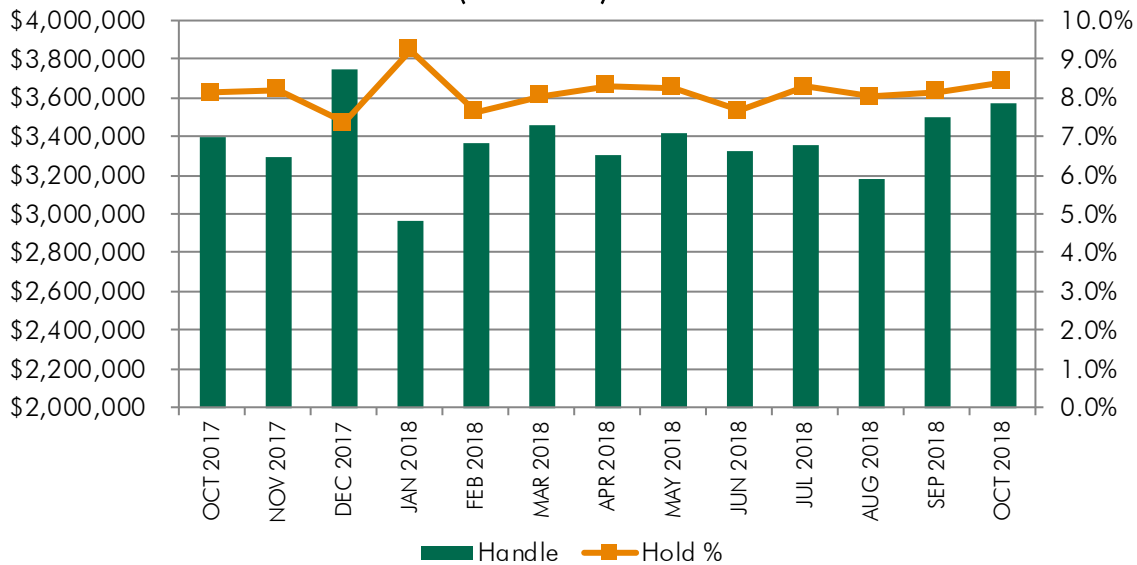
Las Vegas Strip Mass Market Table Games Volume (\$ in 000s)



Source: NGCB; CBRE estimates

Mass market table games volume was up by 2.1% in the TTM through October 2018. The hold percentage is down by -65 basis points, which holds the TTM revenue decline to -2.0%.

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



Source: NGCB; CBRE estimates

Slot volumes are up 1.5% in the TTM comparison, and win is up by 2.9% in the period, due to a 11 bps increase in hold.

Downtown Las Vegas

Downtown gaming revenue was flat this month, up just 0.3%. The Lucky Dragon, which had boosted Downtown's numbers for the year and change it was open, closed the casino in early January.

The market continues to hold on to its positive trend in the TTM comparison (+2.1%), and we believe same-store growth Downtown is ahead of the headline number (up +/- 5%). The Downtown market is a feel-good story again this year.

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

Las Vegas Locals Market

The locals gaming market was up 0.7% this month versus October 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 (+4.1% and +2.9%, 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 OCT 2016 | \$2,203,607 | 3.4% |
| TTM Ending OCT 2017 | \$2,267,135 | 2.9% |
| TTM Ending OCT 2018 | \$2,342,665 | 3.3% |

Source: NGCB; CBRE estimates

Nevada Statewide

Nevada hit more than \$1.0 billion in gaming revenue this month, making it the fifth time this year (compared to just once in 2017). Excluding the Strip, Nevada is up 3.9% in the TTM comparison.

| Area | Trailing Twelve Months | | | % of State |
|----------------------------|-------------------------|-------------------------|-----------------|---------------|
| | 2017 OCT | 2018 OCT | TTM % Change | |
| Statewide | \$11,588,112,533 | \$11,820,869,543 | 2.0% | 100.0% |
| Clark County | \$10,011,665,138 | \$10,160,589,751 | 1.5% | 86.0% |
| LV Strip | \$6,510,637,070 | \$6,544,798,056 | 0.5% | 55.4% |
| Downtown | \$623,530,719 | \$636,317,019 | 2.1% | 5.4% |
| North Las Vegas | \$284,596,054 | \$295,240,521 | 3.7% | 2.5% |
| Laughlin | \$487,813,434 | \$507,424,431 | 4.0% | 4.3% |
| Boulder Strip | \$813,456,111 | \$844,826,113 | 3.9% | 7.1% |
| Mesquite | \$122,761,618 | \$129,386,849 | 5.4% | 1.1% |
| Balance of County | \$1,168,870,130 | \$1,202,596,761 | 2.9% | 10.2% |
| Washoe County | \$822,590,695 | \$861,008,116 | 4.7% | 7.3% |
| Reno | \$606,512,493 | \$633,283,207 | 4.4% | 5.4% |
| Sparks | \$127,725,075 | \$134,034,125 | 4.9% | 1.1% |
| North Lake Tahoe | \$26,072,069 | \$26,904,827 | 3.2% | 0.2% |
| Balance of County | \$62,281,056 | \$66,785,954 | 7.2% | 0.6% |
| South Lake Tahoe | \$222,147,757 | \$231,295,283 | 4.1% | 2.0% |
| Elko County | \$275,823,662 | \$296,605,308 | 7.5% | 2.5% |
| Wendover | \$183,306,386 | \$200,141,863 | 9.2% | 1.7% |
| Balance of County | \$92,517,275 | \$96,463,445 | 4.3% | 0.8% |
| Carson Valley Area* | \$102,689,684 | \$110,307,088 | 7.4% | 0.9% |
| Other | \$153,195,597 | \$161,063,998 | 5.1% | 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.