

# October 2016 Las Vegas Strip Gaming Revenue Analysis

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## **Brent Pirosch**

Director of Gaming Consulting

CBRE

T: 702.369.4803

[brent.pirosch@cbre.com](mailto:brent.pirosch@cbre.com)

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I'm going to keep the Strip analysis shorter this month since we've got the updated YTD figures for the rest of the country and folks are still probably digging through their inboxes after the Thanksgiving holiday. Here in Nevada, schools moved to a weeklong break instead of our traditional Thursday/Friday days off. It was a bit of a struggle to get going again on Monday, but it was worth it. I hope you had a wonderful Thanksgiving, and that it was time well spent with family and friends.

## **October 2016 Las Vegas Strip Analysis**

October 2015 had one more Friday, but one less Sunday compared to October 2016. October 2015 also likely had some collections pushed into the following month, while this year probably benefitted from September collections. Significant increases year-over-year reflect these calendar issues.

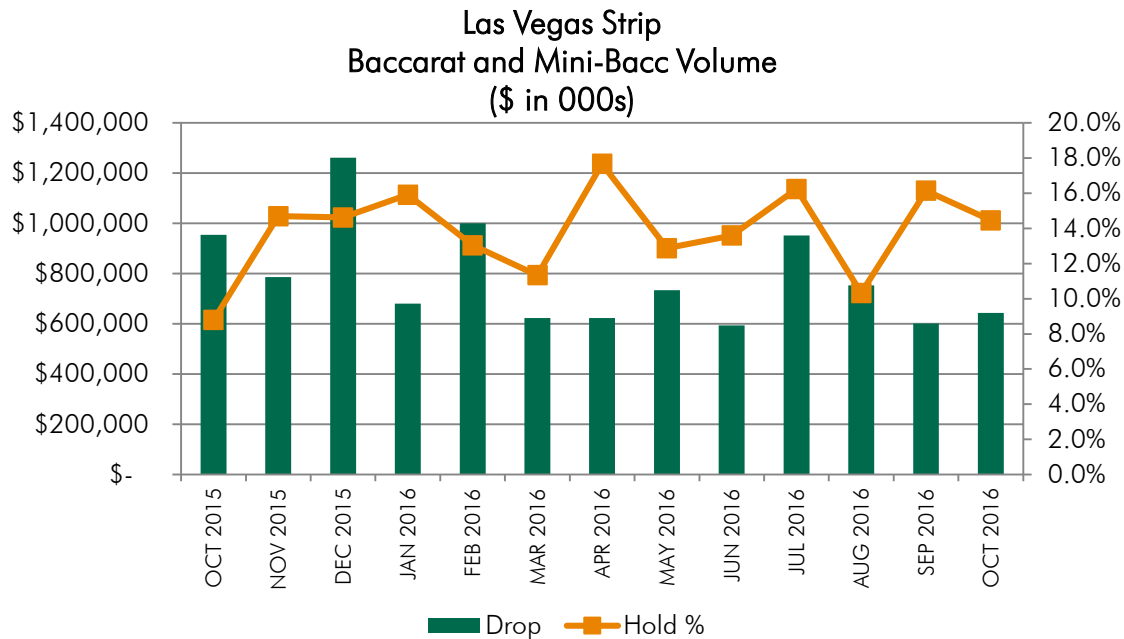
Unadjusted for luck factors and calendar issues, according to the Nevada Gaming Control Board, October 2016 revenue was as follows:

- Las Vegas Strip gaming revenue was \$562.7 million, up 14.0% for the month, and up 1.1% YTD.
- Table games revenue, excluding bacc/mini bacc, was \$154.1 million, up 20.6% for the month, and up 3.1% YTD.
- Bacc/mini bacc revenue was \$93.1 million, up 10.9% for the month, but down -4.6% YTD.
- Slot revenue was \$286.9 million, up 10.1% for the month, and up 2.5% YTD.

Mass market table games (excluding bacc/mini bacc) hold was 16.15% in October 2016, 326 bps above the hold of 12.88% in October 2015 and 106 bps above the trailing twelve-month average. Bacc/mini bacc hold was 14.46%, a crushing 567 bps above October 2015, and 22 bps above the trailing twelve-month average. These large variances are predominantly caused by calendar issues.

Slot volume was up 2.9% for the month, but is down -0.7% YTD. Hold was 8.12% this month, versus the 7.59% hold of last October.

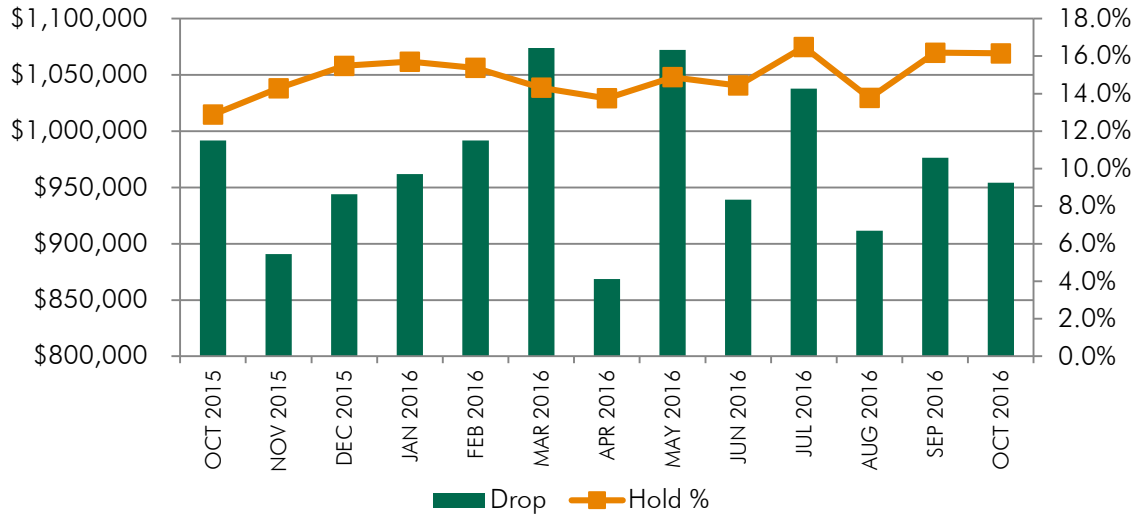
The following graphs show the drop/handle and win percentage for the Las Vegas Strip for the trailing thirteen months.



Source: NGCB; CBRE estimates

In the trailing twelve months ending October 2016, baccarat volume was down -18.4% over the TTM ending October 2015. Baccarat hold in the current TTM is significantly higher (up by 233 bps) over the previous TTM, but win is down by -2.4% in the period.

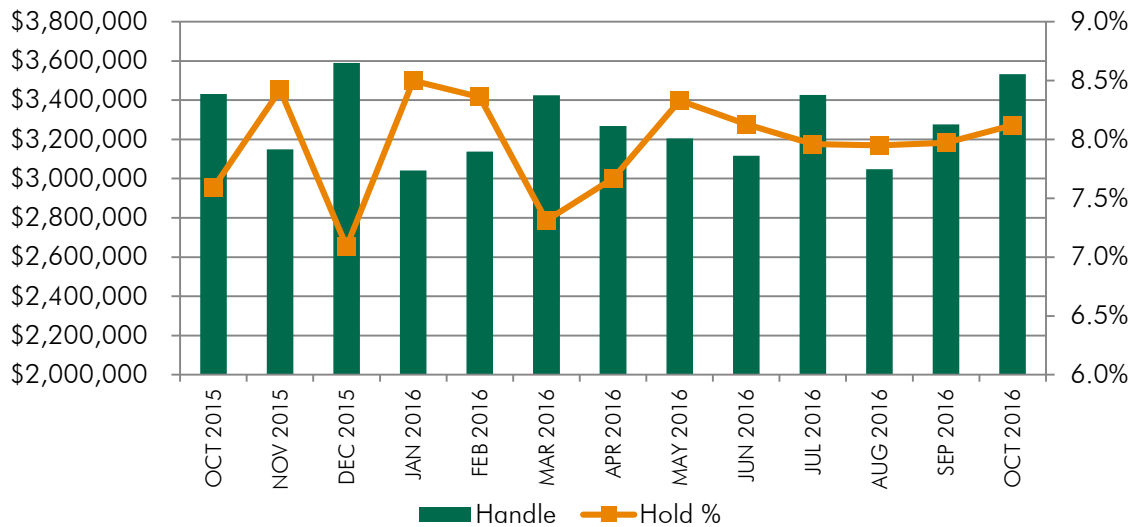
### Las Vegas Strip Mass Market Table Games Volume (\$ in 000s)



Source: NGCB; CBRE estimates

Mass market table games volume was down by -5.2% in the TTM through October 2016. The hold percentage is up by 118 basis points, which pushes the TTM revenue increase to 2.8%.

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



Source: NGCB; CBRE estimates

Slot volumes are down -0.7% in the TTM comparison, but win is up by 3.8% in the period, due to a 35 bps increase in hold.

## Downtown Las Vegas

Downtown gaming revenue grew 29.5% this month, aided by calendar collection issues. Over the longer-term, the Downtown story remains as strong as ever. Slot volume is up 1.4% in the TTM period, and a 48 bps increase in hold is contributing to big gains in slots.

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

## Las Vegas Locals Market

The locals gaming market was up 9.9% this month versus October 2015, which was enough to hold the local market in positive territory (+3.4%) in the TTM comparison. Both table games and slot volumes are up in the TTM comparison (+0.9% and +1.8%, 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 OCT 2014	\$2,066,442	-0.9%
TTM Ending OCT 2015	\$2,130,465	3.1%
TTM Ending OCT 2016	\$2,203,607	3.4%

Source: NGCB; CBRE estimates

## Nevada Statewide

Nevada came within shouting distance of \$1 billion for the month, even though we've got our caveats around calendar issues. Even still, as a point of reference, this was the highest October since 2007.

Area	Trailing Twelve Months			% of State
	2015 OCT	2016 OCT	TTM % Change	
<b>Statewide</b>	<b>\$11,014,431,825</b>	<b>\$11,296,149,791</b>	<b>2.6%</b>	<b>100.0%</b>
<b>Clark County</b>	<b>\$9,522,149,566</b>	<b>\$9,766,308,673</b>	<b>2.6%</b>	<b>86.5%</b>
LV Strip	\$6,274,971,979	\$6,404,708,167	2.1%	56.7%
Downtown	\$530,487,996	\$568,448,218	7.2%	5.0%
North Las Vegas	\$268,004,866	\$282,286,960	5.3%	2.5%
Laughlin	\$471,306,082	\$472,643,600	0.3%	4.2%
Boulder Strip	\$783,308,635	\$803,259,344	2.5%	7.1%
Mesquite	\$114,806,385	\$116,898,826	1.8%	1.0%
Balance of County	\$1,079,263,621	\$1,118,063,561	3.6%	9.9%
<b>Washoe County</b>	<b>\$774,373,057</b>	<b>\$800,425,783</b>	<b>3.4%</b>	<b>7.1%</b>
Reno	\$569,023,154	\$588,916,755	3.5%	5.2%
Sparks	\$122,879,710	\$125,890,191	2.4%	1.1%
North Lake Tahoe	\$24,945,484	\$26,052,028	4.4%	0.2%
Balance of County	\$57,524,709	\$59,566,811	3.5%	0.5%
<b>South Lake Tahoe</b>	<b>\$201,621,583</b>	<b>\$213,867,966</b>	<b>6.1%</b>	<b>1.9%</b>
<b>Elko County</b>	<b>\$266,227,036</b>	<b>\$268,103,998</b>	<b>0.7%</b>	<b>2.4%</b>
Wendover	\$175,523,332	\$174,912,175	(0.3%)	1.5%
Balance of County	\$90,703,704	\$93,191,826	2.7%	0.8%
<b>Carson Valley Area*</b>	<b>\$100,764,993</b>	<b>\$99,770,191</b>	<b>(1.0%)</b>	<b>0.9%</b>
<b>Other</b>	<b>\$149,295,590</b>	<b>\$147,673,175</b>	<b>(1.1%)</b>	<b>1.3%</b>

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

Source: NGCB; CBRE estimates

## YTD September 2016 Gaming Revenue by Region, State, and Submarket

The following information illustrates the rate of gaming revenue growth for states with commercial and racetrack casinos, including tribal casinos in Connecticut.

### Regional Revenue

We define the gaming regions as follows:

- **New England:** Connecticut, Maine, Massachusetts, Rhode Island
- **Mid-Atlantic:** Delaware, Maryland, New Jersey, New York, Pennsylvania, West Virginia
- **Midwest:** Illinois, Indiana, Iowa, Kansas, Michigan, Missouri, Ohio, South Dakota
- **Southern:** Florida, Louisiana, Mississippi

- **Western:** Colorado, Nevada, New Mexico

Region (millions)	YTD Sept 2012	YTD Sept 2013	YTD Sept 2014	YTD Sept 2015	YTD Sept 2016
New England	\$1,426.8	\$1,392.9	\$1,366.6	\$1,403.1	\$1,486.9
Mid-Atlantic	\$7,630.4	\$7,576.8	\$7,326.7	\$7,341.3	\$7,514.9
Midwest	\$7,418.3	\$7,611.9	\$7,505.2	\$7,740.0	\$7,840.8
Southern	\$3,872.6	\$3,834.9	\$3,806.8	\$4,026.4	\$3,947.4
Western	\$8,934.2	\$9,042.9	\$9,046.4	\$9,107.5	\$9,185.6
<b>Total</b>	<b>\$29,282.4</b>	<b>\$29,459.3</b>	<b>\$29,051.6</b>	<b>\$29,618.2</b>	<b>\$29,975.6</b>

% Change	YTD Sept 2013	YTD Sept 2014	YTD Sept 2015	YTD Sept 2016
New England	-2.4%	-1.9%	2.7%	6.0%
Mid-Atlantic	-0.7%	-3.3%	0.2%	2.4%
Midwest	2.6%	-1.4%	3.1%	1.3%
Southern	-1.0%	-0.7%	5.8%	-2.0%
Western	1.2%	0.0%	0.7%	0.9%
<b>Total</b>	<b>0.6%</b>	<b>-1.4%</b>	<b>1.9%</b>	<b>1.2%</b>

Source: CBRE; various state agencies

Gaming revenue was up 1.2% YTD through September 2016, with every region except the Southern region showing at least some improvement. In that case, a variety of challenges in Louisiana contributed to the drag on that region – with every submarket within the state suffering declines of at least 3.0%. New York and Maryland provide most of the boost to the struggling Mid-Atlantic region, but the comparables for the region will get a little tougher as 2016 comes to a close. New Jersey’s loss of Taj Mahal will make the overall numbers lower, but we expect an improvement in same stores. New England would be up 1.4% excluding the opening of Plainridge in Massachusetts, and national numbers would be up just 1.0%.

Revenue trends in the period are spotty, and continue to show nominal improvement in the aggregate totals as the economy continues to recover, but there appears to be a slowing of the rate of increase.

### State Revenue

Eight of the 24 states CBRE tracks showed declines thus far in 2016, but Louisiana and New Jersey were the only states in the top 10 to post declines. New Jersey was winding down towards the closure of Taj Mahal, but only suffered a 0.2% decline for the period (same-stores excluding Taj Mahal were up 0.8%). Various submarkets in Louisiana have suffered through flooding problems, road closures, smoking bans, and growing regional competition. New Mexico, the largest percentage decline in the period, appears to be suffering from a decline in oil fortunes in neighboring Texas.

Other states facing declines were predominantly triggered by regional competitive pressure, and nominal growth elsewhere can perhaps be attributed to an indifferent economy and a busy news cycle. The 3Q YTD numbers show a similar trend from the previous YTD figures, lending some credence to the theory that there is just a lot going on in the news cycle that is distracting from highly discretionary spending. Additionally, somewhat anemic growth can also be attributed to shifting marketing priorities. For some time now, operators have reported greater focus on a smaller number of higher-end players. This may be contributing to fewer offers to drive lower-end play and/or a lack of incentives to drive unrated play.

2015 Rank	2016 Rank	State	YTD Sept 2014	YTD Sept 2015	YTD Sept 2016	YTD'15- YTD'16 % Change
1	1	Nevada	\$8,278.0	\$8,300.1	\$8,383.6	1.0%
2	2	Pennsylvania	\$2,311.2	\$2,385.5	\$2,443.5	2.4%
3	3	Louisiana	\$1,848.0	\$2,016.3	\$1,909.0	-5.3%
4	4	New Jersey	\$2,048.0	\$1,854.5	\$1,849.8	-0.2%
5	5	Indiana	\$1,686.4	\$1,670.5	\$1,682.2	0.7%
6	6	Mississippi	\$1,577.0	\$1,606.4	\$1,622.7	1.0%
7	7	New York	\$1,433.7	\$1,468.9	\$1,536.6	4.6%
8	8	Missouri	\$1,253.4	\$1,280.5	\$1,298.1	1.4%
9	9	Ohio	\$1,069.2	\$1,232.4	\$1,282.3	4.1%
11	10	Iowa	\$1,050.8	\$1,077.0	\$1,096.0	1.8%
10	11	Illinois	\$1,105.3	\$1,087.3	\$1,078.1	-0.8%
12	12	Michigan	\$994.5	\$1,029.4	\$1,046.5	1.7%
13	13	Maryland	\$668.5	\$818.7	\$882.4	7.8%
14	14	Connecticut	\$807.5	\$787.3	\$797.7	1.3% <sup>1</sup>
15	15	Colorado	\$567.3	\$601.4	\$616.5	2.5%
16	16	West Virginia	\$557.5	\$514.2	\$497.8	-3.2%
17	17	Rhode Island	\$462.2	\$465.2	\$469.3	0.9%
18	18	Florida	\$381.8	\$403.7	\$415.7	3.0%
19	19	Delaware	\$307.8	\$307.1	\$304.7	-0.8%
20	20	Kansas	\$265.3	\$278.6	\$274.9	-1.4%
21	21	New Mexico	\$201.1	\$206.0	\$185.5	-9.9% <sup>1</sup>
24	22	Massachusetts	\$0.0	\$52.1	\$117.6	N/A
22	23	Maine	\$97.0	\$98.5	\$102.2	3.8%
23	24	South Dakota	\$80.4	\$84.2	\$82.6	-1.9%
<b>Total</b>			<b>\$29,051.6</b>	<b>\$29,625.7</b>	<b>\$29,975.6</b>	<b>1.2%</b>

Notes:

1) Slots only

Gaming revenue figures based on those reported monthly by state agencies. As such they may differ slightly from annual figures.

Source: CBRE; various state agencies

## Submarket Revenue

The submarkets reflect similar revenue patterns to the states. Amongst the top 10 submarkets, Baltimore's growth helped push it past St. Louis, and Philadelphia traded places with Detroit. Declines in high-end international play are largely responsible for the Strip's decline. The mid-tier submarkets were generally fine, but not impressive. Shifts in submarket rankings make comparisons somewhat challenging, but the top 10 markets YTD 2016 are the same top 10 as YTD 2015. Submarket totals for the top 10 were up 1.5% YTD, while below the top 10 submarkets posted a 0.1% decline.

2015 Rank	2016 Rank	U.S. Gaming Sub-market	YTD Sept 2014	YTD Sept 2015	YTD Sept 2016	YTD'15- YTD'16 % Change
1	1	Las Vegas, NV - Strip	\$4,788.7	\$4,717.9	\$4,705.6	-0.3%
2	2	Atlantic City, NJ	\$2,048.0	\$1,854.5	\$1,849.8	-0.2%
3	3	Las Vegas, NV - Locals Market	\$1,570.8	\$1,606.2	\$1,647.7	2.6%
4	4	Chicagoland (IL & IN)	\$1,523.2	\$1,510.9	\$1,495.6	-1.0%
5	5	New York City, NY	\$1,009.2	\$1,042.2	\$1,097.5	5.3%
7	6	Philadelphia, PA	\$983.9	\$1,015.1	\$1,058.0	4.2%
6	7	Detroit, MI	\$994.5	\$1,029.4	\$1,046.5	1.7%
8	8	Gulf Coast, MS	\$821.1	\$873.1	\$908.8	4.1%
10	9	Baltimore, MD	\$594.2	\$740.5	\$798.7	7.9%
9	10	St. Louis (IL, MO)	\$753.7	\$758.6	\$766.9	1.1%
11	11	River Counties, MS	\$755.9	\$733.4	\$713.9	-2.7%
12	12	Lake Charles, LA	\$518.9	\$691.9	\$662.3	-4.3%
13	13	Pittsburgh, PA	\$650.7	\$629.8	\$608.4	-3.4%
14	14	Kansas City (MO, KS)	\$571.2	\$589.4	\$593.0	0.6%
16	15	Cincinnati (OH, IN)	\$539.1	\$544.4	\$559.8	2.8%
17	16	Reno/Sparks, NV	\$508.1	\$524.5	\$544.0	3.7%
15	17	Shreveport/Bossier, LA	\$560.3	\$557.4	\$525.8	-5.7%
19	18	Black Hawk, CO	\$424.9	\$452.9	\$463.3	2.3%
18	19	New Orleans, LA	\$488.5	\$478.2	\$440.8	-7.8%
20	20	Miami, FL	\$381.8	\$403.7	\$415.7	3.0%
21	21	Las Vegas, NV - Downtown	\$377.8	\$400.0	\$413.5	3.4%
22	22	Cleveland, OH	\$391.5	\$398.2	\$412.3	3.5%
23	23	Laughlin, NV	\$347.8	\$359.3	\$363.0	1.0%
24	24	Indianapolis, IN	\$337.0	\$343.6	\$357.4	4.0%
25	25	Council Bluffs, IA	\$325.4	\$319.2	\$314.1	-1.6%
26	26	Baton Rouge, LA	\$280.3	\$288.7	\$280.0	-3.0%
27	27	Columbus, OH	\$260.4	\$266.5	\$274.8	3.1%
28	28	Southern Indiana	\$248.6	\$245.2	\$252.4	3.0%
29	29	Des Moines, IA	\$178.1	\$177.3	\$177.9	0.3%
30	30	Quad Cities (IL, IA)	\$167.5	\$168.7	\$176.6	4.7%
31	31	South Lake Tahoe, NV	\$160.3	\$155.4	\$167.5	7.8%
32	32	Dubuque/Marquette, IA	\$106.4	\$108.9	\$107.8	-1.0%
33	33	Cripple Creek, CO	\$94.5	\$97.7	\$100.4	2.8%
34	34	Deadwood, SD	\$80.4	\$84.2	\$82.6	-1.9%
35	35	Central City, CO	\$47.9	\$50.8	\$52.7	3.7%

Note: Gaming revenue figures based on those reported monthly by state agencies. As such, they may vary on an annual basis.



Source: CBRE; various state agencies

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