

September 2016 Las Vegas Strip Gaming Revenue Analysis

Brent Pirosch

Director of Gaming Consulting

CBRE

T: 702.369.4803

brent.pirosch@cbre.com

GGG has completed market studies and feasibility studies for casinos throughout the world. For additional research and information about our group's global gaming consulting capabilities, please visit our [website](#). Along with PKF Consulting, CBRE has a wealth of experience in hospitality and gaming consulting.

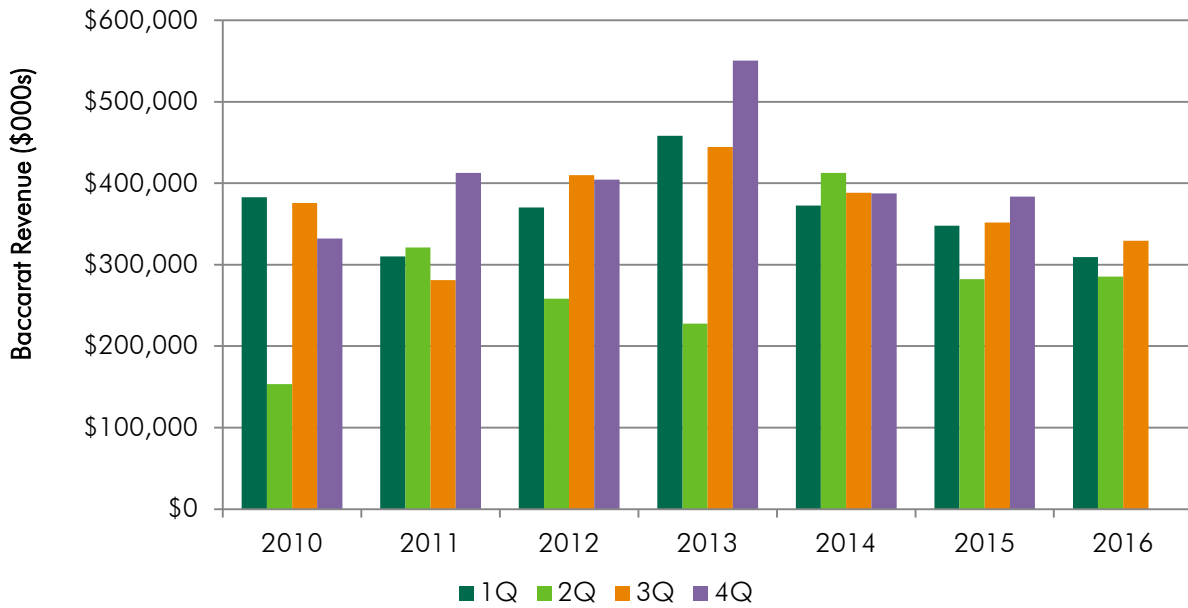
CBRE Valuation and Advisory (VAS) is available for all your gaming valuation needs, anywhere in the world, including appraisals, appraisal review, portfolio valuations, and highest and best use studies. GGG works closely with CBRE VAS to provide gaming market experience, knowledge and data unmatched by any other valuation firm. For more information, please contact me directly.

Third Quarter Strip Results

The 3Q16 results on the Strip are fairly good compared to 3Q15, especially considering the ongoing weakness of baccarat.

Baccarat volume was down 11.1% 3Q16 versus 3Q15, but the casinos got a little bit luckier this year. That held the baccarat decrease to 6.4% compared to 3Q15. The table below illustrates baccarat win by quarter, highlighting that 2013 was the banner year, and that the totals have been dropping off over time.

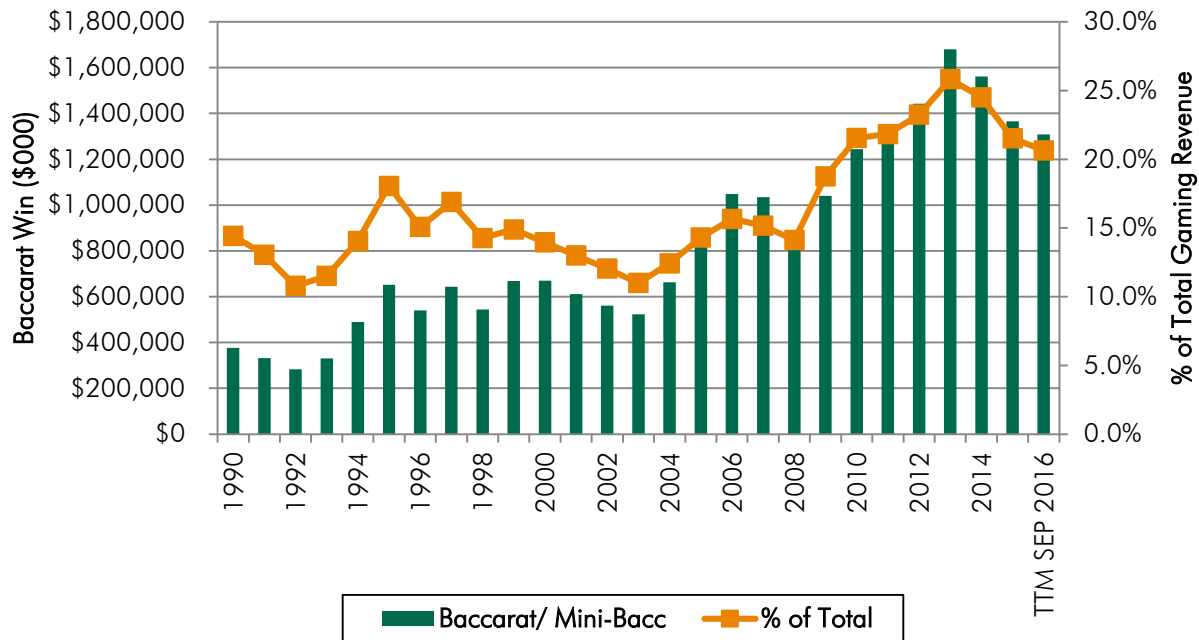
Baccarat Revenue by Quarter (\$'000s)



Source: NGCB; CBRE estimates

Baccarat still represents a little over 20% of the market total, but the trends appear to be heading towards the pre-boom range of mid-teens representation.

**Las Vegas Strip
Baccarat Win and % of Total Gaming Revenue
(\$ in 000s)**



Source: NGCB; CBRE estimates

On the mass market side, the year-over-year quarterly comparison improved 10.9% for table games, boosted by a respectable 2.3% increase in volume. Thus, the big increase in mass table games came from more than 100 bps in hold. Slots followed a similar picture, where slot win was up 3.2% on just 1.0% increase in volume.

Overall, the Strip was up 3.1% over 3Q15.

September 2016 Las Vegas Strip Analysis

September this year had an extra Friday compared to last year, and some collections for this month will be pushed into October. We often advocate longer-term views over a month-over-month analysis, and it may be more appropriate to view August and September together to help smooth out calendar related issues

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

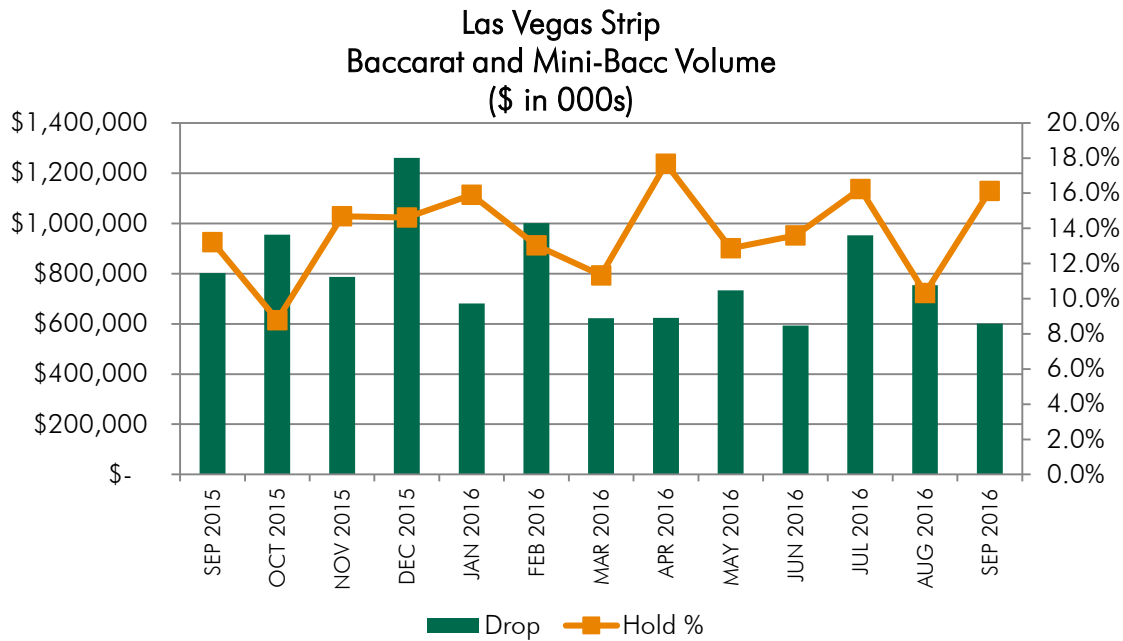
- Las Vegas Strip gaming revenue was \$542.5 million, up 7.5% for the month, but down -0.3% YTD.
- Table games revenue, excluding bacc/mini bacc, was \$158.0 million, up 13.9% for the month, and up 1.4% YTD.

- Bacc/mini bacc revenue was \$97.0 million, down -8.5% for the month, and down -5.9% YTD.
- Slot revenue was \$261.2 million, up 10.7% for the month, and up 1.6% YTD.

Mass market table games (excluding bacc/mini bacc) hold was 16.18% in September 2016, 112 bps above the hold of 15.06% in September 2015 and 136 bps above the trailing twelve-month average. Bacc/mini bacc hold was 16.14%, 292 bps above September 2015, and 247 bps above the trailing twelve-month average.

Slot volume was up 1.7% for the month, but is down -1.1% YTD. Hold was 7.97% this month, versus the 7.32% hold of last September.

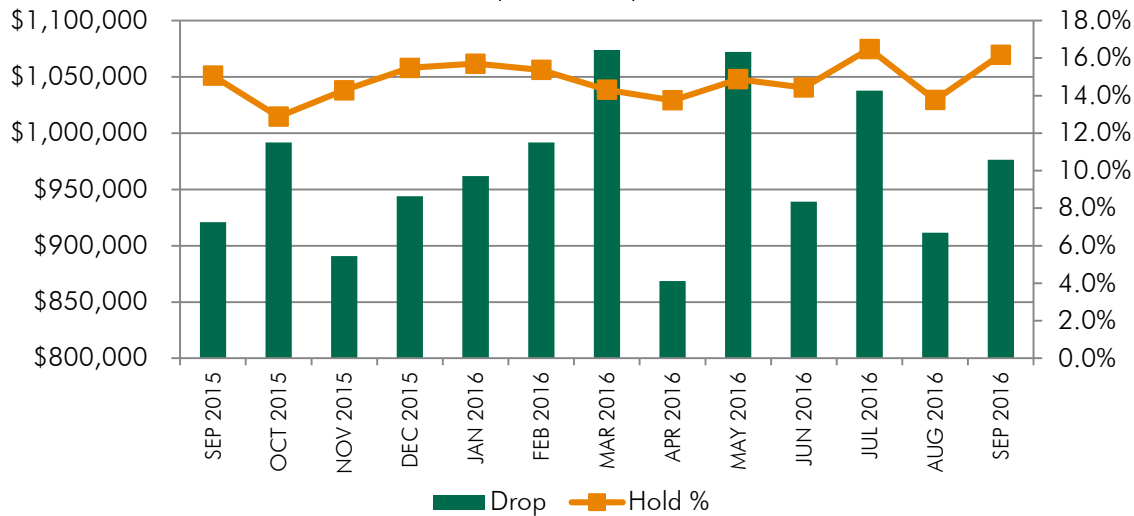
The following graphs show the drop/handle and win percentage for the Las Vegas Strip for the trailing thirteen months.



Source: NGCB; CBRE estimates

In the trailing twelve months ending September 2016, baccarat volume was down -16.2% over the TTM ending September 2015. Baccarat hold in the current TTM is significantly higher (up by 167 bps) over the previous TTM, and win is down by -4.5% in the period.

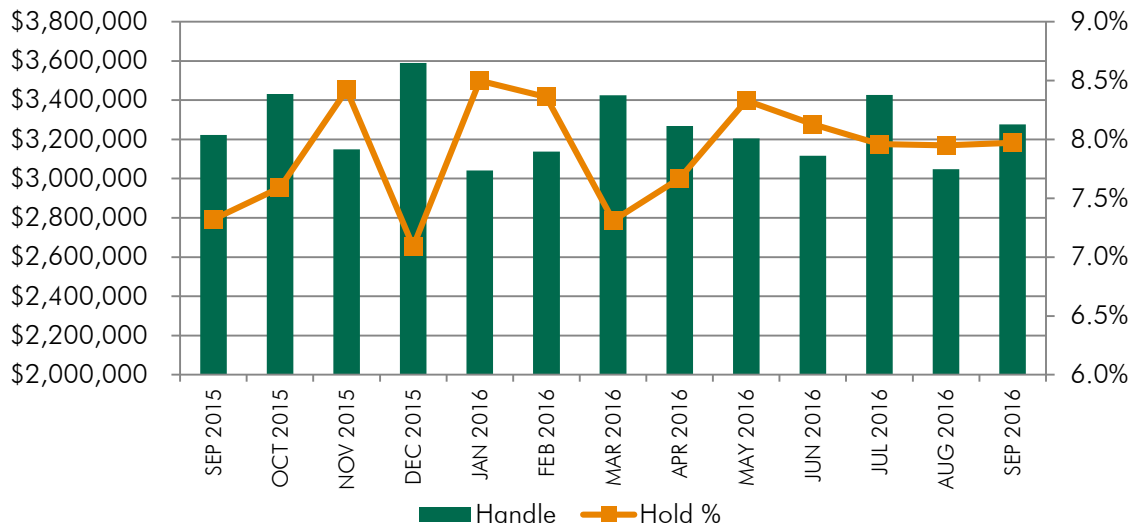
Las Vegas Strip Mass Market Table Games Volume (\$ in 000s)



Source: NGCB; CBRE estimates

Mass market table games volume was down by -4.5% in the TTM through September 2016. The hold percentage is up by 80basis points, which pushes the TTM revenue increase to 0.9%.

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



Source: NGCB; CBRE estimates

Slot volumes are down -1.1% in the TTM comparison, but win is up by 2.9% in the period, due to a 31 bps increase in hold.

Downtown Las Vegas

Downtown gaming revenue grew 3.7% this month, as table games drop (+6.6%) and slot volume (+4.3%) increased, so the market is able to hold on to its positive trend in both the YTD (+3.4%) and TTM comparison (+4.1%). The positive story of downtown continues.

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

Las Vegas Locals Market

The locals gaming market was down 5.7% this month versus September 2015, but the local market maintains its overall improvement (+2.5%) in the TTM comparison. Both table games and slot volumes are up in the TTM comparison (+1.9% and +2.2%, 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 SEP 2014	\$2,086,204	0.3%
TTM Ending SEP 2015	\$2,132,703	2.2%
TTM Ending SEP 2016	\$2,186,980	2.5%

Source: NGCB; CBRE estimates

Nevada Statewide

Nearly every market is showing improvement in the TTM analysis. Excluding the Strip, the State is up 2.6% in the TTM.

Area	Trailing Twelve Months			TTM % Change	% of State
	2015 SEP	2016 SEP			
Statewide	\$11,040,563,262	\$11,197,524,172		1.4%	100.0%
Clark County	\$9,553,720,458	\$9,665,327,766		1.2%	86.3%
LV Strip	\$6,301,633,291	\$6,335,587,537		0.5%	56.6%
Downtown	\$533,601,783	\$555,273,238		4.1%	5.0%
North Las Vegas	\$268,777,007	\$276,790,109		3.0%	2.5%
Laughlin	\$471,139,265	\$471,196,773		0.0%	4.2%
Boulder Strip	\$787,116,367	\$790,403,500		0.4%	7.1%
Mesquite	\$114,526,535	\$116,287,727		1.5%	1.0%
Balance of County	\$1,076,926,208	\$1,119,788,884		4.0%	10.0%
Washoe County	\$770,259,680	\$798,816,827		3.7%	7.1%
Reno	\$565,790,916	\$587,133,017		3.8%	5.2%
Sparks	\$122,148,928	\$126,348,034		3.4%	1.1%
North Lake Tahoe	\$24,895,032	\$26,107,356		4.9%	0.2%
Balance of County	\$57,424,805	\$59,228,421		3.1%	0.5%
South Lake Tahoe	\$202,183,992	\$217,906,258		7.8%	1.9%
Elko County	\$264,362,978	\$268,419,831		1.5%	2.4%
Wendover	\$173,544,417	\$176,179,072		1.5%	1.6%
Balance of County	\$90,818,561	\$92,240,761		1.6%	0.8%
Carson Valley Area*	\$100,092,079	\$99,687,607		(0.4%)	0.9%
Other	\$149,944,076	\$147,365,878		(1.7%)	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.