

Across the Nevada economy, the majority of key indicators reported sustained and steady growth through 2015 and into 2016. During that period, employment, wages, taxable retail sales and other important metrics experienced some of the best stretches of annual growth since the recession. One exception has been gaming revenue, which has remained stagnant for a year and a half.

# Economic Briefing

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Since November 2014, trailing 12-month growth rates in statewide gross gaming revenue have not exceeded 0.9 percent or dropped by more than 1.7 percent. In the most recent figures, gaming revenue in February 2016 reached \$11.2 billion for the prior 12 months, the highest level since August 2014 and a modest 0.8-percent improvement compared to a year earlier. The statewide trend is heavily influenced by gaming on the Las Vegas Strip, where more than half of Nevada's gaming revenue is generated. In February 2016, trailing 12-month gaming revenue on the Strip dropped 1.3 percent from the prior year to \$6.3 billion. That marked the 12th consecutive month of year-over-year decline.

Contrary to the statewide trend, other major gaming markets in Nevada avoided the downward trend and, in some cases, recorded significant annual growth during the same period. Downtown Las Vegas led the positive growth trend as its trailing 12-month gaming revenue increased by 9.0 percent over the prior year to \$552.5 million, which is the highest annual total

since April 2009. In contrast to the Strip, Downtown Las Vegas gaming revenue has reported 24 consecutive months of annual growth, including growth rates of 3 percent or greater in each of the most-recent 10 months. Meanwhile, the Las Vegas Locals market reported 12-month gaming revenue of \$2.2 billion in February 2016, a 4.0-percent increase over the prior year, and in Washoe County, gaming revenue climbed 2.6 percent over the year to \$780.5 million.

The recent lackluster results on the Strip, and the state as a whole, can be traced to the influence of baccarat, the high-stakes table game that is popular among Asian gamblers. For much of 2013 and 2014, baccarat winnings accounted for nearly 80 percent of statewide gaming revenue growth. Over that two-year period, trailing 12-month totals for baccarat climbed nearly 18 percent compared to less than 1-percent growth for all other gaming revenues. However, that trend has reversed in the past year amid China's economic slowdown and an ongoing anti-corruption campaign by

## MONTHLY Employment Indicators

Nevada Employment		Feb-16
Current Period	Prev. Period	Same Period Prev. Yr.
1,265,200	1,256,200	1,234,100
GROWTH RATE	0.7% ▲	2.5% ▲

Nevada Private Average Weekly Hours Worked		Feb-16
Current Period	Prev. Period	Same Period Prev. Yr.
33.2	33.2	33.5
GROWTH RATE	0.0% ◆	-0.9% ▼

Nevada Unemployment Rate		Feb-16
Current Period	Prev. Period	Same Period Prev. Yr.
5.9%	6.2%	7.0%
GROWTH RATE	-0.3% ▼	-1.1% ▼

## TRAILING 12-MONTH Employment Indicators

Nevada Employment <sup>(1)</sup>		Feb-16
Current Period	Prev. Period	Same Period Prev. Yr.
1,262,467	1,259,875	1,224,850
GROWTH RATE	0.2% ▲	3.1% ▲

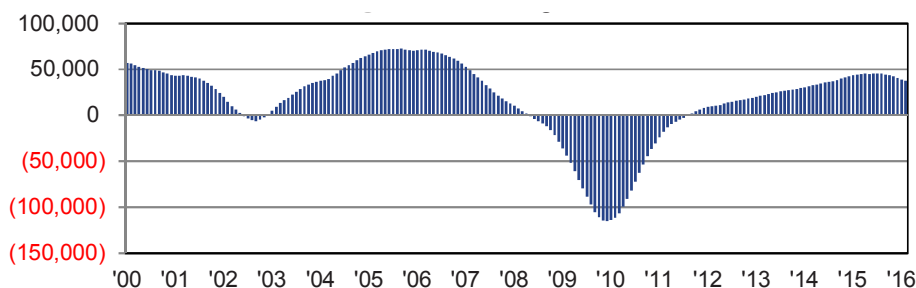
Nevada Private Average Weekly Hours Worked <sup>(1)</sup>		Feb-16
Current Period	Prev. Period	Same Period Prev. Yr.
33.6	33.6	33.5
GROWTH RATE	-0.1% ▼	0.3% ▲

Nevada Unemployment Rate <sup>(1)</sup>		Feb-16
Current Period	Prev. Period	Same Period Prev. Yr.
6.6%	6.6%	7.6%
GROWTH RATE	0.0% ◆	-1.0% ▼

Notes: (1) Trailing 12-month/4-quarter averages.  
(2) Trailing 12-month/4-quarter totals.

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## NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



MONTHLY & QUARTERLY  
Economic Indicator Series

**Nevada Initial Unemployment Insurance Claims**

Feb-16

Current Period	Prev. Period	Same Period Prev. Yr.
11,429	13,742	13,226
GROWTH RATE	-16.8% ▼	-13.6% ▼

**Nevada Residential Housing Units Permitted**

Dec-15

Current Period	Prev. Period	Same Period Prev. Yr.
1,015	1,112	841
GROWTH RATE	-8.7% ▼	20.7% ▲

**Nevada Taxable Retail Sales**

Jan-16

Current Period	Prev. Period	Same Period Prev. Yr.
\$3,822,151,380	\$5,123,538,495	\$3,813,253,339
GROWTH RATE	-25.4% ▼	0.2% ▲

**Nevada Gross Gaming Revenue**

Feb-16

Current Period	Prev. Period	Same Period Prev. Yr.
\$989,818,839	\$925,304,604	\$916,087,062
GROWTH RATE	7.0% ▲	8.0% ▲

**Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers**

Feb-16

Current Period	Prev. Period	Same Period Prev. Yr.
3,713,730	3,811,565	3,397,708
GROWTH RATE	-2.6% ▼	9.3% ▲

**Clark/Washoe County Visitor Volume**

Jan-16

Current Period	Prev. Period	Same Period Prev. Yr.
4,030,332	3,817,198	3,980,927
GROWTH RATE	5.6% ▲	1.2% ▲

**Nevada New Business Creation**

Q3 '15

Current Period	Prev. Period	Same Period Prev. Yr.
524	688	455
GROWTH RATE	-23.8% ▼	15.2% ▲

**Nevada Housing Price Index**

(Q1 1991 = 100)

Q4 '15

Current Period	Prev. Period	Same Period Prev. Yr.
199.3	193.4	176.6
GROWTH RATE	3.0% ▲	12.8% ▲

**Clark County Office Market**

**Vacancy Rate**

Q4 '15

Current Period	Prev. Period	Same Period Prev. Yr.
23.1%	23.2%	23.6%
GROWTH RATE	-0.1% ▼	-0.5% ▼

**Nevada Hotel/Motel Occupancy**

Q4 '15

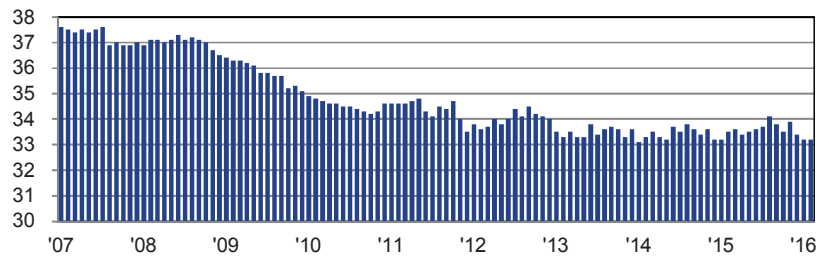
Current Period	Prev. Period	Same Period Prev. Yr.
79.2%	85.3%	77.0%
GROWTH RATE	-6.1% ▼	2.2% ▲

**State of Nevada Personal Income**

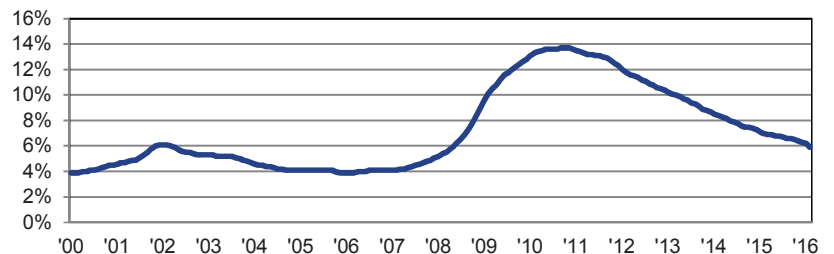
Q4 '15

Current Period	Prev. Period	Same Period Prev. Yr.
\$31,026,728,000	\$30,724,718,000	\$29,518,750,000
GROWTH RATE	1.0% ▲	5.1% ▲

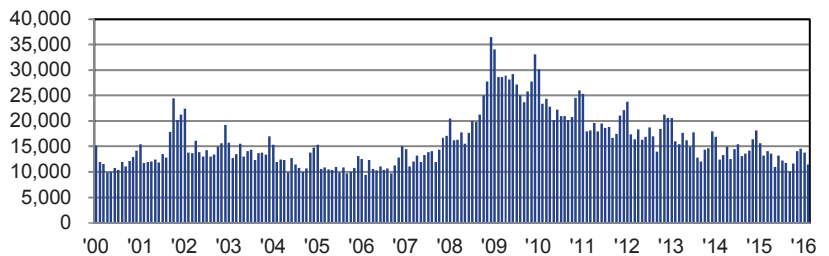
**NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED**  
MONTHLY SERIES



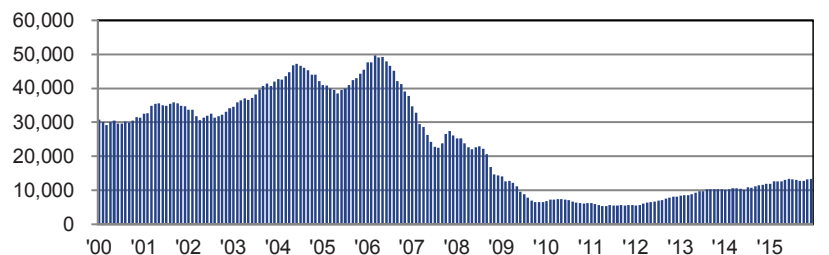
**NEVADA UNEMPLOYMENT RATE**  
MONTHLY SERIES



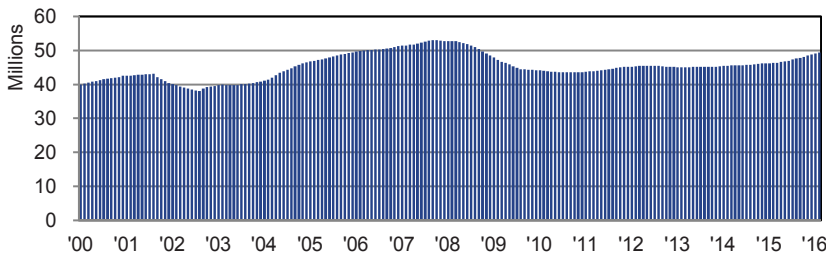
**NEVADA UNEMPLOYMENT INSURANCE CLAIMS**  
MONTHLY SERIES



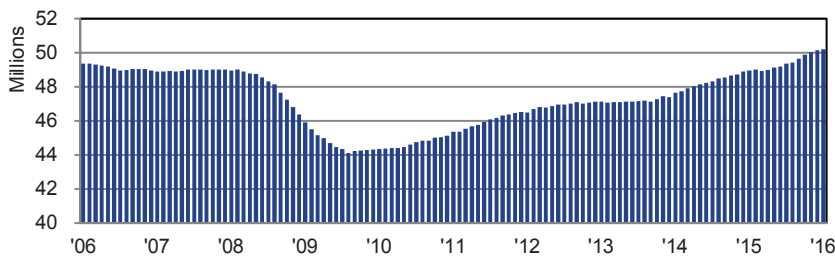
**NEVADA RESIDENTIAL UNITS PERMITTED**  
TRAILING 12-MONTH TOTALS



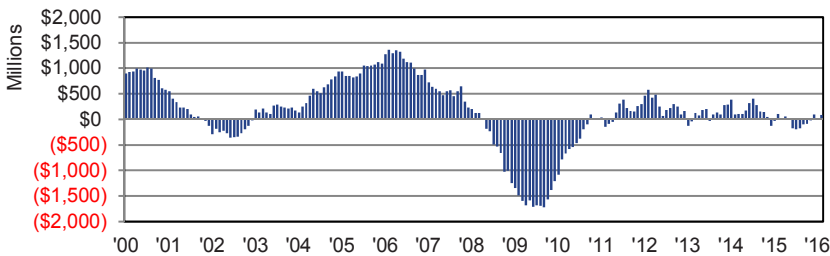
**LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS**  
TRAILING 12-MONTH TOTALS



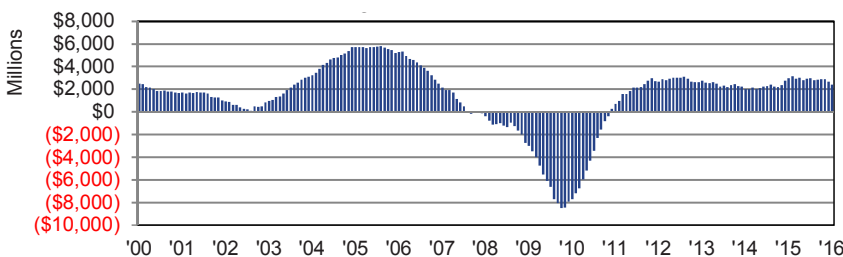
**CLARK/WASHOE COUNTY VISITOR VOLUME**  
TRAILING 12-MONTH TOTALS



**GROWTH IN NEVADA GROSS GAMING REVENUE**  
TRAILING 12-MONTH TOTALS



**GROWTH IN NEVADA TAXABLE RETAIL SALES**  
TRAILING 12-MONTH TOTALS



*TRAILING 12-MONTH*  
Economic Indicator Series

**Nevada Initial Unemployment Insurance Claims <sup>(2)</sup>**

		Feb-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
151,233	153,030	174,725	
GROWTH RATE	-1.2% ▼	-13.4% ▼	

**Nevada Residential Housing Units Permitted <sup>(2)</sup>**

		Dec-15	
Current Period	Prev. Period	Same Period	Prev. Yr.
13,385	13,211	11,916	
GROWTH RATE	1.3% ▲	12.3% ▲	

**Nevada Taxable Retail Sales <sup>(2)</sup>**

		Jan-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$51,714,957,236	\$51,706,059,195	\$49,311,408,320	
GROWTH RATE	0.0% ▲	4.9% ▲	

**Nevada Gross Gaming Revenue <sup>(2)</sup>**

		Feb-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,160,707,569	\$11,086,975,792	\$11,076,954,107	
GROWTH RATE	0.7% ▲	0.8% ▲	

**Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers <sup>(2)</sup>**

		Feb-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
49,392,748	49,076,726	46,320,385	
GROWTH RATE	0.6% ▲	6.6% ▲	

**Clark/Washoe County Visitor Volume <sup>(2)</sup>**

		Jan-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
50,203,786	50,154,381	48,961,777	
GROWTH RATE	0.1% ▲	2.5% ▲	

**Nevada New Business Creation <sup>(2)</sup>**

		Q3 '15	
Current Period	Prev. Period	Same Period	Prev. Yr.
2,694	2,625	1,711	
GROWTH RATE	2.6% ▲	57.5% ▲	

**Nevada Housing Price Index <sup>(1)</sup>**

		Q4 '15	
Current Period	Prev. Period	Same Period	Prev. Yr.
191.1	185.4	170.8	
GROWTH RATE	3.1% ▲	11.9% ▲	

**Clark County Office Market Vacancy Rate <sup>(1)</sup>**

		Q4 '15	
Current Period	Prev. Period	Same Period	Prev. Yr.
23.3%	23.5%	23.9%	
GROWTH RATE	-0.2% ▼	-0.6% ▼	

**Nevada Hotel/Motel Occupancy <sup>(1)</sup>**

		Q4 '15	
Current Period	Prev. Period	Same Period	Prev. Yr.
82.2%	81.6%	81.2%	
GROWTH RATE	0.6% ▲	1.0% ▲	

**State of Nevada Personal Income <sup>(2)</sup>**

		Q4 '15	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$124,106,912,000	\$122,898,872,000	\$118,075,000,000	
GROWTH RATE	1.0% ▲	5.1% ▲	

Notes: (1) Trailing 12-month/4-quarter averages. (2) Trailing 12-month/4-quarter totals.

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the Chinese government that has depressed high-end baccarat play in both Macau and Las Vegas. Annual growth in baccarat revenue has declined for 12 straight months, including double-digit declines as high as 23.7 percent in the 10 most-recent months.

Those declines have masked positive growth in all other gaming revenue. Excluding baccarat, annual gaming revenue in Nevada has increased for 13 straight months, including eight consecutive months of at least 2-percent growth. Excluding baccarat, statewide trailing 12-month gaming revenue in February 2016 increased 3.7 percent over the year to \$9.9 billion. That was the highest annual total since July 2009 and an illustration of the effect volatile baccarat revenue has in obscuring recent gains by the overall gaming market.

While gaming revenue continues to be a shrinking piece of the revenue pie for casinos across the state, it still accounts for more than 43 percent of all hotel-casino revenue in Nevada. Ongoing struggles in China's economy could continue to negatively influence baccarat play and revenue, which will impact overall gaming revenue trends on the Strip and statewide. However, it appears that those downward pressures will be eased to some degree by continuing gaming revenue growth in non-Strip markets and by gambling revenue from games other than baccarat.

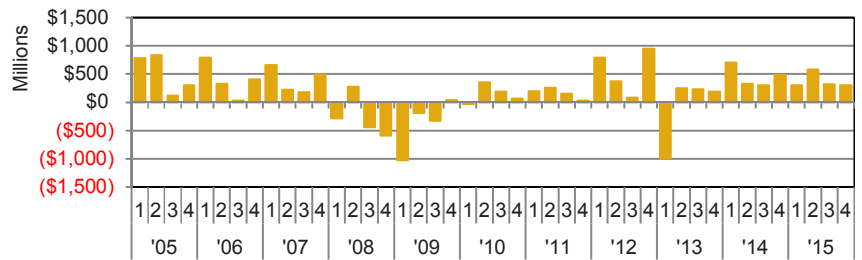
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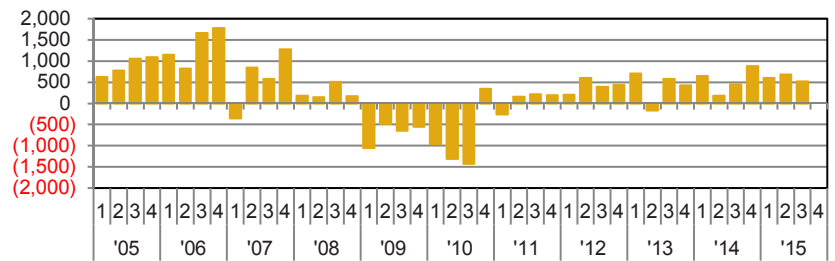
appliedanalysis.

**Methodology:** Applied Analysis ("AA") was retained by Nevada State Bank to summarize and analyze a series of key economic indicators on a recurring basis. Relevant data were obtained from AA's internal databases as well as national, regional and local data providers, including, without limitation, state and local governments. While we have no reason to doubt the accuracy of any of the data reported, we have not performed an audit or assurance procedures on these data, and as such, we cannot attest to their completeness. Generally speaking, data reported are for Nevada, Clark County, Washoe County, or the metropolitan areas therein. Please note that these geographies may differ slightly between data providers.

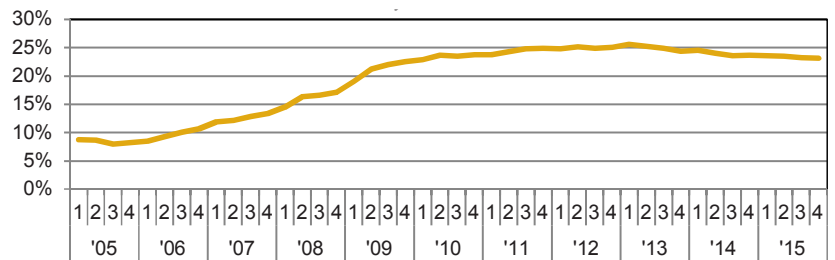
**NEVADA PERSONAL INCOME GROWTH**  
QUARTER-OVER-QUARTER



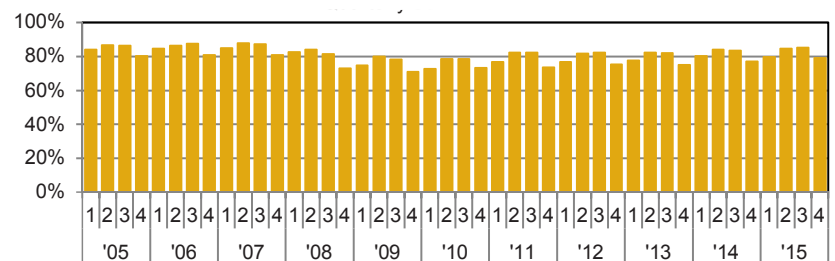
**NEVADA NEW BUSINESS CREATION**  
QUARTER-OVER-QUARTER



**LAS VEGAS OFFICE MARKET VACANCY RATE**  
QUARTERLY SERIES



**NEVADA HOTEL/MOTEL OCCUPANCY**  
QUARTERLY SERIES



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