

As the proliferation of non-gaming amenities such as restaurants, entertainment and shopping at Nevada’s resort-casinos attract higher levels of visitor spending each year, gaming revenue has become a smaller piece of the revenue picture. Since the early 2000s, gaming revenue at the state’s non-restricted casinos has dropped from half of all revenues to 43 percent in 2016, and among Las Vegas Strip properties the share of gaming revenue has dipped to about a third of all revenue. While gaming revenue may be a shrinking share of the resort industry’s profit profile, it remains a key source of revenue as well as an important contributor to the state general fund.

Economic Briefing

MARCH 2017

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Because of the continued importance of gaming revenue in the state, recent growth trends are welcome news for both gaming operators and the Nevada budget. Following mostly flat growth in 2015 and early 2016, trailing 12-month statewide gaming revenue closed 2016 on a seven-month streak of positive year-over-year growth. The positive trend continued into January 2017 (latest data available), when trailing 12-month gaming revenue increased 2.5 percent to \$11.4 billion. That month’s growth rate marked only the second time since August 2014 that the year-over-year growth rate eclipsed 2.0 percent. Despite the recent positive trends, trailing 12-month gaming revenue remains well below the \$13.0 billion peak recorded in late 2007.

The statewide trend is influenced by gaming revenue at Las Vegas Strip properties, which account for more than half of Nevada’s gross gaming revenues. In January 2017, trailing 12-month gaming revenue for Strip properties increased to \$6.5 billion, a 2.4 percent growth rate that was the highest in any month since October 2014. Similar to the

statewide trend, trailing 12-month gaming revenue on the Strip recorded seven months of positive year-over-year growth following 16 consecutive months of negative growth.

Other areas throughout Nevada recorded even stronger gains in gaming revenue. In Downtown Las Vegas, trailing 12-month gaming revenue in January 2017 increased by 6.0 percent to \$578.1 million, while gaming revenue in North Las Vegas grew 2.7 percent to \$281.2 million. In Washoe County, gross gaming revenue increased by 3.9 percent to \$805.5 million over the same period.

Over the past decade, one casino game in particular has grown significantly in its influence on overall gaming revenue trends – baccarat. The game, which is popular among high-stakes gamblers, accounts for about 11 percent of all statewide gaming revenue, roughly double the share of a decade ago. Baccarat revenue tends to be highly volatile, experiencing extended periods of double-digit annual growth and double-digit annual decline over the past three years. During periods of growth in 2013 and 2014, baccarat supported

MONTHLY

Employment Indicators

Nevada Employment		Jan-17
Current Period	Prev. Period	Same Period Prev. Yr.
1,305,000	1,325,900	1,264,200
GROWTH RATE	-1.6% ▼	3.2% ▲

Nevada Private Average Weekly Hours Worked		Jan-17
Current Period	Prev. Period	Same Period Prev. Yr.
34.1	34.1	33.2
GROWTH RATE	0.0% ◊	2.7% ▲

Nevada Unemployment Rate		Jan-17
Current Period	Prev. Period	Same Period Prev. Yr.
5.0%	5.1%	6.2%
GROWTH RATE	-0.1% ▼	-1.2% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Jan-17
Current Period	Prev. Period	Same Period Prev. Yr.
1,303,342	1,299,942	1,261,950
GROWTH RATE	0.3% ▲	3.3% ▲

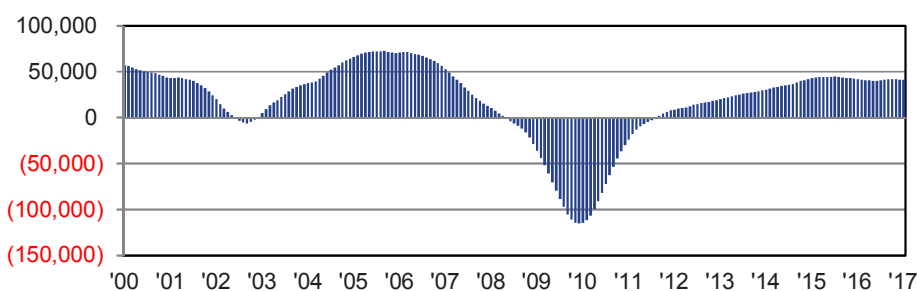
Nevada Private Average Weekly Hours Worked ⁽¹⁾		Jan-17
Current Period	Prev. Period	Same Period Prev. Yr.
34.0	33.9	33.6
GROWTH RATE	0.2% ▲	1.0% ▲

Nevada Unemployment Rate ⁽¹⁾		Jan-17
Current Period	Prev. Period	Same Period Prev. Yr.
5.8%	5.9%	6.6%
GROWTH RATE	-0.1% ▼	-0.8% ▼

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

Jan-17

Current Period	Prev. Period	Same Period Prev. Yr.
14,167	13,061	13,742
GROWTH RATE	8.5% ▲	3.1% ▲

Nevada Residential Housing Units Permitted

Oct-16

Current Period	Prev. Period	Same Period Prev. Yr.
1,166	1,013	1,148
GROWTH RATE	15.1% ▲	1.6% ▲

Nevada Taxable Retail Sales

Dec-16

Current Period	Prev. Period	Same Period Prev. Yr.
\$5,442,568,460	\$4,449,867,013	\$5,123,538,495
GROWTH RATE	22.3% ▲	6.2% ▲

Nevada Gross Gaming Revenue

Jan-17

Current Period	Prev. Period	Same Period Prev. Yr.
\$1,036,265,398	\$956,174,456	\$925,066,268
GROWTH RATE	8.4% ▲	12.0% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Dec-16

Current Period	Prev. Period	Same Period Prev. Yr.
4,007,981	4,135,477	3,955,110
GROWTH RATE	-3.1% ▼	1.3% ▲

Clark/Washoe County Visitor Volume

Jan-17

Current Period	Prev. Period	Same Period Prev. Yr.
4,087,900	3,876,053	4,033,006
GROWTH RATE	5.5% ▲	1.4% ▲

Nevada New Business Creation

Q3 '16

Current Period	Prev. Period	Same Period Prev. Yr.
764	389	524
GROWTH RATE	96.4% ▲	45.8% ▲

Nevada Housing Price Index

(Q1 1991 = 100)

Q3 '16

Current Period	Prev. Period	Same Period Prev. Yr.
208.3	206.1	193.2
GROWTH RATE	1.1% ▲	7.8% ▲

Clark County Office Market

Vacancy Rate

Q4 '16

Current Period	Prev. Period	Same Period Prev. Yr.
20.1%	20.4%	22.0%
GROWTH RATE	-0.3% ▼	-1.9% ▼

Nevada Hotel/Motel Occupancy

Q3 '16

Current Period	Prev. Period	Same Period Prev. Yr.
87.0%	84.4%	85.3%
GROWTH RATE	2.6% ▲	1.7% ▲

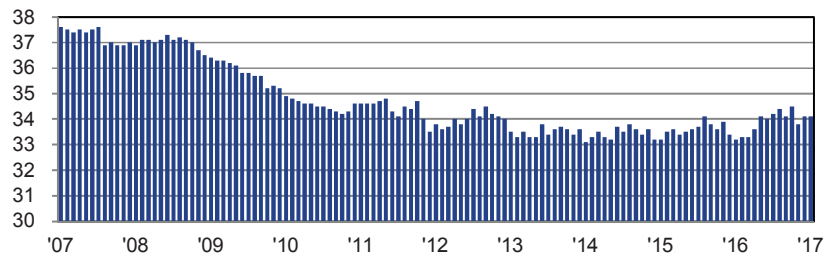
State of Nevada Personal Income

Q3 '16

Current Period	Prev. Period	Same Period Prev. Yr.
\$31,911,411,750	\$31,602,152,500	\$30,533,238,000
GROWTH RATE	1.0% ▲	4.5% ▲

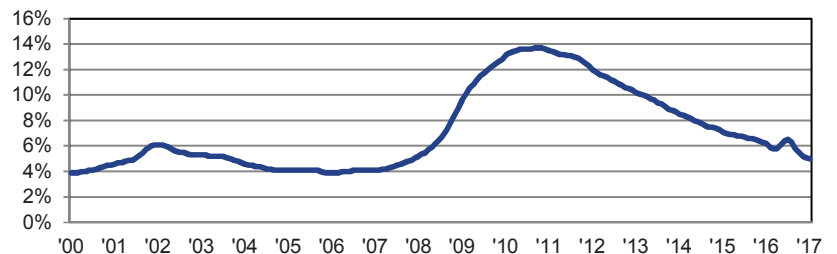
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED

MONTHLY SERIES



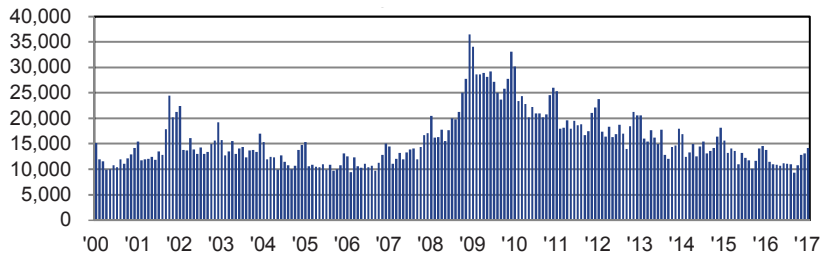
NEVADA UNEMPLOYMENT RATE

MONTHLY SERIES



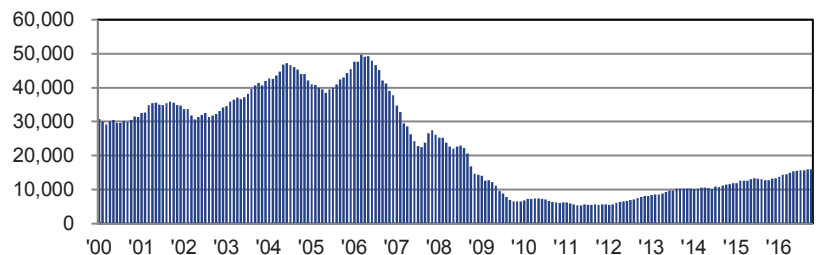
NEVADA UNEMPLOYMENT INSURANCE CLAIMS

MONTHLY SERIES



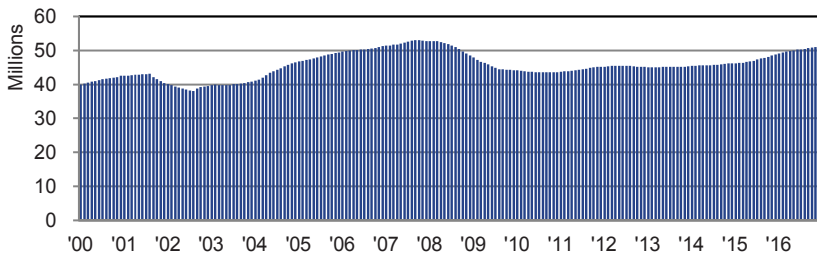
NEVADA RESIDENTIAL UNITS PERMITTED

TRAILING 12-MONTH TOTALS



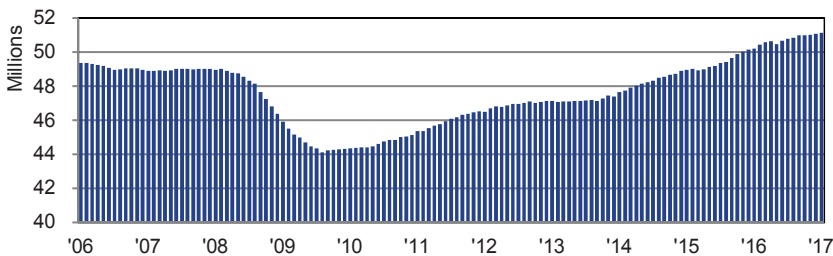
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS

TRAILING 12-MONTH TOTALS



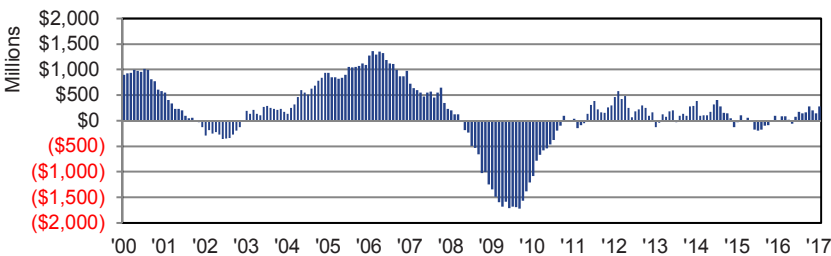
CLARK/WASHOE COUNTY VISITOR VOLUME

TRAILING 12-MONTH TOTALS



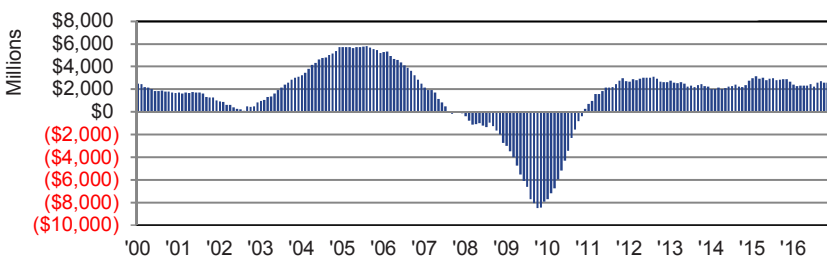
GROWTH IN NEVADA GROSS GAMING REVENUE

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 ⁽²⁾		Jan-17	
Current Period	Prev. Period	Same Period	Prev. Yr.
137,222	136,797	153,030	
GROWTH RATE	0.3% ▲	-10.3% ▼	

Nevada Residential Housing

Units Permitted ⁽²⁾		Oct-16	
Current Period	Prev. Period	Same Period	Prev. Yr.
15,972	15,954	12,816	
GROWTH RATE	0.1% ▲	24.6% ▲	

Nevada Taxable Retail Sales ⁽²⁾

Dec-16	
Current Period	Prev. Period
\$54,355,849,528	\$54,036,819,563
GROWTH RATE	0.6% ▲

Nevada Gross Gaming Revenue ⁽²⁾

Jan-17	
Current Period	Prev. Period
\$11,368,425,011	\$11,257,225,881
GROWTH RATE	1.0% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers ⁽²⁾

Dec-16	
Current Period	Prev. Period
51,086,470	51,033,599
GROWTH RATE	0.1% ▲

Clark/Washoe County Visitor Volume ⁽²⁾

Jan-17	
Current Period	Prev. Period
51,140,423	51,085,529
GROWTH RATE	0.1% ▲

Nevada New Business Creation ⁽²⁾

Q3 '16	
Current Period	Prev. Period
3,625	3,385
GROWTH RATE	7.1% ▲

Nevada Housing Price Index ⁽¹⁾

(Q1 1991 = 100)		Q3 '16	
Current Period	Prev. Period	Same Period	Prev. Yr.
203.4	199.6	185.0	
GROWTH RATE	1.9% ▲	9.9% ▲	

Clark County Office Market Vacancy Rate ⁽¹⁾

Q4 '16	
Current Period	Prev. Period
20.7%	21.1%
GROWTH RATE	-0.5% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾

Q3 '16	
Current Period	Prev. Period
82.9%	82.5%
GROWTH RATE	0.4% ▲

State of Nevada Personal Income ⁽²⁾

Q3 '16	
Current Period	Prev. Period
\$127,645,647,000	\$126,408,610,000
GROWTH RATE	1.0% ▲

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

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most of the overall gaming revenue growth while all other gaming revenue streams remained flat. That trend has since reversed as trailing 12-month baccarat revenue recorded negative growth rates in 24 of the past 26 months.

By contrast, gaming revenue excluding baccarat has recorded 24 consecutive months of annual growth, with 15 of those months reporting at least a 2.0 percent growth rate. Baccarat revenue did report a positive 1.9 percent year-over-year growth rate in January 2017, which was the first month of positive annual growth in nearly two years, but the majority of gaming revenue growth during the past two years has been attributable to non-baccarat sources.

The trend in non-baccarat gaming revenue suggests broader gambling activity throughout the state and improving economic fundamentals in both Nevada and the United States. In the state, the seasonally adjusted unemployment rate fell to 5.0 percent in January 2017, the lowest level in nearly a decade. Meanwhile, average weekly wages increased 4.8 percent to \$775 during the same period. On a national level, the seasonally adjusted unemployment rate dipped to 4.7 percent, 0.2 percentage points lower than the prior year, and average weekly wages grew by 2.5 percent year over year to \$898 in February 2017. These trends helped contribute to a record 42.9 million Las Vegas visitors in 2016 and, when combined with positive growth trends for gaming revenue, suggest continued expansion of economic activity in the leisure and hospitality industry that is the lifeblood of Nevada's economy.

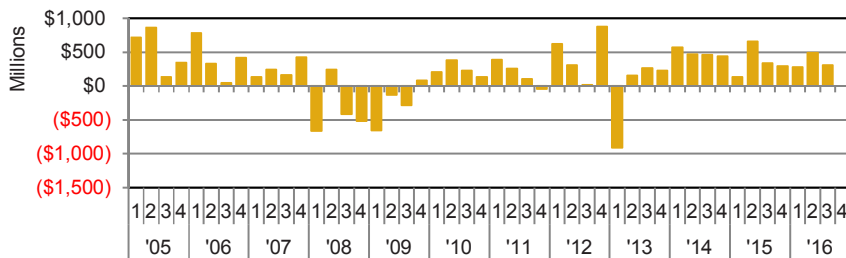
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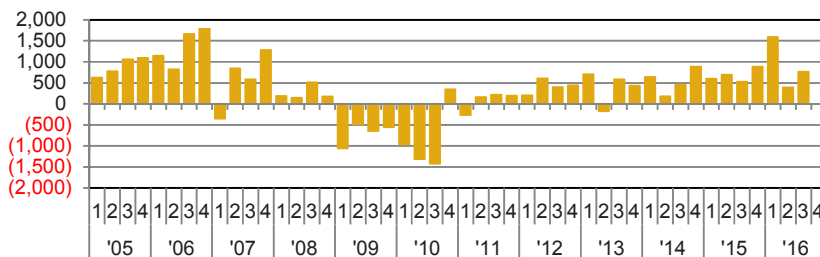
appliedanalysis.com

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.

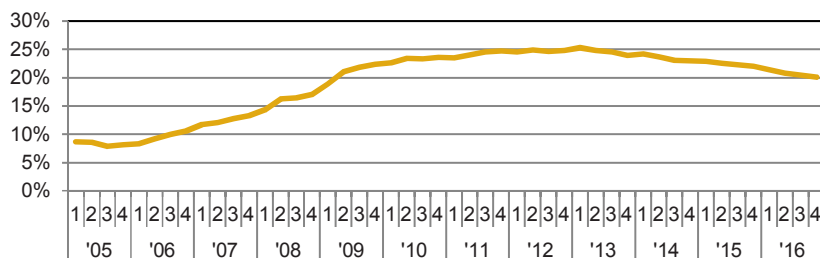
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES

