

Economic Briefing

MAY 2018

ISSUE FIVE | VOLUME TWELVE

Despite the legalization of gambling in many states throughout the country in recent years and the prospect of sports betting following a recent U.S. Supreme Court decision, Nevada remains a dominant force in the industry. Gaming companies in Nevada report roughly the same gaming revenue as the next four largest state markets (Pennsylvania, New Jersey, Louisiana and Illinois) combined. Nevada accounts for roughly 30 percent of all legal commercial gaming revenue in the United States, and the industry continues to grow.

Nevada's gaming industry has had a strong start to 2018, registering gross gaming revenue of over \$1 billion for three straight months. It is the first time that gross gaming revenue has surpassed the \$1 billion mark in consecutive months since 2008, when a string of five straight billion-dollar months ended in April of that year. The combined revenue during the first quarter was 2.9 percent

ahead of the first quarter of 2017, despite 2.1 and 3.4 percent decreases in the number of slot machines and table games statewide, respectively. Over the past 12 months, gaming revenue totaled \$11.7 billion, an increase of 2.3 percent from \$11.4 billion reported in the prior 12 months.

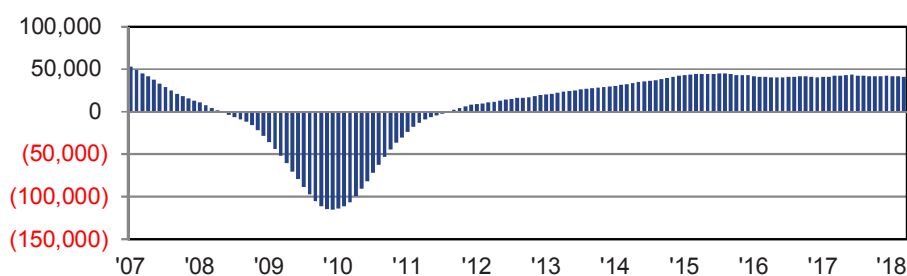
Clark County, the largest source of gaming revenue in Nevada, has reported slightly slower growth than the rest of the state. Gaming revenue over the past 12 months has grown 1.9 percent to total slightly over \$10 billion. Like the rest of the state, growth has accelerated in 2018, but first quarter growth of 2.3 percent in Clark County slightly trailed the statewide increase. Specifically, slot machine revenue in Clark County has slowed the overall growth rate. Over the past 12 months, slot machine revenue has increased 2.8 percent in Clark County compared to 3.3 percent across Nevada. In the first quarter, slot machine growth slowed to 0.8 percent year-over-year in Clark County and 1.8 percent statewide.

Table games, in particular baccarat, have driven growth early in 2018. While table game revenue in Clark County is up 0.5 percent over the last 12 months, first quarter year-over-year growth was 4.6 percent, or nearly \$48 million. Baccarat has reported significantly more growth so far this year, with revenue from the game growing 30 percent in the first quarter, a roughly \$94 million increase. Collectively, revenue from all other table games in Clark County declined by 6.4 percent in the first quarter. Despite the recent boom, baccarat revenue in Clark County is up a modest 0.1 percent over the past 12 months.

Washoe County has reported strong gaming revenue growth across different game types. Slot machine revenue in Washoe County during the first quarter of 2018 grew by 5.8 percent year-over-year, accelerating from the trailing 12-month growth rate of 4.2 percent, while slot growth statewide slowed. Table and game revenue has also grown more significantly in Washoe

Continued on Back Cover »

NEVADA EMPLOYMENT GROWTH TRAILING 12-MONTH AVERAGES



MONTHLY

Employment Indicators

Nevada Employment		Mar-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,366,100	1,356,600	1,329,500
GROWTH RATE	0.7% ▲	2.8% ▲

Nevada Private Average Weekly Hours Worked		Mar-18
Current Period	Prev. Period	Same Period Prev. Yr.
34.0	33.6	33.9
GROWTH RATE	1.2% ▲	0.3% ▲

Nevada Unemployment Rate		Mar-18
Current Period	Prev. Period	Same Period Prev. Yr.
4.9%	4.9%	5.2%
GROWTH RATE	0.0% ◆	-0.3% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Mar-18
Current Period	Prev. Period	Same Period Prev. Yr.
1,350,783	1,347,733	1,310,267
GROWTH RATE	0.2% ▲	3.1% ▲

Nevada Private Average Weekly Hours Worked ⁽¹⁾		Mar-18
Current Period	Prev. Period	Same Period Prev. Yr.
34.1	34.1	34.0
GROWTH RATE	0.0% ◆	0.2% ▲

Nevada Unemployment Rate ⁽¹⁾		Mar-18
Current Period	Prev. Period	Same Period Prev. Yr.
5.0%	5.0%	5.5%
GROWTH RATE	0.0% ◆	-0.5% ▼

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

MONTHLY & QUARTERLY
Economic Indicator Series

Nevada Initial Unemployment Insurance Claims

Mar-18

Current Period	Prev. Period	Same Period Prev. Yr.
9,339	9,827	9,545
GROWTH RATE	-5.0% ▼	-2.2% ▼

Nevada Residential Housing Units Permitted

Feb-18

Current Period	Prev. Period	Same Period Prev. Yr.
1,588	1,189	1,088
GROWTH RATE	33.6% ▲	46.0% ▲

Nevada Taxable Retail Sales

Feb-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,354,573,678	\$4,492,374,966	\$4,220,154,700
GROWTH RATE	-3.1% ▼	3.2% ▲

Nevada Gross Gaming Revenue

Mar-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$1,024,316,755	\$1,017,949,691	\$990,969,814
GROWTH RATE	0.6% ▲	3.4% ▲

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Feb-18

Current Period	Prev. Period	Same Period Prev. Yr.
3,865,388	4,088,424	3,718,557
GROWTH RATE	-5.5% ▼	3.9% ▲

Clark/Washoe County Visitor Volume

Mar-18

Current Period	Prev. Period	Same Period Prev. Yr.
4,484,546	3,749,287	4,528,963
GROWTH RATE	19.6% ▲	-1.0% ▼

Nevada New Business Creation

Q3 '17

Current Period	Prev. Period	Same Period Prev. Yr.
707	732	764
GROWTH RATE	-3.4% ▼	-7.5% ▼

Nevada Housing Price Index

(Q1 1991 = 100)

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
239.0	228.5	214.5
GROWTH RATE	4.6% ▲	11.5% ▲

Clark County Office Market

Vacancy Rate

Q1 '18

Current Period	Prev. Period	Same Period Prev. Yr.
18.3%	18.5%	19.6%
GROWTH RATE	-0.2% ▼	-1.3% ▼

Nevada Hotel/Motel Occupancy

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
78.8%	87.1%	79.7%
GROWTH RATE	-8.3% ▼	-0.9% ▼

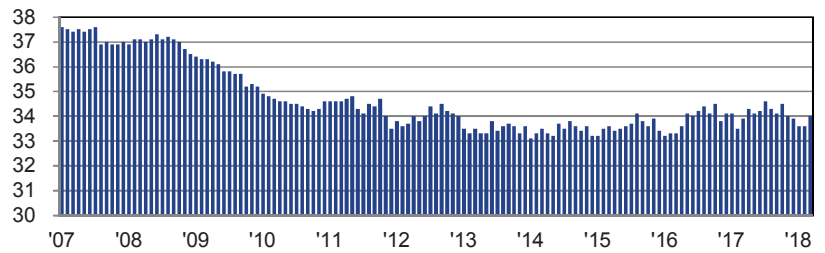
State of Nevada Personal Income

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
\$34,158,179,750	\$33,654,110,750	\$32,104,708,000
GROWTH RATE	1.5% ▲	6.4% ▲

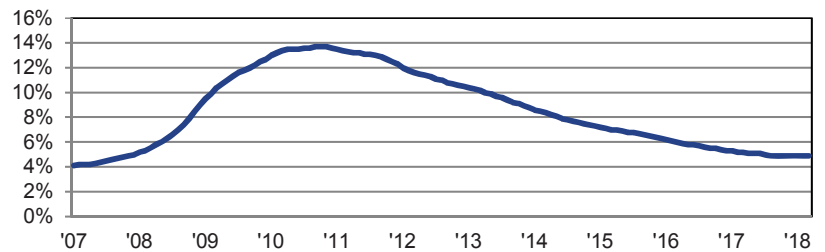
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED

MONTHLY SERIES



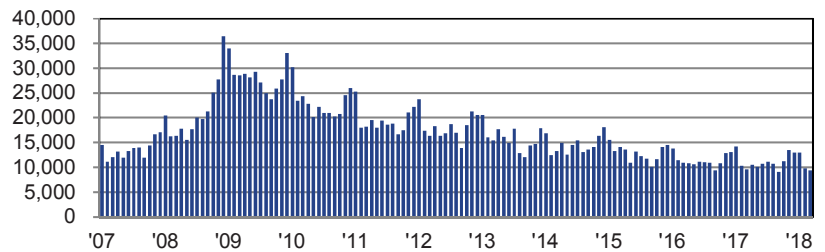
NEVADA UNEMPLOYMENT RATE

MONTHLY SERIES



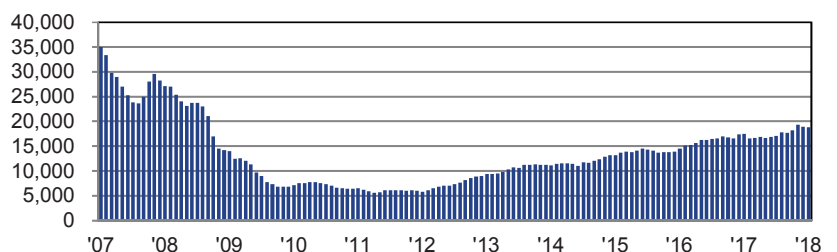
NEVADA UNEMPLOYMENT INSURANCE CLAIMS

MONTHLY SERIES



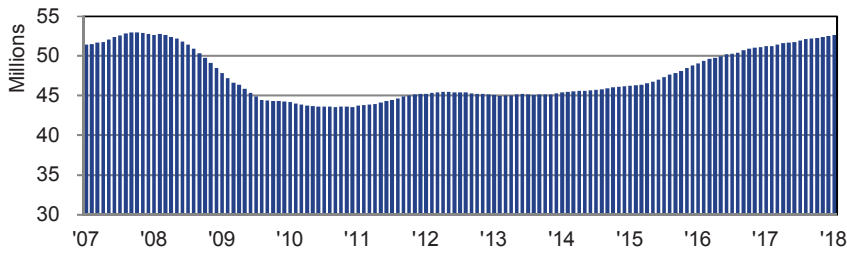
NEVADA RESIDENTIAL UNITS PERMITTED

TRAILING 12-MONTH TOTALS



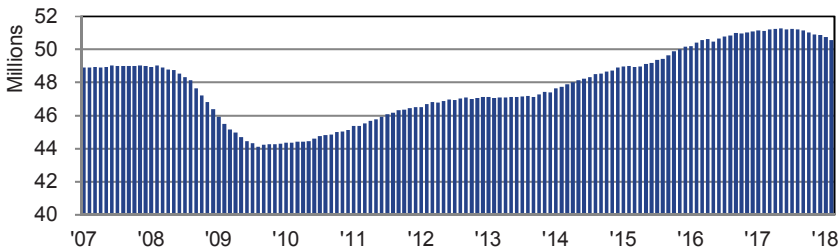
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS

TRAILING 12-MONTH TOTALS



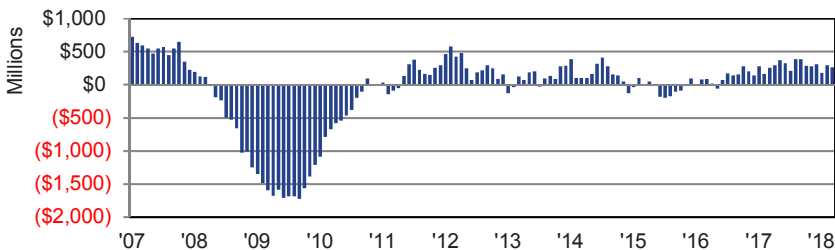
CLARK/WASHOE COUNTY VISITOR VOLUME

TRAILING 12-MONTH TOTALS



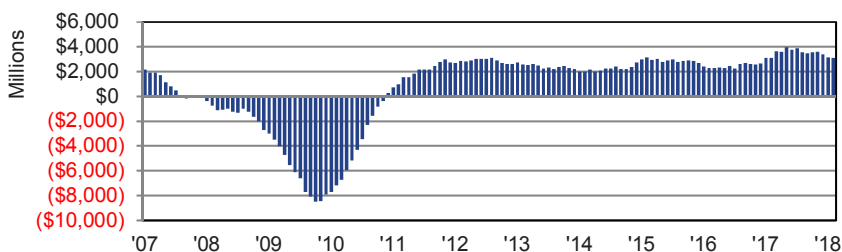
GROWTH IN NEVADA GROSS GAMING REVENUE

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⁾ Mar-18

Current Period	Prev. Period	Same Period Prev. Yr.
132,126	132,332	134,692
GROWTH RATE	-0.2% ▼	-1.9% ▼

Nevada Residential Housing

Units Permitted ⁽²⁾ Feb-18

Current Period	Prev. Period	Same Period Prev. Yr.
19,264	18,764	16,514
GROWTH RATE	2.7% ▲	16.7% ▲

Nevada Taxable Retail Sales ⁽²⁾

Feb-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$58,101,321,268	\$57,966,902,290	\$54,999,908,099
GROWTH RATE	0.2% ▲	5.6% ▲

Nevada Gross Gaming Revenue ⁽²⁾

Mar-18

Current Period	Prev. Period	Same Period Prev. Yr.
\$11,655,980,528	\$11,622,633,587	\$11,392,306,876
GROWTH RATE	0.3% ▲	2.3% ▲

Las Vegas/Reno-Tahoe

Enplaned and Deplaned Passengers ⁽²⁾ Feb-18

Current Period	Prev. Period	Same Period Prev. Yr.
52,782,039	52,635,208	51,240,001
GROWTH RATE	0.3% ▲	3.0% ▲

Clark/Washoe County Visitor Volume ⁽²⁾

Mar-18

Current Period	Prev. Period	Same Period Prev. Yr.
50,510,540	50,554,957	51,213,509
GROWTH RATE	-0.1% ▼	-1.4% ▼

Nevada New Business Creation ⁽²⁾

Q3 '17

Current Period	Prev. Period	Same Period Prev. Yr.
-1,293	-1,236	3,625
GROWTH RATE	-4.6% ▼	-135.7% ▼

Nevada Housing Price Index ⁽¹⁾

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
226.8	220.6	207.6
GROWTH RATE	2.8% ▲	9.2% ▲

Clark County Office

Market Vacancy Rate ⁽¹⁾ (Q1 1991 = 100) Q1 '18

Current Period	Prev. Period	Same Period Prev. Yr.
18.7%	19.0%	20.0%
GROWTH RATE	-0.3% ▼	-1.3% ▼

Nevada Hotel/Motel Occupancy ⁽¹⁾

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
83.1%	83.3%	83.1%
GROWTH RATE	0.2% ▼	0.0% ◆

State of Nevada Personal Income ⁽²⁾

Q4 '17

Current Period	Prev. Period	Same Period Prev. Yr.
\$136,632,719,000	\$134,616,443,000	\$128,418,832,000
GROWTH RATE	1.5% ▲	6.4% ▲

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

◀ Continued From Cover

County, posting growth of 6.6 percent in the first quarter and 4.3 percent over the past 12 months. These components have helped grow gross gaming revenue in Washoe County to \$840.4 million over the past 12 months, a 4.2 percent increase from \$806.2 million during the previous 12-month period. In the first quarter of 2018, Washoe County reported \$196.1 million in gaming revenue, 5.9 percent more than the first quarter last year.

If gaming establishments throughout the state continue their performance so far in 2018 through the rest of the year, Nevada could post gross gaming revenue of over \$12 billion and Clark County could surpass the \$10 billion mark, both for the first time since 2007. Clark County nearly accomplished the feat in 2017, falling just short at \$9.98 billion. In Washoe County a continuation of early year trends could push gaming revenue toward \$900 million, which was last reached in 2008.

As legalized gambling has proliferated throughout the United States, gaming operators in Nevada and particularly in southern Nevada have evolved to offer a wider variety of non-gaming amenities for visitors. Despite the reduced reliance on gaming revenue among the state's gaming operators, gaming revenue still accounts for more than 40 percent of total revenue, and thus it plays an important role in the bottom lines of gaming companies and the economic impact of the tourism industry in Nevada.

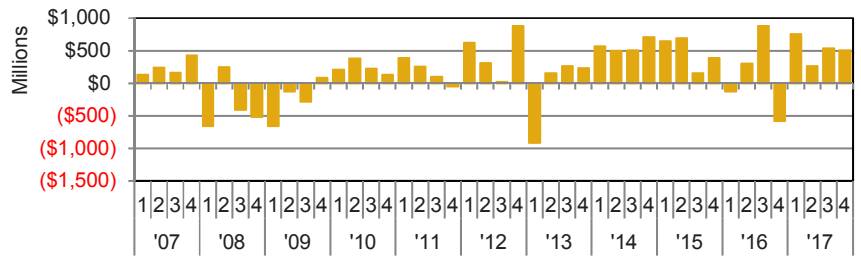
Prepared by:



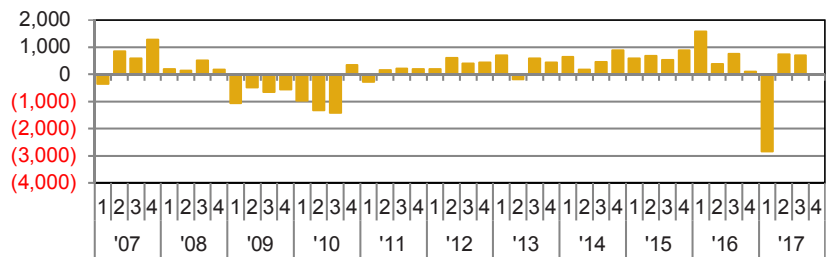
appliedanalysis.com

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.

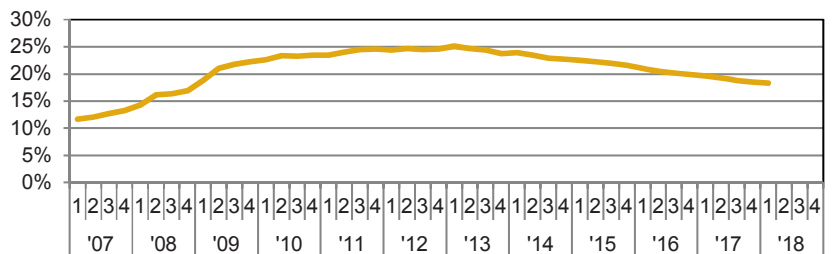
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



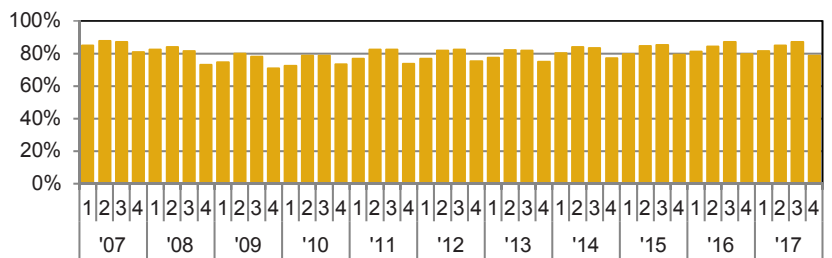
NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES



NEVADA STATE BANK

THE DOOR TO YOUR FUTURE

A division of ZB, N.A. Member FDIC

