

Economic Briefing

MAY 2019

ISSUE FIVE | VOLUME THIRTEEN

Due to a strong fourth quarter, total gross gaming revenue in Nevada closed 2018 with the best annual growth in more than a decade. Statewide gaming revenue totaled \$11.9 billion for the year, a 3.0 percent improvement over the prior year, marking the highest annual growth rate since the 8.3 percent of 2006. However, the momentum from the end of 2018 has not carried into 2019. Through the first quarter of the year, gaming revenue totals have shown signs of slowing, but a closer examination reveals that much of the slowdown is linked to the volatile trends of the table game baccarat.

In the 12 months through March 2019, gaming revenue generated in Nevada totaled \$11.9 billion, up 1.9 percent from a year ago. The growth in statewide gaming revenue over that time was driven largely by a 3.8 percent increase in slot machine revenues to \$7.8 billion. That growth was partially offset by the 1.5 percent decrease in table game revenue to \$4.1 billion. In terms of actual gains and losses over the past 12 months, slot machine revenue grew by \$285.7 million while table game revenue fell by \$62.0 million.

The statewide trends were largely influenced by Clark County, which accounts for 86.0 percent of gaming revenue in Nevada. Total gaming revenue in Clark County was up 1.8 percent from the prior year in the 12 months through March 2019 due to 3.9 percent growth in slot machine revenues. Slot machine revenues over that time totaled \$6.4 billion, driven by 4.7 percent growth in penny slot revenues to \$2.7 billion and a 3.7 percent gain in multi-denominational slot revenues to \$2.6 billion. Growth in slot revenues overcame a 1.6 percent drop in table game revenue, which fell to \$3.8 billion.

The decline was largely attributable to a 13.4 percent decline in baccarat revenue, which dropped by \$166.9 million to \$1.1 billion in the 12 months through March 2019. The impact of baccarat, the high stakes card game favored by wealthy Asian players, on overall trends is attributable to its outsized share

of gaming revenue. Baccarat accounts for 9.1 percent of all gaming revenue in Nevada, roughly the same as the 9.8 percent generated by blackjack. However, on a per-table basis, baccarat generates more than six times the revenue of blackjack. Baccarat revenue is also highly volatile and can swing overall trends based on a single underperforming month. To put that in perspective for the 12 months through March 2019, statewide gaming revenue growth would have nearly doubled to 3.7 percent with baccarat excluded.

Nearly all of the state's baccarat tables are concentrated on the Las Vegas Strip, which bore the brunt of baccarat's revenue decline. Table game revenue along the Strip dipped 2.9 percent to \$3.2 billion, and slot machine revenue climbed 3.5 percent to \$3.3 billion, with the two segments combining for a slight increase in total revenue of 0.3 percent. In areas with little to no baccarat play, gaming

MONTHLY

Employment Indicators

Nevada Employment		Mar-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,413,000	1,407,100	1,368,700
GROWTH RATE	0.4% ▲	3.2% ▲

Nevada Private Average Weekly Hours Worked		Mar-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.6	34.5	33.9
GROWTH RATE	0.3% ▲	2.1% ▲

Nevada Unemployment Rate		Mar-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.2%	4.3%	4.7%
GROWTH RATE	-0.1% ▼	-0.5% ▼

TRAILING 12-MONTH

Employment Indicators

Nevada Employment ⁽¹⁾		Mar-19
Current Period	Prev. Period	Same Period Prev. Yr.
1,398,883	1,395,192	1,351,508
GROWTH RATE	0.3% ▲	3.5% ▲

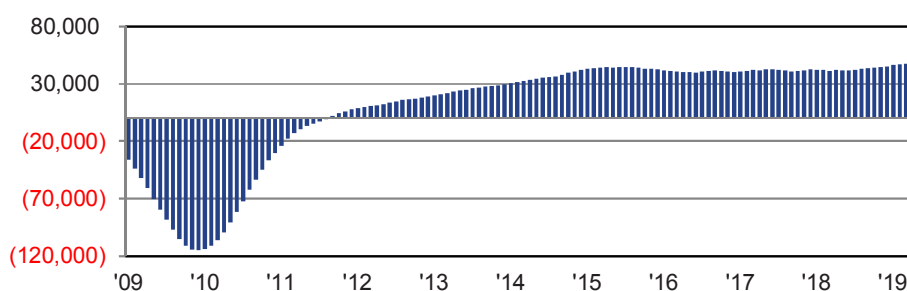
Nevada Private Average Weekly Hours Worked ⁽¹⁾		Mar-19
Current Period	Prev. Period	Same Period Prev. Yr.
34.3	34.3	34.1
GROWTH RATE	0.2% ▲	0.7% ▲

Nevada Unemployment Rate ⁽¹⁾		Mar-19
Current Period	Prev. Period	Same Period Prev. Yr.
4.4%	4.5%	4.9%
GROWTH RATE	-0.1% ▼	-0.5% ▼

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

Mar-19

Current Period	Prev. Period	Same Period Prev. Yr.
9,387	9,290	9,339
GROWTH RATE	1.0% ▲	0.5% ▲

Nevada Residential Housing Units Permitted

Mar-19

Current Period	Prev. Period	Same Period Prev. Yr.
1,335	1,100	1,577
GROWTH RATE	21.4% ▲	-15.3% ▼

Nevada Taxable Retail Sales

Feb-19

Current Period	Prev. Period	Same Period Prev. Yr.
\$4,563,698,099	\$4,839,251,588	\$4,354,573,678
GROWTH RATE	-5.7% ▼	4.8% ▲

Nevada Gross Gaming Revenue

Mar-19

Current Period	Prev. Period	Same Period Prev. Yr.
\$1,022,974,672	\$1,011,754,441	\$1,024,175,826
GROWTH RATE	1.1% ▲	-0.1% ▼

Las Vegas/Reno-Tahoe Enplaned and Deplaned Passengers

Mar-19

Current Period	Prev. Period	Same Period Prev. Yr.
4,795,353	3,939,756	4,654,470
GROWTH RATE	21.7% ▲	3.0% ▲

Clark/Washoe County Visitor Volume

Mar-19

Current Period	Prev. Period	Same Period Prev. Yr.
4,390,438	3,757,874	4,484,546
GROWTH RATE	16.8% ▲	-2.1% ▼

Nevada New Business Creation

Q3 '18

Current Period	Prev. Period	Same Period Prev. Yr.
635	1,143	460
GROWTH RATE	-44.4% ▼	38.0% ▲

Nevada Housing Price Index

(Q1 1991 = 100)

Q4 '18

Current Period	Prev. Period	Same Period Prev. Yr.
267.9	263.8	239.8
GROWTH RATE	1.6% ▲	11.7% ▲

Clark County Office Market Vacancy Rate

Q1 '19

Current Period	Prev. Period	Same Period Prev. Yr.
16.0%	16.6%	17.3%
GROWTH RATE	-0.6% ▼	-1.3% ▼

Nevada Hotel/Motel Occupancy

Q4 '18

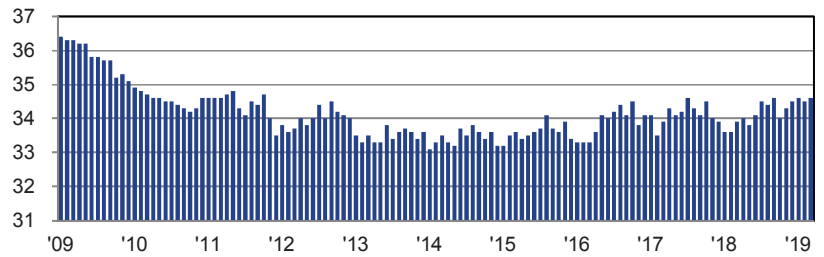
Current Period	Prev. Period	Same Period Prev. Yr.
80.2%	85.0%	78.7%
GROWTH RATE	-4.8% ▼	1.5% ▲

State of Nevada Personal Income

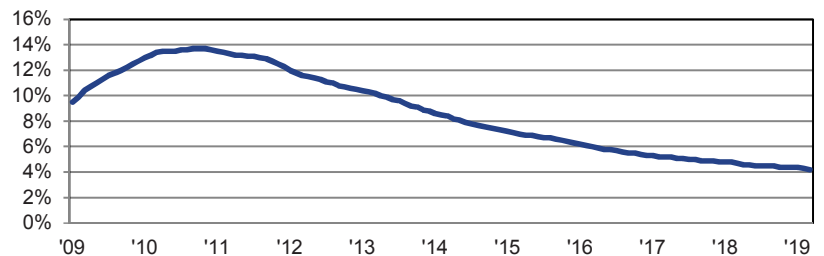
Q4 '18

Current Period	Prev. Period	Same Period Prev. Yr.
\$37,269,775,000	\$36,737,900,000	\$35,237,250,000
GROWTH RATE	1.4% ▲	5.8% ▲

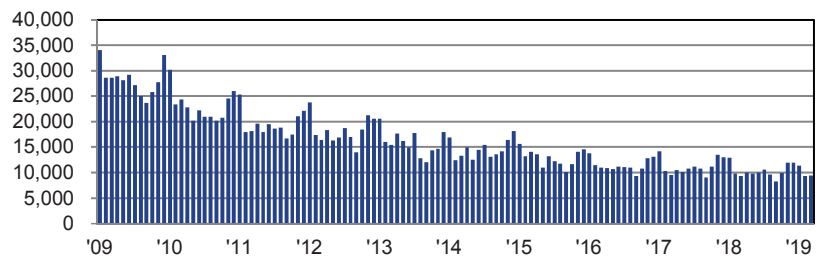
NEVADA PRIVATE AVERAGE WEEKLY HOURS WORKED
MONTHLY SERIES



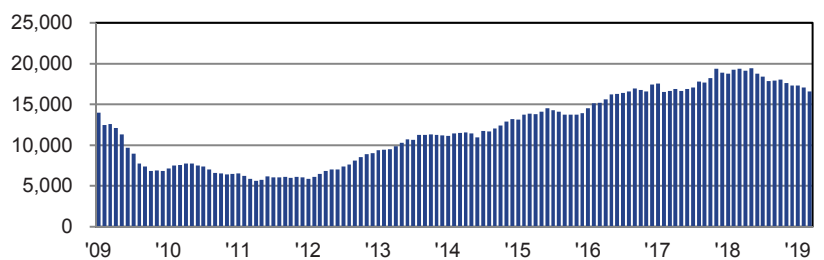
NEVADA UNEMPLOYMENT RATE
MONTHLY SERIES



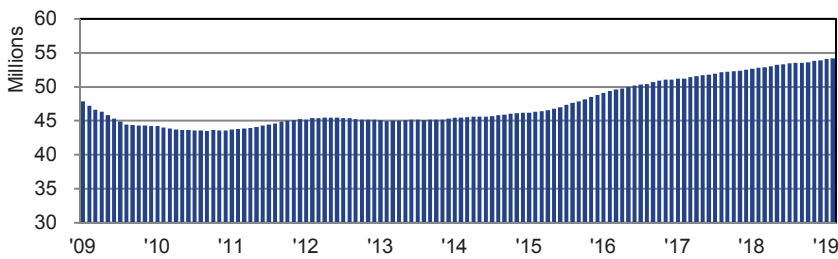
NEVADA UNEMPLOYMENT INSURANCE CLAIMS
MONTHLY SERIES



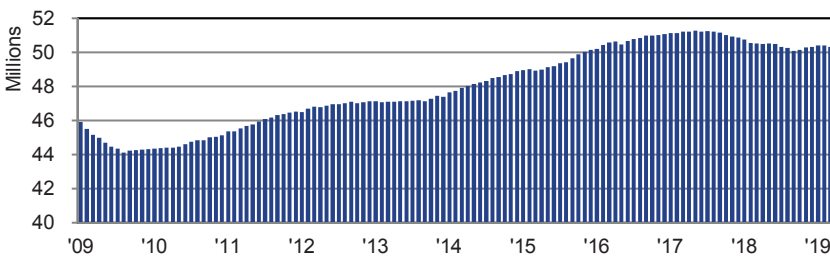
NEVADA RESIDENTIAL UNITS PERMITTED
TRAILING 12-MONTH TOTALS



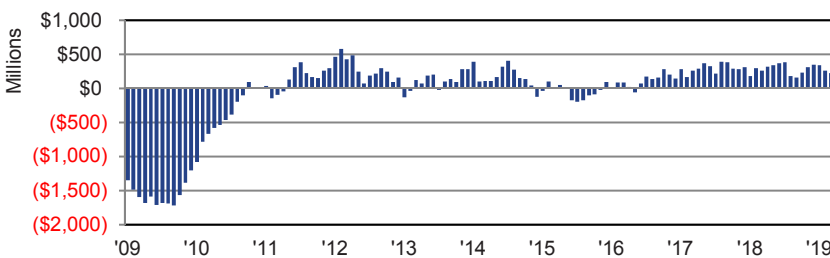
LAS VEGAS/RENO-TAHOE AIRPORT PASSENGER COUNTS
TRAILING 12-MONTH TOTALS



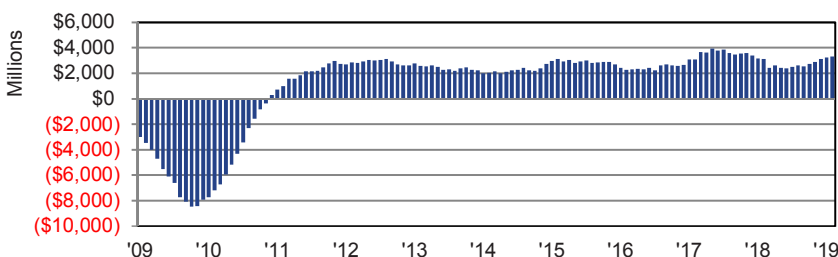
CLARK/WASHOE COUNTY VISITOR VOLUME
TRAILING 12-MONTH TOTALS



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-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
122,053	122,005	132,126	
GROWTH RATE	0.0% ▲	-7.6% ▼	

Nevada Residential Housing Units Permitted ⁽²⁾

		Mar-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
17,083	16,606	19,392	
GROWTH RATE	2.9% ▲	-11.9% ▼	

Nevada Taxable Retail Sales ⁽²⁾

		Feb-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$61,411,642,685	\$61,202,518,264	\$58,101,321,268	
GROWTH RATE	0.3% ▲	5.7% ▲	

Nevada Gross Gaming Revenue ⁽²⁾

		Mar-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$11,879,194,880	\$11,880,396,034	\$11,655,555,745	
GROWTH RATE	0.0% ▼	1.9% ▲	

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

		Mar-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
54,292,168	54,151,285	52,876,500	
GROWTH RATE	0.3% ▲	2.7% ▲	

Clark/Washoe County Visitor Volume ⁽²⁾

		Mar-19	
Current Period	Prev. Period	Same Period	Prev. Yr.
50,309,556	50,403,664	50,510,540	
GROWTH RATE	-0.2% ▼	-0.4% ▼	

Nevada New Business Creation ⁽²⁾

		Q3 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
1,333	1,158	-1,540	
GROWTH RATE	15.1% ▲	-186.6% ▼	

Nevada Housing Price Index ⁽¹⁾

		Q4 '18	
<i>(Q1 1991 = 100)</i>			
Current Period	Prev. Period	Same Period	Prev. Yr.
259.6	252.5	226.8	
GROWTH RATE	2.8% ▲	14.4% ▲	

Clark County Office Market Vacancy Rate ⁽¹⁾

		Q1 '19	
Current Period	Prev. Period	Same Period	Prev. Yr.
16.7%	17.0%	17.8%	
GROWTH RATE	-0.4% ▼	-1.2% ▼	

Nevada Hotel/Motel Occupancy ⁽¹⁾

		Q4 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
83.1%	82.7%	83.5%	
GROWTH RATE	0.4% ▲	-0.4% ▼	

State of Nevada Personal Income ⁽²⁾

		Q4 '18	
Current Period	Prev. Period	Same Period	Prev. Yr.
\$149,079,100,000	\$146,951,600,000	\$140,949,000,000	
GROWTH RATE	1.4% ▲	5.8% ▲	

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

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revenue trends were more positive. The Las Vegas locals market reported gaming revenue growth of 5.1 percent to \$2.4 billion, and the downtown Las Vegas market reported 4.8 percent growth in total gaming revenue to \$655.0 million.

In Washoe County, which has no baccarat tables, gross gaming revenue increased by 2.4 percent to \$860.9 million in the 12 months through March 2019. Growth in Washoe County was entirely driven by slot revenue growth, as table game revenues declined by 0.3 percent from the prior year. Furthermore, almost half of all slot revenue was generated by multi-denominational slot machines. These machines accounted for \$335.5 million of slot machine revenue during the trailing 12 months, 10.5 percent higher than the prior year.

Despite the recent slowdown in overall growth, Nevada’s gaming revenue has maintained a 34-month string of positive year-over-year growth in trailing 12-month totals. The volatility of baccarat revenue has tempered some of the gains, but the underlying trends suggest steady growth in the broader gaming segments will help maintain the positive trajectory for this important revenue source.

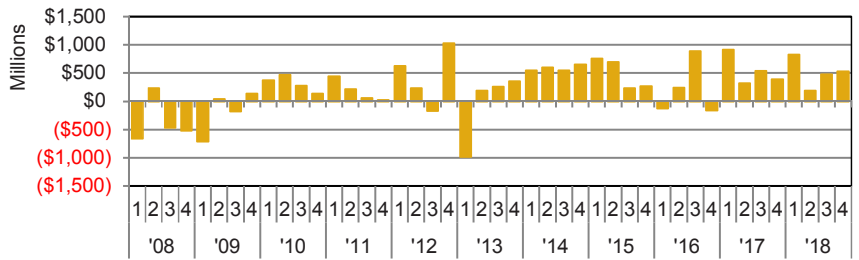
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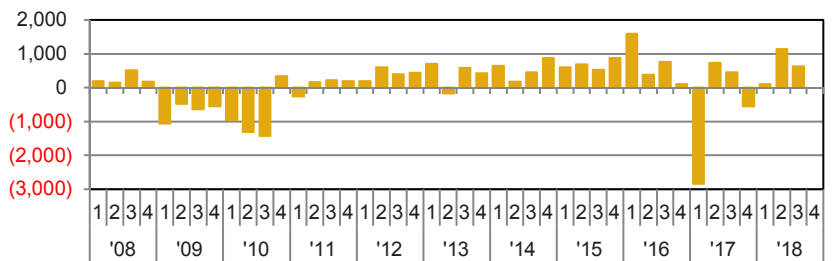
appliedanalysis.com

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.

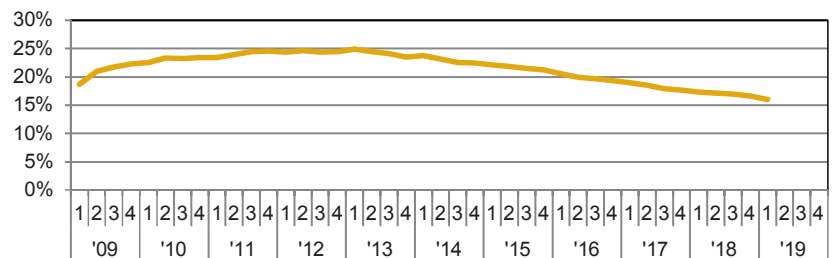
NEVADA PERSONAL INCOME GROWTH
QUARTER-OVER-QUARTER



NEVADA NEW BUSINESS CREATION
QUARTER-OVER-QUARTER



LAS VEGAS OFFICE MARKET VACANCY RATE
QUARTERLY SERIES



NEVADA HOTEL/MOTEL OCCUPANCY
QUARTERLY SERIES

