



Institute for the Study of Gambling
and Commercial Gaming
College of Business Administration

University of Nevada, Reno

DEVELOPMENTS IN THE GAMING INDUSTRY IN NORTHERN NEVADA AND ELSEWHERE

NORTHERN NEVADA NETWORK

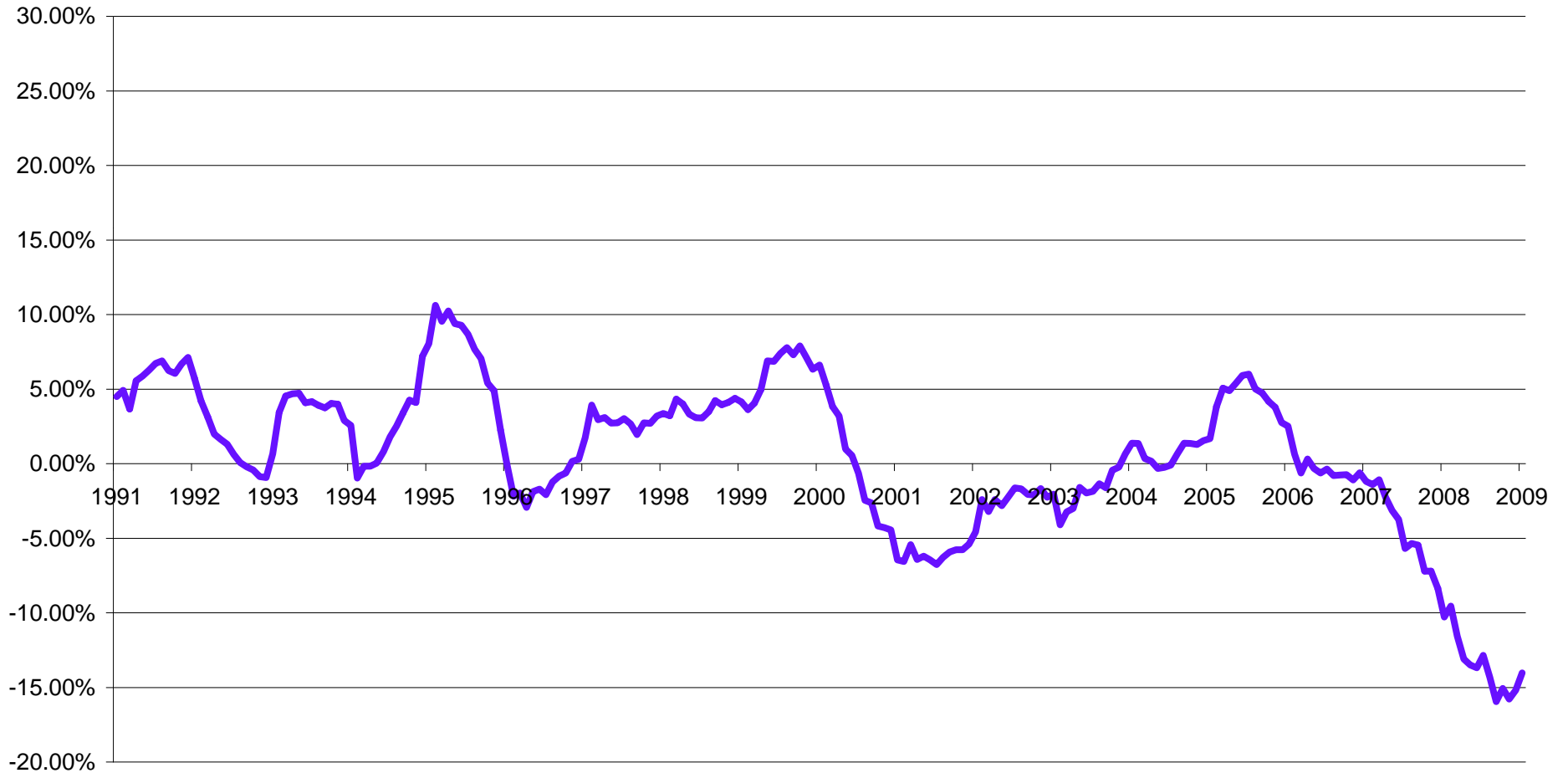
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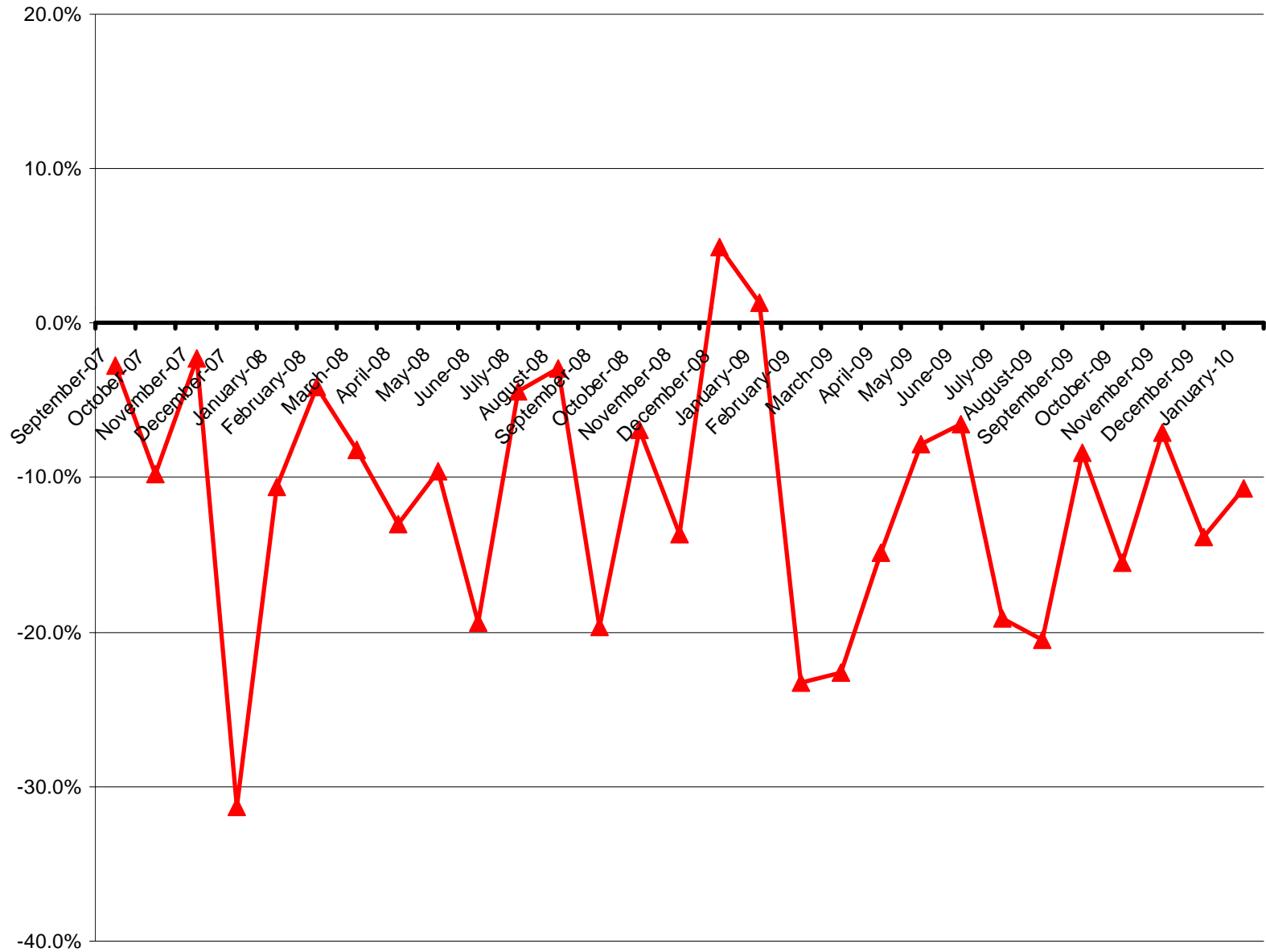
NORTHERN NEVADA GAMING INDUSTRY

- **Long term decline in gaming revenues, visitation**
- **Since 1990, growing competition from Las Vegas, and from tribal gaming in California, Oregon, Washington & elsewhere**
- **Absence of significant capital investment in Reno-Sparks and South Lake Tahoe casinos**
- **Growing importance of local customers => Drop in tourism is even worse than the numbers suggest**

RENO SPARKS GROSS GAMING REVENUE GROWTH 1990-2009 12 Month Moving Average

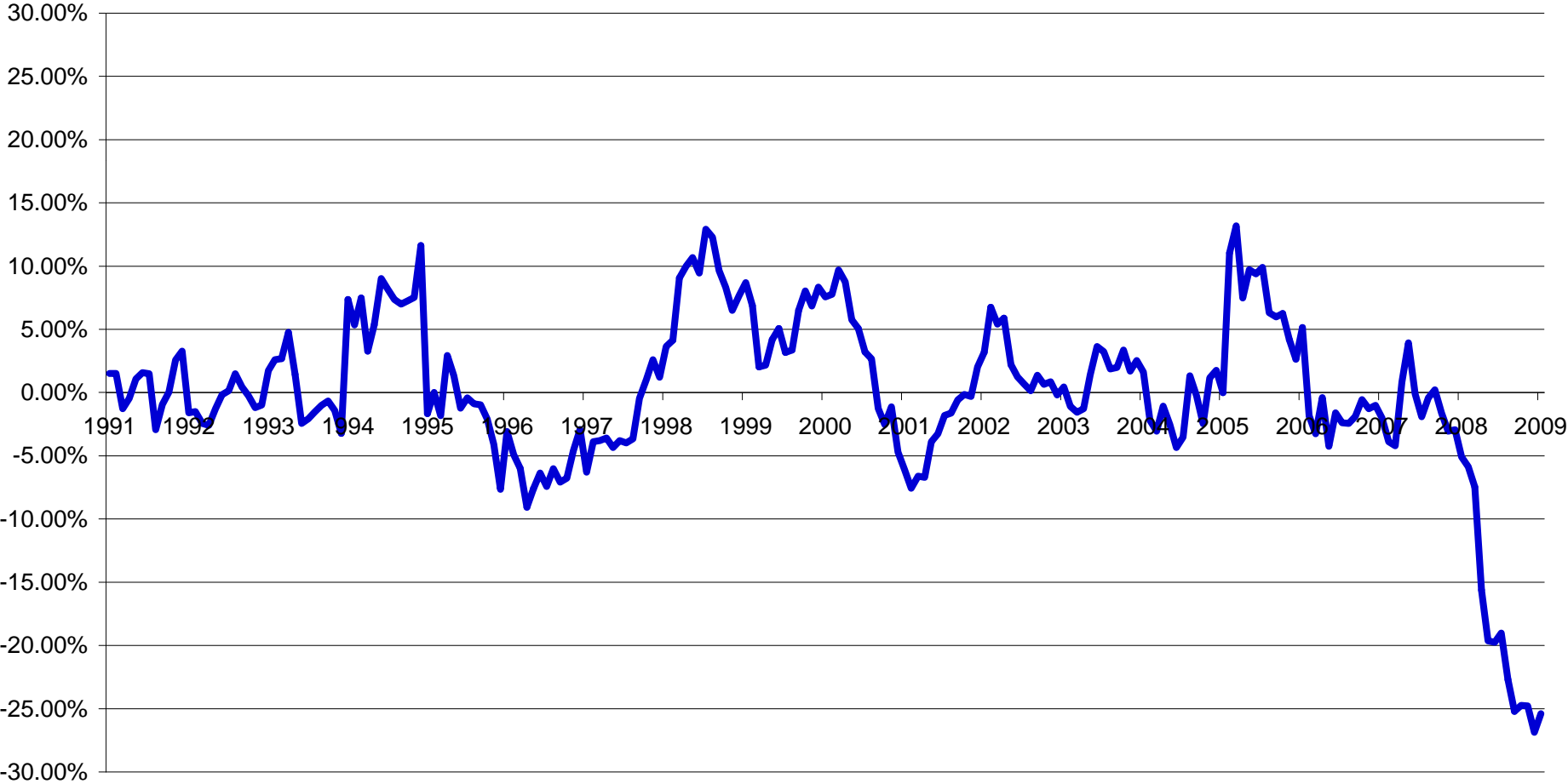


WASHOE COUNTY GAMING REVENUE GROWTH YEAR OVER YEAR, 2007 TO 2010

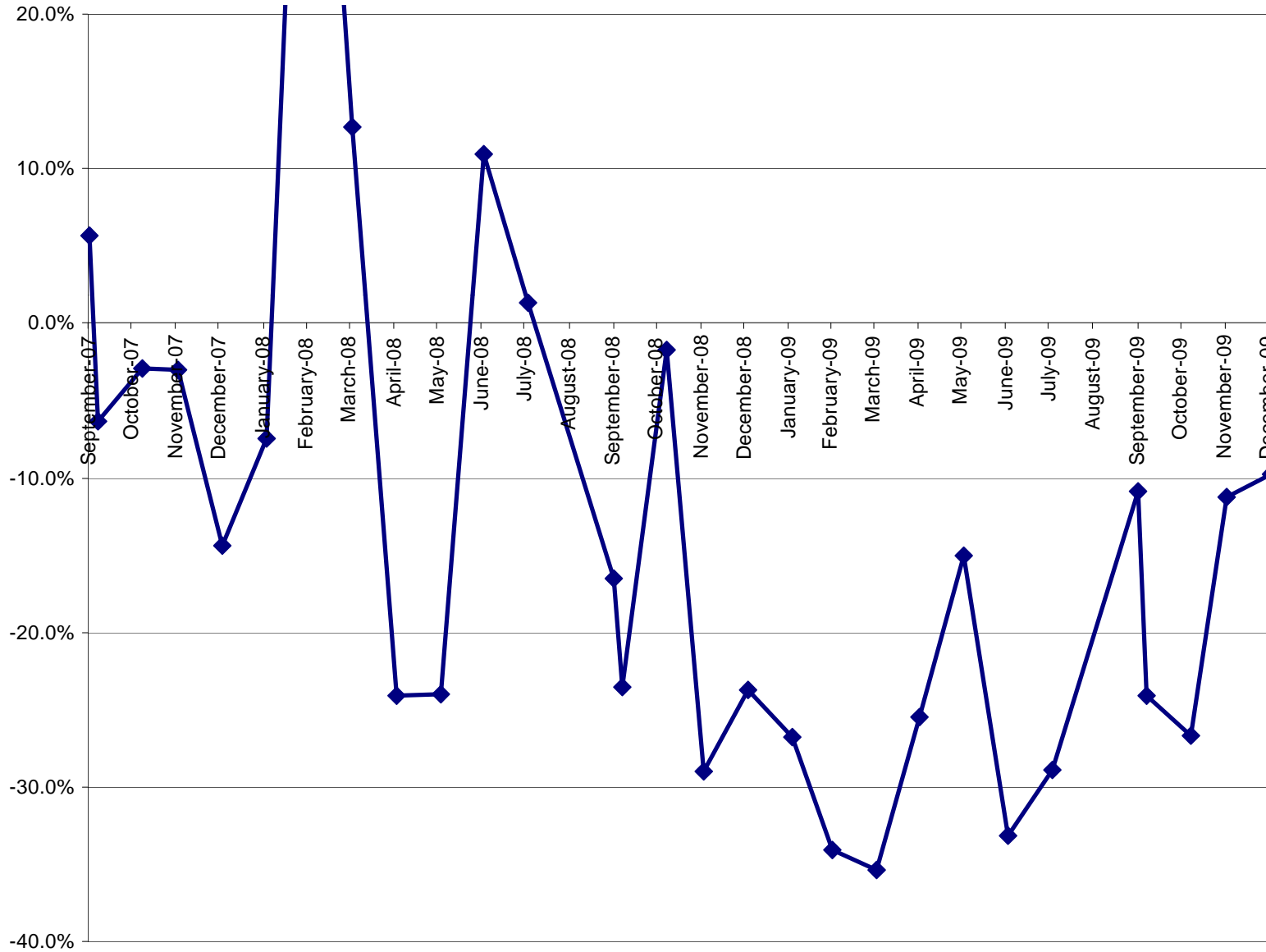


SOUTH LAKE TAHOE GROSS GAMING REVENUE GROWTH 1990-2009

12 Month Moving Average

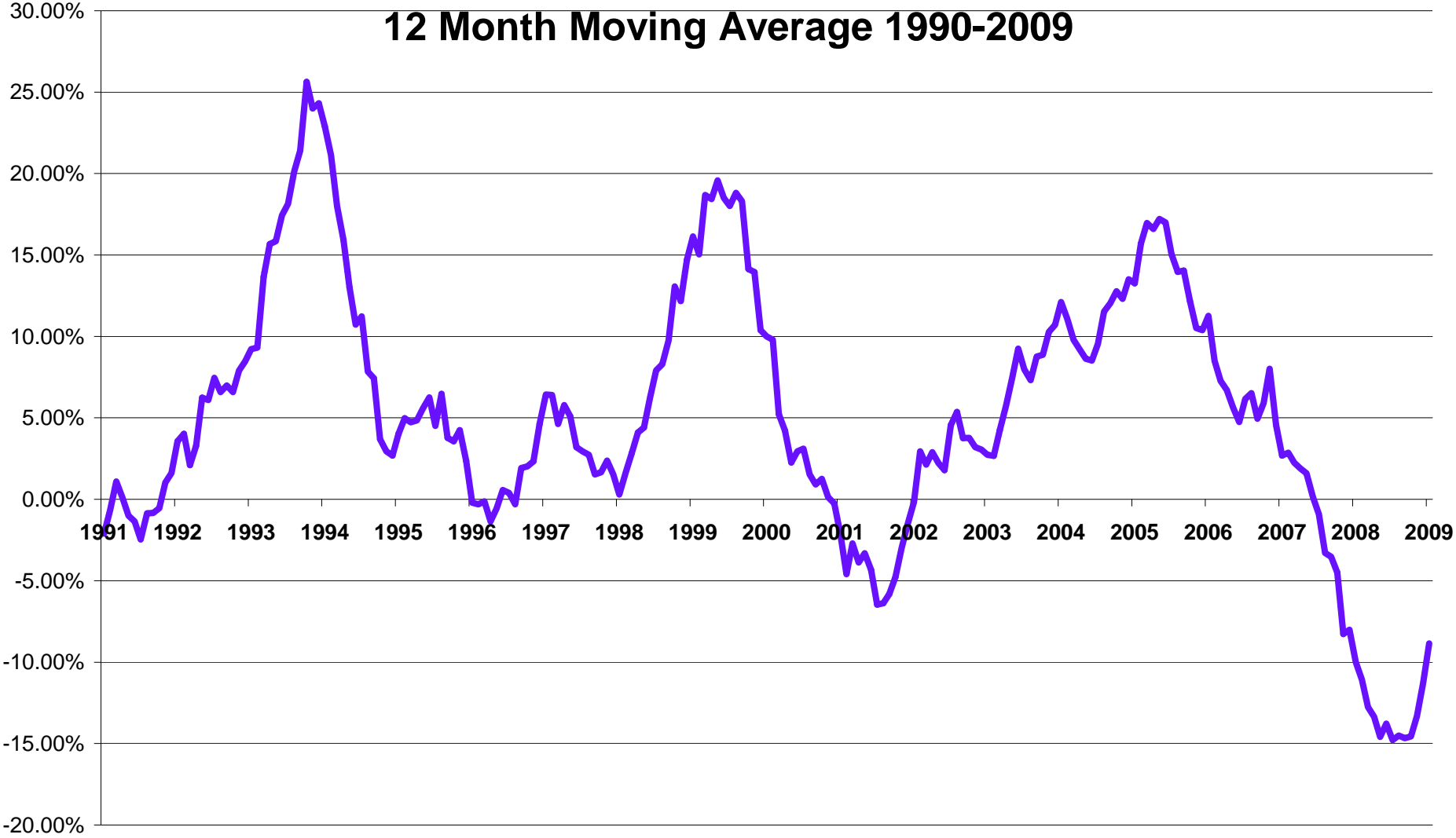


SOUTH LAKE TAHOE GAMING REVENUE GROWTH YEAR OVER YEAR 2007-2010

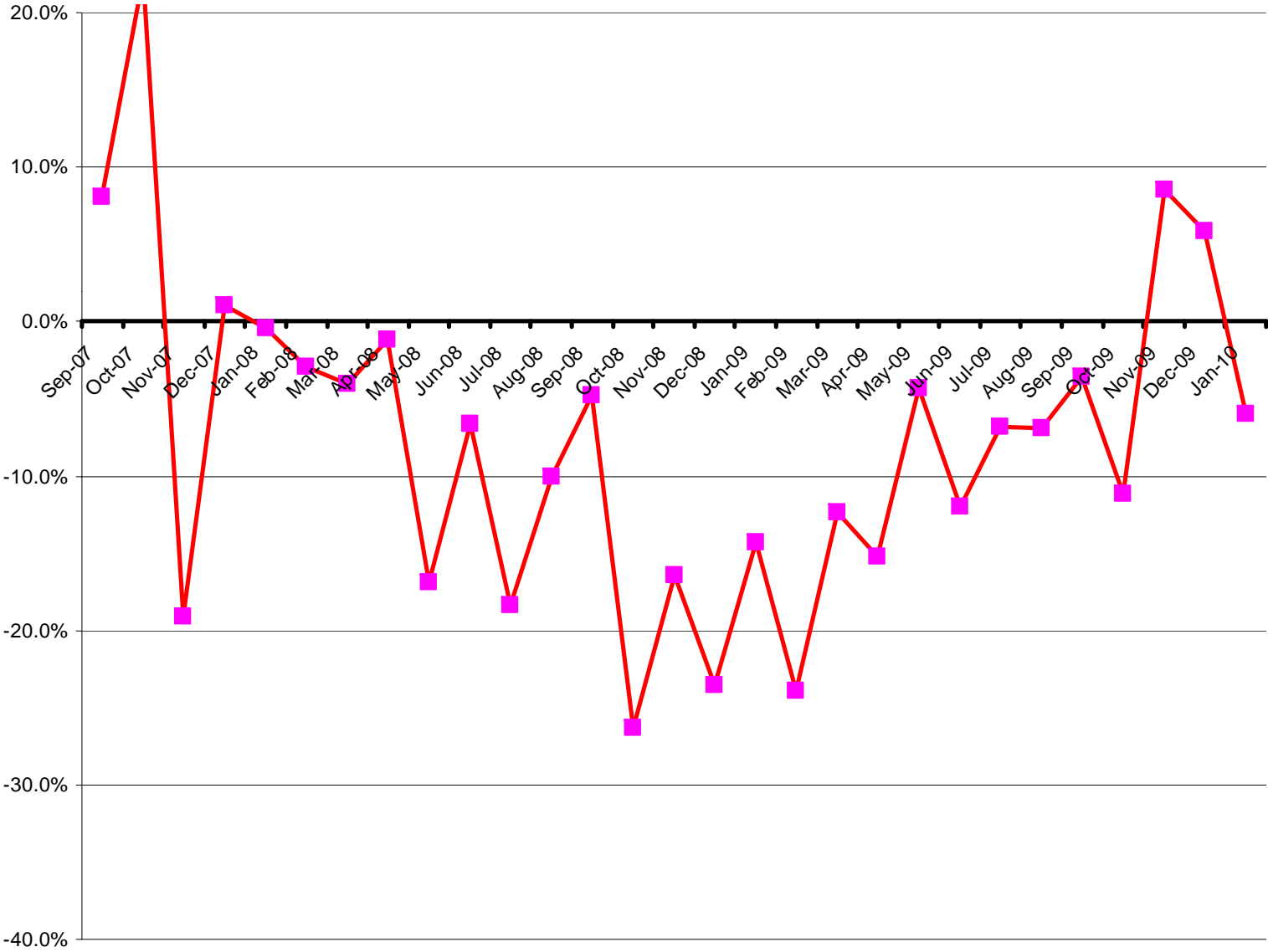


LAS VEGAS STRIP GROSS GAMING REVENUE GROWTH RATES

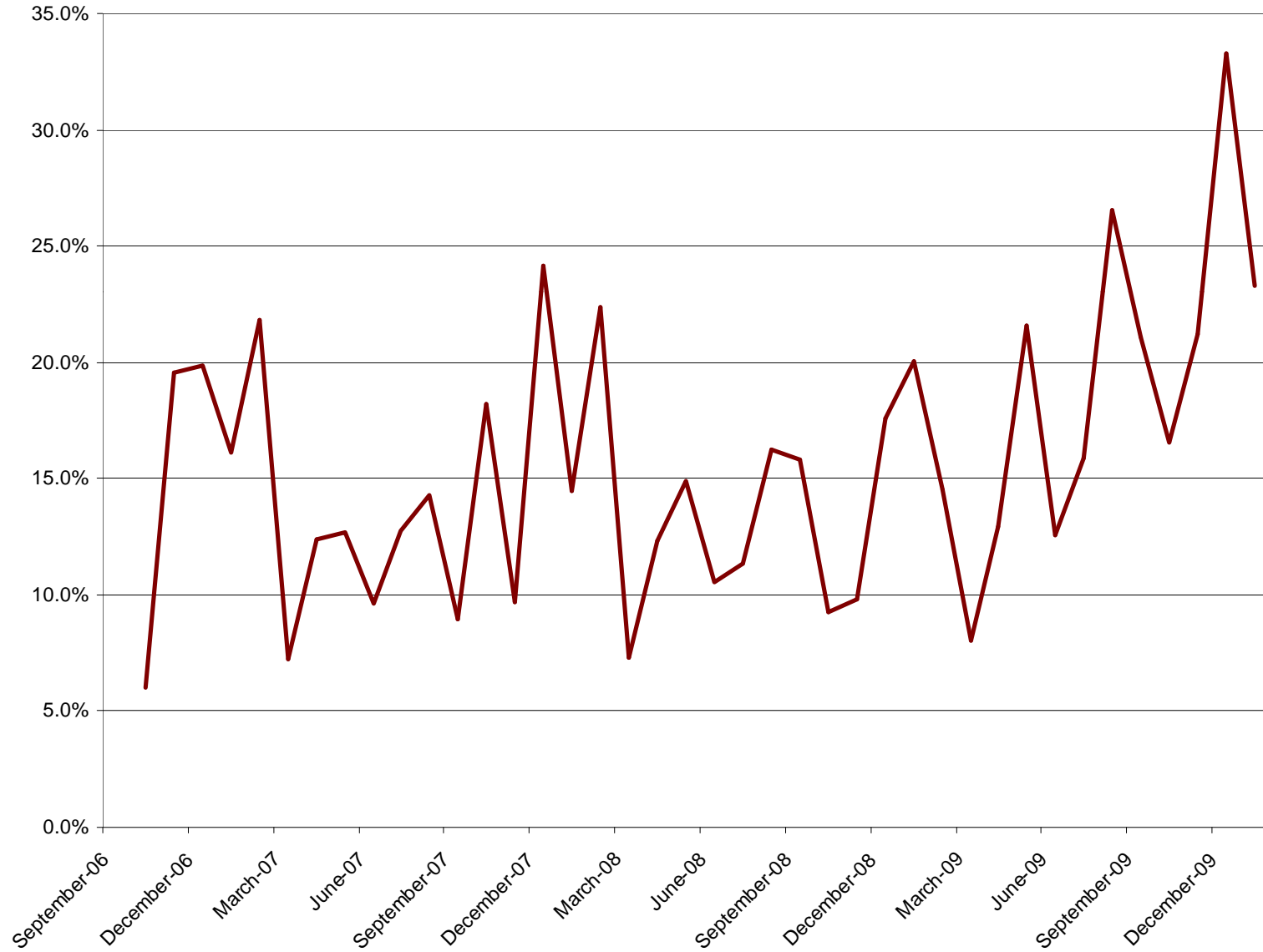
12 Month Moving Average 1990-2009



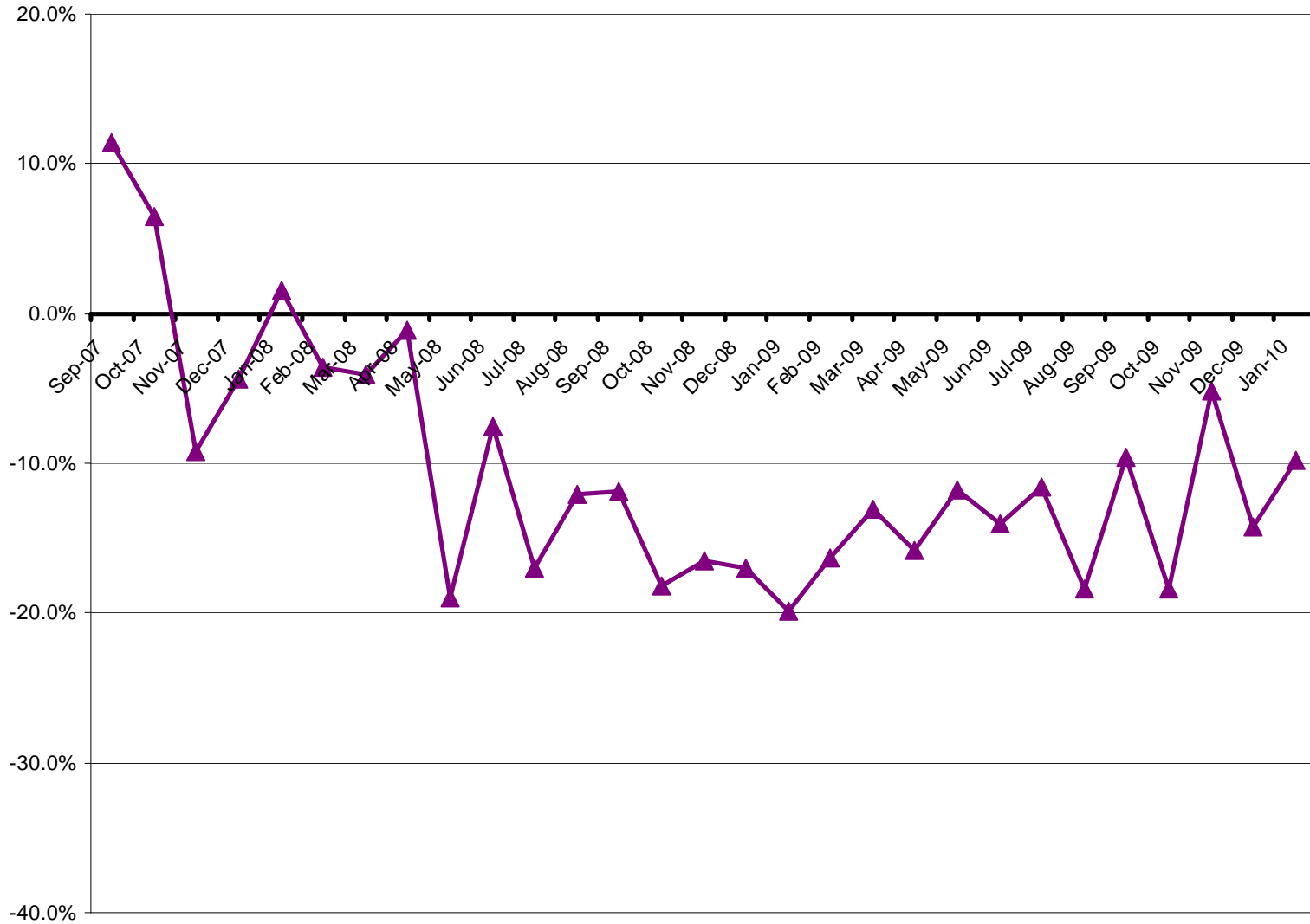
GROWTH RATES, YEAR OVER YEAR, LAS VEGAS STRIP \$72 m+, 2007-2010



BACCARAT AS A PERCENT OF GAMING REVENUES, LAS VEGAS STRIP 72m+



LAS VEGAS STRIP ex BACCARAT YEAR OVER YEAR GROWTH RATE, 2007- 2010



LVCVA STATISTICS

	2006	2007	2008	2009*
Occupancy rate	89.7%	90.4%	86.0%	81.5%
Average Daily Room Rate	\$119.66	\$132.09	\$119.19	\$92.93
Conv. Attendance	6,307,961	6,209,253	5,899,725	4,492,275
En/Deplaned Passengers	46,193,329	47,728,414	44,074,707	40,469,012

PERCENT CHANGES	2007	2008	2009
Occupancy rate	0.8%	-4.9%	-5.2%
Average Daily Room Rate	10.4%	-9.8%	-22.7%
Conv. Attendance	-1.6%	-5.0%	-23.9%
En/Deplaned Passengers	3.3%	-7.7%	-8.2%

PROGNOSIS: WHAT WILL THE NEXT 36 MONTHS HOLD?

- **Recovery in Las Vegas will have to follow the national economy**
 - Need for Optimism => freer spending at corporate and personal levels
 - Baccarat is the only area to be optimistic
 - Weak dollar might help with international business
- **For Northern Nevada, no recovery in gaming**
 - Too much high quality gaming in feeder markets
 - The lesson about gaming from Lake Tahoe
- **Banking sector will remain skeptical in casino investments for some time into the future**
 - No more multi-billion dollar projects (LV) or hundred million dollar projects (Northern Nevada)
- **Tax structure questions and public sector challenges will become more intense in the North**

OTHER OBSERVATIONS: GAMBLING TRENDS IN U.S.A.

- **Surprisingly weak performance in gaming markets everywhere**
 - Foxwood's (in Connecticut) is effectively bankrupt
- **Rush to legalization as a result of fiscal desperation**
 - Pennsylvania, New York, Kansas, Delaware, Maryland, Ohio: New casino industries or expansions
 - Hawaii, Massachusetts => Active consideration
- **Pushing the law when it is still technically illegal**
 - Alabama; California