

# NEVADA GAMING: CHARTING THE RECESSION

ANALYSIS OF TOTAL GAMING WIN, STATEWIDE AND LAS VEGAS STRIP, 2007-2010

CENTER FOR GAMING RESEARCH, FEBRUARY 2011

## Summary

For more than two years, Nevada gaming has been severely challenged. Gaming revenues in absolute terms have dropped to roughly 2004 levels. Looking at the trends of the change in revenues, rather than the revenues themselves, may provide a window into whether the state’s gaming industry is in “recovery” or not.

Technically, the gaming industry is no longer in recession, since the first quarter of 2010 saw revenues grow. Following a second-quarter dip, the state as a whole saw another increase in gaming revenues in the third quarter, and the fourth quarter has started strong.

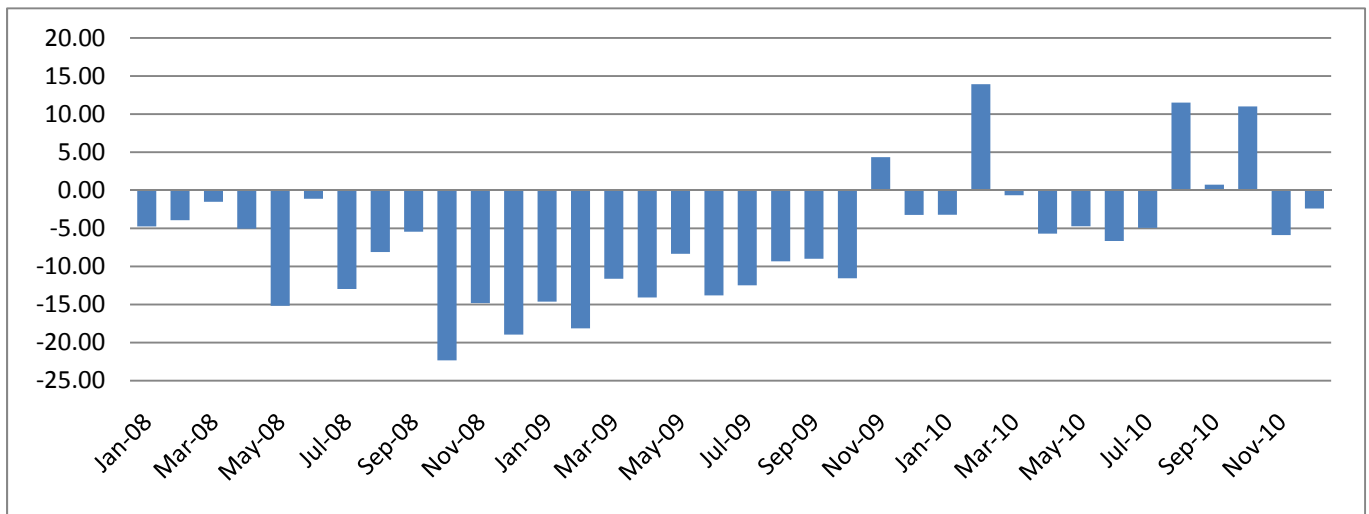
In general, the period of sharpest decline (late 2008-early 2009) appears to have passed, and four out of the past twelve months have shown a year-to-year increases in revenues at the state level. On the Strip, five out of the past twelve months have shown year-to-year increases.

These figures represent gaming win only, and do not include non-gaming revenues, employment figures, occupancy rates, or other measures of economic health.

## Statewide

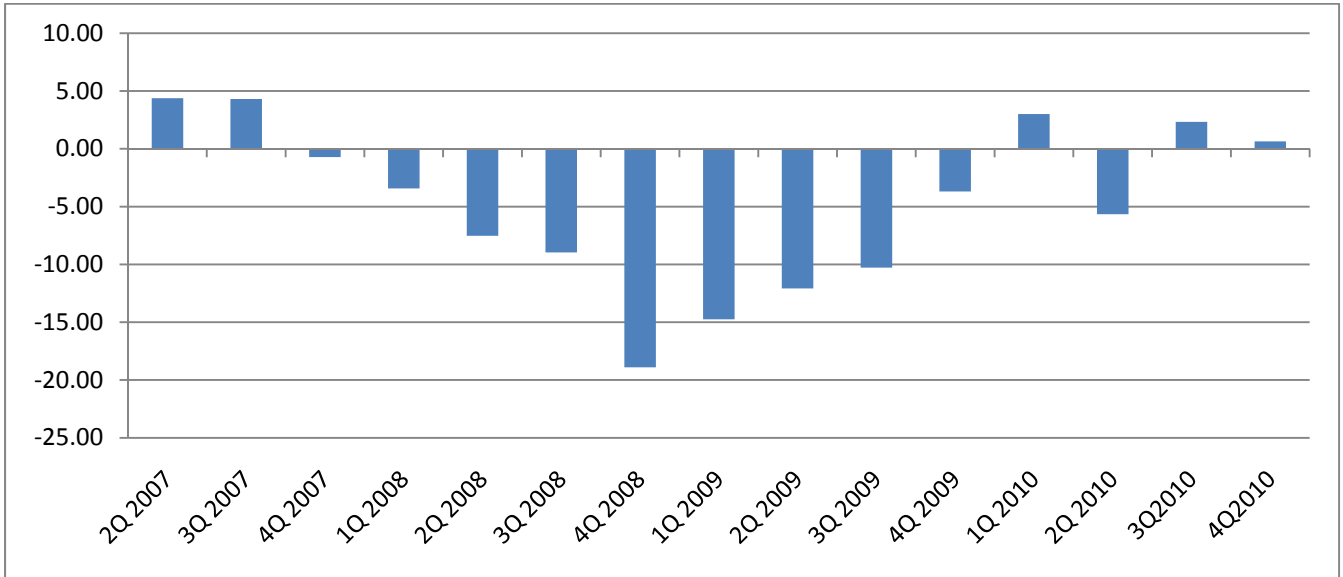
Examining the year-over-year changes in total gaming win, or revenue, at the statewide level yields the following pattern:

Statewide Percent Change in Monthly Gaming Win, January 2008-December 2010



The quarterly numbers present a similar picture. For the purposes of charting the period before the official recession, the second and third quarters of 2007 are included.

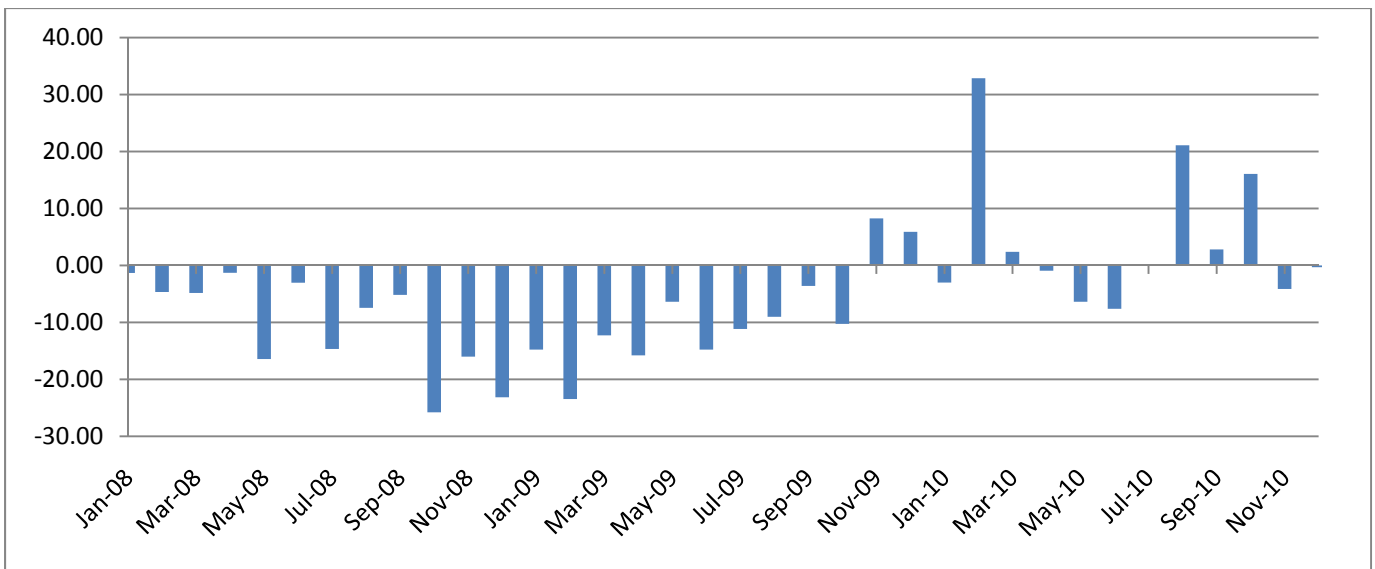
Statewide Percent Change in Quarterly Gaming Win, 2Q 2007-4Q 2010



Las Vegas Strip

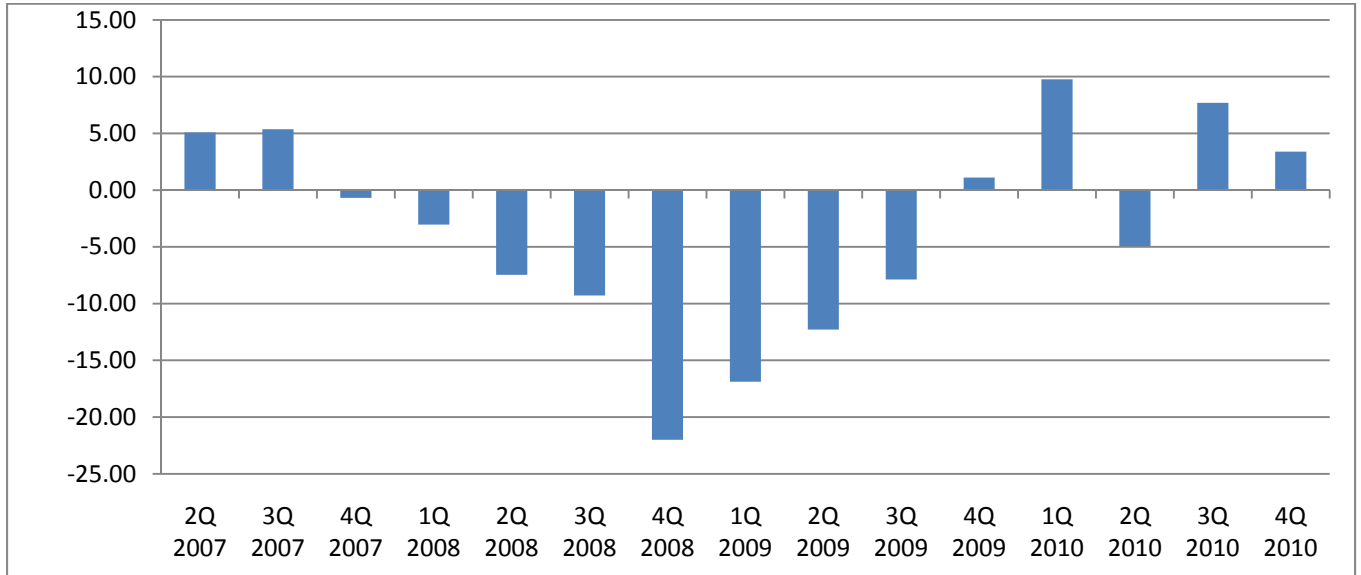
On the Strip, gaming revenues showed a similar pattern, with a slightly better outlook and an earlier (technical) end to the recession.

Las Vegas Strip Percent Change in Monthly Gaming Win, January 2008-December 2010



The quarterly numbers show a clearer pattern, at least until 2Q 2010. For the purposes of charting the period before the official recession, the second and third quarters of 2007 are included.

Las Vegas Strip Percent Change in Quarterly Gaming Win, 2Q 2007-4Q 2010



While on the Strip the recession appeared to be V-shaped and roughly symmetrical, the second quarter of 2010 saw an end to the recovery, or at least a halt. The third quarter is either the start of another growth trend which the fourth quarter has diminished slightly, or another temporary reprieve from the decline.

Overall, the data suggests that the Nevada gaming industry, while not in an economic freefall, is not out of its decline. It appears that the industry has stabilized, and the worst appears to be over—barring another national economy implosion.

Data

Statewide Monthly Percent Change in Gaming Win

Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08
-4.75	-3.93	-1.52	-5.05	-15.17	-1.11	-12.97	-8.10	-5.44	-22.33
Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
-14.80	-18.94	-14.62	-18.12	-11.61	-14.07	-8.34	-13.81	-12.48	-9.32
Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
-8.99	-11.56	4.35	-3.24	-3.22	13.92	-0.66	-5.70	-4.73	-6.65
Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10				
-4.93	11.51	0.73	11.02	-5.87	-2.39				

Statewide Quarterly Percent Change in Gaming Win

2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	
4.38	4.31	-0.72	-3.43	-7.52	-8.96	-18.90	
1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
-14.75	-12.08	-10.28	-3.69	3.01	-5.65	2.33	0.65

Las Vegas Strip Monthly Percent Change in Gaming Win

Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08
-1.33	-4.66	-4.82	-1.28	-16.44	-3.02	-14.67	-7.43	-5.17	-25.77
Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
-16.02	-23.15	-14.77	-23.45	-12.26	-15.79	-6.36	-14.77	-11.14	-9.00
Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
-3.58	-10.26	8.26	5.89	-3.00	32.88	2.40	-0.93	-6.37	-7.62
Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10				
0	21.09	2.8	16.07	-4.12	-0.3				

Las Vegas Strip Quarterly Percent Change in Gaming Win

2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	
5.09	5.36	-0.69	-3.04	-7.47	-9.29	-22.00	
1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010	4Q 2010
-16.88	-12.29	-7.87	1.11	9.77	-4.93	7.69	3.39

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All data taken from Gaming Revenue Reports for their respective months; accessible at [http://gaming.nv.gov/gaming\\_revenue\\_rpt.htm](http://gaming.nv.gov/gaming_revenue_rpt.htm)

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Questions? Contact: Dr. David G. Schwartz, Director, Center for Gaming Research  
phone (702) 895-2242 | [dgs@unlv.nevada.edu](mailto:dgs@unlv.nevada.edu)