

## Gaming and Lodging

## February card spending and LV room survey: Lodging (=); Las Vegas (=)

Industry Overview

## Travel Spending: Lodging (=), Airlines (-), Leisure (+)

BAC aggregated credit and debit card spending on lodging accelerated 4pp to -3% Y/Y in February. After adjusting for an extra day, we estimate lodging card spend was down -6% and a modest improvement from -7% in January. Overall Q1TD lodging spending is down -6% Y/Y largely in line with Q4. Leisure card spend reaccelerated to -4% Y/Y in February from -8% Y/Y in January. Trends within leisure were mixed with golf and athletic apparel the leaders, and fitness clubs and theme parks the laggards. Retail ski town card spend was down -4% Y/Y in Feb. vs. -8% Y/Y in Jan.

Airline card spend was flat Y/Y in February and in-line with January trends. We think underlying airlines trends are softening given 1) spend decelerating -3pps M/M after adjusting for an extra day and 2) several airline operators cutting capacity.

## Las Vegas: Spending (+), Room Rates (=/-)

Las Vegas Strip card spend accelerated to +4% Y/Y in February vs. -4% Y/Y in January. After adjusting for the extra day, LV Strip spend was up +1% Y/Y, with the strength likely driven by Super Bowl. Overall Q1 LV Strip Spend is flat, a slight improvement from -1% Y/Y in Q4. LV Locals card spend was +4% Y/Y in February, compared to +2% Y/Y in January. We think the underlying LV Locals trends remain very stable, and overall Q1 spend is +1% in-line with Q4.

Our room rate survey shows rates up +2% Y/Y on a rolling 3-month basis, driven by March rates down -24% due to lapping Con Agg and Easter timing shifts. March rates have slipped from -7% at the start of February to -24% now, which could be a sign that close in bookings aren't materializing as expected. Rates from April and May are up +18%/+13%.

## Exhibit 1: BAC aggregated card data spend-various categories, Y/Y

Spending categories slowed in January from unfavorable weather and timing shifts

Monthly Y/Y	Q3	Oct	Nov	Dec	Q4	Jan	Feb	Q1TD	Δ
Overall Consumer Spend	0%	0%	1%	1%	1%	-1%	3%	-1%	↓
Lodging Card Spend	-5%	-6%	-6%	-4%	-5%	-7%	-3%	-6%	↓
Airline Card Spend	0%	-5%	-1%	2%	-1%	0%	0%	-2%	↓
Leisure Card Spend	-3%	-7%	0%	-2%	-3%	-8%	-4%	-8%	↓
Las Vegas Strip Card Spend	-9%	-3%	0%	1%	-1%	-4%	4%	1%	↑
Monthly vs. 2019	Q3	Oct	Nov	Dec	Q4	Jan	Feb	Q4TD	Δ
Overall Consumer Spend	24%	23%	26%	21%	23%	27%	31%	27%	↑
Lodging Card Spend	7%	6%	6%	5%	5%	16%	20%	16%	↑
Airline Card Spend	5%	3%	10%	5%	6%	15%	18%	14%	↑
Leisure Card Spend	16%	16%	15%	16%	16%	22%	28%	22%	↑
Las Vegas Strip Card Spend	15%	17%	30%	16%	21%	13%	21%	20%	↓

Source: BAC Internal Data

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Equity  
United States  
Gaming and Lodging

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See the BofA economists' latest [BofA on USA](#) report for additional color on retail trends during the month and detailed explanation of methodology, disclaimers and limitations relating to BAC card data.

## Key Terms

**Ski Town Card Spend:** Ski town data series include credit card spending only. Spend is based on the location of the merchant

**Lodging/ Airlines Card Spend:** BAC US aggregated credit and debit card spending for lodging/ airlines  
RevPAR: Revenue per available room

**Leisure Card Spend:** BAC US aggregated credit and debit card spending for Leisure

**LV Strip Card Spend:** Strip zip-code based aggregated BAC credit card brick and mortar retail spend

**LV Locals Card Spend:** Las Vegas MSA based aggregated BAC credit and debit card spend

**MSA:** spending for cardholders with addresses located in the Las Vegas MSA; Zip code-based = spending at merchants located in Las Vegas Strip zip codes only, regardless of cardholders' residency. >100% decline reflects refunds. We advise taking a moving average to decipher the underlying trend.

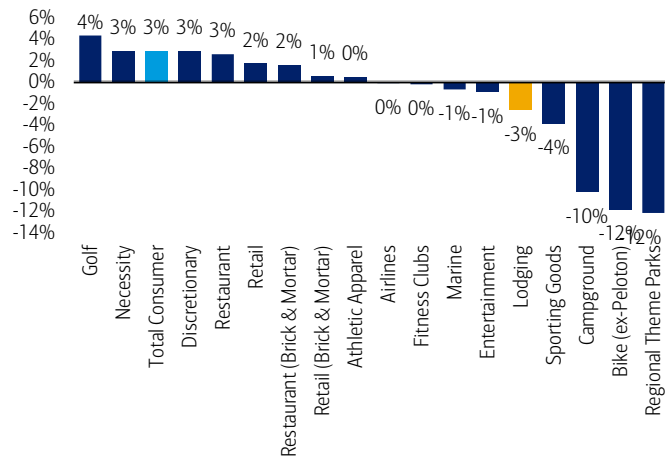
**Las Vegas Strip (zip code based) Spend:** includes credit card spending only. MSA and Broader US includes credit and debit card, which captures retail sales + services which are paid with cards. Does not include ACH payments

Key to symbols: -/+ indicate trends in data Q/Q.

# Travel Card Spend

## Exhibit 2: BAC card data - growth of key spending and travel categories Y/Y

Lodging spend is down -3% Y/Y, trailing overall consumer spend at +3%

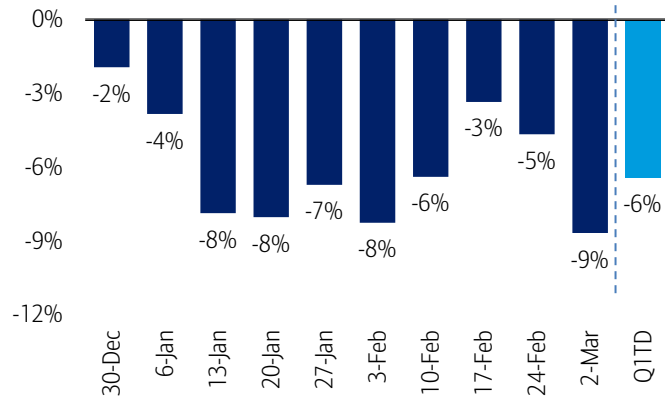


Source: BAC Internal Data

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## Exhibit 4: Weekly Lodging Card Spend Y/Y per BAC card data

Lodging card is -6% in Q1-to-date

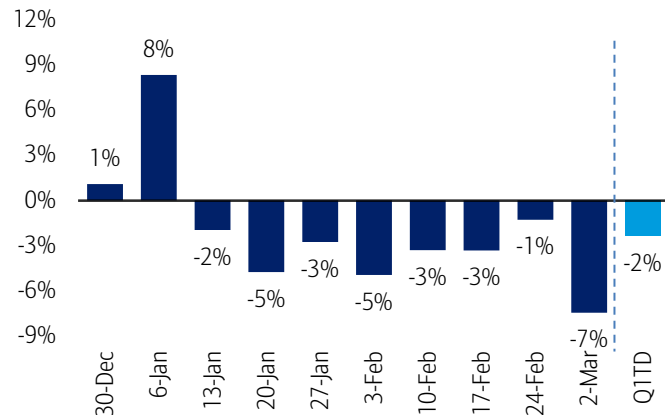


Source: BAC Internal Data

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## Exhibit 6: Weekly Airline Card Spend Y/Y per BAC card data

Airline card spend is down -2% Y/Y in Q1-to-date

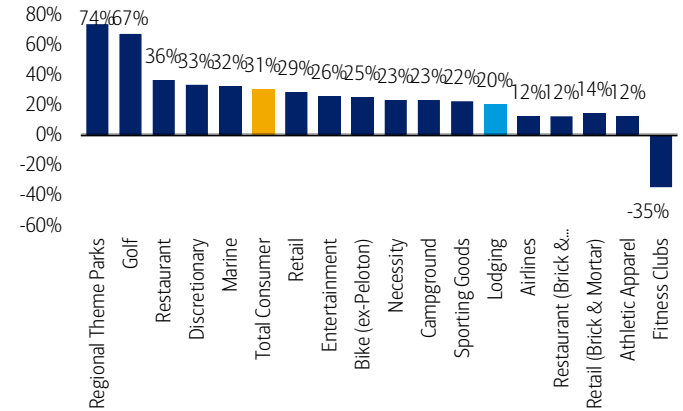


Source: BAC Internal Data

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## Exhibit 3: BAC card data - growth of key spending and travel categories vs 2019

Airlines and lodging continue to lag overall consumer spending vs. 2019

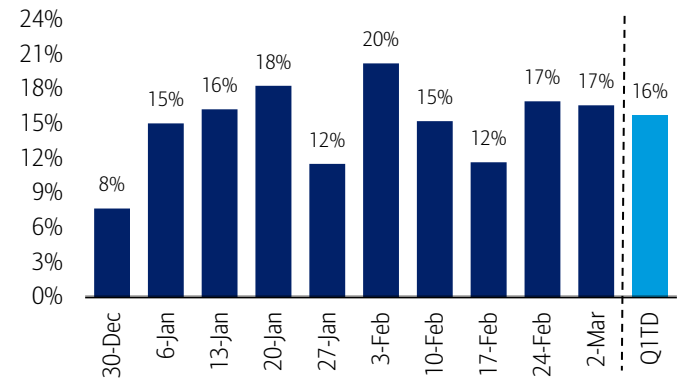


Source: BAC Internal Data

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## Exhibit 5: Weekly Lodging Card Spend vs 2019 per BAC card data

Lodging spend is +16% Q1-to-date vs 2019

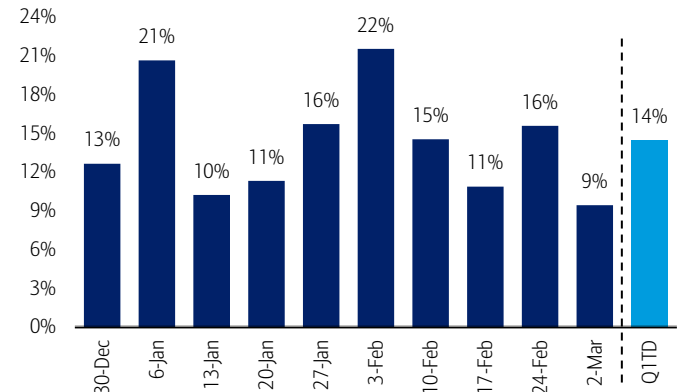


Source: BAC Internal Data

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## Exhibit 7: Weekly Airline Card Spend vs 2019 per BAC card data

Airline card spend is +14% vs. 2019 Q1-to-date



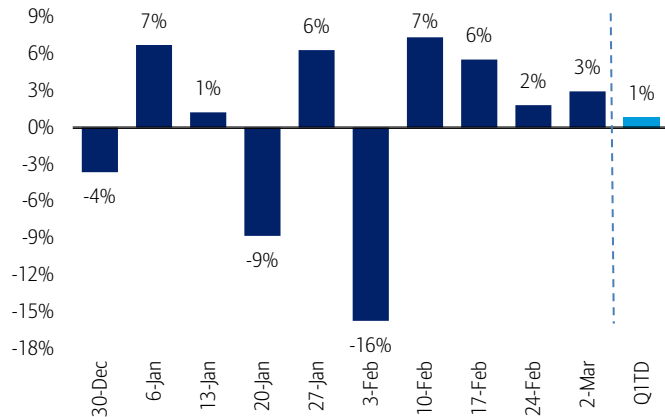
Source: BAC Internal Data

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# Las Vegas Card Spend & Room Survey

## Exhibit 8: Las Vegas Strip Card Spend Y/Y

LV Strip Card Spend is tracking down +1% Q1-to-date

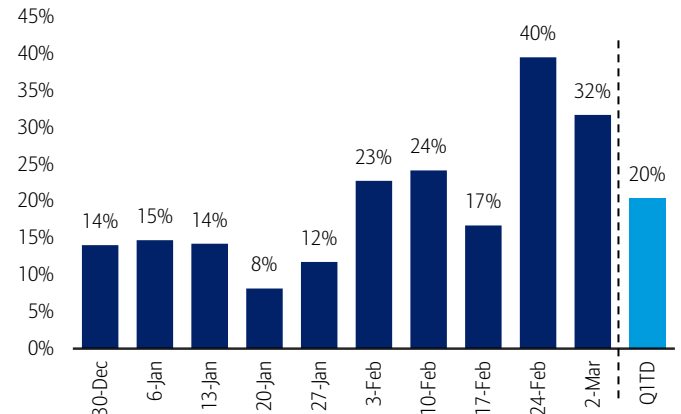


Source: BAC Internal Data

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## Exhibit 9: Las Vegas Strip Card Spend vs 2019

LV Strip Card Spend is tracking up +20% Q1-to-date

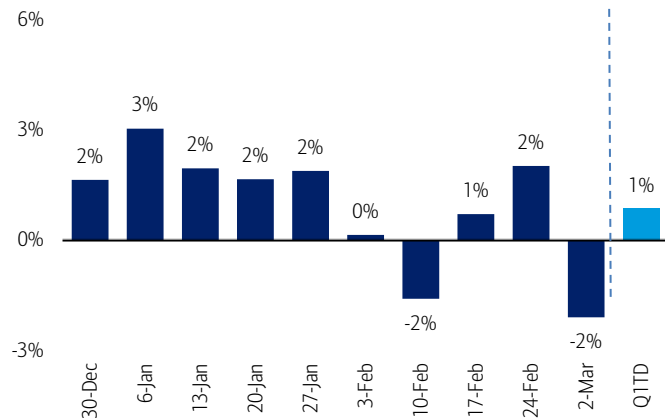


Source: BAC Internal Data

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## Exhibit 10: LV Locals Card Spend Y/Y

LV Locals card spend is +1% Y/Y Q1-to-date

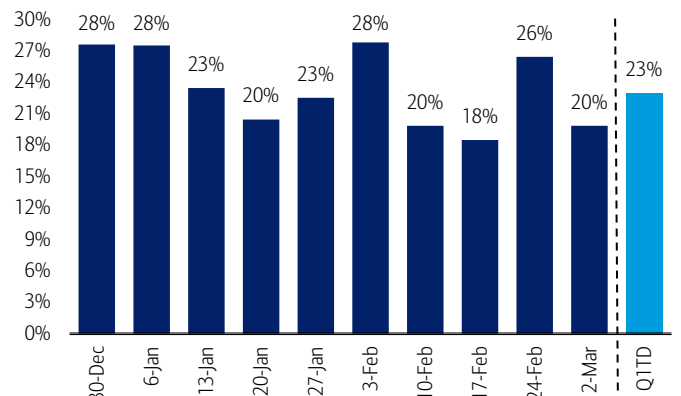


Source: BAC Internal Data

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## Exhibit 11: LV Locals Card Spend vs 2019

LV Locals card spend is up +23% vs 2019 Q1 TD

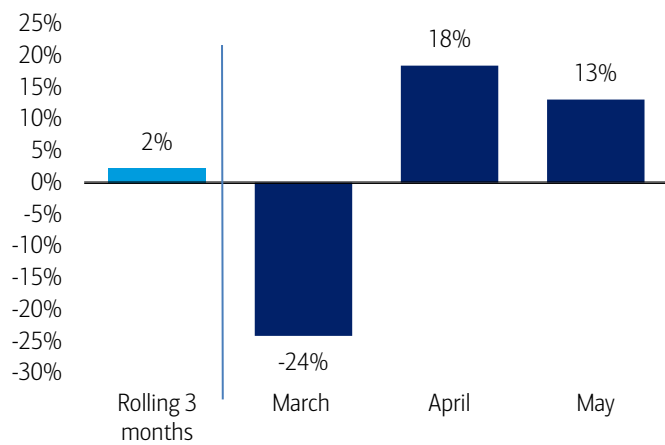


Source: BAC Internal Data

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## Exhibit 12: LV Room Rate Survey

Room rates are weak in March from lapping ConAgg

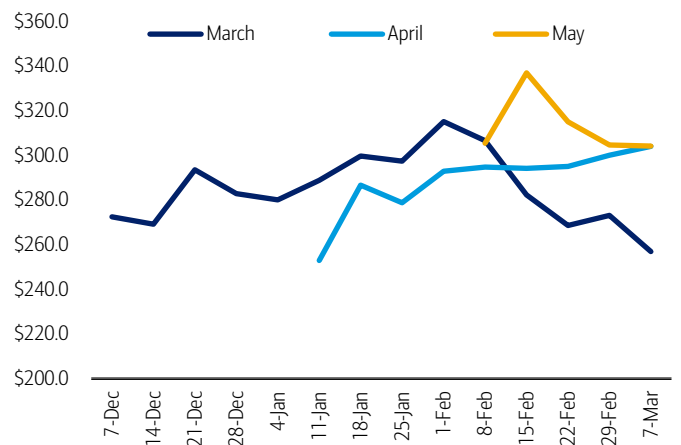


Source: Company Websites

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## Exhibit 13: LV Room Rate Survey Absolute \$

Room rates are slowing into the day of arrival



Source: BofA Global Research

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**Exhibit 14: Aggregated weekly card spend per HH – by category (%Y/Y), per BAC card data**

Overview of key spending and travel categories

	9-Dec	16-Dec	23-Dec	30-Dec	6-Jan	13-Jan	20-Jan	27-Jan	3-Feb	10-Feb	17-Feb	24-Feb	2-Mar
Total Consumer	1%	0%	1%	1%	2%	0%	-3%	0%	-1%	-1%	-1%	0%	-3%
Lodging	-5%	-5%	-5%	-2%	-4%	-8%	-8%	-7%	-8%	-6%	-3%	-5%	-9%
Airlines	2%	1%	4%	1%	8%	-2%	-5%	-3%	-5%	-3%	-3%	-1%	-7%
Entertainment	6%	0%	-4%	4%	11%	-9%	-12%	-5%	-5%	-8%	-5%	-3%	0%
Leisure (Open for Add'l Categories)	1%	-5%	-3%	-2%	-1%	-9%	-14%	-7%	-5%	-8%	-8%	-10%	-6%
Services	1%	-3%	-3%	0%	3%	-6%	-10%	-4%	-5%	-7%	-6%	-6%	-6%
Goods	-1%	-2%	-1%	0%	0%	-2%	-5%	-1%	-4%	-2%	-2%	-2%	-3%

**Las Vegas****BAC Card Spending\***

LV Strip Overall Credit Card	-5%	17%	-16%	-4%	7%	1%	-9%	6%	-16%	7%	6%	2%	3%
LV Locals Credit & Debit Spend	1%	2%	3%	2%	3%	2%	2%	2%	0%	-2%	1%	2%	-2%

**Proprietary Room Rate Survey**

Rolling 3-months	10%	9%	10%	5%	1%	7%	13%	16%	20%	18%	17%	13%	4%
February Room Rates	33%	31%	31%	35%	26%	40%	51%	53%	52%	52%	45%	42%	
March Room Rates	-20%	-21%	-13%	-16%	-17%	-15%	-11%	-12%	-7%	-9%	-17%	-21%	-19%
April Room Rates						-2%	12%	9%	14%	15%	15%	15%	17%
May Room Rates										14%	25%	17%	13%

**Source:** Bac Internal data. Note: The 1-yr % change shows the change between the current date at the head of the table column and its comparable date a year ago and the 4-yr % change shows the percentage change with the comparable date four years ago. Total card spending includes total BAC card activity which captures retail sales + services which are paid with cards. Does not include ACH payments. B&M (Brick & Mortar) retail means retail purchases at the store. Card not present is largely online but could include purchases made over the phone

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**Exhibit 15: Monthly Card Spend by Category Y/Y**

Overview of key spending and travel categories

	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
TSA Traveler Throughput	23%	12%	9%	10%	11%	12%	8%	10%	11%	9%	10%	7%	5%
<b>BAC U.S. Credit and Debit Card Spending*</b>													
Total Consumer	3%	0%	-1%	0%	0%	1%	0%	1%	0%	1%	1%	-1%	3%
Discretionary	3%	1%	-1%	1%	1%	2%	1%	0%	0%	2%	1%	-1%	3%
Necessity	1%	-2%	-2%	-4%	-5%	-3%	0%	1%	-1%	0%	1%	-1%	3%
Retail	0%	-2%	-2%	-2%	-2%	-1%	-1%	0%	-2%	0%	0%	-2%	2%
Restaurant	7%	6%	4%	2%	5%	4%	2%	3%	0%	3%	5%	-4%	3%
Lodging	0%	-3%	-5%	-6%	-3%	-4%	-8%	-7%	-6%	-6%	-4%	-7%	-3%
Airlines	22%	3%	1%	-2%	-2%	3%	1%	-2%	-5%	-1%	2%	0%	0%
Entertainment	19%	10%	13%	6%	7%	9%	11%	7%	-1%	-3%	3%	-6%	-1%
Leisure (Open for Add'l Categories)	-3%	-7%	-4%	-2%	1%	-4%	-5%	-3%	-7%	0%	-2%	-8%	-4%
Services	7%	3%	1%	0%	2%	1%	0%	0%	-5%	-2%	0%	-6%	-3%
Goods	0%	-3%	-3%	-3%	0%	-1%	-1%	-1%	-3%	1%	-1%	-3%	1%

**Card Spending**

LV Strip Overall Credit Card	3%	-5%	-11%	-11%	-9%	-6%	-9%	-10%	-3%	0%	1%	-4%	4%
Strip Restaurant Credit Card	14%	-1%	-5%	-9%	-6%	0%	-5%	-6%	1%	0%	4%	-4%	2%
LV Locals Credit & Debit Spend	1%	-2%	-2%	-1%	-1%	0%	-1%	-1%	0%	1%	2%	2%	4%
Locals Restaurant	5%	5%	1%	3%	4%	5%	1%	1%	2%	3%	5%	2%	5%
Locals Entertainment	24%	10%	8%	13%	9%	6%	11%	1%	5%	-4%	1%	-10%	4%

**Proprietary Room Rate Survey**

Rolling 3-months	24%	12%	4%	10%	11%	13%	30%	26%	16%	30%	10%	10%	15%
February Room Rates										62%	33%	46%	49%
March Room Rates											-17%	-13%	-11%
April Room Rates												8%	10%
May Room Rates													14%

**Source:** Bac Internal data. Note: The 1-yr % change shows the change between the current date at the head of the table column and its comparable date a year ago and the 4-yr % change shows the percentage change with the comparable date four years ago. Total card spending includes total BAC card activity which captures retail sales + services which are paid with cards. Does not include ACH payments. B&M (Brick & Mortar) retail means retail purchases at the store. Card not present is largely online but could include purchases made over the phone

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### Methodology explained

Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data is limited to debit and credit cards and does not include other payment methods such as cash or checks.

Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data August also be classified by other proprietary methods not using MCCs.

BAC data used in this report include spending from active US households (HHs) only. Spending from corporate cards are excluded.

Our methodology for calculating the growth rates for daily data: we calculate the %y/y growth rate and the 4-year % change by matching calendar days (Jan 1 2023 is matched to Jan 1 2022, and Jan 1, 2019, respectively). The % change is calculated based on the 7-day moving average of spending levels.

Unless otherwise noted, the monthly subsector data are adjusted to control for seasonality and other factors.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R1</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R1</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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