



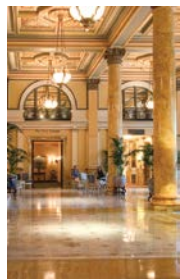
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# IN FOCUS: LAS VEGAS CASINO & HOTEL MARKET OUTLOOK 2014

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*Las Vegas is well positioned for growth with the openings of SLS Las Vegas, Delano Las Vegas, The LINQ, and The Cromwell in 2014. The Las Vegas Convention and Visitors Authority’s plans for the Global Business District, Genting’s Resorts World Las Vegas development, and MGM-AEG’s 20,000-seat arena are all part of the city’s evolution that will define Las Vegas’ future competitive landscape as a destination. The market also benefits from the growth in baccarat revenue, which is an off-shoot of operators leveraging Asian marketing opportunities.*

**TOURISM**

Las Vegas continues to enjoy high tourism levels year-round, with 39.7 million people visiting the city in 2013. Visitation in the first four months of 2014 compared to 2013 continues to trend upwards; the growth in total visitors YTD April 2014 was up 4.8%. The Las Vegas Convention and Visitors Authority (“LVCVA”) reported nearly 3.7 million visitors in March 2014, which was the highest total ever recorded in one month. Convention attendance in particular boosted that monthly total. Given the year’s strong start, the Las Vegas market is on track to break the 40 million visitor mark in 2014. The new resorts and attractions opening this year will induce additional demand and visitation as people continue to seek out new and unique experiences found only in Las Vegas.

**CLARK COUNTY VISITORS (2007-2013)**

| Year  | Total Visitors | Percentage Change |
|---|----------------|-------------------|
| 2007  | 39,196,761     | 0.7               |
| 2008  | 37,481,552     | (4.4)             |
| 2009  | 36,351,469     | (3.0)             |
| 2010  | 37,335,436     | 2.7               |
| 2011  | 38,928,708     | 4.3               |
| 2012  | 39,727,022     | 2.1               |
| 2013  | 39,668,221     | (0.1)             |
| <b>Average Annual Compounded Change, 2007-2013:</b> |                | <b>0.2 %</b>      |
| <b>Average Annual Compounded Change, 2010-2013:</b> |                | <b>2.0 %</b>      |
| Year-to-date April:                                 |                |                   |
| 2013  | 13,037,268     | --                |
| 2014  | 13,664,661     | 4.8 %             |

Source: Las Vegas Convention & Visitors Authority

**VIEW OF LAS VEGAS STRIP**





The following table illustrates trends by month for Clark County:

CLARK COUNTY VISITORS PER MONTH

| Month                   | 2010<br>Visitors  | Percent<br>Change | Percent<br>of Total | 2011<br>Visitors  | Percent<br>Change | Percent<br>of Total | 2012<br>Visitors  | Percent<br>Change | Percent<br>of Total | 2013<br>Visitors  | Percent<br>Change | Percent<br>of Total | 2014<br>Visitors  | Percent<br>Change |
|-------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|
| January                 | 2,877,716         | 4.0 %             | 7.7 %               | 3,126,364         | 8.6 %             | 8.0 %               | 3,154,639         | 0.9 %             | 7.9 %               | 3,132,122         | (0.7) %           | 7.9 %               | 3,388,296         | 8.2 %             |
| February                | 2,856,456         | (0.1)             | 7.7                 | 2,884,587         | 1.0               | 7.4                 | 3,069,954         | 6.4               | 7.7                 | 3,028,920         | (1.3)             | 7.6                 | 3,131,305         | 3.4               |
| March                   | 3,224,697         | 0.7               | 8.6                 | 3,406,385         | 5.6               | 8.8                 | 3,531,994         | 3.7               | 8.9                 | 3,536,569         | 0.1               | 8.9                 | 3,688,357         | 4.3               |
| April                   | 3,199,541         | 0.9               | 8.6                 | 3,354,283         | 4.8               | 8.6                 | 3,324,459         | (0.9)             | 8.4                 | 3,339,657         | 0.5               | 8.4                 | 3,456,703         | 3.5               |
| May                     | 3,262,831         | 2.0               | 8.7                 | 3,369,262         | 3.3               | 8.7                 | 3,451,394         | 2.4               | 8.7                 | 3,456,479         | 0.1               | 8.7                 |                   |                   |
| June                    | 3,106,965         | 4.3               | 8.3                 | 3,324,290         | 7.0               | 8.5                 | 3,392,798         | 2.1               | 8.5                 | 3,363,895         | (0.9)             | 8.5                 |                   |                   |
| July                    | 3,330,658         | 4.7               | 8.9                 | 3,472,861         | 4.3               | 8.9                 | 3,443,486         | (0.8)             | 8.7                 | 3,470,490         | 0.8               | 8.7                 |                   |                   |
| August                  | 3,201,662         | 3.5               | 8.6                 | 3,290,473         | 2.8               | 8.5                 | 3,340,826         | 1.5               | 8.4                 | 3,370,056         | 0.9               | 8.5                 |                   |                   |
| September               | 3,123,549         | 2.0               | 8.4                 | 3,294,117         | 5.5               | 8.5                 | 3,353,330         | 1.8               | 8.4                 | 3,298,198         | (1.6)             | 8.3                 |                   |                   |
| October                 | 3,332,628         | 5.7               | 8.9                 | 3,422,074         | 2.7               | 8.8                 | 3,521,430         | 2.9               | 8.9                 | 3,471,816         | (1.4)             | 8.8                 |                   |                   |
| November                | 2,933,897         | 1.0               | 7.9                 | 3,026,521         | 3.2               | 7.8                 | 3,102,052         | 2.5               | 7.8                 | 3,243,731         | 4.6               | 8.2                 |                   |                   |
| December                | 2,884,836         | 3.7               | 7.7                 | 2,957,491         | 2.5               | 7.6                 | 3,040,660         | 2.8               | 7.7                 | 2,956,288         | (2.8)             | 7.5                 |                   |                   |
| <b>Total</b>            | <b>37,335,436</b> | <b>2.7 %</b>      | <b>100.0 %</b>      | <b>38,928,708</b> | <b>4.3 %</b>      | <b>100.0 %</b>      | <b>39,727,022</b> | <b>2.1 %</b>      | <b>100.0 %</b>      | <b>39,668,221</b> | <b>(0.1) %</b>    | <b>100.0 %</b>      |                   |                   |
| <b>YTD April Total:</b> | <b>12,158,410</b> | <b>1.3 %</b>      | <b>32.6 %</b>       | <b>12,771,619</b> | <b>5.0 %</b>      | <b>32.8 %</b>       | <b>13,081,046</b> | <b>2.4 %</b>      | <b>32.9 %</b>       | <b>13,037,268</b> | <b>(0.3) %</b>    | <b>32.9 %</b>       | <b>13,664,661</b> | <b>4.8 %</b>      |

Source: Las Vegas Convention & Visitors Authority

The LVCVA’s “2013 Las Vegas Visitors Profile Study” provides insight into the preferences relating to the area’s visitors. Significant findings from the study include:

- 41% of the study’s participants cited vacation or pleasure as their primary reason for visiting Las Vegas (trending downward from 51% in 2010). Visitors who indicated they came primarily to gamble was 15% (up from 9.0% in 2010). Those who primarily visited friends or family has remained relatively stable since 2010 at 12%. The percentage of visitors coming for conventions and trade shows has steadily dropped from 11% in 2010 to 7.0%.
- The percentage of visitors who arrived via ground transportation (58%) versus air (42%) remained relatively stable. Only 15% reported using a travel agent to plan their trip to Las Vegas, up slightly from past years. As expected, virtually all visitors (99.8%) stayed overnight in 2013, with 96% of those staying in a hotel or motel.
- 71% said they gambled while in Las Vegas. Gamblers spent an average of 2.9 hours per day gambling. The average gaming budget was \$529.57 and a higher percentage of repeat visitors (17%) came exclusively to gamble compared to first-time visitors (4%).
- Over the course of their entire stay in Las Vegas, visitors spent an average of \$278.95 for food and drink (compared to \$265.11 in 2012) and \$59.68 for local transportation (up from \$57.77 in 2012) in 2013. Visitors also spent an average of \$140.90 for shopping (up from \$122.80 in 2010 but down from \$149.29 in 2012), \$38.45 for shows (the lowest amount over the last five years), and \$9.29 for sightseeing (down from \$9.63 in 2012).
- The proportion of visitors who said they visited Downtown Las Vegas was 30%, the lowest percentage over the past five years. Most of those who went did so to see the Fremont Street Experience. However, the opening of the Zappos headquarters in the former City Hall, improvements in the area, including the openings of Container Park, the Downtown Grand inside the former Lady Luck, as well as the Slotzilla zipline attraction on Fremont Street, are expected attract more visitors to Downtown Las Vegas.



**Airport Traffic**

Nearly half of all visitors to Las Vegas arrive through McCarran International Airport, which proves the importance of passenger levels and capacity to the market. McCarran operates over 100 gates, serving approximately 30 international and domestic carriers. Passenger levels in 2013 increased for the third straight year to approximately 41.9 million passengers (0.5% growth).

MCCARRAN INTERNATIONAL AIRPORT OPERATING STATISTICS

| Year  | Passenger Traffic | Percent Change* | Percent Change** |
|---|-------------------|-----------------|------------------|
| 2007  | 47,729,527        | 3.3             | 5.2              |
| 2008  | 44,074,642        | (7.7)           | 3.3              |
| 2009  | 40,469,012        | (8.2)           | 1.8              |
| 2010  | 39,757,359        | (1.8)           | 1.4              |
| 2011  | 41,479,814        | 4.3             | 1.7              |
| 2012  | 41,667,596        | 0.5             | 1.6              |
| 2013  | 41,857,059        | 0.5             | 1.5              |
| Year-to-date, April   |                   |                 |                  |
| 2013  | 13,349,136        | —               | —                |
| 2014  | 13,749,020        | 3.0 %           | —                |
| *Annual average compounded percentage change from the previous year   |                   |                 |                  |
| **Annual average compounded percentage change from first year of data |                   |                 |                  |
| Source: McCarran International Airport                                |                   |                 |                  |

Consistent with increase in the number of visitors, passenger traffic grew in each of the first four months of 2014 compared to 2013. Total visitor growth YTD April 2014 was 3.0%.

International travelers stay longer and spend more money locally than domestic passengers, and will continue to increase in importance. Canada’s WestJet became McCarran’s first international airline to exceed one million annual passengers to/from Las Vegas in 2013 and announced plans to increase nonstop service beginning June 2014. Edelweiss Air also began twice weekly nonstop air service from Zürich to Las Vegas beginning in 2014. Las Vegas will also need to benefit from the increase in Chinese visitors to the U.S. (22% growth in 2013) and should continue to tailor language, products and services to the Chinese market. The growth of Baccarat revenue, as discussed below, is a direct result of this demographic trend.

**GAMING DEMAND**

According to statistics from the Nevada Gaming Control Board, gross gaming revenue in Clark County reached \$9.7 billion in 2013, a 2.9% increase over 2012 and the highest level since 2008. While gaming revenues for the Las Vegas Strip properties increased 4.8% to \$6.5 billion in 2013, Downtown Las Vegas’ properties gaming revenues were down 1.6%. The percentage of participants in LVCVA’s 2013 Visitor Study who indicated they visited primarily to gamble was 15%, up from 9.0% in 2010 and, on average, those visitors that gambled spent more. With visitation remaining essentially flat in 2013 and gaming revenue increasing 2.9%, gaming revenue per visitor increased 3.1% compared to 2012, to \$244. During the economic downturn, gaming revenue per visitor had declined from \$277 per visitor in 2007 to \$237 per visitor in 2012.



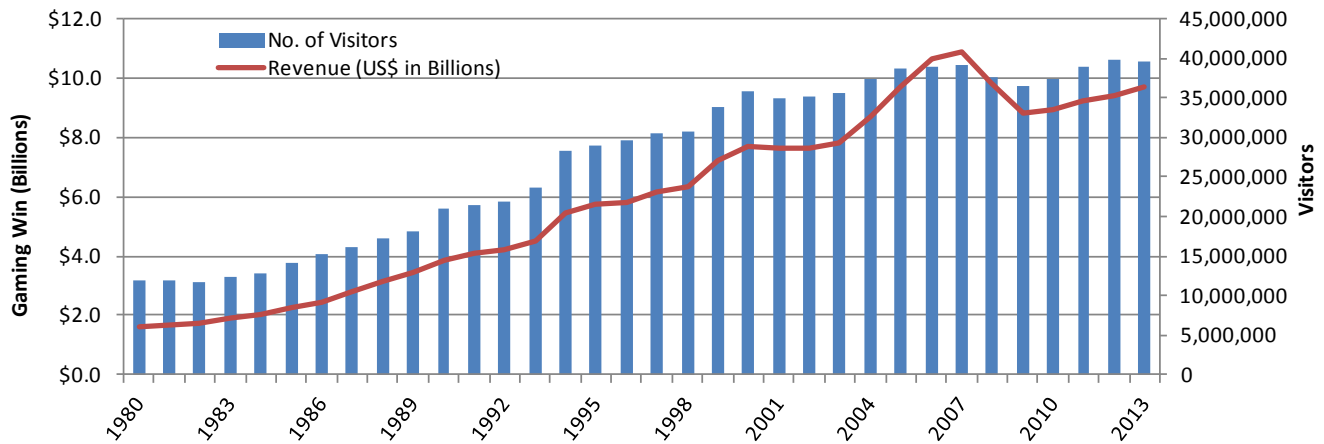
TOTAL VISITORS, GAMING REVENUE, AND WIN PER VISITOR (CLARK COUNTY, NEVADA)

| Year   | Total Visitors | % Change | Total Gaming Revenue (Win) | % Change | Gaming Revenue per Visitor | % Change |
|--|----------------|----------|----------------------------|----------|----------------------------|----------|
| 2007   | 39,196,761     | 0.7      | \$10,868,029,000           | 2.2      | 277                        | 1.5      |
| 2008   | 37,481,552     | (4.4)    | 9,796,970,000              | (9.9)    | 261                        | (5.7)    |
| 2009   | 36,351,469     | (3.0)    | 8,833,902,000              | (9.8)    | 243                        | (7.0)    |
| 2010   | 37,335,436     | 2.7      | 8,908,698,000              | 0.8      | 239                        | (1.8)    |
| 2011   | 38,928,708     | 4.3      | 9,222,906,000              | 3.5      | 237                        | (0.7)    |
| 2012   | 39,727,022     | 2.1      | 9,399,882,000              | 1.9      | 237                        | (0.1)    |
| 2013   | 39,668,221     | (0.1)    | 9,676,458,000              | 2.9      | 244                        | 3.1      |
| Average Annual Compounded % Change - 2010 to 2013: |                | 2.0 %    |                            | 2.8 %    |                            | 0.7 %    |
| Year-to-date April:                                |                |          |                            |          |                            |          |
| 2013   | 13,037,268     | ---      | \$3,281,193,000            | ---      | \$252                      | ---      |
| 2014   | 13,664,661     | 4.8 %    | 3,191,098,000              | (2.7) %  | 234                        | (7.2) %  |

Source: Nevada Gaming Control Board, Las Vegas Convention & Visitors Authority, HVS Consulting and Valuation

The historical gaming win and number of visitors for Clark County for 1980 to 2013 are shown below. While the number of visitors is up, gaming revenue has not yet returned to its peak. Compared to the prior peak period in the mid-2000s, competition for visitor spending is now even fiercer with nightclub, restaurant, and lounge revenue consuming a greater proportion of spending.

CLARK COUNTY (NEVADA) VISITORS AND GAMING REVENUE (1980 TO 2013)



Sources: LVCVA, Nevada Gaming Control Board, HVS

Despite the increase in visitors through the first four months of 2014 (4.8%) due to the large ConExpo-Con/Agg construction trade show in early March; the opening of The LINQ retail, entertainment and dining attraction; the annual NASCAR Sprint Cup event; and several college basketball tournaments, gaming revenue for Clark County during this period declined (2.7%), resulting in the lowest win per visitor since 2004. The downward trend of percentage of people who gamble combined with the win per visitor decline is further evidence of the importance for Las Vegas market operators to monitor and focus on total revenue spent per patron (as opposed to gaming revenue only).

Two casino operators in Nevada and New Jersey, Caesars Entertainment Corp. and Boyd Gaming Corp., received approval in 2014 to allow certain slot machine games at Caesars’ 13 casinos in Nevada and Boyd Gaming’s nine Las Vegas casinos to be linked with similar games at Caesars’ four Atlantic City properties and Boyd’s Borgata Atlantic City. The slot machines are connected under an IGT system called Powerbucks, a multistate wide-area progressive jackpot link. IGT and Bally Technologies supported regulation changes. By linking the games, IGT and Bally representatives said the player pools and wagers would potentially increase, growing the size of large multimillion-dollar jackpots. By increasing the pools across state lines, slot machine jackpots could rival the awards produced by multistate lotteries. The regulation allows the Nevada Gaming Control Board to provide oversight for the agreements. The individual states would collect taxes only on the wagers made within their state boundaries. Proponents said new progressive prizes could help Nevada casinos remain competitive with gaming expansion in other states. The revised regulation also carries a section to include “other games,” which could allow some companies to offer multistate progressive jackpots for such products as video keno. IGT officials hope to link other states and casino companies into Powerbucks.

**Las Vegas Strip \$72 Million and Over Submarket**

For the major properties located on the Las Vegas Strip (properties with over \$72 million in annual gaming revenues, also known as the “Las Vegas Strip \$72 Million and Over” submarket, or “LVS \$72M+”), revenues from table games continue to exceed slot machine revenues. Additional gaming revenue is also generated from other sources, specifically keno, sports book, race book, and card games (poker rooms). The Nevada Gaming Control Board does not release the identity of the specific properties; however, there were 23 casinos in the LVS \$72M+ submarket as of 2013.

SEGMENTED GAMING REVENUES - LAS VEGAS STRIP \$72 MILLION AND OVER MARKET

| Year       | Slot Machines      |          |            | Table Games        |          |            | Other (Keno, Race Book, Sports Book, Card Games) |          |            | Total              |          |
|------------|--------------------|----------|------------|--------------------|----------|------------|--|----------|------------|--------------------|----------|
|            | Win Amount ('000s) | % Change | % of Total | Win Amount ('000s) | % Change | % of Total | Win Amount ('000s)                               | % Change | % of Total | Win Amount ('000s) | % Change |
| 2007       | \$3,142,884        | 2.7      | 49.6       | \$2,964,579        | 3.6      | 46.8       | \$223,981  | (8.1)    | 3.5        | \$6,331,444        | 2.7      |
| 2008       | 2,886,892          | (8.1)    | 50.9       | 2,596,219          | (12.4)   | 45.8       | 187,903  | (16.1)   | 3.3        | 5,671,014          | (10.4)   |
| 2009       | 2,471,788          | (14.4)   | 49.0       | 2,408,137          | (7.2)    | 47.7       | 169,655  | (9.7)    | 3.4        | 5,049,580          | (11.0)   |
| 2010       | 2,397,238          | (3.0)    | 46.0       | 2,656,197          | 10.3     | 50.9       | 161,063  | (5.1)    | 3.1        | 5,214,498          | 3.3      |
| 2011       | 2,507,853          | 4.6      | 45.3       | 2,884,700          | 8.6      | 52.1       | 146,209  | (9.2)    | 2.6        | 5,538,762          | 6.2      |
| 2012       | 2,553,266          | 1.8      | 44.9       | 2,986,086          | 3.5      | 52.5       | 152,977  | 4.6      | 2.7        | 5,692,329          | 2.8      |
| 2013       | 2,593,182          | 1.6      | 42.9       | 3,297,987          | 10.4     | 54.5       | 159,393  | 4.2      | 2.6        | 6,050,562          | 6.3      |
| YTD April: |                    |          |            |                    |          |            |  |          |            |                    |          |
| 2013       | 887,085            | --       | 44.1       | 1,080,985          | --       | 53.7       | 43,422   | --       | 2.2        | 2,011,492          | --       |
| 2014       | 869,431            | (2.0) %  | 45.5       | 990,753            | (8.3) %  | 51.8       | 51,130   | 17.8 %   | 2.7        | 1,911,314          | (5.0) %  |

Source: Nevada Gaming Control Board

Gross gaming revenue for all segments of the LVS \$72M+ submarket grew at 6.3% overall in the 2013 compared to the same period in 2012. The decline in gaming revenues YTD April 2014 compared to the same period in 2013 is primarily attributable to an extremely strong first third of 2013 and lower baccarat revenues in 2014. It should be noted that gross gaming revenue for this market in the FY June 2013, represented 36.9% of total revenue for these 23 properties, which is a greater percentage than the 36.1% of total revenue exhibited in FY June 2012. This may be an indication that the downward trend in gaming revenue percentage of total revenue that had been exhibited over the prior several fiscal years has stabilized.



Win per unit per day (WPUPD)<sup>1</sup> for both slots and table games for the LVS \$72M+ submarket improved year over year from 2010 to 2013.

SLOT WIN PER UNIT PER DAY (WPUPD) - LAS VEGAS STRIP \$72 MILLION AND OVER MARKET

| Year                            | Slots            |              |        |                |              |              |
|---------------------------------|------------------|--------------|--------|----------------|--------------|--------------|
|                                 | Win (US\$ '000s) | % Change     | Units  | % Change       | WPUPD (US\$) | % Change     |
| 2007                            | \$3,142,884      | 2.7          | 40,050 | (4.1)          | 215          | 7.1          |
| 2008                            | 2,886,892        | (8.1)        | 40,543 | 1.2            | 195          | (9.3)        |
| 2009                            | 2,471,788        | (14.4)       | 38,660 | (4.6)          | 175          | (10.2)       |
| 2010                            | 2,397,238        | (3.0)        | 37,090 | (4.1)          | 177          | 1.1          |
| 2011                            | 2,507,853        | 4.6          | 37,304 | 0.6            | 184          | 4.0          |
| 2012                            | 2,553,266        | 1.8          | 35,453 | (5.0)          | 197          | 7.1          |
| 2013                            | 2,593,182        | 1.6          | 34,589 | (2.4)          | 205          | 4.1          |
| <b>Annual % Chg. 2010-2013:</b> |                  | <b>2.7 %</b> |        | <b>(2.3) %</b> |              | <b>5.1 %</b> |
| 2013                            | \$887,085        | —            | 35,028 | —              | 211          | —            |
| 2014                            | 869,431          | (2.0) %      | 34,097 | (2.7) %        | 212          | 0.7 %        |

Source: Nevada Gaming Control

Slot revenues have grown annually since 2011. From 2010 to 2013, they have grown at an average annual compounded rate of 2.7% and, due to the decline in the number of units during this period, WPUPD for table games has grown at an average annual compounded rate of 5.1%.

TABLE GAMES WIN PER UNIT PER DAY (WPUPD) - LAS VEGAS STRIP \$72 MILLION AND OVER MARKET

| Year                            | Table Games      |              |       |              |              |              |
|---------------------------------|------------------|--------------|-------|--------------|--------------|--------------|
|                                 | Win (US\$ '000s) | % Change     | Units | % Change     | WPUPD (US\$) | % Change     |
| 2007                            | \$2,964,579      | 3.6          | 2,243 | 0.9          | 3,621        | 2.7          |
| 2008                            | 2,596,219        | (12.4)       | 2,289 | 2.1          | 3,107        | (14.2)       |
| 2009                            | 2,408,137        | (7.2)        | 2,236 | (2.3)        | 2,951        | (5.0)        |
| 2010                            | 2,656,197        | 10.3         | 2,215 | (0.9)        | 3,285        | 11.3         |
| 2011                            | 2,884,700        | 8.6          | 2,295 | 3.6          | 3,444        | 4.8          |
| 2012                            | 2,986,086        | 3.5          | 2,269 | (1.1)        | 3,606        | 4.7          |
| 2013                            | 3,297,987        | 10.4         | 2,291 | 1.0          | 3,944        | 9.4          |
| <b>Annual % Chg. 2010-2013:</b> |                  | <b>7.5 %</b> |       | <b>1.1 %</b> |              | <b>6.3 %</b> |
| 2013                            | \$1,080,985      | —            | 2,279 | —            | 3,952        | —            |
| 2014                            | 990,753          | (8.3) %      | 2,287 | 0.3 %        | 3,610        | (8.7) %      |

Source: Nevada Gaming Control

Tables revenue has grown annually since 2010. Table games revenue during the 2010 to 2013 period has grown at an average annual compounded rate of 7.5% and, despite an increase in the number of units during this period, WPUPD for table games has grown at an average annual compounded rate of 6.3%.

The 23 casinos in the LVS \$72M+ submarket clearly benefit from, and are impacted by, high-end baccarat play. Further analysis of the submarket’s table games segment reveals that baccarat continues to generate a substantial portion of revenues; over the last four years baccarat revenue has ranged from 43.5% of table games revenue in 2011 to 48.2% in 2013.

<sup>1</sup> Win per unit per day (WPUPD) is a statistic that provides the basis for the analysis and comparison of gaming revenues and is calculated by dividing total gaming revenues generated by a particular type of gaming unit by the number of gaming units available and the number of days in a period.



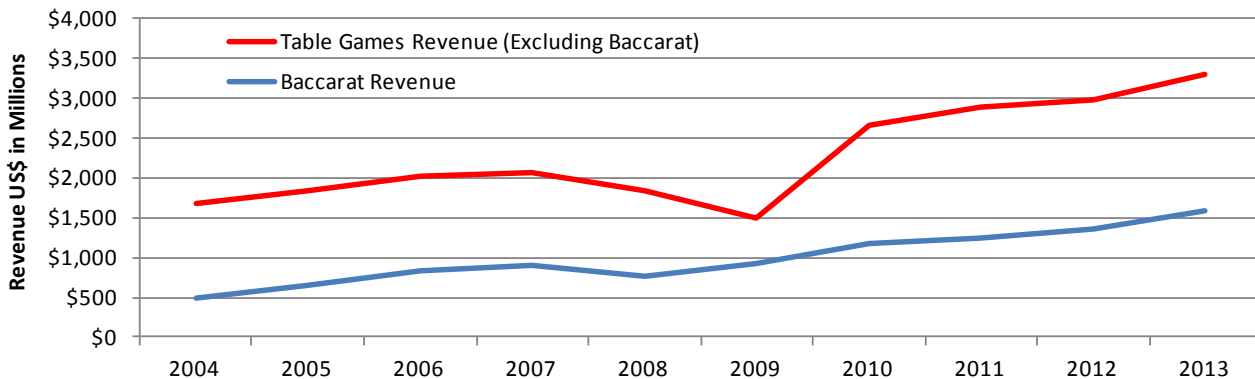
SEGMENTATION OF TABLE GAMES REVENUE – LAS VEGAS STRIP \$72 MILLION AND OVER MARKET

| Game Type        | 2010<br>(\$ in 000's) | % of Total     | 2011<br>(\$ in 000's) | % of Total     | 2012<br>(\$ in 000's) | % of Total     | 2013<br>(\$ in 000's) | % of Total     |
|------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|
| Black Jack       | \$652,763             | 24.6 %         | \$728,643             | 25.3 %         | \$675,406             | 22.6 %         | \$783,994             | 23.8 %         |
| Craps            | 240,198               | 9.0            | 262,027               | 9.1            | 255,738               | 8.6            | 241,526               | 7.3            |
| Roulette         | 239,805               | 9.0            | 256,225               | 8.9            | 298,998               | 10.0           | 282,103               | 8.6            |
| Three-card Poker | 85,469                | 3.2            | 100,729               | 3.5            | 105,099               | 3.5            | 104,955               | 3.2            |
| Baccarat         | 1,178,390             | 44.4           | 1,254,432             | 43.5           | 1,361,222             | 45.6           | 1,588,426             | 48.2           |
| Mini Baccarat    | 59,613                | 2.2            | 68,213                | 2.4            | 77,505                | 2.6            | 85,735                | 2.6            |
| Caribbean Stud   | 6,204                 | 0.2            | 4,404                 | 0.2            | 0                     | 0.0            | 0                     | 0.0            |
| Let it Ride      | 27,570                | 1.0            | 26,438                | 0.9            | 25,350                | 0.8            | 24,678                | 0.7            |
| Pai Gow          | 17,806                | 0.7            | 9,331                 | 0.3            | 15,632                | 0.5            | 12,417                | 0.4            |
| Pai Gow Poker    | 54,836                | 2.1            | 60,500                | 2.1            | 62,189                | 2.1            | 63,996                | 1.9            |
| Other Games      | 93,553                | 3.5            | 113,755               | 3.9            | 108,947               | 3.6            | 110,155               | 3.3            |
| <b>Total</b>     | <b>\$2,656,207</b>    | <b>100.0 %</b> | <b>\$2,884,697</b>    | <b>100.0 %</b> | <b>\$2,986,086</b>    | <b>100.0 %</b> | <b>\$3,297,985</b>    | <b>100.0 %</b> |

Source: Nevada Gaming Control Board

As illustrated in the chart below, the decline in total table game revenues for the properties in the LVS \$72M+ submarket during the 2008/09 downturn would have been much more severe if not for the growth in gaming revenues from baccarat.

TABLE GAMES REVENUE (EXCLUDING BACCARAT) AND BACCARAT REVENUE (2004 TO 2013) - LAS VEGAS STRIP \$72 MILLION AND OVER MARKET



Sources: Nevada Gaming Control Board, HVS

It is likely that strong baccarat play disproportionately benefits the operators with established Asian sourcing channels, specifically MGM Resorts International, Wynn Resorts Ltd., and Las Vegas Sands Corp. Baccarat is much more popular in Asian markets than in the U.S. – VIP baccarat represents roughly two-thirds of the gaming revenue for Macau, the largest gaming market in the world. Gaming companies that have operations in both Asia and in Las Vegas (Las Vegas Sands, Wynn Resorts, and MGM Mirage) are implementing cross-marketing, as these operators can benefit from lower tax rates in Las Vegas versus Asian markets. Las Vegas Sands Corp. has indicated that high-end Asian gaming is one of its best opportunities for future growth in the Las Vegas market.

Luck does play a factor in the high-end baccarat gaming segment. The revenue from baccarat was responsible for over 70% of the total table games revenue decline in the year to date period ending April 2014 compared to the prior year, as indicated in the table below.

SEGMENTATION OF TABLE GAMES REVENUE FOR LAS VEGAS STRIP \$72 MILLION AND OVER MARKET (YTD APRIL)

| Game Type        | 2013 YTD April<br>(\$ in 000's) | % of Total     | 2014 YTD April<br>(\$ in 000's) | % of Total     | % Change       | Absolute Change   |
|------------------|---------------------------------|----------------|---------------------------------|----------------|----------------|-------------------|
| Black Jack       | \$274,692                       | 25.2 %         | \$251,026                       | 25.3 %         | (8.6) %        | (\$23,666)        |
| Craps            | 75,028                          | 6.9            | 82,496                          | 8.3            | 10.0           | 7,468             |
| Roulette         | 103,570                         | 9.5            | 85,301                          | 8.6            | (17.6)         | (18,269)          |
| Three-card Poker | 36,604                          | 3.4            | 33,427                          | 3.4            | (8.7)          | (3,177)           |
| Baccarat         | 499,499                         | 45.9           | 428,698                         | 43.3           | (14.2)         | (70,801)          |
| Mini Baccarat    | 27,027                          | 2.5            | 36,414                          | 3.7            | 34.7           | 9,387             |
| Caribbean Stud   | 0                               | 0.0            | 0                               | 0.0            | --             | 0                 |
| Let it Ride      | 8,902                           | 0.8            | 8,499                           | 0.9            | (4.5)          | (403)             |
| Pai Gow          | 4,977                           | 0.5            | 8,033                           | 0.8            | 61.4           | 3,056             |
| Pai Gow Poker    | 20,233                          | 1.9            | 19,336                          | 2.0            | (4.4)          | (897)             |
| Other Games      | 37,378                          | 3.4            | 37,524                          | 3.8            | 0.4            | 146               |
| <b>Total</b>     | <b>\$1,087,910</b>              | <b>100.0 %</b> | <b>\$990,754</b>                | <b>100.0 %</b> | <b>(8.9) %</b> | <b>(\$97,156)</b> |

Source: Nevada Gaming Control Board

**LODGING MARKET**

The Las Vegas lodging market has historically enjoyed occupancy levels well above the U.S. norm. With its approximately 150,000 rooms, average citywide occupancy held steady at 84.3% in 2013. Las Vegas' average daily room rate increased \$2.64 to \$110.72 in 2013. Casino operators fill their rooms at an attractive price point in order to generate patrons for their casinos and other revenue generating components by offering discounts and other promotions. In these situations, discounts or comps will generally be recorded as revenue for hotel or other departments and as a gaming/marketing expense.

As indicated in the table below, available inventory and occupied rooms increased at average annual compounded rates of 2.1% and 0.9%, respectively, between 2007 and 2013. During this period, total occupancy peaked at 90.4% in 2007.

LAS VEGAS LODGING MARKET STATISTICS

| Year   | Inventory | % Change | Total Rooms Occupied | % Change | Total Occupancy | Overall ADR | % Change | Overall RevPAR | % Change |
|--|-----------|----------|----------------------|----------|-----------------|-------------|----------|----------------|----------|
| 2007   | 132,947   | 0.3      | 43,867,192           | 1.0      | 90.4            | \$132.09    | 10.4     | \$119.41       | 11.2     |
| 2008   | 140,529   | 5.7      | 42,967,252           | (2.1)    | 86.0            | 119.19      | (9.8)    | 102.50         | (14.2)   |
| 2009   | 148,941   | 6.0      | 41,986,134           | (2.3)    | 81.5            | 92.93       | (22.0)   | 75.74          | (26.1)   |
| 2010   | 148,935   | (0.0)    | 43,365,743           | 3.3      | 80.4            | 94.91       | 2.1      | 76.31          | 0.8      |
| 2011   | 150,161   | 0.8      | 45,654,165           | 5.3      | 83.8            | 105.11      | 10.7     | 88.08          | 15.4     |
| 2012   | 150,481   | 0.2      | 46,479,707           | 1.8      | 84.4            | 108.08      | 2.8      | 91.22          | 3.6      |
| 2013   | 150,593   | 0.1      | 46,191,449           | (0.6)    | 84.3            | 110.72      | 2.4      | 93.34          | 2.3      |
| <b>Average Annual Comp. Change, 2007 - 2013:</b> |           | 2.1 %    |                      | 0.9 %    |                 |             | (2.9) %  |                | (4.0) %  |
| Year-to-Date Through April:                      |           |          |                      |          |                 |             |          |                |          |
| 2013   | 149,800   | ---      | 15,199,289           | ---      | 84.3 %          | \$112.46    | ---      | \$94.70        | ---      |
| 2014   | 149,159   | (0.4) %  | 15,808,172           | 4.0 %    | 87.7            | 120.86      | 7.5 %    | 105.76         | 11.7 %   |

Source: Las Vegas Convention and Visitors Authority, HVS

The year-to-date performance of the Las Vegas lodging market through April 2014 exhibits positive trends over the same period in 2013, including significant increases in the number of occupied room nights, average daily rate, and RevPAR.



**Las Vegas Strip \$72 Million and Over Submarket**

Occupancy levels for the LVS \$72M+ submarket have historically been strong – over 90% since 2003. Average daily rates declined at an average annual compounded rate of -0.8% between 2007 and 2013, with significant drops in 2009 (-14.2%) and 2010 (-9.0%). Over the more recent period, 2011 to 2013, the average annual compounded rate of change has been a more robust 5.8%.

LAS VEGAS LODGING STATISTICS – LAS VEGAS STRIP \$72 MILLION AND OVER

| Fiscal Year Ending June 30                            | Locations | Available Rooms | % Change | Occupied Rooms | % Change | Occupancy | Average Rate | % Change | RevPAR   | % Change |
|---|-----------|-----------------|----------|----------------|----------|-----------|--------------|----------|----------|----------|
| 2007  | 23        | 25,622,936      | (2.4)    | 24,504,276     | (1.7)    | 95.6      | \$153.64     | 7.4      | \$146.93 | 8.2      |
| 2008  | 23        | 25,529,460      | (0.4)    | 24,277,794     | (0.9)    | 95.1      | 156.41       | 1.8      | 148.75   | 1.2      |
| 2009  | 23        | 25,515,657      | (0.1)    | 23,311,839     | (4.0)    | 91.4      | 134.24       | (14.2)   | 122.64   | (17.5)   |
| 2010  | 23        | 25,935,123      | 1.6      | 23,343,511     | 0.1      | 90.0      | 122.13       | (9.0)    | 109.93   | (10.4)   |
| 2011  | 22        | 25,832,645      | (0.4)    | 23,537,876     | 0.8      | 91.2      | 130.58       | 6.9      | 119.09   | 8.3      |
| 2012  | 23        | 26,503,691      | 2.6      | 24,417,278     | 3.7      | 92.1      | 143.56       | 9.9      | 132.26   | 11.1     |
| 2013  | 22        | 26,617,238      | 0.4      | 24,561,469     | 0.6      | 92.3      | 146.22       | 1.9      | 134.93   | 2.0      |
| <b>Average Annual Compounded % Change, 2007-2013:</b> |           |                 | 0.6 %    |                |          | 0.0 %     |              |          | (0.8) %  | (1.4) %  |
| <b>Average Annual Compounded % Change, 2011-2013:</b> |           |                 | 1.5 %    |                |          | 2.2 %     |              |          | 5.8 %    | 6.4 %    |

Source: Nevada Gaming Control Board

The market’s recovery is reflected in the data beginning in the FY June 2011 and has continued through FY June 2013. Data for the past three fiscal years for the LVS \$72M+ submarket reflect larger increases in the average annual compounded rate of change for occupied rooms (2.2%), average daily rate (5.8%), and RevPAR (6.4%) than for the 2001 to 2013 period.

**CONVENTION MARKET**

Visitors who attend conventions, conferences, and other meeting and group activities form a significant demand generator of midweek occupancy. The city of Las Vegas is consistently ranked among the nation's top convention and meeting destinations. There were roughly 5.1 million delegates attending a convention, trade show or meeting in 2013, a 3.3% increase over the prior year. Las Vegas also hosted 22,027 meetings, trade shows or conventions in 2013, up 1.9% from the 2012 total of 21,615. The number of delegates and number of meetings/conventions were the highest since 2008. The city currently has 10.7 million square feet of space devoted to conventions, conferences, and meetings, including the Las Vegas Convention Center’s 900,000+ square foot South Hall.

The ConExpo-Con/Agg convention and trade show in March 2014 contributed to the nearly 3.7 million visitors during the month – the highest total ever recorded in one month. This show, which displays equipment, technology and product breakthroughs in the construction industry, is expected to be the largest in the city by exhibitor space in 2014. With attendance of 129,700, the show is also expected to be one of the largest shows in the nation, second only to the Consumer Electronics Show.



LAS VEGAS CONVENTION ATTENDANCE BY MONTH

| Month                   | 2010 Attendance  | Percent Change | 2011 Attendance  | Percent Change | 2012 Attendance  | Percent Change | 2013 Attendance  | Percent Change | 2014 Attendance  | Percent Change |
|-------------------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|
| January                 | 449,917          | (16.4) %       | 615,854          | 36.9 %         | 538,552          | (12.6) %       | 571,964          | 6.2 %          | 631,520          | 10.4 %         |
| February                | 518,394          | (11.1)         | 458,623          | (11.5)         | 575,717          | 25.5           | 551,866          | (4.1)          | 490,754          | (11.1)         |
| March                   | 470,005          | 5.2            | 533,579          | 13.5           | 513,010          | (3.9)          | 518,278          | 1.0            | 624,772          | 20.5           |
| April                   | 426,697          | 2.9            | 435,934          | 2.2            | 414,510          | (4.9)          | 477,275          | 15.1           | 395,462          | (17.1)         |
| May                     | 352,357          | 3.1            | 352,303          | (0.0)          | 367,899          | 4.4            | 398,173          | 8.2            |                  |                |
| June                    | 351,731          | (1.0)          | 367,712          | 4.5            | 375,920          | 2.2            | 377,700          | 0.5            |                  |                |
| July                    | 320,724          | 28.4           | 263,441          | (17.9)         | 255,961          | (2.8)          | 292,024          | 14.1           |                  |                |
| August                  | 345,095          | 46.3           | 412,902          | 19.6           | 478,522          | 15.9           | 443,561          | (7.3)          |                  |                |
| September               | 291,248          | (27.4)         | 434,373          | 49.1           | 364,648          | (16.1)         | 382,995          | 5.0            |                  |                |
| October                 | 419,076          | 19.9           | 457,686          | 9.2            | 477,248          | 4.3            | 521,400          | 9.3            |                  |                |
| November                | 372,480          | (14.9)         | 375,500          | 0.8            | 438,330          | 16.7           | 426,762          | (2.6)          |                  |                |
| December                | 155,410          | 12.6           | 157,365          | 1.3            | 143,697          | (8.7)          | 145,418          | 1.2            |                  |                |
| <b>Total</b>            | <b>4,473,134</b> | <b>(0.4) %</b> | <b>4,865,272</b> | <b>8.8 %</b>   | <b>4,944,014</b> | <b>1.6 %</b>   | <b>5,107,416</b> | <b>3.3 %</b>   |                  |                |
| <b>YTD April Total:</b> | <b>1,865,013</b> | <b>(5.9) %</b> | <b>2,043,990</b> | <b>9.6 %</b>   | <b>2,041,789</b> | <b>(0.1) %</b> | <b>2,119,383</b> | <b>3.8 %</b>   | <b>2,142,508</b> | <b>1.1 %</b>   |

Source: Las Vegas Convention & Visitors Authority

The Las Vegas Convention Center has re-ignited expansion efforts to increase meeting space and improve the building's overall design. The planning and design phase of the \$890 million enhancement resumed in 2012 after a three year hiatus, and will be incorporated into the LVCVA's \$2.5 billion Global Business District. Beyond major renovations and exhibit space expansion at the Las Vegas Convention Center, the project will leverage its World Trade Center designation and develop transportation connectivity through a centralized hub. Plans call for the Global Business District to be developed in phases over several years. The first phase is underway and includes improvements to the current space at the Las Vegas Convention Center, programming and design, development of overall budget, and land acquisition. The LVCVA is working with local transportation stakeholders to define a long-term strategy to accommodate the movement of people as Las Vegas expects to host approximately 44 million annual visitors, and as many as seven million convention delegates, over the next 10 years.

**MAJOR DEVELOPMENTS**

Las Vegas continues to grow visitation through new and innovative concepts, as well as some of the best entertainment, food and beverage, and hotel options in the world. The entertainment infrastructure that exists in Las Vegas is difficult to replicate; however new developments and attractions are essential to keep Las Vegas vibrant. The commercial real estate market in Las Vegas is regaining its vibrancy as the local economy improves and tourists flock to the nation's gambling capital.

**Cosmopolitan Las Vegas**

Blackstone, the world's largest alternative-asset manager, agreed to buy the two-tower Cosmopolitan complex on the Las Vegas Strip from Deutsche Bank AG for \$1.73 billion in May 2014. The bank had foreclosed on the hotel and casino after developer Ian Bruce Eichner defaulted on a construction loan in 2008. The resort cost more than \$3.9 billion to build. For Blackstone, the Cosmopolitan purchase was its latest investment in the area, indicating support in the recovery of the market. Blackstone also owns single-family rental homes and the Hughes Center, a 1.4 million-square-foot office campus in Las Vegas that it bought in 2013 for \$347 million.

**SLS Las Vegas**

SBE Entertainment's \$415 million SLS Las Vegas is expected to open on the north end of the Strip in third quarter 2014. The redeveloped Sahara was closed in 2011 and has undergone a nearly 18-month extensive



renovation. SLS Las Vegas is planning a grand opening celebration for Labor Day weekend and is in the process of hiring 2,700 workers. In addition to the 1,620 rooms and suites, the SLS Las Vegas will include a 60,000-square-foot casino, several of SBE's restaurant and nightlife brands, convention space, and retail. The 60,000 square-foot reconfigured casino will have 80 table games, 800 slot machines and a William Hill-managed race and sports book. SLS Las Vegas hotel's three towers will be marketed toward several different audiences.

SLS Las Vegas will dwarf the size of other SBE-operated hotels; SLS hotels in Beverley Hills, Calif., and in Miami's South Beach area each have around 200 rooms. However, the company has a customer loyalty program with 5 million names through SBE's booming nightclub and restaurant business. The populous Las Vegas feeder market of Southern California is home to 60 SBE-operated properties. The expansion of the SLS brand throughout the U.S. and the Bahamas, creates a geographically broad customer base. The SLS will also become part of a new chain of independently operated Hilton Worldwide hotels. Among the hotels in the collection are the SLS Las Vegas, The Sam Houston Hotel in Houston, Hotel Alex Johnson in Rapid City, S.D.; The Franklin Hotel in Chapel Hill, N.C.; and a soon-to-be named hotel development in downtown Portland, Ore. The deal allows members of the Hilton HHonors program to use and earn points at the participating hotels.

**Resorts World Las Vegas**



Rendering courtesy of Resorts World

Genting Bhd's proposed resurrection of Boyd Gaming's former Echelon project is further signs of investor confidence in the market. Genting purchased the 87-acre site on the Strip last year from Boyd Gaming for \$350 million. Boyd stopped work on Echelon in 2008. Site development is already underway on the northern Strip land parcel that houses the unfinished Echelon buildings, now called Resorts World Las Vegas. The development of Resorts World Las Vegas will take place over multiple years and encompass at least two or three phases.

The initial phase will cost \$4 billion and will include 3,000 hotel rooms, a casino with a combined 3,500 slot machines and table

games, 30 food and beverage outlets, a 4,000-seat theater and an elaborate garden attraction that will serve as the property's front door to the Las Vegas Strip. Genting will also build a roof-top sky park and observation deck atop the 674-foot-tall tower, whose height has already been approved by the Federal Aviation Administration. Other attractions include a 50,000 square-foot, 58-foot-tall aquarium. Phase One build-out is expected to take 24 to 36 months. Genting reportedly is still evaluating the next phases, which may include additional hotels, a convention center, a water park, more restaurants, and other amenities, and is considering adding a tour-style theme park to one of the next phases of Resorts World Las Vegas.

Genting operates casinos around the world, including Resorts World properties in Singapore, Malaysia and Manila, Philippines, and at New York's Aqueduct Racetrack. The company, which collected \$5.2 billion of revenue in 2013, has cash on hand of more than \$5 billion, has just \$3 billion in long-term debt, and has a market capitalization of more than \$40 billion. Genting has five separate publicly traded entities that operate casinos and other investments. Genting also has investments and businesses in bio-tech/life science research, energy production, oil and gas exploration, plantations and property development.

### **MGM-AEG Arena**

MGM Resorts International and AEG, one of the world's powerhouse arena and entertainment companies, have begun development of a \$375 million MGM-AEG arena which will be located on a 16-acre site behind the New York-New York parking garage and near the Monte Carlo parking garage. Plans include a plaza and outdoor retail center. The MGM-AEG arena will be built with a wide array of food and beverage features and high-end seating options, ranging from spacious clubs and 50 luxury suites to more than 25 luxury loge boxes and multiple balconies. It is expected to open in spring 2016.



Illustration courtesy of AEG

MGM and AEG have indicated that content such as mixed martial arts and boxing fight events, concerts, award shows, college basketball and hockey tournaments, and other sports will be pursued. The 20,000-seat MGM/AEG arena plans to open without a National Basketball Association or National Hockey League tenant. However, the arena will be built to NBA and NHL specifications, which is expected to fuel efforts to bring major-league basketball or hockey to Las Vegas. The arena project is significant because it is not a private-public sports venue predicated on hosting a major-league sports franchise and will be expected to be the top of the line in terms of amenities, seating options and opulence.

Las Vegas' current inventory of sports venues – 38,000-seat Sam Boyd Stadium, 18,500-seat Thomas & Mack Center and 9,300-seat Cashman Field – are functional sports buildings, but are aging and lack the major revenue-generating amenities featured in contemporary sports buildings. The University of Nevada, Las Vegas (UNLV) is planning an overhaul of the Thomas & Mack Center, which hosts everything from college basketball to national rodeos to kids shows. UNLV officials hope to complete the project in early 2016 so that the venue is in prime shape to compete against the new MGM-AEG arena.

### **Mandalay Bay**

In April 2014, Mandalay Bay Resorts International officials announced a \$66 million Convention Center Expansion.<sup>2</sup> Plans to add 350,000 square feet of new exhibit space and parking to the current 1.7 million square feet of exhibit and meeting space will bump it from 7<sup>th</sup> to 5<sup>th</sup> largest in the U.S. Construction is scheduled to begin in Fall 2014 and wrap up by January 2016.

<sup>2</sup> "\$66 Million Expansion Planned for Mandalay Bay Convention Center," Michelle Rindels, Associated Press/*Las Vegas Sun*, April 24, 2014.

### Delano Las Vegas

MGM Resorts International's The Hotel will be rebranded into the Delano Las Vegas. The 1,100-room The Hotel opened in 2003 as a smaller, nongaming alternative to the attached 3,300-room Mandalay Bay. The property has a separate entrance, larger rooms and the penthouse Mix nightclub and restaurant on the property's 64th floor. Mandalay Bay and the property's attractions are a short walk away down a corridor. The property's \$80 million renovation is expected to be completed in September 2014. The transformation is a collaboration between MGM Resorts and the Morgans Hotel Group.

### Clubs/Entertainment

Las Vegas nightlife is unrivaled, legendary, and fueled by appearances of popular DJs. But why stop the party when the sun comes up? Club life has expanded to some properties' outdoor pool areas during daylight hours as pool clubs, day clubs, and beach clubs – essentially a nightclub scene during the day, just add water. Clubs at major casino resorts are an important feature of a vibrant day/nightlife in order to remain competitive both financially and for marketing purposes.

Guests of Tryst at **Wynn Las Vegas** dance the night away, while guests of the property's Encore Beach Club take the revelry poolside. The Voodoo Lounge at **Rio** is located at the top of their tallest tower; during the day, guests can visit The Voo, the 21-and-older swimming pool with live DJ. Moon Nightclub at the **Palms** has enticing night views of the entire city, while their Palms Pool & Dayclub hosts the popular pool party "Ditch Fridays" and features VIP cabanas. **Mandalay Bay's** Foundation Room offers intimate spaces by night, and by day the European-style Moorea Beach Club. The Marquee Dayclub at **The Cosmopolitan** spans 22,000 square-feet of the property's multi-level Marquee Nightclub & Dayclub entertainment complex and boasts two pools, several bars, and a gaming area.

### Retail Development

**The LINQ** is a \$550 million outdoor retail, dining and entertainment attraction Caesars Entertainment Corp. that opened in 2014 between the Flamingo and Quad resorts. The attraction encompasses more than 300,000 square feet and is a mix of 70% restaurants and bars, and 30% retail and entertainment. The LINQ's centerpiece is the 550-foot-tall High Roller observation wheel, currently the world's tallest. The LINQ is a good example of how Las Vegas continues to offer visitors new world-class experiences.

MGM Resorts International has announced plans for **The Park**, an eight-acre outdoor destination on the Las Vegas Strip that will connect the New York-New York and Monte Carlo with a pedestrian-friendly environment on the Strip's west side and will include landscaped areas, casual eateries, bars, restaurants and retail attractions. The outdoor district will serve as the gateway from the Strip to the future MGM-AEG arena. Work has been ongoing for almost a year to transform the Strip-facing frontage of New York-New York and Monte Carlo. The Park and the renovations to the hotel-casinos will cost more than \$100 million. Components of The Park are expected to open in 2014 and throughout 2015, leading up to the opening of the arena in 2016.

Also under construction on the Strip are the **Grand Bazaar Shops**, an outdoor mall with over 150 stores being developed by a group including casino operator Caesars Entertainment Corp. The retail project is located at the entrance to Bally's at Las Vegas Boulevard and Flamingo Road and is expected to open by year's end.

Attractions such as The Park, The LINQ, and the Grand Bazaar Shops allow tourists to explore and provide operators with an opportunity to benefit from the trend in visitor spending, which favors nongaming amenities, such as restaurants, retail and entertainment. The amenities, which used to be complimentary

for gamblers, have become the highest growing and most profitable segment of the business. MGM Resorts is upgrading New York-New York and Monte Carlo as part of The Park, but is not adding new gaming areas. Caesars moved and downsized the shuttered O'Shea's Casino to become part of **The Quad** (formerly known as Imperial Palace). The main point is to drive non-gaming spending by customers.

Hughes Corp.'s **Downtown Summerlin**, formerly known as the Shops at Summerlin, is a 1.6 million-square-foot office, entertainment, and retail complex scheduled to open in October 2014. Downtown Summerlin is located approximately 20-minutes drive west of the Strip. Summerlin, which has been developing over the past 20 years, has about 100,000 residents. The 106-acre Downtown Summerlin development had been shut down in 2008. The recession and a bankruptcy filing by developer General Growth Properties kept the project at bay until 2013 after Howard Hughes Corp. was spun off from General Growth and restarted the development which will eventually encompass 400 acres. Downtown Summerlin's planned October opening prompted Station Casinos' renovation of **Red Rock Resort** as the property is located within walking distance. Station Casinos budgeted \$35 million for the six-month construction project, which includes renovating restaurant, suite, and spa spaces.

## CONCLUSION

Tourism numbers are on pace to break the magical threshold of 40 million annual visitors in 2014. Las Vegas depends heavily on those national and global factors that support tourism. Adding SLS Las Vegas and Resorts World Las Vegas would give Las Vegas almost 155,000 rooms. The new supply won't come online immediately, which will allow absorption of supply. Additionally, both projects are designed and positioned as fresh concepts and brands in the Las Vegas market. Both SBE and Genting are experienced operators with large client bases. The demand induced by new sources of customers and the fact that Las Vegas remains a vibrant center for gaming and entertainment bodes well for the market's future growth.

Las Vegas is expected to continue to be a dominant domestic and international gaming destination; yet in order to maintain its competitive edge it must continue to raise the bar as a unique entertainment destination. Regeneration is also necessary for Las Vegas to maintain its continued status as an eminent gaming destination. The new resorts, retail and arena projects, and the revamped Convention Center will be a part of the city's evolution and will help to redefine Las Vegas' future competitive landscape as efforts to increase sources of non-gaming revenue continue.



## About HVS

**HVS** is the world's leading consulting and services organization focused on the hotel, mixed-use, shared ownership, gaming, and leisure industries. Established in 1980, the company performs 4500+ assignments each year for hotel and real estate owners, operators, and developers worldwide. HVS principals are regarded as the leading experts in their respective regions of the globe. Through a network of more than 30 offices and 450 professionals, HVS provides an unparalleled range of complementary services for the hospitality industry.

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