

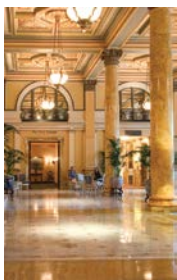
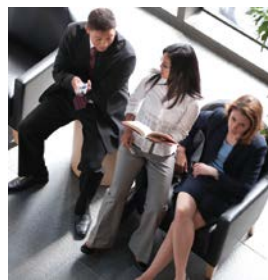


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LAS VEGAS CASINO AND HOTEL MARKET OUTLOOK 2013

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Las Vegas Casino and Hotel: Market Outlook 2013

Las Vegas experienced year-over-year increases in the total number of visitors from 2010 to 2012, growing to over 39,700,000 in 2012; exceeding the previous record of nearly 39,200,000 in 2007. Clark County posted its third straight annual gaming revenue increase in 2012 as the industry continues its modest recovery helped by high-end baccarat play. The performance of the Las Vegas lodging market in 2012 also exhibited positive trends over 2011, including increases in the number of occupied room nights, average daily rate, and RevPAR.

Las Vegas is the world's iconic gaming and entertainment destination, famous as the desert oasis for gambling and first-class entertainment. Some of the largest trade shows, meetings, conferences, and conventions are held in the area and attract millions of visitors each year. Major developments in the Las Vegas market in recent years, including the opening of CityCenter in late 2009, the opening of Cosmopolitan in late 2010, and the completion of the Caesar's Palace's Octavius Tower in 2012, have contributed to the improvement in Las Vegas' overall performance. Facility regeneration and deeper penetration of international markets is critical for Las Vegas to maintain its continued status as a gaming mecca. Las Vegas is expected to continue its position as a dominant domestic and international gaming destination; however, to maintain its competitive edge it must increasingly offer unique entertainment options. Caesars Entertainment's Linq project, the Cosmopolitan's 3,000-seat auditorium, the Las Vegas Convention and Visitors Authority's revamped convention center, Genting's Resorts World Las Vegas development, SBE/Stockbridge's SLS Las Vegas project, and MGM Resorts International's 20,000-seat arena are all part of the evolution of the city and will help to redefine Las Vegas' future competitive landscape.

The growth of gaming options both nationally and worldwide, including the emergence of Macau and Singapore as worldwide gaming market leaders and the legalization of online gaming in the U.S., is changing the gaming marketplace. The visitation habits of U.S. gaming patrons changed during the recent recession as the proliferation of local and regional casinos offered closer destinations for many gamers. This trend has likely constrained Las Vegas' recovery. However, the market's recovery has benefitted from the growth in baccarat revenue in recent years, which is an off-shoot of operators leveraging Asian marketing opportunities. Furthermore, legislation allowing Nevada licensees to engage in online gaming may also become an opportunity for land-based facilities to target patrons who desire to experience the "real" thing in the future.

TOURISM

Tourism continues to be the most important factor for Clark County's economy. Las Vegas has experienced year-over-year increases in the total number of visitors from 2010 to 2012. In 2012, the total number of visitors grew to over 39,700,000, an increase of 2.1% over 2011. This exceeded the previous record of nearly 39,200,000 exhibited in 2007. Figure 1 depicts the number of visitors to Las Vegas from 2001 through February 2013.

FIGURE 1 – CLARK COUNTY VISITORS

Year	Total Visitors	Percent Change
2001	35,017,317	(2.3)%
2002	35,071,504	0.2
2003	35,540,126	1.3
2004	37,388,781	5.2
2005	38,566,717	3.2
2006	38,914,889	0.9
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
Average Annual Compounded Change, 2001-2012:		1.2%
Year-to-date February		
2012	6,010,951	--
2013	6,224,593	3.6%

Source: Las Vegas Convention & Visitors Authority

Visitation to Las Vegas has increased at an average annual compounded rate of change of 1.2% for the period from 2001 to 2012. The only year-over-year declines in visitation in this period occurred in 2001, 2008, and 2009. The 2001 decline in visitation (2.3%) was a result of the terrorist attacks on the World Trade Center. More recently, the number of visitors to Las Vegas declined in both 2008 and 2009, by 4.4% and 3.0%, respectively, as a result of the economic downturn. The 4.4% decline in visitation in 2008 was the largest year-over-year percentage decrease during the period examined. The decrease in visitation in the February 2013 year-to-date period reflects a 1.0% decline versus the same period in 2012; however, February 2012 had an extra day as a result of Leap Year. Visitation would have been up 2.2% if February 2013 had the same number of days as last February.

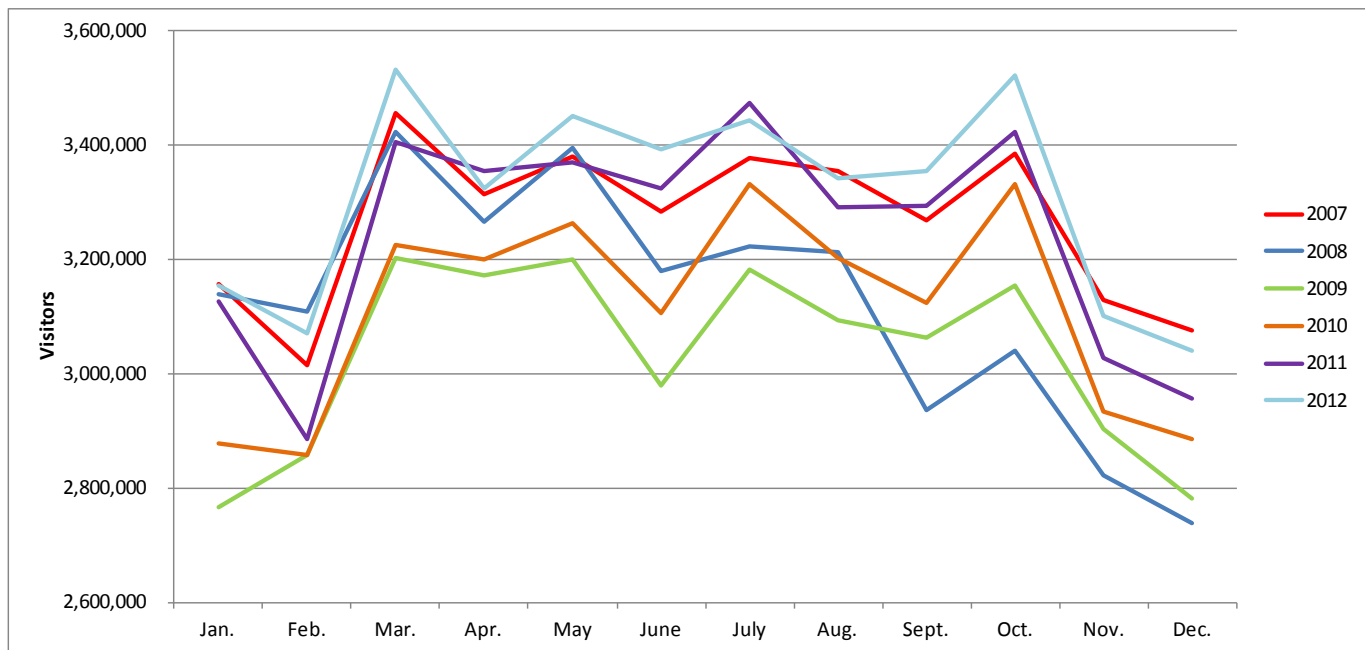
Las Vegas enjoys high tourism levels year-round. This demand is typically strongest during key weekends and during the summer vacation season. Figure 2 depicts the number of visitors to Las Vegas from 2007 through February 2013. As can be seen, the downturn in visitation to Las Vegas reversed during the third quarter of 2009.

FIGURE 2 – CLARK COUNTY VISITORS PER MONTH

Month	2007 Visitors	Percent Change	2008 Visitors	Percent Change	2009 Visitors	Percent Change	2010 Visitors	Percent Change	2011 Visitors	Percent Change	2012 Visitors	Percent Change	2013 Visitors	Percent Change
January	3,156,419	(0.6) %	3,138,312	(0.6) %	2,765,916	(11.9) %	2,877,716	4.0 %	3,126,364	8.6 %	3,154,639	0.9 %	3,132,122	(0.7) %
February	3,015,850	1.3	3,107,997	3.1	2,858,545	(8.0)	2,856,456	(0.1)	2,884,587	1.0	3,069,954	6.4	3,028,920	(1.3)
March	3,456,738	1.4	3,423,765	(1.0)	3,202,344	(6.5)	3,224,697	0.7	3,406,385	5.6	3,531,994	3.7		
April	3,314,448	0.4	3,265,251	(1.5)	3,171,043	(2.9)	3,199,541	0.9	3,354,283	4.8	3,324,459	(0.9)		
May	3,380,791	1.2	3,395,991	0.4	3,199,719	(5.8)	3,262,831	2.0	3,369,262	3.3	3,451,394	2.4		
June	3,282,315	4.0	3,179,472	(3.1)	2,980,122	(6.3)	3,106,965	4.3	3,324,290	7.0	3,392,798	2.1		
July	3,378,193	0.2	3,222,456	(4.6)	3,181,139	(1.3)	3,330,658	4.7	3,472,861	4.3	3,443,486	(0.8)		
August	3,353,997	0.4	3,211,209	(4.3)	3,092,403	(3.7)	3,201,662	3.5	3,290,473	2.8	3,340,826	1.5		
September	3,268,125	(0.3)	2,936,499	(10.1)	3,062,340	4.3	3,123,549	2.0	3,294,117	5.5	3,353,330	1.8		
October	3,384,546	(0.0)	3,039,272	(10.2)	3,153,159	3.7	3,332,628	5.7	3,422,074	2.7	3,521,430	2.9		
November	3,129,508	0.2	2,821,629	(9.8)	2,904,091	2.9	2,933,897	1.0	3,026,521	3.2	3,102,052	2.5		
December	3,075,831	0.7	2,739,699	(10.9)	2,780,648	1.5	2,884,836	3.7	2,957,491	2.5	3,040,660	2.8		
Total	39,196,761	0.7 %	37,481,552	(4.4) %	36,351,469	(3.0) %	37,335,436	2.7 %	38,928,708	4.3 %	39,727,022	2.1 %		
YTD February Total:	6,172,269	0.3 %	6,246,309	1.2 %	5,624,461	(10.0) %	5,734,172	2.0 %	6,010,951	4.8 %	6,224,593	3.6 %	6,161,042	(1.0) %

Source: Las Vegas Convention & Visitors Authority

FIGURE 3 – CLARK COUNTY VISITORS PER MONTH (2007 TO 2012)



Source: Las Vegas Convention & Visitors Authority

Statistics based on surveys conducted by the Las Vegas Convention and Visitors Authority during the market’s most recent recovery (2009 to 2012) reveals some changes in visitor behavior.

FIGURE 4 – TRIP CHARACTERISTICS

	2009	% Change	2010	% Change	2011	% Change	2012	% Change
Average number of adults in immediate party	2.4	0.0%	2.4	0.0%	2.3	(4.2)%	2.4	4.3%
Proportion of persons under 21 in their immediate party	8.0	33.3	7.0	(12.5)	10.0	42.9	11.0	10.0
Proportion of visitors who stayed overnight	99.8%	0.2	99.3%	(0.5)	99.8%	0.5	99.7%	(0.1)
Days stayed (average)	4.6	2.2	4.6	0.0	4.7	2.2	4.3	(8.5)
Nights stayed (average)	3.6	2.9	3.6	0.0	3.7	2.8	3.3	(10.8)
Proportion of visitors who stayed in a hotel or motel room (among those who stayed overnight)	96.0	2.1	95.0	(1.0)	95.0	0.0	96.0	1.1
Number of room occupants (average - hotel/motel only)	2.1	0.0	2.0	(4.8)	2.1	5.0	2.1	0.0
Lodging expenditures (average per night - non package)	\$75.78	(25.5)	\$79.64	5.1	\$84.04	5.5	\$93.13	10.8
Proportion of visitors who paid a regular room rate	20.0%	(37.5)	23.0%	15.0	18.0%	(21.7)	32.0%	77.8
Proportion of visitors who bought a package or travel group trip	15.0%	0.0	16.0%	6.7	17.0%	6.3	14.0%	(17.6)
Average cost of package per person (among package/tour group visitors)	\$640.29	(14.2)	\$651.02	1.7	\$757.83	16.4	\$743.65	(1.9)
Average trip expenditures for food and drink	\$250.32	(8.4)	\$256.82	2.6	\$274.69	7.0	\$265.11	(3.5)
Average trip expenditures for local transportation	\$53.31	(10.0)	\$62.87	17.9	\$64.25	2.2	\$57.77	(10.1)
Average trip expenditures for shopping	\$101.97	(16.3)	\$122.80	20.4	\$129.34	5.3	\$149.29	15.4
Average trip expenditures for shows	\$39.87	(22.8)	\$49.28	23.6	\$47.52	(3.6)	\$42.89	(9.7)
Average trip expenditures for sightseeing	\$5.77	(19.0)	\$7.21	25.0	\$10.24	42.0	\$9.63	(6.0)

Source: Las Vegas Convention & Visitors Authority

Virtually all visitors to Las Vegas continue to stay overnight; however, the average length of overnight stays declined from 3.6 nights in 2009 to 3.3 nights in 2012 and the average days stayed declined from 4.6 days to 4.3 days during the 2009 to 2012 period. The fewer number of days visitors stay reduces the amount of time spent gaming and participating in other activities during the stay. When visitation trends turned

positive, casino and attractions benefitted quickly, capturing higher room rates and increased retail sales among other expenditures. Non-gaming expenditures for visitors to Las Vegas have been increasing since 2009 in conjunction with the overall rebound of the market; in particular, the proportion of visitors that paid a regular room rate increased from 20.0% in 2009 to 32.0% in 2012 and expenditures for shopping increased from \$101.97 in 2009 to \$149.29 in 15.4%.

AIRPORT TRAFFIC

Getting visitors to Las Vegas from domestic and international feeder markets by air is a major economic factor and will continue to grow in importance. McCarran International Airport serves the Las Vegas area and is conveniently located near all the Las Vegas Strip hotels. McCarran International Airport’s new 1.9 million-square-foot Terminal 3 facility opened on June 27, 2012. Terminal 3 is a standalone facility located east of McCarran’s Terminal 1, just south of Russell Road. This 14-gate terminal is home to all foreign flag carriers as well as some domestic carriers and features a state-of-the-art ticketing/check-in area, baggage claim, and a 60,000-square-foot Customs & Border Protection arrivals hall. It also features a 10,000-square-foot duty-free store as well as a variety of other shopping, dining, and amenities.

FIGURE 5 – MCCARRAN INTERNATIONAL AIRPORT OPERATING STATISTICS

Year	Passenger Traffic	Percent Change*	Percent Change**
2001	35,179,960	—	—
2002	35,009,011	(0.5) %	(0.5) %
2003	36,265,932	3.6	1.5 %
2004	41,441,531	14.3	5.6
2005	44,267,362	6.8	5.9
2006	46,193,329	4.4	5.6
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
Year-to-date, February			
2012	6,283,904	—	—
2013	6,117,859	(2.6) %	—
*Annual average compounded percentage change from the previous year			
**Annual average compounded percentage change from first year of data			
Source: McCarran International Airport			

Passenger levels in 2010 were the lowest recorded at McCarran International Airport since 2003, due to the reduction in visitation resulting from the national economic downturn and the reduction in the number of flights offered by the airport's carriers. However, a 4.3% increase in passenger traffic was achieved in 2011 compared to 2010, which remained stable in 2012 with only 0.5% growth.

CONVENTION ACTIVITY

Visitors who attend conventions, conferences, and other meeting and group activities form a significant demand generator of midweek occupancy. The Las Vegas Convention and Visitors Authority unveiled plans for the Las Vegas Global Business District in 2013: a vision for the Las Vegas Convention Center and the surrounding area. The preliminary cost for the project is \$2.5 billion and is expected to be completed in phases over several years.

The Las Vegas Convention Center renovation will include building additional exhibit space, meeting rooms and general session space; upgrading technology; adding new food and beverage outlets; and, creating a grand concourse connector with more lobby space. For the convention center campus district, plans call for outdoor public and gathering spaces with various design elements to enhance the neighborhood and establish a cohesive look. Additionally, a centralized transportation hub will be created to improve connectivity in the resort corridor as well as the overall customer experience. The first phase, planned for the next two years, will include programming and design, the development of overall budget, improvements to the current space at the Las Vegas Convention Center, and land acquisition.

The nadir of the Las Vegas convention market was in 2009, when convention attendance was down 29% from its peak in 2006. In 2009, meetings and gatherings were cancelled and attracting meetings and groups to Las Vegas area properties was hindered because of the economic downturn, the negative connotation of meeting in resort destinations, and companies sending fewer delegates as a result of cost-saving measures. The significant increase in the number of convention attendees year-over-year during the months of July, August, October, and December 2010—although tempered by the decline in attendees in September and November 2010—was the first indication that the downward trend in the meeting and group business had slowed. In 2010, convention attendance ended up down only 0.4% compared to 2009. Convention attendee statistics began to trend upwards in 2011. Increases during the months of January, March, August, and September 2011—although moderated by the decline in attendees in February and July 2011—were indications that the downturn in the meeting and group business had stabilized. The increase in the number of attendees in 2012 compared to 2011 is a possible indication that the downturn in the meeting and group business has reversed.

FIGURE 6 –LAS VEGAS CONVENTION ATTENDANCE BY MONTH

Month	2009 Attendance	Percent Change	2010 Attendance	Percent Change	2011 Attendance	Percent Change	2012 Attendance	Percent Change	2013 Attendance	Percent Change
January	538,415	(20.6) %	449,917	(16.4) %	615,854	36.9 %	538,552	(12.6) %	571,964	6.2 %
February	583,168	(34.8) %	518,394	(11.1) %	458,623	(11.5) %	575,717	25.5 %	460,200	(20.1) %
March	446,588	(30.0) %	470,005	5.2 %	533,579	13.5 %	513,010	(3.9) %		
April	414,764	(23.0) %	426,697	2.9 %	435,934	2.2 %	414,510	(4.9) %		
May	341,846	(32.9) %	352,357	3.1 %	352,303	(0.0) %	367,899	4.4 %		
June	355,436	(18.9) %	351,731	(1.0) %	367,712	4.5 %	375,920	2.2 %		
July	249,692	(5.5) %	320,724	28.4 %	263,441	(17.9) %	255,961	(2.8) %		
August	235,841	(58.9) %	345,095	46.3 %	412,902	19.6 %	478,522	15.9 %		
September	401,319	12.2 %	291,248	(27.4) %	434,373	49.1 %	364,648	(16.1) %		
October	349,383	(8.3) %	419,076	19.9 %	457,686	9.2 %	477,248	4.3 %		
November	437,864	(13.0) %	372,480	(14.9) %	375,500	0.8 %	438,330	16.7 %		
December	137,959	11.6 %	155,410	12.6 %	157,365	1.3 %	143,697	(8.7) %		
Total	4,492,275	(23.9) %	4,473,134	(0.4) %	4,865,272	8.8 %	4,944,014	1.6 %		
YTD February Total:	1,121,583	(28.7) %	968,311	(13.7) %	1,074,477	11.0 %	1,114,269	3.7 %	1,032,164	(7.4) %

Source: Las Vegas Convention & Visitors Authority

Convention attendance and the number of conventions and meetings were down dramatically in February 2013 compared to February 2012 as a result of weather patterns in the northeastern U.S., some groups meeting in different months, and others rotating to other destinations this year. The number of shows held was down 32% to 1,348, and convention attendance was off 20.1% to 460,200. The Las Vegas Convention & Visitors Authority indicated the International Wireless Communications show, with 10,700 attendees, and UBM Catersource, an event that drew 10,000 people, were held in different months, and Safari Club International (20,000 attendees), the National Auto Dealers Association (23,000 attendees) and the Healthcare Information and Management Systems Society (37,000 attendees) did not meet in Southern Nevada this year.

Both the MAGIC (Men's Apparel Guild in California) and the SEMA (Specialty Equipment Market Association) conventions signed lease extensions with the Las Vegas Convention Center and are expected to bring a combined nongaming economic impact of \$1.4 billion to Las Vegas over the next few years. As two of the largest conventions that come to Las Vegas each year, both shows are considered anchor tenants at the convention center. MAGIC attracts about 80,000 attendees twice yearly, while SEMA draws about 130,000 people to its annual show. The estimated nongaming economic impact from MAGIC's lease extension, which runs through 2015, is \$611 million, according to the convention authority. SEMA's extension, which runs through 2017, is expected to have an \$827 million nongaming economic impact on the Las Vegas community. The shows support about 2,000 jobs in Las Vegas.

TRANSIENT LODGING DEMAND

Historically, the Las Vegas lodging market enjoyed occupancy levels well above the U.S. average. 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. Figure 7 presents annual Las Vegas lodging market statistics from 2001 through 2012 and the year-to-date periods through February 2012 and 2013. As indicated, available inventory and occupied rooms increased at average annual compounded rates of 1.6% and 1.6%, respectively, between 2001 and 2012. During this period, total occupancy ranged from 80.4% to 90.4%, with the peak in 2007 and the nadir in 2010.

FIGURE 7 –LAS VEGAS LODGING MARKET STATISTICS

Year	Inventory	% Change	Total Rooms Occupied	% Change	Total Occupancy	Overall ADR	% Change	Overall RevPAR	% Change
2001	126,610	---	39,142,115	---	84.7 %	\$76.39	---	\$64.70	---
2002	126,787	0.1 %	38,872,894	(0.7) %	84.0	76.69	0.4 %	64.42	(0.4) %
2003	130,482	2.9	40,482,041	4.1	85.0	82.48	7.5	70.11	8.8
2004	131,503	0.8	42,526,755	5.1	88.6	89.78	8.9	79.55	13.5
2005	133,186	1.3	43,362,698	2.0	89.2	103.12	14.9	91.98	15.6
2006	132,605	(0.4)	43,415,540	0.1	89.7	119.66	16.0	107.34	16.7
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
Average Annual Comp. Change, 2001 - 2012:		1.6 %		1.6 %			3.2 %		3.2 %
Year-to-Date Through February:									
2012	150,827	---	7,236,614	---	80.0 %	\$111.34	---	\$89.07	---
2013	150,590	(0.2) %	7,159,010	(1.1) %	80.8	111.84	0.4 %	90.37	1.5 %

Source: Las Vegas Convention and Visitors Authority, HVS

The data in 2008 and 2009 reflect the impact of the economic downturn. With the addition of new hotel supply during 2008 and 2009 (most notably Palazzo, Encore at Wynn Las Vegas, and CityCenter), combined with the decline in occupied room nights, marketwide occupancy dropped from 90.4% in 2007 to 80.4% in 2010. Average daily rate decreased over \$39 between 2007 and 2009, from \$132.09 to \$92.93, before rebounding to \$108.08 in 2012. The performance of the Las Vegas lodging market in 2012 does exhibit positive trends over 2011, including the increases in the number of occupied room nights, average daily rate, and RevPAR. The number of occupied rooms in Las Vegas declined 1.1% during the year-to-date period ending February 2013, in part due to Leap Year in 2012. Total occupancy still remained approximately 0.8 percentage points above February 2012. Average daily room rates increased 0.4%, from \$111.34 to \$111.84.

In order to provide further context for the Las Vegas Strip market, Figure 8 presents lodging trends for the Las Vegas Strip properties with annual gaming win over \$72 million (“\$72 Million and Over submarket”).

FIGURE 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
2001	22	23,289,776	0.2 %	21,825,423	0.5 %	93.7 %	\$111.68	10.5 %	\$104.66	10.9 %
2002	22	23,391,427	0.4	20,775,409	(4.8)	88.8	105.53	(5.5)	93.73	(10.4)
2003	23	23,635,384	1.0	21,784,237	4.9	92.2	107.69	2.0	99.26	5.9
2004	23	24,429,440	3.4	22,717,955	4.3	93.0	119.65	11.1	111.26	12.1
2005	24	24,734,440	1.2	23,137,967	1.8	93.6	132.75	10.9	124.19	11.6
2006	24	26,259,439	6.2	24,931,658	7.8	94.9	143.00	7.7	135.76	9.3
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
Average Annual Compounded % Change, 2001-2012:			1.2 %		1.0 %			2.3 %		2.2 %

Source: Nevada Gaming Control Board

Overall, occupancy levels for the Las Vegas Strip \$72 Million and Over submarket have historically been strong, despite a moderate decline in 2002 to 88.8%—the 2010 occupancy of 90.0% has been the lowest since that time. Average daily rates grew at an average annual compounded rate of 2.3% between 2001 and 2012, with large increases in 2004 (11.1%) and 2005 (10.9%), and significant declines in 2009 (14.2%) and 2010 (9.0%). The market’s recovery is reflected in the data beginning in the fiscal year ending June 2011 and has continued through fiscal year ending June 2012. Data for the past two fiscal years for the \$72 Million and Over submarket reflect strong increases in occupancy, average daily rate, and RevPAR.

GAMING DEMAND

The Las Vegas gaming market reached record highs annually from 2004 through 2007. The impact of the economic downturn is reflected in the decline in Clark County gaming revenues in 2008 and 2009. Since that time visitors to Las Vegas have been gambling less. Gaming win per visitor for Clark County has declined from \$277 per visitor in 2007 to \$237 per visitor in 2012. Overall, the decline in Clark County gaming revenues began to reverse in 2010. However, the visitation habits of gaming patrons developed during the recent recession, combined with the development of gaming facilities in other U.S. jurisdictions, has likely constrained Las Vegas’ recovery.

The historical gaming win, number of visitors, and gaming win per visitor for Clark County for 2000 to February 2012 are shown in Figure 9.

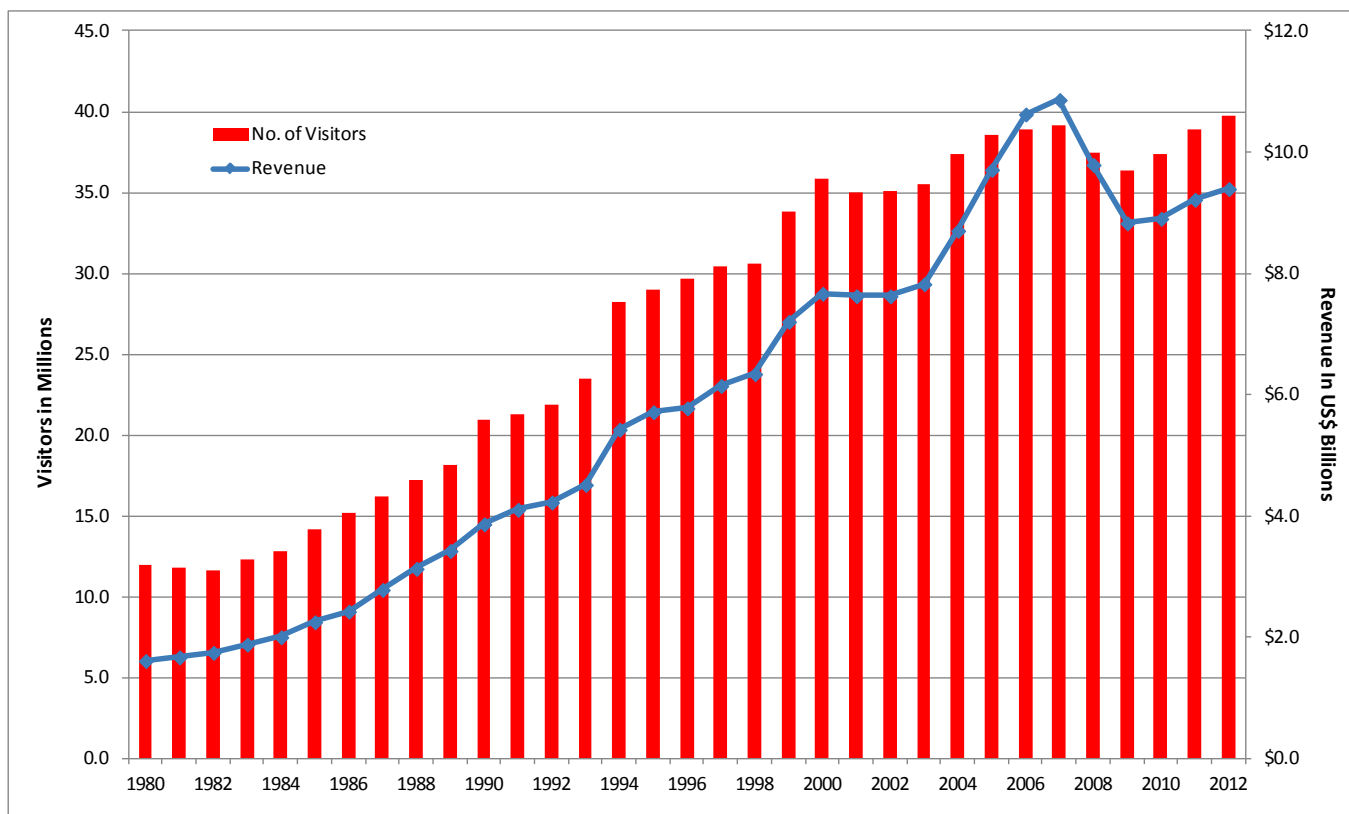
FIGURE 9 – TOTAL VISITORS, REVENUE, AND WIN PER VISITOR: CLARK COUNTY, NEVADA

Year	Total Visitors	% Change	Total Revenue (Win)	% Change	Total Revenue (Win) per Visitor	% Change
2000	35,849,691	6.0	\$7,673,134,286	6.4	\$214	0.4
2001	35,017,317	(2.3)	7,632,021,543	(0.5)	218	1.8
2002	35,071,504	0.2	7,630,272,759	(0.0)	218	(0.2)
2003	35,540,126	1.3	7,830,675,556	2.6	220	1.3
2004	37,388,781	5.2	8,711,243,614	11.2	233	5.7
2005	38,566,717	3.2	9,716,860,486	11.5	252	8.1
2006	38,914,889	0.9	10,630,387,000	9.4	273	8.4
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)
Average Annual Compounded Change - 2000 to 2012:		0.9 %		1.9 %		0.7 %
Year-to-date February:						
2012	6,224,593	---	\$1,737,578,000	---	\$279	---
2013	6,161,042	(1.0) %	1,758,968,000	1.2 %	285	2.3 %

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 1990 to 2012 are shown in Figure 10, which appear to indicate that the relatively high gaming revenues and win per visitor in the 2004 to 2007 period may have been an anomaly and that growth in visitors and gaming revenue has normalized.

FIGURE 10 – CLARK COUNTY (NEVADA) VISITORS AND GAMING REVENUE (1980 TO 2012)



Statistics based on surveys conducted by the Las Vegas Convention and Visitors Authority reflects trends in the gaming behavior of visitors to Las Vegas. Survey statistics suggest that a lower percentage of people visiting Las Vegas gamble, those that do gamble spend less time gaming, and gambling budgets are lower. Additionally, statistics also show that the availability of gambling options elsewhere is affecting the tendency to visit the Las Vegas market.

FIGURE 10 –GAMING BEHAVIOR

	2007	2008	2009	2010	2011	2012
Proportion who gambled while visiting	84%	85%	83%	80%	77%	72%
Average number of hours per day spent gambling (among those who gambled)	3.4	3.3	3.2	2.9	2.9	2.6
Average trip gambling budget (among those who gambled)	\$555.64	\$531.98	\$481.57	\$466.20	\$447.63	\$484.70
Proportion who said they would be "more likely" to visit Las Vegas even with more places to gamble outside Las Vegas	48%	38%	39%	35%	27%	25%

Source: Las Vegas Convention and Visitors Authority

Las Vegas Strip \$72 Million and Over Submarket

For the major properties located on the Las Vegas Strip, gaming revenue from table games continue to grow relative to slot machine revenues, with additional gaming revenue being 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 Las Vegas Strip \$72 Million and Over submarket in 2012. Segmented gaming revenues for this market are shown in Figure 11.

FIGURE 11 - SEGMENTED GAMING REVENUES FOR 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
2004	\$2,535,568	--	52.1 %	\$2,170,121	--	44.6 %	\$165,264	--	3.4 %	\$4,870,953	--
2005	2,789,933	10.0 %	50.8	2,508,218	15.6 %	45.7	196,215	18.7 %	3.6	5,494,366	12.8 %
2006	3,059,256	9.7	49.6	2,860,963	14.1	46.4	243,625	24.2	4.0	6,163,844	12.2
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

Source: Nevada Gaming Control Board

Gross gaming revenue for all segments of the Las Vegas Strip \$72 Million and Over submarket grew in the 2012 compared to the same period in 2011, at 2.8% overall. It should be noted that gross gaming revenue for this market in the fiscal year ending June 30, 2012, represented 36.1% of total revenue for these 23 properties, which is less than the 38.2% of total revenue exhibited in fiscal year 2010/11, and is a continuation of the downward trend that has been exhibited over the last several fiscal years.

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. The calculation of WPUPD for slots and table games for the Las Vegas Strip \$72 Million and Over submarket for calendar years 2000 through 2012, are set forth in Figures 12 and 13.

FIGURE 12 - 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
2000	2,107,673	9.3	50,203	4.7	115	4.4
2001	2,055,412	(2.5)	47,175	(6.0)	119	3.8
2002	2,111,912	2.7	47,181	0.0	123	2.7
2003	2,160,261	2.3	43,787	(7.2)	135	10.2
2004	2,535,568	17.4	44,989	2.7	154	14.2
2005	2,789,933	10.0	43,377	(3.6)	176	14.1
2006	3,059,256	9.7	41,746	(3.8)	201	13.9
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
Annual % Chg.: 2000 - 2012		1.6 %		(2.9) %		4.6 %

Source: Nevada Gaming Control

FIGURE 13 – 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
2000	2,134,219	7.5	2,173	8.2	2,691	(0.6)
2001	2,032,847	(4.7)	2,103	(3.2)	2,648	(1.6)
2002	1,944,706	(4.3)	2,060	(2.0)	2,586	(2.3)
2003	1,893,165	(2.7)	2,028	(1.6)	2,558	(1.1)
2004	2,170,121	14.6	2,126	4.8	2,797	9.3
2005	2,508,218	15.6	2,193	3.2	3,134	12.0
2006	2,860,963	14.1	2,223	1.4	3,526	12.5
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
Annual % Chg.: 2000 - 2012		2.8 %		0.4 %		2.5 %

Source: Nevada Gaming Control

WPUPD for both slots and table games for the Las Vegas Strip \$72 Million and Over submarket has continued to improve since 2010. Further analysis of the submarket’s table games segment reveals that baccarat continues to generate a substantial portion of revenues, at 45.6% in 2012. Baccarat is much more popular in Asian markets than in the U.S., and VIP baccarat represents roughly two-thirds of the gaming revenue for Macau, the largest gaming market in the world. Cross-marketing is being done by gaming companies that have operations in Asia and in Las Vegas (Las Vegas Sands, Wynn Resorts, and MGM Mirage) as these operators can benefit from lower tax rates in Las Vegas versus Asian markets.

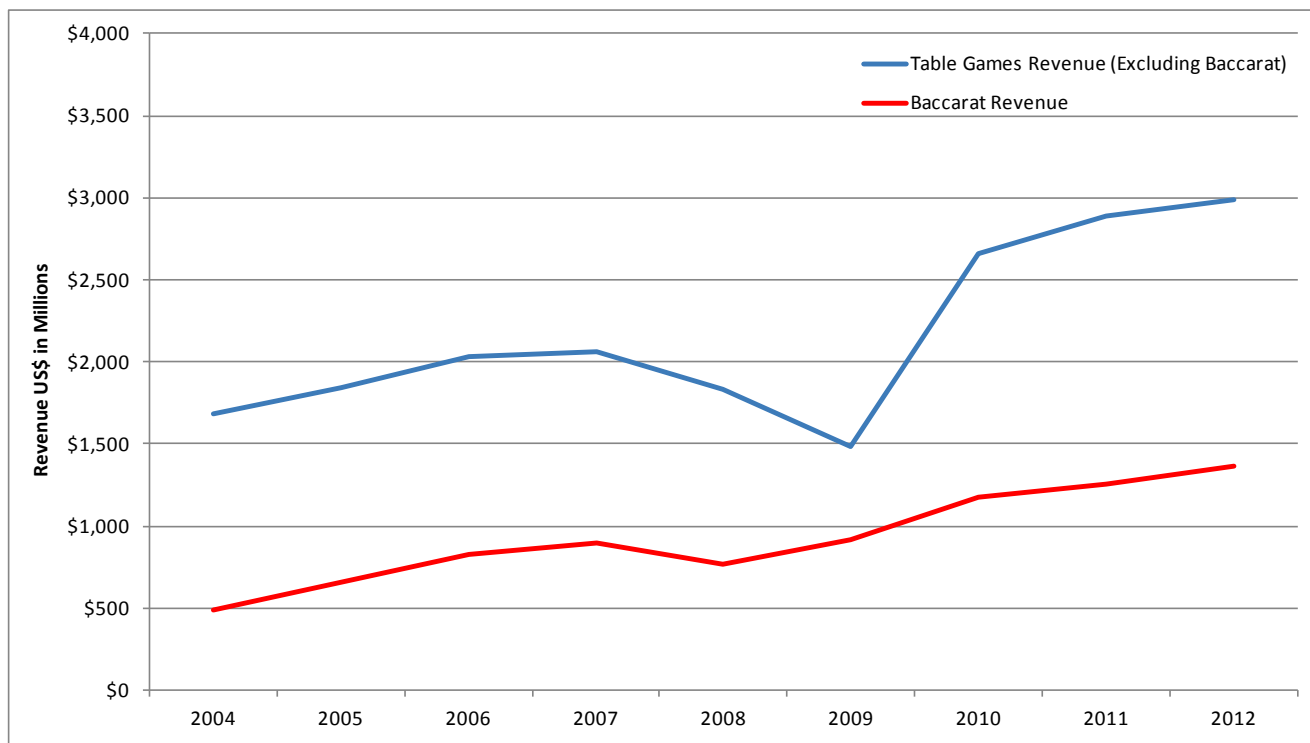
FIGURE 14 - SEGMENTATION OF TABLE GAMES REVENUE FOR LAS VEGAS STRIP \$72 MILLION AND OVER MARKET

Game Type	2008	% of Total	2009	% of Total	2010	% of Total	2011	% of Total	2012	% of Total
Black Jack	\$847,895	32.7 %	\$671,958	27.9 %	\$652,763	24.6 %	\$728,643	25.3 %	\$675,406	22.6 %
Craps	294,030	11.3	219,448	9.1	240,198	9.0	262,027	9.1	255,738	8.6
Roulette	259,229	10.0	234,983	9.8	239,805	9.0	256,225	8.9	298,998	10.0
Three-card Poker	96,357	3.7	84,437	3.5	85,469	3.2	100,729	3.5	105,099	3.5
Baccarat	764,198	29.4	921,604	38.3	1,178,390	44.4	1,254,432	43.5	1,361,222	45.6
Mini Baccarat	97,082	3.7	70,108	2.9	59,613	2.2	68,213	2.4	77,505	2.6
Caribbean Stud	10,582	0.4	8,231	0.3	6,204	0.2	4,404	0.2	0	0.0
Let it Ride	35,168	1.4	31,588	1.3	27,570	1.0	26,438	0.9	25,350	0.8
Pai Gow	18,790	0.7	13,208	0.5	17,806	0.7	9,331	0.3	15,632	0.5
Pai Gow Poker	74,290	2.9	59,448	2.5	54,836	2.1	60,500	2.1	62,189	2.1
Other Games	98,598	3.8	93,123	3.9	93,553	3.5	113,755	3.9	108,947	3.6
Total	\$2,596,219	100.0 %	\$2,408,136	100.0 %	\$2,656,207	100.0 %	\$2,884,697	100.0 %	\$2,986,086	100.0 %

Source: Nevada Gaming Control Board

As further illustrated in Figure 15, the decline in total table game revenues for the properties in the Las Vegas Strip \$72 Million and Over submarket during the downturn would have been much more severe if not for the growth in gaming revenues from baccarat, and that baccarat revenues continue to grow overall.

FIGURE 15 - LAS VEGAS STRIP \$72 MILLION AND OVER MARKET TABLE GAMES REVENUE (EXCLUDING BACCARAT) AND BACCARAT REVENUE (2004 TO 2012)



A calendar shift that moved the lucrative Chinese New Year holiday into February sent baccarat revenues soaring, contributing to the largest single-month total ever for the Las Vegas Strip. During February, high-end baccarat revenues of \$264.2 million — the highest single-month figure ever reported for the game — a 131.9% increase compared with February 2012. Combined with January’s \$95.5 million collected from baccarat players — a 50.8% decline — the Las Vegas Strip’s two-month revenue take from baccarat is up 16.8% over the same two months of 2012.

MAJOR DEVELOPMENTS

Resorts World Las Vegas

In March 2013, Malaysia-based Genting Berhard and Genting Assets, LLC purchased the Echelon development project, Boyd Gaming's proposed multifaceted, world-class resort complex located on the Las Vegas Strip, for \$350 million. When Echelon was proposed by Boyd Gaming in January 2006, it was expected to be among the most significant projects in Las Vegas' ongoing evolution. Echelon was to be located on the former Stardust site, which closed in November 2006 and was demolished in March 2007. Construction on the Echelon commenced in the second quarter of 2007. However, on August 1, 2008, Boyd Gaming announced that the Echelon project would be delayed due to the difficult environment in the capital markets and weak economic conditions. As of September 30, 2008, Boyd Gaming had incurred approximately \$650 million in capitalized costs related to the Echelon project, excluding land.

The Echelon sale included approximately 87 acres of freehold land (with approximately 1,523 feet of frontage on the Las Vegas Strip), a partially completed central energy facility, and all other improvements, structures, and fixtures located thereon. Genting has indicated that the 87-acre parcel will be used to create **Resorts World Las Vegas**, Genting's first destination resort in Las Vegas. Genting has announced that the world-class resort complex will include 3,500 rooms, 175,000 square feet of total gaming, luxury dining and retail, and convention space. Genting and its subsidiaries have gaming facilities and is licensed in Malaysia, the Philippines, the United Kingdom, Singapore, Bahamas, and New York and the project provides the company with an opportunity to showcase the Resorts World brand.

The sale was a surprise to many market participants and analysts in part because Boyd Gaming had indicated in its Form 10-Q filed with the Securities and Exchange Commission for third quarter 2012 that the company did not believe that a significant level of economic recovery had occurred along the Las Vegas Strip, that financing for a development project like Echelon was not available on satisfactory terms, and construction of Echelon was not expected to resume for another three to five years. However, the site is one of the few remaining major developable sites on the Las Vegas Strip corridor, with considerable frontage along South Las Vegas Boulevard and full entitlement to apply for a non-restricted gaming license. A project of this magnitude would be expected to generate several thousand jobs for the local economy.

RESORTS WORLD LAS VEGAS – ARTIST RENDERING (SOURCE: GENTING BERHAD)



Some analysts have expressed concern that Southern Nevada hasn't recovered enough to expand room capacity and that Genting's project could cannibalize occupied rooms and gaming demand. However, other participants believe that Genting's planned Resorts World Las Vegas is expected to be a big boost for the city and would help revitalize the northern part of the Strip. Development of the 87-acre site would be expected to take at least three years to complete, allowing the market's recovery to gain additional traction. If Genting's megaresort and the SLS Las Vegas on the site of the former Sahara come to fruition and are successful, they could spur other projects such as Fontainebleau Las Vegas and development of the site of the former New Frontier Hotel and Casino/Proposed Plaza Las Vegas.

Caesar's Entertainment Corporation

The world's first **Nobu Hotel** opened at Caesars Palace in February 2013. The Nobu Hotel is a 181-room luxury hotel within the Caesars Palace. Caesars Palace's Centurion Tower interior was gutted and designs by David Rockwell include a fusion of Japanese and Asian traditions with Western accompaniments and design element, including custom art by Japanese artists that feature a mix of traditional prints and expressionist designs. Caesars Palace announced nearly two years ago that it would renovate the second-oldest tower at the Strip resort into a luxury boutique hotel with the help of Nobu Hospitality, which is owned by Chef Nobu Matsuhisa. The company's shareholders include actor Robert De Niro. The Nobu restaurant and lounge, which seats 327 guests, is expected to become a central point within Caesars Palace.

It is the largest Nobu restaurant of the company's 26 worldwide, and will be the first to offer teppanyaki tables.

In June 2010, Caesars Entertainment announced plans for **Project Linq**, a dining, retail, and entertainment development along a 1,200-foot pedestrian walkway between Flamingo Las Vegas and The Quad Resort & Casino (formerly known as the Imperial Palace), on the east side of the Las Vegas Strip. Project Linq is scheduled to open in phases beginning in late 2013. Project Linq also includes the construction of a 550-foot observation wheel, the High Roller, which is expected to open in early 2014. Through December 31, 2012, \$240.6 million had been spent on this project. Tenants that have reportedly signed leases include Yard House, a Tilted Kilt, a high-end cupcake bakery from Los Angeles, and a Brooklyn, N.Y.-based restaurant that includes a high-energy bowling center and an entertainment venue.

PROJECT LINQ – ARTIST RENDERING (SOURCE: CAESARS ENTERTAINMENT)



Caesars Entertainment has also announced that a new boutique resort and casino will be located on the former site of Bill's Gamblin' Hall & Saloon. The \$185 million conversion project includes the complete remodeling of the guest rooms, casino floor and common areas, the addition of a new second floor restaurant, and the construction of the 65,000 square foot rooftop pool and dayclub/nightclub. The project will be a collaboration with New York-based luxury hotel brand Gansevoort Hotel Group and nightlife promoter Victor Draï. The project is scheduled to open in early 2014 and will operate as the **Quad**. Gansevoort's iconic style will feature 188 Parisian apartment-style guest rooms including 19 suites. An

intimate lobby space will welcome guests upon arrival, with a redesigned lobby bar, ultra-lounge, retail outlets, and a 40,000 square-foot casino providing a unique upscale energy.

MGM Resorts International

MGM Resorts International and AEG have entered into an agreement to pursue the development of a privately funded, 20,000-seat indoor arena in Las Vegas on land located west of the Las Vegas Strip, between New York-New York and Monte Carlo. The new arena would be a venue capable of hosting boxing and other sporting events, major headline entertainment, and other special events. The arena will be the centerpiece of a complete revitalization of the area between New York-New York and Monte Carlo, extending from Las Vegas Boulevard to Frank Sinatra Drive. The overall project will involve new retail shops, dining and entertainment offerings, both between the two properties and along their frontage on the world-famous Las Vegas Strip.

MGM Resorts is also rebranding THEhotel at Mandalay Bay into **Delano Las Vegas**, which will open in early 2014, and renovating several of its properties, including Mandalay Bay, MGM Grand, The Mirage and Bellagio. MGM Resorts will spend more than \$300 million in capital investments to its Las Vegas resorts in 2013. It should also be noted that CityCenter announced the sale of 427 residential units at Veer Towers to LVT Owner LLC, an entity of New York investment firm Ladder Capital Finance, for \$119 million in December 2012. The bulk sale reflects an interest in this segment of the Las Vegas housing market by large-scale investors. In January 2013, 100 units of the inventory were released for sale starting at \$228,000 for a 534-square-foot studio unit.

SLS Las Vegas

The Sahara Hotel and Casino closed in May 2011 and is being redeveloped by owners SBE Entertainment and Stockbridge Real Estate. SBE owner Sam Nazarian previously indicated that he would like to convert the Sahara into a luxury hotel brand, **SLS Las Vegas**, which is owned by SBE, and fill the property with SBE's restaurant and nightclub brands. The last piece of the \$415 million in financing has reportedly been secured and the 1,620-room boutique hotel-casino is expected to open in the fall of 2014. SBE announced that remaining financing came through the EB-5 program, which was enacted by Congress in 1990 to encourage foreign investment into U.S. businesses that would create or save jobs. Studies conducted by SBE showed the SLS development would create 8,500 direct or indirect jobs, including construction work, and 2,500 permanent positions once the property opened. SLS Las Vegas will be the largest SLS hotel in the company. SBE will operate all the amenities inside the SLS Las Vegas, including the restaurants, nightlife, attractions and retail shops. Four of SBE's restaurant brands popular in the Los Angeles area — The Bazaar by Jose Andres, Katsuya by Starck, Umami Burger and The Griddle Café — are expected to operate at SLS Las Vegas. The Sayers Club is expected to be among the nightclub offerings.

Water Parks

Wet 'n' Wild Las Vegas will be a \$50+ million water park featuring over 25 slides and a giant wave pool. Wet 'n' Wild Las Vegas will be Nevada's largest water park at 41-acres and will be located in southwest Las Vegas near the I-215 and Sunset Road. Wet 'n' Wild Las Vegas has the potential to entertain more than 650,000 guests annually. A second waterpark **Cowabunga Bay Las Vegas** is under construction near the

Galleria at Sunset mall in Henderson. The \$23 million, '60s beach-themed water park will be located on 23 acres at Galleria Drive and Gibson Road. The parks will be located on opposite ends of town. Both Wet 'n' Wild and Cowabunga Bay hope to open by Memorial Day 2013.

Other Market Developments

The **Cosmopolitan Las Vegas** is developing a 3,000-capacity theater whose 65,000-square-foot space has sat empty since the hotel-casino opened in 2010. The facility is modeled on an Eastern European glass factory. The auditorium is expected to open by the end of the year and cater to conventioners, boxing fans, and concertgoers. The new events center will be called the Chelsea and will feature 18-foot ceilings, industrial-inspired light fixtures and a vintage wooden bar.

UNLV Now is a proposed redevelopment project which at one time was to include a proposed 60,000-seat "Mega-Event Center", 2,000 to 3,000 student housing units, and 300,000 to 400,000 square-feet of retail space. The project was to have covered about 150 acres on the University of Nevada Las Vegas (UNLV) 332-acre campus, much of it surrounding the current Thomas & Mack Center near the southwest corner of campus. However, in 2013 UNLV severed its ties with private developer Majestic Realty, ending a nearly three-year exclusive partnership. UNLV terminated its agreement with Majestic amid mounting pressure from the resort industry over the cost and scope of the \$800 million to \$900 million stadium proposal. Legislation was introduced in 2013 which would create a campus tax district and improvement "authority," similar to the Las Vegas Convention and Visitors Authority. The bill would create a revenue mechanism to help fund university costs for the UNLVNow project.

According to the Las Vegas Economic and Urban Development Department, at least \$754 million in public and private projects came to fruition in 2012, and an additional \$355 million in developments were under construction, in **Downtown Las Vegas**. In 2012, downtown Las Vegas became home to a \$485 million performing arts center, a new city hall, two major museums and scores of new businesses. In 2013, development highlights in the downtown area include Zappos.com's \$40 million renovations to the former Las Vegas City Hall, the \$56 million Discovery Children's Museum, the former Lady Luck Hotel & Casino's \$100 million renovation and reopening as the Downtown Grand Hotel & Casino in late 2013, and a former Travelodge repurposed into a temporary housing and resource facility for veterans. In addition, Zappos CEO Tony Hsieh is reportedly investing \$350 million of his personal wealth in the downtown area for venture capital and entrepreneurial assistance for startup companies as well as community improvements.

SUSPENDED PROJECTS

No plans to resume construction have been announced for the **Fontainebleau Las Vegas**, a partially constructed 3,800-room hotel/condo-casino development. The tower of the project was topped out on November 2008. As demand for condominium units declined due to the global recession, the developer's banks reportedly declined to provide further financing for the project and forced an eventual filing for Chapter 11 bankruptcy in mid-2009. The property was purchased out of bankruptcy by Carl Icahn for \$150 million in February 2010 after an estimated \$500 million to \$1.0 billion was expended on construction. Estimates to complete the project on the 24.5-acre site range from \$1.0 billion to \$2.0 billion; however, no timetable for completion of the project has been announced.

The site of the New Frontier Hotel and Casino is expected to remain empty over the near term. The Israeli company Elad Group bought the 35-acre site in May 2007 for \$1.24 billion and had planned to build a \$5.7 billion version of New York's famous Plaza Hotel on the site, which is adjacent to the Trump International.

Las Vegas Sands Corp. was constructing a high-rise residential condominium tower located on the Las Vegas Strip between The Palazzo and The Venetian Las Vegas. Construction activities for the project were suspended in 2008 due to reduced demand. As of September 30, 2012, the company has capitalized construction costs of \$178.9 million for this project and intends to recommence construction when demand and conditions improve. Although the company previously indicated that it would take 18 months to complete the project, no date for recommencing the project had been disclosed.

INTERNET GAMING

Nevada became the first state in the nation to authorize interactive gaming. The law gives Nevada a jump on New Jersey in the rush to compete in the online poker business. The legislation opens the door to allow Nevada licensees or those who would get licensed in this area, to engage in online gaming. The Nevada Gaming Commission will have to adopt regulations implementing some aspects of the interactive gaming law. The bill is viewed as critical to Nevada's economy because it will enable existing licensed gaming companies to take the lead in making online poker available around the country, potentially giving them a competitive advantage over operators in other states. Internet gaming is anticipated to increase acceptability of gambling generally, broaden the market for potential patrons of land-based facilities who desire to experience the "real" thing, and be an opportunity for cross-marketing with land-based gaming operations in the future.

CONCLUSION

Many analysts have said Las Vegas is an oversaturated hotel market with more than 150,000 rooms. Adding SLS Las Vegas and Resorts World Las Vegas would give Las Vegas almost 155,000 rooms. The new supply won't come on line immediately, which will allow some absorption of existing supply. Additionally, both projects are being designed and positioned as fresh concepts and brands in the Las Vegas market. However, cannibalization of existing demand is possible upon the opening of these two properties given the level of demand that will be needed to accommodate the new supply and the proliferation of gaming options worldwide.

Las Vegas is expected to continue to be a dominant domestic and international gaming destination; however, to maintain its competitive edge it must increasingly offer unique entertainment options. It is essential that the city maintain its unique image as a gaming mecca and increase its entertainment diversity. Regeneration is necessary for Las Vegas to maintain its continued status as an eminent gaming destination. In addition to Genting's Resorts World Las Vegas and SBE/Stockbridge's SLS Las Vegas, Caesars Entertainment's Linq project, the Cosmopolitan's 3,000-seat auditorium, the Las Vegas Convention and Visitors Authority's revamped Convention Center, and MGM Resorts International's 20,000-seat arena will be a part of the evolution of the city and will help to redefine Las Vegas' future competitive landscape.

About HVS

HVS is the world's leading consulting and services organization focused on the hotel, restaurant, shared ownership, gaming, and leisure industries. Established in 1980, the company performs more than 2,000 assignments per year for virtually every major industry participant. HVS principals are regarded as the leading professionals in their respective regions of the globe. Through a worldwide network of 30 offices staffed by 400 seasoned industry professionals, HVS provides an unparalleled range of complementary services for the hospitality industry. For further information regarding our expertise and specifics about our services, please visit www.hvs.com.

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Since 1980, HVS Consulting and Valuation ("HVS") – the leading global hospitality consulting organization – has provided financial and valuation consulting services for over 10,000 hotels throughout the world. Principals and associates of the firm have written textbooks and thousands of articles regarding all aspects of the hospitality industry.

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