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## **In Las Vegas, Too Many Hotels Are Never Enough**

By **GARY RIVLIN**

LAS VEGAS — Stephen A. Wynn, the hotel and gambling impresario, still remembers the first time he was asked if he and other developers had lost their minds building so many casino hotels here. It was the mid-1970s, when Las Vegas had about 35,000 rooms.

He was asked that same question in the 1980s, while building the 3,000-room Mirage, and again in the early 1990s. By that time Las Vegas was home to more hotel rooms — 106,000 — than any other city in the country.

And so now, with Las Vegas in the midst of another big building boom, Mr. Wynn only shrugs when people suggest that the nation's premier gambling center, with 151,000 rooms and counting, simply cannot absorb any more new hotels.

Ever since the mobster Bugsy Siegel opened the first modern hotel casino here in 1946, the surest means for gaining attention has been to one-up the competition by building an even more monstrously immense pleasure palace.

But even Las Vegas has never witnessed anything quite like what is going on today.

"This is the most outrageous, over-the-top expansion" ever, Mr. Wynn said.

Americans — and an increasing number of foreigners — can't seem to get enough of Las Vegas. The current construction craze is driven by a 95 percent weekend occupancy rate — and rates that approach 100 percent at the city's newer properties. Last year, even the weekday rate fell just shy of 90 percent, partly because of the city's success in positioning itself as an attractive convention destination.

Fueling the current boom as well are the enticing riches to be made catering to a new kind of guest: aging boomers entering the empty-nest phase of their free-spending lives.

And contrary to some predictions, the opening of American Indian casinos and other gambling outposts in more than 30 states has not hurt Las Vegas.

Far from it. The smaller, more prosaic gambling halls stretched across the country have actually helped the boom, casino executives say, serving as a kind of a feeder system for Las Vegas as people gain a taste for gambling and then aspire to a touch of the big time. The soaring popularity of poker has also helped drive growth as the game has drawn a younger crowd to the city.

"I suppose one day Las Vegas will reach its limit," said Anthony Curtis, president of LasVegasAdvisor.com, a local travel site. "But that day is nowhere in sight."

Consider the Venetian, which already ranks as the sixth-biggest hotel in the world and the fourth largest in Las Vegas, home to 15 of the 20 largest on the planet. This colossus will assume the top spot once it opens a 3,200-suite tower, now under construction, that will bring its room count to more than 7,000.

Another development, Echelon Place, will have more than 5,000 rooms when it is built on the site of the old Stardust, which its owners demolished last month. The MGM currently ranks as the largest hotel in Las Vegas — and the world — with 5,000 rooms.

At \$4.4 billion, Echelon Place would rank as the most expensive development in Las Vegas history — if not for the \$7 billion the MGM Mirage is spending on CityCenter. That price is far more than the previous record, set when Mr. Wynn and his financial backers spent \$2.7 billion building the 2,700-room Wynn, which opened in 2005.

Even competitors marvel at the scope of the CityCenter project, which MGM calls the most expensive privately financed project in American history. This minicity bordering the Las Vegas Strip will feature six towering buildings that reach as high as 61 stories. Covering 67 acres, it will include a 4,000-room hotel, a sprawling convention center, a half million square feet of retail space and 2,700 condominium units.

The changing demographics have led the designers of the new Vegas to push a sleek and modern aesthetic, along with amenities like luxurious spas, in place of the gilt and gaudy properties that reigned in the 1980s and 1990s. But their owners' ambitions are greater than ever.

"The building we're seeing right now," said Gary Loveman, chief executive of Harrah's, which operates half a dozen casinos on the Las Vegas strip, "is by leaps and bounds bigger than anything we've ever seen."

For a long time, Harrah's had only one major casino in Las Vegas. "One of my predecessors was convinced in the late 1980s, early 1990s, that Las Vegas was overbuilt," Mr. Loveman said. "That turned out to be a wrong call. Spectacularly wrong."

Even more than hotel construction, a boom in condominium development has increased the number of construction cranes crowding the skies.

Developers, including Donald J. Trump and Florida-based Turnberry Associates, are collectively spending billions of dollars building condo towers on or near the Strip, adding thousands of units even as the local real estate market, like much of the country, has been mired in a downturn.

But MGM and other developers see themselves as competing for buyers far beyond the Las Vegas market. "We see these as third homes," said Alan M. Feldman, a spokesman for MGM.

Data provided by the National Association of Realtors indicated that the median price of a condo in the Las Vegas metropolitan area fell by 3 percent in the second half of 2006.

In a perverse way, though, the city's current boom helped developers here avoid the kind of frantic overbuilding that plagues condominium developers and condo owners in cities like Miami and Washington. [John Restrepo](#) of the [Restrepo Consulting Group](#), a real estate firm based here, said that a "gold rush fever" had swept through the Las Vegas condo market, with more than 100 luxury condo projects, totaling 72,000 units, announced since 2005.

But escalating land prices and a steep rise in construction costs, [Mr. Restrepo](#) said, "caused most of these guys, who were never much more than a Web site and a dream, to fade away." Today, there are just 22 luxury condo projects, representing 10,000 units, under construction, he said, "and a large portion of those units have been sold."

The MGM Mirage is not the only casino company venturing into the condominium business. So, too, is the Venetian, which will add a 270-unit condominium tower to its property along the Strip.

"Las Vegas has morphed from a place that is simply a casino box with rooms to rent for 23 bucks a night," said William P. Weidner, the president of Las Vegas Sands, the parent company of the Venetian. "It is now a place with mixed-used developments which take advantage of the new Las Vegas, a multiday-stay destination and a place where increasingly people want to live."

The scale of Las Vegas' hotel industry and the size of its properties put other cities to shame. Even the massive 2,000-room casino resort Mr. Wynn is building next to Wynn — it would rank as New York's largest hotel — will not crack Las Vegas's top 15.

Not to be outdone, Fontainebleau Resorts recently announced plans for a \$2.8 billion, 3,900-room resort on the northern end of the Las Vegas Strip. And developer Ian Bruce Eichner has raised \$3 billion to build a 3,000-unit condo-hotel, the Cosmopolitan Resort and Casino, on the Strip.

[And there is the likelihood of more large-scale projects on the horizon. Yesterday, Goldman Sachs paid \$1.3 billion for the four Nevada casinos owned by Carl C. Icahn's American Real Estate Partners, including the Stratosphere Las Vegas Hotel and Casino, but also a precious 17 acres of undeveloped land on the Strip.]

Even without the new hotel properties, the 151,000 guest rooms in the extended Las Vegas area, according to Smith Travel Research, a lodging industry data broker, are nearly twice the 80,000 rooms in New York City. Orlando ranks second to Las Vegas with 111,000 rooms.

And yet Las Vegas has more new hotel rooms under construction (11,000) than any other city in the country, as well as more rooms on the drawing boards (35,000).

Tourists spent a combined \$15 billion last year at the Strip's various casino resorts. Sixty percent of that revenue — \$9 billion — was from noncasino sources ranging from hotel rooms to restaurants, some as costly as New York's best, to high-end retailers that pay dearly for a spot inside the sprawling malls that are a staple of today's Las Vegas casino.

These revenue sources are proving enticing even to an old-line player like Boyd Gaming, a middle-market casino company that had ceded the high-end market to the likes of MGM and the Venetian. But with the announcement of its plans for the \$4.4 billion Echelon Place, Boyd made clear it was going upscale, too.

"We considered a variety of options," said Robert L. Boughner, a longtime Boyd executive who is overseeing the Echelon project. "But ultimately we concluded that there were very compelling reasons to enter the premium tier."

Concerns over future limits on water supplies might ultimately slow development here. Eventually, tourists might tire of fighting the daily traffic jams that snarl the Strip and nearby freeways, or grow frustrated negotiating McCarran International Airport, which seems in a perpetual state of crisis.

But those problems have not hampered Las Vegas's success so far. The city had just under 39 million visitors in 2006, according to the Las Vegas Convention and Visitors Authority — an 86 percent increase over the 21 million visiting the city in 1990.

And in anticipation of handling even larger hordes of tourists, McCarran is in the first year of a five-year, \$4 billion makeover. Meanwhile, officials are looking into adding a second airport at Ivanpah Valley, 30 miles from Las Vegas.

"People have been predicting dating back to 1955 that Las Vegas will reach a saturation point," said David G. Schwartz, author of "Roll the Bones," a history of gambling, and director of the Center for Gaming Research at the University of Nevada, Las Vegas. "But me, I wouldn't bet against casino growth."