

Las Vegas hoteliers take a gamble on casino-less properties

By Michael Milligan

There was a time when the choice of accommodations in Las Vegas essentially consisted of mega hotel-casinos on the one hand and small hotel-casinos on the other. But that's steadily changing.

"I think the market has matured," said Peter Rockwood. "The market has really diversified in the last several years."

Rockwood is vice president and general manager of the Platinum Hotel & Spa, a property slated to open in June.

It's indicative of a new type of Vegas hotel: The Platinum won't have a casino.

And in a city where a hotel with 1,000 rooms is considered small, the Platinum has just 255 rooms.

"The Platinum offers an alternative to guests ... who have been at all the great casinos and might not need to stay in a 3,000- to 5,000-room hotel on their next visit but still would like to be close to the action," Rockwood said.

Rockwood said he believes the property will tap into a quickly emerging market of Las Vegas visitors: 35- to 60-year-olds who have been to Las Vegas several times. According to the Las Vegas Convention and Visitors Authority, only about 20% of the desti-

lous restaurants," he said.

Smaller, luxury hotels are quickly becoming the trend in Las Vegas with more planned to debut over the next few years.

Small is beautiful

For instance, Mandarin Oriental will manage a 400-room luxury

hotel as part of MGM Mirage's \$7 billion Project CityCenter, a 66-acre development situated between the Bellagio and the Monte Carlo hotel-casinos on the Strip.

Along with 2.3 million square feet of residential space and a casino, the project will also feature two 400-room, nongaming

boutique hotels.

MGM Mirage said it expects to break ground on Project CityCenter in the middle of the year and estimates that it will open in the fourth quarter of 2009.

Shangri-La Hotels plans to manage a luxury hotel that will be part of a 63-acre project Boyd

Gaming is developing on the Strip called Echelon Place Las Vegas.

Meanwhile, boutique hotel operators such as the James Hotel Group, Gansevoort and Kimpton Hotels have also either expressed interest in opening hotels in Las Vegas or are actively scouting for sites.

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A rendering of the Platinum Hotel & Spa.

nation's travelers are first-timers. The average age of Las Vegas visitors is 50 years old.

And as Las Vegas continues to add attractions such as celebrity chef-driven restaurants and Broadway shows, Rockwood said, these veteran visitors are discovering there's more to the city than gaming.

The personal touch

"They love coming here but are driven by nongaming-related activities, whether it is coming for shopping, shows or the fabu-

A similar Signature

The Platinum is similar in philosophy to the Signature at MGM Grand, a three-tower, boutique property adjacent to the mega-hotel, slated to open in May.

Fredric Luvisutto, executive director of the Signature at MGM Grand said that, like the Platinum, the Signature is designed to "cater to people that don't particularly want to go to very large properties and go through the casino."



A room at the Signature at MGM Grand.

According to MGM Grand, the Signature is the only hotel in Las Vegas with private balconies

visutto said, will be "very comparable to a Four Seasons or Ritz-Carlton hotel."

Luvisutto said the Signature could attract visitors that might otherwise stay at upscale casino-hotels, such as the Bellagio.

"They have stayed at some of these properties but have expressed a wish for something that is more private and intimate," he said. "They want high-end service, personalized ser-

vice. It is very hard to find that in a 3,000-room hotel.

"We are also looking to [attract] new guests that maybe wanted to go to Las Vegas before but really were looking for special accommodations," Luvisutto added. "We have 16 rooms per floor. It is very small, and that makes a big difference for these guests."

These hotels are essentially expanding on a market proven by THEhotel at Mandalay Bay, which opened two years ago.

The 43-story, high-end, boutique-like property is adjacent to the massive Mandalay Bay but is a world apart. It has no casino of its own but features signature restaurants, a 14,000-square-foot spa and 1,118 stylishly appointed rooms.

Patrick Ford, president of Lodging Econometrics, a firm specializing in hotel real estate analysis, said Las Vegas' hotel market is steadily diversifying beyond the familiar hotel-casino concept. Nevertheless, he said, casinos remain a key factor even if they aren't under a hotel's roof.

"A campus can have a lot of buildings but the casino is core," he said. "There may not be a casino under THEhotel's rooftop, but you are certainly within walking distance."



A rendering of the Platinum's lobby.

Condo-hotels

Additionally, the Platinum and the Signature reflect another hot trend that's changing the lodging landscape in Las Vegas as well as other cities: hotels with condominium units.

At the Platinum, for example, its 255 suites are owned by individuals who place the units into a rental program to be booked by the hotel's guests.

"It looks like a hotel and feels like a hotel to the consumer," Ford said. "The consumer would have no idea that 255 units are owned by 255 owners."

But even as hotels expand beyond the tried-and-true hotel-casino concept, Ford said, gaming will always be the city's top draw.

"It is hard to imagine any high-end hotel surviving in and around the Strip without having that access to a casino or without being on a campus," he said.

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