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Recession and its affect on the Las Vegas hospitality industry

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Running Head: RECESSION AND LAS VEGAS

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PART ONE

Introduction

Las Vegas evokes a plethora of different memories of good times for many people across the globe. For others, the name Las Vegas is synonymous with vice, sin and evil. No matter how you perceive Las Vegas, it is a city with a personality all its own. Seasoned Las Vegas veterans will tell stories about colorful characters such as Meyer Lansky, Benny Binion, Howard Hughes and Bugsy Siegel. This town was the inspiration for movies such as Casino, the Ocean's Trilogy, and most recently, the Hangover. What many people don't think about is the business that goes on behind the neon lights. That business is the highly regulated, multi-billion dollar industry identified as the Hospitality Industry in Las Vegas.

The Hospitality Industry has turned the hot and arid Las Vegas Valley, into a Mecca of gaming, luxury hotels, world class entertainment, fine dining, and high end retail shopping. People travel from all over the world to see the massive structures erected in the shape of pyramids, New York City, Venice and the new age architecture of resorts such as Mandalay Bay, Wynn and Encore, and City Center.

This study will look at the macro environment of the national economy as a whole which drove the country into a recession in the late 2000s, and how the micro environment of Las Vegas was affected. The pre-recession business structure of three casino companies; Las Vegas Sands, MGM and Station Casinos will be discussed. Shown also will be specific business decisions which left each company vulnerable to recession when the downturn hit and how these decisions greatly affected the individual companies. Lastly, what these companies are doing to do to recover will be evaluated.

Purpose

The purpose of this paper is to analyze the recession which began in 2007, and to study its causes, effects, and some attempted solutions through data analysis, academic literature review, public financial reporting, stock information and other news sources. Two major strip companies will be researched; Las Vegas Sands and MGM Grand, as well as a local's company; Station Casinos. This information will be presented in a case study format that will be available as a learning tool for future hospitality leaders.

Statement of Objective

The form of my paper will not be to solve a specific problem, but will serve to provide a more exploratory look at what has transpired in the Las Vegas Hospitality Industry.

Justifications

This study will be applicable to the Hospitality Industry as a study tool for students looking to build their knowledge about the causes and effects of major economic recession and analyze how a downturn in the economy can affect the hospitality industry. We need to learn from the past by evaluating the mistakes and successes of the last few years and be able to apply those lessons to our future. In supplying students with a lesson of the past, I hope to be able to strengthen the industry by helping future leaders make more informed decisions while structuring their business and when reacting to adverse situations.

Constraints

One of the major constraints during the production of this paper will to only use secondary data instead of generating primary data. Although only secondary data will be used, there is quite a bit of research available for evaluation, as there is quite a bit of data available through public online resources. These sites have a great deal of information that will assist in research, but limitations exist by information that they have available.

Another constraint is that more specific financial information is not available for the three hospitality companies. The study would be made more complete with first hand data of historical revenue in order to provide a whole picture of the health of the companies through the years. As is stands, the only information gathered was through public tax data provided through the Nevada Gaming Control Board. The company specific information used in Part Three was included to provide an overview of company strategy and behavioral events only.

GLOSSARY

Gaming: The commonly used term for gambling.

GDP: Gross Domestic Product.

Hospitality Industry: The Las Vegas Hospitality Industry which encompasses anything from gaming, hotel, conventions, nightlife, theatre, spas, and even retail shopping.

Las Vegas Strip: an approximately 4 mile stretch of Las Vegas Boulevard South in Clark County, Nevada. Nineteen of the world's 25 largest hotels by room count are on the Strip, with a total of over 67,000 rooms. (Las Vegas Strip)

NAICS: (North American Industry Classification System) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

Rebar: A steel rod used to reinforce concrete.

RevPAR: A metric used in the hotel industry meaning Revenue Per Available Room which is usually calculated by multiplying its occupancy % by the average daily rate.

Recession: A significant decline in activity spread across the economy, lasting longer than a few months. It is visible in industrial production, employment, real income, and wholesale-retail trade. The technical indicator of a recession is two consecutive quarters of negative economic growth as measured by a country's GDP.

Slot Machine Coin-In: The total amount wagered on a slot machine which is used by casinos as a measure of volume due to its accuracy of reporting.

Subprime Loan: A loan offered to an individual who does not qualify for a loan at the prime rate due to their credit history. If a lender thinks that there is an above-average risk involved in giving a loan to a certain individual, they will sometimes offer them a subprime loan, which has an interest rate higher than the prime rate. The subprime rate offered by the lender can vary from institution to institution.

PART TWO

Introduction

This part of the study will serve to give an introduction and review of the effects of the current recession as well as past recessions on the economy as a whole and how they have affected the city of Las Vegas. As was mentioned in Part One, this Case Study will cover what transpired in the city and the hospitality industry to make it particularly vulnerable to the recent recession. This section will cover the macroeconomic environment explaining how the nation suffered from this recession and it will explain how the recession affected the microeconomic environment of the Las Vegas market. Further, it will evaluate the business profiles leading up to the recession of three major gaming companies, Las Vegas Sands, MGM / Mirage and Station Casinos.

Methodology

The following case study will depict the macroeconomic environment of the United States National Economy and the microeconomic environment of the Las Vegas Hospitality Industry through analysis and graphing of data regarding housing prices, household income, employment rates, gaming revenue, and stock prices. It will also review scholastic journals, company profiles and media reporting. This case study will attempt to look at multiple factors that led to the decline in the Las Vegas hospitality industry from the perspective of a subset of hospitality companies. It will attempt to triangulate the causal links between the national economy as a whole, industry specific factors and company decisions in massive losses suffered by these companies.

Literature Review

Macroeconomic Environment: U.S. Economy

The macroeconomic environment behaves in waves known as the business cycle. Recession is a period in the cycle which is the contradiction of a booming economy where a downward trend is seen. Much like a wave, a recession is the low point where real GDP is in decline for a period of longer than two successive quarters and affects income, employment, retail sales and many more facets of the overall economy (Abberger & Nierhaus, 2008). Businesses and their customers behave very differently in times of recession or when there is a threat of recession. During the high point of the economic wave, there is strong consumer demand for products and services, revenues are generally increasing and managers are focused on acquiring resources to meet the rising demand. However, at the low point of the wave during contraction or recession, consumer spending is decreased, unemployment increases, credit becomes scarce and managers engage in strategies such as cost and price cutting to bolster the bottom line and encourage sales (Pearce & Michael, 2006).

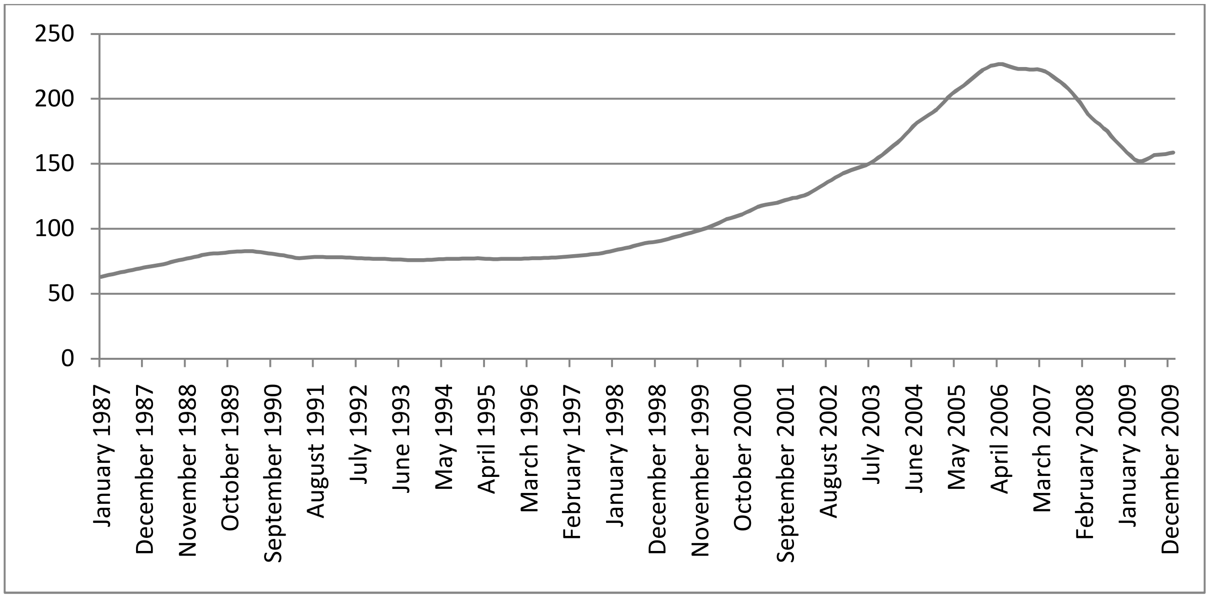
Approaching the end of 2008, the country as a whole began to realize that it was in the midst of a major recession which was said to have started in December of 2007 and was the worst in the post World War II era (Roubini, 2009). This recession was substantiated by high oil prices leading to higher food costs, global inflation, increased unemployment, and a growing credit crisis which led to investment banks, commercial banks and financial institutions turning to bankruptcy (Edwards, 2009).

The lowered state of the economy was caused primarily by a detrimental breakdown in our financial infrastructure. The housing market was a central component to the collapse. When the value of the collateral behind the country's $12 trillion home mortgage started to decline, this led to unprecedented levels of loan delinquency and home foreclosure (Case, 2008). The subprime mortgages that were given out in record numbers were designed with a balloon interest payment meaning that they would be refinanced to avoid the jump in the mortgage rate. However, the model used during the issuance of these loans was based on the assumption that the homes would continue to appreciate in value, but when the housing market collapsed, these loans quickly led to default (Acharya, Philippon, Richardson, & Roubini, 2009). As the subprime loan market started to turn, Bear Stearns lost over 90 percent of the value of its funds, and Merrill Lynch seized over $800 million in assets and tried to auction them off, but realized that these assets were almost completely illiquid as they were able to retain only $100 million during their sale. These banks became insolvent, and with the resulting panic and unease in the financial sector, almost all loan activity was halted (Acharya, Philippon, Richardson, & Roubini, 2009).

According to Alan Greenspan and James Kennedy, credit policy has a dramatic effect on the state of the housing market. In the early part of the decade, we saw the dot com boom and crash followed by 9/11. In order to stimulate the economy, the FED begun lowering the federal funds rate which dropped from 6.5 percent in early 2001 to 1.75 percent by the end of the year and to 1 percent by June of 2003. At the same time, the 30 year mortgage rate dropped from 8.2 percent to 5.73 percent in June of 2003 (Greenspan & Kennedy, 2005). With the lowering of the federal funds rate, 30 year mortgages on housing being very affordable and credit being readily available, speculative building started to occur en masse in states such as Arizona, Florida and

Nevada. By the second half of 2006, the federal funds rate was back up to 5.4 percent and 30 year mortgage rate was up to 6.6 percent (Case, 2008).

Figure 1: S&P / Chase-Shiller U.S. Median Home Price Values



Source: Standard & Poor's / Case-Shiller

Over the last 20 years, home prices had seen a gradual increase, but at the beginning of the 2000s, that increase began to rise exponentially. Depicted by the seasonally adjusted graph above, home prices in the United States started to ramp up around the year 2000. Between the year 2000 and when the recession started to take effect in 2007, home prices had risen by around $125,000. What became a driver for the decline in the market as a whole was the inability for households to make their mortgage payments. As the prices for homes increased, per capita income had kept pace, but median household income did not. The ability of a family to pay off their mortgage is measured in the home price to income ratio and in the years leading up to the recession, there was a rise in this ratio which was ultimately unsustainable (Case, 2008).

Leading up to the collapse, the nation saw this dramatic increase in housing prices, a rise in the number of loans given out, and a lowered quality of the loans issued. Appendix 1 shows the terms of conventional single-family mortgages across the nation and within Nevada as supplied by the Federal Housing Finance Agency. For the nation in 2004 and 2005, and into 2006 in Nevada, there was a decline in the effective interest rate and an increase in the percentage of adjustable rate loans issued to fixed interest rate loans. The nation went from 18 percent to 35 percent and Nevada went from 18 percent adjustable to 46 percent adjustable. With the lowering of the interest rate, poor underwriting tactics were employed that led to offers such as no down payment, no verification of income, assets, or jobs and even teaser rates.

When interest rates began to rise again, combined with the increased home price to income ratio and the massive amounts of credit lent to finance these mortgages, the banks that held the liens on the house started to go bankrupt. They went bankrupt because many of these financial institutions started basing their financial instruments on MBSs (mortgage backed securities) but many of these mortgages were given to subprime borrowers. As these borrowers began to default and foreclosures increased, the banks which were still solvent stopped lending which drained the life-blood of small businesses and other businesses which were reliant on credit as part of their financing structure (Corden, 2009).

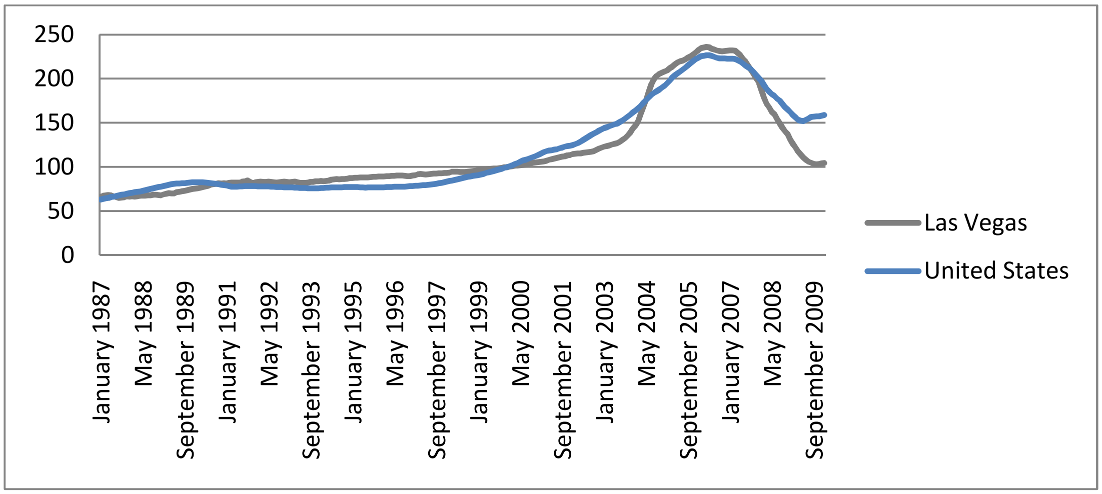
The hospitality industry in America would be hit extremely hard by this recession as the amount of discressionary spending and travel decreases during time of recession. Before the onset of the recession, oil prices were rising to all time highs causing less travel frequency, and with the decrease in loans and credit, hospitality facilities begun suffering (Edwards, 2009). In an interview, Tim Walton, Vice President of Development for Marriott International said "the investment fundamentals have been adversely affected by the weak market situation. In addition, the lending market remains illiquid and there is a dearth of available finance for hotel construction projects at this time" (Jones, 2009). Two previous recessions to hit the nation were in the early 1990s where industrial production and manufacturing sales decreased and in the early 2000s which was brought on by the bursting of the dot-com bubble, September 11 and various accounting scandals (Edwards, 2009). Immediately following the events of September 11, the hospitality industry in Las Vegas begun bracing for a long recovery as projects were postponed and companies proceeded with laying off team members (Eisendrath, Bernhard, Lucas, & Murphy, 2008). Compounding the effects of the September 11 terrorist attack were various other economic forces that would have an effect on Las Vegas such as increased competition and the ending of the dot-com boom and fall in high-tech stock prices. Within the United States, the legalized casino gambling environment had grown exponentially from only one city to thirty-six, and by the end of 2003, 443 cainos were open (Eisendrath, Bernhard, Lucas, & Murphy, 2008). With the increase of of safety concerns and the availability of localized gaming establishments across the country, potential guests were encouraged to stick close to home. With the state of the nation as it was, visitor volumes in Las Vegas dropped slightly from 35,849,691 in 2000 to 35,017,317 in 2001 but began increasing again to 35,071,504 in 2002 (Historical Las Vegas Visitor Statistics, 2009). Also, through detailed statistical analyis of slot machine coin-in in a recessionary period resulting from a terrorist attack, Eisendrath, Bernhard, Lucas and Murphy showed that there was a drop off in revenue starting in September of 2001, but a prompt recovery by January of 2002 (Eisendrath, Bernhard, Lucas, & Murphy, 2008). It was concluded that though the economy is vulnerable to terroist attacks, without the presence of immediate subsequent attacks, industry should recover relatively quickly. There are also four main differences between this crisis and previous recessions that have led to the longevity and severity that we have seen. First is that this recession resulted in a loss of wealth for households as families held highly levereaged positions on the assets that they possessed. Second was the high quantity and low quality of loans across multiple markets with little capital backing leading to a longer recovery time. Third is that credit transfer, or passing on of credit risk from lender to investor did not occur which led to the banks holding $300 billion of leveraged loans when the market collapsed. Fourth is the loss that was incurred by the leveraging by financial firms that structured these investments with reduced capital requirements (Acharya, Philippon, Richardson, & Roubini, 2009).

Microeconomic Environment: Las Vegas Economy

Las Vegas, Nevada was hit especially hard with the onset of the recession in the late 2000s. Unfortunately, the recession that hit Las Vegas in the latter part of the decade was not caused by a single event, but a combination of economic forces. Similar to the country as a whole, Las Vegas was suffering from an increased housing price to household income ratio. By October of 2008, construction in the city had dropped by 92% versus the year before, November saw a decline in new home permits from 500 to 80 year-over-year and the Center for Business and Economic Research at the University of Nevada-Las Vegas estimated that 50% of local homeowners owed more on their homes than they were worth (Witcher, 2008). With the onset of the recession and the collapse of the housing market, local industries started to suffer. With the city's main reliance on the hospitality industry paying off so well in the past, economic diversity was never a major concern. Southern Nevada was reliant on discretionary spending and in the midst of an economic downturn, that type of spending is the first to be cut back

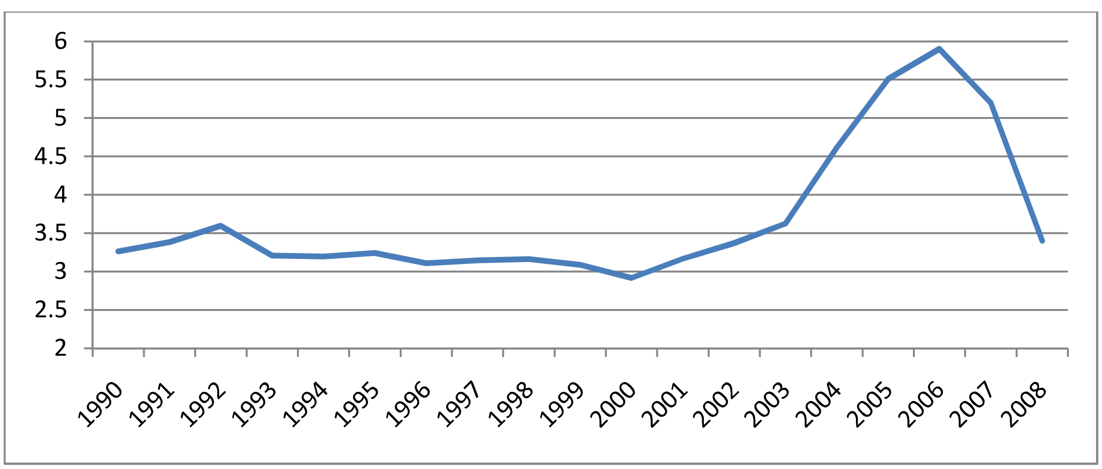
(PRNewswire, 2009). With the decline in discretionary spending on a national level along with rising unemployment and the slowdown in construction, the health of the vital travel and tourism industries were drug down (Smith, 2009).

Figure 2: Las Vegas v National Housing Prices



Source: Standard & Poor's

Figure 3: Las Vegas Median House Price / Median Household Income Ratio

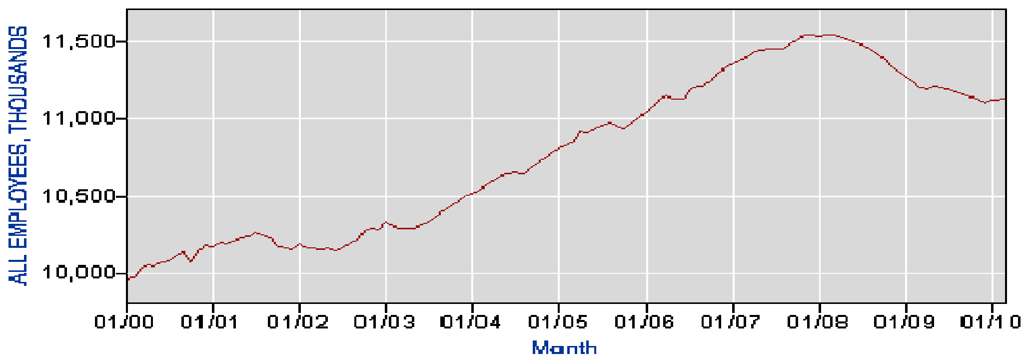


Source: U.S. Census Bureau

Figure 2 shows a 20 year look at the Las Vegas and National trend in housing prices. With the disperity at the back end starting in 2007, the housing prices in Las Vegas begun dropping at a faster rate than the rest of the country. By September 2009, there was a $50,000 gap between the two markets. Figure 3 shows the median house price to median household income ratio. This is a vital statistic to the health of the market because as the ratio increases, households are no longer able to afford the cost of the home. In the previous decade between 1990 and 2000, the ration ranged from just under 3 to 3.5. Beginning in 2000, that ratio jumped from under 3 to just under 6.

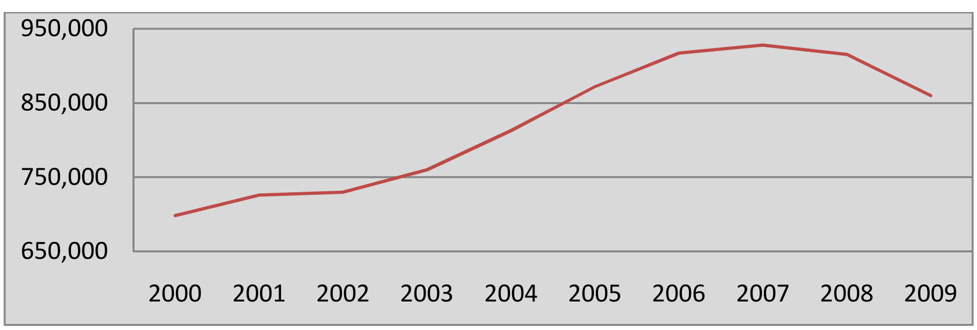
Las Vegas would also suffer from a reduced level of tourist travel activity as the travel output for the country through the first quarter of 2009 had fallen 6 percent over six quarters which was its lowest level in five years (Ritchie, Molinar, & Frechtling, 2009). With this reduction in travel output, reduced credit availability, and fianancial upheaval, hospitality managers in Las Vegas and across the country began laying off employees. Figure 4 comes from information gathered by the U.S. Bureau of Labor Statistics for NAICS Sector 72 Accomodations and Food Services which includes classification 72112: Casino Hotels . The industry as a whole showed a 5 percent increase from 10,922,000 in 2005 to its peak at 11,464,000 in 2008. It then showed a year over year decline of -2 percent into 2009 at 11,187,000. In Figure 5, which is a depiction of the Las Vegas employment statistics since 2000 show a similar trend to the Accomodations and Food Service industry as a whole as there was a 5 percent increase in employment from 2005 to 2008 where employment rose from 871,608 to 915,333. However, Las Vegas reached its peak in 2007 at 928,008 and showed a decline of -6 percent versus 2008 as it dropped to 895,890 in 2009 and -8 percent if measured against 2007.

Figure 4: Employment in U.S. Accommodations and Food Service Industry



Source: Bureau of Labor Statistics

Figure 5: Total Las Vegas Employment



Source: Las Vegas Conventions and Visitors Authority

With the decline in employment oupacing the rest of the country, and housing costs dipping lower than what the rest of the country was seeing, the casinos in Las Vegas started to see an drop in revenue as well. The next three figures show the overall gaming revenues taken from monthly data gathered by the State of Nevada Gaming Control Board. Gaming revenues are a measure of overall “gaming win” which includes slot machines, and table games. The first graph shows Clark County, which includes the Las Vegas Strip, Boulder Strip, Downtown, North Las Vegas, Laughlin, Mesquite and Balance of County. The following two graphs are included to serve as an example of the gaming revenue for the companies examined in this paper.

Figure 7 shows the Las Vegas Strip on which Las Vegas Sands and MGM are located. Figure 8 shows the Boulder Strip as a representation of the locals gaming market which is Station Casinos' focus. All three classifications showed their most significant year over year declines in November 2007 when Clark County showed a decline of -19 percent, Las Vegas Strip showed a decline of -24 percent and Boulder Strip showed a decline of -26 percent. Their toughest period was October of 2008 when Clark County showed a decline of -32 percent, Las Vegas Strip showed a decline of -34 percent and Boulder Strip showed a decline of -38 percent. The full set of data are shown in Appendix 1.

Figure 6: Clark County Gaming Revenue

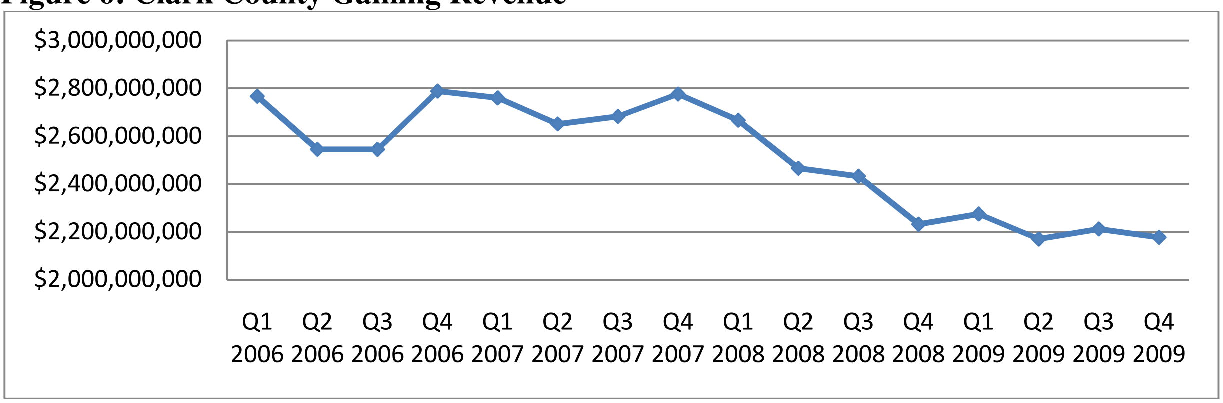


Figure 7: Las Vegas Strip Gaming Revenue

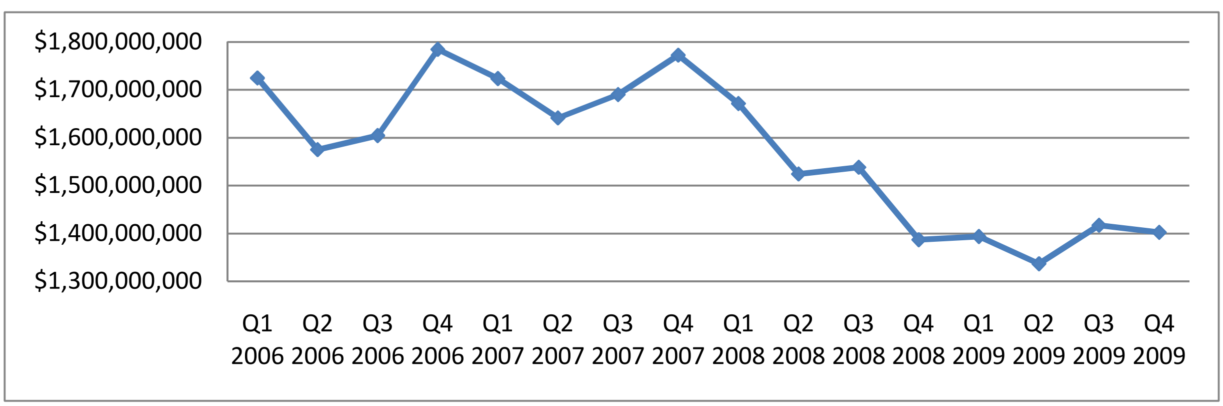
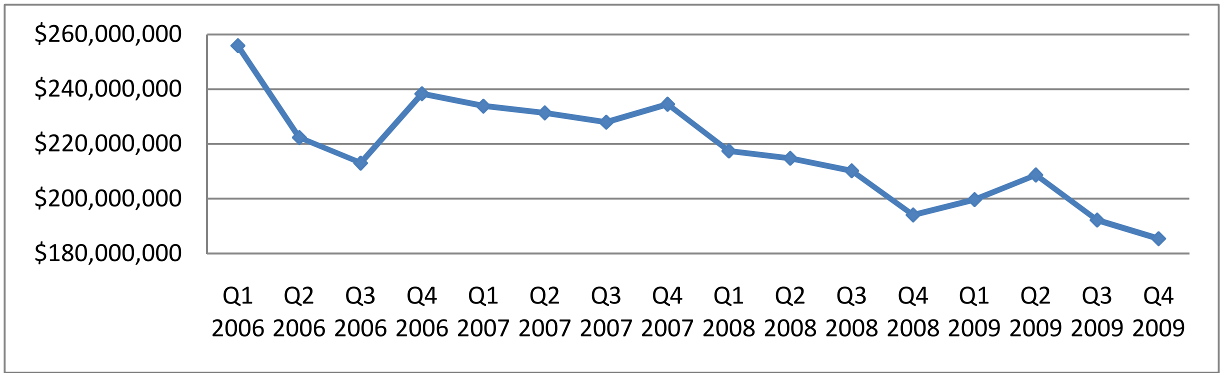


Figure 8: Boulder Strip Gaming Revenue



Source: State of Nevada Gaming Control Board Tax and License Division

Before the onset of the recession, hospitality companies were shaping their business strategies in order to maximize their company's profits. Three companies in particular were positioning themselves in different areas in efforts to grow their businesses feeding off of the growth in the rest of the economy. Two of the companies, Las Vegas Sands and MGM are major players on the Las Vegas Strip. The other, Station Casinos, a local's gaming company, had placed its 18 city wide properties outside of the Strip. All three of the companies were in the process of growing their businesses with plans to build larger and more elaborate casino-resorts.

Las Vegas Sands

Las Vegas Sands was incorporated in Nevada in August 2004. Las Vegas Sands Corp. and its subsidiaries own and operate The Venetian Resort Hotel Casino, The Palazzo Resort Hotel and Casino, The Sands Expo and Convention Center in Las Vegas, Nevada, The Sands Macao Casino in Macao, China, and have another property opening up in Singapore in early 2010 (Las Vegas Sands (LVS)). Las Vegas Sands was built to great hights by now billionare, Sheldon Adelson. Before the recession, Adelson was worth around $28 Billion and held the No.3 richest man in the world title while his company was trading on Wall Street for around

$150 per share (Benston, 2009). He brought about modern diversification in the hospitality industry in Las Vegas by directing his company's focus on convention goers who were not known to be big gamblers. Adelson had created the COMDEX computer trade show in 1979 which would eventually draw hundreds of thousands of visitors each year, and made him very rich when he eventually decided to sell. With the proceeds from the sale, he began his reign as a hospitality industry mogul when he unveiled plans to implode his recent purchase of the Sands Hotel and Casino and erect the Venetian. He kept the Sands Convention Center attached to the Venetian, which was, at the time, the largest resort in the world. By doing this, he placed a bet on the convention business to fill his hotel rooms. With companies sending their employees to Las Vegas, The Venetian was able to charge top rates for rooms and this success paved the way for emulators to open convention centers of their own. In 2003, Mandalay Bay opened a 1.8 million-square-foot convention center in attempts to capture some of that revenue (Benston, 2009).

Adelson then turned his sights overseas by expanding his empire into Macau, China and later into Singapore. In 2004, Las Vegas Sands opened the Sands Macau as the first foreign-owned casino in Macau (Las Vegas Sands Company Profile). He also unveiled plans to build what was to be known as the Cotai Strip in Macau and would resemble the Las Vegas Strip. Through his aggressive expansion, Sheldon Adelson had positioned Las Vegas Sands to be a leader in the hospitality industry by developing luxury resorts in major markets across the globe.

MGM/Mirage

MGM / Mirage is a hotel and gaming company which built its culture focused on the Las Vegas Strip. It owns properties in Nevada, Mississippi, Michigan and is invested in others in

New Jersey and Illinois. Even with all of these properties across the country, MGM / Mirage kept its focus on Las Vegas. Among others, they own and operate the MGM Grand, Bellagio, Monte Carlo, New York New York, and now City Center. They truly control the heart of the Las Vegas Strip. The owner of MGM / Mirage, Kirk Kerkorian, built this empire through acquisition, sale and re-acquisition of numerous assets. He has owned and sold assets such as the October Rose yacht, and the MGM movie studio three times. He was also one of the only people willing to build in Las Vegas during its down time in the 1970s and 1980s before Steve Wynn built the Mirage. Kerkorian opened the MGM Grand in 1973 which was at the time, the world's largest hotel with 2,100 rooms on the four corners section of the Las Vegas Strip at Flamingo and Las Vegas Boulevard. It was later the site of the 1980 MGM Grand fire which killed 87 people (Binkley, 2008).

The original MGM Grand was sold to Bally Manufacturing in 1986 and Kerkorian proceeded to acquire a large portion of the Las Vegas Strip. In 1993, he opened up the new MGM Grand with 5,005 rooms and again had the largest hotel in the world at that time. In 2000, MGM strengthened its hold on the Strip with the acquisition of Steve Wynn's Mirage Resorts which included the Golden Nugget, Monte Carlo, Boardwalk, Mirage, Treasure Island, Bellagio and the Golden Nugget in Laughlin and Beau Rivage in Biloxi. In 2005, the new MGM/Mirage again tightened its grip on the Strip with the acquisition of the Mandalay Resort Group, which added to their repertoire, the Mandalay Bay Resort, Luxor, Excalibur, Circus Circus and many others (MGM Mirage Company Profile).

MGM / Mirage had become a major presence in the Las Vegas hospitality industry. Gearing their business towards deveopment, they announced in 2007 their plans to build a mega-resort in partnership with Dubai World to be named City Center. The resort would include 5 properties and end up costing $8.5 Billion. It was to be a virtually self-contained city featuring condo properties at Mandarin Oriental and Veer Towers, Vdara with hotel and condo units, boutique hotel Harmon Hotel and Spa, , and Aria Resort and Casino (City Center). MGM had determined that their focus was Las Vegas Boulevard, and with their series of acquisitions and the upcoming City Center, MGM / Mirage emerged as the dominant force on The Strip.

Station Casinos

Owned by two brothers, Frank and Lorenzo Fertitta, Station Casinos is a company that features 18 casino properties across Las Vegas which are designed to cater to locals. According to the Station Casinos Investor Relations Company Profile, they were founded in 1976, and are "the premier provider of gaming and entertainment for residents of the Las Vegas metropolitan area" (Station Casinos) Station Casinos got its start by opening a property called "The Casino" which later became know as "Bingo Palace". It featured a mere 100 slot machines and six tables (Station Casinos Company Profile). Station Casinos had positioned itself as a major player in the locals industry through extensive land acquistion and property development. They held title to 7 large properties and 1 resort style property with 50% stakes in another of each, as well as 8 smaller properties. They also had plans to build another property which was to be called Durango Station and were moving ahead with plans to develop an off-strip City Center style resort to be named Viva (Benston, 2008). With all of these plans in the works, the Fertitta brothers decided that it would be in the best interest of their company to take it from being publically traded to privately held. It was a $5.7 billion move that would allow them to maneuver the company without having to answer to investors on Wall Street (Green, 2009).

Conclusion

Going into the end of 2007, the national finance infrastructre was in the process of going into upheval due to an emerging credit crisis that would lead to home foreclosures and financial institution insolvency. In Las Vegas, a town that is reliant on the hospitlaity industry, the recssion was felt especially hard as the spending of leisure dollars on entertainment and gaming became scarce. Three casino companies, Las Vegas Sands, MGM/Mirage and Station Casinos had very different approaches to becoming leaders in the hospitality industry. Las Vegas Sands had positioned itself as a global leader in resort style gaming properties, MGM/Mirage had maneuvered itself through acquisition and its new mega-resort to become the dominant presence on the Las Vegas Strip, and Station Casinos had become a Las Vegas giant by catering to the entertainment needs of the locals. Each one of these companies were affected due to different business decisions made before the recession. The next part of this case study will show what those decisions were, how those decision led to the economic turmoil and what those companies have done since to initiate recovery.

PART THREE

Introduction

Part three of this paper will serve as the case study portion. The decisions and strategies adopted pre-recession by Las Vegas Sands, MGM / Mirage, and Station Casinos will be depicted, and the results of those decisions reviewed. Lastly, recovery and prevention tactics will be discussed for surviving a recession and how to poise a company for success when the economy finally turns around.

Results

Las Vegas Sands

Las Vegas Sands (LVS) stocks were trading on Wall Street for $145 at its peak in October 2007, but when the market started to crash, their stock dropped around 99 percent to their low of $1.42 in March 2009 (Morningstar.com, 2010). According to Liz Benston of the Las Vegas Sun, the decline in the health of Las Vegas Sands was due to, “a combination of factors: bad luck, bad corporate blood and hubris” (Benston, 2009).

Figure 9: Las Vegas Sands (LVS) Stock History

(Morningstar.com, 2010)

Las Vegas Sands had let their success overcome their better judgment when making business decisions. First, bad luck hit the company. They fell victim to the recession just the same as everybody else in the hospitality industry as well as the country. Unfortunately for Las Vegas Sands, bad corporate blood and hubris combined to compound their problems.

Las Vegas casinos are massive structures that are deliberately set up in a manner to keep guests inside the building. These buildings offer everything that a vacationer could possibly want; shows, dining, drinking, shopping, and much more to dazzle and stimulate the senses. They want to keep people happy inside their resorts because a guest is likely to gamble more the longer they stay. Casino companies have historically set up their marketing campaigns to attract gamblers to their halls. Adelson was attempting to fill up the Venetian with guests who were not seen as a lucrative demographic because convention goers are not traditionally prolific gamblers. However, Adelson's gamble of focusing marketing efforts on such guests led to the Venetian becoming one of the most profitable casinos of all time (Benston, 2009). With the success of the Venetian, Adelson would push to expand and take his company overseas to Macau, which would lead to his company's dramatic fall.

Las Vegas Sands began their global expansion by opening the Sands Macau. With the initial construction budget for the Sands Macau made up within a year of their 2004 opening, LVS wanted to begin a project to re-create the Las Vegas Strip by building eight resorts, spending around $10 billion and calling it the Coati Strip. With record setting revenues being brought in by the Sands Macau and by its properties in Las Vegas, investors were not concerned with how things were being done as much as they were rejoicing at the money they were making. As Las Vegas Sands started movement on the Coati Strip, they put a risky strategy of financing into action. Generally, when casino resorts are built, the company will line up the financing before breaking ground. LVS took a different angle of starting the development before all of the financing was secured and would then raise the rest as they went along. This method was much riskier than the traditional method, but with the ease that they were able to raise capital, this method allowed them to keep a continuous flow of development and financing without having to raise money, build a resort, open the doors, then wait to recover the costs before starting their next project (Benston, 2009).

It was when the market began to collapse that people started asking questions about their debt structure. The truth was that they had screwed up. They had too many projects going at one time, and could not afford to continue the construction. In November of 2008, they announced that they would halt all construction in Macau as the figures were looking very bleak. In September 2008, Las Vegas Sands had amassed a total of $10.5 billion in long-term debt and had only a TTM earnings of $715.8 million which figures out to a 14.7:1 debt to earnings ratio (Benston & Velotta, How they stack up: Biggest Vegas gaming companies seeing red, 2009). Their strategy of building faster than they were securing financing led the company to the doorstep of bankruptcy.

When the stock prices for Las Vegas Sands started to drop and the company warned of a possible Chapter 11 in November of 2008, the accusations started flying, and so did the lawsuits. There were numerous lawsuits brought against the company by shareholders in efforts to pursue derivative claims by accusing Sheldon Adelson and the rest of the executives of mismanagement. These lawsuits were later dropped by Clark County District Court Judge Allan Earl as he wrote "there was no fraud, self-dealing, short selling, golden parachute contracts, investment in junk bonds, wasting of corporate assets, fraudulent cover-ups, etcetera," (Green, Lasvegassun.com, 2009). It was recognized that the businessmen in control of these companies are given great latitude in making their decisions and Las Vegas Sands was taking a great risk in their efforts to build the company into the top worldwide gaming company. However ill-advised their decisions were in burying the company under a seemingly insurmountable pile of debt, they did not act unethically or immorally.

In the effort to bring Las Vegas Sands back to prominence, Sheldon Adelson has infused $1 billion of his personal fortune in November 2008 to keep the company afloat and out of Chapter 11 bankruptcy (Benston, Adelson backs business plan with talk, cash, 2008). With this availability of cash and Adelson's willingness to use it in order to prop up his company, they have climbed out of the cellar. Las Vegas Sands currently has employees over in Singapore preparing their new resort for its upcoming opening, and their stock price is back above the $20 mark as it was sitting at $24 on April 9, 2010 (Morningstar.com, 2010).

MGM / Mirage

While Las Vegas Sands fell victim to an over aggressive business strategy, bad luck and bad corporate blood, MGM / Mirage cannot do much but blame circumstance. MGM / Mirage built their empire by acquisition, and even though Kirk Kerkorian was one of the few that was willing to build 40 years ago, his company hasn't done much development in Las Vegas in recent years. That was about to change as they were in the process of building the largest, most luxurious and most sophisticated resort complex of its kind in their $8.5 billion City Center. Like Las Vegas Sands, their stock prices were soaring through the roof and they were taking in more debt than they would ultimately be able to handle.

MGM / Mirage saw their stock prices cap out at $96.40 in October of 2007 and drop significantly from there (Morningstar.com, 2010). In March of 2009, their stock had declined to a measly $1.99 amidst problems with construction, difficulty in securing the remaining portion of debt necessary to complete City Center and selling off pieces of their company.

Figure 10: MGM / Mirage (MGM) Stock History

(Morningstar.com, 2010)

While MGM / Mirage had taken on a lot of debt, their company was positioned is such a manner that they were never in much danger of falling into Chapter 11 bankruptcy. Through the numerous acquisitions they negotiated through the years, they controlled hundreds of acres on the Las Vegas Strip which could be sold off in order to keep the rest of the company right sized. In December of 2008, MGM / Mirage announced that they were going to sell off Treasure Island to New Frontier owner Phil Ruffin for $775 million. What this ended up providing for the company was increased financial flexibility and company liquidity according to James J. Murren, CEO of MGM / Mirage. Over the deal, their stock price rose 81 cents or 7.6% at the time (Sun Staff, 2008).

Along with the decline in the market and their debt load increasing, the construction was delayed on City Center early in 2009 because of construction errors. Their condo project which was to be the top half of The Harmon Hotel & Spa was forced to be abandoned because of improper rebar positioning. The Harmon was supposed to be a 49 story condo hotel but was forced to be capped off at 15 stories in order to avoid “substantial redesign resulting from contracting errors”. The reduced size of the project as well as implementation of other cost cutting strategies ended up saving around $600 million on the construction, but they lost the revenue on the contracts already purchased for 88 of the 200 condominium units (Benston & Schoenmann, MGM Mirage cancels CityCenter condo project, 2009).

MGM / Mirage was fighting to keep their company afloat while the housing market and the rest of the nation’s economy were drowning by focusing their efforts on maintaining their previous service levels and keeping employee morale high. In March of 2009, CEO James Murren sent out a release to all MGM / Mirage employees. He stated, “the challenges we face are primarily related to the financial structure of our debt. Like many companies around the world, and in the gaming industry in particular, access to capital has been limited due to turmoil in the financial markets and the global economic recession.” (Murren, 2009) Many people were living in fear of losing their jobs, and many potential guests felt that due to the financial crisis, service would suffer and their experience would not be up to par with the way it should be. Murren then went on to address many of the fears of team members and consumers alike were having in the midst of all of this turmoil by saying “In the meantime, we are continuing to operate our properties and deliver the service and experience that our guests and clients have come to expect” (Murren, 2009). Though this statement might have served as a relief to some, but those who were not relieved were shareholders. Their stocks were continuing to decline as MGM / Mirage had failed to acquire the remaining financing needed to complete City Center. In April of 2009, some of those fears were silenced as they secured the remaining piece of the $8.5 billion needed to complete the complex by issuing $1.15 billion of equity through a common stock offering and $1.5 billion issuing of senior secured notes (Green, CityCenter deal sends MGM Mirage stock soaring, 2009).

Even though being able to complete the City Center complex was a huge victory which opened in December 2009, MGM was sitting on over $13 billion in debt and needed revenue. While Murren promised that their service would not suffer, their standards in clientele had to. In order to maintain their high occupancy rate, MGM / Mirage proceeded to alter their pricing strategy for hotel rooms by cutting prices. For the third quarter of 2009, at two of their premier properties; Bellagio and Mandalay Bay, their RevPAR dropped from $151 to $104 year over year, a 31% drop as the RevPAR for the Strip dropped from $129 to $100 year over year, only a 22% drop.

MGM / Mirage hopes that the opening of City Center will boost their earnings and help them climb out of the cellar. They also have plenty of assets they can sell off if they need to, though buyers are understandably in short supply. They also apparently have the faith of their lenders as they have recently been granted more time to pay off about $4.37 billion of their long term debt which was coming due in October 2011. They will be forced to pay extension fees and increase the interest rate to those lenders who agreed to the extension into February 2014, but the move allows MGM / Mirage more flexibility in their company positioning into the future (Sun Staff, 2010).

Station Casinos

Probably the hardest hit of the three companies in this case study, Station Casinos felt the full effect of the Late 2000s Recession. The main reason for the disproportionate effect of the recession on Station Casinos was their reliance on the Las Vegas locals market. Las Vegas

Sands positioned their company to where they have assets outside of the country and those properties were able to provide the company with additional revenues to keep the company going. MGM / Mirage, while their company's main focus is the Las Vegas Strip, the Strip itself relies on people coming in from out of town. There are still people in this country that have money, and many of them, especially with the lowered room rates up and down the Strip, are still coming to Vegas. Station Casinos however, is solely reliant on the health of the local's community which has suffered over the last few years.

Station Casinos has been hurt on many levels during the recession. They have had to cancel plans to develop some of the properties which were already planned such as Durango Station and the Off-Strip complex to be named Viva. They have also been hit on the image front. As the market declined, unable to hold on to their previous staffing and operations levels, they began employing cost-cutting measures, and employee anxiety began to rise. In 2009, Station Casinos did not appear on the exclusive 100 Best Places to Work list for the first time in two years when they had placed no. 13 in 2007 and no. 33 in 2008 (Green, 2009).

In mid 2009, Station Casinos had to finally face the reality of what the recession had done to their company and that the Las Vegas locals were not able to provide the level of patronage they once had. In July 2009, while the doors to their 18 properties remained open, Station Casinos filed for Chapter 11 bankruptcy protection as they attempted to organize a restructuring of their debt. The equity company, Colony Capital, a key investor in Station Casinos stated that "The sudden and unprecedented upheaval in markets over the last 18 months and the recession's outsized impact on tourism, property values and jobs in Las Vegas has had a devastating effect on the gaming industry. Not surprisingly, Station, which is dependent on a growing population and financing for new construction, was especially hard hit" (Green, Station Casinos files for Chapter 11, 2009).

Bankruptcy was not the only reason that Station Casinos was brought into a courtroom in 2009. With the company in the middle of restructuring its debt under Chapter 11 protection, creditors took them to court to examine whether the Fertitta's move to take the company private in 2007 was a fair deal. These creditors were worried that, as the company was taken private, they were responsible for payments on a $2.5 billion mortgage, which they were very quickly not able to pay. Fortunately for Station Casinos, the Special Litigation Committee found that "The Company was not insolvent at the time of the 2007 transaction and did not become insolvent because of the deal, the company was not left with unreasonably small capital and Station did not intend or expect to take on debt beyond its ability to pay… The net effect of the transaction was that the company incurred approximately $1.6 billion of additional interest-bearing debt without the company receiving a corresponding direct economic benefit" (Green, Study: Move to take Station Casinos private was fair, 2009). The bottom line is that Station Casinos made a bold move to take the company private in an effort to gain more control over the company and have the ability to make aggressive business decisions without the pressures of Wall Street bearing down on them. Unfortunately with the added amounts of debt and dwindling cash flow, Station began to see declines that were out of their control. In late 2008 while the decision to take the company into Chapter 11 was being made, the company executives were looking at an accumulated long-term debt of $5.4 billion, but 2008 earnings of $407.8 million which translates to a debt to earnings ratio of 13.2:1 (Benston & Velotta, How they stack up: Biggest Vegas gaming companies seeing red, 2009).

With the bankruptcy proceedings fully underway, Boyd Gaming, another locals gaming operator, began expressing interest in purchase of the company. At the time, Boyd was sitting on a large amount of capital which they were able to keep by halting their Strip project which was to be called Echelon. Also taking shots at Station Casinos was the Culinary Union which saw its opportunity to organize the Station employees by accusing Station of unfair labor practices, the same company which two years earlier was no. 13 on the Best Places to Work list. The rumblings of union organization and a competitor buyout can only serve to hurt a company such as Station Casinos more than the effects of the decline in the local economy. A market such as the Las Vegas locals market is relatively small in which people tend to talk and are affected by this sort of economic drama. According to David Schwartz from UNLV's Center for Gaming Research, the locals' gaming market is very different than the Strip's tourist market, and "the locals gaming market is very sensitive to customer service and word-of-mouth" (Green, Station Casinos files for Chapter 11, 2009).

At the time of this case study, Station Casinos was still under the protection of Chapter 11 bankruptcy, but some deals were starting to be made. In March 2010, it was announced that the owners of Station Casinos, Frank and Lorenzo Fertitta were going to be able to hold onto a minority stake in 4 of their big casinos; Red Rock Casino Resort & Spa, Palace Station, Boulder Station and Sunset Station, and the remaining 14 would be sold off (The Associated Press, 2010). Station Casinos would still remain as the property's managers and the Fertitta's already plan on making an effort to buy back the lost properties when they go up for sale. While it has been a long road for Station Casinos through the duration of the recession, there seems to be some emergence in the future. While there are still a lot of questions regarding the future of the company, it hopes to come out of bankruptcy by the end of 2010.

Recovery and Prevention

With everything that has transpired over the latter part of the last decade, while companies are in recovery from the devastating recession, they need to build prevention techniques into their business structure. John A Pearce and Steven C Michael talked about prevention of failure during economic recession by applying one or all of four tactics for business structure. These tactics are to position the company in multiple markets and geographies, plan to confront declining sales, promote the firm's products and services and to prepare for economic recovery (Pearce & Michael, 2006). Within this plan, the first tactic of diversity in different markets is a key to thriving during a recession. This was a major contributor to the problems faced by Station Casinos. Their sole focus is the Las Vegas Locals market, and as that market declined, so did their business with no availability of soothing of sales fluctuation. The second tactic of planning to confront declining sales and limited borrowing capacity involves having a drawn out plan for top management in a crisis situation. Las Vegas Sands could stand to benefit from this tactic as they did not have their long term future in mind as is evident by their financing decisions leading up to the recession. A plan can be activated by trigger points in forecasted sales, RevPAR, credit availability or any other metric they choose to measure the health of their business. The third tactic is the promotion of the firm's products and services. This tactic can be employed by maintaining advertising, introducing new products, finding alternatives to price cuts and attracting new customers. MGM / Mirage embraced this tactic by pushing forward with the opening of City Center. In the Las Vegas hospitality industry, the products that are offered are service and structure. By structure is meant the attractions which guests come to see and patronize, and by opening this new mega-resort, they definitely worked on introducing new products. The fourth tactic of preparing for economic recovery is probably the most crucial for the long-term success of any business, but especially a business in the hospitality industry. All too often, businesses go too far during the panic of a recession and take drastic measures. In the Fear and Managing article, the authors found that in Las Vegas, the response to the 9/11 attacks was not positive. Many managers made the decision to proceed with lay-offs and capital project delays which "generated significant ill will among employees" (Eisendrath, Bernhard, Lucas, & Murphy, 2008). Employees tend to find periods of recession especially anxious times because they are quite frequently overworked and are fearful for their jobs. It becomes extremely important for managers to maintain communication with their employees and to assure them of the company's strength (Pearce & Michael, 2006). James Murren of MGM / Mirage came out with a statement to that attempted to accomplish open communication and serve to ease the tensions of his employees. He said of the MGM / Mirage that "our daily operations are continuing as always. Our operations, while impacted by the downturn in the national economy, remain profitable. It is more important than ever that you remain focused on what matters most – serving our guests and clients with the professionalism and service they have come to expect from MGM / Mirage. We will keep you informed as possible throughout this process and thank you for your continued hard work and dedication" (Murren, 2009).

Conclusions

The latter half of the 2000s brought many changes in the face of national economics. The bursting of the housing bubble and the collapse of our financial infrastructure had a profound impact on travel and tourism which are the lifeblood of the Las Vegas hospitality industry. Up to the initial fall of the nation's economy, gaming companies had traditionally taken on huge sums of debt, and this practice was generally overlooked because of the ease in securing debt and the large amounts of revenue being brought in by these companies. Las Vegas Sands, MGM / Mirage and Station Casinos were all victims to the recession which tore through the country, and the ways that the individual companies were affected was a direct result of the business decisions they had made leading up to the recession. Each company has made moves to rebuild in the years following, and we will see in the years to come if the strategies they are pursuing now will turn out to be the right ones.

Sheldon Adelson of Las Vegas Sands, Kirk Kerkorian of MGM / Mirage and the Fertitta brothers, Frank and Lorenzo, had all developed their own unique business models to become successful. However, they all failed to protect themselves for when the national economy collapsed in the latter part of the 2000s. Las Vegas Sands had positioned itself as a conventions giant as well as developer of worldwide luxury casino resort properties. Unfortunately, their method of debt management left them exposed to creditors when the economy started to fall into recession. A better focus on the management of their debt structure will help Las Vegas Sands to continue to thrive in the hospitality industry and in the world market into the future. MGM / Mirage had built their market share of the Las Vegas Strip through the purchase of most of the major casino resorts on Las Vegas Boulevard. They were also in the process of building an $8.5 billion mega-resort called City Center. This company showed great resiliency and dedication to their company by opening City Center in the middle of a major recession, and a dedication to their employees through their open communication. Station Casinos had grown from a single property called Bingo Palace to featuring 18 properties around Las Vegas, and they had plans to develop more properties when the recession hit. Currently, Station Casinos is still working through their bankruptcy proceedings but no matter what the outcome, this company would be well served in its longevity to prepare better for times of recession. As it stands, they are not a very diverse company and only focus their efforts on a single market which is the Las Vegas Locals market. Branching out to different markets would help assure their success during economic downturn.

Recommendations

Going into the future, companies need to be more cognizant of the decisions that they are making, not just in their current economic environment, but any possible economic environment that could arise. Financial institutions will be more careful with their lending going forward and companies should also be more responsible with their borrowing. The massive amounts of debt taken on by hospitality companies in Las Vegas led to a major downfall when the national economy dove into a deep recession. If these companies are able to get a better hold on their debt structures and tailor their businesses to thrive in any environment, they will become unstoppable forces that will not only be able to survive a recession, but be able to thrive in one.

CASE STUDY QUESTIONS

1) What circumstances led to the fall of the national economy?
2) What were the differences between the current recession and past recessions?
3) How did the national recession affect Las Vegas on a local level?
4) How did the Las Vegas economy differ from the rest of the country in its reaction to the recession?
5) What business strategies used by Las Vegas Sands led to its reaction to the recession?
6) What business strategies used by MGM / Mirage led to its reaction to the recession?
7) What business strategies used by Station Casinos led to its reaction to the recession?
8) What is your assessment on what should be done by these three companies during the recession to recover their business?
9) What recommendations would you make regarding future corporate strategy for the three companies?

Appendix 1: Terms on Conventional Single Family Mortgages

NEVADA

Year	Initial Fees and Charges ($)	Effective Interest Rate (%)	Term to Maturity	Purchase Price ($000)	Loan-to-price Ratio (%)	Adjustable Rate Loans (%)
1989	1.88	10.15	28.2	141.6	70.9	23
1990	1.72	10.23	28.0	146.3	73.1	11
1991	1.61	9.49	27.7	147.1	71.6	10
1992	1.63	8.37	27.2	145.9	76.1	8
1993	1.27	7.30	28.4	142.9	78.2	8
1994	1.12	7.31	28.4	148.2	78.6	32
1995	0.56	7.37	28.9	149.4	80.2	37
1996	0.76	7.64	28.3	164.5	78.8	22
1997	0.98	7.76	27.7	171.4	78.9	15
1998	0.90	7.18	28.4	174.2	79.9	9
1999	0.92	7.40	28.6	178.4	79.7	15
2000	0.90	8.13	28.9	187.6	79.2	15
2001	0.65	7.08	27.9	196.3	78.9	10
2002	0.60	6.53	27.5	216.5	76.3	16
2003	0.37	5.79	26.4	226.4	71.4	18
2004	0.40	5.72	27.9	287.1	71.5	**46**
2005	0.39	5.88	28.4	347.6	70.3	**47**
2006	0.41	6.62	28.7	398.4	70.5	**42**
2007	0.53	6.59	29.9	358.6	77.5	25
2008	0.65	6.18	28.9	313.3	76.5	NA*

NATIONAL

Year	Initial Fees and Charges ($)	Effective Interest Rate (%)	Term to Maturity	Purchase Price ($000)	Loan-to-price Ratio (%)	Adjustable Rate Loans (%)
1989	1.87	10.13	27.7	142.8	74.8	38
1990	1.79	10.05	27.0	142.6	74.7	28
1991	1.58	9.34	26.5	146.7	74.4	23
1992	1.58	8.11	25.4	146.4	76.6	20
1993	1.20	7.13	25.5	143.1	77.2	20
1994	1.10	7.49	27.1	142.0	79.9	39
1995	0.97	7.85	27.4	142.8	79.9	32
1996	0.97	7.74	26.9	155.1	79.0	27
1997	0.98	7.68	27.5	164.5	79.4	22
1998	0.85	7.10	27.8	173.4	78.9	12
1999	0.74	7.25	28.2	184.2	78.5	21
2000	0.67	7.96	28.7	198.9	77.8	24
2001	0.53	7.03	27.6	215.5	76.2	12
2002	0.46	6.51	27.3	231.2	75.1	17
2003	0.37	5.73	26.8	243.4	73.5	18
2004	0.40	5.74	27.9	262.0	74.9	**35**
2005	0.38	5.90	28.5	299.8	74.7	**30**
2006	0.41	6.60	29.0	307.1	76.6	22
2007	0.48	6.49	29.3	300.5	79.4	11
2008	0.53	6.14	28.4	306.1	76.9	7

Source: Federal Housing Finance Agency Monthly Interest Rate Survey

Appendix 2: Nevada Gaming Revenue

Month	Clark County	Year over Year	Las Vegas Strip	Year over Year2	Boulder Strip	Year over Year3
Jan-06	$987,699,000		$627,506,000		$93,702,000	
Feb-06	$869,984,000		$551,050,000		$75,253,000	
Mar-06	$908,666,000		$546,098,000		$86,950,000	
Apr-06	$824,199,000		$516,414,000		$72,398,000	
May-06	$962,616,000		$603,753,000		$83,040,000	
Jun-06	$757,741,000		$454,805,000		$66,963,000	
Jul-06	$850,255,000		$531,651,000		$75,190,000	
Aug-06	$886,019,000		$556,296,000		$78,702,000	
Sep-06	$807,848,000		$516,346,000		$59,179,000	
Oct-06	$889,908,000		$532,192,000		$88,379,000	
Nov-06	$989,645,000		$642,430,000		$82,181,000	
Dec-06	$908,626,000		$609,976,000		$67,759,000	
Jan-07	$967,777,000	-2%	$605,386,000	-4%	$88,614,000	-6%
Feb-07	$901,821,000	4%	$574,698,000	4%	$72,550,000	-4%
Mar-07	$889,674,000	-2%	$543,675,000	0%	$72,695,000	-20%
Apr-07	$892,760,000	8%	$529,195,000	2%	$83,035,000	13%
May-07	$968,442,000	1%	$612,017,000	1%	$83,308,000	0%
Jun-07	$789,656,000	4%	$500,024,000	9%	$65,047,000	-3%
Jul-07	$964,725,000	12%	$606,797,000	12%	$85,122,000	12%
Aug-07	$838,033,000	-6%	$531,551,000	-5%	$66,784,000	-18%
Sep-07	$879,142,000	8%	$551,926,000	6%	$76,023,000	22%
Oct-07	$1,001,318,000	11%	$637,776,000	17%	$86,618,000	-2%
Nov-07	$828,725,000	-19%	$519,707,000	-24%	$64,992,000	-26%
Dec-07	$945,956,000	4%	$614,861,000	1%	$82,910,000	18%
Jan-08	$928,651,000	-4%	$597,305,000	-1%	$74,139,000	-20%
Feb-08	$865,968,000	-4%	$556,625,000	-3%	$62,315,000	-16%
Mar-08	$871,896,000	-2%	$517,474,000	-5%	$80,978,000	10%
Apr-08	$849,974,000	-5%	$524,114,000	-1%	$74,530,000	-11%
May-08	$810,059,000	-20%	$513,456,000	-19%	$58,418,000	-43%
Jun-08	$806,097,000	2%	$486,396,000	-3%	$81,823,000	21%
Jul-08	$819,683,000	-18%	$519,175,000	-17%	$70,507,000	-21%
Aug-08	$759,258,000	-10%	$494,016,000	-8%	$52,169,000	-28%
Sep-08	$853,511,000	-3%	$525,170,000	-5%	$87,576,000	13%
Oct-08	$757,510,000	-32%	$475,005,000	-34%	$62,907,000	-38%
Nov-08	$702,587,000	-18%	$437,689,000	-19%	$54,899,000	-18%
Dec-08	$771,776,000	-23%	$474,228,000	-30%	$76,335,000	-9%
Jan-09	$777,531,000	-19%	$510,358,000	-17%	$57,406,000	-29%
Feb-09	$710,601,000	-22%	$427,426,000	-30%	$62,891,000	1%
Mar-09	$786,458,000	-11%	$456,129,000	-13%	$79,446,000	-2%
Apr-09	$734,712,000	-16%	$441,370,000	-19%	$76,267,000	2%
May-09	$747,607,000	-8%	$480,817,000	-7%	$64,445,000	9%
Jun-09	$687,546,000	-17%	$414,549,000	-17%	$67,967,000	-20%
Jul-09	$729,889,000	-12%	$461,336,000	-13%	$65,730,000	-7%
Aug-09	$708,130,000	-7%	$449,560,000	-10%	$63,417,000	18%
Sep-09	$774,056,000	-10%	$506,375,000	-4%	$63,061,000	-39%
Oct-09	$673,404,000	-12%	$426,290,000	-11%	$58,920,000	-7%
Nov-09	$750,798,000	6%	$473,831,000	8%	$65,319,000	16%
Dec-09	$753,170,000	-2%	$502,165,000	6%	$61,216,000	-25%

Source: State of Nevada Gaming Control Board Tax and License Division

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