



Hotels at Indian Casinos - 2017

by Matthew S. Robinson

As of December 31, 2016, there were 198 Indian casinos with hotel properties with a combined total of 49,074 rooms – an average of 248 rooms per casino. As presented in Table 1, during 2016, an additional five Indian casinos added hotel properties, with several other Indian casinos also completing expansions and re-openings of existing hotels, resulting in a 3.4 percent increase in the number of hotel rooms and a

2.6 percent increase in the number of Indian casinos with hotels.

During 2017, another two Indian casinos will open new hotels, with another eight expanding their existing properties for a combined total of 1,660 additional rooms – surpassing the 200 mark of Indian casinos with hotel properties and more than 50,000 hotel rooms at Indian casinos. 2018 and 2019 also are expected to experience similar growth. During 2018, it is

Table 1

Annual Hotel Room Growth at Indian Casinos
(As of December 31, 2016)

Year Ending (12/31)	Forecast 2019	Forecast 2018	Estimate 2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Indian Casino Hotel Rooms	54,687	52,198	50,734	49,074	47,326	45,861	44,497	41,736	39,275	38,554	36,849	34,223	30,529
Percent Change	4.8%	2.9%	3.4%	3.7%	3.2%	3.1%	6.6%	6.3%	1.9%	4.6%	7.7%	12.1%	4.7%
Indian Casinos w Hotels*	209	205	200	198	193	189	186	168	160	157	150	142	135
Percent Change	2.0%	2.5%	1.0%	2.6%	2.1%	1.6%	10.7%	5.0%	1.9%	4.7%	5.6%	5.2%	4.7%
Rooms/Indian Casino	262	255	254	248	245	243	239	248	245	246	246	241	226
Percent Change	2.8%	0.4%	2.3%	1.1%	1.1%	1.4%	-3.7%	1.2%	0.0%	0.0%	1.9%	6.6%	0.0%

*There are over 40 Indian casinos that have more than one hotel/lodging property – Accordingly, the actual number of individual hotels is greater.

Source: KlasRobinson Q.E.D.

THE 150-PLUS ROOM 4-DIAMOND DREAMCATCHER

- Turnkey
- All-In, Up-Front Price includes FF&E OS&E and Fees
- Custom Finishes to Compliment Your Existing Casino
- Best Bed & Shower in the Industry
- 4-Diamond Quality Earns a Higher ADR

 **DreamCatcher™
Hotels**
Hotel Development Redefined
Visit Booth 1414 at NIGA.
DreamCatcherHotels.com

At \$135,000*/Key:
The **Lowest-Cost**
4-Diamond Hotel
on the Market

*Based on 200 Rooms.



anticipated that five new Indian casino hotels and another three hotel expansions at existing Indian casinos will commence operations, adding almost 1,500 rooms. During 2019, it is anticipated that another four new Indian casino hotels and four other hotel expansions at existing Indian casinos will commence operations, adding almost 2,500 additional rooms – not including potential hotel additions and expansions in Florida, which are still contingent upon compact negotiations.

The number of Indian casinos with hotels varies significantly by number of rooms per property. As presented in Table 2, of the 198 Indian casinos with hotels in operation by the end of 2016, the largest segment by size are those with less than 100 rooms (59 properties) and those with between 100 and less than 200 rooms (57 properties). With respect to the number of gaming positions per hotel room, the ratio ranges from 3.7 to 9.2, with the general pattern being smaller properties with higher ratios, and larger properties with smaller ratios. The average overall ratio is 6.1 gaming positions per hotel room.

Table 2

Indian Casinos with Hotels – Summary by Size**

(As of December 31, 2016)

Range of Rooms	Casinos* with Hotels	Average No. Gaming Positions	Average No. Hotel Rooms	Positions Per Hotel Room
< 100 Rooms	59	542	59	9.2
100 < 200 Rooms	57	1,159	132	8.8
200 < 300 Rooms	29	2,011	237	8.5
300 < 400 Rooms	17	1,968	329	6.0
400 < 500 Rooms	12	2,029	436	4.7
500 < 1,000 Rooms	18	2,848	639	4.5
1,000 or more Rooms	6	5,496	1,479	3.7
Total/Average	198	1,504	248	6.1

*There are over 40 Indian casinos that have more than one hotel/lodging property – Accordingly, the actual number of individual hotels is greater.

Source: KlasRobinson Q.E.D.

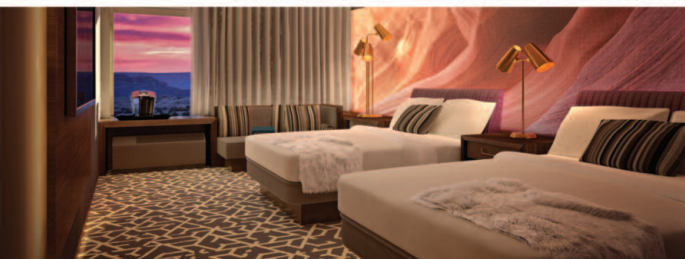
It is important to note that these ranges are based on averages and do not take into consideration the characteristics which are unique to any specific competitive market or restrictions on the types and/or numbers of gaming devices determined by individual compacts. At the same time, the ranges do provide a reasonable “rule of thumb” for comparative purposes.

At \$110,000*/Key:

The **Finest**
3-Diamond Hotel
on the Market

*Based on 150 Rooms.

NEW FOR 2017!
THE 80-PLUS ROOM
3-DIAMOND
DREAMCATCHER



- Turnkey
- All-In, Up-Front Price includes FF&E OS&E and Fees
- Custom Finishes to Compliment Your Existing Casino
- Best Bed & Shower in the Industry
- Signature Lobby

 **DreamCatcher™
Hotels**
Hotel Development Redefined
Visit Booth 1414 at NIGA.
DreamCatcherHotels.com

Hotel Taxes and Resort Fees

Not unlike their non-gaming counterparts, some hotels at Indian casinos charge “hotel” taxes and/or resort fees to their overnight guests. Hotel taxes, also known as occupancy taxes, bed taxes or room taxes are charged by governments to increase tax revenues. In the case of tribally-owned hotel properties located on the reservation, some tribes, depending on their jurisdiction and tax agreements with their respective cities/states, levy their own hotel taxes, in lieu of, or in addition to, the municipal hotel taxes. Such taxes tend to be based on a pre-set percentage of the overnight room rate. Such taxes go to fund government programs and services such as tourism promotion and development. Table 3 presents a summary of hotel taxes and/or resort fees charged, if at all, by hotels at Indian casinos.

are used, or perhaps better said, “justified” by the hotel properties to offset additional costs related to the resort (i.e., Wi-Fi, fitness center access, pool use, towel service, newspapers, etc.). Mandatory resort fees are not necessarily advertised by the hotel. Yet, to the surprise, and often dismay of the hotel guest, they do manage to show up on the receipt at check out. Resort fees have become so common in certain tourist destinations, some resorts, including casinos, are actually advertising the fact that they do not charge a resort fee.

As presented in the preceding table, resort fees, if charged at all, vary significantly by the number of Indian casino hotel rooms. In general, the greater the number of hotel rooms at an Indian casino, the more likely the property is to charge a resort fee – larger properties tend to have more services and amenities than smaller properties. 20.8 percent of Indian

casinos with hotels charge a resort fee – that’s one in five Indian casinos with hotels. For those Indian casinos with hotels that charge said fee, resort fees range from \$2 to \$30 with an average (mean) resort fee of just over \$11.

While resort fees may be a way for hotels at Indian casinos to offset costs for various services and amenities (increasing the hotel’s bottom line),

Table 3

Indian Casinos with Hotels – Summary by Size
(As of December 31, 2016)

Range of Rooms	Casinos* with Hotels	Hotel Tax (% that Charge)	Hotel Tax Range	Hotel Tax Average	Resort Fee (% that Charge)	Resort Fee Range	Resort Fee Average
< 100 Rooms	59	85.7%	3.9% - 17.0%	7.5%	2.9%	\$4.95	\$4.95
100 < 200 Rooms	57	87.2%	3.0% - 18.9%	9.9%	6.4%	\$5.00 - \$12.99	\$8.00
200 < 300 Rooms	29	92.6%	5.0% - 27.2%	10.5%	40.7%	\$2.00 - \$25.00	\$12.64
300 < 400 Rooms	17	86.7%	6.9% - 15.1%	11.4%	40.0%	\$5.00 - \$24.44	\$16.36
400 < 500 Rooms	12	90.9%	6.0% - 15.0%	9.7%	18.2%	\$7.99 - \$10.00	\$9.00
500 < 1,000 Rooms	18	83.3%	5.0% - 18.8%	11.0%	27.8%	\$14.99 - \$30.00	\$24.41
1,000 or more Rooms	6	100.0%	7.0% - 15.0%	11.7%	83.3%	\$10.00 - \$19.95	\$15.98
Total/Average	198	88.1%	3.0% - 27.2%	10.1%	20.8%	\$2.00 - \$30.00	\$11.03

*There are over 40 Indian casinos that have more than one hotel/lodging property – Accordingly, the actual number of individual hotels is greater.

Source: KlasRobinson Q.E.D.

Depending on the number of hotel rooms, between 83.3 percent and 100 percent of Indian casinos with hotels charge some type of hotel tax with an overall average of 88.1 percent of Indian casinos with hotels charging some type of lodging tax. For the Indian casinos with hotels, lodging taxes range from 3.0 percent to 27.2 percent with an average lodging tax of 10.1 percent for those that charge said tax. In many cases the hotel tax does not go, at least entirely, to the tribal government, but rather the municipality where the Indian casino hotel is located (i.e., in kind payment to the area convention and visitors bureau).

Some Indian casinos with hotels, also similar to their non-gaming hotel competitors, are charging resort fees (i.e., a mandatory hotel rate surcharge for overnight guests for use of hotel services and amenities – whether they utilize said amenities or not). Resort fees tend to be nightly flat fees charged in addition to the overnight room rate. The resort fees

it is also essential to understand the purpose of the hotel – it’s a marketing tool to be used to increase the length of customer stay – generating and increasing incremental gaming revenues. The overall profitability of the casino complex, as a whole, is what truly matters. While a resort fee may improve the hotel’s bottom line, the margin for gaming is significantly higher than that of a hotel – with or without a resort fee. That being said, it is crucial for casino management to work with hotel management to maximize the overall profitability of the property as a whole. ♣

Matthew S. Robinson is Co-Founder and Principal of KlasRobinson Q.E.D., a national consulting firm specializing in the feasibility and economic impact of casinos, hotels, and other related ancillary developments in Indian Country. He can be reached by calling (800) 475-8140 or email mattmsp@mac.com.