



Hotels in Indian Country – 2018

by Matthew S. Robinson

The year 2017 was a year of firsts for casino hotels in Indian Country – Indian casinos surpassed the 200 mark for properties with hotels, as well as exceeding 50,000 hotel rooms. It also posted the highest average number of rooms at Indian casinos with hotels – more than 250 rooms per Indian casino with a hotel. As of December 31, 2017, there

by additional gaming, food and beverage and other major ancillary developments. Over the next three years, an estimated \$5 billion will be invested in new and expanded casino hotel and related ancillary developments in Indian Country – with almost 7,500 additional hotel rooms coming on line.

Year Ending (12/31)	Forecast 2020	Forecast 2019	Estimate 2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Indian Casino Hotel Rooms	57,934	55,643	52,677	50,468	49,074	47,326	45,861	44,497	41,736	39,275	38,554	36,849	34,223
Percent Change	4.1%	5.6%	4.4%	2.8%	3.7%	3.2%	3.1%	6.6%	6.3%	1.9%	4.6%	7.7%	12.1%
Indian Casinos w Hotels*	215	212	207	201	198	193	189	186	168	160	157	150	142
Percent Change	1.4%	2.4%	3.0%	1.5%	2.6%	2.1%	1.6%	10.7%	5.0%	1.9%	4.7%	5.6%	5.2%
Rooms/Indian Casino	269	262	254	251	248	245	243	239	248	245	246	246	241
Percent Change	2.7%	3.1%	1.4%	1.3%	1.1%	1.1%	1.4%	-3.7%	1.2%	0.0%	0.0%	1.9%	6.6%

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

Source: KlasRobinson Q.E.D.

were 201 Indian casinos with hotel properties with a combined total of 50,468 rooms – an average of 251 rooms per casino with a hotel. As presented in the table above, during 2017, an additional three Indian casinos added hotel properties, with several other Indian casinos also completing expansions resulting in a 2.8 percent increase in the number of hotel rooms and a 1.5 percent increase in the number of Indian casinos with hotels.

Growth

During 2018, another six Indian casinos will open new hotels, with another eight expanding their existing properties for a combined total of more than 2,200 additional rooms. 2019 and 2020 are expected to experience even higher growth in annual room supply. During 2019, five new Indian casino hotels are anticipated and another seven hotel expansions at existing Indian casinos are expected to commence operations, adding almost 3,000 rooms. During 2020, another three new Indian casino hotels are anticipated and eight other hotel expansions at existing Indian casinos are expected to commence operations, adding almost 2,300 additional rooms – not including yet to be announced projects. Hotel developments never come alone. They are accompanied

Size

The number of Indian casinos with hotels varies significantly by number of rooms per property. As presented in the table on page 34, of the 201 Indian casinos with hotels in operation by the end of 2017, the largest segment by size are those with less than 100 rooms (61 properties) and those with between 100 and less than 200 rooms (56 properties). With respect to the number of gaming positions per hotel room, the ratio ranges from 3.8 to 8.7, with the general pattern being smaller properties with higher ratios and larger properties with smaller ratios – the average overall ratio of gaming positions per hotel room being 5.9.

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.

The size of a hotel property significantly influences the type/types of customer that can be accommodated. First and foremost, gaming customers are the most lucrative overnight guest due to the potential incremental gaming

revenues that can be generated by increasing the length of stay. In addition to the rate paid for the room itself, an occupied casino hotel room can generate on average between \$150 and \$600 per occupied room-night in incremental gaming revenue (assuming double occupancy by casino patrons).

At the same time, the number of rooms at an Indian casino, not to mention sufficient meeting and function space, also plays a significant impact on group business – social functions, conference and/or convention demand. The ability to block an adequate number of rooms for said function, while not displacing “regular” overnight gaming patrons, is essential in attracting and accommodating group demand, gaming related or otherwise.

Indian Casinos with Hotels – Summary by Size**
(As of December 31, 2017)

Range of Rooms	Casinos* with Hotels	Average No. Gaming Positions	Average No. Hotel Rooms	Positions Per Hotel Room
< 100 Rooms	61	524	60	8.7
100 < 200 Rooms	56	1,154	133	8.7
200 < 300 Rooms	31	1,954	236	8.3
300 < 400 Rooms	17	1,901	328	5.8
400 < 500 Rooms	12	2,100	436	4.8
500 < 1,000 Rooms	17	2,740	663	4.1
1,000 or more Rooms	7	5,382	1,423	3.8
Total/Average	201	1,487	251	5.9

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

Source: KlasRobinson Q.E.D.

Personality

In addition to the number of hotel rooms, the related ancillary facilities and amenities can also influence the types of overnight hotel demand. Pool areas, sun decks and other recreational attractions can play a significant role in attracting leisure demand. Recent trends include swim-up bars, lazy rivers and other unique water-based attractions.

While adequate function space is a prerequisite for meeting demand, other amenities such as on-site/nearby golf courses, spa/salons and state-of-the art fitness centers can also prove to be important marketing tools – whether they are utilized by the groups or not. Such facilities and amenities can increase the length of stay for groups by an additional one or two nights.

Whether group or individual overnights, the quality and diversity of bars, restaurants and entertainment can also play a role in overnight guest demand. Customers can only spend so much time and money on the gaming floor. They likely need to have at least one meal during their stay. More than several meals at the same restaurant venue, no matter how good can become uneventful, even monotonous. A mix of food and beverage outlets by styles and types of venue, cuisine and price point provides guests with choices.

Recent trends include signature restaurants (including those with private dining areas for private group functions), casino-specific craft beers, brew pubs and other unique venues that not only help to differentiate a property from its competition, but can also keep guests on property for longer lengths of stay and/or more frequent visits. ♣

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.