

Station Casinos counting on flocks at the Rock

At USD 925 million and 850 rooms – only 415 rooms built in its first phase – Red Rock Resort costs about USD 1.1 million per room.

It's significant that the company known for its chain of train station-themed locals properties will break the million-a-room record set on April 28 when the 2,700-room, USD 2.7 billion Wynn Las Vegas opened for business.

This is not Frank Fertitta Jr.'s Station Casinos. His sons have been running the company for many years, aggressively expanding the Station empire by spending more money on fancier casinos.

Some properties probably could have been built more cheaply. After all, slots are slots. When you have the biggest brand in the locals business, just the basics would probably do just fine. Wall Street probably would have been happier, too.

But that's not what Station had in mind with Red Rock, located in a neighborhood where the average household income is higher than just about any other part of town.

„We expect to do more volume by building a nicer property,“ Chief Executive Frank Fertitta III said.

Restaurants and gambling odds will be priced about the same as other Station properties, while rooms are expected to go for USD 150 to USD 200 per night. That's probably a conservative estimate, as Green Valley Ranch rooms often go for more than that.

In the same vein as Green Valley Ranch and the Palms, Red Rock hopes to draw a combination of upscale tourists and locals.

The hotel aims to attract „the experienced Las Vegas visitor“ while the casino will be mostly locals, Fertitta said. At least 80 percent of the property’s revenue will come from locals, like Station’s other properties.

Red Rock’s understated luxury – evident in onyx bartops and light fixtures, crystal chandeliers and floors of sandstone polished to look like gnarled wood – different than South Coast, the most recent casino to open in the valley.

In spite of some traffic congestion along Las Vegas Boulevard South, competitor Boyd Gaming Corp. says early feedback on South Coast is positive.

The USD 600 million property will ultimately have 1,350 rooms and a one-of-a-kind equestrian center with a feed store, air conditioned horse stalls and veterinary center.

It’s a relative bargain next to Red Rock. But it’s also a fairly basic, familiar design. Some customers barely notice the difference between South Coast and Suncoast, the company’s wildly popular property near Summerlin. And that may not be a bad thing.

The South Coast’s casino is a single, giant room surrounded by restaurants, while more family-friendly activities are upstairs. It would be impossible to get lost, let alone lose your companion, in the domelike building.

Red Rock is circular in shape, with a large, central bar in the middle that breaks up the view and eye-catching venues scattered throughout. It’s a big property that feels smaller and more intimate.

„We’re trying to get away from that barn-like quality,“ President Lorenzo Fertitta said.

Often compared to detail-oriented casino bosses like George Maloof and Steve Wynn, the Fertittas are more than hands-on

casino managers.

They were heavily involved in the design of the property, tossing several early plans that didn't maximize traffic flow and focused on building more parking spaces and more kinds of parking than any other locals property. They searched high and low for just the right color of glass on the hotel tower – a reddish shade called „terra rossa.“ They wanted certain shades of red in the main bar and added on private pools for cabana customers outside.

They're opportunistic designers – the kind of young, rich and well-traveled executives who know their way around some of the swankiest hotels around.

Special touches cost money. Even with Red Rock's luxe interior, it's hard to swallow a nearly billion-dollar version of a locals casino. The Fertittas say their customers are becoming more sophisticated and demanding. „When you go to New York you want to go see the Empire State Building and the Statue of Liberty,“ Frank Fertitta said. „When you come back you want to do what the locals do.“

He's not worried about making a lot of money right away.

„We always build for the long term,“ Fertitta said. „We don't build it for the first year.“

After four years, Green Valley Ranch generated more than USD 100 million in annual operating cash flow – not far off from the Strip's mid-market casinos and a pretty hefty return on the property's USD 300 million initial cost plus a \$ 115 million hotel expansion. Red Rock Resort would need to make more than twice that to get the same return. Station has to hope that well-heeled customers will be flocking to the „Rock“ for years to come.