

# MGM Mirage Raises Cost of CityCenter Project on Las Vegas Strip

Las Vegas (AP) – Casino giant MGM Mirage Inc. said Friday that it has raised the estimated cost of its CityCenter project on the Las Vegas Strip to USD 7.4 billion because of an increase in the overall size of the development.

„In a project of the magnitude and complexity of CityCenter, variances are to be expected,“ Terry Lanni, company chairman and chief executive, said in a statement explaining the increase from USD 7 billion.

Components of the mixed-use CityCenter casino and residential project were unchanged. But gross construction square footage was increased by 670,000 square feet, the Las Vegas-based gambling company said.

Lanni said the revised estimate of costs and revenues also stemmed from „robust“ sales of residential units expected to open in November 2009.

The company revised estimates of gross proceeds from the sale of residential units from USD 2.5 billion to USD 2.7 billion. It increased its projected net cost for the project from USD 4.3 billion to USD 4.7 billion. The revised cost figures exclude about USD 200 million in pre-opening expenses.

Several analysts put the new figures in line with the size of the project, noting that condominium sale proceeds and construction costs were higher and the project was closer to completion.

Celeste Brown of Morgan Stanley, observed that the company did not say how the additional 670,000 square feet would be used.

The announcement about CityCenter came a day after MGM Mirage announced it agreed to buy several pieces of land on the north end of the Las Vegas Strip for USD 575 million to assemble a 78-acre site for another „major integrated resort destination.“

CityCenter is being built on a 66-acre site further south on the Strip.

MGM Mirage also said Friday that it has begun converting reservations to sales contracts for parts of CityCenter, such as the 1,543-unit condominium-hotel tower named Vdara. The company also started taking reservations for two 335-unit Veer towers, and said it expects to release about 200 residences at The Harmon later this year.