

Sahara Renovation, Expansion Wins County OK

Las Vegas – The new owners of the Sahara Hotel and Casino have won county approval for a planned renovation and expansion of the 1950s-era property featured in the original “Ocean’s Eleven” film starring Rat Pack leaders Frank Sinatra and Dean Martin. Plans call for demolition of the mid-rise hotel tower, renovation of the two high-rise towers and development of a third high-rise tower. The resort would remain open throughout the project, which is currently expected to be complete in 2011.

The mid-rise tower to be torn down holds 200 rooms. The new tower would rise 520-feet and hold approximately 1,000 rooms. The work, including the renovation of the two existing high-rise towers, would take the total room count to 2,506 rooms from 1,720 rooms. Upon completion of the work, the resort would consist of 90,000 sf of casino, 56,900 sf of retail, 78,900 sf devoted to restaurants, 32,600 sf of meeting space, 26,600 sf of nightclubs, a 22,600-sf spa and fitness center and a 19,000-sf theater. Price and design have not yet been solidified.

SBE Entertainment Group LLC of Los Angeles and San Francisco-based Stockbridge Real Estate Funds acquired the 18-acre property at the north end of the Las Vegas Strip for between USD 300 million and USD 400 million in August and have since put a couple of million into minor upgrades. SBE, which has hotel, nightclub, restaurant and film divisions, has assumed management of the hotel and its associated food and beverage operations. Sahara’s 85,000-sf casino will be operated by Navegante Group, a casino management and development company owned by Las Vegas casino executive and entrepreneur, Larry J. Woolf.

Navegante, which operates four Downtown Las Vegas casinos and others in Elko and Carson City, reportedly has a one-year lease to operate the casino while executives from SBE Entertainment and Stockbridge seek license to run it themselves. Navegante's lease may be extended for one additional year in three-month increments, according to published reports. Steve Ruef with SBE in Las Vegas did not respond to a request for comment.

All around the Sahara new development is underway or planned. Immediately to its south, Texas developer Christopher Milam and Australian billionaire James Packer's Publishing and Broadcasting Ltd. plan to acquire the former Wet 'n Wild amusement park, which closed in 2004, for USD 475 million from Archon Corp. and develop a USD 5-billion, 5,000-room resort. Immediately to the east, construction is under way for the USD 3-billion Fontainebleau project, due to open in late 2009 with 3,889 rooms, a casino, hotel, condominium and spa.

Across the street from the Sahara, MGM Mirage Inc. in May paid two different owners USD 576 million for 33.5 contiguous acres that abut MGM's existing assets and have Strip frontage, giving the company a total of 102 acres to master plan. In June, the company and Kerzner International Holdings Ltd. signed a letter of intent to form a joint venture for the development of a multibillion resort on the property, which abuts the north end of MGM's Circus Circus property.

Immediately south of Circus Circus, Boyd Gaming demolished the Stardust resort to make way for Echelon Place, a USD 4-billion complex of hotels, casinos, entertainment venues and shopping that is scheduled to open in 2010. The plan includes 5,300 rooms in four hotels, a 140,000-sf casino, theaters, a shopping promenade, spas and convention space.

Immediately south of the Echelon Place project is the former site of the New Frontier hotel-casino, which was sold to El-Ad Properties of New York for USD 1.2 billion. El-Ad, a

subsidiary of an Israel-based real estate development conglomerate controlled by Israeli billionaire Yitzhak Tshuva, has announced a partner, Tel Aviv-based IDB Development Corp., and plans for a multibillion redevelopment of the site anchored by a Las Vegas version of its recently renovated Plaza Hotel in New York City.