

Elad postpones Las Vegas project, loan repayment

Los Angeles (Reuters) – Elad Group, the owner of New York's iconic Plaza Hotel, confirmed Thursday it has postponed plans for a multibillion dollar Las Vegas Strip project as well as repayment of a loan used to purchase the site.

The decision comes as a slumping U.S. economy and much tighter credit markets have caused other developers to reassess the need for more hotel capacity in the gambling corridor.

„The (Las Vegas) Plaza project is set to break ground a little later than expected and will do so in 2009,“ said Michelle Tsang, a spokeswoman for Elad IDB Las Vegas LLC, a joint venture between Elad and Israel's IDB Group.

The developer said in March that it expected to complete the design and start excavation no earlier than the end of the year.

Meanwhile, two investment banks have postponed the repayment of a USD 625 million loan Elad IDB took out in 2007 to purchase the now-demolished New Frontier Resort & Casino at a record high price of USD 1.25 billion, or about USD 35 million an acre.

Payment of the loan from Goldman Sachs Group and Credit Suisse Group has been deferred until May 2009, according to Tsang.

Officials at the banks have not responded to requests for comment.

Elad IDB has said it plans to develop a Plaza-branded „USD 5 billion multiuse ultra-luxury hotel, private residence, retail and gaming complex.“

However, analysts and investors have questioned whether the

Strip can support the thousands of new luxury hotel rooms expected to open over the next few years, including Wynn Resort's Encore in December and MGM Mirage's massive CityCenter project next year.

Boyd Gaming Corp earlier this month halted construction of its partially built USD 4.8 billion Echelon project on the Strip, citing an inability to arrange financing for two key joint venture segments of the project.