

# Golden Nugget runs against economic winds

**Hotel continues with renovation plans despite deepening recession**

There are moments when it seems Mayor Oscar Goodman is all alone with his insistent visions of downtown redevelopment, including a robust gaming scene.

But he's not. The Texas-based operators of Fremont Street's most venerable slot and buffet joint, the Golden Nugget, appear to be on the same page.

Now is the time, they say, to build a new hotel tower – despite the deepening economic crisis and the declining number of people coming downtown to gamble.

Build it, the thinking goes, and tourists will fill it.

Downtown Las Vegas casinos are hurting these days almost as much as their Strip counterparts.

In 2008 downtown casinos reported an 8.1 percent revenue drop, to USD 582.5 million (versus a 10.6 percent revenue drop on the Strip). That was the third consecutive year of decline for downtown.

Most of the casinos on Fremont Street, and a few just off it, have been content to maintain their properties over the years, but not to update them. As a result, they've been able to keep room rates double-digit low and cater to a crowd that expects nothing more.

Some casinos have redone parts or all of their properties in recent years, including the Gold Spike and El Cortez.

But clearly, no downtown property has modernized, updated and

completely renovated in recent years like the Golden Nugget. And here's the thing: The hotel was in a position of strength when Houston-based Landry's Restaurants bought the Nugget, and the Golden Nugget in Laughlin, in 2005.

Back then the Golden Nugget was clearly at least one notch above other downtown properties in terms of overall appeal. Its run of AAA Four Diamond awards and other customer satisfaction honors backs that claim.

But Landry's decided it couldn't rest. Chairman and Chief Executive Tilman Fertitta embarked on a three-phase expansion and renovation plan.

The first phase, unveiled in late 2006, cost USD 100 million and included new restaurants, a renovated casino floor, a remodeled lobby, poker room and sports book, and an expanded pool area, including an aquarium with sharks.

The second phase included a new conference facility, gaming area and dance club to the west of the old casino floor. That cost USD 60 million.

Last spring Landry's embarked on the third and final addition to the currently 1,900-room Golden Nugget – the new hotel tower, a USD 150 million, 500-room project on the west side of the property.

It's to be completed by December, hotel spokesman Justin McVay said – and from a quick look at the construction project, near the corner of Carson and Main streets, it appears to be on track. Fifteen floors have been built, with about 10 more to go.

Isn't it risky to build a tower now, amid a recession of undetermined length? Much larger projects on the Strip have shut down as their owners await a recovery, after all.

In an interview, Fertitta said he'd concluded that now was

time to move forward. "Of course we're being affected by the economy like everyone else," he said. "But we believe in Las Vegas, we believe in downtown, we believe in Fremont Street."

Fertitta said that despite discussions he's had with other company executives to possibly put the tower on hold, "we've decided we've got to push ahead."

He said that doesn't preclude the possibility of changing course down the road.

But for now, Fertitta and Goodman are on the same page – which suits the Texan just fine. "I think Oscar Goodman has the right idea," he said. "I think y'all are lucky to have him as mayor."