

Hotel

Many casinos develop nearby or adjoining hotels in order to encourage more visitation with longer lengths of stay and provide the casino with an opportunity to compensate regular visitors. The Traditions at the Glen Resort and Conference Center, located in Johnson City, NY, currently offers a 41-room hotel at the resort. In addition to the proposed casino development, the property is expected to expand its hotel offering to 200 rooms to accommodate the additional visitation derived from gaming activities. The room count was based on the average room counts of the main competitors in the market, which includes Mohegan Sun at Pocono Downs, Mt. Airy, and Vernon Downs & Miracle Isle Gaming Resort. The average number of rooms per facility is approximately 191. The following section further describes the occupancy calculation.

Occupancy

According to STR, there are approximately 40 properties consisting of 3,000 rooms in the Binghamton MSA. Of these, a sample of 27 properties (2,443 rooms) report statistics to STR. These properties have a running 12 month occupancy rate of approximately 52.6%. The current property is operating at occupancy slightly below that of the market at 52%.

Casino hotels that are not constrained generally have occupancy at about 25% higher than that of the surrounding market. This high rate can be attributed to the high quality amenities provided by a full casino resort, as well as the comping of rooms by the casino to attract and retain quality patrons. Due to the major constraint of the 41 room facility, there will be more demand than supply at this facility and therefore we assumed an occupancy rate at almost 100%. In year 3, the first year of operation of the new hotel expansion, the rate is anticipated to come down to approximately 73%.

Revenue from Hotel Operations