

HVS Gaming Services Division Featured Clients and Engagements

Baja Mar

Cable Beach, Bahamas

Baja Mar Resorts retained HVS to perform a market study with financial projections pertaining to the future development of a destination casino-resort named Baha Mar in the Bahamas. The report was intended to be used for pre-development efforts, including obtaining preliminary government approvals and obtaining financing. The proposed Baha Mar is expected to feature four hotel towers, three of which are planned to feature a hotel-condominium component, as well as a 100,000-square-foot casino.

In deriving the forecasts of revenue and expenses, HVS analyzed hotel supply and demand for each branded hotel, estimating occupancy and ADR from opening year through the achievement of a stabilized level of occupancy and operations, and compiling a ten-year financial operating forecast for each hotel. Additionally, HVS' Shared Ownership Services estimated the number of days per year when the units would not be in the rental program (owner usage) and applied the client's planned revenue and expense sharing arrangement to the projected rooms revenue to be generated by the condominium-hotel units. The revenue and expense impact of the



Client:

Baja Mar Resorts

Project Type:

Proposed Casino-Resort

Project Scope:

- Site analysis
- Economic and demographic trends
- Surveys and interviews with client representatives gaming officials, local and regional tourism professionals
- Gaming, hotel, and condominium supply and demand analysis
- Forecasts of Income and Expense

Results

Market study with financial projections used for pre-development efforts for the proposed property, including financing purposes and obtaining government approvals

Role

Consultant

Date of Service

2008

condominium-hotel units was merged into the hotel financial forecast so as to arrive at one overall hotel operating forecast that appropriately reflected the net income to be generated by the hotel towers.

HVS Gaming Division's revenue and expense forecasts for the planned Baha Mar's casino involved: 1) review and analysis of the existing Bahamian gaming market, competitive gaming facilities, anticipated changes to supply, and demand trends; 2) examination and analysis of gross gaming revenue (GGR) per occupied room night, GGR per casino square footage, and win per unit per day



in order to derive a reconciled annual GGR for the planned Baha Mar; 3) assessment of the reasonableness of the forecast of gaming revenues and market share for the planned Baha Mar in light of the potential growth of the Nassau/Paradise Island gaming market; and 4) projection of casino departmental expenses for the planned Baha Mar and publicly available market data, in-house operating statements, and research and fieldwork.

Size:

- **Casino-Branded Hotel**
 - 1,071 hotel rooms
 - 88,000 sq. ft. meeting space
 - 100,000 sq. ft. gaming area
- **Westin Hotel**
 - 622 hotel rooms
 - 137 condominium units
 - 62,000 sq. ft. meeting space
- **St. Regis Hotel**
 - 104 hotel rooms
 - 125 condominium units
 - 8,000 sq. ft. meeting space
- **W Hotel**
 - 188 hotel rooms
 - 127 condominium units
 - 8,000 sq. ft. meeting space
- **Additional Planned Facilities Outside of Scope of Hotels**
 - 60,000 sq. ft. retail/entertainment village
 - Jack Nicklaus-designed signature 18-hole golf course
 - 20-acre common beach and pool experience
 - Commercial village
 - Timeshare operations