Philadelphia Casino Application Review

September 24, 2013

AKRF.COM

AKRF's Analysis Objectives

1. Third-party review of applications
2. "Normalize" estimates
3. Competitive effects $\longrightarrow$ net fiscal revenue
4. Induced growth

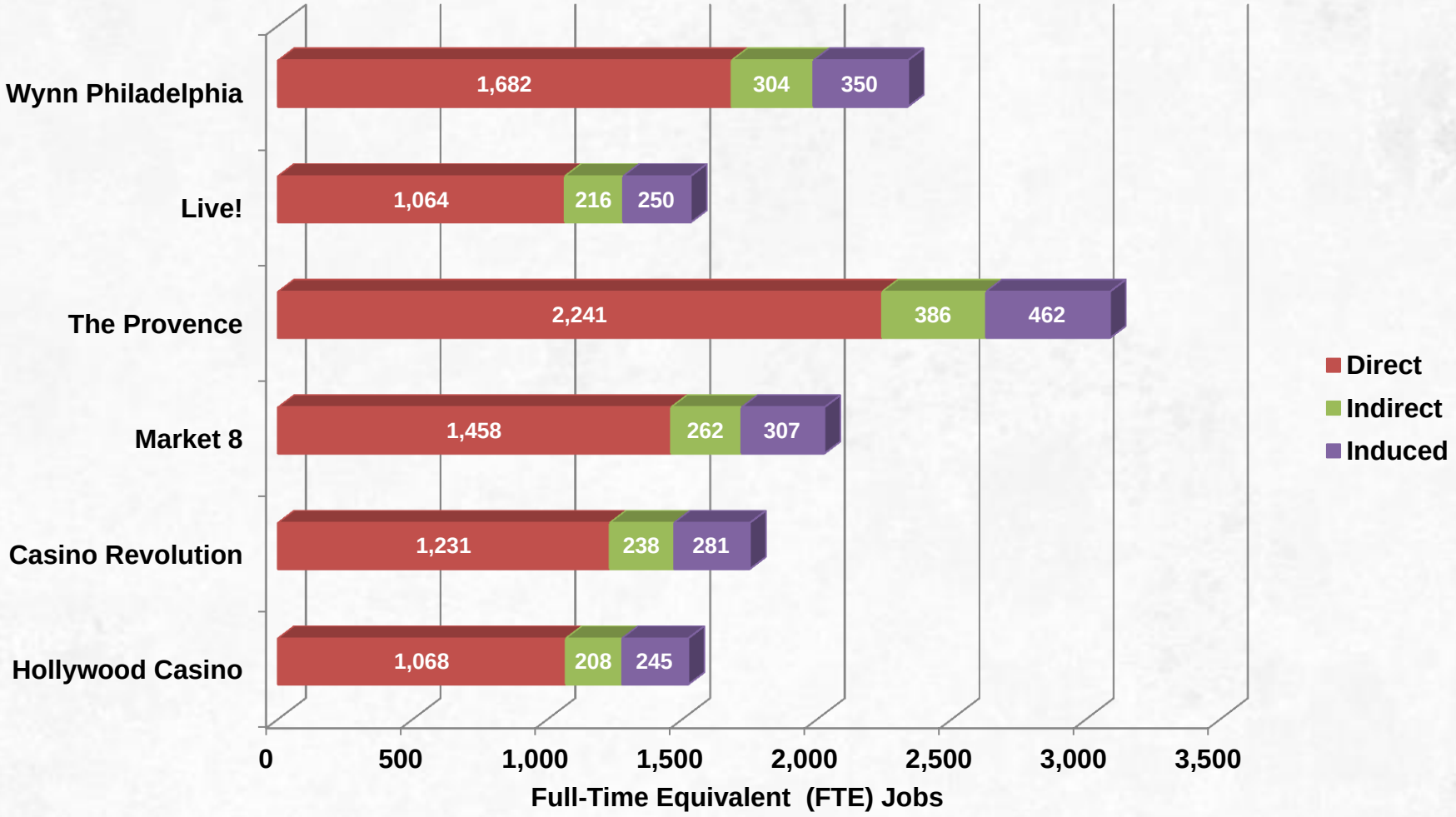
Local Economic Impacts
Construction-Period Benefits - Jobs

Total construction-period employment ranges from 2,000 to over 5,000 jobs*

*** Total development costs range from $428 million to $926 million**

Local Economic Impacts
Operating Benefits - Jobs

Total permanent employment ranges from 1,500 to over 3,000 jobs

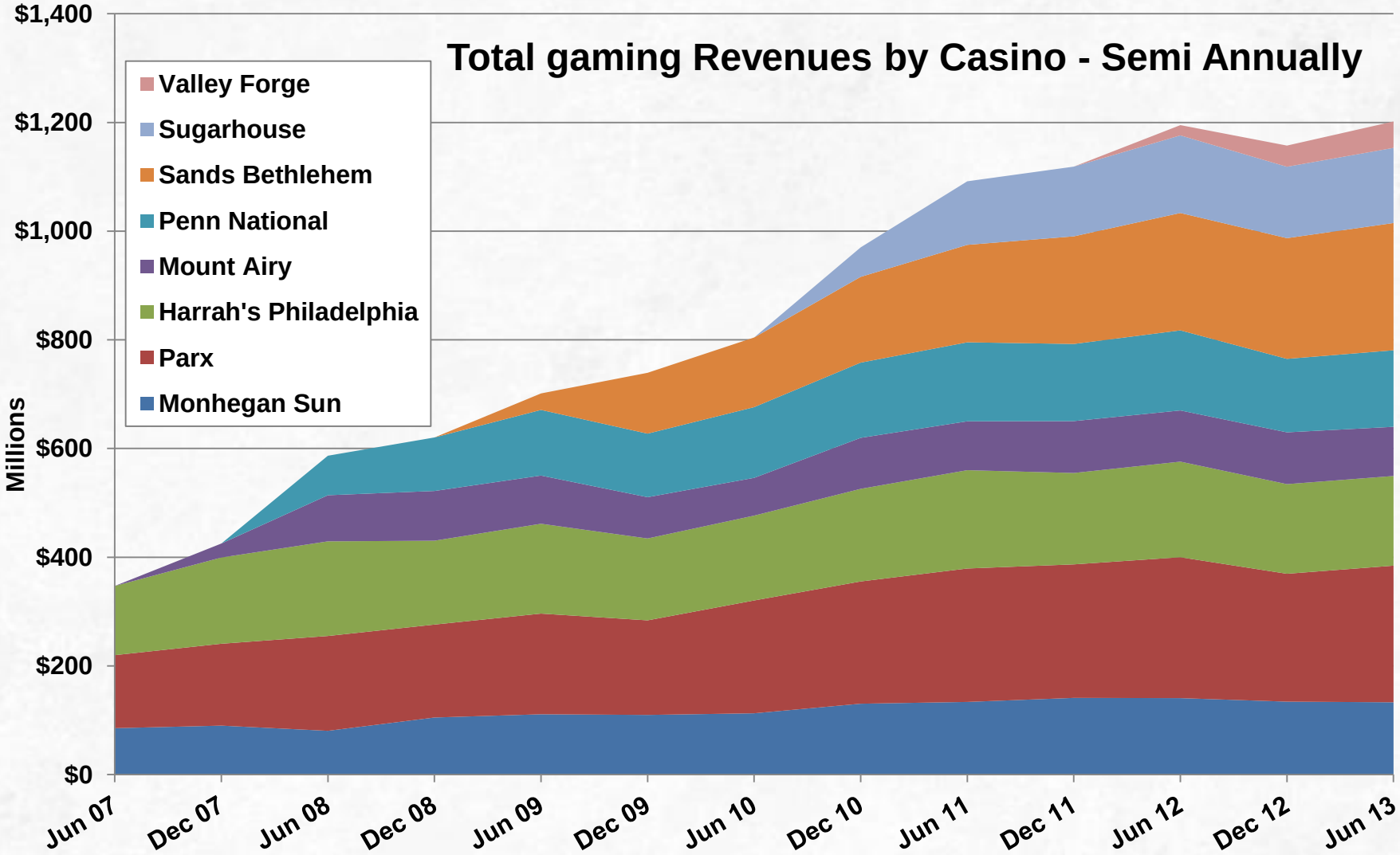


Gaming Revenues and Potential Competition

- **Key factors:**
  1. Market trends
  2. Program
  3. Location

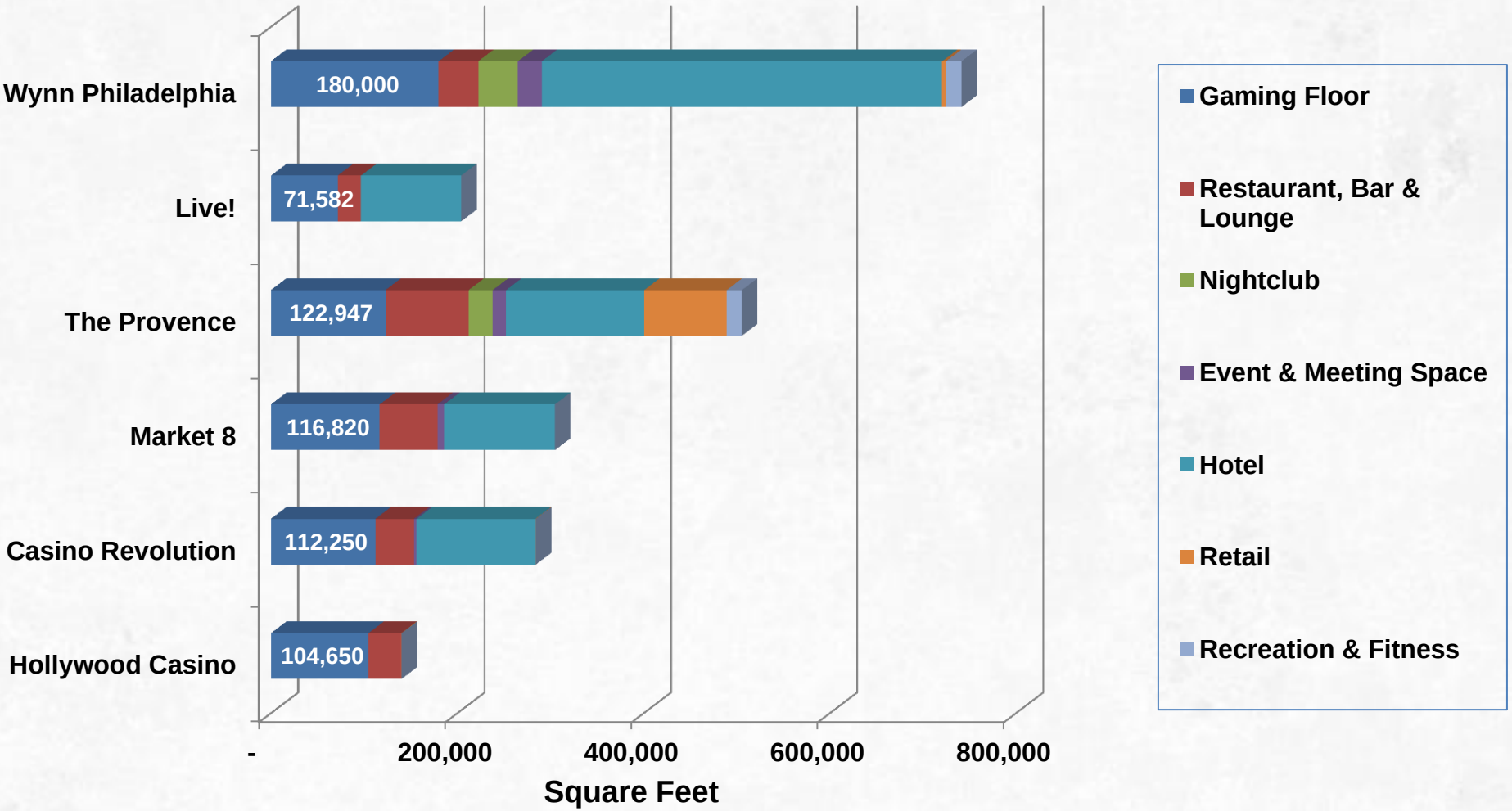
Gaming Revenue Trends in Eastern Pennsylvania
2007 - Current

Revenue trends suggest market is approaching saturation



Program Comparison

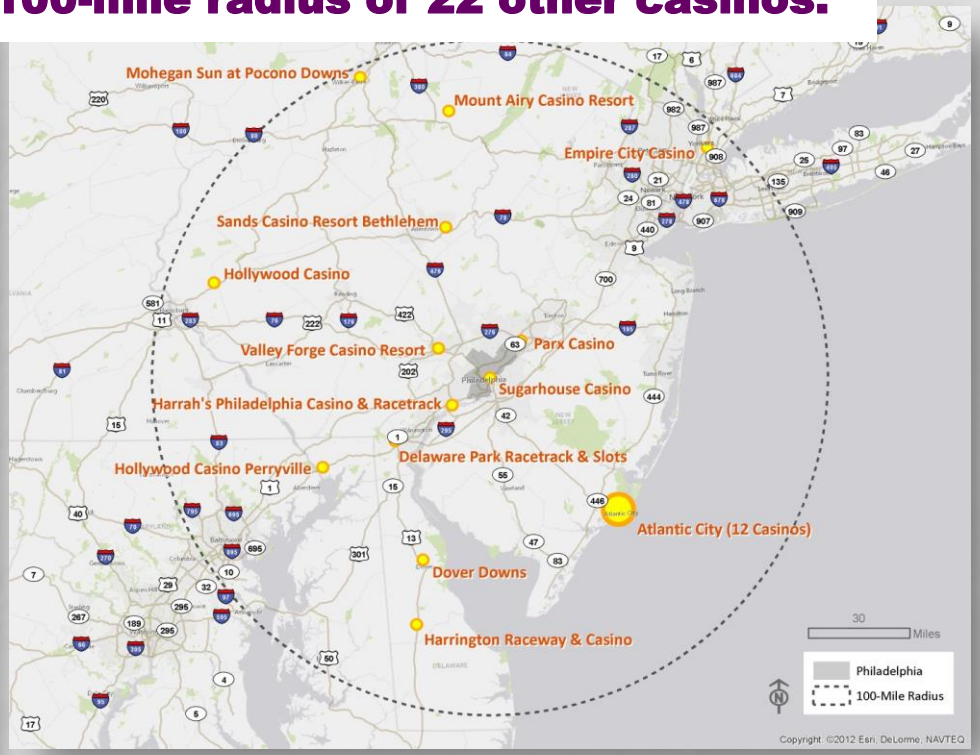
Programmed areas range from approximately 160,000 to 700,000 square feet*



*** Excludes back-of-house, circulation, public areas and parking**

Applicants' Project Locations

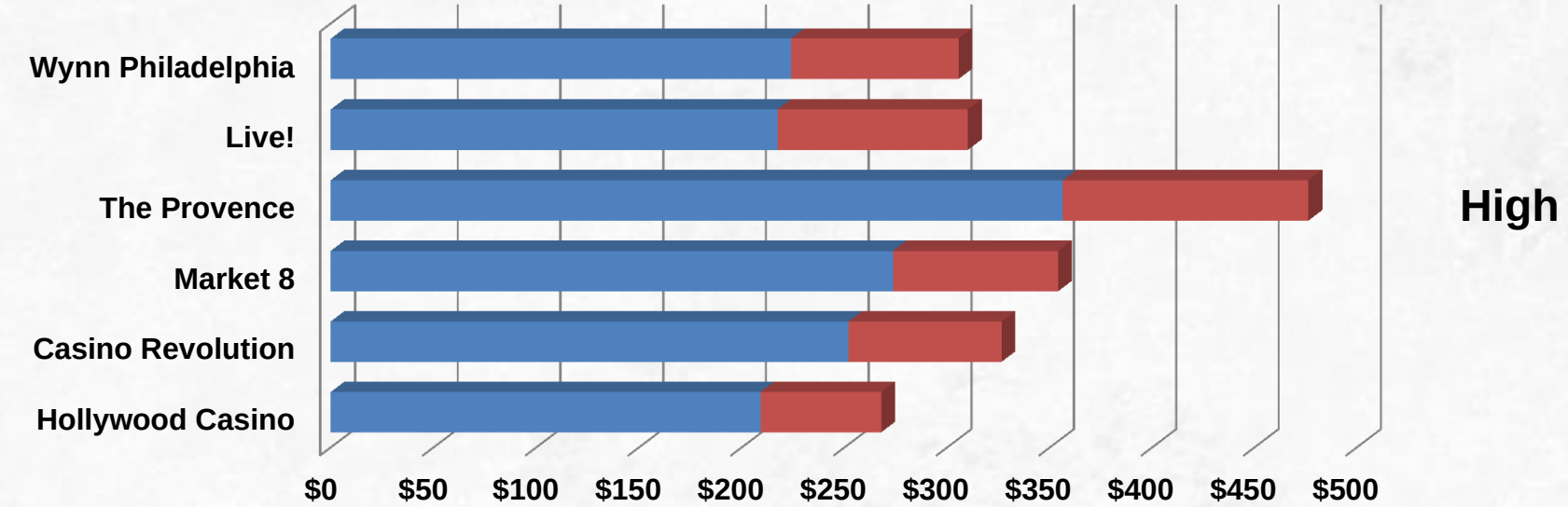
The next casino will be within a 100-mile radius of 22 other casinos.

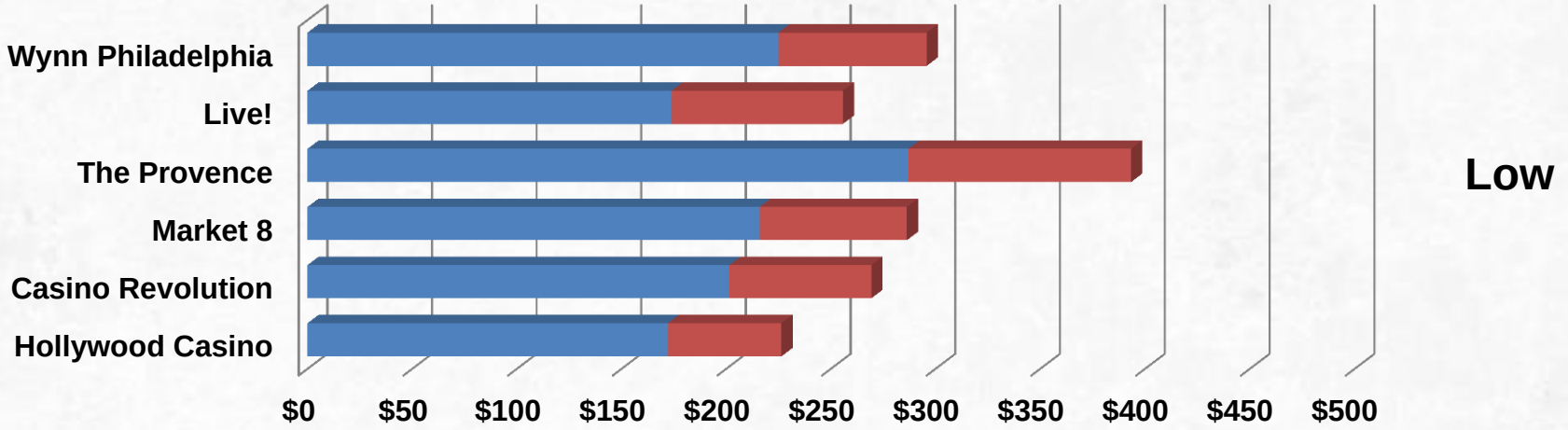


Local & Regional Assessment

Projected Gross Annual Gaming Revenues
in $Millions

Revenue estimates from approximately $375 million to $475 million

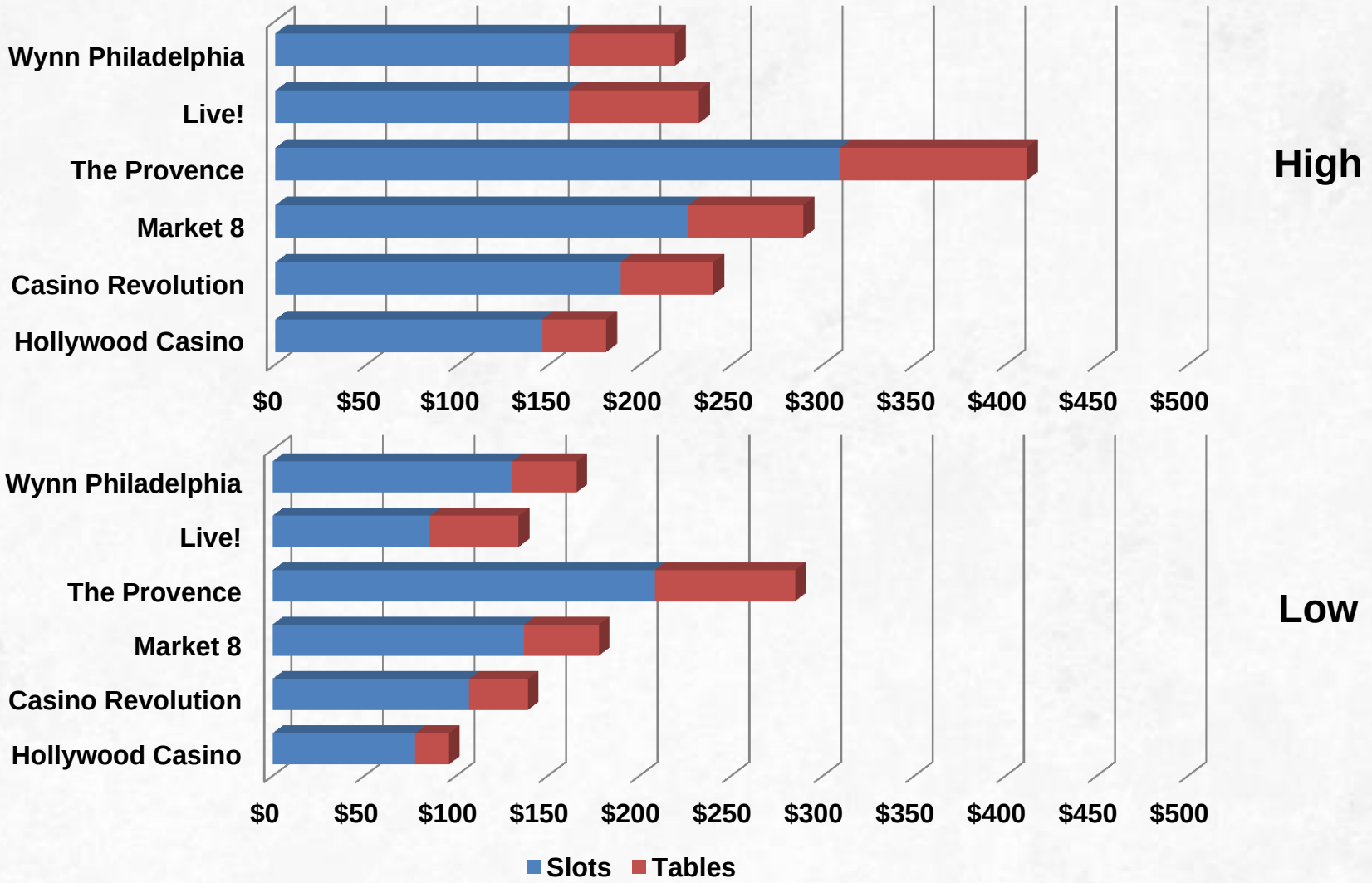




Slots Tables

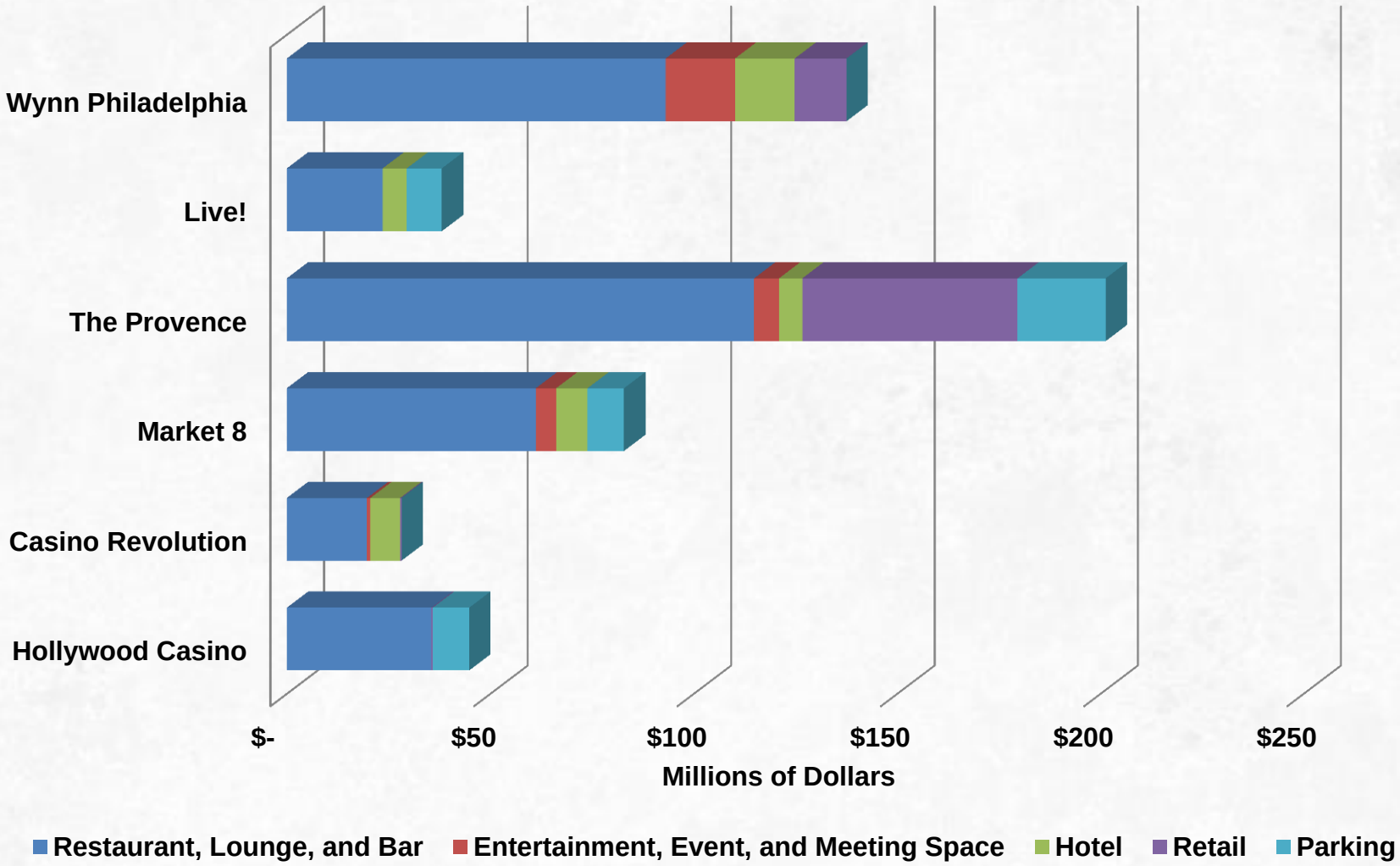
Projected Net New Annual Gaming Revenues
City of Philadelphia – in $Millions

Revenue estimates range from approximately $275 million to $400 million



Annual Non-Gaming Revenues

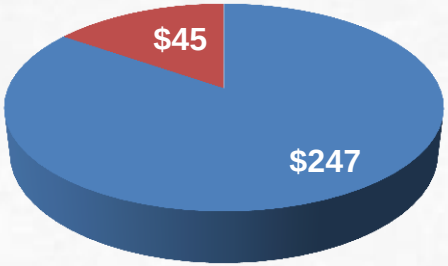
Revenue estimates range from approximately $40 million to $200 million



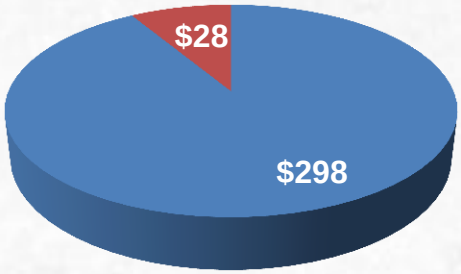
Total Revenues (gaming + non-gaming)

Range in non-gaming revenue amounts to gaming revenue across the projects

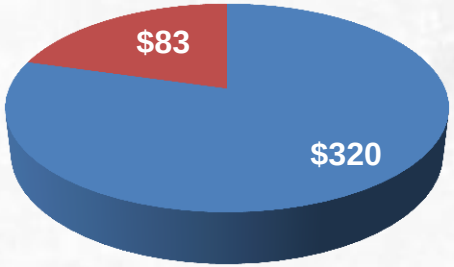
Hollywood Casino



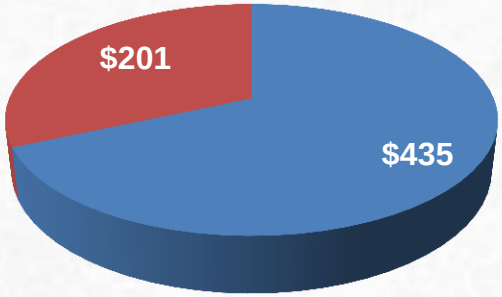
Casino Revolution



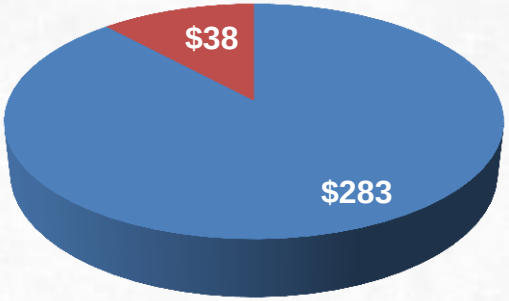
Market 8



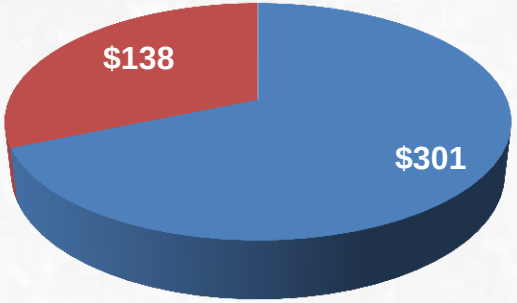
The Provence



Live!



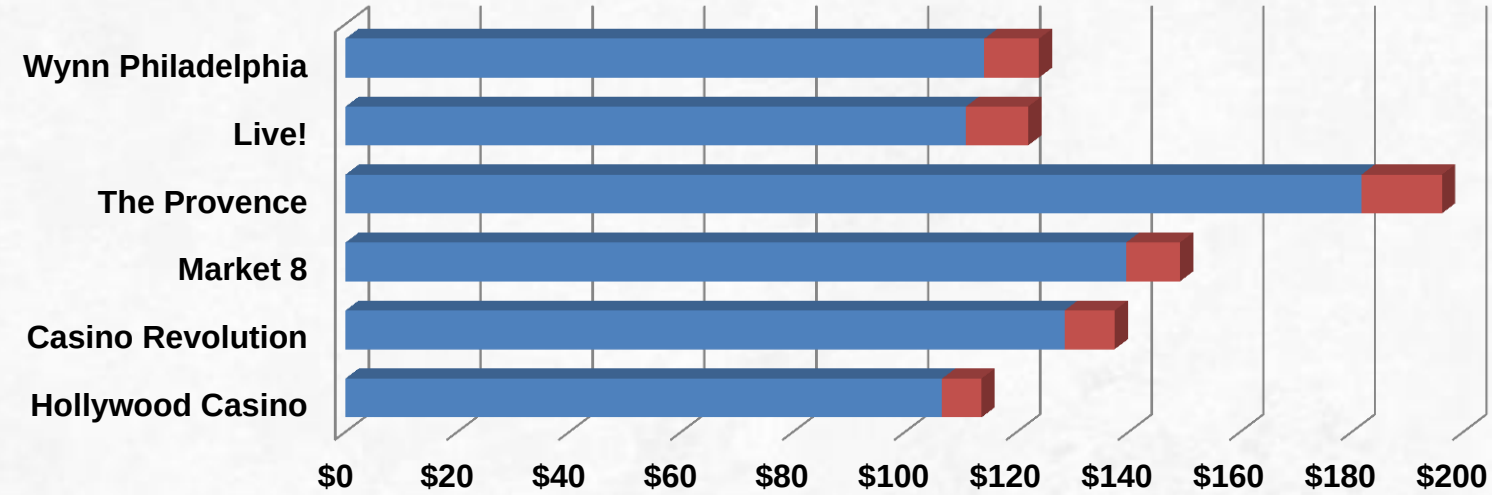
Wynn Philadelphia



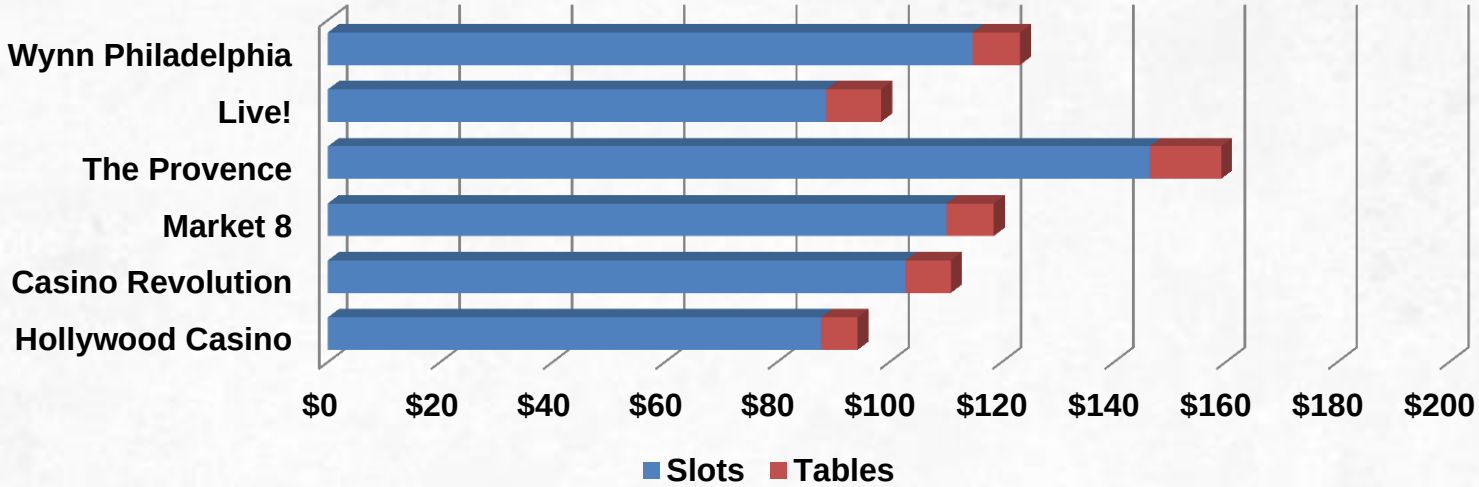
■ Gaming Revenue ■ Non-Gaming Revenue

Gaming Tax Revenues – Commonwealth of PA

Tax revenue estimates range from approximately $160 million to $190 million



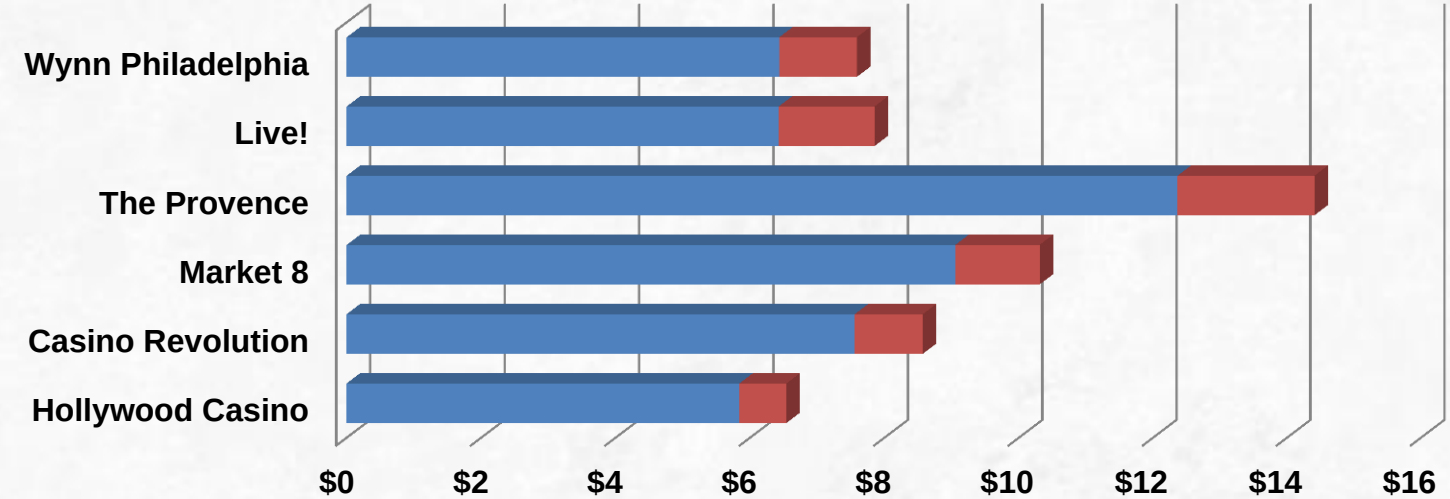
High



Low

Gaming Tax Revenues – City of Philadelphia

Tax revenue estimates range from approximately $9 million to $14 million



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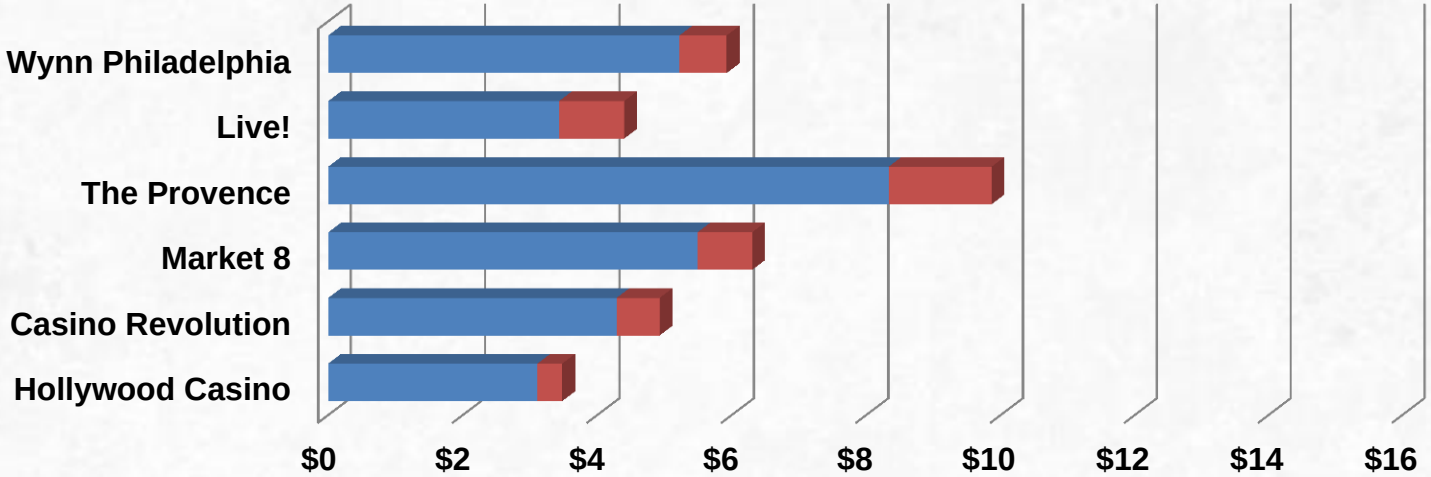
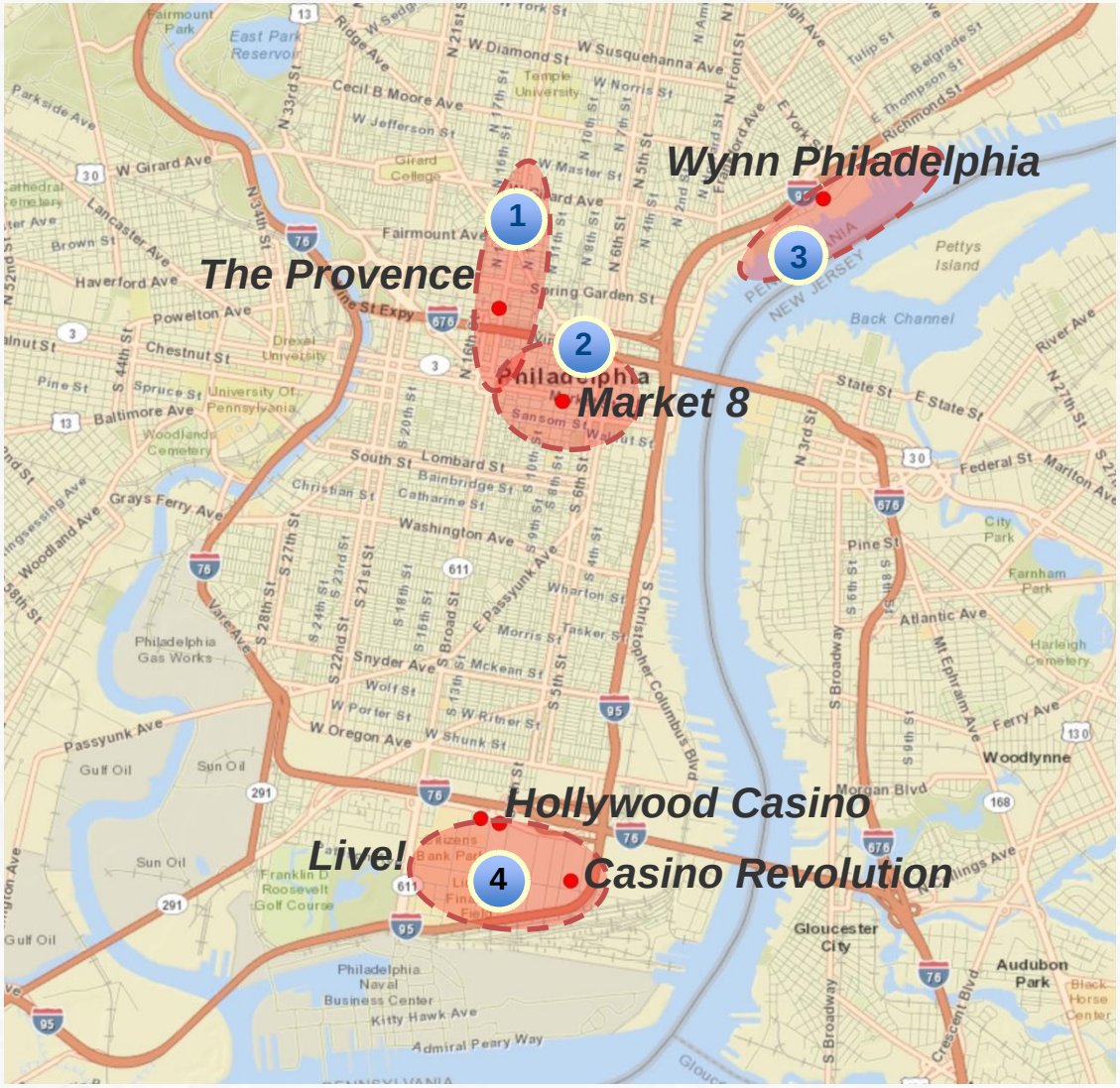


Low

Potential for Induced Development

Proposed Projects in Four Areas of the City



1. North Broad Street Corridor
   The Provence
2. Market East Corridor
   Market 8
3. Waterfront District
   Wynn Philadelphia
4. Stadium District
   Live!
   Hollywood Casino
   Casino Revolution

Potential for Induced Development

Project Characteristics With Potential to Induce Development

Program Attributes *(Attract wide audience: gaming & non-gaming)*	**Design & Locational Attributes**
Retail	Integrated into Existing Urban Fabric
Restaurants and Bars	Pedestrian Access/Foot traffic
Entertainment	Public Transit Accessible
Hotels and Spa/Resort amenities	Proximity/Synergy with other attractions

- Provides synergy with existing business and attractions
- Creates authentic urban entertainment destination environment
- Appeals to broad customer base (gaming/non-gaming and local/non-local)
- Improves ability to attract additional market interest in the area

Potential for Induced Development

The Philadelphia Opportunity: Based on Population, Philadelphia Trails Other Major Cities in the Number of Restaurant, Bars, and Retail Offerings*

Restaurants & Bars

Location	No. Residents	No. Eating & Drinking Places	Per 1,000 Residents
Manhattan	1, 585,873	4,220	2.7
Boston	617,594	1,276	2.1
San Francisco	805,235	2,232	2.8
Washington, DC	601,723	1,209	2.0
Philadelphia	**1,526,006**	**2,398**	**1.6**

Retail

Location	No. Residents	Retail Businesses	Per 1,000 Residents
Manhattan	1, 585,873	9,399	5.9
Boston	617,594	1,642	2.7
San Francisco	805,235	3,229	4.0
Washington, DC	601,723	1,342	2.2
Philadelphia	**1,526,006**	**3,519**	**2.3**

** Source: Esri*

Potential for Induced Development

The Provence and Market 8 projects have similar characteristics to potentially induce additional development in the Center City areas where they are located

The Provence
Urban Mixed-use Casino, Hotel, Retail, and Entertainment Destination ▸ Accelerate revitalization of North Broad Street Corridor from City Hall to Temple University

Market 8
Urban Mixed-use Casino, Hotel, and Entertainment Destination ▸ Activate Market East Corridor

Inducement Indicators

- Proximity to Convention Center
- Synergy between project and other city cultural/historic destinations
- Mixed-use development program that can attract broad audience (gaming/non-gaming, local/non-local)
- Projects are physically integrated into urban fabric – activates street, generates foot traffic = perception change
- Potential sites for spin-off projects (surface parking lots and underdeveloped/vacant buildings)

Issues

- The Provence: market absorption of proposed retail and entertainment program in one-phase
- Market 8: appeal of multi-level casino to gaming customers (not widely practiced in industry)

Potential for Induced Development

The Wynn Philadelphia project has potential to activate the Delaware River Waterfront

Wynn Philadelphia
Luxury Casino Hotel Resort Destination ▸ Stimulate development at the northern end of the Delaware River Master Plan

Inducement Indicators

- Potential transformation of waterfront by creating luxury casino resort destination and attract high-end customers: including non-regional and international
- Provides major public space amenity that can activate waterfront front and transform perception of area
- 20-acre waterfront park with potential linkage to public trails
- Potential synergy with SugarHouse to create a mixed-use entertainment district that links the two attractions
- Near vacant parcels for spin-off projects

Issues

- Ability of project to attract luxury market segment to location and rebrand area
- Possible public sector investment needed for infrastructure improvements in waterfront area

Potential for Induced Development

The Stadium District Projects target gaming audience but have potential to induce spin-off sports - themed entertainment development

Live!
Casino, Hotel, Restaurants, and Entertainment ▸ Near-term potential due to synergy and linkage with proposed future expansion of xfinity Live!
Hollywood Casino
Casino, Restaurants, and Entertainment ▸ Long-term potential to induce sports-themed entertainment
Casino Revolution
Casino, Hotel, Restaurants, and Entertainment ▸ Long-term potential to induce sports-themed entertainment

Inducement Indicators

- Proximity to major-league sports facilities and major concert venue
- Good potential to attract regional attendees of year-round calendar of sporting and entertainment events

Issues

- Less focus on non-gaming audience
- Project locations are vehicular oriented – limited pedestrian access
- Potential spin-off development sites occupied by active industrial/distribution businesses

End of Presentation