

THE TIME TO EXPAND IS NOW

By Barry Thalden

"Buy low and sell high." It's no secret that is how to make a fortune in the stock market. Yet, how many of us can actually do it? We do exactly the opposite; we love to keep things when they are valuable and are afraid to buy things when they are being discarded by others. It's hard to swim upstream when all the fish appear to be gliding downstream.

For the past 15 years, the economy has been up, up, up. Many people in business today have experienced "up" as their only reality. This is particularly the case for those in Indian gaming, which began its big expansion 10 years ago, and the young Wall Street hotshots who were still in school 15 years ago. So now that the economy has had a serious downturn, those people naturally think the sky is falling, or worse.

Those of us with white whiskers have a longer view. We have seen that the economy goes up and down, and up and down, and up again. Whenever it's up, people think it will keep rising. And when it's down, it seems like a bottomless pit. Like on a roller coaster, there is a lot of screaming on the way down. And the media, which revels in the angst, always says, "This recession is like none before." The truth is that while each recession has its own uniqueness, they all have something in common—they all end in recovery and prosperity—without exception. This one will be no different.

Each cycle has the same characteristics: a peak, a trough, a recovery period, and then prosperity up to an even higher peak. Because we too often make decisions based on our emotions, market timing is always a problem. Everyone wants to build when things are great. They start design when business is "better than it's ever been." Then, they begin construction when things are even better. Unfortunately, the properties open just as the economy is over the peak and into the down cycle. As a perfect example, an unimaginable \$25 billion worth of projects started construction on the Las Vegas Strip two years ago, at the height of the boom.

What would be a better plan? A brilliant plan would be to open a new property or an expansion in the middle of the recovery period, to take advantage of the entire period of prosperity. But to do that, one would have to start construction when things are at the bottom. Scary? Yes. But an added benefit is that construction costs are at a low. To be ready to start construction in the trough, design needs to start before that, when the economy is bad and getting worse. There is probably no better description of the current economic situation.

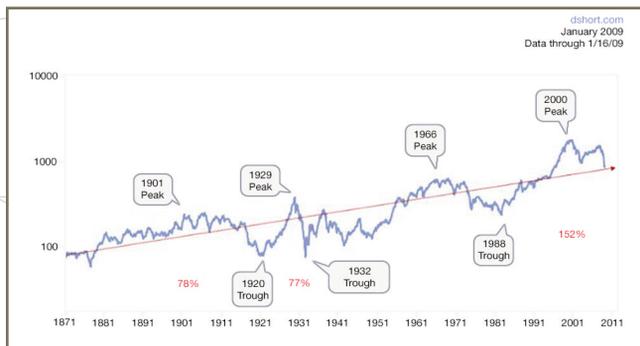
Therefore, to leave others' fears behind as well as the alarm of the media and to follow the road less traveled, the brilliant plan is to start your project now, today.

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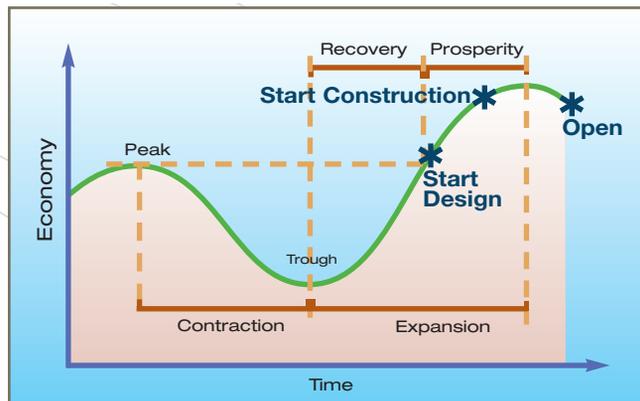
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Economic Trends—Long Term



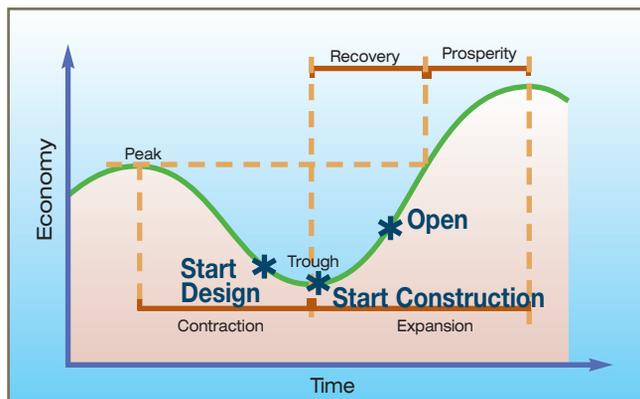
With a broader perspective, we can recognize that regardless of how it looks at the moment, the economy goes up and down and up again.

Typical Economic Cycle



A typical cycle goes from peak to trough, and then goes again through periods of recovery and prosperity. When the economy is going great, everyone wants to start an expansion. But then it opens at the worst possible time.

A Better Plan



The best time to open a new project is in the middle of the next recovery. This can only be accomplished by starting construction when the economy is down—and construction is cheap—and by beginning design before that when the economy is bad and getting worse.