

## Caesars pulls the plug on its three-year plan to sell a Strip casino – The Nevada Independent

Written by Administrator  
Wednesday, 09 November 2022 09:00 -

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*Good morning, and welcome to the Indy Gaming newsletter, a weekly look at gaming matters nationally and internationally and how the events tie back to Nevada.*

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Caesars Entertainment CEO Tom Reeg wanted to sell one of the company's Strip properties long before he even became the casino operator's top executive.

When Reno-based Eldorado Resorts announced in June 2019 that it was buying Caesars in a \$17.3 billion transaction, Reeg – then Eldorado's CEO – told analysts that nine resorts on or near the Strip were too many.

"That's more Strip exposure than we would need to accomplish our goals with our regional database," Reeg said [at the time](#) . "I would expect we would be a seller."

Three months later, Caesars did Reeg a favor by selling the off-Strip Rio Resort to a New York real estate investment firm for \$516.3 million. Caesars leased the property back from the new owner and is operating the hotel-casino through 2023.

Still, Reeg thought Caesars should sell another one of the eight remaining Strip properties. He announced the start of a sales effort a year ago, 16 months after [the Eldorado-Caesars merger](#) closed.

Last week, Reeg said the attempt ended without a deal. He apologized to shareholders, saying the speculation created an "unnecessary overhang" on the company's stock price.

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“That was a self-inflicted error and that was on me,” Reeg said on the company’s third-quarter conference call. “We will be keeping our Vegas Strip assets as we move forward.”

Caesars never revealed which hotel-casinos were being shopped, although speculation centered on Planet Hollywood, the Caesars-owned casino farthest south on the Strip. The neighboring Paris Las Vegas is connected to Bally’s (soon-to-be Horseshoe Las Vegas). Across Flamingo Road, Cromwell, Flamingo, Linq and Harrah’s are connected to the Linq Promenade.

Real estate investment trust VICI Properties had the right of first refusal on any sale of a Caesars Strip property, which complicated the process.

However, prospective buyers were met with high interest rates by potential lenders, reducing the number of casino operators interested in one of the properties. Meanwhile, Caesars’ Strip hotel-casinos produced almost \$1.1 billion of the company’s \$2.8 billion of revenue in the third quarter and \$480 million of the company’s \$1 billion in cash flow.

“We ran into a market where the cash flow of the asset continued to increase,” Reeg said. “That made it a very easy decision for us to keep (the property).”

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