

Hotels and casinos plan for slowing economy

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The travel industry is bracing for tough times. The slowing U.S. economy threatens the once-booming hotel industry, while the credit crunch is hampering expansion plans.

"As the economy slows down, there is going to be slowing of activity by business travelers," Tim Behle, manager at Ernst & Young's transactions advisory services, told Reuters Television ahead of the Reuters Travel and Leisure Summit in Los Angeles, which begins on Monday.

"There is definitely going to be a noticeable impact on hotels in the U.S.," Behle said.

Similar trends are expected in the casino industry, which is dependent on conventions and meetings to fill seats at poker tables and slot machines.

"I think the industry is certainly going to be down when you add it all up in '08," Jim Murren, president of MGM Mirage (MGM.N: Quote, Profile, Research), told Reuters in a recent interview.

"There's no doubt that at the lower end of our business, we've seen some softening in occupancy, some reduction in spend," Murren said. "That's clearly a result of the economy."

Investors have been anticipating the slowdown. The Dow Jones U.S. Hotel index .DJULG has fallen about 25 percent since hitting an all-time high in July.

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