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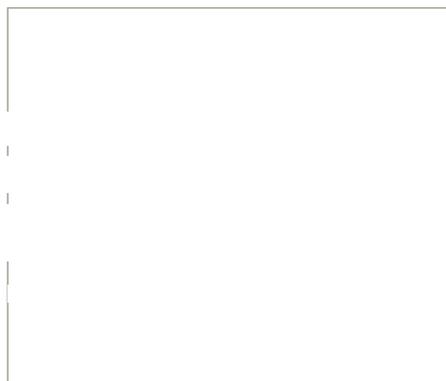
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Macau Is Back In Black Thanks To New Adelson, Wynn Launches -- But Will It Last?

Casino revenue statistics for September suggest Macau has begun making sense again. The openings of Steve Wynn's [Wynn Palace](#) in late August and Sheldon Adelson's Parisian Macao on September 13 brought two new, very different properties to the global casino capital, at a combined cost of \$7 billion. The resorts added a total of 4,700 guestrooms and 200-plus retail outlets to Cotai. New attractions range from Wynn's one of a kind floral artworks to [Parisian's knockoffs of French landmarks](#), most noticeably a half-scale Eiffel Tower, plus an American icon in the *Thriller Live* tribute to Michael Jackson. With all that in play, you'd expect Macau's casino revenue to grow – and it did. Gaming revenue for September rose 7.4% compared with a year ago to \$2.3 billion. That's [two winning months in a row](#), following 26 straight losers. Investors have run up Macau casino share prices, though analysts warn of potential bumps ahead. Still, at a time when holidays have become an even more crucial part of the revenue stream, Macau seems decidedly upbeat for China's National Day Golden Week holiday that began October 1.





From floral art at Wynn Palace to faux France at Parisian Macao to a film reel 428 feet high at Studio City, Cotai has a far more on the menu this Golden Week than it did a year ago. (Photo Credit: Isaac Lawrence/AFP/Getty Images)

Macau is also unquestionably a more attractive tourist destination than it was last October. With the latest openings joining the late 2015 addition of [Melco Crown's movie-themed Studio City](#) with its Batman ride, magic show, Warner Bros Fun Zone and Golden Reel observation wheel, plus St. Regis at Sands Cotai Central, Cotai has a broader portfolio of things to see and do besides gamble, eat and shop – though there are more choices on those fronts as well – at a broadening range of price points.

Buckingham Research Group's director of equity research Christopher Jones suggests "segmentation of properties" as an emerging trend. "Up until this period, all properties tried to be all things to all people, offering grind mass, mass, premium mass and VIP, all under the same roof. In the case of the Parisian and Wynn Palace, I think that [segmentation] was taken into consideration when both properties were developed and executed," Jones, who is based in New York and visited Macau for the Parisian opening, says. For Sands China, St. Regis and Parisian plug into a portfolio of properties offering "something for everyone, while Wynn opts to focus on a specific segment."

In September, Macau's gross gaming revenue of 18.4 billion Macau patacas (MOP; \$2.3 billion) beat the consensus expectation range of flat to 4% growth. Union Gaming analyst Grant Govertsen in Macau notes that GGR per day of MOP613 million was the highest for a non-holiday month since early last year. "In our view, this strength must be attributable primarily to new supply in the market," Govertsen writes. "We believe that Sands China heavily marketed the Parisian into mainland China in advance of the opening, and our observations across Cotai

this past month would suggest this has paid dividends for the company as its central cluster has consistently felt busy.” He also suggests that Wynn Palace, at least in early September, enjoyed a “honeymoon” for high end play.

IGamiX Management & Consulting
Managing partner Ben Lee says major junket promoters released fresh liquidity with the Wynn Palace opening to propel a VIP spike and suspects a similar scenario for September. JP Morgan agrees much of the September bump came from VIP play, which it estimates grew 5% year on year. Key points to watch, according to the bank, are whether the momentum can be sustained after the impact of the new openings fades, and whether it can trickle down into the premium mass segment.

Sanford C Bernstein observes stronger VIP volumes and higher than normal hold for September, adding that mass play likely grew 11% to 14%. The bank reports roller coaster weekly average daily gaming revenue numbers, falling double digits after the Parisian opening then climbing 15% in the final week, perhaps setting the stage for a strong start to October.

Overall, Macau’s gaming revenue is down 7.5% for the year. However, it squeezed out a rise of 1.2% for the third quarter, breaking a string of eight consecutive quarterly declines. Wells Fargo Securities warns that Golden Week visitation looks flat, IGamiX’s Lee cautions recent Golden Weeks have lost the long tails of years past, and Galaxy Entertainment Chairman Lui Che Woo says he wants to see two years of progress before he calls a turnaround. Long term challenges abound, but there’s no question that Macau is better off now than it was a year ago.

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