

Billionaire Stanley Ho opens new casino in booming Macau

The opening of Stanley Ho's new Grand Lisboa casino _ with a gold tower and a top shaped like a lotus flower _ on Sunday will help the billionaire compete with cocky American gaming tycoons who have stormed into Macau.

But analysts say that Ho's company _ Sociedade de Jogos de Macau, or SJM _ will continue to lose market share in the booming Chinese territory that in 2006 edged out the Las Vegas Strip as the world's biggest gambling center.

„SJM's market share has no where to go but down,“ JPMorgan said in a report.

The problem for the 85-year-old Ho is that he's facing a wave of new competition _ something he didn't have to worry about during the 40 years that he enjoyed the monopoly on gaming in Macau. But those golden days ended in 2002 when the Chinese government opened up the market to foreign competition.

Ho has 17 casinos that control about half the market share in Macau _ a peninsula and two islands off China's southeastern coast.

But several other casino resort projects are in the works and they're expected to lure away more of his business.

Later this year, American billionaire Sheldon Adelson plans to open his 3,000-suite Venetian Macao, billed as the largest hotel-casino in the world. The complex and many others are being built on reclaimed land between two islands called the Cotai Strip.

Adelson has said that when the Cotai Strip opens, most of the casinos on the peninsula – where Ho's Grand Lisboa is located

– will be toast.

„When the entire Cotai Strip is open, the competitive battle will be finished,“ Adelson told The Associated Press in an interview last year.

But others argue that Macau’s casino business will not be a zero-sum game. One of the most popular sayings in the city is that when the water rises, all the boats go up with it. Although Ho’s casinos won’t be as dominant as they once were, they’ll still make money, some say.

„Stanley’s casinos will still fulfill a certain sector of the gambling community. I think he’ll obviously come up with newer and better casinos, like the Grand Lisboa,“ said Rob Hart of Morgan Stanley in Hong Kong. Hart noted that Ho is still the largest owner of land in Macau.

„So while he might lose some gaming revenue,“ he said, „the rest of his land bank portfolio is worth a huge amount. The land costs are going up in Macau, so he’s worth more and more.“

Losing the gaming monopoly might have been one of the best things to happen to Ho. China announced that the monopoly would end just a day after the former Portuguese enclave returned to Chinese rule in 1999.

The last years of Portuguese rule were violent as criminal gangs _ or triads _ waged turf wars. Bombings and drive-by shootings were common and many tourists did not dare to visit Macau. The place was a sleazy attraction for daytripping gamblers who also indulged in prostitution in the city’s many saunas and massage parlors.

It seemed that Ho couldn’t turn around the market on his own. China’s leadership also wanted Macau to expand its portfolio to include upscale shopping malls, resorts and convention centers. So the government opened the market to American

gaming titans like Adelson, Stephen Wynn and MGM Mirage Inc. _ who helped transform Las Vegas into one of the world's most successful tourist hotspots.

So far, the model is working. Macau's government said that tourist arrivals hit a record of 22 million in 2006, up 17.6 percent from the year before. About 55 percent were from mainland China, it said. If the tourists keep coming, the Grand Lisboa may yet make Ho even richer.