

Packer shocks with Vegas casino

Analysts have been surprised at the scale of new plans by James Packer's Publishing and Broadcasting Limited for its North American gambling operations, after its Crown Las Vegas consortium lodged documents with Nevada authorities outlining plans to build the tallest casino on the famous Las Vegas strip.

Eyewitness News on Las Vegas's Channel 8 reported the new documents were lodged with local officials in Clark County, the city's regional area, last week.

The project, if approved, will see the construction of the tallest building in the US at 1888 feet (575m), 400 feet higher than the current record-holder, Chicago's Sears Tower.

County documents from last November obtained by The Australian reveal that the 142-storey structure „will be much higher than the other developments not only in this vicinity, but anywhere in the Las Vegas Valley“.

One broking firm analyst said last night: „The early signs are that Crown is going big in the world scale of global gaming. We've had a nest egg of investments, and we haven't been quite sure yet what's going to hatch. This is a bit of an indicator.“

Another analyst, at a major investment house, said: „This shows a lot of confidence in the Las Vegas market. There has not been a lot of clarity about what is going on in the Crown group, and that's potentially where there's a lot of undiscovered value.“

The analyst said the project's magnitude would be important in setting the Crown Las Vegas development apart from other

casinos in a highly competitive market. „PBL needs to build an iconic property,“ the analyst said.

„Vegas is a very crowded marketplace – and you’ve got to make a statement there.“

A „statement“ is particularly necessary for the Crown Las Vegas venture, given that it will be located on the site of a former fun park at the northern end of the strip, which has been out of favour with gamblers.

Newer properties in recent years have tended to congregate at the southern end of the strip.

The analyst said PBL’s apparent commitment to the new project suggested a facelift for the less-fashionable area: „The northern end of the strip could be in for a renaissance, and God knows it’s due. James seems to be taking a medium to long-term view of the northern end.“

The new development will include a shopping complex, restaurants, gambling, a spa and a convention centre. The top of the tower will include an observation floor and an outdoor terrace.

In May, PBL paid USD 27 million for a 37.5 per cent stake in the joint venture vehicle that will build the casino, a development potentially worth USD 5 billion. Mr Packer’s partners will be Texan property developer Chris Milam and York Capital Management. PBL’s gaming spin-off, Crown, will operate the new venture.

The move points to Mr Packer’s lofty ambitions for the gaming arm, ahead of the imminent announcement of a PBL split, into gaming and media entities, to be named Crown and Consolidated Media Holdings.

But aviation officials could yet be the spanner in the works.

Last November 4, the US Federal Aviation Administration sent

Mr Milam a „notice of presumed hazard“ about the development. An FAA spokesman was quoted in the Las Vegas Business Press as saying the development „could punch into the airspace“ that planes use when using the Las Vegas airport. The FAA is believed to be arguing that anything over 700 feet high on the Crown Las Vegas site could constitute an „air hazard“.

But last December, Mr Milam dismissed concerns about breaching any height regulations: „As far as the FAA is concerned, any building over 200 feet tall within a five-mile radius of (Las Vegas airport) is determined by regulation to be a hazard to air navigation,“ he said.

„So, every hotel on the strip is (an) obstruction, technically. That’s why they issued the (notice of presumed hazard).

„We think that will ultimately be found to not be a hazard and that’s where we wanted to be.“