

Venetian Macao hopes to kick off the boldest phase of development in Chinese casino town

Hong Kong: The new casinos popping up in Macau in the past three years have helped the Chinese territory surpass the Las Vegas Strip as the world's most lucrative gambling center.

This week, the city begins its most ambitious – and perhaps riskiest – phase of development with Tuesday's opening of the USD 2.4 billion (EUR 1.75 billion) Venetian Macao Resort Hotel. It's the latest mega project from American billionaire Sheldon Adelson, chairman of Las Vegas Sands Corp.

The big bet is that Macau can be much more than a playground for day-tripping gamblers -mostly from China – who spend most of their time in the casinos.

Developers are hoping the tiny city on the southern Chinese coast will also be able to attract shoppers, conventioners and tourists hungry for gourmet dinners, pool-side sun-tanning and glitzy shows.

The Venetian Macao is the first mega resort that will try to bring in the new crowds of visitors willing to spend two or three days in the city.

With gondoliers sailing down canals, the 3,000-room Venetian tries to recreate the beauty of Venice. The complex also boasts a 15,000-seat sports arena, retail space for 350 stores, 1.2 million square feet of convention space, fine dining, and a Cirque du Soleil-produced show.

Everything will be housed in what will be the largest building

in Asia and the second largest in the world, just behind a Boeing Co. plant in the northwestern U.S. state of Washington.

J.P. Morgan Securities analyst Billy Ng said the Venetian's plan makes sense to him. The mega resort „will broaden the customer base,“ he said.

„In theory, it should bring in a lot of customers who have never thought about going to Macau,“ he added.

Ng and some other observers are also bullish that Las Vegas Sands can capitalize on its expertise in running trade shows at casinos in Vegas and replicate that success in Macau. The Venetian's convention facilities will help fill up the thousands of rooms and boost weekday traffic, they say.

Business travelers to conventions have a larger budget to spend on hotels and the Venetian will probably be attractive to this segment, said Jonathan Galaviz, a partner at Globalysis Ltd., a Las Vegas-based consultancy.

„Asia has yet to see a multi-billion dollar integrated resort with a strong convention center component to it like the scale that the Venetian Macau will provide,“ he said.

William Weidner, president of Las Vegas Sands Corp., has said that 44 major conventions have already been scheduled at the Venetian for the next two years.

He also said he expects the average guest to stay at the Venetian for three to four days, compared to the current average of just 1.2 days in other Macau hotels.

Some analysts aren't as optimistic. The Venetian can't transform deep-seated Chinese attitudes to gambling overnight, they say, and whether Chinese gamblers will be as generous at the restaurant and at the shows as they are at the casino is still a big question.

„We go to Vegas prepared to splurge. (Chinese gamblers) come

to Macau for reckless gambling. We expect to give but they expect to take," said Gabriel Chan, an analyst with Credit Suisse Hong Kong.

„There aren't shows on yet," he added. „And you can't shop all day every day. The Venetian is a big property, but it's not enough to create a critical mass for everyone to stay at least two nights.“

The lack of alternative entertainment and transport support in the area will also pose problems in the short term, analysts say.

The Venetian is just the first property to kick-start mega-tourism plans for the Cotai Strip, a reclaimed area that, according to Adelson, will mimic the heart of the Las Vegas Strip upon completion.

The Sands is set to open more hotels under brands such as the Four Seasons, Sheraton and St. Regis next door. In all, the company plans to invest up to USD 12 billion and build 20,000 hotel rooms on the Strip.

That's a lot of rooms, but they won't be affordable for the average Chinese gambler.

„Chinese visitors may lengthen their stays only when there are so many hotel rooms on offer that the rates come down," said Chan.