

New Vegas casino shifts Strip action northward

The gambling action is moving north along the Las Vegas Strip with last week's opening of the Palazzo, filling out a once-quiet intersection and promising more play for neighboring resorts run by Wynn Resorts and MGM Mirage.

The USD 1.9 billion Palazzo, an extension of Las Vegas Sands Corp's Venetian hotel-casino, is the Strip's first new resort in nearly three years and has increased casino visitors along the northern portion of the gambling corridor, even though room rates have softened.

„We are seeing a pick-up on the casino floor ... The access is very good,“ said Jennifer Dunne, a spokeswoman for Wynn Las Vegas, which sits just north of the 50-story Palazzo, with a footbridge linking the two.

The Palazzo is also connected to the Venetian, which opened in 1999, as well as the Sands Expo and Convention Center. The Sands properties form the world's largest hotel complex and are designed to cater to well-heeled conventioners as well as high-rollers, particularly Chinese.

Bill Lerner, an analyst at Deutsche Bank, said in a research note that the combined benefit of the new resort to both Wynn and Sands will be greater than the individual parts. MGM's Treasure Island, which sits across from the Palazzo on the west side of the Strip, should also benefit from visitation flow at the Strip's new „four corners,“ he said.

Historically, the intersection of Las Vegas Boulevard and Flamingo Road to the south was seen as the Strip's center of action, flanked by resorts such as Harrah's Entertainment Caesars Palace and Paris Las Vegas, as well as MGM's Bellagio.

Planned developments by companies including Boyd Gaming and New York's Elad Group as well as Wynn's new Encore property are expected to draw even more gamblers and show-goers to the Strip's northern segment.

New resorts will add more than 40,000 hotel rooms to the Vegas inventory in the next few years, said Rossi Ralenkotter, president and chief executive of the Las Vegas Convention and Visitors Authority. „We will need to create visits to fill those rooms,“ he said.

Yet the Palazzo's opening with bargain-price USD 199-per-night room rates has not been much help for nearby hotels, many of which are already grappling with a slower U.S. economy. „They're killing all of us,“ said Wynn's Dunne, while noting January is generally not the most profitable month for Vegas resorts. However, they are sold out, at premium prices, for the upcoming early-February Chinese New Year holiday.

Bear Stearns analyst Joe Greff said in a recent survey that the average Las Vegas Strip room rate for February 3 to 9 had fallen 13 percent to us\$ 179 from USD 207 in the year-earlier period. So far for the first quarter of 2008, weekday rates were down 1 percent, while weekend rates had fallen 11 percent, he said.