

MACAU: THE PANDEMIC IN THE PARADISE FOR GAMBLERS



Macau, the autonomous region near China, is attempting to get back on its feet after two years of decline in tourist arrivals and spending. Before the pandemic, Macau was the world's most profitable gambling market. Yet, after nearly two years of the most wide-ranging roadblocks, which virtually closed the borders of Macau to visitors, gambling revenues have dropped 70% over the past 10 months compared to pre-pandemic levels.

Deemed a paradise for gamblers in search of great opportunities, whether on a roulette betting site or even in the luxurious land-based casinos, the autonomous region has been looking to reinvent itself. **All that amid fears of how new COVID-19 variants may affect the world economy once again.**

In recent weeks, shares in casinos such as Sands China Ltd., MGM China Holdings Ltd., and Wynn Macau Ltd. all subsidiaries of Las Vegas Sands Corp., MGM Resorts International, and Wynn Resorts, have plunged more than 5%. The slump was also pronounced as a result of law enforcement operations against illegal gambling in the region.

Faced with this unfavorable scenario, Macau is already finding its reign threatened by Las Vegas, USA, a city considered for a long time to be another casino mecca. In October, Businesses in the American city reported their eighth consecutive month with \$1 billion in gambling revenue.

Despite Macau's long road to recovery, some analysts and casino operators see a huge advantage in China's special administrative district, which is the only place in China where casinos are legal.

Experts point out that COVID-19 restrictions will be over one day, resulting in Macau becoming the paradise for gamblers once again. Investors will find that, once the travel restrictions ease, demand will skyrocket and a rebound like what Las Vegas experienced will also occur, the analysts argued.

Las Vegas Sands, which in March this year announced a deal to sell its Sin City assets for \$6 billion, still believes that Macau will play an important role. The region currently accounts for 66% of the company's profits and is also considered key to future growth. The company has invested a total of \$15 billion in five Macau properties.

Recently, Las Vegas Sands CEO Rob Goldstein was asked about Macau's future. He said there is no way he sees the location as a lost asset. **He believes that all licenses to develop the site's gaming potential will be renewed by the government.** This is a process that should begin to be discussed in July 2022.

Whilst there is plenty of noise and fear that the current license holders may not be allowed to bid, there is little risk that Las Vegas Sands, Wynn and MGM will not have their gaming licenses renewed, analysts say. Macau's economy relies on gambling, just like the related tourist business.

Date: 2021-12-19

Article link:

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