

Where are the Greenfields?

Gaming operators seeking fresh markets have a number of new and pending options to consider. Here are the pros and cons of each.

BY ANDREW KLEBANOW

The continued success of integrated resorts (IRs) in Singapore, Las Vegas and Macau has attracted the interest of government policymakers in countries around the globe. Several nations are now considering or have recently instituted policies that will permit the expansion of casino gaming in the form of integrated casino resorts, with goals to stimulate growth in tourism and enhance economic development.

The sheer cost of building a new integrated casino resort has grown substantially since the concept was first introduced with the opening of the Venetian in Las Vegas 25 years ago. The minimum capital cost to develop such a property today is \$4 billion; given the demands from policymakers, the investment can exceed \$10 billion. With that kind of capital cost, there are only a few greenfield development sites on the planet that can provide the markets to support such investments.

Critical Success Factors

Not all countries or locations are well suited for IR development. Critical success factors include:

1. A location convenient to the target market. The location must be close to major population centers and an international airport.
2. An efficient regional transportation network that can move both tourists and residents to and from the IR.
3. A convenient and efficient border-crossing process that enables international visitors to enter the host country under a visa-free policy and/or a visa-on-arrival process.
4. A reasonable gaming tax rate that allows the casino operator to invest in non-gaming amenities.
5. A sound regulatory environment.
6. A policy that allows the resident population to gamble.
7. Reasonable limits on the amount of square footage that can be devoted to gaming versus non-gaming space.

Today, four countries are proceeding with IR development. Each has its own unique attributes and constraints.

The United Arab Emirates

The United Arab Emirates is the latest country to authorize casino gambling. With a population of 10 million, the UAE is made up of seven emirates. It's generally thought that each emirate may have an opportunity to serve as a host for an IR, but the number of licenses has yet to be made public. Also, not all



Wynn Al Marjan Island, Wynn Resorts' \$4.1 billion development in the UAE, includes a 70-story beachfront hotel and 24 restaurants

emirates are suited for IR development.

The country established the General Commercial Gaming Regulatory Authority to serve as the regulatory body for all aspects of commercial gaming. Headed by Jim Murren, former chairman and CEO of MGM Resorts, the GCGRA will serve as the sole authority for the issuance of casino licenses.

The country granted its first commercial gaming operator's license to Wynn Resorts, which is developing a luxury casino resort on Al Marjan Island in the emirate of Ras Al Khaimah. Currently under construction and scheduled to open in 2027, Wynn Al Marjan Island will be a luxury beachside resort overlooking the Persian Gulf. The project, currently estimated to cost \$4.1 billion, includes a 70-story hotel tower, 24 restaurants, a spa and other luxury resort amenities.

Ras Al Khaimah already has a well-established resort industry, primarily composed of more than 20 five-star and four-star resorts that target visitors from Europe, the Middle East and Africa.

The resort corridor along the Persian Gulf is served by a modern highway system that offers direct connectivity to Dubai International Airport, with vehicle travel times of less than one hour. It's also just over an hour's drive from central Dubai.



The proposed Khlong Toei Entertainment Complex in Bangkok



Multibillion-dollar integrated resort proposed for Bangkok's Nong Chok district

The emirates of Dubai and Abu Dhabi are both expected to host integrated resorts, and both have attributes that would contribute to their ultimate success. Each has excellent air connectivity and local transportation infrastructure.

Dubai International Airport is the second-busiest airport in the world, having handled more than 92 million passengers in 2024, and is the world's busiest airport as measured by international passenger volume. Abu Dhabi's Zayed International Airport is the second busiest in the Middle East, with 2024 passenger volume of 28.8 million. A new terminal, completed last year, is expected to increase overall passenger volume and greatly improve the arrival experience.

While gaming regulations have not been finalized, UAE citizens will be prohibited from gambling. Only tourists and foreign residents will be permitted entry.

In any other country, this regulation would eliminate almost all developers from participating in any RFP process, but the UAE is unique in that the vast majority of its residents are foreign nationals. Dubai has a population of 3.7 million, of which more than 90 percent are non-Emirati. Abu Dhabi's population is 3.8 million, with foreigners representing a similar percentage. Even if UAE citizens can't enter the nation's casinos, the vast majority of the local population, made up of foreign passport-holders, will be able to access those gaming floors.

It's expected that the largest and most respected gaming and hotel companies in the world will bid for licenses in these two emirates. While the number of licenses to be issued remains unknown—as are many of the candidates—given the regional demographics, modern infrastructure and concentration of wealth, the UAE is expected to rival if not exceed the revenue performance of the world's most successful IR jurisdictions.

Bangkok, Thailand is expected to host at least one of the kingdom's first “entertainment complexes” with gaming.

The legalization is still pending.

Thailand

Thailand is another Asian nation considering casino gaming to enhance an already robust tourism industry and foster further economic development.

Thailand offers an excellent opportunity for successful IR development. It has a population of 72 million and has long been recognized as an international tourism destination. Its largest cities are served by modern and efficient airports.

Policymakers have explored a variety of development scenarios over the past five years. In December 2021, the Thai Parliament announced that the legislature had approved creation of a committee to explore the authorization of one or more integrated resorts, referred to as entertainment complexes.

In June 2022, a committee from the Thai House of Representatives announced a plan to allow up to five entertainment complexes across a number of provinces, with the primary goals of creating jobs, attracting foreign visitors and generating additional tax revenue.

Five general locations were recommended. In addition to Greater Bangkok, the committee proposed one IR development in the north, in Chiang Rai or Chiang Mai; Ubon Ratchathani, Udon Thani or Khon Kaen in the northeast; Phuket, Phang Nga or Krabi in the south; and Pattaya City in the east. Also under consideration: Chonburi.

Since 2022, a number of different policies have been proposed that could affect the number of locations and the kinds of non-gaming amenities that would be required as part of any IR development. One policy still under consideration is restricting casino admission to the nation's wealthiest residents. Another proposed regulation changed the number of entertainment complexes that would be permitted, along with alterations to the proposed tax rate and the possibility of admission fees.

As of today, nothing has been finalized, and a parliamentary committee continues to study the issue. A more definitive set of policies is expected to be announced this summer.

Thai policymakers have the opportunity to create a very successful IR industry. Thailand has a sufficient resident population, a large and growing middle class, a wealthy elite class, a sound tourism infrastructure and a deep culture of hospitality.

What can be assumed is that a Thai IR industry would be distinctly Thai in character. Thailand has long been fiercely independent and is resistant to outside influence. That means gaming regulations may not match those in Singapore, Macau or jurisdictions in the United States. Its gaming policies may not be appealing to some international developers, but the regulations will ultimately meet the needs of the country and its citizens.



MGM Osaka, to date the sole casino resort sanctioned by Japan's central government, is expected to open in 2030



Brazil is considered a rich potential market for land-based casinos. Sao Paulo and Rio de Janeiro may each be eligible for three licenses.

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To date, MGM Osaka is the sole recipient of a casino license, with its estimated \$8 billion integrated casino resort expected to open in 2030.

Policymakers are now considering reevaluating proposed regulatory requirements and may reopen bidding later in 2025. Policies that may be reconsidered are admission fees for residents, the number of times a month an individual would be permitted to enter the casino, required tracking of patron gambling expenditures, and the amount of square footage that can be allocated to casino gaming, currently capped at 3 percent of an IR's overall size. Also under consideration: allowing bidders to build their IRs in phases.

Here's what is known about Japan. It has the potential to be one of the most successful IR industries on the planet. Its cities are densely populated. The nation has one of the world's best transportation infrastructures. It has a large middle class that has long enjoyed electronic amusements, as evidenced by the nation's pachinko/pachislot industry.

What will constrain the industry's success are limits on gaming capacity, restrictions on how often players can visit a casino, onerous admission fees and burdensome regulations that limit gaming revenue potential. A common-sense approach to gaming regulation could once again attract the interest of international developers, dependent upon policymakers establishing clear goals and taking a more pragmatic approach to gaming regulation.

Brazil

Brazil is the latest country to announce that it may alter its gaming regulations to allow for the development of land-based casinos. With a population of 212 million and a robust online sports betting and casino games industry, the country is well suited for brick-and-mortar development.

Whether the nation can support large-scale integrated resort development is a question that can only be answered after more is learned about the pending legislation, possible locations, the number of licenses, development requirements and the government's economic goals.

Clay Hardin, a longtime adviser to gaming companies entering South America, offered his opinion on IR development in Brazil: "While the obvious fusion of robust tourism and a vibrant local betting culture check all the boxes in Brazil, the scope of IR development in Brazil is sometimes misunderstood.

"Based on draft legislation, Brazil may have upwards of 25 licenses granted, as each state will have the rights to at least one IR license, with Sao Paulo and Rio de Janeiro having as many as three permissions granted. This multi-state model will offer opportunities for a variety of companies, not just the mega gaming companies."

Casino development in Brazil may offer a range of options, from local-oriented casinos to full-scale integrated casino resorts. Given Brazilians' passion for wagering, as evidenced by the performance of its online gaming sector, brick-and-mortar casinos should be successful.

Possible U.S. Developments

Only a few markets in the United States are feasible for IR development. These include Dallas, Houston and Atlanta. Each one meets the basic criteria for successful development.

It remains to be seen if legislatures in their states move forward with enabling legislation and when that might happen.

With four nations currently moving forward with IR development and the possibility of similar projects in the U.S., development opportunities still exist for both gaming companies and their suppliers.

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