

## Consultant: Either Covid or Zero-Covid Policy Must Go Away Before Casinos Rebound

Lynzy Valles, MDT Thursday, July 28, 2022



For Macau to bounce back to pre-Covid-19 pandemic levels and experience pent-up demand similar to Las Vegas when it reopened, it's "either Covid goes away or zero-Covid policies go away."

This idea was shared by Andrew Klebanow, co-founder and senior partner of C3 Gaming, in an online seminar of the French Chamber of Commerce (FMCC) titled "The Road to Macau Tourism Recovery."

Nevada reopened casinos on June 4, 2020, welcoming tourists to return to the glitzy gambling mecca of Las Vegas.

The reopening comes after an unprecedented shut down of casinos in April as part of the city's measures to deter the spread of Covid-19.

Klebanow, also the president of Klebanow Consulting, said that, following the comeback, casino revenues were hitting an all-time record – yet this only occurred after over six months of reopening.

“There was not a vehicle on the [road], nor people on the sidewalk. That was [already] six months after we reopened,” said the gaming expert.

“Until March 2021, [it was] as if somebody turned a switch on; suddenly tourism rebounded. I'm not talking a small predictable phase, but literally overnight, [business] ... returned,” he added.

Despite business coming back, the sector underwent a couple of setbacks such as in September 2021 when the Delta variant emerged that spread across the country rapidly, and the Omicron variant in December 2021 that emerged as the primary Covid variant.

However, the rise of these variants no longer deterred tourists.

The dramatic uptick continued until May 2022, when Las Vegas Municipal Airport recorded its third busiest traffic month in the airport's history, as well as hotels hitting the 80% occupant range.

Nevada casinos continued setting revenue increases as in May, the city has posted USD1.3 billion in gaming revenues, logging a 15th straight month of USD1 billion or more in house winnings and topping results from two years ago, before the onset of the coronavirus pandemic brought business across the state to a near-halt.

Meanwhile in Macau, a rebound in casino industry — which has been burning cash daily – is what the city has long been waiting for.

“In 2019, Macau had GGR of about USD 37 billion. I see post-pandemic, [it could] get back up that USD50 billion range very quickly. I think the growth [will be] phenomenal [but] one of two things has to happen: Either Covid goes away, or zero-Covid polices go away,” said Klebanow.

“If one of these things happen, you're going to be [swamped] with people and business,” he added.

However, the casino sector has been in turmoil – especially after a two-week closure during the partial lockdown where the government mandated all non-essential services to close as part of its zero-Covid strategy.

Gaming analysts forecast that revenues would plunge 99% compared to pre-pandemic levels this July.

Aside from that, the sector is at a great disadvantage following the crackdown on junkets, which brought easy [money](#) to the industry, as well as the fact that the clock is ticking, as their gaming licenses expire in December 31.

To obtain a new license, casinos are set to undergo tough scrutiny with the new gaming law – which gives power to the Chief Executive to terminate a concession if it is considered a threat to national security or to the security of Macau.

“There’s more [problems] than just Covid. We’re having a perfect storm here,” said Rutger Verschuren, chairman of the FMCC and president of the Macau Hotel Association.

“We really feel that there is something working against us in the gaming industry. We are pushed for diversification [and] casino law also requires integrated resorts [invest](#) more in non-gaming,” he said.

However, the issue of when casinos can recover their losses from the past two years remains a question as concessionaires prepare for their bid proposals.

Whether Macau can bounce back as significantly as Las Vegas did, Klebanow believes that Macau is still positioned to attract greater customers compared to its competitors such as Singapore and Vietnam, which have been freely open to visitors since last year.

Although the central government aims to reposition Macau as a greater entertainment destination, Macau is placed within the PRC as the ‘go to’ destination to gamble.

As a travel bubble has been established between the SAR and the mainland, quarantine is not required upon arrival – except recently as Macau is undergoing a pandemic outbreak.

“That is a pretty alluring position to have in the market. [You] can’t deny the fact that Macau has one unique attribute that no other city in the PRC has – you go there and gamble,” he added.

For Klebanow, Macau’s integrated resorts are considered to be “greater than anything than what we have here in Las Vegas.”