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Focus on Asia: Transportation infrastructure in SE Asia and its impact on casino development

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Transportation infrastructure has long played a critical role in the success of casino development. This has been demonstrated in jurisdictions throughout Asia. Macau is the region's best example. Ferries bring patrons to the city from throughout the Pearl River Delta. Once they disembark, an efficient road and bridge network, coupled with casino shuttle busses, quickly brings visitors to properties throughout the city. A recently completed light rail system connects the airport and ferry terminal to the casinos on the Cotai Strip, further enhancing the efficient movement of visitors.

A green rectangular banner with white text and a logo. On the left, the text reads 'The most diverse network of consultants in the gaming & hospitality industry'. On the right, the C3 Gaming logo is displayed, consisting of a stylized 'C3' symbol and the text 'GAMING CASINO CONSULTANTS CONSORTIUM'. Below the logo, the website 'C3GamingGroup.com' is written in white.

Likewise, Singapore has been able to grow tourism by double digits since its integrated casino resorts opened in large part because of its modern international airport, located within a 20-minute drive from the city center, a highly efficient highway network, and a modern intra-city rail and bus system.

Entertainment City in Manila is another example of how transportation infrastructure can impact property performance. Located on Manila Bay, the gaming district at first struggled to attract broad segments of the local population and arriving tourists. With the completion of a tollway extension, travel times to the airport and wealthier enclaves of the city were reduced to minutes, and greatly enhanced the casinos' collective performance.

Gaming properties located in jurisdictions without sound transportation infrastructure are forever hamstrung from reaching their full potential. The stunning Grand Ho Tram Resort in Vietnam, located on a pristine beach facing the South Sea, requires a two-to-three-hour drive on two-lane roads from Ho Chi Minh City and, as such, has never reached full potential.

The importance of sound transportation infrastructure is about to be demonstrated once again. On December 3, 2021, the first leg of the Pan-Asian Rail Network opened, connecting Kunming, China to Vientiane, Laos. The first 414 km portion provides high-speed passenger and freight service to Laos's capital city, and represents a major milestone in the PRC's ambitious Belt & Road Initiative (BRI). The railway network will eventually connect Southern China and Laos with Bangkok, Phnom Penh, Kuala Lumpur, and Singapore.

This first phase, which was completed despite broad restrictions caused by the pandemic, is expected to have a profound economic impact on commerce between Vientiane and the PRC. As other sections of the BRI are completed, the southeast portion of the BRI is expected to have a significant long-term impact on southeast Asia's casino industry, particularly those properties in Laos and Cambodia.

In the near term, the Kunming-Vientiane portion is not expected to have a major impact as the PRC's Zero Covid policy will place an artificial constraint on business travel and tourism. Nevertheless, as the PRC's travel bubble grows to include Laos and Cambodia, commerce will eventually resume and with it will come new waves of travelers from China. The Thai-Lao Friendship Bridge already connects the Vientiane to Northeast Thailand. With the addition of high speed rail service to China, the city will evolve into a major international crossroad.

The hotels and casinos in and around Vientiane can expect to be some of the beneficiaries of this increased visitation. While the nearest casino to the capital today is approximately 60 km south of the Vientiane, additions to the region's casino supply are anticipated in the next few years. Rail connectivity from southern China, coupled with expected growth in the city's expatriate population, will help fuel additional growth in gaming demand.

A similar construction initiative is playing out in Cambodia. Construction on a new four-lane divided highway, connecting the capital city of Phnom Penh with the port city of Sihanoukville, is expected to open in 2023. Built by Cambodian PPSHV Expressway Co. Ltd at a cost of US\$2 billion, the nearly 200 km expressway will replace a slow moving two-lane road and dramatically reduce travel time between the two cities.

In addition to having Cambodia's only deep water port, Sihanoukville has evolved into a regional vacation destination, appealing to visitors from the PRC, Malaysia, and Thailand. Prior to the pandemic, its casino-resort industry enjoyed rapid growth due to its nearby regional airport. The new highway is expected to attract expatriates residing Phnom Penh, eager to escape the heat, humidity and congestion of the capital city for beachside vacation experiences.

As further phases of the ambitious BRI are completed, and as individual nations improve their own internal transportation networks, travel will become vastly more convenient. In addition to growth in commerce and tourism, regional gaming destinations that were once hard to reach will find themselves more appealing to larger portions of the regional population.
