

UAE is the gaming wildcard no one expected

By Felix Ng – January 31, 2022

Last week, Wynn Resorts surprised the market with an announcement that it will be participating in a proposed integrated resort with a casino on Al Marjan Island – a popular man-made tourist island only a stone’s throw away from Dubai.

The project has been projected to cost approximately \$2 billion dollars, making it the largest-of-its-kind foreign direct investment project in the emirate.



In today’s regional focus, we take a closer look at the opportunity that Al Marjan Island and the Emirate of Ras Al Khaimah has presented to Wynn Resorts and its partners. We also gather insights from an industry expert about how he sees the project progressing and coming to fruition.

Access to wealthy international and domestic tourists

Al Marjan Island is made up of four unique islands, featuring over 7.8 km of beaches and 2.7 million square meters of reclaimed land. One of its biggest drivers of value comes from its proximity to the Dubai International Airport, which ranked as the 4th busiest airport in 2019, handling more than 86 million passengers.

In comparison, Tokyo Haneda Airport handled 85.5 million passengers, Hong Kong International Airport handled only 71.5 million passengers, and Singapore's Changi Airport handled 68.3 million passengers in the same year.

The Emirate has seen modest growth of tourist arrivals in recent years – clocking in at 1.1 million tourist arrivals in 2019. Nearly two-thirds of these visitors came from wealthy international source markets, including Russia (134,811 visitors), India (68,869 visitors), Germany (63,196 visitors), and the United Kingdom (57,956 visitors). The other one-third came from within the UAE, though Emiratis will not be permitted to enter the casino.

It's also worth noting that the UAE as a whole welcomes around 22 million tourist visitors per year, whilst around 90 percent of the UAE's 10 million domestic population are expatriate workers, meaning there is no shortage of potential tourists that could funnel to the Emirate.

Pandemic-proof visitation

What may be compelling for Wynn, is the emirate's resilience to the pandemic. Whilst the global tourist visitation average fell nearly 75 percent during the height of the pandemic, Ras Al Khaimah registered only a 25 percent drop in visitors during the same period.

According to Colliers' MENA Hotels Monthly Market Forecast, Ras Al Khaimah's occupancy is expected to reach 89 percent in 2021, up 27 percent from 2020.

Hotel / non-gaming cluster-effect

In 2017, it was the vision of Ras Al Khaimah to reach 3 million visitors by 2025, to achieve the number, the emirate would be adding around 15,000 hotel keys, with around 8,000 of those situated in Al Marjan Island.

Today, the Al Marjan Island has over 3,000 hotel keys, with hotel operators including RIXOS Bab Al Bahr (650 keys), Marjan Island resort and Spa (440 keys), DoubleTree by Hilton Resort & Spa Marjan Island (723 keys), Pacific Al Marjan Island (418 keys), Hampton by Hilton Marjan Island (515 keys), Radisson Resort Marjan Island (408 keys) and the upcoming Mövenpick Resort Al Marjan Island (opening March 1 with 550 keys).

Opening in 2026, Wynn's proposed resort is set to add another 1,000 hotel keys to the mix, along with shopping venues, state-of-the-art MICE facilities, a spa, and 10 restaurants and lounges.

The island attracts tourists through its attractions focused on watersports, adventure, health and sightseeing, and world-class shopping. Wynn's proposed development will be the company's first beach-front property.

Gaming permission questioned

Perhaps the most perplexing aspect of last week's announcement has been the inclusion of gaming at the resort, an activity that has been strictly forbidden by Islam.



Andrew Klebanow, managing director of C3 Gaming Group, who has been following the international expansion of U.S. gaming operators said that “whilst it is still too early to predict the future performance of an IR in the region, its location in the RAK is viewed as a positive.”

“The RAK is considered a more progressive Emirate and may succeed in developing a regulatory structure that allows for successful IR development.”

On the same day of Wynn’s announcement, the Ras Al Khaimah government announced it would be forming a new division aimed at regulating gaming in the Emirate, bucking expectations.

That being said, there may be warnings to be heeded by Caesar’s luxury waterfront property in Dubai, which he says has not met expectations.

“There is a great deal of uncertainty at this early stage. Other ventures developed by casino companies in the Emirates without a gaming component have not fared well. Caesars Entertainment Corporation, under prior management, had developed two non-gaming hotels in Dubai. Hoping to capitalize on the luxury brand’s caché, the company built a luxury property and a second upscale property, totaling 500 lodging keys with a commensurate mix of dining and retail. It never met expectations. It remains to be seen if those two properties can grow market share and achieve acceptable returns in a post-pandemic era.”

He does however note that Caesars operates London Clubs Cairo, a property that successfully caters to exclusive gaming clientele, meaning there is a demonstrated demand for gaming entertainment in the region.

“Wynn Resorts is well versed in developing integrated casino resorts and in operating in high gaming tax environments. There is a great concentration of wealth in the region, and the RAK’s location less than an hour from Dubai International Airport will allow it to reach truly international markets, and target high-worth customers.

Wynn also knows how to design, build, and operate luxury properties. In fact, there is not a gaming company with better credentials for such an endeavor. Give that development team a clean greenfield site along with a pristine oceanside setting and rest assured, they will design and build a stunning property.”

“What remains to be seen is the regulatory structure that RAK develops. The most ambitious plans for integrated resort development can easily be stymied by onerous regulations, inordinately high tax rates, and limits on gaming capacity.”

“There are scant opportunities for integrated casino resort development in the world today. An IR in the RAK is a unique opportunity, and one that might just work.”

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