

Singapore's Marina Bay Sands Sees More Foreign Gamblers

Written by Sam Holmes

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Singapore's efforts to dampen local demand for gambling may be working – at least according to new numbers from the operator of one of the island's two casino resorts.

Foreign visitors to Marina Bay Sands, which is run by U.S. gaming group Las Vegas Sands Corp., now account for about four out of five visitors to the resort's casino, the group's chairman Sheldon Adelson says.

This suggests a decline in the proportion of local visitors to the US\$5.5 billion property to 20% from about 38% indicated by Mr. Adelson in October 2010.

Las Vegas Sands didn't provide any absolute visitor numbers for its Singapore casino and the company doesn't regularly disclose the foreign-domestic visitor split.

But analysts say the growth in the foreign share suggests traffic from Singaporeans—a political hot potato in the city-state—is at least stabilizing.

That would be welcome news to lawmakers, who have anxiously watched local patronage at Singapore's two casinos since they opened in early 2010, and to Marina Bay Sands, which is betting on a greater contribution from Asia's more lucrative VIP gaming market for earnings momentum.

“The foreigners come in with more money than the local Singaporeans...it's commonsense that somebody that comes in from a foreign territory will carry more money with them because they're there less frequently,” Mr. Adelson told analysts in a conference call late Wednesday after his company reported its fourth quarter earnings.

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Singapore authorities have sought to temper enthusiasm for the casinos in the nation of five million since gambling was legalized, partly to prevent locals from losing big sums of money and also in response to citizens who oppose the existence of the casinos on moral grounds. Singapore officials have consistently tried to impress on locals that the new casino resort attractions are mostly there to draw in high-end tourism, not help Singaporeans make fast fortunes.

A S\$100 entry levy or a S\$2,000 annual membership fee applies to citizens and permanent residents.

Locals initially appeared undeterred: in the seven months since the first casino opened, Singaporeans made more than one million trips to the two gaming houses.

But while the cash rush from local punters may have provided a nice tailwind for casino operators, the government has been quick to halt promotional efforts—such as free bus services—designed to reach out to locals.

According to CLSA gaming analyst Aaron Fischer, it makes sense that local demand should level off after the rapid growth of Singapore's nascent gaming sector in less than two years.

"The key point is really that the mass market or locals is fully penetrated – the incremental growth has to come from overseas visitors," he said.

Singapore's gaming success, with its two licensed casinos at Marina Bay Sands and Resorts World Sentosa, has defied the expectations of many cynics and has helped fuel a resurgence in the island's tourism sector.

The city-state took in S\$17 billion in tourism receipts in the nine months to Sept. 30., up 22% from the same period a year earlier while total international visitor arrivals climbed 15% to 9.8 million.

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Marina Bay Sands reported US\$2.99 billion in gross gaming revenue for 2011, equivalent to almost 50% of the total gaming win for the Las Vegas Strip over the 12 month period to Nov. 30.

The resort's hotel facilities have also been struggling to keep pace with demand, running at an occupancy rate of 98.8% in the three months ended Dec. 31. Mr. Adelson said he has made requests to the Singapore government for more land to allow his resort to add hotel capacity.

There have been no indications to date the government in the land-poor country will oblige, especially as it continues to monitor the social impact of the new industry on its population.

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