

PROSPECTS IN EUROPEAN GAMBLING TO RIVAL LAS VEGAS



For many years, Europe has lagged behind the US in many aspects of the gaming and leisure sector. Fortunately, the situation has begun to change, and the Old Continent is setting an example for others to follow.

With regard to large entertainment centres, Europe, until now, has been at a disadvantage. The massive adult theme park of Las Vegas and the big amusement parks in Orlando and other cities have no equivalent in Europe, except for Euro-Disney, which isn't really in the same league.

Europe also lags behind the new entertainment and gaming hub of Macao, with big new Mega Casinos which are raking in more money than their Las Vegas counterparts.

Similarly, the government of the Philippines has announced plans to construct an enormous entertainment complex in Manila, worth US\$15,000 million.

The complex will have luxury hotels, amusement parks, golf courses, museums and much more. Both models are considered viable for the Asian market, with its undisputed enormous potential.

The Las Vegas model is beginning to be copied in other parts of the world.

Europeans have been crossing the Atlantic for years in order to experience this leisure concept. However, the first steps have now been taken to put an end to the situation and compete on equal terms with the US giant. There are several projects on foot in Europe to fill the vacuum regarding mega leisure complexes.

The most ambitious of these is *Gran Scala*, in Los Monegros, Aragon, Spain, which is slated to become the biggest cultural and leisure tourism centre in the world. The €17,000 million investment is the biggest ever made in Europe in leisure so far.

From 2015 onwards it is expected to receive some 25 million visitors each year, 80% from outside Spain.

Gran Scala will become a point of reference for gaming in Spain, and the second largest Casino offer in the world, after Las Vegas.

The 5,000-acre complex will have 32 Casinos, 70 hotels, 200 restaurants and 5 theme parks.

The project, slated for commencement in late 2008, was made possible by the sum of two factors: private investment and government support. The authorities involved have shown levels of sensitivity and openness not commonly associated with European authorities with regard to gaming projects.

This close collaboration between public and private is essential for projects of this magnitude.

A second big tourist project to be based in Spain is the future *El Reino de Don Quijote* in Ciudad Real. Standing on over 3,000 acres, it will boast a Mega Casino, five hotels, a 3,000-seat concert hall, a conference centre, a huge commercial area and 2,200 houses.

In this case, the private investment has come from US group Harrah's, owner of the famous Caesar's Palace in Las Vegas.

Construction will begin early in 2008 and some 7,000 jobs will be created.

In this case, the support of the regional authorities has also been essential to ensure the future success of the project.

This month, a delegation of regional and local politicians and businessmen travelled to Las Vegas to see the Hotel-Casino Caesar's Palace in person.

According to the first models shown, the Casino to be built in Ciudad Real will be very similar.

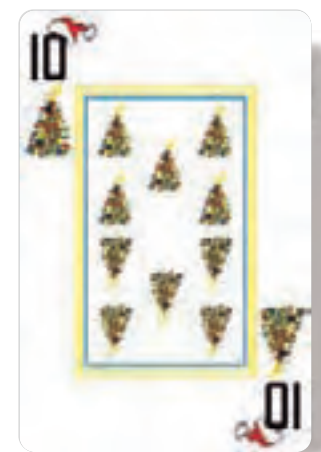
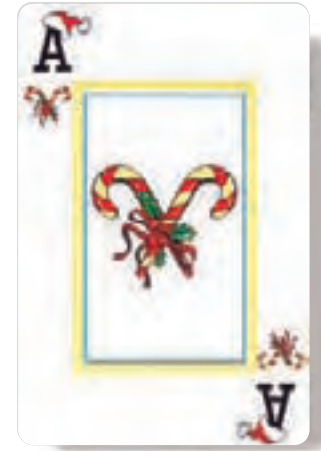
Harrah's plans involve exporting more examples of its management model to Europe, with similar projects in other European countries.

Unlike *Gran Scala*, *El Reino de Don Quijote* is based on a very US model, completely ignoring Spanish and European mentalities and idiosyncrasies. This, unfortunately, could hamper its success, and we must not forget that Spain is a first-choice tourist destination for practically all European countries.

Another big project planned for Europe is *Euro Vegas*, to be built in the small Hungarian town of Bezenye. It is being promoted by a group of US investors and will stand on 865 acres, containing several Casinos, hotels and shopping centres. The initial investment amounts to some \$400 million and construction is due to commence in early 2008. The complex will imitate the standard format of Las Vegas Casinos, with a much larger area given over to slots than to traditional table games.

In any case, this project seems to have fewer possibilities of success than the two Spanish projects, due to several factors: the tourist potential of Hungary is much lower than that of Spain. Along with its hotel and communications infrastructure, Spain occupies a better geographical position and is, among other things, a bridge between Europe and Latin America. Finally, the investment is much smaller.

Accordingly, *Euro Vegas* will have to concentrate more on the Hungarians and their Eastern European neighbours, and will necessarily be more regional than international.





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