

Caesars Entertainment won't pursue building resort in Japan

By Bailey Schulz Las Vegas Review-Journal
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Caesars Entertainment Corp. has dropped out of the race for a property in Japan.

The company released a statement in Japan on Wednesday saying it will no longer pursue a license to build an integrated resort in Japan. It will instead focus on current plans and commitments — the company is set to be acquired by Eldorado Resorts through a \$17.3 billion megadeal next year.

“Considering the current talk of the (Eldorado) merger, it’s not surprising,” said Brendan Bussmann, a partner at casino research firm Global Market Advisors. But “to see a large American brand that has a global presence, that has a good shot of landing the license bow out, it’s disappointing. ... It’s a missed opportunity.”

Change of plans

Japan is getting ready to issue three gaming licenses.

Caesars had been preparing for the opportunity for years; it first began supporting the country’s integrated resort discussion more than 15 years ago, according to its website.

“It’s really disappointing to see them pull out of a market they put so much time and effort into,” Bussmann said. “Having the global branding they do would’ve resonated well here (in Japan).”

The company currently operates in six countries, according to its website.

Caesars CEO Tony Rodio said in the statement that the timing was driven by “sensitivity to the significant decisions Japan’s government and business partners will likely be making later this year to advance the process.”

But according to Bussmann, Caesars’ decision to withdraw seems premature — he pointed out that a regulatory structure hasn’t been finalized yet and that it will be months before the country approves a Casino Control Commission.

“There’s a lot of game to be played here still,” he said.

SunTrust Robinson Humphrey analyst Barry Jonas said Caesars’ decision was no surprise, given its pending transaction with Eldorado.

“(Eldorado) management has noted that the bar would be very high to pursue international development deals,” Jonas said.

He said that the Japan project’s timing, costs and uncertain returns didn’t fit with Eldorado’s deleverage targets and that he expects Eldorado and Caesars investors to react favorably to the news.

Interest from other companies

Three other Nevada-based companies — Las Vegas Sands Corp., MGM Resorts International and Wynn Resorts Ltd. — have all shown interest in Japan. Sands has [expressed interest](#) in Tokyo or Yokohama, while MGM CEO Jim Murren said the company is committed to pursuing an integrated resort in Osaka.

The country's gaming market is estimated to be worth [more than \\$25 billion a year](#) once resorts open. If estimates hold true, Japan would become the second-largest gaming market in the world, behind only Chinese gaming enclave Macao.

Bussmann said he has high hopes for the Nevada-based companies.

“At this point, you’ve got three good American operators that have all shown interest in Japanese markets,” Bussmann said. “Japan has made it clear that they want a good, clean operator. Nevada’s regulatory structure allows for that. They have a leg up for anyone else in the market.”

Caesars stock closed up \$0.09 to \$11.43 on Wednesday, up 0.8 percent.

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Contact Bailey Schulz at bschulz@reviewjournal.com or 702-383-0233.

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