

Osaka Stands Alone As Japan Big City Casino Candidate

Written by Administrator
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Tsutenkaku Tower in Osaka. (Photo: Getty)

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Casino operators have declared Osaka their favorite major Japanese city to develop an integrated resort the way parents declare their only child their favorite. None of Japan's other largest metropolitan areas have entered the competition for an IR license, so Osaka stands alone. Under the licensing process, local jurisdictions will nominate a single consortium for the national government to consider for an IR license. So it's imperative for casino operators and their partners to convince local authorities they are their best choice. As Osaka launches its selection process, expect extraordinary competition among at least a half-dozen of the biggest names in gaming, and in this beauty contest, second place won't even get a bouquet.

"For a successful [IR] development, you need a number of things to align: a sufficient population base, including tourists, to feed customers, infrastructure, and political support," MGM Japan CEO Ed Bowers says. "Osaka has consistently said it wants IRs. In all jurisdictions

across the world, if you don't get political support, it is extremely difficult for IR development to be successful." In January, MGM declared an "Osaka First" strategy and, in March, confirmed a partnership with Japanese financial services giant Orix.

The Tokyo-Yokohama metropolitan dwarfs other metropolitan areas with 37 million people, nearly 30% of Japan's 126 million residents. But Tokyo remains preoccupied with next year's Olympics, and Yokohama has a [festering rift between port operators opposing an integrated resort on Yamashita Pier and other business leaders](#) supporting an IR.

Marina Bay Sands in Singapore is the integrated resort that every city in Japan - and the rest of the world - wants.

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Kansai region, including Osaka, Kobe, Kyoto and [Wakayama](#), has 19 million people, 15% of Japan's total. The next largest metropolitan area, centering on auto manufacturing hub Nagoya, with just over 9 million people, is not expected to seek an integrated resort. Potential IR candidate Fukuoka-Kitakyushu has 5.5 million people, and declared aspirant Hokkaido's Sapporo metro area has 2.6 million, the same number in Osaka alone.

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“We believe the major cities like Osaka offer the best opportunities for IRs to be developed on a large scale, similar to what we have developed in Macau,” Galaxy Entertainment Japan general manager Satoshi Okabe says.

Last week, [Osaka announced it would start its Requests for Concepts process](#) even before the national government has finished making the rules, aiming to chose its IR operator next year.

That follows

[Osaka Ishin no Kai \(Osaka Restoration\) winning last month’s elections for mayor and governor](#), with the goal of opening an IR on Yumeshima island before World Expo 2025 opens there.

“The Osaka government is very committed to bringing an integrated resort to the city, and has shown strong leadership,” Las Vegas Sands managing director for global development George Tanasijevich says. Also president and CEO of [iconic urban IR Marina Bay Sands](#) that Japan’s Prime Minister Shinzo Abe made his first stop on a 2014 visit to Singapore, Tanasijevich adds, “A key element in the success of an integrated resort is support and alignment with government and local community. Osaka is still the only city that offers this and is actively pursuing the opportunity. Accordingly, we have devoted our energies, efforts and resources there.”

Specialties of Osaka cuisine include takoyaki, fried octopus balls. One observer calls Osaka “the most Chinese city in Japan.”

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[A newspaper survey ahead of Osaka’s April 7 election found 45% of residents support an IR, with 42% opposed](#), the first plurality favoring an IR in a major city. “This result is largely due to the strong public and private sector leadership working over multiple years to build understanding of the multi-faceted benefits of IRs to host communities.” Caesars Entertainment Japan managing director William Shen says.

Osaka’s personality aligns with hosting an IR, gaming sources say, describing Japan’s third-largest city as more entrepreneurial, risk-taking, friendly and relaxed than Tokyo. One observer calling it “the most Chinese city in Japan.” It’s also about a 30 minute shorter flight from Shanghai than Tokyo, and it’s in the midst of historic areas including Kyoto. Osaka welcomed 11 million overseas visitors in 2017—of Japan’s total of 28.6 million—35% from mainland China and another 25% from Hong Kong and Taiwan. Overseas arrivals nationally reached 31.2 million last year, and experts see major scope for tourism growth in Osaka.

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Global Market Advisors estimates annual gaming revenue at an Osaka IR would exceed US\$5 billion. But GMA government affairs director Brendan Bussmann suggests contenders take a breath. “While Osaka currently is the only major city that has raised its hand, we are still in the pregame phase. I believe the picture six months from now will be considerably different with several cities and prefectures raising their hand to compete against Osaka and others for one of the three licenses. Remember, we do not have an appointed Casino Control Commission or the final rules in place to even start an RFP process. There is lots of ball to be played.”

For now, though, Osaka remains the only big player in the game.

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