

Caesars enters NYC casino skirmish after first rejecting the idea – The Nevada Independent

Written by Administrator

Wednesday, 26 October 2022 09:00 -

Good morning, and welcome to the Indy Gaming newsletter, a weekly look at gaming matters nationally and internationally and how the events tie back to Nevada.

If a colleague or associate emailed this newsletter to you, please [click here](#) to sign up and receive your own copy of Indy Gaming in your inbox. - Howard Stutz

Caesars Entertainment's entrance into an expected heated process for the rights to operate a casino resort in New York City came as somewhat of a surprise.

Last week, the company announced a partnership with SL Green Realty Corp. on a venture to develop Caesars Palace Times Square.

Eight months ago, however, Caesars CEO Tom Reeg said it was "extraordinarily unlikely" the company would enter the New York casino market.

"How do I answer this politely?" Reeg said on the casino operator's fourth quarter conference call in February. He questioned the state's "difficult" regulatory structure and the "extremely expensive" costs to obtain a license and develop a project.

But Reeg left the door open.

"If one of those developers wants to talk to a manager that brings 65 million (customer loyalty program) members and powerful brands, we'd be very interested in having that discussion," Reeg said at the time.

Enter SL Green.

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Other than [stating that the partnership](#) would include the development of a Broadway Theater location to house a production of *The Lion King*, not much was revealed about the project. Caesars touted endorsements from Actor's Equity labor union, the CEO of the restaurant group that owns Carmine's, the head of New York Laborers' Local 79, the CEO of Wyndham Hotels and a former New York City police commissioner.

During the real estate investment trust's third-quarter earnings conference call, SL Green CEO Mark Holliday said there wasn't much to be revealed until New York releases the request for proposal (RFP) for the casino and developers can go over the terms.

"We are exclusive with Caesars on this casino site, and we're going to be putting both of our mutual best efforts behind making it happen," Holliday said. He added that after the pandemic, "Times Square needs help and needs to reboot itself. I think we can rally around a casino and make that (an) economic engine."

In the New York state budget approved earlier this year, a section was set aside to provide for three downstate gaming licenses, which voters first approved in 2013. Lawmakers touted union jobs as well as increased tourism and tax revenue and noted the RFP process would start in early 2023. While the bidding for each license will start at \$500 million, analysts said the developments will top more than \$1 billion in construction and development costs.

Most observers believe two of the licenses are destined for Resorts World and MGM Resorts International. The companies already operate New York City-area casino facilities at two horse racing tracks that house slot machine-like video lottery terminals.

Resorts World New York City in Queens is attached to the Aqueduct Racetrack and MGM's Empire Casino is part of Yonkers Raceway, roughly 15 miles north of Manhattan.

Gaming industry advisor Brendan Bussmann, managing partner of Las Vegas B2 Global, said with two licenses all but spoken for, the gaming industry's largest casino operators "will be circling in and around Manhattan."

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