

MGM Springfield property may be sold, leased back by casino giant

Written by Administrator

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SPRINGFIELD — As part of an “asset-light” strategy, MGM Resorts International is contemplating selling off MGM Springfield and other properties, while retaining control of the daily casino operations.

The plan is similar to the \$4.25 billion [sale and lease back of the famed Bellagio Hotel & Casino](#) on the Las Vegas strip, which was announced on Oct. 15.

MGM Chairman and CEO Jim Murren said in a conference call with investors on Oct. 30 that a similar real estate sale for the iconic MGM Grand in Las Vegas would probably be announced by year’s end, [The Las Vegas Review-Journal](#) first reported.

Likewise, deals involving MGM Springfield, and Las Vegas’ Aria and Vdara casinos are being contemplated using the Bellagio agreement as a blueprint, he said.

Murren plans to use the proceeds from the MGM Grand sale and other properties to reduce debt and invest in new growth opportunities, including a potential \$10 billion casino in Japan and sports betting in the U.S.

In a statement to The Republican, MGM Resorts International said it was “proud of our work in our Springfield community and is committed to building on our shared accomplishments. This partnership has resulted in thousands of jobs and millions of dollars of revenue in the area, and we look forward to expanding our engagement in the Commonwealth.”

“Previous financial transactions made by MGM, like last month’s announcement regarding Bellagio in Las Vegas, focus exclusively on the transfer of real estate and have no bearing whatsoever on the property’s management or operations. These transactions have no impact on employees, partners or the guest experience,” the statement concluded.

Springfield Mayor Domenic J. Sarno noted that the city has a “very strong Host Community

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Agreement with MGM and we will certainly hold MGM to this legally binding agreement.”

“Part of this mandates the city and the Massachusetts Gaming Commission must approve any and all adjustments to said agreement,” Sarno said.

MGM Resorts International and Blackstone Real Estate Income Trust [formed a 95% / 5% BREIT-led joint venture](#)

to acquire the real estate assets of the Bellagio for \$4.25 billion in a sale-leaseback transaction. As part of that deal, MGM Resorts signed a long-term agreement to lease the Bellagio from the joint venture and continue to manage, operate and be responsible for all aspects of the property on a day-to-day basis.

MGM Springfield opened in the city’s South End last year at a cost of nearly \$1 billion.

The casino has not performed as well as initially expected.

Since its opening in late August 2018, MGM Springfield has [brought in less than two thirds of the \\$418 million in gross gaming revenue](#)

MGM executives told the state the Springfield casino would see during its first year.

The casino’s gross gaming revenue was \$273.8 million from its opening on Aug. 24, 2018 through the end of August 2019.

Read more <https://www.masslive.com/mgmspringfield/2019/11/mgm-springfield-property-may-be-sold-leased-back-by-casino-giant.html>