

Are Las Vegas Casino Stocks Ripe for the Picking? - Small Cap Network

Written by Administrator

Tuesday, 14 December 2010 12:09 -

How Much Water Can You Get in One Cup?

Las Vegas will survive. But not as before. Another hotel opened this month; the Cosmopolitan with 3,000 new rooms being added to the strip. Its neighbor, the Bellagio, has nearly 4,000 rooms. That's 7,000 rooms within a couple of blocks. The Cosmopolitan costs upwards of \$4 billion to build; that's a lot of money. Now owned by

Deutsch Bank ([DB](#)), one of Germany's primary 'powerhouse' banks, the 'Cosmo' is said to be the 'hippest' destination for returning Las Vegas visitors because it is different than what came before it. Cosmo guests can sip cocktails inside a three-story chandelier.

But competition in Las Vegas is fierce to say the least and all 'the joints' aim to survive and let 'the weak ones fall away.' Operating incomes at the resorts and casinos hasn't been what it was with a number of companies bleeding red ink. The CityCenter, Cosmo's other neighbor is owned by **MGM Resorts ([MGM](#))** and it generated an operating loss of \$1.27 billion the first 9-Months of 2010. Observers say CityCenter is now worth about a third of the \$8.7 billion it cost to build.

Wynn Resorts ([WYNN](#)) has also had a tough going of it in Las Vegas. The Co's Wynn casino established, the Co opened up 'Encore' right next door. But the 2-year Encore bumped the company's Vegas gambling revenue up only 5.4% in 2009 despite adding a huge new casino.

If you look at the **Las Vegas Sands ([LVS](#))** which owns and operates The Venetian Resort Hotel Casino, The Palazzo Resort Hotel Casino, and The Sands Expo and Convention Center in Las Vegas; you'll find a stock that was trading at \$16 in April and is now trading in the \$44 range.

Why the 175% Climb? Macau, China. LVS along with WYNN went in early to the Chinese gambling mecca and set up shop. It has been a boon their bottom line and helped support the Las Vegas operations.

With what were once million dollar condos being rented 'as rooms' from some Las Vegas builders (just to get a trickle of money through the door for the lenders), some property owners in Las Vegas know there is a 'Glut' of rooms, then along comes the Cosmo with 3,000 more. A lot of observers think the city is 'overbuilt' and that natural attrition needs to work for a period of time before thousand of more rooms are added. There are a number of room and casino construction projects in Las Vegas that are deserted due to lack of money and credit and the fact that \$300 rooms are now (on a discount) \$60. The city is 'over-flowing' with rooms; empty rooms.

Are Las Vegas Casino Stocks Ripe for the Picking? - Small Cap Network

Written by Administrator

Tuesday, 14 December 2010 12:09 -

The rout of tourism in Las Vegas is over and people are slowly returning, and yes new venues and 'points of excitement' need to emerge to keep things fresh, but I don't believe adding rooms is the answer. I believe the answer will come from innovation. The Cosmo is reportedly sponsoring events like the New York City Wine & Food Festival, the U.S. Open tennis tournament and Lollapalooza to bring in customers. New is good; but Las Vegas has plenty of rooms for the time being. How about more 'fun' and 'interesting' things to do before that 'call of the tables and slots' feeds the bottom line.

[Powered by WizardRSS](#) | [Work At Home Jobs](#)

Source: http://news.google.com/news/url?sa=t&fd=R&usg=AFQjCNFajd_Hv1v2cU5oPVYLonOYbXR_wg&url=http://www.smallcapnetwork.com/Are-Las-Vegas-Casino-Stocks-Ripe-for-the-Picking/s/article/view/p/mid/1/id/1152/