

For Wynn, two new Vegas hotels better than one

By Christina Binkley, The Wall Street Journal

One month before Steve Wynn's Las Vegas comeback swings into high gear with the opening of his company's first luxury casino resort, the Strip mogul is already moving ahead with plans to expand his new empire.



Standout: The gleaming Wynn Las Vegas anchors the north end of the strip.

By Joe Cavaretta, AP

Wynn is expected to this week reveal plans for a second luxury mega-casino in Las Vegas. The announcement comes shortly before the April 28 debut of his company's first resort there, Wynn Las Vegas. The project represents a splashy return to the casino business for Wynn, whose former company Mirage Resorts revived the casino industry with themed gambling palaces before its sale to Kirk Kerkorian's MGM Grand Inc. in 2000.

In an interview, Wynn said the new concept involves turning into a full scale resort what was intended to be a hotel tower addition to Wynn Las Vegas. The new resort, which is expected to cost about \$1.4 billion, is an aggressive move timed to take advantage of the booming popularity of Las Vegas, visited by more than 35 million tourists a year.

The resort, called Encore, also gives Wynn a broader base to compete with the corporate gorilla down the street, MGM Mirage, which will soon control more than half the hotel rooms on the Las Vegas Strip. Even with the new project, Wynn Resorts will be far smaller than MGM Mirage. But without it, the company would stand alone against 10 heavily marketed casinos that will be run by MGM Mirage.

The move shows that Wynn's appetite for the casino business remains voracious. Today, he is busy personally designing Encore while juggling the coming opening of Wynn Las Vegas, constructing a new \$700 million casino in Macau, and bidding for a license to develop a \$1.5 billion gambling resort in Singapore.



AP

Wynn

The 2,300 hotel rooms in Wynn's new Encore resort are intended to be the most swank in town. They are meant to trump even those at Wynn Las Vegas, which itself aims to dethrone MGM's luxurious Bellagio, built by Wynn in 1998. Each Encore suite will contain a separate living room and bedroom in a sprawling 1,030 square-foot layout. At 230 square feet, the bathrooms alone are roughly the size of many New York hotel rooms. "When I fill rooms with suite customers, I get a higher-spending customer," said Wynn, who estimated the suites will be priced from \$350 to \$400 a night.

Wynn is also planning to build a concert hall with special technology that will allow seats to disappear into a 10-foot cavity in the floor, turning the space into a gigantic ballroom suitable for conventions. There will be a 40,000-square-foot casino, restaurants with celebrity chefs, high-end retail boutiques and meeting space.

"I haven't picked the carpeting and I can't show you the door to the kitchen," said Wynn, but the broad concept was approved by Wynn Resorts directors last week and is expected to be revealed in an Securities and Exchange Commission filing this week. Construction is expected to begin this summer, with Encore slated to open in 2008.

The company is also expected this week to reveal plans to expand the Macau casino with an addition on a five-acre parcel adjacent to the 11-acre resort that is currently under development, said Kramer.

Wynn is working to rebuild the six-hotel empire he sold to MGM under pressure from stock holders five years ago. That deal gave today's MGM Mirage control of many of Las Vegas' most famous casinos, adding the Mirage, Bellagio, Treasure Island, MGM Grand and New York New York.

Now, Wynn Las Vegas' return to the Vegas stage is being promoted with a television ad that shows Wynn standing atop the building's copper-colored tower with a giant replica of his signature. The ad, designed by New York boutique agency Korey Kay and filmed by a director recommend by Wynn's pal Stephen Spielberg, aims to call attention to the building without revealing any details. "If you tickle, you pique curiosity," says Allen Kay, the agency's chairman.

Wynn is counting on the same strategy to draw customers into the resort from Las Vegas Boulevard. Rather than flaunt its offerings at the street, Wynn Las Vegas stands behind a man-made "mountain" that contains stages, waterfalls and other theatrical elements. To see them and take a gander at magnets like a Ferrari and Maserati dealership, visitors must enter the resort.

Just north on the same property that once contained the legendary Howard Hughes hangout, the Desert Inn, Encore is intended to draft off of Wynn Las Vegas' momentum. The cost of the land, for instance, was included in the \$2.7 billion Wynn Las Vegas budget.

And while it is possible the final budget for Encore could rise somewhat higher, as much as \$1.4 billion can be financed without going out to raise more money, said Ron Kramer, president of Wynn Resorts. That much is available from Wynn Las Vegas' existing credit line and securities that the company recently sold.

All that extra financing power — and a pensive walk that Wynn took around the Las Vegas property last December — led the company to go for an entire new hotel just two months after announcing that it would build an extra tower at Wynn.

On the walk of the property, Wynn said he took note of booming land values in Las Vegas, and began to question whether it made sense to build just one hotel tower with a boutique casino on such valuable land fronting Las Vegas Boulevard. At about the same time, Kramer realized in a "Eureka moment" that a recent refinancing of the company was so popular with

and get the best travel news, deals & features in your inbox.

E-mail:

Go

Select one: HTML Text

investors and banks that additional money was available for spending on the Las Vegas site.

Investors have been eager to help finance a spate of recent deals and expansions involving Las Vegas casinos. Last summer, MGM Mirage struck its mega-deal that will create the dominant casino operator in the gambling mecca when it agreed to buy Mandalay Resort Group and its Mandalay Bay, Luxor, Excalibur, Circus Circus and other resorts. That deal is expected to close in the next couple of weeks.

Harrah's Entertainment Inc. is separately working to close its own deal to buy Caesars Entertainment.

With Wynn Las Vegas, and now Encore, Wynn has the luxury of not having to compete with his own properties — a problem for his rivals, which are so big that they cannibalize their own businesses when they open a new one. He said he won't allow the two resorts to compete. He plans to put one executive in charge of both and will aim them at separate segments, with Encore going after the higher-spending hotel guest.

Encore will give Wynn more rooms and slot machines at the northern end of the Las Vegas Strip, while Kerkorian's properties are located toward the south end. Several other projects are in the planning stages in Wynn Las Vegas neighborhood — including a hotel tower by Donald Trump — sparking an economic resurgence in what was formerly a rough area.