



## Gaming anyone? A comparative study of recent urban development trends in Las Vegas and Macau

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### ABSTRACT

Cities thrive for many reasons. The sheer impact of people, socio-economic activities and urban development promotes the essential conditions for urban growth. Gaming, in addition to a myriad of other entertainment activities, has been used to foster urban growth in cities. Las Vegas and Macau are two territories that are well known for their high concentration of casinos, hotels and shopping malls. This paper reviews current trends in urban development in these two urban agglomerations and discusses their implications from an urban planning perspective. The main conclusion is that the global financial crisis slowed development projects and made real estate entrepreneurs and policy makers more cognizant of the challenges of sustainability and global climate change.

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And my heart took fright – to envy some poor man  
Who ran in frenzy to the sheer abyss,  
Who, drunk with the pulsing of his blood, preferred  
Grief to death, and hell to nothingness.

Charles Baudelaire, “Le Jeu” (1857)

### Introduction

Cities thrive for many reasons. The sheer impact of people, socio-economic activities and urban development promotes the essential conditions for urban growth. Gaming, in addition to a myriad of other entertainment activities, has been used to foster urban growth in cities. Las Vegas and Macau are two territories that are well known for their high concentrations of casinos, hotels and shopping malls. Until recently, Las Vegas was considered to be the gambling capital of the world; however, with the transfer of Macau's sovereignty to the People's Republic of China, this small enclave on the Pearl River Delta in Southeast Asia has become a gambler's paradise (Yeoung, Lee, & Kee, 2008) for Asians and all who venture to that part of the world. In fact, Macau has surpassed Las Vegas as “the largest gaming center in the world, and is poised to overtake the entire state of Nevada in total gaming revenues” (Culver, 2009, p. 1057). Although some comparative research has been done on these two urban agglomerations (e.g., Hannigan, 2007; Luke, 2010), to the author's knowledge, no published

scholarly work has ever examined the idiosyncratic characteristics in their genesis from an urban planning perspective. Further, no studies have addressed how, in the first decade of the 21st century, those characteristics lead to major transformations in the two cities, specifically with regard to the liberalization of the gaming industry after the transfer to the Macanese administration and the impacts of the 2007–2008 global financial crisis.

The main purpose of this paper is to review recent trends in urban development in Las Vegas and Macau. This paper builds upon some of the suggestions in Moehring's (2004) research agenda and addresses the relationship between these cities' current allure and their location; their histories and urban heritage; the relationship between their local, regional, national and international appeal; those who profit from the massive investments in the two territories; their administrations' use of explicit gambling and entertainment agendas to foster urban growth; and, finally, the spread of the “casino city” model as a recipe for urban development.

These points are addressed by researching recent trends in the development of these two territories. Previous research trips to both places in the late 1990s and return trips about a decade later have allowed the author to learn about their histories, their built environments, their international allure and their investments. Various data on investment amounts, profits earned, jobs created and visitors were collected and analyzed. The research methods combined ethnographic and evaluative analyses. The research findings should be of interest to those looking for a better understanding of how “third place” urban centers appear to benefit from the nurturing of gaming and entertainment activities. The main conclusion is that the global financial crisis has slowed development

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projects and made real estate entrepreneurs and policy makers more cognizant of the challenges of sustainability and global climate change.

This paper is structured in five parts. The next section establishes the theoretical framework that is required to understand the evolution of recent urban development trends in these two territories. The following section reviews and compares the main characteristics of the two cities. The section after that identifies some of the recent urbanization trends in the two cities. The section to follow discusses the urban and regional planning implications that are derived from this study, and, the final section presents several conclusions.

### Theoretical framework

Theories about urban development abound. Logan and Molotch's (1987) theory of "urban fortunes" assumes that a growth machine can be fueled by a select group of individuals, their organizations and a process of continuous land development and re-investment. This theory has been devised and applied to the emergence of urban centers in the Sunbelt states of the US. At the core of the theory is the notion that urbanization can produce wealth, which, when re-invested, can lead to additional growth and development in an anticipated upward trajectory. The individuals who foster that growth are usually organized into coalitions and are able to influence governmental structures.

A slight variation of this theory, known as the "entertainment machine" (Clark, 2004), emphasizes a specific economic sector: the entertainment and leisure industry. Certain cities are endowed with a centuries-old and richly built heritage, which helps to attract large numbers of visitors; other cities have flourished because of the development of particular industries. Las Vegas, Nevada, with its post-WWII-era casinos and entertainment venues, is one of the latter. Tourists are attracted to Las Vegas, in part, because of its high concentration of entertainment, gambling and hotels (Fainstein & Judd, 1999). It is the scope and the recent increase in the diversity of those offerings that brings and keeps visitors in the city, usually for several days.

"Fantasy cities," as they have been called by Hannigan (1998), use themed entertainment to lure customers. Legal gambling, a specific theme, was historically confined to Nevada and to several Native American reservations in the United States, but it is now spreading through many other states and is being exported to many other parts of the world (Gross, 1998; Thompson, 2002). These cities have been designated "casino cities" by Hannigan (2007, p. 959) because corporate gambling is one of their main economic activities. However, in addition, these types of cities are also characterized by two additional aspects: the presence of the luxury goods and services industry and the international tourism trade. These cities go to great lengths to fabricate their natural and built environments and to market their developments in what has been described as "placemaking" and "placemarketing." MICE (Meetings, Incentives, Conventions and Exhibits) activities are also used to provide additional reasons to attract and maintain visitors in certain destinations.

"Third places" have been conceptualized as locales where individuals spend the most time after regular home and work (Oldenburg, 1989). Examples of these places include public and private places where leisure and entertainment activities occur. Although most cities have these so-called third places, gambling cities are comprised of a considerable number of those venues. In a postmodern era, casino cities are characterized by their eclectic excesses, hyper-real buildings, entertainment offerings and shopping activities. Above all, these cities are places of consumption where a wide array of name brand luxury products and goods are available for purchase.

Globalization has had a dual effect on the urban landscapes of cities and towns. On one hand, it has facilitated the spread of replicated buildings throughout the world. On the other hand, it also requires newly designed unique structures that cannot be easily copied and, once built, will bring individuality and distinctiveness to their adjacent built environments (Castello, 2010; Ellin, 1996). The iconic buildings, where a myriad of different activities occurs, are either "one-of-a-kind" unique structures designed by renowned star-architects or replicas of well-known structures in far-away places. Frank Gehry's "Cleveland Clinic Lou Ruvo Center for Brain Health" in Las Vegas is an example of the former, and the reproduction of the Eiffel Tower at Paris Las Vegas and the casinos at the Venetian Hotel are examples of the latter.

This is such an important trend in urban development that it has influenced Luke (2010, p. 395) to designate these places as examples of "casinopolitanism," i.e., "socio-economic networks of the global gaming, resort, shopping, and entertainment industries [that] are using the theme park motifs rooted in huge new casino properties to generate a stimulated cosmopolitan allure." The Las Vegas Sands Corporation, MGM Resorts International, and Wynn Resorts Ltd. are three U.S. corporations that are emblematic of this type of network, which has a strong recent presence in Macau (Culver, 2009). In the US, the rise of the "creative class" conceptualized by Florida (2002) has had a considerable influence on policy makers to the extent that many of them have even nurtured the arts and cultural sector as a way to foster the competitive edge of their cities and towns. While members of the creative class may be entrepreneurial and attracted to culturally vibrant environments, they may not necessarily be interested in gaming, as Hannigan (2009) has noted.

Although the 2008 financial crisis may have had multiple causes and far-reaching implications well beyond North America, it is widely accepted that the extreme risk-taking that is associated with entrepreneurial activities in the real estate and commercial sectors has influenced the severity of the recession (Fujita, 2011). In fact, the 2008 global financial crisis has been linked to subprime mortgages and the deregulation of the banking industry. According to Achenbach (2008, p. D01) "the overabundance of houses in Las Vegas and elsewhere played a major role in creating the nation's financial crisis." Geary (2010, p. 1A) reported that "[I]n Nevada, where home construction for years had been the second largest industry, Fannie Mae and Freddie Mac own a combined \$54 billion in mortgage loans, and \$9 billion worth of those loans were delinquent as of June 30." The negative consequences can still be easily seen in the Las Vegas urban landscape and in the state's budget deficits (Squires, 2011).

Although the gambling industry and the MICE sector in Las Vegas seem to have been deeply affected by the financial crisis, the impact in Macau has not been as severe, despite a slowdown in the construction industry that led to the layoff of approximately 10,000 construction workers in 2008 (Duarte, 2009). This leads us to question the resilience of communities (Ahern, 2011) and, in this particular case, the resilience of gambling cities: How are these particular types of cities able to recover from adverse economic situations? Are gambling cities recession proof? Are they more resilient than cities with more diversified economies?

It is well known that changing contexts, lifestyles and consumer preferences as well as the entry of competitors with innovative practices can influence the stability of socio-economic systems. The spread of gambling facilities in native-American reservations, the legalization of gambling in several states, and the emergence of Las Vegas-style developments in other parts of the world (e.g., South-Africa (Hall & Bombardella, 2005) and Southeast Asia (Hsu, 2006)) are identified as a possible explanation for a reduction in gambling revenues in the state of Nevada.

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