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STYLE & CULTURE

Vegas stripping L.A. of its luxury luster

For boutiques, dining, stage shows and even palm trees, the desert city has become a rival.

By Gina Piccalo
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Piero Selvaggio calls it his "Las Vegas experience." It was opening night at Valentino, the Venetian hotel version of his successful Santa Monica restaurant, when a high roller sent his butler to buy some wine to go with dinner. Twenty minutes later, Selvaggio had sold the man more than \$4,000 worth of rare Burgundy and vintage Bordeaux.

"In less than half an hour," said Selvaggio, one of the Los Angeles area's leading restaurateurs, "I was able to see things I would never have imagined possible."

And that was just the beginning. Las Vegas' appetite for the luxe life has grown so ravenous in the last few years that it is stunning veterans of the hospitality industry — and nibbling away at the good life all over the country, nowhere more than in Los Angeles.

Call it the Vegas Effect. The city's relentless demand for luxury has contributed to a rise in prices for Kobe beef and palm trees, wiped out exclusive wine stock, lured wealthy Asian tourists away from Rodeo Drive with more exclusive boutiques and kept touring Broadway shows such as "Avenue Q" and "Spamalot" out of Los Angeles.

It is siphoning top talent and thousands of workers from throughout Southern California. And everything — from specialty produce from the Santa Monica Farmers Market to ordinary items such as toilet paper and lumber — has to be imported from somewhere, usually Southern California.

"When you go to Las Vegas, you have a sense that spending — it's almost easier, looser — and you feel that it's part of the pleasure," Selvaggio said. "The opulence and the variety and quality at the high end in Las Vegas is much, much bigger than Los Angeles. Los Angeles cannot even vaguely compete with this."

Of course, Las Vegas has long been a city of superlatives. It has for years been the nation's fastest-growing city. It has the largest job growth rate: 7.4% in 2005 with more than 62,000 jobs created this year. More hotel rooms than any city in the world: 133,000. More conventions and trade shows than any in the United States. Fashion designers, restaurateurs, hoteliers, superstar chefs and Broadway producers all want a presence in Las Vegas, because as L.A. nightlife impresario Amanda Demme said, "If you're known in Vegas, you're known everywhere."

Lee Maen, a partner in Innovative Dining Group, which owns trendy restaurants in L.A. and Las Vegas including Boa and Sushi Roku, agreed: "As much as L.A. influences the Vegas market, the Vegas market influences other restaurants across the country."

Las Vegas' glittering shopping concourses now house so many exclusive boutiques that the L.A. luxury market looks almost second tier by comparison. When Oscar de la Renta looked west, he opened his third store in the world in Las Vegas, not L.A. The Manolo Blahnik and Dior Homme boutiques in Las Vegas are the second locations outside New York. Overall, Las Vegas experienced four times the retail and trade growth that L.A. did in the last year, according to Ross DeVol, director of regional economics at the Milken Institute in Santa Monica.

More wealthy visitors from Seoul, Hong Kong and Tokyo, who are so cherished by L.A. tourism officials, are skipping Rodeo Drive altogether. "Over the past two years, Asian visitations have grown more to Las Vegas than to Los Angeles," DeVol said. "These are high rollers, who stay multiple nights at high-end hotels."

"This would be a direct challenge to Beverly Hills and South Coast Plaza," said Jack Kyser, the Los Angeles County Economic Development Corp.'s senior vice president and chief economist. "And now there's direct airline service from Asia. The high-rolling Asian tourists might just choose to overfly L.A."

Los Angeles also lost out on at least two popular Broadway shows. This year, billionaire hotel mogul Steve Wynn is leading the city's efforts to bring first-run Broadway productions to Vegas permanently.

Thanks to his exorbitant offers — \$5 million for "Avenue Q" and \$10 million for "Spamalot" — the shows won't tour the region, blacking out theaters in the L.A. area. In addition to Cirque du Soleil's wild success in Las Vegas, "Mamma Mia!" and "We Will Rock You" have become Vegas hits.

"We're selling so many tickets to so many shows that there's room for a lot of diversity [in productions]," said Alan Feldman, MGM Mirage's senior vice president of public affairs. "That in turn has prompted some producers to look at their economic model and say, 'What happens if I don't tour?'"

Settling down in Las Vegas means getting the benefits of touring without the expense, Feldman said: a fresh audience that comes through every three days, no enormous expenses of a traveling cast or setting up and tearing down the sets, and being able to say to employees, "You can have a family. You can get a house, an animal, live your life."

While the restaurant scene is going through a cool period in L.A., where more than a dozen trendy spots closed this fall, just about 250 miles to the east, Vegas is sizzling. The list of celebrity chefs with Vegas outposts reads like a Who's Who of the culinary world: Alain Ducasse, Daniel Boulud, Jean-Georges Vongerichten, Julian Serrano, Thomas Keller, Michael Mina, Tom Colicchio, Charlie Palmer. Just this fall, French three-star chef Joel Robuchon joined the lineup at the MGM Grand. Another French three-star chef, Guy Savoy, is on the way to Caesars Palace.

This year, more restaurants opened in Nevada than any other state in the nation, according to the National Restaurant Assn., thanks in large part to the competition among Las Vegas' luxury hotels. Once there, restaurateurs often find the city provides a near nonstop supply of big spenders.

"Obviously there's an advantage when you have 15,000 people every night going to a show, a 400-room hotel that's booked all year round at 100% occupancy," said celebrity chef Bradley Ogden,

who moved to Las Vegas from the Bay Area to open his namesake restaurant in Caesars Palace in 2003.

Even home cooks are competing with Vegas hotels, whose chefs shop for the region's best produce at the Santa Monica Farmers Market. L.A. Specialty Produce, a buyer and distributor, takes orders from nearly every hotel and restaurant along the Strip, then ships them locally grown fruits and vegetables, said Greg Bird, the director of business development.

"We usually have two to three people at the Santa Monica Farmers Market every Wednesday," Bird said. "We're in communications with them throughout the course of the week. Some of that stuff never hits the display because we automatically take it."

Although the company also sells to chefs in Southern California, Arizona and Hawaii, Las Vegas represents 15% to 20% of its total business.

Likewise, Kobe beef — the rich, Japanese-style delicacy — is in short supply all over the United States thanks in part to demand in Las Vegas, where tourists consume tons of the luxury meat each week. Snake River Farms in Idaho, the largest American Kobe producer, has watched its Vegas business explode in the last five years, said Shane Lindsay, the general manager of sales. "It's grown from a minor player to perhaps our most significant market," he said.

"Every casino down the Strip has Kobe on its menu," said Mark Hoegh, marketing specialist for Kobe Beef America of Redmond, Ore. "Vegas has become quite a Kobe town. Even New York — per capita — does not buy as much as Vegas."

There are 14 master sommeliers in Las Vegas; Los Angeles has none, according to the Court of Master Sommeliers. And the casinos, with their 50,000-bottle cellars and deep pockets, said Selvaggio, "have literally wiped out the finest Burgundy and Bordeaux, the finest of California, the finest of Italy, the finest of Australia and Spain."

Las Vegas casinos can buy rare wines in such large quantities, said sommelier Mark Mendoza of Sona restaurant in L.A., that Los Angeles restaurants often miss out. "One hotel might get four or five cases of the rare white Burgundy Domaine Ramonet Batard-Montrachet where I might get three bottles when I ask for a case," he said. "There's only a certain amount earmarked for the Southern California market when those really hard-to-get wines come out."

"In terms of niche wines," said Jack Robertiello, editor of Cheers, a restaurant trade magazine, "a lot of it ends up in Las Vegas because of the buying power of the casinos and places like Aureole or other destination restaurants."

Something similar has been happening with palm trees, specifically the date palm, one of the signatures of Southern California. Vegas hotels and housing developments require so many of the lush species — nearly all are grown in Indio — to create a pseudo-oasis, that they have helped drive up the price 50% in the last two years, from \$1,800 to \$2,700 per tree.

"Demand has been steadily rising since 2003, particularly in Vegas, by double digits every year," said Jack McClary, secretary treasurer of the Southern Nevada Landscape Assn.

For L.A., that has meant living with fewer date palms — disease has killed off hundreds of the trees, and cities can no longer afford to replace them.

"In those communities where the trees are predominant, such as Hancock Park, San Pedro and Van Nuys, we have not been able to replace those trees; we've had to replace the species," said

George Gonzalez, chief forester for the city of Los Angeles.

About the only thing that's not booming in Las Vegas is manufacturing: The city still imports nearly all its resources from California.

Ogden and many other chefs said most of their fresh produce and fish comes from the Santa Monica Farmers Market and the Santa Monica Seafood Co. The seafood company's Las Vegas business has grown so rapidly in the last five years, said its director of sales, Tim Metro, that the company now trucks fresh food from L.A. six nights a week to 75 chefs along the Strip.

"Clearly, there's a symbiotic relationship between Los Angeles and Las Vegas," said the Milken Institute's DeVol. "Las Vegas is going to do better if L.A. does better simply from a travel and tourism perspective."

But does L.A. do better if Vegas does better?

"It's not clear."

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