San Diego-based Realty Income is about to add the Encore Boston Harbor Resort to its portfolio. Photo courtesy of Realty Income

CFO and treasurer said, “The growth engine of our company revolves around accretive acquisitions. Our investment goals are supported by our well-capitalized balance sheet and favorable cost of capital which remain competitive advantages for us in the net lease industry.”

Blue Chip Partnership

The partnership with Wynns, also an S&P 500 company and one of the preeminent developers and operators of integrated resorts worldwide, reflects Realty Income’s strategy of partnering with industry blue chips. “Realty Income’s entry into the gaming industry illustrates the robust opportunities afforded to it through the global corporate sale-leaseback pipeline,” the company said earlier this year when the deal was first announced. “As real estate partner to another of the world’s leading companies, the transaction represents an external growth channel unconstrained by industry, property type or geography and in alignment with our investment criteria.”

Upon closing, the Wywn property is expected to represent less than 3.5% of Realty Income’s annualized contractual rent. According to the most recent statistics, the existing Boston-area regional gaming market currently generates approximately $2.6 billion of gross gaming revenues annually. Encore, with EBITDA still ramping given its relative youth as an operating asset, is expected to grow with the overall market by appealing to underserved premium regional customers. Nationally, gaming revenues have recovered to pre-COVID levels and the two-year growth rate of gross gaming revenue in Massachusetts was double that of the overall industry in 4Q21.

Property Overview

Encore is a LEED Platinum certified, premium super-regional resort and casino providing five-star dining, gaming, shopping and entertainment. Located along the Mystic River less than five miles from downtown Boston. 5.6 million gaming age residents live within a 90-minute drive of the property.

The property comprises more than 3.1 million total square feet of luxury amenities including slot machines, gaming tables, poker tables, 671 luxury hotel rooms and suites as well as a broad array of food and beverage outlets and large group meeting spaces.

The property is uniquely positioned as the only integrated resort and casino located in the Boston metropolitan area. Additionally, Encore holds one of only two Class I gaming licenses that have been granted in Massachusetts.