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Another June swoon for Atlantic City casinos

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ATLANTIC CITY, N.J.

A nasty June swoon at the resort's 11 casinos could be evidence that Atlantic City is heading for a second straight down year in terms of revenue.

The gambling halls took in \$373.6 million in June, an 11 percent decrease over the same month a year ago.

Only one of the 11 casinos saw revenues increase last month, and of the losers, eight posted double-digit declines.

Slot revenue was down 12.2 percent to \$266.2 million, and revenue from table games was down 8 percent to \$107.4 million.

Experts say the size of the decline may be too steep to be offset by July and August crowds -- traditionally the busiest months of the year in Atlantic City.

So does all this mean that 2008 is likely to be a second straight down year?

"Unfortunately, that appears to be the case," said Joel Simkins, senior vice president of Macquarie Securities. He said challenges facing Atlantic City include the expansion of gambling halls in Connecticut, continued competition from Pennsylvania slots parlors, high gas prices, and a partial smoking ban that will become a total ban in September.

Carlos Tolosa, Eastern Division president of Harrah's Entertainment Inc., which owns four casinos here, said 2008 already appears lost.

"I believe that is a fact," he said. "The trends are just too ugly."

Tolosa said the Harrah's casinos -- Harrah's Resort Atlantic City, the Showboat Casino Hotel, Caesars Atlantic City and Bally's Atlantic City -- have been surveying their customers about the impact of \$4 a gallon gasoline on their travel plans.

"About 48 percent of our customers that we talked to said they are limiting the travels due to high gas prices," he said.

Tolosa also said Atlantic City's sharp decline in recent months is being driven more by lower-income gamblers, the kind who tend to take bus trips here, stay for a few hours, and leave.

For years, those gamblers were the foundation of Atlantic City until out-of-state competition forced Atlantic City to



remake itself and focus on more affluent gamblers who also demand luxury hotels, top restaurants and A-list entertainment.

Only Harrah's, which opened its 961-room Waterfront Tower earlier this year, showed an increase in revenues; it was up 5.5 percent.

The others fared worse. Trump Marina Hotel Casino was down 23 percent, the Atlantic City Hilton Casino Resort was down 18.4 percent, Trump Taj Mahal Casino Resort was down 18.3 percent, and Bally's was down 17.5 percent.

The Tropicana Casino and Resort, which is still in search of a buyer, was down 15.1 percent; the Showboat was down 13 percent, and Caesars was down 12.9 percent. Tolosa said many customers of Caesars, Bally's and the Showboat "received some pretty attractive offers" to try Harrah's once the Waterfront Tower was open, possibly accounting for some of their declining numbers.

Resorts Atlantic City was down 11.5 percent, Trump Plaza Hotel and Casino was down 7.9 percent, and even the Borgata Hotel Casino & Spa, which usually dominates the Atlantic City market, was down slightly, by 0.3 percent.

Mark Juliano, president of Trump Entertainment Resorts, said a strong rest of the summer could still prevent 2008 from being another down year.

"If we have a good July and a good August, we might pick up a little and be flat for the year," he said, "But it's obviously not going to be a banner year."

Juliano said the three Trump casinos are still attracting just as many customers as they have in past years.

"All our occupancies are fine, and every measure in which we're keeping track -- the number of cars parked, buses parking, response to direct mail pieces -- that's all stable, if not up slightly," he said. "But they're spending less money. It's due to gas prices and an overall uneasiness over the economy."

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