

Casinos see biggest revenue decline in Atlantic City history

Atlantic City – This was a September no one wants to remember, as casinos suffered their biggest monthly revenue decline in Atlantic City's 30-year history of gambling.

In a dramatic, post-Labor Day slowdown, revenue plunged 15.1 percent to USD 356 million for the month. It is fresh evidence the gaming industry continues to be battered by the weak economy, Wall Street's unfolding financial crisis and competition from slot parlors in Pennsylvania.

„It's ugly,“ said Harvey Perkins, a senior vice president with Spectrum Gaming Group, a Linwood-based casino consulting firm.

Not since storm-ravaged January 1994 – when winter-weary gamblers stayed at home by the droves and revenue dropped 13.6 percent – has business fallen so sharply.

All 11 casinos posted revenue declines in September. Resorts Atlantic City, the city's oldest casino, had the biggest decrease at a stunning 32.5 percent. The Atlantic City Hilton Casino Resort, Trump Marina Hotel Casino and Trump Plaza Hotel and Casino each had declines of more than 20 percent.

„The biggest reason for the decline and the biggest thing that we're fearful of is the economy,“ said Mark Juliano, chief executive officer of Trump Entertainment Resorts Inc.

„This is a systemic thing that we're facing nationwide. This is historically a difficult economic time that we're going through,“ added J. Carlos Tolosa, president of the Eastern Division of Harrah's Entertainment Inc. „It's a very scary situation clearly reflected by the numbers in Atlantic City.“

Through the first nine months this year, casino revenue is down 6.3 percent to USD 3.6 billion. Atlantic City is now certain to have its second straight year of declining revenue. Tolosa said it appears the slump will continue into the fourth quarter because October's early results are mirroring those in September.

Layoffs, restaurant closings and other cutbacks loom if downward trends continue, Tolosa warned. He noted that conditions have deteriorated so rapidly that casinos are forced to adjust their business models week to week.

„There are so many things going wrong today,“ Tolosa said.

City Council has given preliminary approval for delaying the casino smoking ban for a year to give the industry time to recover from the economic crisis. However, the casinos will go smoke-free for seven days starting Wednesday until council meets again Oct. 22 to cast a final vote on delaying the smoking ban. Tolosa said casinos fear smokers will shun Atlantic City for gaming markets that have less-stringent smoking restrictions or none at all.

Casino operators also are worried about newly approved toll hikes for the Atlantic City Expressway, Garden State Parkway and New Jersey Turnpike. Atlantic City is heavily dependent on customers who drive here, so higher tolls could discourage gamblers from making trips by car.

„Customers have another excuse not to come to Atlantic City,“ Perkins said of the higher tolls.

Slot winnings, which represent about 70 percent of the city's total revenue, slipped 18.6 percent in September and are down 8.1 percent for the year. Revenue from table games declined 6.2 percent in September and is off 1.8 percent for the year, according to figures compiled by the New Jersey Casino Control Commission.

Perkins said the steep drop in Atlantic City slot revenue underscores the ability of Pennsylvania's slot parlors to steal business from the gaming resort's bread-and-butter market.

„I'm more concerned about the precipitous decline in Atlantic City slot revenue," he said. „The eastern Pennsylvania slot parlors continue to show dynamic growth, indicating there is a great amount of pent-up demand there driven by high fuel prices and economic fears. This means that people in Pennsylvania are staying close to home."

Even the calendar and the weather conspired against Atlantic City in September. This September had two fewer weekend days than last year, depriving the casinos of two big money-making days. Moreover, Labor Day was Sept. 1, meaning that the benefits of the busy holiday weekend fell in August.

„Having most of the Labor Day weekend fall in August was a significant factor in the size of September's decline," Casino Control Commission spokesman Daniel Heneghan said. „Labor Day weekend is an extremely busy holiday weekend. It is a key weekend for the gaming industry and this year's weekend mostly fell in August and last year it was in September."

Further, drenching rain from Tropical Storm Hanna on Sept. 7-8 washed out another weekend.