

Atlantic City losing 3 casinos, not business

Written by Administrator
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Wayne Parry, The Associated Press 4:55 p.m. EDT August 29, 2014



Dealers prepare to pay winning bets at a Revel Casino Hotel craps table in Atlantic City on May 21, 2012. (Photo: Wayne Parry, AP)

ATLANTIC CITY, N.J. (AP) — A Wall Street firm predicted Friday that much of the revenue generated by three Atlantic City casinos that are closing will remain in the city after they're gone.

Fitch Ratings predicted in a report that the city's casino revenues will decline to \$2.5 billion in 2015 from last year's \$2.86 billion. It also said it does not see any more casinos closing in Atlantic City for at least the next two years.

The firm also predicted that a good chunk of the money being won by the Showboat, Revel and Trump Plaza will go to the surviving Atlantic City casinos. Showboat and Revel are closing this weekend; Trump Plaza shuts down Sept. 16. After that, Atlantic City will have eight casinos after starting the year with 12.

Fitch predicted at least 50% of Revel's revenue will go to the remaining casinos, judging by increases that the Tropicana Casino and Resort and the Golden Nugget Atlantic City have seen since the Atlantic Club closed down in January.

A day before the report was issued, Joe Lupo, senior vice president of the Borgata Hotel Casino & Spa, Atlantic City's top casino, said the market is already responding positively to reduced capacity.

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"After the Atlantic Club closed, places like the Tropicana and the Golden Nugget are doing very well, and we had a great summer," he said. "While Revel has had a very difficult time, you have properties in Atlantic City that will become more profitable."

Fitch also predicted 60% of Trump Plaza's revenue and 75% of Showboat's revenue will stay in Atlantic City, particularly with Showboat's parent company, Caesars Entertainment, also owning three other casinos that will continue to operate in Atlantic City.

Caesars said Friday that more than 470 Showboat employees have gotten jobs with other casinos the company owns, here or in other states. That figure represents about half the number who had applied for new jobs elsewhere in the company. The Showboat has more than 2,000 workers.

Fitch said the three Marina District casinos — the Borgata, Harrah's and the Golden Nugget — may benefit more than the Boardwalk casinos because the marina properties are "the freshest" after major renovations in the past 10 years and because boardwalk activities are dwindling.

But it also predicted the Taj Mahal, Caesars and Bally's will get more business.

"Most of the closings are at the ends of the Boardwalk, leaving a cluster of remaining casinos (including Taj Mahal, Caesars and Bally's) that should see a sizable lift in business from the closures," the company wrote.

Fitch also noted some positives for Atlantic City, including an 8% casino tax and diverse entertainment options.

"Atlantic City remains one of the few places in the populous tri-state area to offer a full suite of eat, play and stay options and has by far the lowest gaming taxes," Fitch wrote. "Lower taxes give these casinos more room in the margin to spend on promotional activity, including free food and hotel stays."

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