

Detroit casino revenues soar this year, reversing trend

Written by Administrator

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By JC Reindl, Detroit Free Press 6:16 p.m. EDT July 8, 2015



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Gambling revenues were up nearly 5% during the first half of 2015 compared with last year at the MGM Grand Casino in Detroit. (Photo: Kimberly P. Mitchell, Detroit Free Press) [Buy Photo](#)

Detroit's three casinos have been on a roll this year, reversing what had been a gradual decline in gambling revenue.

Total gambling revenues were up 4.8% during the first six months of this year compared with last year, according to figures released Wednesday by the Michigan Gaming Control Board.

For just the second quarter, the revenues were up 4.3% compared with the second quarter 2014.

The performance is likely a result of lower gas prices and an overall improving economy, said Jacob Miklojcik, a Lansing-based gaming consultant.

A year ago, unleaded fuel was averaging \$3.80 a gallon in the Detroit area, according to the website GasBuddy.com. Today it is \$2.95 a gallon.

"The economy is doing better and you've got more disposable income because of gas prices," Miklojcik said. "That shows up in how people spend their recreational money."

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Casino revenues in Detroit [had been trending downward](#) since at least 2012 amid increased competition from the new casinos in Ohio as well as tribal properties within driving distance. But business picked up as gas prices plummeted late last fall.

Other possible factors in the casinos' turnaround could be strong Detroit convention business and anecdotal reports of more suburban residents visiting downtown than in the recent past.

However, Miklojcik noted that the revenue figures released today do not indicate the actual profits for each casino. So it's not clear whether the casinos have been doing bigger promotions or giveaways that would boost their total revenues, although not necessarily their bottom lines.

"If everyone had a big cash-back effort you'd see higher revenues, but that's not profit gain," he said.

The figures also do not show casinos' non-gaming revenues from sources such as hotel rooms, banquets and food sales.

Taxes from casino gaming have lately represented about 16% of the City of Detroit's total revenues, or just under \$170 million.

After Detroit exited bankruptcy in December, the city regained full access to gambling taxes that had been held as collateral on debt.

The money is considered crucial to financing basic services. Detroit is restricted to spending casino proceeds on specific purposes allowed under state law, including police and fire protection, anti-gang programs, economic development and "other programs that are designed to contribute to the improvement of the quality of life in the city."

Casino representatives either were unavailable for comment Wednesday or didn't respond to an interview request.

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Detroit's three casinos opened between 1999 and 2000. The smallest casino, Greektown Casino-Hotel, is the only one to have declared bankruptcy. It [had yet to turn a profit](#) at the time of its purchase in 2013 by Quicken Loans founder Dan Gilbert.

Gambling revenues for the second quarter by property

- MGM Grand Detroit: \$150.9 million (4.8% increase from second-quarter 2014)
- MotorCity Casino Hotel: \$117.4 million (5.4% increase from second-quarter 2014)
- Greektown Casino-Hotel: \$82 million (2% increase from second-quarter 2014)

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