

North Carolina Cherokees Betting on New \$110 Million Casino

Written by Administrator

Sunday, 06 September 2015 09:05 -

The Cherokee tribe in [North Carolina](#) is betting it can boost its income and solidify its hold on gamblers in the Southeast by opening a second casino, even at a time of slow growth in the gambling industry.

The casino opening Sept. 28 in the state's western corner will bring slots and blackjack tables an hour closer to Atlanta, a top source of visitors. The success of the \$110 million gamble hinges on whether it will increase overall visits or siphon business from the larger Cherokee resort 60 miles to the northeast, just across the [Tennessee](#) line from Gatlinburg.

The company that operates both casinos — the only two in North Carolina — concedes the new site in Murphy could cannibalize some traffic, but believes it will accommodate overflow and draw gamblers on day trips from neighboring states. The tribe's gambling revenue has been increasing faster than the industry as a whole, indicating there's room to grow.

Michell Hicks, the outgoing principal chief for the Eastern Band of Cherokee Indians, said research showed the new casino could increase the market without harming the tribe's existing resort. Drawing more customers from Atlanta, Chattanooga and Knoxville was a key consideration, said Hicks, who didn't seek a fourth term as chief in Thursday's general election.

"That was the final determination on the feasibility: capturing parts of those three cities," he said in a phone interview.

The absence of Las Vegas-style casinos in neighboring [South Carolina](#), Georgia, Tennessee and Virginia also favors the expansion. Each supplies significant traffic to the existing Cherokee casino, according to a case study by the UNC Kenan-Flagler Business School.

"You get busloads of people coming in from Tennessee and Georgia," professor James Johnson Jr. said in an interview. Johnson, who co-wrote the study, believes the new casino will expand economic benefits for western North Carolina.

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Hicks said 85 percent of current resort employees are not tribe members, and he expects that ratio to be even higher for 900 jobs at the new site. The surrounding county's poverty rate has reached nearly 18 percent in recent years.

Nationally, gambling has been slow to recover since the Great Recession as people continue to rein in leisure spending. Moody's Investors Service said in July that the industry shows signs of stability after months of declining revenue, but still faces challenges.

Indian gambling revenue nationwide grew by less than 2 percent last year and less than a percentage point in 2013, according to the National Indian Gaming Commission.

That's contributed to a slowdown in the opening of new Indian casinos. The most recent Casino City Indian Gaming Industry Report listed two openings in 2013 of casinos the size of what the Cherokees are unveiling.

"Where you're seeing more activity in recent years has been the expansion of existing facilities," report author Alan Meister said in an interview.

By contrast, the Eastern Band of Cherokees' gambling revenue grew by about 16 percent in 2013 and has outpaced the tribal industry for several years, according to Meister's report.

The Eastern Band's gambling revenue surpassed \$500 million in 2013, the tribe's first full year of offering blackjack and other table games and the year it opened a new hotel tower at the existing resort.

Already, the resort could use help keeping up with demand, said Lumpy Lambert, who will manage the new Harrah's casino for Caesars Entertainment Inc.

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