

ATLANTIC CITY - The summer crowds are long gone, and the 11 casinos here faced the reality of a long winter season ahead with Tuesday's release of some sobering revenue figures.

The opening of SugarHouse Casino on the

Philadelphia waterfront last month, coupled with July's start of table games at the other nine Pennsylvania casinos, further eroded Atlantic City's gambling revenues. Figures from the New Jersey Casino Control Commission showed an 11.6 percent decrease in revenues in September from a year ago, to \$296.3 million.

Most troubling was a 15.6 percent decrease in table-games revenues, nearly 6 percentage points worse than the 9.9 percent decline in slots revenue - a sign that table games in Pennsylvania had a clear impact.

"Obviously, September was a mixed bag of tricks," Don Marrandino, Harrah's Entertainment Inc. Eastern Division president, said in a conference call with reporters Tuesday afternoon. Three of the four Harrah's casinos reported double-digit revenue declines; Showboat was the exception.

"It was the first off-season month with Pennsylvania table games opening. We all have to make adjustments to that, and in the summertime, we could feel it a little bit," Marrandino said. "Now, in the off-season, we really have to understand this new business model going forward."

For Atlantic City to weather the storm, he said, that new model would be relying on cash-paying customers for hotel rooms, entertainment, spa treatments and dining.

SugarHouse's opening had some effect, although it was still too early to tell how much. The Philadelphia casino, which has 1,602 slot machines and 40 table games, grossed \$4.7 million in slots revenue in its opening week. September's table-revenue numbers for Pennsylvania won't be out until after Oct. 20.

"We felt it," Marrandino said. "It's still novel. It has a great location. It was what we expected."

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Yet gaming analysts remained bearish on the nation's second-largest gambling market. For the first nine months of this year, the casinos here generated \$2.8 billion, down 8.7 percent from the same period in 2009.

"Longer term, we believe Atlantic City gaming revenues will likely continue to trend down as the competitive landscape is expected to intensify with the opening of Aqueduct (phase one) in April 2011 and the ramp-up of SugarHouse Casino (now open)," Andrew Zarnett, of Deutsche Bank A.G., said in a note to investors Tuesday.

All 11 Atlantic City properties reported year-over-year revenue declines. The biggest decline was at Resorts, down 20.9 percent from September 2009; followed by the Borgata, which was down 16.1 percent, and Bally's, down by 16 percent.

In contrast, slots gross revenues were up nearly 8.0 percent compared with a year ago in Pennsylvania. Parx led the pack with \$31.3 million, up more than 9 percent from a year ago. The two biggest increases were at Rivers in Pittsburgh, 32 percent, and Sands Casino Resort in Bethlehem, which reported a nearly 13 percent increase.

Jackie Creamer, 64, of Woodland, N.J., is the type of customer Atlantic City is shedding. She visited SugarHouse for the first time Monday.

"I really love it," she said. "It seemed to be brighter, from the carpet color to the lighting. It just feels more comfortable and more open."

Up to now, Creamer said, she's gone mostly to Atlantic City to gamble, "but it's such a long drive."

"It's an inconvenience, especially in the fall and winter," she said.

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