

Revel Casino in Atlantic City is a losing gamble, says union

Written by Administrator

Sunday, 16 December 2012 13:29 -



A union says investors should stop pouring money into the Revel Casino in Atlantic City. Frances Micklow/The Star-Ledger A casino workers union that has been locked in a bitter struggle with Revel, Atlantic City's newest casino, is warning investors against pumping any more money into the struggling casino resort.

Local 54 of the Unite-HERE union, which is trying to unionize Revel, sent a report to the casino's main investors last week estimating it will need another \$300 million to stay afloat in 2013.

After analyzing the casino's finances from publicly filed reports, the union says Revel needs to make \$28 million to \$33 million a month in gambling revenues in order to meet its interest payments — far more than it has ever made in the 8½ months it has been open.

The best month Revel ever had in terms of gambling revenue was August, when it took in just over \$20 million. Its take from gamblers has been steadily falling since then, and it was further harmed by Superstorm Sandy, which hit at the end of October and affected the entire Atlantic City market well into November. Revel's take for November was a mere \$6.2 million.

Revel is seeking its second round of new financing since opening; it secured \$100 million in additional financing in August. The casino's management was not immediately available for comment on the union report.

The report said that if Revel does borrow an additional \$300 million, it would raise its debt level to \$1.6 billion, generating annual debt payments of \$175 million.

Revel Casino in Atlantic City is a losing gamble, says union

Written by Administrator

Sunday, 16 December 2012 13:29 -

Since opening in April, the \$2.4 billion Revel has languished near the bottom of Atlantic City's 12 casinos in terms of revenue. The project began right before the financial collapse of 2008, and it ran out of money halfway through construction before securing the additional financing and state tax incentives it needed to open.

Revel says its business model is less dependent on gambling revenue than other casinos. It says amenities such as restaurants, spas, hotel rooms and group and leisure travelers are a more important part of its operations that don't show up in monthly gambling revenue statistics.

Revel reported a gross operating loss of nearly \$37 million for the third quarter of this year.

In hearings before New Jersey casino regulators earlier this year, Revel executives predicted the property would see revenue levels similar or even above those of the city's most successful casino, the Borgata Hotel Casino & Spa.

So far this year, the Borgata has taken in more than \$558 million, compared with Revel, which has taken in over \$112 million since opening in April.

Associated Press

Read more http://news.google.com/news/url?sa=t&fd=R&usg=AFQjCNHRhFdLQokloLFJCCGZ749HFwoMqA&url=http://www.nj.com/business/index.ssf/2012/12/revel_casino_in_atlantic_city.html