

2 reopened Atlantic City casinos reshape market in 1st year

Written by Administrator

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ATLANTIC CITY, N.J. (AP) — June 27, 2018, was a day this seaside gambling resort had long waited for. Two of the five casinos that had shut down over the past four years were reopening.

The former Trump Taj Mahal was reborn as the Hard Rock, and the former Revel became the Ocean Resort Casino. Together they restored more than 6,000 of the 11,000 casino jobs that had been lost in the most brutal stretch Atlantic City's casino industry had ever endured, though some have since been cut.

But it also was a day that brought some caution. Many analysts and industry insiders questioned whether Atlantic City, which had just regained its groove as a smaller market, could handle two new competitors.

A year later, the verdict is in: More casinos has meant smaller profits. The nine casinos saw their gross operating profit decline by nearly 30% in the first quarter of this year compared to the same period last year, when there were only seven.

"We're very happy with where we stand in the market," said Joe Lupo, Hard Rock's president and a former top executive with Atlantic City's dominant casino, the Borgata. "There's a renewed energy in the market here because of our brand and our presence. In May, we were No. 2 for casino revenue. For a property open less than a year, that's quite an accomplishment."

Hard Rock offers live entertainment every night of the week, and has drawn top-name acts to Atlantic City, some of them for the first time, even with pricey tickets that some fans struggle to afford. Its collection of rock 'n' roll memorabilia is distributed throughout the property, including Elvis Presley's Rolls Royce, the Beatles' collarless onstage suits, a Michael Jackson glove, and scores of guitars played by artists from every genre.

In the first five months of this year, Hard Rock ranks fifth out of the nine casinos in terms of total gambling revenue, with \$121.7 million.

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Ocean has had a harder time of it. It sat idle for four years until Colorado developer Bruce Deifik bought it — sight unseen — in early 2018. It debuted last June, but by September, it was already hemorrhaging cash. In January, Deifik handed it over to Luxor Capital, a New York hedge fund that was one of the property's lenders; three months later, he died in a car crash in Colorado.

Luxor chose Eric Matejevich, a veteran casino executive, to help turn the property around. That included a \$70 million cash infusion, a new marketing plan and name change — it is now called the Ocean Casino Resort instead of the Ocean Resort Casino, to emphasize its gambling offerings — and accelerated plans for new eateries and retail businesses.

"Four months ago, we were losing a million and a half dollars a week, and now we are profitable," Matejevich said.

Ocean plans to reopen an additional 500 hotel rooms within the next year, expand its food and retail offerings, and is still wrestling with whether to open a buffet — something many customers have called for.

In the first five months of this year, Ocean has won \$80.5 million, trailing all but Resorts and Bally's. But Matejevich said positive trends are emerging, including the property setting net slot revenue records in April and May, something he expects to continue at least through August.

Luxor said it "has no intention to sell Ocean anytime soon."

"While some rumors still remain about the financial stability of Ocean, the noise has understandably died down lately," the company said in a statement. "Obviously we are not investing millions of dollars into these capital improvements to close the property. We're investing because we believe in Ocean. We believe it has the potential to be the premier guest experience in Atlantic City and for us, a highly profitable investment.

"June has been the best month in the history of the property and we believe, based on current trends, that Ocean is now self-funding going forward," the statement read. "And we are highly

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confident the financial future for the property is a prosperous one."

The Associated Press questioned more than 100 Atlantic City gamblers who have visited both casinos. Many said they liked the energy and vibe at Hard Rock; others said they found Ocean pleasingly laid back and quieter. Ocean's hotel rooms were widely praised, and its sports book is regarded as one of Atlantic City's best. Significant temperature variations on the Hard Rock casino floor were noticed by many patrons; the property is replacing its air conditioning system.

Story continues

"Ocean is my second home; it has a beautiful, airy casino that in parts even shows the ocean," said Lynn Manuell, a New York educator. "Every room is spectacular and the food is wonderful. I like Hard Rock as well. They have a great buffet and it's a bright and high energy."

Christine Ruggiero O'Brien of Patchogue, New York, has been visiting Atlantic City once a month for the past year, and has tried both places numerous times. She said Ocean's casino "is expansive and never feels cramped."

"I love that I never have an issue finding a table at Hard Rock," she said. "The staff has gone above and beyond to keep me playing there," despite cigarette smoke she describes as "overwhelming" at times.

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