

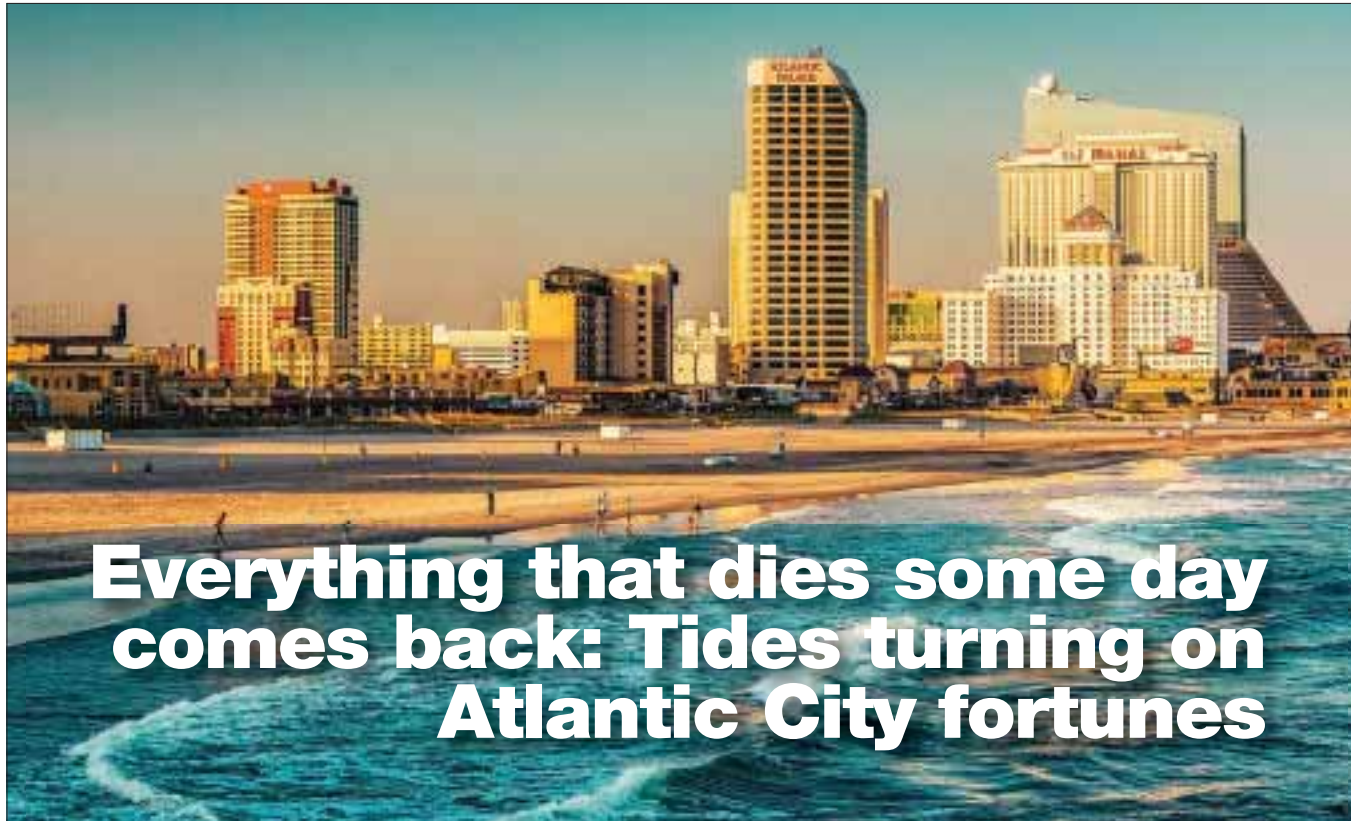
North America News

MARKETS

Gaming in New Jersey is on the rise following a period of poor performances, with investment into **Atlantic City** properties and a boost in revenues from casino-regulated online gaming reinvigorating the market, reports Tom Rush.



UNITED STATES



Everything that dies some day comes back: Tides turning on Atlantic City fortunes

A

tlantic City, and all its mansions of glory, has weathered turbulence becoming of its position of coastal exposure, but it now appears the clouds of recession are parting and beginning to illuminate the once-maligned coastline with rays of possibility.

The east coast's premier gaming destination has experienced a promising first quarter and a positive start to the summer, footfall is up, revenues are up, and money seems to be coming back to the Atlantic City's hallowed shores. In May alone the New Jersey Division of Gaming Enforcement show the state's seven casino operators reporting brick-and-mortar gaming revenue of \$208.3m, 2.5 percent higher than the same month last year and a significant

rebound from April's \$191m.

Additionally, \$21.1m was generated by the state's licensed online gambling operators meaning that overall May's total gaming revenue was up 4.3 percent to \$229.4m. Furthermore, if one is to only compare the seven casinos that were open in both this May and last - thereby excluding the impact of the now-closed Trump Taj Mahal - and the year-on-year brick-and-mortar gain rises to 10.7 percent.

Previous perilous marketing conditions may have led to the shuttering of a number of properties through the city, but those that remained have been rewarded with an ever-rosy looking market place.

"The pendulum is starting to swing back. For many years many of us thought that there was excess capacity in Atlantic City and there needed to be the contraction that we have seen over the last couple of years, seeing four or five properties closing. As this demand has been absorbed by the existing operators the pen-

dulum has naturally begun to swing back the other way," said Jeremy P Kleiman, a gaming attorney and member at Saiber LLC.

Due to this, operators outside of New Jersey are beginning to sense the opportunities present within it.

"Hard Rock opening next year will certainly be great for the market, as well as the potential joint venture of some kind between Caesars and MGM, which may not even be a gaming property, are positive signs that attitudes are changing regarding what the market can really do," Kleiman added.

Further to this, Fred Gushin, MD Spectrum Gaming Group added the property investments are one of the most pertinent examples of a rush of capital entering the marketplace owing to the continued appeal of land based gaming institutions, and their diverse offerings.

He added: "These types of ongoing investments that have been lacking over the last decade that are being announced are a reflection of the industry's confidence

in Atlantic City."

The scope for progress within the city is not without issue however, whilst new premises may represent affirmation of potential prosperity, there is a risk that older properties may not be able to compete on a level playing field due to the spatial constraints of their historic buildings.

Kleiman noted that any such threat can be allayed through a progressive approach to casino floor layout, and how best to engage customer traffic.

"What they can do to try to match the energy or some of the newer properties such as the Borgata or Harrah's for example, is to start to reconceptualise the casino floor, because the demographic is changing and you need to attract the younger customer," he added. "The challenge is how you see the space in a casino and get it to mirror the interactive environment which younger people get their entertainment through."

The wider American trend of resort casinos is something that Atlantic City

will likely have to get fully onboard with if positive performances are to be maintained in the coming periods. Whilst weekend visits to the gaming venues in the city are currently enough to make them viable ventures, redevelopment of both properties and the wire area is needed if a true holiday destination is to be cultivated.

Lia Nower PhD, professor director, at Rutgers University's Centre for Gambling Studies commented on this need to look further than the immediate impact of property investment in the city.

"I see it as a positive sign, for example the Borgata has managed to keep making money despite the downturn. But, like Revel, there have been places that have not done well despite the investment of a lot of money. Personally, I think that if they are going to be successful something has to be redeveloped with the surrounding area to attract more than just people who want to go to gamble."

She added that such initiative lies both with casino

Jeremy P Kleiman, a Gaming Attorney and Member at Saiber LLC



Fred Gushin, MD of Spectrum Gaming Group

'Smart City'
MGS Entertainment
Show 2017
14-16 November 2017
Venetian Macao



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properties and the city government: "There really needs to be a long term plan of development along the shore area to incorporate the casinos into more of a vacation destination that would attract families, young couples, and the elderly."

The ability of brick and mortar facilities to react to the market landscape and diversify offering is represented in no better way than the regulated expansion of casino gaming into the online sphere, which has proved a boon for operators.

Nower commented: "We're seeing more people do more things. So, with the variety when you increase the availability and the acceptability of gambling you are going to see more people participating in different things and you are going to see profits rise."

Gushin affirmed that any worry of online cannibalising casino spend is unfounded due to the cooperative nature of the operations between casinos and online developers.

"Atlantic City bottomed out a couple of years ago, and has shown for a lot of the casinos still there not spectacular, but steady growth. The state has shown its willingness, in terms of online, to be a partner, but obviously without compromising on the regulatory standards, but nevertheless working closely with the industry," he said.

Whilst the success of online gaming in the state of New Jersey seems unlikely to abate, and may very well represent the clearest picture of market progression, the environment in which it is regulated points to a positive future for the city by the sea, built as ever upon casino dollars.

Atlantic City still has a way to go to truly establish itself as a true gaming resort destination but the progress made in recent time paints a picture vastly improved on twelve months ago, Gushin commented of the steps made,

"These things are a vote of confidence in Atlantic City's future, brick and mortar is not going away."

LEGISLATION

Tribes finally get green light for third Connecticut casino



UNITED STATES

The legislative sessions have finally drawn to a close, and the exclusive right to open a third casino in Connecticut has been handed to a joint tribal venture, leaving commercial operators out of luck.

The protracted battle for the rights to operate a third casino venture in the north eastern state of Connecticut has drawn to a close with a joint venture between the Mohegan and Mashantucket Pequot tribes coming out as victors.

The bill has now been signed in by the state's governor, Dannel Malloy, who commented he believes the legislation, and legal reasoning around it to be sound.

Speaking following an event held at the Mohegan Sun Casino, Tribal chairman Kevin Brown



said the governor and the federal government are all on the same page when it comes to authorising the state's first casino off of tribal land.

Ryan Zinke, the secretary of the Department of the Interior, spoke during the event, a significant appearance for the groups in attendance and for the state, said Brown.

"It was really monumental to see the state of Connecticut's governor Dannel Malloy stand with the secretary of the interior particularly in the shadow of this agreement that we've struck with the state to build a third casino," he commented.

The overall decision represents a loss for MGM casinos who had supported a rival bill, and spent in excess of \$1.6m trying to sink the tribal plans in order to protect a \$950m resort casino the giant is building across state lines in nearby Springfield.

NORTH AMERICA ROUND-UP

In Illinois, a subsidiary of Golden Entertainment, the Nevada slot route operator that runs the PT's Pub chain, has been licensed to operate video gaming terminals in the state.

The company has announced that it has received permission from the Illinois gaming board to operate the gaming terminals, which are aesthetically similar to slot machines, but legally distinct in nature. This extends to installations within bars, restaurants, and truck stops, among a range of other premises.

In May, Illinois regulators said there are more than 26,000 video gaming terminals operating in



EXPANSION

Elements Casino Victoria looking for H1 2018 opening



CANADA

The expanded View Royal Casino remains on track to open in the first half of

2018, while the revamped venue will be rebranded under the Elements Casino Victoria name.

Located in View Royal, British Columbia, construction of the new casino, which will replace the existing property, began in February.

"Having an entertainment venue of such calibre on Vancouver Island is a very impor-

tant milestone as we will now be in the position to be a regional draw for the entire lower island marketplace," said David Screech, the mayor of View Royal.

Elements Casino Victoria will feature a 600 person multi-purpose entertainment venue, a 70,000 sq ft gaming floor with 800 slot machines and up to 25 table games as well as restaurants and lounges.

The venue is owned and operated by Great Canadian Gaming Corporation (GCGC), which operates 22 gaming

properties across Canada and Washington State, including 14 casinos.

"I am confident that Elements Casino Victoria will allow us to offer our guests and the entire Vancouver Island community the desired entertainment hotspot that will be known for giving a voice and a stage to local and regional talent, all while serving the best local cuisine and delivering an unparalleled guest experience," said Chris Lynn, executive director of Vancouver Island casino operations for GCGC.

6,000 locations in the state. Golden, which earlier this month announced the acquisition of American Casino & Entertainment Properties, owner of the Stratosphere, for \$850m, is now licensed in four states, including Illinois, Nevada, Montana and Maryland.

In Washington state, a seeming world away from the glitz and glamour of America's premier gaming destination, the Jamestown S'Kallam Tribe has reached a tentative agreement over a new Class II gaming compact that could see the group given permission to open a casino premises.

The provisional deal could replace the existing 1993 compact, and updates to it, which at present has allowed the tribe to operate the 7 Cedars Casino near Sequim.

The provisional agreement is now set to be sent to the Washington House of Representatives and the Washington State Senate before being discussed at a public hearing.

In Atlantic City, regulatory renegade Glenn Straub has now missed a self imposed deadline for the opening of Ten for the third year in a row. The announcement, of no surprise to anyone in the state, highlights once more that a complete refusal to adhere to the law of the land is somewhat a stumbling block for the opening of gaming properties.