

# MGM leads casinos in tight times

Detroit – Detroit's casinos are holding their own against the state's widespread economic downturn, though it's been a struggle for some.

The city's casinos posted an overall 5.67 percent rise in August revenue, compared with the same month a year ago. But the increase solely came from powerful gains at MGM Grand Detroit, according to figures released Tuesday by the Michigan Gaming Control Board.

Revenue at MGM, the first Detroit casino to open its glitzy permanent complex last year, was up 17.14 percent this August over last, from USD 42.75 million to USD 50.08 million.

Detroit's other two gambling halls, Greektown and the Illitch-owned MotorCity casinos, recorded slight declines. MotorCity was down 0.07 percent to USD 41.07 million from USD 41.09 million a year ago. Greektown, which entered Chapter 11 bankruptcy May 29, said its take declined 3.5 percent to USD 26.82 million from USD 27.8 million in August 2007.

The ups and downs in revenue at Detroit's casinos show that while the overall market continues to be robust in the face of the ongoing economic downturn, there are losers as well as winners.

## Greektown stays in the red

Greektown's year-over-year revenue dip reflects ongoing struggles at the bankrupt gaming hall, which has yet to open its hotel and entertainment complex.

While August revenue was up compared with June and July, Greektown still is the laggard among the city's three casinos.

Greektown officials say a number of factors have hurt their business, including a months-long construction project on I-375 that kept some customers away. The opening of three other new properties in the last year – the other two Detroit casinos' permanent homes and the expansion and rebranding of Caesar's Windsor across the river in Ontario – siphoned off business as well.

The loss of customer traffic has hit Greektown's bottom line hard.

Financial reports filed as part of the company's restructuring with the Eastern District of Michigan federal bankruptcy court in Detroit show Greektown lost USD 3.19 million across June and July, the two months immediately following its initial bankruptcy filing. That operating loss excludes construction costs related to the expansion of its gaming floor and construction of an adjacent 400-room resort-style hotel, which is scheduled to open early next year.

Because remaining construction costs are to be paid by special debtor-in-possession financing, the losses reported in the court documents show Greektown is having trouble taking in enough revenue to cover its day-to-day operating expenses.

Charles Moore of Conway MacKenzie & Dunleavy, a financial consulting firm working on Greektown's reorganization, expects Greektown to post a USD 15.9 million loss for the full year. Casino executives already are working to trim costs.

Casino finance experts said Greektown's losses aren't surprising given the economic downturn and the fact that it will be the last of four casinos in the region to open its full-size complex.

„It always, always helps to be first in regional markets like Detroit,“ said Bill Eadington, a gaming analyst and professor at the University of Nevada.

## **In gaming, being first pays**

Jacob Miklojcik, president of Lansing-based Michigan Consultants and a gaming analyst, said MGM Grand Detroit has emerged as the clear winner in the local casino circuit because it beat the others in building its Vegas-style facility.

„It was first to be new, so of course it gets the most attention,“ Miklojcik said. „We’re still waiting to see whether the other two will be able to cash in on that newness factor.“

MotorCity Casino opened its new hotel last fall and has unveiled other elements of its new facility in stages. So far, the piecemeal launches of the enlarged gaming floor and convention space have produced modest gains at best.

Many of those new elements have been operating for the better part of a year, but ongoing work to renovate and expand MotorCity’s gaming floor and add restaurants and a state-of-the-art performance theater forced patrons to dodge construction for months while the facility remained open.

This week, the casino/hotel complex began getting the word out to customers that the finishing touches are done. Executives showed off the slick new bars and restaurants and expanded gaming floor to reporters Tuesday. On Friday, MotorCity plans a VIP party to kick off the casino’s new post-construction era.

The casino is introducing an onslaught of new advertising as well. Broadcast and print ads touting the end of construction have been blanketing Metro Detroit media outlets this week.

MotorCity CEO Gregg Solomon said he expects the response to be positive for both customers and MotorCity’s bottom line.

„We’re interested in pushing the envelope here,“ Solomon said. „We’re making a bold statement not just about us, but about

the future of the city of Detroit.”