

Revel casino in Atlantic City delayed

Atlantic City – This town's run of bad luck continued yesterday with word that the opening of the USD 2.5 billion Revel casino would be delayed for as long as a year.

Revel's decision means all four megacasino resorts planned here are either delayed or shelved indefinitely because of the national credit crisis.

It adds to the misery that hangs like a fog here because of a collapse in business that has six of the city's 11 casinos in or near bankruptcy.

Kevin DeSanctis, chief executive officer of Revel Entertainment Group L.L.C., the company behind the casino resort, said all interior work had been suspended for at least several months as the company waits for the lending markets to improve so it can get the financing needed to complete the job.

With lenders few and far between, DeSanctis said, the decision to delay opening came down to shifting funds to keep construction going.

„It allows us to take the amount of money to spend over the next 12 to 15 months and make sure we can do certain things,“ he said. „This seemed to be the most reasonable way to allocate the funds.“

Work will be limited to the exterior shell of the casino, and 400 of 1,100 construction workers will be laid off.

„This allows us to keep the project going at a reasonable pace,“ he said. „At the point we are able to restart the interiors, we will. Hopefully, the [lending] market will

improve by then.“

The Revel delay is a particularly harsh blow, because it was the only major project of the four in the pipeline that had gone from conception to actual construction.

It also represented the next wave of Super Casinos – Las Vegas-style gambling halls with luxury hotel rooms, theaters, spas, fine restaurants, and retail shops – that were supposed to take this town to the next level as it morphed from a day-tripper market into an overnight destination.

„This is a real kick in the gut for Atlantic City,“ said Joe Weinert, of Spectrum Gaming Group L.L.C., a gambling consultant in Linwood, N.J. „Amid all of the bad news in 2008, Revel stood out as a shining beacon of hope.

„Now,“ he said, „the lights are turned off, so to speak.“

Revel joined Pinnacle Entertainment Inc., MGM Mirage, and a private investment group, led by former gaming executive Wallace Barr and developer Curtis Bashaw, that announced last year that they were postponing their Atlantic City projects because of a lack of financing.

Several construction projects in Las Vegas were also put on hold.

The havoc in the credit markets began to affect the Revel casino last spring, when the company had to secure interim loans from private investors just to lay the steel.

While cranes worked daily and trucks carrying cement and other supplies streamed in and out of the site on the northern end of the Boardwalk, DeSanctis conceded that continuing construction was a real challenge because of tight credit.

Then, tragedy struck when eight people – including three Revel executives and the project manager for the Revel casino – died in an airplane crash July 31. The chartered plane was en route

to Minnesota to look at possible glass exteriors for Revel's Atlantic City project.

Through it all, the company kept construction moving.

DeSanctis said that 18 floors of the first hotel tower were done, as was three-fourths of an 8,000-car parking garage, and that the structural steel for the casino was almost complete.

„Construction will continue on the corner shell of the structure and the enclosure,“ he said. „We will complete the building.“

Revel had originally planned to open in the summer of 2010, with 3,000 slot machines and 120 table games. DeSanctis said he was now looking more toward an early- to mid-2011 opening, all dependent on how soon the company had the funding to resume work on the casino's interiors.

„The good news is the company is not abandoning the project and evidently will endeavor to complete it as soon as the investment climate improves,“ analyst Weinert said. „I don't see this as another eyesore failure like the Dunes.“

Construction for the Dunes casino at Albany Avenue and the Boardwalk started in 1979. Within a year, the developer ran out of money and abandoned the project. The casino's skeleton – a few floors of steel – sat rusting for years until it was carted away in 1991. The site remains a parking lot.

Revel's development of a showcase casino was happening amid not only tight credit, but also what might be the worst downturn in Atlantic City's 30-year history as a gambling town.

After 28 years of consecutive growth, revenue for the 11 casinos here dipped below USD 5 billion last year and declined for the second year in a row. The weak economy has dramatically limited consumer discretionary spending, and

slots competition from Pennsylvania and New York has cut deeply into Atlantic City's revenue.

Six of the 11 casinos in town – the three Trump casinos, Resorts, the Atlantic City Hilton and the Tropicana – are facing uncertain futures. The three Trump casinos are restructuring their debt to avoid bankruptcy, as is the Atlantic City Hilton.

Last week, a lender threatened to take over Resorts after the casino defaulted on its loan, and bondholders and the former owner of the Tropicana are locked in a bitter battle in a Bankruptcy Court in Delaware as a state-appointed trustee tries to sell the troubled property.

„I don't think anybody expected the economic conditions to continue to get to this point,“ DeSanctis said. „I think everybody is a bit surprised by where we are.“