

Ratings Agencies' Perspective:

June 30 – Moody's Investor Service: [Announcement: Moody's changes outlook on US gaming industry to negative from stable](#)

Short Link: <http://goo.gl/qsoMLR>

Moody's Investors Service has revised its outlook on the US gaming industry to negative from stable. The negative outlook reflects recent declines in comparable monthly gaming revenue for most jurisdictions, as well as the flat revenues that preceded them, outside Nevada, over the last year and a half.

Moody's currently estimates that total US gaming revenues reported by state gaming authorities will decrease at a rate of between 3.0% and 5.0% over the next 12 to 18 months, translating to a decrease in overall industry earnings before interest and taxes (EBIT) of between 4.5% and 7.5%.

July 21 – Fitch Ratings: [U.S. Regional Gaming Weakness to Persist](#)

Short Link: <http://goo.gl/qOhNTB>

The long-term same-store growth in U.S. bricks-and-mortar regional gaming revenues will remain challenging, according to Fitch Ratings.

We attribute this pessimism to longer term structural macroeconomic and secular factors. Notable factors include saturation across regional markets; stagnant wages among the lower tier players; reprioritization of disposable income; proliferation of online/social gaming; potentially lower propensity to gamble among younger generations; and lowered preparedness for retirement by baby boomers.

July 5 - New York Post Editorial: [Moody's casino blues](#)

Short Link: <http://goo.gl/ZMkAlw>

The reasons: Weaker demand coupled with an oversupply of casinos has led to "a fundamental downward shift" in the gambling industry. Add to that high fixed costs, and Moody's finds that, with the exception of Las Vegas, casinos across the country are facing a "cannibalizing effect."

We've long been dubious of the government's claim that casinos are a sure-fire jump-start for economically depressed areas such as the Catskills. Once upon a time, it might have worked. But as Moody's reports, the numbers today aren't there.

July 14 - New York Times Editorial: [Gambling on Casinos in New York](#)

Short Link: <http://goo.gl/NBSA7z>

In other words, just when New York is proposing to ramp up its gambling business, the financial community is souring on the idea that casinos are an easy answer to state and local financial problems.

There have been plenty of reasons lately to worry about the casino business. Despite millions in tax credits, another major casino in Atlantic City has filed for bankruptcy and Trump Plaza casino is threatening to shut down in September. A Mississippi casino closed its doors, and New York's comptroller, Thomas DiNapoli, warned that the job and economic gains in communities where new casinos are built "may be offset by losses elsewhere."

July 23 – Bloomberg: [Atlantic City's Credit Rating Cut 2 Steps to Junk by Moody's](#)

Short Link: <http://goo.gl/EhKQka>

Atlantic City, New Jersey, the gambling hub that's been pummeled by regional competition in the U.S. Northeast, had its credit rating cut two levels to speculative grade by Moody's Investors Service. The reduction to Ba1 from Baa2 on the city's \$245 million of general-obligation debt reflects a weakened tax base resulting from anticipated casino closings, the New York-based ratings company said today in a statement. The outlook remains negative.

Oversaturation Market Case Studies: Mississippi

March 27 – USA Today: [Harrah's to close casino in Mississippi](#)

Short Link: <http://goo.gl/22BNG1>

State and casino industry officials last week warned a panel of Mississippi lawmakers that the state's casino industry is having problems, particularly in the Tunica-area market. The market there hasn't recovered since casinos briefly were shut down by flooding in 2011. Nearby gambling halls in other states seized on this opportunity and have been upgrading and marketing heavily, state leaders were told.

The economy is picking up, but nearby states with casinos, "race-inos" and Native American gambling are siphoning business from Mississippi casinos. And more are looking to get into the game.

May 31 – New York Times: [Harrah's Tunica Casino to Close, Hinting at Gambling Glut](#)

Short Link: <http://goo.gl/XbvPlz>

In Tunica County in the impoverished Mississippi Delta, it is a disquieting reality that underlines the deeper threat facing Mississippi and other states with legalized gambling: There may be too many casinos chasing too few gambling dollars.

"There's gambling everywhere," said Allen Godfrey, the executive director of the Mississippi Gaming Commission, which reported that the state's nontribal casinos posted \$2.1 billion in gross gambling revenues last year. "If you just want to gamble, you don't have to go very far to do it." It's extraordinarily rare for a major casino to just shut down.

June 2 – WREG: [Once biggest casino between Las Vegas and Atlantic City closes its doors](#)

Short Link: <http://goo.gl/Y5q1bp>

The dice are no longer rolling and the slots aren't spinning at Harrah's Casino in Tunica. The casino lights went out for good a little after midnight Sunday, meaning 1,300 employees are now looking for work.

June 18 – AP: [With Harrah's folding, increased competition, 'Tunica Miracle' goes bust](#)

Short Link: <http://goo.gl/V2EnT3>

It was easy to see why Caesars Entertainment Corp. was giving up on the 136,000 square-foot casino floor — the largest between New Jersey and Las Vegas. Harrah's closed June 2 — 18 years after it first opened as the Grand Casino.

The Tunica Miracle — as boosters called the coming of gambling to what had been an isolated, economically moribund slice of the Mississippi Delta — is over. A boom that peaked with 13,000 jobs has slid into a struggle for survival.

July 21 – Mississippi Business Journal: [Wasted away - Margaritaville in Biloxi to close by Sept. 19](#)

Short Link: <http://goo.gl/1C3m9J>

Just a little more than two years after it opened, Margaritaville Casino in Biloxi will close its doors on or before, Sept. 19, the casino said today in a memo to its employees....

"It's unfortunate, but it is a sign of the times," said Allen Godfrey, executive director of the Mississippi Gaming Commission...

Margaritaville is the second Mississippi casino to close this summer. In June, Harrah's Tunica closed, a victim of the competitive casino market that has hurt north Mississippi.

August 4 – Kansas City Star: [Kansas City casino market revenue shrinks again](#)

Short Link: <http://goo.gl/JmoK8O>

Another indicator of Mississippi's troubles: Its other, relatively healthy casino area, along the Gulf Coast, will lose a casino in September when Margaritaville Biloxi plans to close.

Oversaturation Market Case Studies: Atlantic City

June 27 – The Press of Atlantic City: [Caesars closing Showboat Casino](#)

Short Link: <http://goo.gl/VpPYdN>

Michael Pollock, managing director of Spectrum Gaming Group, a gaming consulting firm, said Atlantic City's struggling casino industry is a symptom of casino growth across the country.

"Gaming has expanded from coast to coast, and the continuing expansion in the east has essentially surrounded Atlantic City's core markets, from eastern Pennsylvania to Delaware to Maryland to New York," he said. "That has precipitated the decline, because so many core customers now have options, many of which are closer to home."

June 29 – AP: [Analysts: Atlantic City casino shutdown needed](#)

Short Link: <http://goo.gl/jpldaA>

For years, economists and analysts talked in theoretical terms about "casino saturation" in the northeastern United States. But there's nothing theoretical about what's happening in Atlantic City now.

The Atlantic Club is dead, taken down by two rivals. Revel says it will close if a buyer can't be found, and Caesars Entertainment, which says there are too many casinos in New Jersey, plans to shutter one of its four, the Showboat, on Aug. 31.

July 10 – Wall Street Journal: [Revel Casino, Still Shiny and New, Teeters on Edge](#)

Short Link: <http://goo.gl/J737lk>

Now, the 1,400-room property has filed for bankruptcy protection for a second time in nearly 15 months and is expected to close if a buyer isn't found. Revel's gambling revenues have regularly ranked near the bottom among Atlantic City casinos, according to state reports...

That Atlantic City's tallest, shiniest and newest property might go dark is the sharpest blow yet to Mr. Christie's optimistic five-year plan to address the city's ills. The news, along with the expected closing of the Showboat Casino, has roiled the city.

July 11 – Philly.com: [Trump Plaza set to close in Sept., N.J. officials say](#)

Short Link: <http://goo.gl/3tD6VP>

The list of casinos closing or expected to close here just keeps growing. Trump Plaza Hotel & Casino will shut its doors for good in mid-September, according to state officials who were briefed Friday by lawyers for the casino.

July 15 - The Economist Blog: [Atlantic City Playing one last card](#)

Short Link: <http://goo.gl/bb36fw>

To manage Atlantic City's waning appeal, New Jersey politicians are now seriously mulling a plan to bring casinos to Jersey City, which lies just across the Hudson River from New York City. This would be a big gamble: not only would it involve changing the law and holding a referendum, but also it would further deter travel to Atlantic City.

It is also not clear that more casinos would help. Moody's, a ratings agency, recently lowered its outlook on the nation's casino industry to "negative" from "stable." Gaming was down for 15 of 18 jurisdictions in May.

July 15 - New York Times: [Atlantic City Strives to Rise as Casinos Fall](#)

Short Link: <http://goo.gl/cRLiUY>

Simply put, there are just too many slot machines, blackjack tables and poker rooms. "It comes down to saturation," Mr. Guardian said in an interview last week. "How many more casinos do you think you can build in the mid-Atlantic states?"...

But some of Mr. Christie's initiatives have not borne fruit. In 2011, he pledged up to \$260 million in tax breaks to get construction to resume on the \$2.4 billion Revel resort.

Impact of Video Gaming in Illinois:

June 8 – Chicago Sun-Times: [Dolton betting on mini-casino for low-income retirement home](#)

Short Link: <http://goo.gl/zdlkWI>

Most days the Dorchester Senior Center is a relatively quiet place, the lobby filled with the soothing sound of an indoor water fountain.

But that tranquility could soon be replaced by a different noise: Cha-ching!

Dolton's municipal government — which owns the five-story low-income retirement/assisted-living home in the south suburb — recently awarded a contract to a catering company that hopes to open a mini-casino inside the complex.

June 26 – Rockford Register Star Editorial Board: [Our View: Loves Park shows way with lid on tiny video slot shops](#)

Short Link: <http://goo.gl/9QLa0I>

Been on East State Street lately? How about North Second Street? Do you begin to see the resemblance to "Potterville," the sleazy town in "It's a Wonderful Life" that would have come about if George Bailey had jumped off that bridge instead of being saved by Clarence the cadet angel?

If major streets leading into the Rockford area are starting to look down-market it might have something to do with the proliferation of tiny video gambling parlors. All of the sudden they're everywhere.

June 27 – Chicago Tribune: [Illinois casinos complain video gambling hurting bottom line](#)

Short Link: <http://goo.gl/lovfzI>

The latest drop in casino revenue continues what's mostly been a trend in Illinois and nationwide during the struggling economy.

Swoik argues that the video gambling law was drafted so broadly that it has allowed businesses that were not intended to have slot machines to install the devices. While proponents said the legislation would limit video machines to bars, restaurants, truck stops and fraternal organizations, Swoik pointed to instances where a flower shop in Oak Lawn and a scuba shop near Rockford have secured licenses to pour liquor, which allowed them to apply for up to five gambling machines.

July 8 – Peoria Journal Star: [Luciano: Video-gaming café not exactly Vegas in Peoria](#)

Short Link: <http://goo.gl/kXeLDA>

Last September, when the city granted a license to the owner — Blackhawk Restaurant Group, based outside Chicago — a rep showed me designs reflective of an upscale coffee house, much like an urban art studio. At the time, he declined to let me run those depictions in this newspaper, saying, "I don't want the competition to see them."

I can see why. The competition would have laughed — unless he was referring to one of those cramped free-breakfast areas at a national budget-motel chain. Two round tables and two fat chairs sit atop a swirling carpet, overall exuding the splendor of an orthodontist's office.

September 6, 2013 – Peoria Journal Star: [Luciano: They're betting ladies will love this](#)

Short Link: <http://goo.gl/ybwoJR>

Add up the whole package, and Emma's is aiming toward female customers. It's especially geared toward mothers who want to take a break between kids and husbands, mostly 4 to 6 p.m.

As Thiessen told this paper in June, "They drop the kids off, swing into Kroger, pick up something for dinner, and they've got 45 (free) minutes. They can come in and have a glass of wine. A gaggle of women can come in and have a couple of drinks."

Impact of Video Gaming in Illinois:

July 24 – The Gazette: [Video gambling grows like weeds in Illinois](#)

Short Link: <http://goo.gl/dRU5qb>

In the Land of Lincoln, you can't swing a bag of disposable income these days without hitting a little gambling parlor. Five years ago, the Illinois Legislature authorized the installation of up to five video gambling machines in bars, restaurants and other businesses. They started showing up in 2012 and took off in 2013.

So last week, when we walked into TJ's Liquor in Pinckneyville, Ill., my wife's hometown, we found a line of video poker machines. TJ's, once a conventional grab-and-go liquor store, the kind a guy might like to stop at before he encounters his in-laws, now serves alcohol in-house to its players.

July 27 – The Southern: [Communities ponder use of video gaming funds](#)

Short Link: <http://goo.gl/nl8vKH>

The state's casinos can attest to that, as revenue during the first full year of video gambling cost casinos 7 percent of their revenue, Illinois Casino Gaming Association executive director Tom Swoik said...

"We are losing revenue but it had started to level off until video gaming. Revenue dropped 42 percent at the state's casinos between 2008 and the end of 2013," he said. "There are now close to 18,000 video gaming machines out there and some in places that were not the original intent of the gaming act, like flower shops and a pool supply place."

The state has nearly reached saturation point with the devices, he said.

"They are cannibalizing revenue from the Illinois casinos and the worst part is, generally, we pay higher taxes than video gaming, up to 50 percent, while they pay 30 percent. At some point, you reach a point of diminishing returns," he said.

July 25 – The Telegraph: [Video gaming's impact on non-profit organizations proving minimal](#)

Short Link: <http://goo.gl/Ya4Jn8>

Video gaming has been a money maker for numerous local businesses since being legalized in Illinois, but the impact on veterans organizations such as American Legion and Veterans of Foreign Wars (VFW) has been marginal.

July 26 – NewsTribune: [Area video gaming parlors in jeopardy?](#)

Short Link: <http://goo.gl/k0v4EM>

Suzi's is one of the most profitable video gaming parlor sites in the state, according to recent Illinois Gaming Board records. And it's so profitable that other sites just like it are rapidly opening in small towns not just in the Illinois Valley, but throughout the state.

The creation of these new businesses that feature video slot and poker machines with some adult beverages sold on the side is far different from the original intent of the Video Gaming Act when it became law in 2009. The act was meant to stop illegal video gaming machines in bars, yet allow places with liquor licenses and truck stops to legally operate them with state and local governments earning a cut from the proceeds.

July 30 – NewsTribune: [Alderman: No video gaming licenses for far-away owners](#)

Short Link: <http://goo.gl/BL6Hui>

Should the city of La Salle limit the liquor licenses required to host video gambling to business owners who reside in the Illinois Valley?

Alderman Jim Bacidore told the city council on Tuesday that out-of-area-owned video gambling parlors were challenging long-time local bars that also offered video gambling.

"If we give anybody licenses, they should be from the area so the money stays here," he said.

Illinois and Midwest Gaming Market:

June 9 – Crain’s: [Casinos wonder if they've made a bad bet](#)

Short Link: <http://goo.gl/EbWbc2>

Despite the expansion of gambling options, Illinois collected 35 percent less last year (\$538 million) in gambling-related revenue than it did in 2007. While the recession and slow recovery hurt performance, even net wagering at the still-growing number of video gambling terminals—some 16,000 in bars, truck stops and fraternal organizations—fell for the first time, in April from March....

For now, the greatest threat to casino operators is being eaten by their own kind. The proliferation of betting positions, or seats, not only creates competitors but even dulls the customer's taste for the novel.

“Gaming in the Midwest is definitely very mature,” says Alex Bumazhny, a Fitch Ratings analyst in New York. “It's basically a zero-sum game.” A study commissioned for a proposed casino in Cedar Rapids, Iowa, found that it would cannibalize existing sites for three-fourths of its business.

July 15 – The Herald News: [Casino Revenue Down in Joliet, Statewide](#)

Short Link: <http://goo.gl/BCCUfR>

Casino revenue in Joliet continued on a downward spiral in June, as was the case for the rest of the state, according to figures released last week by the Illinois Gaming Board.

Revenue at Harrah's in Joliet was down nearly 17 percent compared to June 2013, while the biggest money-maker – Rivers Casino in Des Plaines – experienced a 4-percent decline and Hollywood Casino in Joliet experienced a 9.5-percent decline.

Overall, the state's 10 casinos were down nearly 11 percent in revenue last month compared to June 2013. The loss in revenue puts Harrah's in Joliet in third place –slightly behind Elgin's Grand Victoria Casino – after having held steady at second place for several months behind Rivers Casino.

July 30 – Daily Journal: [Revisions for slot parlors could change gambling game](#)

Short Link: <http://goo.gl/qwtrs2>

Local state legislators, Rep. Frank Mautino, D-Spring Valley, and Sue Rezin, R-Morris, have indicated they both support and would vote for such revisions of the gaming act.

"We did not foresee the rapid expansion of such unique gaming businesses when the law was originally passed," Mautino previously said. "It wasn't the intent of the original act. We never intended to allow these small operations to be created."

When he checked a few weeks ago, Mautino found there were 175 of these gaming parlors in the state with more opening almost daily.

August 1 – Des Moines Register: [Board: No casino licenses for 3 years](#)

Short Link: <http://goo.gl/cwsLzO>

Members of the commission that oversees casino licenses in Iowa said Thursday they will not consider new license proposals for three years, but the panel stopped short of voting to impose a formal moratorium...

In April the commission rejected a proposal from Cedar Rapids, saying it would take too much revenue from existing casinos. The commission cited two recent studies it had ordered from consultants that found Iowa's gambling market to be saturated with so many casinos that new ones would simply snag customers from existing operations and reduce their revenue.

The Jefferson casino was found to have far less impact on others, although it still is estimated to cannibalize about \$30 million a year.