

Spectrum Gaming Group Projects 2 Percent Increase in Atlantic City Casino Revenue

2008-01-07

Atlantic City casinos will generate \$4.99 billion in gross gaming revenue this year, according to projections by Spectrum Gaming Group, an independent research firm.

Although the figure represents 2 percent growth over Atlantic City's 2007 performance, it still falls below the record-setting year of 2006, when the industry generated \$5.2 billion.

"Within that forecasted increase, there are powerful forces dampening our projections. These range from continued competition from Pennsylvania casinos to a tightened smoking ban at Atlantic City casinos to declining consumer confidence of their finances," said Harvey B. Perkins, Spectrum Senior Vice President for Analysis.

"On a positive note, Atlantic City will continue to experience growth in non-gaming areas, fueled in part by the addition of 2,500 hotel rooms coming on line in 2008, coupled with added traction from retail, dining and other attractions," Perkins said.

Although Atlantic City will benefit from the lack of new competition opening in its immediate market in 2008, the city will feel the brunt of new eastern Pennsylvania casinos planning to open in 2009 and 2010. These include Sands Bethworks in Bethlehem and Foxwoods and SugarHouse in Philadelphia.

"Amid all that competition, however, Atlantic City will continue its evolution into a regional entertainment destination in coming years, with the expected opening of at least two billion-dollar casino resorts and continued growth in segments ranging from conventions to free-and-independent travel," Perkins said.

Spectrum Gaming Group executives have been analyzing the Atlantic City market for three decades. The firm in 2006 projected a 3.6 percent increase in gaming revenue, and the final tally showed a 4 percent increase. In 2007, it projected a decline of at least 3.6 percent, and the final number (scheduled for release later this week) is expected to be slightly below that projection and likely will be close to our moderate-case projection of a 4.6 percent decline.

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