

# The Natchez Democrat

## Recession has caught up with Mississippi casinos

By **The Associated Press** | The Natchez Democrat

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JACKSON (AP) — With Mississippi's state-licensed casinos taking in \$47.6 million, or 20 percent less in June compared to the same month last year, experts say the recession may have caught up with the state's casino industry.

Although casino revenue has fallen, Mississippi has not experienced the long-term double-digit monthly percentage declines seen in Nevada and New Jersey.

Mississippi's casino winnings from January to April dropped 7.9 percent this year to \$872.8 million from \$947.8 million in 2008. And in May, casino winnings declined by just \$11.4 million, or 4.9 percent, compared to May 2008.

New Jersey, the second largest casino market, saw winnings fall 13.6 percent in June compared with a year ago — the second-best month this year in percentage decline. And in Nevada, the nation's top casino market, revenue for the fiscal year is down 13.7 percent.

Casino revenue, or "win," is the net amount of money won from gamblers. It is not profit.

The gross earnings figure represents casino revenue only — separate from hotel, restaurant or bar revenues generated by the resorts.

Larry Gregory, executive director of the Mississippi Gaming Commission, said he tracks the numbers for Nevada and New Jersey and he knew Mississippi, the third largest gambling market, would not be immune to the large monthly declines for long.

“Considering today’s economy, this is not shocking,” Gregory said Tuesday about June’s figures from by the Mississippi State Tax Commission. “It just caught up with us here in Mississippi. You can just look throughout the country and see double-digit decreases.”

Mississippi’s state-licensed casinos won less money from gamblers in June than during any month since the reopening of coast casinos since Hurricane Katrina in 2005.

Figures show the state’s 30 casinos won \$189.7 million last month compared to revenue of \$237.3 million in June 2008. It was the worst June since 2003.

The figures were the worst monthly showing since December 2005 when Gulf Coast casinos began reopening after Katrina slammed into Mississippi in August of that year. The casinos won \$145.7 million that month.

Jacob Oberman, a casino consultant for Las Vegas-based CB Richard Ellis, said regional, drive-to markets have fared better during the recession than major gambling destinations that draw from a wider radius of people.

The Mississippi Gulf Coast is considered one of three major gambling destinations and Oberman said to some degree it will experience the same problems seen in Las Vegas and Atlantic City. Casino revenue dropped by 28 percent on Gulf Coast in June.

“It’s not as big of deal to drive 20 minutes and go to a casino and go home and spend \$50,” Oberman said, referring to the regional markets. “It is a much bigger deal to spend on a plane ticket, the hotel, plus restaurants and gambling. So if you take those three markets, they are a little bit behind the eight ball.”

One positive note, Gregory said, is that traffic at Mississippi casinos has not fallen. People are just spending less money, he said.

“I think the penny slots are getting more play than the dollar slots these days. People are just watching what they are spending,” Gregory said. “Instead of staying three or four days, they’re staying two days. Instead of putting \$100 in the slots, they are putting \$50 in the slots,” he said.

Oberman said the lack of available home equity loans and lines of credit have hurt people’s discretionary funds and casinos located in struggling housing markets are suffering.

“If you look at Florida, some of the markets that the Gulf Coast draws from, their home markets have really dropped off dramatically. If you look at Tallahassee and Jacksonville, they’re down pretty dramatically,” Oberman said. “That’s going to curb people’s spending.”

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