

Brad's Blog: The numbers don't lie

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BILOXI, MS (WLOX) - Remember the days when Mississippi touted itself as the nation's number three gaming destination? Remember when gaming insiders predicted this state's gaming revenue would quickly surpass Atlantic City, and Mississippi would move up to number two on that list?

This week, a gaming executive told me, "We're just a small, regional market now."

Why? What happened?

For starters, the nation's economy tanked. Gaming revenue numbers quickly dropped.

As you probably know, the Mississippi State Tax Commission releases a monthly report about gaming revenues. And over the last 14 months, those numbers have gone down. August 2009 was 14 percent below August 2008. July 2009 was 10 percent below the money taken in during July 2008.

Gaming execs keep telling me that sort of comparison isn't a true indication about how the market has changed. They say a larger sample of revenue totals should be analyzed to fully understand how gaming in Mississippi has reacted to the nation's economic downturn.

So, let's compare the first eight months of 2009, with the first eight months of 2008, 2007, 2006 and 2005 (those were the months right before Hurricane Katrina).

January-August	
2009	\$772.8 million
2008	\$884.7 million
2007	\$886.2 million
2006	\$514.2 million (not all casinos reopened after Katrina)
2005	\$874.2 million

As you can see, 2009 revenues are down - 13 percent compared to 2008 and 2007, and 12 percent compared to 2005.

The economy is certainly a factor. Fortunately for casino execs, they feel like the worst is behind them. The insider I talked with said the market was finally stable. "I think it's found the bottom," he said.

The other factor is competition. Wind Creek opened on I-65 in Alabama. And that siphoned Montgomery and Atlanta gambling traffic away from south Mississippi.

The Wind Creek casino is on tribal land owned by the Poarch Band of Creek Indians. It has slot machines with bingo games. And it doesn't have table action. However, "At the end of the day, it's gambling," my insider noted. "Our games are better. However, it's hard to compete against them, out of convenience."

Competition in Florida is also eating away at Mississippi's customer base. The Hard Rock Seminole facility in Tampa has table game action. And many of this area's best card and dice players come from that region. Gaming execs believe some of those players are staying closer to home to play the games they love.

Yet people on the coast remain upbeat about the industry's immediate future. Boomtown just added a new steakhouse to its menu. The Palace is getting ready for an expansion. And we keep hearing murmurs that something may happen soon with the Margaritaville site. A Harrah's representatives promise to let us know as soon as there's news to report.

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