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*Greektown Casino*

More than a year after Quicken Loans founder and CEO Dan Gilbert took control of the struggling Greektown Casino-Hotel, the downtown gambling hall's fortunes continue to slide.

Analysts say Detroit's gaming market is saturated, with increased competition from new Ohio casinos and aging patrons who are choosing to entertain themselves in other ways — all of which contribute to leaner bottom lines for casino operators.

"I don't think Greektown is a cursed location," said Alex Calderone, a casino restructuring expert with Birmingham-based Calderone Advisory Group LLC. "I don't think the issue is mismanagement, poor customer service or anything of that nature. I just think we're in a mature market."

But while there's no immediate danger it will slip back into bankruptcy, Greektown may be hurting worse than the other Detroit casinos.

It remains the smallest of the three by revenue, at 24 percent of the market. And its revenues are falling more sharply than at its larger rivals MGM Grand Detroit and MotorCity Casino.

When Gilbert bought majority interest in Greektown in April 2013, he promised significant improvements — perhaps opening up the casino with the type of inviting glass entrances that define his Horseshoe casinos in Cleveland and Cincinnati.

But according to a recent filing with the Securities

and Exchange Commission, Gilbert's company, Athens Acquisitions LLC, has scaled back a \$150 million renovation plan to \$25 million-\$50 million, including new slot machines, carpets and heating, ventilation and air conditioning. The work is under way and should wrap up by the second half of 2015, the SEC filing said.

"Our initial thought was to have a pretty robust plan for the property," said Jennifer Kulczycki, a Rock Ventures spokeswoman. "The feedback from analysts and our own analysis led us to re-evaluate that initial (plan). Our ownership of this place is new, let's do these things that are really important and will make an immediate impact ... and let's evaluate these broader things to see if they make sense."

Gilbert's company greatly values Greektown because it's close to downtown Detroit and other key retail and entertainment properties in his grand vision for a walkable, vigorous commercial area. After acquiring dozens of buildings downtown in the past few years, he's trying to make a

connected live-work-play district.

Industry experts say the decision to scale back its Greektown Casino plans to more modest renovations is a smart and cautious move.

“My view is that it was wise to cut back,” said Jake Miklojcik, a local gaming analyst and former Greektown board member. “You don’t add all that much by getting fancier. What you care about is convenience and cleanliness.”

Jeffrey Compton, an Ohio-based gaming consultant and publisher of the CDC gaming report, agreed.

“They’re probably looking at the future and realizing there’s not a lot of market growth,” he said. “Maybe they can get more percentage of the current market, but it’s certainly not worth spending \$150 million to do.”

The fact that Greektown had a 6.7 percent revenue drop after the May 2012 opening of Hollywood Casino in Toledo “is not grounds for an emergency,” he said. “But that might be grounds not to invest

✎ \$150 million.”

Path has been rocky

Greektown Casino’s path has never been easy.

It opened in November 2000, the third and last of Detroit’s casinos to welcome gamblers. Across the Detroit River, Casino Windsor had been open and luring American gamblers since 1994, and Indian casinos already dotted the state.

Originally managed by the Sault Ste. Marie Tribe of Chippewa Indians, it was sold in 2010 to a group of out-of-state hedge and mutual fund

✎ owners who bought the casino out of bankruptcy. Then Gilbert took it over.

Last year, Greektown’s revenue fell the sharpest of Detroit’s three casinos, down 6.7 percent, to \$328.3 million. By comparison, revenue dipped 6.3 percent in 2013 at MGM Grand and 1.2 percent percent at MotorCity.

The picture hasn’t improved this year. Through the first four months of this year, revenues at Detroit’s three casinos totaled \$112.3 million — down 6.5 percent from the first four months of 2013 — as the saturated market continues to lose customers to Ohio’s new casinos and alternative gaming options.

In April, MGM’s revenue fell 4.1 percent to \$47 million, MotorCity’s dipped 3.8 percent to \$38.2 million and, at Greektown, it plunged 13.6 percent to \$27.1 million.

In 2011, the year before Hollywood Casino’s opening, Detroit casino revenues totaled \$1.4 billion.

Local gaming revenue is on pace to fall for the third consecutive year, a trend prompted in part by Hollywood Casino, a smoke-free option that opened in May 2012 in Toledo, just an hour away.

At least one industry analyst suggests the local market is so saturated that it may be unable to support four casinos long-term.

In an interview with The Detroit News last month, Richard McGowan of Boston College's Carroll School of Business Management

 said he thinks one of Detroit's gaming halls "will eventually go."

Calderone has suggested Windsor could be the first casino to fold.

'Significant competition'

In its annual report, filed to the SEC in February, Detroit's smallest gambling hall admitted it faces "significant competition."

"MGM Detroit, MotorCity and Caesars Windsor may each have greater name recognition and financial, marketing and other resources than we do, and all three casinos completed major renovations/expansion projects in the past several years that have the potential to increase their respective market share of the Metro Detroit Gaming Market," Greektown said in its report.

Despite the challenges, some analysts don't think Greektown's revenue issues are insurmountable.

"Revenues are pretty good," Miklojcik said. "It's lower than the other two, but so what? I don't judge myself on what someone else makes."

Kulczycki said that the Detroit gaming market has historically been very robust, but she thinks Greektown can reverse its declining revenue and market share trends.

"We don't like to see the arrow going down," she said. "It's not something we're OK with. We are making some of these improvements because we do think it will help revenue.

"We think the pie can get bigger."

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Karl Henkel contributed.