

The Impact of Local Economic Conditions on Casino Revenues

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Abstract

The study is focusing attention on the connection between the casino revenues and local economic conditions, measured by unemployment, GDP and real estate market indicator for metropolitan statistical area in which casinos operate. The effects of local economies on casino revenues in downtown Las Vegas and Reno, are viewed as hybrid between international/national and local gaming destinations, and are expected to represent a happy median. Casino revenues on the Las Vegas Strip, Atlantic City and Boulder were more sensitive to changes in local economies than winnings for casinos in Laughlin, Reno and especially Downtown Las Vegas, which consistently was the least responsive to local economic changes. Findings indicate change in all local economy indicators affected the change in casino revenues in the expected direction. Also change in local GDP had the strongest impact on change in casino revenues followed by change in housing index, while change in unemployment had the weakest effect on the change in casino revenues.

I. Introduction

AN ANALYSIS OF casino winnings and their determinants in major US gaming destinations was conducted in 2012, by investigating how they are affected by national macroeconomic indicators; these indicators are represented by GDP, inflation, unemployment, misery index and the stock market. The following is an analysis of how fluctuations in the value of US dollar against major currencies affect casino revenues in major US gaming destinations. In this paper the link between casino revenues and the health of local economies is analyzed.

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