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MGM Grand, Greektown get bids

State board, Mirage execs to meet next week

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Two of Detroit's three downtown casinos are taking bids from buyers, and gaming experts say they are both attractive properties.

Michigan Gaming Control Board officials plan to meet with MGM Mirage officials next week to discuss the future of MGM Grand Detroit, which potential buyers have been pursuing, news reports said.

The Las Vegas-based casino company, controlled by investor Kirk Kerkorian, is seeking to sell assets like the Detroit casino to avoid defaulting on its debt. However, MGM Mirage officials said Monday the property is not for sale.

In a statement, the company said if it were approached by a buyer, it would evaluate offers.

According to Bloomberg News, MGM Mirage is also in talks with banks to pledge casinos as collateral, a person with knowledge of the talks said.

Greektown Casino is also pursuing buyers as it approaches one year under Chapter 11 bankruptcy.

Steve Rittvo, a gaming expert at the Colorado-based Innovation Group, said Detroit is considered a stable gaming market. Greektown and MGM Grand Detroit would attract different types of buyers.

Rittvo said MGM is a prize property because it is among the company's more-profitable and would attract purchasers looking for a stable property.

MGM Grand Detroit has consistently grabbed the highest revenues in Detroit and ranked fifth in profitability measures among MGM Mirage's casinos in the third quarter of 2008.

Greektown, however, would attract someone looking to take on a project, given its bankruptcy issues, he said.

Randall A. Fine, a Greektown consultant, said most in the industry knew MGM

Grand Detroit was likely available to a buyer, given its parent company's need for cash.

"I don't believe this is new news to folks inside the industry ... they need to raise cash," Fine said. "This is a property they should be able to get a lot of money for."

Fine said MGM Grand Detroit is not core to its parent company's Las Vegas-based strategy.

"Detroit is outside their sweet spot," he said. "All of their assets are on the strip."

MGM Mirage stock dropped 8.5% Monday in trading on the New York Stock Exchange, closing at \$3.23 a share. It is down 95% over the past year.

Damian Kassab, chairman of the state board, said he has not received official word that MGM is selling the property. He said the meeting in Las Vegas was set up prior to reports about a sale.

"All I've heard is anything is on the table," Kassab said. "They may be taking the cream of the crop to generate cash," Kassab said.

Having two Detroit casinos up for bid would be more a reflective of tough times in the gaming industry than of Detroit's market, said Bill Eadington, director of the Institute for the Study of Gambling and Commercial Gaming at the University of Nevada, Reno.

Gaming revenues at Detroit's three casinos rose in February, 4% higher than those recorded in February 2008.

Eadington said there are investors out there with cash -- possibly international companies. Greektown officials say they've shown the property to six potential bidders.

As of the end of September 2008, MGM Mirage had \$13.29 billion in long-term debt. "What's happened to MGM ... they got to some point of being over-leveraged," Eadington said. "There is a degree of desperation."

Bloomberg News contributed.
