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Will Casinos Affect Downtown Businesses?

Target 11 Investigates

Becky Thompson, Consumer Investigator

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PITTSBURGH -- If slots are approved in Pennsylvania, the next big gamble could come in the form of casinos.

While many support casino gambling as a good source of tax revenue, it's often sold as a great way to help struggling area businesses.

Target 11 consumer investigator Becky Thompson went to Detroit where three casinos have been operating for the last four years.

Could a casino bring more traffic to a lagging Pittsburgh business corridor? The answer is yes and possibly no.

Casinos increase traffic with people going in and out of them. The big problem is getting gamblers to hit the sidewalks when casinos have so much inside to keep them there.

The entertainment, the food and of course the gambling makes a good combination for a night out. Everything is under one roof, with a lot of freebies too.

That's why the owner of a Detroit landmark, Carl's Chop House across from one of Detroit's most popular casinos, said gaming has done nothing to improve her business.

Chop House owner Claudia Pasalacqua said, "We thought the business would come back but it didn't. In fact, I think they took some of our business away."

Pasalacqua said casinos offer conventioners coupons for free meals before they get to town, eliminating the need to leave casinos.

A downtown cafe and deli owner said she gets no business spillover from the casinos.

"We don't see any effect, nothing," she said. Yet, she's located only two blocks from a casino.

In fact, very little business has sprung up next to Detroit's MGM Grand or Motor City casinos.

Things are different around the Greektown Casino. That casino was started by local merchants who put no restaurants inside. The result is the Greektown strip prospers. But Detroit's equivalent of Pittsburgh's Fifth Avenue shopping corridor, Woodward Avenue, is still mostly vacant and boarded up.

Some say the lack of business spillover is because Detroit's casinos are located close to freeways, where metro Detroiters, the casino's bread and butter, get in and out quickly after work or for an evening out.

Detroit's City Council president says proponents ignored problems they already knew existed at the casino across the river in Canada.

Casinos have not only done very little in the last four years for local businesses. They're also being blamed for taking money away from other entertainment venues.

Tom Wilson, president of Palace Sports and Entertainment, which owns The Palace where the Detroit Pistons play and two concert venues in the Detroit area, said billions of dollars of discretionary income that once went to sporting events, movies or the theater is now being spent at casinos.

"The dollars going to the casinos are also most of the dollars that could go to anyone of 100 other entertainment enterprises," Wilson said.

City leaders and at least one gaming expert say the full benefit of casinos to other business in Detroit isn't fully realized yet.

That could take a couple more years when the hotels and entertainment complexes that go along with these casinos are built.

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