

LIGHT Comments on Second-Quarter 2022 DGE Report

For immediate release

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Comments from Jane Bokunewicz, faculty director of the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT), Stockton University School of Business, on second-quarter 2022 numbers released today by the Division of Gaming Enforcement:

Atlantic City's casinos performed well in second quarter 2022. They exceeded both second quarter 2021 and 2019 for total net revenue. This is a positive indicator for the city, but much of the growth was generated by the city's two newest casinos, Hard Rock and Ocean.

Gross operating profit was essentially flat compared to 2021, but exceeded 2019, which indicates that casino operators have continued to leverage lessons learned during the pandemic to balance expenses with consumer demand. Amid uncertainties in the market – from the continued influence of public health concerns to inflation and raised fuel prices – the industry as a whole has learned to adapt and operate profitably.

The second quarter 2022 performance of the casino industry is indicative of the myriad of challenges faced by the industry as it recovers after many months of suppressed economic activity due to COVID-19 and lingering public health and economic concerns. Despite the volatility of the spring, July's rebound, as demonstrated in the most recent monthly numbers from the DGE, is evidence of the industry's resilience and the skill of operators to adapt to and manage uncertainty in the market.

Nongaming revenues seem to have recovered in their significance to total casino revenue. Those revenues represented 46% of total net revenue in second quarter 2019 and 39% in second quarter 2021. At \$374 million, revenues from lodging, food & beverage, entertainment and other nongaming sources generated 44.4% of total revenue for the quarter. This demonstrates a return to pre-pandemic behaviors for in-person casino patrons and further supports operators' recent capital improvement investments. These nongaming amenities, as well as the gaming ones, diversify the casino product in Atlantic City and the region. And, by offering a quality and distinctive experience both in-person and online, Atlantic City's casino operators can remain competitive in a rapidly evolving market.

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