

Jersey Shorecast Panelists: Summer 2024 Tourism Outlook ‘Pretty Robust’

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Atlantic City, N.J. — The general outlook for businesses at the Jersey Shore heading into the summer of 2024 is “pretty robust,” but there are some concerns, especially with no beach concerts in Atlantic City this year and New York casinos looming on the horizon.

That was the overall sentiment from a panel of local experts who spoke at the 16th annual Jersey Shorecast on May 8, sponsored by the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT) at the Stockton University School of Business. The discussion was held at the Stockton University Atlantic City John F. Scarpa Academic Center and streamed online.

LIGHT Faculty Director Jane Bokunewicz opened the discussion, which was moderated by Bre Young '20, the event coordinator and project manager for Good Time Tricycle Productions. Good Time Tricycle has put together several events in the Atlantic City area, including the Atlantic City Beer and Music Festival.

This year’s panelists had an Atlantic City focus and included:

- Mark Callazzo, managing partner, RMS Capital. Callazzo is the man behind the revitalization of the Orange Loop in Atlantic City and is co-owner of the Tennessee Avenue Beer Hall, Cuzzie’s Pizzeria, Rhythm & Spirits and Bar 32 Chocolate.
- Oliver Cooke, associate professor of Economics at Stockton and editor of the South Jersey Economic Review.
- Daniel Gallagher, director of sports sales for the Atlantic City Sports Commission.
- Gary Musich, vice president of sales and destination services for Visit Atlantic City.

“I’m cautiously optimistic for the summer,” Cooke said. “Job growth right now has kind of picked up over the first quarter for Atlantic City proper, relative to where we were in late 2023. Unemployment remains very, very low. My sense is that we’re in a pretty decent place with all the headline metrics.”

Before the discussion, Bokunewicz presented statistics that highlighted some of the successes of 2023, especially at Atlantic City casinos. Total gross gaming revenue (\$1.4 billion) was up 11% from 2022 primarily due to growth in internet gaming and sports betting, in-person gross gaming revenue (\$811 million) was up 1% from 2022 and

nongaming net revenue was 45% of the total net revenue compared to 39% in previous years.

But not all of the numbers were positive as overnight stays were up 8% but were shorter than in previous years. Casino employment was up in general, but labor shortages were still a factor. Also, several panelists from the fall Jersey Shoreview reported that weather was a negative factor in the summer of 2023, Bokunewicz said.

Callazzo said 2023 wasn't great for his businesses, and he attributed some of that to a belief that many people finally felt comfortable taking big trips — three years after the COVID-19 pandemic.

"Yeah (last year) was not, not good," he said. "Our customer count was down. Our average check was down. ... I think that a lot of the tourism was lost to people taking the trips that they had put off for three years."

Following is a recap of the questions and some of the answers from the panel:

How did the local tourism industry perform in 2023?

Gary Musich: I'm very bullish with what I see in trends in the meeting and event business. What we booked in 2023 was the best we've ever done. It's the rebound of the event business. ... We see the volume coming and growing, and we see the interest in Atlantic City growing in the short term.

Daniel Gallagher: Sports is one of the largest growing markets, except maybe behind cannabis. We came off a banner year. We did about 75,000 room nights in sports alone, which was 250,000 people and \$1 million in economic impact. And there's no question that's here to stay. The question is, how do we diversify our portfolio to get these sports athletes, these spectators, this affluent demographic, to raise that check price, you know, at one of Mark's properties.

Oliver Cooke: My general take on last summer was that it was pretty, pretty decent, certainly, in Cape May from what I know off the top of my head in terms of tax and hotel motel tax revenue. Hiring in terms of leisure and hospitality employment last summer was up. So, perhaps not as robust, in some areas, as 2022 was. My general sense is that we're still in a pretty, pretty robust economic environment right now.

How would you describe the region's current economic circumstances?

Mark Callazzo: I mean, I hate to be all doom and gloom. But first quarter wasn't great. I think we had a lot of weather problems. I do have concerns about the overall economy. So, I'm optimistic for a good summer, but first quarter wasn't a great start.

Musich: I think part of the discussion has to be how do we market this city? I think that's a big part of what we're all talking about, and consolidation and message and branding. We're changing some gears in how we deploy and focus and talk about how we sell this city. We've stopped talking about what makes our community unique. What kind of charities are we involved with? We bring up Mud Girls and other things. What's the community like? Is it just Atlantic City? Or are there other attributes in this county that can make our brand look and feel better? And I believe it is. And so, as we've changed that conversation we've connected with potential customers on a different level.

Labor shortages were still a concern in 2023. Do you feel that will have an impact on 2024 summer tourism?

Callazzo: I mean, I'm not seeing it near as much as it was. I think there are plenty of people looking for jobs, but I think the wage inflation is not going away. Pre-pandemic, I think pizza makers made \$15 to \$20 an hour, and now they make \$25 to \$30 an hour.

And it's not going to go back because wage inflation is sticky. So, we're just stuck with those higher wages. But I think there's plenty of people that are looking and willing to work now.

Cooke: Atlantic County actually had five consecutive years of population declines. That was pre-pandemic. The pandemic cost another year of out migration, for I think, obvious reasons, and in some sense it was one of the most hardest hit metropolitan areas in the country. And we've seen pretty anemic population growth over the last couple of years. But to Mark's point, the J1-Visa program is finally kind of getting back on track. So, I suspect there'll probably be less of the constraint as it relates to finding people.

Gallagher: I look at the sports metrics and what I'm seeing across our different landscapes is that due to the rise and the value of sports right now that we are ramping up to be able to support these events. In February, when (the U.S. Futsal Northeast Regional Championship) is in and if there's 6,000 athletes roaming around the streets of Atlantic City. You're watching these eateries ramp up to a more year-round level. Not that skeleton staff that it used to be, because hopefully, the demand is providing that. As Atlantic City continues to grow its convention and visitors market as well as the sports market, how will these eateries, these retail stores, be able to adapt to staffing appropriately so that we're able to fit the needs of the conventions and trade shows that come into town?

Do you anticipate anything else impacting performance this summer? What will the impact be?

Callazzo: I mean, weather's the big wild card. I think if we have good weather we're going to have a good season.

Cooke: Yeah, weather's always the obvious wild card. It's also always a question to what extent does inflation differentially impact certain segments and demographic groups? Because you can make a case that continuing high inflation, especially like eat out of home inflation, which I think everyone who goes to dinner these days is like, 'Wow, yeah, that bill is a lot bigger than it used to be.' That also feeds into maybe staying as opposed to flying somewhere else. Now you get like, OK, we're going to tighten up and we're going to be closer to home.

Gallagher: I always talk about where we're geographically located. You look at airfare prices nowadays. Your trip to Las Vegas is probably well over \$700. A couple of years ago, that same flight was \$350. So, where we're located geographically, I think, actually supports that we're going to see a great summer. People are going are willing to get in the car and drive. Are they willing to get on an airplane and fly? And you know, pay all those ridiculous fees that come along with that? But I will say that I'm extremely optimistic about this summer.

The absence of beach concerts and the presence of new events like the North to Shore Festival, how do you see that affecting us?

Musich: I think if there are going to be beach concerts again, it has to be subsidized. So, what else do we do to create these? I don't have the answer. But Bader Field's an option or subsidizing things back into Boardwalk Hall is an option. We'll see how it impacts the summer. 70,000 people on the beach on a weekend in the summer, I'm not convinced overall that creates an impact. It creates, I think, product for the city and people talking about the city.

Callazzo: I'll say honestly, the beach concerts, with the exception of Phish, were bad for our business. We were typically down. I think people came, went to the beach concert, got in their car and left, went to the hotel and slept, but didn't venture out into the city.

Musich: That's the behavior in a lot of cases, right? They're going to come. But also, I think you displace certain customers. I'm not going in there. I'm not going to be able to get a hotel. It's going to be expensive, or the traffic sucks or all these things.

Looking into the future, are there new challenges/new opportunities to consider in 2024?

Gallagher: From a sports perspective. For us, it's the wild, wild west in a very, very good way. The growth of women in sports, first of all, is long overdue. These women deserved to be celebrated years ago. When did we think that an Omaha, Nebraska, volleyball game would sell out and break records at 92,000 people? Or Caitlin Clark would sign a million-dollar deal with Nike. How is this applicable to Atlantic City? We had 4,000 female wrestlers in the NJSIAA wrestling tournament at Boardwalk Hall this year. That would have never been a thing before. So, you're seeing direct economic impact in those sports and through the growth of women in sports.

Musich: I think the most important thing we need to do as a business community is consolidate our marketing effort, consolidate the message, get everybody on the same page. When you had the convention authority, you had a branding plan and structure and strategy in place. We have to get back to that. I think it's critical, because I think it helps all businesses. It allows us to talk on a broader scale about investment.

Cooke: I do think that one of the things long term that Atlantic City is going to have to do is transform itself from being a place that produces a commodity, an entertainment commodity, as important as that is going to remain, that ultimately requires visitation, to something that actually you can sell, absent people actually being here because it puts such tremendous pressure on the entire regional economy. You have to get people to come. That was the thing that casinos did. You didn't have to just do just the summer. The casinos provided you 12 months. ... Finding a way to diversify beyond just the leisure and hospitality industry is going to be very, very important over the long haul.

Callazzo: I think the overlooked piece here is the city needs to fix itself. Bringing people to the city is really what we need to change. People come here. They work here. They get in their car. They drive offshore to where their house is. The city's not going to change until we have more of a population that lives here. Adding people also helps the clean and safe perception.

Musich: We have to choreograph showing new people the city the right way. We're arguing over how to pave (Atlantic Avenue). Let's sit down and figure out how to pave the street because you can't even drive down it right now.

Callazzo: It's population. You need people to live here. You need people to get engaged in politics and vote and get involved with the clean and safe meetings and all of that other stuff. We have high taxes. We have the perception of clean and safe. So it's not really an attractive offer to live in the city, and those are the things that need to change.

Do you have any closing statements?

Gallagher: There is an elephant in the room, and that's the New York casinos coming on board and what that looks like for us. Four casinos, four licenses that are going to open up. I think we're more collected than we've been in a very long time. I think more people are talking that should be talking together. You know I'm a big fan of the phrase that a rising tide raises all boats, but I think a better phrase is that we're all on different boats, but in the same storm. So, having that conversation with different people that are stakeholders in this industry that we have to protect our city from what will be inevitable when these casinos open up in New York.

PHOTOS (Credit: Mark Melhorn/Stockton University)

Jerseyshorecast1: From left, LIGHT Faculty Director Jane Bokunewicz, Shorecast moderator Bre Young, Mark Callazzo, managing partner, RMS Capital; Oliver Cooke, associate professor of Economics at Stockton University; Daniel Gallagher, director of sports sales for the Atlantic City Sports Commission; and Gary Musich, vice president of sales and destination services for Visit Atlantic City.

Jerseyshorecast2: From left, Mark Callazzo and Oliver Cooke

Jerseyshorecast3: From left, Daniel Gallagher and Gary Musich

Jerseyshorecast4: Oliver Cooke, Jane Bokunewicz, Mark Callazzo, Daniel Gallagher, Gary Musich and Bre Young.

VIDEO: Click on [this link to download](#) video that can be used for B-roll from the event. Or go to <https://bit.ly/44x7ZdS>

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