

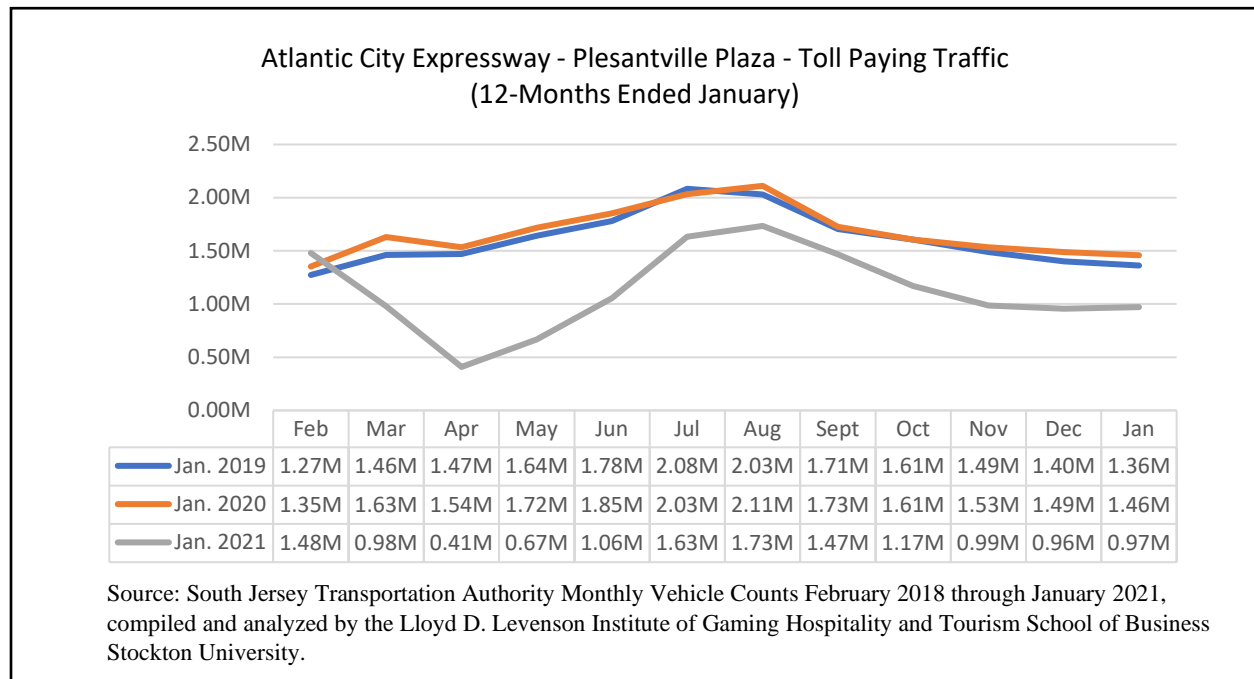
A Year of COVID-19: Atlantic City Impact Report

The February 2021 data released by the New Jersey Division of Gaming Enforcement allows us to get the first look at a full 12-month cycle of COVID-19 impact for Atlantic City and the casino industry in New Jersey. Data from the New Jersey Division of Gaming Enforcement (DGE), South Jersey Transportation Authority (SJTA) and Meet AC combine to tell a story of fewer public gatherings, a shift to virtual/remote activities and the loss of thousands of jobs in the service sector. These trends were repeated across the state, nation and globe in both gaming and non-gaming related industries.

Travel

After a year of travel restrictions and stay-at-home orders it is no surprise that visitation to Atlantic City, measured by vehicle counts at the Pleasantville Toll Plaza of the **Atlantic City Expressway**, declined by nearly a third. The total vehicle count for the twelve-month period ended January 2021 was 32.6% lower than the same period ended January 2020.

In April 2020, the first full month of pandemic related restrictions, the count of vehicles was 73.4% lower than April 2019. By July 2020, when Atlantic City’s casinos reopened, vehicle counts had begun to improve trailing July 2019 by 19.7%. After a summer of declining COVID infection rates, the September 2020 vehicle count was just 15% shy of September 2019, but as the ‘second wave’ of virus infections arrived, the vehicle count began to decline again, down 35.9% in December 2020 compared to December 2019.

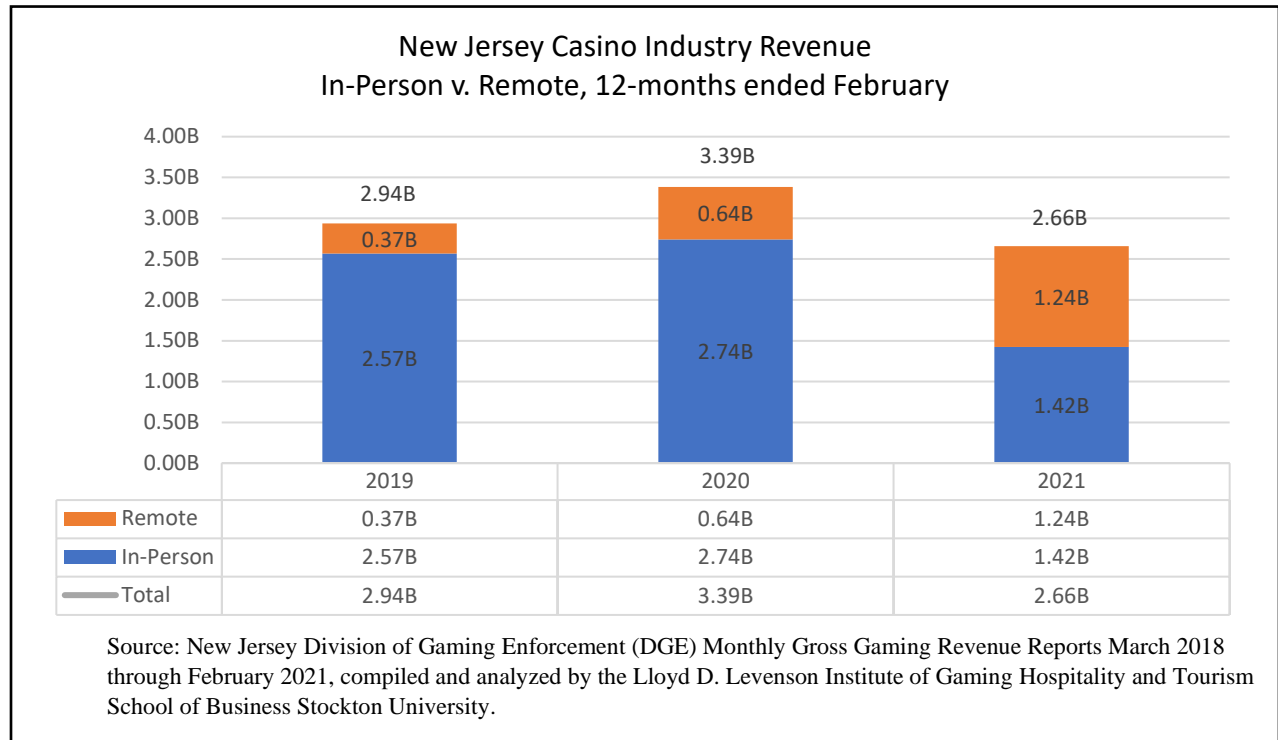


On par with trends across the aviation industry, passenger counts at the **Atlantic City International Airport** declined nearly 60% (59.1%) in the twelve-month period ended January 2021 compared to the same period ended January 2020. Year-over-year declines in passengers peaked in April 2020 which trailed April 2019 by 98.6%. Passenger counts have begun to slowly recover, but as of January 2021 were 67.7% lower than January 2020.

Gaming Revenue

Reduced travel to the resort was also reflected in casino gaming revenues reported by the New Jersey Division of Gaming Enforcement. With Atlantic City casinos' land-based operations closed to the public for a record 107 days (March 16 to July 2, 2020) and reopening with capacity limits, revenues from in-person gaming activities (Slots, Table Games, Poker and Retail Sportsbooks) declined nearly 50% (48.1%) in the 12-months ended February 2021 compared to the same period ended February 2020.

Revenues from remote gaming activities (Internet Gaming and Online/Mobile Sportsbooks) however, increased over 90% (91.9%) in the same period.

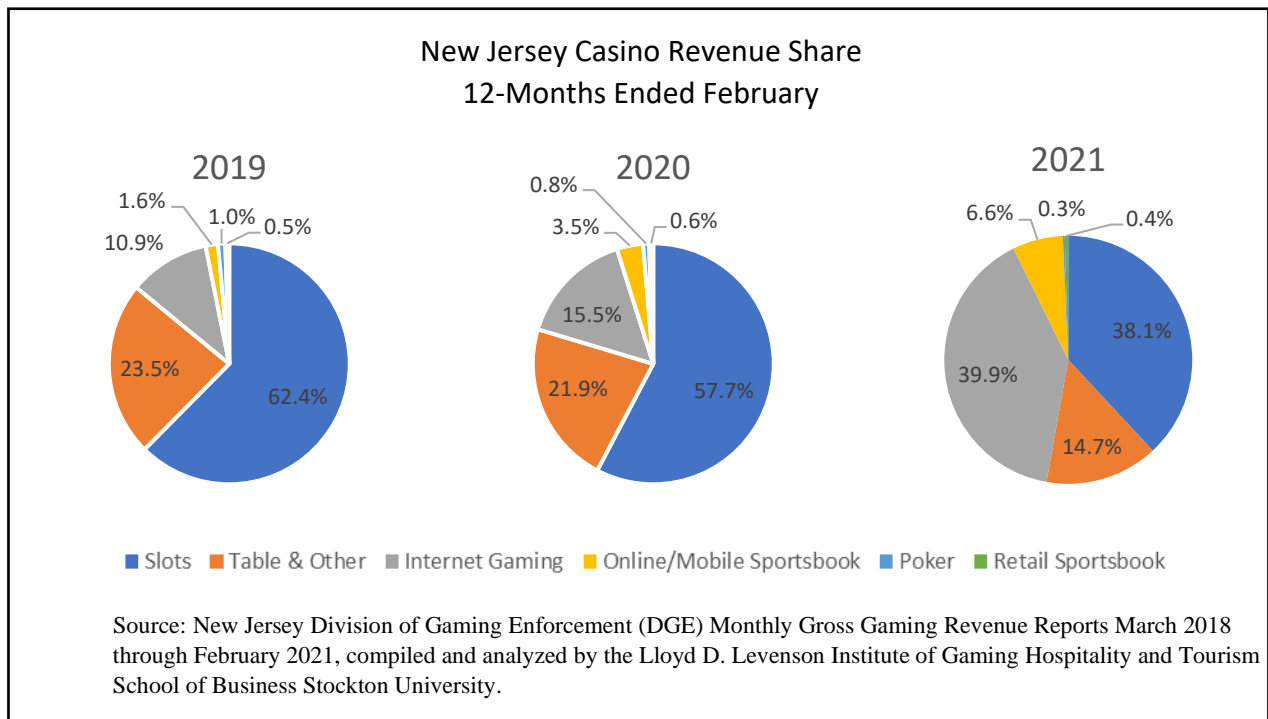


Revenue from remote gaming activities softened the blow but was unable to replace all revenue from lost or deferred in-person gaming activity. Total gaming revenue for the 12-month period declined more than 20% (21.5%) over the prior period. For comparison, total gaming revenue for the 12-month period that ended February 2020 increased 15% (15.3%) over the same period ended 2019.

The challenges of a year of pandemic conditions had a notable impact on gaming revenue mix for casinos. Prior to the pandemic, remote gaming activities represented roughly 20% of gaming revenues; over the past 12 months that share has increased to over 45% (46.5%).

Slots, historically the dominant source of gaming revenue, was overtaken by internet gaming revenues in the 12-month period ended February 2021. Slots represented 38.1% of gross gaming revenue in the period compared to internet gaming which represented 39.9%.

Online/Mobile sportsbooks also made significant gains in terms of overall gaming revenue share nearly doubling from 3.5% for the 12-month period ended February 2020 to 6.6% in the period ended February 2021.



Non-Gaming Business, Employment

Closures and suppressed consumer demand also had a negative impact on properties' non-gaming revenues. When 4th quarter 2020 and 1st quarter 2021 data become available from the DGE we should expect to see a reciprocal decline in Lodging, Food & Beverage and Entertainment revenues generated by casinos' resort amenities.

Capacity limits, operating restrictions and suppressed consumer demand in response to COVID-19 resulted in lower staffing levels for casino employers. According to January employment reports, total casino employment as of January 1, 2021 was 21,339 a 20% decline compared to January 1, 2020. The balance of full time, part time and other employees (which include employees on furlough) also shifted. In January 2021 70% (14,955) of casino employees were considered full time compared to 74% (19,760) in 2020. In January 2021 20% (4,485) of casino employees were considered other compared to 15% (3,913) in 2020.

COVID-19 related restrictions and precautions had a particularly devastating impact on Atlantic City's meeting and convention's business. In the 12-month period ended February 2021 **MeetAC** reported a total 32 meetings and trade shows, 89.2% fewer than the same period ended 2020 (297).

Nearly 600,000 fewer people (-597,260) attended meetings and conventions in Atlantic City from March 2020 through February 2021 than in the prior 12-month period. This resulted in almost \$260 million less in attendee spending (-\$259,100,747) a 90% reduction year-over-year.

Based on the findings of LIGHT's recent consumer survey ([available at stockton.edu/light](http://stockton.edu/light)), there is reason to hope that, after the most challenging year in the history of casino gaming in Atlantic City, a return to pre-pandemic prosperity is in sight. Over 70% of respondents to the survey conducted in January and February 2021 indicated they planned to visit Atlantic City within the next six months, which bodes well for the summer 2021 tourism season.

Of respondents who had yet to visit Atlantic City since casinos reopened in July, the overwhelming majority cited the pandemic as the primary reason they had yet to visit, suggesting that once pandemic conditions ease visitors *will* return to the resort.