

LIGHT Comments on First Quarter 2024 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 the First Quarter 2024 numbers released Wednesday by the state Division of Gaming Enforcement:

Closer review of first-quarter lodging data reveals a more positive outlook than initially suggested by the small drop in occupancy rate would initially suggest.

Atlantic City's casino resorts sold 10,000 more room nights in the first three months of 2024 than in the same period of 2023 despite a nearly \$8 year-over-year increase in average daily room rate (ADR). ADR increased by approximately \$4 in first quarter 2023 compared to the same period in 2022. The first quarter 2024 ADR is nearly \$35 higher than the same period in 2019.

Leap Day (February 29, 2024) added an additional day to the quarter compared to last year, adding both additional available room nights and the potential for additional sales. This dynamic likely contributed to the slight decrease in occupancy rate year-over-year, despite more room nights being sold.

At 902,092 the number of occupied room nights is the largest seen since 2019 (951,017) and is consistent with a subtle increase in visitation to the city as measured by the South Jersey Transportation Authority's count of vehicles passing through the Pleasantville Toll Plaza of the Atlantic City Expressway. Vehicle counts for the period January through March 2024 increased 3% over the same period in 2023 and 9.5% compared to the same period in 2022.

This pattern is also seen in total net revenue for the quarter, which was the highest in recent history — growing nearly 2% year-over-year. While the industry might have hoped that this increase in net revenue would translate to an increase in gross operating profit for the period, it was sadly not the case.

While the third highest (in dollar value) in the past eight years, first-quarter Gross Operating Profit was down 8.7% in 2024 compared to the same three-month period in 2023. A variety of market circumstances can explain this dynamic, including an increase in the cost of doing business, inflation, and a potential shift in revenue mix to operations like lodging and food & beverage that traditionally have narrower profit margins.

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