

LIGHT Comments on Third Quarter DGE Report

Media Advisory: Coverage invited

November 22, 2021

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 third quarter 2021 numbers released today by the Division of Gaming Enforcement:

Q3 2021 was one of the best quarters for the New Jersey Casino industry in recent history.

Net Revenue and Gross Operating Profit in third quarter 2021 not only exceeded third quarter 2020, but also third quarter 2019 (\$239.4 million). Third quarter 2021 gross operating profit (\$310.8 million) is evidence that New Jersey's gaming operators have learned to adapt to the circumstances of the pandemic and run lean and profitable enterprises.

By operating 'lean,' especially in terms of employment levels, operators were able to make the most of the third quarter 2021 net revenue (\$968 million), to return a high Gross Operating Profit.

So far it seems operators have been able to successfully balance the currently reduced labor supply with growing consumer demand for resort amenities including lodging. That does raise the question of the potential impact on future employment in the casinos and if some currently unfilled jobs might ultimately be eliminated.

While up from a pandemic low of 46.25% in fourth quarter 2020, the third quarter 2021 occupancy rate of 81.3% was lower than recent highs of 90.83% in third quarter 2019 and 95.82% in third quarter 2017 (when only seven properties were in operation). Revenue Per Available Room (RevPAR) for the quarter \$182.61 was a significant improvement over both third quarter 2020 (\$115.99) and pre-pandemic third quarter 2019 (\$146.24). This was supported by an average rate per occupied room of \$224.61 well above third quarter 2020 (\$159.11) and 2019 (\$161.06).

Overall, the industry is showing strong signs of recovery and resilience in the face of the COVID-19 public health crisis.

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Stockton University

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