

LIGHT Comments on Third Quarter 2023 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 Third Quarter 2023 numbers released Tuesday by the state Division of Gaming Enforcement:

While the industry would have liked to see more growth, the performance of net revenue in 2023 was relatively flat compared to last year and the year prior. Gross operating profit was down, perhaps reflecting an overall increase in the cost of doing business and attracting patrons to the resort amid local and regional competition.

In keeping with the experiences of many resort communities along the New Jersey shore, Atlantic City saw a bit of a cooling off in summer 2023 compared to the pent-up post-pandemic energy seen in 2021 and 2022. That said, it did outperform pre-pandemic 2019 for both net revenue and gross operating profit, suggesting that this could be part of a cycle of stabilization.

With such significant disruptions in the market as we've seen recently, pendulum swings should be expected. After coming to a near standstill with the pandemic lockdowns, there was a burst of activity once people were able to travel freely again — boosting returns in 2021 and 2022. The present slowdown may be simply the system righting itself — overcorrecting after the swell.

The initial return to travel was focused on local, drivable destinations — favoring Atlantic City's proximity to major population centers and contributing to the highs observed in 2021 and 2022. This year, people may have traveled further abroad, after foregoing international travel since the pandemic, contributing to the observed decrease in activity in the city in 2023.

For those that did come to the resort, inflation may have changed their spending behaviors. They may have shortened their trip, eaten out less, or participated in more free activities as observed by operators in Cape May and other New Jersey resort destinations.

The three years since the pandemic have not been “normal,” but with 2024 and 2025, we may be entering a new phase in the cycle of recovery and a better understanding of how the city will perform moving forward. This of course assumes there won't be new

market forces further disrupting the gaming, hospitality and tourism industries of the region.

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