

A publication of the Lloyd D. Levenson Institute of Gaming, Hospitality & Tourism at Stockton University
 Rummy Pandit, L.P.D., M.B.A., C.H.A., Executive Director

Atlantic City Gaming Win & Non-Gaming Revenue

Source: N.J. Division of Gaming Enforcement

| Month of December (\$ In Thousands) | December 2017 | Change from Prior Year | December 2016 |
|---|---------------|---------------------------|---------------|
| Total Gaming Win (includes Internet) | \$ 206,993 | -0.5% | \$ 208,080 |
| Internet Gaming Win | \$ 20,758 | 12.9% | \$ 18,382 |

| Year Ended December 2017 & 2016 (Current Operators, \$ In Thousands) | 2017 | Change from Prior Year | 2016 |
|---|--------------|---------------------------|--------------|
| Total Gaming Win | \$ 2,659,013 | 7.3% | \$ 2,477,227 |

| For the Nine Months Ended September 2017 & 2016 (Industry, \$ In Thousands) | September 30, 2017 | Change from Prior Year | September 30, 2016 |
|---|-----------------------|---------------------------|---------------------|
| Casino Licensees: | | | |
| Casino | \$ 1,962,767 | 1.5% | \$ 1,933,244 |
| Rooms | \$ 304,492 | -4.9% | \$ 320,251 |
| Food & Beverage | \$ 327, 140 | -2.3% | \$ 334,964 |
| Entertainment & Other | \$ 128,434 | 8.0% | \$ 118,893 |
| Casino Licensees Total Revenue | \$ 2,722,833 | 0.6% | \$ 2,707,352 |
| Third Party Business Sales | \$ 154,828 | -6.0% | \$ 164,725 |
| Combined Sales | \$ 2,877,661 | 0.2% | 2,872,077 |

Atlantic City Statistical Transportation Data

Source: South Jersey Transportation Authority

| Travel Mode | Jan-November 2017 | Change from Prior Year | Jan-November 2016 |
|---|-------------------|------------------------|-------------------|
| AC Expressway | | | |
| Total Toll-Paying Traffic Pleasantville Toll Plaza | 17,139,191 | -1.9% | 17,462,286 |
| AC Airport | | | |
| Scheduled Service Passengers | 911,802 | -12.2% | 1,038,965 |
| Charter Passengers | 98,875 | 26.7% | 78,052 |
| Total Air Passengers | 1,010,677 | -9.5% | 1,117,017 |
| NJ Transit Rail Service to A.C. | | | |
| Rail Passengers | 927,323 | -9.2% | 1,021,660 |

Legislative Update

Supreme Court of the United States: Christie v. National Collegiate Athletic Association- As recorded by the **Supreme Court of the United States**, on Dec. 4 the court heard **oral arguments** in the case of Christie v. National Collegiate Athletic Assn. The court has yet to release a decision, which will set the course of future sports betting legislation in America.

U.S. House of Representatives H.R.4530 (Pallone)- Gaming Accountability and Modernization Enhancement (GAME) Act of 2017- As recorded by the **U.S. Congress**, and reported by **Forbes**, on Dec. 4, Representative Frank Pallone, Jr. introduced a bill in Congress which would provide state governments with a framework for enacting sports betting legislation within their jurisdictions. On Dec. 8 the bill was referred to the House Subcommittee on Digital Commerce and Consumer Protection.

N.J. Assembly Bill A4255 (Caputo, Dancer, Vainieri Huttel, O'Scanlon, Houghtaling, Downey)- Allows horse racetracks to be available for placing wagers at casinos in Atlantic City using Internet.- As recorded by the **N.J. State Legislature**, on Dec. 7, members of the State Assembly voted in favor of a bill allowing horse racetracks to provide access to internet gaming. An identical bill introduced in the Senate (**S2946**), did not receive a vote before the end of the 2016-2017 legislative session.

N.J. Senate Bill S2872 (Pou, Bell, Whelan) - Provides certain incentives to qualified businesses in Garden State Growth Zones; creates Garden State Growth Zone at Atlantic City International Airport and surrounding area. - As recorded by the **N.J. State Legislature**, on Dec. 18, members of the State Senate voted unanimously in favor of a bill creating a tax incentive zone in Atlantic County. The 'Garden State Growth Zone' would include the Federal Aviation Administration's William J. Hughes Technical Center near the Atlantic City International Airport in Egg Harbor Township, and properties within a one-mile radius of the center's outermost boundaries. On Jan. 9, the State Assembly passed an identical version of the bill (**A4510**). As reported by **The Press of Atlantic City**, the bill was pocket vetoed by Governor Christie on Jan. 15.

N.J. Senate Bill S3536 (Lesniak)- Allows Internet gaming equipment to be located outside Atlantic City for certain international gaming purposes, subject to Division of Gaming Enforcement approval. – As recorded by the **N.J. State Legislature**, on Nov. 30 Senator Raymond J. Lesniak introduced a bill that would facilitate international gambling liquidity by conditionally lifting the state's requirement that all online gambling operators locate their servers in Atlantic City. The bill was referred to the State Senate's Wagering, Tourism & Historic Preservation Committee for consideration.

Atlantic City Information

Atlantic City Welcomes National Premier Soccer League Team- As reported by **The Press of Atlantic City**, the Atlantic City Football Club has joined the National Premier Soccer League as an expansion team playing in the Northeast Region's Keystone Conference. The team (ACFC), sponsored by Tropicana Atlantic City, hopes to play 10 to 14 matches, with five to seven home matches hosted at Stockton University. Former Atlantic City Mayor Don Guardian, expressed his hope that ACFC "will bring national recognition and economic infusion to the area."

Casino Reinvestment Development Authority (CRDA) Land Use Division Hears Hard Rock's Plans to Build a Gas Station and Car Wash- According to [The Press of Atlantic City](#) on Dec. 21, the CRDA heard a proposal from Hard Rock AC to develop a gas station and car wash at the intersection of Pacific and Virginia Avenues. The proposed 'Rockstop Gas & Wash' would include a convenience store, gas pumps and a car wash.

City Inaugurates New Mayor- As reported by [The Press of Atlantic City](#), Frank Gilliam Jr. was sworn in as Atlantic City's new mayor on Jan. 1.

Former New Jersey Governor, Brendan Byrne Passes Away at 93- As reported by [The Press of Atlantic City](#), former Governor Brendan Byrne passed away at his home on Jan. 5. During his term as governor (1974-1982), Byrnes authorized the law permitting gambling in Atlantic City.

Miss America Organization (MAO) Welcomes New Board Members- According to a [statement](#) released by the Miss America Organization on Jan. 1, MAO's Board of Directors has elected a new Board Chair, Gretchen Carlson, Miss America 1989. Three other former Misses America, Laura Kaeppler Fleiss (2012), Heather French Henry (2000), and Kate Shindle (1998), have also joined the board. Their addition to the board comes after the resignation of several of the previously serving board members. According to the statement, the new board looks forward to "creating a viable, forward-looking Miss America Organization for this and future generations of young women."

The 27th Annual Polar Plunge Held Despite Extreme Cold- According to [The Press of Atlantic City](#), the New Year's Day tradition continued in 2018. While neighboring communities postponed or canceled their plunges, Atlantic City held its Polar Bear Plunge on Jan. 1, despite record cold temperatures. The annual event draws thousands to the city with many participants returning from previous years.

Training to Hire Program for Hard Rock Construction- As reported by [The Press of Atlantic City](#), On Dec. 13, 15 Atlantic City residents began a 12-week Training to Hire program, which will connect them with positions as construction workers on the Hard Rock Hotel & Casino Atlantic City project. A prior Training to Hire class connected students with jobs working on the Atlantic City Gateway project. Friends in Action, a non-profit organization in Atlantic City, will administer the program, which is sponsored by Hard Rock Hotel & Casino Atlantic City and Joseph Jingoli & Son, Inc.

Local Gaming News

Casino Control Commission Approves Management Structure for Hard Rock AC- As reported by [The Press of Atlantic City](#), The Hard Rock Atlantic City passed a major milestone on Dec. 19. The New Jersey Casino Control Commission has approved the management agreement between the owners of the former Trump Taj Mahal, and the operators of the new Hard Rock Hotel & Casino Atlantic City. *HR AC*, part of Hard Rock International will operate the casino owned by *Boardwalk 1000*, a partnership that includes Hard Rock International and investors Jack Morris and Joe Jingoli.

Former Revel Sold- As reported by [The Press of Atlantic City](#), AC OCEAN WALK has purchased the former Revel Casino Resort. The property, set to reopen in summer 2018 as Ocean Resort Casino, will feature 138,000 square feet of gaming space, including 100 table games and 2,200 slot machines. If federal law permits, the new owners also plan to open a sports book. In addition to gaming amenities, the

Ocean Resort Casino will feature 165,000 square feet of meeting and convention space, and a 5,700-seat concert hall.

Plousis Appointed Head of Casino Control Commission- As reported by [The Press of Atlantic City](#), on Dec. 7 James T. Plousis, was confirmed by the New Jersey Senate as the next president of the Casino Control Commission.

Virtual Sports Betting Comes to New Jersey- According to [The Press of Atlantic City](#), online casino operators PlaySugarHouse.com, BetfairCasino.com and GoldenNuggetCasino.com have launched the first virtual sports products in the state. Virtual sports betting, already popular in Europe, bears a strong resemblance to its real life counterpart. As with actual sporting events, gamblers wager on the outcome of a virtual sporting event before watching a livestream of the contest. While a mixture of skill and luck may determine the outcome of an actual sporting event, a random number generator determines the outcome of a virtual sporting event. Sports book operator William Hill views virtual sports as a ‘filler’ product available 24/7 to complement actual sports wagering.

National Gaming News

Eighteen States Show Interest in Legalizing Sports Betting- According to the latest report from [Eilers & Krejcik Gaming](#) research, shared by [CalvinAyre.com](#), 18 states (Massachusetts, Rhode Island, New York, New Jersey, West Virginia, South Carolina, Georgia, Florida, Illinois, Michigan, Iowa, Indiana, Kentucky, Minnesota, Louisiana, Mississippi, Oklahoma, and California) are likely to introduce sports betting legislation in 2018. According to the same report, 11 states (Massachusetts, Rhode Island, New York, New Jersey, West Virginia, Ohio, Michigan, Illinois, Oklahoma, Kentucky, and Indiana) could enact sports betting laws before the end of 2018 depending on the U.S. Supreme Court’s decision in the case of Christie vs. NCAA. Analysts predict a legal U.S. sports betting market could be worth \$2 billion to \$5.8 billion in annual gross gaming revenue within five years.

Fitch Ratings Predicts Growth for Global Gaming- As reported by [The Press of Atlantic City](#), a report from Fitch Ratings predicts 2018 will be a good year for gaming operators and suppliers. Fitch analysts cite “a strong economic backdrop and a relatively benign new supply environment” as reasons to expect moderate growth in the year ahead. The report also notes the opening of four new casinos in the northeast (Hard Rock Hotel & Casino, Ocean Resort Casino (Revel), MGM Springfield (MA) and Resorts World Catskills (NY)) which will further saturate the regional market and provide competition for current operators.

Penn National Challenges New Gaming Expansion Law- As reported by [CalvinAyre.com](#), Casino owner Penn National Gaming has appealed to the federal court to declare Pennsylvania’s new gaming law unconstitutional. Penn National claims the new law violates the company’s rights to equal protection and due process. According to CalvinAyre, the chief conflict stems from provisions in the gaming bill intended to prevent casino cannibalization in the state. While existing casinos are given a 25-mile protection zone from full-size casino competitors, the protection zone is reduced to 15 miles for ‘Mini-Casinos’ (operating up to 750 slot machines and 30 table games). Penn National fears “significant and unique” harm to its Hollywood Casino in Harrisburg, PA due to the potential opening of Mini-Casinos nearby. Pennsylvania began auctioning the first of its 10 Mini-Casino licenses on Jan. 10.

Pennsylvania Sets New Revenue Record- As reported by [OnlinePokerReport.com](#), Pennsylvania casinos realized \$3.227 billion in 2017 exceeding the previous revenue record \$3.213 billion set in 2016.

A strong December, which finished with a 5.52 percent increase in table game revenue and a 1.2 percent increase in slot machine revenue, contributed to the state's year-end gains. Notably, after 11 months of decline, slot machine revenue saw gains in three of the past four months.

Hospitality News

Hospitality Construction Spending Forecasted to Reach \$232 Billion by 2021- According to a report released by Research and Markets and shared by [LodgingMagazine.com](#), annual global spending on leisure and hospitality construction has increased since 2012, reaching \$181 billion in 2016 and projected to reach \$232 billion by 2021. The largest markets, based on output, were the United States (\$56 billion), China (\$39 billion) and the United Kingdom (\$10 billion).

Lodging Outlook in 2018- According to a report released by Moody's Investors Service and shared by [LodgingMagazine.com](#), the hospitality industry should expect flat occupancy and modest RevPAR growth in 2018. Occupancy rates will likely remain flat due to a balancing of supply and demand influenced in part by "alternative lodging competition" and "weak corporate profit growth." Global GDP growth is expected to support a one to three-percent increase in Average Daily Rates (ADR), which should in turn produce a one to three-percent increase in Revenue Per Available Room (RevPAR). This RevPAR increase coupled with a supply of new hotels will likely also raise the industry's Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) by five to six percent for the year.

Travel Trends 2018- According to [TravelPulse](#), Multi-generational and Solo Travel will be the fastest growing travel categories in 2018. Trips to celebrate life events or "Wellness Travel" to rejuvenate body and spirit will also be popular in the year ahead.

U.S. Travel Association Reports Decline in U.S. Global Travel Share, Prompting Creation of Coalition to Promote International Travel to the U.S.- According to a Jan. 16 [press release](#), the Visit U.S. Coalition has been formed "to reverse the decline in U.S. competitiveness for international travel dollars." The coalition, comprised of trade groups representing gaming, hospitality and tourism businesses, includes the American Gaming Association (AGA), American Hotel & Lodging Association (AHLA), National Restaurant Association (NRA), and U.S. Chamber of Commerce. While global travel volume increased 7.9 percent from 2015-2017, U.S. market share dropped from 13.6 to 11.9 percent in the same period. The U.S. Travel Association estimates \$32.2 billion in visitor spending, 4 million visitors and 100,000 unexportable American jobs have been lost due to this decline.