

LIGHT Comments on Fourth Quarter 2024 DGE Report

For immediate release

April 7, 2025

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 Fourth Quarter 2024 numbers released Monday by the state Division of Gaming Enforcement:

Another year of record high gross gaming revenue at \$5.7 billion failed to translate into significant net gaming revenue gains for Atlantic City's casino operators.

While managing to stay in the black and deliver a total year-end net revenue just 0.5% shy of 2023, increases in expenses and drags on consumer demand (initially observed in the third quarter and following through into the fourth) likely resulted in the disproportionate decline of 9.2% in year-over-year gross operating profit for Atlantic City's casino operators.

Of note, at \$709.1 million, gross operating profit for year-end 2024 still managed to improve on pre-pandemic year-end 2019 at \$593.9 million (total as reported in DGE fourth quarter 2020 report).

In a period of potentially flattening brick-and-mortar market growth, as operators compete to maintain customer loyalty, visitation and spending, higher promotional expenses and higher operating costs can be expected. However, continued growth in the internet gaming and sports wagering markets (which contributed to a year-end contribution of more than half a \$1 billion in gross gaming revenue tax from Atlantic City's casino industry) were not enough to offset this and losses in gross operating profit from other areas.

The drag on consumer demand seen in the third quarter of 2024 in the form of decreased room rates (believed to be the result of operators adjusting prices to balance reductions in demand due to the lack of several large-scale events in the city) manifested again in the fourth quarter.

Although already a slow period for the resort, occupancy rates for Atlantic City's casino hotels (65.6% in fourth quarter 2024) were down slightly in comparison to the same period in 2023 (66.5%) despite a notable decrease in average daily room rate (\$160.27 in fourth quarter 2024 compared to \$164.04 in the same period of 2023). A small silver

lining, fourth quarter 2024 still managed to outperform fourth quarter 2022, which saw occupancy at 65.8% and average daily room rates at \$155.75.

Lodging statistics for year-end 2024, with occupancy rate at 72% and average daily room rate at \$177.79 for the year compared to 73% and \$180.67 respectively for year-end 2023, were consistent with these observations for the third and fourth quarters.

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