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Atlantic City Gaming Win & Total Casino Revenue

Source: N.J. Division of Gaming Enforcement

| Monthly Revenue (\$ In Thousands, Casino Industry) | September 2018 | Change from Prior Year | September 2017 |
|---|----------------|---------------------------|----------------|
| Total Gaming Win (includes Internet & Sports Wagering) | \$ 281,677 | 19.5% | \$ 235,803 |
| Sports Wagering Revenue | \$ 23,961 | - | - |
| Internet Gaming Win | \$ 25,752 | 26.3% | \$ 20,392 |
| Casino Gaming Win | \$ 231,963 | 7.7% | \$ 215,411 |

| Year to Date September (\$ In Thousands, Casino Industry) | 2018 | Change from Prior Year | 2017 |
|--|-----------|---------------------------|-----------|
| Total Gaming Win | 2,148,308 | 5.4% | 2,039,199 |

| Industry Income Statistics* (\$ In Thousands) | Quarter Ended June 30, 2018 | Change from Prior Year | Year to Date June 30, 2018 | Change from Prior Year |
|--|--------------------------------|---------------------------|-------------------------------|---------------------------|
| Industry Total Net Revenue | \$ 694,410 | 2.4% | \$ 1,302,343 | -0.3% |
| Gross Operating Profit | \$ 171,438 | 1.6% | \$ 294,489 | -4.6% |

*The DGE has revised the format of their quarterly reports in response to recent changes in financial reporting methodology

Atlantic City Casino Hotel Lodging

Source: N.J. Division of Gaming Enforcement

| Casino Hotel Lodging Statistics For the Period Ended June 30, 2018 | Q2 2018* | Q2 2017 | YTD 2018* | YTD 2017 |
|--|----------|----------|-----------|----------|
| Occupancy percentage | 84.8% | 90.3% | 81.4% | 85.8% |
| Average Daily Room Rate (ADR) | \$136.01 | \$107.43 | \$129.23 | \$105.56 |
| Revenue Per Available Room (RevPAR)** | \$115.34 | \$97.01 | \$105.19 | \$90.57 |

* The DGE has since revised their quarterly reports to reflect recent changes in financial reporting methodology.

** RevPAR= ADR X Occupancy Percentage

Atlantic City Statistical Transportation Data

Source: South Jersey Transportation Authority

| Travel Mode | August 2018 | Change from Prior Year | August 2017 |
|---|----------------|------------------------|----------------|
| AC Expressway | | | |
| Total Toll-Paying Traffic Pleasantville Toll Plaza | 2,029,434 | 6.5% | 1,905,607 |
| AC Airport | | | |
| Scheduled Service Passengers | 90,798 | -5.2% | 95,769 |
| Charter Passengers | 12,633 | 17.2% | 10,782 |
| Total Air Passengers | 103,431 | -2.9% | 106,551 |

Note: NJ Transit Rail Service to A.C. suspended to install federally mandated Positive Train Control (PTC) equipment. Service expected to resume early 2019

Atlantic City Information

Atlantic City Boys & Girls Club receives \$1 million to fund Teen Center- As reported by **The Press of Atlantic City**, MGM Resorts International, parent company of Borgata Hotel Casino & Spa, made a \$500,000 donation to the Atlantic City Boys & Girls Club to jumpstart a \$2 million capital campaign to fund the construction of the Teen Center for Economic Development & College Readiness. El Dorado Resorts (the new owners of Tropicana Atlantic City), Bank of America, George and Patty Siganos, and several other donors each contributed \$100,000 to the project. The total initial investment equaled \$1 million.

Casino Reinvestment Development Authority (CRDA) renews efforts to bring major grocery store to Atlantic City – As reported by **The Press of Atlantic City**, at the CRDA's public meeting on October 16, the Authority announced a contract with grocery store development consultant Uplift Solutions Inc. According to the U.S. Department of Agriculture's Economic Research Service, parts of Atlantic City are considered 'food deserts,' areas of poverty and limited access to grocery stores. Members of the community hope the opening of a major grocery store will improve health and quality of life for city residents.

INGAME Esports works with Casino Reinvestment Development Authority (CRDA) to bring Esports events to Atlantic City- As reported by **The Press of Atlantic City**, Esports consulting company, INGAME, is working with the CRDA to bring multiple video gaming tournaments to Atlantic City in 2019. 'Major, minor and championship events' could take place at Boardwalk Hall utilizing the facility's 3,200 seat theater and recent upgrades to the city's digital infrastructure. The CRDA has also partnered with Data Center operator, **Continent 8 Technologies**, to develop a 6,000-square-foot data center at the Atlantic City Convention Center.

Moody's upgrades Atlantic City's credit rating- As reported by **The Press of Atlantic City**, on November 1 Moody's Investors Service announced an upgrade to Atlantic City's credit rating. The city rose to a positive-outlook rating of B2, four points above the previous rating of Caa3 (Moody's third-lowest rating). A B2 rating reflects 'continued but reduced' economic and financial distress for the city, and Moody's classifies the city's credit as 'speculative.' Less than a month ago Standard & Poor's Global Ratings also upgraded their assessment of the city's credit rating from CCC+ to a B.

New Jersey minimum wage to increase- As reported by **The Press of Atlantic City**, on October 12 New Jersey Governor, Phil Murphy, announced the state would increase the minimum wage by \$0.25. Effective January 1, 2019 minimum wage in New Jersey will be \$8.85 per hour. The current federal minimum wage is \$7.25 per hour.

New Jersey Gaming News

Borgata named property of the year at Global Gaming Awards- As reported by [The Press of Atlantic City](#), Atlantic City's Borgata Hotel Casino & Spa was recognized at the 2018 Global Gaming Expo (G2E) in Las Vegas as "Property of the Year." The property is celebrating its 15th year in Atlantic City.

Caesars Entertainment Corp. pursues Gender Equity Initiative- As reported by [The Press of Atlantic City](#), Caesars Entertainment, parent company of three of Atlantic City's nine casinos (Bally's, Caesars and Harrah's), launched The Gender Equity Initiative in partnership with the Billie Jean King Leadership Initiative in 2017. The project hopes to increase representation of women in leadership roles with the goal of equal gender representation. Caesars Entertainment's Atlantic City properties are ahead of the national average for gender equality with 40 percent of female employees in manager roles and above.

Hard Rock Hotel & Casino announces leadership change- According to [The Press of Atlantic City](#), on October 1 representatives of Hard Rock International announced that as of November 1, current Hard Rock AC President Matt Harkness would be replaced by Joe Lupo, current president of Seminole Hard Rock Hotel & Casino Tampa. Hard Rock AC's current senior vice president of marketing, Todd Moyer, will be succeeded by Jeffrey Hook, who is currently the executive vice president of development and marketing for Hard Rock International. As reported by [The Press of Atlantic City](#), both Lupo and Hook were granted temporary license approvals from the state Casino Control Commission on October 10.

Legislation directs 1.25 percent of sports betting revenue to the Casino Reinvestment Development Authority (CRDA)- As reported by [The Press of Atlantic City](#), New Jersey Governor, Phil Murphy signed a bill authorizing an additional 1.25 percent tax on sports wagering. Fees collected from this tax will be directed to the CRDA. When the tax comes into effect in December, sports wagering operators will pay an effective tax rate of 9.75 percent on in person and 14.25 percent on mobile bets.

New bill would permit wagering on historical horse racing- As reported by [NJGamblingSites.com](#), on October 18 New Jersey legislators Assemblyman Ronald S. Dancer and Assemblywoman Valerie Vainieri Huttel proposed an amendment to the state constitution ([NJ ACR196](#)) which would allow horse racetracks or off-track wagering facilities to take bets on previously-recorded/historical horse races.

Ocean Resort Casino and Vegas Stats & Information Network (VSiN) partner to produce live, nationally syndicated sports betting and gambling broadcast- As reported by [The Press of Atlantic City](#), Ocean Resort Casino and VSiN are working together to create a nationally syndicated, weekend sports betting and gambling broadcast. The broadcast, which would air live at 10 a.m. on Saturdays and Sundays, would take place at Ocean Resort's William Hill Sports Book and feature Brent Musburger, former on-air personality for both CBS Sports and ESPN.

Tropicana launches on-site sports book- As reported by [The Press of Atlantic City](#), Tropicana became the seventh Atlantic City casino to launch a sports book on October 25. The sports book is the third in the state to be operated with William Hill US. Monmouth Park Racetrack and Ocean Resort Casino have also partnered with William Hill. While currently located in a temporary location across from Chickie and Pete's Crab House and Sports Bar, Tropicana has plans for a 5,000-square-foot permanent structure in the future.

National Gaming News

Major sports leagues could see billions in annual revenue from legal sports betting- According to a series of **Nielsen Sports** studies commissioned by the American Gaming Association, the NHL (\$216 million), NBA (\$585 million), MLB (\$1.106 billion) and NFL (\$2.326 billion) could see billions in annual revenue through partnership with legal sports books. Due to the regulation of a legal sports betting market, the four major leagues could see a combined \$4.23 billion in direct and indirect revenue impacts.

NHL partners with MGM Resorts International for sports betting- As reported by the **Las Vegas Review Journal**, on October 29 representatives of MGM and the NHL signed an agreement naming MGM the league's official sports betting partner. Unlike **MGM's earlier agreement with the NBA**, this agreement is not exclusive. Through this partnership, MGM will be granted access to proprietary game data, and gain the ability to reach customers through the NHL's media channels.

Penn National Gaming, Inc. and Pinnacle Entertainment agree to merge- According to a press release from the **Federal Trade Commission (FTC)**, competing casino operators Penn National Gaming, Inc. and Pinnacle Entertainment have agreed to merge after years of competing in the gaming market. As a condition of the merger, Penn National and Pinnacle have agreed to divest assets in three markets where they have been close competitors, St. Louis, Kansas City and Cincinnati. The FTC imposed this condition on the merger in response to a complaint alleging the combination of the company's assets would create an effective monopoly in those markets leading to higher prices and reduced quality for consumers of casino services. In all three markets the merger could both decrease competition and increase concentration levels. The divestiture of assets is intended to keep anticompetitive effects in check.

Philadelphia Live! project might be dead- According to **OnlinePokerReport.com**, multiple sources have indicated that the Philadelphia Live! stadium casino project may soon be abandoned. The project, long delayed by legal matters, was finally able to proceed in the wake of Pennsylvania's recent gaming expansion. Now, project partners, the Cordish Company and Greenwood Gaming, are said to be seeking buyers for the property's gaming licenses.

Tribal casino in New Mexico opens state's first sports book- As reported by **LegalSportsReport.com**, the Santa Ana Star casino, operated by the Pueblo of Santa Ana, opened a sports book on October 16 making New Mexico the sixth state to offer legal sports betting. According to **LegalSportsReport.com**, while New Mexico has yet to introduce sports betting legislation, and current law (Statute 30-19-15) classifies sports wagering as a fourth-degree felony, New Mexico's tribal casino operators were able to legally offer sports betting due to the unique language of the state's Tribal Gaming Compact. Under the Federal Indian Gaming Regulatory Act tribes are permitted to negotiate with the state when it comes to Class III gaming on tribal land. Sports betting, currently classified as a Class III gaming activity, is permitted under the New Mexico Tribal Gaming Compact which allows the tribes to conduct 'any and all forms of Class III gaming' on tribal land. While many states' Tribal Gaming Compacts specifically detail which Class III games can be offered, those like New Mexico without an enumerated list may soon be able to launch sports betting regardless of state legislation. While the language of the compact allows sports betting to be conducted at sportsbooks located on tribal lands, further negotiations will be required before mobile sports wagering can be offered.

Hospitality & Tourism News

Airbnb-style rentals increase in South Jersey- As reported by [The Press of Atlantic City](#), Airbnb recorded 140,318 guest arrivals in Atlantic, Cape May and Ocean counties this summer a substantial increase over 83,037 total guest arrivals last summer. Area Airbnb hosts saw their revenue increase from \$17.9 million in Summer 2017 to \$30.6 million in Summer 2018. Some view the growth of Airbnb and similar short-term rental platforms as being in direct competition with traditional lodging offerings, while others view it as an expansion of the lodging market providing consumers with an alternative lodging option to suit their travel needs. During the summer state legislators introduced sales and use taxes as well as motel occupancy fees and various municipal taxes and fees targeting Airbnb and other online short-term rental services as providing transient accommodations.

New Jersey Division of Alcohol Beverage Control (ABC) issues ruling limiting activities of limited brewery licensees, suspends enforcement- As reported by the [New Jersey Herald](#), a special ruling effective September 21, released by the ABC, limits limited brewery license holders to 25 on-premise special events, 12 special permits for offsite events and 52 private parties per license term. The new regulations also require licenses to report events a minimum of 10 days ahead and prohibits them from displaying local restaurant menus that can deliver food to their locations. Licensees have complained that the new regulations, which count the broadcast of a football game or live musical event as part of their onsite special events, are too restrictive and harmful to their businesses. According to an October 2 **press release**, the ABC has suspended the enforcement of the ruling pending further study and consultation with stakeholders.

Meet AC and Casino Reinvestment Development Authority (CRDA) vie for major trade convention- As reported by [The Press of Atlantic City](#), Meet AC and the CRDA are actively seeking a contract to host the Connect Marketplace 2020 Convention at Boardwalk Hall and the Atlantic City Convention Center. The Connect Marketplace 2020 Convention brings together planners, suppliers and experts in association, expo, corporate, sports and specialty meetings and events. Meet AC and CRDA representatives hope hosting the event in Atlantic City will showcase the City as a destination for future meetings and conventions.

U.S. has largest total travel and tourism GDP in the world according to World Travel and Tourism Council (WTTC)- According to the WTTC's [Travel & Tourism Power and Performance Report](#) the global travel and tourism sector accounted for 10.4 percent of global GDP and 9.9 percent of total employment (313 million jobs) in 2017. The sector grew by 4.6 percent year-over year; outpacing the global economy for the seventh consecutive year. The U.S. tourism market contributed \$1501.9 billion to Total Travel & Tourism GDP outranking China (\$1349.3 billion), Germany (\$395.2 billion), Japan (\$331.2 billion) and the United Kingdom (\$266.1 billion).