
3rd Quarter 2013 Snapshot

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Updated January 10, 2014



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The Lloyd D. Levenson Institute of Gaming Hospitality and Tourism (LIGHT) and the authors of this report, Dr. Brian Tyrrell and Dr. Israel Posner, would like to thank the many individuals and organizations in the Atlantic City market for their contributions to this report. In particular, the New Jersey Casino Control Commission was invaluable in providing the bulk of the data for this report. The LIGHT Advisory Board members' contributions were invaluable. Their review, feedback and encouragement are evident throughout this report and it quite simply could not have been completed without their support. Thanks to all who contributed in the past and those that will likely add to that contribution in the future. We are indebted to you for your support.

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After each quarter, the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism at The Richard Stockton College of New Jersey releases a report that analyzes the Atlantic City Tourism market as a tourist destination. The Atlantic City Tourism Performance Indicators (AC-TPI) was launched in the Spring of 2013 as an annual summary of the previous year.

The AC-TPI focuses on three key metrics, Atlantic City Luxury Tax, (serving as a proxy for resort entertainment activity), the Atlantic City, Casino Parking Fee (a proxy for transportation spend in and to Atlantic City), and Atlantic County Hotel Occupancy Fee (a proxy for overnight tourist spend).

The results for the third quarter of 2013 indicate:

- Me

The analysis begins with an examination of the local Atlantic City market using Atlantic City Luxury Tax records.

Figure 1 below shows the Atlantic City Luxury Tax³ collections from January 2005 through September 2013. The highest recorded monthly total was experienced during the third Quarter, at \$5.0 million in August of 2013. That compares very favorably (up 10%) to the previous monthly high experienced in July of 2012 (\$4.5 million). The graph shows the seasonal nature of the destination (and subsequently the tax), with more tax being generated in the summer months, the historically busy months for the tourist destination of Atlantic City. While this tax has been trending upward over the eight years under examination in the chart, that trend is difficult to discern given this seasonal nature. The August 2013 figure is also significantly higher (up 12.9%) compared to one year prior in August of 2012 (\$4.4 million).

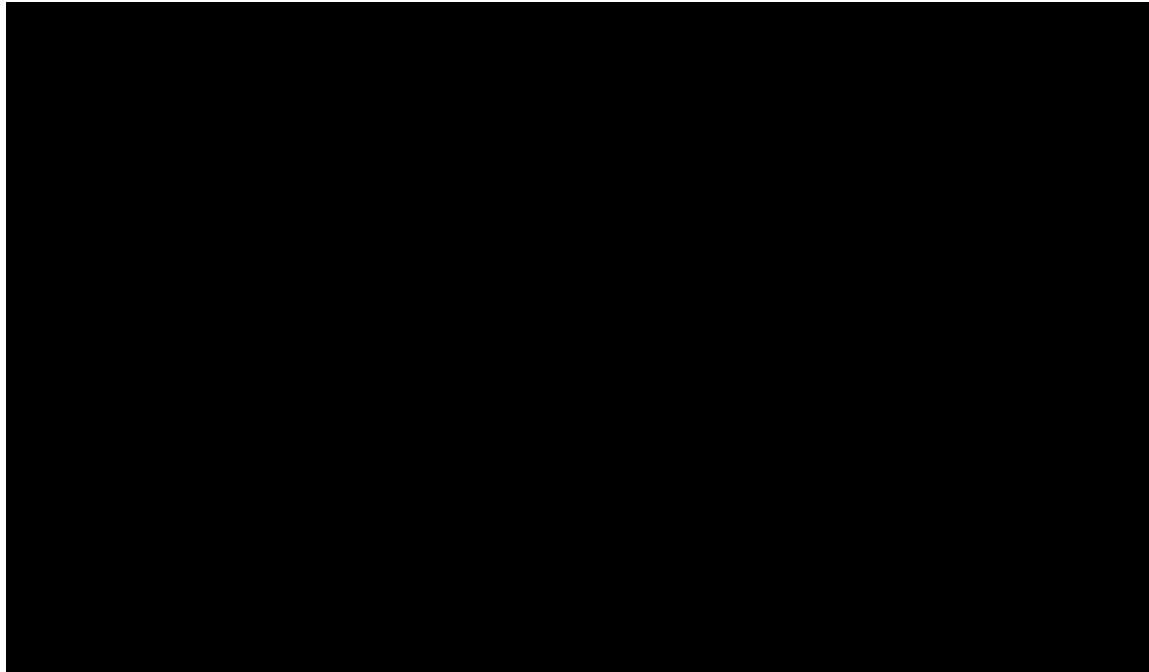


The seasonal trend is also discernible looking at the quarterly revenues (see Figure 2). The third quarter is always the strongest quarter of the year. In 2012, the Atlantic City Luxury Tax

² NJ Division of Taxation (2012). Atlantic City Luxury Tax Overview. Available online at: http://www.state.nj.us/treasury/taxation/acluxury_over.shtml

³ NJ Casino Control Commission (2013). Financial and Statistical Information; Historical Statistics. Available online at: <http://www.state.nj.us/casinos/financia/histori/>.

generated \$12.1 million, its highest quarter on record to that point. The 3rd quarter of 2013 (\$12.2 million), however, produced a new record, marginally edging out the 2012 figure by 0.3%. While that figure seems modest, it is important to realize that the trend in 2013, perhaps attributable to the post Sandy negative press, had been largely negative. Indeed, July 2013 saw double digit declines (-10.6%), with September being largely flat compared to 2012 (-1.6%).



In order to see more clearly the longitudinal trends, a twelve month trailing total is provided. This figure is the summation of the current month and prior eleven months. This is accomplished below in Figure 3 which clearly indicates that the twelve month trailing total for the Atlantic City Luxury Tax had been steadily climbing throughout the study period until 2012. The twelve month trailing total for September of 2013 (\$34.8 million) was down from its previous high \$36.0 million (April 2013). An unseasonably cold June of 2013 likely contributed to the down performance as well as the aforementioned aftermath of Hurricane Sandy.

100%
80%
60%
40%
20%
0%
-20%
-40%
-60%



For the quarter, the Atlantic City Luxury Tax was marginally up 0.3% (see Figure 5). Again, this is compared to a particularly strong third quarter of 2012 which saw the tax generate 21.5% more revenue than in the third quarter of 2011. And despite the cold weather experienced in the second quarter of 2013 that brought with it lower revenues (and perhaps impacted July's figures as well), the third quarter was up slightly nonetheless. Again, particularly promising during the quarter was the strong performance in August of 2013.

The Casino Parking Fee figure is provided by the New Jersey Casino Control Commission (NJCCC). This figure serves as a surrogate for transportation, assuming that if the number of vehicles taxed has gone up or down, then so too will other expenditures on transportation to and from as well as within the resort and in the surrounding region. The tax is described by the NJCCC as:

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Figure 6

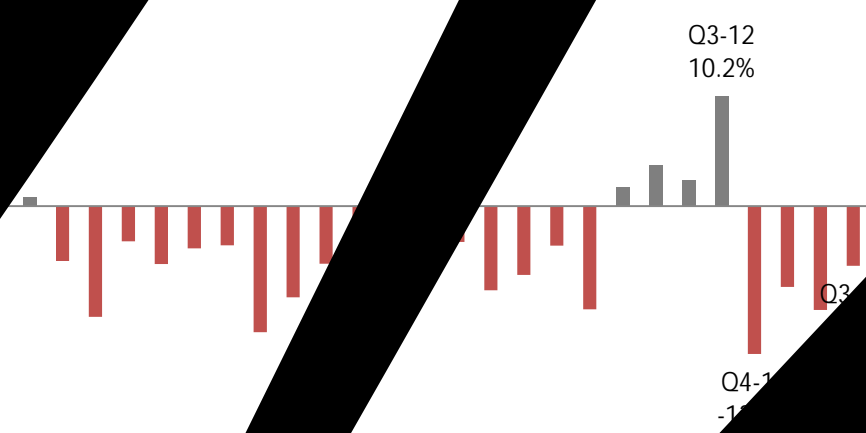
generated 0.002 million in 2013 compared to 0.5 million in 2012. The figure is also down from the peak September in 2006 when \$3.2 million in taxes were collected under the Casino Parking Fee.

With July, August and September down compared to 2012, the third quarter of 2013 generated a half million less than in the third quarter of 2012 (\$8.5 million in 2013, \$9 million in 2012 (see Figure 7). Both of those figures are still significantly below the third quarter high experienced in 2006.

Once again, it is instructive to look at a twelve month trailing total to discern the longer term trend in the Casino Parking Fee. This is accomplished below in Figure 8. Here the picture is quite different than

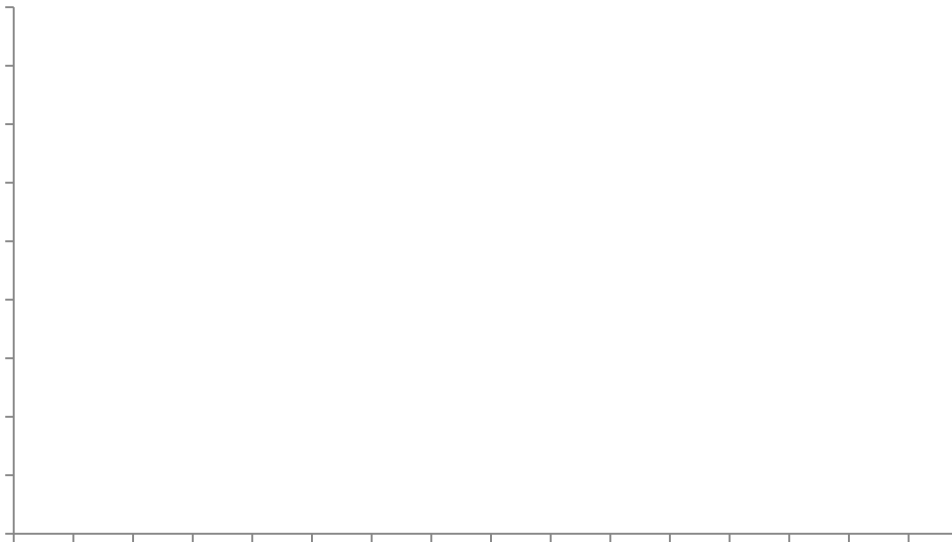
Finally, when we look at the Year over Year change in the Casino Parking Fee on a monthly basis (see Figure 9 below), we can see that July, August and September were all down compared with the prior year (-7.2%, -2.7% and -6.8% respectively). These mark twelve months in a row that





The Atlantic County Hotel Occupancy Fee is utilized to provide
accommodation for the residents. While this figure is not
consensus that the Atlantic County tourism market is
county and thus is an accurate measure of the
released by the New Jersey Division of Taxation.

Figure 11 shows the Atlantic County Hotel Occupancy Fee collections from July 2004 through September of 2013. Once again, the figure is very seasonal in nature, with the summer months producing more tax revenue than the off season months. The highest month on record for the tax is now August of 2013 at \$762.6 thousand, the first time a new record was recorded since August of 2008 when \$733.1 thousand was collected in Hotel Occupancy Fee for Atlantic County. In August of 2012 the hotel occupancy fee generated \$713.4 thousand.



Both July and August contributed to an increase in the third quarter of 2013. Compared with the third quarter of 2012 (see Figure 12), collections of the Atlantic County Hotel Occupancy Fee were up in 2013. The third quarter of 2013 would mark a new high in quarterly receipts of the Atlantic County Hotel Occupancy Fee.

⁵ NJ Division of Taxation (2013). Hotel/Motel State Occupancy Fee. Available Online at: <http://www.state.nj.us/treasury/taxation/hotelfeeinfo.shtml>



The quarterly increase in the third quarter of 2013 (up 1.6%, see Figure 15), reverses the declines experienced with the cold weather in the second quarter of 2013. Compared with the declines in the Parking Fee noted earlier in this report, the gains suggest that Atlantic City is attracting overnight guests that are replacing some of the lost day trip market. While a modest gain, it is definitely noteworthy that this third quarter gain is the fourth such quarterly gain in the third quarter in a row.

report will be provided to give the long term picture of what is happening to the Atlantic City tourism economy. In between these reports, however, we will provide a snapshot, on a monthly basis, as to the performance of the Atlantic City tourism economy as shown in Figure 16 below. The goal is to provide key metrics with analysis that can describe the results of the resorts current efforts at revitalizing the Atlantic City tourism economy.

