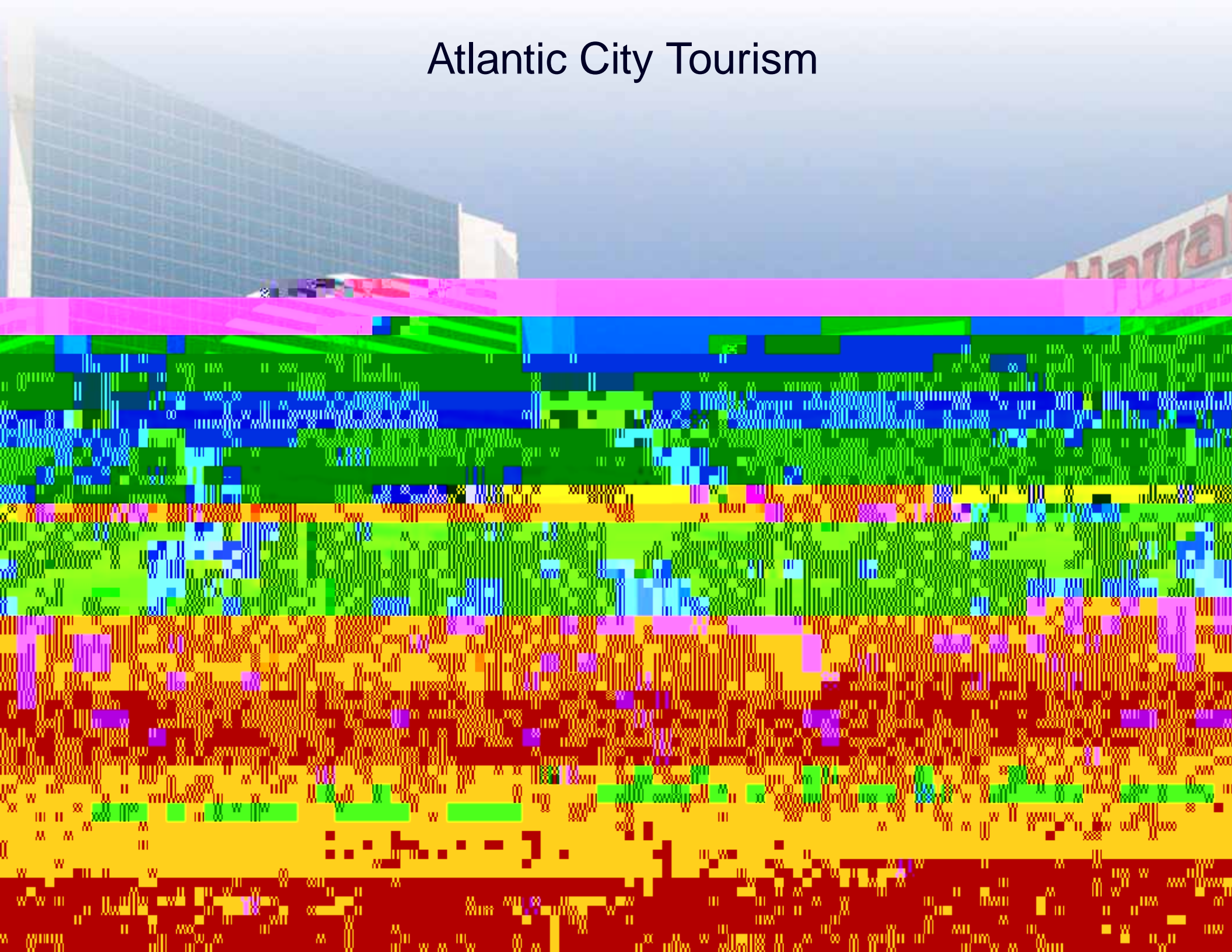# Atlantic City Tourism

# Atlantic City Tourism Performance Indicators (AC-TPI)
## 2017 4th Quarter

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## Introduction

For several years, the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT) has been producing the Atlantic City Tourism Performance Indicators (AC-TPI) as a quarterly report describing non-gaming revenue for the Atlantic City region. The impetus for the report was the changing dynamics with respect to gaming supply in the U.S. northeast, particularly following the introduction of Pennsylvania gaming in 2006. The increased competition for the gaming dollar resulted in significant gaming dollar losses for the Atlantic City region. However, there continued to be growth in non-gaming revenue for the Atlantic City region, growth that was not garnering attention in light of the regional declines in gaming.

The dynamics changed again in 2014, this time internal to the resort, as four casinos (Atlantic Club, Showboat, Revel and Trump Plaza) ceased operation during the calendar year. The AC-TPI analyzed changes in three taxes whose combined revenues were driven either exclusively (the Atlantic City Casino Parking Fee) or significantly (Atlantic County Lodging Fee and the Atlantic City Luxury Tax) by revenue generated at casino properties in Atlantic City. Since there were significantly fewer parking spaces and hote

# Atlantic City Casino Parking Fee

e Atlantic City Casino Parking Fee data is provided by the NJ Casino Control Commission (NJCCC). is gure 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. e tax is described by the NJCCC as:

> a , ca       e   a ee    00 e da    eac  a        ace
> ed b   a           e  ac  , 0 0     e a      ee  de    ed
>    e Ca    Re e   e F  d,       e e  a      2, 0     a ded
>    e Ca    Re  e   e De e     e  A            e be e
>  A  a   c C  ,  e c          de e     e a d ce    e   e a
>             a  ab e b  eac  ca         de   e a ,

e amount collected under the fee, charged to patrons of the casino hotel parking garages, is necessarily in uenced by the number of available parking spaces. Over the past 10 years there have been some signi cant changes to the supply of casino hotel parking spaces. Figure 2 shows that the monthly supply, calculated as the number of available parking spaces times the number of days in the month. e largest gain during that time frame occurred following the opening of Revel, adding 7.6 thousand daily parking spaces, a monthly increase of 237 thousand spaces (15%) for Ma 2012 compared to March 2011.

In mid-January 2014, the Atlantic Club closed, reducing the supply by 862 daily parking spaces and the monthly total to 1.4 million for February 2014, down 17% from February 2013. ree more casinos closed in September of 2014; the Showboat and Revel, both at the beginning of the month, followed by Trump Plaza in mid-September. e impact of these three closures further reduced the daily parking spaces available at casino hotels in Atlantic City by 2.6 thousand, 3.4 thousand and 7.6 thousand respectively. An additional 6.3 thousand spaces were closed in October o 2016 with the closure of the Taj Mahal. e most recent monthly supply gures for casino parking spaces in Atlantic City indicate there were 0.9 million available parking spaces in December 2017.

ese signi cant shi s in the number of parking spaces presents a challenge when analyzing the Atlantic City Casino Parking Fee over time. Particularly with the most recent closures, simply examining the total fee provides little insight about per property performance relative to driving

## Atlantic County Lodging Fee

e Atlantic County Lodging Fee, the Atlantic County portion of the State Occupancy Fee, is utilized in this report to get a clearer picture of lodging performance for the region.  While this  gure is not Atlantic City speci c, there is general consensus that the Atlantic City tourism market impacts the hotel industry throughout the county and thus is a reliable measure of the Atlantic City tourism economy.   e  gure is released by the NJ Division of Taxation and is described as:

> *Le    a    e  ac ed   200  (P.L  200 , c  114)      ed a 7  S a e Occ  a c  Fee    e e    e e  cc  a c  a      a  e, e       a  ac        Ne  e e    c  a   e , be  ee A      1, 200  a d    e 0, 2004  F   cc  a c e    a d a  e 1, 2004,   e Fee  a  ed  ced    . A   e    e   a b  d e   a    ed a d e    e    e  d      e ,  c  d   bed a d b ea  a  ,    , e c   e S a e Occ  a c  Fee       ed     e     e  a   a a ec    e     b ec     e 7  Ne    e  e  a e a  a d    add         e a e  a  S ec a Ra e P       : S  ce Ne  a  , e  e  C  , A  a   c C  ,    d   d,   d   d C e  , a d N      d   d a ead     e  ca  a  e   ee      e    e cc  a c e ,  e  e  S a e Occ  a c  Fee       ed a a    e  a e    . . A  a   c C   (1  ) . .*

e same challenges that confront the continued reporting of the total revenue generated under the Atlantic City Casino Parking Fee also a ect the reporting of the Atlantic County Lodging Fee total revenue.  Namely, the closure of the four casinos in 2014 greatly reduced the supply of rooms in the Atlantic City region.  Figure 6 (next page) shows the Atlantic

e supply of rooms displayed in Figure 6 is used to calculate the Atlantic
County Lodging Fee on a per 100 room basis in Figure 7.  Figure 7 is
labeled with the annual high (labeled above the data series) and the annual
low (below the data series) for each of the past ten years.  Similar to the
Atlantic City Parking Fee described earlier in this report, highs occur in
July or August.  Unlike the parking fee however, the best recorded month
occurred only recently in July 2016 at $111.  Lows occur in December
or January, with the notable exception of the Hurricane Sandy impacted
month of October 2012 ($42).  Otherwise, the highest annual low recorded
was in December 2009 ($28).   e low for the past twelve months was
recorded in December 2017 ($39), and that  gure was up from each of the
past two years.

Figure 8 shows the year over year change in the Atlantic County Lodging
Fee per 100 rooms for the prior 12 months.  Importantly, following the
closure of the Taj Mahal in 2016, signi ant gains were realized for the
 rst seven months of the 2017.   e declines in October 2017 (-9%) are

November and December were the notable exceptions for ADR, Occupancy and RevPAR, all three measures down for those months, along with decline in January for ADR.  The twelve months otherwise relatively healthy, with year over year Occupancy, ADR and RevPAR up importantly in the busy summer months of June and July respectively, a beneficiary of the shrinking room supply, but to a lesser extent than the casino properties based on the performance of the parking fee.  The year over year declines in December, the largest declines in the period, seem at least partially attributable to the particularly good December experience the prior year in 2017.

Comparing across sections of this report further, solid gains were had in April on all three performance indicators, though notably higher for the Casino Parking Fee on a per space basis.  The Casino Parking Fee out-gai the other two measures in all three months in the second quarter and over the past twelve months.  Compared to the Atlantic County Non-Casino RevPar (flat in May), the other two figures stood in contrast having experienced healthy gains.  In June, the Casino Parking Fee increased by more than twice that of the Atlantic County Lodging Fee per room and the Atlantic County Non-Casino RevPAR per room.

The addition of Occupancy, Average Daily Rate (ADR) and Revenue per Available Room (RevPAR) provides valuable insight into non-casino lodging performance in the Atlantic City region.  Of these three measures, RevPAR may be of the most value in determining longer term trends in the marketplace as RevPAR is a combination of both Occupancy and ADR (Occupancy multiplied by ADR is equal to RevPAR).  As such, changes in RevPAR will be the summary variable for the non-casino lodging performance measure included in the AC-TPI Snapshot presented in the final section of this report.

# 2017 4th Quarter Atlantic City Tourism Performance Indicators (AC-TPI) Snapshot

 e Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT)  has concluded that non-casino Revenue per Available Room (RevPAR) and the Atlantic City Casino Parking Fee and Atlantic County Hotel Fee (both on a per supply basis) can serve as an e ective proxy for the performance of the tourism economy in Atlantic City.   ese measures, or more precisely the year over year change in the monthly  gures for these measures, are compiled into an Atlantic City Tourism Performance Indicators Snapshot at the end of each quarter.  A more detailed annual report is provided to give the longer term analysis of the Atlantic City tourism economy.  We are grateful for the support of STR, Incorporated for supplying the RevPAR  gures, the New Jersey Casino Control Commission for providing the Parking Fee, and the New Jersey Treasury for providing