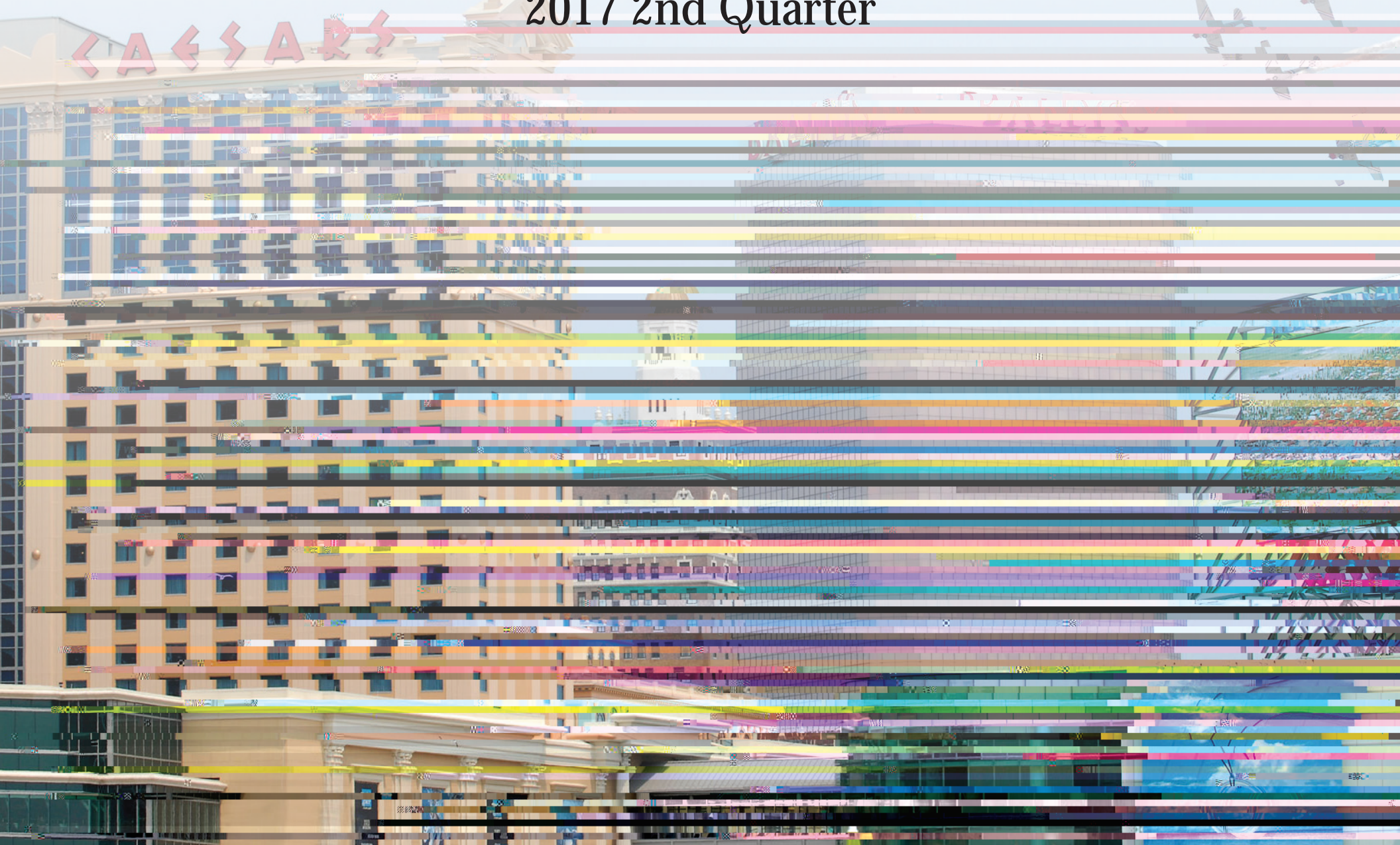


Atlantic City Tourism Performance Indicators (AC-TPI) 2017 2nd Quarter

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Introduction

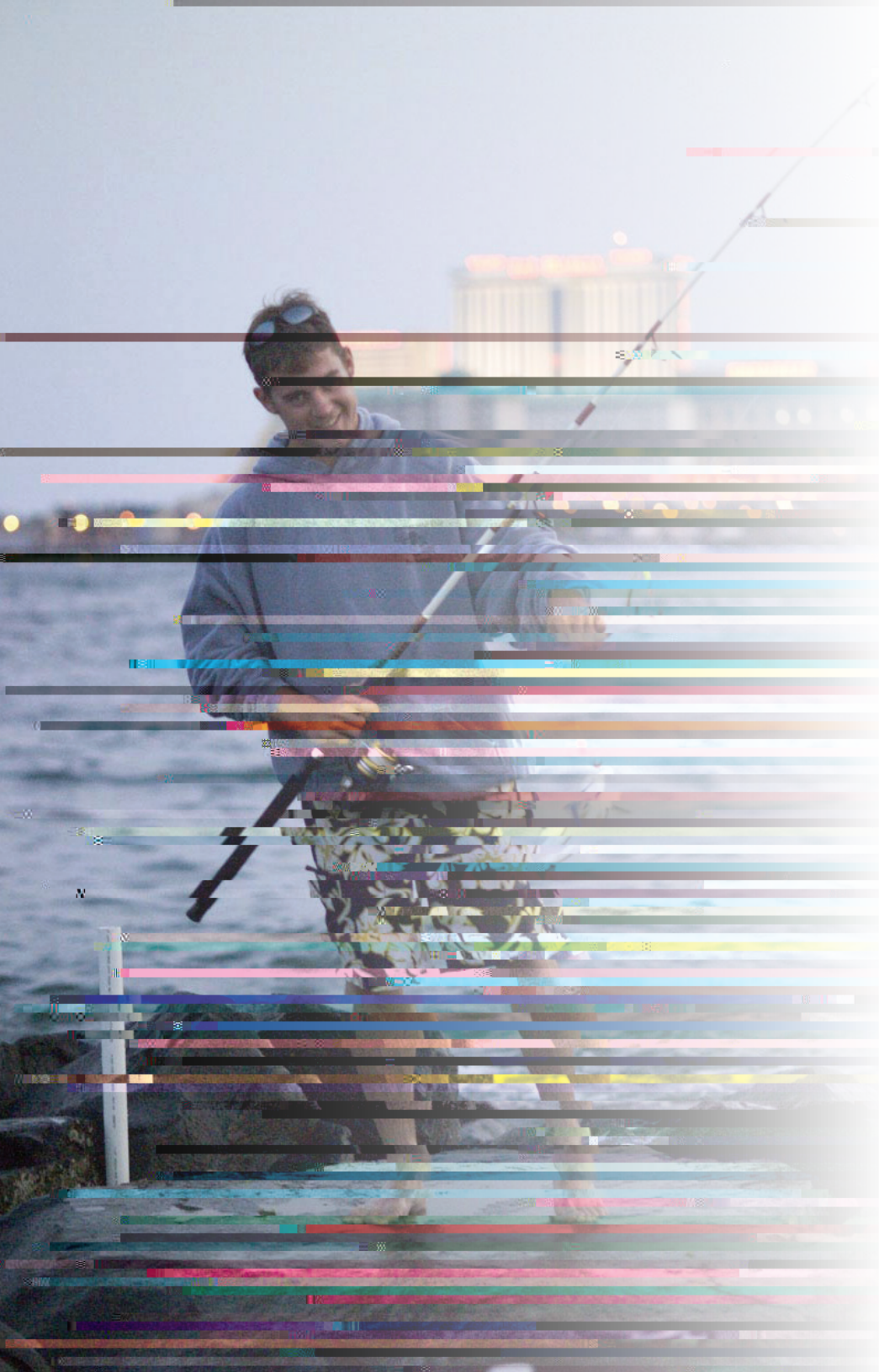
For several years, the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT) has been producing the Atlantic City Tourism Performance Indicators (AC-TPI) as a quarterly report describing non-gaming revenue for the Atlantic City region. The impetus for the report was the changing dynamics 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 hotel rooms at casino properties, these fees undoubtedly would be lower. Yet much of the business from these four closures remained captured by the Atlantic City casino market. Per property performance for the remaining casinos in the Atlantic City market increased. This restructuring of the local marketplace dynamics required a change in the manner in which the AC-TPI captures performance of non-gaming for the Atlantic City region.

Originally, the AC-TPI settled on the three taxes for two main reasons.


data to describe their total performance over time, and many regularly do. Unfortunately, for the Atlantic City region, the casino hotels do not

Atlantic City Casino Parking Fee



Atlantic County Lodging Fee

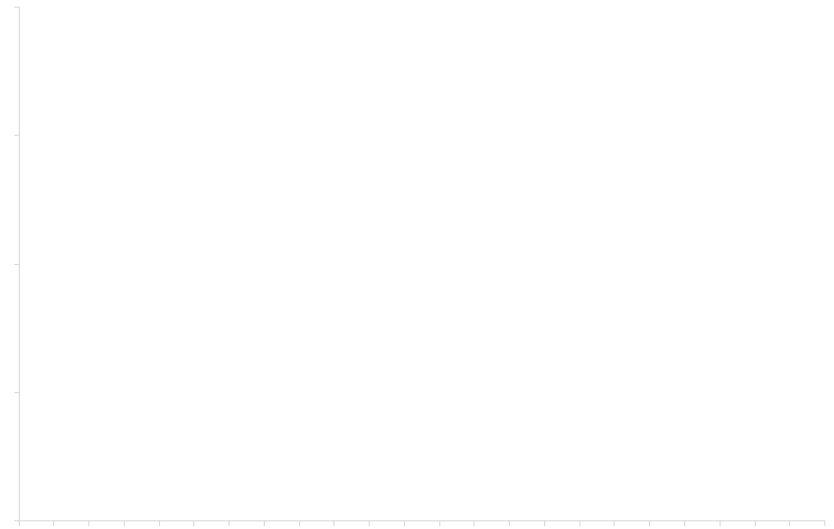
The Atlantic County Lodging Fee, the Atlantic County portion of the State Occupancy Fee, is utilized in this report to get a clearer picture of lodging performance for the region. While this figure is not Atlantic City specific, there is general consensus that the Atlantic City tourism market impacts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

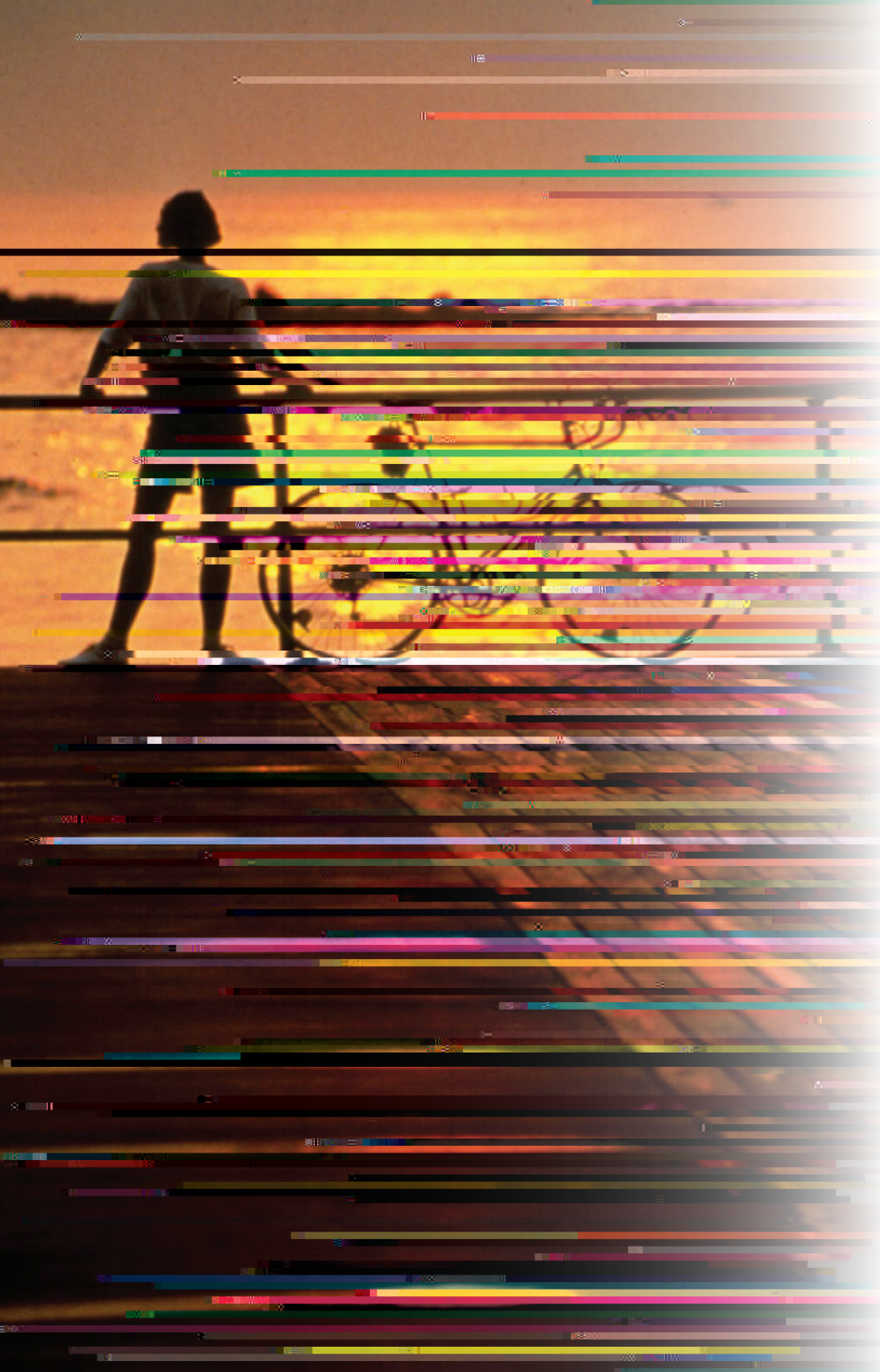


The supply of rooms displayed in Figure 6 is used to calculate the Atlantic County Lodging Fee on a per 100 room basis in Figure 7. Figure 7 is labeled with the annual high (labeled above the data series) and the annual low (below the data series) for each of the past ten years. Similar to the Atlantic 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). The low for the past twelve months was recorded in December 2016 (\$39), and that figure was up from each of the past two years. The current month of June 2017 (\$85) is up from June 2016 (\$79).

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 October, significant gains were realized for the final nine months of the period. Altogether, the lodging market in Atlantic County experienced healthy year over year gains (7.4%).

Given the seasonal nature of the Atlantic County Lodging Fee (see Figure 7), it is again easier to visualize the long term trend by examining the twelve month trailing total for the fee. Figure 9 shows the twelve month trailing total for the Atlantic County Lodging Fee per 100 rooms. On a per room basis, declines have given way to increases. The twelve months ending in June 2017 averaged \$686, or 7.4% higher than the twelve months ending in June 2016. This per room performance stands as the highest per room collection over a twelve month basis ever.





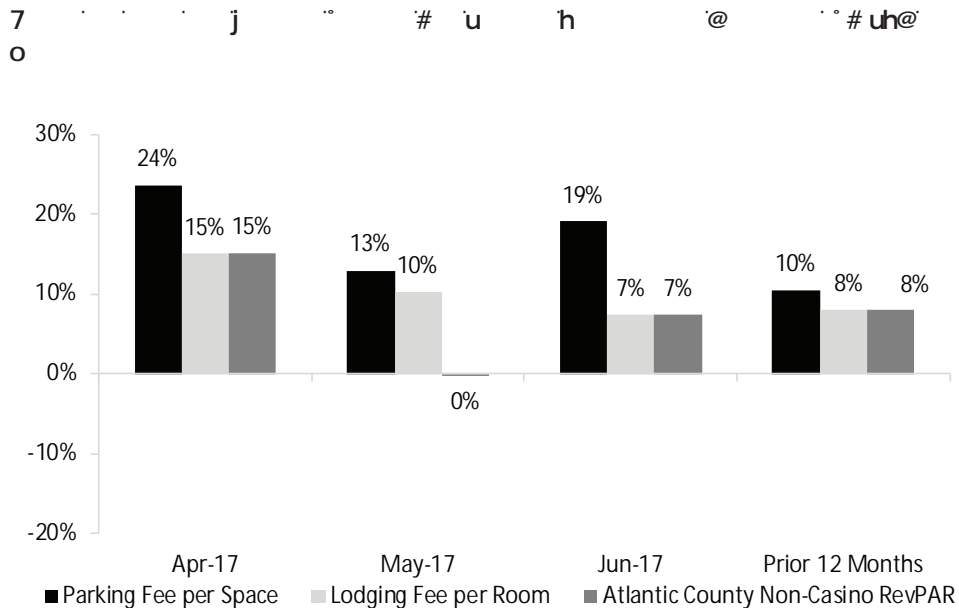
notable exceptions for ADR, Occupancy and RevPAR, all three measures down for both months. The twelve months were healthy, with year over year Occupancy, ADR and RevPAR up in June at 5%, 2% and 7% respectively, a beneficiary of the shrinking room supply, but to a lesser extent than the casino properties based on the performance of the parking fee. The strong performance for RevPAR experienced over the past several years continues during this twelve month period, with the busy summer months in particular showing strong performance.

Comparing across sections of this report further, solid gains were had in April on all three figures, though notable higher for the Casino Parking Fee on a per space basis. The Casino Parking Fee out-gained 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 2nd Quarter Atlantic City Tourism Performance Indicators (AC-TPI) Snapshot

The 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 effective proxy for the performance of the tourism economy in Atlantic City. These measures, or more precisely the year over year change in the monthly figures 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 figures, the New Jersey Casino Control Commission for providing the Parking Fee, and the New Jersey Treasury for providing the Lodging Fee. The goal of the AC-TPI is to provide key measures with analysis that can describe the results of the resorts current efforts at revitalizing the Atlantic City tourism economy.





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