

LIGHT Comments on Second Quarter 2023 DGE Report

For immediate release

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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 Second Quarter 2023 numbers released Wednesday by the state Division of Gaming Enforcement:

Atlantic City's casino operators closed out the first half of 2023 on a hopeful note. Despite market competition, changes in gross gaming revenue mix, and an increase in payroll expenses resulting from a new labor contract signed in July of 2022, Atlantic City's operators realized \$1.57 billion in total net revenue and \$281 million in gross operating profit in the six months ended June 2023. While net revenue compared favorably to the same period in 2022 (\$1.55 billion) and pre-pandemic 2019 (\$1.49 billion), GOP declined noticeably in comparison to 2022 (\$342.6 million). GOP still exceeded pre-pandemic 2019 (\$244.9 million).

Net revenue for the quarter (\$819 million) fell slightly compared to the same period in 2022 (\$828.8 million), but outperformed 2021 (\$726.6 million) and pre-pandemic 2019 (\$796.8 million). Gross operating profit for the quarter (\$146 million), as for the year to date, declined noticeably compared to the same period in 2022 (\$183.6 million), 2021 (\$186.1 million) and pre-pandemic 2019 (\$159.2 million). Given the increases in labor expenses that did not exist prior to July 2022 and increases in operational expenses overall this decline is not unexpected.

Nongaming revenue is becoming increasingly important to the industry's overall revenue mix. At \$399.6 million, nongaming revenues represented nearly half (48.8%) of total net revenues for second quarter 2023. This represents a notable increase in comparison to the same period in 2022 when nongaming revenues represented 45.2% of total net revenue for the quarter. The increase is a bit surprising because second quarter is not typically the busiest period for in-person activity in Atlantic City.

The nongaming revenue share increase is not the result of recent declines in net gaming revenue but rather part of a longer trend of increases in non gaming revenue overall. In recent months, Atlantic City's casino hotels have made substantial investments in their in-person resort experiences. These investments may indeed be paying off.

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