

LIGHT Comments on July DGE Report

For immediate release

August 16, 2022

Comments from Jane Bokunewicz, faculty director of the Lloyd D. Levenson Institute of Gaming, Hospitality and Tourism (LIGHT), Stockton University School of Business, on July 2022 numbers released today by the Division of Gaming Enforcement:

July 2022 showed indications of a strong summer season fueled by a return to normal operations and consumer behavior. At \$299 million, July 2022 brick and mortar gaming revenues for Atlantic City's nine casinos exceeded July 2021 by 8%. Unlike last summer, Atlantic City casinos in 2022 are operating without official public health restrictions, which were still in place at the start of summer 2021. There also isn't the "COVID-19 drag" of persisting public health concerns that kept some visitors from returning to pre-pandemic behaviors even after an end to the COVID-19 public health emergency in New Jersey.

Meetings, conventions and trade shows are back in full swing this summer. Data provided by Meet AC show some of the clearest indicators of an end to the COVID-19 drag and a return to pre-pandemic (or better) levels of activity. In the six months ended June 2019, Meet AC facilitated 134 conventions, trade shows and meetings, and welcomed 345,000. In the same period ended 2022, Meet AC facilitated 138 conventions, trade shows and meetings, and welcomed 453,000 – this represented a 316% and 1377% increase respectively over the same period in 2021. In 2021, Meet AC facilitated just 33 conventions, trade shows and meetings, and welcomed only 30,700 attendees.

Further, July's 2022 brick and mortar gaming revenues also exceeding July 2019 (\$277.2 million) by 8% is a hopeful indication that the growth trend that we saw before the pandemic may be back on track. Seven months in, 2022 leads 2019 for total brick and mortar casino revenue by 4.4% and, for the first time since the start of the pandemic, there seems to be a real chance that 2022 year-end brick and mortar casino revenue will exceed 2019.

Consistent with an emerging trend, internet gaming revenue for the month shows signs of plateauing, likely due to a seasonally driven shift in gambling behavior or a potential preference for in-person gaming activities during the summer.

But this did not prevent July 2022 from turning in the strongest total casino industry revenue performance (excluding racetracks) in recent history (since 2011). At \$453.1 million, July 2022 beat out July 2021 (\$416.3 million) to set a new near-term record for single month industry total gaming revenue. Year to date 2022 total industry gaming revenue exceeds 2021 by 8.9% and, with another 40% at least of revenue still to be earned in 2022, indications seem to favor another year-end revenue total of over \$4 billion.

Data from the South Jersey Transportation Authority suggests a promising, but still incomplete recovery for visitation to the city. Traffic through the Pleasantville Toll Plaza of the Atlantic City Expressway has increased 6.3% in the first half of 2022 compared to the same period in 2021, however, counts for the six months ended June 2022 still haven't recovered fully to pre-pandemic levels. At 8.1 million, vehicle counts at the plaza lag the 2019 total from the same period (9.4 million) by almost 15%.

It is unclear if a portion of the lower vehicle counts may be attributable to less trips by locals who may be working from home or car-pooling to combat high gas prices, or drivers opting not to use the expressway due to a recent increase in the price of tolls. With brick-and-mortar revenue exceeding pre-pandemic levels the lower vehicle counts do not seem to be influencing economic activity at the casinos.

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