

# LIGHT Comments on Third Quarter 2024 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 Third Quarter 2024 numbers released Friday by the state Division of Gaming Enforcement:**

Consumer demand may have been an issue for Atlantic City's casino operators in Summer 2024. Although occupancy rates, at 84.15%, compared well to previous third quarters (85.61% and 86.66% in 2023 and 2022, respectively), average daily room rate dropped by almost \$17 this summer (\$201.08 in third quarter 2024 compared to \$217.70 in Q3 2023 and \$216.55 in Q3 2022), indicating that operators may have needed to drop their average daily room rates to attract patrons.

It is possible that the lack of annual large-scale events such as the Atlantic City Airshow and beach concert series may have contributed to this struggle.

In addition to dropping average daily room rates -- which has an impact on Revenue Per Available Room (RevPAR) an important indicator of lodging profitability which was also down year-over-year -- operators likely also increased their spending on promotions. According to the quarterly financial reports of the individual properties, operators spent a total \$423 million in promotional allowances and \$38.3 million in promotional expenses in third quarter 2024. This was more than 18% higher in allowances and nearly 2% higher in expenses than third quarter 2023 (\$399.8 million in allowances, \$34.1 million in expenses) and nearly 6% higher in allowances and more than 12% higher in expenses pre-pandemic 2019 (\$357.8 million in allowances, \$37.7 million in expenses).

Nongaming revenues (which are historically strongest in the peak summer months of the third quarter) did not perform well in 2024 compared to prior third quarters. At \$511.6 million, nongaming revenue for the period fell 5% short of the same period in 2023 (\$538.28 million), despite exceeding third quarter 2019 (\$438.53) by 16.7%.

With this reduced revenue (2.9% less total net revenue in third quarter 2024 compared to the same period in 2023), and increased expenses (both in promotion and in general operating costs), it is no surprise that gross operating profit for the period also declined (13.6% less compared to the same period in 2023).

Year-to-date, total net revenues appear essentially flat compared to 2023, but this was not enough to prevent further decline in gross operating profit. At the end of the second

quarter, operators reported a nearly 5% decline in year-over-year gross operating profit – this gap has grown to nearly 9% as of the end of the third quarter.

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