

LIGHT Comments on First Quarter 2022 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 First Quarter 2022 numbers released today by the Division of Gaming Enforcement:

At historically the slowest period in the resort's calendar, Atlantic City's casino operators saw meaningful growth in the first three months of 2022 compared to the same period in 2020 (just prior to COVID-19 shutdowns) and 2021 (when deaths from COVID-19 in the US peaked). At \$719.8 million first quarter 2022 net revenues outperformed 2021 (\$564.8 million) and 2020 (\$597.2 million), and even exceeded 2019 (\$696.6 million) by 3.3%.

Gross Operating Profit (GOP), a measure of how well casinos manage their expenses relative to revenues, were high for the period. GOP for first quarter 2022 (\$155.6 million) exceeded first quarter GOP for each of the past five years.

As operators continued to face labor shortages in the first quarter, they have had to find creative ways to satisfy consumer demand with fewer employees. The high gross operating profits in the first quarter indicate that they have found an efficient balance between staffing levels and volume of business.

Entering the second and third quarter, the peak of economic activity for the resort, we should expect to see gains in non-gaming revenues driven by lodging occupancies. Higher occupancy levels will likely also translate into higher demand for labor. How well operators can keep up with this demand, given the labor supply, rising wages and product costs, will determine if recent Gross Operating Profit performance will persist.

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