

TOURISM-RELATED EMPLOYMENT REPORT NOVEMBER 2021

Prepared for:
U.S. Travel Association



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CURRENT EMPLOYMENT SITUATION

ONE-IN-THIRTEEN L&H JOBS REMAIN LOST

Nearly half of the 16.9 million jobs in the leisure & hospitality (L&H) industry, as defined by the North American Industry Classification System (NAICS), were lost in March and April 2020. The industry has experienced an uneven recovery, with 4.9 million jobs created or restored between April and November 2020, followed by shedding 500,000 jobs in December 2020 and January 2021, but has gained over 2.5 million jobs since then, resulting in a current 1.3 million job deficit since the onset of the pandemic.

Leisure & hospitality employment remained 8% below its pre-pandemic level in November, despite incremental improvement, and thus, maintains its status as the most negatively impacted industry.

L&H added a mere 23,000 jobs in November 2021, a stark departure from the 170,000 L&H jobs gained in October. L&H has averaged 100,000 new jobs per month over the past three months – a pace that would not result in a full recovery in L&H employment until December 2022.

Share of jobs lost in major industries

% of industry jobs still lost from Feb. 2020-Nov. 2021



Source: BLS

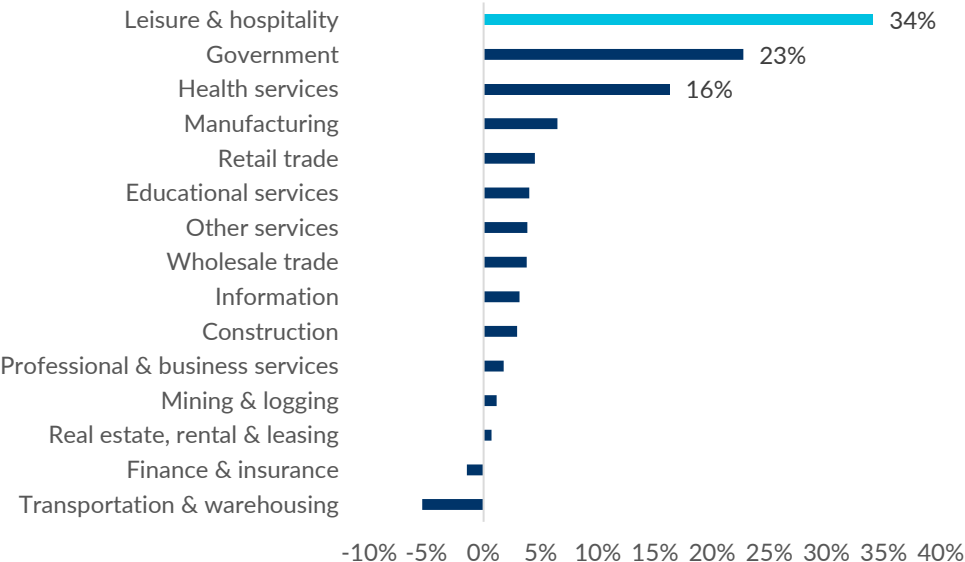
L&H ACCOUNTS FOR OVER ONE-THIRD OF ALL JOBS LOST

The leisure & hospitality industry accounted for 11% of pre-pandemic employment in the United States yet represents 34% of all job losses as of November 2021.

While a moderate improvement compared to the lows L&H experienced in the winter months (L&H registered 39% of all jobs lost as of January 2021), the L&H employment recovery continues to lag the overall economy since mid summer.

Share of total US employment loss by industry

% of all US jobs still lost from Feb. 2020-Nov. 2021



Source: BLS

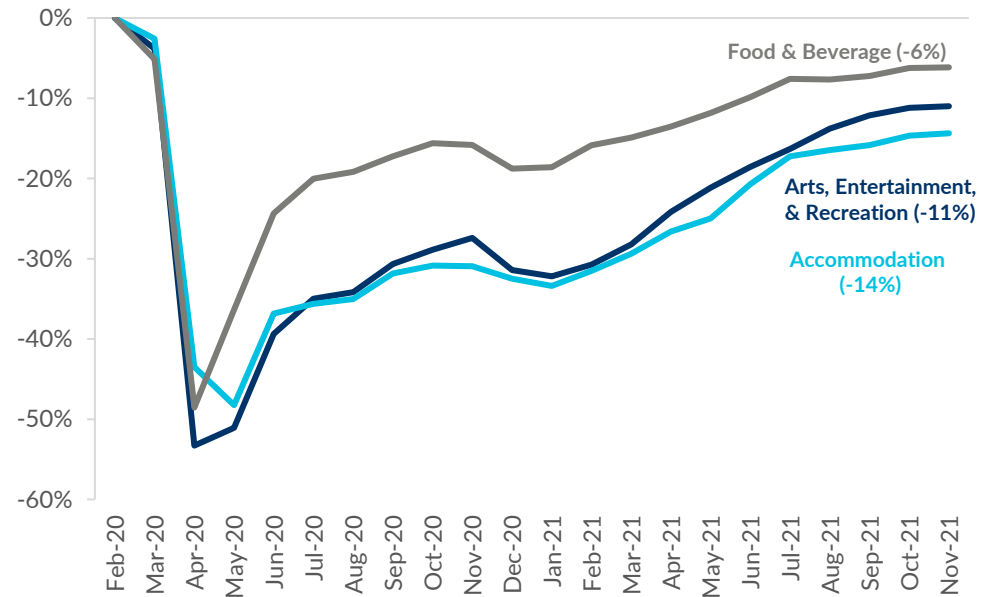
MARKED SLOWDOWN IN JOB CREATION

The economy-wide addition of only 210,000 new jobs in November was less than half of the 546,000 jobs created in October. The services sector was perhaps the most disappointing sector, as despite a much-improved health situation and robust consumer demand, services industries only added 175,000 jobs in November – the weakest performance since January 2021.

The downshift largely owed to weaker hiring in leisure & hospitality industries which added just 23,000 jobs. Within the sector, food & beverage employment rose a mere 11,000 after adding 122,000 jobs in October. Similarly, employment in the accommodation and arts, entertainment, & recreation sectors increased by 7,000 and 5,000 jobs, respectively, in November after advancing 25,000 and 24,000 the month prior, respectively.

Share of jobs lost in L&H sub-industries

% of industry jobs lost from February 2020



Source: BLS

SIGN OF LABOR SUPPLY SHORTAGE THAWING

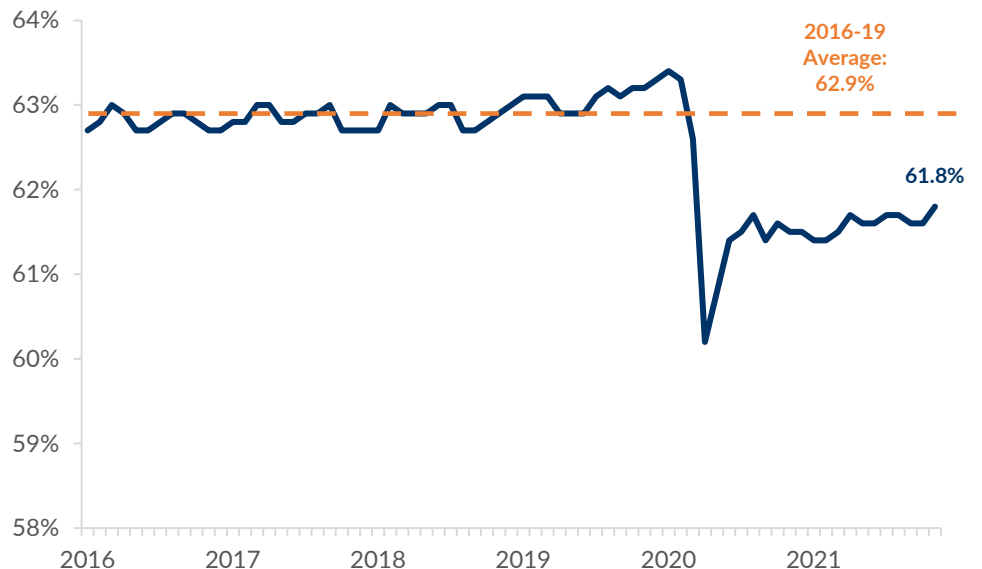
From 2016 through 2019, the labor force participation rate averaged 62.9%, but the onset of the pandemic sidelined workers amidst health and childcare concerns.

In November, 594,000 people reentered the labor force – the greatest single month surge since October 2020 .

The labor force participation rate rebounded 0.2 percentage points to 61.8%, suggesting that tight labor market conditions and easing labor supply constraints (reduced risk aversion, resumed school and childcare operations, etc.) have started to pull workers back into the workforce. Although there is a risk that the spread of the Omicron variant delays the recovery in participation.

Labor force participation rate

Share of labor force as a percent of working age population



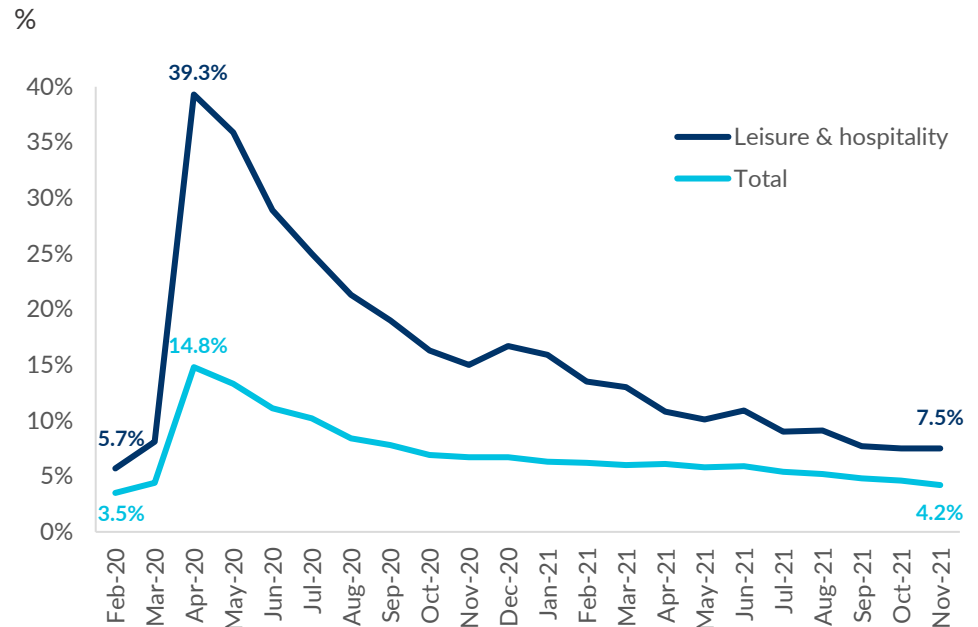
Source: BLS

UNEMPLOYMENT RATE HITS POST-PANDEMIC LOW

The unemployment rate fell 0.4 percentage points to 4.2% in November – a new post-pandemic low – as household employment increased by over 1.1 million compared to the labor force increasing 594,000.

While the overall unemployment rate progressed towards returning to pre-pandemic levels, the L&H unemployment rate maintained 7.5% for the second consecutive month, hindered by November's lackluster job creation in the industry.

Unemployment rate



Source: BLS

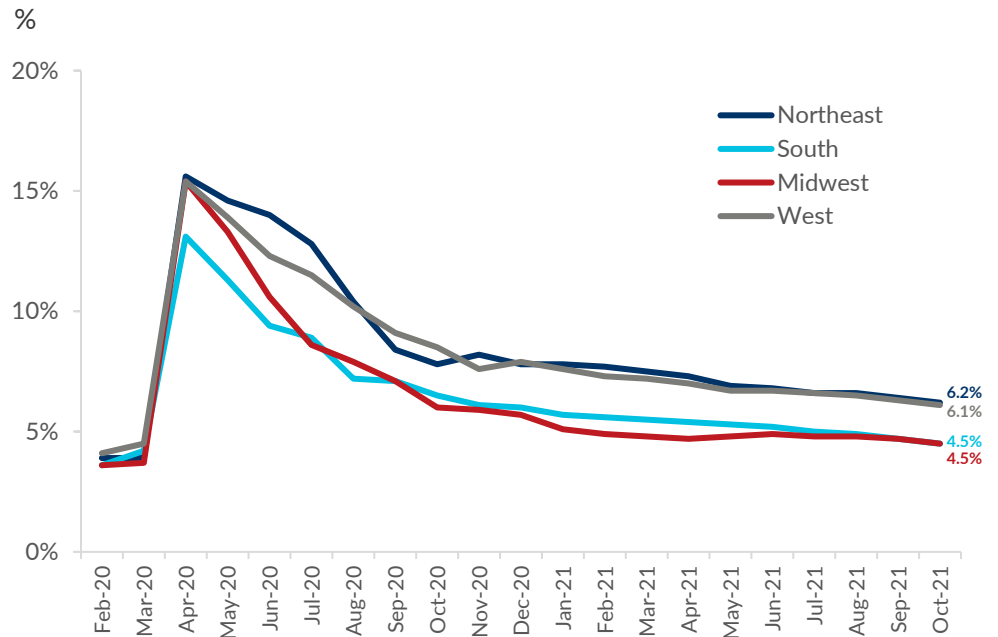
REGIONAL VARIATION IN RECOVERY

While the nation has seen great strides in the job market recovery with the unemployment rate falling precipitously from its pandemic highs, the pace of the recovery has been uneven across geographies.

As of October 2021, the South and Midwest have led the job market recovery with unemployment rates of 4.5%.

The Northeast and West had elevated unemployment rates in October, registering 6.2% and 6.1%, respectively. However, the gap between the Northeast and West in comparison to the South and Midwest has been narrowing since the beginning of 2021.

Unemployment rate



Source: BLS

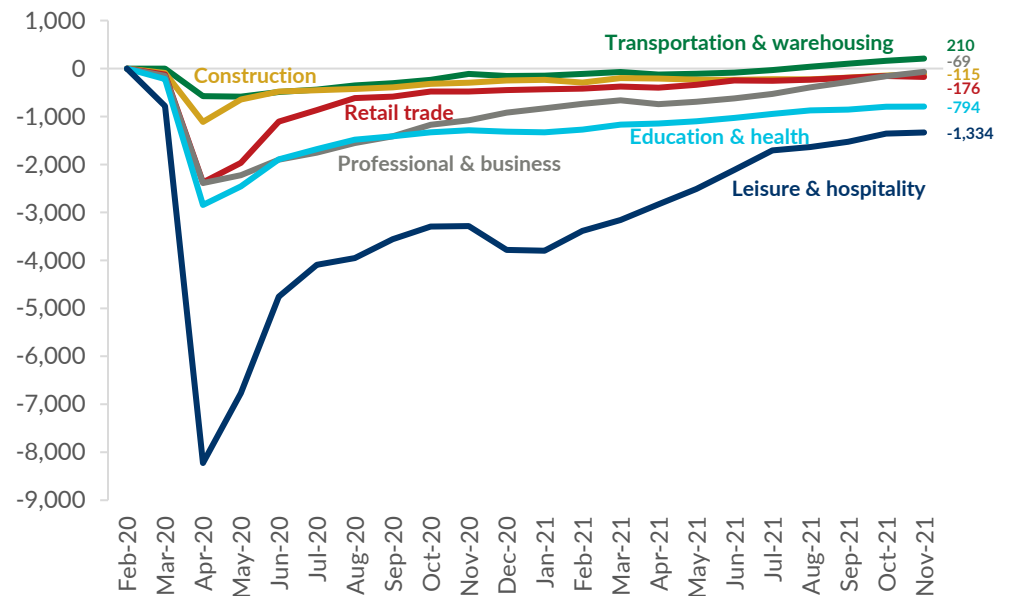
SEASONAL TRANSITION SLOWING DOWN L&H RECOVERY

Beginning in November of last year, the seasonal transition towards the traditionally more business travel-oriented months saw a significant slowdown in the L&H employment recovery, even as other industries made steady incremental progress. November 2021 runs the risk of marking a similar turning point, as only 23,000 L&H jobs were added and the emergence of the Omicron COVID-19 variant and the seasonal importance of the still struggling business travel segment provide risk and uncertainty to the near-term outlook.

However, despite the surge in cases due to the Delta variant, L&H employment continued to recover and advancements in COVID-19 therapeutics and vaccinations could prevent the downturn observed last winter.

Leisure & hospitality playing catch up

Change in total jobs from Feb. 2020, thousands of jobs



Source: BLS

LABOR MARKET CONSTRAINTS

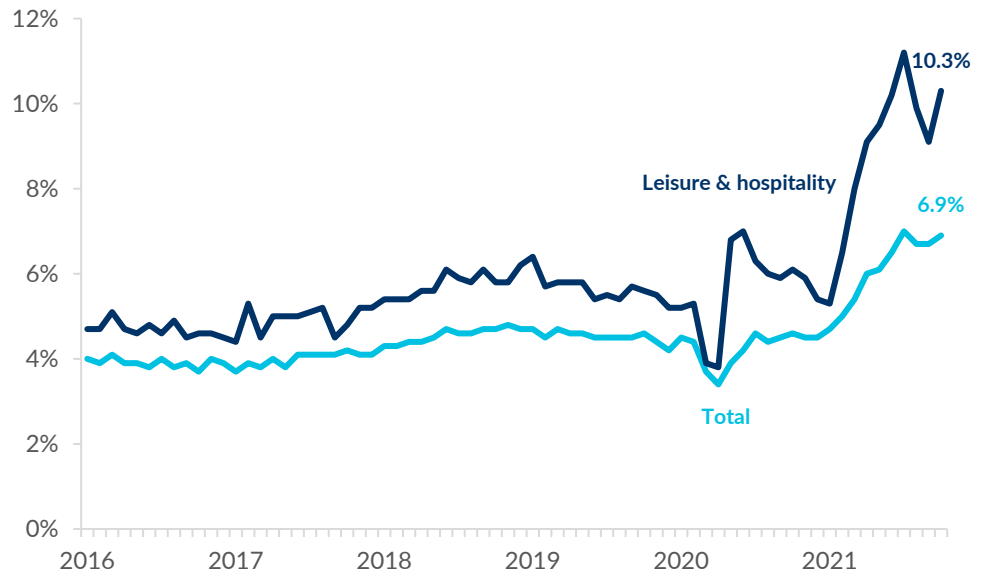
JOB OPENINGS CLIMBED BACK, JUST SHY OF RECORD HIGHS

Job openings rebounded 431,000 to 11.03 million in October – a level within reach of its record high – as falling COVID-19 cases spurred stronger labor demand. The reported jump lifted the level of job openings 57% above pre-pandemic levels. The labor shortage in the L&H industry was further exacerbated in October, as the openings rate rose to 10.3%, implying more than one-in-ten L&H positions are unfilled.

The JOLTS report continued to depict tight labor market conditions with job openings economy-wide rising and only 0.67 unemployed persons per job opening – the lowest ratio in the history of the report.

Job openings rate

Share of job openings as a percent of total available jobs



Source: BLS

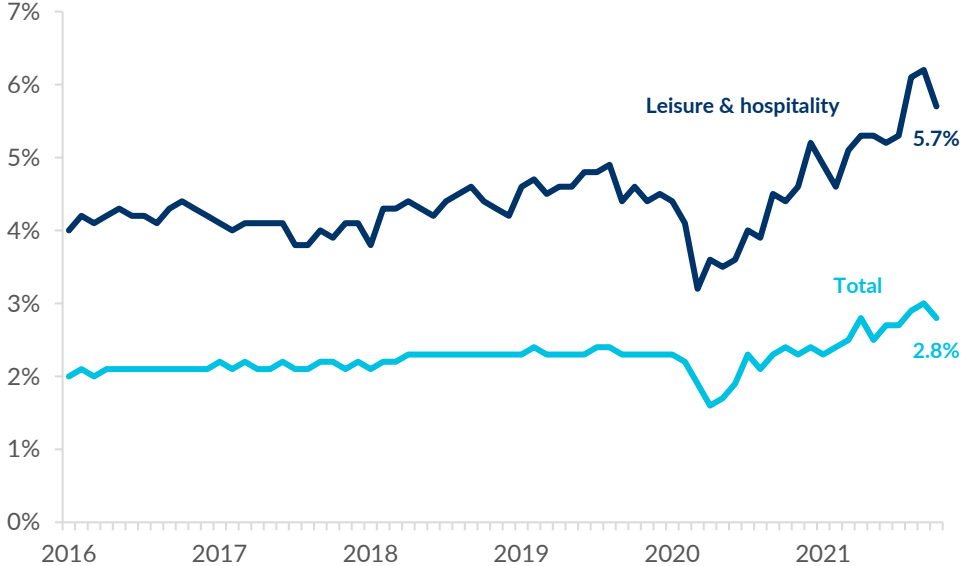
THE “GREAT RESIGNATION” CONTINUES

The number of quits fell slightly in October after reaching a record high in September, led by a marked decline in the L&H sector where the quits rate is the highest of all industries.

Rising quit rates and job openings may be symptoms of a temporary supply-and-demand mismatch in reopening economies, due in part to the geographic relocation of workers during the pandemic. However, pessimistically, surging quit rates could be a possible sign of future elevated inflation levels.

Job quits rate

Share of quits as a percent of total employment



Source: BLS

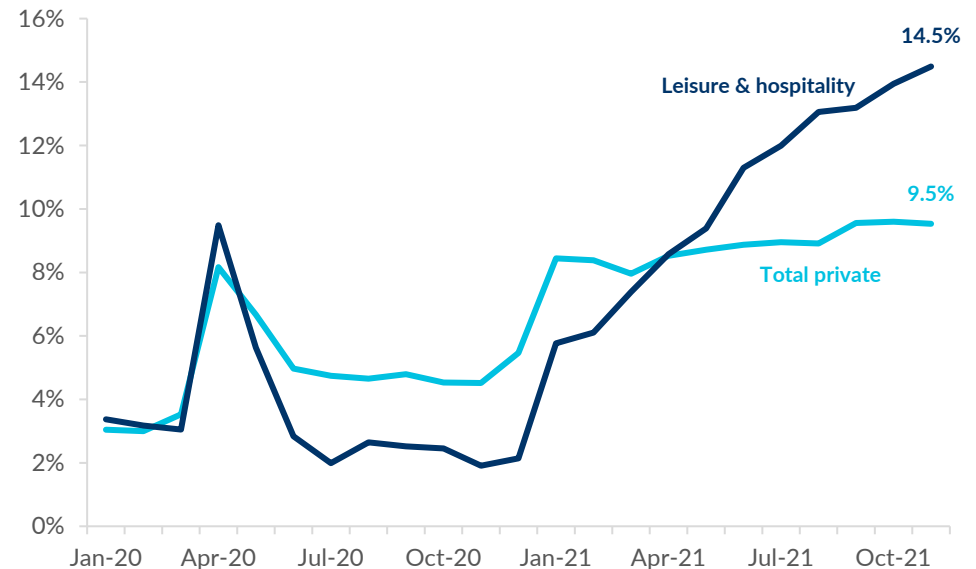
L&H WAGE GROWTH REMAINS HOT

Overall wage growth showed some early signs of cooling with average hourly earnings declining to 9.5% above 2019 levels in November from 9.6% in October.

Wage gains remain the fastest in industries where workers have become scarce and companies struggle to hire. The hard-hit L&H sector maintained its fast wage growth rate, with average hourly earnings rising to 14.5% above 2019 levels in November from 13.9% in October.

Average hourly earnings

% change relative to same month 2019



Source: BLS

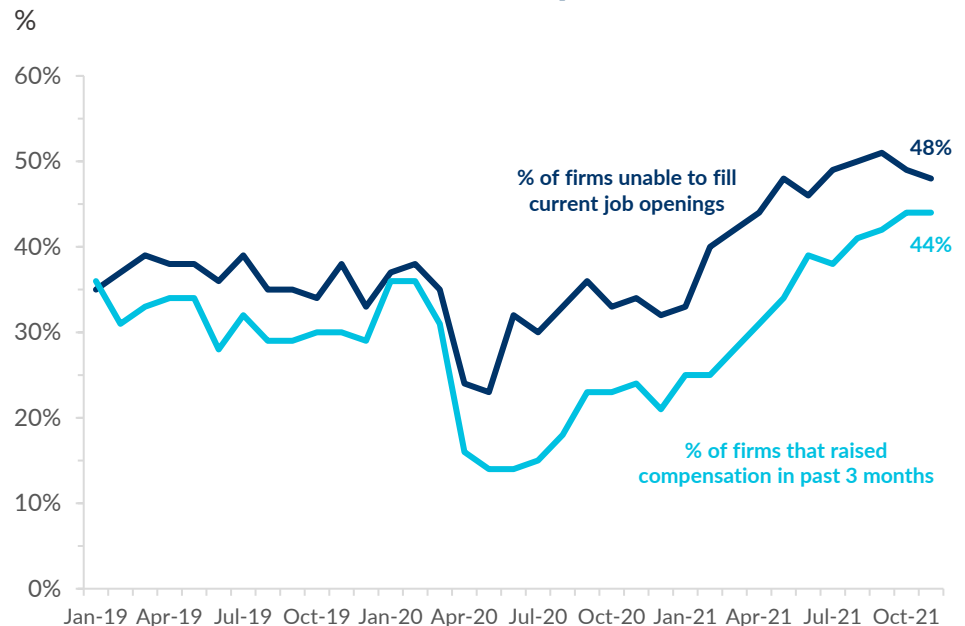
SMALL BUSINESS HIRING STRUGGLES PLATEAUING

Some of the most extreme hiring strains are being experienced by small businesses, which constitute the majority of the L&H industry.

In the November NFIB Small Business Jobs Report, 48% of small businesses reported being unable to fill current job openings, indicating continual, though gradual, easing of labor supply shortages.

Competition for available workers has resulted in a sustained all-time high for the share of firms raising employee compensation (44%).

NFIB Small Business Jobs Report



Source: National Federation of Independent Business

TRAVEL VERSUS L&H EMPLOYMENT

HISTORICALLY STRONG JOB GROWTH IN LEISURE & HOSPITALITY AND TRAVEL

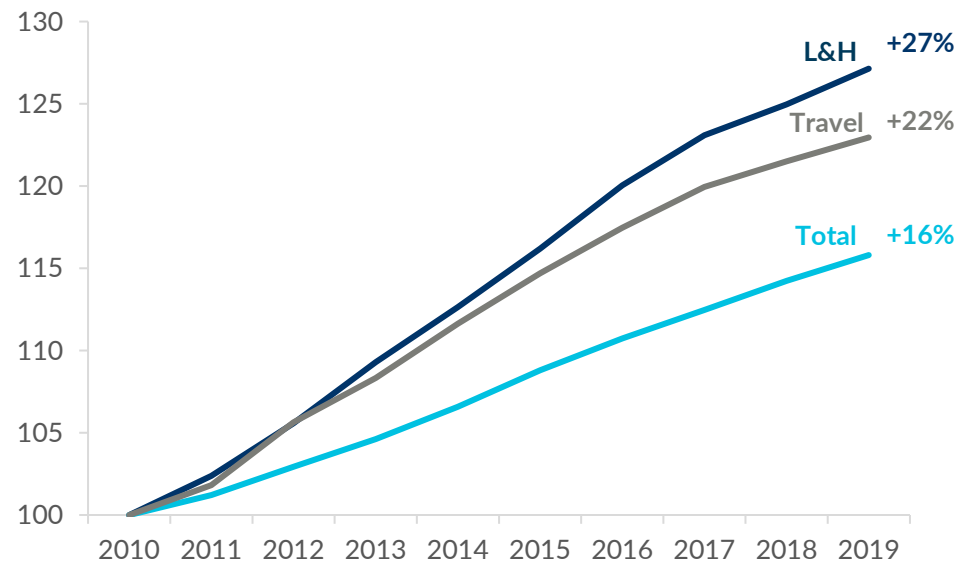
Travel-related industries generally outpaced the overall US economy over the past decade. Employment in the leisure & hospitality (L&H) sector expanded 27% from 2010-2019 while total US economy employment grew just 16%.

L&H employment includes the accommodation, food & beverage, and arts, entertainment, & recreation sectors. While L&H encompasses both visitor and local resident activity, the overlap with the travel sector is significant.

Travel-supported employment also includes transportation industries, which reside outside of the leisure & hospitality sector. Direct travel-supported employment also outpaced overall US employment, growing 22% from 2010-2019.

Travel employment in the United States

Index (2010=100)



Source: BLS, Tourism Economics

TRAVEL EMPLOYMENT HAS UNDERPERFORMED L&H SINCE THE ONSET OF THE PANDEMIC

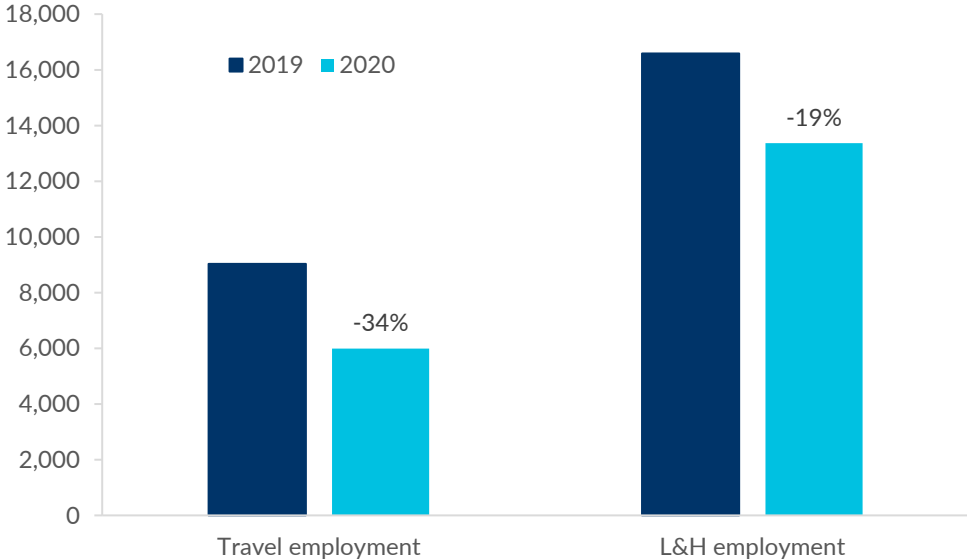
While L&H employment growth approximates travel employment growth in a normal year, 2020 proved to be an exception. The prolonged collapse in travel demand and the subsequently quick rebound in local demand led the L&H employment situation to appear less dire than the reality of the travel industry.

In 2020, direct travel jobs fell 34%, 15 percentage points more than L&H's 19% decline over the same time period. The broader classification of L&H and its sub-industries, such that local demand is included, results in relatively subdued employment declines compared to the travel industry.

In addition to local demand preventing L&H from suffering as drastic of an employment decline as travel in the initial phase of the pandemic, it has not faced as lengthy and obstructive of restrictions as travel; therefore, the travel industry's recovery is expected to be more prolonged than L&H.

Travel and L&H employment

Thousands of jobs



Source: BLS, Tourism Economics

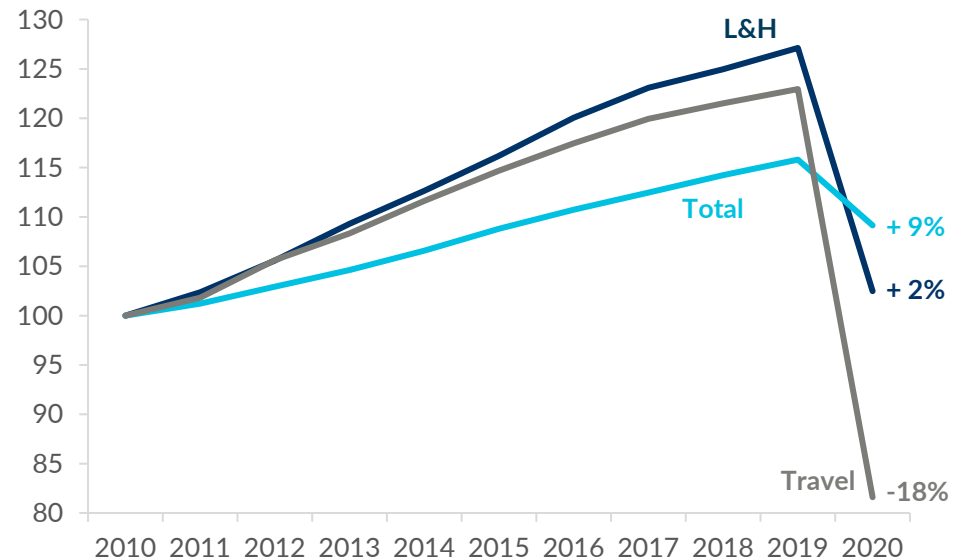
DECADE OF GROWTH LOST IN 2020

The drastic decline in travel in 2020 more than erased all employment gains the industry had achieved in the prior decade. Travel employment settled at 18% below its 2010 level following its 34% year-over-year contraction 2020.

Despite the troubled situation presenting the industry in 2020, the past decade reveals the potential for a similarly sharp rise.

Travel employment in the United States

Index (2010=100)



Source: BLS, Tourism Economics

APPENDIX

Employment situation

Jobs (thousands)

Industry	Jobs lost (Feb. 2020- Nov. 2021)	% of industry jobs lost (Feb. 2020- Nov. 2021)	% of all jobs lost (Feb. 2020-Nov. 2021)
Mining & logging	-45	-7%	1%
Construction	-115	-2%	3%
Manufacturing	-253	-2%	6%
Wholesale trade	-148	-3%	4%
Retail trade	-176	-1%	4%
Transportation & warehousing	210	4%	-5%
Information	-123	-4%	3%
Finance & insurance	57	1%	-1%
Real estate, rental & leasing	-28	-1%	1%
Professional & business services	-69	0%	2%
Educational services	-156	-4%	4%
Health services	-638	-3%	16%
Leisure & hospitality	-1,334	-8%	34%
Arts, entertainment, and recreation	-275	-11%	7%
Accommodation	-302	-14%	8%
Food services and drinking places	-757	-6%	19%
Other services	-150	-3%	4%
Government	-889	-4%	23%
Total economy	-3,912	-3%	100%

Source: BLS

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

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For more information:

admin@tourismeconomics.com



TOURISM ECONOMICS

AN OXFORD ECONOMICS COMPANY

For more information:

Adam Sacks, President

asacks@oxfordeconomics.com

Daniel Molon, Economist

dmolon@oxfordeconomics.com