Leisure & Hospitality Employment Update

This monthly presentation focuses on the Leisure & Hospitality (L&H) industry

OCTOBER 2022 UPDATE
This presentation focuses on the Leisure & Hospitality (L&H) industry as defined by the Bureau of Labor Statistics. We use it as a proxy for the Travel Industry as they have historically followed similar trends. Since the onset of the pandemic, however, the travel industry has suffered even greater losses than L&H. Please refer to this fact sheet for a short summary of the major differences between the L&H and Travel industries.
Leisure & Hospitality (L&H) employment remains 6.7% below pre-pandemic levels

After falling to roughly half of pre-pandemic levels in April 2020, L&H employment recovered most of its losses. Nevertheless, while jobs in the total private sector have surpassed pre-pandemic levels, L&H remained at -6.7% in September 2022...an equivalent of 1.1 million jobs that are still lost.

Source: BLS
L&H is suffering from the second-highest share of jobs still lost of all major industries

While L&H employment remained 6.7% below pre-pandemic levels, the overall economy has fully recovered (+0.3%) and the overall private sector, which includes L&H, was up 0.9%.
As well as the largest absolute number of jobs still lost
Within L&H, accommodation is the furthest behind

Share of jobs lost in L&H and its sub-industries
% change in jobs, compared to February 2020

While Food & Beverage employment—which is also supported by local spending—was just 4.5% below pre-pandemic levels in September, Arts, Entertainment & Recreation was at -7.4% and Accommodation was at -18.5%.

Source: BLS
L&H is even further behind from ‘where it should have been’

L&H jobs have grown, on average, by 2.5% in the five years prior to the pandemic. If this growth would have continued, there should have been 17.8 million L&H jobs in September 2022. Instead, there were just 15.8 million, a difference of 2 million jobs.

In other words, L&H employment remained 11.3% below where it should have been in September 2022.

Source: BLS

L&H jobs and where they ‘should have been’

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>L&amp;H Jobs in September 2022</td>
<td>15.8 million</td>
</tr>
<tr>
<td>Should have been</td>
<td>17.8 million</td>
</tr>
<tr>
<td>Difference</td>
<td>2 million</td>
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</tbody>
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Source: BLS
But the problem isn’t a lack of openings

With 1.4 million job openings in August (latest avail.), L&H accounts for a disproportionate 14% of all U.S. job openings (10.1 M).

But while many industries have now nearly or fully recovered and are posting job openings focused on growth, L&H is desperately seeking to fill jobs just to recover to where it was in 2019 (as it remained more than a million jobs behind). Filling these positions, however, has been a challenge.

Please Note: Job openings and quits data lags the overall employment data released by BLS by one month. The latest data available, as of October 7, was for August 2022.
L&H job openings rate has grown substantially... though it has declined in recent months

The share of L&H job openings (out of total available L&H jobs) increased dramatically from 5.7% in January 2021 to 11.7% in December 2021, and then fell to 8.2% by August 2022. This compares to a 6.2% openings rate for the overall economy.

Source: BLS
L&H accounts for a disproportionate share of total U.S. job openings

Despite a decrease in openings so far in 2022, L&H retained its disproportionate share of total U.S. job openings.

In August 2022, L&H—which accounted for 11% of pre-pandemic U.S. employment—still accounted for 14% of U.S. openings.

In other words, the 1.4 million L&H openings accounted for roughly one-in-seven of the 10.1 million total U.S. job openings.
L&H has experienced a surge in “job quits” as a result of the pandemic, and its “job quits rate” remains substantially higher than that of the overall economy.

The “job quits rate” for L&H increased significantly from July (5.3%) to August (6.1%). This compares to 2.7% for the overall economy.

956,000 L&H workers quit their jobs in August, which represents a disproportionate 23% of the 4.2 million Americans who quit their jobs (up from 20% in July).

With such high quit rates, and so many other job options, it has been difficult to hire additional works.
There are not enough unemployed people to fill new positions

The number of openings within L&H far exceeds the number of unemployed Americans who previously worked within L&H (and remain within the labor force).

The overall economy is suffering from the same crisis (10 million openings and just 6 million unemployed). Even if every unemployed American took a job right now, we would still have 4 million job openings. For every 100 openings, there are only 60 unemployed workers.

To get our labor force back to pre-COVID levels, the travel industry must, therefore, not only be competitive and recruit from the general U.S. population but will also need workers from outside the country.

Source: BLS
Average L&H wages have surged as the industry must compete for a limited number of workers.

Average Hourly Earnings
% change relative to same month in 2019

L&H wages grew significantly since the end of 2020, from $17.12 in December 2020 to $20.30 in September 2022. This compares to an average of $32.46 for the total private sector.

L&H wages were 22% above 2019 levels in September 2022 (and +8% YOY) while overall private sector wages were 15% above 2019 levels (and +5% YOY).

Source: BLS