Leisure & Hospitality Employment Update

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

NOVEMBER 2022 UPDATE
Leisure & Hospitality employment: November 2022 update (September–October data)

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 6.5% below pre-pandemic levels

Despite continued growth, L&H employment remains far below pre-pandemic levels. After an increase of just 35,000 jobs in October 2022, L&H was still 6.5% below February 2020 levels—an equivalent of 1.1 million jobs are still lost.
L&H is suffering from the second-highest share of jobs still lost of all major industries

Source: BLS

While L&H employment remained 6.5% below pre-pandemic levels, the overall economy has fully recovered (+0.5%) and the overall private sector, which includes L&H, was up 1.0%. Only mining & logging had a higher share of jobs still lost.
As well as the largest absolute number of jobs still lost

L&H, by far, has the largest number of jobs still lost (1.1 M).

Many sectors have already surpassed pre-pandemic levels.

In fact, the overall private sector is UP by 1.3 million jobs, even after taking into account the loss of L&H jobs.
Within L&H, accommodation is the furthest behind

While Food & Beverage employment—which is also supported by local spending—was just 4.6% below pre-pandemic levels in October, Arts, Entertainment & Recreation was at -6.7% and Accommodation was at -17.1%.

On the other hand, Air Transportation employment (not part of L&H) was UP by 10.6%. However, regardless of the complete recovery in terms of jobs in this sector, staffing problems at airports persist and many airlines are having a difficult time training pilots as fast as they are needed.
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 17.9 million L&H jobs in October 2022. Instead, there were just 15.9 million, a difference of 2 million jobs.

In other words, L&H employment remained 11.4% below where it should have been in October 2022.
But the problem isn’t a lack of openings

With 1.6 million job openings in September (latest avail.), L&H accounts for a disproportionate 15% of all U.S. job openings (10.7 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 1.1 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 November 3, was for September 2022.
Openings have grown substantially in September

After decreasing in August, total U.S. job openings and L&H openings both increased in September.

But L&H openings, which increased from 1.4 million to 1.6 million, grew much faster (+17%) than those of the overall economy (+4%).

While total job openings in September were still below July levels, L&H openings reached their highest levels since March.

The industry is not only seeking to return to pre-pandemic job levels but is positioned to grow.

Source: BLS
L&H job openings rate continues to surpass that of the overall economy

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. After falling for a couple of months, it increased again, to 9.3%, in September 2022.

This compares to a 6.5% openings rate for the overall economy.

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

In September 2022, L&H—which accounted for 11% of pre-pandemic U.S. employment—accounted for 15% of U.S. openings.

In other words, the 1.6 million L&H openings accounted for roughly one-in-seven of the 10.7 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 decreased from August but remained elevated at 5.3% in September. This compares to 2.7% for the overall economy.

844,000 L&H workers quit their jobs in September, which represents a disproportionate 21% of the 4.1 million Americans who quit their jobs.

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 (10.7 million openings and just 5.8 million unemployed). Even if every unemployed American took a job right now, we would still have 5 million job openings. **For every 100 openings, there are only 54 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

### Number of unemployed vs job openings, September 2022

- **L&H Openings**: 1,631,000
- **L&H unemployed**: 802,000
- **Overall Openings**: 10,717,000
- **Overall Unemployed**: 5,753,000
Average L&H wages have surged as the industry must compete for a limited number of workers.

L&H wages grew significantly since the end of 2020, from $17.12 in December 2020 to $20.43 in October 2022. This compares to an average of $32.58 for the total private sector. L&H wages were 23% above 2019 levels in October 2022 (and +6% YOY) while overall private sector wages were 15% above 2019 levels (and +5% YOY).

Source: BLS