

TOURISM-RELATED EMPLOYMENT REPORT DECEMBER 2021

Prepared for:
U.S. Travel Association



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CURRENT EMPLOYMENT SITUATION

ONE-IN-FOURTEEN L&H JOBS REMAIN LOST

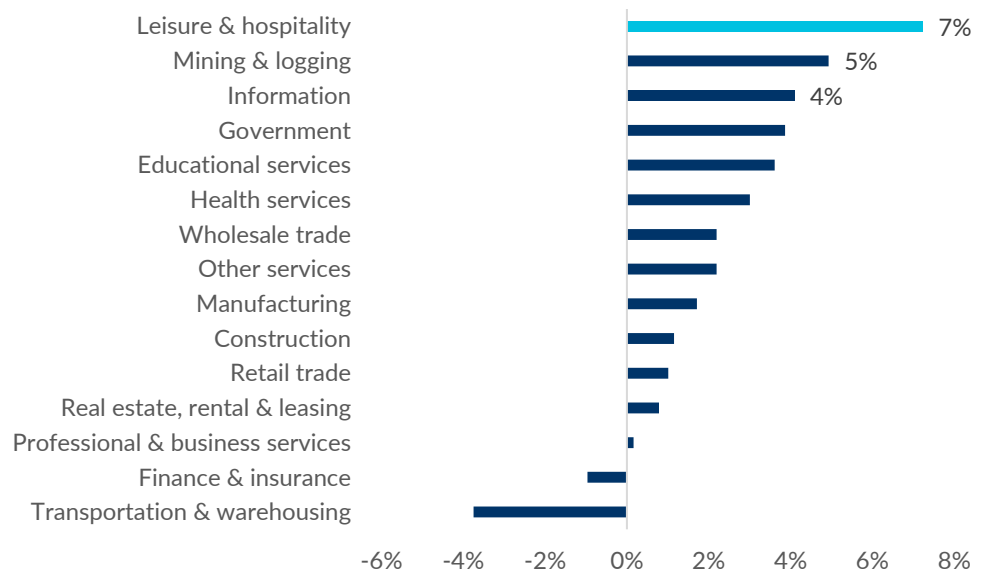
Nearly half of the 16.9 million jobs in the leisure & hospitality (L&H) industry, as defined by the North American Industry Classification System (NAICS), were lost in March and April 2020. The industry has since experienced an uneven recovery. About 4.9 million jobs were created or restored between April and November 2020, followed by another loss of 500,000 jobs in December 2020 and January 2021. Throughout 2021, the U.S. has gained over 2.6 million jobs back, yet this still results in a 1.2 million job deficit since the beginning of the pandemic.

L&H added 53,000 jobs in December 2021, bringing the sector to 7% below its pre-pandemic level in December – the largest share of jobs lost in any major industry.

L&H has averaged 102,000 new jobs per month over the past three months – a pace that would result in a full L&H employment recovery in January 2023.

Share of jobs lost in major industries

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



Source: BLS

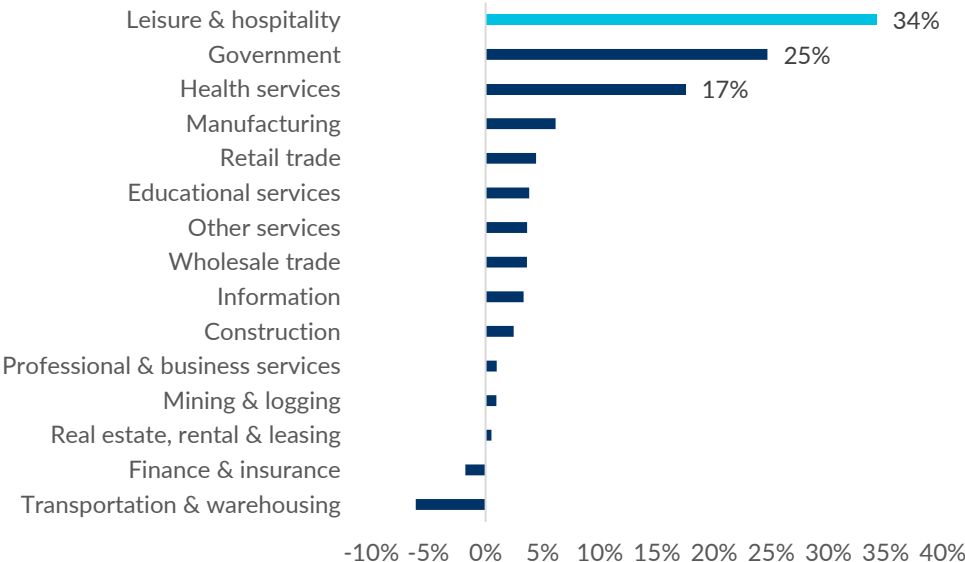
L&H ACCOUNTS FOR OVER ONE-THIRD OF ALL JOBS LOST

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

While a moderate improvement compared to the early winter months last year, 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-Dec. 2021



Source: BLS

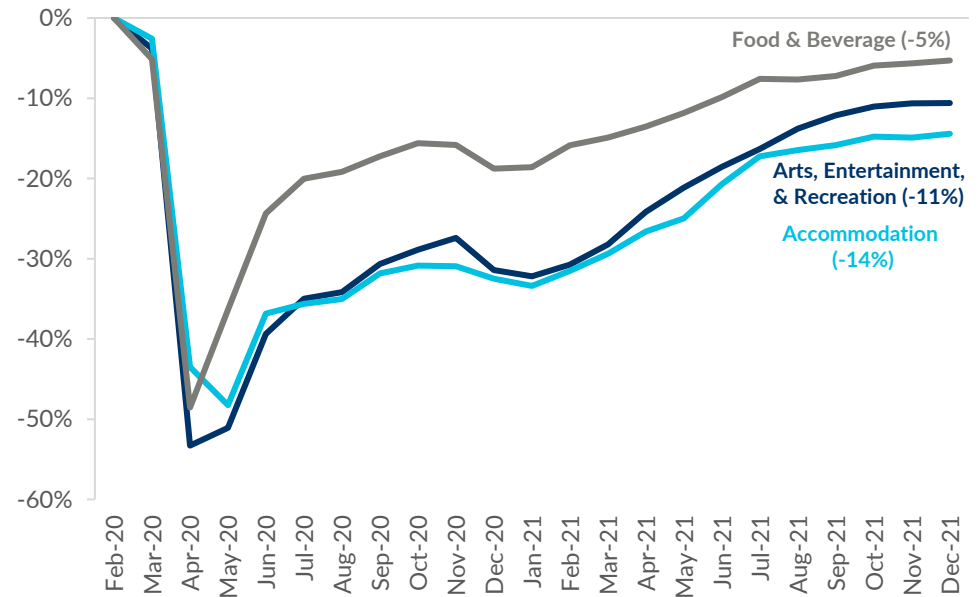
JOB CREATION CONTINUES COOLING

The jobs gained in the total economy slowed once again with only 199,000 new jobs in December, down from 249,000 in November. Hiring in the services sector, which includes L&H as well as education and health services, professional services, and other industries, cooled for a second straight month in December as employment rose only 157,000 – the weakest gain since January 2021.

In December, L&H added just 53,000 jobs. Though only a small gain, this represented an improvement relative to the 41,000 jobs gained in November. The food & beverage segment added almost 43,000 jobs in December, while accommodation employment rose by 10,000 jobs after declining in November. The arts, entertainment, & recreation sector remained relatively stagnant, adding less than 1,000 jobs in December.

Share of jobs lost in L&H sub-industries

% of industry jobs lost from February 2020



Source: BLS

WINTER MARKS SEASONAL SLOWDOWN IN L&H

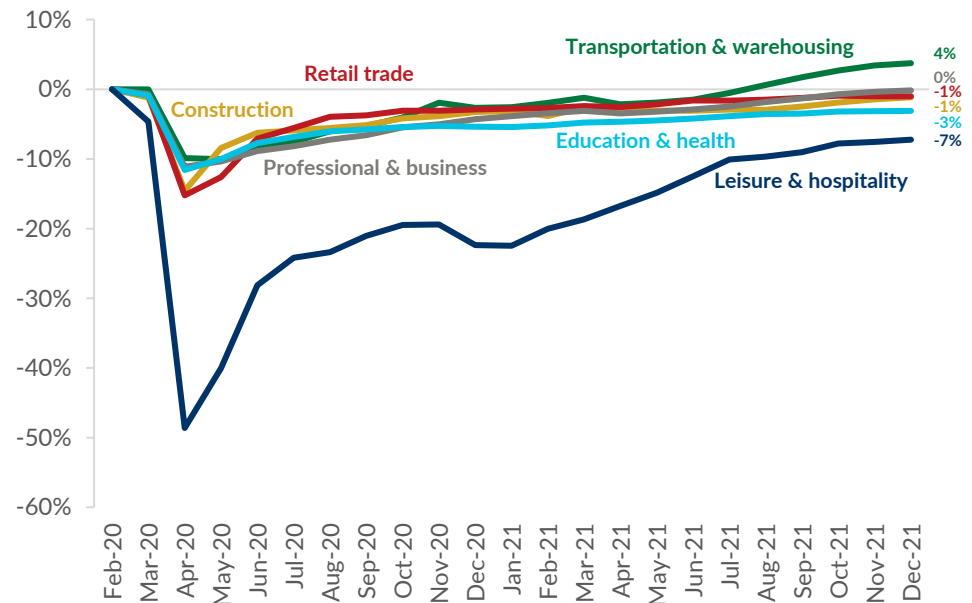
While the 53,000 new L&H jobs in December was a moderate improvement from the 41,000 added in November, it still marks a drastic slowdown from the 108,000 and 211,000 L&H jobs added in September and October, respectively. However, despite the slowdown, L&H still contributed over one-quarter of the 199,000 new jobs added economy-wide in December.

The transition to the traditionally more business travel-oriented months along with the emergence of the Omicron COVID-19 variant presents a sizable risk to the near-term outlook of the L&H recovery.

However, current research indicates that the Omicron variant is less severe than prior variants, which coupled with new COVID-19 treatment pills and improved booster shot availability should lessen headwinds for the employment recovery.

Leisure & hospitality playing catch up

% of industry jobs lost from February 2020



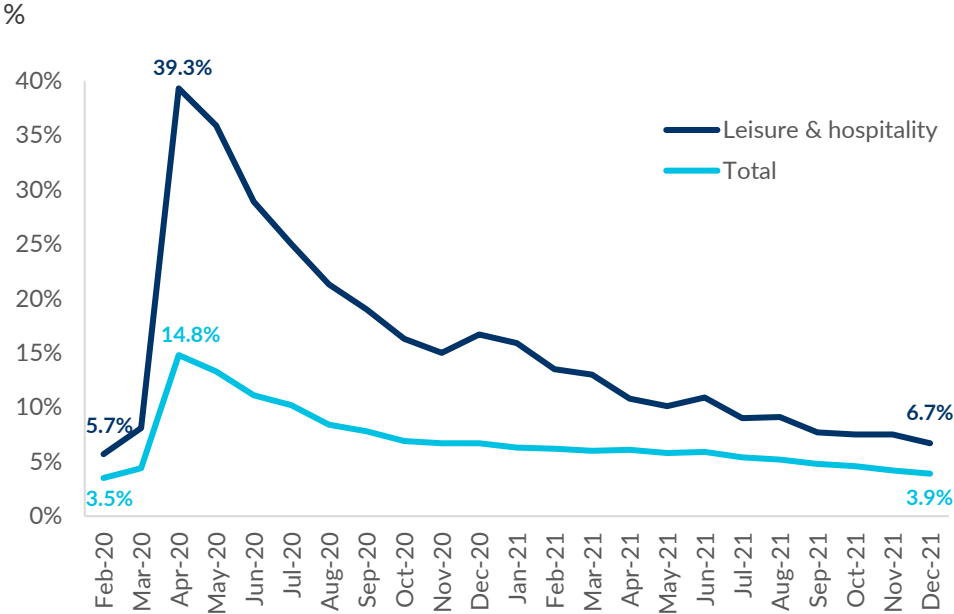
Source: BLS

OVERALL UNEMPLOYMENT RATE APPROACHES PRE-PANDEMIC LEVEL, BUT L&H STILL LAGS BEHIND

The unemployment rate eased another 0.3 percentage points to 3.9% in December – only 0.4 percentage points above February 2020, before the pandemic significantly impacted the labor market.

The L&H unemployment rate declined to 6.7% after holding at 7.5% for two consecutive months.

Unemployment rate



Source: BLS

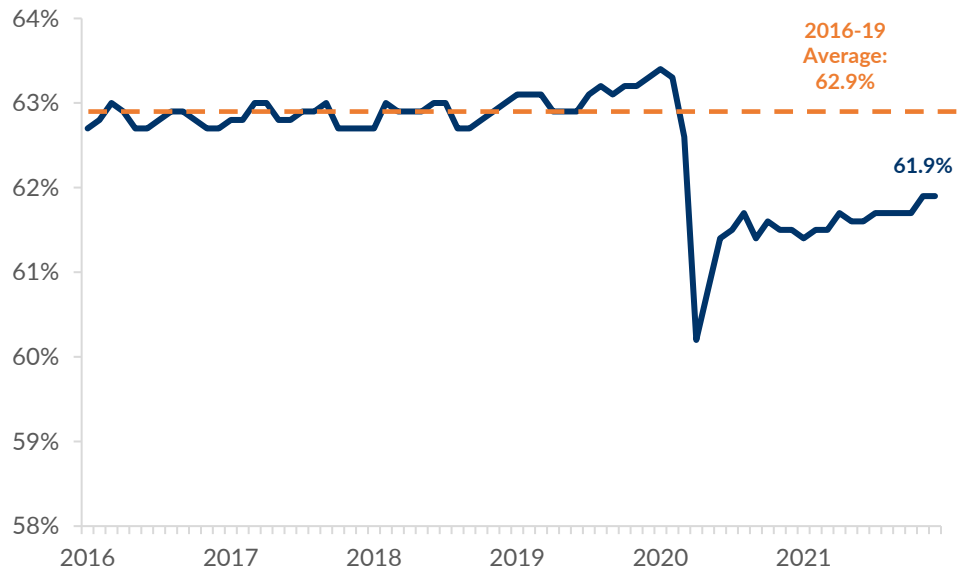
LABOR SUPPLY SLOWLY RECOVERING

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.

The labor force participation rate held at a post-pandemic high of 61.9% in December after 168,000 people reentered the labor force. Rising participation will be essential in helping boost household employment levels and helping employers fill open positions.

Labor force participation rate

Share of labor force as a percent of working age population



Source: BLS

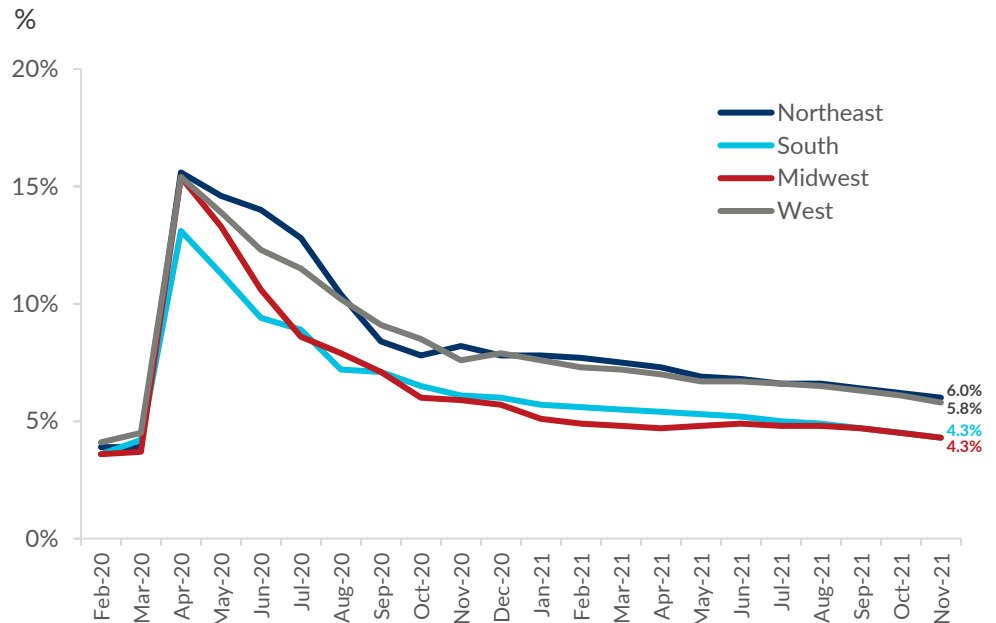
REGIONAL VARIATION IN RECOVERY

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 November 2021, the South and Midwest have led the job market recovery with unemployment rates of 4.3%.

The Northeast and West improved modestly in November, registering unemployment rates of 6.0% and 5.8%, respectively, but still lag the job market recovery overall.

Unemployment rate



Source: BLS

LABOR MARKET CONSTRAINTS

HOT LABOR MARKET SHOWS SIGN OF COOLING AMID OMICRON WAVE, BUT L&H REMAINS OVERHEATED

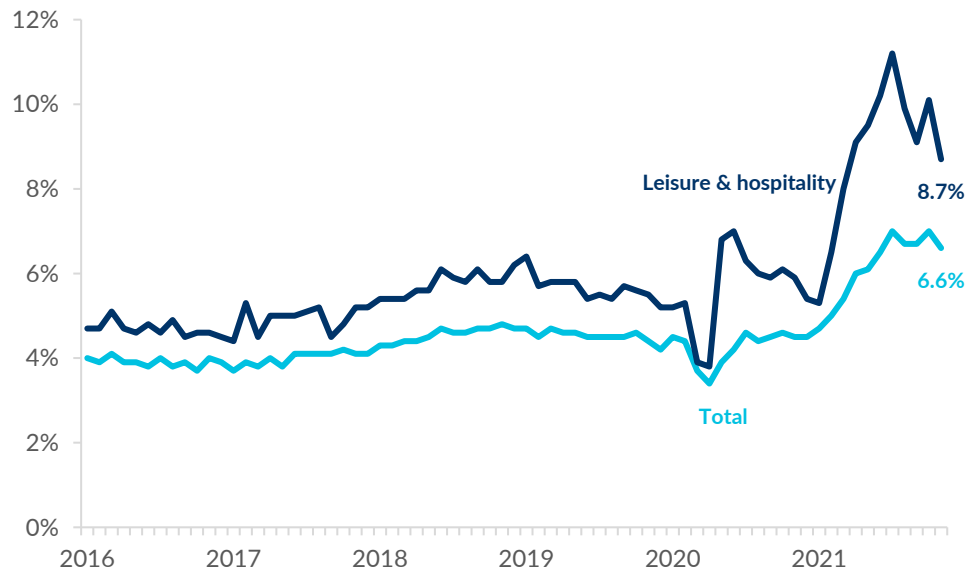
Total U.S. job openings fell from 11.1 million in October to 10.6 million in November – the largest monthly decline since the recovery began.

Nevertheless, labor demand remains hot with job openings still 51% above their pre-pandemic level and an openings rate of 6.6% compared to 7.0% in October and 4.4% in November 2019.

The demand for labor within the L&H industry remained highly elevated in November, despite receding modestly, as the number of job openings declined to 1.5 million in November from 1.8 million. The L&H openings rate, consequently, fell to 8.7% from 10.1% in October, implying that one-in-twelve L&H positions are unfilled.

Job openings rate

Share of job openings as a percent of total available jobs



Source: BLS

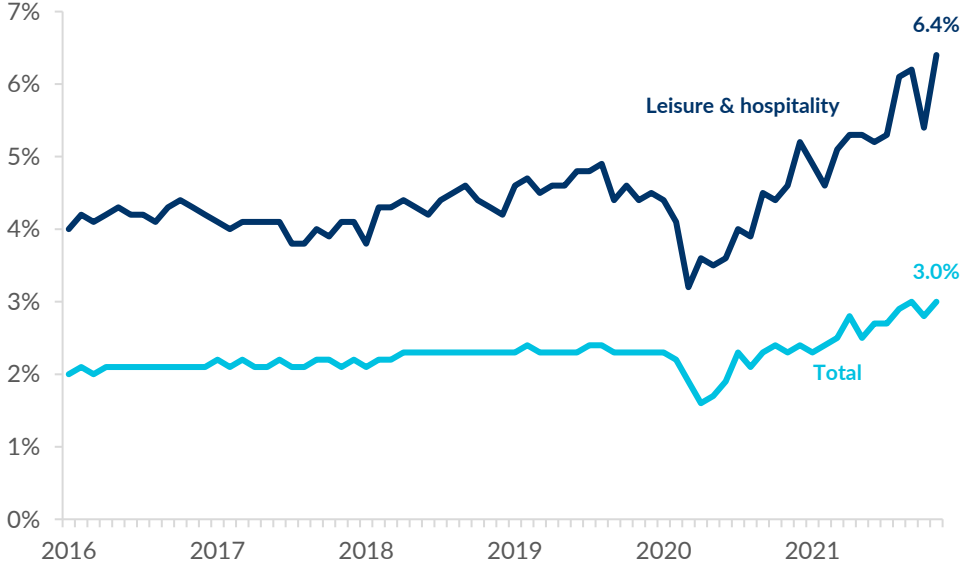
THE “GREAT RESIGNATION” ENDURES THROUGH ONSET OF OMICRON

The “Great Resignation” was on full display in November as an elevated 4.5 million workers quit their jobs – a historic high. With the total quits rate back to a series high, wage pressures are likely to remain elevated into 2022.

The rise in the number of quits was led by a marked rise in the L&H quit rate resulting from over one million quits among L&H workers in November. The quits rate in accommodation and food services jumped from 5.7% in October to 6.9% in November and is among the highest of all industries.

Job quits rate

Share of quits as a percent of total employment



Source: BLS

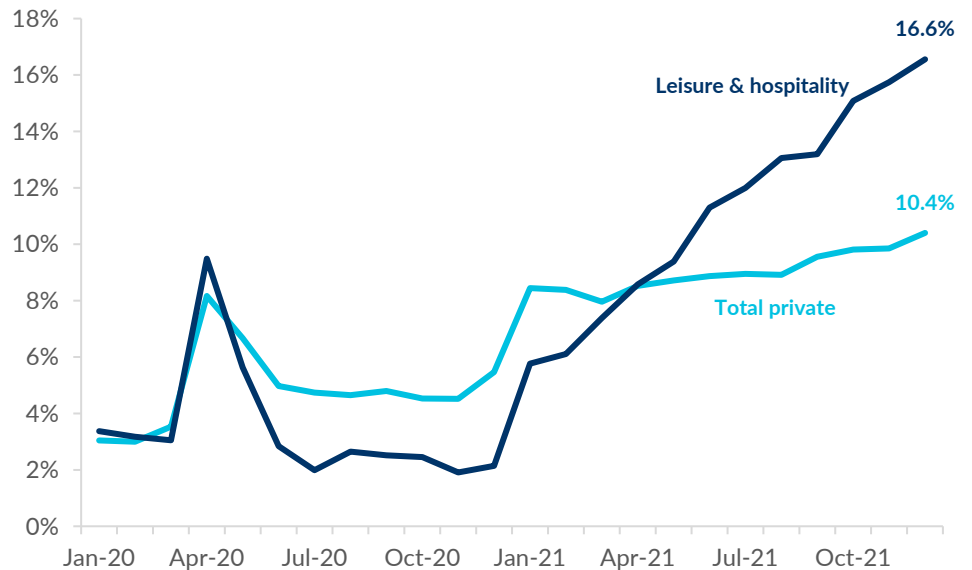
WAGE GROWTH HEATS UP AMID RECORD QUILTS

The ongoing historic tightness in the labor market was embodied by the 10.4% rise in average hourly earnings in December relative to the same month in 2019.

The L&H sector continued its rapid wage growth, with average hourly earnings rising to 16.6% above 2019 levels in December – the fastest growth of all major industries.

Average hourly earnings

% change relative to same month 2019



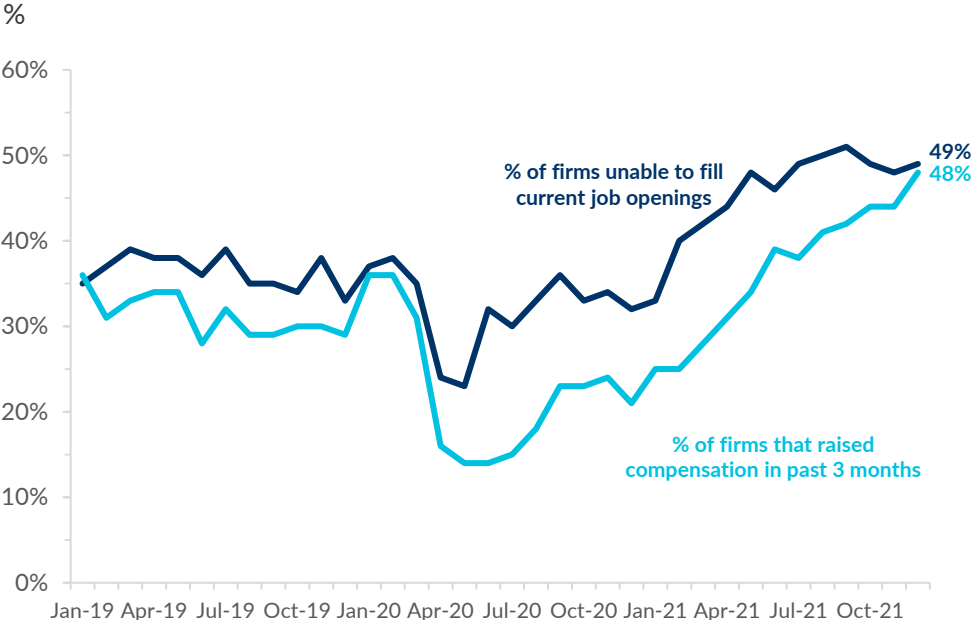
Source: BLS

SMALL BUSINESS HIRING STRUGGLES PERSIST

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

In the December NFIB Small Business Jobs Report, the share of small businesses reporting being unable to fill current job openings ticked up to 49%. Competition for available workers and the struggle to retain workers amid the “Great Resignation” has led to the share of firms raising compensation to rise rapidly to 48% in December.

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.

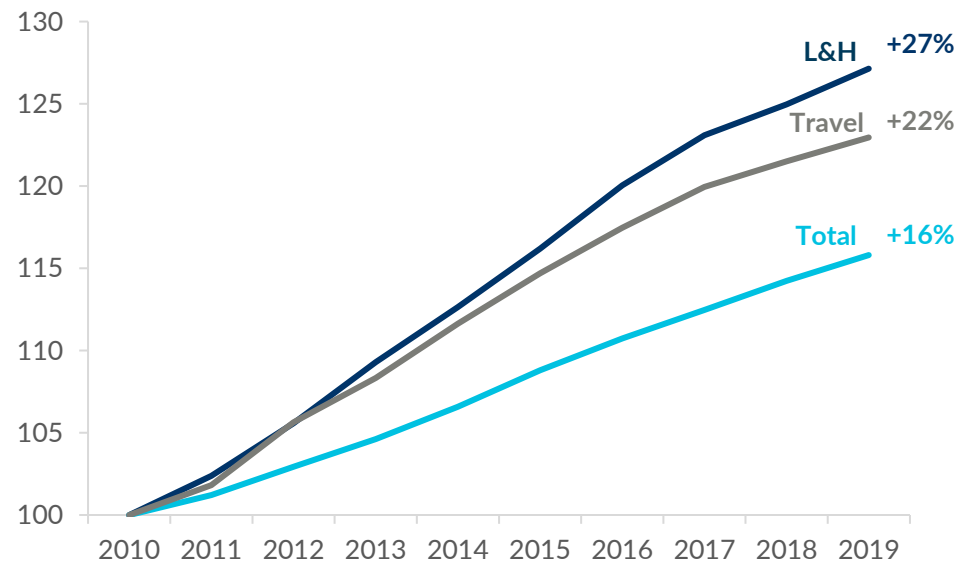
Employment in the leisure & hospitality (L&H) sector expanded 27% from 2010 to 2019 while total US economy employment grew just 16%.

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

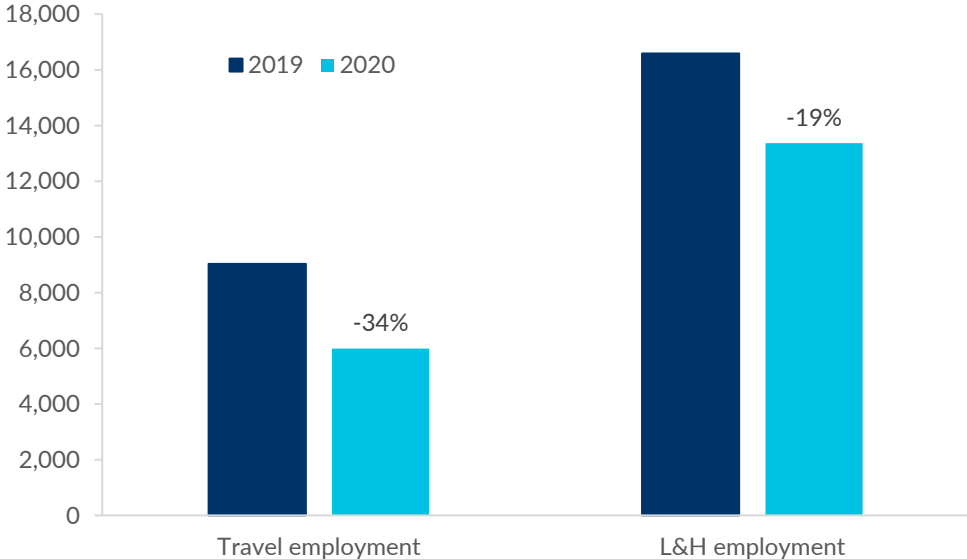
While L&H employment growth approximates travel employment growth in a normal year, 2020 proved to be an exception. The prolonged collapse in travel demand and the subsequently quick rebound in local demand led the L&H employment situation to appear less dire than the reality of the travel industry.

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



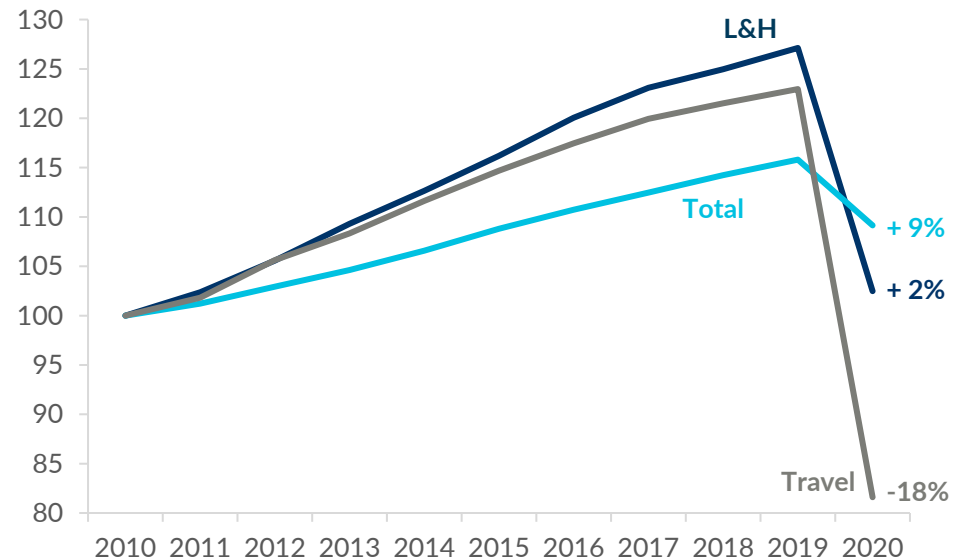
Source: BLS, Tourism Economics

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.

Travel employment in the United States

Index (2010=100)



Source: BLS, Tourism Economics

APPENDIX

Employment situation

Jobs (thousands)

Industry	Jobs lost (Feb. 2020- Dec. 2021)	% of industry jobs lost (Feb. 2020- Dec. 2021)	% of all jobs lost (Feb. 2020-Dec. 2021)
Mining & logging	-34	-5%	1%
Construction	-88	-1%	2%
Manufacturing	-219	-2%	6%
Wholesale trade	-129	-2%	4%
Retail trade	-158	-1%	4%
Transportation & warehousing	218	4%	-6%
Information	-119	-4%	3%
Finance & insurance	63	1%	-2%
Real estate, rental & leasing	-19	-1%	1%
Professional & business services	-35	0%	1%
Educational services	-137	-4%	4%
Health services	-625	-3%	17%
Leisure & hospitality	-1,222	-7%	34%
Arts, entertainment, and recreation	-265	-11%	7%
Accommodation	-304	-14%	9%
Food services and drinking places	-653	-5%	18%
Other services	-130	-2%	4%
Government	-881	-4%	25%
Total economy	-3,572	-2%	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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