

# TOURISM-RELATED EMPLOYMENT REPORT OCTOBER 2021

Prepared for:  
U.S. Travel Association



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# CURRENT EMPLOYMENT SITUATION

# ONE-IN-TWELVE 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 2.4 million jobs since then.

Leisure and hospitality improved in the October 2021 jobs report to 8% below its pre-pandemic level from 9% below in the September report. However, this is still two percentage points worse than the next hardest-hit industry.

L&H added 164,000 jobs in October 2021, up from only 159,000 L&H jobs gained in August and September 2021 combined. L&H has averaged 108,000 new jobs per month over the past three months – a rate that would not see L&H employment fully recover until November 2022.

## Share of jobs lost in major industries

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



Source: BLS

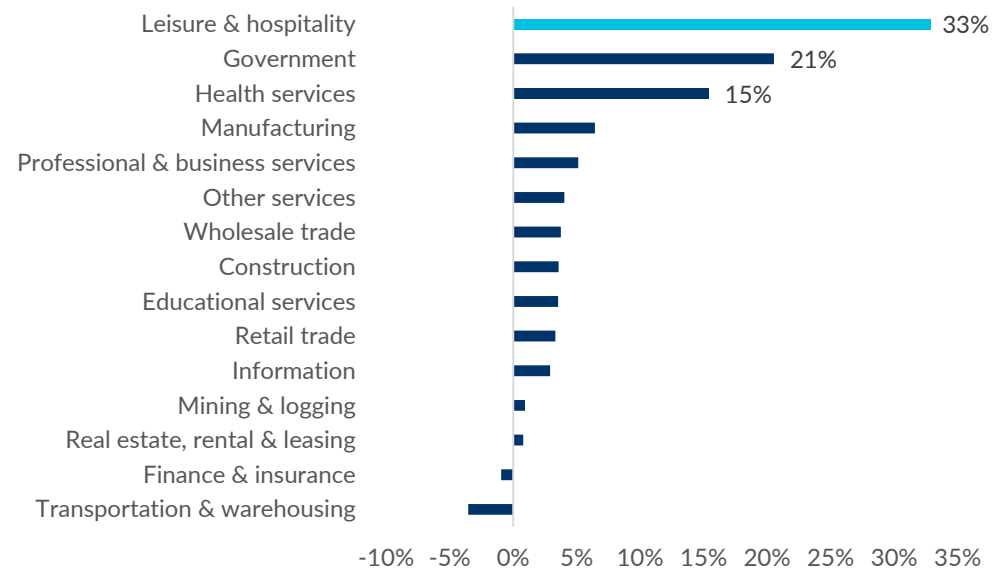
# L&H ACCOUNTS FOR ONE-THIRD OF ALL JOBS LOST

The leisure & hospitality industry accounted for 11% of pre-pandemic employment in the United States yet represents 33% of all job losses as of October 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 relative to the rest of the economy has begun to lag slightly since July 2021 when it tallied only 31% of all jobs lost.

## Share of total US employment loss by industry

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



Source: BLS

# JOB CREATION REACCELERATING

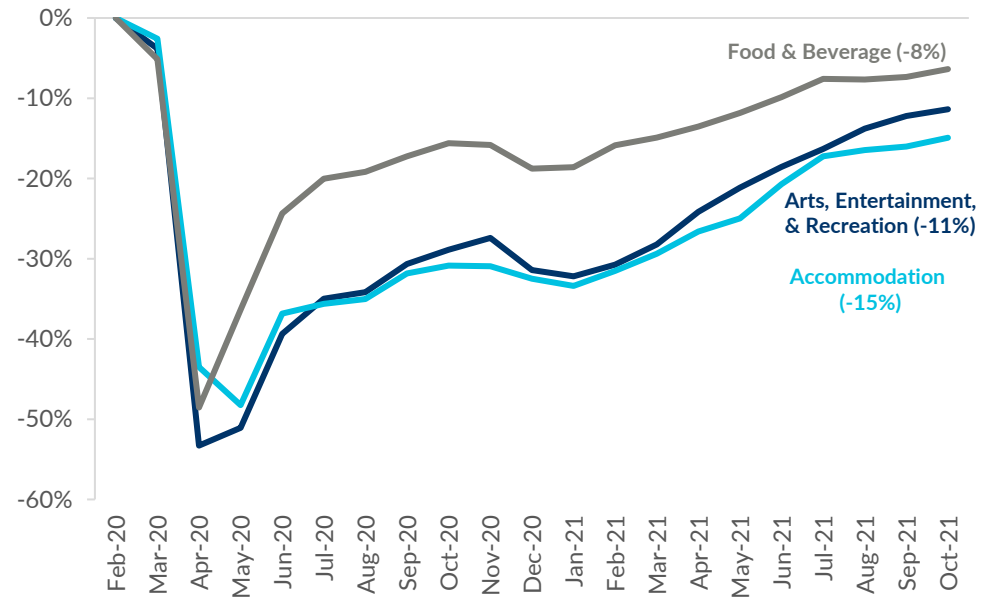
The clouds hanging over the labor market are dissipating. Job creation reaccelerated in October supported by improving health conditions and gradually rebounding labor supply.

Job creation rebounded in October, with the economy adding 531,000 jobs, as the services sector added a robust 496,000 jobs – its strongest gain in three months.

L&H gained 164,000 jobs in October – the most of any industry. Hiring in the Food & Beverage (+119,000 jobs) and Accommodation (+23,000 jobs) sub-sectors reaccelerated, posting the largest gains in each sector since July 2021. Employment growth in Arts, Entertainment, & Recreation remains sluggish, as only 21,000 jobs created in October 2021 – a mere third of its August result.

## Share of jobs lost in L&H sub-industries

% of industry jobs lost from February 2020



Source: BLS

# LABOR FORCE PARTICIPATION RATE HOLDS STEADY

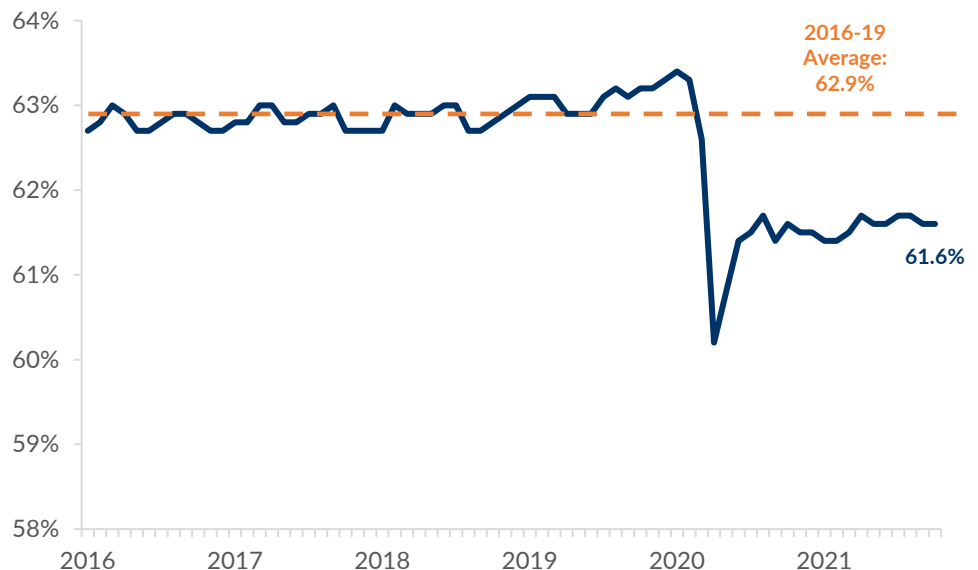
From 2016 through 2019, the labor force participation rate averaged 62.9%, but the onset of the pandemic sidelined workers amidst health and childcare concerns.

In October, 104,000 people reentered the labor force, recouping most of the 183,000 labor force exits in September.

Several developments point to a gradual rebound in the labor force supply. First, most schools have reopened for in-person learning, suggesting that some parents should be able to rejoin the workforce. Second, the expiration of emergency unemployment benefits in September for more than 11 million individuals likely created an incentive for some to resume job searching. Third, an improving health situation and expanding vaccinations should alleviate virus fears.

## Labor force participation rate

Share of labor force as a percent of working age population



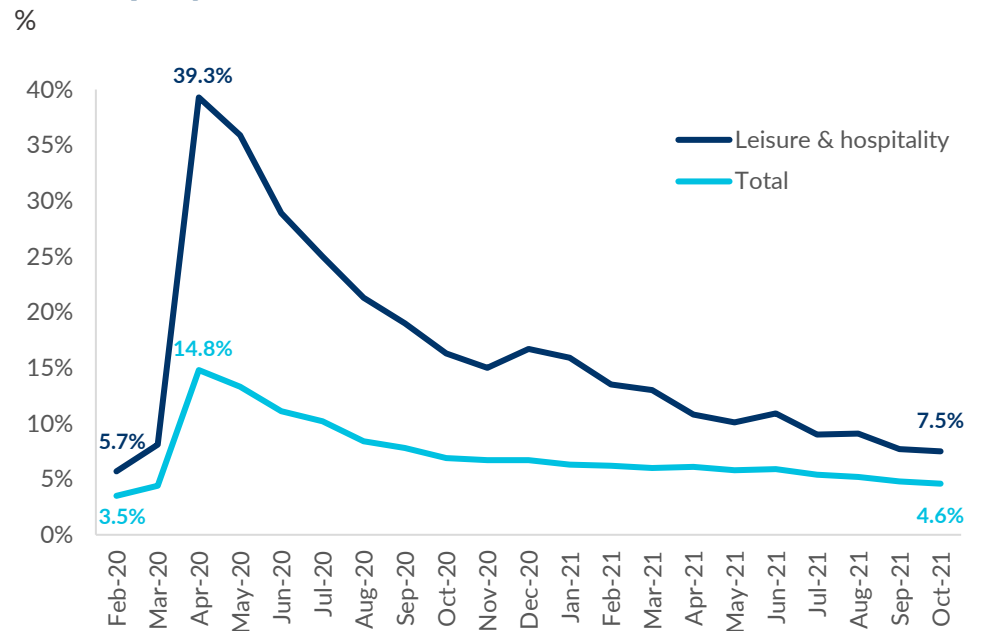
Source: BLS

# L&H UNEMPLOYMENT RATE CONTINUES TO EASE DOWNWARD

The unemployment rate fell 0.2 percentage points to a pandemic-era low of 4.6%, resulting from the 359,000 increase in household employment, as well as the 104,000 increase in the labor force.

The L&H unemployment rate similarly declined to 7.5% from 7.7% in September. While less than half of the 16.3% unemployment rate seen in October 2020, this is still 1.8 percentage points higher than the L&H unemployment rate preceding the pandemic.

## Unemployment rate



Source: BLS

# WINTER TO PROVE PIVOTAL IN L&H RECOVERY

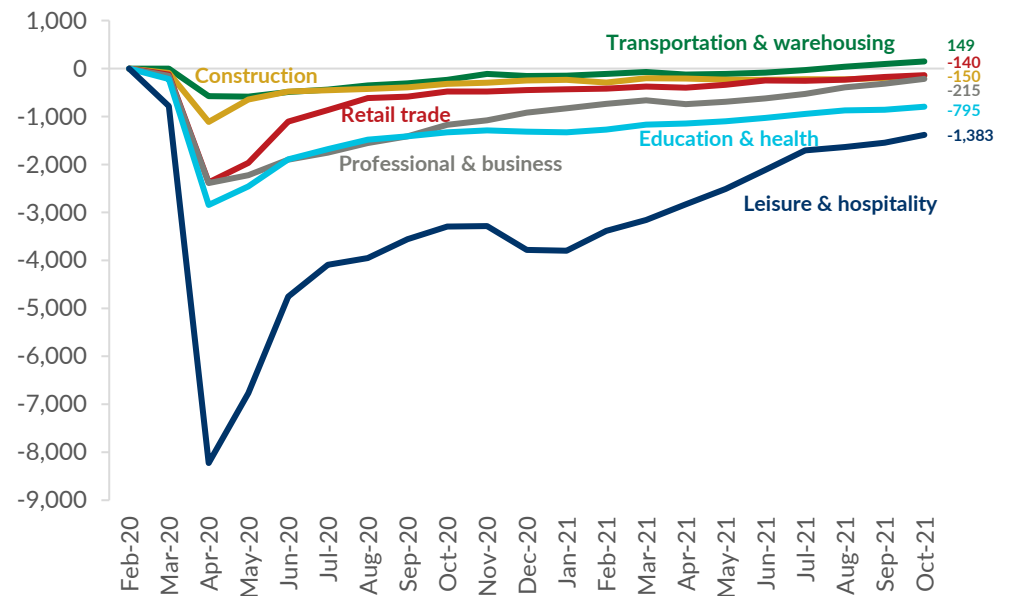
While the L&H industry has added 2.4 million jobs through the first 10 months of 2021, it continues to be the worst performing major sector since the onset of the pandemic.

Hiring in L&H reaccelerated after stalling in the prior two months amid the Delta variant surge. Expiring emergency unemployment benefits, expanding vaccine availability, improved COVID-19 therapeutics, and school reopenings should stimulate jobs creation.

Despite the improving health situation, the transition to the colder months where business travel traditionally constitutes a larger share of travel presents new downside risk to the travel industry and employment in travel-related sectors.

## Leisure & hospitality playing catch up

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



Source: BLS



# LABOR MARKET CONSTRAINTS

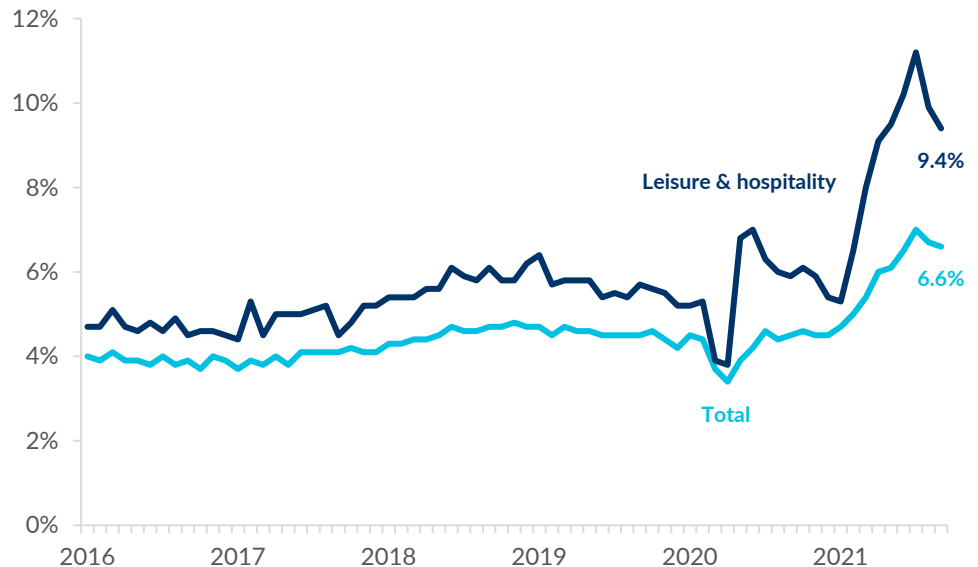
# OPENINGS RATE BEGINNING TO EASE

While job openings have eased slightly, it remains historically elevated, as total job openings (10.4 million) was approximately 50% greater than its pre-pandemic level of 7.0 million. L&H has seen an even greater surge in job openings relative to its pre-pandemic norm, going from over 900,000 job openings in early 2020 to nearly 1.6 million as of September 2021.

Businesses are still struggling to hire due to the greatly reduced pool of available workers. There were only 0.74 unemployed persons per job opening in September, 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

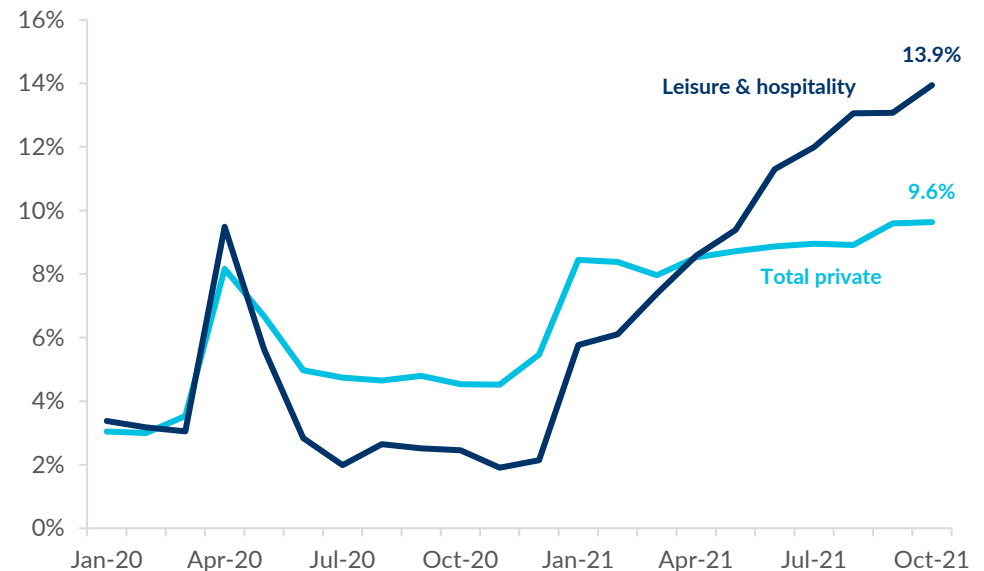
# WAGE GROWTH REMAINS BUOYANT

Despite the modest rise in the labor force participation rate, severe labor imbalances persisted in October and continued to put upward pressure on wage growth.

Total private average hourly earnings have risen 9.6% relative to 2019, whereas the more labor-intensive industries, such as L&H (+13.9%), have seen outsized increases in average hourly earnings amid the low supply of available workers.

## Average hourly earnings

% change relative to same month 2019



Source: BLS

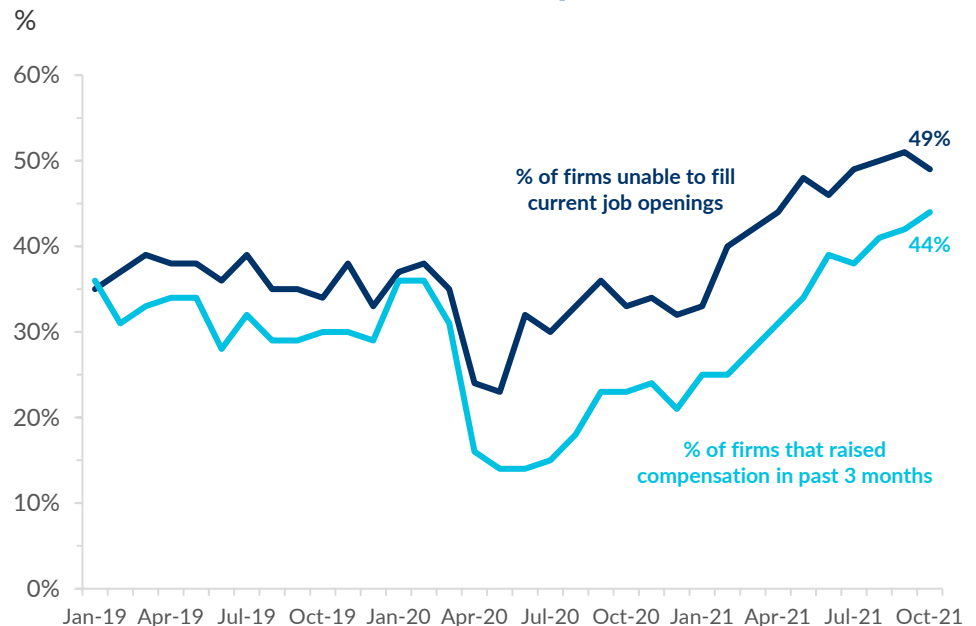
# SMALL BUSINESS HIRING IMPROVING INCREMENTALLY

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

In the October NFIB Small Business Jobs Report, 49% of small businesses reported being unable to fill current job openings, a slight improvement from September (51%).

Competition for available workers has resulted in an all-time high for the share of firms raising employee compensation (44%). However, small business hiring strains eased slightly in October and the expected boost in labor supply should help loosen the labor market.

## 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

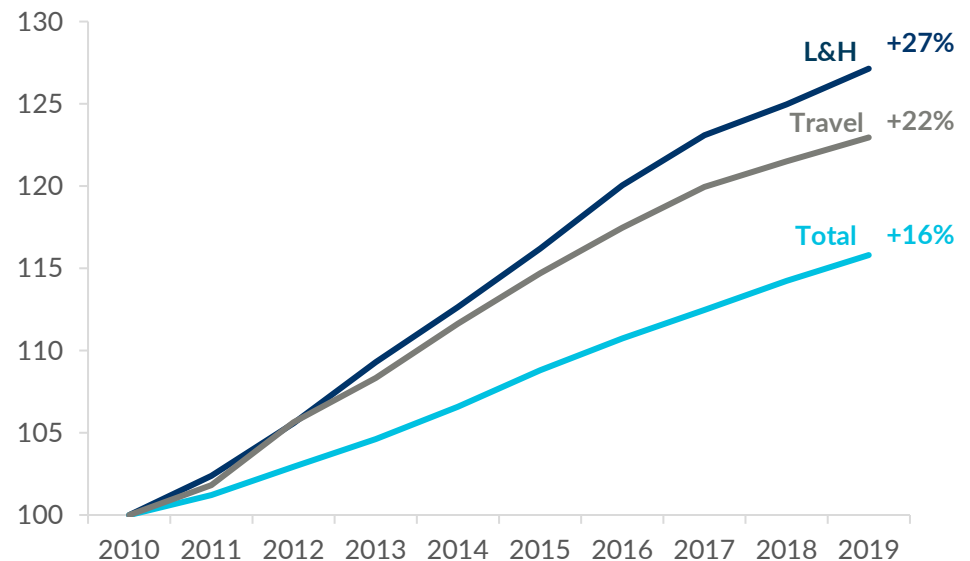
Travel-related industries generally outpaced the overall US economy over the past decade. Employment in the leisure and hospitality (L&H) sector expanded 27% from 2010-2019 while total US economy employment grew just 16%.

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

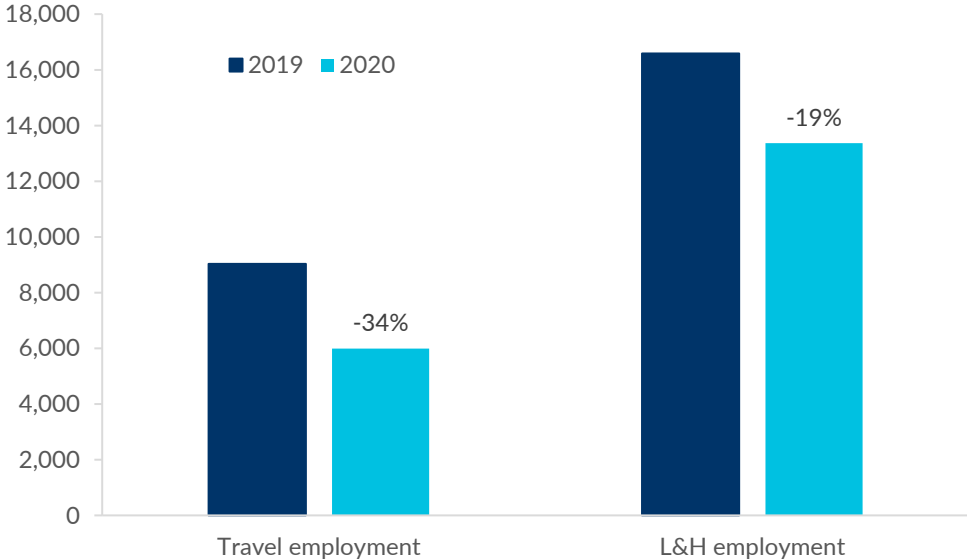
While L&H employment growth approximates travel employment growth in a normal year, 2020 proved to be an exception. The prolonged collapse in travel demand and the subsequently quick rebound in local demand led the L&H employment situation to appear less dire than the reality of the travel industry.

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

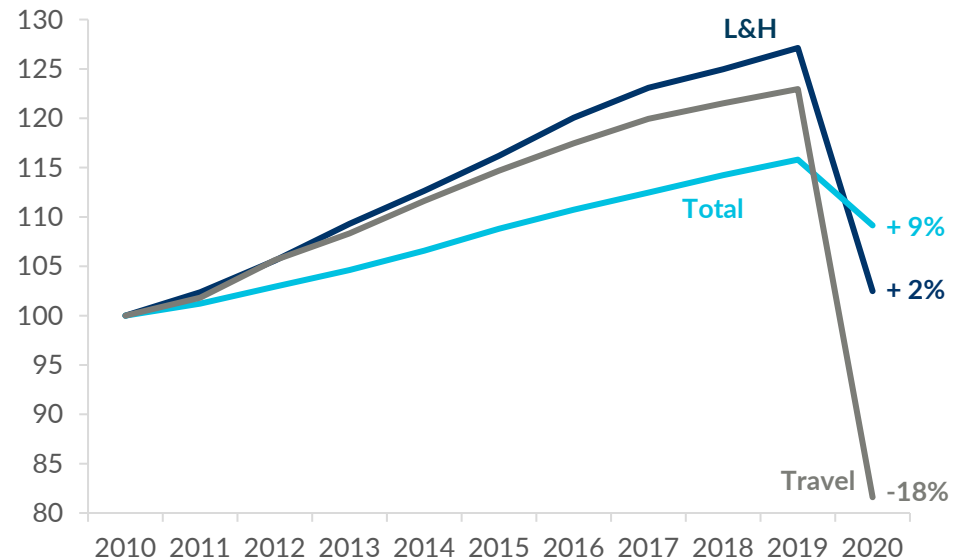
# DECADE OF GROWTH LOST IN 2020

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- Oct. 2021)	% of industry jobs lost (Feb. 2020- Oct. 2021)	% of all jobs lost (Feb. 2020-Oct. 2021)
<b>Mining &amp; logging</b>	-39	-6%	1%
<b>Construction</b>	-150	-2%	4%
<b>Manufacturing</b>	-270	-2%	6%
<b>Wholesale trade</b>	-158	-3%	4%
<b>Retail trade</b>	-140	-1%	3%
<b>Transportation &amp; warehousing</b>	149	3%	-4%
<b>Information</b>	-122	-4%	3%
<b>Finance &amp; insurance</b>	40	1%	-1%
<b>Real estate, rental &amp; leasing</b>	-33	-1%	1%
<b>Professional &amp; business services</b>	-215	-1%	5%
<b>Educational services</b>	-148	-4%	4%
<b>Health services</b>	-647	-3%	15%
<b>Leisure &amp; hospitality</b>	-1,383	-8%	33%
<b>Arts, entertainment, and recreation</b>	-285	-11%	7%
<b>Accommodation</b>	-314	-15%	7%
<b>Food services and drinking places</b>	-784	-6%	19%
<b>Other services</b>	-169	-3%	4%
<b>Government</b>	-863	-4%	21%
<b>Total economy</b>	-4,204	-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.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 400 full-time staff, including 300 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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