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Media Relations

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UNH Lodging Index: Executives Positive About Business Conditions

DURHAM, N.H. – U.S. lodging executives are more positive about present general business conditions, although they are less optimistic about the next 12 months, according to the University of New Hampshire Lodging Executives Sentiment Index (LESI) for the current month ending September 2012. The index rose very slightly to 60.7 in September 2012 from 60.0 in August 2012.

Managed by the Department of Hospitality Management at the UNH Whittemore School of Business and Economics, LESI is based on a monthly survey of 20 lodging executives representing companies with more than 2.5 million hotel rooms across lodging segments and geographic regions of the United States -- more than 55 percent of all U.S. rooms.

Executives are asked about the present and future conditions of the market. Executives also are asked to report their outlook during the next 12 months about room reservations and employment practices, such as an increase or decrease of their nonmanagerial work force.

The LESI indices follow the Institute of Supply Management's Index (ISM) method of tracking leading indicators. A LESI survey reading of greater than 50 indicates expansion whereas a reading below 50 indicates decline and the distance from 50 in either direction is indicating the strength of the expansion or decline. During this same period of time, the ISM Index increased slightly from 49.6 to 51.1.

“This slight increase results from lodging executives’ more positive opinions of the present general business conditions for their properties, offset in part by a large decrease in their sentiment for how they view general business conditions 12 months in the future. This month-over-month decrease on the future of general business conditions is reinforced by their expectations that room reservations will decrease over the same 12-month period,” said Nelson Barber, associate professor of hospitality management who manages the index.

Less than half, or 43 percent, of lodging executives indicated current business conditions were good, up from 40 percent last period, while 43 percent indicated conditions were normal, up from 33 percent during the same period. Fourteen percent of the executives indicated such conditions were bad, an improvement over last period.

Looking forward, 28 percent of the executives thought conditions will be better in the next 12 months, while 57 percent indicated they will be the same and 14 percent thought they would be worse. These future results were worse than the previous period where 28 percent thought the future would be better, 75 percent thought the future would be the same, and no executive thought the future would be worse.
Looking forward 12 months, lodging executives expect to add more nonmanagerial employees, representing an increase in expectations for lodging executives reporting August 2012. This is in line with the decrease of the national unemployment rate, which fell from 8.1 percent in August 2012 to 7.8 percent in September 2012, as reported by the Bureau of Labor Statistics. This is also in line with the ISM Employment Index, which increased by 3.1 percentage points, registering 54.7 percent.

For more information about LESI, visit http://wsbe.unh.edu/LESI.

The UNH Whittemore School of Business and Economics offers a full complement of high-quality programs in business, economics, accounting, finance, information systems management, marketing, and hospitality management. Programs are offered at the undergraduate, graduate, and executive development levels. The school is accredited by the Association to Advance Collegiate Schools of Business, the premier accrediting agency for business schools worldwide. In January 2013, the business school will move into its new state-of-the-art facility and become the Peter T. Paul College of Business and Economics.

The University of New Hampshire, founded in 1866, is a world-class public research university with the feel of a New England liberal arts college. A land, sea, and space-grant university, UNH is the state's flagship public institution, enrolling 12,200 undergraduate and 2,300 graduate students.

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UNH Experts available for comment:

• Nelson Barber