3-18-2013

U.S. Lodging Executives More Optimistic About Future, UNH Lodging Index Shows

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U.S. lodging executives reported strong optimism about general business conditions in February, an improvement in their outlook compared with the prior month, according to the University of New Hampshire Lodging Executives Sentiment Index (LESI) for the current month ending February 2013. The index increased from 61.7 in January 2013 to 72.6 in February 2013.

“This increase results from lodging executives' positive opinions of the present general business conditions for their properties, as well as their optimism for general business conditions 12 months in the future. However, they were cautious about expectations for room reservations looking forward 12 months,” said Nelson Barber, associate professor of hospitality management, who manages the index.

Fifty-two percent of lodging executives indicated current business conditions were good, an improvement from 27 percent last month, while 43 percent indicated conditions were normal, down from 66 percent in January. Five percent of the executives indicated such conditions were bad, an improvement from last month’s reading of 7 percent.

Managed by the Department of Hospitality Management at the UNH Peter T. Paul College of Business and Economics, LESI is based on a monthly survey of 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 non-managerial 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 to 54.2 from 53.1.

Looking forward, 47 percent of the executives said they thought conditions would be better in the next 12 months, while 48 percent indicated conditions would be the same, and 5 percent thought they would be worse. These future results were an improvement compared to the previous month when 27 percent of executives thought the future would be better, 73 percent thought the future would be the same, and no one thought the future would be worse.
Looking forward 12 months, lodging executives said they expect to add more non-managerial employees, representing an increase in expectations for lodging executives reporting from January 2013. This period’s change is not in line with the ISM Employment Index, which decreased by 1.4 percentage points, registering 52.6 percent; however is in line with the national unemployment rate, which decreased to 7.7 percent in February 2013 from 7.9 percent in January 2013 as reported by the Bureau of Labor Statistics.

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

The UNH Peter T. Paul College 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.

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