UNH Paul College: Lodging Executives Less Optimistic About Business Conditions in March

DURHAM, N.H. – U.S. lodging executives were less optimistic about general business conditions in March than the prior month, according to the University of New Hampshire Lodging Executives Sentiment Index (LESI) for the current month ending March 2013. The index decreased from 72.6 in February 2013 to 68.8 in March 2013.

“This decrease results from lodging executives’ less-than-positive opinions of the present general business conditions for their properties and for general business conditions 12 months in the future. However, they were cautiously optimistic about expectations for room reservations looking forward 12 months,” said Nelson Barber, associate professor of hospitality management, who manages the index.

Forty-four percent of lodging executives indicated current business conditions were good, a decline from 52 percent last period, while 56 percent indicated conditions were normal, up from 43 percent during the same period. None of the executives indicated such conditions were bad, an improvement from last period’s reading of 5 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 decreased to 51.3 from 54.2.

Looking forward, 31 percent of the executives thought conditions will be better in the next 12 months versus 48 percent last month, while 69 percent indicated they will be the same versus 48 percent last month. Sentiment for this period revealed that no executive thought they would be worse, an improvement over last period’s five percent.

Looking forward 12 months, lodging executives expect to add more non-managerial employees, representing an increase in expectations for lodging executives reporting from February 2013. This period’s change is in line with the ISM Employment Index, which increased by 1.6 percentage points, registering 54.2 percent and is in line with the national unemployment rate, which decreased to 7.6 percent in March 2013 from 7.7 percent in February 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