

Media Relations

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UNH Research: Lodging Executives More Optimistic About Current Business Conditions Than Future

DURHAM, N.H. – U.S. lodging executives' sentiment about general business conditions was up slightly in May compared to the prior month, according to the University of New Hampshire Lodging Executives Sentiment Index (LESI) for the current month ending May 2013. The index moved from 69.3 in April 2013 to 71.2 in May 2013.

"These results are from lodging executives' sentiment of the present general business conditions for their properties, which moved upward 16 percent over last period, offset by a 7 percent decline in their sentiment for how they view general business conditions twelve months in the future. Future business conditions are influenced by the 3 percent decline in expectations about room reservations over the same twelve month period," said Nelson Barber, associate professor of hospitality management, who manages the index.

Thirty-eight percent of lodging executives indicated current business conditions were good, an increase from 19 percent last period, while 62 percent indicated conditions were normal, down from 77 percent during the same period. None of the executives indicated such conditions were bad, an improvement in sentiment from last period's reading where 4 percent indicated conditions were "bad."

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 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 its previous months decreased to 49.0 from 50.7.

Looking forward, 46 percent of the executives thought conditions will be better in the next 12 months versus 58 percent last month, while 54 percent indicated they will be the same versus 42 percent last month indicating they would be the same. Executive sentiment for this period revealed that no executive thought they would be worse.

Twelve months into the future, lodging executives expect a pull back on hiring of non-managerial employees, representing a 3 percent decrease in expectations for lodging executives' reporting from April 2013. This period's change is in line with the ISM Employment Index, which decreased from 50.2, registering 50.1 percent and the increase in the national unemployment rate to 7.6 percent in May 2013 from 7.5 percent in April 2013 as reported by the Bureau of Labor Statistics.

For more information about LESI, visit <http://paulcollege.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 college 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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Nelson Barber, associate professor of hospitality management, is available to discuss the May LESI report. He can be reached at nelson.barber@unh.edu. The most recent LESI report is available at <http://paulcollege.unh.edu/LESI>

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