UNH: LESI Flattens While Employment Outlook Improves

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DURHAM, N.H. – The University of New Hampshire Lodging Executives Sentiment Index (LESI) increased slightly in July, remaining essentially flat at 65.8 from 65.3 in June 2013.

“These results represent lodging executives’ positive sentiment of the present general business conditions for their properties, which increased 2.1 on the sentiment scale. However they were less optimistic about general business conditions 12 months in the future. Future business conditions influenced the LESI by the 1.1 decline in expectations about room reservations over the same 12-month period. Some lodging executives were concerned that occupancy has flattened with a decline in business traveler activity,” said Nelson Barber, associate professor of hospitality management, who manages the index.

Twenty six percent of lodging executives indicated current business conditions were good, an decrease from 28 percent last period, while 74 percent indicated conditions were normal, up from 66 percent during the same period. No executive indicated such conditions were bad, an improvement in sentiment from last period’s reading of 6 percent.

Managed by the Department of Hospitality Management at the UNH Peter T. Paul College of Business and Economics, the 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 business conditions and also 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 the July period of time, the ISM Index increased to 55.4 from 50.9 in June 2013.

Looking forward, 37 percent of the executives thought business conditions will be better in the next 12 months versus 39 percent last month, while 63 percent indicated they will be the same versus 61 percent last month who indicated business conditions would be the same. Executive sentiment for this period revealed that no executive thought they would be worse.

Looking forward 12 months, lodging executives expect an increase in hiring nonmanagerial employees, representing a modest increase in expectations for lodging executives’ reporting in June 2013. This period’s change is in line with the ISM Employment Index, which increased by 5.7 points.
registering 54.4, and supports the national unemployment rate, which declined to 7.4 percent in July 2013 compared to 7.4 percent in June 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.

EDITORS AND REPORTERS: Nelson Barber, associate professor of hospitality management, is available to discuss the July 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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