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Media Relations

February 5, 2015

UNH Lodging Index Weakens on Poor Present and Future Expectations

DURHAM, N.H. – The University of New Hampshire Lodging Executives Sentiment Index for the current period ending December 2014 fell to 80.4 from September’s 83.3 reading. Overall the lodging executives’ sentiment for present business conditions weakened significantly during this three-month period.

“Lodging executives expectations for present and future business conditions weakened significantly as leisure demand is anticipated to be lower than expected, said Nelson Barber, program chair and associate professor of hospitality management, who manages the index. “In conjunction with this fall in sentiment, future employment sentiment regarding hiring of non-managerial employees increased significantly.”

Seventy-nine percent of lodging executives indicated current business conditions were good, an increase from 75 percent from the September period, while 14 percent indicated conditions were normal, a decrease from the September period. During the current period, seven percent of executives expressed present conditions were bad, a decline from the September period when no executives considered conditions bad.

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 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 the December period of time, the ISM Index decreased to 55.5 from 56.5 in September 2014.

Looking forward 12 months, lodging executives’ future employment sentiment regarding hiring of non-managerial employees increased to 64.3 in December 2014 from 54.2 in September 2014. Lodging executives appear to be adding employees despite the present and future business demand. The ISM index increased to 56.8, from 54.9 in September 2014, suggesting manufacturing is anticipating an upturn in hiring. The Bureau of Labor Statistics (BLS) reported December

unemployment rate at 5.6 percent down from 5.9 in September, which is in line with the lodging executive sentiment.

Looking forward, 50 percent of the executives thought business conditions will be better in the next 12 months, a decrease from 58 percent during the September period while 50 percent indicated they will be the same; up from 42 percent during the September period. During the two periods, no executives indicated future conditions were bad. 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, management, information systems and business analytics, entrepreneurship, 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. For more information, visit paulcollege.unh.edu.

The [University of New Hampshire](http://www.unh.edu), 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 12,300 undergraduate and 2,200 graduate students.

Nelson Barber, associate professor of hospitality management, is available to discuss the 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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