

# New Hampshire ECONOMIC CONDITIONS

June 2021

Boat on pond shore (by Michael Travis on Pixabay)

Kayaks on the lake (by Pam Carter on Pixabay)

Lake Winnepesaukee (by 1778011 on Pixabay)

Saco River (by 1778011 on Pixabay)

## The Coronavirus's Impact on New Hampshire's Tourism Industry in 2020

Tourism makes up a large part of New Hampshire's economy and employment. Tourism-related businesses employed an average of 49,100 workers in 2019, roughly seven percent of total employment in the state.

The North American Industry Classification System (NAICS) does not define 'tourism' as a specific industry; instead, tourism business activities are comprised of portions of a number of NAICS industries. This article defines tourism using the industries selected by Dean Runyan Associates for data provided to New Hampshire's Division of Travel and Tourism Development. Most businesses engaged in tourism are classified in the accommodation and food services, arts, entertainment and recreation, retail trade, or transportation and warehousing

industries, although a few other small industries are included.<sup>1</sup> Tourism only accounts for a portion of each of these industries, with the percentage varying annually and seasonally. During the summer (third quarter) of 2019, tourism accounted for 17 percent of employment in retail trade and transportation and warehousing, and around 60 percent of accommodation and food services, and arts, entertainment and recreation employment.

Although tourists come to New Hampshire during all four seasons, the largest number of tourists visit during the summer. By nearly every metric, New Hampshire's tourism increased steadily between 2011 and 2019. In 2019, 11.5 million travelers visited New Hampshire, spending a total of \$5.6 billion.<sup>2</sup> The coronavirus

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pandemic had a large impact on New Hampshire's tourism industry in 2020, as restrictions on interstate and international travel, hotel, motel, and restaurant capacity, and other measures taken to slow the spread of the pandemic affected the industry.

### New Hampshire Tourism Employment, 2011 – 2020



Source: NH Division of Travel and Tourism, Dean Runyan Associates, TravelStats

### Employment and Earnings

Tourism employment is heavily seasonal, with the highest levels of employment during the third quarter (summer), and the lowest employment during the first quarter (winter). In the first quarter of 2019, the tourism industry employed 38,100 workers, while in the third quarter, employment reached 65,900 workers, an increase of roughly

<sup>1</sup> Dean Runyan Associates, New Hampshire Travel Impacts: The Economic Impact of Travel on New Hampshire, 2011 - 2017, p.60 <https://www.visitnh.gov/getmedia/13836d64-8532-4712-8f7f-dc123ca15b4d/NHImpact2011-2017.pdf>.

<sup>2</sup> These figures measure overnight trips, they do not include day trips. Visitors are individual travelers that stay overnight away from home in paid or unpaid accommodations, or day visitors that travel at least fifty miles one-way from home on non-routine trip. They can include New Hampshire residents.

70 percent. In the second and fourth quarters of 2019, tourism employed 46,700 and 45,600 workers, respectively.

Tourism employment was severely affected by the coronavirus pandemic, starting in the second quarter of 2020. Tourism employment fell 21 percent compared to the second quarter of 2019, a decrease of nearly 10,000 workers. Tourism employment increased by more than 10,000 workers from the second quarter of 2020 to the third, but this was largely a result of seasonal changes, as well as some establishments reopening with the easing of pandemic restrictions. Third quarter employment was 29 percent lower than in the third quarter of the previous year. By the fourth quarter of 2020, the effects of the pandemic on tourism employment had lessened; employment was just five percent below employment in the fourth quarter of 2019.

In 2019, tourism industry employees earned an average weekly wage between \$636 and \$679 (\$33,100 and \$35,300 annually), well below the statewide average weekly wage of \$1,128. The accommodation and food services, arts entertainment and recreation, and retail trade industries all

employ many part-time workers, which contributes to the below average weekly wages. In addition, many tourism jobs require relatively low levels of formal education or experience, which contributes to lower wages.

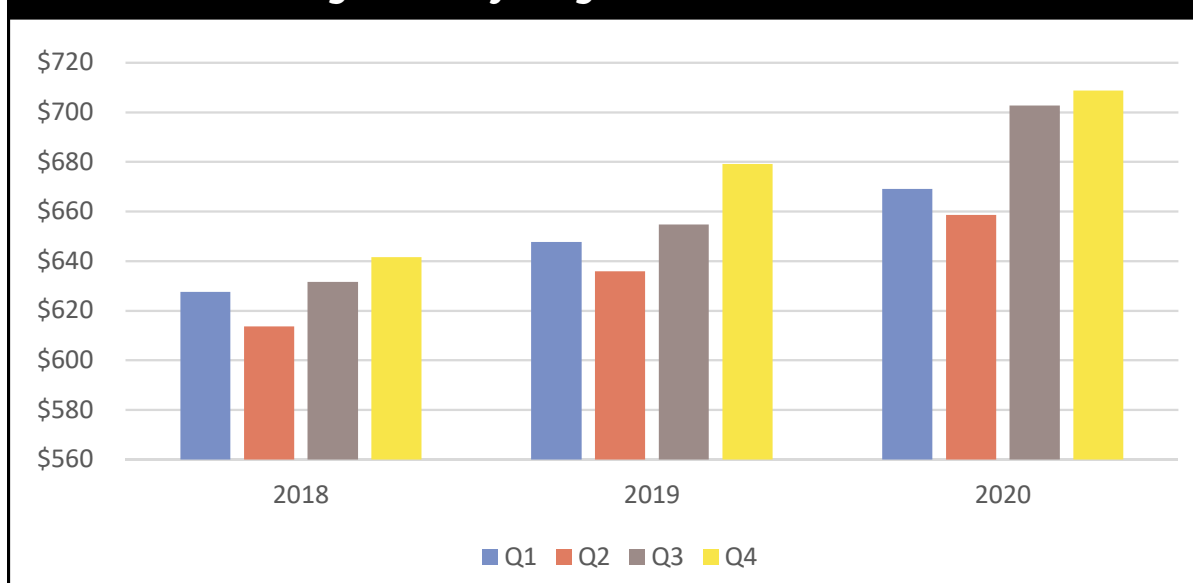
Average weekly wages for tourism workers increased in 2020, reaching \$709 by the fourth quarter (\$36,900 annually). Wages in many tourism-related occupations increased faster than occupational wages overall in 2020, as businesses struggled to keep or attract workers to an industry with a high level of customer contact during the pandemic. However, some of the increase in wages among hospitality and tourism-related occupations may not reflect actual wage growth. Businesses typically lay off

new hires before they lay off more experienced staff, suggesting that at least part of the increase in average weekly wages is a result of layoffs of part-time or newly-hired, lower-paid workers.

### Visitor Volume

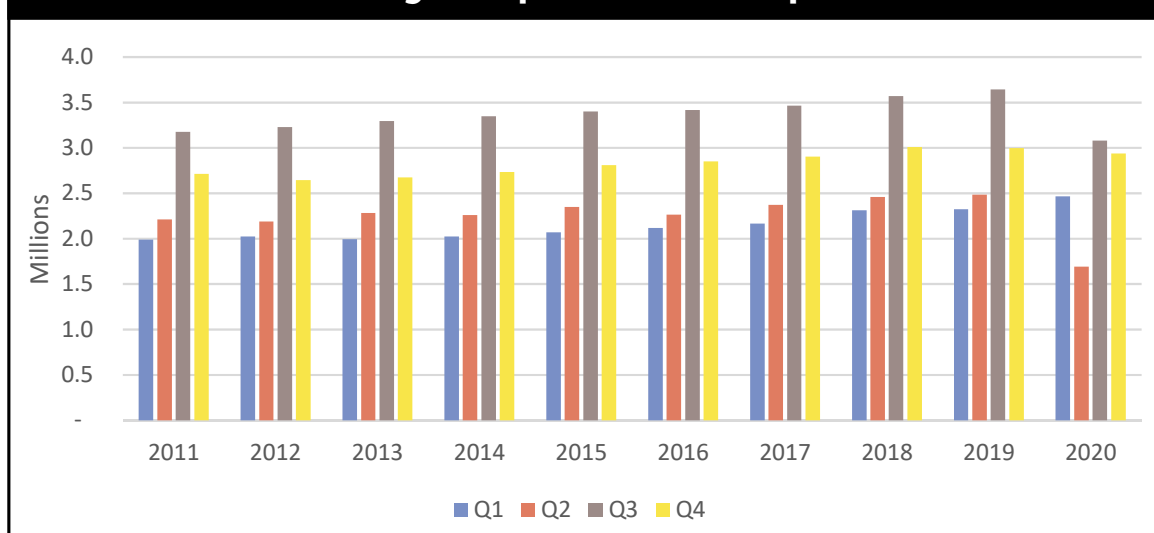
Not surprisingly, fewer tourists visited New Hampshire during 2020 than in the previous year. After a strong first quarter, with the number of overnight trips increasing six percent over

## Average Weekly Wage for Tourism Workers



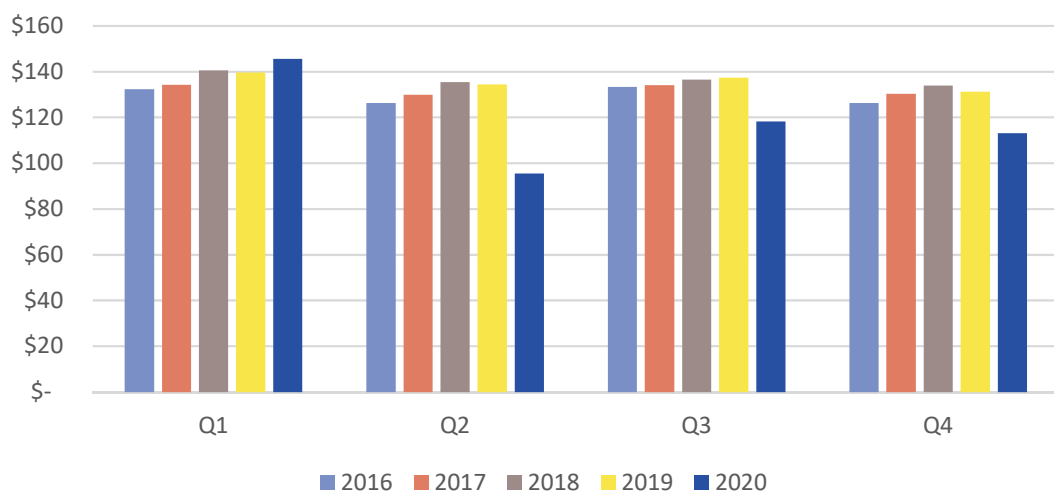
Source: NH Division of Travel and Tourism, Dean Runyan Associates, TravelStats

## Overnight Trips to New Hampshire



Source: NH Division of Travel and Tourism, Dean Runyan Associates, TravelStats

## Spending Per Traveler Per Night (Overnight Visitors Only)



Source: NH Division of Travel and Tourism, Dean Runyan Associates, TravelStats

the first quarter of 2019, overnight trips fell 32 percent over-the-year during Q2, and 15 percent during Q3. Overnight trips during Q4 nearly returned to previous levels, just two percent lower than in the fourth quarter of 2019. In total, overnight trips fell from 11.5 million in 2019 to 10.2 million in 2020, an 11 percent decrease.

### Visitor Spending

Although visitor volume was close to previous levels by the end of 2020, average daily spending by overnight visitors remained well below spending in previous years. Average spending in 2019 was \$136 per visitor per night, and reached \$146 per night during the first quarter of 2020. Spending fell to \$95 per night during the second quarter of 2020. Spending increased to \$118 per night during Q3 and \$113 in Q4; in both quarters, this represented a decrease of approximately 14 percent over-the-year.

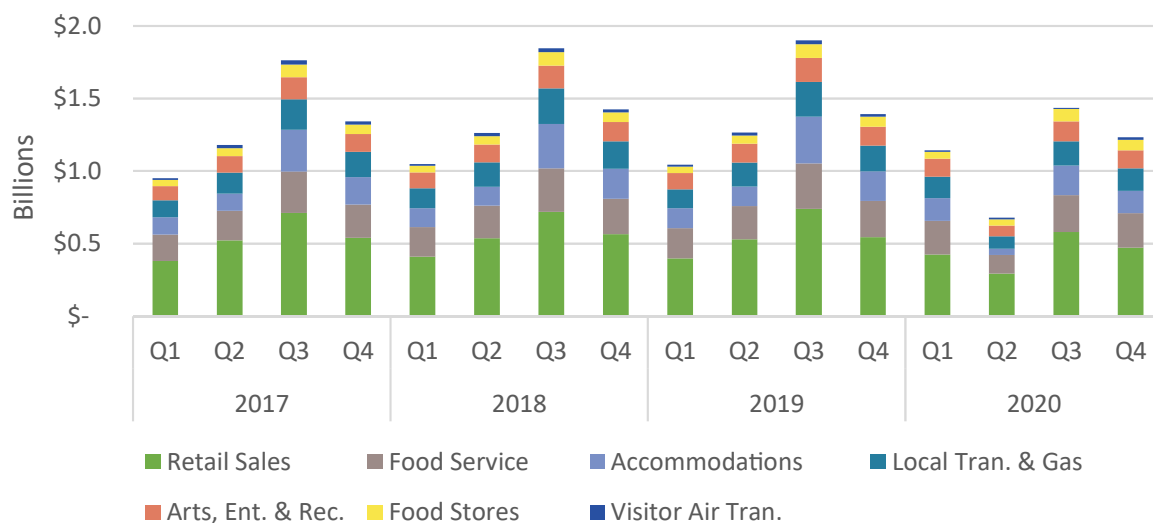
Although per-night spending fluctuated throughout the year, the changes in total visitor spending were primarily driven by the number of visitors to New Hampshire. Like

employment and visitor volume, visitor spending was highly seasonal, with the highest spending in the third quarter and the lowest spending in the first quarter. Although pandemic-related restrictions were enacted during the end of the first quarter of 2020, visitor spending increased ten percent over the first quarter of 2019, totaling \$1.1 billion. The effects of the pandemic on tourist spending were not seen until the second quarter for 2020, when spending fell 46 percent compared to the second quarter of 2019. Visitor spending improved through the second

half of the year, but third quarter spending remained down 25 percent over-the-year, and fourth quarter spending was down 12 percent. For the year, spending fell from \$5.6 billion in 2019 to \$4.5 billion in 2020, a decrease of 20 percent.

Retail sales accounted for the largest share of visitor tourism spending, accounting for approximately 40 percent of quarterly spending.<sup>3</sup> Food services (part of the accommodation and food services industry) was generally the next largest share of visitor spending (18 percent), followed by accommodations (14 percent) then local transportation and gas (13 percent).

## Visitor Spending Growth by Commodity Purchased



Source: NH Division of Travel and Tourism, Dean Runyan Associates, TravelStats

<sup>3</sup> Food stores are generally counted as part of retail sales, but are reported separately in this data.

Although all types of visitor spending were negatively affected by the pandemic, spending on accommodations declined more than any other spending category. Accommodation spending fell 68 percent from the second quarter of 2019 to the second quarter of 2020. Accommodation spending accounted for just six percent of total visitor spending during this quarter, less than half of its usual share.

Spending on visitor air transportation fell in the first quarter of 2020, the only commodity type to decline in the first quarter as a result of the pandemic; spending on all other commodity types was higher than in the first quarter of 2019. Air transportation is often purchased in advance of a trip, so the decline in first quarter spending is likely the result of trips planned for later in the year being cancelled or rescheduled. Visitor air transportation spending in the third quarter of 2020 also fell 75 percent over-the-year. This category typically accounts for one to two percent of total visitor spending, far less than ground travel-related spending.

### *Spending by Accommodation Type*

During most years, nearly 60 percent of visitor spending (more during the first quarter of each year) came from visitors who stayed in hotels or motels, followed by day travelers (17 percent) and those staying as guests in private homes (16 percent). Visitors staying in vacation homes<sup>4</sup> and campgrounds accounted for the remaining spending.

Spending by visitors staying in hotels and motels fell further than spending by visitors using other accommodations during the coronavirus pandemic. In April and May 2020, hotel and motel accommodations were restricted to vulnerable populations and essential personnel.<sup>5</sup> After reopening to the public in June, most hotels and motels remained limited by capacity restrictions and quarantine requirements for out-of-state guests.<sup>6</sup> While overall visitor spending fell over-the-year by 46 percent during the second quarter, spending by visitors staying in hotels and motels fell 64 percent.<sup>7</sup> Spending by day travelers and travelers staying in private homes declined less than spending by visitors using other accommodations during the second quarter, declining by 20 and 30 percent over-the-year, respectively.

During the third quarter, some types of accommodations began to recover more quickly than others. Spending by visitors staying in private homes was down just one percent from the third quarter of 2019, and spending by travelers staying in campgrounds was down nine percent. Hotel and motel spending, however, remained 33 percent lower than the same quarter of the previous year.

By the fourth quarter of 2020, spending by visitors staying in private homes surpassed this type of spending in the fourth quarter of 2019 by \$27 million, or 13 percent. Spending by visitors staying in campgrounds and vacation homes, as well as day travelers, were within two percentage points of 2019 levels as well. Spending by travelers staying in hotel and motels remained 23 percent below the previous year.

### *Looking Ahead to 2021*

The coronavirus pandemic had a large impact on New Hampshire's tourism industry in 2020, as travel restrictions and other measures taken to slow the spread of the pandemic affected this industry more than most segments of the economy. On an annual basis, tourism employment in New Hampshire fell 15 percent in 2020, while total employment fell 6.1 percent.<sup>8</sup>

The third quarter of each year is typically when tourism activity is highest. Total visitor spending is generally 50 percent higher than in the second quarter, and employment increases by more than 40 percent. As the third quarter of 2021 begins, the New Hampshire tourism industry is in a much better position than it was one year earlier. More than 60 percent of the population is vaccinated, and the number of new coronavirus cases has declined steadily since April. With fewer restrictions on business capacity and interstate travel, tourism activity in the third quarter of 2021 may not reach 2019 levels, but the industry is no longer facing the same degree of restrictions and challenges it faced in 2020.

A strong 2021 summer tourism season will help bring individuals back into the labor force and contribute to a faster economic recovery in more regions throughout the state.

- Greg David, Economist

<sup>4</sup> Vacation home spending include travelers who own vacation homes, as well as travelers renting privately-owned homes. Guests in private homes include travelers who are staying as guests with friends and family.

<sup>5</sup> State of New Hampshire Office of the Governor, Emergency Order # 27. <https://www.governor.nh.gov/sites/g/files/ehbemt336/files/documents/emergency-order-27.pdf>.

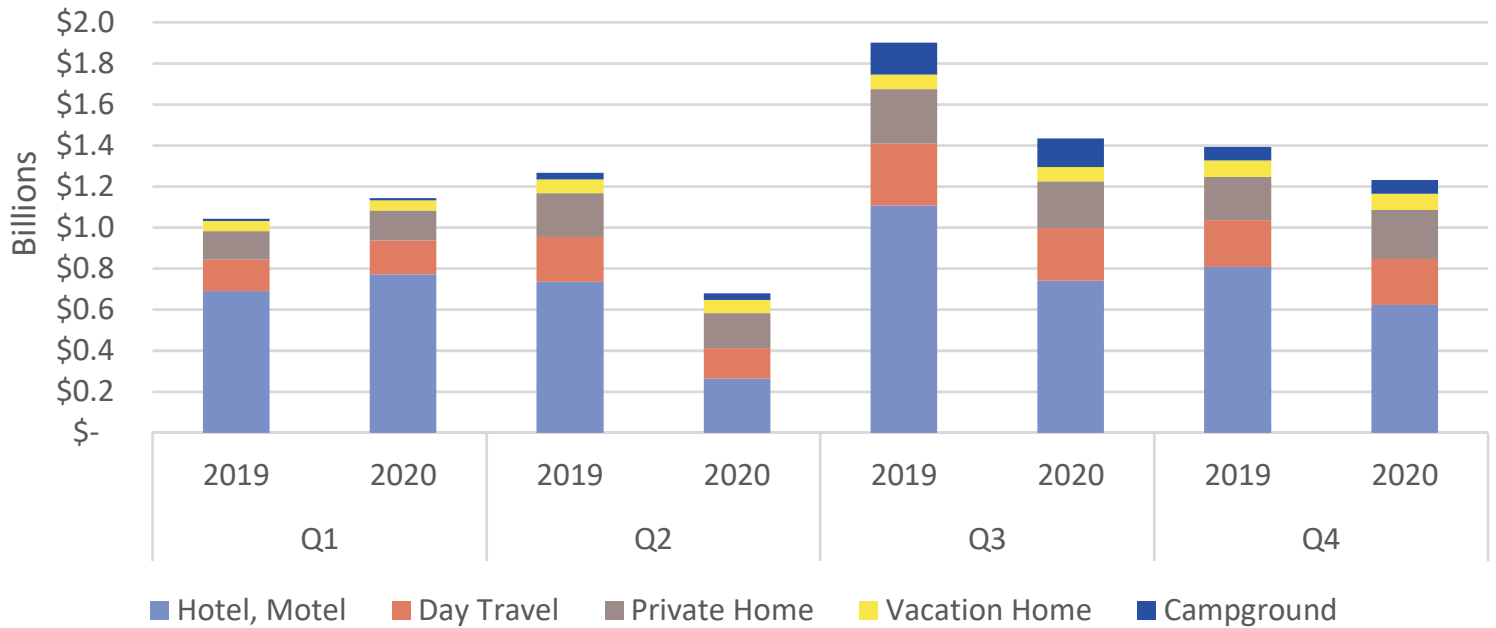
<sup>6</sup> Governor's Economic Reopening Taskforce, "Stay at Home 2.0, COVID-19 Reopening Guidance". <https://www.visitnh.gov/getmedia/13d4ff43-24e9-400c-acd3-0e5f5db8e2aa/guidance-lodging.pdf>.

<sup>7</sup> Home rentals were also restricted to vulnerable populations and essential personnel, and all accommodation types were restricted by out-of-state visitor restrictions. But overall, hotel and motels faced more restrictions than other types of accommodations.

<sup>8</sup> New Hampshire Employment Security, Quarterly Census of Employment and Wages.



## Visitor Spending by Accommodation Type



Source: NH Division of Travel and Tourism, Dean Runyan Associates, TravelStats