



September 22, 2020

Senate Interim Committee on Labor and Business
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

RE: Facts & Figures – Oregon Hospitality Industry Economic Impact to Date

Dear Chair Taylor, Vice-Chair Knopp, and Members of the Committee:

We greatly appreciate the opportunity to keep our state elected leaders informed with the latest economic data available as Oregon's hospitality industry continues to grapple with historic job losses, reduced revenue projections, and permanent closures of some of our most treasured destinations. We look forward to working with each of you to lay the groundwork for industry recovery informed by the latest data in preparation for the 2021 Legislative Session.

The following data points and facts have been collected in partnership with our national affiliates at the American Hotel & Lodging Association, the National Restaurant Association, and our data partners at CHD Expert. The main fact I hope to convey to all elected leaders is we currently have approximately 55,000 Oregonians in the hospitality industry still out of work. Before COVID-19 our industry was the second largest private sector employer in the state providing paychecks to approximately 180,000 Oregonians.

ORLA will be finalizing a comprehensive 2021 Legislative Agenda in December to showcase the opportunities available to state lawmakers in the upcoming session to walk alongside industry operators who are working hard to survive and provide jobs to Oregonians over the course of the next 12 months and beyond. Please reach out at anytime with any follow up questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Brandt", written in a cursive style.

Jason Brandt
President & CEO
Oregon Restaurant & Lodging Association

COVID-19 Restaurant Impact Survey – September 2020

Restaurant Business Conditions

- Consumer spending in restaurants remained well below normal levels in August. Eighty-nine percent of Oregon restaurant operators say their total dollar sales volume in August was lower than it was in August 2019. Overall, sales were down 39 percent on average.

- Even though sales were significantly lower for most restaurants, it does not mean their costs also fell proportionally. Sixty-two percent of Oregon operators say their restaurant's total operational costs (as a percent of sales) are higher than they were prior to the COVID-19 outbreak. Only 16 percent of operators say their costs are lower, as a percent of sales.
- With on-premises dining capacity limited, off-premises is increasingly important for restaurants. Sixty-four percent of operators say off-premises sales currently represents a higher proportion of their total business than it did prior to the COVID-19 outbreak.
- Twenty-nine percent of Oregon operators say business conditions in August were worse than they were in July, while only 9 percent say business conditions improved in August.
- Eighty percent of Oregon operators say they do not expect their restaurant sales to return to pre-coronavirus levels within the next six months.
- Forty percent of Oregon operators say it is unlikely their restaurant will still be in business six months from now, if business conditions continue at current levels.
- Forty-three percent of operators say it is unlikely their restaurant will still be in business six months from now if there are no additional relief packages from the federal government.

Restaurant Jobs

- Although many restaurants added back employees as restrictions were partially lifted in recent months, overall staffing levels remain well below normal. On average, Oregon restaurant operators say their current staffing levels are only 66 percent of what they would typically be in the absence of COVID-19.
- In the weeks following the initial rehiring surge that occurred in May and June, restaurant staffing trends were mixed. Forty-one percent of restaurant operators say they added employees in July and August, while 24 percent say they laid off or furloughed employees in July and August.
- Fifteen percent of Oregon restaurant operators say they plan to add more employees during the next 30 days, while 34 percent say they anticipate laying off or furloughing more employees during the next 30 days.
- Overall, 55 percent of Oregon restaurant operators do not expect their staffing levels to return to pre-coronavirus levels within the next six months.

Source: National Restaurant Association, national survey of 3,500 restaurant operators conducted August 26 – September 1, 2020

COVID-19 Lodging Impact Survey – September 2020

The American Hotel & Lodging Association conducted a survey of hotel industry owners, operators, and employees from September 14-16, 2020, with more than 1,000 respondents. Key findings include the following:

- 68% have less than half of their typical, pre-crisis staff working full time currently.
- Half of hotel owners said that they are in danger of foreclosure by their commercial real estate debt lenders due to COVID-19.
- Without further governmental assistance, 74% of respondents said they would be forced into further layoffs.
- More than 2/3 of hotels (67%) report that they will only be able to last six more months at current projected revenue and occupancy levels absent any further relief.

August 31, 2020 State of the Hotel Industry Analysis

- 4 Out of 10 Hotel Employees Are Still Not Working

At the peak of the pandemic, nearly nine in ten hotels had to lay off or furlough workers, and the hospitality and leisure industry lost 7.5 million jobs nationally. Despite small gains in employment in May and June driven largely by restaurants and bars reopening, the leisure and hospitality sector is still down 4.3 million jobs since February. The accommodations sector is left with a devastating unemployment rate of 38% compared to the national average of 10.2%.

- Almost 2/3 (65%) of Hotels Remain at or Below 50% Occupancy.

That is below the threshold at which most hotels can break-even and pay debt. While leisure travelers have increased average hotel occupancy nationally since the historic low of 24.5% in April, thousands of hotels are at risk of closure or are unable to hire back staff due to continuing, drastically low hotel occupancy rates.

- Consumer Travel Remains at an All-Time Low

Only 33% of Americans say they have traveled overnight for leisure or vacation since March, and only 38% say they are likely to do so by the end of the year.

- Leading Hotel Employers in Oregon – Portland Urban Hotels – Face Collapse with Cripplingly Low Occupancies

Urban hotels are major employers due to their size. But these properties are faring significantly worse than the national average, with many Portland hotels reporting occupancy rates for July, August, and September below 20%. Jobs at urban hotels are unlikely to return without either a dramatic increase in occupancy or additional Congressional action.

Source: American Hotel & Lodging Association, August 31, 2020 State of the Industry Analysis: COVID -19 Six Months Later