Leisure and Hospitality

Summary

The leisure and hospitality industry is a service-providing industry and is a combination of two sectors: the arts, entertainment, and recreation sector and accommodation and food services sector. Businesses in this industry include those operating in: performing arts, spectator sports, museums, historical sites, amusement, gambling, recreation, accommodation, restaurants, drinking places, and other establishments with similar operations as those listed.

Tourism is a driving factor in leisure and hospitality, which causes seasonal swings in employment levels, as can be seen in Exhibit 1. Typically, jobs are added during the summer months to accommodate the increase of visitors to the state. Camping, hiking, rafting, and our rich history and culture are just a few of the attractions that bring tourists to New Mexico.

Due to the nature of leisure and hospitality, it tends to be more volatile than some of the other industries. The success of many businesses can depend on the season and the state of the economy. Business activities often rely on what many consumers consider “discretionary spending,” and, therefore, tend to struggle more during tough economic times, such as the recent recession. Additionally, there are a variety of other outside forces that can have a direct impact on the businesses involved in leisure and hospitality. Weather is an example of such an outside force. A weak winter can negatively impact businesses that are involved in outdoor winter activities such as skiing and snowboarding.

Leisure and hospitality employment in the private sector makes up nearly 11 percent of New Mexico’s total nonfarm payroll employment, with the most recent data showing over 87,000 jobs, as can be seen in Exhibit 2. Nationally, approximately 10.4 percent of the workforce is in the leisure and hospitality industry, and, regionally, New Mexico’s share of industry employment is comparable to that of the other southwestern states. Nevada clearly is the exception, with nearly 30 percent of its workforce in the leisure and hospitality industry. This is to be expected, as business activities in Las Vegas related to leisure and hospitality play a significant role in Nevada’s workforce and state economy. Oklahoma, at 9.4 percent, has the lowest percentage of its workforce involved in leisure and hospitality.
**Employment Trend**

Exhibit 3 shows the seasonally adjusted employment trend in the leisure and hospitality industry, as well as total nonfarm payroll employment. The industry’s employment, as a whole, moved similarly to total employment throughout the recession, and peaked in November 2007. Leisure and hospitality hit its trough in March 2010 after losing 4,100 jobs. Since then, however, leisure and hospitality has recovered jobs at a quicker rate than total nonfarm employment and has maintained a positive trend, adding 5,600 jobs as of April 2013. Total nonfarm employment peaked in April 2008 at 850,200 jobs and hit a trough in March 2010, after losing 46,800 jobs. New Mexico’s total nonfarm employment has yet to recover the jobs lost during the recession; in April 2013 there was an estimated 813,500 jobs.

Between 2007 and 2009 the arts, entertainment, and recreation sector was hit harder with job losses than the accommodation and food services sector; employment declined by 10.5 percent, or over 2,000 jobs. (See Exhibit 4.) Accommodation and food services has recovered all the jobs lost during the recession, and in 2012 it posted an average employment level higher than that of 2007. Arts, entertainment, and recreation’s employment level has increased by 1.4 percent since 2009, a positive sign as it continues its upward trend. In comparison, all-industry employment has not fared nearly as well. Between 2007 and 2009, it reported a job loss of 3.6 percent. In the years since the recession, 2009 to 2012, it continued to report job losses, declining by 0.8 percent.

**Occupations Profile**

In 2012, establishments involved in leisure and hospitality comprised 9.0 percent of all establishments in New Mexico. Food services and drinking places made up 64 percent of the leisure and hospitality industry. (See Exhibit 5.) Accommodation followed food services and drinking places, accounting for 18 percent of the industry. Amusement, gambling, and recreation comprised 14 percent of the establishments, which is mostly due to the large amount of casinos there are in New Mexico.

With the majority of jobs falling under the category of food services and drinking places, the top 10 most common occupations in leisure and hospitality come...
as no surprise; eight of the 10 occupations are all jobs often found in places such as restaurants and bars. (See Exhibit 6.) Many of the jobs rely on tips from customers as a portion of their wages, which can make wages vary week to week, depending on business activity. They are all relatively low paying and low skill jobs; most of the jobs do not require previous experience and provide on-the-job training to new employees.

In 2012 total wages paid for all employees in the industry was 5.6 percent of total wages paid in all industries, with a payroll of over $1.7 billion. Wages for those occupations most commonly found in the leisure and hospitality industry ranged from $17,813 annually for fast food cooks to $29,300 for first-line supervisors/managers of food preparation and serving workers. The average weekly wage in 2012 was $479 in arts, entertainment, and recreation, and $313 in accommodation and food services; in comparison, the all-industry average was $783.

Who Works In Leisure & Hospitality?

More than half of New Mexico’s leisure and hospitality jobs are held by women. Exhibit 7 displays the percentages of males and females in the industry, as well as the all-industry distribution. The percentage of women in this industry is slightly greater than the distribution of women across all industries. The age distribution is displayed in Exhibit 8. The majority of employees in leisure and hospitality are younger, with one in three employees under the age of 25. Excluding the supervisory and managerial occupations, these jobs offer entry-level opportunities for new entrants, and also tend to attract younger workers due to the advantages of having a flexible schedule while attending school. These jobs are often part-time, seasonal, or temporary. Additionally, the majority of the jobs are physically demanding, usually requiring employees to work long hours on their feet. This may also contribute to the workforce being younger than in other industries. Less than 13 percent of the workers are over the age of 55, compared to the all-industry distribution, which has over 21 percent of workers in the same age category.
Exhibit 9 displays the percentage of the workforce working in the leisure and hospitality industry by county. Guadalupe County has the highest percentage of their covered employment working in leisure and hospitality. Guadalupe County is one of the more rural counties; half of the population lives in Santa Rosa, which is positioned along Interstate 40. The city caters to the many travelers along the highway. Over 90 percent of their workers in leisure and hospitality are involved in accommodation and food services. Lincoln, Taos, and Colfax counties are three other areas with a large percentage of their working labor force involved in leisure and hospitality; Ruidoso, Taos, Angel Fire, and Raton are major towns in the counties and attract visitors to the areas. Tourism is mostly generated by the variety of outdoor activities found in the areas, and the supporting accommodation and food services.

Source: NMDWS, Quarterly Census of Employment and Wages
Note: Harding County not shown due to suppressed data.