

New Mexico
Hospitality
Association
Presentation

Economic & Rural
Development
Committee

August 3, 2020



NMHA

We are the unified voice to influence and inspire the New Mexico hospitality industry.



The New Mexico Hospitality Association is the state's number one resource for travel, tourism and lodging stakeholders. It is a privately funded nonprofit that is focused on serving its members and all segments of the hospitality industry through three distinct functions:

- **Unite** the industry to influence public policy. The association takes positions and advocates for legislation and policy that align with five core principles -
 - build the tourism industry
 - promote the tourism industry
 - foster a business-friendly environment for tourism
 - increase opportunities for tourism development
 - and preserve tourism resources and funding mechanisms
- **Create** and administer networking opportunities and educational programming to further develop the industry
- **Provide** platforms of collaboration to tackle and solve various industry challenges

NMHA members fall into three categories:

- Lodging - All lodging properties
- Tourism - Destination Marketing Organizations, convention centers, meeting spaces
- Allied - Ancillary businesses that support or link to the hospitality tourism industry

Industry Snapshot:



New Mexico's Tourism Industry at a Glance

2018 Economic Impact



Visitor Spending
\$7.1 billion



Impact on Employment
8.5% of all NM jobs



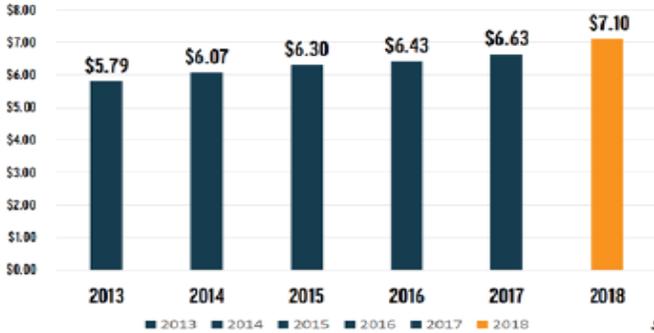
State & Local Taxes
\$694 million

NEW MEXICO *fine*
STATE

Source: Tourism Economics

Visitor Spending (billions)

Nearly 23% growth since 2013



NEW MEXICO *fine*
STATE

Source: Tourism Economics

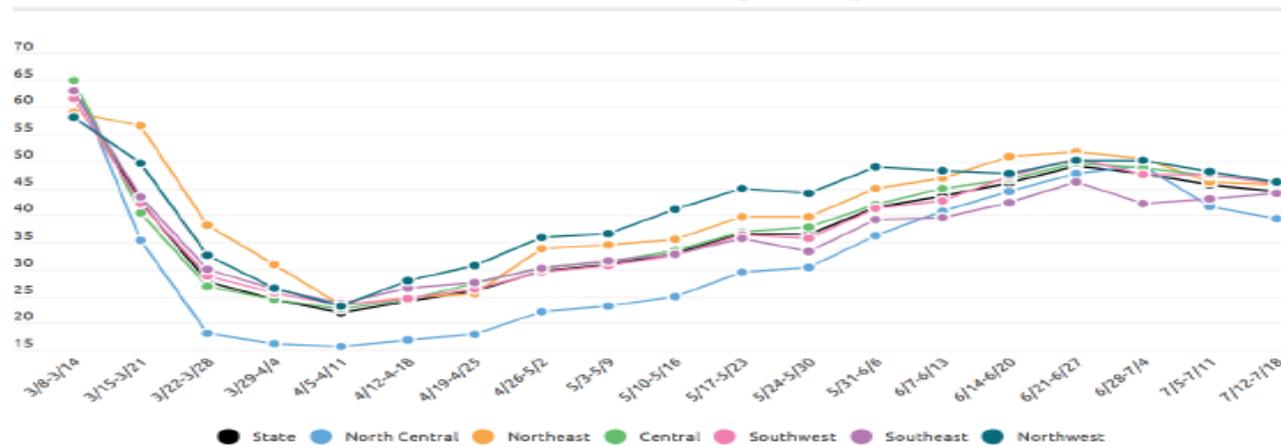
Tourism Industry at a Glance:

- Until COVID-19, New Mexico's tourism industry was the second fastest-growing in the state, supporting **1-in-12 jobs** (nearly 100,000) and producing \$694 million in state and local tax revenue.
- Visitor spending had grown by 23% from 2013 to 2018, amounting to **\$7.1B in spending** for New Mexico communities in 2018
- In 2019 a record **37.2 million trips** were taken in and to New Mexico

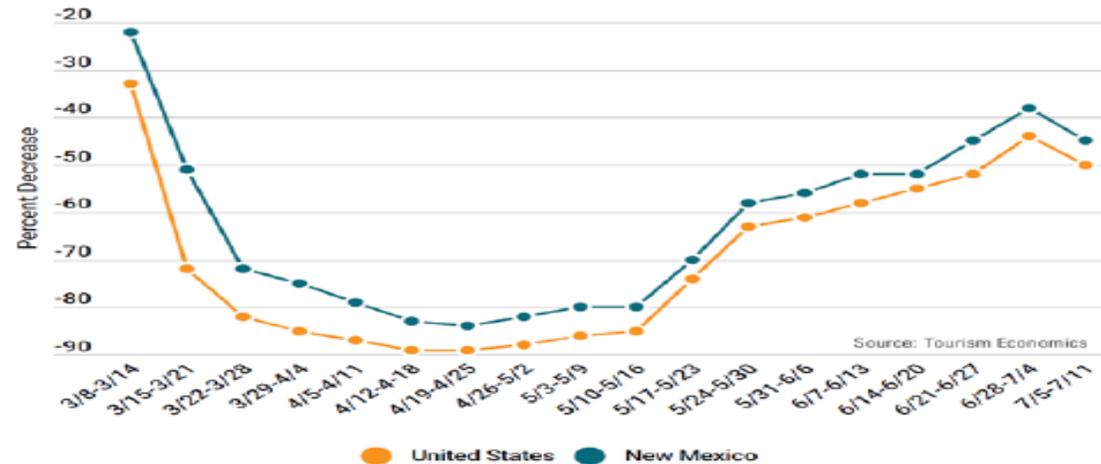
Impact of Covid19



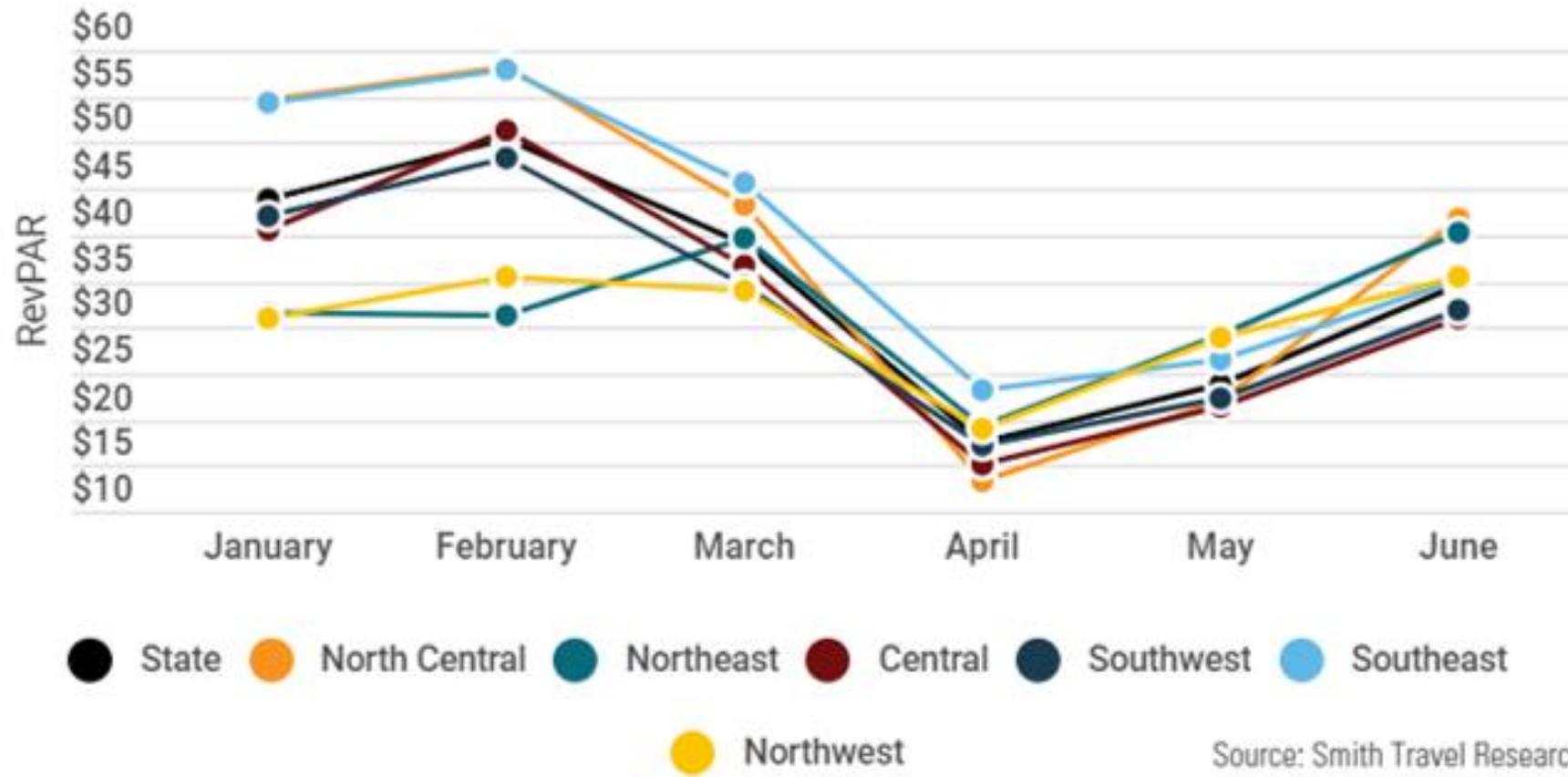
COVID-19 Impacts New Mexico Occupancy Rates



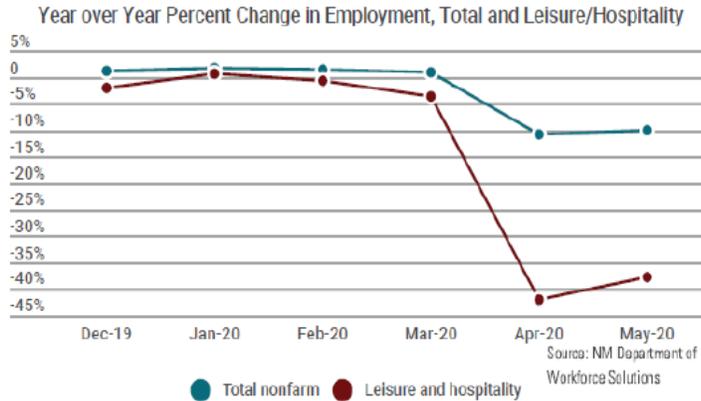
Hotel occupancy rates, as well as visitor spending, have seen drastic decreases from the beginning of the COVID-19 response. At their lowest point, occupancy rates throughout the state were at just over 20% and visitor spending had decreased by 80% from the previous year. In total, it is estimated that New Mexico has lost \$1.7B in visitor spending since March 2020.



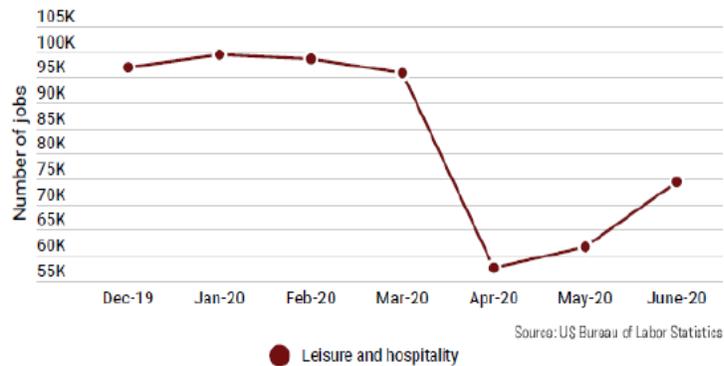
Source: Tourism Economics



COVID-19 Impacts, cont.



While employment levels are down throughout the state of New Mexico in every industry, the leisure and hospitality sector has been especially hard-hit, losing approximately 30,000 jobs since the beginning of the COVID-19 response.



Recovery Timeline



Oxford Economics, parent company of Tourism Economics, has released an economic projection for travel spending over the next few years. This model shows that national travel spending will take at least four years to recover to pre-COVID levels. NMTD modeling of the 2008 financial crisis recovery timeline shows that most tourism sectors took 5 years to fully recover to pre-2009 levels of revenue.



The Impact of COVID-19:

- COVID-19 has hit the tourism industry particularly hard.
- Hotel occupancy rates decreased to a low of just over 20% in April of 2020.
- Visitor spending also decreased drastically when compared to this time last year, with spending down over 80% YoY in April. Though this also began to recover in June, visitor spending was still down nearly 40% YoY during that time. **It is estimated by Tourism Economics that New Mexico has already lost \$1.7 billion in visitor spending since March of 2020.**
- Leisure and hospitality employment has also been disproportionately affected by COVID-19, with an average of 30,000 New Mexicans employed in this industry out of work.
- In April of 2020, leisure and hospitality employment had decreased by nearly 45% YoY.

- The travel quarantine and the continued blanket restrictions on gatherings have severely impacted our entire industry and brought some segments to a complete stand-still.
- Businesses with mortgages are struggling to make those payments.
- Small businesses like private attractions and local recreation sites (private museums, family recreation businesses, tour guide operators) have seen revenue losses of up to 90%, and many of those businesses are looking at closing.

Ski New Mexico 2019-2020 Season

Skier visits -

945,452 skiers and snowboarders visited New Mexico Ski Area this season. 104,647 skier visits were identified as lost as a result of the pandemic and forced closure.

Economic impact -

*\$527.9 million is the total economic impact posted by New Mexico Ski Areas for this season. Prior to the COVID-19 outbreak, forecasts showed New Mexico Ski Areas to finish at a record \$586.4 million in total economic impact. This represents a -\$58.5 million in lost economic impact from Spring Break bookings due to the early closure.

GRT to State of NM -

*\$41.4 million was paid in direct Gross Receipts Tax (GRT) to the State of New Mexico. This represents a -\$4.7 million or -9% reduction in GRT from forecasts before the closures.

Employment -

New Mexico Ski Resorts employed 3200 workers in full-time and part-time positions in management, marketing/sales, ski instructors, lift operators, food & beverage, snow making, grooming etc.)

Snow fall 2019-2020 season -

Snow fall this year was 134.2 inches. This is 21.2 inches over the State of New Mexico average snow fall of 113 inches annually.

COVID Recovery



Recovery Timeline:

- While it is impossible to fully predict the recovery timeline for the tourism and hospitality sectors once COVID-19 has passed, we can look on historic data for clues.
- Tourism was hard-hit by the most recent recession spurred by the 2008 financial crisis. Though impacts were not as sudden nor as drastic as those seen during COVID-19, this time period can still provide insight into how the industry will recover.
- Tourism is an elastic industry—people will always want to travel. However, economic downturns do affect it. After the 2008 financial crisis, the tourism industry took approximately 5 years to see full recovery and subsequential positive growth.
- After this time, however, the tourism industry in New Mexico set records for visitation and visitor spending every year through 2019.
- National projections from Tourism Economics and the US Travel Association indicate that COVID-19 recovery will follow a similar timeline, with more than four years of recovery to reach pre-COVID levels of travel spending in the United States.

How the Hospitality Industry Responded to COVID19:

- Worked at the national level to develop enhanced safety standards which we took even further in New Mexico
- Provided support for Economic Recovery Task Force and individual task forces to develop industry COVID Safe Practices
- Championed NM Safe Promise and NM Safe Certified (more than 400 New Mexico hotels are currently enrolled in the NM Safe Certified program)
- Currently working to develop guidelines/CSPs for meetings and events and other industry categories



N M S A F E
P R O M I S E

To date, more than 2,000 New Mexicans have made the NM Safe Promise.

Industry partners include:

Visit Albuquerque

Visit Santa Fe/Santa Fe Safe Promise

Visit Las Cruces/City of Las Cruces/Las Cruces Safe Promise

Santa Fe County

Visit Los Alamos

Town of Taos

Farmington Convention & Visitors Bureau

Visit Silver City

City of Roswell

Alamogordo

Gallup

PNM

New Mexico United

For more information, visit: <https://nmsafepromise.org/>



**COVID-SAFE
TRAINING
PROGRAM**

To date, 1,396 businesses have registered to participate in the NM Safe Certified training.

Breakdown by industry type:

Construction and Field Operations: 32

Farm, Ranch, Dairy Producers and Processors: 6

Grocery Stores and Farmers' Markets: 2

Hotels, Lodging, and Resorts (includes short-term rentals): 469

Manufacturing, Warehouse, and Food Production: 21

Retail: 271

Restaurants: 224

Office & Call Center: 163

Tour Operators: 102

Spas, Salons & Related Services: 98

Golf Courses: 7

Over 350 businesses have already completed the training.

For more information, visit: <https://nmsafecertified.org/>

What our industry partners are doing -

American Hotel & Lodging Association:

Advocated at the national level to develop federal programs to support the hospitality industry

Generated information sharing platforms to allow states to learn best practices for COVID19 responses

Developed Safe Stay national guidelines

New Mexico Tourism Department:

Helped develop and support NM Safe Promise and NM Safe Certified

Partnered with the Small Business Development Center as a pilot industry focusing on business model changes

Created nine Industry Sector Task forces to identify the best course of action for recovery and collect real-time data to understand COVID's impact on the workforce, visitation, and revenue for tourism businesses

Created a Resource Hub that includes a funding database for businesses, industry CSPs, tourism business coaching and mentorship resources, and PPE vendors

Developing new program to support virtual events (virtual Zozobra)

Created NM True Certified Buyer's Guide to support New Mexico businesses

Applied for an EDA grant to provide additional industry support

Department of Workforce Solutions:

Worked closely with our industry to explain the unemployment insurance regulations

Helped our members access available programs and resources

Policy Priorities



Policy Priorities –

- Support positioning New Mexico to be a leader in economic recovery and ensure a safe environment for our communities, our employees, and our guests:
 - Engagement with policy makers to develop safe re-opening strategies that are research driven
 - Support investment that ignites economic recovery and prioritizes infrastructure development projects and funding for statewide tourism assets (existing and new)
- Protect Lodgers' Tax revenue for its intended purpose to ensure adequate funding for economic recovery plans (when the time is right)
- Advocate with state and federal partners to ensure that the travel and tourism industry is included and prioritized as policy and funding programs are developed (the industry needs more than loan programs to survive)

Thank You!

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