

Back to Baseline: Utah's Tourism Economy Rebounds Post-Pandemic

Introduction

One year since the arrival of COVID in the U.S. and Utah's tourism economy is back on track. Leisure and hospitality employment in southern Utah rebounded "back to baseline" last fall, while the rest of the state began catching up this spring. Statewide, hotel occupancy rates returned to 2019 levels this April, while transient room tax revenue surpassed 2019 levels this February and March. Domestic air travel, which has yet to realize pre-pandemic passenger counts, is forecast to make a full recovery by 2022. Likewise, urban travel, which took a huge hit during the pandemic, is expected to regain momentum this fall as concerts, conferences, and conventions return to the capital city's calendar.

Employment

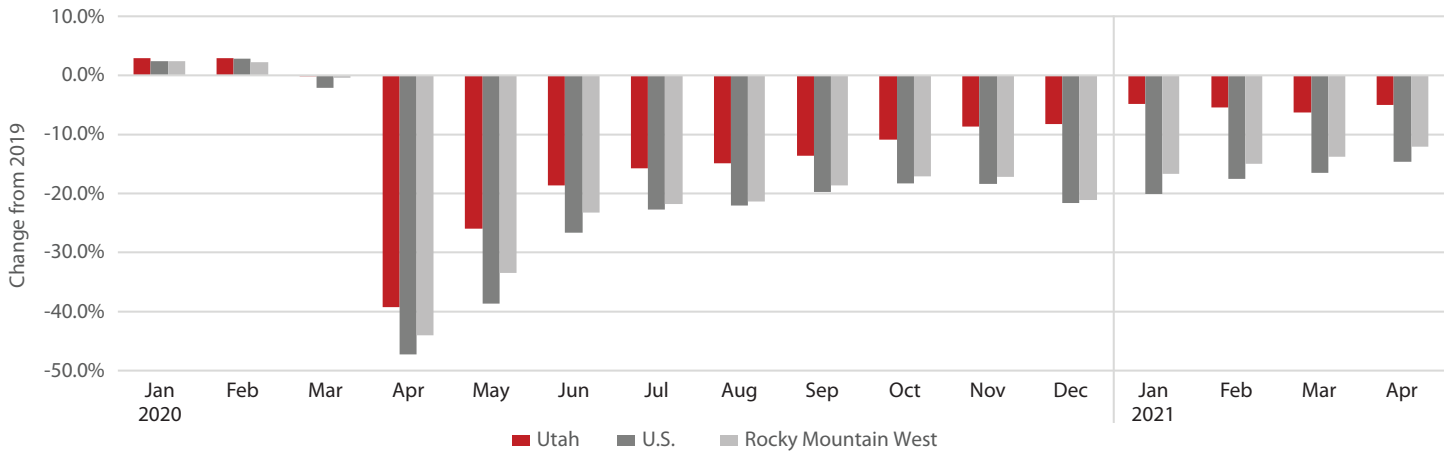
Utah leisure and hospitality employment has been inching back to baseline since this April, but has nonetheless outperformed both the Rocky Mountain western region and U.S. leisure and hospitality employment rates (see Figure 1). Although 2021 Utah hospitality jobs still lag behind 2019, experts note that lingering COVID impacts, such as continued dependent care needs, extended unemployment benefits, and sector job shifts, have all contributed to this employee deficit (see Figure 2). However, economists forecast that the hospitality employment gap will close by the end of 2022, which is earlier than originally estimated.¹ Regionally, hospitality employment in the St. George Metropolitan Area (Washington County) has rebounded much faster than in the Salt Lake City Metropolitan Area, which comprises Salt Lake and Tooele counties (see Figure 3). The reason for this is largely due to southern Utah's smaller population and ample outdoor recreation opportunities, which drew travel-hungry visitors looking for safe spaces to play.

Summary of Results

As we head into the summer of 2021, Utah's travel and tourism economy is back on track.

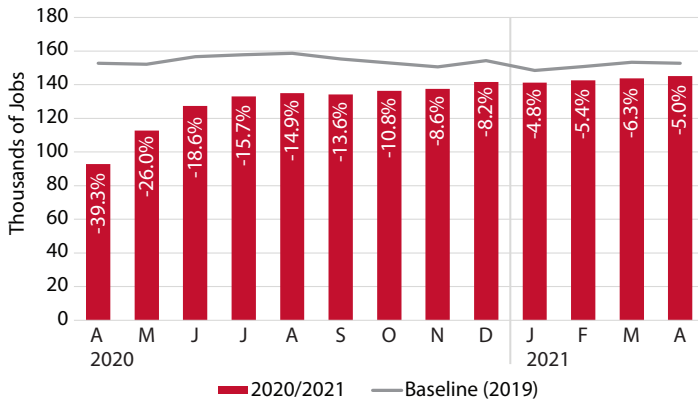
- Utah's private leisure and hospitality jobs are down 5% from 2019 totals and have rebounded faster than in the western U.S. and nation as a whole.
- Private leisure and hospitality jobs in rural Utah had returned to baseline by the fall of 2020 despite surging COVID-19 cases in the U.S.
- Transient room tax revenue surpassed baseline revenues in some of Utah's tourism-heavy counties by October 2020; statewide, transient room tax revenue surpassed 2019 revenues in February 2021.
- This spring, Utah hotel occupancy rates returned to pre-pandemic levels, while short-term rental occupancy rates have increased significantly from 2019, especially in rural cities and resort towns.
- Over the past six months, Utah's state and national parks have received an additional 2.1 million visitors compared with the same time frame in 2019.
- Although air travel, urban travel, and business travel still lag behind baseline, experts believe all three will experience a full recovery sooner than originally estimated.

Figure 1: Percent Change in Leisure & Hospitality Employment, January 2020–April 2021 vs. 2019 Baseline



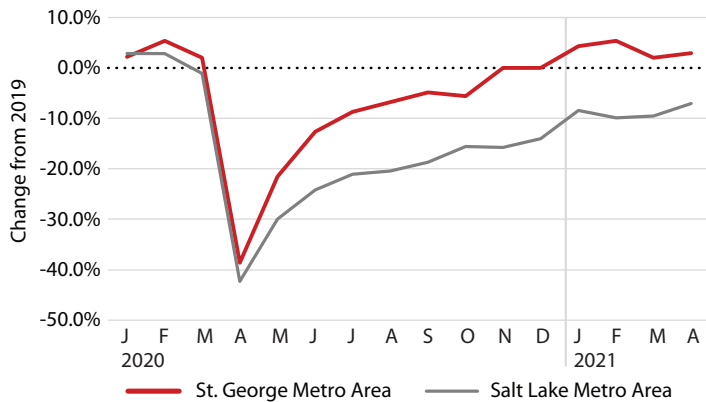
Note: Figure includes private full- and part-time employment (does not include proprietors); the “Rocky Mountain West” includes AZ, CO, ID, MT, NM, and WY.
Source: Kem C. Gardner Policy Institute analysis of Bureau of Labor Statistics data

Figure 2: Utah Leisure & Hospitality Employment, April 2020–April 2021 vs. 2019 Baseline



Note: Figure includes private full- and part-time employment (does not include proprietors).
Source: Kem C. Gardner Policy Institute analysis of Bureau of Labor Statistics data

Figure 3: Percent Change in Leisure & Hospitality Employment, January 2020–April 2021 vs. 2019 Baseline

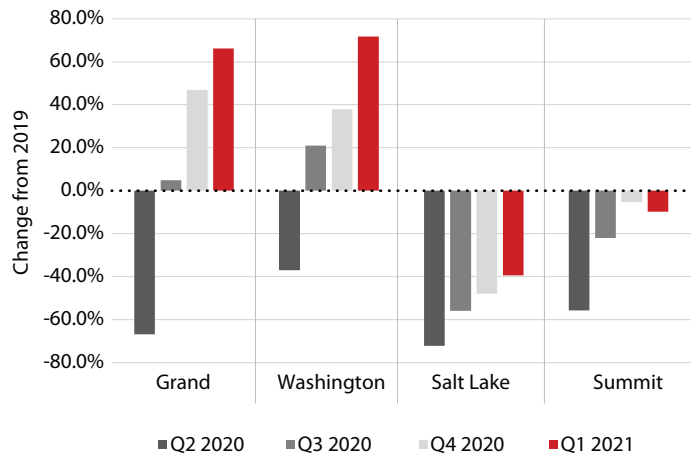


Note: Figure includes private full- and part-time employment (does not include proprietors).
Source: Kem C. Gardner Policy Institute analysis of Bureau of Labor Statistics data

Tax Revenue

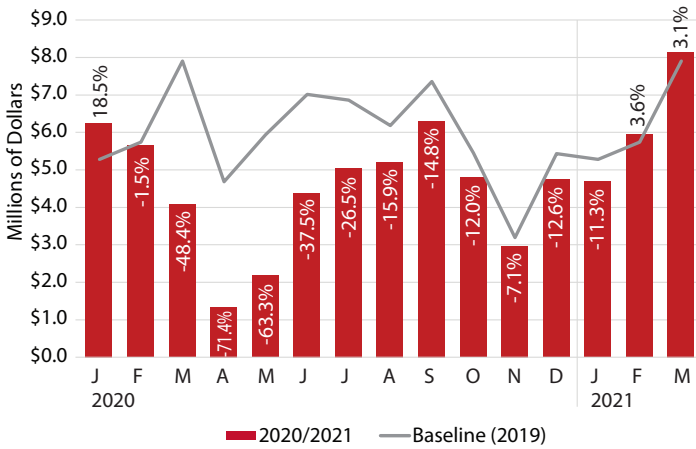
Specifically, when considering quarterly county transient room tax in Utah’s tourism-heavy counties, southern Utah’s Grand and Washington counties’ revenues had surpassed baseline 2019 revenues by the third quarter of 2020 (see Figure 4). Meanwhile, Salt Lake and Summit County’s transient room tax revenues have yet to make a full recovery. On a statewide basis, however, total county transient room tax revenue surpassed baseline in both February and March of 2021, with even greater increases over the baseline expected in April and May (see Figure 5).

Figure 4: Percent Change in Transient Room Tax Revenue Collections by Select County, Q2 2020–Q1 2021 vs. 2019 Baseline



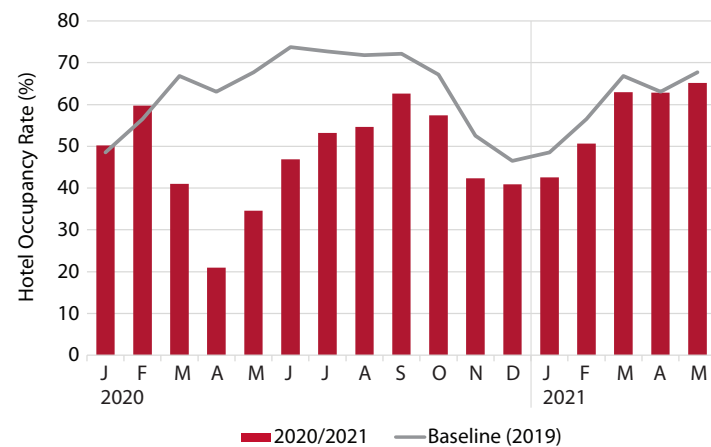
Note: Summit County’s tax revenue for Q4 2020 may be overstated due to the upfront collection of TRT at the time of short-term rental booking (e.g., Airbnb, VRBO, etc.).
Source: Kem C. Gardner Policy Institute analysis of Utah State Tax Commission data

Figure 5: Statewide Transient Room Tax Revenue Collections, January 2020–March 2021 vs. 2019 Baseline



Note: Summit County's TRT revenue has been removed from November 2020 and November 2019 amounts due to short-term rental TRT being collected at time of booking and thus misrepresenting actual month of stay.
Source: Kem C. Gardner Policy Institute analysis of Utah State Tax Commission data

Figure 6: Utah Hotel Occupancy Rates January 2020–May 2021 vs. 2019 Baseline

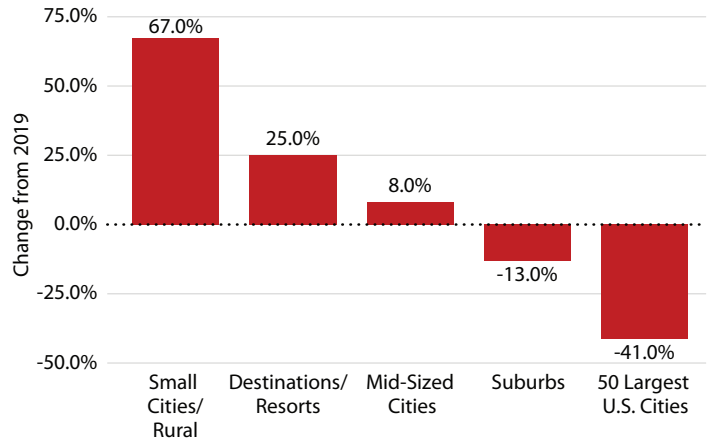


Source: Kem C. Gardner Policy Institute analysis of STR, Inc. data

Accommodations

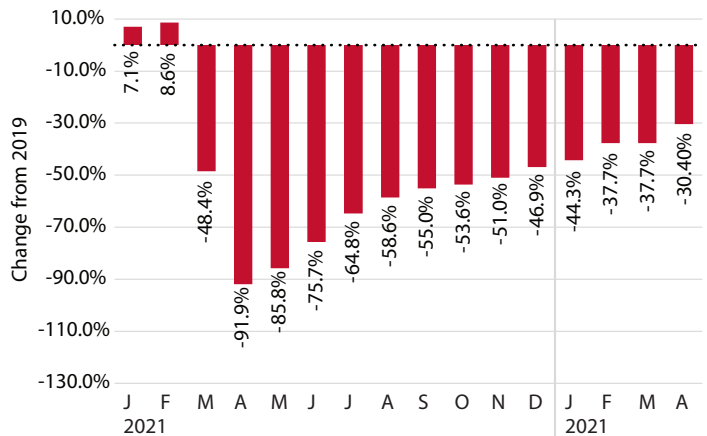
Statewide average hotel occupancy has followed a similar trend, bottoming out at 20.9% average occupancy in April 2020, but returning to within 3–5% of 2019 average monthly rates this spring (see Figure 6). This statewide occupancy rebound is especially good news for hotels since the pandemic influenced an accommodations preference shift from traditional hotel stays to short-term rental stays. A recent AirDNA report noted that, nationally, short-term rentals gained in popularity during the pandemic, not only because they offered private, non-shared spaces (e.g., private single homes), but also because they offered long-term rental options for flexible remote workers. In fact, recently (April 2021), short-term rental occupancy rates were up 67.0% in small cities and rural areas, up 25.0% in destinations/resorts, and up 8.0% in mid-sized cities when compared with the same time frame in 2019 (see Figure 7).²

Figure 7: Percent Change in Short-Term Rental Occupancy Rates in the U.S., April 2021 vs. April 2019



Source: AirDNA

Figure 8: Percent Change in Total Airline Passengers at Salt Lake City International Airport, January 2020–April 2021 vs. 2019 Baseline

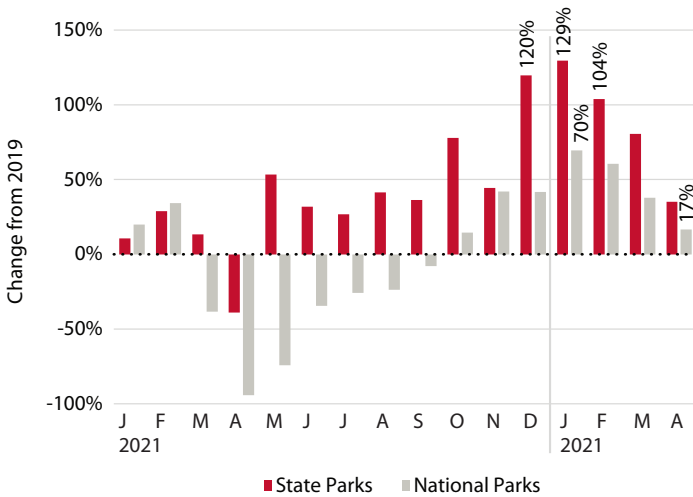


Source: Kem C. Gardner Policy Institute analysis of SLC International Airport data

Air Travel

Even though statewide occupancy and transient room tax revenue had essentially returned to pre-pandemic levels by spring 2021, air travel still has a ways to go. While air travel at the new Salt Lake City International Airport is inching back to normal, experts do not expect a full return to baseline until 2022 for domestic and 2024 for international air travel.³ Still, even though passenger counts were down by almost a third in April 2021 compared with April 2019, they were up substantially from the massive 91.9% drop during the early days of the pandemic.

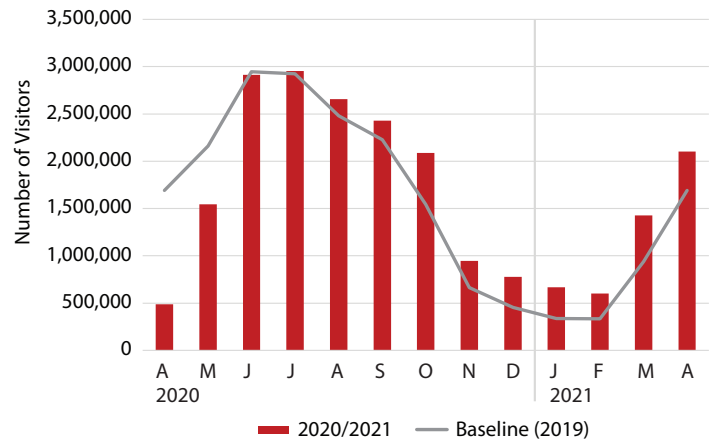
Figure 9: Percent Change in Utah Park Visitation, January 2020–April 2021 vs. 2019 Baseline



Note: April 2021 state park percent change based on visitation estimate; actual state park visitation was unavailable for April 2021.

Source: Kem C. Gardner Policy Institute analysis of National Park Service and Utah State Park data

Figure 10: Utah State & National Park Visitors, April 2020–April 2021 vs. 2019 Baseline



Source: Kem C. Gardner Policy Institute analysis of National Park Service and Utah State Park data

Visitation

During the COVID-19 pandemic, visitors came to Utah’s state and national parks in droves, especially in the parks’ winter and shoulder seasons. In fact, Utah’s state park visitation experienced over 100% increases over 2019 during the winter months (see Figure 9). Compared with 2019, national park visitation moved out of the red and into the black in October 2020, peaking with a 70.0% two-year increase in January 2021 vs. January 2019 and ending with a 17.0% two-year increase in April. It’s possible that park visitation will decelerate this summer if vaccinated Americans opt for urban air travel in lieu of regional auto travel. For perspective, Utah has received an additional 1.2 million visitors to its state parks and nearly 1 million additional visitors to its national parks in the past six months alone. In fact, Utah’s state parks have experienced record visitation all year long while Utah’s Mighty 5 national parks have set monthly visitation records every month since October 2020 (see Figure 10).

Newly released statistics on Utah’s ski resorts prove that they were equally popular, even as COVID-19 cases were surging in the state. Ski Utah announced this week that Utah’s 2020–2021 ski season set a new record with 5.30 million skier days—a 3.4% increase from the previous record of 5.13 million in 2018–2019.⁴ These numbers reflect increased interest in outdoor recreation and the prevalence of flexible work schedules. Resorts noted that most of their record-setting visitors were local Utahns, meaning last season’s economic impact was not record-setting because locals do not spend money on hotels, dining out, and retail purchases like non-Utahns do.

Finally, in March 2021, 22 of 29 Utah counties experienced an increase in transient room tax revenue compared with March 2019. A remaining four counties (Summit, Weber, Davis, Utah) were within 7% of 2019 revenues, and only three counties (Wasatch, Salt Lake, Uintah) had a bit more catching up to do. However, all signs point to urban travel making huge strides towards recovery during the last two quarters of this year, with a full recovery expected by 2023.⁵ Meanwhile, increased vaccine distribution, swollen savings accounts, and widespread remote employment will continue to bolster travel during the second half of this year, bringing the entire state back to—and even well above—2019 baseline by 2022.

Endnotes

1. DuBois, D. (June 2021). U.S. Short-Term Rental Outlook Report, 6. AirDNA.
2. Ibid., 11.
3. Oxford Economics (April 27, 2021). Webinar Presentation: Will Air Travel Take Off Again in 2021?
4. Jag, J. (June 15, 2021). Utah’s ski resorts really did see more skiers and snowboarders last season. *The Salt Lake Tribune*. <https://www.sltrib.com/sports/2021/06/15/utahs-ski-resorts-really/>
5. DuBois, U.S. Short-Term, 7.