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Impacts of Covid-19 on the Hospitality Industry July 18, 2023

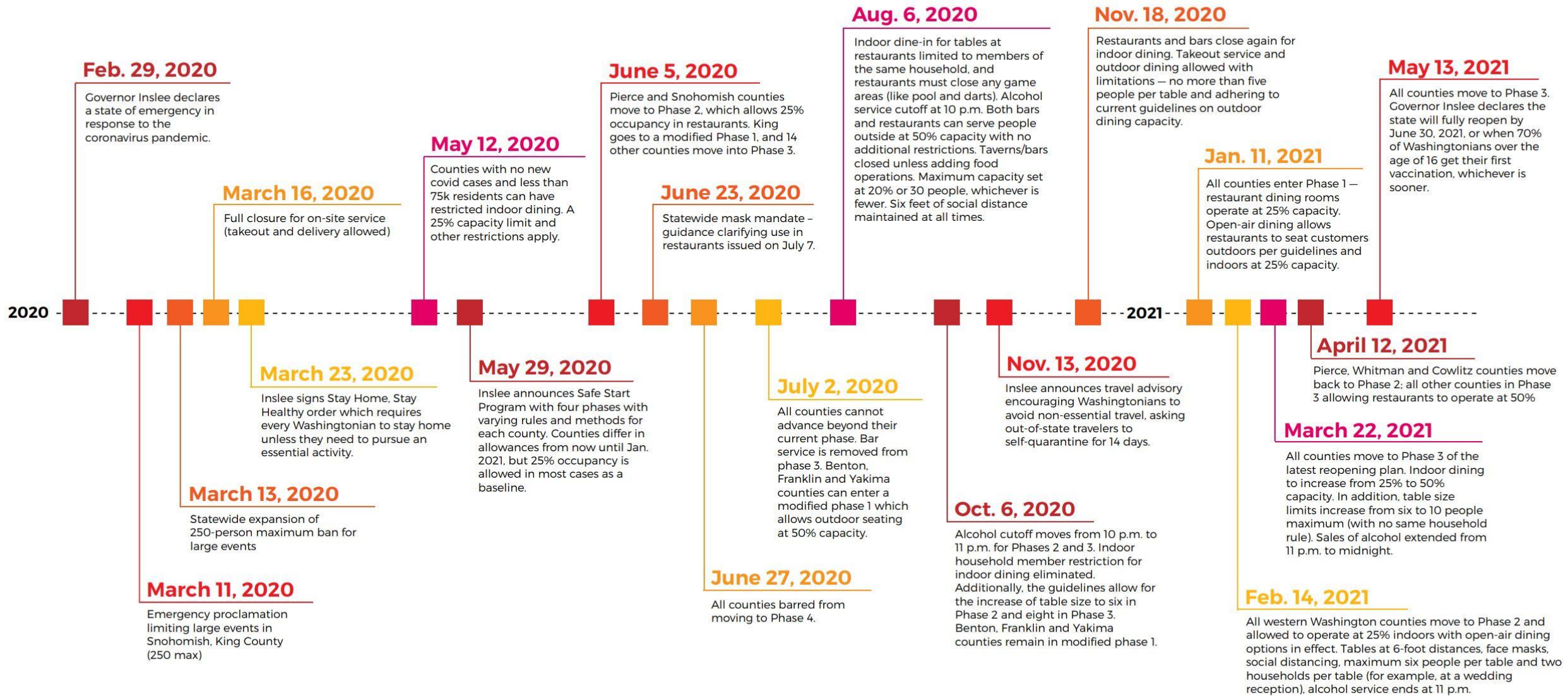
Washington Hospitality Association Overview

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- 6500 members state-wide
- Who do we represent?
- 86% of our industry has less than 20 employees





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Total Industry Loss in a full year of Covid

Q2 2020 through Q1 2021 Compared to 2019

Restaurant Industry as a Whole
5.4 Billion
in Year over Year Sales



30% Drop



Full Service
3.1 Billion
in Year over Year Sales
38% Drop



Limited Service
1.0 Billion
in Year over Year Sales
14% Drop



Drinking Establishments
Half Billion
in Year over Year
54% Drop



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Restaurant Closures during Covid

2020

Jan.- July

2,369
CLOSED

2020-21

Aug-May

986
CLOSED

Total

3,335*
CLOSED

Note:
June-Nov '21

An additional
243

* These numbers come from the hand count done by the Association.



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Relief and Support

Both Washingtons Responded to the Call for Help

Regulatory Relief

- 3rd Party Delivery Fee Caps
- Easier Access to Outdoor Dining
- Cocktails to go
- Teen Work Allowances
- 3rd Party Delivery AG Ruling
- Delayed New Regulations
- Allow Restaurants to Rent out Kitchens

Relief Packages

- PPP 2
- County Relief Grants
- State Relief Grants
- UI Tax Relief
- Waved Liquor License Fees
- Many Health Dept. waved, reduced or delayed fees
- Private Grants
- Restaurant Revitalization Fund



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Average Full-Service Restaurant Operator Debt from Pandemic

\$160,000
Per Location

The average annual net profit on a Full-Service Restaurant Location in Washington in 2019 was less than \$50,000

The average operator is facing three years with no income – ASSUMING they can achieve and protect a 4% margin



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Lodging has been hit hardest



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Total Industry Loss in a full year of Covid

Q2 2020 through Q1 2021 Compared to 2019

Hotel/Motel Industry as a Whole
2.6 Billion
in Year over Year Sales



62% Drop



73% Drop



55% Drop



54% Drop



45% Drop



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As of the last quarter reported by DOR (Q4-21), Statewide lodging is still down 14%, City of Seattle lodging is down 40%



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Eviction Moratorium

It covered hotel and motel guests who had stayed at a property for as little as one night.

41% of hotel operators were impacted

Just one family-owned Thurston County property had a six-figure impact in damages and losses



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Why Lodging is different than other Industries that have been impacted

While we could easily see many other industries struggle and close, lodging struggles are much more behind the scenes

**Closure is a less feasible option
Capital investment extremely high
Hotels have majority fixed costs vs variable**



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Supporting Lodging

For every \$100 hotel guests spend on lodging, another \$222 is spent outside the property, supporting other local small businesses and the community at large

More than 2/3 of lodging properties are BIPOC or woman owned

The majority of lodging properties are locally owned

Strengths

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- Pivoting priorities
- Coalition building
- Target Zero & Other groups
- Community Support and Relief

Opportunities

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- Coalition building
- Connecting Community to Resources
- Trust in team
- Bigger picture consideration to big decisions



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Workforce Scarcity

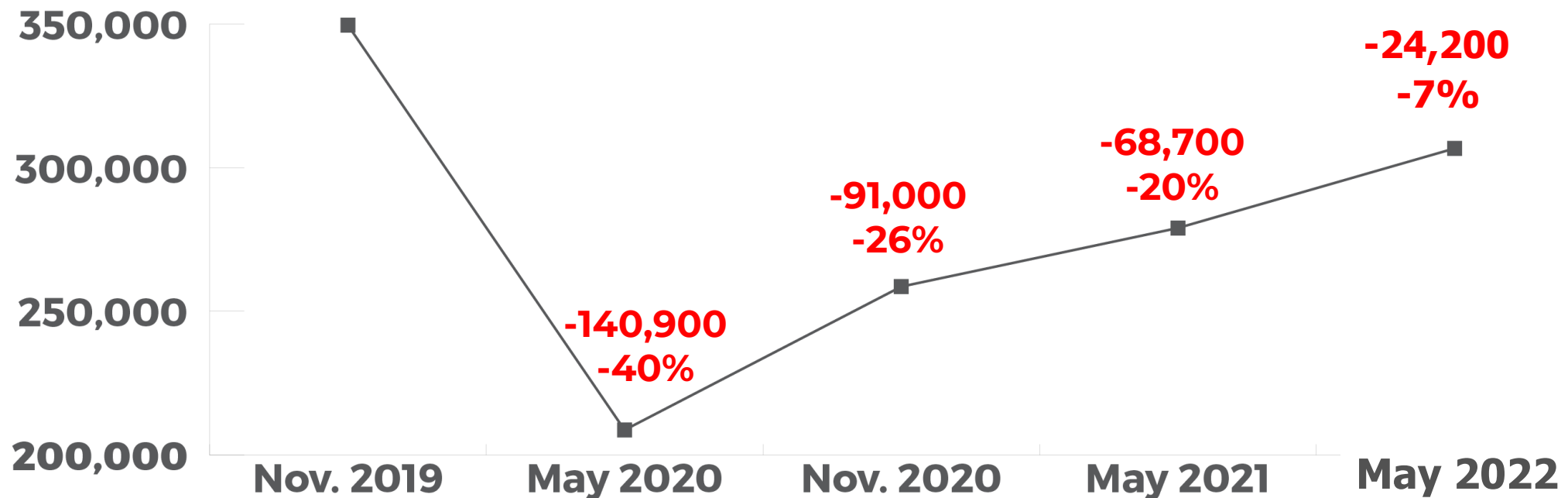


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WA Hospitality's Workforce through Covid



Note: Each of dates are as of the week of the 12th of each month



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**Headwinds
Moving
Forward**





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Challenges You May Not See

1. The Debt Race
2. Workforce Shortage
3. Booking events for the next 2-3 Years
4. Cost of Goods
5. Supplier Shortage



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Questions?