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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

#### Feb. 29, 2020

Governor Inslee declares a state of emergency in response to the coronavirus pandemic.

## March 16, 2020

Full closure for on-site service (takeout and delivery allowed)

#### 2: 12 12

Pierce and Snohomish counties move to Phase 2, which allows 25% occupancy in restaurants. King goes to a modified Phase 1, and 14 other counties move into Phase 3.

June 5, 2020

### June 23, 2020

Statewide mask mandate – guidance clarifying use in restaurants issued on July 7.

## Aug. 6, 2020

Indoor dine-in for tables at restaurants limited to members of the same household, and restaurants must close any game areas (like pool and darts). Alcohol service cutoff at 10 p.m. Both bars and restaurants can serve people outside at 50% capacity with no additional restrictions. Taverns/bars closed unless adding food operations. Maximum capacity set at 20% or 30 people, whichever is fewer. Six feet of social distance maintained at all times.

## Nov. 18, 2020

Restaurants and bars close again for indoor dining. Takeout service and outdoor dining allowed with limitations — no more than five people per table and adhering to current guidelines on outdoor dining capacity.

### Jan. 11, 2021

All counties enter Phase 1 restaurant dining rooms operate at 25% capacity. Open-air dining allows restaurants to seat customers outdoors per guidelines and indoors at 25% capacity.

## May 13, 2021

All counties move to Phase 3. Governor Inslee declares the state will fully reopen by June 30, 2021, or when 70% of Washingtonians over the age of 16 get their first vaccination, whichever is sooner.

#### 2020

### March 23, 2020

Inslee signs Stay Home, Stay Healthy order which requires every Washingtonian to stay home unless they need to pursue an essential activity.

### March 13, 2020

Statewide expansion of 250-person maximum ban for large events

## March 11, 2020

Emergency proclamation limiting large events in Snohomish, King County (250 max)

### May 29, 2020

May 12, 2020

Counties with no new

75k residents can have

25% capacity limit and

other restrictions apply.

covid cases and less than

restricted indoor dining. A

Inslee announces Safe Start Program with four phases with varying rules and methods for each county. Counties differ in allowances from now until Jan. 2021, but 25% occupancy is allowed in most cases as a baseline.

#### June 27, 2020

July 2, 2020

advance beyond their

service is removed from

modified phase 1 which

allows outdoor seating

All counties cannot

current phase. Bar

Franklin and Yakima

counties can enter a

phase 3. Benton,

at 50% capacity.

All counties barred from moving to Phase 4.

### Nov. 13, 2020

Inslee announces travel advisory encouraging Washingtonians to avoid non-essential travel, asking out-of-state travelers to self-quarantine for 14 days.

---2021---

#### Oct. 6, 2020

Alcohol cutoff moves from 10 p.m. to 11 p.m. for Phases 2 and 3. Indoor household member restriction for indoor dining eliminated.

Additionally, the guidelines allow for the increase of table size to six in Phase 2 and eight in Phase 5.

Benton, Franklin and Yakima counties remain in modified phase 1.

## **April 12, 2021**

Pierce, Whitman and Cowlitz counties move back to Phase 2; all other counties in Phase 3 allowing restaurants to operate at 50%

### March 22, 2021

All counties move to Phase 3 of the latest reopening plan. Indoor dining to increase from 25% to 50% capacity. In addition, table size limits increase from six to 10 people maximum (with no same household rule). Sales of alcohol extended from 11 p.m. to midnight.

#### Feb. 14, 2021

All western Washington counties move to Phase 2 and allowed to operate at 25% indoors with open-air dining options in effect. Tables at 6-foot distances, face masks, social distancing, maximum six people per table and two households per table (for example, at a wedding reception), alcohol service ends at 11 p.m.



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## **Total Industry Loss in a full year of Covid**

Q2 2020 through Q1 2021 Compared to 2019

5.4 Billion
in Year over Year Sales

**30% Drop** 



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



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** 



<sup>\*</sup> These numbers come from the hand count done by the Association.



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## Re

## Regulatory Relief

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

## **Relief Packages**

PPP 2

**Both Washingtons Responded to the Call for Help** 

- 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

# Relief and Support



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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





## Lodging has been hit hardest





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# **Total Industry Loss in a full year of Covid**

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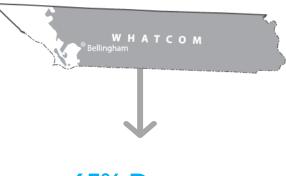












**45% Drop** 





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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



# **Workforce Scarcity**

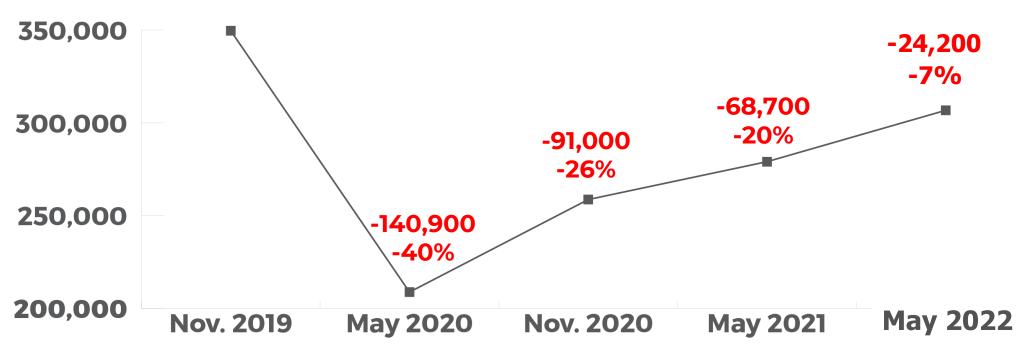




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## WA Hospitality's Workforce through Covid



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





# Questions?

