Texas Hotel Industry

The hospitality industry employs 5.1 percent (8.3 million people) of the total U.S. workforce. Hotels directly employ 2.3 million workers, and with its supported markets contributes $660 billion to the national. GDP. In Texas, more than 5,000 hotels employed over 335,000 Texans before shutdowns began. The hotel and hospitality industry has been an economic engine for Texas, generating $7 billion in annual tax revenue.

Shutdown Impact:

The industry has been decimated by mandated shutdowns. Hotel revenues have plummeted by 90%. Hotels are currently on pace to lose up to $400 million in room revenue per day.[1] This will result in state and local tax revenues dropping by $16.8 billion in 2020. Many Texas hotel owners have been forced to lay off or furlough as much as 90 percent of their employees, compared to 70% nation-wide.

With continued shutdowns, hotel mortgage delinquency rates will rise rapidly, threatening their ability to ever reopen. Delinquency rates under current conditions are projected to continue to rise through 2020 and peak in the 4th quarter of 2021, with pre-shutdown occupancy levels not expected to normalize until 2023 or 2024. Without immediate action to reopen the Texas economy, the hotel industry in Texas faces an existential crisis.

Currently, 40.9% ($8.6 Billion) of securitized hotel loans in Texas are in default. if the economy is not fully reopened, that could grow to 81.0% ($17.1 billion), as an additional 40.1% of these loans are already on the default watchlist. According to Trepp, 66 % of the hotels in Houston financed with securitized debt are now delinquent.[2]

For Texas, This Means:

- Texas has lost 101,972 direct hotel jobs and 296,387 total jobs, according to the American Hotel & Lodging Association.[2] This equates to 30.1% direct hotel and 46.8% hotel industry jobs lost as a percent of Pre-COVID employment.[3,5]
- Texas will lose $940 million in annual state and local tax revenue due to the COVID-19 shutdowns, according to an Oxford Economics study.[4]
- As of July, Texas was lagging the nation in hotel revenue per available room recovery by 9%.[6]
- The estimated per-month costs to Texas of continued shutdowns include $4.6 billion in business sales, $1.3 Billion in wages & salaries, and $700 million in taxes.[3,5,7]

1. AHLA: State of the Hotel Industry Analysis: COVID-19 Six Months Later
2. New York Times: Struggling Hotel Owners, Some With Trump Ties, Seek Federal Bailout
https://www.nytimes.com/2020/09/15/business/economy/hotel-owners-trump-federal-bailout.html
3. AHLA: Texas: COVID-19 Impact on State's Hotel Industry
4. Oxford Economics: COVID-19 Impact on Tax Revenue Generated by the Hotel Industry
5. AHLA: Texas's Hotel Industry, by the Numbers
6. Smith Travel Research Seasonally Adjusted Data
7. Based on RevPAR flatline for Texas from July 2020 vs 2019 industry data