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Impacts of COVID-19 on Northeast Tourism and Recreation Economies

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NERCRD, Penn State University; July 27, 2022

Introduction

Tourism and recreation are important economic activities in the 12 states and one Federal District that make up the Northeast. In 2019, the tourism sector – composed of arts, entertainment, recreation, accommodation, and food services – accounted for \$212.01 billion in economic activity in the region (Table 1). For many Northeastern rural and coastal communities, such activities are of enhanced importance, in some communities accounting for more than 10% of local GDP (Figure 1) and more than a quarter (25%) of total employment in 2019 (Figure 2). The following year, tourism and recreation were severely impacted as public health measures were implemented to protect populations from COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. By the end of 2020, the region had experienced a \$71.61 billion decline in tourism GDP, or 33.8%. (Table 1), with resounding effects on employment and wages. This data brief characterizes these changes in the Northeast. Comparisons between rural and metro counties are highlighted, showing that different tourism and recreation economies experienced the pandemic's effects differently too.

Descriptive Statistics

At the height of the tourism season in the year prior to the onset of COVID-19, there were 197,338 establishments employing 3.2 million people in the Northeast's leisure and hospitality sector, a crucial element of tourism and recreation economies (Table 2). Wages to regional workers in the sector totaled \$90.91 billion – or an average weekly wage of \$482 (before gratuities) per employee. One year later, impacts from the COVID-19 pandemic on the Northeast's leisure and hospitality employment were pronounced. While the number of leisure and hospitality establishments in the region remained relatively stable between 2019 and 2020¹, the number of employees and total wages paid fell. The average county in the Northeast lost 4,146 employees in 2020. Total wages paid to workers fell to \$66.3 billion, a 27% decline and loss of \$24.6 billion. However, average weekly wages for tourism and recreation workers in the region went up, increasing \$19.32 in 2020 to \$501.24 per week.

Impacts varied by geography, just as reliance on the tourism and recreation economy varied prior to the pandemic (Figures 1 and 2). These variations are critical, as overall figures can mask changes in the distribution of impacts, including potential gains in certain localities. Consider differences in leisure and hospitality employment and wages among Northeastern states for rural and metro counties combined (Table 2). On whole, the region saw a 27% decline in total wages paid, but some states experienced greater losses² and some smaller.³ While many states saw average weekly wages increase, in the District of Columbia, Maine, Massachusetts, and Pennsylvania the average leisure and hospitality worker earned

¹ In the 3rd Quarter of 2020, there were a total of 195,488 leisure and hospitality establishments in the Northeast, engaging a total of 2.26 million employees.

² District of Columbia (42.23% decline) and New York (31.81% decline)

³ West Virginia (14.78% decline), New Hampshire (15.30% decline), Delaware (18.99% decline), and Connecticut (19.9% decline)

Figure 1 Share of county GDP attributable to tourism in 2019, as percent of county's total GDP

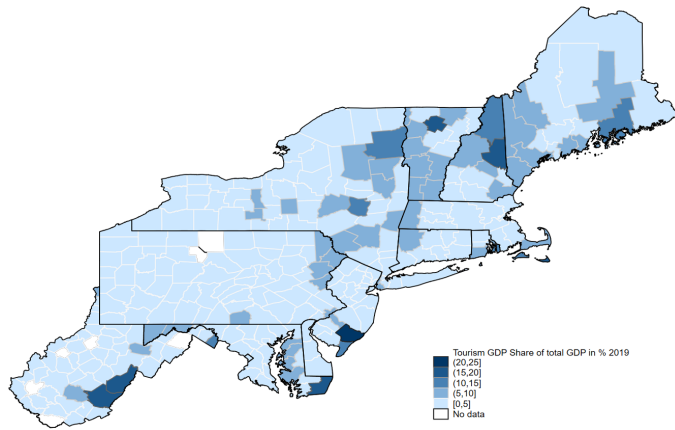
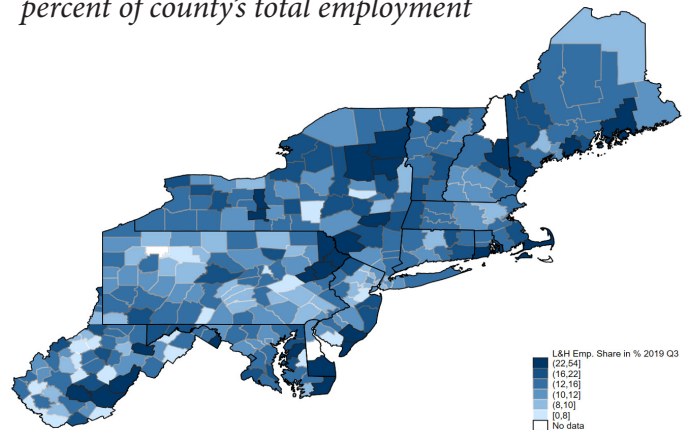


Figure 2 Share of county employment attributable to leisure and hospitality in Quarter 3 of 2019, as percent of county's total employment

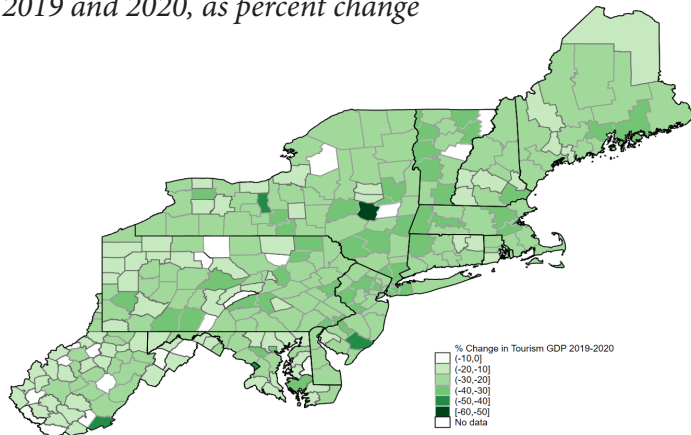


less per week in 2020 than prior to the pandemic. In terms of total economic activity (GDP), the tourism sector in Delaware, New York, and Maine experienced losses above the regional average (Table 1). West Virginia and Rhode Island had the smallest percentage declines in tourism GDP in the region, at 21.1% and 24.6%, with losses totaling \$640 million and \$810 million, respectively.

In many cases the tourism and recreation economy in rural counties fared better than in metropolitan ones, however. For example, on whole, rural counties in the Northeast lost 27% of tourism sector GDP during the pandemic, while metro-designated counties lost 34.2% (Table 1). Connecticut was the only state in the region where percentage decline in tourism sector GDP was greater in rural counties than in metro counties. Employment data also point to smaller declines in rural areas; Northeast rural counties lost 23.75% of total⁴ leisure and hospitality workers while metro-designated counties experienced a 29.85% decline. In fact, in New Jersey and Rhode Island rural-designated counties saw increases in employment. Rural counties in New Jersey were also the only group to show an increase (3.17%) from 2019 to 2020 in total wages paid to leisure and hospitality workers.

For the region as a whole, average weekly wages in rural counties declined 1.10% from 2019, while across the region's metro counties leisure and hospitality workers saw an average increase of 6.12% in their weekly earnings. However, changes in average weekly earnings at high season were not consistent.

Figure 3 Change in county GDP from tourism between 2019 and 2020, as percent change



In half of the Northeastern states rural workers gained more than their urban counterparts in terms of their average weekly earnings. The biggest differences were in West Virginia (rural counties: 12.92% increase; urban counties: 4.77% increase), Maryland (rural counties: 12.26% increase; urban counties: 7.87% increase), Vermont (rural counties: 10.28% increase; urban counties: 8.37% increase), and New York (rural counties: 7.01% increase; urban counties: 5.94% increase). In the states where rural workers lost average weekly wages, the losses were large compared to metro counterparts; Massachusetts (rural counties:

⁴In terms of average number of leisure and hospitality employees per county, Northeast communities experienced declines of 21.90% in rural counties and 32.01% in metro counties.

16.93% decline; urban counties: 7.21% increase), Pennsylvania (rural counties: 12.83% decline; urban counties: 5.66% increase), New Jersey (rural counties: 8.71% decline; urban counties: 9.27% increase), and Maine (rural counties: 7.22% decline; urban counties: 8.91% increase) had the largest gaps between rural and urban workers for sector average weekly wage growth.

Geographic disparities are further highlighted at the county level. Figures 3, 4 and 5 show, respectively, the percent change between 2019 and 2020 in annual GDP for the tourism sector and in 3rd quarter leisure and hospitality employment and wages – the height of seasonal employment in tourism and recreation. Figure 6 presents a summary of results for wage and employment data. Most Northeastern counties experienced losses in tourism GDP between 10 and 30 percent in 2020, compared to 2019. There were rural and coastal counties in nearly every state, however, that saw declines in tourism sector GDP in excess of the regional average (33%). Particularly hard hit were Schoharie and Seneca Counties in New York, Monroe County in West Virginia, Atlantic County in New Jersey, and the District of Columbia. Most counties also saw declines in employment during the onset of the pandemic; at the seasonal height, only five Northeast counties – all of which were in West Virginia – saw an increase in leisure and hospitality employment (Figure 4). Of those, three are designated as rural. The geography of wage changes (Figure 5) is more diversified across the region. Forty-one counties in the Northeast experienced declines in both employment and wages for the leisure and hospitality sector, and roughly half (22) are rural. Often these communities were clustered together.

Conclusion

The general trend across the Northeast was to experience losses to the tourism and recreation economy in 2020, during the pandemic’s onset. For many rural counties, however, these losses appear to have been mitigated compared to urban zones.

This is likely due to increased demand for rural recreation and tourism, away from population centers. Wages largely rose, likely among those who maintained their roles in leisure and hospitality (Figure 6). One possible driver is that premiums were paid to those who staffed frontline positions. Patterns of change were often clustered in multi-county regions, often in line with geographic features related to outdoor recreation.

Figure 4 Change in county leisure and hospitality employment between 2019 and 2020, as a percent change

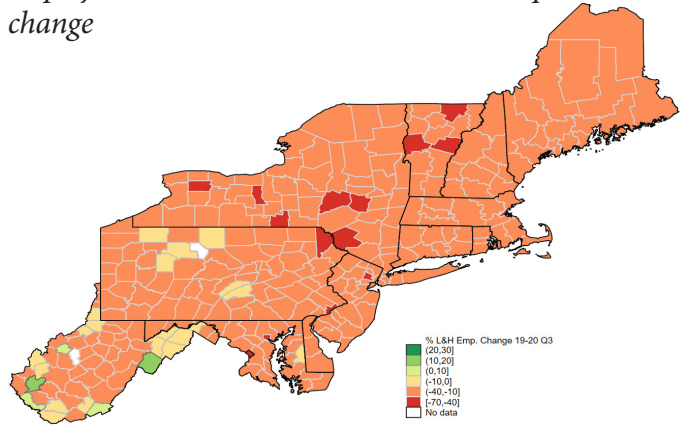


Figure 5 Change in county leisure and hospitality wages between 2019 and 2020, as a percent change

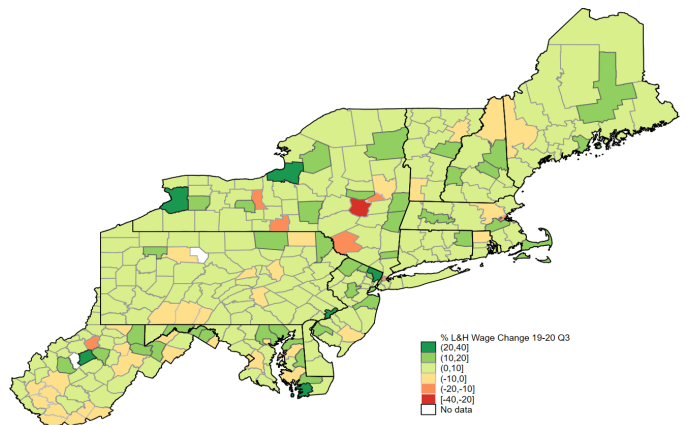
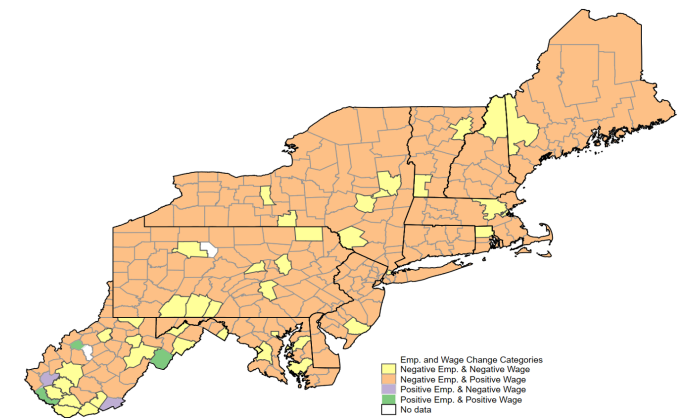


Figure 6 Categorical summary of changes to employment and wages in leisure and hospitality by county



Suggested Citation:

Entsminger, J.S., Han, L., and Goetz, S.J. (2022) Impacts of COVID-19 on Northeast Tourism and Recreation Economies. University Park, PA: Northeast Regional Center for Rural Development. COVID-19 Data Brief 22-02.

Data Sources:

- U.S. Bureau of Economic Analysis. (2022) Regional Data | Gross Domestic Product (GDP by County and Metropolitan Area) | Real GDP in Chained Dollars. <https://apps.bea.gov/> (accessed February 2022)
- U.S. Bureau of Labor Statistics. (2022) Quarterly Census of Employment and Wages | NAICS-Based County-level Data. <https://www.bls.gov/cew/> (accessed February 2022)

About this Series:

These issues briefs are designed to provide information quickly or stimulate discussion, and they have not undergone regular peer review. NERCRD receives core funds from the U.S. Department of Agriculture's National Institute of Food and Agriculture (award # 2021-51150-34733) as well as from Hatch/Multi-State Appropriations under Project #PEN04633 and Accession #1014522, the Northeastern Regional Association of State Agricultural Experiment Station Directors, and the Pennsylvania State University, College of Agricultural Sciences. Any opinions are solely those of the authors.

Data Supplement

Detailed data on Northeast states are provided in the supplement that follows.

NERCRD COVID-19 Data Brief 22-02 – Data Supplement

Table 1 GDP from the Tourism Sector in the Northeast and its states and districts

		GDP (billions US\$)			GDP per capita (US\$)		
		2019	2020	% Change	2019	2020	% Change
Northeast	Rural	11.16	8.14	-27.0%	2,078	1,523	-26.7%
	Metro	200.85	132.25	-34.2%	3,338	2,203	-34.0%
	Total	212.01	140.40	-33.8%	3,235	2,147	-33.6%
CT	Rural	0.56	0.34	-38.5%	3,097	1,914	-38.2%
	Metro	9.37	6.90	-26.3%	2,768	2,044	-26.2%
	Total	9.93	7.25	-27.0%	2,785	2,038	-26.8%
DE	Rural						
	Metro	6.80	3.87	-43.1%	9,598	5,426	-43.5%
	Total	6.80	3.87	-43.1%	9,598	5,426	-43.5%
DC	Rural						
	Metro	2.19	1.63	-25.5%	2,239	1,652	-26.2%
	Total	2.19	1.63	-25.5%	2,239	1,652	-26.2%
ME	Rural	0.56	0.38	-31.9%	5,700	3,879	-31.9%
	Metro	24.67	16.24	-34.2%	3,630	2,390	-34.2%
	Total	25.24	16.62	-34.1%	3,660	2,412	-34.1%
MD	Rural	0.38	0.30	-21.7%	2,540	1,997	-21.4%
	Metro	16.23	11.97	-26.3%	2,749	2,026	-26.3%
	Total	16.62	12.27	-26.2%	2,744	2,025	-26.2%
MA	Rural	1.29	0.94	-26.6%	2,356	1,725	-26.8%
	Metro	2.53	1.84	-27.3%	3,167	2,293	-27.6%
	Total	3.82	2.79	-27.1%	2,838	2,063	-27.3%
NH	Rural	1.77	1.38	-22.1%	3,531	2,739	-22.4%
	Metro	3.10	2.23	-28.3%	3,616	2,584	-28.6%
	Total	4.88	3.61	-26.0%	3,585	2,641	-26.3%
NJ	Rural						
	Metro	22.26	15.50	-30.3%	2,503	1,745	-30.3%
	Total	22.26	15.50	-30.3%	2,503	1,745	-30.3%
NY	Rural	2.60	1.83	-29.7%	1,910	1,350	-29.3%
	Metro	79.74	47.56	-40.4%	4,404	2,644	-40.0%
	Total	82.33	49.38	-40.0%	4,230	2,554	-39.6%
PA	Rural	1.58	1.21	-23.2%	1,092	843	-22.8%
	Metro	27.74	19.82	-28.5%	2,443	1,747	-28.5%
	Total	29.32	21.03	-28.3%	2,291	1,645	-28.2%
RI	Rural						
	Metro	3.27	2.47	-24.6%	3,092	2,333	-24.6%
	Total	3.27	2.47	-24.6%	3,092	2,333	-24.6%
VT	Rural	1.51	1.03	-31.4%	3,731	2,569	-31.1%
	Metro	0.81	0.54	-33.1%	3,691	2,462	-33.3%
	Total	2.32	1.58	-32.0%	3,717	2,531	-31.9%
WV	Rural	0.91	0.72	-21.0%	1,334	1,062	-20.3%
	Metro	2.14	1.69	-21.1%	1,921	1,521	-20.8%
	Total	3.05	2.40	-21.1%	1,697	1,347	-20.6%

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Table 2 Summary Statistics for Leisure and Hospitality Industry in Northeast Region Counties

	Establishments		Employment		Total Wage (billions USD)	Avg. Weekly Wage per Worker
	Total	Avg. per county	Total	Avg. per county		
Panel A: 2019						
Northeast region	197,338	748	3,196,809	13,403	90.912	482
Connecticut	10,918	1,213	157,575	17,508	3.853	491
Delaware	2,710	678	53,038	13,260	1.128	562
District of Columbia	3,165	1,583	81,543	40,772	3.420	404
Maine	5,134	302	69,500	4,088	1.610	560
Maryland	15,046	602	282,747	11,310	7.000	438
Massachusetts	20,742	1,383	379,861	25,324	11.206	691
New Hampshire	4,677	425	73,216	6,656	1.668	522
New Jersey	24,529	1,115	391,519	17,796	10.315	507
New York	65,873	1,046	957,906	15,205	34.320	470
Pennsylvania	33,736	496	577,917	8,499	12.720	336
Rhode Island	3,874	646	60,008	10,001	1.421	539
Vermont	2,269	151	37,208	2,481	0.888	447
West Virginia	4,665	83	74,771	1,335	1.362	299
Panel B: 2020						
Northeast region	195,488	745	2,256,501	9,257	66.308	501
Connecticut	10,918	1,213	117,365	13,041	3.086	530
Delaware	2,699	675	41,102	10,276	0.914	588
District of Columbia	3,219	1,610	47,109	23,555	1.966	402
Maine	5,175	304	51,783	3,046	1.300	540
Maryland	14,825	593	210,850	8,434	5.563	478
Massachusetts	20,160	1,344	262,051	17,470	7.981	664
New Hampshire	4,678	425	57,132	5,194	1.413	560
New Jersey	24,587	1,118	281,548	12,798	8.063	542
New York	64,966	1,031	632,760	10,044	23.403	500
Pennsylvania	33,543	493	422,935	6,220	9.677	329
Rhode Island	3,889	648	44,621	7,437	1.104	567
Vermont	2,221	148	25,987	1,732	0.677	491
West Virginia	4,608	82	61,258	1,094	1.160	327
Source: Quarterly Census of Employment and Wages (QCEW)						

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Table 3 Summary Statistics for Leisure and Hospitality Industry in Northeast Region Metro Counties

	Establishments		Employment		Total Wage (billions USD)	Avg Weekly Wage per Worker
	Total	Avg. per county	Total	Avg. per county		
<u>Panel A: 2019</u>						
Northeast region	178,238	1,096	2,966,724	20,600	85.430	454
Connecticut	10,239	1,463	149,737	21,391	3.645	445
Delaware	2,690	897	52,935	17,645	1.122	412
District of Columbia	3,163	3,163	81,543	81,543	3.420	807
Maine	3,023	605	46,013	9,203	1.079	424
Maryland	14,166	746	273,653	14,403	6.758	411
Massachusetts	19,971	1,816	372,533	33,867	10.868	507
New Hampshire	2,578	859	43,364	14,455	0.963	417
New Jersey	24,030	1,144	389,702	18,557	10.172	459
New York	60,813	1,600	900,331	23,693	32.762	465
Pennsylvania	29,968	810	531,892	14,375	11.974	359
Rhode Island	3,782	756	59,856	11,971	1.413	452
Vermont	731	244	12,599	4,200	0.294	422
West Virginia	3,084	147	52,566	2,503	0.958	327
<u>Panel B: 2020</u>						
Northeast region	176,444	1,093	2,081,052	14,006	61.915	482
Connecticut	10,231	1,462	111,338	15,905	2.914	479
Delaware	2,681	894	41,019	13,673	0.909	430
District of Columbia	3,217	3,217	47,109	47,109	1.966	803
Maine	3,068	614	33,930	6,786	0.861	462
Maryland	13,951	734	203,713	10,722	5.353	443
Massachusetts	19,401	1,764	256,965	23,360	7.757	544
New Hampshire	2,589	863	34,209	11,403	0.822	449
New Jersey	24,020	1,144	279,653	13,317	7.927	502
New York	59,936	1,577	590,418	15,537	22.184	493
Pennsylvania	29,821	806	387,239	10,466	9.109	379
Rhode Island	3,786	757	44,464	8,893	1.096	485
Vermont	720	240	8,674	2,891	0.218	458
West Virginia	3,023	144	42,321	2,015	0.800	342
Source: Quarterly Census of Employment and Wages (QCEW)						

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Table 4 Summary Statistics for Leisure and Hospitality Industry in Northeast Region Rural Counties

	Establishments		Employment		Total Wage (billions USD)	Avg Weekly Wage per Worker
	Total	Avg. per county	Total	Avg. per county		
Panel A: 2019						
Northeast region	19,100	171	230,085	1,654	5.482	660
Connecticut	679	340	7,838	3,919	0.208	653
Delaware	20	20	103	103	0.005	1,011
Maine	2,111	176	23,487	1,957	0.531	616
Maryland	880	147	9,094	1,516	0.242	524
Massachusetts	771	193	7,328	1,832	0.338	1,198
New Hampshire	2,099	262	29,852	3,732	0.705	561
New Jersey	499	499	1,817	1,817	0.143	1,516
New York	5,060	202	57,575	2,303	1.557	478
Pennsylvania	3,768	122	46,025	1,485	0.747	308
Rhode Island	92	92	152	152	0.008	978
Vermont	1,538	128	24,609	2,051	0.594	453
West Virginia	1,581	45	22,205	634	0.403	282
Panel B: 2020						
Northeast region	19,044	177	175,449	1,292	4.393	653
Connecticut	687	344	6,027	3,014	0.173	708
Delaware	18	18	83	83	0.005	1,061
Maine	2,107	176	17,853	1,488	0.439	572
Maryland	874	146	7,137	1,190	0.210	588
Massachusetts	759	190	5,086	1,272	0.224	995
New Hampshire	2,089	261	22,923	2,865	0.591	601
New Jersey	567	567	1,895	1,895	0.136	1,384
New York	5,030	201	42,342	1,694	1.220	511
Pennsylvania	3,722	120	35,696	1,151	0.568	268
Rhode Island	103	103	157	157	0.008	977
Vermont	1,501	125	17,313	1,443	0.459	500
West Virginia	1,585	45	18,937	541	0.360	318
Source: Quarterly Census of Employment and Wages (QCEW)						