

Leisure and Hospitality: Strong Demand and Supply Constraints

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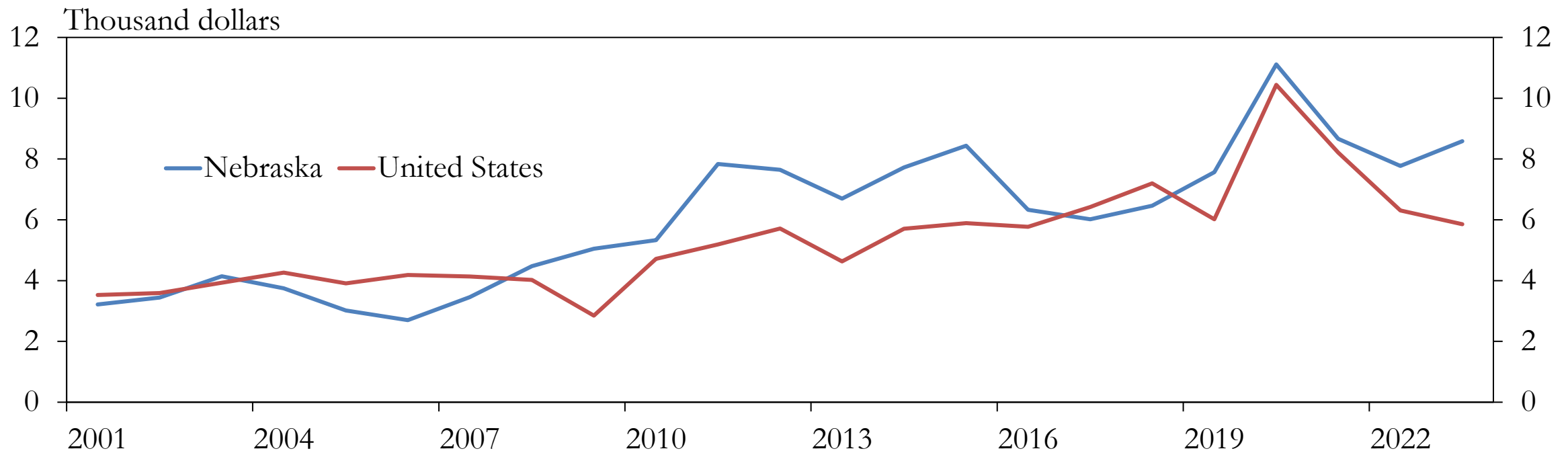
Outlook Themes

- Alongside higher incomes, household savings have increased since the pandemic, [as previously reported](#).
- Strong household finances, coupled with pent-up demand from the pandemic, has fueled discretionary spending on recreation and experiences.
- Spending on recreation and experiences might have been even higher, but supply has likely been constrained as the industry faces labor shortages and high input costs.

Household savings in Nebraska appear to be higher than before the pandemic, despite easing from a recent peak.

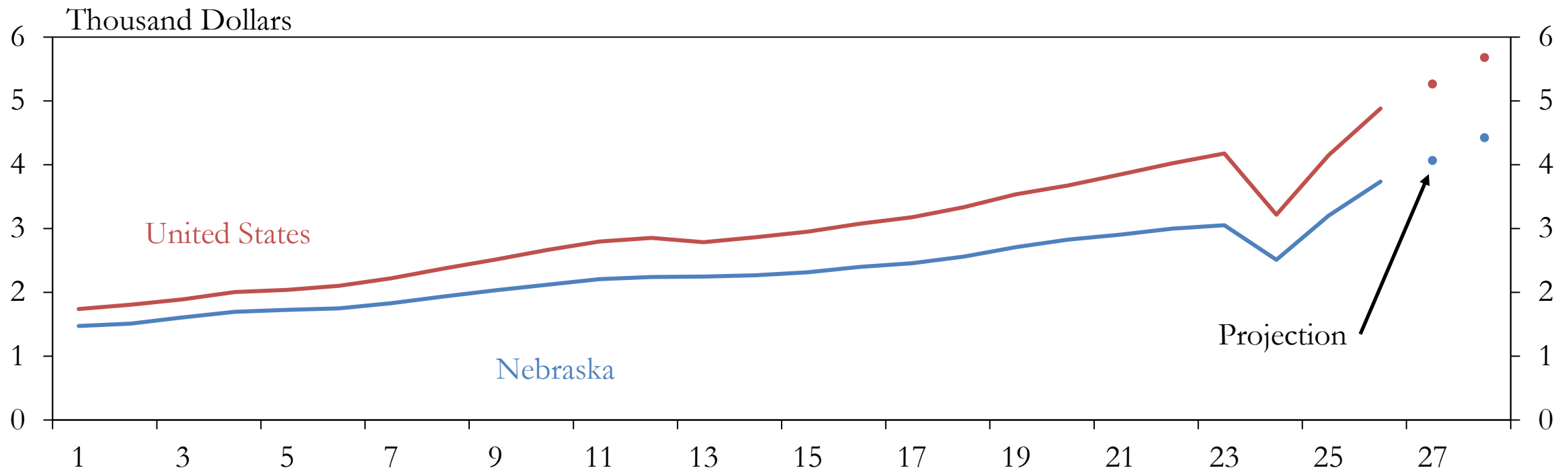
Savings per Capita

(Disposable Income in Excess of Total Consumption)



Higher savings have supported spending on recreation and experiences following pent-up demand from the pandemic.

Per Capita Recreation and Experience Spending

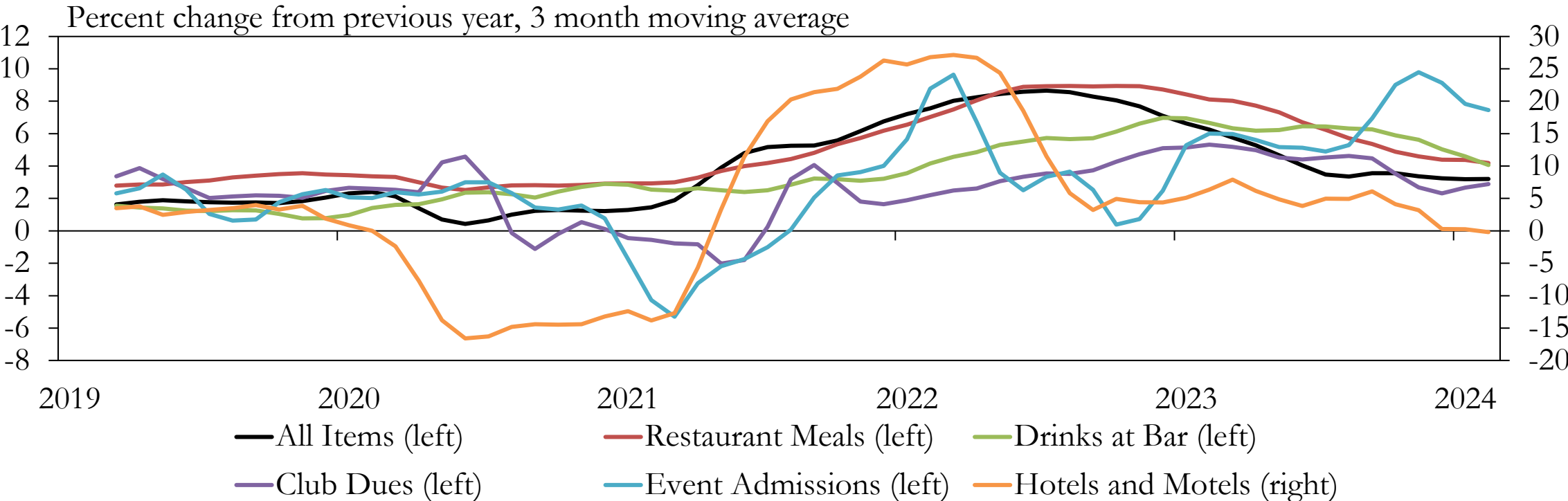


Note: Recreation and experience spending includes household spending on membership clubs, sports centers, parks, theaters, museums, gambling, package tours, purchased meals and beverages, and accommodations. Gray lines represent other 49 states. The projection applies the 2020-22 average annual percent change.

Sources: BEA, author's calculations.

Inflation has contributed to some, but not all, of increased spending on recreation and experiences.

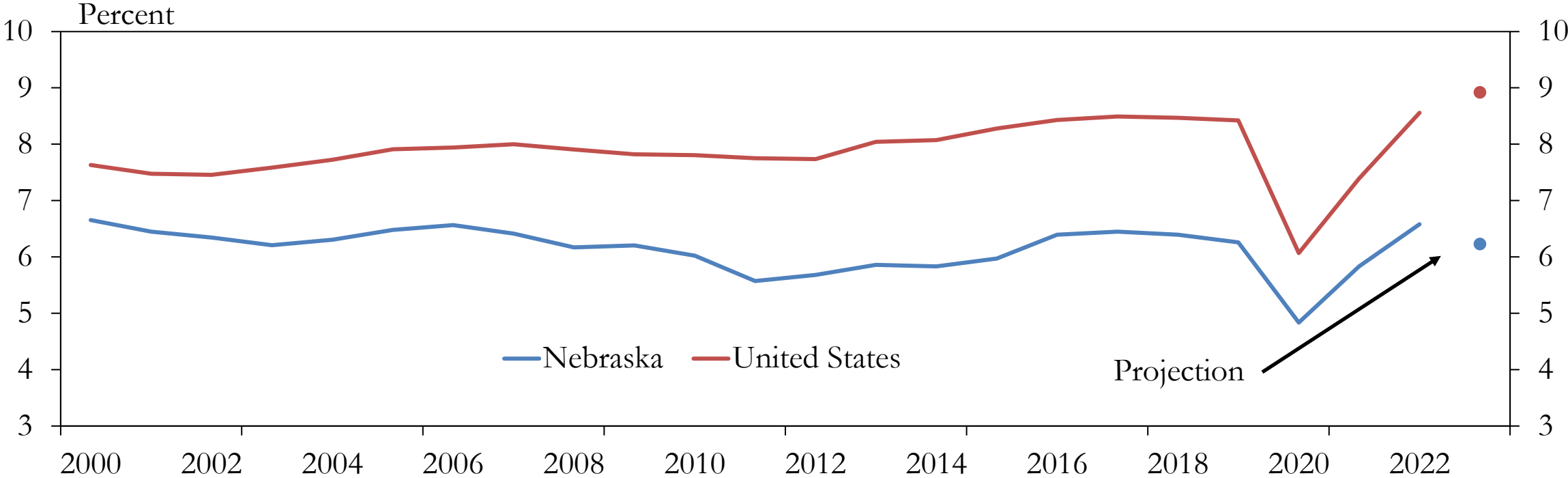
Recreation and Experiences Inflation



Sources: BLS, Haver Analytics.

Following a pandemic-induced decline, the share of disposable income spent on recreation and experiences has rebounded.

Share of Disposable Income Spent on Recreation and Experiences

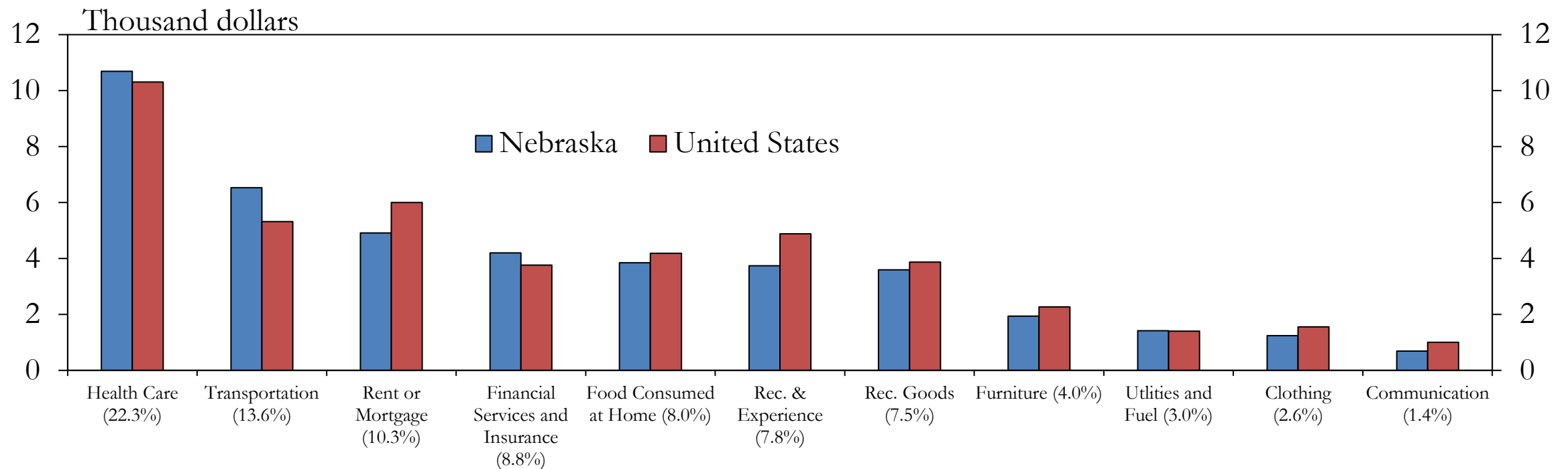


Note: Recreation and experience spending includes household spending on membership clubs, sports centers, parks, theaters, museums, gambling, package tours, purchased meals and beverages, and accommodations. Projection applies the 2020-22 average annual percent change.

Sources: BEA, Haver Analytics, author's calculations.

Nebraskans spend less on recreation and experiences than other states, suggesting some potential for further growth.

Household Consumption Expenditures (2022)



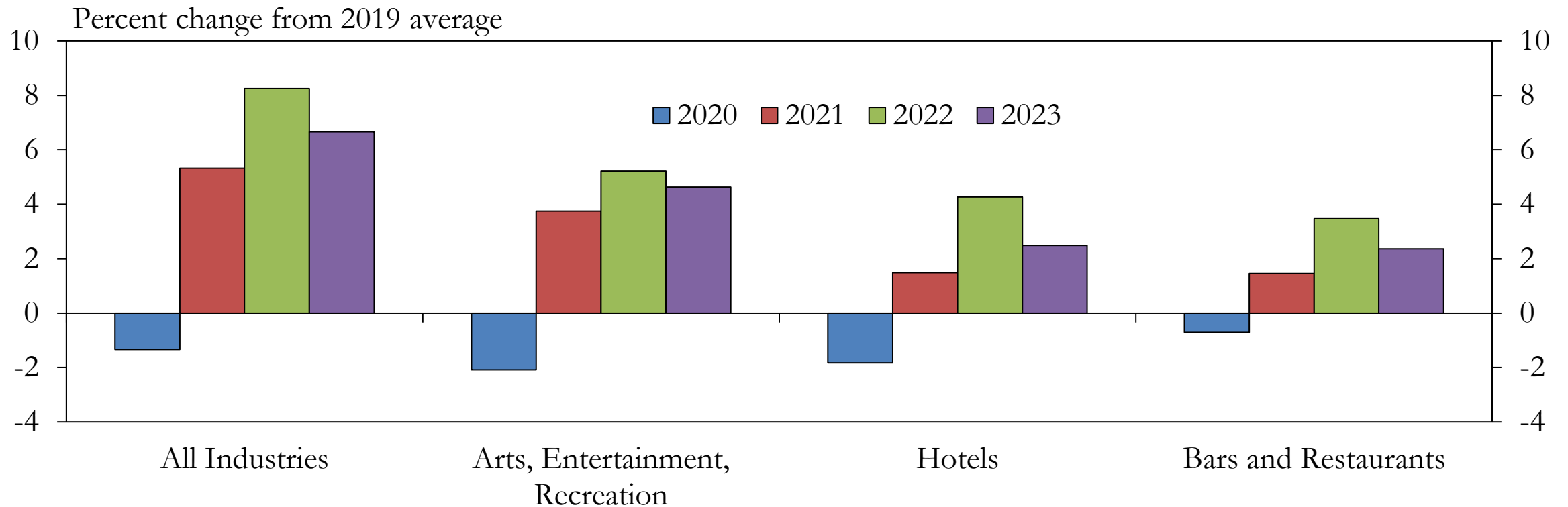
Note: Numbers in parentheses refer to the share of per capita household consumption in Nebraska. Recreation and experience spending includes household spending on membership clubs, sports centers, parks, theaters, museums, gambling, package tours, purchased meals and beverages, and accommodations.

Sources: BEA, author's calculations.

Though spending on recreation and experiences in Nebraska has been strong recently, it might have been stronger had supply not been somewhat limited as businesses address a shortage of labor and elevated cost pressures.

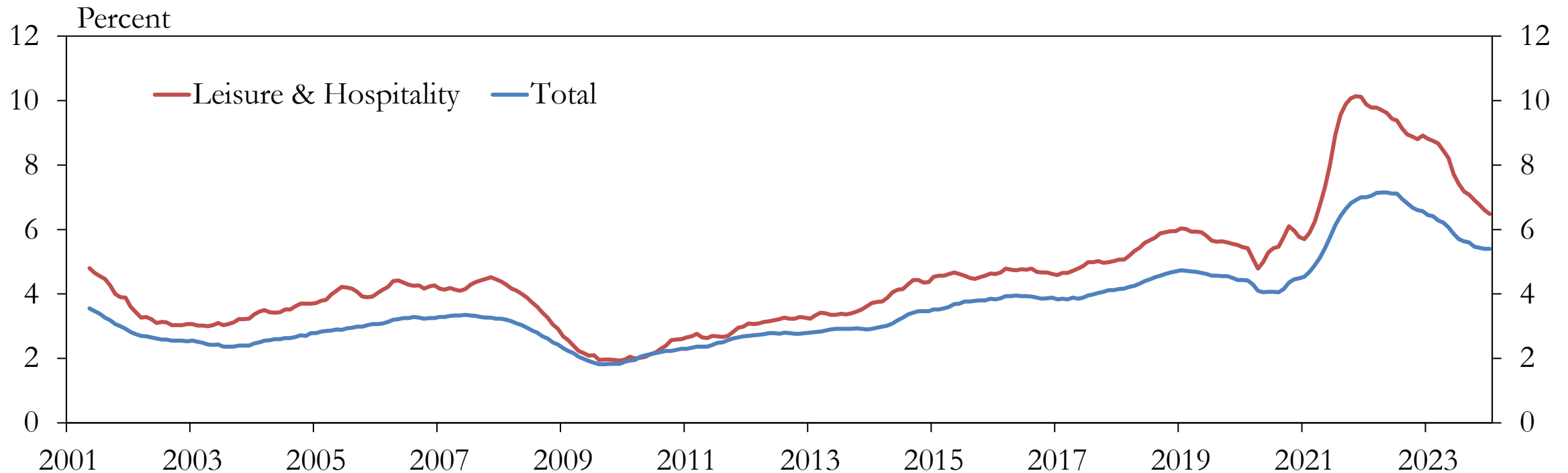
Fewer businesses providing recreation and experiences have opened since the pandemic compared to the broader economy.

Establishments in Nebraska



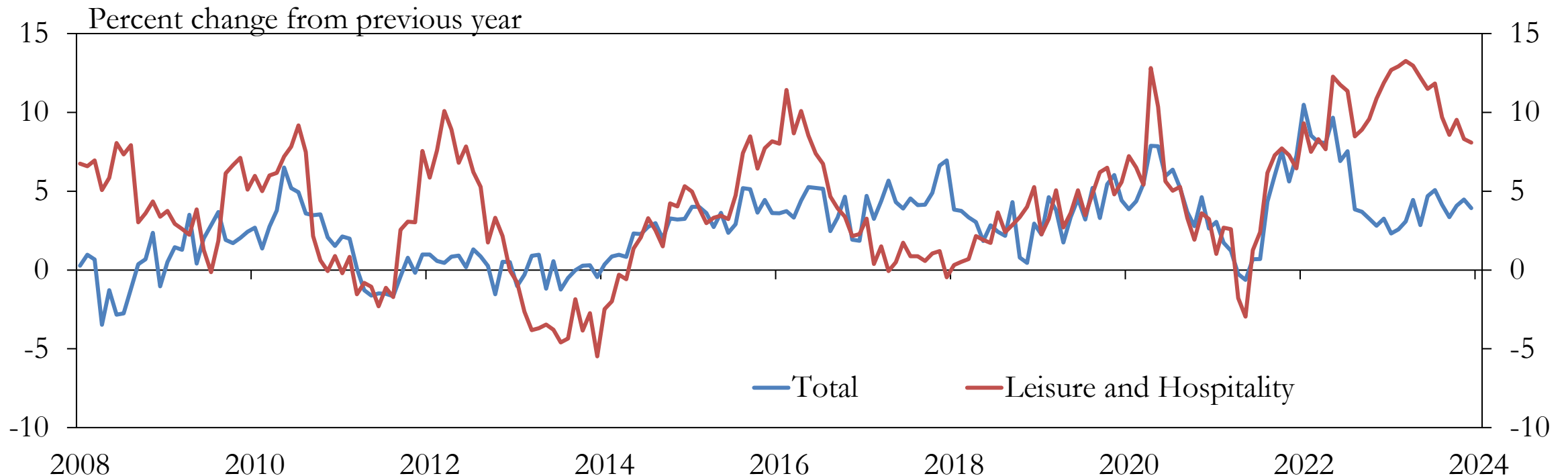
Nationally, it has been more difficult for businesses in the leisure and hospitality industry to fill open positions.

Job Openings Rate, United States



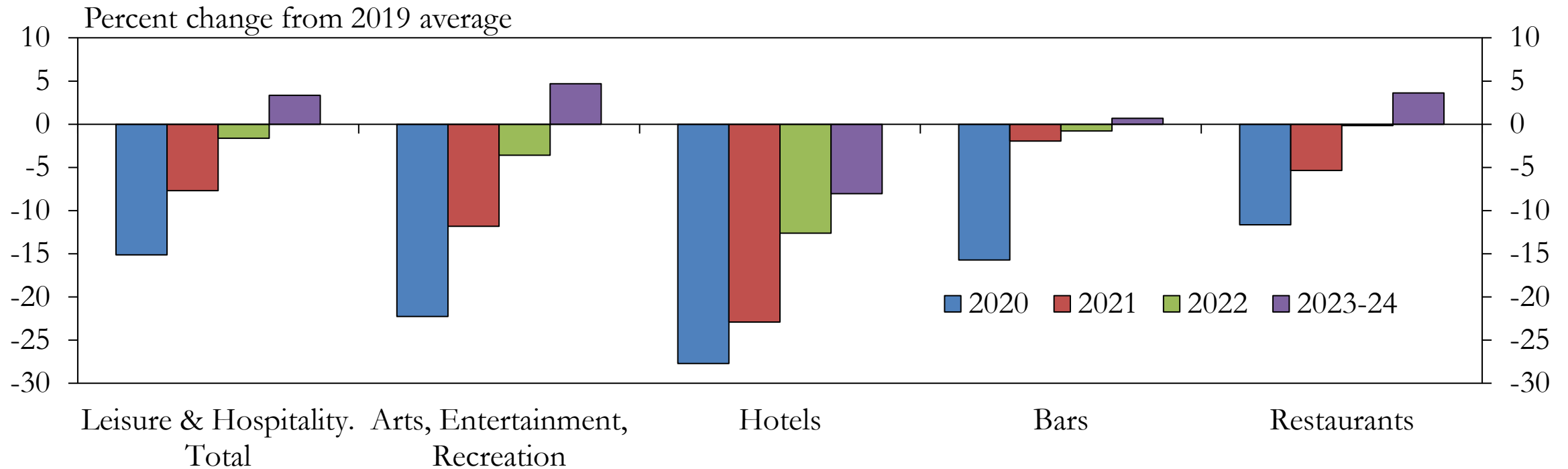
Some businesses providing recreation and experiences have raised wages notably in an attempt to fill job openings.

Nebraska Average Hourly Earnings



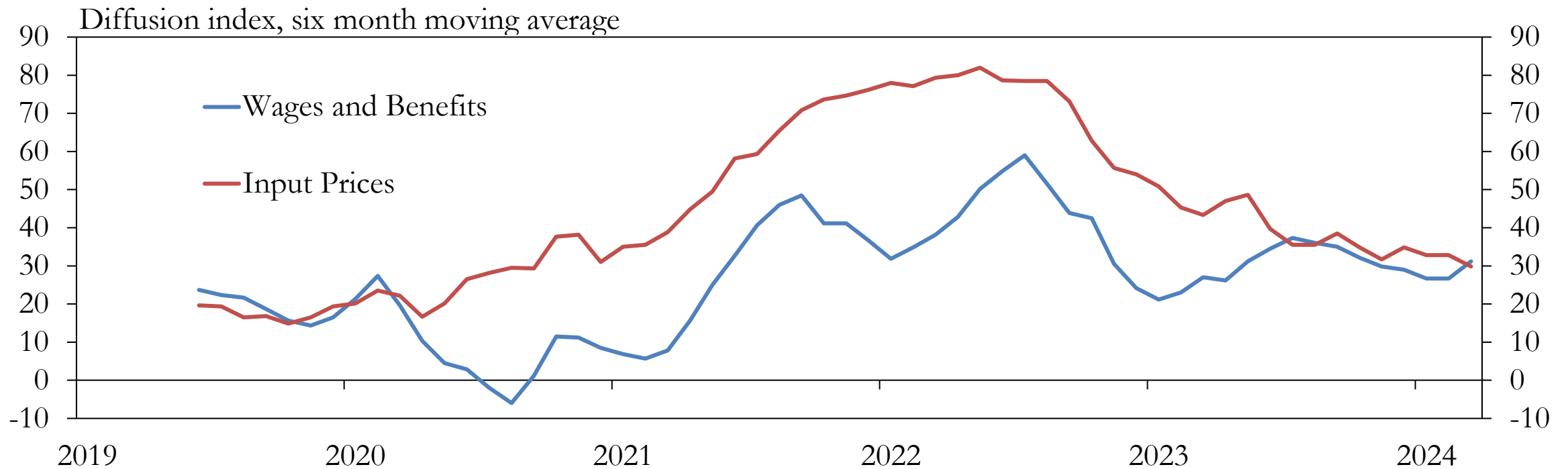
In Nebraska, employment at bars and hotels has been slowest to recover to pre-pandemic levels.

Nebraska Employment



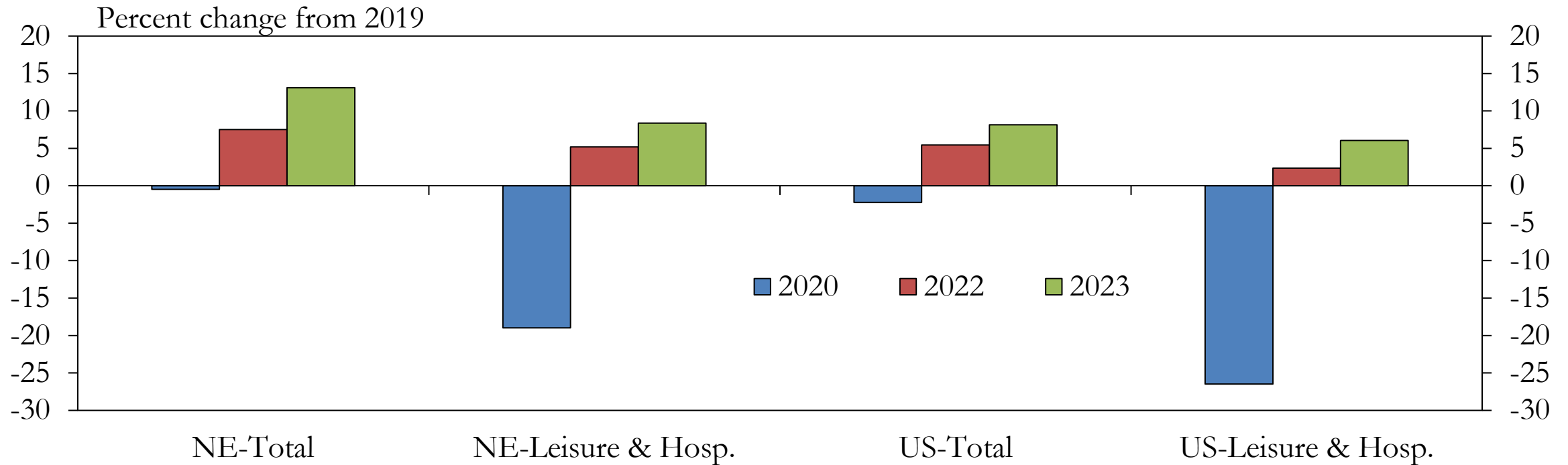
In addition to higher labor costs, businesses providing recreation and experiences also report elevated input prices.

Tenth District Services Survey: Tourism, Hotels, Bars and Restaurants



Reflecting constraints in the industry, activity in leisure and hospitality has grown more slowly than the economy overall.

Real Gross Domestic Product



Note: In 2023, Leisure and Hospitality GDP comprised 2.6% of GDP in Nebraska and 4.0% of total US GDP.

Sources: BEA, Haver Analytics.

Concluding Thoughts

- Despite higher prices, consumers continue to spend on discretionary recreation and experiences, supported by strong income growth and elevated savings.
- Businesses offering recreation and experience-oriented services, however, may remain constrained by ongoing cost pressures and labor scarcity as economic growth in Nebraska has remained firm.