Travel Industry Update

September 23, 2020

Delta will delay decision to furlough pilots until November, union says

- Delta Air Lines has agreed to delay the decision to furlough close to 2,000 pilots until Nov. 1, giving more time to negotiate cost-cutting measures with the pilots' union and more clarity on whether carriers will get additional federal coronavirus aid.
- Delta had planned to furlough more than 1,900 of its roughly 13,000 pilots as early as Oct. 1, when the terms of $25 billion in federal payroll support that prohibits airline industry job cuts expires. Delta has largely avoided furloughs of its staff after thousands took buyouts and leaves of absence and the company reduced many workers' schedules.
- "This move will provide time as we continue to lobby for a clean extension of the CARES Act and the Payroll Support Program and resume our negotiations with Delta," the union, the Air Line Pilots Association, said in a statement Tuesday.
- Delta shared a proposal that could avoid furloughs with the union last week.

Lufthansa to start pre-flight "rapid COVID testing" next month

- Lufthansa plans to begin offering rapid COVID-19 tests available to passengers in October, following industry calls to kick-start demand for travel in lieu of a vaccine against the pandemic which has decimated the global aviation industry.
- Antigen tests such as those developed by US-based Abbott Laboratories return a result in 15 minutes, using a disposable US$5 device the size of a credit card and a mobile app which Abbott describes as "a secure digital boarding pass that can be scanned to enter organizations and other places where people gather."
- "You know that companies like Abbott or Roche are bringing these tests to the market and we are definitely looking into this," said Bjoern Becker, senior director, product management, ground & digital services for the Lufthansa Group, reports Reuters.
- "You will see us applying them for new products within the next few weeks in October. That's definitely the next thing to come."

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[Survey: 74% of hotels will have to lay off more employees without new stimulus deal from Congress]

- Nearly three-quarters of hotels will have to lay off more employees than they already have during the coronavirus pandemic if they don't receive additional government funding, according to a new survey.
- Seventy-four percent of respondents to an American Hotel & Lodging Association survey of its members said they would have to lay off additional employees as it awaits the passage of further COVID-19 recovery legislation from Congress.
- Currently, 68% of hotels in the U.S. have half their pre-pandemic staff working full-time. Half of hotel owners said that due to the pandemic, they are in danger of foreclosure. What's more: More than two-thirds of hotels said that at current projected revenue and occupancy levels, without more relief, they could only last six more months.
- AHLA is urging lawmakers to pass relief measures in the final few weeks before they go on recess ahead of the November election.
- Without a new stimulus deal, economists warn that the economy could slip into a double-digit recession and Goldman Sachs recently reckoned there’s just a slightly better than 50% chance lawmakers will approve new relief by the end of September.
- AHLA's survey of hotel industry owners, operators, and employees had more than 1,000 respondents; the organization conducted it Sept. 14 to 16.
- Four out of 10 hotel workers are still unemployed, according to a six-month look back report of the travel industry during the pandemic released earlier this summer. Hotel occupancy for the month of August stood at 48.6%, down 31.7 percentage points, according to STR data. For the week ending Sept. 12, it was 48.5%.

NYC hotel industry one of many reeling from pandemic, asking for help

- This time last year New York City had the foot traffic — and restaurant and hotel traffic — from the United Nations General Assembly.
- Not this year. The annual summit is mostly virtual this year.

- The loss for the hotel industry alone is about $20 million. The industry says it's bleeding and in need of a lifeline.
- Vijay Dandapani, President and CEO of the NYC Hotel Association, said revenues fell by 85% once lockdown policies went into place. And while they received some business from the the city and state, including 13,000 rooms being occupied thanks the Department of Homeless services and other rooms occupied by front-line workers at the height of the pandemic, it was still not nearly enough.
- "Right now the combined total of full revenues for all the hotels in New York City, including what we get from the government, is about $5.4 million a day. Normally that would have been about $28 million a day," said Dandapani.
- There are an estimated 700 hotels across the city, with about 129,000 rooms available.
- Tuesday, according to the Hotel Association of New York City, about 200 are closed either temporarily or permanently, and that number they believe will only climb.
- Occupancy, for those open, only stands at 7% to 8% total. The loss is devastatingly significant, particularly for the estimated 55,000 hotel industry employees.
- Dandapani believes some policy changes could help keep the remaining hotels going. For example, lifting the 14 day quarantine for those visiting from certain states.
- Dandapani suggests requiring a RT-PCR test of visitors, similar to what is being done in the European Union. The rapid COVID-19 test clears them from quarantine and allows for NYC to open to tourists.
- "Obviously, this is up to the health department, but it's being done elsewhere. I'm not making this up. I'm not an epidemiologist I'm not a infectious disease expert. I'm just watching what my counterparts are doing elsewhere and it's working really well," he said.
- With high labor costs, operating costs and property taxes, Dandapani is also pleading to the city to make some concessions as well. He's asking the city for a better interest rate for defaulting on property taxes. It's 18% right now.
- Governor Andrew Cuomo's Press Secretary, Caitlin Girouard, issued this statement:
- "Of course we understand the difficulties facing the tourism industry while travel worldwide has essentially come to a halt, but we have to remember that we are still in the middle of a global pandemic and – with new cases increasing more than 15 percent in the last 10 days - everyone is trying to avoid a potential second wave that would send infections spiking and force businesses to close down again."

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