

DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Feb 28, 2021

Executive Summary - Year over Year Variance and Analysis

Data based on a sample of up to 12 properties in the North Lake Tahoe destination, representing up to 1,789 Units ("DestiMetrics Census") and 55.4% of 3,229 total units in the North Lake Tahoe destination ("Destination Census")

MARKET OVERVIEW: While the shortest month of the year has come to an end, significant progress in public health recovery has been made. Even though there remain a great many areas of concern, the economic picture also improved in February, helping to produce an air of optimism for the coming months. Though the winter season is now more than halfway complete, we can expect snowfall and an easing lack of public health orders to drive visitation in these final months. As lodging performance and visitation has varied with the ebbs and flows of viral spread influenced public health decisions, renewed optimism appeared as vaccination rates increased and the viral spread risk continued to slowly drop, manifesting as an 11 percent increase in incremental occupancy for the month at western mountain resorts. In the South East, markets continue to prosper, largely the result of a lack of public health restrictions, producing year-over-year revenue gains following a record-breaking season last year. Additionally, COVID-19 restrictions created new trends in the industry as smaller drive market resorts dotting the country experienced busier than usual slopes, some even reporting record seasons. While expectations continue to be low as we round the corner of almost a year with COVID-19, financial indicators beat expectations and mostly showed positive progress in February. The Consumer Confidence Index (CCI) increased +2.7 percent from January and is currently at 91.3 (1985=100). According to Lynn Franco, Senior Director of Economic Indicators at The Conference Board, "After three months of consecutive declines in the Present Situation Index, consumers' assessment of current conditions improved in February... Notably, vacation intentions—particularly, plans to travel outside the U.S. and via air—saw an uptick this month, and are poised to improve further as vaccination efforts expand." While the optimistic outlook on international travel is certainly a sign of progress, there is still a long road to the point of unrestricted activity. US labor markets experienced notable improvement not only from last month, but also compared to the prior three months as 379,000 jobs were added, the most since October of 2020. This is a +128 percent increase in job growth over that experienced in January, a number that was revised upwards in the newest jobs report, and marks a large improvement in hiring in the hospitality industry as 355,000 jobs of the total were attributed to the industry. Though February marked a win for labor markets, there remains a deep hole of 9.5 million jobs still missing, and a lingering elevated unemployment assistance end date in mid-March. Speculation on when there might be stabilization of the labor market suggests years, some projecting out to 2024, and analysts are quantifying just how many jobs may never return to the economy. In contrast to the jobs market, financial markets have fared the best through the pandemic, showing some dramatic movements in either direction, but ultimately remaining at a level much higher than anticipated. The Dow Jones Industrial Average (DJIA) continues to climb higher, and the month closed at 30,932.37 points, a +3.2 percent or +949.75 point improvement over January. While growth in financial markets has largely been divorced from realities on main street, the continued gains help to stabilize retirement accounts and investments, lessening the risk for some. Whether analysts' concern about a bubble will play out is unclear as some of the economic factors at play as the economy reopens are wholly new. With COVID-19 cases plummeting -60 percent from 125,135 new cases on the 1st, to 50,085 new cases by the 28th as reported by the Center for Disease Control (CDC), vaccine distribution channels increasing, and vaccinated boomer travel bubbles emerging as a leading new travel trend, the future still remains ambiguous, though focused in the correct direction. Locally, North Lake Tahoe occupancy was down -7.3 percent in February versus 2020, accompanied by an increase in rate of +7.4 percent. North Lake Tahoe occupancy for the past six months (September - February) was down -26.4 percent compared to the same period last year, accompanied with an increase in rate of +6.5 percent. Bookings taken in February for arrival in February were up 119.5 percent compared to bookings taken in February 2020 (not shown).

		2021	2020	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (February, 2021) were (-7.3%) compared to the same period last year (February, 2020), while Average Daily Rate was also (7.4%).	Occupancy (February) :	56.0%	60.5%	-7.3%
	ADR (February) :	\$456	\$424	7.4%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (March, 2021) are down (-8.0%) compared to the same period last year, while Average Daily Rate is up (9.6%).	Occupancy (March) :	36.8%	40.0%	-8.0%
	ADR (March) :	\$376	\$343	9.6%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (September - February) are down (-26.4%) compared to the same period last year, while Average Daily Rate is up (6.5%).	Occ - 6 Month Historic	35.2%	47.9%	-26.4%
	ADR - 6 Month Historic	\$382	\$359	6.5%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (March - August) are down (-16.8%) compared to the same period last year, while Average Daily Rate is up (23.8%).	Occ % - 6 Month Future	23.1%	27.8%	-16.8%
	ADR - 6 Month Future	\$447	\$361	23.8%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Feb. 28, 2021 vs. Previous Year				
Rooms Booked during last month (February, 2021) compared to Rooms Booked during the same period last year (February, 2020) for all arrival dates are up by (42.7%)	Booking Pace (February):	7.5%	5.3%	42.7%

LOOKING FORWARD: While the blue skies alluded to above is optimistic, the road ahead also includes a lot of gray, and the industry needs to stay focused to navigate what will certainly be an interesting recovery. Both March and April saw strong surges in bookings over the past month, but occupancy and revenue levels remain dramatically below not only last year, but 2019 as well, despite slowly strengthening room rates. So, while winter 2020/21 isn't over yet, most of that book is written and declines are the only likely outcome. And yet, despite health officials' concerns about variant resurgence, delays with vaccination levels to-date, and knee-jerk reopening plans in several states, the overwhelming sense seems to be one of emerging optimism, despite what will very likely be record seasonal losses in occupancy and revenue. And there actually is reason to look ahead with a bit of a smile: vaccination allocation and distribution is projected to meet national needs by the end of August, initial reports suggest the Pfizer vaccine deactivates the UK variance, and economic stimulus is making its way into the economy and, most importantly, to the 9.5 million workers whose jobs haven't returned since losing them last March and April. Add in the buzz of spring and the beginning of a shift to the out-of-doors in many parts of the country over the next eight weeks and it's hard not to find optimism. But the moves out of pandemic mode and into full economic activity are fraught with peril. Rather than ripping off the band-aid, destinations will need to carefully manage—and message—their policies around gatherings, masks, capacity, etc., with an eye to growth and safety over time, rather than a free-for-all cash grab. Policy makers will need to manage the economic recovery carefully, making sure that, among other factors, the \$1.3 trillion dollars consumers have saved doesn't trigger significant inflation as it makes its way back into the economy. And of course, consumers will need to be economically and socially ready and able to re-engage in the travel economy. Though there are early indications that that will be the case, bookings continue to provide limited guidance as consumers—rightfully so—focus on the short-lead booking, making anything beyond April a tough read yet. Locally, North Lake Tahoe on-the-books occupancy for March 2021 is down -8.0 percent compared to 2020, accompanied with an increase in rate of +9.6 percent. Occupancy on-the-books for the upcoming six months (March - August) is down -16.8 percent compared to the same period last year, with an increase in rate of +23.8 percent. North Lake Tahoe bookings taken in February for arrival February - July are up +42.7 percent compared to the same period last year.

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