

DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Jul 31, 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 1,654 Units ('DestiMetrics Census*') and 51.2% of 3,229 total units in the North Lake Tahoe destination ('Destination Census**')

MARKET OVERVIEW: July marks the mid-way point of the summer season for our Mountain West destinations as most continue to see elevated occupancy and room rate, even compared to pre-covid summers. In the Southeast, the summer season is now in its final month, winding down a record-breaking summer with strong indications that the momentum will carry into the winter season. While business is strong, certain factors are becoming increasingly prominent and have the potential to disrupt the ongoing trend. Hazy skies took over most of the western side of the continent through July as wildfires spread across the Mountain West and British Columbia, and not even the east coast could entirely escape the effects. The Dixie Fire in Northern California has contributed heavily to air pollution, and as winds carried the smoke eastward mountain town visitors were left with obscured views and bad air quality. With no end in sight, the west may see negative consumer reaction to smoke-filled skies and fire danger. Smoke is not the only potential damper to summer travel as the delta variant of COVID-19, along with some lesser-known strains, are starting to increase case numbers, hospitalizations, and deaths, potentially leading to broad renewed restrictions, like those currently in New York City and now seen in other jurisdictions like San Francisco. According to data reported by the Center for Disease Control (CDC) July experienced an explosion of daily new cases, starting with 18,719 on July 1st, and increasing +72,755 or +389.0 percent to 91,474 on the 31st. Economically, the US continued its recovery in July as key economic indicators show growth and continued strength. After an upward revision to June the US economy added +943,000 new jobs in July, exceeding economists' expectations of +845,000, and unemployment fell to 5.4 percent after rising last month. Additionally, new jobless claims continued their decline of the past few weeks 385,000 reported for the last week of July. These two figures suggest not only a healthy increase in jobs, but also that the labor force may be moving away from reliance on unemployment benefits. The Consumer Confidence Index (CCI) also reflected continued economic strength as it increased slightly, +0.2 percent in July to 129.1 points (1985=100), and while the increase is small, the index is now at its highest level since February of 2020. Lynn Franco, Senior Director of Economic Indicators at The Conference Board said, "Consumers' optimism about the short-term outlook didn't waver, and they continued to expect that business conditions, jobs, and personal financial prospects will improve." In financial markets, the Dow Jones Industrial Average (DJIA) continues its long upward trend, increasing +1.3 percent, or +432.96 points, in July to 34,935.47, a new all-time monthly high. Those invested in stocks will directly see gains in their portfolios, and the increase also supports increased financial stability for retirees. With economic indicators showing growth and continued recovery, consumers are hard at work supporting recovery by planning trips to their favorite destination. While factors like COVID-19 variants and natural disasters may have an effect on business in the coming months, these pressures are not prominent yet. Locally, North Lake Tahoe occupancy was up +33.5 percent in July versus 2020, accompanied by an increase in rate of +15.0 percent. North Lake Tahoe occupancy for the past six months (February - July) was up +87.6 percent compared to the same period last year, accompanied with a decrease in rate of -1.0 percent. Bookings taken in July for arrival in July were down -65.5 percent compared to bookings taken in July 2020 (not shown).

		2021	2020	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (July, 2021) were (33.5%) compared to the same period last year (July, 2020), while Average Daily Rate was also (15.0%).	Occupancy (July) :	71.9%	53.8%	33.5%
	ADR (July) :	\$558	\$485	15.0%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (August, 2021) are up (66.6%) compared to the same period last year, while Average Daily Rate is also up (0.1%).	Occupancy (August) :	61.4%	36.8%	66.6%
	ADR (August) :	\$506	\$506	0.1%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (February - July) are up (87.6%) compared to the same period last year, while Average Daily Rate is down (-1.0%).	Occ - 6 Month Historic	52.6%	28.0%	87.6%
	ADR - 6 Month Historic	\$424	\$428	-1.0%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (August - January) are up (101.6%) compared to the same period last year, while Average Daily Rate is down (-2.2%).	Occ % - 6 Month Future	29.6%	14.7%	101.6%
	ADR - 6 Month Future	\$402	\$411	-2.2%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Jul. 31, 2021 vs. Previous Year				
Rooms Booked during last month (July, 2021) compared to Rooms Booked during the same period last year (July, 2020) for all arrival dates are up by Undefined	Booking Pace (July):	4.8%	4.5%	6.4%

LOOKING FORWARD: Whether in the mountain west, where the summer season is peaking, or the beach Southeast where, the tone is shifting towards shoulder season and winter, the destination travel industry can celebrate a resounding 2021 to-date. With all indications that conditions will remain the same for the foreseeable future, the recovery of 2020 lost revenue is a primary focus "while the iron is hot". Financial markets are strong, earnings are close to keeping up with the inflation bump, and consumers' assessment of the market remains relatively unchanged from last month (see above) with confidence sitting close to the 12-month pre-pandemic average. This is translating to pre-arrival room rates ranging from 10 to 40 percent higher than last year, or indeed pre-pandemic levels, helping to lock in the quality bookings and ensuring that yield management has a lot of room for movement, should it be needed. However, those things that we celebrate, high room rates and strong visitation, are putting pressures on the travel system that are difficult to mitigate, with staffing shortages and inventory crunches creating noticeable backlogs in fulfillment, whether en-route, at check-in, in the restaurant waiting line. And lastly, consideration for the impacts of the COVID-19 Delta variant need to be considered. While spread is primarily limited to the non-vaccinated population, prominence of the variant may stifle travel intentions or result in newer, more aggressive strains developing just as Americans move indoors at the onset of cooler weather. So, while there are many reasons to anticipate a strong and busy fall and winter season, conditions remain unpredictable from a social point of view, which may in turn depend on economic momentum in the months ahead, causing us to recommend a continued nimble approach to business for the time being. Locally, North Lake Tahoe on-the-books occupancy for August 2021 is up +66.6 percent compared to 2020, accompanied with an increase in rate of +0.1 percent. Occupancy on-the-books for the upcoming six months (August - January) is up +101.6 percent compared to the same period last year, with an increase in rate of -2.2 percent. North Lake Tahoe bookings taken in July for arrival July - December are up +6.4 percent compared to the same period last year.

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