

## DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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# north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Aug 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 1,664 Units ('DestiMetrics Census'\*) and 51.5% of 3,229 total units in the North Lake Tahoe destination ('Destination Census'\*\*)

**MARKET OVERVIEW:** As August ends the gains in the destination travel industry and broader economy during the earlier months of summer are less certain as factors like natural disasters, increasing incidence of COVID-19 variants, and degrading key economic metrics have blurred the path forward. Natural disasters gripped the nation in August as fires raged in the west, with the Caldor fire in Lake Tahoe having a direct impact on mountain travel in the Sierras, while hurricanes and tropical storms battered the Southeast all the way up to New England. And while seasoned veterans in both regions are used to these trends, consumers generally react negatively to such conditions, and sometimes have no choice otherwise when weather limits their decision-making power. As we move into September and autumn travel, factors like snowfall in the west and the cooling of the waters in the Southeast will create calmer conditions, and hopefully quell uncertainty for consumers. Natural disasters aren't the only factor consumers must consider when booking a trip, as many new COVID-19 variants are being tracked, compelling authorities to issue public health ordinances in response. And while caseloads increased dramatically in July, August's cases were even higher. According to data reported by the Center for Disease Control (CDC) new daily cases went from 74,400 on August 1st to 171,166 by the 31st, booming +130.1 percent or +96,766 over the month. How – or if – municipalities and local governments respond is yet to be seen, though we should anticipate that capacity limitations, mask mandates, and potential occupancy limits are all on the table. Daniel Zhao, senior economist at jobs site Glassdoor said, "Ultimately, the Delta variant wave is a harsh reminder that the pandemic is still in the driver's seat, and it controls our economic future." As COVID-19 concerns spread throughout the nation, key economic indicators have predominantly shifted from positive last month, to uncertain in August. The US added a mere 235,000 jobs in August, severely missing expectations of 720,000, though unemployment fell in line with estimates and dropped to 5.2 percent as discouraged workers stopped looking for jobs. Flat employment growth in the hospitality and leisure industry in August is a key concern in this month's jobs report as the sector has been leading the way for all industries, adding roughly 350,000 jobs per month since February. The Consumer Confidence Index (CCI) also pulled back in August, decreasing -9.0 percent following a downward revision to July, and now stands at 113.8 points (1985=100). This drop marks the CCI's lowest level since February 2021, and while the change marks a setback for economic recovery, Lynn Franco, Senior Director of Economic Indicators at The Conference Board said, "...however, the percentage of consumers intending to take a vacation in the next six months continued to climb." While economic indicators predominantly point towards a loss since last month, one key economic factor that continues to further distance itself from the employment and consumer marketplace is the Dow Jones Industrial Average (DJIA). In August, the DJIA climbed to its highest close ever, increasing +1.2 percent or +425.3 points, to 35,360.73 points. Further growth in the DJIA creates wealth for those invested in stocks, in addition to providing financial security for those living off retirement accounts, and while it is moving in a direction unrelated to jobs and consumer markets, it is a positive for the economy. While the direction of the economy is fairly uncertain following the release of data this month, the experiences of the prior year will help hoteliers and property managers in setting strategy, knowing that these are not uncharted waters. Locally, North Lake Tahoe occupancy was down -1.5 percent in August versus 2020, accompanied by an increase in rate of +2.1 percent. North Lake Tahoe occupancy for the past six months (March - August) was up +96.8 percent compared to the same period last year, accompanied with a decrease in rate of -3.7 percent. Bookings taken in August for arrival in August were down -203.4 percent compared to bookings taken in August 2020 (not shown).

		2021	2020	Year over Year % Diff
<b>a. Last Month Performance: Current YTD vs. Previous YTD</b>				
Occupancy Rates during last month (August, 2021) were (-1.5%) compared to the same period last year (August, 2020), while Average Daily Rate was also (2.1%).	Occupancy (August) :	48.5%	49.3%	-1.5%
	ADR (August) :	\$489	\$479	2.1%
<b>b. Next Month Performance: Current YTD vs. Previous YTD</b>				
Occupancy Rates for next month (September, 2021) are up (13.1%) compared to the same period last year, while Average Daily Rate is down (-18.9%).	Occupancy (September) :	34.5%	30.5%	13.1%
	ADR (September) :	\$326	\$402	-18.9%
<b>c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD</b>				
Occupancy Rates for the previous 6 months (March - August) are up (96.8%) compared to the same period last year, while Average Daily Rate is down (-3.7%).	Occ - 6 Month Historic	51.3%	26.1%	96.8%
	ADR - 6 Month Historic	\$429	\$446	-3.7%
<b>d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD</b>				
Occupancy Rates for the upcoming 6 months (September - February) are up (93.0%) compared to the same period last year, while Average Daily Rate is down (-6.6%).	Occ % - 6 Month Future	21.6%	11.2%	93.0%
	ADR - 6 Month Future	\$371	\$397	-6.6%
<b>e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Aug. 31, 2021 vs. Previous Year</b>				
Rooms Booked during last month (August, 2021) compared to Rooms Booked during the same period last year (August, 2020) for all arrival dates are down by Undefined	Booking Pace (August):	-2.0%	3.5%	-156.7%

**LOOKING FORWARD:** Conditions for destination travel changed somewhat over the course of August, with wildfires creating consumer – and resident – angst across the West, major storms running from the Gulf Coast to New England, and rising COVID-19 caseloads in all 50 states suppressing both job and consumer marketplaces. The combined impact has been to slow booking pace at destination resorts and whittle into occupancy gains when measuring against the pre-pandemic 2019 summer season. As Western Mountain resorts enter what has been an increasingly busy fall season in recent years (2020 excepted), and the Southeast turns focus to their newly discovered busy 'low season', both regions may find themselves at somewhat of a crossroads. High demand at a time of staffing challenges is pressuring quality while suppliers up and down the food chain are charging not just record-high rates, but exceeding prior records by as much as 30 percent nationally. We expect that economic uncertainty will remain in place for the next while as the pandemic continues to run a dangerous course and vaccination rates remain stubbornly below the absolute minimum herd immunity threshold of 70 percent. But there's reason for optimism for the months ahead as well. Early bookings have laid in strong early occupancy and revenue numbers for the early winter and start of 2022, and the recent surge in delta variant cases, while suppressing booking volume, has also pushed booking lead dates out, padding against any sharp slowdown in booking activity that may come. Along those same lines, booking lead times are following more traditional seasonal patterns, signaling some normalization of the quality of transactions, even in the recent absence. Lastly, cooler weather is typically a boost to winter booking at mountain resorts, and reduced-price options on many season pass products this year will likely help boost those usually robust numbers. We also look optimistically to those destinations and towns that continue to apply meaningful policies and effective communication so that the traveling public are confident in the processes and procedures that proved themselves effective in allowing continued – and safe – economic activity during the winter 2020 wave. Locally, North Lake Tahoe on-the-books occupancy for September 2021 is up +13.1 percent compared to 2020, accompanied with a decrease in rate of -18.9 percent. Occupancy on-the-books for the upcoming six months (September - February) is up +93.0 percent compared to the same period last year, with an decrease in rate of -6.6 percent. North Lake Tahoe bookings taken in August for arrival August - January are down -156.7 percent compared to the same period last year.

<b>For more information:</b>		
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