

DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Sep 30, 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 1,719 Units ("DestiMetrics Census*") and 53.2% of 3,229 total units in the North Lake Tahoe destination ("Destination Census**")

MARKET OVERVIEW: As the summer season winds down in the Mountain West, changing leaves and weather patterns signal the shift to shoulder season business trends, and while there is certainly more clarity around consumer travel prospects than last year at this time, factors like COVID-19 cases, consumer outlook, and economic recovery are in the driver's seat. In the Southeast, the early winter season is upon us and showing strong performance as bookings for the entire season are already outperforming those made at this time last year by roughly +40,000. In the Mountain West, the summer season still has one month left, but preliminary analysis shows roughly +500,000 more bookings were made for the season than last year, and an astounding +300,000 more than last year are already on the books for the upcoming winter season. While 2020 was certainly an anomalous year, with historic trends broken and new ones set, the continued prominence of COVID-19 cases is expected to influence the state of travel going forward. In September, the surge in COVID-19 cases from August continued as variants spread throughout population, with the health impact causing negatively impacting economic prospects and consumer outlook on the near future. Though trending downward, case levels remain elevated in comparison to core summer months and have the potential to spike again as temperatures drop and people move indoors. According to data reported by the Center for Disease Control (CDC) new cases declined -38.9 percent in September, starting the month with 191,741 cases on the 1st and fell to 117,077 cases by the 30th. As public health officials respond to fluctuating case numbers there is an expectation that local ordinances and mandates will be enacted or lifted accordingly, creating ongoing confusion among consumer as they look to navigate destination travel markets heading into the holidays. While this is nothing new for hoteliers and property managers who managed the early pandemic landscape throughout 2020, understanding the impact of mandates on consumers is an important consideration when evaluating operating plans. Despite declining cases during the month, key economic indicators showed little progress or decline in September as the economy struggles to fully recover to pre-pandemic levels. The US added 194,000 jobs in September, a disappointing addition compared to the roughly 500,000 expected, though August's numbers received a promising revision, up +131,000 from the initially reported +235,000. The unemployment rate fell in September to 4.8 percent, beating expectations of 5.1 percent and has notched the lowest rate since February 2020. However, it's noteworthy that the drop in the unemployment rate is almost entirely the result of a drop in labor force participation as people abandoned their job search and are no longer counted among the unemployed. The September jobs report wasn't the only economic indicator showing a disappointing result as the Consumer Confidence Index (CCI) declined since last month to 109.3 points (1985=100) and was the third consecutive month over month decrease since July. Lynn Franco, Senior Director of Economic Indicators at The Conference Board said, "Consumer confidence dropped in September as the spread of the Delta variant continued to dampen optimism... These back-to-back declines suggest consumers have grown more cautious and are likely to curtail spending going forward." As we move closer to the holiday season where consumer spending generally increases, the period will be a litmus test of what kind of recovery can be expected in early 2022. While generally moving independently of the rest of key economic indicators, the Dow Jones Industrial Average (DJIA) decreased in September, -4.3 percent or -1,1516.81 points from last month and closed at 33,843.92 points. The decrease returned the DJIA to levels notched back in April and is the largest month over month decrease since October 2020. While financial markets have been moving seemingly independent of other metrics, this decrease reflects an overall feeling of slowed or little recovery progress from Wall Street that has been dually noted by consumers on Main Street through metrics like CCI. As economic indicators, combined with elevated case numbers, shape up early season trends property managers and hoteliers alike should have plans to consider both situations in which economic recovery is boosted, or further contracts, as ambiguity clouds the path forward. Locally, North Lake Tahoe occupancy was down -34.4 percent in September versus 2020, accompanied by a decrease in rate of -16.7 percent. North Lake Tahoe occupancy for the past six months (April - September) was up +57.5 percent compared to the same period last year, accompanied with a decrease in rate of -1.6 percent. Bookings taken in September for arrival in September were down -167.0 percent compared to bookings taken in September 2020 (not shown).

		2021	2020	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (September, 2021) were (-34.4%) compared to the same period last year (September, 2020), while Average Daily Rate was also (-16.7%).	Occupancy (September) :	27.2%	41.5%	-34.4%
	ADR (September) :	\$308	\$369	-16.7%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (October, 2021) are up (59.9%) compared to the same period last year, while Average Daily Rate is down (-8.5%).	Occupancy (October) :	36.1%	22.6%	59.9%
	ADR (October) :	\$270	\$295	-8.5%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (April - September) are up (57.5%) compared to the same period last year, while Average Daily Rate is down (-1.6%).	Occ - 6 Month Historic	46.4%	29.5%	57.5%
	ADR - 6 Month Historic	\$432	\$439	-1.6%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (October - March) are up (75.6%) compared to the same period last year, while Average Daily Rate is also up (1.6%).	Occ % - 6 Month Future	21.8%	12.4%	75.6%
	ADR - 6 Month Future	\$408	\$402	1.6%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Sep. 30, 2021 vs. Previous Year				
Rooms Booked during last month (September, 2021) compared to Rooms Booked during the same period last year (September, 2020) for all arrival dates are down by (-66.8%).	Booking Pace (September):	2.3%	6.8%	-66.8%

LOOKING FORWARD: We look through shoulder season to the winter ahead with an interesting mix of optimism and caution. Though still too high, as the third wave of COVID-19 cases diminishes we have optimism that the combination of increased vaccination rates and socially responsible behavior is allowing us to get the upper-hand on the pandemic. At the same time, bookings have picked back up and, as noted above, room nights booked for the upcoming winter season are strongly outpacing not only last year, but also the pre-pandemic 2019/20 winter at this same time. And of course, room rates remain very strong, helping to more-than-offset any softness in occupancy (though there's little of that). However, the flip side is a cautious move towards colder weather and a shift to indoor gatherings, the trigger for last year's winter surge, particularly as the Holidays loom and family and friends look to make up lost time. Though vaccines will make these gatherings less impactful, the recent surge in cases amongst the unvaccinated means the potential for a winter surge is real. Meanwhile, September's decline in consumer confidence and slower-than-expected job creation are also likely to have an impact on how destination travel behaves in the months to come, though our more affluent clientele remains somewhat insulated from consumer forces that impact the greater economy. And lastly, there remains the issue around workforce, hiring, and housing. With all visas now issued, there's little hope for international staffing help, and many towns don't have the capacity to house existing staff, let alone any others. But despite these negative forces, the picture is largely optimistic for the next six months, assuming we can remain relatively COVID-free and economic conditions stabilize, likely sometime after the holidays. Locally, North Lake Tahoe on-the-books occupancy for October 2021 is up +59.9 percent compared to 2020, accompanied with a decrease in rate of -8.5 percent. Occupancy on-the-books for the upcoming six months (October - March) is up +75.6 percent compared to the same period last year, with an increase in rate of +1.6 percent. North Lake Tahoe bookings taken in September for arrival September - February are down -66.8 percent compared to the same period last year.

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