

DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Oct 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: October marks the end of the summer season for our Mountain West destinations, wrapping up a season of strong occupancy gains over summer 2020 (+45.0 percent) and notching a very slight occupancy gain over summer of 2019 (+1.0 percent). Occupancy wasn't the only metric enjoying improvement over prior seasons as Average Daily Rate (ADR) also increased +24.0 percent over summer 2020, and +33.0 percent over 2019 to close the season at \$346. While the economy continues to work towards recovery, factors like inflation-tied commodity price increases, widespread staffing shortages, and supply chain challenges have hampered some efforts. Despite these barriers recovery has continued on a positive trend as most major economic indicators increased in October. The US experienced a large increase in job creation last month as +531,000 new jobs were added to payrolls, far exceeding expectations of 450,000. Additionally, an employment fell to a new pandemic low of 4.6 percent. The leisure and hospitality sector led the way in job creation, adding 164,000 positions and has reclaimed 2.1 million of the positions lost during the pandemic. Nick Bunker, economic research director at job placement site Indeed said, "This is the kind of recovery we can get when we are not sidelined by a surge in Covid cases ... if this is the sort of job growth we will see in the next several months, we are on a solid path." However, Mr Bunker's comments are tempered by the fact that currently a lack of employees remains a major roadblock to fulfillment of quality services and volume in the leisure and hospitality sector. Despite the employee gap, job market optimism was mirrored by consumers' optimism as the Consumer Confidence Index (CCI) increased +3.6 percent in October to 113.8 points (1985=100). Travel remains front of mind for consumers says Lynn Franco, Senior Director of Economic Indicators at The Conference Board, noting "...nearly half of respondents (47.6 percent) said they intend to take a vacation within the next six months—the highest level since February 2020, a reflection of the ongoing resurgence in consumers' willingness to travel and spend on in-person services." Financial markets also showed strength in October as the Dow Jones Industrial Average (DJIA) increased 5.8 percent, or +1,975.64 points, to close at an all-time monthly high of 35,819.56 points. This trifecta of positive economic indicators across the financial, consumer, and employment markets indicates broad economic strength, despite inflation concerns. On the pandemic front, daily new cases of COVID-19 declined sharply during October. According to the Centers for Disease Control (CDC) the 7-day average of new cases, which started the month at 107,488, fell -33.5 percent to 71,468 new cases by the 31st. Interested parties should keep an eye on current caseloads and adjust operating plans accordingly as the potential for an increase in cases goes up heading into the winter season, and there is a close correlation between cases and bookings. While COVID-19 cases are falling, key economic indicators show promising increases, and travel metrics reflect continued growth in both occupancy and ADR, the industry is poised to stay on the path to recovery as long as COVID-19 cases remain under control. Locally, North Lake Tahoe occupancy was up +10.7 percent in October versus 2020, accompanied by a decrease in rate of -2.7 percent. North Lake Tahoe occupancy for the past six months (May - October) was up +29.5 percent compared to the same period last year, accompanied with an increase in rate of +4.3 percent. Bookings taken in October for arrival in October were down -68.1 percent compared to bookings taken in October 2020 (not shown).

| | | 2021 | 2020 | Year over Year % Diff |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-------|-------|-----------------------|
| a. Last Month Performance: Current YTD vs. Previous YTD | | | | |
| Occupancy Rates during last month (October, 2021) were (10.7%) compared to the same period last year (October, 2020), while Average Daily Rate was also (-2.7%). | Occupancy (October) : | 40.6% | 36.7% | 10.7% |
| | ADR (October) : | \$258 | \$265 | -2.7% |
| b. Next Month Performance: Current YTD vs. Previous YTD | | | | |
| Occupancy Rates for next month (November, 2021) are up (39.6%) compared to the same period last year, while Average Daily Rate is down (-0.3%). | Occupancy (November) : | 29.3% | 21.0% | 39.6% |
| | ADR (November) : | \$278 | \$279 | -0.3% |
| c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD | | | | |
| Occupancy Rates for the previous 6 months (May - October) are up (29.5%) compared to the same period last year, while Average Daily Rate is also up (4.3%). | Occ - 6 Month Historic | 46.3% | 35.8% | 29.5% |
| | ADR - 6 Month Historic | \$428 | \$411 | 4.3% |
| d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD | | | | |
| Occupancy Rates for the upcoming 6 months (November - April) are up (76.1%) compared to the same period last year, while Average Daily Rate is also up (7.8%). | Occ % - 6 Month Future | 24.5% | 13.9% | 76.1% |
| | ADR - 6 Month Future | \$445 | \$413 | 7.8% |
| e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Oct. 31, 2021 vs. Previous Year | | | | |
| Rooms Booked during last month (October, 2021) compared to Rooms Booked during the same period last year (October, 2020) for all arrival dates are up by (25.9%). | Booking Pace (October) : | 7.6% | 6.1% | 25.9% |

LOOKING FORWARD: The industry officially transitions to the November - April winter season this month, with some stars aligning nicely. Incidents of COVID-19 have declined sharply over the last 60 days, vaccination rates continue to edge upward, there's been a significant reduction in international travel restrictions, and economic indicators are pointing (mostly) northward. Continuing pent-up demand and a desire for a re-do of last year's restricted and sometimes difficult ski season as caseloads drop and vaccination rates make their way upward amidst mandates. That demand is coupling with savings and economic strength to drive strong bookings and meteoric room rates, generating early revenue gains that are challenging the prior winter record set in 2018/19. And while natural snow is a bit of an early miss in some regions, recent significant snowmaking investments across the industry are allowing for early openings at more than a handful of resorts, with most to be online by December 1. Yet even while we look at fantastic booking momentum, as a consumer-driven industry we need to be aware of concerns around inflation, now at 6.2 percent and well ahead of wage growth, and supply chain challenges, which will continue to drive inflation and put pressure on discretionary dollars that might otherwise be earmarked for travel. On the first matter, expect the Federal Reserve Bank to announce action on inflation sometime in the next few weeks, which may impact both consumer confidence and financial markets immediately ahead of the holidays. On the second, it's not all gloomy. Though the supply chain is interrupted for many hard goods, marketers have an opportunity to commoditize vacations as an 'alternative gift'; no backorder, no empty shelves. Both those points said, the very strong foundation of bookings will help protect destinations from any significant change in either pandemic or economic conditions, helping to insulate the industry from a downside. And, of course, in the end we know that a lot of it comes down to snow. How, when, or (we hate to say it) if Mother Nature will cooperate remains to be seen, and the La Nina forecast is - in the end - only a forecast. Until it plays out, we say, "play on" and here's to a strong 2021-22 and Happy Thanksgiving. Locally, North Lake Tahoe on-the-books occupancy for November 2021 is up +39.6 percent compared to 2020, accompanied with a decrease in rate of -0.3 percent. Occupancy on-the-books for the upcoming six months (November - April) is up +76.1 percent compared to the same period last year, with an increase in rate of +7.8 percent. North Lake Tahoe bookings taken in October for arrival October - March are up +25.9 percent compared to the same period last year.

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