DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe **Period: Bookings as of Dec 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')**

<u>MARKET OVERVIEW</u>: As we wrap up December and the holidays and move into the heart of our second COVID-19 winter, lodging providers continue to somehow manage staffing challenges and dynamic Covid protocols to meet extremely high demand, in turn reaping some reward for what must often seem like Herculean efforts. Whether because the issues are well-hidden or guests are more tolerant, travelers seem unfazed by such issues and the month of December – particularly Christmas week - was highly successful, outperforming both 2020 and 2019 occupancy, room rate, and revenue numbers. And while prior Covid surges have had a significant impact on occupancy the current one is not fueling the same cancellation volume. December gains have been strong since we started tracking it closely in June early season bookings providing a solid base on which to build, while subsequent short-lead bookings filled in the gaps throughout the month. Snowfall helped to boost festivities across Western mountains in December, with record-setting snowfall totals in the Sierras and modest- to- significant snowfall across the Rockies. Though the snow was disruptive to travel there is not clear indication of challenges to resort town visitation outside the Sierra Nevada. As guests traveled and snow fell, Center for Disease Control (CDC) reported a dramatic surge in new COVID-19 cases. The 7-day average increased from 89,964 on December 1 to 393,942 on December 31, an astounding increase of 337.9 percent. Despite the increase in cases through both Delta and Omicron variant waves. Despite the increase, the strong early bookings and mid-month snowfall combined to create a winnable month. Economically, consumer confidence and financial markets remained strong, though job creation was heavily lacking for the month. The Consumer Confidence Index (CCI) increased 3.5 percent in December to 115.8 points (1985=100) a return to levels last seen in August 2021. . Lynn Franco, Senior Director of Economic Indicators at The Conference Board said, "Expectations about short-term growth prospects improved, setting the stage for continued growth in early 2022". Financial markets noticed the improvement in growth prospects as well. The Dow Jones Industrial Average (DJIA) increased 5.4 percent or 1,854.58 points in December to close the month at an all-time monthly high of 36,338.30. The job market had a less than stellar month in December as the economy added just 199,000 jobs, well below the 475,000 projected. On a bright note, 53,000 of those were in the Leisure and Hospitality sector which added 2.6 million jobs in 2021 but remains down versus February 2020 by 1.2 million. While job gain was the lowest it's been since November 2020, the unemployment rate exceeded expectations and declined to 3.9 percent, slightly higher than February 2020. While economic metrics showed positive growth in December, and visitation across the west boomed, there remains uncertainty going forward as we've yet to see a direct impact in communities in relation to the surges in COVID cases. Locally, North Lake Tahoe occupancy was up +158.1 percent in December versus 2020, accompanied by an increase in rate of +28.2 percent. North Lake Tahoe occupancy for the past six months (July - December) was up +19.0 percent compared to the same period last year, accompanied with an increase in rate of +10.4 percent. Bookings taken in December for arrival in December were down an undefined amount compared to bookings taken in December 2020, as occupancy booked in December for arrival in December 2020 was negative (not shown).

		2021/22	2020/21	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (December, 2021) were (158.1%) compared to the same period last year (December, 2020) , while Average Daily Rate was also (28.2%).	Occupancy (December) :	54.9%	21.3%	158.1%
	ADR (December) :	$564	$440	28.2%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (January, 2022) are up (151.1%) compared to the same period last year, while Average Daily Rate is also up (10.2%).	Occupancy (January) :	51.3%	20.4%	151.1%
	ADR (January) :	$446	$404	10.2%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (July - December) are up (19.0%) compared to the same period last year, while Average Daily Rate is also up (10.4%).	Occ - 6 Month Historic	45.9%	38.6%	19.0%
	ADR - 6 Month Historic	$451	$409	10.4%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (January - June) are up (102.5%) compared to the same period last year, while Average Daily Rate is also up (24.0%).	Occ % - 6 Month Future	31.0%	15.3%	102.5%
	ADR - 6 Month Future	$437	$352	24.0%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Dec. 31, 2021 vs. Previous Year				
Rooms Booked during last month (December, 2021) compared to Rooms Booked during the same period last year (December, 2020) for all arrival dates are up by "(1605.3%).	Booking Pace (December):	8.1%	0.5%	1605.3%

<u>**LOOKING FORWARD:**</u> December momentum at western mountain destinations has carried over into January, this in spite of the continuing surge in the Omicron variant and the implementation of some mitigation policies around socially gathering, depending on the jurisdiction. Occupancy gains, already strong last month, are up anywhere from 5% vs to 115% for the balance of the season when compared to two years ago, and 9.6 percent for the season as a whole as of December 31. But most notable is the 25% gain in room rate versus two years ago, which is driving a 38 percent revenue gain. As such there's a degree of certainty about the months ahead: As consumers look to hedge their bets with much stronger than usual booking volume and longer lead times, the overall pace of reservations for arrivals January through April have laid a foundation of bookings that are likely to hold unless there's a COVID surprise coming that either frightens consumers into mass cancellations or there's a shutdown, neither of which is remotely likely. But there's some churn in the economy forthcoming as the Federal Reserve Bank plans either 3 or 4 interest rate hikes this year, the first in March. While this is positive news to help curb the 7% inflation rate, markets and consumers have traditionally pulled back on spending when rates go up, leaving open the possibility of fallout for the travel industry. Fortunately, by the time the hikes are first implemented, the vast majority of total bookings for the season will be on-the-books. And so, we turn to snow, which has been reliable since mid-December, but in a La Nina winter mid-latitude destinations could see prospects turn on a dime, meaning cautious optimism is key. Overall, snow and pent-up demand are likely to dictate what happens for the next four months, and the foundation of bookings now in place are clearly indicating continued success ahead. Locally, North Lake Tahoe on-the-books occupancy for January 2022 is up +151.1 percent compared to 2021, accompanied with an increase in rate of +10.2 percent. Occupancy on-the-books for the upcoming six months (January - June) is up +102.5 percent compared to the same period last year, with an increase in rate of +24.0 percent. North Lake Tahoe bookings taken in December for arrival December - May are up +1,605.3 percent compared to the same period last year.

<u>**For more information:**</u>

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