

DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Jan 31, 2022

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 January ends, the midway point of the winter season is now upon us, marked by a massive surge in COVID-19 cases and variability in economic indicators. Though January occupancy at Mountain Destinations remained relatively healthy compared to 2021, up 39.8 percent, it fell when compared to pre-pandemic Januarys 2 and 3 years ago. With respect to Average Daily Rate, January outperformed all 3 prior years handsomely, gaining at least +20.0 percent. The overall gain in occupancy and strong Average Daily Rate translated to a new all-time high in Revenue Per Available for the month at \$347. COVID-19 cases continue to have an effect on consumer booking and cancellation behavior. Cancellations made throughout January were higher than those made in each January since the start of the pandemic as were bookings though they more than offset the higher cancellations. The overall increase in booking volume despite higher COVID-19 risk begs consideration of what the effect of pent-up demand will look like in the marketplace when the risk of COVID-19 impacts are minimized or eliminated. According to data reported by the Center for Disease Control (CDC), the 7-day average of new cases increased from 416,448 on January 1 to 444,473 on January 31, an increase of 6.7 percent. While this increase sounds moderate, it doesn't tell the full story as 7-day average cases peaked on the 15th at an all-time pandemic high of 805,624, an increase of 93.5 percent from the start of the month. The surge in cases did not appear to have a direct impact on overall economic indicators as metrics did not trend in one direction. The US added 467,000 jobs in January, dramatically exceeding projections that ranged from a -220,000 decline to a 150,000 gain. The national unemployment rate increased slightly to 4.0 percent from 3.9 percent. On another positive jobs note, job numbers for November and December were revised sharply upwards, with an additional total of 709,000 added for the months combined, showcasing the strength of the job market as it continues to recover. The Leisure and Hospitality sector saw the largest gain in new jobs in January with 151,000 added. While tremendous ground has been gained in the struggle to restore the sector to full pre-pandemic employment, it remains down 1.8 million jobs. While the labor market was positive, other economic indicators experienced a decrease since last month. The Dow Jones Industrial Average (DJIA) decreased in January, closing at 35,131.86 points, down -3.3 percent or -1,206.44 points. Despite the monthly decline, the index remains up 17.2 percent from the January 2021. The Consumer Confidence Index (CCI) also decreased last month, -1.2 percent to 113.8 points (1985=100). Lynn Franco, Senior Director of Economic Indicators at the Conference Board said, "Consumer confidence moderated in January, following gains in the final three months of 2021, ... Meanwhile, concerns about inflation declined for the second straight month, but remain elevated after hitting a 13-year high in November 2021." January was a colloquial rollercoaster for hoteliers and property managers who tried to anticipate the impact of the surge of COVID-19 cases, which again necessitated local restrictions. While most were able to hit historic-high market rates, others bore the burden of group cancellations and loss of revenue compared to the operating plan going into the month. As the economy chugs a long towards recovery, new COVID-19 cases start to diminish, and more individuals rejoin the workforce, there stands to be a clearer path forward than at this time last year. Locally, North Lake Tahoe occupancy was up +93.1 percent in January versus 2021, accompanied by an increase in rate of +20.4 percent. North Lake Tahoe occupancy for the past six months (August - January) was up +26.5 percent compared to the same period last year, accompanied with an increase in rate of +10.1 percent. Bookings taken in January for arrival in January were down -19.8 compared to bookings taken in January 2020 (not shown).

		Year over Year		
		2021/22	2020/21	% Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (January, 2022) were (93.1%) compared to the same period last year (January, 2021), while Average Daily Rate was also (20.4%).	Occupancy (January) :	59.7%	30.9%	93.1%
	ADR (January) :	\$459	\$381	20.4%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (February, 2022) are up (56.9%) compared to the same period last year, while Average Daily Rate is also up (12.2%).	Occupancy (February) :	61.3%	39.1%	56.9%
	ADR (February) :	\$519	\$463	12.2%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (August - January) are up (26.5%) compared to the same period last year, while Average Daily Rate is also up (10.1%).	Occ - 6 Month Historic	43.7%	34.6%	26.5%
	ADR - 6 Month Historic	\$423	\$384	10.1%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (February - July) are up (81.7%) compared to the same period last year, while Average Daily Rate is also up (4.5%).	Occ % - 6 Month Future	35.0%	19.3%	81.7%
	ADR - 6 Month Future	\$454	\$434	4.5%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Jan. 31, 2022 vs. Previous Year				
Rooms Booked during last month (January, 2022) compared to Rooms Booked during the same period last year (January, 2021) for all arrival dates are up by "(78.0%)."	Booking Pace (January):	9.0%	5.1%	78.0%

LOOKING FORWARD: The resilience of the destination traveler that carried mountain resorts and town to broad successes in January continues into the second half of the ski season, with strong bookings for arrival late February through Easter, which will fall later this year on April 17. Relatively consistent snowfall across the region has complemented the strong base established in December (following a scary-slow start) making the product attractive. Shifts in booking patterns driven by the January Omicron surge, which saw bookings for arrival in January and February slow relative to last year, are padding arrival dates in the latter part of the season and, as the surge diminishes quickly over the coming weeks, we should see a strong return of short-lead bookings to bolster February numbers. And while there has been considerable negative press around crowding, lift lines, and diminished services this season, there is not sign in the data that suggest any negative impact on the months directly ahead. However, economic conditions will be changing over the coming weeks, with 7.5 percent inflation and an incredibly strong jobs report essentially clearing the way for interest rate hikes in March, likely followed by 3 to 5 subsequent hikes as the year goes on, all designed to pull inflation back from its current 40-plus year high. This is likely to slow financial markets and, in turn, put some pressure on consumers, at least in the short term. How upcoming shifts actually play out in the destination travel market, which continues to enjoy some degree of insulation from downward economic pressure, will remain to be seen, but if history is any guide – and it is – mountain communities will continue to see strong bookings and visitation for the foreseeable future, barring any catastrophic economic or public health developments. Locally, North Lake Tahoe on-the-books occupancy for February 2022 is up +56.9 percent compared to 2021, accompanied with an increase in rate of +12.2 percent. Occupancy on-the-books for the upcoming six months (February - July) is up +81.7 percent compared to the same period last year, with an increase in rate of +4.5 percent. North Lake Tahoe bookings taken in January for arrival January - June are up +78.0 percent compared to the same period last year.

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