DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe | **Period: Bookings as of Feb 28, 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 1,800 Units ('DestiMetrics Census'*) and 55.7% of 3,229 total units in the North Lake Tahoe destination ('Destination Census')**

MARKET OVERVIEW: As the winter season pushed on through the shortest month of the year, gains over the record high season of 2018/19 continue to be record-setting, leaving hoteliers and property managers wondering what the new "normal" winter season will look like, and when it might come. Occupancy across the west is up over the record 2018/19 winter season, gaining +4.2 percent at 50.9 percent occupancy. At the same time Average Daily Rate (ADR) continues to show dramatic increases, up +32.4 percent at $583. Among the factors driving bookings during the month is the now well-established correlation between booking volume and COVID-19 cases, where declines in case loads contribute to increases in booking volume. While January had experienced an unprecedented increase in cases, February was much the opposite. According to data reported by the Centers for Disease Control and Prevention (CDC), the 7-day average of new cases decreased from 413,453 on February 1st to 66,100 on February 28th, a decrease of -84.0 percent. By the end of the month, the level of new cases was similar to levels noted last July., Changes in lethality of the virus are combining with the high efficacy of vaccines, a higher percentage of vaccinated persons, and new antiviral treatments all suggest an evolution from pandemic towards an endemic COVID management. The most visible consequence of the evolution of the pandemic is a shift away from COVID-19 restrictions and mandates towards a more open marketplace, though that will be welcomed by some but cause angst among others. Unfortunately, the perfect combination of decreases in cases and fantastic snow conditions did not come to fruition as many destinations have experienced lackluster snowfall throughout February. Meteorologists fear that snowpack in California has peaked at 61 percent of normal, which is likely to have consequences into the summer months and beyond. Additionally, most western states continue to experience drought conditions, according to the National Drought Mitigation Center, though storms at the end of the month helped to improve the situation. Economic indicators continue to show mixed results and are further inflamed by the new conflict in Eastern Europe during the month. On the positive side, the US added 678,000 new jobs in February as unemployment fell to 3.8 percent, almost back in line with pre-pandemic levels. The US economy continues to work hard towards restoring February 2020 employment levels with over 400,000 jobs added for the last 10 consecutive months. The leisure and hospitality industry continues to post the largest job gain of all sectors, as has been the case for much of the recovery with as 179,000 added last month, though the sector remains down -1.5 million jobs from pre-pandemic levels in February of 2020. While job gain continues to improve, most other economic indicators fell in February. The Dow Jones Industrial Average (DJIA) posted a -3.5 percent, or -1,239.26-point, decline and ended the month at 33,892.60. Likewise, the Consumer Confidence Index (CCI) also fell in February, down -0.5 percent to 110.5 points (1985=100). CCI has posted its second consecutive decline of the year as consumers react to both national and global economic changes. According to Lynn Franco, Senior Director of Economic Indicators at The Conference Board, "Expectations about short-term growth prospects weakened further, pointing to a likely moderation in growth over the first half of 2022. Meanwhile, the proportion of consumers planning to purchase homes, automobiles, major appliances, and vacations over the next six months all fell." Consumers continue to feel the squeeze as inflation has increased to 7.9 percent, the highest level since January 1982. While inflation edges higher, crude oil prices also increased 7.8 percent to $96.13 per barrel, bringing prices back to a level not seen since August 2014. And as oil prices increase and consumers change their behavior at the gas pump, it's likely that discretionary dollars will be harder to come by as the cost of transporting goods to market increases and inflation is spread broadly through the marketplace. This could be difficult timing, with many economists expecting the worst of the gas prices to start settling in in time for the summer drive market. Regardless of negative movement in economic indicators, consumers are excited to be back traveling to their favorite mountain destinations and are happy paying record high rates for the experience. As COVID-19 cases start to taper off, there stands to be a potential increase in bookings as pent-up-demand forces may come into play, barring any unforeseen changes in the economy that may hamper travel for consumers. Locally, North Lake Tahoe occupancy was up +13.3 percent in February versus 2021, accompanied by an increase in rate of +25.7 percent. North Lake Tahoe occupancy for the past six months (September- February) was up +29.9 percent compared to the same period last year, accompanied with an increase in rate of +17.1 percent. Bookings taken in February for arrival in February were down -87.1 compared to bookings taken in February 2021 (not shown).

		2021/22	2020/21	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (February, 2022) were (13.3%) compared to the same period last year (February, 2021) , while Average Daily Rate was also (25.7%).	Occupancy (February) :	63.5%	56.0%	13.3%
	ADR (February) :	$573	$456	25.7%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (March, 2022) are up (45.1%) compared to the same period last year, while Average Daily Rate is also up (10.1%).	Occupancy (March) :	53.1%	36.6%	45.1%
	ADR (March) :	$412	$374	10.1%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (September - February) are up (29.9%) compared to the same period last year, while Average Daily Rate is also up (17.1%).	Occ - 6 Month Historic	46.1%	35.5%	29.9%
	ADR - 6 Month Historic	$444	$379	17.1%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (March - August) are up (41.7%) compared to the same period last year, while Average Daily Rate is down (-2.3%).	Occ % - 6 Month Future	32.4%	22.9%	41.7%
	ADR - 6 Month Future	$434	$444	-2.3%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Feb. 28, 2022 vs. Previous Year				
Rooms Booked during last month (February, 2022) compared to Rooms Booked during the same period last year (February, 2021) for all arrival dates are down by "(-34.8%).	Booking Pace (February):	4.9%	7.5%	-34.8%

LOOKING FORWARD: Looking Forward has gotten increasingly difficult over the past two years, though pandemic performance has settled into predictable patterns based on rate of infection, hospitalizations, and vaccines. But of the conditions we've been envisioning for the post pandemic world over the past 24 months, none of them has included war in Europe.... call us optimists. But war there is and we're likely see fairly widespread economic impact as financial systems and commodities markets look to reset to a marketplace that doesn't include oil, rare earth metals, and food (wheat most notably) from Russia. While there is no direct relationship to North American destination travel, the economic impact of inflation, already at 40 year highs, will likely both broaden and deepen over the coming months as increased fuel prices start to manifest in cost-to-market of goods, increasing prices across the spectrum. And while there are countries that can help fill the void on wheat, pressure on the food system as 15 percent of the world's wheat is trapped in a war zone or sourced from Russia, will add additional pressure. All this to say that the cost of living can and does have an impact on discretionary spending. On the positive side, the destination travel marketplace serves a more affluent customer that is somewhat isolated from the impacts of inflationary pressure, but record-high rates in mountain destinations may need to pull back to accommodate other market forces. All that said, the foundations for the balance of the winter season in mountain resorts are well-established, with occupancy and revenue for March and April already pacing at record levels and likely to stay that way through the balance of the season. And while some resorts had already announced an extension to the season before recent snows, there may be opportunities for others to follow suit, assuming Mother Nature keeps the recent storms coming for a few more weeks. Looking further ahead, Summer is pacing well so far, with occupancy and rate remaining up as of Feb. 28, and this early foundation helps to mitigate any pressure on bookings that comes in the next few months. But in the end, we're moving into a period of economic turmoil, consumer pressures at home and abroad, and yet another reset of the world order, just as we're catching our breath from the last one. We'll look to count on continued nimble operators and a reliably consistent mountain traveler to help create some normality amidst the chaos. Locally, North Lake Tahoe on-the-books occupancy for March 2022 is up +45.1 percent compared to 2021, accompanied with an increase in rate of +10.1 percent. Occupancy on-the-books for the upcoming six months (March - August) is up +41.7 percent compared to the same period last year, with an decrease in rate of -2.3 percent. North Lake Tahoe bookings taken in February for arrival February - July are down -34.8 percent compared to the same period last year.

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