

DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Mar 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 1,625 Units ('DestiMetrics Census'*) and 50.3% of 3,229 total units in the North Lake Tahoe destination ('Destination Census'**)

MARKET OVERVIEW: As March comes to an end, the last high-occupancy month of the winter season is in the bank. Though March wasn't the big occupancy win we've been accustomed to this season as booking pace for the month was unimpressive compared to prior years, property managers and hoteliers noticed marked improvements in occupancy and rate over March of last year and a slight gain over the historic high season of 2018/19. While weather didn't necessarily cooperate, with lackluster snow conditions found in some regions of the West, enthusiasts flocked to their favorite destinations to enjoy some spring skiing and snowboarding. In contrast to last March when traveling was still fairly limited due to the prominence of COVID-19 cases and vaccines were only just becoming widespread, this March has been remarkably different. According to data reported by the Centers for Disease Control and Prevention (CDC), the 7-day average of new cases has declined -46.7 percent over the course of the month, with 54,788 new cases as of March 1st and 25,559 as of the 31st. As we see further improvements in treatments and prevention of COVID-19 we can expect continuing evolution as society learns to live with the disease, and how seemingly endless pent-up-demand plays into that equation. On the economic front, March showed an improvement as most key economic indicators trended positive in the month. In March, the US economy created 431,000 new jobs, and unemployment fell to 3.6 percent from 3.8 percent in February. Unemployment currently sits 0.1 percent above February 2020's 3.5 percent and is at the level attained in January 2020. New job gain did slightly under pace analysts' expectations of 490,000, but the first quarter of the year ended with roughly 1.7 million jobs gained, though total employment is still 1.6 million jobs short of pre-pandemic levels. Leading the way in job creation for the month was the Leisure and Hospitality sector, with 112,000 new jobs added. However full recovery for the industry still has quite a way to go as the sector remains down 1.5 million jobs compared to February 2020. Though the labor market continues to strengthen, the Consumer Confidence Index (CCI) is essentially stuck, with little change over the past several months. The index increased just 1.4 percent since last month to 107.2 points (1985=100), its first month-over-month increase of the year. But while Main Street was lackluster in its economic assessment, Wall Street had a more positive outlook on the month as the Dow Jones Industrial Average (DJIA) increased 2.3 percent or 785.75 points to close the month at 34,678.35 points. Despite the gain, most analysts agree that the combination of inflation, higher interest rates, and market pressures from the ongoing war in Europe make markets highly volatile. As we head into shoulder season territory for the next 2 months, economic factors like changes in interest rates, inflation, and the cost of oil per barrel should have some effect on markets, the first two potentially changing the value of the dollar, while all three have the potential to change the cost of travel by air, train, or automobile. With warmer temperatures on their way and strong levels of immunity to COVID-19 recorded across the United States, pent-up-demand has the potential to provide boosts to the upcoming summer season even as uncertain economic factors complicate things, and a slowing of ADR growth with the potential to reach a rate ceiling cloud the view ahead. Locally, North Lake Tahoe occupancy was up +6.0 percent in March versus 2021, accompanied by an increase in rate of +19.7 percent. North Lake Tahoe occupancy for the past six months (October - March) was up +35.9 percent compared to the same period last year, accompanied with an increase in rate of +20.9 percent. Bookings taken in March for arrival in March were down -65.4 compared to bookings taken in March 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 (March, 2022) were (6.0%) compared to the same period last year (March, 2021), while Average Daily Rate was also (19.7%).	Occupancy (March) :	60.1%	56.7%	6.0%
	ADR (March) :	\$421	\$351	19.7%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (April, 2022) are up (23.3%) compared to the same period last year, while Average Daily Rate is also up (0.7%).	Occupancy (April) :	36.8%	29.8%	23.3%
	ADR (April) :	\$311	\$308	0.7%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (October - March) are up (35.9%) compared to the same period last year, while Average Daily Rate is also up (20.9%).	Occ - 6 Month Historic	51.6%	38.0%	35.9%
	ADR - 6 Month Historic	\$452	\$374	20.9%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (April - September) are up (20.2%) compared to the same period last year, while Average Daily Rate is down (-6.6%).	Occ % - 6 Month Future	33.0%	27.5%	20.2%
	ADR - 6 Month Future	\$422	\$451	-6.6%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Mar. 31, 2022 vs. Previous Year				
Rooms Booked during last month (March, 2022) compared to Rooms Booked during the same period last year (March, 2021) for all arrival dates are down by (-26.3%).	Booking Pace (March):	7.2%	9.7%	-26.3%

LOOKING FORWARD: As the last month of winter 2021/22 season winds down towards all-time record rate and revenue numbers, beating out the previous 2018/19 season, attention turns to the active summer drive market. Bookings for the summer season are just slightly ahead of the 2019 record season, up 2.3 percent, while rate and revenue are up a dramatic 39 and 42 percent versus that same record year, respectively. So, what can we anticipate about the months ahead? First off, room rate may be reaching a plateau, with rates for summer on-the-books up only a modest 3.6 percent compared to last year. While still meteoric by historic standards, this is the smallest gain in rate we've seen since February 2021. More generally, we'll be looking for a continuation of last summer's strong return of group bookings to mountain resorts, with the focus on sports team events, concerts, and the usual gaggle of festivals, back in full force and with fewer health and safety protocols. Weddings are also expected to pick up this year as the backlog starts to play catch-up. And while gasoline prices continue to be dramatically higher than this time last year, consumers appear tolerant and the drive-dominant summer may see more localized travel than during the pandemic, but not likely any diminished volume. Meanwhile, border states should look for an influx of Canadians heading south, taking advantage of the eased entry restrictions around testing, though exchange rates and soaring gas prices in Canada may create barriers. Of concern is the continued spread of the BA2 and XE variants of COVID-19; with the onus on consumers to make their own decisions around health and safety, we may see a spring surge that could dampen booking volume. And ultra-dry conditions in the west may trigger another shocking wildfire season, with officials already warning of the possible shutdown of some parks and other outdoor spaces to help mitigate risk. And lastly, there is economic uncertainty. With the Federal Reserve expected to hike interest rates up to five more times this year to battle inflation, there is about a 35 percent chance of a recession by late this year, according to Bloomberg analysts and their peers. But so far, the ship seems to be sailing towards summer pretty nicely given the uncertain seas, and consumers - often defiant of local conditions - have been content to keep it that way since reopening in 2021, so we'll expect the best, but plan for a squall or two along the way. Locally, North Lake Tahoe on-the-books occupancy for April 2022 is up +23.3 percent compared to 2021, accompanied with an increase in rate of +0.7 percent. Occupancy on-the-books for the upcoming six months (April - September) is up +20.2 percent compared to the same period last year, with a decrease in rate of -6.6 percent. North Lake Tahoe bookings taken in March for arrival March - August are down -26.3 percent compared to the same period last year.

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