

DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Apr 30, 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 1,680 Units ('DestiMetrics Census'*) and 52.0% of 3,229 total units in the North Lake Tahoe destination ('Destination Census'**)

MARKET OVERVIEW: April marks the end of our winter season, which performed remarkably well compared to prior years despite subpar weather conditions, ongoing geopolitical struggles, a highly virulent variant of COVID-19, and a US economy that has been struggling to recover. As most ski resorts at our mountain destinations closed down lifts, the season notched impressive revenue gains of +36.6 percent compared to the historic high achieved in the 2018/19 season, and also grew +70.7 percent compared to last year. While the revenue gains were impressive, lodging nights booked for the season roughly matched those made in the 2018/19 season, meaning that the 36.6 percent revenue gains were solely attained through increases in rate. For the first time in months, COVID-19 cases are starting to draw attention as a new wave occurs. According to data reported by the Centers for Disease Control and Prevention (CDC) 7-day average new COVID-19 cases more than doubled over the course of April, with 25,538 new cases reported on the 1st of the month and 57,752 reported by the 30th, an increase of 126.1 percent. The increase in cases did not lead to the implementation of local and state level guidelines to slow the spread or reduce exposure, though there is potential that such actions may be taken in the coming weeks if case numbers grow larger. On the economic front, key performance indicators showed mostly negative news, with the exception of yet-again strong job growth. In April, the US economy added 428,000 new jobs, matching the amount gained last month and unemployment remained at 3.6 percent, in-line with pre-pandemic levels. The Leisure and Hospitality sector led the way in job gain yet again, adding 78,000 positions. Job replacement for the sector has been very strong, though 1.4 million pre-pandemic positions are yet to be recovered. Unlike employment, financial and consumer indicators, most visibly the Dow Jones Industrial Average (DJIA) and Consumer Confidence Index (CCI), have wavered of-late. During the month of April, the DJIA fell -4.9 percent, or -1,701.14 points, to close at 32,977.21 points. As the mountain travel consumer is generally more affluent and invested in the financial markets, losses in the marketplace can have direct negative effects to both investment portfolios and retirement accounts and have the potential to drive consumers towards more conservative discretionary spending, including curtailing travel. Consumer Confidence has also fallen slightly since last month, down -0.3 percent to 107.3 points (1985=100). This is the third month-over-month decline in CCI since the start of 2022, and while 107.3 points is a relatively strong level for the index historically, the uncertainty surrounding consumers' opinion of the present situation translates to uncertainty in the market. While the economy, COVID-19, and winter weather conditions didn't set the stage for an ideal winter season, skiers and snowboarders alike were drawn to their favorite mountain destinations regardless, driving rates up, and creating a very profitable season. Locally, North Lake Tahoe occupancy was up +4.8 percent in April versus 2021, accompanied by an increase in rate of +2.7 percent. North Lake Tahoe occupancy for the past six months (November - April) was up +34.5 percent compared to the same period last year, accompanied with an increase in rate of +21.5 percent. Bookings taken in April for arrival in April were down -40.1 compared to bookings taken in April 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 (April, 2022) were (4.8%) compared to the same period last year (April, 2021), while Average Daily Rate was also (2.7%).	Occupancy (April) :	44.1%	42.1%	4.8%
	ADR (April) :	\$292	\$285	2.7%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (May, 2022) are up (50.1%) compared to the same period last year, while Average Daily Rate is also up (4.9%).	Occupancy (May) :	36.4%	24.3%	50.1%
	ADR (May) :	\$308	\$294	4.9%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (November - April) are up (34.5%) compared to the same period last year, while Average Daily Rate is also up (21.5%).	Occ - 6 Month Historic	52.3%	38.9%	34.5%
	ADR - 6 Month Historic	\$456	\$375	21.5%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (May - October) are down (-0.7%) compared to the same period last year, while Average Daily Rate is up (3.5%).	Occ % - 6 Month Future	33.9%	34.1%	-0.7%
	ADR - 6 Month Future	\$438	\$424	3.5%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Apr. 30, 2022 vs. Previous Year				
Rooms Booked during last month (April, 2022) compared to Rooms Booked during the same period last year (April, 2021) for all arrival dates are down by "(-48.4%).	Booking Pace (April):	5.5%	10.7%	-48.4%

LOOKING FORWARD: Summer 2022 gets underway on the heels of a record-setting winter season, seemingly with booking momentum and rate strength on the side of lodgers, but broader economic forces may be combining with our industry's own room rate successes to slow the organic demand of the past sixteen months. Room rates, which have been growing consistently 20-plus percent year-over-year every month since March 2021, have slowed dramatically for arrivals May through October, now gaining 4.5 percent compared to last year. And while still a respectable gain, this is the slowest room rate increase since before vaccines rolled out in January '21, suggesting a plateau for summer rates may be near. More broadly, consumers are likely feeling the impact of the 8.3 percent national inflation rate, as well as increased interest on debt, both of which add pressure to pocketbooks. And mountain consumers, typically more affluent and impacted by shifts in financial markets, have likely experienced a 16-plus percentage point drop in 401(k) investments, the first decline in their savings since the onset of the pandemic, which will add caution to spending sentiment for even the well-to-do. But softening room rate isn't the sole indicator of a change in mountain travel behavior. Booking pace, the measure of bookings made during April for arrival in the upcoming summer months, is down sharply as of Apr 30 versus not just last year, but also the pre-pandemic record 2019 summer three years ago. This decline in booking pace has been ongoing since November, deepening in each of the successive months. Room nights booked for the busiest months of the upcoming summer - July and August - are both down versus last year, -0.1 and -5.0 percent, respectively, while room nights booked for the entire summer season ahead are down -1.1 percent compared to summer 2019. And so we move into summer with a strong note of caution. Whether the shifts in rate and booking pace are indicators of long-term softening demand or a short-term shock reaction to inflation and war is not yet clear. But the shift in the data demand attention. As DMOs have moved away from overt and assertive marketing towards reliance on organic growth driven by pent-up demand, a gap may exist as that organic growth certainly slows. We urge all partners to watch the data closely over the weeks and months ahead and to act nimbly as the health crisis appears to recede somewhat and an economic and consumer crisis begins to emerge. Locally, North Lake Tahoe on-the-books occupancy for May 2022 is up +50.1 percent compared to 2021, accompanied with an increase in rate of +4.9 percent. Occupancy on-the-books for the upcoming six months (May - October) is down -0.7 percent compared to the same period last year, with an increase in rate of +3.5 percent. North Lake Tahoe bookings taken in April for arrival April - September are down -48.4 percent compared to the same period last year.

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