DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

Produced by Inntopia. Presented as a community service by the North Lake Tahoe DestiMetrics subscribing organization

north lake tahoe

Destination: North Lake Tahoe **Period: Bookings as of Jul 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 1,503 Units ('DestiMetrics Census'*) and 46.5% of 3,229 total units in the North Lake Tahoe destination ('Destination Census')**

MARKET OVERVIEW: As July comes to close, we see a dynamic change in the economic situation, with both increases and decreases noted for key performance indicators, making it hard to determine the overall direction the economy is taking. While some indicators like inflation and gas prices have declined month-over month, other key consumer goods like groceries continue to increase in price. Average daily rate at resort lodging properties is much the same as grocery cost, it continues to climb, and yet consumers keep paying the increasing prices. While this has been a net revenue gain for the summer months versus the pre-pandemic summer of 2019, we expect economic conditions to force some sort of price ceiling in the months to come, though consumers have been defiant to those predictions so far. A current indicator of economic forces at-play is booking pace, which has been declining year over year for the past 7 months through July. While over the past two years booking pace declines were driven largely by COVID-19 cases, it appears that the main limiting factors in bookings this year are room rates and other travel costs. COVID-19 spread was a headline towards the beginning of the month, though indications are that infection rates were not a contributor to the slower booking pace. Whether or not new CDC COVID-19 guidelines will have an impact on the travel industry going forward is unclear. As we continue through the summer season the economics of drive market travel generally become more important, and consumers are finally starting to get a break at the pump. Dropping gas prices are helpful for the summer traveler as are any drops in air and rail prices, making travel overall more appealing at a time when many prices are going up. The Dow Jones increased sharply in July, making up for the losses in June, hopefully giving more affluent consumer that have been shaken by recent conditions renewed confidence to spend more freely. Retirees living off investment portfolios will likely feel the same. Financial market strength is largely backed by economists' confidence in the job market and its continued strong growth. The US added an impressive 528,000 new jobs in July and the Leisure and hospitality sector led the gain, adding 96,000 positions. As the industry remains 1.2 million jobs short of peak employment levels in February 2020, strong month-over-month gains are welcomed. Property managers and hoteliers alike are feeling the squee ze as it's become more difficult, and more expensive, to hire and retain employees, though high room rates are helping to offset increased labor cost when labor can be found. As the economy keeps moving towards full recovery, and consumers continue to travel regardless of record high rates, the outlook for the rest of the Summer 2022 season looks positive. However, operators should keep some nimble contingency plans on-hand that include lower rates, in case the economic situation regresses towards a recession. All in all, just remember that we're not out of the woods yet. Locally, North Lake Tahoe occupancy was down -3.0 percent in July versus 2021, accompanied by an decrease in rate of -0.9 percent. North Lake Tahoe occupancy for the past six months (February - July) was up +6.6 percent compared to the same period last year, accompanied with an increase in rate of +8.0 percent. Bookings taken in July for arrival in July were up +99.7 compared to bookings taken in July 2021 (not shown).

		2022/23	2021/22	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (July, 2022) were down (-3.0%) compared to the same period last year (July, 2022) , while Average Daily Rate was also down (-0.9%).	Occupancy (July) :	69.7%	71.8%	-3.0%
	ADR (July) :	$569	$574	-0.9%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (August, 2022) are down (-20.7%) compared to the same period last year, while Average Daily Rate is alsodown (-1.4%).	Occupancy (August) :	48.9%	61.7%	-20.7%
	ADR (August) :	$514	$522	-1.4%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (February - July) are up (6.6%) compared to the same period last year, while Average Daily Rate is also up (8.0%).	Occ - 6 Month Historic	56.3%	52.8%	6.6%
	ADR - 6 Month Historic	$461	$427	8.0%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (August - January) are down (-15.9%) compared to the same period last year, while Average Daily Rate isalso down (-0.4%).	Occ % - 6 Month Future	25.2%	30.0%	-15.9%
	ADR - 6 Month Future	$406	$408	-0.4%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Jul. 31, 2022 vs. Previous Year				
Rooms Booked during last month (July, 2022) compared to Rooms Booked during the same period last year (July, 2022) for all arrival dates are up by "(36.6%).	Booking Pace (July):	5.8%	4.2%	36.6%

LOOKING FORWARD: The second peak month of the summer season is now underway, and the road ahead couldn't be a more mixed bag than it is. With an economy that's experiencing near-record high inflation and low consumer confidence, we should be concerned about consumer buy -in. And yet strong job creation and relatively buoyant financial markets are indicating strong fundamentals. The result? Consumers – though admittedly fewer of them – are traveling to mountain destination resorts, and willing to pay a price to do so. Occupancy on the books through the balance of the summer season as of July 31 remains down from last year at this time (as expected), as well as the pre-pandemic 2019 season. But room rates for August, September, and October are all up over 2021's record highs, and while revenue is off a bit from that resurgent season, it's up versus a more realistic 2019 comparison. The upshot? Lodging suppliers are sustaini ng record rates, accepting that fewer guests works in a world of fewer staff, and still managing to record sharp increases in revenue versus pre -pandemic benchmarks. But as we move into a third fall with COVID-19 on the radar, the health and safety issues facing us the last two years appear, at least to the public, to be resolving into business as usual. Whether variants of concerns will in fact stifle bookings is unclear, but surges have suppressed or otherwise modified behavior each time they've occurred since the first, and we expect some, but not as much, impact this fall, depending on new vaccine efficacy and severity of disease. But we can't immunize against economic forces, and though as noted above it's clearly a mixed bag heading into the late season, the negative forces remain dominant, inflation will be here for some time y et, and the Federal Reserve will continue to raise interest rates, making spending on credit a tougher option for many. Looking further ahead to the early winter season and Christmas holidays, bookings for arrival in December are down sharply versus last year, room rates are up considerably, and big shifts in how school breaks fall are g oing to create challenges in filling the occupancy void without moving rates down, while the reverse is true for January, where late school breaks are filling up the first couple of weeks of 2023. Locally, North Lake Tahoe on-the-books occupancy for August 2022 is down -20.7 percent compared to 2021, accompanied with a decrease in rate of -1.4 percent. Occupancy on-the-books for the upcoming six months (August - January) is down -15.9 percent compared to the same period last year, with a decrease in rate of -0.4 percent. North Lake Tahoe bookings taken in July for arrival July - December are up +36.6 percent compared to the same period last year.

For more information:

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