

DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Sep 30, 2022

Executive Summary - Year over Year Variance and Analysis

Data based on a sample of up to 10 properties in the North Lake Tahoe destination, representing up to 1,527 Units ('DestiMetrics Census**') and 47.3% of 3,229 total units in the North Lake Tahoe destination ('Destination Census**')

MARKET OVERVIEW: With the close of September, we are now officially in the shoulder season. As our Mountain West destinations begin to prepare for the upcoming winter season, booking pace continued to match the strength noted last month, adding +197,181 net new bookings spread from September through March. This pace is slightly above the net new bookings noted at the end of August (+196,230). Additionally, bookings made in September for September are higher than both last year and 3 years ago (+20.9 percent and +9.1 percent, respectively). While this is certainly a win, the forward looking 6 months haven't experienced the same trend. For the entire reporting period, booking pace is underperforming last year by -5.6 percent. Many factors are playing into the softer booking pace compared to last year, including historically high Average Daily Rates (ADR) as well as some softening in the economy over the course of the month. Whether or not this will derail revenue goals is yet to be seen as the month-to-month situation is largely reflective of current circumstances. ADR continues to gain over prior years as September's rate of \$355 is up both +5.3 percent versus last year and +44.0 percent v3YA. Strong gains in rate do price some consumers out of the market, though it appears that the portion of consumers that can afford the current rates are happy to pay it as revenue gains for September were +10.3 percent versus last year and +46.0 percent v3YA. On the economic front, interest rate increases enacted by the Federal Reserve in effort to reduce inflation prompted dramatically negative movement in financial markets. The Dow Jones Industrial Average (DJIA) decreased -9.6 percent or -3,065.36 points from last month and closed at 28,725.51 points. Effectively wiping out all gains noted for the index since October of 2020. This heavy-handed correction of the market negatively affects those living off retirement accounts, as well as those heavily invested in financial markets, as they are shaken from a large loss in portfolio value. As efforts are taken to reduce inflation, currently at 8.3 percent, employers across the economy added fewer jobs than initially expected, seemingly justifying the actions taken by the Federal Reserve to cool down the economy. In September, the US added 263,000 new jobs, a decrease of -16.5 percent from last month, and unemployment fell to 3.5 percent. The Hospitality and Leisure industry led the way in new job gain with 83,000 new positions but remains suppressed from the total employment numbers of February 2020 by -1.1 million jobs. Though as mentioned before, this isn't necessarily negative as lower occupancy rates require less staff to provide adequate services. While financial markets declined since last month and job gain was unimpressive, the Consumer Confidence Index (CCI) increased 4.2 percent to 108.0 points (1985=100). This marks the first time the index has gained in consecutive months since April and is also the highest it has been for the entire summer season. While this is relatively good news despite the slowing of the economy, we will be watching to see how consumers react to the economic developments from this month in the coming CCI report in October. Despite some tumultuous developments in the economy, consumers were relatively unshaken and provided strong bookings and revenue for the month. Whether or not the economic conditions start to erode winter season bookings is yet to be seen as domestic and international forces scramble to get the economy under control and stable once again. Locally, North Lake Tahoe occupancy was up +72.2 percent in September versus 2021, accompanied by an increase in rate of +18.9 percent. North Lake Tahoe occupancy for the past six months (April - September) was up +13.7 percent compared to the same period last year, accompanied with a rate that is even with last year. Bookings taken in September for arrival in September were up an undefined amount compared to bookings taken in September 2021, as last year had negative fill (not shown).

		2022/23	2021/22	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (September, 2022) were up (72.2%) compared to the same period last year (September, 2021), while Average Daily Rate was also up (18.9%).	Occupancy (September) :	48.0%	27.9%	72.2%
	ADR (September) :	\$348	\$293	18.9%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (October, 2022) are down (0.0%) compared to the same period last year, while Average Daily Rate is up (2.0%).	Occupancy (October) :	35.4%	35.4%	0.0%
	ADR (October) :	\$249	\$244	2.0%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (April - September) are up (13.7%) compared to the same period last year, while Average Daily Rate is down (0.0%).	Occ - 6 Month Historic	53.6%	47.1%	13.7%
	ADR - 6 Month Historic	\$438	\$438	0.0%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (October - March) are up (8.4%) compared to the same period last year, while Average Daily Rate is also up (5.5%).	Occ % - 6 Month Future	22.1%	20.4%	8.4%
	ADR - 6 Month Future	\$366	\$347	5.5%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Sep. 30, 2022 vs. Previous Year				
Rooms Booked during last month (September, 2022) compared to Rooms Booked during the same period last year (September, 2021) for all arrival dates are up by (333.0%).	Booking Pace (September):	2.8%	0.6%	333.0%

LOOKING FORWARD: As noted in the market overview, there is a fair bit of uncertainty in the forward-looking economic situation. With one more interest rate hike expected this year, traditional understanding tells us that the economy will continue to cool down, with job growth slowing and prices declining in effort to control inflation. How this all affects our consumer is yet to be seen. We know from the last two years that the economy, as well as societal forces, have the potential to move outside the traditional understanding very quickly. Nevertheless, winter occupancy is currently only down -2.4 percent compared to last year, when massive bookings surges prompted by pent-up demand and an easing of on mountain policies led to a record setting season. Keeping pace with last year's high demand is impressive despite on-going current economic and geopolitical concerns. December occupancy remains a major question mark with ADRs now near \$800 and are pricing some consumers out of the market. As always, weather will also play into the mix. Forecasters are calling for a third -consecutive La Nina winter, though we will not know how the snow will fall until it does. Economic conditions are secondary to weather as consumers are expecting an excellent product on the slopes, and as we know from years past, snowfall, and when it does or does not fall, has the potential to make or break the season. Locally, North Lake Tahoe on-the-books occupancy for October 2022 is even compared to 2021, accompanied with an increase in rate of +2.0 percent. Occupancy on-the-books for the upcoming six months (October - March) is up +8.4 percent compared to the same period last year, with an increase in rate of +5.5 percent. North Lake Tahoe bookings taken in September for arrival September - February are up +333.0 percent compared to the same period last year.

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