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 Jan 31, 2023**

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 1,455 Units ('DestiMetrics Census'*) and 45.1% of 3,229 total units in the North Lake Tahoe destination ('Destination Census')**

<u>MARKET OVERVIEW</u>: As January wraps up and the 2022/23 holiday season is complete, we move into the second half of the winter season. Snowfall has been widespread and abundant across the mountain west, motivating skiers and snowboarders to take advantage of the fantastic conditions. As the snow fell, bookings rose, with booking pace outperforming both last year and January 2020, up +13.3 and +4.9 percent, respectively and recording the second consecutive month of positive pace versus both last year and 3 years ago. Those strong bookings boosted January occupancy to 65.5 percent, up +10.1 percent versus last year, and+4.9 percent v3YA though the suppression of bookings last January due to the Omicron surge gets some of the credit for the year-over-year gain... While booking pace and occupancy were favorable in January, economic indicators were a mixed bag. On the positive side, the Dow Jones Industrial Average (DJIA) gained +2.83 percent, or+938.8 points, to close the month at 34,086.04 points and continues to sit at a better-than-expected position as volatility eases, helping stabilize consumers' savin gs. While financial market improvement is positive, labor market performance is not so cut-and-dry. US job growth showed a significant gain in January with 517,000 positi ons added, dramatically exceeding expectations, and reducing the unemployment rate to 3.4 percent, the lowest rate since 1969.The Leisure and Hospitality sector added 128,000 new jobs during the month, reducing the total employment deficit to 495,000 jobs below to February 2020. While job growth is generally considered positive, the Federal Reserve Bank uses hiring as an indicator of the efficacy of interest rate policy. January's strong report is likely to signal that consumerism remains too heated and continuing an aggressive approach to interest rates for a longer period of time may be in order, making credit purchases– including travel - more painful for consumers. Separately, the Consumer Confidence Index (CCI) declined in January following a large increase in December. The CCI decreased-1.7 percent to 107.1 points (1985=100). Ataman Ozyildirim, Senior Director of Economics at The Conference Board said, "...Consumers' assessment of present economic and labor market conditions improved at the start of 2023. However, the Expectations Index retreated in January reflecting their concerns about the economy over the next six months". So, while economic conditions weren't the most favorable for consumers trying to participate in travel last month, strong snowfall across the mountain west motivated bookings for mountain travel at a stronger pace than any January in recent years. Locally, North Lake Tahoe occupancy was down -2.7 percent in January versus 2022, accompanied by a rate that was up +5.8% compared to last year's. North Lake Tahoe occupancy for the past six months (August - January) is up +15.2 percent compared to the same period last year, accompanied with a rate that is up +2.3 percent compared to last year. Bookings taken in January for arrival in January were down -17.1 percent compared to bookings taken in January 2022 (not shown).

a. Last Month Performance: Current YTD vs. Previous YTD

		2022/23	2021/22	Year over Year % Diff
Occupancy Rates during last month (January, 2023) were down (-2.7%) compared to the same period last year (January, 2022) , while Average Daily Rate was up (5.8%).	Occupancy (January) :	56.4%	58.0%	-2.7%
	ADR (January) :	$394	$372	5.8%

b. Next Month Performance: Current YTD vs. Previous YTD

		2022/23	2021/22	Year over Year % Diff
Occupancy Rates for next month (February, 2023) are down (-3.2%) compared to the same period last year, while Average Daily Rate is up (13.4%).	Occupancy (December) :	57.9%	59.8%	-3.2%
	ADR (December) :	$470	$414	13.4%

c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD

		2022/23	2021/22	Year over Year % Diff
Occupancy Rates for the previous 6 months (August - January) are up (15.2%) compared to the same period last year, while Average Daily Rate isalso up (2.3%).	Occ - 6 Month Historic	49.0%	42.5%	15.2%
	ADR - 6 Month Historic	$393	$384	2.3%

d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD

		2022/23	2021/22	Year over Year % Diff
Occupancy Rates for the upcoming 6 months (February - July) are down (-13.6%) compared to the same period last year, while Average Daily Rate is up (2.6%).	Occ % - 6 Month Future	30.6%	35.4%	-13.6%
	ADR - 6 Month Future	$413	$403	2.6%

e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Jan. 31, 2023 vs. Previous Year

		2022/23	2021/22	Year over Year % Diff
Rooms Booked during last month (January, 2023) compared to Rooms Booked during the same period last year (January, 2022) for all arrival dates are down by "(-18.3%).	Booking Pace (January):	8.0%	9.8%	-18.3%

<u>LOOKING FORWARD:</u> Destination mountain resorts are certainly well-positioned heading into the second half of the winter season. With abundant sn owfall across the west, the region is not only generating local business but anecdotally seeing an influx of riders and skiers from both the no rtheast and overseas as Mother Nature plays favorites with the west this year. Despite challenging economic conditions including an increase in consumer prices in Janua ry, resorts are seeing room rates for the balance of the season that are sustained about 10 percent higher than last year and 35 percent higher than pre -inflation, putting solid revenue on-the-books for the next several months. But beneath the veneer of strong occupancy lies contradictory demand data. Actual nights booked are well be hind both last year and pre-pandemic levels, a statistic that's hidden in positive occupancy numbers that are being driven by fewer lodging units available to ren t. This puts both RevPAR and revenue for the balance of the season on the back foot. While the latter is very strong versus 2019/20, it's up only slightly versus last ye ar, and absolute revenue is down about 8 percent. The next few months will then be a question of how room rates behave and whether they can be sustained long enough to offset lower demand until the volume returns, or if they'll soften to the point where RevPAR actually turns negative for the season. Much of that is up to financial marke ts and consumers' reaction to what the economy holds in store – still widely predicted to be sustained inflation through 2023 and a mild recession late this year. Fortunately, the industry has snow and dedicated consumers on its side, the latter strongly influence by the depth and quality of the former. And so, the snow danc e continues with the expectation that current conditions will prevail, the season will extend, and conditions will mean that room rates – for the time being at least – will allow for flat- to-positive performance through April. Locally, North Lake Tahoe on-the-books occupancy for February 2023 is down -3.2 percent compared to 2022, accompanied with an increase in rate of +13.4 percent. Occupancy on-the-books for the upcoming six months (February - July) is down -13.6 percent compared to the same period last year, with an increase in rate of +2.6 percent. North Lake Tahoe bookings taken in January for arrival January - June are down -18.3 percent compared to the same period last year.

<u>For more information:</u>

INNTOPIA DestiMetrics

North Lake Tahoe Contact Info:	**Bart Peterson, Director of Sales**	Bart@GoTahoe.com	www.GoTahoeNorth.com
	Amber Burke, Director of Marketing	Amber@GoTahoeNorth.com	
Inntopia Contact Information:		info@DestiMetrics.com	www.DestiMetrics.com