

## DESTINATION LEVEL RESERVATIONS ACTIVITY SUMMARY

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# north lake tahoe

Destination: North Lake Tahoe

Period: Bookings as of Feb 28, 2023

### Executive Summary - Year over Year Variance and Analysis

Data based on a sample of up to 9 properties in the North Lake Tahoe destination, representing up to 1,463 Units ('DestiMetrics Census\*\*') and 45.3% of 3,229 total units in the North Lake Tahoe destination ('Destination Census\*\*')

**MARKET OVERVIEW:** As February comes to a close, western mountain resort operators are finding themselves amidst a gold rush of sorts, but of the cold, white, and powdery variety. Snowfall across the west has been outright impressive this winter season with historic totals blanketing the slopes. As we know, snowfall can be one of the biggest offsets to economic instability, and the weather couldn't have had better timing. Economic indicators for the month show a mostly negative progression from January's close with widespread turmoil across markets. The Dow Jones Industrial Average (DJIA) declined significantly during February, down -4.9 percent, or -1,429.3 points to close the month at 32,656.7 points. This decline is the second in the last three months and is a reversal of positive momentum noted in January. The Consumer Confidence Index (CCI) also experienced a decline in February, down -2.9 percent from last month to 102.9 points (1985=100). This is the second consecutive decline in CCI, and the fourth in the last six months. When analyzing the changes since last month, Ataman Ozylidirim, Senior Director, Economics at The Conference Board said, "...Vacation intentions also declined in February." Contrary to negative DJIA and CCI changes, US job growth shines a more positive light on the economy, though it should be taken with a grain of salt. The National Unemployment Rate rose from 3.4 percent to 3.6 percent as employers added 311,000 new jobs in February. And while this is a decline from the 504,000 added last month, declines indicate a slowing of the economy and this month's job creation is still high enough that the Federal Reserve Bank ("Fed") will continue their efforts to slow things down. Of the new jobs added, the Leisure and Hospitality sector led all sectors adding 105,000 jobs during the month. Overall, Leisure and Hospitality remains 410,000 positions short of pre-pandemic levels and hoteliers and property management companies continue to struggle to fill vacant positions. Despite economic indicators are creating discomfort for consumers, snowfall helped to boost bookings made in February for arrival in February, with short-lead arrival bookings up 22.2 percent. So we've got a tug of war that we've seen - and benefitted from - in the past playing a positive role again this year as high quality, widespread snow helps snow sport enthusiasts trade in (at least some of) their economic concerns for quality slope time. Locally, North Lake Tahoe occupancy was down -4.4 percent in February versus 2022, accompanied by a rate that was up +10.6% compared to last year's. North Lake Tahoe occupancy for the past six months (September - February) is up +9.7 percent compared to the same period last year, accompanied with a rate that is up +4.3 percent compared to last year. Bookings taken in February for arrival in February were down -21.0 percent compared to bookings taken in February 2022 (not shown).

		2022/23	2021/22	Year over Year % Diff
<b>a. Last Month Performance: Current YTD vs. Previous YTD</b>				
Occupancy Rates during last month (February, 2023) were down (-4.4%) compared to the same period last year (February, 2022), while Average Daily Rate was up (10.6%).	Occupancy (February) :	61.2%	64.0%	-4.4%
	ADR (February) :	\$468	\$424	10.6%
<b>b. Next Month Performance: Current YTD vs. Previous YTD</b>				
Occupancy Rates for next month (March, 2023) are down (-5.5%) compared to the same period last year, while Average Daily Rate is up (5.0%).	Occupancy (March) :	50.6%	53.5%	-5.5%
	ADR (March) :	\$350	\$334	5.0%
<b>c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD</b>				
Occupancy Rates for the previous 6 months (September - February) are up (9.7%) compared to the same period last year, while Average Daily Rate is also up (4.3%).	Occ - 6 Month Historic	48.9%	44.6%	9.7%
	ADR - 6 Month Historic	\$383	\$368	4.3%
<b>d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD</b>				
Occupancy Rates for the upcoming 6 months (March - August) are down (-10.7%) compared to the same period last year, while Average Daily Rate is also down (-1.9%).	Occ % - 6 Month Future	29.6%	33.1%	-10.7%
	ADR - 6 Month Future	\$398	\$406	-1.9%
<b>e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Feb. 28, 2023 vs. Previous Year</b>				
Rooms Booked during last month (February, 2023) compared to Rooms Booked during the same period last year (February, 2022) for all arrival dates are up by "(24.0%).	Booking Pace (February):	6.7%	5.4%	24.0%

**LOOKING FORWARD:** The last two months of the winter season are set up before us. As we contemplate the roller coaster that is macro-economic conditions, the balance of the season has a rich pool of opportunity and threat from which to choose, and the summer months are now coming in to focus. On the opportunity side, fantastic snow conditions have set up an extended season, particularly in destinations that aren't prone to sustained spring rains (southern Rockies & Sierras), and we anticipate that some resorts will be lifting folks into the 4th of July, assuming staffing allows. And an early Easter this year also sets up an opportunity for a strong April, though the numbers aren't there just yet. And all this moisture bodes well for lessening the threat of wildfire, which has been substantial for a decade now. On the threat side, March is very soft as shifts in school breaks mean that a significant percentage of households that were able to travel through the third week of March last year will be deferring to the end of the month, if at all, which may trigger an earlier-than-hoped slowdown. And resorts that can't or don't operate into the warm months may have a prolonged mud season while all that white gold melts, potentially stifling summer travel or potentially interfering with events and activities that start the summer off. With the threats and opportunities come a series of uncertainties wrapped in the cloaks of geopolitics and economic turmoil. How the recent banking sector issues impact Federal Reserve action on inflation will be key to influencing increasingly price-sensitive consumers, and confidence is likely to take a hit. But in the end, the industry has grown accustomed to 'unusual' business conditions, and those of a certain age continue to apply the lessons of the Great Recession in modified form, the result of which is an engaged customer base and a great product. Those things that are within the industry's control are in good hands, and those that are not can't be changed, so proactive assessment will continue to serve in the months ahead. Locally, North Lake Tahoe on-the-books occupancy for March 2023 is down -5.5 percent compared to 2022, accompanied with an increase in rate of +5.0 percent. Occupancy on-the-books for the upcoming six months (March - August) is down -10.7 percent compared to the same period last year, with a decrease in rate of -1.9 percent. North Lake Tahoe bookings taken in February for arrival February - July are up +24.0 percent compared to the same period last year.

<b>For more information:</b>		
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