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 Mar 31, 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 1,321 Units ('DestiMetrics Census'*) and 40.9% of 3,229 total units in the North Lake Tahoe destination ('Destination Census')**

MARKET OVERVIEW: Strong snowfall in the West, positive movement on the economic front, and heightened consumer demand were all key factors in driving the second-busiest month of the season's performance in March. On-mountain conditions varied across the United States as the East continued to be choked off from the seemingly never-ending supply of fresh powder blanketing the Mountain West. As expected, the snowfall boosted short-lead bookings for all destinations that consumers could actually get to, while for our partners in California the story is much different. Back-to-back (to-back) atmospheric rivers delivered more snow than some areas could manage, triggering avalanches, closing roads, and making actual visitation hazardous where possible, and out of the questionin a few unlucky spots. The heavy snowfall is expected to extend the ski season for some destinations, including some anticipated August turns in a select few, though lateseason visa expirations may make staffing a bigger determinant than actual snow. But snow isn't the only factor to consider when looking at March's strong booking pace,up +5.8 percent compared to last year, as some key economic indicators show positive movement since last month. In financial markets, turmoil arising from February's bank failures, continued pressure from the Federal Reserve on raising interest rates, and the ongoing war in the Ukraine did not shake the Dow Jones Industrial Average(DJIA). The DJIA experienced a moderate gain in March, adding +1.9 percent, or 617.45 points and finished the month at 33,274.15 points. The positive financial marketplace helps to bolster consumer savings accounts, in turn driving an increase in discretionary income that may be spent on lodging, and additionally gives individuals investedin 401(k)s and other retirement vehicles some security during dynamic times. As the DJIA increased, so did the Consumer Confidence Index (CCI), though just slightly. Overthe last month, the CCI has recorded a gain of +0.8 percent, increasing to 104.2 points (1985=100). CCI has remained stuck in the range of 100-105 points since August, only experiencing 2 month-over-month increases since then. Ataman Ozyildirim, Senior Director, Economics at The Conference Board said, "Driven by an uptick in expectations,consumer confidence improved somewhat in March, but remains below the average level seen in 2022 (104.5). The gain reflects an improved outlook for consumers under 55years of age and for households earning $50,000 and over." In addition to an improvement in CCI and DJIA, US non-farm jobs gained and the national unemployment rate experienced positive change from last month. For March, 236,000 jobs were added, slightly underperforming economists' expectations of 238,000. The total is the lowest monthly gain since December 2020, though it comes amid the Federal Reserves continued efforts to cool inflation and may signal a halt or slowing in interest rate hikes. Additionally, unemployment fell to 3.5 percent, slightly below the 6-month moving average of 3.6 percent. With the end of the 2022/23 winter season creeping up on us, March's positive booking pace advances the ball and sets up April to be the make-or-break month that determines the season's overall success. Locally, North Lake Tahoe occupancy was down -16.6 percent in March versus 2022, accompanied by a rate that was up +3.5% compared to last year's. North Lake Tahoe occupancy for the past six months (October - March) is down -1.6 percent compared to the same period last year, accompanied by a rate that is up +3.9 percent compared to last year. Bookings taken in March for arrival in March were down -111.5 percent compared to bookings taken in March 2022 (not shown).

		2022/23	2021/22	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (March, 2023) were down (-16.6%) compared to the same period last year (March, 2022) , while Average Daily Rate was up (3.5%).	Occupancy (March) :	49.8%	59.8%	-16.6%
	ADR (March) :	$354	$342	3.5%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (April, 2023) are up (27.5%) compared to the same period last year, while Average Daily Rate is also up (7.0%).	Occupancy (April) :	47.5%	37.3%	27.5%
	ADR (April) :	$293	$274	7.0%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (October - March) are down (-1.6%) compared to the same period last year, while Average Daily Rate is up (3.9%).	Occ - 6 Month Historic	49.2%	50.0%	-1.6%
	ADR - 6 Month Historic	$384	$370	3.9%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (April - September) are down (-4.4%) compared to the same period last year, while Average Daily Rate isalso down (-2.3%).	Occ % - 6 Month Future	31.8%	33.3%	-4.4%
	ADR - 6 Month Future	$400	$409	-2.3%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Mar. 31, 2023 vs. Previous Year				
Rooms Booked during last month (March, 2023) compared to Rooms Booked during the same period last year (March, 2022) for all arrival dates are up by "(2.3%).	Booking Pace (March):	6.7%	6.6%	2.3%

LOOKING FORWARD: Though April, the last month of the 'official' 2022/23 winter season, is yet to play out, attention at mountain communities should be shifting rapidly to the summer season ahead. In doing so, suppliers will find a dramatically different set of circumstances awaits them. As we transition out of winter and the sustained snow that has been an excellent booking incentive since December, lodging performance across western mountain resorts turns negative beginning immediately in May. Room rates, up 6.5 percent YOY and some 45% in just three years, are putting tremendous pressure on summer visitors at a time when the cost of living and spending on credit remain high. And while ADR has been strong enough to offset modest occupancy declines in the last six months, that's no longer the case as overall demand is down -16.7 percent – or some 112,000 room nights - and occupancy is down -13.4 percent. The net result is an aggregate -7.8 percent decline in RevPAR at this early stage, with declines in 4 of the 5 months for which data are available (October data will be available as of 4/30). This is the first sustained and substantial decline in RevPAR since the deep days of the pandemic and represents an extreme challenge for lodging properties. The trick for the coming season is going to be how to drive guests when rate gains are relatively modest compared to demand declines, making the 'upside down' position of RevPAR a challenge. Suppliers should not count on improving economic conditions to drive summer business, with the cost of living expected to remain elevated into 2024, along with interest rates that are currently adding to discretionary spending challenges. Locally, North Lake Tahoe on-the-books occupancy for April 2023 is up +27.5 percent compared to 2022, accompanied with an increase in rate of +7.0 percent. Occupancy on-the-books for the upcoming six months (April - September) is down -4.4 percent compared to the same period last year, with an decrease in rate of -2.3 percent. North Lake Tahoe bookings taken in March for arrival March - August are up +2.3 percent compared to the same period last year.

For more information:

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