

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 Jun 30, 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 1,361 Units ('DestiMetrics Census'*) and 42.2% of 3,229 total units in the North Lake Tahoe destination ('Destination Census'**)

MARKET OVERVIEW: As June ends, we move into the peak summer occupancy months. While a few of our mountain resorts are still selling lift tickets to utilize lingering snowpack, most have transitioned to summer operations. Indicators show that economic conditions have improved for consumers, and booking pace for June outperformed last year, driving an overall improvement in performance. Industry Wide results for June as of June 30th show occupancy for that month just slightly underperforming last year at this time (-0.7 percent) while the Average Daily Rate (ADR) was up (6.9 percent). The combination of rate gains and slight occupancy declines made for a 6.2 percent increase in RevPAR. As noted, improved conditions drove June's improvements, most notably, the Consumer Confidence Index (CCI) which increased 7.0 percent to close the month at 109.7 points (1985=100). While the improvement in CCI is positive overall for the economy, Dana Peterson, Chief Economist at The Conference Board said, "Meanwhile, vacation plans within the next six months continued to flag, led largely by declines in plans to travel domestically. This is an important indicator of desires to spend on services ahead, which may be a signal that post-pandemic 'revenge spending' on travel may have peaked and is likely to slow over the rest of this year." The Dow Jones Industrial Average (DJIA) also increased, gaining 3.7 percent or 1,214 points, to close the month at 34,122.4 points. This is the 4th month over month (MOM) increase of the year and puts June 2023 close roughly 11 percent ahead of last year at this time. In addition to CCI and DJIA, the unemployment rate has shown positive progress. June unemployment fell from 3.7 to 3.6 percent, and more importantly, the US economy added just 209,000 jobs, indicating that the efforts of the Federal Reserve Bank to slow the economy are taking effect, increasing for a "soft-landing" rather than recession. June experienced positive change in both economic indicators and DestiMetrics performance indicators, though filling in occupancy holes for the remainder of the summer months will continue to prove challenging for lodging properties as economic pressure continues, including softening domestic travel intentions. Locally, North Lake Tahoe occupancy was down -12.1 percent in June versus 2022, accompanied by a rate that was down -4.3 percent compared to last year's. North Lake Tahoe occupancy for the past six months (January - June) was down -4.6 percent compared to the same period last year, accompanied by a rate that was up +2.4 percent compared to last year. Bookings taken in June for arrival in June were down -13.7 percent compared to bookings taken in June 2022 (not shown).

		2023	2022	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (June, 2023) were down (-12.1%) compared to the same period last year (June, 2022), while Average Daily Rate was also down (-4.3%).	Occupancy (June) :	53.0%	60.3%	-12.1%
	ADR (June) :	\$446	\$466	-4.3%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (July, 2023) are down (-5.4%) compared to the same period last year, while Average Daily Rate is also down (-1.3%).	Occupancy (July) :	58.4%	61.7%	-5.4%
	ADR (July) :	\$545	\$552	-1.3%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (January - June) are down (-4.6%) compared to the same period last year, while Average Daily Rate is up (2.4%).	Occ - 6 Month Historic	51.8%	54.3%	-4.6%
	ADR - 6 Month Historic	\$379	\$370	2.4%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (July - December) are down (-3.6%) compared to the same period last year, while Average Daily Rate is up (2.1%).	Occ % - 6 Month Future	27.2%	28.2%	-3.6%
	ADR - 6 Month Future	\$453	\$444	2.1%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Jun. 30, 2023 vs. Previous Year				
Rooms Booked during last month (June, 2023) compared to Rooms Booked during the same period last year (June, 2022) for all arrival dates are up by (6.8%).	Booking Pace (June):	4.2%	3.9%	6.8%

LOOKING FORWARD: The positive economic news in June – highlighted by the sharp drop in annual inflation – has helped drive continued positive booking pace for the past four months, which is helping dig demand and revenue deficits for July to October arrivals out of the hole. And while not yet successful, there appears to be a pathway to flat or positive revenue, assuming that current economic conditions continue, and the industry escapes any major wildfire or smoke threats. Gasoline prices, which were 26% higher last year at this time, are also helping drive bookings for the next four months, while lower fares – even if temporary – give a boost to more remote destinations. But considerable hurdles remain, mostly in the form of demand and revenue declines for July and August, the peak months, and key contributors to the summer season. As noted above, bookings in June for July arrivals were up strongly, driven by the Fourth of July holiday and some rate softness, but August through September all lost ground versus last year, also the result of rates, but in those cases because of increases. Which brings us to our punchline: economic improvements are certainly showing up in the data, and consumers – at least here at the outset – are responding... gently. But rate sensitivity remains a key factor in consumers' decisions, and the industry will have to find the balance between a sweet spot for consumers, and a high enough price to push revenue to the positive. While the board is set, the play is as-yet uncertain. Locally, North Lake Tahoe on-the-books occupancy for July 2023 is down -5.4 percent compared to 2022, accompanied with a decrease in rate of -1.3 percent. Occupancy on-the-books for the upcoming six months (July - December) is down -3.6 percent compared to the same period last year, with an increase in rate of +2.1 percent. North Lake Tahoe bookings taken in June for arrival June - November are up +6.8 percent compared to the same period last year.

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