

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 Jul 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 1,317 Units ('DestiMetrics Census'*) and 40.8% of 3,229 total units in the North Lake Tahoe destination ('Destination Census'**)

MARKET OVERVIEW: July marks the halfway point through summer season, and the task of keeping revenue and occupancy positive continues to prove difficult, but maybe a little less-so lately. Macroeconomic indicators have changed for the better since last month, and the consumer's financial situation is also improving. The state of financial markets has been further strengthened since last month as the Dow Jones Industrial Average (DJIA) increased 4.2 percent, or 1,437 points, to close July at 35,559.54 points. The notable improvements build on gains recorded for June, creating investor confidence in the marketplace. On that note, the Consumer Confidence Index (CCI) has increased 6.3 percent to 117.0 points (1985=100), the highest level attained since July 2021, when the economy was reopening following COVID-related closures, and consumers were primed for spending. The US labor market also recorded positive performance with 187,000 jobs added for July. This news comes following downward revisions to previously reported gains for both June and May and signals a cooling of the job market over the past 3 months, which is counter-intuitively good for cooling inflation. Additionally, unemployment dropped from 3.6 to 3.5 percent in July, as fewer job seekers are actively searching for new positions. The national inflation rate increased slightly in July, up to 3.2 percent from 3.0, the first increase since June 2022. But while inflation increases mark a more expensive world for consumers, wage growth continues to outperform inflation, and has for the last 3 months, helping consumers feel more comfortable spending than they had as recently as April. As macroeconomic indicators show a bolstering of the economy and a further improvement in consumer financial situations, mountain-west Destinations continued to push on towards slow improvements in overall lodging performance. Results for the month show occupancy underperformance improved and was slightly down (-1.9 percent) for the month compared to last July, while average daily rates (ADR) were up (0.8 percent) with gains noted for the second month in a row, leaving RevPAR down a slight -1.1 percent. Overall, hoteliers and property managers continue to put their best foot forward to find a combination of rate and occupancy that moves RevPAR positive, and better economic conditions are helping, but progress has been slow and both occupancy and revenue remain down from last year seasonally, with August likely to hold total seasonal success in the balance. Locally, North Lake Tahoe occupancy was down -6.0 percent in July versus 2022, accompanied by a rate that was up +1.8 percent compared to last year's. North Lake Tahoe occupancy for the past six months (February - July) was down -5.2 percent compared to the same period last year, accompanied by a rate that was up +1.6 percent compared to last year. Bookings taken in July for arrival in July were down -10.7 percent compared to bookings taken in July 2022 (not shown).

		2023/24	2022/23	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates during last month (July, 2023) were down (-6.0%) compared to the same period last year (July, 2022), while Average Daily Rate was up (1.8%).	Occupancy (July) :	65.8%	70.0%	-6.0%
	ADR (July) :	\$553	\$543	1.8%
b. Next Month Performance: Current YTD vs. Previous YTD				
Occupancy Rates for next month (August, 2023) are down (-4.5%) compared to the same period last year, while Average Daily Rate is up (4.9%).	Occupancy (August) :	44.8%	46.9%	-4.5%
	ADR (August) :	\$515	\$491	4.9%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the previous 6 months (February - July) are down (-5.2%) compared to the same period last year, while Average Daily Rate is up (1.6%).	Occ - 6 Month Historic	53.3%	56.2%	-5.2%
	ADR - 6 Month Historic	\$412	\$405	1.6%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Occupancy Rates for the upcoming 6 months (August - January) are down (-4.3%) compared to the same period last year, while Average Daily Rate is up (4.0%).	Occ % - 6 Month Future	22.7%	23.8%	-4.3%
	ADR - 6 Month Future	\$395	\$379	4.0%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Jul. 31, 2023 vs. Previous Year				
Rooms Booked during last month (July, 2023) compared to Rooms Booked during the same period last year (July, 2022) for all arrival dates are down by "(-15.2%).	Booking Pace (July):	4.9%	5.7%	-15.2%

LOOKING FORWARD: July's positive economic news is helping set the stage for stronger summer performance than was indicated earlier in the season, with consumer confidence following markets up and inflation down to create the best booking environment we've seen since the snow-driven winter momentum of January. Bookings in July were focused primarily on July through September arrivals, but the volume was such that seasonal occupancy and RevPAR, both down since February, are nearing flat and threatening to go positive - a threat we'll gladly live with. But with only August remaining of the 'peak' summer months, a seasonal RevPAR win or loss may hang solely on its shoulders; and with August occupancy currently down and rate flat, lodgers will have to find the sweet spot to nudge it far enough to the positive to offset steep September and October declines that may not fill in. Looking further ahead to winter, the mood changes again. Booking volume is good for November through January arrivals, and occupancy, ADR, and RevPAR are up for all three months so far. Perhaps more importantly, underlying room nights booked, which have been negative year-over-year since early summer 2022, are positive and rates are up a more normalized 3 percent, give or take. The result is early RevPAR and revenue gains, setting the stage for more manageable conditions. Locally, North Lake Tahoe on-the-books occupancy for August 2023 is down -4.5 percent compared to 2022, accompanied by an increase in rate of +4.9 percent. Occupancy on-the-books for the upcoming six months (August - January) is down -4.3 percent compared to the same period last year, with an increase in rate of +4.0 percent. North Lake Tahoe bookings taken in July for arrival July - December are down -15.2 percent compared to the same period last year.

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