DestiMetrics' Covid-19 Impact Analysis: For the Week Ending April 30

16 Data Points That Tell an Emerging Story

As we move through the medical peak of the Covid 19 pandemic and jurisdictions across the United States relax restrictions, we continue to search for insights into consumer and property behavior to help our partners understand the larger landscape. What follows are short highlights of the data pulled from our monthly and daily DestiMetrics reports, our daily e-Commerce transactions reports, and our weekly DestiMetrics Covid-19 property survey. There are many data points, so we've compiled the most germane here in the following order: Property Operations and Inquiries, Booking / Cancellation and Rebooking Characteristics, ADR performance, Occupancy Performance, and Inventory. Each data point includes a 150-word synopsis as an easily digestible look at what's going on in the greater destination travel marketplace. Click on an item below to go to that section, or just scroll through. Please note that these data come from multiple Inntopia systems and some may have different 'as-of' dates from others. As always, don't hesitate to reach out if you have any questions.

Occupancy Performance

General Commentary on the Findings.

Clearly the shock of the early part of March has subsided in the data around the destination travel industry, but the consequence is likely yet to be fully felt. To say that revenue and occupancy declines experienced for the past 60 days and for the 150 to-come are unprecedented is a gross understatement. However, with the help of our weekly Covid 19 survey, the DestiMetrics data, and the Inntopia Commerce data, we're able to identify emerging patterns and even some bright spots. Here's what we see, in a nutshell. The findings here are discussed somewhat more broadly in the sections below.

After two weeks of wild swings in all the data sets in mid-March, most metrics have settled into more stable patterns. Though the data may not be telling us good news, stable patterns represent a calming of forces at play, indicating that decisions are becoming more cerebral and less emotional on both the supplier and consumer side. Stable data also allow for the identification of patterns which can lead to guidance. We're seeing the emergence of a 'push pattern' with cancellations and rebookings taking place for arrivals within 6 weeks, and new bookings taking place for arrivals later than 6 weeks. Those '6 week' windows are stable, and we expect that they will remain so until conditions change. The most notable condition change on the radar for now is reopening, after which we'll expect a shortening of the new booking and cancellation windows, and a net positive booking pattern where new reservations outnumber cancellations.

After the madness of March and the elimination of most transactions on the books for March, April, and May, cancellations have settled into a volume that reflects normal patterns, which solves 50% of the problem we're seeing in negative fill. Though new bookings have increased, the volume is very small and will likely increase only moderately over the coming four to eight weeks, the longest window for which we feel a predication is reliable.

Room rate is being held steady across all data points on all platforms, with only some moderate declines for late 2020 and early 2021 arrivals, and properties have indicated they intend to approach the market with stable rates rather than suffer the prolonged declines experienced in 2008/09. However, with consumer confidence likely to be very low for months to-come, the power of pricing resides on the buyers end of the market. It will be difficult for properties to maintain their rate if the consumers are tight pursed in the months ahead.

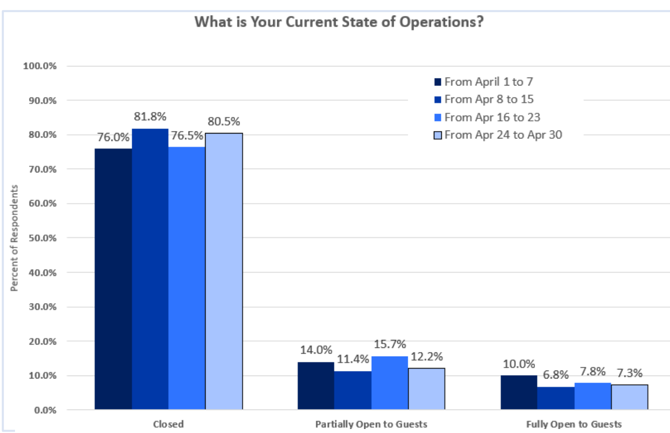
There are some signs of normality on the horizon, notably in occupancy. Starting in mid-August we see occupancy patterns mimicking last year as of this same time, and continuing into the reliably foreseeable future. However, the 'push patterns' noted above are creating what we're coining a "100-

day window to normality", where the start of normality is being pushed back consistently with the push pattern noted above. The good news is that our consumers are indicating that they wish to do destination travel, but the bad is that they're simply not willing to commit to anything closer in with reliable consistency. There's also a significant difference between how "Paid" and "Total" occupancy are behaving with regard to this 100-day window (hint, it's 150 days for paid occupancy). The details are in the comments below.

So, is there a 150-word synopsis?

The shock event is over and some version of normal has already returned: the normal of shutdown and safety concerns. That 'normalcy' is emerging in the data as a clear pattern of lengthened booking lead times, lengthened cancellation lead times, stable room rates, and a window of normalcy that appears to be just out of reach at 100 to 150 days in the future. And while lodgers and other destination town businesses are anxious to return to the marketplace, consumers are showing a combination of short-term reticence and long-term desire. Rebookings for later in the summer, then again for 2021 are clear indications of the latter. But there's another normal to prepare for and as properties open, we'll have to watch the data to see what happens to our 100 / 150 day window, whether rates can hold, how (or if) lead times shorten, and what the long-term economic consequences are going to be on everything from inventory to marketing and infrastructure, both at the resorts and in the towns themselves. Return to Topics Menu

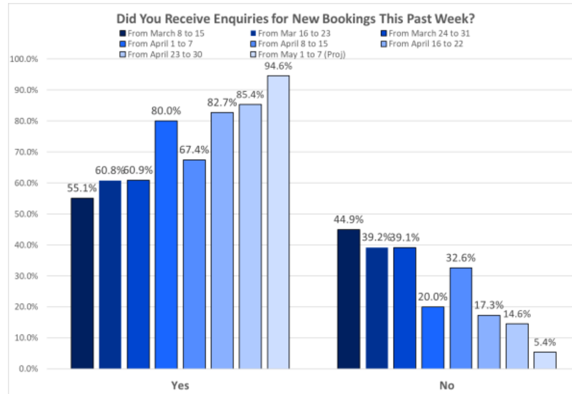
The number of properties currently closed to guests has varied only slightly over the past four weeks.



Properties' Current State of Operations, Over Time

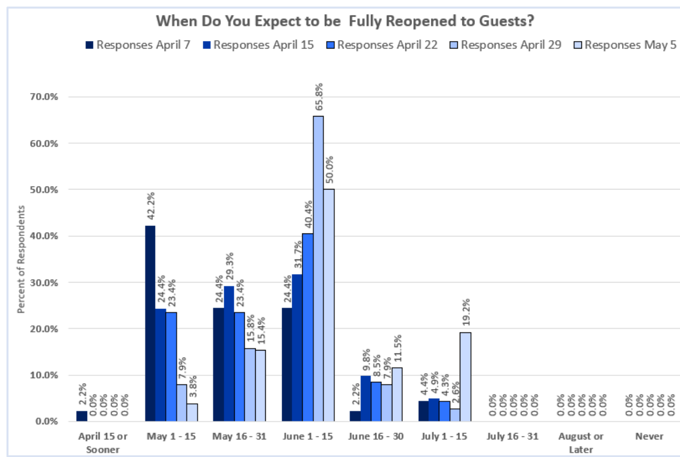
80.5% of all properties surveyed indicated they were closed entirely to guests as of April 30, an increase from 76% four weeks ago, and down from the high of 81.8% three weeks ago. A small number of properties appear to be fluctuating between partial and complete closures given the offsetting variances in those responses, while those properties that are fully open to guests has declined slightly, also contributing to the increase in full closure reports. Return to Topics Menu

Re-emergence of the Booking Inquiry. Surveys of our property management companies show that inquiries into new bookings for destination travel lodging are up sharply from where they were eight weeks ago. For the 7-day period ending May 5, 94.6% of all responding properties said they had received inquiries for new bookings, while only 55.1 % said the same thing on March 15. While this is positive news, these are inquiries, not bookings, and we need to look closely at volume versus cancellations, room rate, and arrival dates to understand what it means. Return to Topics Menu



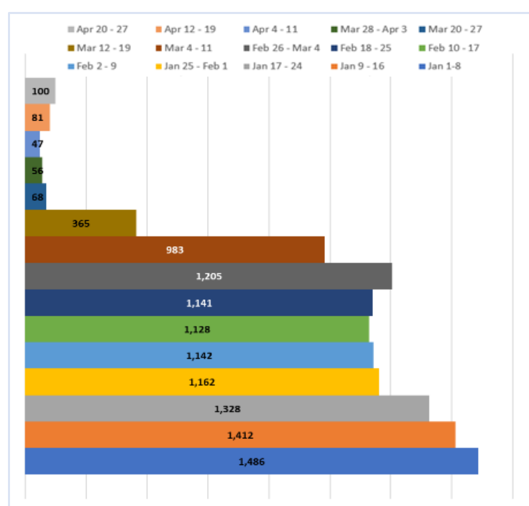
% Properties That Received New Booking Inquiries, Over Time

Targeted reopening dates continue to move back as plans start to be laid. Properties continue to push back their expected reopen dates as jurisdictions and health care professionals warn against a rushed opening, the complexities of doing so become more apparent, and an unknown consumer sentiment lingers. Over the past four weeks, June 1 – 15 has been increasingly selected by as many as 65% of properties surveyed as their expected reopening time. That number has now declined to 50% of properties, with an increase in those indicating June 16-30, and a sharp increase in properties indicating July 1 – 15. There are no properties that currently expect to open any later than July 15, and no properties that indicated they will not reopen at all. The prominence of new bookings and rebookings for July arrival help to support these expectations, though we expect that these dates will push back further for some respondents in the coming weeks. Return to Topics Menu



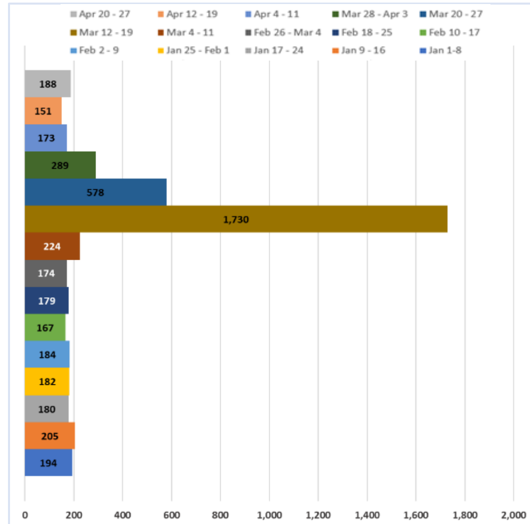
Date Lodging Properties Expect to be Fully Reopened, Over Time

Low booking volume is **<u>slowly</u>** **increasing**: The daily average number of bookings flowing through the Inntopia e-commerce system to over 1,700 destination travel properties was 100.2 for the 7-day period ended April 27, or 701 for the week. This compares to a typical 1,486 per day, or 10,402 for the week, in the first week of January and is an 83 percent decline in new transactions. But things are better now than they were. The 7-day period ended April 19 saw only 81 new bookings per day, and the period ended April 11 saw only 47. So, while the numbers are very low, they represent two consecutive periods of growth. Return to Topics Menu



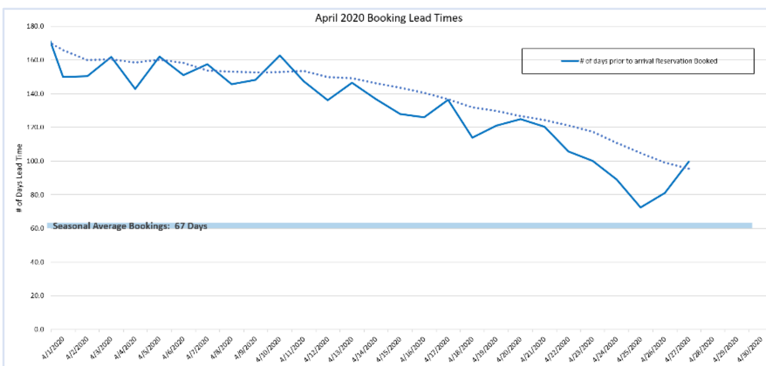
Avg Daily Booking Volume x Week Transacted, Over Time

Cancellation volume is normalizing: The average daily number of cancellations through the Inntopia system processed in the 7-day period ending April 27 was 188, or 1,316 for the week. This is aligned with long-term average daily cancellation volume of 182 and down dramatically from the 1,730 cancellations per day for the 7-day period ended March 19. However, as of April 27, cancellation volume remained higher than new booking volume, resulting in a net decline in bookings for the period. Now that cancellations have normalized, the stage is set for the return to positive net bookings as consumers return to the marketplace. Return to Topics Menu



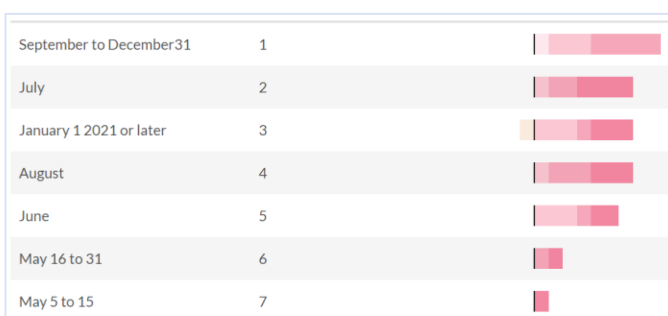
Avg Daily Cancellation Volume x Week Transacted, Over Time

Extended booking lead times mean fill is unlikely to come soon. As it now stands, the average lead time of new bookings through the Inntopia Commerce platform is 99.6 days, about 32 days longer than the long-term seasonal average, which makes the August 4 average arrival date of new bookings processed the 7 days ending April 27. However, booking lead times are consistently shortening, and we expect them to shorten further once restrictions are more broadly relaxed and destinations begin to open. Return to Topics Menu



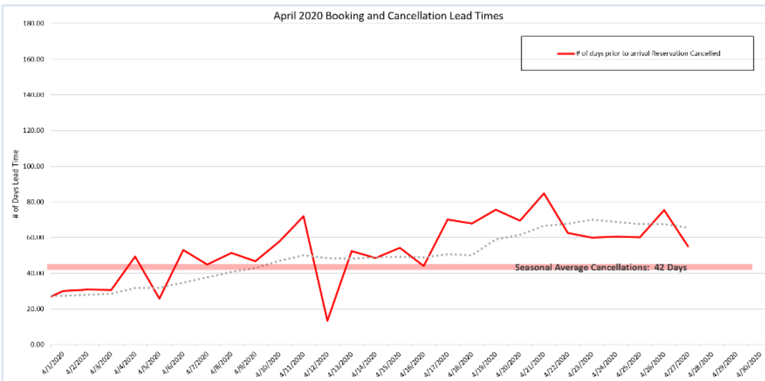
Lead Time of New Bookings by Day Transacted

Most new bookings arriving September – December, while July provides modest mid-summer hope. That average lead time above is reflected when we look at arrival date prominence, with most properties reporting new bookings scheduled to arrive between September 1 and December 31, followed by arrivals in July, then January 2021 or later. However, the absolute volume for all of these arrival dates remains low and is offset by correspondingly larger cancellations (see above). Growth in



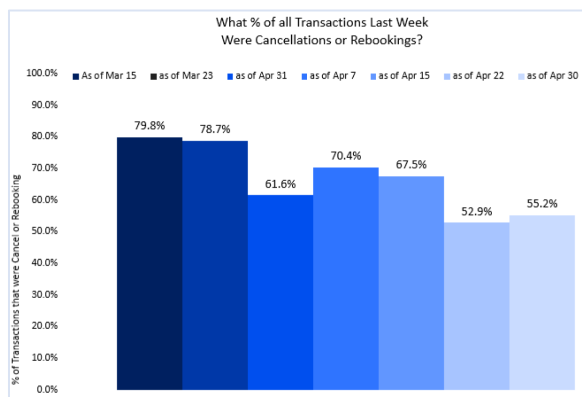
Arrival Month of New Bookings

new bookings and stabilization of cancellation volume should help create some positive fill, though no year-over-year gains, in July and August, assuming conditions stabilize. Return to Topics Menu



Lead Time of Cancellations by Day Transacted

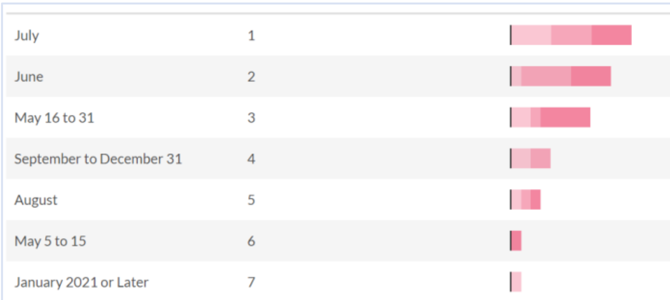
Extended cancellation lead times reflect uncertainty, create challenges and opportunities. For the 7-day period ending April 27, the average lead time of cancellations through the Inntopia Commerce platform was 69.2 days, about 55% longer than the long-term seasonal lead time of 42 days, indicating continued concern about travel as restrictions get pushed out into the future. This pattern will make filling July and August, the two peak months of summer, a greater challenge. However, the longer lead time also provides lodging properties with more time to fill in gaps left by cancellations. Lead times spent six weeks well below average as short-lead arrival dates cancelled en-masse following the declaration of the pandemic and the closure of most mountain and beach resort destinations in early- to mid-March. We expect cancellation lead times to remain above average for the foreseeable future. Return to Topics Menu



Cancel or Rebook as % of All Transactions, Over Time

Percent of All Transactions That are Cancellations or Rebookings is Falling. When considering all transactions, the percentage of those that are cancellations or rebookings has declined over the past five weeks, from a high of 79.8% as of March 15 to its current 55.2% as of April 30. Conversely, this means that the percentage of all transactions processed that were new bookings is up from just 20.2% as of March 15 to 44.8% as of April 30. Over the same period of time, the overall ratio of rebookings to cancellations has gone up 3 rebookings for every 10 cancellations to 4 rebookings for every 10 cancellations, meaning that properties are losing less revenue to cancellations, and are instead deferring a larger percentage of previously booked revenue to later arrival dates. Return to Topics Menu

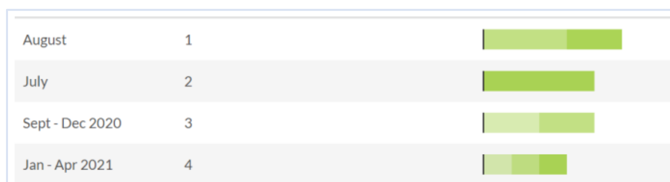
July Most Prominent Month for New Cancellations. July arrival dates rank first for cancellation processed during the week ending April 27, and June is a close second. The high cancellation rate for July is making it difficult for properties to take advantage of July as the 2nd most prominent month for new bookings (see above). This is also true of June cancellations, though June bookings are very low. However, with the stabilization of cancellations noted above, it's possible that some positive fill may yet be gained for July, assuming consumers adopt higher confidence in travel safely over the coming weeks. However, there is not a scenario in which we see June or July occupancy reaching 2019 levels. Return to Topics Menu



Original Arrival Month of Cancellations

June and July reservations are starting to rebook to later dates, predominantly August and the fall. Throughout the past nine weeks, a significant number of total lodging transactions have been re-bookings, with guests moving to a later date. This is helping keep revenue on-the-books, but is deferring recognition until those later arrival dates. June is the most common original arrival month for rebookings done in the week preceding Apr 27, followed by July, and the short-lead arrivals originally scheduled for May 16 to 31. This is as expected as restrictions have been pushed out and consumers move dates back. The most common new arrival month for recent rebookings is August, followed by July, indicating that summer guests are intent on having a summer experience at a later date. The third most common arrival period covers the fall season of Sep 1 to Dec 31, while Jan – Apr 2021 make up the balance reported. Return to Topics Menu

Original Arrival Month of Rebookings



New Arrival Month of Rebookings

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Average Daily Rate relatively stable for short-lead bookings but declining for long. Though booking volume remains low and despite concerns on both side of the market, the average daily rate (ADR) of new lodging reservations made over the course of the past 10 weeks has varied relatively little over that time. Between bookings transacted as of February 15 and those transacted as of April 30, ADR for arrival in two months (June and October) has increased, while it has declined by less than 2.5% for three arrival months (July, September, and December), and declined by more than 5% for two arrival months (November and January). This reflects properties' stated intent to hold ADR steady as the primary strategy through reopening (see below). Return to Topics Menu

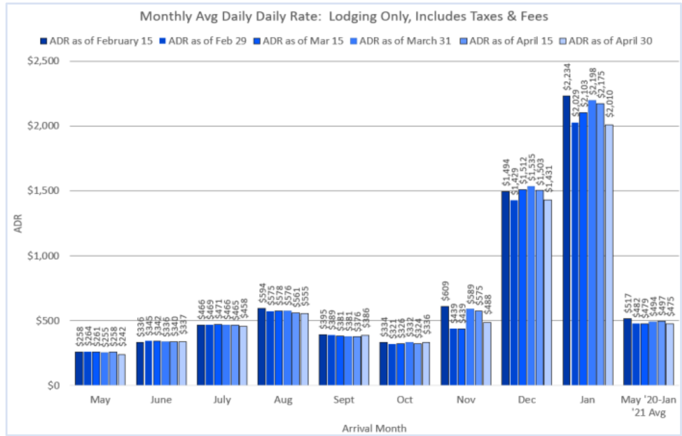
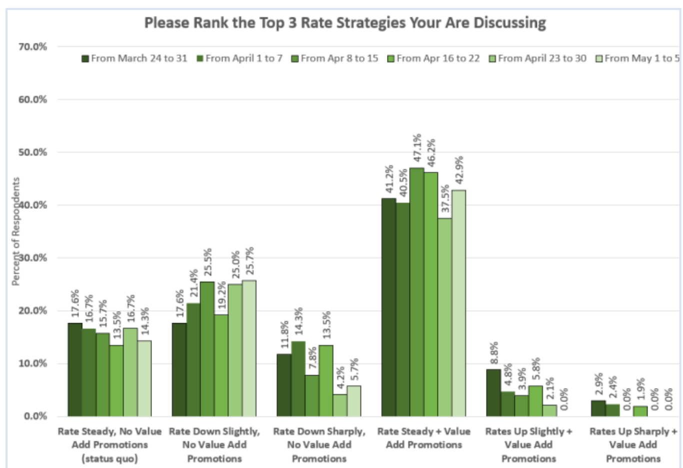


Figure 1ADR by Arrival Month, Over Time

Intended Rate Strategies for property managers continue to be focused on holding rate, or slightly declining. When asked to rank intentions, property managers have indicated consistently and clearly for six weeks that their intention is to hold rate steady and provide a value-add incentive to the price such as lift tickets, meals, etc., with 42.9% of properties indicating that approach. The second most commonly selected approach is to drop rate slightly and have no value-add incentive, with 25.7% of properties indicating this approach. Maintaining the status quo by holding rate and offering no value-add is the third most common option. While as many as 14% of properties indicated in week two an intention to put a sharp rate decline in place, that number has fallen. However, though lodgers intend to hold rate, the consumer market may have other ideas, and how consumer spending plays out in the new economic environment will be key. In the end, the industry wishes to hold rate to avoid a prolonged recovery as experienced in 2008/09. Return to Topics Menu



Intended Rate Strategy of Properties Upon Reopening, Over Time

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"Total" Occupancy was roughly 100 days away from reflecting normal patterns six weeks ago. It still is.

Based on combined paid and unpaid (owner, guest of owner, etc.) occupancy consumers are indicating a clear intention to engage in destination travel in both the mountains and sun / beach markets in volume and patterns that look familiar. But they're also making it clear that they're not prepared to do so just yet. Before restrictions were put in place, and now that they're beginning to lift, the booking patterns that represent normal behavior have been pushed back on a weekly basis as the situation has evolved, with normal conditions consistently about 100 days out. The charts at right show total paid & unpaid occupancy declines (black bars) as of March 31, April 15, and April 30 (preliminary) from top to bottom. A 'return to normal' pattern as of March 31 was indicated as the mid- to late July. That date is now pushed back to mid- to late-August as consumers have consistently cancelled reservations arriving up to 100 days from now (see cancel lead time above). As markets now reopen, we'll be watching fill very closely to see if that 'normal' window closes a bit, but expect it to do so slowly and slightly until the consequences of travel become better understood by the consumer.

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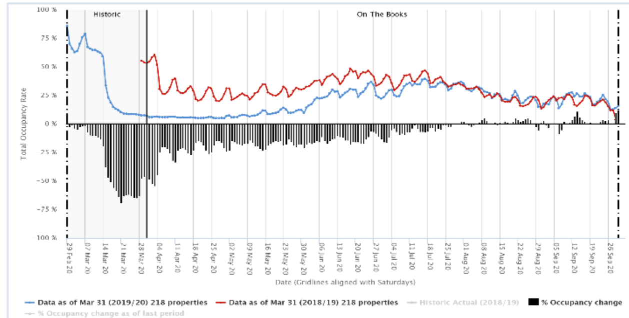

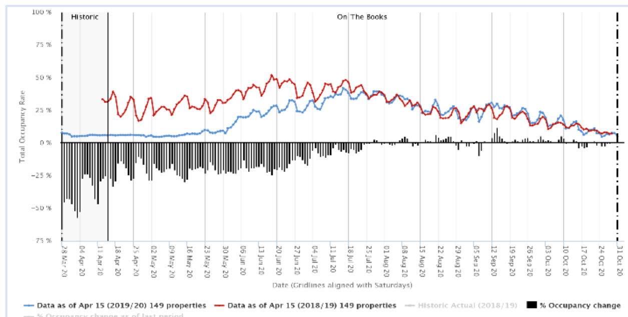

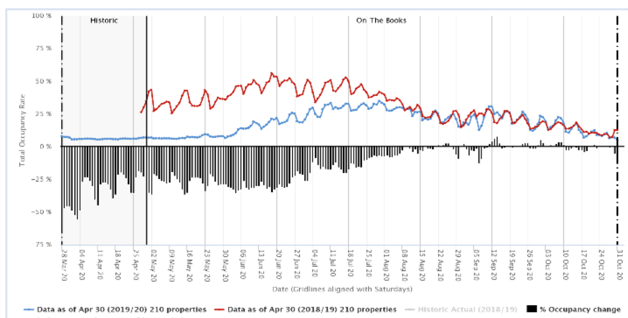

Daily Occupancy Gain/Decline as of Mar 31 (top) Apr 15 (mid), & Apr 30 (Proj, bottom)

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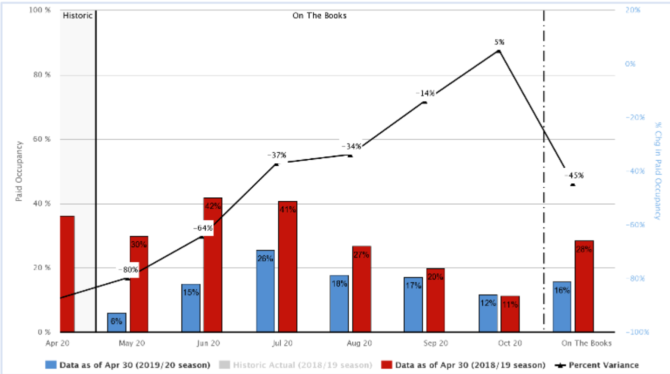
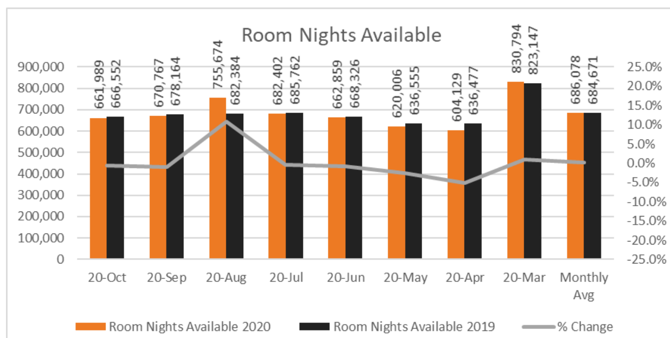
Paid occupancy down dramatically in the short-term, somewhat stabilizing by September. Paid occupancy represented by the blue and red bars on the accompanying chart, is following similar but more dramatic patterns as total occupancy, with the 100 day window to normalcy (see above) pushed out to 150 days, and consistently so over the past four weeks. The longer window for paid occupancy than total occupancy indicates that homeowners are having an impact on how the total occupancy numbers are behaving, while the paid occupancy data are more indicative of consumer behavior that we can expect in the months to-come. DMO's and properties have a more direct influence on paid occupancy than unpaid occupancy. Return to Topics Menu



Paid Occupancy: April actual and May-Oct on-the-books as of Apr 30

Room Nights Available Holding Steady for the Months Ahead. *Note: We have modified business rules to ensure that properties are reporting all inventory that would be available were they open for operations to ensure that we can property convey occupancy and revenue during the recovery period, and to help ensure that we are monitoring inventory attrition.*



Inventory concerns have not yet begun to materialize in the room nights available (RNA) data, with RNA for each of the past two months, and each of the upcoming 6 months, holding very steady, August excepted. Overall, there are an average of 686,078 RNA per month this year for the eight-month period noted above. This is slightly higher than the 684,671 average monthly RNA reported last year at this time, a gain in inventory of 0.2%. RNA in August, up 10.7% this year compared to last, and April, down -5.1% this year compared to last, make up the only significant variances from this steady inventory set. Return to Topics Menu

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