SUMMER DEMAND SOFT AND RATE GAINS SLOW, WHILE WINTER FINISHES WITH RECORD SKIER DAYS AND A SOLID REVENUE WIN

Though there's still some good skiing available in several locations, the official Winter 2022/23 has wrapped up--with wins and losses. The headline news is the preliminary NSAA data, which is reporting 64.7 million skier days nationwide this year, crushing the previous record of 60.7 million set last year. But skier days don't translate to lodging visits and while occupancy was up slightly–-a statistical quirk because of declining available rooms—actual demand was down sharply. Enter high room rates to save the day and the industry recorded a good revenue win. Yet what's good for the goose……. With the absence of snow, economic conditions are more noticeably pressuring mountain resorts, and the same rates that produced a revenue win for this winter aren't as palatable to consumers for the summer months. Occupancy and demand are down sharply, and room rates have been reduced considerably in the last 30 days in response. The result is a sharp decline in summer revenue on-the-books that may be hard to reverse considering the lack of wiggle room on ADR and the occupancy declines. When combined with a lot of economic uncertainty that goes well beyond just inflation and interest rates, the concerns are real. There's a lot to unpack in this month's data, so read on for all the details on the close of winter and the first full look at Summer 2023.

SECTION 1A: APRIL HISTORIC ACTUAL LODGING PERFORMANCE

<u>Compared to last year (YOY)</u>: Occupancy during April was up 5.3 percent in a year-over-year (YOY) comparison at 33.2 percent occupancy. The ADR for the same period was up 2.7 percent at $313. The gain in occupancy and gain in daily rates combined for an increase of 8.1 percent in RevPAR at $104.

<u>Compared to two years ago (v2YA)</u>: In comparison to mid-pandemic performance, April occupancy as of April 30 finished up a strong 14.0 percent compared to April 2021 (v2YA), while ADR also finished up a robust 15.2 percent. The result was an impressive gain in RevPAR of 31.4 percent. These large gains were expected considering the tentative reopening of properties, limited on-mountain capacity, and the slow early days of vaccine introduction in April 2021.

<u>Compared to three years ago (v3YA)</u>: In comparison to early pandemic performance during the month when the economy was shut down for two weeks to slow the spread of COVID-19, April occupancy as of April 30 finished up 3378.9 percent (v3YA), with ADR up a substantial 165.1 percent. The gains in occupancy and rate combined for a dramatic 9,123.9 percent increase in RevPAR. These numbers should be considered only for understanding the recovery from shutdown and not used as any benchmark.

<u>Compared to four years ago (v4YA)</u>: In comparison to pre-pandemic 2018/19, April occupancy was up 12.4 percent v4YA, while ADR was up 53.6 percent and RevPAR was up a remarkable 72.6 percent.

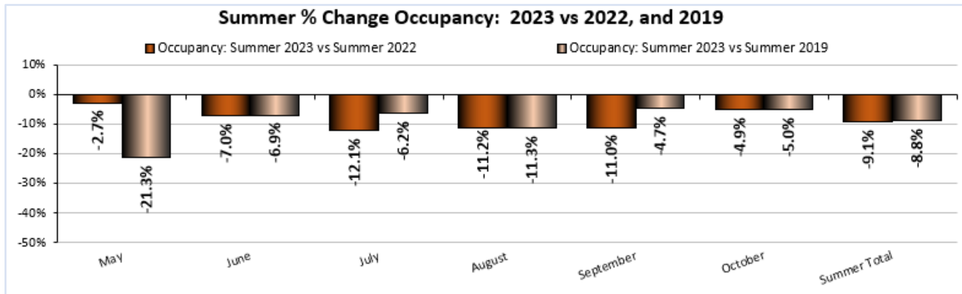
Note: April Booking Pace data can be found in the Summer Season section on P. 4.

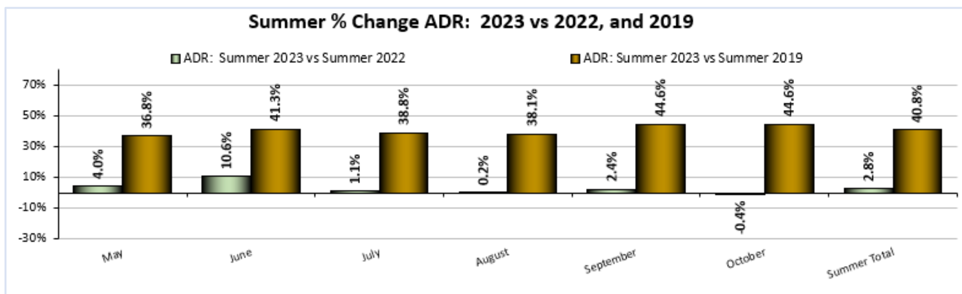
SECTION 1B: SUMMER 2023 LODGING PERFORMANCE

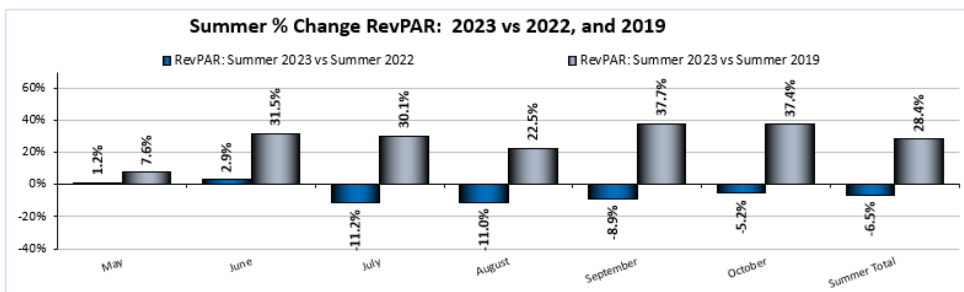
SUMMER (MAY – OCTOBER 2023) AGGREGATE ON-THE-BOOKS

<u>Note</u>: Beginning with the Summer 2023 data we will be shifting our comparison set to measure performance versus the prior year and the last pre-pandemic summer of 2019. We will close out the winter season section below with v2YA and v3YA comparisons for continuity.

<u>Compared to last year</u>:







Occupancy on-the-books for the summer season (May through October) as of April 30 is declining -9.1 percent compared to Summer 2022, with an occupancy rate of 25.4 percent and declines in all months within scope. Perhaps as a result of lingering snow conditions in many resorts, May is experiencing the softest decline, down -2.7 percent YOY, while the peak months of July and August are experiencing the deepest drops.

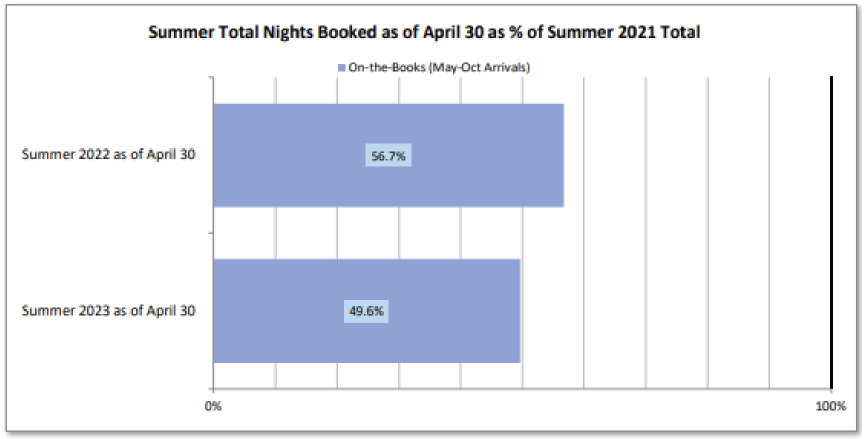
Summer ADR on-the-books is up a moderate 2.8 percent at $399 and is currently up in all summer months expect October which is down a slight -0.4 percent. Rate is up only modestly for July (1.1 percent YOY) and slightly for August (0.2 percent YOY). The 2.8 percent YOY gain for the season is a sharp retreat from summer rates as of March 31, when they were up 6.8 percent. For more on Summer ADR, see Commentary section.

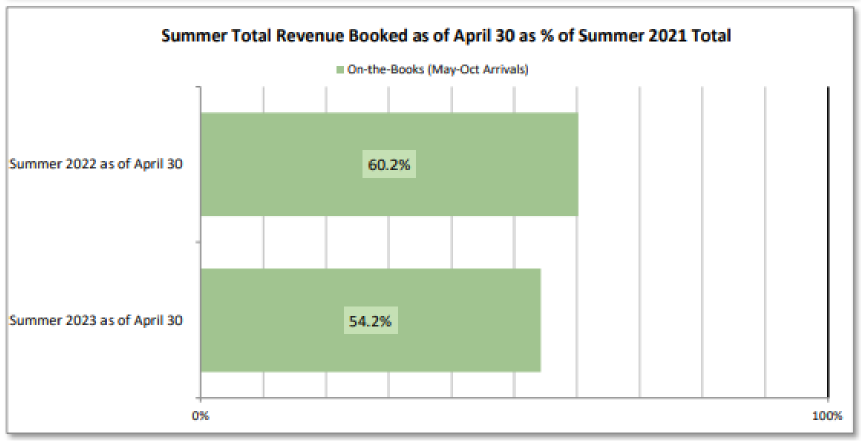
The modest rate gain is unable to offset the sharp occupancy decline, resulting in a considerable -6.5 percent YOY drop in seasonal RevPAR. This is the first seasonal decline in RevPAR since reopening in the summer of 2020. May and June are up 1.2 and 2.9 percent YOY respectively but the remaining four months from July through October are down.

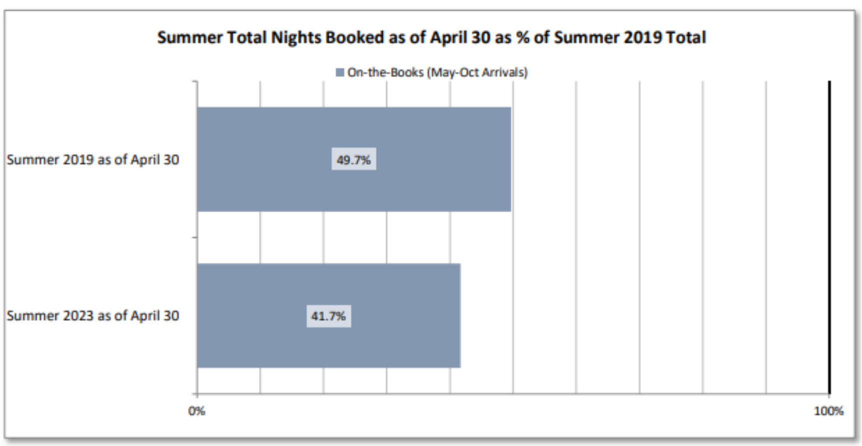
<u>Compared to four years ago:</u> When compared to the last pre-pandemic summer season of 2019, occupancy as of April 30 is currently down -8.8 percent, with all months declining, led by May (-21.3 percent v4YA), and August (-11.3 percent v4YA). However, summer ADR versus 2019 as of April 30 is up a dramatic 40.8 percent v4YA, with gains in all months, and effectively offsetting the occupancy declines to drive a sharp 28.4 percent v4YA gain in RevPAR, also gaining in all months.

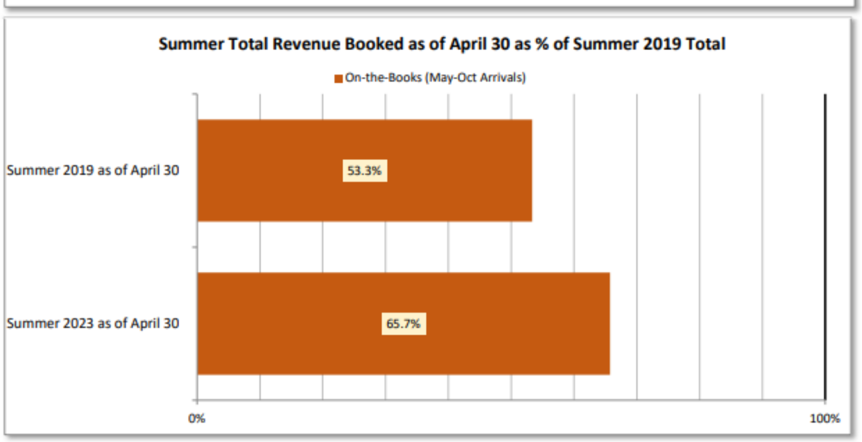
SUMMER SEASON 2023 YEAR-OVER-YEAR ABSOLUTE ROOM NIGHTS BOOKED AND REVENUE AS OF APRIL 30

<u>Compared to last year (at right)</u>: Absolute room nights on-the-books (arrivals May through October) for Summer 2023 currently represent 49.6 percent of the total actual room nights that were booked for the entire summer season last year. This is lower than the 56.7 percent of all room nights that were booked for last summer at this same time. Absolute room revenue on-the-books represents 54.2 percent of the total actual revenue booked last summer, a decline from this time last year (60.2 percent).





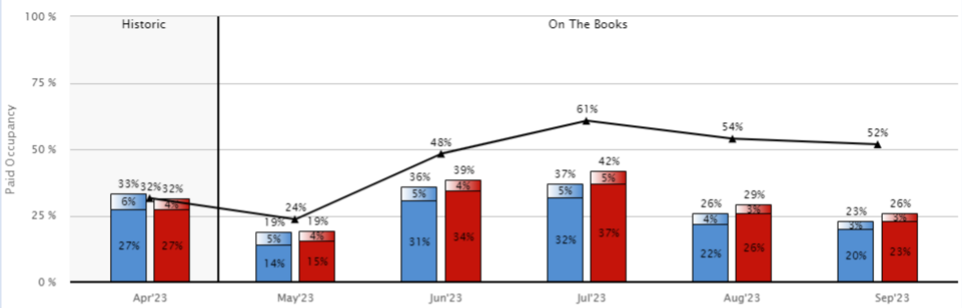




<u>Compared to four years ago (at left)</u>: Absolute room nights on-the-books (arrivals May through October) for Summer 2023 currently represent 41.7 percent of the total actual room nights that were booked for the entire 2019 summer season. This is somewhat lower than the 49.7 percent of all room nights that were booked for Summer 2019 at this same time four years ago. Absolute room revenue on-the-books represents 65.7 percent of the total actual revenue eventually booked for Summer 2019, a dramatic gain from this time in 2019 (53.3 percent).

BOOKINGS MADE IN APRIL FOR ARRIVALS IN APRIL THROUGH SEPTEMBER

Compared to last year: Bookings made in April 2023 for arrival in April 2023 through September 2023 resulted in a 4.7 percent gain in absolute occupancy for the period ("Incremental Fill"). Bookings made in April 2022 for arrival in the corresponding months last year generated a 3.8 percent gain in Incremental Fill, and there were no months in either year that Incremental Fill declined. The higher incremental fill this year translates to a 22.4 percent increase in Booking Pace. Booking pace was up for all six months within scope, with gains ranging from a 9.4 percent YOY pace gain for July bookings to a 35.0 percent YOY pace gain for May bookings. See Commentary section for more on booking pace and its possible relationship to ADR shifts.



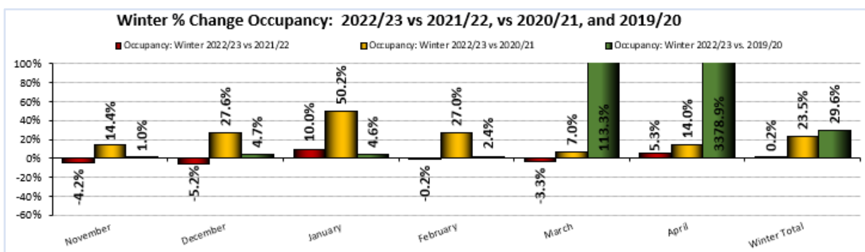
Month of Occupancy	Occupancy as of 4-30-2023	Occupancy as of 4-30-2022	Absolute Change	Occupancy as of 3-31-2023	Occupancy as of 3-31-2022	Absolute Change	Incremental occupancy booked Apr 23	Incremental occupancy booked Apr 22	Absolute Variance in incremental Fill	Percentage Variance in incremental Fill	2021/22 Historic actual occupancy
Apr	33.2%	31.6%	1.7%	27.4%	27.2%	0.1%	5.9%	4.3%	1.5%	35.0%	31.6%
May	18.8%	19.3%	-0.5%	14%	15.4%	-1.4%	4.7%	3.8%	0.9%	23.9%	23.6%
Jun	36%	38.7%	-2.7%	30.6%	34.5%	-3.9%	5.4%	4.2%	1.2%	27.8%	48.3%
Jul	36.9%	41.9%	-5.1%	31.7%	37.2%	-5.5%	5.2%	4.7%	0.4%	9.4%	60.7%
Aug	25.8%	29.1%	-3.3%	21.9%	25.9%	-4%	3.9%	3.2%	0.8%	24.3%	54%
Sep	23%	25.8%	-2.8%	19.9%	23.1%	-3.2%	3%	2.7%	0.4%	14.4%	51.9%
Total	29.0%	31.2%	-2.2%	24.4%	27.4%	-3.0%	4.7%	3.8%	0.9%	22.4%	45.4%

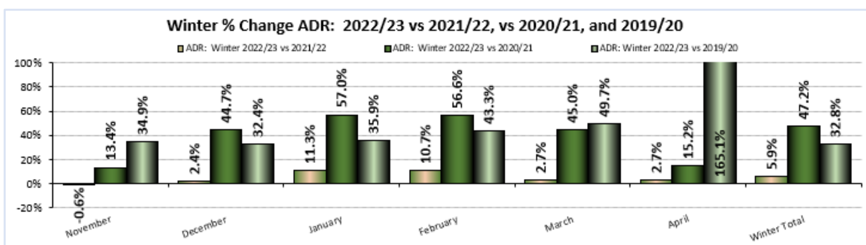
As of Apr 30, 2023 · As of Mar 31, 2023 · As of Apr 30, 2022 · As of Mar 31, 2022 · 2021/22 Historic actual

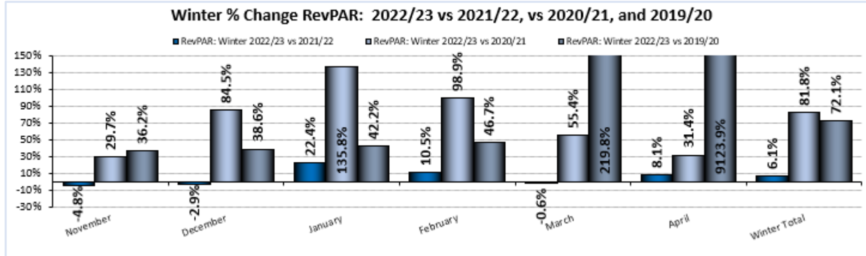
Compared to four years ago (v4YA, not shown): Bookings made in the pre-pandemic April 2019 for arrival April through September 2019 resulted in an incremental fill of 5.0 percent that year, slightly higher than this April, resulting in a moderate decline in booking pace of -3.2 percent V4YA . Pace is down for four of the six months, but posting increases for both June (0.6 percent v4YA) and September (10.0 percent v4YA).

SECTION 1C: LODGING PERFORMANCE – WINTER 2022-23 (NOVEMBER - APRIL) ACTUALIZED HISTORIC DATA

Compared to last year: Data as of April 30 show occupancy for November through April finished up a slight 0.2 percent compared to Winter 2021/22, with an occupancy rate of 53.0 percent. Declining months dominated the season, with four of the six months down YOY, led by a sharp -5.2 percent decline for December. January and April are the only winter months posting occupancy increases--up a strong 10.0 percent and 5.3 percent, respectively. January's strength is due primarily to the Omicron surge last year, which stifled January 2022 arrivals. April's gain is largely attributable to excellent late season conditions across the West.







In contrast to lower occupancy, ADR on-the-books for this winter finished up a strong 5.9 percent at $598 and is up in all months except November, which was down a scant -0.6 percent YOY. January led ADR gains for the season, up 11.2 percent, closely followed by February, up 10.7 percent. December, March, and April showed smaller gains of 2.4 percent, 2.7 percent, and 2.7 percent, respectively.

Seasonally, room ADR gains are offsetting the slightly declining occupancy to reach a moderate 6.1 percent increase in RevPAR, at $317. Monthly-level RevPAR performance is mixed with three months gaining and three declining, as both occupancy and ADR fluctuated. RevPAR gains were led by January and February, at 22.4 and 10.5 percent, respectively, as well as a strong 8.1 percent YOY gain for April, while November, December, and March all finished down, -4.8, -2.9, and -0.6 percent, respectively.

<u>Compared to two years ago</u>: Not surprisingly, when compared to the pandemic winter of 2020/21, occupancy for the season was up 23.5 percent v2YA, with strong gains throughout the season. Winter ADR finished up a strong 47.2 percent and gained in all months. The gains in rate and occupancy combined to produce a dramatic but expected 81.8 percent gain in RevPAR v2YA.

<u>Compared to three years ago</u>: When compared to the abruptly shortened 2019/20 winter season, occupancy finished up 29.6 percent compared to Winter 2019/20 and gained in all months, including dramatic late season gains due to pandemic related closures. ADR for the winter season finished up a strong 32.8 percent v3YA with growth in all six months, and the robust growth in ADR and strong occupancy combined for an impressive 72.1 percent v3YA RevPAR gain—with increases in all months.

<u>Compared to four years ago (not shown)</u>: When compared to the last pre-pandemic season of 2018/19, occupancy finished up a slight 0.4 percent v4YA, with gains in four months, while November (-9.5 percent) and March (-2.8 percent) were both down. However, ADR finished up a dramatic 43.1 percent and gained in all months, driving a strong RevPAR increase of 43.6 percent with gains in all six months.

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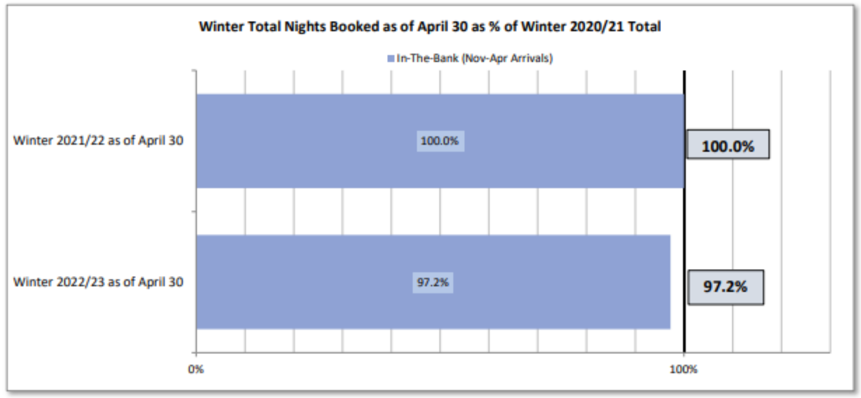
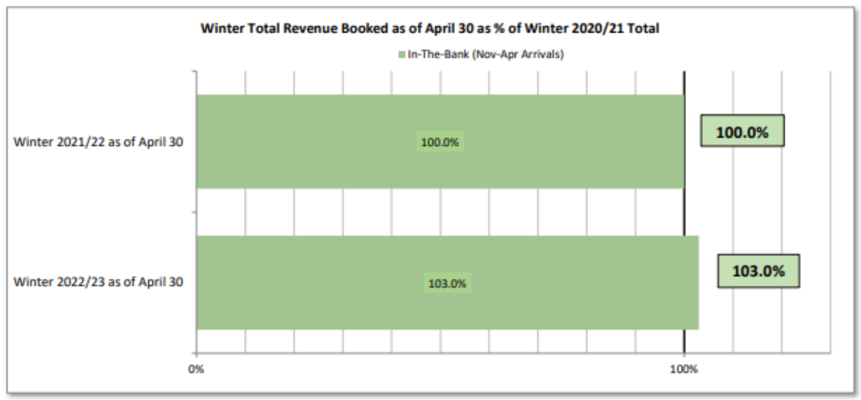
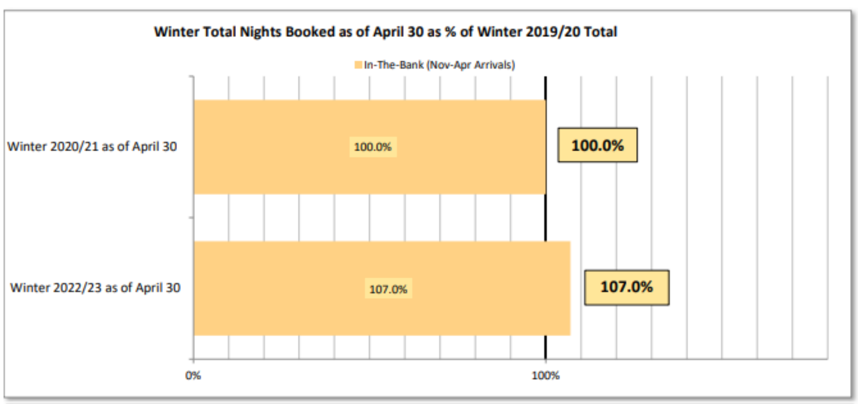
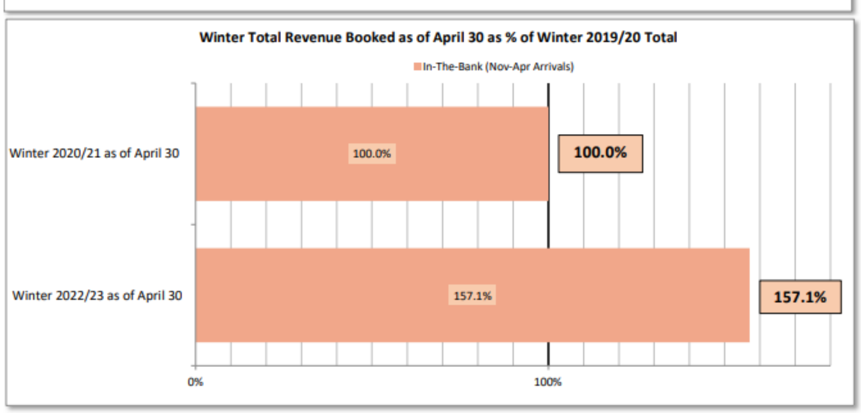
WINTER SEASON 2022-23 YEAR-OVER-YEAR ABSOLUTE ROOM NIGHTS BOOKED AND REVENUE AS OF APRIL 30

<u>Compared to last year</u>: Room nights in-the-bank (actual room nights for November-April) for Winter 2022/23 represent 97.2 percent of the total actual room nights that were booked for the entire winter season last year. Room revenue in-the-bank as of April 30 represents 103.0 percent of the total revenue that was booked for Winter 2021/2022.





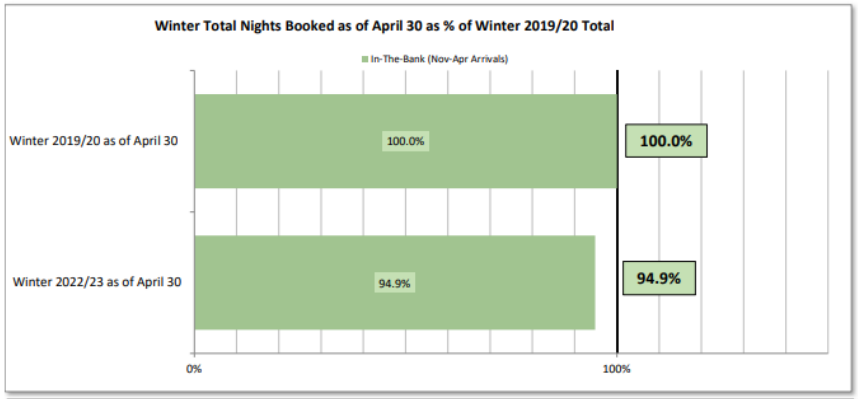


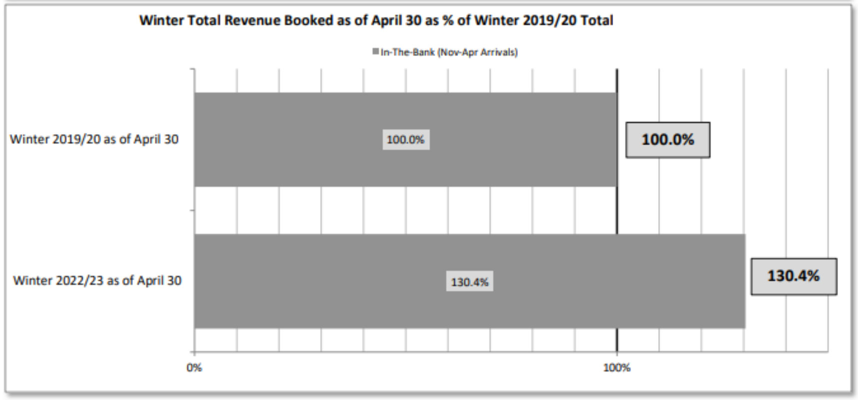


<u>Compared to two years ago</u>: Room nights in-the-bank (actual room nights for November-April) for Winter 2022/23 represent 107.0 percent of the total actual room nights that were booked for the entire winter season of 2020/21. Room revenue in-the-bank as of April 30 represents 157.1 percent of the total revenue that was booked for Winter 2020/21.

<u>Note</u>: The "100 Percent Total" of the 2019/20 winter season below includes cancellations that occurred following the abrupt closure of resorts on March 14, 2020 and resulted in dramatic cancellation volume.

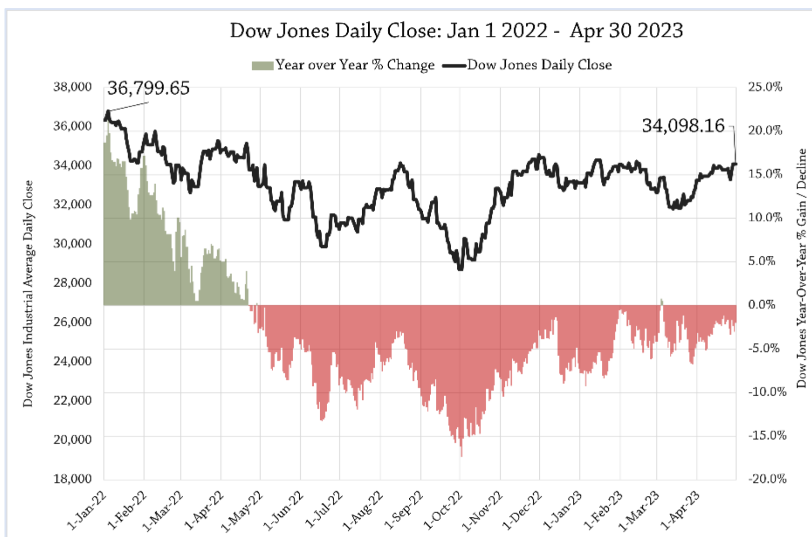
Compared to three years ago: Room nights in-the-bank (actual room nights for November-April) for Winter 2022/23 represent 94.9 percent of the total actual room nights that were booked for the entire winter season of 2019/20. Room revenue in-the-bank as of April 30 represents 130.4 percent of the total revenue that was booked for Winter 2019/20. For a deeper dive on the difference in v3YA room nights booked and v3YA occupancy, see Room Nights Available and Booked in Commentary



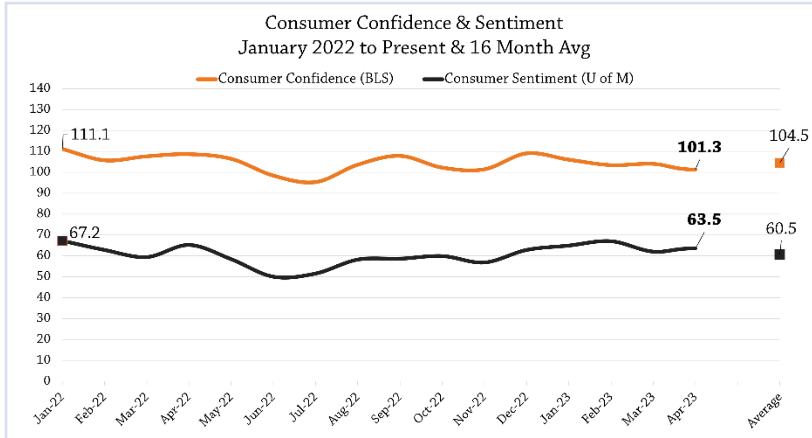


ECONOMETRICS

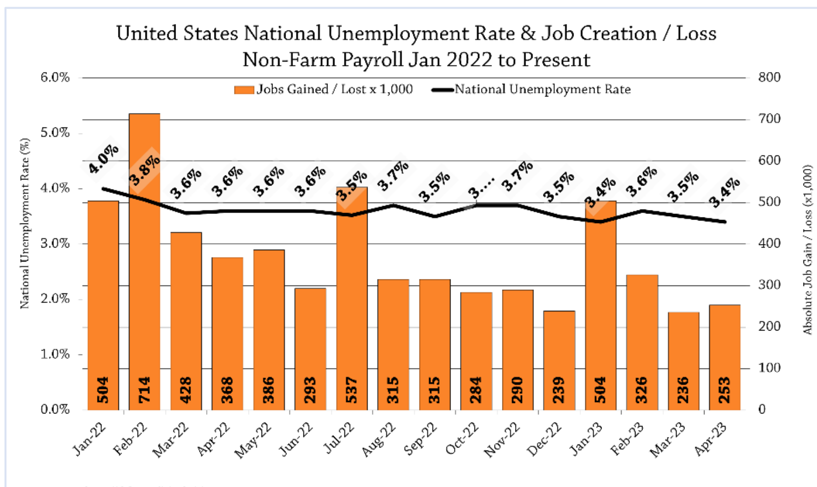
The Dow Jones Industrial Average (DJIA) increased in April for the second consecutive month, gaining 2.5 percent, or 824.0 points, to close the month at 34,098.2 points. This is the first time since November that the DJIA has increased in consecutive months and marks the highest monthly close since then (34,589.8 pts). Financial markets were reacting to continued positive data about jobs and earnings, April's slowing inflation rate (see below), and solid earnings reports. All this is seemingly inconsistent with projections for a late-year recession. The positive jobs and earnings data will likely give the green light to the Federal Reserve Bank (the "Fed") to further increase interest rates in either May or June as their efforts to slow the economy continue. While the positive long-term trend of Wall Street works in favor of the destination travel industry in terms of consumers' perception of their financial security, consumers have been pushing back against room rates in mountain resorts for most of the past year, and the summer season data clearly indicates that volume is being impacted by high ADRs and increased competition.



<u>The Consumer Confidence (CCI) and Consumer Sentiment (CSI)</u> indices were mixed in April for the fourth consecutive month. The CCI declined -2.7 points, or 2.6 percent, from 104.0 points in March to 101.3 points in April. This is the third decline in 2023 and the fourth decline since the beginning of the winter season in November. Consumers were also mixed, with their assessment of current business and labor conditions increasing slightly from last month, while their short-term outlook declined, especially for those under age 55 as well as households earning more than $50,000 per year. Most importantly, while consumers' expectations about inflation didn't change in April from last month, they have indicated overall that intentions to purchase a home, auto, major appliance, or travel have declined, indicating an 'economizing' of the marketplace. This evaluation of an economizing of the marketplace reflects DestiMetrics bookings pace data (see above) which got a bump in April as room rates for the coming summer softened YOY from 30 days ago. In contrast to the CCI, the CSI increased modestly in April, gaining 2.4 percent and rising to 63.5 points after a significant March decline. This is the third increase for the CSI in 2023 and the fourth in six months. However, despite the increase in CSI, consumers cited a negative assessment of personal finances as high prices continued to impact their purchasing decisions.

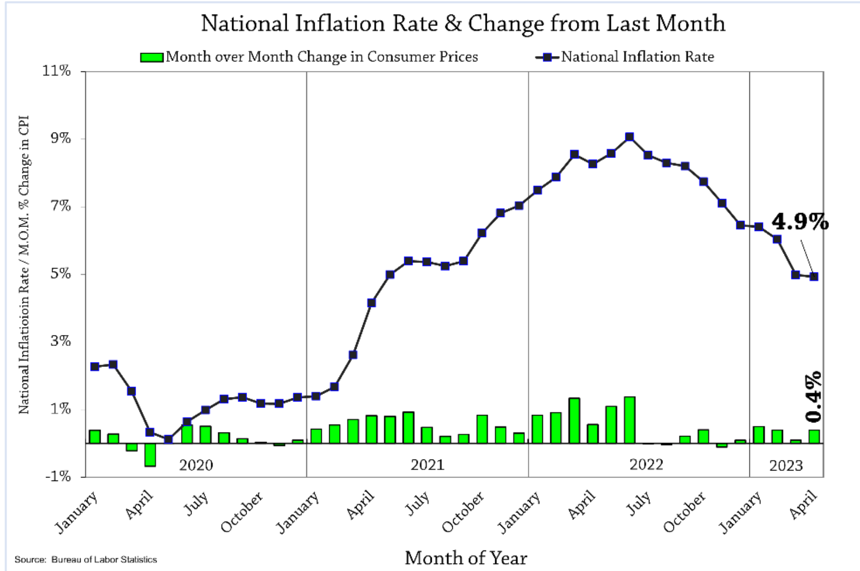


<u>The National Unemployment Rate</u> declined in April from 3.5 to 3.4 percent and employers added a strong 253,000 jobs to payrolls, an unexpected increase from March and a reversal of the softening trend reported in the first quarter of the year. At the same time, wages posted a 4.4 percent gain compared to last year at this time, narrowing the gap between earnings and inflation. However, as we've said quite a bit recently, the good employment news is not necessarily good news for consumers. While the current 3.4 percent unemployment rate matched January's and is the lowest recorded since 1969, it's likely that the strong job creation and increased wages will trigger the Fed to reconsider its pause of interest rate hikes. That means that borrowing and credit spending will continue to get more expensive, even as inflation cools down from where it was at this time last year. Overall, the unemployment rate has been remarkably steady and is just 0.2 percentage points away from where it was in April of last year (3.6 percent).



<u>The National Inflation Rate</u>, the difference in the price of goods this year versus last year, declined slightly from 5.0 percent in March to 4.9 percent in April, slightly better than forecast. This is the tenth consecutive decline in annual inflation and its lowest level since April 2021 (4.2 percent). Despite the dip in annual inflation, prices increased in April from March, with the Consumer Price Index (CPI) up 0.4 percent to 303.4 points. Inflation

related to travel was mixed during the month, with airfares down –2.6 percent from March, while the price of gasoline was up 3.0 percent and dining out was up 0.4 percent. Other positive news is the narrowing gap between wages, which were up an annualized rate of 4.4 percent in April (see Unemployment, above) and the 4.9 percent inflation rate. If wages continue to maintain strength, annualized wage growth may soon surpass inflation. However, slowing wage growth is a key to lowering inflation--a paradox. While lower inflation is a good optic for destination travel, the reality is that overall consumer goods are 0.4 percent more expensive this month than last, and the rising cost of living has been having a profound impact on booking demand, showing up as both shorter stays and fewer reservations over the past 14 months.

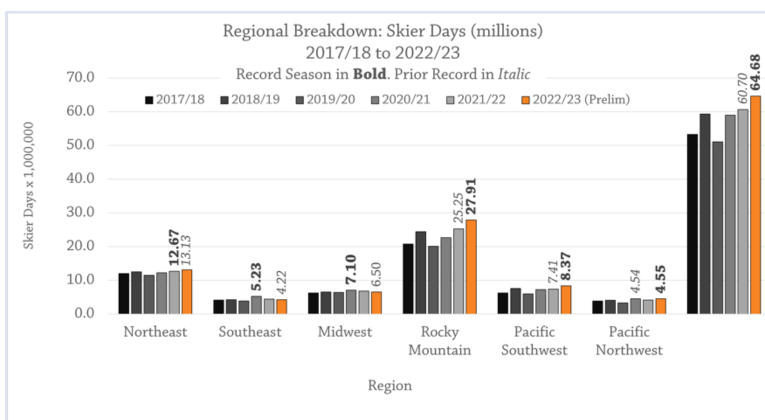


COMMENTARY & ANALYSIS

Winter 2022/23 has come and gone, and with it, (most of) the snow that drove not only the excitement that enabled revenue to finish as it did, but also a dramatic record of 64.7 million skier visits nationally and a record 40.8 million in the western region covered by our data. But skier visits aren't lodging stays, as the data clearly show. And while great snow driving winter business is what it's really all about, it has been an excellent buffer against current negative economic forces troubling much of the consumer economy. Now with summer comes a shift to greater rate sensitivity, and the low booking volume that plagued even some of the snowiest destinations is now laid bare for the summer ahead. The effect on rate has been profound since our March 31 report, but the hard work of balancing rate and demand for a positive RevPAR outcome is only just beginning.

The Winter Wrap-Up:

Total Skier Days set a tremendous new record, with a preliminary count of 64.68 million skier visits across all regions, a dramatic 6.6 percent increase from the prior record set in 2021/22. Records were also set in all western regions and the Northeast, while the Southeast and Midwest fell short of their previous records. Increased skier days and decreased overnight stays indicate strong mountain visitation by local and day guests.



Source: National Ski Areas Association (NSAA)

Occupancy improved over the past month, finishing the winter season up a very slight 0.2 percent YOY after being down throughout the season. While monthly occupancy declined in November, December, February, and March, the excellent snow conditions allowed for a 5.3 percent YOY gain in April that nudged occupancy over the top at the end of the season.

With our long-view lens on, occupancy finished up a slight 0.4 percent from the pre-pandemic record season of 2018/19.

ADR remained relatively steady through the end of the season, finishing up 5.9 percent YOY at $598, down just slightly from the 6.2 percent YOY seasonal gain at the end of March. While economic pressure manifested in fewer overall nights booked (see below), the quality of each night was higher, despite consumers' pullback in other sectors of the economy.

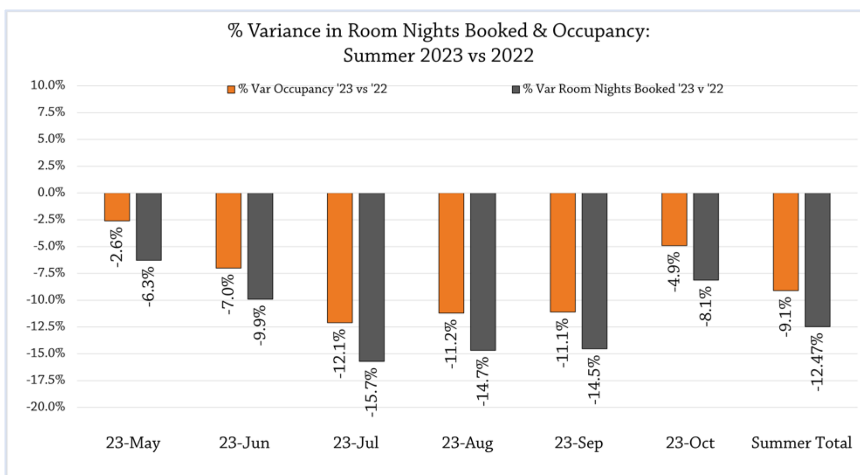
RevPAR was very steady throughout the winter season as revenue managers did an excellent job of managing rate to maintain positive revenue despite the softer booking volume and shorter stays. RevPAR finished the winter up 6.1 percent, just 0.2 percentage points below where it started the season in November and up slightly from the 5.9 percent at the end of March.

Room Nights Booked were down compared to last winter, declining 2.8 percent YOY. This varies from the slight gain in occupancy because of a -2.9 percent decline in room nights available, which has the effect of inflating actual occupancy to the current level. So, while occupancy was a slight win, actual demand was a moderate loss this winter.

Absolute Revenue at properties that participate in the DestiMetrics program was $930.12 million, a 2.9 percent YOY increase from the $903.16 million booked last year. This absolute decline in revenue is considerably smaller than the 6.1 percent YOY gain in RevPAR, which is calculated using Room Nights Available, which were down -2.9 percent, which has the effect of inflating actual RevPAR to the current level.

Summer 2023:

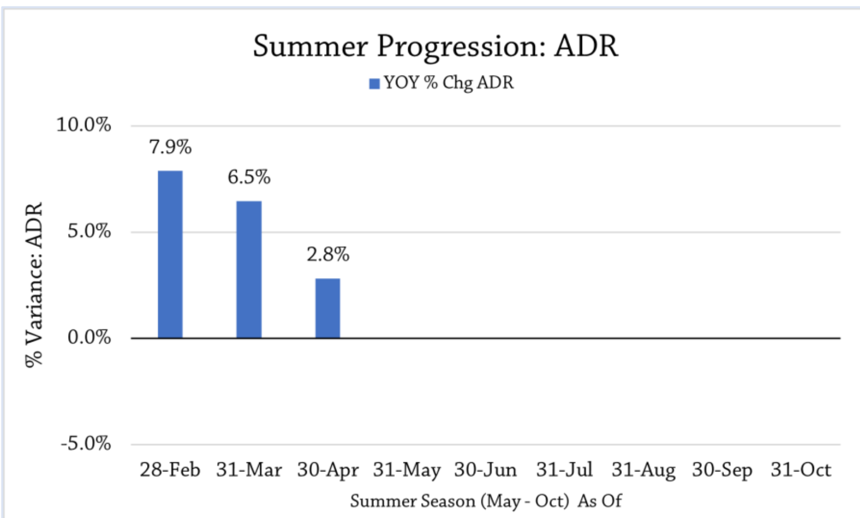
Occupancy is down -9.1 percent compared to this same time last year and is declining in every month of the season, ranging from a moderate -2.6 percent YOY for May arrivals up to a more concerning -12.1 percent YOY decline for July, followed closely by an -11.2 percent YOY decline for on-the-books arrival in August. This is the first seasonal decline in occupancy since the early days of reopening in 2020. The declines in the peak months of July and August are particularly significant because of (a) the high volume of transactions they represent for the full season, and (b) the relatively higher rates during those months, making revenue deficits very difficult to recover. However, the -9.1 percent decline in occupancy is an improvement from the -13.3 percent decline recorded for the summer at the end of March. A significant softening of ADR over the past month (see below) has been a major contributor to reducing the occupancy deficit.



Room Nights Booked (see chart above): While occupancy deficits are concerning, occupancy is also subject to variances in Room Nights Available, which can change and over- or under-state occupancy performance. A clearer picture of performance when inventory is volatile – as it has been since reopening –

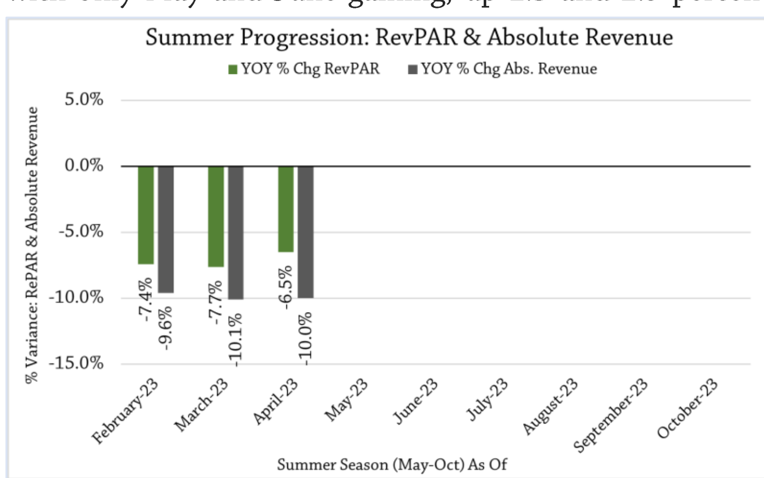
is to look at demand, or Room Nights Booked. RNB for the summer season is down a very sharp -12.5 percent, with double-digit declines on-the-books for July, August, and September, with June knocking on the double-digit door, down -9.9 percent YOY. RNB declines have been closely correlated to both the steep rise in the national inflation rate starting in late 2021 and the dramatic gains in ADR at mountain resorts that started at that same time. The RNB decline of -12.5 percent is a slight improvement from the -16.7 percent decline recorded at the end of March for the summer season. With ADR gains softening towards flat (see below) RNB will have to continue to improve-–and quickly--to ensure revenue wins for this summer season.

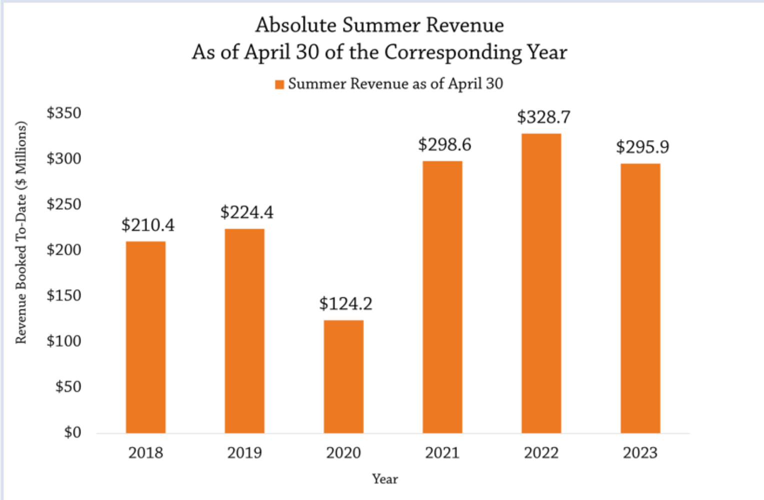
Average Daily Rate: ADR at participating properties for arrival in the summer months from May through October softened considerably since March 31, and is now up just 2.8 percent YOY, gaining in all months except for October. Rate is hovering around flat with declines in two months, up just 0.2 percent YOY for August and 1.1 percent for July. Both months are crucial for a successful season, but they are currently seeing greater declines in both occupancy and RNB than the modest rate gains, meaning that rates aren't offsetting the soft demand, forcing RevPAR to negative.



The current 2.8 percent seasonal ADR gain is a considerable pullback from the 6.5 percent YOY ADR on-the-books as of March 31 and well below the 7.9 percent gain for summer bookings at the end of February. Properties are responding to lower booking volume and shorter stays by lowering rates to entice guests (see Occupancy and RNB, above). This softening of rates between March and April this year is atypical from recent years (taking 2020 and 2021 anomalies out) with rates in 2022 and 2019 both holding close to steady between those same dates.

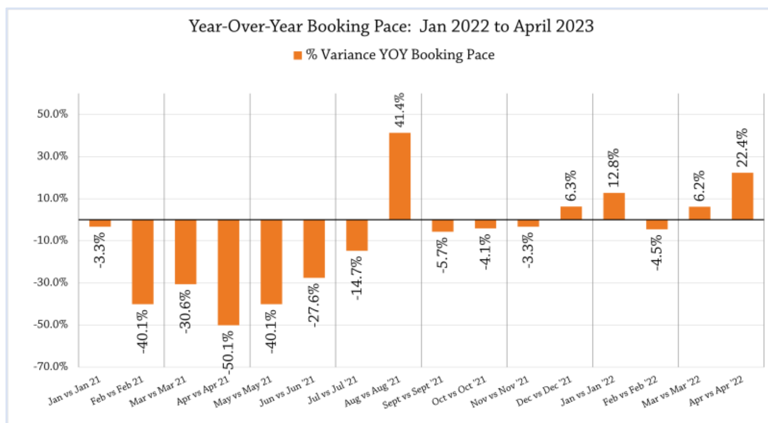
RevPAR & Absolute Summer Revenue: Seasonal RevPAR is currently down -6.5 percent YOY, with declines in four of the upcoming six months, with only May and June gaining, up 1.3 and 2.9 percent, respectively. RevPAR declines range from -5.3 percent for October to a drop of -11.1 percent for July. The current -6.5 percent decline is somewhat better than the -7.7 percent decline recorded at the end of March, in large part due to ADR declines that resulted in a strong increase in booking pace in April (see Booking Pace, below). However, like occupancy RevPAR is subject to shifts in the volatile RNA data, and declines in RevPAR do not accurately reflect declines in overall revenue on-the-books.

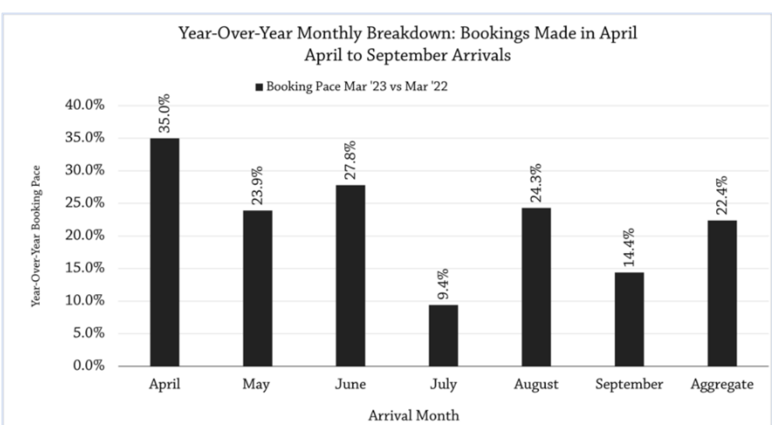




While RevPAR for the summer season is currently down -6.5 percent YOY as of April 30, absolute revenue for the same period is currently down -10.0 percent YOY (see chart, right), with $295.9 million on-the-books across participating properties (see chart, next page). This is a deficit of $32.84 million compared to this same time last year, and a modest 0.9 percent deficit versus 2021. The YOY absolute revenue decline is a slight improvement from the -10.1 percent YOY revenue deficit as of March 31 (prior page, bottom right) but slightly deeper for the summer as of Feb. 28, when it was down -9.6 percent. However, the same sharp rate gains causing booking demand issues since April 2021 are favorable when viewing revenue in the long-term, with absolute revenue up 31.9 percent compared to summer 2019 as of April 30 of that year ($224.4 million). Despite this long-term gain, suppliers will need to find creative solutions in addition to reducing rates to fill the occupancy gaps as the season progresses, especially with so little 'wiggle room' on rates remaining for the peak months

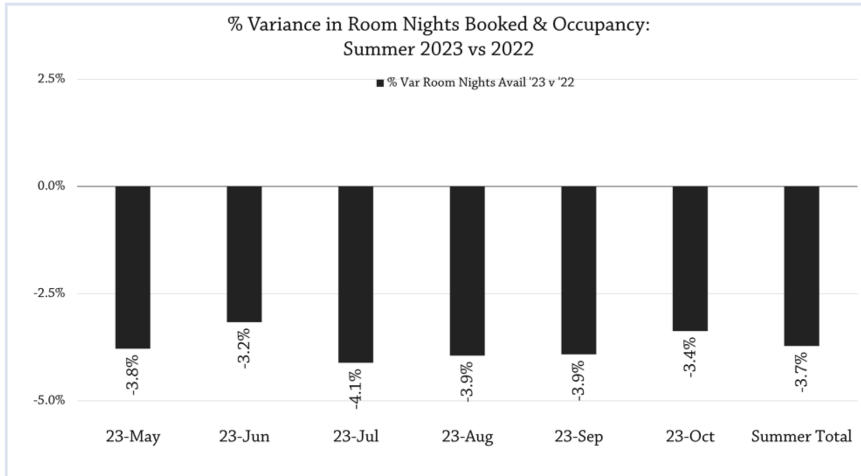
Booking Pace: Booking Pace – which is the difference in bookings made during the last month for arrival in the next six months compared to bookings made at the same time last year – was up strongly in April, gaining 22.4 percent YOY. This is the third increase in pace this year and the fourth in the last five months, with only February declining since November. This 22.4 percent gain also represents the strongest gain recorded since August 2022 when it posted a 41.4 percent YOY gain. Several factors are in play when considering booking pace—most notably the excellent snow and the extended season. Bookings made in April for arrival in April saw the largest increase, up 35.0 percent compared to bookings made in April 2022 for arrival that month. With many western resorts operating through the month and an Easter holiday when most resorts were still operating, a strong surge in booking pace for the month was easy to predict. Strong pacing gains were also recorded for June through September arrivals, with June and August both exceeding 20 percent YOY gains. Room rates are likely a major contributing factor to the booking pace gain, with the current 2.8 percent ADR increase slower than at any time in almost three years and below inflation for the first time since April 2021, encouraging consumers to lock in while they can. Assuming



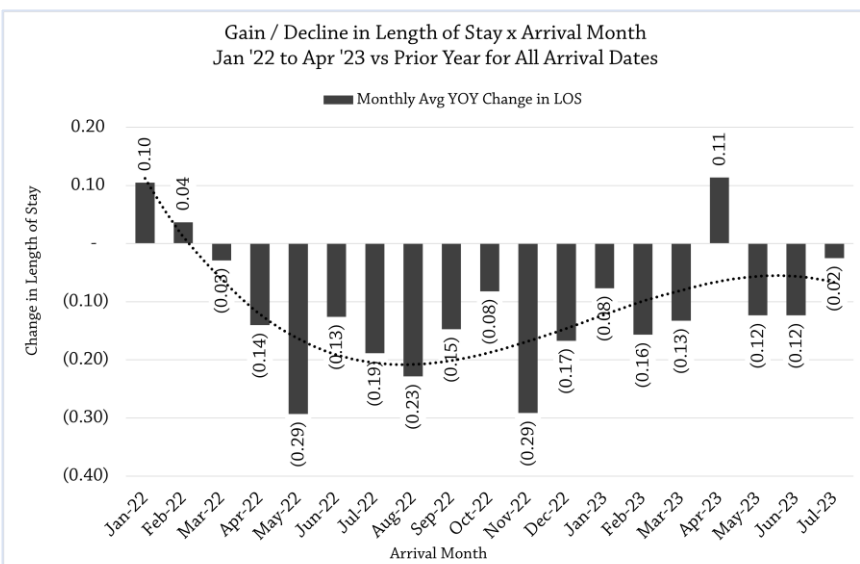


rate continues to be kept near flat, we would expect booking pace to remain elevated, hopefully helping to lengthen stays (see below) and add overall volume to fill the summer occupancy and demand deficits (see Occupancy and RNB, above).

Room Nights Available: RNA continues to decline YOY and is currently down -3.7 percent versus last summer at this time. The declines are spread fairly evenly throughout the season, ranging from a -3.2 percent decline in available rooms for June to a -4.1 percent decline for July. Unit attrition has been an issue since the onset of the pandemic, with a significant number of part-time owners now occupying their homes full-time, while those that are still part-timers have more flexibility to stay longer and use their units more frequently. The cumulative effect of RNA declines is a seasonal deficit of -7.5 percent compared to Summer 2019 as of April 30, a loss of more than 214,000 available nights compared to four years ago (not shown). Fewer available units have the effect of making occupancy appear higher than it actually is, and the current -9.1 percent decrease in occupancy for the summer season is in fact a -12.5 percent decrease in Room Nights Booked (demand, see Occupancy & Room Nights Booked, above).



Length of Stay (LOS): Length of Stay, which has been down year-over-year for 13 consecutive months, recorded its first YOY gain in April since February 2022. The gain was driven by ongoing operations at most resorts, excellent snow conditions across the West, and an Easter weekend that fell within the typical ski season (i.e. – pre-April 15). LOS was up 0.11 nights in April, a strong reversal of April 2022 when it was down -0.14 nights and a similar improvement over the -0.13 night decline recorded for March bookings. However, this is more of an outlier than a trend and LOS for the coming months remains down for May and June arrivals, both off -0.12 nights per booking--July arrivals are down a slight -0.02 nights. Overall, LOS is down -0.07 nights for 2023 compared to 2022, an improvement from the -0.11 nights per stay recorded through 2022. But 2023 LOS remains sharply down from pre-pandemic 2019 levels, declining -0.27 nights per stay (not shown). Shorter length of stay is a major contributor to declining demand and overall revenue numbers and for every 10 nights booked 2.7 nights are lost compared to 2019.



CONCLUSION

Putting a bow on the 2022/23 winter season is pretty pleasant for the most part. Exceptional conditions translated into a phenomenal 64.7 million skier days, and all regions except the Southeast and Midwest set records, including the snow-challenged Northeast. But skier days don't necessarily translate to lodging stays, and we end the season with a very slight occupancy win, a moderate revenue win, but an overall demand decline.

Summer is another set of conditions altogether. Destinations can no longer rely on snow to offset economic pressure, and many of the underlying market conditions are setting up occupancy and revenue challenges for the summer. Shorter stays and fewer bookings are forcing a more flexible approach to rate, and as year-over-year ADR nears parity with 2022, a big drop in demand is making the calculus around positive revenue more challenging than it's been since emerging from the Great Recession. And – in a twist of irony—the fantastic snow this past winter may be hindering some overnight opportunities as early summer events are being pushed back or cancelled while waiting for the snow to melt and the mud to dry in some destinations. In the big picture, expect interest rates to remain high through 2023, making discretionary spending that much more difficult at a time when annualized inflation is at 4.9 percent and multi-year inflation is above 13 percent. Whether or not there's any consequence to consumers later this year as payments to lenders on empty office space start to default remains to be seen. So, all things considered, it's a time for sober consideration of the next move. Dropping rates will certainly feel good to the consumer, but the industry's back is to the wall after 24 months of easy, high-rate bookings, and lower daily rates have consequences when demand is this low. The value-add is another option, but there's probably no easy and single solution to achieve positive revenue this summer so the decision-makers have their work cut out for them.

Finally, we remind you that this report is based on regional aggregated data, and that your own destination and/or property data may differ appreciably. For that reason, we urge you to login to your DestiMetrics account to ensure you're getting actionable and relevant data for your property and destination.