

The Question: How Big Will the Records Be?

Statistically there really isn't a scenario that results in this winter season NOT setting an all-time record for occupancy, rate, and therefore revenue, at Western mountain destination communities. Though the word is often overused to describe snow conditions, "epic" is hardly an understatement in many destinations and couldn't come at a better time following last year's soft snow season. Together with an economy that's just starting to waver after many months of consistent strength, the conditions on the hill and in the pocketbook have been perfect to drive the industry towards a new benchmark. The question now really comes down to how April shapes up. With extended seasons, a late Easter break¹, and a strong base across most locations, we expect the numbers to continue to climb. We only hope that skier days will do the same. In the meantime, our next-to-last report of the winter season performance follows.

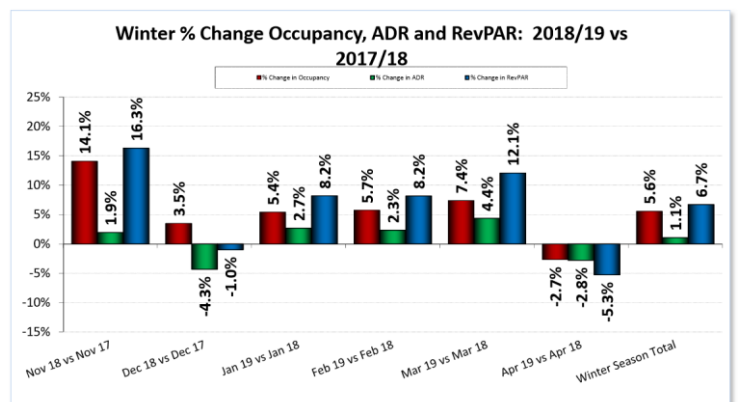
SECTION 1A: LODGING PERFORMANCE - WINTER 2018/19 (NOV - APR)

MARCH HISTORIC ACTUAL

The March 2019, occupancy rate was up 7.4 percent compared to March 2018, at 68.7 percent occupancy. The Average Daily Rate (ADR) for the same period was \$433, up 4.4 percent compared to last year, resulting in a formidable year-over-year increase in revenue of 12.1 percent, with RevPAR at \$298.

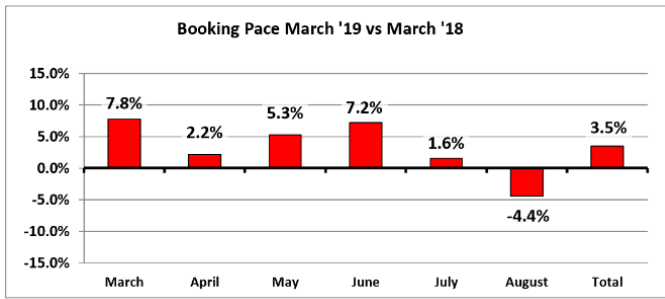
WINTER (NOVEMBER '18 TO APRIL '19) ACTUAL AND ON-THE-BOOKS AGGREGATE

Winter occupancy as of March 31 is up 5.6 percent compared to Winter 2017/18 at this same time last year, with a 50.6 percent occupancy rate. Occupancy is up in five of the six months of the season, with only April declining slightly, down -2.7 percent. ADR for the season is up a slight 1.1 percent at \$412 with four months gaining, while December and April are down, -4.3 and -2.8 percent respectively. The modest seasonal gain in rate is complemented by moderate gains in occupancy, resulting in a healthy increase in revenue of 6.7 percent, with aggregate RevPAR at \$209. Revenue is showing increases in four of the six months, with declines in the December and April rate driving revenue down for those months -1.0 and -5.3 percent, respectively.



¹ Didi you see that coming? You did if you got our [School Break Report](#).

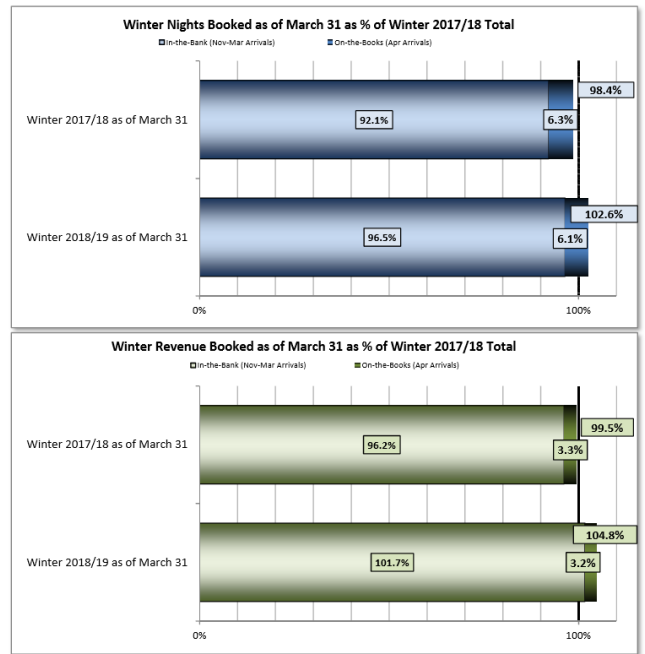
BOOKINGS MADE IN MARCH FOR ARRIVALS IN MARCH THROUGH AUGUST



Bookings made in March 2019 for arrivals in March through August are up a moderate 3.5 percent compared to bookings made in March 2018 for arrival in the corresponding months last year. Bookings made in March for arrival in August were down -4.4 percent, whereas bookings made in March for arrival in March through July were all up compared to last year.

WINTER SEASON 2018/19 YEAR-OVER-YEAR ABSOLUTE ROOM NIGHTS BOOKED AND REVENUE AS OF MARCH 31

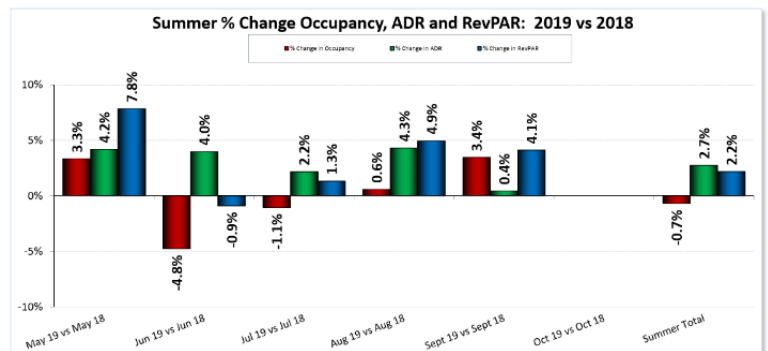
Room nights in-the-bank (actual room nights for November through March) for Winter '18/19 currently represent 96.5 percent of the total actual room nights that were booked for the entire winter season last year. An additional 6.1 percent of last year's total nights are already on-the-books for arrival in April. Overall, 102.6 percent of all nights for Winter '17/18 are now either banked or booked for Winter '18/19. This is considerably higher than the 98.4 percent of all room nights that were booked for last winter at this time last year. Room revenue in-the-bank as of March 31st represents 101.7 percent of the total revenue that was booked for Winter 2017/18. An additional 3.2 percent of last year's total revenue is already on-the-books for arrival in April. Overall, 104.8 percent of all revenue booked in Winter '17/18 has already been banked or booked this year, delivering a healthy increase from this time last year, when 99.6 percent of all revenue had been booked or banked.



SECTION 1B: LODGING PERFORMANCE – SUMMER 2019 (MAY-OCT)

SUMMER (MAY '19 TO OCT '19) ON-THE-BOOKS PERFORMANCE

Based on data available for reservations on-the-books for arrival in May through September, summer 2019 occupancy as of March 31 is down -0.7 percent compared to summer 2018 as of this same time last year, with a 23.2 percent occupancy rate and occupancy gains in three of the five summer months. ADR for this same period is up 2.7 percent, with year-over-year rate gains in all five months for which we have summer data. The resulting early revenue gain is 2.2 percent, with revenue up in four of these five months.



ECONOMETRICS

- The Dow Jones Industrial Average (DJIA) decreased slightly in March, declining -0.60 percent or 156.97 points, to close the month at 25,827.3 points. This is the first decline in the DJIA since December, with markets unsettled in March as investors looked for signs of a possible slowing in job creation following the very weak February jobs report, which ultimately did not materialize (see below). Despite this uncertainty, the DJIA is up a very strong 7.2 percent or 1,724 points compared to this same time last year, though markets in-general seem bogged down in uncertainty of-late, with very little movement since October 2018.
- The Consumer Confidence Index (CCI) declined a sharp -5.6 percent in March, losing 7.3 points and finishing at 124.1 points. Though a decline, confidence remains strong. This is the fourth decline in the CCI in the past five months and is largely attributable to volatility in financial markets (see above) and the partial government shutdown earlier this year. While consumers remain confident that the economy will continue to grow in the short-term, the long-term outlook is clearly pointing to an anticipated slowdown in 2019.
- The national Unemployment Rate remains unchanged at 3.8 percent at the end of March, after employers exceeded expectations and added 196,000 new jobs during the month. This is a strong rebound from the 33,000 jobs added in February, adjusted upward from the originally-reported 20,000 jobs for that month. The weak job creation in February created angst among investors and consumers alike (see above) as both segments feared a trend towards softer job creation. Despite the strong March numbers, average job creation is slowing overall. Meanwhile, wage growth remains strong, helping to keep the CCI in a relatively strong position (see above).

COMMENTARY

As we approach the end of what is almost certainly going to be an all-time record winter season, we shift our commentary to our traditional end-of-season month-by-month analysis, using the grid below for reference. This grid conveys the year-over-year (YOY) percent change in occupancy, ADR, and RevPAR for each of our winter reporting months, starting with November 2018 and continuing through this month. For quick reference, we've put as-of dates along the top, occupancy dates down the left axis, data that are

Historic Actual On-The-Books	OCCUPANCY						ADR						RevPAR						
	As of:					Trend	As of:					Trend	As of:					Trend	
	30-Nov	31-Dec	31-Jan	28-Feb	31-Mar		150	30-Nov	31-Dec	31-Jan	28-Feb		31-Mar	150	30-Nov	31-Dec	31-Jan		28-Feb
Nov 18 v Nov 17	14.1%	14.1%	14.1%	14.1%	14.1%		1.9%	1.9%	1.9%	1.9%	1.9%		16.3%	16.3%	16.3%	16.3%	16.3%		1
Dec 18 v Dec 17	-1.8%	3.5%	3.5%	3.5%	3.5%		-2.9%	-4.3%	-4.3%	-4.3%	-4.3%		-4.6%	-1.0%	-1.0%	-1.0%	-1.0%		2
Jan 19 v Jan 18	1.8%	1.4%	5.4%	5.4%	5.4%		0.4%	2.5%	2.7%	2.7%	2.7%		2.1%	3.9%	8.2%	8.2%	8.2%		3
Feb 19 v Feb 18	7.0%	5.5%	7.0%	5.7%	5.7%		1.0%	-0.3%	1.5%	2.3%	2.3%		8.1%	5.1%	8.4%	8.2%	8.2%		4
Mar 19 v Mar 18	9.9%	8.4%	8.9%	7.3%	7.4%		0.6%	-1.9%	-0.6%	3.7%	4.4%		10.5%	6.2%	8.2%	11.2%	12.1%		5
Apr 19 v Apr 18	-14.5%	-14.9%	-10.3%	-5.2%	-2.7%		-4.1%	-4.6%	-7.6%	-6.1%	-2.8%		-18.0%	-18.9%	-17.1%	-11.0%	-5.3%		6
Winter Season 2018/19 vs 2017/18	3.7%	4.4%	6.0%	5.6%	5.6%		-0.8%	-1.1%	-0.3%	0.8%	1.1%		2.9%	3.2%	5.7%	6.4%	6.7%		7
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	

historic as of the report date in light blue, and the on-the-books (OTB) data as of the report date in tan. Additionally, rows are numbered, and columns labeled for easy reference.

Laying out the season in this manner allows us to see the initial impact of the snow hangover from last season, with YOY seasonal occupancy as of Nov 30 (A7) relatively soft, and YOY seasonal rate (G7) in negative territory as-of the same date. After that initial softness, YOY room occupancy levels got a strong kick during late December and early January as snow fell in consistent quantities across the West,

compared to last year at the same time when snowfall dried up in many destinations, and YOY occupancy rates have held relatively steady since that December / January kick (B to E, all rows).

Like occupancy, YOY room rate kicked off the season poorly and was in negative territory for the first three months of the season (G7 to I7) as lodgers worked to overcome negative impressions in the consumer market. But demand driven by these lower YOY rates and good snow began to reverse that trend beginning in February (J7 to K7), as evidenced by the January, February, and March YOY rate increases seen in rows 3 to 5, columns G to K.

As noted in the seasonal data analysis on pages 1 and 2 above, the positive occupancy rates have driven positive gains in seasonal revenue, as represented by YOY RevPAR, throughout the past five months (columns M to Q), though this wasn't the case for all individual months. December revenue started down -4.6 percent (M2), driven by negative occupancy (A2) and rate (G2), and though December occupancy ultimately recovered (B2), it was not enough to overcome the YOY decline in rate that lodgers deemed necessary to capture consumers' attention and drive demand in a challenging month.

But what may prove to be the surprise of the 2018-2019 winter season is April, which has been down in all three metrics (row 6) since the beginning of the season. There are two causes for these declines: The first is the snow hangover at the start of the season that caused consumers to bide their time on such a high-risk, long-lead booking; the second is the move of Easter from the first week of April—usually well within the ski season—to the 20th of the month, putting it outside the normal season and taking the long weekend and any school breaks out of play. With significant snow bases building for the last three months, almost all resorts are extending their seasons into the end of April (or in some cases as far out as July), opening an opportunity to capture those guests looking for a true spring skiing experience. As of March 31, April occupancy is down YOY -2.7 percent (E6), a dramatic improvement from the YOY -14.9 percent as recently as Dec 31 (B6). And, while rate has seen a more modest recovery over the same period of time, the impact on YOY has been dramatic, with YOY RevPAR down -5.3 as of March 31, a dramatic change from the -18.9 YOY as of Dec 31. Should April pull to the positive in revenue we can expect that the overall seasonal record we anticipate for 2018/19 will be tough to surpass for the foreseeable future (more on that next month).

CONCLUSION

The 2018/19 season will very likely go down as a record for occupancy and room rate, and it may well see skier day totals that are reminiscent of the early part of the 2000's, but we'll have to wait for the end of the season and the NSAA data to know that for sure. What we do know, and have always said, is that weather and the economy are the two wildcards that can drive a season one way or the other. 2018/19 is one of those rare instances of both strong economic conditions and stellar snow, the latter across not only this continent, but Europe and Asia as well. Whether the industry can harvest the momentum, create new participants, and build on this season's success will remain to be seen. Very early season pass sales for 2019/20 are well underway, taking advantage of sentiment and securing some 2019/20 dollars for the ski companies, but that's only setting the foundation; we'll need the right conditions to keep the momentum when 19/20 actually arrives. In the meantime, we can place a relatively safe bet that both snow and the economy won't fully align like this in consecutive seasons, so let's enjoy this extended season, reap the benefits, and enjoy a good après before we kick into summer. And, as a reminder, these data can vary widely from destination to destination and property to property. For that reason, remember to [log into your web portal](#) to see how your own property and destination stack up in this stellar season.