

Economy sputters in Lake Tahoe



17th Hole 2009
Celeb Golf
Tourney

By Susan Wood

Businesses and agencies in the two states flanking Lake Tahoe are reporting double-digit declines in lodging, gaming, retail and travel demand.

Lake Tahoe tourism officials say most every commerce indicator points to a struggling economy in the world of tourism for the summer season, which in the basin officially ended Labor Day weekend.

Compared to 2008, bookings as well as lodging tax revenue were down this summer by 10 to 16 percent, the California Travel and Tourism Commission and Nevada Commission on Tourism said. The properties under the wing of the Lake Tahoe Visitors Authority were all over the map – with drops ranging from 2 to 30 percent.

Passenger counts and daily departures in June declined by 13 and 21 percent, respectively, in comparison to 2008, the Reno-Tahoe Airport Authority reported. (These are the most recent statistics available.) The drops have prompted the transportation agency to turn it into high gear, adding a nonstop flight on Horizon Air between Reno and Mammoth in December. A month later, Southwest Airlines will place another nonstop departure to and from Phoenix on its schedule.

Still, a U.S. Travel Association survey conducted in July found that 63 percent of American adults plan to take at least one leisure trip in the next six months. That's up by 61 percent from last year.

Even though Tahoe is not doing well, other destinations have experienced greater losses. Plus, a few bright spots do exist.

The saving grace for some properties and tourism-related businesses is location, location, location. Lake Tahoe is a weekend's drive from the greater San Francisco area. Sacramento Valley residents can escape the heat for the day.

When the mercury went up in July, the people came up as well. The American Century Championship at Edgewood Tahoe Golf Course brought out 36,000 enthusiasts – a 16 percent jump in attendance over last year.

“We do know that with travelers staying closer to home that our drive markets are still inclined to travel to South Shore, albeit for (fewer) days. So, if we're looking at the glass half full, we have the advantage that our largest market doesn't have to fly to get to us,” LTVA Executive Director Carol Chaplin said.

Then there are the bargain hunters, and Tahoe – at about \$110 a day – tracks lower in what a family spends on entertainment and lodging than more upscale markets such as Napa, Vail and Monterey.

Perhaps, ironically, the poor economy has answered the cry of those declaring Tahoe shouldn't turn into another Aspen.

The slumping economy driven by an overinflated housing market, plunging employment numbers, faltering investments and free-wheeling corporate business practices have given way to a U.S. travel outlook showing leisure spending off by 11 percent in contrast to 2008, according to the Travel Industry of America Association.

However, the conventional wisdom is if it's cheap, it's good to try.

Although international travel to the United States is down, it's getting less expensive to see the points of interests from one coast to another, according to TIA. Lake Tahoe is no exception.

Tahoe properties have lowered their rates by an average of 10 percent in contrast to previous years.

"People are extremely price sensitive," said Jerry Bindel of Lakeland Village.

However, there is a delicate balance. The condo property manager, who has served the South Lake Tahoe Lodging Association for years, mentioned a noticeable online pricing error for Lakeland recently that made the phones ring off the hook.

"You can't bastardize your product. Once you've lowered your prices that much, it's hard for them to come back up," he said.

He contends hotel properties that fail to offer more than what the visitor received years ago will feel the pain more than others. Little touches and extras go a long way.

Special events bring people

Bindel believes special events that draw people to the area are the name of the game.

The North Shore is all about events. The North Lake Tahoe Resort Association extended its attraction schedule "strike zone" to autumn. One needs simply to turn to Northstar-at-Tahoe – the resort boasted an increase this summer in visitation spawned by recreation with its golf and mountain venues, along with a slew of events.

“Special events are driving the show,” Bindel said. “We need to rethink everything. We used to be able to rest on our laurels. We can’t do that anymore.”

His advice is not limited to private enterprise. Bindel urges the city of South Lake Tahoe to get on the special events bandwagon and either promote itself in these struggling times or make infrastructure improvements that make a difference to visitors scoping out the South Shore.

“Street improvements, lights and sidewalks – they make a physical first impression with the strongest immediate impact,” he said.

The general plan, Tahoe Valley, convention center, Lakeview Commons, Highway 50 – the city has projects in the works to improve the town functionally and aesthetically but most have price tags that could delay them indefinitely. It’s patching the roads, installing streetlights and staging events that Bindel would like to see more of.

“It would behoove the city to encourage it,” he said.

One such example is the return of the Bijou Bash Sept. 12. The party presents a reason for locals to gather with visitors to celebrate South Lake Tahoe.

Some retailers and casinos have also touted the success of investing in the product.

MontBleu Resort & Casino Marketing Manager Mike Donovan noted the property putting money behind renovating its rooms. With Stateline gaming wins down 28 percent this year, casinos are trying to offer more to position themselves.

Phone calls to Harveys-Harrah’s Lake Tahoe spokesman John Packer were unreturned.

Retail centers are in the same boat at the lake. The Ski Run Marina reported shops experiencing a 10 to 15 percent drop in

revenue. Marina owner Mansoor Alyeshmerni has installed a mix of retailers with the intention of adding life to a center undergoing its own renovations and improvements. To attract the bargain conscious, Wildman Coffee moved in with an offering of food from 11 countries under \$10.

The Village Center near Stateline has worked to hold its own as well. Shopping center manager Terry Hackett said his retailers have noticed shoppers and diners spending but spending less while looking for less expensive items.

“Retail is down, depending on where you are and who you are. Consumers are still being cautious. The economy won’t come back until we stabilize the housing market and job growth. Families are more likely to go out for pizza than have a sit down dinner,” he said.

Still, signs of life show better cash receipts now than six months ago, Hackett added. And he’s convinced the tenant mix has helped keep the shoppers interested.

On the other side of town, Pearl Izumi in the Factory Stores at the “Y” may represent an island of progress amid a terrain of boarded-up storefronts and dwindling shoppers on crumbling sidewalks.

Manager Lauren Lindley said the shop this summer has been “holding steady” since it opened five years ago. She thinks the specialty store, with its own recreation garments, would be dead if it “relied on mall walkers.”

She’s got her eye on what the future brings in winter, which presented more of a concern last year.

“It was so bad, but I feel there’s nowhere to go but up,” she said.

The National Retail Federation, the world’s largest retail trade association, reported July sales had decreased 5 percent

compared to last year.

As for the collective business outlook for the South Shore, Lake Tahoe South Shore Chamber of Commerce B Gorman was unavailable for comment.