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October 23-26 | Las Vegas, Nevada



How the Economy Shapes the Vacation Rental Space and What the Data Shows Today!



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The Macro Economy Travel Sentiment

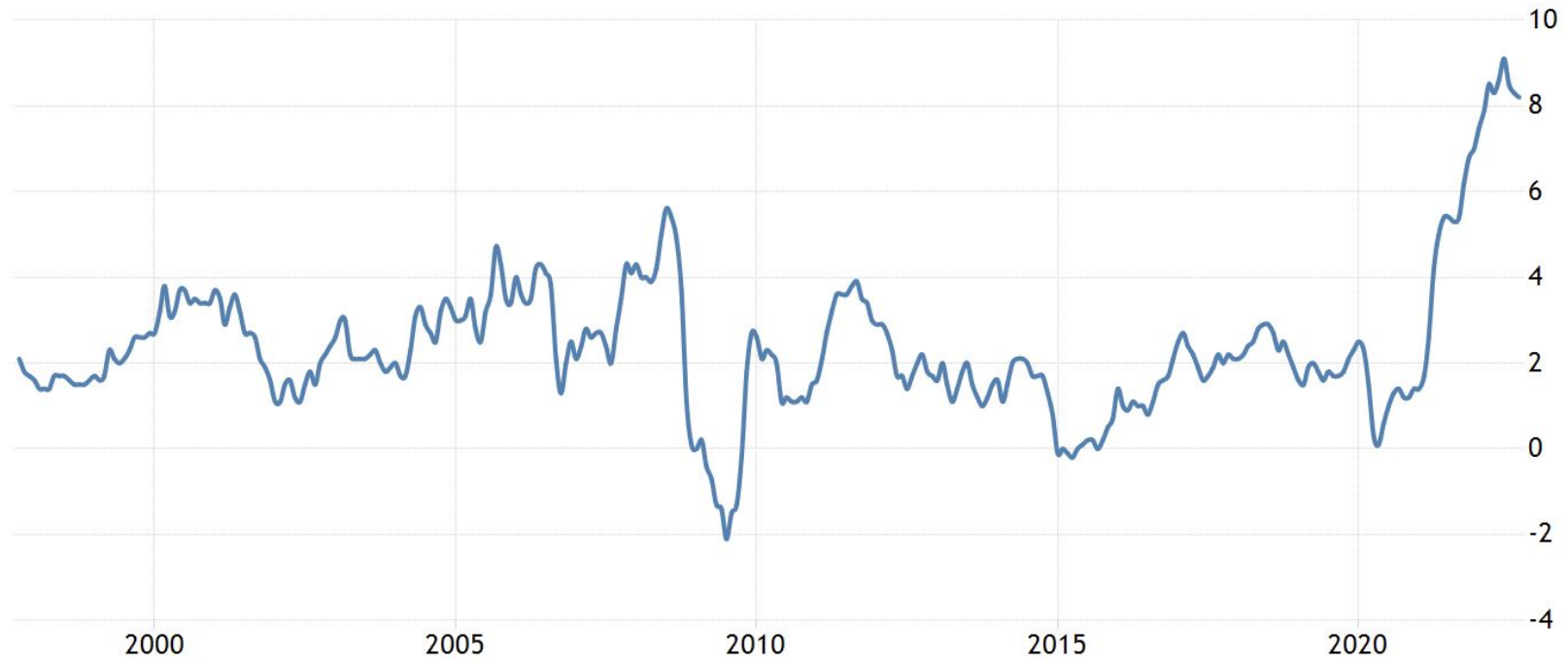


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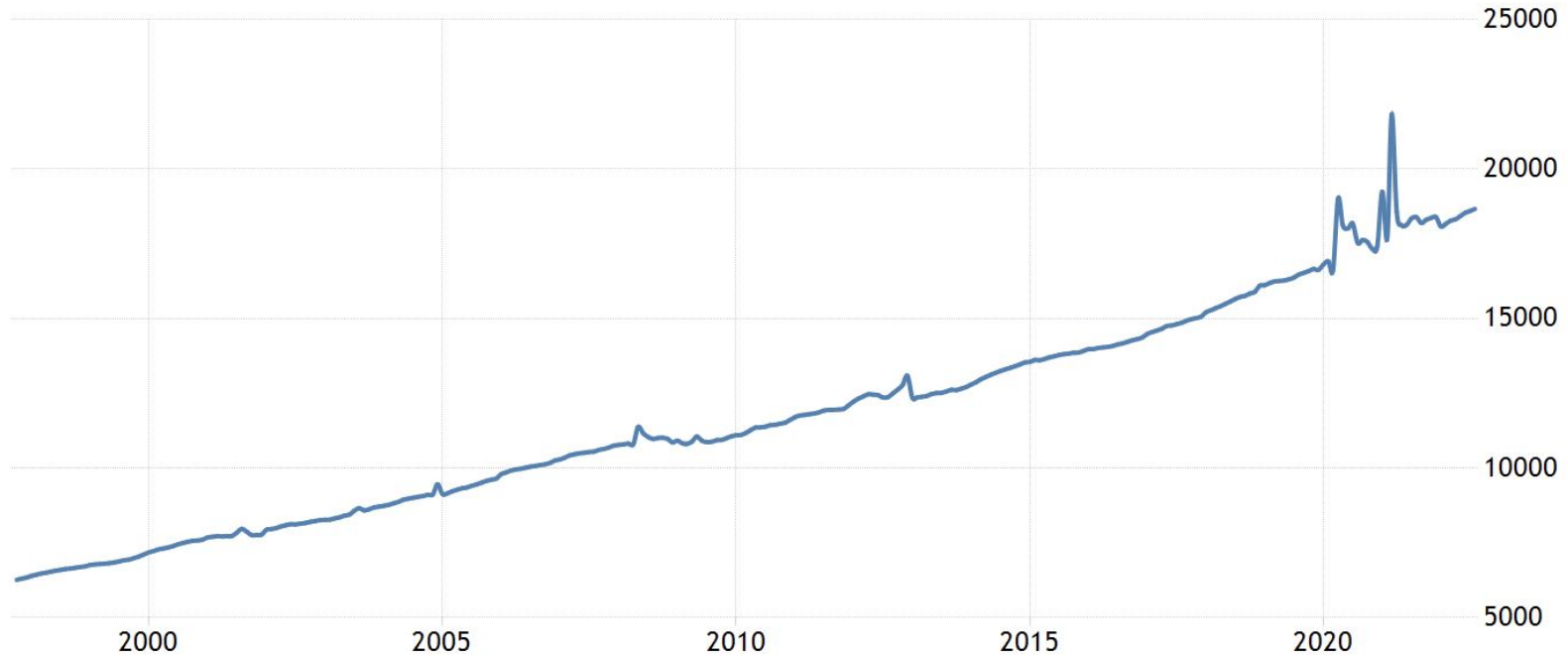
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Inflation



TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

U.S. Disposable Personal Income



TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

U.S. Retail Gas Prices



Source: YCharts Oct 17, 2022

Economy Impacting Traveler Intent

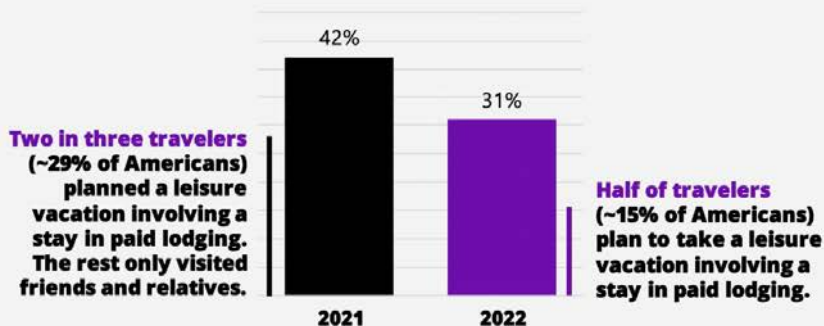
Holiday travel intent dips, especially for leisure trips involving paid lodging

The decline in travel intent is mostly attributable to fewer Americans taking leisure vacations, while the number planning to visit friends and relatives is similar to 2021.

Financial considerations are this season's biggest drag on travel demand, and **1 in 5 Americans staying home cite worries about travel disruption.**

Question: You indicated that you are unlikely to take a trip for leisure this holiday season. Why? Please select all that apply (N=3,446).

Americans traveling over the holidays
(between Thanksgiving and mid-January)



Reasons for not traveling

vs. 2021
ranking

37%	Financial concerns	+2
30%	Prefer to spend on other things	+4
24%	No destination in mind	—
18%	Concerned about COVID-19 & other diseases	-3
18%	Concerned about travel disruption (delayed/cancelled flights, etc.)	—

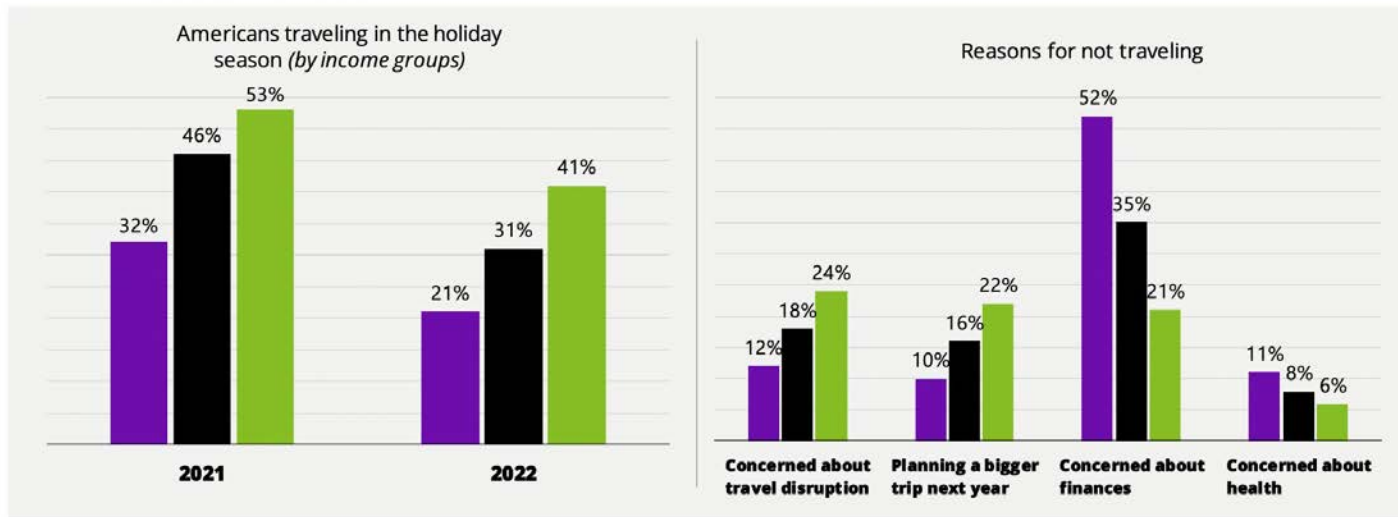
Traveler's Financial Concerns > Health Concerns

Lower Income: \$ / Higher Income: Disruption

Intent drops across income levels, but higher-income is 2x as likely to travel vs. lower

Among those not traveling, the two higher income groups are more likely to point toward travel disruption or a bigger trip planned for next year. Lower-income travelers are more likely to cite financial and health concerns.

● Lower income ● Middle income ● Higher income

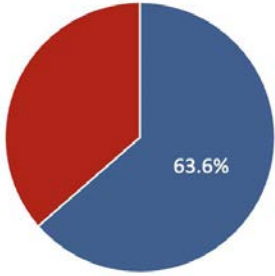


Questions: (1) What activities are you planning to partake in during the 2022 holiday season (between Thanksgiving and mid-January 2023)? Please select all that apply; (2) You indicated that you are unlikely to take a trip for leisure this holiday season. Why?

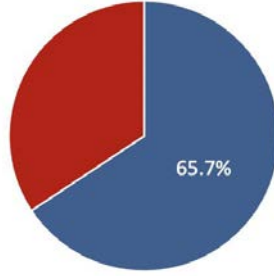
Note: N=1,540; *annual income brackets - lower-income group: under \$50,000; middle-income group: \$50,000-\$99,999; higher-income group: \$100,000 or more.

While Americans see an economic recession looming, many still view travel as “essential” and remain committed to spending on travel even in an economic downturn.

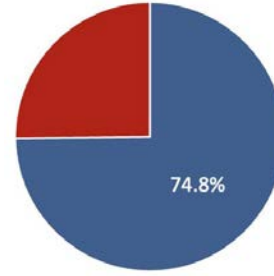
American travelers ...



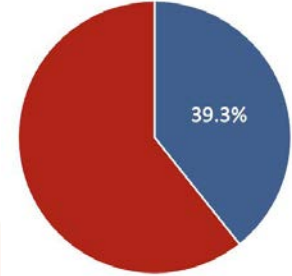
expect the U.S. to enter an economic recession sometime this year



being careful with their money



consider travel to be a worthwhile investment during a recession



consider spending money on travel right now to be essential

The State of the American Traveler in October 2022—Valuing Travel in a Recession + Dealing with Natural Disasters

October 3, 2022 / in Coronavirus / by Destination Analysts

Reconnecting Driving Demand

Reconnecting with loved ones leads travel motivators, but more influential for those 55+

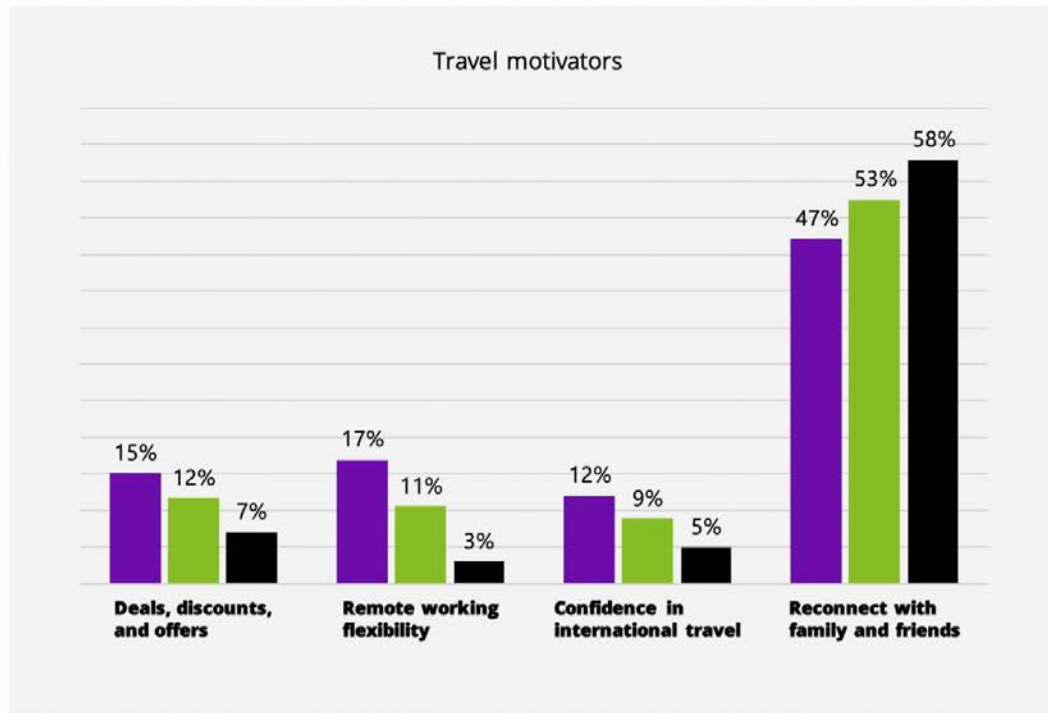
Travelers taking three or more trips

18-34 years	32%
35-54 years	19%
55+ years	11%

Questions: (1) How many leisure trips will you be taking this holiday season?; (2) What motivates you to travel this holiday season? Please select all that apply.

Note: N=1,540.

Younger travelers are more likely than older travelers to be motivated by deals, remote working, and international travel



Source: 2022 Deloitte holiday travel survey

Global Travel Recovery & Demand



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Global Travel - 86% Recovered vs. 2019

GLOBAL TRAVEL PERFORMANCE HAS STAGNATED

In September 2022 the global average score of the Skift Travel Health Index remained at 86% of 2019 levels, which is virtually the same score we have seen since June 2022.

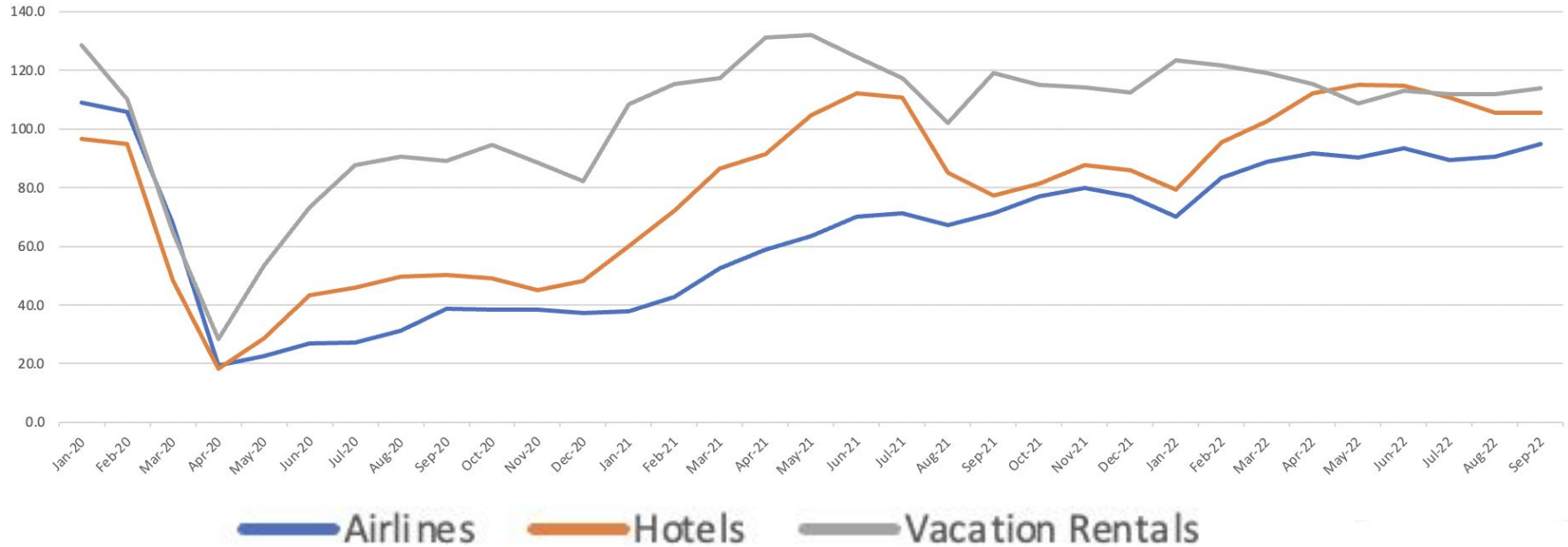


Achieving the final 14% to get completely back to pre-pandemic performance levels continues to depend mostly on Asia Pacific getting back to business-as-usual, and the airline industry returning to healthy supply and demand.

Global Vacation Rentals vs. Hotel

Advantage over Hotel Recovery Gone

Skift Travel Health Index



Global Hotel Revenue Recovery

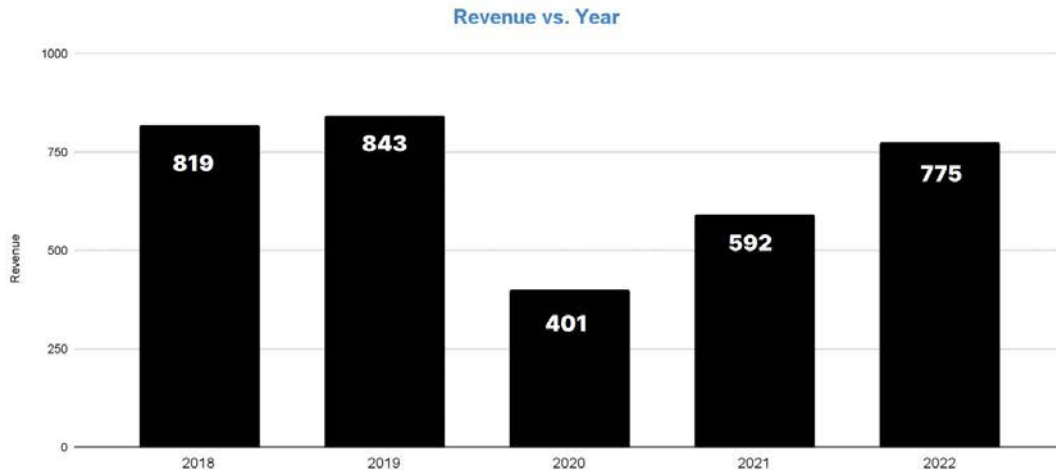


1/29

4. Hotels // 4.1 State of Hotel Recovery

Hotel Revenues Recovering

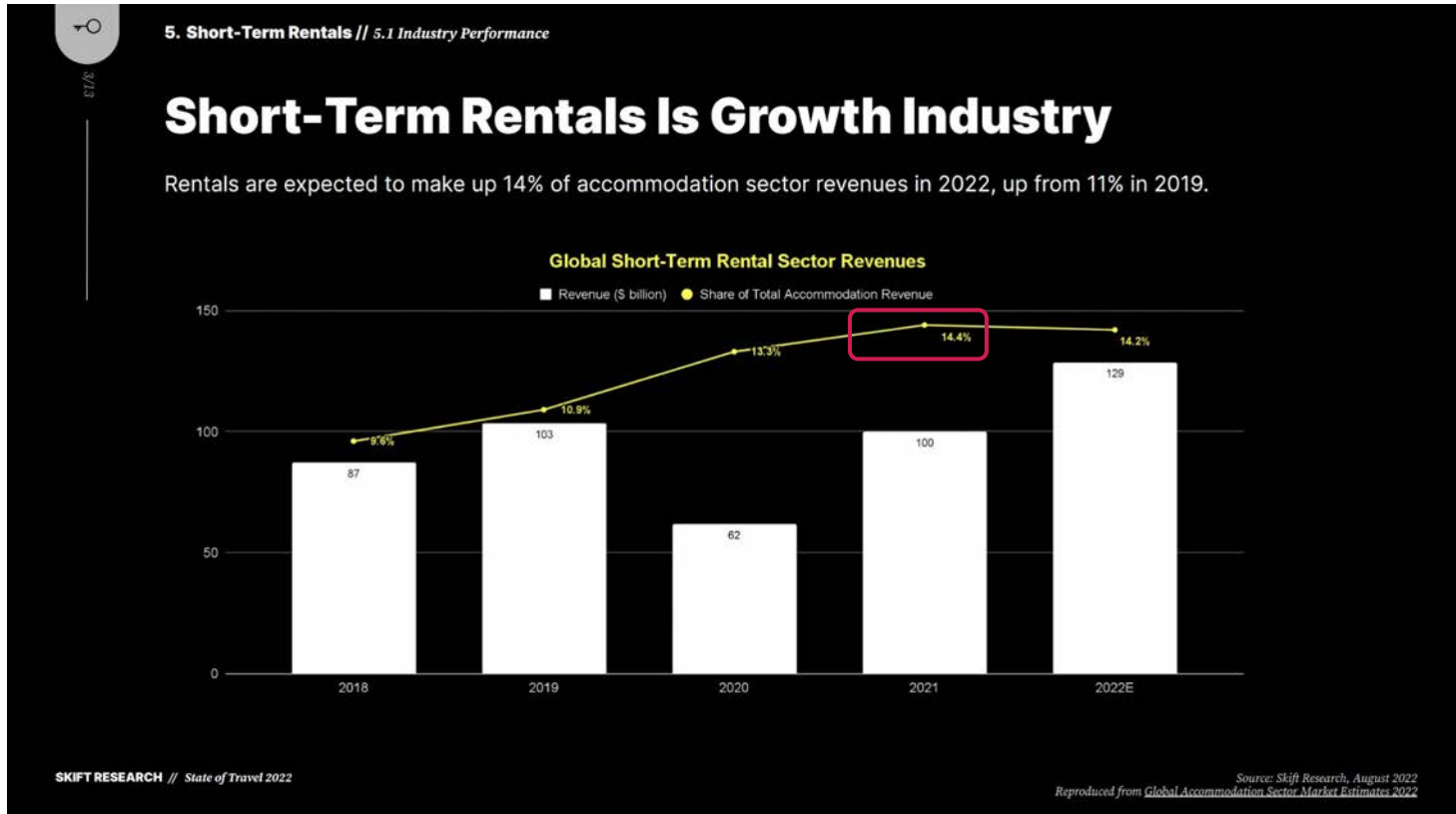
In 2022, hotel revenues are closing in on 2019 levels as travel demand returns with a vengeance in many regions.



SKIFT RESEARCH // State of Travel 2022

Source: Skift Research, August 2022
Reproduced from [Global Accommodation Sector Market Estimates 2022](#)

Global Vacation Rental Market Share - 2021 Peak



U.S. Travel Recovery & Demand



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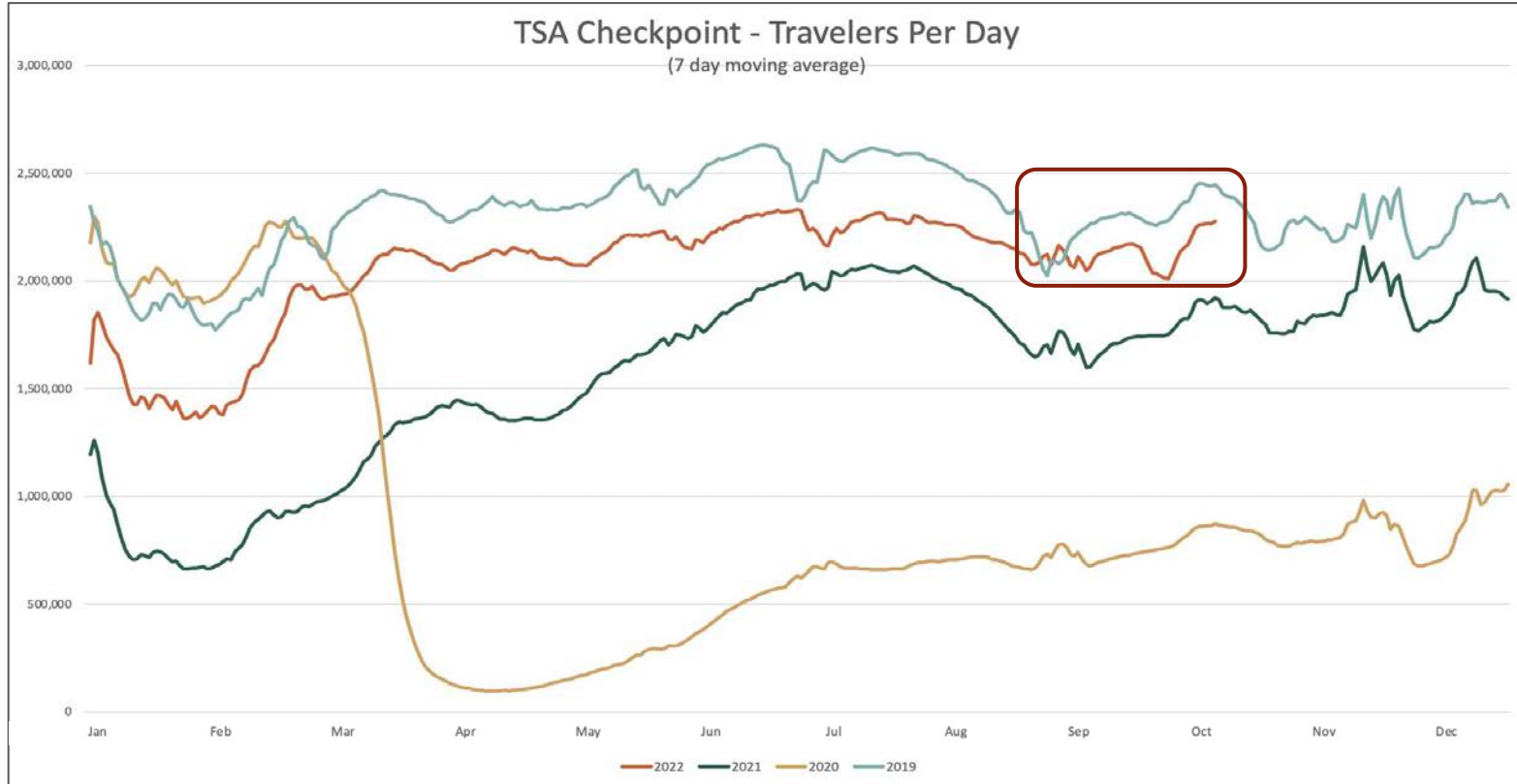
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U.S. Booking Pace - Hotels Near Pre-Pandemic Levels | Airlines Still Trailing



Source: Amadeus' Demand360® Data as of 10/13/2022

U.S. Airlines - TSA



Source: TSA Oct 2022

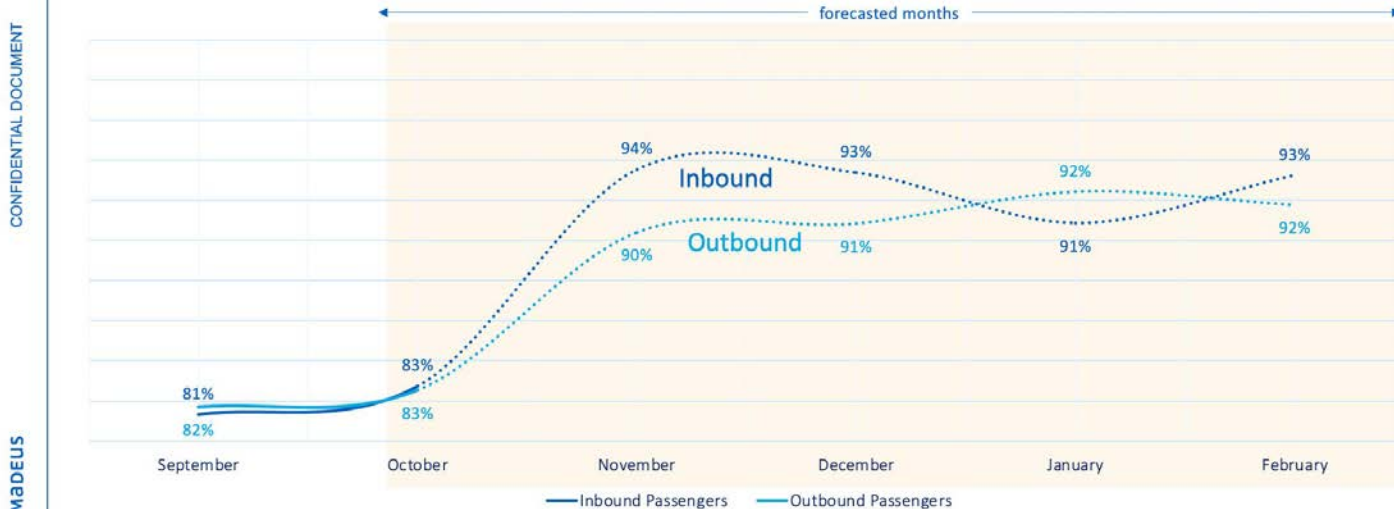
International Travel

4

Passenger Volume Recovery for the USA

How close are we to 2019 levels of passenger volumes for both inbound and outbound travel?

- Inbound passenger volumes are forecasted to be slightly higher than outbound, however the maximum difference is 4%
- Despite the slow recovery of searches, this does not appear to have massively affected passenger numbers
- The recovery of passenger volumes is expected to increase between 7-10% from October to November



Data Source: Amadeus Traffic Analytics – historic and forecasted passenger volumes

International - Capacity is the Constraint

Inbound Travel Recovery

How close are we to 2019 levels of air capacity (seats) and flight searches?

- Despite the current economic climate, airline capacity is expected to improve further throughout Q4
- Search recovery is still languishing around 40-50%, and the trend for short-term planning is evident when we look to November & December
- However, we expect the 2019 achievements to recover towards 40-50% for these months in the coming weeks



Data Source: Amadeus Search Analytics (OTA & Meta flight search engines); Air Capacity – OAG, Innova & Amadeus

Outbound Travel Recovery

How close are we to 2019 levels of air capacity (seats) and flight searches?

- There is very little difference in air capacity between inbound and outbound travel, as most airlines operate return flights
- Outbound search demand achievement from the US is slightly lower than inbound demand, particularly for travel in August
- Similarly to inbound searches, outbound demand appears to be quite last-minute

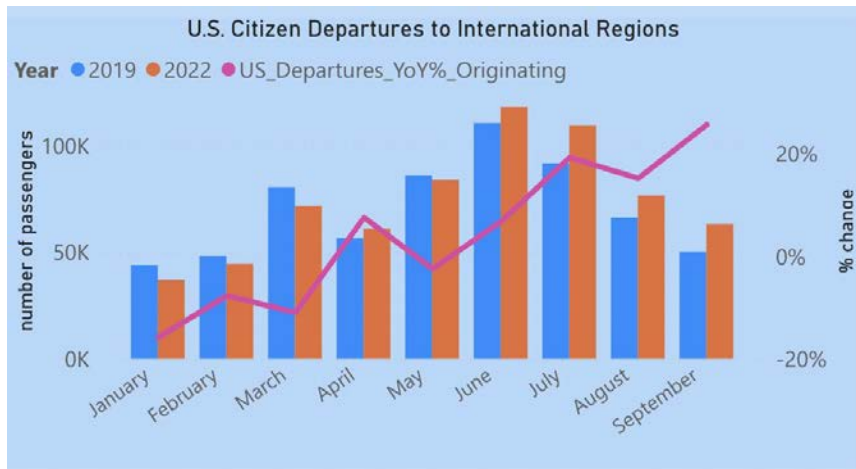


Data Source: Amadeus Search Analytics (OTA & Meta flight search engines); Air Capacity – OAG, Innova & Amadeus

Source: TSA Oct 2022

International Travel - Local Data

ORLANDO



Source: Trade.gov Oct 2022

Airlines Remain Optimistic about Travel Demand



Delta expects unquenched demand
for travel to fuel profit

Reuters Oct 13, 2022

"Demand has not come close to being quenched by a hectic summer travel season."

"This demand surge is going ... to continue for some time."

- Bastian, CEO



American Airlines

10/20/22 Earnings Call

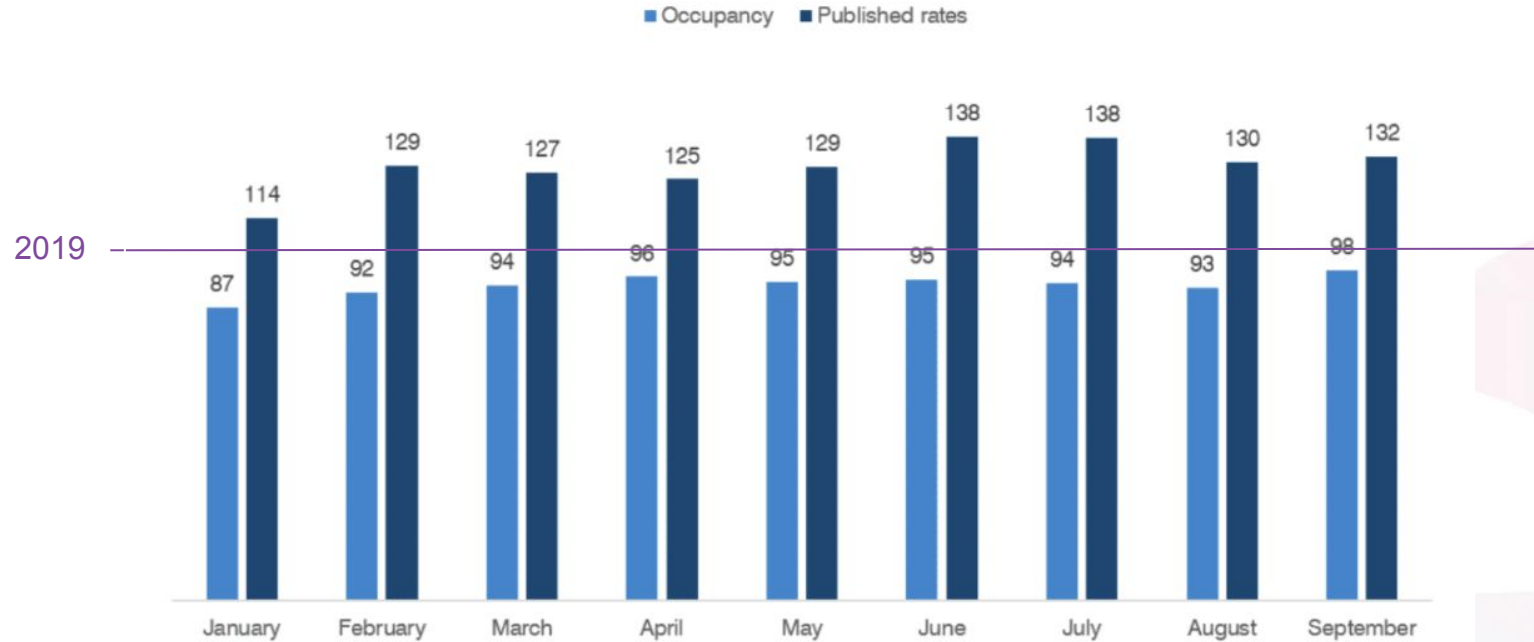
Will likely get back to 95% to 100% of its 2019 capacity next year.

Expansion is limited by slower aircraft deliveries and a pilot shortage on regional airlines.

- Isom, CEO

U.S. Hotel Recovery - Overall

U.S. Hotel Performance (Indexed vs 2019)

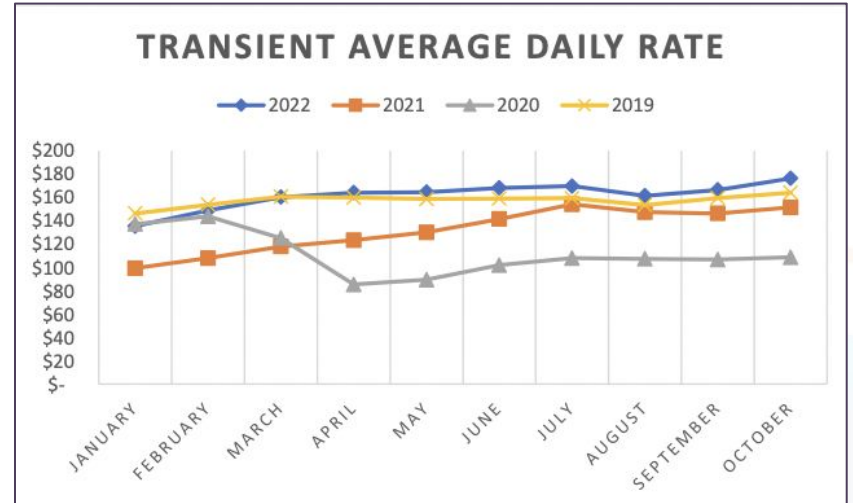
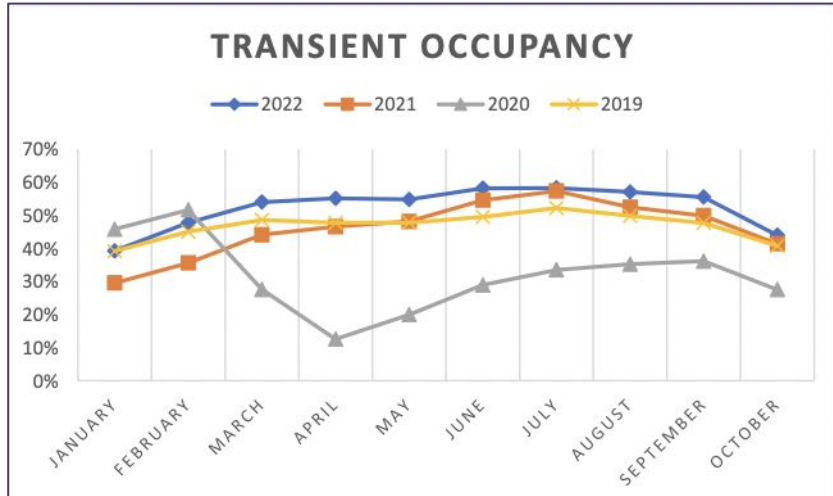


Source: Skift Research from OTA Insight and STR

Skift
RESEARCH

U.S. Hotel Recovery - Transient

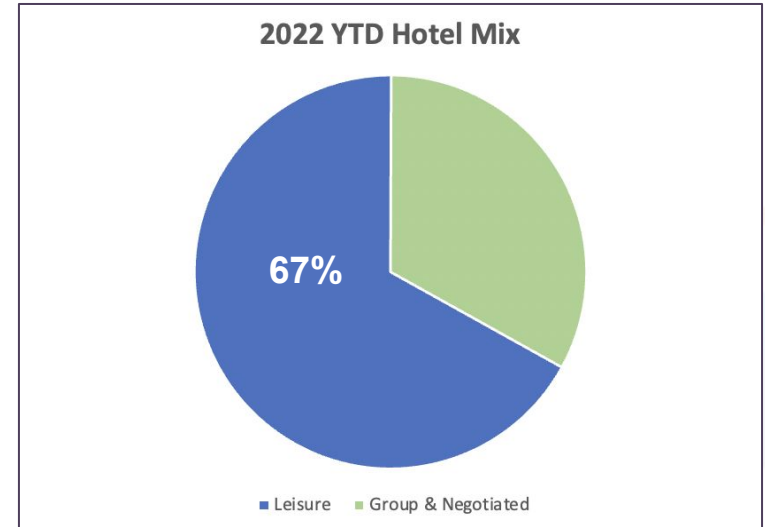
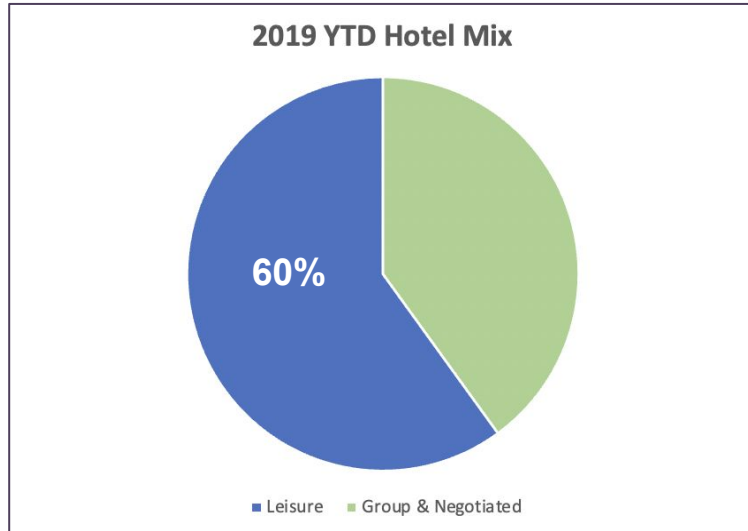
Transient Occupancy & ADR Exceeding 2019



Source: Amadeus' Demand360® Data as of 10/13/2022

U.S. Hotel Leisure Mix Increases

U.S. Actual and OTB - Full Year

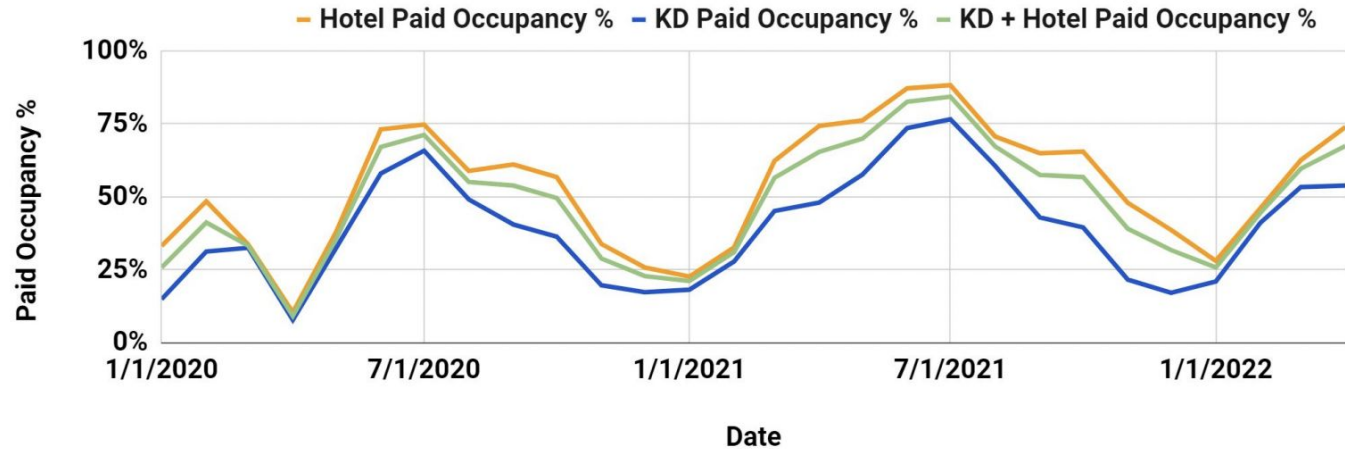


Source: Amadeus' Demand360® Data as of 10/13/2022

Leisure Market Hotels Are Competing

PAID OCCUPANCY %

Hilton Head



Vacation Rental Supply and Demand



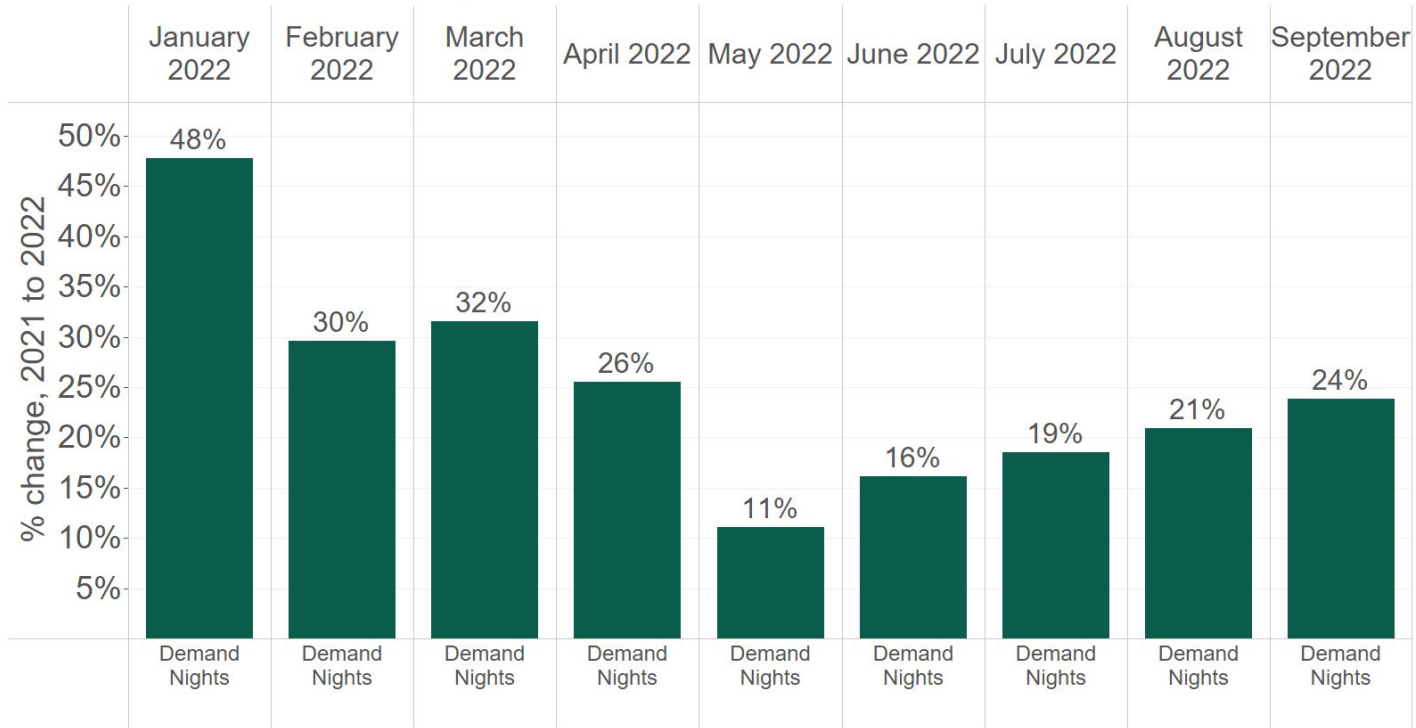
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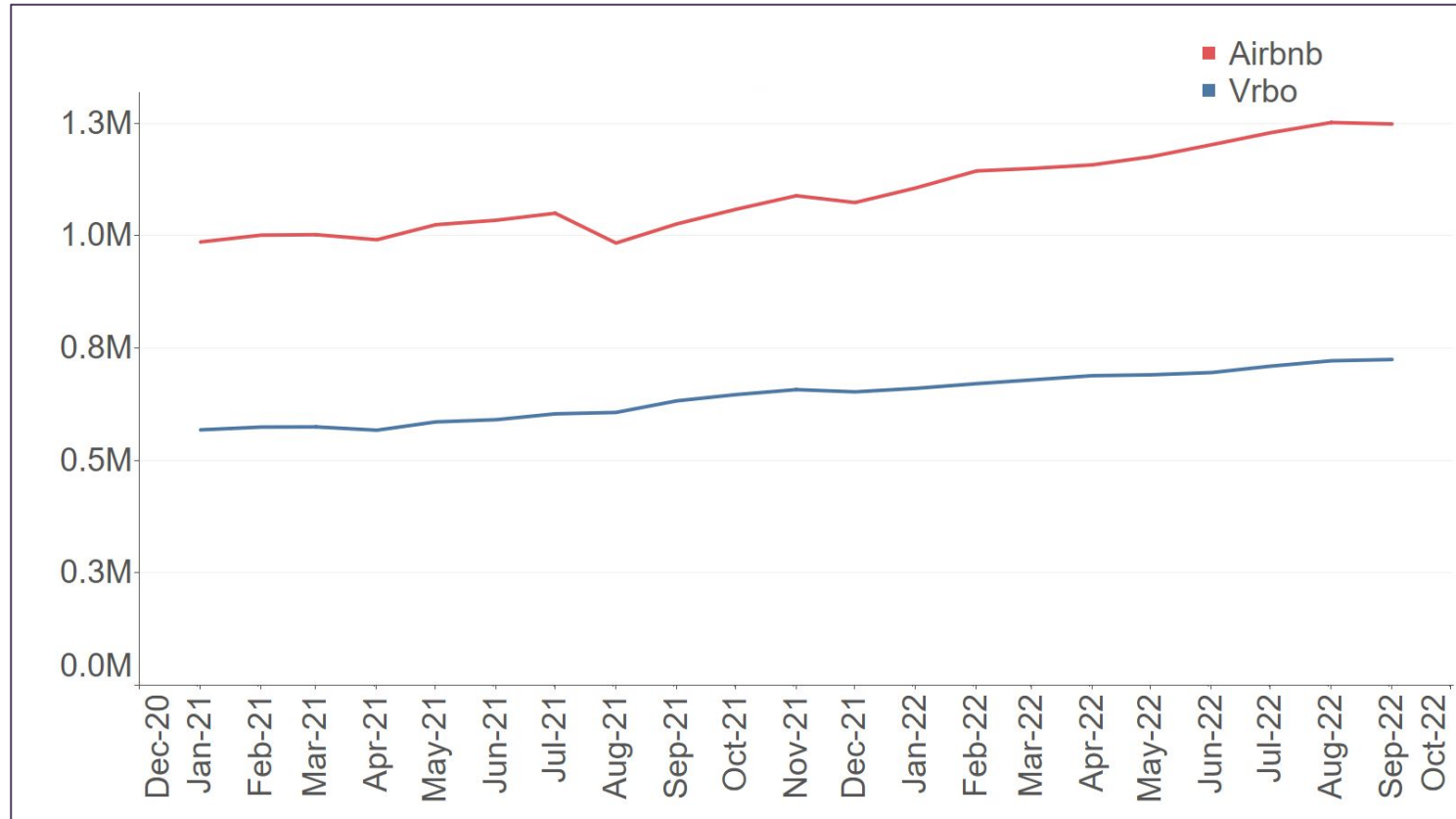
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Demand Continues Strong YOY Growth

United States, Airbnb Only

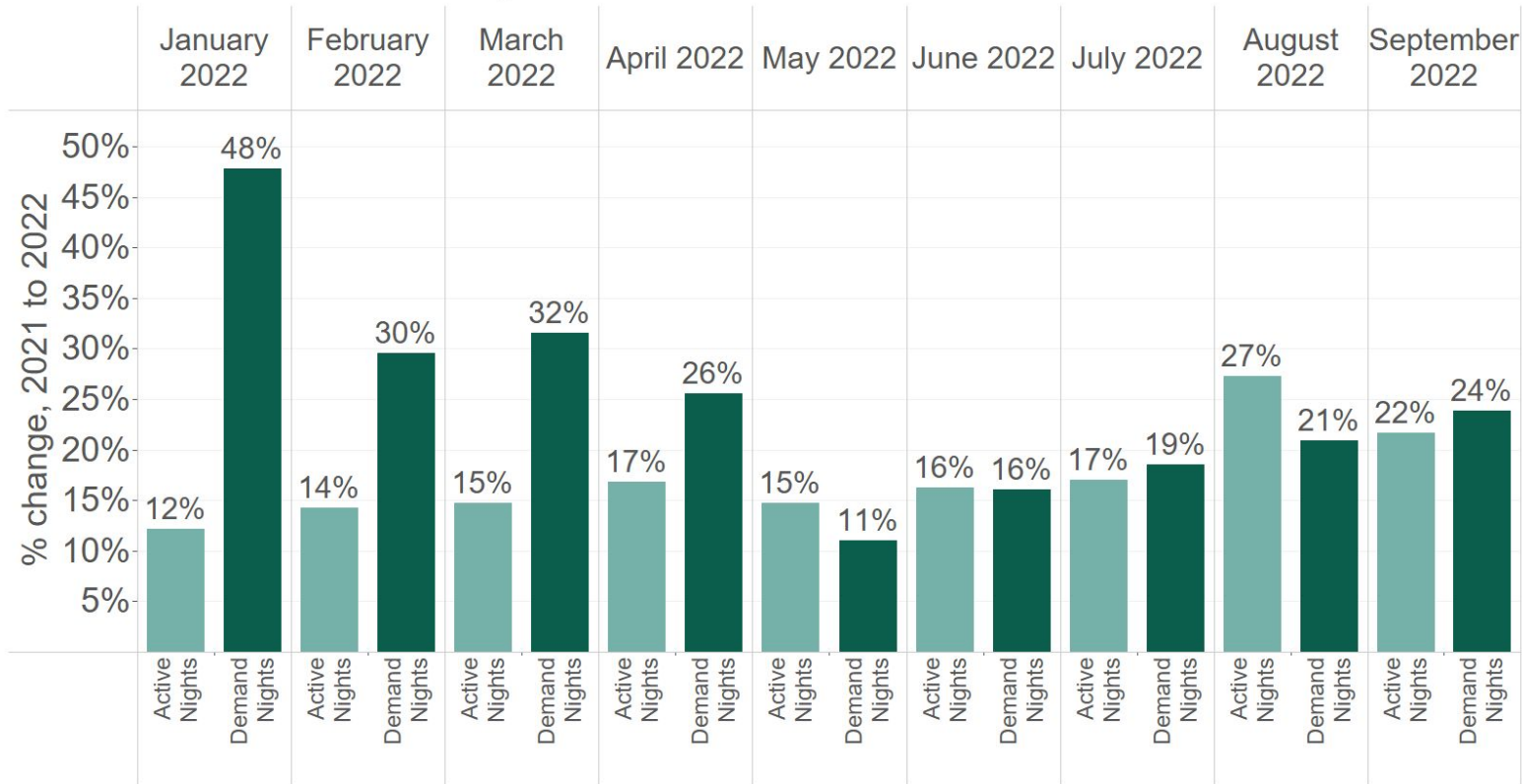


U.S. Active Listing Supply Growth



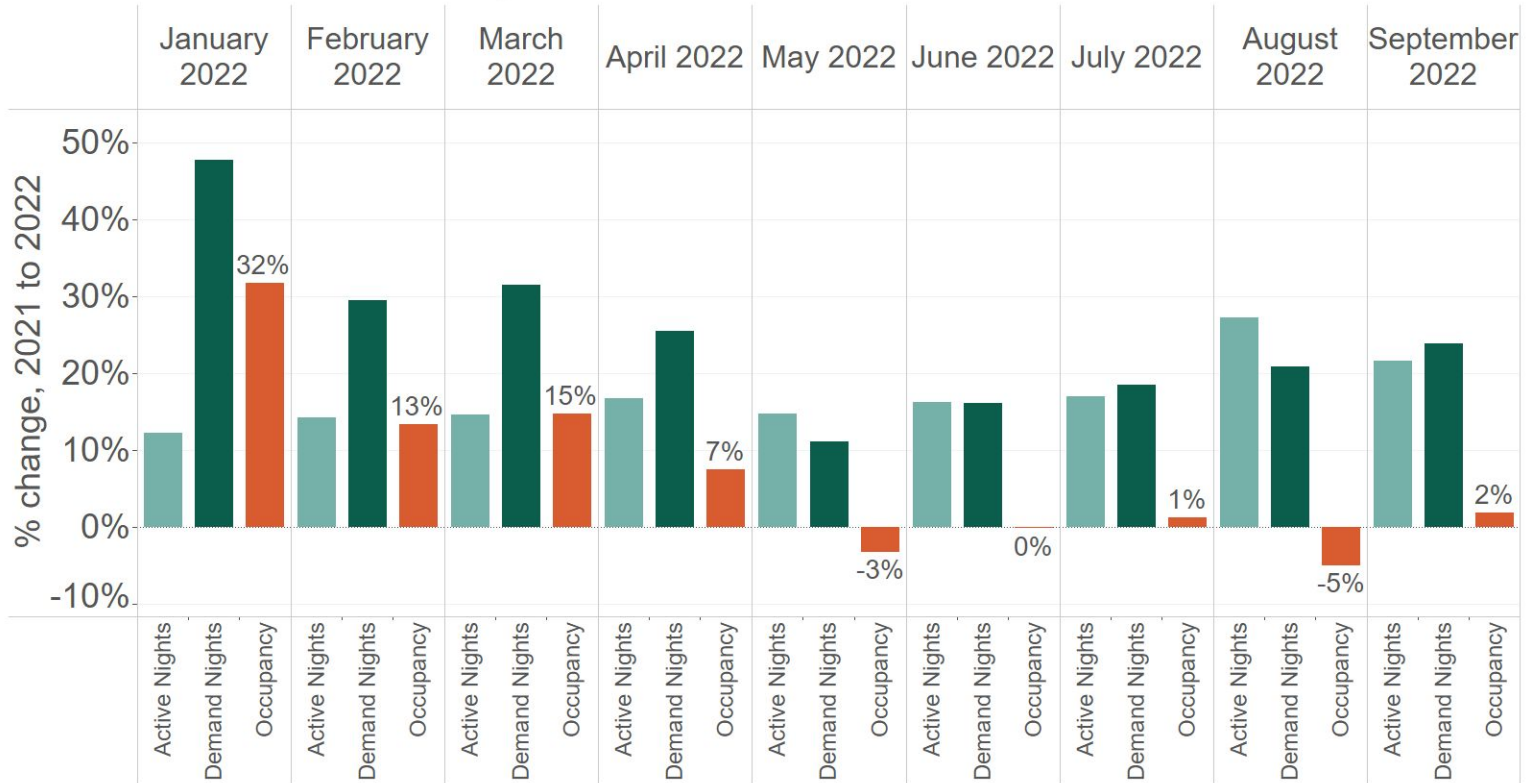
Supply vs Demand Growth

United States, Airbnb Only



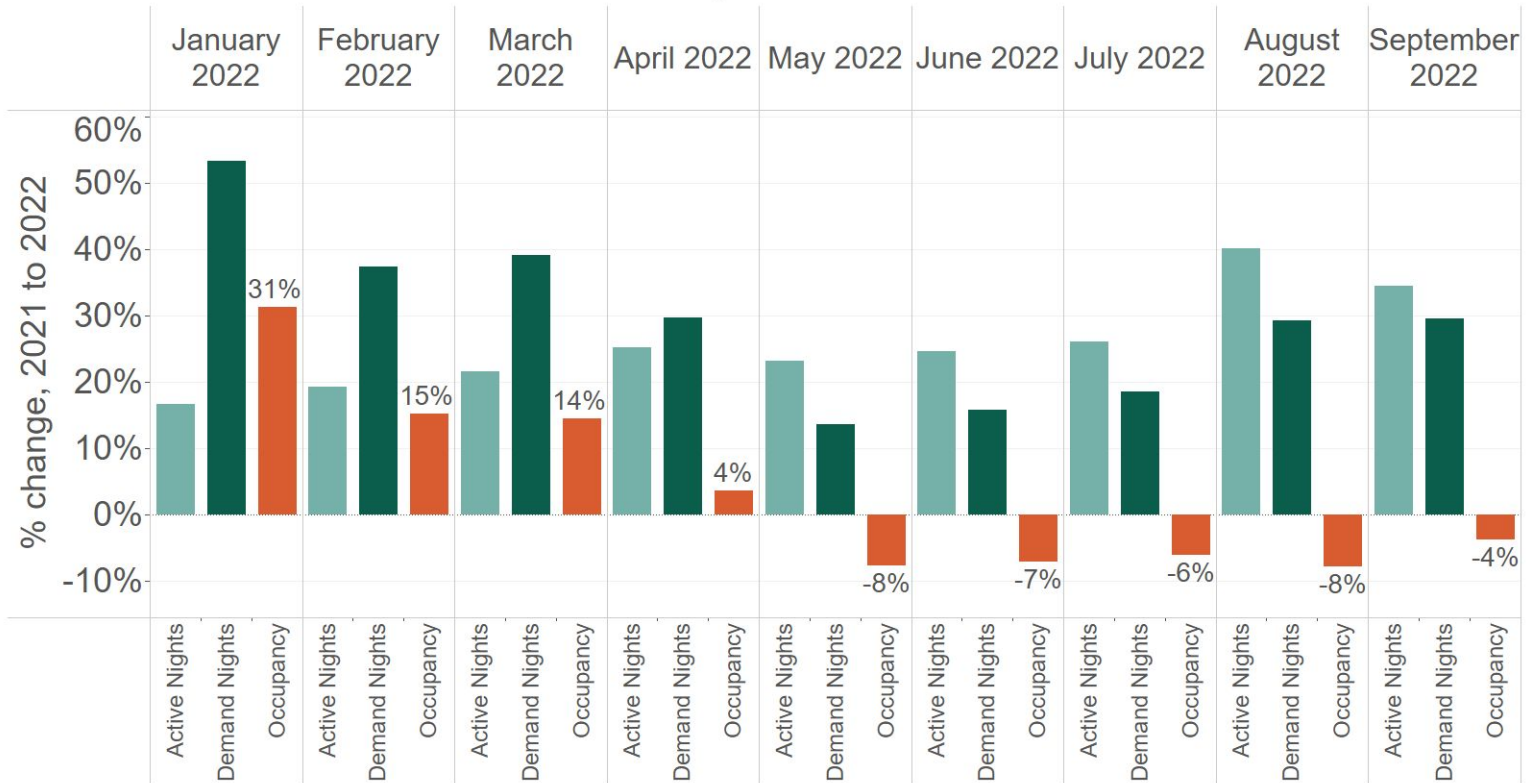
Supply / Demand - Impact on Occupancy

United States, Airbnb Only



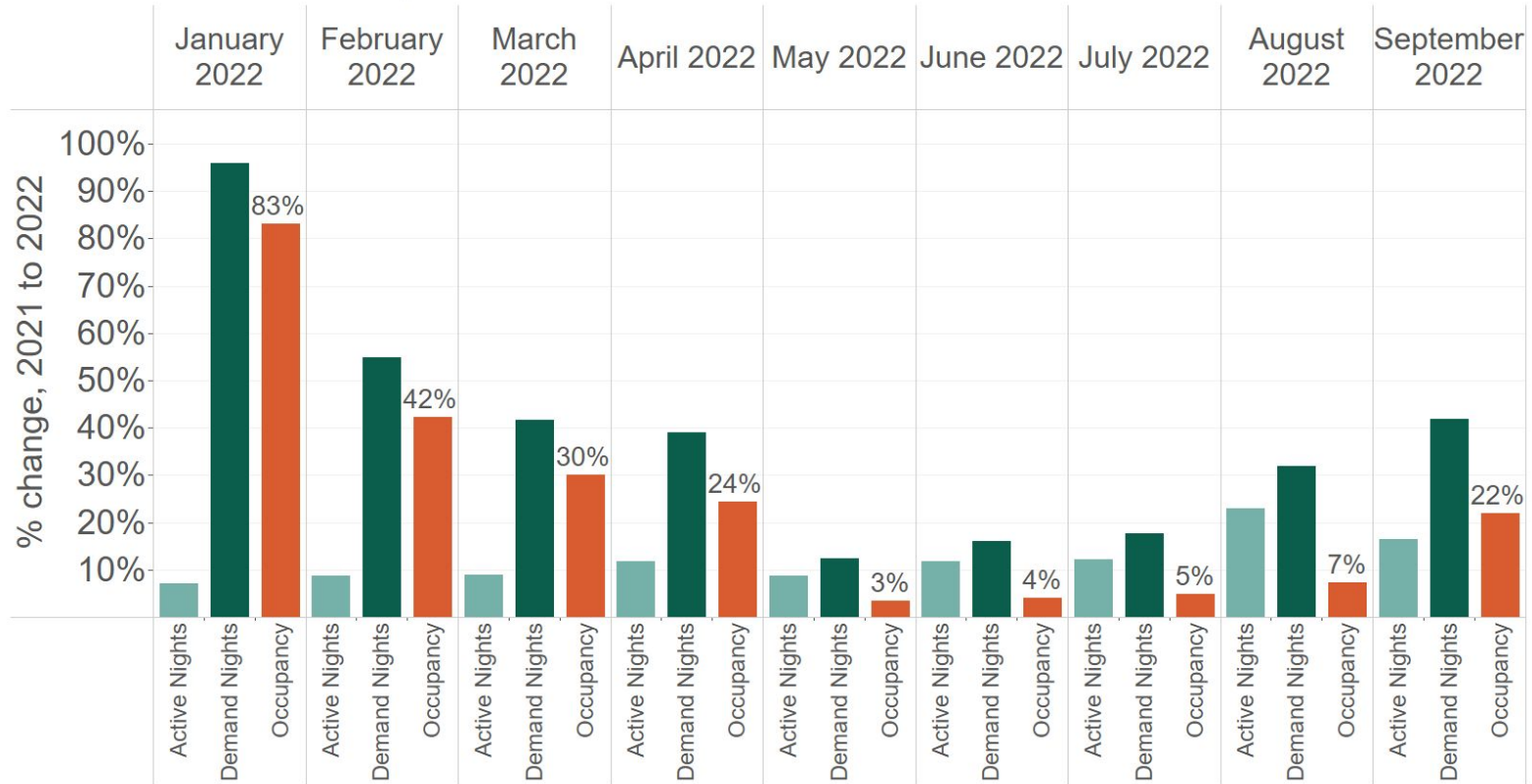
Supply / Demand - Select Markets

Greater Phoenix, Arizona, Airbnb Only



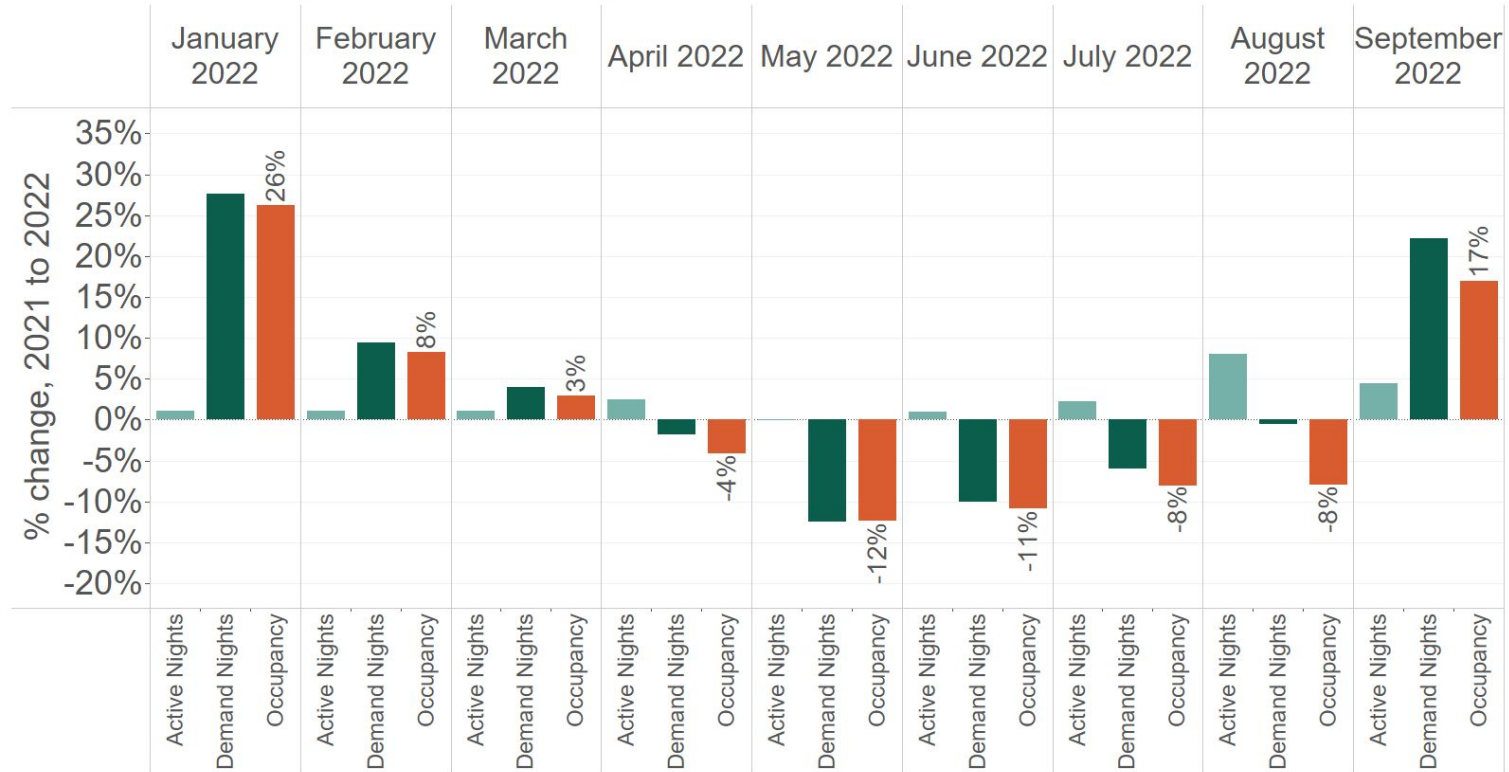
Supply / Demand - Select Markets

Orlando, Airbnb Only



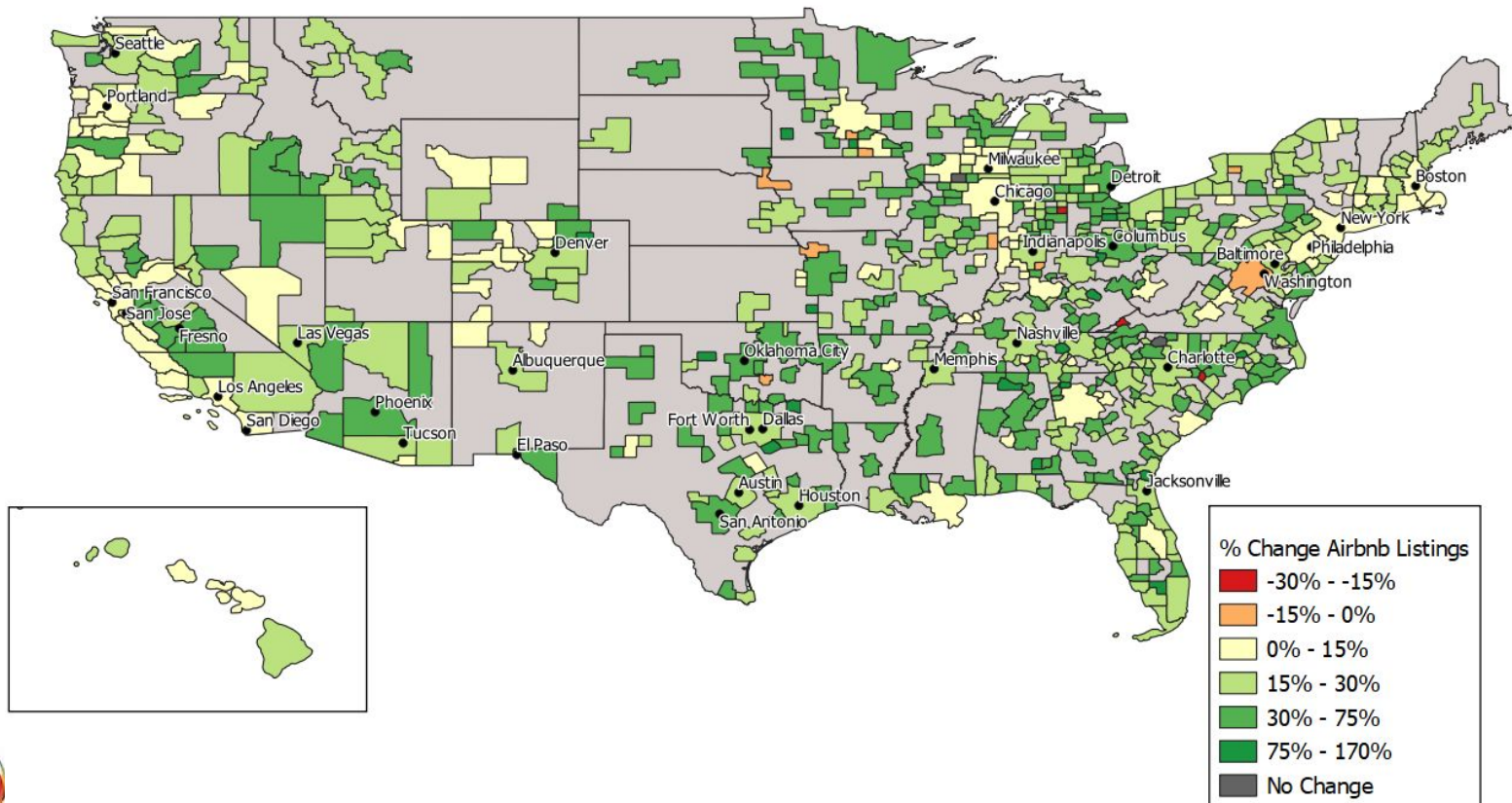
Supply / Demand - Select Markets

Lake Tahoe Region, Airbnb Only



Airbnb Listings

% Change from September 2021 to September 2022



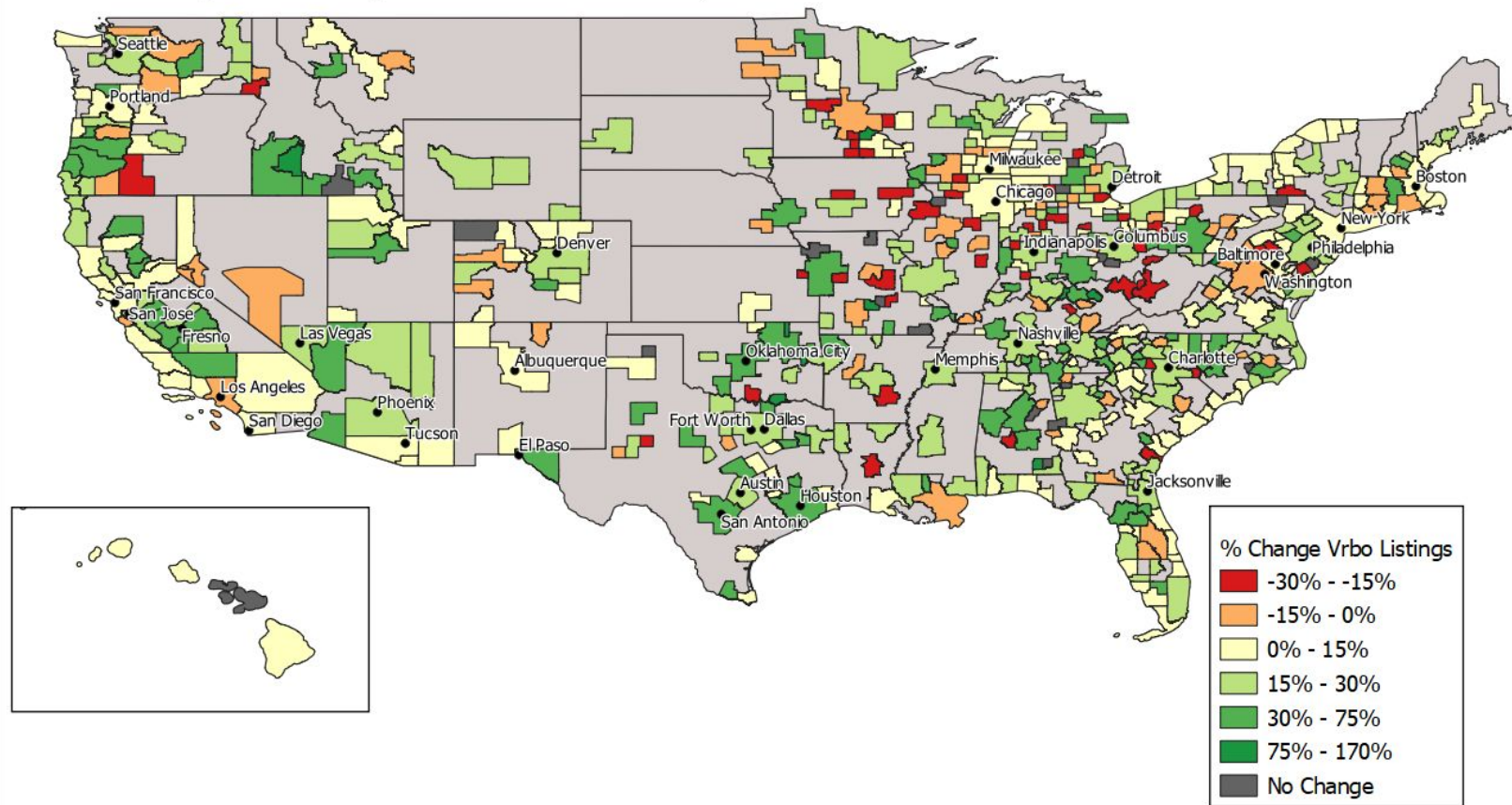
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Vrbo Listings

% Change from September 2021 to September 2022



Housing Economy Impact on Supply Forecast



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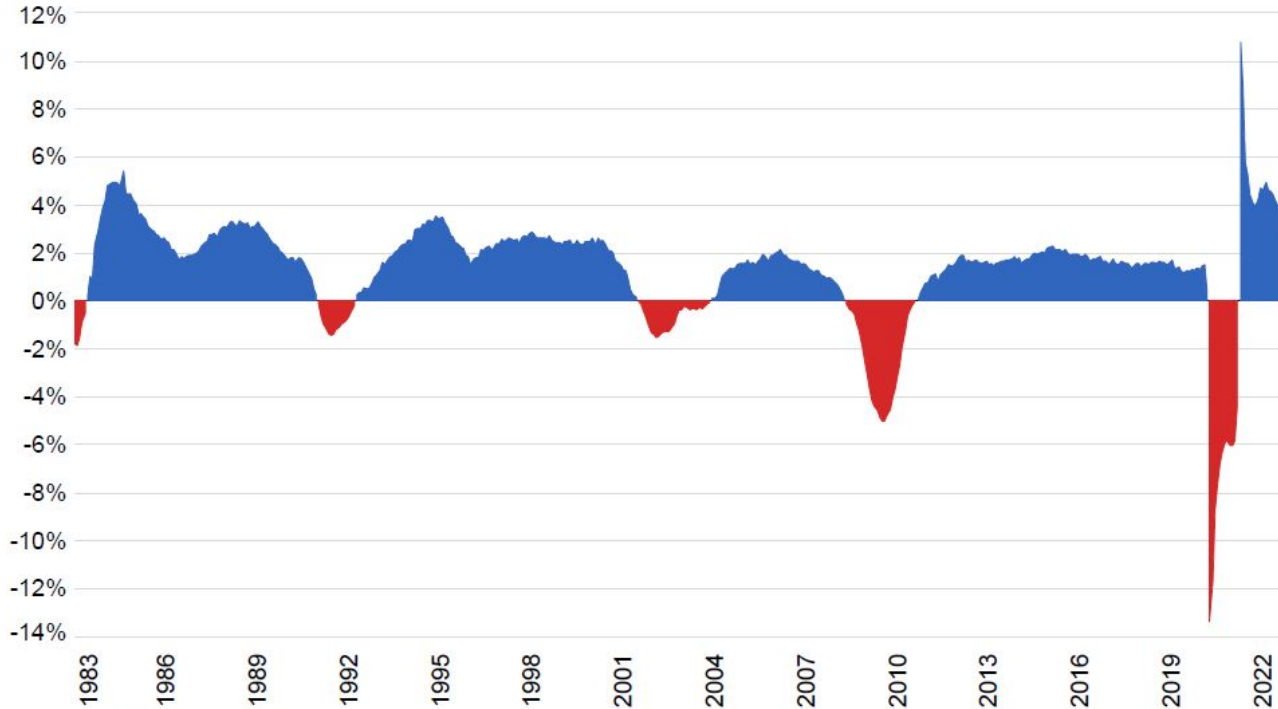
Monthly US Payroll Employment Growth YOY

Total US employment rose 3.7% YOY in September.

US Payroll Employment

YOY % change, NSA

Current YOY = 3.7%



Source: BLS (Data: Sep-22, Pub: Oct-22)

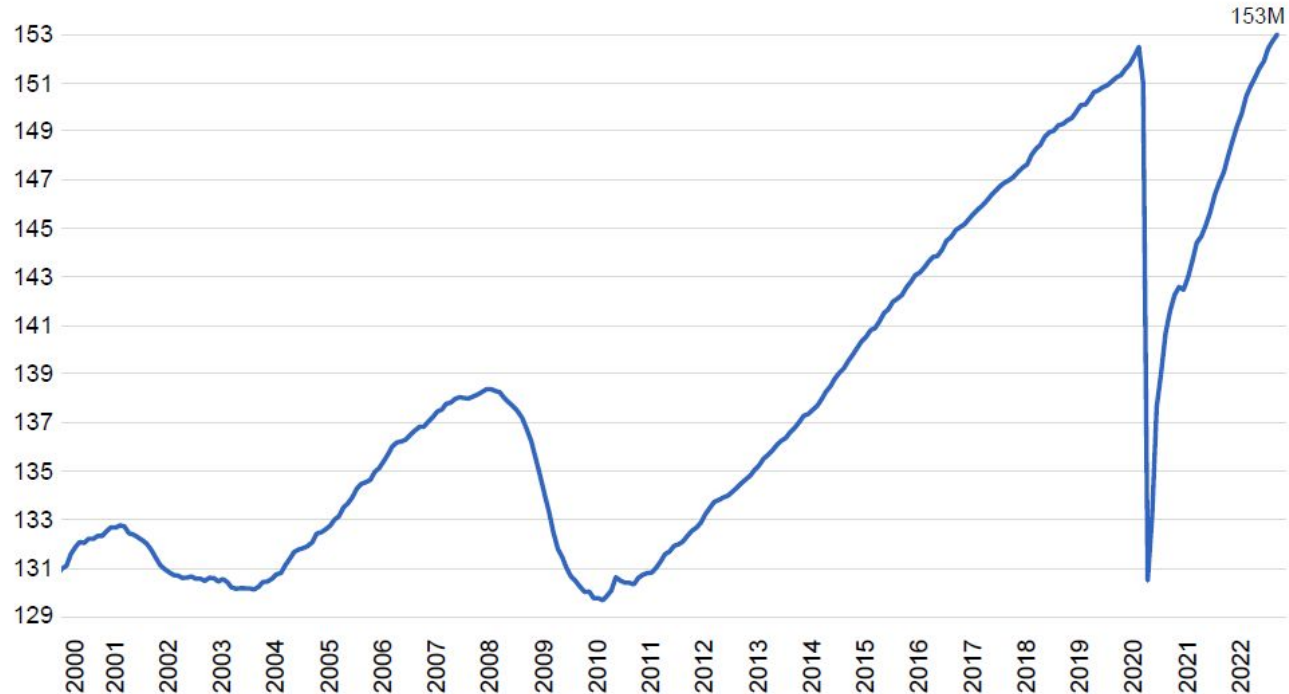
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All Jobs Lost in 2020 Have Been Recovered

Total payroll employment rose to 153M in September.

Total US Payroll Employment

Millions, SA



Source: BLS (Data: Sep-22, Pub: Oct-22)

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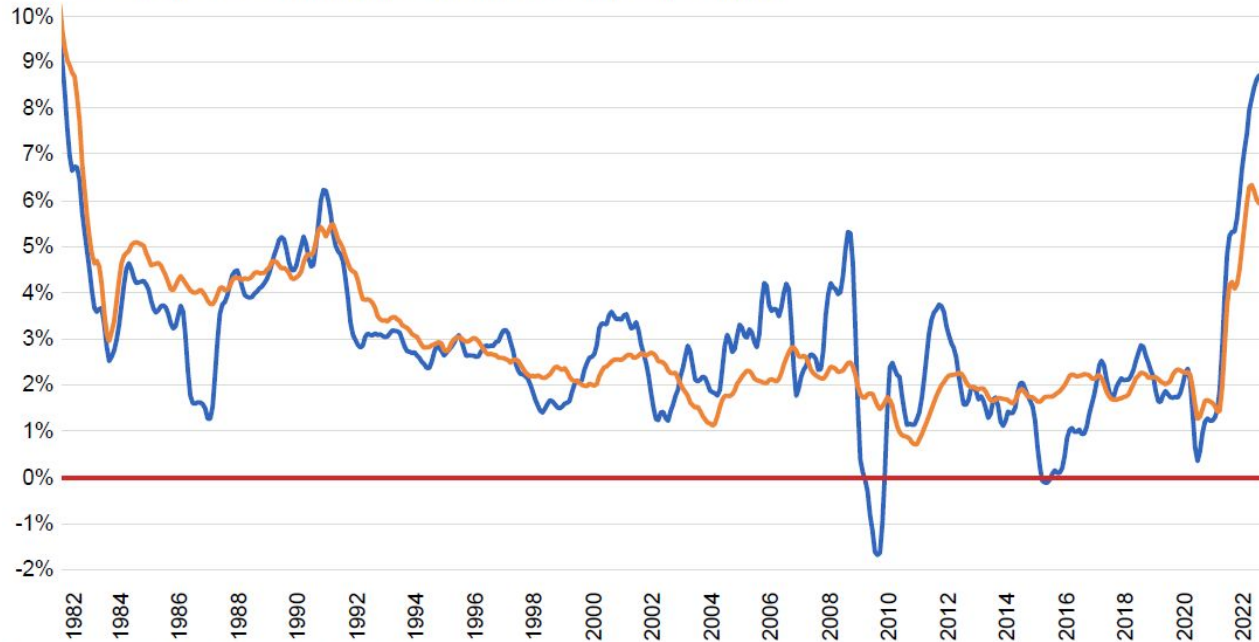
Inflation

CPI All Items decreased in September to 8.3% YOY, while Core CPI rose to 6.3% YOY. Note that we display a 3-month average, so this chart will not match CPI headline numbers.

Inflation

YOY % change (3-month moving average) — CPI All Items = 8.3% — Core CPI = 6.3%

Core CPI excludes goods with high price volatility, such as food and energy.



Source: Bureau of Labor Statistics (Data: Sep-22, Pub: Oct-22)

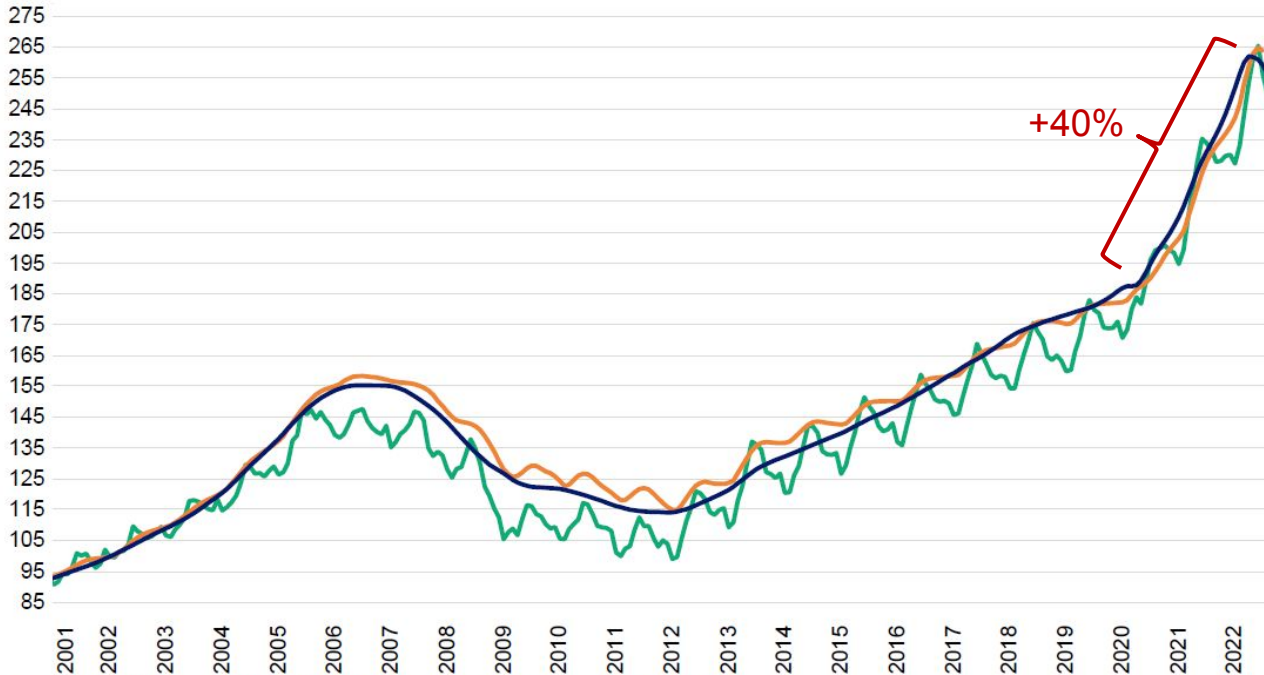
US Home Prices

US home prices gained 7.2% YOY, according to our Burns Home Value Index™.

Burns Home Value Index™ vs. Median Price and CoreLogic Case-Shiller Index (SA) United States

BHVI™ is based on contract date and precedes most published HPIs by months. It is indexed to 100 in January 2002.

— CoreLogic Case-Shiller = (15.8% YOY) — NAR Median Price = (7.7% YOY) — BHVI = (7.2% YOY)



Sources: NAR; S&P/Case Shiller; John Burns Real Estate Consulting, LLC (Data: Sep-22, Pub: Oct-22)

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Housing Market “need(s) a bit of a reset”



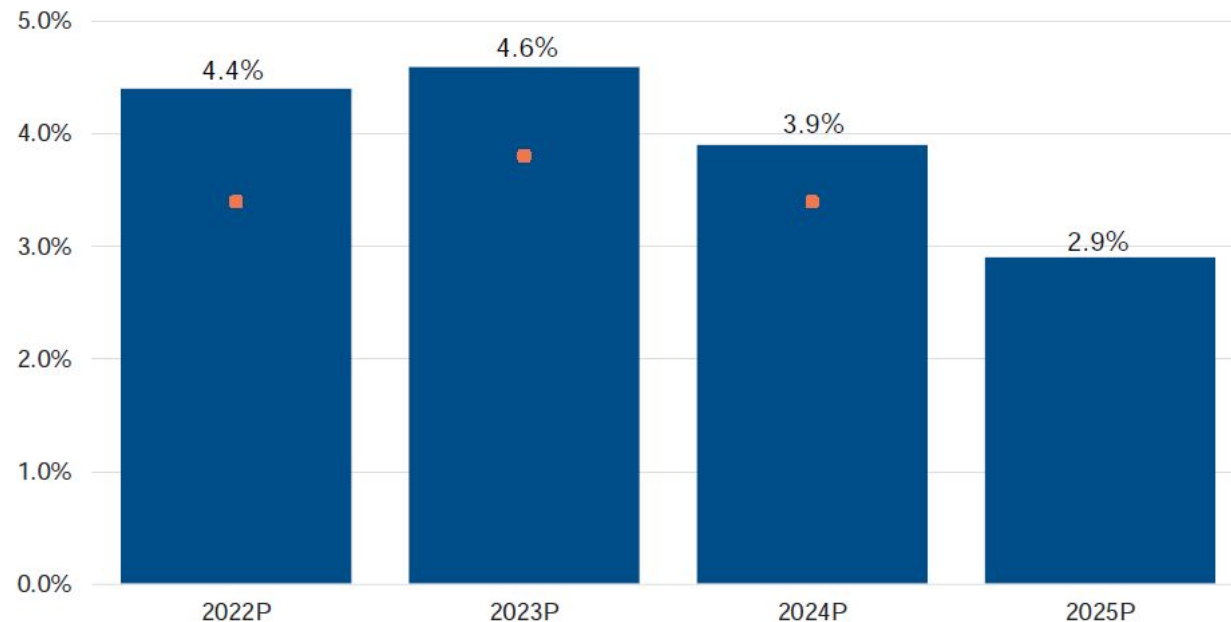
Jay Powell
June 15, 2022

Federal Reserve Projection: Federal Funds Rate

The Fed has raised their projections and now believe interest rates will need to increase to 4.4% by the end of 2022 (up from 3.25% currently) and 4.6% by the end of 2023. They do not expect to cut rates until 2024.

Federal Reserve Projection: Federal Funds Rate

■ Current projection (Sep.) ■ Prior projection (Jun.)



Note: Economic projections represent the median of all projections received from Federal Reserve Board members and Federal Reserve Bank presidents under their assumptions of projected appropriate monetary policy and reflect estimates as of the 4th quarter of each year.

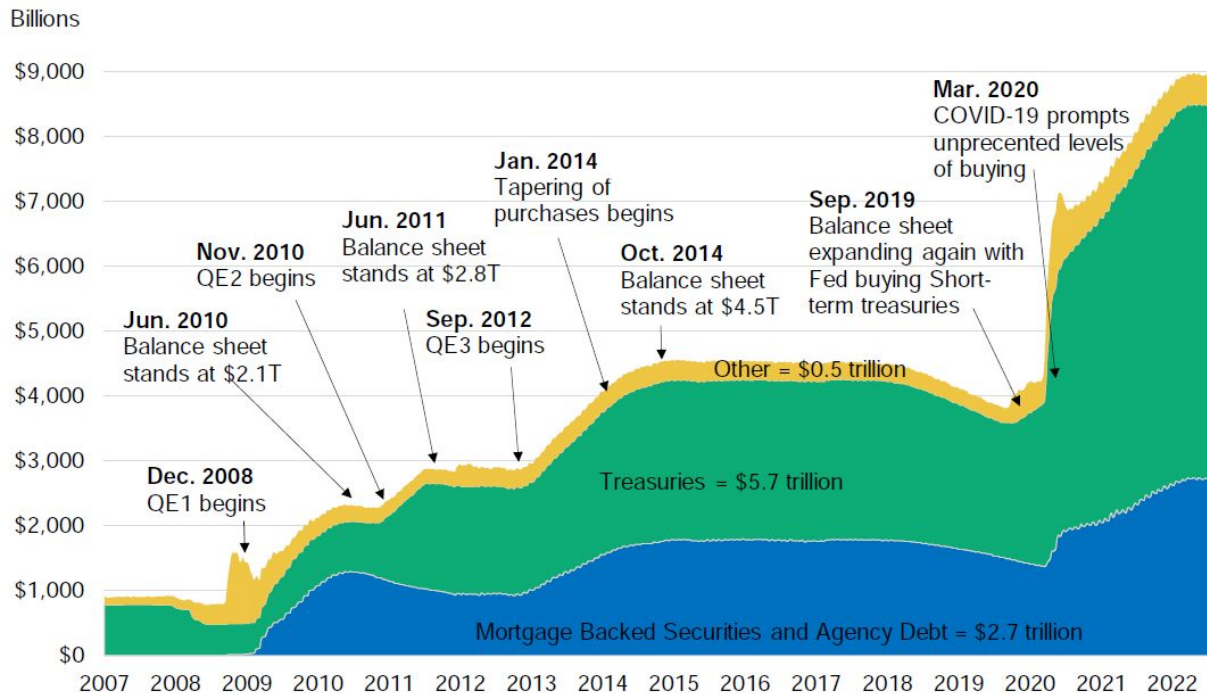
Source: Federal Reserve (Data: Sep-22, Pub: Oct-22)

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Federal Reserve Balance Sheet

The Federal Reserve is starting to shrink its balance sheet, including some of the \$2.7 trillion worth of MBS and agency debt on its balance sheet.

Federal Reserve Assets



Sources: Federal Reserve Board; John Burns Real Estate Consulting, LLC (Data: Aug-22, updated quarterly†)

Pub: Oct-22

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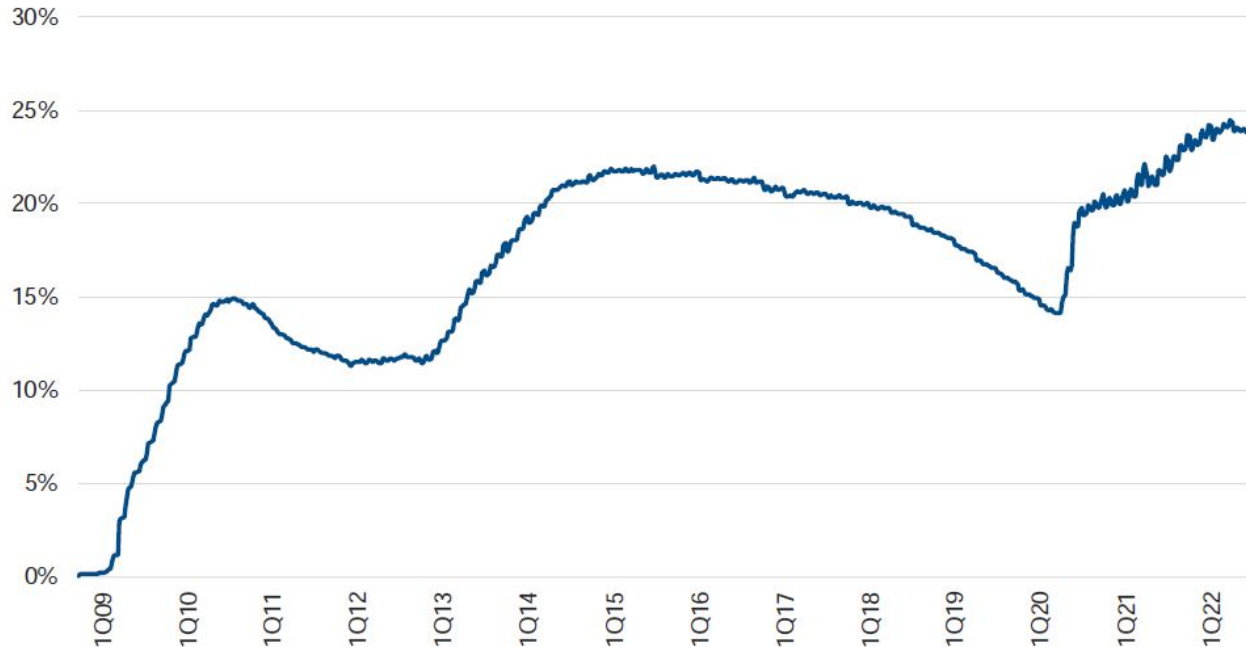
81

Federal Owned Mortgage Debt

The Federal Reserve owns 24% (2.7T) of the \$12T of outstanding consumer mortgage debt. This should start falling in coming quarters as the Fed shrinks its balance sheet.

Share of Consumer Mortgage Debt Owned by the Federal Reserve

— Fed-owned mortgage debt = 24%



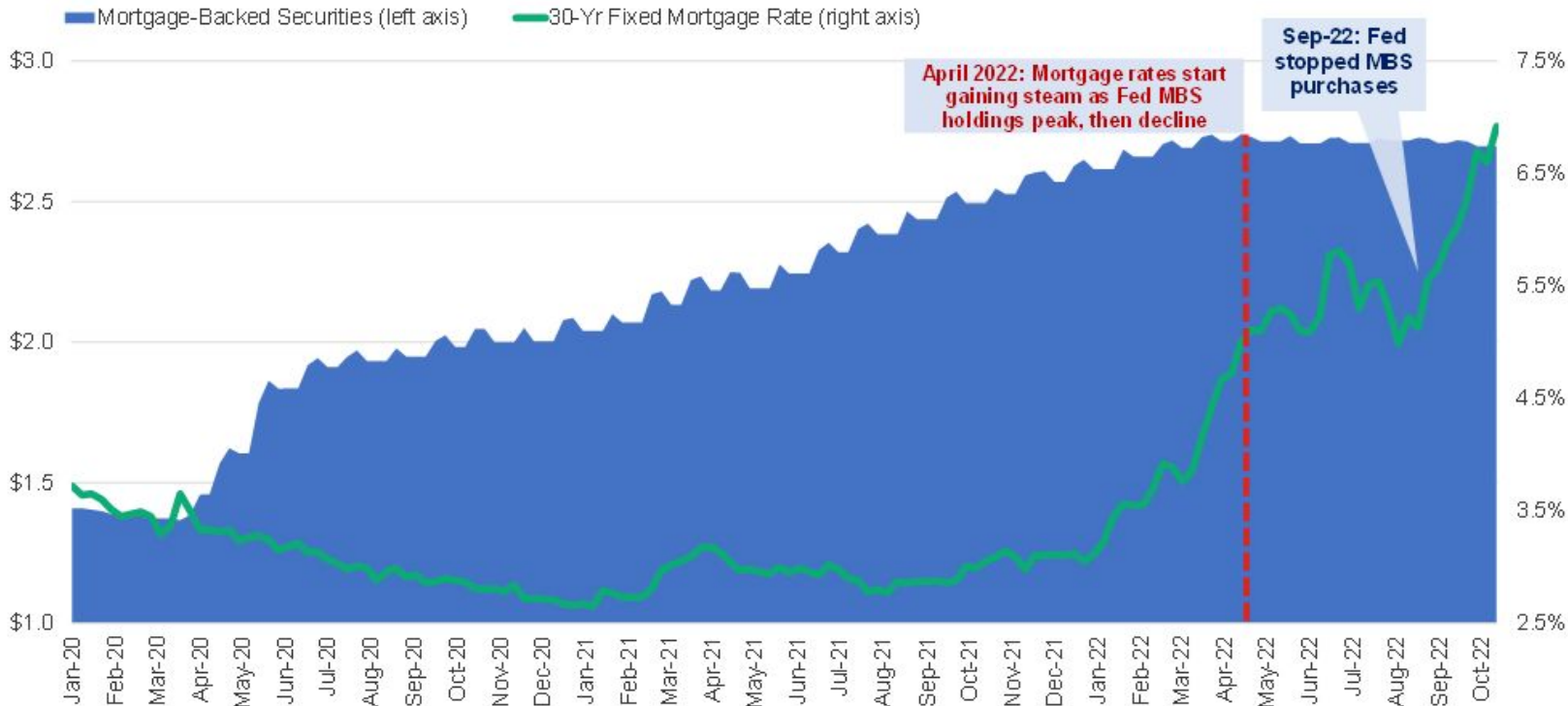
Sources: Federal Reserve Board; NY Federal Reserve Consumer Credit Panel/Equifax; John Burns Real Estate Consulting, LLC (Data: 2Q22, updated quarterly†)

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Fed's balance sheet of Agency mortgage-backed securities (Fannie, Freddie, Ginnie Mae) also falling in recent months, with purchases stopping in September

Fed-owned Agency Mortgage-Backed Securities vs. 30-Year Fixed Mortgage Rate

Trillions of \$



Source: Federal Reserve, Freddie Mac, John Burns Real Estate Consulting (Data: Oct-22)

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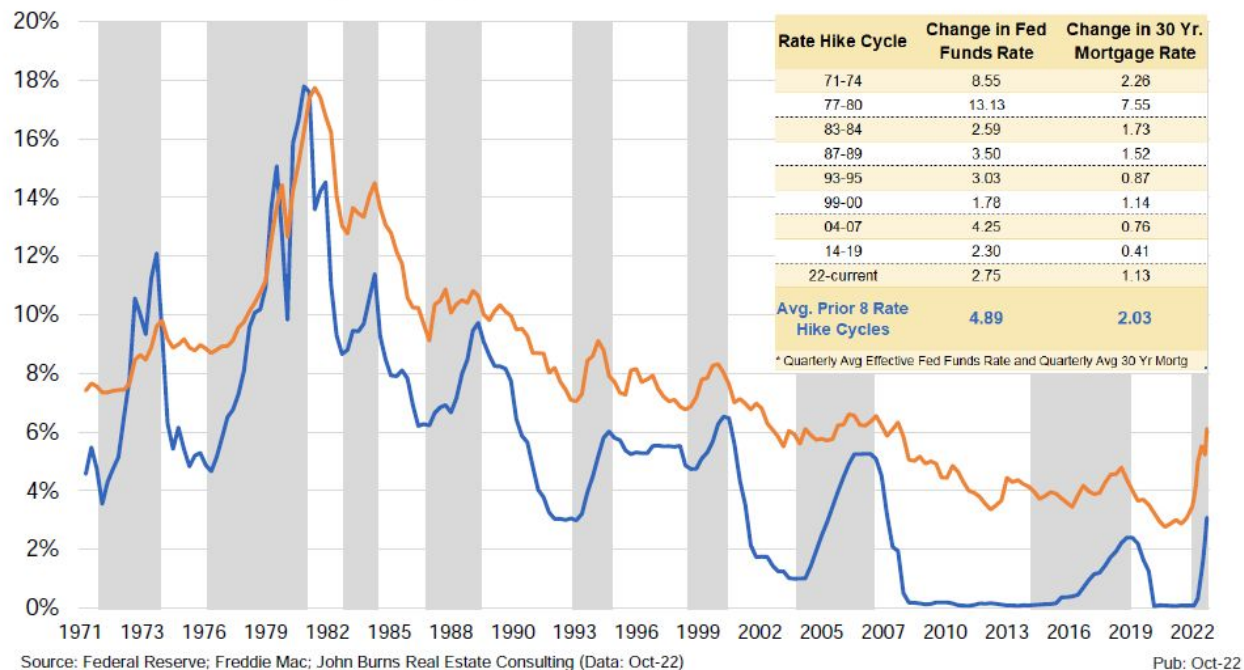
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Impact of the Federal Funds Rate on Mortgage Rates

The federal funds rate and mortgage rates are related, but the relationship is not 1:1. On average, a 100bps federal funds rate hike drove mortgage rates 41bps higher over the last 8 rate hike cycles.

Fed Funds Rate vs 30 Year Mortgage Rate

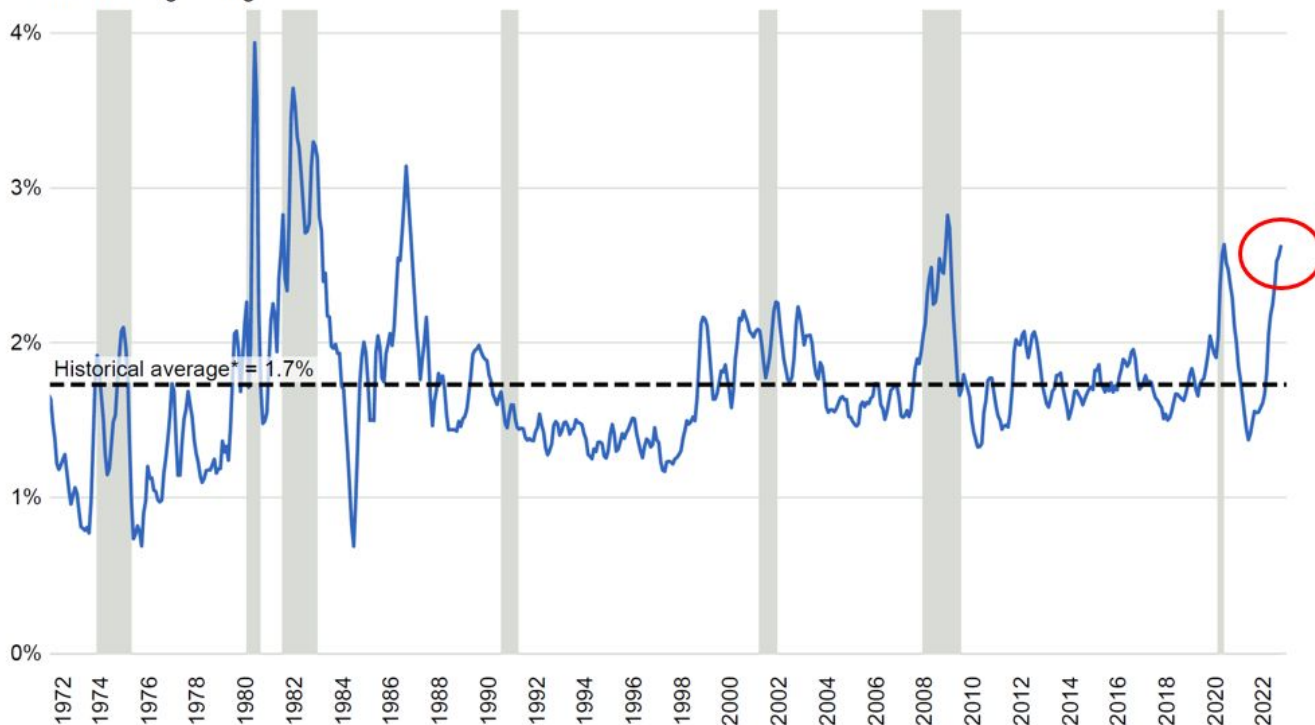
— Federal funds rate — 30-year mortgage rate



Spread between 30-year fixed rate mortgage and 10-year Treasury has also blown out to 263 basis points (bps), well above historical average of 170 bps

Interest Rate Spread: 30-Yr. Fixed vs. 10-Yr. Treasury

3-month moving average



Source: Freddie Mac, Federal Reserve, John Burns Real Estate Consulting, LLC (Data: Sep-22, Pub: Oct-22)

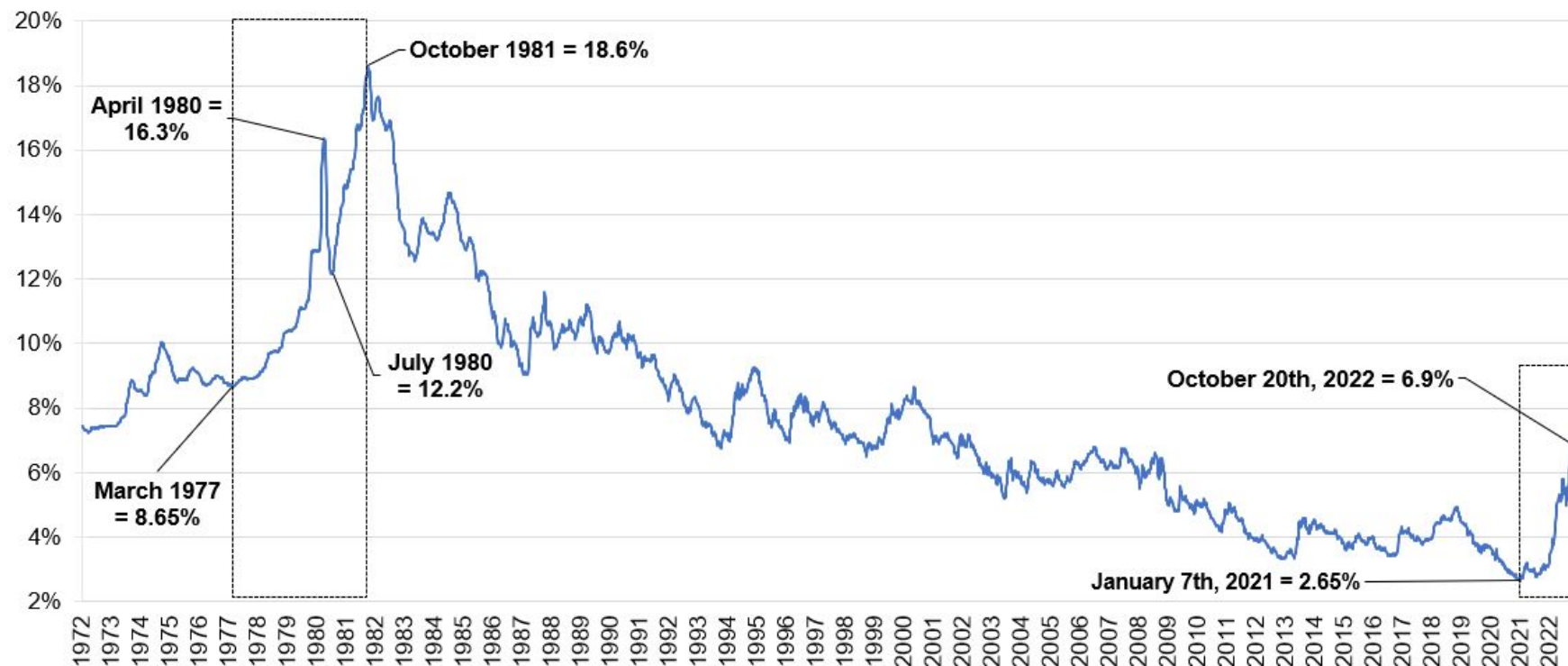
*Historical average 1971 through current

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Longer-term perspective on mortgage rates: One case (1977-1981) where rates jumped faster

30-Year Fixed Rate Mortgage (1972-Current)



Source: Freddie Mac, John Burns Real Estate Consulting, LLC (Data: Oct-22)

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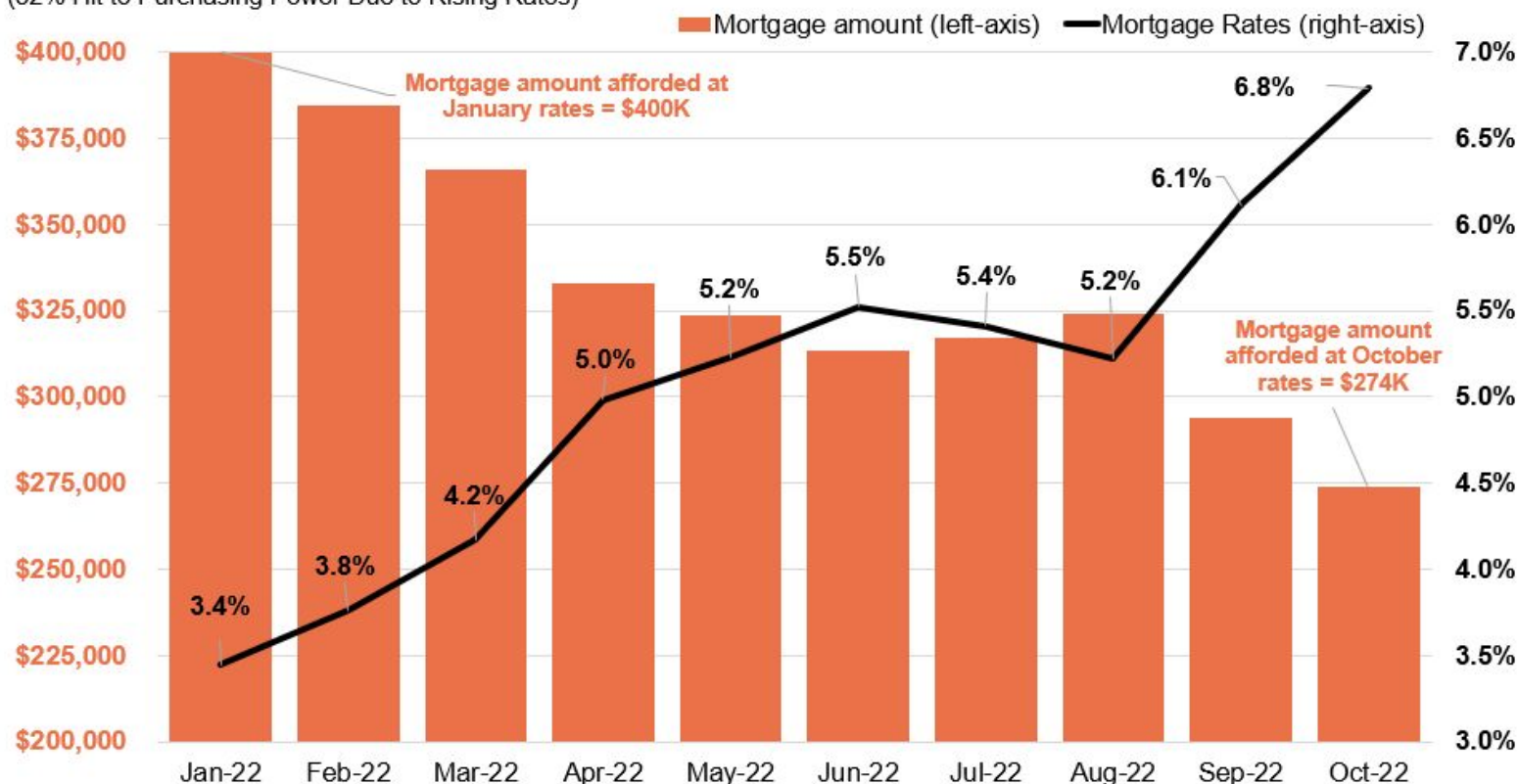
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Entry-level buyer purchasing power down from \$400K to \$274K due to rates doubling since January

Mortgage Amount \$400K 1st-Time Buyer Can Afford, Keeping Monthly Payment at \$1,784
(32% Hit to Purchasing Power Due to Rising Rates)



Entry-level
buyer



Source: Freddie Mac monthly average, John Burns Real Estate Consulting
(Data: October 20, 2022)

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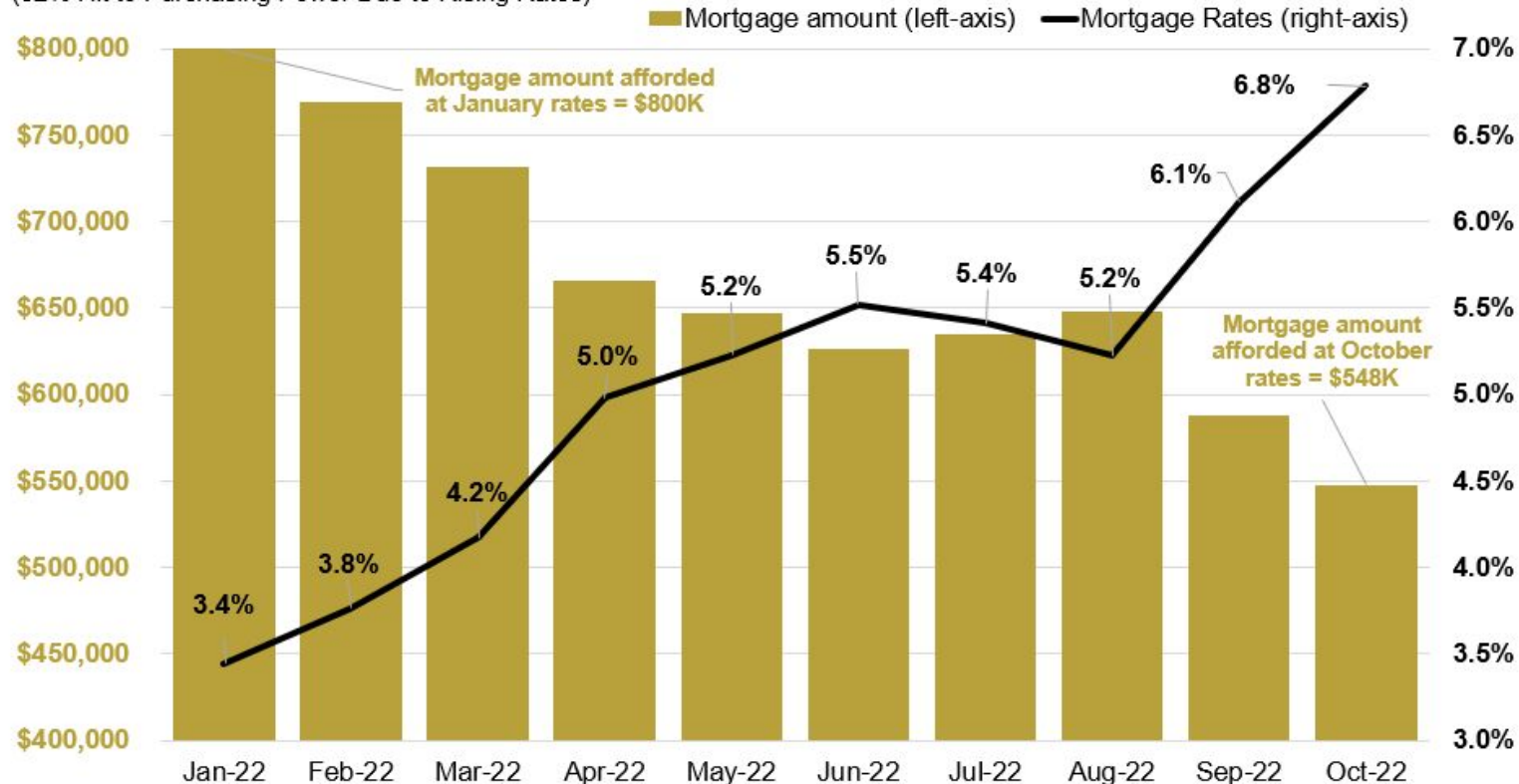
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Move-up buyer purchasing power down from \$800K to \$548K due to rates doubling since January



Move-up
buyer

Mortgage Amount \$800K Move-Up Buyer Can Afford, Keeping Monthly Payment at \$3,568
(32% Hit to Purchasing Power Due to Rising Rates)



Source: Freddie Mac monthly average, John Burns Real Estate Consulting
(Data: October 20, 2022)

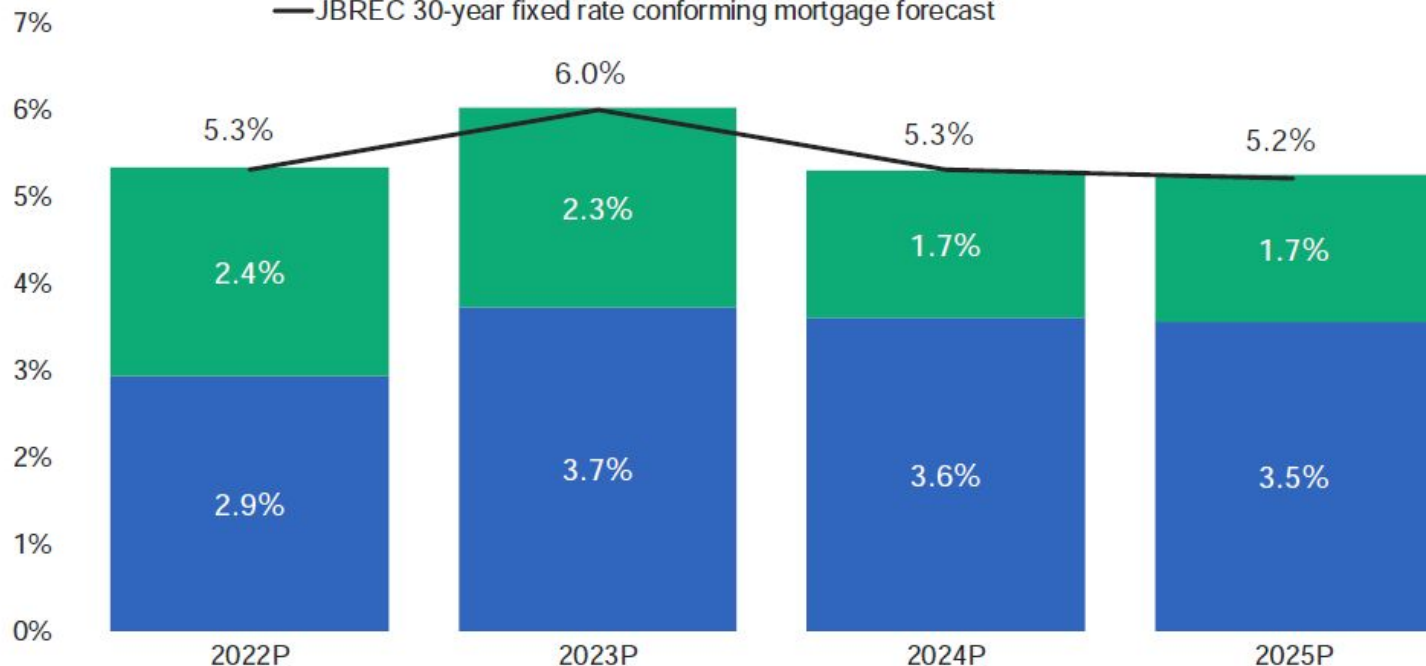
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Annual Average 30-Year Fixed Conforming Mortgage Rate Forecast

12-month average

- 30-year fixed rate conforming mortgage spread
- Bond market 10-year Treasury expectations
- JBREC 30-year fixed rate conforming mortgage forecast

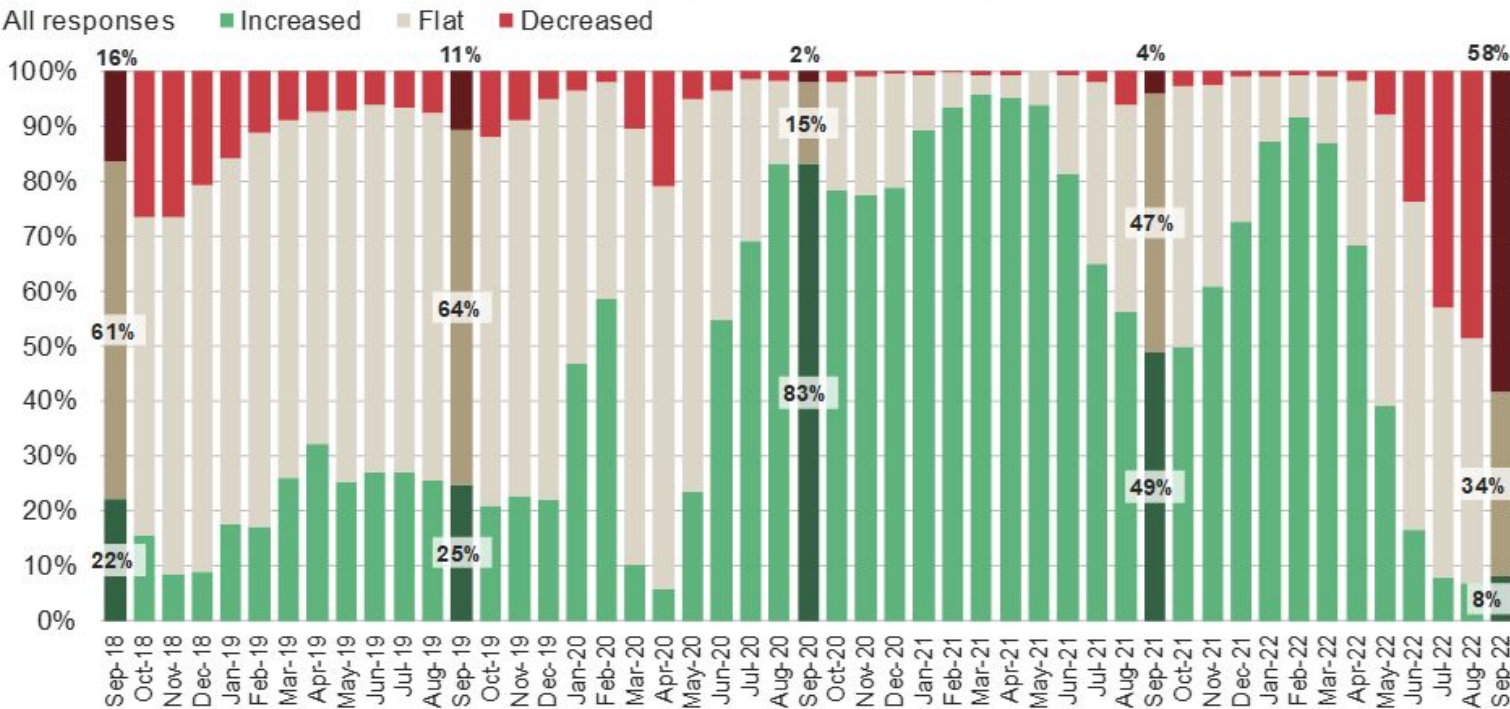


Note: The future spread for mortgage rates over 10-year Treasuries should be ~20-30 basis points higher than the historical 170 basis point spread for 3 reasons: 1) mortgage servicing compliance costs have risen ~25bps per year, 2) GSE mortgage fees have increased ~25 bps per year, 3) mortgage investing risk has increased as some liability shifts to mortgage owners, but has also decreased due to better documentation and an explicit government guarantee, so assume a negligible net effect. We are calling for slowing economic growth going forward, which should gradually drive premiums higher. The spread can vary widely over time for other reasons.

Sources: Bloomberg; John Burns Real Estate Consulting, LLC (Data: Sep-22, Pub: Oct-22)

More builders are reverting to price cuts and/or incentives to generate sales, with 58% of builders reducing net prices MOM in September (highest since 2010)

National: Direction of New Home Prices (Net of Incentives)

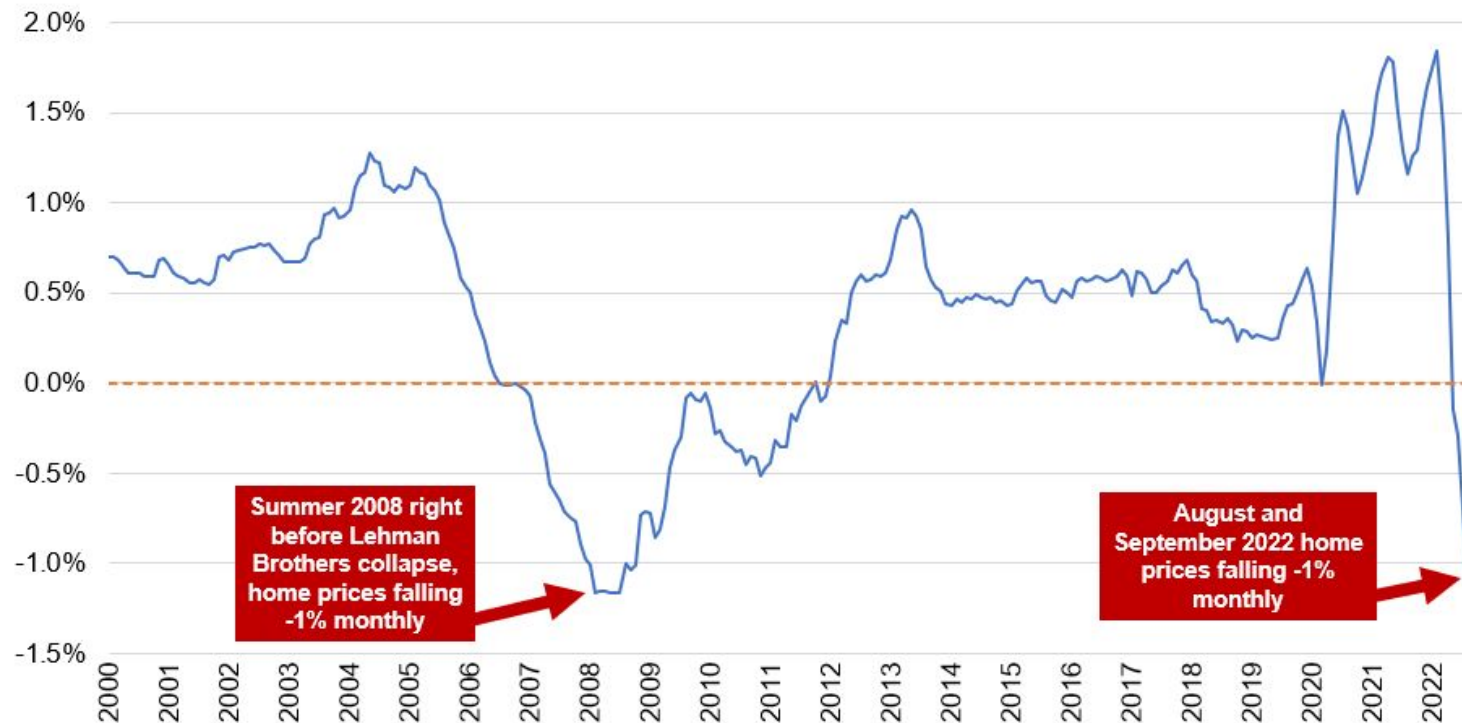


*Note: The above chart shows YOY comparisons only for builders who participated in the survey one year prior. For the survey of September conditions, YOY comparisons include 195 responses.
Source: John Burns Real Estate Consulting, LLC, independent survey of ~21% of all US new home sales, NSA (Data: Sep-22, Pub: Oct-22)

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National monthly home price declines already match the pace seen during the height of the Global Financial Crisis, indicating a swifter than normal fall in prices

US Burns Home Value Index: Monthly Percentage Change



Source: John Burns Real Estate Consulting, LLC (Data: Sep-22, Pub: Oct-22)

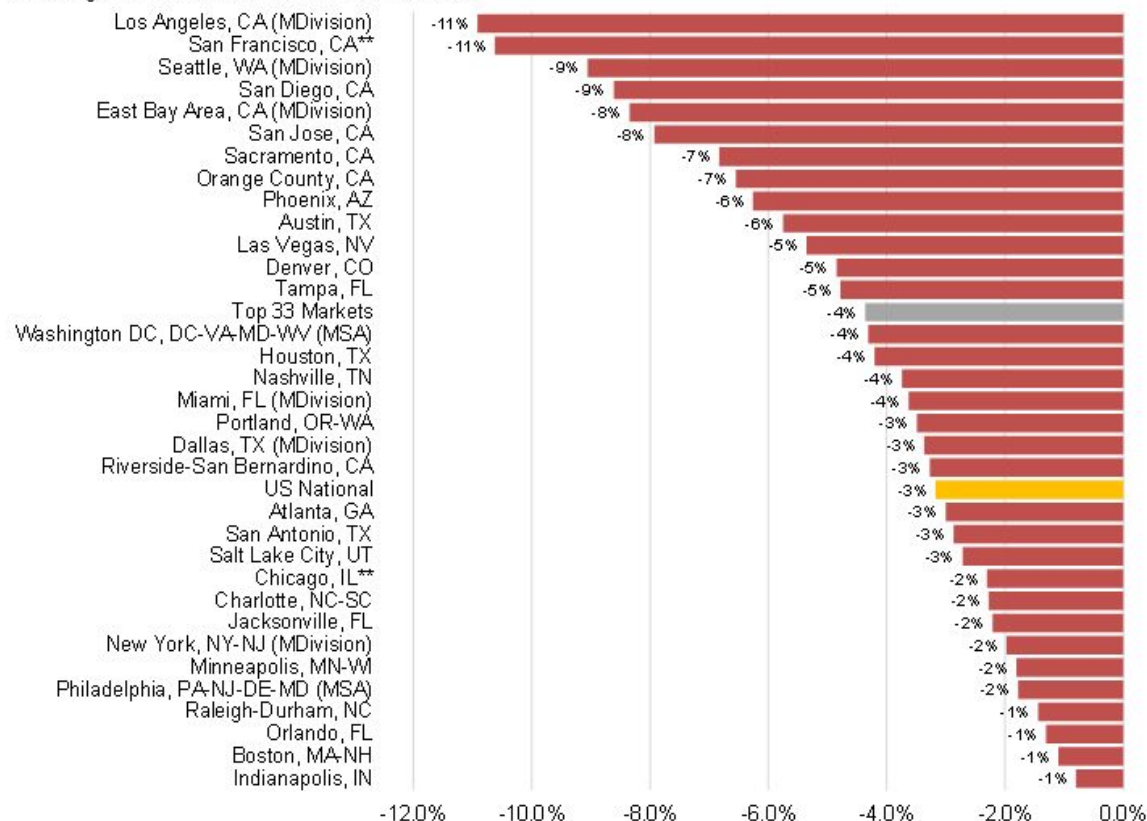
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Home prices along the West Coast have seen the fastest decline from early 2022 peaks

Burns Home Value Index % Change

% Change from 2022 Peak Home Values to Current



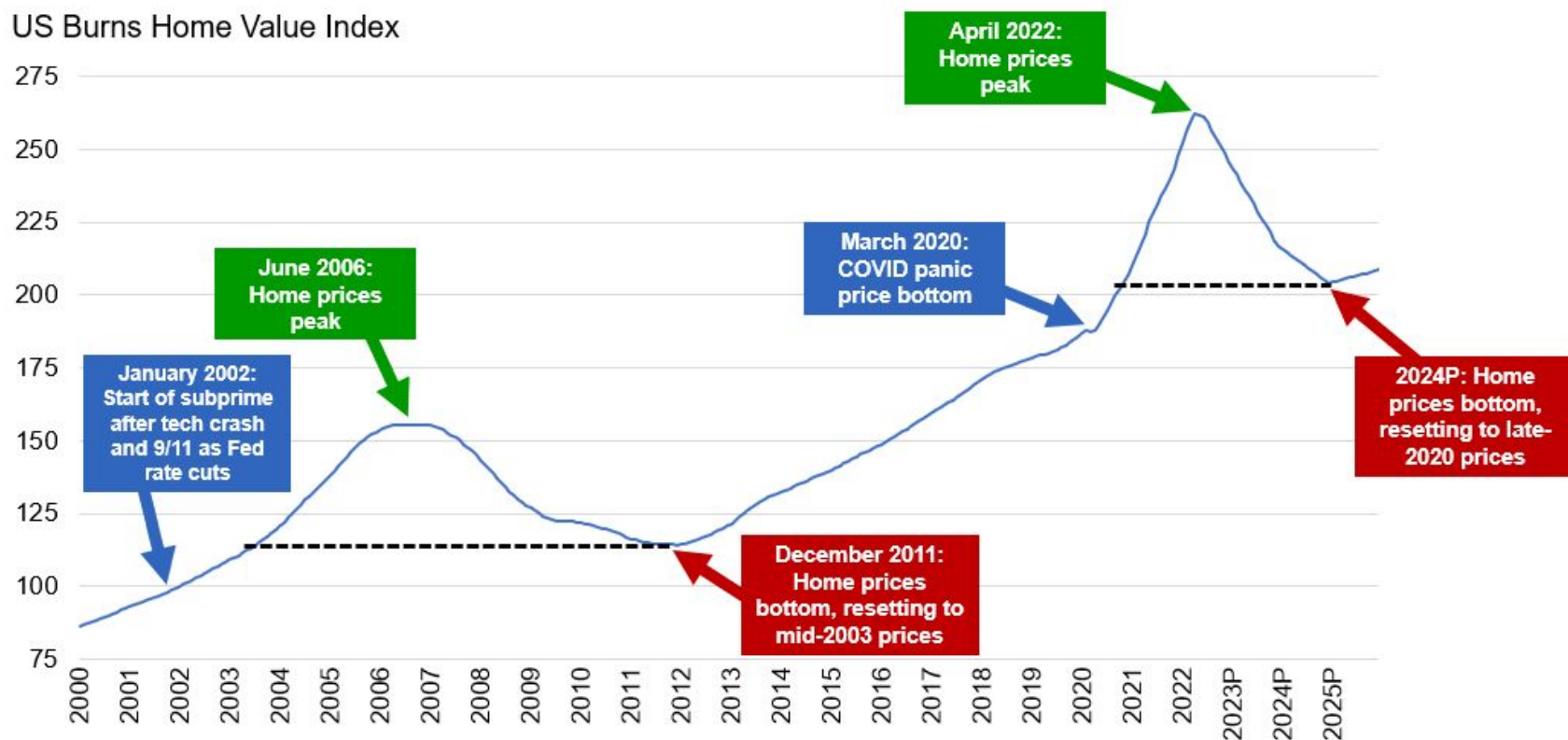
Source: John Burns Real Estate Consulting, LLC (Data: Sep-22, Pub: Oct-22)

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Pace of this cycle's home price boom was unprecedented, contributing to our outlook for quicker than normal price reset through 2024, especially if mortgage rates stay high

US Burns Home Value Index



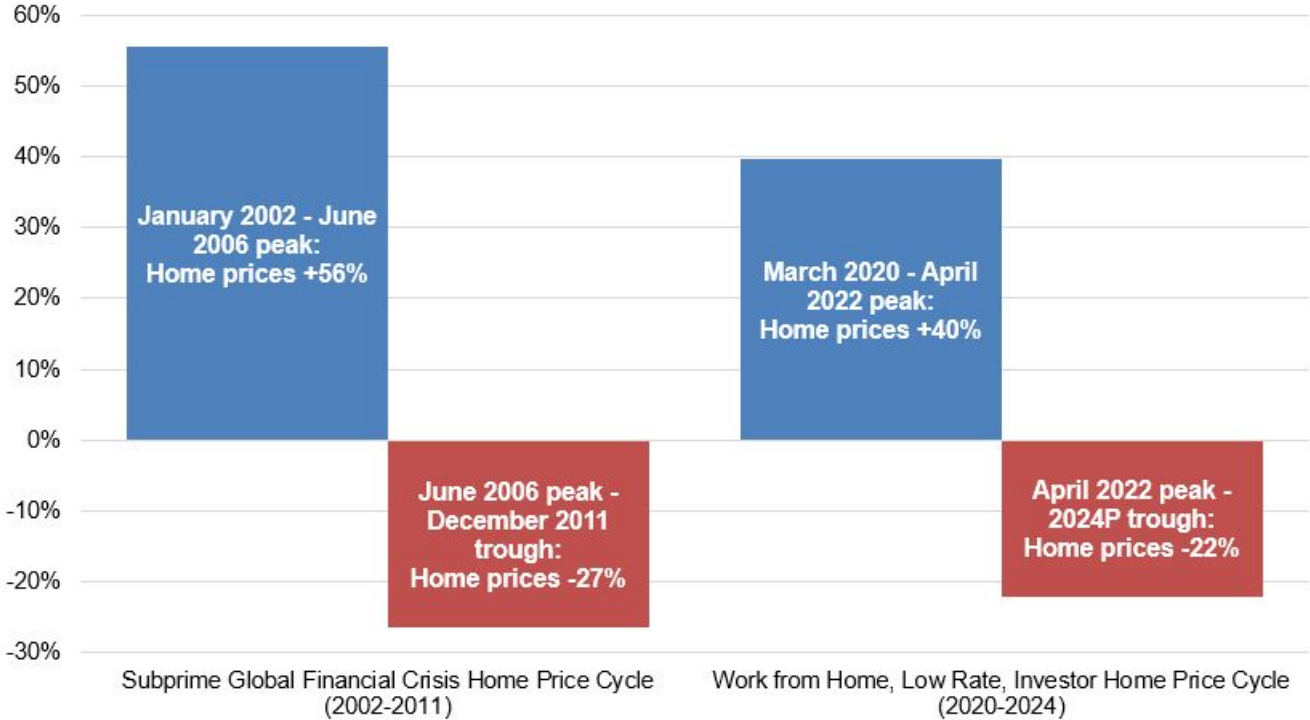
Source: John Burns Real Estate Consulting, LLC (Data: Sep-22, Pub: Oct-22)

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This cycle's home price declines will come close to subprime Global Financial Crisis, equating to the second biggest national price correction on record

US Home Price Cycles: 2002-2011 vs. 2020-2024P



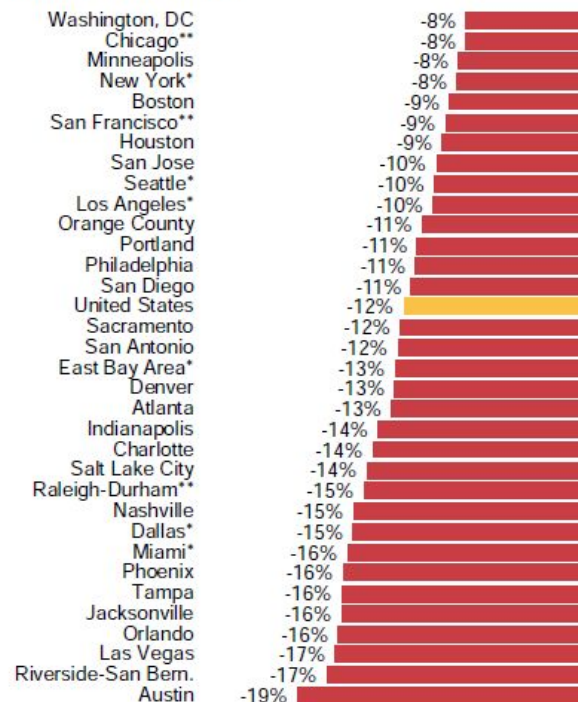
Source: US Burns Home Value Index, John Burns Real Estate Consulting, LLC (Data: Sep-22, Pub: Oct-22)

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We forecast total US home price appreciation to decline -12% in 2023 and decline -15% through 2025.

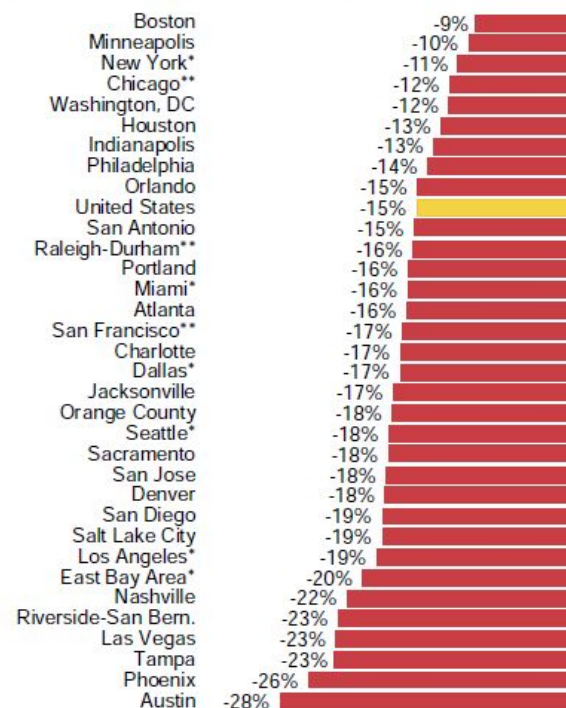
Home Price⁽¹⁾ Forecasts

YOY % change 2023P



4-Year Home Price⁽¹⁾ Forecasts

Cumulative % change Dec-2021A to Dec-2025P



Over four years, Austin and Phoenix will see the largest cumulative decline through 2025, at -28% and -26%, respectively.

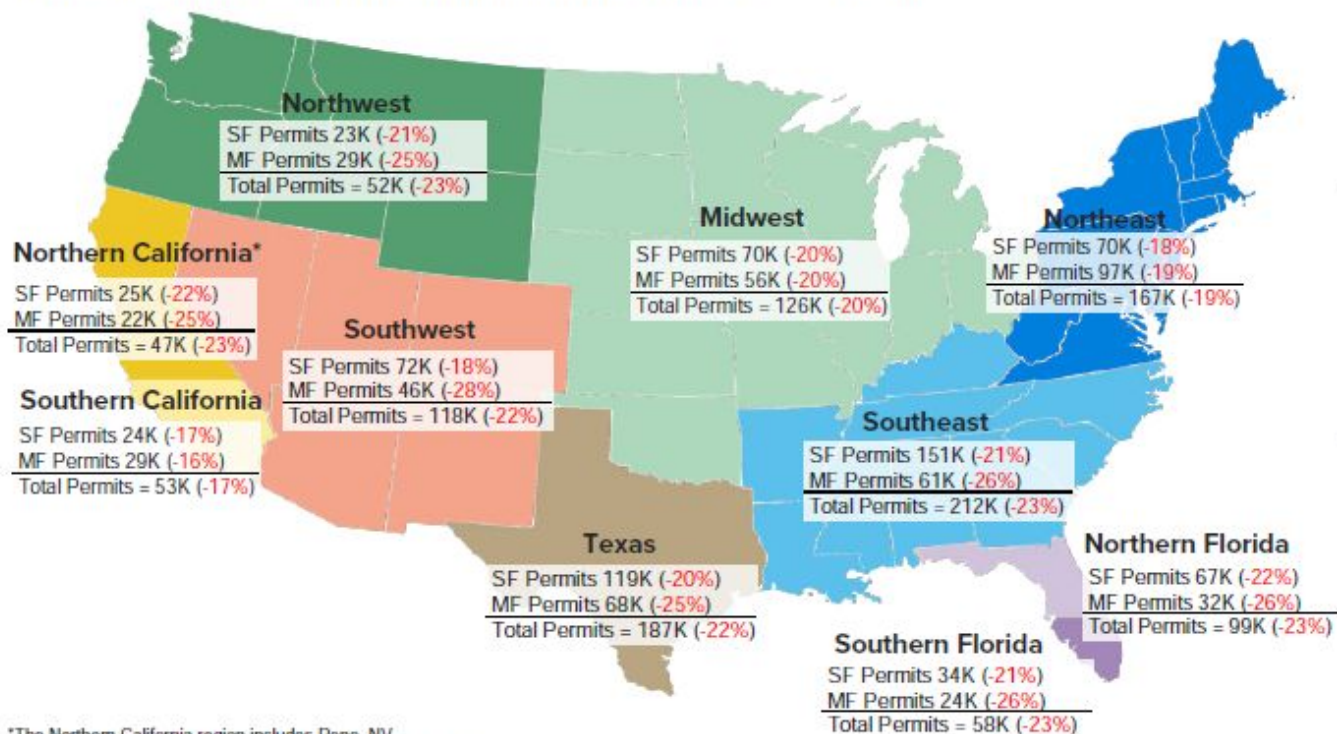
Source: John Burns Real Estate Consulting, LLC (Pub: Oct-22) 1. Burns Home Value Index™ **Metro division **combination of metro divisions (except Raleigh-Durham, which is combination of metros)

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We forecast declines in single-family and multifamily permits across all regions in 2023.

Regional Single-Family and Multifamily Permit Forecast 2023P



We expect all regions to experience total permit percentage declines in 2023 (-17%+ YOY). The Southeast will have the largest volume of permits (212K), comprised primarily of single-family permits (151K).

*The Northern California region includes Reno, NV.

Source: John Burns Real Estate Consulting, LLC (Pub: Oct-22)

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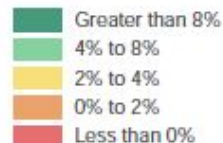
Burns Home Value Index: Price growth is positive YOY across top markets but decelerating significantly overall in recent months. We expect declines in 2023 and 2024 in all regions.

Regional Market Burns Home Value Index™ YOY % Change

Region	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Current	Dec-22P	Dec-23P	Dec-24P	Dec-25P
Southern California	8%	3%	4%	12%	20%	2%	-5%	-12%	-6%	3%
Northern California	11%	3%	3%	10%	19%	1%	-5%	-12%	-4%	2%
California	9%	3%	4%	11%	20%	1%	-5%	-12%	-5%	2%
Northern Florida	9%	7%	6%	12%	28%	14%	3%	-16%	-8%	2%
Southern Florida	7%	5%	4%	11%	28%	15%	6%	-16%	-8%	2%
Florida	8%	6%	5%	12%	28%	15%	4%	-16%	-8%	2%
Texas	6%	4%	5%	12%	22%	8%	0%	-14%	-6%	2%
Midwest	6%	5%	5%	11%	14%	7%	1%	-10%	-5%	2%
Northeast	5%	4%	4%	10%	13%	6%	0%	-9%	-4%	2%
Northwest	11%	5%	5%	14%	21%	4%	-4%	-12%	-5%	2%
Southeast	7%	6%	6%	11%	24%	13%	3%	-13%	-7%	2%
Southwest	9%	7%	6%	14%	26%	7%	-2%	-15%	-8%	3%
Core MSA totals	7%	5%	5%	11%	20%	7%	0%	-12%	-6%	2%

As of September 2022, home values increased the most in Southern Florida at 15% YOY. We forecast a decline in home price appreciation from 2023–2024, before picking up again in 2025.

Burns Home Value Index Growth YOY



Note: Select metro area totals only. Metro areas used in this table do not match the same metro areas used in a table without forecasts.

Source: John Burns Real Estate Consulting, LLC (Data: Sep-22, Pub: Oct-22)

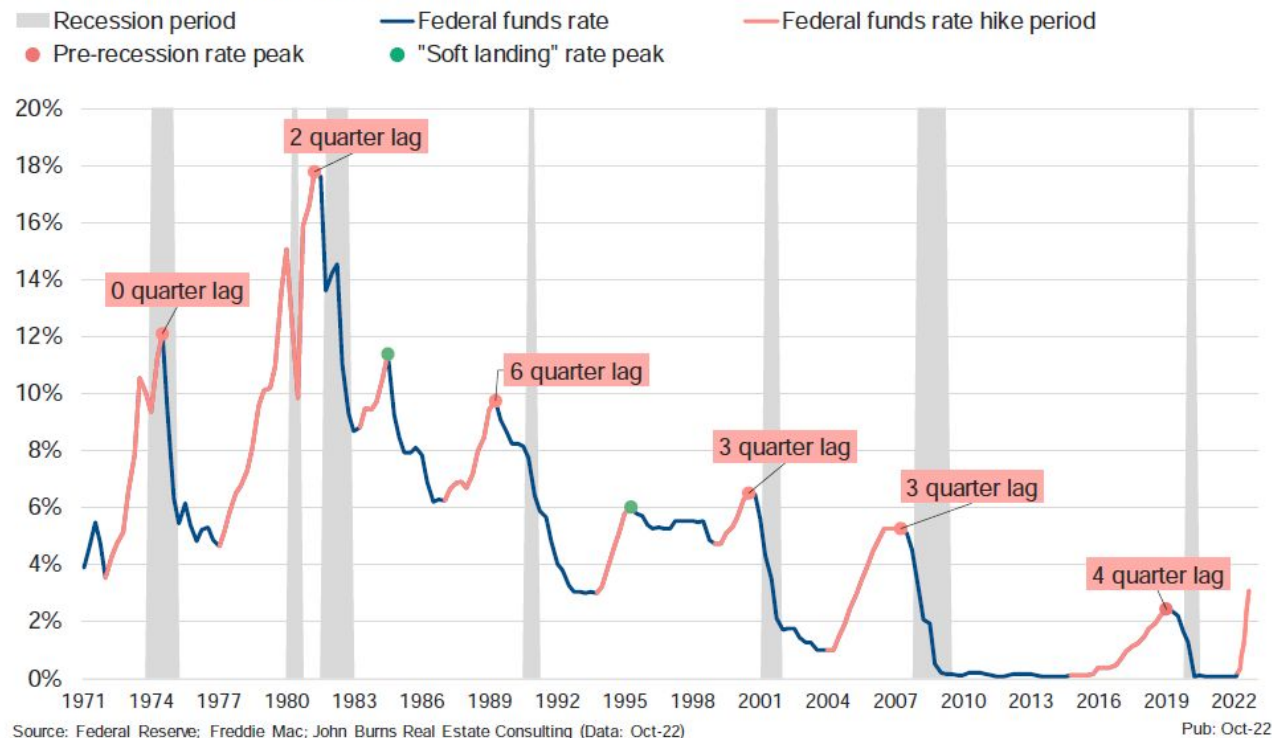
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Impact of Federal Funds Rate on the Economy

A recession has followed within 18 months of 6 of the past 8 rate hike cycles. The average lag time between rate peaks and the start of recessions is 3 quarters (9 months).

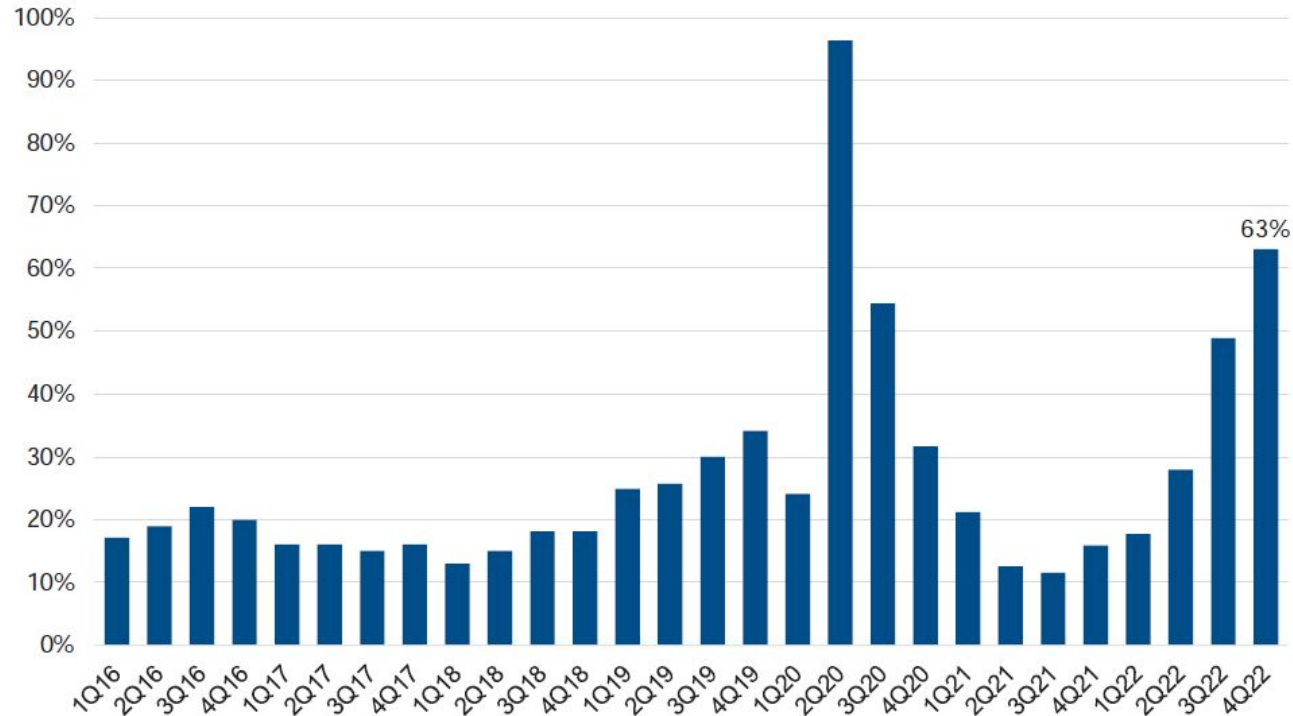
Rate Hikes and Recessions



Probability of Recession in the next 12 Months

The odds of a recession in the next 12 months has increased to 63%, per economists.

WSJ Recession Probability in the Next 12 Months



Source: Wall Street Journal (Data: 4Q22, updated quarterly†)

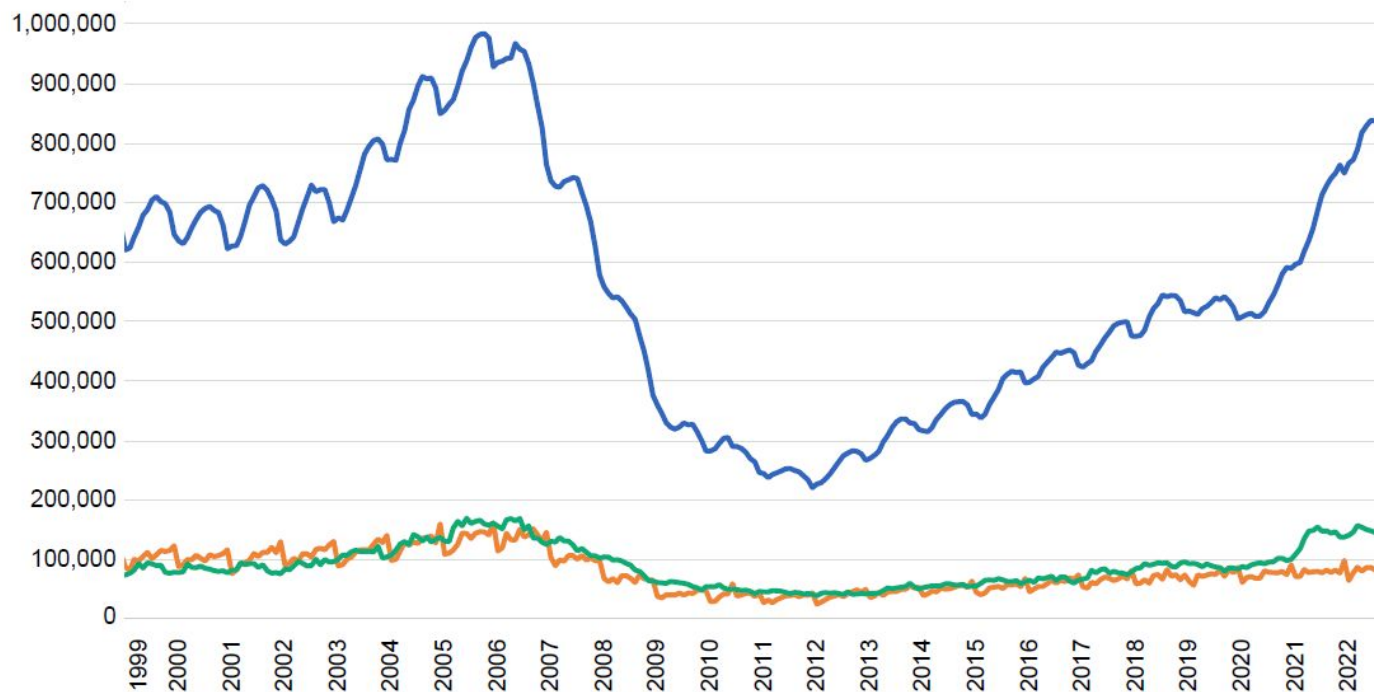
Pub: Oct-22

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There are 833K single-family homes currently under construction, which represent 78% of total inventory. Authorized but not started homes represent 13% of total inventory.

Single-Family Housing Stock Under Construction (Sold + Unsold)

Not seasonally adjusted Completed = 88,900 Under construction = 833,900 Not started = 143,800
8% of total inventory 78% of total inventory 13% of total inventory



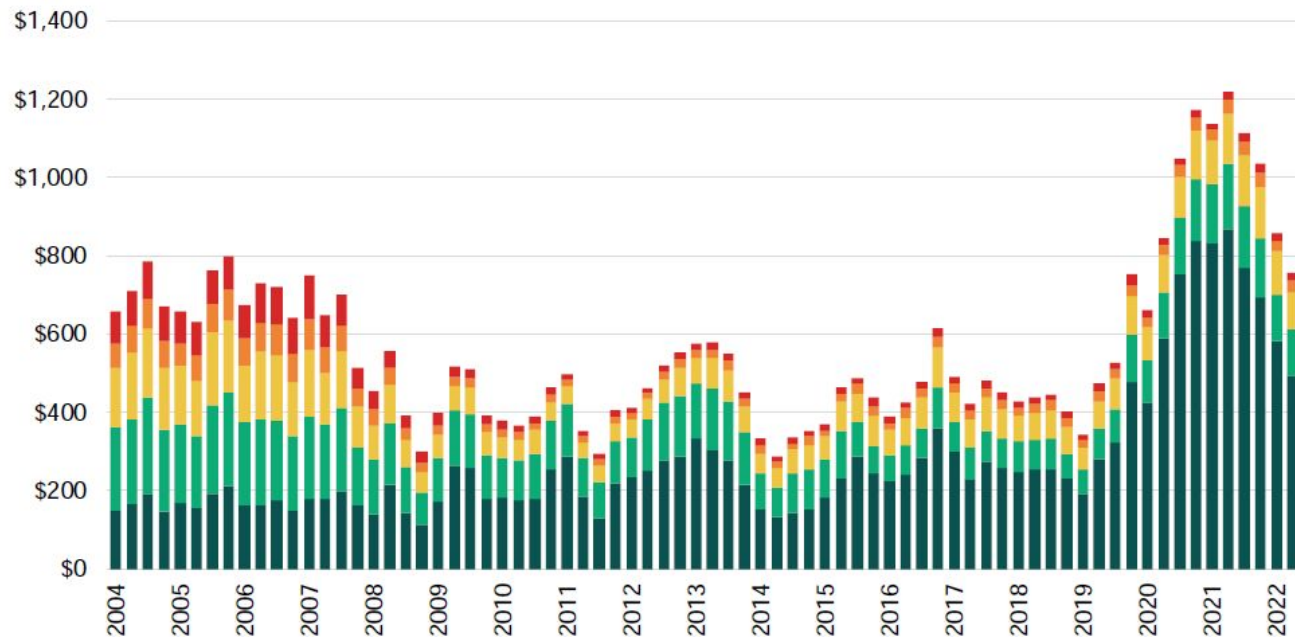
Source: U.S. Census Bureau (Data: Aug-22, Pub: Oct-22)

Mortgage Originations by Credit Score

In 1Q07, 15% of mortgage originations were to subprime borrowers with a credit score of <620. As of 2Q22, only 3% of mortgages went to borrowers with a credit score less than 620.

Mortgage Originations by Credit Score*

Billions (USD) Share in parentheses: ■ 760+ (65%) ■ 720–759 (16%) ■ 660–719 (12%) ■ 620–659 (4%) ■ <620 (3%)



*Credit Score is Equifax RiskScore 3.0.

Source: FRBNY Consumer Credit Panel/Equifax (Data: 2Q22, updated quarterly†)

Pub: Oct-22

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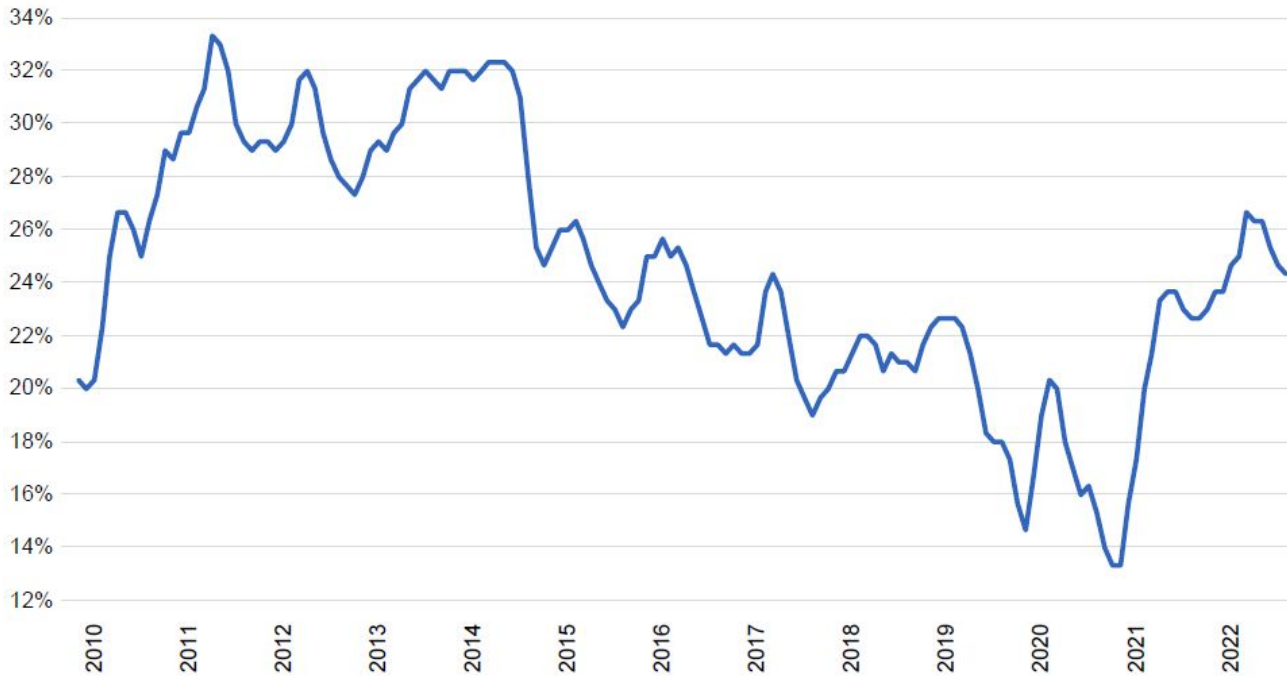
Share of Existing Home Sale Closings to Cash Buyers

All-cash sales are 24% of existing home transactions.

Share of Existing Home Sale Closings to All-Cash Buyers

3-month average

Percentage of all-cash buyers = 24%



Note: NAR began tracking this data point in November 2009.

Source: ©2022 National Association of REALTORS® (Data: Aug-22, Pub: Oct-22)

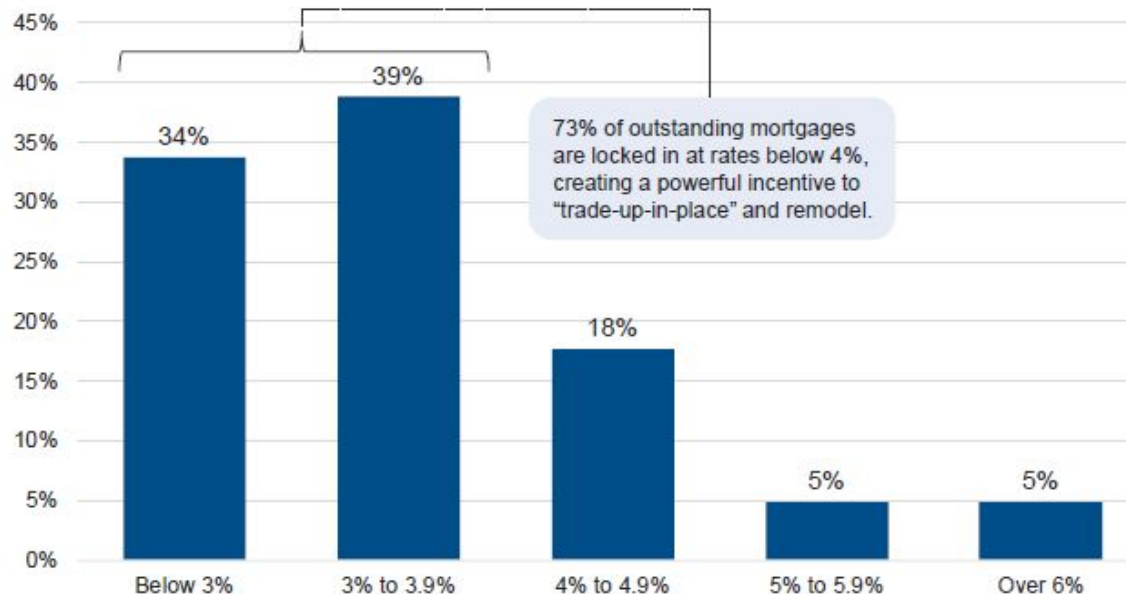
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73% of mortgage borrowers are “locked in” at rates below 4%, creating an extremely powerful incentive to stay in their current homes long term.

The increase in mortgage rates this year above 5%—after spending much of 2020–2021 below 3%—has effectively locked in current homeowners.

This is a huge financial incentive to stay in their existing home that has a low mortgage rate versus moving to a new home with a much higher rate.

Distribution of Outstanding Primary Residential Mortgages by Interest Rate



Note: Percentages may not add up to 100% due to rounding.
Source: Black Knight (Data: Apr-22, Pub: Aug-22)

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How this Impacts Vacation Rental Supply

Market Dependent

More Supply Short Term:

- existing homeowners choose to rent for more disposable income
- developers choosing to add inventory to rentals if they can't sell
- homeowners who can't sell properties in stagnant market choose to rent

Less Supply Long Term:

- fewer people purchasing rentals because cap rates falling (asset dropping 1% a month)
- few new home starts by Q1 2023
- fewer new homes coming online Q4 2023
- regulatory constraints

Foreclosures - less likely than '08 (strong FICO scores / better mortgages)

Housing Affordability

Performance & Outlook



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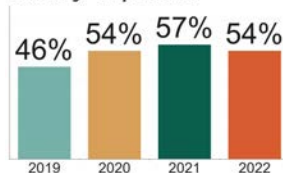
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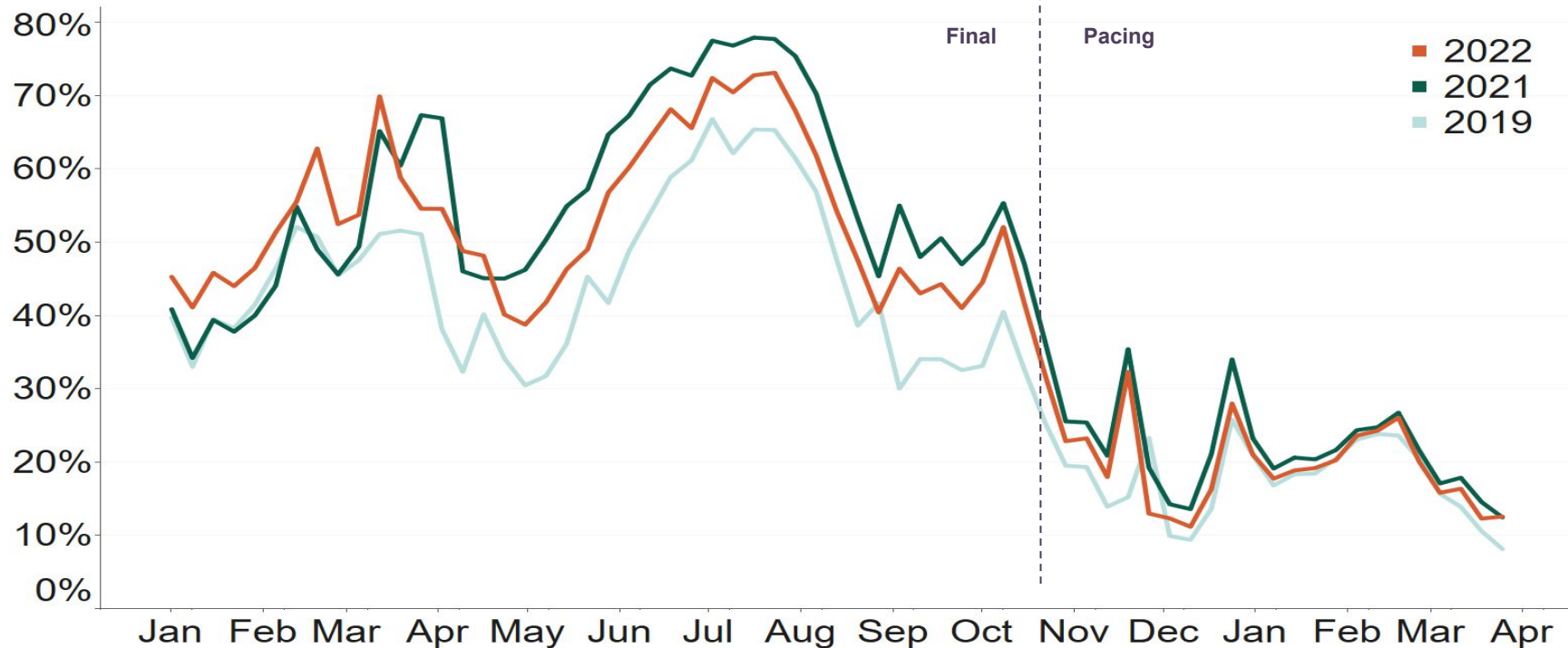
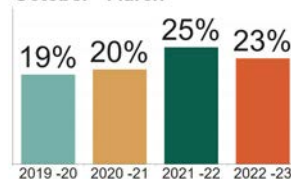
U.S. Adj. Paid Occupancy vs. 2021

Direct Source as of 10/19

January - September

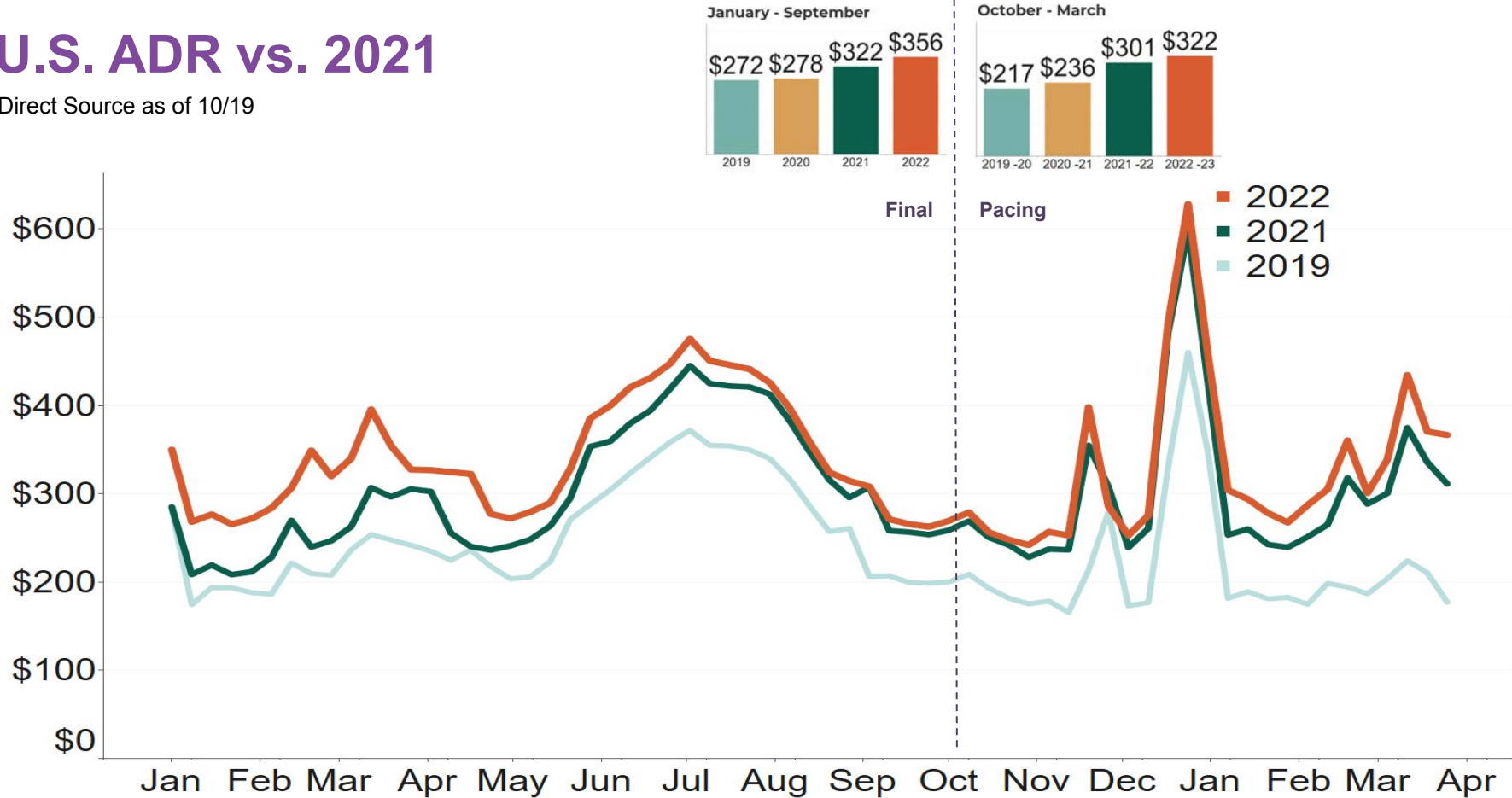


October - March



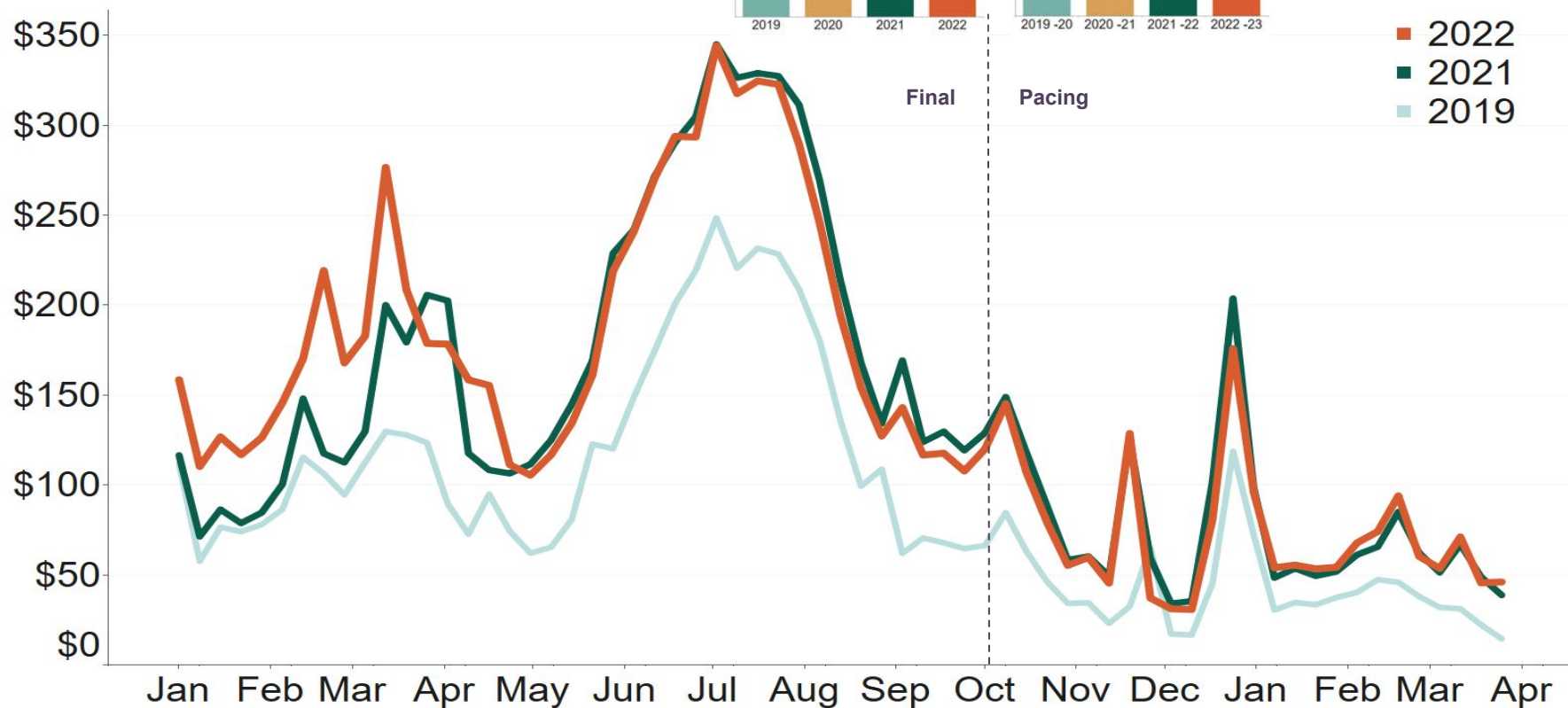
U.S. ADR vs. 2021

Direct Source as of 10/19

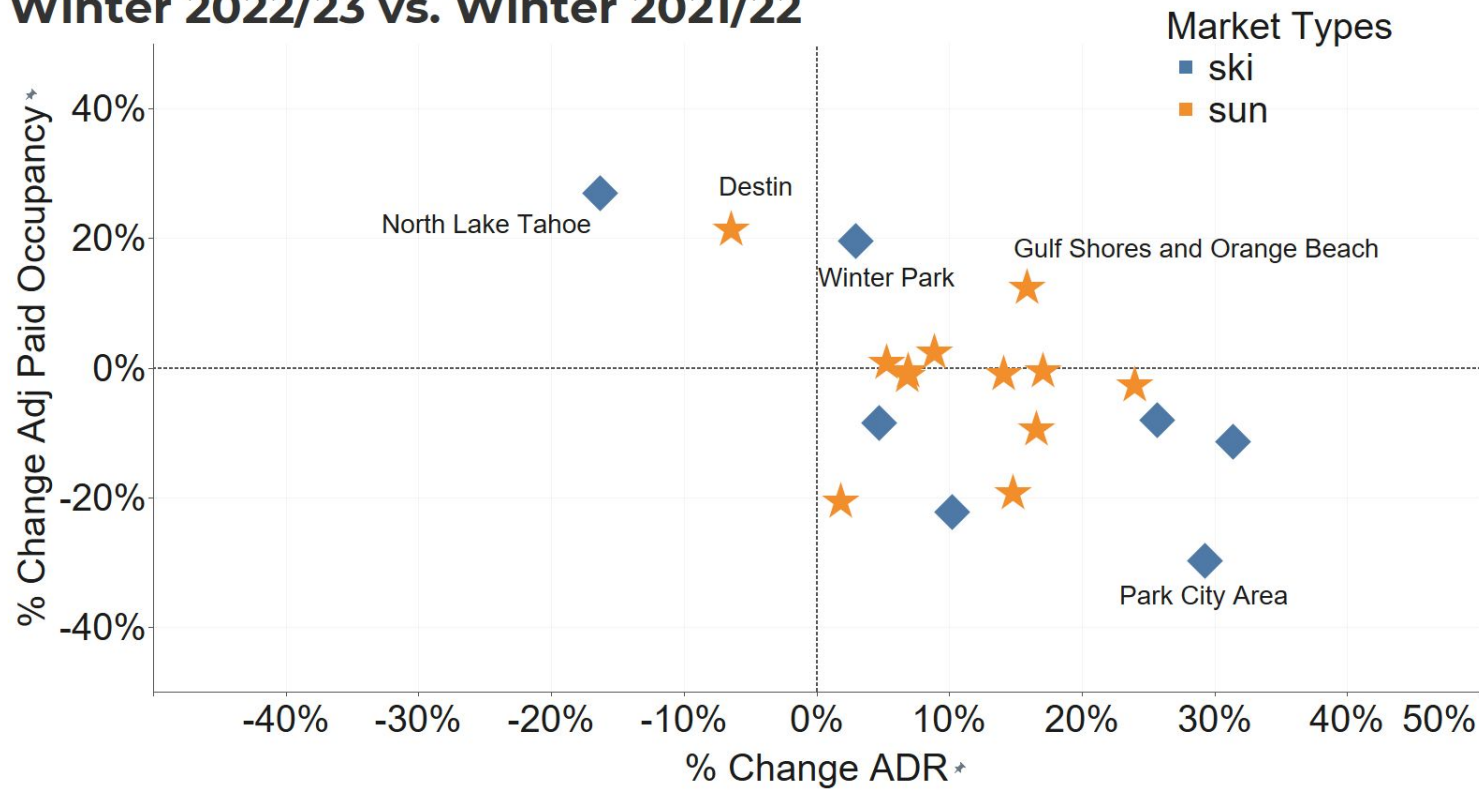


U.S. Adj. RevPar vs. 2021

Direct Source as of 10/19



Winter 2022/23 vs. Winter 2021/22



Booking Trends



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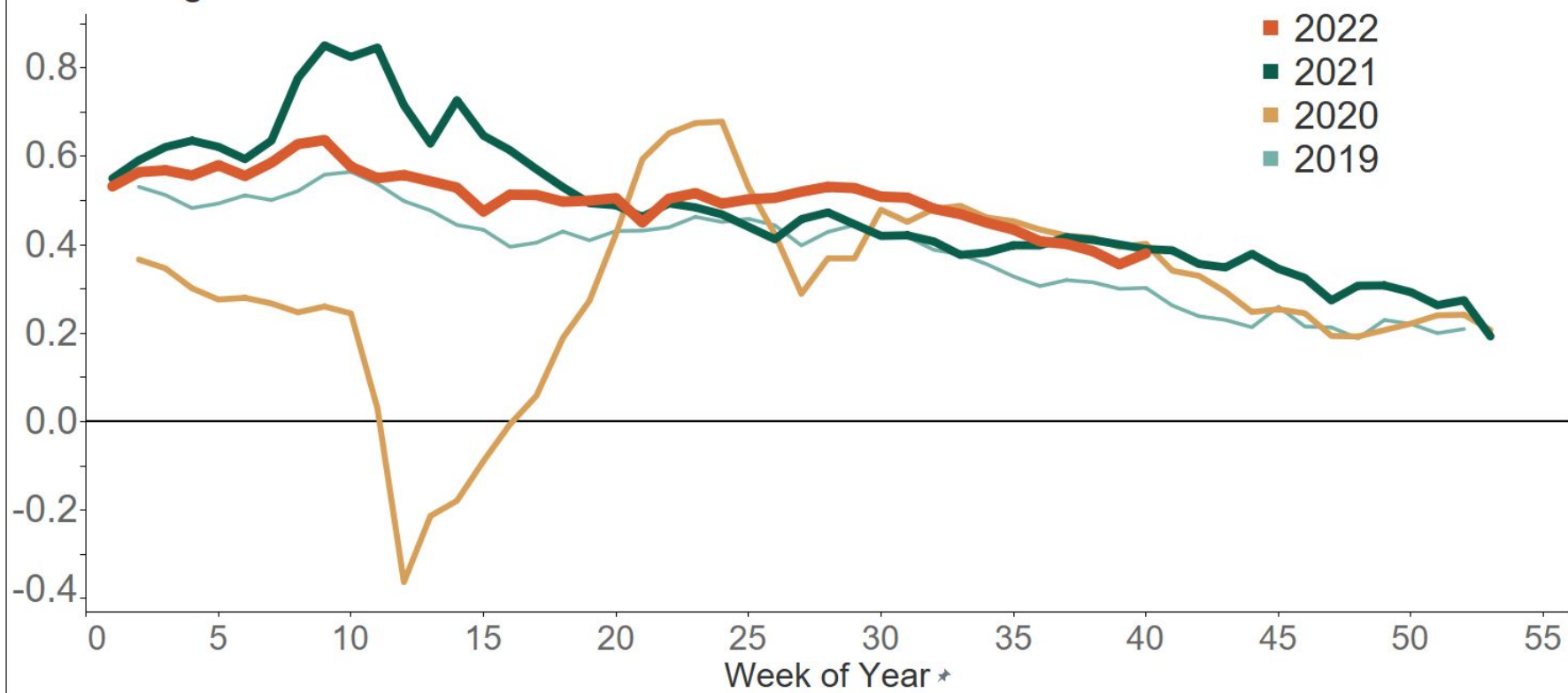
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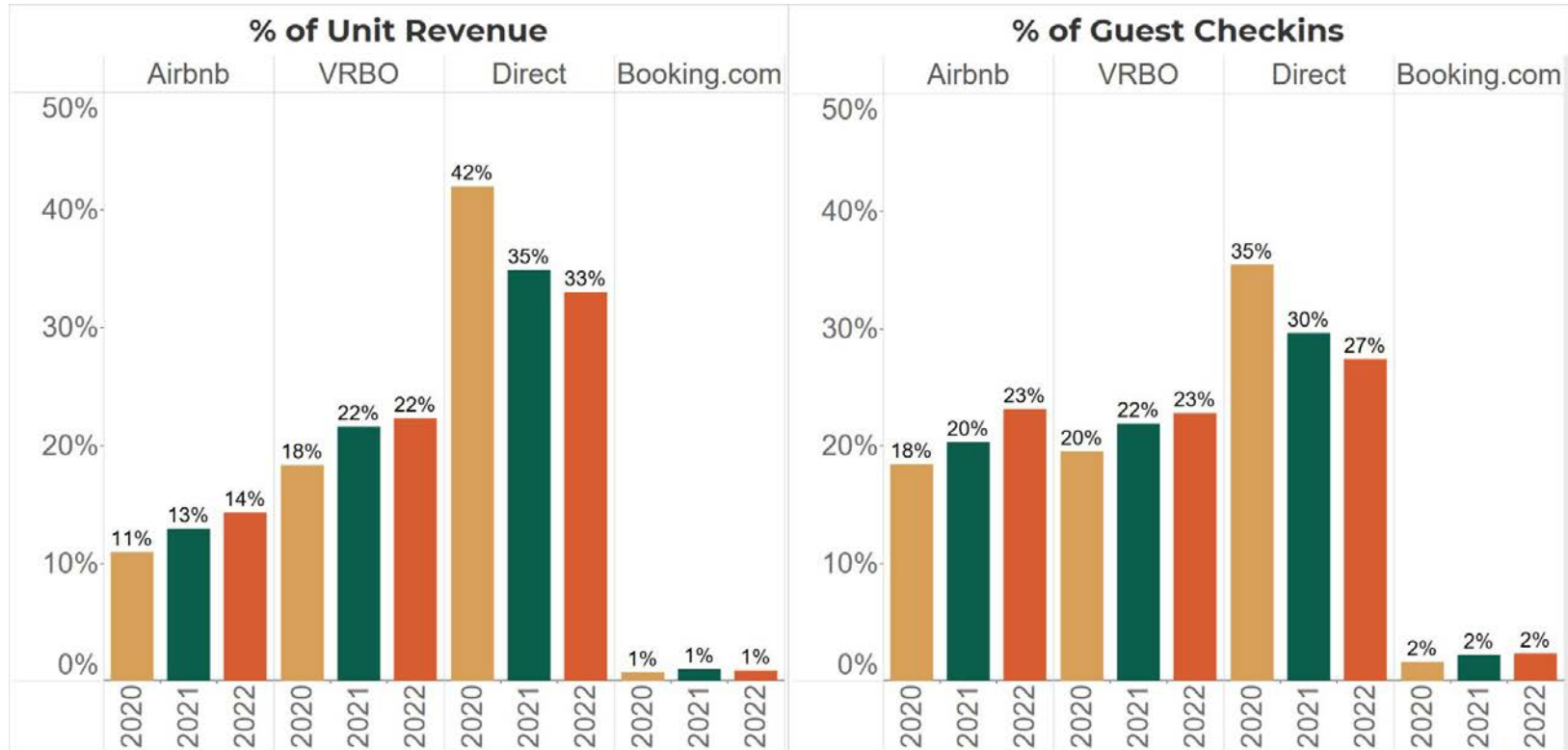
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New Net Bookings Per Active Vacation Rental

United States, Direct Data.

Net Bookings = New Reservations - Cancellations





Reservations made between January 1 and October 20 each year. Direct Data.



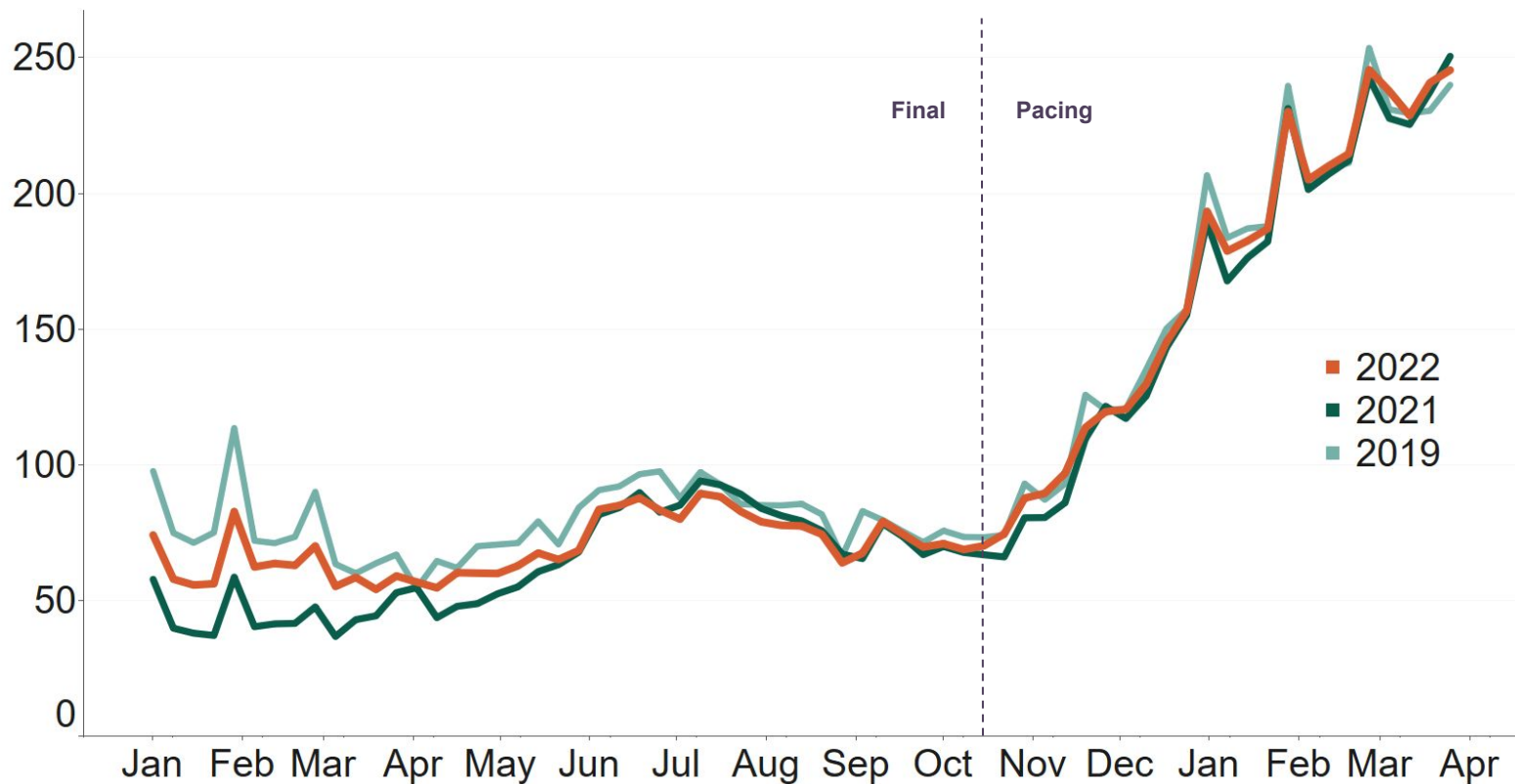
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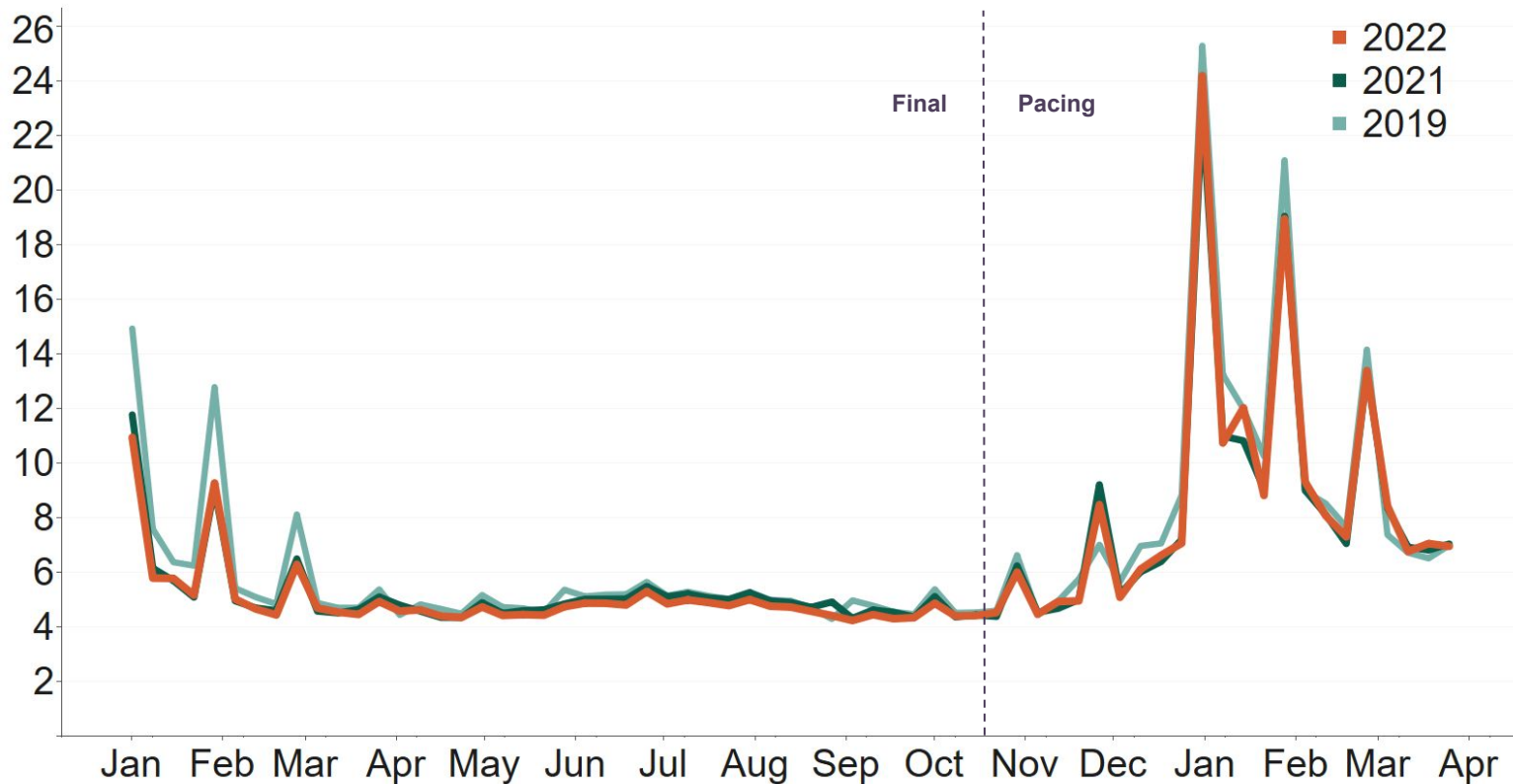
U.S. Average Booking Window

Direct Source as of 10/19



U.S. Average Stay length

Direct Source as of 10/19



Takeaways

- Demand
 - Strong - cautious optimism w/ economy
 - Airlines optimistic.
 - Travel is a priority.
 - Hotel occupancy has almost fully recovered.
- Supply
 - Growing quickly.
 - Short-term strength.
 - Longer term pull back.
- How do you stay competitive in 2023?
 - Set owner expectations.
 - Watch supply & recession signals.
 - Local market data.
 - Put your hands back on the wheel.

Thank You!



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