KEYDATA™

Summer 2024

U.S. Short-term Rental Quarterly Report

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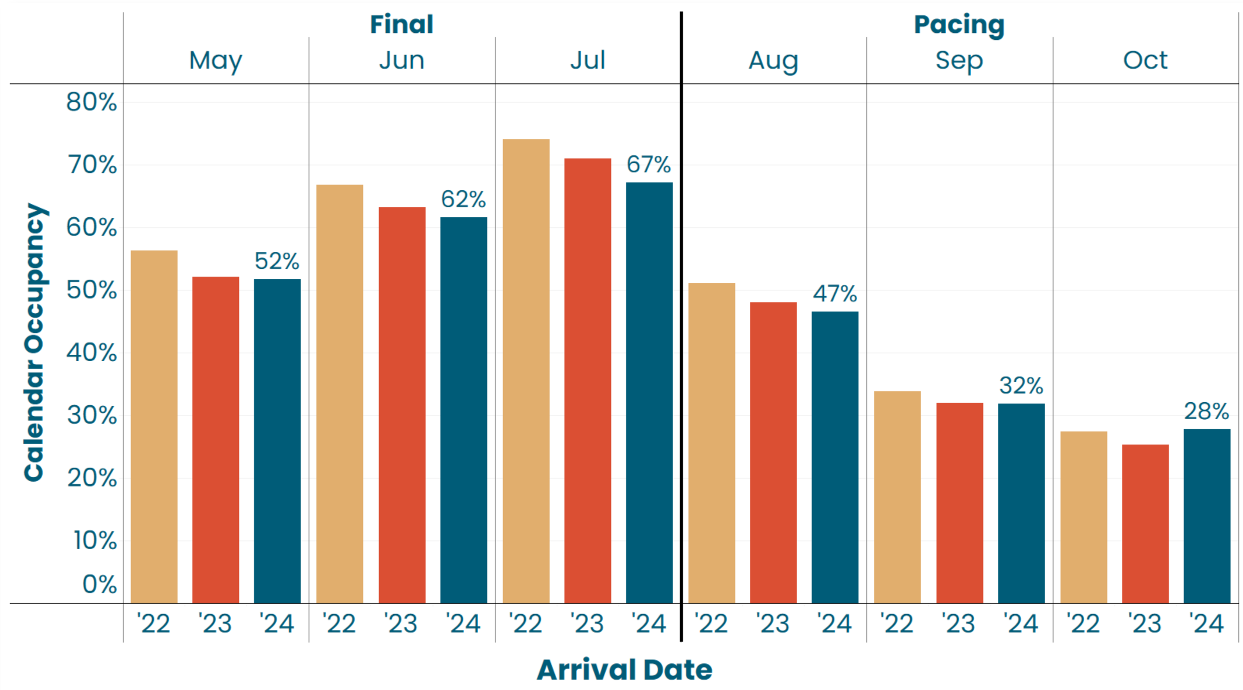
Early fall vacation rental occupancy and rates are looking promising.

Summary

- Fall vacation rental occupancy is looking promising.
- Stagnant rates and declining occupancy contributed to lower RevPAR in July.
- Average stay lengths are decreasing slightly while booking windows are increasing.

Thus far in 2024, the performance of the United States vacation rental industry has continued to decline, although not as dramatically as last year. Occupancy has been slightly lower than in 2023 due to increasing supply and softening demand. Rates have been relatively stable and revenues have dropped slightly. The ongoing question has been, "When will supply and demand stabilize, causing occupancy declines to stop?" The year-over-year stabilization did not come in July, but the fall travel season is pacing well.

U.S. Vacation Rental Performance for the Last Three/Next Three Months



Calendar Occupancy %

Fall occupancy is looking promising; pacing slightly ahead of 2023.

Calendar Occupancy % = (Nights Sold + Owner Nights + Hold Nights) / (Total Nights)

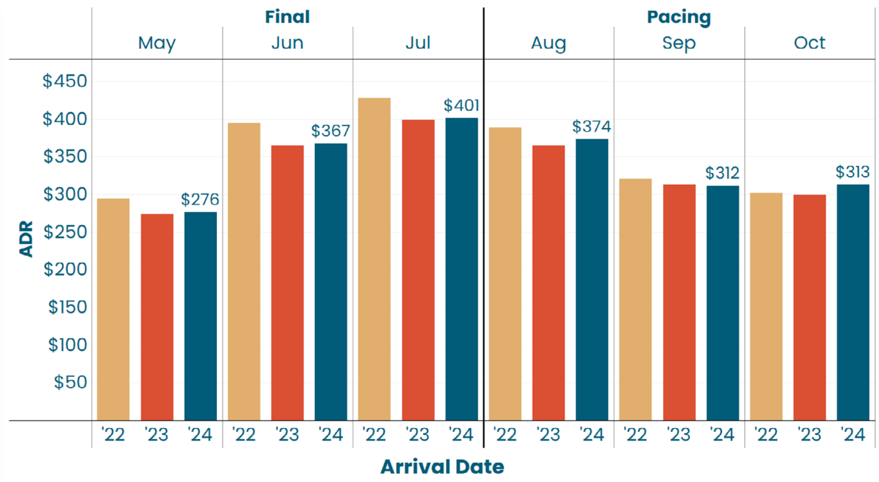
In July, calendar occupancy was 4% lower than in 2023 and 7% lower than in 2022. According to our same-store property manager direct data from 2023 to 2024, guest nights booked increased by 2% while supply increased by 11%, leading to lower occupancy rates. Our data indicates that supply increases are starting to slow down slightly.

Looking forward, August is pacing only 1% behind, while September is pacing alongside last year, and October is pacing 3% ahead. This is an optimistic outlook, as vacation rental professionals have been awaiting stabilization post-pandemic. This suggests that the gap between supply and demand is decreasing as they become better balanced. As we head into the fall off-season for many markets, remember that shoulder seasons offer the most opportunity for increased occupancy and revenue.

Average Daily Rate

Daily Rates are very similar to rates seen in 2023.

ADR = Total Unit Revenue / Nights Sold



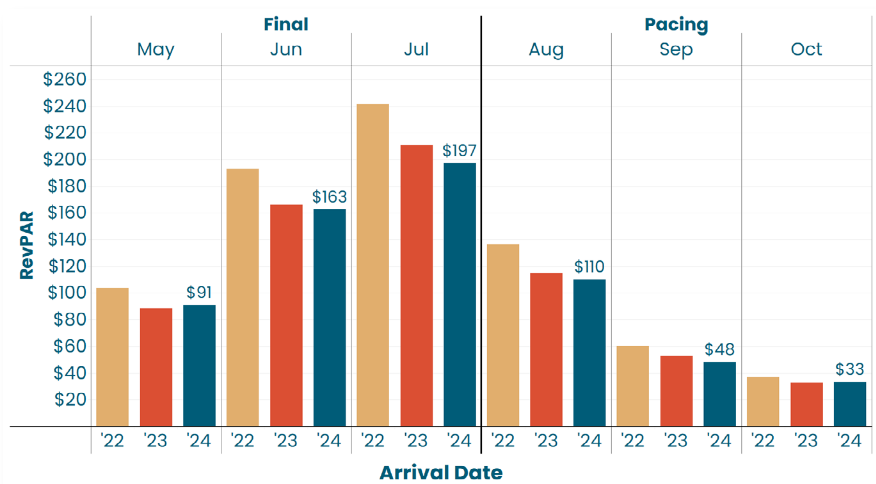
In July 2024, daily rates were $401, $2 higher than last year and $27 lower than in 2022. During 2023, increased supply caused property managers to face more competition, and pricing power declined in the face of lower occupancy rates. With more options and high inflation, consumers are more price-sensitive than they used to be, so be wary of pushing prices too high.

For August and October, rates are pacing higher than last year. However, expect to see average rates decrease as you move through the booking window. Bookings made earlier tend to be for larger units at higher prices. As we move out of the summer vacation stay period, try to encourage longer booking windows by dropping rates incrementally throughout the booking window instead of at the last minute.

RevPAR

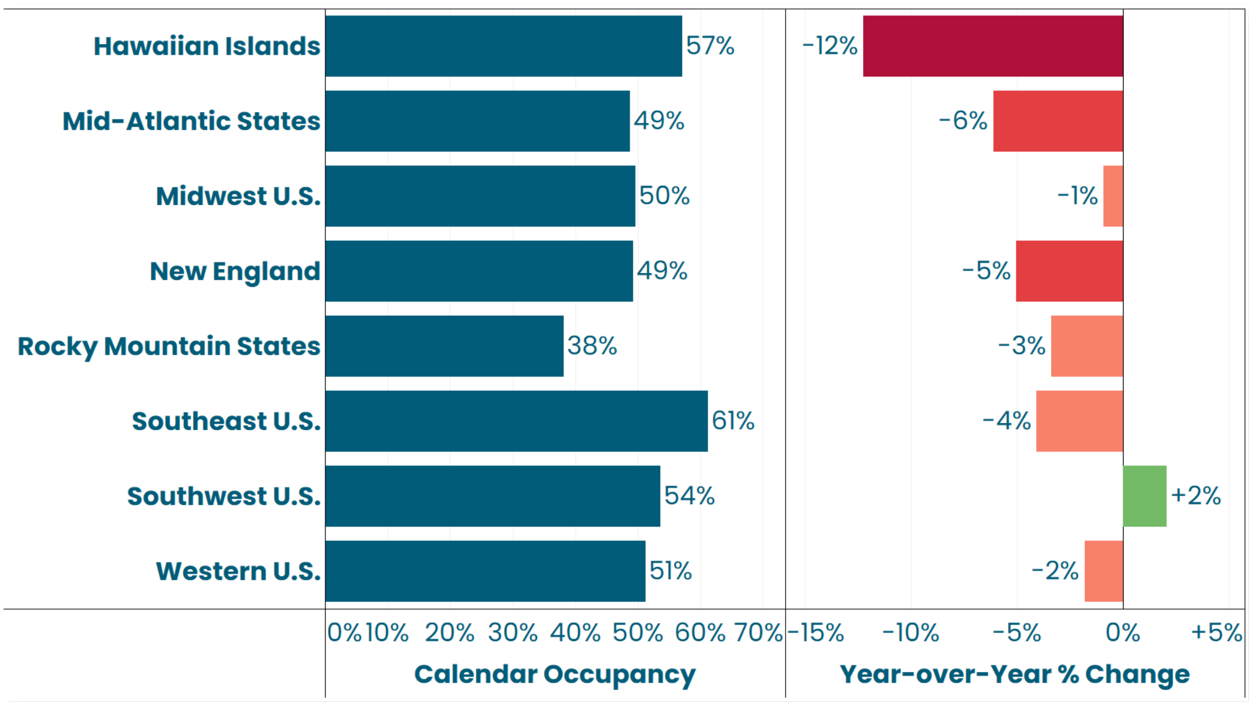
Decreased occupancy and stagnant rates are responsible for declining RevPAR.

RevPAR = Occupancy x ADR or Total Unit Revenue / Total Nights in a given period



RevPAR has been declining because occupancy decreases have outweighed rate increases. At $197 per active property per night in July 2024, revenue decreased by $14 from July 2023. Looking forward, RevPAR is pacing $5 behind last year in August and September, but even with last year in October. Moving forward, to help maximize revenue, use your Key Data Feeder Market reports. These reports show users where their guests are coming from, as well as KPIs like daily rates, RevPAR, guest stay value, and more.

U.S. Regional Vacation Rental Performance



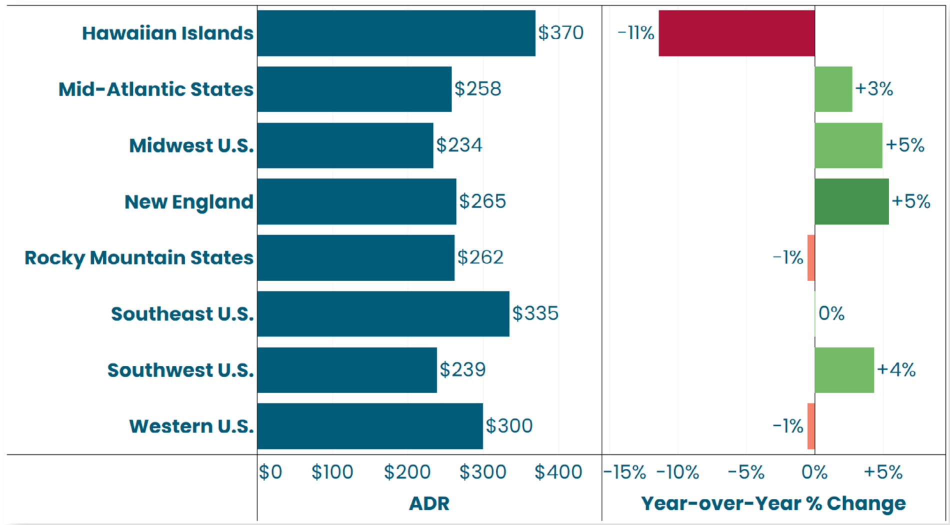
Calendar Occupancy %

Calendar Occupancy % = (Nights Sold + Owner Nights + Hold Nights) / (Total Nights)

In Q2 2024, most regions' occupancy figures finished behind last year's. The Southwest U.S. (+2%) was the only region to increase occupancy over last year. The Midwest U.S. (-1%), Western U.S. (-2%), and Rocky Mountain States (-3%) are experiencing the smallest decreases, while the Mid-Atlantic States are seeing the largest decreases (-6%) outside of the Hawaiian Islands (-12%), who are dealing with rental regulations and damage from the wildfires in 2023. Q3 can be one of the most lucrative periods for a majority of property managers in the United States, so be sure to pay close attention to your occupancy figures as we move out of the peak summer season.

Average Daily Rate

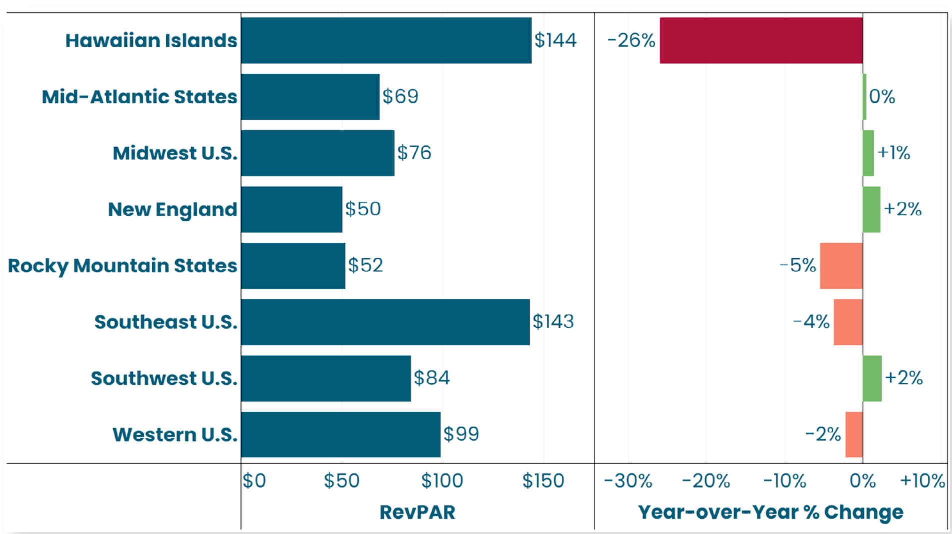
ADR = Total Unit Revenue / Nights Sold



Regional rates have mostly increased over the last year in Q2 2024. New England (+5%), the Midwest U.S. (+5%), and Southwest U.S. property managers are booking rates with the largest increases over last year (+4%), while the Southeast U.S. booked rates similar to last year. The Rocky Mountain States and Western U.S. booked rates 1% lower than in Q2 2023. The Hawaiian Islands are the only region booking rates significantly (-11%) lower than last year.

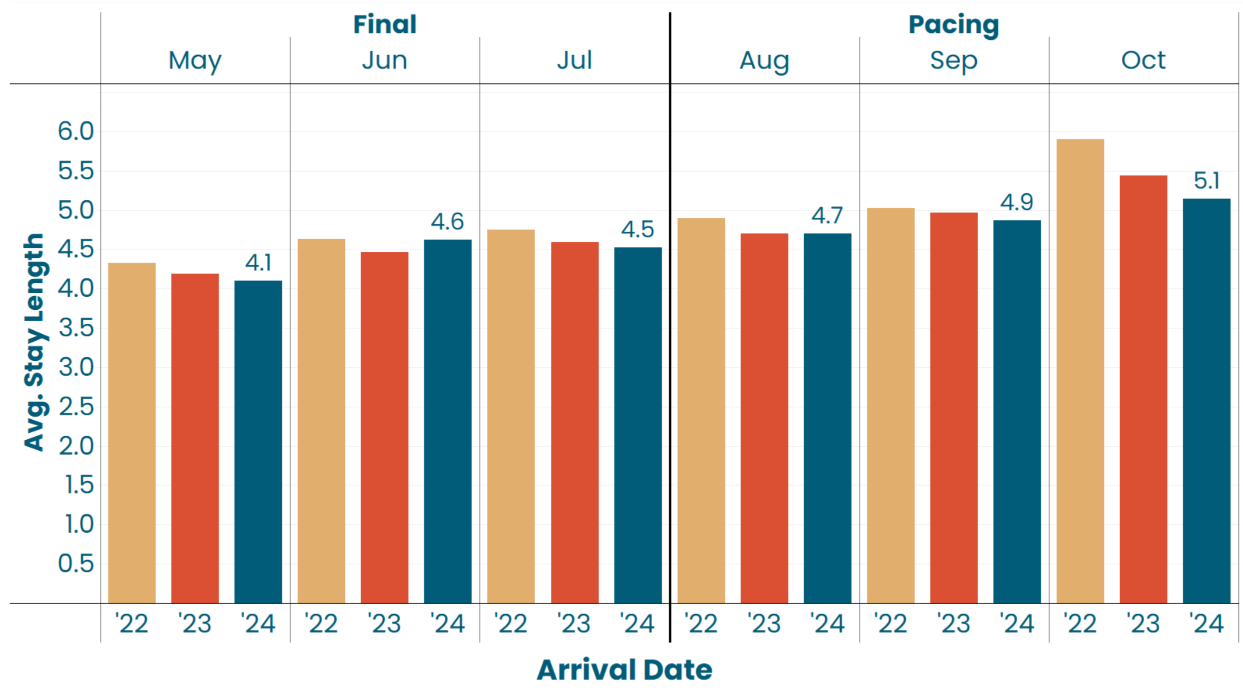
RevPAR

RevPAR = Occupancy x ADR or Total Unit Revenue / Total Nights in a given period



Changes in year-over-year RevPAR were a mixed bag. The Rocky Mountain States (-5%), Southeast U.S. (-4%), and Western U.S. (-2%) are seeing year-over-year decreases in RevPAR, with the Hawaiian Islands seeing the largest decrease (-26%). The Mid-Atlantic States saw no change (+0%), while the Midwest U.S. (+1%), New England (+2%), and Southwest U.S. (+2%) regions all saw slight RevPAR increases compared to last year.

U.S. Vacation Rental Performance: Booking Activity



Average Length of Stay

Average stay lengths are slightly shorter than in previous years, and these shortened stays are contributing to lower occupancy rates.

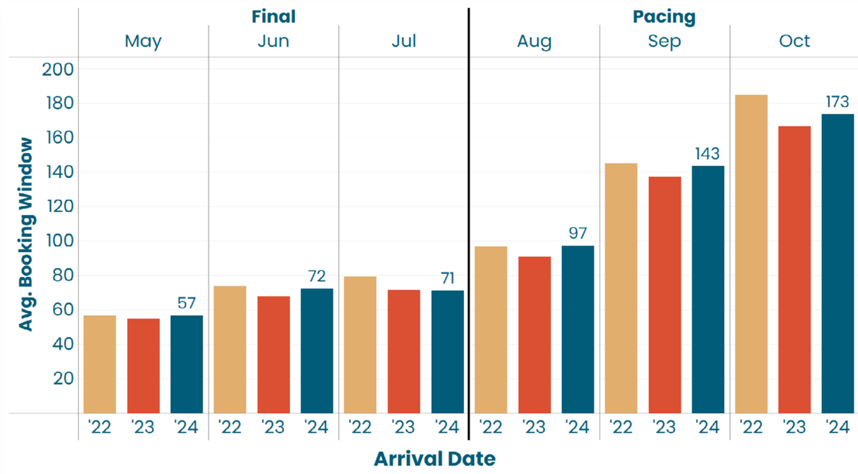
Average Length of Stay = Total Nights Sold / # of Guest Check-ins

July's average stay length in 2024 was about 4.5 days, 0.1 days shorter than in 2023 and 0.2 days shorter than in 2022. August's stay lengths are pacing alongside last year, but September and October stay lengths are pacing about 0.2 days and 0.3 days shorter than last year, respectively. This 0.2-day stay length decrease may sound minor but is equal to a 4% decrease in the number of nights sold if the number of reservations remains the same. This means property managers have to work harder just to keep occupancy rates consistent with the previous year. To influence longer stay lengths, try offering "Stay More- Save More" discounts or enacting length of stay minimums.

Average Booking Window

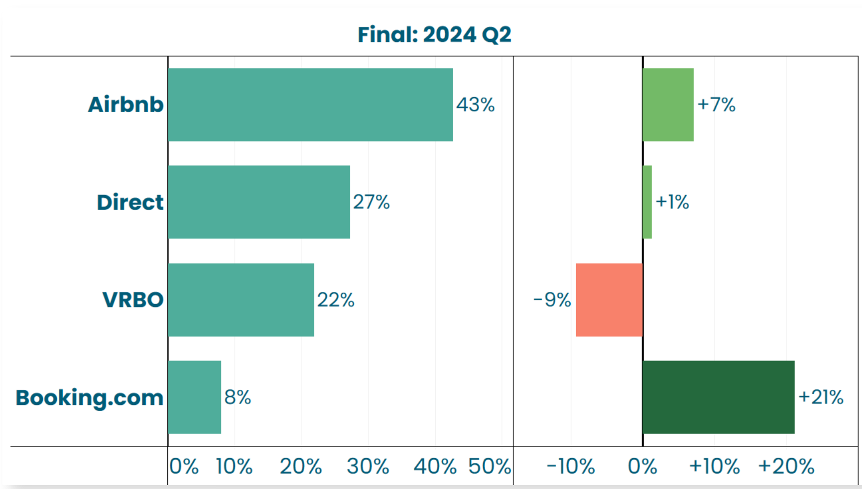
Booking windows are increasing from 2023.

Average Booking Window = (Arrival Date - Booked Date) / # of Guest Check-ins



July's average booking window in 2024 was roughly 71 days, consistent with 2023, and a week shorter than in 2022. As we move into the late summer and early fall months, booking windows are pacing slightly longer than in 2023, but still shorter than in 2022.

Reservations by Booking Source



In Q2 2024, 27% of bookings in the United States were made directly, up 1% from Q2 2023. Airbnb saw a year-over-year increase of 7%, up to 43%, while Vrbo saw a 9% decrease that dropped their percentage of bookings to 22%. Bookings made on Vrbo and Directly tend to command higher rates, book further in advance, and have longer stay lengths. Understand and take advantage of the strengths of each booking source to attract the different types of travelers using them. Use Key Data's Marketing Source report to help determine where your bookings come from!

State of the U.S. Economy

The inflation rate in the United States slowed to 2.9% in July 2024, the lowest since March 2021. In short, Americans are paying an average of 2.9% more for goods and services than in July of last year.

Gasoline costs are 2.2% lower than in July 2023, but unchanged from June 2024. Additionally, Airfares decreased by 1.6% from last month, and are now 2.8% lower than in July 2023.

A Trend to Keep an Eye On

Destination Analysts is responsible for independent research that is not sponsored, conducted, or influenced by any advertising or marketing agency. The key findings below represent data from over 4,000 American travelers collected in May 2024.

Technology in Travel Planning

Age plays a role in the digital influence of travel

The use of digital influencers to help plan trips is sharply divided between younger and older generations. 34% of Gen Z travelers say they have turned to a digital influence in the past year to plan their travel, compared to just 6.1% of Baby Boomer travelers. A little less than one in three millennials (30%) use tech in their travel planning, compared to 13% of Gen X.

Online videos continue to be widely used

Over one-third of American travelers (37.0%) report that they have used this digital resource to plan travel in the past 12 months. When asked how frequently they use online video for travel planning, over four in ten said they use it to some degree of regularity (40.9%).

Travel Apps are reportedly used slightly less than online videos

A quarter of American travelers (26.8%) reported using a travel-related app to help them plan a trip in the past year. Of these travelers, more than half have used an online travel agency and/or a hotel app. Over four in ten reported using an airline app, while a third said they used a recommendations app such as TripAdvisor or Yelp.

Artificial Intelligence (AI) has not yet become a widely used travel planning tool

Currently, just over one in ten travelers (11.3%) have used an Artificial Intelligence tool to plan any trips in the past 12 months. There has been little movement on this metric since the start of 2024.