KEYDATA™

Winter 2025

Destination Marketing Quarterly Report

Short-term Rental & Hotel Lodging Data & Trends

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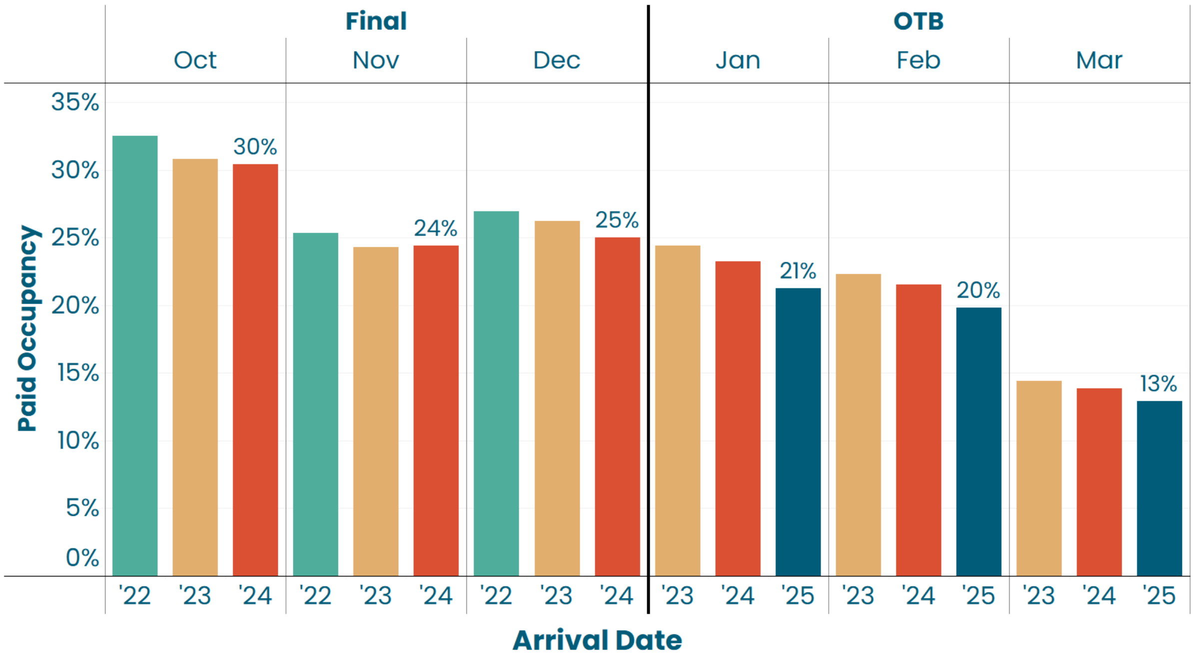
Occupancy paces behind for Q1 as booking windows elongate and rates stay consistent.

Summary

- Paid Occupancy paces behind last year as we move through Q1 2025.
- Rates are consistent with 2024.
- Varied occupancy and rate performance lead to decreased RevPARs.

As we head into 2025 and look back on the performance of the United States vacation rental industry in 2024, the question remains “Will supply and demand finally stabilize, and drive occupancy to remain consistent with 2024 and 2023?” Our same-store property managers’ direct data indicates that the gap is closing, with an annual guest nights (demand) figure that stayed stagnant while supply increased by only 3%, compared to an 11% increase in 2023. With supply growth slowing and demand stabilizing, it appears that 2025 will bring positive performance, but those are not the only two factors that drive the industry. Let’s dive into the impacts that decreasing occupancy, consistent rates, and increasing booking windows have on destinations across the United States.

U.S. Short-term Rental Performance for the Last Three/Next Three Months



Paid Occupancy %

Paid Occupancy paces behind last year as we move through Q1 2025.

Paid Occupancy % = Nights Sold / Total Nights

- In Q4 2024, October and November paid occupancy figures were similar to 2023 but dropped 3% below last year in December.
- In Q1 2025, paid occupancy is pacing 2-3% behind last year.

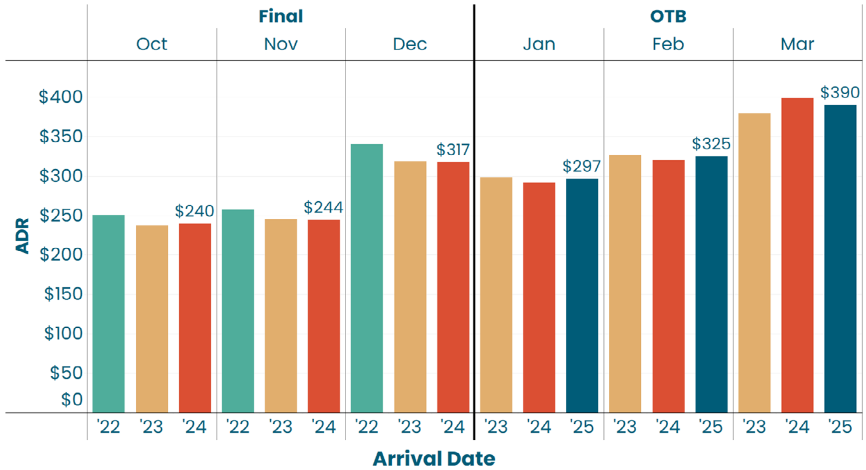
What does it mean?

- Your destination may feel busier due to increased supply, even though occupancy has fallen, so keep an eye on our "Nights Available" and "Guest Nights" KPIs. These metrics become especially relevant in growing destinations where an increase in rental options can result in a drop in occupancy rates. According to our same-store property managers' direct data from 2023 to 2024, guest nights (demand) stayed stagnant while supply increased by 3%. When supply growth outpaces demand growth, occupancy decreases, though our data indicates that supply increases are starting to slow down slightly.
- Shorter stay lengths are contributing to a decrease in occupancy. Stay lengths have been shortening since 2021, which means people are spending less time in your destination.
- Q1 2025 booking windows are pacing longer than in Q1 2024, so occupancy rates that are pacing behind are not necessarily indicative of poor performance. This likely means that a majority of the mid-term and short-term bookings have not occurred yet, and that property managers will be receiving more last-minute bookings.

Average Daily Rate

Daily Rates are fairly consistent with 2024.

ADR = Total Unit Revenue / Nights Sold



What does it mean?

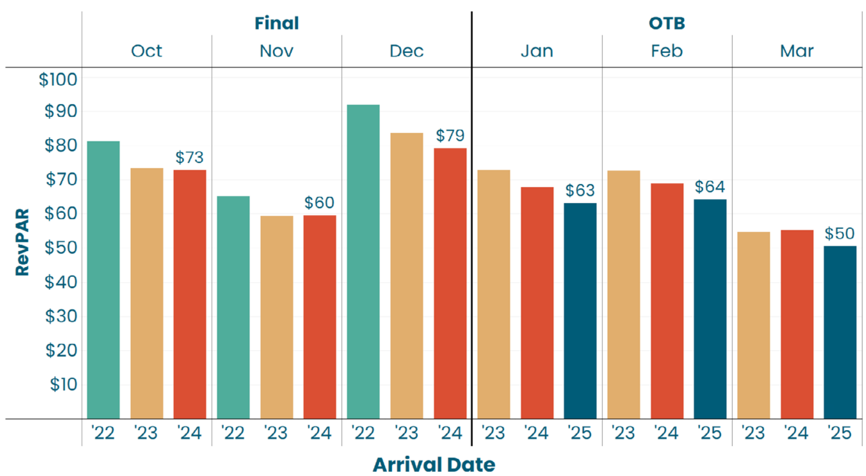
- In Q4 2024, booked rates were on par with Q4 2023.
- In January and February 2025, daily rates are pacing slightly higher than in 2024, but March rates are pacing $9 lower than last year.

- While supply growth has slowed in 2024, the increase in supply still outweighs the increase in demand, causing lower occupancy rates and driving pricing power down. Additionally, with more options and high inflation, consumers are more price-sensitive than they used to be.
- March rates pacing behind is likely due to the shift in the Easter holiday date, since Property Managers can increase rates during high-demand periods and capitalize on holiday demand. Easter was in March in 2024, and is at the end of April in 2025, so we will likely see higher rates than last year for April.

RevPAR

Varied occupancy and rate performance lead to decreased RevPARs.

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

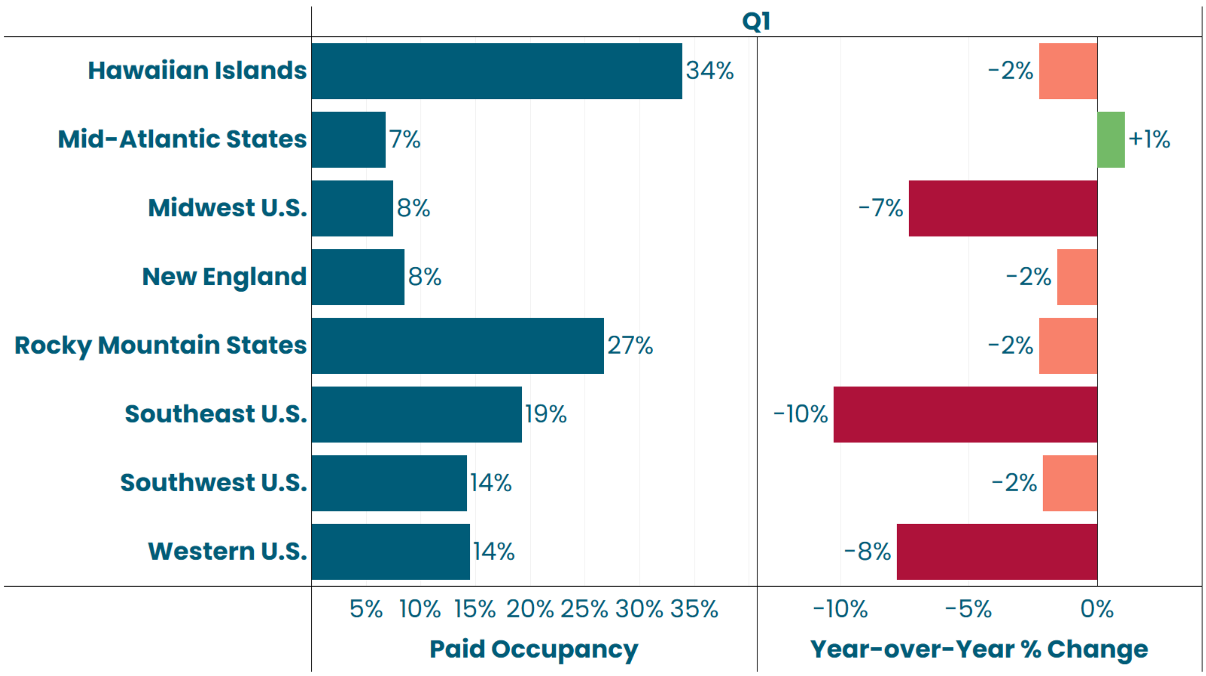


What does it mean?

- October and November 2024 RevPARs were consistent with 2023, but December was down $4 driven by decreased occupancy.
- Q1 2025 RevPARs are pacing an average of $5 lower than in 2024.

- RevPAR has been declining because occupancy decreases have outweighed rate increases.
- Shoulder seasons offer the most opportunity for increased revenues, so continue marketing your destination to help property managers secure their much-needed last-minute bookings.
- The overall economic or tax impact of short-term rentals may still be increasing because of the supply growth, even if per-unit revenue is down.

U.S. Regional
Short-term Rental Performance



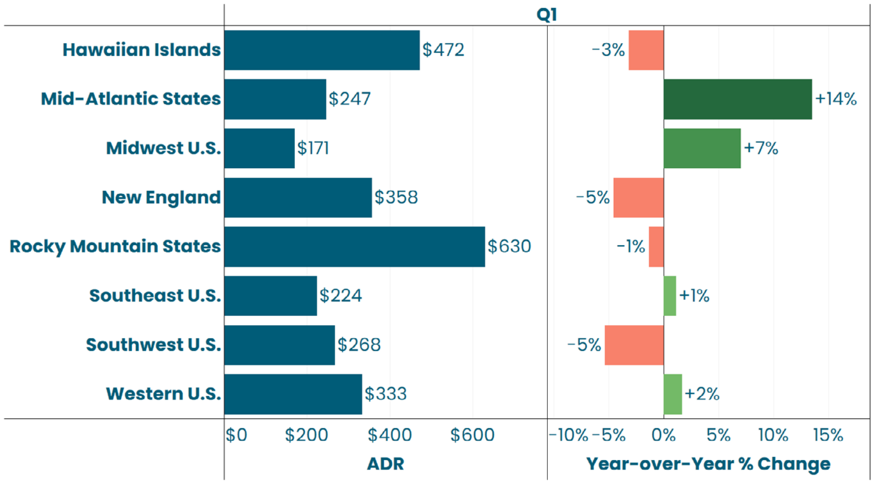
Paid Occupancy %

Paid Occupancy % = Nights Sold / Total Nights

In Q1 2025, almost all regions are experiencing year-over-year occupancy decreases. The Mid-Atlantic States are the only region seeing an increase of 1%, during a shoulder season. The Hawaiian Islands, New England, Rocky Mountain States, and Southwest U.S. are all seeing the slightest decreases (-2%), while the Midwest (-7%), Western U.S. (-8%), and Southeast U.S. (-10%) are all seeing significant decreases. Climate.gov is anticipating average temperatures to be 33-50% higher in the Rocky Mountains, Southwest U.S., and Western U.S. in January, which could spell trouble for the ski season in these areas. Again, this decrease could be exaggerated due to the shift in the Easter Holiday, and elongated booking windows.

Average Daily Rate

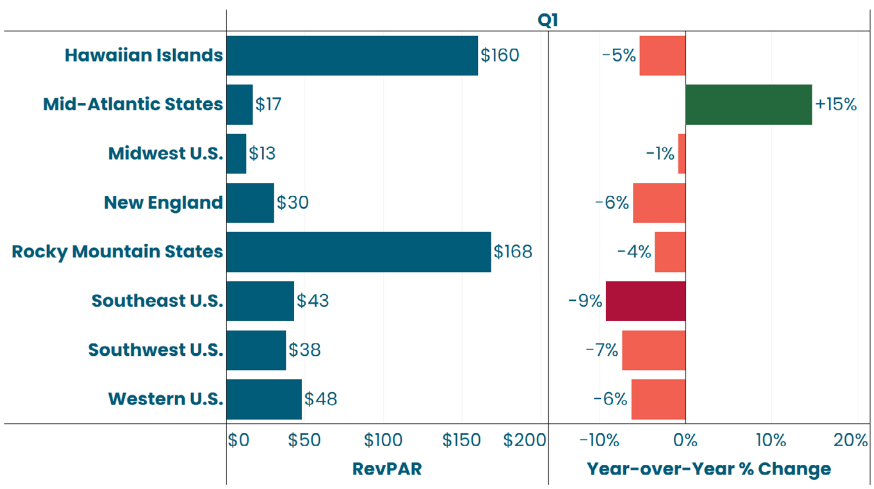
ADR = Total Unit Revenue / Nights Sold



Regional rates are a mixed bag in Q1 2025. The Mid-Atlantic States (+14%), Midwest (+7%), Western U.S. (+2%), and Southeast U.S. (+1%) are seeing increases over their booked rates from last year. The Rocky Mountain States (-1%), and Hawaiian Islands (-3%) are seeing slight decreases in booked rates, while property managers in New England and the Southwest U.S. are seeing booked rates 5% lower than last year.

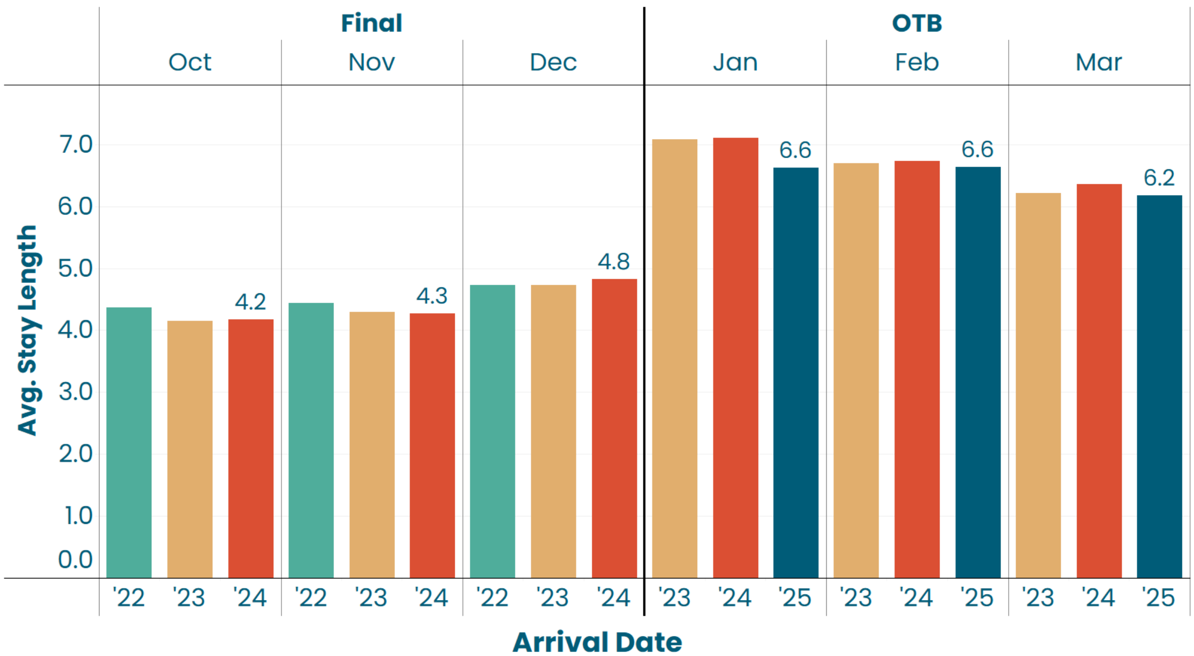
RevPAR

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



Even with some regions' increased rates, almost all regions saw year-over-year decreases in RevPAR. The Mid-Atlantic is capitalizing on their increased shoulder season occupancy with higher rates, leading to a 15% increase in RevPAR over Q1 2024. The Midwest is pacing only 1% behind, while the Rocky Mountain States are seeing a 4% decrease during their peak season. The remaining regions are pacing 4%-9% behind last year. Q1 starts to see bookings ramp up for beach markets and peak season for ski markets, so be sure to finalize your marketing strategies for the next few months.

U.S. Short-term Rental Performance: Booking Activity



Average Length of Stay

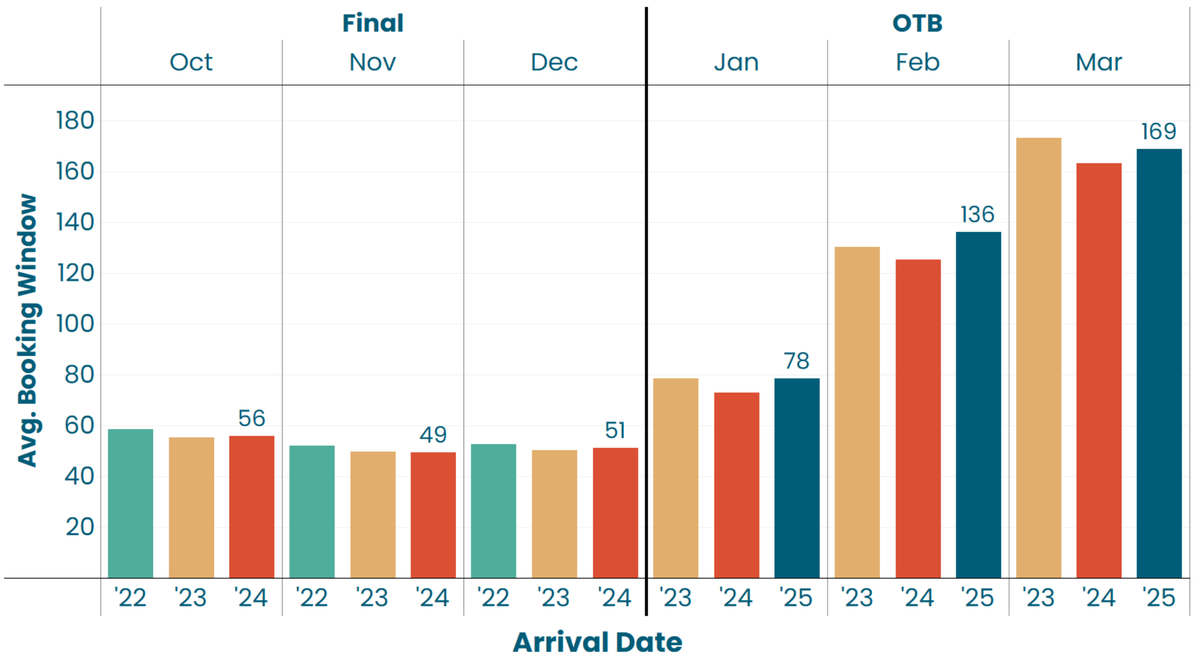
Average stay lengths are slightly shorter than in previous years, and these shortened stays are contributing to lower occupancy rates.

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

- October and November 2024 average stay lengths were on par with 2023, but December's average stay length was 0.1 days longer than the previous year.
- January's stay lengths are pacing 0.4 days shorter than in 2024, while stay lengths in February and March are pacing 0.1 days shorter.

What does it mean?

- A 0.1 day stay length decrease may sound minor, but is equal to a 2% decrease in the number of nights sold if the number of reservations remains the same, and property managers have to work harder to keep occupancy rates consistent with the previous year.
- This indicates that travelers are spending less time in your destination, meaning they are spending less time and money in restaurants, shops, museums, and other attractions.



Average Booking Window

Average booking windows are trending longer in 2025.

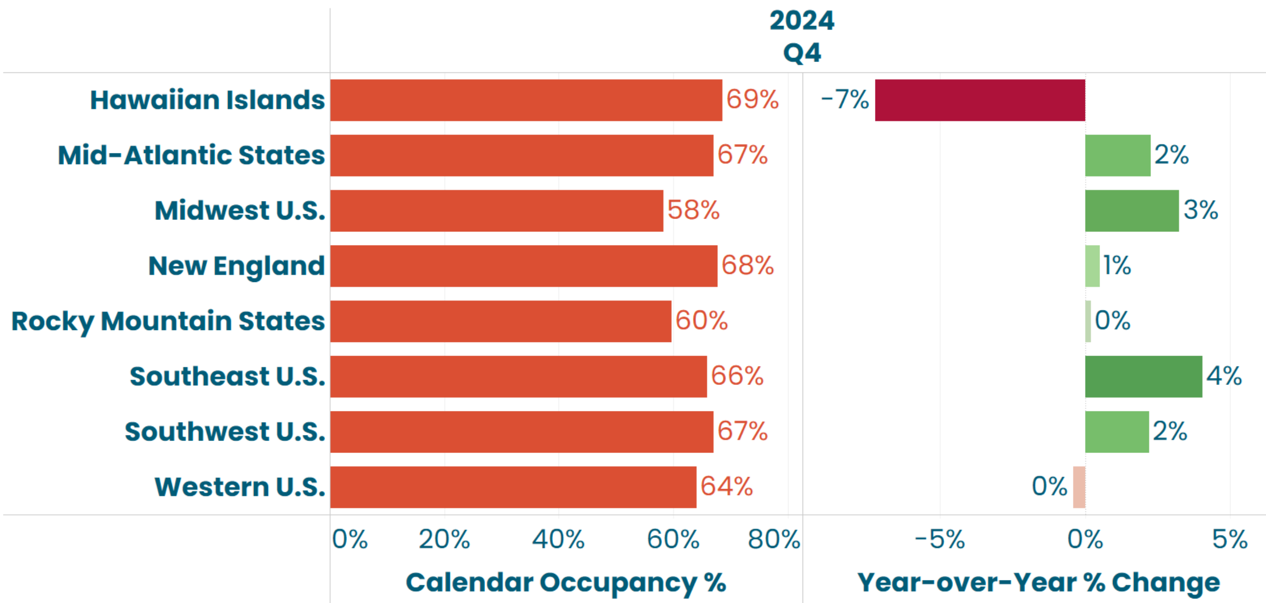
Average Booking Window = (Arrival Date - Booked Date) / # of Guest Check-ins

- Q4 2024 booking windows were similar to Q4 2023 booking windows.
- Q1 2025 booking windows are trends a week longer than in Q1 2024.

What does it mean?

- Longer booking windows combined with lower occupancy figures could signify that a majority of the stays that will be booked for the period have not yet been booked and guests are waiting until the last minute to book for a discount, or that people are just waiting longer to book.
- Booking window data is arguably one of the most important KPIs for DMOs to track. These figures support strategic marketing campaigns by displaying when guests book vacations in your destination. Additionally, shifting booking windows should be considered when tracking forward-looking performance.

U.S. Regional Hotel Performance in Q4 2024



Calendar Occupancy %

Vacation Rental occupancy trends toward stabilization.

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

Hotel occupancy has been much less volatile than the vacation rental industry in the past few years, post-COVID stabilization. Our hotel data in the Hawaiian Islands reported 7% lower occupancy in Q4 2024 compared to Q4 2023, but was the only region with significantly lower occupancy. The Western U.S. and Rocky Mountain States and Western U.S. saw occupancy consistent with the previous year, while the New England region, Mid-Atlantic States, Southwest U.S., Midwest U.S., and Southeast U.S. all saw modest occupancy increases.

Average Daily Rate

Daily Rates are fairly consistent with 2023.

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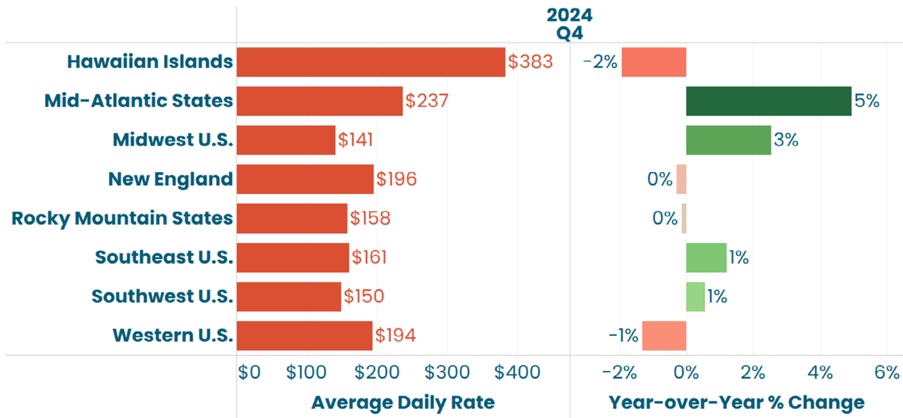
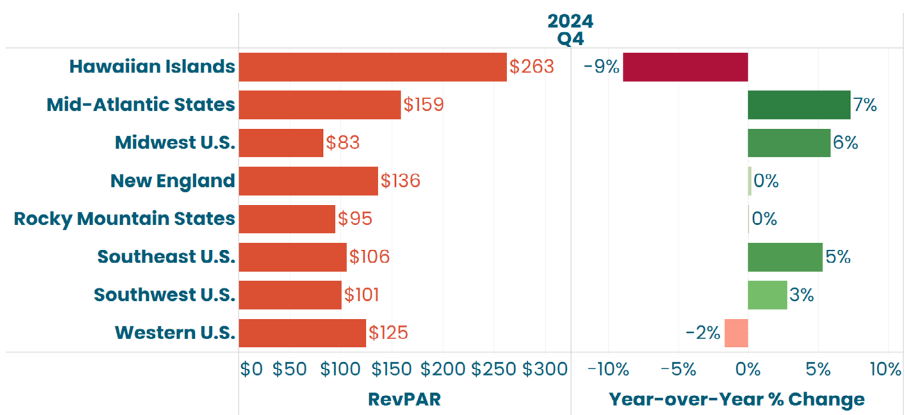


In regions where occupancy was higher year-over-year, rates were also higher. The Mid-Atlantic states saw a 5% increase in booked rates, the highest of the regions, while the Midwest saw a 3% increase and both the Southeast and Southwest U.S. saw a slight 1% increase. The regions that saw a decrease in booked rates, saw mostly slight decreases, between 0–2%.

RevPAR

Varied occupancy and rate performance lead to decreased RevPARs..

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



Most regions were able to increase RevPAR over Q4 2023. The Mid-Atlantic States and Midwest U.S. saw 7% and 6% increases respectively, while the Southeast U.S. saw a 5% increase and the Southwest saw a 3% increase. New England and the Rocky Mountain States saw revpars consistent with the previous year, while the Western U.S. and Hawaiian Islands saw decreases of 2% and 9% respectively.

State of the U.S. Economy

The inflation rate in the United States rose for the third month in a row to 2.9% during December; after increasing to 2.7% in November. In short, Americans paid an average of 2.9% more for goods and services than in December of last year. It is unlikely that the Federal Reserve will cut interest rates again, as they did in mid-September, as inflation rises.

Gasoline prices fell 4.4% from November to December, and airfare increased 3.9% from last month, following a 0.4% increase in November.

Trends to Keep an Eye On

Hotels:

ADR increases and modest demand growth post-election will likely sustain hotel performance in 2025

According to PricewaterhouseCoopers, a multinational accounting and auditing firm, The US hotel lodging sector is expected to experience muted growth in 2025, driven by moderate increases in average daily room rates and stable occupancy levels, resulting in an annual increase in revenue per available room of 1.5%. Despite stagnant supply levels over the past few quarters, new construction projects are expected to be spurred in 2025 by a combination of factors, including increasing optimism about a soft landing, easing monetary policies, and other capital markets tailwinds. However, overall impacts from the macroeconomic environment are expected to continue to suppress demand and occupancy growth in 2025.

Short-term Rentals:

Gen Z shows interest in financing their travel

Future Partners (f.k.a Destination Analysts) explored the adoption of "Buy Now, Pay Later" (BNPL) payment plans to finance trips in 2025. More than one in five American travelers (21.2%) say they are likely to use "Buy Now, Pay Later" payment plans for some of their trips this year, although 62.8% say they are unlikely to. As you might expect, usage of BNPL for travel is driven by age. Some 45.0 percent of Gen Z say they are likely to use BNPL to finance their trips in 2025, followed by 33.2 percent of Millennials and 21.2 percent of Gen X. Meanwhile, just 7.8 percent of Baby Boomers said they were likely to.

Politics may impact people's travel plans

More than half of American travelers (52.3%) feel that an increasing number of travelers will avoid (or select) destinations based on their personal politics. Although this is down 4 points from last year, it remains something to watch and consider in travel motivations.