

**VISIT BIG SKY**  
^ MONTANA ^



**RESEARCH UPDATE**

**MAY 2024 REVIEW**

**BIG SKY CHAMBER | VISIT BIG SKY**



## Big Sky Travel & Tourism Trends

- 190,101 total revenue passengers passed through the Bozeman Yellowstone International Airport in May 2024, a gain of 9.7% compared to the same month last year.
  - Total revenue passengers are up 4.6% Year-To-Date (YTD) in 2024 compared to YTD 2023.
- Occupancy at Airbnb and Vrbo short term rentals in Big Sky remained flat YoY at 31%. Average Daily Rate at those same properties declined from \$551 in May of 2023 to \$535 in May of 2024.
- Professionally managed short-term rentals experienced a similar trend, with Occupancy remaining flat YoY at 12%. In addition, Average Daily Rate fell from \$497 in May of 2023 to \$465 in May of 2024.
- Visa credit card spend in Big Sky decreased slightly in May of 2024, with almost \$1.9 million being spent by domestic visitors and residents in the month. International Visa card spend increased YoY, with \$40,569 being spent during the month of May 2024.

## West Region Mountain Market Summary

- “Summer is looking better as of May 31, 2024, than it was at the end of April. A small adjustment to room rates has driven strong incremental fill to turn what was flat occupancy to more moderately robust numbers, along with bolstered RevPAR and revenue figures.”
- “Slightly softer rates have been attractive enough to draw revenue wins across all tiers of lodging. It’s also addressed one of our primary concerns last month, which was the nearly total reliance on ADR gains to drive revenue.”
- “Though ADR gains have pulled back, the resulting pickup in occupancy means that both measures are (for the most part) up year-over-year, creating room for revenue managers to tweak one or the other without fear of pushing revenue in a negative direction.”
- “And if in the process the value proposition is better for consumers, that’s good news as well, given the ongoing issues around consumer confidence and rate sensitivity.”

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# U.S. MARKET REVIEW



## The Dow Jones Industrial Average

- “The Dow Jones Industrial Average (DJIA) increased in May, adding 870.4 points, or 2.3%, to finish the month at 38,686.32 points. Wall Street was a bit of a wild ride in May following the sharp declines in April, with gains on 14 trading days and losses on eight.”
- “One highlight in May was the setting of an all-time high, as the DJIA closed above 40,000 points for the first time ever on May 17th.”
- “Investors were feeling good about mid-month inflation data, which suggested the Federal Reserve Bank may start to back down on interest rates sooner than expected, but subsequent data and Fed commentary reversed that optimism quickly, and markets pulled back swiftly.”
- “But while Wall Street has looked volatile in the last 60 days, financial markets remain strong, and investors are seeing good growth in retirement and savings accounts, with the DJIA currently up a walloping 17.6% compared to this time last year.”

## The Consumer Confidence and Consumer Sentiment Index

- “The Consumer Confidence Index (CCI) and the Consumer Sentiment Index (CSI) went in separate directions in May, with the CCI gaining and CSI declining. The Conference Board’s CCI increased 4.6%, or 4.5 points, from 97.5 in April to 102.0 points in May.”
- “It’s the first gain in the index since January, as lingering inflation has kept consumers concerned.”
- “Despite the gain, the CCI is still hovering within a very narrow band that it’s occupied for most of the past two years and is slightly down from its two-year average of 104.2.”
- “The University of Michigan’s CSI declined in May, losing a notable 8.1 points to settle at 69.1 points. This is the lowest the CSI has been since November last year and reflects concern about labor markets – specifically that unemployment rates are expected to go up and income growth to slow.”
- “Ironically, that’s actually very close to what the Fed is hoping to accomplish with higher interest rates, and this is a great example of the balancing act the Fed must juggle to ensure confidence and sentiment don’t falter too much while they work to control inflation.”

## The National Unemployment Rate

- “The National Unemployment Rate nudged upwards for the second consecutive month, climbing from 3.9 to 4.0 percent in May, its highest level since January 2022, as employers added a surprising 272,000 jobs to the marketplace.”
- “Somewhat alarmingly job creation far exceeded the consensus forecast of 180,000 and was considerably higher than the 232,000 average for the year.”
- “This suggests that the job market is still too hot for the Fed to start easing interest rates any time soon.”
- “But perhaps most alarming for the Fed is wages, which rose 4.1% from last year. And while that’s a good sign for consumers, it means the economy has room to keep prices higher, prolonging consumer pain at the register.”
- “On a more industry-specific note, the Leisure and Hospitality sector added a very strong 42,000 jobs last month, surpassing the 12-month average of 35,000, and 17,000 of those jobs were in the Accommodations sub-sector, helping lodging suppliers edge towards practical occupancy.”
- “Overall, this is a mixed report for the travel industry, with higher wages and strong job growth good for cash flow, but likely forcing the Fed to further delay interest rate cuts, which suppresses spending on credit.”

## The National Inflation Rate

- “The National Inflation Rate declined for the second consecutive month in May. In what is perhaps the most consequential CPI report this year, inflation dropped from 3.4% in April to 3.3% in May.”
- “And in the category of ‘better still’, prices were unchanged in May from April, the first time prices have remained stable since October 2023.”
- “Core inflation, which strips out volatile food and fuel prices, was also down, at 3.4% from 3.6% in April.”
- “And while inflation was down, wages increased in May to 4.1% when measured annually, the 13th month that wages have increased faster than inflation and easing consumer angst.”
- “The combination of these macro conditions (lower inflation and higher wages) and lower year-over-year room rates are strong catalysts for this month’s excellent lodging booking pace and demand pickup.”



## Economic Flashpoints from Tourism Economics

- “The U.S. economy remains on solid footing. While recent economic data have come in weaker than expected, our leading indicators remain positive. We expect the economy to slow in the coming months but see no signals of a recession.”
- “A slowdown in inflation is back on track according to May readings. This is good news and could help reverse recent consumer sentiment declines driven by delayed interest rate cuts, slowing income growth and sustained higher prices. Still, the correlation between consumer sentiment and consumer spending has not been strong. Rather, spending largely depends on household balance sheets which remain solid for middle- and high-income homes.”

## Travel Demand Update

- “Strong travel intentions, growth in outbound and continued recovery of inbound international travel are driving increased U.S. airport traffic. More than 360 million travelers passed through security checkpoints in U.S. airports from January through May—including more than 10 million during Memorial Day weekend. June is pacing 7% ahead of 2019 air passenger volumes.”
- “U.S. outbound travel registered 120% of 2019 levels as of May 2024 YTD (28.2 million persons), compared to inbound travel at 86% of 2019 levels (13.2 million persons YTD). Year-over-year growth in US outbound travel increased to 11% in May from 8% in April.”
- “Overseas inbound arrivals to the U.S. through May registered 14% below the same period in 2019, despite a 20% gain over the same period last year. Recovery has varied by region—the strongest rebound being from Central America with a 16% gain over the first five months of 2019.”

## Travel Demand Update (continued)

- “While Asia lags in all major regions, visits to the U.S. from India present a bright spot. Visits from Asia rose 37% YTD through May but still registered 27% below the same period in 2019. Arrivals from India, however, surpassed 2019 levels last year and have risen 37% in 2024.”
- “The on-going recovery in international arrivals contributed to a \$561 million surplus in the travel and tourism balance of trade for April 2024. Total travel and tourism-related exports were 12.5% higher than April 2023 versus an 8.7% increase in imports.”
- “Hotel demand has experienced a modest recovery, most recently posting back-to-back gains with a rise of 2.0% in May after a 1.8% rise in April—an encouraging sign as the industry heads into the summer season.”

## Takeaways from CBRE's U.S. Hotels Investment Performance Forecast

- “On a trailing twelve months (TTM) basis, U.S. hotels experienced a 1.8% year-over-year decline in Net Operating Income (NOI) for the quarter ended March 2024.”
- “The declines were driven by a 150-bps contraction in margins year-over-year as the 2.7% growth in hotel revenue has failed to keep up with rising labor, food & beverage, property taxes, and insurance costs.”
- “Full year 2024 hotel NOI growth is expected to be just +0.7%, given our modest 2% RevPAR forecast and continued cost pressures.”
- “Cap rates expanded 8-bps on a TTM basis in Q1 2024 vs Q4 2023, and +28-bps vs. Q1 2023.”
- “CBRE forecasts continued hotel cap rate expansion in 2024, with cap rates not peaking until Q1 2025 due to delays in Federal Reserve interest rate cuts.”

## Short Term Rentals

- “May saw an 11.4% increase in Demand and a 3.1% rise in Occupancy, signaling strong recovery and growth in the short-term rental market.”
- “Coastal and rural locations are thriving with high demand, while urban areas face declines due to high interest rates and stricter regulations.”
- “Summer bookings, particularly beach reservations for July 4th, are seeing substantial growth.”
- **Key U.S. Short Term Rental Performance Metrics for May 2024**
  - RevPAR increased 4.7% YOY to \$167.27
  - Available listings were 1.69 million, up 7.2% YOY
  - Total demand (nights) rose 11.4% YOY
  - Occupancy was 3.1% higher YOY at 56.0%
  - Average Daily Rate (ADR) increased 1.6% YOY to \$298.92
  - Nights booked increased by 12.7% YOY

# AIRPORT DATA



# BOZEMAN YELLOWSTONE INTERNATIONAL AIRPORT AIRPORT NON-STOP DESTINATIONS

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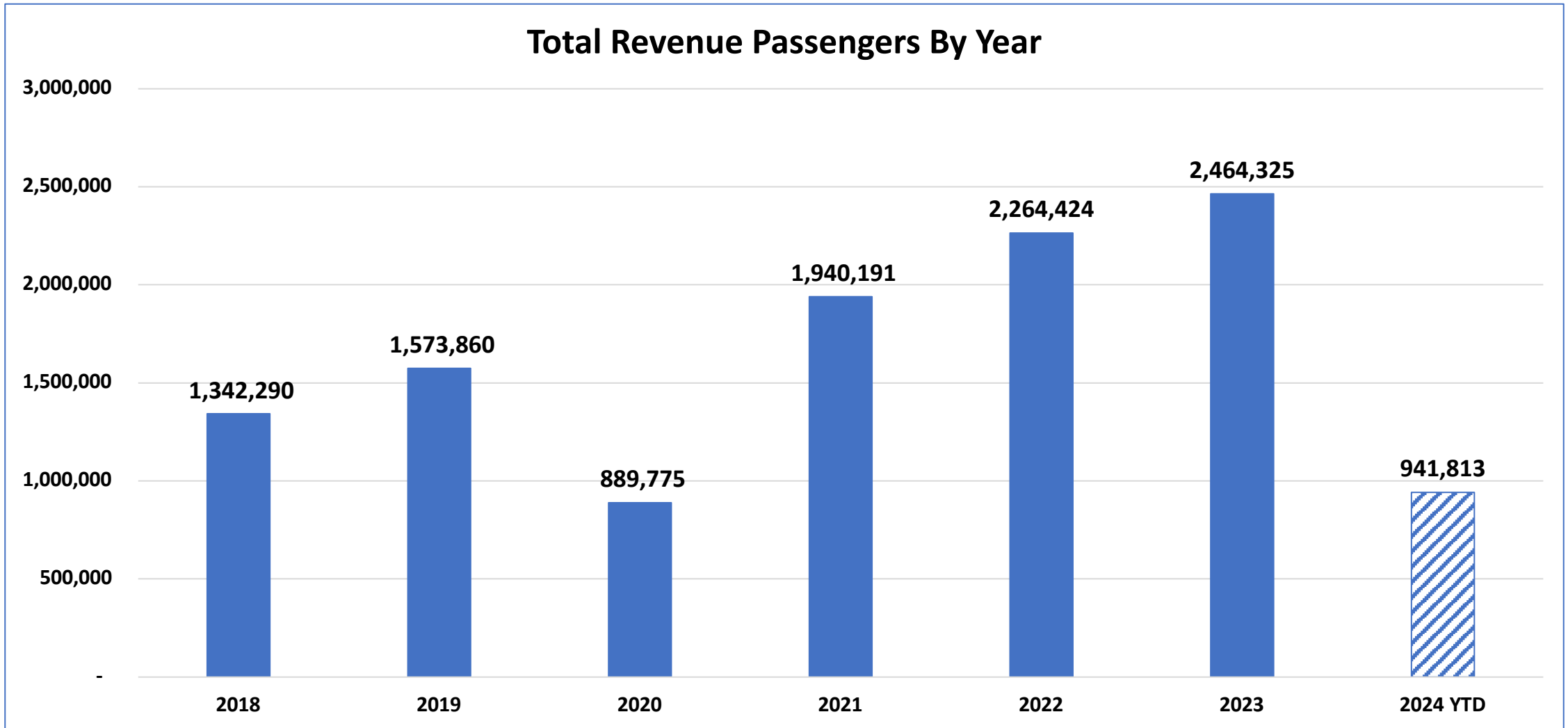


# BOZEMAN YELLOWSTONE INTERNATIONAL AIRPORT - TOTAL PASSENGERS YEAR-TO-DATE

Total Revenue Passengers					
<u>Month</u>	<u>2024</u>	<u>2023</u>	<u>% Change vs. 2023</u>	<u>2022</u>	<u>% Change vs. 2022</u>
January	184,239	182,309	1.1%	167,043	10.3%
February	192,315	188,040	2.3%	171,096	12.4%
March	226,724	212,084	6.9%	206,216	9.9%
April	148,434	144,862	2.5%	140,031	6.0%
May	190,101	173,251	9.7%	165,145	15.1%
June		248,492		225,410	
July		286,163		256,234	
August		281,444		254,445	
September		234,589		203,844	
October		185,605		167,851	
November		142,205		132,939	
December		185,281		174,170	
<b>Year-to-Date</b>	<b>941,813</b>	<b>900,546</b>	<b>4.6%</b>	<b>849,531</b>	<b>10.9%</b>
<b>Total</b>		<b>2,464,325</b>		<b>2,264,424</b>	



# BOZEMAN YELLOWSTONE INTERNATIONAL AIRPORT - YEARLY TOTAL PASSENGERS



(Jan-May 2024)

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**AIRDNA  
DATA**



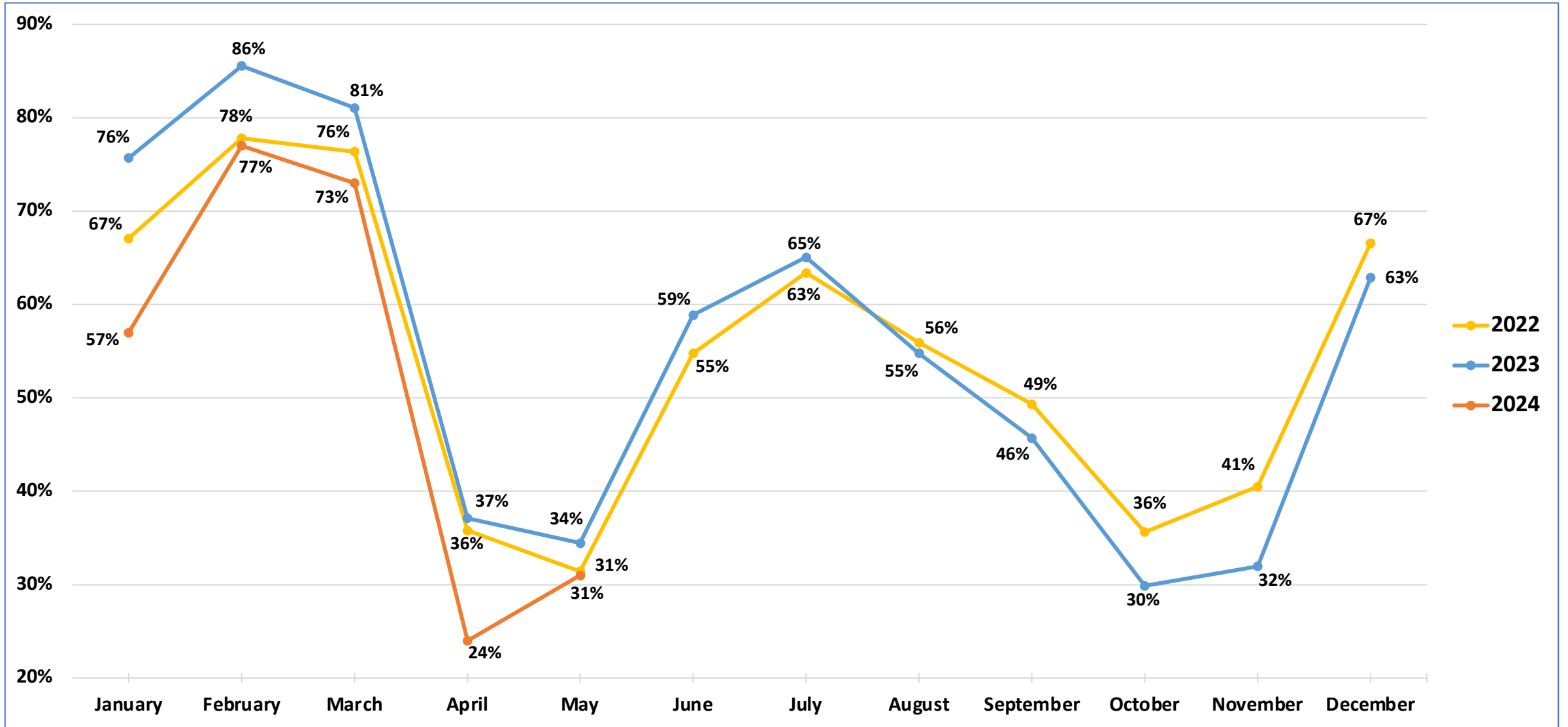
# AIRDNA SHORT TERM RENTAL (INCLUDES AIRBNB & VRBO LISTINGS) DEFINITIONS

## Definitions (provided by AirDNA)

- **Available Listings** – Total number of listings whose calendars had at least one day classified as available or reserved during the reporting period.
- **Average Daily Rate** – Average daily rate (ADR) of booked nights in USD (ADR = Total Revenue / Booked Nights).
- **Booked Listings** – Total number of listings that had at least one reservation during the reporting period.
- **Demand (Nights)** – Total number of Booked Nights during the reporting period.
- **Entire Place** – Type of listing in which guests have the whole home to themselves. This usually includes a bedroom, a bathroom, and a kitchen.
- **Hotel Comparable Listings** – Studio and one-bedroom Entire Home vacation rentals. AirDNA believes these are the type of listings most likely to compete directly with hotels.
- **LTM** – Last Twelve Months
- **Occupancy Rate** – Occupancy Rate = Total Booked Days / (Total Booked Days + Total Available Days). Calculation only includes vacation rentals with at least one Booked Night.
- **Private Room** – Type of listing in which guests have their own private room for sleeping. Other areas could be shared.
- **Revenue (USD)** – Total revenue (in US dollars) earned during the reporting period. Includes the advertised price from the time of booking, as well as cleaning fees.
- **RevPAR** – Revenue Per Available Rental = ADR \* Occupancy Rate
- **Shared Room** – Type of listing in which guests sleep in a bedroom or a common area that could be shared with others.
- **Supply (Nights)** – Total number of Available Nights and Booked Nights from Active Listings.

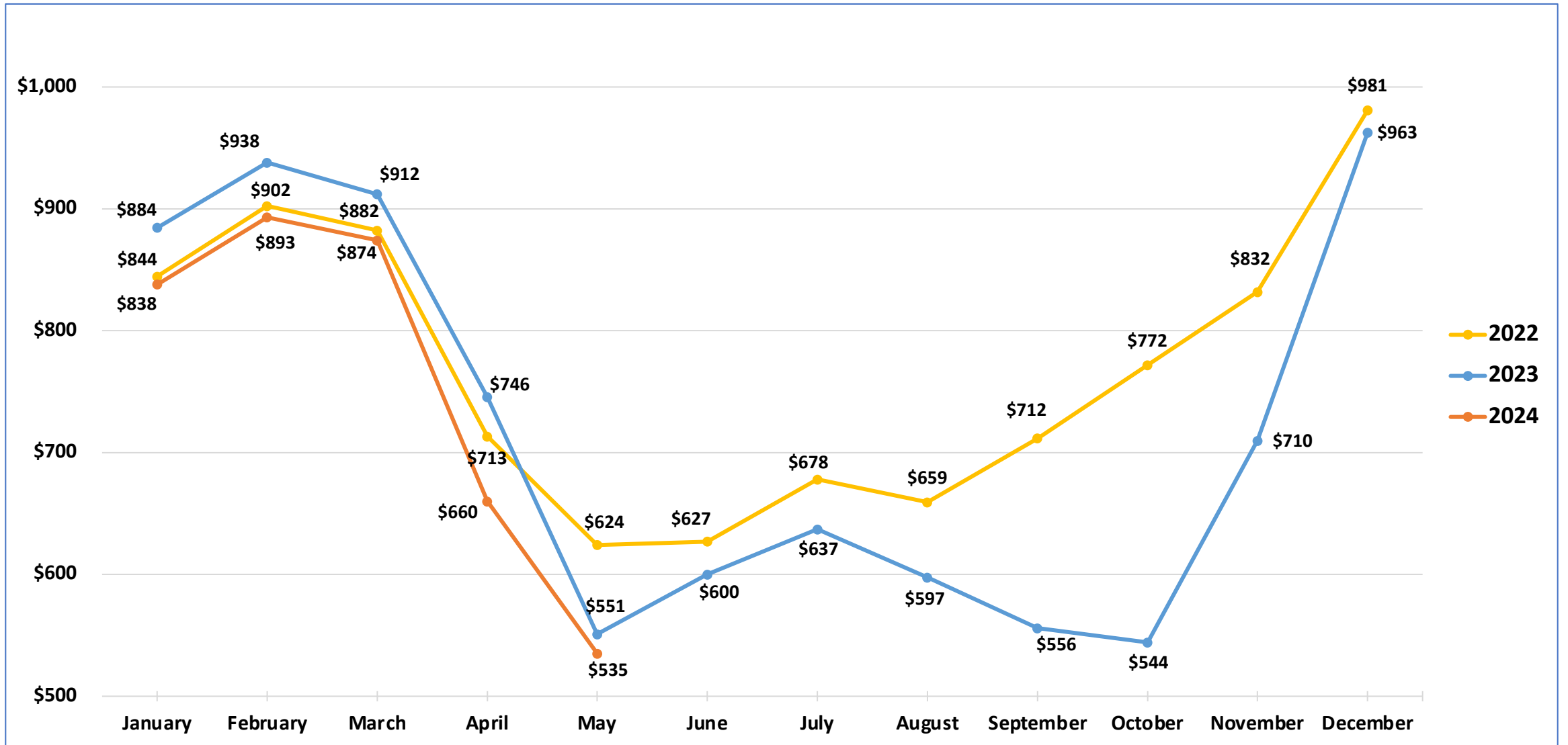
# AIRDNA – OCCUPANCY (%) BY MONTH

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# AIRDNA – AVERAGE DAILY RATE (\$) BY MONTH

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**KEY DATA**  
**DATA**



# KEY DATA DIRECT SOURCE LODGING PARTNERS

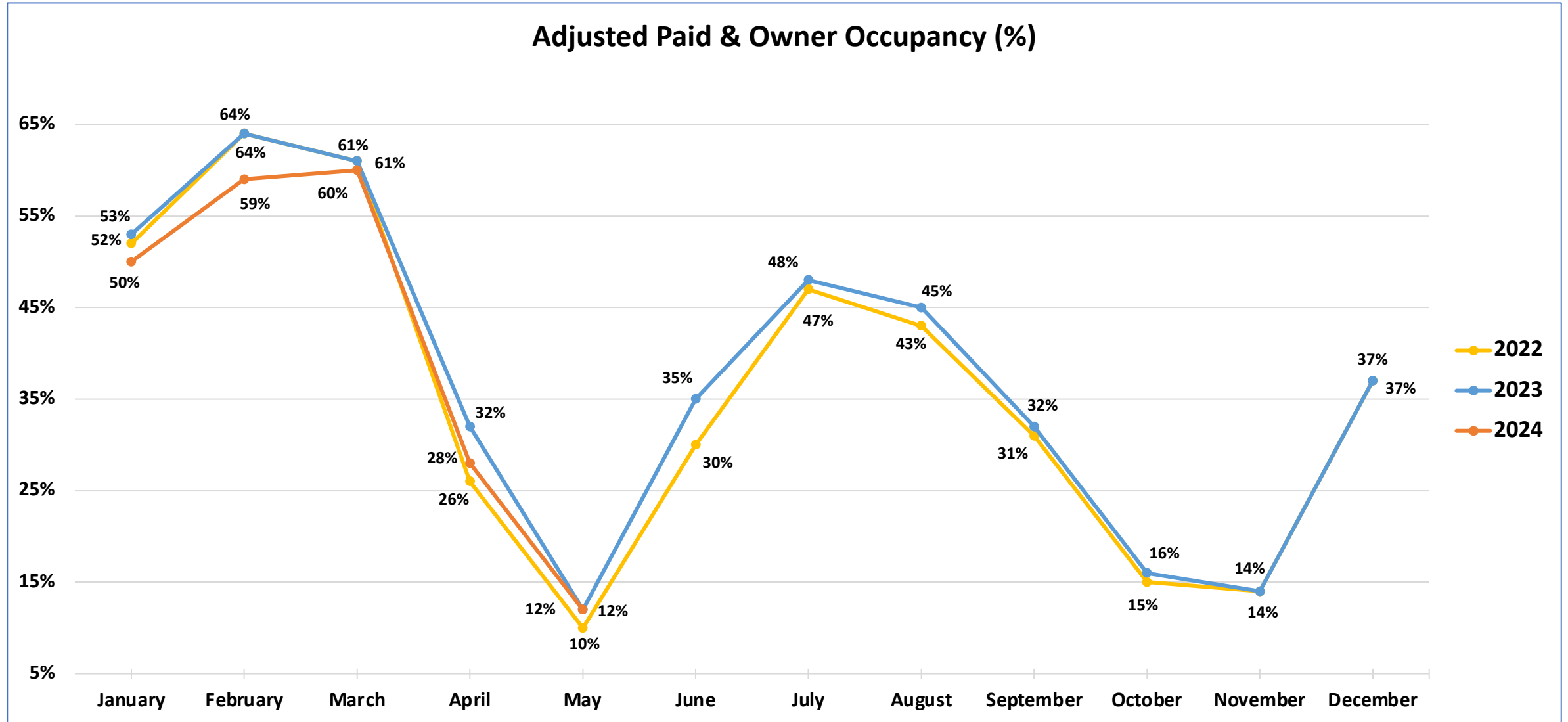
- Key Data currently partners with 12 Big Sky property management companies and hotels.
  - In total, this represents ~1,439 rental units in the Big Sky area.
  - All figures in the following slides are taken exclusively from the following 12 property management companies and hotels:
    - Big Sky Luxury Vacations, Big Sky Resort, Big Sky Vacation Rentals, EVOLVE, Lone Mountain Ranch, Montage Big Sky, Moonlight Basin, Natural Retreats, Stay Montana, Two Pines, Vacasa, and Wilson Peak Properties
- We hope to add additional property management companies to the platform in the future, which will improve data quality and increase the total rental unit count.

# KEY DATA DIRECT SOURCE DEFINITIONS

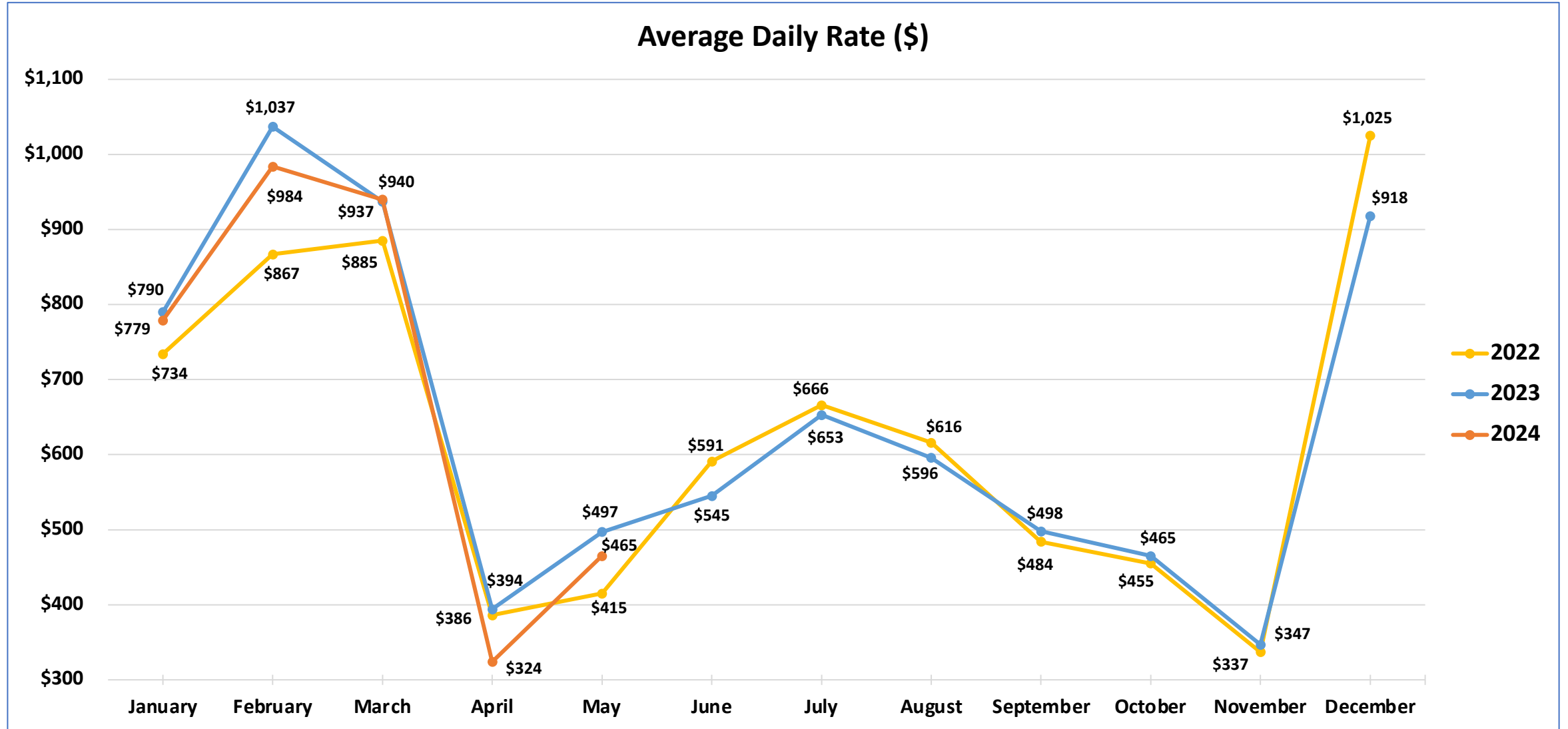
- **Average Daily Rate (ADR)** - The average Unit Revenue paid by guests for all the Nights Sold in a given period. ADR, along with the property's Occupancy, are the foundations for the property's financial performance.
  - = Total Unit Revenue / Nights Sold
- **Adjusted Paid & Owner Occupancy** - The percentage of nights occupied by guests and owners out of the Total Nights minus hold nights in the period.
  - = (Nights Sold + Owner Nights) / (Total Nights - Hold Nights)
- **Adjusted Revenue Per Available Room (RevPAR)** - A critical KPI for measuring revenue performance, RevPAR takes into account both the average rate at which you booked the property (ADR) and the number of nights it was booked (Occupancy). This provides a better indicator of overall performance when compared to looking at the ADR or the Occupancy alone.
  - = Occupancy x ADR (or) Total Unit Revenue / Nights Available in a given period
- **Average Revenue (Nightly)** - The amount charged to guests, excluding taxes. The total property revenue generated directly from the property rental, including any mandatory, non-discretionary or other charges automatically added to a guest account in which a guest has no ability to “opt-out.”



# KEY DATA – OCCUPANCY (%) BY MONTH



# KEY DATA – AVERAGE DAILY RATE (\$) BY MONTH

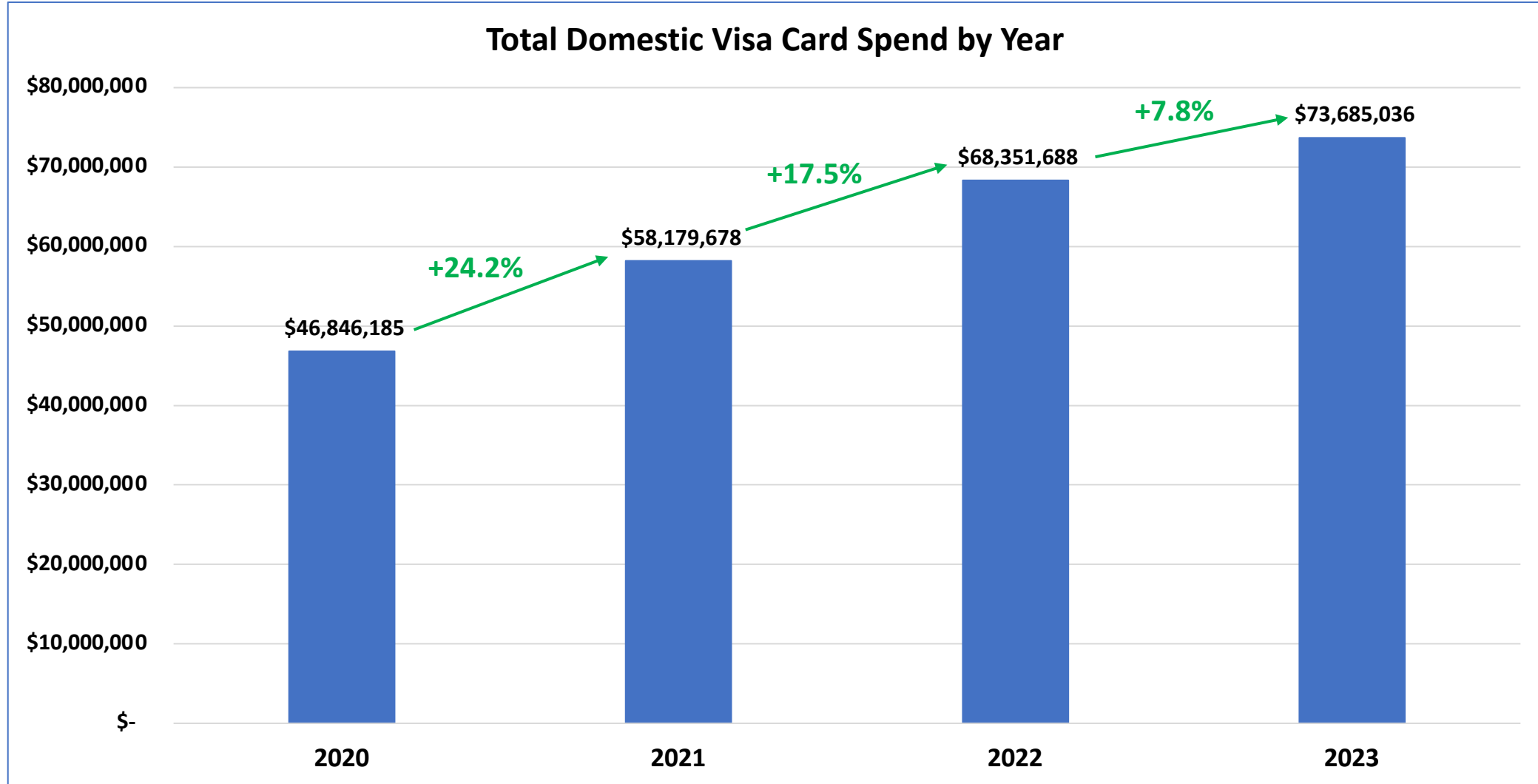


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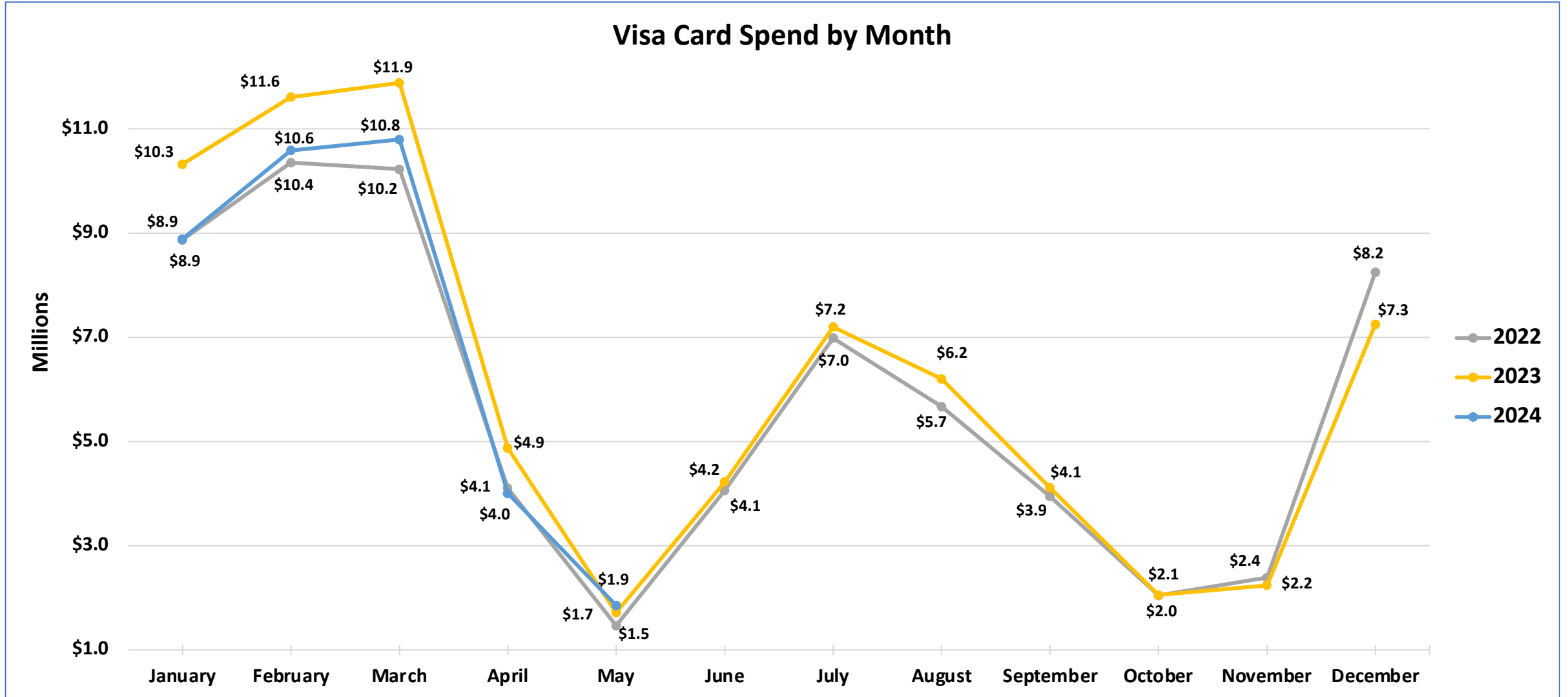
# VISA DESTINATION INSIGHTS



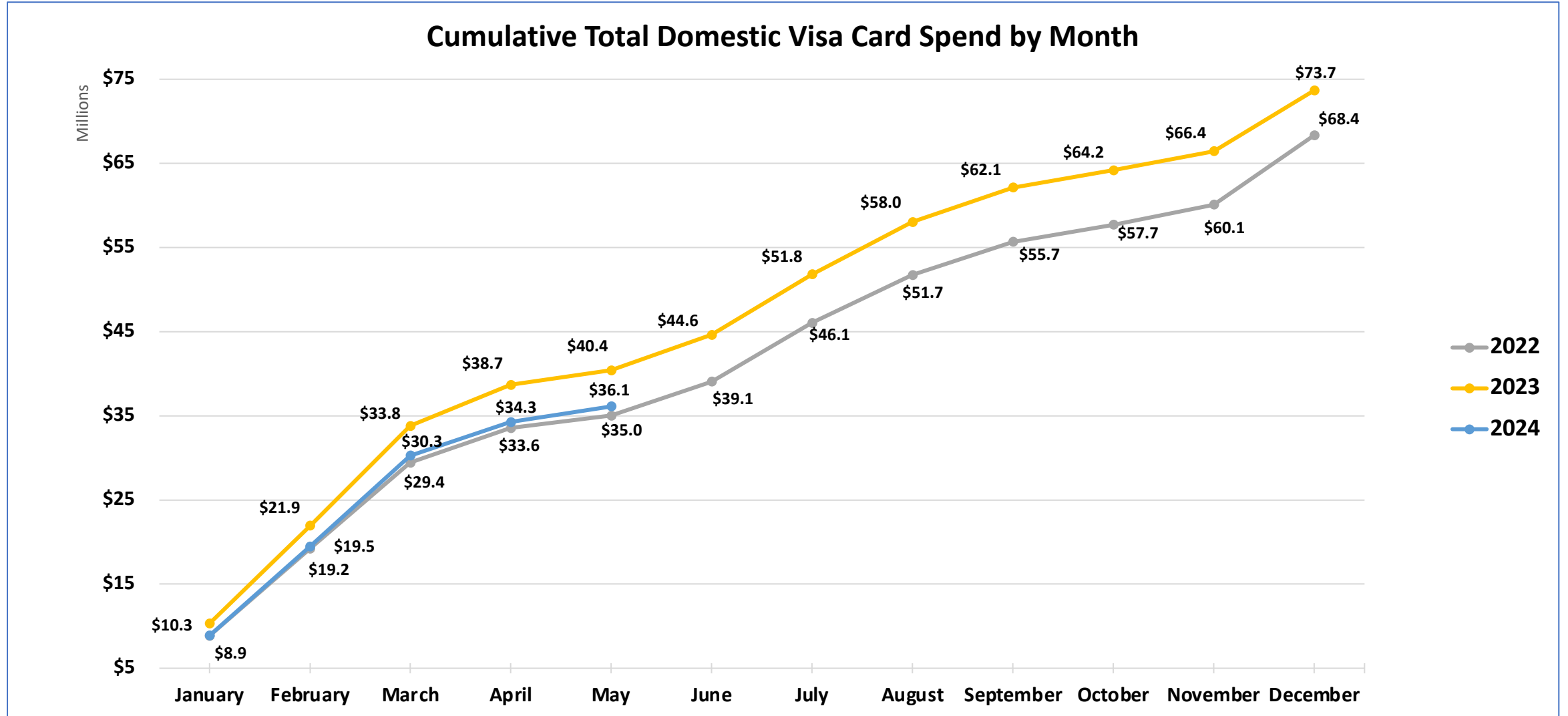
# VISA VUE – TOTAL DOMESTIC VISA CARD SPEND DATA BY YEAR



# VISA VUE – TOTAL DOMESTIC VISA CARD SPEND DATA (Spend by Month)



# VISA VUE – TOTAL DOMESTIC VISA CARD SPEND DATA (Cumulative Spend by Month)

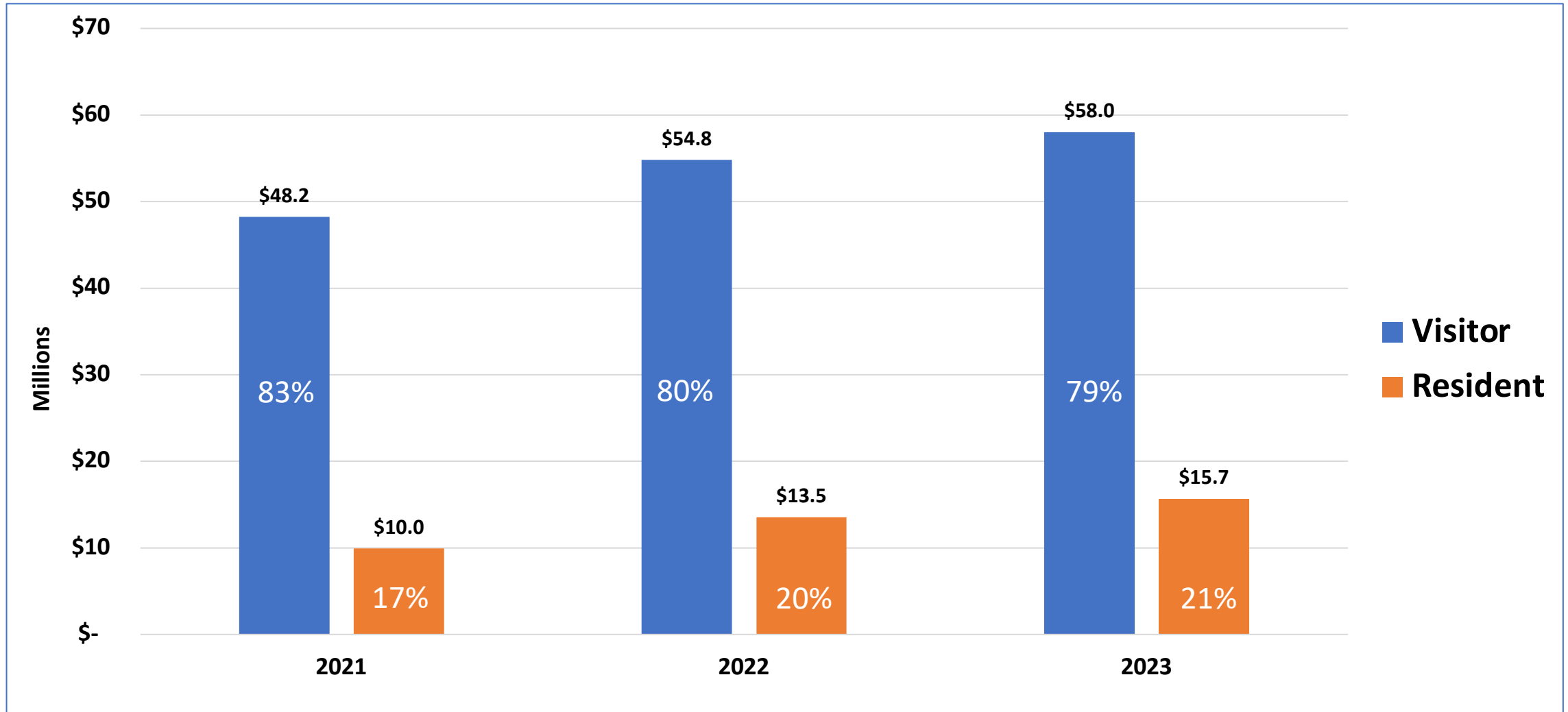


# VISA VUE – 2024 YEAR-TO-DATE VISA CARD SPEND DATA - Spend by Market 2024 YTD (January-May)



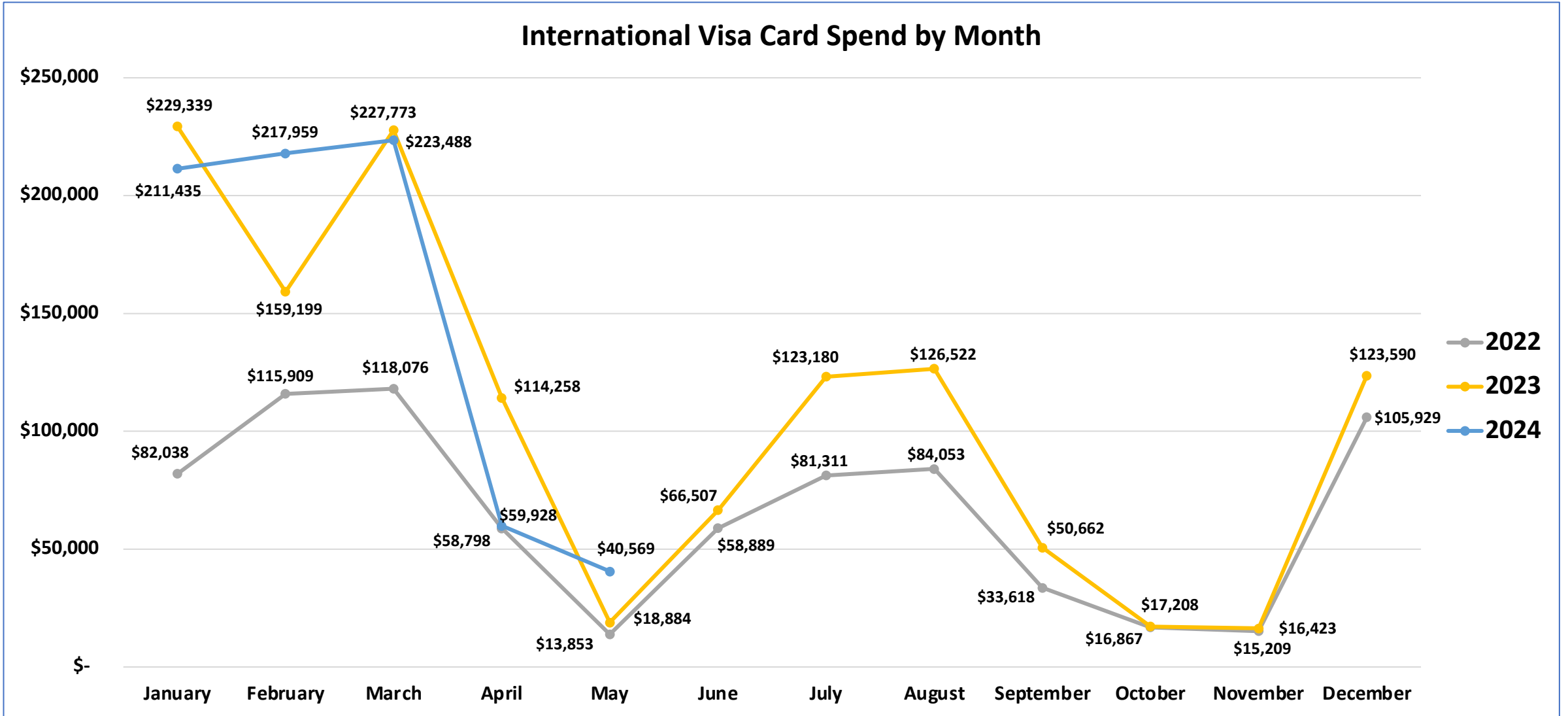
Rank	Market	Total Spend	YoY Change %	Card Count	YoY Change %
1	Bozeman, MT	\$10,503,140	-7%	29,882	-6%
2	New York-Newark-Jersey City, NY-NJ-PA	\$2,013,901	-5%	6,175	+3%
3	Chicago-Naperville-Elgin, IL-IN-WI	\$1,291,777	-1%	3,389	-2%
4	Los Angeles-Long Beach-Anaheim, CA	\$1,185,709	-14%	4,013	-2%
5	Boston-Cambridge-Newton, MA-NH	\$821,291	-16%	2,550	-14%
6	Seattle-Tacoma-Bellevue, WA	\$804,510	-22%	3,385	-13%
7	San Francisco-Oakland-Berkeley, CA	\$784,202	-3%	2,644	-6%
8	Denver-Aurora-Lakewood, CO	\$657,087	-18%	3,391	-16%
9	Minneapolis-St. Paul-Bloomington, MN-WI	\$634,027	-13%	4,350	+56%
10	Washington-Arlington-Alexandria, DC-VA-MD	\$618,117	-12%	1,829	+2%

# VISA CARD SPEND ANALYSIS BY YEAR: TOTAL ANNUAL SPEND - VISITORS VS. RESIDENTS



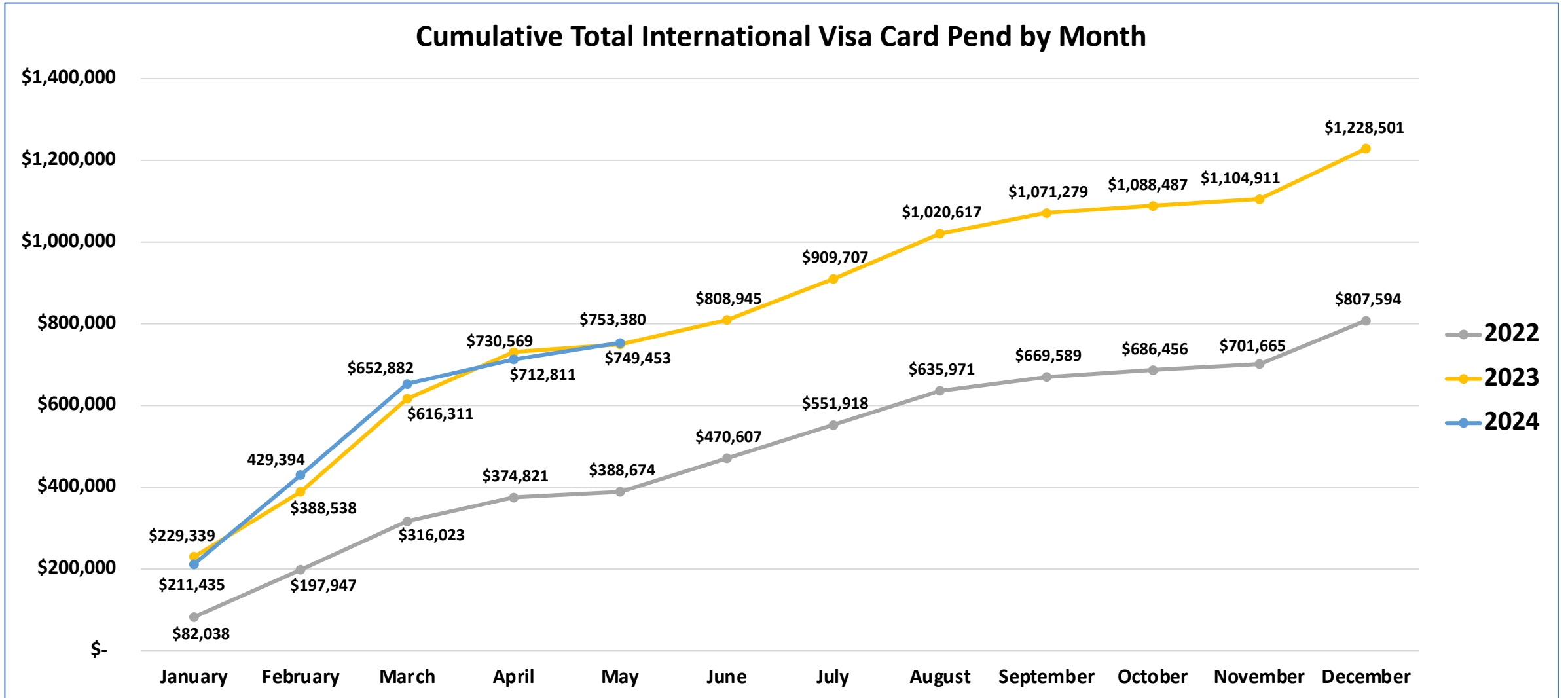


# VISA VUE – TOTAL INTERNATIONAL VISA CARD SPEND DATA (Spend by Month)



Source: Visa Destination Insights

# VISA VUE – TOTAL INTERNATIONAL VISA CARD SPEND DATA (Cumulative Spend by Month)



# VISA VUE – 2024 YEAR-TO-DATE VISA CARD SPEND DATA - Spend by International Market 2024 YTD (January-May)



Rank	Market	Total Spend	YoY Change %	Card Count	YoY Change %
1	Canada	\$309,698	+7%	1,046	+14%
2	Australia	\$101,239	-19%	231	-3%
3	United Kingdom	\$44,488	+3%	148	+25%
4	Mexico	\$38,113	-2%	102	+20%
5	Germany	\$29,827	+11%	58	+18%
6	New Zealand	\$24,768	-24%	72	-23%
7	Puerto Rico	\$18,367	-25%	22	-57%
8	Brazil	\$16,092	+90%	35	+52%
9	Switzerland	\$10,124	+39%	25	+47%
10	Dominican Republic	\$10,010	N/A	12	N/A

**CONSUMER  
SENTIMENT DATA**

**LONGWOODS  
INTERNATIONAL**



# TRAVEL SENTIMENT STUDY WAVE 86

\*Survey fielded June 12, 2024; US National Sample of 1,000 adults 18+



Source: Longwoods International

# TRAVEL SENTIMENT STUDY WAVE 86

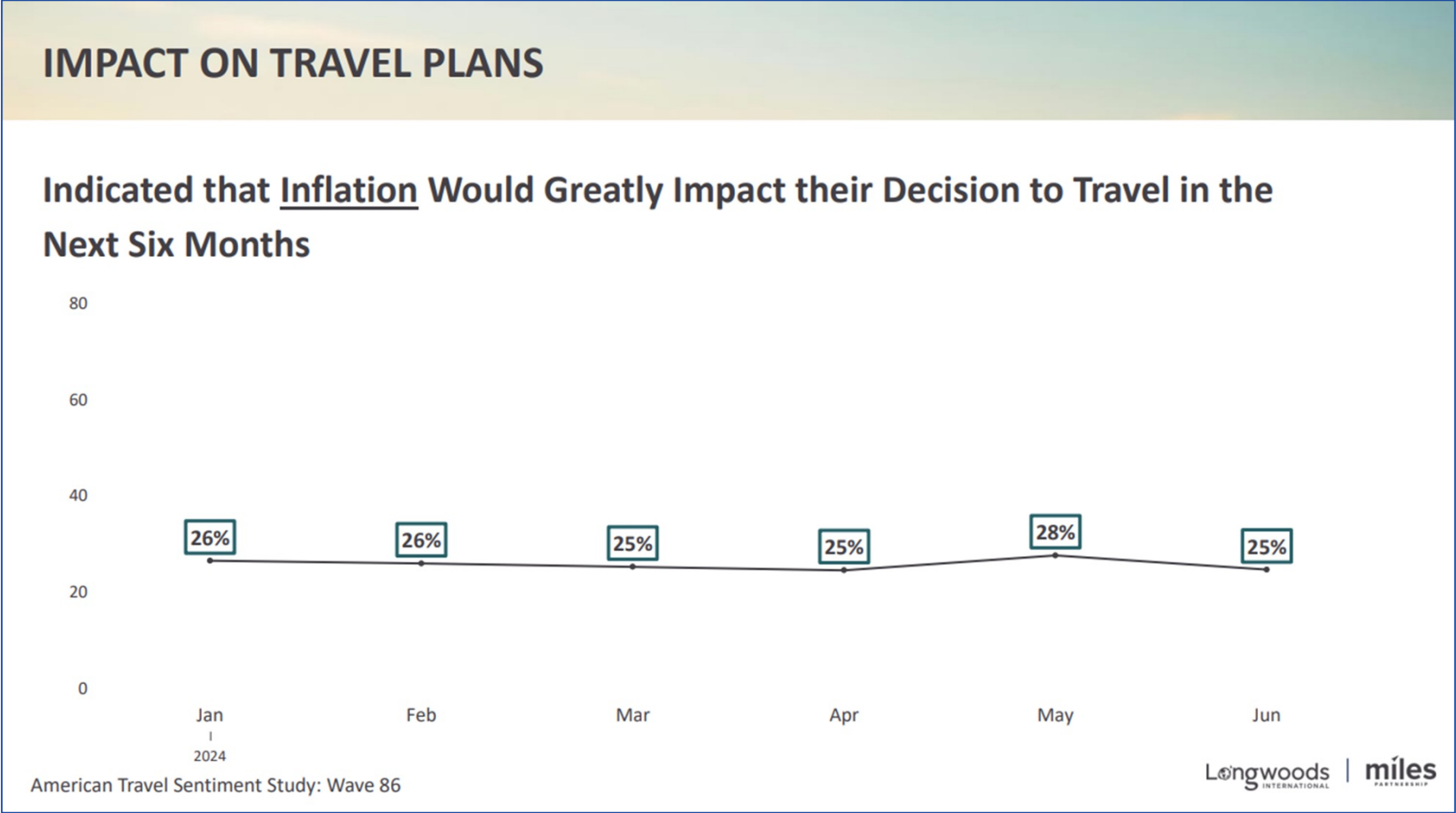
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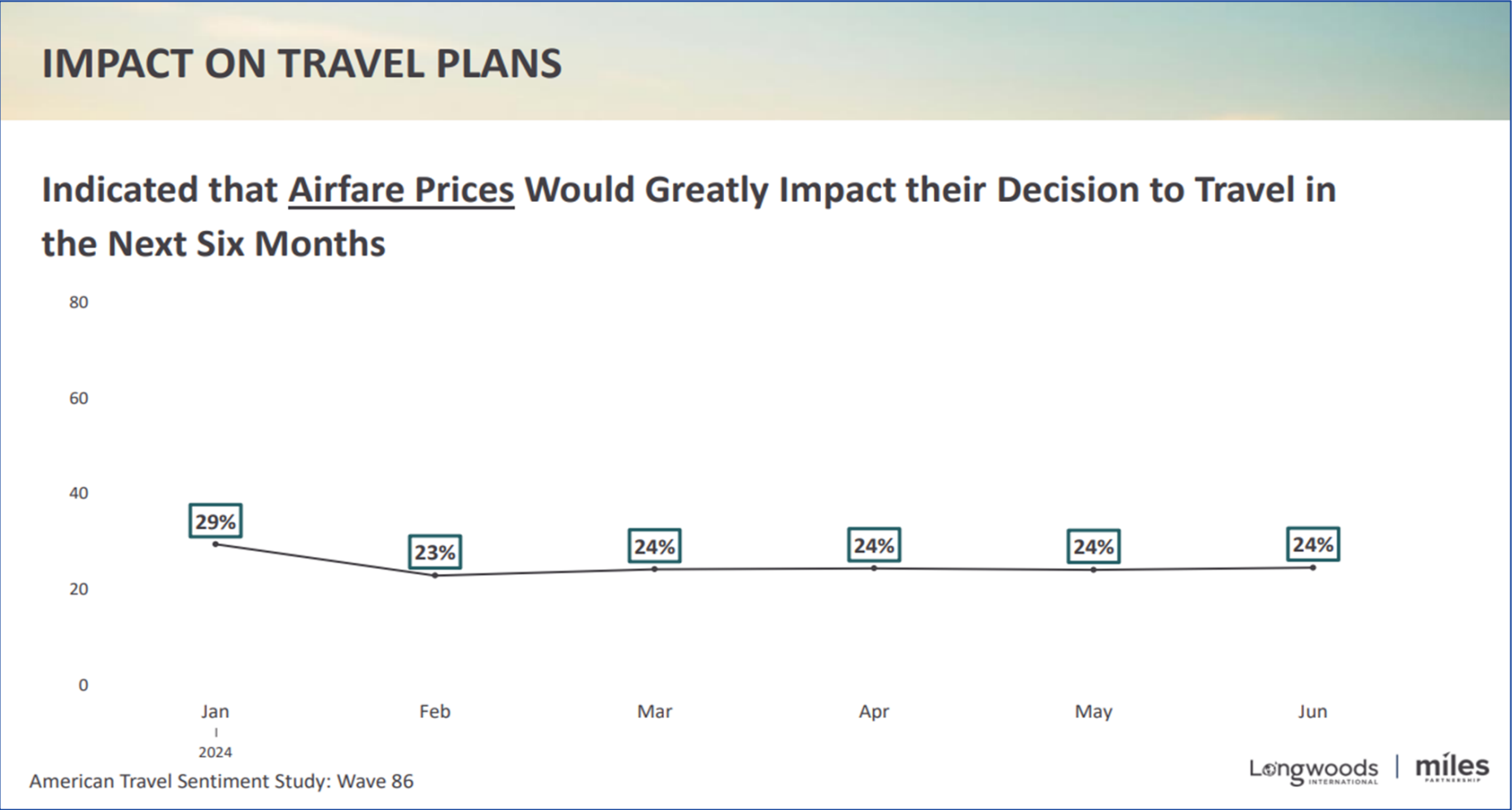
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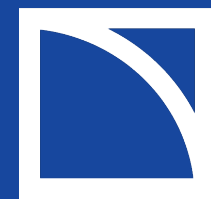
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**BLUE ROOM**  
RESEARCH