



RESEARCH UPDATE

**AUGUST 2024
REVIEW**

Big Sky Travel & Tourism Trends

- 314,279 total revenue passengers passed through the Bozeman Yellowstone International Airport in August 2024, a gain of 11.7% compared to the same month last year.
 - Total revenue passengers are up 8.6% Year-To-Date (YTD) in 2024 compared to YTD 2023.
- Average Occupancy at Airbnb and Vrbo short term rentals in Big Sky rose from 52% in August 2023 to 54% in August 2024.
 - Average Daily Rate at those same properties grew significantly, climbing from \$572 last year to \$642 in August 2024.
- Professionally managed short-term rentals reported a small drop in Occupancy Year-over-Year, with Occupancy slipping from 45% last August to 42% this August.
 - Average Daily Rate also deteriorated, falling from \$596 in August 2023 to \$512 in August 2024.
- Visa credit card spend in Big Sky increased slightly YoY in August of 2024, with more than \$6.5 million being spent by domestic visitors and residents on Visa cards in the month.
 - International Visa card spend increased YoY, with \$127,657 being spent by international visitors on Visa cards during the month of August 2024.

West Region Mountain Market Summary

- “With the peak months of the summer now behind us, the pieces are in place for a predictable, and dare we say, “normal”, finish to the season over the next 60 days. Don’t misunderstand - when we say ‘normal’ we’re talking about stable data, without wild 10-plus point swings; data for making proactive decisions, and that’s where we’ve arrived.”
- “Suppliers have managed to offer reasonable rates, with increases staying just below the national inflation rate. Consumers are responding by gently pushing up occupancy numbers and the combination has established reliable revenue for Summer 2024.”
- “But the current environment in which we’re operating isn’t at all normal. The economy, which received some very good inflation news in August, remains at an inflection point, with job numbers starkly weaker than expected, and consumer still watching and waiting, mostly to see what happens with interest rates, their savings, and the election.”
- “So, it’s no surprise that the early winter season is seeing some rate pushback, but lodgers have become increasingly adept at managing this balancing act over the past 18 months, and rate adjustment that worked for summer has now started to deliver a solid payoff in terms of winter booking volume.”
- “So, with the summer curtain starting to fall and the winter one just rising, the country and indeed much of the world will watch both the Federal Reserve Bank and the lead up to the election over the coming weeks for indicators about what’s next.”

U.S. MARKET REVIEW

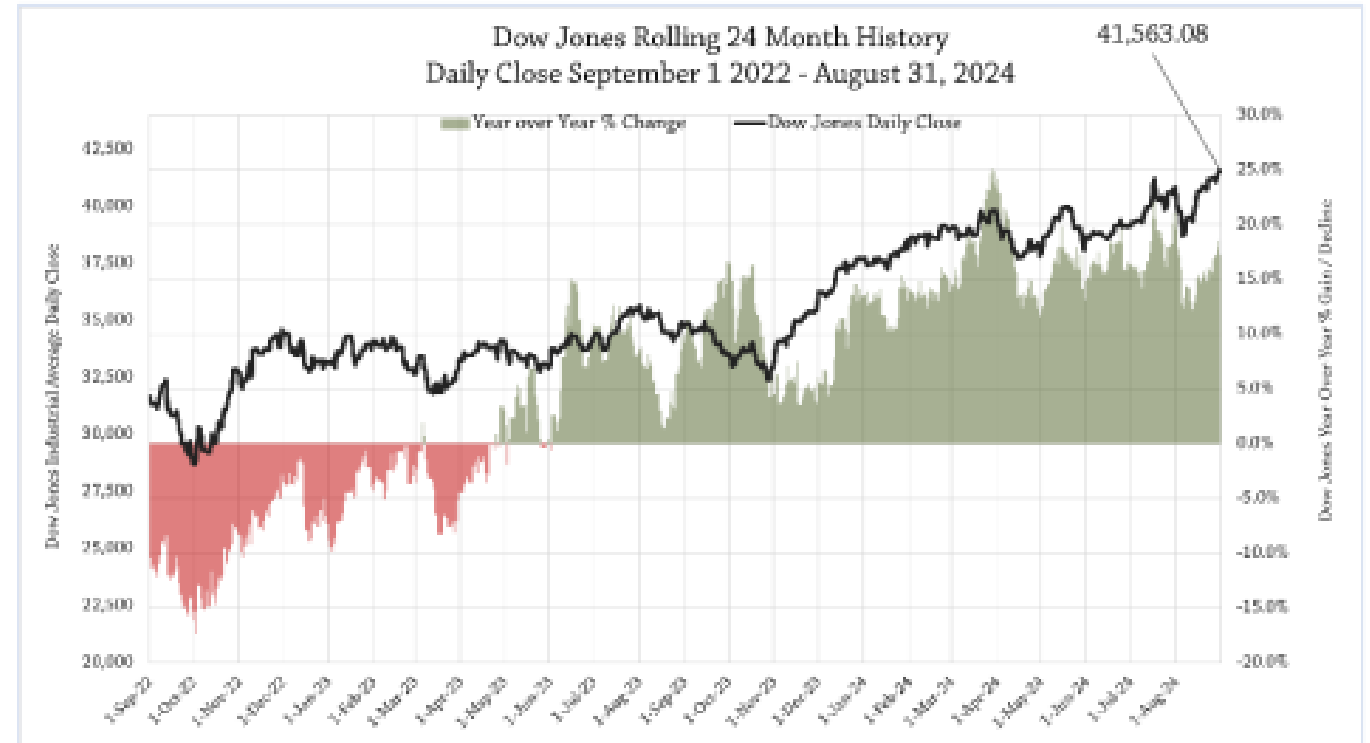
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U.S. MARKET REVIEW

The Dow Jones Industrial Average

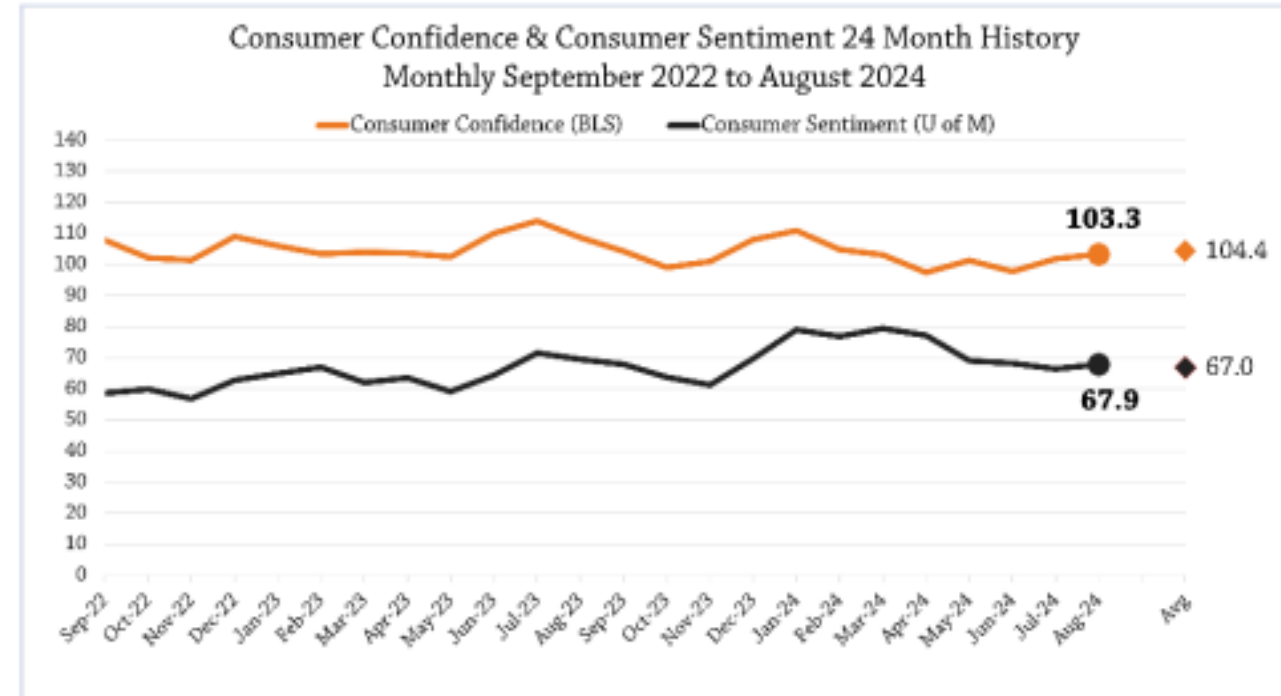
- “The Dow Jones Industrial Average (DJIA) fluctuated sharply in August, but ultimately gained somewhat, adding 1.76 percent – or 720.3 points – to finish the month at 41,563.08 points.”
- “Overall, financial markets continue to be on an extended run of gains, with the DJIA currently up a dramatic 19.7 percent, or 6,841.2 points, from last year at this time.”
- “While strength on Wall Street is typically good for consumer spending, that hasn’t really materialized over the past 24 months, and long-term price sensitivity remains an issue and should be expected to persist into 2025.”



U.S. MARKET REVIEW

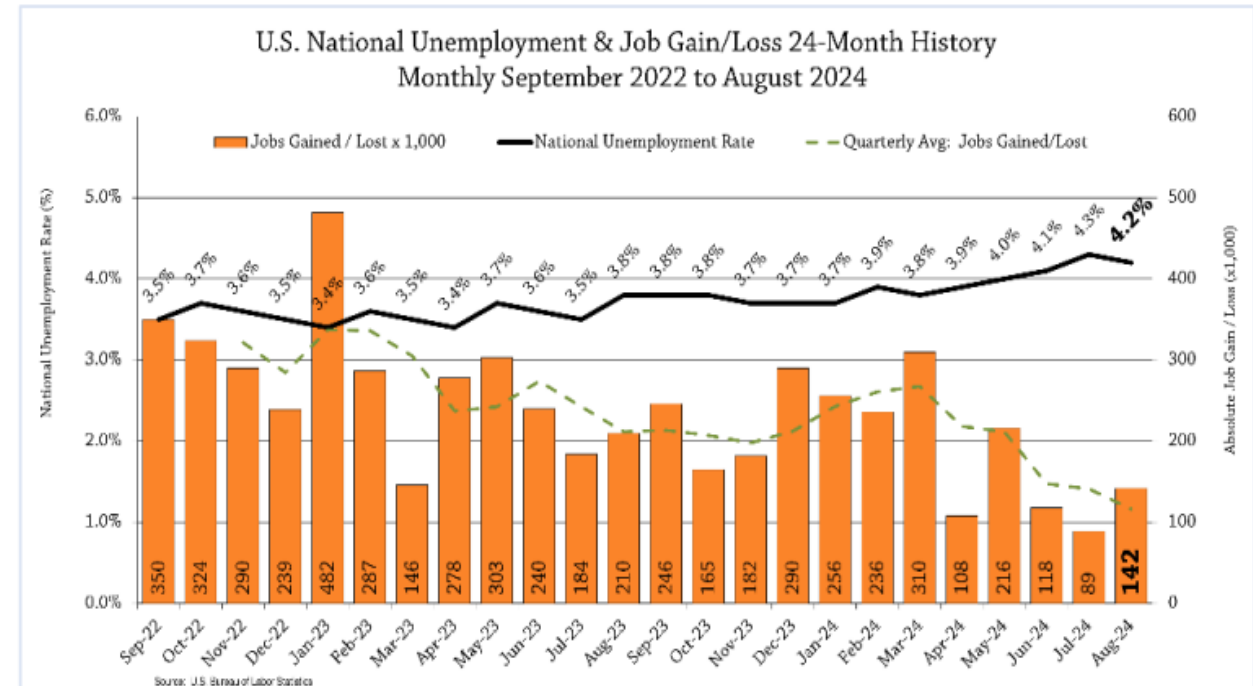
The Consumer Confidence Index & Consumer Sentiment Index

- “The CCI edged up from a revised July value of 101.9, gaining 1.4 points and finishing August at 103.3 points...the fourth increase in confidence in 2024 and the second consecutive gain.”
- “Consumers’ evaluation of both current and future conditions was largely mixed during the month, though trended towards the positive. Their assessment of business conditions was up and expectations about inflation improved... [but] consumers remain less confident about the labor market and future income...[and] also lost confidence in the stock market.”
- “The CSI from the University of Michigan also increased in August, up a slight 1.5 points to 67.9...the first increase since March.”



The National Unemployment Rate

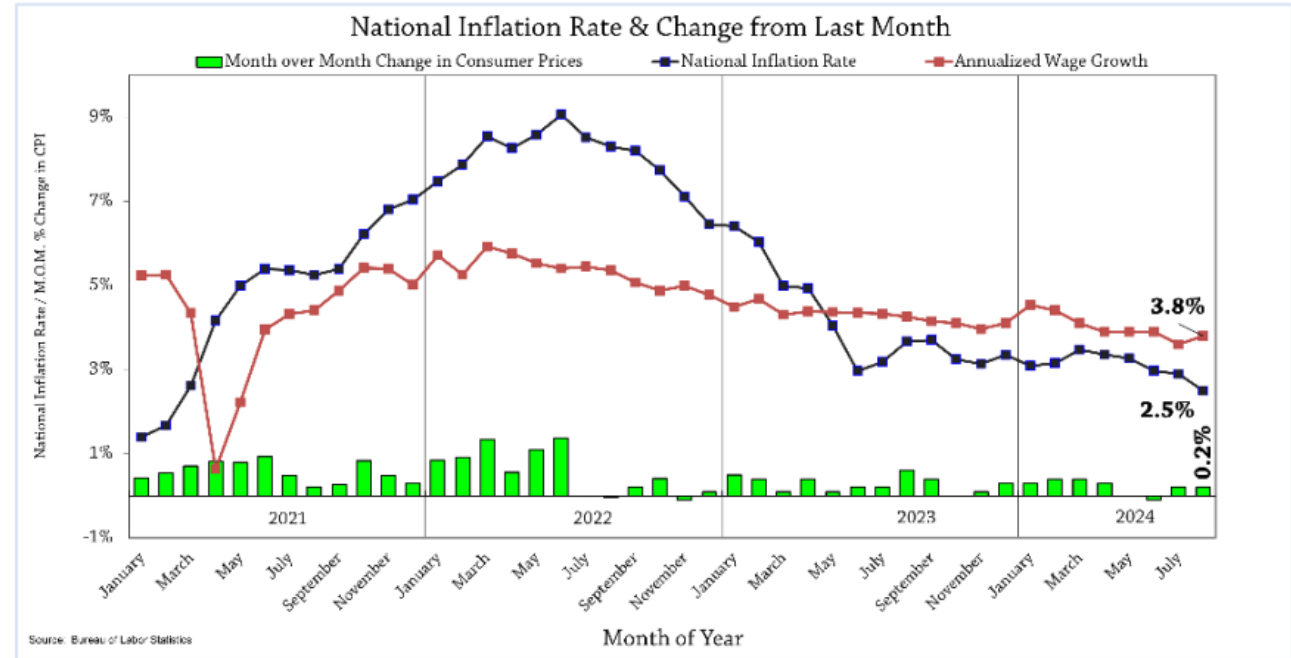
- “August has added angst to the economic discussion, with employers significantly missing expectations by adding just 142,000 jobs during the month while the unemployment rate slipped from 4.3 to 4.2 percent.”
- “Average job creation in the past three months was 116,000 per month – down sharply from the 12-month average of 202,000 from June 2023 through May.”
- “Focusing on Leisure and Hospitality, the Accommodations sector added just 1,912 positions during August, while Food Services and Drinking Places added 12,233.”
- “On a more positive note – for employees at least – wages increased more than expected, up 0.4 percent, and year-over-year growth is currently at 3.9 percent, well above the 2.5 percent annual inflation rate.”



U.S. MARKET REVIEW

The National Inflation Rate

- “The National Inflation Rate declined for the fifth consecutive month in August...from 2.9 percent in July to 2.5 percent, slightly exceeding analysts’ expectations.”
- “At 2.5 percent, inflation is the lowest it’s been in three years, and it is a full 1.3 percentage points lower than the average annual wage growth of 3.8 percent. This is the sixteenth consecutive month that wages have outpaced inflation, helping consumers recover from their losses in 2021 to early ‘23.”
- “Month-over-month prices were up 0.2 percent from July, but when the more volatile food and energy prices are stripped out of the data, the core inflation increased more than expected, up 0.3 percent. That nuance will likely result in the Federal Reserve Bank dropping interest rates by just one-quarter of a percent next week, rather than the more hopeful half percent.”



Key Takeaways from CBRE's Q2 2024 Hotel Investment Performance Forecast

- “On a trailing twelve months (TTM) basis, U.S. hotels experienced a 1.3% year-over-year decline in net operating income (NOI) for the quarter ended Jun 2024.
 - The declines were driven by a 120-bps contraction in margins year-over-year as the 2.5% growth in hotel revenue has failed to keep up with growth in costs (+4.5%).
 - CBRE forecasts NOI margin to continue declining until Q4 2025, given softer revenue growth outlook in near term.”
- “Cap rates expanded 5-bps on a TTM basis in Q2 2024 vs Q1 2024, and +24.5-bps vs. Q2 2023. CBRE continues to forecast cap rates will peak in Q1 2025 as Federal Reserve delayed interest rate cuts this year.”

AIRPORT DATA



BOZEMAN YELLOWSTONE INTERNATIONAL AIRPORT NON-STOP DESTINATIONS

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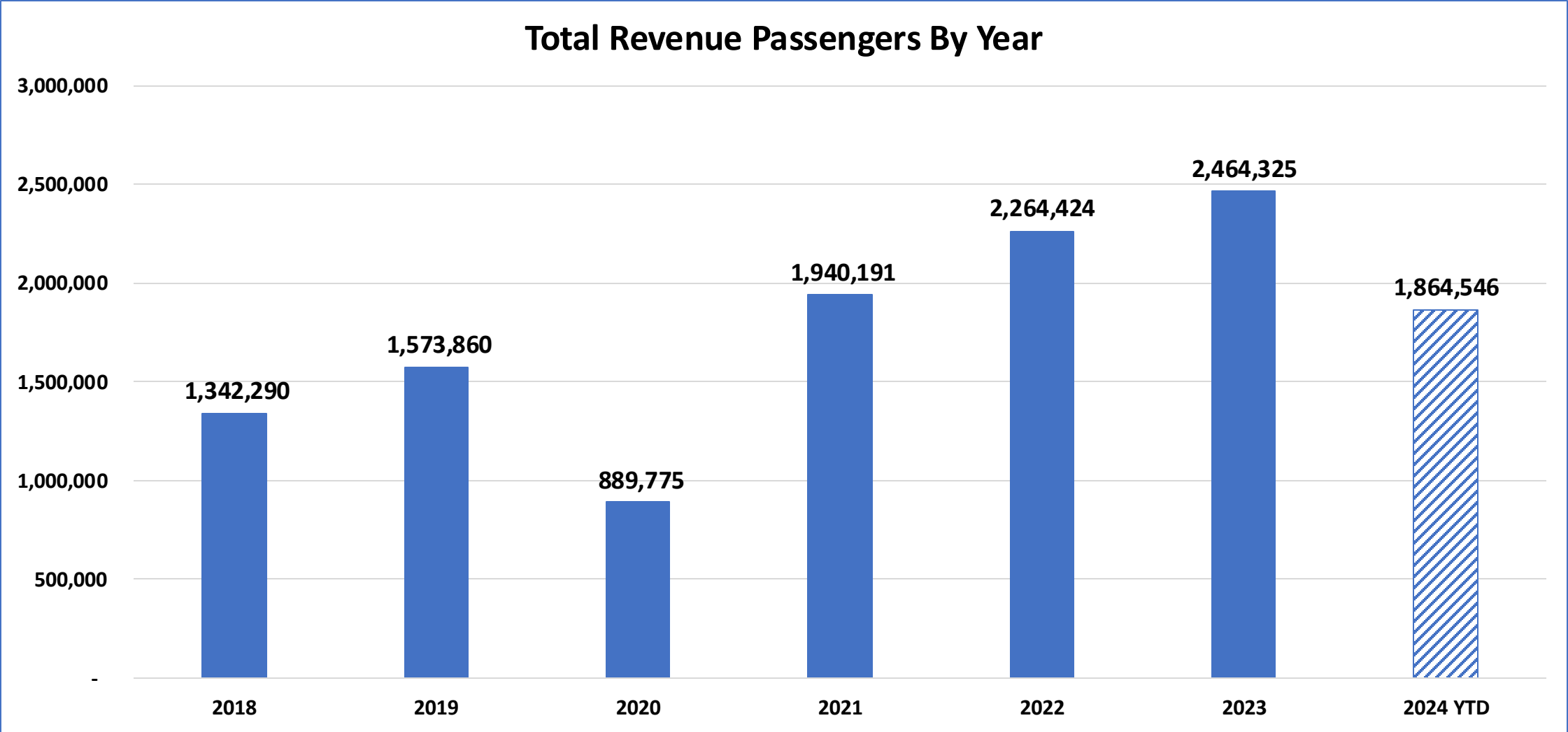
Source: Bozeman Yellowstone International Airport

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	285,722	248,492	15.0%	225,410	26.8%
July	322,732	286,163	12.8%	256,234	26.0%
August	314,279	281,444	11.7%	254,445	23.5%
September		234,589		203,844	
October		185,605		167,851	
November		142,205		132,939	
December		185,281		174,170	
Year-to-Date	1,864,546	1,716,645	8.6%	1,585,620	17.6%
Total		2,464,325		2,264,424	

BOZEMAN YELLOWSTONE INTERNATIONAL AIRPORT - YEARLY TOTAL PASSENGERS



(Jan-Aug 2024)

AIRDNA DATA

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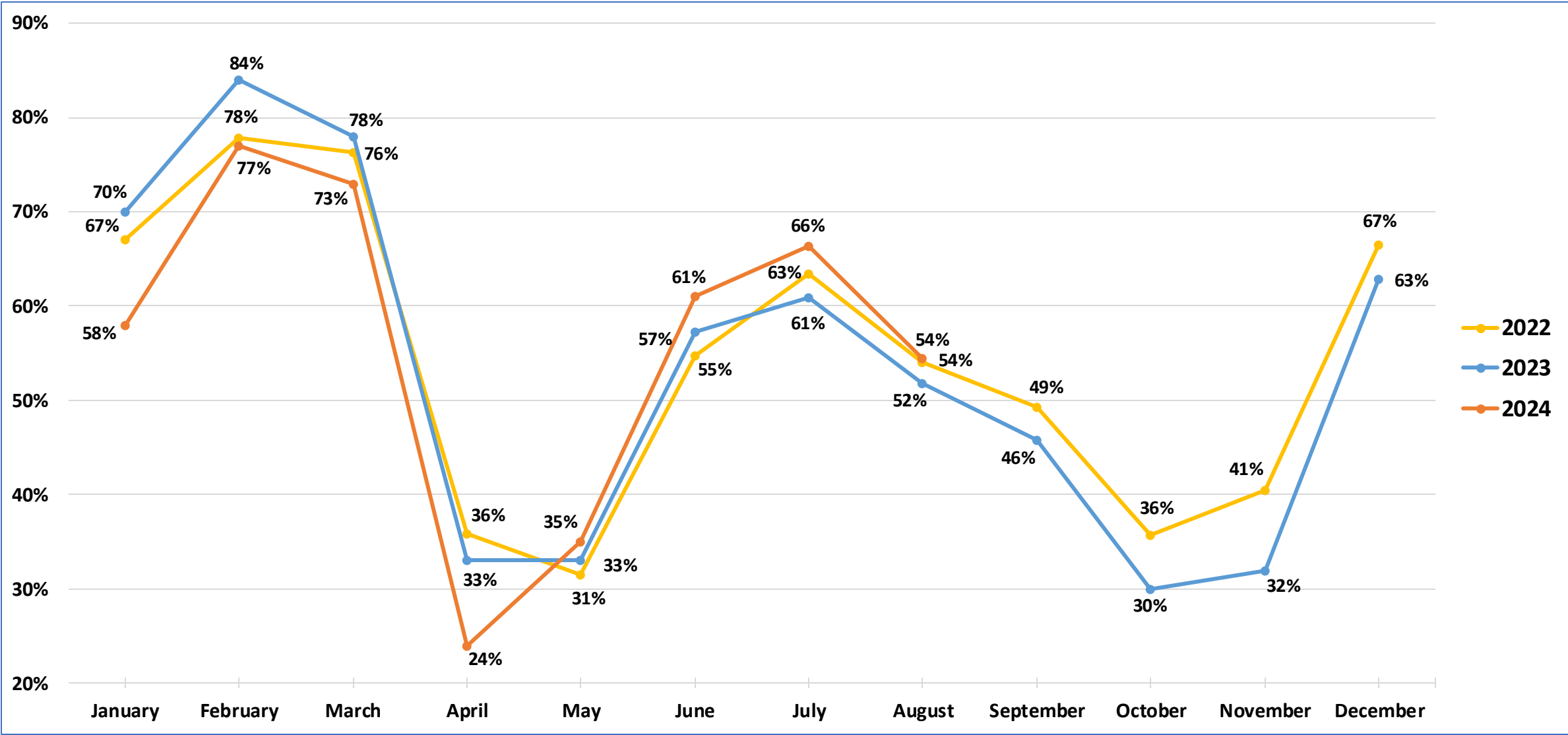
AIRDNA SHORT TERM RENTAL (INCLUDES AIRBNB & VRBO LISTINGS) DEFINITIONS



Definitions (provided by AirDNA)

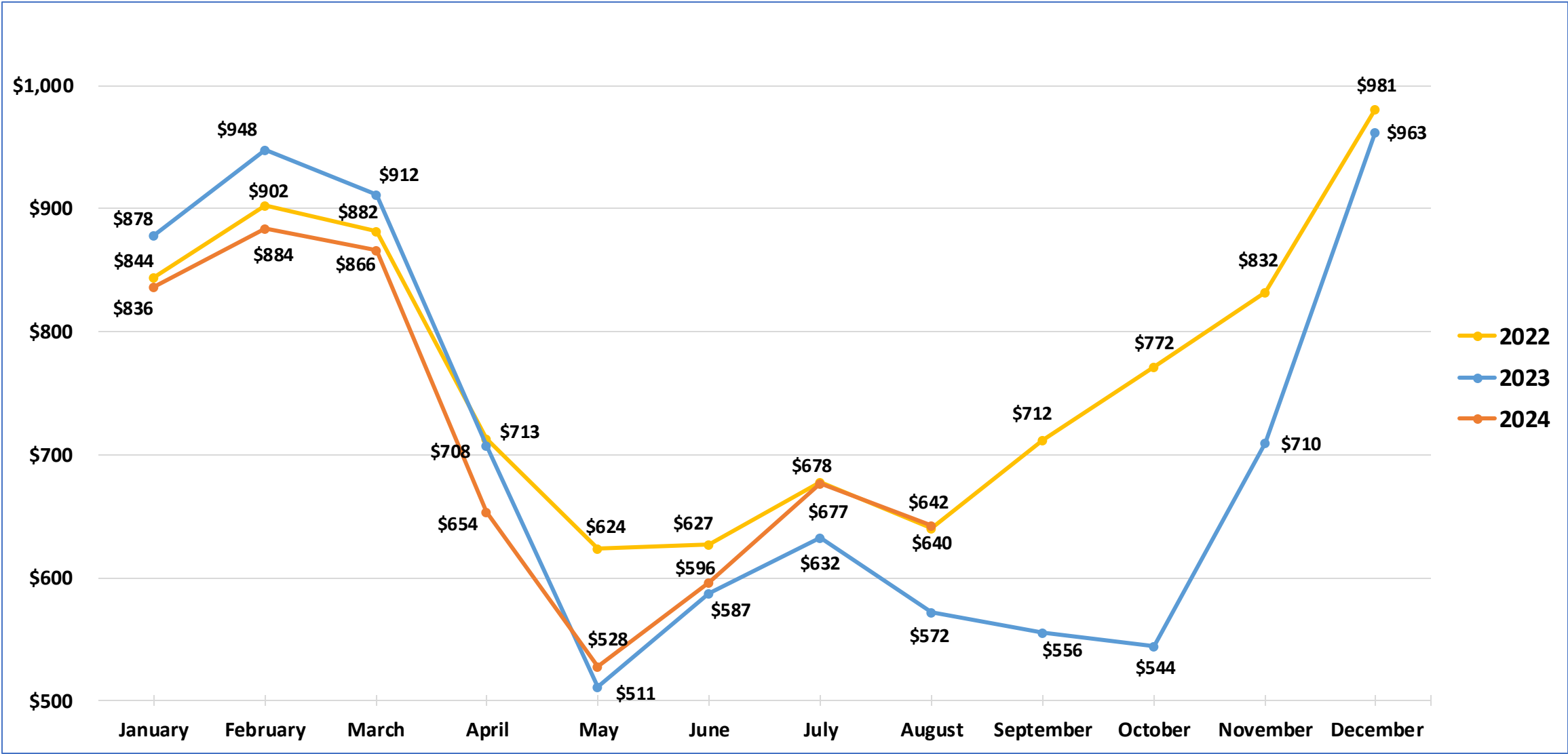
- **Available Listings** – Total number of listings whose calendars had at least one day classified as available or reserved during the reporting period.
- **Average Daily Rate** – Average daily rate (ADR) of booked nights in USD ($ADR = \text{Total Revenue} / \text{Booked Nights}$).
- **Booked Listings** – 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** – $\text{Occupancy Rate} = \text{Total Booked Days} / (\text{Total Booked Days} + \text{Total Available Days})$. 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** – $\text{Revenue Per Available Rental} = ADR * \text{Occupancy Rate}$
- **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



Source: AirDNA (Includes Airbnb and Vrbo data)

AIRDNA – AVERAGE DAILY RATE (\$) BY MONTH



Source: AirDNA (Includes Airbnb and Vrbo data)

KEY DATA DATA



KEY DATA DIRECT SOURCE LODGING PARTNERS

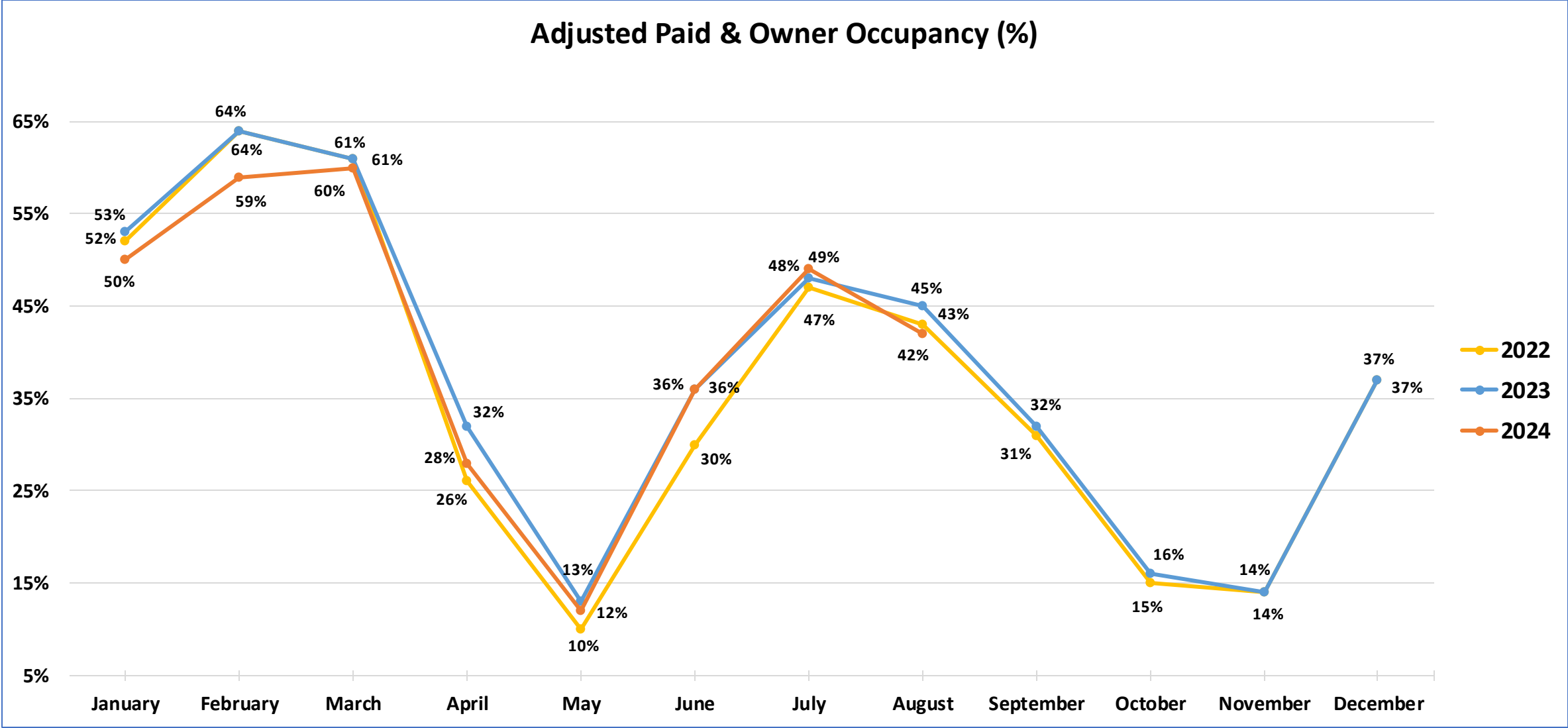


- Key Data currently partners with 12 Big Sky property management companies and hotels.
 - In total, this represents ~1,564 rental units in the Big Sky area.
 - All figures in the following slides are taken exclusively from the following 12 property management companies and hotels:
 - Alpine Property Management, Big Sky Luxury Vacations, Big Sky Resort, Big Sky Vacation Rentals, EVOLVE, Private, Montage Big Sky, Moonlight Basin, Natural Retreats, Stay Montana, Two Pines, and Vacasa.
- 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.

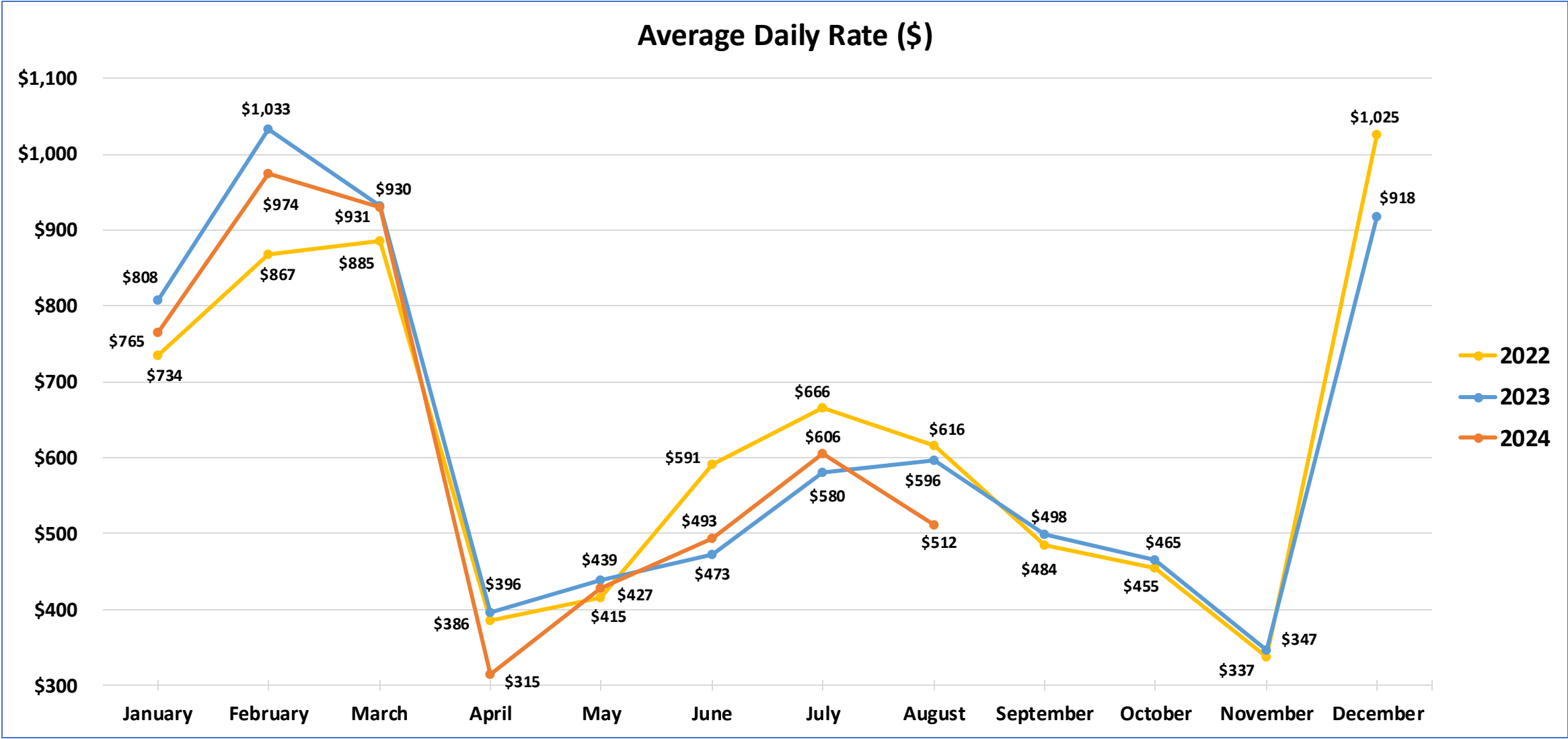
KEY DATA DIRECT SOURCE DEFINITIONS

- **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



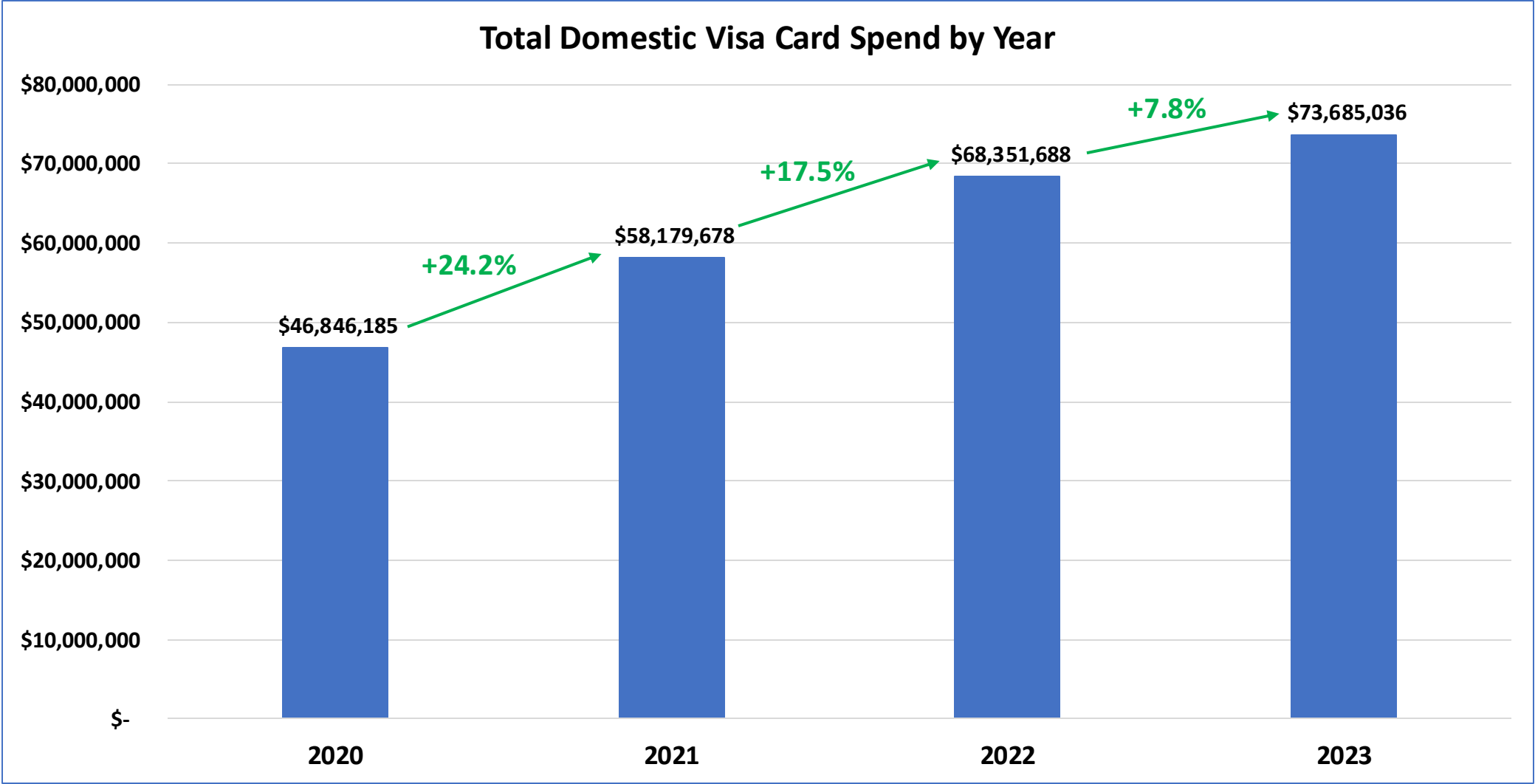
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VISA DESTINATION INSIGHTS



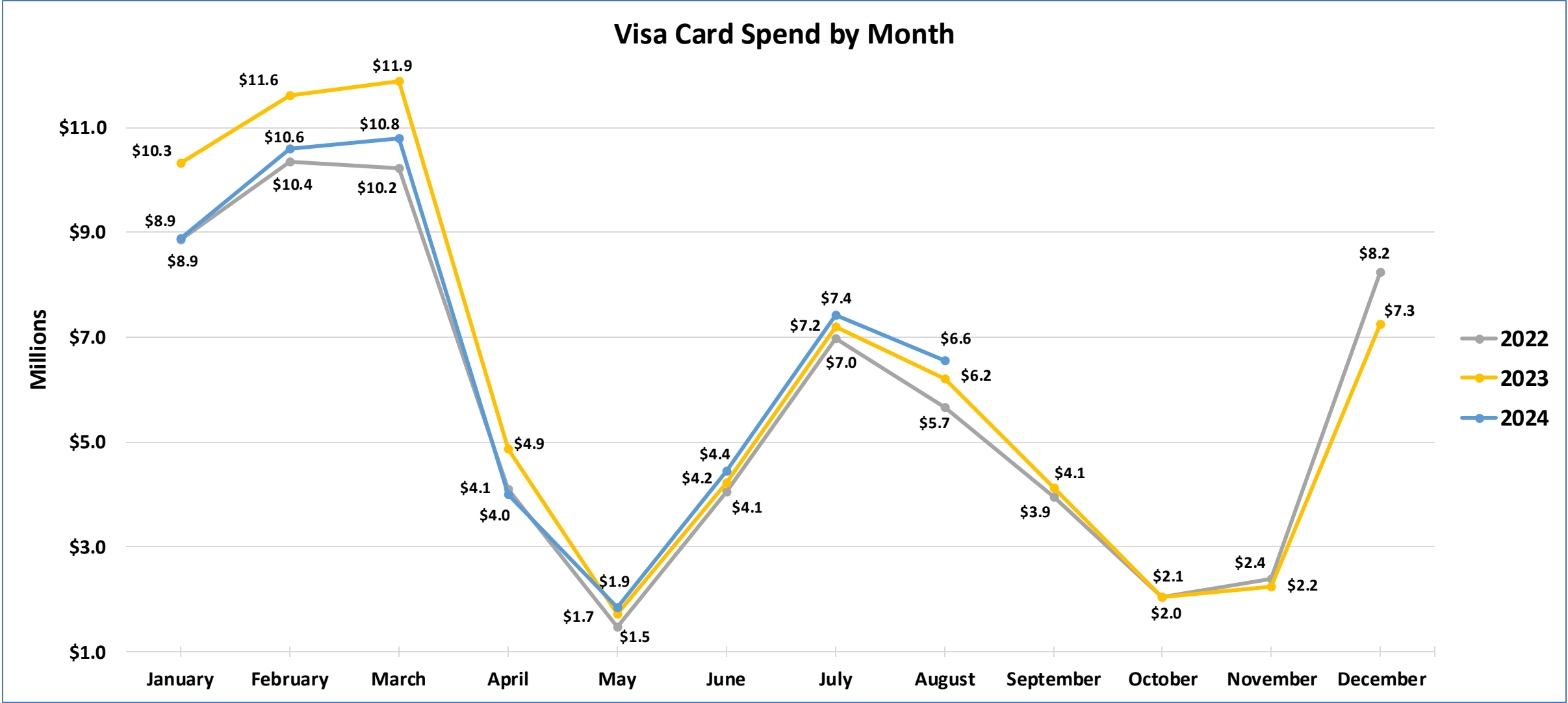
VISA VUE – TOTAL DOMESTIC VISA CARD SPEND

DATA BY YEAR

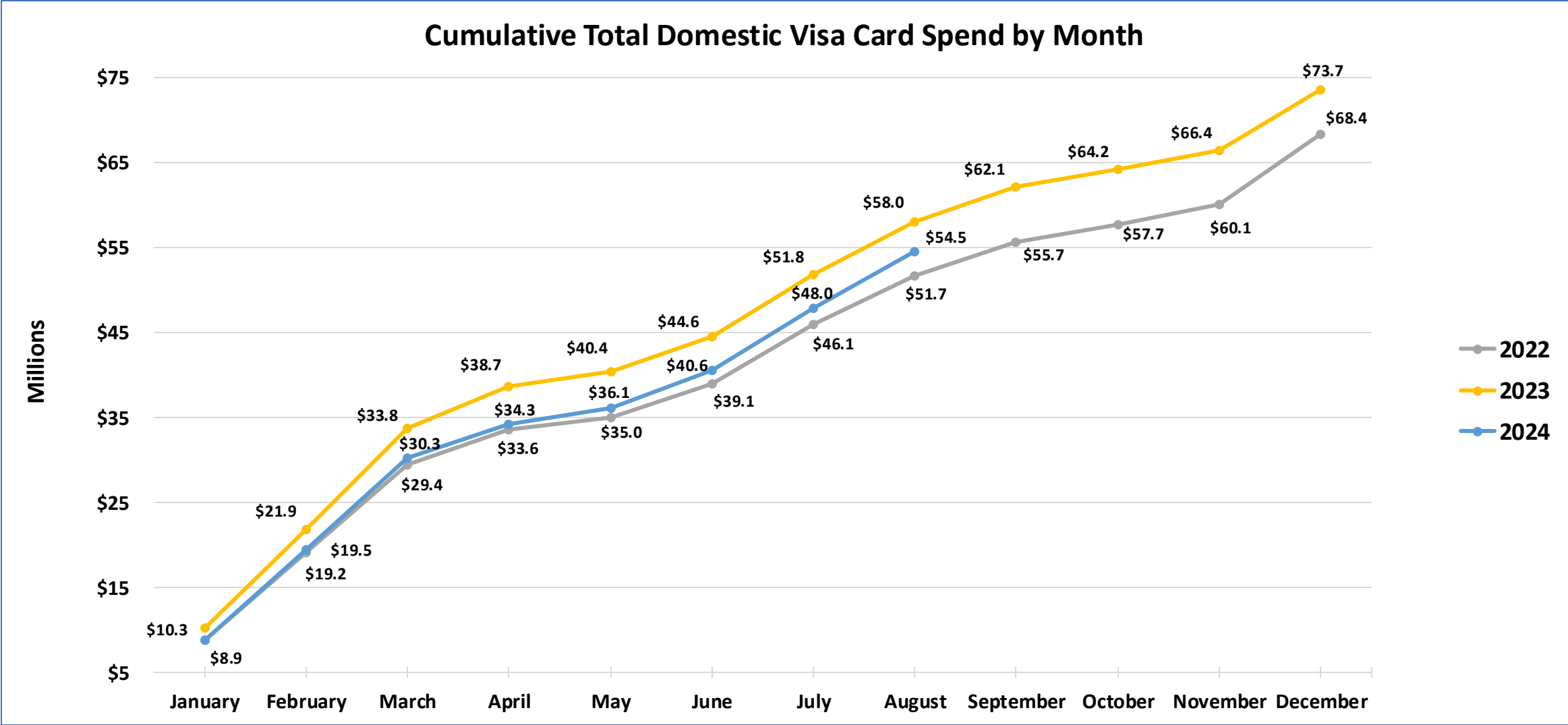


VISA VUE – TOTAL DOMESTIC VISA CARD SPEND

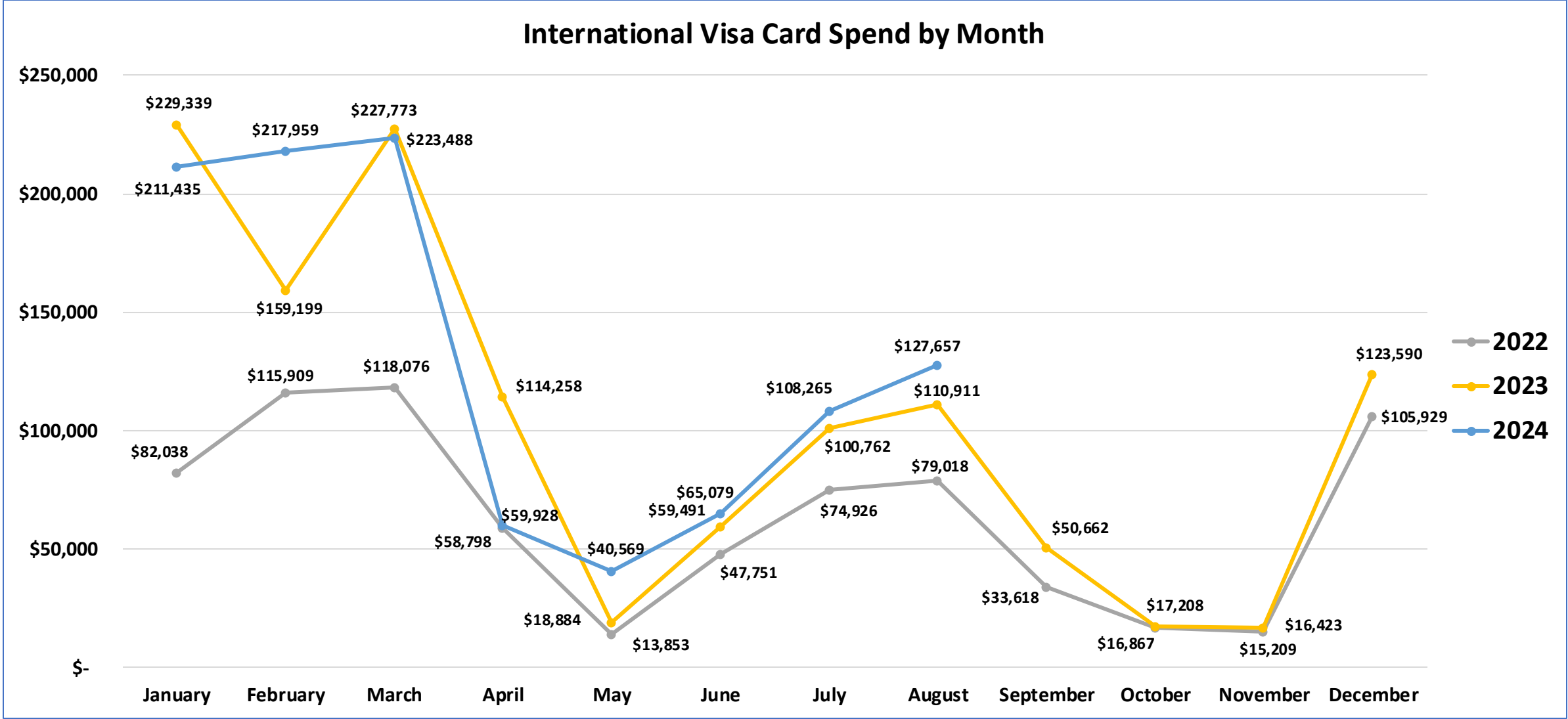
DATA (Spend by Month)



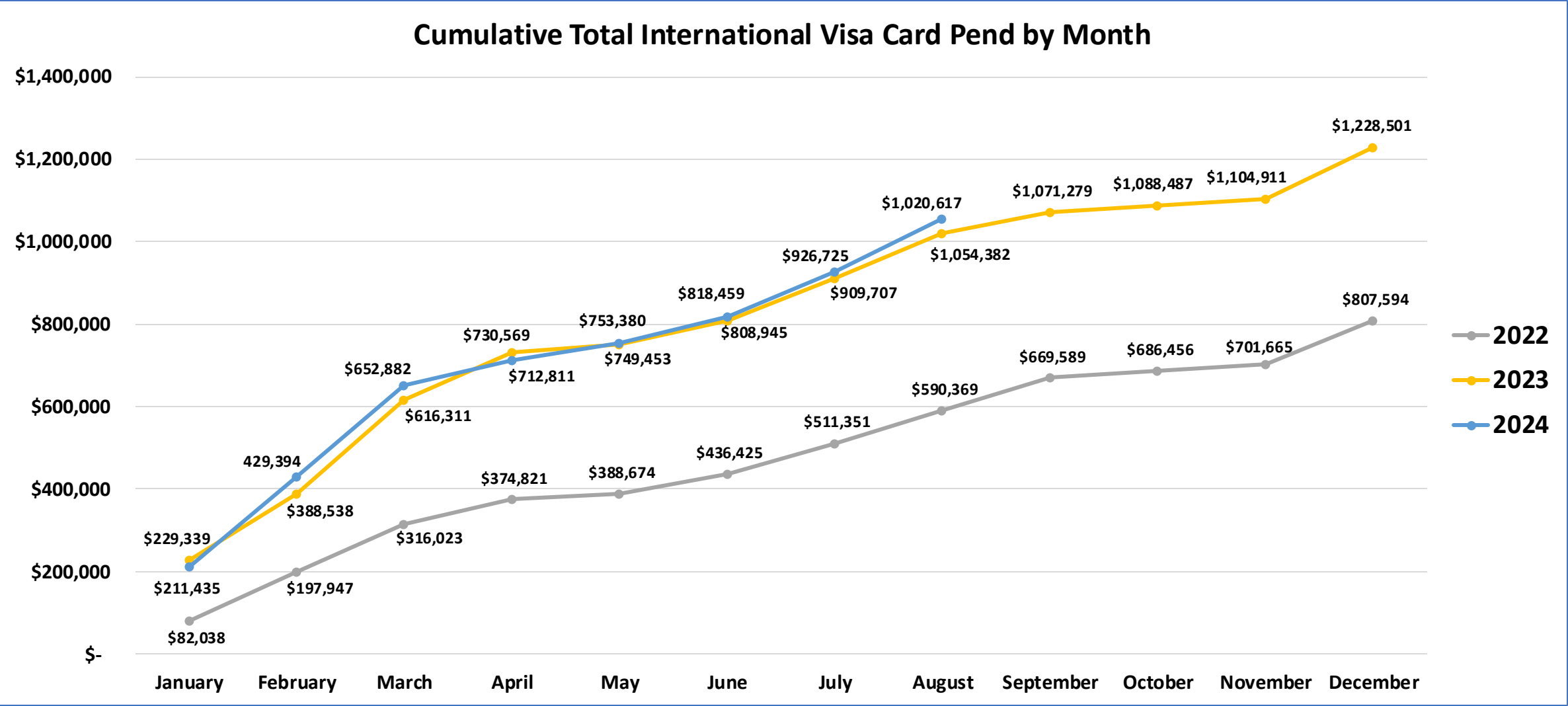
VISA VUE – TOTAL DOMESTIC VISA CARD SPEND DATA (Cumulative Spend by Month)



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



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



**CONSUMER
SENTIMENT DATA**

**LONGWOODS
INTERNATIONAL**

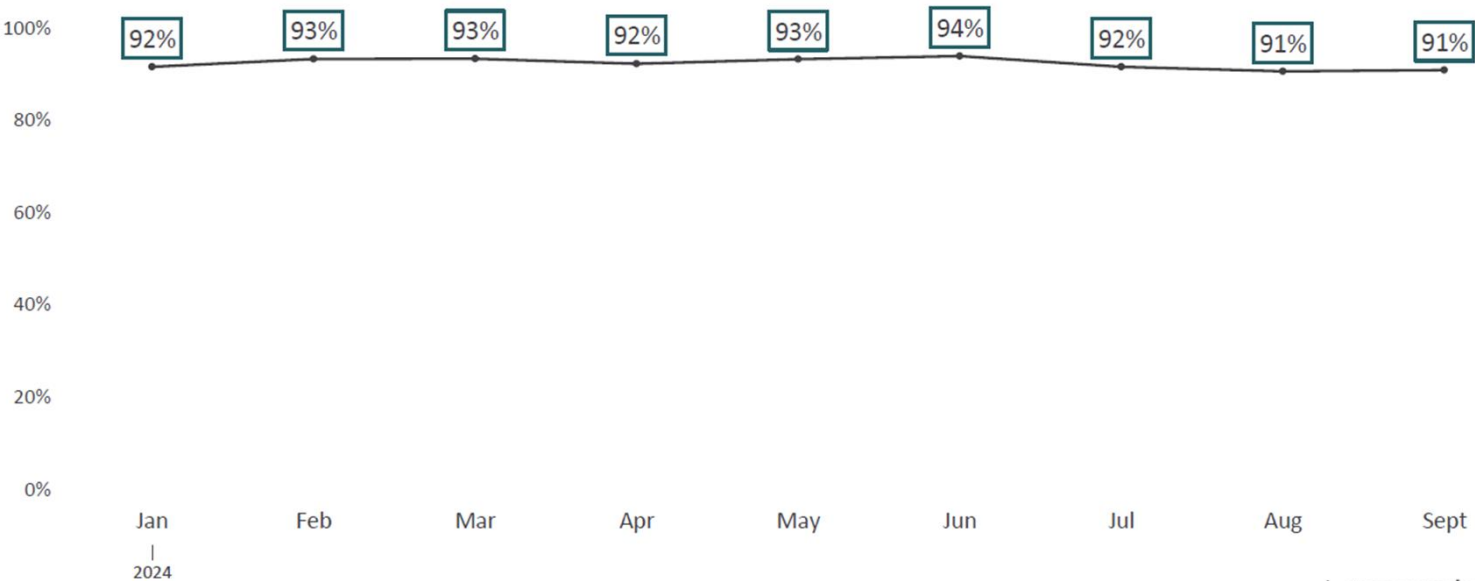


TRAVEL SENTIMENT STUDY WAVE 89

*Survey fielded September 11, 2024; US National Sample of 1,000 adults 18+

IMPACT ON TRAVEL PLANS

Travelers with Travel Plans in the Next Six Months Comparison



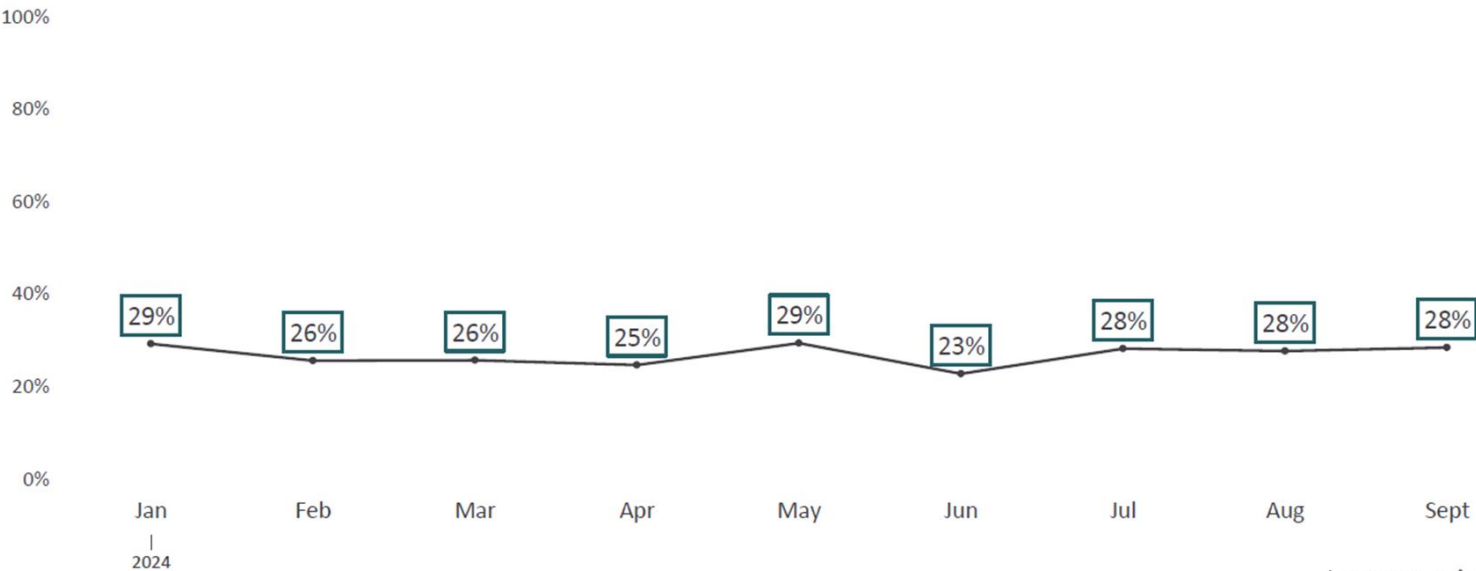
U.S. Travel Sentiment Tracker: Wave 89

TRAVEL SENTIMENT STUDY WAVE 89

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IMPACT ON TRAVEL PLANS

Indicated that Concerns About Personal Financial Situation Would Greatly Impact their Decision to Travel in the Next Six Months



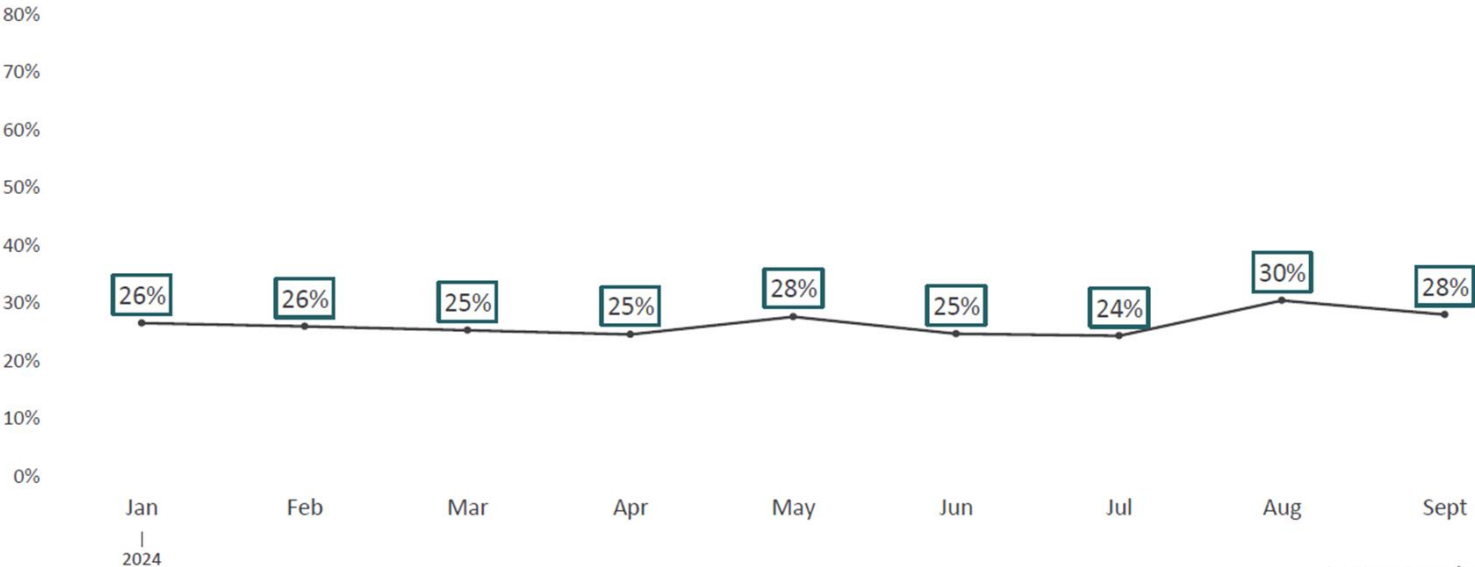
U.S. Travel Sentiment Tracker: Wave 89

TRAVEL SENTIMENT STUDY WAVE 89

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IMPACT ON TRAVEL PLANS

Indicated that Inflation Would Greatly Impact their Decision to Travel in the Next Six Months



U.S. Travel Sentiment Tracker: Wave 89

TRAVEL SENTIMENT STUDY WAVE 89

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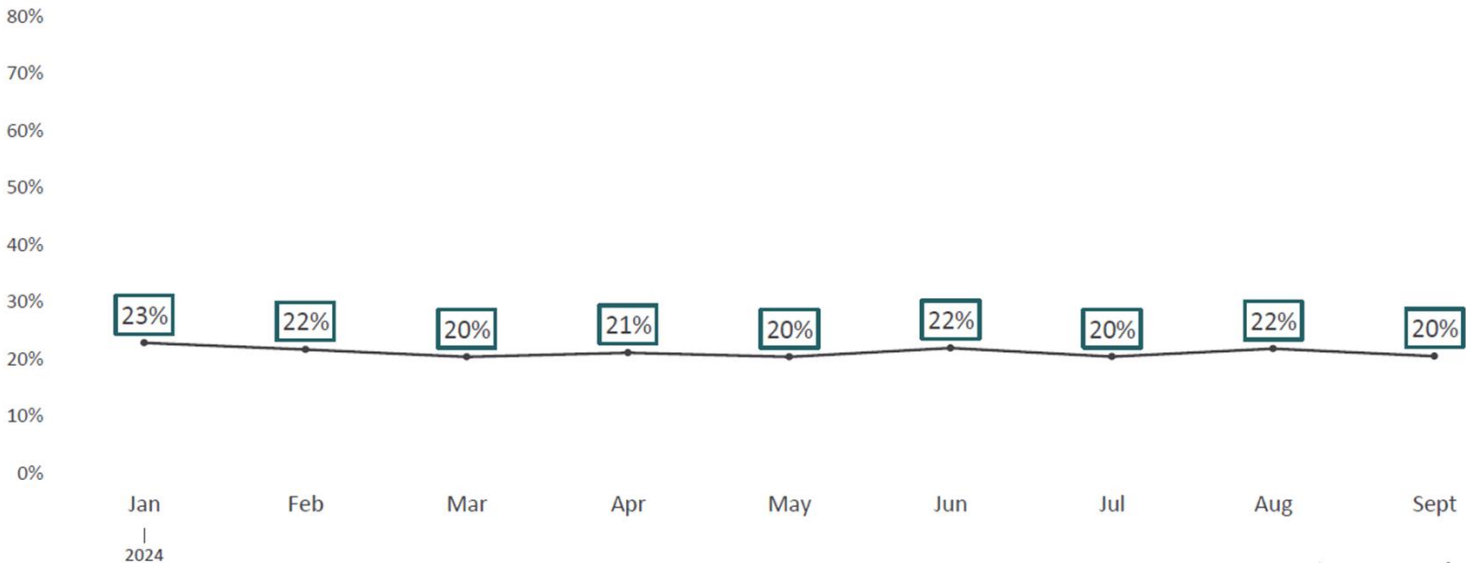


TRAVEL SENTIMENT STUDY WAVE 89

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IMPACT ON TRAVEL PLANS

Indicated that Gas Prices Would Greatly Impact their Decision to Travel in the Next Six Months



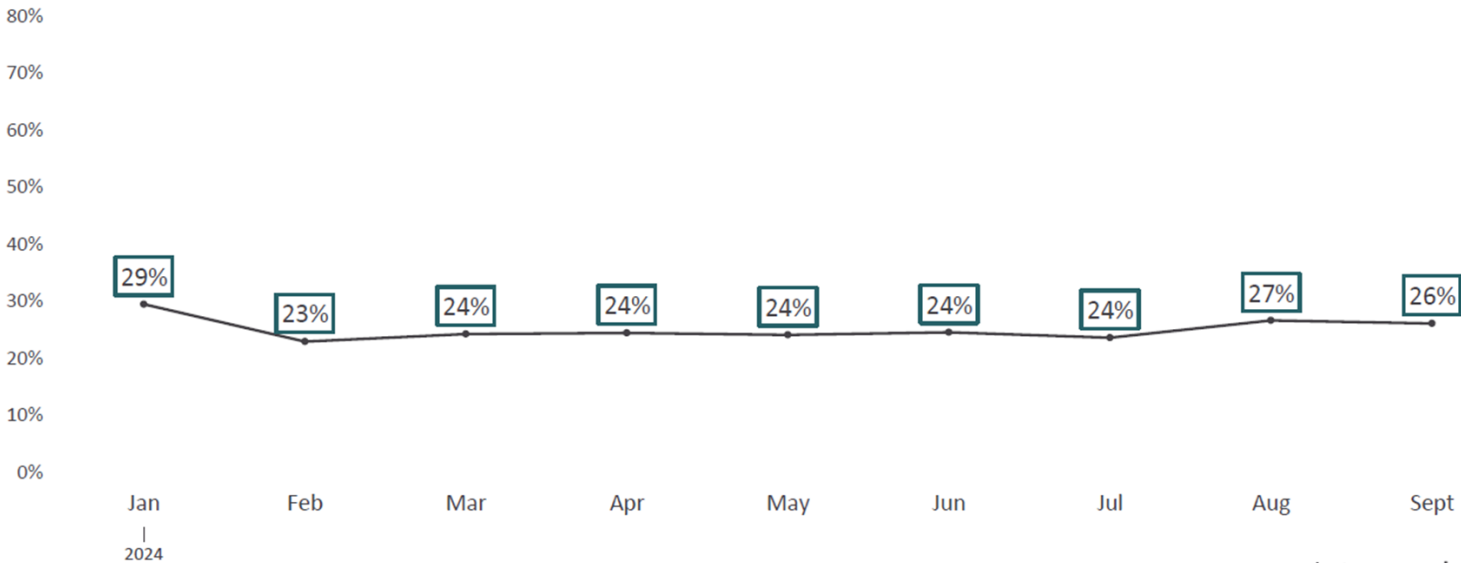
U.S. Travel Sentiment Tracker: Wave 89

TRAVEL SENTIMENT STUDY WAVE 89

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IMPACT ON TRAVEL PLANS

Indicated that Airfare Prices Would Greatly Impact their Decision to Travel in the Next Six Months



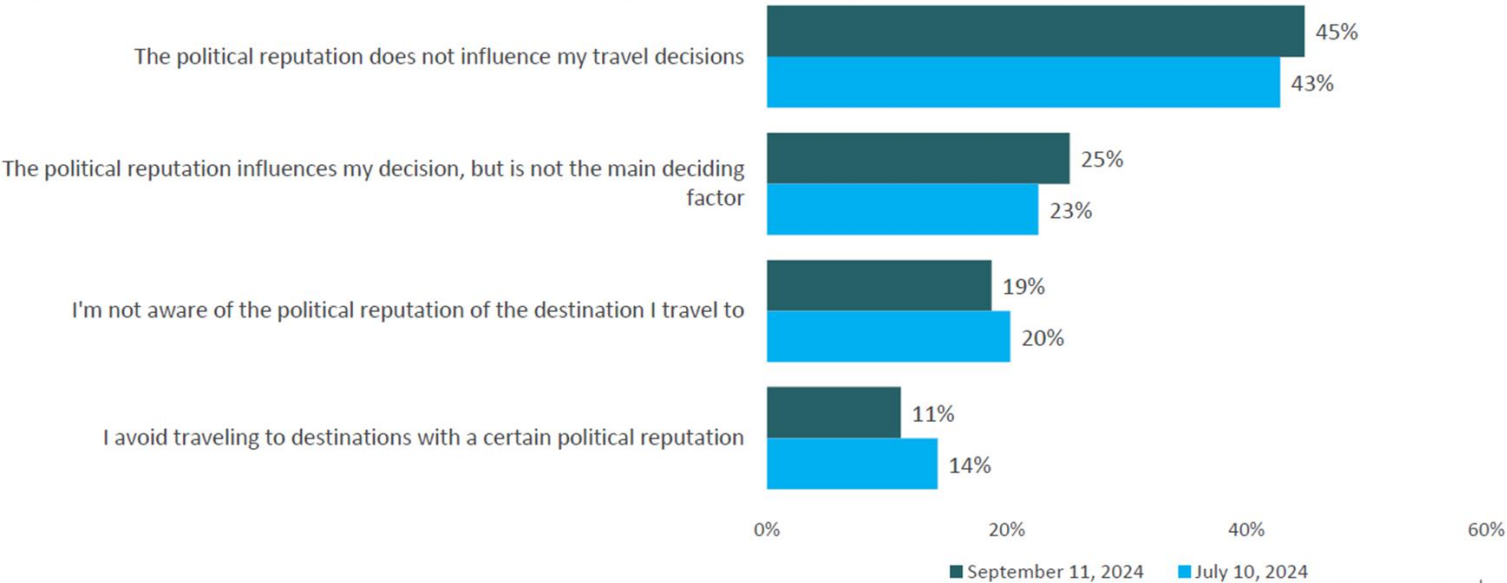
U.S. Travel Sentiment Tracker: Wave 89

TRAVEL SENTIMENT STUDY WAVE 89

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IMPACT ON TRAVEL PLANS

How does the political reputation of a destination (e.g., traditionally a blue/Democratic or red/Republican) influence your decision to travel there?



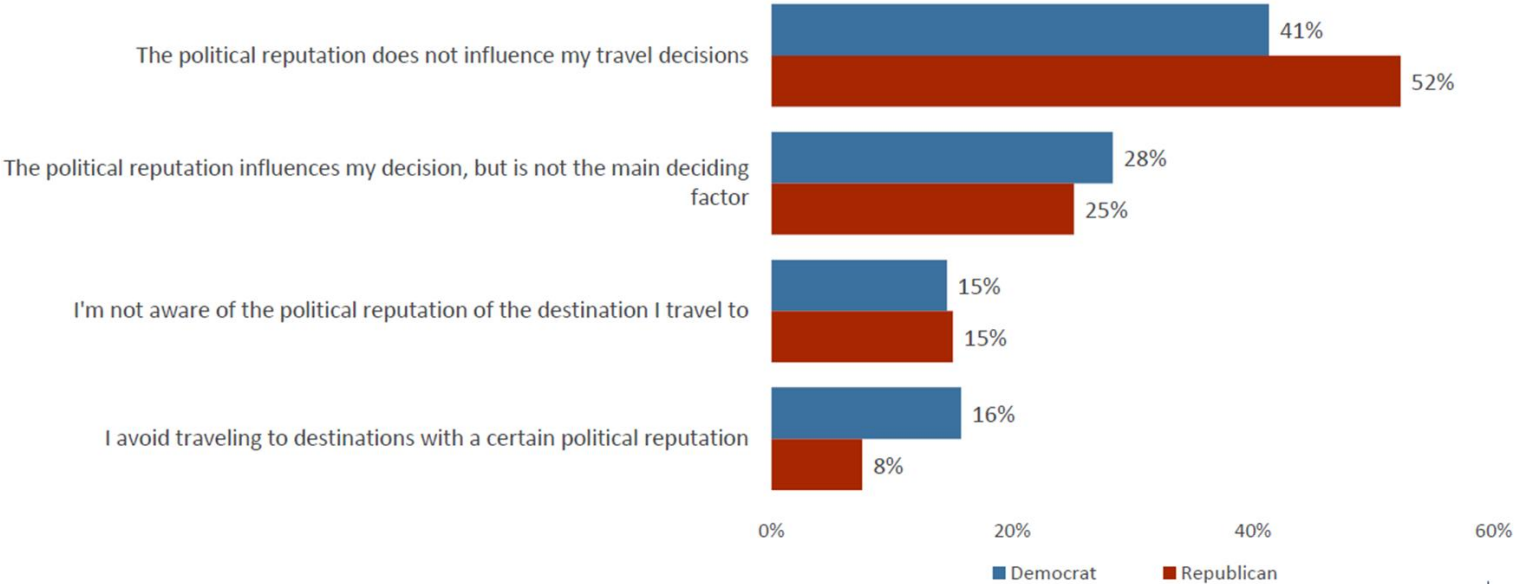
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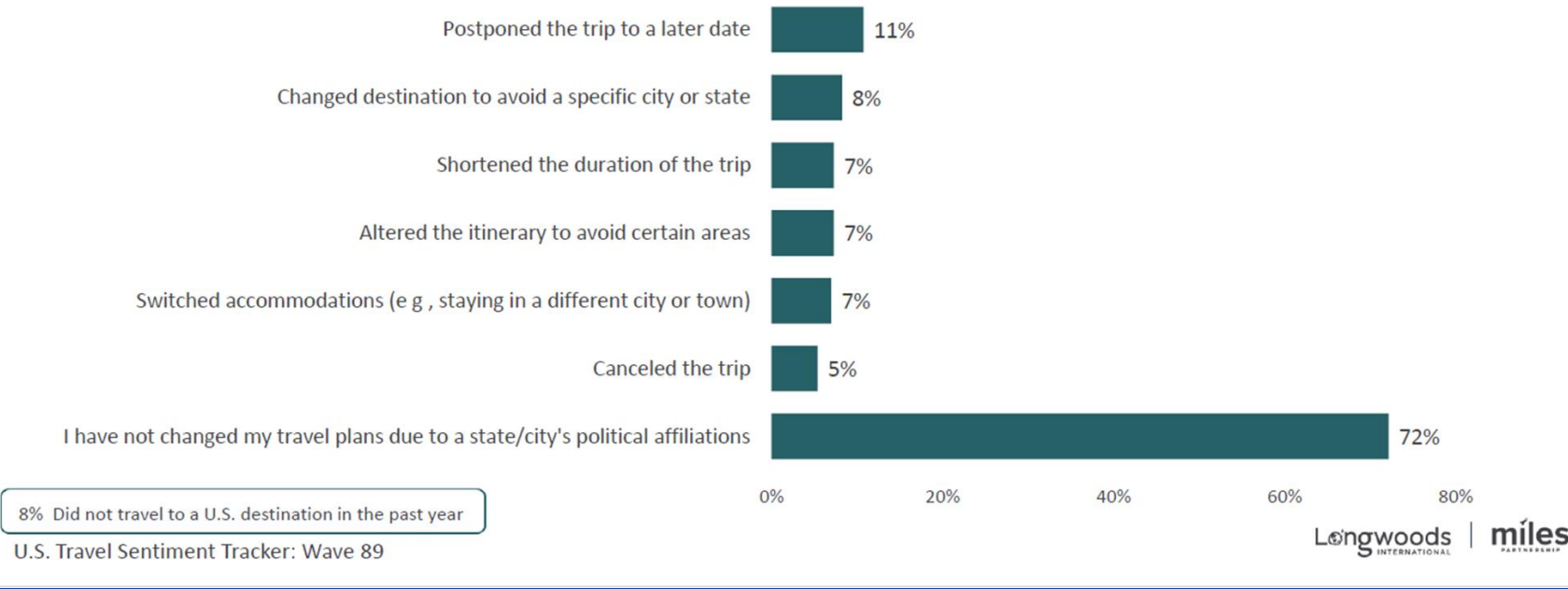
U.S. Travel Sentiment Tracker: Wave 89

TRAVEL SENTIMENT STUDY WAVE 89

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IMPACT ON TRAVEL PLANS

In the past year, have you changed your travel plans to a U.S. destination due to legislation, policies, or political affiliations?



VISIT
BIG SKY
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BLUE ROOM
RESEARCH