

**VISIT BIG SKY**  
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**RESEARCH UPDATE**

**NOVEMBER 2023  
REVIEW**

**BIG SKY CHAMBER | VISIT BIG SKY**



## Big Sky Travel & Tourism Trends

- The Bozeman Yellowstone International Airport continues to show strong performance this year, with total passengers Year-to-Date through November 2023 up by 9.0% YoY.
  - November 2023 saw an increase of 7.0% in Total Revenue Passengers compared to November 2022.
- There were 969 total Airbnb and Vrbo short term rental listings available in November 2023 in Big Sky.
  - Occupancy dropped 21.4%, Average Daily rate fell 17.7%, and RevPAR decreased by a massive 35.3% compared to November of last year.
  - Because of the significant reduction in both Occupancy and ADR, Total Revenue collected from these two short term rental channels totaled just \$3.1 million for the month of November, a decrease of 36.4% YoY.
- Professionally managed short-term rentals saw a slight drop in YoY Occupancy in November, but Average Daily Rate increased from \$337 to \$346.
- Visa consumer credit card spend in Big Sky continues to grow, with more than \$64.1 million being spent within Big Sky so far this year (Jan-October 2023) by domestic visitors and more than \$1.0 million being spent by international visitors.

## Macroeconomic Trends

- “The U.S. consumer entered the holiday season with a November inflation rate of 3.1%, according to the Bureau of Labor Statistics (BLS) CPI. This was less than half the rate a year prior, at 7.1%, and the second consecutive month of declining inflation after a slight acceleration in August.”
- “Meanwhile, average hourly earnings continue growing faster than inflation at 4.0%, as they have since May of this year. Although prices for many goods remain high, increasing purchasing power increased consumer confidence in November after falling for three months beginning in August, according to the Conference Board’s survey.”
- “November was also a strong month for the labor market, with 199,000 jobs added, according to BLS estimates. This drove down unemployment to 3.7% in November, from 3.9% the month previous. Against the backdrop of slowing inflation and wage growth, low unemployment and confidence on the rise, the Federal Reserve also announced in December that rate increases have likely ended and that cuts that could lower borrowing costs for individuals and businesses were being considered in the next year.”

## HVS Hotel Industry: 2023 Recap and 2024 Outlook

- “While the U.S. experienced muted 2023 RevPAR growth relative to 2022 gains, most other global markets recorded extraordinary RevPAR growth, well above 10%, primarily fueled by strong ADR gains. While transaction activity cooled across the Americas and Europe, the Asia Pacific saw a significant strengthening as this region’s markets moved beyond pandemic-era restrictions.”
- “As 2023 ends, we look back on a year where hotel performance held steady, with occupancy closing out the year near 63% (vs. 66% in 2019) and ADR rising just under 5% to roughly \$155 USD.”
- “Group room nights continued to show substantial growth, helping fill the gap left by some pullback in the domestic leisure segment.”
- “While hotel operations were going strong, a different story played out in the transactions market, as the sector experienced a low not seen since 2020. The federal funds rate started 2022 at less than 1% and, by late summer of 2023, topped out at 5.25% to 5.5%; moreover, bank failures early in the year sent shockwaves through the investment community. These factors not only cooled the transactions market but sent an Arctic blast through it. As a result, transaction volume during the year declined by roughly 35% from 2022 levels.”

## HVS Hotel Industry: 2023 Recap and 2024 Outlook (continued)

- “Looking forward to 2024, we expect the year to have a slow start but then gradually accelerate, ultimately landing with a much stronger finish. The U.S. may in fact avoid a recession, with very slow growth in the first two quarters followed by more significant economic growth in the third and fourth.”
- “We expect RevPAR to increase in 2024, albeit at a lower rate than that experienced in 2023. We may see a rate cut by the Fed by the summer if the anemic economic growth pattern predicted by many economists takes hold in the first half of the year. The cut may help fuel an additional layer of transaction activity in the hotel industry and other real estate sectors.”
- “More sellers are likely to bring hotels to market in 2024 as debt maturities are reached, PIP delays are exhausted, unavoidable defaults occur, or, conversely, successful post-pandemic business plans are completed. In the case of the latter, owners may become ready to sell high-cash-flowing hotels in order to move onto other opportunities at this point in the cycle. Now is certainly the time to buy. With fewer buyers in the market and financing more difficult to come by, hotels are receiving fewer offers. This less-frenzied environment leads to more normalcy in transacting and a higher likelihood that parties can get to a successful closing that not only satisfies the seller but also leaves the buyer in a position to implement a business plan for real value growth. The cost of debt may be high and may require heightened due diligence, but a refinance down the road coupled with an eventual sale after the implementation of that business plan (selling at a time when cost of debt will likely be lower than today) would likely lead to very favorable returns. We expect a more active year of transactions ahead and a relatively stable hotel operating environment.”

## Short Term Rentals

- “U.S. short-term rental (STR) demand accelerated for the third month in a row in November, and forward pacing suggests that travelers are already gearing up for a busy spring. Although down from performance highs seen in the past few years, the November boost in performance has produced occupancy essentially equal to pre-pandemic levels, and the year ahead promises a measured and balanced STR market.”
- “Supply growth has been a dominant theme for the past two years as hosts scrambled to take advantage of the higher-than-usual performance that characterized the STR market since Covid restrictions were loosened in 2021. Still, available listings fell slightly in both October and November to 1.61 million available listings, down from a high of 1.65 million listings in September. This represents the smallest gap yet recorded between current available listings and the pre-Covid linear trend since the pandemic.”
- “Fears that supply may reaccelerate have been mitigated by a decline in new listings since the frenetic pace of additions in 2022; however, new listings, based on a three-month moving average, were higher in November 2023 than the same month last year for the first time since February. Less alarmingly, new listings as a percent of available listings in November were well below the levels seen in either 2019 or 2022 and have resembled the pattern seen in 2021 most closely this year.”

## Short Term Rentals (continued)

- “Demand has accelerated for the third month in a row in November, which has helped maintain property-level performance in the presence of higher supply. A sweltering August heat wave along with some unfortunate natural disasters may have accelerated an existing trend of interest in shoulder season travel, the period after the high summer season but before the usual annual aggregate low in February. Supply has accelerated its growth as well during the past two months, and the reinvigoration of the STR market after two years of slowing growth rates is well underway.”
- “Bookings, a leading indicator for demand, jumped in November, leading to their highest YOY growth rate since June. This portends well for holiday travel, and there could be potential to see benefits in the spring shoulder season as well. There is usually a higher number of bookings in January than the months before it as attention is turned to the new year ahead. Whether or not January 2024 booking growth can follow November’s performance is a highly anticipated indicator.”
- “Turning to locations, demand growth accelerated in small city/rural, mid-size city, suburban and coastal locations but slowed significantly in urban. Mountain/lake markets also slowed slightly. For much of 2022 and early 2023, urban locations had growth rates among the highest of the locations. It has steadily diminished its demand growth but still remains just barely ahead of the resort locations. Perhaps due to competition from overseas destinations and cruises, stiff price increases in 2022, or simply full locales, coastal and mountain resorts have had the most sluggish growth rate of 2023.”

## Short Term Rentals (continued)

- “On the other hand, coastal/mountain locations may have had difficulty growing demand in 2023 because of their past success. Occupancies in these two location types are still meaningfully higher than prior to the pandemic, and with difficulty developing along coasts and rugged mountains combined with the highly seasonal nature of demand in these markets, faster demand growth may not be difficult or less than optimal.”
- “Urban locations’ occupancy still lags behind 2019 levels. Nevertheless, urban occupancy is still the highest of all location types. Conversely, small city/ rural locations, which have consistently led the locations in demand growth, still retain the lowest occupancy levels. Regulations that have the effect of dampening supply in urban areas was a trend which may continue shifting development interest to less populous areas. Potentially, this shift could nudge occupancies among locations closer to 2019 levels.”
- Key U.S. Short Term Rental Performance Metrics – November 2023
  - RevPAR declined 4.3% YOY to \$143.75
  - Available listings reached 1.6 million, up 17.4% YOY
  - Total demand (nights) rose 8.0% YOY
  - Occupancy was 5.9% lower YOY at 47.7% (+0.6% vs. 2019)
  - Average daily rates (ADRs) grew 1.7% YOY to \$301.23
  - Nights booked increased 13.6% YOY



# AIRPORT DATA



# BOZEMAN YELLOWSTONE INTERNATIONAL AIRPORT AIRPORT NON-STOP DESTINATIONS

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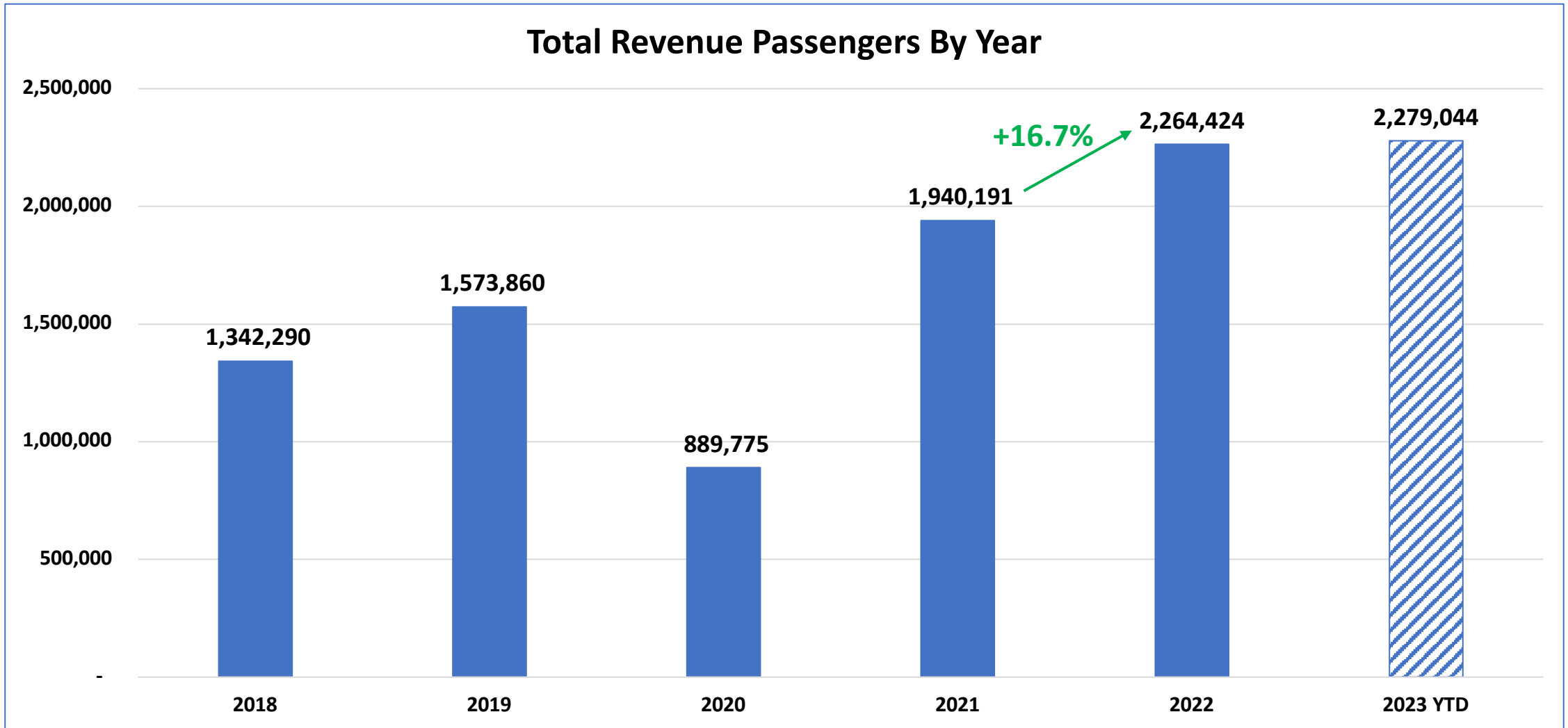


# BOZEMAN YELLOWSTONE INTERNATIONAL AIRPORT - TOTAL PASSENGERS YEAR-TO-DATE

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Total Revenue Passengers					
<u>Month</u>	<u>2023</u>	<u>2022</u>	<u>% Change vs. 2022</u>	<u>2021</u>	<u>% Change vs. 2021</u>
January	182,309	167,043	+9.1%	86,606	+110.5%
February	188,040	171,096	+9.9%	99,083	+89.8%
March	212,084	206,216	+2.8%	133,705	+58.6%
April	144,862	140,031	+3.4%	98,434	+47.2%
May	173,251	165,145	+4.9%	131,968	+31.3%
June	248,492	225,410	+10.2%	223,827	+11.0%
July	286,163	256,234	+11.7%	277,355	+3.2%
August	281,444	254,445	+10.6%	254,975	+10.4%
September	234,589	203,844	+15.1%	195,262	+20.1%
October	185,605	167,851	+10.6%	156,192	+18.8%
November	142,205	132,939	+7.0%	117,516	+21.0
December		174,170		165,268	
<b>Year-to-Date</b>	<b>2,279,044</b>	<b>2,090,254</b>	<b>+9.0%</b>	<b>1,774,923</b>	<b>+28.4%</b>
<b>Total</b>		<b>2,264,424</b>		<b>1,940,191</b>	

# BOZEMAN YELLOWSTONE INTERNATIONAL AIRPORT - YEARLY TOTAL PASSENGERS



(Jan-Nov 2023)

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**AIRDNA  
DATA**

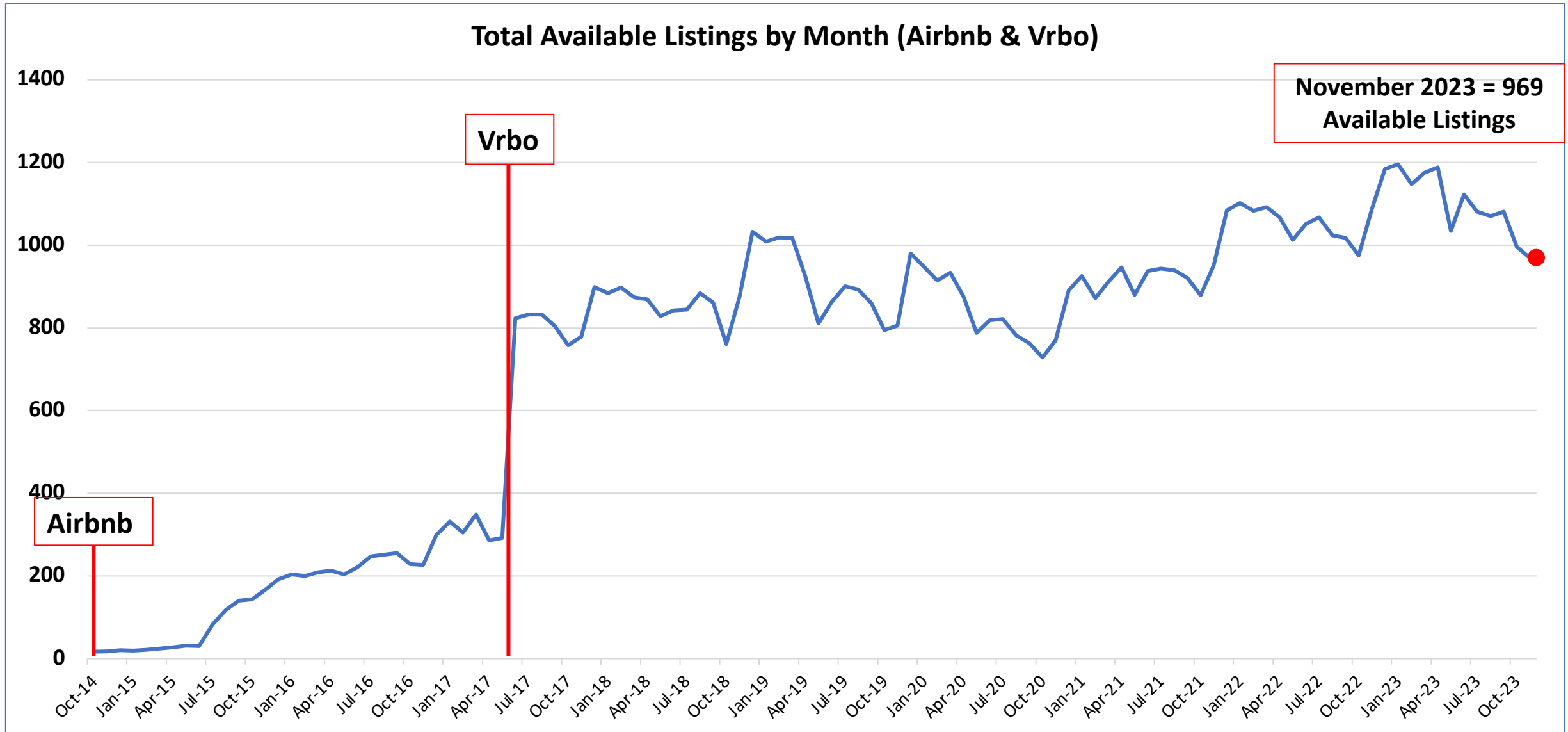


# AIRDNA SHORT TERM RENTAL (INCLUDES AIRBNB & VRBO LISTINGS) DEFINITIONS

## Definitions (provided by AirDNA)

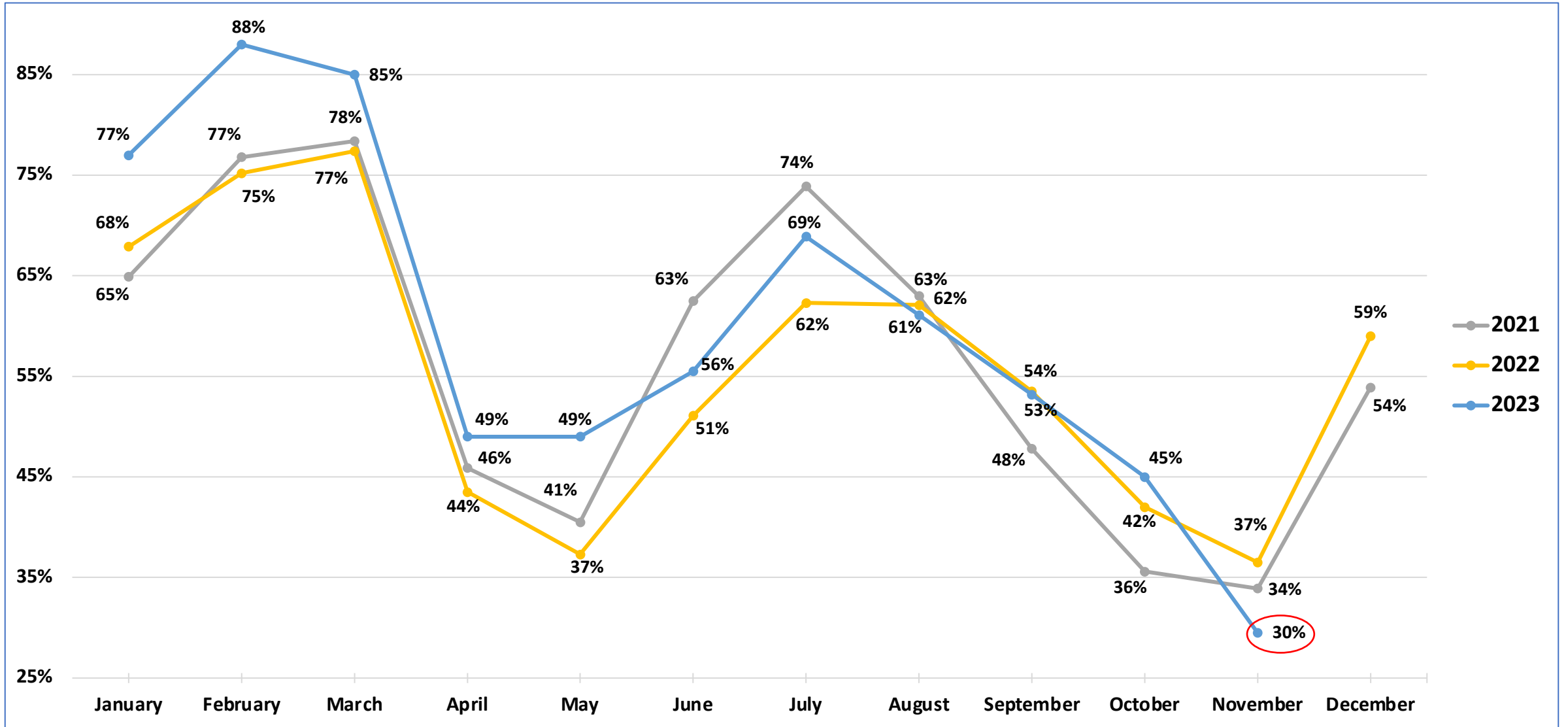
- **Available Listings** – Total number of listings whose calendars had at least one day classified as available or reserved during the reporting period.
- **Average Daily Rate** – Average daily rate (ADR) of booked nights in USD (ADR = Total Revenue / Booked Nights).
- **Booked Listings** – Total number 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 SHORT TERM RENTAL DATA (Airbnb & Vrbo)



Source: AirDNA (Includes Airbnb and Vrbo data)

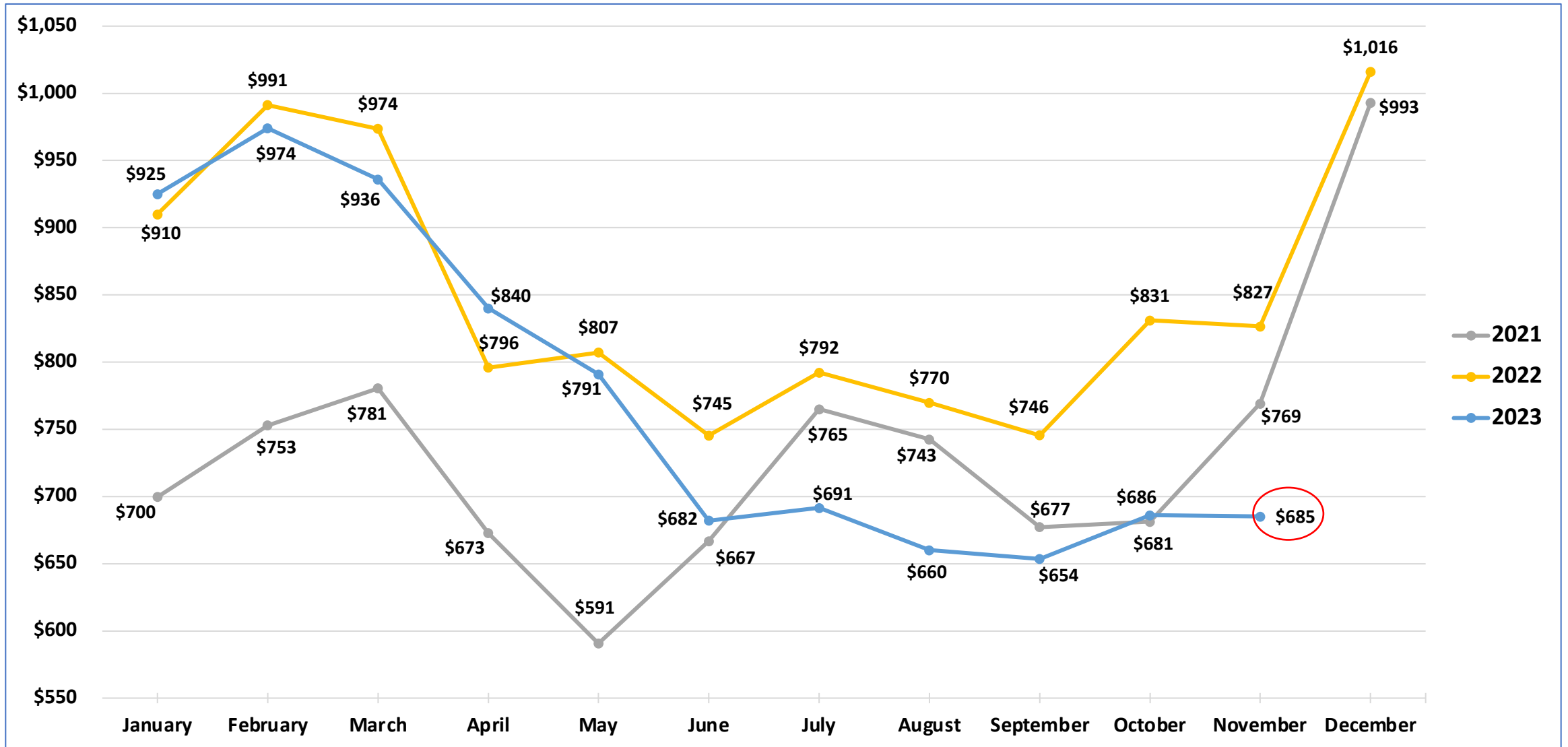
# AIRDNA – OCCUPANCY (%) BY MONTH





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

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**KEY DATA**  
**DATA**



# KEY DATA DIRECT SOURCE LODGING PARTNERS

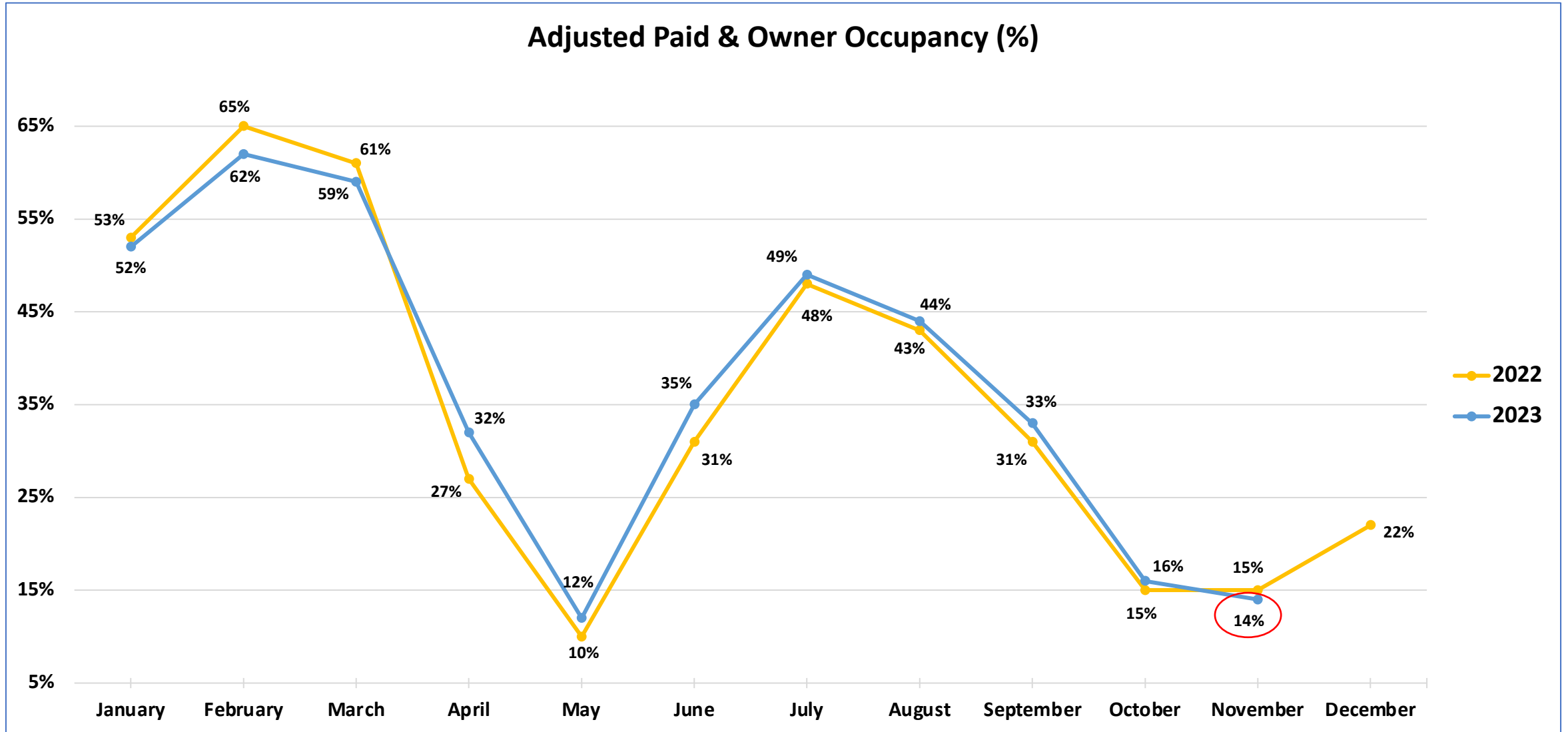


- Key Data currently partners with 12 Big Sky property management companies and hotels.
  - In total, this represents ~1,439 rental units in the Big Sky area.
  - All figures in the following slides are taken exclusively from the following 12 property management companies and hotels:
    - Big Sky Vacation Rentals, Gather Vacations, Big Sky Resort, Wilson Peak Properties, Two Pines, Moonlight Basin, Natural Retreats, VillaStay Vacation Rentals, EVOLVE, Stay Montana, The Montage, and The Wilson Hotel
- 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.

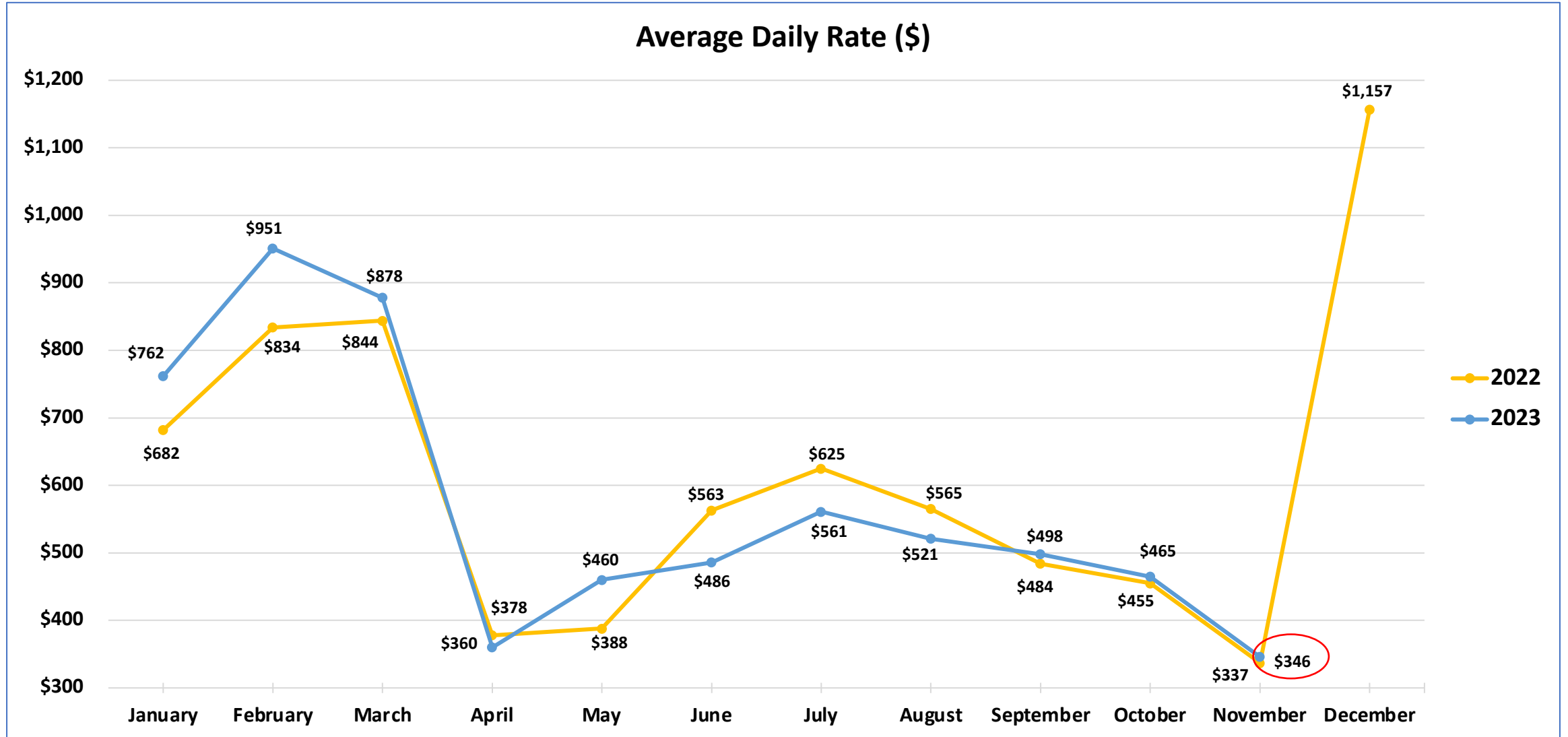
# KEY DATA DIRECT SOURCE DEFINITIONS

- **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



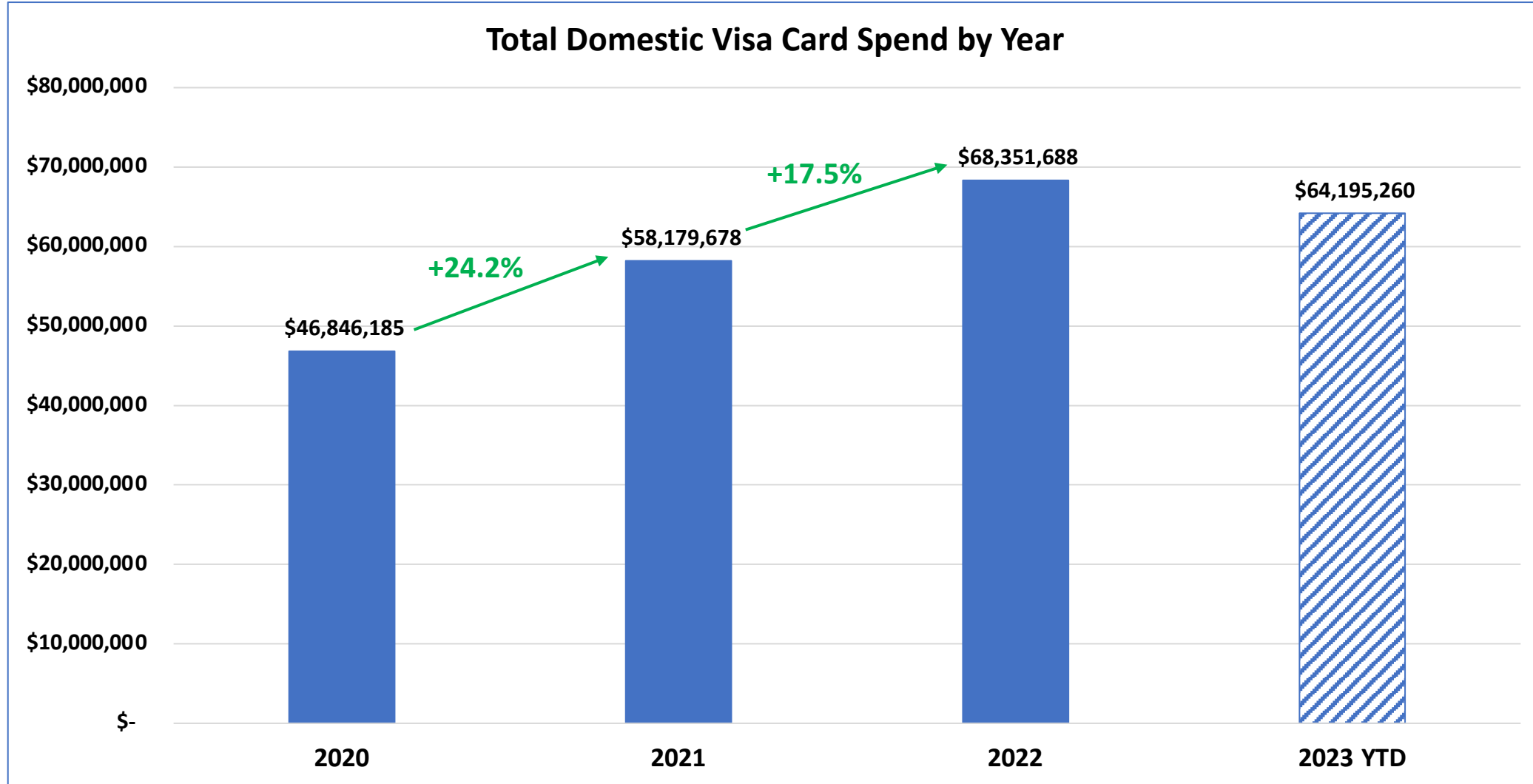
Source: AirDNA (Includes Airbnb and Vrbo data)

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# VISA DESTINATION INSIGHTS



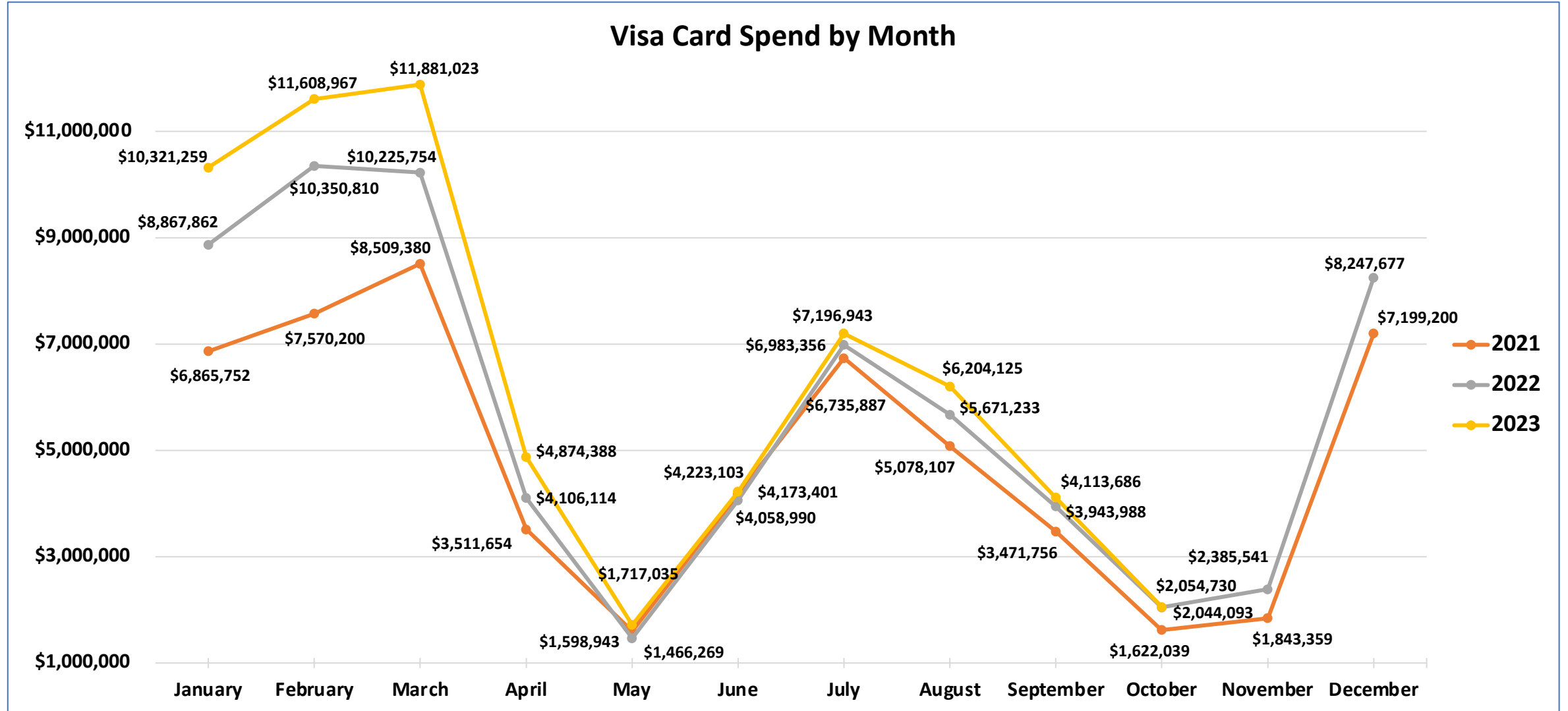
# VISA VUE – TOTAL DOMESTIC VISA CARD SPEND DATA BY YEAR



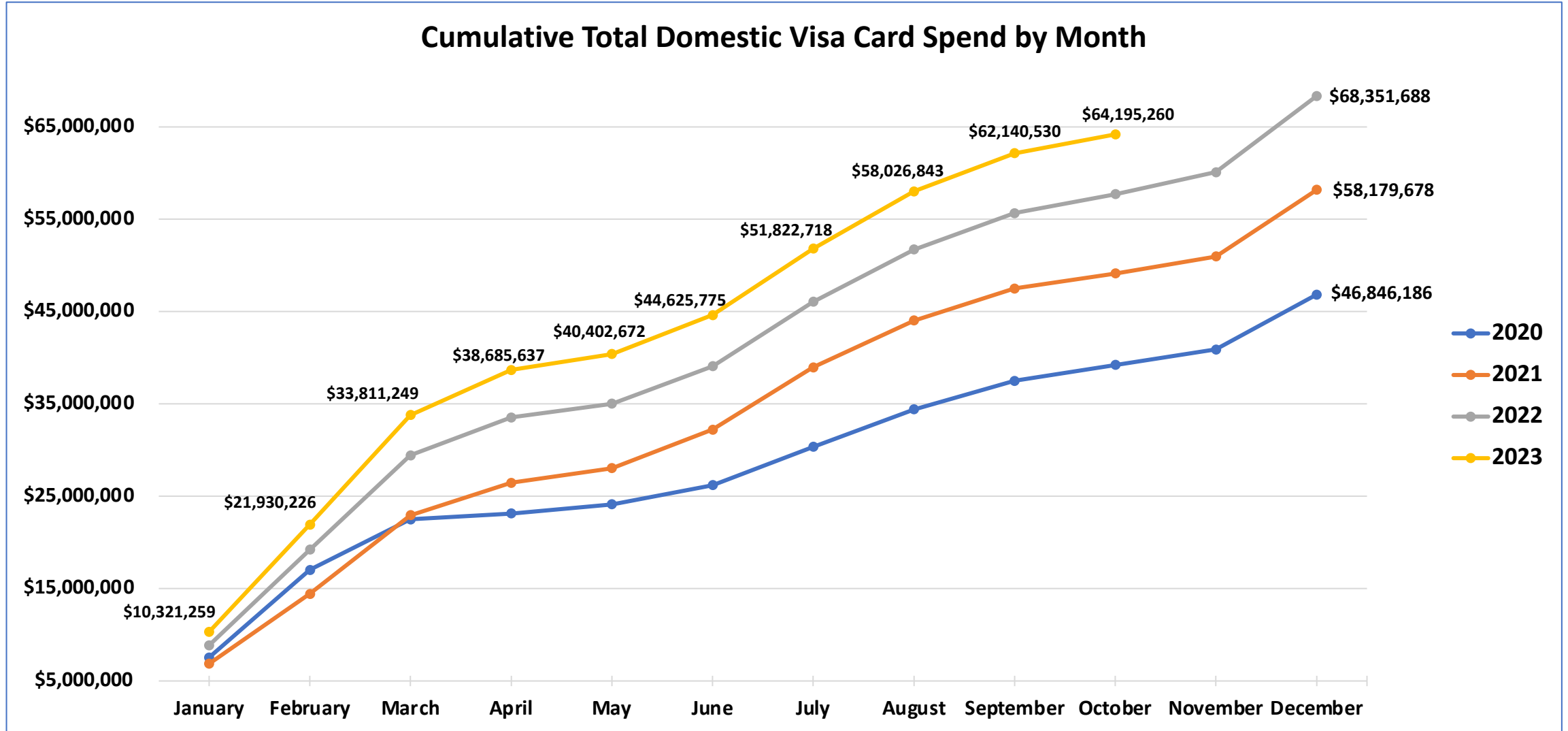
(Jan – Oct 2023)



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



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

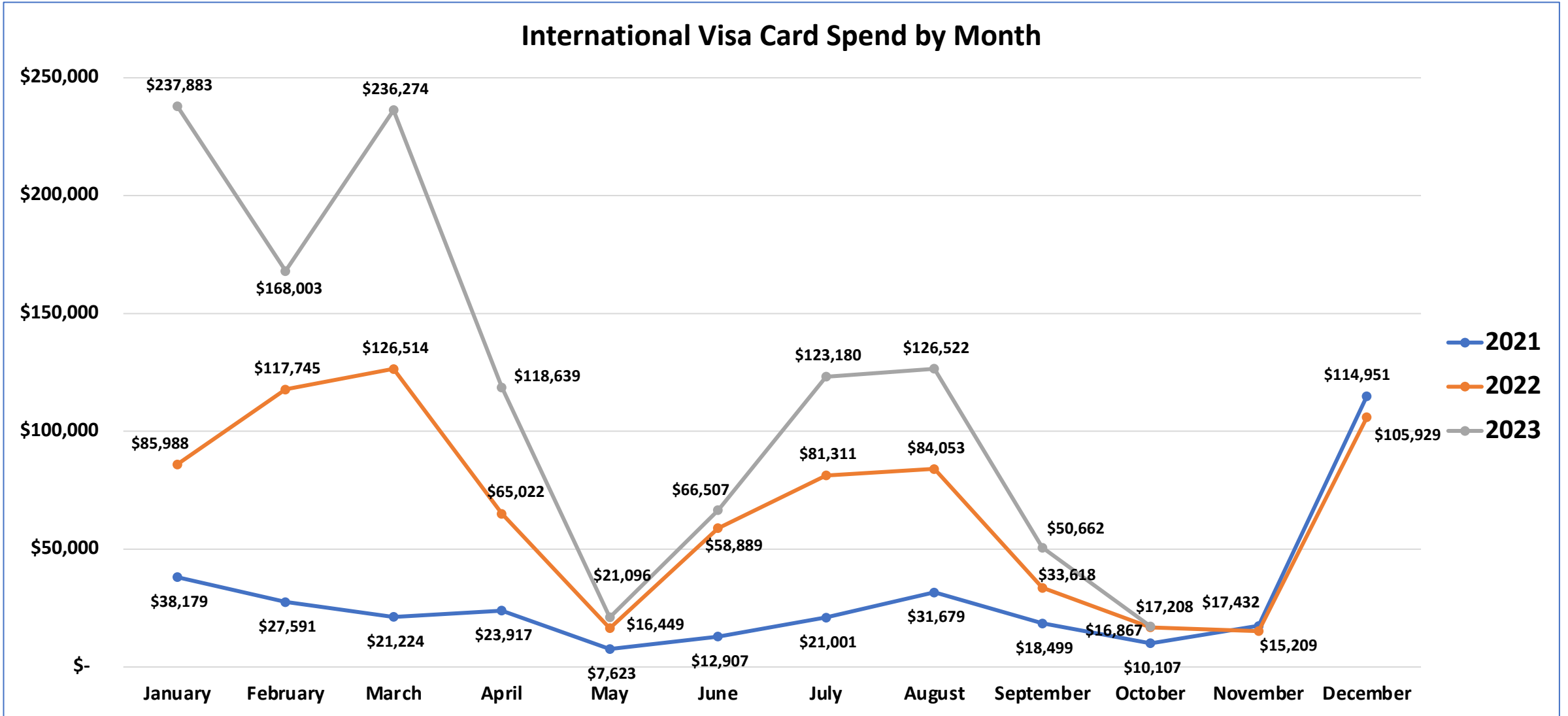


# VISA VUE – 2023 YEAR-TO-DATE VISA CARD SPEND DATA (Spend by Market January – October 2023)



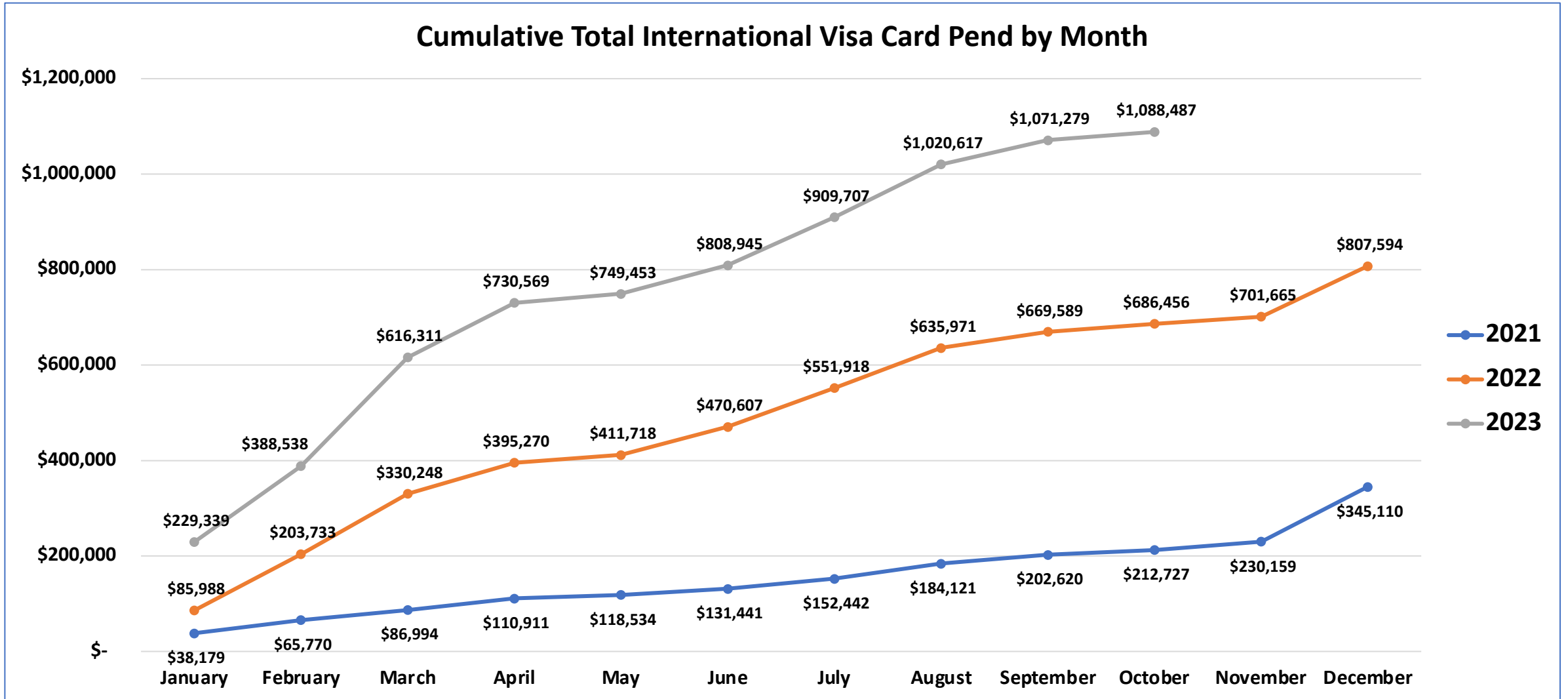
Rank	Market	Total Spend	YoY Change %	Card Count	YoY Change %
1	Bozeman, MT	\$19,667,130	+17%	46,839	+12%
2	New York-Newark-Jersey City, NY-NJ-PA	\$2,730,173	+11%	8,072	+4%
3	Los Angeles-Long Beach-Anaheim, CA	\$1,982,316	+17%	6,326	+3%
4	Chicago-Naperville-Elgin, IL-IN-WI	\$1,949,703	+18%	5,242	+9%
5	Seattle-Tacoma-Bellevue, WA	\$1,439,336	+12%	5,653	+6%
6	Boston-Cambridge-Newton, MA-NH	\$1,254,896	+20%	4,079	+13%
7	Denver-Aurora-Lakewood, CO	\$1,180,639	+18%	5,746	+7%
8	San Francisco-Oakland-Berkeley, CA	\$1,179,691	+5%	4,081	0%
9	Minneapolis-St. Paul-Bloomington, MN-WI	\$1,137,649	-5%	4,510	-10%
10	Washington-Arlington-Alexandria, DC-VA-MD	\$996,928	+24%	2,854	+1%

# 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 – 2023 YEAR-TO-DATE VISA CARD SPEND DATA (Spend by International Market January – October 2023)



Rank	Market	Total Spend	YoY Change %	Card Count	YoY Change %
1	Canada	\$422,879	+69%	1,626	+56%
2	Australia	\$169,887	+182%	371	+146%
3	United Kingdom	\$75,431	+43%	236	+15%
4	Mexico	\$52,496	+187%	144	+71%
5	New Zealand	\$38,693	+911%	130	+491%
6	Puerto Rico	\$34,134	+7%	62	+35%
7	Germany	\$33,076	+38%	121	+10%
8	China (Mainland)	\$25,630	+136%	79	+61%
9	Chile	\$21,572	+770%	34	+162%
10	Switzerland	\$16,270	+8%	50	+22%

**CONSUMER  
SENTIMENT DATA**

**LONGWOODS  
INTERNATIONAL**

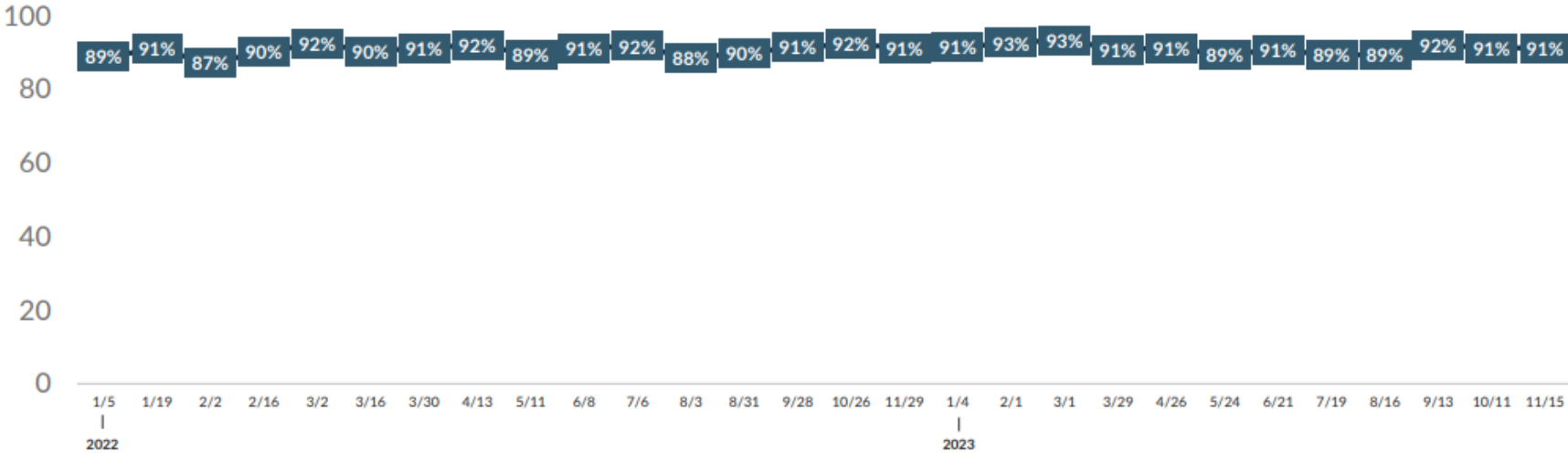


# TRAVEL SENTIMENT STUDY WAVE 80

\*Survey fielded November 15, 2023; US National Sample of 1,000 adults 18+

## IMPACT ON TRAVEL PLANS

### Travelers with Travel Plans in the Next Six Months Comparison

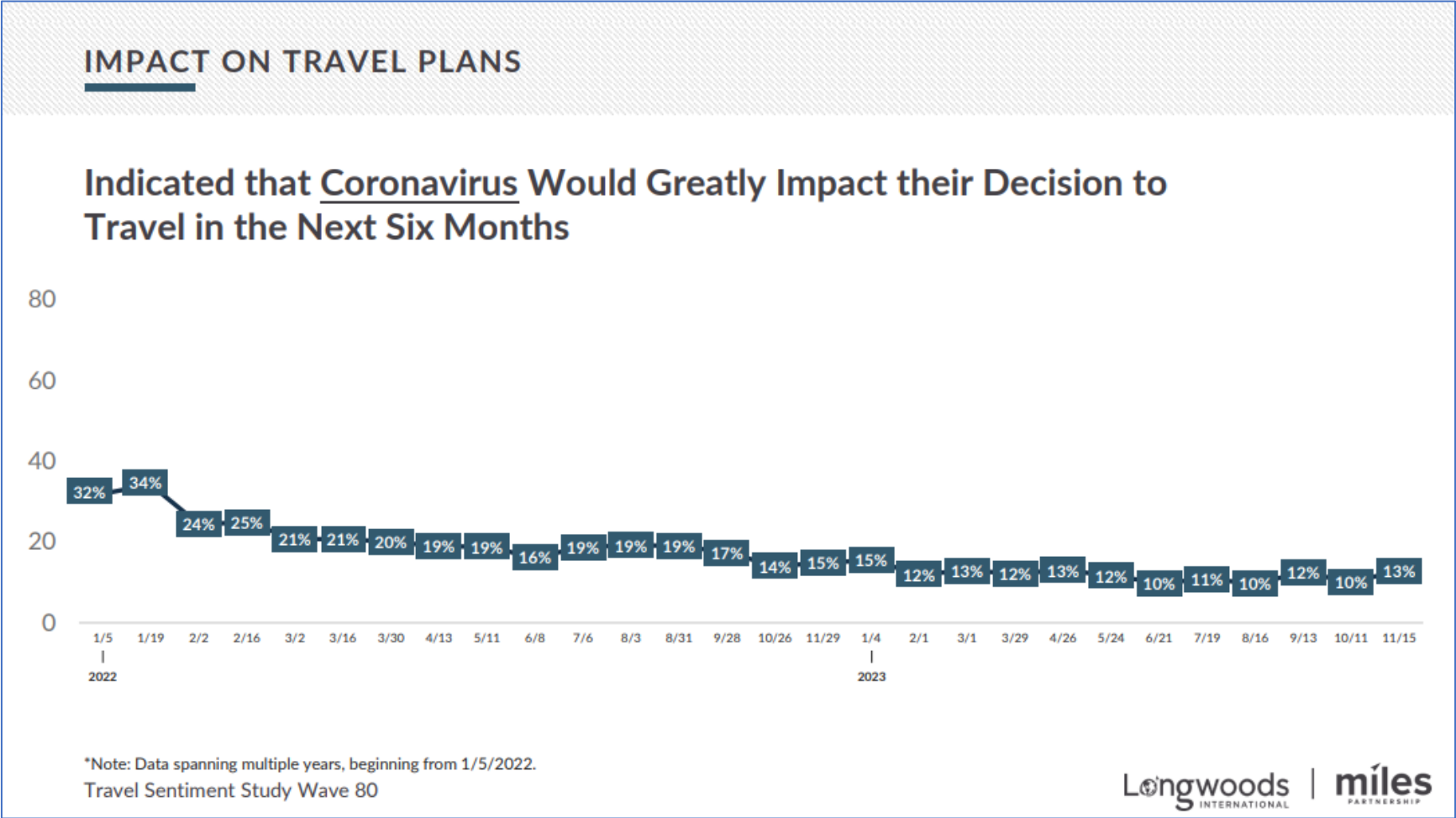


\*Note: Data spanning multiple years, beginning from 1/5/2022.  
Travel Sentiment Study Wave 80



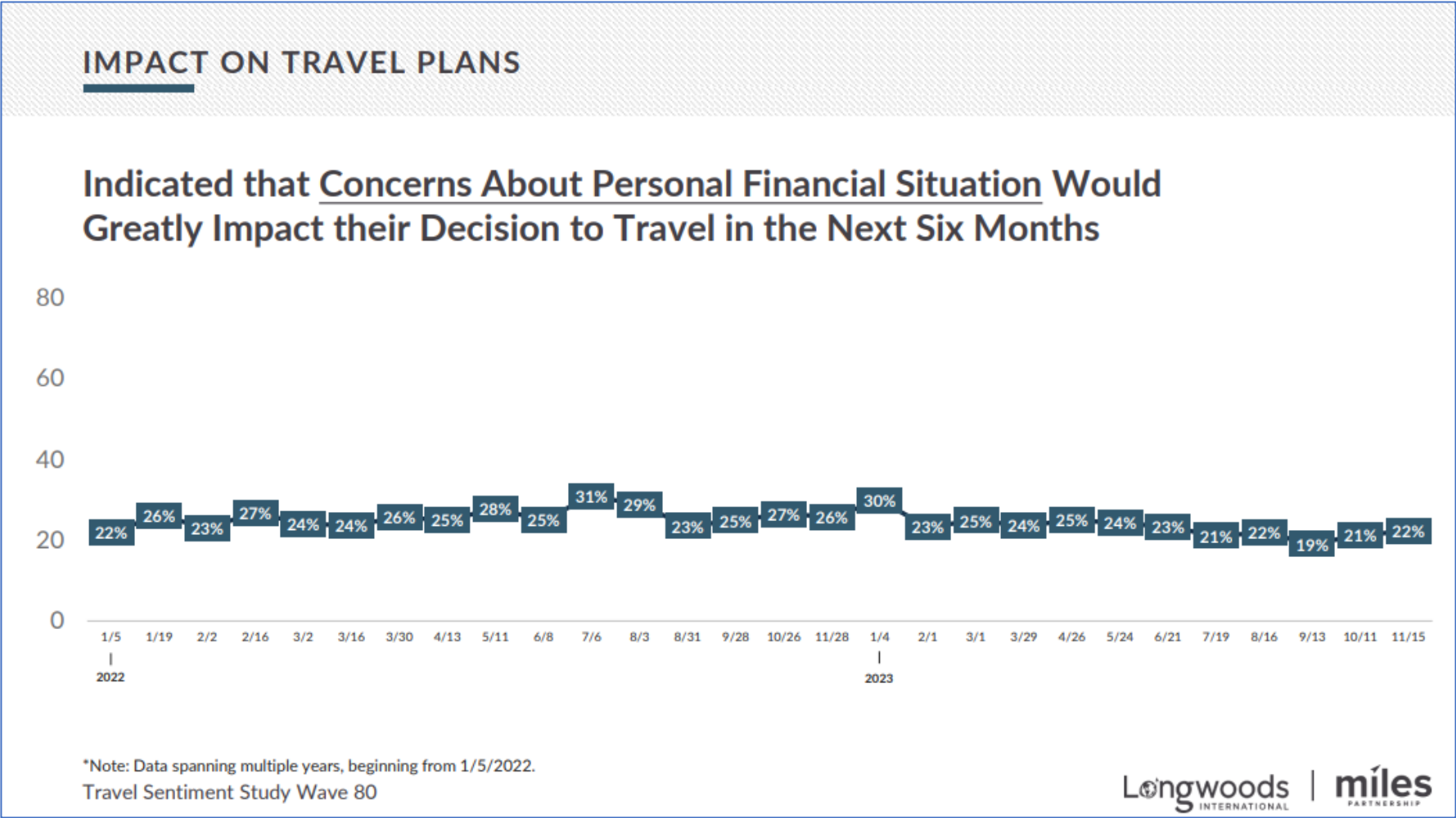
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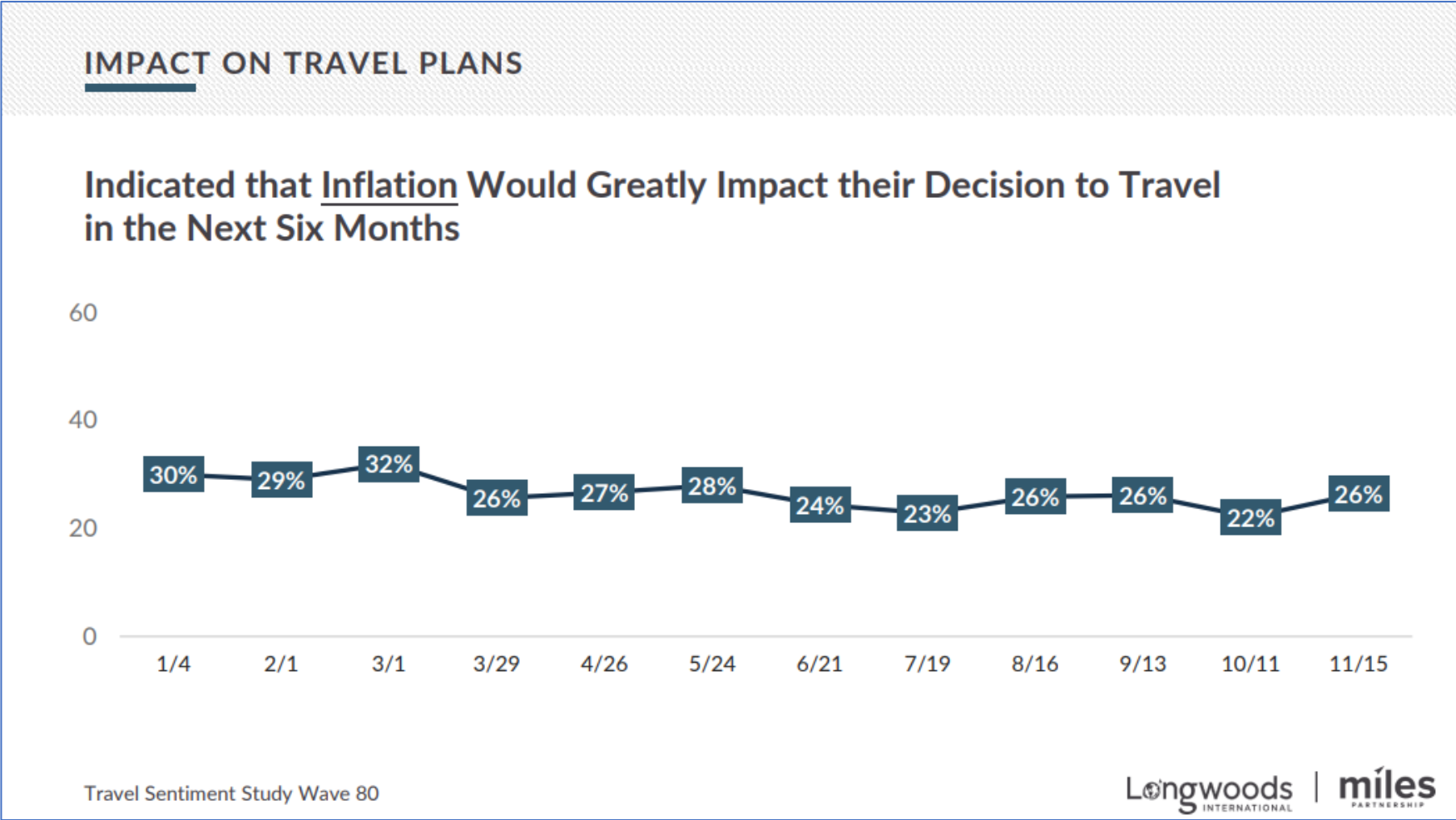
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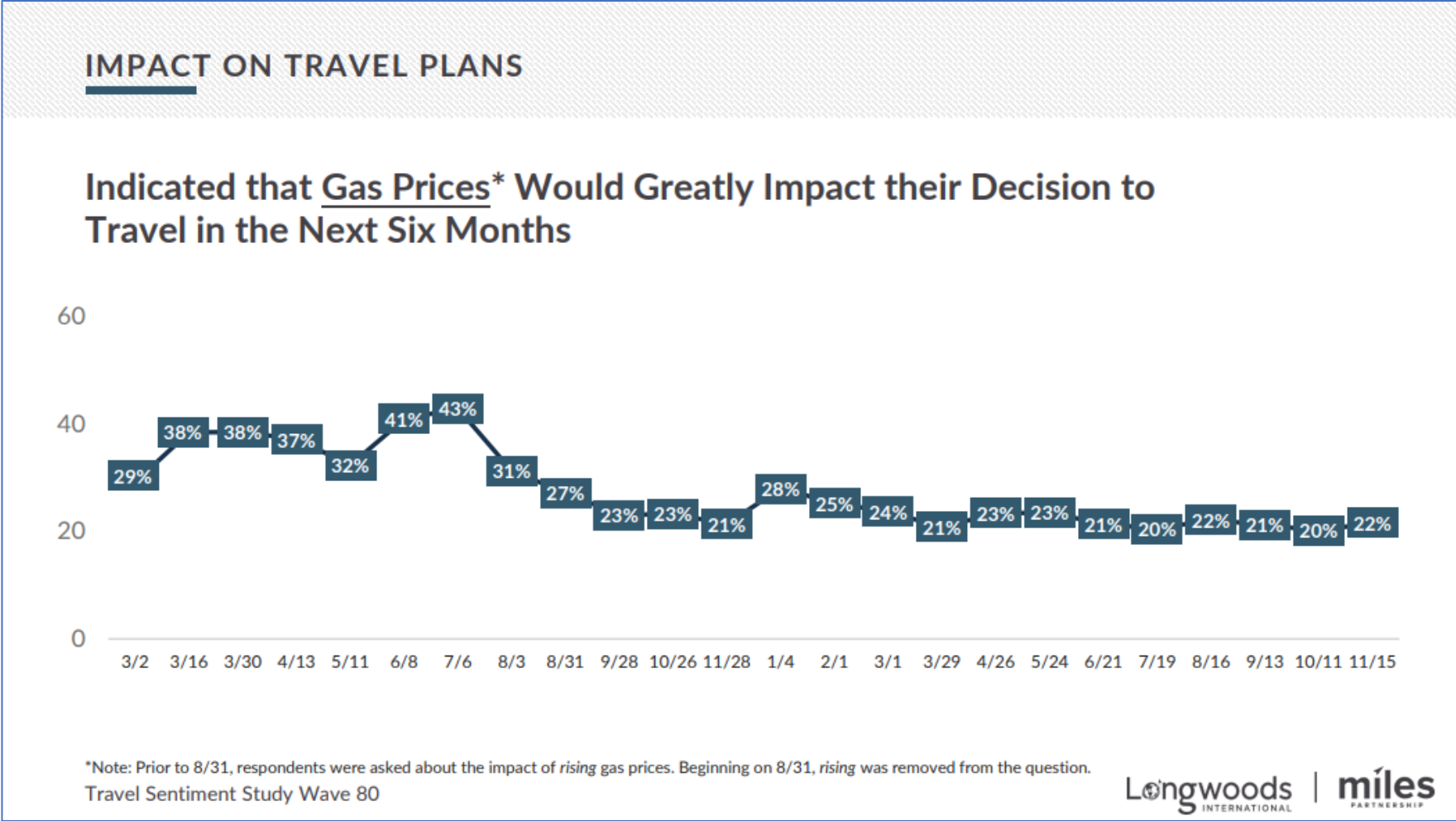
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Source: Longwoods International

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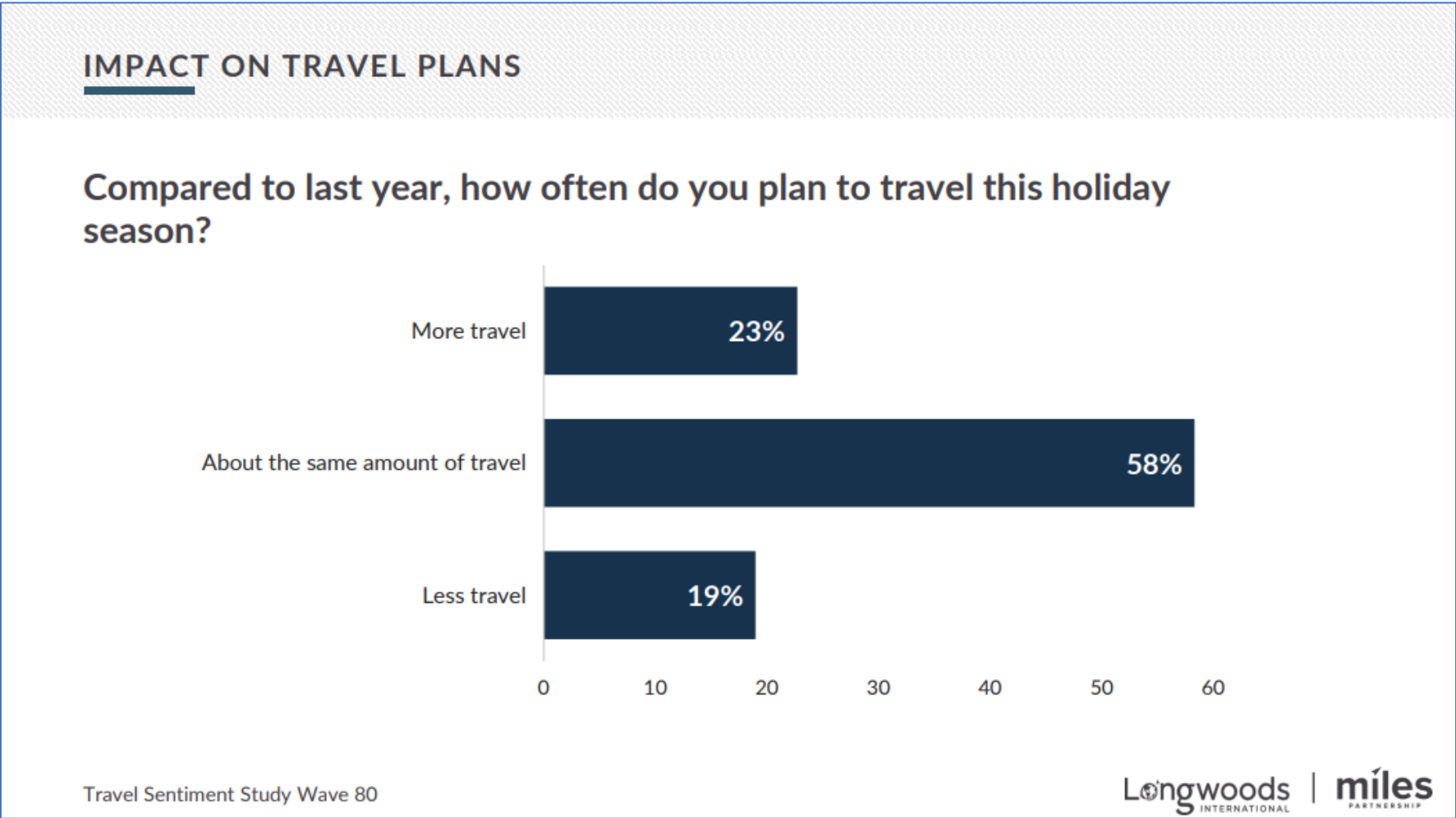
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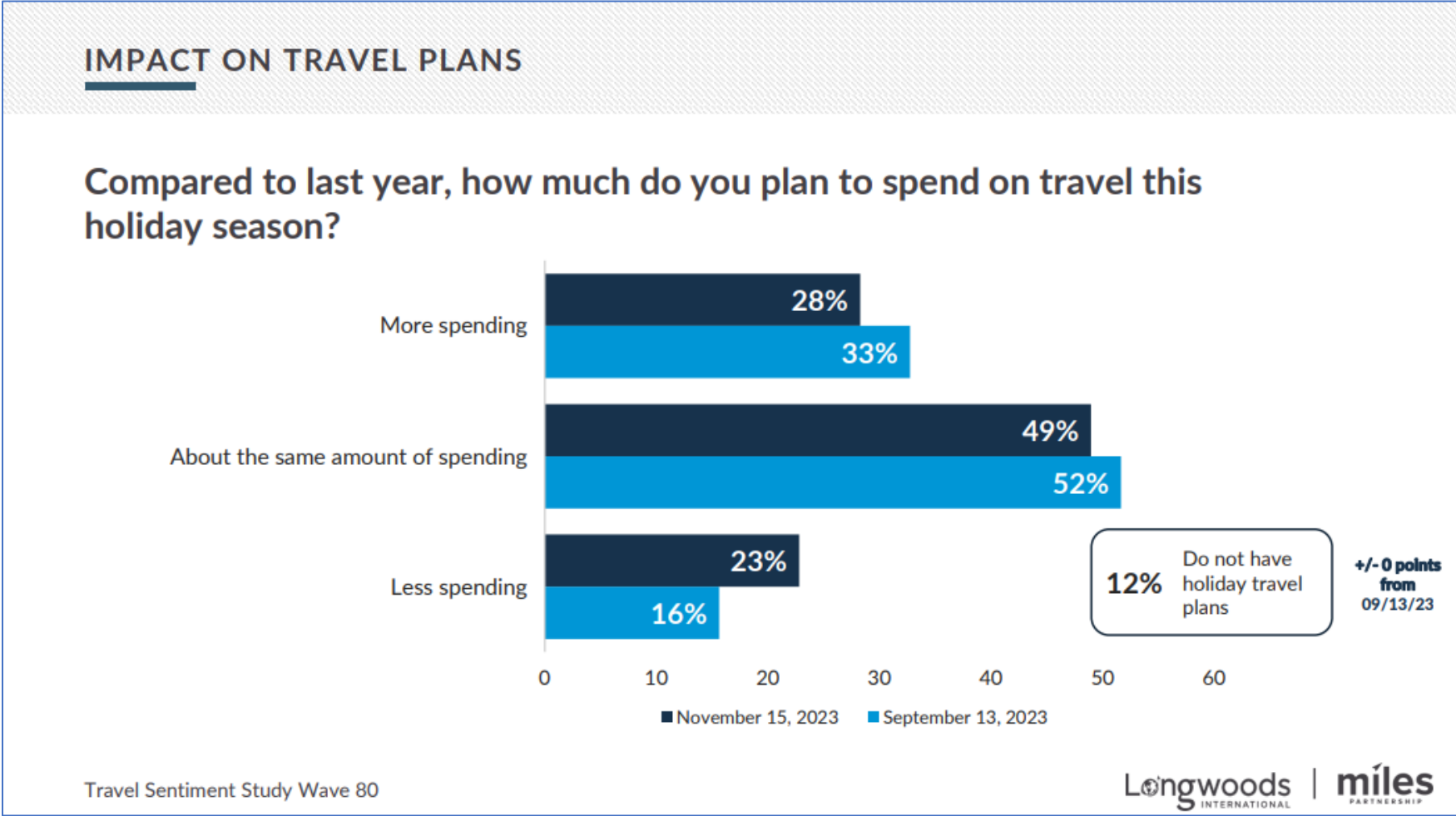
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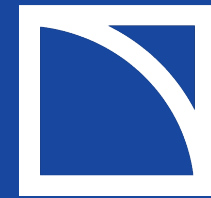
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Source: Longwoods International

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