



SHORT-TERM RENTAL ECONOMIC ANALYSIS: HOUGHTON & KEWEENAW COUNTIES

Focus: Year-Over-Year Trends (2024–2025) & Post-COVID Market Maturation

Prepared by Visit Keweenaw

Executive Summary

The short-term rental (STR) economy in Houghton and Keweenaw Counties experienced exceptional year-over-year (YoY) growth from 2024 to 2025. Generating nearly **\$16.9 million in revenue in 2025**, the region drastically outperformed statewide and regional averages in revenue growth.

More broadly, an analysis of the "COVID era" to the present day demonstrates that the local STR market is still growing albeit at a slower pace than previous years. The initial pandemic-era spike in occupancy (2020–2021) catalyzed a multi-year boom in property investment (supply). As of 2025, the market has absorbed this massive supply influx, normalizing into a healthy, high-demand, high-ADR (Average Daily Rate) economy.

Big Picture: 2024 vs. 2025 Year-Over-Year Performance

2025 was defined by **demand significantly outpacing new supply**. When benchmarked against Marquette County, the broader Upper Peninsula, and the State of Michigan, the Keweenaw Peninsula emerged as a growth leader.

Key 2024 to 2025 YoY Changes (Houghton & Keweenaw Counties):

- **Total Revenue: +17.6%** (*Grew from \$14.4M in 2024 to \$16.9M in 2025*)
- **Occupancy Rate: +5.7%** (*Grew from 51.3% to 54.2%*)
- **Average Daily Rate (ADR): +3.0%** (*Grew from \$209.69 to \$216.05*)
- **Available Listings (Supply): +6.9%** (*Grew from an average of 457 to 489 active units*)



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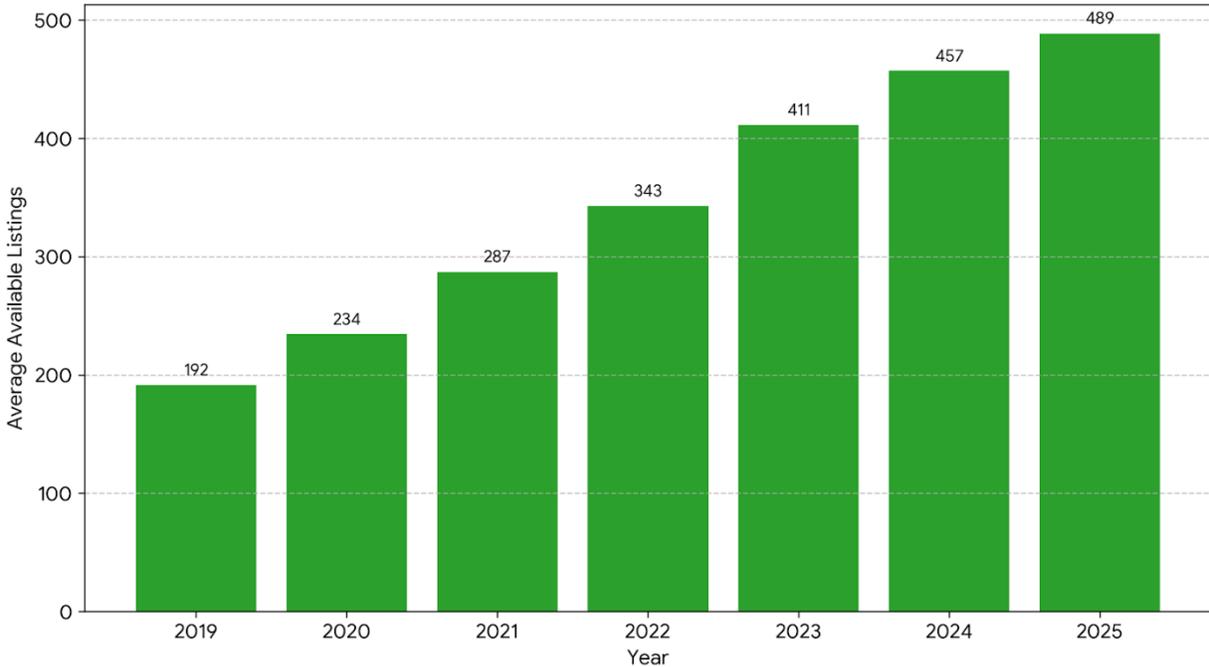
56638 Calumet Avenue

Calumet, MI 49913

906.337.4579

info@visitkeweenaw.com

Annual Available STR Listings in Houghton & Keweenaw Counties (2019 - 2025)



Market Benchmarking (2024 vs 2025 Growth Rates)

The table below illustrates how aggressively Houghton and Keweenaw Counties expanded their STR economy relative to competitive markets over the last year.

Metric (YoY Growth)	Houghton / Keweenaw	Marquette County	Upper Peninsula	State of Michigan
Revenue Growth	+17.6%	+5.1%	+12.8%	+10.1%
Occupancy Growth	+5.7%	-1.1%	+2.2%	+1.9%
ADR Growth	+3.0%	+2.6%	+2.5%	+2.5%



Economic Takeaway:

While Marquette County actually saw a *decline* in STR occupancy (-1.1%) and sluggish revenue growth (+5.1%) in 2025, Houghton and Keweenaw counties captured immense traveler demand. The region proved capable of adding roughly 30+ new active listings to the market while simultaneously pushing occupancy up by nearly 6 points—a rare dynamic.

Post-COVID Market Maturation (2019 – 2025)

To understand the current health of the Keweenaw STR market, we must look at how the region absorbed the "COVID Shock" of 2020 and transitioned into a stabilized, mature market.

The Three Phases of Keweenaw's STR Maturation:

Phase 1: Pre-COVID Baseline (2019)

- **Supply:** 192 Active Listings
- **Demand:** 26,518 Booked Nights
- **Occupancy & Rate:** 49.1% Occupancy at \$153/night.
- *Context:* The market was steady but relatively small.

Phase 2: The Pandemic Surge & Supply Squeeze (2020 – 2021)

- *The "Outdoor Boom":* As travelers fled dense cities, demand for the UP skyrocketed. By 2021, booked nights nearly doubled to **51,684**.
- *The Squeeze:* Because demand spiked instantly but it takes time to buy/list real estate, the region experienced a severe supply squeeze. This drove occupancy rates to an unsustainable peak of **61.7% in 2020** and **60.6% in 2021**.
- *The Market Reaction:* Investors noticed the high occupancy and profitability. Over the next three years, capital flooded the market.

Phase 3: Stabilization & Maturation (2022 – 2025)

- *Supply Catches Up:* Between 2021 and 2025, the market added roughly **200 new STR units** (growing to 489 active listings).
- *Occupancy Normalizes:* As new properties came online faster than new tourists arrived, occupancy naturally corrected downward, bottoming out at 51.3% in 2024. This was a healthy normalization, not a reduction in overall visitation.



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- *The 2025 Equilibrium:* In 2025, the market successfully reached equilibrium. Demand caught up to the expanded supply, pulling occupancy back up to **54.2%**. Furthermore, despite all the new competition, operators have been able to continually raise prices—pushing ADR from \$176 in 2021 to \$216 today.

Conclusion

The narrative that the STR market "peaked" during COVID is false for the Keweenaw Peninsula. While *occupancy percentages* peaked in 2020 due to limited housing stock, **the actual economic footprint of the market has never been larger**. Today, the region accommodates nearly **300% more booked nights** than it did in 2019, and total visitor spending on lodging has more than quadrupled.

Strategic Recommendations for Local Decision Makers

Navigating Short-Term Rental Maturation & Community Housing

As the short-term rental (STR) market in Houghton and Keweenaw Counties transitions from a period of rapid pandemic-era expansion into a stabilized, mature economic sector, local decision-makers face a dual mandate: protecting a lucrative tourism economy while ensuring local housing remains accessible.

Recommendation: Managing the Yield Gap

The Data: In 2025, the average active STR in Houghton/Keweenaw Counties grossed approximately \$34,500. This creates a massive "Yield Gap," meaning investors are financially incentivized to outbid local homebuyers and transition long-term residential units into short-term tourist lodging.

- **The Actionable Advice:** Avoid relying entirely on the free market for workforce housing. Because tourism yields are so high, the private real estate market will naturally prioritize short-term rentals over residential housing.
- **Incentivize long-term development.** Decision makers should aggressively pursue policies, grants, and zoning incentives that encourage the development of dedicated, deed-restricted workforce housing. The solution to the STR housing squeeze is building purpose-built local housing, rather than solely trying to regulate the tourism market away.

Questions

Contact Brad Barnett, bbarnett@visitkeweenaw.com for questions and additional information regarding this report.

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