



Monthly Research Update

October 2023 Review

Kalispell Tourism Trends

- Glacier Park International Airport continued to outpace 2022 traffic.
 - October total passengers increased 11.4% Year-Over-Year (YoY).
 - 2023 YTD cumulative travelers exceeded 2022 by 7.2%.
- Kalispell hotels reported healthy results, with October Occupancy down just 0.4%, ADR up 10.7%, and RevPAR up 10.2% compared to the same time last year.
 - As a result, Total Revenue increased 10.2% YoY.
- Significant increases in Short Term Rental Supply in October continued to drive down Occupancy, ADR, and RevPAR. However, Demand and Total Revenue remained significantly above 2022 levels.
 - Total Supply (Nights) increased 104.5%.
 - Occupancy decreased 20.1%, ADR decreased 9.3%, and RevPAR decreased 27.5%.
 - Demand increased 63.4% and Total Revenue increased 48.2%.
- September visitor Visa card spend in September 2023 increased 1.9% YoY and overall cumulative YTD spend remains healthy at just 4.0% below the same period last year.
 - Kalispell visitors have spent nearly \$172 Million on Visa cards thus far in the first 9 months of 2023.

U.S. Market Review - Macroeconomic Trends

- The seemingly unstoppable U.S. labor market continues to boost consumption of all kinds, including travel.
- According to the most recent jobs report from the Bureau of Labor Statistics (BLS), 150,000 new jobs were added to U.S. payrolls in October.
 - Though this was a considerably slower pace than the nearly 300,000 jobs added in September, the October unemployment rate of 3.9%—up from 3.8% in September—remains near or below what economists generally consider the natural level.
- On the heels of this data, The Federal Reserve seems satisfied to hold off on further rate increases.
 - The tight labor market hasn't triggered a wage-price spiral, with average hourly earning growth slowing over the past three months even as productivity surged in the third quarter.
- The BLS reported October inflation was 3.2% YOY, which sits above the Fed target of 2%. Core inflation, which offers an inflation rate that excludes volatile food and energy prices, continued its gradual descent, growing at 4.0% YOY in October compared with 4.1% in September.
- Oxford Economics notes that slower growth likely lies ahead as the delayed effects of high interest rates, stagnant fiscal policies, and unsustainably low savings rates conspire to dampen the economy's remarkable 4.9% annual growth rate in Q3.

U.S. Market Review – Short Term Rentals

- 2023 may be the year of the off-season. Throughout the year, pacing data indicated short-term rentals (STR) may get a boost from an extended travel season. October made good on those projections with a 15% year-over-year increase, a significant hike from the 11% increase we saw in September. At the same time, October's supply growth was also unseasonably large, with available listings climbing 16.8% YOY and marking the first year on record with more available listings in October than in September. Though high supply growth that outpaces demand can lead to lower unit-level performance—occupancy fell 1.6% YOY last month—occupancy levels remain much higher than pre-pandemic norms. Average daily rate (ADR) eked out a small 1.1% YOY gain as well, but it wasn't quite enough to boost revenue per available room (RevPAR), which fell 0.5% YOY.
- Available listings grew significantly month-to-month in both September and October, a surprise given that listings historically grow the most between March and July to take advantage of the summer travel season. Small gains or no gains are typical for the rest of the year, with a seasonal low point in February. 2023 has been something of an exception, as available listings have climbed every month since March. This surge in available listings has narrowed the gap with the pre-COVID-19 trend line to its thinnest margin since the beginning of the outbreak.

U.S. Market Review – Short Term Rentals (continued)

- Although the total available listings grew a healthy 16.8% YOY, the pace of new listings has slowed considerably from the highs seen in 2022. Growth in new listings has curbed since March, suggesting that the rush of new listings for the booming 2022 summer travel season contributed to last year's pace.
- As available listings grew, occupancy continued to fall just short of the levels seen last year. However, occupancy performance has still exceeded what we expected at the beginning of the year. Occupancy has now bested pre-COVID-19 performance for two months, cleaving close to 2022 levels after briefly dipping below 2019 levels amid the August heat wave.
- Key U.S. Short Term Rental Performance Metrics – October 2023
 - RevPAR declined 0.5% YOY to \$167.54
 - Available listings reached 1.59 million, up 16.8% YOY
 - Total demand (nights) rose 15.0% YOY
 - Occupancy was 1.6% lower YOY at 56.1% (+8.1% vs. 2019)
 - Average daily rates (ADRs) grew 1.1% YOY to \$298.71
 - Nights booked increased 11.5% YOY

Takeaways from CBRE's National Hotel Outlook (11/15/2023):

- Demand declined for the second quarter in a row in Q3 2023, and average daily rate (ADR) posted its slowest pace of gains since the post-pandemic recovery began 10 quarters ago. The softer-than-expected demand and more modest pricing power resulted in revenue per available room (RevPAR) declining 0.3% nationally, the first quarterly decline this cycle.
- The temporary imbalance between the number of American travelers vacationing overseas and staying in alternative forms of lodging such as cruises and short-term rentals was a headwind to demand and pricing power this summer.
- CBRE Hotels still expects RevPAR trends to improve modestly in Q4 2023 and 2024 as we shift into the fall and winter, which have historically been more group and business heavy travel seasons, and the number of inbound international travelers continues to recover, but its outlook has been reduced.

Takeaways from CBRE's National Hotel Outlook (11/15/2023) continued:

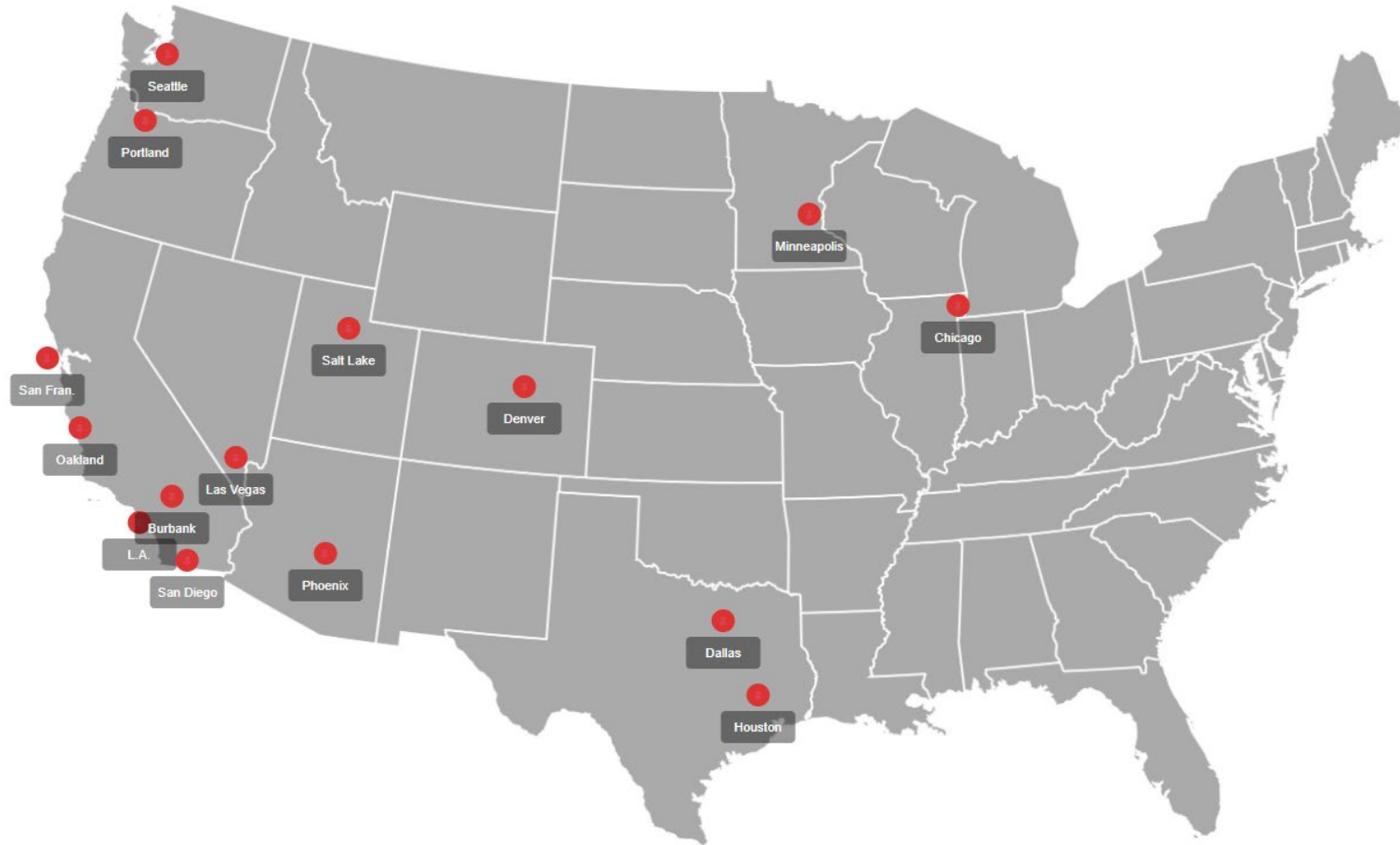
- CBRE has lowered its forecast for 2023 RevPAR to \$96.34, up 3.8% year-over-year, but down \$0.31 from its previous forecast in August 2023. The revision is predicated on a 50-basis-point (bp) increase in occupancy year-over-year, but a 20-bp reduction in year-over-year growth compared with the earlier forecast. ADR is expected to increase by 3.0% in 2023, down 60 bps from the previous forecast. For 2024, CBRE expects RevPAR growth of 3.0% based on a 40bp increase in occupancy year-over-year and a 2.3% increase in ADR.
- CBRE Econometric Advisors Baseline-scenario forecast anticipates 2.0% average GDP growth and average inflation of 4.2% in 2023, and 0.8% and 2.9% growth in 2024, respectively. Given the strong correlation between GDP and RevPAR growth, changes in the economic outlook will directly impact lodging industry performance.
- CBRE Hotels outlooks reflect hotel KPI data as of Sept. 30 and CBRE's macro-economic forecasts as of mid-October. The outlooks do not anticipate additional black swan events such as the Oct. 7 terrorist attack on Israel. Clients are encouraged to review CBRE Hotels forecast scenarios found at pip.cbrehotels.com and weigh them according to their individual risk tolerance.

SECTION 01.

Glacier Park International Airport Data

Glacier Park International Airport

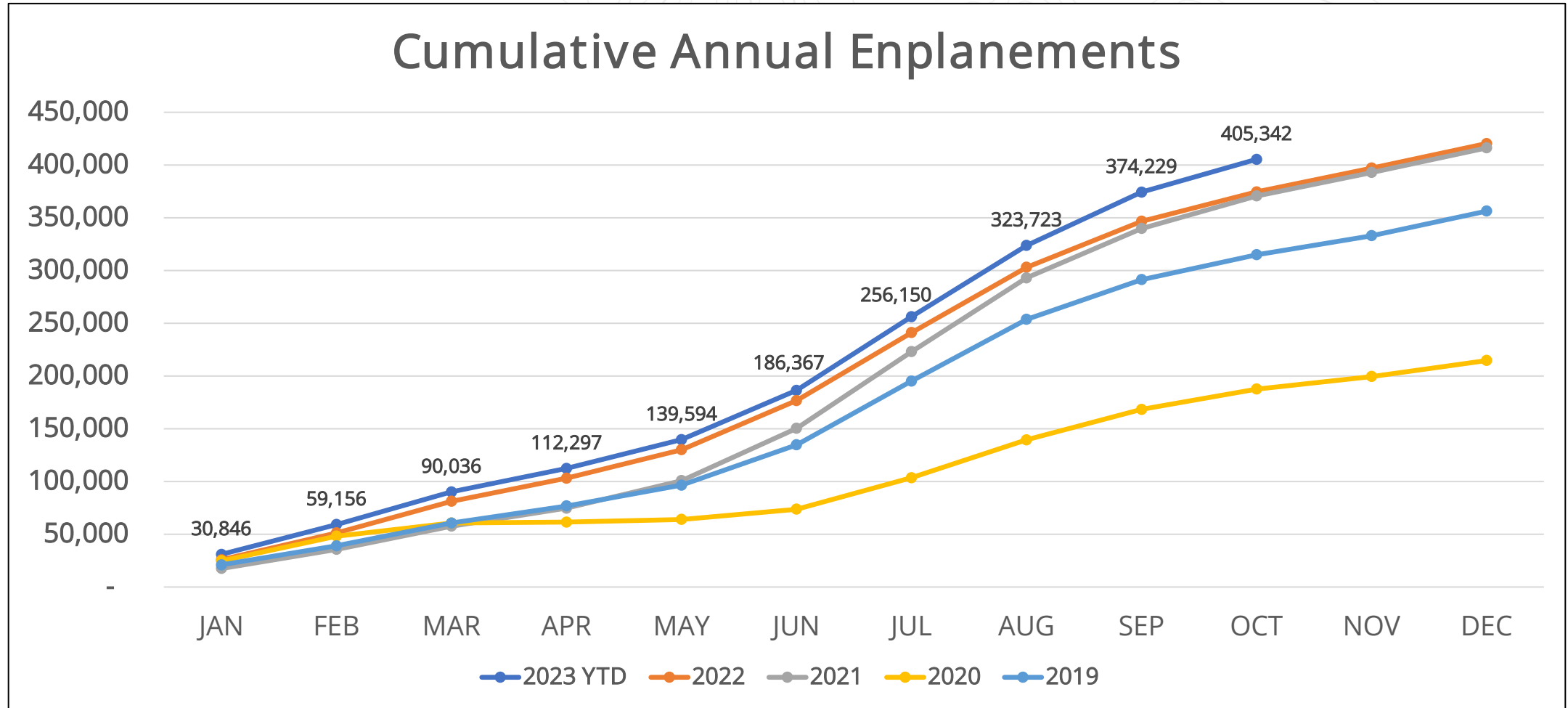
— Direct Flights —
MAJOR CITIES SERVED



Glacier Park International Airport

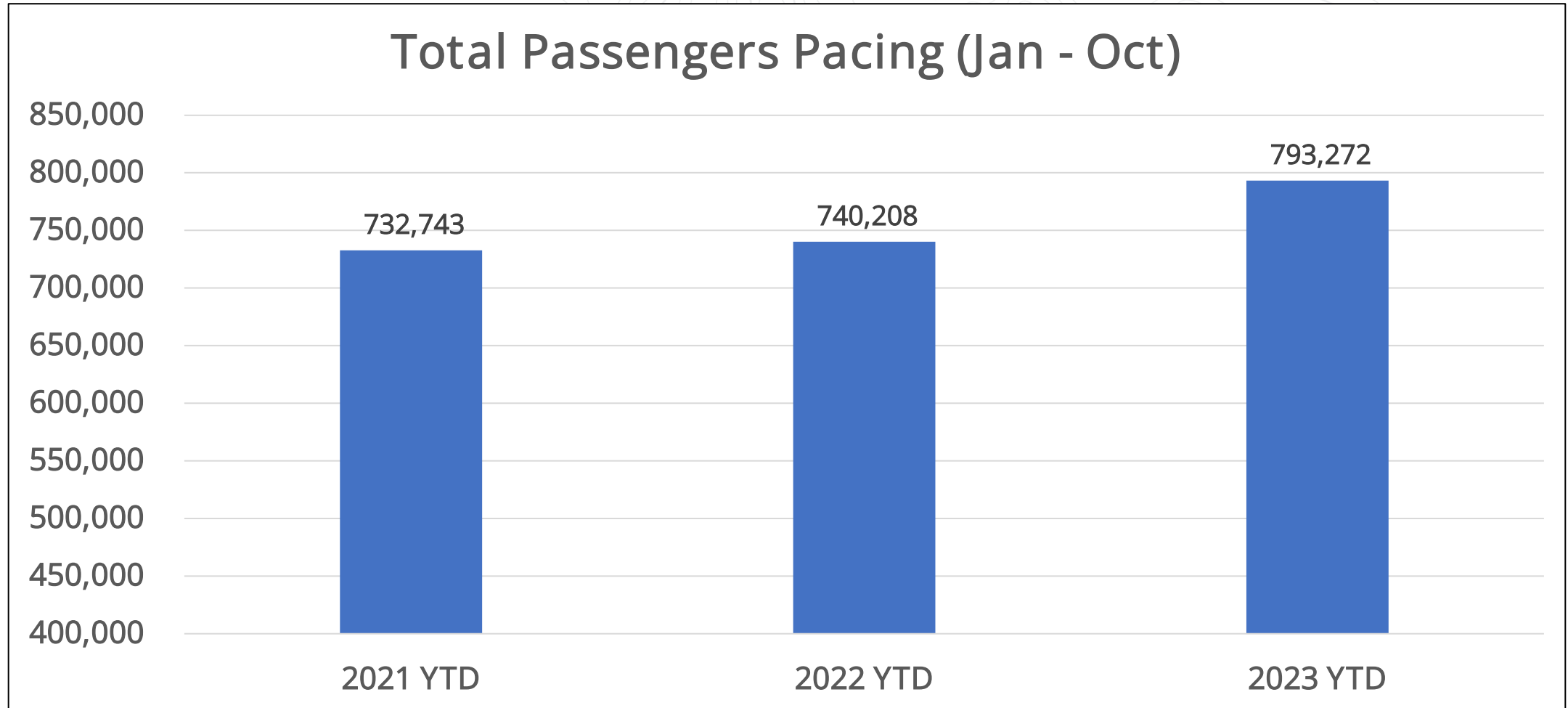
Total Passengers					
Month	2023	2022	% Chg 2023 vs. 2022	2021	% Chg 2023 vs. 2021
January	58,161	49,261	18.1%	32,629	78.2%
February	56,277	50,555	11.3%	36,194	55.5%
March	59,460	58,672	1.3%	44,961	32.2%
April	45,073	43,836	2.8%	34,258	31.6%
May	54,694	56,807	-3.7%	52,994	3.2%
June	96,564	97,429	-0.9%	103,426	-6.6%
July	138,012	128,144	7.7%	144,891	-4.7%
August	129,078	119,508	8.0%	132,811	-2.8%
September	96,891	82,965	16.8%	92,063	3.9%
October	59,062	53,031	11.4%	58,516	0.9%
November		45,126		44,274	
December		47,618		49,079	
Year-to-Date	793,272	740,208	7.2%	732,743	8.3%
Total		832,952		826,096	

Glacier Park International Airport

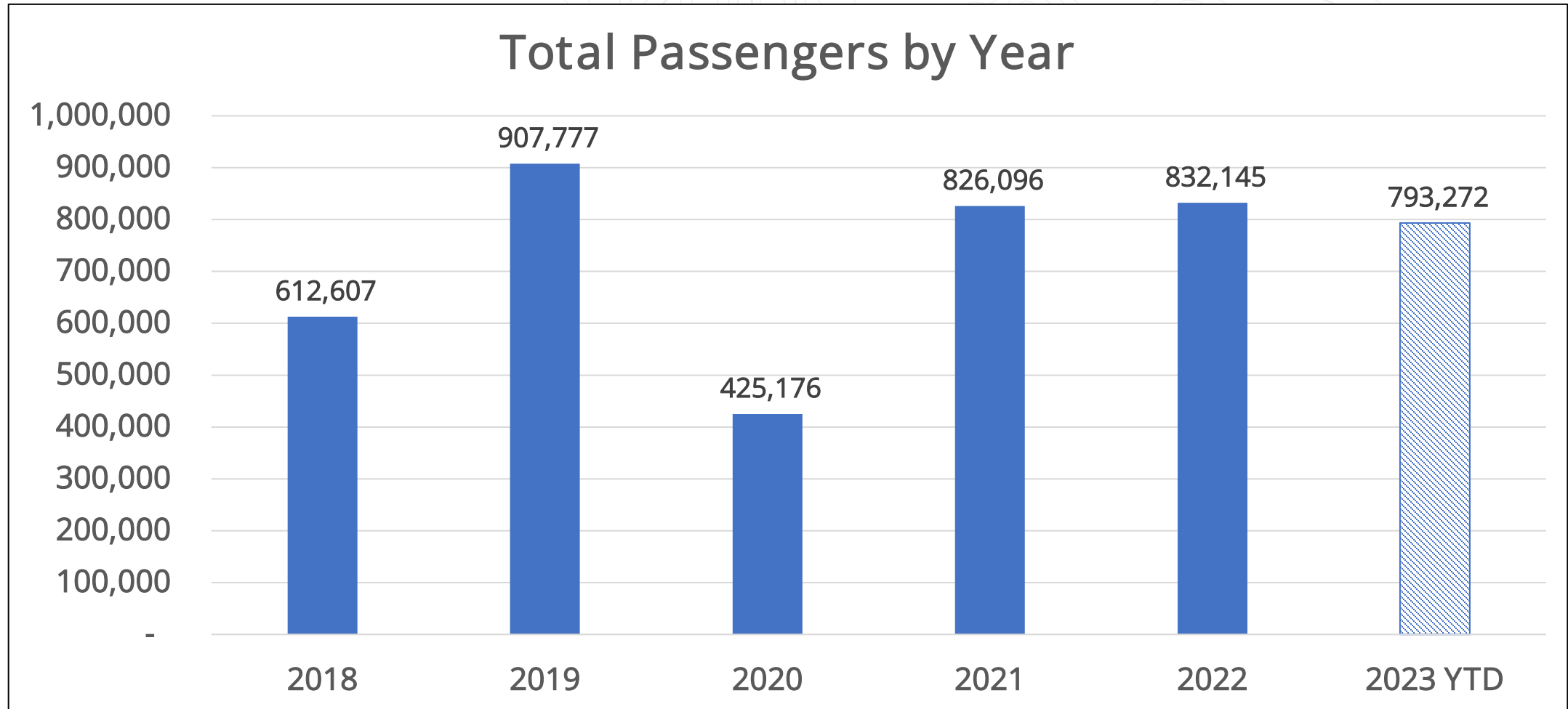


** Enplanements only (not total passengers)*

Glacier Park International Airport



Glacier Park International Airport



(Jan – Oct 2023)

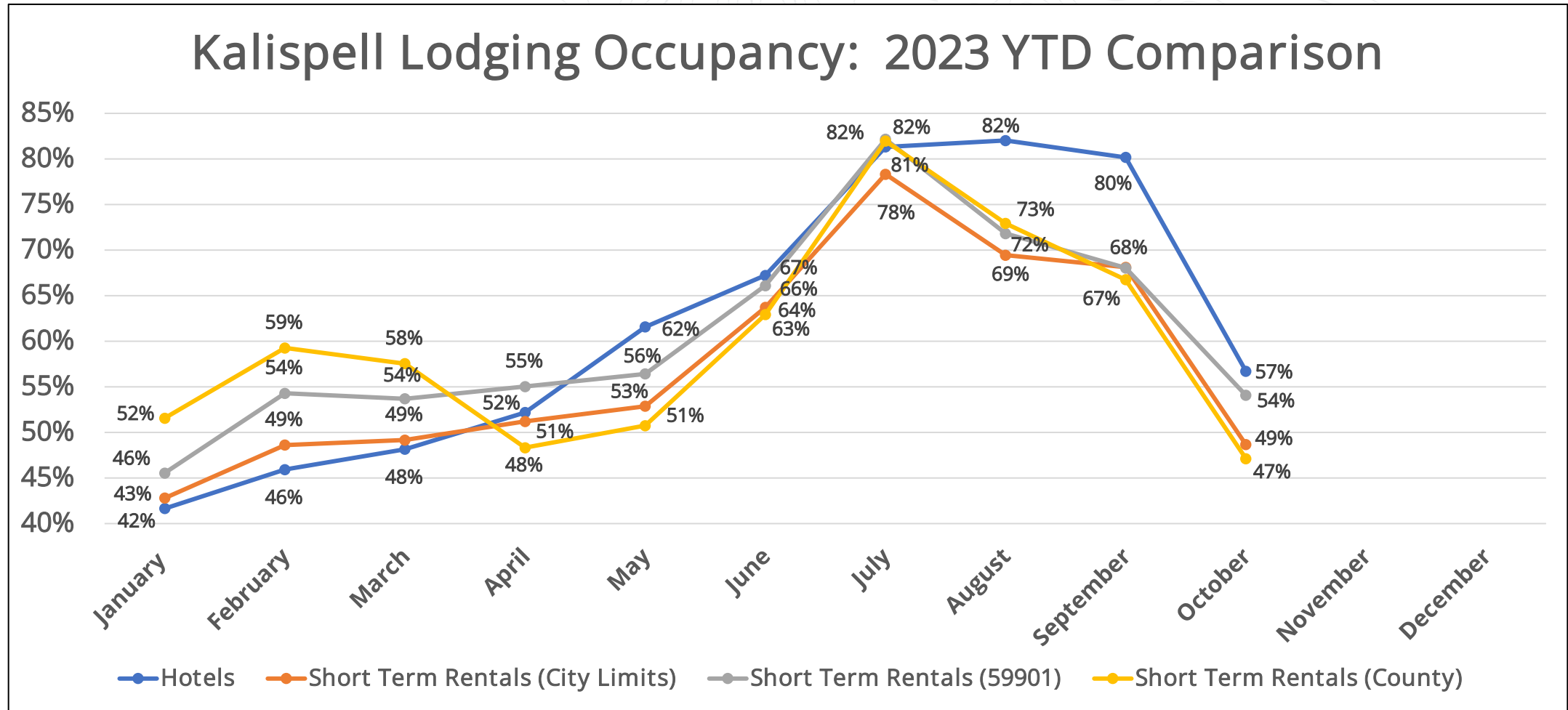
SECTION 02.

STR Hotel Data

STR Hotel Data - Definitions

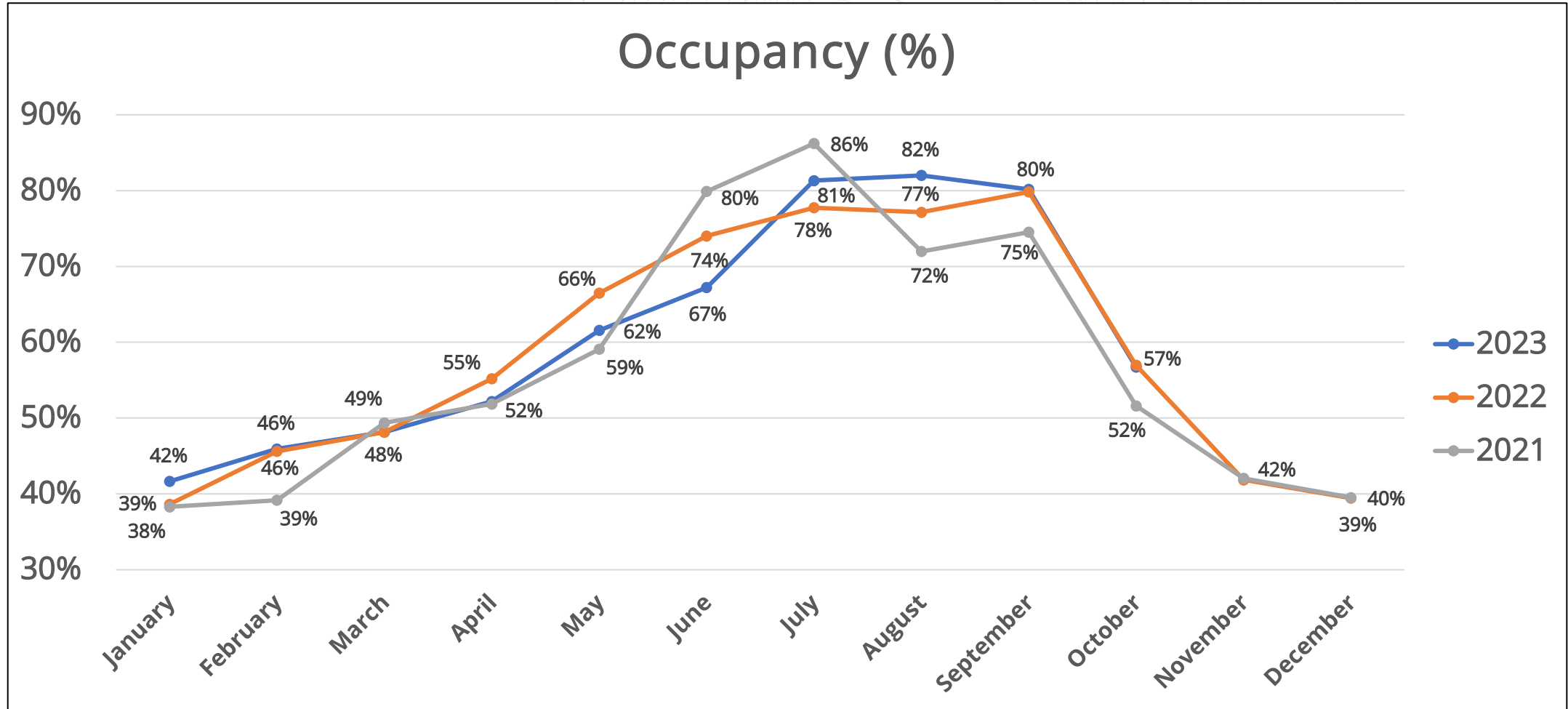
- **Average Daily Rate (ADR)** – A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold.
 - $\text{ADR} = \text{Room Revenue} / \text{Rooms Sold}$
- **Demand** – The number of rooms sold in a specified time period (excludes complementary rooms).
- **Occupancy** – Percentage of available rooms sold during a specific time period. Occupancy is calculated by dividing the number of rooms sold by rooms available.
 - $\text{Occupancy} = \text{Rooms Sold} / \text{Rooms Available}$
- **Revenue** – Total room revenue generated from the guestroom rentals or sales.
- **Revenue Per Available Room (RevPAR)** – Total room revenue divided by the total number of available rooms.
 - $\text{RevPAR} = \text{Room Revenue} / \text{Rooms Available}$

Kalispell 2023 Lodging Comparison



Hotel Occupancy by Month

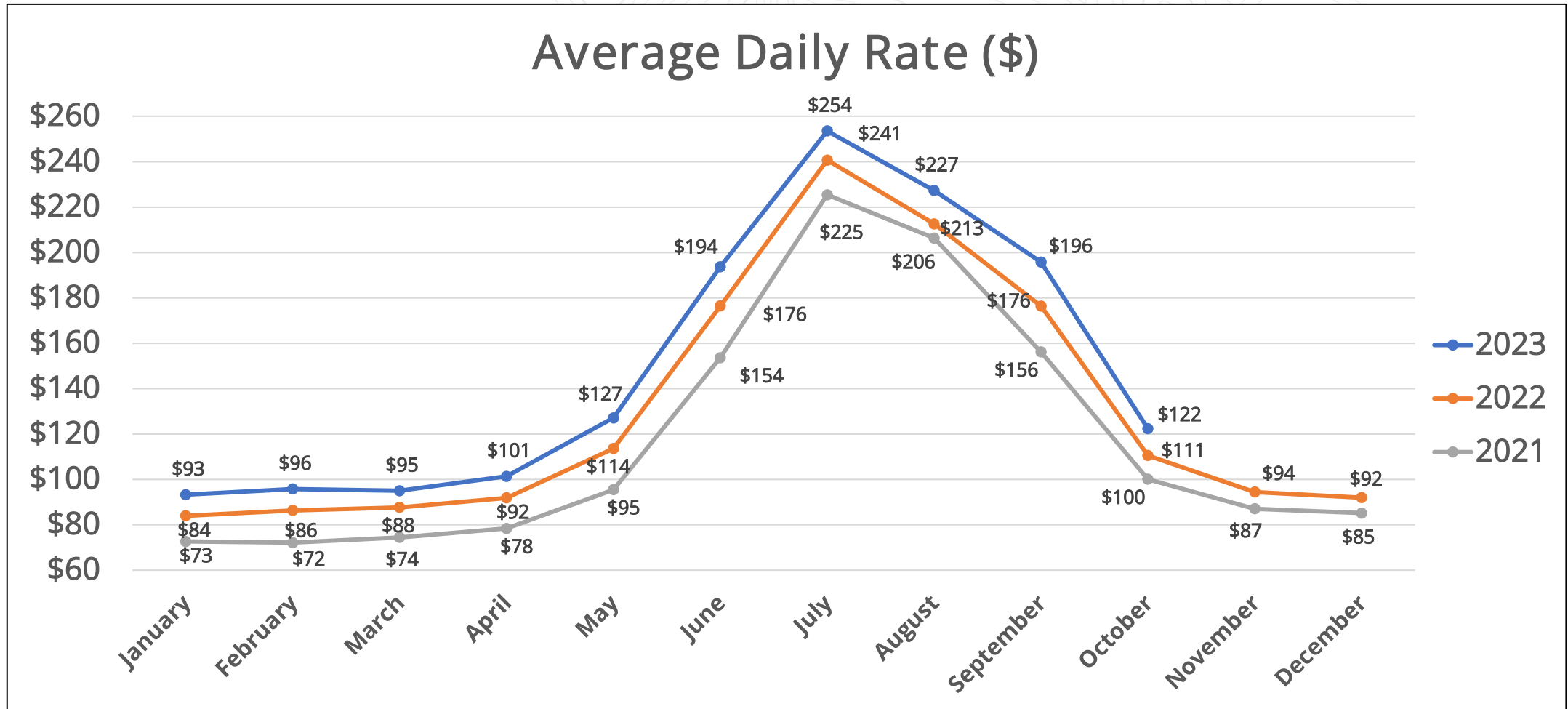
Kalispell hotel Occupancy decreased 0.4%, ADR increased 10.7%, and RevPAR increased 10.2% Year-Over-Year





Hotel Average Daily Rate (ADR) by Month

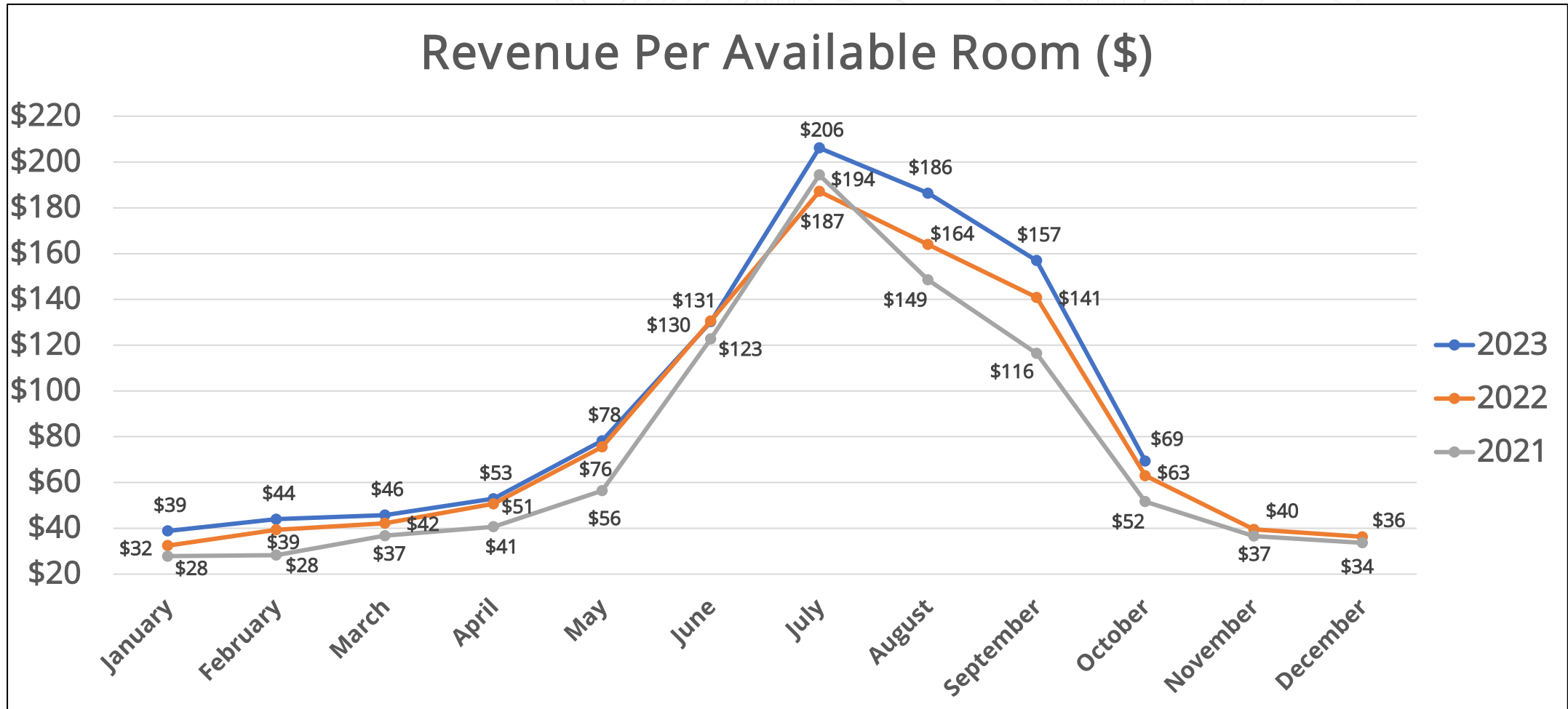
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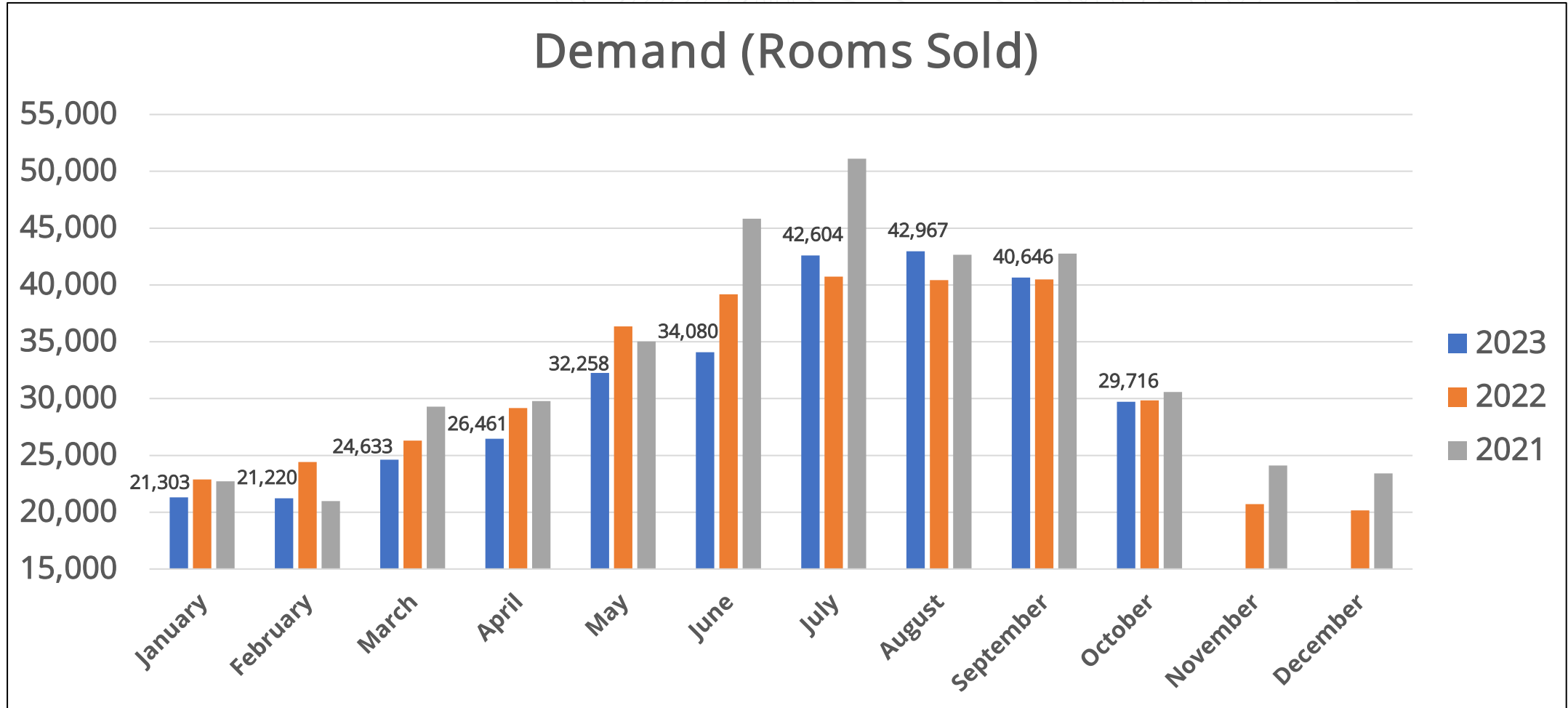
Hotel Revenue Per Available Room by Month

Kalispell hotel Occupancy decreased 0.4%, ADR increased 10.7%, and RevPAR increased 10.2% Year-Over-Year



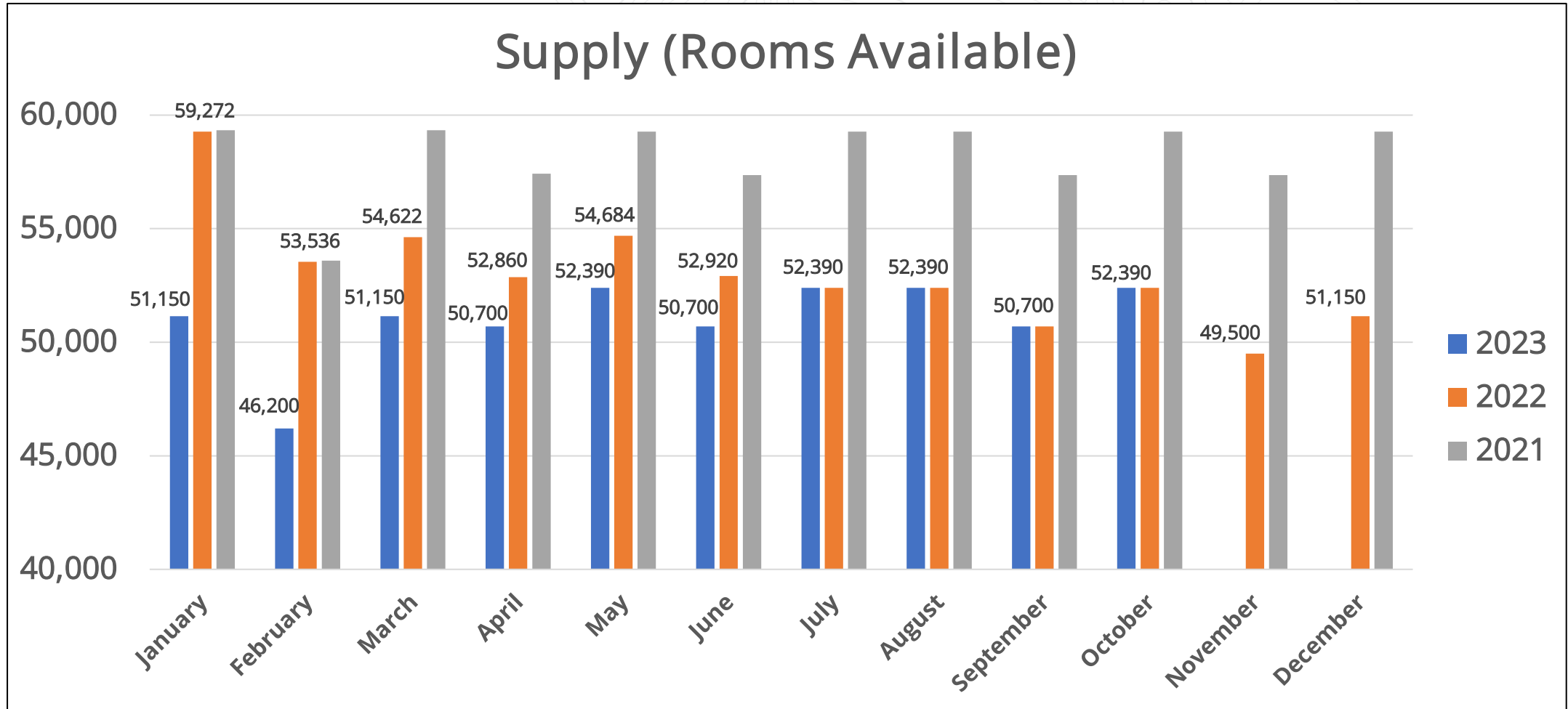
Hotel Demand (Rooms Sold) by Month

Kalispell hotel Demand decreased 0.4%, Supply remained unchanged, and Revenue increased 10.2% Year-Over-Year



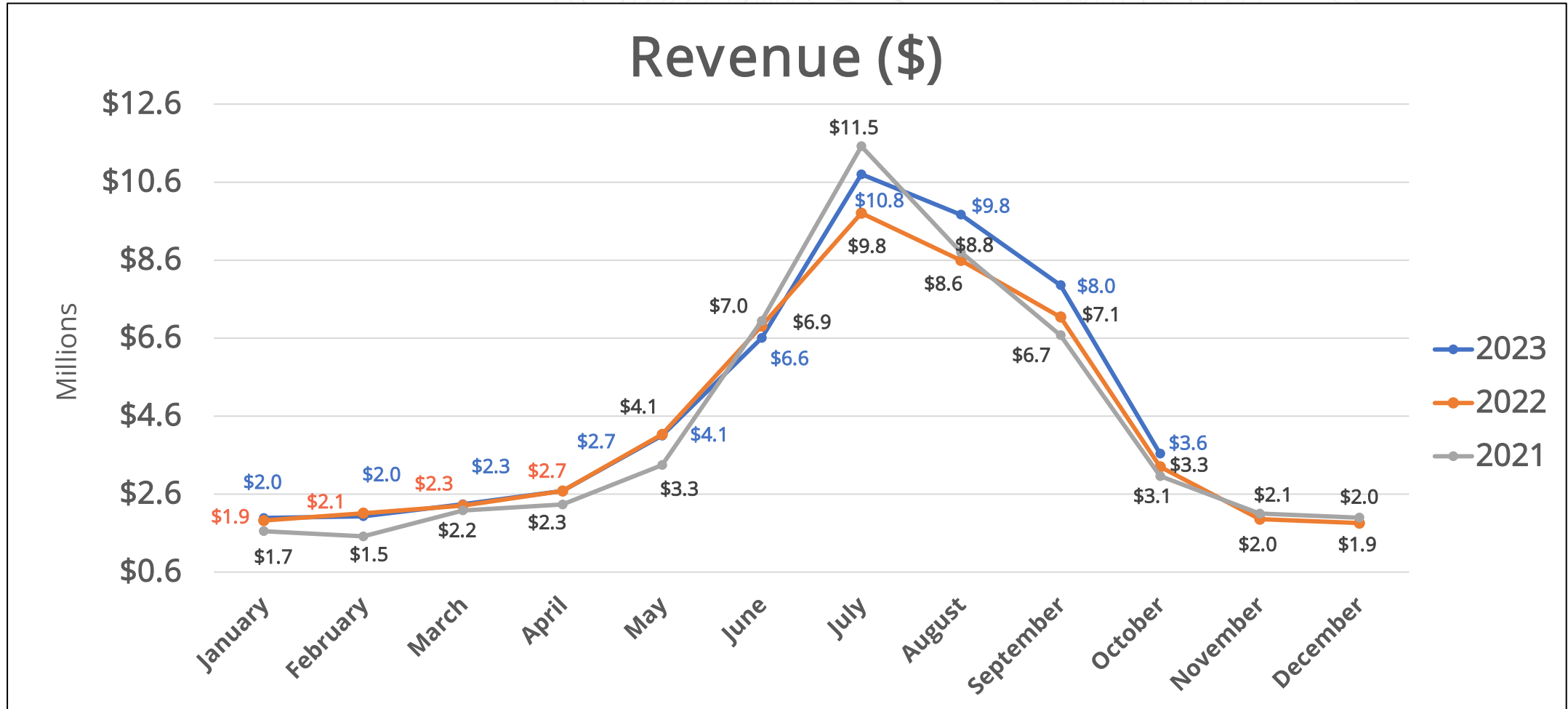
Hotel Supply by Month

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Hotel Revenue by Month

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SECTION 03.

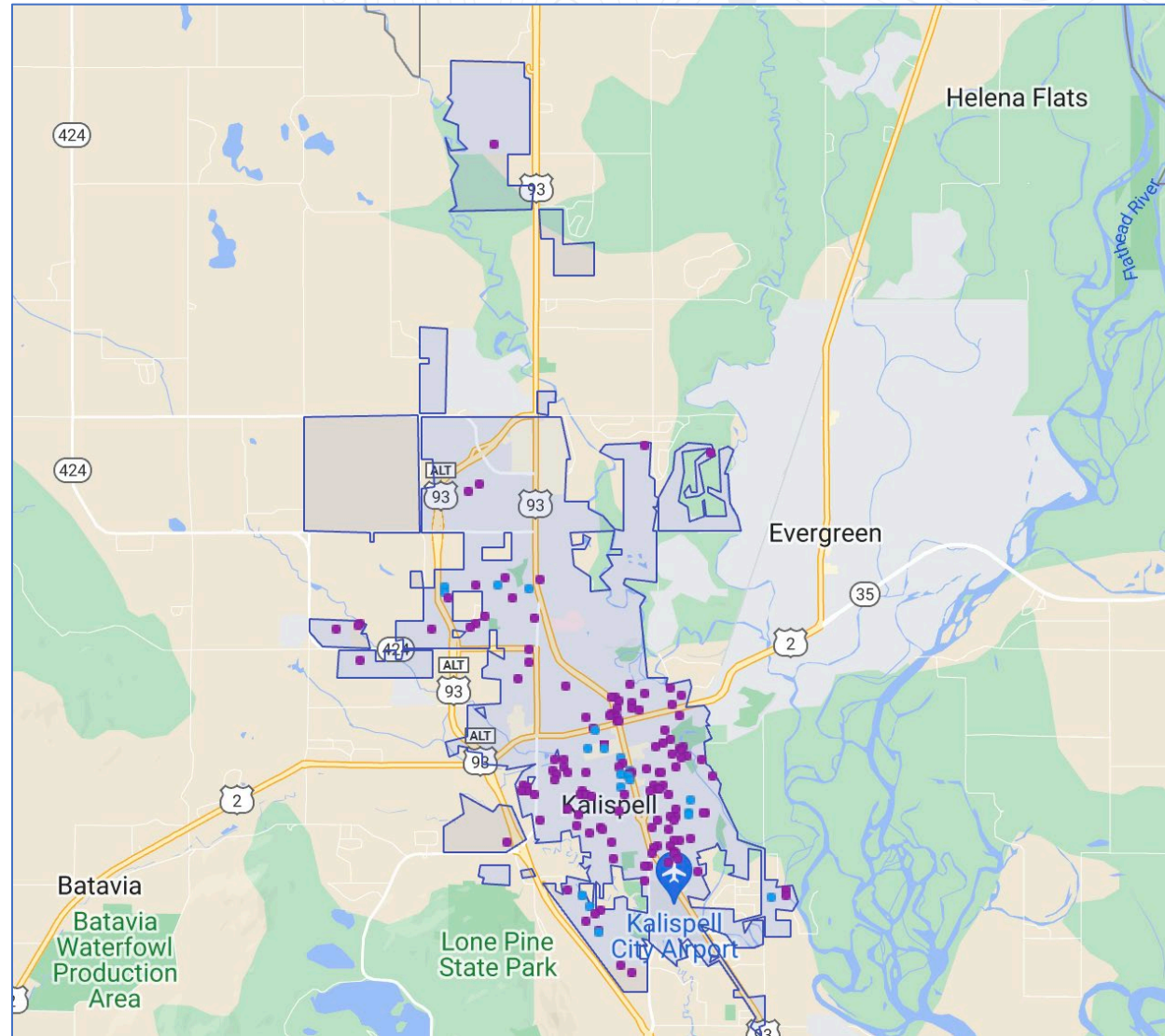
AirDNA Short Term Rental Data (Airbnb & Vrbo listings)

AirDNA Short Term Rentals - Definitions

Note: AirDNA Data is comprised exclusively of Airbnb and Vrbo listing data.

- **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 ($\text{ADR} = \text{Total Revenue} / \text{Booked Nights}$).
- **Demand (Nights)** – Total number of Booked Nights during the reporting period.
- **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.
- **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** – $\text{Revenue Per Available Rental} = \text{ADR} * \text{Occupancy Rate}$

AirDNA Short Term Rentals – Geographical Boundary *



*Kalispell City Limits

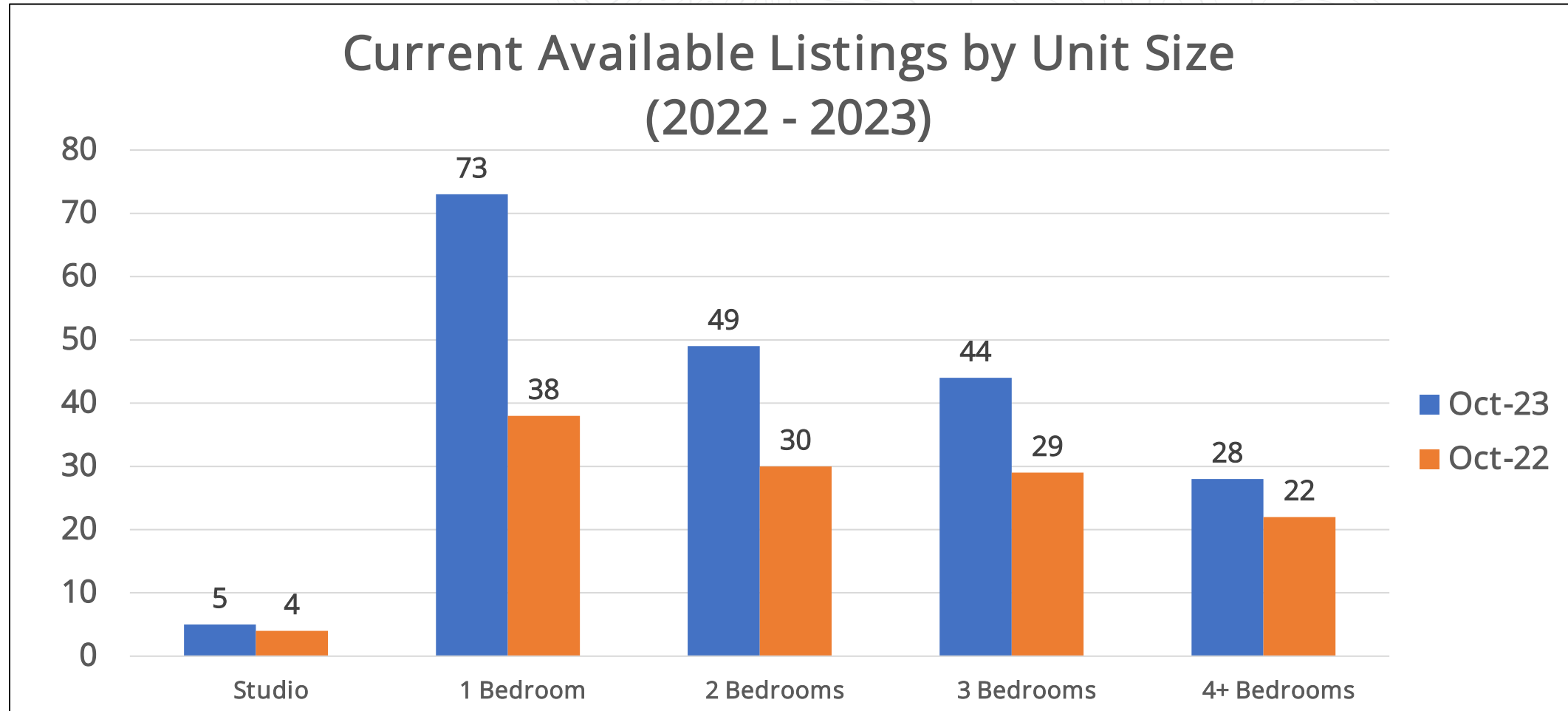
AirDNA Short Term Rentals - Available Listings

Kalispell Short Term Rentals Available Listings increased 61.8% Year-Over-Year



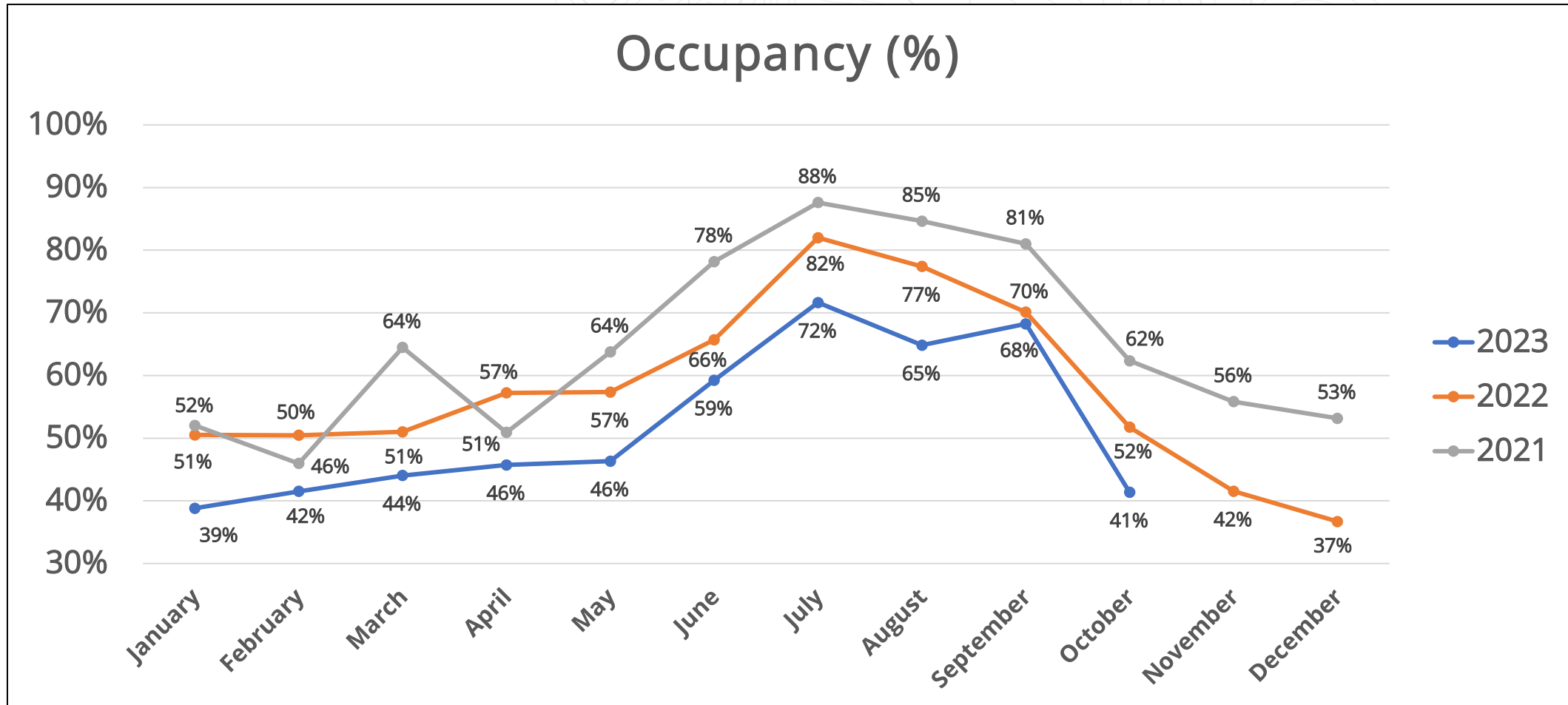
AirDNA Short Term Rentals - Unit Size

1-Bedroom Listings increased 92.1% and 2-Bedroom Listings increased 63.3% Year-Over-Year



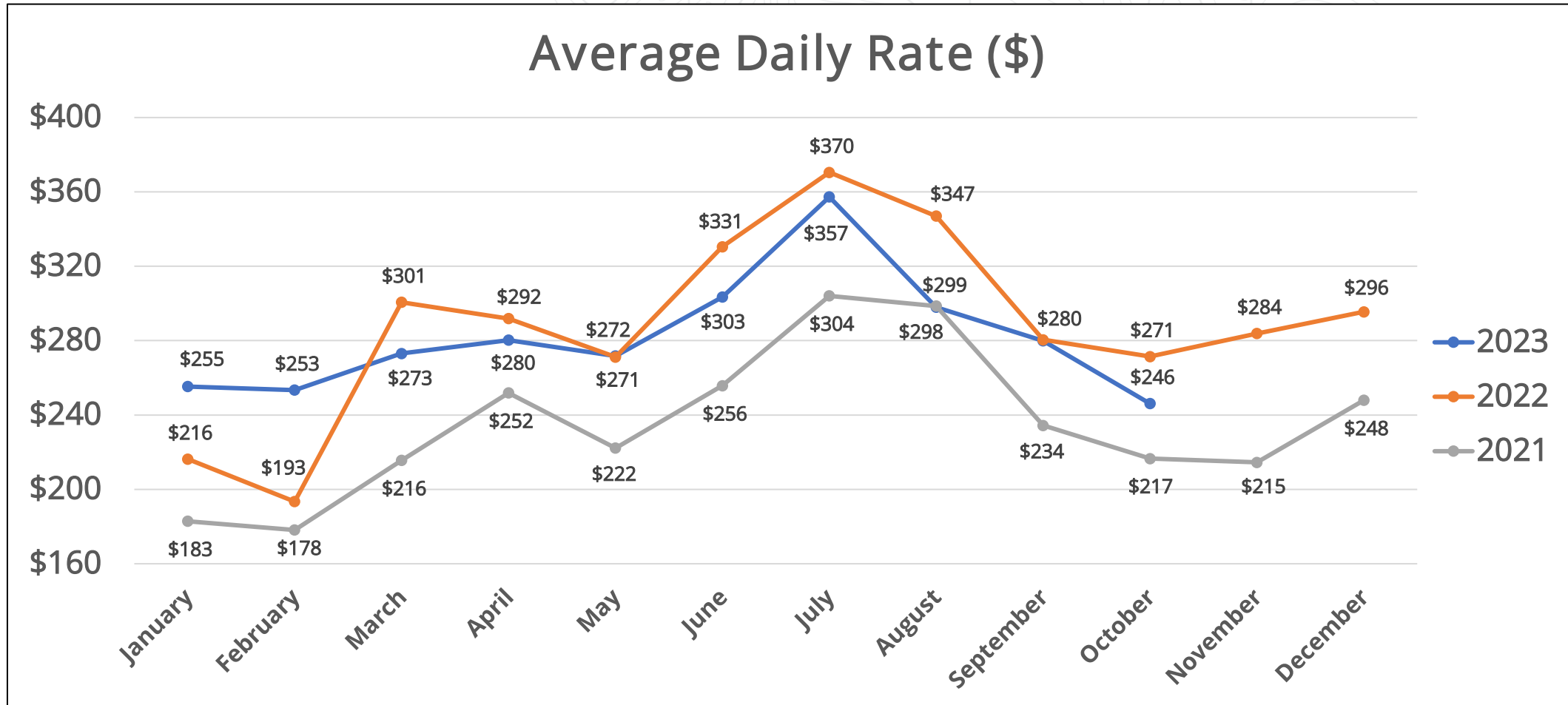
AirDNA Short Term Rentals – Occupancy

Kalispell Short Term Rentals Occupancy decreased 20.1%, ADR decreased 9.3%, and RevPAR decreased 27.5% Year-Over-Year



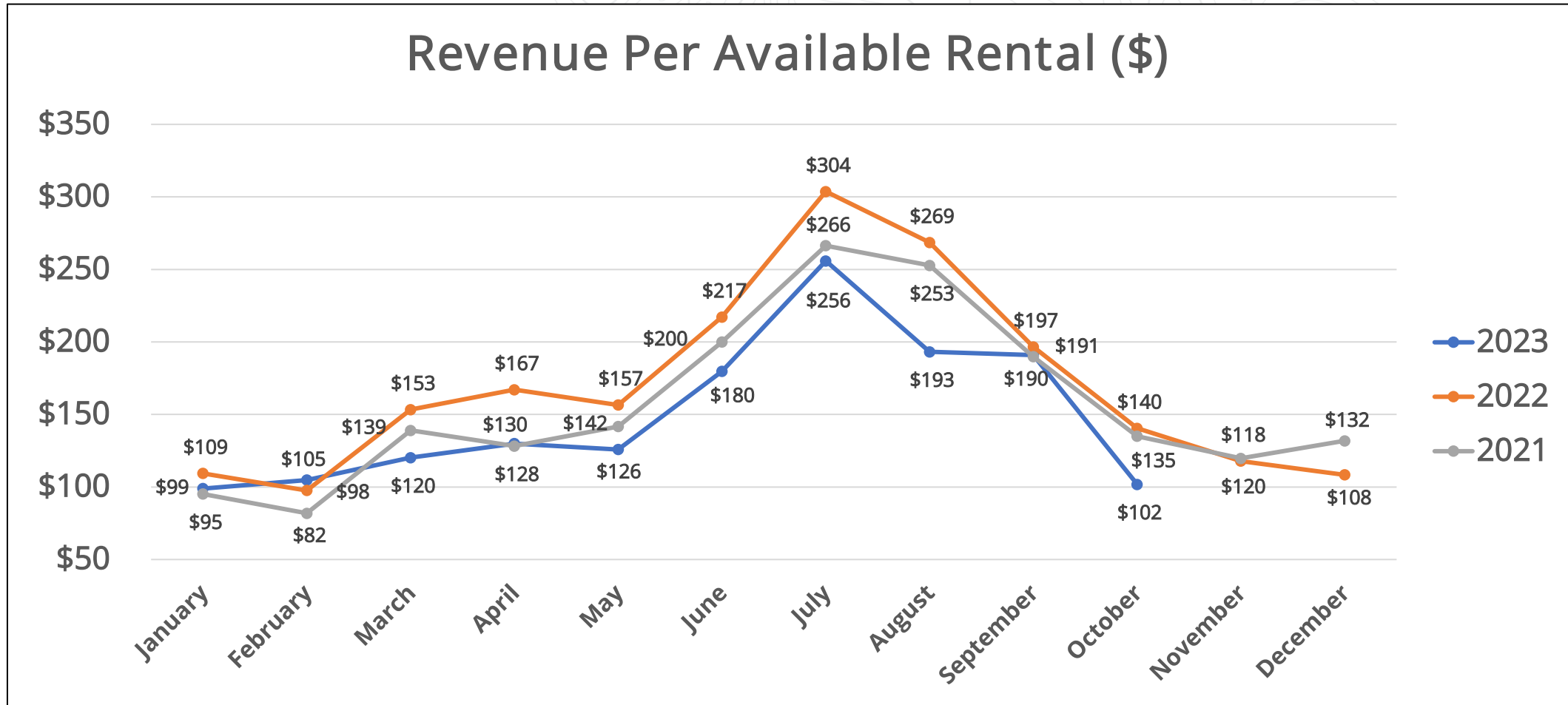
AirDNA Short Term Rentals - ADR

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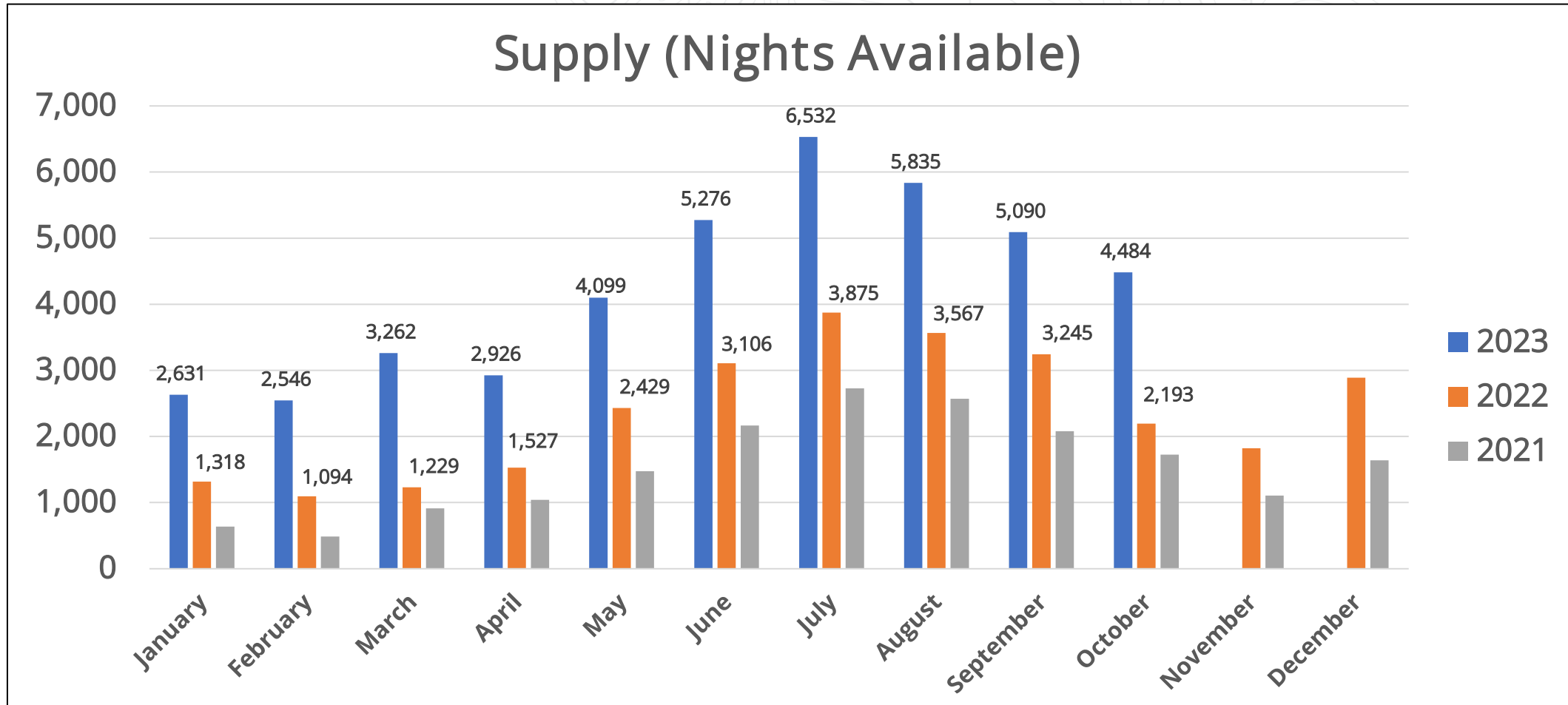
AirDNA Short Term Rentals - RevPAR

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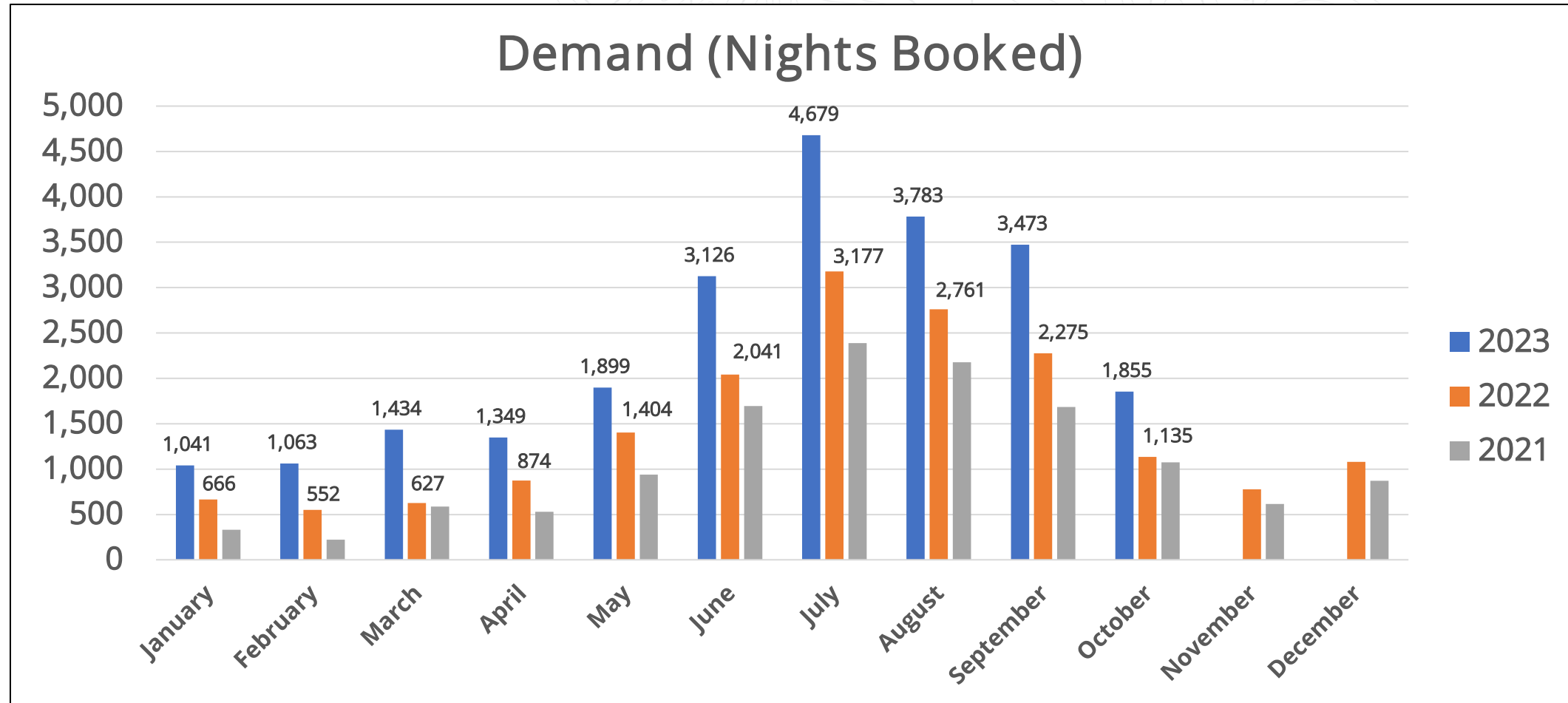
AirDNA Short Term Rentals – Supply

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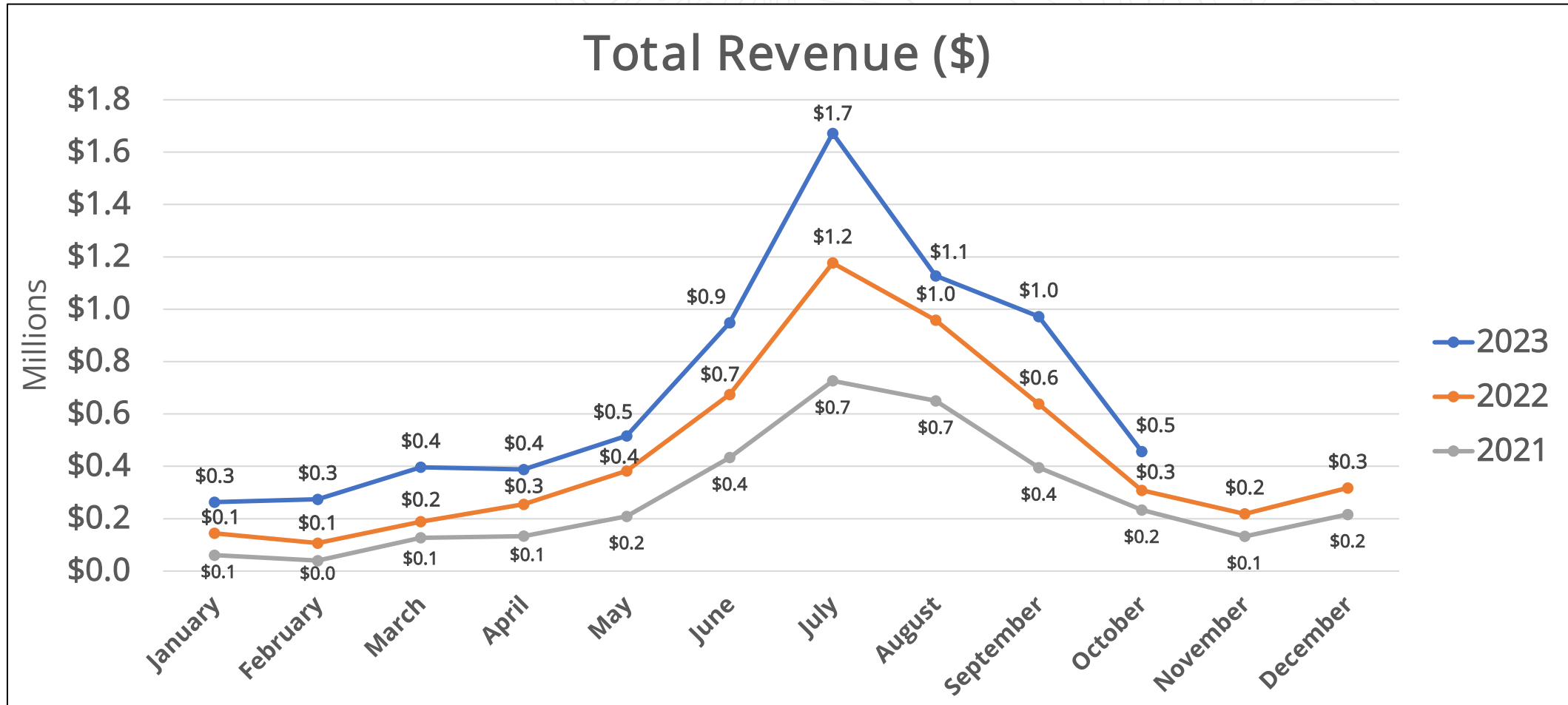
AirDNA Short Term Rentals – Demand

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AirDNA Short Term Rentals – Total Revenue

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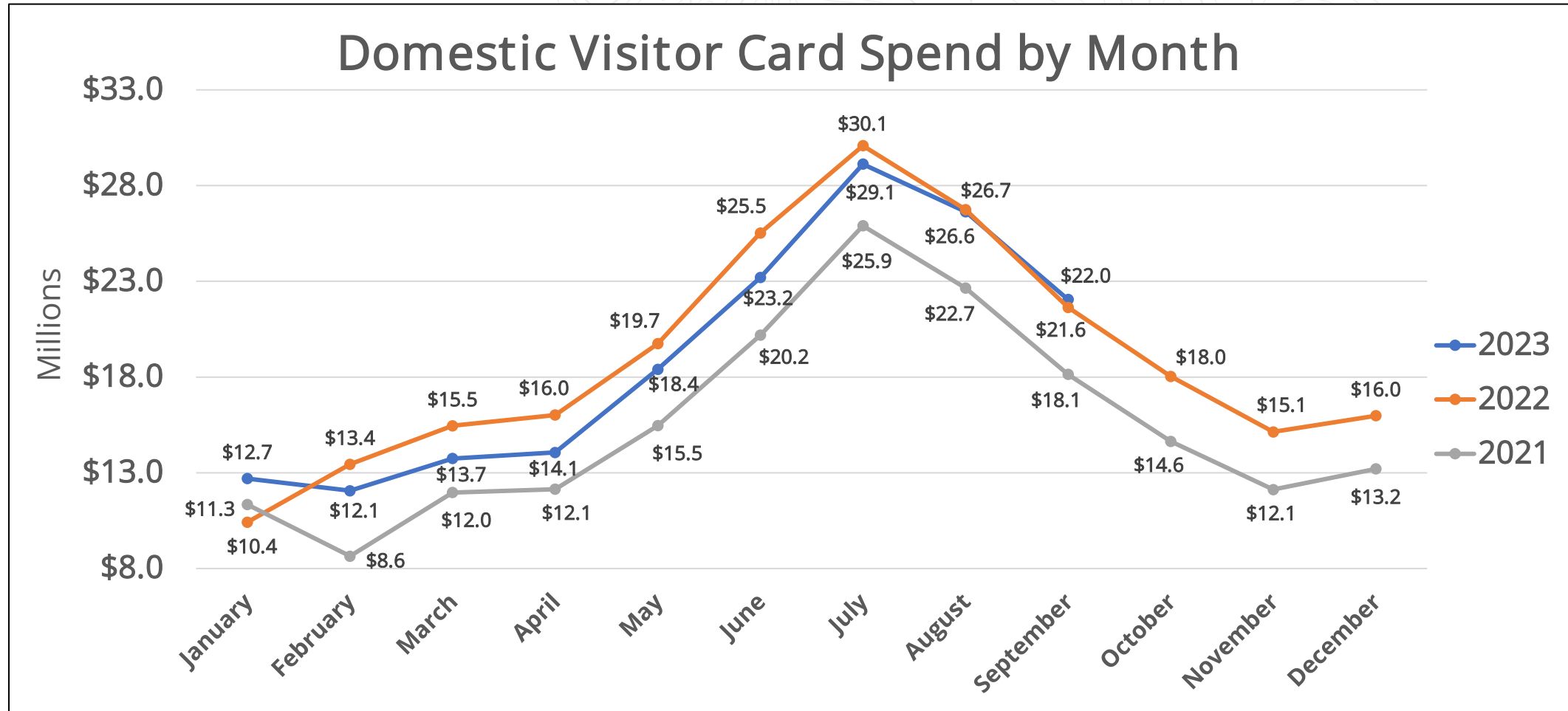


SECTION 04.

Visa Destination Insights

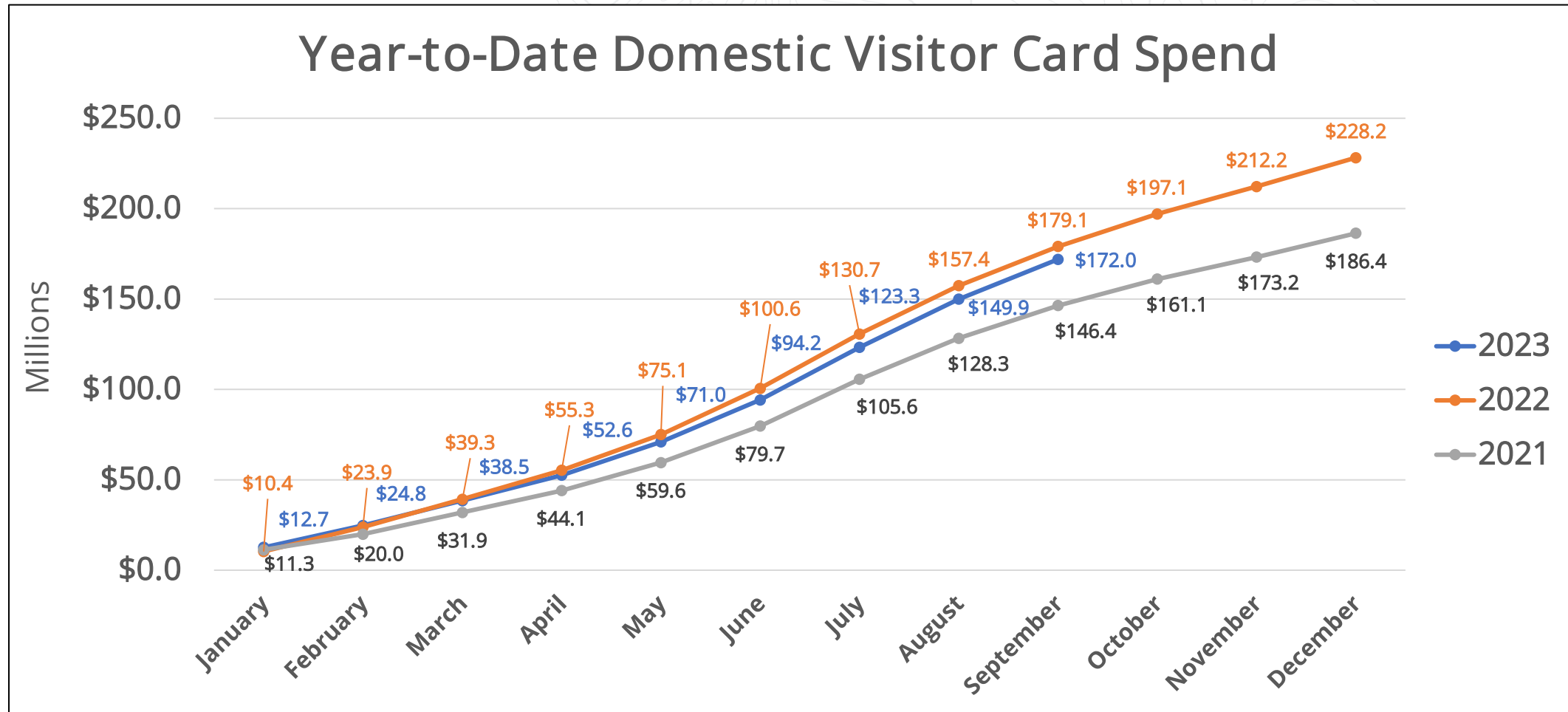
Visa – Domestic Visitor Spending

Kalispell Domestic Visitor Visa Card Spend increased 1.9% and Year-to-Date Spend decreased 4.0%



Visa – Domestic Visitor Spending

Kalispell Domestic Visitor Visa Card Spend increased 1.9% and Year-to-Date Spend decreased 4.0%



Visa – Domestic Visitor Origin

Rank	Origin Market	Spend (\$)	YoY % Change	Card Count	YoY % Change
1	Missoula, MT	\$5,979,076	6%	30,734	15%
2	Seattle-Tacoma-Bellevue, WA	\$4,093,584	-14%	18,673	-2%
3	Los Angeles-Long Beach-Anaheim, CA	\$2,809,035	2%	10,510	8%
4	Phoenix-Mesa-Chandler, AZ	\$2,745,165	-1%	9,405	1%
5	Bozeman, MT	\$2,432,113	4%	12,748	9%
6	Portland-Vancouver-Hillsboro, OR-WA	\$2,020,917	-11%	10,481	1%
7	Helena, MT	\$1,791,585	0%	10,488	4%
8	Great Falls, MT	\$1,770,810	-4%	10,317	-8%
9	Spokane-Spokane Valley, WA	\$1,578,883	-8%	10,068	2%
10	Billings, MT	\$1,548,925	3%	7,388	4%
11	San Diego-Chula Vista-Carlsbad, CA	\$1,527,598	-3%	5,321	3%
12	San Francisco-Oakland-Berkeley, CA	\$1,449,948	4%	8,957	71%
13	Salt Lake City, UT	\$1,390,475	-53%	29,842	-56%
14	Denver-Aurora-Lakewood, CO	\$1,370,117	-11%	7,136	1%
15	Dallas-Fort Worth-Arlington, TX	\$1,300,879	-4%	5,608	-2%

SECTION 05.

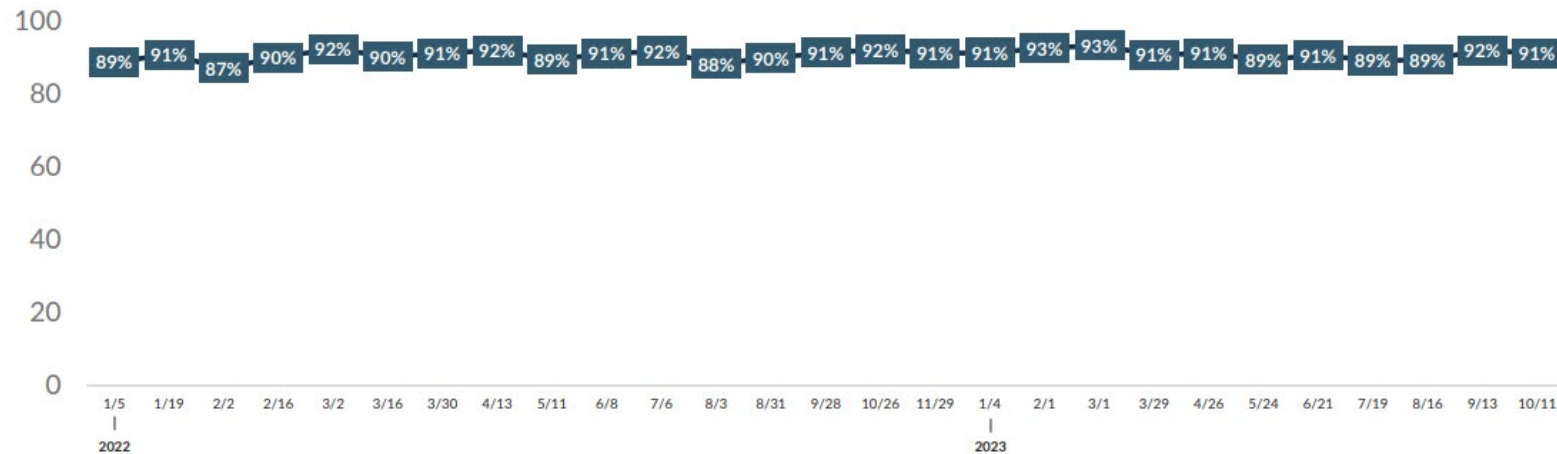
Consumer Sentiment & Macroeconomic Data

LONGWOODS INTERNATIONAL Travel Sentiment Study Wave 79

*Survey Fielded October 11, 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 79

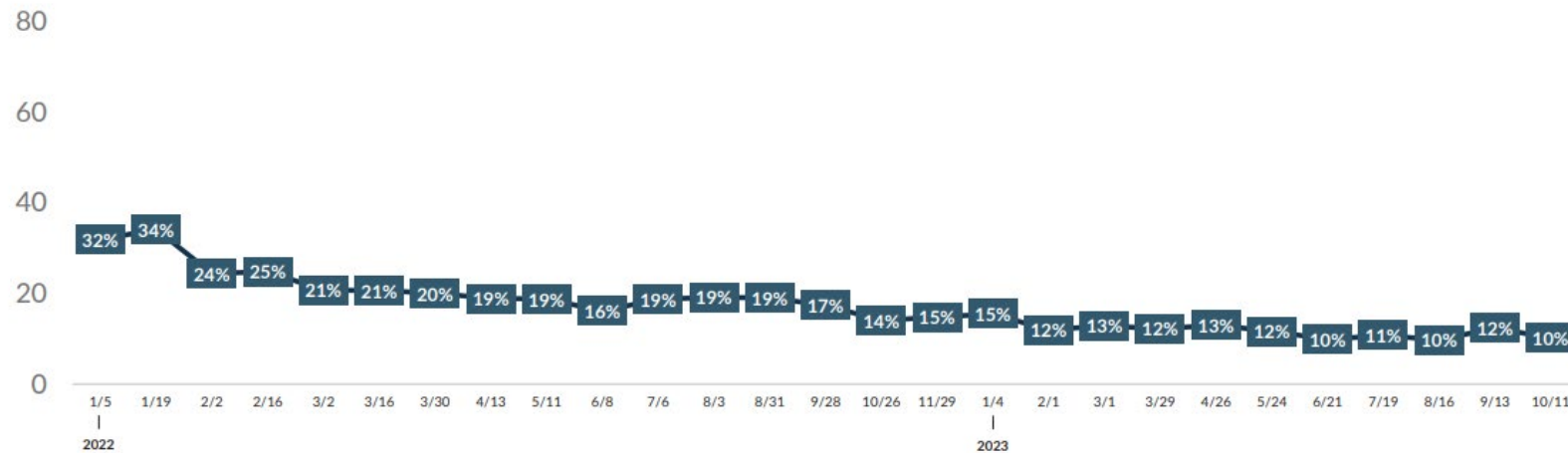
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 79

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IMPACT ON TRAVEL PLANS

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



*Note: Data spanning multiple years, beginning from 1/5/2022.
Travel Sentiment Study Wave 79

Longwoods INTERNATIONAL | **miles** PARTNERSHIP

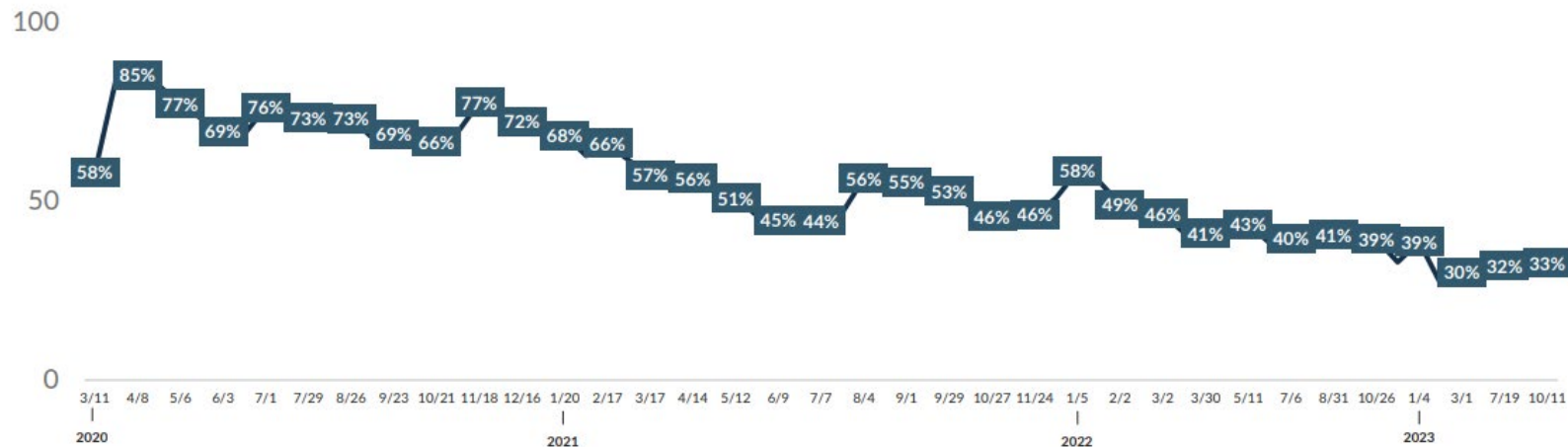
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 79

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IMPACT ON TRAVEL PLANS

Travelers Planning to Change Upcoming Travel Plans Due to COVID-19 Comparison



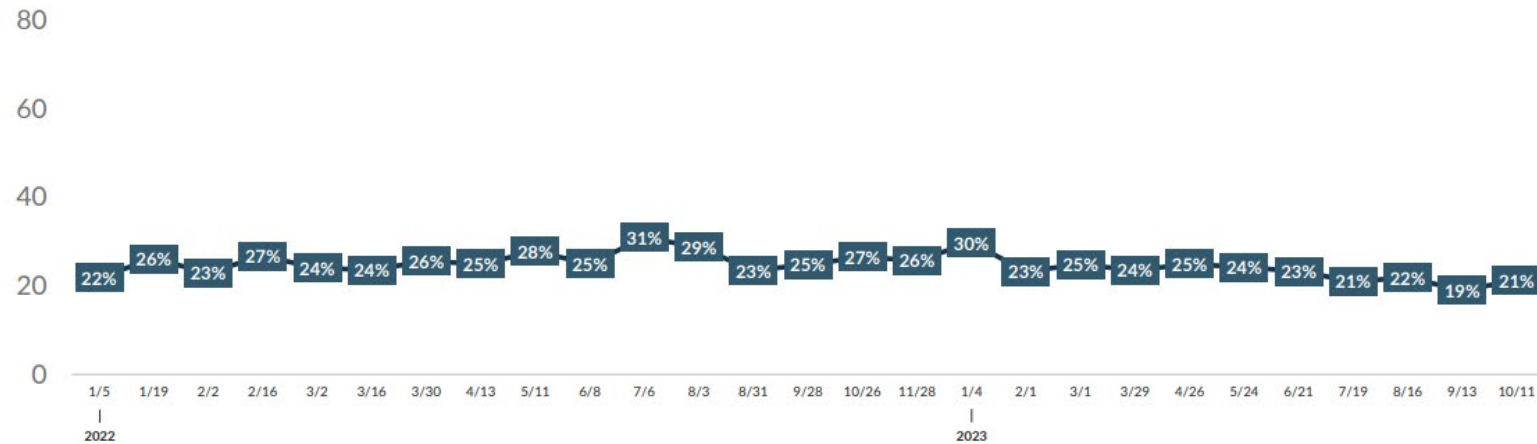
*Note: Data spanning multiple years, beginning from 3/11/2020.
Travel Sentiment Study Wave 79

LONGWOODS INTERNATIONAL Travel Sentiment Study Wave 79

*Survey Fielded October 11, 2023; US National Sample of 1,000 adults 18+

IMPACT ON TRAVEL PLANS

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



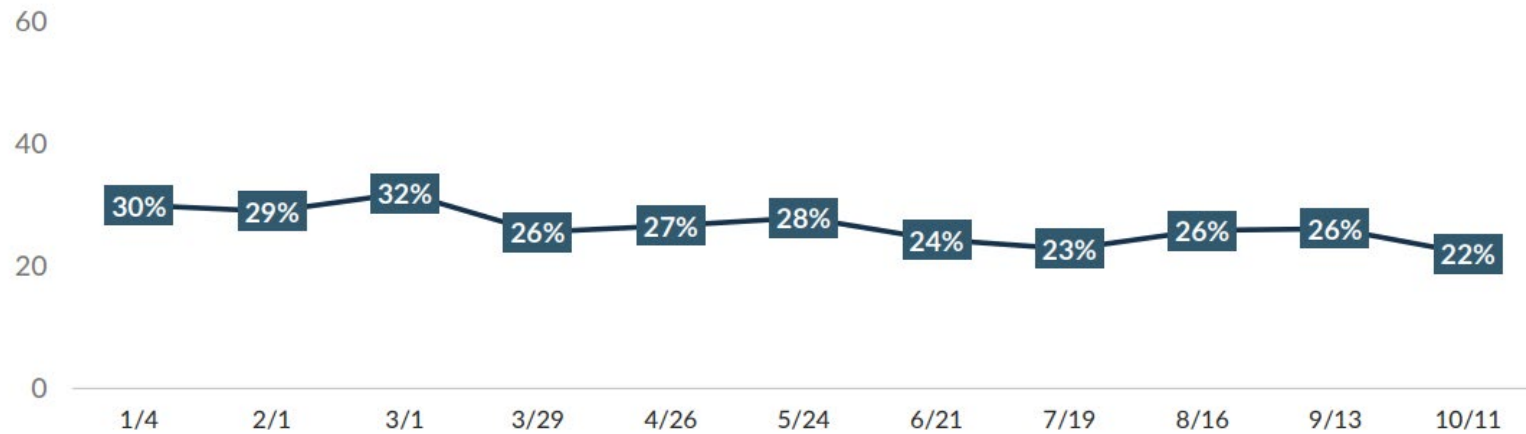
*Note: Data spanning multiple years, beginning from 1/5/2022.
Travel Sentiment Study Wave 79

LONGWOODS INTERNATIONAL Travel Sentiment Study Wave 79

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IMPACT ON TRAVEL PLANS

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



Travel Sentiment Study Wave 79

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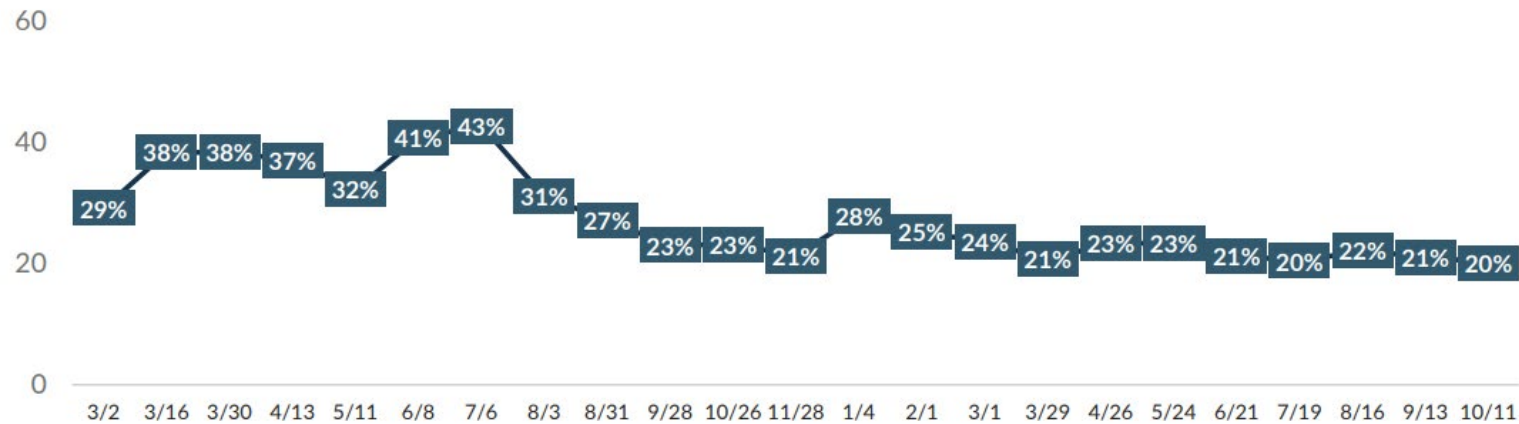
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Travel Sentiment Study Wave 79

*Survey Fielded October 11, 2023; US National Sample of 1,000 adults 18+

IMPACT ON TRAVEL PLANS

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



*Note: Prior to 8/31, respondents were asked about the impact of *rising* gas prices. Beginning on 8/31, *rising* was removed from the question.
Travel Sentiment Study Wave 79

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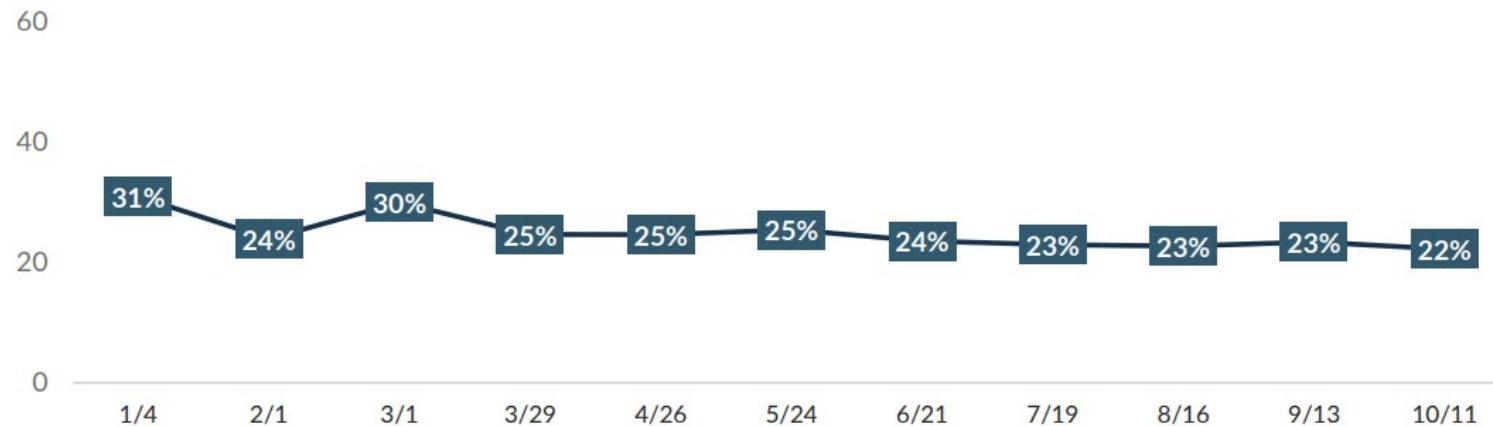
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 79

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IMPACT ON TRAVEL PLANS

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



Travel Sentiment Study Wave 79

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Thank You!

DISCOVER KALISPELL MONTANA

