



Monthly Research Update

November 2023 Review

Kalispell Tourism Trends

- Glacier Park International Airport continued to show strong passenger growth in 2023.
 - November total passengers increased 6.7% Year-Over-Year (YoY).
 - November 2023 Year-to-Date (YTD) passenger traffic is pacing 7.1% higher than 2022.
- Kalispell hotels showed mixed results in November 2023 compared to the same month last year.
 - Occupancy was down 7.0%, driven by a 4.7% decrease in Demand coupled with a 2.4% uptick in Supply.
 - ADR grew 5.3%, which led to a modest 0.4% increase in Total Revenue.
- Short Term Rental Supply growth continued to push down ADR and RevPAR in November. However, Demand growth outpaced Supply, which led to an increase in Occupancy compared to November 2022.
 - Occupancy increased 7.7%, ADR decreased 24.6%, RevPAR dropped 18.8%, and Revenue grew by 4.8%.

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

- “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

- “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.”

Short Term Rentals (continued)

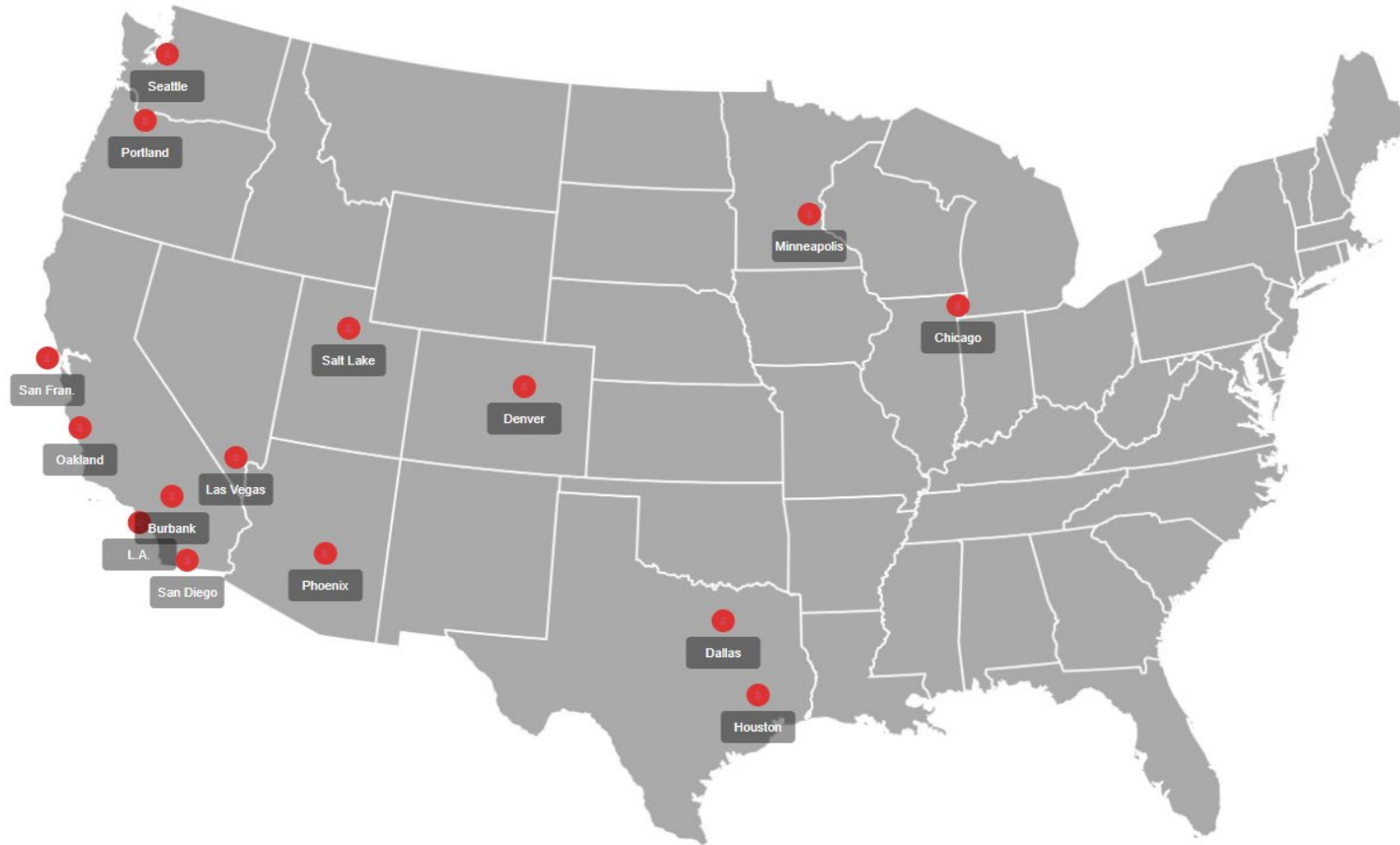
- Key U.S. Short Term Rental Performance Metrics – November 2023
 - RevPAR declined 4.3% YOY to \$143.75
 - Available listings reached 1.6 million, up 17.4% YOY
 - Total demand (nights) rose 8.0% YOY
 - Occupancy was 5.9% lower YOY at 47.7% (+0.6% vs. 2019)
 - Average daily rates (ADRs) grew 1.7% YOY to \$301.23
 - Nights booked increased 13.6% YOY

SECTION 01.

Glacier Park International Airport Data

Glacier Park International Airport

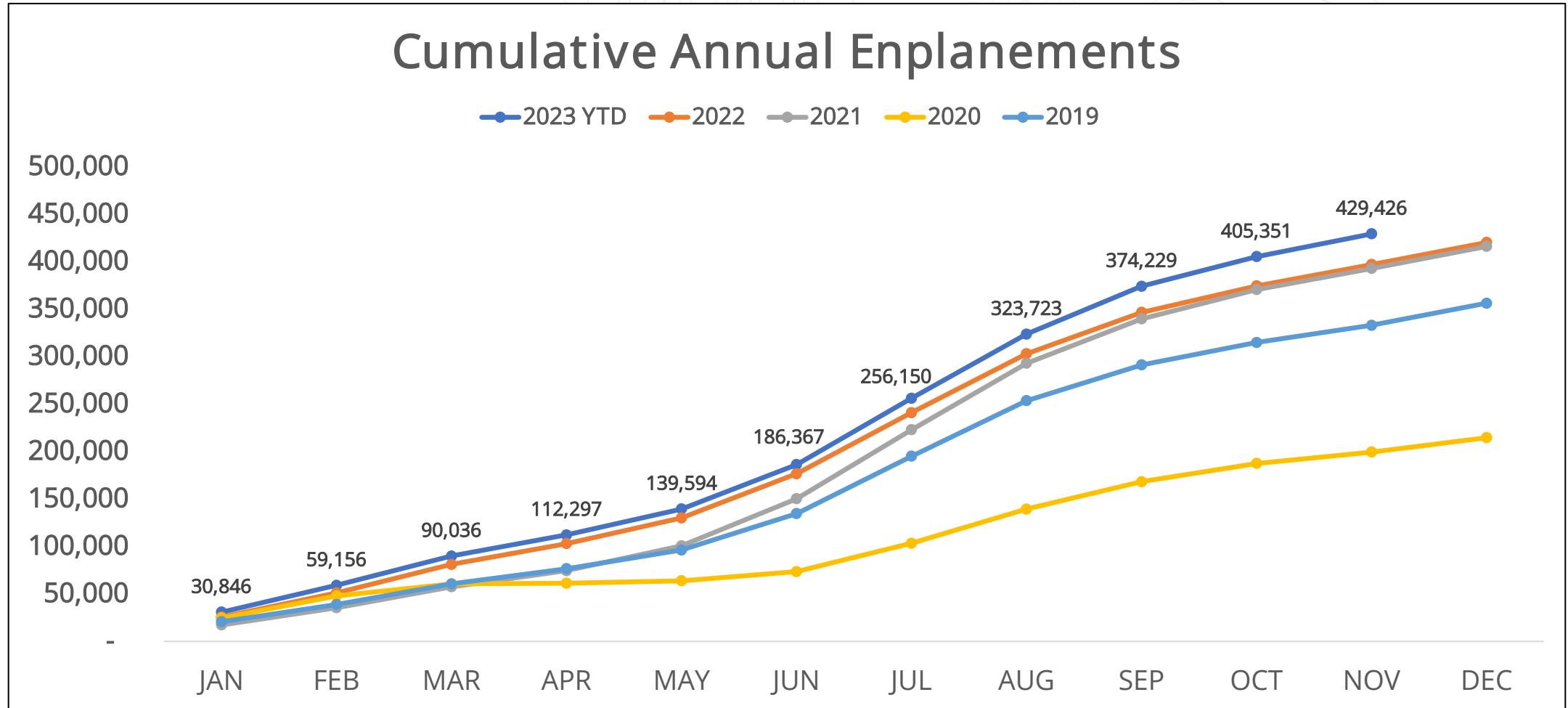
— Direct Flights —
MAJOR CITIES SERVED



Glacier Park International Airport

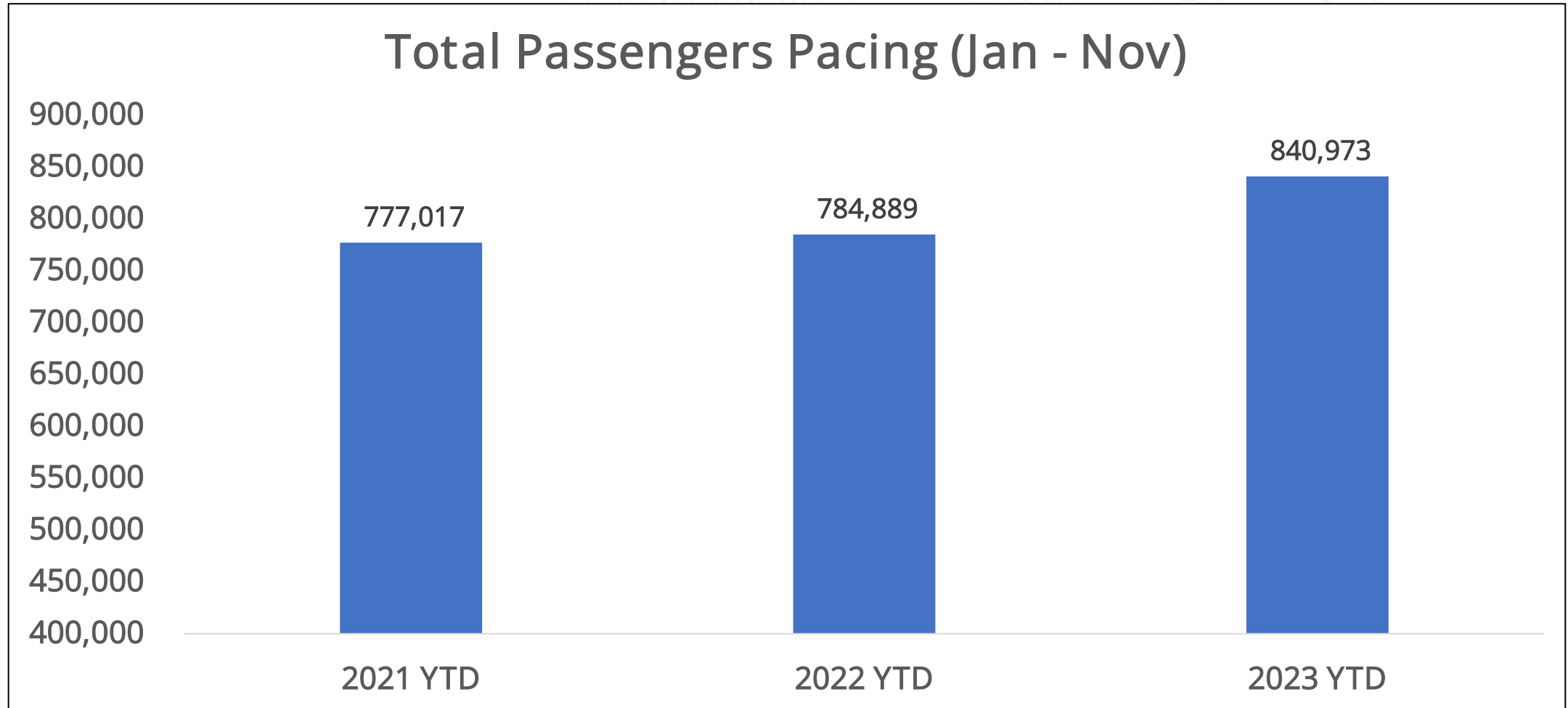
Total Passengers					
Month	2023	2022	% Chg 2023 vs. 2022	2021	% Chg 2023 vs. 2021
January	58,161	49,261	18.1%	32,629	78.2%
February	56,277	50,555	11.3%	36,194	55.5%
March	59,460	58,672	1.3%	44,961	32.2%
April	45,073	43,836	2.8%	34,258	31.6%
May	54,694	56,807	-3.7%	52,994	3.2%
June	96,564	97,429	-0.9%	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	5.2%
October	59,071	53,031	11.4%	58,516	0.9%
November	47,692	44,681	6.7%	44,274	7.7%
December		47,629		49,079	
Year-to-Date	840,973	784,889	7.1%	777,017	8.2%
Total		832,518		826,096	

Glacier Park International Airport

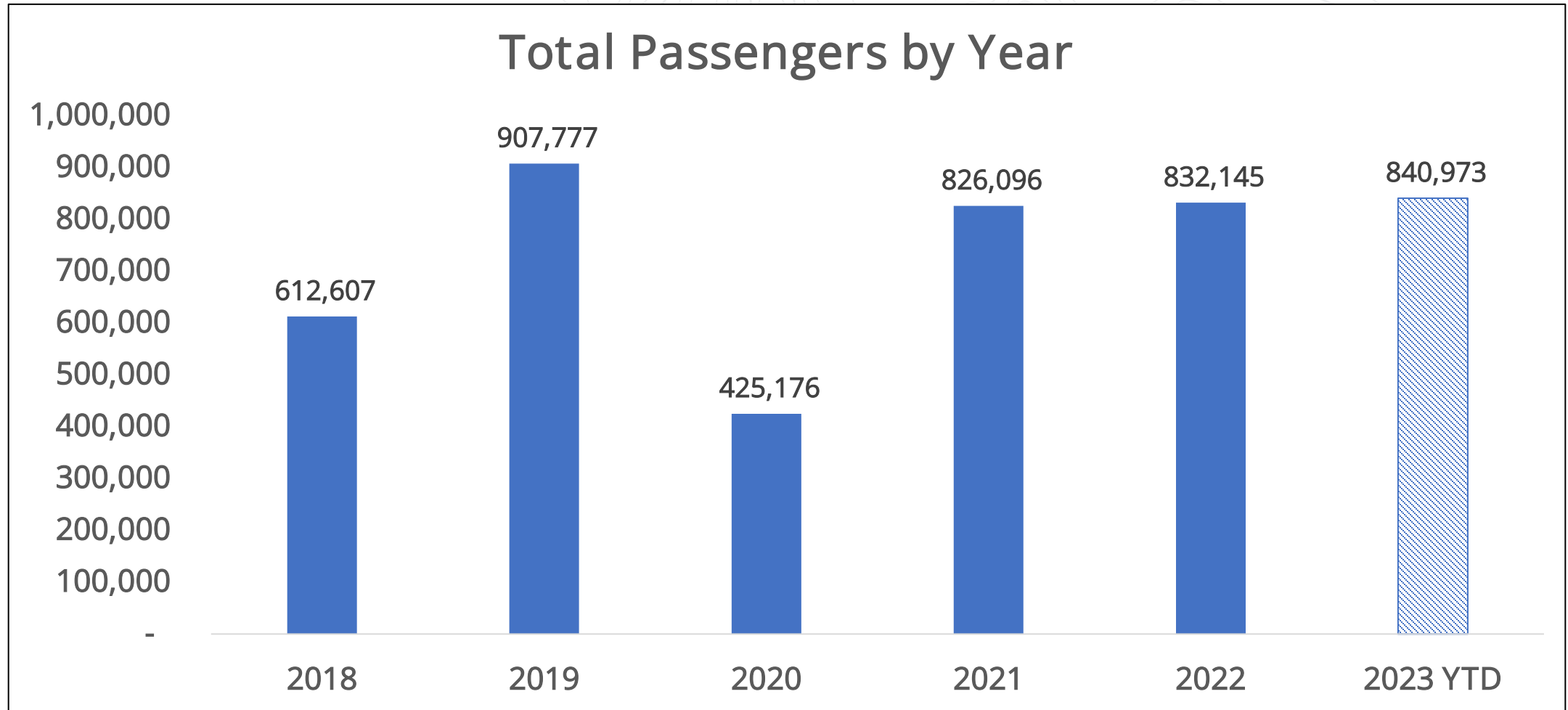


* Enplanements only (not total passengers)

Glacier Park International Airport



Glacier Park International Airport



(Jan – Nov 2023)

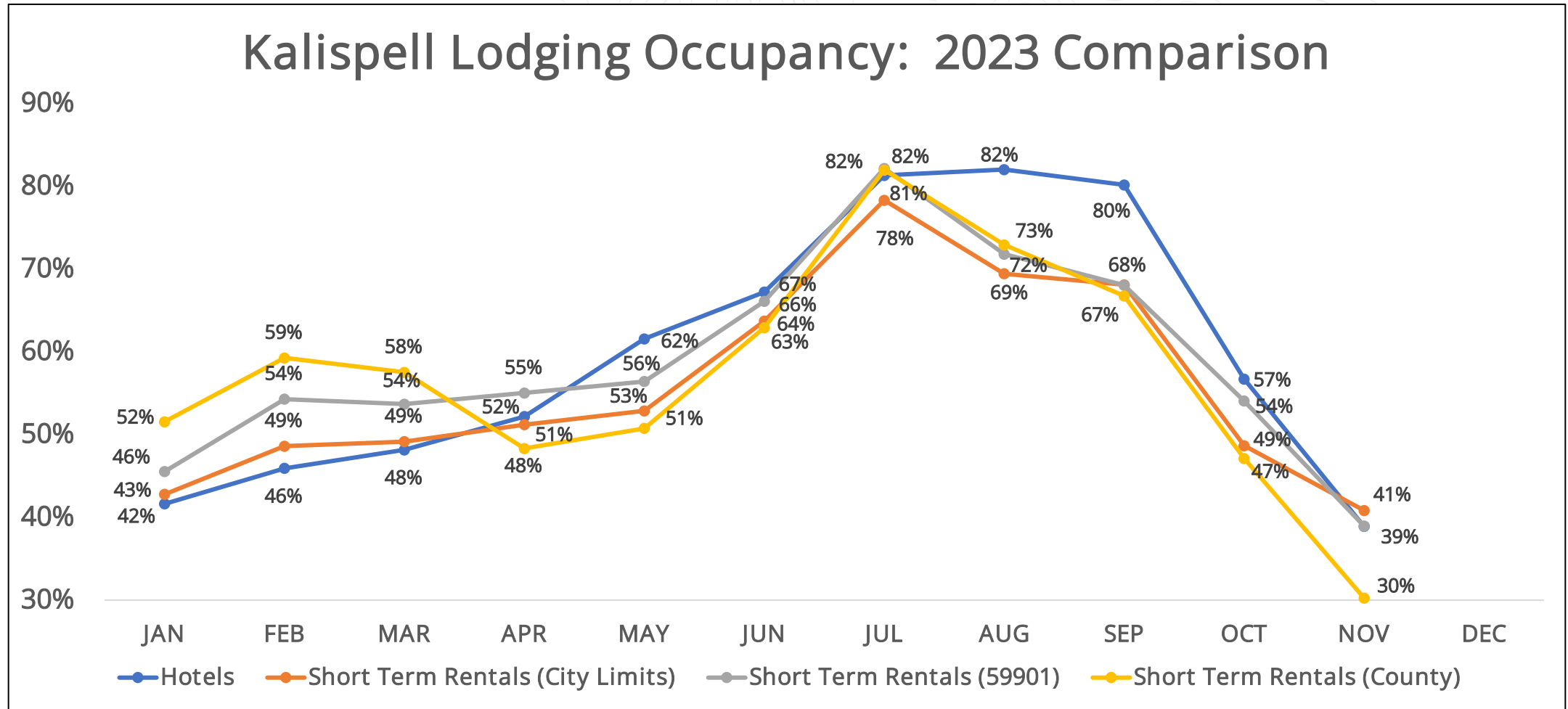
SECTION 02.

STR Hotel Data

STR Hotel Data - Definitions

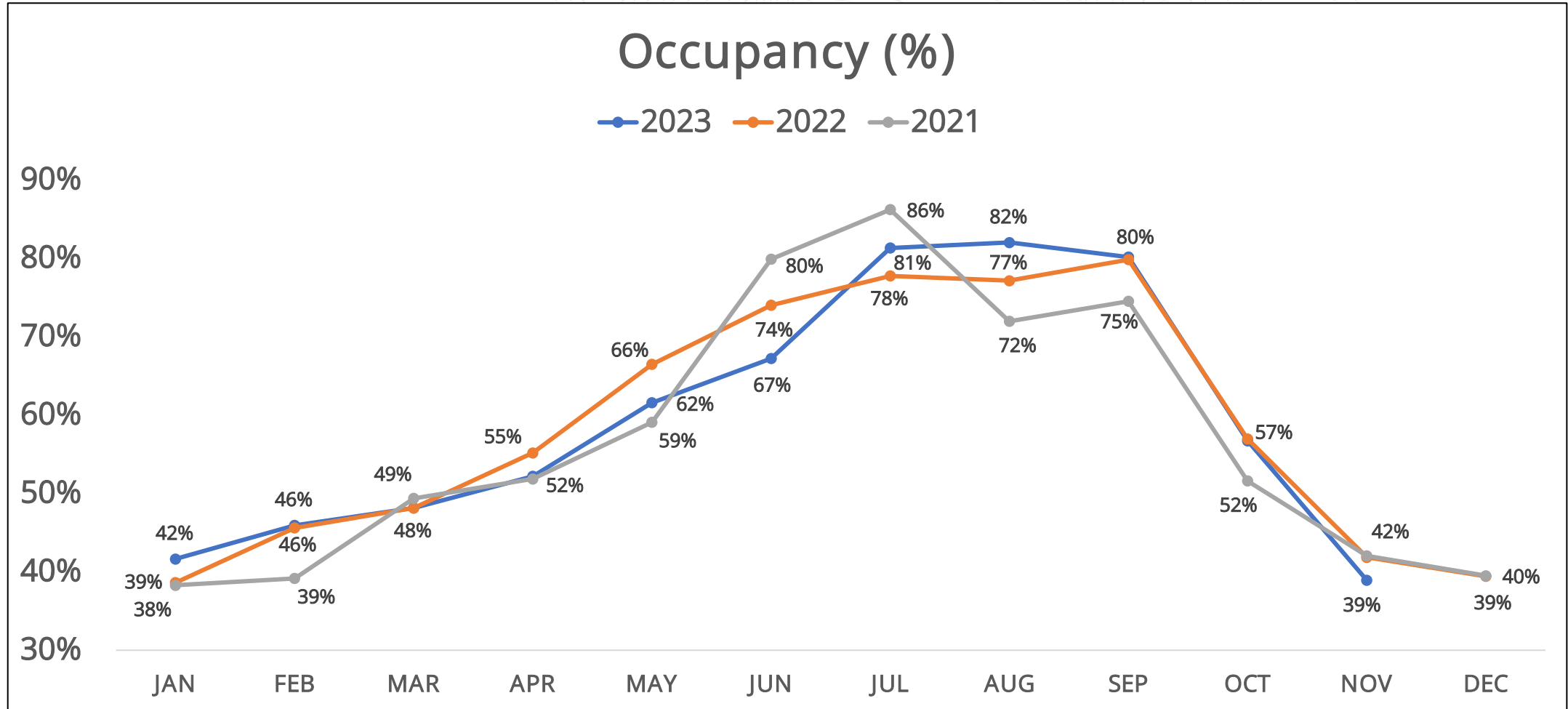
- **Average Daily Rate (ADR)** – A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold.
 - $\text{ADR} = \text{Room Revenue} / \text{Rooms Sold}$
- **Demand** – The number of rooms sold in a specified time period (excludes complementary rooms).
- **Occupancy** – 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

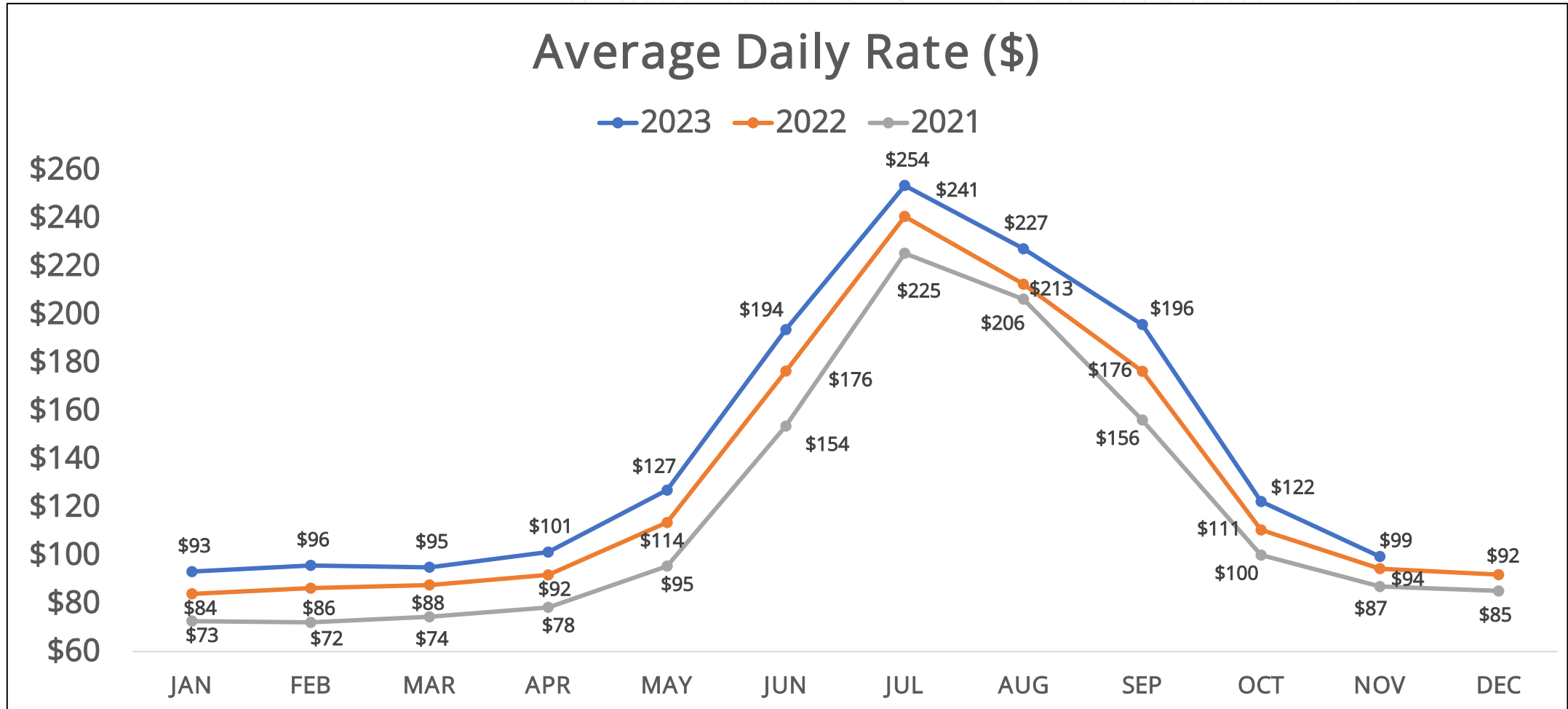
Kalispell hotel Occupancy decreased 7.0%, ADR increased 5.3%, and RevPAR decreased 2.0% Year-Over-Year





Hotel Average Daily Rate (ADR) by Month

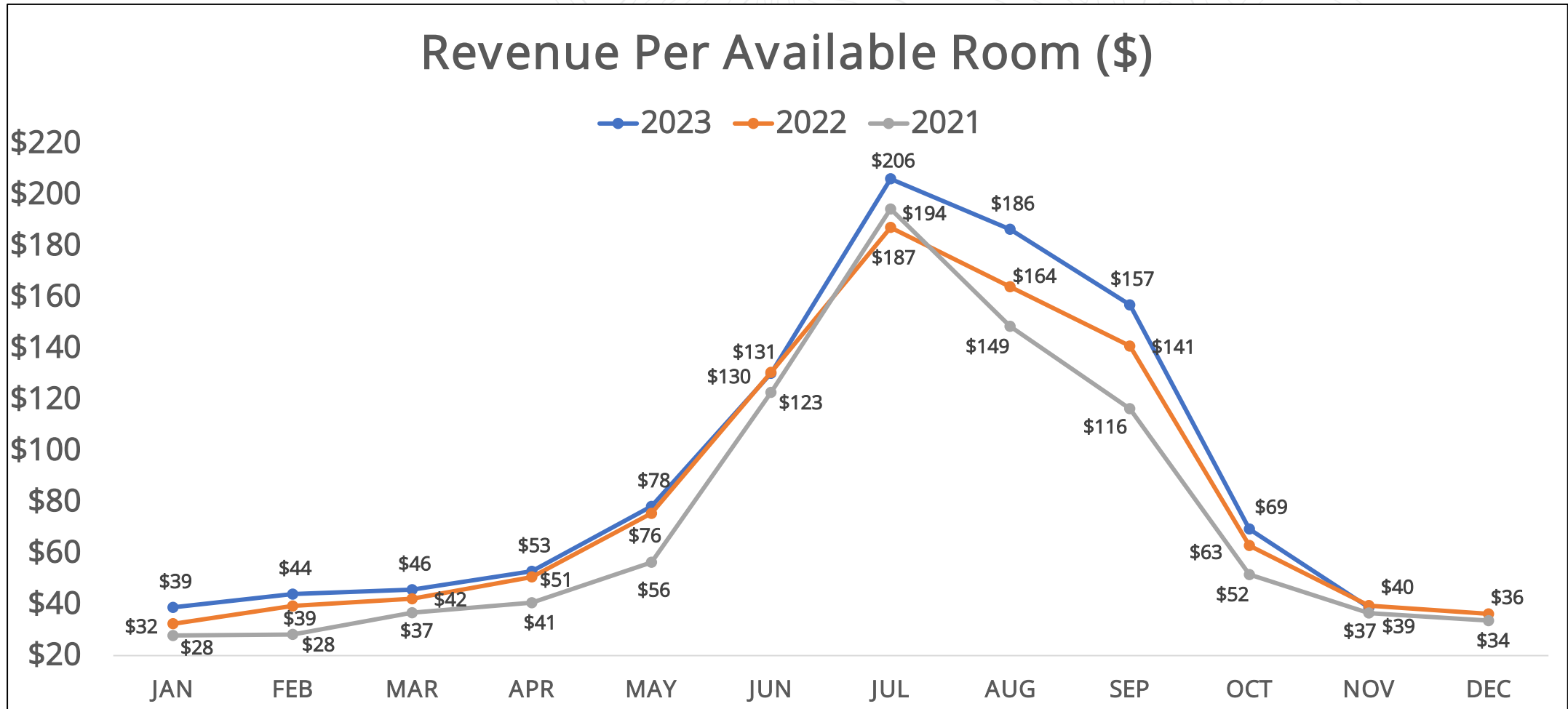
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Hotel Revenue Per Available Room by Month

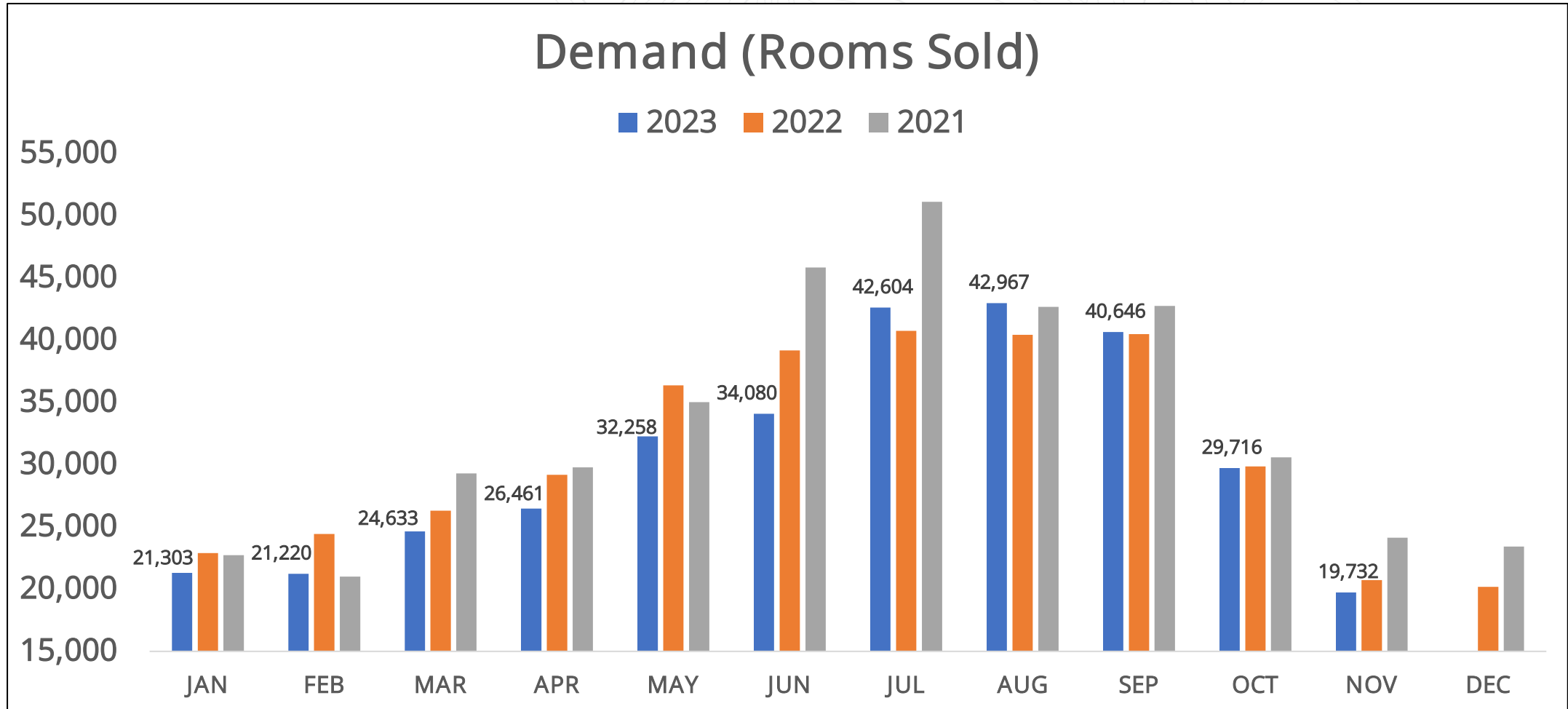
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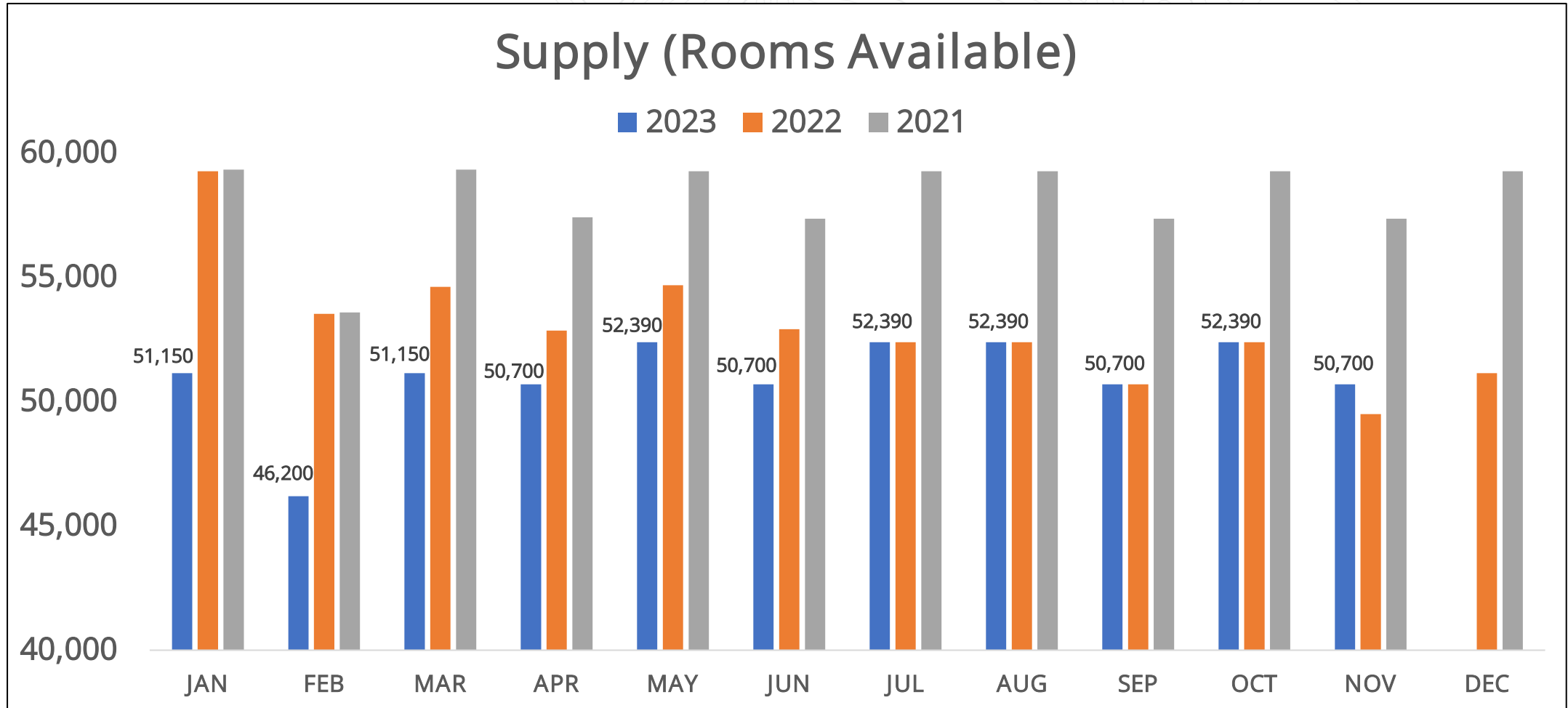
Hotel Demand (Rooms Sold) by Month

Kalispell hotel Demand decreased 4.7%, Supply increased 2.4%, and Revenue increased 0.4% Year-Over-Year



Hotel Supply by Month

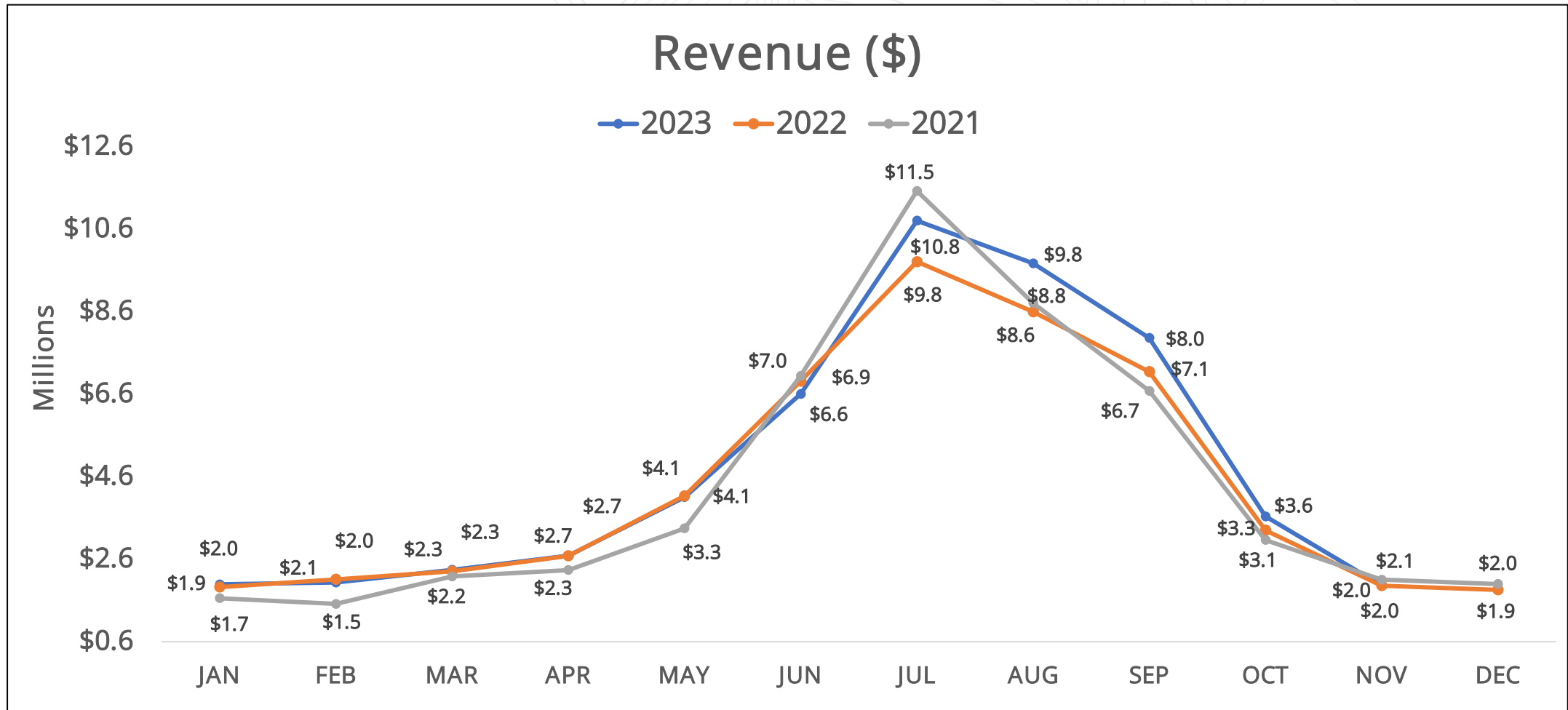
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Hotel Revenue by Month

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SECTION 03.

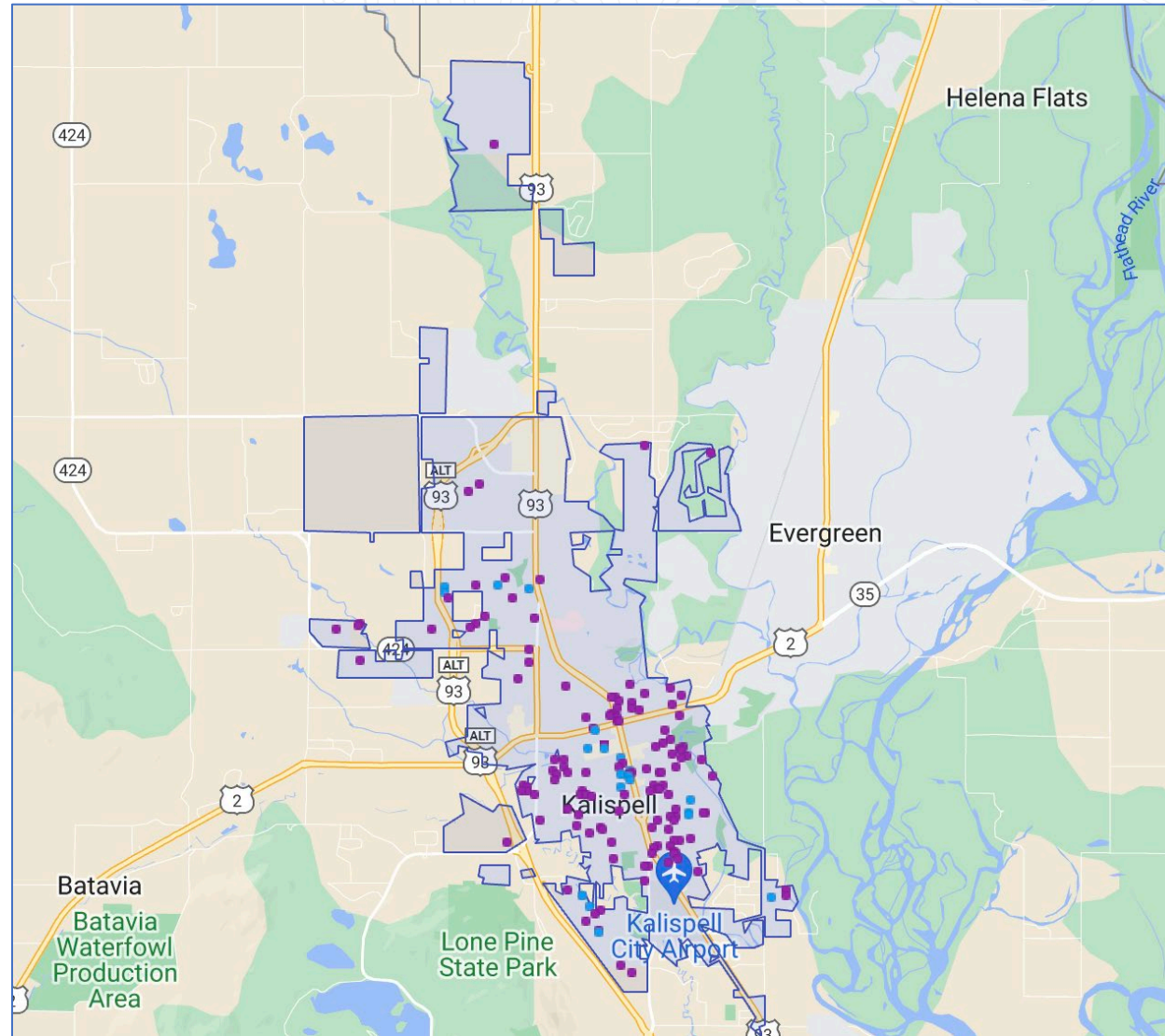
AirDNA Short Term Rental Data (Airbnb & Vrbo listings)

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** – $\text{Revenue Per Available Rental} = \text{ADR} * \text{Occupancy Rate}$

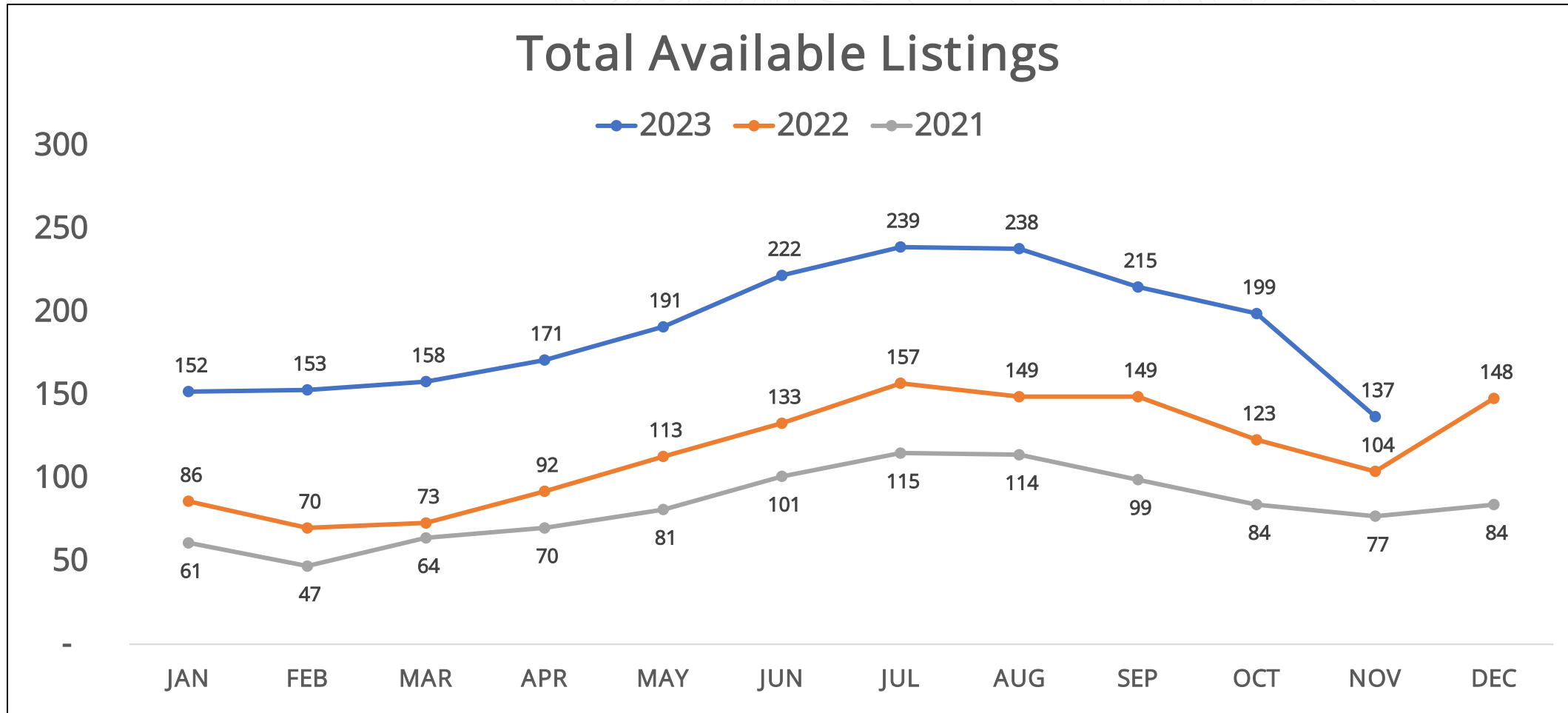
AirDNA Short Term Rentals – Geographical Boundary *



*Kalispell City Limits

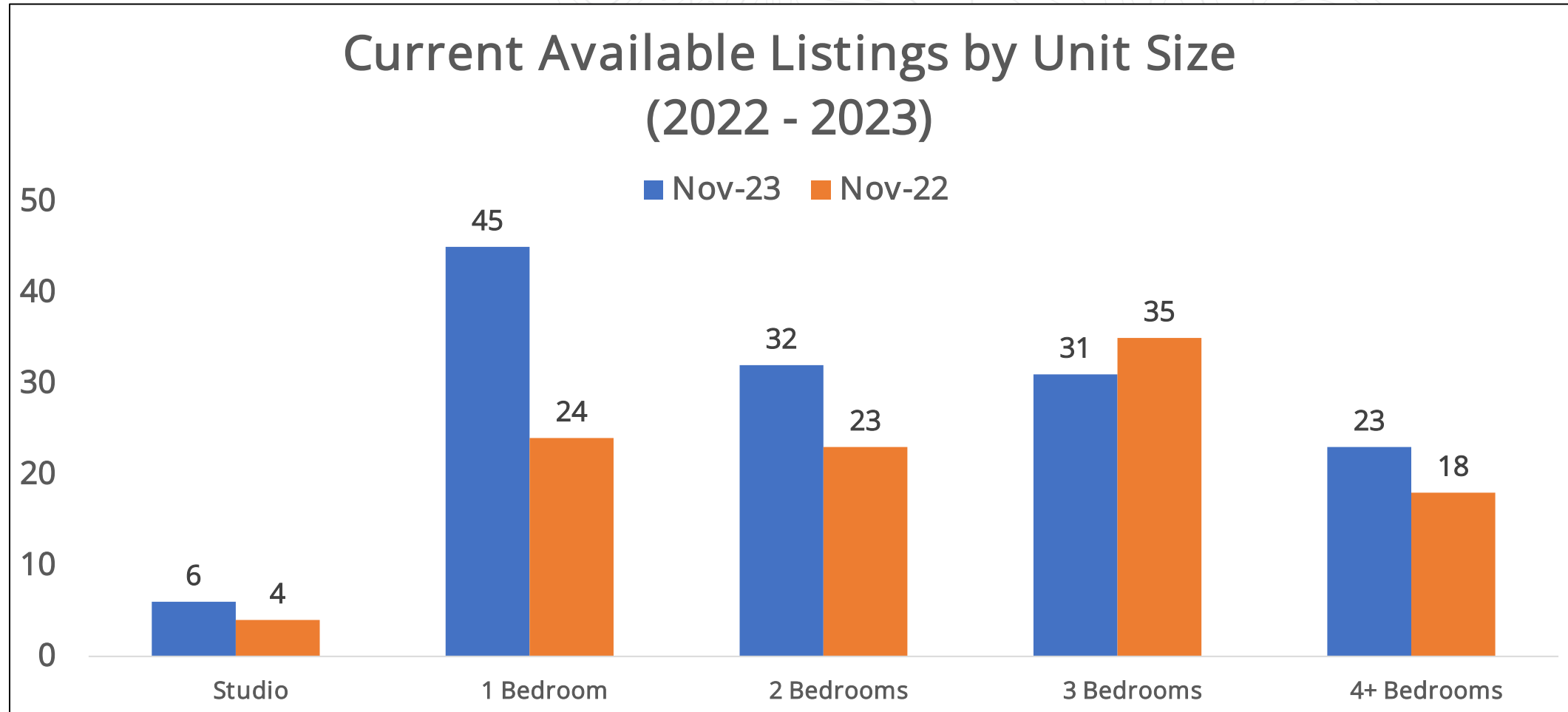
AirDNA Short Term Rentals - Available Listings

Kalispell Short Term Rentals Available Listings increased 31.7%



AirDNA Short Term Rentals - Unit Size

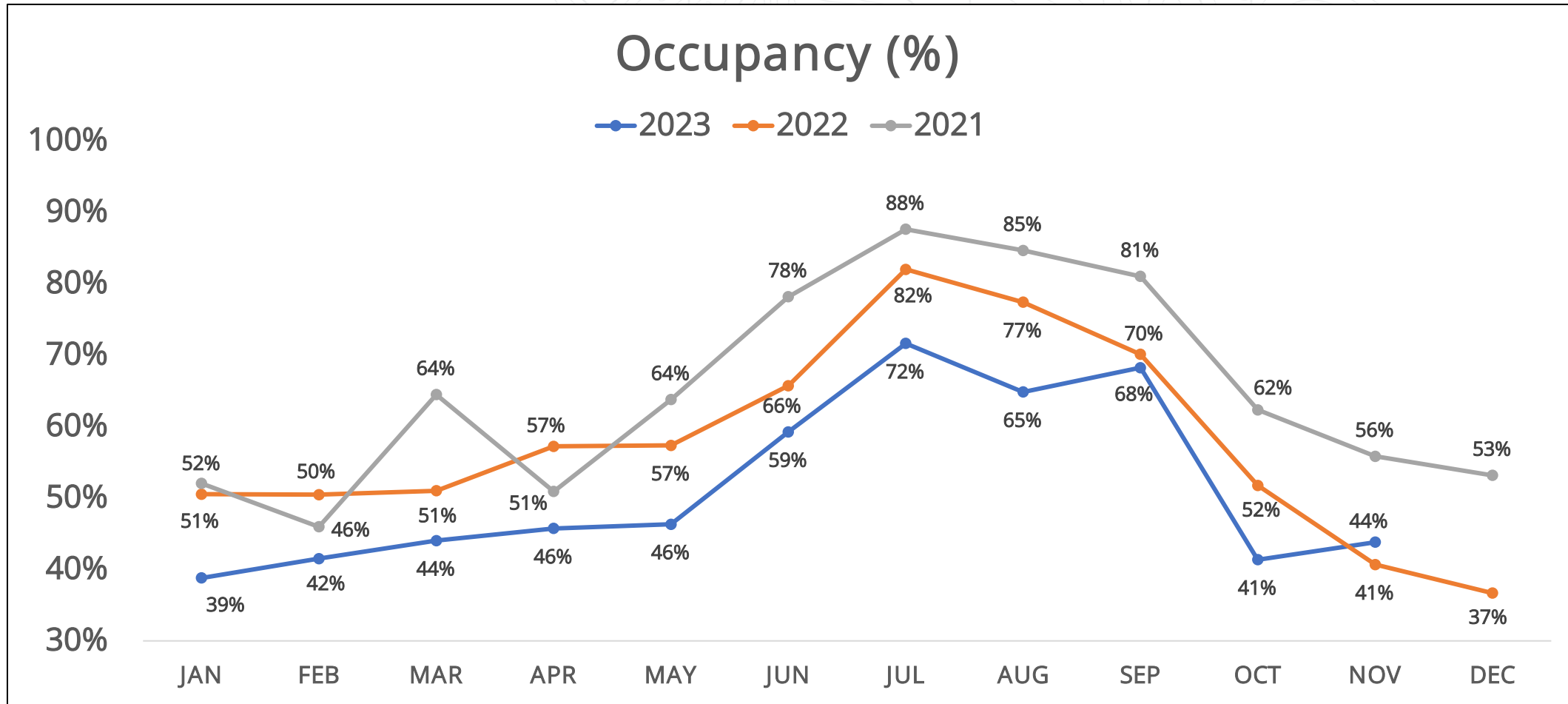
1-Bedroom Listings increased 87.5% and 2-Bedroom Listings increased 39.1% Year-Over-Year





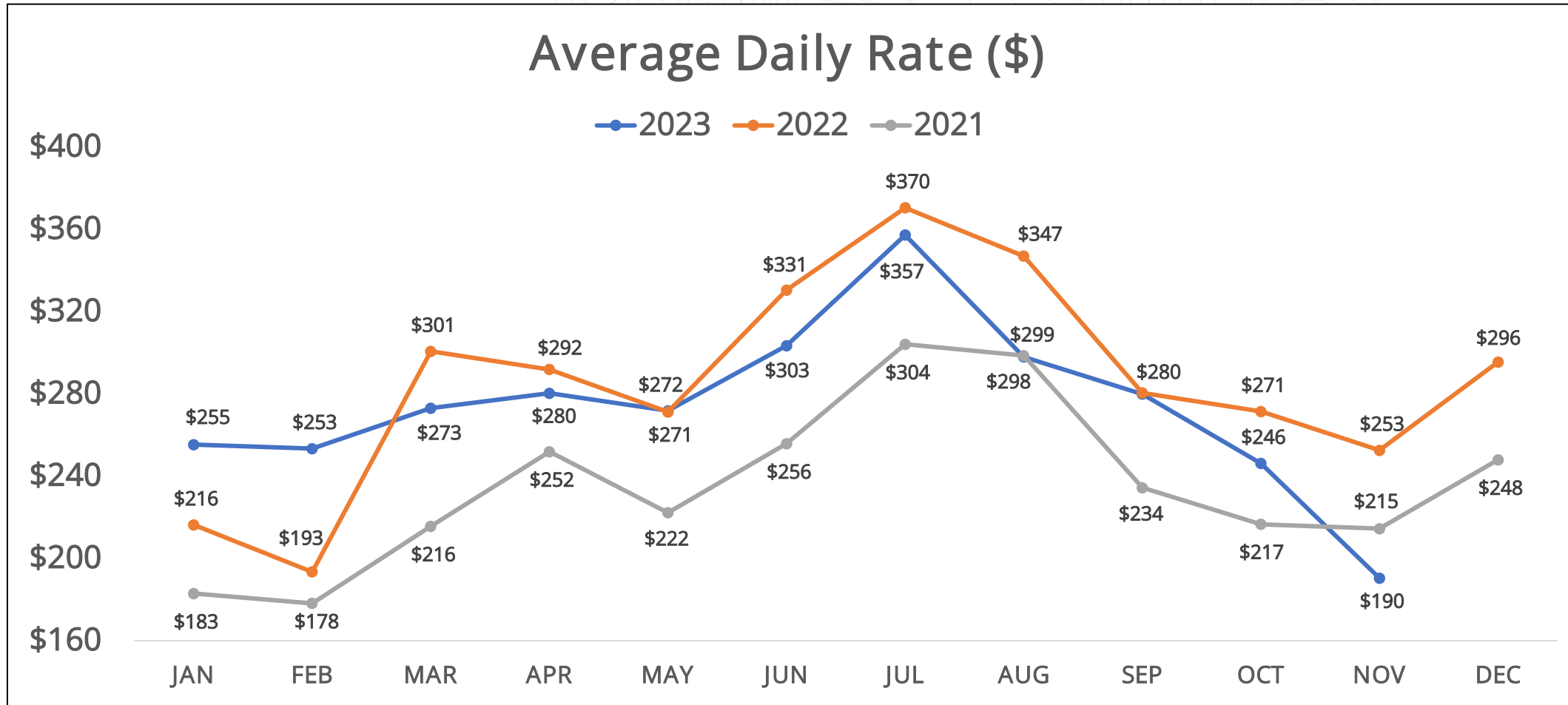
AirDNA Short Term Rentals – Occupancy

Kalispell Short Term Rentals Occupancy increased 7.7%, ADR decreased 24.6%, and RevPAR decreased 18.8% Year-Over-Year



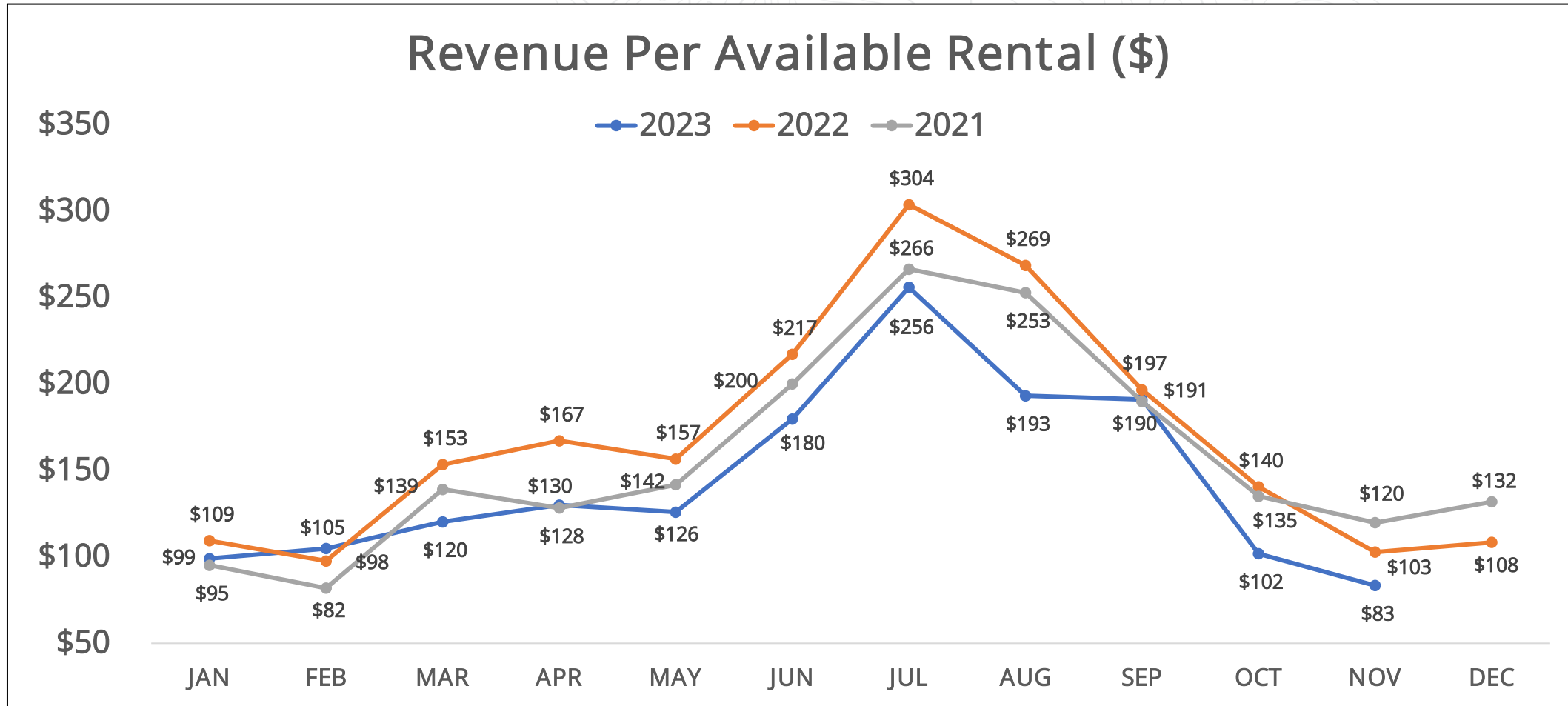
AirDNA Short Term Rentals - ADR

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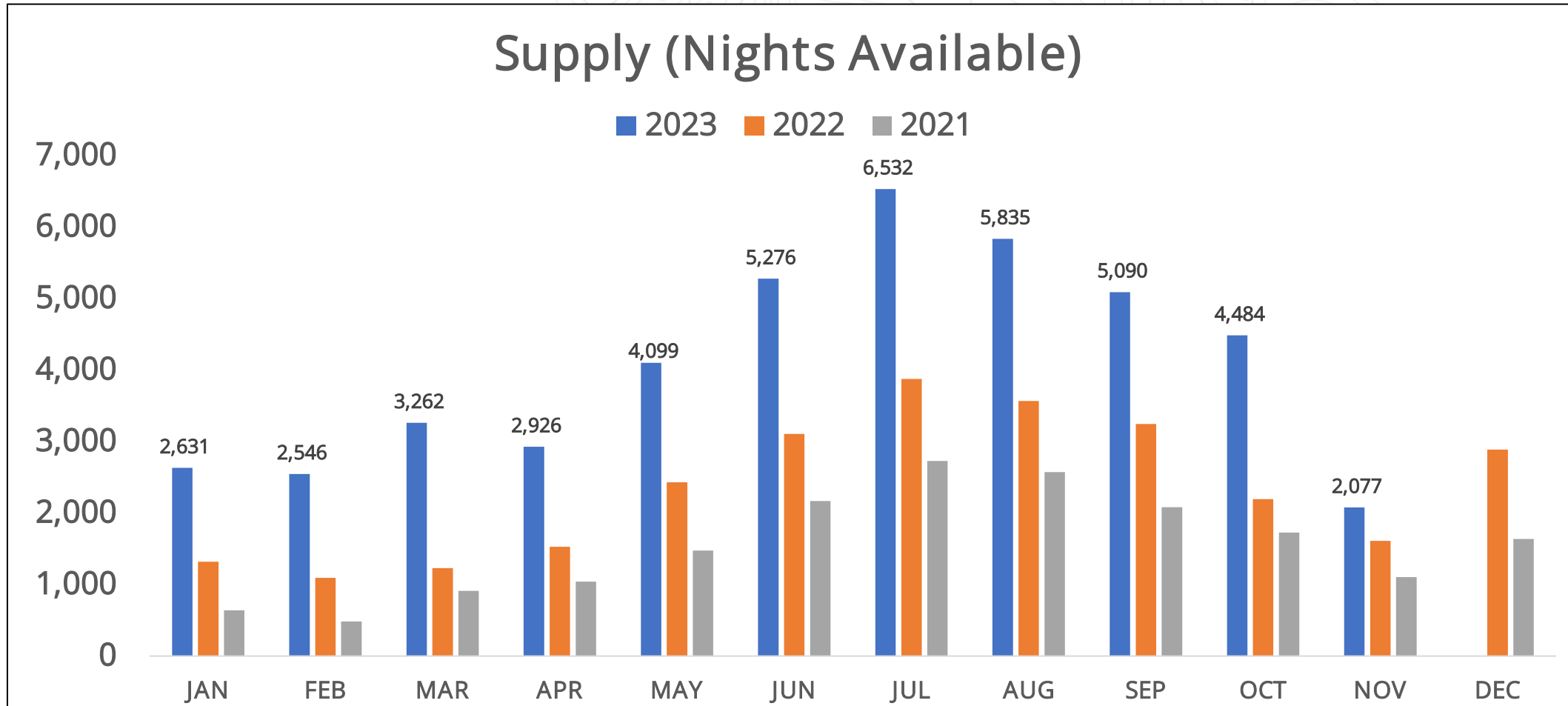
AirDNA Short Term Rentals - RevPAR

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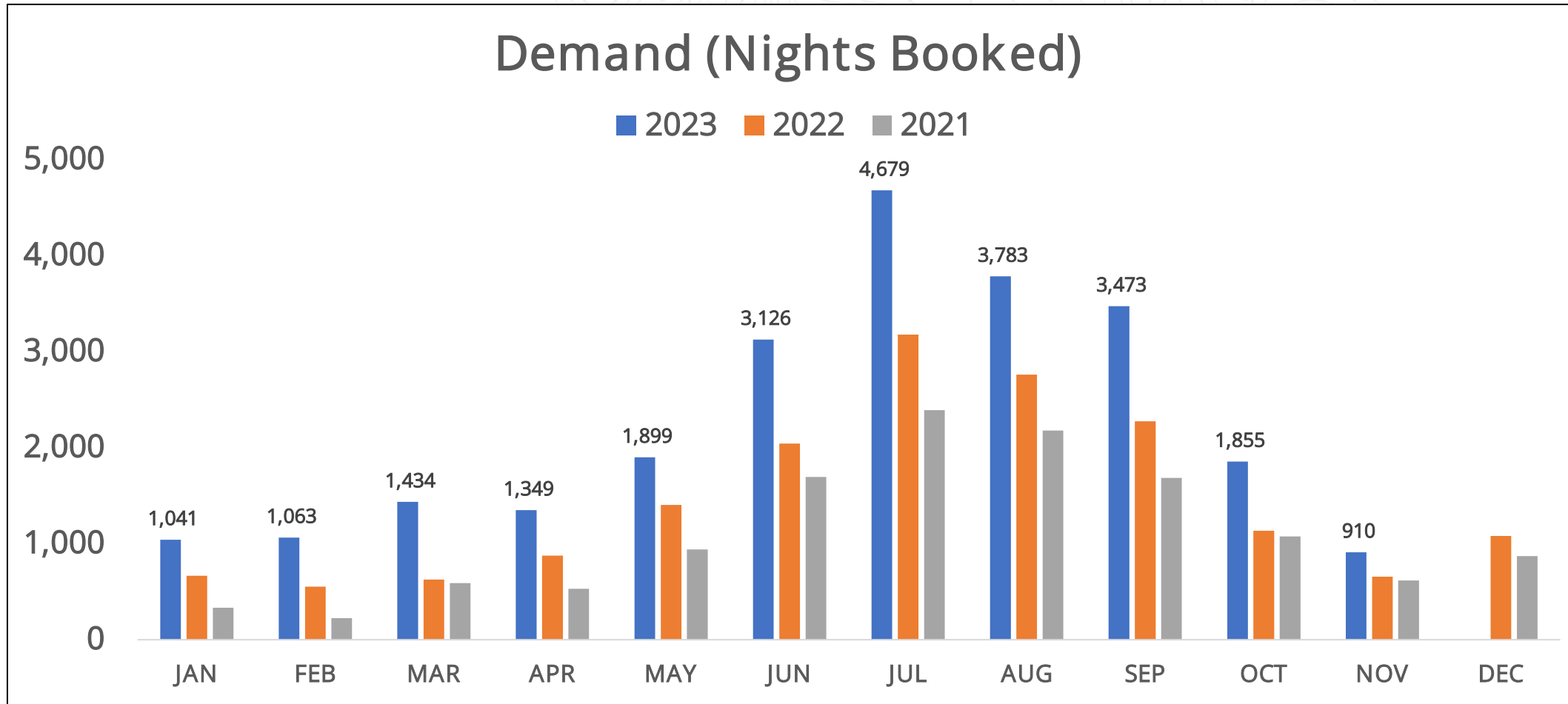
AirDNA Short Term Rentals – Supply

Kalispell Short Term Rentals Supply increased 29.0%, Demand increased 38.9%, and Total Revenue increased 4.8% Year-Over-Year



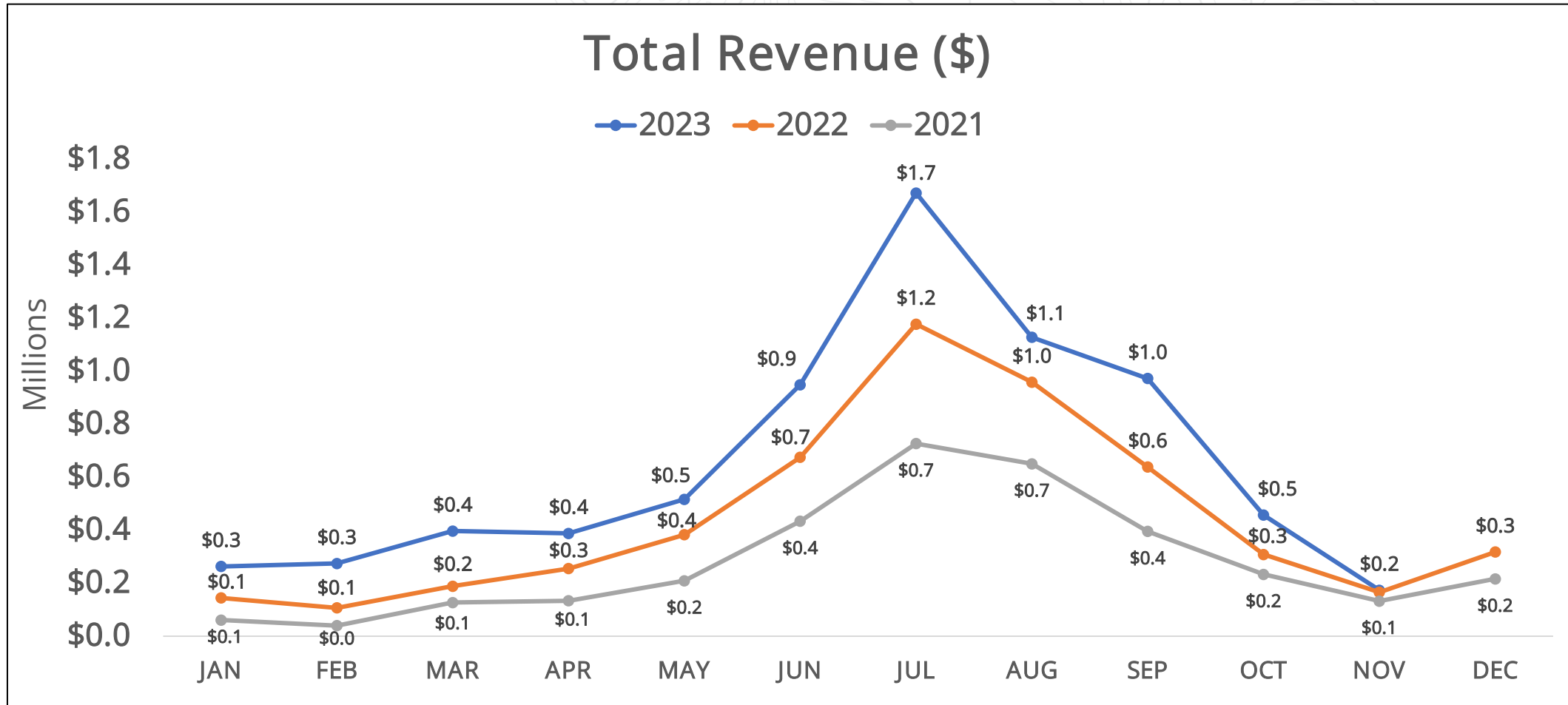
AirDNA Short Term Rentals – Demand

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AirDNA Short Term Rentals – Total Revenue

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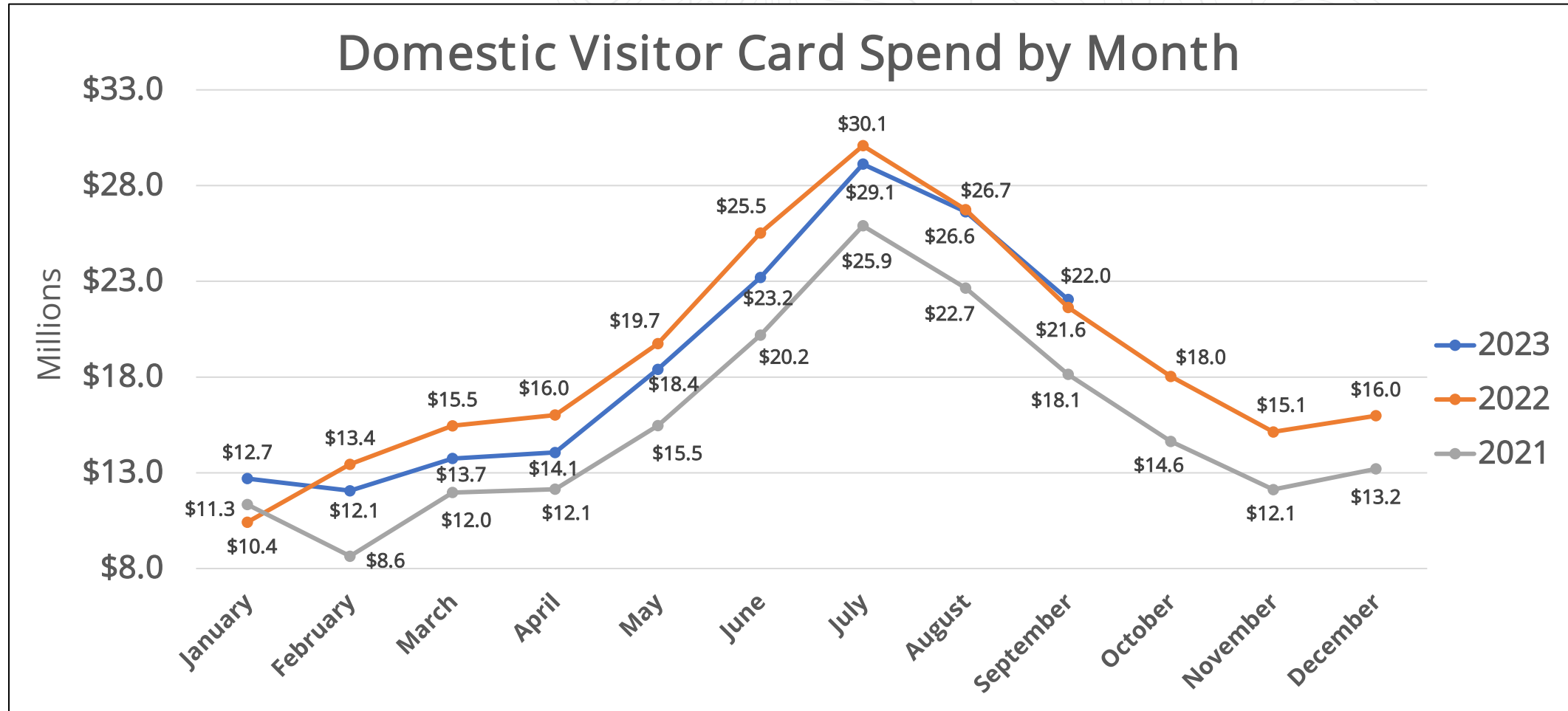


SECTION 04.

Visa Destination Insights

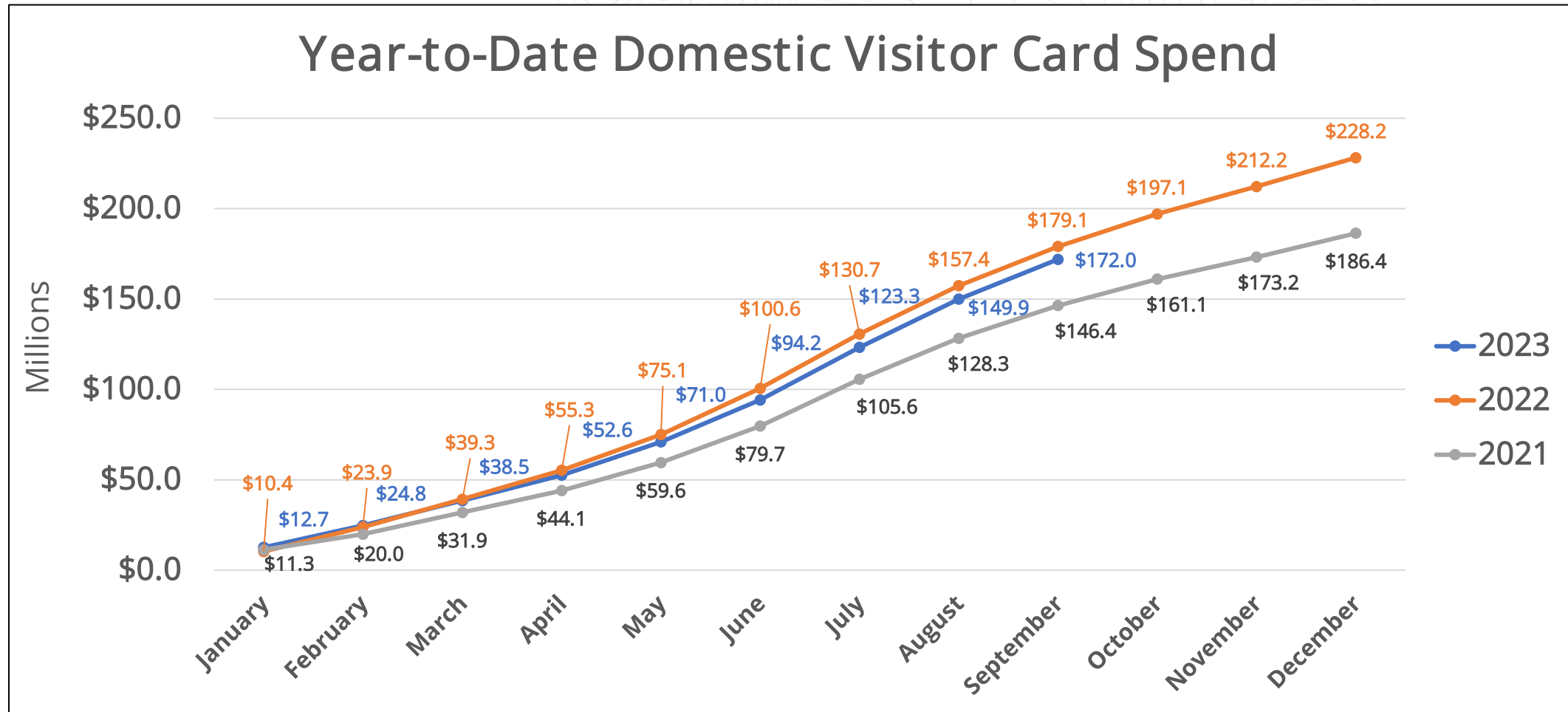
Visa – Domestic Visitor Spending

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.

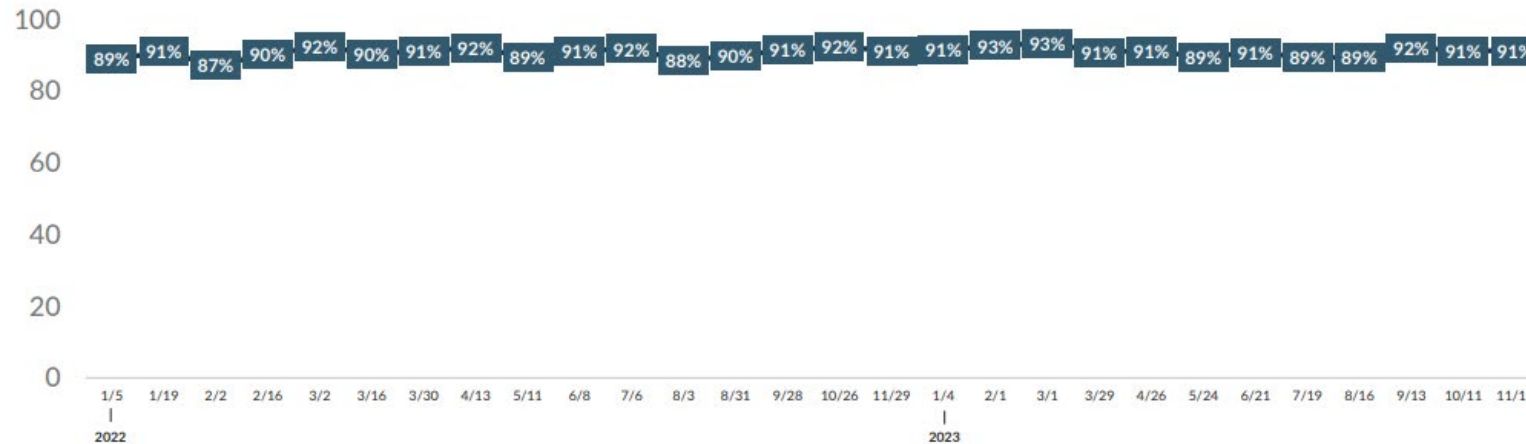
Consumer Sentiment & Macroeconomic Data

LONGWOODS INTERNATIONAL Travel Sentiment Study Wave 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



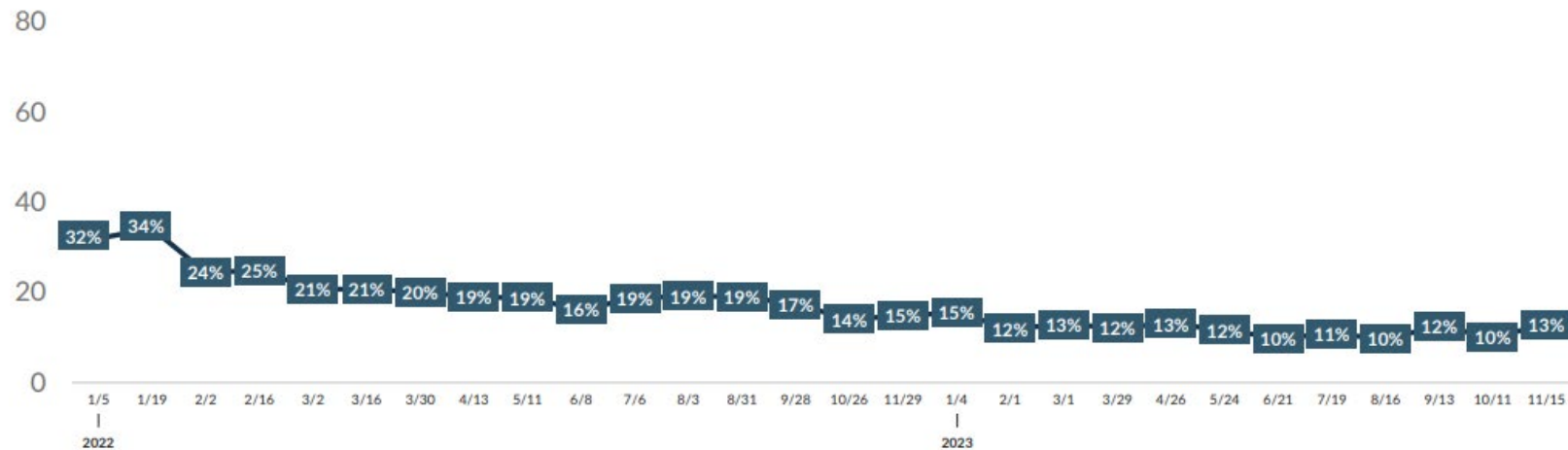
*Note: Data spanning multiple years, beginning from 1/5/2022.
Travel Sentiment Study Wave 80

LONGWOODS INTERNATIONAL Travel Sentiment Study Wave 80

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IMPACT ON TRAVEL PLANS

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



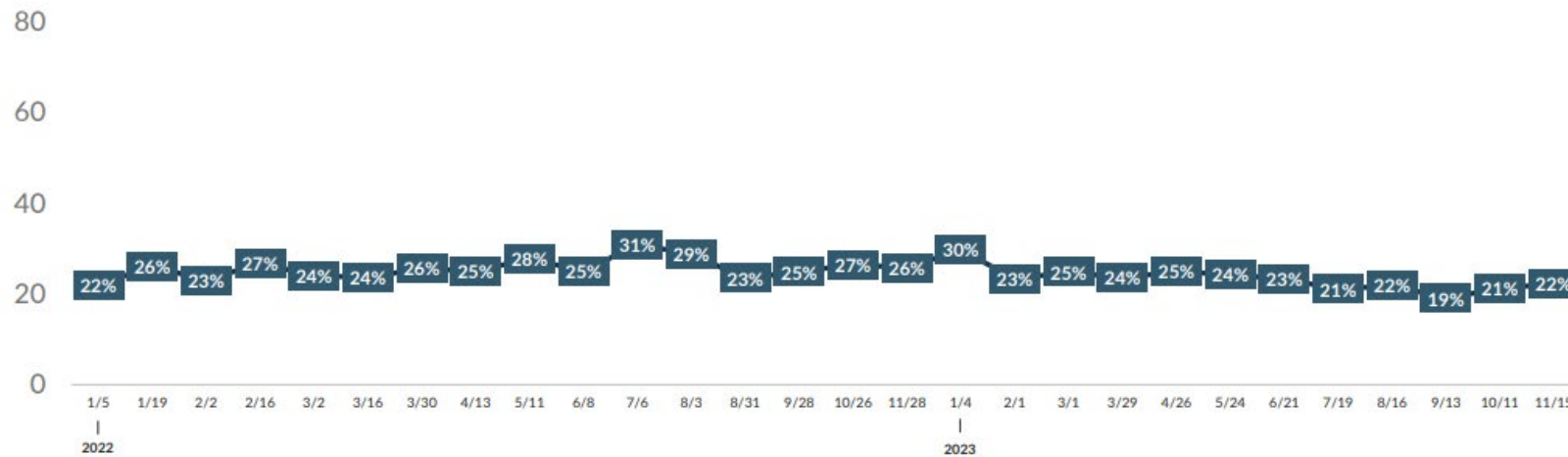
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Travel Sentiment Study Wave 80

LONGWOODS INTERNATIONAL Travel Sentiment Study Wave 80

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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



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

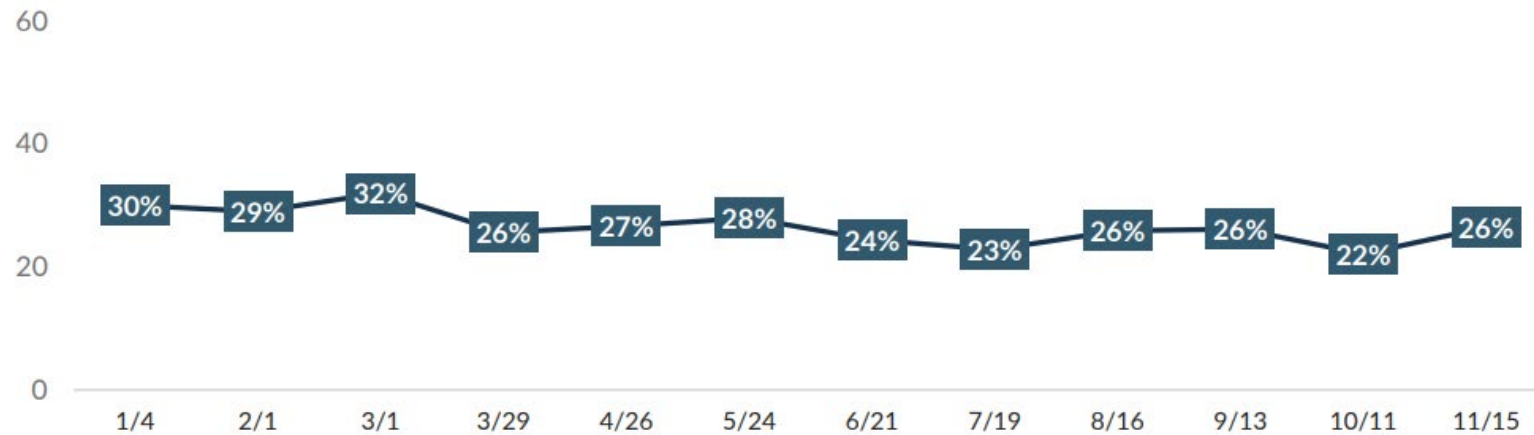
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 80

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

IMPACT ON TRAVEL PLANS

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



Travel Sentiment Study Wave 80

Longwoods INTERNATIONAL | miles PARTNERSHIP

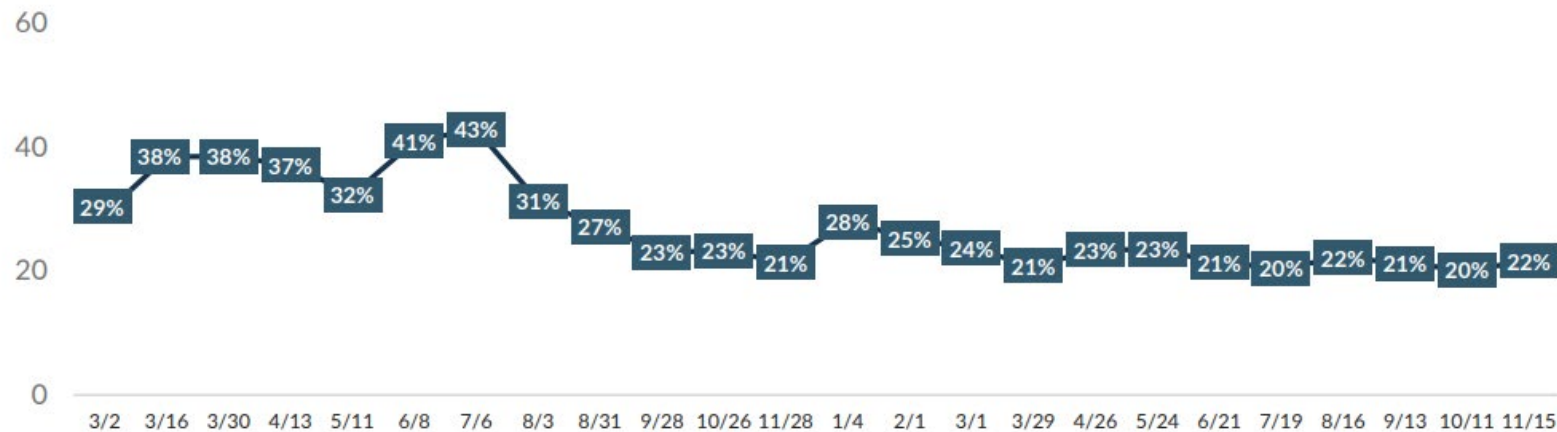
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 80

*Survey Fielded November 15, 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 80

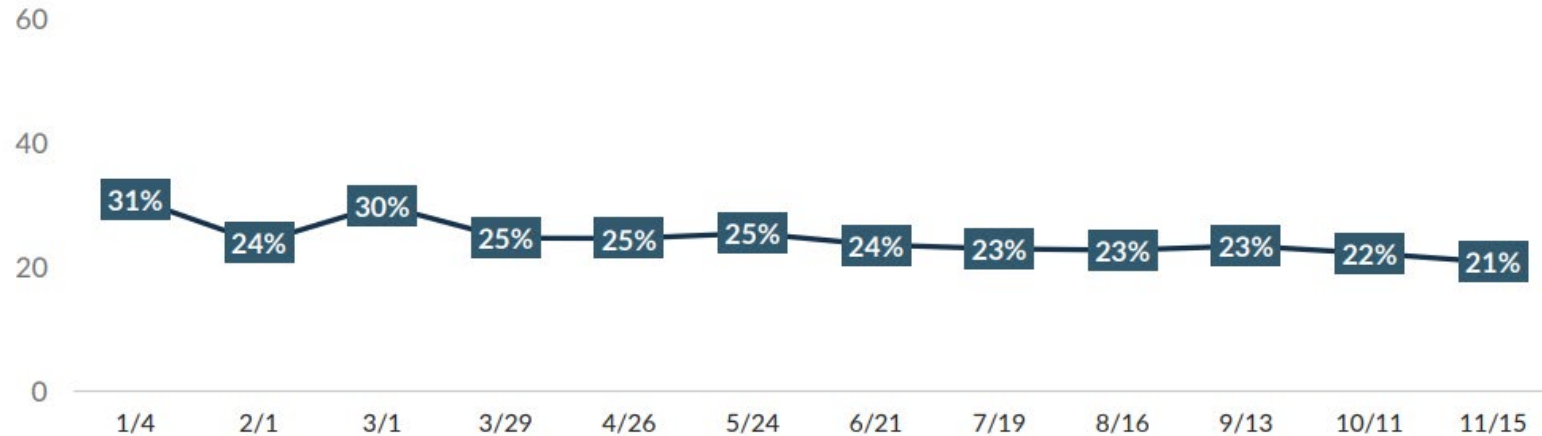
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 80

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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 80

Longwoods INTERNATIONAL | **miles** PARTNERSHIP

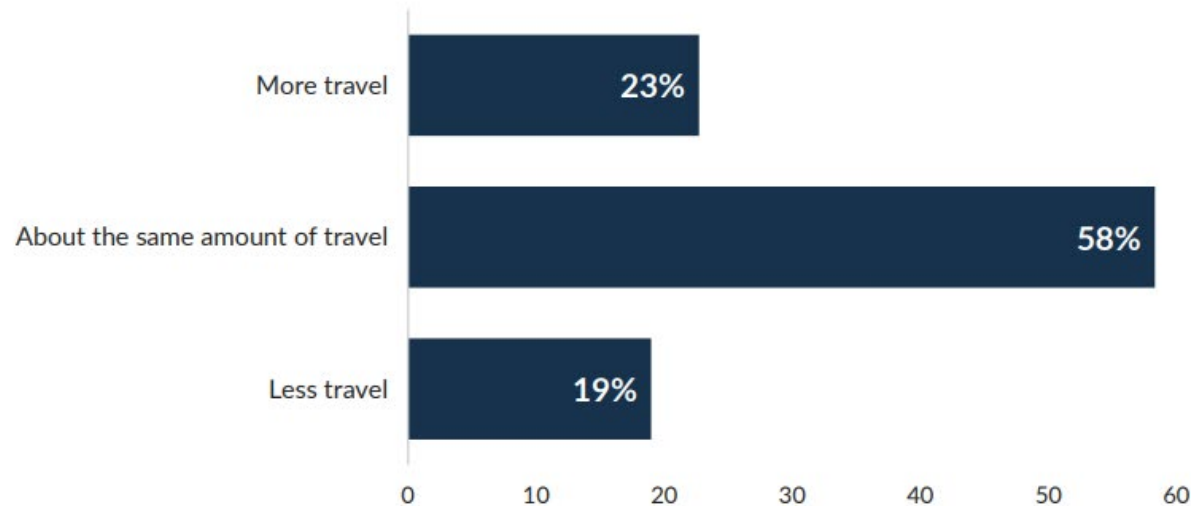
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 80

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IMPACT ON TRAVEL PLANS

Compared to last year, how often do you plan to travel this holiday season?



Travel Sentiment Study Wave 80

Longwoods | miles
INTERNATIONAL PARTNERSHIP

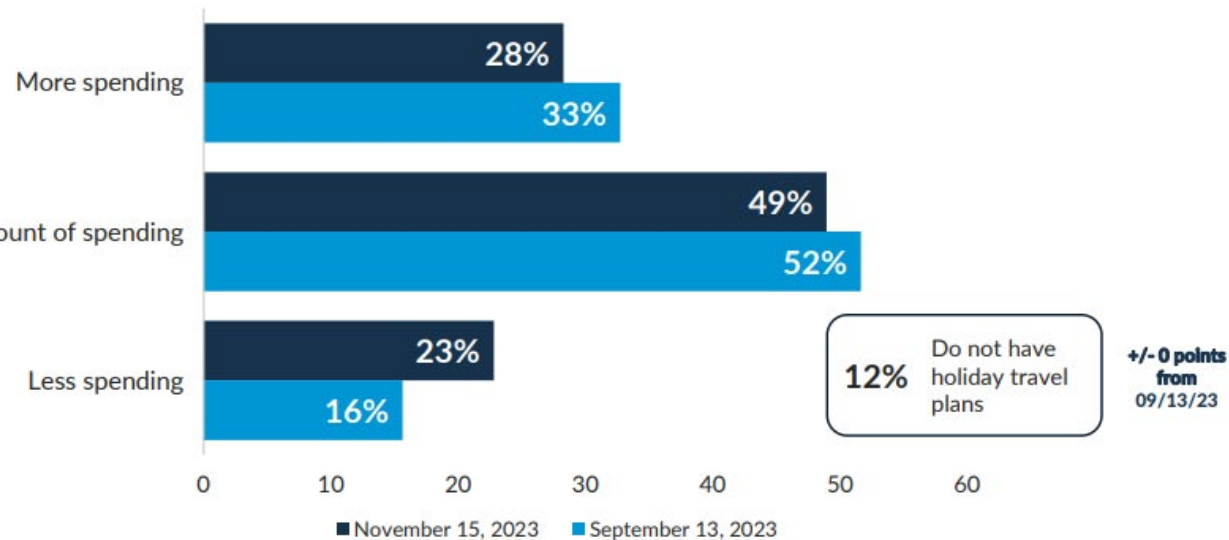
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 80

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IMPACT ON TRAVEL PLANS

Compared to last year, how much do you plan to spend on travel this holiday season?



Travel Sentiment Study Wave 80

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Thank You!

DISCOVER KALISPELL MONTANA

