



Monthly Research Update

February 2024 Review

Kalispell Tourism Trends

- Glacier Park International Airport saw 5.4% Year-Over-Year (YoY) growth in total passenger traffic in February 2024.
- However, Kalispell Hotels faced significant headwinds in February 2024 when compared to February 2023.
 - Occupancy decreased 14.4%, driven by a 12.3% drop in Demand and a 2.4% increase in Supply.
 - And while ADR rose 6.2% for the month, Revenue fell 6.9% YoY.
- Kalispell's Short-Term Rental properties also reported poor results in February 2024 when compared to the same month last year.
 - Occupancy dropped by a modest 0.8% for the month, but ADR plummeted 27.8% and Revenue dropped 3.2% compared to February 2023.

U.S. Market Review – Macroeconomic Trends

- “February economic data was mostly benign. Macroeconomists and market participants have paid close attention to the balance of labor market tightness and inflation in anticipation of interest rate cuts from the Federal Reserve. Interest rates are of note because they strongly influence mortgage rates and overall economic activity.”
 - “The jobs report for February added 275,000 jobs and noted a slight increase in unemployment, boosting the likelihood that interest rate cuts are on the way.”
 - “Wage pressure also eased, with hourly earnings rising about a nickel in February. This is down from an 18-cent uptick in January.”
- “On the other hand, the Consumer Price Index (CPI) inflation rate—which measures price changes in consumer goods and services—edged up slightly in February, reaching 3.2% from 3.1% in January.”
 - “Higher inflation may mean that rates remain high for longer. The need to moderate high inflation motivated the historic Federal Funds Rate increases since March of 2022.”
 - “Still, core inflation, which ignores fluctuations in volatile food and energy sectors, changed at the same rate in February as in January.”
- “The ambiguous signals likely mean that June rate cuts are equally likely to happen or not.”

U.S. Market Review – Travel Demand Update

- Despite recent slowing, growth trends largely continue across sectors.
- **U.S. domestic leisure:** Trips have fully recovered to 2019 levels, though growth has decelerated due to tighter credit conditions and the restarting of student loan payments.
- **Air travel:** In 2023, TSA air passenger volume increased 13% year-on-year, reaching 102% of 2019 levels and pacing 10% ahead of pre-pandemic levels during the first few weeks of January.
- **International inbound:** Pre-pandemic levels are not expected to return until 2025 as the strong dollar and visa wait times continue to pose challenges, but 2023 ended with international visitation at 84% of 2019 levels.
 - The U.S. is experiencing a highly unusual travel trade surplus with outbound travel outpacing inbound travel.
 - However, inbound travel is gaining momentum, with Latin American travelers to the U.S. leading the way at 100% recovered to 2019 levels. Asia is on pace to recover most slowly with a full recovery not likely until 2025.

U.S. Market Review – Travel Demand Update (continued)

- **Hotels:** Performance gains are expected to continue even as the economy decelerates.
 - Modest lodging demand growth will be supported by household prioritization of travel, a continued rebuilding of business travel and group events, and a rebound in international visitation.
 - The latest STR/Tourism Economics lodging forecast expects RevPAR to grow 4.1% in 2024, moderately slower than 2023 (4.9%), with an expected 3.1% gain in ADR.
- **Consumer Sentiment:** Travelers still feel generally optimistic about their financial circumstances—especially in comparison to the average American adult—and remain financially committed to travel (*Future Partners*).
 - That said, a recent Longwoods International study reports 26% of travelers say financial concerns will greatly impact their decision to travel within the next six months—emphasizing the importance of value perception especially among lower-income earners.

Key Takeaways from CBRE's National Hotel Outlook

- Following 3.2% revenue per available room (RevPAR) growth in 2023, CBRE expects another year of growth in 2024, with average daily rates (ADR) increasing 2.3% and occupancy increasing 45 basis points (bps) to 65.3%. 2024 would mark the fourth consecutive year of positive RevPAR growth this cycle with RevPAR forecast to reach 113.2% of 2019's level on a nominal basis. We expect growth to be strongest at urban and airport locations in 2024, given the continued recovery in group and inbound international demand and the normalization in leisure travel.
- CBRE Hotels Research's Baseline forecast incorporates a full-year 2024 GDP growth outlook of 1.6%, employment gains of 0.5% and CPI of 2.5% both of which have been positively revised by 37 bps and 42 bps since our prior forecast release in October. However, despite the positive revision to the macroeconomic outlook, we are reiterating our 3% RevPAR growth outlook for 2024 to account for the higher degree of competitive encroachment from alternative lodging sources, and the persistent gap between inbound and outbound international travel.
- In 2023, the U.S. economy grew at an annualized rate of 2.5%, besting expectations of 0.2% growth at the start of the year. The uptick in economic growth drove record RevPAR of \$95.84 up 3.2% year-over-year. RevPAR growth was driven by a 2.7% increase in ADR and 0.31 percentage point increase in occupancy. Growth was attributable to continued improvement in group and business travel, and inbound international visitation, partially offset by a slight contraction at resort locations.
- With respect to supply growth, 2023 marked a low point at less than 0.5%, and CBRE expects supply growth to remain muted owing to elevated financing and construction costs, and the number of assets in the market available at below replacement costs. For 2024, CBRE expects supply growth of just under 1% (net), and CBRE expects hotel supply to grow at a 0.87% CAGR over the next three years.

Short Term Rentals

- “Demand for short-term rental (STR) accommodations in the U.S. grew at a brisk rate of 15.6% year-over-year (YOY) in February.”
 - “While this high growth rate reflects how weak demand was in February 2023 and comes at a seasonal low point, hosts appreciated the abrupt change of pace after dismal weather around the country nearly screeched January’s growth to a halt.”
- “February’s surge in traveler demand was enough to push occupancy higher than it was during the same month last year.”
 - “Since September 2023, occupancy had been tracking very close to 2019 levels before dropping to record lows in January.”
 - “The return of 2019-like occupancy was a welcome relief, suggesting that January’s performance wasn’t the start of a downward trend.”
- “On the other hand, the occupancy bump didn’t seem to give hosts much pricing power. Average daily rates (ADR) remained essentially unchanged in February, declining about 0.1% YOY.”

Short Term Rentals

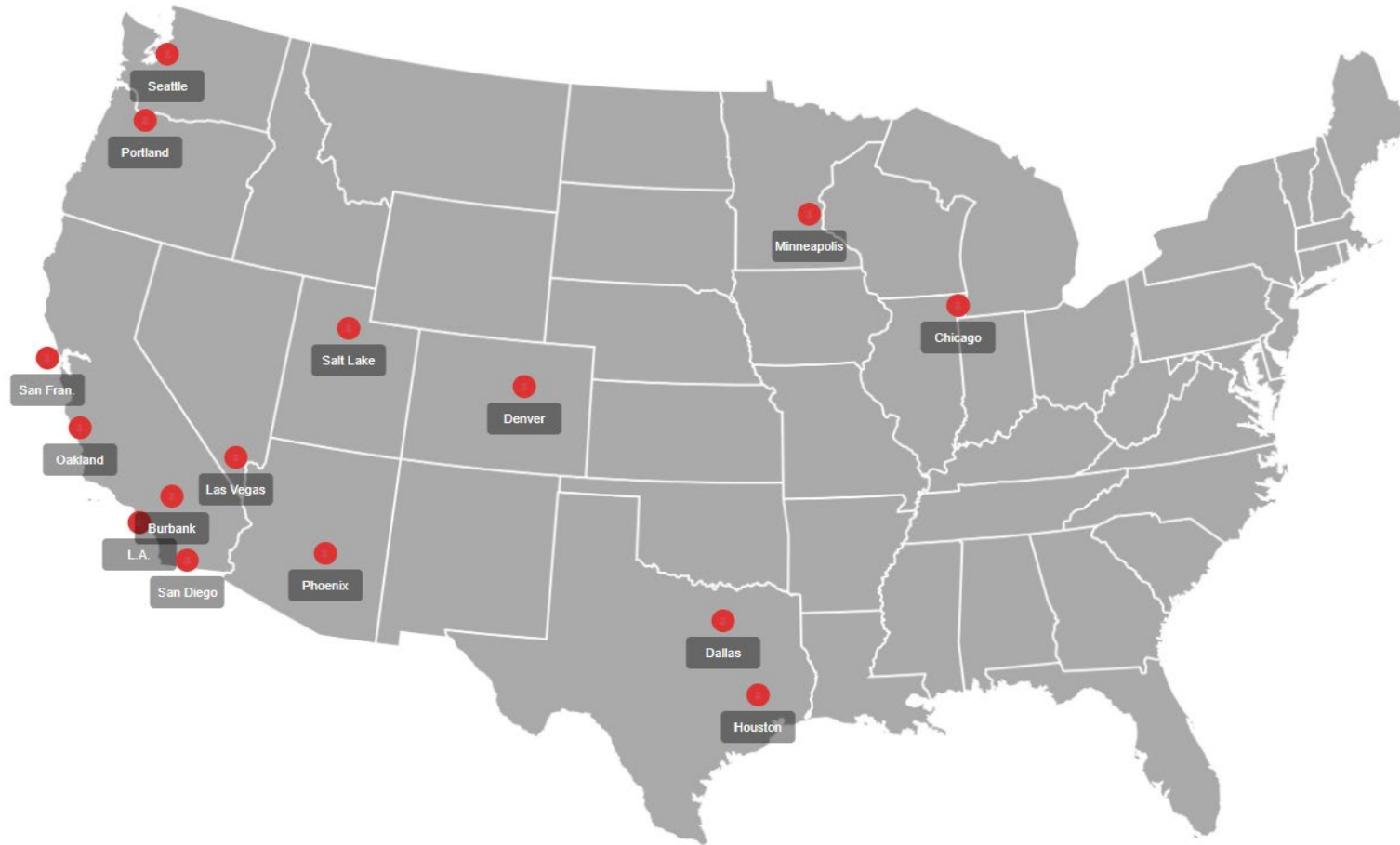
- **Key U.S. STR Performance Metrics for February 2024**
 - Revenue Per Available Room (RevPAR) grew 0.8% YOY to \$173.33
 - Available Listings were 1.54 million, up 12.3% YOY
 - Total Demand (nights) rose 15.6% YOY
 - Occupancy was 0.9% higher YOY at 54.6%
 - Average Daily Rate (ADR) decreased 0.1% YOY to \$317.26
 - Nights booked increased by 18.9% YOY

SECTION 01.

Glacier Park International Airport Data

Glacier Park International Airport

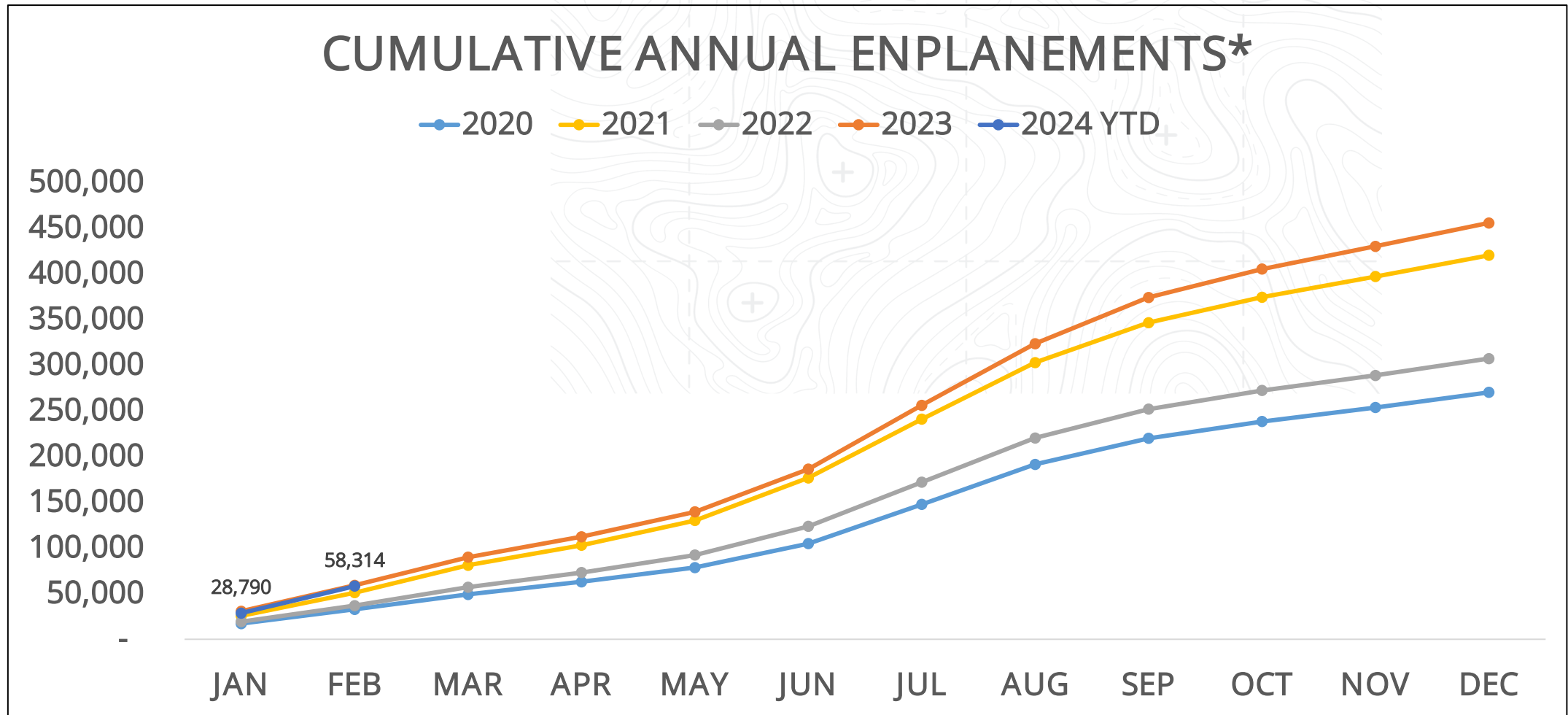
— Direct Flights —
MAJOR CITIES SERVED



Glacier Park International Airport

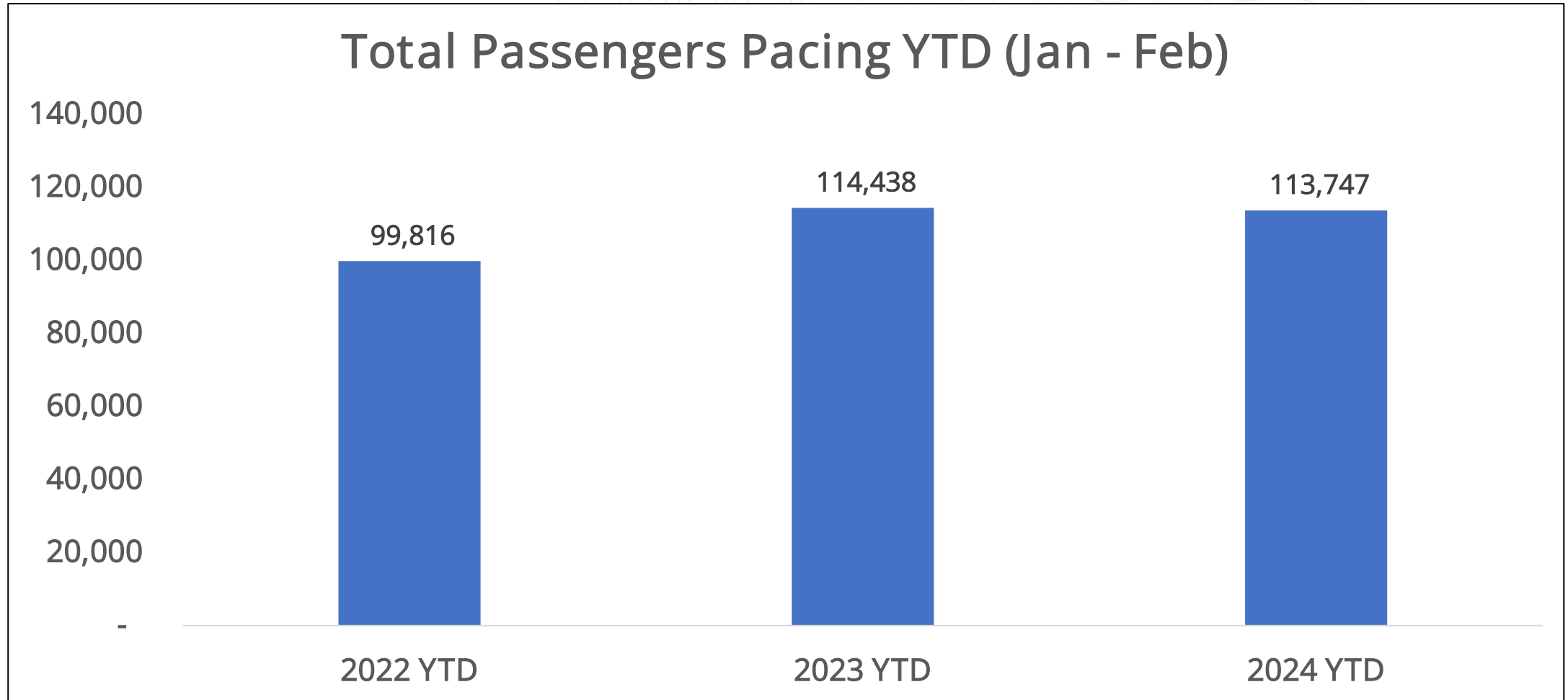
Total Passengers					
Month	2024	2023	% Change 2024 vs. 2023	2022	% Change 2024 vs. 2022
January	54,403	58,161	-6.5%	49,261	10.4%
February	59,344	56,277	5.4%	50,555	17.4%
March		59,460		58,672	
April		45,073		43,836	
May		54,694		56,807	
June		96,564		97,429	
July		138,012		128,144	
August		129,078		119,508	
September		96,891		82,965	
October		59,071		53,031	
November		48,460		44,681	
December		54,257		47,629	
Year-to-Date	113,747	114,438	-0.6%	99,816	14.0%
Total		895,998		832,518	

Glacier Park International Airport

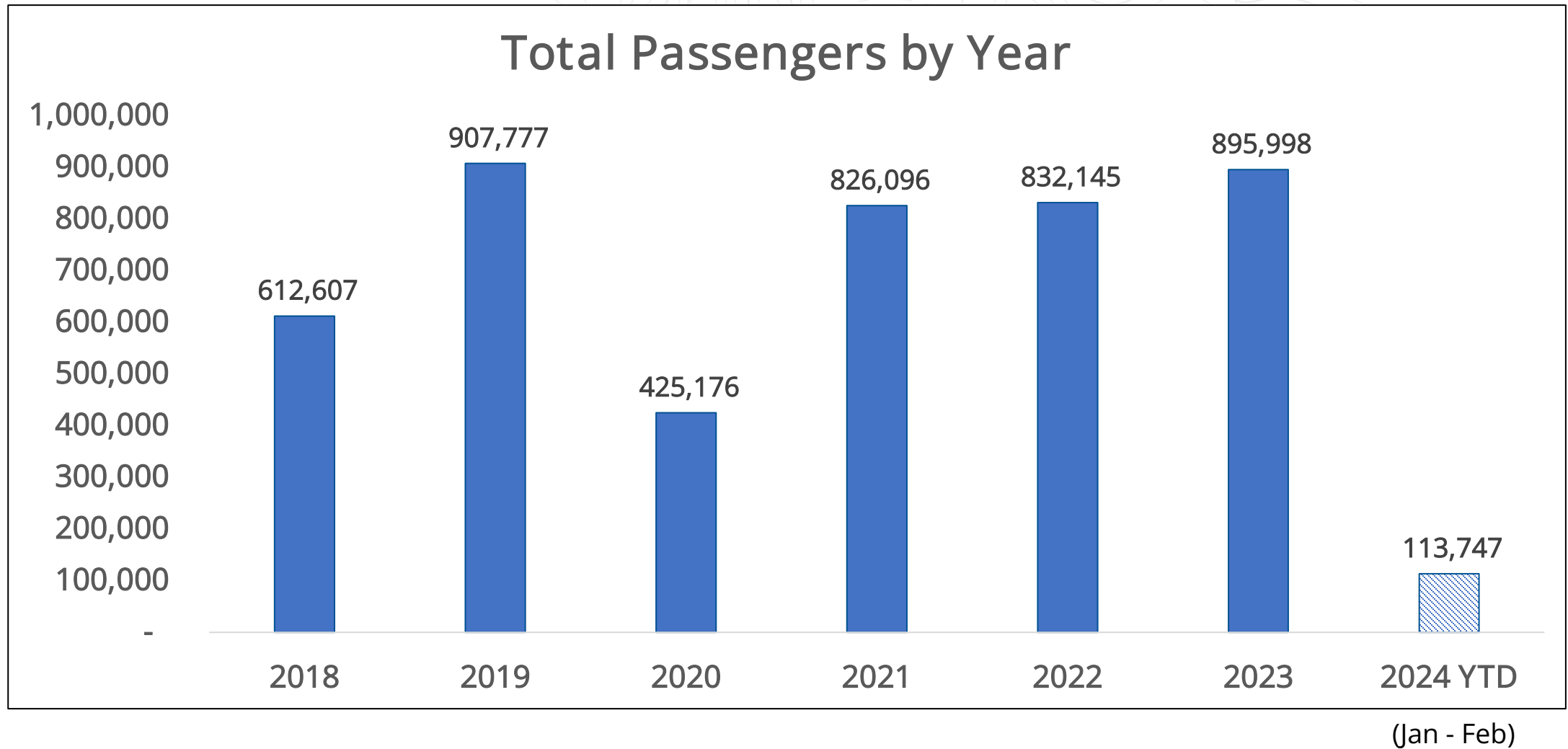


* Enplanements only (not total passengers)

Glacier Park International Airport



Glacier Park International Airport



SECTION 02.

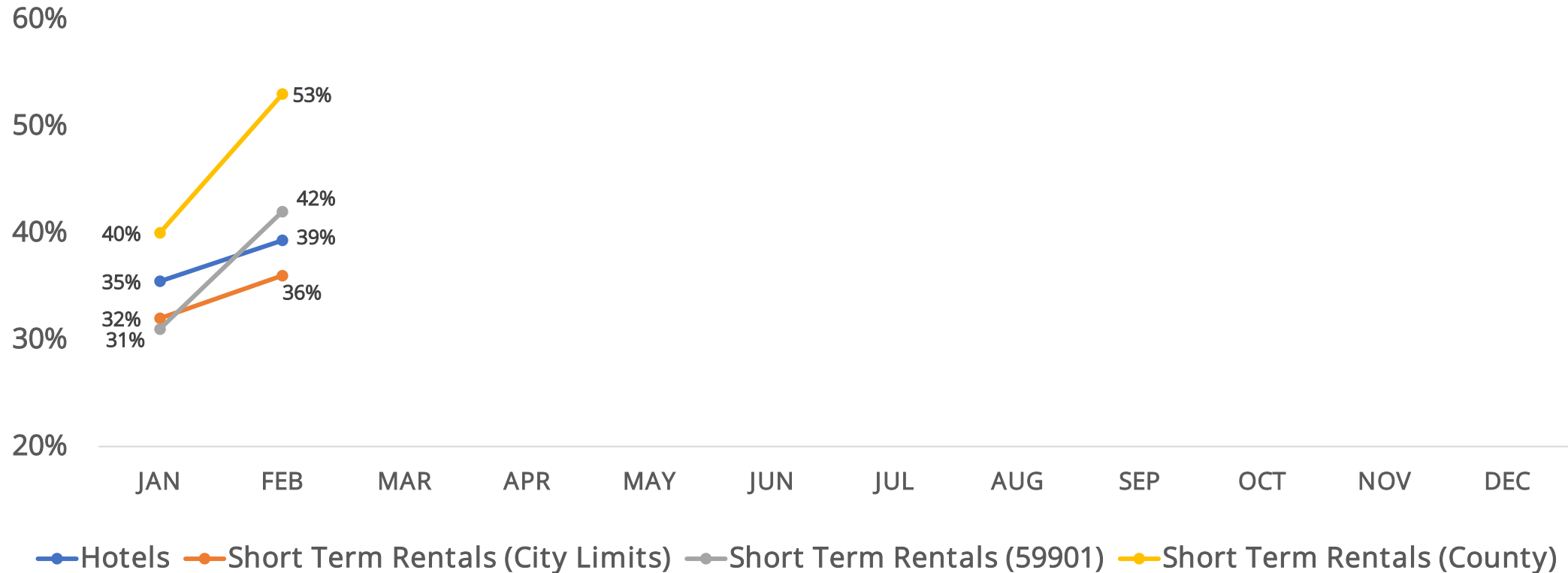
STR Hotel Data

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.
 - $\text{RevPAR} = \text{Room Revenue} / \text{Rooms Available}$

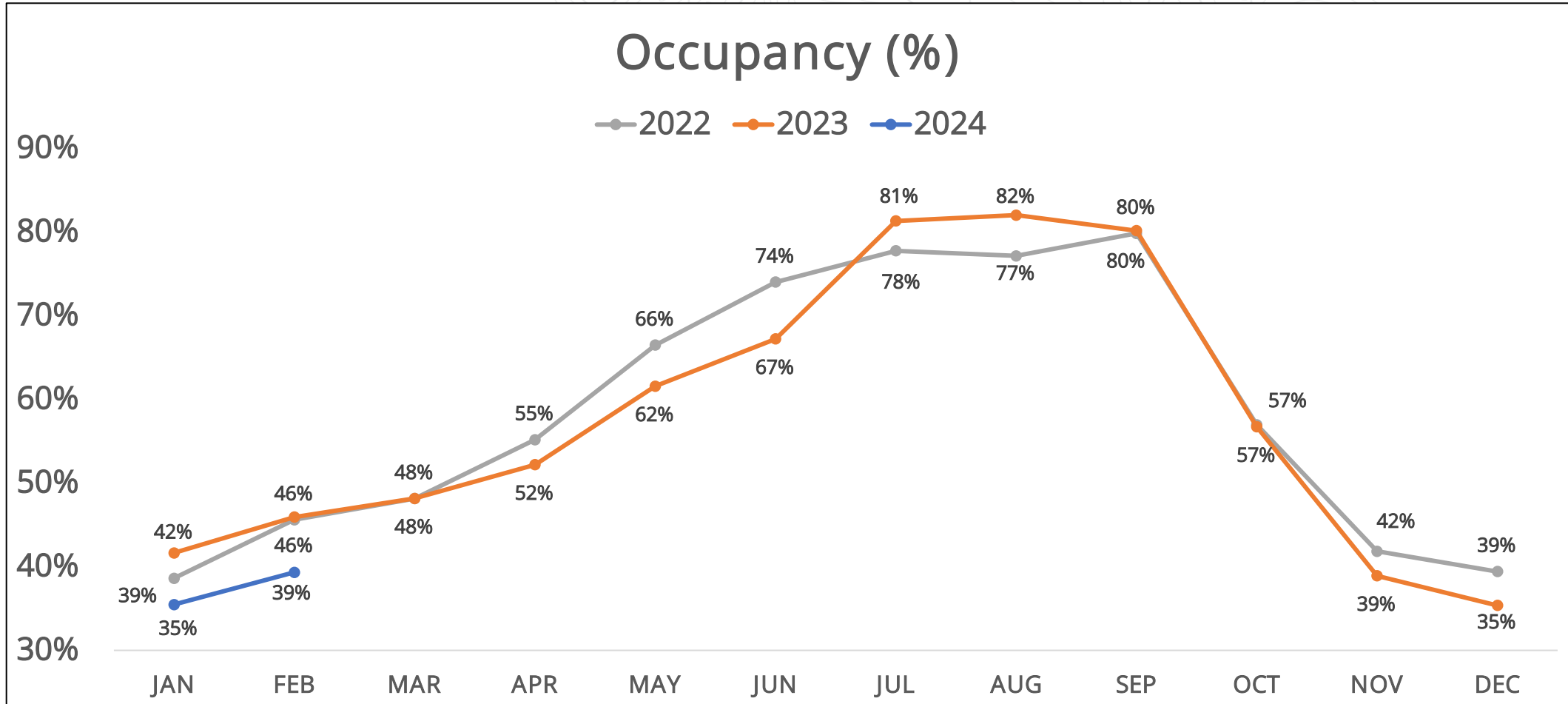
Kalispell 2024 Lodging Comparison

Kalispell Lodging Occupancy: 2024 Comparison



Hotel Occupancy by Month

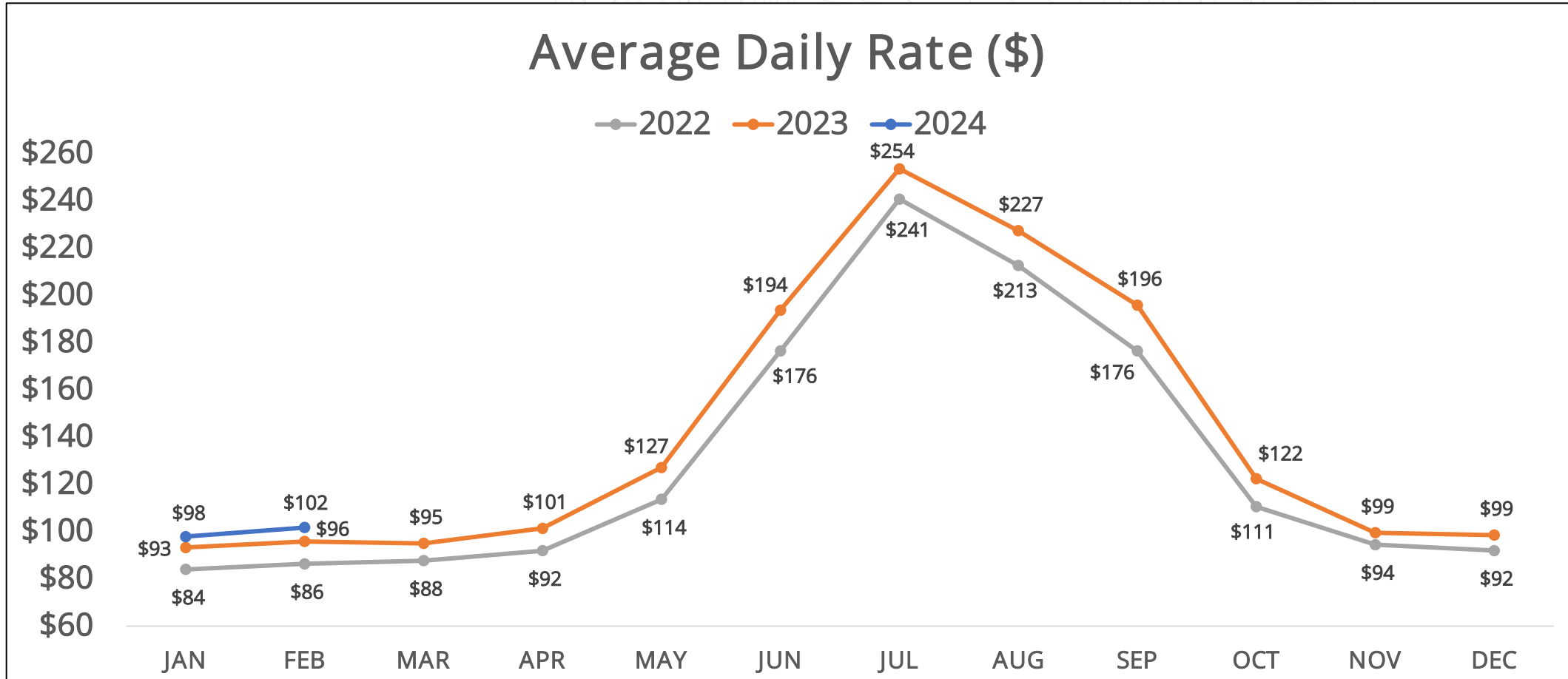
Kalispell hotel Occupancy decreased 14.4%, ADR increased 6.2%, and RevPAR decreased 9.1% Year-Over-Year





Hotel Average Daily Rate (ADR) by Month

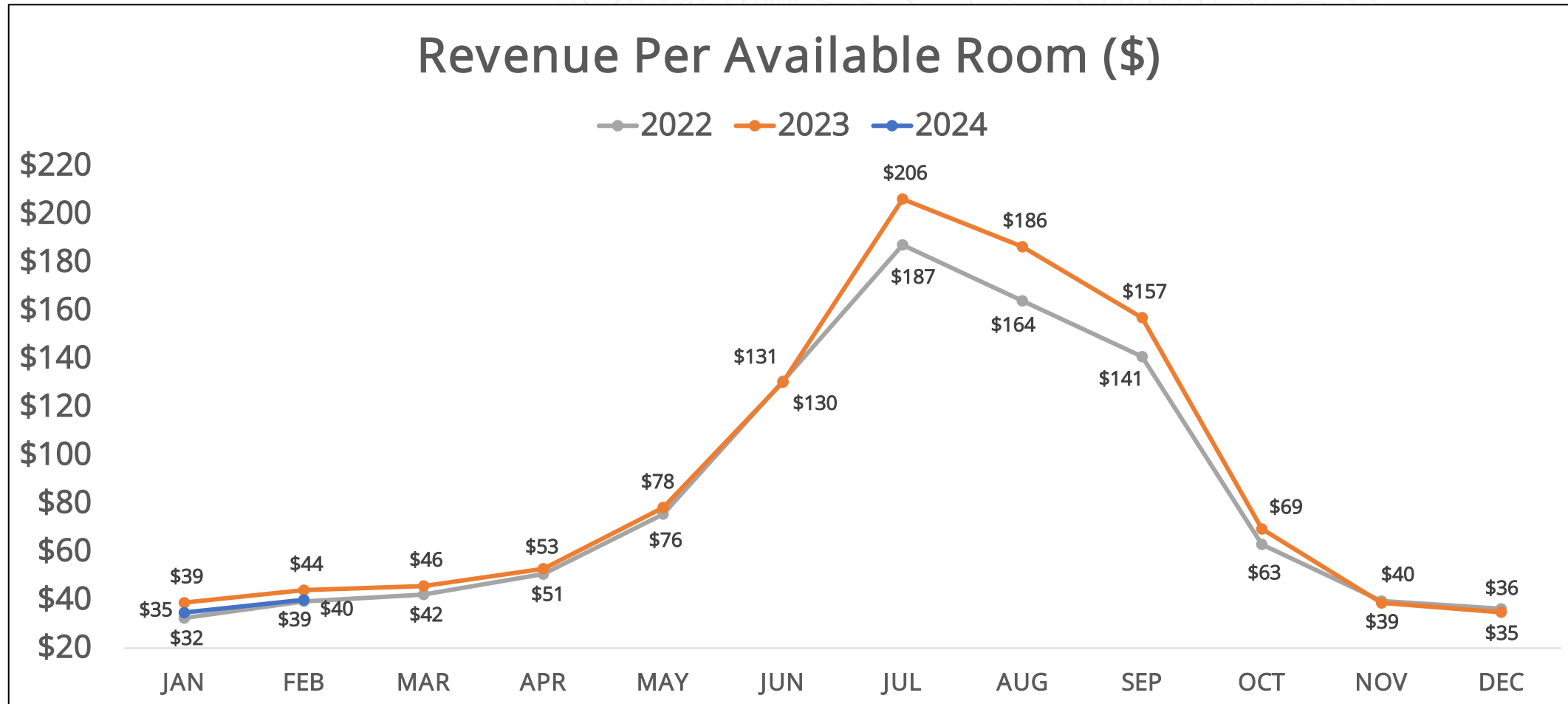
Kalispell hotel Occupancy decreased 14.4%, ADR increased 6.2%, and RevPAR decreased 9.1% Year-Over-Year





Hotel Revenue Per Available Room by Month

Kalispell hotel Occupancy decreased 14.4%, ADR increased 6.2%, and RevPAR decreased 9.1% Year-Over-Year

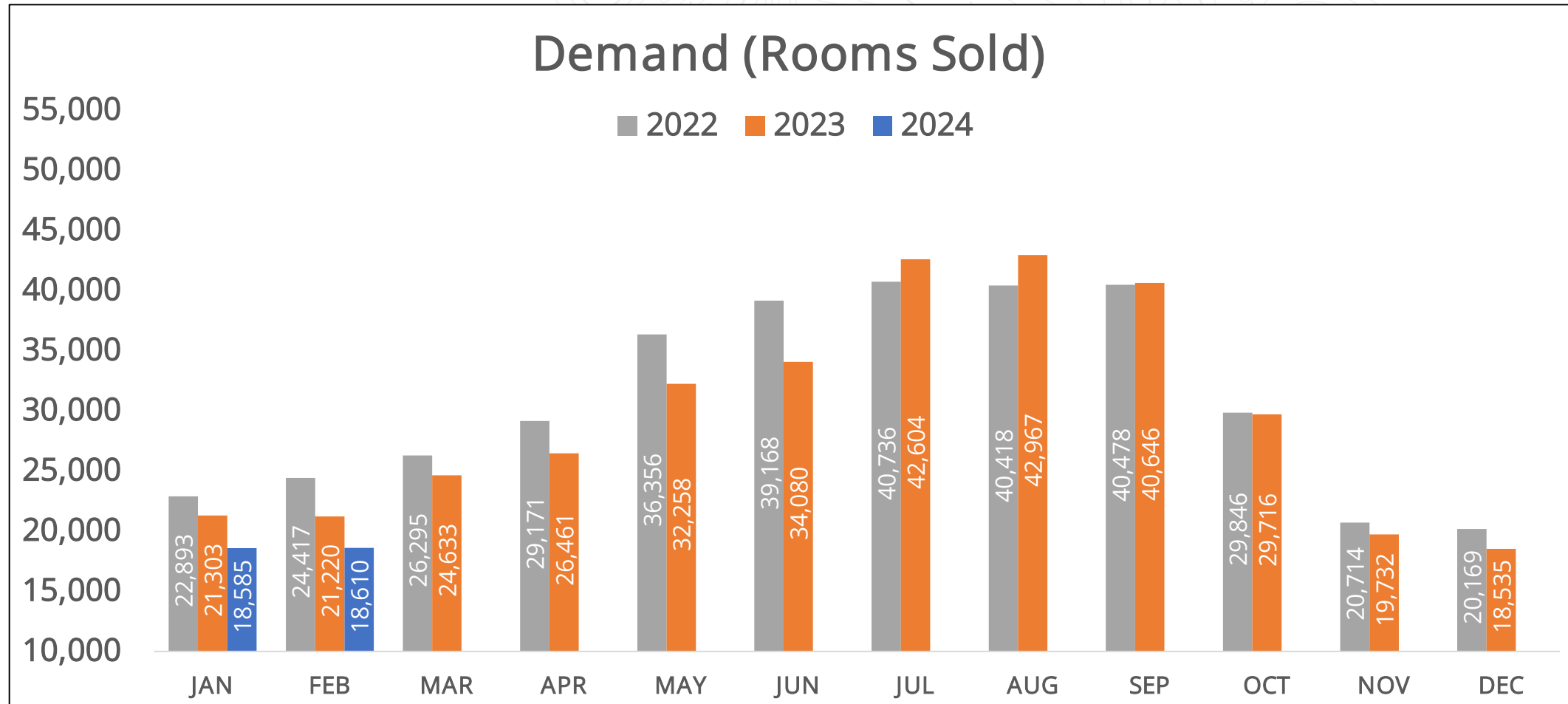


2022 RevPAR = \$82

2023 RevPAR = \$91

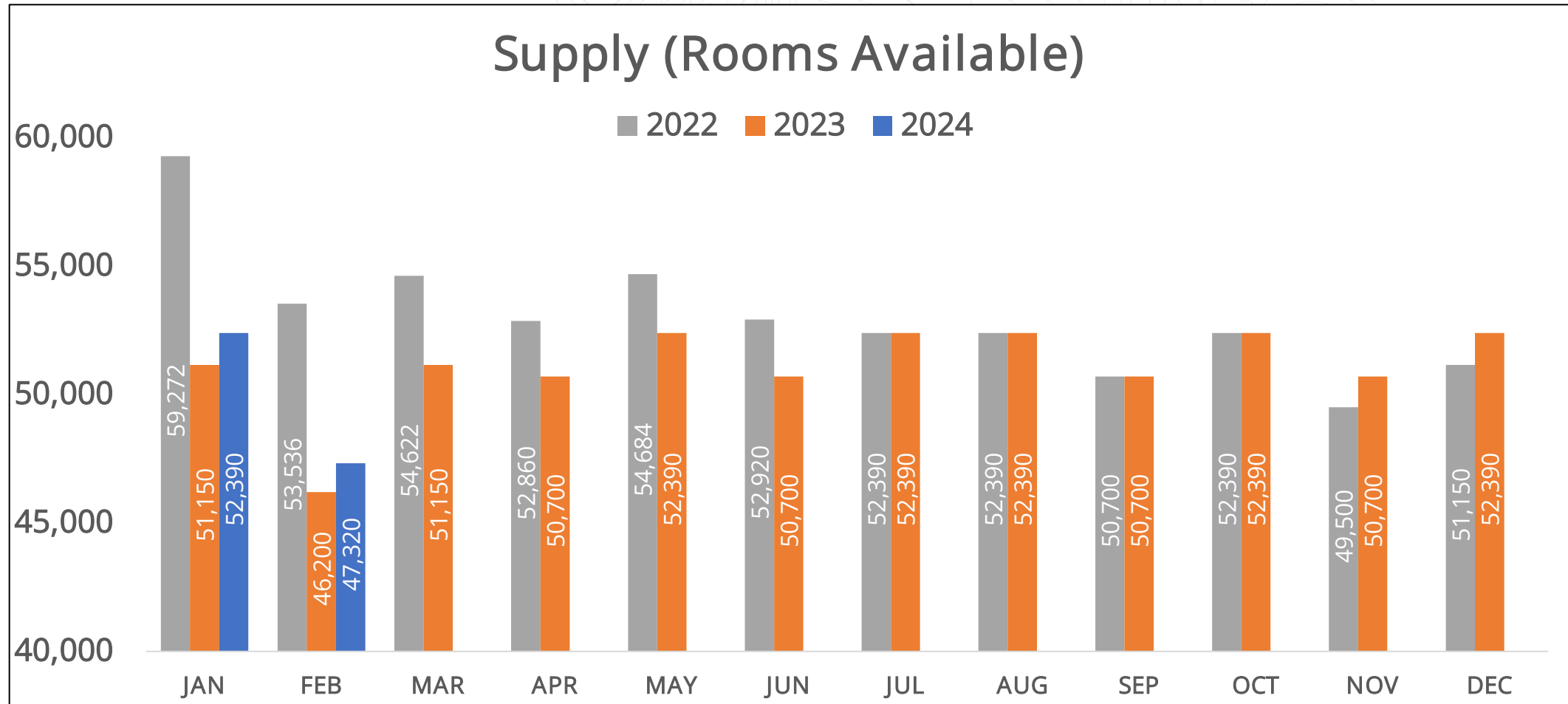
Hotel Demand (Rooms Sold) by Month

Kalispell hotel Demand decreased 12.3%, Supply increased 2.4%, and Revenue decreased 6.9% Year-Over-Year



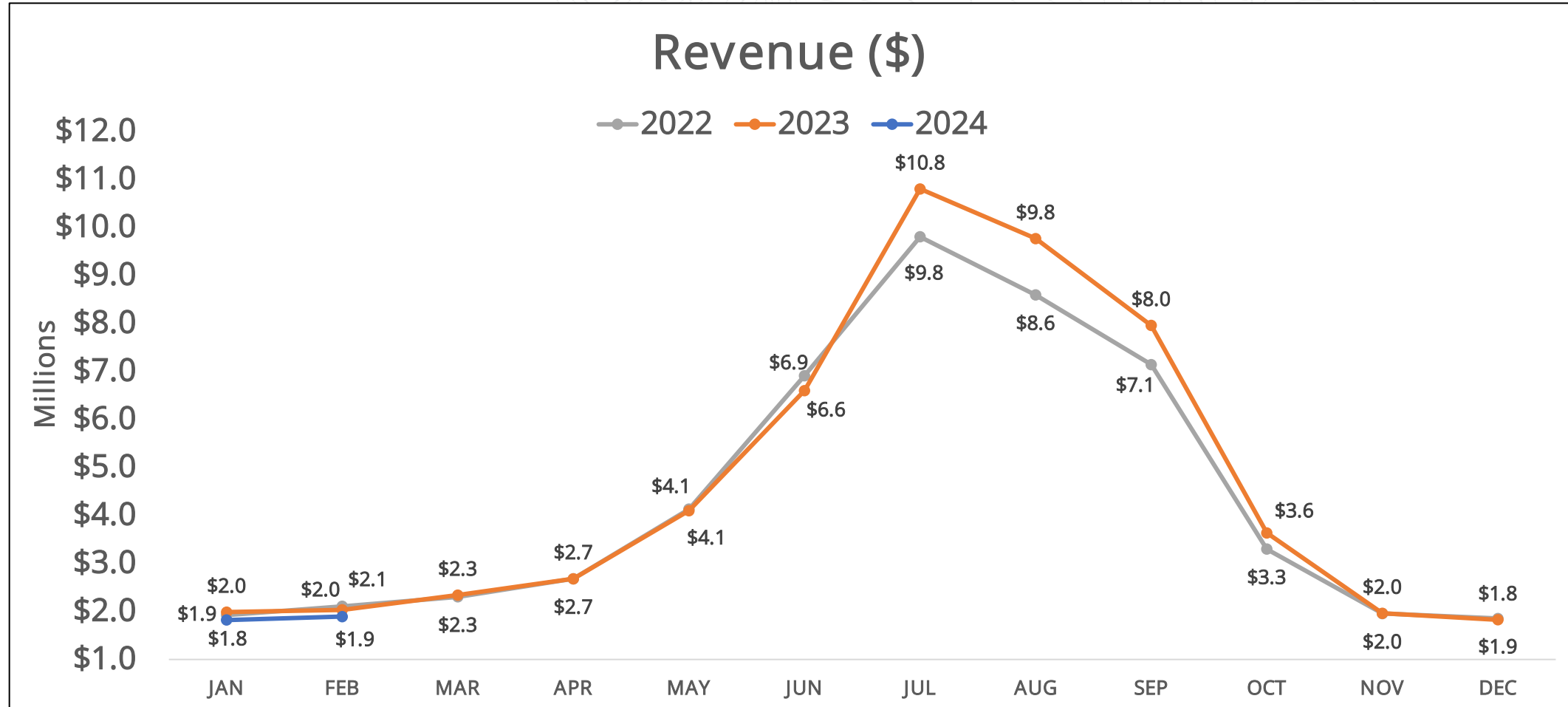
Hotel Supply by Month

Kalispell hotel Demand decreased 12.3%, Supply increased 2.4%, and Revenue decreased 6.9% Year-Over-Year



Hotel Revenue by Month

Kalispell hotel Demand decreased 12.3%, Supply increased 2.4%, and Revenue decreased 6.9% Year-Over-Year



SECTION 03.

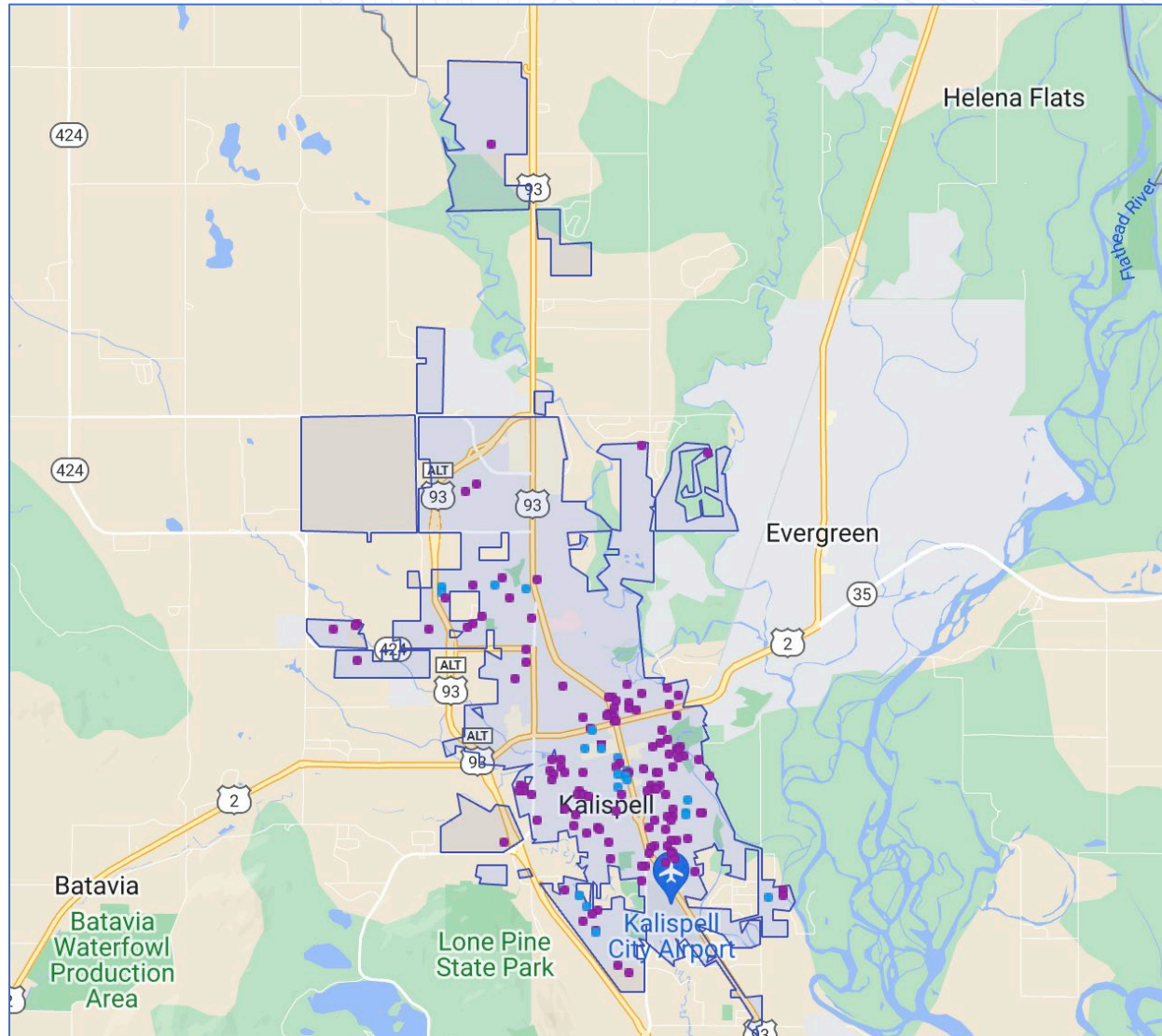
AirDNA Short Term Rental Data (Airbnb & Vrbo listings)

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

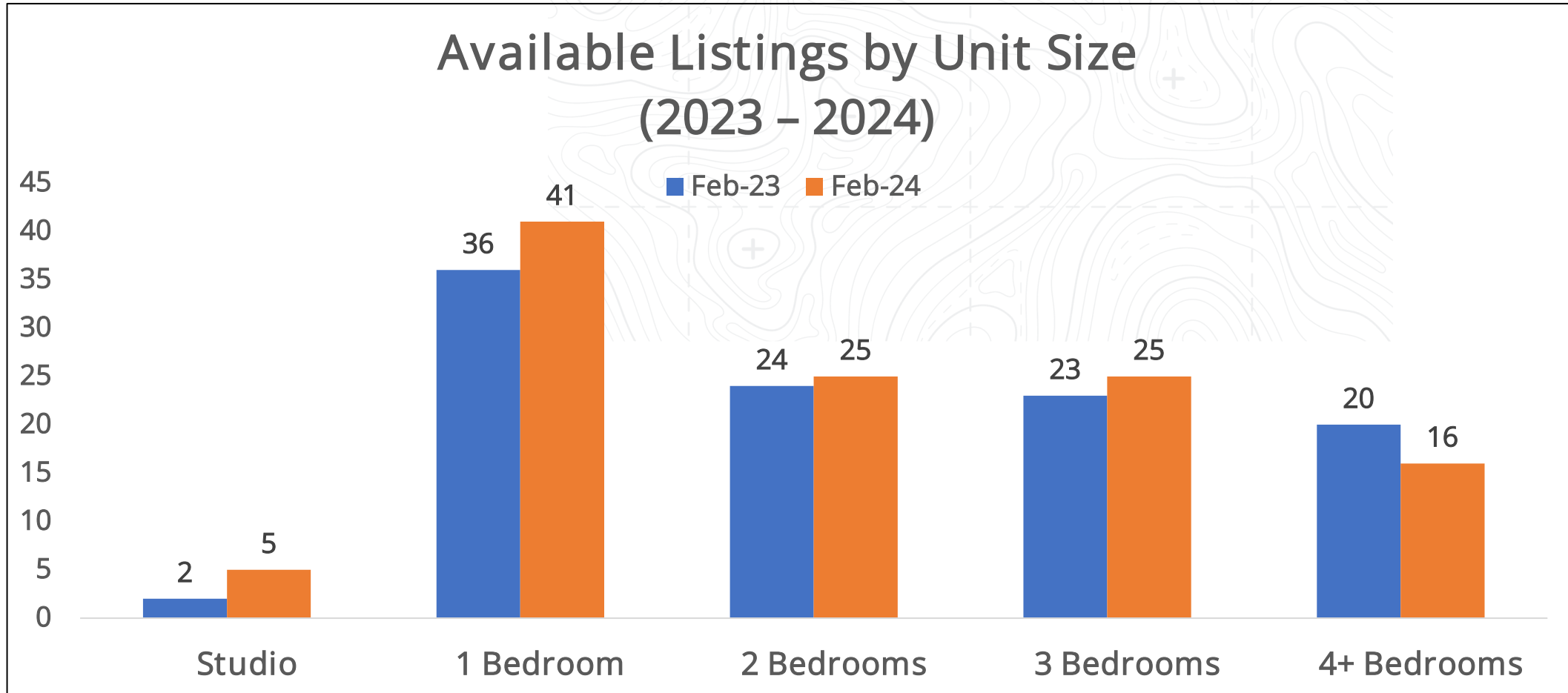
AirDNA Short Term Rentals - Available Listings

Kalispell Short Term Rental Available Listings increased 22.4% Year-Over-Year



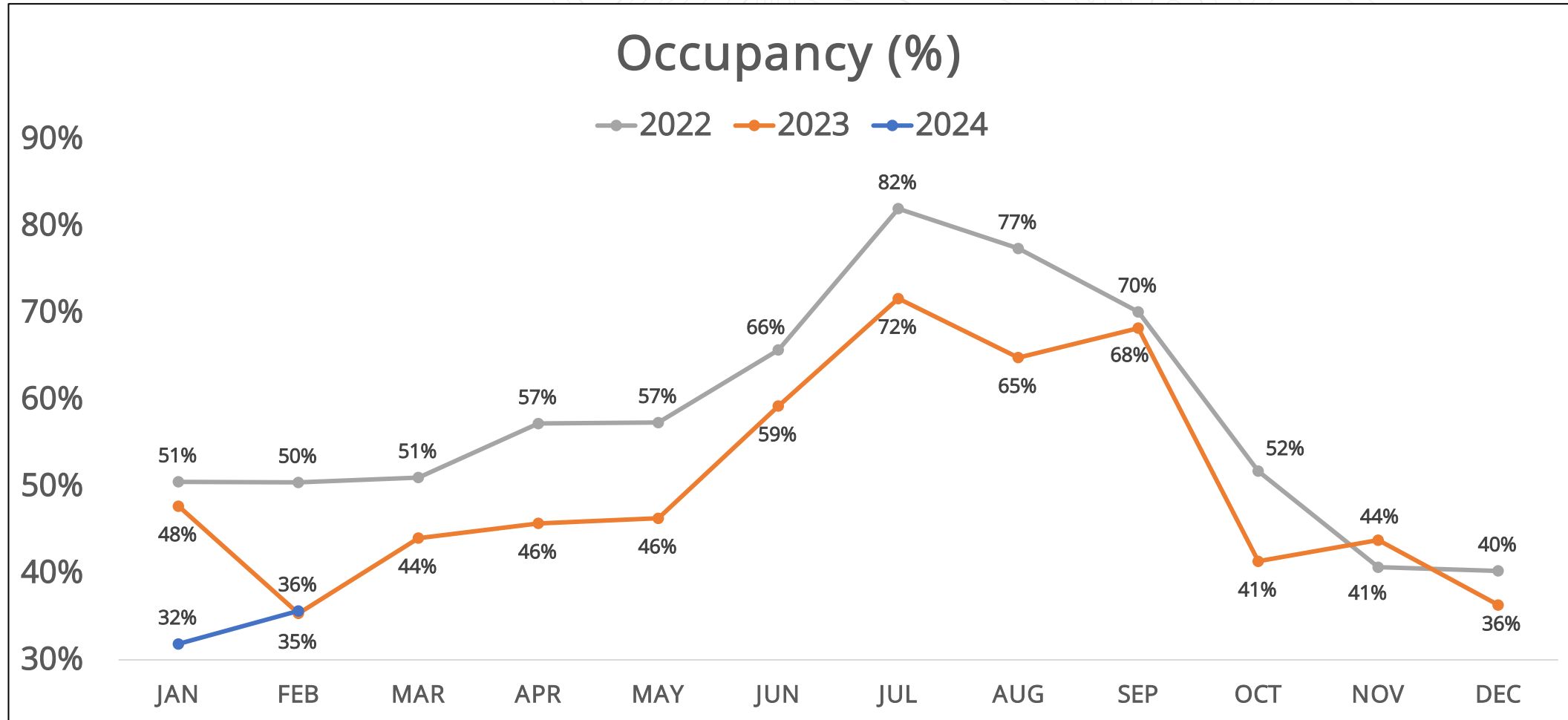
AirDNA Short Term Rentals - Unit Size

Kalispell Short Term Rental 1-Bedroom Listings increased 13.9% and 4-Bedroom Listings decreased 20.0% Year-Over-Year



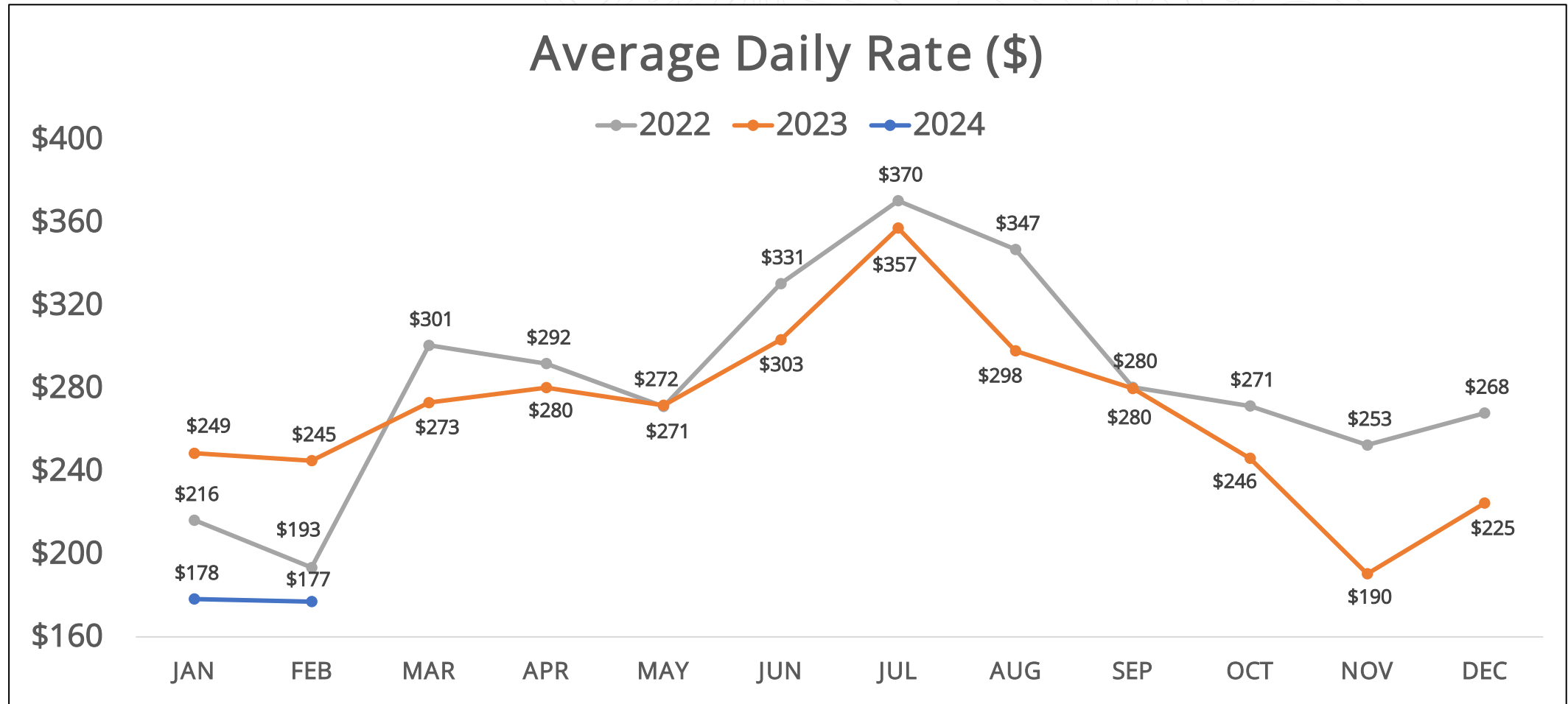
AirDNA Short Term Rentals – Occupancy

Kalispell Short Term Rental Occupancy increased 0.8%, ADR decreased 27.8%, and RevPAR decreased 27.2% Year-Over-Year



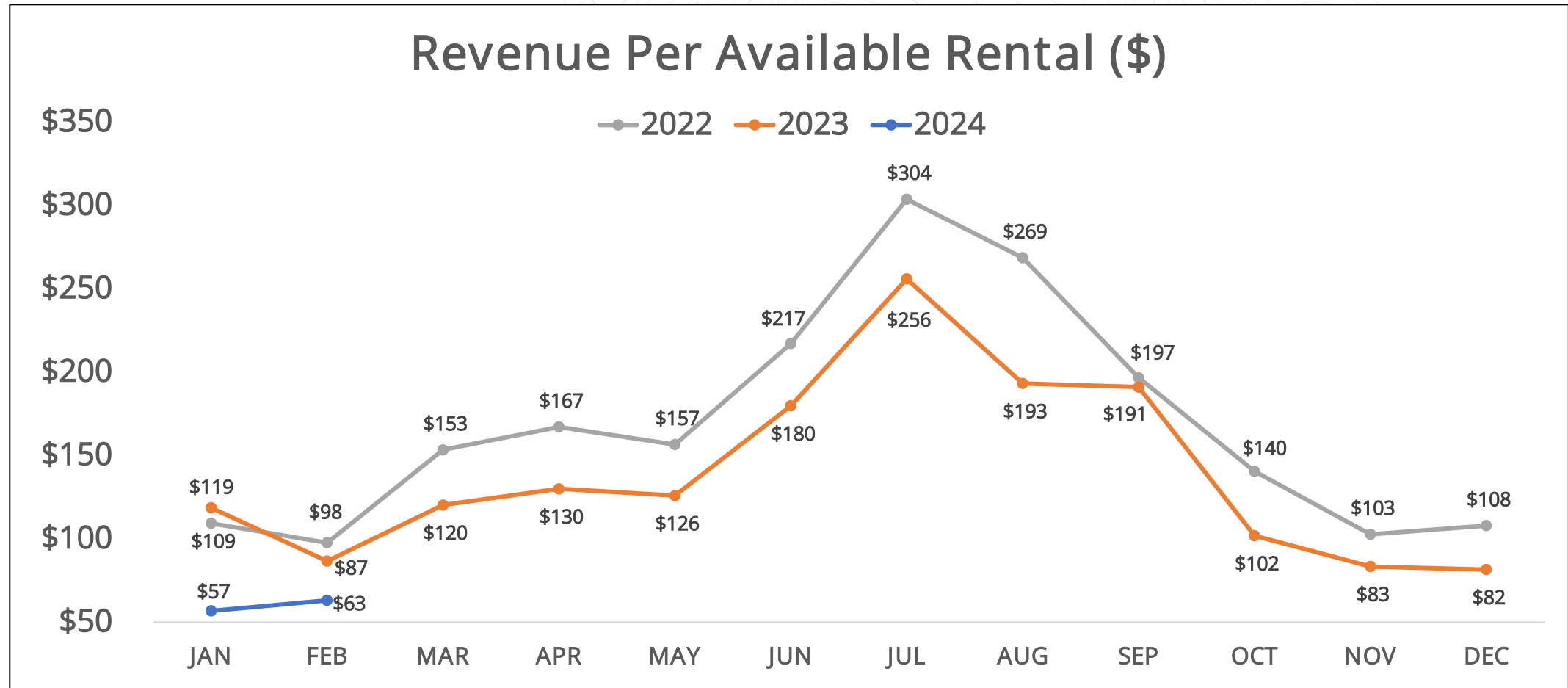
AirDNA Short Term Rentals - ADR

Kalispell Short Term Rental Occupancy increased 0.8%, ADR decreased 27.8%, and RevPAR decreased 27.2% Year-Over-Year



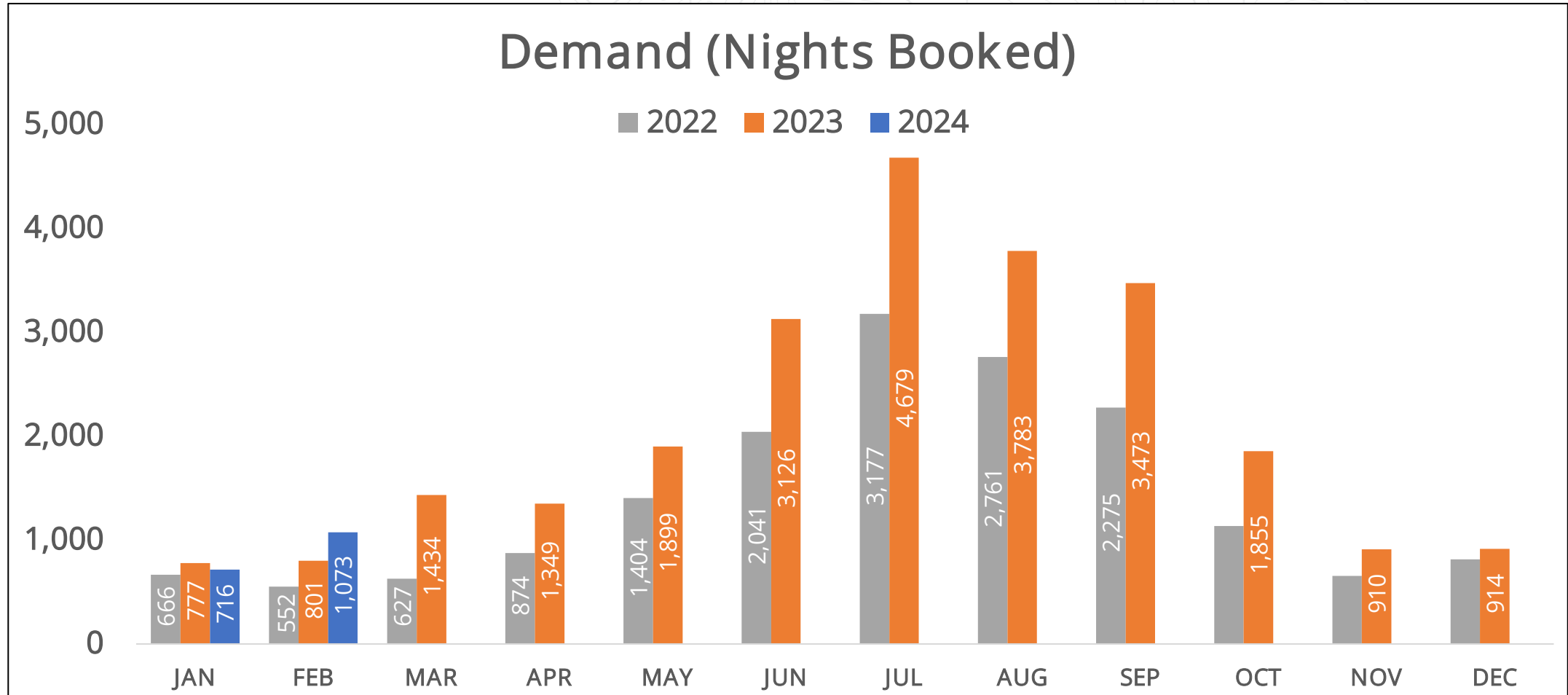
AirDNA Short Term Rentals - RevPAR

Kalispell Short Term Rental Occupancy increased 0.8%, ADR decreased 27.8%, and RevPAR decreased 27.2% Year-Over-Year



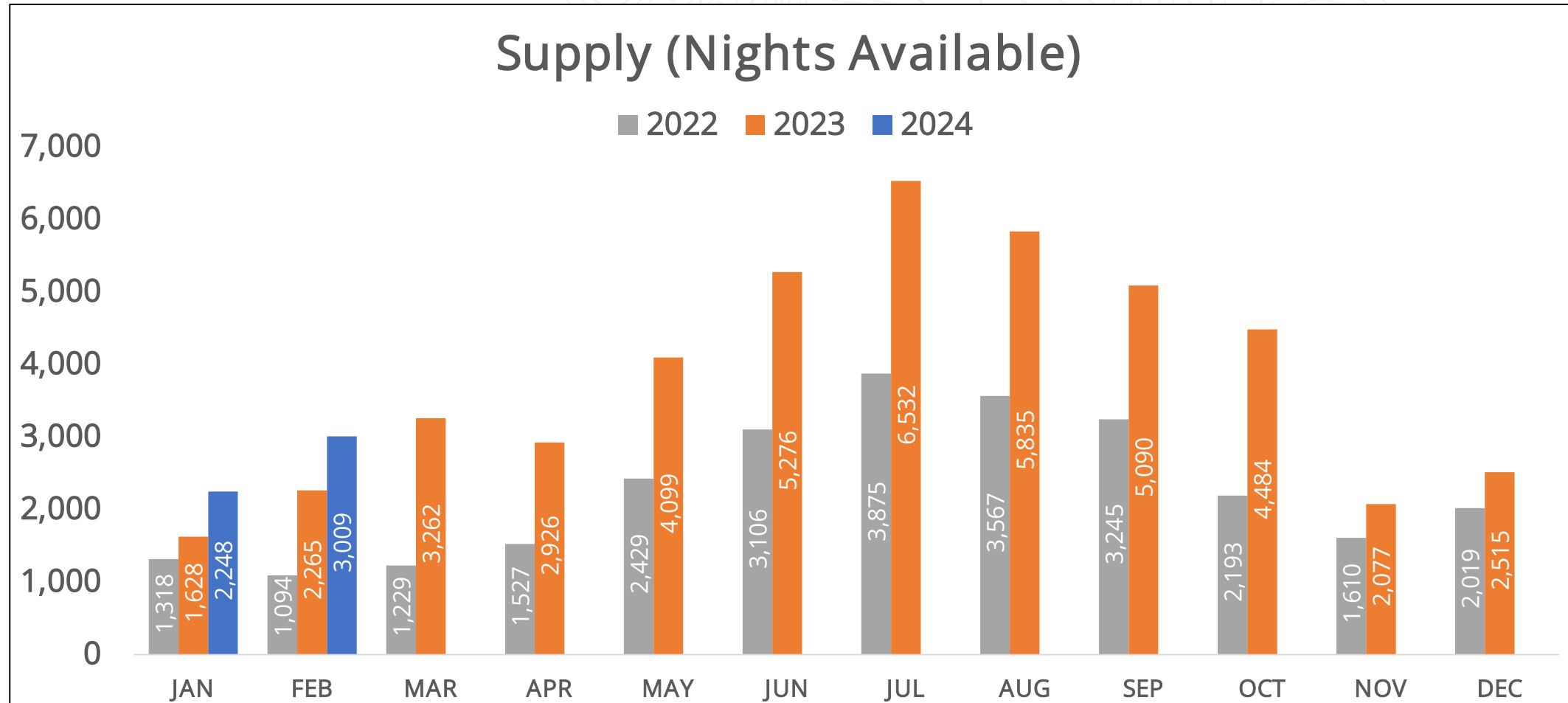
AirDNA Short Term Rentals – Demand

Kalispell Short Term Rental Demand increased 34.0%, Supply increased 32.8%, and Total Revenue decreased 3.2% Year-Over-Year



AirDNA Short Term Rentals – Supply

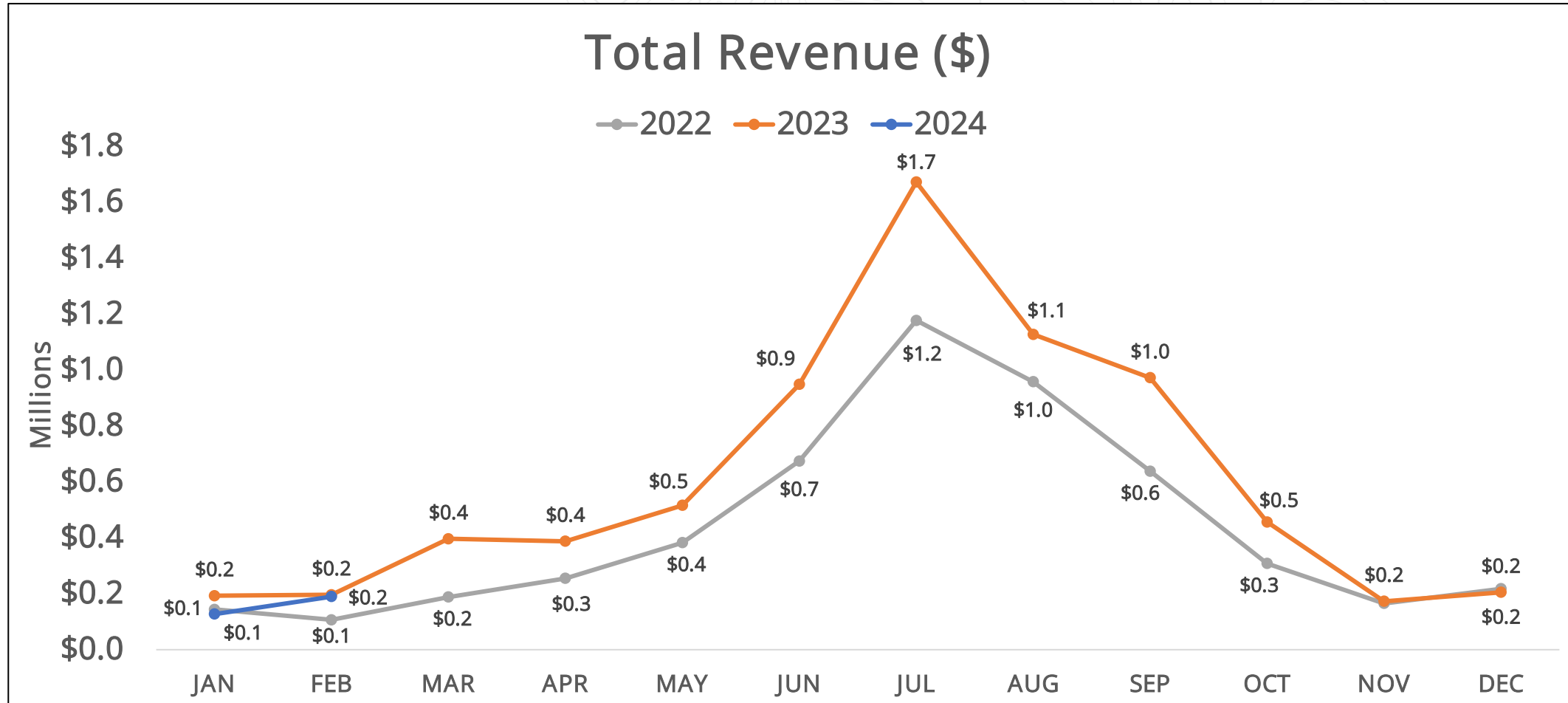
Kalispell Short Term Rental Demand increased 34.0%, Supply increased 32.8%, and Total Revenue decreased 3.2% Year-Over-Year





AirDNA Short Term Rentals – Total Revenue

Kalispell Short Term Rental Demand increased 34.0%, Supply increased 32.8%, and Total Revenue decreased 3.2% Year-Over-Year

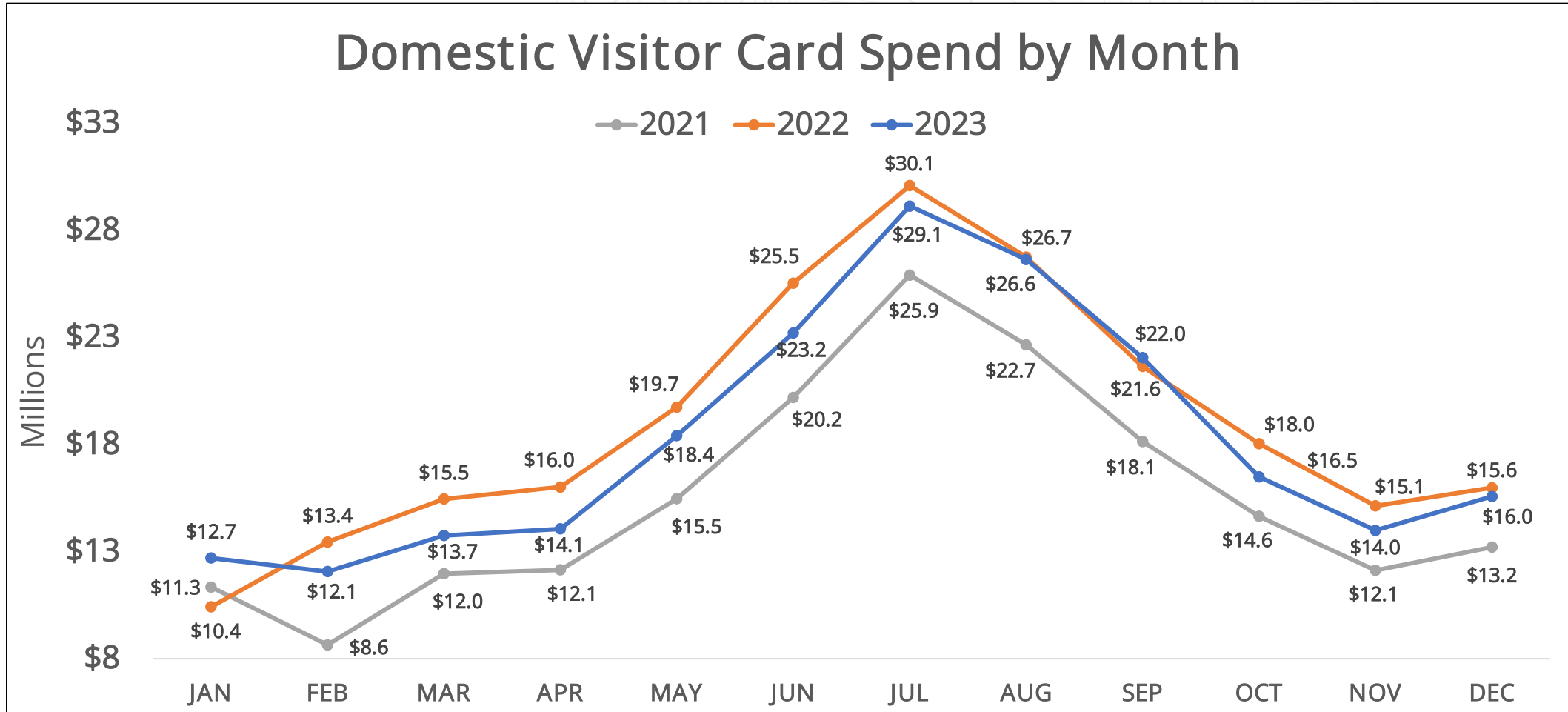


SECTION 04.

Visa Destination Insights

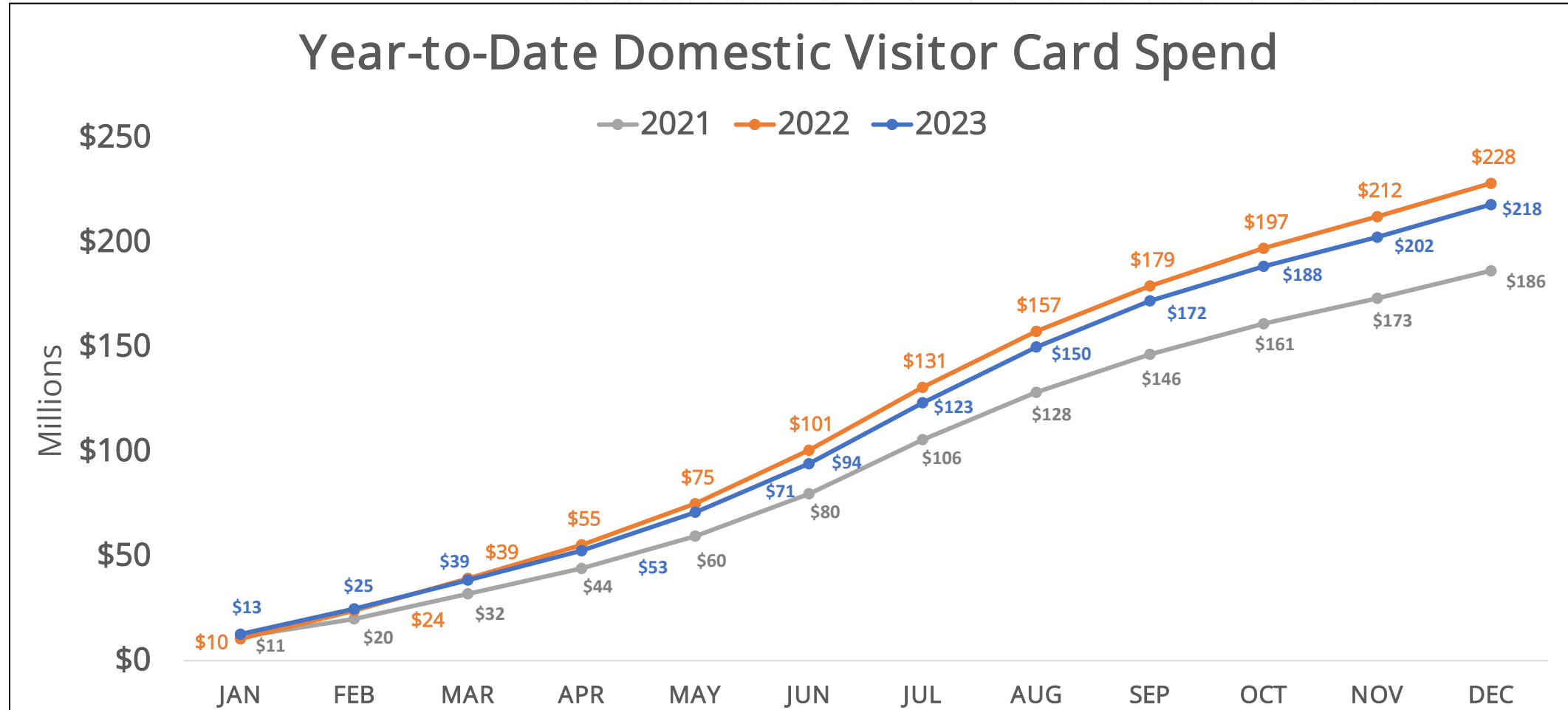
Visa – Domestic Visitor Spending

Kalispell Domestic Visitor Visa Card Spend decreased 2.6% and Year-to-Date Spend decreased 4.5%



Visa – Domestic Visitor Spending

Kalispell Domestic Visitor Visa Card Spend decreased 2.6% and Year-to-Date Spend decreased 4.5%



Visa – Domestic Visitor Origin

Rank	Origin Market	Spend (\$)	YoY % Change	Card Count	YoY % Change
1	Missoula, MT	\$7,835,904	7%	38,006	20%
2	Seattle-Tacoma-Bellevue, WA	\$5,006,384	-16%	21,262	-2%
3	Los Angeles-Long Beach-Anaheim, CA	\$3,366,753	1%	11,828	6%
4	Phoenix-Mesa-Chandler, AZ	\$3,103,381	-1%	10,528	1%
5	Bozeman, MT	\$3,035,325	4%	15,174	7%
6	Portland-Vancouver-Hillsboro, OR-WA	\$2,421,898	-13%	11,962	1%
7	Helena, MT	\$2,256,957	3%	12,329	5%
8	Great Falls, MT	\$2,188,651	-5%	12,115	-8%
9	Spokane-Spokane Valley, WA	\$2,016,547	-4%	11,837	2%
10	Billings, MT	\$1,958,304	5%	8,841	7%
11	San Diego-Chula Vista-Carlsbad, CA	\$1,923,486	1%	6,125	4%
12	San Francisco-Oakland-Berkeley, CA	\$1,666,467	4%	9,952	69%
13	Denver-Aurora-Lakewood, CO	\$1,624,209	-11%	8,070	0%
14	Salt Lake City, UT	\$1,575,125	-59%	30,897	-63%
15	Dallas-Fort Worth-Arlington, TX	\$1,514,001	-5%	6,337	0%

SECTION 05.

Consumer Sentiment Data

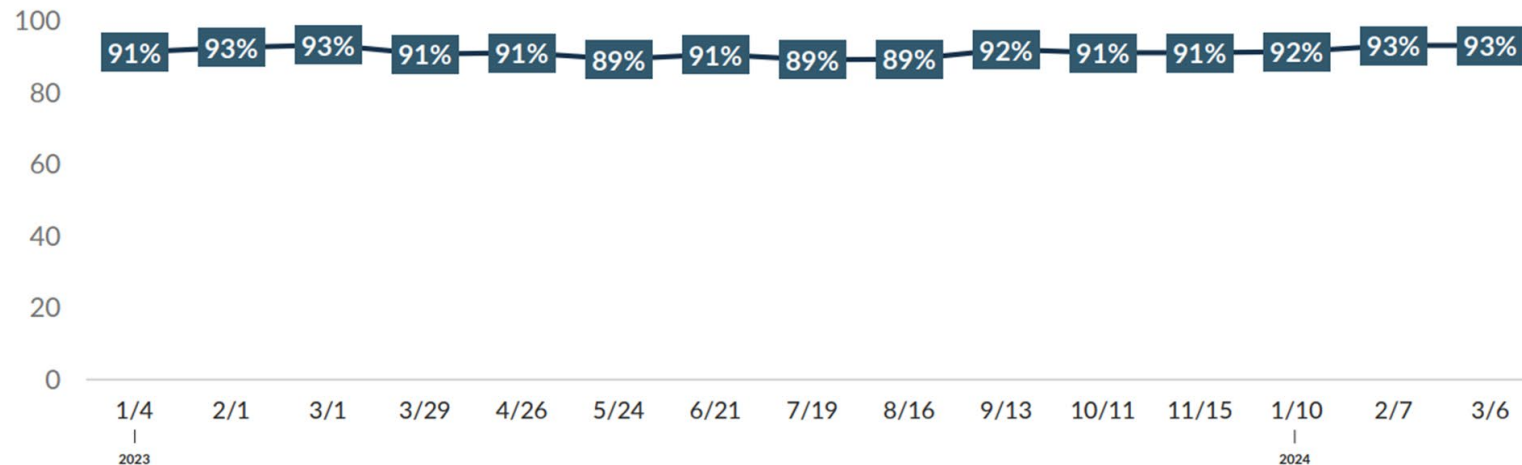
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 83

*Survey Fielded March 6, 2024; 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 1/4/2023.
Travel Sentiment Study Wave 83

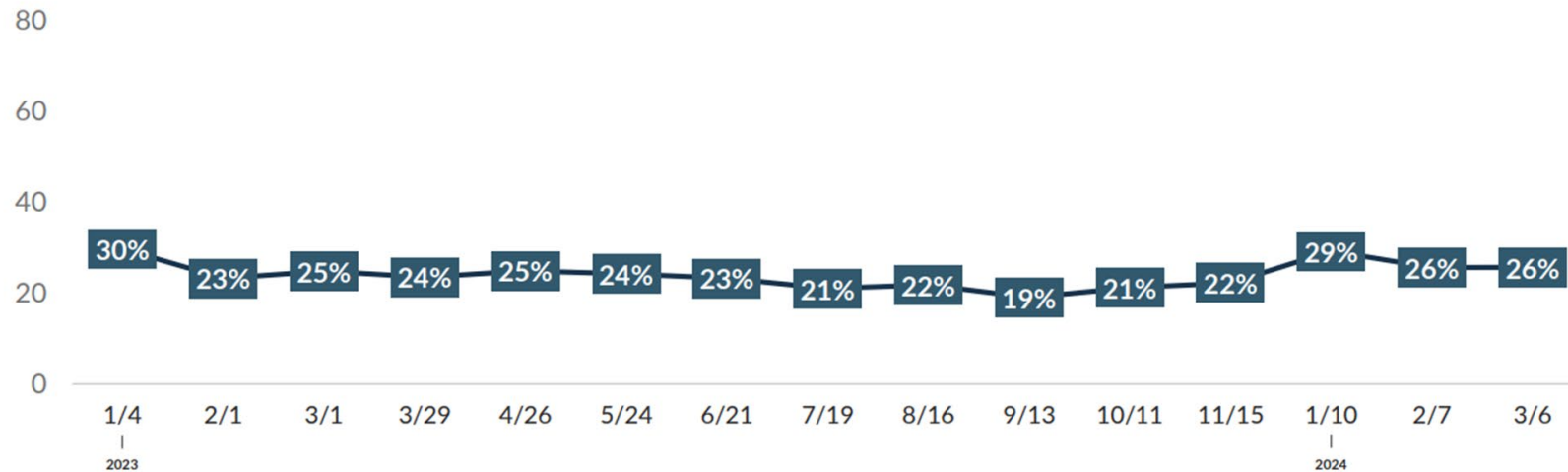
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 83

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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 1/4/2023.
Travel Sentiment Study Wave 83

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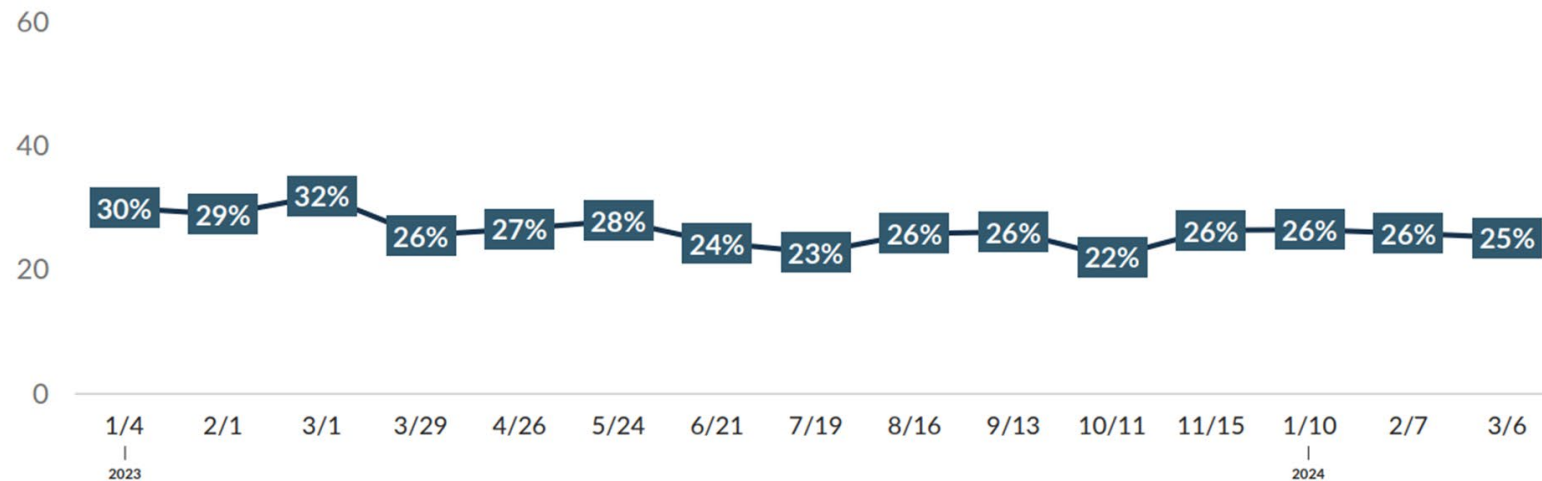
LONGWOODS INTERNATIONAL

Travel Sentiment Study Wave 83

*Survey Fielded March 6, 2024; 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



*Note: Data spanning multiple years, beginning from 1/4/2023.
Travel Sentiment Study Wave 83

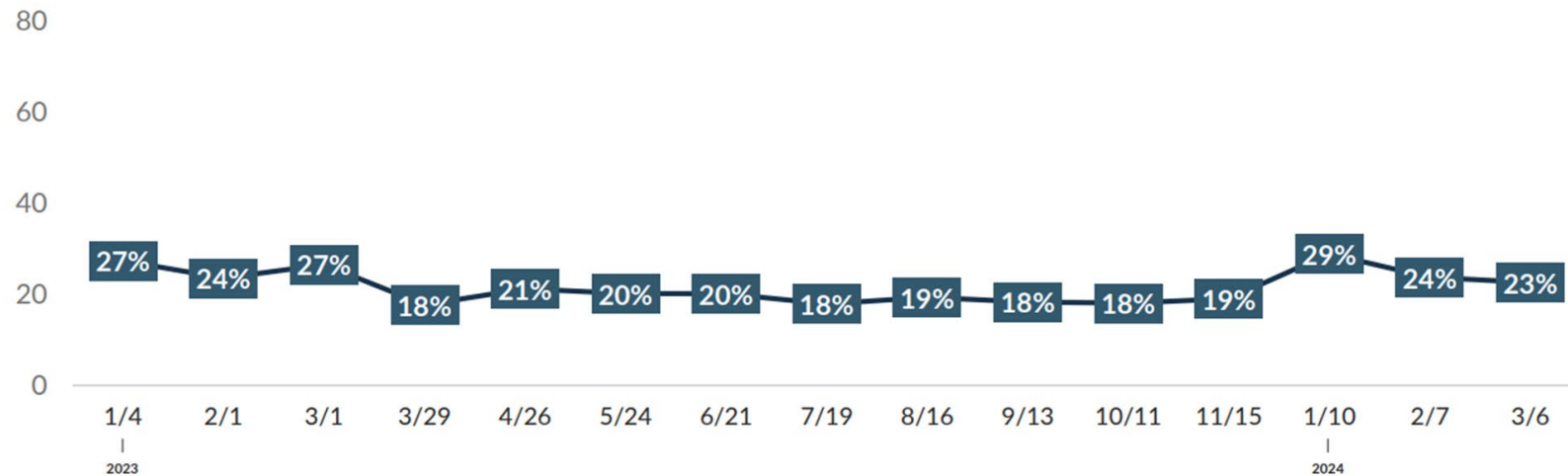
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Travel Sentiment Study Wave 83

*Survey Fielded March 6, 2024; US National Sample of 1,000 adults 18+

IMPACT ON TRAVEL PLANS

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



*Note: Data spanning multiple years, beginning from 1/4/2023.
Travel Sentiment Study Wave 83

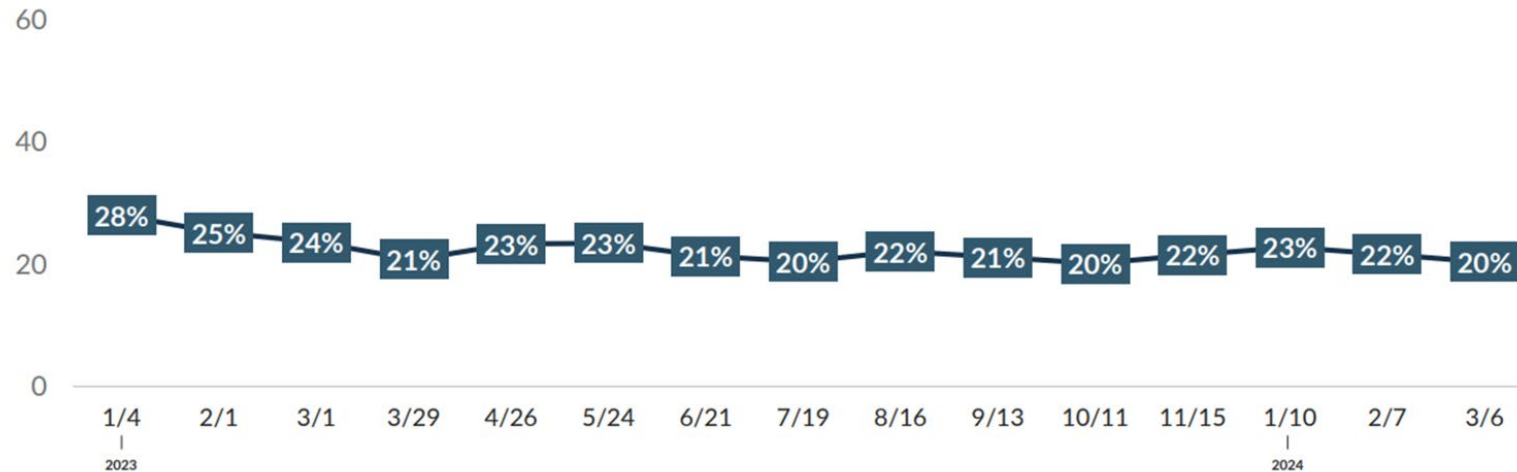
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Travel Sentiment Study Wave 83

*Survey Fielded March 6, 2024; 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: Data spanning multiple years, beginning from 1/4/2023.
Travel Sentiment Study Wave 83

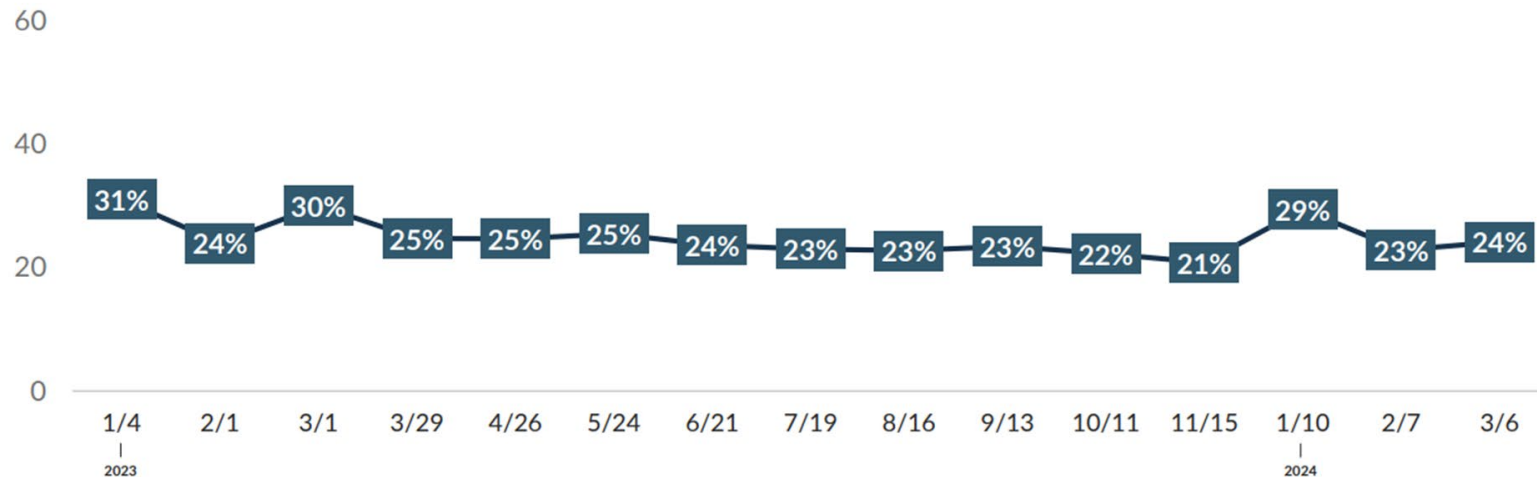
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Travel Sentiment Study Wave 83

*Survey Fielded March 6, 2024; US National Sample of 1,000 adults 18+

IMPACT ON TRAVEL PLANS

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



*Note: Data spanning multiple years, beginning from 1/4/2023.
Travel Sentiment Study Wave 83

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Thank You!

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