

Vacation Rental Report[©]

A BIENNIAL REPORT OF SUMMIT COUNTY'S VACATION RENTAL MARKET

Compiled and distributed by Summit Mountain Rentals

summitrentals.com

970.453.7370

Summer Review

2021

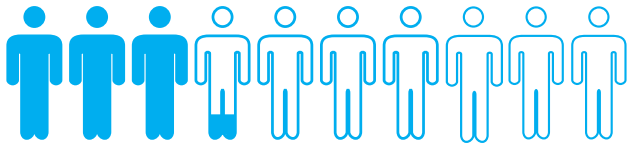


New Regulations Explained

Data gathered with the help of the [Breckenridge Tourism Office](#) and interpreted by [Inntopia's DestiMetrics](#)

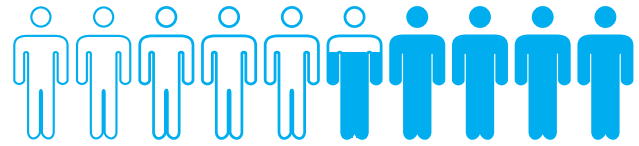
Snapshot

Breckenridge's summer 2021 occupancy rate finishes 45.5% up from previous summer; ADR up 24%.



32.8%

**Breckenridge's Summer 2020
Occupancy Rate**



47.7%

**Breckenridge's Summer 2021
Occupancy Rate**

The destination's summer season was a record breaker, with occupancy, average daily rate (ADR), and revenue all setting high-water marks despite the travel environment constantly changing due to the ongoing pandemic. Strong, sustained booking trends and tremendous growth in summer room rates are now carrying through to the winter booking season. The upcoming ski season is seeing an excellent booking pattern emerge thanks to fewer planned skiing restrictions and reduced pass prices, which should get skiers back on the slopes after decreased sales were reported by Vail Resorts in 2020. Though the new Omicron variant of the Coronavirus has caused local

resorts to make some changes to their operations, namely requiring guests to wear face coverings while on gondolas. Thankfully, snowstorms have started to arrive and are bringing much-needed snow accumulation.

Cancellations have also seen a sharp decline despite cancellation policies being more liberal and allowing guests to cancel and receive a full refund, something that was not a regular practice prior to the pandemic. And while more liberal cancellation policies have allowed guests to change their plans, the trend of vast amounts of reservations being cancelled due to COVID-19 concerns and travel restrictions is waning. And as more people get

vaccinated and become eligible for booster shots, guests are eager to travel and to gather with friends and family. This is reflected in the amount travelers are willing to pay for reservations. While occupancy saw healthy increases (22% for the month of December at the time of writing this article), ADR saw massive increase. The data for the destination reports a 14% increase in ADR; however, Summit Mountain Rentals has been able to capitalize on this increased demand, pushing revenue growth for December to over 60% compared to the previous year. We're now entering the booking season for January and February and are seeing growth trends continue.

During typically slow months, ADR increases for Breckenridge.

The Big Picture

Summer's numbers show that travelers are excited to get back to their normal habits, for which they're willing to pay a premium. It's important to keep things in perspective by comparing this summer's data with previous years. While occupancy for the destination was up 45.5% compared to 2020 (due in part to fewer travelers last May and June), it was up less than 1% compared to summer 2019.

While occupancy seems like it's getting back to pre-pandemic levels, ADR has seen substantial growth the past two summers. This past summer's ADR was up 24% compared to 2020 and up 33% compared to 2019.

Growth in occupancy and ADR has led to overall gains in revenue, up over 80% compared to 2020 and 34% compared to 2019.

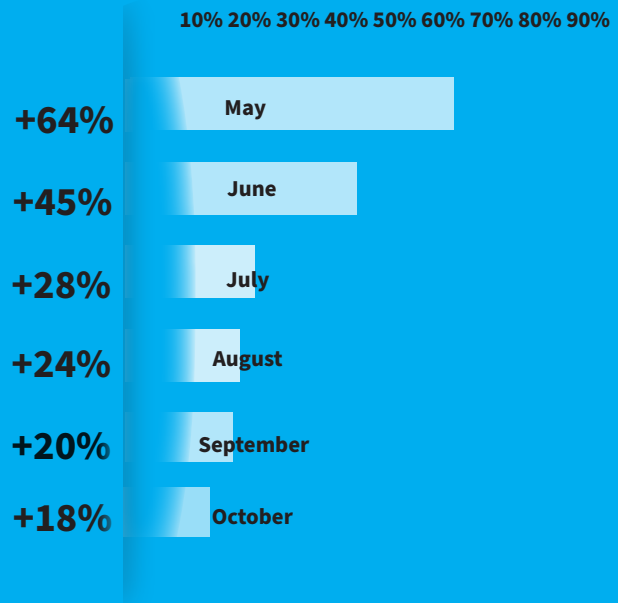
Looking forward to the winter (November through April), we're seeing the healthy booking pattern and growth continuing for the foreseeable future. On-the-books occupancy for the winter is up 75% compared to last year and up 18% compared to 2019.

On-the-books ADR is also up a healthy 23.5% compared to last year and up 21% compared to 2019.

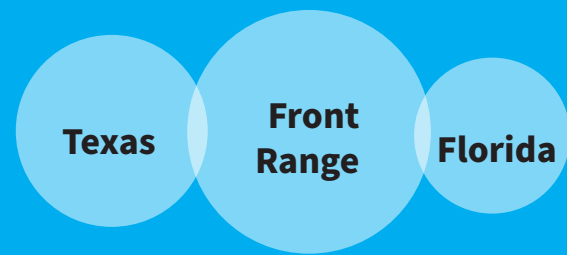
The on-the-books growth in revenue (RevPAR) is up 116% compared to last year and up 43.5% compared to this in 2019.

All signs point to a strong winter season ahead. Let's hope the resorts receive plenty of snow and are well-staffed to accommodate the guests who will be arriving and paying top dollar for their visit to Summit County.

Average Daily Rate Breckenridge Percent Change



Who Visited?



Texas
Visitors from the Lone Star State made up the second largest group.

Front Range
A typical majority of visitors to Breckenridge came from the Front Range area of Colorado with Denver being the top locality.

Florida
Visitors from the panhandle and Miami made up the third largest group.

Industry News

Local Regulations Update

How will local regulatory changes impact your investment?



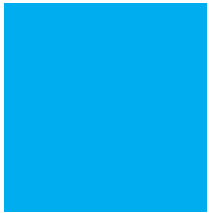
Regulatory changes are at the top of every industry professional and vacation homeowner's minds as local governments attempt to control the growth of the vacation rental industry. Regulations intended to limit the number of short-term rentals, as well as increase the taxes and fees charged to those rentals, are being put into place across Summit County. These efforts are touted as an effort to preserve and increase housing options for the local workforce. Opposition to these regulatory changes has been strong and is coming from various industries including the vacation rental industry, real estate industry, and individual property owners who are concerned about their investment's future. Real estate professionals in the local area are seeing buyers stall their search as they wait to see how the new regulations will impact their ability to generate income from their investment, or if they'll be able to generate revenue at all.

New regulations aren't just happening in Summit

County. A number of Colorado mountain destinations are considering or have already enacted regulations on short-term rentals. Crested Butte and Telluride approved fee increases on short-term rentals in an effort to squeeze out more revenue for affordable housing, though they stopped short of enacting heavier restrictions that would have slowed and limited short-term rentals. Voters in Avon approved a 2% excise tax on short-term rentals, while Ouray and Leadville voters approved similar tax increases. Locally, the Frisco Town Council is drafting language to be placed on April's ballot seeking voter approval for a 7.5% excise tax, which would increase the total tax on short-term rental stays to 18.225% after sales and lodging taxes. Frisco is also considering a cap on the number of short-term rental licenses allowed in the town.

While some municipalities in Summit County have already enacted regulations on short-term rentals, more are on the horizon as the debate about what

What's the future of short-term rentals in Summit County?



regulations to enact rages on and the demand for short-term rental licenses remains. Summit County enacted a 90-day moratorium on new short-term rental licenses in September 2021 (which expired in December) as they investigate the current vacation rental landscape and how they want to approach enacting new regulations. The Summit County Commissioners are currently considering regulations that would establish different types of licenses for short-term rentals as well as different zones within the county that are either “resort” or “neighborhood” zones. Breckenridge, which has already enacted regulations on short-term rentals, is inching closer to further increasing fees on vacation rentals. Following is the breakdown of the current and proposed regulations for the local area.

Breckenridge

Breckenridge has passed a cap on short-term rental licenses that allows only 2,200 licenses to be active in the municipality. To accommodate buyers who were under contract and others who were in the process of acquiring a license, the town allowed an unlimited amount of license applications to be submitted until Nov. 1. The final number of active licenses in Breckenridge is around 2,700. The town’s plan is to not issue any additional licenses to decrease the number of licenses to the 2,200 cap over time through attrition. Homeowners who are attempting to acquire a license can be placed on a waiting list and will be eligible to gain a license once the active licenses decrease to below the 2,200 cap. It’s hard to say how long the attrition of licenses will take, though some estimates have ranged from three to five years or even longer. This new short-term rental cap includes exemptions for certain hotels and condo complexes that the town designated as intended for short-term rentals.

In a more recent move, the Breckenridge Town Council has passed a new regulatory fee on all short-term rentals. This new fee will require all property owners with a short-term rental licenses to pay a one-time fee of \$400 per bedroom at the beginning of 2022. The fee is intended to create more revenue to apply to local workforce housing. In its current form, this fee will not apply to locals who rent their primary residence for less than 21 days in a calendar year.

Summit County

Summit County is also actively making changes to its short-term rental regulations. The county is taking a more equitable approach to creating new regulations and has hired a research company to assess the current short-term rental landscape, as well as take input from various stakeholders when developing the new regulations. These regulations were finalized and passed on Dec. 16.

The new regulations separate the county into “resort” and “neighborhood” zones with different rules regarding renting properties on a short-term basis. Short-term rentals in resort zones — which include Tiger Run, Peak 8, Keystone and Copper Mountain — will operate as they currently do with no limit to nights rented and no changes to sleeping occupancy

Neighborhood zones will include the rest of unincorporated Summit County and will transition to a tiered system for short-term rental licenses. Each tier has a different number of maximum allowed nights that can be rented in a calendar year.

- **TYPE 1: MAX 60 NIGHTS PER YEAR**
- **TYPE 2: MAX 135 NIGHTS PER YEAR**
- **TYPE 3: UNLIMITED NIGHTS PER YEAR**

Existing license holders in the neighborhood zones will be able to rent their property for an unlimited number of nights until the ordinance goes into effect in 2025.

Regulations will continue to be a hot topic in 2022. Contact Summit Mountain Rentals if you would like help navigating the ever-changing regulatory landscape of owning and operating your vacation home as a short-term rental. You can also support the Summit Alliance of Vacation Rental Managers (SAVRM) in its fight for fair and equitable short-term rental regulations in Summit County by visiting SAVRM.org.

Owners' Corner

Long Stay Lodging: A New Revenue Option for Vacation Homeowners



New regulations on short-term rentals are evolving across Summit County at a rapid pace. Vacation homeowners are facing increased fees, long waiting lists to attain a rental license and ever-changing rules regarding how to rent their home. The regulatory changes to short-term rentals are impacting the local real estate industry as well, as new-home buyers evaluate their ability to afford a second home in the area without income from renting. Second-home owners are being forced to decide whether to rent their property on a long-term basis (six-month or one-year lease) and forego visiting their vacation home, or leave the property unoccupied and retain the ability to visit when they chose.

Summit Mountain Rentals (SMR) has developed a new way for second-home owners to generate rental revenue while still being able to visit their vacation home whenever they choose. Designed to allow new-home buyers the ability to generate rental revenue while they wait for a short-term rental license, SMR's Long Stay Lodging is the solution to help bridge the gap between hesitant second-home buyers and their dream property.

Generate Income

Owners can use their homes when they want and still generate revenue with 30-day or longer stays.

Summit Mountain Rentals has designed a dynamic pricing and marketing system that targets the growing segment of renters who want to stay 30 days or more, as more people work remotely and are choosing to do so from traditional vacation destinations. These guests aren't your average ski bums and will pay top dollar for the right home. They are also responsible renters who prefer a modern and clean property to work from as opposed to the more basic properties traditionally used for long-term rentals. Renting a property for 30 days or more allows us to rent the property as a "long-term rental" as defined by the State of Colorado and Summit County.

Use Your Home

Owners still have the ability to visit their home whenever they want.

Owners will still be able to reserve dates that they want



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Make the most out of your investment.



to stay in their properties, giving them full access to their vacation home any time of the year. Once the owner's blocks are in place, SMR will book the rest of the available days with 30-day or longer stays. For realtors, SMR's Long Stay Lodging program helps them offer vacation-home buyers an option to generate rental revenue and still enjoy their property while waiting for their short-term rental license to be approved by their respective municipality.

Professional Home Care
Rest easy knowing your home is professionally cared for.

SMR's trusted, and experienced maintenance and house-keeping teams ensure your home is protected and well cared for. We also manage guests, collect and remit payments, and provide 24-hour on-call services. We ensure everything goes smoothly while you're away and prepare your home for your arrival when you decide to stay.

To learn more about how SMR's Long Stay Lodging program can help you generate revenue while you wait for your short-term rental license or about how you can use this innovative tool to keep your real estate deals moving toward closing, contact our business development team at 970.543.7370 or by email at New@SummitRentals.com.

Why Pricing is Your Best Friend

Let's face it: Renting out any property is about generating revenue. We all want our guests to have a great time, so we spend lots of money and time ensuring our vacation homes are in great shape and easy to live in. But if you aren't making money from your rental, what's the point?

With that in mind, pricing is your best friend. It's the key to how much money you make on your rental property — and from whom. But remember: Pricing is hard. Summit Mountain Rentals has a full time marketing staff of three (the largest in the area) including a dedicated revenue manager who constantly analyzes our pricing and keeps an eye on the competition.

Overbooking: This may seem counter intuitive, but having every date in July sold by the end of August the previous year is not "great." It means your pricing is *way too low*. Not only have you sold your property too early for too little and lost out on

revenue, but you've probably rented to the cheapest and least respectful renters.

Underbooking: The reverse is true for not having July 4 booked by June 15 the same year. In this case, your pricing is probably *way too high*. Demand on major holidays is high, and if you have a nice rental that isn't booking, you should look at your pricing ASAP.

The bottom line: It's imperative to watch the way your bookings come in (or don't come in). Then, *do something*. If your bookings are coming in too early, raise your price. If they aren't coming in at all, lower your price. Responding quickly is the easiest way to ensure good rates and good guests.

Don't forget, lodging is a perishable product. Once a night has passed with your property not rented, that money is lost forever. So it is important to ensure nights are sold before it's too late.

You need to sell your property, but you don't want to give it away. The trick is research and paying attention. Do a search of the homes in your area that are similar (number of bedrooms/bathrooms, guest occupancy). How are they priced?

Do you want to sell your home sooner than the competition? Then price yours slightly lower. Or do you want to wait until after they sell? Then price yours slightly higher.

Pricing a vacation rental is as much an art as it is a science. And just like any art, practice makes you better. So work on it. Pay attention to what is happening, then act and make adjustments.

Remember: Pricing is your best friend — and the most important tool you have for making money on your rental. Of course, a good property management company is familiar with all of this and can help you price your property every step of the way.

Rental

Be the Expert

Virus Variants Slow Travel Plans



The delta and omicron variants of COVID-19 have started yet another wave of concern among travelers. What's interesting are the demographics of the travelers who are showing hesitancy in making plans and those who aren't changing their booking patterns.

The omicron variant has been front and center in the news cycle. Concerns about how contagious this new strain is are overshadowing the news, though news that individuals who contract it generally see less severe symptoms is encouraging. The U.S. has imposed travel bans from some countries in an effort to slow the omicron variant's spread. And while these concerns are now negatively impacting travel plans and sentiment in a measurable way, they haven't impacted travelers' decision making as drastically as the delta variant did when it first appeared earlier in the year.

According to Destination Analytic's December report on travel sentiment in the United States, the number of those surveyed who expect the pandemic situation to worsen in the U.S. over the next month rose nearly 10% to 42.6%. Two thirds of those surveyed reported that they believed another significant wave is likely in the next three months. Those who believe COVID-19 will be present in the long term jumped to more than 70%.

76% of U.S. travelers remain in a travel-ready state of mind

While 76% of U.S. travelers remain in a travel-ready state of mind, that number is down six points from October when 82% felt ready to travel.

Of those surveyed, 30.9% of travelers say that the omicron variant has impacted their travel plans, with 37% of those in this group saying they canceled travel plans and 47% of the group postponing those plans.

The vaccination rate in the country continues to rise, with 61.5% of Americans reporting they're fully vaccinated and 18.4% of those reporting they've received a booster shot. Testing continues to be a hot topic with at-home tests now being an option, though difficult to find.

While concerns are on the rise due to the omicron variant, they've not yet impacted travel sentiment quite as much as the delta variant did. The traveling population seems poised to resume their vacations. Road travel over Thanksgiving was reported at near pre-pandemic levels, with just 4% fewer travelers than in 2019. And with more than 30% of U.S. travelers planning a holiday, it's evident that those who aren't as fearful of the virus are still traveling.

Report

What's next for vacation rentals?

The Economy's Impact on Travel



As the pandemic continues, its impacts on the nation's economy continue. Supply chain issues are complicating the ability of manufacturers to meet consumer demand. And while consumers are starting to get back to their normal spending habits after the stiff lockdowns early in the pandemic, rising inflation is now impacting their spending decisions. More people are also rejoining the workforce as we watch unemployment rates continue to decline from their high at the beginning of the pandemic.

The markets have rebounded from their crash during the early days of the pandemic, though they remain volatile as new variants reveal themselves. In November, the Dow Jones industrial average slid from its 52-week high of 36,565.73 earlier that month once the omicron variant was announced.

Consumer confidence is also decreasing, falling in November after increasing in October. At the writing of this article, the Consumer Confidence Index stood at 109.5, down from 111.6 in October. Consumers' short-term outlook fell due to rising prices and the COVID-19 variants.

The travel and leisure industry was among the hardest hit by unemployment rates as travel essentially ceased at the beginning of the pandemic, forcing layoffs across the industry. As the demand for travel has increased, the industry has experienced an encouraging upward trend, with 164,000 new jobs added in November. The unemployment rate for the entire U.S. has declined for the fourth consecutive month, finishing at 4.2% in November as the economy added 210,000 new jobs. However, an ongoing gap between available

positions and workers who aren't participating in the job market continue to impact not just the travel industry, but the many support industries in destination markets. Ski resorts, restaurants and retail operations are also suffering from the lack of available employees. "Help Wanted" signs can be seen in the windows of many businesses in Summit County. And while there are less employees to staff resort destinations, guests are continuing to visit at an increased rate, putting added pressure on an already stressed tourism industry.

As the economy continues to cope with the impacts of COVID-19, consumers seem eager to get back to their pre-pandemic spending habits, although they're now dealing with increasing inflation and rising prices. Let's hope 2022 is the year when we're able to get the virus and its variants under control.



**Summit County's
Vacation Rental
Experts**

Summit Mountain Rentals

Summit Mountain Rentals (SMR) is a privately owned, locally operated, full-service property management company focused on short-term vacation rentals in Breckenridge and Frisco, Colorado. We've been building our property management business since 2002 when we purchased The Hotel Frisco. We then acquired Summit Mountain Rentals in 2006. Today, we manage nearly 300 properties in Breckenridge and Frisco, ranging from luxurious mountain homes to boutique condominiums.

We pride ourselves on delivering the highest level of satisfaction to our property owners and guests. Our efforts have been rewarded by

being voted "Best of Summit" for property management 12 years running in the Summit Daily News readers' poll. SMR's winning strategy starts with a great staff. Our team has more than 150 years of combined hospitality experience, and many team members are longtime locals. We employ a diverse staff with expertise in every aspect of property management. From the largest marketing staff in the county to the most experienced maintenance staff, we're all here to ensure the success of your rental property. In short: We know Summit County, and we know how to take care of Summit County property owners, properties and visitors.

Meet a Team Member



Ross Capodanno
Business Development Manager

Hailing from Jupiter, Florida, where he worked in sales, Ross is the newest addition to SMR's management team. He will head up our business development sector, working to inform prospective owners about SMR's short-term rental program. Ross is an excited newcomer to the Rocky Mountains and is eager to enjoy all of the activities and the beautiful landscape he now calls home.



Our Team



Mark and Mary Waldman
Owners

After pursuing successful careers in Silicon Valley, Mark and Mary realized they were looking for something more – something fulfilling and also exciting. In the process of considering what type of venture to pursue, they found Summit County and quickly fell in love with the area. Realizing that it had the right mix of location, people and growth potential, they purchased the Hotel Frisco in 2002 and then acquired Summit Mountain Rentals in 2006. Today, they are as active in the management of the company as they were from day one. They enjoy traveling with their dogs, Bella and Buddha, and partaking in the activities and events of Summit County.



David Wilcox
General Manager

David Wilcox is a longtime Summit County local who has won the distinction of “Mr. Summit County.” He is an avid endurance athlete and is passionate about his career accomplishments. A family man and lector of a local church, David wholly dedicates himself to the success of SMR. He oversees all aspects of the company and manages SMR’s large, diverse and ever-growing staff.



Chris Rudolf
Guest Services Director

Chris is SMR’s customer service pro and ensures SMR’s guests are always taken care of to the highest degree. He is a guru when it comes to guest satisfaction and a great leader for our busy front office staff. An avid mountain biker, Chris knows exactly why our guests are visiting as he spends his free time partaking in the same activities with his wife, Amy, and daughter, Sienna.



Aaron Weston
Director of Operations

Aaron is highly experienced in property maintenance and ensures all of our homes are always properly cared for. He directs the maintenance, inspection, housekeeping and owner manager teams at SMR, making sure our homes are in perfect condition for guests as well as our owner partners. When Aaron is not on the job, he spends time exploring with his partner, Shelby, and two dogs.

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MOUNTAIN
RENTALS**

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