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 WEISS ANALYTICS

# 100 BEST PLACES TO BUY A VACATION RENTAL IN 2020

Our fifth annual report addressing industry changes and where to invest.





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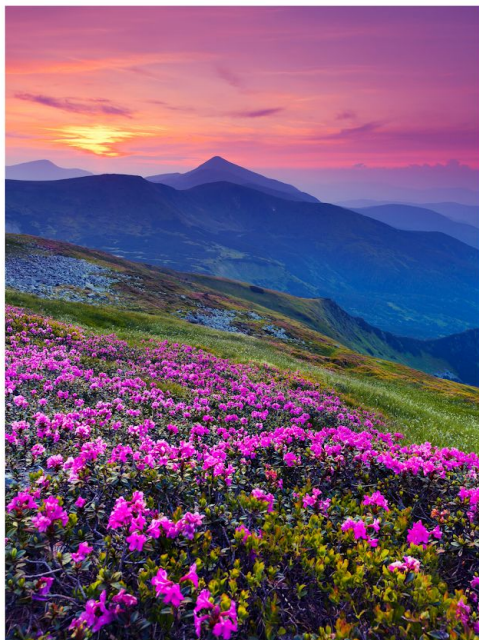


## INTRODUCTION

The changes undergone this year have been nothing short of seismic. Professional management companies with tens to hundreds of millions of dollars in funding have been impacted in crippling and sometimes existential ways. Our bustling global economy came to a screeching halt with the travel industry at the center of a near-collapse. What we're now seeing is two years of innovation happening in a quarter. Remote work, video conferencing, longer stays and no-contact check-ins, once optional—are now essential.

Hospitality is still front and center, but it's become clear that there is more to vacation rental investment management than finding a property and someone to keep things clean. Revenue management and all that entails can increase annual returns by 200%+ annually. In order to ensure the most optimized return on your investment, be prepared to either hire a top-tier professional revenue management company or spend 15+ hours/week managing daily pricing, listing optimization as well as channel and review management.

Rented rankings are based on a 3 bedroom, 2 bath stand-alone home.



## INTRODUCING RENTED RESEARCH & WEISS ANALYTICS

This year, we're introducing two new contributors to the Rented Report.

**Rented Research** provides custom, in-depth market research and strategic planning specifically for the Vacation Rental Industry.

**Weiss Analytics** provides the next generation of home price indexing, forecasting, and analytics and is the only provider of house-specific repeat sales indexes in the US.

These two teams have combined to add Real Estate forecasting and Industry specific analysis that allows this report to assess total cash-on-cash returns and identify opportunities.

Look for our in-depth market analysis over the coming months for these markets, or reach out to [salesteam@rented.com](mailto:salesteam@rented.com) for custom reporting options.

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# LOOKING FOR A CUSTOM VACATION RENTAL MARKET ANALYSIS?

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FOR MORE INFORMATION, PLEASE  
CONTACT OUR SALESTEAM@RENTED.COM



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## HOW WE DEVELOPED THIS REPORT

We focus on the top US markets and compare the cost of home ownership, short-term revenue potential, cost to acquire and annual appreciation as well as projected changes in asset value.

## WHO THIS REPORT IS FOR

This report is designed as an initial guide for those who are selling, buying or currently own vacation homes. It can also provide value to anyone interested in a summary of the industry landscape.





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## FACTORS INFLUENCING TOTAL RETURNS

01

Revenue Management

The role of revenue management is crucial. Understand what questions to ask, what amenities are important and what to look for in a Professional Vacation Property Management Company.

02

Convolutd Regulatory Landscape

If purchasing in an unfamiliar market, partner with someone who not only understands the local landscape, but is an active Vacation Rental advocate. If it's a familiar market, get involved. It will make all the difference.

03

Projected Asset Appreciation

Property owners look at monthly rental income to help with expenses as well as the annual appreciation of the property. Both are essential factors in calculating where and what to purchase.



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## ESSENTIAL VACATION RENTAL VARIABLES

01

Where you go

Travel doesn't stop when the economy weakens, it changes *where people travel*. In 2020, travelers want to stay closer to home and they are seeking genuine experiences. High on the list are Instagram-worthy, outdoor locations and the highest returns come from homes that enhance the guest experience.

02

How you get there

Trends have made a dramatic shift to drive-to destinations. This might be short term, but for now, markets within 2-5 hours of major metropolitan areas will see better performance.

03

Where you stay

Guests are more sensitive than ever to the quality of service and being able to speak to those servicing the property. Professionally managed properties are seeing a spike in rentals compared to less consistently reliable RBO properties.



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# TOP 5 PLACES TO BUY A VACATION RENTAL IN 2020

**Florida  
Panhandle**

**South  
Jersey  
Shore**

**The  
Poconos**

**The Smoky  
Mountains**

**Central  
Texas**





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# A REVENUE MANAGEMENT STRATEGY IS CRITICAL



## IMPORTANT:

***Few Vacation Rental properties optimize performance.*** It's important that an owner familiarize themselves with the ability to assess if your property is reaching its full potential. What to look for:

- **Average Daily Rates (ADRs) should typically vary by 4-5x or greater**
  - Some days are more valuable to guests than others, and pricing should reflect that. If your lowest rates are \$100/night, you should see around \$400-\$500 per night for the nights most in demand. This should adjust throughout the year, even accounting for how far in advance a property is booked.
- **Frequent pricing changes** including daily adjustments. Pricing changes enable marketing channels like Vrbo, Booking.com and Airbnb to know the listings are being actively managed.

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# DOES YOUR PROPERTY MANAGER HAVE THE RIGHT REVENUE STRATEGY?

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HANDS-ON REVENUE MANAGEMENT  
SERVICES FOR VACATION RENTAL  
PROPERTY MANAGERS



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# ESSENTIAL QUESTIONS FOR PROFESSIONAL MANAGERS

In order to know how well a professional manager handles their portfolio, you'll want to **ask questions to understand how they prioritize returns** to home owners.

- **How do you manage rates?** This is a good open-ended question, but you'll want to ensure they are using a blend of analytics, combining data available and a skilled revenue manager who is focused on making pricing adjustments in a proactive manner.
- **What are the average review scores?** Reviews are critical to improving search rankings on marketing channels and show the quality of service the manager generally provides.
- **How often are prices adjusted on every property?** This will show you whether they are truly using a dynamic pricing strategy. This should happen at least daily.

**Note:** *Cheaper is not always better. When evaluating management fees, keep the overall property performance in mind.*





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# TOP 20 RANKINGS

Ranking	Market	Score
1	Florida Panhandle	98.7
2	South Jersey Shore, New Jersey	93.4
3	The Poconos, Pennsylvania	93.0
4	Smoky Mountains, Tennessee	77.8
5	Central Texas	77.7
6	Phoenix Metro Area, Arizona	77.0
7	Ocean City, Maryland	74.4
8	Siesta Key, Florida	74.2
9	Charleston Metro/Coastal, S. Carolina	73.5
10	Hampton Roads, Virginia	73.3

Ranking	Market	Score
11	Hudson Valley, New York	72.9
12	Leavenworth, Washington	72.4
13	Inland Empire, California	72.1
14	The Adirondacks, New York	71.3
15	Chattanooga, Tennessee	70.6
16	The Hamptons, New York	70.2
17	Columbus, Ohio	69.9
18	Portland, Maine	69.4
19	Miami Metro Area, Florida	68.6
20	Omaha, Nebraska	68.5

\*Based on a 3 bedroom, 2 bath stand-alone home

## RANKINGS CONTINUED

Ranking	Market	Score
21	Alabama Gulf Coast	68.4
22	Boise, Idaho	68.3
23	Rehoboth Beach, Delaware	67.8
24	Lake Havasu, Arizona	67.6
25	Texas Gulf Coast	66.9
26	Tampa Bay Area, Florida	66.1
27	Lexington, Kentucky	64.4
28	Los Angeles Coastline, California	64.4
29	Nashville, Tennessee	63.1
30	New Orleans, Louisiana	62.6
31	Hilton Head Island, South Carolina	62.5
32	Charlotte, North Carolina	62.3
33	San Diego Coastline, California	62.2
34	Cleveland, Ohio	62.2
35	Milwaukee, Wisconsin	61.8
36	Orlando Metro Area, Florida	61.6
37	Bloomington, Indiana	61.5
38	Cape Coral, Florida	60.8
39	Indianapolis, Indiana	60.4
40	Colorado Rockies- Grand County	60.3

Ranking	Market	Score
41	Northern Michigan	60.0
42	Santa Fe, New Mexico	59.8
43	Atlanta, Georgia	59.7
44	The Ozark Mountains	59.5
45	Ann Arbor, Michigan	59.2
46	Mammoth Lakes, California	58.0
47	Yosemite, California	58.0
48	Finger Lakes, New York	57.4
49	Tulsa, Oklahoma	57.3
50	Park City, Utah	57.0
51	Jacksonville, Florida	56.8
52	Outer Banks, North Carolina	56.4
53	Houston, Texas	56.4
54	Burlington, Vermont	55.8
55	Philadelphia, Pennsylvania	55.7
56	Central Coast, California	55.7
57	Pittsburgh, Pennsylvania	55.7
58	Bend, Oregon	55.6
59	Providence-Warwick, Rhode Island	55.4
60	Stowe, Vermont	55.0

\*Based on a 3 bedroom, 2 bath stand-alone home

## RANKINGS CONTINUED

Ranking	Market	Score
61	Louisville, Kentucky	54.2
62	Oregon Coast	54.1
63	New York Metro Area	53.8
64	Alexandria, Virginia	53.2
65	Kansas City, Missouri	53.1
66	Provincetown, Massachusetts	52.9
67	Lake Tahoe, California	52.8
68	Daytona Beach, Florida	52.2
69	Savannah, Georgia	51.3
70	Flagstaff, Arizona	50.7
71	Cincinnati, Ohio	50.6
72	Sonoma, California	50.5
73	The Big Island, Hawaii	50.5
74	Colorado Rockies: Rocky Mountain NP	50.4
75	Cocoa Beach, Florida	49.4
76	Wilmington, North Carolina	49.4
77	Annapolis, Maryland	48.9
78	Anchorage, Alaska	48.9
79	Maui, Hawaii	47.6
80	Ashland, Oregon	47.4

Ranking	Market	Score
81	Colorado Rockies: Crested Butte	46.7
82	Tybee Island, Georgia	46.1
83	Blue Ridge Mountains	46.0
84	Homer, Alaska	45.9
85	Dallas, Texas	44.5
86	Carolina Smokies	44.2
87	St. Louis, Missouri	44.0
88	Albuquerque, New Mexico	42.3
89	Marco Island, Florida	41.8
90	Southern Utah	41.0
91	Minneapolis-St. Paul, Minnesota	40.3
92	Rochester, New York	37.1
93	Colorado Rockies: Eagle County	36.3
94	Myrtle Beach, South Carolina	36.1
95	Sedona, Arizona	35.0
96	Idaho Panhandle	33.8
97	St. Simon's Island, Georgia	32.6
98	Killington, Vermont	31.5
99	Colorado Rockies: Summit County	29.4
100	El Paso, Texas	13.9

\*Based on a 3 bedroom, 2 bath stand-alone home





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# REPORT LIMITATIONS

**This list is intended to be a first step** in finding the right market, property and management for your investment, not the final say on where to invest. For this reason, the data is represented in an index and is not precise. We will publish regular deep dives of specific markets discussing relevant details and opportunities.

The current state of the vacation rental industry is a very decentralized and independent one. This is most obvious when looking at the available data. It's as much about filtering through an abundance of bad data and knowing how accurate the final dataset is as anything else.

Many of the most traditional markets have a lack of digital or cloud-based data. Guests book direct with the same properties for decades, and older management companies don't use online booking channels at the same level as newer markets and managers. Properties that take advantage of updated listing and pricing optimization policies are likely to outperform the market in these areas, but there isn't enough objective data to use in the decision-making process.

## **COVID-19**

Among the list of uncertain variables, COVID-19 reigns supreme—and not all of the results are negative. Over the long-term, Rented is expecting most trends that were already occurring to accelerate: the slowing of the lease-arbitrage trend, more cautious VC investments, the increasing ability for remote work and broad adoption of US travelers using private accommodation.

The projections include an 18-month COVID impact. Fly-to and urban markets have taken the largest revenue hits, but these are short term and might provide more negotiating power in real estate purchase negotiations.