



2018 Vacation Rental Owner INSIGHTS REPORT

INTRODUCTION

The vacation rental industry started out as a collection of owners who got bookings by posting fliers in the local supermarket or planting signs in their front yards. They relied heavily on word-of-mouth advertising and local real estate professionals.

Today, owners are listing their vacation homes on [platforms like Airbnb, VRBO, and TripAdvisor](#) - sites that reach millions of travelers who are looking for a place to stay.

They're getting [more bookings](#) and making more money.

With that being said, they're also facing stiffer competition. Every owner is [going up against hundreds of listings online](#) - but an obvious reason for the success of one property over another has yet to be determined.

We want owners to know how they stack up to the competition, and then determine the best course of action to outperform them.

At Evolve, our mission is to make vacation rental easy for everyone. And to do that, we want to help establish a standard that vacation rental owners across North America can use to determine whether they're hitting the mark or falling behind.

To accomplish this, we surveyed owners across the vacation rental industry, and over 1,300 responded - giving us, and you, a better idea of how your competition is performing, what they want to improve on, and what they believe they excel at.

It reveals that owners throughout the vacation rental industry are running into the same issues, regardless of their circumstance, and that things are changing at such a quick pace that they're having a hard time keeping up.

Armed with the information provided in this report, we're confident that the owners who make up the fabric of this growing industry can continue to raise the bar and provide travelers with

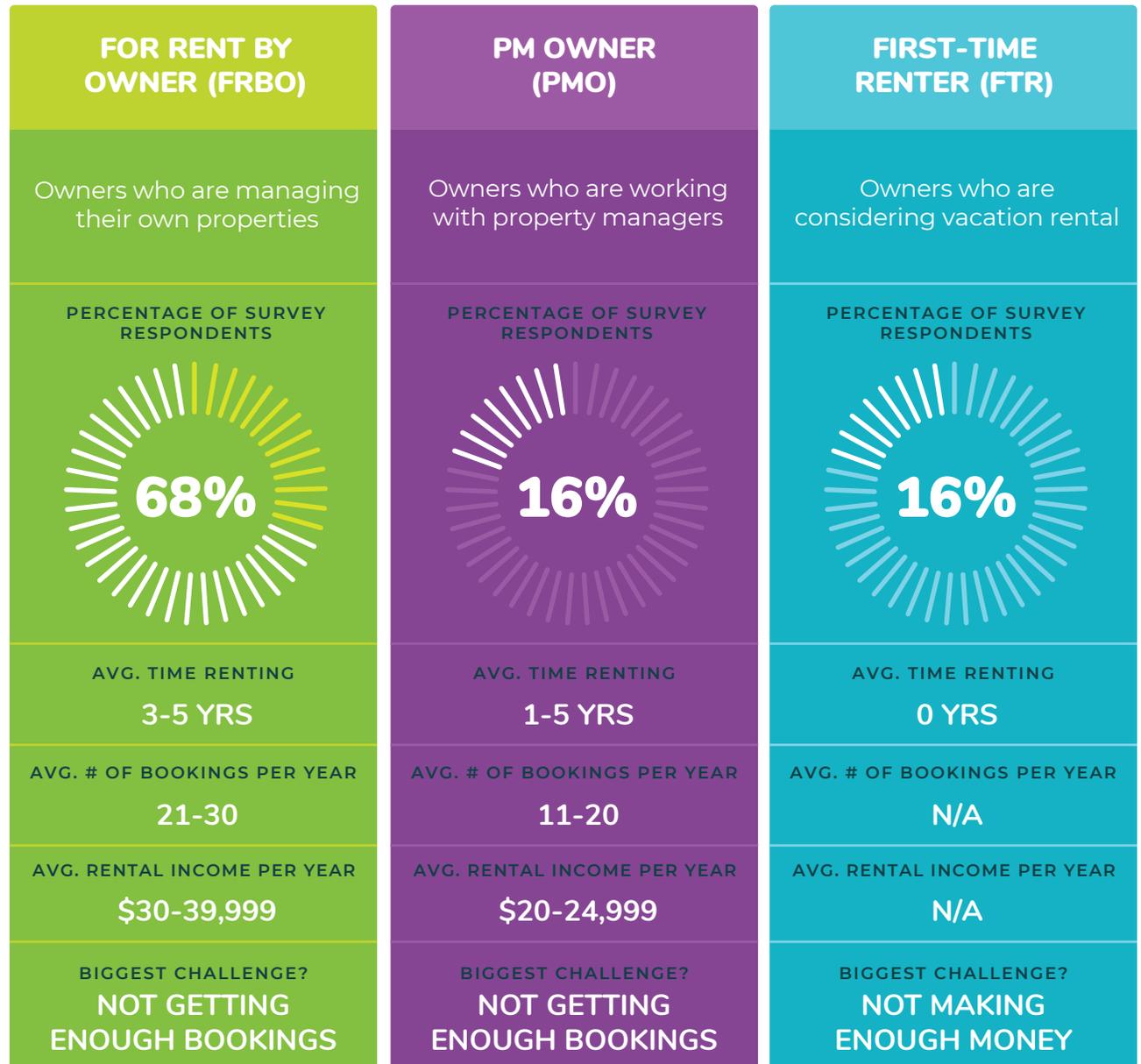


WHO ARE VACATION RENTAL OWNERS?

We placed homeowners who participated in our survey in three categories:

- For Rent By Owner (FRBO)
- Property Manager Owner (PMO)
- First-Time Renter (FTR)

Throughout the report, we compare these three types of owners to show how they are already succeeding and where there is still room for growth.



CONTENTS



- 5 A LOOK AT THE AVERAGE VACATION RENTAL**
 - 6 WHAT'S THE MOST COMMON TYPE OF VACATION RENTAL?

- 11 OWNERS' TOP PRIORITIES & BIGGEST CHALLENGES**
 - 12 MAKING MONEY IS THE TOP PRIORITY
 - 16 BOOKINGS ARE THE BIGGEST CHALLENGE

- 21 THE SECRET TO SUCCESS: PROFESSIONAL LISTINGS**
 - 22 WHAT DOES A PROFESSIONAL LISTING LOOK LIKE?
 - 27 SUCCESSFUL OWNERS STILL HAVE ROOM TO GROW

- 28 STRATEGIES TO GET STARTED WITH VACATION RENTAL**
 - 29 PROSPECTIVE BUYERS ARE EAGER TO GET STARTED
 - 34 CONCLUSION



A Look At The Average VACATION RENTAL

5

WHAT'S THE MOST COMMON TYPE OF VACATION RENTAL?

According to the National Association of Home Builders, there are nearly 8 million second homes in the United States.

Of those, it's estimated that 2 million are currently advertised on the top OTA sites like Airbnb, HomeAway, and VRBO - a number that is growing every day.

Because the vacation rental industry is a collection of independent homeowners, it's hard to understand how a single property is doing because there are no benchmarks for the types of properties that are being used as short-term rentals.

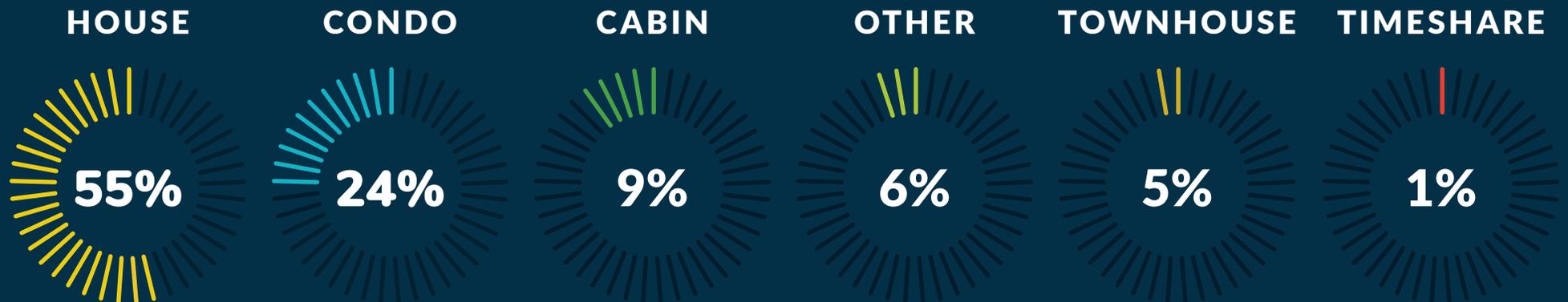
How many bedrooms do they have? How many guests can they host? How much money are they earning?

We couldn't find the answers, so we asked - and here's a look at the average vacation rental:

The majority of vacation rentals are traditional single-family houses. They're not in-law suites, basement apartments, or guest rooms. In fact, nearly 90% of owners said their properties are dedicated vacation homes - not their primary residences.



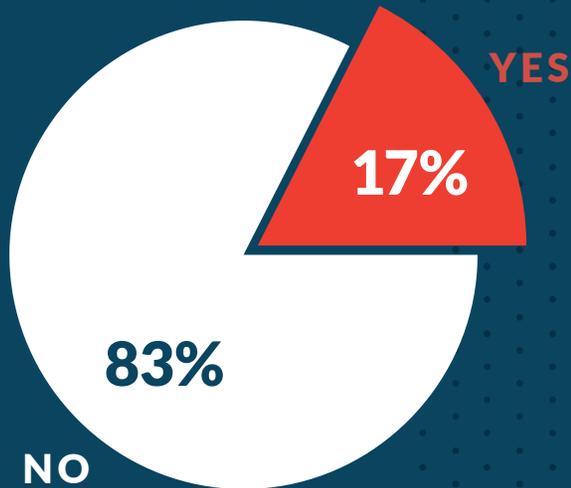
WHAT TYPE OF VACATION HOME DO YOU OWN?



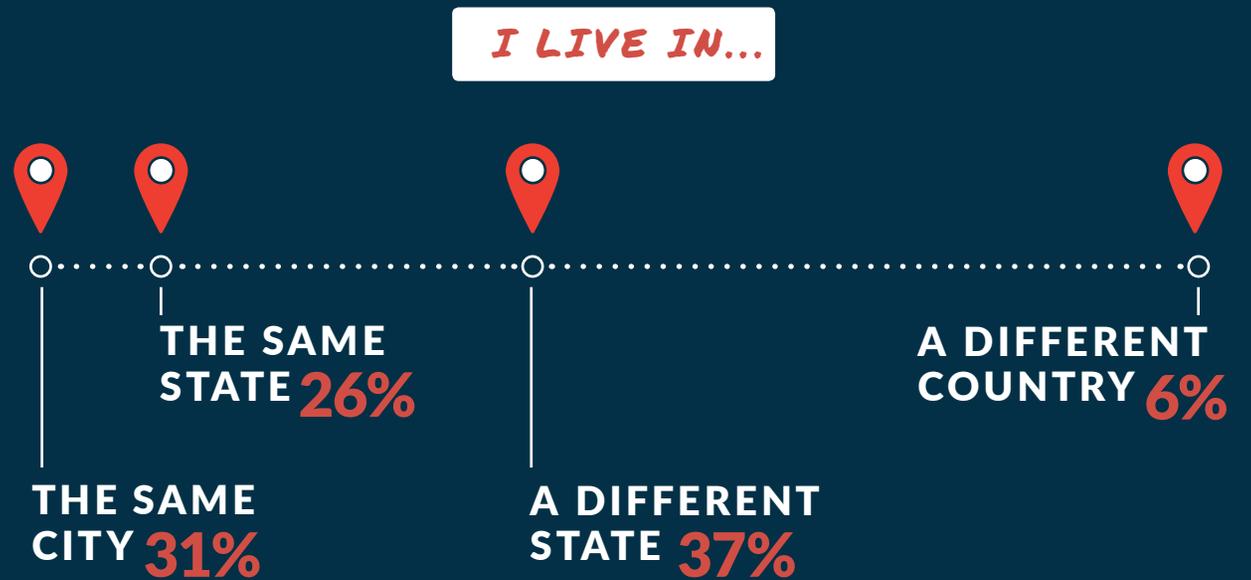
The impression that took hold after Airbnb's meteoric rise to fame was that vacation rentals were synonymous with home shares. But those situations are the small minority. The properties most owners are using as short-term rentals are second homes in another city or state.



IS THIS YOUR PRIMARY RESIDENCE?



HOW FAR DO YOU LIVE FROM YOUR VACATION HOME?



REMOTE VACATION RENTAL OWNER

PROS:

- Having a place to stay on vacation
- Buying in an area with strong tourism
- Not having to handle on-the-ground services yourself

CONS:

- Needing boots on the ground to handle cleaning, help guests, and perform regular maintenance
- Not being able to keep a close eye on your investment

LOCAL VACATION RENTAL OWNER

PROS:

- Handling most of the management on your own
- Knowing the area intimately
- Providing guests with personal recommendations
- Being able to keep a close eye on the property

CONS:

- Not having a vacation home to visit in another area
- Needing to be available as the guest contact



31% OF LOCAL OWNERS
MAKE OVER \$40,000 IN GROSS RENTAL
INCOME PER YEAR

41% OF LOCAL OWNERS
USE THEIR HOMES
PERSONALLY



28% OF REMOTE OWNERS
MAKE OVER \$40,000 IN GROSS RENTAL
INCOME PER YEAR

39% OF REMOTE OWNERS
USE THEIR HOMES
PERSONALLY

VS

VS

HOW MANY ROOMS SHOULD A VACATION RENTAL HAVE?

The most popular configurations are two- to three-bedroom homes that can sleep six to eight people.

Generally speaking, the more people a vacation home accommodates, the higher the nightly rate you can charge.

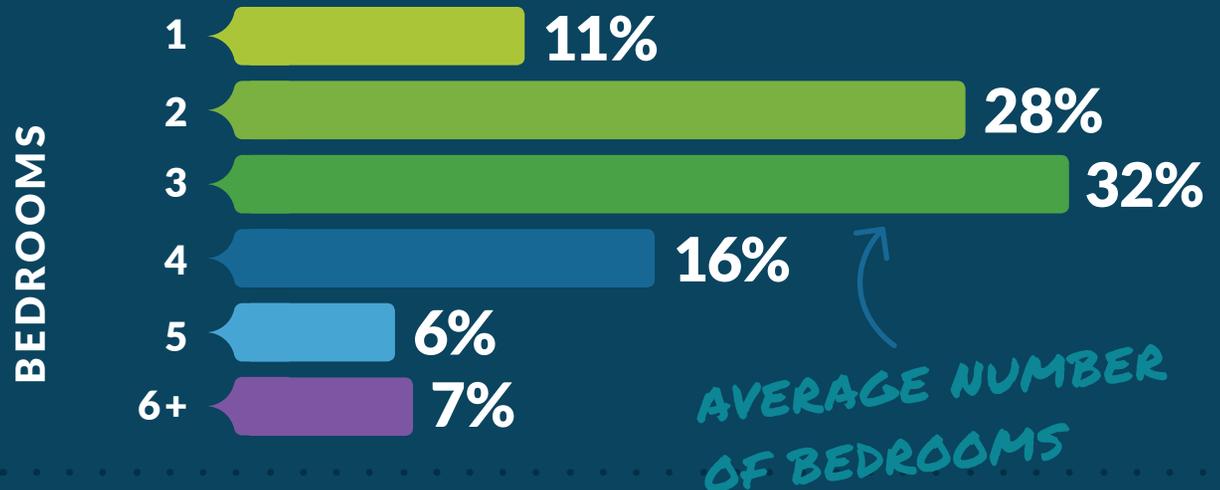
That doesn't necessarily mean you have to build more bedrooms to be successful, though. Adding sleep spaces is a simple, cost-effective way to increase the guest count and earn more with the same number of bookings.

It's helpful for families and groups traveling together to have the options for additional sleeping space - especially if they're on a budget and looking for a deal.

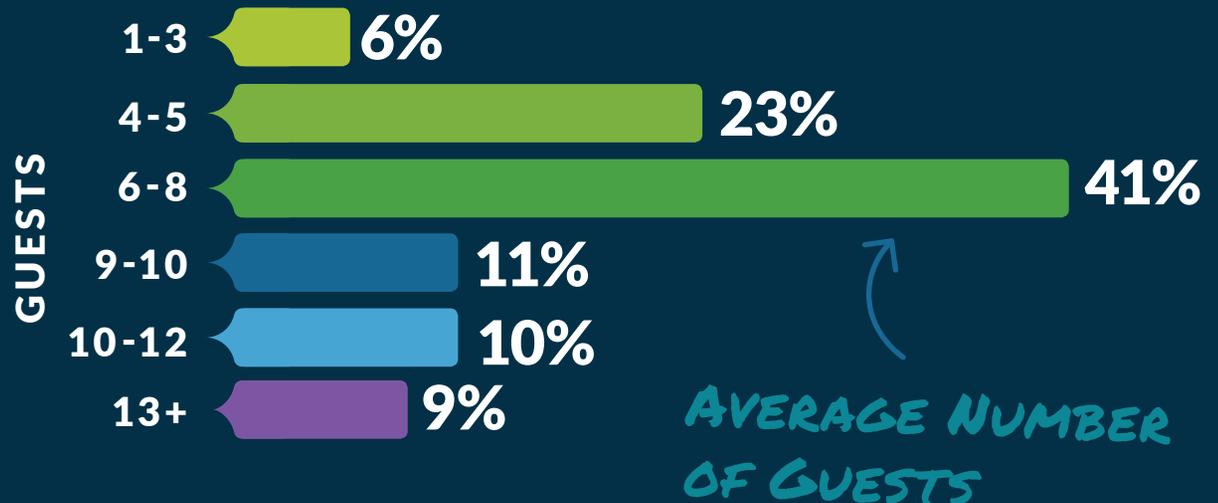
EVOLVE TIP

- Invest in rollaway beds, air mattresses, pull-out couches, twin beds, and bunk beds to accommodate more guests in the sleeping quarters you already have.

HOW MANY BEDROOMS DOES YOUR PROPERTY HAVE?



HOW MANY GUESTS DOES YOUR VACATION RENTAL SLEEP?



MOST OWNERS ARE AFFECTED BY LOCAL REGULATIONS

As more cities and counties pass regulations for short-term rentals, it has become critical to learn the laws and abide by them. Regulations protect owners' rights to run vacation rentals. Failing to learn them, or ignoring them outright, could lead to citations and fines. Not to mention that it could potentially put other vacation rentals in jeopardy.

Continued vacation rental success depends on everyone getting involved in the conversation surrounding regulations, following the rules, and maintaining a positive relationship with the community.

EVOLVE TIP

- ✓ Get involved in your local community to learn about the vacation rental regulations and advocate on behalf of yourself and other owners.



40% OF OWNERS DON'T KNOW OF ANY REGULATIONS IN THEIR AREA

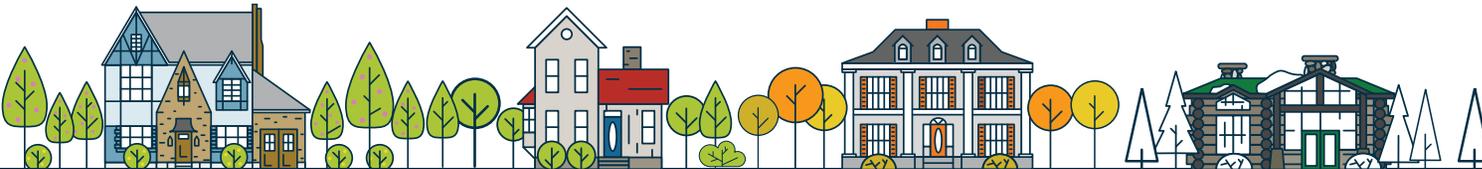
SUMMER IS THE HIGH SEASON ACROSS THE COUNTRY

From owners with beach cottages in Florida to those with ski chalets in the Rockies, the results show that summer is the high season.

This is likely the result of annual travel trends that affect every vacation destination. Families with children, teens, and young adults book trips when they can all travel together - summer.

EVOLVE TIP

- ✓ Market your property as a family-friendly home to get summer bookings. Provide bunk or trundle beds, as well as games, sporting equipment, and other forms of entertainment.



WHAT'S YOUR HIGH SEASON?





Owners' Top Priorities & BIGGEST CHALLENGES



MAKING MONEY IS THE TOP PRIORITY

The primary reason owners get into vacation rental is to earn income on the side. This isn't a big surprise because there's good money in short-term rental.

HomeAway reports that the average owner earns \$28,000 in rental income per year, but it's possible to earn significantly more than that with the right vacation rental property and a strategic approach to management.

The fact that one-quarter of owners don't use their vacation homes themselves shows that they understand the potential and treat their second homes like business investments rather than personal retreats.



55% OF OWNERS
STARTED RUNNING A
VACATION RENTAL TO MAKE
EXTRA MONEY

EVOLVE TIP

- Reinvest your rental income into upgrades and amenities to provide a better guest experience. Over time, you can charge more per stay and collect more rental income overall.

TOP 5 REASONS OWNERS GET INTO VACATION RENTAL



**EARN
ADDITIONAL
INCOME**



**EARN PRIMARY
SOURCE OF
INCOME**



**OFFSET HOME
EXPENSES**



**LET OTHERS STAY
WHEN I DON'T
NEED IT**



**HAVE FUTURE
RETIREMENT
HOME**

HALF OF HOMEOWNERS MAKE OVER \$25,000 PER YEAR

We found that just 20% of owners earned less than \$10,000 in the past year. Even \$10,000 is a sizable rental income that goes a long way toward covering the expenses of a second home.

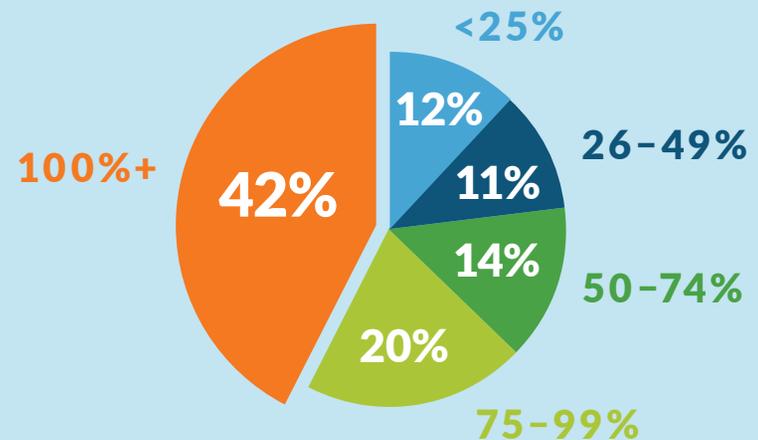
On the other end of the spectrum, over 20% earned more than \$50,000 and a select group of 6.5% earned over \$100,000.

However, most people fall somewhere in the middle, earning enough income to cover their costs, but perhaps not enough to turn a profit.

WHAT SEPARATES TOP PERFORMERS FROM AVERAGE OWNERS?

- **Larger properties:** Size matters, and the more bedrooms a home has, the more money it makes.
- **More reviews:** The more reviews, the greater the earnings. Among owners who have 50 or more reviews, 75% earn more than \$25,000 per year.
- **Better listings:** Owners who spend 4 hours or more creating their listings consistently make more money than those who take less time.
- **Bigger time investment:** Dedicating time to managing your vacation rental pays off: 75% of owners who spend 15 hours a week on their vacation rentals make more than \$100,000.
- **More bookings:** 65% of top earners (those who make \$75,000 or more annually) get 30 bookings or more per year.

WHAT PERCENTAGE OF YOUR COSTS ARE COVERED BY RENTAL INCOME?



EVOLVE TIP

- 🗨️ Become a top performer by improving your listing, increasing your review count, and dedicating more time to managing your vacation rental - or hire a vacation rental management company with the expertise to help.



15% OF OWNERS WHO GET 50 OR MORE REVIEWS MAKE MORE THAN \$100,000

IN-DEMAND AMENITIES INCREASE VACATION RENTAL EARNINGS

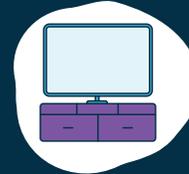
Guests are willing to pay more to book a vacation rental that has amenities that will enhance their stay. Hot tubs in mountain homes and pools in desert areas are some of the first things travelers look for when planning a trip, and they are often comfortable spending more to have these luxuries.

Aside from being able to charge a higher nightly rate, vacation rentals with in-demand amenities stand out on listing sites and get booked sooner than competitors.

10 AMENITIES TOP-EARNERS HAVE IN THEIR VACATION RENTALS



WIFI



CABLE/SATELLITE TV



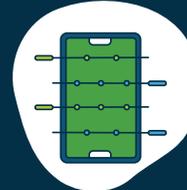
POOL TABLE



HOT TUB



FIRE PIT



FOOSBALL TABLE



VIDEO GAMES



SAUNA



STEAM SHOWER



POOL



32%

OF OWNERS HAVE
A HOT TUB

VS

38%

OF OWNERS HAVE
A POOL

ARE YOU MAKING A GOOD FIRST IMPRESSION ON GUESTS?

New vacation rental owners are hitting the ground running with hospitality. Compared to owners with more experience, first-timers are more likely to leave out a welcome book for guests and provide gift baskets.

In the past, these gestures may have been seen as over-the-top or unnecessary. Now, guests have more choice than ever, and owners are more dependent on their reviews. It's a good idea to set yourself apart by providing these extras.

They cost a little, but have a huge impact on guests' impressions.

EVOLVE TIP

Click to download Evolve's welcome book template to give guests the information they need for an enjoyable stay - how to use appliances, house rules, and personal recommendations for what to do in the area.



HOUSEKEEPING TASKS GUESTS ARE ASKED TO PERFORM:

BEFORE CHECKOUT

- TAKE OUT TRASH
- RUN DISHWASHER
- LEAVE KEYS & LOCK DOOR
- TURN HEAT/AC DOWN
- STRIP BEDS

Asking guests to do housekeeping was standard practice in the early days of vacation rental, but more owners are moving away from it. Guests expect to feel like they're on vacation when they stay in a short-term rental, and owners risk bad reviews by asking them to perform a list of chores.

TOP 5 WAYS OWNERS WELCOME THEIR GUESTS



EMAIL



WELCOME BOOK



TEXT



IN PERSON



PHONE CALL

BOOKINGS ARE THE BIGGEST CHALLENGE

All owners have something in common: their top concern is how to get enough bookings.

Owners who use property managers say the primary marketing strategy used to promote their home is listing it on the manager's website.

Listing online is a strong start, but chances are good that an independent website's reach pales in comparison to giants like Airbnb and VRBO.

By relying on antiquated methods, like small-scale local marketing, owners leave many

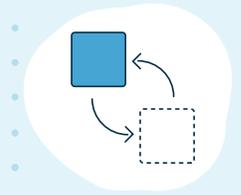
opportunities on the table. It's possible property managers don't have the means or technology to list all of the properties they oversee on listing sites – but that's what it takes to succeed in today's vacation rental marketplace.

TOP 4 CHALLENGES OWNERS FACE

Despite having different vacation rental management strategies, owners face many of the same challenges.



51% OF OWNERS ARE NOT GETTING ENOUGH BOOKINGS



20% OF OWNERS CAN'T KEEP UP WITH CHANGES IN THE INDUSTRY

OWNERS DEPEND ON LISTING SITES TO GET BOOKINGS

Owners who manage their own vacation rentals rely almost entirely on listing sites like VRBO, Airbnb, HomeAway, TripAdvisor, etc. for marketing.

They say they use social media as a secondary source for spreading the word about their properties. Nevertheless, **more than 25% of owners depend on listing sites for 100% of their bookings**, and another 44% say that 75-99% of their bookings come from listing sites.



27% OF OWNERS GET ALL OF THEIR BOOKINGS FROM LISTING SITES.

Being on listing sites is smart. Relying on only one or two of them to generate every single booking is risky. Owners who put all of their booking eggs in one basket are left vulnerable if their property listing's performance drops or travelers start using another booking site.



IN TERMS OF RENTING A VACATION HOME, WHICH DO YOU NEED HELP WITH?

MAINTENANCE



SETTING RATES



MARKETING



EVOLVE TIP

- 📋 Diversify. List your property on as many booking platforms as you can manage – including the major platforms like VRBO, Airbnb, HomeAway, FlipKey, social media, and local marketplaces.

HELP? HELP?

FRBOS NEED THE MOST HELP WITH MARKETING

WHICH LISTING SITE PROVIDES THE BEST BOOKING RESULTS?

VRBO is the most popular listing site among vacation rental owners, followed by HomeAway and Airbnb.

VRBO has been around since 1995, when a frustrated Breckenridge condo owner decided there had to be a better way to get bookings for his mountain getaway. The marketplace he built caught on, and 20 years later, it's still the preferred platform for most vacation rental owners.

But preferences may be shifting.

The majority of prospective owners said they plan to use Airbnb as well as VRBO once they get their vacation rentals off the ground, signaling a migration toward newer technology.

For now, **VRBO isn't just the most popular listing site, it's also the one that's delivering the best results.**

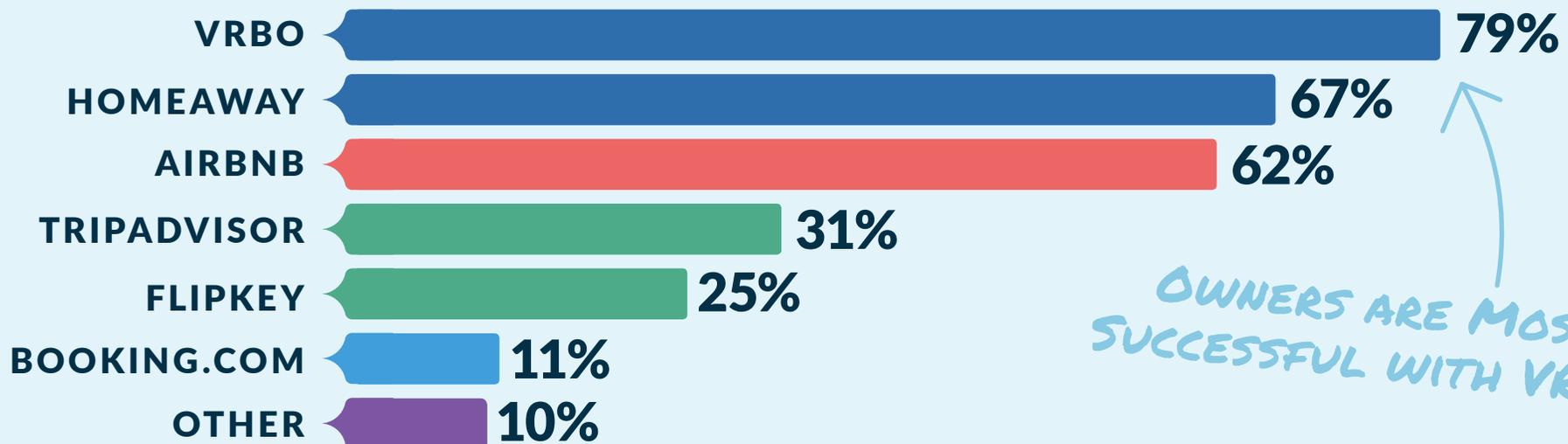
As owners diversify their marketing, they may want to consider Airbnb. 25% say it's where they achieve the most success – making it the second-best platform by far.

However, a lot of owners are finding that it's harder to do well on VRBO and HomeAway due to algorithm updates. They now require that top-ranking listings be polished and professional. Guests want consistent and quality experiences, and they have adjusted their ranking system to give guests what they want.

EVOLVE TIP

Invest in listing pictures. Photos impact your rankings and bookings, so invest in a set of 50 high-quality images, including some for each season.

WHAT LISTING SITES DO OWNERS USE?



OWNERS ARE MOST SUCCESSFUL WITH VRBO

HOW MANY LISTING SITES DO OWNERS NEED TO USE?

Just 18% of vacation rental owners use five or more listing sites for their marketing.

Those owners have a huge competitive advantage over the owners who are dependent on one or two sites to drive their performance.

EVOLVE TIP

Want an immediate advantage over 80% of owners? Get your listing in front of a wider audience. Evolve distributes your rental on 7 listing sites for free!

People using multiple listing sites are in the best possible position to secure bookings because they're getting their listings in front of millions of travelers. They aren't

limited to Airbnb's audience or VRBO's users. Their vacation rental listing is showing up on VRBO, HomeAway, Airbnb, TripAdvisor, and others.

Not only is there power in audience numbers, but these owners safeguard themselves against slight changes in listing site performance.

They don't have to sweat every little change on HomeAway, Airbnb, or any other listing site. They can rest easy knowing that they will continue to generate as many bookings as they need on the other listing sites they use.

So why don't more owners list on more than one site? A lot of the time, it comes down to costs.



NUMBER OF LISTING SITES OWNERS USE TO PROMOTE THEIR PROPERTIES



OWNERS WHO USE MORE SITES ARE TYPICALLY MORE SUCCESSFUL

MOUNTING FEES MAKE IT HARD TO SUCCEED ON LISTING SITES

Booking fees are a huge part of the debate about which listing site to use, and it's a big reason why some owners are moving away from sites they used in the past.

HomeAway and VRBO subscriptions have increased to \$499 per year, forcing more owners to shift to the pay-per-booking model that takes 5% from every booking. Meanwhile, Booking.com takes a 15% cut of owners' rental income.

All of this has contributed to a growing attitude among the vacation rental community that owners must give listing sites an unfair portion of their earnings to get results.

FRBOs list "marketing the property" as the top thing that they need help with.

This makes sense, considering they are almost wholly ONLY using a single listing site for their marketing. It also highlights the importance of branching out and trying other listing sites and marketing strategies.

EVOLVE TIP

- ☑ To save money, get creative. Explore vacation rental management companies, like Evolve, to circumnavigate the fees and challenges on listing sites.

4 BIGGEST PAIN POINTS WITH LISTING SITES



NOT GETTING ENOUGH BOOKINGS



DECREASING BOOKING RATE



FEES ARE TOO HIGH



TOO HARD TO USE OR MANAGE



50% OF OWNERS NEED HELP MARKETING THEIR PROPERTIES



The Secret To Success: PROFESSIONAL LISTINGS

21

WHAT DOES A PROFESSIONAL LISTING LOOK LIKE?

With the industry moving toward professionalization, homeowners need to provide better hospitality and a degree of standardization. Getting ahead means raising the bar. That starts with marketing.

1. PROFESSIONAL PROPERTY PHOTOS

Professional photos are one of the top factors that impact performance on listing sites. That's because pictures are the first things guests look at when researching properties, and they're not the only ones. Listing sites also look at picture quality when determining where a home should rank in search results.

The good news is it's an easy upgrade and will make a world of difference in a property's bookings and ability to generate income.

Our data shows that there's a 57% chance that the competition doesn't have professional photos. Upgrading to higher quality photos gives homeowners a great opportunity to outperform them – while also boosting their listing site ranking.

We think professional photos are so important that we provide every owner with complimentary high-def images for their listings.

EVOLVE TIP

- Using iPhone photos in your listing? You could be missing out on bookings and thousands in rental income every year. Invest in high-def photos to improve your performance.



OVER 11%
OF OWNERS WHO USE PROFESSIONAL
PHOTOS MAKE \$100,000+



ONLY 2%
WHO DO NOT USE PROFESSIONAL
PHOTOS MAKE OVER \$100,000



57% OF OWNERS
DO NOT USE PROFESSIONAL
PHOTOGRAPHY

2. GUEST REVIEWS

Reviews are another determining factor in listing site performance and bookability.

Before travelers confirm a booking, they need to see social proof that the property is as good as the listing says it is.

We found that **just 24% of owners have 50 or more reviews** - and they're likely among the top-performers on listing sites.

The survey revealed that one-third of owners with zero reviews earn less than \$1,000 per year. And as the number of reviews increases, earnings follow. A full 75% of those who have more than 50 reviews are making \$25,000 or more annually and 15% with 50 or more reviews make \$100,000 or more per year.

EVOLVE TIP

Send a personalized note or call after check out to see if guests enjoyed their stay. Let them know why reviews are important to you and encourage them to leave one if they had a nice time.

How can owners get more reviews?

Offer a 5-star experience. That starts with:

1. A seamless booking process
2. Excellent host communication and responsiveness
3. A welcoming check-in

We found that just 20% of owners are going above and beyond to provide amazing customer service with gift baskets, personal notes, and phone calls after check-in.

The reality? The majority of owners are playing defense when it comes to reviews. They're responding when they get a bad one, but nearly 30% don't go out of their way to solicit positive reviews.

They're taking the standard approach, and the difference shows up on the scoreboard in the number and quality of their reviews.



46% OF OWNERS
HAVE MORE THAN 25
REVIEWS ON THEIR LISTING



67% OF OWNERS
SEND A FOLLOW-UP EMAIL
TO REQUEST REVIEWS



37% OF OWNERS
DON'T KNOW HOW THEIR
PROPERTY MANAGERS GET REVIEWS

3. FAST RESPONSE TIMES

Owners who respond quickly make more money. Most owners recognize this and manage to answer guest inquiries within one hour.

Quick responses are a competitive differentiator because travelers are very likely to move on if an owner doesn't get back to them fast enough. Still, that's huge pressure for those who are managing their properties themselves. If they aren't available to check their phones, take calls, or respond to guests quickly, they will lose bookings.

Nearly one-quarter of owners who respond within less than an hour of an inquiry make over \$50,000 per year.

Additionally, response times can even impact an owner's ability to generate positive reviews.

EVOLVE TIP

- Make response times a priority. If you can't respond quickly, consider hiring a booking service that can handle inquiries for you so you don't lose out on valuable opportunities.

AVERAGE RESPONSE TIMES:



2 HOURS
FOR 84% OF OWNERS



30 MINUTES
FOR 17% OF OWNERS

OWNERS WITH 10 OR MORE REVIEWS RESPOND WITHIN:

1 HOUR



1-12 HOURS



12+ HOURS



RESPONDING 12 HOURS
OR LATER RESULTS IN
FEWER REVIEWS

4. COMPETITIVE RATES

Rates are a deciding factor when travelers are comparing vacation rentals. It's critical that homeowners price their homes competitively against other properties in the area that are of similar size, with similar amenities.

Nearly 80% of owners who manage their own vacation rentals set their rates based on what they see online. Competitive analysis is a good system to determine what rates are appropriate for the area and property, but they don't capture the fluctuations that occur during special events, when demand peaks and availability drops, or myriad other factors that come into play.

It's also a HUGE task to check these factors consistently enough to make them valuable.

An owner would need to check local rates almost daily to see which nearby properties have been booked and adjust prices accordingly.

EVOLVE TIP

🗨 Pricing tools are OK, but services that specialize in creating dynamic rates are better. They have someone monitoring trends and updating your rates in real time to maximize your performance.



TOP 3 WAYS TO SET NIGHTLY RATES

FRBOS

- 1 RESEARCH OTHER RENTALS ONLINE
- 2 USE SUGGESTED RATES FROM LISTING SITES
- 3 ASK OTHER PEOPLE WHO RENT THEIR PROPERTY

PMOS

- 1 MY PROPERTY MANAGER SETS THEM
- 2 RESEARCH OTHER RENTALS ONLINE
- 3 BASE THE RATE ON HOW MUCH I WOULD PAY TO STAY

PERCENT OF OWNERS WHO THINK THEY NEED HELP SETTING RATES



20%

5. HIGH-QUALITY GUESTS

The secret to vacation rental success isn't just getting MORE bookings, it's also getting GREAT bookings.

Owners can ensure they get quality bookings by providing accurate descriptions and photos of the rental so guests know what to expect, as well as vetting travelers to ensure they're a good fit and understand the house rules.

However, most owners aren't doing anything to make sure the guests booking their

properties are a good fit - 40% don't vet their guests at all and just under 30% say they research their guests online.

About 8% said they use VRBO or Airbnb and trust those services to determine if guests meet their criteria.

Vetting guests is the first line of defense for vacation rental owners. It's the opportunity to ensure guests are familiar with the rules of the property and are who they say they are. This is an important step that too many owners are skipping. Plus, guests who are a

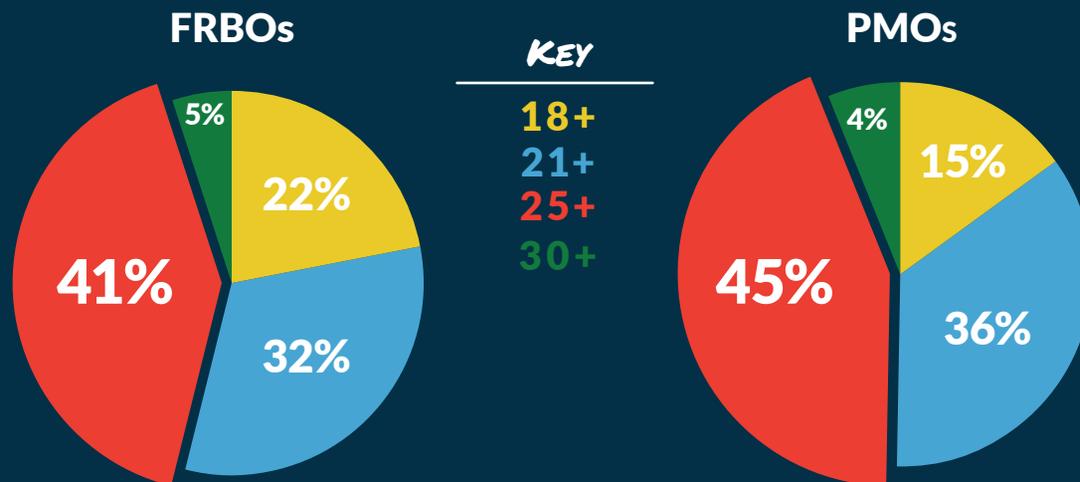
good fit for the property (and for whom the property is a good fit) are more likely to enjoy their stay and leave a positive review.

EVOLVE TIP

☑ Here's how we vet every booking to make sure the guest is a fit for the home:

- Does the name on the credit card match the name on the reservation?
- Do guests meet the minimum age requirement?
- Do they have a valid ID?
- Are they making a last-minute reservation that requires additional screening?

WHAT'S YOUR AGE REQUIREMENT FOR GUESTS?



MANY OWNERS DON'T HAVE A SYSTEM FOR VETTING GUESTS

SUCCESSFUL OWNERS STILL HAVE ROOM TO GROW

Despite the fast pace at which things are changing in the vacation rental world and the challenges that have sprung up in response, owners feel pretty confident about how they're doing.

On average, FRBOs rate themselves at a 7.6 out of 10 for performance. Owners who use property managers aren't quite as confident, rating themselves as an 6.9 out of 10.

Although owners feel pretty good about the results they're seeing, the responses we received throughout the survey told a different story.

There are still opportunities for improvement, particularly where bookings are concerned.

Without a benchmark to compare themselves against, it's hard for owners to accurately

assess their own performance. Better results might be just outside their reach if they make a few key changes to their vacation rentals.

EVOLVE TIP

- Set new goals for your vacation rental every year – rental income, bookings, percent of costs covered, number of positive reviews – to keep growing your business over time.

HOW SUCCESSFUL IS YOUR VACATION RENTAL?



40% OF PMOs ARE NOT CONFIDENT IN THEIR PERFORMANCE



Strategies To Get Started WITH VACATION RENTAL

28

PROSPECTIVE BUYERS ARE EAGER TO GET STARTED

A full **15% of the people who took our survey are looking to break into the vacation rental landscape** – including a mix of those who already have a second home, and others who are still shopping around for their first investment property.

This isn't a surprise. If shows like "Vacation Rental Potential" are any indicator of

interest, there are more people considering short-term rental as a way to get started with real estate investment. With the promise of rental income and no shortage of demand for private accommodations, what's holding prospective buyers back?

The main reason these first timers haven't gotten started with vacation

rental is that they are worried they won't make enough money.

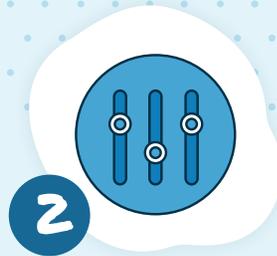
When asked about what's most important to them when making a vacation rental purchase, over 53% said income potential. They are looking to make a profit with their vacation homes and want to make sure they're in a position to do that.



THE BIGGEST ROADBLOCKS TO STARTING A VACATION RENTAL:



1
**I'M WORRIED
I WON'T MAKE
ENOUGH MONEY**



2
**I'M NOT SURE
HOW TO
MANAGE IT**



3
**I HAVEN'T FOUND
THE RIGHT
PROPERTY YET**



4
**I DON'T KNOW
WHERE TO
START**



5
**I'M CONCERNED
ABOUT WEAR
AND TEAR**

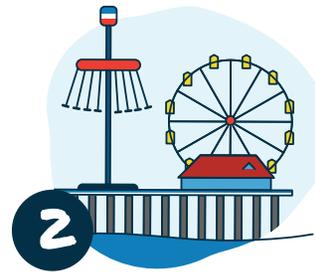
WHERE TO GET THE BIGGEST BANG FOR YOUR VACATION RENTAL BUDGET

With 65% of prospective buyers planning to spend \$300,000 or less on their vacation rental, it's crucial for first-time investors to find a property that has the right amenities, in a great location, with a strong demand for private accommodations.

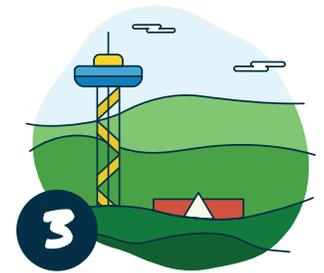
If you're searching for a vacation rental property, let us help! Evolve is here to assist with your search.



1
KISSIMMEE, FL



2
GALVESTON, TX



3
GATLINBURG, TN



4
DESTIN, FL



5
MYRTLE BEACH, SC



6
PHOENIX, AZ

HOW MUCH WILL YOU SPEND ON YOUR VACATION HOME?



\$300,000 OR LESS



MORE THAN \$300,000

EVOLVE TIP

Maximize income potential on a budget by choosing a property near major attractions and public transportation. Create flexible space that can be used for additional sleeping quarters and invest in modern appliances and furniture to stand out on listing sites.

6% WILL SPEND MORE THAN \$1,000,000

WHICH ROUTE TO TAKE - PROPERTY MANAGER OR FOR RENT BY OWNER?

Prospective buyers are still in the process of considering whether or not they should manage their homes themselves or hire a property manager.

It's a difficult question that requires a lot of consideration, and ultimately depends on each owner's unique situation, budget, expertise, and time constraints.

FRBOS HAVE MORE EXPERIENCE

Six out of ten FRBOs have been in the business for more than three years, and two in ten have been operating a vacation rental for more than a decade!

Comparatively, three in ten PM owners have less than one year of experience.

There's a learning curve that owners face when they decide to manage vacation rentals on their own.

Working with a vacation rental professional provides a leg up because owners gain access to expertise that they wouldn't have on their own. It can also save time.

EVOLVE TIP

If you can't afford to make your vacation rental a full-time job, consider hiring a vacation rental management service, like Evolve. We can help you avoid mistakes as you build your vacation rental business.

HOW LONG HAVE YOU OPERATED YOUR PROPERTY AS A VACATION RENTAL?



3 YEARS
AVG TIME RENTING

THE PROS AND CONS OF WORKING WITH A PROPERTY MANAGER

Nearly 45% of FRBOs said their vacation rentals are covering 100% of their costs and then some.

Property manager owners fell slightly behind, with 35% reporting the same success.

The upside of working with a property management company is having access to people with years of expertise. The downside

EVOLVE TIP

With Evolve, you only pay a 10% booking fee for vacation rental management services that include a custom listing, professional photos, marketing and distribution on top listing sites, and a full-time team to get you bookings.

is the fee that often comes with the service. Most traditional property managers charge a booking fee that ranges from 25% to 50%, plus maintenance fees, upcharges, and start-up costs.

Those management expenses cut into earnings and prevent owners from generating enough income to cover their operating expenses.

FOR RENT BY OWNER (FRBO)

OWNERS WHO COVER ALL COSTS WITH RENTAL INCOME

45%

PERCENT WHO MADE MORE THAN \$100,000

ONLY 7%

PERCENT WHO SPEND LESS THAN 3 HRS ON THEIR VACATION RENTAL

48%

PM OWNER (PMO)

OWNERS WHO COVER ALL COSTS WITH RENTAL INCOME

35%

PERCENT WHO MADE MORE THAN \$100,000

ONLY 3%

PERCENT WHO SPEND LESS THAN 3 HRS ON THEIR VACATION RENTAL

81%

WHO PERFORMS BETTER?

There isn't a clear winner.

FRBOs earn more than property manager owners on the low end, and very high end. But PM users outperform FRBOs in the middle.

Owners who are managing their own vacation rentals might struggle at the beginning of their careers because they're still learning the ropes - only to outperform the competition down the road. Homeowners who use property managers may see steady performance from day one, but fail to see annual growth as their PM uses the same strategies year after year.

The right choice depends on the individual homeowner.

Ambitious owners who have experience in real estate and hospitality might find self-management is a natural fit for their talent and skills.

Investors who want to be hands-off while making money might choose to hire professionals who can take the reins.

Before making a decision, it's critical to evaluate all the options.

We found that the majority of owners are using one management solution over another simply because it's what they've always done - not necessarily because it's getting them the best result.

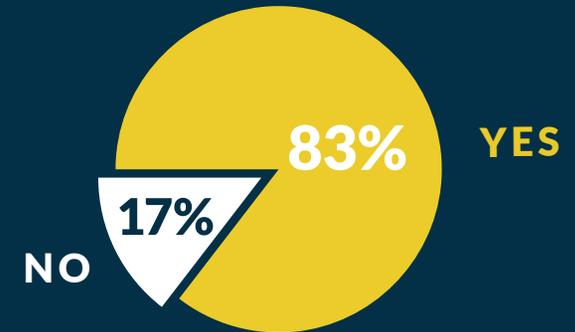
When considering a property manager, especially as a first-time renter, you'll want to make sure that the contract is flexible or short-term, so that if you aren't happy with your results, you'll be able to try something different.

Ask vacation rental management companies to describe how they'll get bookings, what their marketing plans look like for this year and next, and how well properties in their portfolio perform.

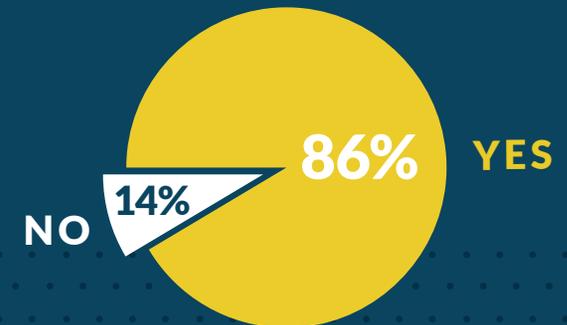
EVOLVE TIP

💬 Vacation rental management services aren't one-size-fits-all. Some companies are happy to collect the booking fee and maintenance charges without generating many bookings. Others will take an under-performing rental property and turn it into a steady source of income.

HAVE YOU ALWAYS USED A PM?



HAVE YOU ALWAYS MANAGED YOURSELF?



CONCLUSION

There isn't a clear-cut "right path" for vacation rental success. It depends on a lot of factors:

- Property size and type
- Location
- Amenities
- An owner's experience
- Approach to management
- Marketing sophistication

One thing that's clear: there are lots of ways owners can increase their chances of being successful, and some have already realized that.

There is a small percentage of high performers who are at the top of their markets. These leaders are what owners think of when they visualize vacation rental success. They have a well-equipped property

dedicated to hosting travelers. They provide gift baskets to guests and have pages of 5-star reviews online.

But there are a lot of owners just behind them, who are getting a fair share of bookings but can't break into that inner circle of elites. What those owners on the outskirts may not realize is that there's a lot of room for growth, and they only need one or two competitive advantages to catch up.

It's time to take risks. It's time to try new things. Owners who are doing the 'same old' are going to continue to get the same results, or worse. And the more opportunities they miss, the more they set themselves back for success in the future.

The vacation rental industry is evolving. Homeowners need to recognize the challenge and look ahead to what's next if they want to avoid being left behind.

ABOUT THE DATA

The 2018 Vacation Rental Owner Insights Report was compiled and released by Evolve Vacation Rental. The data within the report is based on over 1,300 homeowner responses. The survey was conducted by Evolve Vacation Rental via Survey Gizmo between February 5, 2018 and March 5, 2018. For questions about the 2018 Vacation Rental Owner Insights Report Data, please email newsletter@Evolvevacationrental.com



ABOUT EVOLVE VACATION RENTAL

Evolve Vacation Rental is a next-generation vacation rental management company that provides homeowners with more rental income and unrivaled flexibility for a fee of 10% per booking – the lowest cost in the industry. The company currently services more than 9,000 vacation rental properties in over 500 markets across North America. For more information, visit [EvolveVacationRental.com](https://www.EvolveVacationRental.com) or call 877-818-1014.

35