KEYDATA™

Report for Property Managers

U.S. Vacation Rental Market Report

Q2 2025: Industry Performance Analysis

Comprehensive Analysis of Short-Term Rental Performance, Regional Markets, and Strategic Outlook

SUMMARY

Is the Recovery Real? Vacation Rental Market Shows Conflicting Signs in Q2.

The U.S. vacation rental market closed Q2 2025 with mixed signals, as demand volatility continues to challenge property managers and investors. After showing promising recovery signs in April and May 2025, the market experienced a setback in June, with the Key Data Demand Index slipping back into negative territory at -0.02.

Key Q2 2025 Findings:

Demand Trend

-0.02↓
Index
June 2025

-0.04↓
MoM
Change

Forward Occupancy

-6%↓
YoY
August

-11%↓
YoY
September

Revenue Performance

-0.01↓
Revenue Index
June

-10%↓
RevPar Proj.
September

Key Changes

+1%↑
ADR
Growth

-0.2↓ Days
Stay
Length

Key Data Market Performance Indicators: Built on performance data from over 800,000 listings, the Key Data Index provides the industry's most comprehensive benchmark for real-time demand and revenue trends.

- KDI-D: Key Data Demand Index: June 2025 at -0.02, breaking a two-month positive trend
- KDI-R: Key Data Revenue Index: Near-flat at -0.01, indicating continued pressure on overall performance
- KDI-F: Key Data Forward Bookings: August occupancy down 6% YoY, September down 11% YoY
- KDI-A: Key Data ADR Stability: Maintained growth at +1% despite occupancy challenges

Regional Performance:

- Top Performers: Mid-Atlantic States (+11% RevPAR), New England (+10% RevPAR)
- Stable Markets: Hawaiian Islands (+6% RevPAR), Rocky Mountains (+9% RevPAR)
- Challenging Markets: Southwest U.S. (-4% RevPAR)

Developing Guest Behavior Shifts:

- Booking windows are compressing by 2-6% across the summer months
- Average stay lengths are decreasing by 0.2 days through Q3
- Direct booking share declining from 28% to 26%

The data suggests an industry in transition, requiring sophisticated revenue management strategies and regional market focus to navigate current volatility successfully.

Market Overview

Q2 2025 Performance Context

The second quarter of 2025 represents a critical inflection point for the U.S. vacation rental industry. Following unprecedented growth during 2021-2022, the market is now experiencing what can be characterized as a “normalization” period, with demand patterns becoming more volatile and predictable seasonal trends showing disruption.

The historical Key Data Demand Index reveals several distinct phases:

- Peak Growth (April-May 2022): Key Data Demand Index reaching +0.17 and +0.15
- Initial Correction (June 2022-December 2024): Prolonged negative territory with occasional positive months
- Recent Volatility (January-June 2025): Sharp swings from +0.12 in April to -0.02 in June

Demand Performance Analysis

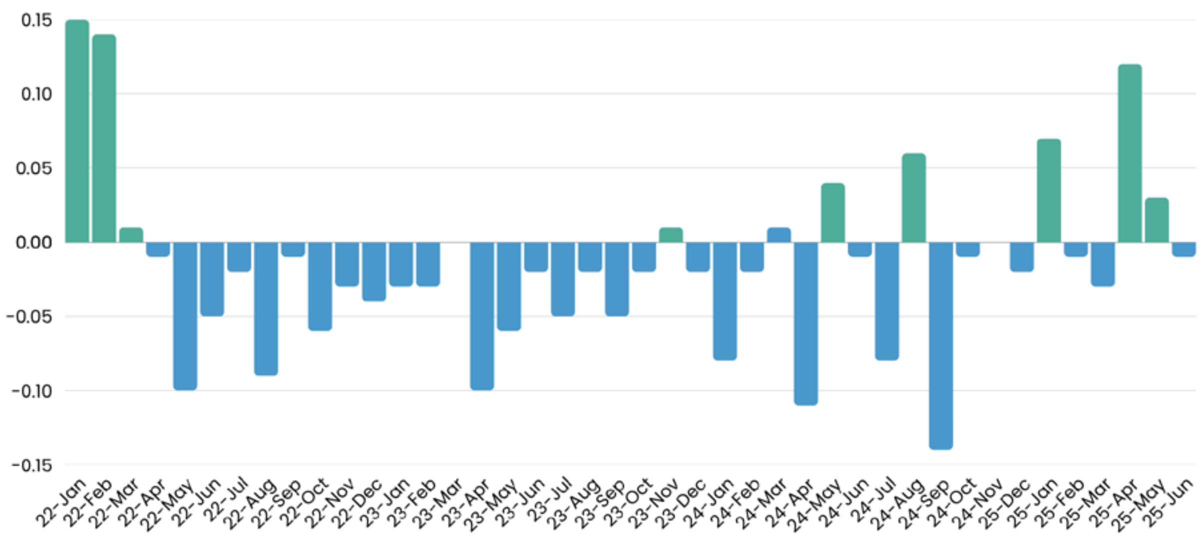
Demand remains fragile,

with June slipping back into negative territory after a short-lived rebound.

Quarterly Demand Trends

+0.12 ↑	+0.03 ↑	−0.02 ↓
April 2025	May 2025	June 2025

The Key Data Demand Index serves as the primary barometer for reservation activity across the vacation rental market. Q2 2025 demonstrated the persistent volatility that has characterized the post-pandemic recovery.



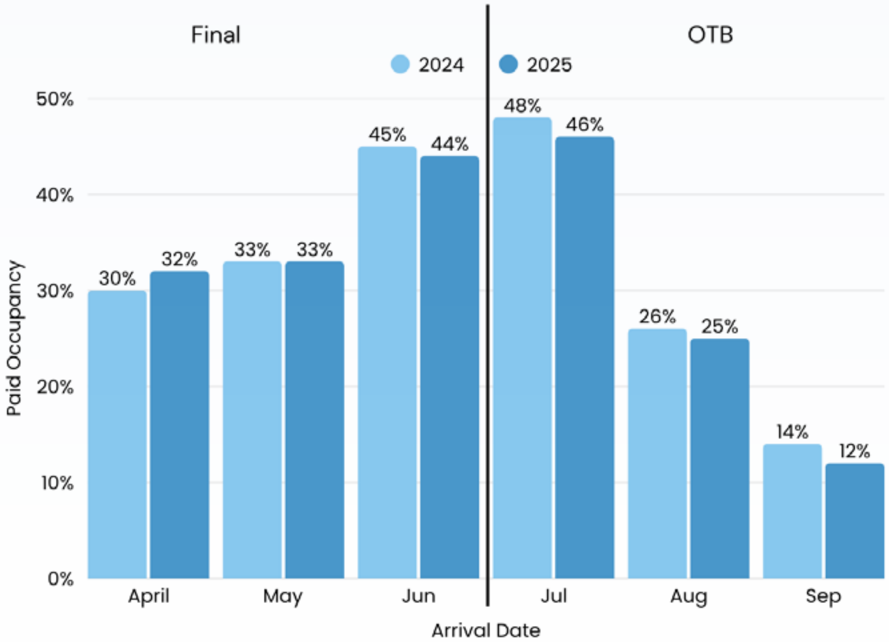
Key Data Demand Index= *year-over-year change in reservations per property made in a given period*

- **April 2025 Performance (+0.12 Key Data Demand Index):** The strong April performance was largely attributed to Easter holiday timing shifts, which moved spring break travel patterns and created artificial demand concentration. This represents the highest demand reading since January 2025.
- **May 2025 Moderation (+0.03 Key Data Demand Index):** The significant slowdown from April to May suggested that the holiday-driven demand spike was temporary, rather than indicative of a sustained recovery.
- **June 2025 Reversal (-0.02 Key Data Demand Index):** The return to negative territory broke the short-lived upward trend, signaling continued underlying market fragility and a still cautious consumer environment.

Forward Booking Analysis

Forward occupancy is lagging despite early-season strength.

Paid Occupancy % =
Nights Sold / Total Nights



Month	2024 Occupancy	2025 Occupancy	YoY Change
April	30%	32%	+10% (final)
May	33%	33%	+0% (Final)
June	45%	44%	-1% (Final)
July	48%	46%	-4% (OTB)
August	26%	25%	-6% (OTB)
September	14%	12%	-11% (OTB)

The data reveals a clear deterioration in forward booking performance, particularly for September, which represents a critical revenue month for many seasonal destinations.

Quinn Monescalchi,
Senior Data Analyst at Key Data:

“The market is separating into over- and under-performers based on operational sophistication. Properties that can quickly adapt to changing booking patterns and maintain service quality are sustaining performance despite broader market challenges.”

Demand Seasonality Patterns

Traditional seasonal booking patterns continue to evolve, with several notable shifts:

Peak Season Compression:

- Traditional peak months (June-August) showing mixed performance
- Shoulder season months experiencing increased volatility
- Holiday timing shifts creating artificial demand spikes

Regional Demand Variations:

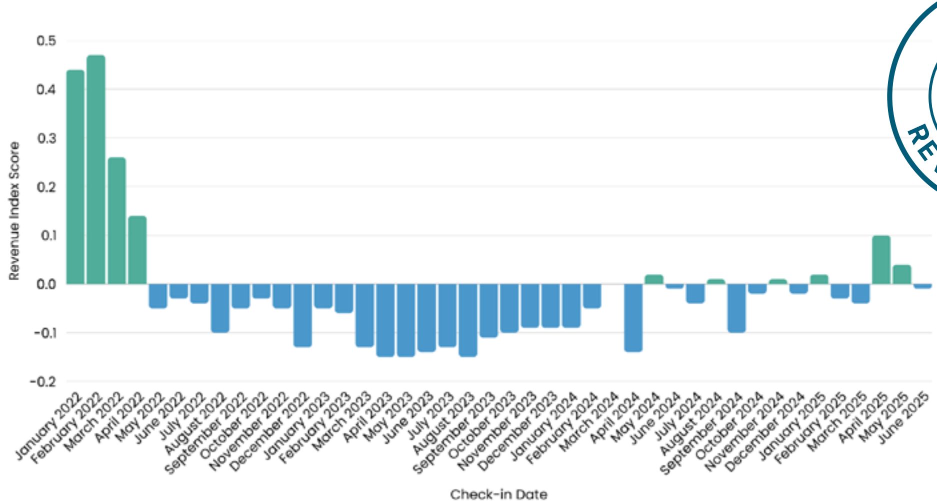
Different regions are experiencing distinct demand patterns, suggesting that localized factors are becoming more important than national trends in determining market performance.

Revenue and Pricing Dynamics

Revenue momentum slows in late summer as occupancy lags

Key Data Revenue Index Performance

The Key Data Revenue Index provides a comprehensive view of revenue performance per property, combining both occupancy and pricing effects. Q2 2025 results show the ongoing pressure on revenue generation despite relatively stable pricing.



***Key Data Revenue Index =** year-over-year change in revenue per property collected in a given period*

Q2 2025 Revenue Performance:

+0.10 ↑	+0.02 ↑	−0.01 ↓
April 2025	**May** 2025	**June** 2025

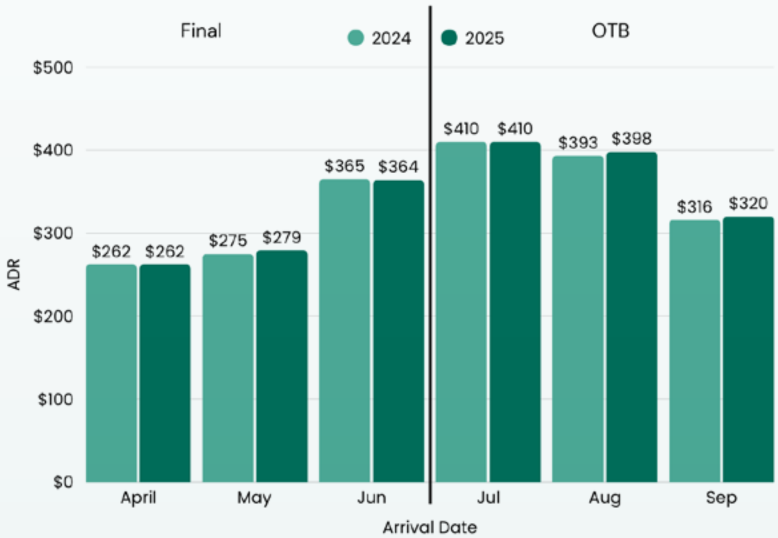
While the market has recovered significantly from 2024 lows, the Key Data Revenue Index trajectory indicates a persistent negative long-term trend. This reflects ongoing price resistance and occupancy headwinds, despite positive revenue growth observed earlier in 2025.

- **April 2025:** +0.10 (strongest performance in over a year)
- **May 2025:** +0.02 (significant moderation)
- **June 2025:** -0.01 (return to negative territory), meaning RevPAR is nearly flat YoY but still only slightly down from June 2024 levels.

Average Daily Rate (ADR) Analysis

Rates remain steady with modest gains in the upcoming months.

Despite occupancy challenges, Average Daily Rate performance has shown remarkable resilience across most markets and time periods.



ADR =
Total Unit Revenue / Nights Sold

Melanie Brown,
VP of Data Analytics and Insights at Key Data:

"Property managers are maintaining rate discipline even as occupancy faces pressure. This suggests that the market is becoming more sophisticated in its revenue management approach, focusing on profitable nights rather than occupancy at any cost."

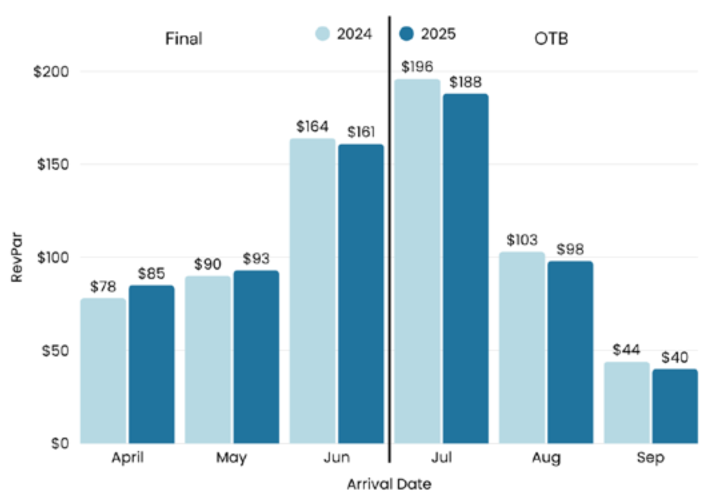
Successful properties are maintaining pricing power through value proposition enhancement and strategic positioning, as indicated by ADR stability. Looking at final data, ADR is stable to marginally higher year-over-year, with May showing a 1% growth that signals consistent pricing. OTB data for August and September shows a slightly stronger forward pricing, up 1% year-over-year, despite softening occupancy.

Month	2024 ADR	2025 ADR	YoY Change
April	$262	$262	Stable
May	$275	$279	+1% growth
June	$365	$364	Minimal decline
July	$410	$410	Stable (OTB)
August	$393	$398	+1% growth (OTB)
September	$316	$320	+1% growth (OTB)

RevPAR Performance Analysis

Revenue momentum slows in late summer as occupancy lags

Revenue per Available Room (RevPAR) combines occupancy and ADR to provide the ultimate measure of property performance.



***RevPAR =** Occupancy x ADR*

RevPAR Highlights:

- **April 2025:** $85 vs $78 (2024) +9% improvement and May (+3%), driven by occupancy gains.
- **May-September:** Flat performance ranging from $90-$196, depending on seasonality
- **OTB Data:** Declines deepen into late summer, with RevPAR down -10% in September, signaling challenges ahead despite stable ADR.

Pricing Strategy Implications

The disconnect between stable ADR and declining occupancy creates complex strategic decisions for property managers:

Rate Maintenance Strategy:	Preserves profit margins on sold nights Risks further occupancy deterioration Requires exceptional value proposition delivery
Occupancy-Focused Strategy:	Increases market share through competitive pricing Erodes profit margins and potentially asset value May trigger competitive price wars
Dynamic Optimization Strategy:	Requires sophisticated revenue management systems Balances rate and occupancy based on market conditions Maximizes total revenue performance

Regional Market Performance

The vacation rental market exhibits dramatic regional performance variations, with some markets thriving while others struggle significantly. Understanding these regional dynamics is crucial for investment decisions, operational strategies, and market positioning.

U.S. Regional Short-Term Rental Performance

High-Performance Markets

Mid-Atlantic States: Market Leadership

29% ↑
Paid Occupancy
(+10% YoY)

$261 ↑
ADR
(+1% YoY)

$76 ↑
RevPAR
(+11% YoY)

The Mid-Atlantic region's exceptional performance stems from several competitive advantages:

- Proximity to major metropolitan areas providing strong drive-to demand
- Diverse property inventory from urban to coastal locations
- High penetration of professional property management
- Strong corporate and extended-stay demand

New England: Premium Positioning Success

20% ↑
Paid Occupancy
(+2% YoY)

$282 ↑
ADR
(+9% YoY)

$55 ↑
RevPAR
(+10% YoY)

New England demonstrates that pricing power can drive strong RevPAR performance even with modest occupancy gains. The region benefits from:

- Unique seasonal attractions creating pricing power
- Limited new supply due to regulatory constraints
- High-income visitor demographics
- Strong destination brand recognition

Stable Performing Markets

Hawaiian Islands: Premium Destination Resilience

39% ↑
Paid Occupancy
(+3% YoY)

$389 ↑
ADR
(+4% YoY)

$152 ↑
RevPAR
(+6% YoY)

Hawaii's performance reflects the unique dynamics of an isolated, supply-constrained market with consistent demand from both international and mainland visitors.

Rocky Mountain States: Balanced Growth

21% ↑
Paid Occupancy
(+4% YoY)

$237 ↑
ADR
(+3% YoY)

$57 ↑
RevPAR
(+9% YoY)

The Rocky Mountain region demonstrates consistent performance across both summer outdoor recreation and winter ski seasons.

Midwest U.S.: Steady Foundation

35% ↑
Paid Occupancy
(+5% YoY)

$237
ADR
(0 YoY)

$82 ↑
RevPAR
(+5% YoY)

The Midwest demonstrates solid fundamentals with occupancy-driven growth compensating for flat pricing.

Southeast U.S.: High-Volume Stability

44% ↑
Paid Occupancy
(+2% YoY)

$333
ADR
(0 YoY)

$146 ↑
RevPAR
(+2% YoY)

The Southeast leads in occupancy rates while maintaining premium pricing, reflecting strong market fundamentals.

Challenging Markets

Southwest U.S: Significant Headwinds

36% ↑
Paid Occupancy
(+3% YoY)

$228 ↓
ADR
(-6% YoY)

$82 ↓
RevPAR
(-4% YoY)

The Southwest faces multiple challenges:

- Significant new supply additions outpacing demand growth
- Increased competition from international destinations
- Economic sensitivity in key California and Texas source markets
- Heavy reliance on seasonal demand patterns

Western U.S: Modest Performance

34% ↑
Paid Occupancy
(+1% YoY)

$229 ↑
ADR
(+1.5% YoY)

$101 ↑
RevPAR
(+2% YoY)

The Western region shows stable but unexceptional performance, reflecting mature market dynamics and intense competition.

Regional Winners and Losers

RevPAR Performance

Mid-Atlantic	+11%	Top Performer
New England	+10%	Strong Growth
Rocky Mountain	+9%	Solid Performance
Hawaiian Islands	+6%	Moderate Growth
Midwest	+5%	Steady Growth
Southwest	-4%	Underperforming

Market-Specific Strategic Implications

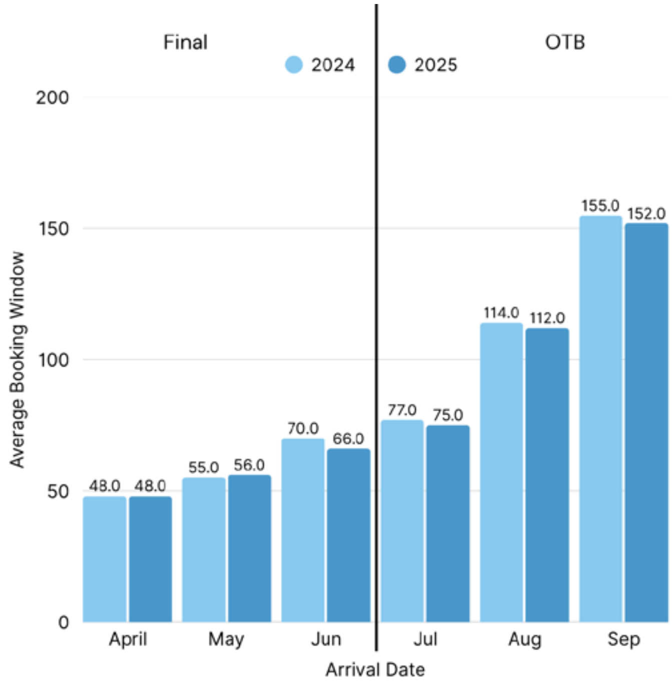
High-Growth Market Strategies (Mid-Atlantic, New England):	Focus on premium positioning and experience enhancement Aggressive expansion and acquisition opportunities Investment in direct booking channel development Implementation of sophisticated revenue management systems
Stable Market Strategies (Hawaii, Rocky Mountains):	Emphasis on operational efficiency and cost management Development of shoulder season demand drivers Guest loyalty and repeat visitation programs Careful competitive landscape monitoring
Challenging Market Strategies (Southwest, Western):	Aggressive cost management and operational efficiency Clear differentiation through unique amenities or positioning Flexible pricing strategies and revenue optimization Potential portfolio rationalization decisions

Guest Behavior Trends

Booking window analysis

Booking windows are compressing slightly, with guests planning trips closer to arrival.

Guest booking behavior continues to evolve, with significant implications for revenue management and operational planning.



Average Booking Window = *(Arrival Date - Booked Date) / # of Guest Check-ins*

Booking Window Changes by Month:

Month	2024 Booking Window	2025 Booking Window	YoY Change
April	48 days	48 days	No Change
May	55 days	56 days	+2% expansion
June	70 days	66 days	-6% compression
July	77 days	75 days	-3% compression
August	114 days	112 days	-2% compression
September	155 days	152 days	-2% compression

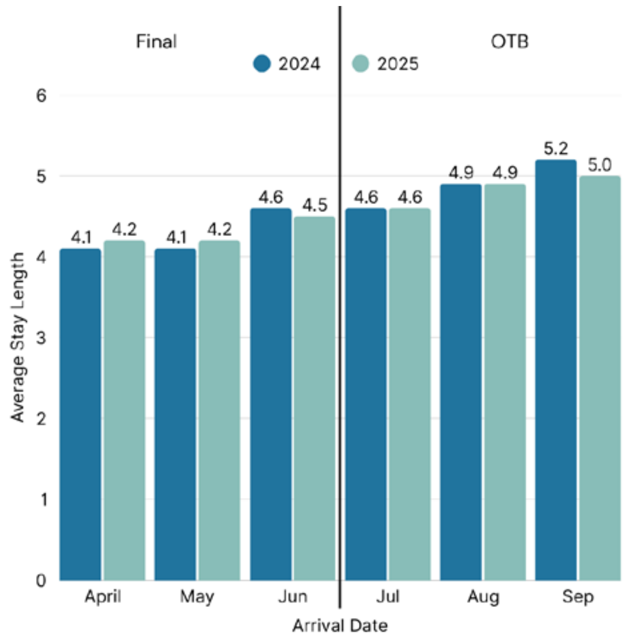
Strategic Implications of Booking Window Compression:

- Reduced forecasting accuracy for revenue management
- Increased importance of last-minute pricing optimization
- Need for responsive inventory management systems
- Greater emphasis on flexible cancellation policies

Average Length of Stay Trends

Stay lengths are holding steady, with only minor variations year over year.

Stay length patterns directly impact property turnover costs and revenue optimization strategies.



Average Length of Stay = *Total Nights Sold / # of Guest Check-ins*

Stay Length Performance:

Month	2024 LOS	2025 LOS	YoY Change
April	4.1 days	4.2 days	+2% increase
May	4.1 days	4.2 days	+2% increase
June	4.6 days	4.5 days	-2%decrease
July	4.6 days	4.6 days	No change
August	4.9 days	4.9 days	No change
September	5.2 days	5.0 days	-4% decrease

The slight decrease in average stay length (approximately 0.2 days overall) creates several operational challenges:

- Increased turnover frequency and associated costs
- Higher guest acquisition costs per night sold
- More intensive housekeeping and maintenance schedules
- Greater emphasis on minimum stay requirements

Booking Behavior Patterns

The combination of compressed booking windows and shorter stays indicates fundamental shifts in travel planning behavior:

Planning vs. Commitment Gap:

Guests appear to be researching destinations and properties earlier but waiting longer to make final booking commitments, suggesting increased price sensitivity and comparison shopping.

Risk Mitigation Behavior:

Shorter stays and later bookings indicate travelers are minimizing financial exposure while maintaining travel flexibility in uncertain economic conditions.

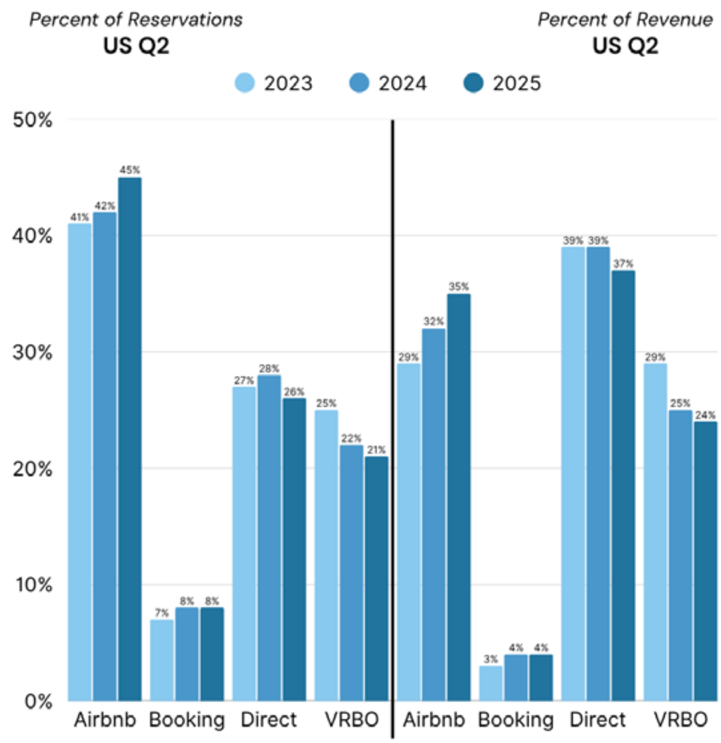
Technology Influence:

Mobile booking platforms and last-minute deal availability enable more spontaneous travel decisions while sophisticated search tools facilitate extensive pre-booking research.

Distribution Channel Analysis

The vacation rental distribution landscape continues to evolve,

with significant implications for property managers' guest acquisition strategies and revenue optimization.



Platform Performance Analysis

Airbnb: Continued Market Expansion

Metric	2023	2024	2025	3-year trend
Reservation Share	41%	42%	45%	+4 percentage points
Revenue Share	29%	32%	35%	+6 percentage points

Airbnb's dominant position continues to strengthen across both volume and value metrics. The platform's growth reflects several competitive advantages:

- Superior user experience and brand recognition driving direct traffic
- Advanced pricing algorithms helping hosts optimize revenue
- Expanded inventory across property types and markets
- Strong mobile platform adoption among younger travelers
- International expansion creating new demand channels

Direct Bookings: The Premium Channel Under Pressure

Metric	2023	2024	2025	3-year trend
Reservation Share	27%	28%	26%	-1 percentage point
Revenue Share	39%	39%	37%	-2 percentage points

Direct bookings maintain the highest revenue per reservation despite declining market share. This channel's value proposition includes:

- Higher average daily rates (typically 10-15% premium over OTAs)
- Longer average stays extending guest lifetime value
- Extended booking windows improving revenue management capabilities
- Zero commission costs improving net revenue per booking
- Enhanced guest relationships enabling repeat bookings and upselling

Vrbo: Continued Market Share Decline

Metric	2023	2024	2025	3-year trend
Reservation Share	25%	22%	21%	-4 percentage points
Revenue Share	29%	25%	24%	-5 percentage points

Vrbo faces sustained competitive pressure despite traditionally strong positioning in family and group travel segments. Challenges include:

- Reduced inventory growth as hosts migrate to multi-platform strategies
- Pricing pressure from increased platform competition
- Focus on premium properties

Booking.com: Niche Market Specialist

Reservation Share	Revenue Share	2025 Performance
8% (stable over 3 years)	4% (stable over 3 years)	Consistent with 2024 levels

Booking.com maintains a focused but limited presence in the vacation rental space, indicating strategic positioning rather than aggressive expansion:

- Primary focus on international travelers and urban markets
- Integration with traditional hotel inventory creating hybrid offerings
- Consistent performance suggesting sustainable niche positioning

Channel Strategy Implications

Hotel Market Comparison

Understanding hotel market performance provides important competitive context for vacation rental positioning and strategic decision-making.

U.S. Hotel Performance

Regional Hotel Performance Analysis

Comparative Performance Summary:

Region	Hotel RevPAR Change	VR RevPAR Change	Performance Gap
Hawaiian Islands	-8%	+6%	VR +14 points
Mid-Atlantic States	-2%	+11%	VR +13 points
Midwest U.S.	-4%	+5%	VR +9 points
New England	-1%	+10%	VR +11 points
Rocky Mountain States	-3%	+9%	VR +12 points
Southeast U.S.	-3%	+2%	VR +5 points
Southwest U.S.	-7%	-4%	VR +3 points
Western U.S.	-3%	+2%	VR +5 points

Key Insights

1. **Universal Hotel Weakness:**
   Hotels are experiencing RevPAR declines across all regions
2. **Vacation Rental Resilience:**
   VRs outperform hotels in every single market
3. **Occupancy Challenges Everywhere:**
   Both sectors face occupancy pressures, but VRs maintain pricing power more effectively
4. **Regional Consistency:**
   The VR advantage is consistent across diverse market types

Regional Performance Comparison - RevPAR YoY Change

Region	VR RevPAR Change	Hotel RevPAR Change	VR Advantage
Hawaiian Islands	+6%	-8%	**+14% VR WINS**
Mid-Atlantic	+11%	-2%	**+13% VR WINS**
Midwest	+5%	-4%	**+9% VR WINS**
New England	+10%	-1%	**+11% VR WINS**
Rocky Mountain	+9%	-3%	**+12% VR WINS**
Southeast	+2%	-3%	**+5% VR WINS**
Southwest	-4%	-7%	**+3% VR WINS**
Western	+2%	-3%	**+5% VR WINS**

VACATION RENTALS OUTPERFORM HOTELS IN ALL 8 REGIONS

Average VR Advantage: +9.0 percentage points
Even in declining markets, VRs show resilience vs traditional hotels

Strategic Insights for Property Managers

Property managers are facing a complex operating environment in 2025 that requires sophisticated strategies across revenue optimization, operational efficiency, and guest experience management. The data reveals both challenges and opportunities that require strategic responses in order to maximize profits.

Revenue Optimization Strategies

Dynamic Pricing Implementation With June's Key Data Demand Index slipping back into negative territory (-0.02) and forward bookings showing weakness (September occupancy down 11% YoY), property managers must become more sophisticated in their pricing approaches.

Key Actions

The combination of compressed booking windows and shorter stays indicates fundamental shifts in travel planning behavior:

Real-Time Rate Adjustments

Implement systems that adjust rates based on local demand patterns, competitor pricing, and booking pace

Orphan Night Management

Develop flexible policies and rate strategies to fill single-night gaps between bookings, as shorter booking windows make these increasingly common

Minimum Stay Optimization

Adjust minimum stay requirements dynamically based on demand forecasts and local event calendars

Direct Booking Channel Enhancement

Despite declining market share (from 28% to 26%), direct bookings maintain superior economics with higher ADR and longer stays.

Operational Excellence Focus

Responding to Compressed Booking Windows With booking windows shortening by 2-6% across summer months, operational agility becomes crucial.

Operational Adaptations:

Streamlined Check-in:	Implement contactless systems and mobile-based processes
Flexible Staffing:	Develop contingent staffing models that can respond to last-minute bookings
Rapid Response Maintenance:	Create systems for quick property preparation between shortened booking cycles
Technology Integration:	Deploy smart home features and automated guest communication systems
Managing Shorter Stay Lengths:	Average stays decreasing by 0.2 days creates increased turnover frequency and associated costs.

Cost Management Strategies:

Turnover Efficiency:	Optimize housekeeping and maintenance processes to reduce time and cost per turnover
Minimum Stay Policies:	Use dynamic minimum stay requirements to discourage unprofitable short stays during peak periods
Package Incentives:	Create value packages that encourage longer stays through bundled pricing or experience offers

Market Positioning Strategies

Regional Performance Leverage

The dramatic regional performance differences (Mid-Atlantic +11% RevPAR vs Southwest -4% RevPAR) require location-specific strategies.

High-Performance Markets (Mid-Atlantic, New England):	**Premium Positioning:** Invest in unique amenities and experience enhancements that justify rate premiums
	Capacity Expansion: Consider portfolio growth in these markets through acquisition or management contract expansion
	Sophisticated Revenue Management: Implement advanced analytics and forecasting to maximize pricing power
Challenging Markets (Southwest, Western):	**Cost Discipline:** Focus on operational efficiency and cost management to maintain profitability
	Differentiation Strategy: Develop unique selling propositions that distinguish properties from commodity offerings
	Value Positioning: Balance competitive pricing with value-added services and amenities
	Technology and Guest Experience Investment: Modern guests expect seamless, technology-enabled experiences throughout their stay.
Priority Technology Investments:	**Mobile Integration:** Comprehensive mobile apps for booking, check-in, and guest services
	Smart Home Features: Automated climate control, keyless entry, and entertainment systems
	Communication Platforms: Unified messaging systems that manage guest communications across all channels
	Performance Analytics: Business intelligence tools for data-driven decision making

Channel Management Optimization

Platform Diversification Strategy

With Airbnb gaining share (45% reservation share) while Vrbo declines (21% share), managers need balanced multi-platform approaches.

Channel Optimization:	
Listing Quality: Maintain professional photography and compelling descriptions across all platforms	**Review Management:** Implement systematic approaches to generating and responding to guest reviews
Platform-Specific Optimization: Tailor listing content and pricing strategies to each platform's algorithm and user base	**Performance Monitoring:** Track channel-specific metrics to optimize resource allocation

Financial Management Priorities

Cash Flow Management The combination of compressed booking windows and revenue volatility requires sophisticated financial planning.

Financial Strategies:	
Revenue Forecasting: Develop more frequent forecasting cycles to adapt to rapidly changing booking patterns	**Cost Variable Management:** Increase the percentage of variable costs to provide flexibility during demand fluctuations
Capital Allocation: Prioritize investments that directly impact guest satisfaction and revenue generation	**Risk Mitigation:** Maintain adequate cash reserves to weather seasonal and cyclical downturns

The data suggests that property managers who can successfully implement these strategies while maintaining operational excellence will be positioned to outperform the market during this period of industry maturation and increased competition.

Market Outlook and Strategic Recommendations

As the vacation rental industry navigates the second half of 2025, the data reveals a market in transition that requires strategic adaptation across all stakeholder groups. The brief recovery of early 2025 has given way to renewed challenges that demand sophisticated responses rather than simple tactical adjustments.

The New Market Reality

The fundamental shift in market dynamics requires acknowledging that the vacation rental sector has evolved beyond its post-pandemic recovery phase into a mature, competitive landscape where historical growth patterns may no longer apply. The compression of booking windows from 70 to 66 days represents more than a seasonal variation: it signals a permanent change in consumer behavior that affects everything from revenue management to marketing strategy.

Key Market Characteristics:

Demand Volatility: Monthly swings from +0.12 to -0.02 in the Key Data Demand Index	**Revenue Pressure:** Persistent margin compression despite stable ADR	**Regional Divergence:** Performance gaps widening between markets	**Channel Evolution:** Continued shift toward OTA platforms

Strategic Imperatives by Market Segment

For High-Growth Markets (Mid-Atlantic, New England, Rocky Mountains)

These markets demonstrate that a strong performance is still achievable but requires deliberate strategy execution:

Immediate Actions:	Medium-term Strategy:
Invest in capacity and operational excellence to maintain service quality	Build direct booking capabilities to capture higher-value guests
Develop premium positioning and luxury market capture	Develop partnerships that enhance destination's value proposition
Create shoulder season programming to extend high-performance periods	Consider selective expansion in adjacent markets with similar characteristics

For Challenged Markets (Southwest, Western U.S.)

These regions require fundamental demand generation and value proposition reconstruction:

Immediate Actions:	Medium-term Strategy:
Focus on cost optimization and operational efficiency	Consider market repositioning or property use diversification
Develop compelling value propositions for price-sensitive segments	Evaluate consolidation opportunities with distressed operators
Implement aggressive revenue management for available inventory	Develop specialized niches (corporate housing, extended stays, etc.)

Industry Transformation Catalysts

Several factors will likely accelerate market transformation over the next 12-18 months:

Technology Integration: Properties and destinations with sophisticated revenue management and marketing automation will increasingly outperform those relying on manual processes.

Regulatory Environment: Increasing local regulations on short-term rentals will likely create supply constraints in some markets while opening opportunities in others.

Economic Sensitivity: The market's response to broader economic conditions will determine whether current trends represent temporary adjustment or permanent structural change.

Preparation for Q3 and Q4 2025

The forward booking data provides clear signals for near-term preparation:

Q3 Challenges
August occupancy -6% YoY requires immediate revenue management response
September occupancy -11% YoY demands aggressive marketing and pricing strategies
Shortened booking windows compress decision-making timeframes

Q4 Opportunities
Traditional holiday travel patterns may provide stability
Longer booking windows for winter destinations allow for strategic positioning
End-of-year business travel recovery could benefit urban and business-friendly properties

Long-term Industry Evolution

The vacation rental industry is evolving toward greater sophistication and operational complexity. Success will increasingly depend on:

Data-Driven Decision Making: Properties and destinations that can quickly interpret market signals and adjust strategies will outperform those relying on intuition or historical patterns.

Guest Experience Excellence: As supply continues to grow, properties that deliver exceptional guest experiences will command premium rates and repeat bookings.

Operational Flexibility: The ability to adapt quickly to changing market conditions (from pricing to marketing to guest services) becomes a core competitive advantage.

Strategic Partnerships: Collaboration between property managers, DMOs, technology providers, and service companies will create ecosystem advantages that individual operators cannot achieve alone.

Conclusion

The Q2 2025 vacation rental market data reveals an industry at a critical inflection point. While challenges are evident (from demand volatility to compressed booking windows), the underlying fundamentals suggest opportunities for well-positioned operators and destinations.

The key insight from this analysis is that success in the current environment requires moving beyond reactive management to proactive strategy development. Property managers must invest in technology and direct booking capabilities. DMOs need to develop sophisticated, data-driven marketing approaches. Investors should focus on operational excellence and regional diversification.

Most importantly, all stakeholders must recognize that the vacation rental industry has matured beyond its disruptive growth phase into a sophisticated hospitality sector that demands professional management, strategic thinking, and continuous adaptation to changing market conditions.

The organizations that thrive in this environment will be those that embrace complexity, invest in capabilities, and maintain focus on delivering exceptional value to guests while achieving sustainable financial performance.

This report is published quarterly by Key Data (keydatadashboard.com), the leading provider of lodging market intelligence and analytics. For more information about our data platform and custom analysis capabilities, visit our website or contact our research team.

Next Report: Q3 2025 data and analysis will be available in November 2025, featuring expanded regional coverage and enhanced forward-booking analytics.

Glossary

Paid Occupancy %

Formula: Nights Sold / Total Nights

Definition: Percentage of available nights that were booked. A core measure of demand and property utilization.

ADR (Average Daily Rate)

Formula: Total Unit Revenue / Nights Sold

Definition: Average income earned per sold night. Indicates pricing strength and rate management effectiveness.

RevPAR (Revenue per Available Room)

Formula: Occupancy x ADR or Total Unit Revenue / Total Nights

Definition: Blends occupancy and pricing to assess revenue efficiency across all available nights.

Average Length of Stay (ALOS)

Formula: Total Nights Sold / # of Guest Check-ins

Definition: Shows the average duration of guest stays. Helps assess trip type and market behavior.

Average Booking Window (ABW)

Formula: (Arrival Date - Booked Date) / # of Guest Check-ins

Definition: Average number of days between booking and arrival. A leading indicator of guest planning behavior.

Key Data Demand Index

Formula: Reservations per property (year-over-year indexed)

Definition: Tracks demand strength across properties. Positive index growth signals higher reservation activity.

Key Data Revenue Index

Formula: Year-over-year revenue per property (indexed)

Definition: Measures changes in revenue performance per unit over time.

Direct Bookings

Definition: Bookings made directly through a manager's own channels (e.g., website). Typically yield longer stays, higher ADR, and more lead time.

OTA (Online Travel Agency)

Examples: Airbnb, Vrbo, Booking.com

Definition: Third-party platforms facilitating short-term rental bookings. Useful for guest acquisition but include commission costs.

Orphan Nights

Definition: Single nights stranded between two bookings that are hard to fill due to stay restrictions or unattractive timing.

Pacing / On the Books (OTB)

Definition: A performance comparison between future bookings and prior-year benchmarks. Helps forecast trends and identify early signals.

Defined Regions:

West: Oregon, Alaska, California, Washington, and Nevada

Rocky Mountains: Montana, Wyoming, Colorado, Idaho, and Utah

Southwest: New Mexico, Oklahoma, Texas, and Arizona

Midwest: Montana, Iowa, Indiana, Illinois, South Dakota, Minnesota, Ohio, Kansas, North Dakota, Wisconsin, Nebraska, and Michigan

Southeast: North Carolina, West Virginia, Mississippi, Tennessee, Kentucky, Louisiana, Georgia, Florida, Alabama, Virginia, Arkansas, and South Carolina

Mid-Atlantic: New York, Delaware, Maryland, and Pennsylvania

New England: Vermont, Rhode Island, Maine, Massachusetts, Connecticut, and New Hampshire

Hawaiian Islands: Hawaii

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The vacation rental market is more complex than ever. Are you maximizing your revenue potential compared to your competitors?

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Don't let market volatility catch you unprepared.