

Vail
Lodging Inventory Study
Updated as of November 1, 2011



INTRODUCTION

An analysis was conducted of the type and amount of rental units and pillows available for short-term rental in the Town of Vail as of January 1, 2009. It was conducted by MTRiP on behalf of the Vail Local Marketing District during the fall of 2008, and between then and the fall of 2011 many newly-constructed real estate developments were completed, offering new unit inventory for transient short-term rental. These newly constructed units that were not available for short-term rental at the time of the initial study have been counted and are included in this report with revised unit and pillow counts and a comparison to 2009. In short, as of November 1, 2011:

- Vail’s short term transient bed base includes 3,954 units which can accommodate up to 18,465 persons at their total theoretical capacity. This consists of 7% increase in units and a 6% increase in pillows from the original study conducted in 2009. A further breakdown by location and unit type is provided in the accompanying report.
- Included in this study but not in the inventory counts, and not updated for are:
 - An analysis of “grey market” properties. Grey market unit/properties are units not sold through conventional property management companies but rather directly by the owner.
 - A forecast of additions to the Vail bed base in the coming years due to new construction.
- Fractional ownership units and pillows are also included in the unit and pillows counts and have been analyzed separately.
- The 2009 study was created as a benchmark study upon which periodic updates such as this can be founded. The results will show the evolution of transient bed base inventory to now and going forward.

METHODOLOGY

Updated Data: The updated data is limited to properties that were either not constructed during the 2009 study. Existing properties were not updated or recounted.

Participation: The data was obtained by soliciting information from properties and property management companies (PMCs) who manage and rent units to transient guests for periods of time less than 30 consecutive nights. A list of potential participants was provided by the Vail Valley Partnership and Vail Beaver Creek Reservations. Additional research was conducted to identify additional properties and PMCs.

Data Collection: Participants were sent a data collection form (See Attachment C) via email and asked to include their property name, unit types, location, unit count, maximum occupancy and name and title of the submitter. Follow up calls were made as appropriate in order to accomplish full participation. When there was no participation from a property/PMC an estimate was included (see Attachment D). A total of 106 units (2.7%) and 690 pillows (3.8%) were arrived at by estimate.

Locations: Participants were given the choice of five locations, Cascade, East Vail, Lionshead, West Vail and Vail Village. Properties/units that are located outside the town limits were not included in the study.

Unit Inclusions/Exclusions: Data was collected on units that are available for rental in increments of less than 30 days. Units that are only available for the duration of one season, winter or summer, were included. All Fractional Ownership units/pillows were included, not just units/pillows that are available for short term rental.

Metrics and Definitions: Data was collected on the number of short term units and their maximum occupancies in each unit type category and location. The following terms are defined in the “Glossary of Terms” (see Attachment A) in order to provide consistency in reporting: Property Management

Vail
Lodging Inventory Study
Updated as of November 1, 2011



Company, Property Name, Property Type, Ownership (wholly owned or fractional ownership), Location and Maximum Occupancy. Other terms were addressed and defined to accommodate all types of rental situations including Lofts/Dens, Time-share/Fractional Ownership and Lock-offs.

Grey Market Units: “Grey Market” units is a new term coined by MTRIP to address short term rental units that are sold to transient guests directly by the owner through one of several direct channels, where no professional lodging or property management company is involved in the rental process. In 2009 this market segment was measured by counting the number of rental units and pillows available on www.VRBO.com (Vacation Rental by Owner), at the time, the most prevalent avenue for owner direct rentals. While by no means a complete sampling, it does provide some indication of the transient inventory that is not otherwise evident, but should be considered with the following caveats:

- Only VRBO.com units and pillows were counted.
- The analysis of this data does not account for the duplication of units/pillows where a unit may be listed for rental by both the owner and by a property management company.
- Available weeks at fractional ownership properties that are listed on www.vrbo.com were not included in this portion of the study because unit and pillow data was obtained from the property directly.
- While no quantifiable historical data is available, it is believed that this represents a significant increase over each of the last two years.
- For the 2011 update the number of Grey Market units was included by counting the number of units available for short term rental on www.HomeAway.com (formerly www.VRBO.com) as of November 1, 2011. This unit count is compared to the number of total transient inventory in Vail and to the 2009 study. Pillows were omitted for the 2011 update.

Fractional Ownership: Fractional ownership or time-share units and pillows were included in the forthcoming unit and pillows counts. Participants were asked to provide data on 100% of all fractional ownership units and pillows and to estimate the average percentage of units/pillows available for short term rental during a typical winter season. When averaging all the reporting properties percentages, it was found that 25% of fractional ownership units are put in the short term rental pool when owners are not occupying their unit, then occupied by owners/guests or exchange customers during the balance of the time.

Forthcoming Inventory: An effort to forecast new inventory that will be available in the coming years was made in 2009. MTRiP researched the impact of current and proposed construction based on a detailed list of developments by the Town of Vail. Projects that have been “approved”, some of which were under construction, were included so as to project the impact of the inventory that will be built in the coming years. This forecast included all new units (including fractional ownership) and did not reflect the number of units will be in the short term rental pool, which was unknown. Units in service and in the transient short term rental pool as reported by a property management company as of November 1, 2011 are included in this update and future unit counts are noted separately.

RESULTS – as of November 1, 2011

A. Units/Pillows by Location: It was found that 3,954 short term transient rental units that can accommodate a maximum occupancy of 18,465 guests are available in Vail as of Nov. 1, 2011. This is a 7% increase in the number of units (248 units) and a 6% increase in the number of pillows (1,118 pillows) from 2009. A majority of the total units (76%) are located in one of Vail's mountain base areas, Vail Village (40%), Lionshead (27%) and Cascade (9%) and are within walking distance to the ski mountain. The remaining units (24%) are located in the outlying areas of West Vail and East Vail. All of the newly constructed units and pillows available for short term rental as of November 1, 2011 are located in Vail Village (66% of units and 58% of pillows) and Lionshead (34%

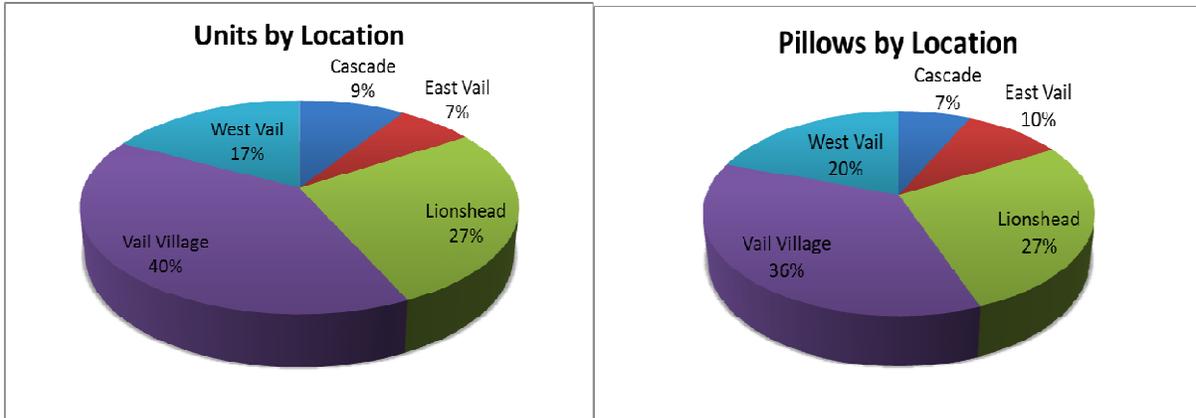
Vail
Lodging Inventory Study
 Updated as of November 1, 2011



of units and 42% of pillows), which did not change the percentages of units or pillows by location from 2009 to 2011.

Unit/Pillows by Location	West Vail	Cascade	Lionshead	Vail Village	East Vail	Total
Units	681	365	1070	1576	262	3954
Pillows	3639	1304	5096	6644	1782	18465

Includes 100% of all Fractional Ownership units/pillows but not Grey Market units/pillows

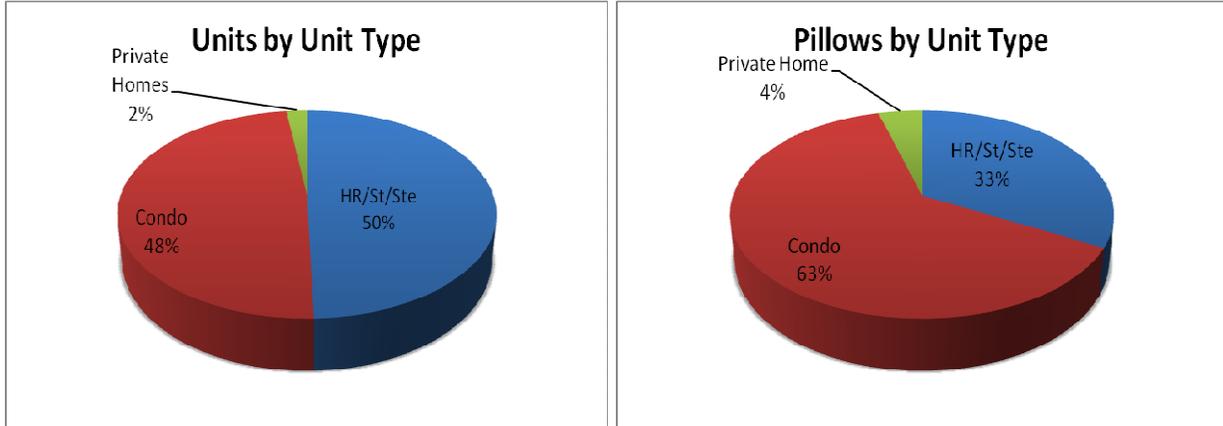


B. Units & Pillows by Unit Type: The following charts and graphs represent the Vail transient bed base by unit type. Units and pillows were designated in to three different categories: hotel room/studio/suite, condominium and private home to best display the breakdown of types of rental units in Vail. It was found that the hotel room category (50%) and condominiums (48%) share almost all of the units in Vail. Condominiums, however house 63% of all pillows in Vail where the hotel room category consists of 33% of the pillows in Vail. On average, a hotel room/studio/suite sleeps 3.1 guests and a condo sleeps 6.1 guests. Private homes are typically larger and can accommodate an average of 9.8 guests per unit. Of the 248 newly constructed units in the short term rental pool, 51% were condominium units and 49% were hotel room units. This consists of 1,118 new pillows, 70% of which were condominium pillows and 30% were hotel room pillows. There were no changes to the percentages in these categories from 2009 to 2011.

Unit/Pillows by Type	Hotel Rooms/Studios/Suites	Condominiums	Private Homes
Units	1956	1920	78
Pillows	6027	11674	764

Includes 100% of all Fractional Ownership units/pillows but not Grey Market units/pillows

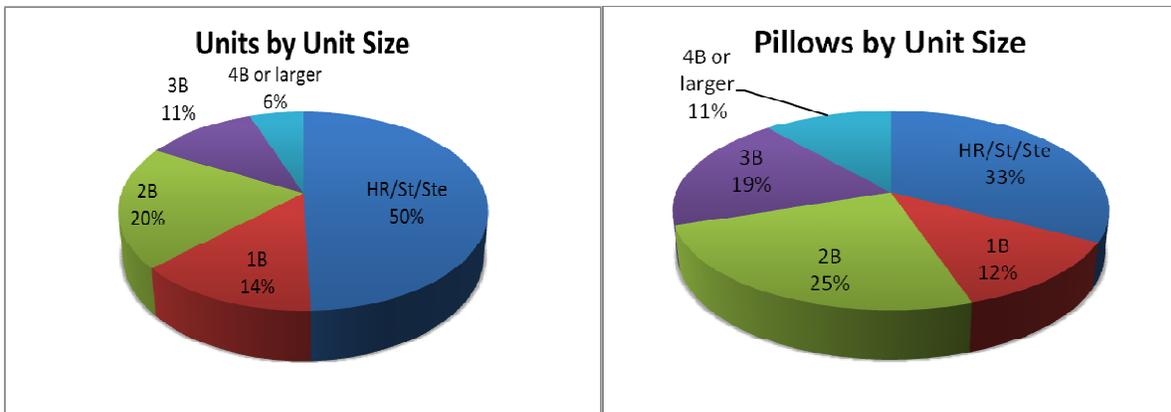
Vail
Lodging Inventory Study
 Updated as of November 1, 2011



C. Units & Pillows by Size: To further understand the consistency of Vail’s transient inventory, unit types were separated by unit size. Again, hotel room/studios/suites represent half of all unit types throughout Vail. 2 bedroom units are the next most prominent unit size and represent 20% of units and 25% of pillows. Only 6% of all units offer accommodations with 4 bedrooms or more and sleep an average of 10 people per unit. 121 hotel room units were and 127 condo units (1 – 4 bedroom) added to Vail’s transient inventory due to new construction. Three bedroom units were the most prevalent of the new condos units making up 16% of all new units and 24% of new pillows. These increases only slightly (less than 1%) affected the percentages of units and pillows by unit size.

Unit/Pillows by Unit Size	Hotel Rooms/Suites/Studios	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms or larger
Unit	1956	536	787	453	222
Pillows	6027	2208	4476	3563	2191

Includes 100% of all Fractional Ownership units/pillows but not Grey Market units/pillows



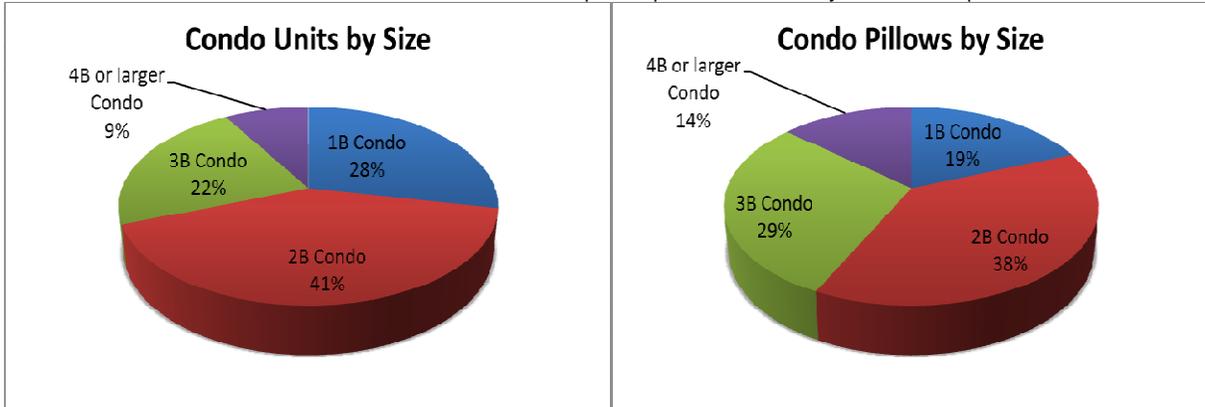
D. Units & Pillows by Unit Size/Type: Units and pillows were designated into two categories, condominiums and private homes and then further categorized by unit size. Of the different size condos available, 2 bedroom condos represent 41% of condo units and 38% of condo pillows. Four bedroom private homes are the most prevalent in its category and make up 38% of private homes and 40% of private home pillows. There were no new private home units included in the 2011 update, only condominium units and hotel rooms. Below is a detailed description of the size of units and pillows available in each category.

Vail
Lodging Inventory Study
 Updated as of November 1, 2011



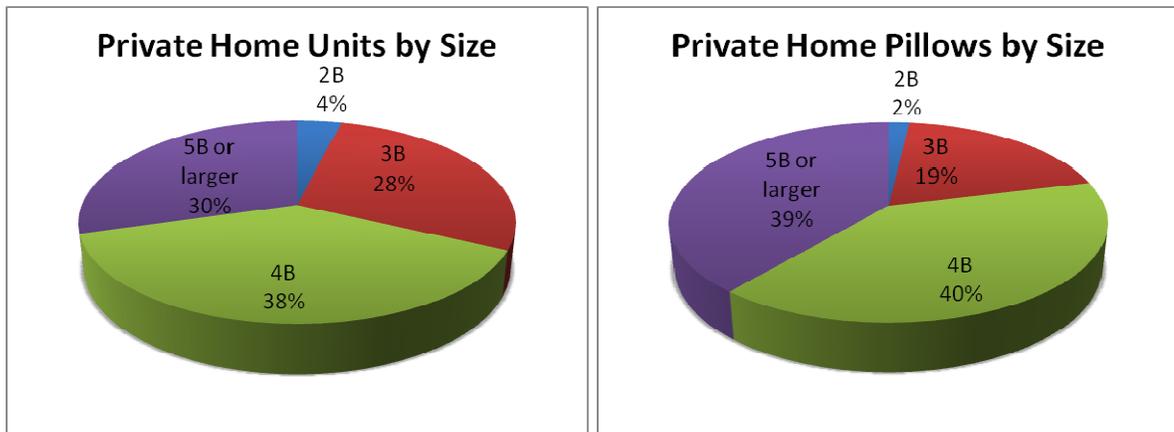
Condominium Units					
Condo Units/Pillows by Size	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms or larger	Total
Units	536	784	431	169	1920
Pillows	2208	4462	3416	1588	11674

Includes 100% of all Fractional Ownership units/pillows but not Grey Market units/pillows



Private Homes					
Private Home Units/Pillows by Size	2 Bedrooms	3 Bedrooms	4 Bedrooms	5 Bedrooms or larger	Total
Units	3	22	30	23	78
Pillows	14	147	305	298	764

Includes 100% of all Fractional Ownership units/pillows but not Grey Market units/pillows



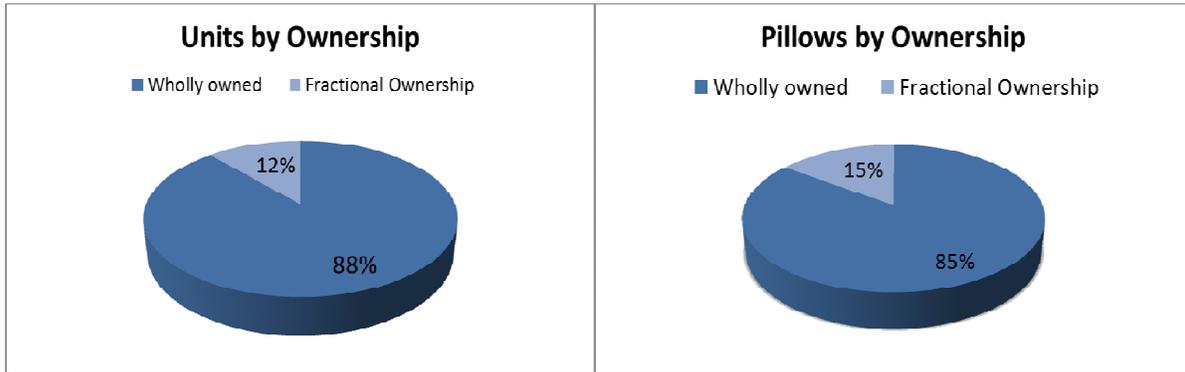
E. Fractional Ownership Units and Pillows: Fractional ownership units and pillows are included in the above unit and pillows counts and have been analyzed separately below. Of the newly constructed units and pillows added to Vail's inventory as of November 1, 2011, 8% of units and 13% of pillows have fractional ownership. This did not increase Vail's overall percentage of fractional ownership units or pillows.

Vail
Lodging Inventory Study
Updated as of November 1, 2011



Units/Pillows	Units	Pillows
Fractional Ownership	439	2624
Wholly Owned	3496	15699

Does not include Grey Market units/pillows



A. **Comparison:** Overall when comparing units and pillow counts from January of 2009 to November of 2011 units increased by 7% or 248 units and pillows increased by 6% or 1,118 pillows. These new units and pillows were made up of the following unit types and locations:

- **Location:** All new units are located in Vail Village (66%) and Lionshead (34%)
- **Unit Types:** New units fell in to two unit type categories:
 - Condominiums: 51% units/70% pillows
 - Hotel Rooms: 49% units/30% pillows
- **Unit Size:** 127 condo units and 788 condo pillows are newly constructed units. Below is a breakdown of the units and pillows by condo unit size:
 - One bedroom condos: 22% units, 14% pillows
 - Two bedroom condos: 27% units, 22% pillows
 - Three bedroom condos: 31% units, 34% pillows
 - Four bedroom condos: 20% units, 30% pillows
- **Ownership:**
 - Fractional ownership: 8% units, 13% pillows

2. **OTHER RELATED TRANSIENT INVENTORY:** While not included in the Unit/Pillow counts above, this study provides overview information about several other subjects related to understanding the overall transient inventory situation:

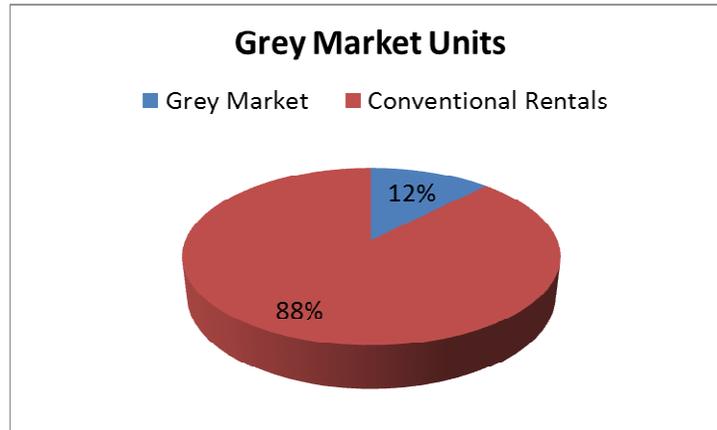
A. **Grey Market Units:** “Grey Market” rental units (a term coined by MTRIP) are those that are rented by their owners, through one of several direct channels, but where no professional lodging or property management company is involved in the rental process. This elusive market segment was measured by counting the number of rental units available on www.HomeAway.com (formally www.VRBO.com), the most prevalent avenue for owner direct rentals. While by no means a complete sampling, it does provide some indication of the transient inventory that is not otherwise evident. The 2009 study reported 410 grey market units in Vail (10%), where the 2011 update show 553 grey market units (12%), which is an increase of 35%.

Vail
Lodging Inventory Study
Updated as of November 1, 2011



Grey Market vs. Conventional Rentals	Grey Market	Conventional Rentals
Units	553	3935

Does not include Fractional Ownership units/pillows



B. Forthcoming Inventory Projections: In July of 2009 it was projected that Vail's short term transient inventory would increase as much as 11.9% in units and 13.8% in pillows from 2009 to 2011/2012. This projection included all newly constructed units and did not take in to consideration how many of these units would be in the short term rental pool. As of November 1, 2011 it was found that significantly fewer units are actually being rented on a short term basis and the short term transient inventory increased by 7% in units and 6% in pillows. This is mainly due to approved projects that have been suspended indefinitely and a significant number of units that have not been sold and therefore are not being rented on a short term basis. One large future development that will impact on Vail's transient bed base is Ever Vail. Its projected opening data is unknown but if it becomes a reality, it could increase Vail's transient inventory by as much as 12%.

Property Name	Location	Ownership	Units	Pillows*	Opening Date
Ever Vail	Lionshead/Cascade	Whole	482	Unknown	Unknown
Strata	Lionshead	Fractional/Whole	75*	375*	Suspended Indefinitely
Roost Lodge	West Vail	Suspended Indefinitely			
Cascade Condominium Residences	Cascade	Suspended Indefinitely			

*Estimates

III. APPENDIX

- Attachment A – Glossary of Term
- Attachment B – Participants
- Attachment C – Vail Data Collection Form
- Attachment D – Raw Data – All Inventory (Confidential Information)
- Attachment E - Property Unit/Pillow counts (Confidential Information)
- Attachment F - Raw Data – New Inventory Only (Confidential Information)