

Rented Report

The 150 Best Places to Buy
a Vacation Rental Property in 2018



Welcome to Rented.com's Third Annual Short-Term Rental Income Report

With the passage of the new federal tax law by Congress in December 2017 and multiple states debating changes to state tax laws, there are more questions than ever about buying, owning or keeping a vacation home.

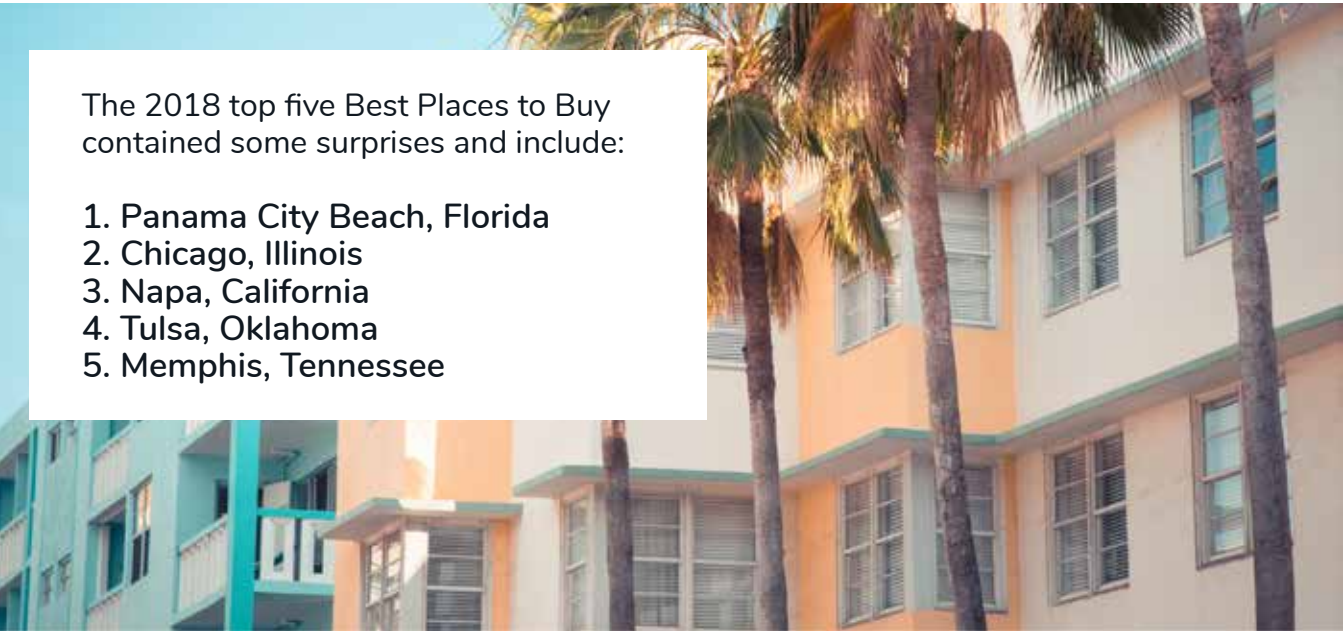
These can be difficult questions to answer even in a more static economic environment. For those thinking about buying a home, those who own a home now, and those considering selling a vacation home, this report can provide some valuable answers.



Best Places to Buy in 2018

The 2018 top five Best Places to Buy contained some surprises and include:

1. Panama City Beach, Florida
2. Chicago, Illinois
3. Napa, California
4. Tulsa, Oklahoma
5. Memphis, Tennessee





The inclusion of Chicago, Tulsa and Memphis continue the trend of more locations that are not typically considered “vacation destinations” being represented, as noted in the 2017 report.

Chicago and Napa are somewhat surprising; given the generally high cost of home ownership in these markets, which we suspect was outweighed by strong short-term rental potential.

For these two locations, demand and demand growth have outpaced supply and supply growth, which pushes up occupancy and nightly rental rates. In turn, this increases ROI for both property managers and homeowners. This is especially true for Napa, where the October fires diminished the rental supply significantly, while demand to visit Napa decreased less.

Best Places to Buy are Often in the South

Of the 25 Best Places to Buy list for 2018, 15 were located in the Southeastern U.S.

In the three reports issued to date, nearly three times as many Florida cities are included versus the next closest state, Tennessee with Texas following closely behind.





Many of these locations have reasonable real estate prices but strong rental potential for several reasons, such as attractiveness as a winter destination.

Also, states like Florida, for example, have embraced the short-term rental market at the state level, and this reflects in our Best Places to Buy reports.

In addition, because short-term and vacation rentals inject funds into the community, local regulations are less harmful to short-term rentals than in other markets.

Past Best Performing Locations (ROI/YR)

Rental conditions change from year to year, however, it is interesting to note that among the top 25 “Best Places to Buy,” eight cities were listed on both the 2017 and 2018 “Best Places” lists, and six were listed on all three annual market reports Rented.com has developed.





Past Best Performing Locations

2016

1. Panama City Beach, Florida
2. Gatlinburg, Tennessee
3. Galveston, Texas
4. Palm Coast, Florida
5. Savannah, Georgia

2017

1. Nashville, Tennessee
2. Destin, Florida
3. Corpus Christi, Texas
4. Denver, Colorado
5. Clearwater Beach, Florida

Business and Leisure Continue to Impact Destination Popularity

In 2017, three of the top 25 Best Places cities was a major urban center. In this year's study, seven urban centers made the top 25 list. Ranked by highest to lowest score, these included Chicago, Memphis, Nashville, Seattle, Atlanta, San Antonio and Savannah.



Trends to Note Within the Worst Places to Buy a Vacation Property

When comparing the 20 Worst Places to Buy a Vacation Rental Property for the past three years certain trends are seen year over year.

The worst places to buy a second home typically include multiple cities within states with housing shortages (California, Massachusetts, Utah, Colorado, and New York) and states with the highest costs of living (Utah, Delaware, Colorado, Massachusetts, New York, California, Hawaii and Virginia).





Five Colorado cities appear in the bottom 20 in 2018 and four states have appeared in the bottom 20 all three years: California, New York, Massachusetts and Colorado.

Differing combinations of factors are typically responsible. In markets such as the Hamptons, New York and Nantucket, Massachusetts, high asset prices along with tough rental regulations and generally high property taxes drove down the ratings.

In other locations, such as Oklahoma City and Palo Alto, the abundance of attractive job opportunities depressed property availability.

How We Developed the Report

There are many reports available that outline top vacation rental and short-term rental markets based on attributes such as consumer demand and anticipated gross rental revenue. Our focus goes beyond these limited results and attempts to answer the ultimate ROI question, “When buying a rental property for investment purposes, what are the best markets?”

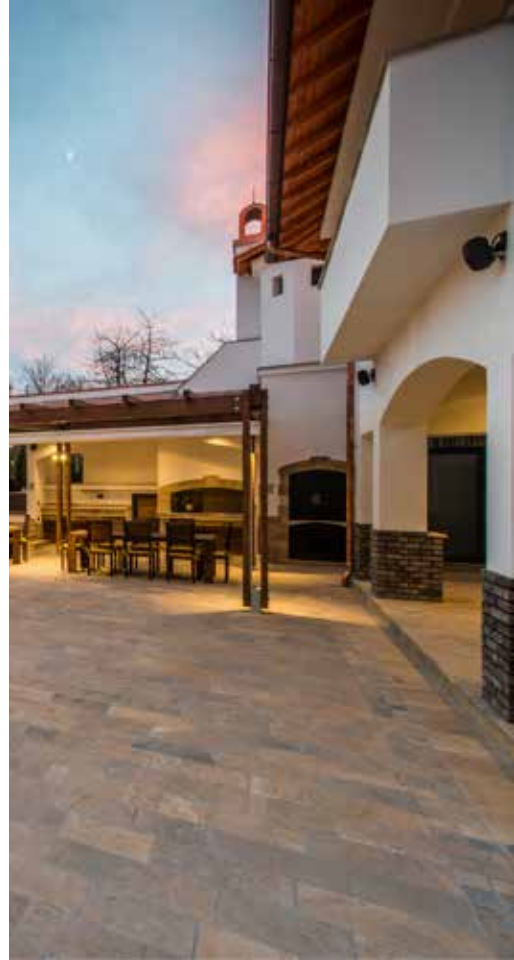


The report focuses on 150 U.S. markets and compares two figures, costs of home ownership and short-term rental potential. Costs of home ownership include a variety of factors such as purchase price, local property taxes, home insurance and maintenance. Short-term rental potential taps into multiple sources including actual Rented.com demand from management companies in these markets, as well as Everbooked and Airdna occupancy and rental rate projections, and the current legal situation in each market.

Several key points that appear to be indicative of the overall profitability of a short-term rental include:

- Real Estate Price
- Local Vacation Rental Rates
- Insurance, taxes and Maintenance Costs
- Overall Popularity of the Tourist Destination

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We also factor in short-term rental regulations and these can have a significant impact on a vacation homeowner's bottom line.

In addition, we create a weighted "Revenue" number and "All in Cost" number for each market, and then index the ratio between markets on a scale of 0 to 100, with 100 being a perfect score.

Based on these factors, Rented.com gave out scores on a scale from 0 to 100, with the goal of objectively providing potential vacation homeowners the information necessary to select the best destination for their personal needs.

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Conclusions

Alternative accommodations have gone mainstream and are here to stay as part of the sharing economy. It has rapidly expanded from visitors seeking low-cost accommodation to people eager for an experience more personal than a traditional hotel room.



That said, consumers considering a second home purchase to be used as a rental still must carefully do their homework. While no analysis will provide a surefire answer to whether a consumer will meet their ROI goals through renting their property, below are several guidelines to maximizing the probability of success:

- Purchase homes in lower cost markets to reduce income the home must generate to achieve financial goals
- Have a clear understanding of necessary improvements, as well as maintenance, property tax, insurance, HOA and other costs
- Seek out markets with a strong vacation and/or rental history
- Learn about the prospective community's regulations regarding rental properties





For an individual assessment of your short-term or vacation rental property, visit [rented.com/calculator](https://www.rented.com/calculator) or call us anytime at (844) 736-8334.

Enjoy,
The Rented.com Team

The 150 Best Places To Buy A Vacation Rental Property In 2018

As measured by ROI

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
1	Panama City Beach	Florida	98.9	\$26,301
2	Chicago	Illinois	95.3	\$26,301
3	Napa	California	93.1	\$61,898
4	Tulsa	Oklahoma	92.5	\$26,350
5	Memphis	Tennessee	90.5	\$55,690
6	Nashville	Tennessee	90.3	\$30,620
7	Killington	Vermont	88.3	\$46,709
8	Seattle	Washington	87.8	\$90,766
9	Navarre	Florida	86.0	\$48,349
10	Atlanta	Georgia	85.2	\$34,502

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
11	Gatlinburg	Tennessee	82.9	\$47,224
12	San Antonio	Texas	82.3	\$28,414
13	Savannah	Georgia	82.0	\$61,933
14	Destin	Florida	79.0	\$47,467
15	Biloxi	Mississippi	75.8	\$28,768
16	Pigeon Forge	Tennessee	73.6	\$38,893
17	Kissimmee	Florida	73.1	\$24,125
18	Corpus Christi	Texas	73.0	\$37,144
19	Cocoa Beach	Florida	71.3	\$37,045
20	Bryson City	North Carolina	70.6	\$32,568
21	Bangor	Maine	69.5	\$24,979
22	Brian Head	Utah	69.2	\$20,625
23	Galveston	Texas	68.8	\$34,322
24	Fresno	California	66.4	\$27,034
25	Albuquerque	New Mexico	65.0	\$29,030

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
26	Detroit	Michigan	63.8	\$46,715
27	Palm Coast	Florida	62.2	\$28,123
28	Baton Rouge	Louisiana	60.7	\$30,211
29	Kansas City	Missouri	60.2	\$35,555
30	Little Rock	Arkansas	59.9	\$25,862
31	Palm Springs	California	59.3	\$62,048
32	Ellijay	Georgia	57.6	\$34,379
33	Charleston	South Carolina	57.4	\$40,351
34	Minneapolis	Minnesota	57.2	\$46,565
35	Milwaukee	Wisconsin	57.1	\$40,266
36	Fairbanks	Alaska	56.8	\$30,665
37	Jacksonville	Florida	56.1	\$29,701
38	Lafayette	Louisiana	55.3	\$17,610
39	Blue Ridge	Georgia	55.1	\$37,206
40	Myrtle Beach	South Carolina	55.0	\$35,416

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
41	Ocean City	Maryland	54.2	\$39,747
42	Fort Myers	Florida	54.2	\$23,973
43	Daytona Beach	Florida	54.1	\$35,937
44	Orlando	Florida	53.9	\$38,730
45	Las Vegas	Nevada	52.4	\$45,094
46	Columbus	Ohio	52.4	\$30,544
47	Portland	Maine	51.6	\$45,524
48	Wilmington	North Carolina	51.0	\$29,077
49	Port Aransas	Texas	50.8	\$62,094
50	Santa Rosa Beach	Florida	50.7	\$68,639
51	Mesa	Arizona	50.6	\$22,159
52	Bar Harbor	Maine	49.9	\$52,145
53	Burlington	Vermont	49.1	\$47,778
54	Snowshoe	West Virginia	49.0	\$13,621
55	Virginia Beach	Virginia	47.9	\$50,724

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
56	Miami Beach	Florida	47.5	\$54,457
57	Charlotte	North Carolina	47.1	\$34,852
58	Plymouth	Massachusetts	46.2	\$43,239
59	Kennebunkport	Maine	46.1	\$48,145
60	Kauai	Hawaii	45.9	\$58,435
61	Los Angeles	California	45.7	\$33,495
62	Los Angeles	California	45.7	\$33,495
63	Reno	Nevada	45.0	\$33,339
64	Carolina Beach	North Carolina	44.9	\$40,692
65	Raleigh	North Carolina	44.5	\$33,666
66	Long Beach	California	43.8	\$38,132
67	Sonoma	California	43.6	\$70,893
68	El Paso	Texas	43.6	\$20,700
69	Fayetteville	Arkansas	43.1	\$50,132
70	Santa Fe	New Mexico	43.0	\$66,438

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
71	Stratton	Vermont	42.5	\$27,718
72	Keystone	Colorado	42.5	\$55,954
73	Willamette Valley	Oregon	42.5	\$27,016
74	Pensacola Beach	Florida	42.4	\$48,868
75	Key West	Florida	42.3	\$74,491
76	Indianapolis	Indiana	41.8	\$27,079
77	Anchorage	Alaska	41.8	\$31,739
78	Newport	Rhode Island	41.6	\$45,133
79	South Lake Tahoe	California	40.8	\$44,009
80	Tucson	Arizona	40.7	\$31,949
81	Kill Devil Hills	North Carolina	40.3	\$29,884
82	Austin	Texas	40.2	\$46,889
83	Salt Lake City	Utah	39.6	\$32,275
84	Arlington	Virginia	39.6	\$57,481
85	Huntsville	Alabama	38.7	\$24,867

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
86	Fort Worth	Texas	38.6	\$33,035
87	San Diego	California	38.0	\$49,395
88	Taos	New Mexico	37.5	\$34,875
89	State College	Pennsylvania	37.3	\$26,288
90	Clearwater Beach	Florida	37.2	\$55,472
91	Eden	Utah	37.2	\$30,168
92	Wichita	Kansas	37.1	\$25,135
93	San Jose	California	36.9	\$57,796
94	Mobile	Alabama	36.9	\$25,474
95	Dallas	Texas	36.2	\$47,864
96	Big Bear Lake	California	35.6	\$33,782
97	Tampa	Florida	35.4	\$34,367
98	Denver	Colorado	34.8	\$33,952
99	Sacramento	California	34.6	\$42,257
100	Portland	Oregon	34.1	\$46,217

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
101	Houston	Texas	33.9	\$31,300
102	Coeur d'Alene	Idaho	32.6	\$37,541
103	Slidell	Louisiana	32.3	\$14,852
104	Oakland	California	32.0	\$32,982
105	New Orleans	Louisiana	31.8	\$32,526
106	Rehoboth Beach	Delaware	31.6	\$34,298
107	Maui	Hawaii	31.1	\$49,546
108	San Francisco	California	30.9	\$75,332
109	Pittsburgh	Pennsylvania	30.7	\$36,687
110	Provincetown	Massachusetts	30.5	\$45,378
111	Siesta Key	Florida	30.4	\$55,763
112	Nashville	Tennessee	30.4	\$44,429
113	Bend	Oregon	30.2	\$31,957
114	Boston	Massachusetts	29.3	\$59,625
115	San Luis Obispo	California	28.5	\$47,317

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
116	Truckee	California	28.3	\$45,884
117	Saint Simons Island	Georgia	27.6	\$30,911
118	Philadelphia	Pennsylvania	27.0	\$42,099
119	Louisville	Kentucky	25.7	\$25,608
120	Washington	District of Columbia	25.5	\$43,255
121	Isle of Palms	South Carolina	25.0	\$57,485
122	Gulf Shores	Alabama	24.4	\$22,842
123	Steamboat Springs	Colorado	24.2	\$38,775
124	Hilton Head	South Carolina	23.8	\$27,741
125	Alexandria	Virginia	23.8	\$46,777
126	Silverthorne	Colorado	23.6	\$33,199
127	Stowe	Vermont	23.6	\$34,051
128	Breckenridge	Colorado	23.6	\$47,956
129	Phoenix	Arizona	22.9	\$22,107
130	Sun Valley	Idaho	22.1	\$43,738

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
131	Omaha	Nebraska	21.9	\$18,775
132	Hawaii	Hawaii	21.4	\$45,428
133	Hamptons	New York	21.0	\$79,322
134	Colorado Springs	Colorado	19.7	\$27,865
135	Brooklyn	New York	19.7	\$44,525
136	Honolulu	Hawaii	18.6	\$39,047
137	Nantucket	Massachusetts	17.9	\$111,691
138	Crested Butte	Colorado	17.2	\$53,225
139	Beaver Creek	Colorado	15.9	\$95,016
140	Long Island	New York	14.8	\$13,226
141	Oklahoma City	Oklahoma	14.8	\$22,693
142	Ponte Vedra	Florida	14.2	\$14,223
143	New York	New York	12.8	\$68,505
144	Baltimore	Maryland	12.5	\$7,916
145	Telluride	Colorado	12.1	\$75,464

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
146	Park City	Utah	11.9	\$28,909
147	Naples	Florida	11.6	\$31,562
148	Martha's Vineyard	Massachusetts	10.2	\$34,175
149	Palo Alto	California	10.0	\$75,826
150	Aspen	Colorado	9.9	\$93,122

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