

Rented.com Report



The 150 Best Places to Buy
a Vacation Rental Property in 2019



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

The vacation rental industry has seen two major changes within the past year: The infusion of large sums of venture capital and a shifting regulatory landscape. The space has expanded rapidly due to the venture capital, but prospective buyers must now be wary of some urban markets due to regulations. These markets now can run the risk of increasing home values, and debilitating regulatory risks that nullify any short-term rental income opportunities.

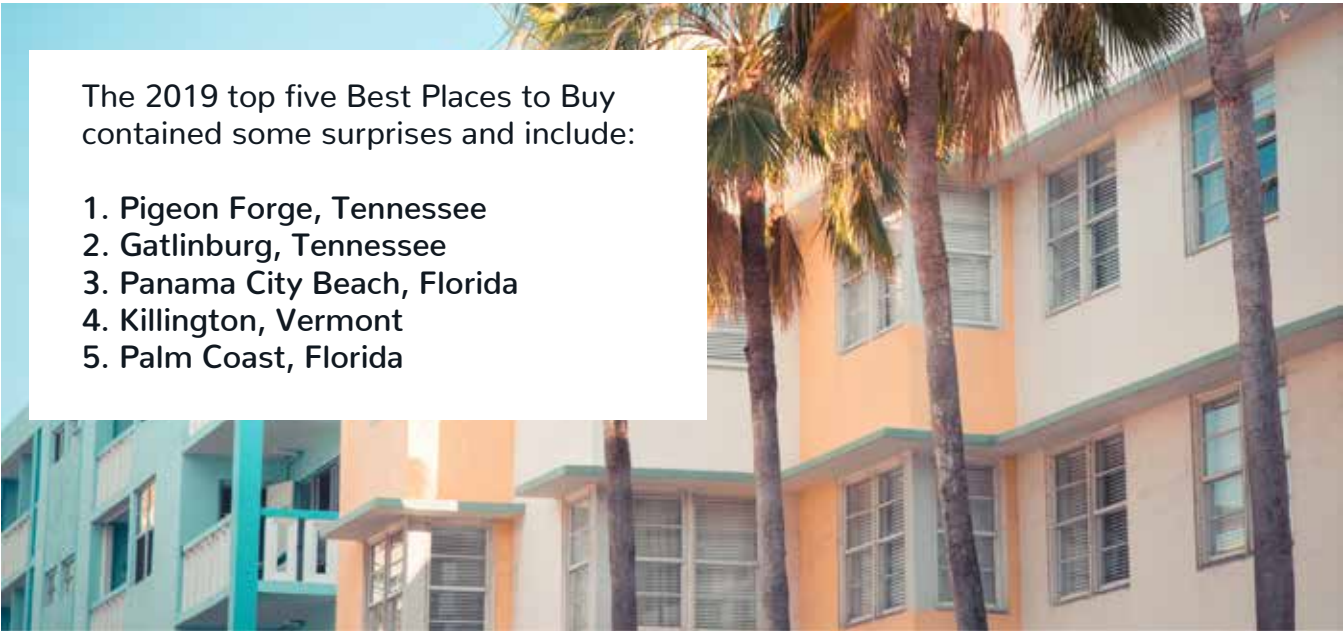
This report is designed to guide those who are selling, buying, or currently in ownership of a vacation home, but it can provide value to anyone interested in a summary of the industry landscape. Rented.com provides homeowners with guaranteed annual income and gives them access to the top property managers in the market. We're happy to use our industry expertise to point you in the right direction as you consider your future in the alternative accommodation space.



Best Places to Buy in 2019

The 2019 top five Best Places to Buy contained some surprises and include:

1. Pigeon Forge, Tennessee
2. Gatlinburg, Tennessee
3. Panama City Beach, Florida
4. Killington, Vermont
5. Palm Coast, Florida





The top five on this year's report is indicative of the resurgence throughout the report of traditional vacation destination markets. Pigeon Forge and Gatlinburg claim the top two spots with neighboring Sevierville not too far behind at number 8. The region seems to have fully recovered from the devastating fires in the fall of 2016, and as with the rest of our top five, it boasts a steady stream of travelers year round.

The trend this year tends to focus on markets that are as recession resistant as they come. They are established vacation destinations where family traditions are made. They remain affordable family vacation destinations even during an economic downturn. Developing management techniques in the industry have increased occupancy rates in these markets that were far more seasonal in the past.

Best Places to Buy are Often in the South... But here comes the Midwest!

Of the 25 Best Places to Buy list for 2019, 13 were located in the Southeastern U.S. compared to 15 last year.

The Midwest claims 4 of the top 25 this year after having only one last year, and Chicago dropped off the list entirely due to its regulatory uncertainty.





As far as states with the most destinations, Florida led the way with 19, California was second with 13 (but none ranked higher than 44th), and Texas was third with 9 cities on the list.

These states all have mild winters which bring long tourist seasons, and they also are the three most populous states in the U.S. which helps keep occupancy rates high with locals.

The top 25 is generally comprised of markets that either support vacation rentals outright or at least have a settled regulation that's easy to comply with. Long-term property value is a big part of the decision when purchasing a vacation home. Purchasing in a stable regulatory environment makes you less likely to encounter issues.

Past Best Performing Locations (ROI/YR)

Many Urban markets dropped out of the top 25 compared to last year. A few markets dropped out due to increases in real estate prices. However, eight cities were listed on both the 2018 and 2019 lists. Pigeon Forge, Panama City Beach, Kissimmee, Gatlinburg, and Killington have consistently been top performers year after year.





Past Best Performing Locations

2017

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

2018

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

A Reversal in the Urban Trend

While there are certainly still plenty of great vacation rental opportunities in urban markets, our advice to prospective buyers is to get hotel licenses as the unsettled nature of vacation rental law in many cities makes long-term investment difficult.



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 four years certain trends are seen year over year.

Cities within states with housing shortages (California, Florida, Utah, Colorado and New York) and states with the highest costs of living (Utah, Delaware, Colorado, Massachusetts, New York, California, Hawaii and Virginia) are places where you should think twice about buying.






North Carolina, California, and Florida each have three cities that appear in the bottom 20 in 2019 and three states have appeared in the bottom 20 for the past four years: California, Massachusetts, and Colorado.

The ratings of markets can be affected by many factors. Areas with high asset prices, such as some areas of California and Massachusetts, may have lower ratings because the price of homeownership is so high. Though the rental market in these areas may be robust, there's high proportionate performance necessary for the investment to be of value.

How We Developed the Report

An aerial photograph of a city skyline at dusk. The sky is a mix of blue and orange, with clouds. Several skyscrapers are visible, some with lights on. A white text box is overlaid on the left side of the image.

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 Airdna occupancy, 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





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.

Conclusions

Even investments in healthy markets require careful consideration, and the alternative accommodations space is no exception. Opportunities to participate as an owner/investor in short-term rentals are expanding rapidly, and this growth leads to changes in the investment landscape, where certain regions that were once dominant have started to fade (e.g., California, Colorado, Massachusetts), while others have risen to prominence (e.g., Tennessee, Florida, Texas).

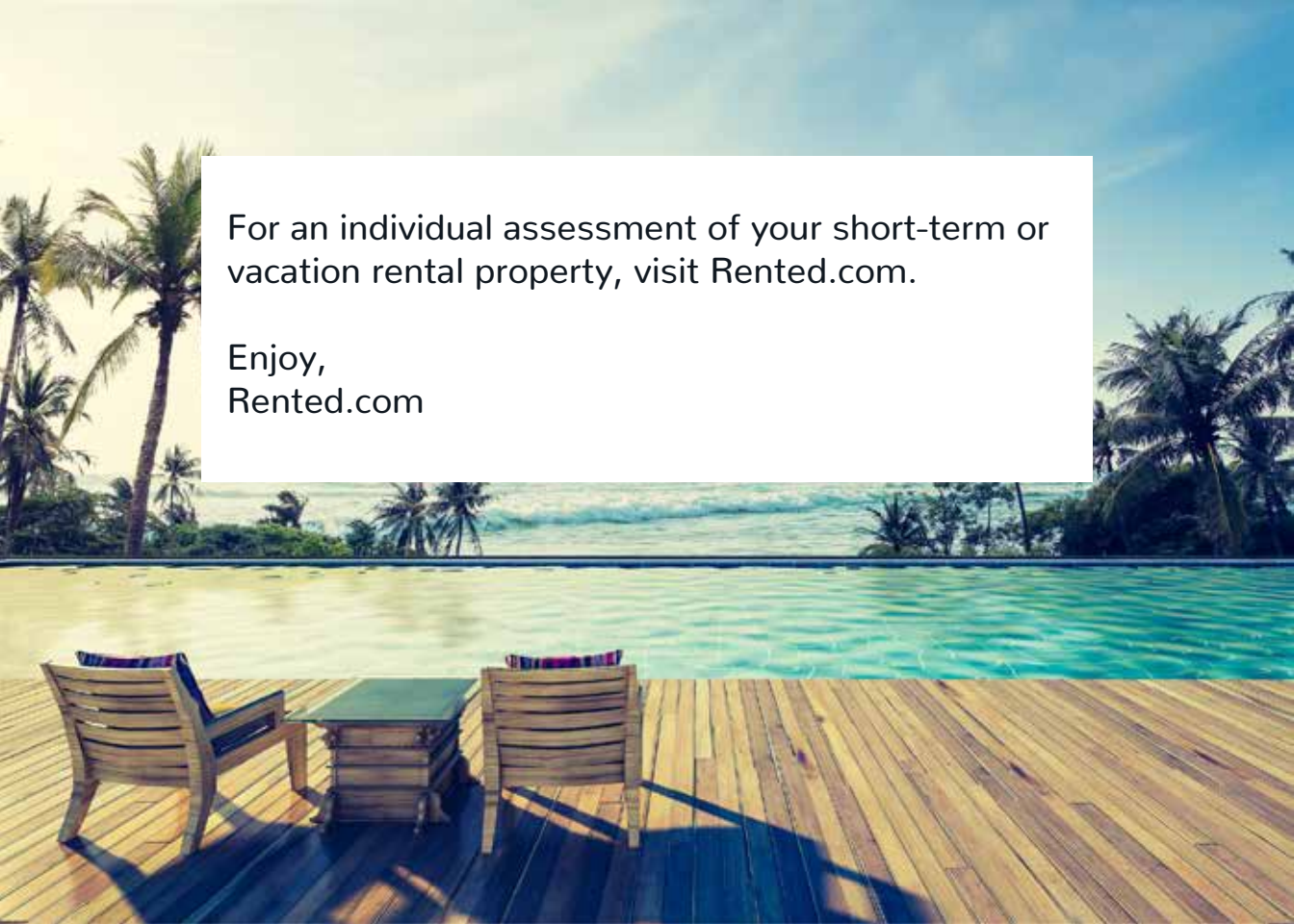


Thanks to the mainstreaming of alternative accommodations through prominent channels like Airbnb and VRBO, a successful short-term rental can exist almost anywhere. Therefore, the consumer has to consider all factors, not just location.

Here are some things to look for when considering where to buy:

- Identify opportunities in markets where asset prices are low relative to the market's attractiveness as a vacation destination.
- Obtain a clear and thorough 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 histories - these, as our report has shown, are unlikely to change in the near-term.
- Learn about the prospective community's regulations regarding rental properties - you may be limited by what the municipality or HOA will permit.





For an individual assessment of your short-term or vacation rental property, visit [Rented.com](https://www.rented.com).

Enjoy,
[Rented.com](https://www.rented.com)

The 150 Best Places To Buy A Vacation Rental Property In 2019

As measured by ROI

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
1	Pigeon Forge	Tennessee	98.4	\$43,500
2	Gatlinburg	Tennessee	93.9	\$45,000
3	Panama City Beach	Florida	90.5	\$20,000
4	Killington	Vermont	87.6	\$39,000
5	Palm Coast	Florida	86.9	\$33,000
6	Myrtle Beach	South Carolina	85.5	\$46,000
7	Saint George	Utah	85.4	\$69,500
8	Sevierville	Tennessee	84.3	\$34,000
9	San Antonio	Texas	82.3	\$24,000
10	Seaside	Oregon	80.6	\$53,000

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
11	Branson	Missouri	79.8	\$25,500
12	Jacksonville	Florida	79.8	\$35,500
13	Minneapolis	Minnesota	79.0	\$54,000
14	Nashville	Tennessee	79.0	\$91,500
15	Navarre	Florida	78.8	\$39,000
16	Chelan	Washington	78.0	\$43,500
17	Rockport	Texas	77.0	\$39,500
18	Detroit	Michigan	76.5	\$47,000
19	Kissimmee	Florida	74.7	\$20,500
20	Cape San Blas	Florida	74.0	\$66,500
21	Portland	Maine	72.9	\$54,000
22	Ocean City	Maryland	72.9	\$44,500
23	Blue Ridge	Georgia	71.6	\$40,500
24	Charleston	South Carolina	71.5	\$42,000
25	Hot Springs	Arkansas	70.4	\$23,000

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
26	Winter Park	Colorado	70.0	\$59,500
27	Cocoa Beach	Florida	69.8	\$30,500
28	Grand Haven	Michigan	69.5	\$47,000
29	Sandpoint	Idaho	67.9	\$40,000
30	Kansas City	Missouri	67.4	\$33,500
31	Hochatown (Broken Bow)	Oklahoma	66.9	\$38,000
32	Ellijay	Georgia	66.8	\$33,500
33	Rockaway Beach	Oregon	66.4	\$33,000
34	Custer	South Dakota	65.8	\$25,000
35	Canton	Kentucky	65.6	\$20,500
36	Biloxi	Mississippi	64.8	\$24,000
37	Fort Myers	Florida	64.7	\$24,000
38	Pittsburgh	Pennsylvania	64.5	\$12,500
39	Bryson City	North Carolina	64.4	\$25,000
40	North Myrtle Beach	South Carolina	64.4	\$36,500

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
41	Virginia Beach	Virginia	64.4	\$57,000
42	Miami Beach	Florida	63.9	\$61,000
43	Sonoma	California	63.9	\$87,000
44	Leavenworth	Washington	63.5	\$53,000
45	Davenport	Florida	63.4	\$25,500
46	Palm Springs	California	63.4	\$55,500
47	Sunriver	Oregon	63.6	\$38,500
48	Milwaukee	Wisconsin	62.9	\$37,000
49	Galveston	Texas	62.7	\$34,000
50	Stratton	Vermont	62.5	\$34,000
51	Destin	Florida	62.4	\$53,000
52	Beaver Creek	Colorado	61.7	\$87,500
53	Gulf Shores	Alabama	61.6	\$48,000
54	Reno	Nevada	61.0	\$38,000
55	New Braunfels	Texas	60.5	\$29,000

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
56	Wilmington	North Carolina	59.8	\$28,500
57	St. Germain	Wisconsin	59.7	\$32,000
58	Port Aransas	Texas	58.4	\$59,500
59	Santa Fe	New Mexico	58.2	\$75,000
60	Manchester	New Hampshire	57.8	\$24,000
61	Fresno	California	57.5	\$40,500
62	Glacier	Washington	57.0	\$30,000
63	Osage Beach	Missouri	56.9	\$30,500
64	West Yellowstone	Montana	56.7	\$49,500
65	Orlando	Florida	56.5	\$34,000
66	Newport	Oregon	55.6	\$34,500
67	Mt Pocono	Pennsylvania	55.4	\$37,500
68	Atlanta	Georgia	55.1	\$40,000
69	Kill Devil Hills	North Carolina	54.5	\$34,000
70	Columbus	Ohio	54.5	\$26,500

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
71	Burlington	Vermont	54.1	\$44,000
72	Tybee Island	Georgia	53.2	\$58,500
73	Carolina Beach	North Carolina	52.9	\$40,000
74	Clearwater Beach	Florida	52.5	\$65,500
75	Albuquerque	New Mexico	52.4	\$19,500
76	Bend	Oregon	52.0	\$46,000
77	Newport	Rhode Island	51.6	\$49,500
78	Phoenix	Arizona	51.2	\$41,500
79	Petoskey	Michigan	51.0	\$46,000
80	Keystone	Colorado	50.7	\$56,000
81	Raleigh	North Carolina	50.6	\$32,000
82	Rehoboth Beach	Delaware	50.0	\$45,500
83	Ponte Vedra	Florida	49.8	\$42,000
84	Niagara Falls	New York	49.7	\$28,000
85	Garden City	Utah	49.5	\$28,000

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
86	Daytona Beach	Florida	49.0	\$25,000
87	Cape May	New Jersey	48.6	\$37,500
88	Whitefish	Montana	48.5	\$45,500
89	Sacramento	California	48.0	\$49,000
90	Point Pleasant Beach	New Jersey	47.9	\$46,000
91	Big Sky	Montana	47.8	\$45,000
92	Boothbay Harbor	Maine	47.4	\$26,500
93	Snowshoe	West Virginia	47.1	\$34,500
94	Homer	Alaska	47.1	\$25,000
95	Hilo	Hawaii	46.2	\$34,000
96	Dallas	Texas	46.0	\$51,000
97	Tucson	Arizona	45.9	\$30,000
98	Kings Beach	California	45.7	\$47,000
99	La Quinta	California	45.6	\$49,500
100	Taos	New Mexico	45.4	\$35,500

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
101	Holland	Michigan	45.0	\$29,000
102	Pagosa Springs	Colorado	44.8	\$33,500
103	Ely	Minnesota	44.8	\$26,000
104	McHenry	Maryland	43.9	\$41,500
105	Philadelphia	Pennsylvania	43.6	\$57,000
106	Houston	Texas	43.5	\$33,500
107	Corpus Christi	Texas	43.3	\$29,000
108	Bar Harbor	Maine	43.1	\$37,500
109	Baton Rouge	Louisiana	43.0	\$27,000
110	Kennebunkport	Maine	42.9	\$37,500
111	Truckee	California	42.3	\$57,500
112	Scottsdale	Arizona	42.1	\$30,000
113	Santa Rosa Beach	Florida	42.0	\$47,500
114	Steamboat Springs	Colorado	41.4	\$55,500
115	Dennis	Massachusetts	41.3	\$39,000

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
116	Provincetown	Massachusetts	41.2	\$48,500
117	Anchorage	Alaska	41.1	\$26,000
118	Mammoth Lakes	California	40.7	\$48,000
119	Sun Valley	Idaho	40.6	\$34,500
120	Austin	Texas	40.5	\$39,500
121	San Luis Obispo	California	39.9	\$55,500
122	McCall	Idaho	39.7	\$30,500
123	Ocean City	New Jersey	39.6	\$56,000
124	Narragansett	Rhode Island	39.0	\$39,000
125	Sedona	Arizona	38.7	\$44,000
126	Pensacola Beach	Florida	38.2	\$37,000
127	Big Bear Lake	California	37.7	\$30,000
128	Saint Simons Island	Georgia	37.4	\$35,000
129	Wildwood	New Jersey	36.9	\$25,000
130	Fort Bragg	California	36.6	\$30,500

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
131	Plymouth	Massachusetts	36.3	\$28,500
132	Charlotte	North Carolina	35.3	\$22,000
133	Hilton Head	South Carolina	35.2	\$34,500
134	Tampa	Florida	35.2	\$28,500
135	Coeur d'Alene	Idaho	34.7	\$33,500
136	Silverthorne	Colorado	34.6	\$40,500
137	Isle of Palms	South Carolina	34.4	\$66,500
138	Mooresville	North Carolina	33.7	\$30,500
139	Park City	Utah	33.6	\$68,000
140	Breckenridge	Colorado	32.8	\$56,000
141	Boise	Idaho	32.5	\$24,000
142	Stowe	Vermont	32.1	\$39,000
143	Omaha	Nebraska	32.0	\$23,000
144	Honolulu	Hawaii	31.7	\$56,000
145	Sandusky	Ohio	31.6	\$33,000

POSITION /150	MARKET	STATE	SCORE /100	ESTIMATED RENTAL INCOME
146	Brian Head	Utah	30.9	\$27,000
147	Tahoe City	California	30.1	\$47,500
148	Sea Ranch	California	29.0	\$65,000
149	Siesta Key	Florida	27.9	\$43,000
150	Tryon	North Carolina	27.1	\$17,500

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