



Vacation Rental Pricing Report Summer 2014

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2014 Pricing Summary

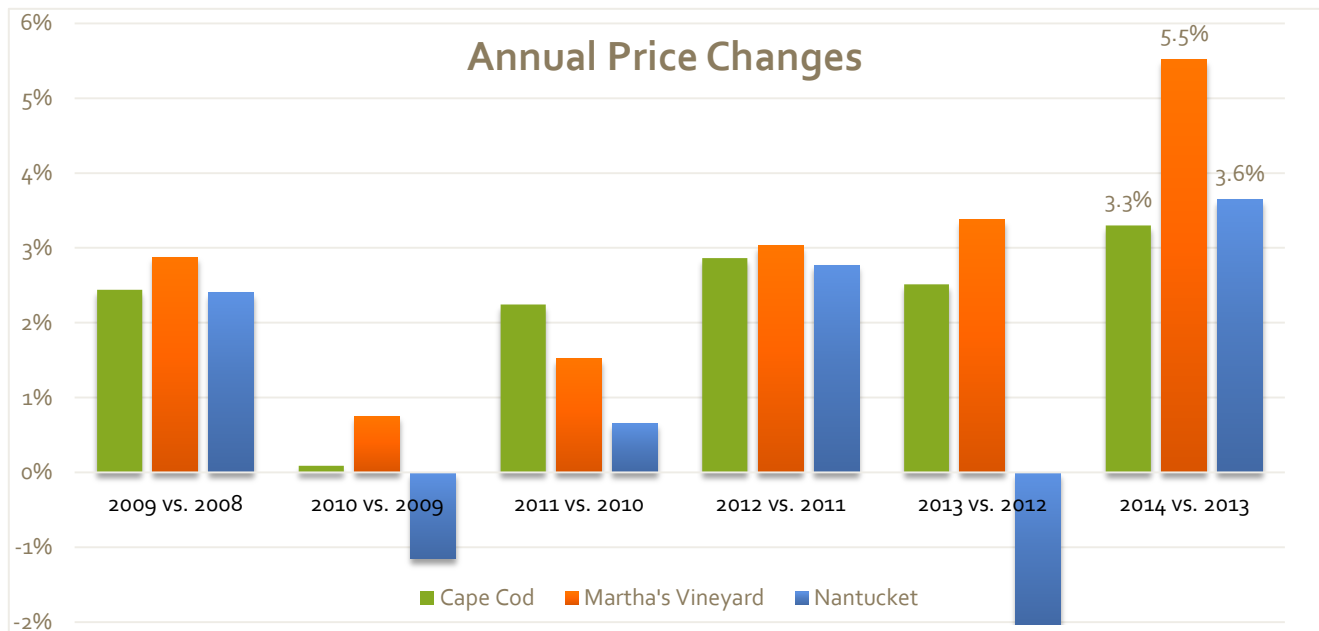
This report analyzes the prices set by homeowners listed on our WeNeedaVacation.com website for weekly vacation rentals on Cape Cod, Martha's Vineyard and Nantucket for the summer of 2014. Our goal is to provide our clients and the industry with the most comprehensive analysis available of vacation rental home pricing and what drives it.

The motivation for this report arose from a significant observation during our annual analysis of the changes in prices from last year to this one. Since the financial meltdown in 2008/9, price increases have been fairly modest from year to year. Until now. In fact, this year marks the largest price increases we have seen in our 17 seasons. The Cape is up 3.3%, Nantucket up 3.6% and the Vineyard up a record 5.5%.

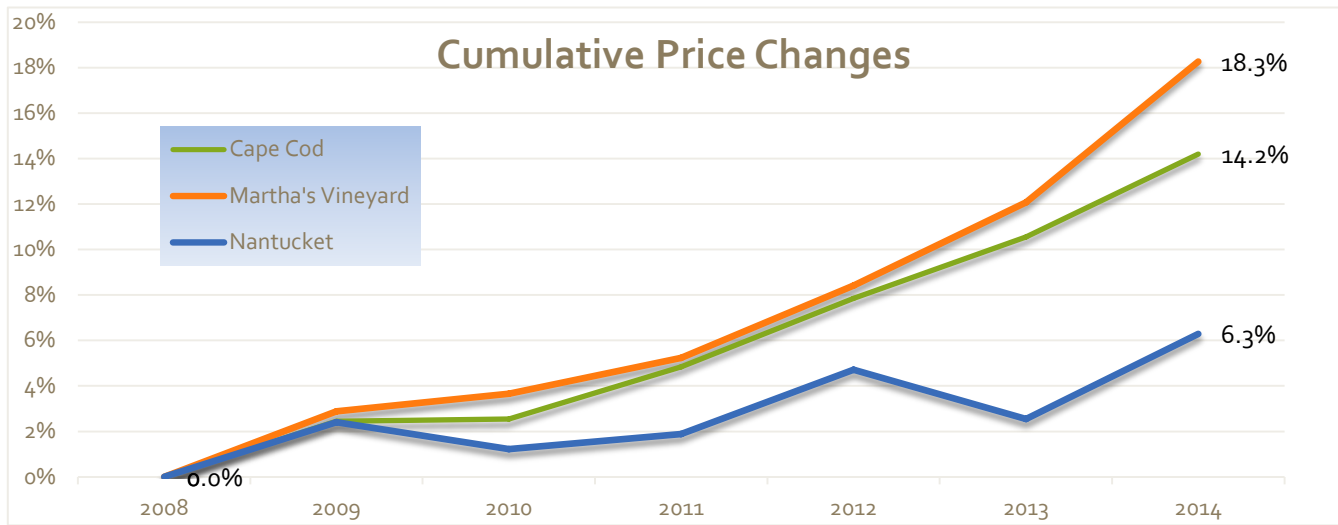
An Historical Perspective

Naturally, such remarkable price increases reflect our clients' confidence in the upcoming rental season. In contrast, this first chart shows the extraordinary worry evident in 2010, when all prices were flat, or even down, from the previous year. It also indicates the growing confidence from our clients since then, as the general economy has improved and bookings have increased.

The following two graphs show the weekly price changes of homes listed on WeNeedaVacation.com over the past five years, based on the same homes listed with us for the past 3 consecutive years. The first indicates year to year pricing, and the second shows pricing on a cumulative basis:



Source: WeNeedaVacation.com



Source: WeNeedaVacation.com

Per the chart below, the 14.2% increase for the Cape since 2008 averages 2.2% compounded growth per year; the Vineyard's 18.3% increase results in a 2.8% average increase per year; and Nantucket's 6.3% increase over 6 years ago amounts to a 1% average increase per year.

| COMPOUNDED GROWTH PER REGION SINCE 2008 CAPE COD, MARTHA'S VINEYARD & NANTUCKET 2008-2014 | | | | |
|--|---------|---------|-----------------|-------------|
| | 2008 | 2014 | Increase: 08-14 | Growth/year |
| Cape Cod | \$2,397 | \$2,737 | 14.2% | 2.2% |
| Martha's Vineyard | \$3,074 | \$3,636 | 18.3% | 2.8% |
| Nantucket | \$4,516 | \$4,800 | 6.3% | 1.0% |
| Vineyard vs. Cape | 128% | 133% | | |
| Nantucket vs. Cape | 188% | 175% | | |
| Nantucket vs. Vineyard | 147% | 132% | | |

Source: WeNeedaVacation.com

Comparing the 3 regions: Cape Cod, Martha's Vineyard, and Nantucket: Although Nantucket prices on average (\$4,800) are still considerably higher than both the Cape (\$2,737) and the Vineyard (\$3,636), clearly, a shift in relative rental costs is underway, wherein Nantucket's growth has lagged considerably behind the other two regions. As the above table shows, Vineyard rentals once cost 28% more than the Cape and are now up slightly to 33% more. Nantucket, on the other hand, has dropped from 88% higher than the Cape to 75%. And, more striking, Nantucket is now 32% more expensive than the Vineyard, down from 2008, when it was as much as 47% higher.

Before we progress, we must clarify our methodology. Thus far in year-over-year price comparisons, we have examined a subset of homes listed with us for 3 or more years in order to get as apples to apples a comparison as possible. In other words, we are comparing what those same, specific owners did year to year. For the remainder of this report, when examining the general market and what drives the pricing, however, we are looking at our entire inventory.

What drives pricing?

There are a myriad of factors that contribute to the rental value of a home, of course, including popular amenities such as air conditioning, Internet access, number of bathrooms, and swimming pools, for example. But we have chosen to look at the three main variables that impact pricing:

- Location (i.e., the Cape, Martha’s Vineyard or Nantucket, as shown above)
- Number of bedrooms
- Proximity to beach/water

Location

At a glance, we can expand on the pricing data above by breaking down Cape Cod into its four separate areas:

| COMPOUNDED GROWTH PER REGION CAPE COD, 2011-2014 | | | | |
|---|---------|---------|---------|---------|
| | 2011 | 2012 | 2013 | 2014 |
| Lower Cape | \$2,615 | \$2,692 | \$2,711 | \$2,951 |
| Mid Cape | \$2,089 | \$2,182 | \$2,198 | \$2,372 |
| Outer Cape | \$2,464 | \$2,516 | \$2,590 | \$2,790 |
| Upper Cape | \$2,606 | \$2,687 | \$2,668 | \$2,962 |
| Cape Cod | \$2,439 | \$2,510 | \$2,517 | \$2,740 |

Source: WeNeedaVacation.com

As is evident, these areas differ quite a bit, which is undoubtedly due to the heterogeneous nature of the individual towns: some towns have more waterfront properties than others; some are better known nationally (Provincetown, Hyannis due to the Kennedys, and Chatham, for example); and some have greater numbers of larger homes.

So, we need to drill down and see how the individual towns compare. We chose to do this across the entire region to make several points. While Nantucket is more expensive than Martha’s Vineyard, which is more expensive than Cape Cod, there are notable exceptions, and thus, a vacation in Vineyard Haven might be cheaper than one in Chatham.

The “Vs. C&I Avg.” column in the chart below shows how the price compares to the median price of the entire Cape and Islands region.

AVERAGE WEEKLY PRICE COMPARISON
TOWNS VS ENTIRE CAPE & ISLANDS REGION

| Name | Town | 2014 Price | Vs. C&I Avg. |
|-------------------|--------------------|------------|--------------|
| Martha's Vineyard | Chappaquiddick | \$6,841 | 130% |
| Nantucket | Tom Nevers | \$6,022 | 102% |
| Nantucket | Nantucket town | \$5,278 | 77% |
| Nantucket | Cisco - Miacomet | \$5,100 | 71% |
| Martha's Vineyard | Aquinnah | \$4,858 | 63% |
| Nantucket | Surfside | \$4,783 | 61% |
| Nantucket | Mid-island | \$4,628 | 55% |
| Martha's Vineyard | Chilmark | \$4,218 | 42% |
| Martha's Vineyard | Katama - Edgartown | \$3,998 | 34% |
| Martha's Vineyard | Edgartown | \$3,816 | 28% |
| Upper Cape Cod | Woods Hole | \$3,810 | 28% |
| Nantucket | Siasconset | \$3,558 | 19% |
| Outer Cape Cod | Truro | \$3,527 | 18% |
| Martha's Vineyard | West Tisbury | \$3,508 | 18% |
| Upper Cape Cod | New Seabury | \$3,489 | 17% |
| Lower Cape Cod | Orleans | \$3,417 | 15% |
| Nantucket | Madaket | \$3,384 | 14% |
| Lower Cape Cod | Chatham | \$3,319 | 11% |
| Martha's Vineyard | Oak Bluffs | \$3,289 | 10% |
| Mid Cape Cod | Barnstable | \$3,119 | 5% |
| Upper Cape Cod | Bourne | \$3,100 | 4% |
| Upper Cape Cod | Mashpee | \$2,975 | 0% |
| Outer Cape Cod | Provincetown | \$2,919 | -2% |
| Mid Cape Cod | Osterville | \$2,894 | -3% |
| Outer Cape Cod | Wellfleet | \$2,870 | -4% |
| Upper Cape Cod | Falmouth | \$2,657 | -11% |
| Upper Cape Cod | Sandwich | \$2,644 | -11% |
| Lower Cape Cod | Brewster | \$2,640 | -11% |
| Mid Cape Cod | Hyannis | \$2,589 | -13% |
| Martha's Vineyard | Vineyard Haven | \$2,586 | -13% |
| Lower Cape Cod | Harwich | \$2,402 | -19% |
| Outer Cape Cod | Eastham | \$2,369 | -20% |
| Mid Cape Cod | Yarmouth | \$2,327 | -22% |
| Mid Cape Cod | Centerville | \$2,287 | -23% |
| Mid Cape Cod | Dennis | \$2,246 | -25% |

Source: WeNedaVacation.com

But, again, these are just averages of over 3,500 homes, so, while helpful, we need to keep probing.

Number of Bedrooms

Next, we turn to pricing vis-à-vis the number of bedrooms.

| WEEKLY AVG PRICE BY # OF BEDROOMS CAPE COD, MARTHA'S VINEYARD & NANTUCKET 2014 | | | |
|---|----------|----------|-----------|
| # BRs | Cape Cod | Vineyard | Nantucket |
| 1 | \$1,085 | \$1,399 | \$1,941 |
| 2 | \$1,524 | \$2,130 | \$2,603 |
| 3 | \$2,231 | \$2,721 | \$3,752 |
| 4 | \$3,254 | \$3,981 | \$5,329 |
| 5 | \$4,316 | \$5,048 | \$7,075 |
| 6 | \$5,941 | \$6,304 | \$8,850 |

Source: WeNeedaVacation.com

So, what's it cost by room? This next table enables easy comparison not only to other vacation rental homes in each region, but also to other lodging options:

| AVG PRICE PER ROOM/NIGHT CAPE COD, MARTHA'S VINEYARD & NANTUCKET 2014 | | | |
|--|----------|----------|-----------|
| # BRs | Cape Cod | Vineyard | Nantucket |
| 1 | \$155 | \$200 | \$277 |
| 2 | \$109 | \$152 | \$186 |
| 3 | \$106 | \$130 | \$179 |
| 4 | \$116 | \$142 | \$190 |
| 5 | \$123 | \$144 | \$202 |
| 6 | \$141 | \$150 | \$211 |

Source: WeNeedaVacation.com

You might think that the price per room would decline in larger rental homes, but that is not the case. It appears that any economy of scale is balanced by greater amenities, especially proximity to water. That is, there are far more large homes near the water than small ones: it's just not economical to build small homes on such expensive land.

Proximity to Water

We last turn to perhaps the biggest determinant of price – how close the home is to the water. We break this down into segments.

Our vacation rental homes can be:

- Walk to beach (within ½ mile’s walk to a beach)
- On the water (but not necessarily a beach)
- On a beach
- Inland (none of the above)

We also track the type of water: salt water or fresh water. Thus, we can report on pricing of all these combinations. In order to be as apples-to-apples as possible, we only looked at 3- and 4-bedroom homes, which constitute over 60% of our listings. (We assume, however, that any trends seen here should also accrue to 1, 2, and 5+ bedroom homes.) We compare homes with a water amenity to the “Inland” homes (those that are neither within ½ mile of the beach nor on the water).

Salt water vacation rentals

A general summary of the cost of being near **salt water** follows:

| % INCREASE IN PRICE BY PROXIMITY TO WATER CAPE COD, MARTHA’S VINEYARD & NANTUCKET 2014 | |
|---|------------|
| Increase in price for water amenities | Salt water |
| Walk to salt water beach vs Inland | 20% more |
| On salt water vs Inland | 43% more |
| On a salt water beach vs Inland | 104% more |

Source: WeNeedaVacation.com

Our findings for 3 and 4 bedroom **saltwater homes**, respectively:

| AVG WEEKLY PRICE - 3 BR HOMES BY PROXIMITY TO WATER CAPE COD, MARTHA’S VINEYARD & NANTUCKET, 2014 | | | | | |
|--|--------------|---------------|-----------------------------|------------|--------------------------|
| 3 Bedroom homes | Inland homes | Walk to beach | Walk to beach Vs. Inland | On a beach | On a beach Vs. Inland |
| Upper Cape | \$2,255 | \$2,225 | -1% | \$3,605 | 60% |
| Mid Cape | \$1,632 | \$2,044 | 25% | \$4,615 | 183% |
| Lower Cape | \$1,882 | \$2,447 | 30% | \$3,698 | 97% |
| Outer Cape | \$1,903 | \$2,568 | 35% | \$4,185 | 120% |
| Martha’s Vineyard | \$2,459 | \$3,139 | 28% | \$6,086 | 147% |
| Nantucket | \$3,255 | \$3,928 | 21% | \$5,228 | 61% |

Source: WeNeedaVacation.com

| AVG WEEKLY PRICE - 4 BR HOMES BY PROXIMITY TO WATER CAPE COD, MARTHA'S VINEYARD & NANTUCKET, 2014 | | | | | |
|--|--------------|---------------|-----------------------------|------------|--------------------------|
| 4 Bedroom homes | Inland homes | Walk to beach | Walk to beach Vs. Inland | On a beach | On a beach Vs. Inland |
| Upper Cape | \$2,766 | \$3,400 | 23% | \$4,768 | 72% |
| Mid Cape | \$2,118 | \$2,929 | 38% | \$6,077 | 187% |
| Lower Cape | \$2,624 | \$3,486 | 33% | \$6,217 | 137% |
| Outer Cape | \$2,503 | \$3,355 | 23% | \$5,948 | 138% |
| Martha's Vineyard | \$3,740 | \$4,012 | 7% | \$8,883 | 138% |
| Nantucket | \$5,653 | \$5,506 | -3% | \$7,000 | 24% |

Source: WeNeedaVacation.com

Clearly, these numbers do not fit a nice, neat pattern, which shows the importance to vacationers of looking across a wide geographical area if being near a beach is important. And don't fall into the trap of assuming that general pricing, as shown in the Location section above, applies across the board to "walk to beach" and "beachfront" homes. Some dramatic examples are:

- In general, our Mid-Cape homes are the least expensive of all Cape and Islands homes, yet their *beachfront* homes are among our most expensive.
- Nantucket homes are our most expensive on average, but notice how Vineyard *beachfront* homes are even pricier.

Freshwater vacation rentals

There does not appear to be a premium for being able to *walk* to a *freshwater* beach, and the premium for being on fresh water (without a beach) is a surprisingly modest 9%. Being *on* a fresh water *beach*, however, does cost 60% more. Freshwater beach homes on the Cape average two-thirds the price of their saltwater cousins.

How is this information useful?

To vacation rental homeowners

If you are a homeowner trying to price your home, use our [Power Search](#) feature to evaluate comparable homes in your town as well as in surrounding towns. Keep in mind such influential factors as your location, the size of your home, and your proximity to beach/water when determining your pricing, as well as any of the popular amenities you offer such as air conditioning (even if just window units), Internet access, and outside showers. For helpful advice related to pricing your home, take a look at the following posts on our Homeowner Blog:

[The Vacation Rental Pricing Dilemma: Go up, go down, or stay the same?](#)

[Trends in Vacation Rental Amenities: What are Vacationers Most Looking For?](#)

[Customizing your weekly pricing](#)

[Tips for attracting fall vacation rental bookings](#)

[WeNeedaVacation.com's professional consulting services: Competitive Analysis](#)

ADDITIONAL HOMEOWNER RESOURCES

<http://www.weneedavacation.com/Vacation-Rental-Resources/>

To vacationers

Actual home prices vary, of course, and our inventory of over 3,500 homes range in weekly price from \$500 to \$20,000! So we strongly advise vacationers to use our [Power Search](#) to target your particular needs and wants. Despite the recent price increases, staying in a vacation rental home on the Cape and Islands continues to be a very affordable lodging option, providing additional benefits such as increased space, privacy, and self-sufficiency.

About WeNeedaVacation.com

Since 1997, [WeNeedaVacation.com](#) has been providing an efficient and inexpensive way of matching vacationers and vacation rental homeowners. The website lists more than 3,500 properties on Cape Cod, Martha's Vineyard, and Nantucket. The [WeNeedaVacation.com Vacation Planner](#) also offers extensive information to the 175,000+ vacationers who use our site yearly, including information about beaches, events, dining, activities, and shopping. Our amazing staff collectively has over 100 years of experience as Cape & Islands vacation rental homeowners. We love the Cape and Islands, work hard to promote this special place, and proudly belong to 17 local Chambers of Commerce.

For more information, contact Jeff Talmadge:

WeNeedaVacation.com™
where vacationers go

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