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The Relevance of the Vacation Home Rental Industry to Florida's Economy and the COVID-19 Hangover

Robertico Croes

University of Central Florida, robertico.croes@ucf.edu

Manuel Rivera

University of Central Florida, manuel.rivera@ucf.edu

Kelly J. Semrad

University of Central Florida, Kelly.Semrad@ucf.edu

Valeriya Shapoval

University of Central Florida, valeriya.shapoval@ucf.edu

Jorge Ridderstaat

University of Central Florida, Jorge.Ridderstaat@ucf.edu

See next page for additional authors

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The Relevance of the Vacation Home Rental Industry to Florida's Economy and the COVID-19 Hangover

Authors

Robertico Croes, Manuel Rivera, Kelly J. Semrad, Valeriya Shapoval, Jorge Ridderstaat, and Mehmet Altin

THE RELEVANCE OF THE VACATION HOME RENTAL INDUSTRY TO FLORIDA'S ECONOMY AND THE COVID-19 HANGOVER



Florida's vacation rental home sector is an important component of the lodging industry.

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The University of Central Florida's Rosen College of Hospitality Management documented the economic footprint of Florida's vacation rental home industry in excess of \$27 billion. The study commissioned by Florida Realtors and conducted in partnership with the Florida Vacation Rental Management Association, took place in summer and fall of 2019 and was completed in early spring of 2020. The research team consisted of Robertico Croes, Ph.D., Manuel Rivera, Ph.D., Kelly Semrad, Ph.D., Valeriya Shapoval, Ph.D., Jorge Ridderstaat, Ph.D., and Mehmet Altin, Ph.D.

When many people think of vacation destinations, Florida is top of the list. According to VISIT FLORIDA statistics, in 2017 more than 116 million tourists travelled to Florida. The lodging industry provides these Florida tourists with accommodation. As of February 2019, the state of Florida had approximately 439,277 available hotel and motel rooms that were spread over 4,583 properties (VISIT FLORIDA, 2018). The 2018 statewide average hotel/motel occupancy rate was approximately 68% (STR, 2018). This occupancy rate reveals that there is discrepancy between the number of tourists that Florida receives (127 million) and the number of tourists that stay in hotel

rooms (annual average occupancy rate 68%). The discrepancy implies that tourists are seeking alternative forms of accommodation when staying in Florida. One alternative accommodation type that some tourists look for is vacation rental homes. Vacation rental homes may be defined as short-term vacation rentals that are rented more than three times a year for less than 30 days at a time (SB356, 2014).

Florida's vacation rental home industry has experienced rapid expansion mainly due to the introduction of the "sharing economy" that is bolstered by online resources such as Airbnb and Vrbo. Currently, there are approximately 124,777 registered vacation rental homes listed within the 25 Florida counties that were assessed. The total amount of vacation rental homes registered in the state is 139,629. Florida's vacation rental home sector is an important component of the lodging industry that contributes to the overall tourist experience as well as the economic contribution that the tourism industry is able to make to the state of Florida.

Working with Rosen College on a 2020 economic impact study to determine Florida's vacation rental home industry ripple effect throughout the state, provided a clear picture of this hospitality sector's contributions, job growth and revenues. The team at Rosen College successfully drilled down through layers of data to provide a comprehensive study on this growing lodging sector's impact on our economy and the livelihood of many Floridians.

Denis Hanks – Executive Director, Florida VRMA, The Largest Vacation Rental Association in the USA



139,629 vacation rental homes are registered in Florida.

THE REPORT

The report took an in-depth look at the economic impact of the Florida vacation rental home industry and its ripple effects across the state. It includes an estimate of the magnitude of the industry's impact on Florida's economy as well as profiles of the main stakeholders who generate this impact.

The report focused on 25 Florida counties: Bay, Brevard, Broward, Charlotte, Collier, Duval, Escambia, Flagler, Franklin, Gulf, Hillsborough, Lee, Manatee, Miami-Dade, Monroe, Nassau, Okaloosa, Orange, Osceola, Palm Beach, Pinellas, Santa Rosa, Sarasota, Volusia and Walton. The research shows that when combined, these 25 counties include 89.3 percent of the total amount of registered vacation rental homes like Airbnbs and condos in the state of Florida. The economic analysis assessed 8,131 surveys, distributed across 6,240 tourists and visitors that stayed in a Florida vacation rental home within the last 12 months, 1,748 vacation rental homeowners, and 143 vacation rental home management companies. The survey data was then triangulated with data from Key Data, the Survey Research Center of the Bureau of Economic and Business Research, Airbnb, the Florida Tourist Development Tax Association,

multiple county tax collectors' offices and the Florida Department of Revenue.

The report noted several other key findings:

- The 2018 economic impact of Florida's vacation rental home industry represents \$16.6 billion in direct spending and \$10.8 billion in indirect spending, totaling \$27.4 billion.
- The direct spending amounts to nearly \$46 million a day and approximately \$1.9 million every hour.
- The direct spending supports roughly 115,000 jobs with one job created for every \$144,181 spent.
- In 2018, the total amount of tourists staying in vacation rental homes in Florida was 14,233,274, which equates to 11.2 percent of the total 127 million tourists that came to Florida in 2018.

The report identified three tourist types who rent vacation homes in Florida: out-of-state tourists, in-state tourists and overnight visitors. Each profile revealed a different spending behavior and level. For a copy of the full report visit: <https://stars.library.ucf.edu/dickpope-pubs/80/>.

COVID-19 HANGOVER

A follow-up study by Dr. Robertico Croes and Dr. Manuel Rivera assessed the COVID-19 economic impact at the end of May 2020. The study compared five regions in the state of Florida – Central Florida, the Panhandle, South Florida, West Tampa and North Florida – and found that the vacation rental home industry experienced a dramatic drop in tourists, occupancy and revenues. The full brunt of COVID-19 was felt in the Central Florida and the Panhandle areas where occupancy decreased by nearly 40%. The occupancy plunge in the state triggered estimated losses of nearly \$4.5 billion in revenues and nearly \$32 million in bed tax. The study concluded that recovery is likely to be prolonged and painful for the vacation rental home industry in the state.

*Florida Realtors® needed hospitality experts to pull together a first-of-its-kind report on Florida's vacation rental industry and Dr. Croes and his team delivered in a big way. The report was top-notch and laid things out in an easy-to-understand way. We would not hesitate to go back to them again should we need additional research done related to Florida's hospitality or tourism industries. **Tom Butler – Florida Realtors***

For the complete study see Croes, R. & Rivera, M. (2020) The Impact of COVID-19 on the vacation home industry in Florida [Webinar]. UCF Rosen College of Hospitality Management. <https://hospitality.ucf.edu/research-recovery-re-scaling/>.



Robertico Croes, PhD
Associate Dean, Research & Administration; Director, Dick Pope Sr. Institute for Tourism Studies; Professor



Manuel Rivera, PhD
Assistant Dean; Associate Professor



Kelly Semrad, PhD
Associate Professor



Valeriya Shapoval, PhD
Assistant Professor



Jorge Ridderstaat, PhD
Assistant Professor



Mehmet Altin, PhD
Assistant Professor