

Inventory Short-Term Vacation Rentals Report and concise analysis

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Aruba Tourism
Authority

Introduction

MGM Source was engaged to update the other accommodations' room inventory for Short-term Vacation Rentals for the Aruba Tourism Authority (The Client or ATA), which is broken down into the following two components:






1. an inventory of the existing Condominiums projects and the ones that are in the pipeline.
2. an update on the room inventory of all other accommodations namely non-hotel rooms available for short-term rental to stay-over tourists using a database from vacation rentals extracted from booking platforms referred to as the Transparent List.

The aggregate of these two components together form the total of Inventory for Short-term Vacation Rentals in Aruba as presented herein.

Key Results Total Active Short-Term Vacation Rentals

The following tables contain the total Active Short-Term Vacation Rentals as deduced from the assignments conducted by MGM Source

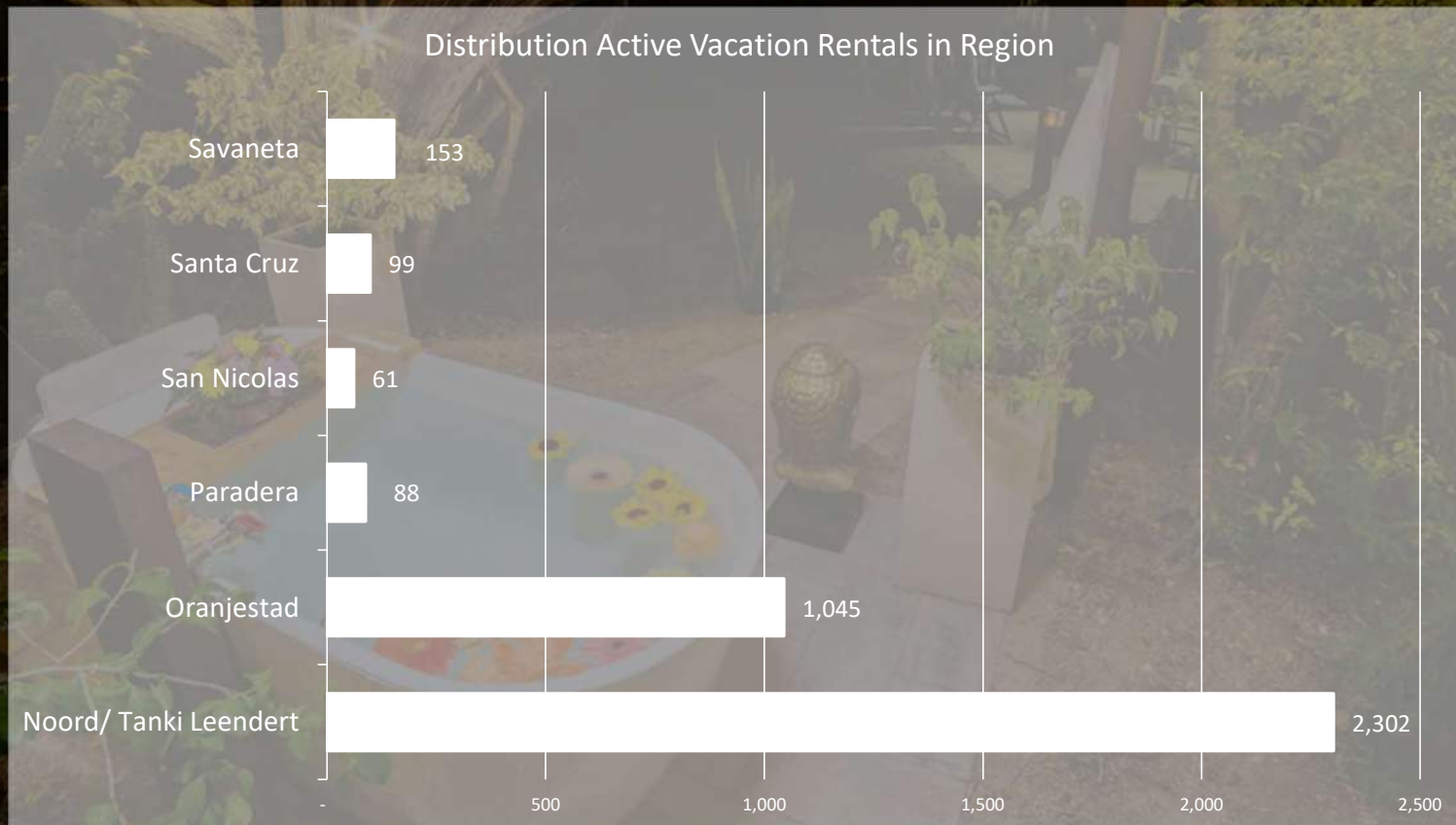
Total Active Short-Term Vacation Rentals

	Units	share in units	Capacity	share in capacity	Description
 Vacation Homes	675	18%	4,598	27%	A Vacation Home is an independent house with 1-3 bedrooms, accompanied by the bathroom(s) and living space, homely and cozy. Primarily located in residential areas.
Villas	96	3%	1,091	6%	A Villa is a stand-alone luxurious house and has multiple (more than 3) bedrooms and bathrooms, with significant outdoor areas and, most of the time, a private pool, more luxurious and lavish. Location primarily in tourist/ ocean front areas.
 Apartments in a complex	914	24%	2,994	17%	Apartment complexes have more units (studio, 1-, 2-bedroom, kitchen-/ kitchen cabinet) and what differs these from condos is that the units are not for sale.
 Apartments & Guesthouses	498	13%	1,317	8%	An apartment is a self-contained housing unit on the grounds of a (family) house and made available to guests for short to medium-term rental. These units are generally not for sale, are less luxurious than condos and primarily located in residential areas.
 Others	254	7%	766	4%	A guesthouse is a small, separate house on the grounds of a larger one, used for accommodating guests for short to medium-term rental. It is characterized by the owner living within the structure/ property and primarily located in tourist/ ocean front areas, but not limited to.
 Condominiums*	1,311	35%	6,555	38%	Others include other type of accommodation such as Boat, Glamping, RV, Tree-house, etc.
Total Inventory	3,748	100%	17,321	100%	Condominiums are luxurious apartment complex, where units are generally for sale and (partially) rented out. Significant outdoor areas with a pool.

* Through the Transparent List the number of condos listings result in 1,060 units (page 10), indicating that approximately 60% of the condos total inventory of 1,748 is listed as Short-Term vacation rental as per Transparent List. Market feedback from developers indicate 70% of the condos are incorporated in rental pool programs. We have considered 75% to be conservative and on plausibility based on analysis conducted and assumption that the actual party size is 3.6 per unit (average max of all vacation rentals is max 4.6 per unit, while these are not used to their full potential from indication received) lowering the percentage would mean that the average party size would increase.

Key Results Total Active Short-Term Vacation Rentals

The following chart is the distribution of the Total Active Short-Term Vacation Rentals distributed by region.



Key Results Total Active Short-Term Vacation Rentals



Distribution properties by location in percentages

**Noord/ Tanki
Leendert
61.4%**

**Paradera
2.3%**

**Oranjestad
27.9%**

**Santa Cruz
2.6%**

**Savaneta
4.1%**

**San Nicolas
1.6%**

Key Results on Inventory Condominiums

The following are key results:



1,748 existing condo units



8,740 maximum capacity existing condos



741 condo units in pipeline



3,705 maximum capacity condos in pipeline

The estimated maximum capacities are based on an average capacity per unit considered of 5 persons, which is based on the average of the listed and categorized condominium projects from the Transparent List, based on a sample size of approximately 1,060 units and used for the extrapolation of the maximum capacities of the existing condominiums and the ones in the pipeline. From the Transparent List it can be estimated that 60% of the total existing condo units are offered for short-term vacation rentals, while it must be noted that some properties have more listing than actual units which indicate double listings (units that have been listed on the Transparent List more than once). From developers and project promoters the rental pool program seem to hover between 40%-70% of units, while not all projects have a rental pool program. Additionally, there is not always an obligation to be part of such program and the rental could be at the discretion of owner of the condo. The considered condominium projects in the pipeline are the projects that are in construction, have building permits to start construction and are indicated to start construction soon. Projects that would eventually form part of the Port City have not been considered for these purposes as there is no concrete timeline yet of when Port City could really initiate.

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