



HomeAway® Holiday-Rentals Marketplace Report Third Quarter 2009

07 December 2009

www.HomeAway.co.uk
schambers@homeaway.co.uk
020 8846 3430



HomeAway Holiday-Rentals Marketplace Report Third Quarter 2009

Contents	2
Market overview & outlook for 2010	3
The rise of the summer staycation	4
What's hot, what's not in Q3 2009? Dubai suffers from the downturn	5
The big winners: Cape Town & Turkey	6
Owners report strong demand, but more haggling	7



Market Overview & Outlook

Holiday home rentals continue to grow in popularity among travellers, not least among those travelling in a group with family or friends. Of those surveyed, **89 percent said they plan to stay in a holiday rental in 2010**, a significant increase from the 62 percent who stayed, or plan on staying in a rental in 2009. Of those planning to rent somewhere in 2010, 54 percent will do so for a family holiday and 28 percent for a trip with friends.

In addition, **almost three quarters of respondents stated they have, or would consider holidaying with a larger group** of extended family or friends to split and reduce accommodation costs per head, as generally the larger the property, the more cost effective it becomes.

The results showed **there is a high level of repeat use among those who have rented before, plus strong growth in those trying it out for the first time**. Of those travellers who stayed or will stay in a holiday rental in 2009, 81 percent had previously stayed in a holiday home and 19 percent will be first-time renters.

Travellers Look for Value and Deals

While more than a third of travellers (37 percent) say the economy will not impact their holiday plans in 2010, many will still be looking for ways to save when it's time to get away next year.

When travellers were asked how the economy will affect their 2010 holiday plans:

- 24 percent will book in advance to get a better deal
- 22 percent will rent a holiday home in a larger group to cut costs per head
- 20 percent will rent a holiday home as they believe it helps cut costs
- 11 percent will choose a cheaper destination (in terms of living costs)
- 10 percent will look out for hotel specials and deals

Only one percent of respondents stated that they will be unable to take a holiday in 2010 due to the economy, a decrease from the five percent who said they were affected in 2009. Interestingly, the number of people saying they will stay in the UK, or closer to home in 2010 has also decreased. In 2009, nine percent of respondents said they stayed in the UK and eight percent stayed closer to home. However, looking at 2010, only two percent intend to stay in the UK and only three percent will choose a destination closer to home.



The Rise of the Summer Staycation

It would certainly seem that as predicted, many British travellers opted for a 'staycation' this summer as on www.HomeAway.co.uk the UK jumped from 7th to 5th most popular country, overtaking the Canary Islands and Portugal, with booking enquiries up 90% year on year.

Based on booking enquiries received via the website this summer, London was the second top destination worldwide, with Cornwall and Devon also among the top 10 and the Lake District at number 13.

In the UK, the top 10 summer destinations on HomeAway.co.uk were: London, Cornwall, Devon, the Lake District, Norfolk, Dorset, the Edinburgh and Lothians area, the Scottish Highlands and Islands, the Peak District in Derbyshire and the Isle of Wight.

Courtney Wylie, MD for HomeAway Holiday-Rentals comments, "City centre rentals in London, as well as apartments and cottages in Devon, Cornwall and the Lakes have always performed exceptionally well on our website, but there is definitely a marked increase in interest in the UK as a whole this year as people look to cut the costs of their holiday by staying closer to home."

"In addition, more and more travellers are realising that renting a private holiday home provides great value for money when compared to hotels, which is fantastic news for property owners. Traffic to HomeAway's two UK sites, HomeAway.co.uk and sister site OwnersDirect.co.uk, was 13% greater in July 2009 v. January 2009, compared to a decrease of 2% across travel sites in general." (source: ComScore)

The Top 20 Summer Destinations in the UK:

1. London
2. Cornwall
3. Devon
4. Lake District
5. Norfolk
6. Dorset
7. Edinburgh & Lothians
8. Scottish Highlands & Islands
9. Derbyshire (Peak District)
10. Isle of Wight
11. Kent
12. Suffolk
13. Snowdonia
14. Perthshire
15. Anglesey
16. Hereford & Worcester
17. West Sussex
18. Gloucestershire (Cotswolds)
19. Yorkshire & Humberside
20. Pembrokeshire



What's Hot, What's Not in Q3 2009?

Crunch, what crunch?! With strong demand for September city breaks, New York shopping trips, winter sun in the Canaries and top ski spots on HomeAway.co.uk, it's hard to believe there is a recession going on. **The credit crunch, it seems, has not dampened Brits' appetites for a variety of year-round holidays.** As soon as summer was over, attention turned to September and October breaks, Christmas getaways and even next year's summer holiday, with one in five enquiries being for July and August 2010.

WHAT'S HOT?

- *September city breaks to Nice, London, Barcelona, Rome, Venice, Cannes and Antibes*
- *Winter and Christmas shopping trips to New York*
- *Visits to the beer festival and Christmas markets in Bruges in November/December*
- *October half-term breaks and winter sun getaways in the Canaries*
- *Late winter and spring breaks to Cape Coral in Florida (January through April)*
- *Cheap summer sun in Turkey; both in 2009 and for 2010, with Olu Deniz and Kalkan being the most popular areas*

WHAT'S NOT?

- *Dubai: This year, growth in both property listings and traveller demand for Dubai has been static. With the property market in turmoil – recent reports predict a further crash of up to 30 percent as we go to press – and its image as an expensive, luxury destination for travellers, the holiday rental market in Dubai has had a hard time this year.*

As foreign expats and businesses leave Dubai in droves as a result of the crisis, but more houses come on to the market, Saud Masud, a real estate analyst for UBS in Dubai has predicted there will be up to a 25 percent oversupply in the property market by the end of 2010.

Top 5 Ski Spots

Demand for top ski spots also remains strong on HomeAway.co.uk. Based on booking enquiries received during the third quarter, the top five ski destinations were:

1. Mont Blanc
2. Morzine
3. Les Arcs
4. Les Gets
5. Les Houches
6. Meribel

Owners looking to maximise rentals of a ski property should buy somewhere that can be marketed for activity holidays outside of ski season. But it is essential to research what facilities are still on offer: whether lifts, paths, restaurants and shops are still open etc..., as even if they're coming mainly to cycle or hike, most people don't want to holiday in a ghost town!



The Big Winners of 2009

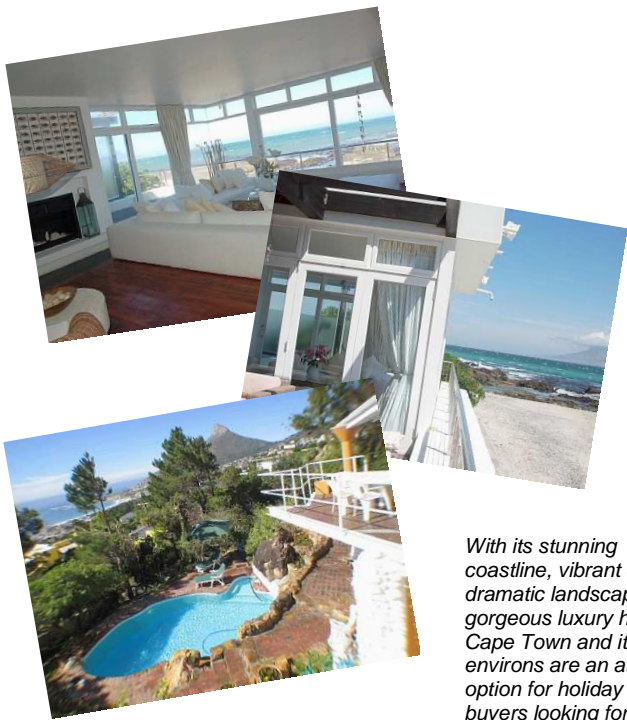
Cape Town Scores

In Q3, Cape Town was the number one destination being enquired about for holidays in June 2010 as people rush to secure their accommodation for the FIFA World Cup.

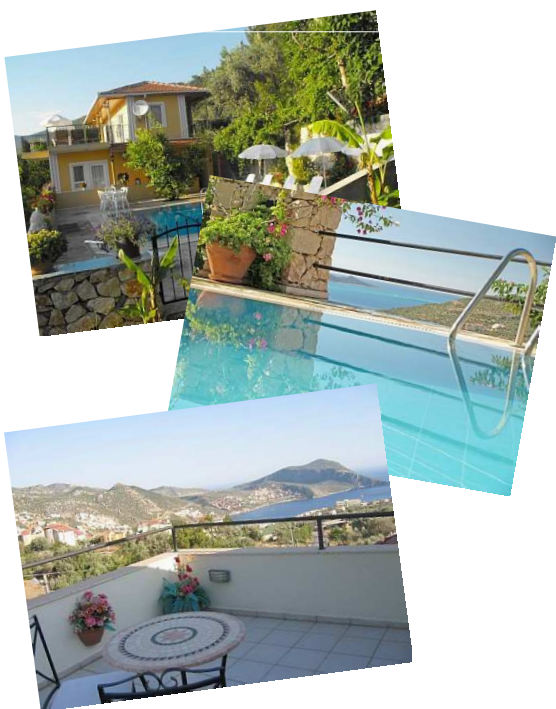
Thanks to our national love affair with football, combined with South Africa's high profile, 'Fly the Flag' marketing campaign, the country has now been firmly established as an exciting and vibrant tourist destination in the British public's mind.

The improvements in infrastructure and facilities are also good news. This combined with the fact that it is one of the most developed nations on the African continent and shows good signs of economic recovery, mean the South Africa property market now poses an attractive investment opportunity.

Whether the country can continue to leverage the benefits that the World Cup brings post-2010 is yet to be seen, but with an attractive stock of property for British buyers and a strong proposition for travellers, it is definitely one to watch.



With its stunning coastline, vibrant culture, dramatic landscapes and gorgeous luxury homes, Cape Town and its environs are an attractive option for holiday home buyers looking for good prices and returns.



Offering an abundance of great value, spacious villas for holiday home buyers and renters alike, it's not hard to see why Turkey remains a firm favourite and has gone from strength to strength this year

Turkey Delights

Turkey has also been a big winner this year, becoming a favourite not only for 2009 summer holidays, but for 2010 breaks too. In Q3, the Olu Deniz and Kalkan areas were respectively the 8th and 9th most popular destinations for August 2010.

Property listings on HomeAway.co.uk were also up by almost 33 percent on the last year at the end of September 2009. Although it was already an established holiday favourite, Turkey's popularity increased dramatically this year as many Brits looked outside the Euro-zone to destinations where their pounds would go further.

In terms of investment opportunities, the European Union economic report has just predicted that Turkey will become the fastest growing country in Europe in 2010 with a 2.8 percent growth rate. In addition, there is also speculation that The Turkish Central Bank is preparing to cut interest rates on mortgages.



Owners Report Strong Demand, but more Haggling

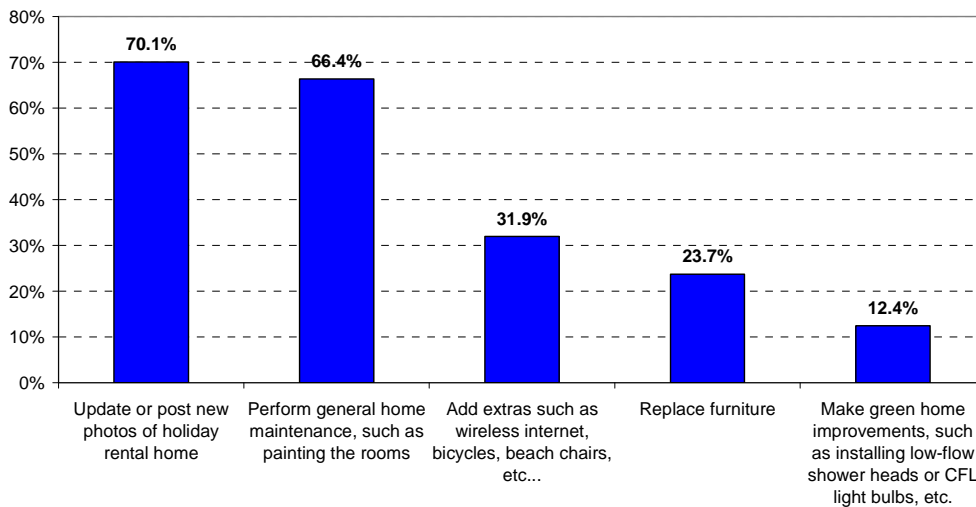
Almost 40 percent of owners surveyed reported that their level of bookings in the third quarter of 2009 was around the same as last year and 28 percent reported a higher level of bookings. In addition, out of those whose properties were available for rental, 44 percent said they were booked for October half-term, 26 percent for Christmas, 29 percent for New Years and over 1 in 5 reported already being booked up for the summer 2010 school holidays.

However, it seems travellers this year were driving a harder deal and also waiting until last moment in the hope of securing the best price. Of those owners questioned, 36 percent said they had noticed more people haggling for a discount and over a quarter said more travellers were booking last-minute.

To continue to attract guests in 2010, half of all owners said they were planning some promotions or incentives, with the most common remaining a specific cash amount or percentage off the rental rates:

- 68 percent will offer a specific cash, or percentage discount
- 42 percent plan to be more flexible on minimum stay requirements
- 14 percent will offer a free night with the purchase of a specific number of nights
- 12 percent plan to offer complimentary products or services, such as free tickets or welcome packs

Beyond adjusting the rental rate for their holiday homes, three quarters of owners have other plans for attracting potential guests in the coming year. Among owners who are making additional efforts to attract travellers, the following plan to:



About the HomeAway Holiday-Rentals Marketplace Report

Data for the HomeAway Holiday-Rentals Marketplace Report was collected via surveys that poll travellers and homeowners on holiday home rental-related issues. Traveller results were based on over 340 responses collected from internal customer satisfaction surveys of HomeAway.co.uk and OwnersDirect.co.uk visitors from 9 to 25 October 2009. Owner results are based on 330 responses between October 5 and October 24, 2009. Market trends were based on a combination of in-depth research of supplier and consumer markets from the HomeAway, Inc. database.

About HomeAway, Inc.

HomeAway is the worldwide leader of online vacation rentals, representing nearly 425,000 vacation rental home listings across more than 120 countries. The company has contributed significantly to the popularity of the vacation rental industry, making it easier than ever for both owners to advertise and profit from their second homes and for millions of travelers to find the perfect vacation rental. The HomeAway sites include HomeAway.com, VRBO.com, VacationRentals.com, HomeAway.co.uk (formerly Holiday-Rentals.co.uk), OwnersDirect.co.uk, FeWo-direkt.de, Abritel.fr and Homelidays.com.