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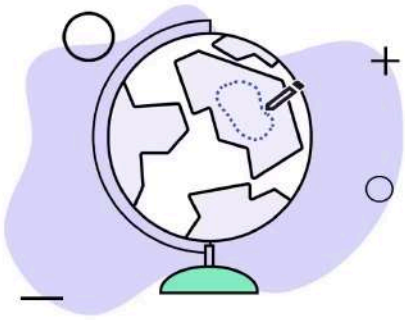
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U.S. Review October 2024: Demand Surges Amid Slowing Supply Growth

November 17, 2024

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Key Takeaways

- Slowing supply growth and resurgent demand in October sets 2024 on track to exceed 2023 occupancy levels.
- Hosts are regaining pricing power, with ADR rising 5.6% YOY in October.
- November demand pacing is subdued due to Thanksgiving's late date, but December shows strong momentum.

After record-breaking performance in 2021 as Covid restrictions eased, unit-level metrics—especially occupancy—have been declining for two years. This year, however, tells a different story.

Supply growth has slowed, driven by high home prices and mortgage rates, while demand growth has rebounded. October's data now shows 2024's year-to-date occupancy nearly matching 2023's, and with two months of positive pacing ahead, a slight annual increase in occupancy looks likely.

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Employment and Inflation's Impact

Inflation, as measured by year-over-year (YOY) changes in the Consumer Price Index (CPI), ticked up slightly in October, rising from 2.4% in September to 2.6%. However, this modest increase wasn't enough to prevent the Federal Reserve from issuing another rate cut in early November. Following the significant rate cut in September, it's clear that monetary easing is well underway—and perhaps just in time.



The October jobs report from the Bureau of Labor Statistics highlighted a sharp slowdown in the labor market, with only 12,000 jobs added. This figure fell far short of the 100,000 jobs anticipated by economists and marked a big drop from the 223,000 jobs added in September.

The October jobs report was influenced by hurricane-related displacement and a high-profile strike by Boeing workers. Despite these disruptions, the unemployment rate held steady at 4.1%. The Federal Reserve continues to walk a fine line between reducing inflation and maintaining its full employment mandate.

While high interest rates have succeeded in curbing inflation, they've also placed pressure on businesses to scale back activity. AirDNA believes the Fed now considers its inflation goals largely achieved and is shifting its focus to preventing a sudden downturn in the labor market.

Adding to the economic uncertainty are the outcomes of the recent U.S. federal election. With Donald Trump's return to the presidency and GOP control across all branches of government, policy changes could be on the horizon.

Potential plans, such as fiscal stimulus and increased international tariffs, may reignite inflationary pressures. While it's too early to predict specifics, Oxford Economics projects that interest rates could remain elevated for longer to balance these factors. This would likely keep entry into the STR market more challenging and supply growth subdued.

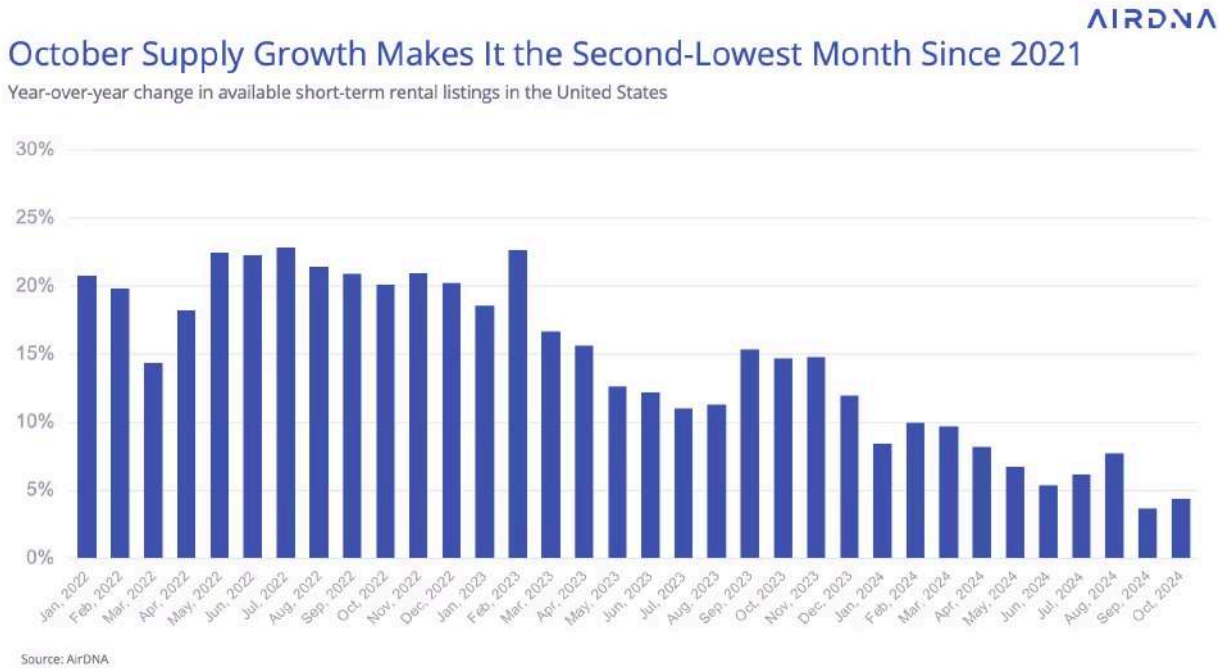
At a Glance: Key U.S. STR Performance Metrics for September 2024

- Revenue per Available Rental (RevPAR) increased 8.5% year-over-year (YOY) to $153.97.
- Available listings were 1.71 million, up 4.4% YOY
- Total demand (nights) rose 7.5% YOY
- Occupancy was 2.9% higher YOY at 53.2%
- Average Daily Rates (ADR) increased 5.6% YOY to $289.55
- Repeat Rent Index (RRI) increased by 2.6% YOY
- Nights booked increased by 12.4% YOY

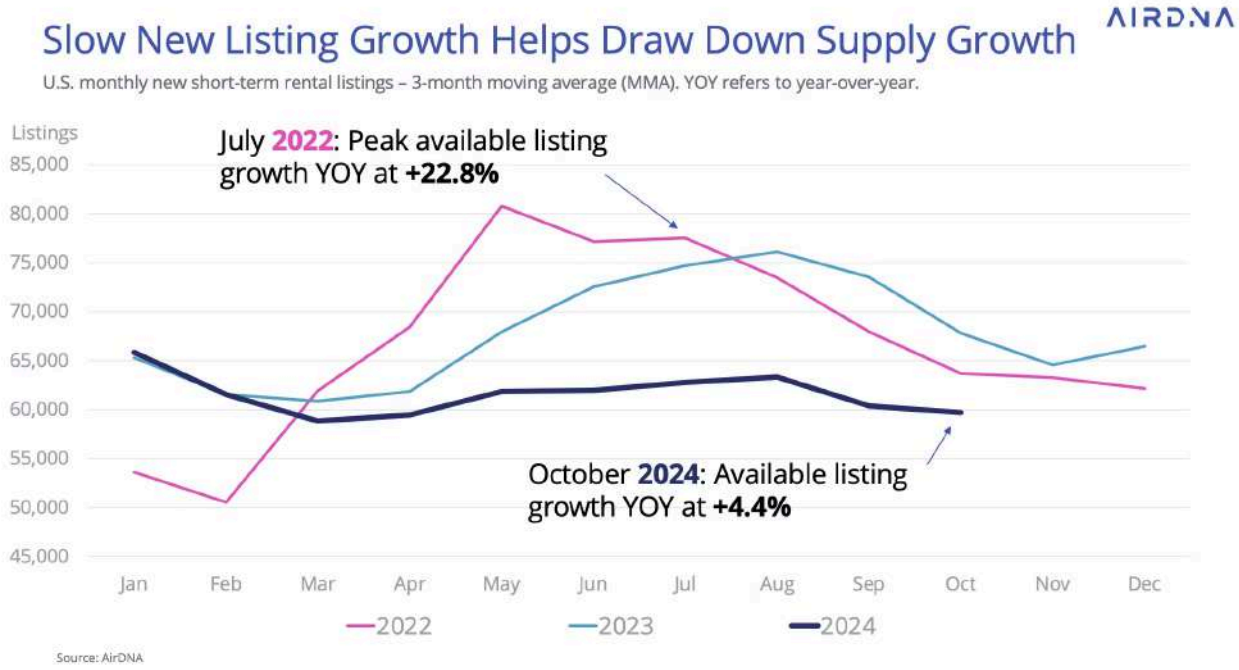
Listing Growth Accelerates Slightly, But Still Low

September saw the lowest growth in available listings since the onset of the pandemic, and October wasn't far behind, recording the second-lowest growth rate. With high interest rates slowing the housing market to a near standstill, the rapid supply expansion of 2022 has cooled.

While supply growth appeared to pick up slightly in August, this was likely due to a calendar shift for Labor Day, which moved some seasonal listings from September into August. This same shift contributed to September's particularly low growth rate. However, October's similarly sluggish performance points to a broader, long-term trend of slowing supply growth that has persisted for nearly two years.



Large declines in new listings have been a key driver of the slowing supply growth in 2024. In 2023, a notable surge in new listings during late summer and early autumn briefly reignited supply growth from August through November. In fact, new listings in 2023 surpassed those in 2022 in seven out of twelve months. However, this year, that surge never arrived. For the past eight months, new supply has consistently fallen below 2023 levels—often significantly so.



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