

# STR Market

Navigating the Housing  
Challenges Associated with Short  
Term Rentals



**DECKARD**  
TECHNOLOGIES

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PROPERTY INSIGHT



Rentalscape

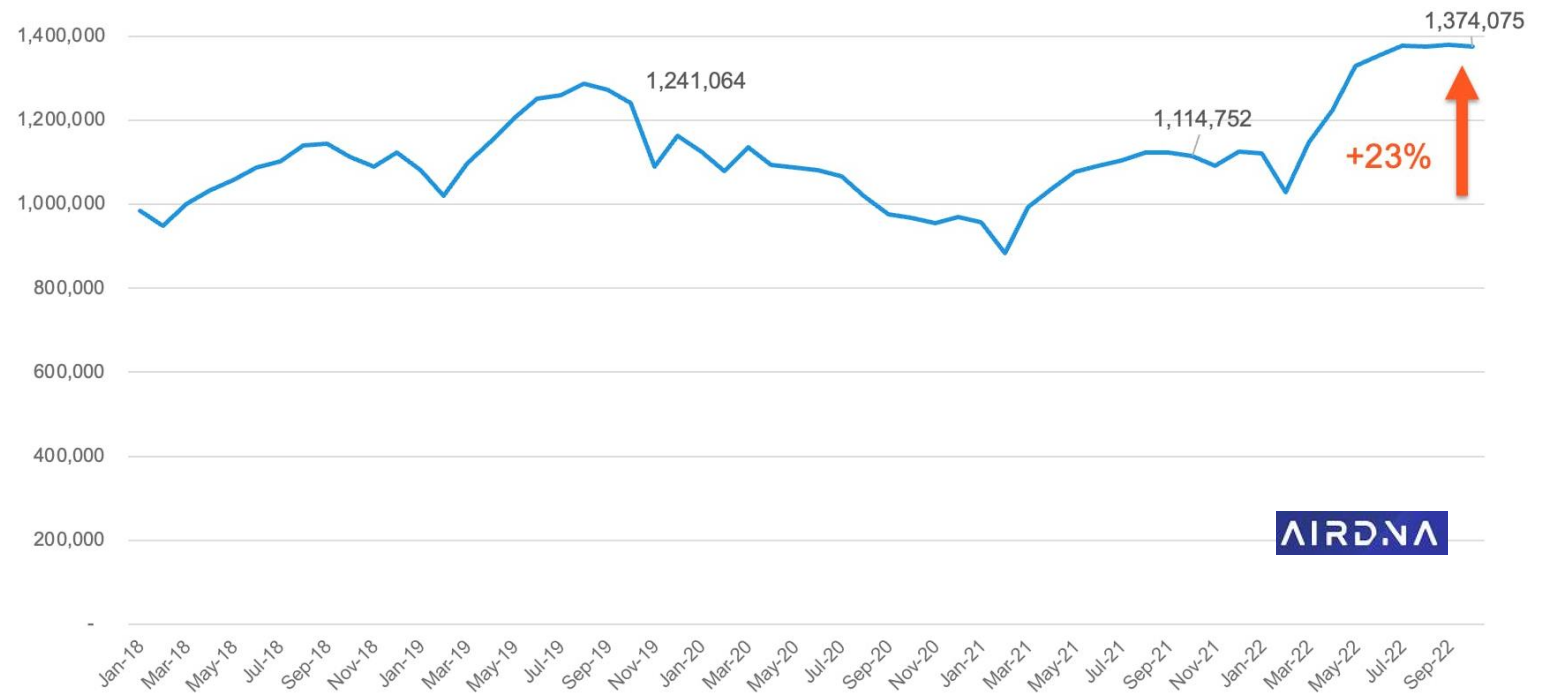
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# 2022

## US STR Market: Supply is up

### U.S. Short-Term Rental Supply Hits Record Levels in 2022

U.S. Monthly Available Short-Term Rental Listings

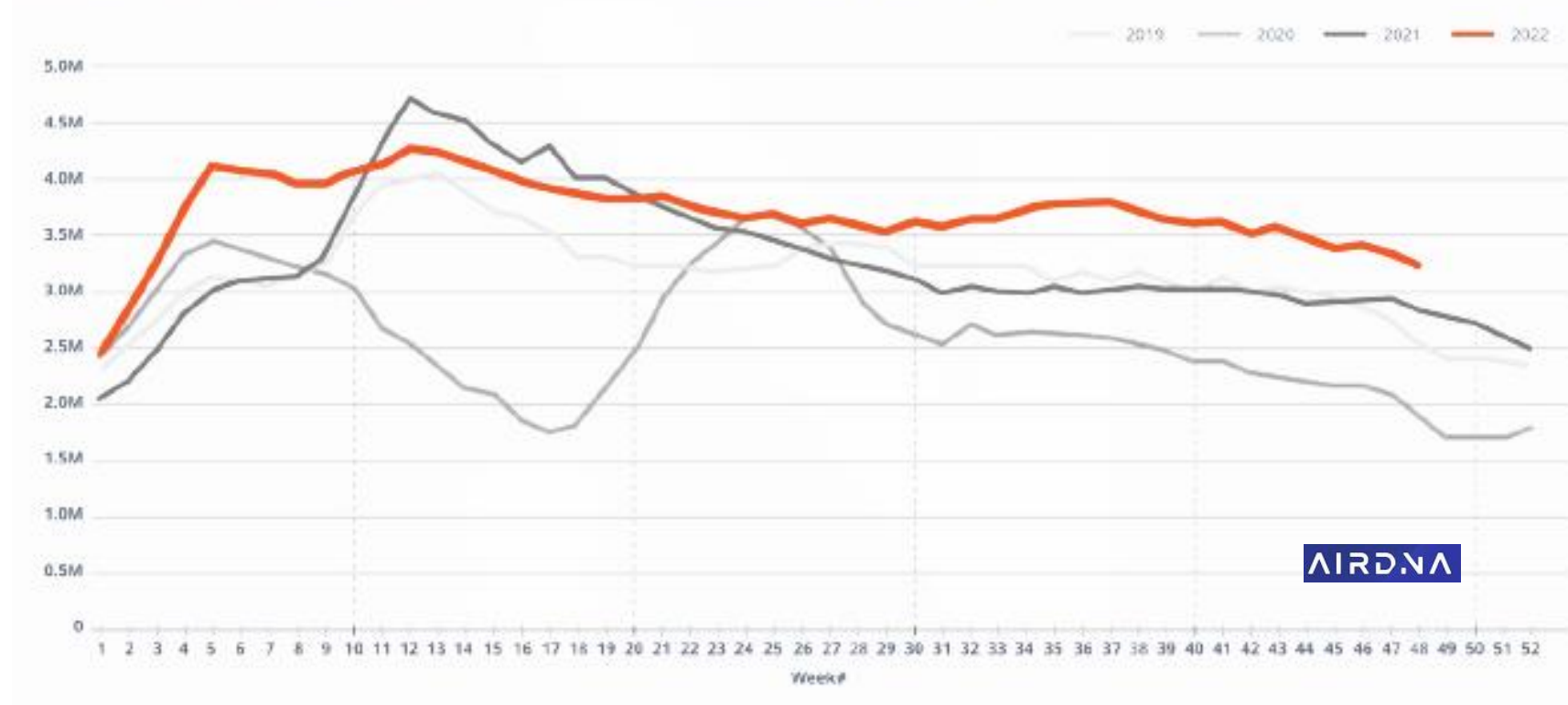


# 2022

## US STR Market: Demand is up

### Nights Booked Continue to Exceed

U.S. Weekly Short-Term Rental - Nights Booked - Four-Week Moving Average



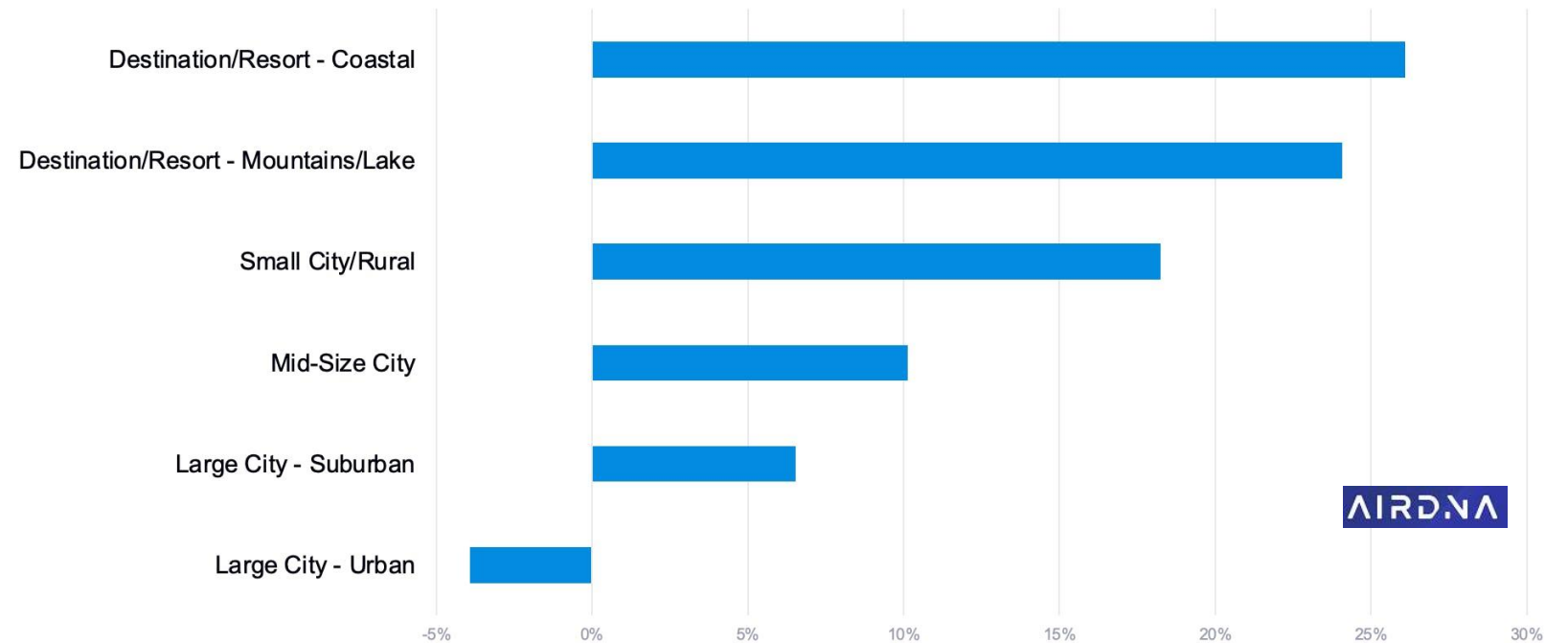
# 2022

## US STR Trends

Unincorporated demand is up

### Coastal/Mountain Markets Maintain High Occupancy Relative to 2019

Change in U.S. Short-Term Rental Occupancy by Location Type vs. 2019 - October 2022



# The rental landscape:

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The business of renting homes online has exploded, with short-term rental sites like Airbnb and long-term rental sites like Zillow, driving growth in an industry worth over

Allowed to operate unchecked, these businesses can precipitate neighborhood friction and safety issues, but also lead to underfunding in the very communities they

Government entities, charged with balancing the conflicting needs of both business and residents, do not have the information necessary to identify and monitor businesses operating in these residential

# 2023 CALIFORNIA CITIES Update

- Approx. 98,000 properties listed for residential short-term rentals annually
- Over \$2.1 Billion in revenue annually, just for the nightly lodging (not including other taxable fees)
- Approx. 164,000 listings spread across hundreds of websites and listing platforms. Airbnb, VRBO are the most prominent

# Online Advertising: Only a few big advertisers



# Everyone advertises on Airbnb & VRBO, but...

*“ Evolve lists you on the top sites like Airbnb, VRBO, Booking.com - and we use the best practices for each site ”*



*“ Visibility across more than 50 distribution channels including Airbnb, VRBO, La Cure, LVH and Marriott Homes ”*



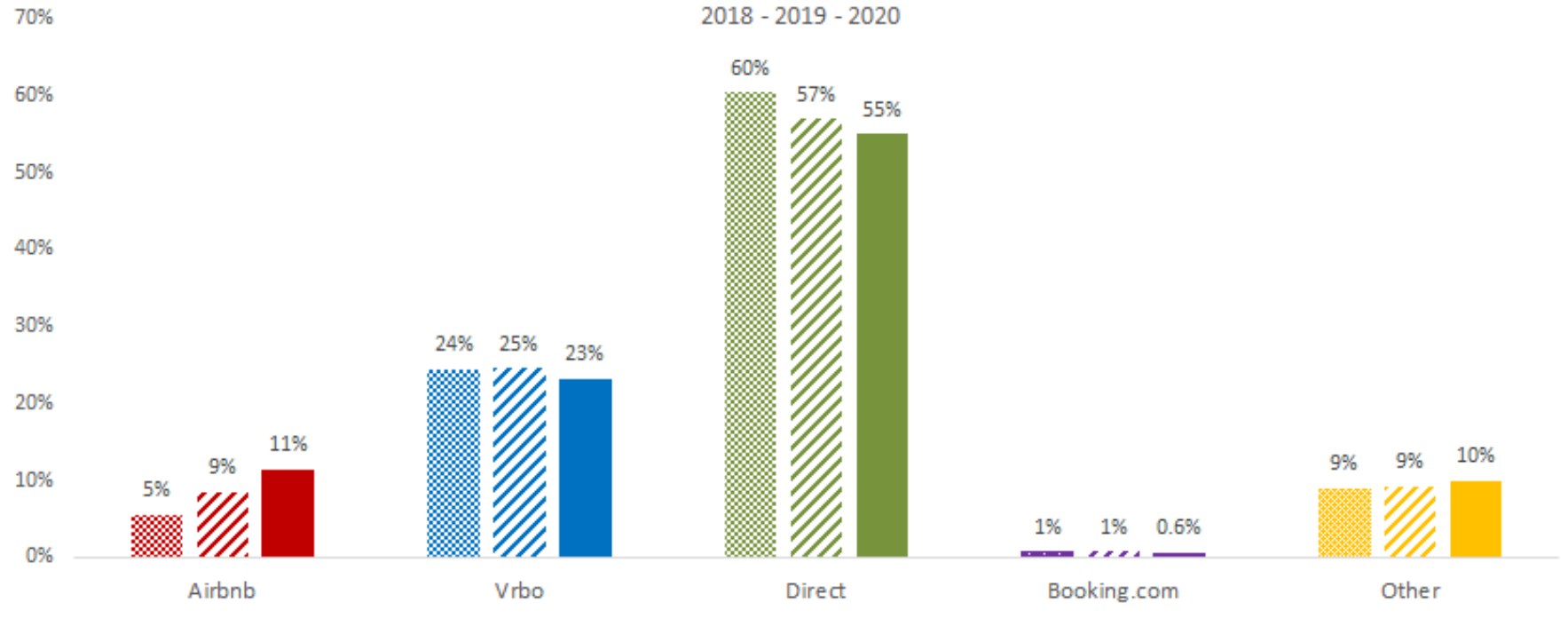
*“ Your property will be put in front of ideal renters wherever they may be - Airbnb, VRBO, HomeAway and others. With a background in SEO, we know what it takes to get bookings ”*





The dollars often flow directly to property managers

Source of US Rental Revenue  
Vacation Rental Management Companies  
2018 - 2019 - 2020



# TOT

## Collection Options

- \* 1 STRs self-identify to you
- \* 2 Online platforms collect for you
- \* 3 You find the STRs and the revenue
- \* 4 Get professional assistance

## Approach 1: Wait for STR Operators to come to you

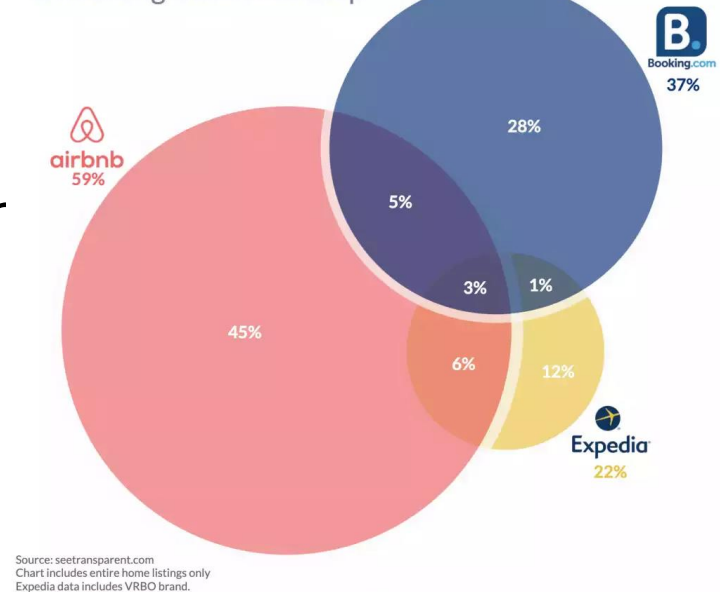
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- 1% to 10% will self-identify
- Unfair to licensed lodging providers
- Significant revenue uncollected

## Approach 2: Let online platforms(Online Travel Agencies) collect & r

- Fastest & simplest path to revenue - 40% to 60% TOT typically remitted
- Quick time to first payment
- Captures legal and illegal rental revenue
- Low staff burden
- OTAs do not provide detailed data
- Shifts control to the OTA

OTA listing share & overlap



# Is the fox guarding the hen house??



Some larger Jurisdictions in CA have a VCA (Voluntary Collection Agreement). Yet all they have is an agreement with only 2 STR listing companies: AirBnB & VRBO.

There is a Voluntary Collection Agreement but how do you really know that you're getting all revenue due? There is no accounting or detail – just a check with a zip code.

Complacency means they are missing so many other operators and so much revenue. We have already identified over **10,000 sites Nationwide with a listings, and yet some cities only collect from these Online Travel Agencies.**

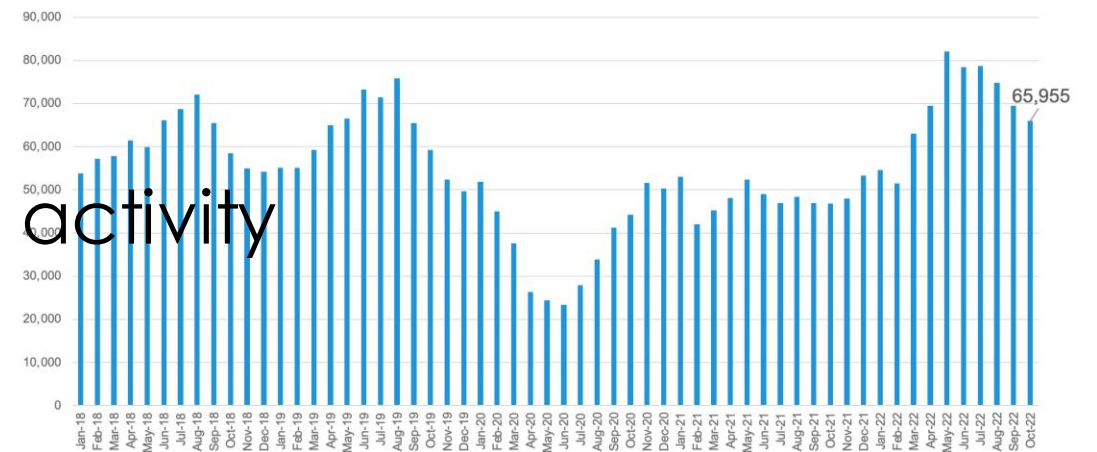


# Approach 3: Do it yourselves [without professional support]

- Takes commitment and effort
- Increases revenue and control
- Difficult to find and understand activity
- VCAs are still an option

**New Listing Activity Remains Elevated, With Typical Slowing in Fall** AIRDNA

U.S. Monthly New Short-Term Rental Listings - 3 Month Moving Average



Source: AirDNA

## Approach 4: Leverage professional support

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- Data and software providers streamline and maximize effectiveness  
They identify STR addresses, provide activity details, and preserve historical data for audits
- Professional services companies can assist with collection and audits

# Five Types of STR Operators

1



Doing the right thing

2



Would do the right thing... if they knew how

3



Would do the right thing... if they had more time and it was easier

4



Doing the wrong thing assuming that they won't be caught

5



Doing the wrong thing ie habitual law breakers



## FIVE TYPES OF STR OPERATORS

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1 Doing the right thing  
already  
50%

Short-Term Rentals in California  
may already be registered

## FIVE TYPES OF STR OPERATORS



### 2 Would do the right thing... if they knew how



Monitor Listings &  
Calendars

- Locations
- Track Stays
- Daily Activity Tracking

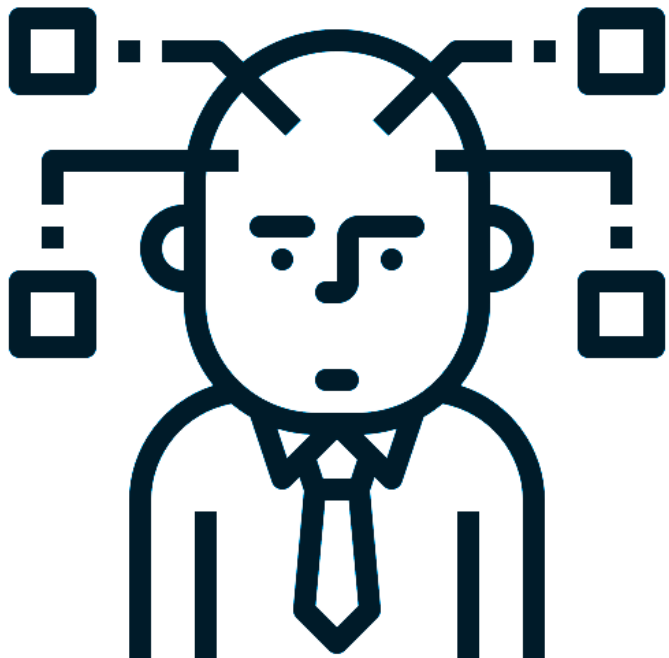


Managers, Owners & Host Outreach

- Press Releases – to educate hosts
- State website
- Phone, email & letter campaigns

## FIVE TYPES OF STR OPERATORS

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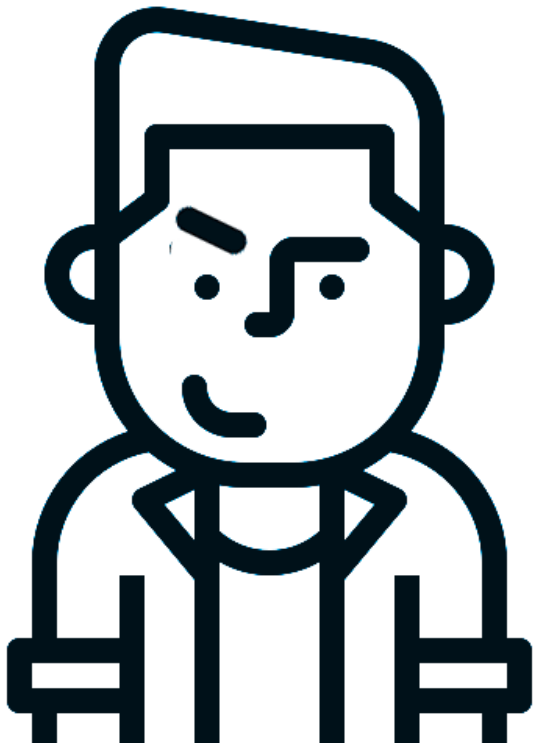
3 Would do the right thing...  
if they had more time  
& it was easier



Registration & Transient Room Tax Payment

- Awareness
- Ease of Use

## FIVE TYPES OF STR OPERATORS



### 4 Doing the wrong thing... assuming that they won't get caught



Violation Tracking

- Act quickly



Induce Compliance

- Evidence collection
- Set examples
- Publish capabilities

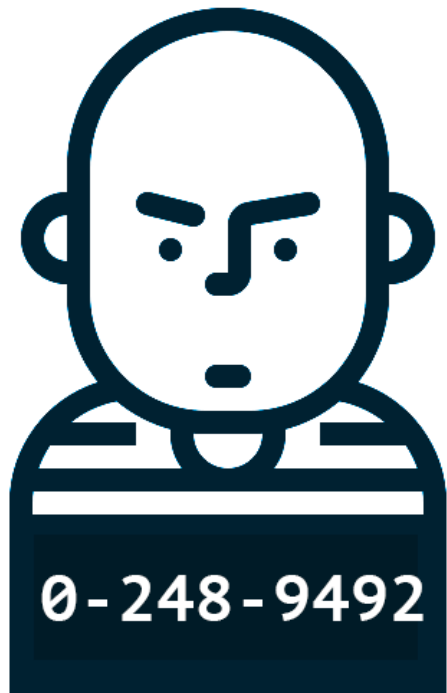


Amnesty Period

- eg Allow 14 days to respond

## FIVE TYPES OF STR OPERATORS

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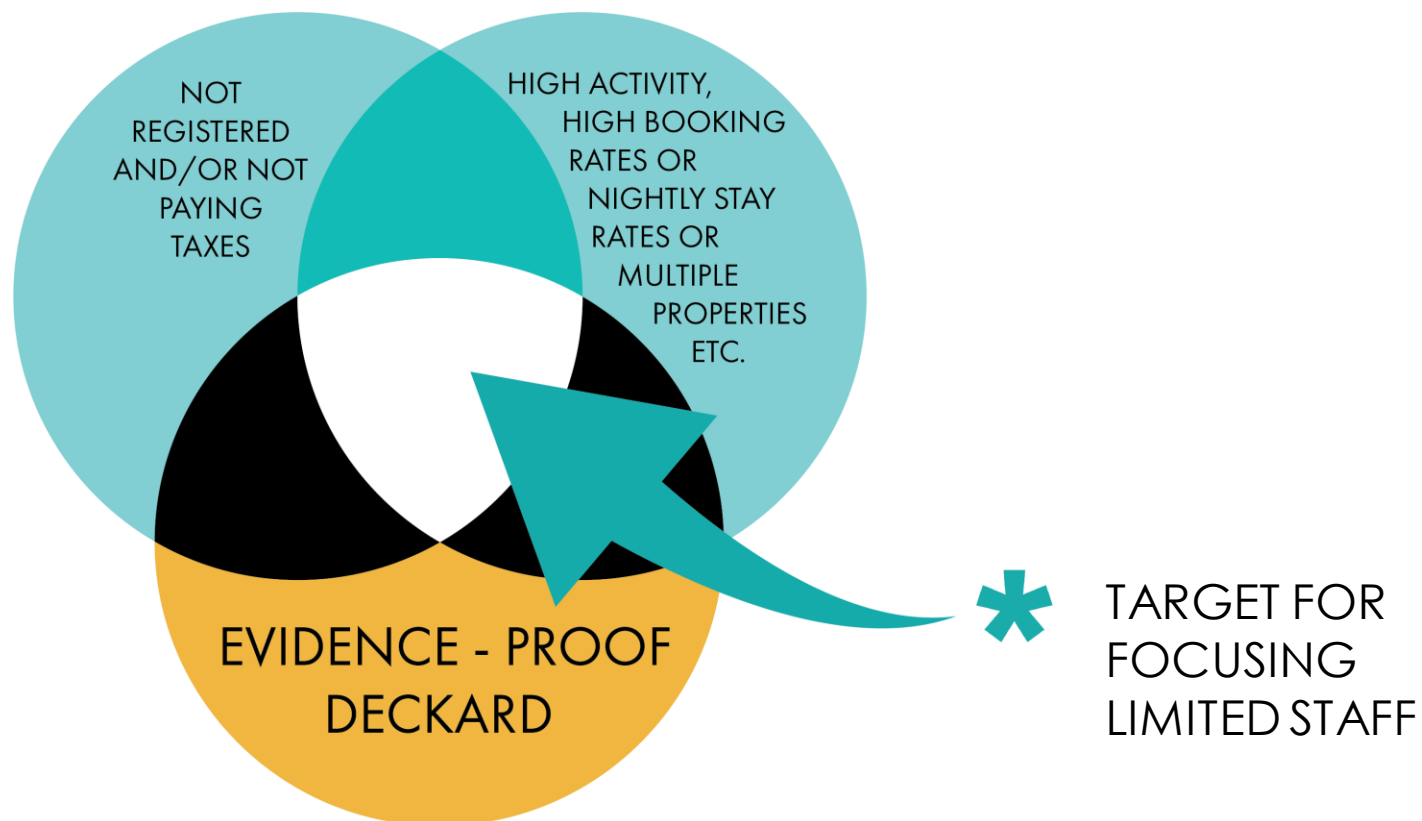
### 5 Habitual law breakers



#### Evidence

- Verified addresses
- Weekly snapshots - PDFs
- Verified stays
- Evidence packages
- Specific habitual offender address monitoring

# Evidence : IDENTIFY HOSTS & OWNERS WORTH PURSUING



# Increasing Compliance

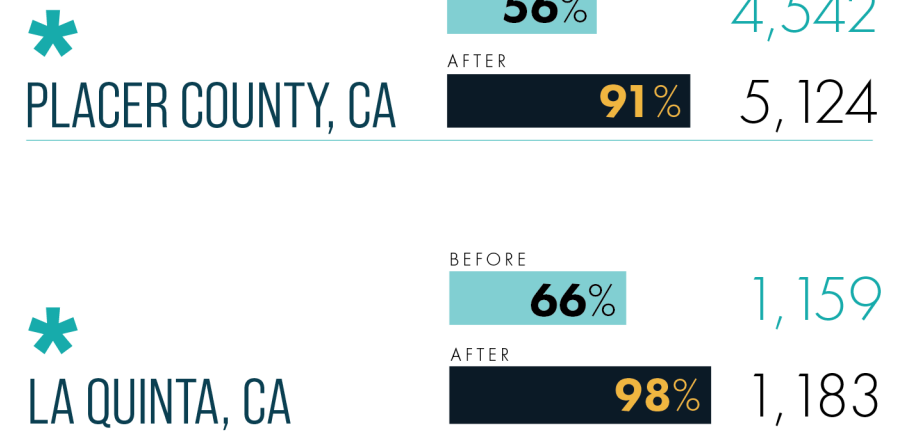
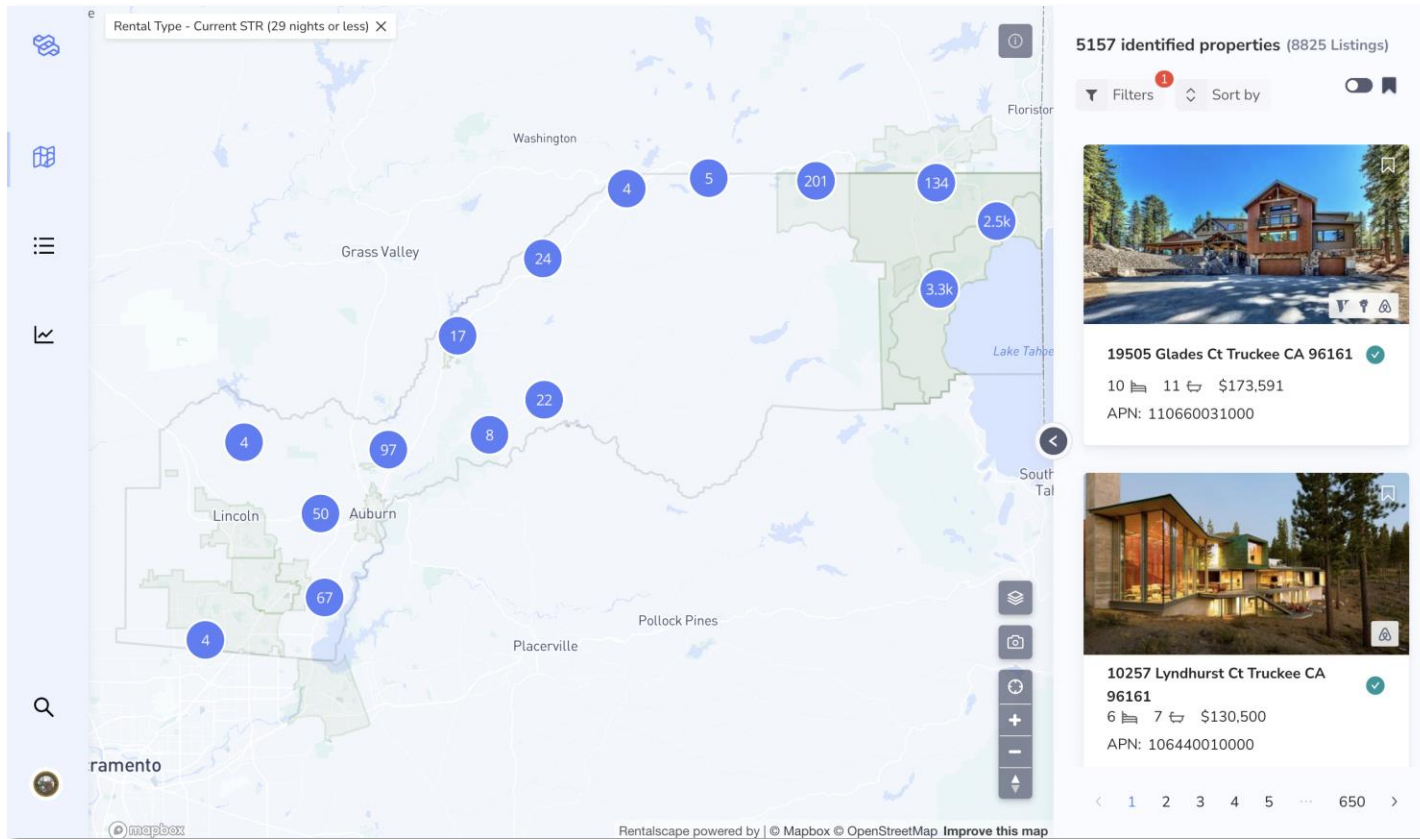
## Before & After: COMPLIANCE



Make sure to use a SAAS platform that tracks individual bookings including booking date & length of stay Nightly



# Short-term Rental Sites : PLACER COUNTY [LAKE TAHOE]





# Questions



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