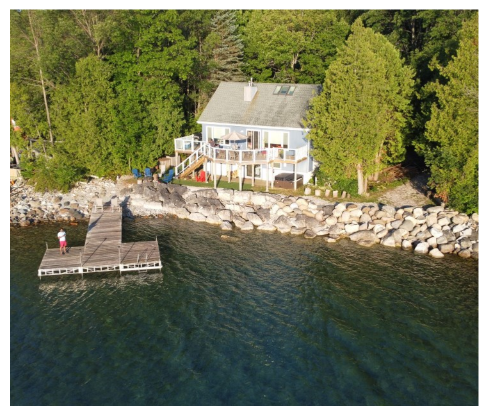
PLANNING CASE STUDY
SHORT-TERM RENTAL MARKET: RETREATS VS. RENTS



The Challenge

The rapid growth of short-term rental (STR) accommodations has become an increasingly important issue for governments and communities across Canada. While platforms such as Airbnb© and Vrbo© have created new opportunities for property owners and travellers, they have also raised concerns about their impact on the availability and affordability of long-term housing. Unfortunately, the rapid expansion of the STR market has outpaced the availability of reliable public data on the industry.

Our client, a government policymaker, needed an in-depth understanding of market conditions in order to develop informed regulations. They turned to Turner Drake for advice.

Turner Drake's Approach

Our Planning team started by gathering the inventory of STR units within the study area. We used data from AirDNA™, a private company that scrapes data from STR platforms, to examine trends over the available nine years of data, with an emphasis on more recent changes.

Among the project's most important analyses is the categorization of STRs as "potential long-term dwellings" (PLTDs), which are short-rental units that could otherwise plausibly be occupied by a long-term tenant. We were able to determine that PLTD's represent nearly ***half*** of the study area's STR inventory. We then broadened our analysis of new STRs and PLTDs by looking at exits of these same units and their turnover rates. Short-term rental properties exit the market if they are converted to a single-family residence, renovated to a commercial use, or are demolished or unlisted.

We dug deeper into the geographic patterns of STR's across the study area to identify different characteristics and trends. While the overall data points to short-term rentals reaching a growth plateau, the geographic breakdown demonstrated that many rural areas were experiencing STR and PLTD growth. These increases in the amount of STR's in rural areas is overshadowed by the decreases in STR's in the major city core. City decreases were heavily influenced by a recently introduced, multi-layered regulatory STR framework.

Last, we explored the relationship between PLTD's and broad rental prices. Our research showed there was a direct relationship between the two, with increases in the STR stock coinciding with increases in average rents. Broader economic factors, including home prices, wage levels, and employment rates also appear to exert strong upward pressure on rents.

Winning Results

Turner Drake delivered a rigorous, data-driven analysis that demonstrated how the study area's short-term rental market is interacting with long-term housing supply and affordability.

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