

# STR Course Material - Module 1



In Partnership with

rêvedy

# What does STR stand for?

**STR** = **S**hort **T**erm **R**entals

So much more than simply  **airbnb**

*To start, let's begin with some common terminology. Short Term Rentals (also known as STRs) is a term often interchangeable with vacation rentals, vacation rentals by owner, and/or Airbnbs. While many people think of these assets in the same way there are some clear distinctions we would like to make.*





## WHAT IS A SHORT TERM RENTAL?



*Almost any property that you transact on could be a candidate for a short term rental. The only real limitation or caveat to that rule is whether or not the property has any regulatory or permitting requirements that could limit this usage. Legally, most regulatory bodies define an STR as a place that is rented for less than 30 days.*

*Regulations can be established on a state, city, and local level and even dictated by HOAs or other governing bodies. In addition to regulations, many jurisdictions will allow short term rentals but may require certain permitting to be obtained in order to operate. Sometimes this information is difficult to come by and you should always know that Revedy can help you with these guidelines, which we will get to in a later section.*

# Short-Term Rental Opportunities for Agents

- **Your Markets' Expert**

- *Upon course completion, you'll have an extra skill and certification empowering your business growth*
- *You'll receive top-notch branding material to seal the deal and win over more clients*

- **Repeat Buyers/Sellers**

- *Unlike primary homes, investors buy more than one investment home*
- *Investment clients often have better accessibility to financing and purchase premium homes*

- **Earn More**

- *Short-Term Rentals (STRs) perform well even in a down market*
- *Transactions happen year round*

- **Leads**

- *Post completion of this course you will be eligible to receive Revedy leads and buy boxes*

# The **3** Different Classes of STR Investments:



1. **Personal Vacation Home/Second Home** - may be rented out from time to time, but mostly used by the owner.
2. **Hybrid STR** - rent is needed to pay the mortgage, but owner uses from time to time.
3. **Investment Asset** - owner never uses it and the asset is optimized and managed as an investment. Usually owner has more than one and will buy and sell with some frequency.

# The STR Industry Is Growing Rapidly

## Total STR Listings

*Today there are roughly 1.5 million STRs in the United States and while that might seem like a lot...the reality is, that the industry is really still in its infancy. The most rapid point of adoption is likely in front of us, and as a Certified Short Term Rental Agent, you will be well positioned to take advantage of this trend.*

*Even as we are seeing signs of a market downturn in 2023, institutional capital partners and cash buyers will be waiting for price corrections to enter the space, so while your peers may be struggling, you are actually positioning yourself to get ahead of an exciting buying trend.*

Today: 1.5M

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023\* 2024\* 2025\*

\*Projected  
Source:



# The Opportunity in Short Term Rentals Is Growing

**31%**

STR Market Share increase  
since 2019 for U.S. Lodging  
Bookings

**26%**

Revenue growth in STRs  
from 2021 to 2022

**19%**

Demand Growth: Number  
of nights booked YOY  
(2023)

**62%**

Of all group 4+ prefer a  
vacation rental vs a hotel

**35%**

Increase in host earnings in  
2021

**50-70%**

Increase in demand in key  
markets

The U.S. short-term vacation rental market was valued at **\$41 billion** in 2022 and is expected to grow by at least **16%** through the year 2030.

*Along with the growth in properties being operated as short term rentals there has also been an explosion in demand for these properties by guests. Entering 2023, STRs have surpassed hotels as the preferred accommodations for domestic travelers with increases in the number of nights booked, host earnings, and total revenue generated. All of which equates to more money in the pockets of your clients, and can help you close more transactions, especially when you share these trends while talking about the upside of these investment opportunities.*





# STRs as an Investment Class



*Before dreaming about all the cool things that you could do in an STR on your next vacation, let's take a step back and think about why this is such a compelling investment asset for your clients.*

*STR are not only inflation protected, free of volatility risk in the markets, but are also earning free cash flows on a tangible asset that has very little downside risk! Sure, we might see a small decrease in property values in the near term in some markets, but when the asset is cash-flowing positively and has no risk of depreciation to zero, STRs are a great investment—and smart money knows this.*

*The best part is that they will ride out any downturn in asset values if the market cools, while making hay on the rental income. Once the markets begin to appreciate again, they will get the double dip opportunity on returns and can even turn an additional premium on both components of their investment. There is literally no other asset that will behave this way over the coming years, and Agents who are prepared for it will line their pockets, while those who do not will likely suffer along.*

- ✓ Unique Asset Class
- ✓ Unparalleled Returns
- ✓ Inflation Hedge
- ✓ Free Cash Flows
- ✓ Asset Appreciation

# The Advantages of Buying a Short Term Rental



- ✓ 30 - 40% Higher Total Revenue than Long Term Rentals
- ✓ Nightly and Seasonal Price Capture
- ✓ Reduced Wear and Tear
- ✓ Ongoing Protection and Oversight

*Given the growth in demand, any client who is looking to purchase a property for any reason other than making it their primary residence should at least consider the advantages of running the property as a short term rental.*

*First, the earning opportunity is unparalleled in real estate investing. Typically, a short term rental will produce 30%-40% more top-line revenue than a long term rental. The reason for this is simple. By being able to price dynamically based on whether the property is available on a weekend, holiday, or during a special event such as a concert or sporting event the earning potential can skyrocket. In some extreme instances a single weekend (say the Superbowl) can equal an entire quarter of earnings on a long-term rental!*

# Short-Term Rentals Produce High Cash Flows

*The primary advantage of renting out a property on a nightly or weekly basis, is the nightly rate premium which can be charged to guests. This allows vacation rental properties in some markets to generate double or triple what a long term rental in the same market might earn.*



*In addition to the higher cash flows, short term rentals may also experience greater asset appreciation, as the overall housing market grows in value over time.*

*By combining the earnings of a hospitality business, and the asset appreciation of a home, this can be a great one-two punch that can compound in value and create premiums that other investors are willing to pay for. This equates to higher listing prices and greater commission opportunities for you down the road.*



# COMMON MISCONCEPTIONS



Preception



Reality

*So far we've talked about many of the positives of STRs but let's now shift focus to some of the perceived negatives, or risks, and debunk why these may actually be misconceptions.*

*As you can imagine, some of your buyers may be weary of short term rentals because of perceived wear and tear on the property, but there is actually great evidence to prove the contrary. The reality is, that most guests who are booking a short term rental will still want to go out and experience the local attractions and activities in a given area during the day, leaving the home empty and free of the risk of damage, While there are certainly exceptions to this rule, many guests treat these homes with great respect, and simply the central hub for their dining and sleeping when they are not out and about. Additionally, long term rentals do become the renter's home which means that behaviors often become more lax over time, and damage such as smoking inside, damages from pets, spilled food and drinks, and less general care will be taken.*

*One other perk of operating a short term rental is that housekeepers are in-and-out after every guest booking, usually every couple days, ensuring that no problems are compounding over time. Even if there is a bad apple, this quick rollover will often make way for a more respectful guest the next time. Other issues or concerns are quickly vocalized between the housekeepers and the owners, or their respective property management companies, leading to faster resolution and more proactive care.*

*Another commonly perceived risk is around local sentiment with neighbors and community. STRs have become a polarizing issue where many people love them for their own personal travel but have taken a stance of "not in my backyard" when it comes to their primary residence. The truth is, you can't have it both ways, and while there are some loud voices in opposition, the large majority of people understand that the pros far outweigh the cons. There are also now tools that are commonly used to help reduce some of the negative effects of STRs such as noise monitors which can alert property managers of any disturbances and allow them to reach out to guests to resolve the issue before things get out of hand.*

*Overall, the industry is progressing, and while it's impossible to eliminate all the bad actors, these cases are becoming more and more isolated.*

*One of the most important considerations when working with your clients is whether or not the area is suitable for vacation rentals as it relates to guest demand. Ask yourself, do people travel to your area in general? Is it a major tourism destination? Less popular areas of the country may allow short-term rentals, but if there's not a reason for someone to go there, then it may not be the best investment.*

*There are certain markets that people love to visit and being in-tune with guest's interests is something to begin thinking of as you work your way through this course. If you are an agent in a market that is a large Metro area, there should be plenty of reasons for potential travelers to want to go there! Whether there are sporting events, concerts, business conferences, theme parks, museums, and other attractions - Larger cities tend to have a wider variety of things to do which means there's plenty of demand. Unfortunately, larger Metro areas do also tend to have more regulations, and because of that you need to be mindful when presenting opportunities to your clients.*

*Other areas that are popular for short-term rentals may be located near lakes, college towns, beaches, and mountains. There are also tourism specific destinations throughout the country perfect for STRs and these areas host a plethora of activities including skiing, golfing, swimming, hiking, boating, shopping, fine dining, gambling, and themed attractions. In general, if you can say "yes" to the question of whether people will travel to your area or not, then you will likely be able to help your clients by better understanding these assets.*

## Market Opportunities

- Views
- Ski-in Ski-out
- Stable Regulations
- Beach Front
- Local Amenities



# VRM = Vacation Rental Manager

Top rated VRMs provided the highest returns and usually make up for their management fee.

## What the top full service VRMs cover:

- Dynamic pricing
- Multi-Channel Distribution (Airbnb, VRBO, Booking.com, etc.)
- Cleaning costs
- Guest services, including check-in/out



# VRM = Vacation Rental Manager



*In addition to the “rental by owner” model there are also now a number of small and large-scale operators of these assets which refer to themselves as professional property managers, or vacation rental managers which are sometimes called VRMs for short. In this case, an individual homeowner will hire one of these companies to run the business on the owners behalf, eliminating a lot of the manual time and work to successfully operate the property. Professional property managers come in all shapes and sizes with the largest being publicly traded companies like Vacasa, and the smallest being local mom-and-pop businesses that oversee as few as 5-10 individual properties.*

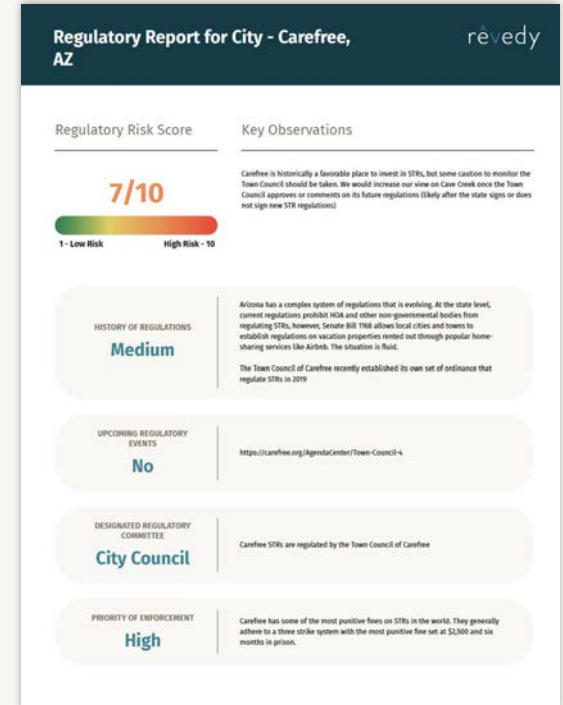
*Job responsibilities for these professional property management companies vary, but in essence they are all designed to offload the marketing, distribution, pricing, presentation, and availability of an individual home to potential guests. Believe it or not there is a fair amount of work required to operate an individual property for these purposes and in addition to generating bookings, these companies are also often boots-on-the-ground to ensure a great guest experience upon arrival. This is a true hospitality business, and responsiveness to guest questions and concerns, professional cleaning, maintenance, and oversight are not only expected, they are demanded.*

*The leading property management companies do this very well and have created systems and processes that can operate these assets at scale. Each time a homeowner comes to a professional property manager there are set processes in place to maximize bookings, generate revenue, protect the property, provide guest satisfaction, and maintain a healthy relationship with neighbors and the local community.*

*While both rental by owner and professionally managed properties are viable business opportunities for your clients, at Revedy we are firm believers in letting the professionals do the dirty work. There are often years of experience, local knowledge and operations at scale that allow these companies to better operate an individual asset, and with this expertise, more money is consistently available to the homeowner.*

# Make Sure Your Short Term Rental is Legal!

- **Revedy Rental Regulations & Permit Requirements**
  - Make sure you understand regulations in your market and any restrictions.
  - Understand where rentals make sense in your market
- **Target markets/areas with regulatory stability**
  - Revedy Regulatory Risk Score may be high due to complexity of regulations, but trending will show stability
  - The Opportunity Score will weight in the stability
- **Be compliant within the bounds of the local law**
  - Obtain required permits
  - Weight in actual timelines to obtain permits as cost



REVEDY REGULATORY REPORT



# Questions, suggestions, or ideas?

Your input matters! We thrive on  
your feedback to improve.

Email: [robin.andrasi@revedy.com](mailto:robin.andrasi@revedy.com)

Also visit us at Workplace - Revedy



Powered By:

revedy