



# Airbnb and Beyond: Emerging Trends and Risks in Short-Term Rentals

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# Today's Agenda

- ❖ Introduction to the Short-term Revolution
- ❖ Industry Overview: Navigating the STR Landscape
- ❖ Decoding Trends & Data Insights
- ❖ Cutting Edge Tools for Powerful Insights
- ❖ Legal Landscapes
- ❖ Best Practices & Strategies for Effective Management
- ❖ Best Markets in the US
- ❖ Charting Challenges and Risks in STR
- ❖ Shaping the Future: Trends and Predictions
- ❖ Q&A Time





# Meet **Your Host**



## Bill Neville



14 Years at Entrust



Educates investors and professionals  
on tax-preferred retirement accounts



B.S. in Finance from Penn State University



# About Entrust



Self-Directed IRA Administrators



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# About Entrust



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Assets Under  
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**24k+**

Active  
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**40+**

Years of  
Service



**1**

Point of  
Contact

*Airbnb and beyond*

# EMERGING TRENDS AND RISKS IN SHORT-TERM RENTALS

grocapitus

PRESENTED BY

**Neal Bawa**



# INTRODUCTION

*to the short term rental revolution*

# SHORT-TERM RENTALS (STR)

*what is it*

**SHORT  
TERM**



## DEFINITION

Accommodations rented out for brief periods, typically **<30 days**

## TYPES OF STRS



- ▶ Vacation homes
- ▶ Condos
- ▶ Apartments
- ▶ Shared spaces (e.g. Room in a house)

## USE CASES



- ▶ Tourism and vacations
- ▶ Business travel
- ▶ Temporary housing (e.g. relocations or renovations)

# BENEFITS OF SHORT-TERM RENTALS (STR)

## HOSTS



- Additional income source
- Flexibility to rent out properties part-time or full-time
- Potential for cultural exchange and meeting new people

## GUESTS



- Diverse accommodation options
- Often more affordable than hotels
- Opportunities to stay in unique and local neighborhoods

## COMMUNITIES



- Boosts local economies
- Can promote tourism in less-traveled areas



# AIRBNB BUSINESS MODEL



*in a nutshell*

 Extra money by renting additional space at home  



**HOSTS**

 Commission from property owners (~ 3%)



 Transaction fees (~5%-15%) 

**GUESTS**

Affordable prices and a unique experience 

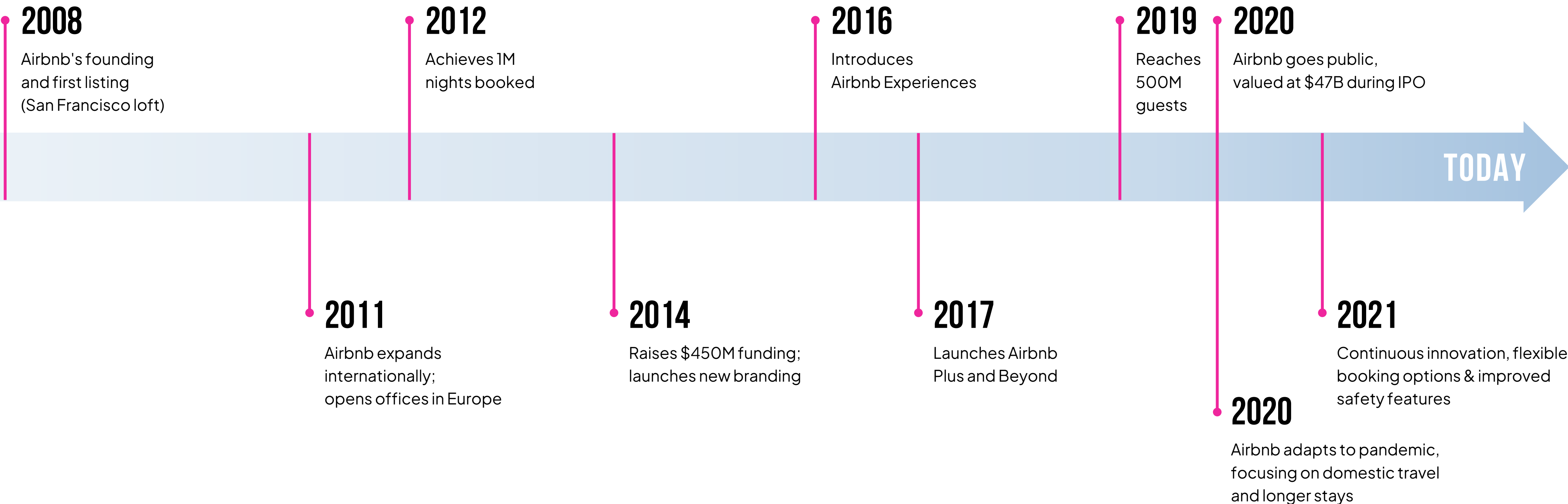


# INDUSTRY OVERVIEW

*navigating the STR landscape*

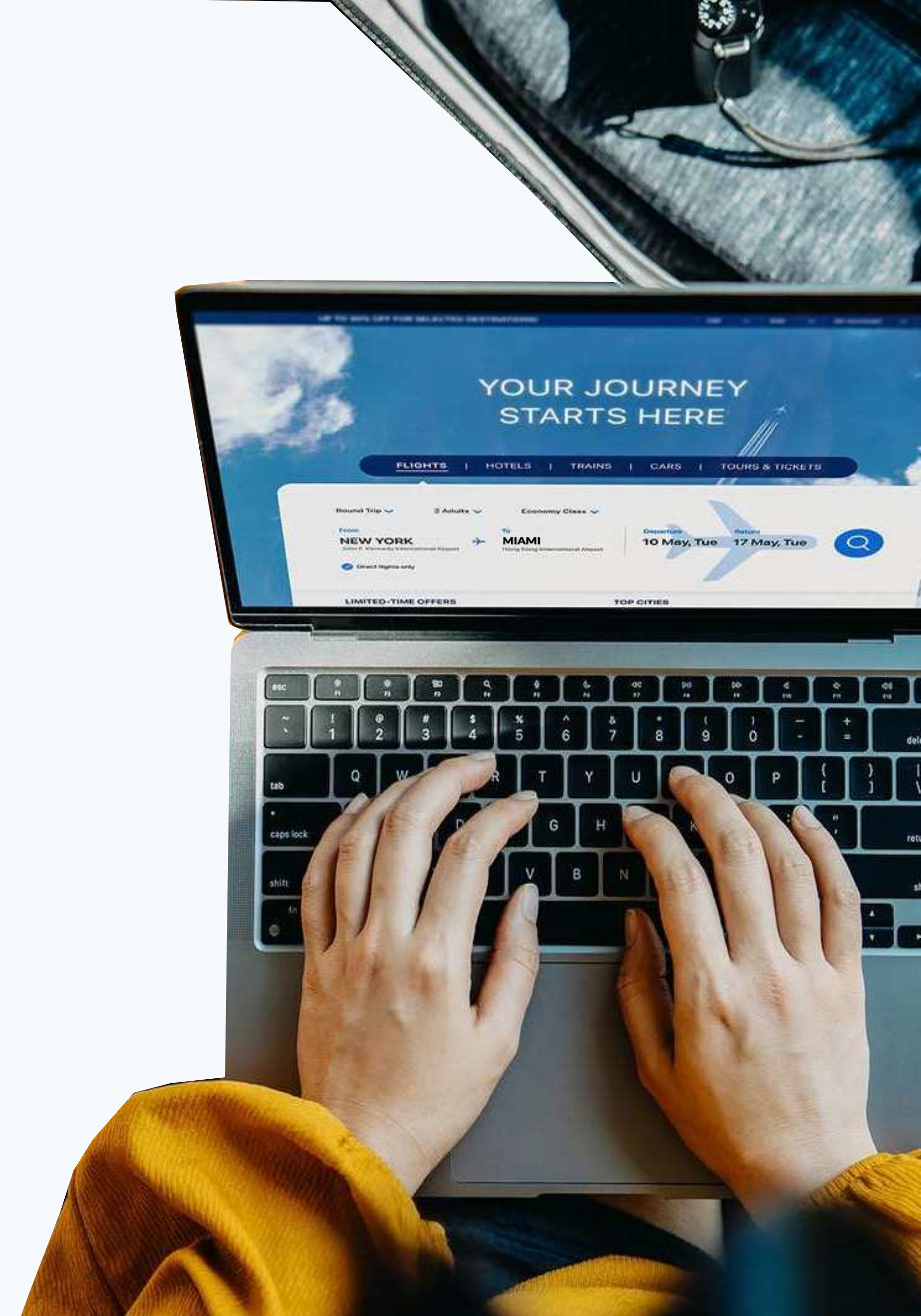
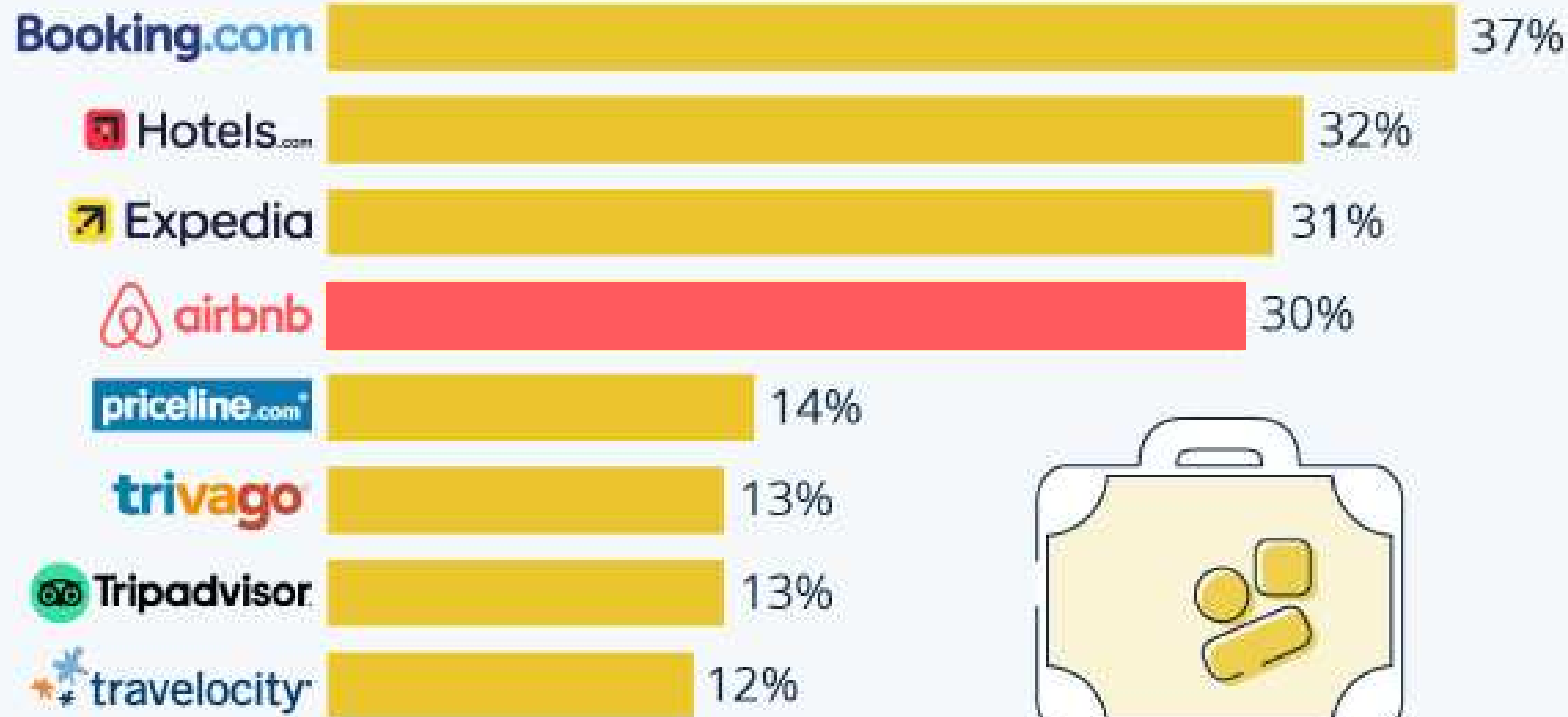
# AIRBNB MILESTONES

*from concept to global phenomenon*



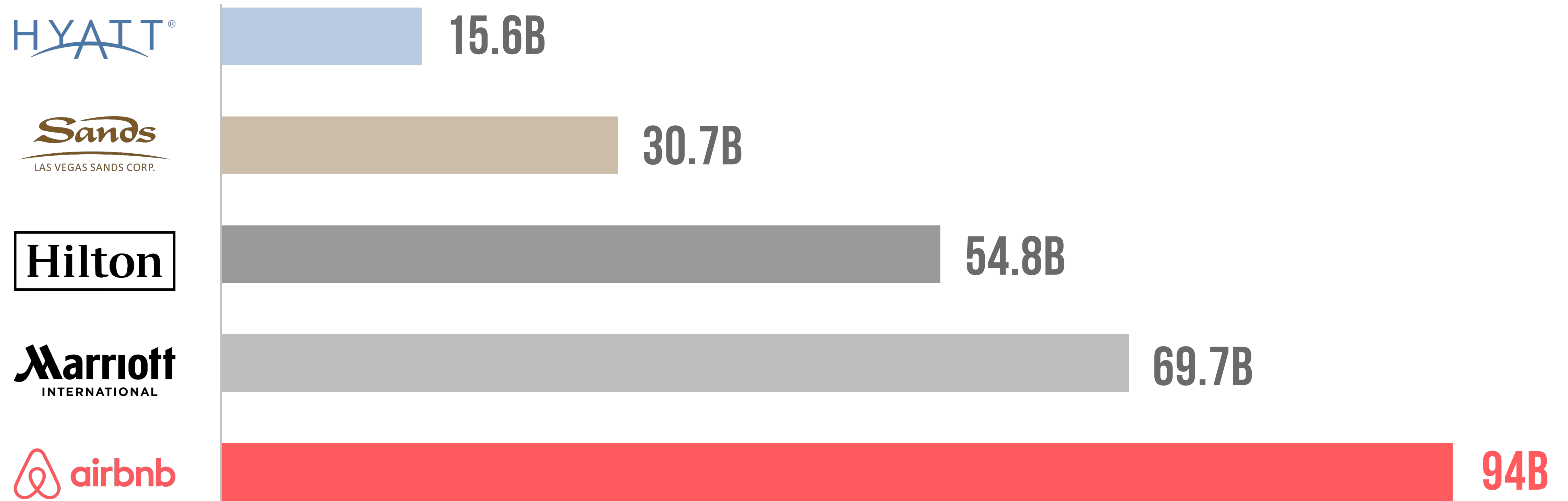
# BOOKING ACCOMMODATION

*most popular sites in US*



# airbnb VS GLOBAL HOTEL TITANS

*market cap as of July 2024*



# STR INDUSTRY GROWTH

market insights 2024

PRECEDENCE  
RESEARCH

## U.S. Short-term Rental Market Size 2023 to 2033



### MARKET SIZE AND GROWTH

- Market size valued at \$29.1B in 2023
- Expected to reach \$81.63 billion by 2033
- 11% CAGR growth (2024-2033)

### USER DEMOGRAPHICS

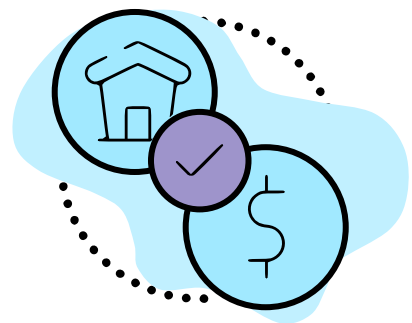
- Largest group are Millennials, followed by Gen Z
- Increasing popularity among business travelers and remote workers

### BOOKING TRENDS

- Rise in domestic travel and non-urban destinations post-COVID
- Increased demand for longer stays (28+ days)
- Growth in family and group travel bookings

# U.S. CITIES ARE CRACKING DOWN ON **airbnb**

*6 reasons why*



## HOUSING AFFORDABILITY

Fewer long-term rentals drive up prices, making housing less affordable.



## NEIGHBORHOOD INTEGRITY

Frequent guest turnover disrupts communities and increases noise/safety issues.



## TAX REVENUE

Short-term rentals bypass hotel taxes, reducing city income for public services.



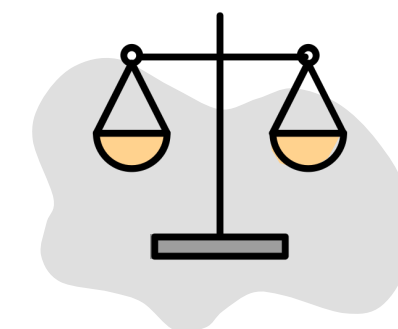
## REGULATORY COMPLIANCE

Ensuring safety and health standards protects guests and sets accommodation norms.



## ECONOMIC DISPARITIES

Gentrification displaces residents, increasing inequality.



## MARKET FAIRNESS

Imposing similar rules on STRs as on hotels ensures fair competition.

# AIRBNB NO-GO ZONES

*cities with strict STR rules*

- ✘ New York City, NY
- ✘ San Francisco, CA
- ✘ Santa Monica, CA
- ✘ Las Vegas, NV
- ✘ Boston, MA
- ✘ Miami Beach, FL
- ✘ New Orleans, LA
- ✘ Chicago, IL
- ✘ Washington, DC
- ✘ Denver, CO



# DECODING *and data insights* TRENDS

# 2023 STR MARKET RECAP

AIRDNA 2024 outlook report



## CHALLENGES

- **RevPAR Decline:** Down 4.9%, first full-year decline since 2014
- **Revenue Drops:** Most hosts saw lower revenues
- **High Supply Growth:** Increased to 1.6M listings in 2023

## POSITIVES

- **High Demand:** Record nights demanded in July 2023
- **Economic Stability:** Low unemployment (<4%), declining inflation

## MARKET DYNAMICS

- **Occupancy Gains Erased:** Due to high supply and stretched consumer budgets
- **Low Pricing Power:** Hosts offering low rates to attract demand

U.S. SHORT-TERM RENTAL INDUSTRY 2019-2023

	2019	2020	2021	2022	2023 F	
<b>Available Listings (Avg.)</b>	1,158,507	1,053,995	1,084,266	1,313,583	1,540,052	▲
<b>Nights Listed (% change)</b>	20.0%	-12.6%	6.4%	23.9%	12.8%	▲
<b>Demand, (% change)</b>	23.2%	-12.4%	17.1%	17.1%	6.7%	▲
<b>Occupancy</b>	55.6%	55.7%	61.3%	57.9%	54.8%	▼
<b>Avg. Daily Rate (% change)</b>	1.8%	3.3%	7.7%	5.9%	0.5%	▲
<b>RevPAR (% change)</b>	4.5%	3.5%	18.6%	0.1%	-4.9%	▼

# 2024 MARKET OUTLOOK



Additional 210,000 unique properties on the market

Growth to balance at 10.9% following 12.8% rise in 2023

10.7% growth driven by economic recovery and domestic leisure travel

Stabilizing around pre-COVID levels, projected at 54.7%

ADR expected to rise by 2.1%  
RevPAR to rise by 1.9% after 2023 decline

## SUPPLY

## BOOKING OPPORTUNITIES

## DEMAND

## OCCUPANCY

## PRICING

	2024 F	
Available Listings (Avg.)	1,750,391	▲
Nights Listed (% change)	10.9%	▲
Demand (% change)	10.7%	▲
Occupancy	54.7%	▼
Avg. Daily Rate (% change)	2.1%	▲
RevPAR (% change)	1.9%	▲

# LISTINGS ON THE RISE

*rapid growth to stabilize*

## PRE-COVID GROWTH

Steady increase in listings until early 2020

## PANDEMIC IMPACT

Significant drop in listings due to COVID-19

U.S. Monthly Short-Term Rental Available Listings

AIRDNA



Source: AirDNA

## POST-COVID RECOVERY

Strong rebound in 2021 and 2022, with listings surpassing pre-COVID

## 2023 DATA

Additional 340K listings from February to July, with a total of 300K more by October

# INVESTABILITY AT ALL TIME LOWS

*high costs low yields*



+131%

## COST INCREASE

Higher mortgage rates & insurance costs since 2020 have drastically driven up investment costs, hurting profitability

3%

## YIELDS BELOW

Investment yields, once peaking at 10% during COVID, now fallen below 3%

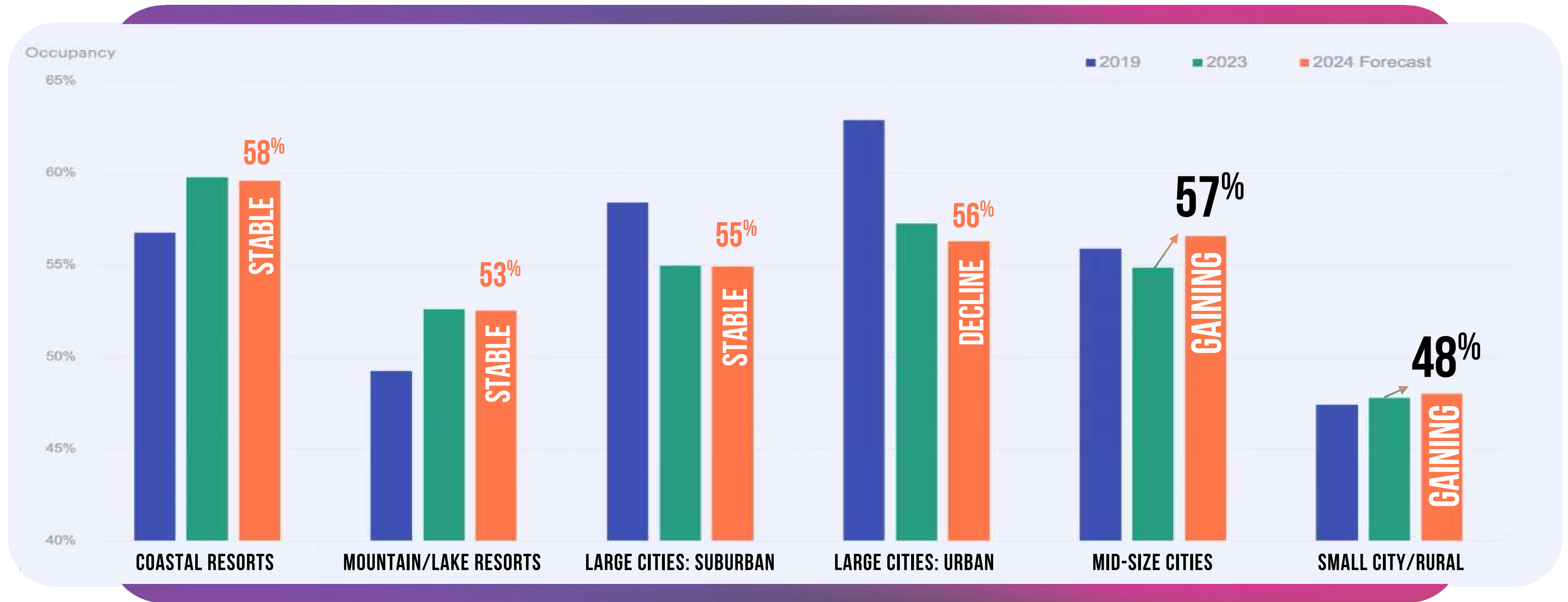
+17%

## REVENUE INCREASE

Monthly STR revenues are 17% higher than pre-COVID but still insufficient to counter rising costs.

# OCCUPANCY TRENDS BY LOCATION

AIRDNA 2024 forecast



# REVENUE FORECAST 2024

*analyzing economic scenarios*

## BASELINE SCENARIO

2023 correction year followed by **slight improvement in 2024**

## UPSIDE MILDLY LESS LIKELY

**3% revenue boost** due to additional supply growth; occupancy remains stable

## DOWNSIDE MILDLY LESS LIKELY

**Performance slips** into a mild recession, reducing revenue by 3%

## SEVERE DOWNSIDE UNLIKELY

Major economic shock, revenue reverts to pre-COVID levels, with a **16% decline**



# CUTTING- EDGE TOOLS

*empowering insights*

# TOOLS OF THE TRADE

*introducing your STR arsenal*

## AIRDNA

**AirDNA** offers comprehensive market insights and revenue forecasting with tools like Rentalizer and MarketMinder.

## BEYOND

**Beyond Pricing** uses real-time market data to automatically adjust rates, maximizing revenue and occupancy.

## PriceLabs

**PriceLabs** offers dynamic pricing and revenue management, allowing customized strategies based on market demand

## MASHVISOR

**Mashvisor** analyzes rentals with data on income, occupancy rates, and cap rates, useful for investment decisions.

## hospitable

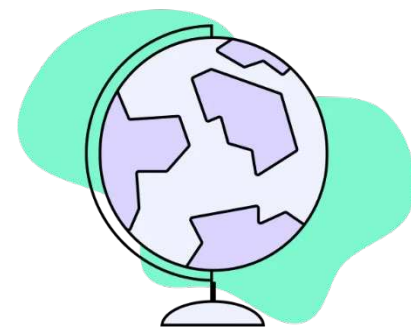
**Smartbnb (Hospitable)** automates guest communication and integrates with multiple booking platforms.

## AllTheRooms.

**AlltheRooms** aggregates data from Airbnb, Vrbo, and Booking.com for comprehensive market analysis, future trends, and competitor insights.

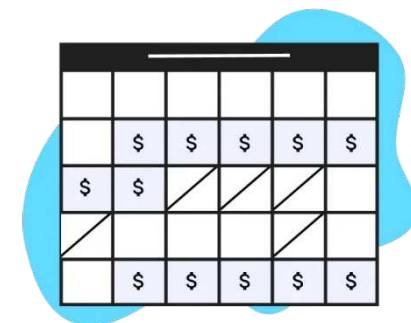
# AIRDNA

*cutting edge intelligence platform*



## MARKET RESEARCH

Insights on occupancy, competitive trends, and average nightly rates.



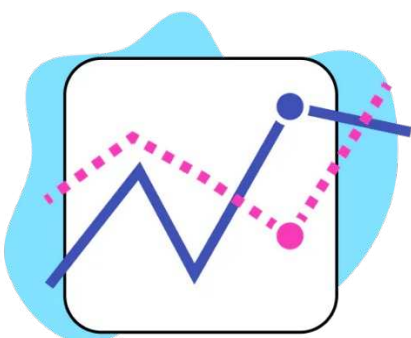
## SMART PRICING

Determine optimal charges based on your pricing strategy.



## CALCULATE EARNINGS

Estimate potential revenue and analyze seasonality trends for any address.



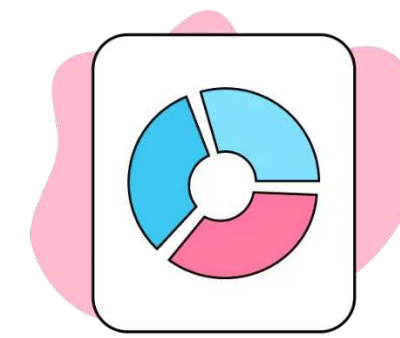
## COMPREHENSIVE DATA

Access 25+ insights about your listing, market, and competition.



## COMPETITIVE ANALYSIS

Compare your rates, amenities, and revenue against top competitors.



## DATA-DRIVEN STRATEGY

Plan using real booking activity and year-over-year trends

# LEGAL *what you need to know* LANDSCAPES



### SAN FRANCISCO, CA

- Registration and business license needed
- Hosts must live on property **275 days/year**
- **90-day limit for entire home rentals**, hotel taxes apply

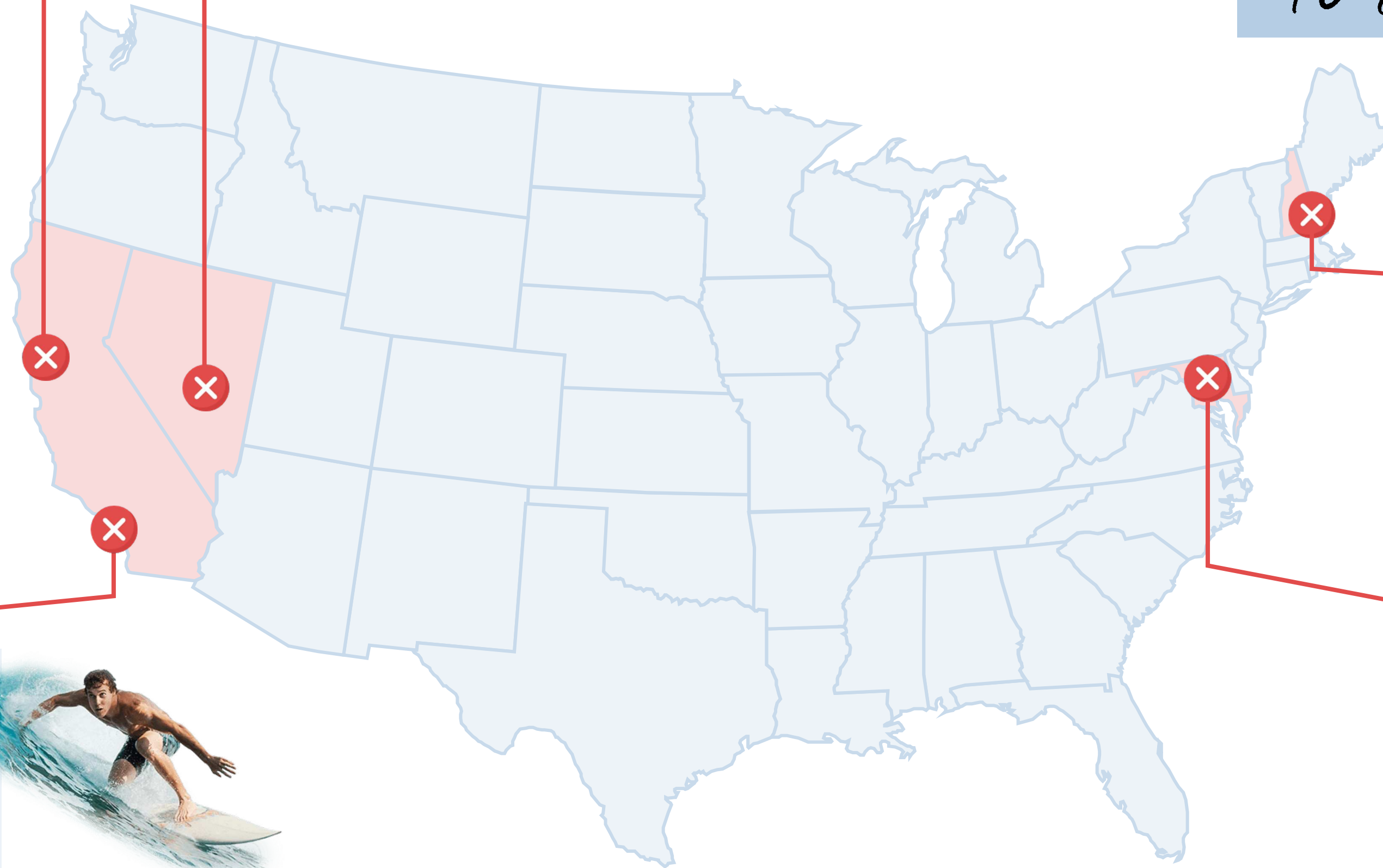
### LAS VEGAS, NV



- **Banned** in residential neighborhoods
- **Special use permit & business license** required
- Rentals must be **660 feet apart**
- **Minimum 31-day rental** in some zones

# REGULATORY ROADBLOCKS

*10 cities with tough laws*



### SANTA MONICA, CA

- **Only home-sharing allowed**, entire unit rentals banned
- **Registration and business license** needed
- **Fines up to \$500/day**



### BOSTON, MA



- Registration required with **stricter limits** for non-owner-occupied units
- Must meet **building and safety codes**
- Fines up to \$300/day

### NEW YORK CITY, NY

- No entire home rentals **under 30 days** without host present
- Registration and strict safety **compliance** required
- **Fines: \$1,000 to \$7,500**



# REGULATORY ROADBLOCKS

*10 cities with tough laws*

## DENVER, CO

- Short-term rental **license** required
- Only **primary residences** allowed
- **Lodger's and hotel occupancy taxes** apply
- Must meet **safety and zoning laws**



## NEW ORLEANS, LA

- Heavy restrictions in some areas with **90-day rental limit**
- **Permit and zoning compliance** required



## CHICAGO, IL

- **Registration, license and owner consent** required
- **Must keep records** of rental activities
- **Strict fines** for non-compliance



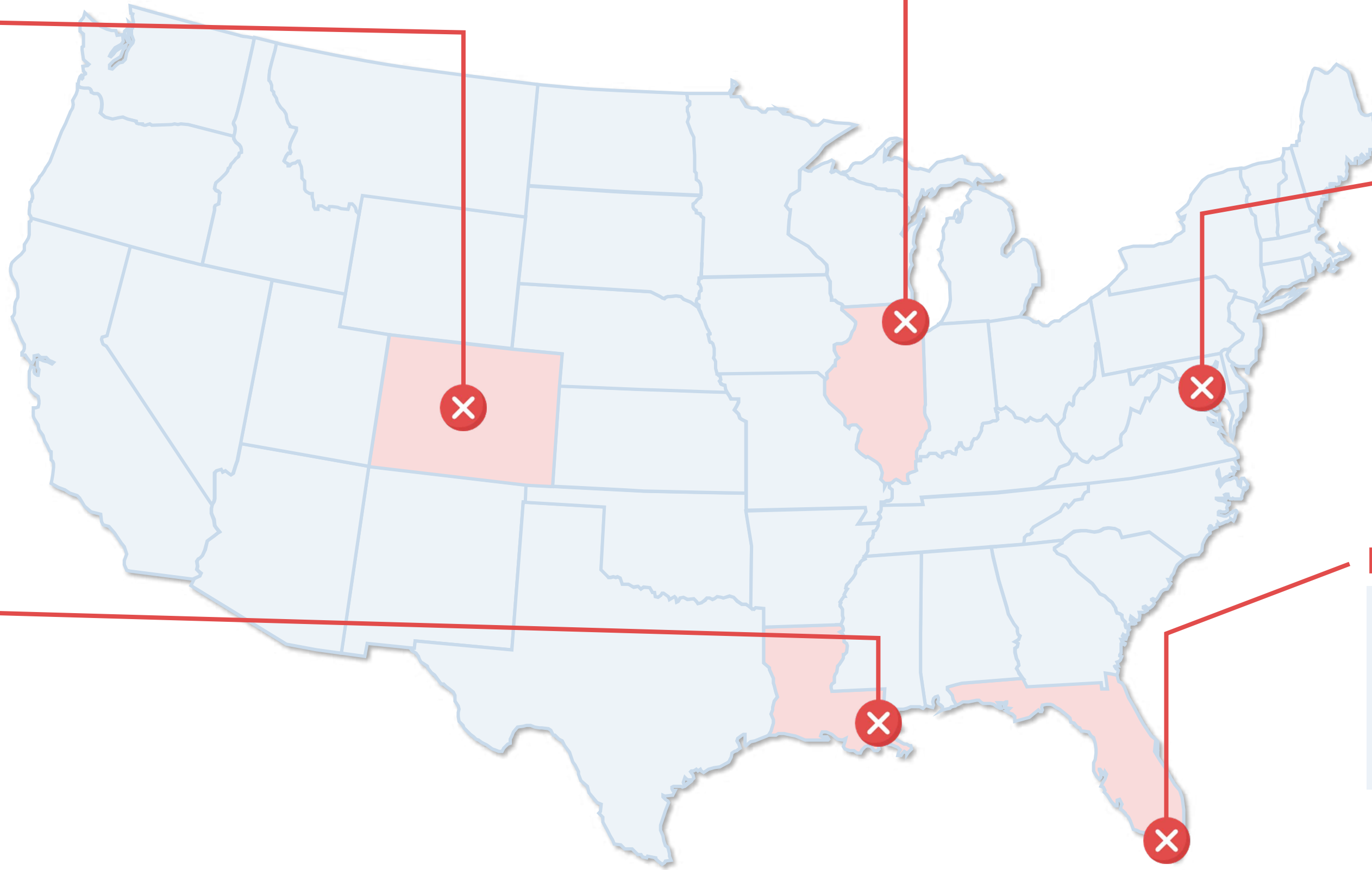
## WASHINGTON, DC

- **STR license** required
- Primary residences only, **90-day cap** if host not present
- **Zoning and safety compliance** required



## MIAMI BEACH, FL

- **Prohibited** in most areas
- **Business tax receipt and resort tax account** required
- **Fines starting at \$20,000**





**SQUAWK  
BOX**

# NYC AIRBNB CRACKDOWN

NEW RENTAL LEGISLATION GOES INTO EFFECT TODAY

*Sept 5 2023*



# NOT A FAIR PLAYING FIELD

*NYC vs Tampa*



## REGULATION

### NEW YORK CITY, NY

### TAMPA, FL

#### REGISTRATION

Register with Mayor's Office of Special Enforcement (OSE)

N/A

#### PERMITS

Ensure property is not on Prohibited Buildings List

State & county business license, zoning compliance

#### HOST PRESENCE

Host must be present for rentals under 30 days

N/A

#### SAFETY STANDARDS

Smoke and carbon monoxide detectors, fire extinguishers

Smoke and carbon monoxide detectors, fire extinguishers

#### OCCUPANCY LIMITS

Max of two guests per room

N/A

#### ADVERTISING

Listings must include OSE registration number

N/A

#### CITY TAXES

5.875% hotel tax, \$1.50/day unit fee, 8.875% sales tax

0.5%-1.5% county sales surtax, 2%-5% county tourist dev tax

#### STATE TAXES

4% state sales tax

6% state sales tax

#### PENALTIES

\$1,000 to \$7,500 for violations

Fines vary by violation, typically start at \$150

# TOUGHER RULES AHEAD

*San Francisco CA*

## DATE PASSED

January 1, 2024 (latest update)

## LEGISLATION (CHAPTER 41A)

- ✘ **Annual registration** required
- ✘ **Max 90 nights/year** for entire home rentals without host
- ✘ **\$500,000 liability insurance**
- ✘ **Transient Occupancy Tax (TOT) of 14%, Business Property Tax, Tourism Improvement District (TID) fees**

## PURPOSE

Manage housing supply and neighborhood impacts

## IMPACT ON GUESTS

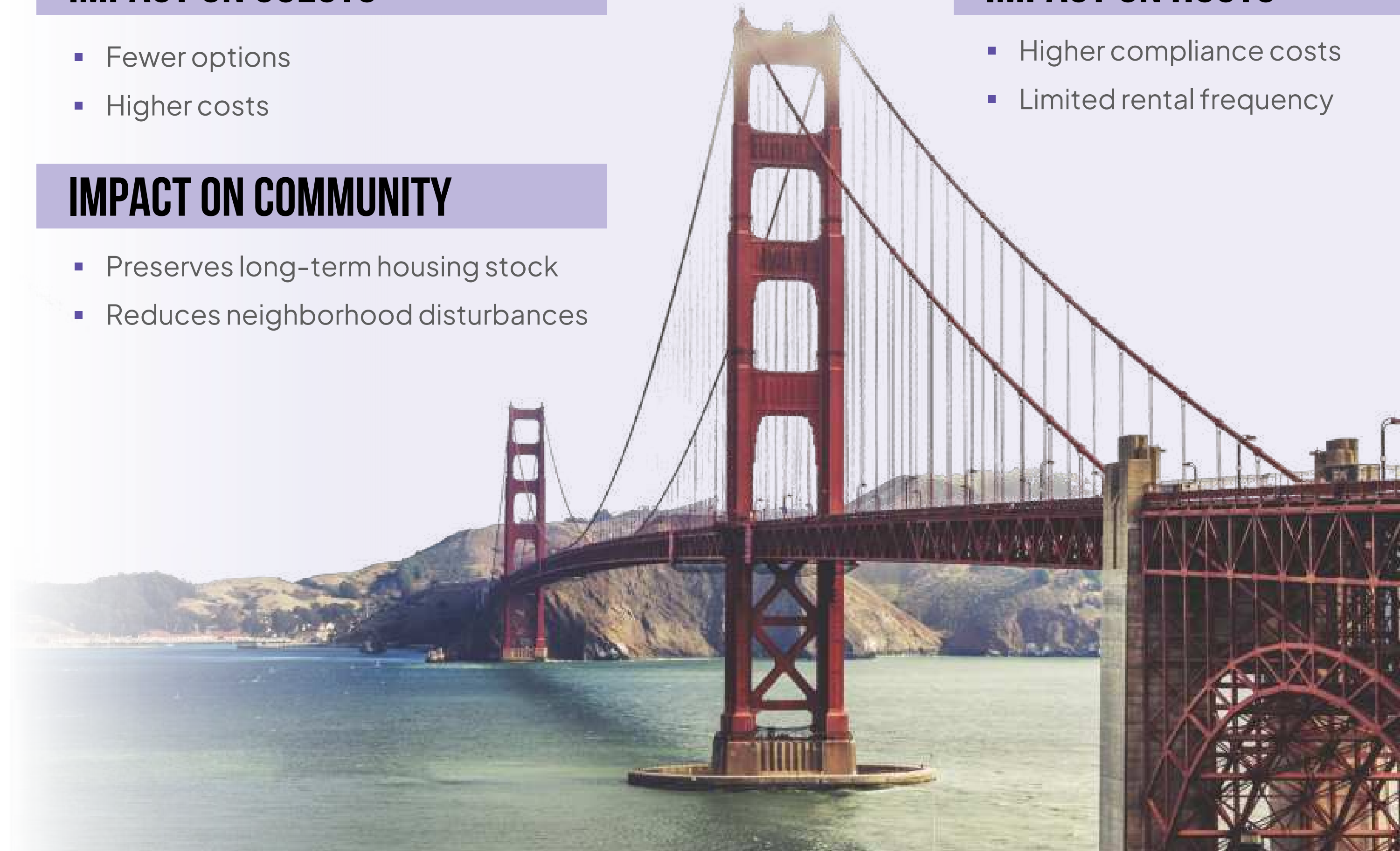
- Fewer options
- Higher costs

## IMPACT ON COMMUNITY

- Preserves long-term housing stock
- Reduces neighborhood disturbances

## IMPACT ON HOSTS

- Higher compliance costs
- Limited rental frequency



# TOUGHER RULES AHEAD

Oahu HI

## DATE PASSED

April 26, 2022

## LEGISLATION (BILL 41)

- ✗ Rentals under 90 days illegal unless a B&B or TVU
- ✗ No new B&Bs/TVUs in residential areas; allowed in resort zones
- ✗ \$1M liability insurance required

## PURPOSE

Reduce residential impacts and regulate STRs in resorts

## IMPACT ON GUESTS

- Fewer short-term options
- Higher prices

## IMPACT ON COMMUNITY

- Preserves neighborhood character

## IMPACT ON HOSTS

- Higher costs.
- Limited operation in residential zones



# STATE LEVEL LEGISLATION

*impacting short term rentals*



## NEW YORK

- **Date Passed:** June 18, 2024
- **Legislation:** Establishes a statewide STR registry, extends sales and occupancy taxes to STRs, and sets basic safety standards.
- **Impact:** Levels the playing field between hotels and STRs, generates tax revenue, and improves safety.



## TEXAS

- **Recent Proposals:** HB 2367 and HB 2789
- **Legislation:** HB 2367 prevents municipalities from regulating residential amenity rentals. HB 2789 regulates accessory dwelling units in single-family zones.
- **Impact:** Limits local control over STR regulations and could increase commercial uses in residential areas.

## FLORIDA

- **Date Passed:** May 3, 2024
- **Legislation:** Allows local governments to charge registration fees, fine STR owners for non-compliance, and requires compliance with occupancy limits.
- **Impact:** Standardizes regulations, improves safety, and maintains local control.



## OREGON

- **Pending Legislation:** Various bills addressing STR regulations and local control.
- **Legislation:** Includes measures to standardize STR regulations and ensure local compliance.
- **Impact:** Aims to balance tourism benefits with community impacts.



# BEST *effective management strategies* PRACTICES

# THE HOST PLAYBOOK

*10 winning strategies to thrive*

## #1 STAY INFORMED, ANALYZE THE MARKET

**Regular Updates:** Subscribe to local newsletters, join STR associations, follow regulatory updates

**Professional Advice:** Consult real estate attorneys or STR experts

**Market Analysis:** Use hard data (competition, property specs) and soft data (location appeal, accessibility)



## #2 DIVERSIFY AND OPTIMIZE PLATFORMS

**B.**

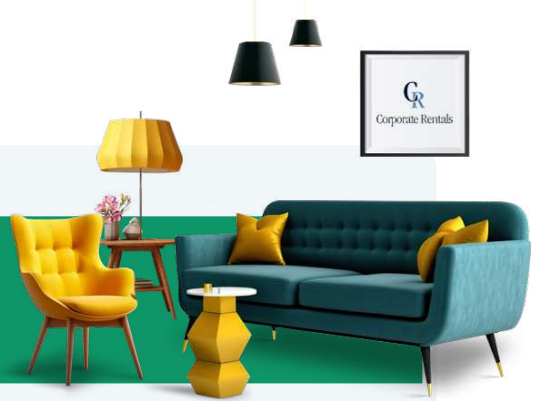
**Expand Listings:** Use multiple platforms like Vrbo, Booking.com

**Direct Bookings:** Boost with social media, SEO, and email marketing

## #3 ADAPT RENTAL MODELS

**Longer Stays:** Offer medium-term rentals (30+ days) to bypass certain restrictions

**Corporate Housing:** Target long-term corporate clients



## #4 ENSURE COMPLIANCE AND TRANSPARENCY

**Licensing:** Ensure and renew all necessary permits

**Tax Compliance:** Maintain accurate financial records



## #5 ENGAGE & ADVOCATE IN THE COMMUNITY

**Networks:** Join local host groups

**Advocacy:** Participate in local meetings and join advocacy groups



# THE HOST PLAYBOOK

10 winning strategies to thrive

## #6 ENHANCE PROPERTY AND HOSPITALITY



**Amenities:** Invest in high-demand amenities, ensure cleanliness and regular maintenance

**Elevate Hospitality:** Focus on exceptional service and thoughtful touches like guidebooks, welcome note, or small gift

## #7 OPTIMIZE PRICING AND MARKETING



**Dynamic Pricing:** Adjust rates based on occupancy & booking trends

**Target Marketing:** Identify and market to specific demographics

**Engage:** Quality photos, effective descriptions, and attractive titles

**Promotion:** Offer discounts for off-peak seasons, longer or early bookings; allow short stays for last-minute bookings

## #8 BE RESPONSIVE & COLLECT FEEDBACK



**Reviews:** Encourage guest feedback and promptly address issues

**Inquiries:** Respond to guest inquiries and messages quickly

**Information:** Provide clear and helpful information

## #9 EXPLORE ALTERNATIVE USES



**Event Hosting:** Use your property for events if STR is restricted

**Long-Term Leasing:** Transition to long-term rentals if necessary

## #10 MANAGE RISKS



**Insurance:** Get comprehensive STR insurance

**Contingency Planning:** Develop alternative revenue plans

# CASE STUDY #1

*apartment in NYC*

## STRATEGIES IMPLEMENTED

- Used MarketMinder to study NYC competition and demand trends
- Increased rates during major NYC events (Fashion Week); offered discounts during off-peak seasons
- Invested in pro photography to showcase apartment features
- Offered 30+ day rentals to attract business travelers, remote workers and students
- Upgraded kitchen
- Added rooftop terrace
- Use property management software (Hostaway) to streamline operations

**OUTCOME**

Occupancy rate	Revenue growth
<b>75%</b>	<b>+30%</b>
up from 55%	within 6 months



\*Source: Optimize By BNB. Not a photo of the actual listing.



# BEST *in the US* MARKETS

# TOP 10 STR INVESTMENT HOTSPOTS

## CRITERIA FOR SELECTION

- ✔ High occupancy rates
- ✔ High rental demand
- ✔ High returns
- ✔ Investability (cap rate)
- ✔ Favorable regulatory environment

RANK	CITY	CAP RATE	HOME VALUE	OCCUPANCY	ADR	ANNUAL REVENUE
1	Columbus, GA	9%	\$161K	60%	\$178	\$29K
2	Ellsworth, ME	6.3%	\$325K	73%	\$335	\$41K
3	Logan, OH	12.2%	\$233K	57%	\$343	\$57K
4	Spring Hill, FL	5%	\$389K	62%	\$251	\$39K
5	Sneads Ferry, NC	6.4%	\$555K	63%	\$461	\$71K
6	Winter Haven, FL	5.9%	\$264K	62%	\$206	\$31K
7	Stanton, KY	14.7%	\$146K	56%	\$236	\$43K
8	Port Angeles, WA	6%	\$390K	64%	\$289	\$47K
9	Akron, OH	9%	\$145K	57%	\$199	\$26K
10	Fairbanks, AK	6.7%	\$239K	65%	\$225	\$32K

MÎNUT

2024 analysis

# TOP 10 STR MARKETS TO WATCH

## CRITERIA FOR SELECTION

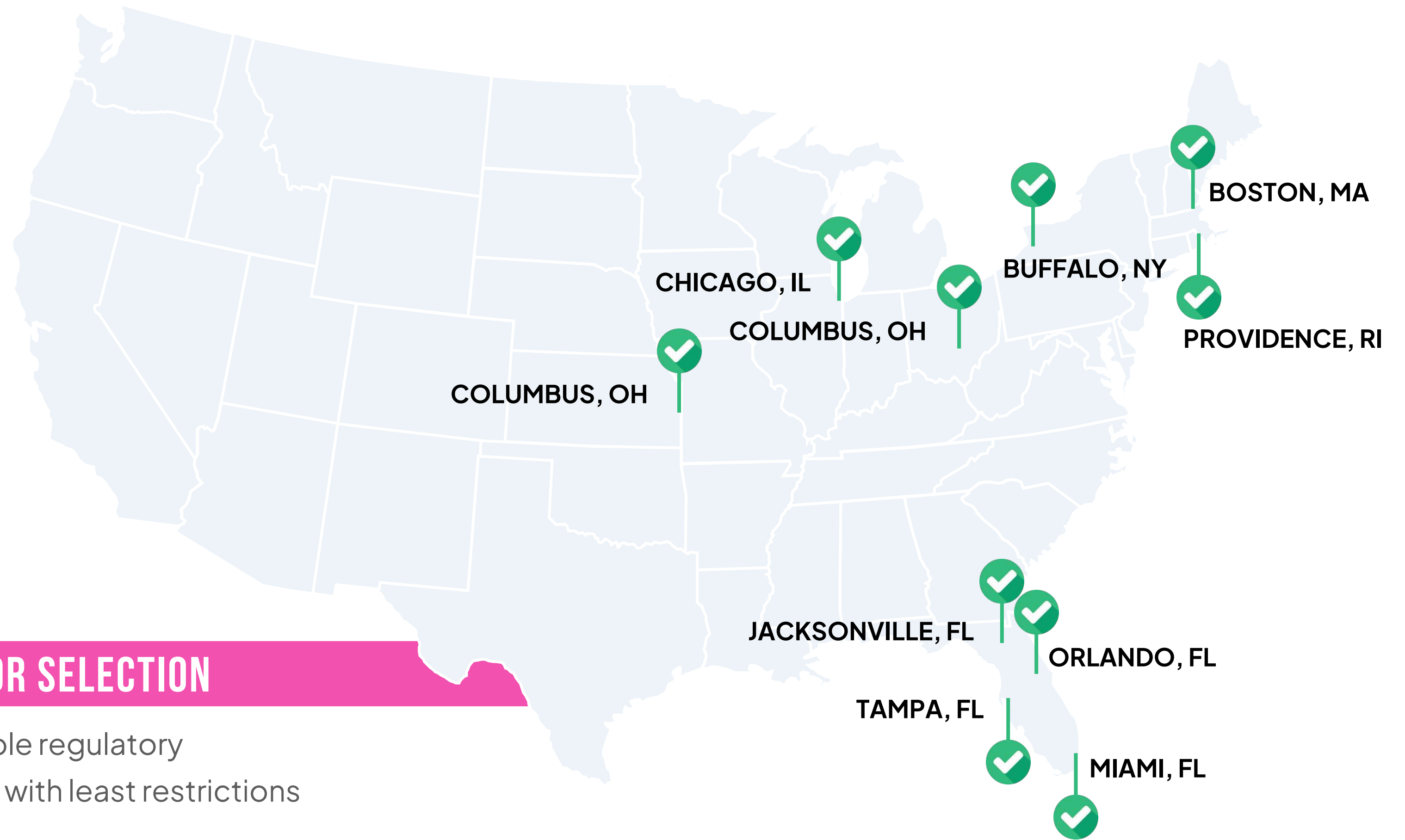
- ✓ High occupancy rates
- ✓ Strong average daily rates (ADRs & RevPAR)
- ✓ Positive revenue growth
- ✓ Seasonality
- ✓ Favorable regulatory environment

CITY	ADR	REVPAR	OCCUPANCY	REGULATION
Abiquiu, NM	\$207	\$133.6	63%	Permit required, lodgers and gross receipts tax, local rules on noise, trash & occupancy limits
Cooke City, MT	\$318	\$212.5	67%	Permit required, zoning restrictions, safety requirements
Creede, CO	\$275	\$142.6	51%	License required, adhere to occupancy limits and parking regulations
Paradise Valley, MT	\$320	\$188.6	58%	Permit required, comply with fire safety and building codes
Rico, CO	\$244	\$150.4	63%	License required, local rules on noise, trash, parking
Rodanthe, NC	\$376	\$282.8	72%	Permit required, pay state (4.75%) and local sales taxes (2-2.75%), adhere to safety standards
Tulsa, OK	\$177	\$97.0	53%	License required
Western Colorado	\$185	\$113.0	59%	Permits required, adhere to safety standards
Western Nebraska	\$120	\$56.8	47%	Registration required, local rules on occupancy, noise, and trash
Wisconsin Dells, WI	\$332	\$185.0	58%	Permit required, adhere to local safety standards and compliance

# TOP 10 STR-FRIENDLY CITIES IN U.S.

2024 analysis

- ✓ Tampa, FL
- ✓ Orlando, FL
- ✓ Jacksonville, FL
- ✓ Boston, MA
- ✓ Miami, FL
- ✓ Buffalo, NY
- ✓ Columbus, OH
- ✓ Chicago, IL
- ✓ Providence, RI
- ✓ Kansas City, MO



## CRITERIA FOR SELECTION

- ✓ Most favorable regulatory environment with least restrictions



# CHARTING *risks in short term rentals* CHALLENGES

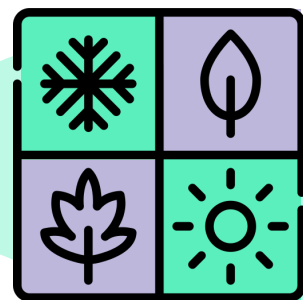
# NAVIGATING BLINDSPOTS

*insights and precautions*



## REGULATORY RISKS

- ✗ Increasing regulations and restrictions.
- ✗ E.g: NYC's strict short-term rental laws.



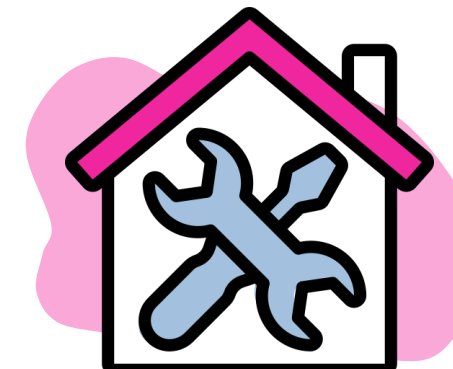
## SEASONAL DEMAND FLUCTUATIONS

- ✗ Inconsistent demand based on seasonality affecting revenue stability.
- ✗ E.g: Beach destinations like Myrtle Beach off-season.



## MARKET SATURATION

- ✗ High competition in popular destinations leading to lower occupancy rates.
- ✗ E.g: Oversupply in cities like San Fran.

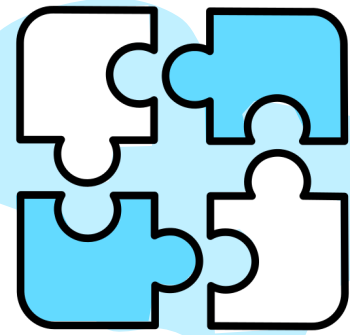


## MAINTENANCE COST

- ✗ Higher maintenance and cleaning costs compared to long-term rentals
- ✗ Frequent repairs due to guest turnover

# NAVIGATING BLINDSPOTS

*insights and precautions*



## MANAGEMENT COMPLEXITY RISKS

- ✘ Increased complexity in managing bookings, guest communication, and property upkeep.
- ✘ E.g: Managing multiple properties simultaneously.



## NEIGHBORHOOD IMPACT

- ✘ Potential conflicts with neighbors and HOAs.
- ✘ Community pushback against STRs.



## FINANCIAL RISK

- ✘ Significant upfront investment and ongoing costs.
- ✘ Potential for negative cash flow if occupancies drop.



## LIABILITY ISSUES

- ✘ Increased liability: damages and guest injuries.
- ✘ Need for comprehensive insurance coverage.

# NAVIGATING BLINDSPOTS

*insights and precautions*



## TAX IMPLICATIONS

- ✘ Complex tax reporting requirements.
- ✘ Varying local tax laws and regulations.



## ECONOMIC DOWNTURNS

- ✘ Vulnerability to recessions affecting travel/tourism.
- ✘ E.g: Impact of COVID-19 on STR demand.



# TOUGHER STR LAWS

*6 impacts on NYC*

## VISITOR DETERRENCE

**18% travelers**

less likely to visit NYC due to Local Law 18

## HOTEL PRICES

**65% travelers**

by increased hotel prices

## UNREGULATED PLATFORMS

**54% more likely**

to use unregulated STR platforms

## SHIFT IN ACCOMMODATION

**30% travelers**

prefer staying with friends/family, reducing tax revenue

## ECONOMIC IMPACT

**\$1.1B potential loss**

in tourism spending

## REGULATORY CONSEQUENCES

**More underground rentals**

fewer options, higher hotel prices



# REAL-LIFE CASE STUDIES

*lessons from industry challenges*

CASE STUDY

1

## REGULATORY CLAMPDOWN IN NYC

**Scenario:** Investor purchased multiple properties for STR.

**Issue:** NYC implemented strict regulations limiting STRs.

**Outcome:** Significant revenue loss; investor had to transition properties to long-term rentals, resulting in lower returns.



CASE STUDY

2

## MARKET SATURATION IN SAN FRANCISCO

**Scenario:** High investment in prime locations with high competition.

**Issue:** STR oversupply led to lower occupancy rates and reduced revenue.

**Outcome:** Investor faced financial strain; forced to sell properties at a loss.



# SHAPING *trends and predictions* THE FUTURE

# PROMISING 2024 OUTLOOK

*more promising than 2023*

## 2023

STR market reached **\$64B**, indicating strong potential

**24M nights** stayed in July, highest on record

**1.64M available listings** in September, a record high

**Low unemployment (3.7%)** and declining inflation (3.9%)

Rates **decreased from high of 7.8%**

Increasing popularity of **unique destinations** and smaller towns

**Adoption of advanced booking platforms** and management software

### REVENUE GROWTH

### HIGH OCCUPANCY RATES

### EXPANDING INVENTORY

### ECONOMIC STABILITY

### MORTGAGE RATE REDUCTION

### EMERGING MARKETS

### TECH ADVANCEMENTS

## 2024

**Sustained demand** and **increased travel spending** expected

**High occupancy rates** to continue, boosting profitability

Growing inventory signals **more investment opportunities**

**Stable economy** supports higher travel spending

**Lower borrowing costs** encourage new STR investments

**Diversification** into less saturated markets attracts more travelers

**Streamlined operations** and **enhanced guest experiences** lead to optimized revenue and higher occupancy

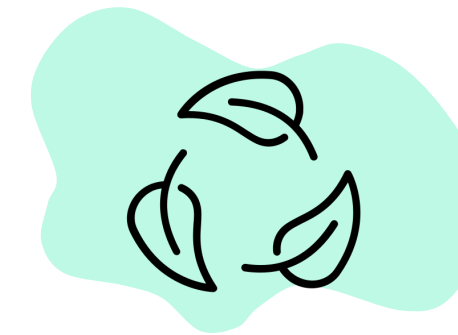
# EMERGING TRENDS

*shaping the future for STR*



## SUBURBAN AND RURAL AREAS

- Remote work and preference for less crowded areas (Hudson Valley NY).
- **Impact:** Increased demand for rentals in less urbanized locations.



## ECO-FRIENDLY STAYS

- Rising demand for sustainable accommodations (Boulder CO).
- **Impact:** Higher rates for eco-friendly properties.



## MID-SIZED CITIES

- Lower entry costs, rising popularity (Boise ID).
- **Impact:** Higher investment opportunities and occupancy rates.



## LEVERAGE TECHNOLOGY

- Better booking platforms, management software, and AI pricing.
- **Impact:** Streamlined operations and optimized revenue.

# EMERGING TRENDS

*shaping the future for STR*



## UNIQUE AND EXPERIENTIAL TRAVEL

- Popularity of tiny homes, treehouses, and immersive stays (Sedona AZ)
- **Impact:** Attracts niche and adventure travelers



## WORKCATIONS

- Combining work + vacation (digital nomads)
- **Impact:** Demand for properties with remote work amenities



## MILLENNIAL & GEN-Z TRAVELERS

- Preference for unique experiences over hotels
- **Impact:** Increased demand for Airbnb's



## WELLNESS TRAVEL

- Growing interest in health + wellness (retreats)
- **Impact:** Higher satisfaction with tailored wellness programs

# EMERGING TRENDS

*shaping the future for STR*



## SCREEN TOURISM

- Demand for experiences seen in media (e.g. Emily in Paris).
- **Impact:** Unique stays replicating popular settings.



## EVENT-DRIVEN TRAVEL

- Increased travel for events (e.g. Taylor Swift Eras Tour, Olympics).
- **Impact:** Higher occupancy during sporting events and concerts.





# RECAP

*journey through the STR universe*

# MISSION 10K

*building 10,000 affordable townhomes*

IN UNDERSERVED FAST GROWING SECONDARY MARKETS  
IN LOW PROPERTY-TAX STATES

# A SHATTERED DREAM: A CRISIS IN HOMEOWNERSHIP

*the end of the american dream?*

FOR FAMILIES EARNING  
**\$60K-\$80K**



## DIMINISHING RENTAL OPTIONS FOR HARDWORKING FAMILIES

FAMILIES EARNING \$60-\$80K MUST CHOOSE BETWEEN SUBPAR HOMES IN UNDESIRABLE LOCATIONS OR FORFEITING THE DREAM FOR CRAMPED APARTMENTS

**4.7M**

HOUSING SHORTAGE

SEVERE HOME SHORTAGE, SOARING CONSTRUCTION COSTS, ESCALATING NIMBYISM, AND STRINGENT LEGISLATION, ARE PUSHING HOMEOWNERSHIP FARTHER FROM REACH

TOTAL BUILDING COST DUE TO LEGISLATION

**42%**

ESCALATING CONSTRUCTION COSTS, NIMBYISM AND STRICT LEGISLATION, CONSTITUTING UP TO 42% OF BUILD COSTS, BRINGS FAMILIES FURTHER FROM THEIR DREAMS

# A COMPLETED MISSION 10K PROJECT: 66 UNITS BTR

*extraordinarily low tenant turnover*



<b>Construction</b>	Built in phases
<b>Unit type</b>	3 bed, 2.5 bath
<b>Unit size</b>	1,354 SF
<b>Parking</b>	Single car garage
<b>Backyard</b>	Private
<b>Ceiling height</b>	9 foot (lower level)
<b>Land cost</b>	\$4.10/SF

COMMUNITY LEASED

100%

LEASING VELOCITY

2-3/WEEK

PROFITABLE RENTS

\$1,546-\$1,780

VERTICAL CONSTRUCTION COST

\$115<sup>PSF</sup>

# THE TOWNHOME IS THE AMENITY

*a complete community with inexpensive amenities*



## IN-UNIT AMENITIES

- ✓ LVT Flooring
- ✓ Open Living Concept
- ✓ 9 Ft. Ceilings (First Floor)
- ✓ Stainless Steel Appliances
- ✓ Private Patio Per Unit

## COMMUNITY AMENITIES

- ✓ Common Courtyard
- ✓ Dog Park / Run
- ✓ Privacy Fences (3 Sides)
- ✓ Playground
- ✓ Picnic Tables



“

**MISSION 10K PROVIDES A**

*replacement American Dream*

**, WHERE EVERY FAMILY EXPERIENCES THE JOY AND  
COMFORT OF HAVING A PLACE CALLED HOME**

# WHAT IS MISSION 10K?

*a focused and specific mission*



## BUILDING WHAT AND WHERE

10K

Affordable townhomes in tertiary cities and far-flung secondary metros suburbs

LOW COST

Vertical construction costs \$120-\$140<sup>PSF</sup>

NO AMENITIES

Townhome communities with no pools, gyms or clubhouses

## DESIGNED FOR WHOM

FAMILIES WITH INCOMES BETWEEN

\$60K-\$80K

RENTS BETWEEN

\$1.5K-\$2K

## TYPICAL RENTS

MISSION 10K PROJECT RENTS

~\$1.40<sup>PSF</sup>



# POTENTIAL MISSION 10K PROJECT LOCATIONS

Mission 10K



01  
NORTHWEST ARKANSAS

Robust economy and thriving real estate market due to substantial population growth and a flourishing tech sector

02  
KANSAS CITY, MO

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FLOURISHING TECH INDUSTRY AND ROBUST AGRICULTURAL SECTOR FUELING RISING PROPERTY VALUES AND GROWING HOUSING DEMAND



03  
INDIANAPOLIS, IN

Significant investments in technology and manufacturing sectors are leading to increased housing demand

04  
GREENVILLE, SC

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DIVERSE INDUSTRIAL SECTOR FUELS A DYNAMIC MARKET, REFLECTING A SURGE IN HOUSING DEMAND AND RISING PROPERTY VALUES



05  
IDAHO FALLS, ID

Advancements in the energy, healthcare, and agricultural sectors propel the market with escalating property values and heightened housing demand

# JOIN US FOR

*Thank you*

20+

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With Anna Myers



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THANK YOU FOR JOINING US

QUESTIONS?



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# NEAL BAWA

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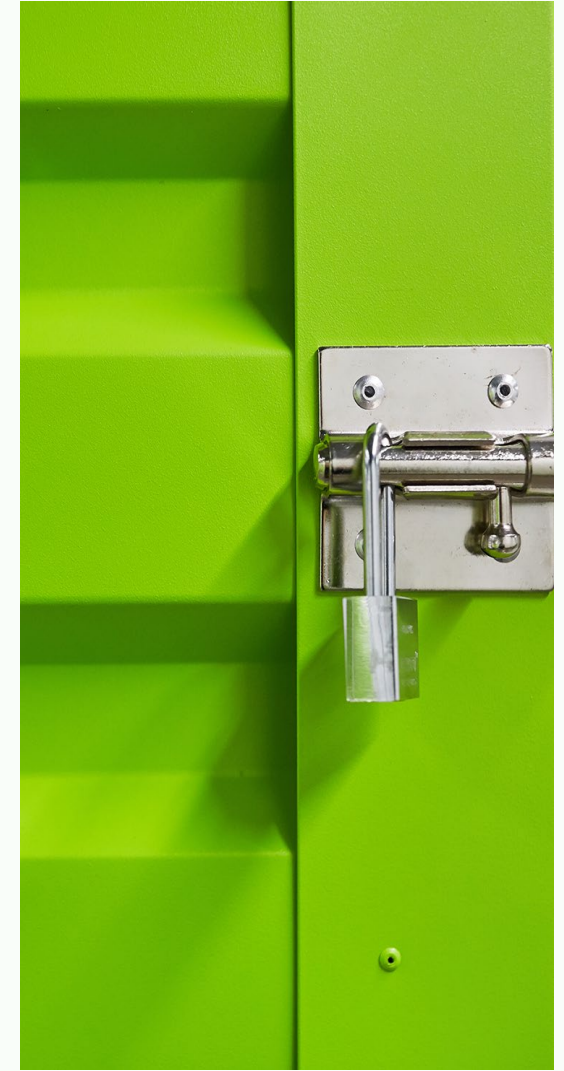
510-367-1510  
NEAL@GROCAPITUS.COM

# How it Works in an IRA



# What is a Self-Directed IRA?

A retirement account in which the individual is in charge of making all investment decisions



# What is a Self-Directed IRA?

Greater opportunity for  
asset diversification outside  
of traditional stocks, bonds,  
and mutual funds



# What is a Self-Directed IRA?

All securities and investments are held in a retirement account administered by a regulated custodian or trustee, following Internal Revenue Codes



# Tax Preferred Accounts: Funding vs Earnings



## Tax-Deferred Funding

With Traditional IRAs, you can invest with pre-tax income, allowing you to defer taxes until you withdraw earnings



# Tax Preferred Accounts: Funding vs Earnings



## Tax-Free Earnings

With Roth IRAs, you can invest with taxed income, allowing your investment earnings to grow tax free





# UBTI: Unrelated Business Taxable Income

## How does it work?

Unrelated business taxable income (**UBTI**) is money earned by a tax-exempt entity (like your IRA) that's not related to its tax-exempt purpose.

The IRS defines UBTI as “income from a trade or business, regularly carried on, that is not substantially related to the charitable, educational, or other purpose that is the basis of the organization’s exemption.”

To verify if your investments are deemed UBTI, please consult your tax advisor



# Getting Started in 3 steps



**Open an**  
Entrust Account



# Getting Started in 3 steps



**Open an  
Entrust Account**

**Fund Your  
Account**



# Getting Started in 3 steps



**Open an**  
Entrust Account

**Fund Your**  
Account

**Direct Entrust**  
to **Purchase**  
Your Asset

Let's Wrap Up





# What's Next?

**Need more information on SDIRAs?**

Visit our website and Learning Center

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# Question & Answer Session





# Stay Connected



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