

# Airbnb and Short Term Rentals



**OVERVIEW AND DISCUSSION  
CHAPEL HILL, CARRBORO, HILLSBOROUGH  
ORANGECOUNTYNC.GOV**

**PRESENTED BY CHAPEL HILL/ORANGE  
COUNTY VISITORS BUREAU**

# Agenda



- 4pm Welcome by Visitors Bureau Chair, Anthony Carey and Vice Chair, Rosemary Waldorf
- 4:15 pm Overview of Airbnb's impact in Orange County, Laurie Paolicelli
- 4:30 pm The attorney's perspective:
  - School of Government  
Rebecca Badgett
- 5: 15 pm Adjourn

# Facts: Short Term Rentals In Orange County



- As the AirBNB platform has been growing in popularity over the past three year, growth in Orange County has been substantial.
- In 2018, AirBNB produced \$9,744,165 in revenue.
- This is an increase of \$3,116,865 or 47.0% over 2017 which was up 65.2% or \$2,616,405 over 2016!

# Facts: Short Term Rentals In Orange County



- This growth has been mostly the product of increased room night demand.
- AirBNB occupied 76,523 units in 2018. This is up 23,886 room nights over 2017 production.

# Short Term Rentals In Orange County



- Demand has been outpacing supply despite 36.8% growth in supply in 2018. Homes/rooms available to rent on AirBNB in Orange County in 2018 represented 132,059 units.
- This is equivalent to a 362 room hotel. This number was up 33,029 units over 2017.
- This is growth of 90 rooms per night!

# Short Term Rentals In Orange County



- Despite this considerable growth in demand, ADR growth has been dwindling and was only up \$1.43 or 1.4% from \$125.91 to \$127.34.
- Since most of these homeowners are not hoteliers, this stagnation in rate most likely will continue without education.

# Short Term Rentals In Orange County



- This ADR, while very close to the average hotel room rate for the county in 2018, is actually very low when you consider that 83% of the units sold were entire homes.
- These units are essentially competing with a hotel's highest level suites in space and bedrooms at a rate very close to entry rate for the hotel.

# Short Term Rentals In Orange County



- When you break out these Entire Place units specifically, ADR is actually down in 2018.
- ADR in 2017 for an Entire Place was \$137.87. In 2018, this number decreased to \$137.13 per night.

# Short Term Rentals In Orange County



- Demand throughout the year mirrors hotel demand with Spring and Fall occupancy being the highest.
- ADR also nuances based on demand throughout the year.
- May: the first of seven months which AirBNB occupied more than 7K room nights in a month.
- Only November fell short of this number but still grew year over year.
- Prior to 2018, there was not a month which exceeded 6K room nights.

# Short Term Rentals In Orange County



- The busiest months in 2018 were May, October, and December.
- While May and October are typically busy in hotels, the December demand points more towards holiday related activity.
- In each of these three months, AirBNB topped \$1MM.
- Prior to 2018, there was not a \$1MM month recorded in any prior year.

# Short Term Rentals In Orange County



- Demand growth on this platform has not shown any indication of stabilization.
- For example, revenue in December was up 90.6% over December 2017.
- AirBNB will continue to be a popular option for travelers and locals looking to share space with friends and families.

# Local Regulation and Occupancy Taxes



- With the growing popularity of AirBnB's and other short term rentals, more and more North Carolina local governments are questioning whether to regulate these properties and wondering how best to ensure collection of their occupancy taxes.
- Rebecca Badgett will discuss the local regulation of short term rentals and explain the nuts and bolts of the occupancy tax process.

# Rebecca Badgett



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## Rebecca Badgett:

# The Airbnb Gold Rush: What's a City to Do?



- Most of us know that Airbnb is popular, but how big is it really? Well, the statistics are mind-boggling.
- It is not just Airbnb that is exploding.
- As the sharing economy continues to grow, web-based booking sites like VRBO, Homeaway and FlipKey are also gaining momentum. These booking platforms are here to stay.

# Regulation of STRs



- Local governments have begun to ask what, if any, steps they should take to regulate the short term rental market?
- , (“STR” for short) is usually for a term of 30 days or less. Both nationwide and locally, the regulation of these properties has become a hot topic as some cities have opted to ban these rentals while others have chosen to let sleeping dogs (or houses) lie.
- Discussion