



# ALLIANCE OF DOWNTOWN CIVIC ORGANIZATIONS

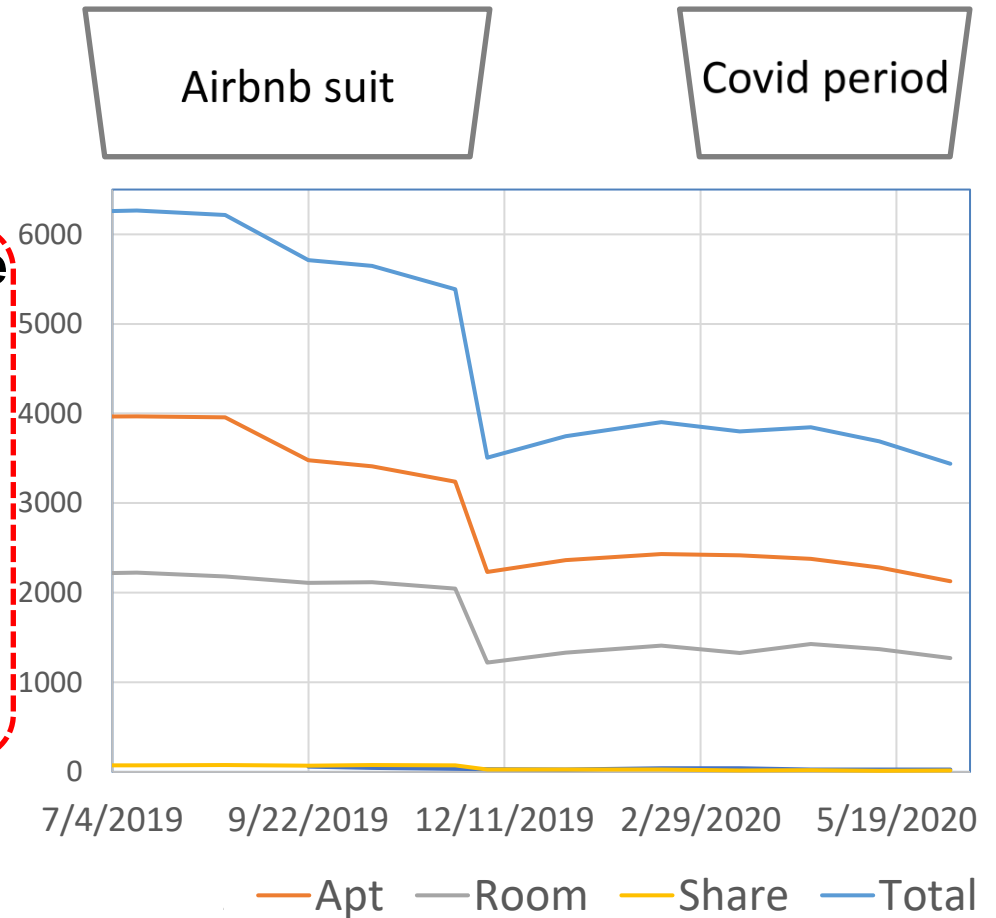
## Short-Term Rental Update: 6/23/2020

The Alliance of Downtown Civic Organizations was formed in 2014 to represent interests of Downtown Boston residents (including **Bay Village, Back Bay, Beacon Hill, Chinatown, Fenway, Midtown/Downtown, North End, South End** and **West End**). ADCO focuses on city-wide matters, from urban planning to the protection of residential quality-of-life, unifying the collected voices of the residents' associations representing our Downtown neighborhoods. Boston's Downtown area is an important part of our residential community, accounting for over 20% of the City's population. Our Downtown neighborhoods are also those most affected by the rapid rise of AirBnB and other short-term rental platforms.



# Boston Short-Term Rental Status: Flat Since December, with Growing Abuse of Loopholes

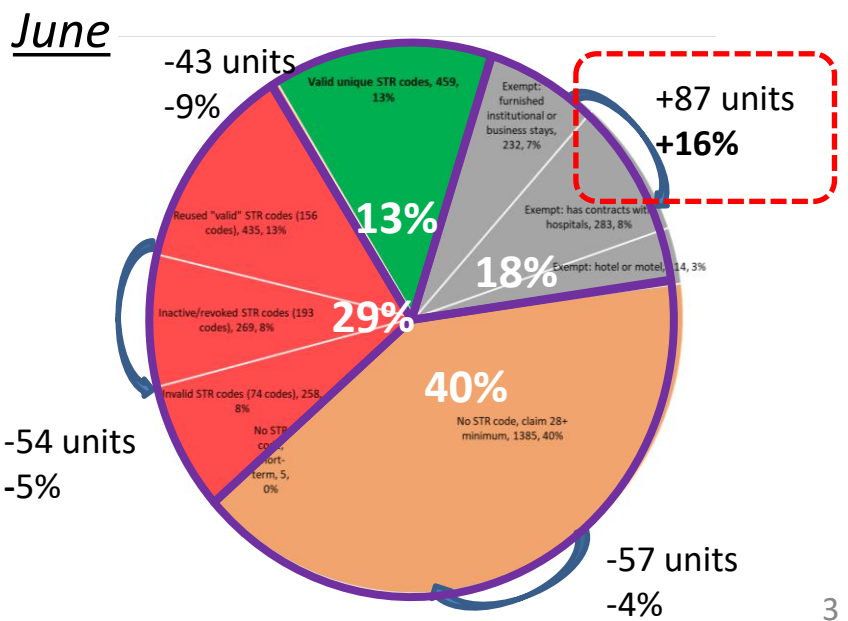
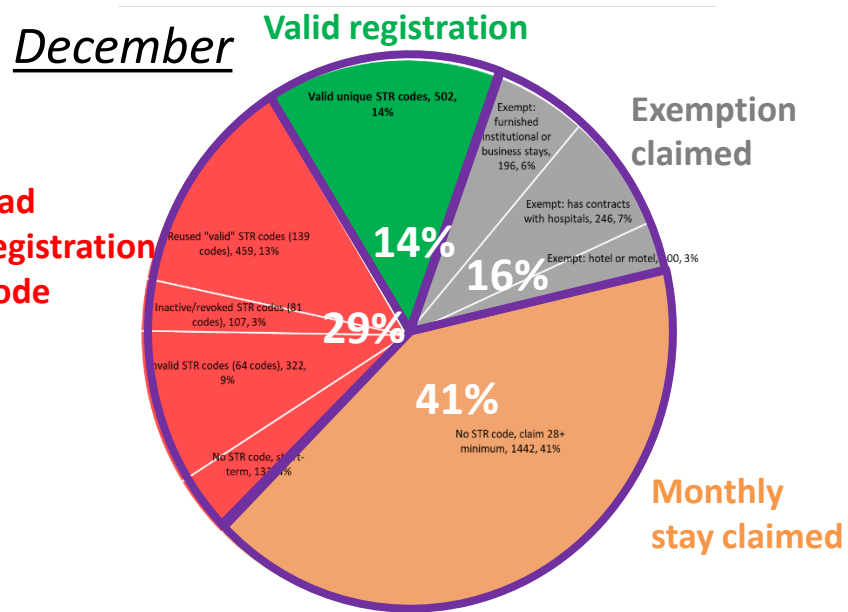
- Post Airbnb settlement, Boston settled into a new equilibrium of around 3,500 units, down from 6,000+ pre-settlement (as measured by InsideAirbnb)
- Boston's short-term rental listings have been flat since, with a small December-March rise and April-June giveback
- Through April, corporate (fake hotel) listings grew while individually owned listings fell - 60% of the growth was from listings offered by 25+ unit hosts)
- Worrisome use of STR ordinance exemptions, including widespread Executive Suite "cover" for single-night hotel stays, has been increasing since December





# During Covid, Listings Remain Flat and Loophole Use Is Up, While Registrations Have Slowed

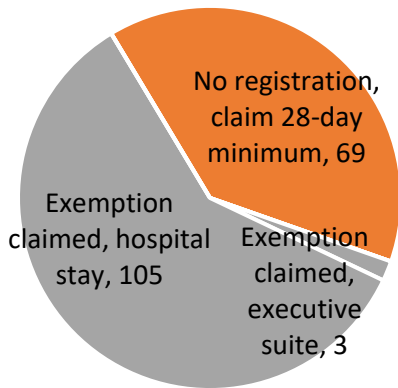
- The percentage of **legally-registered** STRs (in **green**) has shrunk since December
- **Executive Suite and similar exemption claims** (in **gray**) is the “hot” loophole, **growing 16% since December** - Executive Suites need not be registered or licensed by the City
- Other Boston Airbnb listings evade registration by claiming **monthly stays** (**orange**) – many of these listings are **routinely offered for periods less than 28 days** (20% have multiple reviews per month on Airbnb, a clear “tell” that these are not monthly rentals!)
- Misuse of **bogus/duplicate/expired** STR codes (**red**) has held steady since December at roughly 29% of Airbnb listings





# Several “Corporate” Players Avoid Registration by Claiming Exemptions, Using Fake Numbers

- Exemptions like the Executive Suite loophole are popular with “fake hotels” wishing to evade the short-term rental ordinance – exemption use is growing
- Other “fake hotel” hosts just use invalid registration numbers



Churchill



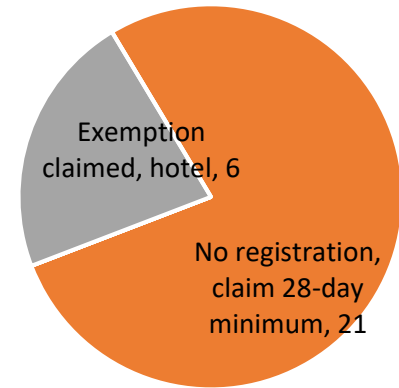
Nora House



Bluebird



Evonify



Barsala



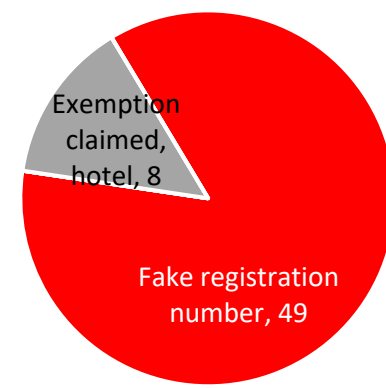
Temple Place



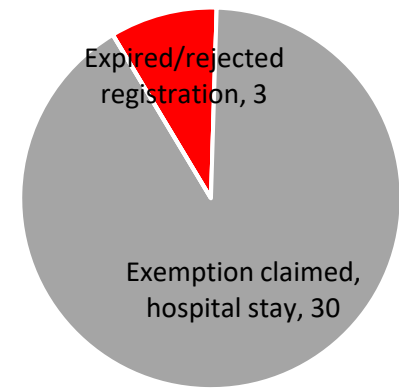
Eder



Sonder



Bay Village

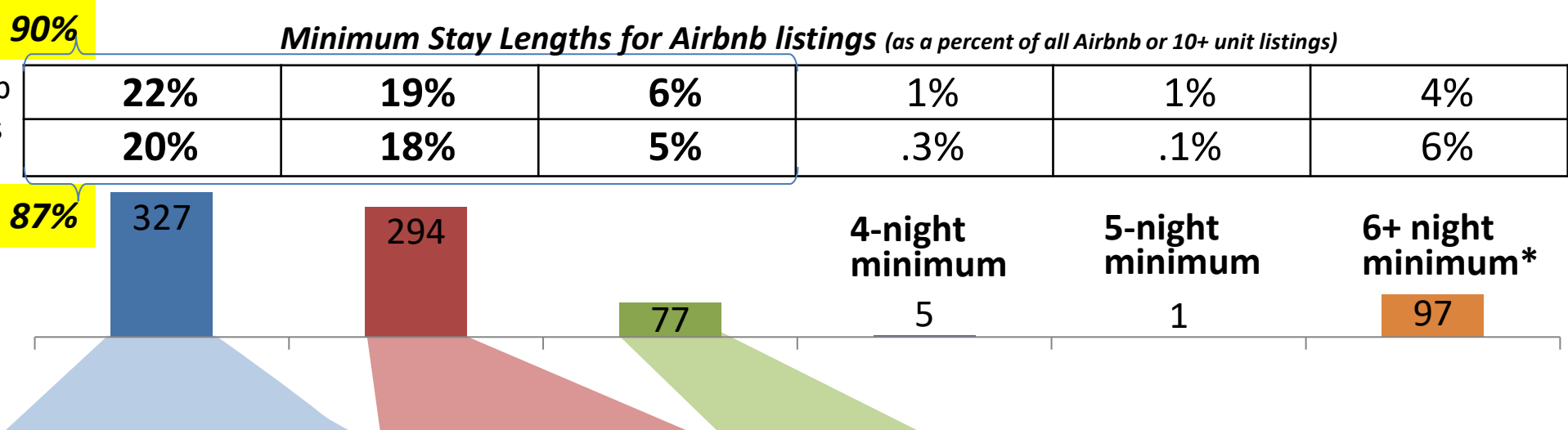


Together We



# Beware Operators Who Claim They'll Avoid Nightly Stays Yet Seek Zoning Status To Allow It

- Even seemingly legitimate corporate short-stay providers use the Executive Suite exemption improperly – Churchill, for instance, has an average minimum stay of over 30 days BUT has many individual listings with 1-night minimums
- Blatant “fake hotel” operators show even more hotel-like numbers on Airbnb



<h3>“(Fake) Hotel” Group</h3>	<h3>Actual Corporate</h3>
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Source: Inside Airbnb data, April 2020, ADCO analysis \*excludes long-term listings with stays over 28 days



# Boston's AirBnB Hosts Have Become Even More Dominated By "Fake Hotels" Than In the Past

- In October 2017, 44% of Airbnb units were offered by individual hosts, “one host, one unit, one listing” – this group represented 79% of all Boston hosts
- By April 2020, only 4% of the hosts (47) accounted for 42% of the Airbnb units on the Boston market, while individual hosts sank to only 23% of units
- This huge increase in STR concentration (from 56% units from multi-unit hosts to 77%), and the “flip” in balance of single and multi-unit hosts, is exactly the opposite of what the STR ordinance was intended to do – STRs have become even more corporate, “fake hotel”-dominated than before

*\*Even if longer-term stays are suppressed, 5+ unit hosts still account for 50% of today's listings*

	October 2017				April 2020			
	hosts		units		hosts		units	
All hosts	2705		4870		1331		3845	
Single unit	2150	79%	2150	44%	902	68%	902	23%
2+ unit hosts	555	21%	2720	56%	429	32%	2943	77%
5+ unit hosts	112	4%	1640	34%	137	10%	2197	57%
10+ unit hosts	39	1%	1175	24%	47	4%	1615	42%





# The Largest Multi-Unit STR Players in Boston, the Worst Loophole Offenders, Are Growing

**Blueground Secures \$50M Series B Funding**  
2019-10-24  
massinvestor connect with capital  
NEW YORK, NY, Real estate technology company Blueground today announced the closing of a \$50 million Series B funding round. The round was co-led by two prominent investment firms: WestCap Investment Partners and Laurence Tosi, an experienced investor and operator, who served as the long time CFO of Airbnb, the leading home-sharing marketplace. Blueground envisions a world in which people can feel at home wherever they choose to live.

**Stay Alfred Raises \$15 Million to Bring Hotel Service to Short-Term Rentals: Travel Startup Funding This Week**  
Sean O'Neill, Skift - Jan 19, 2017 6:30 am  
Stay Alfred's \$15 million Series A funding may have raised eyebrows, but the company — which services apartment-style hotels — says the money will be used to expand its footprint in major cities across the U.S.

**This NYC Startup is the New Name in Short Term Rentals**  
February 15, 2018 by AlleyWatch  
are more suited to your needs. If you want more control of your experience as a homeowner or even as a renter, Domio is for you. Unlike other rental platforms, Domio pays homeowners month-to-month and completely manages the home from furniture to payments, giving you the stress-free experience of renting out your home. As a renter you gain access to a consistent clean and welcome experience with

**Airbnb Competitor Domio Lands \$100M; Aims To Double Market Share**  
By PYMNTS  
Posted on December 18, 2019  
Domio, a multi-unit short-term rental (STR) platform, has secured a \$100 million Series A funding round. The round was led by PE Hub Network, a community for professionals in private capital. Domio aims to double its market share in the multi-unit STR market.

**PE HUB NETWORK**  
A COMMUNITY FOR PROFESSIONALS IN PRIVATE CAPITAL  
BUYOUTS VQ PRATTS ONLINE PARTNERCONNECT EVENTS  
News Briefs Opinion Jobs Videos Members Podcasts Emerging Managers  
Hometel provider Sonder raises \$10 mln in Series A financing  
September 22, 2016 By Erik Falconer  
Sonder, formerly known as Flatbook, has secured US\$10 million in a Series A financing, bringing its total funding to date to over \$15 million. U.S. venture capital firm Spark Capital led the Series A and was joined by Thayer Ventures, Real Ventures, BDC Capital, and other investors. Founded in 2012, Montréal-based Sonder specializes in providing "hometel" rental services to travelers. The company currently

**Fifth Wall backs 'Lyric' to develop the next-generation of short-term rentals for Multi-Family partners**  
Lyric Gains Access to Best in Class Real Estate Owner and Operator Partnerships to Develop the Newest Category of Accommodations  
Short-term rentals have grown at an astounding rate over the last decade. The rise of short-term rental marketplaces offer consumers unique accommodation experiences better connected to the cities they inhabit. With those marketplaces come a level of illegitimacy, illegality, and inconsistency in quality. As Airbnb and other short-term rental marketplaces have faced growth constraints due to a nearly fully penetrated vacation and leisure

- Large-scale speculators have targeted Boston's STR market because of enormous short-term return-on-investment
- "Fake hotel" groups operating in Boston with over \$250M in professional venture financing account for the majority of listings on Airbnb, often posing as Executive Suites
- Boston's "fake hotel" players are large: Sonder has estimated revenues over \$400M; Domio ("Anthony") claims \$30M revenues; Stay Alfred over \$40M; Barsala \$10M
- These revenues are more comparable to local Inc 5000 businesses like Sprindrift Beverages (\$26M), Bluewave Solar (\$40M), and Blount Fine Foods (\$340M)
- Almost all of these big "fake hotel" players are not Boston-based companies: Sonder is from Montreal, Stay Alfred from Spokane, Domio New York City, Barsala Seattle