



ALLIANCE OF DOWNTOWN CIVIC ORGANIZATIONS

Short-Term Rental Update – Boston 4Q20

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.



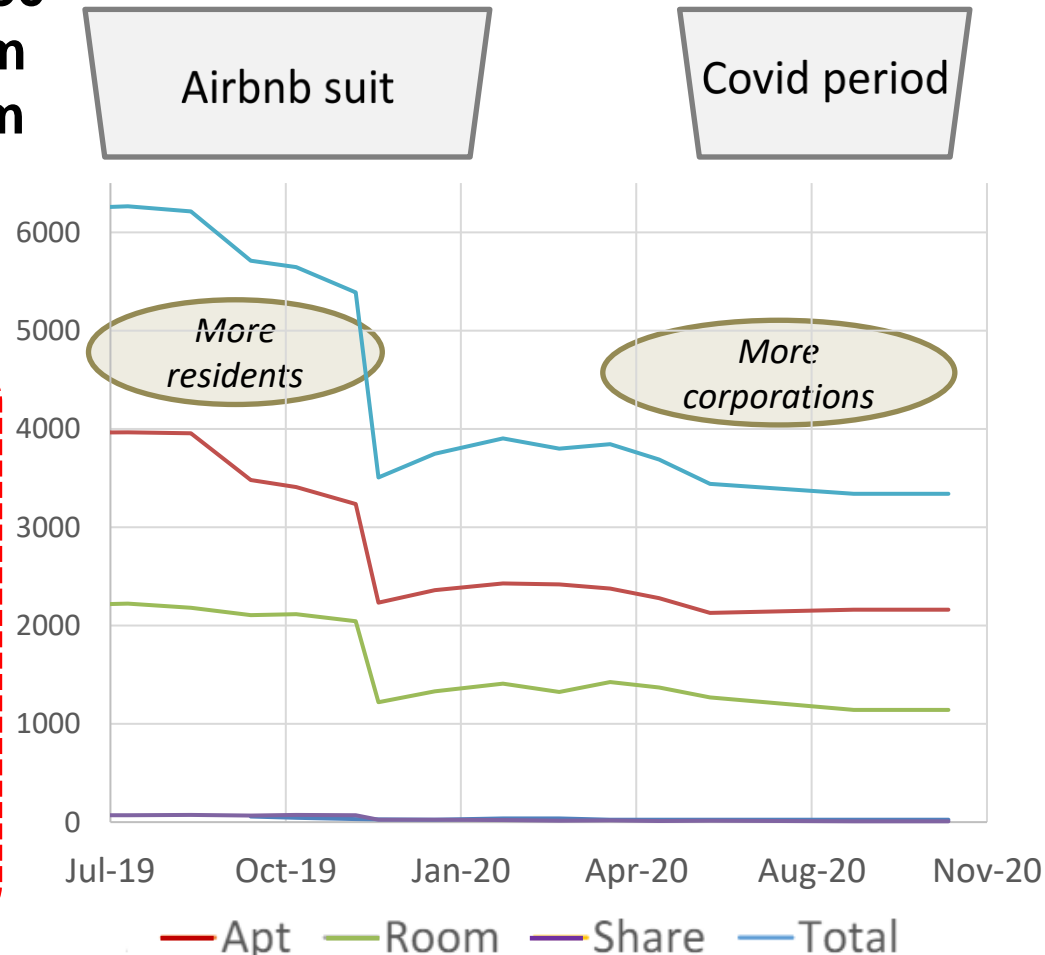
Looking at All Boston STRs, We See Flat Listings But Ongoing Failures to Register

- After the Boston/Airbnb CDA Section 230 settlement, Boston hit a new equilibrium of around Airbnb 3,500 units, down from 6,000+ pre-settlement (as measured by InsideAirbnb) – the change was similar to San Francisco’s

- Boston’s STR listings have been flat since last year, with a rise through March and a post-April Covid giveback

- Through November, corporate (fake hotel) listings grew while individually owned listings fell - 60% of the growth in 2020 was from listings offered by 25+ unit hosts (the “fake hotel” group)

- Claims of “exemptions” to cover for single-night hotel stays has been increasing consistently through 2020



While the reduction in Airbnb listings in Boston was comparable to San Francisco’s, our registration percentages are running at less than half as many

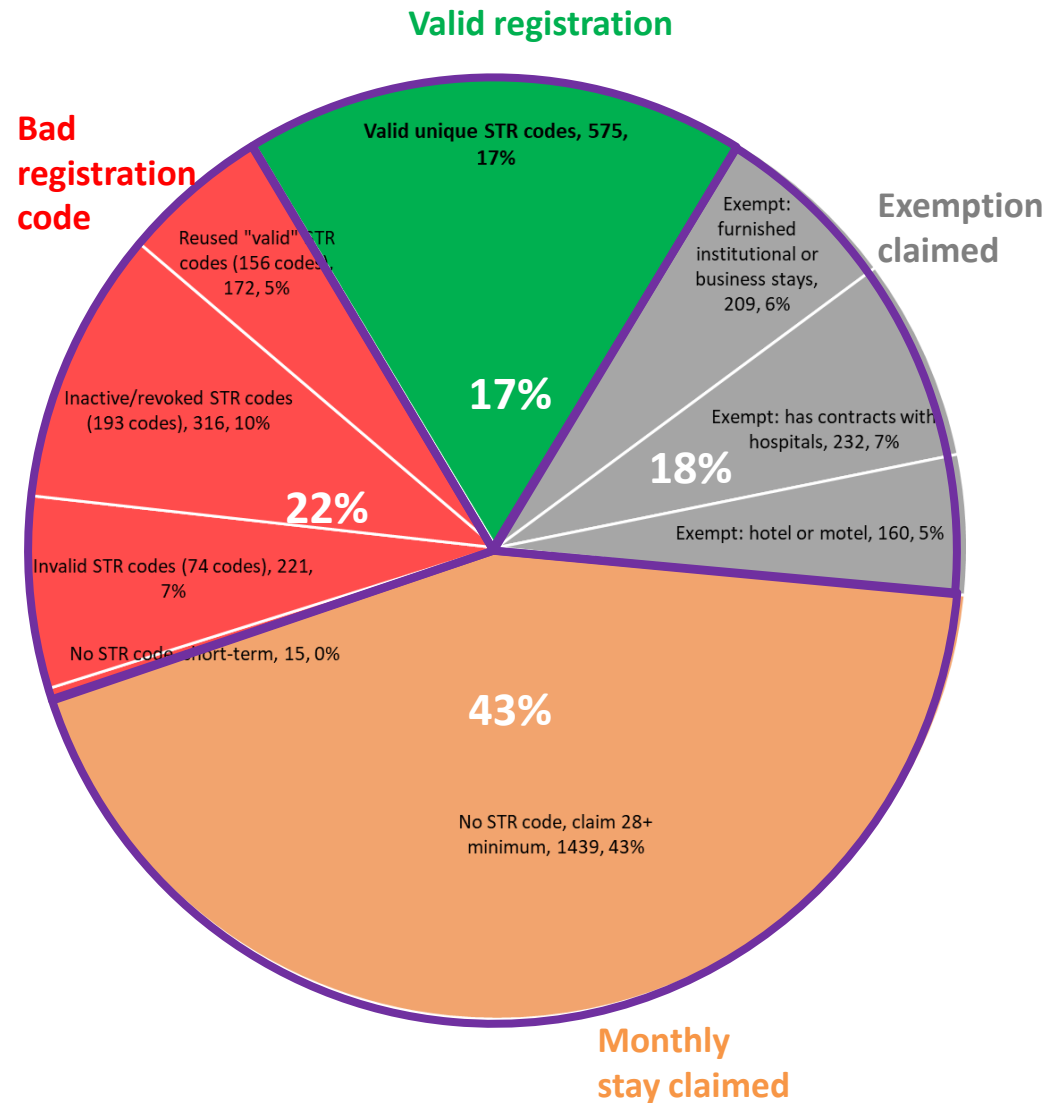


Since December, Registered Airbnb Listings Flattened While Loophole Use Rose

• *Business stays and other similar self-granted exemption claims (in gray) are the “hotspot” loopholes, growing 16% since December ‘19 – these categories are almost never 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!)

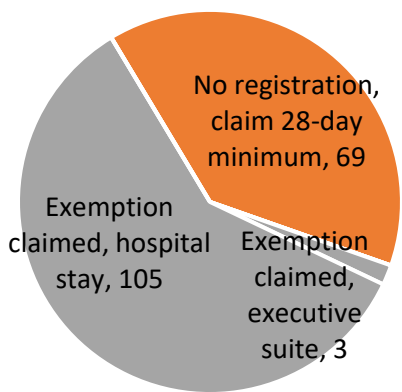
• Misuse of *bogus/duplicate/expired STR codes (red)* has held steady at roughly 22% of Airbnb listings



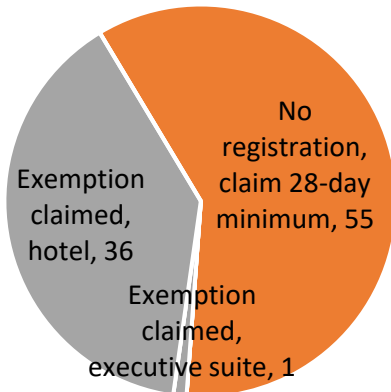


Many “Corporate” Players Avoid Registration by Claiming Exemptions & Using Fake Numbers

- **Exemption use is popular with “fake hotels” wishing to evade the short-term rental ordinance – but questionable legality will inevitably encourages these players toward more sustainable positions (including market exit)**



Churchill



Thatch



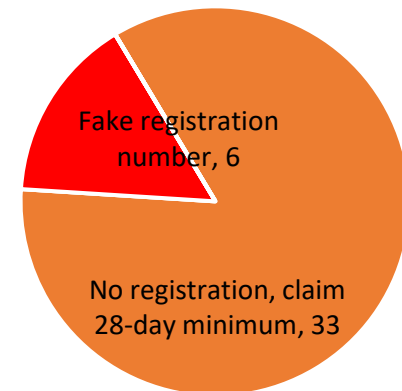
Sonder



Bluebird



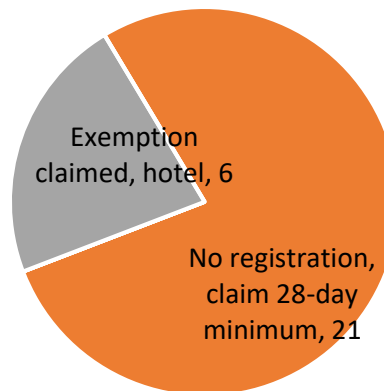
Evonify



Swank



Together We



Barsala



STARZ



Eder



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

- Since the ordinance, there has been huge increase in STR concentration (from 56% units from multi-unit hosts to 77%), the opposite of what the STR ordinance was intended to do – STRs have become even more corporate, “fake hotel”-dominated largely because of Covid-impeded enforcement
- In October 2017, 44% of Airbnb units were offered by individual hosts, “one host, one unit, one listing”, representing 79% of all Boston hosts – but by April 2020, only 4% of the hosts (47) accounted for 42% of the Airbnb units
- By September 2020, 25% of all Boston Airbnb listings are found at just 49 addresses

**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

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 welcoming experience with

Airbnb Competitor Domio Lands \$100M; Aims To Double Market Share
By PYMNTS
Posted on December 18, 2019

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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

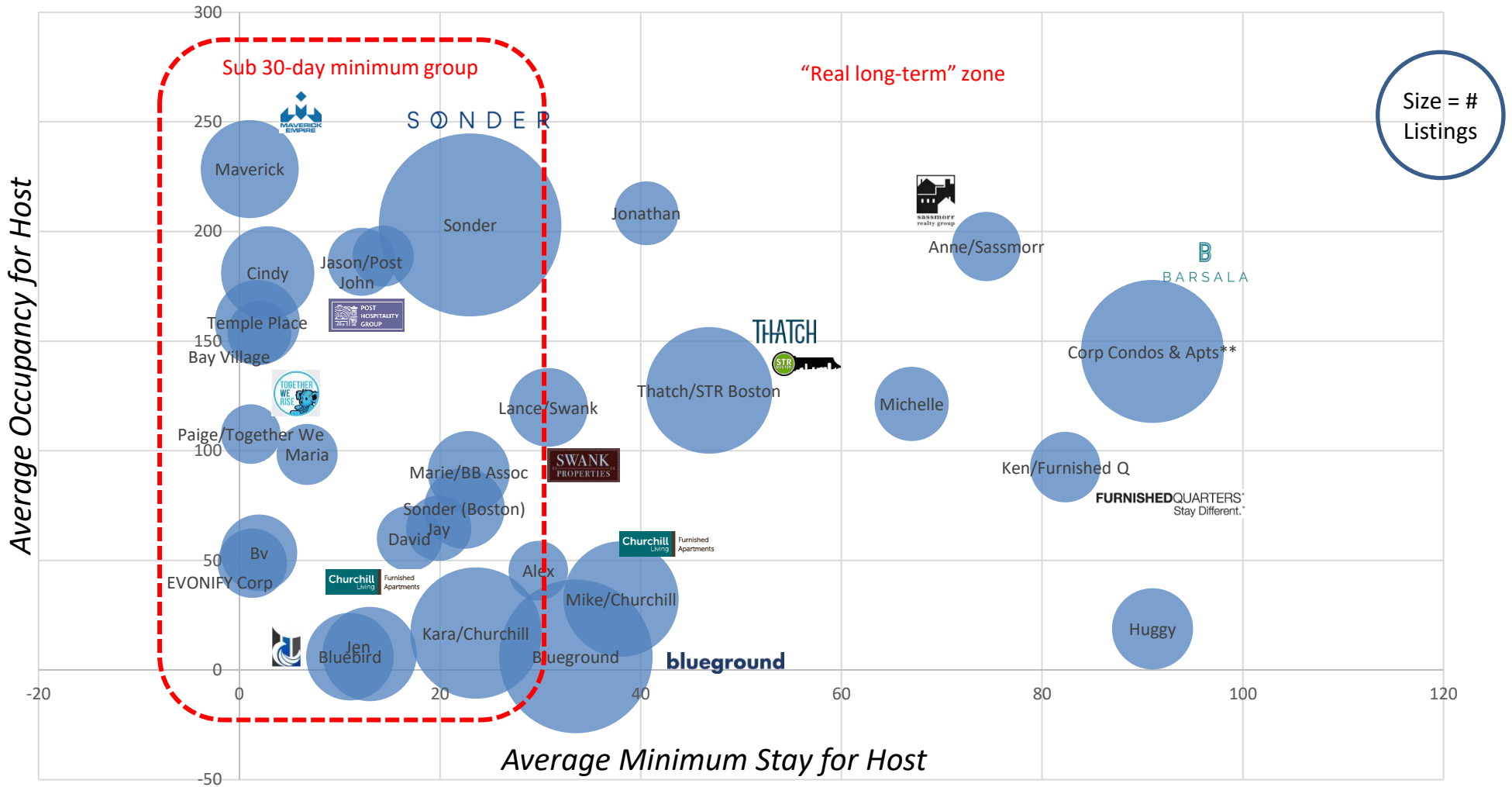
Fifth Wall backs 'Lyric' to develop the next-generation of short-term rentals for Multi-Family partners
Lyric Gains Access to Best in Class Real Estate Owner and Operator Partnerships to Develop the Newest Category of Accommodations

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; 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



Real Business Stay Vendors Have Minimum Stays Well Over 30 Days – “Fake Hotels” Don’t



ADCO believes that these multi-unit STR hosts will ultimately be bound by the restrictions of Boston’s STR Ordinance, or will have to obtain proper Hotel or B&B licensing