

Vacation Rental Market Snapshot

CALIFORNIA

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Vacation Rental Market Snapshot: California

We have compiled an overview of some of the top short-term rental markets in the state of California.

About AllTheRooms Analytics

AllTheRooms Analytics is the world's leading provider of data and analytics for the tourism and short-term rental industries.

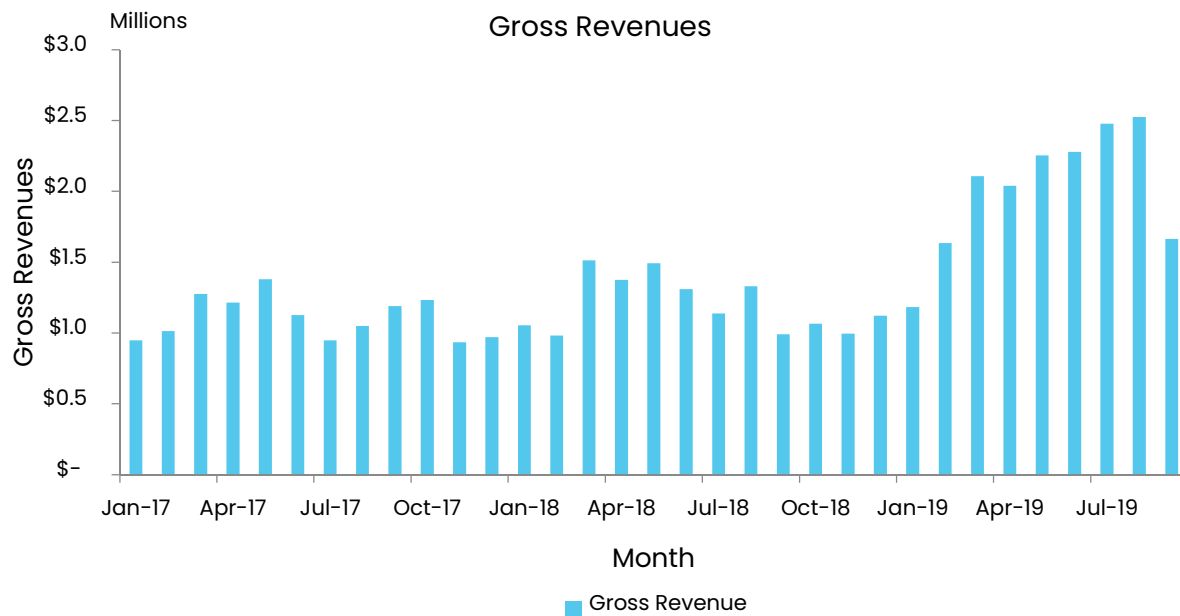
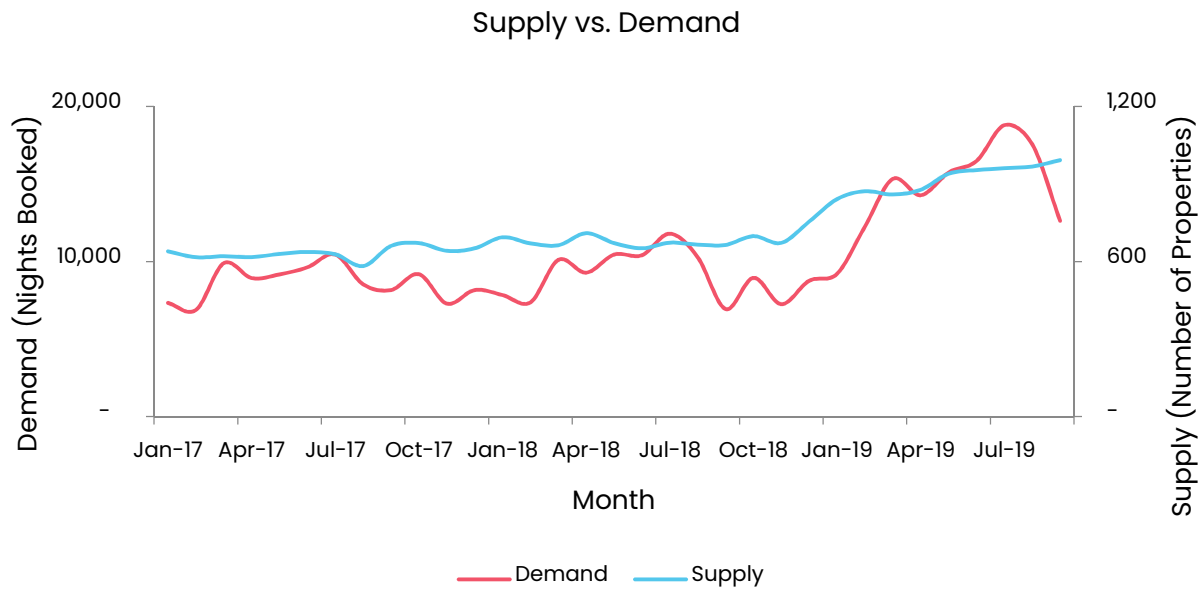
AllTheRooms Analytics helps our partners understand the impact of the fast-growing vacation rental market. We work with a wide variety of clients from Destination Marketing Organizations such as Visit Florida, to large hotel chains including Marriot. We've even starred in a vacation rental-focused Netflix series!

If you have any questions or would like to learn more about our products, please visit our site at alltherooms.com/analytics or contact us at analytics@alltherooms.com.

Technical Notes

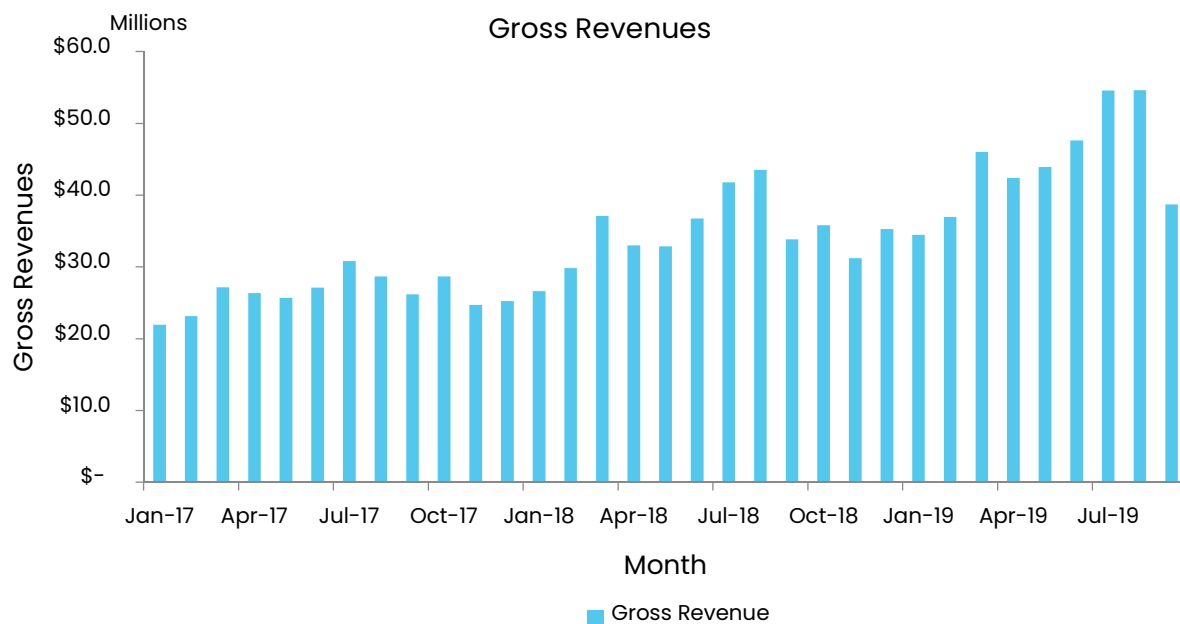
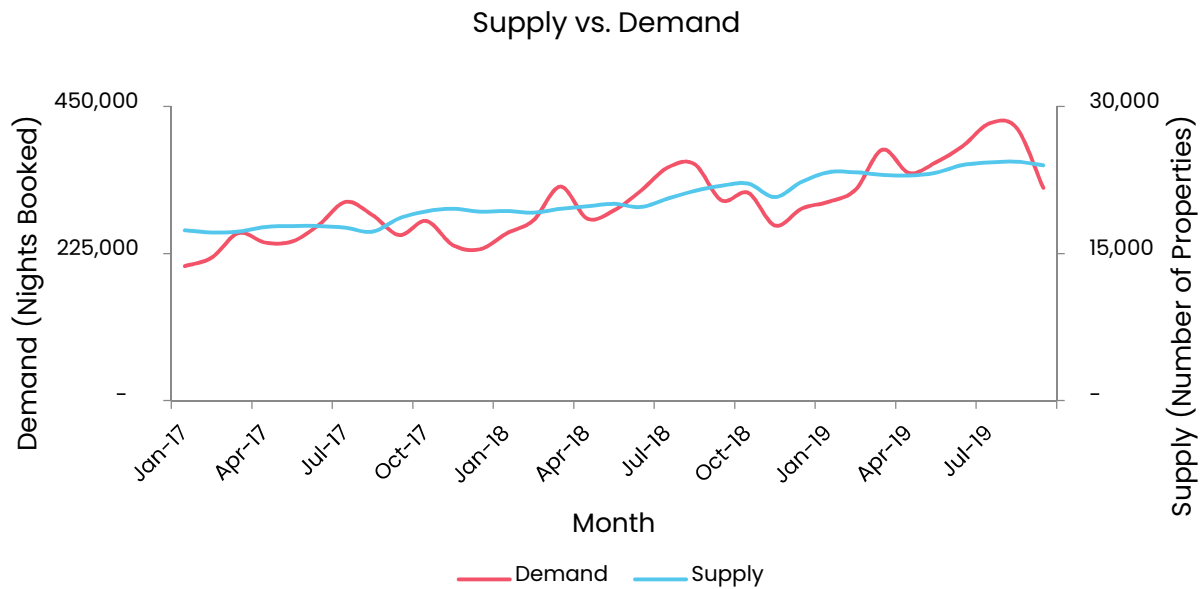
- 1) All data below is based on Airbnb listings. Our full products provide 100% coverage of all the major vacation rental platforms.
- 2) AllTheRooms Analytics' analysis excludes inactive properties (as defined by the vacation rental platform the property is listed on) and dormant properties (defined by AllTheRooms as properties without a booking for 365 days or more).

Anaheim



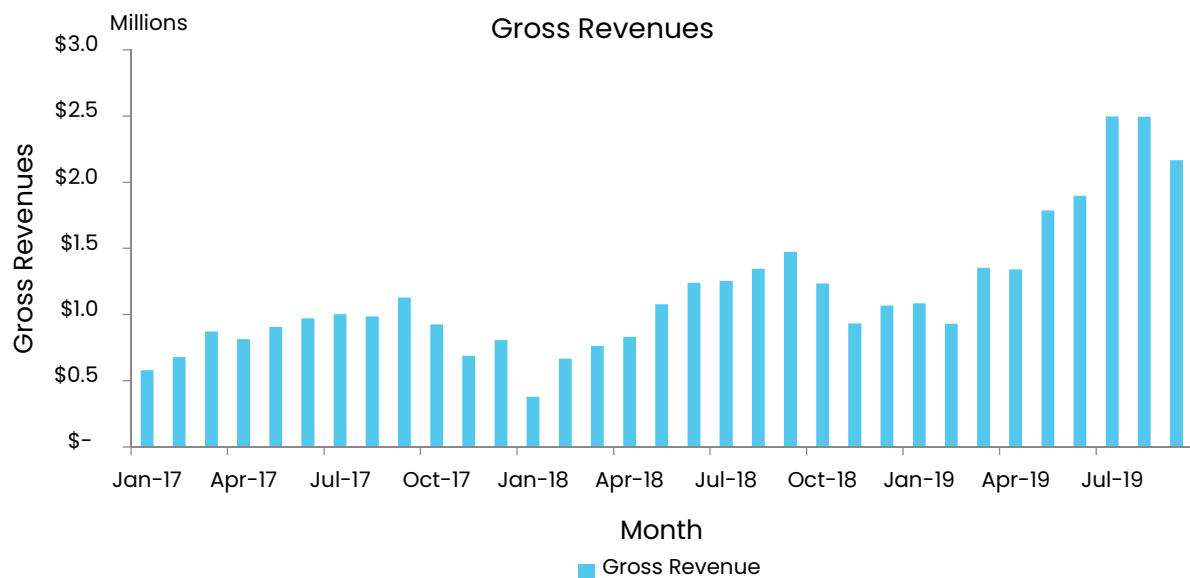
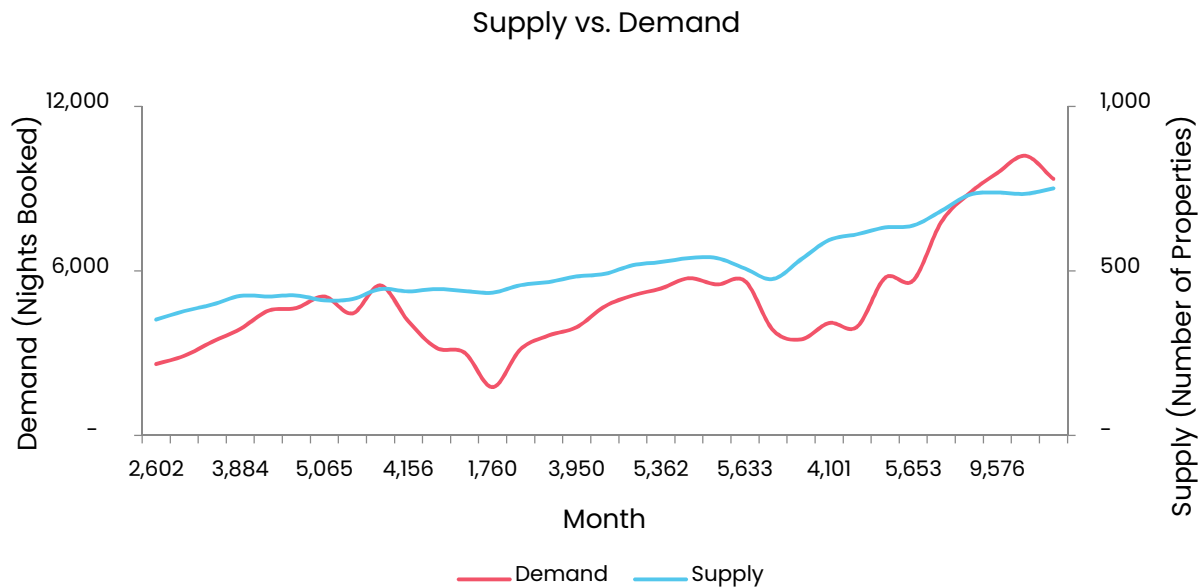
Market Commentary: Despite continuously strict regulations on vacation rentals since 2016, Anaheim's short-term rental market has been able to show significant improvement in the last two years. Some of the harshest restrictions will be lifted in 2019, allowing for many more current properties to be "permitted", which should continue the upward momentum. Growing gross revenues are being driven by both supply growth and a structural improvement in occupancy rates.

Los Angeles



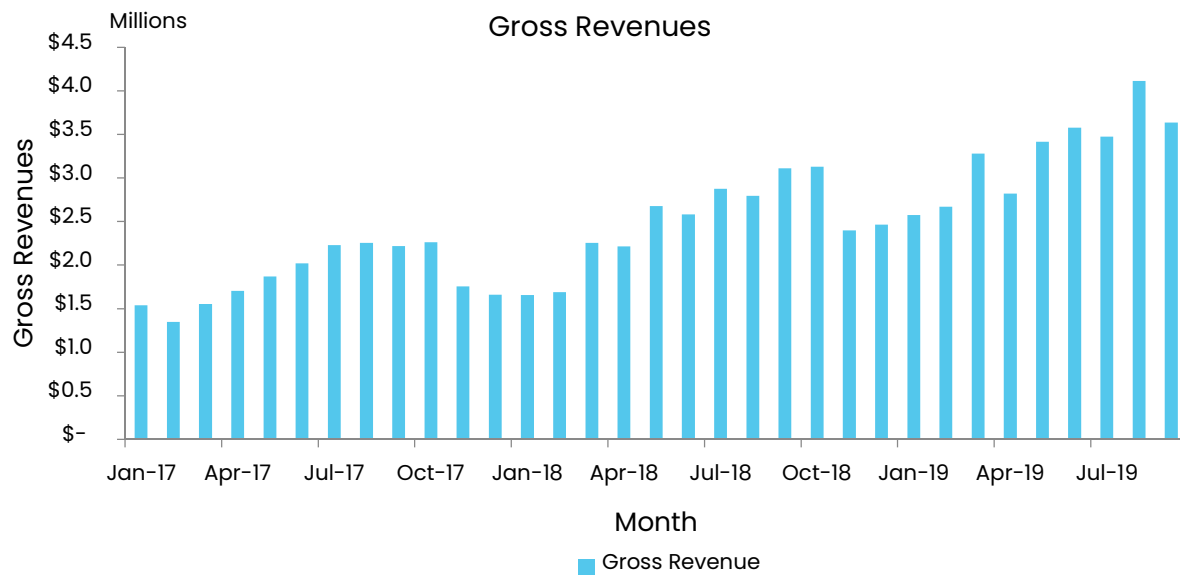
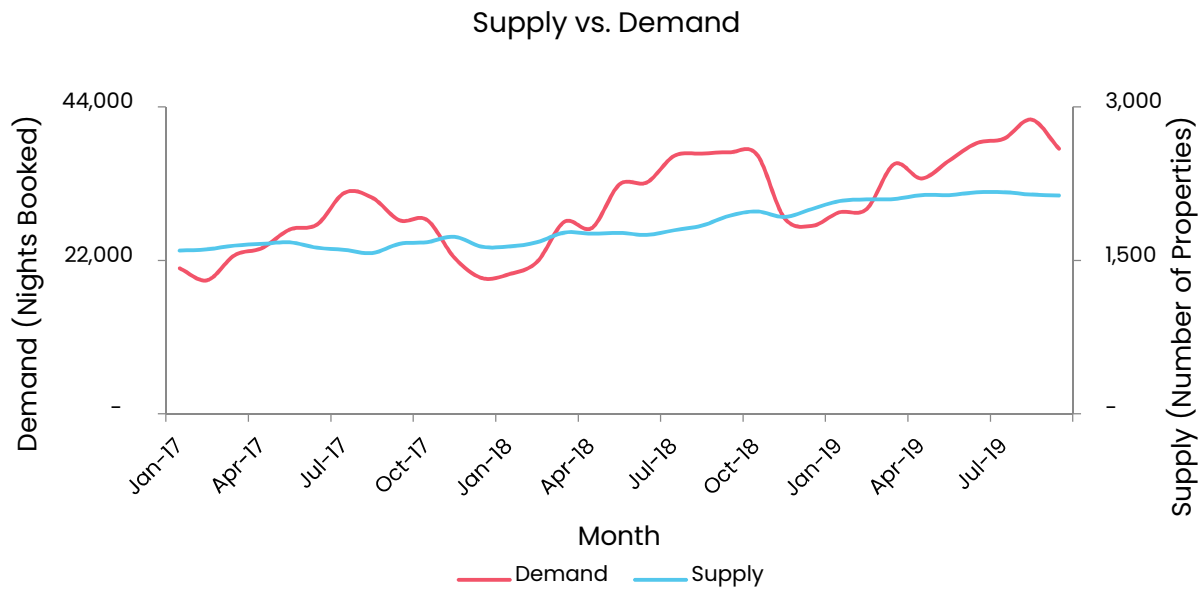
Market Commentary: Gross revenues grew significantly this summer, LA's peak season – which was largely driven by the city's continuing growth in supply and climbing Average Daily Rates – have peaked nearly at \$180 per night. However, with new regulations coming on November 1st for the short-term rental market in the city, numbers may dip as there are new registration fees, as well as fees for operating a vacation rental for more than 120 days at a single address.

Napa County



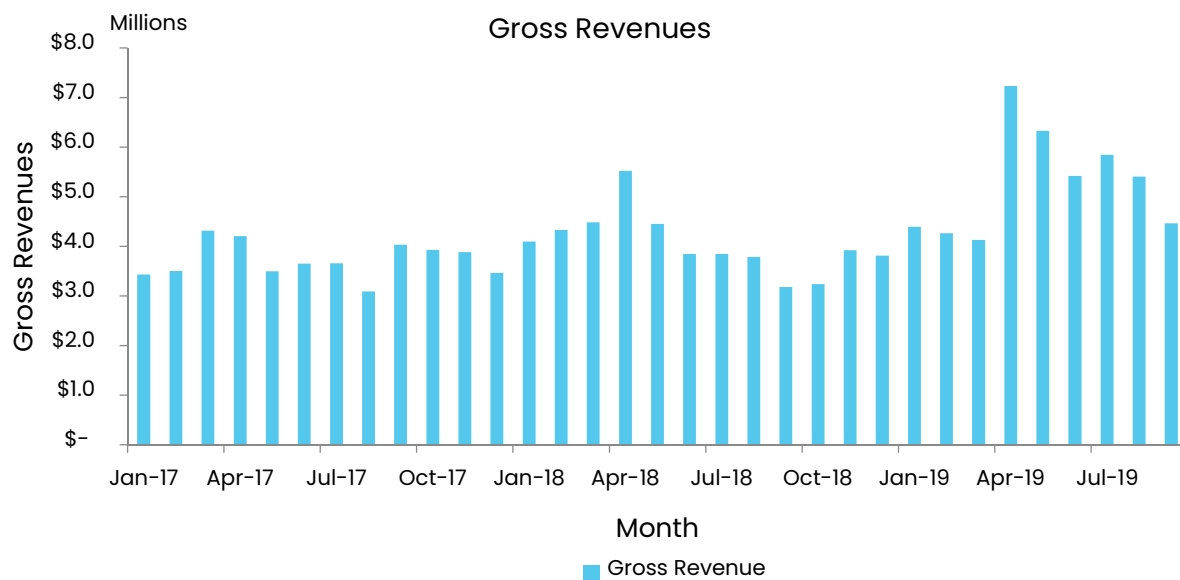
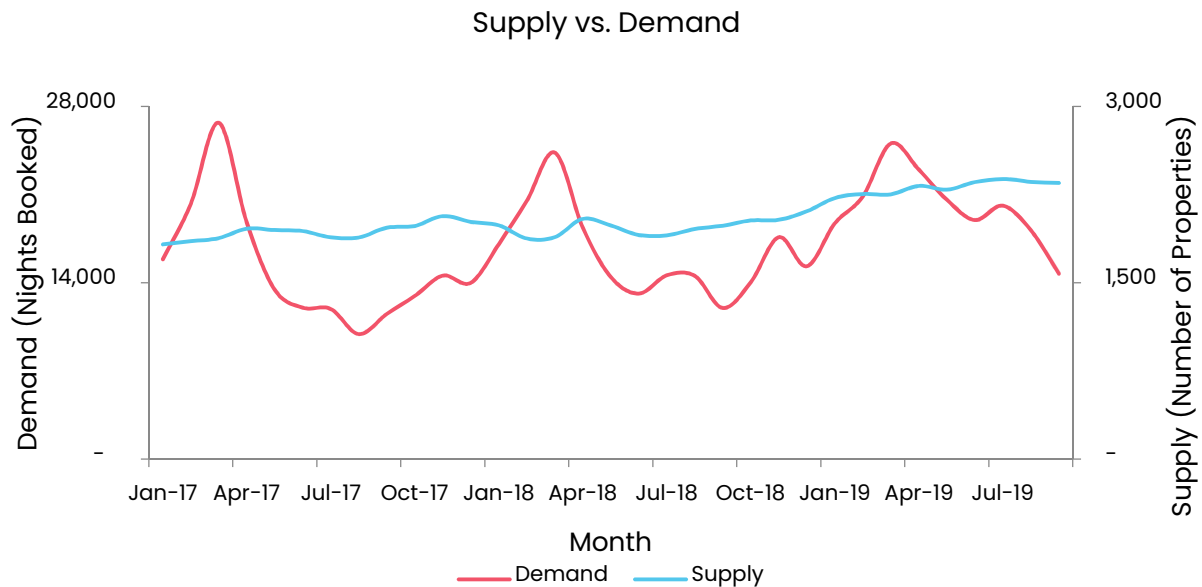
Market Commentary: Napa County's vacation rental market as a whole has been growing alongside parallel growths in supply and demand, which is also driving gross revenues up. However, the city of Napa has increased their vacation rental regulations as well, upping the limits on the number of properties for short-term rent in the area. While it may not impact the entire county immediately, it will if other cities decide to follow suit.

Oakland



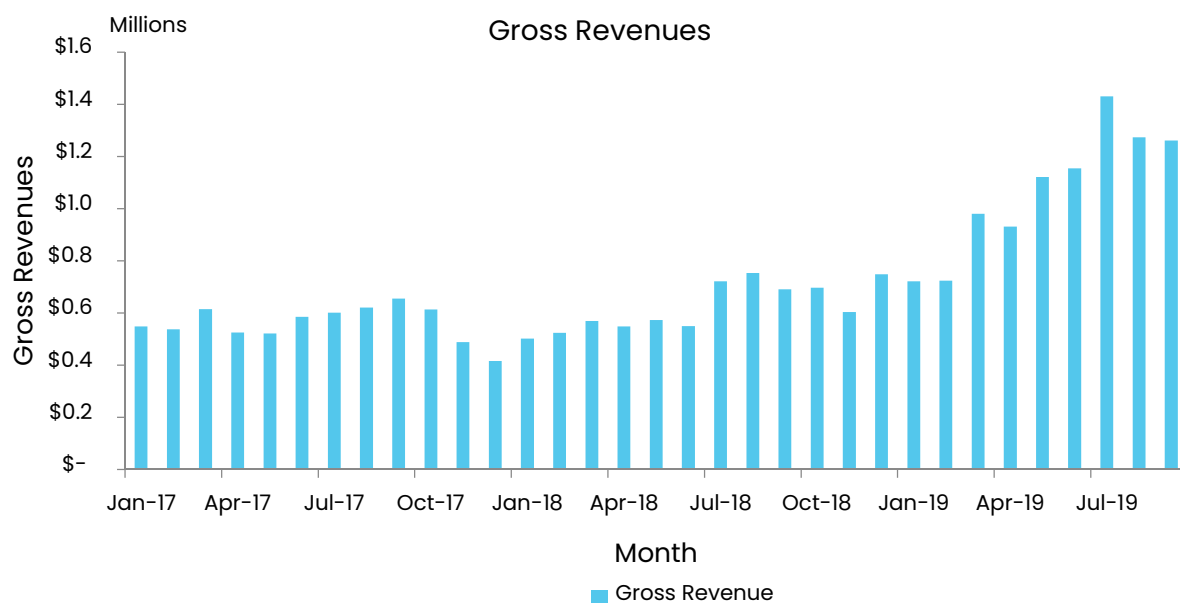
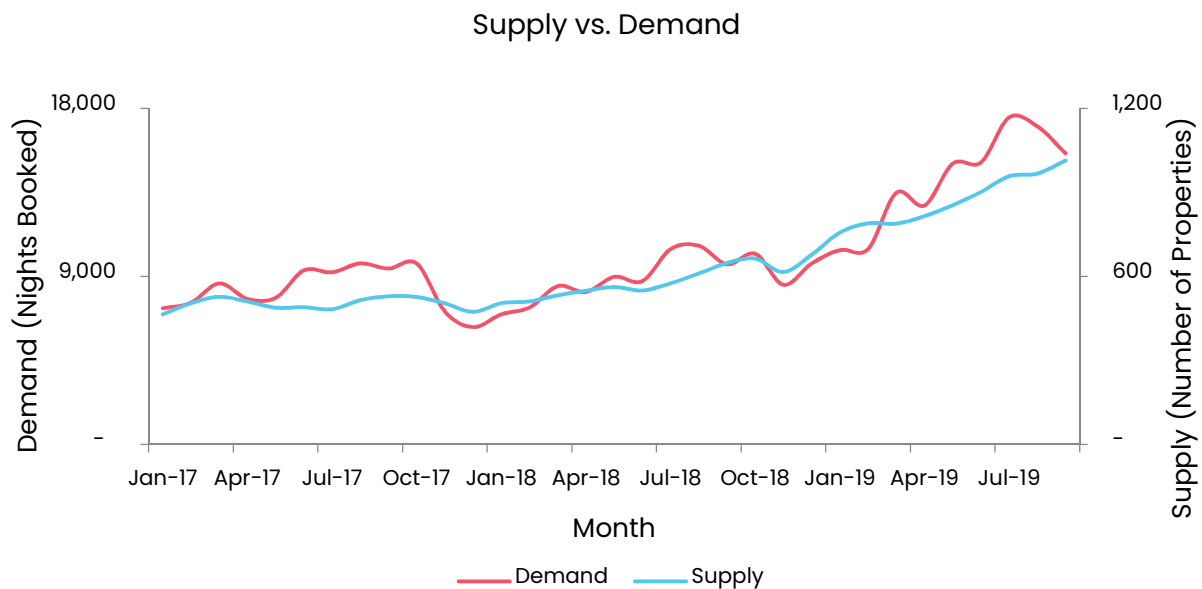
Market Commentary: Although regulations restrict properties in Oakland from renting for less than 30 days, a look on platforms like Airbnb reveals there are still plenty of properties doing just that. It seems like these short-term rental laws have had a minimal effect on the market recently as ADR, supply, demand, and gross revenues all have some of the cleanest upward trajectories in the California market.

Palm Springs



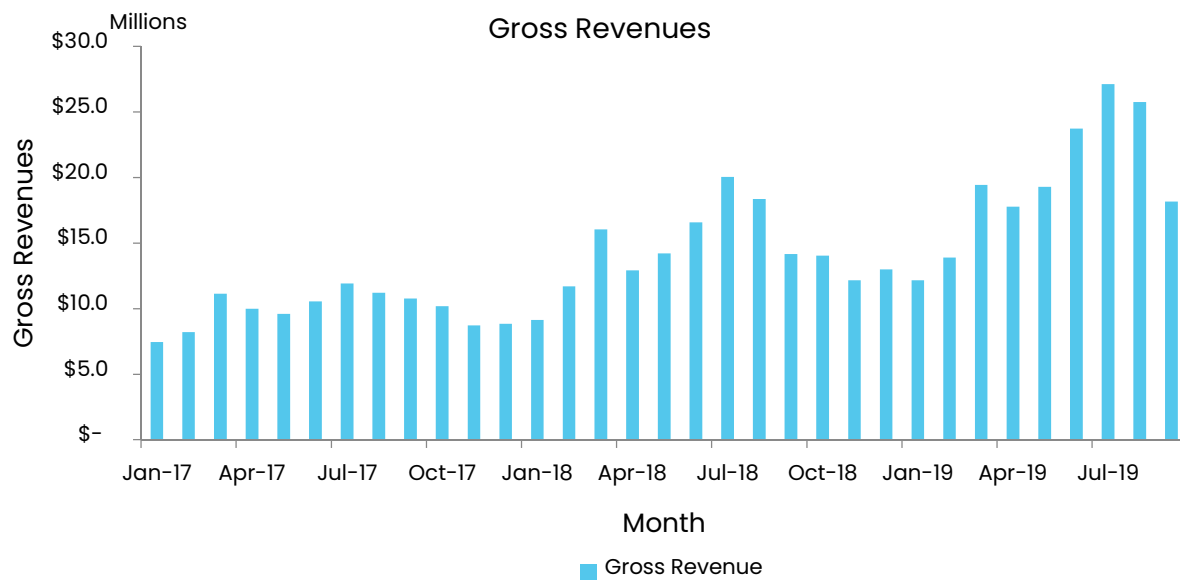
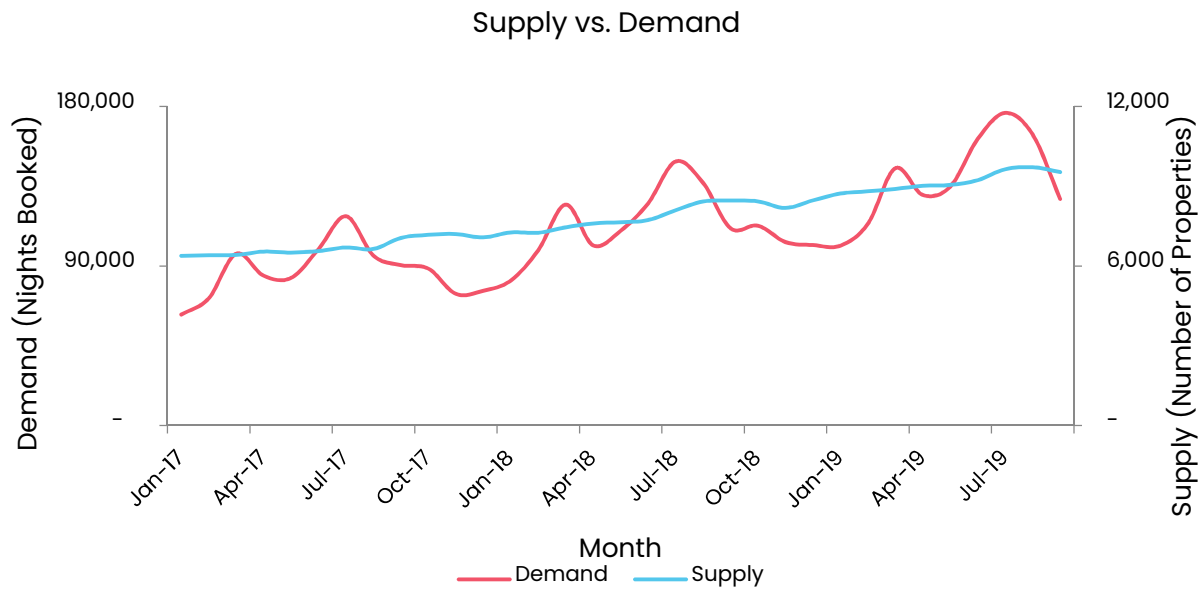
Market Commentary: Palm Spring's incredibly hot summer (temperatures are consistently over 100 degrees, sometimes even at night) creates some of the strongest seasonality we've seen in any market. Across all metrics there is a peak in April of every year, this is in large part thanks to the nearby mega-festivals Stagecoach and Coachella that occur during that month. More generally, both supply and demand are higher in 2019 than in the previous year, in turn pushing up gross revenues this year. Occupancy rates continue to plateau.

Sacramento



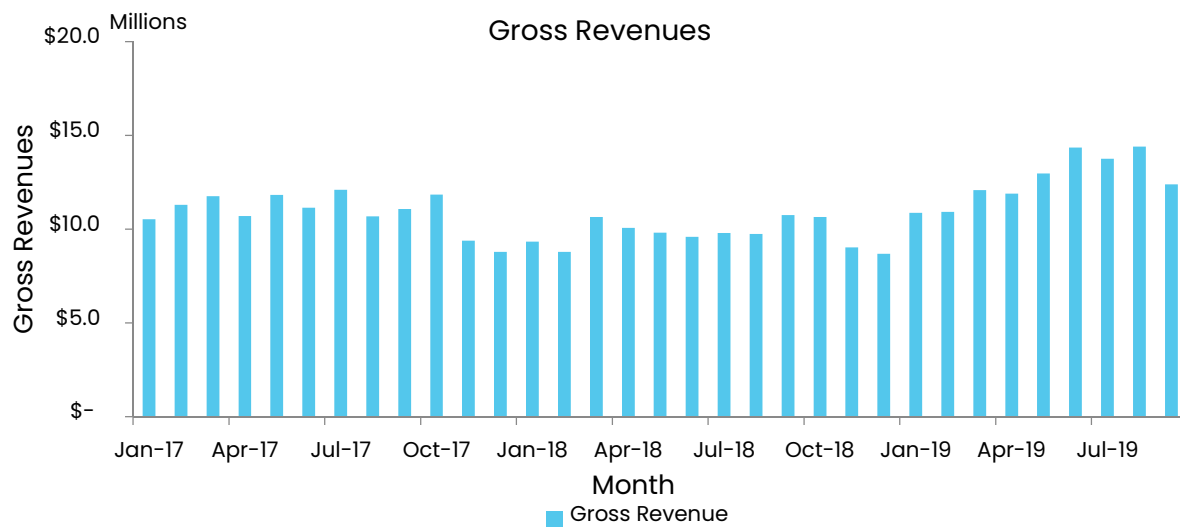
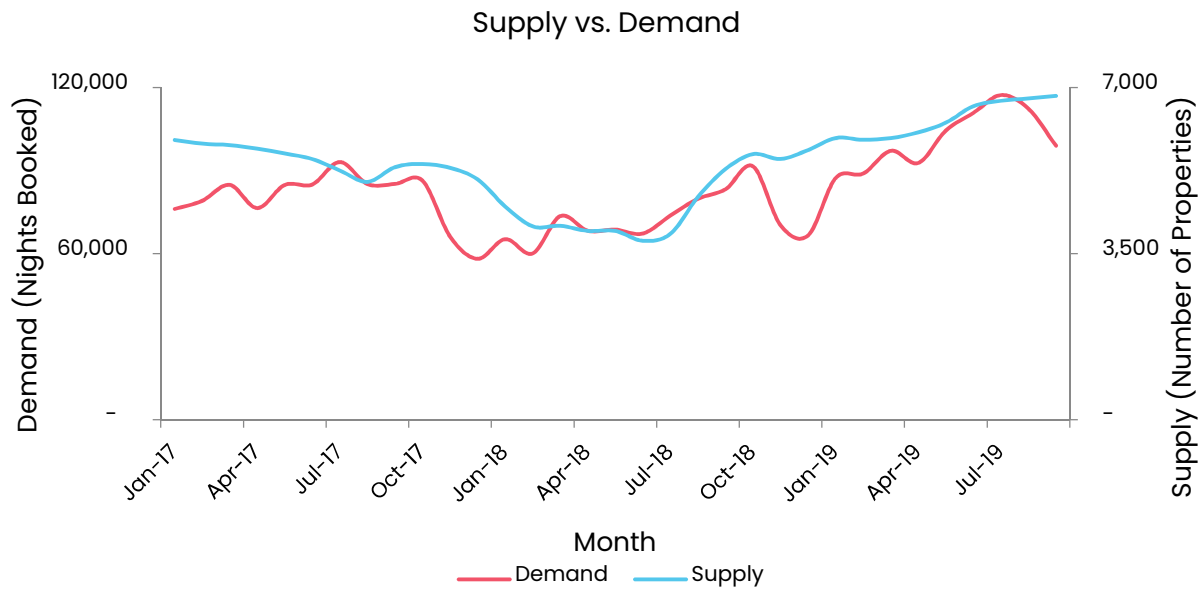
Market Commentary: With a revitalized downtown area and a steadily growing reputation, California's capital is experiencing strong growth in gross revenues, driven largely by steadily growing supply and buoyant demand. It also helps that Sacramento's vacation rental regulations are generally straightforward. They include an application, registration fee, and a cap on the number of guests hosted at once (6).

San Diego



Market Commentary: San Diego for a number of years has easily been one of the top performing vacation rental markets in the country. And by the looks of the structural upward trend in ADRs, gross revenues, supply, and demand, it won't be slowing down anytime soon. The city last year repealed a number of harsh regulations targeting the short-term rental community that were set to go into effect this past July. While this is a big win for local hosts, there are other potential regulations on the horizon.

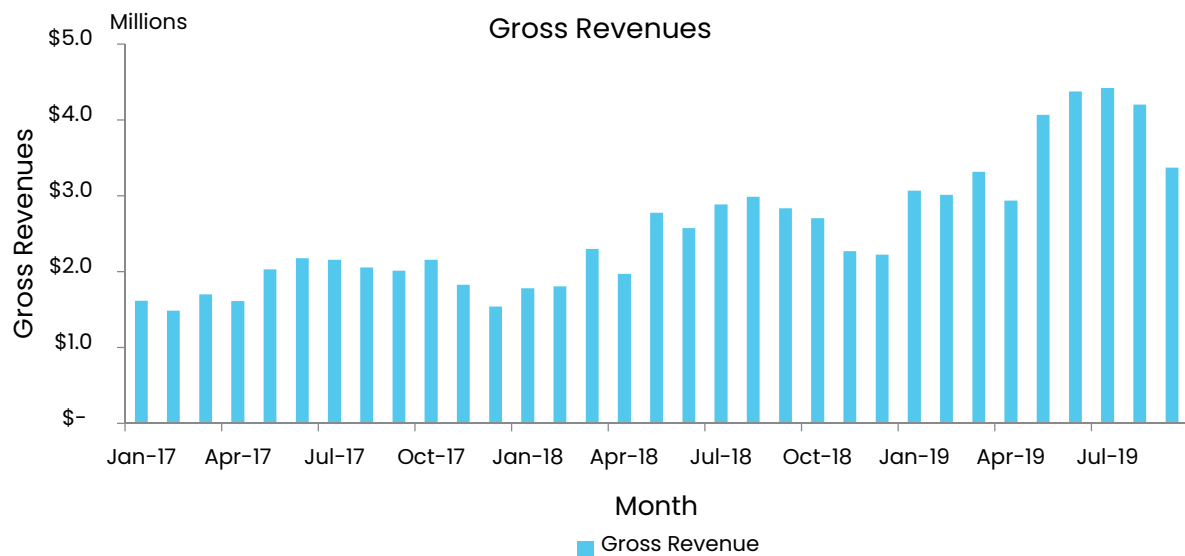
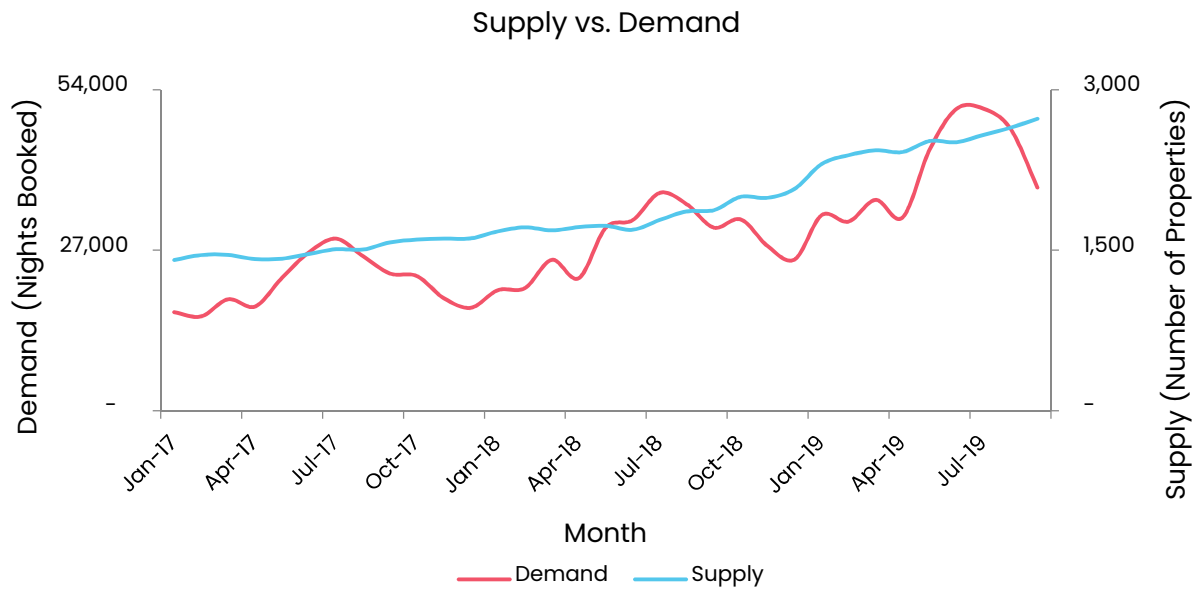
San Francisco



Market Commentary: In early 2018 San Francisco required any vacation rental owner who rents their property for periods of less than 30 days to register. This resulted in a significant drop in supply as many properties failed to register and were removed from Airbnb.

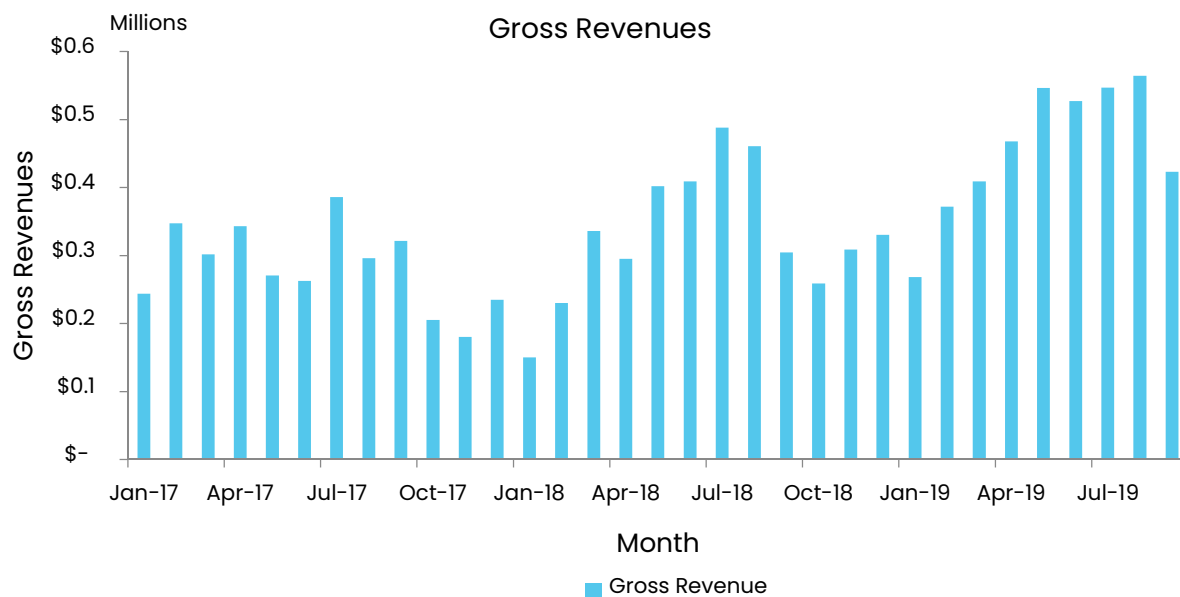
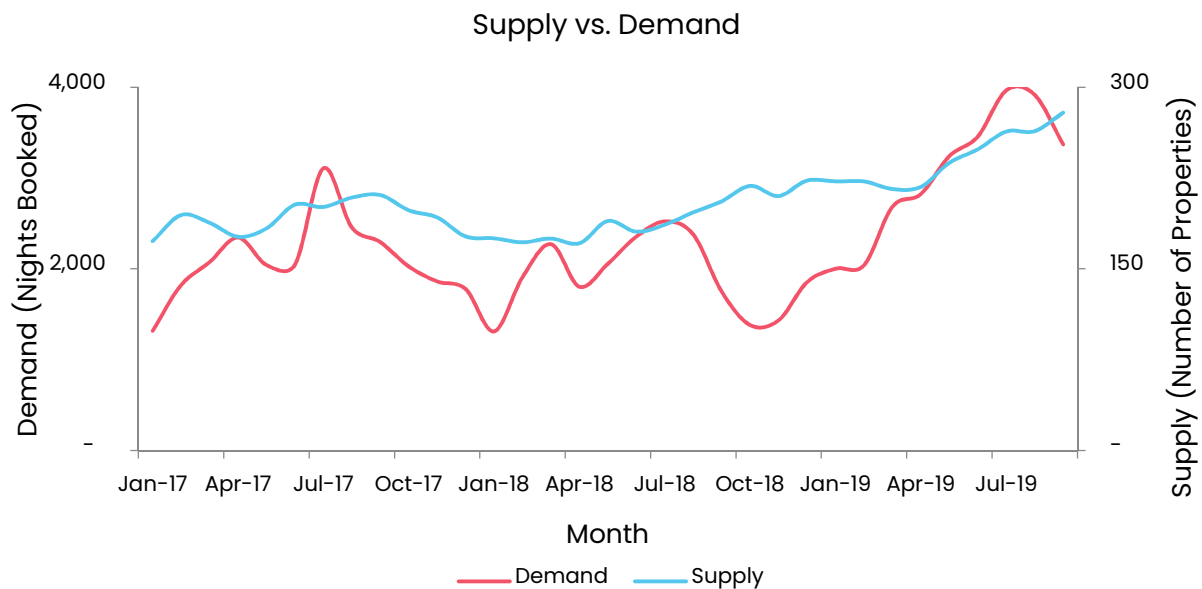
ADRs and occupancy rates rose shortly after, most likely driven by tighter supply, particularly into the summer months of 2018 when seasonality is strongest. Supply seems to have recovered significantly in 2019, resulting in softer seasonality spikes in ADRs and occupancy rates in peak months of this year. However, we've also witnessed higher gross revenues as the overall market grew and demand hit an all-time high.

San Jose



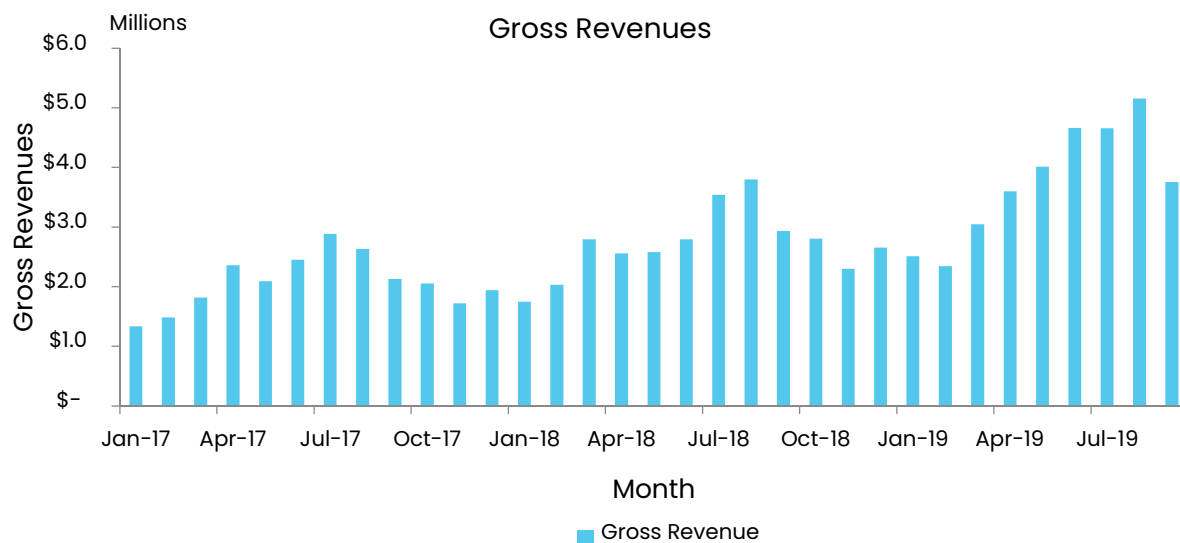
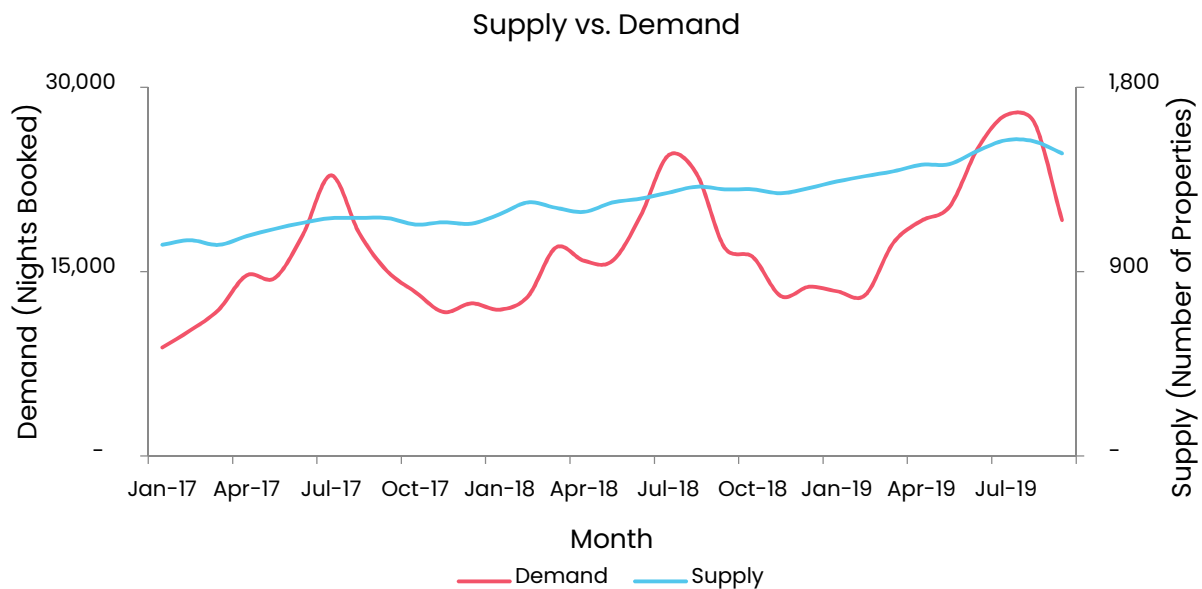
Market Commentary: San Jose has been a vacation rental market success story. Since the beginning of 2017, the city's gross revenues have more than doubled while also seeing a smooth trend up for supply and demand. While there are some city and neighborhood-specific regulations in place, they have not been strictly enforced and have not had a powerful impact on San Jose in general.

San Luis Obispo



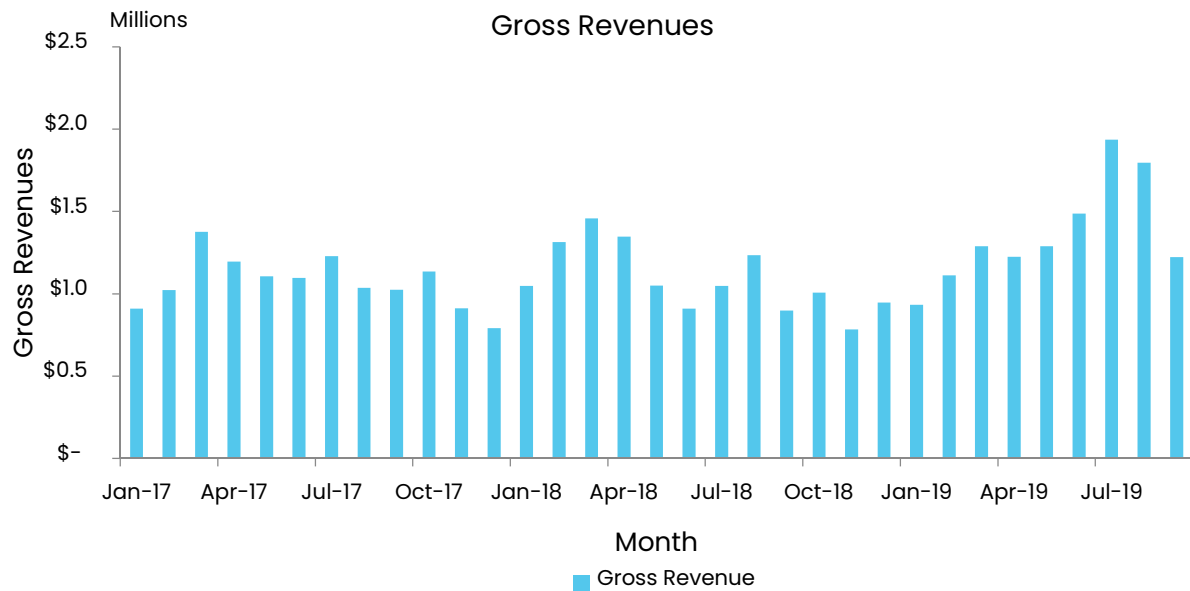
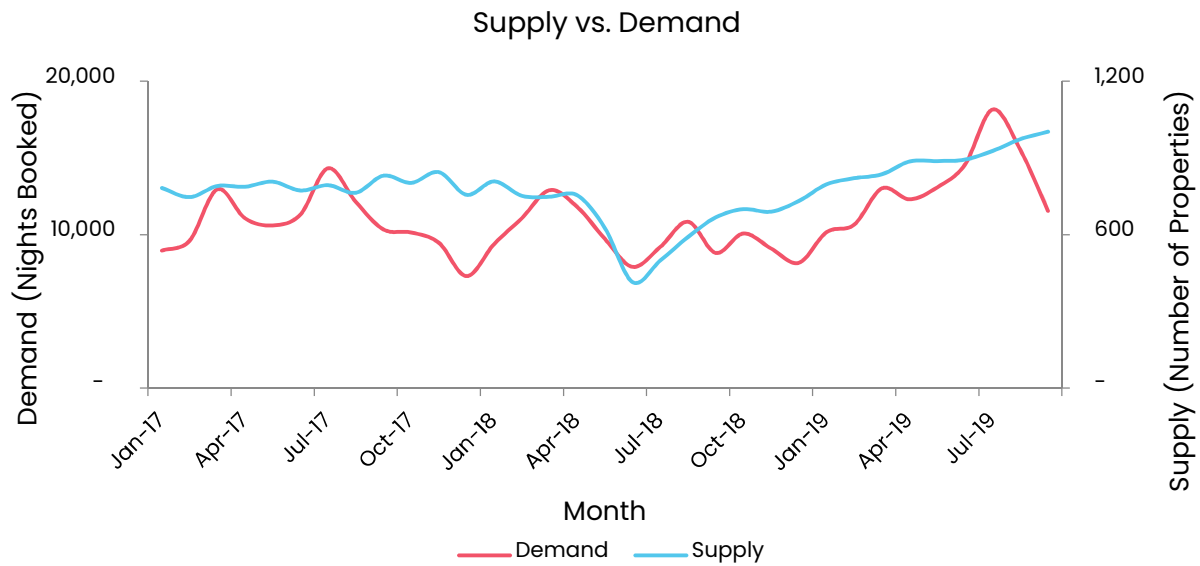
Market Commentary: A city that has recently been earning more and more of a reputation as a vacation destination, San Luis Obispo's short-term rental market has been a beneficiary of this popularity. Gross revenues are surging in peak months and supply has recently shot up to support the consistently-increasing demand for short-term rentals in the city. San Luis Obispo does impose a number of host taxes and requires hosts to get both a business and rental license, although both of these are not outside of the norm for many markets around the country.

Santa Cruz County



Market Commentary: Santa Cruz is one of those California markets that is constantly benefiting from its proximity to the beach. While that comes with sharp seasonality, demand, supply, ADR, and gross revenues have all been on a structural upward trend over the last few years, resulting in gross revenues reaching a new high in 2019. Santa Cruz does have an 11% transient tax – although this does not appear to have stopped steady market growth.

Santa Monica



Market Commentary: Santa Monica has had one of the more long-lasting and complicated battles with Airbnb and the rest of the vacation rental industry as a whole. At the moment perhaps the most unique and impactful restriction being levied in the beachside city is that hosts must always be present when renting their property. There was a sharp decline in supply in 2018 when an ordinance passed disallowing any online platform from charging or receiving fees for any property that was not properly registered with the city. This resulted in a spike in ADRs but supply has now recovered and even surpassed previous levels.

Looking for Your Area?

If you can't see your area here, please get in touch at analytics@alltherooms.com. We have 100% geographical coverage at zip code, neighbourhood, city, county, state, and country level.

