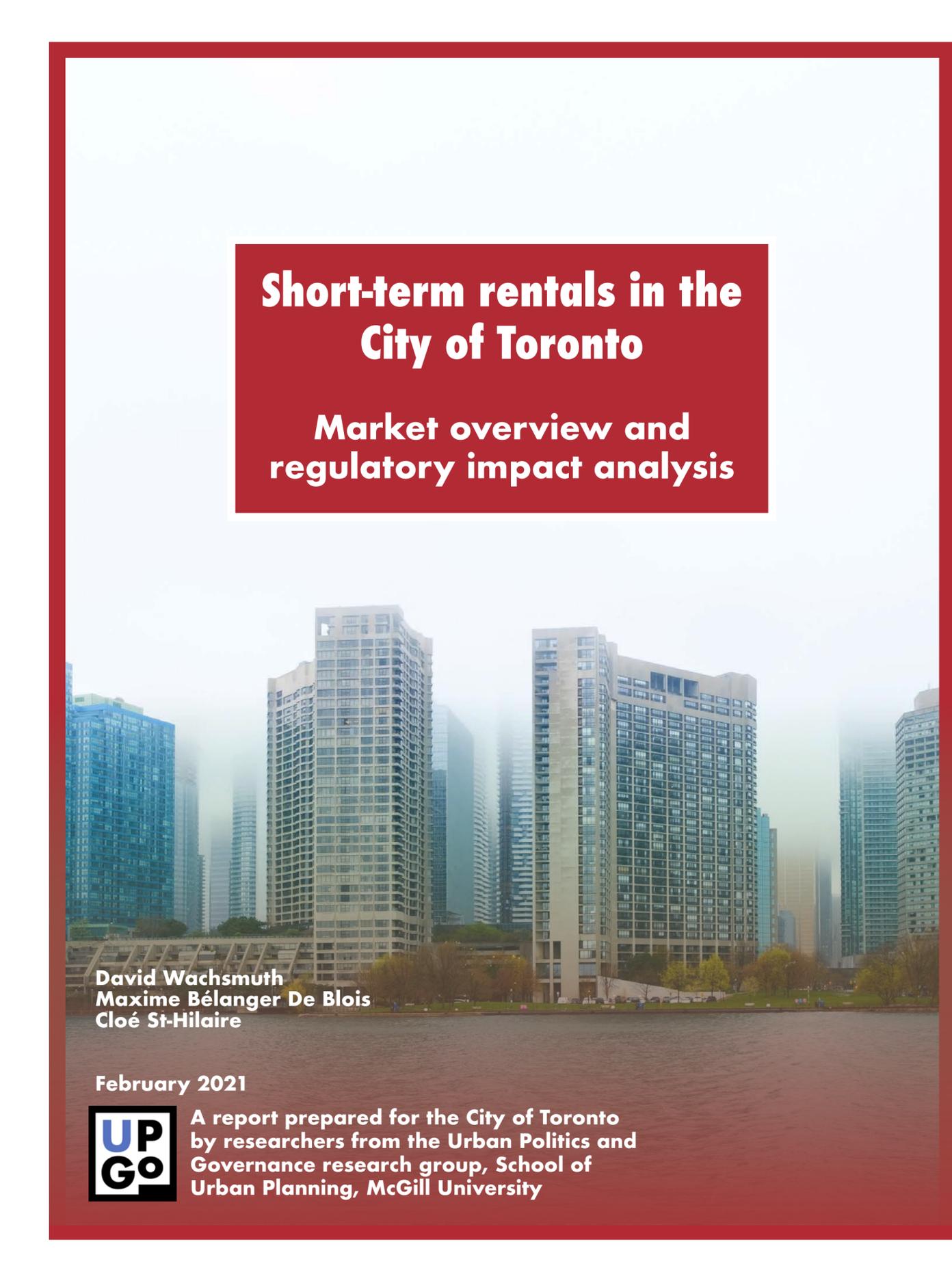


**SHORT-TERM
RENTALS IN THE
CITY OF TORONTO**
Market overview and
regulatory impact analysis

David Wachsmuth

Canada Research Chair in Urban Governance
McGill University

20 May 2021



**Short-term rentals in the
City of Toronto**

**Market overview and
regulatory impact analysis**

David Wachsmuth
Maxime Bélanger De Blois
Cloé St-Hilaire

February 2021



A report prepared for the City of Toronto
by researchers from the Urban Politics and
Governance research group, School of
Urban Planning, McGill University

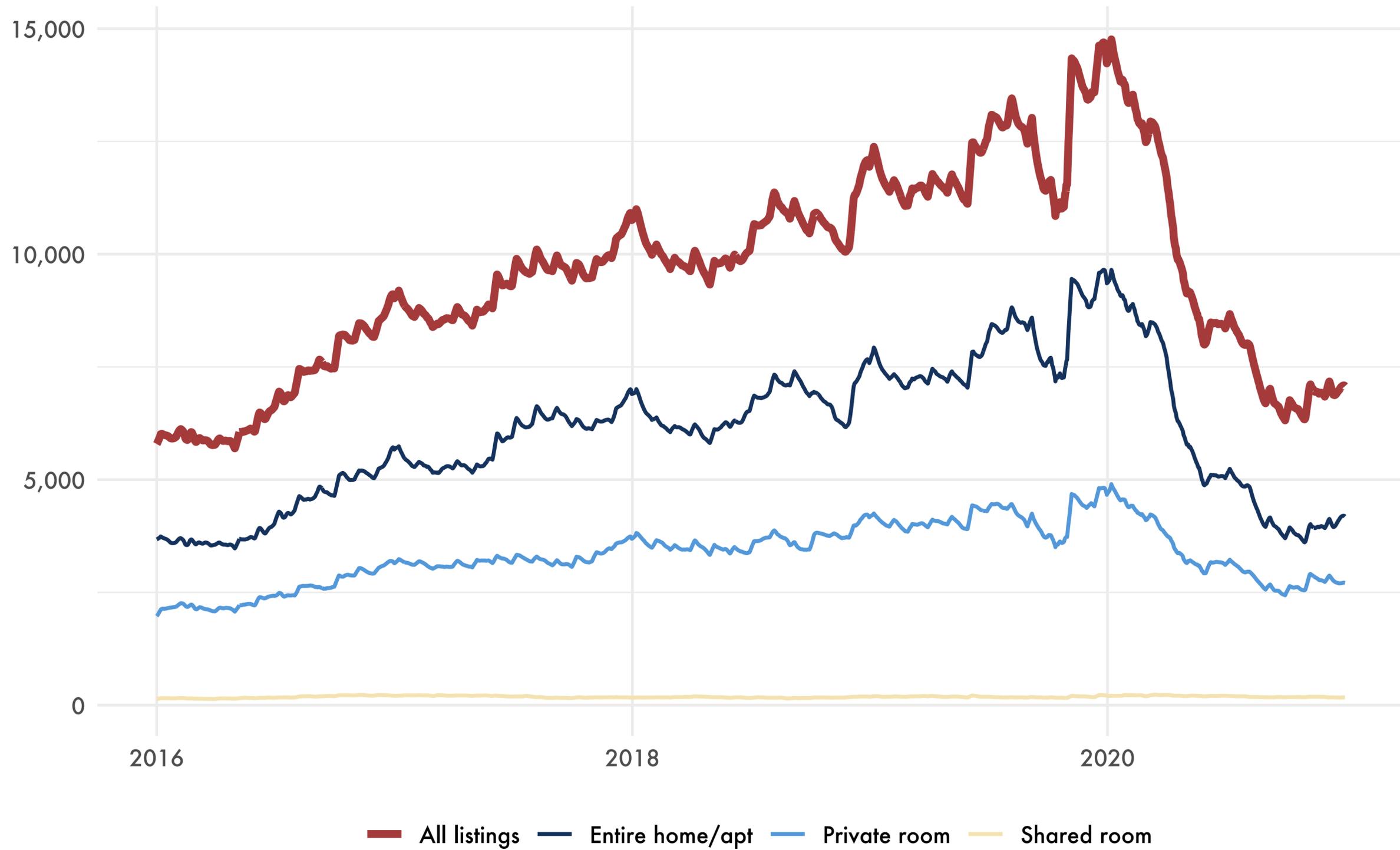
- 1) STR MARKET OVERVIEW
AND HOUSING IMPACTS**
- 2) STRS RETURNING TO THE
LONG-TERM MARKET DURING
COVID**
- 3) EARLY REGULATORY
IMPACTS**
- 4) BRINGING MORE STRS
BACK TO THE LONG-TERM
MARKET**

Data sources

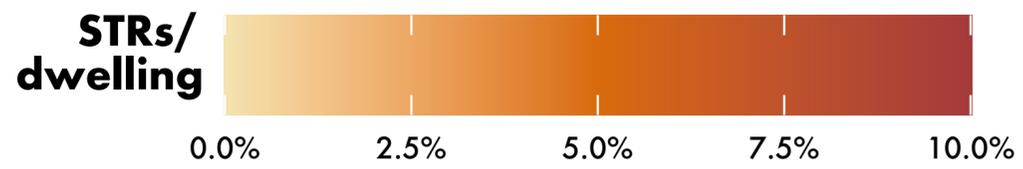
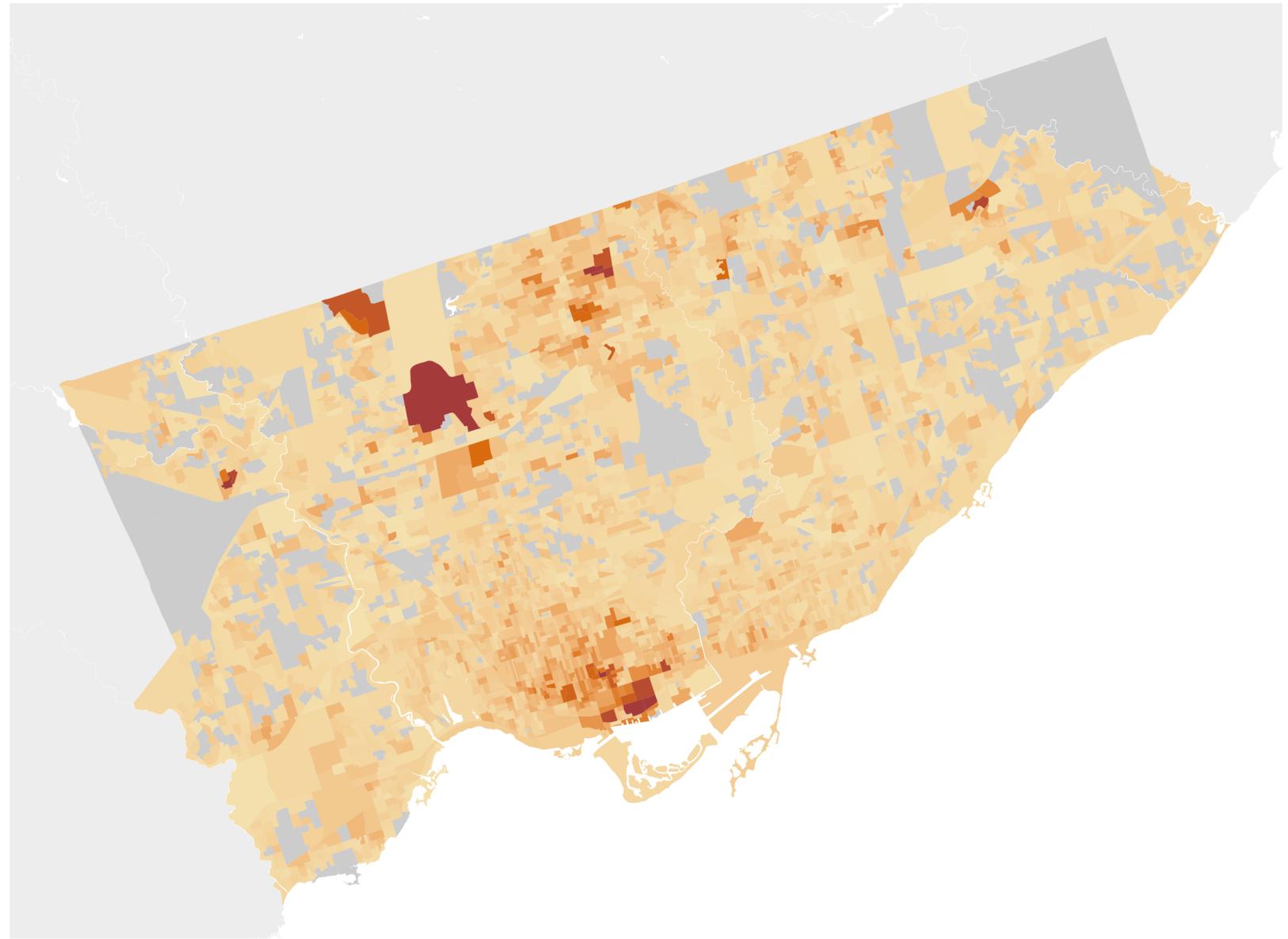
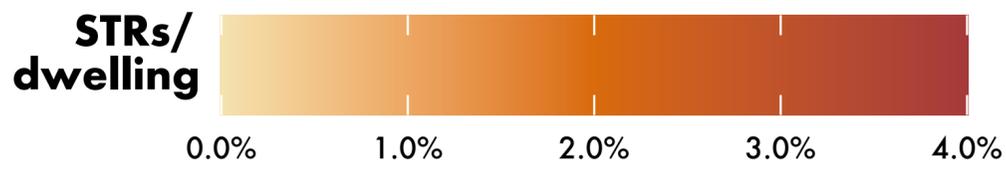
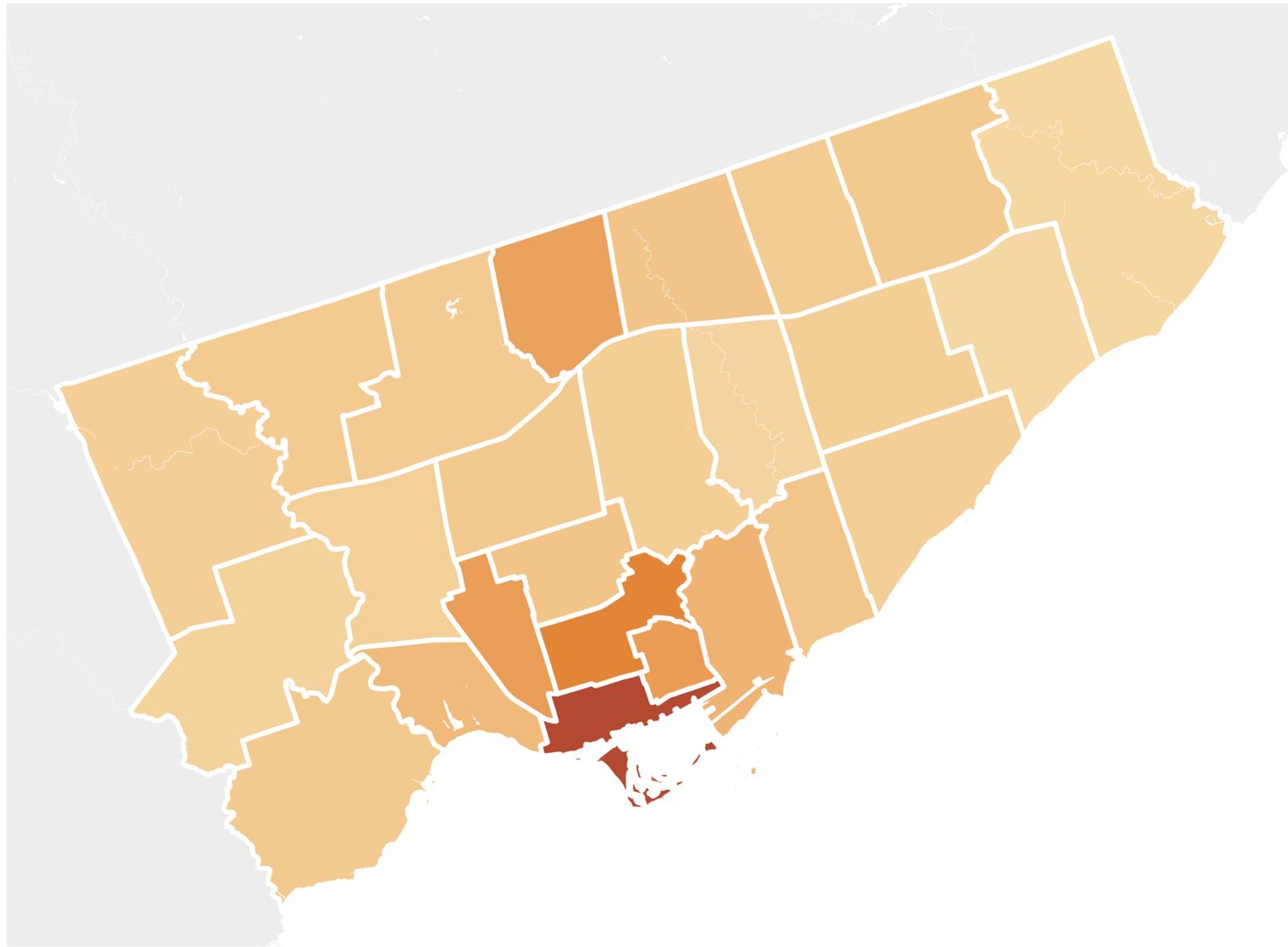
1. Every Airbnb/Vrbo property, every day since 2015
2. Every Craigslist/Kijiji long-term rental ad since April 2020
3. One million photos from these ads
4. City of Toronto's STR registration database

Methods/code online at <https://github.com/UPGo-McGill/toronto-report>

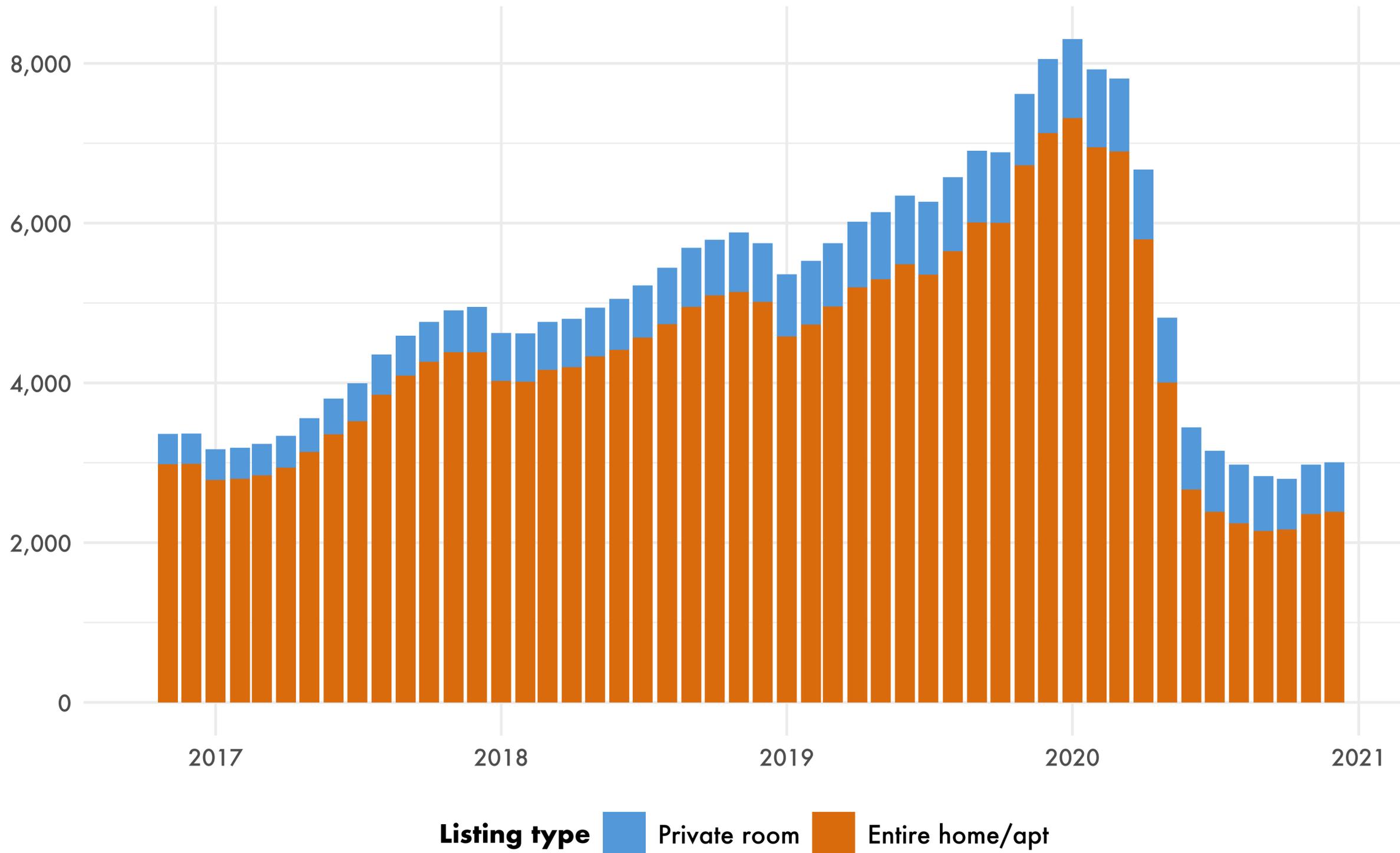
1) STR MARKET OVERVIEW AND HOUSING IMPACTS



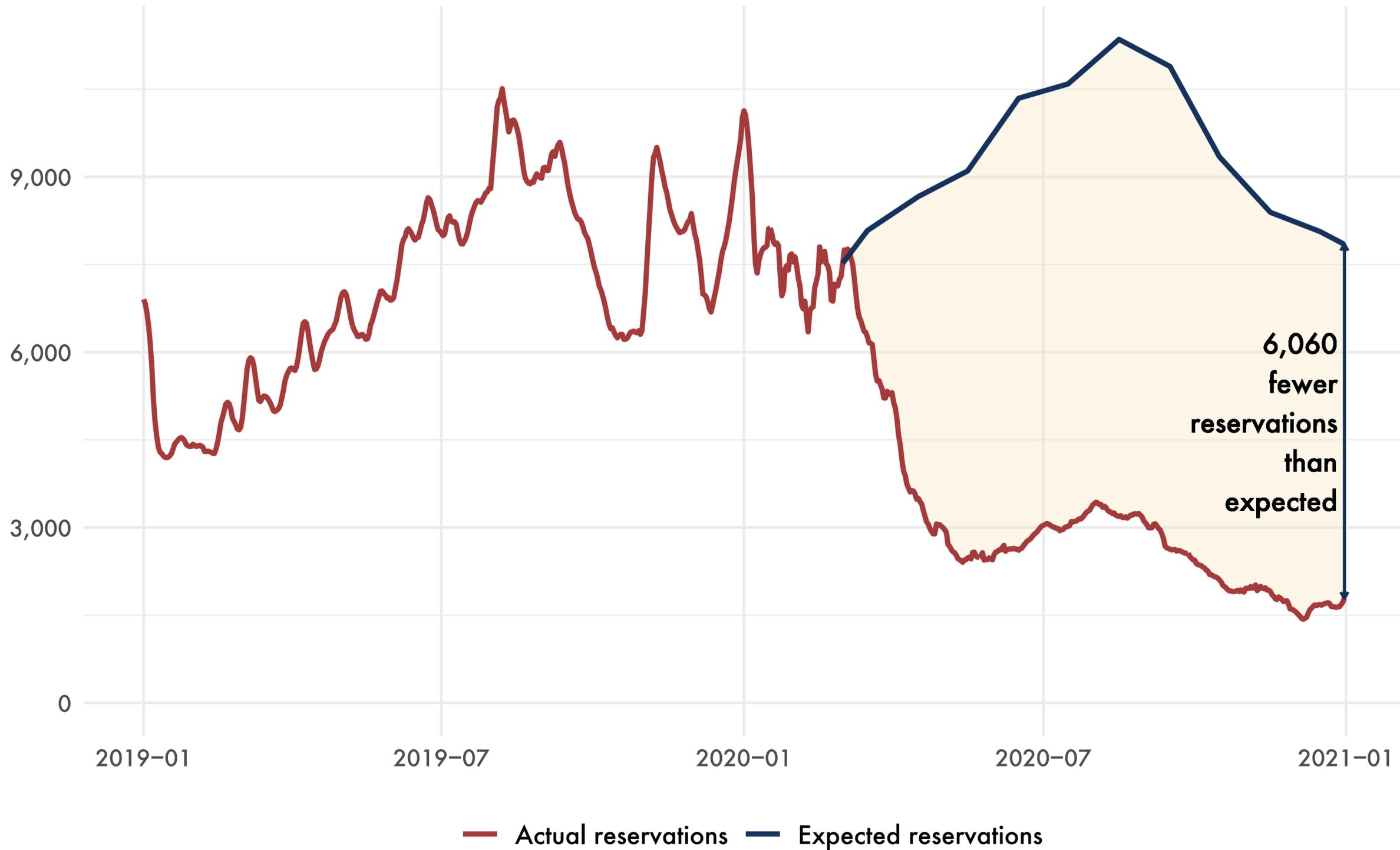
Active daily listings



Active daily listings



Dedicated STRS (housing loss)



COVID-19

STR market was growing steadily before Covid.

**Market was increasingly commercialized;
very little "home sharing" left.**

**Covid caused a complete collapse which had not
abated by the end of 2020.**

**2) STRS RETURNING TO
THE LONG-TERM MARKET
DURING COVID**

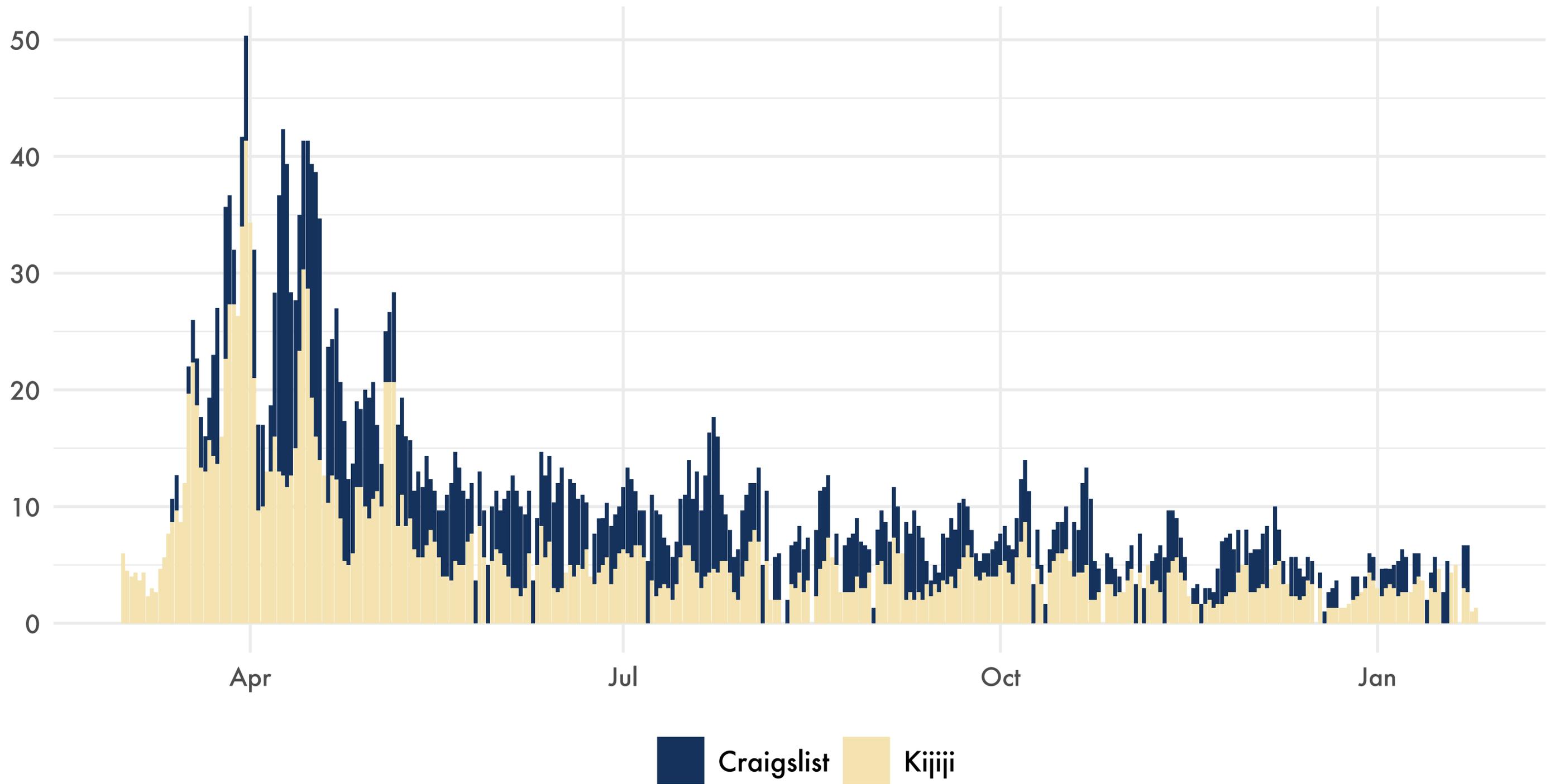
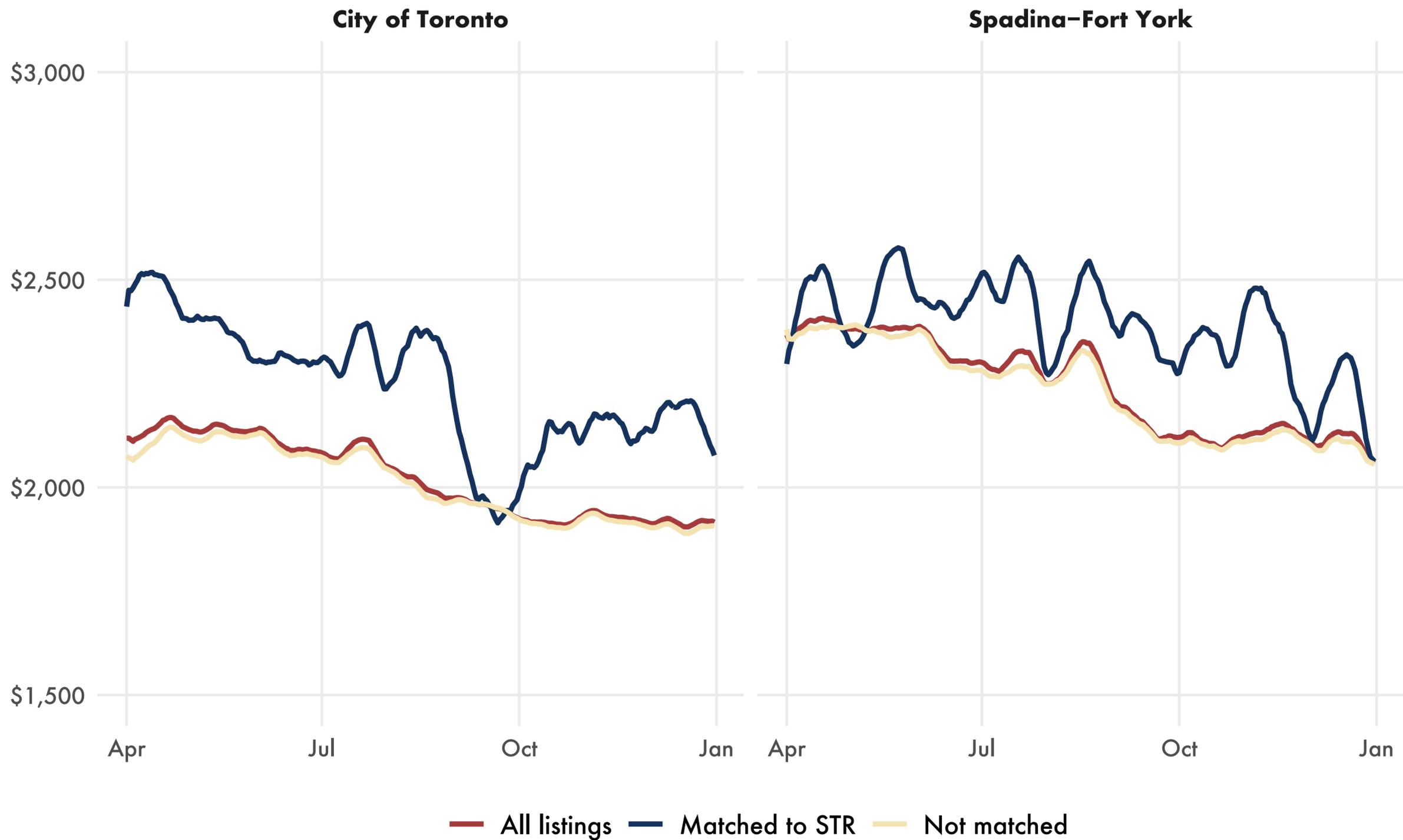


Image matches by date



Asking rents

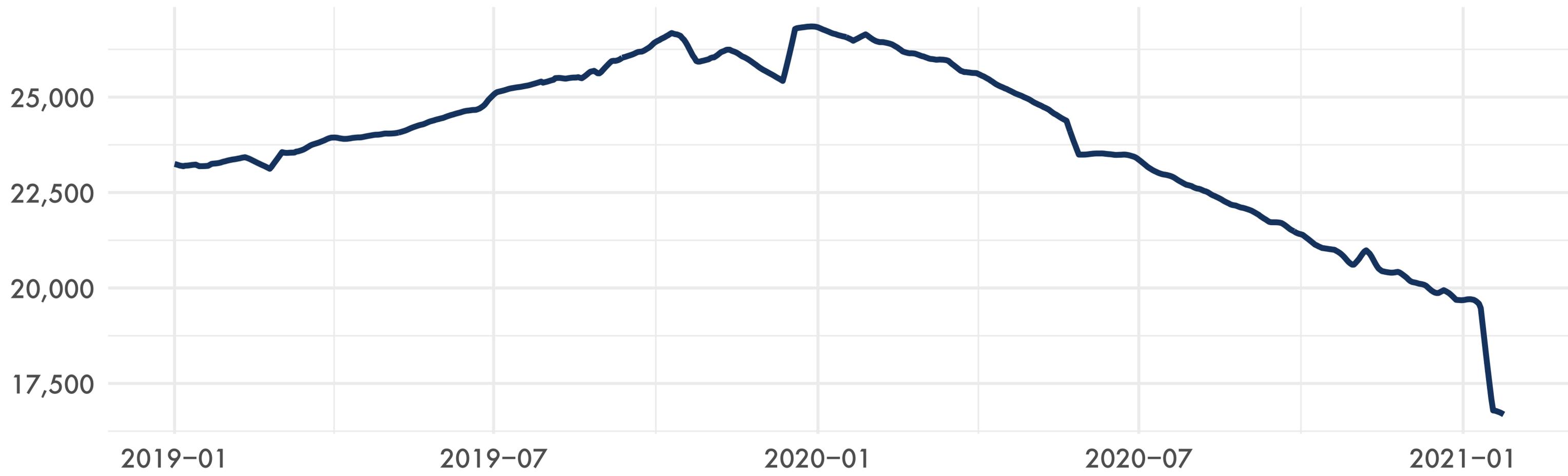
Of the 3,476 matches we found...

42.2% have fully transitioned to LTR market
(Airbnb accounts are deactivated)

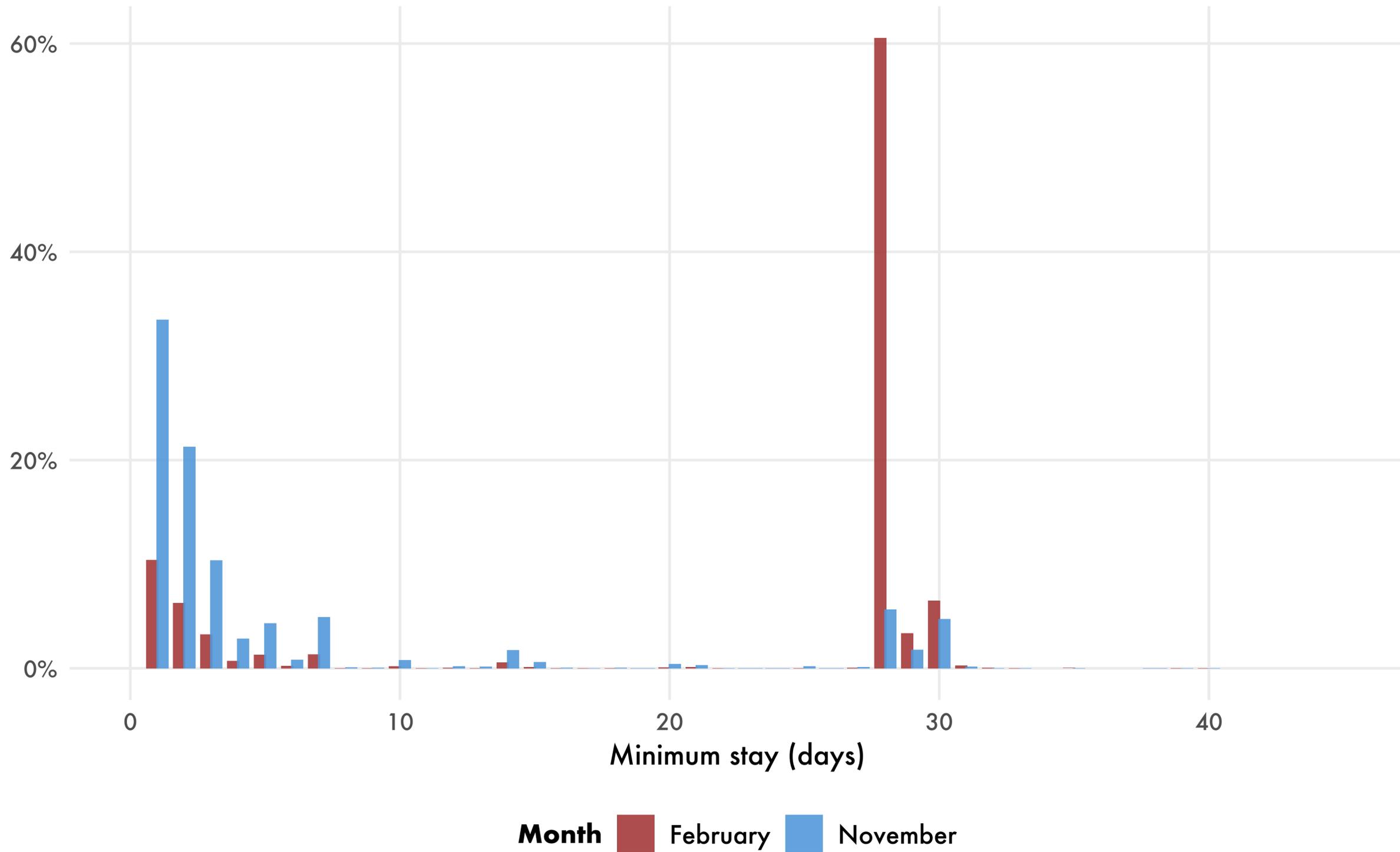
23.6% may return to STR market in the future
(Airbnb accounts are dormant)

34.1% failed to be rented on LTR and are still active STRs
(although most now have 28-day minimum stay)

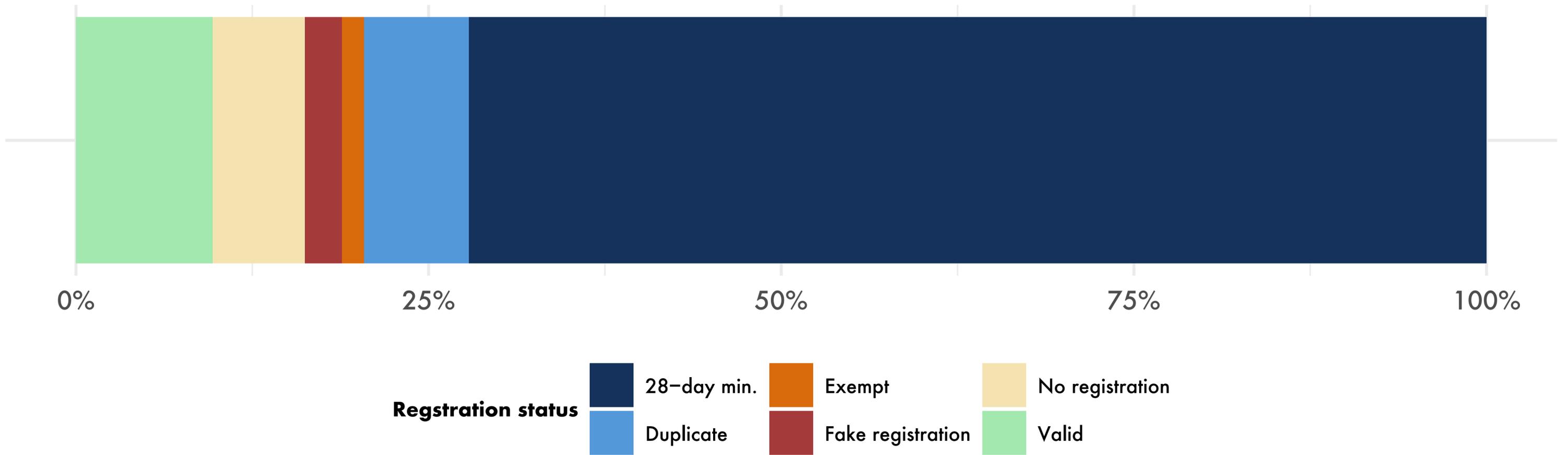
3) EARLY REGULATORY IMPACTS



Displayed listings on Airbnb



Most listings now have 28-day minimums

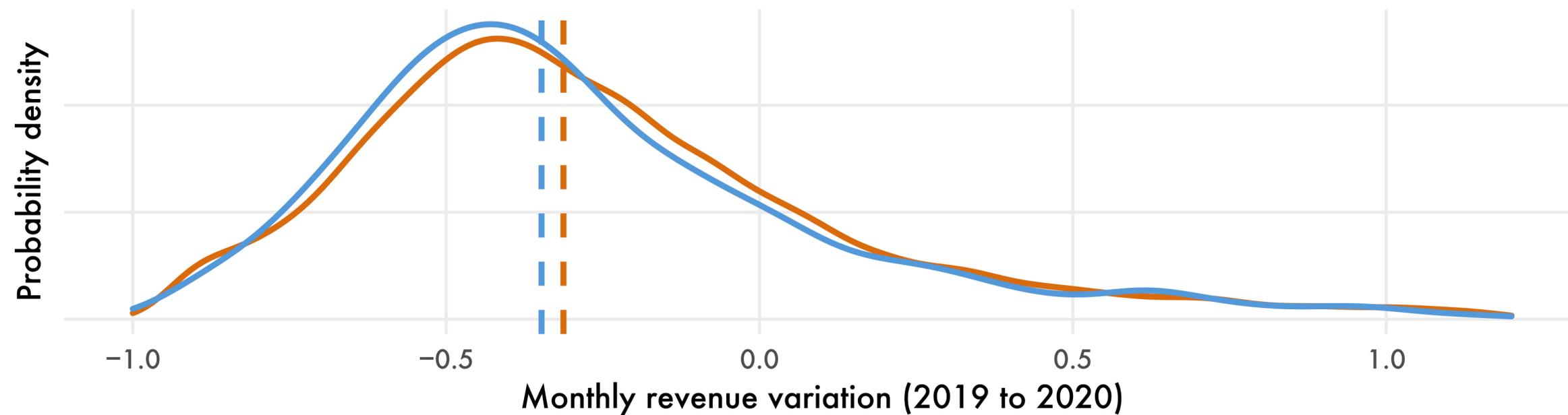
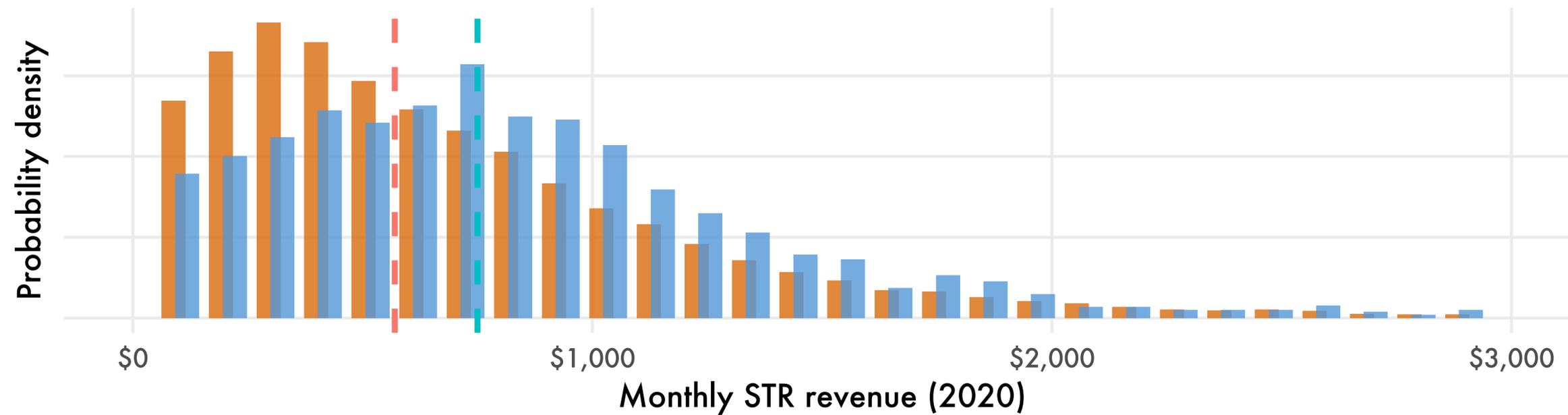


Displayed listings on Airbnb (early February)

Most listings responded to the registration requirement by changing to 28-day minimums.

Toronto's registration system has been extremely effective at shifting market behaviour, but by diverting properties **OUT OF** the system, instead of by capturing them **WITHIN** the system.

**4) BRINGING MORE STRS
BACK TO THE LONG-TERM
MARKET**



■ Not matched to LTR
 ■ Matched to LTR

STRs which moved back to LTR had higher revenue and larger COVID declines

Number of bedrooms	Lower-cost ward	Higher-cost ward
0	\$1,430	\$1,720
1	\$1,900	\$2,220
2	\$2,420	\$2,760
3	\$2,980	\$3,340
4	\$3,630	\$3,890

Regression model predicting LTR asking rents for dedicated STRs

Conclusions

Commercial STRs generally are higher-end rental properties, and have returned to the LTR market at higher-end prices.

Looking forward...

Next few months will be crucial: many properties which would've been non-compliant have switched to 28-day minimums, at little opportunity cost (no STR market because of Covid).

These properties are currently outside the registration system, and when STR demand returns, they will want back onto the market.

Thank you!



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