The Rise of Homesharing in Multifamily Assets

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The Rise of Homesharing in Multifamily Assets

• The Flexible Leasing Landscape
  • *Who are the Players*
  • *Which is the Right Partner (for your asset)*

• Impact on Available Housing
  • *Supply & Rents*
  • *Effect on Attainable Housing*

• What About the Exit?
The Flexible Leasing Landscape

PLATFORMS
- ApartmentJet
- HomeAway
- Pillow
- Vrbo

POP-UP HOTELS
- whyhotel

SHORT-TERM RENTALS
- LYRIC
- nuovo
- BARSALA
- SONDER
- MINT HOUSE
- The Guild
- vacasa
- kasa
- STAY ALFRED

AIRBNB-FRIENDLY BUILDINGS
- niido
- Roam
- common
- QUARTERS
- medici
- Kin
- ollie
- Selina

CO-LIVING

2020 NMHC APARTMENT STRATEGIES OUTLOOK CONFERENCE

@ApartmentWire #NMHCstrategies
SHORT-TERM RENTAL OPERATORS HAVE ALREADY RAISED ALMOST $320M IN VENTURE FUNDING AND ARE POISED TO BE THE NEXT NICHE ASSET CLASSES ON INVESTORS' RADAR

THE HUNT FOR NICHE ASSETS

Niche Asset Investment Sales Volumes
Rolling 4Q, Dollars in Billions

Source: RCA, Cushman & Wakefield Research
Developer Challenges & Opportunities for STR Assets

Could Short-Term Rentals Actually Boost A Building’s Valuation?
September 17, 2019 | Stay Alfred | Benjamin Paltiel, Custom Content Writer

SF ponders what to do with corporate rentals like Sonder
“This goes against every person who has stood at this podium and tried to make a housing supply argument”
By Adine Wooten | Jul 29, 2019, 3:38pm PDT

Landlords Often Oppose Short-Term Rentals. These Developers Court Them.
New condos target owners receptive to renting out units; some buildings to have hotel licenses

New Rules — And Taxes — On Short-Term Rentals Go Into Effect In Mass.
Book unique places to stay and things to do.
Co-living Targets Populations Between 80$ - 120% AMI

Note: The incomes listed are the maximum allowable gross income for a single-person household at each area median income (AMI) level for each metro.

Source: U.S. Census, JCHS
Task: Effectively Lease-Up 286 Units
In a highly competitive market
Impact on Available Housing

Supply, Rents and Attainable Housing
Limiting the Supply

Downtown Apartment Building Cleared of Tenants to Open Short-Term Rental Hotel

STEVEN HSIEH  |  AUGUST 19, 2019  |  8:30AM

Marcus Christensen glanced at the furniture getting moved into the apartment next door.

The people he assumed were new neighbors had boring taste, he thought:

Midcentury Modern furniture, a Marilyn Monroe poster. "It's plastic, basic, and very modern-looking," Christensen told Phoenix New Times.

But there would be no new neighbors.
Jersey City Could Severely Limit Airbnb Rentals

By Chris Fry - May 3, 2019

Just a few years after welcoming short-term rental services like Airbnb, Chilltown is decidedly less chill about them and seems likely to place significant restrictions on the practice that would take effect next year.

Embracing short-term rentals had been a financial boon for the city, as they’ve collected roughly $4 million in taxes from them since the ordinance was adopted. Jersey City was named the number one destination in New Jersey for Airbnb customers, but the new ordinance says short-term rentals are creating a housing crunch that’s being felt by residents.

“It is in the public interest that short-term rental uses be regulated in order to help preserve housing for long-term tenants and to minimize any potential deleterious effects of short-term rental properties on other properties in the surrounding neighborhoods,” the ordinance reads. “Long-term rental housing vacancy rates in the City are at low levels, making it increasingly difficult for people to obtain permanent housing in Jersey City.”
The Effect on Attainable Housing

Short-Term Rentals and the Effects on Housing Affordability

By Mike Sheridan
October 21, 2019

“The largest and best-documented potential cost of Airbnb expansion is the reduced supply of housing as properties shift from serving local residents to serving Airbnb travelers, which hurts local residents by raising housing costs. There is evidence this cost is real,” says the report’s author, Josh Bivens.
What About the Exit
The Seller, The Buyer, The Equity, The Debt
Walk Away

- 2017
- 324 units
  - 41 Units Operating as Short Term Rentals on Airbnb
  - 51 Residents “Host” Shot Term Rentals
- 1,049 SF
- $1,483/mo.

Distinguished Offering with Upside:

“There is an opportunity to rebrand the community to focus on conventional rentals, away from a hybrid Airbnb/conventional complex, driving rental upside and expense reductions.”
Double Down

- 17.5% Short Term Rental Units
- 17.5% Co-living
- Premium Rents
- 4.25% Cap Rate
QUESTIONS