

LISTINGS AND REVENUE TRENDS IN ONTARIO'S SHORT-TERM RENTAL MARKET

OVERVIEW

This summary provides a comprehensive overview of the recent research on short-term rentals (STRs) in Ontario, emphasizing their market impact, the effects on housing availability and affordability, and recommended regulatory measures



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LISTING DYNAMICS

74,000 LISTINGS ON AIRBNB WITH AN EST. 51.4% ACTIVELY ENGAGED



The STR market in Ontario has **fully recovered** from the pandemic, with a strong year-over-year **growth of 20% in 2023** and listings reaching an all-time high.

MARKET TRENDS

MARKET IS DOMINATED BY COMMERCIAL OPERATORS



TOP 10% OF HOSTS = 43.8% OF REVENUE



TOP 1% (2,260 OPERATORS) HOSTS = 15.3% OF TOTAL EARNINGS

Multi-listings account for 43.1% of Airbnb listings. Many listings in Toronto and Ottawa have shifted to **28-day minimum stays** in response to municipal regulations.

REVENUE GENERATION



\$258 MILLION IN REVENUE

\$6,700 PER LISTING

= 5X AVERAGE MONTHLY RENT



IMPACT: HOSPITALITY BUSINESSES

A recent survey conducted in September 2023 by the Hotel Association of Canada found that

62% OF HOSPITALITY BUSINESSES IDENTIFY ACCESS TO HOUSING A SERIOUS BARRIER TO ATTRACTING & RETAINING STAFF

This issue is significantly impacting their operations and ability to conduct business effectively.



IMPACT ON HOUSING AVAILABILITY AND AFFORDABILITY

STR'S REMOVED 12,860 HOUSING UNITS FROM ONTARIO'S LONG-TERM MARKET IN DECEMBER 2023 = 11.2% INCREASE COMPARED TO DECEMBER 2022

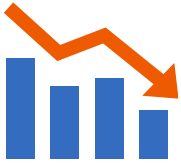


This growth is primarily driven by urban areas without strong STR regulations. Despite this increase, dedicated STRs have **not yet caught up to their pre-pandemic growth** trend, suggesting further growth in the absence of regulatory changes.

A recent study by Wachsmuth and St-Hilaire (2024) indicates that STR activity has caused Ontario renter households to pay an additional

\$2.6 BILLION IN RENT SINCE 2017

EFFECT OF PRINCIPAL-RESIDENCE REQUIREMENTS ON RENTS



The study by Wachsmuth and St-Hilaire (2024) also found that principal-residence requirements for STRs lead to a direct decrease in rents.

\$54 LOWER THAN THEY WOULD HAVE BEEN WITHOUT SUCH MEASURES = 3.3% DIFFERENCE

= **\$1 BILLION** ANNUAL SAVINGS



Extending these requirements across the province could save renters an additional

\$566 MILLION PER YEAR

GLOBAL AND LOCAL STR CHALLENGES



STRs have **negatively impacted** many jurisdictions worldwide by removing housing inventory from the long-term rental market. Municipalities in Canada are struggling to implement and enforce effective regulations.

Comprehensive data reveals that Airbnb's revenue is primarily generated from **multi-unit ownership** and **commercial operations** rather than the typical "ma and pa" households renting out spare rooms.



FEDERAL AND PROVINCIAL RESPONSES

Recognizing the severe consequences of STRs, the Federal Government announced in its 2023 Fall Economic Statement:

- ① ENFORCEMENT SUPPORT FOR MUNICIPALITIES
- ② ELIMINATION OF TAX DEDUCTIONS FOR ILLEGAL STR UNITS



Most Ontario municipalities have implemented regulations, but **enforcement remains challenging** due to **budget and resource constraints**. Larger cities like Toronto and Ottawa maintain stricter control by accessing the Airbnb platform directly to enforce compliance.

RECOMMENDATIONS FOR STR REGULATION IN ONTARIO



CENTRALIZED STR REGISTRATION & LICENSING:

At the provincial level, it would create a consistent regulatory framework across Ontario.



PLATFORM ACCOUNTABILITY:

Should be supervisory authority to access shared data, (i.e. host details & rental activity). Revenue from the Municipal Accommodation Tax (MAT) could fund the administration of this program.



COLLABORATIVE ENFORCEMENT:

Collaborate with Federal government and municipalities to ensure effective enforcement of regulations, supporting local efforts to manage complaints and bylaw infractions.

CONCLUSION

In conclusion, adopting a province-wide regulatory framework for STRs in Ontario will **benefit communities, ensure fair business practices**, and **support housing affordability**. This summary provides valuable insights into the current state of the STR market and the potential benefits of implementing comprehensive regulatory measures.

Note: This research study, *Short-term Rentals and Housing Affordability in Ontario*, written by Dr David Wachsmuth, was commissioned and funded by the *Ontario Restaurant Hotel & Motel Association (ORHMA)*. The authors from the *Urban Politics and Governance* research group are exclusively responsible for all analysis, findings, and conclusions.

Source: Wachsmuth, David (2024). *Short-term Rentals and Housing Affordability in Ontario*. *Urban Politics and Governance research group, School of Urban Planning, McGill University*.

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