



October 15 2022

TO: Commission to Increase Housing Opportunities in Maine

FROM: MaineHousing, Communications and Planning Dept.

RE: Short-Term Rental Overview

The following tables and charts were prepared by Clyde Barr, Policy Analyst at Maine State Housing Authority. They are intended to provide a snapshot of Short-term rentals in the State during the year 2022.

Process and Limitations of Research:

Data for this compilation was provided by AirDNA, which is a commercial service that continually “scrapes” listings from the major online short-term rental platforms, VRBO and AIR B&B. Our research indicated that AirDNA is the leading provider of short-term rental data. Their website notes that AirDNA tracks the performance data of 10M Airbnb & VRBO vacation rentals. “It offers short-term rental data analysis on Airbnb occupancy rates, pricing and investment research”. MaineHousing purchased the data set for Maine in September 2022.

We have attempted to de-duplicate the information, as many properties appear on more than one platform. In addition, we realize that this data set is not inclusive of all short-term rentals in Maine. We know that not all property owners use these platforms.

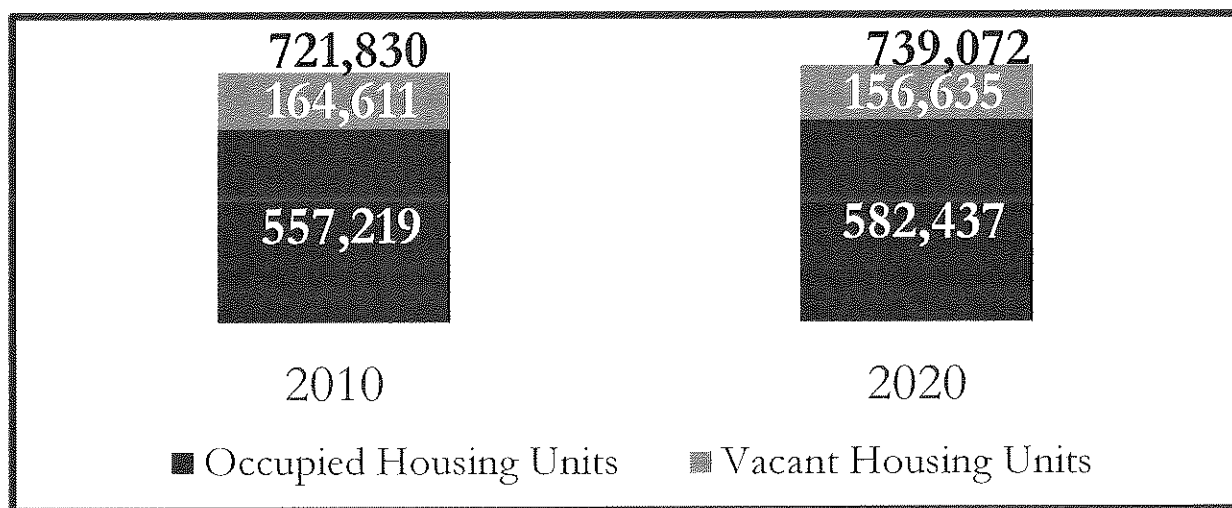
It is difficult to determine the exact number of *investment properties* that could be sold or rented for permanent long term housing. There are many units located within owner-occupied buildings that would, in the absence of short-term rental usage, not be available as long-term units. Similarly Maine has always had a very high percentage of second and vacation homes, many of which are used by families for a portion of the season and rented during other times of year to assist owners with the carrying costs of the properties. Recreational properties of this sort would likely not become long-term rentals.

Another important distinction to be considered with this data is the fact that AirDNA provides listings of any property that it can determine to have been listed on a short-term rental platform in the past, as well as properties that have been listed in the past year. We are focusing on the latter. Rentals can be sorted by actual reservation days. Therefore, a homeowner who travels for a few weeks a year and rents their house for short period can be distinguished from a property that is primarily used for short-term rental.

1. Housing Occupancy in Maine

The first table shows the total number of housing units in the state of Maine according to the US Decennial census from 2010 and 2020. Over the period of a decade the total number of units increased from 721,830 to 739,072, or just over 2%.

Typically vacation rentals and second homes are captured in the number of vacant housing units, which have decreased by 5% between 2010 and 2020. Because Maine has one of the highest percentages of vacation and second homes in the country, there is always a significant percentage of vacant units. (Source: US Decennial Census, 2010, 2020)

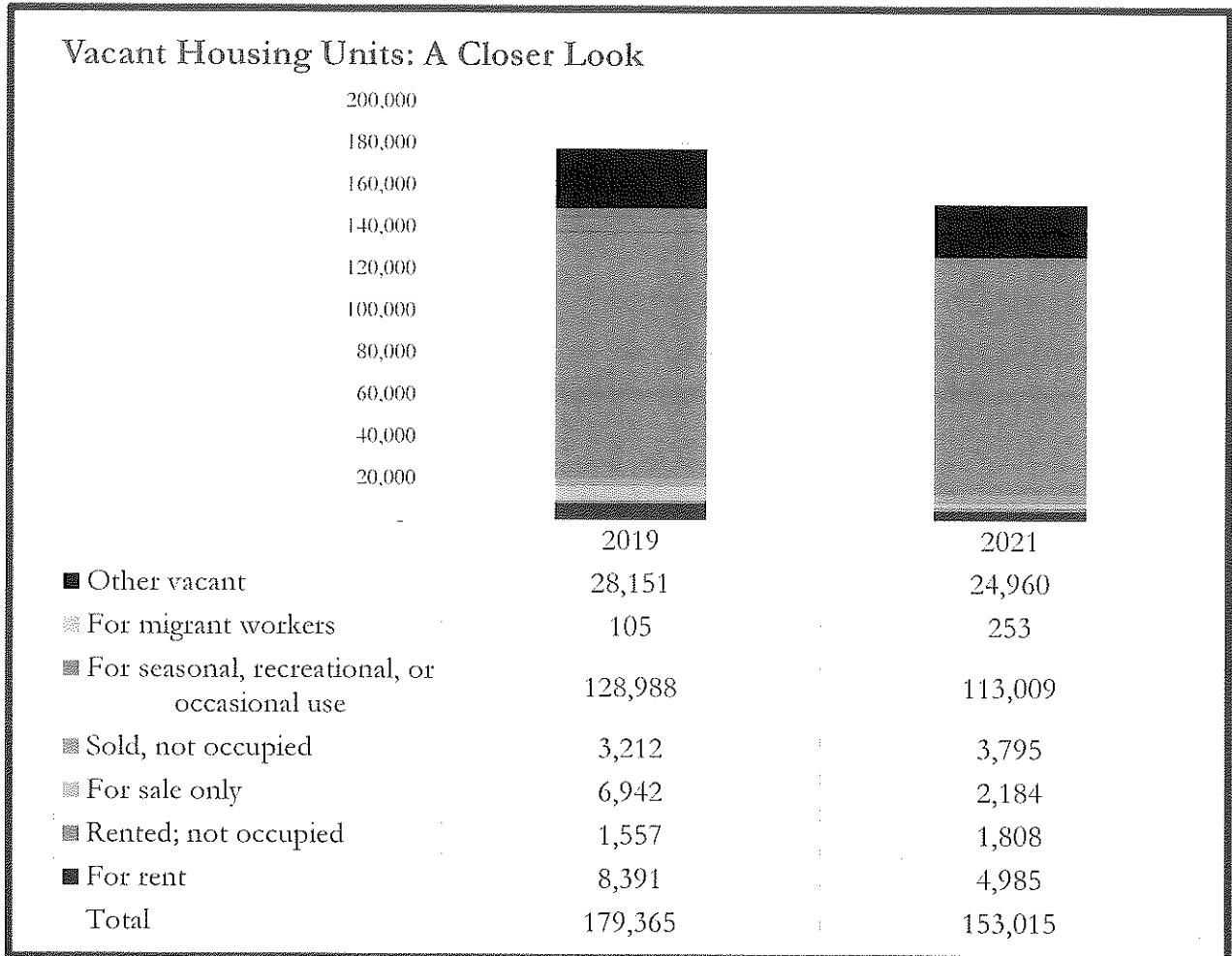


2. Vacant Units in Maine

Chart 2 shows a closer analysis of actual and recent vacant units. This data is collected by the American Community Survey (ACS) and it is important to note that this simply reflects changes between 2019 and 2021 (not the decennial data shown in the previous chart), so the total number of vacant units is slightly different and the time frame included is far more compressed.

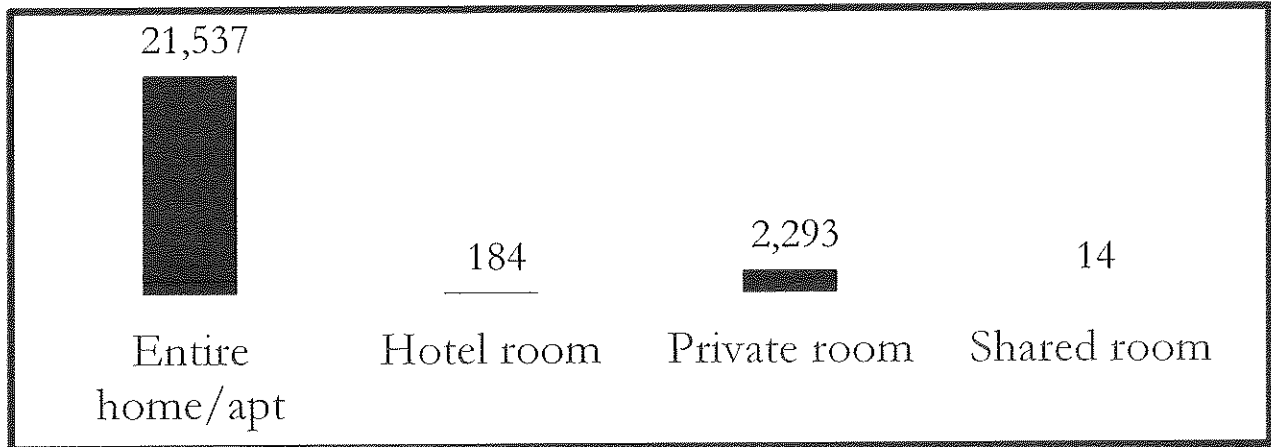
During the period from 2019 through 2021, the total number of vacant units statewide decreased by around 14%, from 179,365 to 153,015. The causes for this sharp decline are not conclusively documented, but this occurred during a period characterized by intense real estate price increases across Maine and the onset of the COVID-19 pandemic, which included an unprecedented number of people working remotely. It seems reasonable to assume (and anecdotal evidence backs this up) that many people came to Maine during these years to purchase property and work remotely or work from second homes that they already owned, accelerating this shift.

The chart shows that the vast majority of vacant housing stock in Maine is comprised of seasonal, recreational or occasional use properties. (Source: ACS 1-Year Estimates, table B25004)



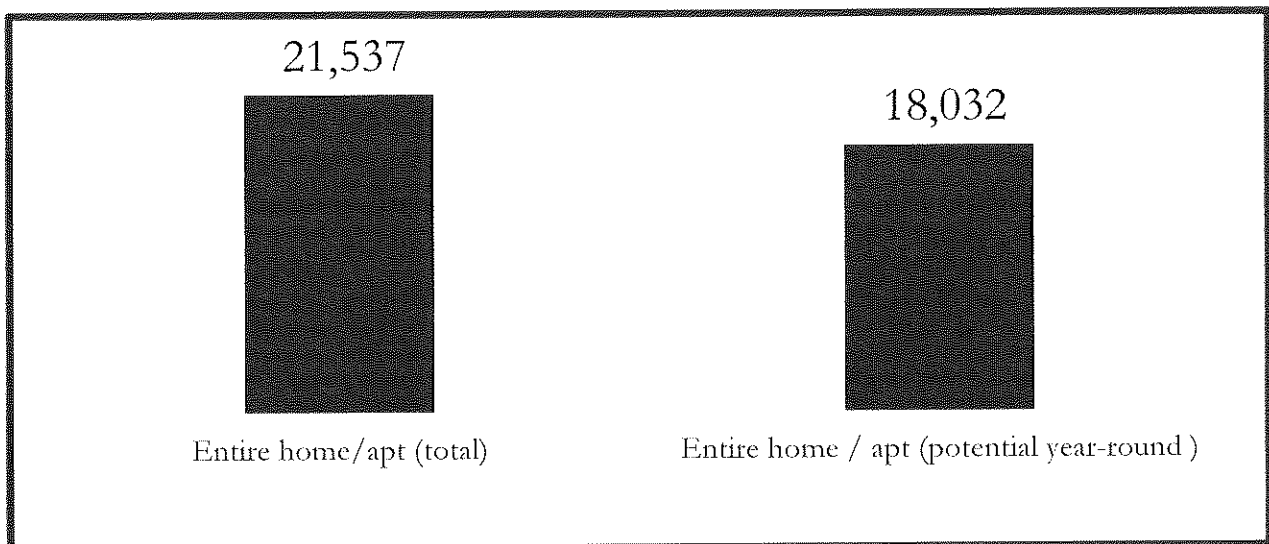
3. Total Short-term Rentals in Maine

According to AirDNA data, there was an aggregate total of 24,028 short-term rental units in Maine that were rented for at least part of 2022. This is equal to around 3% of all housing units in the state. 21,537 of these were entire apartment units or whole house units, with the rest being individual rooms and a smattering of hotel rooms or other shared-space situations.

Chart: Total AirDNA Data Set for Short-Term Rental Types in Maine, 2022

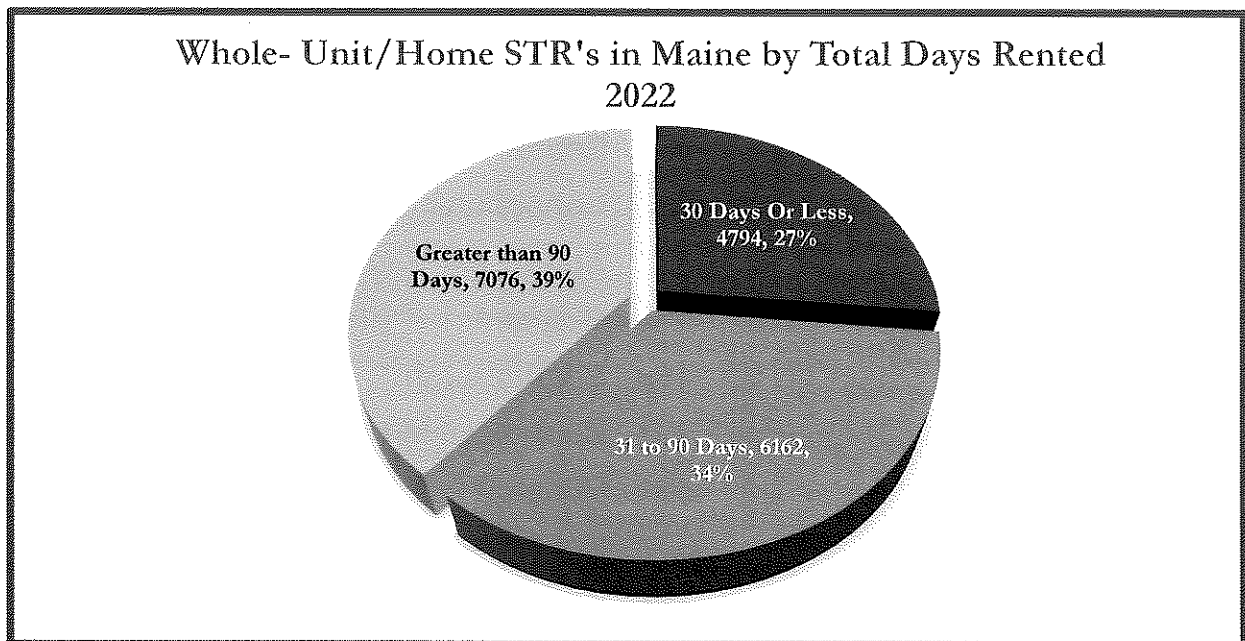
4. “Whole Home” Short-term rentals in Maine

This chart, from AirDNA data, shows further refinement of listings in the “entire home / apartment” category. These listings are of particular interest because they represent properties that could theoretically be repurposed as long term units. However, there are many listings for “Entire home/apt” that would not be suitable for a year-round residence, as listings in Maine include unconventional properties, including “boat”, “cave”, “igloo”, and yurts. MaineHousing attempted to remove all listings that would not be suitable for year-round residences, represented in the 18,032 column. Another important confounding factor is that many “whole home” properties are entirely seasonal and not designed for year-round use. We cannot make that distinction with the available data.



5. Rental Occupancy Levels

Of the 18,032 “whole home” rentals described in the previous chart, we wanted to examine the amount of time that those units were being used as short-term rentals. Our hypotheses in this area were that listings with fewer than 30 days of rental are primarily homeowners and camp owners using the sites to generate extra income; that listings from 31 to 90 days are second homes and camps; and that listings greater than 90 days would constitute the lower threshold for what might be considered an investment property. 61 percent of these rental units were rented for a total of 90 or fewer days in 2022. This seems consistent with the fact that many of these properties are seasonal or are otherwise used by their owners.



0 to 30	4,794	26.6%
31 to 60	3,091	17.1%
61 to 90	3,071	17.0%
91 to 120	2,355	13.1%
120 to 180	2,926	16.2%
180+	1,795	10.0%
Total	18,032	100.0%

6. Quantity of “Whole-Home” Short-Term Rentals by community

One clear element of this data is the fact that the distribution of these properties across Maine is highly variable. As the table below shows, the highest density of STR’s occurs in communities where there is a high level of tourism – on the coast, near ski areas and around lakes.

MaineHousing is in the process of developing an interactive Short-term rental dashboard that will provide a town level analysis of short-term rental properties. While that is not yet complete, AirDNA data show the following municipalities as having the most STR’s. Source: AirDNA

Municipality	Total STR	Municipality	Total STR
Portland	1,024	Ogunquit	356
Old Orchard Beach	835	Bethel	307
Wells	723	Kennebunk	306
Bar Harbor	580	Southwest Harbor	292
York	515	Camden	236
Ellsworth	448	Scarborough	235
Newry	391	Boothbay Harbor	215
Kennebunkport	381	Bridgton	214
Rangeley	367	Harpswell	198
Kingfield	357	Saco	183

The following towns comprise the next fifteen municipalities by total STR’s

Mount Desert 172
 Lincolnville 163
 Belfast 161
 Greenville 145
 Raymond 144
 Phippsburg 143
 Bangor 134
 Biddeford 131

Casco 129
 Rockport 127
 South Portland 121
 Freeport 121
 Windham 106
 Brunswick 106
 Stonington 104

7. Whole Home frequently rented STR's as a percentage of total housing stock by high-STR community

Our final table looks at those communities with the highest prevalence of short-term rentals and compares the portion of those STR's that are rented more than 120 days per year to the total number of housing units in each community.

This analysis therefore aims to provide a relative scale of impact of STR's on a town. A different rental-day threshold would yield different results, but this is our attempt at providing a general yardstick to compare those communities with the most STR's
Source: AirDNA;

Municipality	Total STR	STR 120+ days	STR 120+ days % of Housing units
Portland	1,024	425	1.2%
Old Orchard Beach	835	163	2.2%
Wells	723	171	1.9%
Bar Harbor	580	277	7.6%
York	515	100	1.1%
Ellsworth	448	154	3.2%
Newry	392	114	7.3%
Kennebunkport	381	94	3.2%
Rangeley	367	59	3.1%

Source: AirDNA & US Census 2020: ACS 5-year estimate table DP04

Take-Aways:

This document represents an initial sketch of short-term rentals available through the large online platforms in Maine in 2022. We are hesitant to draw any firm conclusions in the absence of additional study, but it is clear from our initial analysis that STR's are not likely to be considered a major housing factor in most Maine municipalities, as the total number of these properties rented for any amount of time is just around 3% of all housing stock in the state. This 3% is distributed very unevenly.

In many cases, the large online rental platforms are merely facilitator services for rental activity that has historically taken place in coastal, lakefront or other recreation-based areas for more than a century. Many of these properties have always been STR's. Anecdotal evidence suggests that property owners who rent these properties do so for many reasons. Many owners are investors, using these properties to generate straight investment income. Others may be "holding" properties that are intended for full-time occupancy after they retire, and still others represent households maintaining family properties that they use seasonally, or represent homeowners developing an extra stream of income to offset property taxes and other costs.

In places where STRs do constitute a significant proportion of a locality's housing stock, particularly in small towns such as in Bar Harbor or Newry, the visibility and impact of STR's is (as the Commission has heard) significant. Local density of STR's has in many communities prompted local efforts to regulate this activity. Similarly, in larger cities like Portland, there is concern about the effect of these properties on the overall, serious, shortage of long-term rental units.