



SHORT-TERM IS THE NEW LONG-TERM

How to Make The Switch from
Long-Term to Short-Term Rentals



Curated with care by the pros at Guesty

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Why Rock The Boat?

You've got a stable, reliable business as a property management company with long-term units that the majority of your tenants resign for each year.

So why rock the boat and devote a portion of your inventory to uncharted, short-term territory?

There are [many reasons](#) to trade tenants for guests, which may explain why the urban share of the short-term rental market experienced [33% growth](#) in the last 12 months and is projected to achieve [65%](#) in the next year. Some of the biggest incentives include:

- Eliminating the need to thoroughly “research” prospective renters since you won't be handing them the keys for long
- Reducing vulnerability to revenue fluctuations due to rent control
- Maintaining consistent control over the property in terms of cleanliness, upkeep and design
- Reserving the homeowners' and investors' ability to both profit from their properties and enjoy them for personal use

But perhaps the most compelling benefit of renting short-term rather than long-term is the profit. Representing an industry with a total addressable market (TAM) that hit [\\$169B](#) in 2018 alone, short-term lets have been found to yield [30% higher profits](#) than long-term leases and, in some cases, [more than double](#) a property manager's monthly income.

And if that doesn't convince you, look around. Major short-term property management companies are competing over the hottest real estate inventory in town, especially in highly touristic areas, but you may already be sitting on a goldmine. If your properties are situated in popular travel destinations, it's time to consider trading “business as usual” for something far more profitable. Convert some of the units in your multi-family buildings to short-term rentals so you can join a groundbreaking, young industry and start reaping the financial rewards.



One Size Doesn't Fit All

Don't feel like letting go of your established venture? There are several ways you can capitalize on the short-term rental market without closing up shop on your long-term rental business. The trick is choosing the model that's right for you. Here are a few to consider:

- Designate some units in your buildings as short-term accommodations and leave the remaining units as they are.
- Offer the option of home sharing to your tenants and enable them to legally rent out their rentals short-term while they're on vacation, then share the revenue with them. The estimate is that around 65% of Airbnb bookings are in [multi-family buildings](#) and a whopping 43% of landlords are [left in the dark](#) while their units are rented out short-term by tenants. Rather than risking your tenants violating their contracts to earn supplemental income, profit from their ventures, promote transparency and increase your tenant satisfaction.
- Rent short-term between long-term tenants. Instead of allowing your units to collect dust while you work to recruit new tenants, you can temporarily list your properties on Airbnb and similar channels to make them profitable as you wait to fill them with long-term renters.
- Similarly, if you're investing in a new development, you can rent out the untouched units short-term during the lease-up period, which can last anywhere [from 12 to 15 months](#), a long time for your apartments to sit vacant, especially if it means increasing interest on loans. Profiting from your new development immediately upon its completion will help you repay loans without collecting further interest and give you the time to fill your units at ideal prices rather than making concessions to secure tenants as soon as possible.

Worried about how your long-term tenants will feel about sharing their communal space with short-term guests? [Annual surveys](#) conducted by the [National Multifamily Housing Council](#) reveal that more than 60% of renters have a positive or neutral stance on the concept, so you likely won't have any trouble finding long-term tenants to neighbor your short-term rental units.



Making The Switch: 5 painless tips for transitioning your long-term lets into short-term rentals

Now that you've reviewed your options for incorporating short-term rentals into your business model to increase your return on investment, the question is how.

They may both entail managing properties, but short and long-term rental management are vastly different from one another. Fortunately, there are steps you can take to make the transition smooth and pain-free.



01.

Automate everything

Here are some of the new tasks you'll need to take on if you choose to enter the short-term rental game, and how [automation technology](#) can step in to help:



Getting guests

Drawing guests to your rentals will require marketing your properties across various online booking channels as well as your own branded booking website, playing the pricing game and keeping a close eye on your calendar to hone in on any notable vacancies you should be focusing on.

How to automate: A [channel management software](#) can keep all of your OTAs in sync so that your [central calendar](#) is automatically updated whenever a reservation is made. This will significantly reduce your risk of double bookings and will make the process of editing your listing profiles a whole lot more efficient.

As far as adjusting prices to maximize your revenue, a smart [dynamic pricing solution](#) can step in to [strategically tweak your listing prices](#) so you can yield the greatest possible profit without discouraging bookings



Meeting guests

With the constant stream of guests that comes with short-term rentals, you'll need to arrange for property access and orientations on the regular.

How to automate: Utilize keyless entry systems that generate temporary passcodes for each upcoming reservation in order to offer your guests the freedom to [check themselves in](#), no physical keys needed. Couple that with a [tech-forward greeting](#) solution, and giving your guests a personal welcome won't require your physical presence, either.



Accommodating guests

One of the most critical aspects of providing excellent customer service in the short-term rental industry is responsiveness and clear communication, from the moment an initial inquiry arrives until the guest checks out. Short-term guests also expect their rentals to be equipped with all the essentials, from towels and blankets to toothpaste and detergent. You'll have to keep tabs on your staff to ensure all rentals are fully stocked with the basics between each and every stay.

How to automate: Communication with both staff and guests can be automated! For example, you can arrange for [specific messages](#) to be sent out to guests at various stages throughout a reservation cycle and can also set up automatic responses to be sent when guests reach out, so they're not kept waiting. As for personnel, no need to manually dole out recurring assignments. With the right [task management technology](#), your staff members can be automatically assigned tasks when relevant.

02.

Make it all about the guest

Once you've put all the tedious todos on auto-pilot, it's time to turn your focus to what is perhaps the most important aspect of a short-term property management company's business: guest satisfaction.

All of the successful players in the short-term property management space have one thing in common - they make guest-centricity a top priority. With satisfied guests come glowing reviews, friend-to-friend referrals and those highly profitable [return visits](#).

As a long-term property manager, you're used to responding to the needs of your tenants, but guests staying short-term tend to be a bit higher maintenance, requiring more of you than tending to the occasional leaky sink or malfunctioning oven.



In order to deliver the type of experience that will elevate your business and keep you in league with the best of the best, you'll have to focus on the following 5 pillars of guest service:



Communication: It's all about response time! [Automated messages](#) will help, but be sure you're readily available for all pressing matters that require your direct attention. For property management companies with relatively large portfolios, it may be worthwhile to outsource your guest communication to [professional service experts](#) who can tend to their needs on your behalf 24/7.



Efficiency: The easier it is for your guests to check-in, access your rentals, use the facilities and check out, the better their experience will be and, as showcased by efficiency-focused short-term rental companies like New York-based [Mint House](#)*, the more successful your company will be. Demonstrate your professionalism and impress your guests by implementing [smart solutions](#) that can make these processes simple and straightforward.

**Mint House is a hospitality company that has raised [a considerable amount in funding](#) thanks to their revolutionary approach towards short-term rental management, which involves independent check-in facilitated by sophisticated technology.*



Amenities: Remember that short-term guests don't come with furniture and moving boxes. Guests expect the [essentials](#), like towels and linens, and appreciate the comforts of a hotel, like bathrobes and slippers. But success-minded property management ventures should take it a few steps further and consider transitioning traditional multi-family buildings into co-living developments. Co-living is a rapidly growing property management model that offers shared spaces and building amenities, and will benefit both your long-term and short-term rental undertakings as they can earn [upwards of 30% more](#) than conventional apartment compounds.

**There's a reason companies like [Stay Alfred](#), which boasts "amenities designed to spoil," are commandeering the short-term rental market. Their building features include game rooms, fitness studios, fire-place equipped lounges and a whole lot more.*



Design: Making a few [simple changes](#) to your interior could completely transform your rental and significantly enhance its appeal. Companies like [Fülhaus](#) provide comprehensive, end-to-end interior design solutions that will make your rentals "instagrammable." With visitors sharing photos of your space on social media, you'll enjoy free exposure to the online travel community and organically boost your brand awareness.



Personalization: Though you can't cater every guest's experience to their unique needs and tastes, you can make an effort to find out a little about them - like the reason for their visit or who will be in their party - and use their answers to help you give them a more [personalized experience](#), complete with [recommendations to local attractions](#) and venues that will interest them.

03.

Master the pricing game

Pricing long-term units, such as traditional, one-year leases, in a multi-family building is relatively straightforward as prices remain static for extended periods of time. Short-term units, however, mean short-term pricing that fluctuates. For example, guests will pay an entirely different price in January than they would in March, or more on the weekend than they would during the week, so it's in your best interest to regularly adjust your prices to reflect demand and optimize your revenue.

You should have two main goals in mind when pricing your short-term rentals:



The trick is [finding that perfect price point](#) that will do both, earning you the highest possible profit without discouraging bookings.

In order to master the pricing game, you'll have to pay attention to:

- **Seasonality:** Reduce your prices for slow seasons with fewer travelers and raise them for high seasons.
- **Holidays and local events:** Raise your prices for big events that draw lots of tourists to your area.
- **Supply:** If you have properties in an area with many other vacation rental options, you'll have to keep your pricing competitive.
- **Timing:** Since people book their accommodations in advance, your prices should be adjusted in advance as well.
- **Occupancy gaps:** If you notice an upcoming vacancy, try to fill it by lowering your prices for those specific nights.

These are just the basics of dynamic pricing for vacation rentals, which is truly an artform.

04.

Learn the marketing ropes

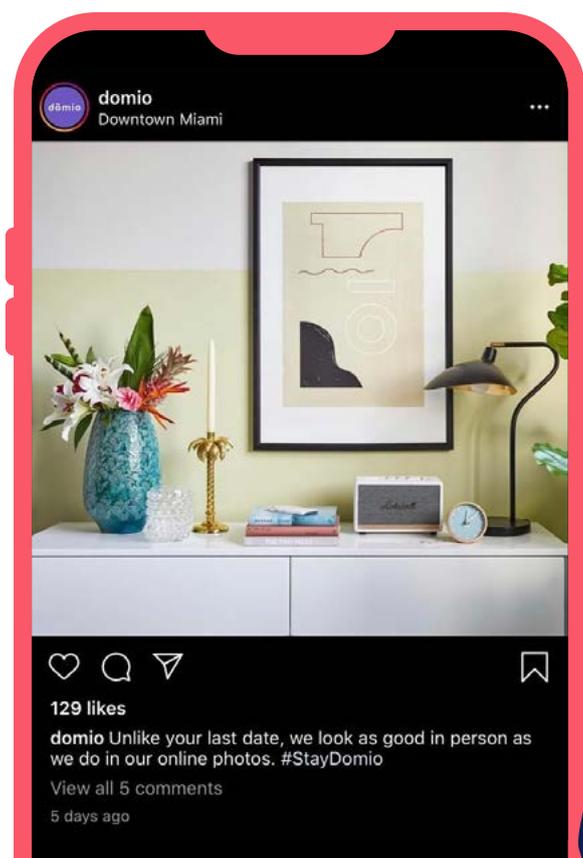
Of course, travelers are going to be looking in different places for accommodations than those seeking long-term living arrangements. To reach short-term renters, you'll have to expand your advertising efforts to the major online booking channels such as Airbnb, Booking.com, Vrbo and TripAdvisor. There are also thousands of other, more niche booking channels, like Misterb&b, that may be appropriate for your rentals and further enable you to diversify your distribution.

Most booking channels will prompt you to provide titles, [descriptions](#) and [high-quality photographs](#) of your rentals as well as house rules, amenities lists and, of course, prices. Browse some successful listings with lots of positive reviews to get a sense of what works for a listing profile.

Beyond listing on short-term rental booking platforms, you're going to want to [build a direct booking site](#) of your very own in order to showcase your brand, create a loyal base of return customers and, most importantly, collect commission-free bookings. Not to mention, your own direct booking site means you can offer discounts and special promotions. This doesn't require any coding or web development as you can use a simple [website-building tool](#) that does all the hard work for you.

Lastly, you'll want to utilize [social media](#) to gain a competitive edge when it comes to attracting adventure-hungry millennials, [90% of whom](#) draw travel inspiration from content they view on social channels.

**With eye-catching photos, engaging captions and followers in the tens of thousands, hugely successful short-term rental companies, like [Domio](#), are paying attention to this trend and ensuring they capitalize on the market on the other side of the smartphone - especially when it comes to [Instagram](#).*



05.

Monitor your performance

Staying on top of your performance is crucial for any business, but especially for one with as many moving parts as a short-term property management company. In order to make smarter decisions, you need to understand your business inside out and distinguish what's working from what isn't.

Here are some key data insights to collect as you build your business:

- Which rentals are drawing guests: Differentiating your successful properties from your less successful ones may point to critical components for encouraging occupancy, such as providing certain amenities, smart solutions or design features.
- Which channels are earning bookings: Knowing your most effective reservation sources can help you make strategic decisions about where to list your properties or what makes an appealing listing profile.
- Which rentals are yielding the most profit: Perhaps your most occupied property isn't your most profitable. As we said, the pricing game can be tricky and paying attention to the revenue you earn from each rental may help you draw game-changing conclusions about the way you price your properties.

Aside from keeping you attuned to your company's strengths and weaknesses, [reports](#) are a great means of sharing your performance with interested parties, like homeowners and investors. Providing your colleagues with detailed reports that measure every aspect of your business demonstrates professionalism and commitment to success, two traits you'll need if you're going to expand your enterprise and make your mark on this booming industry.



You Don't Have to Go it Alone

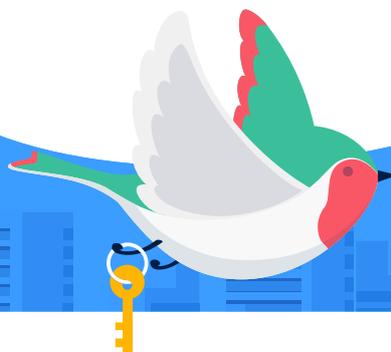
Entering a new industry is a big undertaking, even if you've got years of experience in an adjacent space. Thankfully, the world of short-term rentals is quickly embracing new technologies, designed to promote efficiency and scalability.

[Guesty](#) provides property management companies with an end-to-end solution to simplify the complex operational needs of short term rentals. With Guesty, users can manage listings from multiple online travel agencies including Airbnb, Booking.com, Vrbo, TripAdvisor and more, as well as utilize the company's guest-centric tools such as: Unified Inbox, Automation Tools, 24/7 Guest Communication Services, Payment Processing and more.

Feel like learning more about the ultimate end-to-end platform for short-term property management?

[Request a free demo](#) and we'll show you the ropes.

REQUEST A DEMO



Clients who use guesty report a:



100%

Increase in
Listings Annually



150%

Increase in
Annual Revenue



50+

Hours Saved
Weekly On Average



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