

A photograph of a red brick wall with a red arched door. A black bicycle is leaning against the wall. A large white number '2' is overlaid on the left side of the image. The text 'Running Your Rental Business: How to Be a Successful Host' is written in white, bold, sans-serif font across the middle of the image.

2 Running Your Rental Business: How to Be a Successful Host

Debra Barlow bought a flat in London years ago. When she moved to the U.S. for a teaching position, she thought initially about selling the flat, but instead decided to cover her mortgage by renting her apartment to short-term guests, who stayed for periods of between one to six months.

Barlow markets her two-bedroom flat on Sabbatical Homes, a niche local host rental service that caters to academics. “So far it has worked out incredibly well,” she said. “Living so far away, I couldn’t manage the hassle of different guests coming and going every few days. While I may not make quite as much money as I would if I used one of the more well-known sites, I do find the right type of people, and it’s so much easier to manage them when they’re staying for longer periods of time.”

As an absentee host, Barlow has invested time and (a little) money to create a seamless experience for guests—only one of whom she has met in person since she began renting four years ago. First, she created an exceptionally detailed house guide to answer any questions a guest could possibly have—how to operate her (old) television and the water boiler, troubleshooting tricks for the washer and dryer, emergency numbers, and much more. She compiled all the instruction manuals for every appliance in the flat into clearly marked folders, as well.

Barlow also pays a neighbor a modest monthly stipend to act as a de facto property manager when needed, mostly to pass off and collect keys and to liaise with local cleaners, whom Barlow pays to clean the flat twice a month. “Even though Sabbatical Homes doesn’t let guests review hosts, I, of course, want my tenants to have a great experience,” said Barlow. “I think they appreciate me thinking ahead to any problems they might have, and little things like a local contact and a cleaning lady make a big difference.”

It’s all part and parcel of running a successful local host rental business—and it is, indeed, very much a business.

HOSTING IS A PART-TIME JOB, AT A MINIMUM

First time running a hosting business? Don't worry! This chapter will provide you with the basic knowledge and tools to help you market, manage, and sustain your rental property like a pro. Before we jump into the how-tos of rental management, we'll help you evaluate whether hosting makes sense for you, given your time, resources, and community's legal context. We'll look at the benefits and trade-offs that you may encounter as a host. Hosting is about making money, of course—but there's a lot more to it than that.

Then, if you've concluded that hosting is a step you want to take, we'll walk you through each stage of the process, which includes



market research to help you determine your property's unique selling points, pricing, and positioning in the online marketplace



building a listing that stands out, preparing your rental for guests (everything from supplies and décor to welcoming touches), creating a house guide with rules, effective guest communication, and the dos and don'ts of host etiquette



advice on ways to mitigate problems, should incidents occur (though they are few and far between). Finally, given that guest satisfaction can make or break your reputation, we'll sum up our best hosting tips with an eye towards understanding the impact that reviews play on your business. Our hope is that by the time you finish the chapter, you will have the confidence and know-how to launch your new business.

BUSINESS IS BOOMING

Properties like the one managed by Barlow are driving the transformative—and lucrative—local host rentals market. As noted in the Introduction, market research values the total global local host rental market at US\$169 billion by year end 2018, with an annual growth rate of 7 percent.¹

In Asia, services like Tujia and Zizaike have made aggressive moves and formed strategic partnerships in bids to establish their services with non-English-speaking travelers. Tujia expanded its reach when Ctrip invested in it and acquired local host rental services like Mayi and Qunar, and partnered with HomeAway and WeChat, while simultaneously bolstering its presence in neighboring countries like Korea and Japan.² Tujia is flexing its muscle in China, in particular. In August 2017 Tnooz cited data from Analysys that showed China's local host rental market had grown by 60 percent over a three-year period and estimated that 2017 transactions would total more than US\$1.8 billion.³ In May 2018,



South China Morning Post reported that 700,000 of Tujia's 1 million listings were in China, for the most part spread across 300 Chinese cities.⁴

Agoda, which receives millions of visitors per month, seeks to make a similar splash in its home turf as it invests significant resources into its growing local host rental service, marketed as Agoda Homes. Still in its early days, Agoda Homes already lists 1.1 million properties as of October 2018, the majority of which are in Asia—especially Thailand, Malaysia, and Japan—where the company has a strong hotel presence.⁵ Agoda's footprint in homes is global; in 2017, listings grew most quickly in the United States, Italy, Spain, France, Croatia, Russia, the U.K., Germany, Japan, China, and Indonesia.⁶ According to Agoda's Senior Product Owner BJ Yasuda, Agoda's Homes business has been growing significantly and the company expects this trend to continue.⁷

As all these services jockey for a piece of this global industry's pie, one thing is certain: hosts are in demand,

**Over 416,000
hosts earned
US\$ 5.7billion
from October 2015
to September 2016.**


— Airbnb

and opportunity is knocking louder than ever before. Around the world, local host rentals are providing hosts with lucrative and rewarding new income streams that increase not only financial security, but benefit communities as well. From empty nesters saving for retirement and young professionals paying off mortgages, to parents putting aside money for their children's education and entrepreneurs using the income to invest in a new business, local host rentals are proving to be an attractive business opportunity.

According to a *Financial Times* article, total gross bookings for Airbnb alone grew by close to 150 percent over 2016,⁸ while CBRE, a global real-estate advisory and research firm, reported that Airbnb's total host revenues nearly doubled between 2015 and 2016. In the U.S. alone, hosts who rented out entire properties (rather than shared units) generated 81 percent of Airbnb's total U.S. revenues, according to CBRE. Between October 2015 and September 2016, over 416,000 hosts had earned a total of approximately US\$5.7 billion.⁹

The message is clear: As the market matures, demand for local host rentals will only continue to grow. There is no time like the present to become a host.

(SOMETIMES) RISKY BUSINESS

 Our goal in this chapter is to help prepare you, the host (or potential host), for success with your local rental business. We want it to be a rewarding experience both personally and financially; to do so, we first must pause to share some legal perspectives.

As we've mentioned in Chapter 1, the legal status of local host rentals varies tremendously from place to place. As a participant in this rapidly evolving market and legal landscape, you will need to be informed about issues that are emerging in your local market. Even in cities and countries where local host rentals enjoy legal status, restrictions still usually apply. As we have noted throughout the book, it is your responsibility as host to stay on top of the regulatory landscape in your area—it changes fast.

The implications of not following the laws are serious. For example, in the period between September 2017 and January 2018, Airbnb removed *half* of its 10,000 listings in

San Francisco—including more than 2,000 deletions in one single night—because hosts were not in compliance with registration requirements enacted by the city's Office of Short-Term Rentals.¹⁰ At the same time, Airbnb continues to advise hosts in cities like San Francisco, New York, Portland, and Barcelona to comply with local laws and abide by a policy they call “One Host, One Home,” which requires each host to only have one listing at one address.¹¹

While some services provide hosts with information about pertinent laws in their municipality, the responsibility to learn about any potential regulations—and penalties—belongs with the host. If you don't own your home, for example, it's advisable to review your lease and/or contact your landlord to see if subleasing is permitted; if it's not, in the worst case, you could be evicted.

In short, it's crucial to understand any and all potential legal risks before embarking on your local host rental business. And once more, to be clear, whether you're simply renting out a spare room in your home or managing an investment property, your local host rental is—and should be—viewed as a business. After all, that's how many regulators officially view it, and in some cases, tax it.

While we cannot cover every local law, Figure 15 provides some examples of current, and trending, policies around the world. In addition to staying apprised of the emerging regulatory environment in your area, it's important to educate yourself on different types of policies, as it's likely that governments will create regulation to address the issues that emerge from the industry's ubiquitous growth. In other words, it's best to be prepared.








Remember: It is your responsibility to stay informed and follow local regulations.



BEFORE YOU RENT: A LEGAL CHECKLIST

- ☐ If you rent, confirm **lease terms** to determine landlord permission
- ☐ Confirm with local government (e.g., city/town council, housing authority, etc.) whether you need to **register** or obtain a permit
- ☐ Check for **day limits** on occupancy
- ☐ Evaluate any **tax** obligations
- ☐ Search online for **news** articles on local policy debates—in many municipalities, regulation takes years to finalize but it helps to be aware of changes that lie ahead.

FIGURE 15
An overview of the regulatory landscape for hosts


Regulatory Approach	Location
 Maximum cap	Japan: Hosts can rent homes to guests for up to 180 days per year. Paris: Hosts can rent homes for up to 120 days per year. London: Hosts can rent homes for up to 90 days per year. Amsterdam: Hosts can rent to guests for up to 60 days per year (in 2019, it will be 30 days).
 Minimum rental period	Singapore: Hosts are not allowed to rent out homes if such rentals are less than 3 months in duration (short-term rentals are effectively banned). New York: In most cases, hosts cannot rent homes for less than 30 days at a stretch.
 Home sharing	Santa Monica: Hosts cannot rent out homes for 30 days or less unless they live on the premises themselves. Therefore, only shared rentals are effectively legal.
 Registration/licensing requirement	Paris: Hosts must register with the Paris City Hall before they can list their properties to advertise for short-term rentals on any website. San Francisco: Hosts that rent their homes out for fewer than 30 nights at a stretch must register with local authorities before listing properties online. Taiwan: Hosts can engage in short-term rentals only if they have obtained a certificate of registration from the local administrative authority. Hong Kong: Hosts who rent homes for fewer than 28 nights at a stretch must obtain a license from the administrative authorities before commencing operations. Berlin: Hosts cannot rent out more than 50% of their apartment on a short-term basis if they do not have a city permit.
 Host behavior	Japan: Hosts must abide by strict standards for property cleanliness, maintain a guest list and safety equipment, live 'nearby,' and inform neighbors that homes are used for local host rentals. Hosts must also respond promptly to any complaints from neighbors. Japan's 2018 <i>minpaku</i> law also requires registration. Taiwan: Hosts must maintain guest lists, ensure guests' safety in the event of illness or emergency, and monitor, report or prevent prohibited activities.


NOTES: All information provided in the figure was correct as of January 2018.
SOURCES: Data from Airbnb; Channel NewsAsia; City of Santa Monica Planning and Community Development Department; Hong Kong Office of the Licensing Authority; *Lonely Planet*; Reuters; *Straits Times*; Skift; *The Guardian*; Tourism Bureau M.O.T.C. Republic of China (Taiwan).


WHY YOU SHOULD (OR SHOULDN'T)
SHARE YOUR HOME WITH STRANGERS


Let's take a step back and think about what is probably the most important question a host needs to answer: Why should I open my home to strangers in the first place? There are four main reasons—financial gain, independence, new relationships, and community benefits. (See Figure 16.) We'll start with the most obvious one.

FIGURE 16
Benefits of hosting

**Extra income**
Increase financial stability. According to Earnest.com, U.S. hosts on average earn over US\$900/month; 50% of hosts earn more than US\$500/month.

**Be your own boss**
Control business decisions. Manage 100% of your time, resources and property; create a business that meets your needs.

**Relationships**
Meet travelers from around the globe. One-third of Airbnb guests could not travel or stay long without local host rentals.

**Help your community**
Support community business. In 2016, Airbnb guests contributed US\$8.35 billion to the Japanese economy.

SOURCES: Data from Airbnb; Earnest.

MAKE SOME EXTRA CASH

Whether you're in between jobs, retired, in need of a little help paying off your mortgage, or just looking for extra cash to cover expenses and rent—the latter scenario was, in fact, the genesis of Airbnb—managing a local host rental can help to increase your income and give you greater financial stability.¹² In 2016, Airbnb reported that its hosts made on average more than US\$900 a month, but the range was very broad—from less than US\$200 to more than US\$10,000.¹³ In 2017, Earnest, a U.S.-based loan provider, analyzed “tens of thousands” of loan applicants over a 27-month period to determine how much income was derived from sharing economy income; they found that approximately 50 percent of the Airbnb hosts they looked at earned US\$500 or more.¹⁴ (See Figures 17 and 18 for more data.)

Before we get into how much you can make as a host, let's first review a few baseline statistics. According to a 2016 HomeAway U.S. host survey,

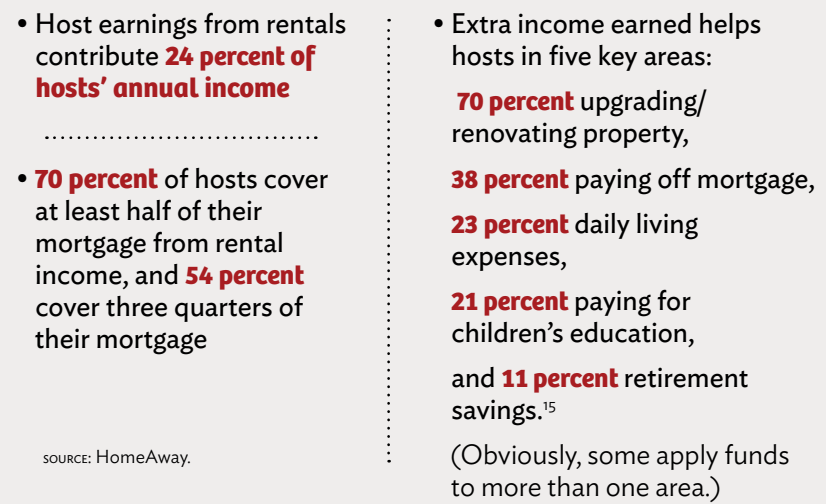


FIGURE 17

Rental earnings constitute 24% of the average U.S. host's annual income.

Hosts apply extra earnings to 5 areas:

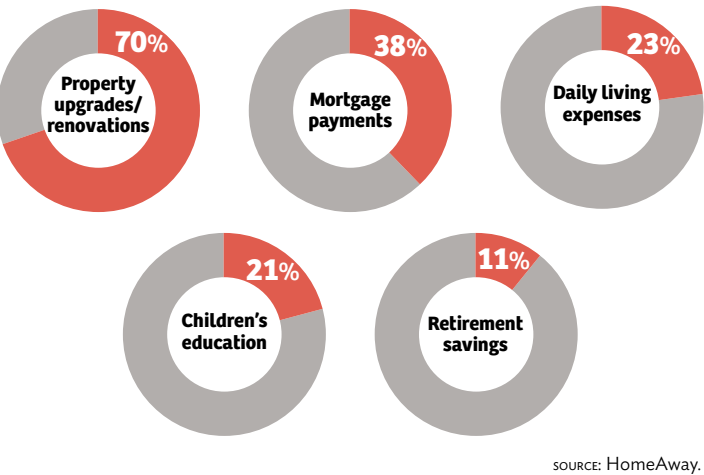
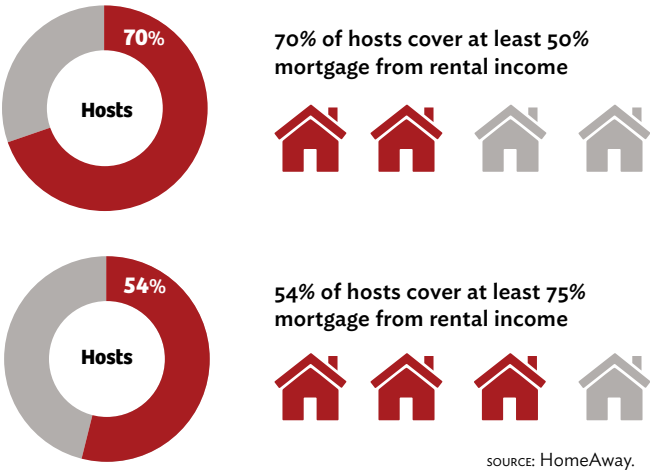


FIGURE 18

Earnings from rentals help U.S. hosts stay in their homes



CONTROL YOUR OWN DESTINY

No matter which service you choose for your local host rental, you control everything about how you conduct your business. You decide when and for how long to rent out your property; you set the rates and ancillary fees (such as cleaning fees); and you can create a set of house rules for guests to follow. This freedom is one reason many people like to host—it's a great deal more flexible than a nine-to-five job (though, of course, the responsibility does not end at 5:00 p.m.).

Though some services offer only instant bookings—that is, the ability for guests to book local host rentals without first requiring host approval—other services give you the ability to review potential guests before accepting their booking request. Of course, if you turn guests down, you have to do it for a proper reason; hosts who decline bookings based strictly on illegal discriminatory factors can (and should) be banned from the service and can even face fines and other legal repercussions.

MEET TRAVELERS FROM AROUND THE WORLD

According to Airbnb, one-third of all guests say that local host rentals help them to travel—and stay for longer than they otherwise could.¹⁶ Depending on how much you interact with guests, hosting travelers from all walks of life and from around the world can

TIP

Travelers spend most of their money on expenses unrelated to accommodations.

— WTTC

be personally rewarding as you cultivate relationships you otherwise might not have the opportunity to make. The connections you can make as a host—as a part of this emerging global community of travelers—can even extend to your own travels. In her *New York Times* interview, for instance, a divorced New York teacher, who in 2012 began hosting on Airbnb, shared an anecdote about hosting a Pakistani family. Initially uncertain about staying with her, both parties actually ended up building such a good relationship that they offered to host her in Pakistan.¹⁷ The benefits of the guest–host relationship may surprise you.

BE A CHEERLEADER FOR YOUR COMMUNITY

Hosts can help put their neighborhoods on the map, so to speak, by attracting tourists and supporting local merchants through recommendations on the best restaurants, bars, shops, and other businesses. To cite just one example on the country level, Airbnb claimed that it contributed JPY\$820 billion (US\$8.22 billion) to the Japanese economy in 2016 through the value of home rentals and additional spending by guests during their stay—and that’s just Airbnb.¹⁸

In addition, research gathered by WTTC, the Singapore Tourism Board, and other organizations make it clear that most travelers spend the majority of travel dollars on *non-accommodation* expenses, such as local transportation, food and drink, shopping, entertainment, and more. Tourism is a significant economic stimulus to neighborhoods—and when travelers leave the standard tourist zones and stay locally, the stimulus is spread to businesses all over town.

Aside from helping contribute to the greater financial good of their communities, many hosts actively participate in town halls, public hearings, and debates to add their voice to discussions concerning sensible local host rental regulations. Host get-togethers and associations are becoming more common in major cities around the world, including Mumbai, Sydney, Tokyo, and Melbourne. These events can help hosts band together and give them a platform to discuss issues relevant to their businesses and communities.

In some cases, hosting can even have a direct impact on those less fortunate: some services are examining ways in which fees generated by local host rental bookings can be invested back into the community, such as by funding houses for the homeless.¹⁹ In this regard, local host rentals can contribute to the bigger picture of sustainable tourism.

WHY YOU SHOULDN'T HOST

Hosting is, at a minimum, a part-time job, though for many hosts it is, or becomes, much more. We encourage you to keep reading to learn more before you decide whether or not you’re up to the challenge. That said, there are a few reasons why, no matter what, hosting may not be right for you.

Five red-flag reasons why you should not host:

1. Legal restrictions. If local host rentals are restricted in your community or building, you must take the required steps to register your business and/or acquire the necessary permits. If they are illegal, of course, you should not list your property.

2. Risk of illegal discrimination. If you are uncomfortable with sharing your own home or property with strangers, some of whom may be of a different race, religious belief, and/or sexual orientation than you. (In fact, Airbnb has felt the need to step in and remind its hosts they may not discriminate on the basis of which sports teams their guests support!)²⁰ Host discrimination against potential guests can get you in a lot of trouble. One now-banned Airbnb host, for example, was fined US\$5,000 and required to complete and participate in a number of civil-, race-, and community-education discussions and classes after canceling a confirmed reservation because of the guest’s ethnicity.²¹

3. Inadequate resources and time. If you have a full-time job or lifestyle that does not allow you sufficient time to dedicate to a part-time business; or if you do not have a family member or friend to assist you, and cannot afford to hire a property manager to help with



Remember:
Hosting is a part-time job, at least.

“I tell prospective hosts, ‘Think long and hard about whether you’re ready to run a business.’”

— Superhost
Jodie Billingsley

cleaning, maintenance, booking requests, pricing and finance management, guest service, and other day-to-day requirements.

4. Public presence. If you do not wish to have a public online presence, it doesn’t make a lot of sense to be a host through an online platform. Though some services offer host anonymity, most of them have space for personal profiles that can—and should—include your photo and a little bit about yourself. Profiles are important in attracting guests, so if you are not comfortable with a public profile, you may need to think twice about getting into the business of renting.

5. Security risks. Hosting, by definition, means having strangers in your house. Hosts need to take appropriate safety and security measures—stowing away valuable or highly personal items for safekeeping and purchasing a comprehensive insurance plan beyond host insurance coverage provided by some services. If you’re really not comfortable with this aspect of the business, you may not be ready to host.

Still want to learn about becoming a host?
Great! Let’s dive in.

HOW TO BE A HOST WITH THE MOST

“The one thing I’d tell prospective hosts is that you really have to think long and hard about whether you’re ready to run a business,” explained Airbnb Superhost Jodie Billingsley, a freelance journalist based in Nashville, Tennessee, in the United States. With help from her husband, Billingsley manages two local host rentals on Airbnb and knows firsthand how much time and attention hosting requires; one of her units required significant renovation in order to make it market-ready. Despite this, she has maintained Superhost status on the service, and while she still finds this part-time business rewarding, she—like many hosts—has learned that running a successful local host rental can, at times, be a full-time job.

And just like any business, managing a local host rental comes with its own set of challenges. On a financial



level, the old saying that “you have to spend money to make money” applies. As Billingsley’s experience demonstrates, expenses range from renovations large and small to insurance policies, new furnishings, cleaning services, guest amenities, and much more. And even if your extra room or property is in tip-top shape and fully insured, you still have to attract guests.

Once guests start arriving, a host should be prepared to operate as a small-scale hotelier. Some hosts report burnout from both the everyday hosting responsibilities—cleaning, making small talk, restocking amenities, providing concierge-like services—and other necessities such as managing bookings and finances, dealing with changing licensing regulations, and learning new property management tools on their chosen online service.

As local host rentals continue to reach a broader audience of travelers, more and more hosts are joining the community and marketing their services and properties. Competition is a major factor in the success (or lack of) of a local host rental property, and that’s particularly true in popular destinations and major cities like Tokyo, Vancouver, and New York City.

WHAT IS YOUR UNIQUE SELLING POINT?

Given the fact that your local host rental is highly likely to compete with properties from other well-prepared hosts, here’s another important question to ask yourself: Why would a traveler choose to rent from you?

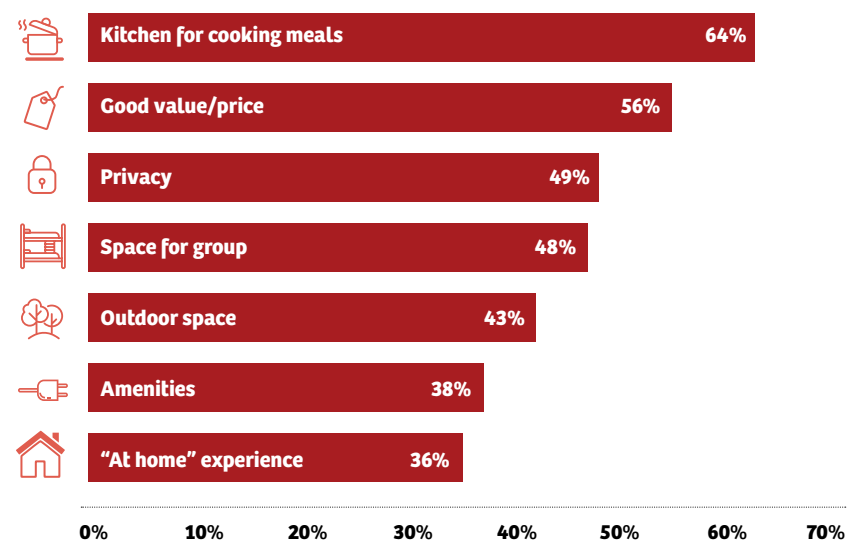
Does your property have unique architecture or other special features, like a big backyard or ocean views? If you live in a big city, is your place conveniently located in a trendy neighborhood or near public transport and popular tourist areas? Does it have stunning interior design or high-end amenities such as complimentary media-streaming services or an outdoor whirlpool? Do you provide a fully stocked kitchen or a welcome basket full of local treats? Does your property provide exceptional value compared to other local host rentals in the area? Maybe you offer one, or several of these; the point is that you need to make your property stand out in some way to your potential guests.

A 2016 survey by the Home Depot and Tripping.com of more than 1,620 renters in the U.S. revealed four main reasons why travelers select local host rentals in lieu of other accommodations: access to a kitchen (64 percent); good value/price (56 percent); privacy (49 percent); and a

space large enough for groups (48 percent). What do they *not* want? “Inaccurate listing photos (32 percent), dingy furniture (19 percent), a poor location (18 percent), and outdated appliances (9 percent).”²² (See Figure 19.) As you market your property, pay attention to your target guests’ preferences and highlight the features that matter most to them.

Whatever the features, it’s crucial to understand the ways in which your local host rental will stand out. Successful hosts have a clear game plan for marketing—from knowing which guests to target, to what traits to stress in the listing, to communication. For example, one property owner has noted that her place is unusually attractive and has the photos to prove it. It’s also minutes from popular tourist attractions and the train station. Furthermore, she works hard to provide extra services—pretty much acting like a hotel. The reviews clearly point out how much her guests value this extra service, which really helps the property stand out against its competition.

FIGURE 19
Top reasons U.S. guests choose local host rentals



source: Adapted from Tripping.com.

MONEY MATTERS

If you’re prepared to open a local host rental business, it means you have checked the legality of managing a local host rental in your building or neighborhood, and have accepted that it’s your responsibility to stay informed about any changes in regulation. If necessary, you are ready to apply for a permit and register your property as a local host rental, and keep track of your finances, particularly for tax purposes (more on that later).

As a host, you have determined your unique selling point(s) and accepted the myriad challenges of marketing your property to diverse travelers from around the globe—which we’ll be covering shortly. You’re also comfortable with having an online presence, meeting and cleaning up after guests (or paying someone to do it), and receiving reviews—good and bad—about both your hosting capabilities as well as your property.

As we’ve tried to make clear, your local host rental business is an investment of time, energy, and finances; it’s the latter that we’ll discuss next, starting with perhaps the most banal, but salient topic—taxes.

TIP

Airbnb automatically issues tax forms to U.S. hosts if they earn more than US\$20,000 and complete at least 200 transactions per year.

—Airbnb

TAXES AND LICENSES

Some hosts are required by law to obtain a license and/or register their local host rental before they can legally start accepting reservations. Depending on your location and service, some properties are subject to city, state, and other taxes, which you may have to collect in person from your guests. And since your local host rental is your business, you'll need to understand and keep track of your property's value and income, deductible expenses, and other finance-related issues that come up during tax season. For instance, for U.S.-sourced earnings, Airbnb hosts automatically receive tax forms if they earn more than US\$20,000 and have at least 200 transactions in a given year.²³

Some services provide hosts with basic guidance on taxes related to their local host rental. Many hosts, particularly those handling a significant number of bookings, find it easier to hire an experienced accountant or tax professional to help manage the nitty-gritty of taxes and other legal matters. Whether you manage your finances yourself or hire a service, avoid any possible legal entanglements by making sure you know and meet the tax and licensing requirements, and any other responsibilities related to managing local host rentals in your area. Be sure to check frequently, as laws change.

HOW MUCH YOU CAN MAKE

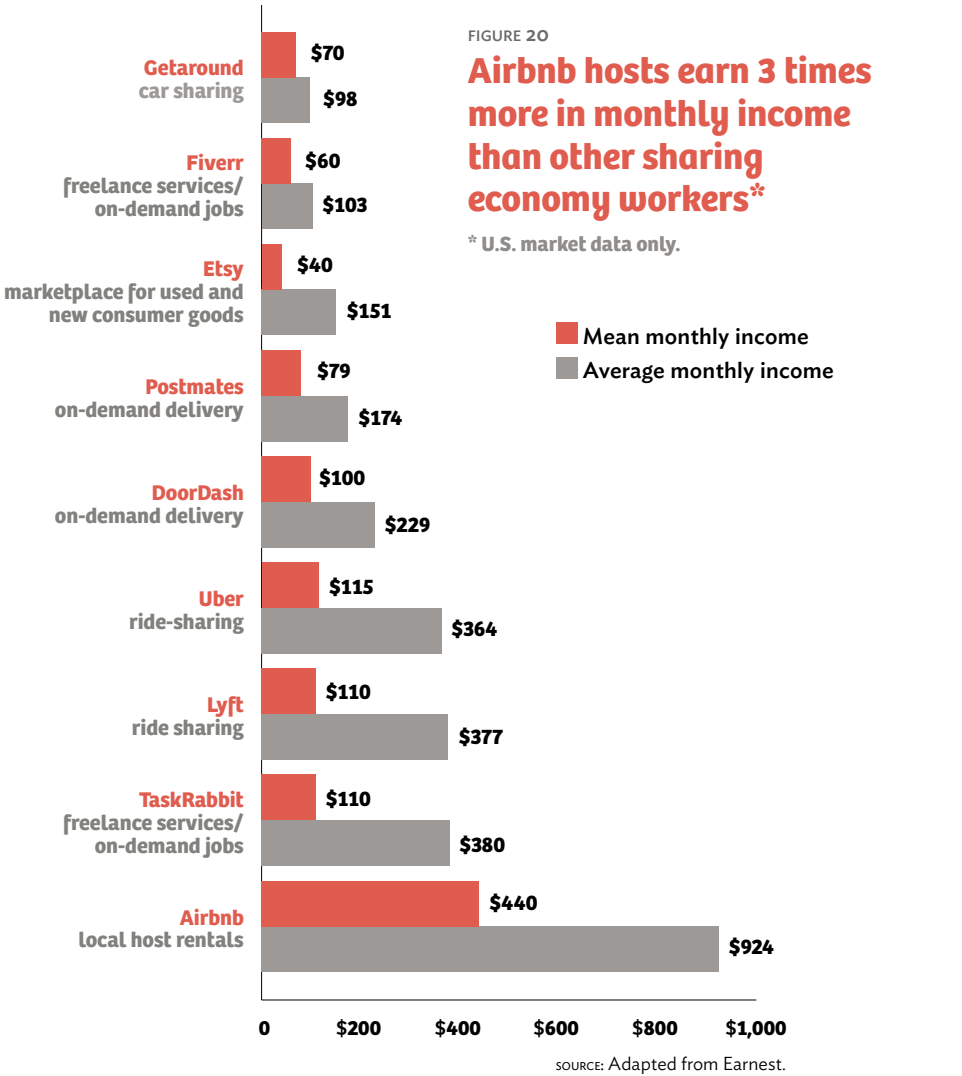
Based on data by Earnest, Priceonomics has reported that Airbnb hosts in the U.S. earn more than anyone else in the sharing or "gig economy"—"nearly three times as much as other workers."²⁴ (See Figure 20) As stated before, 50 percent of Airbnb hosts make US\$500 or more per month—compared to 84 percent of workers of other companies in the sharing/gig economy who make less than US\$500 per month. Figure 20 shows how Airbnb—and by proxy, income from local host rentals, in general—compares across sharing/gig economy jobs.

Like any business, your total revenues depend on the quality of your main product—in this case, your property and your services as host—and your ability to meet customers' expectations by satisfying their needs, matching demand, and differentiating your rental from the competition.

Airbnb provides extensive income estimates and statistics for hosts based in specific cities around the world.* As of 2016, the average Airbnb host in Vancouver, Canada, makes around CAD 6,500 (US\$5,230) annually, which according to the service, is income that covers at

* All earnings data cited are from Airbnb or academic research using Airbnb data. For some markets, Airbnb discloses "average" income for the "average or "typical" host (calculated as the sum of all values divided by the number of data points), while in others it reports median (the midpoint income). HomeAway cites averages.

least 50 percent of the host's mortgage or monthly rent.²⁵ In the U.S., a typical host in Seattle makes around US\$11,000 a year;²⁶ in Philadelphia it's US\$4,600.²⁷ One retiree in Beach Haven, New Jersey, has told *The Inquirer* that she makes US\$12,000 a year.²⁸ In 2017, Airbnb CEO Brian Chesky had said to *Fortune* magazine that most of his company's U.S. hosts earned US\$7,000 per year,²⁹ while the Airbnb Policy *Tool Chest* 2.0 reported that globally, a "typical Airbnb host" would earn US\$3,100 per year.³⁰ In Asia, Japan's median host income in 2016 was US\$9,900; across Taiwan, median income was US\$1,900 and all hosts in aggregate earned US\$67.8 million. In Hong Kong, host median income was



US\$3,500, while total host earnings came just under US\$50 million; meanwhile, Airbnb hosts in Thailand made US\$97.7 million, and the median host income was US\$2,100³¹ In 2017, an average Airbnb host in Malaysia earned an annual revenue of MYR 5,569 (~US\$1,414).³²

Of course, these income numbers are just approximations—you can make far less or far more depending on where your local host rental is located, how much competition you have, when and for how much you list your property, and so on. In Malaysia, for instance, the annual revenue can vary widely depending on where the rental property is located—in 2017, the highest earning host in Kuala Lumpur pulled in an estimated annual revenue of US\$33,708 on a luxury apartment in the city center.³³

Indeed, location matters in places like New York City, where Airbnb hosts with properties in midtown Manhattan make a median income of US\$8,286 annually, compared with, say, the US\$5,501 median income that hosts in Staten Island can expect.³⁴ Based on the results of a 2016 survey of its U.S. hosts, it seems the average owner on HomeAway grosses US\$28,000 annually from renting to groups of travelers and families.³⁵ (Note that different services report different host income levels, which may be the result of geography, market segment, property size and type, and/or how the service tracks and calculates its figures.)

Some industry studies have shown that the average income estimates provided by services like Airbnb are in some instances heavily skewed by the presence of commercial real-estate enterprises, and do not accurately reflect a private host’s earning potential. In 2017, for example, the McGill University School of Urban Planning in Québec, Canada, released a report concerning the collective 2016 performance of the local host rental markets in Toronto, Vancouver, and Montréal. They found that a large part of the US\$430 million that Airbnb hosts made that year was earned by just 10 percent of hosts, with the top 1 percent making more than 12 percent of the income. Airbnb’s top “host” in Toronto, with 128 listings and earnings of US\$1.34 million, was not an individual, but a real estate management firm.³⁶

Keep in mind that these income estimates on Airbnb and HomeAway come after the services deduct their hosting fees (3 percent to 5 percent per booking for Airbnb; either

Calculate your earnings

Total revenues

– Operating expenses

– Service fees

– Taxes

– Licensing fees

– Total Profit

FIGURE 21
Estimated host monthly earnings and profit in Asian cities

	Monthly Earnings (Occupancy: 20 days/month)	Operating Expenses (including rent)	Monthly Profit	Profit as % Monthly Earnings
Osaka, Japan	US \$935	US \$640	US \$295	32%
Tokyo, Japan	US \$1,335	US \$990	US \$345	26%
Bangkok, Thailand	US \$470	US \$250	US \$220	47%

NOTE: All information provided in this figure is based on 2018 data.
SOURCE: Data from Agoda.

annual fees or per-booking fee for HomeAway). Sites like Agoda do not charge hosts additional fees, so you will get the full listing price. At the same time, it is important not to confuse your total earnings with profit; at the end of the day, you must carefully keep track of your income and your expenses (we’ll go into more detail later in this chapter). It’s also critical to estimate your occupancy rate—according to a *Forbes* article, the U.S. average occupancy rate in 2016 was 65.8 percent.³⁷ For an example of how to estimate earnings, refer to Appendix 7.

Figure 21 provides some sample data from Agoda that shows what you might earn from renting out a centrally located, one-bedroom apartment for 20 days a month, in a few cities in Asia.

As you can see, there is good opportunity for savvy hosts to earn money. And help is available, too; the service you use to list your local host rental will provide some internal tools to help you estimate your earnings, review seasonal travel trends in your neighborhood, and figure out pricing. Before we delve further into pricing strategies, however, it’s important to call attention to a significant factor in your earnings: service fees.

SERVICE FEES

While the services vary, most do charge their hosts fees and commissions (these may be per year or per booking). It’s important to understand the costs involved, as they will have a significant impact on your bottom line. A few percent may not seem like much at first, but hosts fortunate enough to receive regular bookings know how quickly these costs can add up.

Airbnb states that it generally charges hosts 3 percent per booking but it may be higher for hosts who select their Super Strict cancellation

rules; meanwhile, Airbnb charges guests up to 20 percent, depending on the property and length of stay.³⁸ For instance, let's say you list your property at the average price of US\$100 per night, and it is booked 20 days a month (on average). Before fees, you would have made US\$2,000 a month on your property; but if Airbnb were to charge a 3 percent booking fee, you would have to pay the service US\$60 out of that total.

The guest would also be paying fees. If a guest booked your property for four nights, and the service charges 10 percent, that would add US\$40 onto the guest's tab, in addition to cleaning and any other charges. Fees can bring apparently low-priced local host rentals closer to the cost of hotel rooms, which may discourage guests from booking. It's important for you to look at the total costs to guests, so you can price your rental appropriately for your market.

Services have different kinds of fee arrangements for hosts. HomeAway allows hosts to choose between an annual US\$349 to US\$999 fee and a per-booking fee that's between 10 percent and 13 percent,³⁹ while Booking.com charges hosts about 12 percent per booking;⁴⁰ Tujia charges hosts 3 percent.⁴¹ Agoda operates somewhat differently; hosts receive the prices they set, and guests pay the prices they see. The service earns its margin on a small markup between the price the host receives and the price the guest pays.

In summary, different services have different business models. Make sure you understand the service's fee structure before you sign up.

HOW MUCH TO CHARGE

Pricing is one of the most effective ways to determine who is going to rent your property. One owner we interviewed targets a specific type of traveler when pricing and marketing his property. Because his property is located in an affluent neighborhood, and since he offers premium amenities, he tries to attract luxury travelers, as opposed to budget-minded backpackers.

In other words, he knows whom he wants to rent to and whom he doesn't. Determining your ideal guest demographic—whether it is couples, business people, families, luxury travelers, or backpackers—can help you decide how best to manage your local host rental, and that includes its price.

Pricing your local host rental is not an exact science, and the pricing tools that services provide, while helpful, are only a guide. One host, for instance, told *Fast Company* that while his service's pricing tools suggested that he price his spare bedroom at US\$26 a night, he charges up to US\$45 per night instead, and continues to receive good traffic. On the flip side, another successful host had decided that instead of renting out his property for the (high) suggested price and filling it on average one night out of three, he preferred to rent it out for nearly 100 percent of the time at one-third of the price because the approach helped garner positive reviews, which led to increased and sustained business.⁴² We recommend that you use your service's tools and guidance to understand the market—but then select the pricing strategy that works best to help you meet your personal goals.

Reviewing pricing tools and suggestions can help, but your own research, expenses, target profit, and business strategy will determine the price you are comfortable charging guests. The following are a few strategies to help reduce the guesswork. (For a list of companies that can help with this and other aspects of hosting, see Appendix 8.)

Assess the market value. First, it's helpful to know how well local host rentals in your area are performing: overall demand, average occupancy rates, and how much hosts charge for comparable properties. While they were designed for Airbnb, services like Everbooked and AirDNA provide detailed market analysis reports and data that can help paint an accurate picture of your local host rental market—and how your property fits into it. Market reports on AirDNA must be purchased (e.g., the report on the Upper Sukhumvit area of Bangkok covering 32 months of market trends, costs US\$30 per month), but you can look up metrics such as average daily rate, occupancy rate, and revenues just by typing in your address on the website. Currently, Everbooked charges US\$100 per month for data on 3,000 cities in U.S. markets.⁴³

Scope out the competition. Even if you've purchased a market research report, it's still a good idea to spend some time comparing and contrasting local host rentals that are similar to yours in your area. If you haven't selected



Think Like a guest: Booking fees + cleaning fees can make an affordable property pricey.

TIP

Be an undercover detective. Book a night in a nearby property to check out the competition.



5 STRATEGIES TO DETERMINE PRICING



Assess the **market value** by observing practices of other local host rentals.



Scope out the **competition** by comparing and contrasting local host rentals.



Don't forget **additional fees** and charges such as cleaning fee, early or late check-in, etc.



Factor in weekends, seasons, and **special events** to adjust according to demand of the property.



Determine most **competitive price** with a high quality and well-reviewed property.

the service on which to list your property (or even if you have), choose two or three services for your competition reconnaissance mission. Or do some literal undercover research by booking a night at a competing property.

Focus on learning as much as you can about local listings that are similar to your rental offering—number of bedrooms, size of property (square meters/square feet), maximum guest occupancy—prioritizing listings that have the most positive guest reviews (you want to learn from the best!). Set up a simple spreadsheet that lists the size, occupancy, key amenities and features, location, and average nightly price for each competing local host rental. Run some sample numbers to estimate how well your own property fares compared to these successful businesses.

Don't forget about additional fees and services. When pricing your rental, keep in mind that most services allow you to charge additional amounts on top of the nightly rate to cover operating and maintenance costs. Many local host rentals charge guests for cleaning, some charge extra for early or late check-in, for additional guests beyond the stated occupancy, or for bringing a pet (if allowed). While these and other possible fees may be fair, remember that they increase the overall price to your customers and will affect how attractive your rental will seem. Our advice is to keep these charges reasonable, and make sure you are in line with your competition.

Factor in weekends, seasons, and special events.

Though hosts can list properties for the same rate every day of the year, you will probably be able to rent out your property more often, and increase your profits, if you were to adjust the rate for different days of the week and times of the year, as well as by duration of stay. Depending on where your property is located, there may be greater demand on weekends than weekdays—or vice versa—and your price should reflect this. You could offer a cheaper rate for stays of more than a week or month, since longer stays usually require less management effort and reduce vacancy time. Likewise, you can increase your rate during peak seasons and lower it during the lull periods. If travelers are pouring into your city for a special event like the F1 auto race or World Cup, or if it's ski season or the

Lunar New Year, you would be remiss not to take advantage of the elevated demand. Again, look at how your competitors handle specific times of the year, and do your own cost analysis to determine if you can meet or beat their offers.

Determine how low you can go. Once you've finished your overall market and competitive analysis, consider whether and by how much you can undercut your competition, while still maintaining a reasonable profit margin. A competitive rate combined with a high quality and well-reviewed property can be a potent and alluring mix. (We'll have advice on setting your property up for positive reviews later.) Guests can be quite hesitant about booking a property with zero reviews, so when you first list your property, it can be quite an effective strategy to offer guests a massive discount. Then, once you have gathered a good number of (hopefully positive) reviews, you can look at raising your price.

HOW GUESTS PAY—AND HOW YOU GET PAID

The vast majority of local host rental services secure guest fees, including any potential deposits, by credit card, PayPal, or other automated electronic payments. Some services, like Booking.com, may allow (or require) guests to pay only at check-in, but this is uncommon and is likely to change: both parties generally prefer the security of handling finances via the service's internal payment system, and usually in advance.

Just as host fees vary among the services, the turnaround time for when hosts get paid also differs. Agoda, for example, typically transfers payment by PayPal into host accounts one day after checkout, whereas Zizaike issues payment before guests check in. HomeAway and Airbnb reimburse hosts 24 hours after guests check in. All services make their payment policies clear once you sign up as a host.

Each service accepts different payment types, and payment options generally follow customer usage trends in local markets. For example, as of time of writing, Agoda supports over-the-counter payments at local 7-Eleven convenience stores in Asia; e-wallet systems like PayPal, Apple Pay, Alipay, and WeChat for mobile payments; online bank transfer with regional banks like SCB in Thailand and Maybank in Malaysia; and credit cards from regional providers (e.g., JCB and UnionPay) and global cards like Visa, Mastercard, and American Express.⁴⁴

At present, the payment services and systems popular in one country may be less accepted in another, or not at all. American Express, for instance, is quite common in the United States, but not

often accepted by smaller merchants in Southeast Asia. Alipay is almost universal in China—where even some street food vendors will accept mobile-phone payment by WeChat—but these systems may be inaccessible to foreigners. It's in everybody's interest to have these systems expand, but at the same time, some countries are putting up barriers to international payment gateways. Here's our advice: Work with systems that make payments easy for your guests (not only for accommodations but also for ancillary services), and watch this space.

If you decide to request a security deposit from guests, the service will usually handle it via credit card authorization, although Airbnb doesn't place a hold on the card, as is the case with most hotels. Instead, it charges only when a claim is filed and verified. To avoid any confusion or misunderstandings with guests, be clear about the terms of the security deposit and the amount in your local host rental listing.

In the unlikely event that you need to make a claim against the security deposit, each service has its own procedures; be sure to familiarize yourself with them. In all cases, you will need to prepare evidence, which includes photographs, email exchanges, receipts from damage repairs, and any other forms of proof. Currently on Airbnb, hosts must make any claims against a collected security deposit either within 14 days of a guest checking out or before the next guest checks in, whichever comes first. At that point the service steps in, acts as a liaison between the host and guest, and deducts funds from the deposit as necessary.

You should, however, feel confident that the risk is low. Indeed, Airbnb has claimed that of its more than 40 million guest arrivals in 2015, hosts had filed only 1,010 reports of significant property damage ("significant" in this case, meaning reimbursed claims against its host guarantee for more than US\$1,000).⁴⁵

DECIDE WHERE TO LIST YOUR LOCAL HOST RENTAL: GLOBAL OR REGIONAL SERVICES

Hosts can choose to list their property on more services than ever before, from leading global services like Airbnb, HomeAway, Booking.com, and Agoda to niche and regionally focused services like



FlipKey (global, but focuses primarily on North America, especially the U.S.);⁴⁶ 9flats (global, but predominantly in Europe); Zhubaijia (China);⁴⁷ and AsiaYo, which focuses on Taiwan, South Korea, and Thailand.⁴⁸ You will need to take into consideration the languages in which the sites can be read and the type of currencies they accept, if you are interested in attracting international travelers.

Each of these services will have its pros and cons, and personal factors, such as your property's location, your desired occupancy rates, your target income, and the demographic you wish to reach, will determine the one that's right for you.

We recommend thoroughly exploring all policies, fees, income estimates, and other information concerning services before signing up to list your property. To get you started, refer to our summary of local host rental services in Appendix 1.

TIP
Evaluate both global and regional services to attract your target guest.



Reminder:
Clearly state payment terms and security deposit amount in listing.

LISTING ON MULTIPLE SERVICES: LEGAL CONSIDERATIONS AND MANAGEMENT SYSTEMS

Many hosts list their properties on multiple services. From a business standpoint, it may well make sense to market your property to as wide an audience as possible. For instance, a survey of 1,200 local host rental owners and managers in the period between 2016 and 2017 had found that using multiple services to list their property increased revenues for a majority of survey respondents by two to three times.⁴⁹ Nevertheless, it's important to think through the management and administrative side of this strategy.

For example, let's say your local host rental is located in London, where without the proper (and somewhat laborious) licensing requirements, short-term rentals are capped at 90 days per year. If you decide to list on Airbnb, the service will automatically de-list your property the moment it hits the 90-day limit for a calendar year; it will only reinstate you if you wrote in to justify your request.

If you write on multiple services, you won't bump up against this automatic process. Of course, if you list on more than one site and exceed the 90-day limit in total, you will be in violation of the law and could be subject to significant fines. Cross-listing your property is not inherently illegal or improper, and it can indeed increase your chances of renting it up to the regulatory limit, but it will require more diligent management on your part.

To make listing on multiple sites easier, most services support a feature called Calendar Sync. Each service will regularly poll the other services automatically to see if a booking has been made on another service, and if so, automatically block those dates.

Fortunately, as the local host rental market continues to professionalize, a number of third-party players have entered the market to meet this specific need. Whereas a couple of years ago, it may have been cumbersome to maintain and manage multiple availability calendars, keep track of booking policies and payments, and handle myriad guests with varying expectations on different sites, the industry has since matured, with software, channel managers, and property-management systems playing a key role.

In order to find the solution that works best for you, it's important to know what you need. If, for example, you are a host who rents out a single property or a shared room on occasion, the simplest and cheapest way to manage multiple listings is to use Google Calendar, which is free, as your main availability calendar. Google Calendar, however, does not automatically sync with multiple sites; you have to create a system to do so by yourself.⁵⁰ Many hosts figure out creative and relatively simple ways to do this (for example, color-coding bookings from different services); there are online host forums that provide step-by-step, how-to tips and recommendations.

If you list multiple properties, you may want a more robust system that allows you to manage all your listings and their calendars on one portal. This is where channel managers and property-management systems help. (Given their costs, these are more tailored to hosts who earn their full-time income as professional property managers than to hosts who rent out a single property, either whole or partially.) Here's a quick overview of how they work:

Channel managers are online services specifically designed for synchronizing listings across different platforms, including pricing, calendars, and updates.⁵¹ Pricing and terms vary; it's a good idea to enquire about free trials, compare fees, and ensure that synchronization works with your technology and listing service. Two companies that offer free introductory trials and low monthly subscription fees are Lodgify and Orbirental. Rentals United includes training for its customers in the first month and advertises that their pricing has no hidden fees, commissions, or setup costs.⁵² (See Appendix 8 for more details.)

Property management systems, as described by Skift, are the “nerve center” of ancillary technology offerings for local host rentals, with inventory tracking and the availability calendar as their “core.” Different property management systems offer different services, but most commonly they centralize the functions related to managing guest relationships: they will help you track leads, maintain guest records, do your financial accounting, and manage services like maintenance and housekeeping. If there is one piece of technology to invest in—particularly if you're a host that manages multiple properties—Skift has claimed that this is “arguably the most important piece”⁵³ of local host rental technology on offer and well worth the cost. As with channel management systems, it's important to make sure that these systems will integrate easily with your other software programs.

Guesty is a property management service that allows hosts to manage multiple listings through a cloud-based platform. Costs include a



Take note: If local regulation limits the number of days you can rent, pay attention to how you manage booking calendars when using multiple sites.

US\$500 charge for onboarding and service fees that range from 2 percent to 5 percent of booking value. (It would be prudent to run the numbers for your property to make sure the service is providing good value for your specific needs.) Availability Online is another U.S.-based company that allows hosts to choose between a standard service (US\$95 per year) and a more comprehensive premium service (US\$190 per year).⁵⁴ GuestReady, Kigo, LiveRez, and VRBookings are other similar services tailored for professional managers and hosts with multiple properties. More details are provided in Appendix 8.

Ultimately, it is up to you as the host to decide whether it makes sense to market your listings through multiple services. As the market develops and technologies advance and improve, more management software choices will become available and more affordable; you should reevaluate how well your needs are being met by the services you choose on a regular basis.

HOW TO PREPARE YOUR HOME FOR GUESTS

Travelers may choose a local host rental for a variety of reasons—the host, the location, the price—but it's the property itself that ultimately seals the deal.

We had said earlier on that when it comes to running a successful local host rental business, you'll need to spend money to make money. This adage is true, but you don't necessarily have to break the bank to get your home in good shape. This is one area in which some small investments can really pay off in the long term.

We have a few tips to guide you in your home preparation decisions, from streamlining your investment spending to equipping, protecting, and maintaining your local host rental wisely and effectively.

FIRST THINGS FIRST—ARE YOU SHARING YOUR SPACE OR RENTING OUT THE WHOLE PROPERTY?

Many services give hosts the option of renting out their entire property, a private room with shared common areas (e.g., a spare bedroom in your apartment), or a shared space (such as an inflatable mattress on your living room floor). While there are some universal considerations when hosts are preparing their home for guests—cleanliness level, types of amenities, and choice of furnishings—there are also other concerns that are specific to the type of room or dwelling you are planning to rent out.

As we've discussed previously, travelers can reveal a lot about how much interaction they wish to have with their hosts just by the type of properties they book. The ones who desire complete privacy will usually

book an entire property, while those who are open to host interaction are more likely to choose a shared space.

If you intend to rent out a room in the house or apartment where you live, you can more easily observe your guests' needs and offer assistance when needed (e.g., helping with tricky appliances or unclogging the shower drain); and you'll know if they break any house rules. And for a brief moment, you'll have the unique and enriching experience of sharing your home with a traveler.

On the other hand, there's a chance you may find yourself not getting along with the traveler you're hosting. One host, for instance, told the *New York Times* that she once rented to a father and son from Italy who sat around in their underwear watching soccer throughout their stay, and left a lingering stench of foot odor for days after their departure.⁵⁵ We don't know whether this host invested in an in-room television for future guests afterwards; surely, she at least considered it!

If there's only one bathroom in your home, you'll be sharing it; if your guest cooks, you may have to face dirty dishes; if your guest falls ill, well, you'll have to deal with everything that entails. All the while, you'll need to maintain a level of professionalism and do your best to be a gracious host. Depending on the level of interaction your guest expects, you may even need to be something of a shadow resident in your own home—seen and not heard.

If you plan to rent out an entire property—whether it's your actual home or an investment property that you use exclusively as a local host rental—preparations are likely to be more extensive. Beyond ensuring that valuables are secured (or removed from the premises altogether), you will need to think about how to handle basic chores like the trash and recycling—things that you might otherwise take care of yourself.

One host, for instance, explained that her neighborhood has extremely strict rules about noise levels and trash disposal. The neighbors would get annoyed whenever they noticed foreign guests violating these rules, and would lodge complaints. To avoid this problem, the host pays extra for a trash-collection service. As a result, guests and neighbors are happy—and so is she.



Remember:

Most guests expect hotel-like comforts and conveniences.



BASIC FURNISHINGS AND APPLIANCES

If you plan to use your own home as a local host rental, you might think that aside from setting your guests up with a small television set, DVD player, and smartphone charging cords in the spare bedroom, there's not much left to do. But the fact is that most guests expect hotel-like comforts, conveniences, and amenities during their stay (this goes back to how you market your property in the listing, which we'll get to shortly). You may think that you already have everything a guest could need, but that's not necessarily the case.

To prepare your property well, put yourself in your guest's shoes. Imagine how a guest would spend her time in the property, from the morning alarm to bedtime. Make a list of the things she would need and look around your property and figure out what you're missing.

For instance, if you're strictly a tea drinker, you probably don't own a coffee maker and would have left this out of your listing description. But chances are you'll rent to guests who are used to the convenience of

brewing themselves a fresh cup of coffee in the morning. Many guests would also appreciate other basic amenities such as an iron and ironing board, a microwave, and hair dryer—whether you use them yourself or not. If you can anticipate your guests' potential wants and needs well and ahead of time, it will make your guests' stay all the more pleasant and garner the good reviews you need.

"My husband and I stayed in a local host rental once in London, and though overall, we really liked it, it was a little annoying that there wasn't a microwave," said traveler Olivia Chua. "There were loads of microwaveable ready-made meals at the corner grocery that would have saved us a lot of time and money, had we been able to heat them up."

To start you off in the right direction, we have provided a checklist of standard, and stand-out, amenities for your local host rental in Appendix 4. However you decide to furnish your local host rental, these are a few basic guidelines to keep in mind:

Expect wear and tear. A successful local host rental business will receive plenty of foot traffic, so despite everyone's best efforts it's inevitable that, over time, walls will show some black scuff marks, carpeting or chair cushions will get stained, and in general, some signs of use will show up. While hosts should expect guests to be respectful of any and all items during their stay, keep your expectations reasonable—and furnish accordingly.

In other words, if you're shopping for a new couch or dining table for your local host rental, it makes sense to opt for sturdier items that can handle heavy usage over, say, white wool upholstery or an expensive cherry-wood dining table—unless you're marketing to luxury travelers, in which case, you may want to splurge on high-end furnishings.

Be mindful of breakables and valuable items. If you're renting out a spare bedroom in your home, do consider taking down the fine china that you have delicately displayed on narrow, wall-mounted shelves. Rest assured that your local host rental property can still achieve a fun and eclectic vibe without your family's antique paintings or treasured travel souvenirs hanging on the living room walls. In short, limit the risk of damage to breakable objects and other items of value by either securing or removing them altogether.



Think like a guest.

Then create your shopping list.

Protect your privacy. While identity theft is rare, it's quite common to have guests invade your privacy—at least a little. A 2016 survey by identity theft protection service LifeLock, for instance, found that 41 percent of 1,000 American adults surveyed *admitted* to looking through personal items at a local host rental where they stayed.⁵⁶ So, please do lock away important documents securely and remove photographs and other personal items for safekeeping.

DESIGN AND DÉCOR

When it comes to design, furnishings, and amenities, plan and execute with your target guests in mind. There are two segments that stand out in guest demographics—millennials and families.

According to a 2017 Airbnb trends report, millennials accounted for about 60 percent of all guests who have ever used its service; furthermore, the number of millennials using the service was increasing year after year (by more than 120 percent in 2016 alone).⁵⁷ Meanwhile, *Forbes*, citing a 2016 Hipmunk study, reported that 74 percent of U.S. millennial travelers have used local host rentals on business travel, and 80 percent of millennials predicted an increase in travel.⁵⁸

Hosts who hope to attract millennials should spend time researching their travel trends, design likes and dislikes, and other preferences prior to decorating and designing. That could mean aiming for uniqueness and adding quirky flourishes to your décor, like painting a famous line from a Haruki Murakami novel—"Whatever it is you're seeking won't come in the form you're expecting"—on the wall in a color that complements the base paint. You may want to hang twinkling lights in the bedroom or furnish the living room with funky but affordable sculptures. According to the Home Depot and Tripping.com's 2017 survey of U.S. local host rental guests, "millennials have expensive tastes—12 percent plan to stay in villas/estates in the next year vs. only 6 percent of Boomers and 9 percent of Gen Xers."⁵⁹

The other important demographic to plan for is, of course, families. At the time of writing, HomeAway, for example, reported that families made up 42 percent of all its guests.⁶⁰ To cater to this demographic, HomeAway

has published on its website specific tips on how to plan for welcoming (and retaining) families at your rental, which include family-friendly layouts with twin beds, high chairs, and removable cribs; stocking a chest of toys and books; prioritizing safety with baby gates on hand; and even small details like having child-friendly dishes, utensils, and small containers in the kitchen.⁶¹

These are just two segments, of course. Though hosts are likely to receive bookings from all types of travelers, the important thing is to design your property with your target demographic in mind, whether they are families, luxury travelers, retirees, arts lovers, or sports fans.

To begin, we recommend that hosts spend some time reviewing other hosts' design and décor for ideas and inspiration—just as you'd take the time to review competitor listings when figuring out pricing. Take notes on your likes and dislikes, what does and does not work, and think of ways you can re-create or, better yet, improve on what you like. The smart investments (big or small) that you make to spruce up your local host rental can make your listing stand out from the others and attract the right guests.



DESIGN WITH GUESTS IN MIND

Furnish and design your property with target audience in mind.

42%

of HomeAway's guests are families

60%

of Airbnb's guests are millennials.





GIVE THEM WHAT THEY WANT (AND NEED)

When it comes to stocking your rental with necessities, amenities, and useful items, first think about what you would want when staying in a local host rental—and, perhaps, even what you’ve come to expect at a hotel. At a minimum, there should be a comfortable bed with high-quality linens and pillows, bath towels, Wi-Fi, and probably a television. Then, consider your rental’s geographic location and property type, and your target traveler audience as you create your shopping list.

If you’re located in a city where it frequently rains, make sure to provide guests with an umbrella or two. (Be prepared: you’ll have to replace them regularly—and have guests bear the cost.) If you have a fireplace, make sure your property is stocked with wood and fireplace matches. If yours is a oceanfront property, have a supply of beach towels in the linen closet. If guests have kitchen access, furnish them with some decent pots and pans, basic utensils and cutlery, a cutting board, dishes, a bottle and can opener, a corkscrew, and ideally, a microwave.

Minh Truong manages three local host rentals in Ho Chi Minh City, Vietnam. “I market to millennials with a midrange budget, so I provide things like an Xbox with Netflix, a 100-inch projector screen, and one

free beer when my guest arrives,” he said. “People can get sick drinking the tap water in Vietnam, so I have clean drinking water, too, and of course, all the basics like glasses and other dishes.”

As we’ve mentioned earlier in the chapter, you can find a checklist of suggested items and amenities in Appendix 4 to help you prepare your local host rental for visitors. While the list isn’t exhaustive, it serves as a good starting point. In the following section, we’ll cover a few high-tech gadgets that can help make hosting easier—and the guest experience even better.

HANDY GADGETS FOR HOSTS

These days, hosts can take active steps to monitor disturbances before they become an issue. As more technology is being tailored specifically to the local host rental market, you’ll find that noise-monitoring tools are both cost effective and helpful for minimizing disturbances to neighbors. (Neighbor concerns will be discussed in detail in the next chapter.)

NoiseAware, for example, is a smart home service designed specifically for local host rentals; it includes a small sensor that plugs into a wall outlet. Hosts can customize 24/7 noise monitoring according to their needs, by



PLAY IT SAFE

Purchase home insurance to cover property damage, even if your service offers coverage.

Store all private, personal, or sensitive information in a **lock box**.

Read all the **fine print** of policies to know claim terms and procedures.

setting permissible noise levels. If noise levels exceed decibel parameters at specific times of day or night, hosts receive an automatic “Noise Alert” via email or text so they can contact their guests immediately. NoiseAware costs about US\$150 to \$200 per property per year, depending on the size of the rental. Guest privacy is protected, as NoiseAware does not record the content of guests’ speech. David Krauss, CEO of NoiseAware, has compared the technology to a “smoke detector for noise.”⁶²

New technology—an area to watch—can also contribute to environmental sustainability and help hosts achieve significant cost savings:

Switching to LED lights from traditional lightbulbs is one of the least expensive, and yet most effective changes you can make, as LEDs use 75 percent less energy and last 25 times longer than traditional bulbs.⁶³

To conserve water, you can install aerators (small filters that add air to water, aerators cost approximately US\$5 each online)⁶⁴ on all faucets, or purchase low-flow faucets and showerheads that already include aerators; these low-cost additions can reduce water usage by 30 percent to 50 percent.⁶⁵

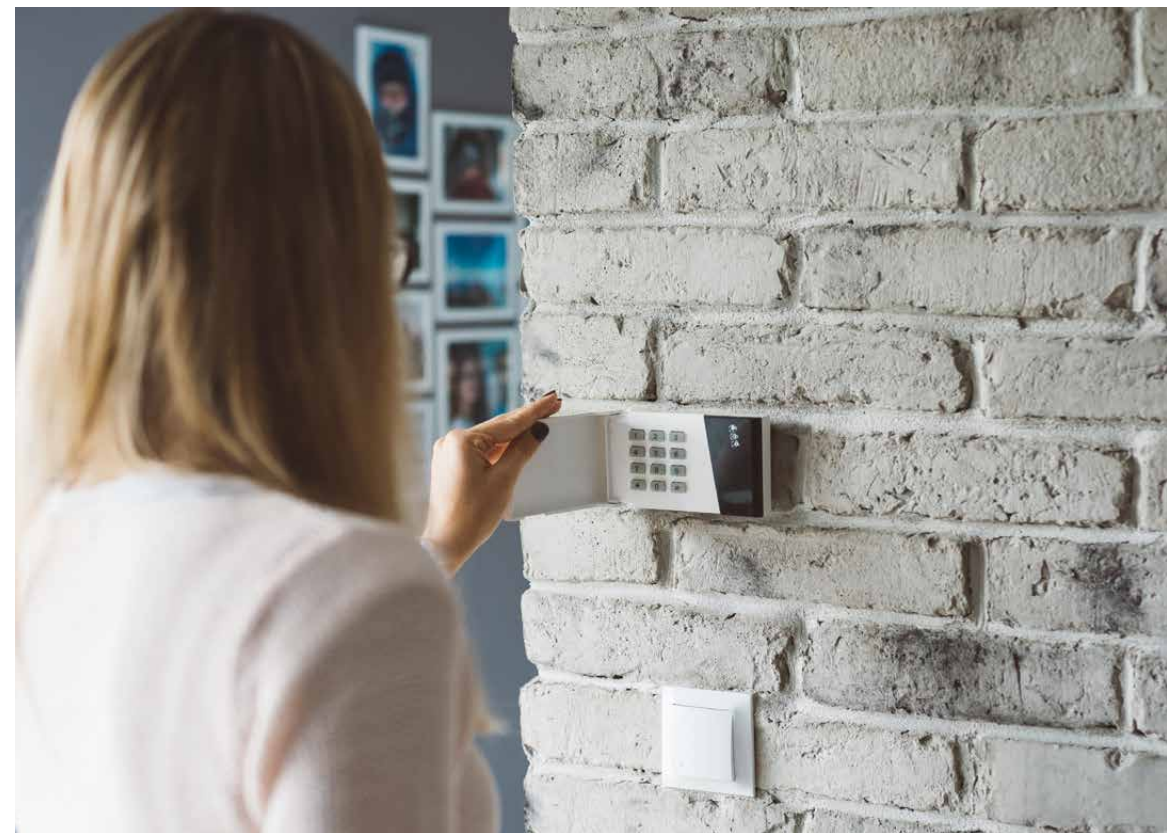
In terms of heat and air-conditioning, there is a wide range of Wi-Fi-enabled “smart thermostats” that can be controlled via your smartphone, Amazon’s Alexa, or Google Home, even if you are not at home.⁶⁶ These can help you save significantly on energy costs.

One thing is certain: As demand for eco-friendly local host rentals rise, it makes sense to manage your property with environmental sustainability in mind. An article on sustainability by the Evolve Vacation Rental Network had this advice for hosts: “With new technologies and updates hitting the sustainability market every day, being environmentally conscious is a great way to lower the cost of running your rental, improve your guests’ experience, and feel good about your impact on the planet.”⁶⁷

PROTECTING YOUR STUFF AND YOUR HOME

As you know, it’s not uncommon for guests to snoop around a little at a local host rental, and the majority do so more out of curiosity than anything—chalk it up to human nature. Nevertheless, it’s still sound practice to protect your privacy and limit risks of identity theft by stowing away any and all personal documents, photographs, sensitive information—anything you wouldn’t want guests poking their noses in. Some hosts keep personal items in safes or locked drawers and closets, while others keep certain rooms off-limits to guests. You may also want to consider stopping or redirecting mail, particularly if you have guests that stay for extended periods of time.

Astute hosts also purchase comprehensive insurance plans to ensure they’re covered in the event of property damage. Certain services automatically provide insurance. For instance, at the time of writing, Airbnb had a host protection insurance program with coverage of up to US\$1 million in 15 countries, while HomeAway had a US\$1 million liability insurance guarantee. Even if your service does provide insurance, taking out your own home insurance policy is still recommended. Your service and/or insurance provider may not always fully cover or reimburse for damages.





5 KEY QUESTIONS TO ASK YOURSELF AS YOU WRITE YOUR HOUSE GUIDE

1. Are **check-in and check-out** times clear?
2. What are my **nonnegotiable** rules?
3. Are **my instructions** for appliances, utilities, and electronics detailed?
4. Do I expect the guest to help with **daily maintenance** like trash removal or washing dishes?
5. What is the best way to reach me with questions or in an **emergency**?

For instance, in 2017 one Airbnb host claimed that she was victimized by guest theft that amounted to US\$3,000. She had filed police reports and claims with Airbnb under its much-publicized Host Protection Insurance program, but said that in the end she only received US\$300 in compensation from Airbnb and US\$600 from her personal insurance plan, leaving her more than US\$2,000 short. Another host reported a similar situation, claiming that Airbnb only reimbursed him US\$50 for US\$700 in damage caused by a guest.⁶⁸

In general, insurance for local host rentals should provide coverage for the following, which may occur during a guest's stay:

- ✓ **injuries to guest**
- ✓ **damage to guest's property**
- ✓ **damage to your own property (caused by guest)**
- ✓ **adjacent property damage (e.g., neighbor's property or apartment complex) caused by guest.**⁶⁹

In addition, insurance policies can cover loss of income and business expenses that occur if your property becomes unrentable. Costs of policies vary by location, property type, and coverage, so contact insurance providers directly for quotes. (Refer to Appendix 6 for a table of providers with policies for local host rentals.)

It's crucial to review the fine print, exclusions, and claim procedures of all insurance policies in advance, so that you can act quickly and in the correct manner in the event of an unfortunate circumstance.

PLAN FOR THE UNEXPECTED

Beyond insurance policies, a simple, well-thought out plan for emergencies and minor disruptions is an important step before you welcome any guests. Take time to think about the various scenarios that could unexpectedly impact a guest's stay, and/or his or her safety—from falling sick, to travel delays (which will inevitably happen), to inclement weather or power outages. Plan a step-by-step response for each situation,

which you can include in your house guide (described in the next section) or have prominently displayed in a common area in your home, such as on the refrigerator or kitchen counter. At a minimum, you should provide contact information and addresses of the local police, fire department, hospital, and nearest doctor's office. In your guide, give clear instructions about who to contact in case there are any issues with the property; ideally, you or your property manager should be the first point of contact, but in some cases (e.g., a theft or serious injury), guests need to know how to call local authorities. Make sure that you have backup plans for 24/7 coverage, should you be unavailable.

CREATE A HOUSE GUIDE WITH RULES

A detailed house guide is invaluable to hosts and guests alike. The best guides include accurate information about everything related to your local host rental that guests need to know, from check-in and checkout times to instructions for operating electronics, and your contact information. This helps guests answer basic questions without having to contact you and saves you the hassle of replying to simple queries time and time again.

Though many services allow you to post house rules in your listing, it's a good idea to provide them in your printed house guide, too. While house rules aren't necessary, they help establish basic guidelines and expectations before arrival. It's up to you to define the rules, but some common ones include issues such as smoking, pets, visitors, parties and large gatherings, noise, and trash disposal.

If you do provide house rules, try to keep them succinct and cheerful. For instance,



Recommended:

Please refrain from smoking indoors and from having large parties. Treat our home as you'd like yours treated!



Not Recommended:

We won't tolerate any crazy parties, nasty cigarette smoking, or other boorish behavior.

A SAMPLE HOUSE GUIDE

WELCOME!

Basic information

Wi-Fi network and password:
sweethome Hello!123

Rules clearly stated upfront

This apartment is **smoke free** and **pet free**.
Please help us keep it that way. And we appreciate you
removing your shoes.

En-suite bathroom

Extra toilet paper is under the sink.
Additional bed sheets and towels are kept in the
bedroom cupboard.

Welcoming tone

Bedroom

The dresser and closet are yours to use. Unpack and
enjoy!

Detailed guest
responsibilities
for maintenanceKitchen

Please **DO NOT** dispose of food or grease (or anything
other than liquids) down the sink. Garbage is under the
sink (full bags, tied up, can be taken to the garbage chute
by the elevators. **Please empty the kitchen garbage
before your departure**). This building composts—
please put all food waste in small bags and deposit them
at the garbage chute. And small recycling items (paper,
tin, plastic) can go down the chute as well. For bigger
items to be recycled, and all glass, you must take them to
the large recycling room on the ground floor.

The door is near the elevators. Please bring the key and
fob with you as you may need to swipe the fob to enter
the recycling room.

The toaster, kettle, and coffee maker are all here for
your use. Coffee, tea, spices, etc. can be found in the
cupboards on either side above the oven.
Cleaning supplies are in the kitchen cupboard closest to
the front entrance. Washing tabs for the dishwasher are
in the cabinet under the sink. **Please clean all dishes**
(via dishwasher or by hand) before departure.

Laundry

A washer and dryer are in the closet near the front
door. Soap and softener are on the floor in front of the
machine. You'll also find a vacuum and other cleaning
supplies here if you need them. Please keep the lint cage
of the dryer as clean as possible.

Living/Dining area

Apple TV is set up and ready for you to use. If you want
to make purchases using Apple TV, please make sure
you are signed into your own account.

If possible, please help keep our plants healthy. There
are five in the living/dining room—they only need to be
watered once a week. Thank you!

The balcony is available for your use. Please make sure
the doors are closed and locked when not
in the apartment.

Also, FYI, there is a smoke detector on the ceiling just
before you enter the bedroom.

Heating/cooling

The thermostat is on the wall in the living room and
heat/air-conditioning can be adjusted via this.

Gym and other amenities

There is a gym (and change room), pool, jacuzzi, sauna,
library, and virtual golf room in this building on the
second floor. They are available for your use but you'll
need the key fob to access all of these facilities.

If you have ANY questions at all, please call,
text or whatsapp me.

Enjoy your stay!



Reminder to control costs

Safety information

Extra amenities

Host communication

When putting your house guide together, organize it like a hotel directory by grouping related topics. For example, the “Electronics” section would be a logical place to include the Wi-Fi password, instructions for accessing Netflix, and tips on how to operate appliances. In addition to all the aforementioned topics, you could include a brief welcome letter, advice on local transportation, suggestions for nearby attractions, bar and restaurant recommendations, and delivery menus—anything that guests will find useful and/or essential during their stay.

Your house guide can be a PDF or other e-document that you email to guests, or a printed booklet left in a prominent place in your local host rental. To help, we’ve included a sample house guide created by host Maryam Siddiqi for her rental property in Toronto on pages 144–145.

CLEANLINESS IS NEXT TO GODLINESS

Hosting can be rewarding on so many levels, but it can also be a humbling experience, particularly when you’re cleaning your rental after guests have checked out. “I’ve never found scrubbing other people’s fecal matter from my toilet seat particularly fun,” admitted one Airbnb host in an August 2017 confessional in *The Guardian*. “I’ve gagged while picking up nail clippings left by rich [foreign] students.”⁷⁰

It may be the least glamorous of your hosting duties, but maintaining a high level of cleanliness in your local host rental is essential to its long-term success. It’s one of the first things guests notice when they arrive, and a key component in their evaluation of their overall experience. Cleanliness is, in fact, one of the seven criteria that guests can rate from one to five stars in their post-stay review on Airbnb (more on that later). A spic-and-span local host rental will, indeed, do wonders for your business—and the opposite also applies.

“My husband and I had a horrible experience in a Brooklyn flat once, and one of the worst things was that it was really dirty. There were long hairs all over the bathroom floor, and the shower was disgusting!” said traveler Claire Glover. “The host clearly hadn’t bothered to do anything more than a cursory clean before we showed up, and we were staying there for six nights, too. I mean, the garbage was half full when we checked in. We obviously left a bad review.”



You should have a good idea as to what constitutes cleanliness, but a general guideline is to picture the most pristine hotel room (or local host rental) in which you’ve ever stayed and then try to replicate it. Sweep, mop, and vacuum the floors; wipe down surfaces; wash the dishes; dust appliances; and, yes, disinfect the bathroom before every guest arrives and after every guest leaves. Keep things organized to maintain an overall appearance of cleanliness, and don’t forget that the insides of microwaves, washing machines, and hot water kettles need attention, too. Hosts who share a space in their own home may have to clean during a guest’s stay, depending on the kind of service they promise in the listing.

If housekeeping isn’t your forte or you just don’t have the time (or inclination) for it, consider hiring a cleaning service to take this task off your plate. Companies like Handy, Moxie Girl, and MaidThis! are among the many services that specifically cater to local host rentals. Prescreened team members from Handy—which currently offers its services in 34 cities across the United States, Canada, and the U.K.—will do the laundry, handle key management, and scrub the floors and bathroom. They also provide setup services like furniture assembly and help with moving, or add-on services such as

TIP

If you don’t have time to clean, hire a professional.

FIGURE 22
Sample housekeeping providers and costs

Location	Company	Services	Rate (US\$)
 San Francisco	Handy	2-hour cleaning	72
		2-hour furniture assembly	90
		4-hour interior painting	240
		2-hour moving help	90
 Shanghai	Jin Guo Jia Zheng, Loy Home Service	2 hours of cleaning	11

NOTE: Information provided in the figure was correct as of time of writing.
SOURCES: Data from Vator and Cityweekend.

cleaning the insides of cabinets, refrigerators, ovens, and interior windows. To help with general maintenance, hosts can even book Handy-approved plumbers and other handymen.⁷¹ Housekeeping services in Shanghai are much cheaper—costing about RMB 35 (US\$5.50) per hour. Hosts can choose from numerous service providers such as Jin Guo Jia Zheng, Loy Home Service, and Shanghai Household Services.⁷² Figure 22 on page 146 gives you an idea of costs.

It doesn't matter *how* you keep your local host rental clean—it's just important that the place sparkles when guests arrive.

MAKE YOUR LOCAL HOST RENTAL LISTING STAND OUT

Okay—you've zeroed in on your target guest demographic, picked a service (or services) to market your local host rental, figured out how to price it, invested in it, and spent countless hours getting it into tip-top shape. Finally, after all that work, you're ready and willing to accept bookings—but first, you have to convince those millions of potential guests out there to book it.

To help get your business off on the right foot, we'll next share some tips on how to grow your bookings through an enticing local host rental listing that'll have travelers knocking down your virtual door for the chance to rent your room or property.


YOUR PERSONAL PROFILE IS GROUND ZERO

In the previous chapter, we made a point to emphasize how crucial it is for guests to foster trust by completing and (in some cases) verifying a personal profile. Hosts, understandably, want to know who they are opening their homes to, and want to assure that their potential guests are responsible, respectful travelers, and are who they say they are.

Trust is a two-way street, of course, and personal profiles are of even greater significance for hosts. Guests want the safety and security of knowing they are renting from a trusted person. They want to be able to see pictures of their hosts and learn a little about them, confirm that their identity is verified with the local host rental service, and read reviews written by previous guests. (See opposite page for sample host profile.)

Guests want to know they are renting from a trusted person. Your verified profile assures them that they are.

A SAMPLE HOST PROFILE



Ms. Maria
Host

VERIFIED INFO

Email Address ✓
Phone Number ✓
[Learn more...](#)

◀ **Name**

◀ **Verification information**

◀ **Smiling and friendly photo**


◀ **Languages spoken**

◀ **Brief self-description, including where you live and work**

◀ **A little description about the local host rental**

◀ **What you love about hosting**

◀ **Reviews and references**

**Languages Spoken:** English, Spanish, and Thai

I grew up in a Mexican city named Tijuana where I spent most of my teenage years, after which I moved to Bangkok with my husband (then boyfriend) and have been staying here ever since. We own a Mexican restaurant named Comida Deliciosa in the heart of the metropolis.

The locality in Phrom Phong soi 7, where we live, is very residential and peaceful. There is a 7/11 and TOPS market, 100 metres from our condo. The condo has a gym and swimming pool, along with a nice courtyard garden where you can stroll around during the evening. The security is at par and people living in the community are nice and friendly.

My husband and I stay in the apartment just below the one we are renting out. We are always happy to share a bottle of beer with guests but we equally respect your space and privacy. Also, guests are welcome in our restaurant (shown in the Google map below).

We love to host because we are eager to meet lots of interesting people from around the world visiting this beautiful city. We hope you enjoy your stay here!

REVIEWS (106) REFERENCES (23)

**Hinata, Japan**

Maria and Juan are great hosts! They are approachable and very helpful. The apartment is spacious, big enough for a family of 5. It is located 5 minutes' walk from the skytrain and has plenty of bars and restaurants around. Would love to stay here again!

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Many of the same personal profile best practices that we have previously shared for guests also apply to hosts:

Verify your identity. Services like Airbnb allow hosts to verify things like their phone number, email address, and government identification, and to link social media accounts. While the details are not actually displayed on the host’s personal profile, the type of information that they have had to provide will assure guests that their potential hosts are real. Verified hosts are sometimes prioritized in search results, too.

Upload a photo. Choose a clear photo, preferably one where you’re smiling, approachable, and welcoming. Don’t wear sunglasses, and don’t use an avatar, a picture of your pet, your favorite cartoon character, or any other such images.

Write a short bio. Share a little bit about yourself—your profession, your hometown, what you love most about hosting, your travel habits, or anything else that reveals something about your personality. Keep it concise: this isn’t the place for your full life story, just a snapshot of it.

State languages spoken. Fluent in multiple languages and want a chance to practice—and garner more bookings? Share your skill in your personal profile to help attract travelers seeking hosts who speak their native tongue.

Have good references. Some services give hosts the option of requesting references from friends and family members that are displayed on their profile. While not essential, references are another trust building block.

Rack up the reviews. One of the first things guests read about a local host rental is the reviews. Of course, you won’t have any until you start receiving bookings, but as we’ll discuss shortly, guest reviews are the one thing that can make or break your business.

SELL YOURSELF—AND YOUR HOME

While your personal profile conveys basic information about you, the local host rental listing describes your property and its amenities, while also clearly defining what guests should expect from you.

Guests will have many questions and different needs, so it is best to describe your desired relationship with them up front. For example, you can note whether it’ll be you, a friend, or a property manager who is on call to assist them; if you’re sharing a space in your home, how often you expect to be around during guest stays. As always, keep it positive and present yourself as a welcoming, accommodating, and enthusiastic host.

In addition to the host profile, reviews, and rental terms and pricing, most local host rental listings include some or all of the following: a headline, a list of amenities and facilities, photographs, and a room or property description. We’ll discuss photographs shortly, but first, here are some tips on crafting a stellar listing:

Determine—and then appeal to—your target audience. Let your potential guests know who your property is best suited for, and why. For example, if you’re targeting families, focus on kid-friendly features like childproof locks, a playroom, or bassinet availability.

Write a striking title. Grab travelers’ attention with a catchy title. You can do so by highlighting unique features, the location, or other noteworthy qualities that set your property apart from others. For instance, instead of “Two-bedroom apartment,” say “Stunning, contemporary two-bedroom flat perfectly located in the heart of the city.” Use bold, descriptive adjectives—while remaining true to the facts, of course!

Prioritize unique features. Remember that most travelers opt for a local host rental because they are seeking an experience that’s more distinctive and personal than a hotel stay. While it’s important to convey the basic facts about your property, focus on singular things that guests will enjoy or remember most. Paint a memorable picture of what life is like in your home.

For instance, is your property within walking distance of a sports stadium, art gallery, craft brewery, or farmers’ market? Do you have amazing sunset views, an expansive backyard with a tropical garden, or a massive flat-screen television hooked up to a high-end sound system? Think about your rental’s three to five most notable features, then describe them in a colorful, creative way.

Set realistic expectations. If your listing sounds too good to be true, guests may be skeptical about booking it or may highlight perceived shortcomings in reviews. So help guests know what to expect. For example,

TIP

COMMUNICATION TIPS

Be positive and welcoming

Be clear about your availability upfront

Preempt questions

“There’s a skylight in the master bedroom that fills the room with stunning bright light throughout the day, but if you prefer total darkness to sleep, keep in mind that the bedroom starts to get light as soon as the sun rises. There are no shades over the skylight, so bring an eye mask!”

Don’t forget the amenities. Depending on which service you use, indicating which amenities and facilities are included should be as easy as ticking checkboxes. Make sure you include everything you offer, as many guests filter search results by checking off required amenities. As you review what you have at your property, take the opportunity to get ideas for new amenities that you may offer in the future.

Be concise, yet thorough. Enhance your listing with descriptive adjectives. Explain where it’s located and what’s nearby (attractions, bars, supermarkets, etc.), what’s included, and what’s unique, but try to do so without rambling. If you have a pet, mention what type. Write clearly and succinctly in short, complete sentences to convey pertinent information, which will enhance the listing’s overall air of professionalism.

How do you know if you’ve struck the right tone and communicated all your property’s selling points? Before you post, show your draft listing to friends (especially if they match your target audience’s demographic—families, millennials, etc.). Ask them to describe what they like best about your place and how they feel in it. It helps to see your property through the eyes of a visitor.

PROFESSIONAL PHOTOS MAKE A DIFFERENCE

Along with guest reviews, photographs are the most important variable in local host rental listings. They are a hundred percent within your control—but they do require considerable attention to detail, from careful setup and selection of images to ensuring appropriate lighting, angles, and subject matters. Effective photos serve two functions. From a marketing perspective, they create the first impression, draw in prospective customers to inquire about your property, and help communicate a visual story through which guests can imagine what their renting experience will be like. Equally important—and this is the critical part—photos should provide accurate information about your property, its amenities, location, and any unique selling points. They should be detailed, precise, and honest, and cannot be misleading in any way. As the Home Depot and Tripping.com have discovered in their survey, inaccurate photos were the top complaint among 32 percent of guests.⁷³

Photos directly affect sales—both positively and negatively. In 2016, four Ph.D. students at Carnegie Mellon University published a 2016 empirical

research study that assessed the impact of “verified” Airbnb photos, which were taken by professional photographers arranged by the service, on sales.⁷⁴ Analyzing data on more than 380,000 photos from 17,000 listings (from 15,000 hosts), their study compared “high-quality” (verified) photos with “low-quality” (non-verified) ones and concluded the following:



Properties with verified photos are booked **9 percent more often**



For a property priced at US\$100/night, verified photos increased host income **by US\$3,285 per year**



On average, if a host replaced low-quality photos with high-quality ones, annual earnings would **increase by US\$2,455**



As the number of **verified images increased**, overall demand for the neighborhood was likely to increase.

SOURCE: Data from Zhang et al..

Although the research focused on differences between verified and non-verified images on Airbnb, the researchers concluded that their findings could be generalized to high-quality and low-quality photographs across services.⁷⁵ The principle is clear: high-quality images are essential.

Bill MacDonald, a host who manages a local host rental in Perth, Western Australia, discovered this lesson for himself:

“When I first started renting a small cottage in my backyard, I posted photos from my iPhone and thought they were perfectly fine.... One of my photographer friends offered to reshoot the photos with his camera, and the new photos literally had an instant impact. My booking requests increased immediately, even though the photos were the only thing I changed in the listing.”

HOW TO TAKE PICTURES LIKE A PRO

You don’t need to be a professional photographer to take great photos, but enlisting the services of a skilled friend or hiring a professional is a modest up-front investment that pays off. As mentioned above, some services connect you with a local professional who specializes in rental photography. (If you use third-party photos, make sure you respect all relevant intellectual property laws.)

32% of guests’ top complaint about local host rentals is that photos are inaccurate.

—The Home Depot and Tripping.com



Don't

Post blurry pictures.



Do

Use good lighting.



Don't

Forget to clean.



Do

Remove clutter. Tidy up!

Follow these tips if you choose to take your own local host rental photos:

Highlight distinctive features. Just as you should describe in words your home's most unique features to potential guests, show them with pictures, too. Take photos of cool technology, striking décor, standout amenities, and even of your neighborhood or nearby points of interest.

Determine the focal points. What's the first thing you notice when you walk into your bedroom—probably the bed, right? That's the focal point. Figure out the focal point for each room or area you're photographing, then ensure that all items around that point complement it. For instance, if the bed is made with *Star Wars* sheets, stack sci-fi novels on the nightstand.

Steady your shots. Nobody will be impressed by blurred or imprecise photos, so set your camera (or smartphone) up on a tripod that's set up at eye level. If you don't have a tripod, prop your camera on a shelf or any flat surface to keep it steady.

Look at the lighting. It's best to take your photographs in natural light, which is often nicest in the late afternoon. Travelers like to see photos depicting a bright, airy space, so avoid snapshots taken on rainy days, at night, or in bright sunlight.

Clean and tidy up first. It goes without saying that photographs of a dirty and/or cluttered local host rental just won't do. Before taking pictures of the kitchen or bathroom, it's not enough just to clean all the surfaces meticulously. You should also remove used bath products, dirty linens, stacks of dishes, and your child's crayon doodles from the refrigerator: basically, anything and everything that makes the areas look lived-in or

cluttered. Coil or hide cords in the living room and bedroom, straighten the curtains, make the bed, remove clutter, and generally do what you can to make sure your property looks exceptionally attractive.

Project the experience and destination. If you live in, say, Portland, Oregon, set up bottles of local craft beer on an outdoor table for a photograph of your backyard. Carefully arrange a bottle of Chinese wine next to a bowl of local snacks if your place is located in Penang. If you want to draw attention to your home's proximity to a farmers' market, place a beautiful wooden bowl with fruits and vegetables on the table in a photo of your kitchen.

You must choose, but choose wisely. According to Guesty, 15 is the magic number when it comes to how many photos to include in your listing; but pay close attention to the first five, which, in the case of Airbnb, are displayed before a guest clicks through the complete listing. Their first impressions could be the "make it or break it moment"⁷⁶ that determines whether or not your potential guests read any further. Provide enough images to create a clear picture of the different rooms and convey the atmosphere, but don't include so many that it'll take 10 minutes to flip through them all.

ANSWER THE CALL

There are three main time frames for guest-host communication: pre-booking, after confirmation, and upon arrival/check-in.

Some services, like Airbnb, indicate a host's overall response rate (on a percentage scale) and average response time to booking queries. Be aware that even if you cover every single detail in your listing, it's common














for guests to contact owners with questions before they make a booking. For instance, they may wish to inquire about the level of street noise, flexible check-in and checkout times, or ask about the neighborhood.

Prior to booking, services facilitate communication in different ways. Airbnb, Agoda and HomeAway, for example, permit any user with an account, who is logged into the system to contact the host directly with inquiries. Agoda's messaging platform is being developed to respond automatically to some common guest queries, such as airport transfer options and check-in and checkout times, using machine learning to recognize patterns. More and more, hosts will be able to streamline communication with guests by balancing a mix of automated messages and customized answers, when appropriate. Whichever service you use, it is important to have answers readily available to guest inquiries at each stage of the booking process. The opposite page has some sample pre-booking questions.

We can't stress enough how important this first point of contact is. Prompt, clear, and concise answers to your potential guest's pre-booking queries can be the difference in securing or losing a booking. As one frequent local host rental guest noted in the previous chapter, responsiveness matters—it shows

Examples of questions asked by guests before booking

Pre-booking topics	Sample questions
Property information and facilities 	Is there a gym? Where do I park my car?
Availability 	Is your online calendar up to date?
Room amenities 	Can we add an extra bed or cot? Is there a safe? Do you have Wi-Fi?
Special requests 	It's my wife's birthday. Can you set up flowers and cake upon arrival? I have bad allergies. Is your unit nonsmoking and pet-free?
Transportation 	How far to the nearest subway? Any airport pickup available?
Check-in/out 	Where can I store my luggage before check-in? Can I check in early? Is late check-out available?
Points of interest 	How far to the nearest market? How far is the central business district?
Services 	Is there a cleaning service or washer/dryer? How do I wash my clothes?
Guest policy 	Listing says the property sleeps four people, but we have five (with three children). Is this ok?
Family/Kids 	Do you have a high chair and crib? Is there a nearby playground? Does the pool have a shallow end?
Special deals 	Is there a discount if I stay longer than one week?

SOURCE: Data from Agoda.

that you're available and willing to take the time to assist them, and gives you the opportunity to present yourself as a friendly, welcoming, and helpful host. On the other hand, hosts who take days to respond to straightforward questions, or do so in a gruff or dismissive manner, will likely find themselves crossed off their potential guest's short list.

"The host who I ended up renting from on my last trip to Ho Chi Minh City was really fast in answering my questions before I booked," said traveler Esther Lim. "It was within a few minutes, actually, which was helpful and appreciated. He was just as responsive during my stay, too."

Staying on top of pre-booking queries can also help you weed out travelers that you may not feel comfortable renting to. One Airbnb host, for instance, told the *New York Times* that she has rejected requests from college students looking to throw a party and as a general rule, any guests who ask if they can smoke marijuana in the room.⁷⁷

Sites like Airbnb, HomeAway, and Agoda make it easy to communicate directly with guests through the internal messaging systems that are built directly into their platforms. Agoda's messaging system, like that of most providers, is accessible through Android and iOS apps, as well as mobile web platforms. Both you and your guests will be notified immediately via email or text each time a new message appears. For security reasons, personal contact information (like phone numbers) cannot be accessed until after a booking is confirmed.

In addition, third-party local host rental management apps can improve the ease of your host-guest communication. We've mentioned Guesty, a property management service designed especially for local host rentals. The service helps hosts manage listings using a cloud-based platform, which can be very useful when you are using multiple services. Through one shared inbox, Guesty sends automated messages and guest reviews, while assisting with other services such as staff management and payments. Guesty charges 2 percent to 5 percent of your total booking value.⁷⁸ (See Appendix 8 for more information.)

BUILD YOUR BRAND

From employing a well-researched pricing strategy to following a focused marketing plan aimed at specific travelers, do everything you can to give your property a competitive edge in the increasingly crowded local host rental market. As you put your plan of attack into practice, every decision you make will contribute to what slowly but surely becomes your personal brand.

Earlier, we mentioned a luxury property that featured high-end amenities and personalized services; well, the hosts would even offer to help guests make reservations at at highly reviewed restaurants. Over



time, as the positive reviews add up, this property will become recognized for its location, amenities, and service.

Consider what kind of experience you aspire to for your brand, then let that aspiration help guide your decision-making process. Be consistent, anticipate your guests' needs before they arrive, and deliver on everything you promise in your local host rental listing: your brand depends on it.

WELCOMING YOUR GUESTS

There are several ways to be a host. Depending on the type of space you're renting out and whether you live there or not, you could be having daily interactions with your guests or never meet them at all. Many hosts join the local host rental community largely because they enjoy meeting and speaking with other travelers, but some prefer to keep interactions to a bare minimum—many guests prefer that, too.

As with every aspect of your local host rental business, you decide on your level of interaction with guests. Once you receive and confirm a booking, however, there are guidelines that are applicable to all hosts to help ensure a smooth, seamless stay for guests, and help garner those positive reviews that are so paramount to long-term success.

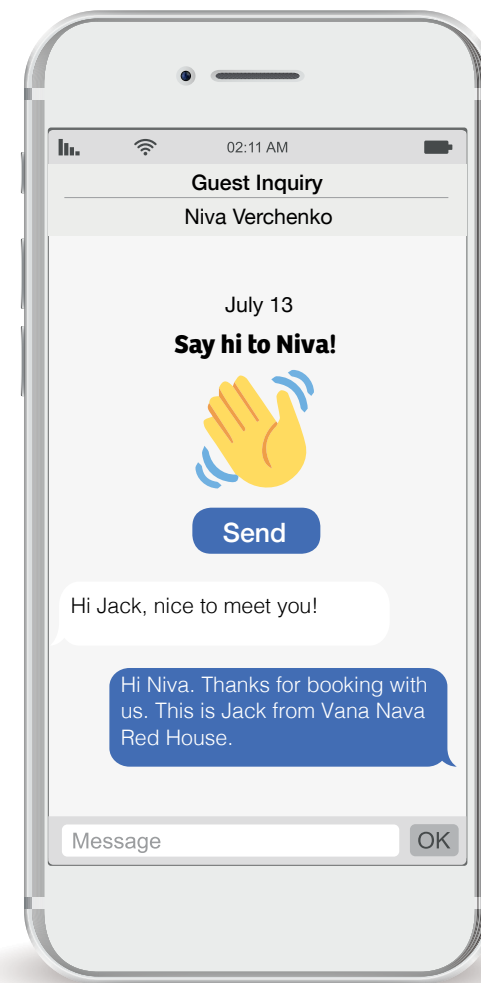
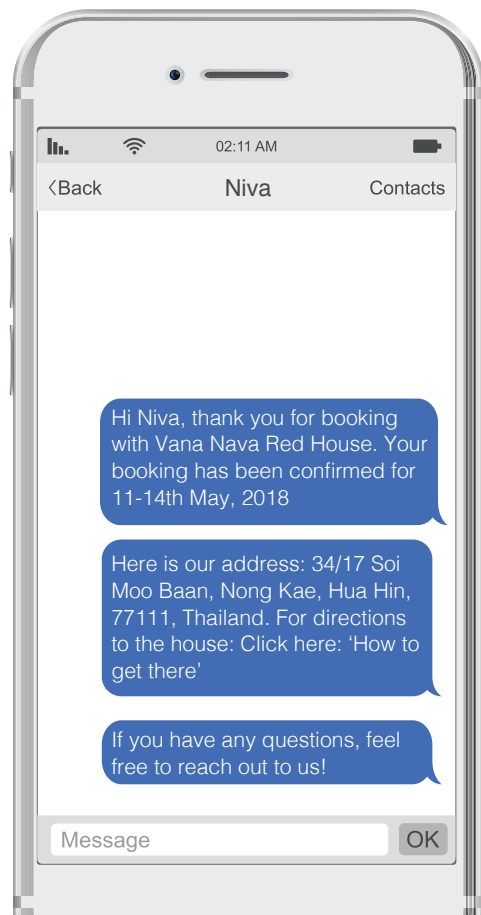
COMMUNICATE!

Clear and concise pre-arrival communication with your guests sets a positive tone for the upcoming stay. Once a booking is confirmed, your guests will receive an automated email that includes a receipt and any information you've set up for your listing—directions, for instance, and perhaps a reminder of the house rules—but you should also follow up with a brief personalized note of your own. HomeAway allows hosts to attach documents like rental agreements and house guides through their messaging service; with other services, you can include them as texts in automated messages.

Whether or not you have automated messages, use this opportunity to introduce yourself, thank the guest for his or her booking, and confirm essential details like the guest's expected arrival time and the check-in process.

For example, while many hosts do their meet-and-greet and hand off keys in person, some may hire a property manager to do so, while others leave the keys with a neighbor or at a local convenience store.

Services send automated messages to guests after booking.



Personalized communication makes a difference.

SOURCE: Adapted from Agoda.

Hosts who've installed a smart lock on their local host rental can explain how it works and send the access code. Provide the simplest route for directions. If guests are most likely going to be driving to your place, specify the distance from the airport and highlight any quirks (e.g., construction or hard-to-see road signage). If needed, outline public transportation options and costs and, if you can, include directions written in the local language so that guests can show them to the taxi driver.

Finally, to help ensure guests know what to expect (and what to pack), send details about key amenities you'll be providing during their stay—full sets of bathroom linens, bath products, a hair dryer, or supplies for coffee and tea.

Pre-arrival information will vary from one local host rental to the next. Consider the things you would want to know if you were the guest and make sure you provide those details.

The period between a confirmed booking and guest arrival is when you should expect more questions from guests. This is especially important near the check-in time, because that's when guests may reach out if flights get delayed and special requests may arise.

Most services will alert you of any new queries, messages, or communications, but it is your job to stay on top of them. Agoda's system organizes messages such that all communications related to one booking is contained within the same message thread for easy tracking and responding. Furthermore, unread messages are marked with a red dot. Jeff Owens, product owner for Agoda Homes' extranet, has noted that the platform automatically alerts the host if a message has not been responded to within 16 hours, and notifies Agoda if a message has not been responded to within 24 hours. Good communication makes a difference.⁷⁹

**Before your guests arrive,
make sure that you've covered the following tasks:**

- ☐ Confirmed guest arrival time
- ☐ Provided accurate directions and outlined check-in procedure
- ☐ Fully stocked all promised amenities
- ☐ Thoroughly cleaned and tidied your local host rental
- ☐ Tested appliances, lighting, safety monitors, and electronics to ensure they work
- ☐ Tested water pressure and temperature, sink/toilet drainage, and heating/cooling
- ☐ Secured private documents and personal belongings
- ☐ Placed the house guide (if you have written one) and emergency information in an easy-to-find location

GET READY FOR CHECK IN

There may be other things specific to your local host rental that you'll want to address prior to your guest's arrival, too. For instance, if you have a fireplace, you should ensure the ventilation is clear; and if you have a pool, you'll want to have it cleaned.

GREET YOUR GUESTS AND MAKE THEM FEEL SPECIAL

In general, it's a good idea to try and meet your guests when they check in, or have a property manager or other representative present to meet them. It's not required, of course, and guests who rent entire properties may even prefer not to have any interaction with hosts.

That being said, the arrival/check-in moment is an opportunity to provide everything the guest needs and to answer any questions that come up. It is when you can provide the guest with a brief orientation to the property, note where key items and facilities are located, and explain how tricky appliances or complicated television menus work. It's the best chance you have to make a positive impression on your guests, which leads to better reviews that will boost your business in the long run.

To add a personal touch to their guests' arrival, some hosts take the orientation one step further by offering a quick walk through the neighborhood. Many hosts set out a welcome drink or put some cold beers in the fridge, arrange fresh flowers on the kitchen table, or put together a small basket of locally produced treats. "At a minimum I leave out a bottle of wine, and usually put some juice and milk in the fridge, too," said Sally Lim, a Sydney-based host. "It's not a lot of money, and my guests really appreciate it and often mention it in their review."

When possible, go the extra mile and personalize welcome treats for each individual guest. For example, if a guest has expressed prior to her arrival about an interest in exploring the local arts scene, make information about the best art galleries and museums available. If you're renting to a family with small children, gift them with a small box of crayons and a coloring book. Live near a fresh market with local fruits that overseas guests have never tasted? Leave a bowl of them for guests to sample, with directions to the market. Small gestures like these can have a big impact on your guests' overall satisfaction with their stay.

THE FINE ART OF HOST ETIQUETTE

Once your guests check in, your level of interaction with them will vary depending on whether they're sharing your home or renting the entire property.

If they've booked your entire property, you may not



**Don't forget:
Have a 24/7
communication
plan for
emergencies**

**TIP**

Make the extra effort to personalize your welcome for guests. They will remember it.

see them until checkout, if at all (if that's the case, you'll want to ensure checkout procedures are clearly defined in advance of their departure). Guests should also know who to contact with any questions or in an emergency—whether it's you, an off-site property manager, or someone else. The last thing you want is for a guest to lose the keys or forget the access code and be locked out of the local host rental, and not know how to get help or a prompt reply when it's really needed.

Hosts who share a space in their home should try to follow their guests' lead when it comes to personal interactions. For instance, if you have sustained correspondence with a guest prior to his or her arrival, sharing tips on local attractions, the best restaurants, or something else related to the stay, those are signs that this person may look forward to meeting you and having at least some day-to-day interaction. In general, most guests who book a space within an occupied home expect some interaction.

When they arrive, try to read guests' signals about what they expect from you during the stay. If you're sharing a

bathroom and other facilities, it may be helpful to briefly discuss your daily schedule, or ask about your guests' plans. For instance, if you're away at work from 10:00 a.m. to 6:00 p.m. during the week, you might politely mention that you need the bathroom for about 30 minutes between 8 and 9 o'clock in the morning. If you or a family member cooks dinner at a specific time, note when you'll be using the kitchen (and invite your guests to join you, if you like).

There's no universally right or wrong way to handle guests during their stay. The best hosts simply learn to adapt and cater their level of interaction to each guest.

WHEN IT'S TIME TO SAY GOODBYE

Prior to their departure, guests should be well aware of the checkout time and procedures, and hosts should know when guests plan to leave. It isn't essential to be present when your guests leave—particularly if someone is leaving early in the morning or late at night to catch a flight—but it gives you the chance to make one final positive impression and to inquire about their stay.

Once guests have checked out, you (or your representative) should review the premises as soon as possible to ensure everything is in order and that there hasn't been any damage. As we've mentioned earlier, each local host rental service has its own policies and procedures when it comes to claims on security deposits or other complaints; prior to accepting your first booking, you should know the rules and procedures in the event that you need to make a claim.

After your guests' departure, the service will send an automated email, inviting them to rate and review their experience; some services also give the host the opportunity to review their guests. It is important here to understand that ratings and reviews are related, but not the same. *Ratings* are determined by set criteria that each service defines according to a fixed scale (e.g., one through five stars or other symbols—in some countries, stars can be awarded only to hotels and only by the relevant government agencies). *Reviews*, on the other hand, are open-ended, qualitative questions that guests

FIGURE 23
Example of rating criteria for local host rental services by guests

Service	Agoda	HomeAway ^a	Tujia	Airbnb
Rating scale	10-point scale	5 stars	5 stars	5 stars
Criteria	5 CRITERIA: <ul style="list-style-type: none">• Cleanliness• Location• Value for money• Facilities• Service	4 CRITERIA: <ul style="list-style-type: none">• Review title• Star rating (1-5)• Date of arrival• Written review	4 CRITERIA: <ul style="list-style-type: none">• Cleanliness• Location• Management• Facilities	7 CRITERIA: <ul style="list-style-type: none">• Overall Experience• Cleanliness• Accuracy• Value• Communication• Arrival• Location

SOURCES: Data from Agoda; Airbnb; *Forbes*; Lodgify; Tujia.
a “Reviews of a property.... focus on the traveler’s experience renting the property, which will typically focus on the stay but may address other factors relating to the rental process such as inquiries or bookings,” from HomeAway’s official website, <https://help.homeaway.com/articles/What-are-the-review-guidelines>.

answer about their experience, and are publicly displayed on your listing (although for some services, guests can also message you privately). This is when your guests consider every decision you’ve made and action you’ve taken concerning your local host rental—the price, the design and furnishings, cleanliness level, the correspondence, the welcome gift—and decide whether it all added up to good value and a positive (or not-so-positive) overall experience.

Few things are as important to the success of your local host rental business as these ratings and reviews. To help you prepare, we’ve summarized the rating criteria for some of the major sites in Figure 23.

THE THING THAT CAN MAKE OR BREAK YOUR BUSINESS

In 2014 Stony Brook University conducted a study that proved success begets success; that is, the researchers had determined that “early success bestowed on individuals produced significant increases in subsequent rates of success.”⁸⁰ This principle definitely applies to local host rentals.

A string of positive guest reviews on a new property can help elevate the listing in a service’s search results, make the property more appealing to potential guests, and position it to receive more bookings, which ideally lead to even more good reviews, and so on. On the other hand,

lukewarm to negative reviews can drag a local host rental down below its well-reviewed competitors in search results, forcing hosts to work that much harder to turn their businesses around and attract more guests. Guest reviews can quickly create a virtuous or vicious cycle.

In China, where most rentals are managed by property managers, Tujia takes an active role in monitoring customer ratings and reviews. For any review that’s three-out-of-five-stars or below, Tujia will inquire with the manager individually—often including an on-site visit to put together a plan for improvement with the host.⁸¹

On Airbnb, even positive four-star reviews can have a harmful impact on a local host rental’s standing: According to one host, anything less than a five-star rating can knock a property down in Airbnb’s search results. Furthermore, a property must receive five-star reviews in at least 80 percent of its bookings for the host to qualify for Superhost status—and for the better customer service and search placement that comes with it.

Various academic studies have provided helpful insights into the relationships among reviews, listing popularity, and sales. For example, a 2017 analysis of less than 2.3 million Airbnb listings published in the *Journal of Self-Governance and Management Economics* found that private rooms, Superhost listings, and hosts who have short response times or high response rates receive the most reviews; entire homes and shared rooms, on the other hand, get fewer reviews. Other studies have shown that positive reviews and good ratings can have a positive impact on pricing; in 2017, researchers found that Superhost listings are priced 8.73 percent higher than the average listing, and noted that only 12 percent of all Airbnb listings attain Superhost status.⁸²

The unfortunate reality is that you can bend over backwards to please guests and still receive a less-than-glowing review; many hosts have found out the hard way that it’s impossible to please everyone. That said, most guests keep an open mind and leave honest, fair reviews, reserving harsh comments only for egregious situations that, after following our advice in this chapter, you will know how to avoid.

If you do receive a bad or unfair review, some services

RECOMMENDATIONS FOR GOOD GUEST REVIEWS

-  Include unique property features
-  List amenities available
-  Answer queries
-  Offer competitive pricing
-  Provide directions
-  Maintain cleanliness
-  Welcome guests

may allow you to respond to it publicly, and address specific concerns that a guest has expressed and to assure future guests that you've made the necessary modifications or improvements. For instance, if a guest complained that he or she was not provided with a coffee maker and/or microwave, you could make a note that you've since purchased these items; and if the heating was broken, you could explain that it's been fixed. Whatever you say, respond with a polite tone and keep your reply brief and to the point.

If there is an unfair or inaccurate review, you can try contacting the service to state your case for its removal, but many hosts find it difficult to prove that such reviews are inauthentic or inaccurate. You may have to take the hit and hope that other positive reviews make up for it.

Throughout this chapter we've outlined tips and best practices for running a successful local host rental business. Tick off each of these boxes for every guest visit and watch the five-star reviews start pouring in. You can do it!

POTENTIAL RISKS AND TRAPS OF HOSTING

Well-prepared hosts educate themselves not only on the potential rewards of a thriving local host rental business, but also on the risks and problems that can occur. These issues range from safety concerns for both hosts and guests to short- and long-term financial challenges. By identifying these risks ahead of time, and combating them with careful planning and smart local host rental management strategies, however, hosts can reduce their impact if they do happen, or perhaps even avoid them altogether.

SAFETY

Services like Airbnb give hosts the option to require that all potential guests provide some form of government-issued identification before they're allowed to make a booking; hosts must then verify their identity in the same manner. Such processes help foster trust and security within local host rental communities because it becomes extremely difficult for either a guest or host to fake their identity and introduce potential safety risks to the host-guest relationship.

In an August 2017 editorial in *Reinvent*, Nick Shapiro, the global head of Trust & Risk Management for Airbnb, wrote that the company uses advanced technology to assess the risks of every single reservation made on its platform before it's confirmed, maintains global watch-list checks, and does background checks on all of its users in the United States.⁸³ These are just a few examples of safety measures that one service exercises to protect its guests and hosts,

and other services may well choose to implement similar screening and day-to-day monitoring.

The vast majority of guests are respectful of their hosts' homes, and certainly there are very few instances of assault or other such personal safety issues related to guest (or host) conduct. But it can happen, and when it does, is not something to be taken lightly: In July 2017, a 51-year-old woman from New Mexico filed a lawsuit against Airbnb, claiming the company was liable for an alleged sexual assault that she suffered at the hands of a host; one who had previously been accused of domestic violence, and yet had been allowed to host.⁸⁴ The case was not yet settled at the time of writing.

In addition to requiring some form of identification from potential guests, hosts can also carefully review guest profiles and, specifically, any reviews guests may have received from prior hosts. (Remember, reviews go both ways: many services allow hosts to review guests following their stay.) At the same time, you may want to take a moment to scan social media to further verify your potential host's identity. Making time for these extra screening measures can help you know your guests better. Some services, like Airbnb, already run periodic background checks on hosts and guests, searching public criminal records, sexual offender registries, and terrorism watch lists. Obviously, those found to have questionable backgrounds may be banned from services.

In the near future, guests and hosts may be required to complete multiple identification-verification steps—and pass background checks—before they can join a service. Services may adopt stricter policies for users who consistently receive poor reviews; perhaps not “three strikes and you're out,” but some form of monitored probation. However it unfolds, as the sharing economy expands, reputation-defining mechanisms will become more prevalent and important for all.

Another safety note: earlier in this chapter we recommended that all hosts purchase a comprehensive insurance plan to protect their local host rental in the event of damage to their property. For the safety of your guests and your property, it's also important, at a minimum, to install working smoke and carbon monoxide detectors and to provide a fire extinguisher and emergency phone numbers.

Finally, remember to stay informed about the latest technological innovations that can help hosts mitigate safety risks. SkyBell, for example, is a “smart doorbell” that allows you to see who is at your door, no matter where you are, through a video camera that connects to your computer or smartphone.⁸⁵ By alerting you to every person who enters your property, you can verify guests as they arrive even when you're not on site.

HIGH OCCUPANCY RATES— A DOUBLE-EDGED SWORD

As good hosts keep on collecting positive reviews from their guests, it will lead to more bookings for their property, which is great for business! Success, however, comes with the inevitable wear and tear on your rental's furnishings, amenities, and overall condition.

There's no getting around it: as you welcome more and more guests, the probability of potential complications increases significantly. Though you should factor in the following into your local host rental's pricing anyway, a steady flow of guests will drive up the cost of day-to-day expenses like

- ✓ **bath products and kitchen sundries (if you offer them)**
- ✓ **electricity and other household bills**
- ✓ **maintenance and replacement of common everyday items (burned-out light bulbs, dead batteries, broken fans).**

If you don't hire a cleaning service to tidy up after guests have checked out, you'll spend a great deal of your own time cleaning. As more guests traipse through your local host rental, there's also the real potential of having to replace big-ticket items like appliances, linens, carpeting, and other such things. Don't be surprised if and when completely unexpected costs arise, such as the extensive home renovations Superhost Billingsley described earlier in this chapter.

Security deposits, private insurance plans, and service-based insurance coverage can help alleviate the costs of major damage caused by guests (though not always), but the toll from everyday use that guests will exert on your local host rental is something less quantifiable and not likely to be covered by any deposits or insurance policies. Be prepared to expend the time, effort, and expense to keep your place looking top-notch, and you'll continue to attract the guests you want.

UNRULY AND DIFFICULT GUESTS

Screening guests prior to accepting a booking (if your service allows you to do so) and creating a clear set of house rules are two ways to help avoid every host's worst nightmare—the unruly, disrespectful, and otherwise difficult guest (but let's be clear: you cannot reject a guest for discriminatory reasons). The majority of guests are just the opposite, but numerous horror stories have received significant press ever since local host rentals crossed over into the mainstream of travel.

Sometimes guest-related inconvenience amounts to little more than the aforementioned father and son who sat in their host's living room all through their stay, watching football while rather unpleasantly attired in underwear and stinky socks. Other guests may be overly needy, like the “perfectly nice couple”⁸⁶ that one Airbnb host said had called or texted her every time the room temperature strayed from their comfort zone, and whenever they couldn't figure out how to use the washer, ceiling fan, and other basic appliances.

There is the risk of renting to guests who throw wild and raucous parties at your place, not only causing damage to the premises but also annoying neighbors and putting your business in jeopardy, particularly if you're operating it in a building or neighborhood where local host rentals may be restricted. Party animal guests could lead to fines, too: in New South Wales, Australia, legislation is being considered that would require hosts who rent out rooms in their home to out-of-control guests to provide financial compensation to neighbors if disturbances are egregious.⁸⁷

On extremely rare occasions, hosts may even have to deal with guests who refuse to vacate the premises. In Barcelona, a woman found out that a tenant was illegally renting her flat on Airbnb (at rates far higher than she was charging him), and after fruitless attempts to push him out of the apartment, had to change the locks and effectively squat in her own home.⁸⁸ Such instances, again, are the exception to the norm, but speak to the need for hosts to be vigilant about their guests.

Hosts are sometimes forced to deal with guests who don't provide their arrival time and otherwise communicate poorly; who levy unfair or inaccurate criticisms about their local host rental experience in the post-stay review; who cancel at the last minute or simply don't show up; and who break house rules by, say, smoking indoors or bringing a pet. There is always the threat of vandalism or theft, too, though services like HomeAway and Airbnb claim that such calamities are rare. For example, HomeAway's insurance

provider, CBIZ Insurance Services, has said that less than one percent of the claims it receives from hosts resulted from damage incurred by guests.⁸⁹

If a guest breaks house rules or causes some other significant issue, you can follow these steps:

Communicate with the guest immediately. Have a polite conversation with your guest about the issue when it arises and try to resolve it in a friendly manner. In many cases this is the best solution; if you can't reach a resolution, detail any unacceptable behavior in the post-stay review, warning other potential hosts about future problems they may experience with this guest.

Report to service post checkout. If the direct approach fails, and if you or your property are not in any imminent danger, wait until the guest checks out, then immediately contact your service to report the guest and/or file a claim.

Solicit help in emergencies. On the rare occasion that you need to immediately evict a guest from the premises, contact your service for guidance on how to do so. In extreme instances, you may need to enlist the help of the police or other local authorities, while making sure that you, too, are compliant with relevant laws.

INCONSISTENT INCOME

Some hosts run their local host rental business strictly as a means to supplement a steady income source, and can afford to roll with seasonal travel trends and periods of inactivity. Other hosts rely on their local host rental as their sole revenue stream to fund retirement, or to help pay the mortgage, their children's education cost, or other bills. Whatever your financial expectations may be, we've provided you with a wealth of information, tips, and strategies to help set your business up for success, however you define it.

However, as the poet Robert Burns wrote, the best-laid plans of mice and men often go awry.

Hosts must be prepared to deal with the real possibility of inconsistent income from their business. Even the most stunning, well-priced, and perfectly marketed

local host rental is subject to factors outside of the host's control, including seasonal travel trends (high and low season) and local market saturation. Inaccurate budgeting for day-to-day expenses and unexpected costs can eat into your projected income, and as we have covered, just as guest reviews can make your business, a series of bad ones can break it.

We've outlined strategies to avoid many of these pitfalls—adjusting your local host rental pricing during low season, for example—but some of them may well be unavoidable. Make sure your finances are sufficient to keep you afloat during the lull periods.

QUESTIONS OF LEGALITY

In 2016, a couple living in Melbourne, Australia, was found to have broken the terms of their lease by subletting their entire apartment on Airbnb many times over the course of the previous year.⁹⁰ Following charges filed by their landlord that were eventually settled in the Australian Supreme Court, the couple was evicted.

As we've discussed at the beginning of this chapter, questions of legality persist in many destinations around the world. Failure to follow the letter—or at least the spirit—of the law can have a disastrous effect on your local host rental business, so take the time to research and understand all legal matters before you start renting to travelers. You also have to continue to update yourself on the evolving regulatory landscape. The laws that were in place when you first listed your property may not be the same soon after. We cannot stress enough that it is your responsibility to follow local regulation.

BURNOUT

Running a successful local host rental business takes considerable effort, financial commitment, and patience. From researching market trends and studying the pros and cons of the various services, to whipping your property into good shape (and keeping it there) and carefully managing the guest experience to help get and maintain that crucial five-star review, hosts certainly have a great many responsibilities to manage. It's understandable, then, that many one-time enthusiastic hosts have become worn out and, in some cases, pulled the plug.

One increasingly common reason for the churn, in particular for Airbnb hosts, is the changing nature of the industry, or what we might call its gentrification, and the new demands it places on hosts. Many Airbnb hosts say that guest expectations have changed as more travelers who expect a hotel-like experience at a fraction of the cost use the service.



Remember: Be prudent and set aside financial reserves to ride out unexpected events beyond your control.

Consider the story one Airbnb host shared (“Diary of a Burned-Out Airbnb Host”) on an unofficial Airbnb forum for hosts, which we have excerpted:

.....
Many [guests] seemed oblivious to all the work that went into hosting.... Even though money changed hands there is always a feeling that when someone is a guest in your home, there should be the small but vital reward of appreciation that money alone can't convey.

...We felt that Airbnb's review system even prompted guests to try to find things wrong with their stay by asking them to make suggestions for improvements. These suggestions would often be disheartening for a host spent from having done all they could to create a wonderful stay, and left with a mess to clean up. It felt like nothing would ever be good enough for everyone.

Airbnb... is pushing hosts to provide exemplary service at a low cost to tempt guests away from hotels. This puts an extraordinary strain on hosts.... Even the most expensive five-star hotels don't provide all of these things because they wouldn't stay in business, yet we are advised to do them all, while getting those ever-present messages reminding us to drop our price for more bookings.⁹¹

.....

There's no easy way to avoid such feelings of exasperation, which is why it's important to know exactly what you're getting into, to understand the service-host-guest dynamic, and perhaps find help with your business where you need to, whether it's a cleaning service, a property manager, an accountant, or all of the above.

WHAT'S NEXT?

Hosts, travelers, and services aren't the only parties driving innovation and leading the industry in new directions. Local host rentals have spawned a robust ecosystem populated by service providers, app developers, and other relevant companies helping to improve and add value to the experience.

Sites like Urban Bellhop, for example, help hosts better manage their properties by offering a variety of hospitality services. On-demand companies like FlyCleaners and Properly specialize in local host rental cleaning services, while FIBARO, Ube, and SkyBell (mentioned above) are among the many companies that offer wireless home-automation and security systems. To streamline check-in and checkout procedures, hosts can install the smart locks

manufactured by such companies as Lockitron, or sign up for services like Keycafe for remote home-access management.

Pillow Homes and Beyond Stays are just two providers of full home-management—check-in, cleaning, guest communication, and more. HomeAway partners with companies like RTV, Inc. (photography and virtual tours), CBIZ Insurance (local host rental insurance), and MyVacayHome (marketing) to give its hosts easy access to more business services.

Ride-sharing services like Uber and Lyft have found a sympathetic audience in those who frequent local host rentals, with some hosts recommending them over taxis for local transport. Sites like Spinlister connect sporting and outdoor enthusiasts interested in sharing bicycles, surfboards, hiking gear, and other equipment. In fact, as the industry's ripple effect widens, travelers are finding that private home rentals aren't the only means of connecting with locals and enjoying a more singular experience.

HOSTING WITHOUT A HOME

There are new ways to be a host, too. In late 2016, Airbnb launched a new platform called Trips (currently organized under Experiences on the website), which is the platform's version of a local tours and activities operator. By the end of 2017, the service had plans to offer its host-managed Trips in more than 50 cities around the globe, including in Singapore, Shanghai, and Tokyo.⁹²

These tours, or experiences, vary greatly in theme, from brief one- to two-hour cooking classes and dance lessons to multiday hiking excursions, fishing outings, tours of street food, and surfing lessons. It's a chance for hosts to further introduce travelers to their community, as well as to share expertise in just about anything and earn extra cash while doing it. According to Airbnb, the average cost of an experience is US\$91 per person.⁹³ Let's do the math: If you were to host a group of five on a hiking expedition once a week, that's more than US\$1,820 in earnings every month. As we've mentioned, Experiences is growing at an exponential rate; the topic will be further discussed in Chapter 5.

Other local host rental services are surely watching to see how well this new service is embraced by hosts and travelers. If it's a hit, you can bet there'll soon be competition and demand for more “alternative” hosts, whatever the new alternatives to “traditional” hosting ultimately entail.



CONCLUDING THOUGHTS

Perhaps you had initially wanted to be a host because the extra income would be useful. Or maybe you've spruced up that spare room or acquired a second property that has the potential to accommodate paying guests. Maybe you had rented from a fantastic host on your last vacation and thought to yourself, "I should do that!" Whatever the reason for your interest in becoming a host, we hope that by the end of this chapter, you've realized that being one means you will effectively be running a business. Although for some, venturing into business could be daunting at first, setting up an efficient and welcoming local host rental can be rewarding—for both you and your guests. The steps we have discussed to make your property—or experience—stand out really boil down to the key ingredient (and the main theme of this book) that makes a local host rental successful—mutually beneficial relationships. It goes without saying that you will need to carefully assess the market, your assets and management style, the legal context, marketing strategy, and risks. And yes, the devil is in the details. But ultimately, if you think like a guest and put yourself in the shoes of a visiting traveler who wants to feel safe and at home in your neighborhood, you will succeed. Good luck!

Chapter Summary: Key Lessons for Hosts



Think like a business manager. Hosting is a part-time job, at the very least. You're running a new business, so you need to think like a manager. Evaluate your time, resources, personal needs, and market context before you begin. If you don't have the time, be prepared to hire help.



Evaluate the pros and cons. Before you host, evaluate the pros and cons of hosting to figure out why you want to host, and what you will get out of it, along with trade-offs. You can earn income, be your own boss, meet travelers, and contribute to the community, but you also need to self-check against discrimination, monitor your time and investments, be comfortable with an active online profile, and assess security risks.



Know the rules. Keep up to date on the legal landscape. Regulation of local host rentals changes rapidly. It's your responsibility to know and comply with local laws.



Follow the money. Calculate all expenses including fees, taxes (if applicable), and start-up costs when forecasting projected income.



Market your property like a brand. Figure out what makes your rental stand out—e.g., location, amenities, décor—and create a listing with fantastic photos to appeal to your target guests. Research like properties in your area for competitive pricing and positioning.



Be clear, but make it memorable. Set clear rules and instructions, and provide all relevant information in a house guide. Explain important details in the property listing to preempt questions. Personalize your guest's experience with low-cost added touches, like small welcome gifts and insider tips, so guests feel at home.



Don't be a ghost host. Even if you can't meet guests at arrival and checkout, communicate as if you're always on duty. Guests want to know that they can reach you with any questions or issues. Respond to all queries—before booking and during the stay—immediately using the service's internal messaging system.



Protect yourself and your property.

Invest in insurance to cover damage, injuries, and lost income from accidents or incidents during a guest's stay.



Communicate emergency plans clearly.

Write a clear emergency plan for guests to follow and have it prominently displayed in your property. Provide all important contact information.



Reviews are your bread and butter.

Guest reviews can make or break your business. Future customers largely determine if they trust you and your listing based on them. If a guest raises issues in a review, post a public response to provide a solution. Treat your guests well and they will reciprocate.

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