

Market Research Checklist

Evaluate the Market Before You Invest

Before you buy or convert a property into a short-term rental, take the time to understand the market. A popular vacation destination doesn't automatically mean every property will make a good STR. Look at demand, competition, regulations, expenses, and realistic revenue before making a decision.

Understand What Brings Guests to the Area

- ☐ Identify the main reasons people visit the area
- ☐ Look for beaches, parks, attractions, downtown areas, entertainment, and event venues
- ☐ Check for universities, hospitals, corporate offices, military bases, or other steady sources of visitors
- ☐ Research festivals, sporting events, weddings, and other recurring events
- ☐ Determine whether demand is year-round or highly seasonal
- ☐ Identify the busiest and slowest months
- ☐ Consider whether there are enough reasons for guests to visit outside peak season

Know Your Likely Guest

- ☐ Identify your primary guest—families, couples, groups, business travelers, outdoor enthusiasts, or another niche
- ☐ Consider why they are traveling to the area
- ☐ Determine what size and type of property they typically book
- ☐ Identify the amenities that matter most to these guests
- ☐ Look at typical length of stay—weekends, full weeks, or extended stays
- ☐ Consider whether your property's location and features match what these guests are looking for

Evaluate the Location

- ☐ Consider proximity to the area's biggest demand drivers
- ☐ Evaluate views, scenery, privacy, walkability, or other location advantages
- ☐ Check driving times to restaurants, grocery stores, shopping, and entertainment
- ☐ Look for nearby hiking, biking, boating, skiing, beaches, or other outdoor activities
- ☐ Identify wineries, breweries, festivals, markets, and other local experiences
- ☐ Consider traffic, noise, road conditions, parking, and accessibility
- ☐ Think about whether guests will still find the location appealing during the off-season

Study the Competition

- ☐ Search Airbnb, Vrbo, and other popular booking platforms for comparable properties
- ☐ Focus on properties similar in size, location, quality, and amenities
- ☐ Compare weekday, weekend, peak-season, and off-season rates
- ☐ Look at minimum-stay requirements
- ☐ Review calendars for signs of booking activity, but don't assume blocked dates are booked
- ☐ Study highly rated and frequently reviewed properties
- ☐ Compare amenities, design, photos, outdoor spaces, and guest capacity
- ☐ Read guest reviews to see what guests love—and what they complain about
- ☐ Identify ways your property could stand out from the competition

Look at Supply and Competition

- ☐ Determine how many comparable STRs are operating in the area
- ☐ Look for signs that the number of rentals is increasing or decreasing
- ☐ Consider whether new STRs can easily enter the market
- ☐ Identify property types or guest needs that may be underserved
- ☐ Look for amenities competitors commonly offer
- ☐ Decide whether the market has room for another property like yours
- ☐ Consider how your property would compete if demand softened

Research Rates and Revenue

- ☐ Estimate the market's average daily rate (ADR)
- ☐ Research occupancy for comparable properties
- ☐ Compare peak-season and off-season performance
- ☐ Estimate realistic annual booked nights
- ☐ Research typical cleaning fees and other guest charges
- ☐ Estimate potential monthly and annual gross revenue
- ☐ Use STR research and pricing tools such as AirDNA, PriceLabs, Rabbu, or Airbtics when helpful
- ☐ Compare data from more than one source rather than relying on a single estimate
- ☐ Use conservative numbers when forecasting revenue

Understand the Rules Before You Buy

- ☐ Confirm short-term rentals are legally allowed at the property
- ☐ Check city, county, and state requirements
- ☐ Verify zoning for the specific property
- ☐ Research permits, licenses, and registration requirements

- ☐ Check occupancy and parking restrictions
- ☐ Review minimum-stay requirements, if any
- ☐ Research inspection and safety requirements
- ☐ Check lodging, sales, and occupancy tax requirements
- ☐ Find out whether regulations are changing or new restrictions are being considered

Check HOA, Condo & Community Restrictions

- ☐ Review HOA or condominium documents before purchasing
- ☐ Confirm short-term rentals are permitted
- ☐ Check minimum rental periods
- ☐ Look for rental caps or limits on the number of STRs
- ☐ Review parking, pet, noise, and guest restrictions
- ☐ Find out how rules are enforced and whether violations carry fines
- ☐ Consider the neighborhood's overall attitude toward short-term rentals

Estimate the Real Cost of Operating

- ☐ Research property taxes
- ☐ Get an insurance estimate that specifically covers STR use
- ☐ Estimate utilities, internet, lawn care, snow removal, pest control, and other ongoing expenses
- ☐ Research local cleaning and laundry costs
- ☐ Include booking-platform and payment-processing fees
- ☐ Budget for repairs, maintenance, and replacement of furnishings
- ☐ Estimate permit, licensing, inspection, and tax-related costs
- ☐ Consider property management fees if you won't self-manage
- ☐ Allow for unexpected expenses and slower booking periods

Run the Numbers

- ☐ Estimate gross annual revenue using realistic rates and occupancy
- ☐ Subtract operating expenses
- ☐ Include mortgage payments or other financing costs, if applicable
- ☐ Account for taxes and insurance
- ☐ Build in a reserve for repairs and replacements
- ☐ Calculate your expected cash flow
- ☐ Determine your break-even occupancy
- ☐ Run a conservative scenario with lower rates or fewer bookings
- ☐ Ask yourself whether the investment still makes sense if revenue falls below your original estimate

Final Market Fit Check

Before moving forward, you should be able to answer **yes** to most of these questions:

- ☐ Is there strong, identifiable demand?
- ☐ Do I understand who my guests will be?
- ☐ Does this property fit what those guests want?
- ☐ Can it compete successfully with existing rentals?
- ☐ Is there a realistic way to make it stand out?
- ☐ Are STRs legally permitted at this property?
- ☐ Do the HOA or community rules allow it?
- ☐ Do projected revenues comfortably cover realistic expenses?
- ☐ Does the property still work under a conservative forecast?
- ☐ Would I still feel comfortable owning this property if bookings were slower than expected?

Key Reminder

A great property in the wrong market can be a poor investment. Take the time to understand **why guests come, what they're willing to pay, what you're competing against, and what it will really cost to operate.** Good market research won't guarantee success, but it can help you avoid an expensive mistake.