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### The State of Short-Term Rentals in Montana

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# The State of Short Term Rentals in Montana

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2/3/2021



## The State of Short-Term Rentals in Montana

Prepared by  
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## Abstract

Little is known about short term rentals (STRs) as an accommodation choice for pleasure or business in Montana. The goal of this study was to assess the impacts of STRs on hosts and communities in Montana, as well as to better understand the characteristics and motivations of visitors who use STRs. Two independent studies; interviews with city and county officials in Montana, as well as an online travel behavior survey regarding accommodation choices and changes in travel due to the COVID-19 pandemic were conducted. Results suggest that positive STR impacts include increased financial well-being for hosts and more vacation rental opportunities for the guests. In some locations, however, STRs appear to limit housing availability and contribute to increased rent and housing costs.

## Highlights

### *Interviews with city and county officials:*

- All interviewed officials were aware of STRs in their cities or counties; the numbers ranged from one in small towns to hundreds of STRs in tourism communities and urban counties.
- Several types of STR regulation approaches exist in Montana: from no restrictions at all in smaller communities and counties, to zoning, business licenses, special use permits, and caps in some large cities and tourism communities.
- STR benefits as perceived by respondents include monetary benefits for local residents, bringing people and businesses to the communities, and more accommodation choices for travelers.
- Perceived STR negative impacts include limited availability of long-term rentals and affordable housing for working families and additional neighborhood noise and traffic.
- One of the main challenges related to STRs is lack of regulations and confusion about the rules.
- Sharing experience and lessons learned about STR regulations in other states and across Montana were named as the main needs.

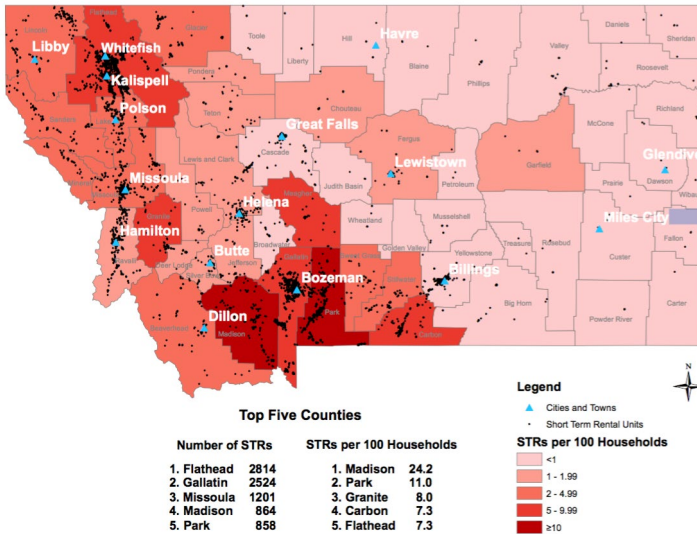
### *STR guest and host survey:*

- 40% of respondents traveling for vacation/recreation/leisure indicated they are likely to seek out STRs compared with 7% traveling for business.
- 61% of respondents indicated that they have stayed in STRs at least once; among those who have never stayed in STRs, 16% expressed interest in staying there in the future.
- The main reasons for not choosing STRs are unfamiliarity, lack of trust, and no STRs at a destination.
- Cleanliness, safety and location are the most important deciding factors when choosing an STR.
- Location, use of a kitchen and comfort are the most important reasons to choose an STR in Montana.
- Almost 4% of the ITRR panel respondents either currently have their own STR, or used to rent one out in the past.
- The three most important reasons to rent out a room/home/etc. include making money, helping pay for insurance, taxes and utilities, and using the place as an investment.

## Executive Summary

Short-term rentals (STRs) are usually private accommodations that travelers book online through specialized websites such as Airbnb and Vrbo for less than a 30 day stay. The growth of STRs has exploded over the past few years with very little knowledge of how many exist in Montana, how these new accommodation choices are regulated, and the makeup of these STR guests and hosts. This study presents the state of STRs in Montana by answering those questions.

### How Many in Montana?



*As of September 2020, over 12,000 STRs had been active in Montana during the preceding 12 months, with the Flathead and Gallatin showing the highest numbers (2,814 and 2,524 respectively).*

*Madison and Park Counties have more STRs per number of households in those counties than all other counties in Montana.*

### How Regulated in Montana?

While hotels and restaurants have a variety of local, regional, and statewide regulations and laws to follow, STRs have one statewide law - a public accommodation license which then requires the owners to collect the bed tax. With an accommodation license, the county health departments generally conduct a safety check of the property (done each year ideally, but that rarely happens due to funding).

In addition to the above, counties and cities individually decide what is needed in their area to help control the safety of the guests and the integrity of the neighborhoods. Some findings we uncovered included:

- There were NO regulations with most smaller towns and most counties.
- Some cities/counties require a business license or a special use permit or both.
- A few require a fire marshal inspection.
- Zoning helps to identify where STRs can be located in cities.
- A few have limits on actual numbers of STRs usually by zone.
- Some require that the STR meets street parking standards.
- A few require that the STR owner provide an emergency phone

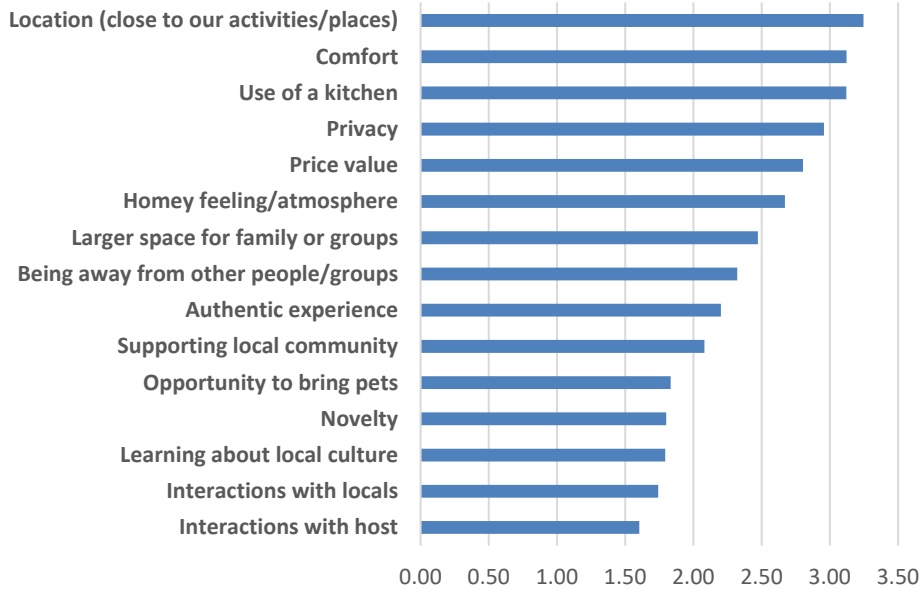
*A common sentiment:*

*“If we were taken off by STRs or if there were any complaints, we would have a different approach. For now, we are comfortable with what we have”; “If we were to receive more compelling number of complaints, then we would schedule a special working session. Now we don’t have that level of a problem”.*

## STR Guests & Hosts

Based on the ITRR Traveler Panel, 40% of respondents said they are likely to rent an STR while on vacation compared to only 7% renting an STR while on a business trip.

### Guest Reasons for Choosing an STR in Montana

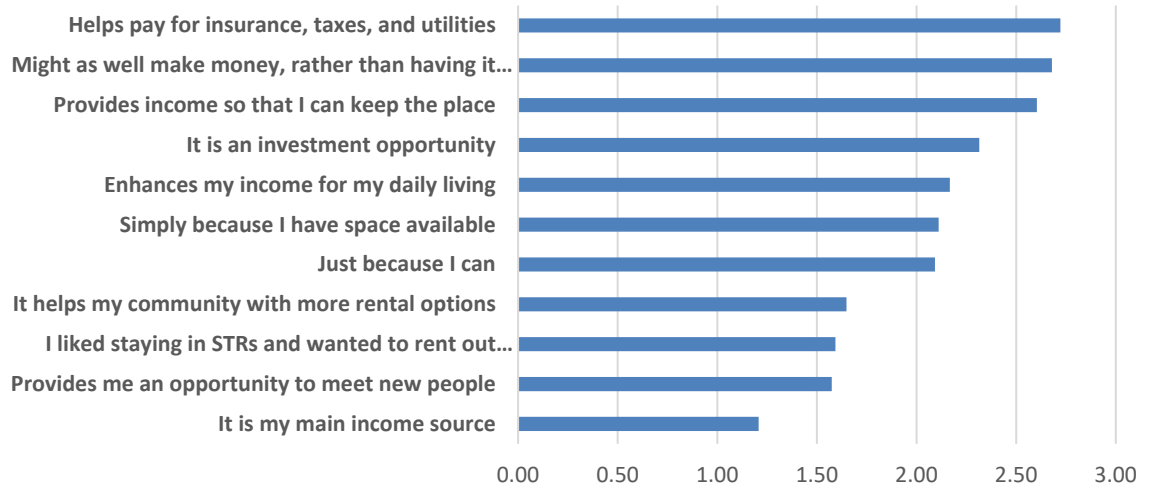


*As the saying goes, 'location, location, location' is the #1 reason stated for renting STRs.*

Scale: 1= not at all important; 2; somewhat important; 3=very important; 4=extremely important

**Generating income to help pay for the home is the main reason for renting their place as an STR.**

### Host Reasons for Renting their Property as an STR



Scale: 1= not at all important; 2; somewhat important; 3=very important; 4=extremely important

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## Introduction

The prevalence of short term rentals (STR) have risen quickly in Montana, as well as globally, often causing concerns for cities and small gateway communities, with perceived disruption to neighborhoods and possible encroachment on the hotel industry. The concerns are related to the relationship of STRs to housing availability, increased rent and housing costs, and unfair regulations on hoteliers compared to STR operators. On the other hand, the ability of homeowners to capture rental income from a room or home increases their financial well-being and typically allows them to meet their mortgage responsibilities. From the consumer viewpoint, renting a home for their family on vacation makes sense. It is large enough for everyone and provides space and a kitchen to be comfortable. In addition, some research shows it is less costly for the consumer to rent a room or entire home than a hotel room or rooms. These divergent realities of the costs and benefits of STRs are happening worldwide but affect communities at a very personal local level. Currently, very little is known about the number of STRs in Montana, and even less about the STR consumer. This project is intended to fill some of the information gaps related to STRs in Montana, and assist the state and communities with basic data metrics needed for understanding the market.

## Purpose

The purpose of this study is to assess the positive and negative impacts of short term rentals on hosts and communities in Montana. A secondary purpose is to assess the characteristics of visitors who use STRs and the reason for using that type of accommodation. In particular, questions that were raised for the research are as follows:

1. Do STRs contribute to housing and rental affordability concerns?
2. What are the characteristics of STR guests, and how do they differ (if they do) from other types of lodging guests?
3. Which cities and counties in Montana have enacted regulations in their communities? How successful are regulations?
4. What are the benefits to property owners who rent a room or home to guests and how do short term rentals positively impact communities?

## Methods

The research was conducted in four phases. First, a thorough literature review was conducted to assist in understanding the full scope of STR challenges and opportunities. Second, the AirDNA data of Montana STRs was analyzed, and the map of STRs within the state was created. Third, qualitative interviews with Montana city and county officials were completed to better understand current regulations and their success, as well as perceptions of positive and negative STR impacts. Fourth, an online panel survey was distributed to collect data on guests and hosts of STRs, accommodation choices, and travel behavior. The interview guide and online survey were developed based on the findings from the literature review and gaps in understanding. Study design, limitations, and response rate are presented below separately for the interviews with Montana city and county officials, and STR guest and host survey.

## Interviews with Montana City and County Officials

Semi-structured interviews with city and county officials were conducted in September-November 2020. A list of respondents included towns or counties known to the researchers as tourism areas and then a random list of towns and counties was used to round out the sample type (rural and urban).

The list included 42 locations. Phone calls or emails were sent to relevant officials representing these locations, such as mayors, city council members, county commissioners, city planners, or city managers, with a request to schedule an interview. Thirty officials responded. Interviews were conducted by phone and lasted from 5 to 45 minutes. The notes from these interviews were examined and analyzed for similar and unique responses.

The following areas became our sample:

- key large cities (LC) of Montana - Missoula, Billings, Helena, Great Falls
- tourism communities (TCM) - Whitefish, Big Sky, West Yellowstone, Red Lodge, Kalispell, Columbia Falls, Bozeman
- randomly drawn small towns (ST) - Havre, Glasgow, Harlowton, Belgrade
- tourism counties (TCT) - Flathead, Park, Glacier
- urban counties (UC) - Missoula, Lewis and Clark, Flathead, Cascade
- randomly drawn rural counties (RC) - Lincoln, Sweet Grass, Stillwater, Carbon

## STR Guest and Host Survey

An online travel behavior survey aimed at revealing accommodation choices and changes in travel due to the pandemic was created and deployed in the online survey platform, Qualtrics. Prior to the collection of data, a pilot test with University of Montana undergraduate students was conducted to test the content validity and question readability and understanding. Based on the results of the pilot test and feedback received, some improvements were made, and the final version of the survey instrument was developed and sent out to the ITRR traveler panel (7,090 emails; 872 MT residents, 6,218 nonresidents). These panels consist of individuals who have voluntarily agreed to receive intermittent surveys related to Montana travel and recreation. A total of 1,419 surveys were returned generating a response rate of 20%. The sample profile is presented in Table 1.

## Literature Review

STRs are usually private accommodations that travelers book online for less than 30 days through specialized websites. Airbnb and Vrbo (vacation rental by owner) are the most well-known STR platforms that operate as an online marketplace. Since its launch in 2007, Airbnb has skyrocketed in popularity. A variety of accommodations are offered for rent, from rooms, apartments, and entire homes to more unique forms of accommodation such as tree houses, yurts, lighthouses or igloos, as an alternative to traditional hotels. Today, Airbnb claims to have 5.6 million active listings in more than 220 countries and regions and over 100,000 cities; over 800 million guests have stayed in Airbnb accommodations, and over 4 million hosts offered their places on Airbnb throughout the years (Airbnb, 2021). According to the Wall Street Journal, more rooms were booked through Airbnb than via the famous hotel booking platform Expedia in the first three months of 2019 (Roof, 2019). In December 2020, Airbnb went public with an overall value of \$47 billion (CBS News, 2020). Vrbo is a similar platform with a 26-year history, previously known as Vrbo (it was acquired by HomeAway in 2006 and then by Expedia in 2015, and re-branded as Vrbo in 2019). The site listings exceed 2 million properties around the world that travelers could rent (Vrbo, 2021).

Several studies have been published in the last decade that looked into the sharing economy, including STR statistics, positive and negative impacts, policies and regulations, as well as STR guests and hosts. A brief review of selected studies is presented below.

### *STR impacts*

Originally, STRs were considered a part of the sharing economy. The term “sharing economy” is used to refer to the borrowing or renting of unused assets, which may include a car, a parking space, a bedroom, a house, a boat, or intellectual property (Forgacs and Dimanche, 2016). The advent of internet made sharing economy possible on a broad scale; Airbnb and other platforms facilitate such sharing for a price and focus mostly on accommodations. There is a lot of demand for STRs because of a desire for perceived lower prices, the opportunity to interact with local people, the convenience of a home with a kitchen, “at-home feeling”, and novelty (Nickerson and Fitzgerald, 2018). However, there is a growing trend to commercialize accommodation sharing, which tends to fracture communities, disrupt neighborhoods, raise safety concerns, deplete affordable housing options, and trigger gentrification processes (Nuland and Van Melik, 2020, Nickerson and Fitzgerald, 2018). In many cases governments struggle to manage the impacts of STRs.

A number of studies have attempted to document both positive and negative STR impacts in the U.S. and beyond. For example, DiNatalie et al. (2018) examined the prevalence and characteristics of Airbnbs, revenue potential from lodging taxes, and the impact on long-term housing supply in 237 small Oregon communities. The authors found that the prevalence of STRs varies drastically across cities and is highest in tourist areas. In the cities where hotels are not available, STRs positively impact lodging opportunities, but in other cities, they place pressure on tight housing markets and draw complaints from residents. However, while cities perceive STRs to be an issue, only 35% of survey respondents were regulating STRs in Oregon at that time.

Garza and Hooton (2017) examined the relationship of STRs with the residential housing market and the hotel market in Seattle, WA, using the data from STR providers, hotel industry, American

Housing Survey, and other sources. No evidence was found that STRs negatively impact either the residential housing market or commercial hotel market. Rather, case studies provided some initial evidence that STRs may support homeownership for individuals and families by effectively providing revenue to local neighborhoods, and lead to market creation in the area of diverse accommodations.

Wills (2016) looked at the STR impacts on communities and economy in South Carolina. The paper compared stated Airbnb positive impacts on (1) consumers and hotel industry, (2) neighborhoods and local businesses, and (3) residents and households with the STR impacts in South Carolina. Stated impacts include, in particular, attraction of new visitors who stay longer than traditional tourists, spend more on local businesses, and are more likely to be return-guests to the market as a result of their experiences. Also, the income earned from STRs help local hosts pay for regular household expenses like rent and groceries, and for some it is a deal breaker to remain in their homes. In South Carolina, the STR rental market is exploding in Charleston, with some unique accommodation options for travelers. Many issues that Charleston has faced regarding STRs have arisen from confusing and less-than-transparent zoning ordinances and regulation. The author recommends seeking local regulations aimed at preserving local interests instead of the litigation and inconsistent enforcement actions in the city.

Wyman et al. (2020) examined the economic motives and costs of short-term rental properties in the City of Isle of Palms, SC. Using home sales data, they found that STRs sell at a price premium relative to long-term rentals and owner-occupied properties, which provides evidence as to why residential property owners select STR operations. No pricing impact associated with proximity to STRs was found, indicating homebuyers are not concerned with the perceived community nuisances. According to the study, the positive economic return accruing to STRs suggests the short-term rental marketplace will continue to develop as a strategic competitor to traditional tourist lodging operators.

Nickerson and Fitzgerald (2018) reviewed STR opportunities and challenges for the residents of Whitefish and Gardiner, Montana. Opportunities included financial benefits for homeowners, especially for singles with high rents, retirees with empty homes, or couples with spare rooms that need extra income. Investment is another opportunity, as the STR rental market is growing. Income from STRs can sometimes make more money for the owners than long-term leases, and owners could have a vacation home to occasionally enjoy themselves. Impacts and challenges included increased home prices, a reduction in workforce housing and affordable housing stock and changes in a neighborhood's complexion.

Several studies examined STR impacts in other countries. Using a survey approach, Nenahova (2018) explored how Airbnb affected hotel industry in Helsinki, Finland, and found that Airbnb and hospitality businesses are generally "in a peaceful relationship". The hotels are still in more demand there, and do not see STRs as their competitor in the near future. However, in other locations such as Barcelona or New York, many issues have risen since the advent and expansion of Airbnb where STRs have considerably impacted the hotel industry and housing market from the financial standpoint. In Barcelona, for example, Garcia et al. (2019) assessed the impact of the arrival and expansion of Airbnb on housing rents and prices and it was found that for neighborhoods in the top decile of Airbnb distribution, rents are estimated to have increased by 7% between 2012 and 2016.

Eliasson and Ragnarsson (2018) looked at the effects of recent growth in private renting to tourists on the net supply of housing and house prices in Iceland. Using modeling, the authors found

that the contribution of the growth in the STR market on house prices is estimated at 2% per year over the last three years, or about 15% of the total increase during that period.

## *STR policies and regulations*

STR negative impacts often encourage state and city officials to propose certain regulations and policies to mitigate adverse effects. Analysis of such regulations, their effectiveness or lack thereof have been the focus of several studies.

Scanlon (2017) looked at the STR impacts on housing and neighborhoods in New York City, Santa Monica, and Denver, and associated zoning laws to restrict STRs. He argued that these cities continue to struggle to “*find the sweet spot of protecting the property rights of citizens while protecting the quality of life of their neighbors*” (p. 591). One of the ways to regulate STRs is zoning. However, while the authority to enact zoning laws is extensive, it should be exercised with a caution and address the complexity of the STR phenomenon.

Gottlieb (2013) argued that the expansion of STRs presents local governments with a controversial policy debate, requiring them to decide whether to ban, encourage, or limit STR regulations. Many existing regulations were drafted without consideration of this type of use and often fail to provide clear guidance to either home owners or regulators.

Palombo (2015) looked at the approaches of New York City and San Francisco to regulate STRs. He argues that NYC’s conservative position finds Airbnb detrimental to the city and to its hospitality and tourism industries, while San Francisco, the birthplace of Airbnb, takes a more liberal approach and seeks to regulate STR operations by incorporating them into the city Administrative Code. The latter, in combination with Airbnb’s Shared City Initiative, was named the “ideal catalyst for the future of home-sharing in cities across the U.S.”

Lee (2016) provides an overview of the Los Angeles affordable housing crisis, and STR’s impact on it. His advice is that “the best regulation comes from precise data”. The paper suggests that Airbnb is a response to, not a cause of, gentrification and affordable housing crisis in the city. Unregulated rentals may cause rent increases, reduce the housing supply, and exacerbate segregation. The call is for Airbnb to become a responsible partner and facilitate the goals of affordable housing advocates.

Cloonan (2017) suggests that STRs and local governments should cooperate and co-exist, instead of fighting, and proposes zoning and land use regulations as a tool to help companies like Airbnb flourish. Airbnb, in turn, should help cities by forcing their hosts and guests to comply with the local law.

Kim et al. (2017) empirically examined the effects of regulation restricting STRs on property sales prices in Anna Maria Island in Florida. The results showed that both nonresident ownership of properties on the island and property values decreased following the rental regulation, except in areas where the density of non-resident owned STRs in a neighborhood was quite high.

Internationally, Aguliera et al. (2019) looked at the diversity of policy responses to STRs in Barcelona, Paris and Milan. Their main findings emphasize that the differences in regulations can be explained by the type of actors who politicized the issue and distribution of competences between the city and higher tiers of government. Also, the main stakeholders involved in proposing regulations include professional STR operators, association of hosts, the hotel industry, residents’ associations, sharing economy advocates and corporate platforms.

Nuland and Van Melik (2020) examined the negative impacts of STRs on housing, neighborhoods, a hotels, and existing policies and regulations in several European and American cities. It was found that most cities are relatively lenient towards STRs, with little to no (complete) prohibition. Instead, cities tend to limit the number of guests, nights and times a property can be rented, demand certain safety precautions and information provision, or require primary residency. Regulations are mostly directed to mitigate neighborhood impacts. Enforcement remains difficult due to the STR market's dynamic nature and online practice.

## ***STR guests and hosts***

Fewer studies looked at the characteristics of STR guests and hosts, their motivations and behavior. For example, Zuckerman (2020) analyzed Airbnb user statistics and presented the following: 54% of Airbnb guests are females; 60% of all guests who ever booked on Airbnb are millennials; seniors are the fastest growing host demography, and senior women are consistently rated as the best hosts on Airbnb; 88% of reservations are for 2 to 4 people. According to one study that was analyzed, a little over half of Airbnb guests said they chose it because of the price; other important reasons included location, authentic experience, and easiness to use the site/app. It was mentioned that "Airbnb caters to a new generation of travelers that look for a unique experience. Typically, guests who book an Airbnb are seeking a more home-like ambiance, local cultural immersion, and greater value for money."

Guttentag et al. (2018) investigated tourists' motivations for using Airbnb. Using an online survey of Canadian travelers who stayed in an Airbnb during the previous year, the authors found that the main motivating factors include interaction, home benefits, novelty, sharing economy ethos, and local authenticity. Airbnb users were further segmented into five groups that were called Money savers, Home seekers, Collaborative consumers, Pragmatic novelty seekers, and Interactive novelty seekers.

So et al. (2018) analyzed literature on factors affecting consumer adoption of Airbnb, such as price value, authenticity, novelty, social interactions, sustainability, and others. Then, adopting a sequential mixed-methods approach, the authors developed an online survey of U.S. Airbnb consumers, and found that motivations, price value, enjoyment, and home benefits significantly explain overall attitude toward Airbnb. Distrust was found to be the main constraint of the attitude.

Tran and Filimonau (2020) explored the (de)motivation factors in choosing Airbnb amongst Vietnamese consumers. An online survey of current and perspective Airbnb users revealed that perceived value and functional aspects of rented properties were the prime motivators, while safety consideration was the key demotivator. Those findings are contrary to some of the previous research in the "western" context where user experience and social benefits played more important roles.

Wang and Jeong (2018) conducted a self-administered online survey of Airbnb users and found that guest satisfaction with the Airbnb stay is affected by amenities and host-guest relationship, leading to loyal customers and repeat businesses.

Cheng and Jin (2019) investigated the attributes that influence Airbnb users' experiences by analyzing online review comments of Australian travelers. Key attributes identified in the data include "location", "amenities", and "host".

Jung et al. (2016) compared user behavior in Couchsurfing and Airbnb, using host profiles and guest review data. Their research showed that users expect different value regarding each community.

Couchsurfing guests were more interested in interactions with the host, while Airbnb guests were more concerned about the facility description and environment circumstance. A similar phenomenon was also found in the host analysis: Couchsurfing hosts were more willing to express internal, personal information and deliver messages to potential guests; while Airbnb hosts concentrated on describing more external characteristics and how their rooms are fully equipped.

Ma et al. (2017) looked at host profiles and researched kinds of information that hosts self-disclose to signal their trustworthiness, and its effect on perceived level of trust. Using responses from an online survey, they showed that there are common strategies that hosts use when they talk about their interests and personality, and that the perceived trustworthiness score is a significant predictor of host choice for the Airbnb guests.

In general, the literature review suggests that STR impacts, policies and regulations differ greatly within the U.S. and worldwide. Many local factors determine development of STRs, and it is critical to study the local context to better understand the full scope of challenges and opportunities associated with STRs at a community level. The next section of this report will focus on the STR data specific to the state of Montana and its various counties and communities.



## Results

### AirDNA Data analysis

AirDNA is a vacation rental data and analytics platform that was created “to empower entrepreneurs to make the most of the short-term rental market” (AirDNA, 2021). One of the services that the company offers is called MarkerMinder - a web app displaying metrics for every Airbnb rental worldwide. Key performance metrics presented for each STR include average daily rates, occupancy, rental revenue, and others. For a specific region, information is provided for all available and booked listings for a specific time. This data is provided to help STR hosts to better understand the market, their potential competitors, and increase their financial gains.

The Montana Office of Tourism and Business Development subscribes to the AirDNA data and allowed ITRR to comb through it for this study<sup>1</sup>. Within this project, we summarized the AirDNA data for Montana since 2014 for selected metrics, compared monthly patterns of 2020 versus 2019 for six Montana regions, and created a map of STR locations and volume in the state to visualize the differences between the counties.

### Growth of Montana STRs since 2014

As of September 2020, AirDNA data showed over 12,000 STRs in Montana had been active on the Airbnb platform during the preceding 12 months. Since 2014, there has been a clear growth trend in the number of listing nights for the STRs that offer the entire place to their guests (Figure 1).<sup>2,3</sup> For example, the number of available listing nights for entire places in Montana in June 2020 increased 25 times in comparison with June 2015, while the number of booked listing nights increased 33 times, respectively. Over these four years, the cyclical appearance mimics visitation to Montana, with peaks in the summer months<sup>4</sup>.

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<sup>1</sup> AirDNA data is provided to the state of Montana through a license agreement with Montana Office of Tourism and Business Development

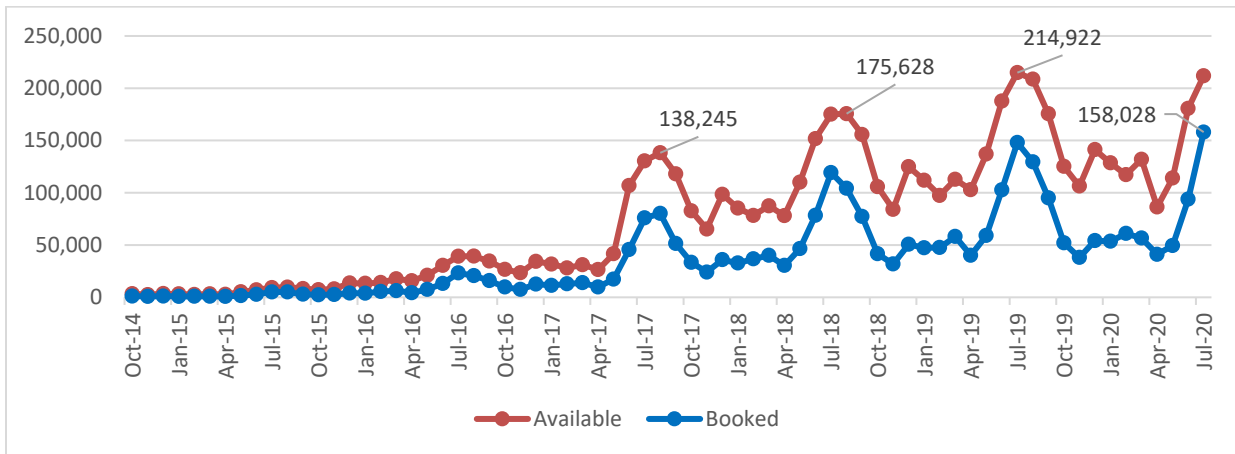
<sup>2</sup> Listing nights are defined by AirDNA as the sum of all nights that were available for rent and were booked in the month

<sup>3</sup> Private rooms and shared rooms not shown.

<sup>4</sup> ITRR Nonresident Visitation trend data, <http://www.tourismresearchmt.org/>

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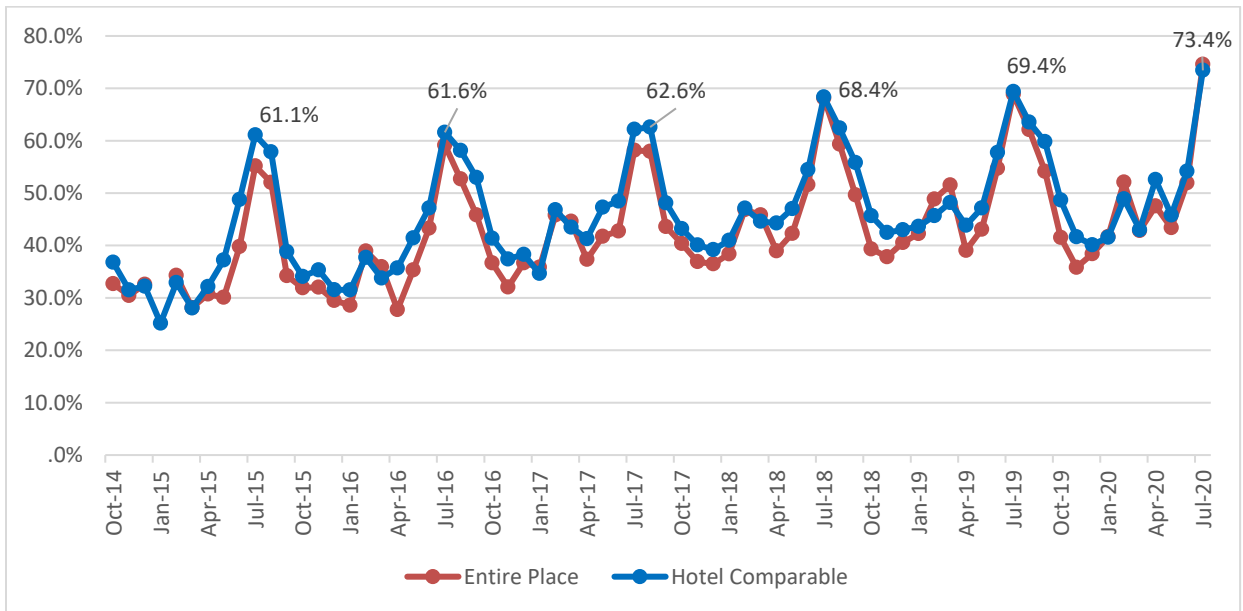
Figure 1: STR Listing nights (Available and Booked), Montana 2014-2020



Source: AirDNA, 2020

Similar to listing volumes, the occupancy rates<sup>5</sup> for both entire places, and hotel comparables<sup>6</sup> have shown an increasing trends over the span of the available data (Figure 2). Both the larger entire places and the hotel comparables show nearly identical occupancy rates.

Figure 2: STR Occupancy rate for entire place, Montana 2014-2020



Source: AirDNA, 2020

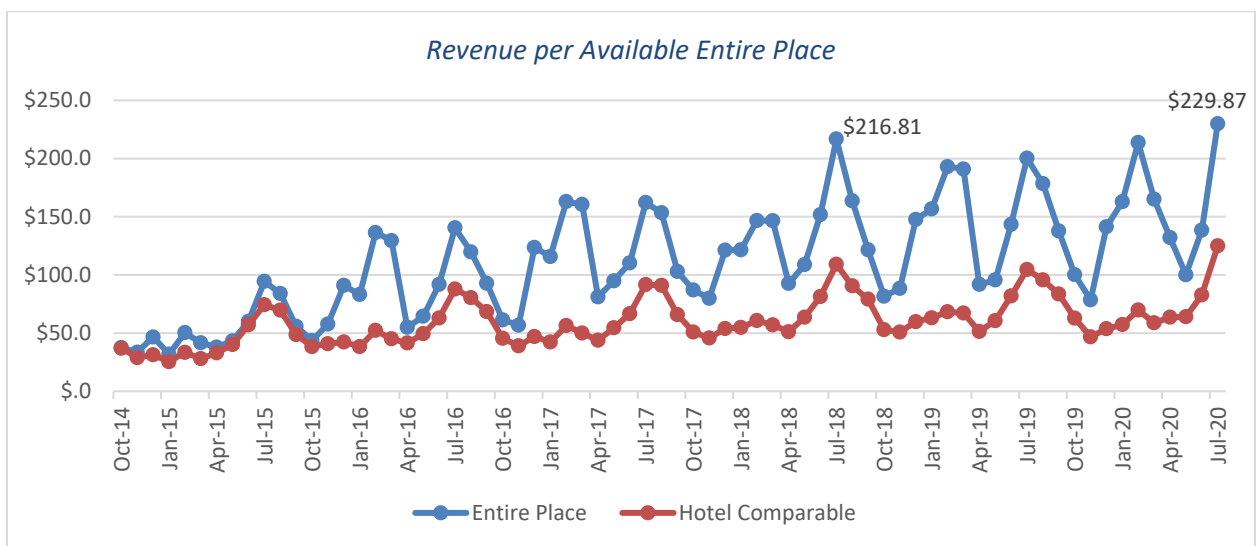
<sup>5</sup> Occupancy rate is defined by AirDNA as Booked Listing Nights divided by Available Listing Nights.

<sup>6</sup> Hotel Comparable is defined by AirDNA as Studio and one bedroom entire place rentals. AirDNA believes these are the type of listings most likely to compete directly with hotels.

As similar as occupancy rates are between entire place rentals and hotel comparables, the revenue per available place deviate somewhat (Figure 3). As should be expected, revenue per available place is higher for the larger units; however, interestingly, the larger units also show significant winter peaks that are muted for the smaller, hotel comparable, units. Further analysis is required to better understand these peaks and any geographic concentration of them.

The trends identified here support survey results found later in this report and suggest increased popularity of STRs in Montana in the last several years, which reflects the interest towards STRs in the country and worldwide.

**Figure 3: STR Revenue per available entire place, Montana 2014-2020 (\$USD 2014)**

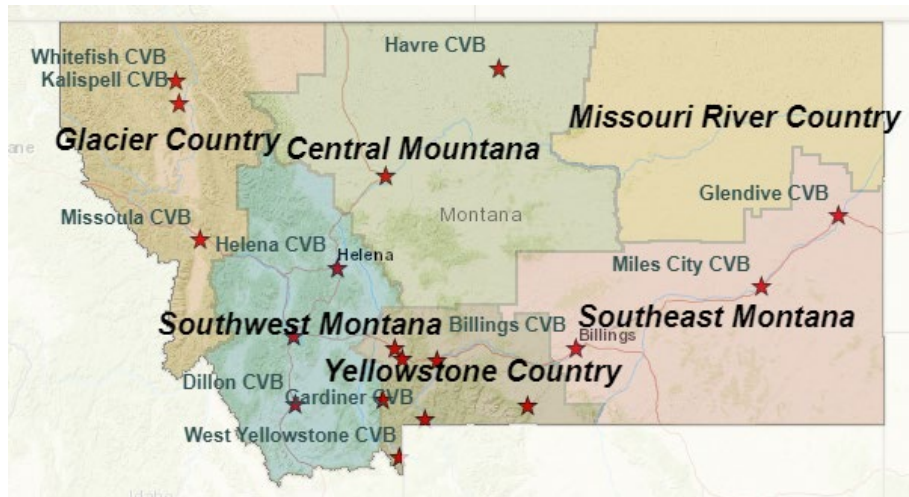


Source: AirDNA, 2020

### Montana Regional Trends in 2020

In this section, we briefly discuss the changes in the number of available and booked listings, occupancy rates, average daily rates, and revenues per available rent in six Montana regions: Central Montana (CM), Glacier County (GC), Missouri River County (MRC), Southeast Montana (SEM), Southwest Montana (SWM), and Yellowstone Country (YC). We make monthly comparisons for the first two quarters between 2019 and 2020. Some of these changes are due to the COVID-19 pandemic; others reflect common tourism patterns in the state and nationally.

Figure 4: Six Montana Tourism Regions<sup>7</sup>



## January

In *January*, 2020, the number of available and booked listings increased in all regions, especially in Central Montana (45% and 113%, respectively). Occupancy rates increased in all regions as well, most notably in Missouri River Country (115%). Average daily rates increased in Southeast Montana (22%), Central Montana (10%), and Southwest Montana (7%), and decreased for other regions. Revenues per available rent increased in all regions more than 40%.

## February

In *February*, the number of available listings increased for all regions, especially for central Montana (56%). Similar trend is observed for the booked listings, most notably for Missouri River Country (180%) and also Central Montana (174%). Occupancy rates increased everywhere too, with Missouri River Country being the leader (309%). Average daily rates increased for Southeast Montana, Central Montana, and Southwest Montana (35%, 16%, and 2%, respectively), and decreased for other regions. Revenues per available rent increased everywhere, especially for Missouri River Country (214%) and Central Montana (99%). All these trends are similar to January.

## March

*March* data suggests that the number of available and booked listings increased for all regions, especially in Central Montana (44% and 82%, respectively). Occupancy rates also increased for all regions, most notably in Missouri River Country (55%). Looking at these numbers, the effect of the pandemic is not noticeable yet. Average daily rates somewhat increased in Central Montana and Southeast Montana (14% and 19%, respectively), little change in Yellowstone country (0.3%), and decreased in Glacier Country, Missouri River Country, and Southwest Montana (-2%, -17%, and -9%, respectively). Revenues per available rent increased everywhere, other than Southwest Montana.

<sup>7</sup> Source: <https://marketmt.com/TourismRegionsCVBs>

## April

In *April*, the number of available listings increased for all regions other than Yellowstone Country; especially for Southeast Montana (27%) and Central Montana (27%). Yellowstone Country saw 1.9% decrease in available listings – we are slowly starting to see the effect of the pandemic. The same trend is observed for booked listings: increase for all regions other than Yellowstone country, with Missouri River Country seeing the highest increase (50%). Occupancy rates increased for all regions, most notably for Central Montana (56%) and Glacier Country (42%). Average daily rates increased for all regions other than Missouri River Country. Revenues per available rent increased everywhere, especially for Central Montana (98%)

## May

Comparisons of the *May* data show that the number of available listings increased for all regions other than Yellowstone Country, especially for Missouri River Country (32%) and Central Montana (23%). The number of booked listings increased drastically for Central Montana (123%), decreased for Yellowstone Country (-15%) and Central Montana (-4%), and almost did not change for Glacier Country (-0.4%). Occupancy rates increased for all regions, with the biggest difference for Central Montana (33%) and Missouri River Country (23%). Average daily rates increased for Glacier Country (13%), Central Montana (11%), and Yellowstone Country (8%), decreased for Missouri River Country (-4%), and almost did not change for the Southeast and Southwest Montana. Revenues per available rent increased for all regions, especially for Central Montana (47%) and Glacier Country (29%).

## June

In *June*, the number of available listings increased for Central Montana, Missouri River Country, Southeast Montana, and Glacier Country (30%, 31%, 10%, and 5%, respectively); other regions show almost no change. The number of booked listings increased for Missouri River Country (57%) and Central Montana (38%); and almost did not change for other regions. Occupancy rates increased for Central Montana and Missouri River Country (15% and 9%, respectively), decreased for Yellowstone Country (-13%) and Glacier country (-2%), and almost did not change for other regions. The most notable change in average daily rates was increase for Southeast Montana (9%) and decrease for Southwest Montana (-11%). Revenues per available rent increased for all regions other than Yellowstone country (-12%) and Southwest Montana (-9%).

## July

*July* data suggests that the number of available listings increased for Central Montana, Missouri River Country, and Glacier Country (19%, 18% and 6%, respectively); other regions show almost no change. Booked listings mostly increased for Central Montana (25%) and Missouri River Country (19%), and decreased for Southeast Montana (-5%). Occupancy rates increased for all regions. Average daily rates increased almost for all regions, mostly for Southeast Montana (18%); Southwest Montana showed a very small decrease (-0.5%). Revenues per available rent increased for all regions, most notably for Central Montana (31%) and Southeast Montana (30%).

**Table 1: Summary of Monthly Comparisons for the First Two Quarters of 2019 and 2020**

	<i>Jan 2020 vs Jan 2019</i>	<i>Feb 2020 vs Feb 2019</i>	<i>March 2020 vs March 2019</i>	<i>April 2020 vs April 2019</i>	<i>May 2020 vs May 2019</i>	<i>June 2020 vs June 2019</i>	<i>July 2020 vs July 2019</i>
<i>Available listings</i>	<ul style="list-style-type: none"> <li>Increase for all regions, especially CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, especially CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, especially CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions other than YC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions other than YC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions</li> <li>Almost no change for SWM and YC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions</li> <li>Almost no change for SEM and YC</li> </ul>
<i>Booked listings</i>	<ul style="list-style-type: none"> <li>Increase for all regions, especially CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, especially CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, especially CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions other than YC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions other than YC&amp;SWM</li> <li>Almost no change for GC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for CM and MRC</li> <li>Almost no change the rest</li> </ul>	<ul style="list-style-type: none"> <li>Increase for CM, MRC, GC</li> <li>Decrease for MRC</li> </ul>
<i>Occupancy rate</i>	<ul style="list-style-type: none"> <li>Increase for all regions, especially MRC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, especially MRC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, especially MRC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, especially CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, especially CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for CM and MRC</li> <li>Decrease for YC and GC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions</li> </ul>
<i>Average daily rate</i>	<ul style="list-style-type: none"> <li>Increase for CM, SEM, SWM</li> <li>Decrease for GC, MRC, YC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for CM, SEM, SWM</li> <li>Decrease for GC, MRC, YC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for CM and SEM</li> <li>Decrease for GC, MRC, SWM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions other than MRC</li> </ul>	<ul style="list-style-type: none"> <li>Increase for CM, GC, YC</li> <li>Decrease for SR, SEM, SWM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for MRC and GC</li> <li>Decrease for SR, SEM, SWM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions other than SWM</li> </ul>
<i>Revenue per available room</i>	<ul style="list-style-type: none"> <li>Increase for all regions</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, other than SWM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, mostly for CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions, mostly for CM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for CM and SEM</li> <li>Decrease for YC and SWM</li> </ul>	<ul style="list-style-type: none"> <li>Increase for all regions</li> </ul>

These trends suggest that although in April-May some STRs in tourism destinations in Montana see a small decrease in available and booked listings due to the pandemic, the numbers in most regions either do not change or continue to increase. It seems that the more rural and less touristy areas of Montana may have even benefited from the pandemic. However, more research is needed to see if this trend will continue, and explore the reasons for it. Table 1 provides a summary of trends.

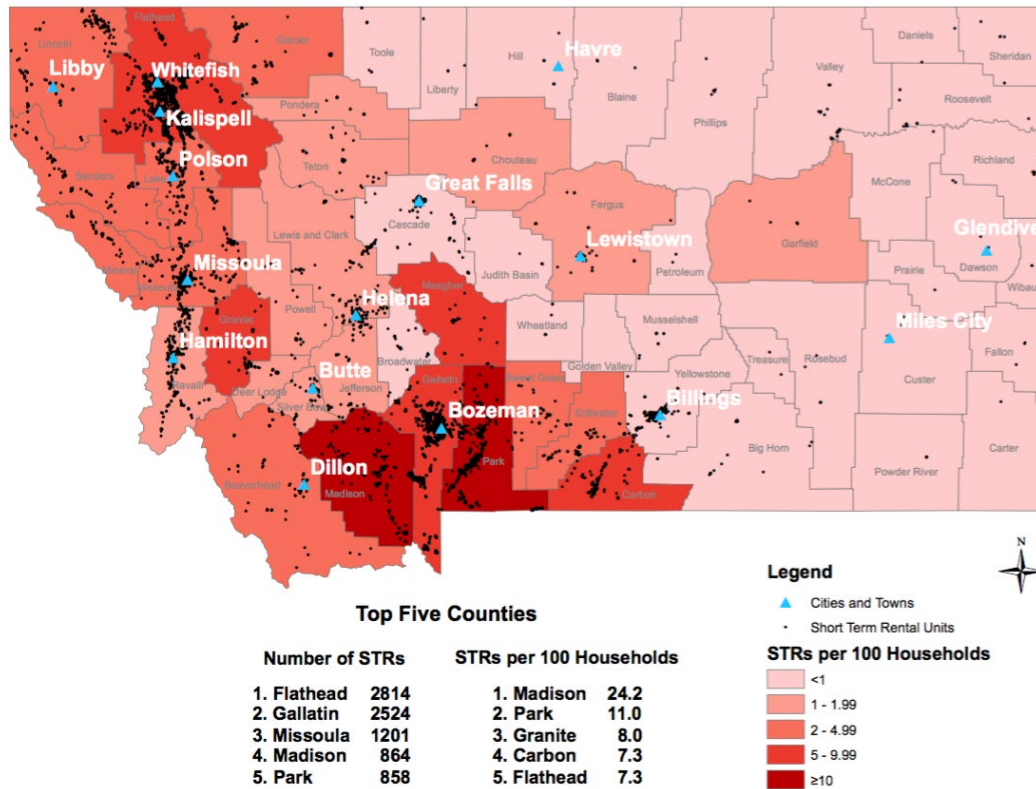
### **The number of STRs in Montana**

Figure 5 displays both the volume and density the of known units in Montana counties. As shown below, the top five counties by total known STR volume are Flathead, Gallatin, Missoula, Madison and Park. By density (STRs per 100 households<sup>8</sup>), Madison county rise to the top at 24 STRs/100HH. Park County is a distant second at 11 STRs/100HH. Flathead County, the highest in total volume remains in the top 5 by density. In most counties, STR units are located unevenly – most numbers are seen in the larger cities and tourism communities. See Appendices D and E for a full listing of county and city/tourism community STR units.

<sup>8</sup> Source: U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates, 2015-2019



Figure 5: Volume and density of known STRs in Montana



Source: AirDNA, 2020; U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates, 2015-2019.

## Interview Results with Montana City and County Officials

Findings from the qualitative interviews suggest that many of the STR impacts, challenges and opportunities in Montana are similar to the ones identified in the literature, and that regulations differ greatly depending on the location.

### Awareness of STRs

All interviewed officials were aware of STRs in their cities or counties. Some knew exact numbers, others had a general idea, although a few indicated they had no idea how many may be in their community. The numbers ranged from one in small towns to hundreds of STRs in tourism communities and urban counties. One small tourism community indicated they have thousands of STRs in their community. When STR numbers were given to us during the interviews, respondents said they were found in registered public accommodation licenses, issued STR permits in the area, Airbnb listings, or from a company that scrapes STR data for the community. Some respondents mentioned that they do not have an easy way to track the numbers and were not sure (in both urban and rural counties). Comparisons with the numbers on Airbnb website show that officials were usually quite right about

their estimates, although sometimes the numbers on Airbnb would exceed their estimates (which may be because not all STRs are officially registered ).

## **Discussions about STRs**

The majority of small towns and counties with lower populations indicated that they have not had any discussions related to STRs in their city/county. Some have had short discussions but rarely was any action taken.

Discussions related to STRs that did happen were almost always in tourism communities and tourism counties as well as some larger communities. These discussions were initiated because of complaints from neighbors, issues with long-term or affordable housing, when vocal groups of local residents or realtors wanted to rent their places out, or in response to regulations.

## **STR regulations in Montana**

Several types of STR regulation approaches in Montana were identified from the responses:

- *No regulations or restrictions at all* – most smaller communities and most counties do not have any regulations. Towns that are not as popular among tourists are less likely to have any STR regulations.
- *Public accommodation license* is required on the state level, but nothing in addition to it is needed to operate an STR in most counties and small towns. It should be noted that a public accommodation license is required for all vacation rentals/tourist homes in Montana (DPHHS, 2012) , so those cities and towns that do not ask for it may not be aware of this requirement. One rural county official mentioned that one or two STRs in their area have public accommodation licenses, but they don't really require it ("*They do it mostly for advertising*"). One rural county official said "*Nobody actually looks into public accommodation license anyway, and the risk is eventually on the renter*".
- *Business license* in addition to the public accommodation license
- *Special use permit* (sometimes called conditional use permit) to operate an STR is needed, but business license is not required
- *Both special use permit and business license* are required
- Some counties and communities require an *additional inspection* by the fire marshal
- *Zoning* – STRs are only allowed in certain zones, for example only in Commercial zones; one tourism community has four zones in which STRs are allowed.
- *Limitations on the numbers* - STRs are allowed in all zones, but no more than certain percent of residents in some zones can rent their places as STRs. Some tourism communities said they may consider caps in future. When one large tourism community put their regulation in place, it was capped at those already operating (grandfathered in) and no additional STRs are now allowed.
- Some places put a requirement to *list a phone number* to call if there are any issues; this number should be in the paperwork and visible to the public, or sent to the neighbors of the STR.
- Some places require that STRs meet *street parking standards*.



- In some tourism communities, a *notice is sent to all neighbors* within a certain radius once STR application is received to gather neighbors' input, before the conditional use permit is issued.
- One county respondent said that current requirements *depend on the establishment*: public accommodation license is required for all accommodations, but if an STR also has a pool, an additional pool license is needed. Likewise, if an STR serves food, a special license is needed for that.
- In one tourism community; *"The owner has to provide the dos and do nots to the renters. That has helped with reducing complaints as the renters know what is acceptable in the neighborhood and what isn't."*

In relation to regulations, it was mentioned that counties in Montana do not actually have any regulatory authority. Cities have more governing power with STRs than counties do: *"Counties only have the authority to do what the state tells them to do, whereas cities can come up with their own regulations. For us to change something, it will require approval by the legislature."*

Where regulations were put in place, it was done *"to make it easier for local residents and neighborhoods"*. Some places mentioned that they tried to propose regulations, but no actions were actually taken. For example, in one small tourist town there was opposition from realtors and those residents who valued their private property rights, therefore there was no real progress with any regulations.

Generally, it seems that it is more expensive and more difficult to operate STRs in incorporated cities/towns than on the county level, where fire and health codes are different (not as strict), and where regulations are not always enforced. In counties, where STRs are in rural areas, there is less of a concern by neighbors so the complaint level is very low.

Some places take "If it is not broken, don't fix it" approach: *"If we were taken off by STRs or if there were any complaints, we would have a different approach. For now, we are comfortable with what we have"; "If we were to receive more compelling number of complaints, then we would schedule a special working session. Now we don't have that level of a problem".*

### ***STR benefits as perceived by respondents***

Different types of STR benefits and positive impacts were identified by the city and county officials, such as (1) *tourism* benefits as STRs bring tourists in the area and attract them to the community; (2) *monetary* benefits for local residents, such as opportunity to earn extra income or buy a second home; (3) *COVID-related* benefit, such as better isolation for the guests than in a hotel, and bringing businesses to the community that help them survive; (4) *diverse accommodation options* and experiences, especially for younger generation, those travelers who prefer kitchens, home atmosphere, or space for larger groups, and those who simply do not like hotels and want to be more relaxed; (5) opportunity to stay somewhere *temporary* while looking for permanent housing.

In relation to earning extra income for local residents and other economic benefits, one respondent mentioned the following: *"Anecdotally I have heard of some folks who take their travel trailer and stay somewhere that's close to their house so they can rent the house out from July 4<sup>th</sup> through August just to get that revenue."* Another respondent stated that *"STRs provide an economic*

*benefit to our county with additional monies spent in local places. It helps the management company, the housekeepers, the brewery...these are all local."*

Interestingly, some tourists perceive STRs safer than hotels, according to one tourism community official. Also, it was brought up that people tend to take better care of a place if it is an STR versus long-term rental, to maintain it better and make it cleaner. *"People need to have good reviews or they won't get rentals so these are generally well-kept places."* *"It has really improved the look of our town because people make the houses look better in order to rent them...curb appeal"*.

### **STR negative impacts and challenges**

Despite many benefits mentioned above, STRs sometimes create concerns in Montana. When asked about such concerns, respondents mentioned (1) potential negative impacts *on the long-term rentals and affordable housing* for working families (*Note: no respondent has evidence of this but they firmly believe it has impacted the rental and housing availability*); (2) negative impacts *on neighbors* - noise, traffic, different people in the area, not knowing who your neighbors are each night; (3) *loss or change of community identity*; and (4) *change of the community feel* and less engagement in community activities. One respondent suggested that if people are staying in STRs, they may potentially be less respectful of the neighborhoods than local residents.

Several respondents emphasized that one of the main challenges in regards to STRs is lack of regulations and confusion about the rules: *"As of now, it is hard to figure out what is entailed as far as public accommodation license. I reached out to other counties, and they seem to experience the same issue. Also, public here have not heard much about STRs, and many are not aware that STRs should be licensed."* *"They are time-consuming to manage from an administrative stand point,"* according to one tourism community respondent. *"As an unincorporated tourism town, we can't do any regulations so our approach was to go through the Home Owners Association (HOA). Unfortunately, the legislature recently passed a law that says any changes to an HOA have to be approved by 100% of the home owners. That law has tied our hands."* – a quote from one small tourism community official.

### **STR Monitoring**

Many respondents stated that they do not monitor the numbers of STRs in their area. In some locations, monitoring was done in the past (numbers and compliance), but stopped because of limited staff and resources. Few respondents (mainly in tourism communities) said that they do monitor the compliance. In one such community a respondent mentioned they use 'HostCompliance' and when hosts show up that are not registered they send a notice through mail, then go to the house: *"We get about 75% compliance after we go through those steps. A lot of people don't know they had to do the compliance."* An official in one small tourism community said that they *"try to monitor, but it is not easy"*, and suggested to have a special software for the monitoring.

### **Official Complaints**

Most respondents said that they did not receive any or many complaints so far, and it has not been an issue. Some officials said that they received a few, but could not remember specific ones.

If complaints were received, they were mostly from the neighbors because either an STR operated in a zone that it was not supposed to or neighbors were concerned about the noise/dogs/traffic in the area. Once evidence is provided that STR hosts are complying and there are no rules against STRs, complaints tend to stop.

## STR Panel Survey Results: Guests and Hosts

Table 2: Sample profile

Variable	Frequency	Percent
<b>Age</b>		
18-29	25	2%
30-39	100	7%
40-49	144	11%
50-59	239	18%
60-69	522	38%
70-79	299	22%
80-89	33	2%
90 and over	2	0.1%
<b>Gender</b>		
Female	560	40%
Male	639	45%
Non-binary	5	0.4%
<b>Education level</b>		
Less than high school	4	0%
High school graduate	62	5%
Vocational/trade school	53	4%
Some college	169	12%
Two-year college degree	138	10%
Bachelor's degree	480	35%
Advanced degree (Ph.D., M.D., J.D., M.S., or equivalent)	453	33%
<b>Annual household income</b>		
Less than \$25,000	29	3%
\$25,000 to \$49,999	96	8%
\$50,000 to \$74,999	232	20%
\$75,000 to \$99,999	251	22%
\$100,000 to \$149,999	277	24%
\$150,000 to \$199,999	144	12%
\$200,000 or more	125	11%
<b>Residency</b>		
United States	1,095	80%
Canada	248	18%
Other (please specify)	19	1%

\*Note: Totals may not add to 1,419 due to missing responses for some questions.

## STR guests

Among the various accommodation types available, 40% of respondents travelling for vacation/recreation/leisure, indicated they are likely to seek out STRs compared with 7% travelling for business (Tables 3 and 4).

The majority of respondents (61%) indicated that they have stayed in STRs at least once in their life; among those who have never stayed in STRs, 16% expressed interest in staying there in the future.

**Table 3: Which of the following accommodation types are you likely to use when travelling for vacation/recreation/leisure?**

	Frequency	Percent
Hotel/motel	1,126	79%
Short term rental (vacation home/condo /cabin/ yurt, etc.)	570	40%
Fee campground	542	38%
Home of a friend or relative	536	38%
Resort	370	26%
Free or dispersed camping	344	24%
Bed & breakfast	277	20%
Other	47	3%
Couch surfing or similar	21	1%

*\*Note: Totals do not add to 100%; respondents could make multiple selections*

**Table 4: Which of the following accommodation types are you likely to use when travelling for business?**

	Frequency	Percent
Hotel/motel	1,089	77%
Resort	124	9%
Short term rental (vacation home/condo/ cabin/yurt, etc.)	101	7%
Home of a friend or relative	82	6%
Bed & breakfast	60	4%
Fee campground	24	2%
Free or dispersed camping	20	1%
Other	15	1%
Couch surfing or similar	8	1%

*\*Note: Totals do not add to 100%; respondents could make multiple selections*

The main reasons for not choosing STRs are unfamiliarity (46%), “other” reasons (21%), lack of trust (16%), and no STRs at a destination (16%), followed by privacy concerns and too many fees (Table 5). Among “other” reasons were “prefer hotel amenities”, “like the consistency of my favorite hotel chain”, “no interest”, “always travel with my RV”, “trouble planning ahead”, “when I travel I have no agenda so I prefer last minute hotel accommodations”, “cleanliness”, “I do not support STRs”, “don’t feel comfortable staying in someone else’s home I don’t know”, “expensive for what I need”, “no idea of what it will actually be”.

**Table 5: What are your reasons for not choosing STRs when you travel?**

	Frequency	Percent
I am unfamiliar with STRs	251	46%
There were no STRs at my destination(s)	88	16%
I don't trust STRs	85	16%
Privacy concerns	81	15%
Too many fees (e.g., cleaning fee)	79	15%
I don't feel safe at STRs	47	9%
Lack of value	42	8%
I don't travel	7	1%
Other	114	21%

When asked “How likely are you to choose STRs over other types of accommodations”, the majority of respondents chose “somewhat likely” (Table 6):

**Table 6: How likely are you to choose short term rentals (STRs) over other types of accommodations, such as hotels, motels, camping, etc.?**

	Frequency	Percent
Very unlikely	78	9%
Somewhat unlikely	260	30%
Somewhat likely	378	44%
Very likely	145	17%
<b>Total</b>	<b>861</b>	<b>100%</b>

When choosing a STR, cleanliness, safety and location were named the most important deciding factors (Table 7).

**Table 7: In general, how important are the following factors for you when choosing a STR?**

	Not at all important	Somewhat important	Very important	Extremely important	Mean response
<b>Cleanliness</b>	<1% (1)	4% (37)	36% (308)	59% (501)	3.55
<b>Location</b>	<1% (5)	8% (71)	50% (426)	41% (346)	3.31
<b>Safety</b>	1% (10)	15% (125)	41% (342)	44% (368)	3.26
<b>Price</b>	<1% (5)	23% (194)	49% (418)	27% (232)	3.03
<b>Guest reviews</b>	2% (13)	25% (209)	49% (417)	25% (210)	2.97
<b>Amenities</b>	3% (22)	43% (365)	44% (368)	11% (90)	2.62
<b>Host profile</b>	9% (78)	46% (388)	33% (279)	12% (98)	2.47
<b>Self check-in</b>	22% (182)	46% (385)	25% (208)	8% (71)	2.2
<b>Uniqueness</b>	29% (246)	54% (459)	13% (113)	3% (27)	1.91

Note: the number of respondents is in parenthesis; mean response on a scale 1 (not at all important) to 4 (extremely important)

Airbnb was named as the slightly more common platform to book STRs, followed by Vrbo (Table 8). Among “other” platforms, respondents named Booking.com, Flipkey, Expedia, Orbitz, Outdoorsy.com, “prefer to call the reservation desk”, “direct to owner”, “I pick up the phone”, “Friends book for me”. The last stay in an STR for most respondents was within the last two years (Table 9).

**Table 8: Which booking platform do you usually use to reserve STRs?**

	Frequency	Percent
<b>Airbnb only</b>	170	20%
<b>Vrbo/Home Away only</b>	143	17%
<b>I use both platforms but prefer Airbnb</b>	214	25%
<b>I use both platforms but prefer Vrbo/Home Away</b>	176	21%
<b>I go through a travel agent to book my STR</b>	37	4%
<b>Other (please specify)</b>	102	12%
<b>Total</b>	<b>842</b>	<b>100%</b>

**Table 9: When (approximately) was your last stay in an STR?**

	Frequency	Percent
<b>In the past 6 months</b>	185	22%
<b>6-12 months ago</b>	258	30%
<b>1-2 years ago</b>	277	32%
<b>3-5 years ago</b>	86	10%
<b>More than 5 years ago</b>	48	6%
<b>Total</b>	<b>854</b>	<b>100%</b>

Of respondents who have stayed in STRs, only 20% of respondents selected “Yes” when asked about STR stays in Montana. For those who responded positively, the question was followed by the inquiry about the reasons to choose an STR in Montana. Location, use of kitchen and comfort turned out to be the most important reasons for that (Table 10).

**Table 10: How important were the following reasons for you to choose your most recent Montana STR stay over hotels and other types of accommodations?**

	Not at all important	Somewhat important	Very important	Extremely important	Mean response
<b>Location (close to our activities/places)</b>	1% (3)	14% (39)	43% (118)	41% (112)	3.25
<b>Comfort</b>	2% (4)	13% (35)	58% (156)	28% (76)	3.12
<b>Use of a kitchen</b>	6% (16)	15% (40)	41% (112)	39% (105)	3.12
<b>Privacy</b>	4% (10)	21% (56)	52% (142)	24% (64)	2.96
<b>Price value</b>	5% (13)	30% (83)	45% (122)	20% (55)	2.8
<b>Homey feeling/atmosphere</b>	8% (21)	34% (92)	42% (112)	17% (45)	2.67
<b>Larger space for family or groups</b>	26% (71)	22% (60)	31% (84)	21% (58)	2.47
<b>Being away from other people/groups</b>	22% (59)	38% (103)	27% (72)	14% (37)	2.32
<b>Authentic experience</b>	27% (74)	36% (99)	26% (71)	11% (29)	2.2
<b>Supporting local community</b>	28% (75)	43% (118)	23% (63)	6% (17)	2.08
<b>Opportunity to bring pets</b>	59% (158)	13% (35)	15% (41)	13% (36)	1.83
<b>Novelty</b>	41% (111)	42% (114)	12% (33)	4% (12)	1.8
<b>Learning about local culture</b>	45% (121)	35% (96)	16% (43)	4% (11)	1.79
<b>Interactions with locals</b>	(46%) 125	38% (102)	12% (33)	4% (11)	1.74
<b>Interactions with host</b>	53% (145)	35% (96)	9% (25)	2% (6)	1.6

Note: the number of respondents is in parenthesis; mean response on a scale 1 (not at all important) to 4 (extremely important)

The main purpose of the most recent stay in Montana was vacation (Table 11). The following reasons were mentioned in “Other”: “ski racing”, “walking and enjoying the country side”, “retreat/considering relocation”, “hunting”, “funeral”, “bringing our student back to MSU”, “ultimate Frisbee tournament”, “Finnish festival”, “bird hunting”, “driving through but stuck because of big storm”, “soccer tournament”, “grizzly football season”, “wife is a travel nurse and I visit during school breaks”, “working on my home”, “outdoor recreation clinic”.

**Table 11: What was the main purpose of your most recent stay in that Montana STR?**

	Frequency	Percent
Vacation	153	56%
Visiting nearby family or friends	56	20%
Family/group event (e.g., wedding, family reunion)	31	11%
Other (please specify)	17	6%
Business	11	4%
Driving through	4	1%
Medical	2	1%
<b>Total</b>	<b>274</b>	<b>100%</b>

Most respondents booked a Montana STR either 2-5 months, or 1 month in advance, and stayed there with a partner or spouse (Tables 12 and 13).

**Table 12: How far in advance did you book that STR in Montana?**

	Frequency	Percent
A year or more in advance	23	3%
6-11 months in advance	113	14%
2-5 months in advance	347	41%
1 month in advance	148	18%
1-3 weeks in advance	139	17%
Less than a week in advance	38	5%
Same day	13	2%
Can't recall	16	2%
<b>Total</b>	<b>837</b>	<b>100%</b>



**Table 13: Whom did you stay with in that STR in Montana?**

	Frequency	Percent
Alone	62	7%
With a partner/spouse	267	32%
With immediate family	213	25%
With extended family	149	18%
With a friend or group of friends	129	15%
Other	18	2%
<b>Total</b>	<b>838</b>	<b>100%</b>

### *STR hosts*

Of all panel survey respondents, 39 people (almost 3%) mentioned that they have their own STR that they rent out, or a property management company rents out for them. Another 15 people used to rent out an STR in the past, but stopped doing it (Table 14). The rest of the questions were targeted toward STR hosts.

**Table 14: Do you have your own STR that you rent out or a management company rents for you?**

	Frequency	Percent
Yes	39	3%
I used to rent out a room/home/etc., but have since stopped renting it out	15	1%
No	1317	96%
<b>Total</b>	<b>1371</b>	<b>100%</b>

The three most important reasons to rent out a room/home/etc. were making money, helping pay for insurance, taxes and utilities, and having a place as an investment (Table 15)

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**Table 15: How important are/were the following reasons for renting out your room/home/second home, etc.?**

	Not at all important	Somewhat important	Very important	Extremely important	Mean response
Helps pay for insurance, taxes, and utilities	7% (4)	35% (19)	35% (19)	22% (13)	2.72
Might as well make money, rather than having it sit empty	13% (7)	28% (15)	36% (19)	23% (12)	2.68
Provides income so that I can keep the place	11% (6)	36% (19)	34% (18)	19% (10)	2.6
It is an investment opportunity	30% (16)	30% (16)	20% (11)	20% (11)	2.31
Enhances my income for my daily living	26% (14)	41% (22)	24% (13)	9% (5)	2.17
Simply because I have space available	31% (17)	35% (19)	24% (13)	9% (5)	2.11
Just because I can	30% (16)	43% (23)	17% (9)	11% (6)	2.09
It helps my community with more rental options	54% (29)	31% (17)	11% (6)	4% (2)	1.65
I liked staying in STRs and wanted to rent out my own place	57% (31)	28% (15)	13% (7)	2% (1)	1.59
Provides me an opportunity to meet new people	65% (35)	20% (11)	7% (4)	7% (5)	1.57
It is my main income source	83% (44)	13% (7)	4% (2)	0% (0)	1.21

Note: the number of respondents is in parenthesis; mean response on a scale 1 (not at all important) to 4 (extremely important)

Most STRs were available for rent either all year round, or roughly half of the year, and were fully booked either in summer or roughly half of the year (Tables 16 and 17).

**Table 16: How often is/was your place usually available for rent?**

	Frequency	Percent
The place is available on very few days	3	6%
The place is available roughly half the year	15	28%
The place is usually available all summer, but not the rest of the year	6	11%
The place is usually available all year round	25	46%
Other (please specify)	5	9%
<b>Total</b>	<b>54</b>	<b>100%</b>

Table 17: How often is/was your place usually booked?

	Frequency	Percent
The place is booked on very few days	9	17%
The place is booked roughly half the year	15	28%
The place is usually fully booked in summer, but not the rest of the year	11	20%
The place is usually fully booked in winter, but not the rest of the year	5	9%
The place is usually fully booked all year round	9	17%
Other (please specify)	5	9%
<b>Total</b>	<b>54</b>	<b>100%</b>

The most typical guests were couples or immediate family. Among “other”, respondents mentioned “co-workers” and “tourist families”. (Table 18). Most STRs are/were available for less than \$199 a night (Table 19).

Table 18: Who are/were your most typical guests?

	Frequency	Percent
Couples	26	48%
Immediate families	14	26%
Extended families	6	11%
Solo travelers	2	4%
Groups of friends	2	4%
Other (please specify)	4	7%
<b>Total</b>	<b>54</b>	<b>100%</b>

Table 19: What is/was your average nightly charge for your STR?

	Frequency	Percent
Less than \$50	3	6%
\$50-\$99/night	14	29%
\$100-199/night	15	31%
\$200-299/night	5	10%
\$300-399/night	6	12%
\$400-499/night	1	2%
\$500-\$999/night	2	4%
\$1000 or more/night	1	2%
Prefer not to answer	2	4%
<b>Total</b>	<b>49</b>	<b>100%</b>

When asked “*What is the best part of being an STR host, from your experience*”, many respondents mentioned cash benefits, security, wonderful feedback from guests and their care for the place, providing a Montana experience with the comforts of home, having people use the space, helping people find reasonably priced accommodation, recovering costs, meeting people and helping them enjoy their time.

When asked “*Have you had any negative experience with guests*”, respondents mentioned people leaving a mess, expectations of a resort experience, bringing pets when they were not supposed to, stealing things, smoking, damaging furniture, bad behavior, and landscape abuse. However, most people said they mostly had positive experience with their guests.

## Conclusions & Recommendations

This report assessed the impact and usage of STRs in Montana, and analyzed the AirDNA data of Montana STRs for selected metrics. First, it provided literature review on STR impacts, policies and regulations, as well as STR guests in the U.S. and worldwide. Then, it discussed the AirDNA data. Finally, it analyzed the data from two independent studies: interviews with city and county officials in Montana, and an online survey sent to the ITRR traveler panel pertaining to accommodation choices and changes in travel behavior due to the COVID-19 pandemic.

The main purpose of this effort was to assess the positive and negative impacts of STRs on Montana communities. It was also aimed at assessing the characteristics of visitors who use STRs and the reason for using that type of accommodation. In particular, questions about STRs included the following:

1. Do STRs contribute to housing and rental affordability concerns?
2. What are the characteristics of STR guests, and how do they differ (if they do) from other types of lodging guests?
3. Which cities and counties in Montana have enacted regulations in their communities? How successful are regulations?
4. What are the benefits to property owners who rent a room or home to guests and how do short term rentals positively impact communities?

In general, this project was intended to fill some of the information gaps related to STRs in Montana and assist the state and communities with basic data metrics needed for understanding the market.

Analysis of the AirDNA data in Montana suggests that since 2014, there has been a clear growth trend in the number of listing nights, occupancy rates and revenue per available place for the STRs in Montana that offer the entire place to their guests. Over these four years, the cyclical appearance mimics visitation to Montana, with peaks in the summer months. Both the larger entire places and the hotel comparables show nearly identical occupancy rates. Although the revenue per available place is higher for the larger units, such units also show significant winter peaks that are muted for the smaller hotel-comparable units. Further analysis is required to better understand these peaks and any geographic concentration of them. The trends identified in this report suggest increased popularity of STRs in Montana in the last several years, which reflects the interest towards STRs in the country and worldwide.

The five counties by total known STR volume are Flathead, Gallatin, Missoula, Madison and Park. By density (STRs per 100 households), the top five counties are Madison, Park, Granite, Carbon and Flathead. In most counties, STR units are located unevenly – most numbers are seen in the larger cities and tourism communities. Madison and Park Counties have more STRs per number of households in those counties than all other counties in Montana.

The findings from the interviews with the city and county officials in Montana are in line with the previous research about STR impacts. The results suggest that many of the challenges facing STRs in Montana are similar to the challenges that STRs experience globally, such as perceived negative impacts of STRs on the long-term rentals and affordable housing for working families, disruptions for neighbors, loss or change of community identity, and change of the community feel. Although no direct evidence was found that STRs cause housing being unaffordable and rents to skyrocket, many city and county officials believe that such impacts occur, or may happen in the future if STRs are not regulated. Positive impacts and benefits that STRs provide in Montana include economic benefits to the community, monetary benefits to the hosts, COVID-related benefits (such as isolation), diverse accommodation options, and a temporary place for people to stay while searching for housing.

Montana has many different regulation levels concerning STRs from no regulations at all, to special use permits, to specific zoning for STRs and certain limitation on the numbers. When implemented, these regulations seem to be successful. Cities in MT have more power to regulate STRs than counties; in addition, there seem to be less need for regulations in rural areas because of less complaints and concerns. Overall, if a person wants to rent their home as a STR in Montana, the process is not very clear, and there is a lot of confusion about regulations in different locations. Many respondents (especially in rural counties and communities) mentioned that regulations are hard to find, people do not always understand them, and there is a need to raise awareness about the process. It was also emphasized multiple times that city and county officials do not know what is going on in other places in Montana and beyond, and there is not a lot of communication about this topic. Both city and county officials, and STR hosts would benefit from more resources and exchange of information on STR regulations and their success. Bringing more attention to the STRs is needed both on the city, county, and state level. One of the most comprehensive regulations were found in cities like Bozeman, Whitefish and Columbia Falls, and in Flathead County – their overview would be helpful for the regions that are developing their own policies.

As revealed through the available data from AirDNA, the prevalence, or supply, of STRs in Montana has steadily increased over the last decade. This observation falls in line with the apparent growing demand for these types of lodging opportunities, as shown by the high usage of them by survey respondents. Nearly two-thirds of respondents indicated that they have stayed in STRs at least once. Among those who have never stayed in STRs, 16% expressed interest in staying there in the future, suggesting continued room for growing demand moving forward.

Based on the responses from the STR guest and host survey, no evidence was found that STR guests differ from other types of lodging guests. Cleanliness, safety and location were named as deciding factors when choosing an STR in general. Specific for Montana, participants responded that location, use of a kitchen and comfort were the most important reasons that they chose an STR in the state. The main purpose of respondents' most recent stay in a Montana STR was for vacation, and most travelers booked it 2-5 months in advance and stayed there with a partner/spouse. Of the survey respondents, 4% reported that they have or had in the past their own STR. The most important reasons to have an STR were making money, helping pay insurance, taxes and utilities, and having a place as an investment.

Although this study provided basic information about the state of STRs in Montana, future research efforts are needed to better understand the current and future trends of the STR usage in the

state, and evaluate the success of STR regulations over time. This information will help *city and county officials* to understand the market in more details and make informed decisions about STR policies, assist *STR hosts* in marketing their places, and help *STR guests* get memorable and high quality experiences.

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## Appendix A: Interview Guide

### Introduction on phone or zoom

*The Institute for Tourism and Recreation Research at the University of Montana is conducting a study regarding vacation rentals/short term rentals (STR's)/tourist homes in Montana. We would like a few minutes of your time to learn about this topic in \_\_\_\_\_ (City/county). Is this a good time to ask you a few questions? Are you the best person to discuss STR's or should I get a name from you who would be a better person? (if another day and time are needed, we will set up an appointment).*

*This could take as little as 2 minutes or up to 20 minutes depending on the complexity of STR's in your area. Your answers are anonymous and your name will not be part of the data or analysis. May I continue? Thank you.*

1. Are you aware of any short-term rentals/vacation homes operating in your city/county?
  - i. If yes, do you know approximately how many?
2. Have there been discussion of short-term rentals/vacation homes in your city council/county commission meetings?
  - i. What were the results of those discussions?
    1. For example, were there policies that have resulted? What was the outcome? Could you steer me to the official write-up of policies you have approved?
  - ii. Would it be possible to email me the links to those meeting minutes where STR's were discussed?
  - iii. If there were no discussions, do you think it will be useful for your community/county to look into it?
3. What is your knowledge of any state, county, and city requirements for STR's to operate? For example, the state of MT requires an accommodation license... Are there any additional requirements in your county/community?
  - i. Do you know where I can find information about these requirements online?
  - ii. Is there anything in your community/county ordinance about zoning for STRs?
4. What is your perception of the benefits STR's have (or could have) on your city/county?
  - i. Probe: For example - economic for the community and owner; brings in more people, increase in housing values, etc.
5. What is your perception of the negative impacts STR's have on your city/county?
  - i. Probe: For example - increased housing values and costs; reduction of rentals available in our area; change in neighborhood character, etc.

6. Explain how you monitor the STR's in your community/county.
  - i. What has worked?
  - ii. What hasn't worked?
  - iii. What would you do differently?
7. We know that people rarely call in to compliment government efforts, it's always complaints! So on that note, what do people complain about when talking about STR's? Do you know if any official complaints have been filed about STR's and why?
8. If the city/county has policies regarding STR's: what words of wisdom do you have for other towns/counties that currently don't have policies or concerns about STR's in their area?
9. How can our project help?

## Appendix B: Survey Instrument

*The Institute for Tourism and Recreation Research at the University of Montana is conducting a travel behavior study regarding accommodation choices as well as changes in travel due to the pandemic. This survey will take no more than 5 minutes to complete. Your answers are anonymous and your name will not be part of the data or analysis.*

### Part 1 – General

**For the purpose of this survey STR's means rentals of homes, rooms, condos, yurts, or other similar accommodation. These are usually rented online from websites such as Airbnb or VRBO.**

**1. Which of the following accommodation types have you used when travelling for vacation/recreation/leisure?**

**Please mark (●) all that apply**

- Hotel/motel
- Resort
- Bed & Breakfast
- Fee campground
- Free or dispersed camping
- Short term rental (vacation home/condo/cabin/yurt, etc.)
- Couch surfing or similar
- Home of friend or relative
- Other (please specify) \_\_\_\_\_

**2. Which of the following accommodation types have you used when travelling for business?**

**Please mark (●) all that apply**

- Hotel/motel
- Resort
- Bed & Breakfast
- Fee campground
- Free or dispersed camping
- Short term rental (vacation home/condo/cabin/yurt, etc.)
- Couch surfing or similar
- Home of friend or relative
- Other (please specify) \_\_\_\_\_

**3. In a typical year, how many overnight trips (50 or more miles from home) for vacation/recreation/leisure do you take? \_\_\_\_\_**

4. In a typical year, how many overnight trips (50 or more miles from home) for business do you take? \_\_\_\_\_
5. In a typical year, how many trips do you fly to a destination for a vacation/recreation/leisure trip? \_\_\_\_\_
6. In a typical year, how many trips do you fly to a destination for a business trip? \_\_\_\_\_
7. Have you ever stayed in STR's (short term rentals)?  
Please mark (●) one
- Yes
- ↳ Continue with "guest questions" (Q12)
- No
- ↳ Ask the next two questions, then Q21, Q22, then continue with "host questions"
8. *(If "No" was selected in Q7)* Have you ever explored staying in a STR by searching websites like Airbnb or VRBO?  
Please mark (●) one
- Yes
- No
9. *(If "No" was selected in Q7)* Do you have any interest in staying in a STR in the future?  
Please mark (●) one
- Yes
- No
10. *(If "No" was selected in Q7)* What are your reasons for not choosing STR's when you travel?  
Please mark all that apply (●)
- I am unfamiliar with STR's
- I don't feel safe at STR's
- I don't trust STR's
- Lack of value
- Too many fees (e.g., cleaning fee)

- Privacy concerns
- There were no STR's at my destination(s)
- I don't travel
- Other \_\_\_\_\_

**11. (If "No" was selected in Q7) What is the primary reason for not staying in a STR? List of checked reasons from Q4 are populated for respondents here.**

**Please mark (●) one**

- I am unfamiliar with STR's
- I don't feel safe at STR's
- I don't trust STR's
- Lack of value
- Too many fees (e.g., cleaning fee)
- Privacy concerns
- There were no STR's in my destinations
- I don't travel
- Other \_\_\_\_\_

## *Part 2 – Guest Questions*

**12. How likely are you to choose short term rentals (STR's) over other types of accommodation, such as hotels, motels, camping, etc,?**

**Please mark (●) one**

- Very unlikely
- Somewhat unlikely
- Somewhat likely
- Very likely

**13. In general, how important are the following factors for you when choosing a STR?**

	Not at all important	Somewhat important	Very Important	Extremely Important
Location	1	2	3	4
Price	1	2	3	4
Guest reviews	1	2	3	4
Host profile	1	2	3	4
Cleanliness	1	2	3	4
Self-check-in	1	2	3	4
Uniqueness	1	2	3	4
Amenities	1	2	3	4
Safety	1	2	3	4

**14. Which booking platform do you usually use to reserve STRs?**

- Airbnb only
- VRBO/Home Away only
- I use both platforms but prefer Airbnb
- I use both platforms but prefer VRBO/Home Away
- I go through a travel agent to book my STR
- Other (please specify)\_\_\_\_\_

**15. When (approximately) was your last stay in a STR?**

- In the past 6 months
- 6-12 months ago
- 1-2 years ago
- 3-5 years ago
- More than 5 years ago

**16. Have you ever stayed in a STR in Montana?**

Please mark (●) one

- Yes
- No

**17. (If Yes was selected in Q16) How important were the following reasons for you to choose your most recent Montana short term rental place over hotels and other types of accommodations?**

*(If No was selected in Q16 but yes to Q7) How important were the following reasons for you to choose your most recent short term rental over hotels or other types of accommodations?*

	Not at all important	Somewhat important	Very important	Extremely Important
Price value	1	2	3	4
Authentic experience	1	2	3	4
Novelty	1	2	3	4
Interactions with hosts	1	2	3	4
Interactions with locals	1	2	3	4
Learning about local culture	1	2	3	4
Supporting local community	1	2	3	4
Being away from other people/groups	1	2	3	4
Comfort	1	2	3	4
Use of a kitchen	1	2	3	4

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Opportunity to bring pets	1	2	3	4
Homey feeling/atmosphere	1	2	3	4
Larger space for family or groups	1	2	3	4
Privacy	1	2	3	4
Location (close to our activities/places)	1	2	3	4

**18. (If Yes was selected in Q16) What was the main purpose of your most recent stay in that Montana STR?**

**(If No was selected in Q16) What was the main purpose of your stay in that most recent stay in a STR?**

**Please mark (●) one**

- Vacation
- Visiting nearby family or friends
- Business
- Driving through
- Escaping my home during COVID-19
- Medical
- Family/group event (e.g. wedding, family reunion)
- Other (please specify) \_\_\_\_\_

**19. How far in advance did you book that STR?**

**Please mark (●) one**

- Same day
- Less than a week in advance
- 1-3 weeks in advance
- 1 month in advance
- 2-5 months in advance
- 6-11 months in advance
- A year or more in advance
- can't recall

**20. Whom did you stay with in that STR?**

**Please mark (●) one**

- Alone
- With a partner/spouse
- With immediate family
- With extended family
- With a friend (s)



Other \_\_\_\_\_

**21. Since the beginning of COVID-19 in North America (~mid-March 2020), I...  
Please mark (●) one**

- Haven't travelled for vacation/recreation/leisure at all
- Have travelled less than usual for vacation/recreation/leisure
- Have travelled about the same for vacation/recreation/leisure
- Have travelled slightly more than usual for vacation/recreation/leisure
- Have travelled a lot more than usual for vacation/recreation/leisure

**22. Please specify to what degree COVID 19 has changed your travel behavior**

	Strongly disagree	Disagree	Agree	Strongly agree	N/A
It stopped me from travelling even as travel restrictions were lifted	1	2	3	4	5
I have travelled less	1	2	3	4	5
I have changed the places I travel	1	2	3	4	5
I have changed the types of accommodations I use while travelling	1	2	3	4	5
I prefer to stay in a short term rental as opposed to a hotel/motel	1	2	3	4	5
I am more likely to camp	1	2	3	4	5
I rented/bought an RV as my travel accommodations because of COVID-19	1	2	3	4	5
I am less likely to fly for vacation into the near future	1	2	3	4	5

### *Part 3 - Host Questions*

**23. Do you have your own short term rental that you rent out or a management company rents for you?**

**Please mark (●) one**

Yes

➡ **Continue with "host questions" (go to Q25 and continue from there)**

I used to rent out a room/home etc., but have since stopped renting it out

➡ **Continue with "host questions" (go to Q25 and continue from there)**

No

↪ Continue with the next question

**24. (If “No” was selected) Have you had any serious thoughts to rent out your place, a room, or a second home/condo?”**

Please mark (●) one

Yes

↪ Go to Q25, and then to Demographic questions – Q32 and after

No

↪ Thank you for your time [go to Demographic questions – Q32 and after]

**25. ( If “Yes” was selected in Q23 or Q24) How important are/were the following reasons for renting out your home/room/second home etc.?**

	Not at all important	Somewhat important	Very important	Extremely important
Provides income so that I can keep the place	1	2	3	4
Enhances my income for my daily living	1	2	3	4
Simply because I have space available	1	2	3	4
Helps pay for insurance, taxes, and utilities	1	2	3	4
It is my main income source	1	2	3	4
Provides me an opportunity to meet new people	1	2	3	4
It helps my community with more rental options	1	2	3	4
It is an investment opportunity	1	2	3	4
I liked staying in STRs and wanted to rent out my own place	1	2	3	4
Just because I can	1	2	3	4
Might as well make money, rather than having it sit empty	1	2	3	4

**26. How often is/was your place usually available for rent?**

Please mark (●) one

The place is available on very few days

- The place is available roughly half the year
- The place is usually available all summer, but not the rest of the year
- The place is usually available all winter, but not the rest of the year
- The place is usually available all year round
- Other (please specify)\_\_\_\_\_

**27. How often is/was your place usually booked?**

**Please mark (●) one**

- The place is booked on very few days
- The place is booked roughly half the year
- The place is usually fully booked in summer, but not the rest of the year
- The place is usually fully booked in winter, but not the rest of the year
- The place is usually fully booked all year round
- Other (please specify)\_\_\_\_\_

**28. Who are/were your most typical guests?**

**Please mark (●) one**

- Solo travelers
- Couples
- Immediate Families
- Extended families
- Groups of friends
- Other (please specify)\_\_\_\_\_

**29. What is the best part of being an STR host, from your experience? *\*If you rent your STR through a property management company and never see your guests, please write N/A.***

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**30. Have you had any negative experience with guests? Please specify. *\*If you rent your STR through a property management company and never see your guests, please write N/A.***

---

**31. What is/was your average nightly charge for your STR?**

**Please mark (●) one**

- Less than \$50/night
- \$50- \$99/night
- \$100-\$199/night

- \$200-\$299/night
- \$300-\$399/night
- \$400-\$499/night
- \$500-\$999/night
- \$1000 or more/night
- Prefer not to answer

## *Part 4 - Demographic Questions*

### **32. What is your age category?**

Please mark (●) one

- 18-29
- 30-39
- 40-49
- 50-59
- 60-69
- 70-79
- 80-89
- 90-99

### **33. What is your gender? \_\_\_\_\_**

### **34. Please indicate your highest level of education**

Please mark (●) one

- Less than high school
- High school graduate
- Vocational/trade school
- Some college
- Two-year college degree
- Bachelor's degree
- Advanced degree (Ph.D., M.D., J.D., M.S., or equivalent)
- Don't know

### **35. Which category best represents your annual household income?**

Please mark (●) one

- Less than \$25,000
- \$25,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000-\$149,999

- \$150,000-\$199,999
- \$200,000 or more
- Prefer not to answer

**36. In what country do you current reside? (*Drop down menu*)**

*(If Canada/US selected)* What is your Zip code? \_\_\_\_\_

**37. Do you have any other comments that you would like to share with us about STR's?**

\_\_\_\_\_

## Appendix C: Words of Wisdom from City and County Officials

*“Mainly to come up with regulations and make it easier for hosts to find them so that they can comply”.*

*“STRs need to meet the requirements (health, safety, fire) like most motels and hotels do”.*

*“STRs should be treated as hotels, and should be licensed and regulated.”*

*“To be careful to balance private property rights with opportunities for tourists; also be good neighbors. Encourage communication about possible issues, and if there is an issue – there should be an easy way to report it.”*

*“I also encourage people to look at the issue from other people’s perspective – make them see these issues, and craft agreement or rules among neighbors.”*

*“It is critical that municipalities think about potential impacts of STRs that are not visible now. Most likely, we will see increase in STRs, people are attracted to this type of accommodations. Being proactive is important. Analyze these impacts as STRs are developing, and decide if you need caps, zoning regulations, etc.”*

*“Town ordinance and zoning is important. If an issue gets grandfathered in, it is hard to address it. If there is an issue with available housing, it may be too late, as housing for the workers cannot be provided overnight.”*

*“If I were to do all that all over again, I would ask a non-profit to handle it, and organize workshops for the community.”*

*“If they are thinking that STRs are not an issue in their community, they are mistaken.”*

*“Respect community wishes – there is no need to adopt rules that are not necessary or difficult to enforce. Stick with what you have unless a community wants something different.”*

*“There is a value of STRs for development, it is a good thing economically. If they can keep long-term rentals in mind while planning for that, it is a good thing. We don’t have any long-term rentals now, and it is an issue, along with the community identity.”*

*“Some opportunities could be with zoning. Growth is inevitable, and I would encourage other communities to consider zoning, to better understand how to do it properly. Also, be mindful of the impacts on affordable housing.”*

*“We would love to have easier access to the information about STRs; we do not know what is going on in other places in rural Montana. There is not a lot of communication about this topic, and it would be nice to pass this information on easier. We really need to dig for the details at the state level. It is not on our radar now as we have limited staff.”*

*“It should be clear to the public that there are benefits to the individuals when STRs are licensed, it alleviates concerns.”*

*“Think it through and deal with all the issues once. Internally (other agencies affected...joint cost sharing), and externally with the public.”*

*“Give yourself enough time to develop and implement your regulations. Have everything ready to go when you are going to enforce it.”*

*“Suggest that every ordinance has a periodic review in the ordinance so changes can be made when needed. Maybe a sunset date so that the city has to look at the issue. We didn’t do that...wish we had it in the ordinance.”*

*“Recommend using some software to know how many there are. Talk to other communities to see what software they use for the scraping.”*

*“We had a conversation with the city council ahead of time and said, what do you want us to do about this? It was very helpful with lots of public comments. Engage the public. We talked to the land lords, hoteliers, and others. We showed all sides of the equation in the conversation.”*

*“As a compliance officer, I have taken on the registration fees so it helps me to guide people into what is needed to run a STR. Education is step 1. When we started this, we needed to make sure the STR compliance was happening. People have to go through so many steps to make it happen. This education helped people either get serious or not do it.”*

## Appendix D: Short Term Rentals by Montana County

The following table lists the total number of STRs known to be active on the Airbnb platform in each county as of September, 2020 at some point in the preceding 12-month period.

County	Total STRs	STRs per 100 Households*	County	Total STRs	STRs per 100 Households
Flathead	2,814	7.26	Pondera	22	1.05
Gallatin	2,524	5.77	Custer	22	0.45
Missoula	1,201	2.44	Broadwater	22	0.93
Madison	864	24.20	Valley	19	0.56
Park	858	11.03	Hill	16	0.25
Yellowstone	480	0.72	Roosevelt	16	0.51
Lewis and Clark	406	1.46	Dawson	14	0.36
Lake	390	3.30	Musselshell	12	0.55
Ravalli	339	1.95	Richland	11	0.24
Carbon	329	7.27	Toole	10	0.54
Cascade	242	0.70	Wheatland	7	0.88
Lincoln	202	2.49	Liberty	6	0.67
Silver Bow	184	1.23	Phillips	6	0.35
Glacier	146	3.51	Judith Basin	6	0.66
Sanders	130	2.58	Rosebud	6	0.19
Beaverhead	122	3.06	Sheridan	5	0.31
Granite	105	8.03	Garfield	5	1.14
Stillwater	88	2.34	Blaine	4	0.17
Jefferson	70	1.56	Powder River	4	0.54
Fergus	69	1.40	Fallon	3	0.22
Deer Lodge	60	1.54	Daniels	2	0.23
Mineral	56	3.14	Petroleum	2	0.98
Sweet Grass	50	3.19	Wibaux	2	0.40
Meagher	48	6.84	Treasure	2	0.57
Teton	38	1.54	McCone	1	0.14
Powell	34	1.40	Prairie	1	0.19
Chouteau	30	1.32	Carter	1	0.16
Big Horn	30	0.83	Golden Valley	0	0.00

AirDNA data is provided to the state of Montana through a license agreement with Montana Office of Tourism and Business Development.

\*Source: U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates, 2015-2019.



## Appendix E: Short Term Rentals by Montana City

The following table lists the total number of STRs known to be active on the Airbnb platform in each Montana city, based on associated zip code, as of September, 2020 at some point in the preceding 12-month period. Areas with fewer than 10 STRs are excluded from the table to avoid identifying individual accommodations.

City	Total STRs	City	Total STRs	City	Total STRs
Total	12,131	Three Forks	44	Miles City	21
Bozeman	1,161	Hot Springs	40	Roberts	21
Whitefish	1,093	Manhattan	40	Trout Creek	21
Big Sky	1,031	White Sulphur Springs	40	Virginia City	21
Missoula	1,010	Big Timber	39	Belt	20
West Yellowstone	605	Libby	39	Olney	20
Kalispell	491	Seeley Lake	39	Rollins	20
Billings	432	Cascade	36	Ronan	20
Livingston	415	Babb	35	Sula	19
Columbia Falls	378	Browning	35	Columbus	18
Helena	346	Polebridge	35	Townsend	18
Bigfork	325	Whitehall	35	Wolf Creek	18
Red Lodge	271	Lolo	34	Wilsall	17
Great Falls	179	Victor	34	Big Arm	16
Gardiner	176	Cameron	33	Fort Benton	16
Belgrade	172	Corvallis	31	Saint Ignatius	16
Polson	171	Laurel	30	Wolf Point	16
Butte	168	Superior	30	Havre	15
Emigrant	141	Thompson Falls	30	Nye	15
Gallatin Gateway	138	Kila	29	Wise River	15
Hamilton	103	Clancy	28	Augusta	14
Lakeside	99	Hall	28	Plains	14
Coram	92	Arlee	27	Clyde Park	13
West Glacier	90	Clinton	27	Dayton	13
Somers	88	Florence	27	Silver Gate	13
Eureka	77	Absarokee	26	Glendive	12
Ennis	74	Condon	26	Hardin	12
Anaconda	73	Sheridan	26	Loma	12
Dillon	72	Bonner	25	Mc Allister	12

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Darby	71	Choteau	25	Valier	12
Hungry Horse	71	Marion	25	East Helena	11
East Glacier Park	55	Deer Lodge	24	Roundup	11
Lewistown	54	Essex	24	Saint Regis	11
Stevensville	54	Pray	23	De Borgia	10
Philipsburg	51	Park City	22	Fort Smith	10
Troy	50	Rexford	22	Huson	10
Martin City	45	Alberton	21	Lincoln	10
Cooke City	44	Cut Bank	21	Twin Bridges	10

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