Guesty

MASTERING THE OWNER EQUATION

A guide to keeping owners happy and *growing* your portfolio

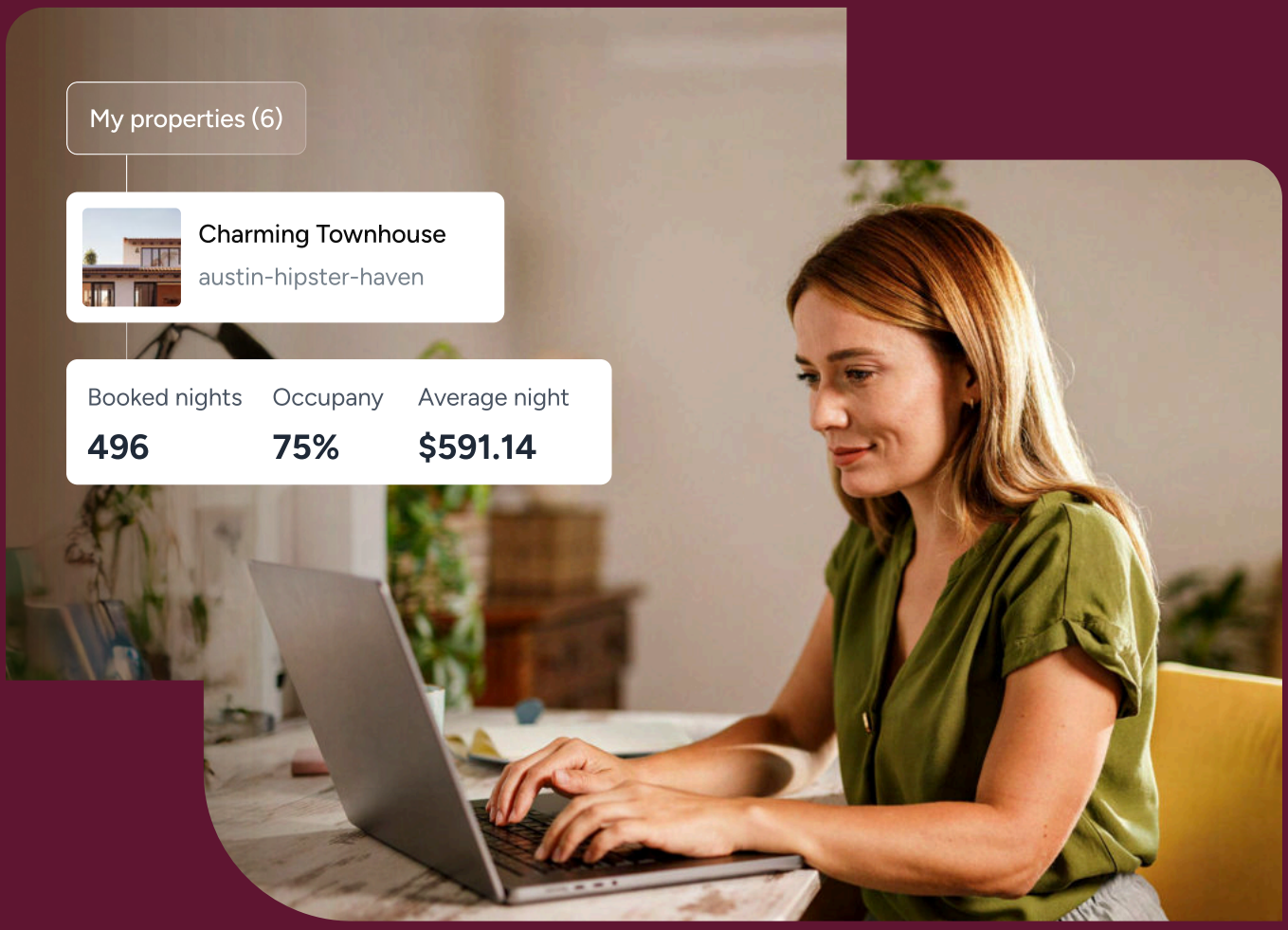


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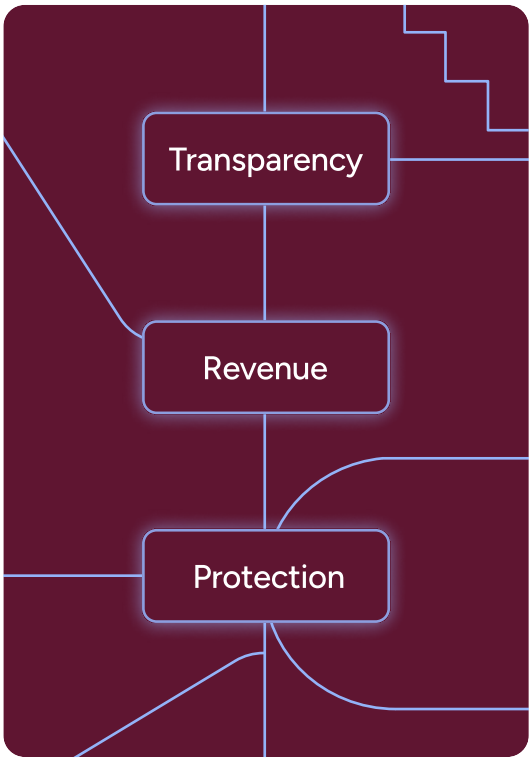
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Introduction

Successful short-term rental management may start with delivering a stellar guest experience, but it's dependent on developing effective owner relations that will secure retention and enable property growth.



How do you develop that relationship? Property is an investment, and an owner needs to trust that their manager will take good care of their investment. Conversely, a manager needs to know that the owner trusts them to make unhindered decisions. That trust is based on three pillars: transparency, protection, and revenue.

While these pillars are made up of many components, all three of them rely on having the right tools to drive them forward. From facilitating transparency and reducing churn to building your portfolio, this guide will explore the owner equation of short-term rental management. We'll look at best practices for gaining — and keeping — the trust of property owners; how to develop an infrastructure for disseminating the right information at the right time; and knowing when to part ways with a property or owner.

Additionally, we'll examine practical methods for building your portfolio of properties through the lens of brand recognition and visibility.

Is scale a *barrier* for retention?

How important is retention? According to Key Data's Vacation Rental Industry Outlook 2025, 65% of property managers named it as key to achieving their overall goals. And when looking at large operators of 500+ properties, 75% consider retention a top priority. In other words, not only is retention very important, it's also seemingly harder to manage at scale. At the same time, 49% of property managers surveyed said that retention strategies and owner communication would positively impact revenue. That's why having the right tools to maintain strong owner relationships is crucial, especially as you scale.

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Transparency and the *5 essentials* of effective owner management

If trust is the cornerstone of a strong owner/property manager relationship, transparency is the key to getting there. But as every property manager knows, management involves a delicate juggling act that balances owner needs, guest satisfaction, and your property management company's (PMC) bottom line. Therefore, effective owner management not only makes information readily available, it also sets clear expectations. From accounting to analytics, here are some of the best practices for keeping your owners informed and happy.

01

Set realistic expectations

An owner who is expecting $60K of annual revenue and only receives $30K won't be a happy owner. Use **forecasting tools** to provide owners with an accurate picture of what they can expect to earn even before they sign a contract with you. **Educate** your owners about seasonality and other factors that may impact their business. Then keep your owners up-to-date with **pace reports** that compare the current year to the previous one, and **benchmark reports** that show how their property compares to similar listings in the area.

Pro tip: Expectation setting isn't just about revenue. From adding a personal touch to property wear-and-tear, let owners know what you as a PMC can (or can't) do for them, as well as what damage could potentially happen to their property.

02

Communicate clearly

Keeping your owners informed is key to maintaining a good relationship. Use a dedicated **owners portal** to easily share information, such as the property's reservation calendar and financial reporting. A good owners portal will give owners the ability to generate their own reports based on the data available and make owners statements easily accessible. Improve owner communication even further by making sure their questions don't get lost. A separate **owners inbox** that funnels owner messages to a different place from your guest messages will help you stay on top of their inquiries.

Pro tip: Always stay in control. From revenue to reservations, your owners portal should allow you to curate what information you share with owners — and what you don't.

03

Empower your owners

Giving your owners the ability to do things on their own — such as pull reports or block dates for stays at their properties — not only empowers them and gives them a sense of control, it also lessens their dependence on you, freeing up your time for the more important aspects of running your business.

Pro tip: Tools like an owners portal are only useful if your owners know how to use them. Give them the knowledge they need to navigate independently. Add a quick training session to your owner onboarding and make sure the property management system you use comes equipped with a help center that's just for your owners.

04

Be transparent

Make sure your owners trust your finances. Use top caliber **accounting tools** to provide confidence in your numbers, and send out monthly **owners statements** with a summary of transactions including the income from all reservations, expenses paid by the owner, management fees, owner commissions, taxes, and more to keep your owners up to date.

Pro tip: Build trust by letting your owners know up front when something goes wrong, whether it's a lamp that broke during a recent stay or an error that led to a higher water bill than usual.

05

Take a proactive approach

A proactive approach positions you as a strategic advisor in addition to a property manager. The same forecasting tools and benchmark reports you use to set expectations can be used to proactively have a conversation about a property that isn't performing well and to brainstorm what can be done better.

Pro tip: Use **review analytics tools** to provide owners with real feedback from guests. This will help them better understand what improvements need to be made to their properties in order to deliver the best guest experience.

Know when to let go

What happens when you acquire a property that turns out to be a dud? Whether it's due to noisy neighbors or a stubborn owner, a property that isn't bringing in top reviews can lower your overall rating and trickle down to affect your entire portfolio. Part of effective owner management is knowing when to part ways. If you don't see a clear path to improvement, it may be time to say goodbye.



Protecting your properties, protecting your *business*

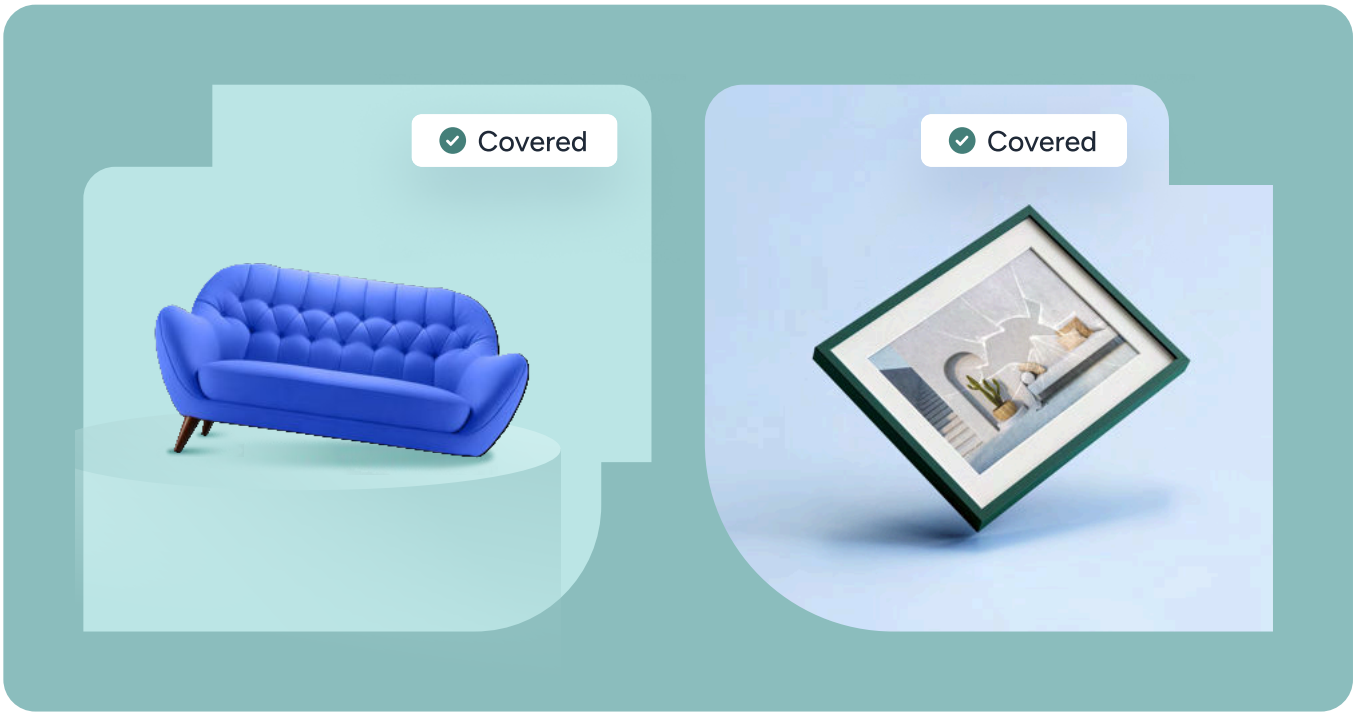
Managing properties may be your livelihood, but for owners, those properties are a long-term investment.

Before they entrust you with their investment, owners need to feel confident that your PMC will safeguard it. And, as short-term rentals experience more wear-and-tear and direct damage as a result of their high turnover, owners want to feel that they are making the right decision in forgoing long-term rental options.

It's no surprise then that **comprehensive damage protection and liability coverage** are two necessities for PMCs. Especially in rentals where the owner's home furnishings may remain, damage protection shows owners that you are serious about taking care of their property and eliminating the financial risks that come with short-term rentals.

Similarly, where trips, falls, and slips account for 83% of insurance claims among short-term rentals, requiring owners to have liability coverage lets them know that you have their best interests in mind.

Tip: Damage protection and liability coverage costs don't have to come from your or your owners' pockets. They can be added to the reservation fee and passed onto the guest. In fact, many guests prefer to pay a small insurance fee upfront over a large security deposit.



Accidental damage and injury isn't the only worry for property owners.

Short-term rentals are exposed to risks that range from payment fraud to unauthorized stays, all which ultimately affect your bottom line. And with fraudulent methods constantly evolving, having cutting-edge tools at your disposal is crucial to staying protected from bad actors and scams.

Chargeback fraud cost merchants $20 billion globally in 2023, but fraudulent transactions don't only lead to lost revenue directly. They also lead to to indirect losses by making the property unavailable to legitimate reservations. Show owners that you take fraud seriously by employing **guest screening tools**, such as electronic identity and document verification. These help deter fraud in the first place, protect you against chargebacks, and may even be a regulatory requirement if you allow contactless check-in.



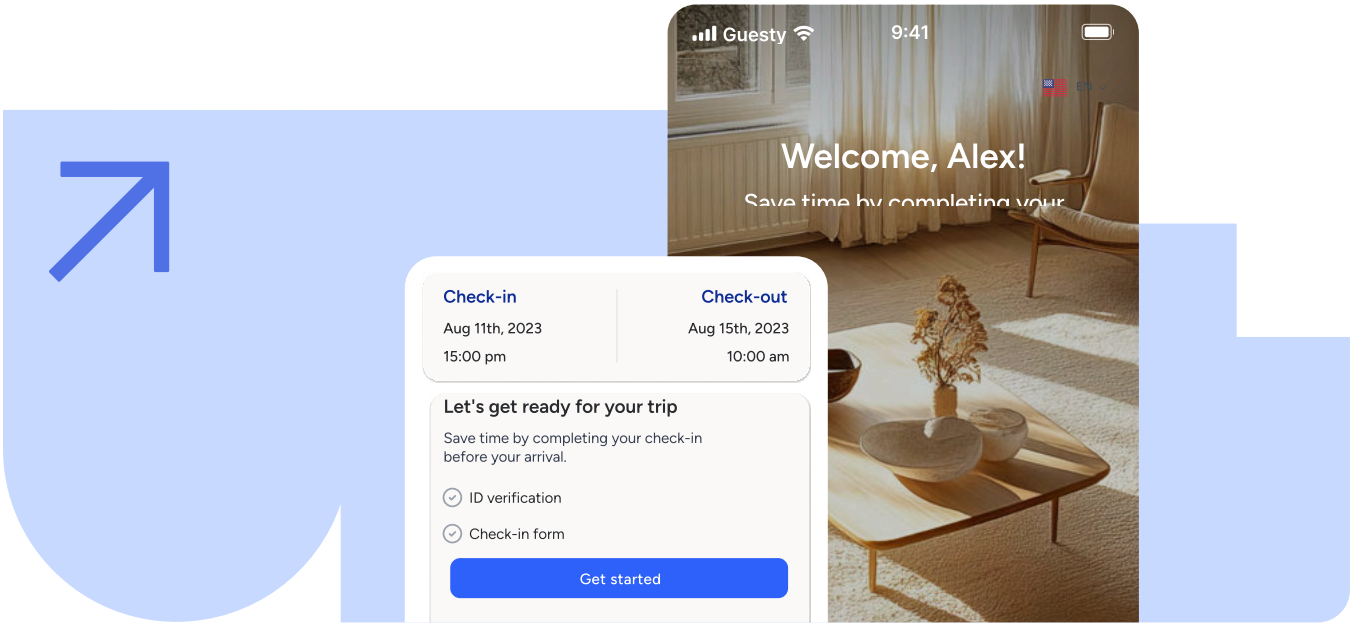


Equally important for minimizing risk with contactless check-in is the use of electronic locks.

While electronic locks are an important tool for simplifying check-ins at scale, they also play a role in safety. Unlike a lockbox for keys, electronic locks allow you to track when guests enter and leave the property, use codes that are automatically changed between guests, and ensure key copies aren't made for illegal access to the property.

Show them *the money*

Transparency and protection are essential to fostering trust, but owners interested in turning their properties into short-term rentals are making a business decision. As a PMC, your role is to give them the highest possible return on their investment, and both the strength of your owner relationships and your retention rates will largely rest on whether or not you deliver.



While Airbnb, Booking.com, and Vrbo still dominate the market when it comes to online travel agencies (OTAs), direct reservations are finding their place, especially as travelers realize booking directly is the key to cheaper rates and often, better perks.

In the US, the market share of direct bookings has grown to 28%, representing an opportunity for property managers and owners to both capture guests and build loyalty while bypassing OTA fees. Yet to do so requires having the infrastructure for direct reservations. Non-negotiables in this area include a **professionally designed website** with a powerful **booking engine**. But adding extras, like a guest app that speeds up check-in, or a mechanism to offer upsells such as breakfast boxes, can help define your brand, create a memorable experience, and lead to repeat guests.

Capturing leads through direct bookings also represents an additional opportunity to drive home loyalty, and especially for larger operators, it's worth considering **membership models** that offer discounted stays at your properties. A free membership program can increase direct reservations, while a subscription service can boost your PMC's income, enabling you to offer higher payouts to owners than your competition.

In the US, the market share of direct bookings has grown to

28%

While membership models and direct reservations may have more impact for larger operators, there are also plenty of methods PMCs of all sizes can and should employ to increase revenue.

Use AI-powered **dynamic pricing tools** to automatically adjust your rates based on seasonal fluctuations, weekends, special events, and more to charge the highest possible nightly rates without sacrificing occupancy. And manual **rate strategies** can help you achieve a similar effect by accounting for day-of-week, holiday, and seasonal pricing. Both choices will signal to owners that you're serious about driving income.

Additionally, make sure you're using an advanced **channel manager** with the highest level of connection to the OTAs, and which offers a wide variety of booking channels, expanding the reach of your listings and ensuring your owners' properties are seen by the right audience.

Guesty users who added dynamic pricing saw an average increase of

7%

to their revenue per available room

Spotlight on: Red Cottage





With 153 properties, all within a short drive of New York City, Red Cottage caters primarily to a weekender crowd looking for spontaneous getaways to trusted properties.

Using a unique membership system along with a stellar website and booking engine that rivals the OTAs in terms of user interface, Red Cottage has mastered guest loyalty and direct reservations, enabling higher owner payouts than many of their competitors. The result: they no longer need to seek out property owners. Instead, property owners come to them, giving Red Cottage their choice of properties to manage, and further improving the face of their brand.

Read their full story →

Three *common* misconceptions of property owners

01

A property manager will deliver 100% occupancy (or close to it)

Every market is different, but according to AirDNA, the average occupancy rate across the US for Airbnb and Vrbo listings is 54.3%. Come equipped with a market report for your area so you can provide owners with a realistic picture of the occupancy they can expect.

02

Rental income will be steady

Seasonality exists in almost every market, and even events like college graduations can provide a boost — or a dip. Use revenue management tools like dynamic pricing to let owners know what fluctuations they might see. And think outside the box on how to tackle the low seasons, such as enabling longer stays to appeal to digital nomads, students, or corporate travelers.

03

Nothing has to change

No matter how perfect a property is, some changes will likely have to be made to make it more suitable for travelers. While these changes can range from making a bathroom more accessible to adding a wall in order to split a bedroom into two, have an honest conversation about what you think will bring in the most guests. And make sure to have a list of amenities that comparable properties are offering, so your owners know how their home stacks up.

Spotlight on: Sojourn



Portfolio growth:
20 → 257 properties

Based in Washington, D.C., Sojourn provides high-quality, personalized experiences to guests. Their primary challenge was the inconsistency of the D.C. market, which draws corporate travelers, semester-long interns, and cherry blossom viewers — all with different housing needs.

By implementing an innovative hybrid model that enables both short-term and monthly stays, they were able to cater to a variety of needs and audiences throughout the year, which in turn boosted their occupancy. The result has propelled their property portfolio from 20 to 257 listings.

Read their full story →

Your back office

In the sections above, we discussed how to attract new owners and how to keep them informed. Effective owner management also requires having your back office in order to give you a clear grasp of owner activity.

Perhaps the most important tool in managing owner activity is having a property management system (PMS) that supports not only guest reservations and day-to-day operations, but one that also integrates the various aspects of owner management. Here are some of the features to look for in a PMS to promote better owner management and give you a full picture of your owner activity.



Accounting and revenue sharing

A strong PMS will have accounting software that not only includes staples like bank reconciliation, but will also enable the correct setup of business models. Look for software that supports complex ownership structures such as fractional and co-ownership, calculates revenue sharing automatically, and offers multiple payout methods.



Owner statements

Your owner statements are critical for communication and transparency, but having the information from them easily accessible is key to your business's organization and operations. Look for a PMS that displays revenue, expenses, payments, and payout status at a glance; makes it easy to filter the information by several parameters; allows you to send owner statements individually or in bulk; and provides a clear and concise view of a property's performance. You should also be able to customize what information you share and what you'd prefer not to make available, whether for all of your owners or specific ones. Having the ability to brand your statements with your own logo or design also contributes to retention, reminding owners that they are in the hands of your PMS.



Robust owner profile & analytics

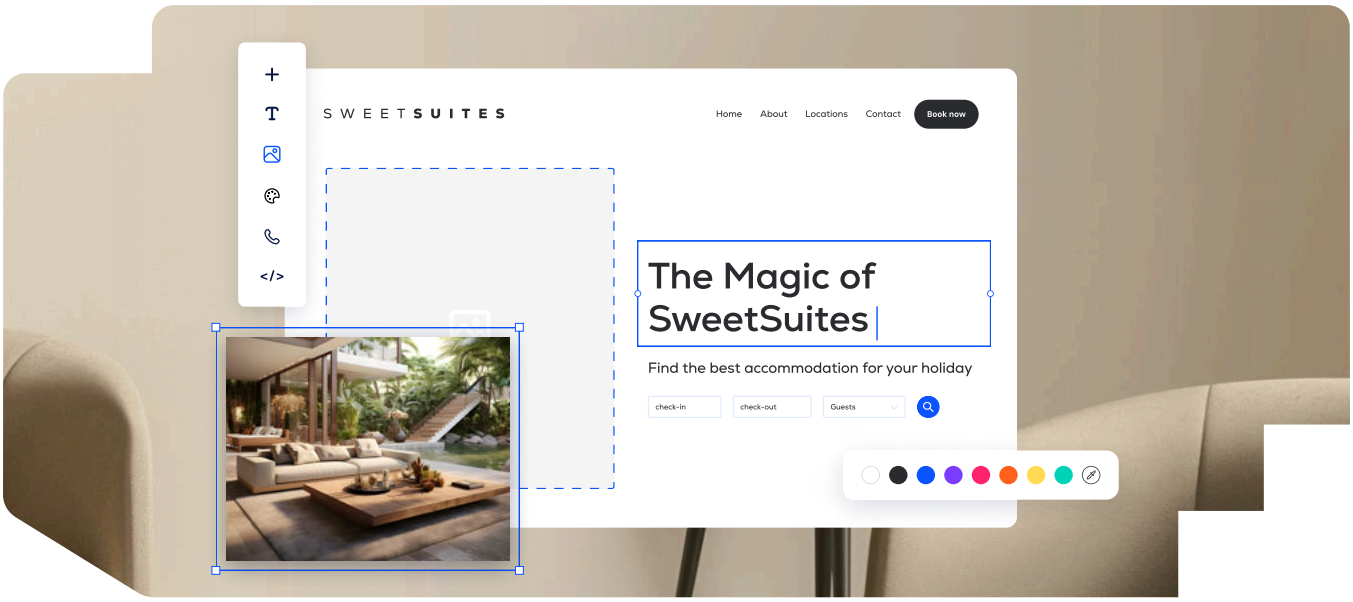
Your PMS should put the information you need about owners at your fingertips, from allowing you to sort and search your properties by owner to providing detailed reports of how your owners' properties are performing. Owner analytics like booked dates, nightly revenue, and booking channels not only give you a deeper understanding of what's working and what areas need improvement, but also make it easier to convey that information to owners.



Owner activity reports

How often do your owners book stays in their own properties? Do they always come at the same time of year? Being able to extrapolate patterns of owner activity — such as a three-week stay during the high season — can help you better predict your own earnings as a PMS. Plus, make sure your PMS helps reduce the amount of hand-holding you need to do for your owners by letting them do things on their own, from booking their stays to downloading reports.

Put your *best face* forward: attracting new owners



Word-of-mouth is your best tool for attracting new owners.

Effective owner management will not only significantly reduce churn, it will also transform your clients into advocates who can further drive growth. However, in high-demand areas where PMCs vie for limited inventory, attracting new owners also requires a multi-pronged approach that combines effective marketing and branding with the ability to confidently assure owners that you will safeguard their investment.

Travelers look for professionalism when choosing a short-term rental, and property owners are no different. A **professionally designed website** with a booking engine can help establish your PMC not only as a manager, but also as a known brand. It signifies a level of professionalism that differentiates you from hosts with only a handful of properties, and positions your collective properties as a single brand, building loyalty among travelers.



Professional photos can increase your bookings by

20%

Similarly, a **strong social media presence** lets you show more of your properties than is possible on the OTAs and allows you to provide a curated experience for travelers, signaling to property owners that you have your finger on the pulse. To truly put your best face forward, always use **professional photos** to showcase your properties. Not only can this increase your bookings by 20%, it's also another signal to property owners that they're putting their home in good hands.

The case for technology

Mastering the owner equation is a complex operation that requires laying an effective groundwork to enable synergy between the many parts of your business. It also requires work to position and promote your PMC as the most knowledgeable and competent choice for owners.

Throughout this guide, we discussed the importance of having the right infrastructure for effective owner management, starting with adopting a property management system that touches on and improves every aspect of your business, from reservations to finances to marketing. For operators targeting portfolio growth, the ideal PMS would have a dedicated section for managing owner relations. Below are some of the areas to consider when choosing a PMS to help scale your business.

Robust reporting and analytics

Having the right data is essential to making the best business decisions and to attracting new owners. Look for a PMS with superior analytics and reporting capabilities, including detailed analytics of revenue and occupancy trends, review analytics, the ability to generate data by owner or by property, and accurate financial reporting and accounting.

Open API & third-party integrations

No matter how robust your PMS is, there may be additional tools you want to connect to — including custom solutions you've built yourself. A PMS that enables third-party integrations and a two-way open API will ensure you always have the tools you need to deliver the best service to both owners and guests.

Tools for managing varied inventory

Part of growing your business means being able to support a variety of inventory types, whether it's properties in several countries, hotel-style listings, or a mix of short and mid-term rentals. Choose a PMS with a channel manager that includes local booking sites and ones for mid-term rentals. Plus, make sure your PMS supports multi-unit management, allowing you to add and manage identical properties (such as serviced apartments and aparthotels) in bulk.

Are you ready to scale your short-term rental business and master the owner equation?

Contact us today to learn more about Guesty's solutions for growing property management companies.

Choosing the right PMS now means not having to migrate your entire portfolio later.

Download our guide to choosing the right PMS for your property management business.