

Say Goodbye to AirBnB

Why Mid-Term is the New Short-Term in Luxury Leasing



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Introduction

This year in particular, the landscape of luxury leasing has evolved significantly, shifting from traditional short-term rentals to mid-term & long-term leases that cater to a broader range of needs. As global mobility increases after covid, the demand for flexible and comfortable living arrangements has never been higher. This e-book explores why mid-term leasing has become the preferred option for affluent individuals and businesses alike, highlighting key use cases and market trends that illustrate this shift.

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The Appeal of Mid-Term Leasing



The New Standard

Mid-term leases typically range from 3 to 12 months, providing a perfect balance between the flexibility of short-term rentals and the stability of long-term leases. This duration suits a variety of situations, making it an increasingly attractive option for wealthy individuals, families, and businesses.



Cost-Effectiveness

For expatriates entering a new country, mid-term leases offer the luxury of high-quality accommodations without the long-term commitment or short term Airbnb through the roof pricing. With the current strength of currencies like the US dollar and the UK pound against the New Zealand dollar, affluent individuals find that the weekly rent in places like Auckland is significantly lower than what they would pay back home. This cost advantage makes mid-term leases not just practical, but financially appealing when compared to Airbnb accommodation



Why Airbnb is No Longer a Viable Investment Option

The Airbnb nightly rate has become increasingly inflated due to the new tax app, Airbnb's service fee, and in some cases, the host's channel fee. This results in a complicated and opaque formula for property managers, making it more expensive than ever for guests. Consequently, homeowners typically see only **%50 - 65%** of the nightly rate after all expenses are accounted for. As a result, the use case for Airbnb often only makes sense for homeowners who enjoy splitting their time between their primary residence and a holiday home, or those who lease their property on Airbnb during school holidays.

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Use Cases for Mid-Term Leasing



Entering a New Country

Wealthy individuals and families relocating to New Zealand often require a stylish and comfortable home for 6 to 12 months as they acclimate to their new environment. Mid-term leases allow them to settle into a neighborhood, explore local culture, and decide where to invest in permanent housing—all while enjoying luxurious living spaces.



Film Crews

Film crews frequently require furnished accommodations for 3 to 6 months during production. Popular areas like Ponsonby, Herne Bay, St. Mary's Bay, Freemans Bay, Westmere, and Grey Lynn offer the vibrant atmosphere and amenities that filmmakers seek. Mid-term rentals provide crews with the flexibility to focus on their work without the hassle of constantly changing accommodations.



Renovators

Homeowners embarking on renovation projects often face timelines that stretch from several months to over a year. Mid-term leases offer these homeowners a comfortable and stylish temporary residence, allowing them to remain in a desirable



area while their own home undergoes transformations. This arrangement reduces the stress of living in a construction zone and maintains a sense of normalcy.



Transitioning Homeowners

Individuals who have recently sold their homes and are in the process of purchasing a new property often find themselves in need of temporary housing. Mid-term leases provide an ideal solution for these homeowners, allowing them to live comfortably while they search for their next dream home. This flexibility enables them to take their time exploring neighborhoods, assessing potential properties, and making informed decisions without the pressure of immediate housing needs. By securing a stylish mid-term rental, they can enjoy a seamless transition, minimizing stress and disruption during this significant life change.



03

The Changing Landscape of Short-Term Rentals



The Airbnb Effect

Airbnb once dominated the short-term rental market, promising high occupancy rates and lucrative nightly rates. However, recent changes, including the introduction of app taxes and complications surrounding accounting practices, have made it increasingly challenging for hosts to maintain profitability. The days of charging \$1,000 a night with consistent bookings are fading, fast!



Tax implications (GST)

By far the biggest drawback of Airbnb is the GST component. In the luxury leasing market, using Airbnb often makes little sense unless you're planning to rent your home for just one or two months out of the year. Staying under the \$60,000 threshold is crucial; exceeding it means you'll be required to pay 15% GST on the sale price of your home when you sell. Many short-term property managers won't disclose this information, making it a significant red flag in the luxury rental market. Understanding these implications is essential for anyone considering short-term leasing options.



Market Adjustments

As the short-term rental market faces these challenges





,mid-term leasing emerges as a more stable alternative. It provides landlords with predictable income and tenants with the comfort and luxury they desire without the uncertainty that comes with fluctuating short-term rates. Moreover, GST is not a concern with mid-term leasing, as these arrangements fall under the Residential Tenancies Act. This means you can enjoy the benefits of a flexible lease without the added complexity of GST implications, making mid-term leasing a more straightforward and financially sound choice in the luxury rental market.



Global Trends

Globally, there's a notable trend toward regulating and limiting short-term accommodation. New York exemplifies this shift, having implemented strict rules that require all eligible short-term rental hosts to register or offer stays longer than 30 days. This has led many hosts to move away from platforms like Airbnb. Similar movements are emerging in cities around the world, and New Zealand is already starting to introduce measures aimed at deterring short-term hosting. It's likely we will see more comprehensive regulations in the near future.

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Our Clientele

Diverse Needs

Our mid-term leasing services cater to a wide array of clients, including:

- **Successful Business Owners:**
Individuals who travel frequently for work and require upscale accommodations while conducting business.
- **International Professionals**
Expats transitioning into new roles who need a comfortable home as they settle in.
- **Corporate Relocations:**
Companies relocating employees for specific projects or assignments that necessitate temporary, high-quality housing.
- **Healthcare Professionals:**
Doctors, nurses, and medical staff taking short-term assignments in different locations, particularly in high-demand areas.
- **Digital Nomads**
Remote workers seeking upscale living arrangements in vibrant areas while maintaining their professional commitments.

These diverse groups benefit from our expertise in finding high-end properties that meet their specific needs, making mid-term leasing an ideal solution.

If this sounds like you, don't hesitate to get in touch directly! We have a wealth of exclusive inventory that often doesn't make it online. As the go-to property finder for matching homes with individuals, we specialize in off-market opportunities to help you find the perfect fit. Reach out today to discover what's available!

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Conclusion

The Future of Luxury Leasing

The transition from short-term to mid-term leasing reflects broader trends in global mobility, economic conditions, and lifestyle preferences. With the rise of remote work and increased international movement, mid-term leasing is positioned to become the new standard in luxury accommodations.

As the market continues to evolve, understanding the benefits and use cases of mid-term leases will be essential for property managers, landlords, and tenants alike. Those who embrace this shift will find new opportunities for growth and satisfaction in the ever-changing landscape of luxury leasing.

Homeowner? Does this sound like you?

- Leaves your home empty for 3 to 6 months or more each year?
- Is embarking on a work overseas experience for 12 months or longer?
- Is seeking long-term rental returns for your high-end luxury property?

At Alba, we are pioneering the Mid-term & Long-term leasing space. By recognizing and adapting to these trends, we ensure that we not only meet the needs of our clients but also position ourselves at the forefront of this exciting new era in the luxury rental market.

Check out some of our listings here:



Thank you for taking the time to read this eBook

We hope you've found the information helpful and can integrate what you've learned into your future.

Ready to boost your passive income? Fund your next holiday? Secure your spot on our waiting list now!

