




# The Short-Term Rental Paradox

Akshay K. Gamit



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## Abstract

Tourism is a very crucial industry for several countries which affects and attracts foreign currency and significantly contributes to a nation's GDP. Some countries rely heavily on the tertiary sector to gain worldwide recognition which also helps them economically and politically.

The following article elaborates how tourism impacts the daily lives of local citizens, exploring both its undeniable benefits and its notable drawbacks. It ultimately aims to derive a midway solution to manage the issue smoothly, which also affects the social sector and standard of life.

Keywords: Urban Economics, Criminology, Sociology, Tourism

## Introduction

As a nation with the world's oldest cultures, our country consistently attracts numerous kinds of peoples and tourism activities. Visitors arrive from foreign countries, and during the summer season, local citizens also travel to experience and understand our culture. Tourist attractions are diverse, auspicious spiritual sites, natural landscapes, historical sites, and general holiday destinations.

When preparing for a tour, people's behaviour often changes from their usual daily conduct. Seeking to fully enjoy a long-awaited vacation, tourists may become somewhat careless and neglect social norms, which they have to follow in order to intact the sanctity of the place. Consequently, this change in behaviour adversely affects the visited destinations and frequently becomes a source of conflict for local populations, or vice versa.

Authorities must establish clear guidelines to monitor such behaviour, as unmanaged intervention negatively impacts the daily lives of local citizens and can disrupt their own holidays. While the police currently serve as the primary mediator between tourists and locals, they represent an extreme and final option for dispute resolution. Therefore, there is a critical need for an alternative institution or intermediary body to manage these conflicts more smoothly.

## The Economic Premium of Short- Term Rentals

Landlords recognize the financial potential in short-term rentals, which offer higher profits. For example, while a typical long-term rental might be listed at a market rate of 3,000 to 5,000 Rupees per month, the same property, if converted to a short-term rental, can charge a minimum of 1,500 to 2,000 Rupees for 2 days. If the hosts also provide home-cooked meals, which encore the charges for food service. In a summation, landlords can earn a minimum of 5 times to 7 times more rent than usual, providing a strong incentive to convert their properties from long-term to short-term rentals.

Short-term rentals also have a positive impact on local commerce. Since visitors often travel from distant places, they actively seek out local cuisine and unique specialties. They also frequently purchase souvenirs to take home. As a result,

establishments such as local restaurants and clubs are the primary beneficiaries of the increased patronage from these tourists. Which ultimately leads to rise in local locality rent in future.

### The Externalities of Transient Populations

The sudden rush of tourists unfamiliar with local customs and social norms. Because visitors are on vacation, their main purpose is to enjoy very few peoples are interested in the historical approaches and other aspect. Hence their behaviour may change from typical daily conduct, sometimes resulting in actions that disregard the sensibilities of the resident population. Furthermore, the large amount of tourist often leads to do whatever they are pleased to which creates problems for locals.

The transient nature of these populations can contribute to an increase in petty crimes, such as burglaries, theft, and vehicle break-ins. This rise in criminal activity creates insecurity in the streets, and due to limited peripheral vision of local authority unable to track every incident, these areas may become labelled as high-crime zones, making them feel unsafe for both visitors and residents. Moreover, because visitors are familiar with differ locality, their arrival and sleep cycles often vary significantly from those of the local population. This variance can lead to conflict; for example, while locals may be trying to rest, newly arrived visitors who have already get their sleep in their way to the destined place. might start playing music loudly resulting in a continuous prolonged nuisance.

### The Market Response: Pricing in Penalty

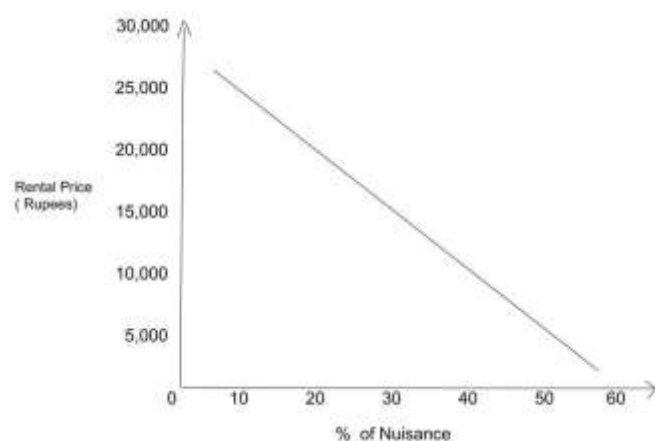
While landlords receive the financial benefit of higher rent, this income comes with a major compromise to their peace of mind. On one hand, hosts are pleased with the higher revenue; on the other, they must endure the chaos created by transient populations. Paying Guests due to their limited times to stay often treat the property facilities carelessly, resulting in nuisance and damages which incurring costly repairs.

This situation imposes a penalty on long-term residents. Locals who are financially capable may abandon the area; otherwise, they must endure prolonged suffering due to the chaotic environment. This lack of peace ultimately reduces the long-term price of properties in these areas, as few people are willing to live in the middle of constant disruption.

For residents, the asset of home ownership becomes a social liability. They pay the price through a diminished living environment, which is especially challenging for families. Imagine raising a child in a careless environment which leaves them in constant turmoil, making it difficult for them to play and interact with others. The situation is further aggravated when these disrupted areas are also spiritual or religious sites, where the genuine intent of local residents is neglected by visitors.

### Traditional rentals vs Short- term rentals: A Comparative Analysis

Diagram 1 : Short- Term Rentals



\* Unruled

The above diagram illustrates that the level of nuisance increases as the rental price decreases, and vice-versa. People who secure short-term rentals at cheaper rates tend to be more chaotic compared to those who pay higher prices. Higher-paying renters seek quality stays and a comfortable, peaceful environment, prioritizing their peace. Consequently, they pay a premium to ensure better facilities and improved security, even for brief stays.

On the other hand, traditional long-term rentals involve a strict background check procedure. The tenants who live in a minimal market rental traditional housing often maintain a basic minimum standard of life because they focused on achieving a specific goal. They may belong to an economically weaker section, struggling to afford housing while going through difficult periods in their lives. As their situation improves, they may relocate, or they may remain in the area to fulfil a greater purpose.

## Conclusion

In conclusion word places like Goa, Banaras, Shimla, Kedarnath etc. are always crowded and the majority of people are tourists there since the tourism is bringing the foreign currency and revenue for the nation the safety measures for these peoples are needs to be implemented, a trained guide or state appointed linguistic personnel needs to be introduced for these peoples so, that they get a familiar environment far from home and try to understand the logic behind our social norms and different behaviour in a way both locals are transient populations to live in harmony and systematic management of these issues can improve the social image of the country which ultimately boosts our tertiary sector globally.

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