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STR IN ASIA: REGULATION, TRUST & STRUCTURE

64 pages

Short-term rentals across Asia are entering a different phase. This STRA overview looks at the growing pressure around regulation, housing, licensing, trust, and professional standards now reshaping the sector across Asia and other mature STR markets. It explores what is happening across Europe, Japan, Australia, Bali, India, and Southeast Asia and what these shifts may mean for operators, platforms, property managers, and the future direction of STR in Asia. Because the next phase of short-term rentals will not be defined by growth alone. It will be defined by how well the sector operates.

Keith Cowarn

Founder, STRA – Short term Rentals Asia



About

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Keith Cowarn has spent over 40 years working in and travelling across the global travel industry.

He is the founder of Short-Term Rentals Asia (STRA), created to bring together the operators building and running this sector across the region.

His focus sits where things connect operations, technology, and distribution and how short-term rental businesses scale in real environments.

Alongside STRA, he advises travel and hospitality businesses through Popup Travel, working across growth, systems, and M&A.

HOW CAN YOU HELP?

The work I do through Short Term Rentals Asia (STRA) is unpaid and not-for-profit. It exists to help bring greater clarity, alignment, and shared learning to the short-term rental sector across Asia. The goal is not to reinvent the wheel, but to help the region avoid some of the challenges now facing more mature markets elsewhere in the world. STR in Asia is still taking shape, and there is an opportunity to build a sector grounded in professionalism, trust, hospitality standards, and sustainable growth. If you would like to support this work, the simplest way is by attending Gather · Connect · Grow as a paid delegate, or by becoming a partner helping ensure this research, dialogue, and industry coordination can continue across the region.

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- Introduction -

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Short-term rentals across Asia have grown faster than the systems designed to regulate them.

What began as a fragmented layer of alternative accommodation is now becoming a visible part of the region's tourism and accommodation economy. Professional operators manage large portfolios across multiple markets. Institutional capital has entered the sector. Technology platforms have expanded reach, visibility, and operational scale. In some destinations, short-term rentals now represent a meaningful share of available accommodation supply.

At the same time, pressure has been building.

Governments are facing growing concerns around housing affordability, zoning, taxation, licensing, and community impact. Europe has moved aggressively toward enforcement and restriction. Australia is increasing financial pressure through levies and permit systems. Japan has built one of the world's most tightly controlled operating environments. Bali and wider Indonesia are now moving through their own transition, shifting from loosely regulated expansion toward registration, licensing, and enforcement.

Asia now sits at the centre of this shift.

The region remains one of the fastest-growing short-term rental markets in the world, but it is also entering a period where regulation, operating standards, and trust will shape what comes next.

This paper looks at the regulatory changes influencing short-term rentals between 2024 and 2026 across Europe, Japan, Australia, Bali, India, and Southeast Asia. More importantly, it looks at what these changes may signal for the future of the sector across Asia.

The next phase of short-term rentals will not be defined by how fast the sector grows.

It will be defined by how well it operates.



- Chapters Overview -

Chapter 1 - The Regulatory Reset *page 6*

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The short-term rental sector has entered a different operating environment. Governments are moving from passive oversight toward active enforcement through registration systems, taxation, data sharing, and licensing controls. This chapter sets the foundation for the paper and examines why 2026 represents a turning point for the sector globally.

Key Sources:

Regulation (EU) 2024/1028, STRA Knowledge Hub, Japan Tourism Agency, Australian housing policy reviews.

Chapter 2 - Europe's War on Short-Term Rentals *page 10*

Europe has become the global testing ground for aggressive short-term rental regulation. Barcelona's planned phase-out of tourist apartments, Florence's restrictions on lockboxes, and new EU-wide platform reporting rules signal a major shift in political and regulatory thinking. This chapter examines how housing pressure reshaped policy across Europe.

Key Sources:

European Parliament, Inside Airbnb, Barcelona Constitutional Court rulings, Urban Design Lab.

Chapter 3 - Bali and Indonesia: Oversupply, Enforcement, and the Rise of the Professional *page 14*

Bali remains one of the highest-yield short-term rental markets globally, but rapid supply growth has changed the market dramatically. The March 2026 OSS compliance deadline marked the beginning of a more serious enforcement phase across Indonesia. This chapter examines oversupply, zoning pressure, licensing enforcement, and why legality is becoming a competitive advantage.

Key Sources:

Indonesia OSS-RBA framework, STRA operator research, Bali market tracking, Ministry of Tourism guidance.

Chapter 4 - Japan's STR Minpaku: The High Barrier Model *page 19*

Japan built one of the world's most controlled short-term rental systems long before many other markets reacted. The 180-day Minpaku cap, fire safety obligations, and licensing pathways created a market where professional operators gained structural advantage. This chapter explores why Japan is increasingly viewed as a stable, lower-risk operating environment despite higher compliance costs.

Key Sources:

Japan Tourism Agency, Private Lodging Business Act (Minpaku Law), Hotel Business Act licensing framework.

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Chapter 5 - Australia's Financial Deterrence Model *page 24*

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Rather than outright bans, Australian councils and state governments are increasingly using taxes, levies, and permit fees to pressure the sector. Hobart's dramatic fee increase became one of the clearest examples globally of financial deterrence being used to reshape housing supply. This chapter examines how these policies are influencing operator behaviour and investment decisions.

Key Sources:

ABC News Australia, Shelter Tasmania, Victorian Short Stay Levy framework, Hobart Council policy reviews.

Chapter 6 - What Bali, Japan, Europe, Australia Are Telling Us *page 29*

Not all regulatory models produce the same outcomes. Some markets are forcing consolidation. Others are protecting professionally operated inventory. This chapter compares occupancy, yields, barriers to entry, enforcement intensity, and long-term operating conditions across four major regulatory approaches.

Key Sources:

STRA market analysis, Inside Airbnb, regional tourism data, operator performance benchmarks.

Chapter 7 – The Pressure Building Across Southeast *page 33*

Governments across Southeast Asia are moving toward stronger oversight of short-term rentals. Thailand, Malaysia, Indonesia, and the Philippines are all moving at different speeds, but the direction is increasingly clear. This chapter outlines the operational risks facing operators over the next 24 months.

Key Sources:

Thai Ministry regulations, Malaysia planning guidance, Indonesia OSS framework, Philippine tourism policy drafts.

Chapter 8 – India Could reshape STR Across Asia *page 38*

For years, the sector remained relatively fragmented compared with Southeast Asia. Hotels dominated organised accommodation. Vacation homes were concentrated in select leisure destinations. Regulatory focus on short-term rentals remained limited, particularly outside Goa and a handful of tourism markets. That is beginning to change.

Key Sources:

STRA Verified Property Manager Index (VPMI), operator interviews, Ministry of Tourism, Government of India & regional market observations.

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Chapter 9 - The Rise of the Professional Operator *page 44*

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The sector is moving away from informal hosting toward structured operation. Professional property managers, licensed operators, and hospitality-led businesses are becoming more central to the market as regulation increases. This chapter examines how operational standards, reporting systems, and compliance are reshaping the competitive landscape.

Key Sources:

STRA Verified Property Manager Index (VPMI), operator interviews, regional market observations.

Chapter 10 – The Work Still Ahead *page 49*

Asia remains one of the most important growth regions for short-term rentals globally, but the sector still lacks alignment in definition, regulation, and standards. This chapter examines where the market may head next and why trust, structure, and professional operation are becoming central to long-term growth in the region.

Key Sources:

STRA research, regional operator discussions, policy trends across Asia.

Chapter 11 - Conclusion: From Growth to Structure *page 54*

The debate around short-term rentals is no longer simply about tourism demand or investment returns. It is increasingly about how the sector fits into cities, housing systems, and local communities. The final chapter reflects on the lessons from Europe, Japan, Australia, and Indonesia and what they mean for the future of short-term rentals across Asia.

How you can help *page 58*

Methodology & Research Approach *page 59*

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Chapter 1 - The Regulatory Reset

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For years, short-term rentals grew faster than regulation.

Platforms expanded city by city. Investors entered the market aggressively. Entire villa districts appeared almost overnight in places like Bali. Apartment towers quietly shifted from residential living into tourism accommodation. In many markets, governments simply could not keep pace with what was happening on the ground.

Then the pressure started building.

Housing costs climbed sharply across major cities. Residents began pushing back against the loss of long-term rental stock. Governments started asking harder questions around taxation, licensing, zoning, guest reporting, and safety obligations. What had once been viewed as tourism innovation increasingly became tied to wider political debates around affordability, community impact, and urban planning.

By 2026, the mood changed noticeably.

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This is no longer a period of observation.

It is a period of intervention.

Page | 7 Europe moved first and hardest. Cities such as Barcelona, Florence, and Madrid shifted from selective restrictions toward direct enforcement. The introduction of Regulation (EU) 2024/1028 marked an important turning point, forcing large accommodation platforms to share operating data directly with authorities.

Governments no longer needed to estimate the size of the market.

They could now see it clearly.

That matters because once governments gain visibility, enforcement becomes easier. Tax collection becomes easier. Licence tracking becomes easier. Political pressure becomes easier to respond to.

The old gap between what existed online and what existed legally is starting to close.

Across Asia, similar patterns are emerging, although each market is moving at its own pace.

In Indonesia, the March 2026 OSS compliance deadline signalled a more serious approach toward business registration and tourism licensing. In Thailand, pressure continues around the 30-day threshold and hotel legislation. Malaysia is moving toward stronger registration frameworks, while Japan already operates one of the most tightly controlled systems globally through Minpaku.

Australia has taken a different path again.

Rather than broad bans, several councils and state governments are using financial pressure to slow the market. Higher permit fees, tourism levies, and additional taxes are making it harder for smaller operators to remain viable.



What Regulation is Starting to Look Like

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Region / Market	Main Regulatory Direction	Primary Pressure Point	Operating Impact
European Union	Platform data enforcement	Housing affordability	Stronger licensing enforcement
Barcelona	Tourist apartment phase-out	Residential housing recovery	Supply contraction
Bali / Indonesia	OSS licensing enforcement	Informal accommodation growth	Professional operators favoured
Japan	Minpaku licensing system	Residential control	High barriers to entry
Australia	Permit fees and levies	Housing shortage	Margin pressure
Thailand	Hotel Act enforcement	Unlicensed accommodation	Legal uncertainty
Malaysia	Registration oversight	Tourism apartment growth	Tightening compliance
Southeast Asia Overall	Formalisation phase	Rapid STR growth	Shift toward structured operation

What is happening is not simply a crackdown on short-term rentals.

It is a reshaping of the sector itself. **(India – has Chapter 8)**

The industry is moving away from loosely managed inventory toward licensed, accountable, professionally operated accommodation businesses. In many markets, governments are no longer trying to remove the sector entirely. They are trying to identify who belongs in it.

That distinction matters.

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Professional operators with proper licensing, reporting systems, hospitality standards, and local compliance are increasingly being separated from informal or speculative supply. The gap between those two groups will likely continue widening over the next five years.

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For Asia, this matters enormously.

The region remains one of the fastest growing short-term rental markets in the world. Tourism demand remains strong. New destinations continue to emerge. Investor appetite remains active. But growth alone is no longer enough.

The next phase of short-term rentals in Asia will depend on how the sector responds to regulation, accountability, and public trust.

Because the conversation has changed.

This is no longer just about demand.

It is about legitimacy.

By Keith Cowan, May 2026, www.shorttermrentalsasia.com

Chapter 2 - Europe's War on Short-Term Rentals

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Europe has become the front line of the global short-term rental debate.

No region has moved faster or harder against the sector over the past two years. What began as local frustration in a handful of tourism-heavy cities has now become coordinated political action tied directly to housing pressure, affordability, and urban identity.

The numbers explain part of the reaction.

By 2024, short-term accommodation bookings across the European Union exceeded 850 million nights annually. Entire neighbourhoods across Barcelona, Florence, Lisbon, Amsterdam, and parts of Madrid were increasingly shaped around tourism rather than residential living. Apartments once occupied by locals shifted toward higher-yield visitor accommodation. Local rental supply tightened. Housing costs rose sharply.

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For many city governments, short-term rentals became the visible symbol of a much larger housing problem.

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That shifted the political tone quickly.

Barcelona pushed the furthest.

In June 2024, the city announced plans to remove all tourist apartment licences by November 2028. More than 10,000 licensed tourist units are expected to disappear from the formal market under the proposal. The decision later gained further political strength following legal backing tied to housing protection arguments.

Madrid followed with tighter restrictions around tourist apartments inside residential buildings, particularly within historic districts. Florence moved against lockboxes and self-check-in systems, arguing that parts of the city centre were losing residential character. Amsterdam tightened annual night caps further. Athens, Lisbon, and parts of France also continued reviewing stricter operating rules.

By Keith Cowan, May 2026, www.shorttermrentalsasia.com

The pressure was no longer isolated.

It became regional.



Europe STR Regulation Snapshot (2026)

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City / Region	Main Regulatory Action	Key Focus	Estimated Market Impact
Barcelona	Tourist apartment phase-out by 2028	Housing recovery	Major reduction in supply
Madrid	Restrictions in residential buildings	Urban residential protection	Reduced investor expansion
Florence	Lockbox and self-check-in restrictions	Historic centre preservation	Higher operational friction
Amsterdam	Annual night caps	Tourism control	Reduced casual hosting
Lisbon	Licensing freezes in some districts	Housing pressure	Slower inventory growth
Paris	Registration and primary residence limits	Compliance enforcement	Increased penalties
European Union	Regulation (EU) 2024/1028	Platform data sharing	Stronger enforcement capability

At the centre of this shift sits Regulation (EU) 2024/1028.

From May 2026, major booking platforms operating within the European Union must provide standardised operating data directly to authorities through centralised reporting systems. Governments now receive clearer visibility around listing activity, guest stays, rental nights, and operator registration details.

For years, cities argued they were regulating blind.

That excuse has disappeared.

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The importance of the EU framework goes well beyond Europe itself. Governments globally are watching closely because the regulation changes the balance between platforms and regulators. Data transparency now sits at the centre of enforcement.

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That changes the operating environment significantly.

The era where listings could quietly operate outside licensing systems is closing quickly in many major markets. Registration numbers, taxation records, zoning approvals, and operating activity are increasingly becoming connected.

Europe is also showing something else.

Regulation does not always begin with national governments. In many cases, it starts at city level, driven by local political pressure. Tourism-heavy destinations respond first because the impact is felt first at street level — rising rents, disappearing residential supply, and visible tension between visitors and local communities.

For Asia, there are important lessons in this.

Many Asian destinations are still earlier in the cycle. The pressure is growing, but the political response remains uneven. Bali, Phuket, Kyoto, and parts of Bangkok are already beginning to experience some of the same conversations Europe faced years earlier.

That does not mean Asia will follow Europe exactly.

The political structures are different. Housing markets are different. Tourism dependency is different. But the direction of travel is becoming familiar. Governments want visibility. They want registration. They want taxation compliance. They want clearer definitions around who is operating professionally and who is not.

Europe may represent the most aggressive version of the regulatory shift, but it also provides an early warning.

Once housing pressure and political momentum combine, regulation can move very quickly.

And once governments gain access to reliable platform data, the market changes with it.

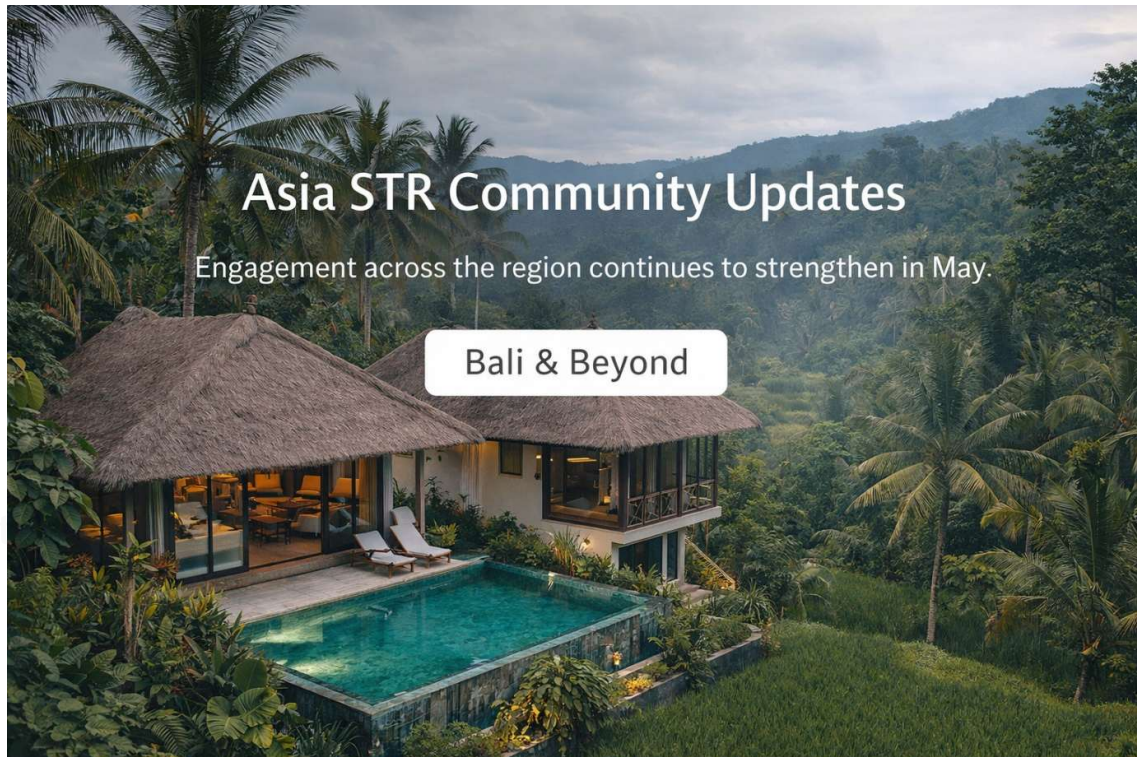
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Chapter 3 - Bali and Indonesia: Oversupply, Enforcement, and the Rise of the Professional

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For more than a decade, Bali represented the dream version of short-term rentals in Asia.

High nightly rates. Strong tourism demand. Rapid villa development. Foreign capital flowing into lifestyle property investment. Social media amplified the image even further with private pools, jungle villas, ocean views, café culture, and remote work all feeding into a tourism machine that seemed impossible to slow down.

For a long time, almost everyone made money.

That is no longer the case.

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By 2025, the market began showing visible strain. Supply growth had moved faster than demand. Entire areas of Canggu, Uluwatu, Berawa, Pererenan, and Ubud entered a construction cycle that started feeding on itself. New villas kept appearing because previous villas had performed well. But eventually the market became crowded with similar inventory competing for the same guest.

The shift was subtle at first.

Occupancy became less consistent outside peak periods. Operators started discounting more aggressively. Average daily rates softened in certain villa categories. Owners who entered the market expecting passive returns suddenly discovered the business required active management, marketing, staffing, maintenance, guest communication, channel management, and constant operational attention.

The easy money phase started fading.

At the same time, the Indonesian government began moving toward tighter oversight.

By Keith Gowarn, May 2026, www.shorttermrentalsasia.com

The OSS-RBA business registration framework became increasingly important across tourism accommodation. Operators who had previously worked in grey areas suddenly faced growing pressure around licensing structures, zoning compliance, tax reporting, staffing legality, and business registration obligations.

The March 2026 compliance deadlines mattered because they signalled something larger.

Indonesia was beginning to separate informal participation from commercial operation.

That distinction changes the market dramatically.

For years, Bali operated with layers of ambiguity. Nominee structures, unclear licensing pathways, unregistered villas, and inconsistent enforcement created an environment where many operators simply focused on growth first and legality later.

That environment is becoming harder to maintain.

Government departments are increasingly connected through digital registration

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systems. Local reporting requirements are improving. Tourism authorities, immigration, taxation departments, and regional governments are starting to align more closely around commercial accommodation activity.

The market is becoming more visible. And visibility changes behaviour.

What Different STR Markets Are Starting to Look Like

Market	Estimated Gross Yield	Supply Growth	Regulatory Pressure	Market Direction	Operational Risk
Bali	8%–12%	Very High	Increasing rapidly	Oversupplied but still high demand	High
Jakarta	~6%	Moderate	Moderate	Stable urban demand	Medium
Phuket	5%–7%	Controlled	Moderate	Professionalising	Medium
Bangkok	4%–6%	Moderate	Existing hotel law pressure	Mixed	Medium
Lombok	Emerging	High new development	Early-stage oversight	Speculative growth	High
Japan (Tokyo/Osaka)	4%–7%	Controlled	Very high	Stable licensed market	Lower
Australia Coastal Markets	3%–6%	Slowing	Increasing taxation pressure	Consolidating	Medium

Indicative yield ranges are based on publicly available market reporting, operator discussions, regional observations, OTA visibility, property manager feedback, and tourism accommodation trends observed between 2024–2026. Actual returns vary significantly depending on location, asset quality, occupancy, management capability, operating costs, and regulatory conditions. This table is intended as a directional market overview only and should not be interpreted as investment or financial advice.



The chart tells an important story.

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Bali still produces some of the strongest potential returns in Asia, but those returns now sit beside rising operational pressure and growing market saturation. The days where almost any villa could achieve strong occupancy simply by existing are fading quickly.

The market is becoming more selective.

Well-managed villas in strong locations with experienced operators continue performing well. Weakly managed inventory is increasingly exposed, particularly during softer travel periods or outside seasonal peaks.

That separation between strong and weak operators is widening.

This does not mean Bali is collapsing. Far from it.

Bali remains one of the strongest tourism destinations in Asia for professionally operated villas and branded accommodation. In many cases, returns still outperform major regional markets including Bangkok, Phuket, and parts of Australia. International arrivals remain strong. Lifestyle demand remains powerful. Long-stay visitors, digital workers, wellness tourism, and luxury travel continue feeding demand into the island.

But the conditions have changed.

Operators can no longer rely on demand alone to carry weak operations.

The market is becoming less forgiving toward poor management, inconsistent service standards, weak revenue strategy, or unclear legal structures. Villas sitting empty for long periods are no longer unusual in oversupplied pockets. Owners are asking harder questions around profitability. Competition has intensified sharply across the mid-market villa segment.

At the same time, a more serious professional layer is emerging.



Larger property management companies are investing heavily into systems, staffing, guest experience, owner reporting, compliance, and distribution strategy. Revenue management has become more sophisticated. Brand identity matters more. Direct booking strategy matters more. Operational consistency matters more.

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The market is slowly moving away from informal hosting toward structured hospitality businesses.

That is one of the most important changes happening across Asia right now.

And it is not limited to Bali.

Jakarta, Lombok, Yogyakarta, Labuan Bajo, and parts of the Indonesian archipelago are all seeing increased investor attention linked to tourism accommodation. The difference is that many of these emerging markets are now developing under far tighter government visibility than Bali experienced during its earlier growth years.

In many ways, Bali became the testing ground.

It showed how fast the sector could grow when regulation lagged demand. It also showed what happens when construction, speculation, and tourism expansion move faster than operational maturity.

The next phase now looks very different.

The winners in Bali over the next five years are unlikely to be the fastest builders.

They will be the operators who understand regulation, staffing, hospitality standards, local relationships, taxation, distribution, and long-term sustainability.

Because Bali is no longer simply a tourism story.

It is becoming an operational story.

Chapter 4 - Japan's Minpaku Framework: The High Barrier Model

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Japan saw the short-term rental problem earlier than most countries.

Long before Europe entered open conflict with platforms and operators, Japan had already moved toward formal control. The country recognised both the economic opportunity and the risks tied to uncontrolled accommodation growth, particularly in dense residential cities such as Tokyo, Kyoto, and Osaka.

The result was Minpaku.

Introduced in 2018 through the Private Lodging Business Act, the Minpaku framework legalised short-term rentals nationally while placing strict limits around how they could operate. The most widely discussed restriction was the 180-day annual cap on guest stays.

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That single number changed the economics of the market immediately.

For casual hosts, it created limitations around revenue potential and occupancy planning. For professional operators, it created a clear dividing line between hobby participation and full-scale hospitality operation.

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Japan effectively forced the sector to choose what it wanted to become.

The market responded quickly.

Operators seeking year-round trading conditions moved toward more complex licensing structures under the Hotel Business Act, particularly the “Simple Lodging” category. Others focused on Special Strategic Zones such as Osaka’s Tokku Minpaku system, where minimum stay requirements replaced annual operating caps.

None of it was simple.

Fire safety rules were strict. Building approvals mattered. Neighbour notifications mattered. Waste management rules mattered. Guest identification requirements mattered. Tax reporting mattered. Even small details around emergency signage, escape plans, and operating contacts carried legal importance.

Compared with many Southeast Asian markets, Japan treated short-term rentals less like informal tourism activity and more like regulated accommodation businesses.

That distinction shaped the market.



Japan STR Before and After Minpaku

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Market Condition	Before Minpaku (Pre-2018)	After Minpaku (2018–2026)
Regulatory Environment	Fragmented and unclear	National licensing framework
Annual Rental Limits	No national cap	180-night annual limit
Professional Operators	Smaller presence	Strong growth in licensed operators
Casual Hosts	Rapid expansion	Significant reduction
Compliance Burden	Relatively low	High operational oversight
Fire & Safety Requirements	Inconsistent	Strict enforcement
Investor Confidence	Uncertain legal position	Higher confidence in licensed assets
Market Supply Growth	Fast and loosely controlled	More measured growth
Operating Costs	Lower	Higher compliance and staffing costs
ADR Performance	Moderate	Significant increase post-2022
Foreign Investor Interest	Selective	Strong rebound after reopening

The Minpaku structure reshaped who survived inside the market.

Professional operators with operational depth, legal understanding, and long-term capital adjusted successfully. Smaller speculative operators struggled far more. Some exited entirely. Others shifted toward hybrid models combining hotels, serviced apartments, and licensed short-term inventory.

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Yet despite the complexity, investor demand into Japan remained remarkably strong.

In many ways, regulation increased confidence rather than reducing it.

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Institutional investors generally prefer stable rules over uncertain ones. Japan offered predictability. The legal pathways were difficult, but they were visible. Investors could assess risk more clearly. Operators understood what was required. Banks, developers, and hospitality groups could model long-term returns with greater certainty.

At the same time, broader market conditions strengthened Japan's appeal further.

The weak yen dramatically increased inbound tourism demand after reopening. International arrivals surged. Hotel rates climbed sharply across Tokyo, Osaka, Kyoto, Niseko, and Fukuoka. Average daily rates across parts of the accommodation sector increased significantly between 2022 and 2025 as inbound tourism returned faster than many expected.

That created an unusual situation.

Japan became both heavily regulated and highly attractive at the same time.

For experienced operators, that combination can work well.

Strong barriers to entry often reduce uncontrolled competition. While operating costs remain high, oversupply becomes harder to create quickly. Compliance slows speculation. Poor operators struggle to survive. Markets with tighter control can sometimes produce more stable long-term operating conditions than destinations where inventory expands unchecked.

Kyoto reflects this tension clearly.

The city has experienced ongoing debate around tourism intensity, local community pressure, and accommodation growth. Yet despite those concerns, professionally operated accommodation continues performing strongly because supply growth is controlled far more tightly than in many tourism-heavy destinations elsewhere in Asia.

Japan also highlights something increasingly important for the wider region.

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Regulation does not automatically destroy short-term rentals.

But it does reshape them.

Page | 23 The operators who succeed in Japan tend to think differently. They focus heavily on process, guest standards, compliance, staffing, reputation, and operational consistency. The business is approached more like hospitality infrastructure than speculative real estate.

That mindset is becoming more relevant across Asia.

As governments increase scrutiny, the gap between informal hosting and professional operation will continue widening. Japan simply arrived at that reality earlier than most markets.

For operators across Southeast Asia, the Japanese model offers both a warning and a lesson.

The warning is obvious: regulation can become highly restrictive when governments feel they have lost control of the market.

But the lesson matters more.

Clear rules may slow growth, but they can also create stronger long-term operating conditions for those prepared to operate professionally

Chapter 5 - Australia's Financial Deterrence Model

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Australia has taken a different path in the short-term rental debate.

Unlike parts of Europe, the country has not moved aggressively toward outright bans. Instead, state governments and local councils have increasingly turned toward financial pressure — higher permit fees, additional levies, planning restrictions, and taxation measures designed to make certain forms of short-term rentals less attractive over time.

The logic is straightforward.

If governments cannot easily stop the market, they can make participation more expensive.

Hobart became the clearest example of this shift.

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In April 2026, Hobart City Council voted to increase permit application costs for visitor accommodation dramatically. Fees for certain short-stay conversions jumped from a few hundred dollars to approximately AUD \$5,000. The increase was extraordinary not simply because of the amount, but because of what it represented.

The fee was designed to discourage participation.

Council discussions increasingly linked short-term rentals to housing shortages, rising rents, and declining long-term residential supply. Hobart had already become one of Australia's least affordable rental markets relative to income levels. Short-term accommodation became politically tied to that pressure, particularly whole-home rentals removed from the permanent housing pool.

Australia's debate differs slightly from Europe because the focus is less about tourism itself and more about housing access.

The country faces a broader structural shortage of residential housing across several major cities and regional lifestyle destinations. At the same time, domestic tourism remains extremely strong, particularly after the pandemic years reshaped travel patterns inside Australia.

That created political tension.

Regional towns and lifestyle markets increasingly relied on tourism spending, yet residents struggled to find long-term rentals. Councils found themselves caught between economic benefit and community pressure.

Financial deterrence became the compromise tool.

Victoria moved earlier with its statewide short-stay levy, adding an additional tax burden to bookings from January 2025. Tasmania began exploring broader levy structures as well. Other councils across Australia started reviewing planning controls, permit pathways, density limits, and differentiated rates for non-hosted accommodation.

Importantly, most of these measures targeted investor-style inventory rather than owner-occupied hosting.

That distinction matters politically.



Hosted accommodation where owners remain onsite generally receives less criticism because it is viewed as supplemental tourism activity rather than removal of permanent housing stock. Entire-home investment properties face much heavier scrutiny because they are seen as directly competing with long-term residential supply.

Australia is slowly creating a two-speed market.

Smaller operators with thin margins are finding it harder to absorb rising compliance costs, additional taxes, insurance increases, cleaning inflation, staffing shortages, and permit fees. Professionally managed portfolios, premium accommodation, and higher-yield assets are adapting more easily because they can spread costs across larger operations and stronger nightly rates.

In practical terms, this means the market is becoming more concentrated.

That trend mirrors parts of Europe and Japan, although Australia's mechanism is different. Rather than using strict licence caps or operating bans, governments are reshaping behaviour through economics.

The effect can be similar.

Operators begin reassessing whether lower-performing assets remain viable. Investors become more selective around location and zoning. Professional management becomes more valuable because operational inefficiency becomes harder to hide when margins tighten.

At the same time, Australia continues producing strong demand in many regional and coastal destinations.

That is the contradiction at the centre of the market.

Tourism demand remains healthy. Occupancy remains strong in many areas. Yet governments are steadily increasing pressure around how the sector operates and where accommodation supply should sit.



Different States. Different Rules.

State / Region	Primary Regulatory Tool	Key Change	Market Direction	Operator Impact
Hobart, Tasmania	Permit Fee Increase	Fees increased to ~AUD \$5,000	Housing protection focus	Smaller operators under pressure
Victoria	7.5% Short Stay Levy	Statewide levy introduced Jan 2025	Taxation-led regulation	Margin compression
New South Wales	Registration & Night Caps	180-day caps in some markets	Managed restriction	Compliance becoming central
Byron Bay, NSW	Local Caps & Registration	Tight local enforcement	Community-first approach	Premium stock favoured
Queensland	Council-Led Planning Controls	Localised permit systems	Mixed by region	Inconsistent operating conditions
Western Australia	Tourism-Led Expansion	Less restrictive settings	Growth-oriented	Stronger investor appeal
Melbourne	Apartment & Levy Pressure	Increasing restrictions in residential towers	Urban containment	Professional operators gaining advantage

Australia is no longer operating as one unified short-term rental market.

Regulation is becoming increasingly localised, shaped by housing pressure, tourism dependency, and political sentiment within individual councils and state governments. Some destinations remain relatively open to tourism accommodation growth, while others are steadily increasing operational pressure through taxation, permit systems, and planning controls.

The direction, however, is becoming clearer.

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Governments want short-term rentals operating more like accountable accommodation businesses and less like loosely monitored residential investments.

Australia may not be trying to remove the sector entirely.

Page | 28 But it is steadily redefining who can operate comfortably within it.

By Keith Cowan, May 2026, www.shorttermrentalsasia.com

Chapter 6 - What Bali, Japan, Europe & Australia Are telling Us

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By 2026, the short-term rental sector is no longer moving in one direction.

Different markets are now responding to the same pressures in very different ways. Some are tightening aggressively around housing protection. Others are pushing operators toward formal licensing and professional operation. Some markets are slowing through taxation and rising costs, while others are still absorbing rapid tourism growth despite increasing strain.

The result is a sector splitting into distinct operating environments.

For investors, operators, and property managers across Asia, understanding those differences matters more than ever.

The gap between a high-yield market and a stable market is widening.

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So is the gap between loosely regulated expansion and structured operation.

What These Markets Look Like Right Now

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Market	Typical Gross Yield	Regulatory Pressure	Supply Conditions	Barrier to Entry	Market Direction
Bali	8%–12%	Increasing rapidly	Oversupplied in key villa areas	Moderate	Professional consolidation
Phuket	5%–7%	Moderate	Expanding steadily	Moderate	Operational strengthening
Bangkok	4%–6%	Existing hotel law pressure	Balanced urban inventory	Moderate	Mixed
Japan (Tokyo / Osaka)	4%–7%	Very high	Controlled	High	Stable licensed growth
Barcelona	Lowering	Extreme	Supply contraction	Very high	Restrictive
Florence	Lowering	High	Tightening	High	Preservation-focused
Hobart	3%–5%	Increasing	Slowing	Rising	Financial deterrence
Melbourne	3%–5%	Moderate to high	Controlled apartment growth	Moderate	Compliance-led
Lisbon	4%–6%	High	Slowing	High	Restrictive licensing
Byron Bay	4%–6%	High local restrictions	Limited	High	Premium-only viability

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The chart overview reveals something important.

Higher yields increasingly come with higher operational complexity and regulatory exposure.

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Bali remains one of the strongest performing return markets in Asia, but it also carries growing oversupply pressure, rising enforcement activity, and increasing operational risk. Japan produces lower headline yields in many cases yet offers greater legal clarity and stronger long-term stability for licensed operators.

Europe sits at the far end of the spectrum.

Several European cities have now moved beyond regulation into active contraction of the sector itself. Barcelona's planned removal of tourist apartment licences represents one of the clearest examples globally of governments attempting to reduce short-term rental inventory directly.

Australia sits somewhere in the middle.

The market remains commercially active, but operating costs, permit structures, levies, and political pressure are steadily increasing. Rather than removing the sector outright, governments are slowly reshaping the economics around who can continue operating profitably.

Across all regions, one pattern is becoming clear.

The era of loosely managed growth is ending.

Professional operators with structured systems, legal compliance, strong revenue management, and operational depth are increasingly gaining advantage over fragmented or informal inventory. Markets are becoming less forgiving toward weak operations, unclear ownership structures, and inconsistent hospitality standards.

That matters particularly in Asia.

For years, many parts of the region benefited from rapid tourism expansion combined with relatively light enforcement. That environment allowed operators to scale quickly. In some destinations, almost any well-located property could perform strongly regardless of operational maturity. Those conditions are changing.

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Governments are becoming more aware of the size of the market. Communities are becoming more vocal around housing pressure. Investors are becoming more selective. Platforms themselves are under growing pressure to cooperate with regulators and data-sharing systems.

Page | 32 The market is becoming more visible.

And visibility changes behaviour.

The comparison between Bali and Japan illustrates this particularly well.

Bali represents speed, lifestyle demand, tourism momentum, and high-return potential but also growing competition and operational pressure. Japan represents structure, discipline, licensing control, and higher barriers to entry.

Both models attract capital.

But they attract different kinds of operators.

Europe meanwhile demonstrates what happens when governments conclude that tourism accommodation has expanded beyond acceptable social limits. Once political momentum shifts toward housing recovery, regulation can accelerate very quickly.

That is the warning sitting underneath many of the European case studies.

For Asia, the next five years will likely revolve around balance.

The region still holds enormous tourism growth potential. International travel demand remains strong. Lifestyle migration continues accelerating across parts of Southeast Asia. New operator groups continue entering the market.

But growth alone is no longer enough.

The markets likely to perform strongest over time may not be the ones with the highest short-term returns.

They may be the ones that find balance between tourism growth, operational standards, investor confidence, local communities, and government trust.

Because the next phase of short-term rentals will not be shaped by expansion alone. It will be shaped by credibility.

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Chapter 7 – The Pressure Building Across Southeast Asia

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Southeast Asia remains one of the fastest moving short-term rental regions in the world.

Tourism demand continues expanding. New destinations continue attracting foreign capital. Regional aviation has recovered strongly. Lifestyle migration, remote work, wellness tourism, and long-stay travel are reshaping accommodation demand across the region.

At the same time, governments are becoming more aware of the scale of the market sitting inside residential housing stock.

That awareness is changing the operating environment.

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The challenge across Southeast Asia is not that regulation is arriving everywhere at once.

The challenge is that regulation is arriving unevenly.

Page | 34 Each country is moving at a different speed. Some markets remain relatively open. Others are entering heavier enforcement phases. In several destinations, the law already exists but enforcement remains inconsistent. That uncertainty creates operational risk because operators are often forced to make long-term investment decisions inside unclear legal environments.

The next two years are likely to become far more important than many operators realise.

Several governments across the region are moving quietly toward stronger registration systems, accommodation reporting, taxation alignment, and local licensing enforcement. Some of these shifts are gradual. Others may accelerate quickly once political pressure around housing or tourism intensifies.

Where the Pressure is Building

Market	Current Regulatory Position	Main Risk Area	Enforcement Direction	Operator Risk Level
Bali / Indonesia	OSS-RBA registration and licensing pressure	Zoning, licensing, tax reporting	Increasing rapidly	High
Thailand	Existing Hotel Act framework	Sub-30-day legality	Uneven but active	Medium to High
Phuket	Growing professional market	Compliance consistency	Gradually strengthening	Medium
Bangkok	Urban apartment restrictions	Residential building compliance	Moderate	Medium
Malaysia	Expanding oversight discussion	Registration systems	Tightening gradually	Medium

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Market	Current Regulatory Position	Main Risk Area	Enforcement Direction	Operator Risk Level
Philippines	Early-stage policy discussion	Local government inconsistency	Emerging	Medium
Vietnam	Tourism apartment growth	Lack of unified framework	Unclear	Medium
Japan	Mature Minpaku framework	High compliance burden	Stable and structured	Lower
Singapore	Highly restrictive	Severe operating limitations	Strict	Very High

Indonesia currently represents one of the most important transition points in the region.

The OSS-RBA framework, tourism licensing requirements, zoning classifications, and increased government coordination around commercial accommodation activity are reshaping how operators structure their businesses. Markets such as Bali are now moving away from loosely monitored expansion toward a more visible operating environment.

For some operators, this will create pressure.

For others, it will create opportunity.

Professional operators with compliant structures, strong local relationships, and proper reporting systems are likely to strengthen their position as weaker or informal supply faces growing scrutiny.

Thailand sits in a different position.

The legal framework around hotel licensing and short-term accommodation already exists, particularly around the well-known 30-day threshold under the Hotel Act. The challenge has traditionally been consistency of enforcement. In practice, many operators have continued functioning inside a grey operating zone, particularly within condominiums and mixed-use residential developments.

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That may not hold forever.

As the sector becomes larger and more visible, enforcement pressure may gradually increase, especially in tourism-heavy areas where residential tension grows or where local hotel groups push for stronger oversight.

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Malaysia remains earlier in the cycle but is clearly moving toward stronger registration and operational tracking. The Philippines and Vietnam continue showing rapid tourism accommodation growth but still operate with less consolidated national frameworks around short-term rentals.

Singapore demonstrates the opposite extreme.

The city-state remains one of the most restrictive operating environments globally for residential short-term accommodation, with strict limitations around minimum stay periods and enforcement. The market effectively favours hotels, serviced apartments, and highly controlled accommodation structures.

Across Southeast Asia, one issue sits underneath nearly every market.

Definition.

By Keith Cowan, May 2026, www.shorttermrentalsasia.com

Governments are still trying to determine what short-term rentals are.

Are they residential homes? Tourism accommodation? Hospitality businesses? Commercial real estate? Technology-enabled lodging? Hybrid housing products?

The answer matters because regulation follows definition.

This is where Asia differs significantly from Europe.

Many Southeast Asian governments are still shaping their position. Some want tourism growth. Some want foreign investment. Some want stronger tax collection. Others are responding to local housing pressure, hotel industry lobbying, or community complaints.

The sector is still being interpreted in real time.

That creates both risk and opportunity.

Operators entering the next phase successfully are unlikely to be the ones moving fastest.

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They will likely be the ones operating most carefully.

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Licensing structures, ownership models, local partnerships, staffing legality, guest reporting, taxation, insurance, and zoning compliance are becoming more important with every passing year. What once felt like operational detail is increasingly becoming central to long-term survival.

This is also where larger professional property managers may gain significant advantage.

Smaller informal operators often struggle once regulation deepens because compliance becomes operationally heavy. Reporting systems, guest verification, fire safety obligations, taxation, and staffing structures all require process and oversight.

Professional operators are better positioned to absorb that complexity.

The next phase of Southeast Asia's short-term rental market is unlikely to be defined by who acquires the most inventory.

It may be defined by who is still standing once regulation catches up to growth.

By Keith Cowan, May 2020, www.shorttermrentalsasia.com



Chapter 8 - India Could Reshape STR Across Asia

India is entering a very different phase in the evolution of short-term rentals.

For years, the sector remained relatively fragmented compared with Southeast Asia. Hotels dominated organised accommodation. Vacation homes were concentrated in select leisure destinations. Regulatory focus on short-term rentals remained limited, particularly outside Goa and a handful of tourism markets.

That is beginning to change.

Rising domestic travel, remote work flexibility, spiritual and wellness tourism, infrastructure investment, and the rapid expansion of India’s middle class are reshaping accommodation demand across the country. At the same time, international operators, hospitality groups, and technology platforms are paying far closer attention to India than they were only a few years ago.

The scale alone is difficult to ignore.

By Keith Cowan, May 2026, www.shorttermrentalsasia.com

India is no longer simply an emerging tourism market.

It is becoming one of the most important future accommodation markets globally.

What is Happening Across India

Market Indicator	Estimated Position
Population	1.4+ billion
Domestic tourism trips annually	2+ billion
International visitor recovery	Accelerating
Key STR growth markets	Goa, Bengaluru, Mumbai, Delhi, Jaipur, Kerala, Himachal Pradesh



Market Indicator	Estimated Position
Main demand drivers	Domestic leisure, remote work, weddings, wellness, long stays
Regulatory structure	Fragmented state-by-state
Institutional interest	Increasing
Professional operator maturity	Early to mid-stage
Primary market challenge	Lack of unified framework

Unlike Europe or Japan, India's challenge is not over-regulation.

The challenge is inconsistency.

Each Indian state effectively behaves like its own operating environment. Local tourism rules, apartment bylaws, commercial licensing structures, taxation treatment, and police reporting obligations can vary significantly depending on jurisdiction.

That creates uncertainty for operators attempting to scale nationally.

In Goa, short-term rentals are already deeply embedded into the tourism economy. In Bengaluru and Hyderabad, longer-stay and hybrid accommodation models tied to technology workers and business travel are growing rapidly. Kerala and Himachal Pradesh continue seeing strong demand linked to wellness, retreat, and experiential travel.

India is not one market.

It is multiple accommodation economies moving at different speeds.



Where Growth is Happening Across India

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Region	Market Characteristic	Current Direction
Goa	Mature leisure villa market	Increasing professionalisation
Mumbai	Urban premium demand	Supply constrained
Delhi NCR	Business + mixed stay demand	Growing steadily
Bengaluru	Tech workforce and extended stays	Strong hybrid accommodation growth
Jaipur	Heritage and experiential tourism	Rising boutique inventory
Kerala	Wellness and eco-tourism	Strong experiential growth
Himachal Pradesh	Remote work and mountain tourism	Rapid seasonal growth
Uttarakhand	Retreat and domestic tourism	Expanding villa market

Domestic tourism is one of the largest forces shaping the Indian market.

Unlike smaller tourism economies that depend heavily on international arrivals, India benefits from enormous internal travel demand. Weddings, religious tourism, family travel, wellness retreats, business mobility, and regional holidays all contribute to year-round accommodation movement.

That creates resilience.

It also creates opportunity for operators able to deliver professionally managed accommodation outside traditional hotel formats.

At the same time, several structural pressures are beginning to emerge.

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The Challenges Emerging Across India

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Area	Emerging Pressure
Apartment communities	Resident association restrictions
Taxation	Greater GST visibility
Licensing	Uneven local interpretation
Supply growth	Rapid expansion in leisure destinations
Standards	Inconsistent guest experience
Infrastructure	Strain in tourism-heavy regions
Professional staffing	Limited experienced hospitality labour
Legal clarity	Lack of national alignment

Goa offers one of the clearest examples of where India may be heading.

The state has seen strong villa market growth over the past decade, driven by lifestyle tourism, domestic luxury travel, weddings, and remote work migration. At the same time, concerns around illegal operation, community pressure, infrastructure strain, and unregistered accommodation have steadily increased.

That pattern mirrors the earlier stages seen in Bali and parts of Thailand.

As supply scales quickly, governments eventually seek visibility.

India has not yet entered the aggressive regulatory phase seen across parts of Europe. However, there are clear signals that authorities increasingly want stronger registration systems, taxation oversight, tourism reporting, and operational accountability.

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The market is becoming more visible.

Professionalisation is also beginning to separate operators.

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For years, many Indian short-term rentals remained highly fragmented and individually managed. That environment is changing as larger hospitality groups, branded villa operators, serviced apartment providers, and institutional accommodation players enter the sector more aggressively.

The line between hospitality and residential accommodation is starting to blur.

How the India Market is Changing

Earlier Phase	Emerging Direction
Informal holiday homes	Professionally managed portfolios
Local-only visibility	National platform distribution
Leisure-only demand	Mixed-use accommodation demand
Seasonal occupancy	Hybrid year-round utilisation
Small owner operators	Hospitality-backed management groups
Manual pricing	Revenue management adoption
Independent villas	Branded accommodation collections

Technology adoption across India is also accelerating quickly.

Dynamic pricing tools, channel managers, guest communication systems, smart access technology, and centralised operations are becoming more common among professional operators seeking scale across multiple cities and destinations.

Yet India's long-term opportunity may extend beyond traditional short-term rentals alone.

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The country may become one of the strongest hybrid accommodation markets globally.

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The combination of remote work, domestic mobility, wellness tourism, startup culture, medical tourism, and flexible living patterns creates strong conditions for mid-term and blended stay models that sit between hotels, apartments, and traditional STRs.

That flexibility may become one of India's biggest advantages.

Especially as stricter regulation begins appearing in more mature global markets.

For STRA, India represents something much larger than a new destination market.

It represents one of the next defining chapters in the evolution of accommodation across Asia.

Because if India moves toward professionalised short-term rentals at scale, the impact on tourism, hospitality, technology, investment, and regional operating standards across Asia could be enormous.

By Keith Cowan, May 2020, www.shorttermrentalsasia.com

Chapter 9 - The Rise of the Professional Operator

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The short-term rental sector in Asia is changing shape.

For years, the market was dominated by speed. New listings appeared constantly. Small operators scaled quickly. Investors entered the sector chasing returns driven by tourism growth and platform visibility. In many destinations, operational maturity came second to expansion.

That period is fading.

Across Asia, regulation, competition, rising guest expectations, and operational pressure are steadily pushing the sector toward professionalisation. What once functioned as fragmented accommodation inventory is increasingly behaving like a structured hospitality category.

The difference is becoming visible everywhere.

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Guests now expect hotel-level responsiveness inside residential-style accommodation. Owners expect detailed reporting, revenue optimisation, asset care, and transparent management. Governments expect licensing, taxation compliance, safety standards, and guest tracking. Platforms expect operational consistency and review performance.

The market is becoming harder to operate casually.

That is changing who succeeds.

The Shift from Informal Hosting to Professional Operation

Earlier Market Phase	Current Market Direction
Individual hosts	Structured property managers
Passive ownership	Active operational management
Growth-first mindset	Compliance-first mindset
Platform dependency	Multi-channel distribution
Informal staffing	Structured hospitality teams
Limited reporting	Owner dashboards and performance tracking
Inconsistent standards	Brand and service consistency
Reactive pricing	Revenue management strategy
Basic guest communication	Full guest experience operations
Fragmented inventory	Consolidated portfolios

This shift is already well underway across Asia.

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STRA's Verified Property Manager Index has identified more than 7,000 professional operators managing over 126,000 units across the region. The top tier of operators now control significant portions of professionally managed inventory in markets such as Bali, Phuket, Bangkok, Tokyo, Osaka, and parts of Australia.

Page | 46 That matters because scale changes behaviour.

Larger operators tend to invest differently. They build staffing structures. They implement revenue systems. They focus on owner retention, direct booking channels, operating procedures, compliance management, and guest satisfaction at a much deeper level than smaller informal hosts.

The business becomes operational rather than speculative.

That distinction is becoming central to the future of the sector.

Asia STR Professionalisation Indicators

Market Indicator	Earlier Phase	2026 Direction
Revenue Management	Manual pricing	Dynamic pricing systems
Guest Support	Host-led messaging	24/7 operations teams
Distribution	Single platform reliance	Multi-platform strategy
Property Standards	Inconsistent	Standardised operations
Reporting	Minimal owner visibility	Real-time dashboards
Compliance	Reactive	Structured oversight
Team Structure	Freelance staffing	Dedicated departments
Asset Type	Individual units	Portfolio management

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Market Indicator	Earlier Phase	2026 Direction
Growth Strategy	Listing acquisition	Operational efficiency
Market Positioning	Tourism rental	Hospitality business

Technology has accelerated part of this transition.

Channel managers, revenue tools, automated guest messaging, digital check-in systems, smart locks, owner reporting platforms, and AI-assisted operational tools have allowed professional operators to scale far beyond what was possible only a few years ago.

But technology alone is not the story.

The real shift is operational discipline.

The strongest operators across Asia increasingly behave less like casual hosts and more like hospitality businesses. Teams are becoming specialised. Revenue strategy is becoming more sophisticated. Staffing structures are becoming more formal. Guest experience is becoming more measured and repeatable.

This is particularly visible in markets under pressure.

In Bali, oversupply has exposed weak operations quickly. In Japan, compliance obligations naturally favour experienced operators. In Australia, rising operating costs are squeezing smaller participants. Across Europe, licensing frameworks are steadily removing informal supply from the market altogether.

Professional operation is no longer simply an advantage.

In many markets, it is becoming a requirement for survival.

This also changes the relationship between operators and technology platforms.

For years, platforms largely controlled visibility, demand, and guest acquisition. That balance is slowly shifting as larger operators build stronger direct booking capability, brand identity, owner relationships, and regional scale.

The operator layer is becoming more influential.

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That is one of the most important structural shifts happening across Asia right now.

It is also why the market is increasingly separating into clear segments.

Page | 48 **What STR in Asia is Starting to Look Like**

Segment	Description	Market Position
1	Licensed professional property managers	Structured hospitality operations
2	Platform-dependent operators	Growing but vulnerable
3	Informal or unregistered supply	Increasing regulatory exposure

The middle (#2) may become the most vulnerable over the next five years.

Smaller operators without operational depth often struggle once regulation increases or competition tightens. Rising compliance costs, staffing complexity, owner expectations, taxation obligations, and distribution pressure become harder to absorb without structured systems.

Meanwhile, large hospitality groups are entering the sector more aggressively.

Hotels, branded residences, serviced apartment operators, and institutional real estate groups increasingly view short-term rentals as part of the broader accommodation landscape rather than a separate category. The lines between hospitality and residential accommodation are beginning to blur.

Asia is now entering that transition period.

The sector is no longer being shaped only by tourism demand.

It is being shaped by operations.

And the operators who understand that shift earliest are likely to define the next phase of short-term rentals across the region.

Chapter 10 – The Work Sill Ahead



Asia is one of the most important short-term rental regions in the world.

Tourism growth remains strong. Inbound travel continues recovering across major destinations. New operator groups continue entering the market. Institutional interest is increasing. Regional aviation capacity continues expanding. Lifestyle migration and longer-stay travel patterns are reshaping accommodation demand across Southeast Asia.

Yet despite that momentum, the sector across Asia still lacks alignment.

Definitions vary from country to country. Regulatory approaches remain inconsistent. Data visibility remains fragmented. In many markets, short-term rentals are still viewed through narrow lenses tied only to platforms, villas, or tourism apartments.

That creates instability.

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Without alignment, governments struggle to regulate consistently. Investors struggle to assess risk accurately. Operators struggle to build long-term certainty. Platforms struggle to work inside fragmented legal environments.

Asia does not have a demand problem.

It has a definition problem.

That distinction sits at the centre of the next phase of the sector.

What is changing Across Asia

Earlier Phase	Emerging Phase
Fragmented operators	Structured operator networks
Platform-led visibility	Professional operating brands
Informal participation	Licensed accommodation businesses
Growth-first mentality	Operational sustainability
Reactive regulation	Structured oversight
Asset-focused definitions	Operation-focused definitions
Independent local markets	Regional alignment discussions
Casual hosting	Hospitality-led management

The shift underway across Asia is larger than regulation alone.

The sector is beginning to organise itself.

Professional operators are becoming more visible. Technology platforms are moving deeper into operational partnerships. Governments are beginning to seek clearer

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registration systems and tourism visibility. Institutional investors are entering selectively. Hospitality standards are improving rapidly across parts of the region.

At the same time, weak operators are becoming more exposed.

Page | 51 Oversupply in Bali demonstrated how quickly market pressure can reveal operational weakness. Europe demonstrated how fast political momentum can shift once housing pressure intensifies. Japan demonstrated how regulation can reward disciplined operators while removing informal participation.

Asia is now absorbing lessons from all three directions simultaneously.

That creates both risk and opportunity.

What STRA is seeing Across the Market

STRA Regional View	Estimated Scale
Professional operators mapped	7,000+
Units under management	126,000+
Top-tier operators identified	300+
Estimated regional asset value represented	USD \$14B+
Estimated annual revenues represented	USD \$1.9B+
Luxury / premium accommodation share	~60%

The numbers matter because they demonstrate something increasingly difficult to ignore.

Short-term rentals are no longer a fringe category across Asia.



The sector now represents a significant layer of regional accommodation infrastructure. Yet in many markets, policy discussion still treats short-term rentals as informal tourism activity rather than professionally managed hospitality businesses.

That gap between perception and reality is becoming harder to sustain.

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This is where STRA’s role becomes increasingly relevant.

The region does not simply need conferences or visibility campaigns. It needs clearer definitions, stronger operating standards, verified professional layers, regional dialogue, and trusted market signals that help governments, investors, operators, and technology platforms engage more constructively with the sector.

The market is moving away from fragmentation.

Slowly, unevenly, and sometimes painfully — but it is moving.

What the Next Five Years Could Look Like

Area	Likely Direction
Regulation	Greater licensing and reporting requirements
Operators	Consolidation around professional groups
Platforms	Deeper compliance cooperation
Investors	Preference toward regulated markets
Guests	Higher service expectations
Governments	Stronger visibility and taxation systems
Technology	Greater operational automation

Accommodation Models Growth of hybrid and mid-term stay formats

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Several trends already appear clear.

Mid-term rentals are likely to grow strongly as operators seek lower regulatory friction in certain markets. Branded residential hospitality will continue expanding. Institutional capital will favour legally stable destinations. Larger operators will continue building direct booking capability and stronger owner ecosystems.

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At the same time, regulation across Asia will likely become more connected to data.

Governments increasingly want visibility around guest activity, accommodation inventory, taxation flows, and licensing status. Platforms are unlikely to remain outside those systems indefinitely.

The market is becoming more transparent.

And transparency changes behaviour.

That does not mean the future is negative for the sector.

In many ways, the opposite may be true.

Markets with stronger operational standards, clearer definitions, better compliance, and more trusted operators often attract stronger long-term investment confidence. Professionalisation may slow uncontrolled growth, but it can also strengthen the legitimacy of the sector itself.

That is the real transition underway.

The next phase of short-term rentals in Asia will not be defined by who lists the most properties.

It will be defined by who earns long-term trust from guests, owners, governments, communities, and the wider accommodation industry.

Because the future of STR in Asia is no longer just about growth.

It is about structure.

Chapter 11 - Conclusion: From Growth to Structure

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The short-term rental sector has entered a different era.

For much of the past decade, the industry was driven by speed. Tourism demand expanded rapidly. Platforms accelerated visibility. Investors chased yield. New operators entered the market continuously. In many destinations, growth moved faster than regulation, faster than operational maturity, and faster than governments could respond.

That environment is changing.

Across Europe, governments are reclaiming visibility and control through licensing systems, platform reporting obligations, zoning restrictions, and housing protection measures. Japan demonstrated early what tightly regulated operation could look like. Australia is reshaping the sector through rising operating costs, levies, and permit

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structures. Bali and wider Indonesia are moving from loosely monitored expansion toward a far more visible and accountable operating environment.

Different markets are taking different paths.

Page | 55 But the direction is becoming both familiar and similar.

The sector is moving toward structure.

Where STR is Heading

Earlier Market Era	Current Market Direction
Rapid expansion	Managed growth
Informal participation	Licensed operation
Platform-first visibility	Operational credibility
Weak oversight	Data-driven enforcement
Individual hosting	Professional management
Fragmented inventory	Consolidated portfolios
Short-term yield focus	Long-term sustainability
Tourism-led thinking	Housing and community pressure
Low barriers to entry	Increasing compliance obligations

The implications for Asia are significant.

The region still holds enormous long-term potential for short-term rentals. Tourism demand remains strong. International mobility continues expanding. Lifestyle

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migration, remote work, wellness travel, and flexible accommodation demand are all reshaping how people move across the region.

Yet the sector cannot rely on growth alone anymore.

Page | 56 The next phase will require stronger operational standards, clearer regulatory engagement, more transparent business structures, and greater alignment between operators, governments, communities, and accommodation platforms.

That shift will not happen evenly.

Some markets will tighten aggressively. Others will remain relatively open. Certain destinations will favour professional hospitality groups, while others will continue operating inside fragmented environments for years to come.

But one pattern already stands out clearly.

Professional operators are gaining advantage.

Operators with proper staffing, legal structures, revenue systems, hospitality standards, owner reporting, and compliance oversight are increasingly separating themselves from informal supply. Markets under pressure tend to expose operational weakness very quickly.

That trend is unlikely to reverse.

What May Define the Next Phase

Area	Direction of Change
Regulation	More registration and reporting
Operators	Consolidation around experienced groups
Platforms	Closer cooperation with governments
Guests	Higher service expectations



Area	Direction of Change
Investors	Preference for lower-risk markets
Technology	Greater operational automation
Accommodation Supply	Shift toward professionally managed inventory
Market Identity	Hospitality operation over asset type

One of the most important lessons from this paper is that short-term rentals are no longer being judged solely as tourism products.

They are increasingly being judged by how they interact with housing systems, local communities, labour structures, taxation systems, and urban planning.

By Kei... That changes the conversation completely. www.shorttermrentalsasia.com

For years, the sector focused heavily on visibility, bookings, and expansion. The next phase will focus far more heavily on legitimacy.

This is where Asia still has opportunity.

Unlike parts of Europe, many Asian markets are still early enough in the cycle to shape regulation before political tension becomes deeply entrenched. Governments still have the ability to work with operators rather than simply reacting against them. The professional layer of the industry still has the opportunity to help define standards before those standards are imposed externally.

That matters enormously.

Because once governments conclude the market has become uncontrolled, regulation tends to accelerate quickly.

The strongest markets over the next decade are unlikely to be those with the fastest expansion alone.



They are likely to be the markets that find balance between tourism growth, operational standards, housing pressure, investor confidence, and public trust.

Page | 58 That is the real challenge now facing short-term rentals across Asia.

The sector has already proven it can grow.

The next question is whether it can mature.

Thank you for reading.

"I hope some of it felt useful, relatable, or reflective of what many operators across Asia are already starting to see on the ground.

The work happening through STRA is independent, unpaid, and not-for-profit.

If you believe this conversation matters, you can help.

Support the operators, property managers, founders, and teams trying to build a more trusted and sustainable short-term rental sector across Asia.

Attend Gather · Connect · Grow as a paid delegate.

Become a partner.

Join the room.

Because the next phase of STR in Asia will come down to trust, standards, and how the sector chooses to operate from here."

- Keith Cowarn



Methodology & Research Approach

This STRA paper has been prepared using a combination of public regulatory material, accommodation and tourism market reporting, operator conversations, government announcements, legal framework reviews, platform observations, and regional operating discussions gathered across Asia, Europe, Japan, and Australia between 2024 and 2026.

The paper looks at how regulation, housing pressure, operational maturity, trust, and market visibility are beginning to reshape the short-term rental sector across both mature and emerging markets.

Many of the observations within this paper come from ongoing discussions taking place across the STR sector between operators, platforms, property managers, tourism stakeholders, and industry participants throughout the region.

The content reflects publicly available information, operator observations, and regional market conditions at the time of writing. Regulatory settings, taxation obligations, licensing pathways, zoning controls, and accommodation laws can change quickly and may differ significantly between countries, states, provinces, municipalities, and local government areas.

This paper should not be interpreted as legal, tax, financial, planning, migration, investment, or regulatory advice.

Operators, investors, property managers, and accommodation providers should always seek qualified local legal advice and refer directly to relevant government authorities, tourism departments, taxation offices, planning agencies, and licensing bodies before making commercial or operational decisions relating to short-term rentals.



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Disclaimer

This paper has been prepared by Short Term Rentals Asia (STRA) for industry discussion and general informational purposes only.

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