



TOURISM
ECONOMICS

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Economic Impacts of Short-Term Rental Amendment in Charleston

July 2026

Prepared on behalf of:



CANNONBOROUGH-ELLIOTBOROUGH
HOSPITALITY ALLIANCE



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1 Executive summary

Key findings

The Cannonborough-Elliottborough Hospitality Alliance engaged Tourism Economics to conduct an economic impact study of short-term rentals within Charleston’s Short-Term Rental (STR) Overlay Zone. The total impacts are as follows:

- Short-term rentals generate a total of \$392.9 million of business sales, including \$83.5 million wages and salaries, and 1,849 jobs.
- A total of \$60.4 million in tax revenue is generated by short-term rentals within the STR Overlay Zone.

We studied the economic impacts to the City of Charleston of short-term rentals that occurred within the STR Overlay Zone.

Total economic impact of short-term rentals within the STR Overlay Zone.



\$392.9M

Business sales



\$83.5M

Wages and salaries



1,849

Jobs



\$60.4M

Total taxes

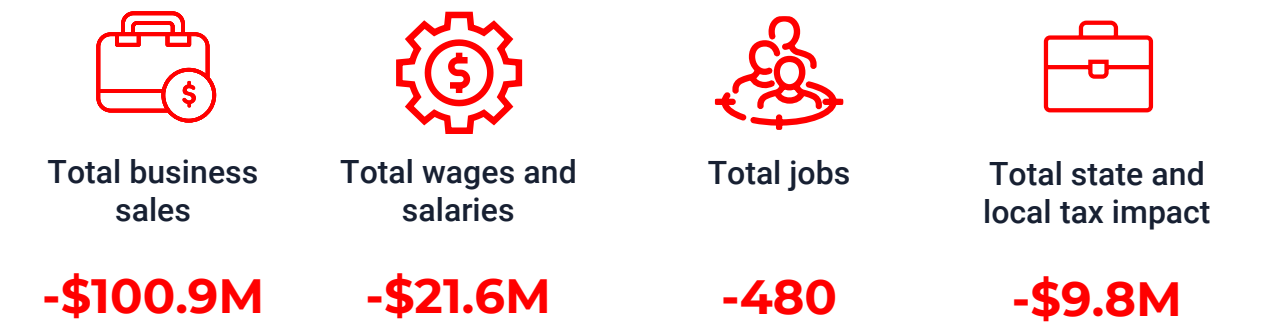
Note: Total economic impacts of short-term rentals within the STR Overlay Zone. Study geography is the City of Charleston.
Source: Tourism Economics

Key findings

We also analyzed the impact of a proposed amendment that would restrict short-term rental activity within Charleston’s STR Overlay Zone. Compared to the baseline scenario of no amendment, the impacts are as follows:

- The potential restriction of short-term rental activity would result in the **loss of \$100.9 million business sales** annually. It would additionally cause a loss of \$21.6 million wages and salaries and 480 jobs
- The total state and local tax impact of the amendment would be a **loss of \$9.8 million of revenue**. This includes \$5.3 million of local taxes and \$4.5 million of state taxes.

Economic impact of short-term rental amendment, annual run rate



Note: Estimates measure total economic impact due to the proposed short-term rental amendment, impacting rentals within the STR Overlay Zone, for a stabilized year. Study geography is the City of Charleston.

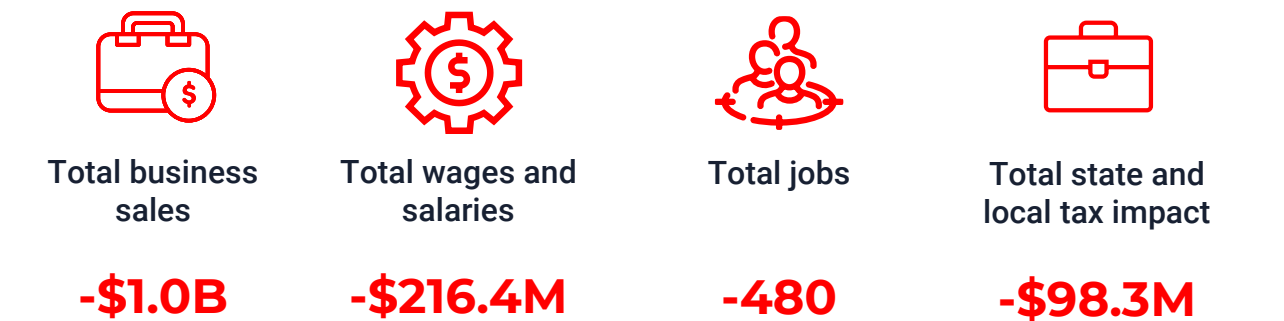
Source: Tourism Economics

Key findings

We estimate the impacts over a **ten-year period** as follows:

- A restriction to the short-term rental market would result in the loss of \$1.0 billion in business sales, including \$216.4 million in total wages and salaries.
- The total loss in state and local tax revenue would be \$98.3 million, including \$52.9 million in local taxes and \$45.4 million in state taxes.

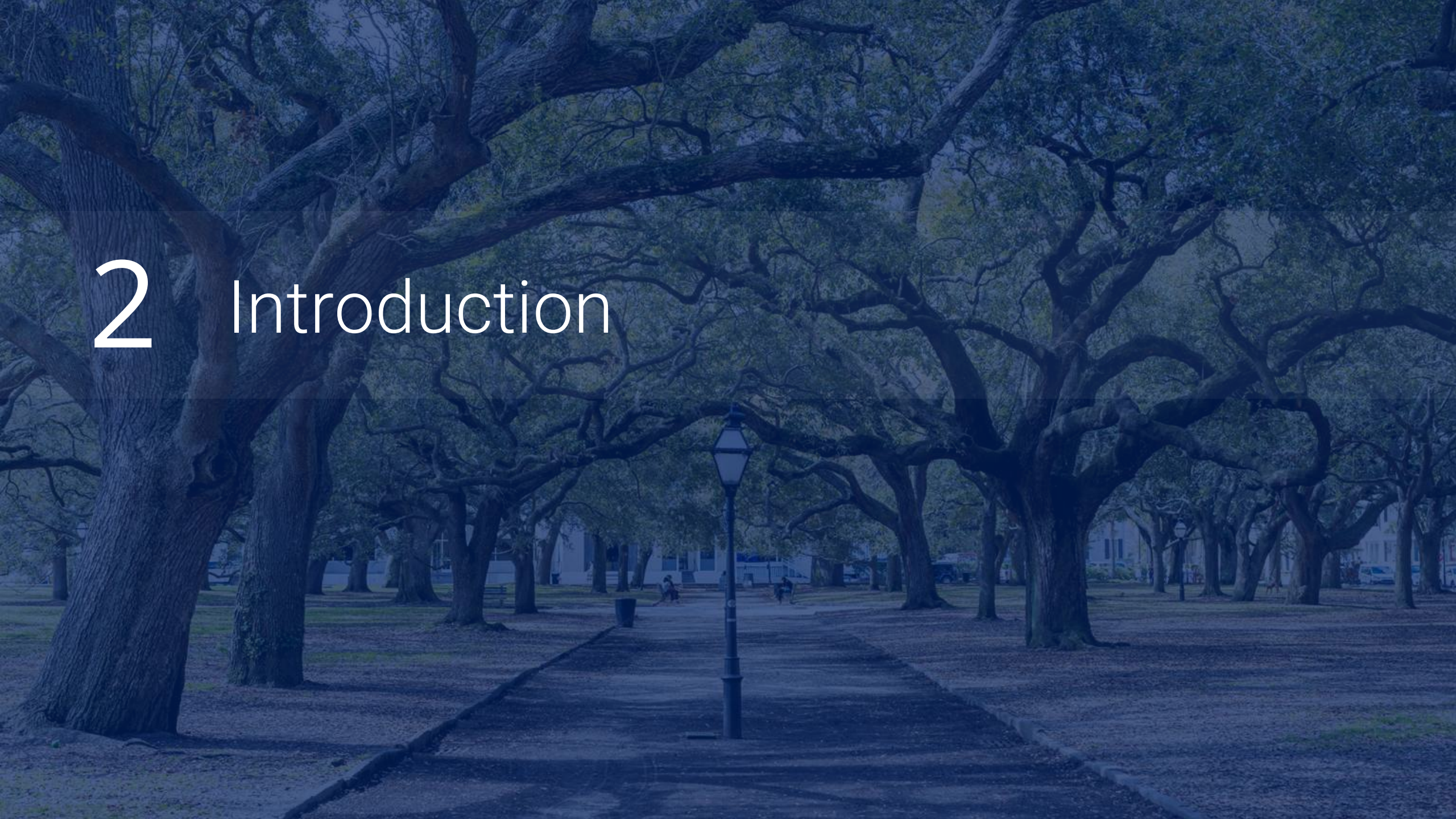
Economic impact of short-term rental amendment, ten-year impacts



Note: Estimates measure total economic impact due to the proposed short-term rental amendment, impacting rentals within the STR Overlay Zone, for the ten years after the impacts stabilize. Study geography is the City of Charleston.

Source: Tourism Economics

2 Introduction

A blue-tinted photograph of a tree-lined path in a park. The path is paved and runs straight into the distance, flanked by large, mature trees with thick trunks and dense foliage. A black street lamp stands on the path in the foreground. In the background, some buildings and a few people can be seen through the trees.

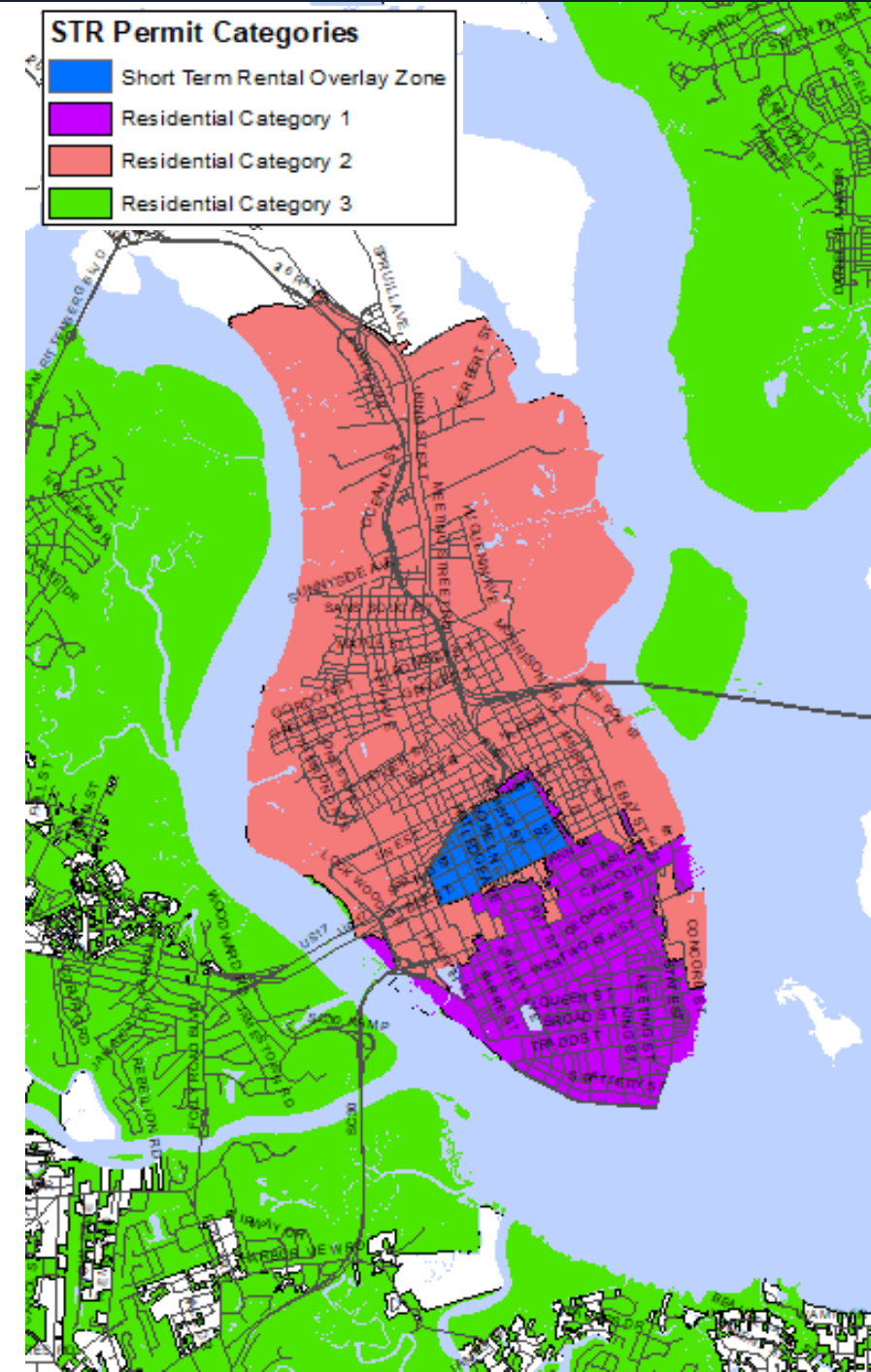
Introduction

The Cannonborough-Elliottborough Hospitality Alliance (CEHA) engaged Tourism Economics to conduct an economic impact analysis of short-term rentals in Charleston's Short-Term Rental (STR) Overlay Zone (shown in blue in the image to the right). Short-term rentals are a key driver of tourism, and a large number of them are concentrated in the STR Overlay Zone, with roughly 800 units and an estimated \$100 million of annual rental revenue generated within the zone.

In addition to describing the size of the short-term rental market within the STR Overlay Zone, we studied the impacts of the proposed short-term rental amendment (referred to as the "amendment") that would restrict short-term rentals within the zone. The amendment implements the following restrictions:

- **Eight-guest limit:** Groups with nine or more guests (referred to as "large groups"), such as an extended family, would not be able to stay at short-term rentals within the STR Overlay Zone.
- **Construction restriction:** A property that has undergone exterior changes in the past five years may not obtain an STR permit.

For the analysis, we used the City of Charleston as the study geography to determine the impacts of these restrictions on short-term rentals within the STR Overlay Zone and the impacts of the corresponding amendment.



Short-term rental landscape

Short-term rentals generate economic activity through three main channels. First, there is direct spending by visitors on short-term rental units and other purchases, such as on food or recreation. Then, there is indirect spending, as short-term rental operators make purchases to support their rentals and businesses. Finally, there is induced spending, as short-term rental employees spend their wages in the local economy. All of this results in the following impacts for short-term rentals within the STR Overlay Zone:

- Short-term rentals generate a total of \$392.9 million of business sales, including \$83.5 million wages and salaries, and 1,849 jobs.
- A total of \$60.4 million in tax revenue is generated in the City of Charleston by short-term rentals within the STR Overlay Zone.

Annual run rate of total economic impacts

City of Charleston, stabilized year, real 2026 dollars,
dollar amounts in millions

	Baseline impacts
Business sales	\$392.9
Wages and salaries	\$83.5
Jobs	1,849
GDP	\$189.2
Total taxes	\$60.4
Local taxes	\$20.9
Lodging tax	\$4.2
Sales tax	\$7.7
Property tax	\$5.6
Other taxes	\$3.3
State taxes	\$17.9
Lodging tax	\$2.1
Sales tax	\$13.1
Other taxes	\$2.7
Federal taxes	\$21.6

Source: Tourism Economics

Important role of short-term rentals for Charleston

Short-term rentals play an important role in helping Charleston attract and accommodate groups coming to the city for events such as family travel, reunions, wedding groups, golf groups, and similar segments.

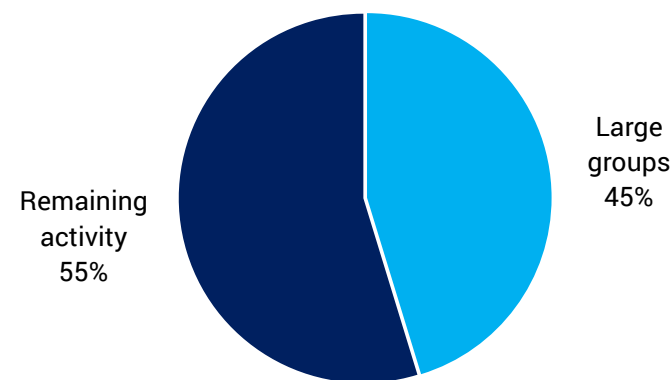
Important spending impact: These groups are typically a source of valuable, event-related spending, such as catering and other services at local venues. In many cases this is above and beyond what a typical transient leisure guest would spend.

Accommodating such groups supports local jobs, businesses and tax revenue.

Competitive market: The short-term rental option is a key part of the trip plan for many groups – allowing convenience and time together, as well interesting, differentiated accommodations. However, other competitive markets can also accommodate these groups. Large groups often consider multiple destinations, choosing one that offers the best combination of services and a competitive price.

If a group, such as two families of five, is looking to arrange stays to accommodate a larger number of people, it can be critically important to be able to offer options that accommodate nine or more people. Without such options, choosing Charleston can become less appealing, more complicated, and more expensive for such groups. Rather than use smaller units, it's likely that many of these groups would pick another competitive destination.

Large groups make up 45% of short-term rental revenue in the STR Overlay Zone



Source: Tourism Economics

Scenario description

The amendment would reduce the economic impact of short-term rentals within the STR Overlay Zone by restricting rental activity. With a potential guest-limit, the primary impact would be a reduction in short-term rental supply within the zone, particularly for family reunions or other large groups. Operators and visitors would react in the following ways to the amendment:

Operator response

No longer able to offer listings to large groups, operators would:

- Remove properties from the market, potentially looking to sell them
- Attempt to market combined units individually to smaller groups
- Increase prices to recoup lost revenue, causing a further decrease in traveler demand

Visitor response

Travelers in large groups would respond by:

- Splitting groups to stay at multiple units
- Looking elsewhere within downtown Charleston, not within the STR Overlay Zone
- Seeking other destinations for travel

Given the lack of sufficient supply, and the competitive nature of group travel, **we estimate that 65% of short-term rental revenue generated by large groups will leave the City of Charleston**, resulting in a 24% loss in total short-term rental revenue that would otherwise occur within the STR Overlay Zone. The remaining 35% of group revenue would shift booking patterns within Charleston, such as booking multiple units with the STR Overlay Zone.

With fewer visitors, Charleston is expected to experience a loss of visitor spending on other tourism related establishments, such as restaurants. This results in negative downstream economic impacts, as business sales, wages, and taxes that depend on visitors are affected.

3 Amendment impact

A blue-tinted photograph of a park path lined with large trees and a street lamp. The path is paved and leads into the distance, flanked by large, mature trees with thick trunks and dense foliage. A black street lamp stands on the path. In the background, a few people can be seen walking, and some buildings are visible through the trees.

Scenario impacts

The impacts of the amendment are as follows:

We estimate that the guest limit and would reduce visitor spending on short-term rentals by \$29.0 million. This compounds into a **total loss of \$76.3 million in visitor spending**, as fewer travelers would come to Charleston and spend money on restaurants, entertainment, and events.

The amendment scenario also results in the **loss of \$14.2 million in wages and salaries, and 364 jobs**, concentrated in housekeeping and tourism-related occupations. Total tax revenue loss would reach \$13.1 million, including \$4.8 million in local taxes.

Annual run rate of scenario impacts

City of Charleston, stabilized year, real 2026 dollars

	Amendment impacts
Visitor spending	-\$76,315,560
Short-term rentals	-\$28,980,946
Other visitors spending	-\$47,334,613
Wages and salaries	-\$14,221,295
Jobs	-364
Total taxes	-\$13,064,758
Local taxes	-\$4,801,093
State taxes	-\$4,086,889

Source: Tourism Economics

Baseline

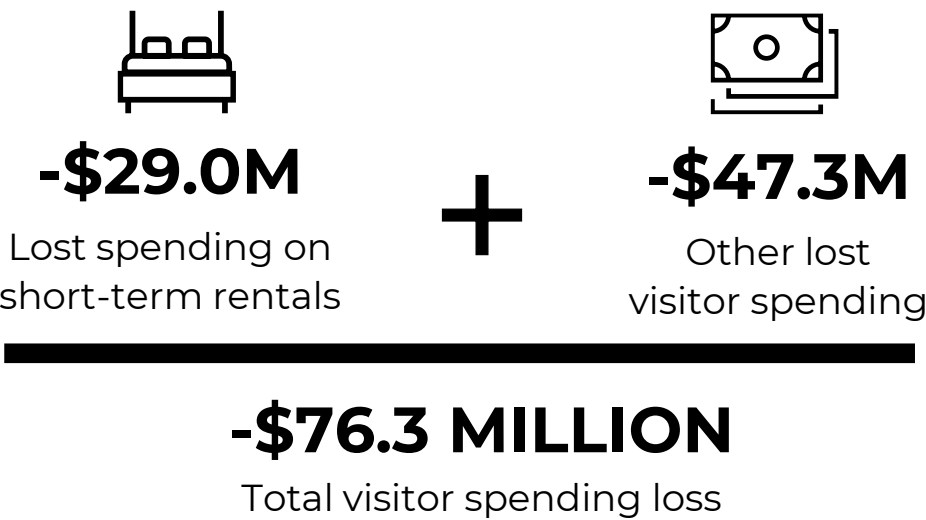
*Short-term rentals
within the zone
operate with business
as usual*

Scenario 1

*Amendment restricts
short-term rental
activity within the
STR Overlay Zone*

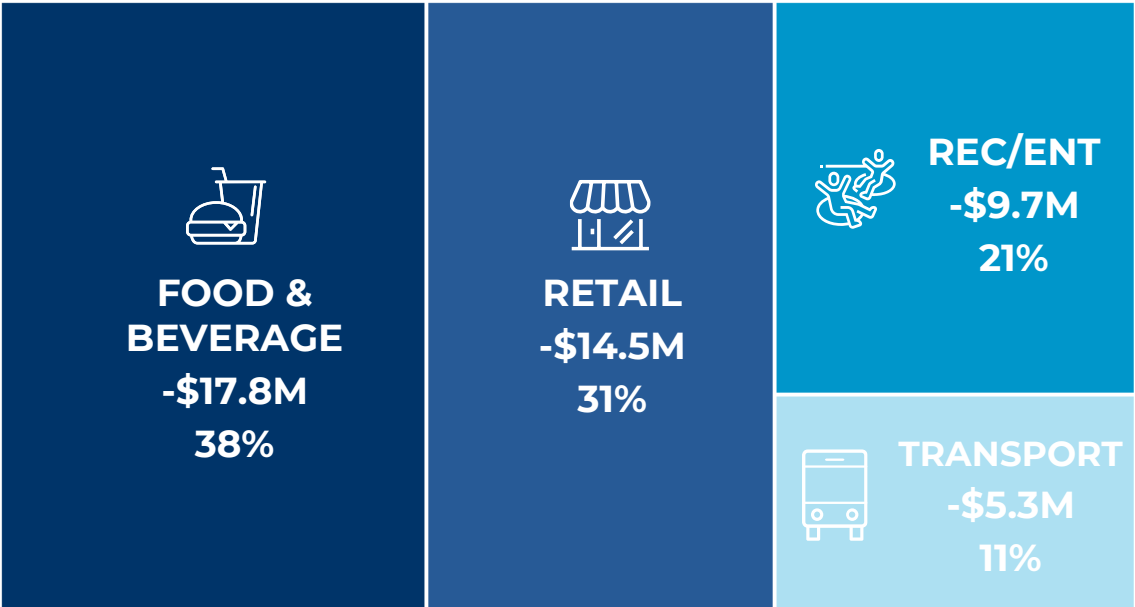
Scenario impacts

With a \$29.0 million reduction in visitor spending on short-term rentals, we estimate an additional \$47.3 million reduction in visitor spending on other tourism sectors, including food and beverage, retail, recreation and entertainment, and transportation. The combined \$76.3 million is the total loss in visitor spending and represents the direct loss in business sales due to the amendment.



Annual run rate of scenario impacts

Other visitor spending, City of Charleston, stabilized year, real 2026 dollars



Note: Transportation includes the local share of air transportation spending, where applicable. Rec/Ent refers to recreation and entertainment spending.

Source: Tourism Economics

4 Economic impact

A blue-tinted photograph of a tree-lined path in a park. The path is paved and runs straight into the distance, flanked by large, mature trees with thick trunks and dense foliage. A black street lamp stands on the path in the foreground. In the background, some buildings and a few people can be seen through the trees.

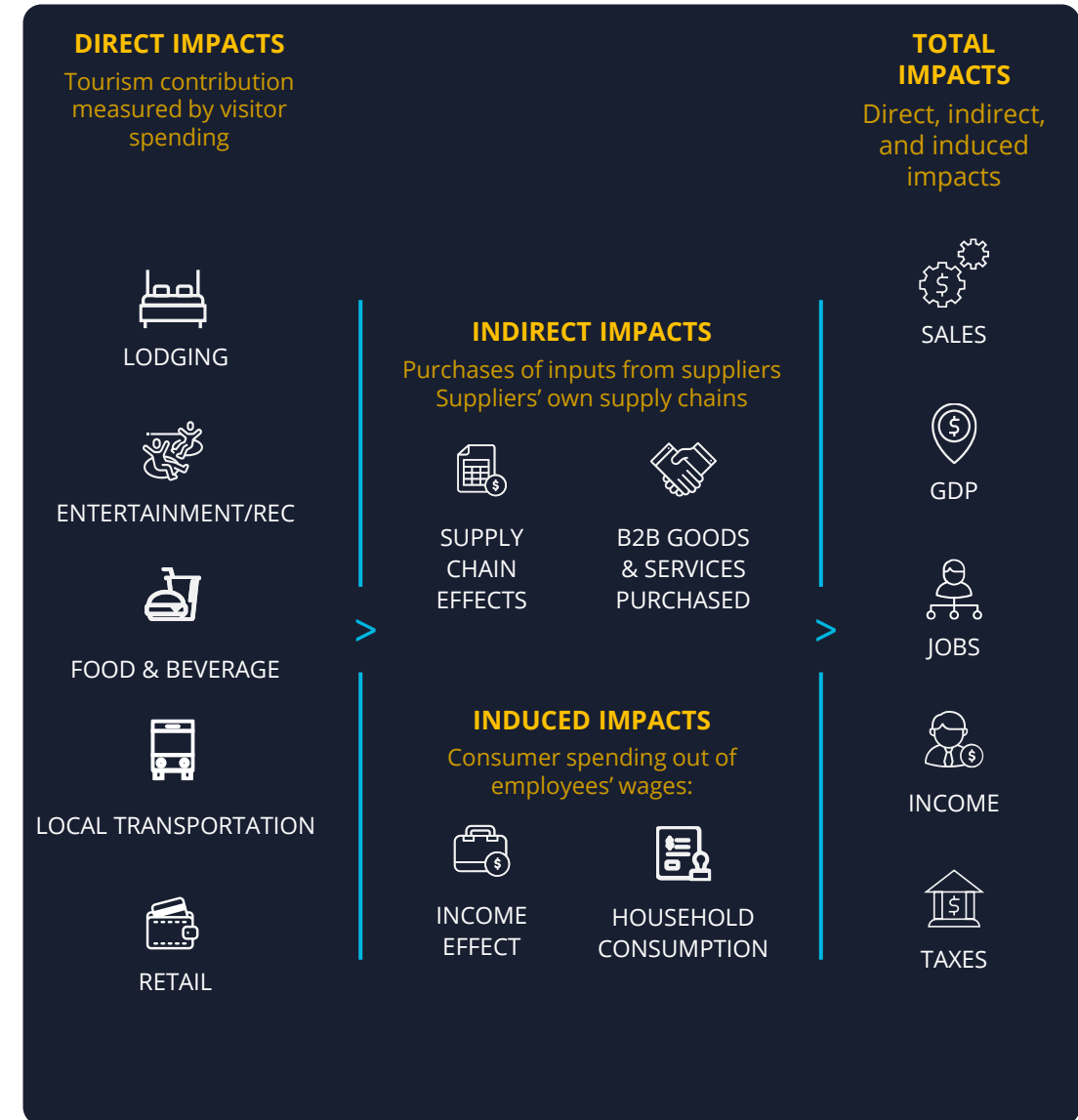
Total economic impacts

Our analysis of the economic impact of the proposed short-term rental amendment begins with reduced spending by visitors on rentals and other travel experiences, but it also considers the downstream effects of this reduction of spending into the local economy. To determine the total economic impact in the City of Charleston, we input visitor spending into a model created in IMPLAN. The model calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

1. Direct Impacts: Visitors create direct economic value within a discrete group of sectors (e.g., recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
2. Indirect Impacts: Each directly affected sector also purchases goods and services as inputs (e.g., food wholesalers, utilities) into production. These impacts are called indirect impacts.
3. Induced Impacts: Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitors spend those wages in the local economy.

IMPLAN is particularly effective because it calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators, including spending, wages, employment, and taxes



Total economic impacts

The accompanying table summarizes the total economic impacts of a short-term rental amendment in Charleston.

This analysis of *total* economic impact includes direct effects, such as reduced visitor spending, supply chain effects, such as reduced purchases by short-term rental operators of goods and services from local businesses, and income effects, such as wages spent by short-term rental employees.

In the amendment scenario, the **total lost business sales in Charleston is \$100.9 million, with 480 lost jobs**, \$21.6 million lost wages and salaries, and \$15.4 million lost tax revenue.

Annual run rate of total economic impacts

City of Charleston, stabilized year, real 2026 dollars

	Amendment impacts
Business sales	-\$100,886,647
Wages and salaries	-\$21,637,736
Jobs	-480
GDP	-\$48,481,054
Total taxes	-\$15,374,622
Local taxes	-\$5,290,665
Lodging tax	-\$1,016,698
Sales tax	-\$1,980,666
Other taxes	-\$2,293,301
State taxes	-\$4,539,371
Lodging tax	-\$508,809
Sales tax	-\$3,345,022
Other taxes	-\$685,540
Federal taxes	-\$5,544,585

Source: Tourism Economics

Ten-year economic impacts

The accompanying table summarizes the total economic impacts of a short-term rental amendment in Charleston over a **ten-year period**.

The **total loss of business sales is \$1.0 billion**, including \$216.4 million in lost wages and salaries. State and local tax revenue decreases by \$98.3 million.

Results are shown in real 2026 dollars, without the impacts of inflation over time.

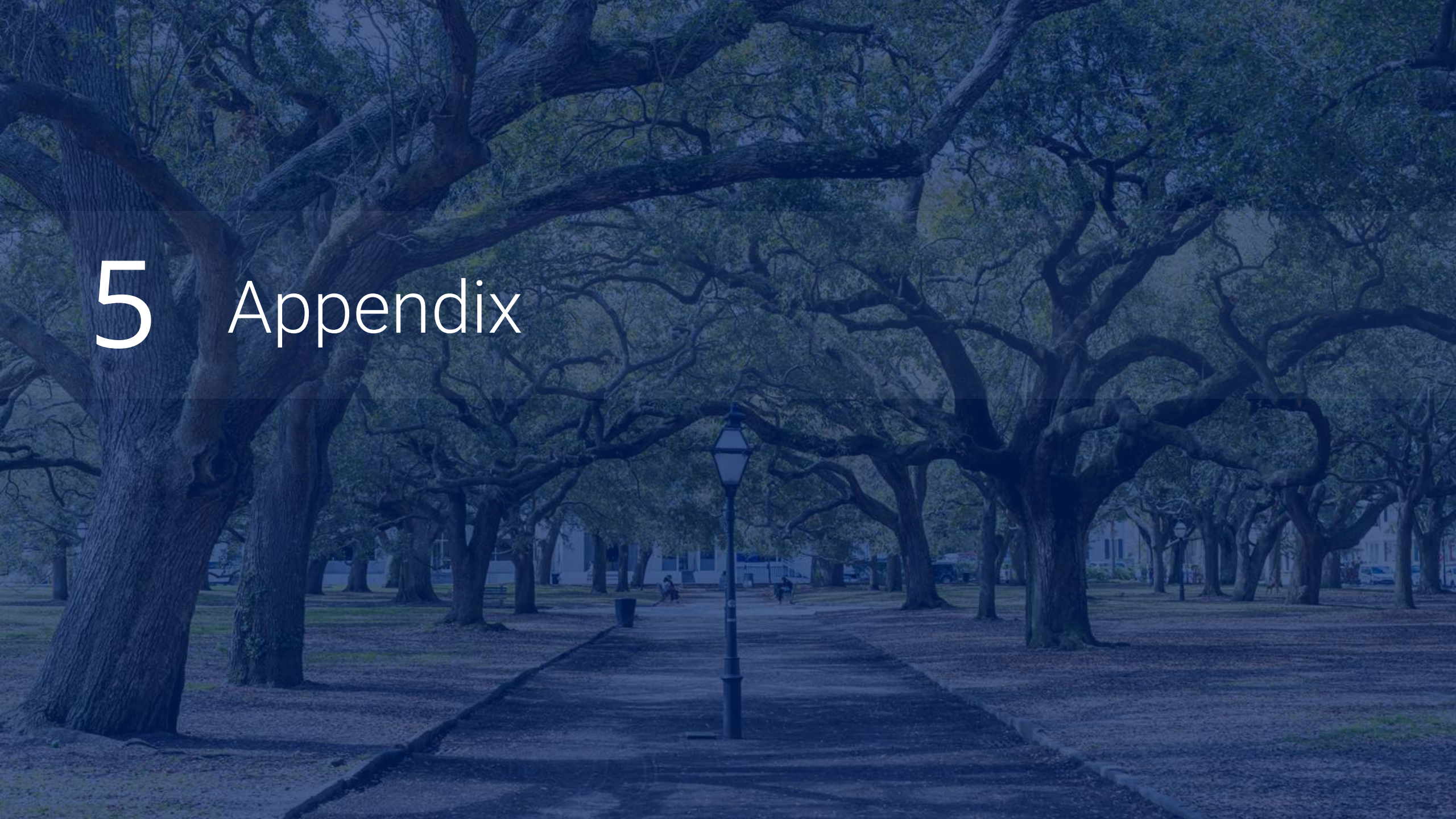
Ten-year total economic impacts

City of Charleston, stabilized year, real 2026 dollars, dollar amounts in millions

	Amendment impacts
Business sales	-\$1,008.9
Wages and salaries	-\$216.4
Jobs	-480
GDP	-\$484.8
Total taxes	-\$153.7
Local taxes	-\$52.9
Lodging tax	-\$10.2
Sales tax	-\$19.8
Other taxes	-\$22.9
State taxes	-\$45.4
Lodging tax	-\$5.1
Sales tax	-\$33.5
Other taxes	-\$6.9
Federal taxes	-\$55.4

Source: Tourism Economics

5 Appendix

A blue-tinted photograph of a tree-lined path in a park. The path is paved and runs straight into the distance, flanked by large, mature trees with thick trunks and dense foliage. A black street lamp stands on the path in the foreground. In the background, some buildings and a few people can be seen through the trees.

Methods

Amendment Impact

We analyzed the potential spending decrease caused by the amendment by building a model to quantify the impacts. We assumed a scenario with a ban on groups larger than eight. We did not model the impact of the construction restriction, which would decrease the amount of capital investment in the STR Overlay Zone. Besides the loss of economic activity supported by construction and renovation projects, such as construction jobs, decreased capital investment would also be expected to reduce the capacity for Charleston to attract and accommodate STR visitors.

Our estimate of STR revenue was informed by information from Key Data on short-term rental performance within the STR Overlay Zone and throughout Charleston. We estimate that \$104.5 million of STR revenue is generated within the Overlay. We estimate that \$47.3 million of this revenue is generated by large groups and is at risk due to the amendment.

We assumed that 40% of visitor trip spending was on STRs, for a total visitor spending amount of \$297.8 million.

We assumed that the amendment would cause a reduction in visitor spending as some portion of large groups would no longer come to Charleston, due to the lack of available supply and the potential operator response to the amendment. We estimated an additional loss in demand caused by an increase in short-term rental prices. Without larger units, travelers face higher costs per person. This would cause a reduction in visitors, a concept referred to as the price elasticity of demand.

Some of the loss would be recaptured elsewhere in the market. We estimate that 35% of large group activity would remain in Charleston, either by staying elsewhere within the city, or by using multiple smaller units for the group. Thus, 65% of large group activity would be lost, resulting in a 24% reduction of total STR revenue within the STR Overlay.

In this analysis, we conservatively assumed no impact to property taxes, as such impacts tend to occur over a more extended period.

Economic Impact

We prepared a customized IMPLAN input-output model to quantify impacts associated with changes in visitor spending. This model incorporates industry data on employment, wages, and sales to analyze three streams of economic activity.

- Direct impact: Spending occurring directly at short-term rentals and other travel purchases such as those made at restaurants or retail stores.
- Indirect impact: Supply-chain effects that occur as short-term rental operators make intermediate purchases to support business operations.
- Induced impact: The effect of labor income on the economy, such as when short-term rental workers spend their income.

We added these three streams together to calculate the total economic impact.

About Tourism Economics

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics in order to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, forecasting models, policy analysis, and economic impact studies.

Oxford Economics employs 600 full-time staff, including 300 professional economists and analysts. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC.

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www.tourismeconomics.com