

Vacation rentals are taking a page from the hotel playbook and tacking on extra fees

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When Karen Payton searched online for a vacation rental in Hawaii, she expected to find pictures of gorgeous homes by the beach, and maybe a deal or two. Instead, she discovered a surprising vacation rental fee or two.

"I saw one rental where the daily rate was \$89," says Payton, a teacher from Irvine, California. "I was about to book it, but on the last page, I found a summary of mandatory fees. There was a cleaning charge for \$200 and a business charge for another \$188. These additional charges were more than my entire stay."

She'd better get used to it. And so should you. Vacation rentals are fee-crazier than ever. They don't reveal these extras until the last page of your booking, by which time you're already emotionally invested in the purchase. Occasionally, they wait until after your stay to inform you of the extras.

"I still need a vacation, but I'm worn out from searching," says Payton. "Just give me the price upfront."



As travelers look for safer vacation options, it's become a seller's market for vacation rentals. Business is so good that Airbnb reportedly plans to do a public stock offering soon. And bookings at Vrbo are said to be so strong that they're helping parent company Expedia weather the pandemic travel downturn.

The newest charges are both familiar – and absurd. They're often directly tied to a similar hotel fee, like a resort fee or occupancy fee. Booking platforms like Airbnb and Vrbo now allow hosts to add these surcharges to their rates. And while some of the fees can be justified with an expense, the way in which they're presented can't.

Airbnb spokesman Charlie Urbancic said he was "not aware" of an increase in fees charged by hosts, but noted that the company offers guidance to its owners about the most common type of fees and how they're charged.

Vrbo acknowledged that during the pandemic, "some may have adopted enhanced cleaning procedures or stricter house rules about the number of guests they allow, which could result in additional fees or higher fees," according to spokeswoman Alison Kwong. She says Vrbo has urged its owners to consolidate their fees so the price travelers see when searching are consistent with the total cost during checkout.

Creative new vacation rental fees abound

I had a surprise similar to Payton's when I shopped for vacation rentals in Rome recently. At around \$100 a night for two-bedroom apartments near all the action, I thought I'd found a bargain. Then I looked closer. The price didn't include mysterious owner fees and cleaning fees. Also, many units had a steep surcharge for each extra guest beyond two, even if the property could accommodate four or more guests. These extras quickly doubled the price of the vacation rental. I didn't book.

Adding fees after you start a booking is an old trick that the hotel industry has mastered. Quote a low "base" rate and then, as you go through the reservation, add taxes and other required extras. They figure you'll pay up because you've fallen in love with the place. And besides, it's such a hassle to find another place. Gotcha!

Howard Corday is disgusted by the fees, which seem to multiply every year.

"First a processing fee, then cleaning fees, and now mandatory security fees," says Corday, a retired paralegal from Charlton, Massachusetts. "Some condo complexes are charging the owners a fee for being in the office and handing out the keys on changeover day. That's passed along as well."

But the fee for extra occupancy is a new one, a riff off a European hotel practice of charging extra for a second room occupant in a double-occupancy room.

No agreement about fees among vacation rental owners

How do vacation rental owners justify the fees? They have expenses, they say.

"It can cost double in electricity, housekeeping and wear and tear when you go from two to four guests," says Faith Mulvihill, a vacation rental owner in Costa Rica.

Others say a vacation rental should always quote a full price upfront.

"I would not charge the fees even if I could," says Dennis Myrick, who owns a vacation rental in Sacramento, California. "Isn't the purpose of a vacation rental to offer consumers an alternative to traditional hotels, resorts – and their fees?"

Even professional vacation rental managers say the latest fees have gone too far.

"Unexpected fees, extra fees and added surcharges can frustrate travelers," says Jeff Fabrikant, president of First Flight Rentals, a condo rental company in North Carolina's Outer Banks. "If they are necessary, I recommend weaving added costs into the rate. Even if the rate becomes a little higher, it makes the process easier for everyone when travelers can see one flat rate."

The fix? Don't book with hosts who use deceptive pricing

Some vacation rental owners see an opportunity to differentiate themselves from the pack. Heather Bise, an Airbnb host, was concerned when she spoke with her guests about their booking experience.

"They were complaining about extra fees, which are not disclosed upfront, such as cleaning and extra person fees and even fees for bottled water," she says. "A few have mentioned that the cleaning fee at certain properties was more than the nightly rate. All of the taxes and extra fees are not displayed until the last online screen – right before a guest books the reservation. I understand how a guest would feel tricked."

Her solution? Advertise an "all-inclusive" with no surprises. What a novel concept.

But the best way to fight the fees is easy: Don't reward a vacation rental owner for a deceptive price display.

"When I see owner fees tacked on to the initial per-night room rate, it makes me feel like the owners or company are not truthful," says Katie Jones, a Denver real estate investor. "I tend to stray away from those vacation rentals because I fear that they will find something else to fine me for after I stay at their property."

That's terrific advice. Don't walk away from a vacation rental property that isn't honest with you – run!

Why do vacation rental owners charge fees?



Running a vacation rental is expensive. Rent, insurance and utilities all add up. And online travel agency commissions and taxes can siphon another 25% to 30% from your wallet. Credit card processing and software fees can cost an additional 5%. "Guests should know that all fees aren't collected by the owner," says Andreas King-Geovanis, the managing partner at [Sextant Stays](#), a Miami vacation rental site.

Everyone else is doing it. For example, the standard practice for Barbados rentals is to present the basic rate when marketing the property, and then in the small print to mention the 10% government property tax, an additional 1.5% service charge, and occasionally a \$100 to \$200 cleaning fee. That makes it much easier for a vacation rental owner to charge the fees, says George Hammerton, who owns [several vacation rentals on the island](#). "While it is standard practice, we think this is misleading and so all of the prices we show on our website or give to clients are always fully inclusive of local taxes and any charges," he adds.

The platforms made them do it. Booking sites like Airbnb have encouraged the fees, says Celeste Gray, owner of [Asheville Stay](#), a vacation rental company in Asheville, North Carolina. "Vacation rental owners have no control over the way the infrastructure is on a platform, so likely the owner is not trying to hide anything from you," she adds. "They have simply filled in information in a format provided by the booking platform."