



PACASO

PACASO ECONOMIC IMPACT ANALYSIS

Introduction and Overview

Pacaso is a real estate marketplace and property management service that aims to make second homeownership more accessible by facilitating co-ownership of luxury homes between families. The company purchases homes above the median price in popular second home destinations, and then sells up to eight shares to individual buyers. Pacaso vets owners, furnishes and manages each property, and provides a mobile app for owners to schedule time at their home. Co-ownership of homes is an established practice that Pacaso is extending in new ways.

In 2022, Pacaso hired EBP, a national economics firm, to conduct a study to understand the net economic impact of its co-ownership model in five markets: Palm Springs, California, Colorado Mountains, New York City Area, San Francisco Bay Area, and South Florida. Key findings include the following:

- Across the five markets, the average Pacaso home generates nearly 10 times more in annual household spending compared with the average second home. This amounts to about \$48,400 more per home.
- Compared with the average second home, the average Pacaso home also generates 10 times more in state sales tax revenue and nearly 10 times more in local sales tax revenue. This amounts to \$2,400 more in state revenue and \$1,400 more in local revenue per home.
- The average Pacaso home costs six times more than the average second home and seven times more than the average year-round home, meaning the company is unlikely to compete with middle-class or lower-income homebuyers in the five markets EBP studied.

Utilization

Co-ownership means higher utilization rates.

The average second home sits empty over ten months out of the year.¹ By comparison, the average Pacaso home is occupied 89 percent of the year — almost 11 months.²

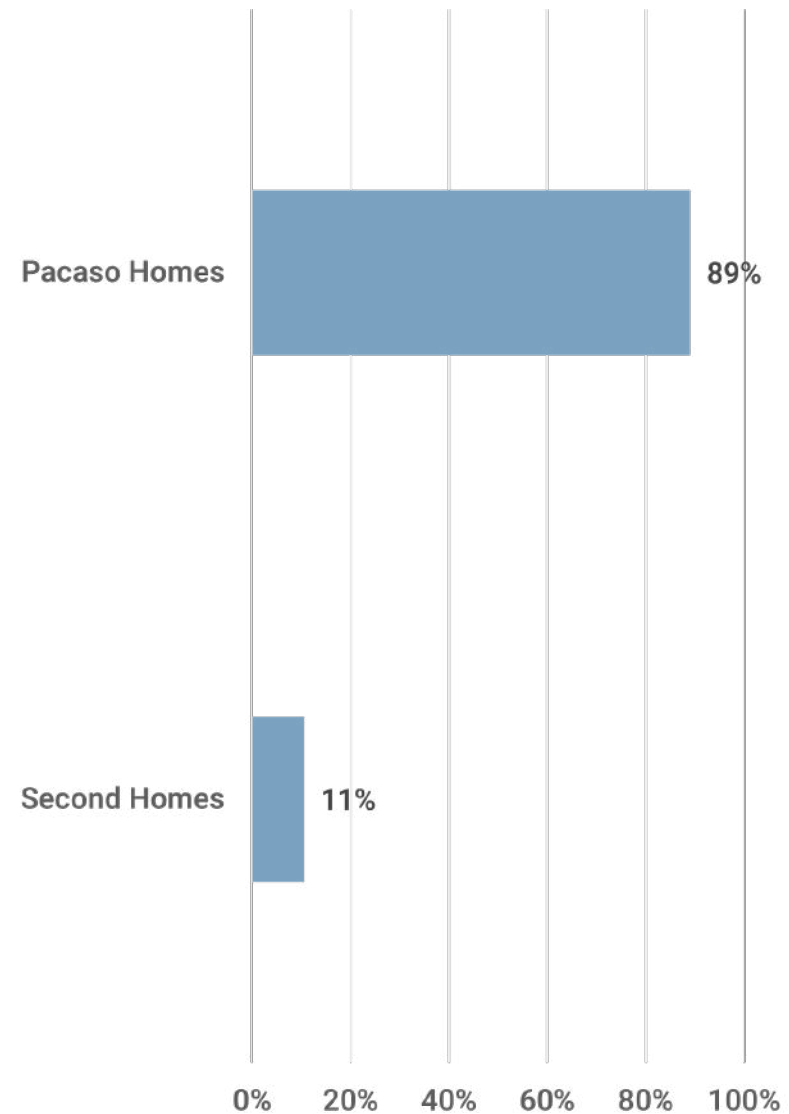
Co-ownership makes more efficient use of second homes by increasing the amount of time they are occupied. Since the average Pacaso home is occupied more months of the year than other second homes, their owners spend more money in the community. This spending benefits local businesses and generates tax revenue.

As discussed later, Pacaso also enables people to share in ownership of homes that are significantly more expensive than average. By providing an alternative to median-priced homes, Pacaso can help maintain local housing affordability.

1 Census Bureau, 2019 American Housing Survey.

2 Pacaso, Second Homeowners Survey. Utilization is calculated based on the number of days a home is reserved.

Figure 1. Average Annual Utilization Rates



Source: Pacaso and Census Bureau.

Household Spending

Pacaso homes contribute more spending in their communities.

The average second homeowner spends money on a range of goods and services, as seen in the table below. Because Pacaso homes are utilized more than the average second home, they produce greater spending across all categories. The average Pacaso home generates an average of \$48,390 in annual spending compared with the average second home. This additional spending benefits local restaurants, stores, and many other businesses.

Figure 2. Annual Household Spending By Market and Type

	Bay Area	Colorado Mountains	New York City Area	Palm Springs	South Florida
Average Second Home	\$6,610	\$4,960	\$4,950	\$3,990	\$3,770
Average Pacaso Home	\$72,240	\$54,610	\$53,850	\$44,090	\$41,450
Additional Spending	\$65,630	\$49,650	\$48,900	\$40,100	\$37,680

Source: Esri ArcGIS Business Analyst Online and Pacaso.

Notes: Our approach involved adjusting year-round spending patterns from Business Analyst Online to better reflect spending patterns of Pacaso homeowners. See the Notes page for more details.

State Tax Revenue

Greater utilization drives more tax revenue for states.

Pacaso homes also generate additional tax revenue compared with the average second home. This includes revenue collected by states, part of which is distributed back to local communities. The table below shows that the average Pacaso home generates an average of \$2,370 in additional state tax revenue compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 3. Annual State Sales Tax Revenue By Market and Type

	Bay Area	Colorado Mountains	New York City Area	Palm Springs	South Florida
Average Second Home	\$370	\$140	\$195	\$240	\$235
Average Pacaso Home	\$4,080	\$1,555	\$2,145	\$2,650	\$2,590
Additional Tax Revenue	\$3,710	\$1,415	\$1,950	\$2,410	\$2,355

Source: Avalara.com. Tax rates as of March 2022.

Local Tax Revenue

Greater utilization drives more tax revenue for counties.

Pacaso homes also generate local tax revenue. The table below shows that the average Pacaso home also generates an average of \$1,410 in additional local tax revenue compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 4. Annual Local Sales Tax Revenue By Market and Type

	Bay Area	Colorado Mountains	New York City Area	Palm Springs	South Florida
Average Second Home	\$160	\$200	\$235	\$70	\$45
Average Pacaso Home	\$1,740	\$2,180	\$2,570	\$770	\$490
Additional Tax Revenue	\$1,580	\$1,980	\$2,335	\$700	\$445

Source: Avalara.com. Tax rates as of March 2022.

Notes: This study does not include the net increase in property tax revenue to counties from Pacaso homes, which is likely higher than that of traditional second homes or homes near the median housing price.

Housing Comparison

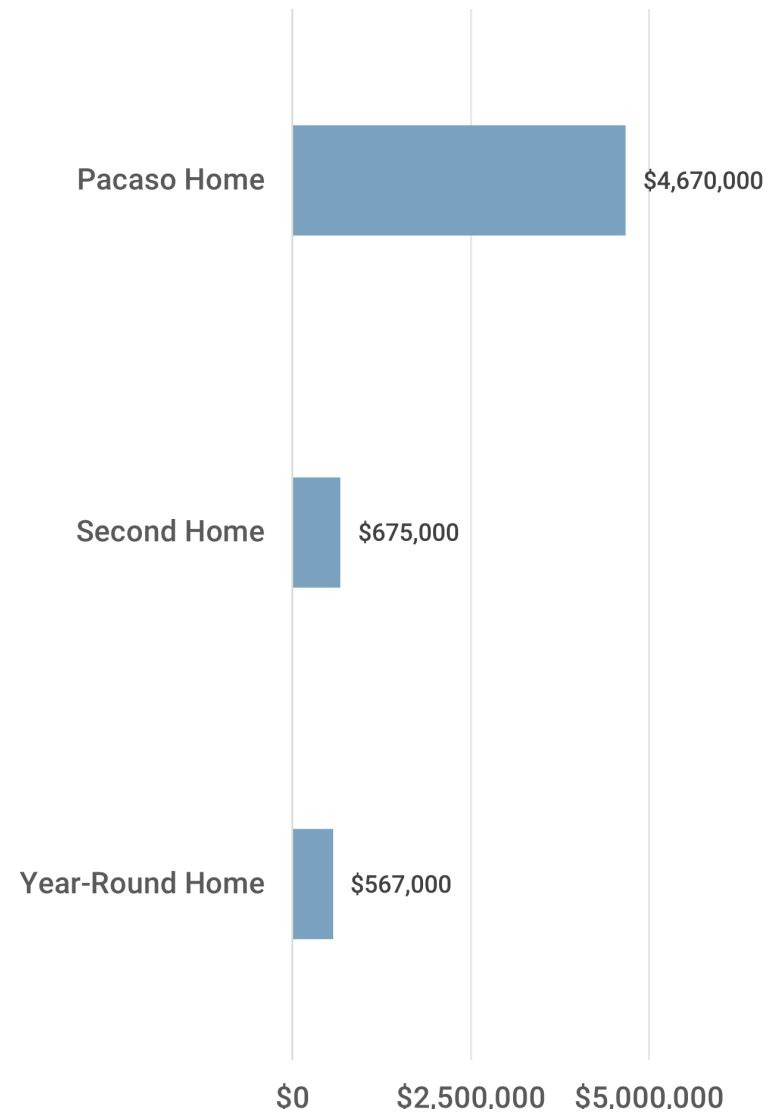
Pacaso concentrates demand into more expensive homes.

The median Pacaso home is 6.9 times the price of the typical second home and 8.2 times the price of the typical year-round home, as seen in the figure to the right.³

Through co-ownership, Pacaso concentrates demand for the most expensive homes in popular second home destinations, thereby shifting demand away from the median-priced market. The following page describes this in more detail.

³ Definitions of second homes and year-round homes come from Optimal Blue, which is the source for Pacaso's price data.

Figure 5. Median Listing Price by Home Type



Source: Pacaso.

Without Pacaso

Eight out-of-town buyers search for homes in a neighborhood with a mix of median-priced homes and high-end homes they are unable to afford. Wanting to spend a portion of the year in the area, they purchase eight median-priced homes, making them unavailable to year-round residents and bidding up the price of each.

With Pacaso

The same eight buyers purchase shares of a high-end Pacaso home, leaving the median-price homes on the market for year-round residents. Because Pacaso is available, there is less demand for the year-round homes, potentially keeping their sale prices lower than they would have been otherwise.

Market Impact

Co-ownership concentrates demand into fewer homes.

The concentration of buyers into expensive homes likely relieves pressure on local housing markets in popular second home destinations. This is because in the absence of a co-ownership model, some second homeowners will likely purchase a median-priced home, reducing the supply available for year-round residents.

The scenarios to the left illustrate the potential effect of Pacaso on a segment of the housing market.

This effect is most likely to be experienced in popular second home destinations, where the housing markets are very competitive, partially because of strong demand for second homes, especially in certain sub-markets. As Pacaso grows, the mitigating effect on the supply of median-priced homes will only increase.

Notes

Pacaso is still in a growth phase, meaning EBP relied on assumptions based on industry and public record data. As Pacaso expands, its effect will likely become clearer, and we encourage future research to this end.

EBP and Pacaso made the following assumptions in completing this study. Adjustments to these assumptions could change the results.

- EBP used a national average utilization rate for Pacaso homes because market-specific rates fluctuate.
- We began our household spending analysis using values for all households in all jurisdictions included in our analysis, not spending by second homes or Pacaso homes specifically. To be more accurate, we made the adjustments listed in the table below to household spending categories pulled from our primary data source, [Esri ArcGIS Business Analyst Online](#), which is itself based on data from the Bureau of Labor Statistics Consumer Expenditure Survey. This adjustment process was built on our assumption that second homeowner spending patterns fall somewhere in between short-term visitors and year-round residents. Compared to visitor spending patterns from various reports, we assumed that homeowners spend comparatively more (as a share of their budget) on food and beverages, a similar amount on retail, less on recreation, and less on transportation.
- For the tax impact analysis, we used state and county tax rates as of March 2022 from [Avalara.com](#), a website that helps businesses calculate their tax bills. After comparing Avalara tax rates with tax rates published on several government websites for jurisdictions included in our analysis, EBP determined that it is a reliable source.

Cover Photography by Pacaso.

Appendix A. Household Spending Category Inclusion

Spending Category	Inclusion in Analysis
Alcohol	Included (37% under Dining Out and 63% under Food at Home).
Apparel	Included. Assumes co-owners spend like year-round residents during longer stays.
Dining Out	Included.
Education	Not included.
Entertainment and Recreation	Partially included (43%). Includes items, such as event admissions.
Finance	Not included.
Food at Home	Included.
Health Care	Not included.
Household Goods	Not included. There is likely a minimal net increase in spending by Pacaso homes.
Household Services	Not included. There is likely a minimal net increase in spending by Pacaso homes.
Housing	Not included. Mostly fixed housing costs, utilities, and maintenance and repairs.
Life Insurance and Pensions	Not included.
Miscellaneous Expenses	Not included.
Personal Care	Included. Assumes co-owners spend like year-round residents during longer stays.
Local Transportation	Partially included (20%). Includes items, such as gasoline and public transportation.
Travel	Not included. Related items are covered by other categories.

Source: Esri ArcGIS Business Analyst Online and Pacaso.

Appendix B. Annual Household Spending By Market and Category

Spending Category	Bay Area	Colorado Mountains	New York City Area	Palm Springs	South Florida
Average Second Home					
Apparel	\$1,090	\$820	\$830	\$650	\$610
Dining Out	\$1,950	\$1,460	\$1,440	\$1,160	\$1,090
Entertainment and Recreation	\$280	\$210	\$200	\$170	\$160
Food at Home	\$2,700	\$2,030	\$2,040	\$1,650	\$1,560
Personal Care	\$430	\$320	\$320	\$260	\$250
Transportation	\$160	\$120	\$120	\$100	\$100
Total	\$6,610	\$4,960	\$4,950	\$3,990	\$3,770
Average Pacaso Home					
Apparel	\$10,310	\$7,790	\$7,890	\$6,130	\$5,800
Dining Out	\$18,450	\$13,880	\$13,600	\$11,060	\$10,360
Entertainment and Recreation	\$6,260	\$4,770	\$4,530	\$3,880	\$3,600
Food at Home	\$25,660	\$19,260	\$19,320	\$15,670	\$14,790
Personal Care	\$4,070	\$3,070	\$3,030	\$2,490	\$2,360
Transportation	\$7,490	\$5,840	\$5,480	\$4,860	\$4,540
Total	\$72,240	\$54,610	\$53,850	\$44,090	\$41,450

Source: Esri ArcGIS Business Analyst Online and Pacaso.

Appendix C. Median Listing Price by Market and Type

	Bay Area	Colorado Mountains	New York City Area	Palm Springs	South Florida
Year-Round Home	\$785,000	\$600,000	\$560,000	\$500,000	\$390,000
Second Home	\$845,000	\$815,000	\$765,000	\$530,000	\$420,000
Pacaso Home	\$4,500,000	\$8,350,000	\$4,700,000	\$2,000,000	\$3,800,000

Source: Pacaso.

Appendix D. Market Definitions

Market	Included Counties						
Bay Area	Napa	Marin	San Francisco	San Mateo	Sonoma		
Colorado Mountains	Eagle	Pitkin	Summit				
New York City Area	Bronx	Kings	Nassau	New York	Queens	Richmond	Suffolk
Palm Springs	Riverside						
South Florida	Broward	Miami	Monroe	Palm Beach			



BAY AREA

PACASO ECONOMIC IMPACT ANALYSIS

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In 2022, Pacaso hired EBP, a national economics firm, to conduct a study to understand the net economic impact of its co-ownership model. As described in the following pages, we focused specifically on Pacaso's impact on home utilization, household spending, tax revenue, and the local housing market in the Bay Area, which includes Napa, Marin, San Francisco, San Mateo, and Sonoma counties.



Utilization

Co-ownership means higher utilization rates.

The average second home sits empty over ten months out of the year.¹ By comparison, the average Pacaso home is occupied 89 percent of the year — almost 11 months.²

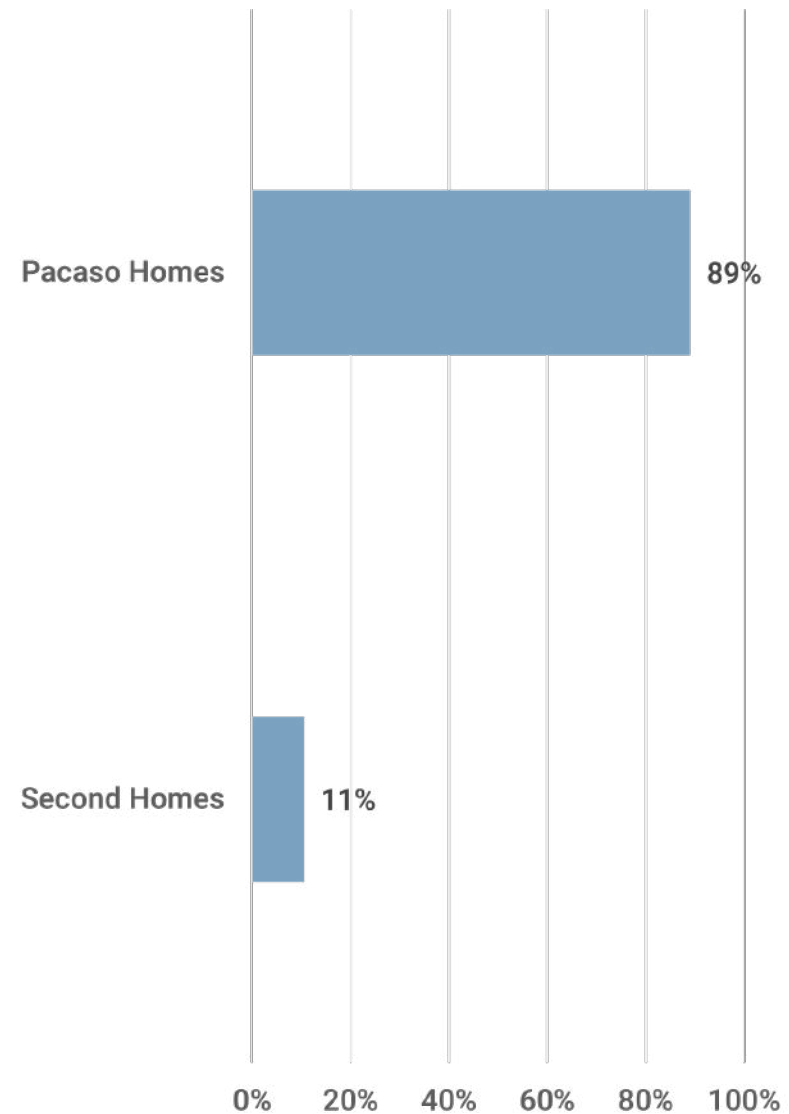
Co-ownership makes more efficient use of second homes by increasing the amount of time they are occupied. Since the average Pacaso home is occupied more months of the year than other second homes, their owners spend more money in the community. This spending benefits local businesses and generates tax revenue.

As discussed later, Pacaso also enables people to share in ownership of homes that are significantly more expensive than average. By providing an alternative to median-priced homes, Pacaso can help maintain local housing affordability.

1 Census Bureau, 2019 American Housing Survey.

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Figure 1. Average Annual Utilization Rates



Source: Pacaso and Census Bureau.

Household Spending

Pacaso homes contribute more spending in their communities.

The average second homeowner spends money on a range of goods and services, as seen in the table below. Because Pacaso homes are utilized more than the average second home, they produce greater spending across all categories. The average Bay Area Pacaso home generates \$65,630 more in annual spending compared with the average second home. This additional spending benefits local restaurants, stores, and many other businesses.

Figure 2. Annual Household Spending By Category and Type

Spending Category	Average Second Home	Average Pacaso Home	Additional Spending
Apparel	\$1,090	\$10,310	\$9,220
Dining Out	\$1,950	\$18,450	\$16,500
Entertainment and Recreation	\$280	\$6,260	\$5,980
Food at Home	\$2,700	\$25,660	\$22,960
Personal Care	\$430	\$4,070	\$3,640
Transportation	\$160	\$7,490	\$7,330
Total	\$6,610	\$72,240	\$65,630

Source: Esri ArcGIS Business Analyst Online and Pacaso.

Notes: Our approach involved adjusting year-round spending patterns from Business Analyst Online to better reflect spending patterns of Pacaso homeowners. See the Notes page for more details.

State Tax Revenue

Greater utilization drives more tax revenue for the State of California.

Pacaso homes also generate additional tax revenue compared with the average second home. This includes revenue collected by the State of California, part of which is distributed back to the Bay Area. The table below shows that the average Pacaso home generates an additional \$3,710 in state tax revenue on average when compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 3. Annual State Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Napa	\$310	\$3,450	\$3,140
Marin	\$390	\$4,310	\$3,920
San Francisco	\$440	\$4,780	\$4,340
San Mateo	\$430	\$4,740	\$4,310
Sonoma	\$280	\$3,110	\$2,830

Source: Avalara.com. Tax rates as of March 2022.

Local Tax Revenue

Greater utilization drives more tax revenue for the Bay Area.

Pacaso homes also generate local tax revenue. The table below shows that the average Pacaso home generates an average of \$1,580 in additional local tax revenue compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 4. Annual Local Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Napa	\$90	\$1,010	\$920
Marin	\$150	\$1,620	\$1,470
San Francisco	\$190	\$2,100	\$1,910
San Mateo	\$240	\$2,670	\$2,430
Sonoma	\$120	\$1,300	\$1,180

Source: Avalara.com. Tax rates as of March 2022.

Notes: This study does not include the net increase in property tax revenue to counties from Pacaso homes, which is likely higher than that of traditional second homes or homes near the median housing price.

Housing Comparison

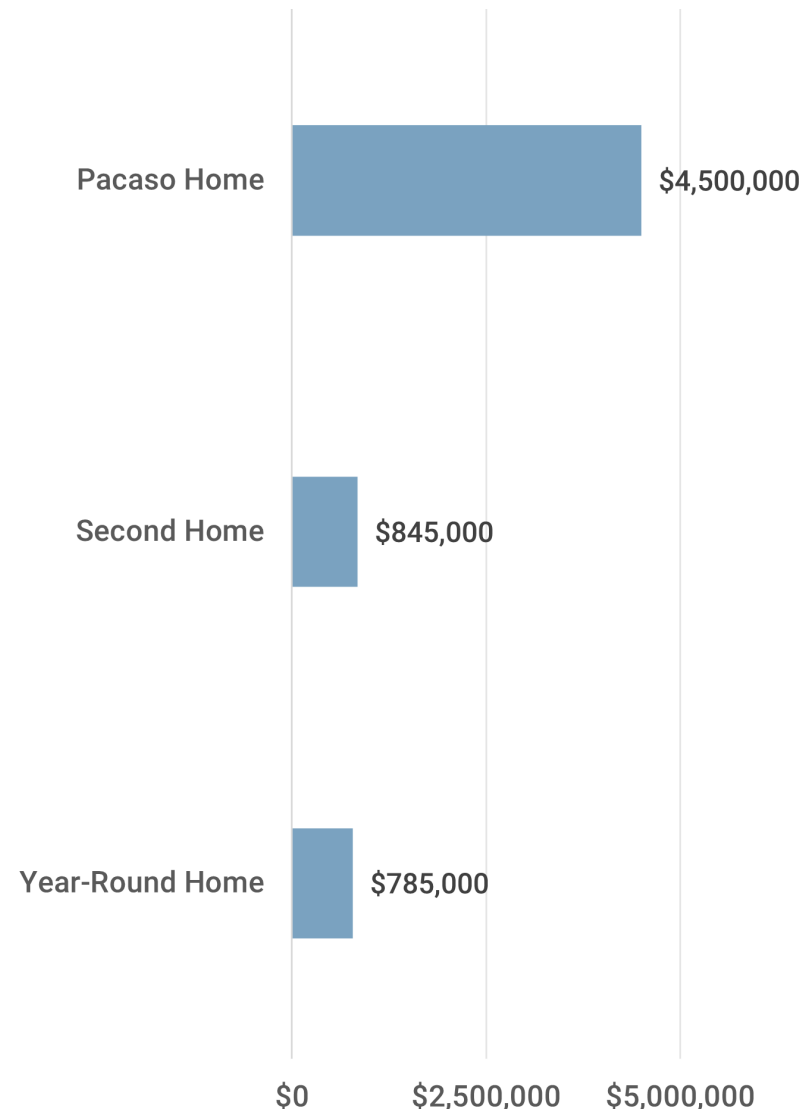
Pacaso concentrates demand into more expensive homes.

The median Pacaso home in the Bay Area is 5.3 times the price of the typical second home and 5.7 times the price of the typical year-round home, as seen in the figure to the right.³

Through co-ownership, Pacaso concentrates demand for the Bay Area's most expensive homes, thereby shifting demand away from the median-priced market. The following page describes this in more detail.

³ Definitions of second homes and year-round homes come from Optimal Blue, which is the source for Pacaso's price data.

Figure 5. Median Listing Price by Home Type



Source: Pacaso.

Without Pacaso

Eight out-of-town buyers search for homes in a neighborhood with a mix of median-priced homes and high-end homes they are unable to afford. Wanting to spend a portion of the year in the Bay Area, they purchase eight median-priced homes, making them unavailable to year-round residents and bidding up the price of each.

With Pacaso

The same eight buyers purchase shares of a high-end Pacaso home, leaving the median-price homes on the market for year-round residents. Because Pacaso is available, there is less demand for the year-round homes, potentially keeping their sale prices lower than they would have been otherwise.

Market Impact

Co-ownership concentrates demand into fewer homes.

The concentration of buyers into expensive homes likely relieves pressure on the Bay Area's local housing market. This is because in the absence of a co-ownership model, some second homeowners will likely purchase a median-priced home, reducing the supply available for year-round residents.

The scenarios to the left illustrate the potential effect of Pacaso on a segment of the housing market.

This effect is most likely to be experienced in places like the Bay Area, where the housing market is very competitive, partially because of strong demand for second homes, especially in certain sub-markets. As Pacaso grows, the mitigating effect on the supply of median-priced homes will only increase.

Notes

Pacaso is still in a growth phase, meaning EBP relied on assumptions based on industry and public record data. As Pacaso expands, its effect will likely become clearer, and we encourage future research to this end.

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- We began our household spending analysis using values for all households in the Bay Area, not spending by second homes or Pacaso homes specifically. To be more accurate, we made the adjustments listed in the table below to household spending categories pulled from our primary data source, [Esri ArcGIS Business Analyst Online](#), which is itself based on data from the Bureau of Labor Statistics Consumer Expenditure Survey. This adjustment process was built on our assumption that second homeowner spending patterns fall somewhere in between short-term visitors and year-round residents. Compared with Bay Area visitor spending patterns from a 2019 study by Dean Runyan Associates, we assumed that homeowners spend comparatively more (as a share of their budget) on food and beverages, a similar amount on retail, less on recreation, and less on transportation.
- For the tax impact analysis, we used state and county tax rates as of March 2022 from [Avalara.com](#), a website that helps businesses calculate their tax bills. After comparing Avalara tax rates with tax rates published on several government websites for jurisdictions included in our analysis, EBP determined that it is a reliable source.

Cover Photography by [Jacob Morch](#) on [Unsplash](#). Report Photography by Pacaso.

Appendix A. Household Spending Category Inclusion

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Alcohol	Included (37% under Dining Out and 63% under Food at Home).
Apparel	Included. Assumes co-owners spend like year-round residents during longer stays.
Dining Out	Included.
Education	Not included.
Entertainment and Recreation	Partially included (43%). Includes items, such as event admissions.
Finance	Not included.
Food at Home	Included.
Health Care	Not included.
Household Goods	Not included. There is likely a minimal net increase in spending by Pacaso homes.
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Travel	Not included. Related items are covered by other categories.

Source: Esri ArcGIS Business Analyst Online and Pacaso.



COLORADO MOUNTAINS

PACASO ECONOMIC IMPACT ANALYSIS

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Utilization

Co-ownership means higher utilization rates.

The average second home sits empty over ten months out of the year.¹ By comparison, the average Pacaso home is occupied 89 percent of the year — almost 11 months.²

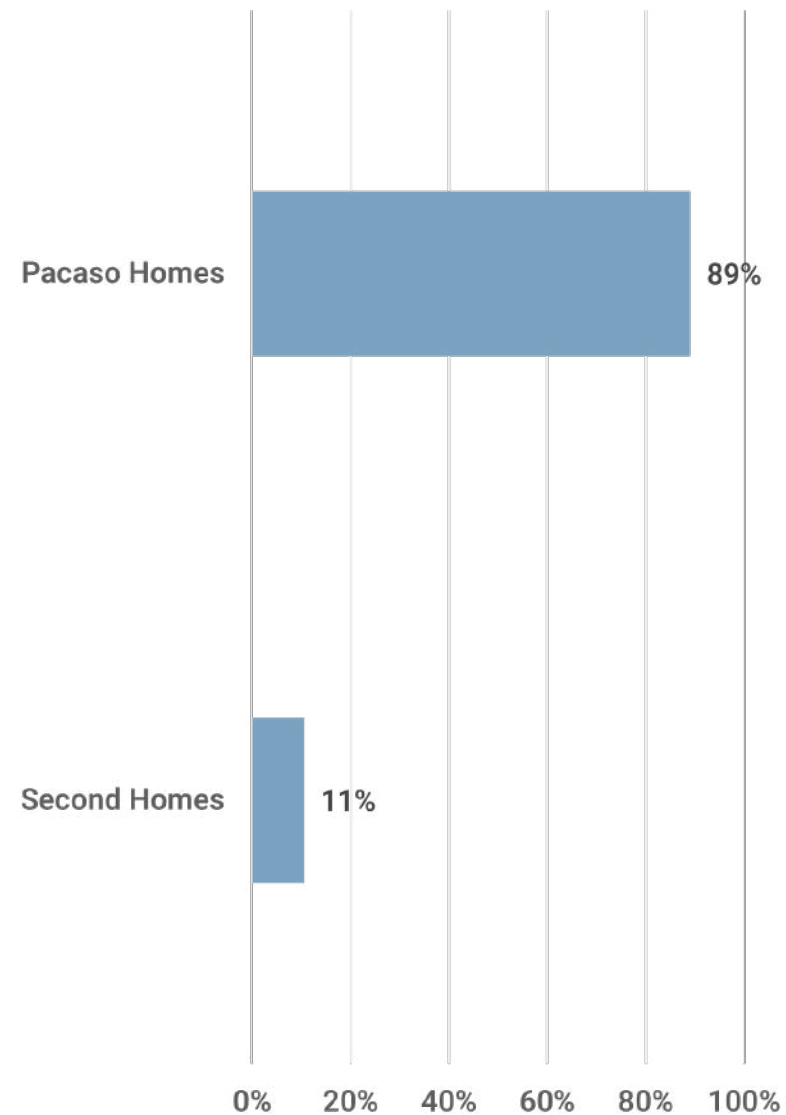
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Figure 2. Annual Household Spending By Category and Type

Spending Category	Average Second Home	Average Pacaso Home	Additional Spending
Apparel	\$820	\$7,790	\$6,970
Dining Out	\$1,460	\$13,880	\$12,420
Entertainment and Recreation	\$210	\$4,770	\$4,560
Food at Home	\$2,030	\$19,260	\$17,230
Personal Care	\$320	\$3,070	\$2,750
Transportation	\$120	\$5,840	\$5,720
Total	\$4,960	\$54,610	\$49,650

Source: Esri ArcGIS Business Analyst Online and Pacaso.

Notes: Our approach involved adjusting year-round spending patterns from Business Analyst Online to better reflect spending patterns of Pacaso homeowners. See the Notes page for more details.

State Tax Revenue

Greater utilization drives more tax revenue for the State of Colorado.

Pacaso homes also generate additional tax revenue compared with the average second home. This includes revenue collected by the State of Colorado, part of which is distributed back to the Colorado Mountains. The table below shows that the average Pacaso home generates an additional \$1,410 in state tax revenue on average when compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 3. Annual State Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Eagle	\$150	\$1,690	\$1,540
Pitkin	\$140	\$1,520	\$1,380
Summit	\$130	\$1,450	\$1,320

Source: Avalara.com. Tax rates as of March 2022.

Local Tax Revenue

Greater utilization drives more tax revenue for the Colorado Mountains.

Pacaso homes also generate local tax revenue. The table below shows that the average Pacaso home generates an average of \$1,980 in additional local tax revenue compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 4. Annual Local Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Eagle	\$80	\$880	\$800
Pitkin	\$360	\$3,920	\$3,560
Summit	\$160	\$1,740	\$1,580

Source: Avalara.com. Tax rates as of March 2022.

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Housing Comparison

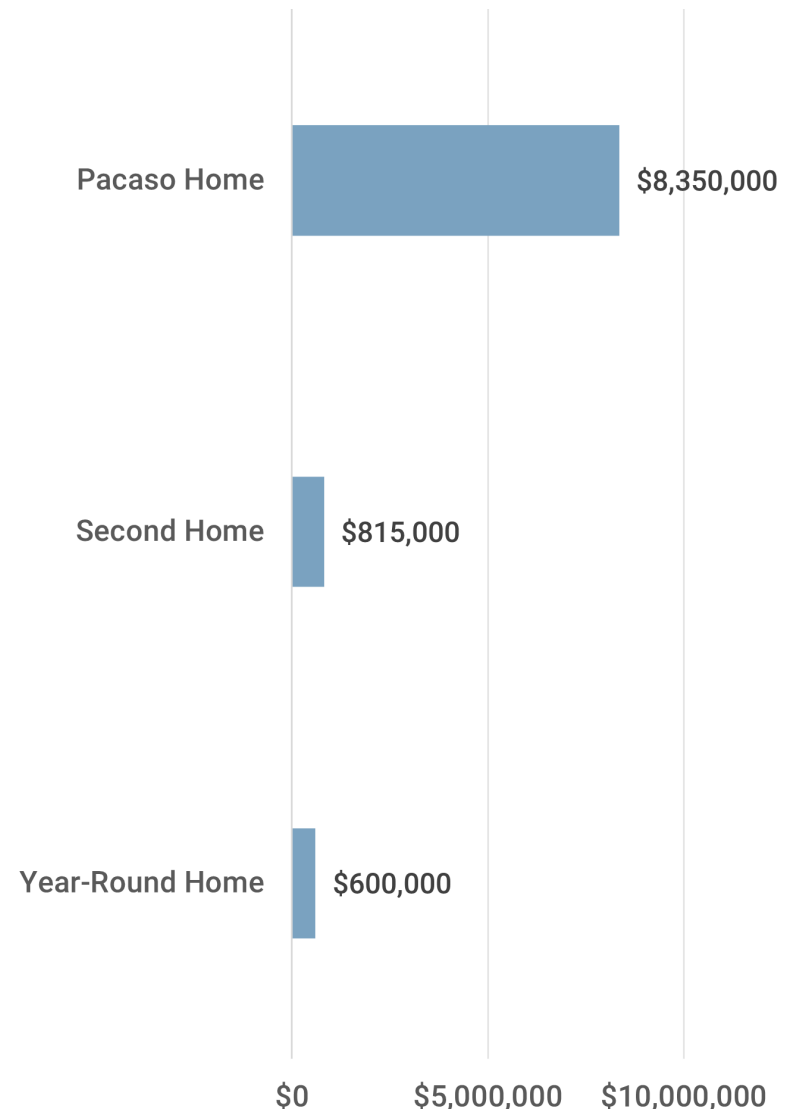
Pacaso concentrates demand into more expensive homes.

The median Pacaso home in the Colorado Mountains is 10.2 times the price of the typical second home and 13.9 times the price of the typical year-round home, as seen in the figure to the right.³

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Market Impact

Co-ownership concentrates demand into fewer homes.

The concentration of buyers into expensive homes likely relieves pressure on the Colorado Mountains' local housing market. This is because in the absence of a co-ownership model, some second homeowners will likely purchase a median-priced home, reducing the supply available for year-round residents.

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Food at Home	Included.
Health Care	Not included.
Household Goods	Not included. There is likely a minimal net increase in spending by Pacaso homes.
Household Services	Not included. There is likely a minimal net increase in spending by Pacaso homes.
Housing	Not included. Mostly fixed housing costs, utilities, and maintenance and repairs.
Life Insurance and Pensions	Not included.
Miscellaneous Expenses	Not included.
Personal Care	Included. Assumes co-owners spend like year-round residents during longer stays.
Local Transportation	Partially included (20%). Includes items, such as gasoline and public transportation.
Travel	Not included. Related items are covered by other categories.

Source: Esri ArcGIS Business Analyst Online and Pacaso.



PALM SPRINGS

PACASO ECONOMIC IMPACT ANALYSIS

Introduction and Overview

Pacaso is a real estate marketplace and property management service that aims to make second homeownership more accessible by facilitating co-ownership of luxury homes between families. The company purchases homes above the median price in popular second home destinations like Palm Springs, and then sells up to eight shares to individual buyers. Pacaso vets owners, furnishes and manages each property, and provides a mobile app for owners to schedule time at their home. Co-ownership of homes is an established practice that Pacaso is extending in new ways.

In 2022, Pacaso hired EBP, a national economics firm, to conduct a study to understand the net economic impact of its co-ownership model. As described in the following pages, we focused specifically on Pacaso's impact on home utilization, household spending, tax revenue, and the local housing market in Palm Springs.



Utilization

Co-ownership means higher utilization rates.

The average second home sits empty over ten months out of the year.¹ By comparison, the average Pacaso home is occupied 89 percent of the year — almost 11 months.²

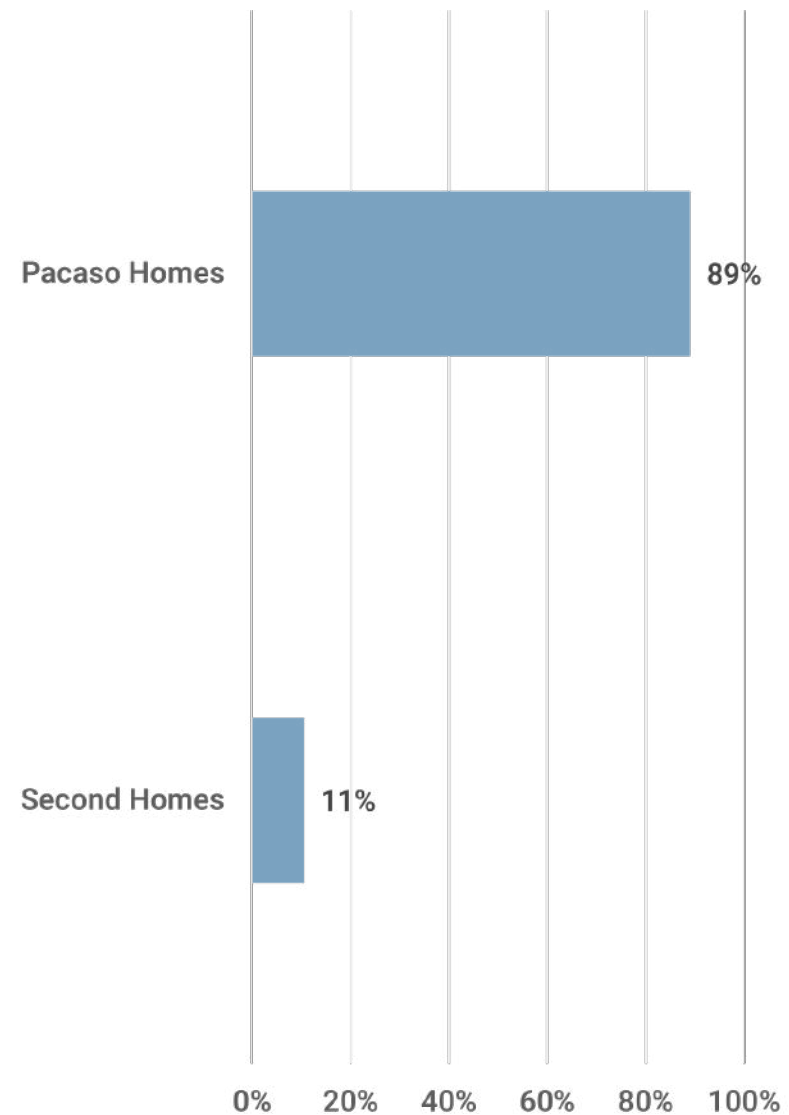
Co-ownership makes more efficient use of second homes by increasing the amount of time they are occupied. Since the average Pacaso home is occupied more months of the year than other second homes, their owners spend more money in the community. This spending benefits local businesses and generates tax revenue.

As discussed later, Pacaso also enables people to share in ownership of homes that are significantly more expensive than average. By providing an alternative to median-priced homes, Pacaso can help maintain local housing affordability.

1 Census Bureau, 2019 American Housing Survey.

2 Pacaso, Second Homeowners Survey. Utilization is calculated based on the number of days a home is reserved.

Figure 1. Average Annual Utilization Rates



Source: Pacaso and Census Bureau.

Household Spending

Pacaso homes contribute more spending in their communities.

The average second homeowner spends money on a range of goods and services, as seen in the table below. Because Pacaso homes are utilized more than the average second home, they produce greater spending across all categories. The average Palm Springs Pacaso home generates \$40,100 more in annual spending compared with the average second home. This additional spending benefits local restaurants, stores, and many other businesses.

Figure 2. Annual Household Spending By Category and Type

Spending Category	Average Second Home	Average Pacaso Home	Additional Spending
Apparel	\$650	\$6,130	\$5,480
Dining Out	\$1,160	\$11,060	\$9,890
Entertainment and Recreation	\$170	\$3,880	\$3,710
Food at Home	\$1,650	\$15,670	\$14,030
Personal Care	\$260	\$2,490	\$2,230
Transportation	\$100	\$4,860	\$4,760
Total	\$3,990	\$44,090	\$40,100

Source: Esri ArcGIS Business Analyst Online and Pacaso.

Notes: Our approach involved adjusting year-round spending patterns from Business Analyst Online to better reflect spending patterns of Pacaso homeowners. See the Notes page for more details.

State Tax Revenue

Greater utilization drives more tax revenue for the State of California.

Pacaso homes also generate additional tax revenue compared with the average second home. This includes revenue collected by the State of California, part of which is distributed back to Palm Springs. The table below shows that the average Pacaso home generates an additional \$2,410 in state tax revenue compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 3. Annual State Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Riverside	\$240	\$2,650	\$2,410

Source: Avalara.com. Tax rates as of March 2022.

Local Tax Revenue

Greater utilization drives more tax revenue for Palm Springs.

Pacaso homes also generate local tax revenue. The table below shows that the average Pacaso home also generates an additional \$700 in local tax revenue compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 4. Annual Local Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Riverside	\$70	\$770	\$700

Source: Avalara.com. Tax rates as of March 2022.

Notes: This study does not include the net increase in property tax revenue to counties from Pacaso homes, which is likely higher than that of traditional second homes or homes near the median housing price.

Housing Comparison

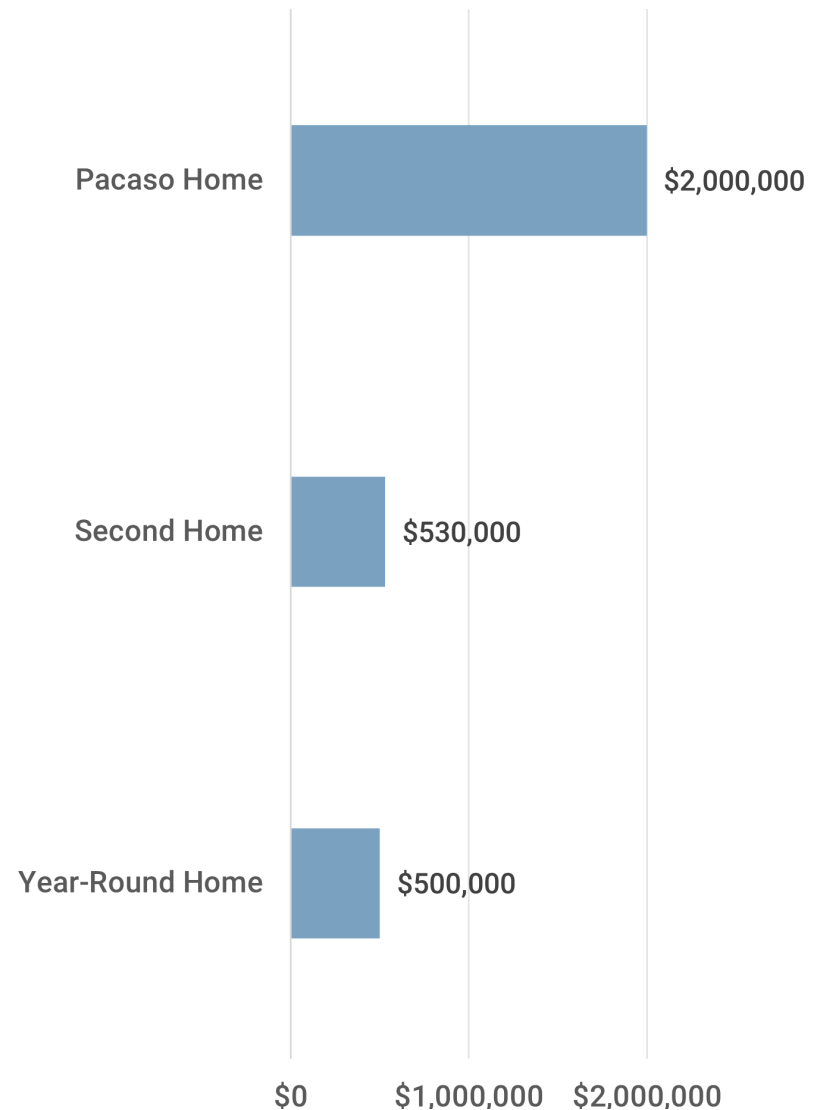
Pacaso concentrates demand into more expensive homes.

The median Pacaso home in Palm Springs is 3.8 times the price of the typical second home and 4 times the price of the typical year-round home, as seen in the figure to the right.³

Through co-ownership, Pacaso concentrates demand for Palm Springs' most expensive homes, thereby shifting demand away from the median-priced market. The following page describes this in more detail.

³ Definitions of second homes and year-round homes come from Optimal Blue, which is the source for Pacaso's price data.

Figure 5. Median Listing Price by Home Type



Source: Pacaso.

Without Pacaso

Eight out-of-town buyers search for homes in a neighborhood with a mix of median-priced homes and high-end homes they are unable to afford. Wanting to spend a portion of the year in Palm Springs, they purchase eight median-priced homes, making them unavailable to year-round residents and bidding up the price of each.

With Pacaso

The same eight buyers purchase shares of a high-end Pacaso home, leaving the median-price homes on the market for year-round residents. Because Pacaso is available, there is less demand for the year-round homes, potentially keeping their sale prices lower than they would have been otherwise.

Market Impact

Co-ownership concentrates demand into fewer homes.

The concentration of buyers into expensive homes likely relieves pressure on Palm Springs' local housing market. This is because in the absence of a co-ownership model, some second homeowners will likely purchase a median-priced home, reducing the supply available for year-round residents.

The scenarios to the left illustrate the potential effect of Pacaso on a segment of the housing market.

This effect is most likely to be experienced in places like Palm Springs, where the housing market is very competitive, partially because of strong demand for second homes, especially in certain sub-markets. As Pacaso grows, the mitigating effect on the supply of median-priced homes will only increase.

Notes

Pacaso is still in a growth phase, meaning EBP relied on assumptions based on industry and public record data. As Pacaso expands, its effect will likely become clearer, and we encourage future research to this end.

EBP and Pacaso made the following assumptions in completing this study. Adjustments to these assumptions could change the results.

- EBP used a national average utilization rate for Pacaso homes because market-specific rates fluctuate.
- We began our household spending analysis using values for all households in Riverside County, not spending by second homes or Pacaso homes specifically. To be more accurate, we made the adjustments listed in the table below to household spending categories pulled from our primary data source, [Esri ArcGIS Business Analyst Online](#), which is itself based on data from the Bureau of Labor Statistics Consumer Expenditure Survey. This adjustment process was built on our assumption that second homeowner spending patterns fall somewhere in between short-term visitors and year-round residents. Compared with Palm Springs visitor spending patterns from a 2019 study by Dean Runyan Associates, we assumed that homeowners spend comparatively more (as a share of their budget) on food and beverages, a similar amount on retail, less on recreation, and less on transportation.
- For the tax impact analysis, we used state and county tax rates as of March 2022 from [Avalara.com](#), a website that helps businesses calculate their tax bills. After comparing Avalara tax rates with tax rates published on several government websites for jurisdictions included in our analysis, EBP determined that it is a reliable source.

Cover Photography by [Nathan Dumlao](#) on [Unsplash](#). Report Photography by Pacaso.

Appendix A. Household Spending Category Inclusion

Spending Category	Inclusion in Analysis
Alcohol	Included (37% under Dining Out and 63% under Food at Home).
Apparel	Included. Assumes co-owners spend like year-round residents during longer stays.
Dining Out	Included.
Education	Not included.
Entertainment and Recreation	Partially included (43%). Includes items, such as event admissions.
Finance	Not included.
Food at Home	Included.
Health Care	Not included.
Household Goods	Not included. There is likely a minimal net increase in spending by Pacaso homes.
Household Services	Not included. There is likely a minimal net increase in spending by Pacaso homes.
Housing	Not included. Mostly fixed housing costs, utilities, and maintenance and repairs.
Life Insurance and Pensions	Not included.
Miscellaneous Expenses	Not included.
Personal Care	Included. Assumes co-owners spend like year-round residents during longer stays.
Local Transportation	Partially included (20%). Includes items, such as gasoline and public transportation.
Travel	Not included. Related items are covered by other categories.

Source: Esri ArcGIS Business Analyst Online and Pacaso.



SOUTH FLORIDA

PACASO ECONOMIC IMPACT ANALYSIS

Introduction and Overview

Pacaso is a real estate marketplace and property management service that aims to make second homeownership more accessible by facilitating co-ownership of luxury homes between families. The company purchases homes above the median price in popular second home destinations like South Florida, and then sells up to eight shares to individual buyers. Pacaso vets owners, furnishes and manages each property, and provides a mobile app for owners to schedule time at their home. Co-ownership of homes is an established practice that Pacaso is extending in new ways.

In 2022, Pacaso hired EBP, a national economics firm, to conduct a study to understand the net economic impact of its co-ownership model. As described in the following pages, we focused specifically on Pacaso's impact on home utilization, household spending, tax revenue, and the local housing market in South Florida, which includes Broward, Miami-Dade, Monroe, and Palm Beach counties.



Utilization

Co-ownership means higher utilization rates.

The average second home sits empty over ten months out of the year.¹ By comparison, the average Pacaso home is occupied 89 percent of the year — almost 11 months.²

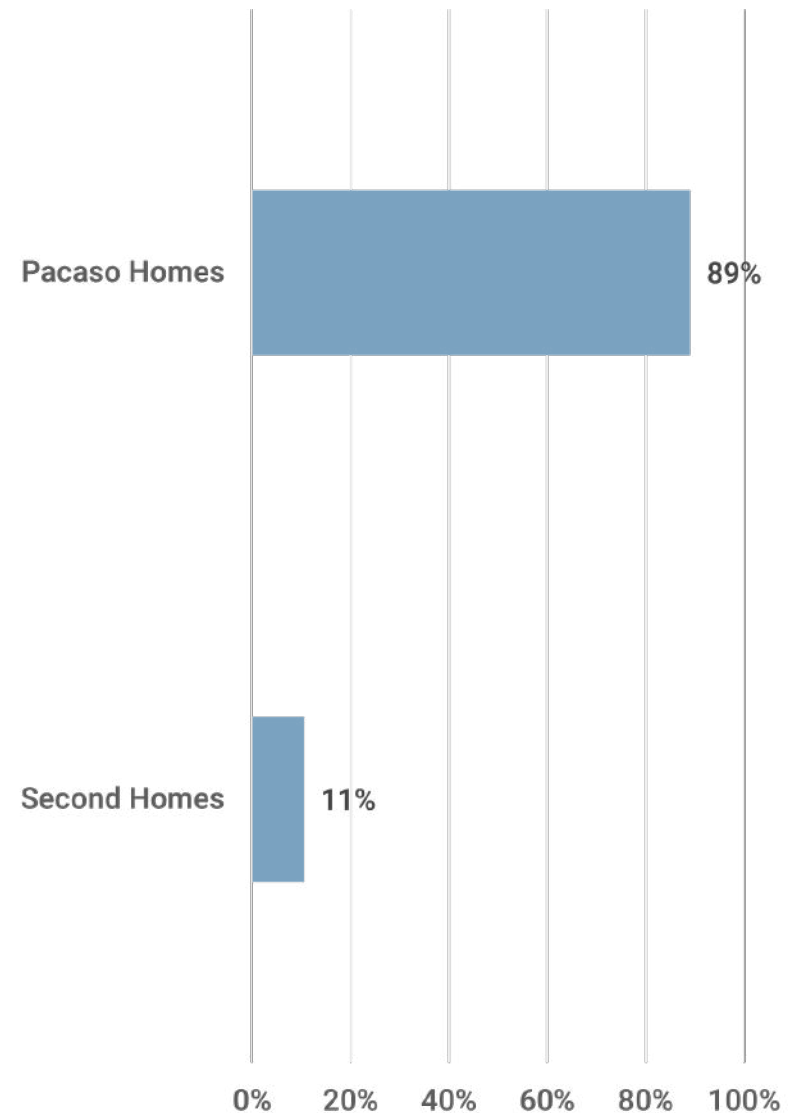
Co-ownership makes more efficient use of second homes by increasing the amount of time they are occupied. Since the average Pacaso home is occupied more months of the year than other second homes, their owners spend more money in the community. This spending benefits local businesses and generates tax revenue.

As discussed later, Pacaso also enables people to share in ownership of homes that are significantly more expensive than average. By providing an alternative to median-priced homes, Pacaso can help maintain local housing affordability.

1 Census Bureau, 2019 American Housing Survey.

2 Pacaso, Second Homeowners Survey. Utilization is calculated based on the number of days a home is reserved.

Figure 1. Average Annual Utilization Rates



Source: Pacaso and Census Bureau.

Household Spending

Pacaso homes contribute more spending in their communities.

The average second homeowner spends money on a range of goods and services, as seen in the table below. Because Pacaso homes are utilized more than the average second home, they produce greater spending across all categories. The average South Florida Pacaso home generates \$37,680 more in annual spending compared with the average second home. This additional spending benefits local restaurants, stores, and many other businesses.

Figure 2. Annual Household Spending By Category and Type

Spending Category	Average Second Home	Average Pacaso Home	Additional Spending
Apparel	\$610	\$5,800	\$5,190
Dining Out	\$1,090	\$10,360	\$9,270
Entertainment and Recreation	\$160	\$3,600	\$3,440
Food at Home	\$1,560	\$14,790	\$13,230
Personal Care	\$250	\$2,360	\$2,110
Transportation	\$100	\$4,540	\$4,440
Total	\$3,770	\$41,450	\$37,680

Source: Esri ArcGIS Business Analyst Online and Pacaso.

Notes: Our approach involved adjusting year-round spending patterns from Business Analyst Online to better reflect spending patterns of Pacaso homeowners. See the Notes page for more details.

State Tax Revenue

Greater utilization drives more tax revenue for the State of Florida.

Pacaso homes also generate additional tax revenue compared with the average second home. This includes revenue collected by the State of Florida, part of which is distributed back to South Florida. The table below shows that the average Pacaso home generates an additional \$2,360 in state tax revenue on average when compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 3. Annual State Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Broward	\$220	\$2,470	\$2,250
Miami	\$210	\$2,290	\$2,080
Monroe	\$250	\$2,800	\$2,550
Palm Beach	\$250	\$2,800	\$2,550

Source: Avalara.com. Tax rates as of March 2022.

Local Tax Revenue

Greater utilization drives more tax revenue for South Florida.

Pacaso homes also generate local tax revenue. The table below shows that the average Pacaso home generates an average of \$450 in additional local tax revenue compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 4. Annual Local Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Broward	\$40	\$410	\$370
Miami	\$30	\$380	\$350
Monroe	\$60	\$700	\$640
Palm Beach	\$40	\$470	\$430

Source: Avalara.com. Tax rates as of March 2022.

Notes: This study does not include the net increase in property tax revenue to counties from Pacaso homes, which is likely higher than that of traditional second homes or homes near the median housing price.

Housing Comparison

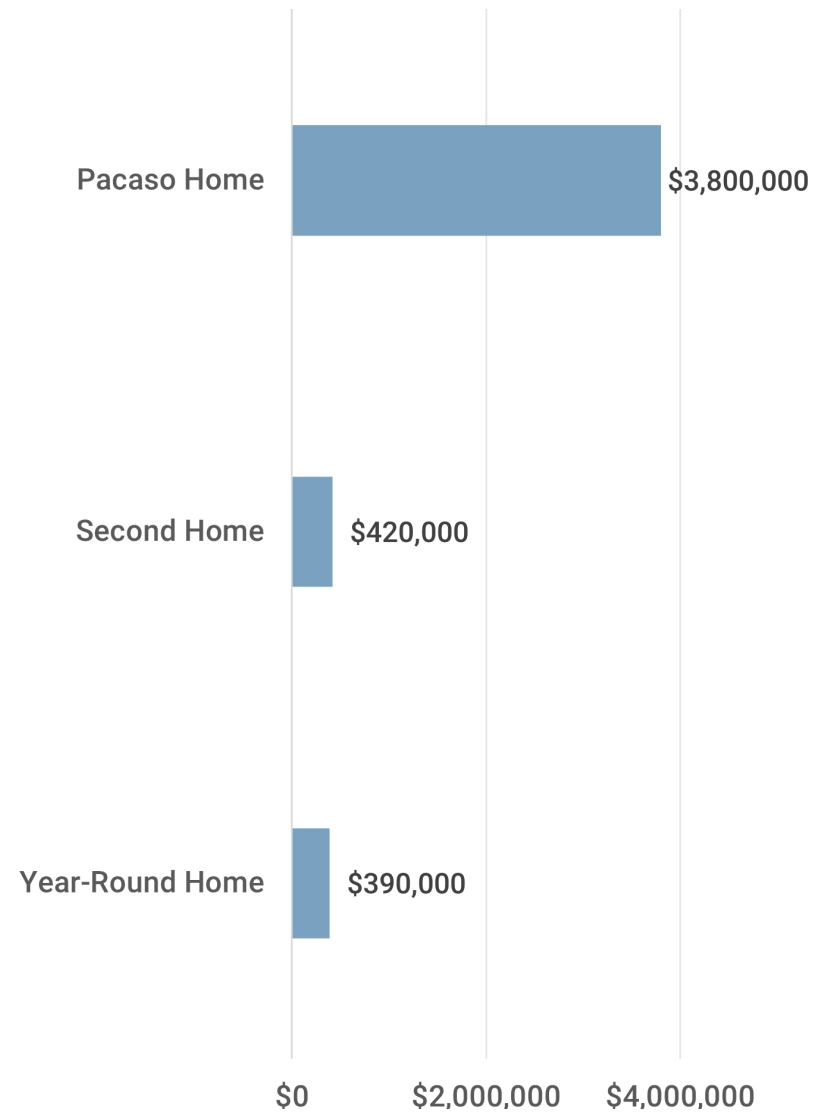
Pacaso concentrates demand into more expensive homes.

The median Pacaso home in South Florida is 9 times the price of the typical second home and 9.7 times the price of the typical year-round home, as seen in the figure to the right.³

Through co-ownership, Pacaso concentrates demand for South Florida's most expensive homes, thereby shifting demand away from the median-priced market. The following page describes this in more detail.

³ Definitions of second homes and year-round homes come from Optimal Blue, which is the source for Pacaso's price data.

Figure 5. Median Listing Price by Home Type



Source: Pacaso.

Without Pacaso

Eight out-of-town buyers search for homes in a neighborhood with a mix of median-priced homes and high-end homes they are unable to afford. Wanting to spend a portion of the year in South Florida, they purchase eight median-priced homes, making them unavailable to year-round residents and bidding up the price of each.

With Pacaso

The same eight buyers purchase shares of a high-end Pacaso home, leaving the median-price homes on the market for year-round residents. Because Pacaso is available, there is less demand for the year-round homes, potentially keeping their sale prices lower than they would have been otherwise.

Market Impact

Co-ownership concentrates demand into fewer homes.

The concentration of buyers into expensive homes likely relieves pressure on South Florida's local housing market. This is because in the absence of a co-ownership model, some second homeowners will likely purchase a median-priced home, reducing the supply available for year-round residents.

The scenarios to the left illustrate the potential effect of Pacaso on a segment of the housing market.

This effect is most likely to be experienced in places like South Florida, where the housing market is very competitive, partially because of strong demand for second homes, especially in certain sub-markets. As Pacaso grows, the mitigating effect on the supply of median-priced homes will only increase.

Notes

Pacaso is still in a growth phase, meaning EBP relied on assumptions based on industry and public record data. As Pacaso expands, its effect will likely become clearer, and we encourage future research to this end.

EBP and Pacaso made the following assumptions in completing this study. Adjustments to these assumptions could change the results.

- EBP used a national average utilization rate for Pacaso homes because market-specific rates fluctuate.
- We began our household spending analysis using values for all households in South Florida, not spending by second homes or Pacaso homes specifically. To be more accurate, we made the adjustments listed in the table below to household spending categories pulled from our primary data source, [Esri ArcGIS Business Analyst Online](#), which is itself based on data from the Bureau of Labor Statistics Consumer Expenditure Survey. This adjustment process was built on our assumption that second homeowner spending patterns fall somewhere in between short-term visitors and year-round residents. Compared with South Florida visitor spending patterns from a 2019 study by the Greater Miami Convention and Visitors Bureau, we assumed that homeowners spend comparatively more (as a share of their budget) on food and beverages, a similar amount on retail, less on recreation, and less on transportation.
- For the tax impact analysis, we used state and county tax rates as of March 2022 from [Avalara.com](#), a website that helps businesses calculate their tax bills. After comparing Avalara tax rates with tax rates published on several government websites for jurisdictions included in our analysis, EBP determined that it is a reliable source.

Cover Photography by [Arnel Hasanovic](#) on [Unsplash](#). Report Photography by Pacaso.

Appendix A. Household Spending Category Inclusion

Spending Category	Inclusion in Analysis
Alcohol	Included (37% under Dining Out and 63% under Food at Home).
Apparel	Included. Assumes co-owners spend like year-round residents during longer stays.
Dining Out	Included.
Education	Not included.
Entertainment and Recreation	Partially included (43%). Includes items, such as event admissions.
Finance	Not included.
Food at Home	Included.
Health Care	Not included.
Household Goods	Not included. There is likely a minimal net increase in spending by Pacaso homes.
Household Services	Not included. There is likely a minimal net increase in spending by Pacaso homes.
Housing	Not included. Mostly fixed housing costs, utilities, and maintenance and repairs.
Life Insurance and Pensions	Not included.
Miscellaneous Expenses	Not included.
Personal Care	Included. Assumes co-owners spend like year-round residents during longer stays.
Local Transportation	Partially included (20%). Includes items, such as gasoline and public transportation.
Travel	Not included. Related items are covered by other categories.

Source: Esri ArcGIS Business Analyst Online and Pacaso.



NEW YORK CITY AREA

PACASO ECONOMIC IMPACT ANALYSIS

Introduction and Overview

Pacaso is a real estate marketplace and property management service that aims to make second homeownership more accessible by facilitating co-ownership of luxury homes between families. The company purchases homes above the median price in popular second home destinations like the New York City Area, and then sells up to eight shares to individual buyers. Pacaso vets owners, furnishes and manages each property, and provides a mobile app for owners to schedule time at their home. Co-ownership of homes is an established practice that Pacaso is extending in new ways.

In 2022, Pacaso hired EBP, a national economics firm, to conduct a study to understand the net economic impact of its co-ownership model. As described in the following pages, we focused specifically on Pacaso's impact on home utilization, household spending, tax revenue, and the local housing market in the New York City Area, which includes Bronx, Kings, Queens, Nassau, New York, Richmond, and Suffolk counties.



Utilization

Co-ownership means higher utilization rates.

The average second home sits empty over ten months out of the year.¹ By comparison, the average Pacaso home is occupied 89 percent of the year — almost 11 months.²

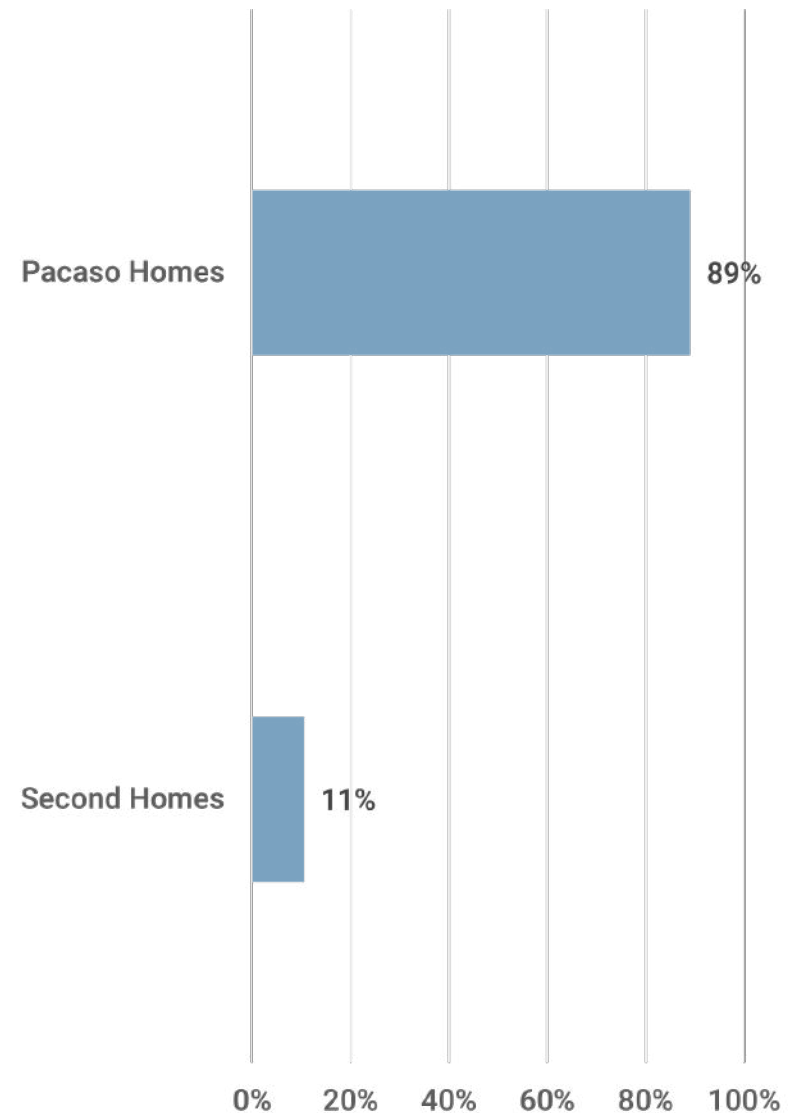
Co-ownership makes more efficient use of second homes by increasing the amount of time they are occupied. Since the average Pacaso home is occupied more months of the year than other second homes, their owners spend more money in the community. This spending benefits local businesses and generates tax revenue.

As discussed later, Pacaso also enables people to share in ownership of homes that are significantly more expensive than average. By providing an alternative to median-priced homes, Pacaso can help maintain local housing affordability.

1 Census Bureau, 2019 American Housing Survey.

2 Pacaso, Second Homeowners Survey. Utilization is calculated based on the number of days a home is reserved.

Figure 1. Average Annual Utilization Rates



Source: Pacaso and Census Bureau.

Household Spending

Pacaso homes contribute more spending in their communities.

The average second homeowner spends money on a range of goods and services, as seen in the table below. Because Pacaso homes are utilized more than the average second home, they produce greater spending across all categories. The average New York City Area Pacaso home generates \$48,900 more in annual spending compared with the average second home. This additional spending benefits local restaurants, stores, and many other businesses.

Figure 2. Annual Household Spending By Category and Type

Spending Category	Average Second Home	Average Pacaso Home	Additional Spending
Apparel	\$830	\$7,890	\$7,060
Dining Out	\$1,440	\$13,600	\$12,160
Entertainment and Recreation	\$200	\$4,530	\$4,330
Food at Home	\$2,040	\$19,320	\$17,280
Personal Care	\$320	\$3,030	\$2,710
Transportation	\$120	\$5,480	\$5,360
Total	\$4,950	\$53,850	\$48,900

Source: Esri ArcGIS Business Analyst Online and Pacaso.

Notes: Our approach involved adjusting year-round spending patterns from Business Analyst Online to better reflect spending patterns of Pacaso homeowners. See the Notes page for more details.

State Tax Revenue

Greater utilization drives more tax revenue for the State of New York.

Pacaso homes also generate additional tax revenue compared with the average second home. This includes revenue collected by the State of New York, part of which is distributed back to the New York City Area. The table below shows that the average Pacaso home generates an additional \$1,950 in state tax revenue on average, when compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 3. Annual State Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Bronx	\$110	\$1,200	\$1,090
Kings	\$180	\$1,900	\$1,720
Nassau	\$250	\$2,770	\$2,520
New York	\$260	\$2,860	\$2,600
Queens	\$170	\$1,840	\$1,670
Richmond	\$180	\$2,000	\$1,820
Suffolk	\$220	\$2,450	\$2,230

Source: Avalara.com. Tax rates as of March 2022.

Local Tax Revenue

Greater utilization drives more tax revenue for the New York City Area.

Pacaso homes also generate local tax revenue. The table below shows that the average Pacaso home generates an average of \$2,340 in additional local tax revenue compared with the average second home. This tax revenue is generated by spending with local businesses.

Figure 4. Annual Local Sales Tax Revenue By County

County	Average Second Home	Average Pacaso Home	Additional Tax Revenue
Bronx	\$140	\$1,460	\$1,320
Kings	\$210	\$2,320	\$2,110
Nassau	\$290	\$3,210	\$2,920
New York	\$320	\$3,490	\$3,170
Queens	\$210	\$2,240	\$2,030
Richmond	\$220	\$2,440	\$2,220
Suffolk	\$260	\$2,840	\$2,580

Source: Avalara.com. Tax rates as of March 2022.

Notes: This study does not include the net increase in property tax revenue to counties from Pacaso homes, which is likely higher than that of traditional second homes or homes near the median housing price.

Housing Comparison

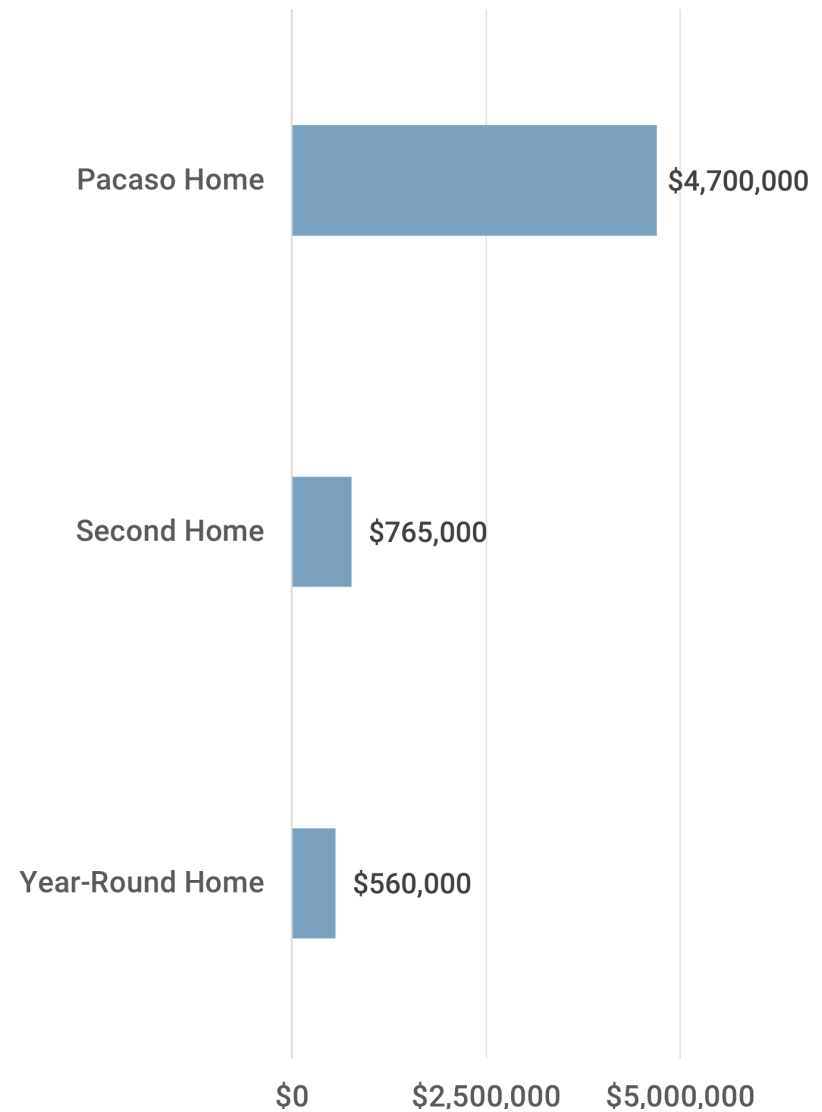
Pacaso concentrates demand into more expensive homes.

Though Pacaso does not currently operate in the New York City Area, the median Pacaso home is expected to be 6.1 times the price of the typical second home and 8.4 times the price of the typical year-round home. These values can be seen in the figure to the right.³

Through co-ownership, Pacaso is expected to concentrate demand for the New York City Area's most expensive homes, thereby shifting demand away from the median-priced market. The following page describes this in more detail.

³ Definitions of second homes and year-round homes come from Optimal Blue, which is the source for Pacaso's price data.

Figure 5. Median Listing Price by Home Type



Source: Pacaso.

Without Pacaso

Eight out-of-town buyers search for homes in a neighborhood with a mix of median-priced homes and high-end homes they are unable to afford. Wanting to spend a portion of the year in the New York City Area, they purchase eight median-priced homes, making them unavailable to year-round residents and bidding up the price of each.

With Pacaso

The same eight buyers purchase shares of a high-end Pacaso home, leaving the median-price homes on the market for year-round residents. Because Pacaso is available, there is less demand for the year-round homes, potentially keeping their sale prices lower than they would have been otherwise.

Market Impact

Co-ownership concentrates demand into fewer homes.

The concentration of buyers into expensive homes likely relieves pressure on the New York City Area's local housing market. This is because in the absence of a co-ownership model, some second homeowners will likely purchase a median-priced home, reducing the supply available for year-round residents.

The scenarios to the left illustrate the potential effect of Pacaso on a segment of the housing market.

This effect is most likely to be experienced in places like the New York City Area, where the housing market is very competitive, partially because of strong demand for second homes, especially in certain sub-markets. As Pacaso grows, the mitigating effect on the supply of median-priced homes will only increase.

Notes

Pacaso is still in a growth phase, meaning EBP relied on assumptions based on industry and public record data. As Pacaso expands, its effect will likely become clearer, and we encourage future research to this end.

EBP and Pacaso made the following assumptions in completing this study. Adjustments to these assumptions could change the results.

- EBP used a national average utilization rate for Pacaso homes because market-specific rates fluctuate.
- We began our household spending analysis using values for all households in the New York City Area, not spending by second homes or Pacaso homes specifically. To be more accurate, we made the adjustments listed in the table below to household spending categories pulled from our primary data source, [Esri ArcGIS Business Analyst Online](#), which is itself based on data from the Bureau of Labor Statistics Consumer Expenditure Survey. This adjustment process was built on our assumption that second homeowner spending patterns fall somewhere in between short-term visitors and year-round residents. Compared with New York City Area visitor spending patterns from 2019 studies by Tourism Economics, we assumed that homeowners spend comparatively more (as a share of their budget) on food and beverages, a similar amount on retail, less on recreation, and less on transportation.
- For the tax impact analysis, we used state and county tax rates as of March 2022 from [Avalara.com](#), a website that helps businesses calculate their tax bills. After comparing Avalara tax rates with tax rates published on several government websites for jurisdictions included in our analysis, EBP determined that it is a reliable source.

Cover Photography by [Laurenz Heymann](#) and Report Photography by [Rafael Leão](#) on [Unsplash](#).

Appendix A. Household Spending Category Inclusion

Spending Category	Inclusion in Analysis
Alcohol	Included (37% under Dining Out and 63% under Food at Home).
Apparel	Included. Assumes co-owners spend like year-round residents during longer stays.
Dining Out	Included.
Education	Not included.
Entertainment and Recreation	Partially included (43%). Includes items, such as event admissions.
Finance	Not included.
Food at Home	Included.
Health Care	Not included.
Household Goods	Not included. There is likely a minimal net increase in spending by Pacaso homes.
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Housing	Not included. Mostly fixed housing costs, utilities, and maintenance and repairs.
Life Insurance and Pensions	Not included.
Miscellaneous Expenses	Not included.
Personal Care	Included. Assumes co-owners spend like year-round residents during longer stays.
Local Transportation	Partially included (20%). Includes items, such as gasoline and public transportation.
Travel	Not included. Related items are covered by other categories.

Source: Esri ArcGIS Business Analyst Online and Pacaso.

