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CAPE COD HOME

Cape Cod Short-Term Rental Investment Guide: What to Know Before You Buy

A free field guide from the people who actually live here.

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The pitch is seductive: buy a Cape Cod cottage, rent it to summer vacationers at premium weekly rates, and let the guests pay your mortgage. Sometimes it works beautifully. But the Cape short-term rental market has real constraints that catch investors off guard — intense seasonality, tightening town regulations, taxes, and coastal ownership costs — and the numbers only work if you run them honestly. Here’s what to know before you buy a Cape home as an STR investment. (STR rules, taxes, and costs vary by town and change frequently — verify all specifics with the town and a local professional before you buy.)

The seasonality reality (run these numbers first)

This is the single biggest thing investors miscalculate. Cape Cod rental demand is **overwhelmingly summer-weighted**. Your premium weeks are a limited window; shoulder and off-season rates and occupancy fall off sharply. Build your projections around **realistic peak-season weeks plus modest shoulder demand**, not a year-round occupancy fantasy.

Season	Demand	Rate
Peak summer (roughly late June–Aug)	High	Top rates
Shoulder (June, Sept, early Oct)	Moderate	Lower
Off-season (Nov–May)	Low	Lowest / often vacant

Regulation is tightening — check it first

Cape towns have been **adding and tightening short-term-rental rules**: registration and permitting requirements, safety inspections, occupancy limits, and in some places caps or restrictions. Before you buy for STR income:

- **Confirm the specific town’s STR registration/permit rules** and whether new registrations are even being issued.
- **Ask about caps, zoning limits, and owner-occupancy requirements** — some towns restrict where and how STRs can operate.
- **Understand it can change** — this is an active regulatory area; a rule that’s favorable today can tighten.

Buying an STR investment without confirming the town allows and permits it is the cardinal mistake.

The tax picture

Massachusetts applies a **room-occupancy excise tax to short-term rentals**, and many Cape towns add a **local option tax** and, in some areas, additional community-impact or water-protection fees. You’ll typically **register with the state, collect and remit these taxes**, and comply with local rules. Factor this into your pricing and bookkeeping — and get a tax professional who knows MA STR rules.

The full cost stack

Investors who only compare mortgage to rent miss the real math. Budget:

- **Flood + wind insurance** (coastal; can be significant).

- **Septic/Title 5** upkeep and possible upgrade.
- **Property taxes** (second homes miss residential exemptions some towns offer).
- **Management, cleaning, and turnover** — every summer weekend is a same-day turn.
- **Maintenance** — salt air and heavy summer use are hard on a home.
- **Vacancy** — the ~8 months of low demand.

How to evaluate a Cape STR honestly

1. **Confirm the town permits STRs** and get the registration requirements.
2. **Model realistic peak-season revenue**, not year-round.
3. **Subtract the full cost stack** (taxes, insurance, management, maintenance, vacancy).
4. **Stress-test it** — what if a big-ticket item (roof, septic) hits, or rules tighten?
5. **Talk to a local agent and a local STR manager** for real occupancy and rate data by town.

Don't miss: confirming the town's STR rules *before* you write an offer. The Cape STR market can be a solid investment for buyers who go in with honest, seasonal numbers and current regulatory facts — and a money pit for those who assumed summer rates run all year and nobody was watching the rules. Do the homework, and let the real numbers, not the fantasy, make the decision.

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