



AIRDNA

2021 AirDNA Trend Report

# “Unpredictable.” “Unparalleled.” “*Unprecedented.*”

As the year comes to a close, it's fair to assume we've collectively exhausted the ways to describe 2020.

While each industry had its own distinct experience with the pandemic, that of short-term rentals was particularly unique. Travel -- the lifeblood of the industry -- came to a screeching halt. For hosts, letting strangers into your home suddenly felt as suspicious as it did pre-2000.

Then, one theme emerged: while navigating new protocols and regulations, people sought space, safety, and connection. Travelers began traveling, but they changed *how, where, and when.*

Albeit bruised and battered, short-term rentals have somehow managed to wrap up 2020 in relatively decent shape. If Airbnb's blockbuster IPO is proof in the financial pudding, it's clear there's money-backed confidence in the future of home-sharing.

Here at AirDNA, we've spent the year glued to data -- 10 million properties, 120,000 international markets. Now more than ever, hindsight *is* 2020.

Here are the year's 10 most dominant trends and what they mean for 2021.

Stay safe,

The AirDNA Team

# 1 Getting off the beaten path

As major cities like Paris, New York, and London felt the largest brunt of the pandemic, smaller drive-to destinations closer to home filled their void.

Although a bit less glamorous -- more hikes, less first-class cocktails -- travel still existed in 2020. It's likely these pandemic habits may stick around in 2021. Look no further than our data below and Airbnb's latest slogan, "Go near."

What does this mean for vacation rental hosts? No destination is too small for travel. There's a rental business to be made in nearly every rural, small-town corner of the world.

Data from a [Vrbo](#) survey tells a similarly compelling story:

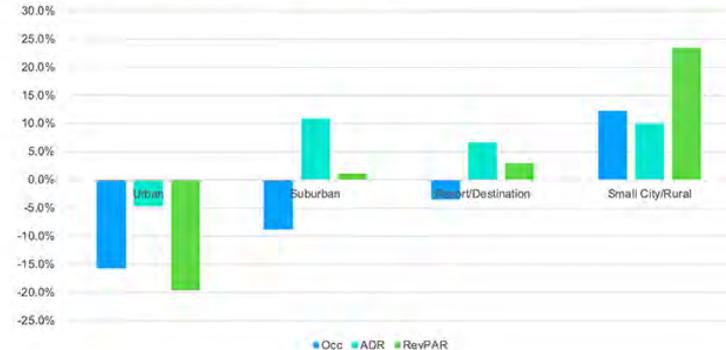
- 61% of US families said they are more likely to visit an outdoorsy destination than an urban one
- 59% of families say they are more likely to drive instead of fly on their next trip

Increased Demand For Short-term Rentals in Rural Locations  
2020 Y-o-Y Change in U.S. Short-term Rental Demand by Location Type



Source: AirDNA

2020 Performance  
Forecast of 2020 Occupancy, ADR, & RevPAR

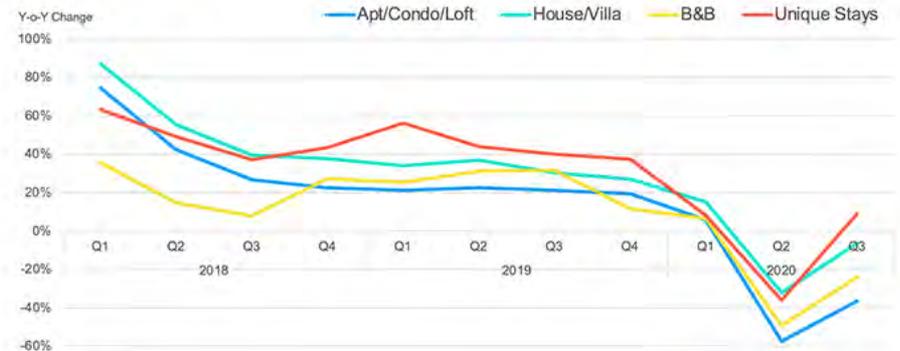


# Accommodations reimagined

Not only did travelers change destinations, they also changed their *type* of preferred accommodation. Mid-city apartments were elbowed aside by tiny homes, farm stays, treehouses, and yurts. Hosts have reimagined what a “vacation rental” even is, and travelers are onboard.

Here we see how “Unique Stays” lead the revenue growth recovery in late 2020. We’re projecting supply and demand for unique stays to remain strong in 2021 even as travel returns to normal.

Unique Stays (Like Tiny Homes & Farm Stays) Lead Revenue Growth  
Unique Stays only 3% of Global Revenue, but Growing Quickly



# Bigger is better

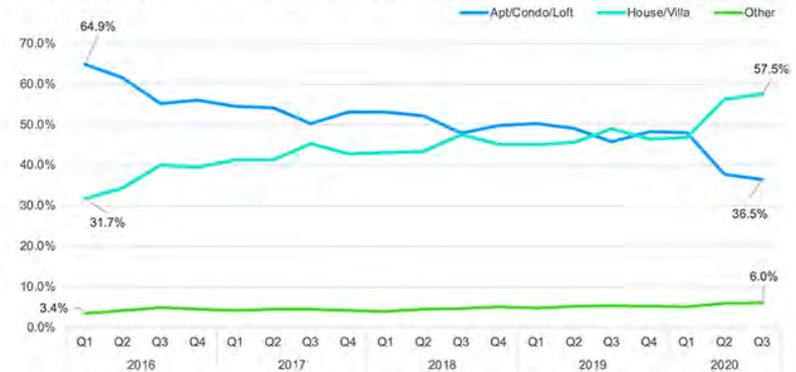
Vacationing in a yurt isn't for everyone. Many travelers opted for traditional accommodation types in 2020. In that category, hosts who manage bigger, single-family units made out best.

With the rise in pod travel and the desire for fully-equipped stays, it's no wonder these supply segments are projected to perform best in 2021. If you're eying an investment opportunity in the next year, be sure to consider space, size, and privacy.

People Want Space – The Larger the Home the Better the Performance  
2020 Y-o-Y Demand Change by Room Count – United States – Entire Homes



COVID-19 Accelerates Airbnb's Transition from Multi-Family to Single-Family  
57% of revenue now from Single Family Homes



# 'Flexcations' and long-term stays

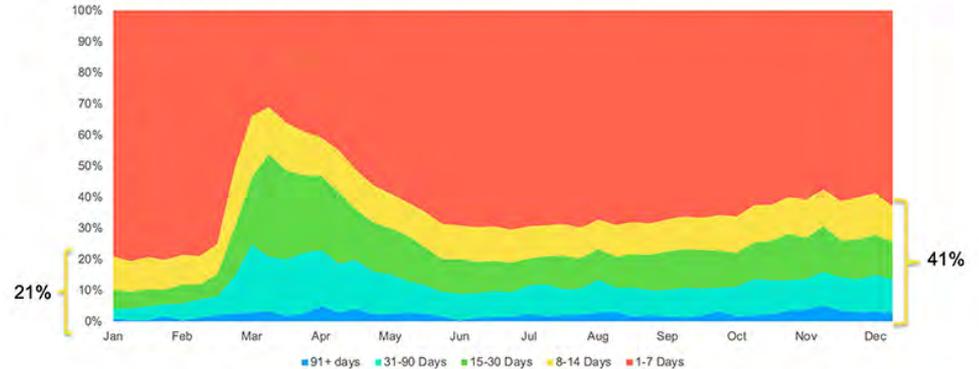
In April, we released findings on why mid-term stays may rescue short-term rentals. The amenities, space, and long-term discounts provided by vacation rentals proved to be necessary survival buoys. The rise of remote work powered much of the demand for work+play getaways.

There are two interesting trends that emerge from our length of stay data. First, the flip-flop between March and May. Whereas short bookings (1-7 days) accounted for **80% of all pre-pandemic bookings**, that shrunk to roughly **30% during the spring**.

Second, it seems that longer-term stays weren't just a flash in the pan. Not only have stays of 8+ days not returned to pre-pandemic levels, they've been steadily rising since the summer.

Longer-term stays now account for twice as many trips as they did in 2019. Heading into 2021, hosts relying solely on short, pricy weekend stays will likely need to readjust.

Extending the Length of Stay - % of Trips Greater than 7 days has Doubled  
% of Trips by Length of Stay



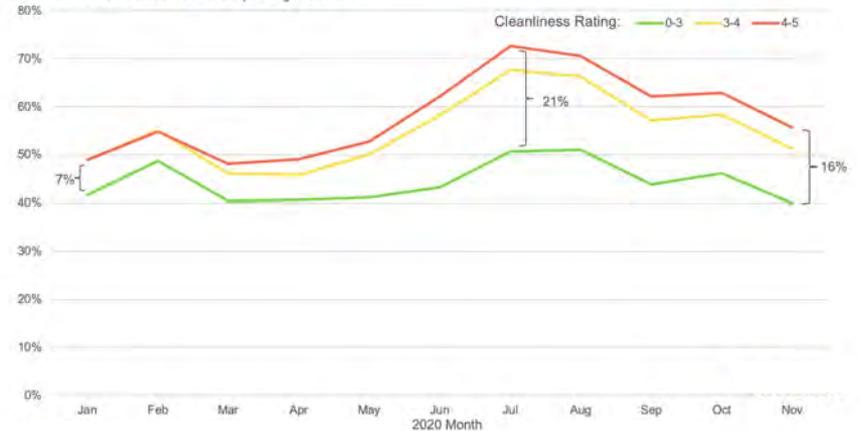
# Cleanliness, prioritized.

Old cleanliness adages are now truer than ever: travelers in 2020 prioritized safety and cleanliness like never before.

Airbnb's new Enhanced Cleaning Initiative sought to provide a stamp of approval to hosts who were up to snuff on their COVID protocols -- and it worked.

Throughout the year, high cleanliness ratings directly correlated with high occupancy rates. It's tough to imagine 2021 deviating too far from this theme. Expect hotel-like cleaning standards to be the future norm of successful vacation rentals.

Cleanliness Ratings – Can Help Drive Occupancy  
2020 U.S. Entire-home Occupancy Levels



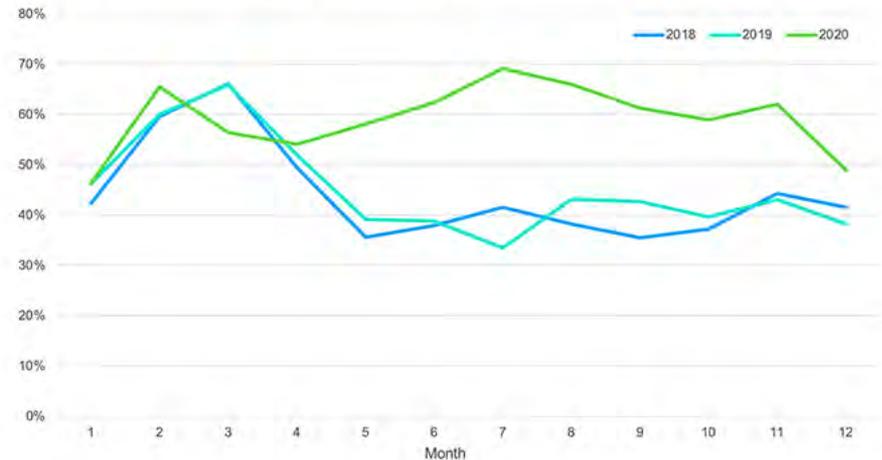
# Not-so-seasonal seasonality

2021 may be the year hosts and property managers decide to rethink seasonality. Historically, seasonality hasn't been the most active metric -- ski towns see most bookings during the winter, beaches see them during the summer, and urban centers are more consistent.

However, 2020 caused normal seasonality patterns to change. For places like California's Coachella Valley where summer travel is usually slow, seasonality didn't follow suit this year. Guests were willing to book rentals despite extremely warm weather.

Was this solely due to pent-up demand? Or is it part of a larger, more permanent shift away from seasonality? It's hard to tell. Keeping an eye on your market's seasonality metric will be important in 2021.

The Pandemic has Caused Normal Seasonality Patterns to Change  
Entire-Home Occupancy in Coachella Valley, CA



# Hotels continue losing ground

Lobbies, crowded elevators, shared dining spaces -- few aspects of hotels lend themselves to a global pandemic. Throughout 2020, alternative accommodations gained a significant leg up on traditional lodging.

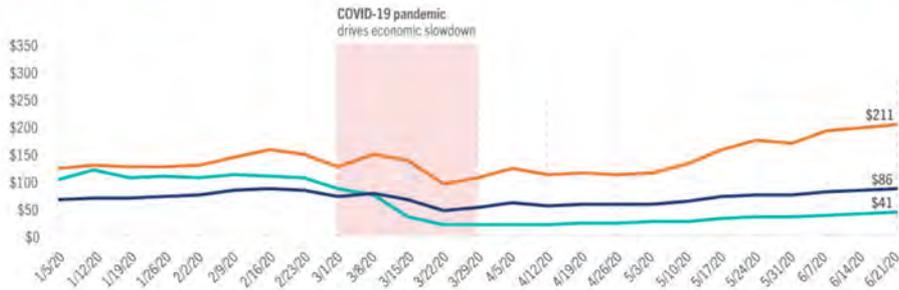
Whereas US short-term rentals accounted for just 10% of total lodging revenue heading into 2020, the pandemic boosted their share to over 25%. Earlier this year, [we authored a joint report with STR outlining the performance of short-term rentals vs. hotels](#). The takeaway was clear: with more travelers preferring vacation rentals than ever before, they've become far more resilient and insulated from international crises.

AirDNA projects 2020 to be a catalyst for the travel sector to fully adopt short-term rentals as a primary lodging choice in 2021.

## Weekly RevPAR

27 Markets Globally

Hotels Rentals HC Rentals ZBF+



Rentals HC -- "Hotel Comparable" (Studio & 1BR short-term rentals that are comparable to traditional hotel rooms)

## Can Short-term Rentals (STRs) Continue to Capture a Greater Share of Revenue?

U.S. STR Revenue as a % of Total Lodging Revenue (STRs + Hotels)



Source: AirDNA, Kalibri Labs

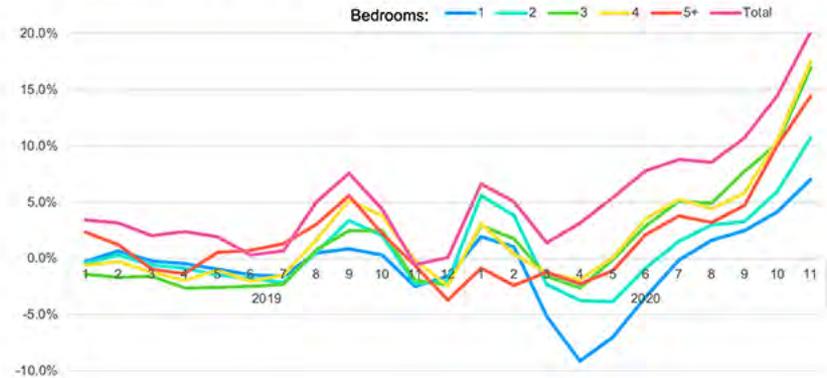
# ADR Growth Remains Strong

One of the most curious trends of 2020 has been the resilience of rates. Even in the face of a global pandemic, the average daily rates of vacation rentals not only remained strong, but they actually *grew*. When many expected a wave of discounts, demand for vacation rentals meant hosts were able to price properties competitively.

Below is a chart showing US ADR's by bedroom count which all made a resounding push in the final months of the year. Globally, ADR's grew modestly in 2020 by 4%-6%. We project rates to follow a similar path into 2021 as travel becomes more commonplace.

## ADR Growth Especially Strong in the U.S.

Y-o-Y Change in Entire-Home ADRs by Room Count – United States



# Riding the wave of professionalization

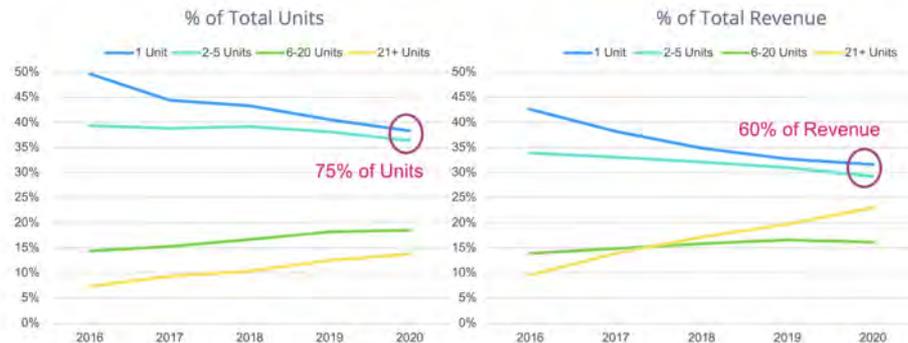
The wave of professionalization is by no means a trend specific to 2020. Ever since the business model earned its proof of concept, hosts and property managers around the world have been pushing to scale.

Today, the majority of units and revenue share are still dominated by hosts with fewer than 5 properties. However, those with more than 6 properties have been gaining ground steadily over the last 5 years.

If we're to pick a theme surrounding professionalization in 2020, it'd be its lack thereof. The trends stayed their course, and the pandemic remarkably didn't cause too much disruption. Look for large-scale property owners to continue growth in 2020, particularly in terms of revenue share.

## Individual Hosts (5 Units or Less) Operate Majority of Units

% of units/revenue managed by hosts with multiple units



## Most of the Growth Globally & in Top Markets from Professional Hosts

Y-o-Y Change in Revenue by Host Unit Count for Top 10 Global Markets



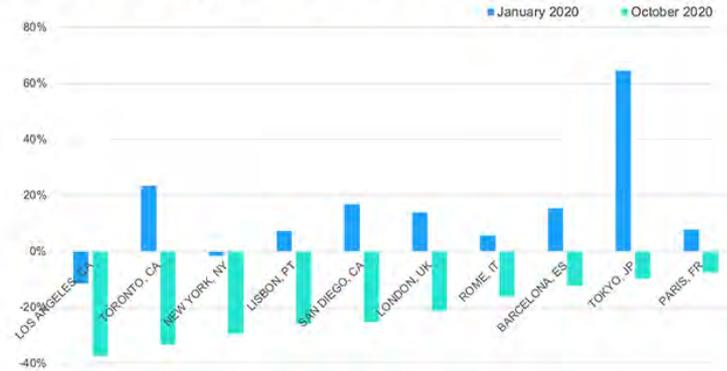
# Supply hanging in the balance

The supply of vacation rentals saw a significant downturn in 2020 as the pandemic caused many operators to close their doors. As seen in the chart, most major cities around the world now have far fewer short-term rentals than in January of 2020.

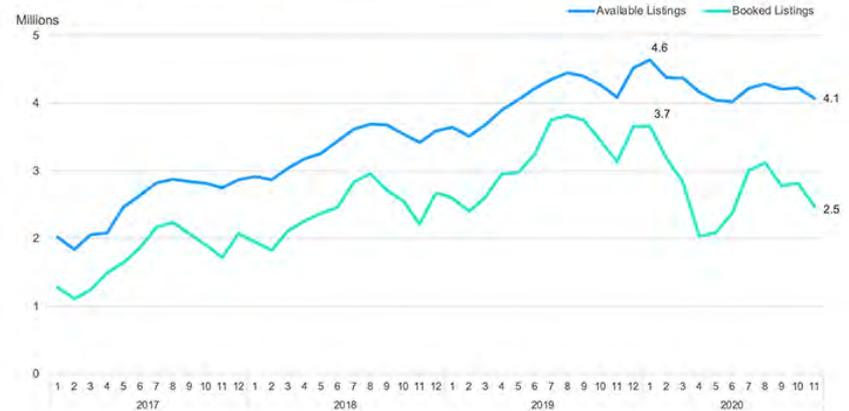
From a high-level view, however, total listings are holding relatively flat -- a trend we expect to continue in 2021. What does this mean for short-term rental professionals?

Fewer hosts mean less competition -- but it could also be the canary in the coal mine of an oversupplied industry.

Top Markets all have declining Supply – Regulation still in Play  
Y-o-Y in Available Listings for Airbnb's Top-10 Markets



Global Supply of Short-Term Rentals has Plateaued in 2020  
Global Available & Booked Listings on Airbnb



# About AirDNA

AirDNA helps hosts, property managers, and investors make the most of the short-term vacation rental market by turning rental data into actionable analytics. We forecast the revenue potential of 10+ million vacation rental listings in 120,000 markets globally on Airbnb and Vrbo, empowering our customers to analyze easier, invest wiser, list smarter, and succeed faster.

For data on your vacation rental market, explore [MarketMinder](#).

For customized, downloadable data, [contact sales](#).

