



# THE SHORT-TERM RENTAL ECOSYSTEM AND VENDOR DEEP DIVE 2019

## SKIFT RESEARCH TAKE

The short-term rental sector is rapidly expanding, and it is not just Airbnb, Vrbo, and Booking.com that benefit from this. A growing ecosystem of property managers and B2B vendors are professionalizing the sector, while making a decent penny.



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Published August 2019

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# GET AN INSIDE LOOK

Our Research report on the short-term rental ecosystem was one of the more popular reports we've ever done, and we're using it as the launchpad for our first ever [Skift Short-Term Rental Summit](#) event.

This sample report provides an overview and a few highlight pages so that you can get a sense of the type of content included in these reports.

# COMBINE AND SAVE

Interested in the full report? Attend the Skift Short-Term Rental Summit and get access to our report *The Short-Term Rental Ecosystem and Vendor Deep Dive 2019* with our Ticket + Report package. This report provides data on the growth of the sector over the past decade and into 2019, highlights the performance of the top five companies, and provides a top 100 list of vendors that are shaping the short-term rental ecosystem today.

Learn more about the Skift Short-Term Rental Summit at [forum.skift.com](https://forum.skift.com).

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# REPORT OVERVIEW

It is easy to forget that Airbnb is only just over 10 years old, when looking at the extensive ecosystem that has sprouted up around it. Already existing sectors like traditional vacation rentals and serviced apartments have gravitated towards the major platform, while new property managers and business-to-business vendors have launched in recent years.

It is then, hard to overstate the impact that the short-term rental sector has had on the travel industry. Hotels are lobbying for stricter regulations while at the same time entering the sector through acquisitions or new brand launches. And the sector's impact goes beyond hotels, with realtors and property investors increasingly looking at short-term rentals as a lucrative alternative to their regular practices. Meanwhile, regulators are scratching their heads about the best way to legislate all these developments.

This report provides data on the growth of the sector over the past decade and into 2019, highlights the performance of the top five companies, and provides a top 100 list of vendors that are shaping the short-term rental ecosystem today. The report discusses the major trends and latest developments, including the convergence with other travel accommodation sectors, and how commercialization will impact the sector and the legislation that is attempting to regulate it.

## What You'll Learn From This Report

- The global market size of short-term rentals 2010–2019.
- Gross bookings made through the top five short-term rental platforms 2010–2019.
- How the short-term rental sector is converging with other travel accommodation sectors.
- The different types of property managers, and where future growth lies.
- The growth of the business-to-business vendor landscape which is supporting the growth of the short-term rental sector.
- The top 100 companies that are shaping the short-term rental ecosystem.
- How the sector will evolve over the coming decade as it grapples with its own success.

## Executives Interviewed

- Alex Aydin – Founder and CEO at BookingPal
- Erskine Berry – Head of B2B at CityRelay
- Louise Birritteri – Founder and CEO at Piki
- Eric Breon – Founder and CEO at Vacasa
- Rafael Frankow – Director of Business Development Europe at Igloohome
- James Foice – Chief Executive at the Association for Serviced Apartment Providers (ASAP)
- Paul Gardner Bougaard – Chief Executive at Resort Development Organisation
- Merilee Karr – Founder and CEO at UnderTheDoormat
- Henrik Kjellberg – CEO at Awaze
- Lavina Liyanage – Chief Markets Officer at onefinestay
- Dimitris Manikis – President and MD EMEA at Wyndham Hotels & Resorts
- Fran Milsom – Co-Founder at Air Agents
- Jean-Philippe Monod – VP Government & Corporate Affairs at Expedia Group
- Sebastian van Os – Co-Founder and Chief Commercial Officer at NestAngel
- Amiad Soto – Co-Founder and CEO at Guesty
- Vanessa de Souza Lage – Chief Marketing Officer at Rentals United
- Tobias Wann – CEO at OYO Vacation Homes

# EXECUTIVE SUMMARY

Short-term rentals have been around since the 1950s, but their astronomical rise into the mainstream is a key defining factor of the hospitality industry over the past decade.

Skift Research estimates that the total consumer market for short-term rentals totalled \$107 billion in 2018, and is set to grow 7% to total \$115 billion in 2019. Airbnb is the main beneficiary of the growth in short-term rental demand, with gross bookings for rentals estimated to total over \$33 billion in 2018, and further rising to more than \$44 billion in 2019.

In 2010, the five largest companies (Airbnb, Booking Holdings, Expedia Group, Tujia, and TripAdvisor), accounted for only 4% of global gross bookings, but in 2019 we estimate these five companies account for 73% of all gross bookings in the sector.

The short-term rental sector is increasingly converging with other travel accommodation sectors. The hotel sector, at an estimated \$600 billion gross bookings, is still considerably larger, but platforms like Airbnb and Booking.com are helping to blur the lines between different accommodation types. Real estate investors and property landlords are also increasingly interested in the potential of the short-term rental market.

The short-term rental ecosystem goes far beyond the major platforms. It includes four different types of property managers: the independent hosts, which account for around 60% of the available listings, host service providers, traditional holiday home managers, and branded home managers.

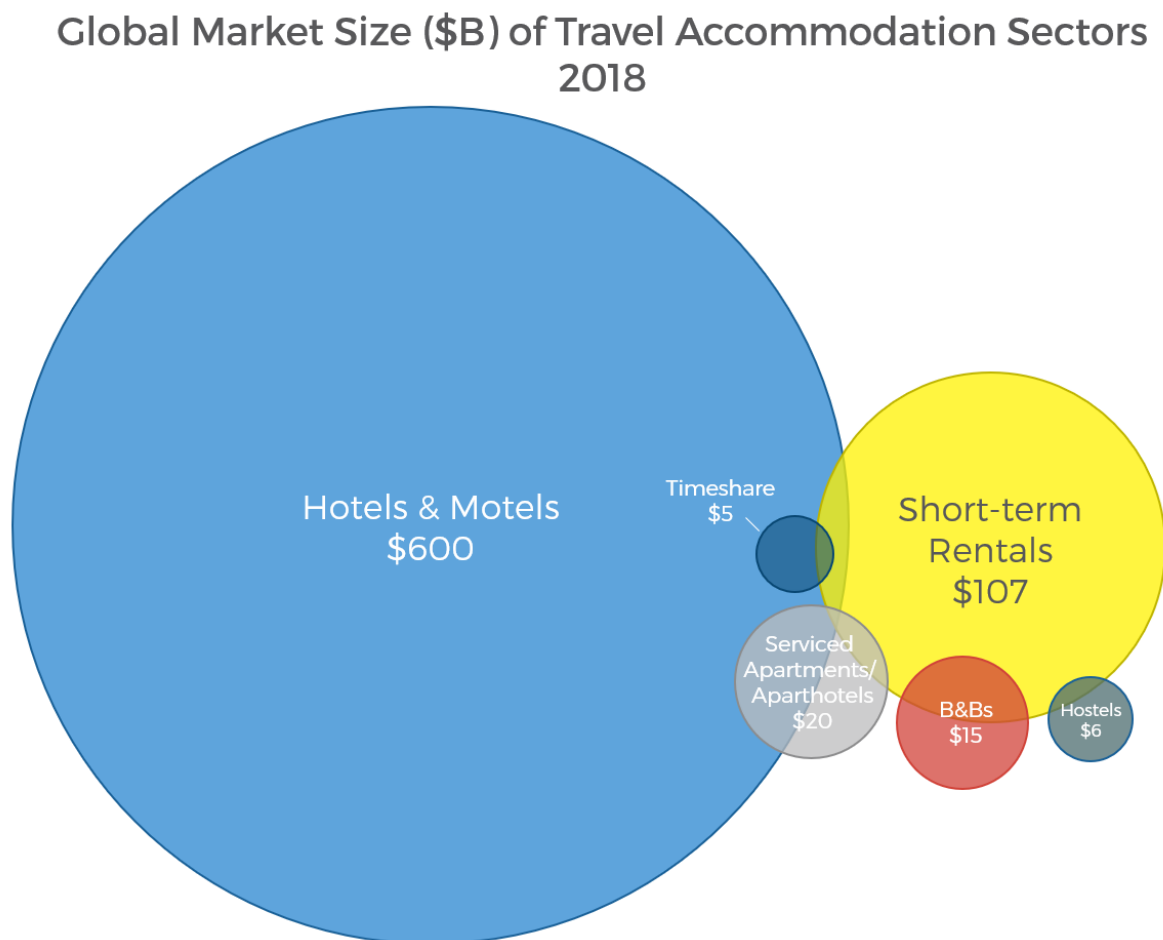
In support of these different types of property managers we find a plethora of B2B vendors ranging from property management tech providers, to vendors providing property operations and hardware, guest-facing tech and support services.

We call on legislators to consider the implications of this expanding ecosystem when regulating the sector and wider industry. The sector not only consists of a lot more players than the platforms and hosts – which tend to be the target of legislation up to now – the sector is also professionalizing and commercializing which might call for a different approach to legislating future growth.

The report highlights two further areas which are set to change the face of the sector over the next decade: consolidation and the battle for exclusivity.

We have already seen consolidation in the platform space, and we are currently in the middle of a wave of consolidation in the property management space. Next will be consolidation of the B2B vendor landscape, which is extremely fragmented at present.

Exclusivity is an issue for platforms and property managers. For the former it is a question of being able to provide listings that are not available anywhere else to instil brand loyalty. For the latter, one major issue is the threat of double bookings, but really, as the brand becomes more important for these players as well, protecting the brand identity will become paramount.

**Figure 1: The convergence of travel accommodation sectors**

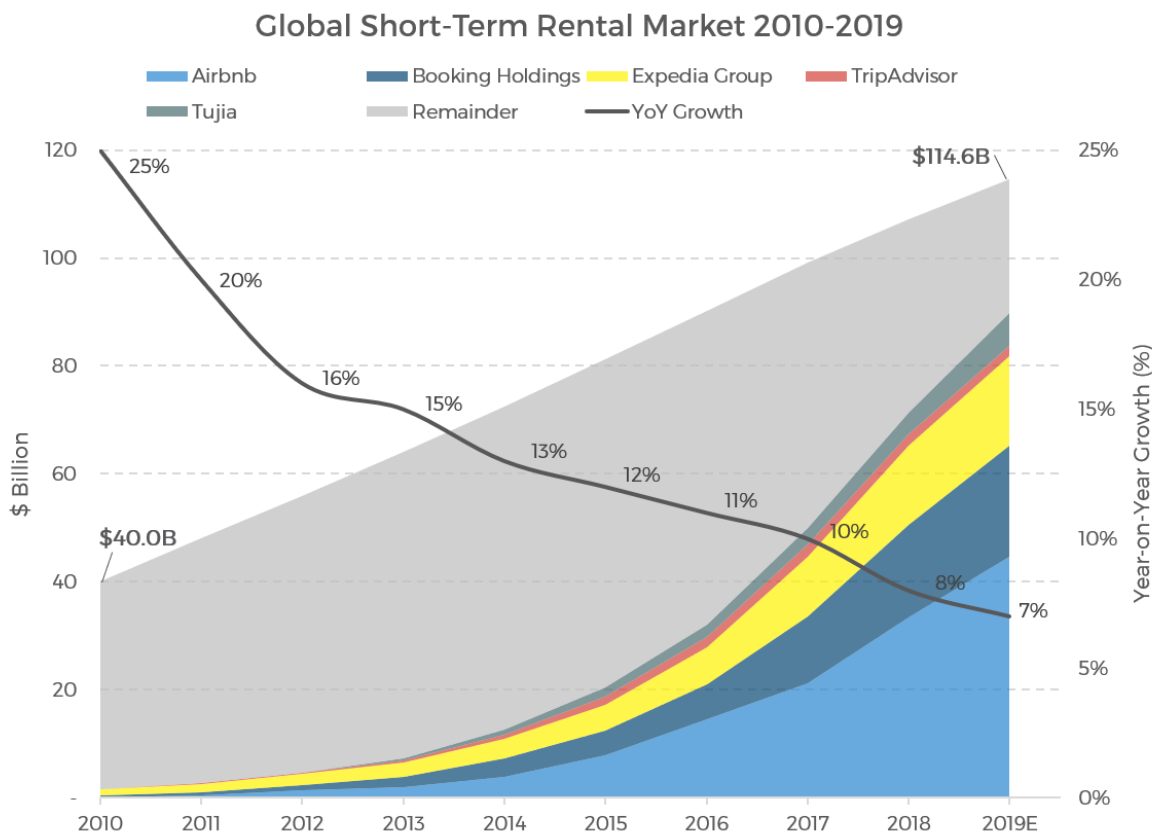
*Source: Skift Research. All values are gross bookings (value paid by customer) in \$ billion for full-year 2018.*

Beyond sizing the hospitality industry, Figure 1 should also function as a reminder that the short-term rental sector is not an island, and further convergence can be expected as the entire industry continues to evolve. Convergence with residential housing is one such development.

#### Travel Accommodation Converging With Residential Housing

There is an ongoing discussion about the impact of the short-term rental sector on housing availability and house prices, especially in urban areas. This discussion is largely marred by limited information and data, and strongly opinionated opposing camps. The short-term rental sector can provide an interesting alternative to long-lets for landlords and property managers, but data on the overall impact of short-term rentals on housing stock and prices is still limited.

Having said that, more property portfolio owners and landlords are looking at the short-term rental sector as a potential channel to increase profits.

**Figure 3: Top platforms have swallowed up the majority of market share**

Source: Skift Research from company reports, market estimates and additional sources.

Airbnb includes all Stays sales (incl. Airbnb Plus and Airbnb Luxe), excluding Excursions and Restaurants sales.

Booking Holding includes short-term rental sales of Booking.com and Agoda Homes.

Expedia Group includes sales of HomeAway, Inc. before its acquisition by Expedia. Includes sales through the Vrbo umbrella brand, as well as sales through other Expedia Group brands. The Vrbo umbrella includes Vrbo, HomeAway, Homelidays, Abritel, FeWo-direkt, Bookabach, and Stayz.

TripAdvisor includes sales through its TripAdvisor Vacation Rentals umbrella brand, including HouseTrip, HolidayLettings, Niumba, FlipKey, and VacationHomeRentals.

## Competition Grapples To Find Right Response

The response of the competition, mostly hotels, to short-term rentals has evolved over the past years. It has been largely three-pronged: in the early years, hotel CEOs would often argue that short-term rentals were not impacting their business and played down the sector's importance; hotels have lobbied for increased regulation for what they call unfair competition; and they have jumped in and acquired or launched their own short-term rental brands.

The first response, feigning ignorance of short-term rentals impact has largely disappeared over the past years as especially Airbnb has continued to encroach on hotels' core business. Skift Research estimates that Airbnb's total revenue has overtaken that of Hilton in 2018, and will overtake Marriott in 2019.

# MOVING FORWARD: CHALLENGES AND OPPORTUNITIES

## So Much More than Airbnb — How Will Regulators Adapt?

Airbnb has been in the crosshairs of most regulatory campaigns and as the largest player this is set to continue. Whether fair or not, the company is simultaneously the poster child and comic book villain of the industry, and it is unlikely to find a middle ground which is satisfactory to all stakeholders involved.

Airbnb is steadfast in arguing for its positive impact on local communities, with ‘hosts earning a little more money to be able to pay their rent’, as their rhetoric goes. If the company continues to focus on these ‘amateur’ hosts, calls for further regulations will likely focus on the missing health and safety features and the need for host registration, which might scare off hosts and dampen future supply.

Conversely, if Airbnb focuses on professional property managers which are more aware of local regulations and can offer faster scalability and heightened service standards, regulators will see through its community-model rhetoric and will put pressure on Airbnb to release more information on its business practices and pay its fair share of taxes. Rather than seeing Airbnb just as an e-commerce player that intermediates between hosts and guests, regulators might in this case start to see Airbnb as a hospitality company that will need to adhere to the same regulations as other travel accommodation providers.

This is the crux of regulatory discussions that have been taking place over the past years. We will take a look at cases currently playing out in the European Union to find the key sticking points in regulating the sector today. The European Union is a great case study, as it has to deal with a diverse mix of legislators and other stakeholders, and has so far been the most progressive in attempting to reach a solution.

## TWO SIDES OF THE SAME COIN

The focus on Airbnb is only one side of the story. “There are always two levels of regulation, whether you go to Asia, the United States, Europe or anywhere else,” said Jean-Philippe Monod, vice president of government and corporate affairs at Expedia Group. “You have the platforms, and you have the hosts.”

The first level, which focuses on Airbnb and similar platforms, looks at the rights and responsibilities that come with hosting content and acting as an intermediary between hosts and guests. In the case of the European Union this is regulated under the E-Commerce Directive.

A tourism organization in France is currently in a battle with Airbnb over whether the latter is an e-commerce provider or a real estate brokerage. E-commerce providers are free, under European law, to offer their services throughout the bloc without impediment.



# ABOUT SKIFT

Skift is the largest intelligence platform in travel, providing media, insights and marketing to key industry sectors.

## THE SKIFT RESEARCH DIFFERENCE

Skift Research is the official research arm of Skift. Our reporting combines:

- Skift's extensive industry experience
- Rigorous financial & quantitative analysis
- Qualitative insights from top executives at nearly every major travel company

We conduct primary research, summarize our findings through desk analysis, and present them back to you in a digestible format which you can take to your team, partners, and clients to understand the market and make decisions.

Using our proprietary blend of qualitative and quantitative analysis, Skift Research closes the information gap faced by businesses today.

Contact us at [research@skift.com](mailto:research@skift.com)!