Short Term Rentals trends from Transparent

October 2023

VisitBritain/VisitEngland Research

October 2023 | Four key insights

- Short term rentals data reveals trends first established in September **continuing in October**, as we move further away from 2023's peak tourist season. Demand for nights in short term rental properties declined further from September to October (6.1m nights to 5.7m nights), with occupancy rates also declining further (57% to 51%), as well as average revenue per property.

- In October, **performance generally remained above 2019** levels, with the exception of occupancy rates, which were two percentage points below. The supply of short term rental properties rested at 17% above October 2019, with nights reserved 32% above October 2019.

- October also saw **audience trends being maintained** month on month, with the share in inbound visitors declining further, however Europe regained 2 percentage points of share from APAC and the Americas. Length of stay extended further from 8.4 nights to 9.7 nights from September to October.

- Data based on future bookings continues to indicate a boost in demand **around the festive season**, with 3.8m nights already reserved for December, occupancy already at 40%, and average daily rates set to reach their 2023 peak in that month at £264 (based on bookings up to the end of October).

About this data

Transparent

Transparent Intelligence track over 35 million vacation rental listings worldwide and maintain a proprietary database of hundreds of thousands of reservations tracked by month. Listings on the four major short term rental platforms are tracked: Airbnb, Booking.com, Vrbo and TripAdvisor. Listings data is deduplicated when the same property is being advertised on more than one platform.

The UK Government defines a short term rental property as *'a dwelling, or part of a dwelling, provided by a host to a guest, for use as accommodation other than the guest's only or principal residence, in return for payment, in the course of a trade or business carried on by the host'.*

VisitBritain/VisitEngland receives this data on a monthly level, with metrics covering the overall supply of short term rental properties across the UK, as well as a selection of performance metrics. We are also able to gather some learnings about the types of trips taking place. Historical data is available back to 2019, with future performance also available for up to 1 year in the future. We have limited future performance data shown in this report to three months in the future in order to ensure reliability, based on guidance from Transparent.

Caveats for Transparent Intelligence data:
- Transparent estimates that roughly 20% of the global demand for accommodation in 2021 was driven by short-term rentals, meaning that the data in this report should ideally be considered in tandem with insights that VisitBritain/VisitEngland receives from STR on the performance of serviced accommodation in England in order to gain a fuller picture.
- Please note that all data in this report is based on listings from Airbnb, Booking.com, Vrbo, and TripAdvisor, apart from guest origin data from slides 16-19, which is from Airbnb only.
- Patterns in supply and performance may be impacted by existing regulations relevant to the short term rental sector which currently differ across the UK. Read more on regulations in Scotland and London.

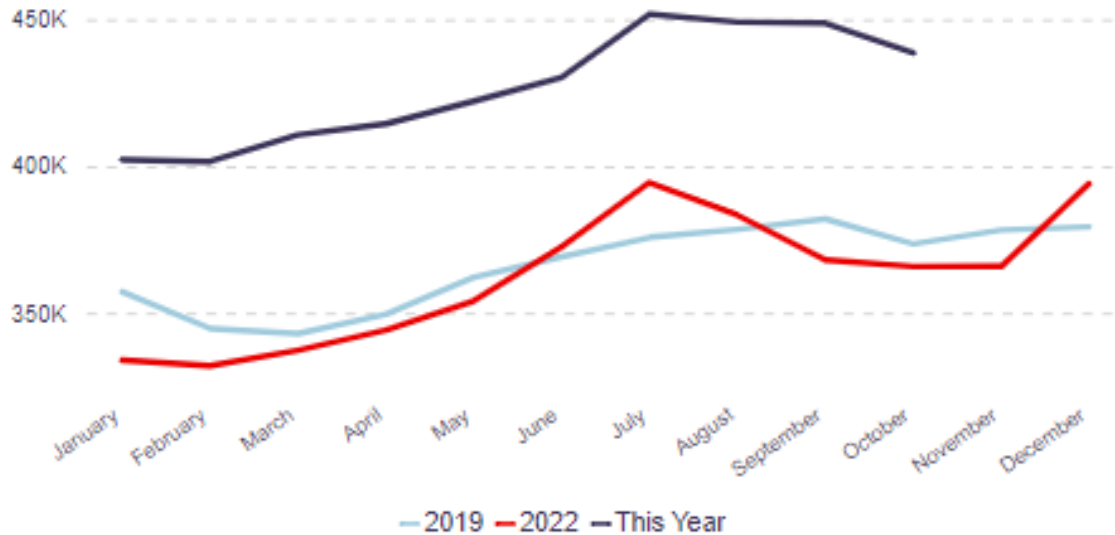This report can be freely shared, as long as Transparent Intelligence is cited as the source.

This report is based on data which is up to date as of the end of October 2023.
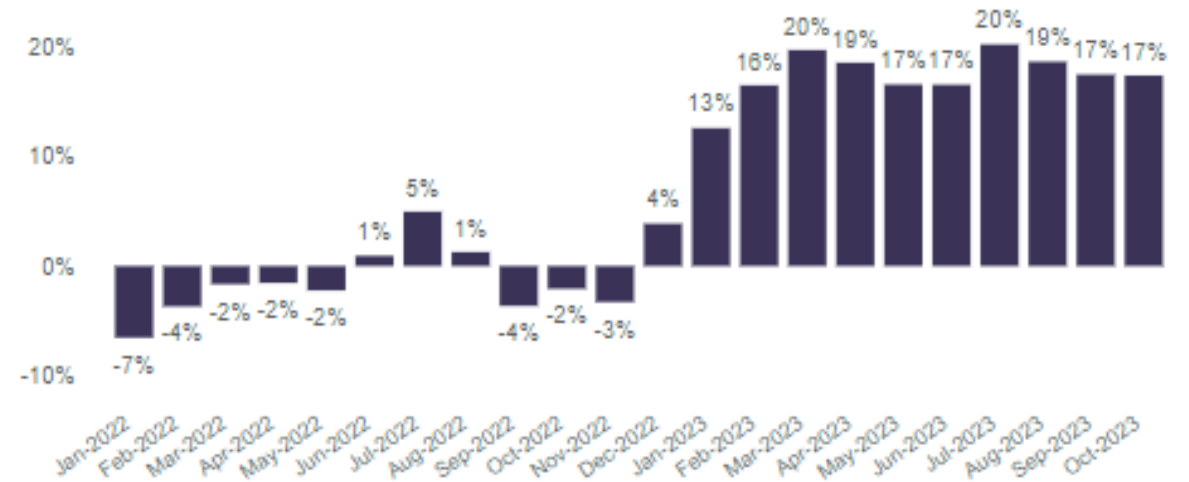
Latest trends

Supply | Growth in supply of short term rental properties holding steady in October

Total supply of short term rental properties in the UK (000s)

— 2019 — 2022 — This Year

Percentage change in supply of short term rental properties vs. 2019


- The supply of short term rental properties across the UK started to show growth vs. 2019 within 2022, and consistent growth vs. 2019 has been seen in 2023 so far. In October 2023, there were over 438,000 short term rental properties across the UK.
- Growth within 2023 saw peaks in March and July (20% each), with September and October both seeing growth of 17%.

Reserved nights | Demand for nights in short term rental properties growing at a faster rate than supply, however growth declined month on month

**Total nights reserved in short term rental properties in the UK (millions)**
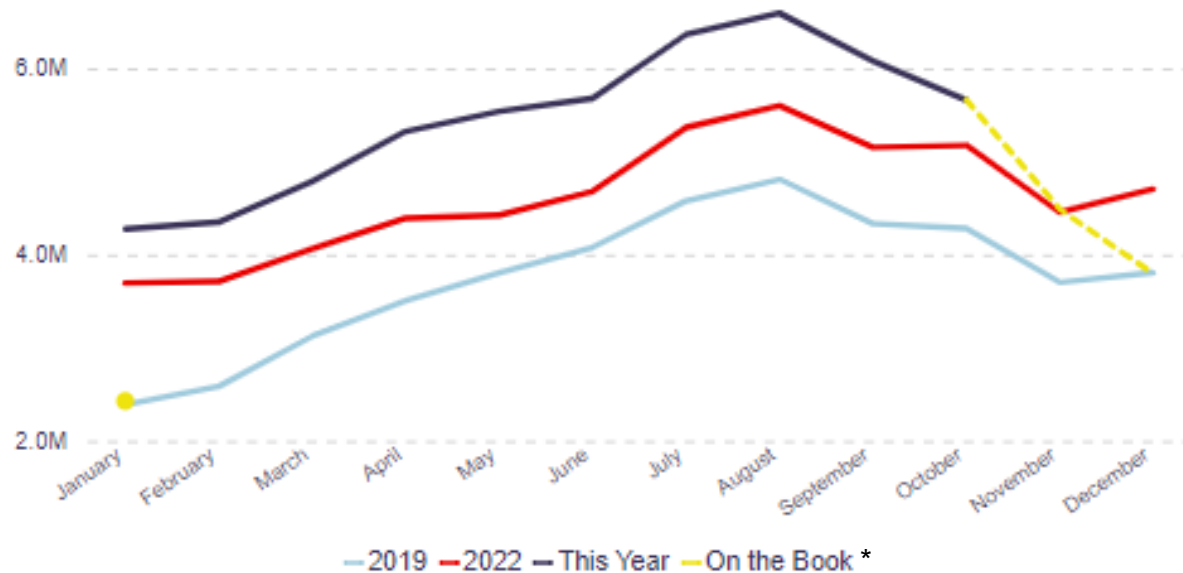
Growth in nights reserved in short term rental properties vs. 2019

— 2019 — 2022 — This Year — On the Book *
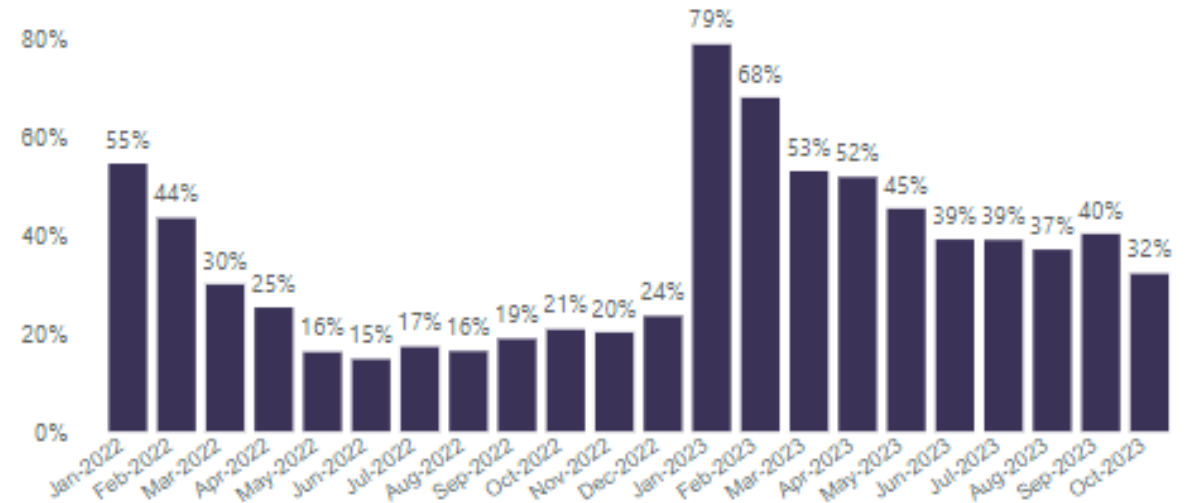
- Early 2023 saw a particularly strong boost in the volume of nights reserved: exceeding 2019 levels by 79% in January, and 68% in February. Since then, we have seen growth rates reduce overall, with a decline from September to October (40% vs. 32%). 5.7 million nights were reserved in short term rental properties for the month of October 2023.
- Reservations made in 2023 so far peaked in August, with declines in volume in September, October and for future months, however 3.8 million nights have already been reserved for December 2023 as of the end of October.

Nights already reserved for future months as of October 2023. We can expect volumes to increase in the future as more bookings are made.

Occupancy | October sees occupancy rates decline further, slightly below 2019 levels

Occupancy Rate in short term rental properties in the UK

—2019 —2022 —This Year —On the Book *

% change in occupancy rate in short term rental properties vs. 2019
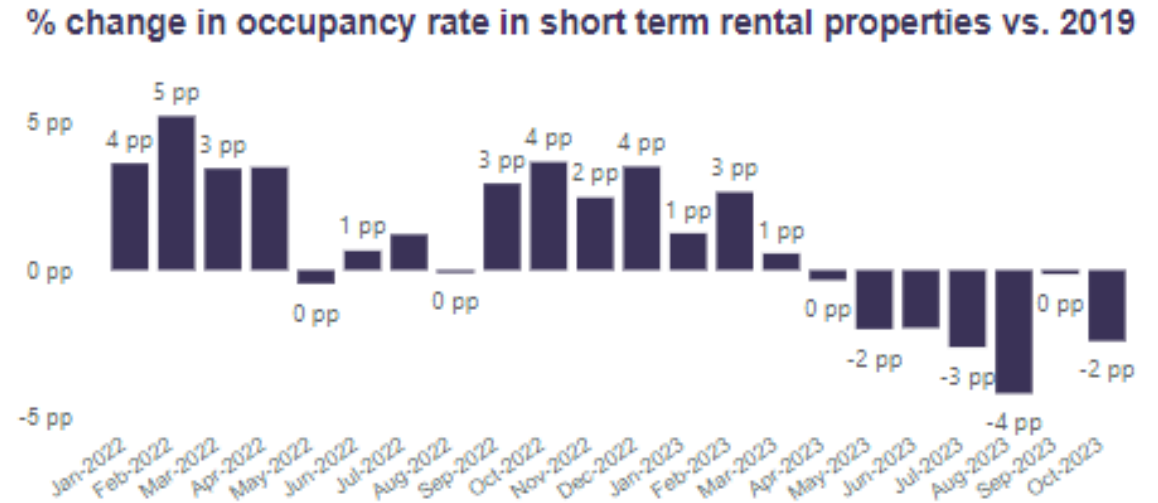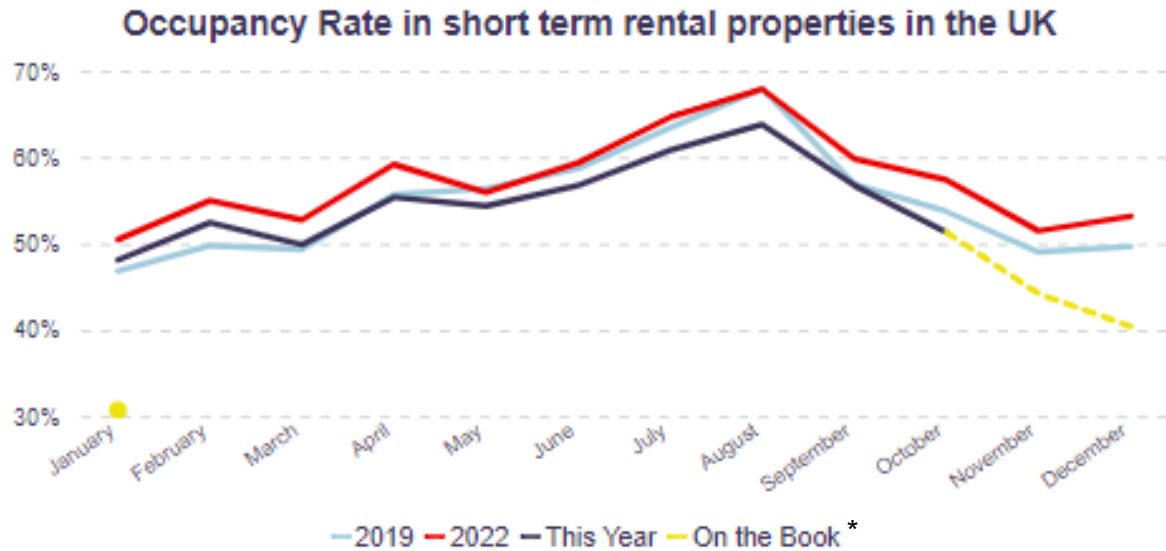
- After most months in 2022 seeing the occupancy rate of short term rental properties exceed 2019 levels, 2023 up to August saw occupancy rates decline, with this gap increasing month by month. This pattern improved in September, with occupancy rates once again matching 2019 levels, but has declined once again to -2 percentage points in October.
- Occupancy rates increased throughout 2023 until August, however this dipped in September and October (57% and 51%). Looking at bookings for the future, 40% occupancy has already been achieved for December as of bookings made before the end of October 2023.

*Occupancy rates based on bookings in future months as of October 2023. We can expect occupancy to increase in the future as more bookings are made.

Average daily rate and revenue per property | Further declines in revenue moving into October

Average daily rate in short term rental properties in the UK
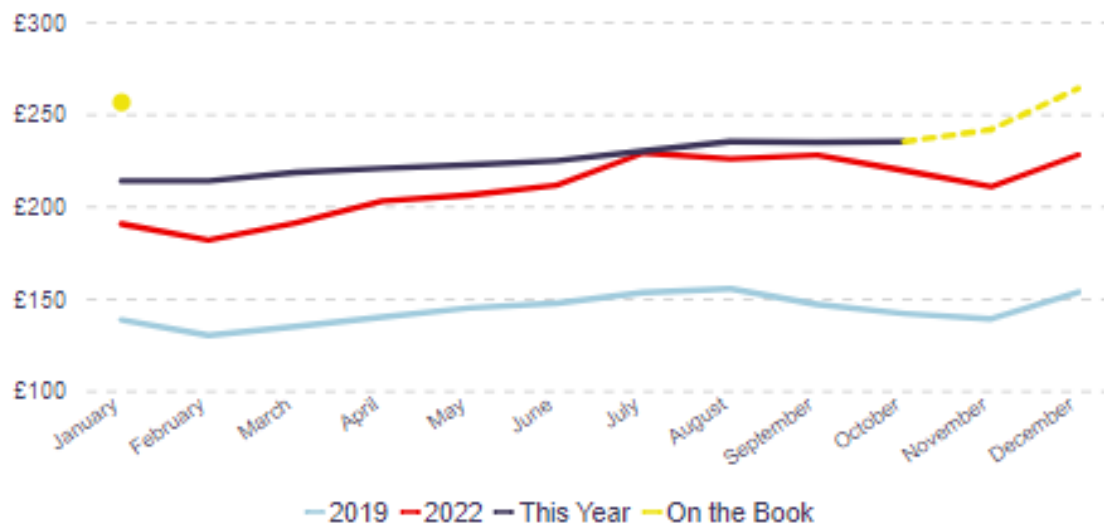
Average revenue per property in short term rental properties in the UK
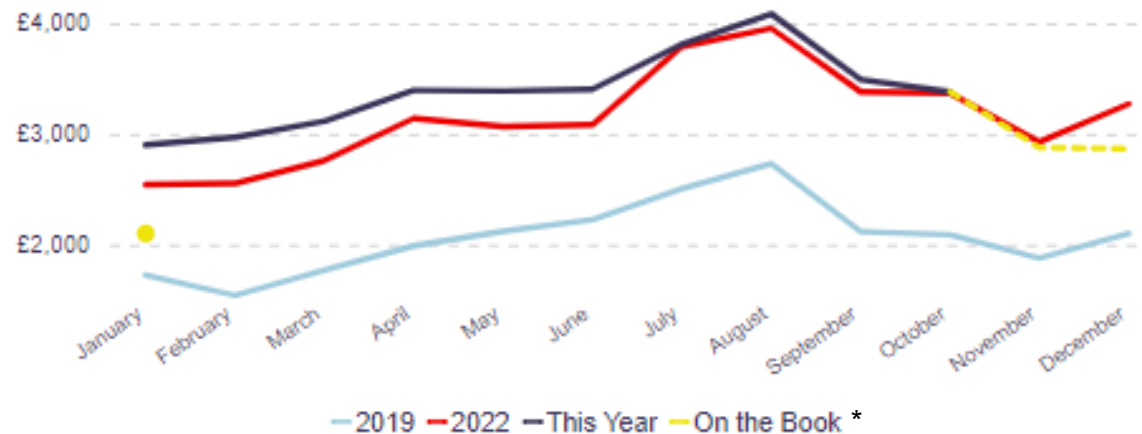
Legend: 2019 — 2022 — This Year — On the Book

- ADR and average revenue for short term rental properties have exceeded 2019 levels throughout 2023 so far, with ADR growing by 66% in October 2023 vs. the same month in 2019, and average revenue growing by 62% in that time. This growth outpaced the rate of inflation during the same period (22%).
- ADR in October 2023 was £235, with ADR associated with bookings in future months set to rise significantly in December and January.
- Average revenue per property in October 2023 was £3,379, a further decline vs. September. Average revenue associated with stays 'on the book' in the upcoming months is lower than in previous months, however this is likely to change as more bookings are made, and a bump is anticipated in December.

Note: ADR = average daily rate, representing the average nightly price when the data was flagged as booked, not including fees or discounts. Average revenue per property = the sum nightly price per property when booked, not including fees or discounts. Both metrics from Transparent data are in US dollars, which have been converted here using exchange rates from the Bank of England.
*Average daily rate for bookings in future months as of October 2023. Metrics may change in the future as more bookings are made.

Trip characteristics | Average length of stay extended further in October

Average length of stay in short term rental properties in the UK (nights)

Year ● 2019 ● 2022 ● 2023 **On the book***

Month	2019	2022	2023
January	10.3	15.7	15.7
February	6.3	9.9	9.3
March	5.7	9.2	8.5
April	5.1	7.9	7.9
May	4.9	7.1	7.0
June	4.8	7.0	7.7
July	4.9	6.9	6.8
August	5.0	6.9	7.0
September	5.8	8.4	8.4
October	6.0	9.2	9.7
November	6.7	10.7	10.8
December	5.0	8.2	9.3
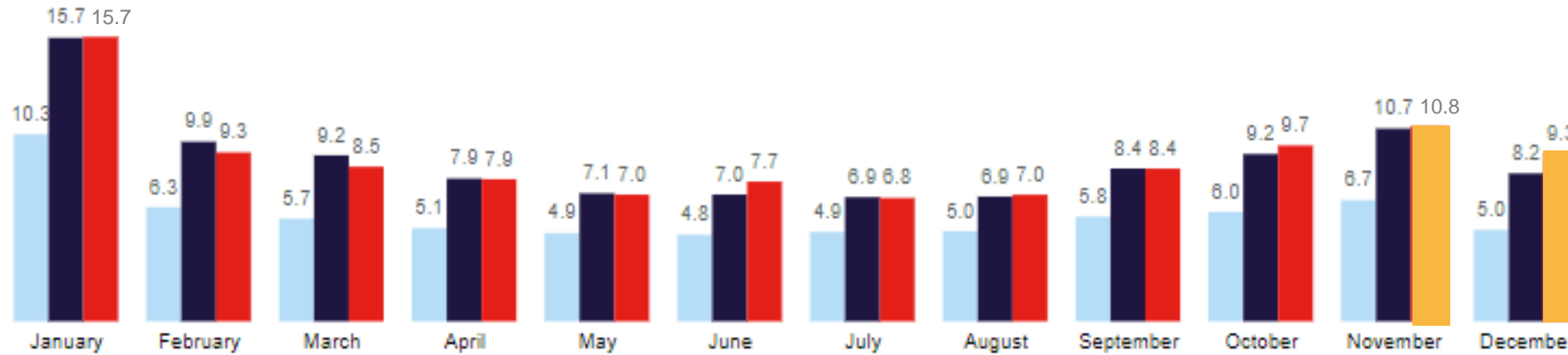
Average Property Capacity **
by Total Nights Reserved

	Oct-2019	Oct-2023
6+ guests	22%	24%
3-5 guests	36%	38%
1-2 guests	43%	38%

● 1-2 guests ● 3-5 guests ● 6+ guests
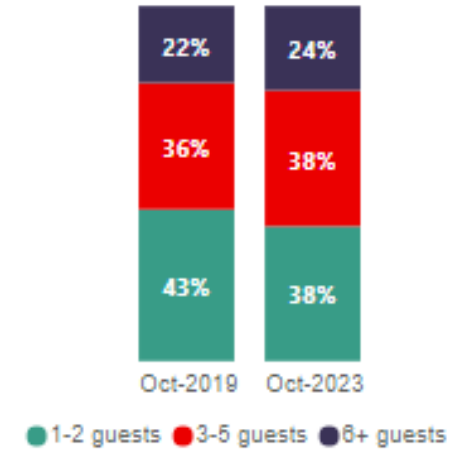
- The average length of stay in short term rental properties has exceeded what was seen in 2019 throughout 2023 so far. The longest average length of stay in 2023 so far was in January, with declines through summer, but September and October have seen boosts to 8.4 and 9.7 nights.
- The average property capacity booked by guests in October 2023 is larger compared to the same month in 2019, which may suggest a boost in party size. The proportion of properties booked which cater for 1-2 guests decreased by 5 percentage points compared to 2019.

*Average length of stay based on bookings in future months as of October 2023. Length of stay may change in the future as more bookings are made
**According to number of nights reserved.

UK destination trends

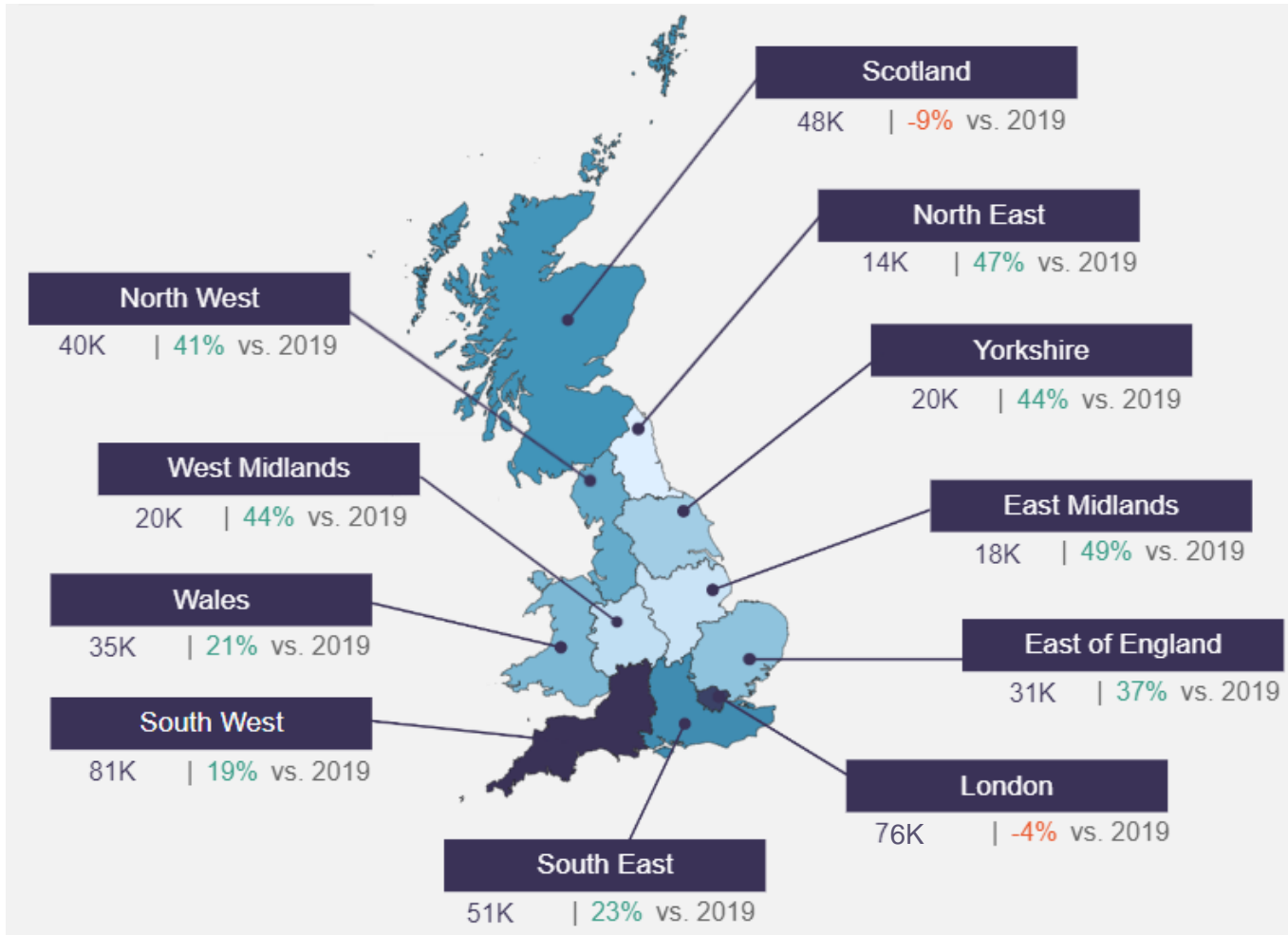**Supply** | London and Scotland both seeing volumes below pre-COVID levels in October, but all other destinations significantly exceeding 2019 levels

Change in total volumes of properties vs. the same months in 2019

Region	Oct-2022	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023	Aug-2023	Sep-2023	Oct-2023
East Midlands	22%	21%	29%	46%	47%	49%	49%	46%	48%	52%	51%	49%	49%
East of England	7%	6%	17%	30%	33%	37%	37%	35%	37%	39%	38%	36%	37%
London	-35%	-34%	-29%	-25%	-20%	-13%	-12%	-16%	-12%	-4%	-3%	-5%	-4%
North East	17%	13%	28%	43%	48%	48%	49%	49%	45%	54%	46%	45%	47%
North West	14%	15%	20%	30%	35%	40%	42%	41%	40%	46%	42%	42%	41%
Scotland	-5%	-7%	-6%	-3%	1%	2%	0%	-1%	-5%	-3%	-6%	-8%	-9%
South East	4%	3%	10%	19%	24%	25%	24%	24%	23%	26%	25%	23%	23%
South West	4%	1%	12%	24%	27%	27%	23%	25%	21%	22%	20%	20%	19%
Wales	6%	4%	15%	25%	26%	29%	27%	23%	24%	24%	23%	23%	21%
West Midlands	18%	17%	26%	47%	46%	49%	48%	43%	44%	47%	46%	45%	44%
Yorkshire and The Humber	21%	17%	27%	45%	41%	45%	43%	43%	47%	48%	44%	44%	44%

Supply in Oct 23 | Strongest growth in supply vs. 2019 seen from the East Midlands

Scotland
48K | -9% vs. 2019

North East
14K | 47% vs. 2019

Yorkshire
20K | 44% vs. 2019

North West
40K | 41% vs. 2019

West Midlands
20K | 44% vs. 2019

East Midlands
18K | 49% vs. 2019

Wales
35K | 21% vs. 2019

East of England
31K | 37% vs. 2019

South West
81K | 19% vs. 2019

London
76K | -4% vs. 2019

South East
51K | 23% vs. 2019

- Looking across the UK in October 2023, supply of short term rental properties is most likely to be clustered in the South West and London. These destinations hold 81,000 properties and 76,000 properties respectively.
- The lowest number of short term rental properties are found in the North East, East Midlands, and West Midlands.
- In October 2023, most UK destinations are seeing growth in supply vs. the same month in 2023. The most growth is seen in the East Midlands (49%), North East (47%), West Midlands, and Yorkshire (both 44%).
- In contrast, London and Scotland are behind 2019 levels by 4% and 9% in October.

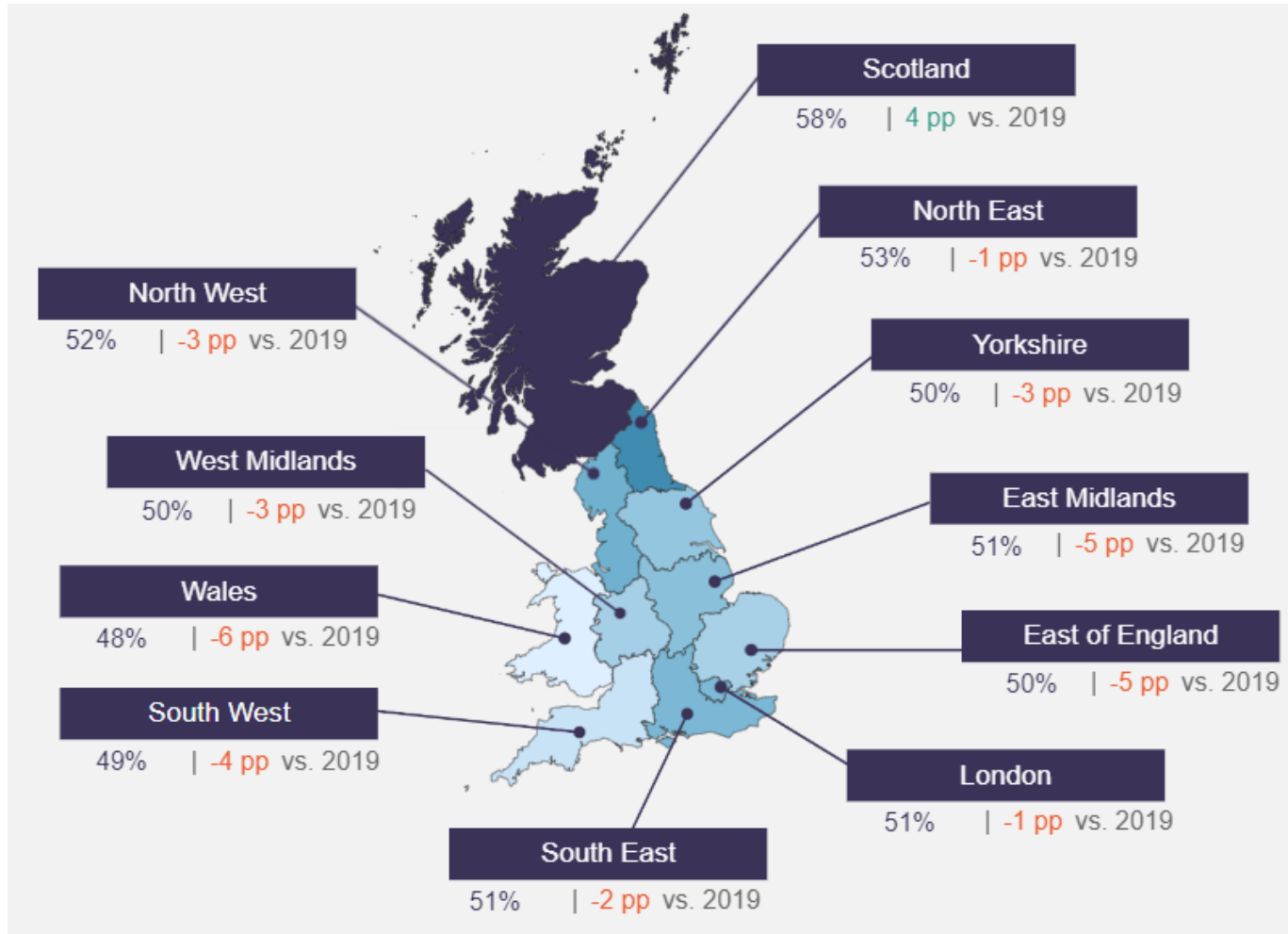Note: map colour coding is based on volumes of supply between regions

Reserved nights in Oct 23 | North East and North West seeing strongest growth in reserved nights vs. 2019

Scotland
638K | 7% vs. 2019

North East
167K | 88% vs. 2019

North West
495K | 74% vs. 2019

Yorkshire
257K | 72% vs. 2019

West Midlands
257K | 72% vs. 2019

East Midlands
211K | 71% vs. 2019

Wales
361K | 35% vs. 2019

East of England
364K | 41% vs. 2019

South West
887K | 36% vs. 2019

London
1.3M | 11% vs. 2019

South East
674K | 35% vs. 2019
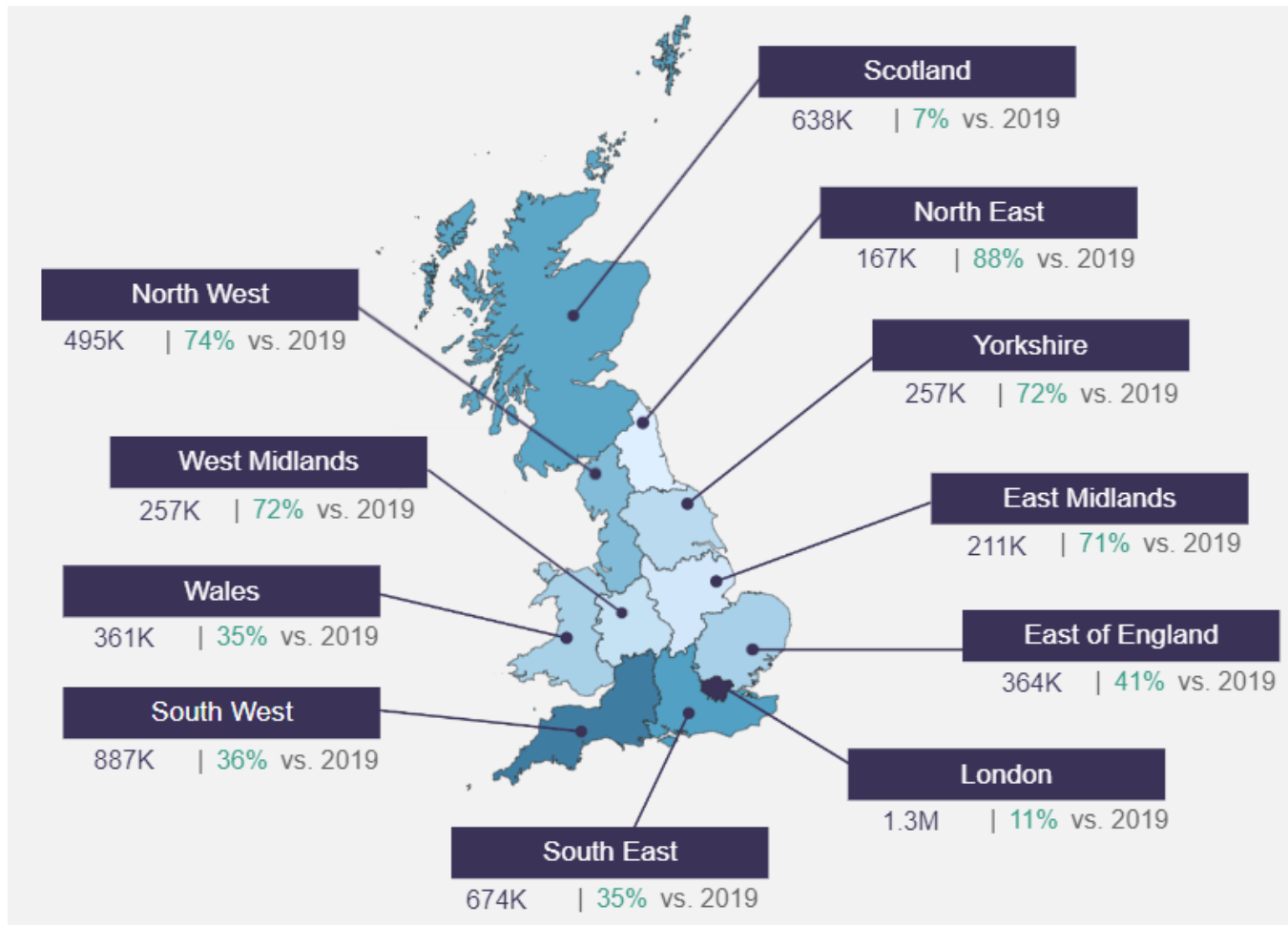
- The spread of nights reserved across the UK follows a similar trend to that of supply, with the most nights being reserved in London and the South West in October 2023 (1.3 million and 887,000 respectively).
- The lowest number of nights were reserved in the North East, East Midlands and West Midlands in that month.
- The volume of nights reserved was significantly higher across the UK in October 2023 compared to the same month in 2019, with the most growth being seen from the North East (88%) North West (74%).

Note: map colour coding is based on volumes of reserved nights between regions

Occupancy in Oct 23 | Highest occupancy rates in Scotland and the North East, with Scotland also seeing growth vs. 2019

Scotland
58% | 4 pp vs. 2019

North East
53% | -1 pp vs. 2019

North West
52% | -3 pp vs. 2019

Yorkshire
50% | -3 pp vs. 2019

West Midlands
50% | -3 pp vs. 2019

East Midlands
51% | -5 pp vs. 2019

Wales
48% | -6 pp vs. 2019

East of England
50% | -5 pp vs. 2019

South West
49% | -4 pp vs. 2019

London
51% | -1 pp vs. 2019

South East
51% | -2 pp vs. 2019

- Trends in occupancy rates across UK destinations in October differ compared to those seen for supply and nights reserved.
- The highest rates of occupancy are seen in Scotland and the North East, with the lowest rates seen in Wales, the South West, and East of England.
- Most UK destinations saw a decline in occupancy rates when comparing October 2023 with October 2019, with Wales seeing the steepest decline at -6 percentage points.
- In contrast, Scotland saw an increase in occupancy vs. 2019 of 4 percentage points.
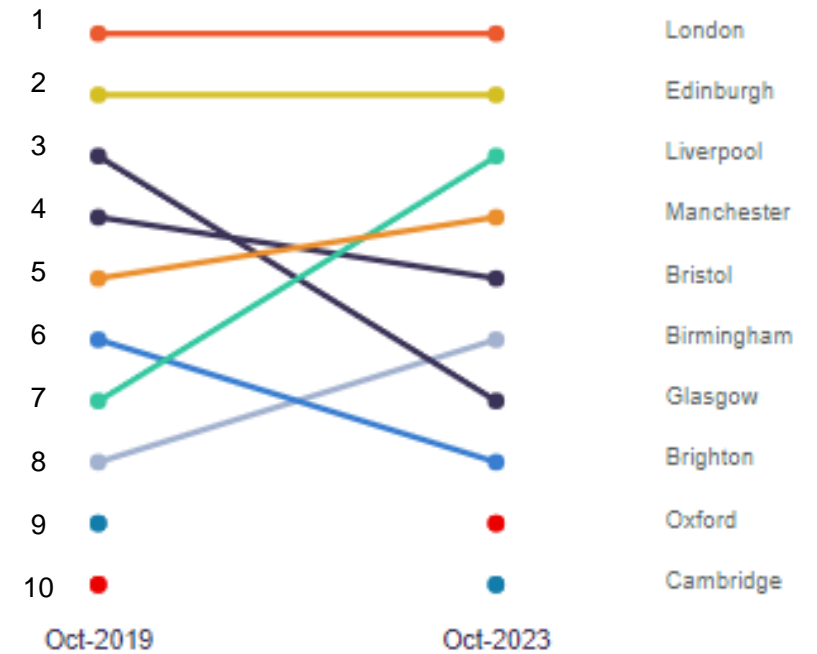
pp = percentage point change

Note: map colour coding is based on occupancy rates between regions

Top cities | London and Edinburgh dominant, with Liverpool, Manchester, and Bristol next most popular

Ranking of Cities by Nights Reserved - Top 10
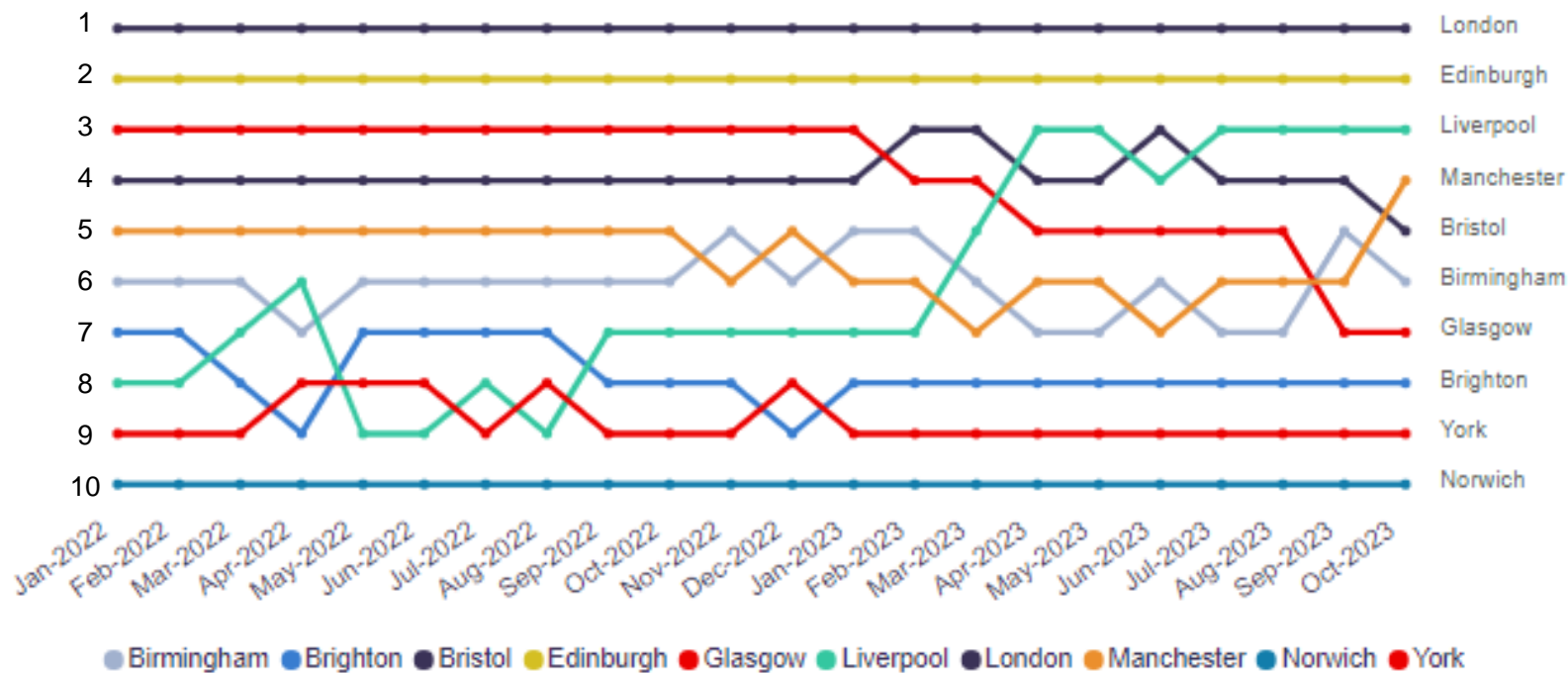
Top Ranked by Year

- In October 2023, the most popular UK cities when it comes to nights reserved in short term rental properties were London, Edinburgh, and Liverpool. From September to October, Manchester saw a gain of 2 ranks, with Bristol and Birmingham each losing 1 rank.
- When comparing the top 10 UK cities in October 2023 with the same month pre-COVID, we can see Liverpool climbing 4 ranks, Birmingham 2 ranks, and Manchester 1 rank, whereas Glasgow, Bristol, and Brighton lost ranks.
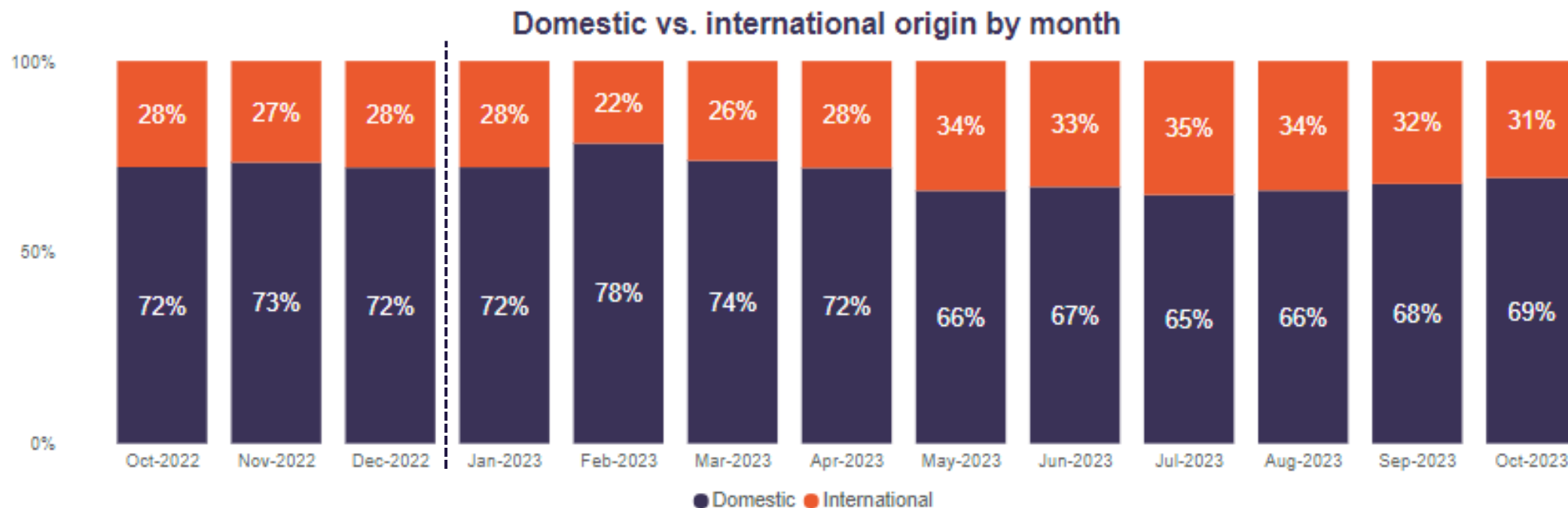
*Ranking according to reserved nights

Guest origin trends

Note: Guest origin data is extracted from information on the public profile of guests who review their stays on Airbnb. The dates included in the data are relevant to the dates of the stay being reviewed. This data can help us estimate the prominence of different origin markets among those booking short term rental properties. Airbnb estimates that two thirds of guests leave reviews, however there is no data available on whether certain origin markets are more likely to leave reviews than others. We also cannot control whether origin information included on a guest's profile is inaccurate or out of date.

Overview | Slight decline in share of inbound traveller reviews continues in October

Domestic vs. international origin by month

	Oct-2022	Nov-2022	Dec-2022	Jan-2023	Feb-2023	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023	Aug-2023	Sep-2023	Oct-2023
International	28%	27%	28%	28%	22%	26%	28%	34%	33%	35%	34%	32%	31%
Domestic	72%	73%	72%	72%	78%	74%	72%	66%	67%	65%	66%	68%	69%

● Domestic ● International

- Information from guest reviews suggests that the proportion of domestic travellers staying in UK short term rental properties reduced throughout 2022, with an increase in kind in the number of international travellers coming to the UK.
- The share of international travellers has increased further in 2023, with October 2023 seeing a 31% share for this segment, however this is a slight decline compared what was seen from May to August.

Overview | Europe seeing lower share in September and October, with Americas and APAC gaining in the same period

Inbound regions by month (excludes domestic origin)
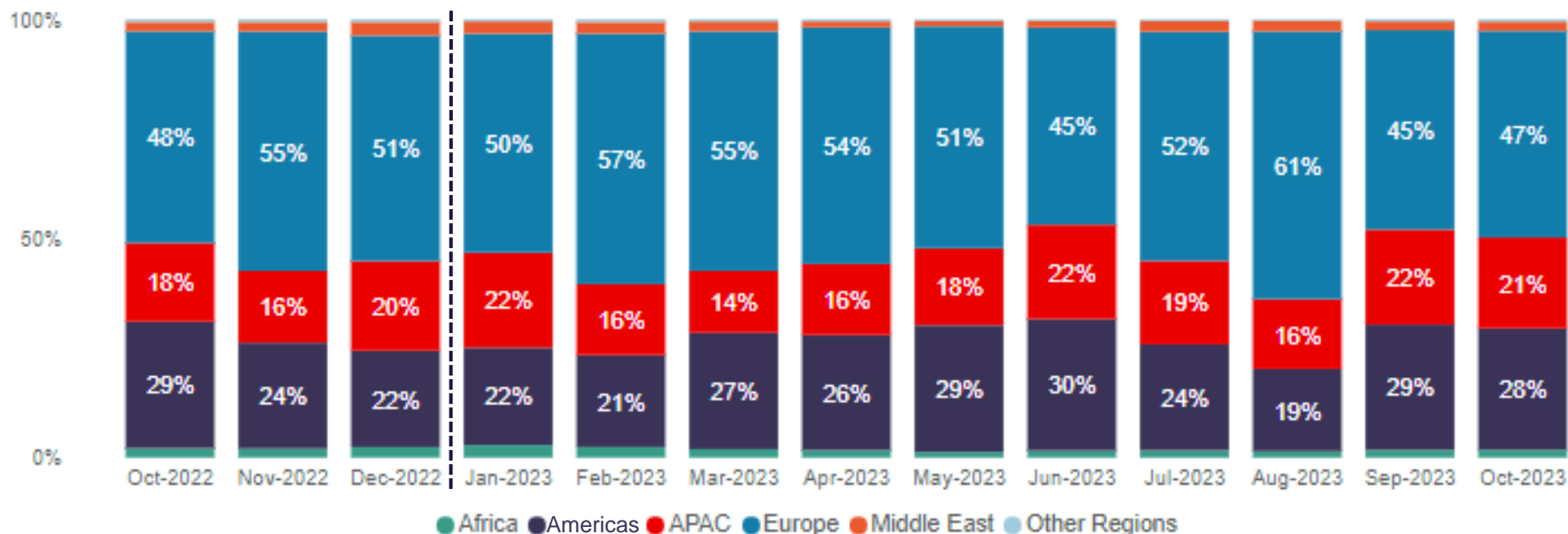
Top origin markets (Oct 23)*

1	United Kingdom
2	United States
3	Germany
4	France
5	Australia
6	Netherlands
7	Spain
8	Italy
9	Canada
10	Switzerland

Legend: ● Africa ● Americas ● APAC ● Europe ● Middle East ● Other Regions

- Information from guest reviews suggests that inbound travellers from Europe (excluding the UK) have been the most dominant in 2023 so far, however this region lost significant share when comparing August with September and October (61% vs. 45% and 47%). In contrast, the Americas and APAC regions both gained share moving into September and October.
- When comparing origin trends in October 2023 with the same month in 2022, we can see APAC gaining 3 percentage points of share, with the Americas and Europe both losing 1 percentage point.
- In October 2023, the top five international origin markets who left reviews for short term rental properties were the United States, Germany, France, Australia, and the Netherlands.

*Ranking according to reserved nights

In detail | In October India, the UAE, and the Netherlands saw the most growth vs. 2019

Number of reviews vs. same period in 2019

- The growth seen in the number of reviews left by domestic travellers declined significantly between July and September (13% vs. 2%).
- In September 2023, the inbound markets seeing the strongest growth in the volume of reviews left were India (10%), the United Arab Emirates (9%), and the Netherlands (6%). Brazil also saw growth.
- Most markets saw declines vs. 2019, with this being most marked from Russia (-72%), and China (-65%).

Please note: due to an expected lag in travellers leaving reviews after their trips are over, this report will show market level reviews one month behind the data available in order to showcase a more robust trend
Hong Kong trends may be influenced by residents moving to the UK and securing short term accommodation while they buy property, linked to the BN(O) visa

Market	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023	Aug-2023	Sep-2023
Australia	5%	1%	10%	4%	4%	0%	-4%
Austria	-14%	-6%	16%	-13%	-16%	-4%	-13%
Belgium	-36%	-15%	51%	-27%	-3%	-0%	-28%
Brazil	24%	29%	31%	9%	-1%	10%	3%
Canada	-18%	-8%	-15%	-19%	-18%	-22%	-13%
China	-55%	-60%	-51%	-65%	-58%	-64%	-65%
Denmark	-33%	-19%	-5%	-25%	-12%	-9%	-20%
France	-35%	-21%	-1%	-28%	-11%	-13%	-21%
Germany	-34%	-1%	16%	-7%	-4%	4%	-9%
Hong Kong	39%	55%	11%	1%	-3%	38%	-2%
India	6%	36%	14%	-9%	-1%	21%	10%
Italy	-30%	-32%	-30%	-22%	-21%	-25%	-28%
Japan	-31%	-31%	-35%	-32%	-29%	-30%	-37%
Netherlands	-6%	2%	29%	0%	5%	8%	6%
New Zealand	1%	-4%	-8%	-13%	-2%	0%	-0%
Norway	-26%	-14%	23%	-15%	1%	5%	-13%
Qatar	34%	-2%	69%	-17%	22%	-13%	-2%
Russia	-67%	-60%	-78%	-68%	-72%	-71%	-72%
Saudi Arabia	49%	-40%	123%	-16%	17%	2%	-19%
South Korea	-35%	-20%	-16%	-39%	-45%	-48%	-33%
Spain	-18%	-20%	-21%	-29%	-26%	-25%	-31%
Sweden	-32%	-21%	-14%	-33%	-23%	-29%	-29%
Switzerland	-23%	-0%	20%	-10%	1%	-4%	-5%
United Arab Emirates	12%	-5%	21%	-16%	15%	-13%	9%
United Kingdom	4%	9%	9%	9%	13%	5%	2%
United States	-23%	1%	-8%	-8%	-8%	-21%	-6%