

2023

SHORT-TERM RENTAL ✨ REPORT ✨



Hostaway

THAT'S A WRAP ON

2023



A letter from our CEO, Marcus

2023 was a great year for Hostaway, a good year for property owners and managers, and a return to normalcy for our industry.

After two pandemic-centric years filled with limited-to-no travel in the beginning, followed by an unprecedented demand for local getaways, international travel and travel in general made a triumphant return this year.

Property owners and managers,

as you would expect, benefited from this increase in travel activity. And while increased competition made it challenging for owners and managers to set new booking records, there is a general optimism in the short term rental industry for business growth.

As for us at Hostaway, we raised \$175 million from our private equity partners at PSG — the biggest fund raise in the history of the short term rental industry — and I personally made my commercial acting debut.

The next 12 months might be completely different than the past 12. Will the surge in

international travel become the new norm, or will consumer habits settle somewhere closer to pre-pandemic levels? Will the long-anticipated recession actually materialize, or will we continue to see steady GDP growth in most rich countries?

Only time will tell. But one thing is for sure, Hostaway will continue driving the short term rental industry forward, continually striving to make a better product, and to better serve our customers.

In the meantime, please enjoy the 2023 Short Term Rental Report by Hostaway.

Marcus Rader,
CEO at Hostaway



EXECUTIVE SUMMARY

Peer insights are among the most valuable insights for business owners. To that end, we surveyed **304 members** of the short-term/vacation rental community from more than **30 different countries** to surface these insights in the first ever **Short Term Rental Report** by Hostaway. Here are the main takeaways.

A mix of property owners and managers, ranging from less than \$10k in revenue to over \$5 million all agree that business became more competitive in 2023. **Fully 81%** of respondents that there was more competition in their region; with **nearly half (47%)** saying there was a lot more competition.

Respondents identified technology/software as both the most common pain point and solution to those pain points in 2023. To the latter, more than **8-in-10 (83%)** said using a **property management system** (PMS) was an essential part of their tech stack.

And while 2023 marked the world debut of generative artificial intelligence (GenAI), adoption of AI for business purposes was not evenly distributed among respondents.

Fifty-seven (57%) of all respondents said they **did not**, or **were unsure** if, they used AI in 2023. However, **53%** of those who managed or owned 10 properties or more said they **HAD leveraged AI** for business purposes.

Despite economic and regulatory uncertainty, respondents showed optimism in their business for the year ahead: **46%** predicted they would see increases in both **average daily rate (ADR)** and **occupancy rates (OR)** in 2024.

We'll all await the results of the 2024 Short Term Rental Report to see if this optimism was well-placed.

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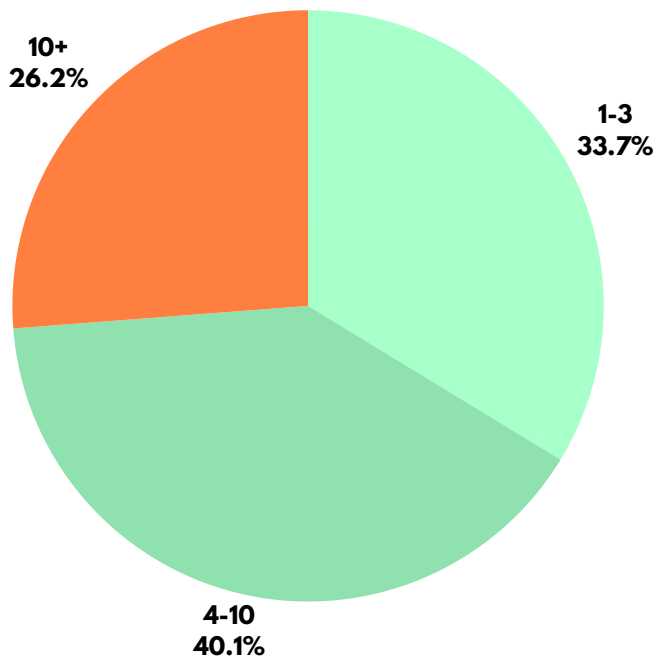
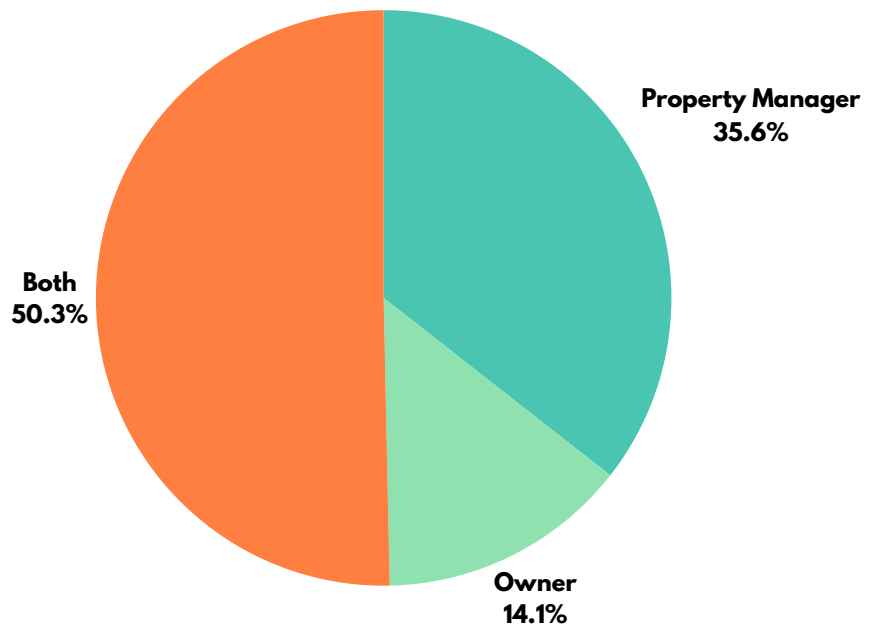


PART ONE

WHO WE SURVEYED

Owner vs Manager

Are you a **property owner** or **property manager**? Turns out, it's not an either/or kind of question. **Half of all respondents** (50.3%) said they were both owner and manager.



Years active

Cashing in on short term rentals might seem like a new fad. But **one-quarter (26.2%)** of all respondents have been in the game for more than a decade.

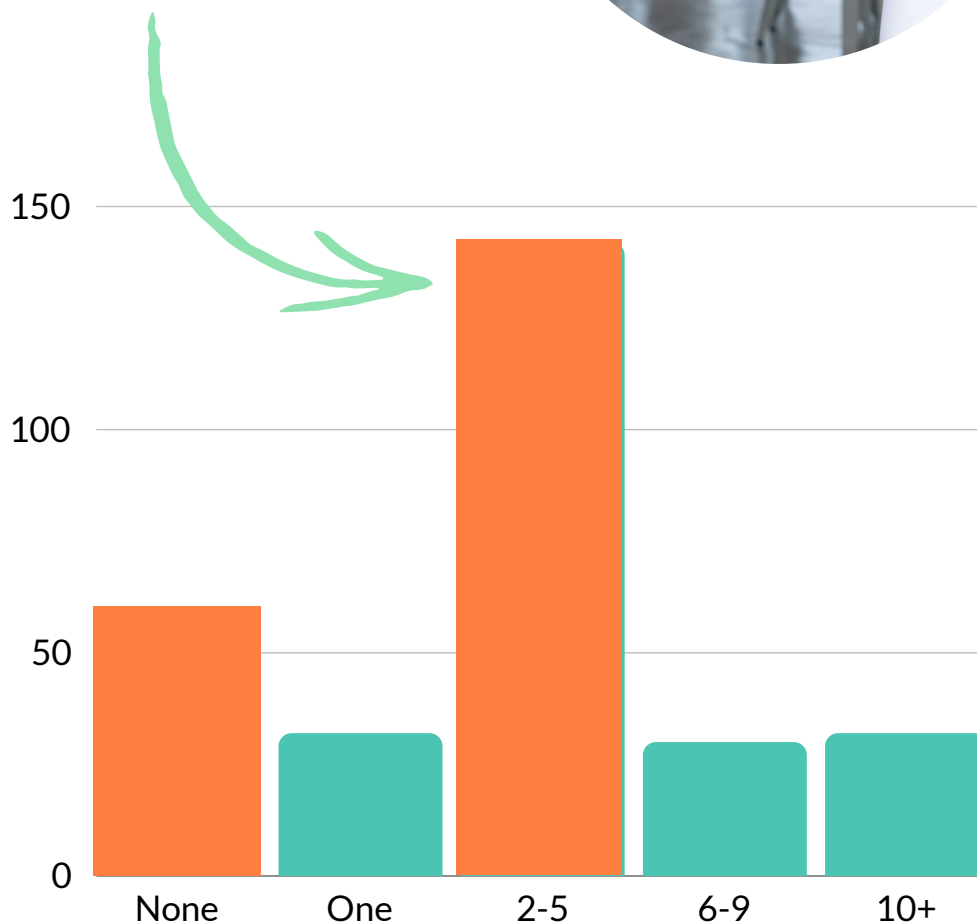
There is a ton of institutional wisdom to be unlocked with the veterans of the industry.

Number of Employees

They say you shouldn't go it alone...but **19% of respondents** and **57% of those managing only one property** are doing just that.

That said, **nearly half (46%)** say they count on between 2-5 employees to keep things running smoothly.

Seventy-one (71%) of respondents with two or more properties have at least one employee.



BEACH



123

SMALL TOWN/RURAL



109

URBAN CENTER



90

Most Common Property Locations

Location, location...beach! Short-term rentals and vacation rentals are not perfectly synonymous.

But our respondents are much more likely to have properties in a **resort location** (summer or winter) than in the downtown core, with **123** respondents saying their properties are in a beach location

SUBURBS



68

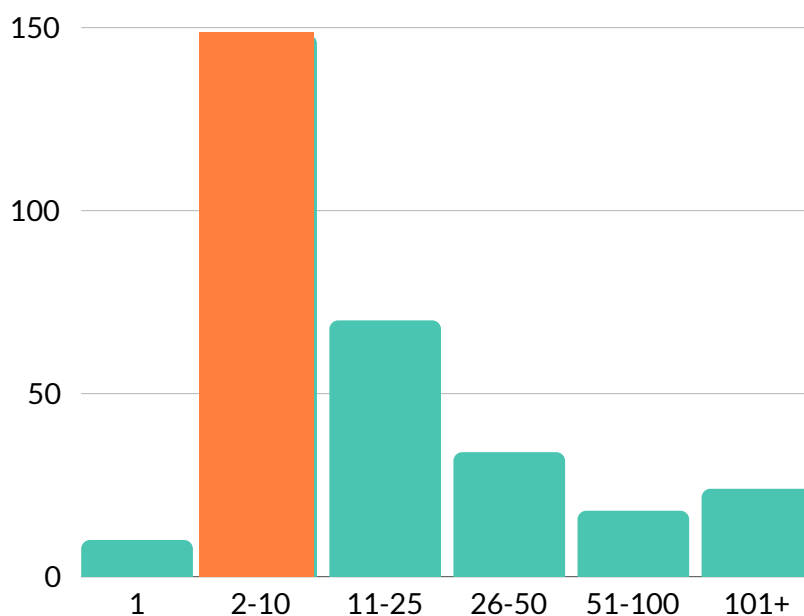
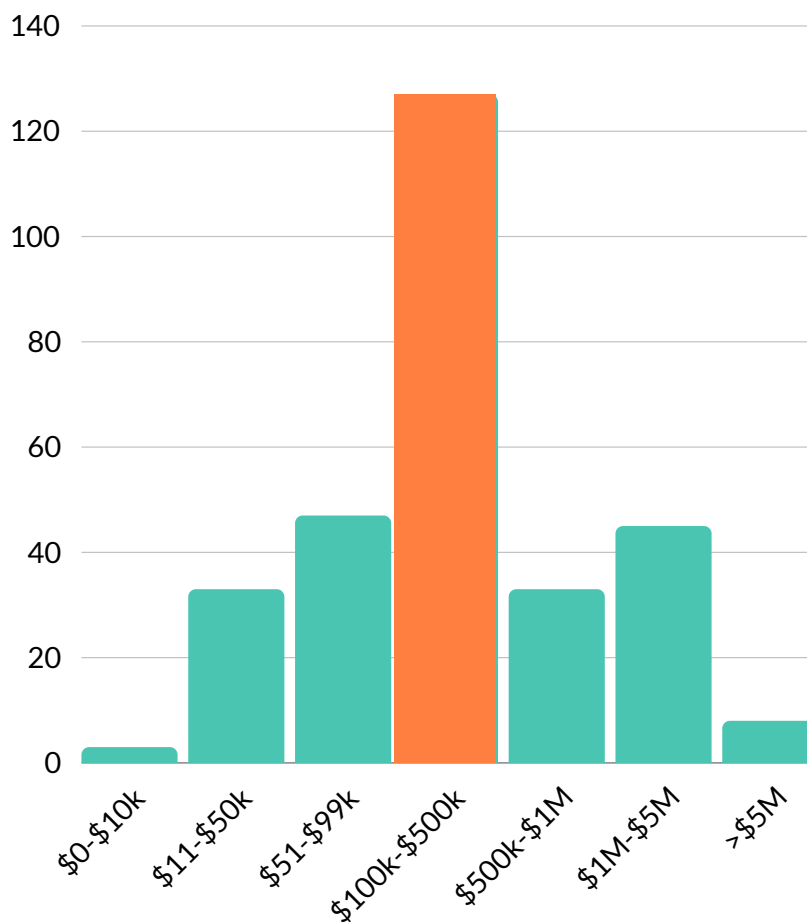
WINTER LOCATION



43

Annual Revenue

While **17% of respondents** have cracked the one million dollar mark in annual revenue, **the majority (52%)** of respondents are in the six-figure revenue range. If you fall into this category, you're in good company.



Number of Properties

One thing is clear: our survey **respondents are juggling multiple properties** at the same time. Beyond that, the diversity in number of properties shows just how varied the life of a short-term vacation rental manager is. And **with 25% of respondents managing 26 or more properties**, you begin to see the upper-range of what's possible.

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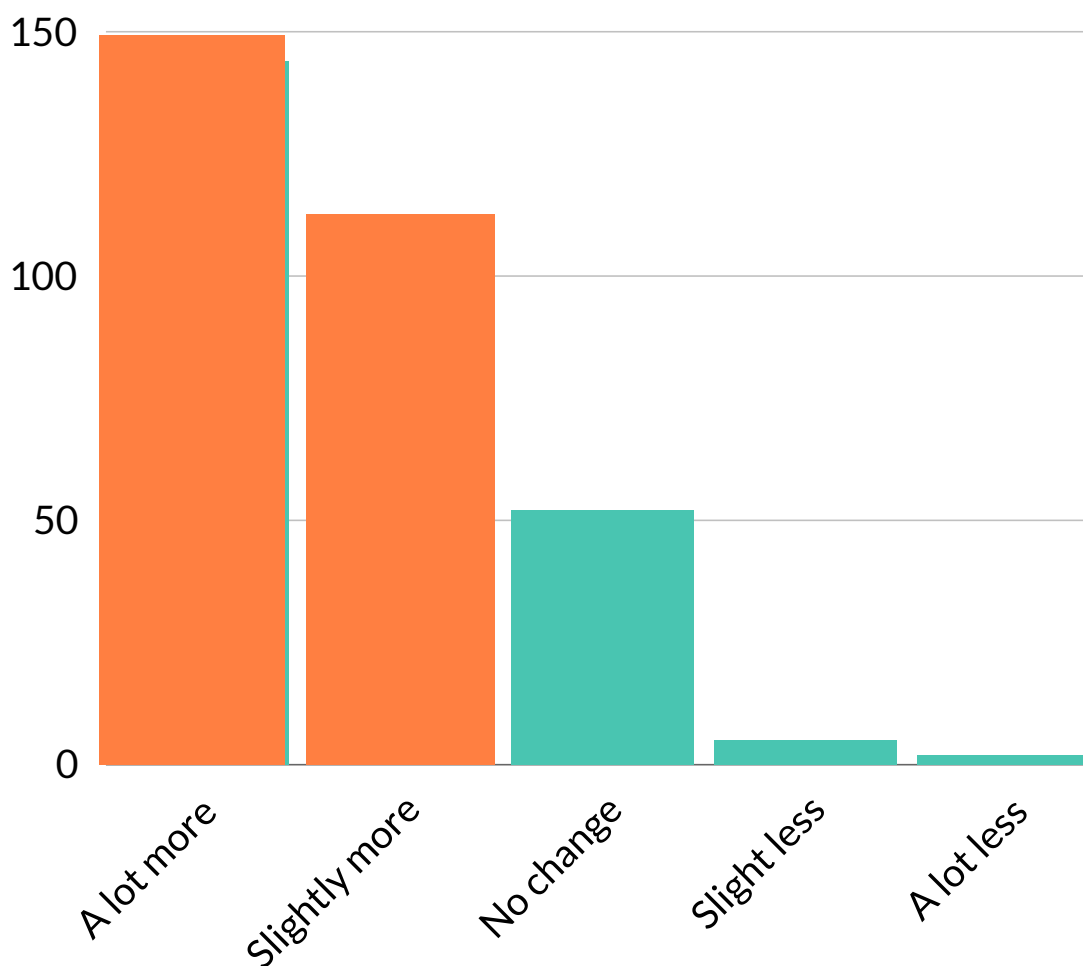


PART TWO
**LOOKING BACK AT
2023**

More Competitive Than Ever

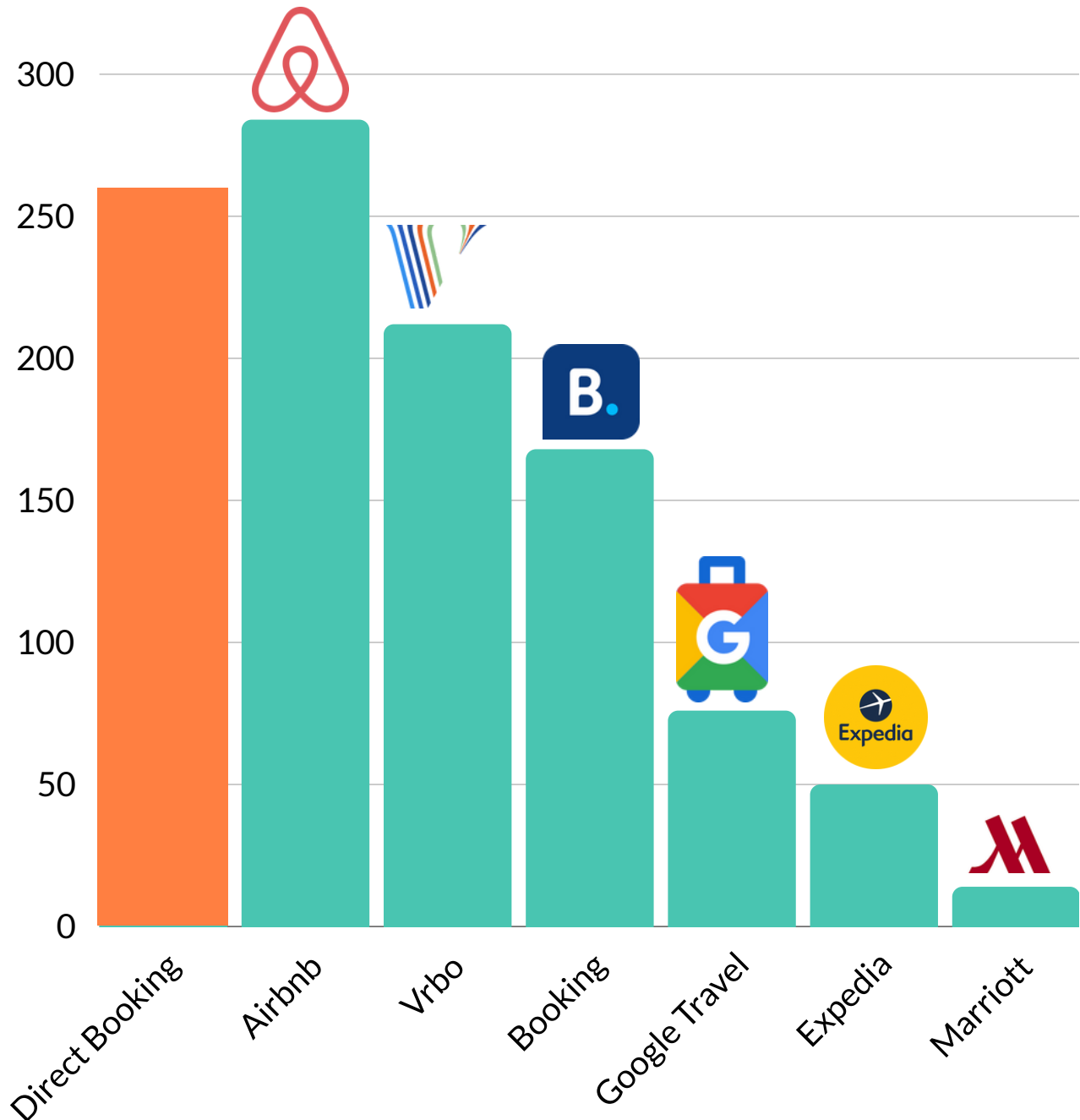
A five-point scale question in surveys often engenders a response that follows a standard distribution. When it comes to competition though, there's nothing standard here.

Nearly HALF of all respondents said their region has become a lot more competitive.



Where Bookings Came From

Direct booking websites generate business, give you more control, and save you the commission fee. Don't just take our word for it, though. Direct Booking was the **second most common channel** for bookings sources in 2023. No surprise, Airbnb, Vrbo and Booking round out the top four.

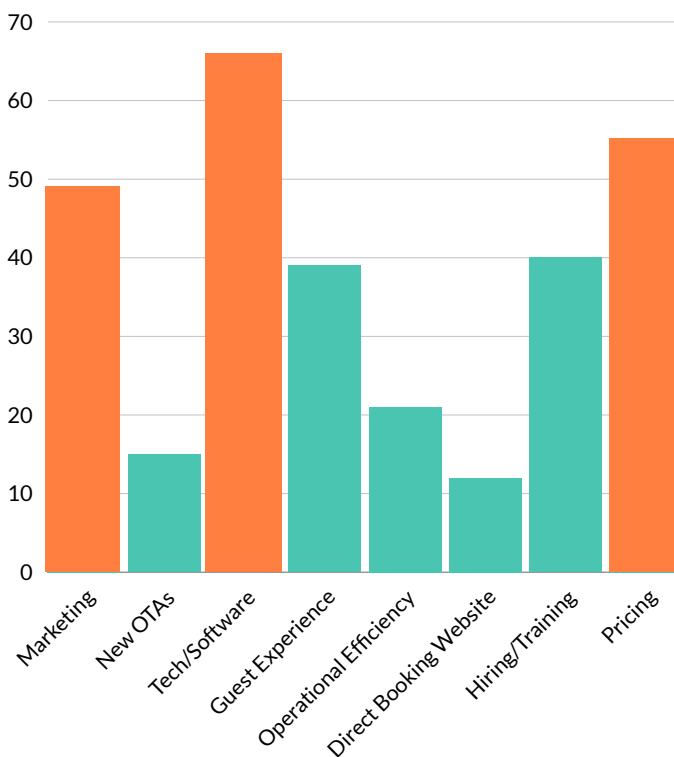


Top 5 Challenges

Although your business is unique, there's a good chance you and your peers share in the same pains and challenges.

Technology/software was the **most common challenge in 2023**, with **cleaning/maintenance, competition, generating more bookings** and the **Economy** rounding out the top five.

Then of course there are those pesky competitors fighting over the same bookings, and a high-inflation, volatile economy.



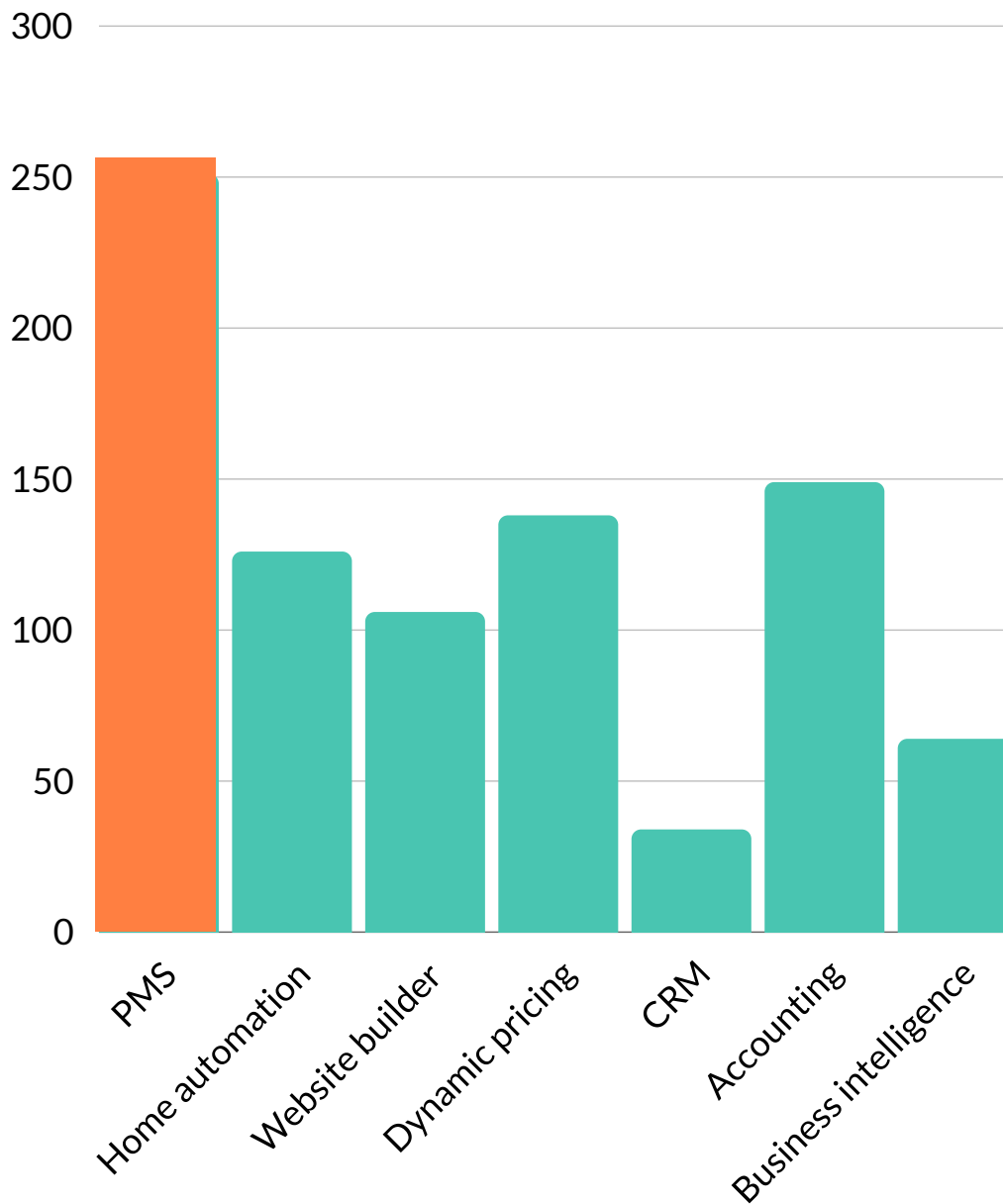
How You Overcame Those Challenges

Technology was both the **most common challenge** AND the **most common strategy** to overcome those challenges. While adjustments in pricing and better marketing efforts were second and third commonest respectively.

The Tech Stack

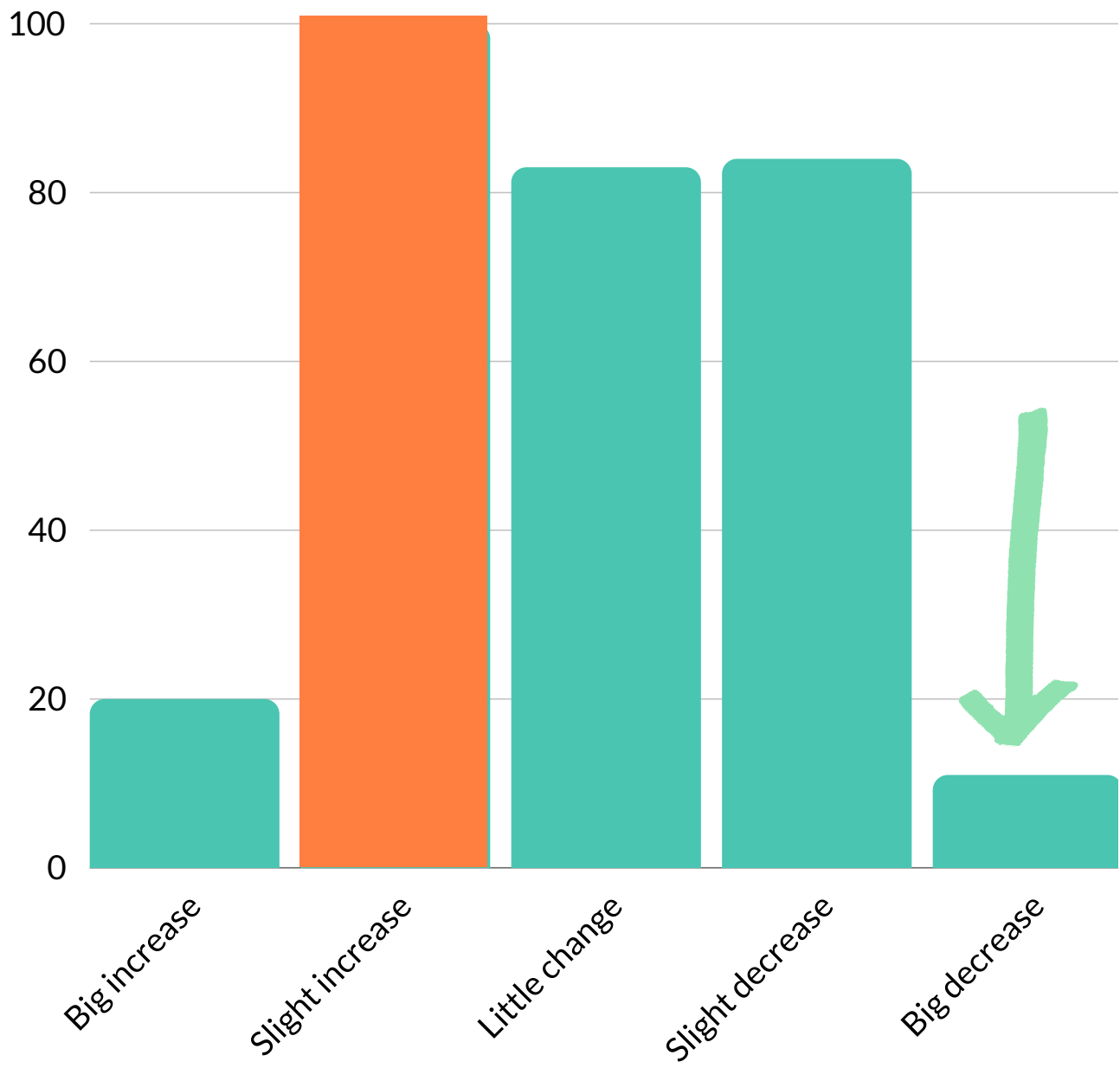
Technology is our respondents' biggest challenge and most common solution to those challenges.

And the most common tech in their tech stack? Channel Manager/PMS, with **over 80% of respondents** saying they use one.



Change in Average Daily Rate (YoY)

Despite a challenging economic environment and increased competition, less than **7% of respondents** increased their ADR by a lot, with one-third only increasing slightly. **Around 28% of respondents** said there was no change or a slight decrease.



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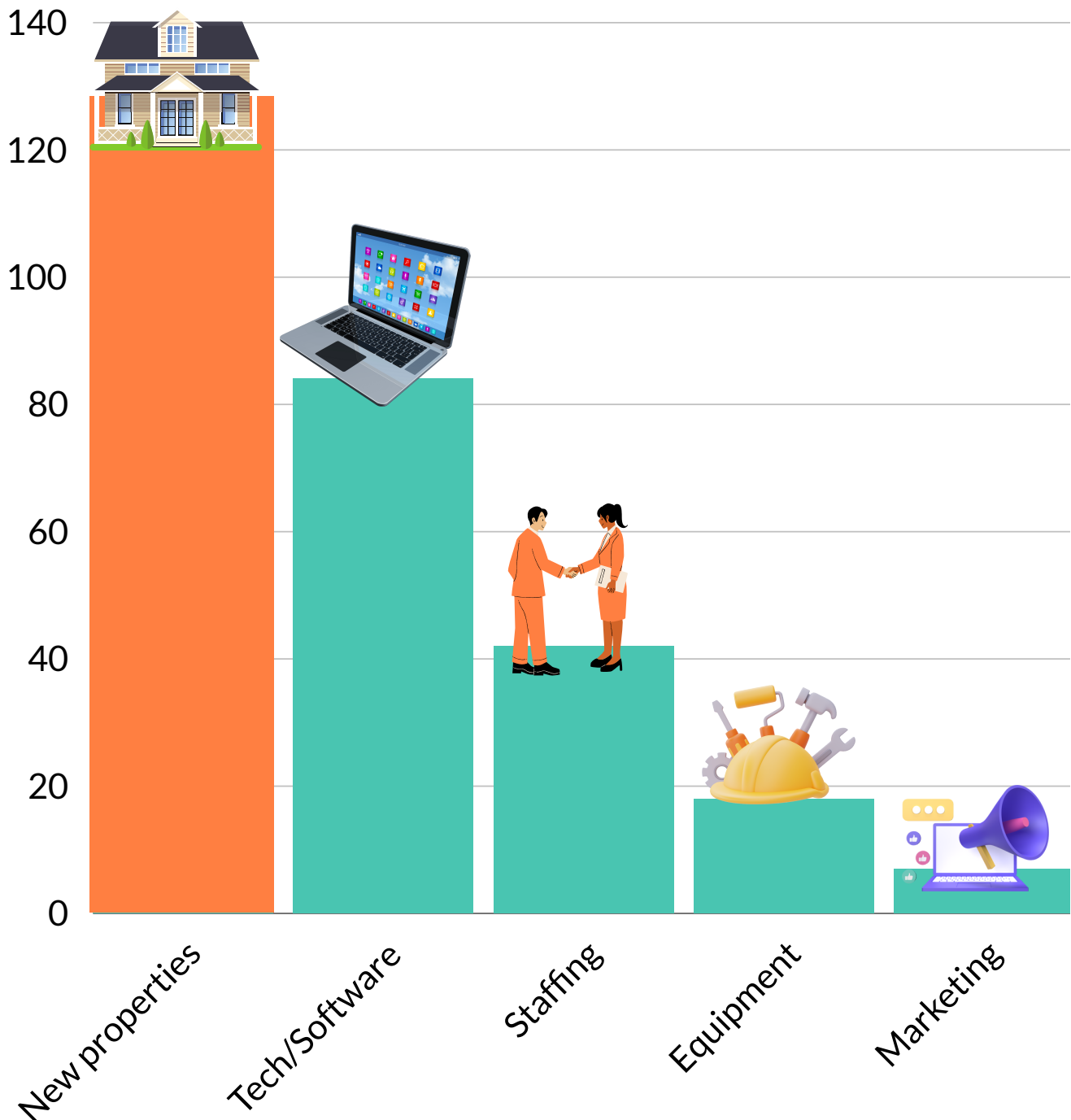


PART THREE
**LOOKING AHEAD TO
2024**

Areas of Investment

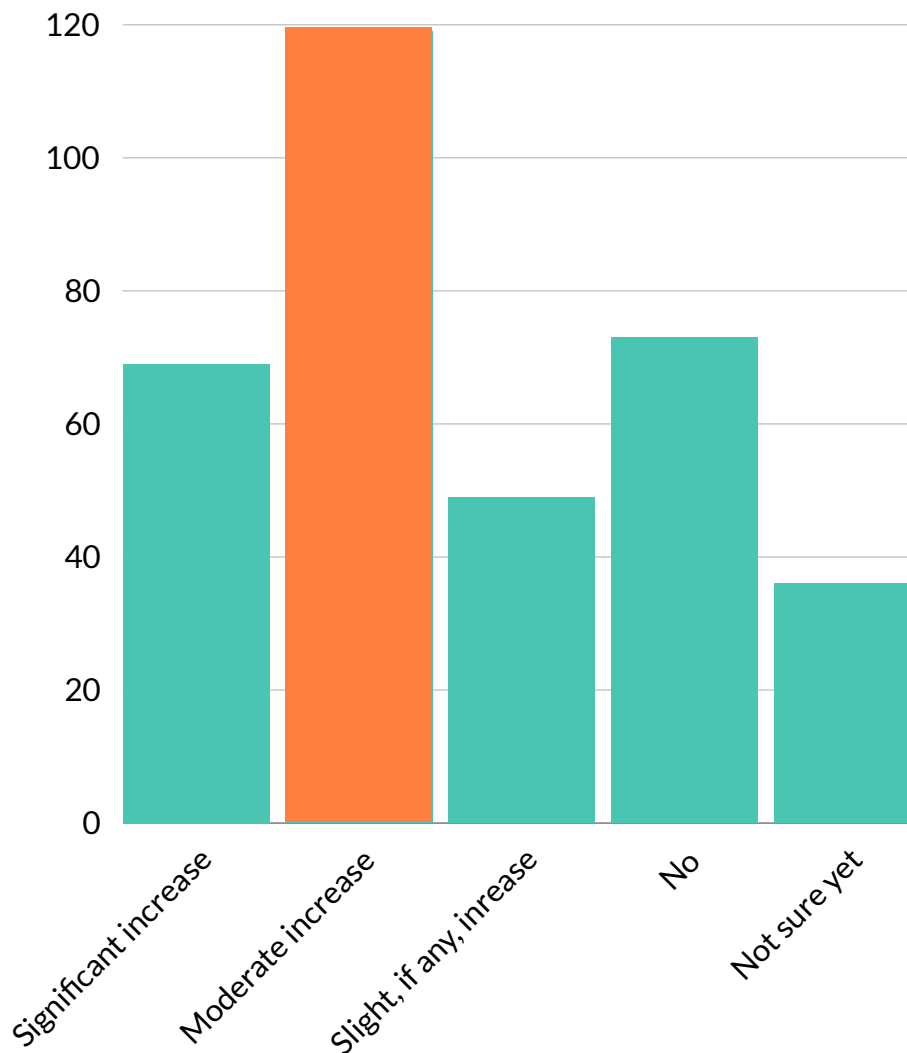
Respondents were most likely to point towards **inventory growth** as an avenue for growth both in 2023 and looking ahead to 2024.

Technology and staffing were also common responses.



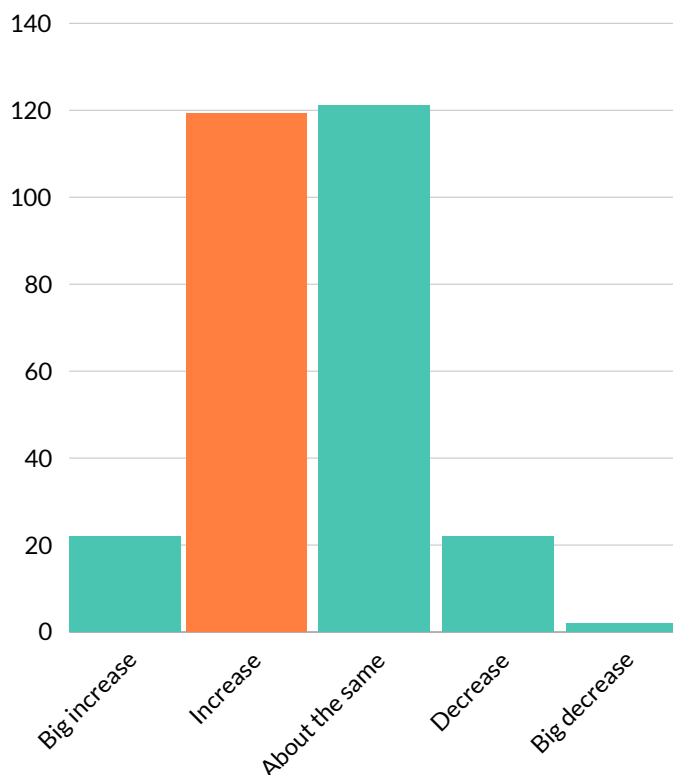
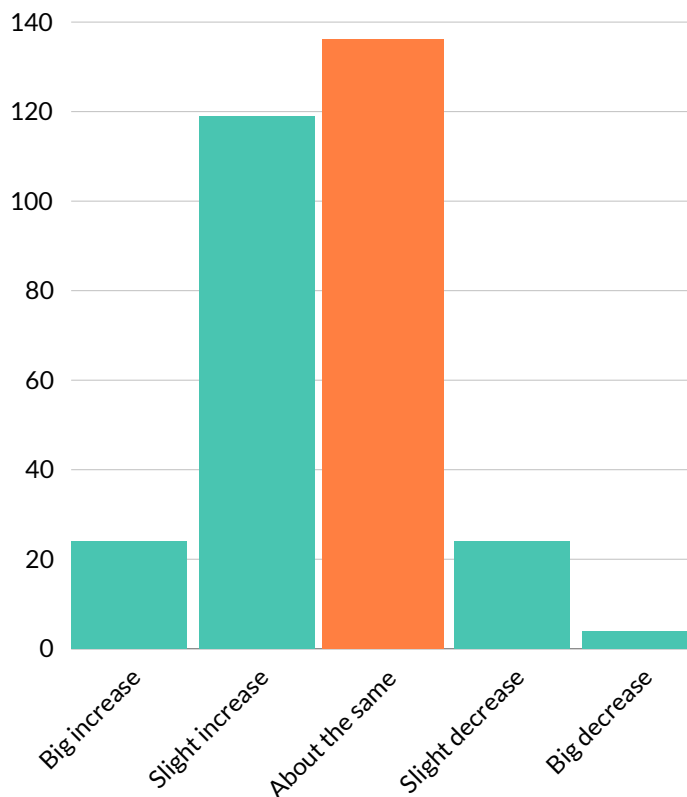
Inventory Growth

Despite an uncertain economy and high-interest rates that feel like they may never come down, **two-thirds** of respondents said they planned on adding new inventory in 2024. **One-in-five** said they predict a big increase in inventory, while **around the same percentage** said they did not plan on growing their inventory.



Predicted Change in ADR

Growth won't come via additional properties exclusively. **Around 46% of respondents predicted their ADR would increase in 2024**, while roughly the **same percentage** answered they expected ADR to remain about the same.



Predicted Change in OR

Optimism for 2024 can be seen in respondents' predicted change in occupancy rates as well.

Only 8% said they expected the OR to decrease in 2024, while 46% said they expected OR to increase a bit or a lot.

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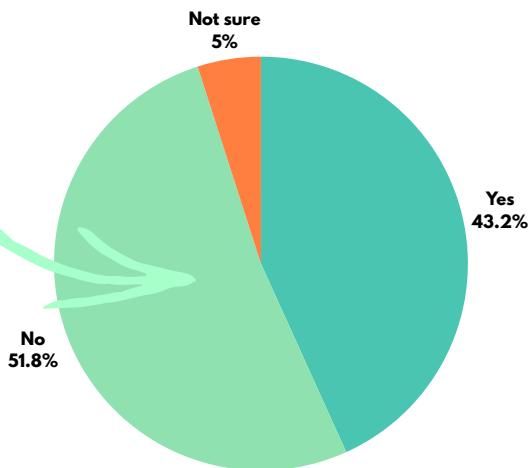
PART FOUR
AI IN 2023

DID YOUR BUSINESS LEVERAGE AI IN 2023?

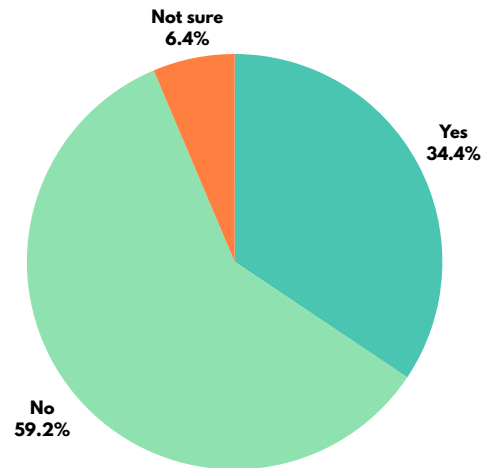
The hype cycle is coming to an end and generative AI is becoming a fundamental part of every business.

But dig deeper and there's a different story to be told. Because while 57% of all those surveyed **said they did not** or weren't sure if they used AI, the **more properties** respondents managed the **more likely** they were to use AI.

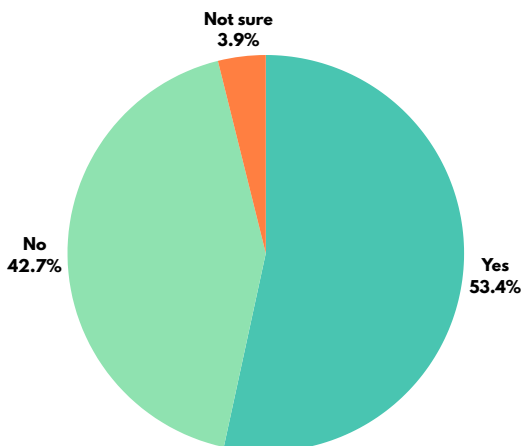
ALL RESPONDENTS



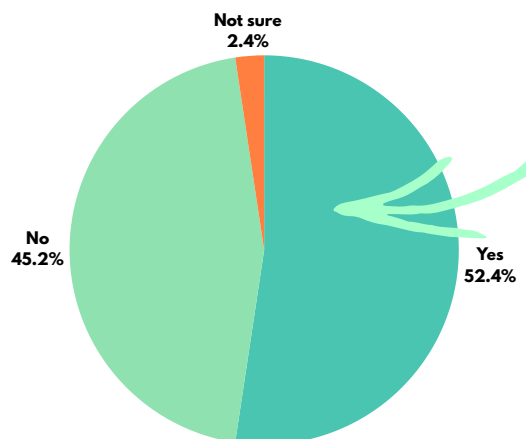
1-10 PROPERTIES



11-50 PROPERTIES



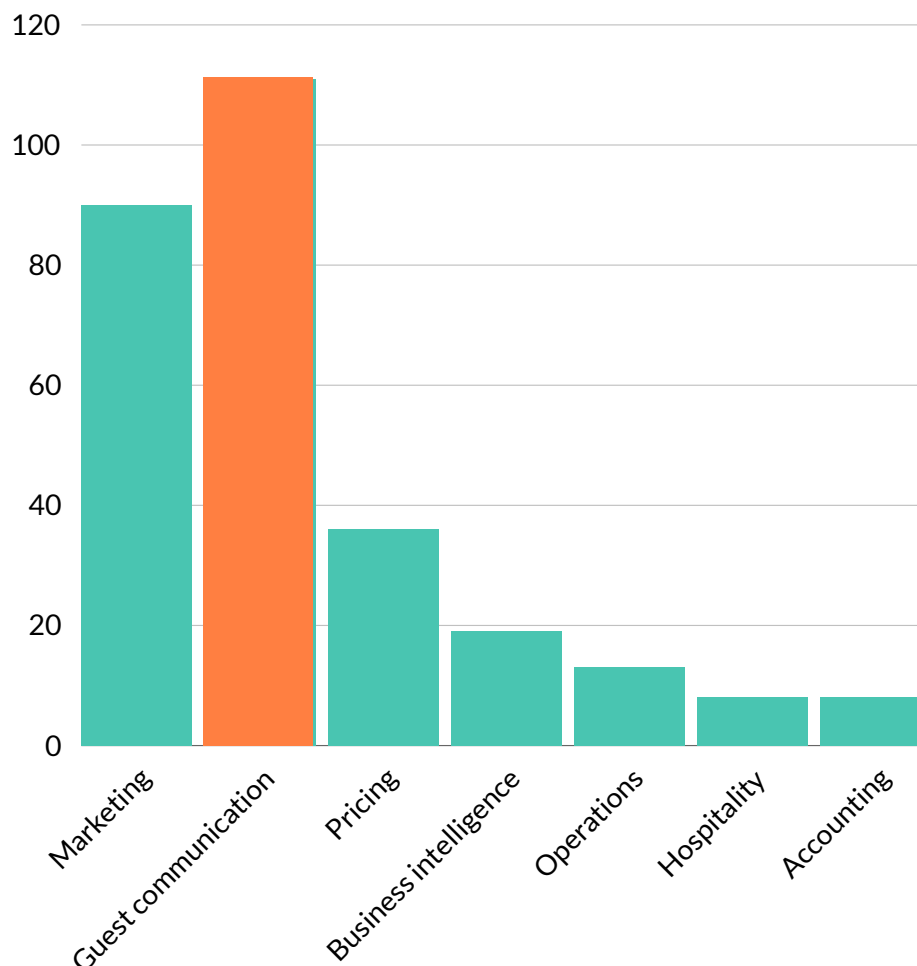
51-100+ PROPERTIES



More than four-in-ten survey respondents say they've leveraged AI for business purposes in 2023.

Where AI Can Have The Biggest Impact

AI's most immediate business application is in **messaging automation** and scalability. Repetitive tasks like check-in, check-out and **guest communication** can and should be automated with the help of AI. What's more, our respondents recognize AI's further potential to support **marketing efforts** (copywriting, design). That's why "Guest Communication" and "Marketing" were the two most popular answers.



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Book a demo and learn why Hostaway is the #1 rated short-term rental software

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