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2021 Vacation Rental Industry Stats Report

An Examination of the Vacation Rental Management Company Global Market

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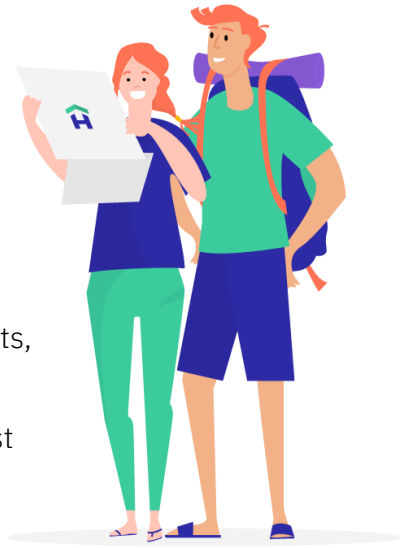

Introduction

In an effort to better understand and support our short-term and vacation rental manager clients, Hostfully continuously monitors industry trends. This includes the size of the vacation rental management industry, the types of software solutions that property managers use, and the average spend on industry-specific software. This report aims to quantify these areas of interest by outlining the findings from several industry data sources.

Our estimates show that there are over 140,000 professional Vacation Rental Management Companies (VRMCs) globally.

Based on our findings, professional VRMCs manage on average 79 properties. Our assessment is based on several sources, but likely captures mid and large-sized VRMCs. It is likely the number of small-sized portfolio managers is even greater than this estimate.

According to our findings, professional VRMCs spend upwards of $50 per month per property on software tools that centralize and automate operations, processes, and the guest experience.

In our research, we found data exploring the most valuable tools for VRMCs, with property management platforms (PMPs) as the most important. However, our findings highlight some challenges for VRMCs. Notably, most PMP providers boast similar features in their marketing material, but subscription prices are highly variable. This makes it challenging for VRMCs to properly define the true value proposition of each PMP provider. Additionally, our findings suggest that pricing does not always correlate to features or functionality.

Finally, our data shows that the growth potential in the vacation rental industry is immense. As such, vacation rental management software providers will be required to be innovative, mature, and respond to the challenges of multi-property management.

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Terminology

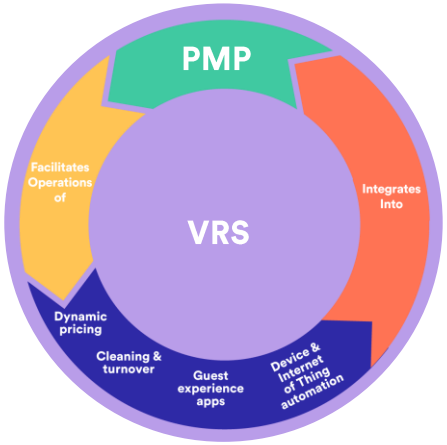
In this report, we use:

Vacation Rental Software (VRS):

For any software solution designed for vacation rental management. VRSs automate processes for VRMCs. Examples of VRSs include dynamic pricing, cleaning automation, internet of things (locks, thermostats), automated guest screening, etc.

Property Management Platform (PMP):

A central portal employees of a VRMC used to coordinate and manage operations and processes. PMPs generally have “integrations” with popular niche VRS solutions and facilitate their operability on listings sites. PMPs are also sometimes called Property Management Systems (PMSs).



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How many VRMCs are there?

Number of Vacation Rental Management Companies Globally

140,674

Let's explore how we calculated this.

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Number of VRMCs globally

140,674

How we calculated this within the US:

141M	Housing units in the US[1]
3.2%	Properties used for recreational or investment purposes[2]
	141M x 3.2% = 4.5M
4.5M	**US properties with potential to be used as vacation rentals**
44%	Professionally managed second homes in the US[3]
	4.5M x 44% = 1.98M
1.98M	**Professionally managed vacation rental properties in the US**

From here, we needed the number of properties managed by a VRMC. We found no industry-wide accepted estimate. **We therefore found four different sources of data to estimate this number.**

1 VRMA

2 Rentals United

3 Hostfully

4 Airbnb

[1] 2018 U.S. Census Bureau - Residential Vacancies and Homeownership

[2] 2013 American Housing Survey

[3] 2014 Phocuswright Report

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Number of VRMCs globally

140,674

How we calculated the number of US properties managed by a VRMC:

Source

1

VRMA[4]

500	VRMC respondents in a survey
30,000	Properties managed by those VRMCs
	30,000 ÷ 500 = 60
60	**Average number of properties managed by a VRMC**
	1.98M ÷ 60 = 33,000
33,000	**Number of VRMCs in the US**

[4] 2013 Vacation Rental Managers Association and Transparent Intelligence

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Number of VRMCs globally

140,674

How we calculated the number of US properties managed by a VRMC:

Source

2

Rentals United[5]

108 Average number of properties managed by a VRMC

Methodology: We performed a mid-point averaging of Rentals United's survey findings when asking respondents how many properties they manage. Note that this study surveyed over 900 VRMCs which we assess to be a large sample size.

Assumption: It is possible this data may have a bias. Specifically, participants to this study may have encompassed existing Rentals United customers who may also be large portfolio managers

Mid-point averaging sample calculation:

(40+49) ÷ 2 = 44.5

44.5 x 7 = 311.5 (weight for this category)

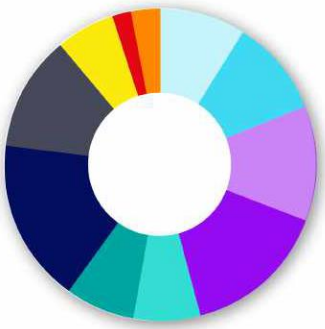
We then added all the categories and divided by 100.

Result: 108

1.98M ÷ 108 = 18,333

18,333 Number of VRMCs in the US

Percentage of property managers by number of properties



rentals united

9%	1-4 properties
10%	5-9 properties
12%	10-19 properties
15%	20-29 properties
7%	30-39 properties
7%	40-49 properties
17%	50-99 properties
12%	100-199 properties
6%	200-499 properties
2%	500-1,000 properties
3%	1,000+ properties

[5] 2020 Rentals United - Global Short-Term Rental Tech Report

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Number of VRMCs globally

140,674

How we calculated the number of US properties managed by a VRMC:

Source

3

Hostfully[6]

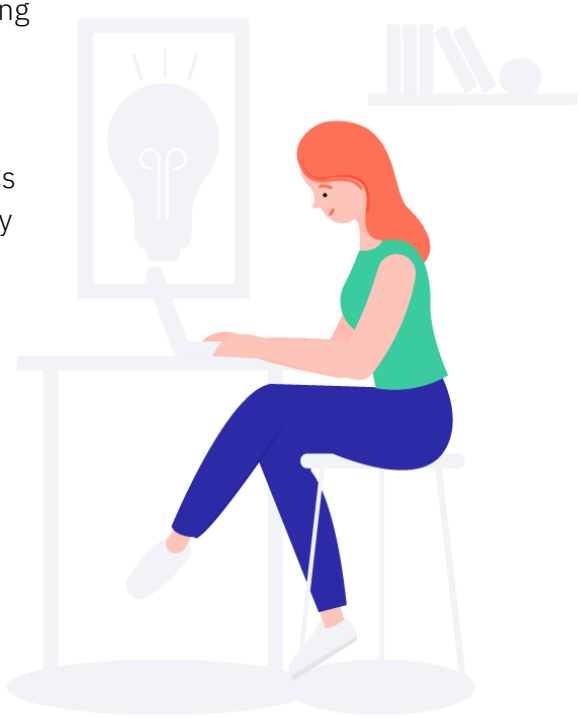
53 Average number of properties managed by a VRMC

Methodology: We retrieved all responses to our Annual Hospitality Industry Study collected between 2018 and 2020 pertaining to portfolio size. Removing duplicates, we were able to determine that the average respondent to our survey manages 53 properties.

Assumption: It is possible this data source is biased towards smaller VRMCs given that our survey invitation is also sent to hosts who use the free Hostfully Digital Guidebook (note: these users sometimes have one property).

1.98M ÷ 53 = 37,358

37,358 Number of VRMCs in the US



[6] Annual Hospitality Industry Study collected between 2018 and 2020 pertaining to portfolio size.

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Number of VRMCs globally

140,674

How we calculated the number of US properties managed by a VRMC:

Source

4

Airbnb[7]

6.8 Average number of properties managed by a professional host

Methodology:

4M Total hosts on Airbnb

90% On platform as individual hosts

* we deduce that 10% are professional hosts

4M x 10% = 400,000

400k Professional hosts on Airbnb[8]

3.6M Individual hosts (4M - 400k)

1.3 Listings per individual host

3.6M x 1.3 = 4.68M

4.68M Listings from individual hosts

7.4M Total listings on Airbnb

7.4M - 4.68M = 2.72M

2.72M Total professional host listings

2.72M ÷ 400k = 6.8

6.8 Number of listings managed per professional host

1.98M ÷ 6.8 = 291,176

291k Number of VRMCs on Airbnb

* this accounts for Airbnb's global inventory. The US accounts for 26% of global listings[8].

291,176 x 26% = 75,706

75,705 Number of VRMCs in the US

[7] 2020 Airbnb S1 Filing, page 141 and 193

[8] Note: In May 2021, Airbnb's CEO Brian Chesky noted that "out of 4 million hosts, 3.5 million are individuals" - an increase to 500k multi-property hosts. However, for this study, we will maintain 400k to remain as close as possible to the S1 Filing data source.

[9] 2020 Rentals United - Global Short-Term Rental Tech Report

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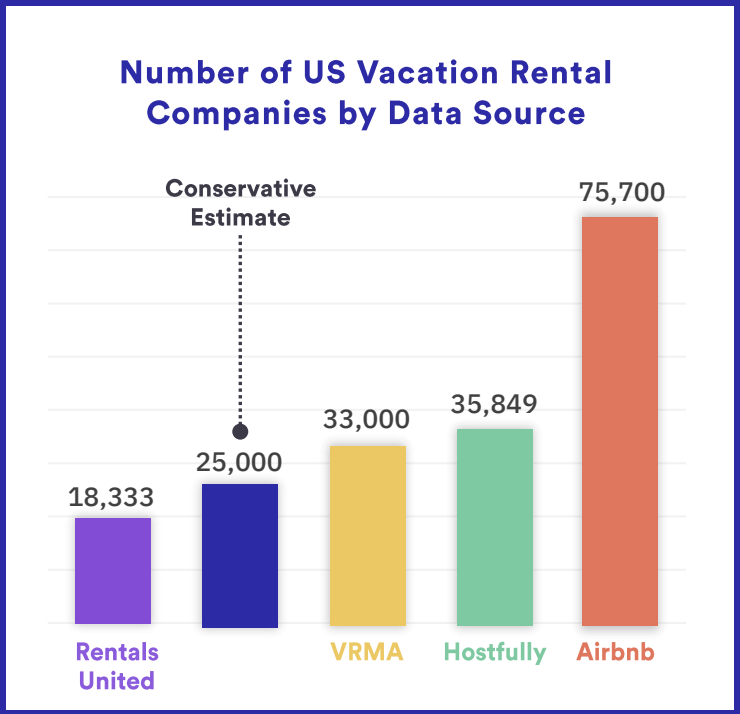
Number of VRMCs globally

140,674

How we calculated the number of US properties managed by a VRMC:

18k vs 33k vs 35k vs 75k, which data source to choose from?



All methods of calculating total VRMCs operating in the US have inherent biases. In our assessment, VRMA and Rentals United data sources over-represented large VRMCs, while Hostfully and Airbnb data sources over-represent small (or single-property) portfolio managers.

We established 25,000 as a conservative estimate.

This assumption may under-represent the market, but assumes that VRMCs manage an average of 79 properties (1.98M properties ÷ 25,000 = 79). Based on our observations of interacting with a wide variety of VRMCs across the globe, we are confident that this number represents the range between multi-property hosts (under 50) and large management firms (100 to 1,000+).

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Number of VRMCs globally

140,674

Assessing the North American Market:

Based on our estimate that there are 25,000 VRMCs in the US, **we can deduce Canada and Mexico based on population sizes.** Both countries have proportionally large tourism and hospitality industries.

328M US population
127M Mexico population
38M Canada population

25,000 x 127M/328M = 9,679

9,679 Number of VRMCs in Mexico

25,000 x 38M/328M = 2,896

2,896 Number of VRMCs in Canada

25,000 + 9,679 + 2,896 = 37,575

37,575 Total VRMCs in North America

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Number of VRMCs globally

140,674

Assessing the Global Market: With an estimate of the US and North American markets, we can deduce the rest of the global market.

Ratio of NA VRMCs compared to Europe

Data source 1

1.3M Estimated listings in the US[10]
4.2M Estimated listings in Europe

25,000 x 4.2M/1.3M = 80,769

80,769 Number of VRMCs in Europe

Data source 2

26% Ratio of VRMCs in the NA[11]
53% Ratio of VRMCs in Europe

37,575 x 53/26 = 76,595

76,595 Number of VRMCs in Europe

Mid-point between source 1 and 2

78,683 Number of VRMCs in Europe

Ratio of VRMCs outside of Europe & NA

Data source 3

21% Ratio of VRMCs outside Europe & NA[11]

(37,575 + 78,683) x 21% = 24,415

24,415 Number of VRMCs outside Europe & NA

37,575 + 78,683 + 24,414 = 140,674

140,674 Number of VRMCs globally

[10] 2013 Wyndham Annual Report .This estimate diverges from our 1.98M finding (professionally-managed properties). However, our estimates are based on 2020 Census Data. Taking into account vacation rental industry estimates of 6% CAGR, the 2013 Wyndham estimate would adjust to 1.8M listings for 2020.

[11] 2020 Rentals United - Global Short-Term Rental Tech Report

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Vacation Rental Management Company Software Preferences

Property Management Platforms are key to Vacation Rental Management.

Let’s explore the current market.

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Value Perception

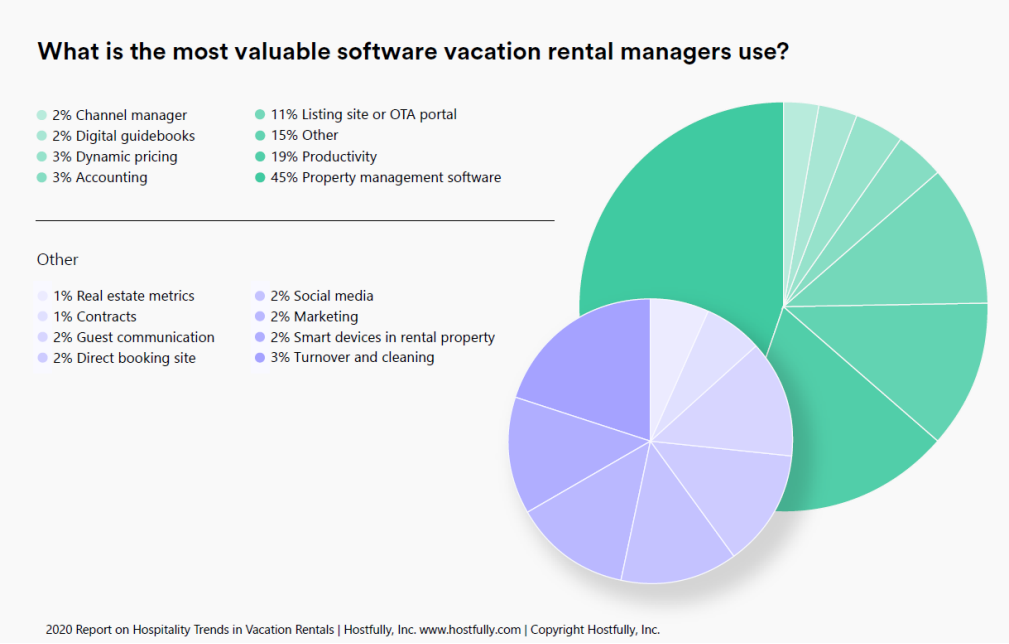
VRMC Software Preferences

In an attempt to understand the role of software in vacation rental management, we analyzed three reports* which looked into the topic.

Value perception of software types in vacation rental management

In a 2020 study, 45% of VRMCs responded that PMPs were the most valuable software they used in their business. There was also a large gap in popularity between PMPs and other software types. For example, the next most popular software type was less than half as much as PMPs (19%).[12]

Note that in the same study, it was found that respondents who reported having centralization and automation challenges either did not use a PMP, paid for a Channel Manager (and not a PMP), or were using an entry-level PMP (no integrations, limited automation options).



*Note: All three based on surveys of VRMCs or multi-property hosts.

[12] 2020 Hostfully - Hospitality Trends in the Short-Term and Vacation Rental Industry

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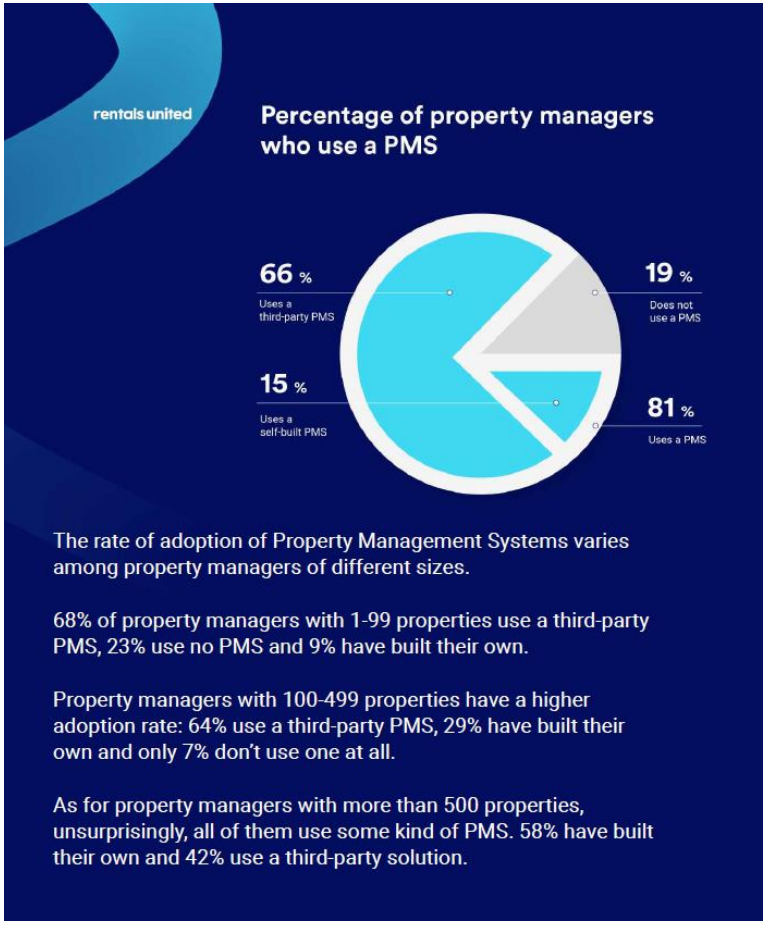
Popularity

VRMC Software Preferences



In a separate study which also had VRMC respondents, it was found that 81% reported using a PMPs.[13]

Unsurprisingly, PMP adoption was higher in large portfolio VRMCs (100+ properties).

However, showing the diversity in types of VRMCs, a significant number (29%) of them use self-built systems.

This is consistent with our observations from interacting with prospective clients.

It is challenging for VRMCs to migrate from one PMP to another due to the disruptive effect this change may have on reservations and operations.

For a large operator, it may be cheaper to pay a software developer to add custom modules on top of an existing self-built PMP.

[13] 2020 Rentals United - Global Short-Term Rental Tech Report

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VRMC Software Preferences

Property Management Platforms popularity gaining momentum

In a previously mentioned study, it was found that PMPs were gaining in popularity over the last three years. In 2020, the number of VRMCs who reported PMPs as their most valuable tool jumped from 39% in 2018 to 45% in 2020.[14]

What is the most valuable software used? Change from 2018 to 2020 (top 5)

	2018	2019	2020	
Property management software	39%	24%	45%	↑
Productivity	16%	15%	19%	↔
Listing site or OTA portal	5%	12%	11%	↔
Accounting	3%	3%	4%	↔
Dynamic pricing	4%	5%	4%	↔

2020 Report on Hospitality Trends in Vacation Rentals | Hostfully, Inc. www.hostfully.com | Copyright Hostfully, Inc.

Challenges in Property Management Platform adoption in key markets

Despite the popularity of PMPs, some VRMCs still lag in adopting this key software. Notably, European VRMCs haven't been more aggressive in using technology to address vacation rental management challenges. According to this study, over a third did not use PMPs. In line with other studies, it was found that technology adoption rates were higher in VRMCs with large portfolios.[15]

PMSs used by hosts and managers

365 Villas	Hostfully	MyVR	Smartbnb
Avantio	iGMS	OwnerRez	Streamline
BedBooking	InnStyle	Custom tools	TalkGuest
BedLoop	iTrip	RNS	ThinkReservations
Beds24	Kigo	Rentals United	Tokeet
CiiRUS	LiveRez	ReservationKey	V12
Escapia	Lodgify	ResNexus	Vreasy
Eviivo	Lodgix	RMS	Your Porter
Freetobook		roomMaster	

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Property Management Platform providers: An industry still in its infancy

In our assessment, the vacation rental PMP software industry is still in its infancy, with no clear market leader in any of the niche solutions. For example, in our own study of 143 participants, we counted 34 different PMPs used by VRMCs.

Challenges

[14] 2020 Hostfully - Hospitality Trends in the Short-Term and Vacation Rental Industry
[15] 2018 Transparent Intelligence - European Vacation Rental Survey 2018

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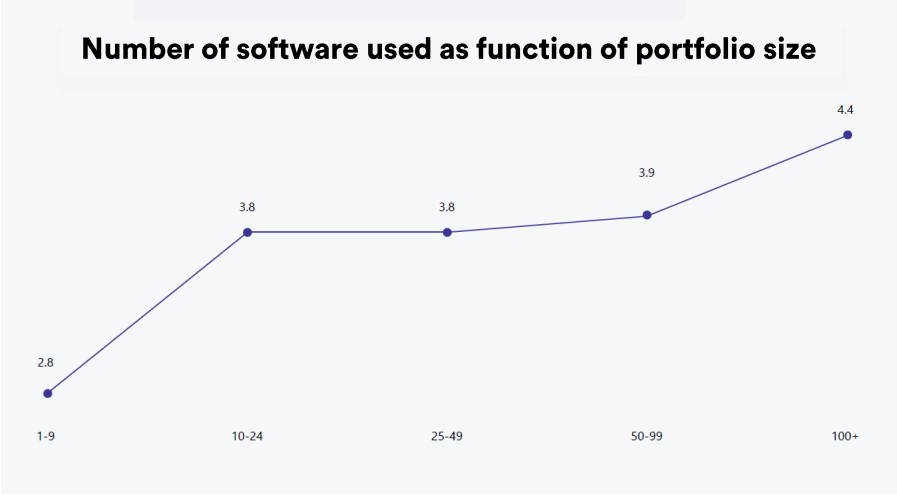
A Nascent Industry

VRMC adoption of software other than Property Management Platforms (PMPs)

Vacation rental software is critical to sustaining a large portfolio

As part of our annual hospitality study, we ask VRMCs to list the software tools they use other than PMPs. Findings show that software use jumps when VRMCs grow their portfolio past 10 properties. On top of a PMP, VRMCs use on average 3.8 additional software solutions. 100+ property managers, use over four industry-specific software.[16]



The other most popular software solutions

In a study exploring the impact of the COVID-19 pandemic on VRMC operations, respondents indicated the following three most popular industry-specific software (after PMPs) in helping them navigate the pandemic[17]:

[16] 2020 Hostfully - Hospitality Trends in the Short-Term and Vacation Rental Industry

[17] Guesty - The State of Confidence in the Short-Term Rental Ecosystem

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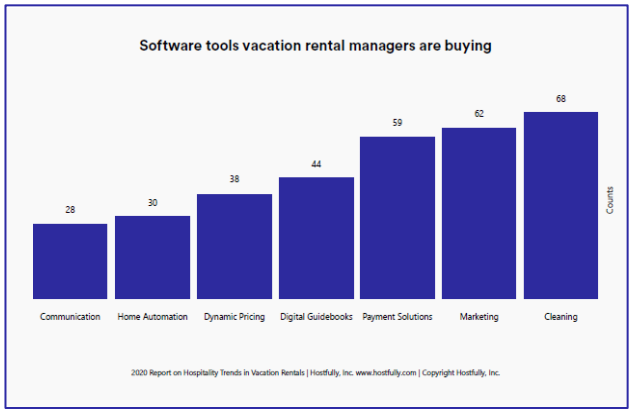
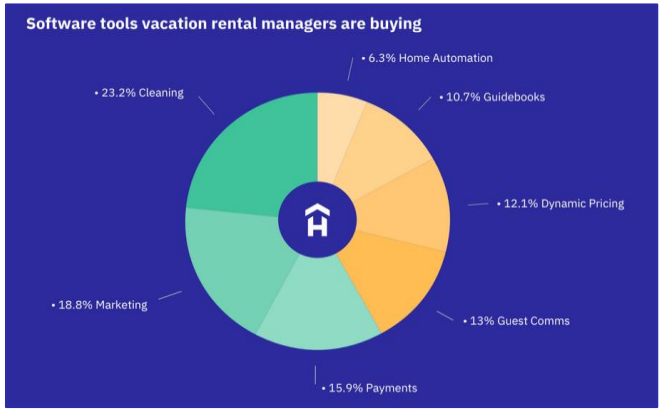
A Nascent Industry

VRMC adoption of software other than Property Management Platforms (PMPs)

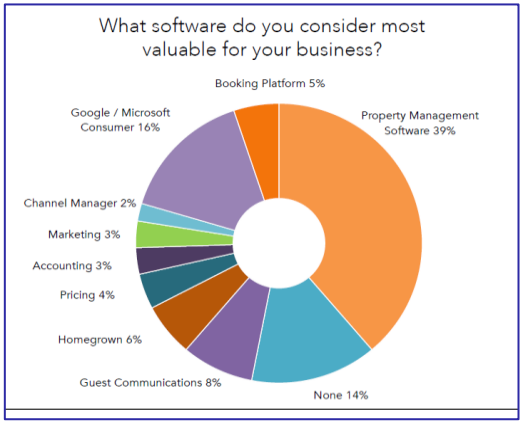
Our own study shows that software tools which automate pricing, marketing, cleaning, and the guest experience are similarly popular with VRMCs and multi-property hosts. Note that these findings appear to remain consistent over the past three years:



2020[18]



2019[19]



2018[20]

[18] 2020 Hostfully - Hospitality Trends in the Short-Term and Vacation Rental Industry
[19] 2019 Hostfully - Hospitality Trends and Software in Vacation Rental Management
[20] 2018 Hostfully - Hospitality Trends in Vacation Rental Management

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How much do VRMCs spend on software?

Average Spend per Month per Property

$51.32/month

Let's explore how we calculated this.

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VRMCs spend on software per property

$51.32/month

How we calculated this: PMP

To estimate the average monthly spend on vacation rental management software, we studied the pricing options published by various industry providers. Our study only took into account PMP providers with the following minimum functionality[21]:

- Integrations with Airbnb, Vrbo and Booking.com.
- Third-party integrations with three providers in dynamic pricing, cleaning automation, and smart home devices.
- Ability for the VRMC to create time or event-based triggers.

All major PMP providers offer bulk discount pricing, generally proportional to the VRMC's portfolio size. Below are average prices for 12 of the leading PMP providers:

$/month for 1 property		
Min	Max	Avg
$7.00	$345.75	$90.60

Applying the bulk discount for 79 properties (the average portfolio size we previously established), we found the following average prices:

$/month per property discounted for 79 properties		
Min	Max	Avg
$3.58	$40.00	$15.50

Other findings:

96% - Largest bulk discount

52% - Average bulk discount (from 1 to 79 properties). Most PMP providers invite prospective clients to contact them for discounts on 100+ property portfolios.

12.3 - Number of properties required before first bulk discount applies

$15.50/month per property x 79 properties = $1,231.02/month

$1,231.02 **Average spend by VRMCs on PMPs**

[21] 2020 Hostfully - Hospitality Trends in the Short-Term and Vacation Rental Industry

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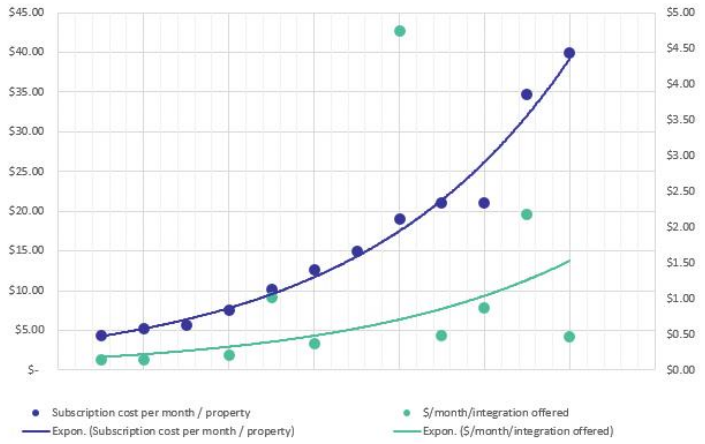
VRMCs spend on software per property

$51.32/month

How we calculated this: PMP

Observing a large discrepancy in pricing, we looked into functionality as it relates to pricing. We noted that all industry-leading PMP marketing materials claims to offer similar features (automation, pre-built direct booking sites, analytics and reporting, etc). We therefore looked at how many integrations the provider offered. We noted that on average, PMP solutions offer 32 integrations (min: 4, max: 72).

Integrations as a function of subscription price



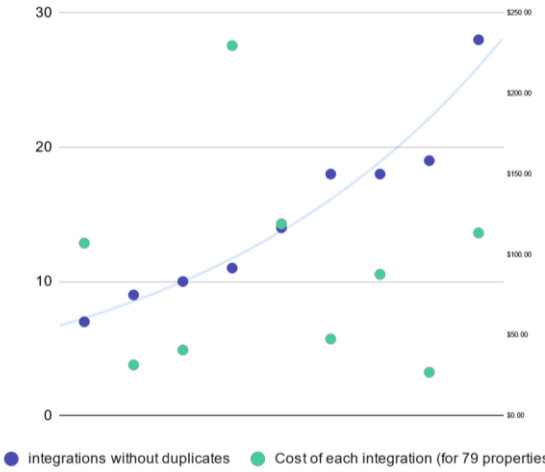
Relative to price, these integration options cost VRMCs an average of $81.22 per month[22].

We also observed that PMP providers who offer a high number of integrations tend to charge the highest monthly subscription costs. It is unclear to what extent this translates as a benefit to the VRMC. VRMCs usually pay for one service per process category (ex: only pay for one dynamic pricing software, despite having several offered as integrations).

However, having duplicate integrations per category benefits the PMP provider by allowing the company to attract more potential customers.

In our assessment, maintaining these integrations comes at a cost - which appears to be passed on to VRMCs. To validate this, we performed the same study, but only counted multiples of the same integration once (ex: if there are 4 cleaning apps, we counted it once):

Categorized integration vs PMS per month (for 79 properties)



[22] 2020 Hostfully - Hospitality Trends in the Short-Term and Vacation Rental Industry

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VRMCs spend on software per property

$51.32/month

How we calculated this: PMP

This adjustment lowered the average integrations to 13.8 (min: 4, max: 28). Taking the adjustment in consideration, we found that PMP providers priced under $15.00/month per property (at 79 properties) offered an average 12.6 integrations (priced at $50.83/month per integration), whereas those above $15.00/month per property offered on average 15 integrations (priced at $185.45/month per integration). That said, we are cognizant that some of the high-priced PMP vendors claim their solution as all-in-one (making integrations unnecessary). Removing the all-in-one PMP vendors priced above $15.00/month per property moved the average integration at 17.75 priced at $137.52/month.

As integrations are but one dimension of functionality, we also looked at software partnership status by the listing sites and OTAs. Major listing sites determine preferred software status by assessing the robustness and ease of integration with the PMP. For 12 PMP providers we reviewed, we found that of :

- **90% had either Airbnb, Vrbo or Booking.com preferred software partner status.**
- **27% had preferred status with two**
- **There was no correlation between preferred software status and subscription cost. Less than half of PMPs priced above $15.00/month per property had both statuses. PMPs priced under $15 had equal chances of having double statuses.**

Highlighting the challenges faced by VRMCs in selecting the right software, we also observed inconsistent correlations between functionality and price. For example, one of the highest-priced PMP offered the least integrations with no preferred software status with any listing site. Alternatively, all PMPs reviewed claimed to offer time or event-based triggers, however one PMP vendor achieved this automation via a third-party non-VRS productivity integration (which would cost the VRMC additional fees outside the PMP).

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VRMCs spend on software per property

$51.32/month

How we calculated this: Other Software

Our study looked at VRS used by professional VRMCs. We found that VRMCs can end up spending more than double their PMP costs on other niche software.

Type of VRS	Monthly cost for 79 properties
Dynamic pricing	$827.88
Cleaning and turnover automation	$551.87
Channel managers	$607.25
Other property management software types - Digital guidebooks - Property automation, locks and devices - Insurance, screening - Communications, wifi, voice integration	 $316.00 $869.16 $1,1710.95 $477.25 **Average $843.34**

3.9	**Number of software used by VRMCs (on top of PMPs) (rounded to 4 for software spend estimation below)[23]**
	$827.88 + $551.87 + $607.05 + $843.34 =$2,830.13
$2,830.13	**Monthly software spend for a VRMC with 79 properties**
	$2,830.13 + $1,231.02 = $4,061.16
$4,061.16	**Total monthly spend on software for a VRMC with 79 properties**
	$4,054.63 ÷ 79 = $51.32
$51.32	**VRMCs spend on software per property per month**

[23] 2020 Hostfully - Hospitality Trends in the Short-Term and Vacation Rental Industry

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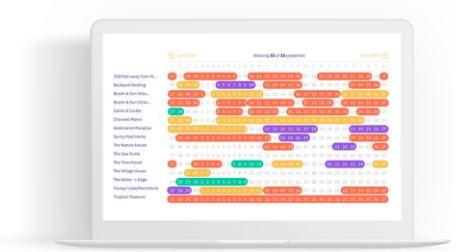
About Hostfully

Property Management Platform and Digital Guidebook Provider.

Our industry-leading property management platform (PMP) is built from the ground up to help vacation rental owners and managers streamline their processes and increase their bottom-line. Here are some of the other features Hostfully clients use to manage (and scale) their operations:

- **Multi-channel distribution:** increase your marketing reach and generate more revenue
- **Digital guidebooks:** boost the guest experience, cut down on communications, and upsell products and services for extra income
- **Pre-built direct booking site:** generate your own bookings and gain independence from listing sites
- **Central messaging hub:** easily manage guest communications on one interface
- **Booking pipeline:** follow-up on leads and increase conversions
- **Integrations:** connect other vacation rental software like turnover and cleaning, dynamic pricing, and credit card processing
- **Payments processing:** easily collect payments from direct bookings or from upsold services and products to guests
- **Property management data:** make informed decisions based on data
- **Owner financial reports:** save time and effort in preparing owner reports
- **Open API:** keep using your custom software but also gain the benefits of the Hostfully PMP

Learn more about Hostfully and how it can help support your business:

Find out more.

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