2021 Vacation Rental Industry Stats Report

An Examination of the Vacation Rental Management Company Global Market
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.
## Table of Contents

### How many VRMCs are there?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>10</td>
</tr>
<tr>
<td>North America</td>
<td>11</td>
</tr>
<tr>
<td>Global</td>
<td>12</td>
</tr>
</tbody>
</table>

### What are VRMCs Software Preferences?

<table>
<thead>
<tr>
<th>Preference</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value Perception</td>
<td>14</td>
</tr>
<tr>
<td>Popularity</td>
<td>15</td>
</tr>
<tr>
<td>Challenges in Tech Adoption</td>
<td>16</td>
</tr>
<tr>
<td>Management Software: A Nascent Industry</td>
<td>17</td>
</tr>
</tbody>
</table>

### How much do VRMCs spend on software?

<table>
<thead>
<tr>
<th>Software Type</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Management Platform</td>
<td>20</td>
</tr>
<tr>
<td>Other Software</td>
<td>23</td>
</tr>
</tbody>
</table>

---

## 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).
How many VRMCs are there?

Number of Vacation Rental Management Companies Globally: 140,674

Let's explore how we calculated this.
How we calculated this within the US:

141M  Housing units in the US
3.2%  Properties used for recreational or investment purposes

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

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 2018 U.S. Census Bureau - Residential Vacancies and Homeownership
2 2013 American Housing Survey
3 2014 Phocuswright Report

---

Number of VRMCs globally
140,674
How we calculated the number of US properties managed by a VRMC:

<table>
<thead>
<tr>
<th>Source</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>500</td>
<td>VRMC respondents in a survey</td>
</tr>
<tr>
<td>30,000</td>
<td>Properties managed by those VRMCs</td>
</tr>
</tbody>
</table>

$$\frac{30,000}{500} = 60$$

60 Average number of properties managed by a VRMC

$$\frac{1.98M}{60} = 33,000$$

33,000 Number of VRMCs in the US

---

4 2013 Vacation Rental Managers Association and Transparent Intelligence

Number of VRMCs globally
140,674
How we calculated the number of US properties managed by a VRMC:

**Source**

Rentals United

**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:**

\[
\frac{(40+49)}{2} = 44.5
\]

\[
44.5 \times 7 = 311.5 \text{ (weight for this category)}
\]

We then added all the categories and divided by 100.

**Result:** 108

\[
1.98 \text{M} \div 108 = 18,333
\]

**Number of VRMCs in the US**

18,333
How we calculated the number of US 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).

\[
1.98M \div 53 = 37,358
\]

<table>
<thead>
<tr>
<th>Source</th>
<th>53</th>
<th>Average number of properties managed by a VRMC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hostfully⁶</td>
<td></td>
<td>Number of VRMCs in the US</td>
</tr>
<tr>
<td></td>
<td>37,358</td>
<td></td>
</tr>
</tbody>
</table>

⁶ Annual Hospitality Industry Study collected between 2018 and 2020 pertaining to portfolio size.
How we calculated the number of US properties managed by a VRMC:

**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

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 = 291,176

291k Number of VRMCs on Airbnb

* this accounts for Airbnb’s global inventory. The US accounts for 26% of global listings.

291,176 x 26% = 75,706

75,705 Number of VRMCs in the US

---

9 2020 Airbnb S1 Filing, page 141 and 193
8 2020 Rentals United - Global Short-Term Rental Tech Report

---

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.
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. 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+).
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

\[
\text{Number of VRMCs in Mexico} = \frac{25,000 \times 127M}{328M} = 9,679
\]

9,679 Number of VRMCs in Mexico

\[
\text{Number of VRMCs in Canada} = \frac{25,000 \times 38M}{328M} = 2,896
\]

2,896 Number of VRMCs in Canada

\[
\text{Total VRMCs in North America} = 25,000 + 9,679 + 2,896 = 37,575
\]

37,575 Total VRMCs in North America
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
4.2M Estimated listings in Europe

\[ \frac{25,000 \times 4.2M}{1.3M} = 80,769 \]

80,769 Number of VRMCs in Europe

Data source 2
26% Ratio of VRMCs in the NA
53% Ratio of VRMCs in Europe

\[ 37,575 \times \frac{53}{26} = 76,595 \]

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

\[ (37,575 + 78,683) \times 21\% = 24,415 \]

24,415 Number of VRMCs outside Europe & NA

37,575 + 78,683 + 24,415 = 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
Let's explore the current market.

---

Vacation Rental Management Company
Software Preferences

Property Management Platforms are key to Vacation Rental Management.
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
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
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

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

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

<table>
<thead>
<tr>
<th>Software Type</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property management software</td>
<td>39%</td>
<td>24%</td>
<td>45%</td>
</tr>
<tr>
<td>Productivity</td>
<td>16%</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>Listing site or OTA portal</td>
<td>5%</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td>Accounting</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Dynamic pricing</td>
<td>4%</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

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

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.
**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 pandemic17:

- **Revenue Management**: 20.4%
- **Marketing & Distribution**: 20.1%
- **Cleaning**: 19.2%

---

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
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:

---

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
How much do VRMCs spend on software?

Average Spend per Month per Property

$51.32/month

Let’s explore how we calculated this.
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:

- 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:

<table>
<thead>
<tr>
<th>$/month for 1 property</th>
<th>Min</th>
<th>Max</th>
<th>Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7.00</td>
<td>$345.75</td>
<td>$90.60</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>$/month per property discounted for 79 properties</th>
<th>Min</th>
<th>Max</th>
<th>Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.58</td>
<td>$40.00</td>
<td>$15.50</td>
<td></td>
</tr>
</tbody>
</table>

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

\[ \frac{15.50}{79} \times 79 = 1,231.02 \]

Average spend by VRMCs on PMPs

\[ 1,231.02 \]
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).

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):

Relative to price, these integration options cost VRMCs an average of $81.22 per month22.

22 2020 Hostfully - Hospitality Trends in the Short-Term and Vacation Rental Industry
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 an 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).
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.

<table>
<thead>
<tr>
<th>Type of VRS</th>
<th>Monthly cost for 79 properties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynamic pricing</td>
<td>$827.88</td>
</tr>
<tr>
<td>Cleaning and turnover automation</td>
<td>$551.87</td>
</tr>
<tr>
<td>Channel managers</td>
<td>$607.25</td>
</tr>
<tr>
<td>Other property management software types</td>
<td></td>
</tr>
<tr>
<td>- Digital guidebooks</td>
<td>$316.00</td>
</tr>
<tr>
<td>- Property automation, locks and devices</td>
<td>$869.16</td>
</tr>
<tr>
<td>- Insurance, screening</td>
<td>$1,171.95</td>
</tr>
<tr>
<td>- Communications, wifi, voice integration</td>
<td>$477.25</td>
</tr>
<tr>
<td>Average</td>
<td>$843.34</td>
</tr>
</tbody>
</table>

Number of software used by VRMCs (on top of PMPs) (rounded to 4 for software spend estimation below)\(^23\)

\[
$827.88 + $551.87 + $607.05 + $843.34 = $2,830.13
\]

Monthly software spend for a VRMC with 79 properties

\[
$2,830.13 + $1,231.02 = $4,061.16
\]

Total monthly spend on software for a VRMC with 79 properties

\[
$4,054.63 \div 79 = $51.32
\]

VRMCs spend on software per property per month

$51.32
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