



# **2021 Report on Hospitality Trends in the Vacation Rental Industry**



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## Executive summary

After the “extenuating circumstances” cancelation wave of 2020, we saw a glimmer of hope. Digital nomads fled to the countryside and booked record-setting long-term stays. The summer travel season then showed that a rebound was around the corner, at least for property managers with inventory in rural or beach destinations. 2020 ended with a sigh of relief—the holiday season saw strong demand, with many operators returning to pre-pandemic levels of activity. Come 2021, and pent-up travel demand blew a second wind in our industry’s lungs. Most vacation rental companies operating outside urban areas saw an incredible rebound. Demand outpaced supply in most markets. External factors like record-low interest rates added to the windfall. With so many new second homes on the market, buyers turned to vacation rental operators to manage their investments, and our survey data reflects this. Respondents indicated that revenue has increased and that property acquisition was easier this year.

But our survey also shows the pitfalls of the success of 2021. That same pent-up travel demand which lowered vacancies and raised nightly rates had a hidden cost. Guests (many of whom hadn’t traveled in over a year) booked accommodations and expected perfection. This placed an incredible amount of strain on guest services and cleaning staff. Throughout our survey, we saw that operators now consider their

guest communication software critical to their business. Guests not only expect a point of contact that is easily accessible but also a quick turnaround to their message. Standards surrounding cleanliness have also risen. The expectation is that vacation rental operators should deliver a record-high standard level of cleanliness and do so amidst a historic labor shortage.

Despite the challenges faced in 2021, vacation rental hosts and managers continued to display the entrepreneurship they have come to be known for. To capitalize on strong demand, operators deployed more growth strategies than ever before. Even hosts and managers who experienced significant losses over the past year plan to deploy new growth strategies going into 2022. This shows how resilient and adaptable our industry practitioners remain, even in the face of historical change.

Consistent throughout the years, we found once again that technology woes remain a problem in our industry. As our survey shows, there is no single pain point surrounding technology common across our industry. Hosts and managers operate companies of different sizes and organizational structures. The answers provided by our respondents reflect this diversity as respondents continue to use as many different software solutions as they have in previous years.



As a property management platform (PMP)<sup>1</sup> provider, we were encouraged to see that PMP use continues to provide added value to practitioners. Our data suggests that PMP users were more likely to report more substantial growth than their non-user counterparts. Additionally, PMP use helped hosts and managers diversify their booking sources and capture reservations through direct booking sites. PMP use also facilitated guest communication and the integration of cleaning software. As we've outlined above, these were two significant challenges affecting the industry in 2021.

The amount of software used in vacation rental management was similar to 2021 and followed previous years' trends. The bigger the company, the higher the total amount of software used.

Upselling products and services to guests remained a challenge for vacation rental hosts and managers. Each year, our survey shows that respondents want to use upsells as a growth tactic. Yet, industry-wide adoption of upsells has stayed consistently low over time. We found that some companies that offered upsells reported strong revenue growth. However, other causes could also be attributed to this growth. For example, upsell providers used PMPs, deployed more software, and tended to be larger than their non-user counterparts.

This year, our survey also looked at dynamic pricing software and its purported impact on revenue. Our findings show that those who experienced the strongest growth over the past year used dynamic pricing tools. However, limitations in our questions could not push the assessment further to pinpoint why some dynamic pricing software users experienced moderate growth compared to non-users.

Overall, our survey results document the impact of nearly two years of month-to-month change. The vacation rental industry is full of dynamism, creativity, and entrepreneurship. We at Hostfully hope to see this same spirit continue in 2022.

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1 Also referred to as property management software (PMS).

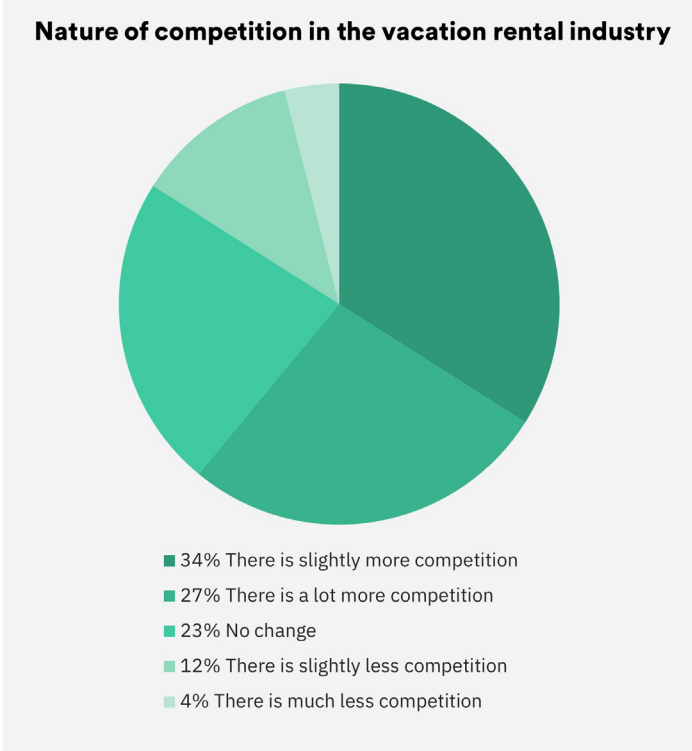


## Market overview

### Competition in the COVID-era vacation rental market

The majority of respondents indicated an increased competitive landscape in their area for the third year in a row. 61% noted at least some increase in competition, with 27% reporting a lot more.

We found no discernible pattern between whether hosts and managers felt more competition as a function of portfolio size, growth strategies employed in the last year, or software preferences.



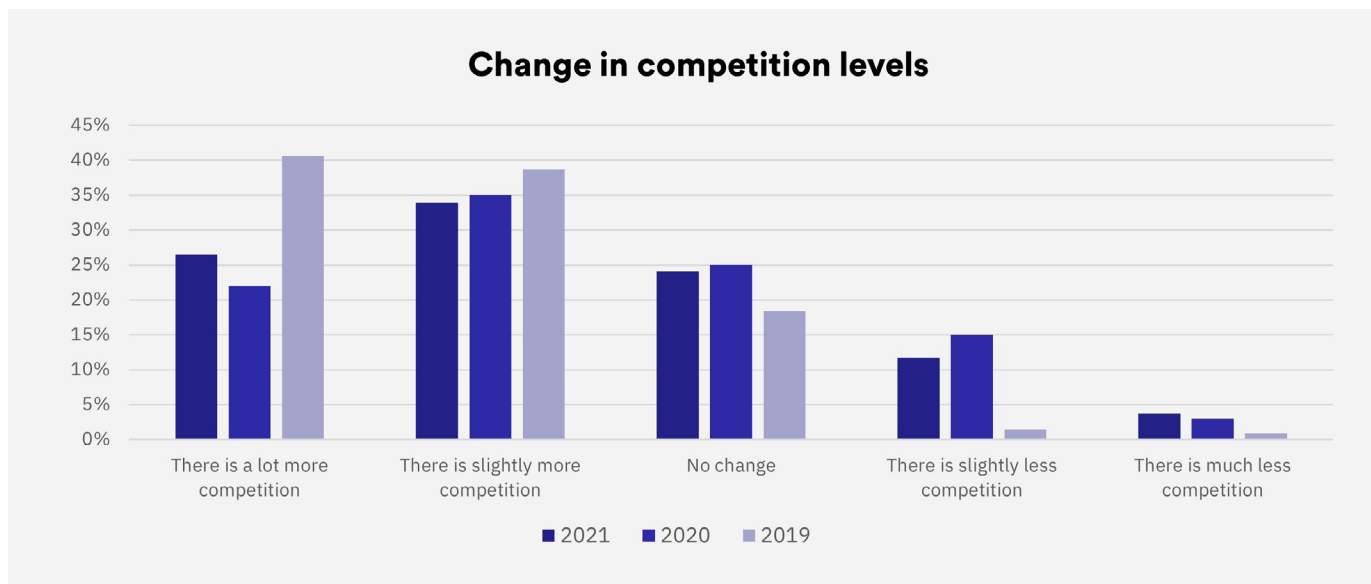


## Competition in the COVID-era vacation rental market

We explored whether there was a correlation between “felt competition” and location. Hosts and managers in rural areas, cottage country, and nature destinations tended to report increased competition. This could be due to new hosts listing their vacation homes in response to increased demand for properties outside urban areas. That said, respondents operating in areas with higher competition also reported an average income increase of 32% for the past year. This is unsurprising. Professional hosts and managers have the tools and experience required to outcompete newcomers in their areas. It may also show that areas with high competition were also in high demand for travelers.

Comparing responses collected over the past three years, we found that business has not been as competitive as before the pandemic:

Pre-pandemic, less than 2% of respondents reported less or much less competition. To see the mid-pandemic results spike (in one category it reached above 10%) was a surprise.

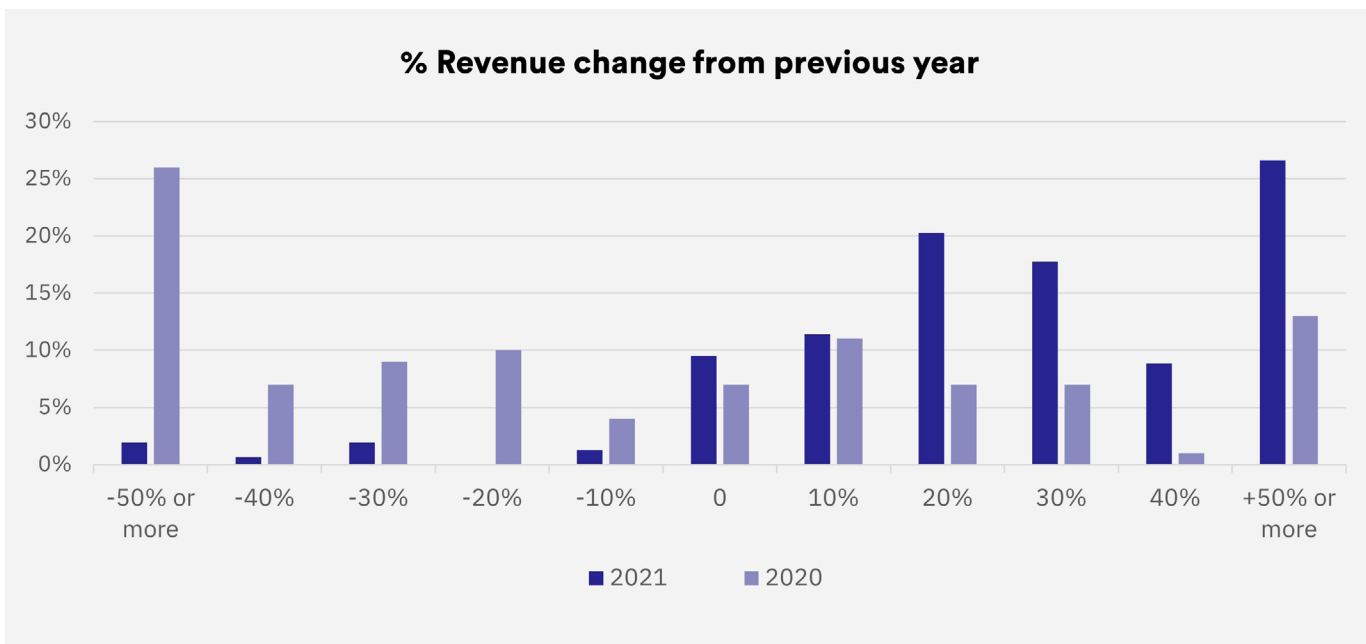




## Growth: the great rebound of 2021

2020 was tumultuous for short-term and vacation rental managers across the globe. Following the cancellation wave and uncertainty surrounding travel, a large portion of vacation rental companies reported significant losses for the year.

Many hospitality experts predicted that stay-at-home restrictions would create pent up demand for travel. 2021 saw that prediction materialize, with more than 84% of respondents reporting a positive revenue change for the year.



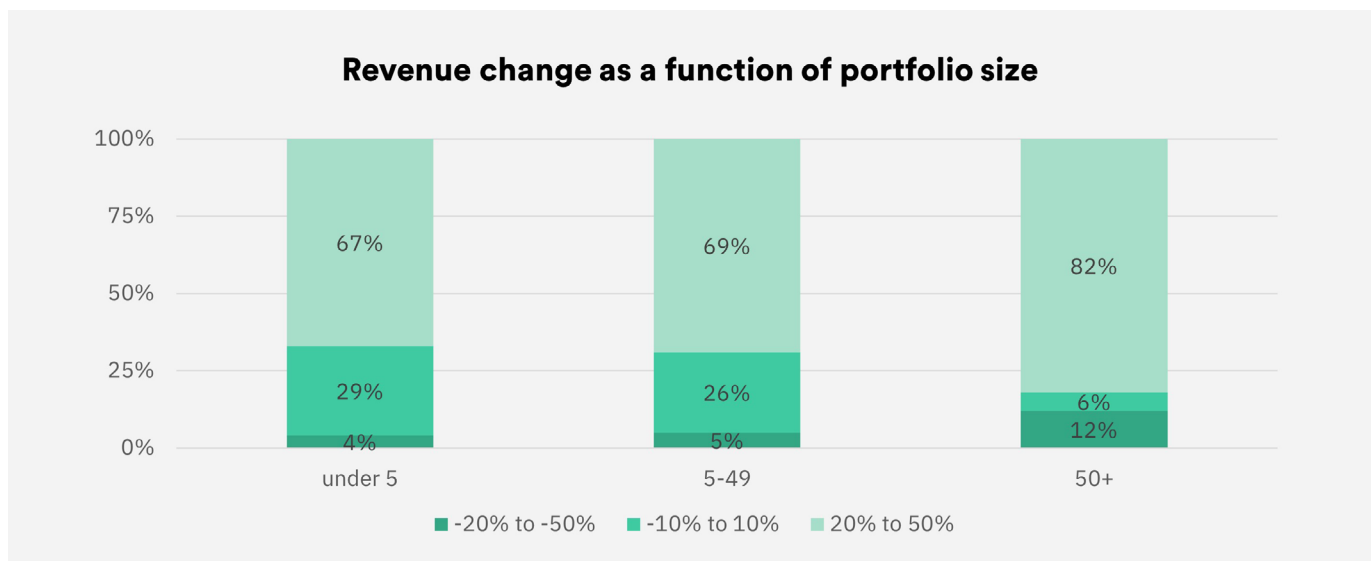
**Marco Bonanni,**  
Co-Founder,  
DPGO

*“The so-called ‘Year of Recovery’ is coming to an end and we’ve seen a steady recuperation of the industry since April. The vacation rental market is a volatile place and dynamic pricing software allows Airbnb hosts and other short-term vacation rental property owners to easily maximize their revenue. The market performance took a huge dip when the pandemic disrupted normality, however, we saw that US daily revenue reached the highest point in Q3 of 2021 (a 54% increase if compared to the same period in 2020). As a general average, nightly rates in the US in 2021 are 35% higher than rates seen in 2020 and we’re expecting the local travel industry to continue on its recovery trajectory into 2022. The vacation rental landscape is totally different from how it was at the end of 2020 and we’re confident that this recovery will continue into the new year!”*



## Growth: the great rebound of 2021

When analyzing revenue change as a function of portfolio size, survey data suggests that larger companies were more likely to report a significant income increase (20% or more). We attempted to uncover if other variables explained income change (i.e., geographical location, growth strategies, software used, etc.) but found no correlations.



**Thibault Masson,**  
Founder,  
[rentalscaleup.com](https://rentalscaleup.com)

*“Revenues bounced back in 2021, compared with 2020, as expected. Yet, the change in revenues graph reveals a contrasted situation: while 26% of property managers surveyed recorded a growth over 50%, close to 40% of them bounced by 20% or less. Not all property managers had a record-breaking 2021. Major urban areas in North America (e.g., New York City, Chicago) and Europe (e.g., London, Paris) suffered from a preference for rural, mountain, and beach destinations, a drop in business travel, and significant restrictions on international travel.”*

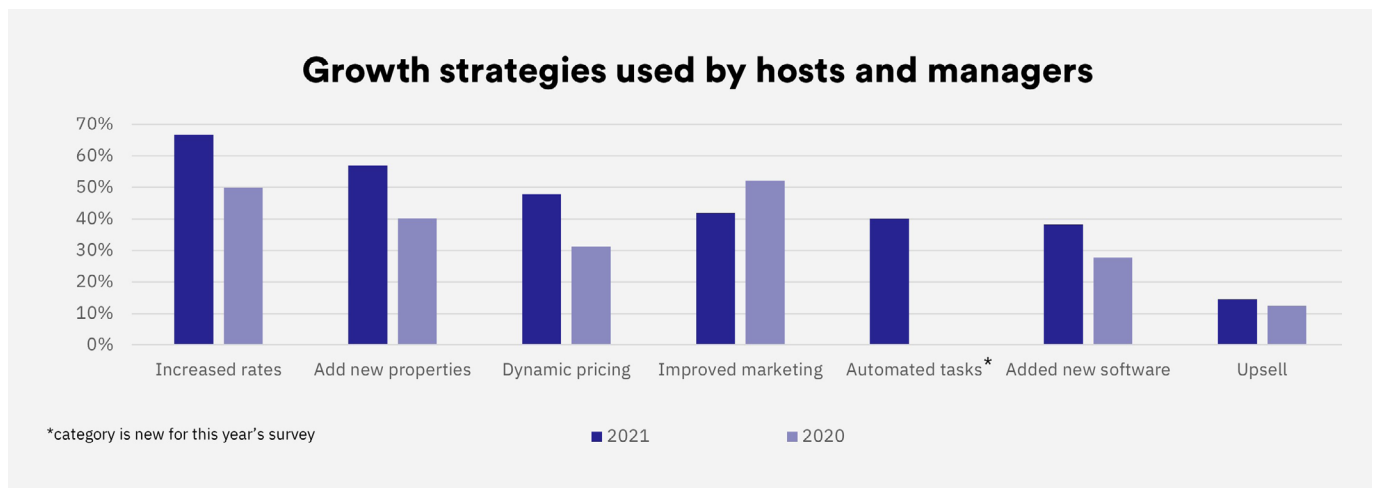
*This contrasted situation affected property portfolios of all sizes, as the negative impact was linked to the destination more than to the company size. Yet, as the supply of large property management companies tends to be located in traditional vacation rental markets, it was expected that a larger share of them (82%) would grow the fastest (between 20% to 50%).”*





## Growth strategies: the industry responds to increased demand

Hosts and managers responded to the increased demand for short-term rentals of 2021 with growth strategies to optimize and grow their properties' inventory. 67% raised their nightly rates, and 48% used dynamic pricing software. Adding more properties—a traditional growth strategy—saw renewed interest this year as well at 57%.



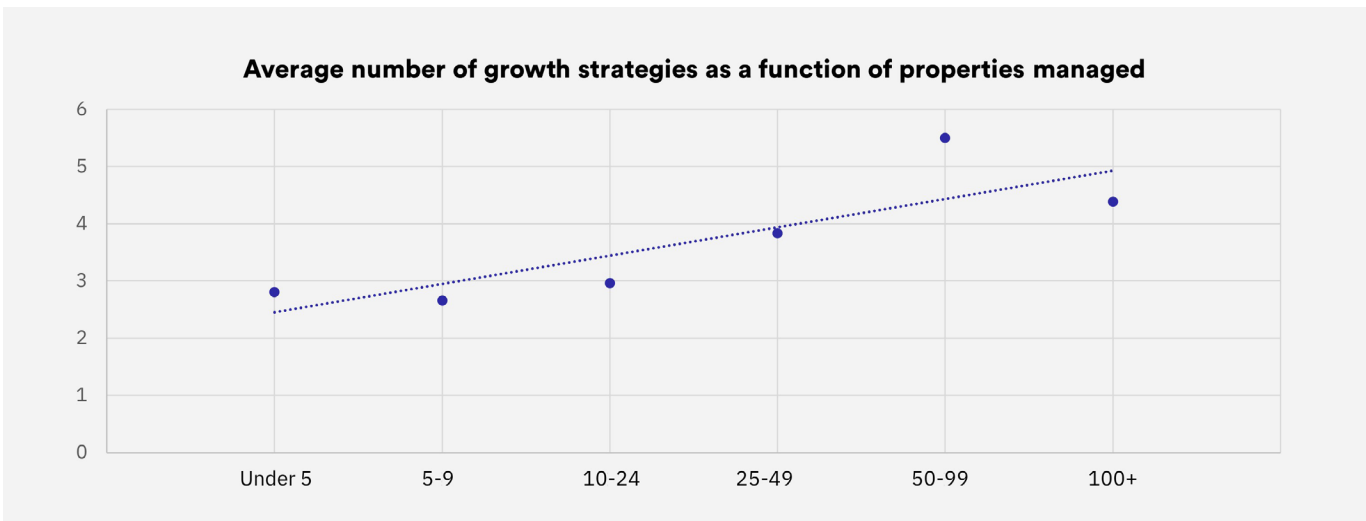
**Scott McLeod, COO,**  
**Key Data Dashboard**

*“Market-level data reflects the growth strategies of property managers; most destinations saw an increase in rates in response to higher demand. We did observe a few popular markets in the United States that saw different results. Some markets, like Telluride & Mountain Village, CO and Los Angeles, CA saw a decrease in the adjusted paid occupancy rate but were still able to increase their average daily rate. Property managers in those markets likely met the goal of maximizing revenue per available night. Other markets, including Seattle, WA and Nashville, TN, had higher occupancy but lower rates. They likely had more pricing power than expected and could have increased their rates further.”*



## Growth strategies: the industry responds to increased demand

The number of growth strategies was linked to portfolio size. As with previous industry surveys, the larger the vacation rental management property company, the higher the likelihood multiple growth strategies will be deployed.



**Matt Landau,**  
Founder, [vrmb.com](http://vrmb.com)

*“Behind the scenes, we’re seeing a seismic shift from operations to strategy. Being operationally strong used to be the differentiator in any market: if you had an efficient housekeeping, maintenance, and guest services workflow, you won your market with first mover status. But thanks to the maturation of the sector, operations is now merely table stakes. Now, winning markets is about true strategic differentiation: brands that are the first, the only, or the best in any given category in their markets have the unfair advantage. A golden age of vacation rental growth is upon us.”*



## Growth strategies: the industry responds to increased demand

Additionally, the type of growth strategy varied widely between small and large portfolio managers. It was noted that upselling products and services to guests was one of the least adopted growth strategies of 2021. Hosts and managers likely balanced the complexity of implementing upselling against the complexity of setting up processes for it.

Properties managed				
	Under 5	5 - 19	20 - 49	50+
<b>Most popular growth strategies</b>	<ul style="list-style-type: none"> <li>Increased rates</li> <li>Dynamic pricing</li> <li>Automated tasks</li> </ul>	<ul style="list-style-type: none"> <li>Increased rates</li> <li>Added new software</li> <li>Automated tasks</li> </ul>	<ul style="list-style-type: none"> <li>Added new properties</li> <li>Increased rates</li> <li>Dynamic pricing</li> </ul>	<ul style="list-style-type: none"> <li>Added new properties</li> <li>Improved marketing</li> <li>Increased rates</li> </ul>
<b>Least popular growth strategies</b>	<ul style="list-style-type: none"> <li>Upsells</li> <li>Added new software</li> <li>Improved marketing</li> </ul>	<ul style="list-style-type: none"> <li>Upsells</li> <li>Added new properties</li> <li>Improved marketing</li> </ul>	<ul style="list-style-type: none"> <li>Upsells</li> <li>Added new software</li> <li>Automated tasks</li> </ul>	<ul style="list-style-type: none"> <li>Upsells</li> <li>Added new software</li> <li>Automated tasks</li> </ul>



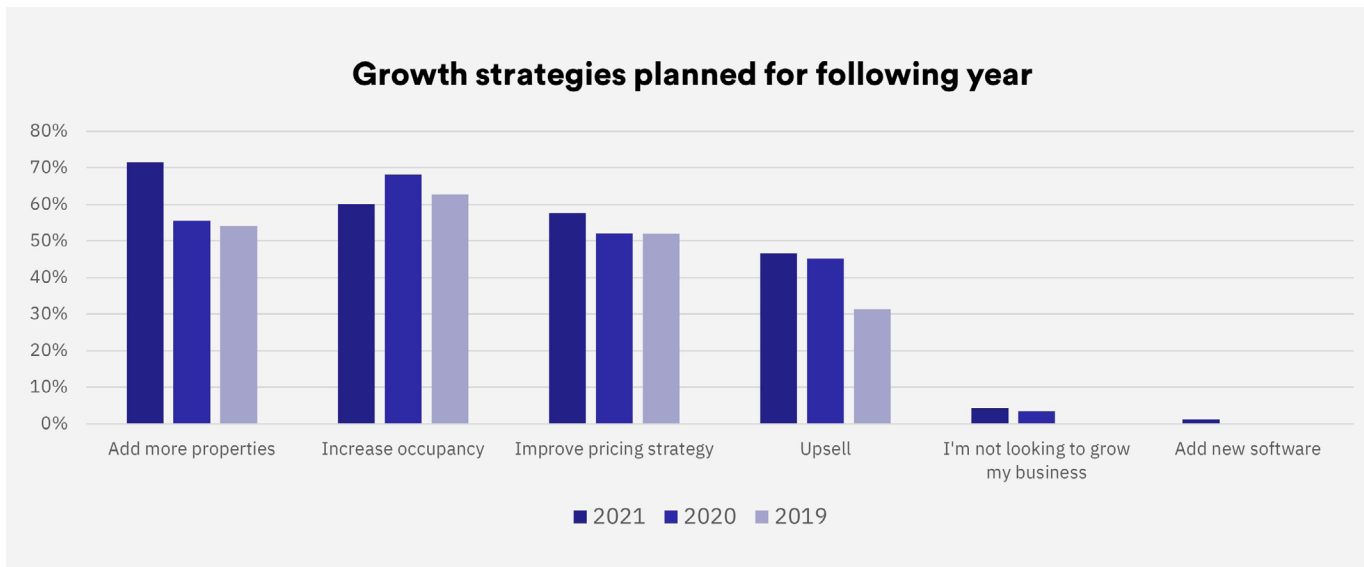
**Wil Slickers, Founder, Slick Talk Media**

*“Growth. We all know that vacation rentals are a real piece of the hospitality pie and it’s pretty clear throughout this report. The one thing I do notice is that the “in-stay” or better known as upsells is an area that’s low on everyone’s list for growth strategy. A few years ago, if you didn’t have dynamic pricing software, you were leaving money on the table. Without capturing upsells through experiences, simple early check-in/late check-out, or creating in-stay packages for your guests, you’re literally leaving money inside your property that will checkout with your guests. More properties means more reservations and obviously more revenue, but how about more repeat guests and more revenue per booking all because you captured the opportunity while it was already in your hands? You do that and I promise you that your brand will be around for a lifetime, just like your guests’ memories and experiences they had while staying with you!”*



## Planning for growth in 2022

The spike in demand for travel in 2021 and the resulting revenue increases for short-term rental operators affected hosts' and managers' outlook for 2022. Notably, 72% of respondents plan on increasing their portfolio within the next year:



The next two most popular strategies remained consistent over the past two years. However, we noted a peculiarity surrounding upsells as a future growth strategy. Over the years, survey respondents generally indicated some interest in upselling to guests. However, when looking at growth strategies used in the past year, upselling is generally the least popular strategy deployed (refer to the previous section). Implementing upsells in a short-term rental involves a mix of robust internal processes and technology. Building these systems likely falls victim to the reality of a short-term rental manager's busy day-to-day schedule.

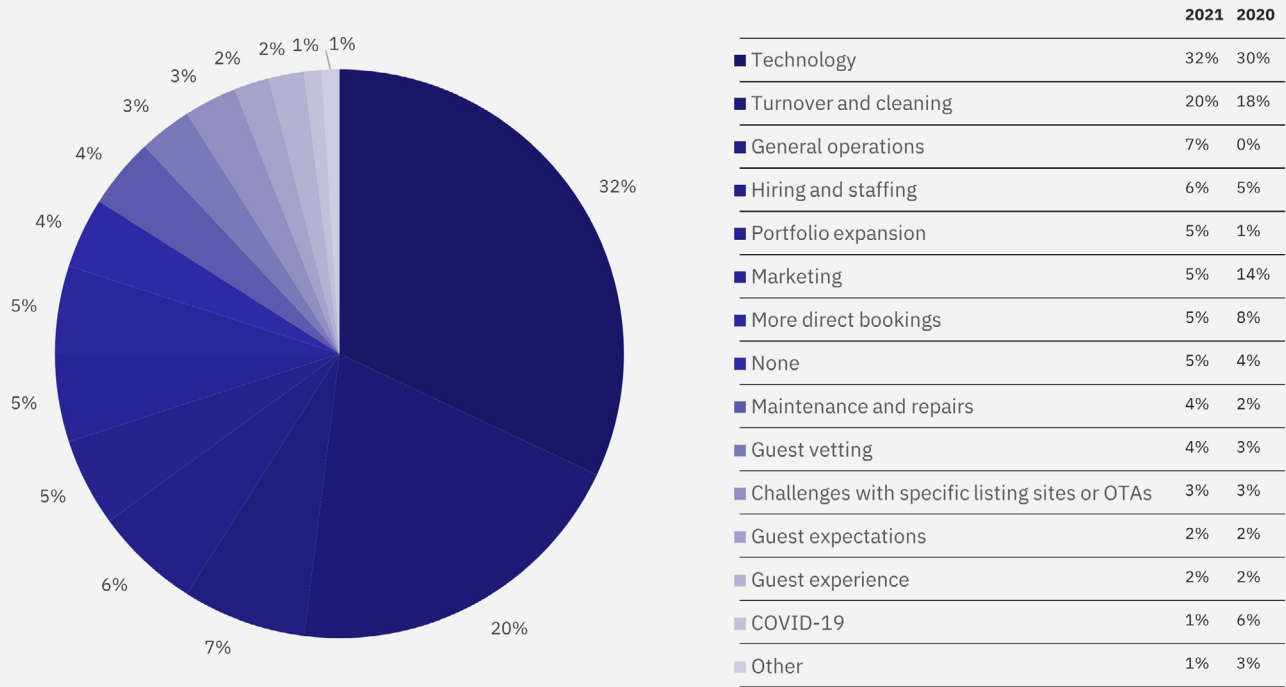
Exploring variables that affect planned growth strategies led to other insights. Notably, that short-term rental operators who experienced significant revenue drops (20% loss or more) planned to use 3.2 growth strategies compared to the 2.3 for those who experienced substantial revenue increases (20% gain or more). Our data could not clarify whether the extra growth strategies were to offset the revenue losses, or if they caused the loss (trying too many strategies with no focus). Local competition also did not have a significant factor in the number of planned growth strategies.



## Challenges in short-term rental management

Every year, we ask respondents which problem they would like to make disappear if they had a magic wand. Over the years, solving challenges with technology has been the short-term rental manager’s biggest pain point. This year was no exception, with technology being the lead challenge.

**Challenges faced by vacation rental management companies in 2021**





## Challenges in short-term rental management

Turnover and cleaning were a close second. Given that this question allows respondents to answer in freeform format, we were able to gain context into the “Turnover and cleaning” pain point. Most of these responses revolved around two issues: hiring cleaners at a reasonable cost or retaining existing staff. It appears as though the vacation rental industry was also affected by the 2021 labor shortage.

### Sample of freeform answers relating to cleaning:

*“Hiring cleaners! The good ones are booked and our turnover has been high in the last 6 months.”*

*“Get hold of a competent cleaning team that does not break the bank.”*

*“Find a reliable and competent house cleaning company. It has been almost impossible in our rural area.”*

The surge in demand for vacation rentals likely caused hosts and managers to turn their attention to other pressing matters. This explained the drop in importance of marketing (from 14% in 2021 to 5% in 2020). With a steady stream of reservations, there was little value in reaching a wider pool of potential guests. It may also be that with the extra focus on marketing in 2020, hosts and managers likely determined how to pivot and spent 2021 executing the previous year’s plan.

**Top 5 challenges of small portfolio differ from 50+**

Challenge	Under 50 properties	50+ properties
Technology	23%	48%
More direct bookings	9%	0%
Portfolio expansion	9%	1%
Marketing	8%	1%
General operations	2%	11%

We observed that hosts and managers with 50+ properties were twice as likely to experience friction with technology than their smaller counterparts (23% vs. 48%). This is unsurprising. Large portfolio managers interact with technology at a much higher frequency than smaller ones and are more likely to run into its limitations. Most striking are challenges faced by managers with fewer than 50 properties: marketing, securing more direct bookings, and expanding their portfolios.

It appears that past the 50 property count threshold, managers have the tools and processes to deal with these challenges.

## Challenges in short-term rental management



**Mark Simpson,**  
Founder, Boostly

*“It’s encouraging to see a reduction in hosts who are worrying about how to increase their direct bookings. But alarmingly hosts with fewer than 50 properties are not as active in their direct booking strategies, compared to those who have grown their portfolios to 50 properties or more. While a direct booking strategy seems daunting for a company with a small marketing budget, there are so many new and evolving tools and resources available. It’s now cheaper and easier than ever to set up a direct booking site. I strongly encourage companies of all sizes to look more closely at this strategy as a way to decrease reliance on one platform and save on commissions.”*



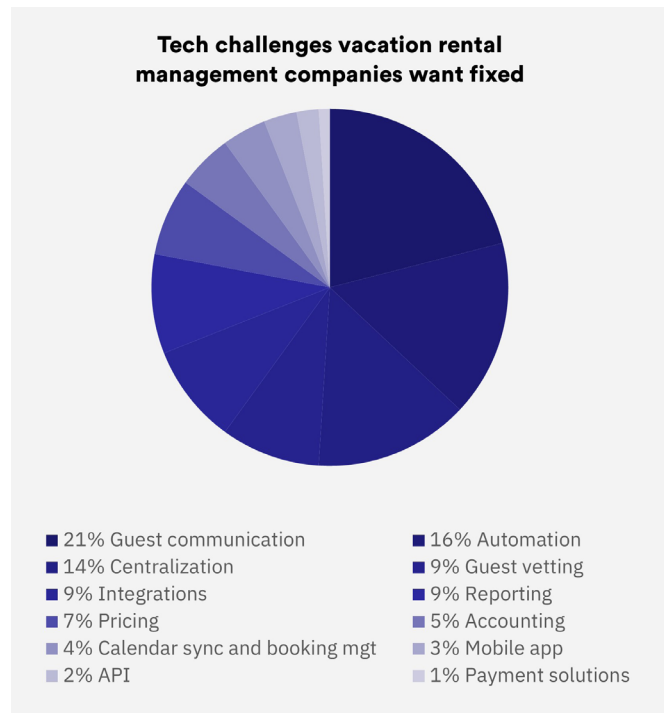
**Simon Lehmann,**  
CEO & Co-Founder,  
AJL Atelier

*“Technology remains the major pain point for the property management industry and has even increased from the earlier year, which is no surprise. There are several reasons for that, but we believe this is going to change in the near future. While tech adoption by PMs is still increasing, even more vertical players are coming into the space to solve a ‘micro’ issue, which adds more complexity and headaches. At the same time, we are finally talking about all-in-one solutions in PMS’s which will make it a lot easier for PMs to have one set of software to tackle the value chain between guests and properties. In addition, the tech landscape is being consolidated by bankruptcies, mergers, and acquisitions. A lot of additional capital from the financial market is flowing in the space, which will accelerate it as well. The result will be that we will see fewer vertical solutions and more all-in-on PMS’s while they are also investing in adding to their value proposition, such as revenue management, channel management, guest communication and many others.”*



## Technology challenges reflect a new landscape

This year’s survey highlighted a gap in vacation rental management software which was likely amplified by the pandemic. 21% of survey respondents who noted technology as a challenge specified guest communications as their biggest pain point. Two trends in the 2021 vacation rental management industry are the likely culprits: rising guest expectations and eliminating in-person interactions. Additionally, many hosts and managers report that guests expect a quick turnaround for communications—akin to a hotel’s front desk. All these factors likely play into the rise in the importance of guest communication tools.



**Terry Whyte,**  
Founder,  
[vacationrentalsoftwareguy.com](http://vacationrentalsoftwareguy.com)

*“Opportunity will come with massive distribution with additional channels recently released and more to be released shortly which will put a heavy emphasis on direct integrations through a PMP and multi-channel managers (one channel manager will result in lost opportunity). We are already seeing change with platforms offering multiple module solutions, with software providers acquiring one another being a perfect example. People serious about direct bookings will put a heavy emphasis on their websites and hopefully proceed with extreme caution when having PMPs build their websites. The need for a unified inbox, and both a PMP-CRM, and a Marketing-CRM will be critical components of book direct success. Disruption will come with new entries. It started with PMP’s and Channel Managers capitalizing on clustered inventory hotel-style inventory which will result in companies like Siteminder and CloudBeds wanting into the vacation rental sector. Hotel technology really does not work well with vacation rentals which brings into the equation acquisition of a channel manager or a PMP or both.”*





## Technology challenges reflect a new landscape

The “Guest vetting” category was a surprising result of this year’s survey (9% of responses) given that it hadn’t registered as a noticeable response in previous years. We noted that vetting mainly related to the time it took to screen incoming leads when looking at the freeform answers, rather than the process itself being difficult.

Automation and centralization remained at the top of the list (as is common with previous surveys). We looked at portfolio size, which highlighted that tech requirements across the industry are diverse:

Tech Challenges	Properties managed		
	Under 5	5 - 49	50+
Guest communication	29%	13%	60%
Automation	13%	24%	1%
Centralization	6%	23%	
Integrations	5%	12%	
Reporting	11%	10%	
Pricing	14%	4%	17%
Accounting	12%	3%	3%
Calendar sync & booking mgt.	11%	2%	
Mobile app		6%	
API			19%
Payment solutions		3%	



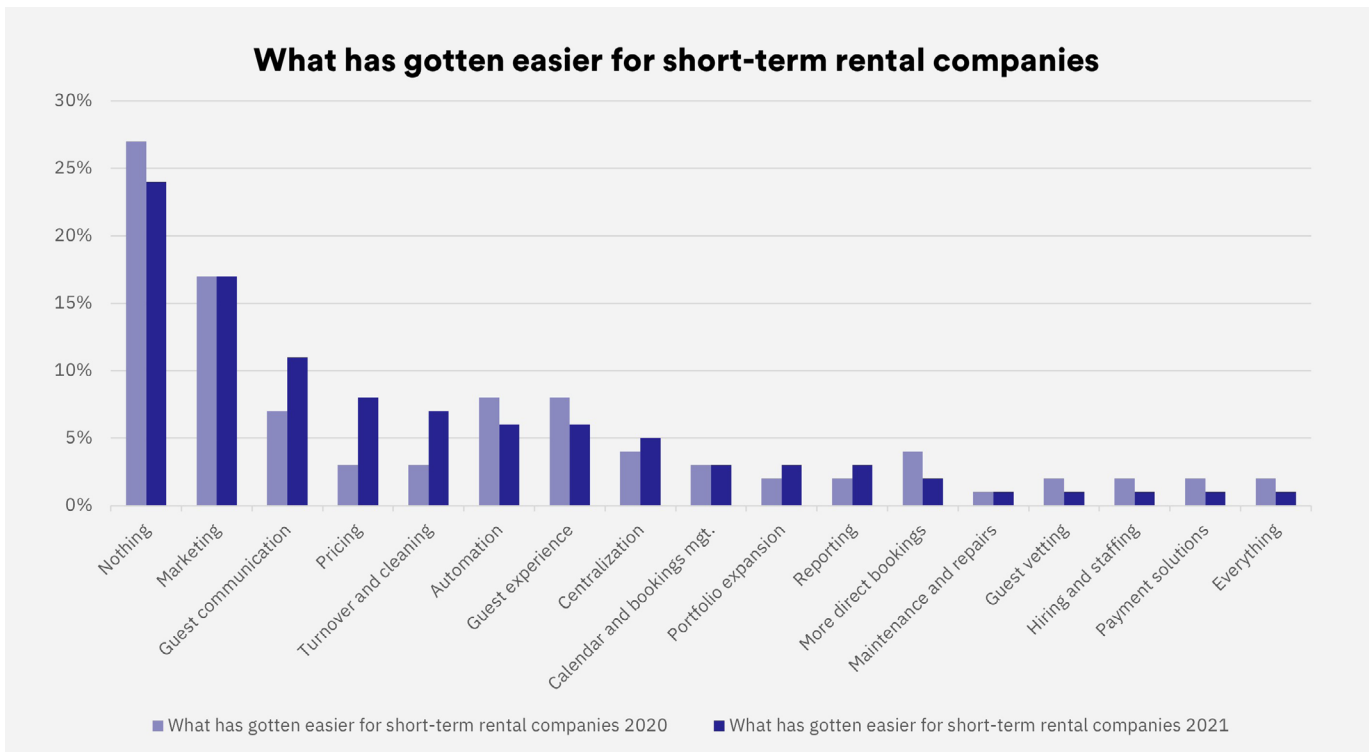
**Roy Firestein,**  
CEO & Co-Founder,  
Autohost

*“COVID-19 accelerated the need for contactless check-ins, making them a must-have for vacation rental companies. However, fewer face-to-face interactions means greater risk for hosts and property managers, especially given the increase in fraudulent reservations over the last year. Hosts and managers are more likely to unknowingly accept guests who are using fake IDs and stolen credit cards, resulting in costly incidents and chargebacks. It’s more important than ever to implement a guest-vetting process that reduces risk and protects your properties from parties, fraud and crime. To streamline this process, bring in automation. That way, your team can focus efforts on the guest experience and company growth rather than manual screening.”*



## What has gotten easier?

Although revenue generated from vacation rental management surged in 2021, the nature of managing such a hospitality business hasn't gotten easier. For the second year in a row, the majority of hosts and managers indicated that nothing had gotten easier for them. Looking deeper into this data showed that most respondents in this category tended to manage medium and small portfolios. That said, 92% of respondents who stated that nothing had gotten easier also reported positive income changes for the year, suggesting that the respondents' hard work yielded dividends:



**Income change breakdown of respondents who answered “nothing”**

Income change	-50%	-40%	-30%	-20%	-10%	0%	10%	20%	30%	40%	50%
% Respondents who answered “nothing”	2%	4%	0%	0%	0%	23%	15%	20%	11%	5%	20%



## What has gotten easier?

A noteworthy result came from the segment that indicated that guest communications had gotten easier. On the one hand, some respondents report this activity as their primary challenge (see the previous section), while others note it is getting easier.

To better understand the profile of managers who reported guest communications becoming easier, we expanded our analysis and found that:

- 91% used a property management platform. We can therefore assume these respondents manage communications through their management software or activated one of its integrations.
- Managers with 50+ properties were twice as likely to have found a workaround to guest communications compared to smaller hosts.

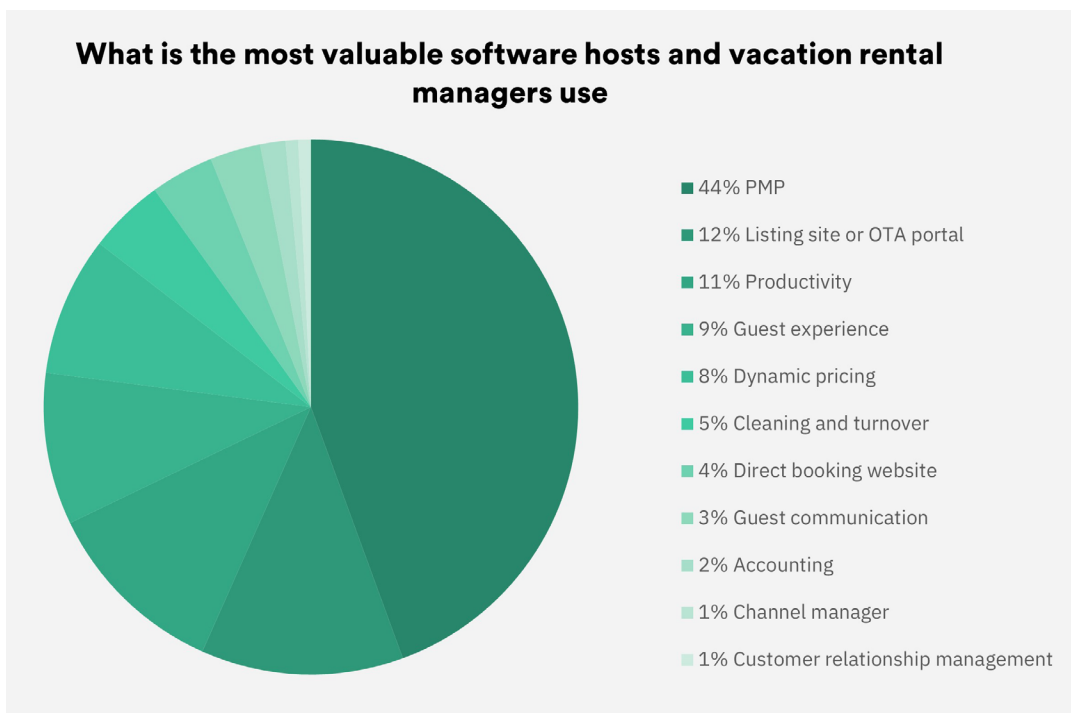
These findings are unsurprising given that large portfolio managers tend to rely on technology and processes in their day-to-day operations. If guest communication becomes a challenge, this segment will be more likely to seek out the right technology to address it, or build a process for their staff to ensure consistency and efficiency.



# Software in vacation rental management

## The most valuable software hosts and managers use

For the fourth year in a row, most hosts and managers pointed to their property management platform (PMP) when asked what software was most valuable. Hosts and managers who reported listing site or OTA portals (i.e., Airbnb or Vrbo’s host dashboard) and productivity (i.e., MS Office, Google Suite, Zapier) formed the next largest categories.



**Top 5 most valuable software used (2018 to 2021)**

Software	2021	2020	2019	2018
PMP	44%	45%	24%	39%
Listing site or OTA portal	13%	11%	12%	5%
Productivity (MS Office, Google Suite)	12%	19%	15%	16%
Guest experience	9%	10%	12%	8%
Dynamic pricing	8%	4%	5%	4%



## The most valuable software hosts and managers use

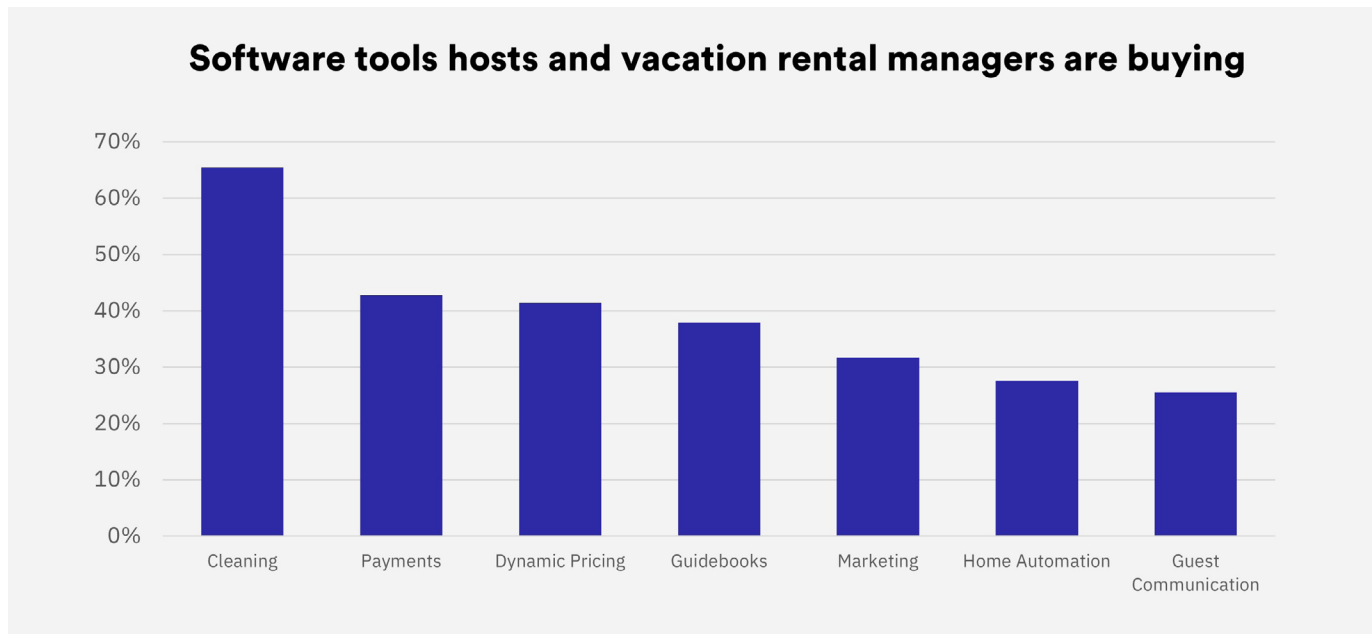
The differences in managing small versus large property portfolios was reflected in respondents' answers. Smaller portfolio managers' answers were spread across nine different categories, whereas those with 50+ spanned only four.

Most Valuable Software	Properties managed		
	Under 5	5 - 49	50+
PMP	32%	51%	69%
Listing site or OTA portal	20%	8%	
Productivity	17%	10%	
Guest experience	14%	7%	
Dynamic pricing	6%	12%	6%
Guest communication	4%		6%
Accounting	3%		
Direct booking website	2%	6%	
Cleaning & turnover	2%	4%	19%
Channel manager		1%	
Customer relationship mgt.		1%	



## The most popular software solutions in vacation rental management

Aside from the PMP, hosts and managers use a wide range of software tools to manage their businesses. Turnover and cleaning management software continues to be a popular software choice (used by 66% of respondents). Payment solutions are the second-most used software (43%), and are most popular with 50+ property managers (used by 75% of the segment).



Note that payment solutions are required for direct booking sites (all respondents in this category operate their own direct booking site), upsells, and certain listing sites and OTAs. Dynamic pricing (41%) was most popular with those who manager between 25-49 properties (46% of the segment).



## The most popular software solutions in vacation rental management



**Jeremy Gall, CEO & Founder, Breezeway**

*“As consumer demands for quality and service continue to stress short-term rental managers, operators are looking to automate the way they prepare and maintain properties. Coordinating cleaning programs (assigning tasks, triaging issues, monitoring progress, completing work) is foundational to building a strong vacation rental brand, and sets the stage for a five-star guest experience. The trend to leverage data and workflows to ‘professionalize’ continues to accelerate, propelling the adoption of purpose-built property care tools. Of course, running a professional operation also means empowering your housekeepers and field staff. Operators who take the time to train, motivate, and help their teams be successful are better able to retain high-performing staff, and ultimately differentiate their brand.”*



**Jill Mason, CEO & Founder, VRScheduler**

*“This study is confirming two things that I have seen at our company. First, as property management companies grow and become more professional, they are gravitating toward add-on cleaning and turnover software. Second, that one of the bigger pain points is hiring and retaining cleaners. This is exacerbated by the fact that the top response to the pandemic is more cleaning and then further intensified by the current labor shortage. These two points are very intertwined. Property managers must automate their operations to lower administrative and other costs in order to increase spending on labor. Those who have taken this approach have attracted and retained quality boots on the ground staff by offering living wages, thoughtful benefits, employee incentives, and development programs. Our cleaners are often the most under-appreciated and vital members of our team. This is a great time to do better.”*



**Wolf Worster, Director of Partnerships, TurnoverBnB**

*“Economists confirm that labor market tightness will be a challenge in many industries for years to come. Supply and demand challenges are amplified by early retirement, the 2020 immigration collapse, and the ‘Great Resignation’. Vacation rental management companies will have to continue to adapt to labor shortages just as they do with other changing aspects of our industry. One way to adapt to the challenge of hiring reasonably priced and qualified cleaners is by accessing them through marketplaces or online groups. Marketplaces play a role in keeping rates competitive by virtue of their bidding process. In the last year, the number of cleaners in our marketplace has nearly doubled, which has helped hundreds of operators save money and quickly hire competent and reputable contractors.”*



## The most popular software solutions in vacation rental management

In total, respondents provided 28 different tools (excluding PMPs) as their most valuable software. This showcases the diversity of the vacation rental management businesses across the industry.

Dynamic Pricing	Direct booking website	Guest experience	Turnover & cleaning	Automation & centralization
<ul style="list-style-type: none"> <li>• Beyond</li> <li>• PriceLabs</li> <li>• Wheelhouse</li> </ul>	<ul style="list-style-type: none"> <li>• Wordpress</li> <li>• Wix</li> <li>• Google Analytics</li> <li>• Google Ads</li> </ul>	<ul style="list-style-type: none"> <li>• Hostfully</li> <li>• Touch Stay</li> </ul>	<ul style="list-style-type: none"> <li>• Breezeway</li> <li>• TurnoverBnB</li> <li>• Properly</li> <li>• VRScheduler</li> </ul>	<ul style="list-style-type: none"> <li>• Zapier</li> <li>• Zoho One</li> </ul>
Guest communication	Productivity	Social media	Other	
<ul style="list-style-type: none"> <li>• TextMagic</li> <li>• WhatsApp</li> <li>• RueBaRue</li> </ul>	<ul style="list-style-type: none"> <li>• Google Suite</li> <li>• MS Office</li> <li>• Canva</li> <li>• Trello</li> </ul>	<ul style="list-style-type: none"> <li>• Instagram</li> <li>• Facebook</li> </ul>	<ul style="list-style-type: none"> <li>• Autohost</li> <li>• Jotform</li> <li>• RemoteLock</li> <li>• Ring</li> </ul>	



**Jenni Epperson,**  
VP Partnerships,  
InsuraGuest

*“In 2021, we have seen a marked uptick in property owners inquiring about the type of insurance needed for a vacation rental business. No longer are savvy owners blindly assuming their standard homeowner’s policy is sufficient to cover commercial uses. Hosts and property managers listing their vacation rental properties on OTAs now realize their properties are enrolled in sub-standard protection policies that do not offer the full coverages required to protect their homes, guests, and business. Many PMPs make it easy for insurtech companies like ours to integrate in their booking flow. This allows access to supplemental insurance, and makes it easy to automate acquiring that coverage.”*





## The impact of property management platforms

We looked at the impact of the number of software tools as a function of revenue change. Although hosts and managers who used the most software tended to report the highest revenue changes, those who reported significant losses fared similarly:

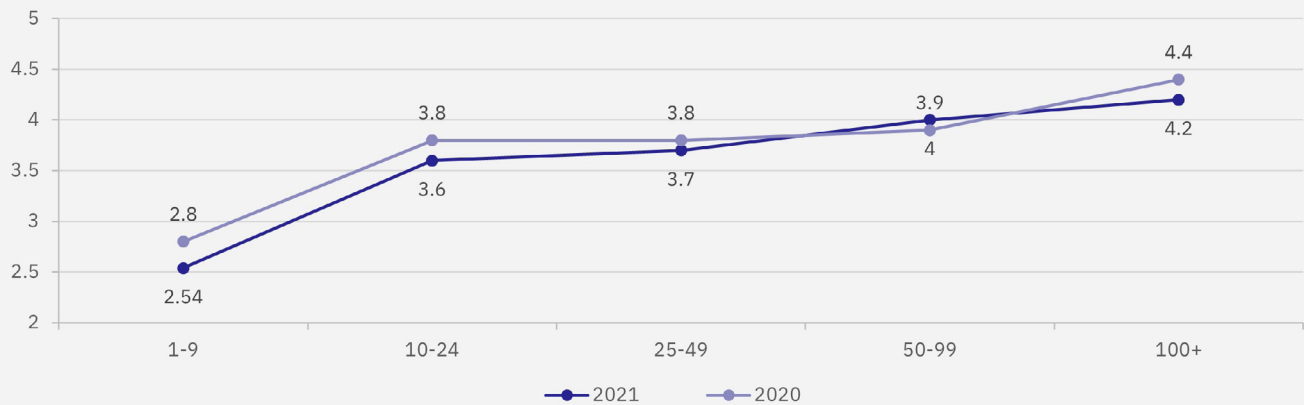
**Revenue change as a function of average software tools used\***

-20% loss or more	-10% to +10%	20% gain or more
2.7	2.3	2.9

\* does not include PMP

Software use as a function of property count remained consistent with last year’s responses. The larger the portfolio, the more software is required to coordinate, centralize, and automate operations.

**Number of software tools used a function of portfolio size**





## The impact of property management platforms

Given PMPs’ centralization and automation features, it was not surprising to observe that PMP users held a competitive advantage in the marketplace. PMPs allow hosts and managers to list on more distribution channels, integrate more software into their operation, and automate repetitive tasks. The impact of PMPs was noticeable:

	Average # of distribution channels	Average # of software used	20% or more income change	50% or more income change
PMP users	3.8	4.1	74%	35%
non-PMP users	3.2	2.2	68%	13%

## The property management platform marketplace

Survey respondents used a total of 28 different property management platforms, showcasing the multitude of offerings available to hosts and managers:

PMPs used by hosts and managers				
Beds24	Guesty	Kigo	Lodgix	SuperControl
BookingSync	HomeHero	Kross Booking	MyVR	Track
Ciirus	Hospitable	Little Hotelier	Proprietary	Vacation RentPro
Escapia	Hostfully	Live Rez	OwnerRez	Your Porter App
FantasticStay	Host Tools	LMPM	RNS	
Freetobook	iGMS	Lodgify	Streamline	

In general, hosts and managers with more than five properties gravitated towards PMPs that support integrations with 3rd party software, whereas those with fewer than five properties opted for budget-friendly or free options with basic channel management functionality.



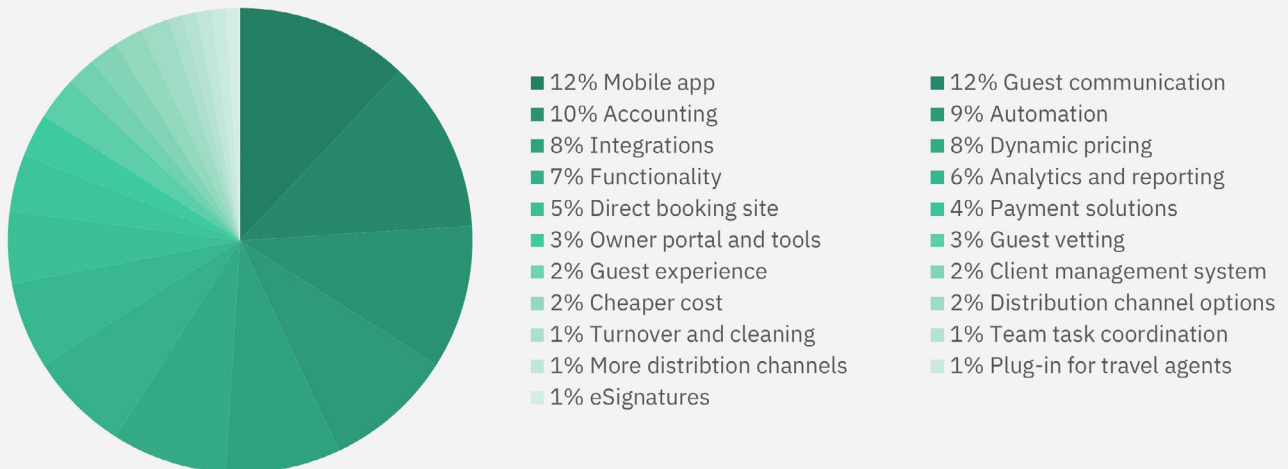
## Gaps in property management software

Although property management platforms continue to be popular in short-term rental management, gaps in what these solutions promise to deliver persist. Accentuated by the pandemic, guest communication features climbed to the top of the list. Last year's survey saw hosts and managers wanting more distribution channels (13%), an area that barely garnered interest this year (2%). We also saw widespread demand for a mobile version of the PMP (spread across all PMP providers, even those with basic functionality).

The sudden surge in demand for mobile versions of PMPs (3% in 2020 compared to 12% in 2021) is surprising. Otherwise, compiling accounting information has always been a significant challenge for vacation rental hosts and managers.

Most listing sites hold taxes differently and pay bookings earnings/charge commissions at different times. Therefore, it comes as no surprise that accounting continues to rise to the top of the list (6% in 2020 compared to 10% in 2021).

**Which feature(s) do you most wish your PMP provides, but doesn't?**

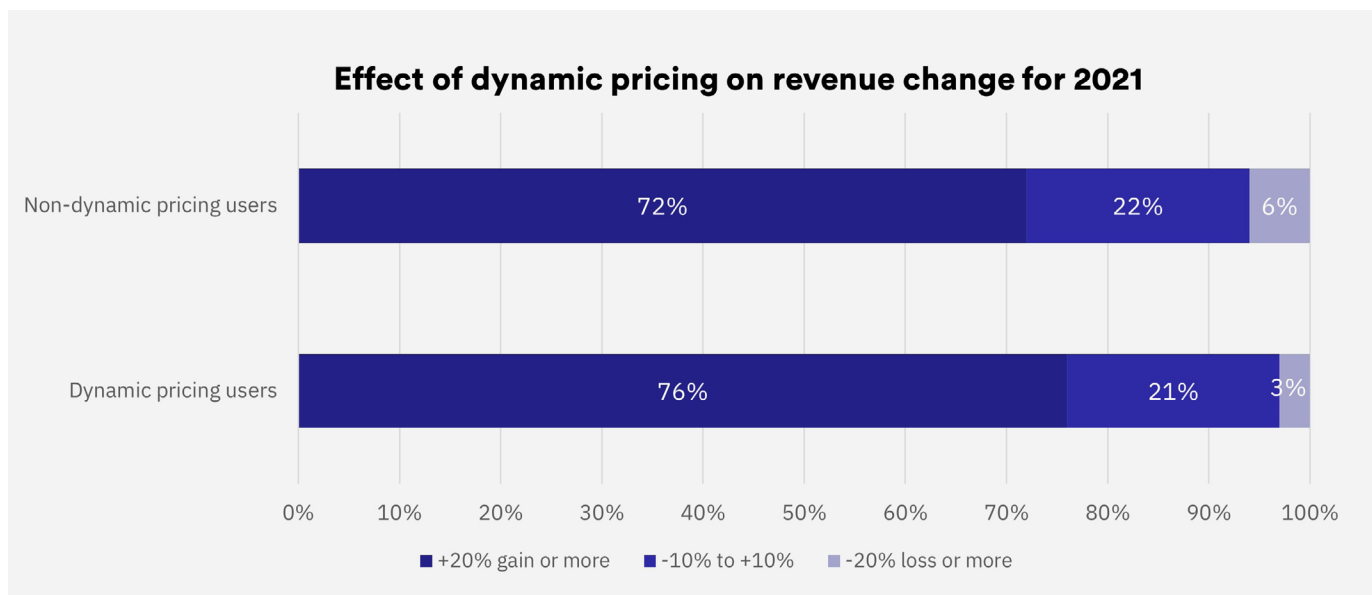




## The great debate: is dynamic pricing worth it?

For a number of years, hosts and managers have debated amongst themselves whether dynamic pricing was worth the extra cost. Proponents of this software argue that it automates seasonality and surge pricing adjustments. Detractors say that adjusting for seasonality can be done manually. Some also argue that managers who operate rentals for investors (as opposed to owner-operators) will see little added to their bottom-line given that they have to front the cost of the software while the owner will collect the gains.

In an effort to support hosts and managers, we looked at the effect of dynamic pricing on revenue by comparing revenue changes for both users and non-users:



Based on respondent answers, it appears that dynamic pricing had a positive effect for some users. Most importantly, it appeared to have halved the chances of reporting a significant loss over the year. Digging deeper into the data, we found that medium and large portfolio managers (5-49 and 50+ properties) who used dynamic pricing were twice as likely to report a significant revenue change (40% gain or more) compared to non-users in their category.



## The great debate: is dynamic pricing worth it?



**Andrew McConnell,**  
CEO, Rented

*“Like with any technology or tool, the effectiveness of a dynamic pricing solution is part down to the tool you’re using, and part down to how you use it. Dynamic pricing simply means the rate is changing. If the rate is changing to the wrong rate at the wrong time, simply being “dynamic” won’t make you more money. If it’s dynamic and changing around a strategy that doesn’t make sense for your property, your business, and/or your market, it again isn’t going to help you. Making the most of your pricing requires that combination of Art and Science. You need the science of technology to move faster and react to the market faster than you can on your own, but you should pair that with the art of your own experience and local knowledge. It is that perfect combination that allows you to make the most from your properties.”*



**Andrew Kitchell,**  
CEO, Wheelhouse

*“As we come out of Covid, there is only one universal truth about dynamic pricing - your market looks far different than it did 2 years ago. Regardless of whether your market thrived or struggled during Covid, almost certainly your (i) lead time, (ii) length of stay, and (iii) customer profile (as well as your expected daily rate & occupancy!) changed. Now, as we move forward, it’s important to stay nimble, and pay attention to which new trends & traveler types are here to stay, and how you should adjust your pricing strategy accordingly.”*



**Anurag Verma, Head  
of Analytics & Co-  
Founder, PriceLabs**

*“Using dynamic pricing software is about more than just dynamic pricing – it is a lot more things, from getting into the revenue management mindset, to taking a wholesome approach to revenue management and automating strategies that are otherwise hard to implement. The revenue management mindset is all about frequently reviewing how you’re performing, having comparative metrics from your history and your market at your fingertips, and applying all that information to guide the automation. It’s about trying to get ahead of the game in understanding what’s working well, what isn’t, and course correcting before it’s too late. And this is not just about prices anymore – dynamic pricing software also automates stay restriction strategies that are key to getting the right kind of bookings for your business.”*



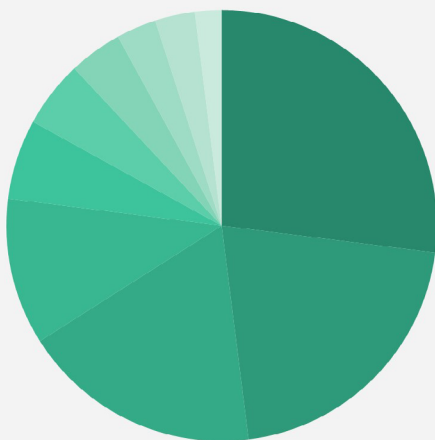
# Guest experience

## The role of software in guest satisfaction

When asked which software had the greatest impact on guest satisfaction, hosts and managers pointed to their property management platform (PMP). PMPs generally include some form of guest communication tool (automation of email and/or SMS messaging), and their features facilitate integrations with 3rd party software that affect the guest experience.

We observed that guest communication software (email automation and/or SMS messaging) jumped from 11% in 2020 to 21% in this year’s survey. We looked at whether respondents who favored their guest communication software over PMPs were PMP users themselves. 30% did not use PMPs, and 57% used PMPs that did not offer a unified inbox.

### Software that has the greatest impact on guest satisfaction



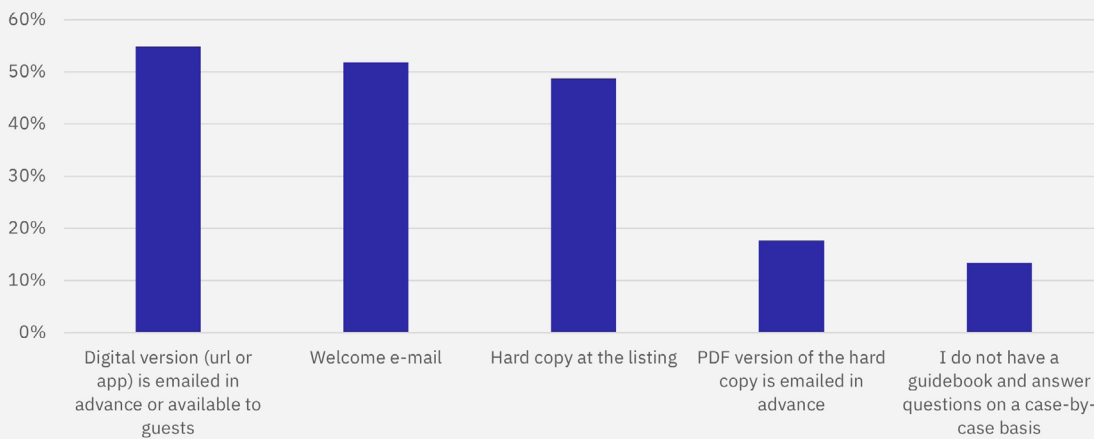
- 27% Property management platform (PMP)
- 21% Guest communication
- 18% Digital guidebooks
- 11% None
- 6% Other
- 5% Smart devices and home automation
- 4% Customer relationship management platform (CRM)
- 3% Direct booking site
- 3% Feedback and review tools
- 2% Turnover and cleaning



## How managers share recommendations and property info

The pandemic forced hosts and managers to rethink how they interact with guests. This includes sharing local recommendations as well as in-person check-ins. Between 2019 and 2020, we saw a jump in the use of digital guidebooks from 24% to 55%. It appears that this trend remained stable in 2021, with 55% of hosts and managers using digital guidebooks to share recommendations.

**How recommendations and property information are shared to guests**



**Doug Kennedy,**  
President, Kennedy  
Training Network

*“It’s wonderful to see the continued jump in rental managers who are providing guidebooks, even as the format changes from hard copy to digital. Great to see that only 13% do not offer a guidebook in any format. Smart VRMs know they are selling guest experiences, not renting “units” or “properties.” Guests both crave and value local insider’s tips. While it’s ideal to have a concierge, it’s important to train every staffer to answer FAQ’s and provide recommendations, because I find that those who work in vacation destinations rarely do what tourists do. They don’t visit attractions, enjoy fine dining or frequent the gift shops, yet often it’s the hot tub attendant or maintenance tech who is asked “Where do you locals go for a good meal?” So besides offering the coolest app or online guide, let’s also train the humans! Based on my experiences as a VR guest, it seems that old-school hard-copy versions are difficult to keep updated and get ragged-looking pretty quickly. As to PDF’s, I’m never going to print and drag that along on a trip. So the digital format is truly ideal, but it needs to offer more than generic information found via a Google search.”*



## How managers share recommendations and property info

What had surprised us in 2020 was that despite the pandemic, 77% still used hard copy manuals in tandem with digital guidebooks, emails or PDFs. It appears that in 2021, hosts and managers have phased out this system with 49% leaving a hard copy at the listing. The new cleanliness expectations caused by the pandemic likely explain the 28% decrease in hard-copy guidebook use.



Since respondents could also leave answers in freeform format, we were able to glean insights into some of the more unique ways hosts and managers leave recommendations and instructions:

- Share the local Facebook page of current events
- Concierge available to guests
- Recommendations and house manual in the listing
- QR codes linked to YouTube videos for appliance instructions
- Tablet available for guests that contains a guidebook
- On-site signage

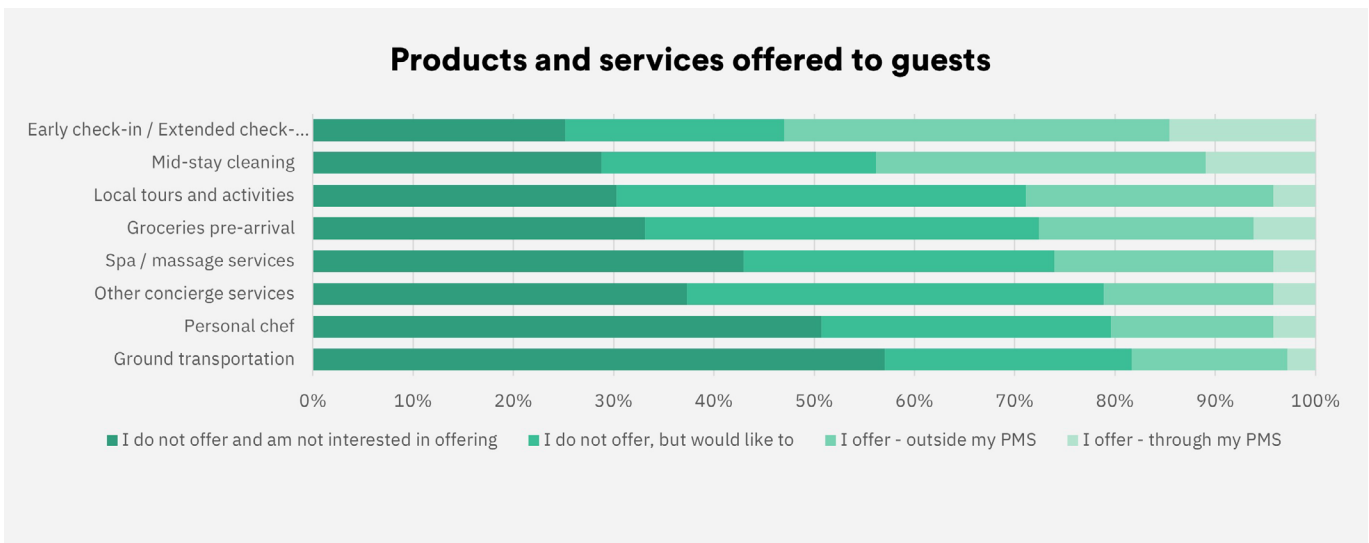




## How managers are capitalizing on upsells

According to survey responses, 65% offer products, services or perks as upsells to guests. On average, hosts and managers offer 3.2 different upsell types to their guests. Year after year, the two most popular types of upsells remain early check-in / late check-out and mid-stay cleaning.

As noted in previous years' reports, early check-in / extended check-out, mid-stay cleaning, and arranging local tours and activities are likely the most popular offerings since they require the least amount of upfront costs to implement. Additionally, early check-in / extended check-out and mid-stay cleanings can be managed through most property management platforms (PMPs).



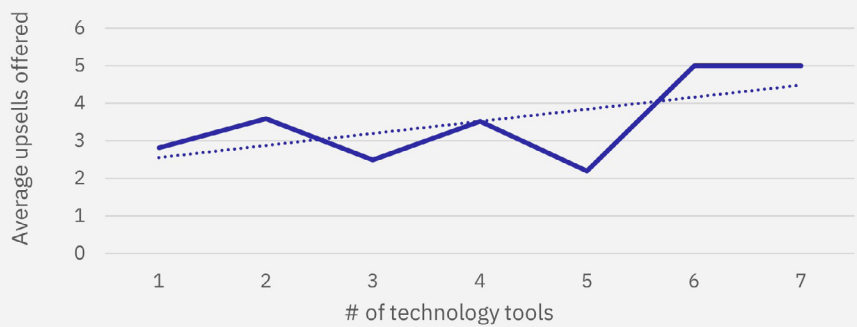


## How managers are capitalizing on upsells

Taking a closer look at respondents who offer at least one type of upsell revealed a few trends:

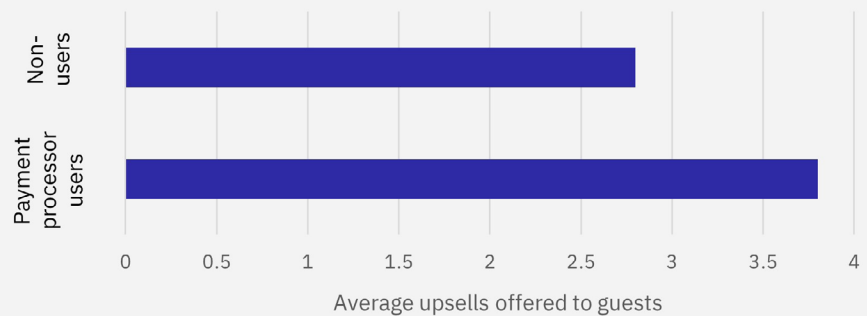
### Link between technology use and upselling

On average, hosts and managers with 6+ technology tools in their business offered 5 different types of upsells.



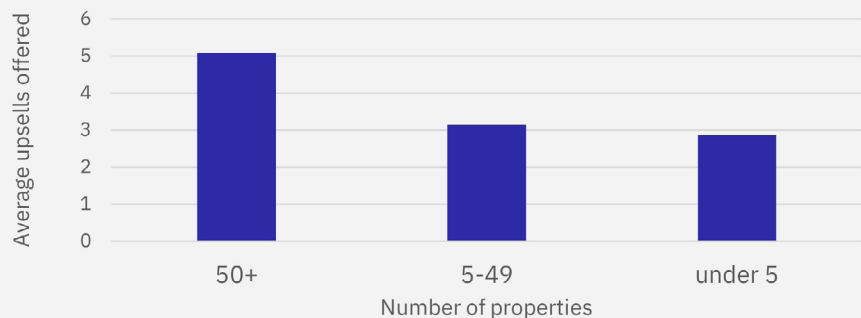
### Payment processors facilitate upsells

Property managers who use payment processors offered at least one more upsell option compared to their non-user counterparts.



### Large companies pursue more upsell opportunities

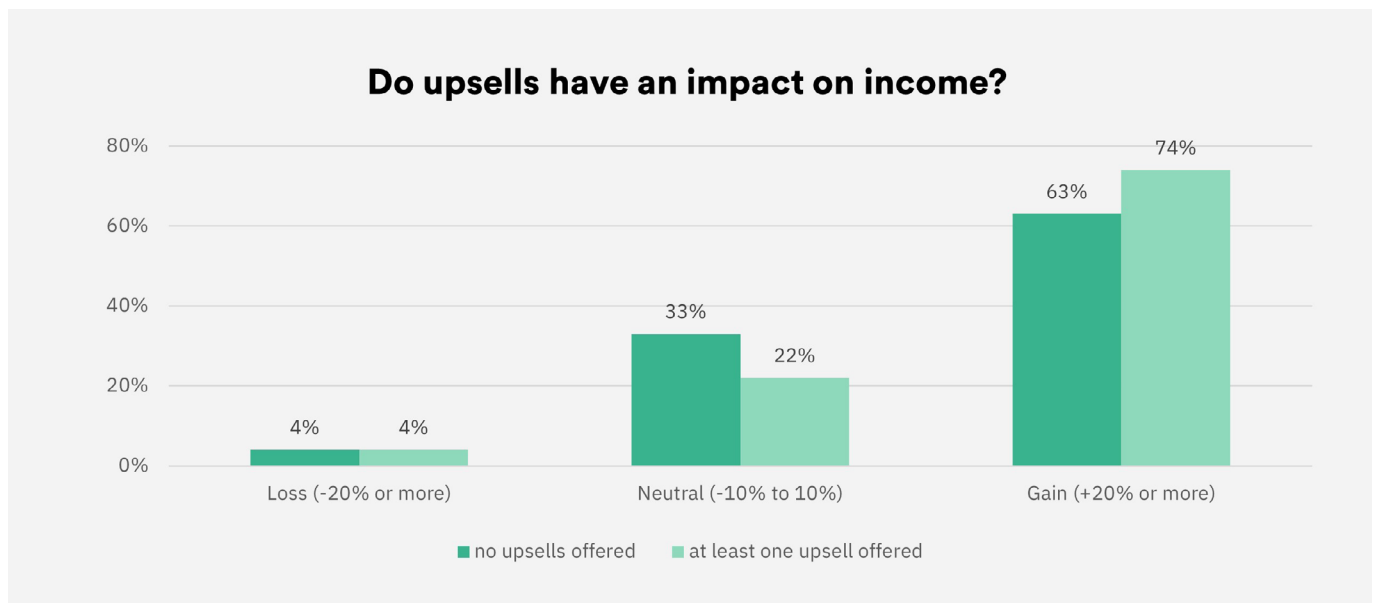
We found that the larger the company, the more upsells were offered. This is to be expected as the larger the company, the more technology tools tend to be used.





## How managers are capitalizing on upsells

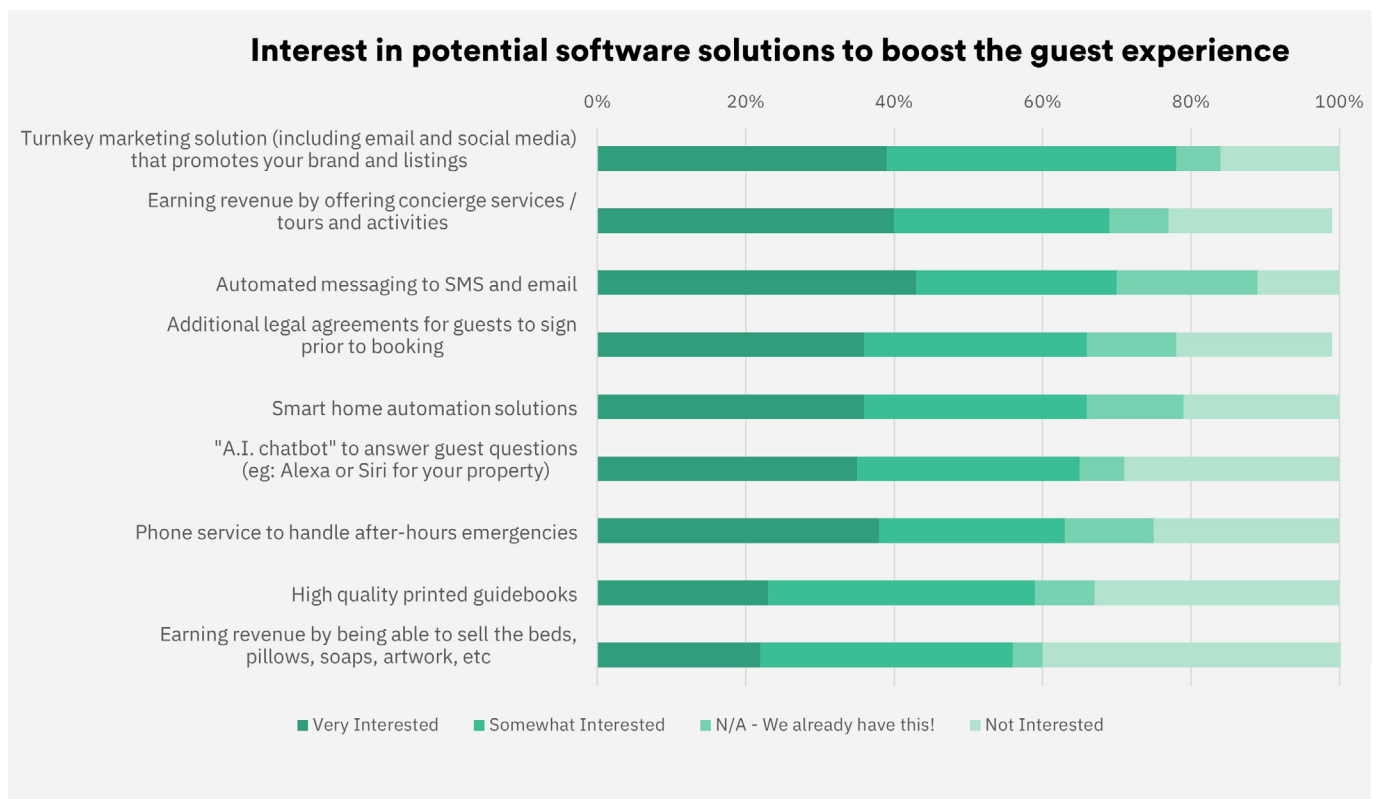
We also looked at the link between average income change in the previous year and the amount of upsells offered. Some hosts and managers that offered at least one upsell reported higher projected incomes than those who didn't. However, we caution hosts and managers who would take immediate action on these results. Our survey could not separate the impact of upsell on a respondent's global revenue change.





## Guest satisfaction solutions of interest for hosts and managers

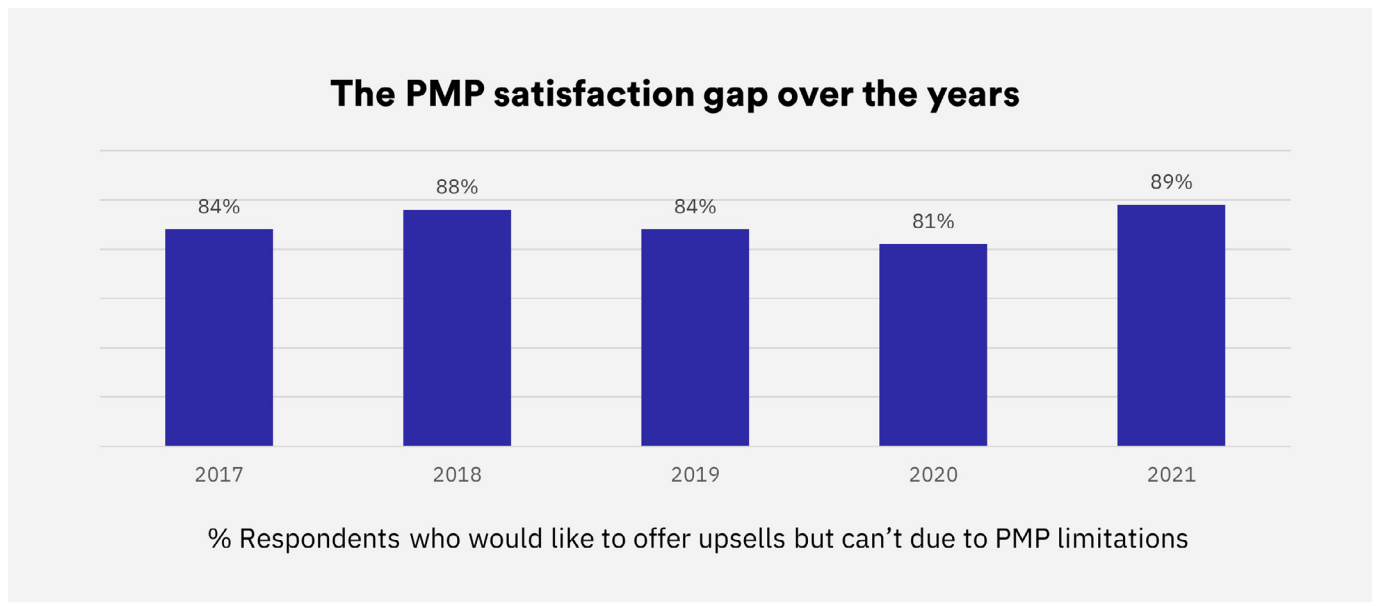
Respondents showed most interest in obtaining turnkey marketing solutions (78%), using a concierge service to upsell (70%), and automated messaging (69%). This is the second year in a row where automated messaging garnered significant interest from hosts and managers. It is also the category with the most “very interested” responses (43%). In previous sections of this report, we saw the rise in the adoption of guest communication solutions. The results above reinforce that guest communications are a process with which most hosts and managers struggle. Also like cleaning and turnover, one missed or mishandled step in the process could negatively impact the guest experience.





## Where hosts and managers want technology improvements

Each year we analyze hosts' and managers' levels of satisfaction with their property management software as it relates to upselling items, services and experiences to guests. We refer to this as the "satisfaction gap" and quantify it by looking at the types of upsells hosts and managers would like to offer guests, but can't because of the limitations of their PMP. Most years, this gap hovers in the mid-80s, with last year seeing its lowest at 81%. This year, the gap jumped to 89%.



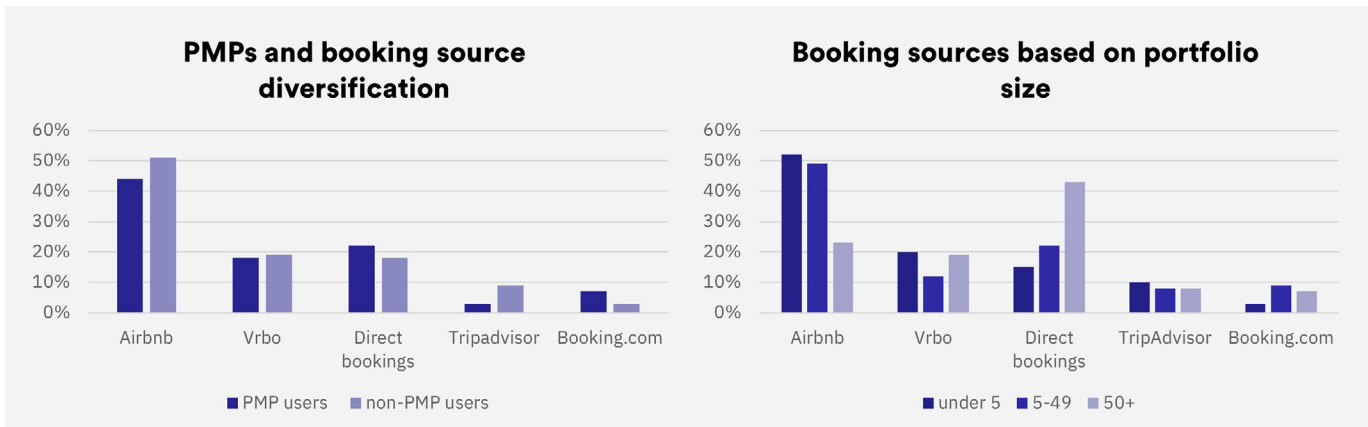
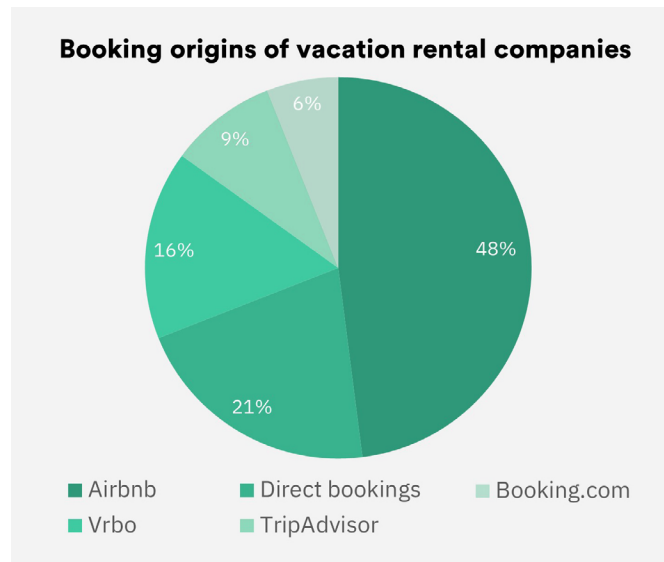
Looking deeper into the respondents' answers, we found that the upsells that hosts and managers were most satisfied with implementing into their PMPs were early check-in / late check-out (24%) and mid-stay cleaning (18%). After these two upsells, we noted a large drop off; hosts and managers struggled to offer grocery deliveries, in-unit spa, or arrange ground transportation. Unlike check-in/check-out and cleaning, these upsells require coordination with local vendors. These vendors are unlikely to have 3rd party software integrations with PMP providers, making it difficult for hosts and managers to automate and scale across multiple properties without having to hire staff to coordinate vendor services.

# Multi-channel distribution and booking origins

Hosts and managers continued to diversify their booking sources in 2021.

Airbnb remained the top booking origin for most property managers, followed by direct bookings and Vrbo.

We noticed a significant variation in the booking sources for managers of different portfolio sizes. Respondents with more than 50 properties appeared to secure a significant portion of the reservations via their direct booking sites. PMP use also had an impact on booking source diversification.



**Heidie Henriksen,**  
Head of Bus. Develop. &  
Co-Founder, ASTRHO

*“Now more than ever, short-term rental hosts have an incredible number of options to showcase vacation rental properties. The key to a successful marketing strategy is a well-diversified approach of legacy OTA’s, startup booking channels, specialized travel booking websites, influencers, affiliates, blog content and stories, and of course, a direct booking website. That said, we still see smaller operators struggle with diversification. This is where technology can level the playing field with large companies. With a PMP or even a channel manager, small operators can expand their marketing reach, and advertise their properties to niche travelers who tend to spend more for the right offering.”*



While we would have expected the trend towards more direct bookings to continue growing following the extenuating circumstances cancellation wave of 2020, the percentage of direct bookings remained consistent with last year (24% in 2020 compared to 21% in 2021).

Aside from Airbnb, Vrbo, TripAdvisor, and Booking.com, hosts and managers marketed their properties on 24 listing sites and OTAs.

**Other sites used to market listings**

Agoda	Expedia	HomeToGo	Locasun
Apartments.com	Flatmates	Houfy	MakeMyTrip
Bud and Breakfast	Furnished Finder	Locasun	Misterbnb
CHBO	Holiday Houses	ImmobilienScout24	Plum Guide
Dog Friendly	Holidu	Jalan	Sublet
Evolve	Homes & Villas by Marriot International	Local Travel Agencies	TravellerSpace



**Eli Pritykin,**  
Founder & CEO,  
Hudson Creative  
Studio

*“A strong brand and website with direct booking capabilities are key to success in the vacation rental space. They allow for a better, more authentic connection with guests. This helps create brand loyalty and promotes repeat business. Worth noting, the brand goes well beyond just the logo. It’s how the company interacts with its customers at every touch point, and how these interactions influence perception of the company in the customer’s mind. A website, if done correctly, can be a powerful marketing tool that guides the guest’s experience, improves trust needed for the guest to move forward with booking, increases SEO ranking, and allows for further marketing efforts such as Search Engine Marketing, Social Media Marketing, re-targeting to be more successful. Managers with 50 or more properties may have a lead in these efforts, but those managing fewer properties are starting to take notice as well.”*

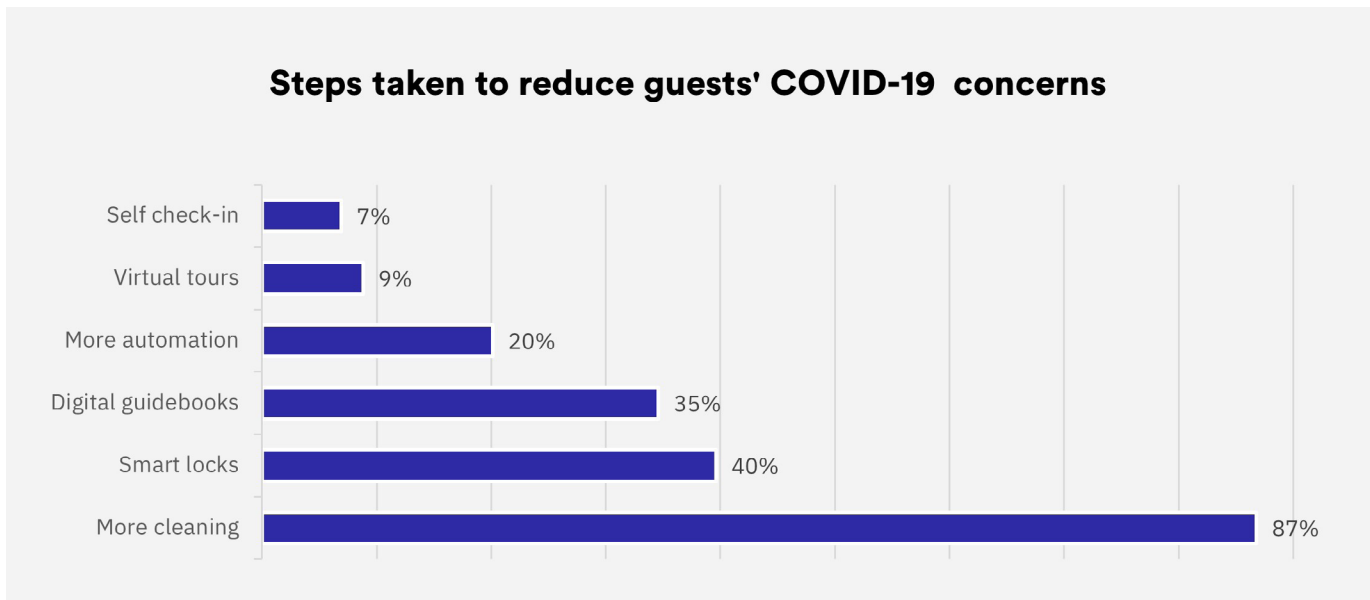


# COVID-19

## Managing guests' public health concerns

2020 caught the vacation rental industry by surprise. On an almost weekly basis, hosts and managers had to adapt to changing rules, regulations, and guest expectations. Luckily, the relative stability of 2021 allowed the industry to fully adjust to the new reality of travel in a mid-pandemic world.

When asked how hosts and managers responded to guests' concerns, the majority of respondents indicated that they increased the amount of cleaning performed in their properties. This was to be expected given that local public health guidelines require additional cleaning protocols. However, many hosts and managers also realized that improving cleaning protocols is marketable to guests.







## Managing guests' public health concerns

Of interest was the widespread adoption of smart locks (40%). This is a major departure from using lockboxes, leaving the key in the mailbox, or in-person greetings at check-in. Given that smart locks can be integrated with PMPs to provide an added layer of security (changing the PIN for each reservation), we looked at the profile of respondents who adopted this tool in the last year:

- 54% were PMP users. Most used PMPs that support integrations with smart devices.
- 68% managed fewer than five properties. It is possible that some respondents with more than five properties already had this tool in place, especially among the 50+ (only 6% adopted smart locks in the last year).



**Danny Rusteen,**  
Owner,  
**OptimizeMyBnb**

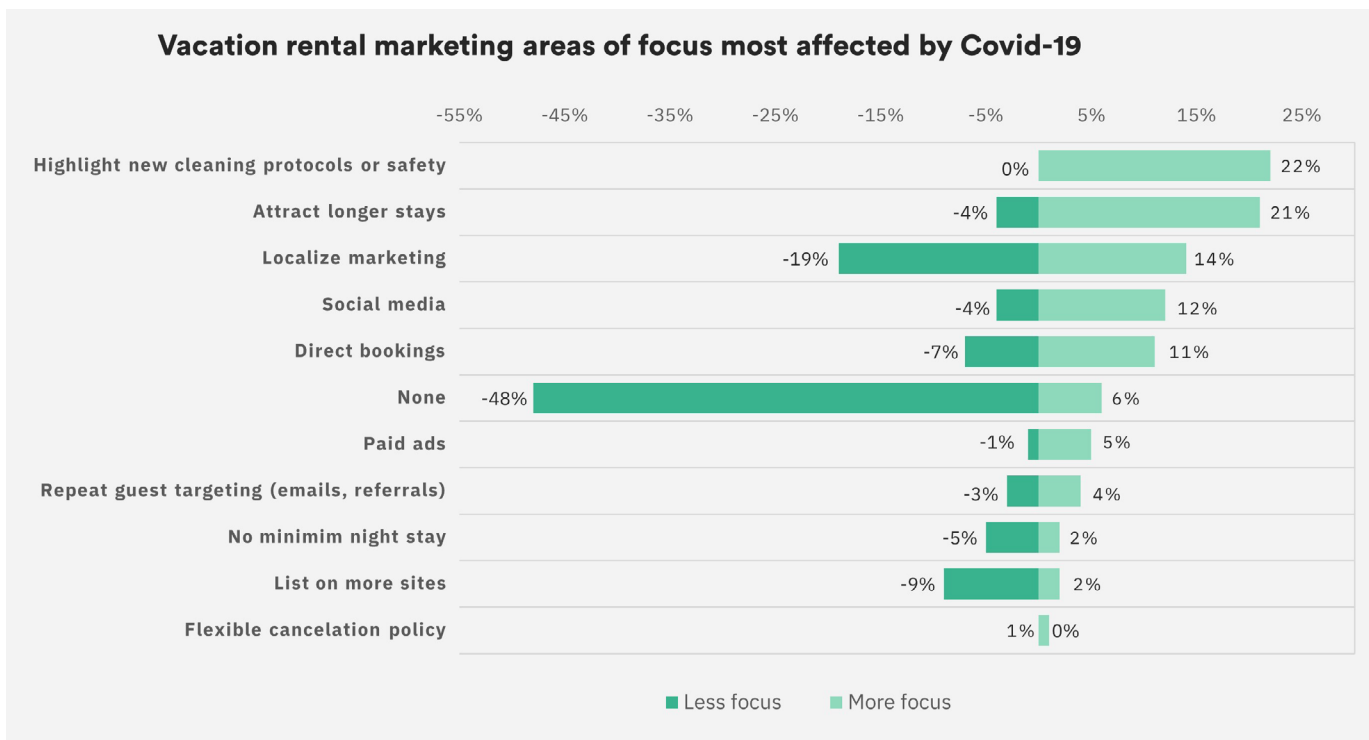
*“The 10th review separates the good from the great Airbnb hosts; the hosts that experience slow seasons and the ones that do not. The 10th review is a theory we developed which says most guests leave 5-star reviews and only 10% of guests are difficult. And it’s that 10%, or the 1 in 10 reviews, that really separate successful hosts. The good host thinks this: “I have 9 good reviews, this 10th guest is a pain and I don’t want to deal with them. I can forfeit one review.” The great hosts “deal” with the 10th guest by providing extra service resulting in the 5-star review. That’s the 10% that makes up all the difference in terms of Airbnb success.”*



## Mid-pandemic vacation rental marketing

To capitalize on the increased demand for vacation rentals, hosts and managers adjusted their marketing focus for 2021. To appeal to more potential guests, respondents included their new cleaning protocols or public health safety protocols in their marketing content (22%).

Attracting longer stays, either by targeting digital nomads, traveling professionals, or families looking for a staycation was also a popular marketing strategy (21%).



## Mid-pandemic vacation rental marketing

We also noted that responses touching on localized marketing were almost an even split between respondents. While some focused on this strategy, others dropped it. This answer is a reflection of geographical location. Companies operating in areas still under lockdown or inaccessible to international travelers likely maintained local marketing to attract domestic guests. Those operating in less restrictive areas shifted their focus to other areas now that their reach extended to a wider pool of guests.



**Jasper Ribbers,**  
**Head of Product &**  
**Co-Founder,**  
**Overnight Success**

*“The pandemic has resulted in different guest avatars traveling to traditional vacation rental markets. These travellers are looking for unique, “instagrammable” experiences combined with convenience and modern technology. Hosts who cater to these individuals will do very well in 2022.”*



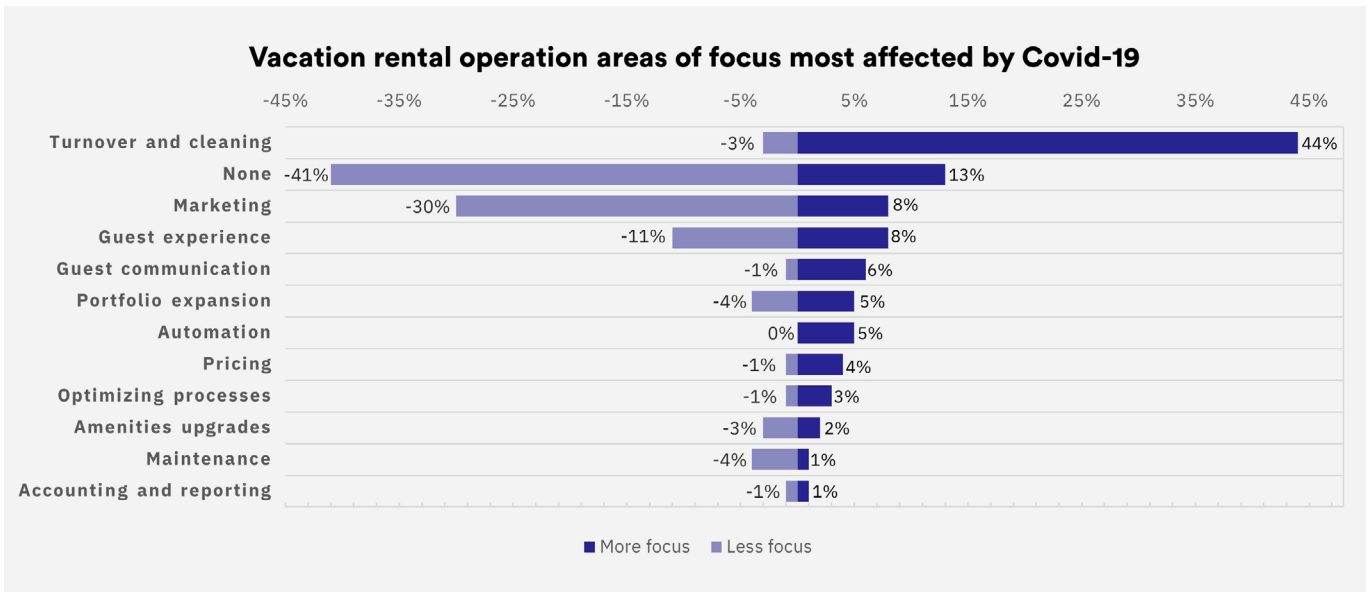
**Eric D. Moeller,**  
**CEO & Co-Founder,**  
**Overnight Success**

*“The biggest opportunity in the hospitality industry today is converting old vacation rental properties within driving distance of large metropolitan areas to new modern short-term rental experiences.”*



## Impact of the pandemic on operations

For the second year in a row, respondents indicated that turnover and cleaning were the areas of operations most affected by the pandemic (61% in 2020 and 44% in 2021). In line with previous findings on page 18 where most hosts and managers indicated that nothing got easier in the past year, most hosts and managers answered that they maintained the same level of focus on all aspect of their operations (-41%).



Alex Nigg, CEO & Founder, Properly

*“For the next few years, our industry will be faced with two major supply challenges: the supply of new properties and the supply of skilled people who can prepare, clean, and maintain those properties. Our collective ability to find, train and motivate the hundreds of thousands of professionals required will define our industry for the foreseeable future.”*



## Impact of the pandemic on operations

This year we saw a significant decrease in focus on the guest experience (-3% in 2020 vs. -11% in 2021). Remembering from page 40 that hosts and managers implemented smart locks in the past year, we removed answers relating to self-check-in. This accounted for roughly one third of answers. The remaining answers indicate that, indeed, hosts and managers decreased focus on the guest experience. The following are sample answers from this category:

- Decreased personal interactions with guests.
- Cut down on guest services.
- Stopped offering to book tours and experiences.
- Eliminated concierge services.
- Stopped upselling.
- Removed public on-site activities.



**Brian Butler, CMO,**  
**EZCare**

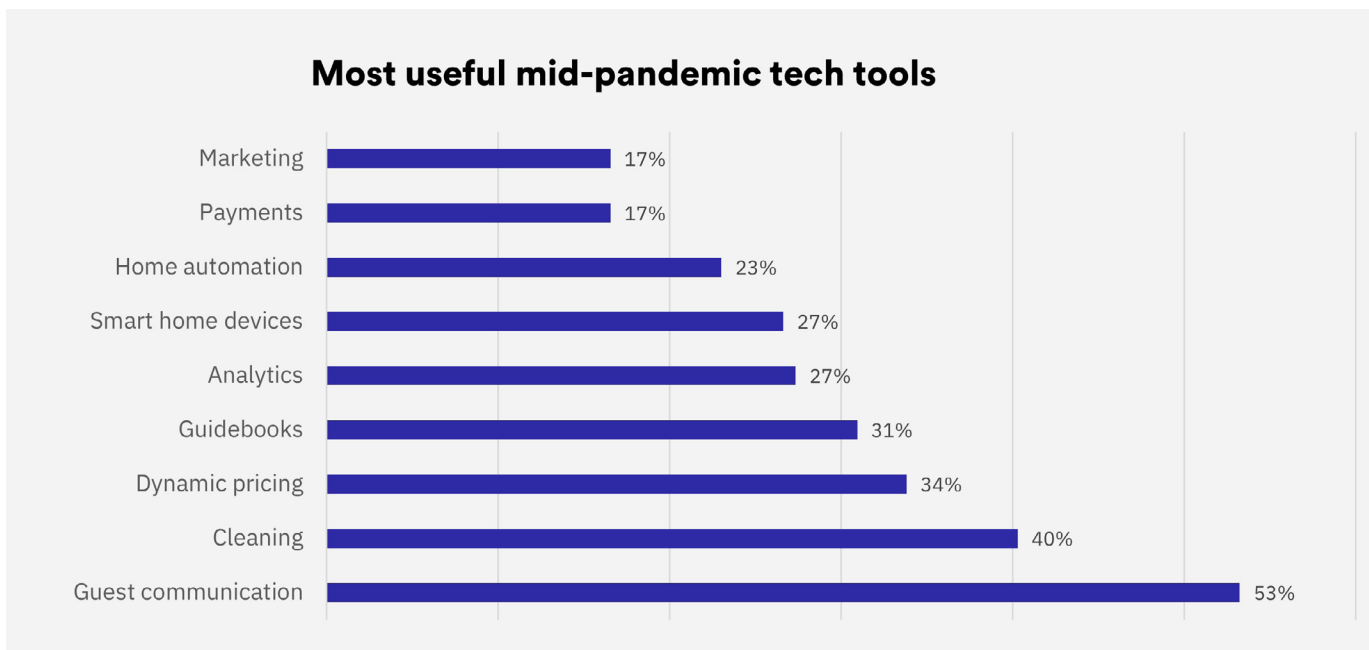
*“Quality cleaning is paramount in a pandemic environment. However, measuring consistency and quality are difficult without timely and accurate feedback to validate heightened compliance requirements. Proper education and training are certainly tiles in that mosaic; however, checklist validation and photographs add verifiable proof to support consistency and quality of each clean. Operations software with supported mobile-app technology can provide the vehicle to collect this information. And automated reporting of this nature can separate one rental company from the next when marketing compliance to prospects and clients.”*



## Most useful mid-pandemic tech tools

When asked what tech was most useful during the pandemic, hosts and managers pointed to their guest communication, turnover and cleaning, and dynamic pricing software. These responses follow the general findings previously outlined in this report: that guest expectations of a vacation rental stay have dramatically changed in the last year.

On average, respondents listed 2.4 tech tools as most useful for the pandemic. As was expected, large portfolio managers relied on more tools.



**Heather Bayer, CEO,  
CottageLINK Rental  
Management**

*“While concentration on technology will always be at the forefront of business strategy, more focus on enhancing the human connection could be a game-changer in an increasingly competitive market. This includes implementing more flexibility in methods of guest communication to reach guests in their preferred mode of contact. Getting on their ‘wavelength’ has never been more important. Mastering the guest experience whether it be through better communication software, digital guides, or basic person-to-person connection, may prove to be a differentiator moving forward. Although the two Covid summers brought increased business to many PMs, the post-pandemic period could be very different, as travel resumes to near normal levels and demand for ‘staycations’ drops.”*



## About this report

This report was based on responses from 165 short-term and vacation rental professionals. Most questions are structured to allow respondents to select more than one response. Some questions allow respondents to leave freeform answers, which we process and sort into categories.

To gain an understanding of our industry over time, the questions touching on challenges, technology use, and operations remain the same each year. However, in 2020 we added a section on how hosts and managers responded to the COVID-19 pandemic.

Our property count categories (under 5, 5-49, 50+) were selected to represent the major milestones of portfolio management (from starter host to scaling manager, and into multi-employee enterprises). We deviated from our category division only when there was a clear delineation in the data or to be concise for the reader.

### About our respondents

- Most respondents were from the United States (70%), Europe and the UK (19%).
- The remaining (11%) were spread across the world, with some in Australia and New Zealand (8%) and Asia (1%).
- The over-representation of English speaking countries is likely a result of the survey being written and distributed in English.
- 52% of respondents managed under 5 properties.



# About Hostfully

Hostfully helps vacation rental managers run their business and provide 5-star hospitality. With property management software that is directly integrated with Airbnb, Vrbo, Booking.com, Homes and Villas Marriott International, and HomeToGo, as well as a market-leading digital guidebook platform, Hostfully supports 30,000+ properties around the world in 80 countries.

Here are some of the features Hostfully clients use every day to scale and grow their operations:

**Multi-channel distribution:** increase your marketing reach and generate more revenue.

**Integrations:** connect other vacation rental software like turnover and cleaning, dynamic pricing, and credit card processing.

**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.

**Automated and SMS messaging:** save time and automatically send guests key information based on programmable triggers.

**Digital guidebooks:** boost the guest experience, cut down on communications, and upsell products and services for extra income.

**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.

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