



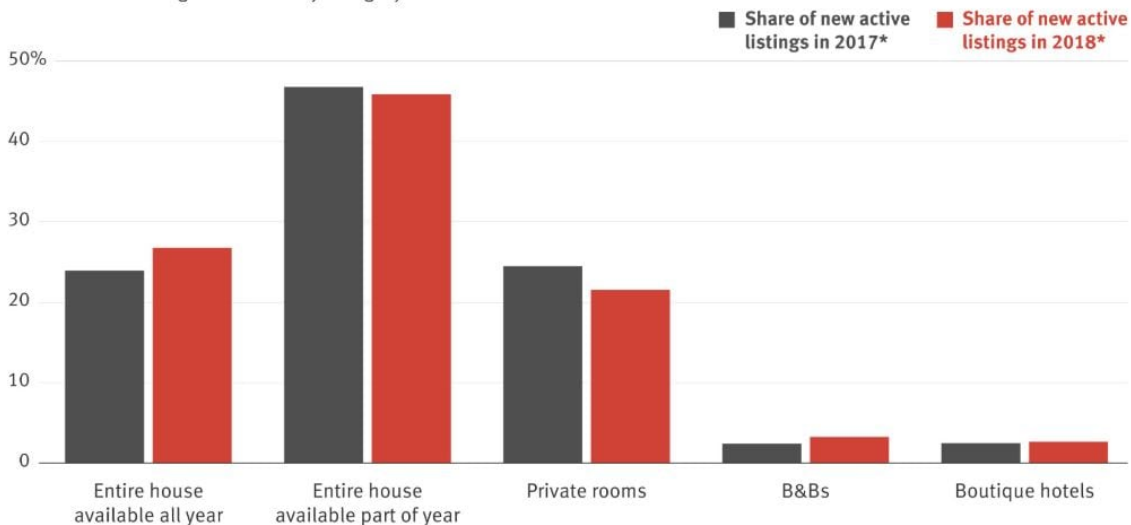
Airbnb's Big Growth Driver: Full-Time Rentals

by Chase C | Aug 28, 2018

By *Cory Weinberg* Aug 23, 2018 7:01 AM PDT

Homes for Rent

Share of new listings on Airbnb by category



*For one week in June
Source: Airbnb

A growing share of new homes on Airbnb are year-round rentals owned by hosts who never live in them. These rentals now surpass private rooms inside a house occupied by the host, one of Airbnb's traditional offerings, according to company data for a week's worth of listings from June obtained by The Information.

This shift towards "professional" hosts—real estate investors or property management firms that own homes rented out full-time—symbolizes how Airbnb's growth is evolving. Professionals are becoming as important as mom-and-pop hosts, a shift that puts Airbnb in further competition with Booking.com and Expedia's HomeAway.

THE TAKEAWAY

- **Year-round rentals become bigger share on Airbnb**
- **High-quality listings key to Airbnb growth goals**
- **Shift toward professional listings could dent company's image**

The data are part of a weekly snapshot of Airbnb homes booked for the first time, broken down by category. For the week ended June 16, Airbnb added about 65,000 listings that were booked for the first time. Twenty-seven percent of those were classified by the company as “dedicated entire homes” that are used as full-time, short-term rentals and typically professionally managed.

During a comparable period last year, about 24% of new listings were categorized as professional. Meanwhile, the share of new inventory comprised of private rooms shrunk to about 22% from about 25%. (See chart.)

The biggest group of newly booked listings are homes where the host typically lives on site but rents out the entire space part of the year, such as when they go away. This group shrunk slightly to 46% from 47% of total new listings. Nascent categories including boutique hotels and bed and breakfasts grew slightly, each from about 2% during the week last year to 3% of new inventory this year.

To be sure, the data is based only a week's worth of listings. It's possible trends could shift. But The Information also obtained new listing data for other weeks this year, which show similar trends by category. People close to the company also confirmed that the weekly data mirrors a larger trend for Airbnb from recent quarters.

Airbnb, expected to generate up to \$4 billion in revenue this year, needs a lot of **new, high-quality home listings** to meet its growth goals. In some big cities it closely tracks, such as Barcelona, London, Paris, Tokyo and Osaka, Airbnb wasn't reaching its goals to add new listings as of May and June this year. That's in part due to regulatory restrictions that limit the number of nights homes can be rented out, **according to internal documents**. Meanwhile, areas with looser rules, such as Florida vacation towns, have been significant growth drivers.

Airbnb declined to comment.

The company has never released data on how its new listings break down by category globally. It sometimes shares data on how many professional property renters operate in cities like New York or Washington, D.C., places where the company has been accused of siphoning away housing from the residential market.

The traditional vacation-rental industry—in which professional property managers handle the bookings of investment properties or second homes, often in popular

vacation destinations—has typically been dominated by booking platforms like Expedia's HomeAway and VRBO in the U.S. Airbnb has historically grabbed more share of urban short-term rentals, which have attracted their own set of investors and professional property managers, some of whom are **backed by venture capital**.

The shift toward professional listings could be a double-edge sword for Airbnb. Professionally managed homes can provide superior quality for guests and significant revenue for the company. Airbnb has long seen a disproportionate share of revenue from so-called professional hosts who typically rent out multiple properties, according to outside analysts' assessments of Airbnb data.

But the professional-host shift risks watering down Airbnb's brand, which is rooted in the notion of shared living space. Catering to the traditional vacation rental market also could strain the company's relationships with governments in big cities, where it increasingly has come under pressure. Airbnb agreed to cap the number of nights that a host can list on the site in places like Amsterdam and London, diminishing some appeal to professional hosts.

The company most heavily publicizes benefits to amateur hosts, and insists that people with low or moderate incomes benefit from renting their homes on Airbnb. Another potential downside for the company is that professionally managed rentals often aren't exclusively listed on Airbnb, and instead are available on rival booking sites.

Still, Airbnb's growing need for new listings is expected to increase the urgency to attract professional hosts around the world. Under new president of homes Greg Greeley, a former Amazon executive, initiatives like building software tools for professional hosts are expected to get more traction, people close to the company said. In February, the company announced it would more clearly differentiate the rental categories on its site.

Airbnb's aversion to professionals has started to change in the past two years, said Peter Scott, chief executive of Bluetent, a marketing agency for vacation-rental properties. He said about 15,000 of its clients' 45,000 homes are listed on Airbnb, up from about 3,000 last year.

A big reason why professional hosts are adding inventory to Airbnb is the improvement of its software tools that allow some professional hosts to add properties to the site automatically, rather than one by one. Slowly, Airbnb has been connecting its site with professional hosts' property management systems that help schedule and set prices for homes.

Rivals like HomeAway have a “head start” in building those tools, Mr. Scott said. For Airbnb, “it’s a growth phase,” he added. “It’s a pretty good prize fight shaping up between Airbnb, HomeAway, Expedia and Booking.”

RECENT POSTS

2018 Q3 Investment Review

How Restrictive Growth Policies Affect Housing Affordability In Many Cities

Airbnb's Big Growth Driver: Full-Time Rentals



SVN | Whitecap Commercial Real Estate

We provide Seattle, WA commercial real estate knowledge and expertise that transcends typical brokerage services.

We're in the business of listening, understanding, and adding value with Character, Competency and Certainty.

CONTACT →

NEWS

- 2018 Q3 Investment Review
- How Restrictive Growth Policies Affect Housing Affordability In Many Cities
- Airbnb's Big Growth Driver: Full-Time Rentals

FIND

- Properties

- Advisors
- Our Difference
- Careers

SVN | WHITECAP COMMERCIAL REAL ESTATE

320 West Galer Street
Suite 100
Seattle, WA 98119
Phone: 206-284-1000

©SVN | Whitecap Commercial Real Estate | Seattle, WA | Commercial Real Estate | All SVN® Offices

Independently Owned and Operated