Short Term Rentals trends from Transparent

July 2023
VisitBritain/VisitEngland Research
July 2023 | Four key insights

• July saw a **new 2023 peak** for post-COVID growth in the supply of UK short term rental properties, with growth in nights reserved stabilising, but still very strong at 38%. The value of the sector also continues to accelerate, with strong growth seen in average daily rates charged, and average revenue per property.

• Performance continues to be generally strong across the UK, with **London and Scotland the only destinations** whose supply of properties fell below 2019 levels in July 2023 (-4% each). **Top cities** booked in July 2023 were London, Edinburgh, Liverpool, and Bristol, with Liverpool climbing four ranks year on year.

• International travellers **continue to gain share** in the number of reviews left for short term rental properties (35% in July vs. domestic travellers), with Europe the most prominent global region. The **APAC region** gained 4 percentage points of share in July compared to the previous year, with the Americas losing 4 points in kind.

• Stays in short term rental properties continue to be **longer in 2023** compared to 2019 (6.9 nights in July 2023 vs. 5.0 nights in July 2019), with the average property size being reserved also increasing.

Please note that historic data in this report may differ from the previous release due to adjustments in data processing.
About this data

Transparent Intelligence tracks over 35 million vacation rental listings worldwide and maintains a proprietary database of hundreds of thousands of reservations tracked by month. Listings on the four major short-term rental platforms are tracked: Airbnb, Booking.com, Vrbo, and TripAdvisor. Listings data is deduplicated when the same property is being advertised on more than one platform.

The UK Government defines a short-term rental property as 'a dwelling, or part of a dwelling, provided by a host to a guest, for use as accommodation other than the guest’s only or principal residence, in return for payment, in the course of a trade or business carried on by the host'.

VisitBritain/VisitEngland receives this data on a monthly level, with metrics covering the overall supply of short-term rental properties across the UK, as well as a selection of performance metrics. We are also able to gather some learnings about the types of trips taking place. Historical data is available back to 2019, with future performance also available for up to 1 year in the future. We have limited future performance data shown in this report to three months in the future in order to ensure reliability, based on guidance from Transparent.

Caveats for Transparent Intelligence data:
• Transparent estimates that roughly 20% of the global demand for accommodation in 2021 was driven by short-term rentals, meaning that the data in this report should ideally be considered in tandem with insights that VisitBritain/VisitEngland receives from STR on the performance of serviced accommodation in England in order to gain a fuller picture.
• Please note that all data in this report is based on listings from Airbnb, Booking.com, Vrbo, and TripAdvisor, apart from guest origin data from slides 16-19, which is from Airbnb only.
• Patterns in supply and performance may be impacted by existing regulations relevant to the short-term rental sector which currently differ across the UK. Read more on regulations in Scotland and London.

This report can be freely shared, as long as Transparent Intelligence is cited as the source.

*This report is based on data which is up to date as of the end of July 2023.*
Latest trends
Supply | New 2023 peak in growth of short term rental properties in July

- The supply of short term rental properties across the UK started to show growth vs. 2019 within 2022, and consistent growth has been seen in early 2023. In July 2023, there were over 454,000 short term rental properties across the UK.
- Growth within 2023 has peaked in July at 20%, after a slight dip from April to June.
Reserved nights | Demand for nights in short term rental properties growing at a faster rate than supply, but growth rates have stabilised

Early 2023 saw a particularly strong boost in the volume of nights reserved: exceeding 2019 levels by 78% in January, and 67% in February. Since then, we have seen growth rates reduce, to rest at 38% in June and July. 6.2 million nights were reserved in short term rental properties for the month of July 2023.

Reservations made for the next three months are, so far, below July's peak, however, 4.3 million nights have already been reserved for September 2023 as of the end of July (please see note in footer regarding August data).

*Nights already reserved for future months as of July 2023. We can expect volumes to increase in the future as more bookings are made. Metrics for August look low due to data being accessed mid way through that month, reducing the number of days eligible as the source of ‘future performance’
Occupancy rates increasing as the year continues, but falling below 2019 trends

- Occupancy rates of short term rental properties exceeded 2019 levels in most months throughout 2022. However, in early 2023, occupancy rates have started to decline vs. 2019, and this gap is increasing as the year progresses.
- Occupancy rates have been increasing as the year continues – with 42% occupancy seen in January, but 55% seen in July. Looking at bookings for the future, 27% occupancy has already been achieved for October as of bookings made before the end of July 2023.

*Occupancy rates based on bookings in future months as of July 2023. We can expect occupancy to increase in the future as more bookings are made.
**Average daily rate and revenue per property | Strong growth in rates paid for, and revenue from, short term rental properties continues in 2023**

- ADR and average revenue for short term rental properties have exceeded 2019 levels throughout 2023 so far, with ADR growing by 50% in July 2023 vs. the same month in 2019, and average revenue growing by 52% in that time. This growth outpaced the rate of inflation during the same period (21%).
- ADR in July 2023 was £234, with ADR associated with bookings in future months set to stay close to this.
- Average revenue per property in July 2023 was £3,840. Average revenue associated with stays ‘on the book’ in the upcoming months as of July 2023 is lower than in previous months, however this is likely to change as more bookings are made (please see note in footer regarding August data).

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**Note:** ADR = average daily rate, representing the average nightly price when the data was flagged as booked, not including fees or discounts. Average revenue per property = the sum nightly price per property when booked, not including fees or discounts. Both metrics from Transparent data are in US dollars, which have been converted here using exchange rates from the Bank of England.

*Average daily rate for bookings in future months as of July 2023. Metrics may change in the future as more bookings are made. Metrics for August may look low due to data being accessed mid way through that month, reducing the number of days eligible as the source of 'future performance'.
Trip characteristics | Average length of stay and party size continue to exceed 2019 levels

The average length of stay in short term rental properties has exceeded what was seen in 2019 throughout 2023 so far. The longest average length of stay in 2023 so far was in January, at 15.8 nights. Average length of stay has generally shortened as the year has continued.

The average property capacity booked by guests in July 2023 is larger compared to the same month in 2019, which may suggest a boost in party size. The proportion of properties booked which cater for 1-2 guests decreased by 6 percentage points compared to 2019.

*Average length of stay based on bookings in future months as of July 2023. Length of stay may change in the future as more bookings are made*

**According to number of nights reserved.**
UK destination trends
Supply | London yet to regain pre-COVID volumes of supply, with Scotland seeing similar declines in July, but all other destinations significantly exceeding 2019 levels

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Supply in July 23 | Strongest growth in supply vs. 2019 seen from the North East and East Midlands

- Looking across the UK in July 2023, supply of short term rental properties is most likely to be clustered in the South West and London. These destinations hold 84,000 properties and 75,000 properties respectively.
- The lowest number of short term rental properties are found in the North East, East Midlands, and West Midlands.
- In July 2023, most UK destinations are seeing growth in supply vs. the same month in 2023. The most growth is seen in the North East (54%) and East Midlands (52%).
- In contrast, London and Scotland are behind 2019 levels by 4% each in July.

Note: map colour coding is based on volumes of supply between regions
Reserved nights in July 23 | North East and West Midlands seeing strongest growth in reserved nights vs. 2019

• The spread of nights reserved across the UK follows a similar trend to that of supply, with the most nights being reserved in London and the South West in July 2023 (1.3 million and 1 million respectively).
• The lowest number of nights were reserved in the North East, East Midlands and West Midlands in that month.
• The volume of nights reserved was significantly higher across the UK in July 2023 compared to the same month in 2019, with the most growth being seen from the North East (+105%) and West Midlands (+85%).

Note: map colour coding is based on volumes of reserved nights between regions
Occupancy in July 23 | Highest occupancy rates in Scotland and the North East, with Scotland the only destination seeing growth vs. 2019

- Trends in occupancy rates across UK destinations in July differ compared to those seen for supply and nights reserved.
- The highest rates of occupancy are seen in Scotland and the North East, with the lowest rates seen in London, the West Midlands, and the North West.
- The majority of UK destinations see a decline in occupancy rates when comparing July 2023 with July 2019, with the East of England seeing the steepest declines at -6 percentage points.
- In contrast, Scotland is the only UK destination seeing a growth in occupancy in the same period (1 percentage point), with London’s occupancy rate matching the same month in 2019.

Note: map colour coding is based on occupancy rates between regions

pp = percentage point change
Top cities | London and Edinburgh dominant, with Liverpool, Bristol, and Glasgow next most popular

- In July 2023, the most popular UK cities when it comes to nights reserved in short term rental properties were London, Edinburgh, and Liverpool. Liverpool has seen a significant increase in ranking when compared to starting 2022 at 8th.
- When comparing the top 10 UK cities in July 2023 with the same month pre-COVID, we can see Liverpool climbing 4 ranks, whereas Glasgow, Manchester, and Brighton have lost ranks.

*Ranking according to reserved nights
Guest origin trends

Note: Guest origin data is extracted from information on the public profile of guests who review their stays on Airbnb. The dates included in the data are relevant to the dates of the stay being reviewed. This data can help us estimate the prominence of different origin markets among those booking short term rental properties. Airbnb estimates that two thirds of guests leave reviews, however there is no data available on whether certain origin markets are more likely to leave reviews than others. We also cannot control whether origin information included on a guest’s profile is inaccurate or out of date.
Overview | Over a third of reviews left by inbound travellers in July 2023

• Information from guest reviews suggests that the proportion of domestic travellers staying in UK short term rental properties reduced throughout 2022, with an increase in kind in the number of international travellers coming to the UK.
• The share of international travellers has increased further in 2023, with July 2023 seeing a 35% share for this segment, which is the highest share seen since the start of 2022.
Overview | Europe is the leading origin region for inbound travel, with the US, Germany, and France top individual markets

- Information from guest reviews suggests that inbound travellers from Europe (excluding the UK) have been the most dominant in 2023 so far. Following this comes travellers from the Americas, then APAC, the Middle East, Africa, and finally other regions.
- When comparing origin trends in July 2023 with the same month in 2022, we can see APAC gaining 4 percentage points of share, with the Americas losing 4 percentage points in kind.
- In July 2023, the top five international origin markets who left reviews for short term rental properties were the United States, Germany, France, Australia, and the Netherlands.

*Ranking according to reserved nights
In detail | Brazil and Australia seeing strongest growth in reviews left in June 2023

Number of reviews vs. same period in 2019

- The growth seen in the number of reviews left by domestic travellers has remained relatively stable when comparing January 2023 with June 2023 (10% and 9%).
- In June 2023, the inbound markets seeing the largest growth in the volume of reviews left are Brazil and Australia, with Hong Kong* and the Netherlands seeing the same volume in this month vs. 2019.
- Growth from multiple previous high performers was muted in June compared to earlier months.

Please note: due to an expected lag in travellers leaving reviews after their trips are over, this report will show market level reviews one month behind the data available in order to showcase a more robust trend

*Hong Kong trends may be influenced by residents moving to the UK and securing short term accommodation while they buy property, linked to the BN(O) visa