

# How COVID-19 Transformed the Vacation Rental Industry in 2020



**air****tics**

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# INTRODUCTION

**2020 was a challenging year for everyone and vacation rental professionals are no different.**

Many changes were happening all at once in different parts of the world in the travel industry, so it may be difficult to monitor your region's performance in comparison to other destinations in terms of year-over-year (YoY) growth.

That's why it's important to use data analytics to see the bigger picture and understand how your business fits into the travel industry on a global scale.

# What You Need to Know and Why

There's no doubt that COVID-19 has had a significant impact on the travel industry, which looks to continue this year.

But the question is how and what can we expect in the future?

**This report summarizes the monthly developments of the short-term rental industry across various regions in 2020.**

**Understanding the close relationship between the YoY growth or decrease in bookings and COVID restrictions should serve as a strong outline of events or results that financial institutions, DMOs, or national tourism organizations can expect during times of crisis.**

We analyzed each region's performance in terms of their YoY growth of Airbnb bookings during that month and checked any correlations with the COVID-19 restrictions and number of cases in each specific location at the time. With many regions continuing to tackle COVID-19, you can use this information to deepen your understanding of your target location or region's performance throughout each quarter of 2020 and create more solid tactics for 2021's business strategy.

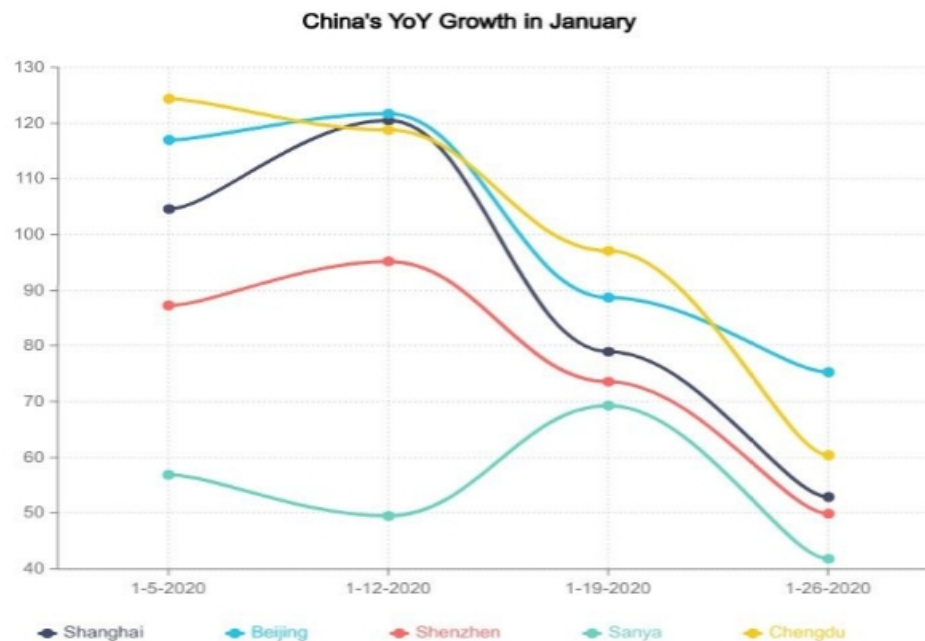


# Analysis by month

We analyzed 100 different cities in various parts of the world where vacation rentals were prominent to see how the number of COVID-confirmed cases had a significant effect on the growth or drop in YoY growth of bookings.

We also included key dates that highlight some of the most important times of 2020 that held great influence over YoY growth.

## JANUARY

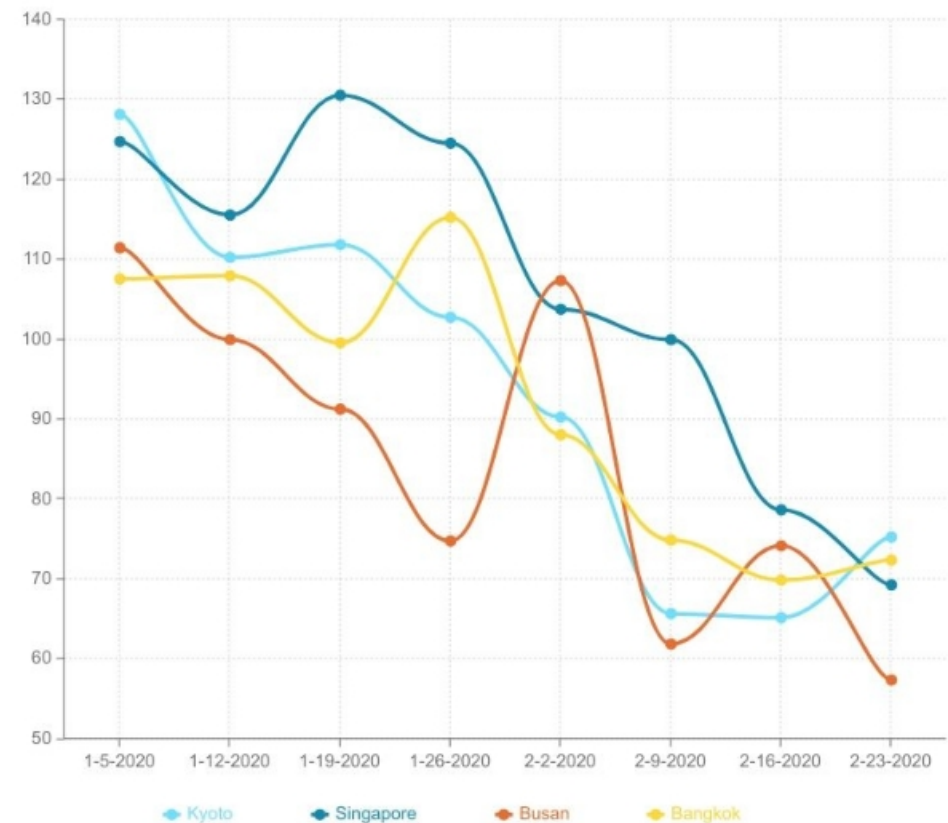


- Only China experienced a drop in YoY growth since the outbreak of cases in Wuhan
- **Some major tourist cities in China dropped in YoY growth by the end of January by ~50%, such as Shanghai and Chengdu.**
- Other cities in China also experienced a drastic decrease, such as Beijing and Shenzhen.
- While China was going through the first phase of effects on YoY growth, other countries such as **the U.S. and Europe were still booming in growth.**

# FEBRUARY

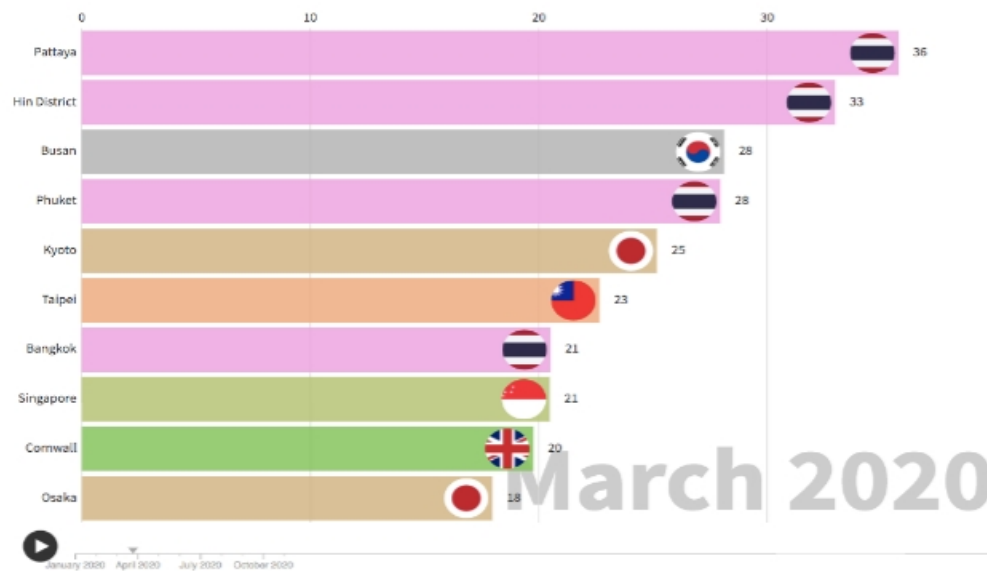
- As the virus started to spread across China's borders to neighboring countries, the majority of East Asia and Southeast Asia experienced a drop in YoY growth.
- The data illustrates the spread of the virus and its impact on booking growth in major cities such as Kyoto, Busan, Singapore, and more.
- Other major vacation rental destinations in the western part of the world were aware of the COVID-19 outbreak, but not fully affected just yet.

Southeast Asian Cities YoY Growth



# MARCH

- one of the most pivotal and critical points of 2020
- the economy started to collapse all around the world
- travel bans were strictly enforced as COVID-19 swept the globe at alarming rates.
- Southern Europe experienced a drastic decrease in booking growth, especially the areas most hard hit by the pandemic, such as cities in Italy.
- Several different epicenters of the outbreak experienced a sudden decrease in YoY growth

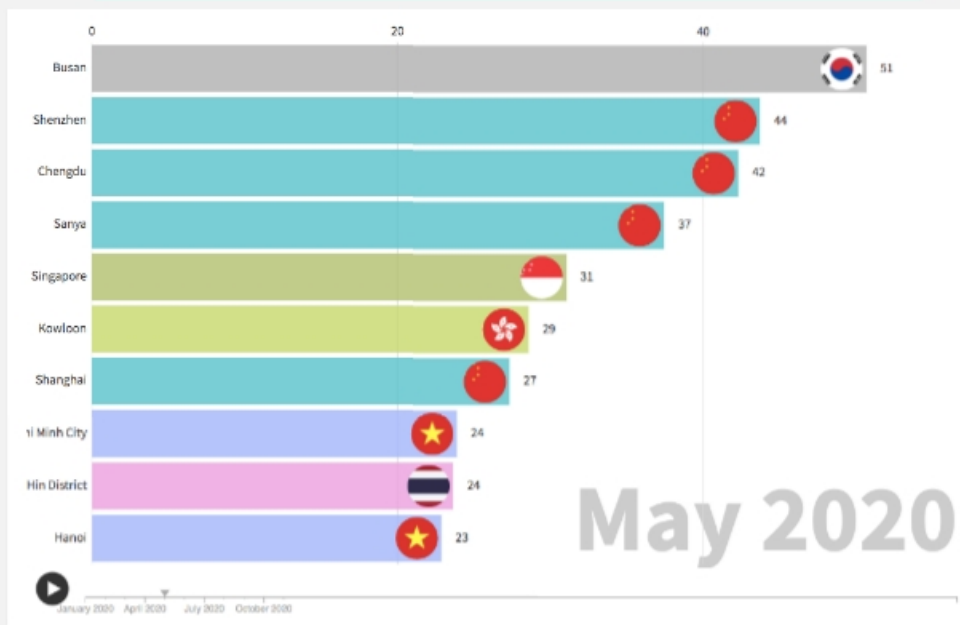


Italian cities YoY growth

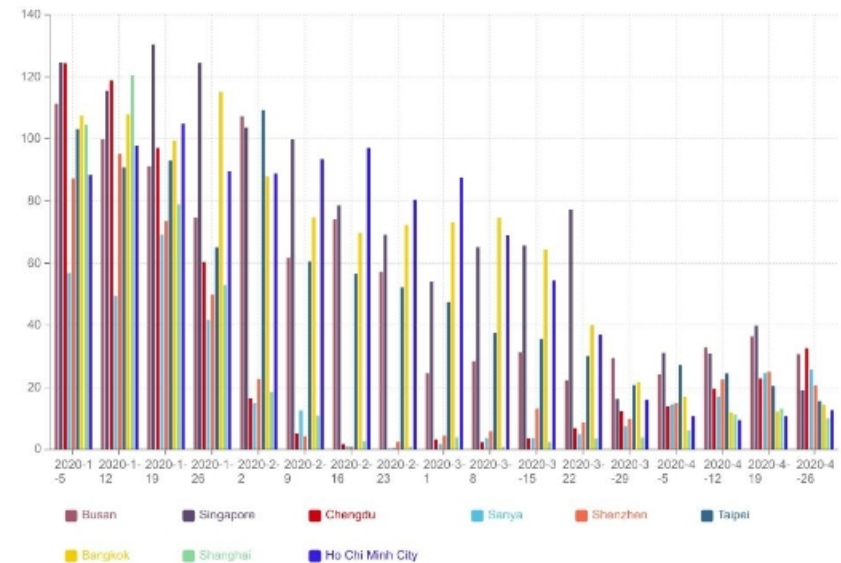


## APRIL- MAY

- The early summer months constituted the **worst time for Airbnb businesses and the short-term rental industry** as a whole
- Even major airlines were struggling to combat the rapid growth in the number of cases
- **All countries and regions were severely affected at this point**

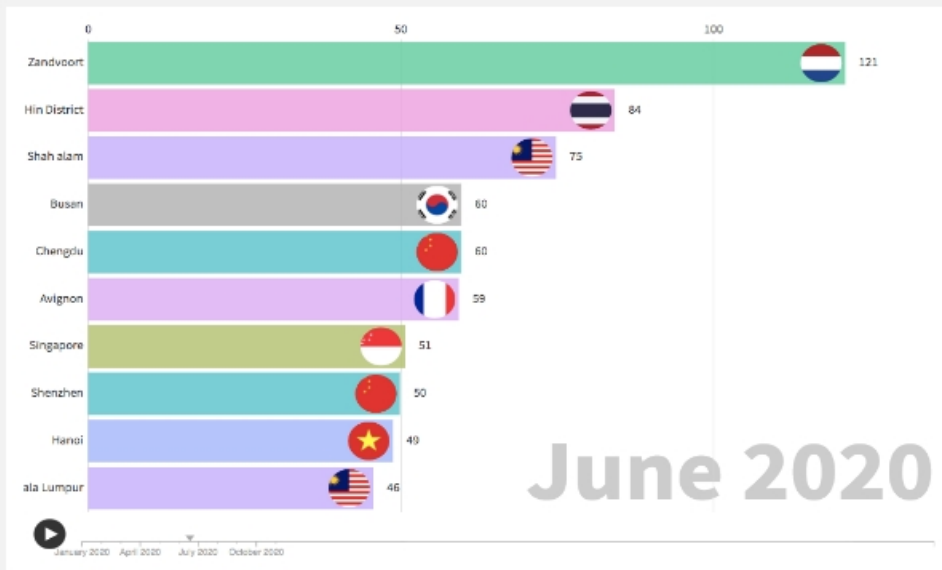


Asia YoY growth until April 2020



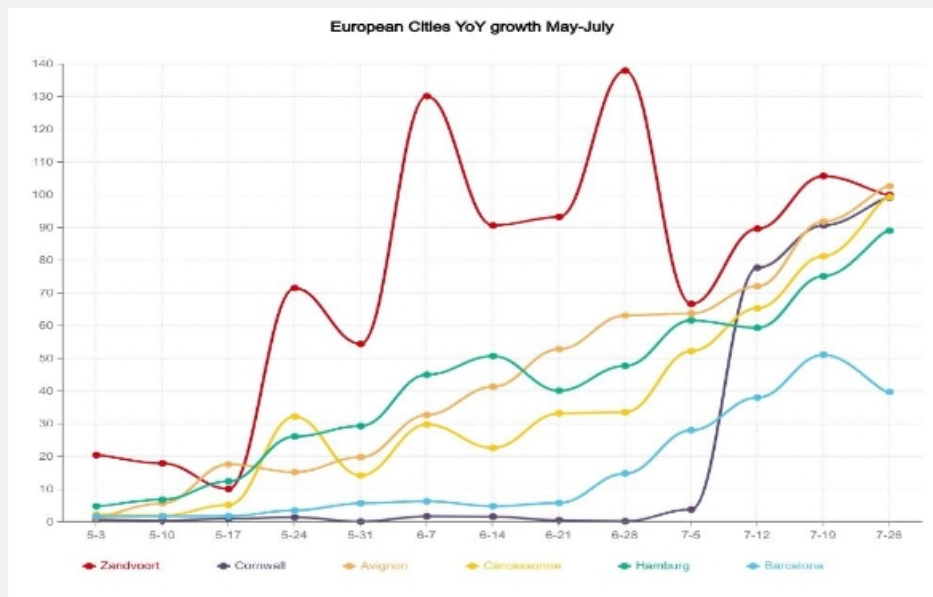
- **Key point #1:** areas in China were starting to show small signs of recovery since they had a few more months to get ahead of the curve
- **Key point #2:** South Korea was able to get ahead of the curve than their counterparts in Asia due to strict contact tracing, enforced mask-wearing, and a unified effort to beat the virus

JUNE



- As many countries were still struggling with the new “normal”, **some regions started making a comeback in YoY growth**
- Different countries experienced different timelines and results from the virus
- Travelers and hosts began to navigate the pandemic restrictions in a more creative way, **which led to increased travel to secluded destinations**
- **COVID-contact tracing became more effective in various locations-** resulting in varying YoY growth

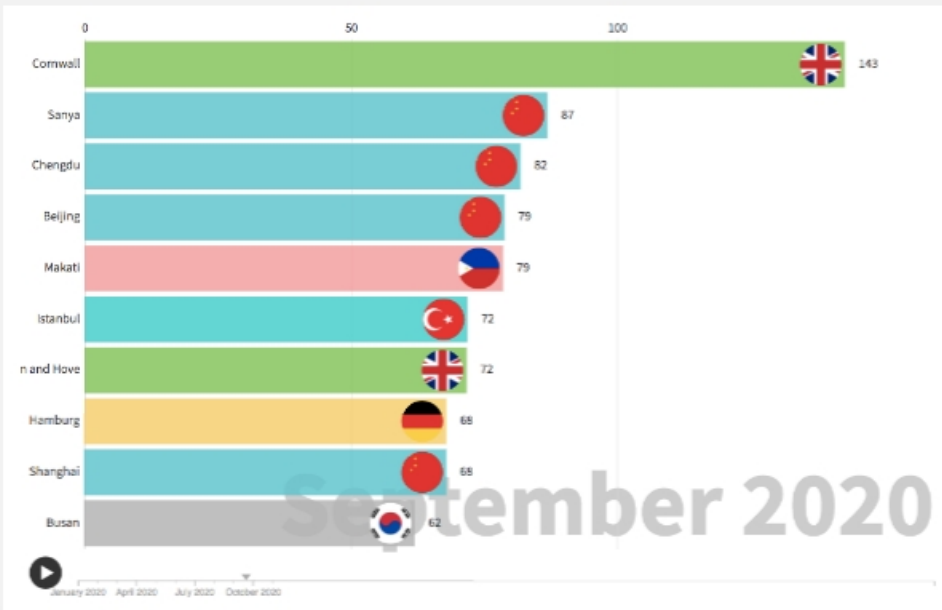
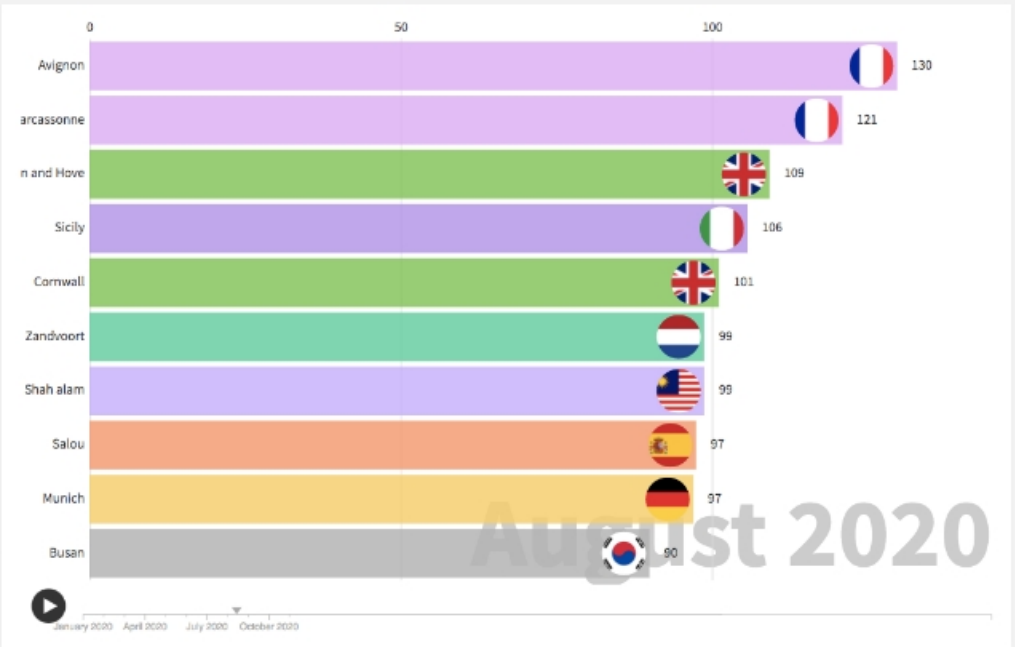
JULY



- There is a great fluctuation in YoY growth between regions **depending on the way they handled the virus, whether it be enforcing mask-wearing, encouraging social distancing, or mandating strict travel restrictions**
- **Key factor:** Western Europe started traveling again, a trend that is reflected in the positive growth of bookings from June to July in specific destinations, such as Nice or Carcassonne, France.

# AUGUST- SEPTEMBER

- **The start of Q4 in 2020:** all countries and regions were at different stages of YoY growth and had varying numbers of COVID-19 confirmed cases
- Some destinations were reopening their borders and encouraging travel with COVID-friendly restrictions, while other locations went back to lockdown due to increased infection rates.

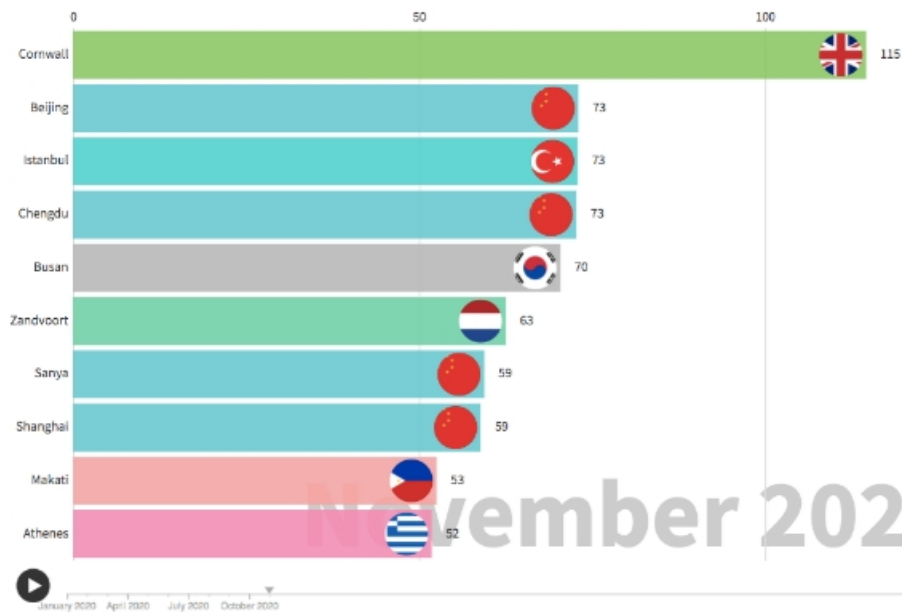
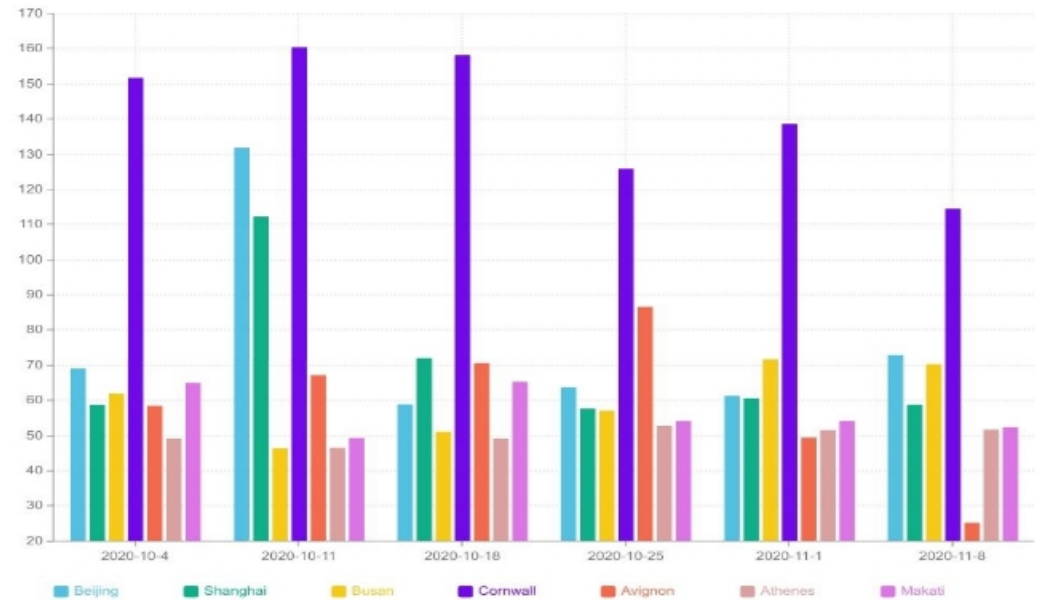


- **Order of the regions from least affected in YoY growth to most affected:** the U.S., Western Europe, Southern Europe, East Asia, Southeast Asia.
- The YoY growth levels shown in this period reflect the failure of some cities to enforce mask-wearing, travel restrictions, and social distancing, which resulted in a higher # of cases in some areas

# OCTOBER - NOVEMBER

- **The end of Q4 in 2020:** The holiday season started to pick up momentum, meaning more people wanted to travel
- COVID-19 cases are on the rise in some places, but so is the availability of COVID tests
- Despite the holiday season, travel restrictions and the fluctuating number of COVID cases hindered extreme YoY growth

Various cities YoY growth Oct-Nov



- **Airbnb confirmed their plans to release a public IPO in December 2020** as a testament to the resilience and success of vacation rentals up until now and in the future
- **Several factors are on the horizon towards the end of 2020 to affect YoY growth:** the advent of the COVID vaccine, lifted travel bans, consumer confidence fluctuation, and even another outbreak of a new COVID-19 strand



# Results

The data reflects a distinct pattern in which **the number of COVID-confirmed cases is negatively correlated with YoY growth in Airbnb bookings.**

This key trend is outlined in the

## 3-5 weeks delay

between the YoY growth and the number of COVID-confirmed cases.

We can conclude from the data analysis that the number of confirmed cases is **not the only definite cause or determining factor to the yearly growth rates in bookings, but it signals a significant relationship.**

The time period between an uptick in confirmed cases and a decrease in bookings is a significant phase in which financial institutions, DMOs, tourism boards, and other vacation rental organizations should plan to pivot their business strategy.

# About the data

- For every region imported into this report, our team validated the accuracy of the YoY growth data through thorough research of that region in case of any data anomalies.
- This report is a result of **time-series analysis**, a process that helps us understand historical data and forecast possible trends or patterns in a way that is helpful for you.  
**Learn more about how we get our data and the methods we use to provide you with the analytics your business needs.**
- **\*NOTE\*** Throughout the year, consumer's travel behavior began to evolve in accordance with their region's situation. Specifically, the **remote work trend** swept the globe and manifested itself into **rising popularity for longer-term stays in Airbnbs**. Although these factors were not outlined here, they are definitely influential factors that should not be overlooked.



## About Airbtics

Airbtics is a short-term vacation rental data platform for data-driven property investors and operators. Want more detailed analytics like this?

**Get in touch today for a more tailored analysis of your target destination and discover how accurate data can cater to your vacation rental needs.**



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