



Peer-to-peer accommodation in Wales: a preliminary review

1. Introduction

Over the past few years it has become apparent that the peer-to-peer accommodation market, as represented by Airbnb, HomeAway and the like, is becoming increasingly significant as a source of accommodation bookings. This represents a challenge, as the traditional methods of collecting data about staying visitors - such as occupancy and bed stock surveys - are not collecting information on this market. This has resulted in a probably increasing gap in our estimates for the volume and value of tourism.

To tackle this problem, GTS (UK) Ltd, in partnership with twelve unitary authorities in Wales, have set up a pilot study to

- a) devise a robust methodology for evaluating the peer-to-peer market
- b) produce volume and value estimates for the impact of this market in Wales.

The participating areas are the Isle of Anglesey, Bridgend, Caerphilly, Cardiff, Carmarthenshire, Ceredigion, Conwy, Gwynedd, Monmouthshire, Pembrokeshire, Powys and the Vale of Glamorgan. Between them these areas contain 56% of the resident population of Wales and around 89% of traditional tourism accommodation establishments.

2. Data sources

All of the participating Unitary Authorities have purchased data from AirDNA. This company specialises in producing market reports for Airbnb and HomeAway, giving monthly data on a range of variables including room and place listings, bookings, occupancy, and average daily rates. Details on their methodology can be found here: <https://www.airdna.co/blog/short-term-rental-data-methodology>.

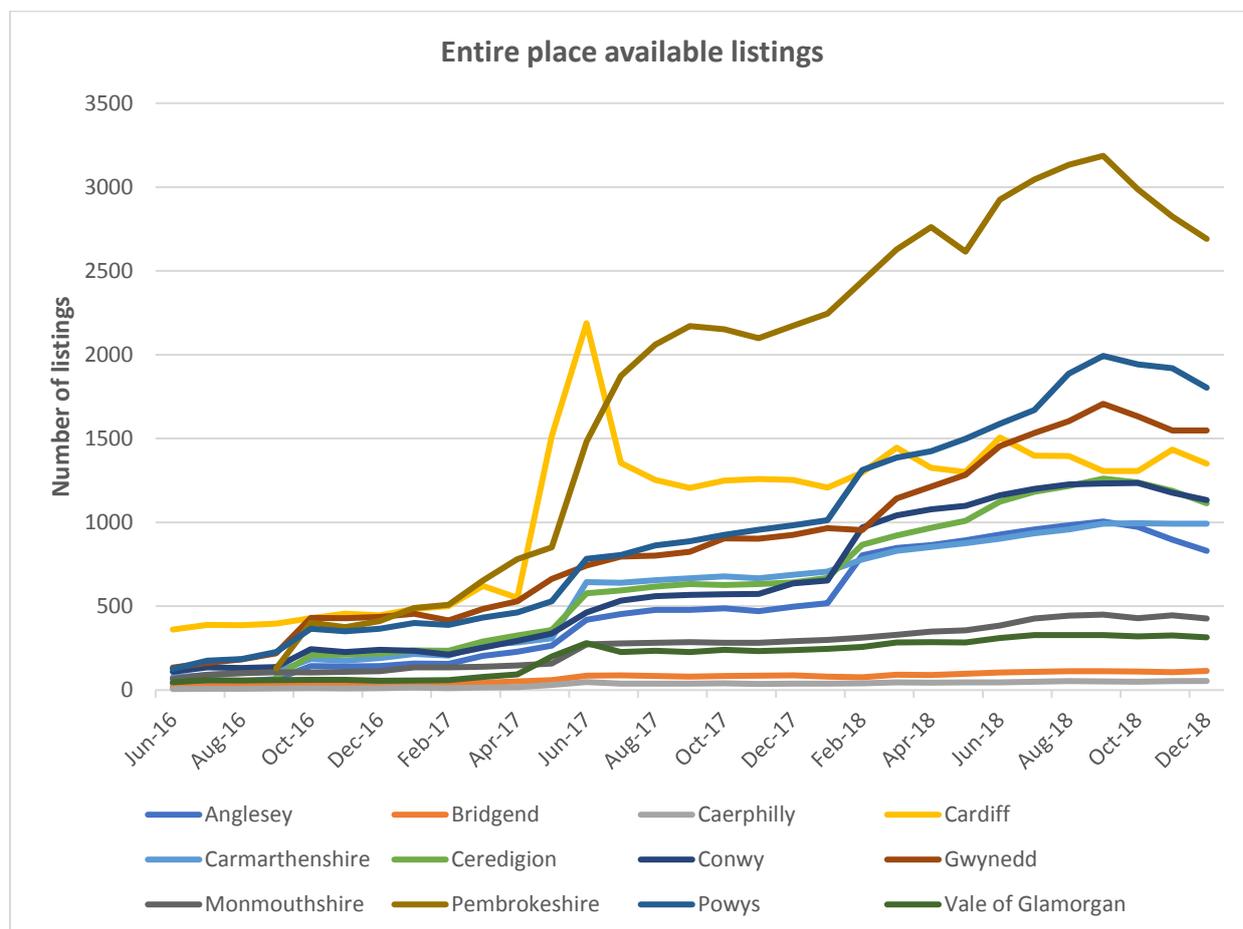
Historic data has been purchased for 2016-2018 (generally running from June 2016, though for some areas it runs from January 2016 and for some from September 2016). 2019 monthly data will be provided on a quarterly basis during the course of the year. Data used in this preliminary review covers the period up to the end of December 2018.

Where necessary the relevant Unitary Authority STEAM data has been used for comparative purposes.

3. Available listings

These were advertised for rent on Airbnb / HomeAway for the relevant month or had a booked day in the month. Listings are divided into private room and entire place. (Some shared rooms are also offered but the numbers of these are very small and are excluded from the results.)

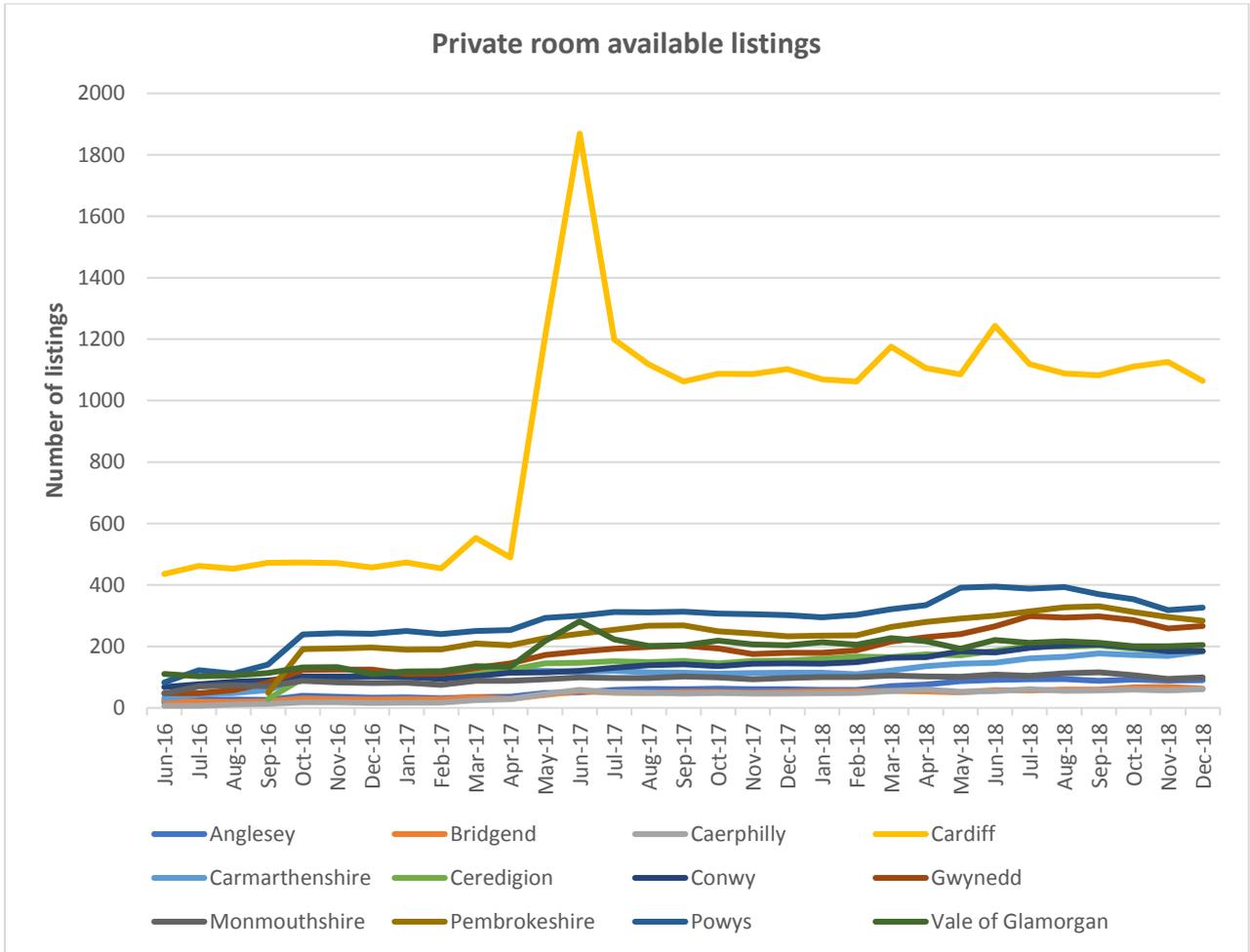
3.1 Entire place available listings



All areas have shown a significant growth in entire place listings since June 2016. The average growth for the period January 2017-December 2018 was 322%, with the two extremes represented by Pembrokeshire (450%) and Cardiff (179%). The lower growth rate for Cardiff is indicative of the city being an “early adopter” of Airbnb, with other areas catching up over time. The spike in listings on this chart and subsequent ones for Cardiff in June 2017 was due to the UEFA Champions League Final held in the city that month.

3.2 Private room available listings

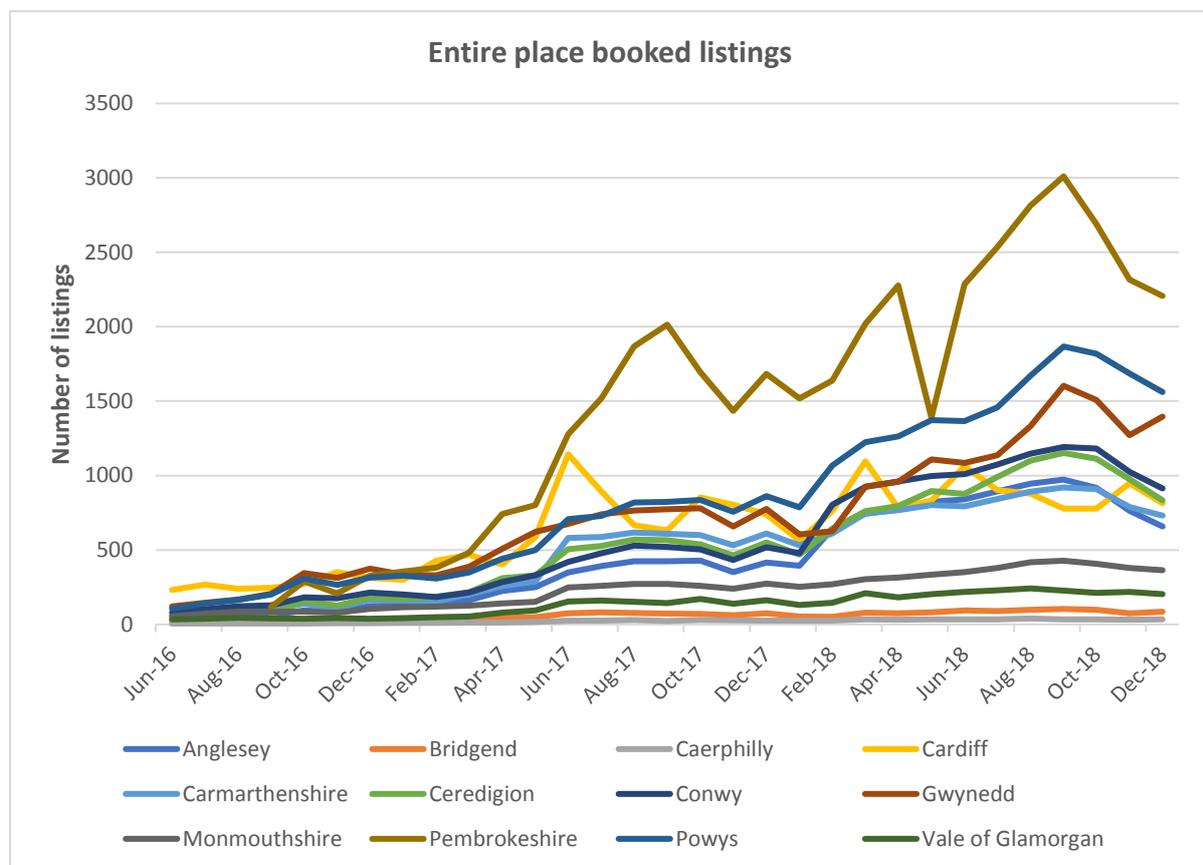
For every area except Cardiff, private room listings are by far the minority of available listings. Averaged across the January 2017 – December 2018 time period and the entire pilot area, around a quarter of the total listings are for private rooms, while in Cardiff these listings make up 55% of the total. Over the same time period private room listings have grown by 101% - roughly three times less than entire place listings. The growth pattern is different as well, with most areas seeing a levelling out or very small increase of private room listing numbers in 2018 while significant growth continued in entire place listings.



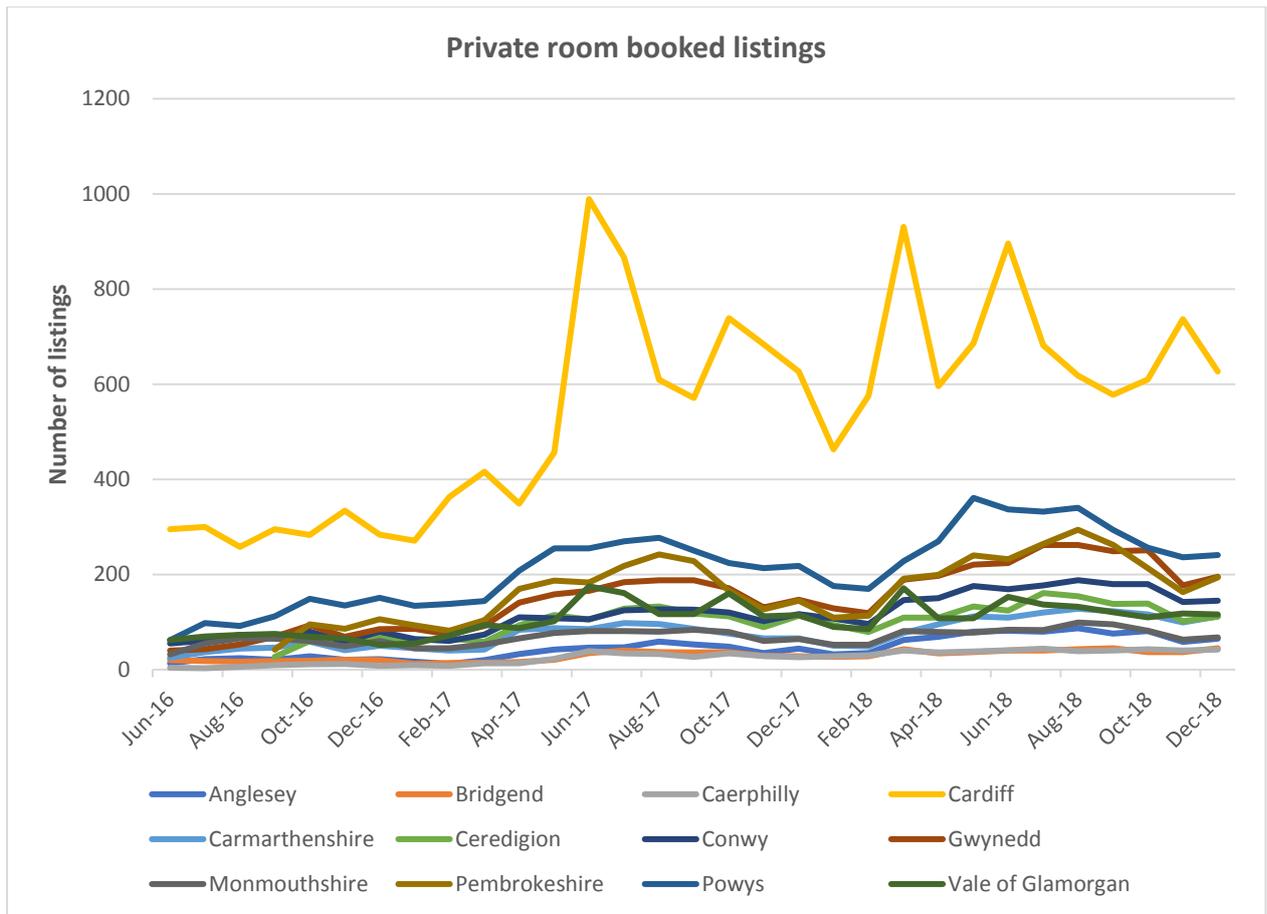
4. Booked listings

These are just the listings where there was at least one booked day in the month. This excludes any 'dead' listings where the property isn't genuinely available for rent (for example a room advertised for a particular event but not later removed by the owner) though it also excludes any properties that are available but have just not been booked for that particular month.

In 2018 an average of 80% of available entire place listings in the pilot area were booked in any one month, ranging from 90% (Monmouthshire) to 62% (Cardiff). For private room listings, an average of 71% were booked in any one month, with a high of 85% (Conwy) and a low of 57% (Vale of Glamorgan).

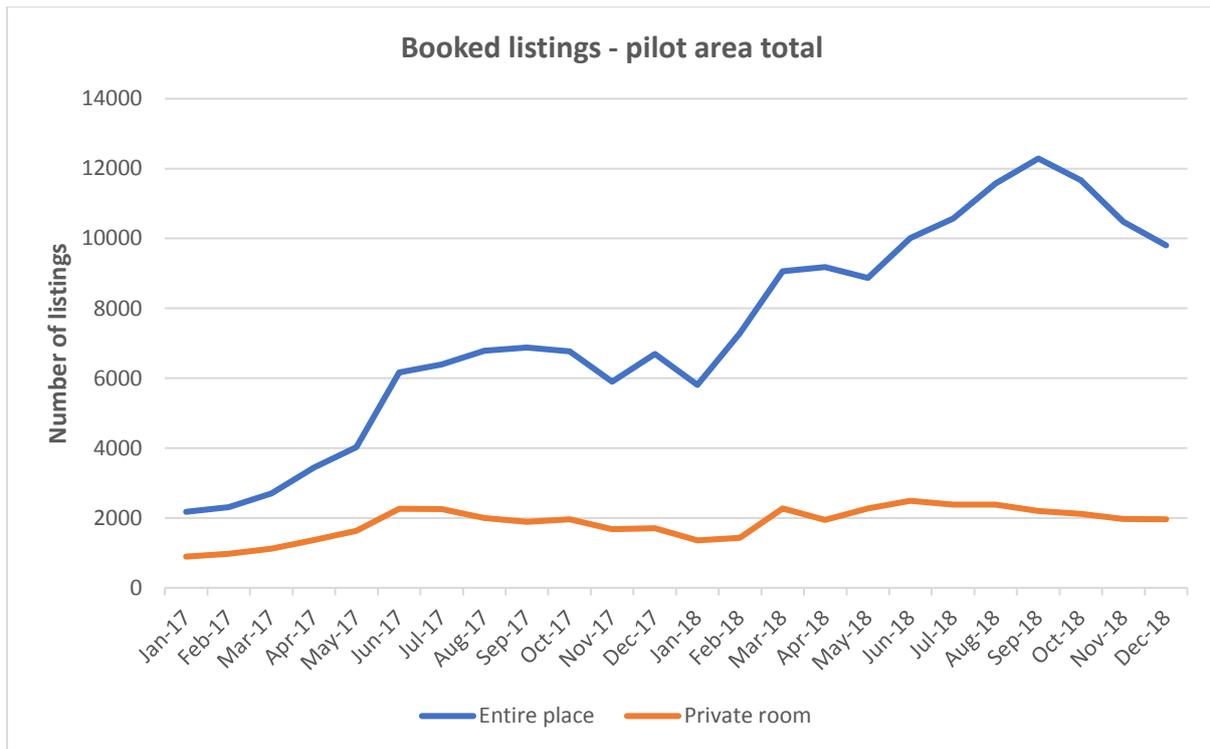


There was an average increase in entire place booked listings of 326% in for the January 2017 – December 2018 period across the pilot area. Pembrokehire had the highest growth, at 520%, with the lowest in Cardiff at 171%.



As expected, the private room listings are a significantly more important element of the Cardiff region peer-to-peer offer than in other areas, forming 54% of the 2018 listings in Caerphilly, 44% in Cardiff and 37% in the Vale of Glamorgan, compared with a pilot area average of 18%.

As with the available listings, growth in private room listings is lower than for the entire place listings, with an average of 157% for the January 2017 – December 2018 period. Caerphilly saw the highest growth at 367%, with the lowest growth in Monmouthshire at 51%.



5. Listings vs population and bed stock

On average across the pilot study area there are 8.0 booked listings per 1000 resident population. This is not a good predictor, though, with considerable variation, from 19.5 in Pembrokeshire to 0.4 in Caerphilly.

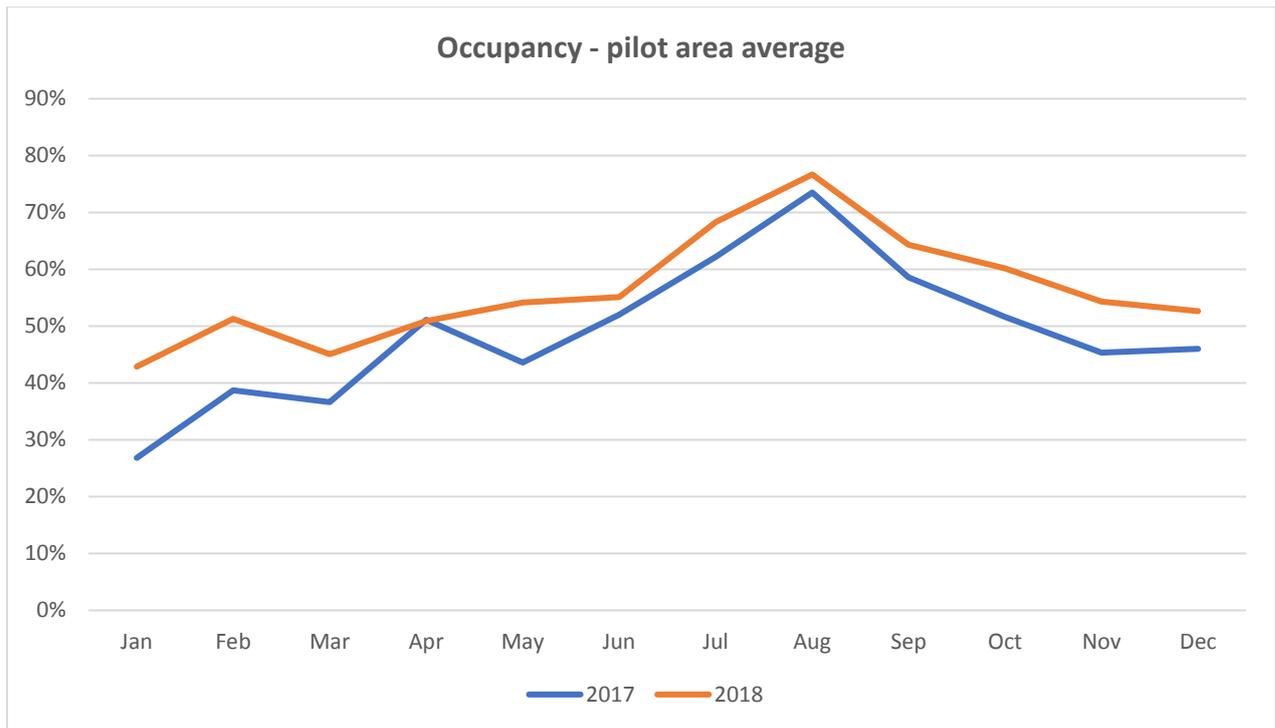
If the booked listings are compared with the listings of known tourist accommodation establishments in local authority bed stock files there is a closer association. Cardiff is an outlier, with 14.0 listings per known accommodation establishment, but other areas are clustered closely around an average of 1.2, with a maximum of 2.3 (Vale of Glamorgan) and a minimum 0.6 (Gwynedd).

6. Occupancy

The metric of listing nights is used to calculate occupancy. This multiplies the booked listings by the number of nights each was available for the month. The occupancy is the number of actually booked listing nights divided by the number of available booked listing nights. Occupancy figures are only provided by AirDNA for entire place listings.

The average occupancies for 2017 and 2018 were 49% and 56%. There was relatively little variation across the pilot areas, with the 2018 maximum of 63% in Anglesey and a minimum 49% in Caerphilly, and a 2017 range of 44% -53%. For comparison, the average self-catering occupancy from the Visit Wales Occupancy Survey was 58% in 2017 and 54% in 2018.

Once 2019 data is available we will be able to judge whether the increase in occupancy from 2017 to 2018 was part of a longer term trend or a one-off.

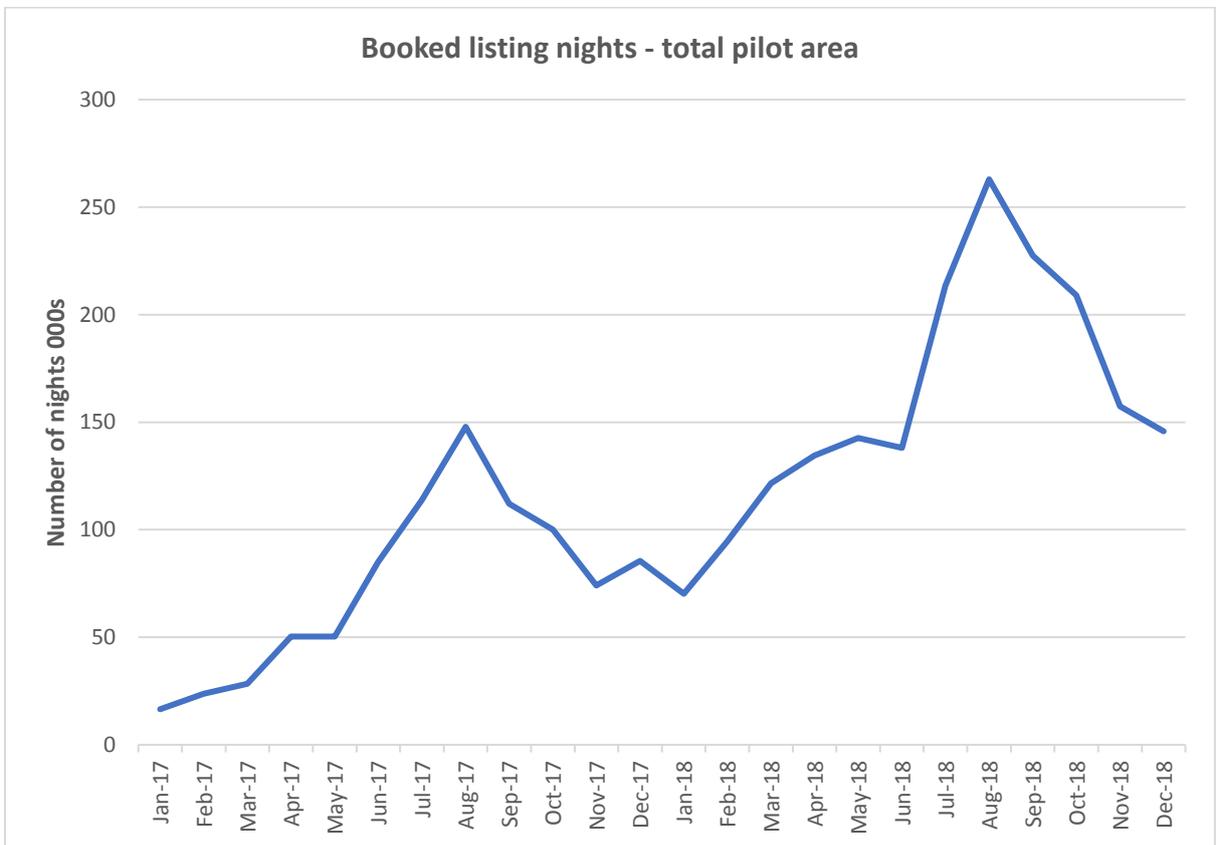
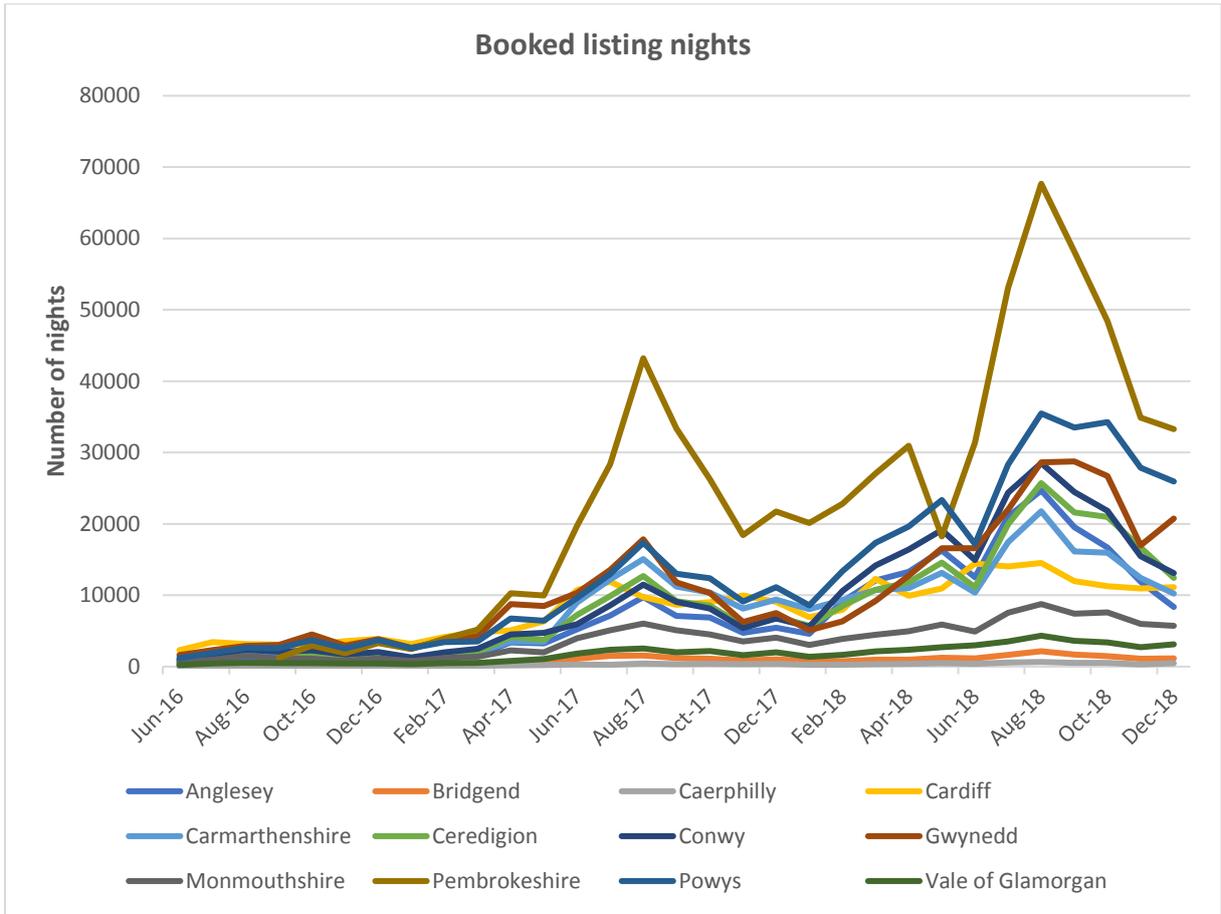


7. Booked listing nights

The occupancy can be used to calculate the number of booked listing nights (again, for entire place bookings only). Across the whole pilot area there was a total of 73,983 in 2017 and 159,787 in 2018 – an increase of 116% between the two years. Over the same period the total available listings increased by 91%, indicating that there is currently a good match between supply and demand.

Anglesey showed the highest growth between the two years, at 201%, with the lowest in Cardiff at 47%, again illustrating the earlier growth of Airbnb in the capital.

Looking at the pilot area as a whole, bookings show a peak in the traditionally expected months of July and August. There is an underlying upward trend which currently makes it difficult to judge how the seasonality in the peer-to-peer market compares with the tourism accommodation market as a whole. 2019 data should help to clarify this.



8. Further research

We do not yet know how many of the properties listed on Airbnb / HomeAway are also listed elsewhere, via more traditional marketing platforms such as self-catering cottage agencies. There will, therefore, be an element of double-counting when looking at the figures in this report – the booked nights here are not necessarily additional to those already counted via STEAM. Much of the growth seen may simply reflect a shift in booking platform rather than a genuine growth in the amount of available tourist accommodation. For this reason no attempt has yet been made to quantify the economic impact of the peer-to-peer websites, although we do already have data from AirDNA on visitor nights and average daily rates.

A survey is ongoing to identify the percentage of known accommodation businesses which use peer-to-peer websites to market their accommodation, and how many of their bookings are achieved that way. Once the results of that survey are available they can be combined with the revenue and booking night data from the AirDNA reports to calculate the genuinely additional benefits of peer-to-peer booking sites and their economic impact. Early results are expected this summer.

As the 2019 data is published we will be able to continue to assess the growth in this market and start to analyse patterns in seasonality and tariffs more fully.

9. Initial conclusions

This research has so far backed up the anecdotal evidence that the peer-to-peer sector is of increasing significance in the tourism market. What has been particularly interesting is that the early positioning of Airbnb and similar as a tool for booking mainly rooms and mainly in cities is now very far from the real picture. In Wales at least there has been a rapid increase in importance of whole property rentals, and swift growth in the last year or so in rural, seaside and small town locations. It does, however, remain to be seen whether this is genuine growth in accommodation capacity or merely a shift in booking methods.

Contact information

If you would like any further information on this research project please contact:

Cathy James

Director (Wales)

Global Tourism Solutions (UK) Ltd

Tel 07984 455388

E-mail cj.gtsuk@btinternet.com

