

## Internet/e-Commerce

# AirDNA update: August data suggests continued deceleration in ADR growth

Industry Overview

**August Data: nights accel. more than offset by ADR decel.**

AirDNA estimates Airbnb nights booked (based on date of booking) accelerated in August to 14% y/y, vs 12% y/y in July, while August bookings growth was 14% vs 17% in July, on softer booked ADR growth of 1% y/y vs 5% y/y in July (+9% y/y in June). Available listings growth accelerated to 26% y/y (vs 17% in July on easing China comp). AirDNA's 3Q Airbnb ADR estimates suggest around 5% y/y growth vs current Street estimate at +3% y/y, and we think AirDNA ests. could be elevated.

**ADR growth in EMEA strong but slowing**

In August, Airbnb's booked nights growth vs 2019 in APAC were 21% below 2019 (vs 30% below in July), LatAm grew 59% above 2019 (vs up 57% in July), North America remained steady at 42%, but EMEA growth vs 2019 decelerated to 17% from 23% in July. Estimated ADR growth decelerated across regions on y/y and vs 2019 basis. Among regions, EMEA's ADR grew at 11% vs 13% y/y in July, and APAC ADR decelerated to -5% y/y from +1% in July. US August ADRs decelerated to -3% y/y vs -1% in July.

**AirDNA 3Q estimates ADR +5% y/y vs Street at +3% y/y**

AirDNA's 3Q estimates suggest Airbnb Revenue of \$3.33bn, slightly below Street est. of \$3.37bn (per Visible Alpha), suggesting growth of 15% y/y (compared to Airbnb's outlook of 14%-18% growth). For Booked nights and total bookings, using the quarterly indexing methodology, AirDNA estimates 112mn nights and \$18.4bn in booking value, below Street for nights at 114mn and slightly above for bookings at \$18.3bn (per Visible Alpha). The implied 3Q ADR of \$164 (+5% y/y) is above Street estimate of \$161 per Visible Alpha. Using AirDNA's other methodology of Booking value = Nights booked \* Booked ADR, AirDNA estimates Airbnb's 3Q booking value at \$18.5bn with booked ADR estimate of \$165 (+6% y/y), vs. Street at \$161 (+3% y/y). This methodology has estimated higher ADRs than reported for several quarters.

**AirDNA's Vrbo listings decelerating, but bookings steady**

AirDNA data suggests VRBO active listings in August were at 1.1mn (down 7% y/y vs 4% in July) and available listings were at 1.1mn (down 9% y/y in Aug vs -7% in July). Nights Booked in August (booked during the reporting period) grew 3% y/y (similar to July growth). For the full 3Q, AirDNA estimates VRBO bookings at \$5.1bn (up 6% y/y) and revenue at \$786mn (up 1% y/y). This implies deceleration vs 2Q estimates of bookings growth at 11% and revenue growth at 8%. Given Vrbo's ongoing migration to Expedia's single tech-stack, we think these estimates are more accurate than prior, but still high.

**Ex-US deceleration is likely; maintain Neutral on Airbnb**

AirDNA's estimates suggests that August nights growth has improved vs July, while booked ADR growth is slowing (estimated -1% m/m). While ADRs have held up better than we anticipated in 2023, and Airbnb is effectively managing to margin growth, we see potential for future bookings and ADR moderation in high growth areas (Europe and ROW) which we think will slow toward US growth rates. We continue to prefer eCommerce to the Travel sector, and maintain our Neutral rating on Airbnb.

10 September 2023

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ADR – Average Daily Rate

AA – Alternative Accommodation

NA – North America

OTA – Online Travel Agency

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**Refer to important disclosures on page 8 to 12. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.**

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# AirDNA August travel data update

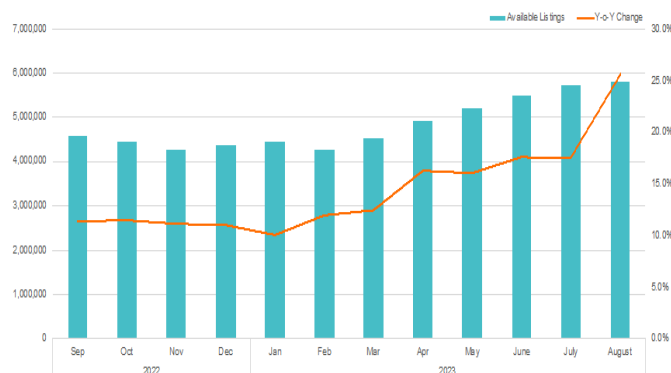
## Airbnb

AirDNA data suggests Airbnb active listings in August were 6.9mn, with growth of 18% y/y (vs 13% growth in July); while available listings grew 26% y/y to 5.8mn (accelerating vs July growth of 17% y/y). Airbnb shutdown its mainland China listings on 30<sup>th</sup> July 2022, impacting monthly comps. Booked listings grew 19% y/y to 4.8mn units.

Demand nights (total number of reserved nights during the reporting period, based on date of stay) y/y growth was steady at 14% in August and July'23. Total Nights booked (based on date of booking) growth accelerated in August to 14% y/y vs July at 12% y/y.

### Exhibit 1: Global Available listings & Y/Y change trailing 12months

Listings y/y growth accelerated to 26% y/y in August vs 17% in July

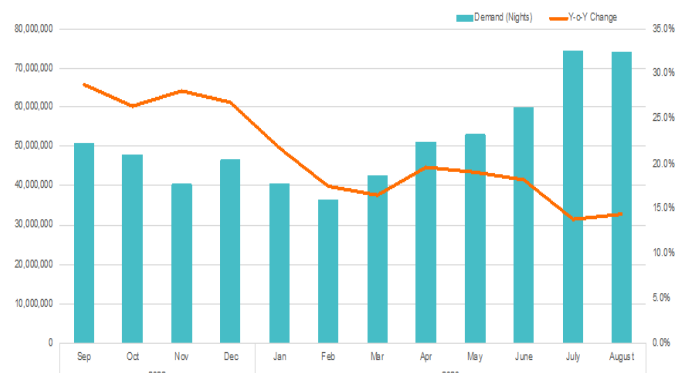


Source: AirDNA

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### Exhibit 2: Global Demand (Nights) & Y/Y change trailing 12 months

Demand y/y growth remained steady at 14% in August and July



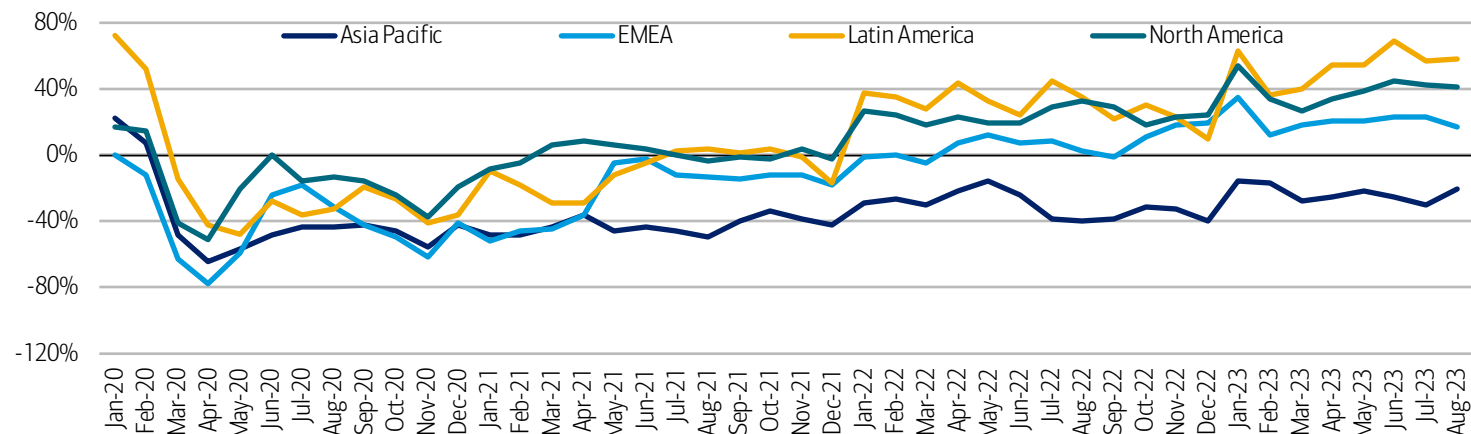
Source: AirDNA

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Airbnb's nights booked (based on date of booking) in APAC were 21% below Aug'19 (accelerating from 30% below in July). Nights booked in EMEA were 17% above 2019, decelerating from 23% in July. While North America and LatAm are comfortably above 2019 levels.

### Exhibit 3: Airbnb: Nights Booked by region vs. 2019

Nights Booked in APAC still remain below 2019 and EMEA decelerated



Source: AirDNA

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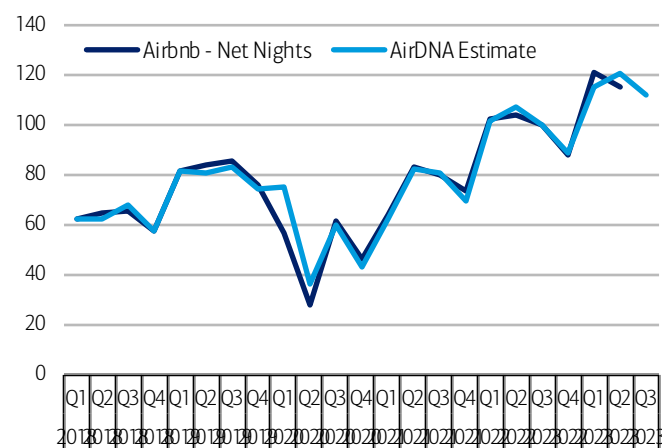
### 3Q estimates vs Street: ADR above and nights below

AirDNA's 3Q estimates suggest Airbnb Revenue of \$3.33bn, slightly below Street est. of \$3.37bn (per Visible Alpha), suggesting growth of 15% y/y (compared to Airbnb's outlook of 14%-18% growth). For Booked nights and total bookings, using the quarterly indexing methodology, AirDNA estimates 112mn nights and \$18.4bn in booking value, below Street for nights at 114mn and slightly above for bookings at \$18.3bn (per Visible Alpha). The implied 3Q ADR of \$164 is above Street estimate of \$161 per Visible Alpha.

Using AirDNA's other methodology of Booking value = Nights booked \* Booked ADR, AirDNA estimates Airbnb's 3Q booking value at \$18.5bn with booked ADR estimate of \$165 (+6% y/y), vs. Street at \$161 (+3% y/y). This methodology has estimated higher ADRs than reported for several quarters.

#### Exhibit 4: AirDNA estimates (nights booked) vs. Airbnb historical

Nights booked in 3Q are expected at 112mn

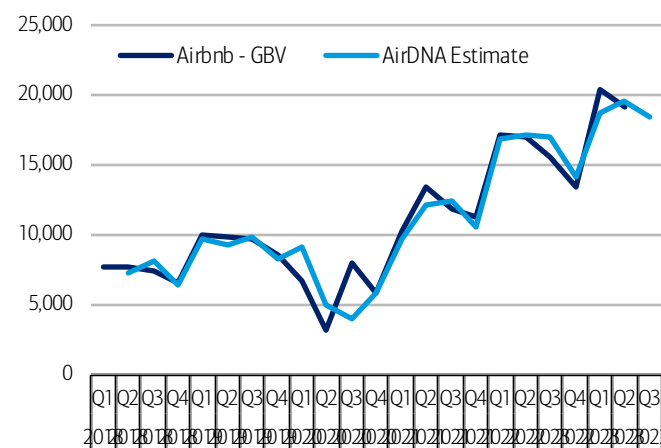


Source: AirDNA

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#### Exhibit 5: AirDNA estimates (booking value) vs. Airbnb historical

Booking value in 3Q are expected at \$18.4bn



Source: AirDNA

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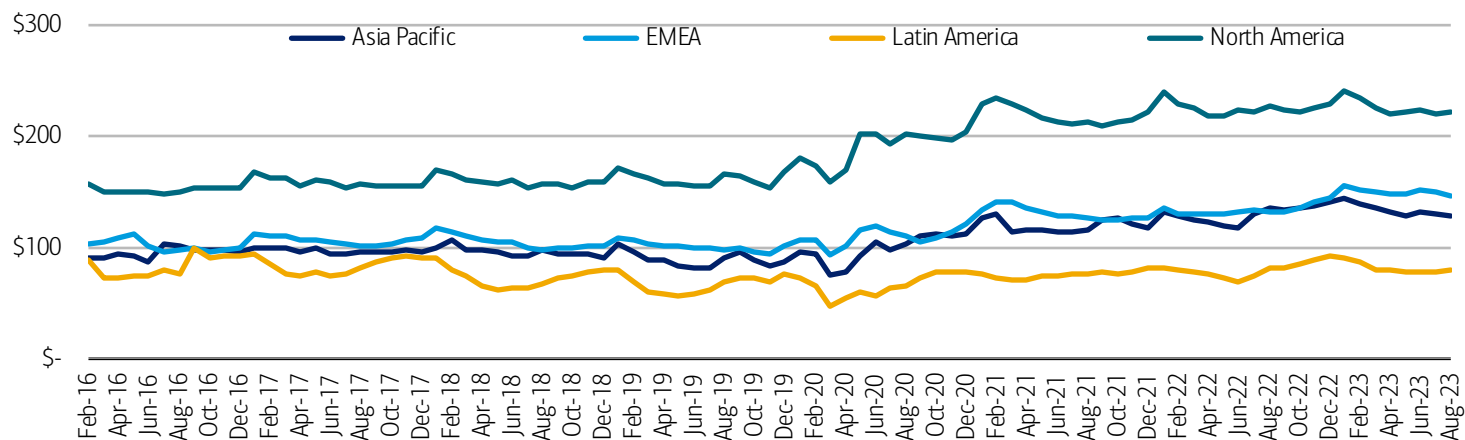
AirDNA's August data shows average m/m ADRs trending down in APAC and EMEA, but trending up in LatAm and NA. On a y/y basis, ADRs in EMEA grew a strong 11% y/y (though decelerating vs 13% growth in July), and ADRs in rest of the geos declined. AirDNA data suggests average booked ADR of \$165 in August vs. \$166 in July'23, and were up 1% y/y in Aug vs. up 5% y/y in July. These ADRs are based on Booked Nights.  $ADR = \text{Booking Value} / \text{Booked Nights}$

\*ADR is the Average Daily Rate charged per listings. ADR includes the nightly rate and excludes service fees or taxes and cleaning fees.

Note: AirDNA has revised its continent aggregations for NA and LatAm. In prior data releases, North America included the U.S. Canada, Mexico, Central America, and the Caribbean. The revised definition of North America only includes the U.S. and Canada (also as per Airbnb's definition). Latin America now includes Mexico, the Caribbean, Central America, and South America.

**Exhibit 6: Airbnb: Booked ADR by region**

Airbnb ADR by region showing North America leading vs. ROW. In August, ADRs in APAC and EMEA softened sequentially vs July



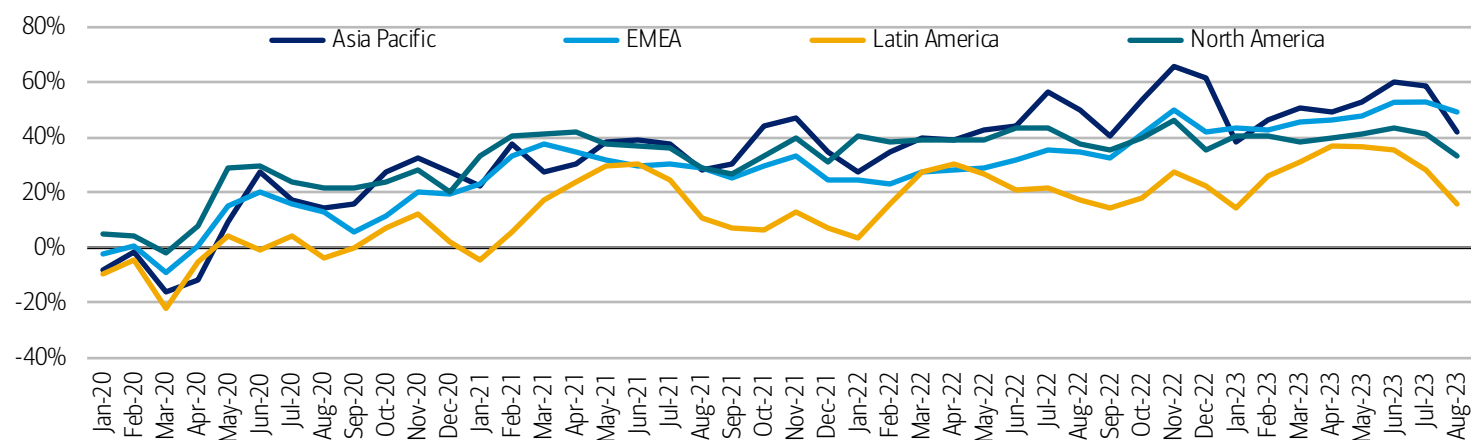
Source: AirDNA

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AirDNA estimates suggest that Airbnb's ADRs remain elevated vs 2019 across regions. The growth vs 2019 has decelerated in August across regions.

**Exhibit 7: Airbnb: Booked ADRs by region (growth vs. 2019)**

EMEA has had biggest increases in ADRs vs 2019



Source: AirDNA

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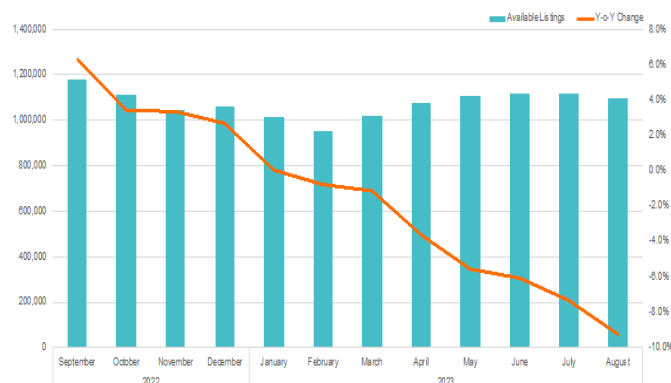
## VRBO

\*Note: AirDNA has updated their definition of Active listings on Vrbo to now use a 2-month timeframe for at least one booking vs previously using 6-months of inactivity. (for Airbnb the AirDNA's definition of active listings continues to use a 6-month timeframe). This change has resulted in lower estimated room night and bookings growth.

AirDNA data suggests VRBO active listings\* in August were at 1.1mn (down 7% y/y vs 4% in July) and available listings were at 1.1mn (down 9% y/y in Aug vs -7% in July). Nights Booked in August (booked during the reporting period) grew 3% y/y (similar to July growth). For the full 3Q, AirDNA estimates VRBO bookings at \$5.1bn (up 6% y/y) and revenue at \$786mn (up 1% y/y). This implies deceleration vs 2Q estimates of bookings growth at 11% and revenue growth at 8%.

### Exhibit 8: Global Available Listings & Y-o-Y Change Trailing 12 month

Listings y/y growth decelerated to -9% in Aug vs -7% in July

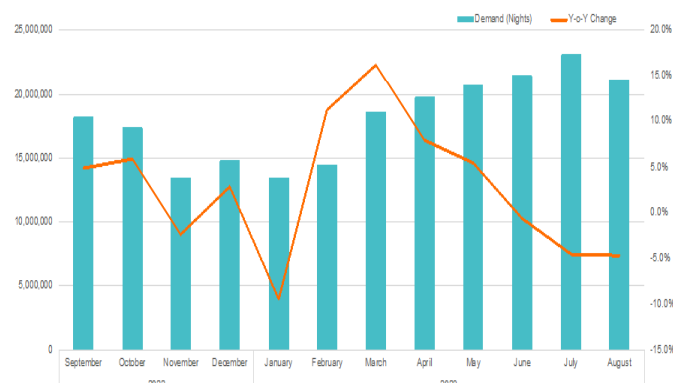


Source: AirDNA

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### Exhibit 9: Global Demand (Nights) & Y/Y change trailing 12 months

Demand (Nights) declined 5% in August and July



Source: AirDNA

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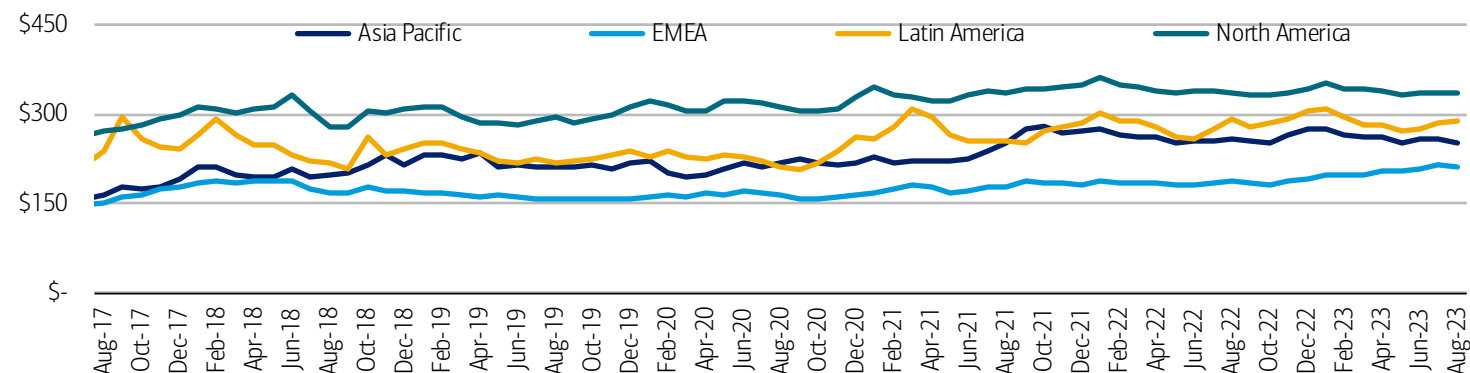
On m/m basis, AirDNA's August data shows VRBO ADRs trending down in most regions except LatAm. EMEA ADR has seen the highest y/y growth at around 11%.

ADR = Booking Value / Booked Nights

\*ADR is the Average Daily Rate charged per listings. ADR includes the nightly rate and excludes service fees or taxes and cleaning fees.

### Exhibit 10: Vrbo: Booked ADR by region

ADRs up in all regions on m/m and y/y basis



Source: AirDNA

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**Exhibit 11: Stocks mentioned**  
Prices and ratings summary

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ABNB	ABNB US	Airbnb	US\$ 145.82	C-2-9
BKNG	BKNG US	Booking Holdings	US\$ 3143.1	B-2-9
EXPE	EXPE US	Expedia	US\$ 109.8	C-1-8

Source: BofA Global Research

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## Price objective basis & risk

### Airbnb (ABNB)

Our \$155 price objective is based on 8x our 2024 Revenue estimate (representing 23x 2024 EBITDA). This multiple is at the high end of our Marketplace comp group range 2-8x reflecting still early alternative accommodation market penetration, category leadership, and significantly higher margins and FCF generation than most peers.

Risks are: 1) multiple compression given high relative valuation, 2) potential for increased competition from direct competitors driving up marketing spend, 3) growth or margin improvement below expectations on declining ADRs, and 4) slowing growth as post-pandemic travel surge stalls.

### Booking Holdings Inc (BKNG)

Our price objective is \$3,400, based on 19x our 2024E EPS + Cash. Historically Booking Holdings' multiple range is 10-24x. We think a forward P/E multiple premium to some travel peers is appropriate given higher quality of non-GAAP earnings that includes SBC expense, and strong FCF generation.

Risks to estimates and PO are: 1) a global economic downturn or Global conflicts that reduce travel activity, 2) competition for traffic from Google lowering growth or margins, 3) hotels favoring their own distribution channels, 4) FX volatility, and 5) increased competition from Expedia, TripAdvisor, Trip.com, and Airbnb. The stock has been subject to heavy volatility in the past based on travel disruptions and this volatility could increase due to greater economic uncertainty.

### Expedia (EXPE)

Our \$145 PO is based on a 50-50 blend of P/E and sum-of-the-parts valuations based on 2024 estimates. Our sum-of-the-parts valuation is based on a 8x EBITDA, and separate values for Trivago and assets. Our P/E valuation is based on 13x EPS. Our P/E multiple is within Expedia's historical ranges of forward EPS and a discount compared to Booking valuation given use of non-GAAP EPS.

Downside risks to our PO are 1) economic downturn or prolonged new wave virus outbreak leading to fewer travel bookings, 2) competition traffic lowering the company's growth or margin opportunity, 3) more aggressive hotel direct booking initiatives 4) Google disintermediation, and 5) slowdown in VRBO growth post-pandemic.

## Analyst Certification

I, Justin Post, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## US - Internet Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	Expedia	EXPE	EXPE US	Justin Post
	Meta Platforms Inc	META	META US	Justin Post
	RH	RH	RH US	Curtis Nagle, CFA
	Roblox Corp. Class A	RBLX	RBLX US	Omar Dessouky, CFA
	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
	Uber	UBER	UBER US	Justin Post
	Vivid Seats	SEAT	SEAT US	Curtis Nagle, CFA
	Wayfair	W	W US	Curtis Nagle, CFA
	Zillow	ZG	ZG US	Curtis Nagle, CFA
	Zillow	Z	Z US	Curtis Nagle, CFA
<b>NEUTRAL</b>				
	1stDibs.com	DIBS	DIBS US	Curtis Nagle, CFA
	Airbnb	ABNB	ABNB US	Justin Post
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	eBay	EBAY	EBAY US	Curtis Nagle, CFA
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Overstock.com Inc	OSTK	OSTK US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Justin Post
	Pinterest	PINS	PINS US	Justin Post
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
<b>UNDERPERFORM</b>				
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA

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## Important Disclosures

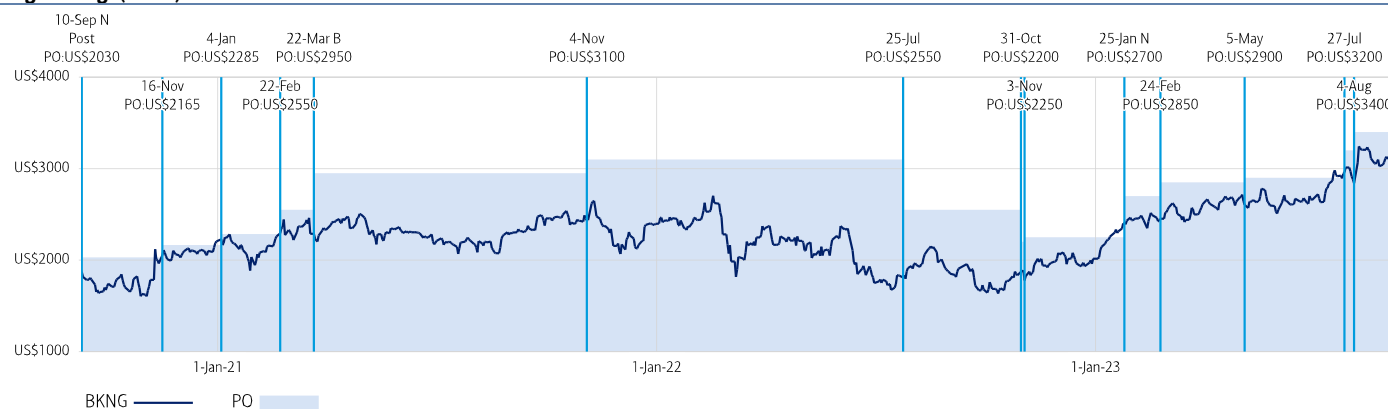
## Airbnb (ABNB) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.



**Booking Holdings (BKNG) Price Chart**

B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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**Expedia (EXPE) Price Chart**

B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

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**Equity Investment Rating Distribution: Technology Group (as of 30 Jun 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	212	53.13%	Buy	103	48.58%
Hold	89	22.31%	Hold	45	50.56%
Sell	98	24.56%	Sell	30	30.61%

**Equity Investment Rating Distribution: Global Group (as of 30 Jun 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1877	53.28%	Buy	1040	55.41%
Hold	815	23.13%	Hold	464	56.93%
Sell	831	23.59%	Sell	385	46.33%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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