

Internet/e-Commerce

AirDNA update: September data suggests modest uptick in nights growth

Industry Overview

September Data: modest nights accel. offset by ADR decel.

AirDNA estimates Airbnb nights booked (based on date of booking) accelerated in September to 15% y/y, vs 14% y/y in August, while September bookings growth was steady at 15% y/y, on softer booked ADR growth of 0.1% y/y vs 0.4% y/y in Aug (+5% y/y in July). Available listings (ex-China) growth slightly accelerated to 26% y/y (vs 25% in Aug). For the full quarter, Airbnb estimates nights slightly below Street and bookings slightly above, see below.

AirDNA 3Q estimates mixed vs Street for Airbnb

AirDNA's 3Q estimates suggest Airbnb Revenue of \$3.35bn, 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 113mn nights and \$18.5bn 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 \$163 (+4% y/y) is above Street estimate of \$160 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 \$164 (+4.5% y/y), vs. Street at \$160 (+2% y/y). This methodology has estimated higher ADRs than reported for several quarters.

VRBO data impacted by platform change

AirDNA's capture of Vrbo data for 3Q has been impacted by a change to Vrbo's technical infrastructure as part of Vrbo's migration to the Expedia platform. New Vrbo listings and bookings for those listings from July to Sep'23 have not been reported within AirDNA. AirDNA expects October data update to reflect relevant adjustments for Vrbo.

Solid Sept but see risk of slowing; Neutral on Airbnb

AirDNA's estimates suggests that September booked nights growth has improved vs August and July, a positive, while booked ADR growth seeing usual seasonal pressure (estimated -2% 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 maintain our Neutral rating on Airbnb given valuation, and our view that 2024 European booking trends could slow toward the US.

12 October 2023

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ADR – Average Daily Rate

AA – Alternative Accommodation

NA – North America

OTA – Online Travel Agency

Vrbo – Vacation Rental By Owner

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Refer to important disclosures on page 8 to 11. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.

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Timestamp: 12 October 2023 11:34PM EDT

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AirDNA September travel data update

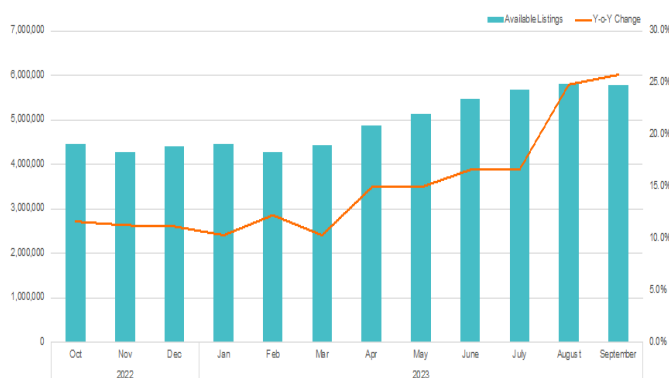
Airbnb

AirDNA data suggests Airbnb active listings in September were 6.9mn, with growth of 18% y/y (similar growth in Aug); while available listings grew 26% y/y to 5.8mn (accelerating slightly vs Aug growth of 25% y/y). Booked listings grew 21% y/y to 4.5mn units.

Demand nights (total number of reserved nights during the reporting period, based on date of stay) y/y growth accelerated to 19% in Sept vs 14% in Aug'23. AirDNA estimates Airbnb nights booked (based on date of booking) accelerated in September to 15% y/y, vs 14% y/y in August, while September bookings growth was steady at 15% y/y, on softer booked ADR growth of 0.1% y/y vs 0.4% y/y in Aug (+5% y/y in July).

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

Listings y/y growth accelerated to 26% y/y in September vs 25% in Aug

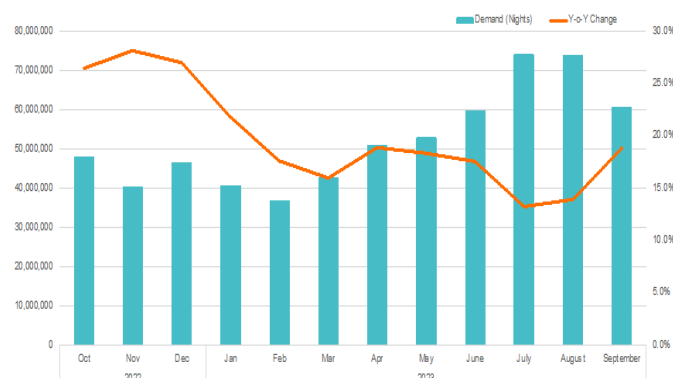


Source: AirDNA

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

Demand y/y growth accelerated to 19% in Sept vs 14% in Aug



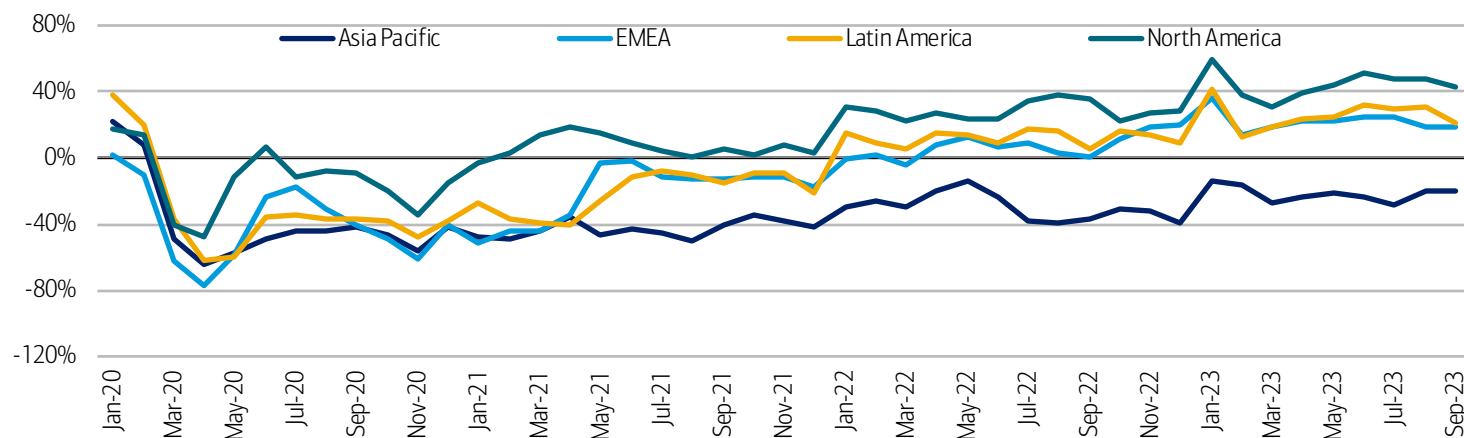
Source: AirDNA

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Airbnb's nights booked (based on date of booking) in APAC were 20% below Sep'19 (similar to August). Nights booked in EMEA were 19% above 2019 (similar to Aug). While North America and LatAm are also comfortably above 2019 levels.

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

Nights Booked in APAC still remain below 2019, and LatAm and NA decelerated



Source: AirDNA

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Nights Booked in APAC still remain below 2019, and LatAm and NA decelerated

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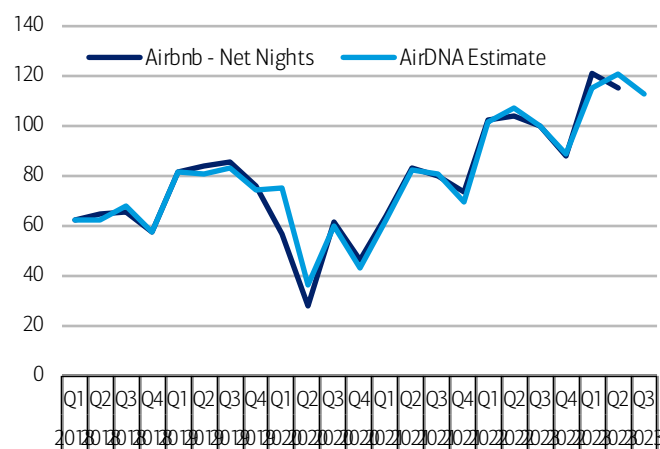
3Q estimates vs Street: ADR above and nights below

AirDNA's 3Q estimates suggest Airbnb Revenue of \$3.35bn, 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 113mn nights and \$18.5bn 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 \$163 is above Street estimate of \$160 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 \$164 (+4.5% y/y), vs. Street at \$160 (+2% 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 113mn

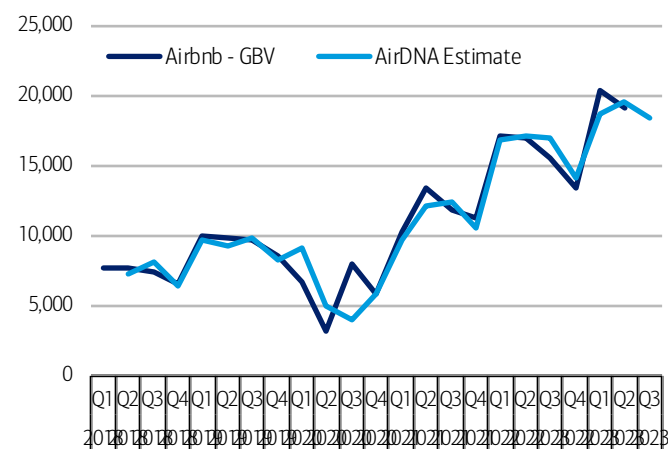


Source: AirDNA

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

Booking value in 3Q are expected at \$18.5bn



Source: AirDNA

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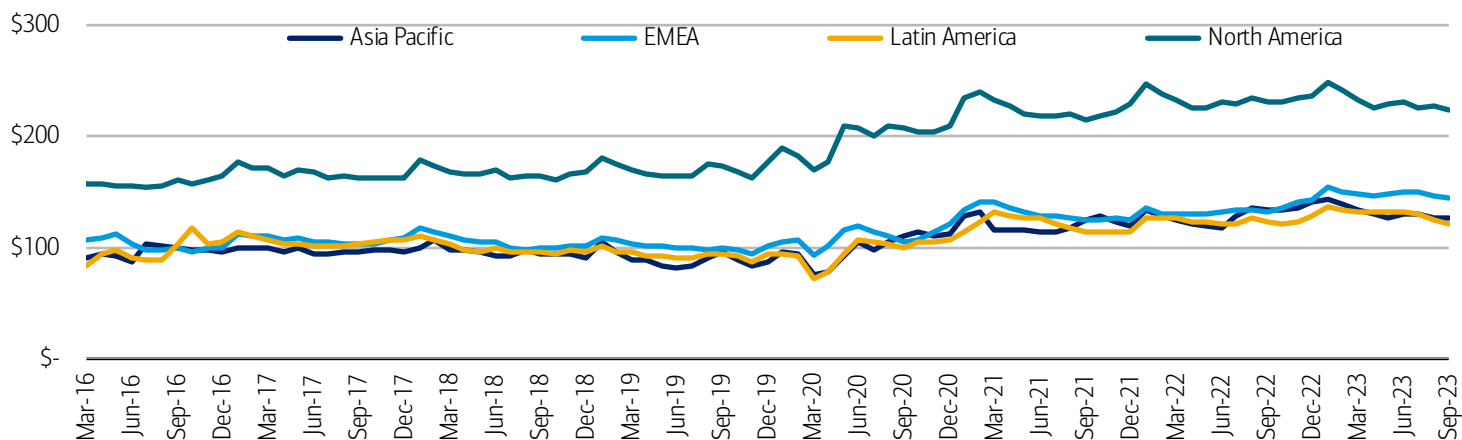
AirDNA's September data shows average m/m ADRs trending down in all regions. On a y/y basis, ADRs in EMEA grew a strong 9% y/y (though decelerating vs 10% growth in Aug), and ADRs in rest of the geos declined y/y. AirDNA data suggests average booked ADR of \$161 in September vs \$164 in August, and were up 0.1% y/y in Sep vs. up 0.4% y/y in Aug. 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 September, ADRs softened sequentially in all regions



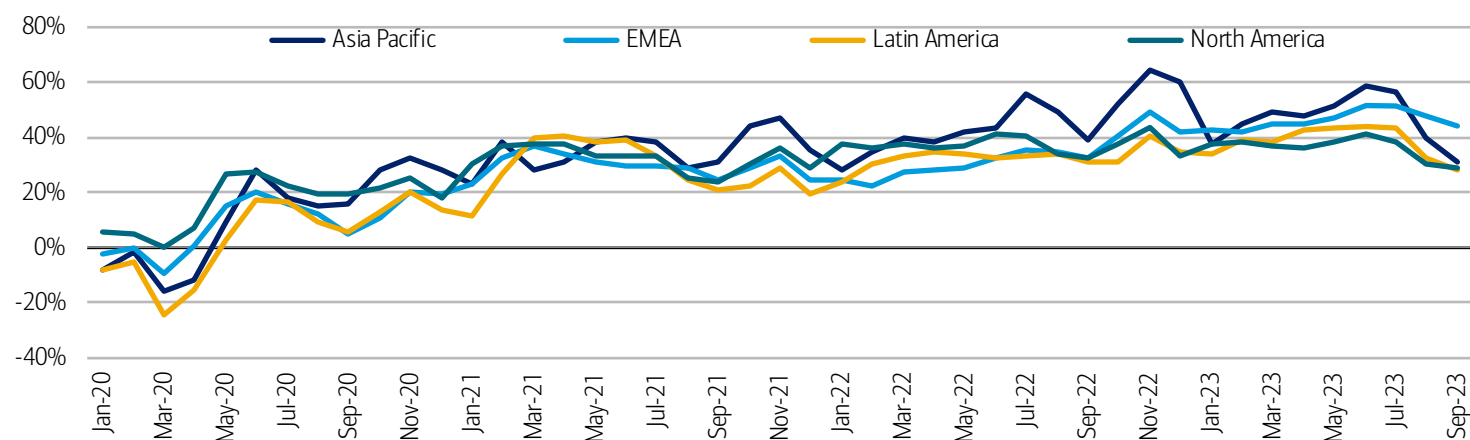
Source: AirDNA

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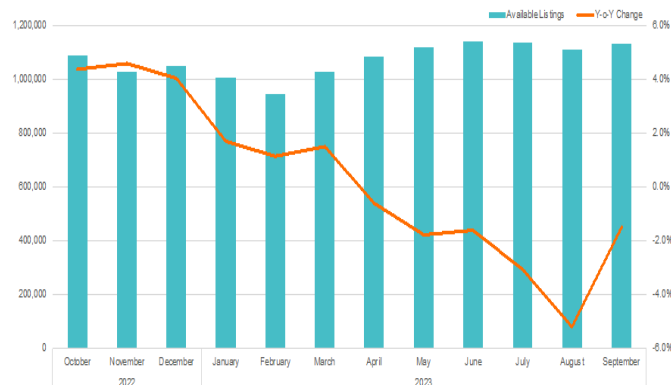
VRBO

*Note: Vrbo made a change to their technical infrastructure as part of their migration to the Expedia platform. Due to this change, for the months of July, August, and September 2023, AirDNA was unable to report on new Vrbo listings and any subsequent demand booked in those properties from the time they were listed to the end of September. Also, 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 September were at 1.1mn (down 4% y/y vs -3% in Aug) and available listings were at 1.1mn (down 1% y/y in Sep vs -5% in Aug). Nights Booked in September (booked during the reporting period) grew an estimated 16% y/y (accelerating vs 8% growth in Aug). For the full 3Q, AirDNA estimates VRBO bookings at \$5.6bn (up 15% y/y) and revenue at \$875mn (up 11% y/y). This implies acceleration 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 accelerated to -1% in Sept vs -5% in Aug

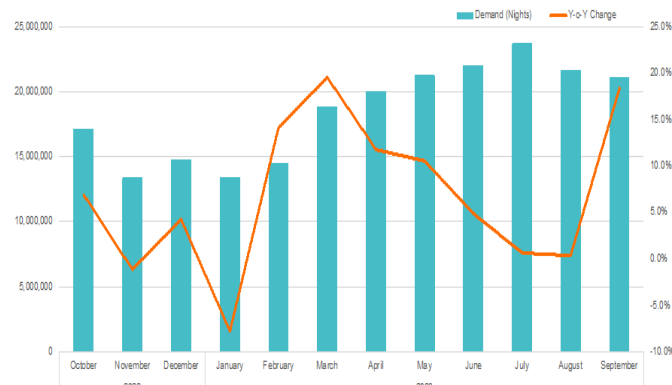


Source: AirDNA

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

Demand (Nights) accelerated to 18% in September vs flat y/y in Aug



Source: AirDNA

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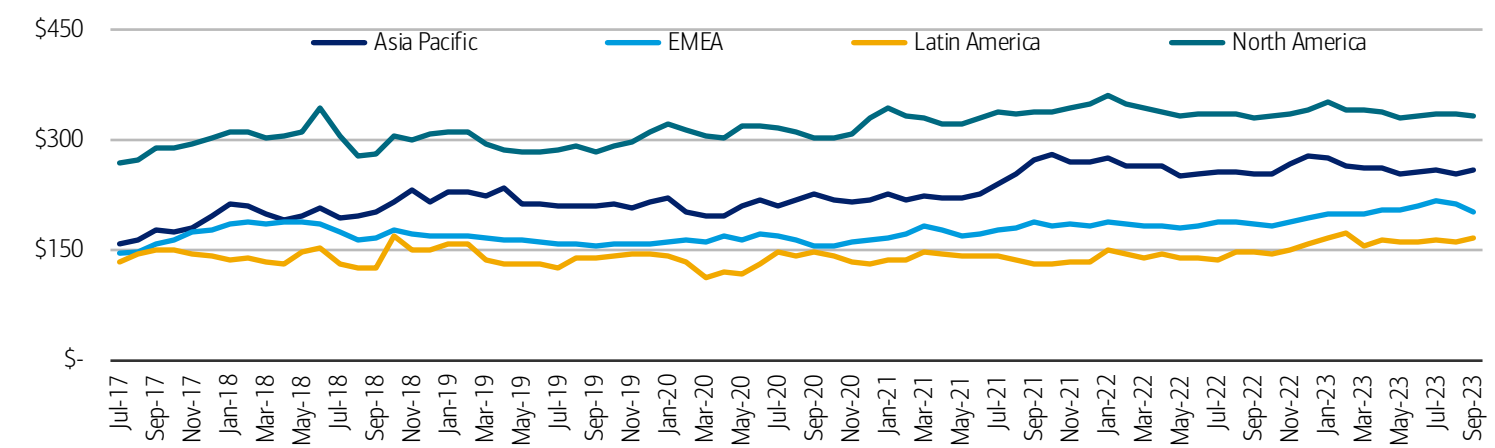
On m/m basis, AirDNA's August data shows VRBO ADRs trending down in NA and EMEA and trending up in LatAm and APAC. LatAm ADR has seen the highest y/y growth at around 14% y/y, followed by EMEA at 8% y/y.

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 y/y basis



Source: AirDNA

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Exhibit 11: Stocks mentioned

Prices and ratings for stocks mentioned in the report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ABNB	ABNB US	Airbnb	US\$ 125.97	C-2-9

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.

Analyst Certification

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US - Internet Coverage Cluster

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	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	DoorDash	DASH	DASH US	Michael McGovern
	Electronic Arts	EA	EA US	Omar Dessouky, CFA
	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
	Squarespace, Inc.	SQSP	SQSP US	Michael McGovern
	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
NEUTRAL				
	Airbnb	ABNB	ABNB US	Justin Post
	Booking Holdings Inc	BKNG	BKNG US	Justin Post
	Digital Turbine, Inc	APPS	APPS US	Omar Dessouky, CFA
	eBay	EBAY	EBAY US	Justin Post
	Etsy, Inc.	ETSY	ETSY US	Curtis Nagle, CFA
	Overstock.com Inc	OSTK	OSTK US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Curtis Nagle, CFA
	Pinterest	PINS	PINS US	Justin Post
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
	Snap	SNAP	SNAP US	Justin Post
UNDERPERFORM				
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Redfin Corp	RDFN	RDFN US	Curtis Nagle, CFA

Disclosures

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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.

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Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	204	51.52%	Buy	104	50.98%
Hold	95	23.99%	Hold	45	47.37%
Sell	97	24.49%	Sell	27	27.84%

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1869	53.48%	Buy	1046	55.97%
Hold	828	23.69%	Hold	461	55.68%
Sell	798	22.83%	Sell	370	46.37%

^{R1} 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 ^{R2}
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Underperform	N/A	≥ 20%

^{R2} 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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