

Internet/e-Commerce

AirDNA data update: Airbnb bookings growth accelerates in February

Price Objective Change

February data suggests nights growth acceleration

AirDNA estimates Airbnb's nights booked (based on date of booking) were up 24% y/y in February vs. 5% y/y in January (tough Omicron comps). While February likely benefitted 300-400bps from Leap Year, and AirDNA changed its nights estimate methodology (older method had more upside), the data suggests accelerating growth on easing comps. AirDNA's February data shows average booked ADR of \$173.5 in February, flat y/y vs. up 1% y/y in Jan. We also note Airbnb's available listings growth in February accelerated to 31% y/y vs. Jan at 26% y/y, suggesting consistent and strong supply growth.

AirDNA's 1Q est. suggest revenue upside, in line bookings

AirDNA's upwardly revised 1Q estimates suggest Airbnb Revenue of \$2.13bn, above the Street at \$2.06bn (per Visible Alpha). For Booked nights and total bookings (Airbnb switched back to the quarterly change methodology for estimates), AirDNA estimates 132.5mn nights (up 9.4% y/y), modestly above Street at 131.8mn. Using the older y/y change method, AirDNA estimates nights at 140.7mn (up 16.2% y/y). For Bookings, AirDNA estimates \$22.3bn in booking value, inline with Street (per Visible Alpha). AirDNA estimates imply 1Q booked ADR of \$168, vs. Street at \$169 (0.6% y/y).

VRBO bookings improve vs Jan, still down y/y

AirDNA data suggests VRBO Active listings in February were at 1.3mn (up 4% y/y vs. 2% in Jan) and available listings were at 1mn (up 1% y/y vs. down 1% y/y in Jan). Nights Booked in February (booked during the reporting period) declined 2.4% y/y vs -12.1% in January (also a possible Leap Year benefit). For the full 1Q24, AirDNA estimates VRBO bookings at \$4.7bn (-8.8% y/y) and revenue at \$372mn (up 0.6% y/y). For 4Q23, AirDNA estimated bookings decline at 4% and revenue growth of around 2% y/y.

Growth outlook improved, raise ABNB PO to \$168

With acceleration in room nights growth in February, AirDNA's estimates suggest that growth in Alternative Accommodation (AA) bookings have rebounded off January lows and a 1Q meet/beat is more likely. Supply growth is another bright spot, and the Street seems to be positive on growth opportunities around host and guest services. However, we recognize AirDNA's frequent changes to estimate methodology, and still anticipate tough comps in Europe in 2024, with growth possibly slowing toward US. We increase our Airbnb PO to \$168 from \$155 on a higher multiple of 22x 2025E EBITDA (vs 20x previously, implying 20x 2025 FCF) on nights and margin upside potential, but reiterate our Neutral rating given valuation.

13 March 2024

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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 7 to 11. Analyst Certification on page 6. Price Objective Basis/Risk on page 6.

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Timestamp: 13 March 2024 10:04PM EDT

AirDNA February travel data update

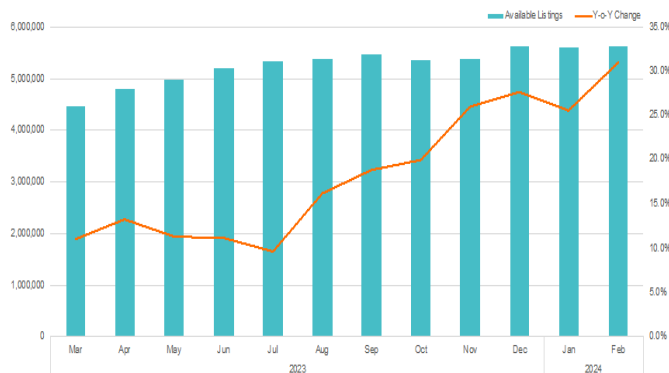
Airbnb

AirDNA data suggests Airbnb active listings in February were 7.3mn, up 19% y/y (vs 18% in Jan); while available listings grew 31% y/y to 5.6mn. Booked listings grew 25% y/y to 3.9mn units.

Demand nights y/y growth (total number of reserved nights during the reporting period, based on date of stay) accelerated to 28% in February. The Nights booked (based on date of booking) accelerated on y/y basis to 24% in February vs 11% in Jan (Jan had tough Omicron comps).

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

Listings y/y growth was at 31% in Feb vs. 26% in Jan

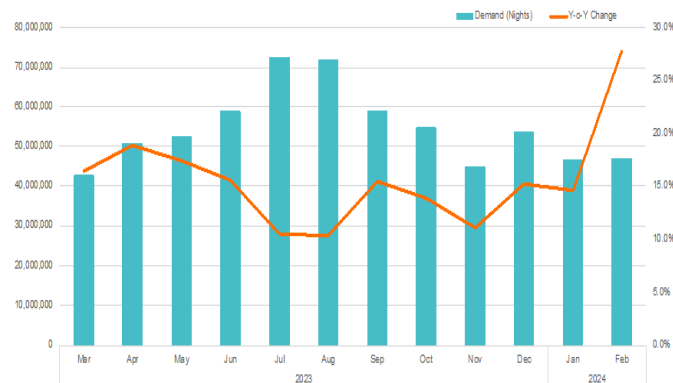


Source: AirDNA

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

Demand y/y growth was at 28% in Feb vs. 15% in Jan



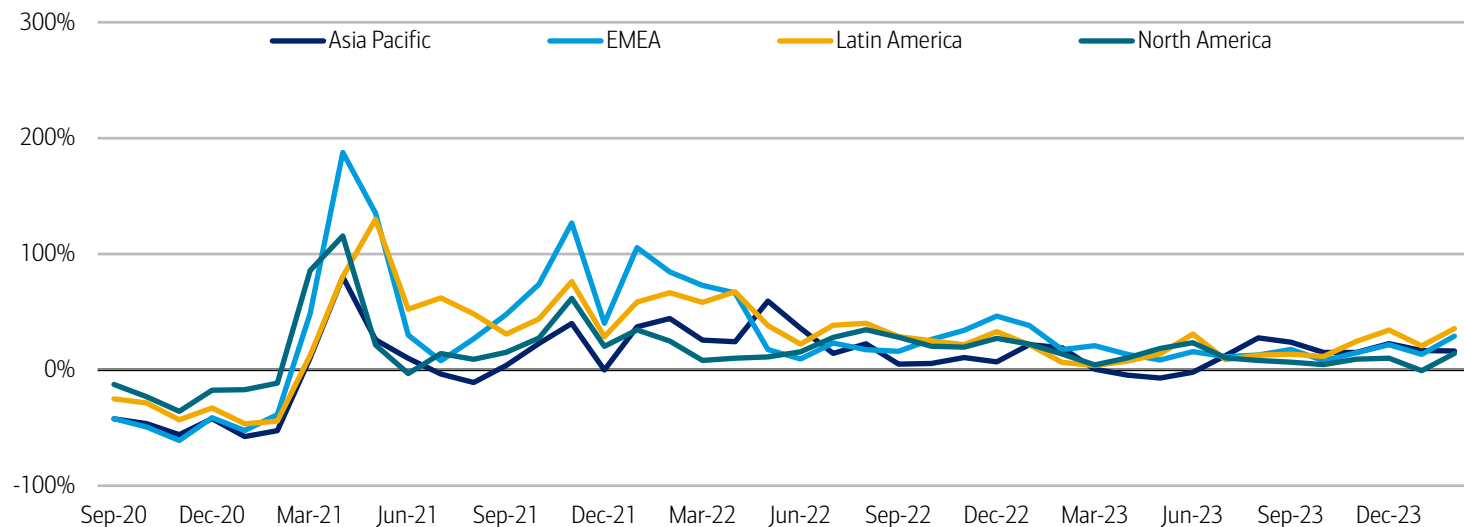
Source: AirDNA

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Airbnb's nights booked (based on date of booking) in LatAm saw the highest growth at 36% y/y, followed by EMEA at 29% y/y. APAC slowed to 16% y/y from 17% y/y in Jan'24 and was 2% above Feb'19.

Exhibit 3: Airbnb: Nights Booked by region (y/y growth)

Nights Booked growth has normalized



Source: AirDNA

Exhibit 3: Airbnb: Nights Booked by region (y/y growth)

Nights Booked growth has normalized

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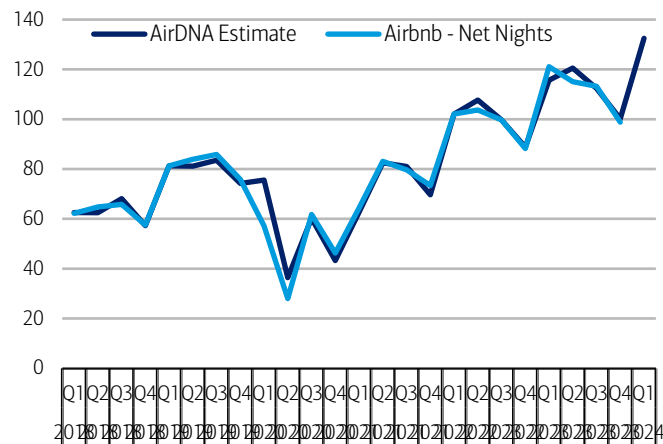
1Q estimates suggest Revenue upside, in line bookings

AirDNA's 1Q estimates suggest Airbnb Revenue of \$2.13bn, above street at \$2.06bn (per Visible Alpha). For Booked nights and total bookings, using the *new quarterly change** methodology (AirDNA has 2 estimate methodologies), AirDNA estimates 132.5mn nights (up 9.4% y/y), above Street at 131.8mn. Using the older y/y change method AirDNA estimates nights at 140.7mn (up 16.2% y/y). AirDNA estimates \$22.3bn in booking value, and in line with Street for bookings (per Visible Alpha). AirDNA estimates imply 1Q booked ADR of \$168, vs. Street at \$169 (0.6% y/y).

Note (new quarterly change): AirDNA has reverted back to q/q adjustment of quarterly estimates to previous quarter's actuals from y/y adjustment they used last quarter.*

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

Nights booked in 1Q are expected at 132.5mn

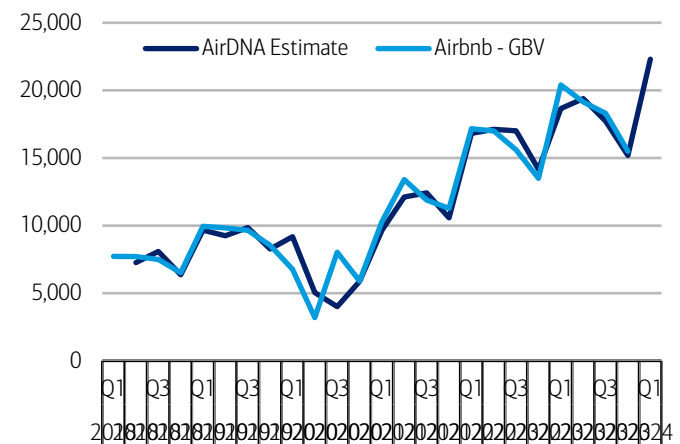


Source: AirDNA

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Exhibit 5: AirDNA estimates (GBV) vs. Airbnb historical

Booking Value in 1Q is estimated at \$22.3bn



Source: AirDNA

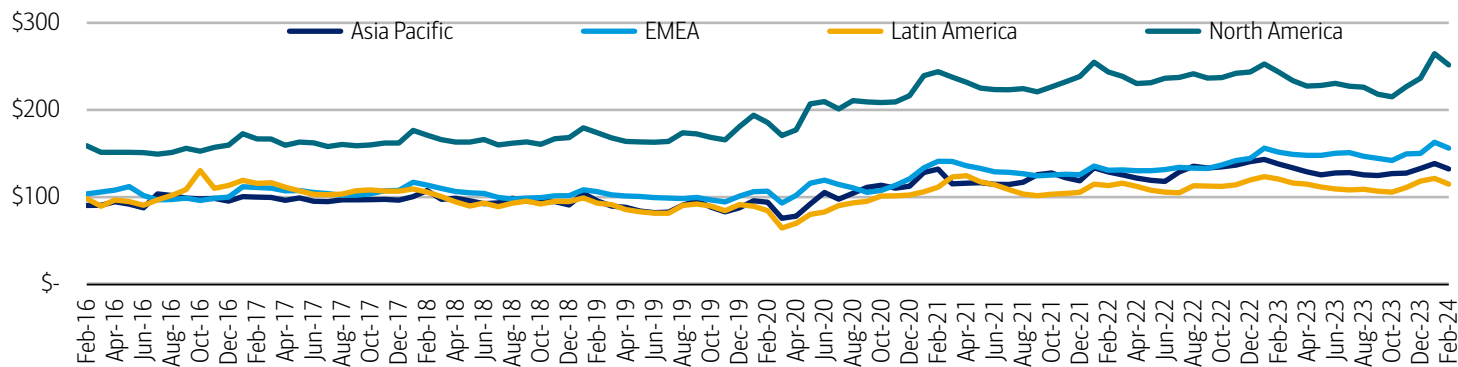
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AirDNA's February data shows average m/m ADRs trending down across regions. AirDNA data suggests average booked ADR of \$173.5 in February, flat y/y vs. up 1% y/y in January (\$180). These ADRs are based on Booked Nights. $ADR = \text{Booking Value} / \text{Booked Nights}$

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

Exhibit 6: Airbnb: Booked ADR by region

Airbnb ADR by region showing North America leading vs. ROW. February ADRs saw a slight downtick vs. January in all regions



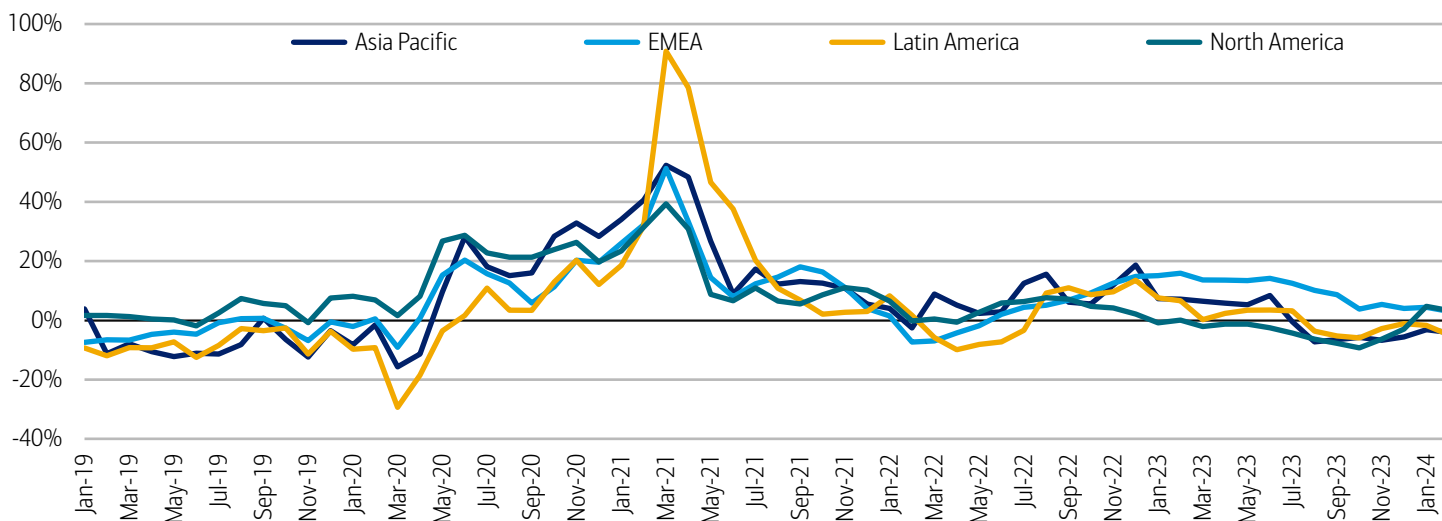
Source: AirDNA

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AirDNA estimates suggest that Airbnb's ADRs remain elevated y/y in N.A. and EMEA (though growth decelerated vs January) and ADRs declined y/y in APAC and LatAm.

Exhibit 7: Airbnb: Booked ADRs by region (y/y growth)

APAC and LatAm ADRs declined y/y, but NA and EMEA ADRs saw y/y growth



Source: AirDNA

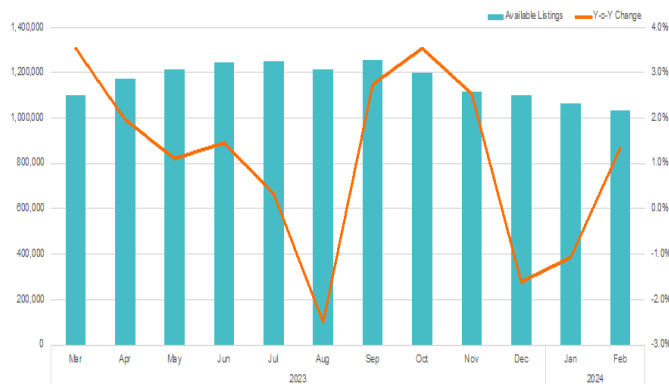
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VRBO

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

Listings y/y growth accelerated to 1% in Feb vs. -1% in Jan

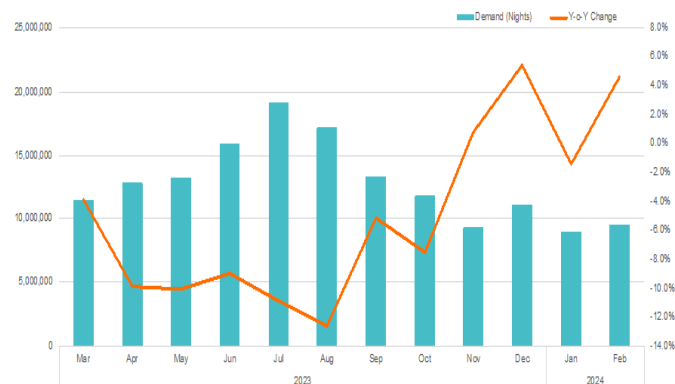


Source: AirDNA

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

Demand (Nights) grew at 5% in Feb vs. -1% in Jan



Source: AirDNA

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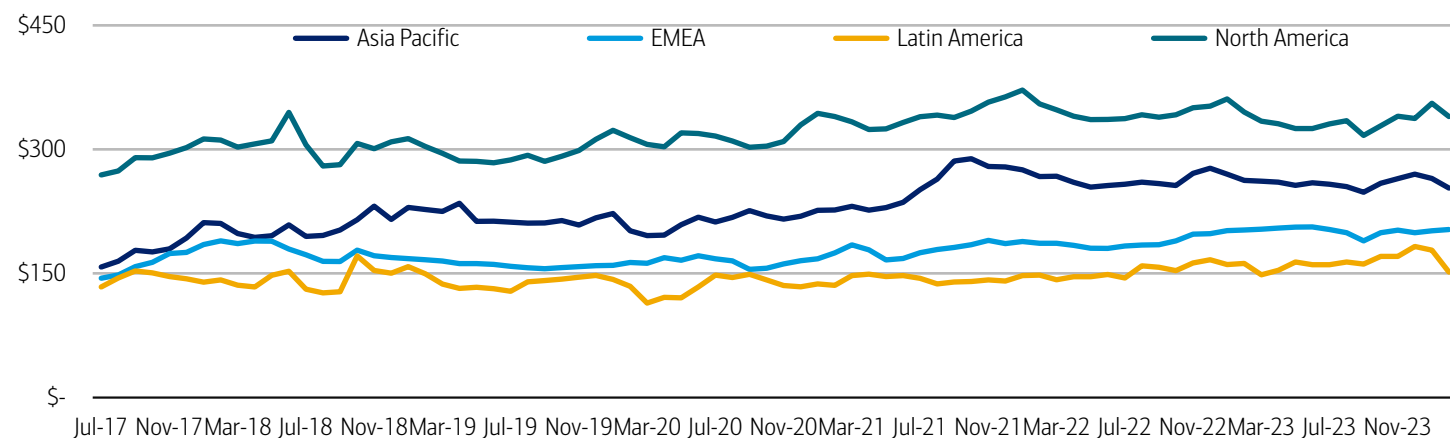
AirDNA's February data shows VRBO ADRs down on y/y and m/m basis across most regions, but EMEA was up 1% m/m and flat y/y.

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

VRBO ADRs down in most regions except EMEA



Source: AirDNA

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Price objective basis & risk

Airbnb (ABNB; C-2-9; \$164.76)

Our \$168 price objective is based on 22x 2025E EBITDA (representing (implying 20x 2025 FCF). This multiple is at the higher end of our Marketplace comp group range 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; B-2-7; \$3500.00)

Our price objective is \$3,900, based on 19x our 2025E EPS + Cash, which compares to Booking's 10-year historical range of 10-24x. We think a forward P/E multiple premium to OTA peers is appropriate given higher quality of earnings, market share growth 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 Airbnb, Expedia, and Trip.com. The stock has been subject to heavy volatility in the past based on travel disruptions and this volatility could increase given global conflicts.

Expedia (EXPE; C-2-8; \$135.32)

Our \$156 PO is based on a 50-50 blend of P/E and sum-of-the-parts valuations based on 2025 estimates. Our sum-of-the-parts valuation is based on a 7.5x EBITDA, and separate values for Trivago and assets. Our P/E valuation is based on 14x GAAP EPS. Our P/E multiple is within Expedia's historical ranges of forward EPS and a discount compared to Booking valuation given market share trends.

Downside risks to our PO are: 1) economic downturn or prolonged macro headwinds leading to fewer travel bookings, 2) competition for traffic lowering the company's growth or margin opportunity, 3) more aggressive direct booking initiatives by hotels, 4) Google traffic disintermediation, and 5) ongoing slowdown in VRBO growth post-pandemic.

Analyst Certification

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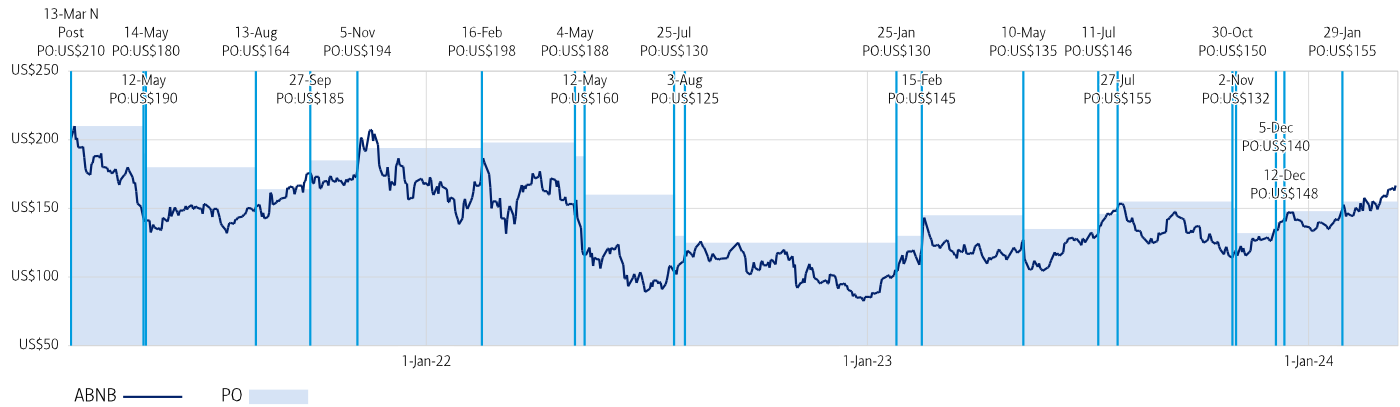
US - Internet Coverage Cluster

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	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
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	DoorDash	DASH	DASH US	Michael McGovern
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	Instacart	CART	CART US	Justin Post
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	Take-Two Interactive	TTWO	TTWO US	Omar Dessouky, CFA
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	Zillow	Z	Z US	Curtis Nagle, CFA
UNDERPERFORM				
	Chewy Inc	CHWY	CHWY US	Curtis Nagle, CFA
	Lyft, Inc.	LYFT	LYFT US	Michael McGovern
	Opendoor Technologies	OPEN	OPEN US	Curtis Nagle, CFA
	Peloton	PTON	PTON US	Curtis Nagle, CFA
	Playtika	PLTK	PLTK US	Omar Dessouky, CFA
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	Shutterstock	SSTK	SSTK US	Curtis Nagle, CFA

Disclosures

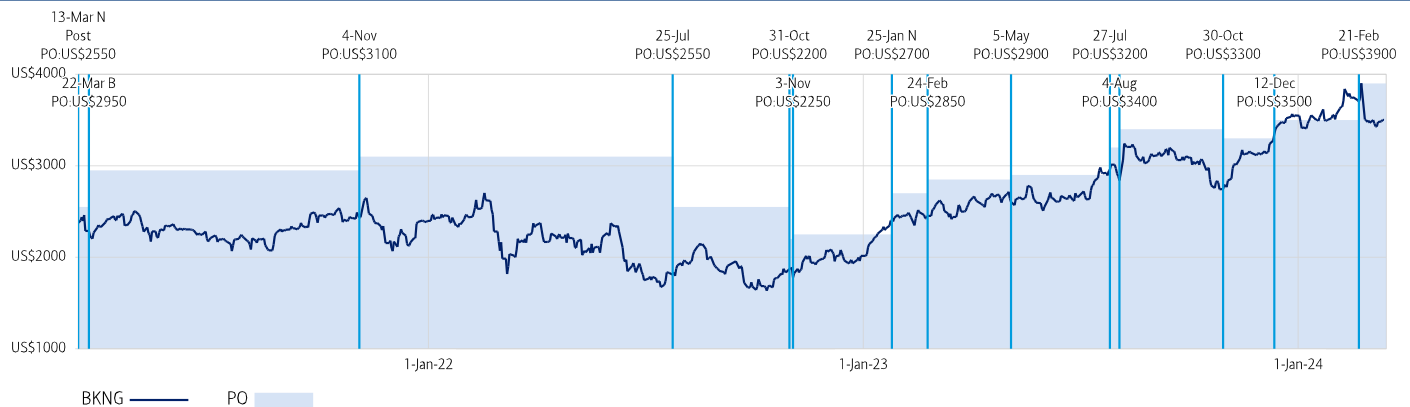
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Airbnb (ABNB) Price Chart

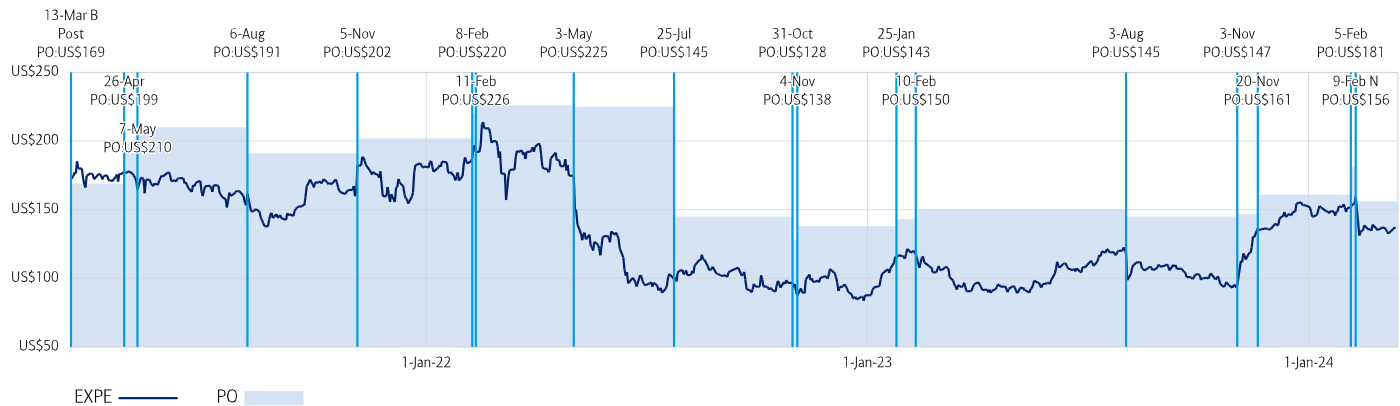
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Booking Holdings (BKNG) Price Chart

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Expedia (EXPE) Price Chart

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Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

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Neutral	≥ 0%	≤ 30%
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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