

Internet/e-Commerce

AirDNA update: July data suggests some deceleration in y/y nights and ADR growth

Industry Overview

July Data: Airbnb y/y nights growth decelerating in July

AirDNA estimates Airbnb nights booked (based on date of booking) decelerated in July to 12% y/y, vs 15% y/y in June (though nights booked were up 2% on a m/m basis) and July bookings growth was 20% vs 26% in June. Versus 2019, nights booked growth slowed to around 19% in July vs 22% in June. Available listings growth was steady at 18% y/y (and up 23% y/y ex-China). AirDNA's 3Q Airbnb ADR estimates suggest around 9% y/y growth vs current Street estimate at +3% y/y, which we think is elevated.

Some deceleration vs 2019 for US, APAC, LatAm

In July, Airbnb's booked nights growth in North America vs 2019 decelerated to 47% (vs up 50% in June), LatAm grew 39% above 2019 (vs up 42% in June), and EMEA growth vs 2019 remained steady at 22%. APAC were estimated at 28% below July'19, stepping back vs down 24% in June. Among regions, EMEA's ADR grew at 14% vs 15% y/y in June, and APAC ADR decelerated to +4% y/y from 12% in June. US July ADRs were stable y/y, but decelerated slightly vs 2019.

AirDNA 3Q estimates ADR +9% y/y vs Street at +3% y/y

AirDNA estimates 3Q Airbnb Revenue of \$3.4bn, in-line with Street est. (per Visible Alpha), growth at 16% y/y (compared to Airbnb's outlook of 14%-18%). For Booked nights and total bookings, using the quarterly indexing method, AirDNA estimates 112mn nights and \$19.1bn in booking value, below Street for nights at 114mn and above for bookings at \$18.4bn (per Visible Alpha). The implied 3Q ADR of \$170 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 \$19.2bn with booked ADR estimate of \$171 (+9% y/y), vs. Street at \$161 (+3% y/y). This methodology has estimated higher ADRs than reported for several quarters.

AirDNA revised Vrbo methodology, lowers growth rates

AirDNA revised its est. methodology for VRBO, assuming fewer listings are active. Data suggests VRBO active listings in July were at 1.2mn (up 4% y/y vs 7% in June) and available listings were at 1.2mn (down 4% y/y in July vs -2% in June). Nights Booked in July (booked during the reporting period) are estimated at 4% y/y vs 6% in June. For the full 3Q, AirDNA estimates VRBO bookings at \$5.4bn (up 13% y/y) and revenue at \$811mn (up 4% y/y). This implies deceleration vs 2Q estimates at bookings growth at 15% and revenue growth at 9%. Given Vrbo's ongoing migration to Expedia's single tech-stack, we think these estimates are still too high.

Ex-US deceleration is likely; maintain Neutral on Airbnb

AirDNA's estimates suggests that July nights growth has slowed vs June, while booked ADRs remain solid (estimated flattish m/m & up 6% y/y). While ADRs have held up better than we anticipated in 2023, and the company 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, which is valued at 20x 2024 cons. EBITDA vs Booking at 14x and EXPE at 6x.

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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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ADR – Average Daily Rate

AA – Alternative Accommodation

NA – North America

OTA – Online Travel Agency

AirDNA July travel data update

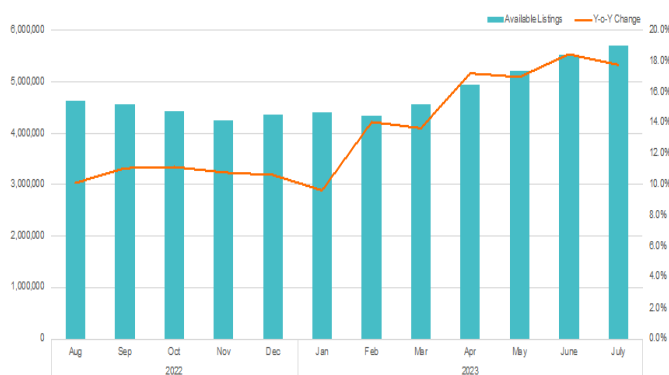
Airbnb

AirDNA data suggests Airbnb active listings in July were 6.7mn, with growth of 12% y/y (vs 12% growth in June); while available listings grew 18% y/y to 5.7mn (similar to June growth). Booked listings grew 14% y/y to 4.8mn units. Adding back lost listings from closure in China (around 0.21mn), available listings would be up 22% y/y.

Demand nights (total number of reserved nights during the reporting period, based on date of stay) y/y growth decelerated to 14% in July vs 18% in June'23. Total Nights booked (based on date of booking) growth decelerated in July to 12% y/y vs June at 15% y/y. Versus 2019, nights booked growth decelerated to around 19% (vs 22% in June).

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

Listings y/y growth steady at around 18% y/y

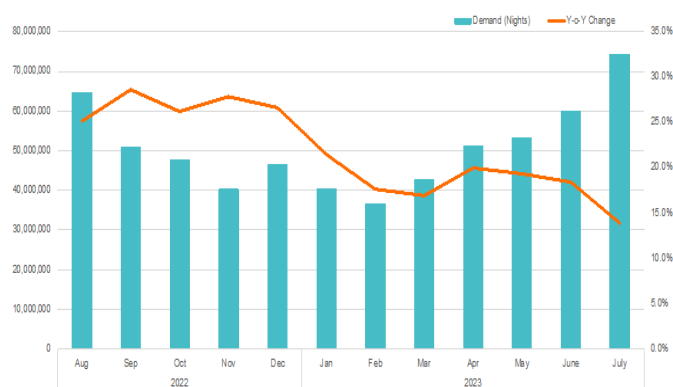


Source: AirDNA

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

Demand y/y growth decelerated slightly to 14% in July vs 18% in June



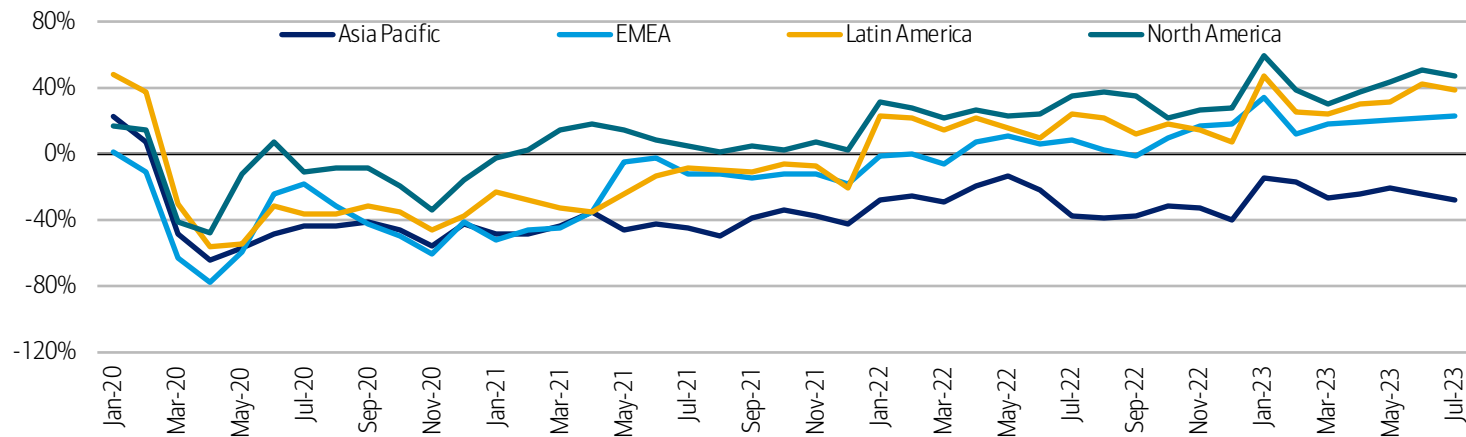
Source: AirDNA

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Airbnb's nights booked (based on date of booking) in APAC were 28% below June'19 (decelerating from 24% below in June), EMEA were 22% above 2019, while North America and LatAm are comfortably above 2019 levels, but decelerated m/m in July.

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

Nights Booked in APAC still remain below 2019



Source: AirDNA

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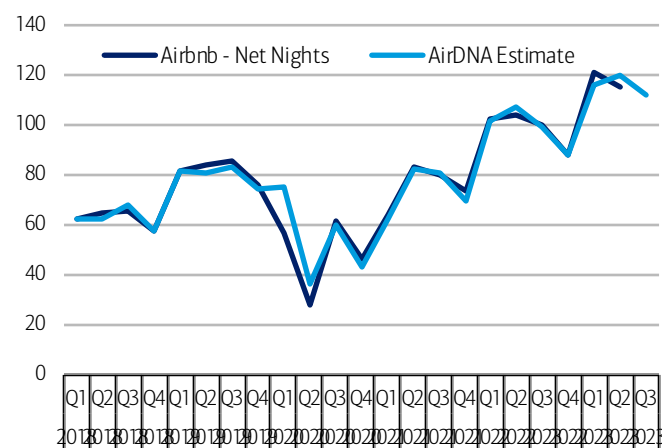
3Q estimates vs Street: ADR above and nights below

AirDNA's 3Q estimates suggest Airbnb Revenue of \$3.4bn, in-line with Street est. (per Visible Alpha), suggesting growth of 16% 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 \$19.1bn in booking value, below Street for nights at 114mn and above for bookings at \$18.4bn (per Visible Alpha). The implied 3Q ADR of \$170 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 \$19.2bn with booked ADR estimate of \$171 (+9% y/y), vs. Street at \$161 (+3% y/y). This methodology has estimated higher ADRs than reported for the last many quarters.

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

Nights booked in 3Q are expected at 112mn

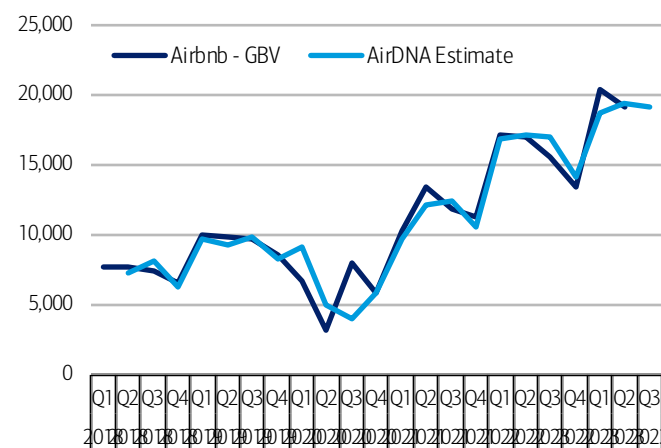


Source: AirDNA

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

Booking value in 3Q are expected at \$19.1bn



Source: AirDNA

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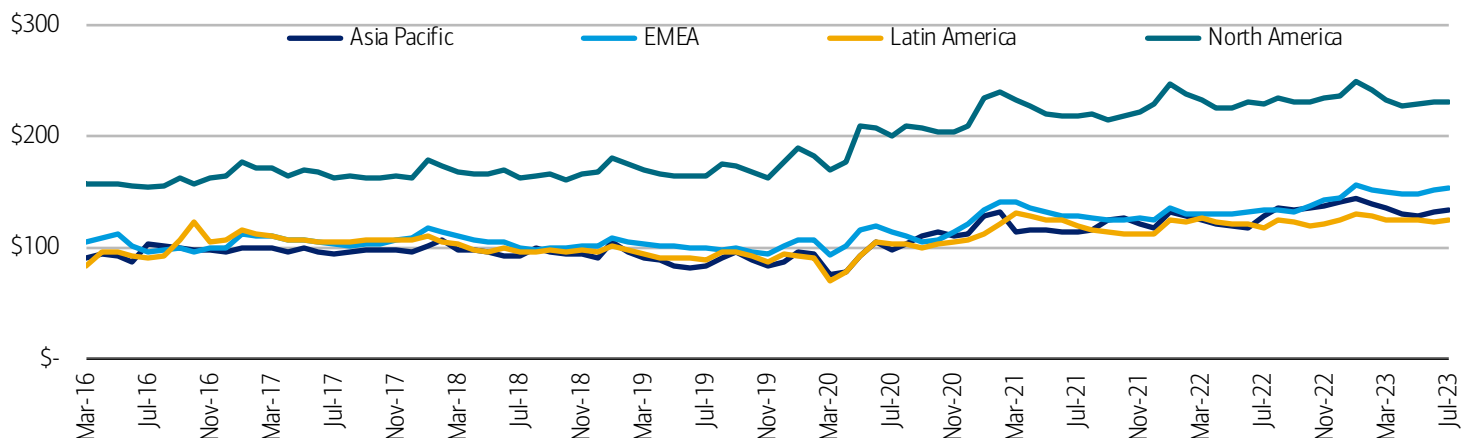
AirDNA's July data shows average m/m ADRs trending up in all regions except North America (NA is down 0.4% m/m). AirDNA data suggests average booked ADR of \$168.3 in July vs. \$168.5 in June'23, and were up 6% y/y in July vs. up 9% in June. These ADRs are based on Booked Nights. $ADR = \text{Booking Value} / \text{Booked Nights}$

*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 July, ADRs saw uptick across regions on y/y basis



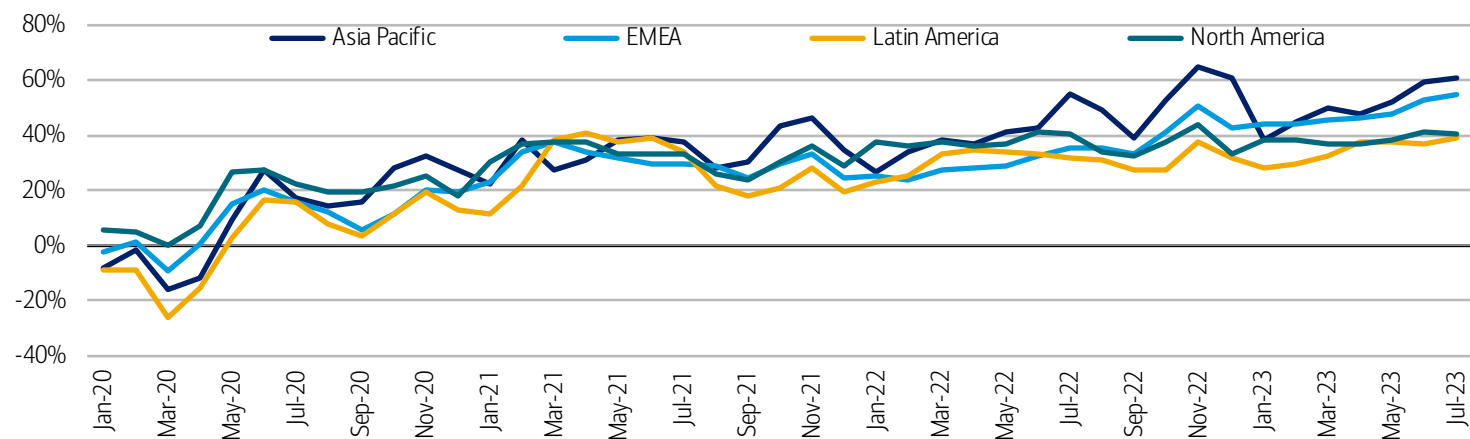
Source: AirDNA

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AirDNA estimates suggest that Airbnb's ADRs remain elevated vs 2019 across regions. The growth vs 2019 has accelerated in July for EMEA, LatAm and APAC, but slowed for North America.

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

APAC has had biggest increases in ADRs vs 2019



Source: AirDNA

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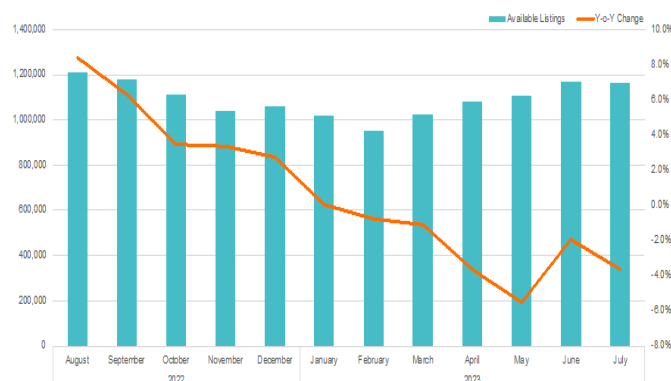
VRBO

*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 July were at 1.2mn (up 4% y/y vs 7% in June) and available listings were at 1.2mn (down 4% y/y in July vs -2% in June). Nights Booked in July (booked during the reporting period) grew 4% y/y vs 6% in June. For the full 3Q, AirDNA estimates VRBO bookings at \$5.4bn (up 13% y/y) and revenue at \$811mn (up 4% y/y). This implies deceleration vs 2Q estimates of bookings growth at 15% and revenue growth at 9%.

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

Listings y/y growth decelerated to -4% in July vs -2% in June

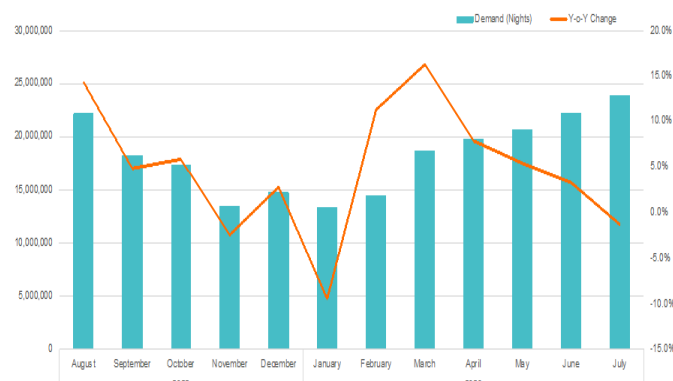


Source: AirDNA

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

Demand (Nights) declined 1% in July vs up 3% in June



Source: AirDNA

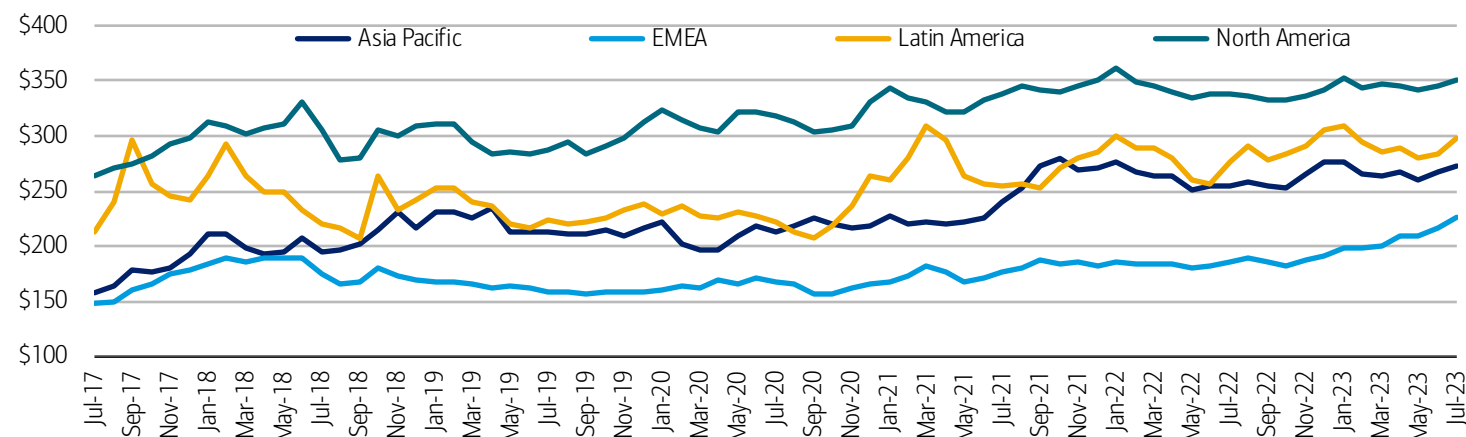
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On m/m basis, AirDNA's July data shows VRBO ADRs up across regions. EMEA ADR has seen the highest y/y growth at around 22%. ADR = Booking Value / Booked Nights

*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 for stocks mentioned in the report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
ABNB	ABNB US	Airbnb	US\$ 133.68	C-2-9
BKNG	BKNG US	Booking Holdings	US\$ 3206.23	B-2-9
EXPE	EXPE US	Expedia	US\$ 111.54	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.



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	Alphabet	GOOGL	GOOGL US	Justin Post
	Alphabet	GOOG	GOOG US	Justin Post
	Amazon.com	AMZN	AMZN US	Justin Post
	AppLovin	APP	APP US	Omar Dessouky, CFA
	Arhaus, Inc	ARHS	ARHS US	Curtis Nagle, 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
	Peloton	PTON	PTON 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
	Tempur Sealy International Inc.	TPX	TPX US	Curtis Nagle, 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				
	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
	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

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

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Expedia (EXPE) Price Chart

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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	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 ^{R1}	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%

^{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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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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