The Global Short-Term Rental Tech Report 2020

Stats, Trends and Investment

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Introduction

JAMES BURROWS

CEO at Rentals United

You are now reading the **Global Short-Term Rental Tech Report 2020**, the most complete analysis of the current state of the vacation rental tech space.

This reports contains statistics on:

1. The tech needs of professional property managers

2. Vacation rental technology trends in 2020

3. How property managers outsource/build technology

Finally, we'll take a look at investment in the vacation rental tech space and give you some insight into the future of the industry.
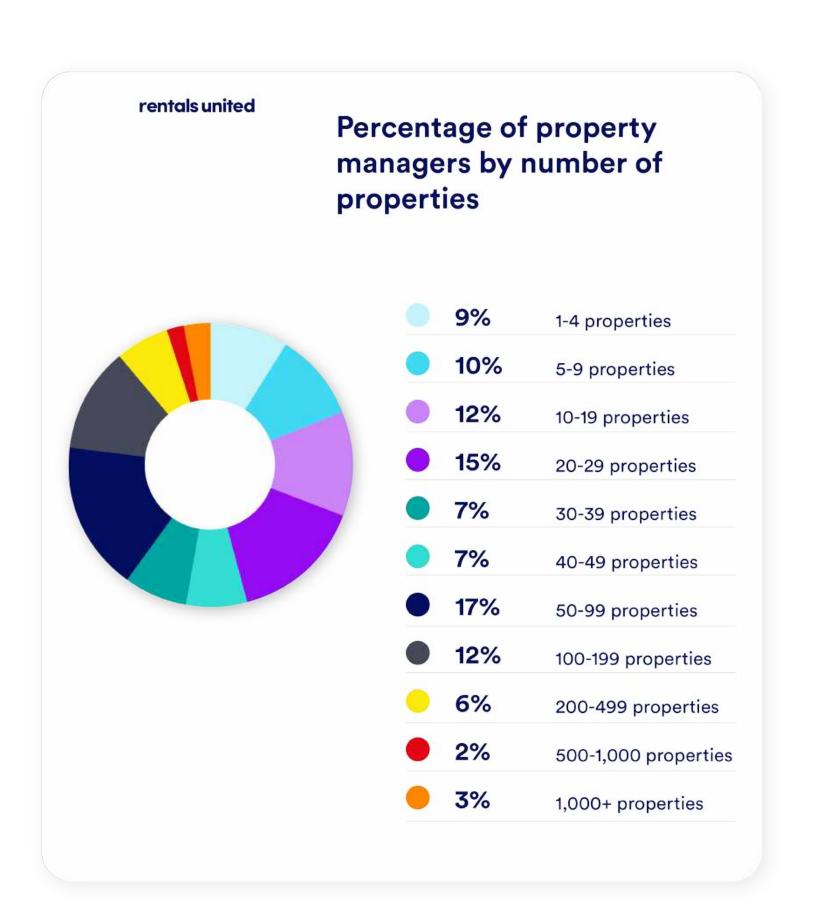
Let's get right into it!

James Burrows

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Our findings are based on the largest survey ever conducted on vacation rental technology, with 959 respondents since June 2019.
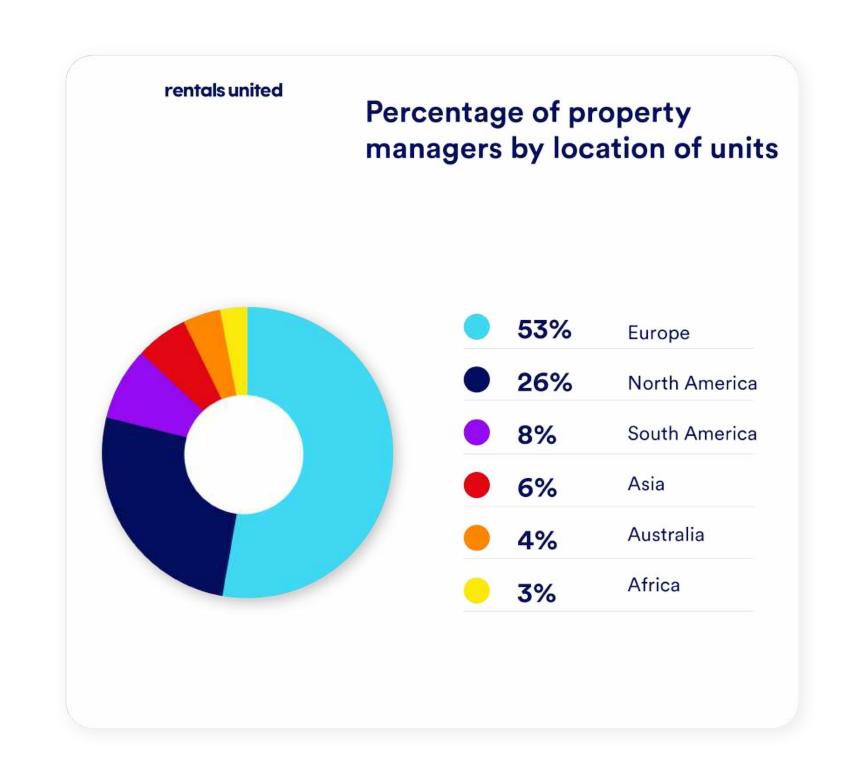
Who responded to the survey?

Percentage of property managers by number of properties

%	Properties
9%	1-4 properties
10%	5-9 properties
12%	10-19 properties
15%	20-29 properties
7%	30-39 properties
7%	40-49 properties
17%	50-99 properties
12%	100-199 properties
6%	200-499 properties
2%	500-1,000 properties
3%	1,000+ properties

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This report is based on a survey with a total number of **959 respondents**.

364 of the respondents are **property managers** of varying sizes, from 1-4 to 1,000+ properties.

The property managers who answered our questions have units in **different locations** across the world.

The rest of the respondents are property owners, consultants, tech service providers, investors and travel agents/OTAs/metasearches.
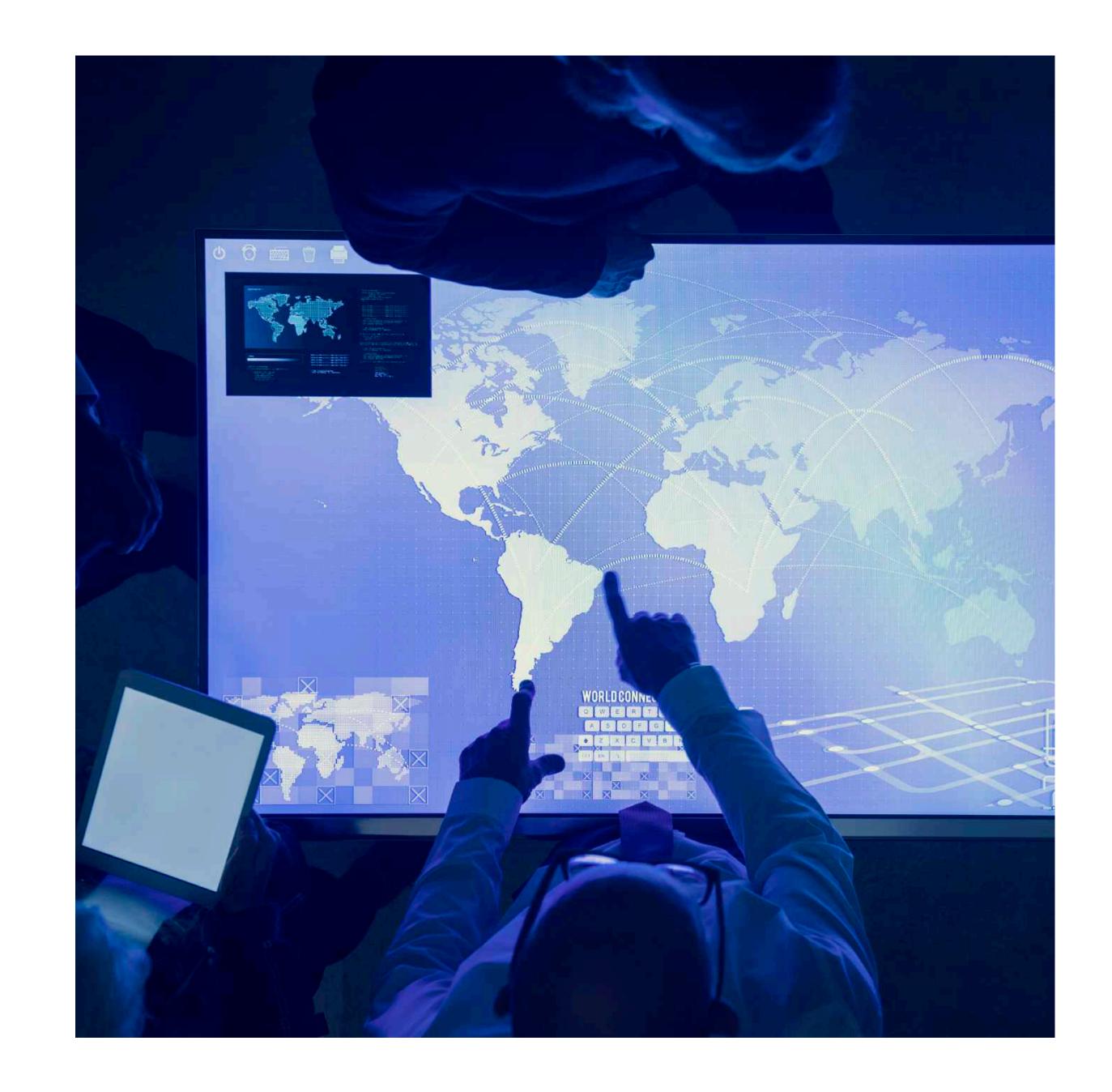
Percentage of property managers by location of units

%	Location
53%	Europe
26%	North America
8%	South America
6%	Asia
4%	Australia
3%	Africa

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Property Managers' Tech Needs

As the vacation rental industry matures and competition heightens, property managers are becoming increasingly tech-savvy. They are adopting more and more **software solutions** that help them stay ahead of the game. It's now commonplace to **automate** certain operations, distribution, marketing, revenue management, guest communication and other tasks.

Some B2B providers offer **hybrid software solutions** that automate a variety of tasks. Property Management, Channel Management, Revenue Management, Customer Relationship Management and Digital Marketing often go hand-in-hand. Other providers **specialise** in one specific area.

Since there's no end-to-end tech platform currently on the market, the tech stack used by property managers is usually made up of a combination of systems that connect to one another.
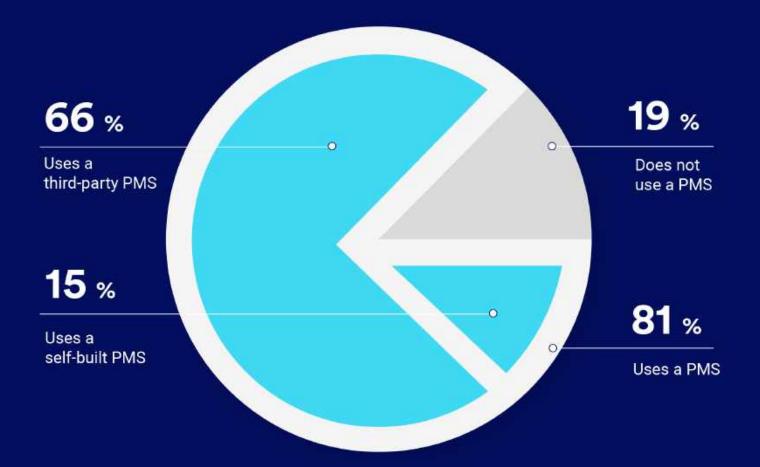
Property Management Systems

Property management systems (PMSs) are one of the most widely adopted vacation rental software solutions.

81% of property managers who responded to the survey **use a PMS** to manage their day-to-day operations.

66% use a third-party PMS, while 15% of respondents have built their own internal solution. Only **19%** of property managers **don't use a PMS** at all.

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Percentage of property managers who use a PMS

66 %
Uses a third-party PMS

19 %
Does not use a PMS

15 %
Uses a self-built PMS

81 %
Uses a PMS

The rate of adoption of Property Management Systems varies among property managers of different sizes.

68% of property managers with 1-99 properties use a third-party PMS, 23% use no PMS and 9% have built their own.

Property managers with 100-499 properties have a higher adoption rate: 64% use a third-party PMS, 29% have built their own and only 7% don't use one at all.

As for property managers with more than 500 properties, unsurprisingly, all of them use some kind of PMS. 58% have built their own and 42% use a third-party solution.

Channel Managers

Another piece of essential tech for property managers is the **Channel Manager**.

57% of property managers **use an external Channel Manager** in conjunction with their PMS. This indicates that while most PMSs have built-in channel management functionalities, hybrid software solutions fail to adequately cover channel management needs. This is especially true for property managers with more than 100 units: of them, 74% use an external Channel Manager in conjunction with their PMS.

Specialised Channel Managers like Rentals United focus solely on Channel Management, allowing them to build robust software solutions and focus all their attention on optimising distribution.
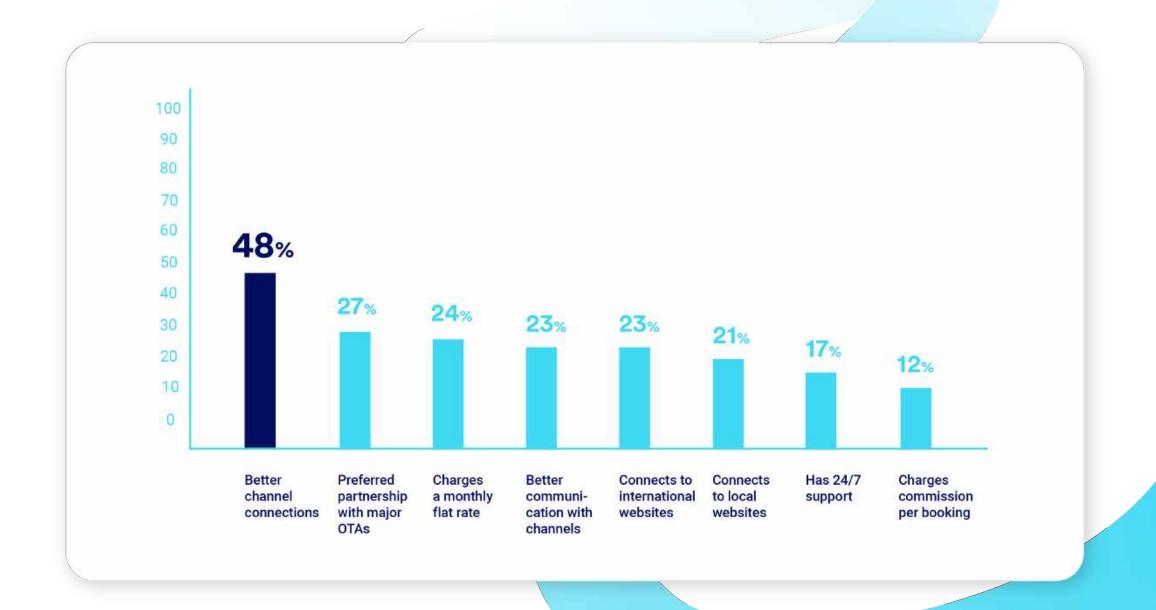
While most PMSs only connect to a limited number of channels, specialised Channel Managers offer a **diverse marketing mix** with numerous channel connections, including niche and global sites. However, the decisive factor for property managers is not the quantity, but the **quality of channel connections**.

Better connections: A top priority for property managers

Better channel connections are the main reason why property managers would consider paying for a specialised Channel Manager.

Out of the property managers who said they currently don't use an external Channel Manager connected to their PMS, **48%** say they would be **convinced to pay for one** if it had better channel connections.
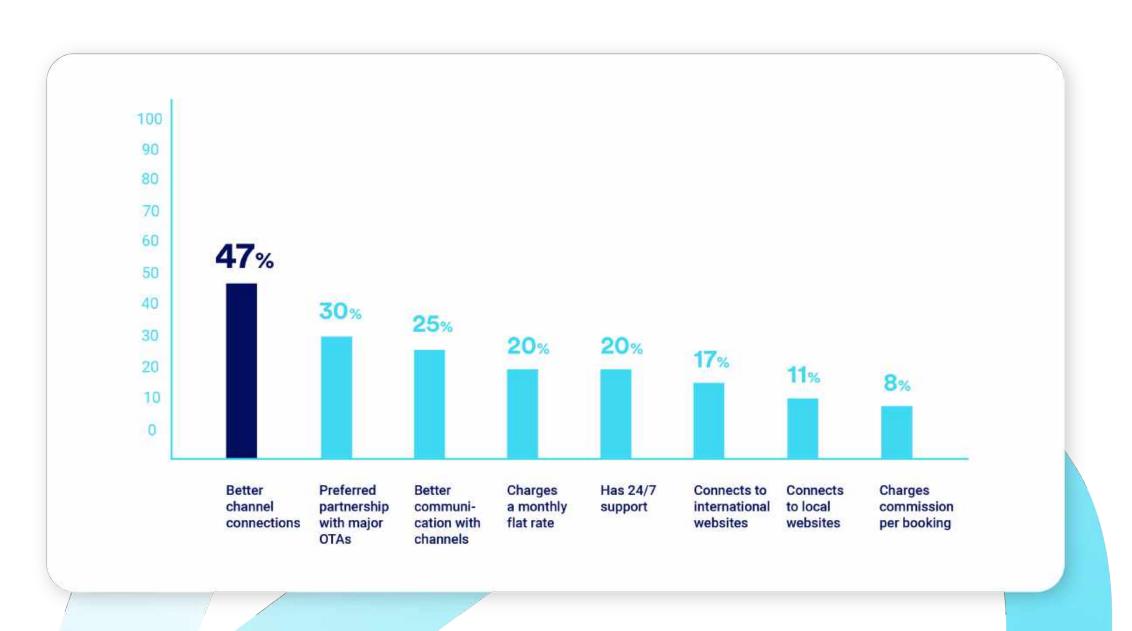
Better channel connections would also convince property managers to swap their current Channel Manager for a new one.

Out of the property managers who use a specialised Channel Manager, **47%** say they would **change Channel Managers** if the new Channel Manager had better channel connections.

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Reasons why property managers would pay for an external Channel Manager

Better channel connections	48%
Preferred partnership with major OTAs	27%
Charges a monthly flat rate	24%
Better communication with channels	23%
Connects to international websites	23%
Connects to local websites	21%
Has 24/7 support	17%
Charges commission per booking	12%

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Reasons why property managers would change Channel Managers

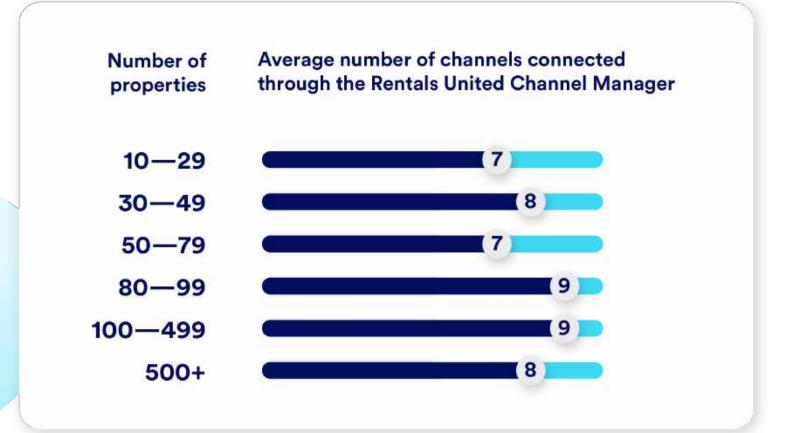|	
Better channel connections	47%
Preferred partnership with major OTAs	30%
Better communication with channels	25%
Charges a monthly flat rate	20%
Has 24/7 support	20%
Connects to international websites	17%
Connects to local websites	11%
Charges commission per booking	8%

Get Better Conversions with Rentals United

Rentals United provides property managers with the latest tools to **rank better** on listing sites and **increase their conversions**.

Our Channel Manager connects to all the **major OTAs** and a wide variety of **niche channels** via hyper-reliable **API connections**.

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How many channels do Rentals United clients get listed on?

Number of properties	Average number of channels connected through the Rentals United Channel Manager
10—29	7
30—49	8
50—79	7
80—99	9
100—499	9
500+	8

Tech Trends

In addition to PMSs and Channel Managers, which property managers consider their core tech, there are myriad other software solutions out there. They range from **accounting and housekeeping tools** to **guest-facing technology** such as digital welcome books and chatbots.

Most of these tools are **software-based**, except for IoT solutions which also have a hardware component. For example, in the case of noise control, an app is connected to a measuring device installed in the room.

In an attempt to save time, earn more and provide a better guest experience, most property managers enlist some kind of trending tech. Only **24%** of them **don't use any technology** other than their core PMS/Channel Manager.

So which tech trends came out on top?

Tech Trends

Payment providers such as Stripe and MangoPay are used by just over half (51%) of property managers. **Accounting tools** and **keyless entry solutions** are also popular, with 40% and 33% of property managers using them respectively.
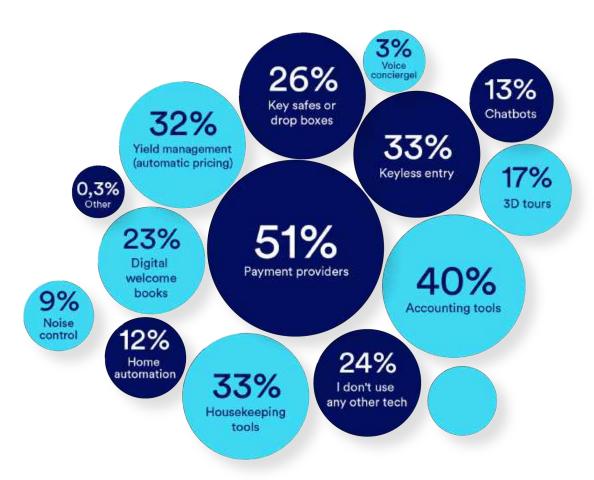
About a third of property managers use **housekeeping tools** (33%) and **revenue management** or dynamic pricing software (32%). **Key safes** and **drop boxes** are fairly popular (26%), and so are **digital welcome books** (23%).

Emerging technologies include **3D tours** (17%), **chatbots** (13%), **home automation solutions** (12%), **noise control devices** (9%) and **voice concierge services** (3%).

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Other technology used by property managers

[other than PMS and Channel Manager]

3%
Voice concierge

26%
Key safes or drop boxes

13%
Chatbots

32%
Yield management (automatic pricing)

33%
Keyless entry

17%
3D tours

0,3%
Other

23%
Digital welcome books

51%
Payment providers

40%
Accounting tools

9%
Noise control

12%
Home automation

33%
Housekeeping tools

24%
I don't use any other tech

The degree to which property managers use certain technology varies by how many units they manage. Generally, the bigger the property manager, the greater their need for automation at scale and the more funds they have to invest in technology.

The biggest jumps are in payment providers, housekeeping tools, 3D tours (a whopping 31% difference between PMs with 1-99 and those with 500+ units), chatbots, home automation solutions and voice concierge services.

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Additional technology used by number of properties

Number of vacation rentals	Payment providers	Accounting tools	Keyless entry	House-keeping tools	Yield man age	Keysafes and dropboxes	No other tech
1-99	42%	30%	24%	27%	25%	19%	20%
100-499	39%	39%	36%	26%	32%	29%	21%
500+	53%	47%	42%	37%	32%	37%	11%

	Digital welcome books	3D tours	Chat bots	Home automation	Noise control	Voice concierge
1-99	18%	11%	7%	9%	6%	2%
100-499	24%	20%	21%	11%	12%	3%
500+	21%	42%	32%	21%	16%	16%

4TH ANNUAL VRTECH COMPETITION

COMPETE.

LEARN.

EXCEL.

The VrTech Startup Competition

The short-term rental industry is a breeding ground for **startups** with disruptive ideas. It's a dynamically changing space that attracts young companies experimenting with **emerging technologies**.

The **VrTech Startup Competition** aims to reward the most innovative vacation rental technology startup each year.

In 2017, the welcome app Hello Here won first prize. In 2018, the world's first luggage storage network Stasher took home the award. And last year's winner was Operto, a home automation software provider.

Who's going to be **the most innovative startup of 2020** in the vacation rental space? It could be you.

You can submit your application to the 4th edition of the VrTech Competition here:

APPLY NOW

Build or Outsource?

As we've already seen with PMSs, property managers have different strategies when it comes to **building or outsourcing technology**.

The amount of tech built in-house varies from property manager to property manager. Some consider technology the core of their business, others are **tech-enabled** but leave development to third-parties.

The size of the IT teams that property management companies have is a good indicator of their software development capacity. Let's take a look.

Build or Outsource?
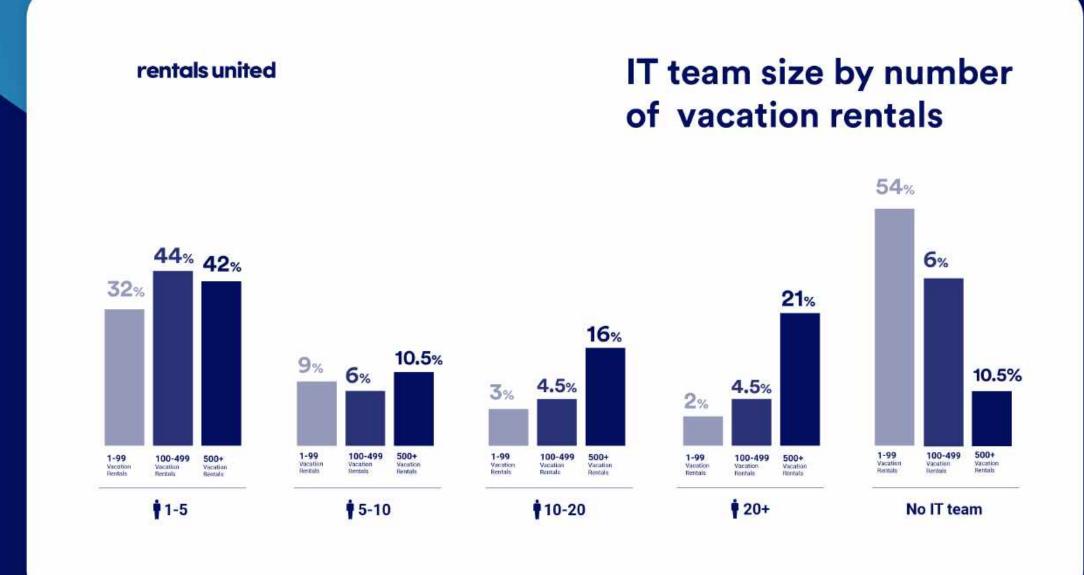
49% of all property managers who filled out the survey **don't have an IT team**. This means that they need to contract third-party services to cover all their technology needs.
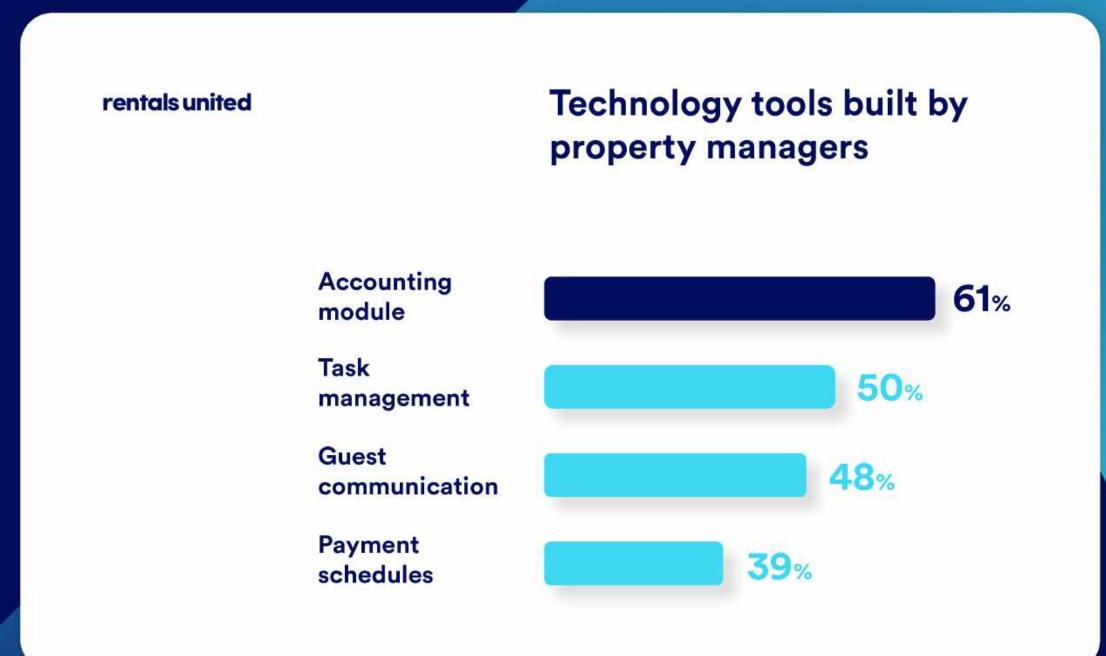
As for big property managers, more than half (52.5%) have a very small team (1-5 members) or no IT team at all. Considering the amount and variety of tech that big property managers use (as we saw in the previous sections of this report), it's clear that these PMs outsource most of their technology instead of building and maintaining it themselves.

On the other hand, the remaining 47.5% have IT teams of more than 5 people, meaning that they have the capacity to build a lot of their tech in-house.

So the next question is: what **tools** do property managers build in-house and why?

What Tools Do Property Managers Build In-House?

The main reasons for building tech in-house are a **lack of third-party tools** in certain fields and a **need for customised solutions**.

Out of the property managers who built their own PMS, 61% also built an **accounting module**. This goes to show that there's a lack of third party tools addressing the challenges of accounting. This is especially true with property managers who are present in multiple markets and thus have to deal with different accounting regulations.

On the other hand, task management, payment schedules and guest communication are tools that have in recent years become more widely available as third-party services.

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Technology tools built by property managers

Accounting module — **61**%

Task management — **50**%

Guest communication — **48**%

Payment schedules — **39**%

Build or Outsource:
3 Case Studies

To demonstrate the different approaches that property managers have to outsourcing or building tech in-house, here are case studies with three of the world's largest PMs:

1. **Stay Alfred**
2. **City Relay**
3. **GuestReady**

Technology tools built by property managers

Property management company	Tech built in-house	Tech outsourced to a third-party provider	Number of in-house developers
Stay Alfred	Guest app, native app, internal housekeeping apps, website, loyalty program, internal revenue managent system	Channel Manager: Rentals United	12-13
City Relay	None	Channel Manager: Rentals United, dynamic pricing software: Outswitch (acquired) website builder: Lodgify, guest communication tool: Wishbox, cleaning app: Breezeway	None
Guest Ready	Everything but channel management. All operational (post-booking) tech. Other PMs are also using their software	Channel Manager: Rentals United	20

As these case studies demonstrate, Channel Management is a complex task that property managers tend to outsource. GuestReady, for example, develops all their tech in-house except for Channel Management, which they outsource to Rentals United.

What's to Come in Vacation Rental Tech

In the future, we will see more and **more third-party providers** - many of them VC-backed - entering the vacation rental tech space, targeting larger property managers and solving their needs.

The winning models will work similarly to **SaaS platforms** like SalesForce: enterprise-level **open-source** platforms that allow developers to make contributions to the code.

This will in turn continue to benefit the boom in vacation rental tech that we're already witnessing today and **boost tech innovation** in the short-term rental industry.
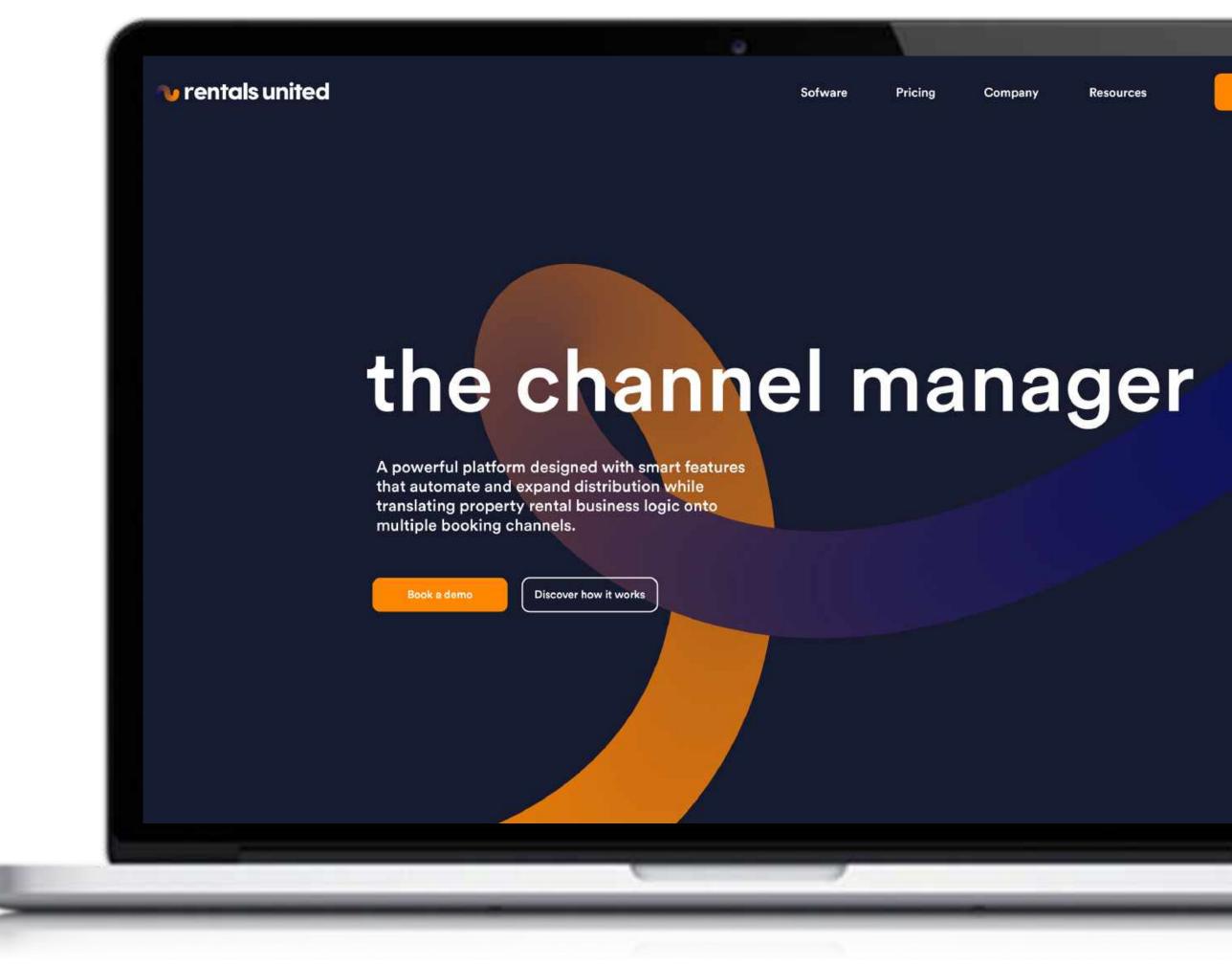
About
Rentals United

Rentals United is the only **enterprise-level Channel Management solution** for professional property managers.

We've created this tech report because we want to help property managers **harness the power of technology** to grow their businesses.

We provide some of the best channel connections for the major OTAs, which have recognised us as Preferred/Premier Partners: **Booking.com**, **Airbnb**, **HomeAway**, **Tripadvisor** and **Agoda**. Rentals United is also one of the few providers that can get you listed on **Google**.

If you want to optimise your **distribution strategy**, book a consultation with one of our experts now!

BOOK A CALL