

Hello Homestay

The Homestay Index





Introduction

Homestays are on the rise.

More hosts offering their homes, guidance and companionship.

More travelers choosing this accommodation option.

More technology powering inventory distribution.

Emerging from the narrow category of lodging choice for study abroad or language school students, homestays have erupted as the embodiment of the “sharing economy” for accommodations, and represent a new choice for experiential travel.

It's experiential lodging.

This first Homestay Index is an informed analysis of traveler behaviors and preferences, as well as technology advances in the global homestay industry. It defines the market opportunity and traveler adoption of this lodging category.



The future of travel

1. Market size and growth

The market is significant and is quickly expanding. **Homestay.com** estimates the valuation of the global private accommodation marketplace to be approximately U.S. **\$15 billion**.

2. Online penetration

Homestay.com estimates the broader global vacation rental industry to be U.S. **\$100 billion** and showing rapid growth with approximately **31%** online penetration in the U.S. today, up from **12%** online penetration in 2007 and **20%** in 2010. Similar growth is expected in the homestay market.

3. Growing awareness

Awareness and usage of the global private accommodation marketplace is growing. To-date the share of all travelers choosing sleeping quarters in private homes is at **3%**, with much room to grow. In the U.S., the share of travel consumers who have rented private homes or condos has grown from **8%** in 2010 to **14%** in 2014.

4. Emergence of new consumer group

There is an emergence of a new renting consumer group, whose incident rate of choosing sleeping quarters in private homes is already at the same level as use of hostels and some hotel categories for certain consumer travelers (sourced from PhoCusWright research June 2014).

5. Comparisons with other accommodation types

Peer-to-peer renting consumers will influence and merge with the mainstream traveler.

The group will grow as a share of the travel consumer population, as it is currently concentrated in younger demographics, though data shows high incident rates across all demographic groups. Homestay.com expects the incident rate of choosing private accommodation to increase as the homestay category raises its profile and the homestay option becomes a mainstream travel option.

B&Bs are a complementary experience to homestays, and they account for **20-25%** of travelers in US and Europe. As the homestay category raises its awareness and profile, Homestay.com believes there will be an increase in both the incident rate and online booking rate of homestay experiences as volume of available inventory increases.



The origin of the homestay

Homestays initially grew in popularity as a way for language, cultural or student travelers to immerse themselves in the local culture of a town or city.

But in the last few years, thanks in part to online aggregators that specialize in connecting guests and hosts, the profile of the typical homestay traveler has changed significantly.

While students still account for **29%** of homestay guests, nearly half of all homestay guests travel for leisure.

All my life I've been travelling around visiting many countries, getting to know other customs and culture. Now I've settled down with my husband in El Calafate, I'm still connecting with tourism and enjoy welcoming my guests and interacting with them. I coordinate activities with the local companies such as an ice trek in Viedma Lake in El Chalten and we also offer our guests the option to share with us typical Patagonia meals at our barbecue place. Since becoming a host, **I have new friends from Germany, France, England and Belgium who we continue to stay in contact with for any event or anniversary;** I have received surprise presents and amazing words from most of them! I have fun while I discover a new way of connecting with foreigners!"

Maria in El Calafate, Argentina



“

Staying with Michel and Giovanna enriched my experience exploring Palermo and helped make my visit there very memorable. Welcoming me to stay with them, they made their house feel like home. They introduced me to great spots in the city and gave me a warm and personal experience of Palermo. Their hospitality and true caring spirit left me with wonderful memories of my stay, and new friends in Sicily. I would highly recommend the homestay experience.

Spend time with your hosts and take opportunities through them to get to know the community.

They'll provide you a unique window into life in a new place, and a personal experience in your destination leaving you with both new memories and new friends.

Alicia from United States stayed with hosts Michel and Giovanna in Sicily



What is a homestay?



A homestay is an increasingly popular form of accommodation that connects guests with individual hosts who have opened their homes to travelers. Homestay lodging differs from other popular forms of private accommodation because of its host-present model: guests don't stay in an empty apartment or home, but instead share the accommodations provided by the homeowner and his or her family.

Homestays are a popular lodging option for consumers of all ages who want a more personalized, immersive and authentic travel experience. Homestay accommodations are a growing global trend as tourists seek more genuine, enriching and memorable travel experiences.

The key to a great homestay experience for both host and guest is about not only finding the right home, but also the right person. In other words, finding the right match.

While some guests are seeking an immersive and cultural experience, others might simply want good quality, affordable accommodations in the right location with a host they get along with. Similarly, some hosts will want to spend hours chatting with guests over a meal while others will prefer guests who are more independent.

Homestay product is a subset of the Airbnb and Booking.com offer, equally so for TripAdvisor, which offers some reviews of homestays. It is not for any of these companies a singular focus. Homestay.com has a sole purpose of consolidating the category by delivering a customer experience optimized for a person-to-person transaction, and has built in a 15-month window a global footprint of thousands of homestay listings in more than 100 countries.

Nothing But the Truth

What are truths about the state of the homestay industry?

- Homestays are an existing transaction which have largely happened offline until now
- Homestay guests and hosts from the education industry have lacked a technology platform to bring full transparency to a homestay booking
- Homestay hosts serving medium- and long-term stays are the foundation of the homestay category, and are largely not online
- The global body of homestay hosts is an untapped market; many people have yet to consider becoming a homestay host
- Homestay hosts are diverse, representing all demographics, geographies and interest groups
- There is no global online platform focusing on serving the medium (5-to-30 day) or long-term (30+ day) stays outside of Homestay.com
- The demand for long-term stays is not limited to either a small number of global destinations, or to a small group of travel consumers
- The incident rate of homestay experiences is low among the general travel population
- There is opportunity to grow the incident rate of the homestay travel vertical
- There is an increasing use of the homestay category from travel verticals, e.g., Booking.com, Tripping.com



The private accommodations marketplace

Homestays are an increasingly important part of the rapidly growing, global private accommodation marketplace. Data puts this market at approximately U.S. **\$15 billion**. In the U.S. alone, the share of travel consumers who have rented private homes or condos has grown from **8%** in 2010 to **14%** in 2014.

To date, the share of all travelers choosing sleeping quarters in private homes is at **3%**. This number is expected to increase as travelers' demographics change, participation in the shared economy increases, and awareness of homestays as a viable alternative to renting an empty home or apartment grows.

According to research from PhoCusWright, there are categories of consumers for whom the usage of sleeping quarters in private homes is at **30%**, a rate as high as hostels and some hotel categories. With low levels of online penetration and low levels of awareness, the homestay marketplace is just coming online. The fast-growing sharing economy reinforces the potential growth of homestays.

The sharing economy

Homestays are well positioned to capitalize on this growing awareness and understanding. With the rapid rise of peer-to-peer sharing, lending and rental markets, consumers are more aware of the many different options for leisure and other forms of travel.

In a 2013 article profiling the emergence of the sharing economy, *The Economist* pegged the size of the consumer peer-to-peer rental market alone at U.S. \$26 billion. The article cites the many benefits of joining the "collaborative economy," from the economic to environmental and beyond.

Many of the benefits are of a much more personal nature, however. "For sociable souls, meeting new people by staying in their homes is part of the charm," the article states – a perfect description of the homestay experience.

“

Best value accommodation in NYC!

It was such a relief, after days of searching online, to find somewhere to stay in NY that's less than \$2000 for four nights for two rooms! The closest I found hotel-wise was \$700 in Newark - with 90% of their ratings on Trip Advisor 1*, accompanied by comments such as “strip joint next door”, “gang hang-out across the road”, and “gunshots kept me awake at night”. **Instead we will now be staying with a lovely looking couple in their home in Brooklyn. You can't get more New York than that!**

– Karolyn Timarkos via [Trust Pilot](#)





Top 5: findings that matter

1. Nothing like a hotel, in the best way

Homestay guests expect many of the same amenities they would experience at a hotel: Wi-Fi, a television and laundry facilities.

But they also enjoy host-provided bicycles, off-street parking, private gardens, access to a kitchen and gaming rooms. The big takeaway is that guests choose homestays for the experience more than value for money, and hosts similarly choose the experience over earning additional money. The average global price for a homestay booking is US\$46 per room per night, a compelling price point when compared with most hotels.



2. Relationships matter

For guests, the ability to aggregate host listings and narrowly define lodging preferences is enabling never-before-seen access to homestays.

While this is commonplace for other lodging categories, it is brand new for this one. But what makes a homestay booking very different than others is the ability to connect host and guest before the homestay through a messaging system that allows hosts and guests to interact pre-trip. This builds a relationship, and ensures hosts and guests have set expectations about the stay. Relationships matter in homestays, and technology allows those relationships to blossom in advance of travel.



3. Homestays gone wild

The fastest growing destinations for homestays are in Portugal, Spain and...Illinois?

Yes, Illinois.

Lisbon, Chicago, Barcelona, Buenos Aires and Bangkok lead the world in new host listings.



4. Whither the U.S.?

Homestay bookings have seen more than **10x** growth in 2014, as access to inventory becomes easier for travelers and hosts gain the ability to actively manage listings online.

Bookings are happening all over the world, with cities in Europe, Canada, Australia and New Zealand included on the list of destinations with the most bookings. While only one U.S. city, New York, made the cut there are positive signs of growth as evidenced by a **12x** growth in bookings into the U.S. Other U.S. cities experiencing strong bookings growth include Boston, Los Angeles, San Francisco and San Diego.



5. A true value stay

The average global price for a homestay booking is US\$46 per room per night – a price point significantly lower than many hotels. Price sensitivities are at a peak during large events when traditional hotel supply is low and room prices inflated. **‘Pop-up’ homestays** offer an opportunity to provide value and local experience to event attendees, while ensuring local communities benefit from large-scale events.

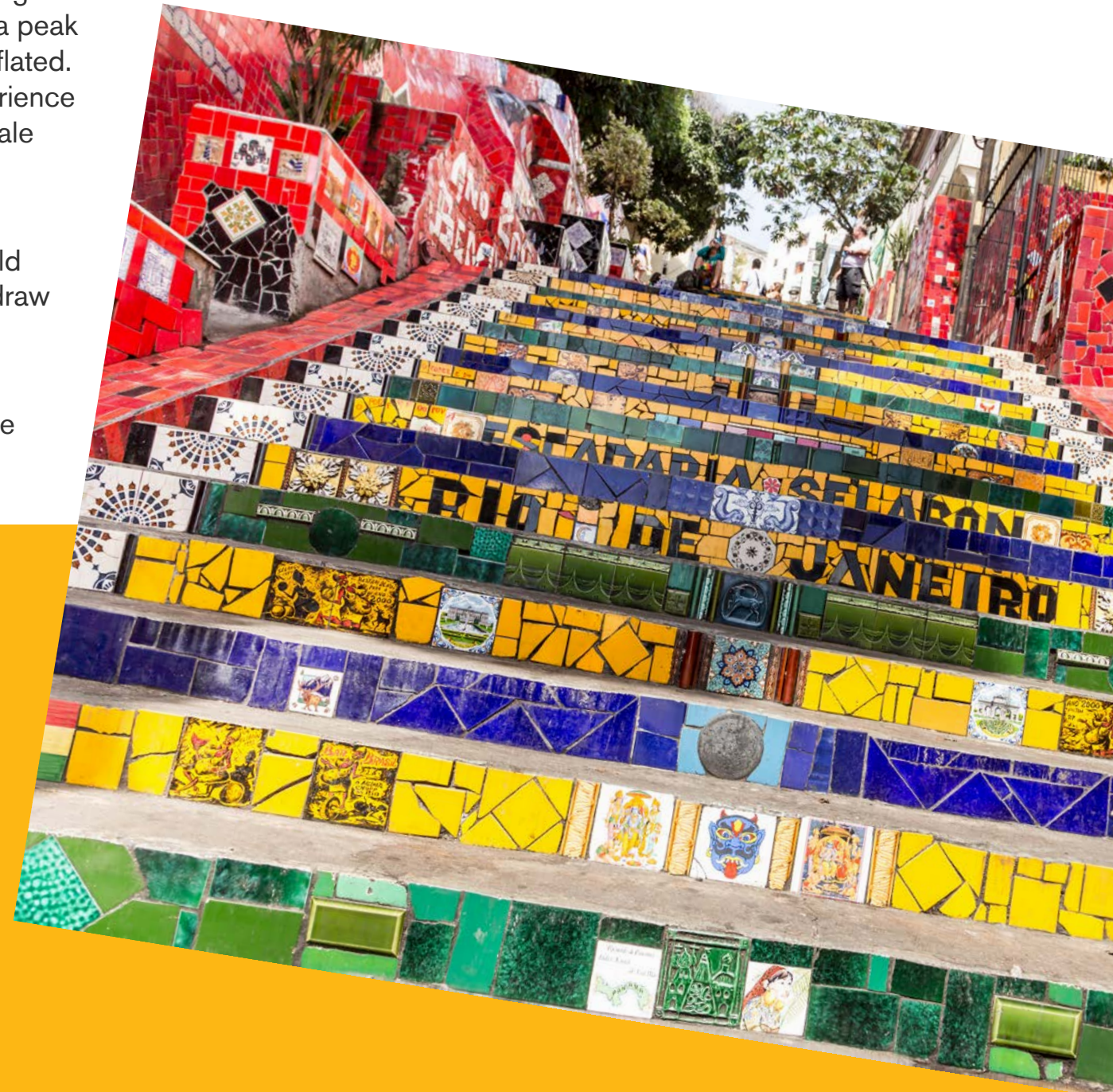
Homestay.com has pioneered the concept of pop-up homestay networks, designed to solve acute accommodation shortages. It is working with World Meeting of Families event organizers in Philadelphia in 2015, expected to draw 1 million visitors to the city.

Homestay hosts experienced strong demand for accommodation during large events in 2014, for example in Glasgow during the Ryder Cup and the Commonwealth Games and in Brazil during the World Cup.

“

I found lots of overpriced, low quality hotels when searching for somewhere to stay. Having previously stayed in a homestay on a trip to Croatia, I decided to try searching on the word “homestay”, thinking that the locals would have to be renting out their rooms for the World Cup. **When I found my host Selma in Curitiba was available and at a reasonable price, I cancelled a hotel booking I’d already made.**

– **Gennieve**, Curitiba, Brazil, June 2014



The homestay traveler: motivations

1

Holiday

2

Education

3

Business and internships

4

Events

But what does that mean, and why?

I never felt like we were in each other's way. There were no rules, curfews or anything of the like. I could come downstairs and get breakfast whenever I liked. **My host, Danny, and I became friends over the course of my stay.** On my last day we went out for a proper Sunday lunch, complete with roast beef and beer.

– **Helen Anne** from United States stayed with Danny in London



A perfect fit for millennials

Homestays are inherently part of the millennial travel trend – unique, immersive, local experiences booked online and independently on any type of device.

Millennials represent a natural traveler category for homestays. As a result of gap years, study abroad programs, language immersion and global internships, this group enters the “adult” traveler category already educated in shared accommodations, having previously stayed with host families and in hostels.

According to research presented in PhoCusWright’s U.S. Consumer Travel Report Sixth Edition:

- **77%** of next-generation travelers chose a home or apartment rental for lodging
- **48%** stayed or rented from friends and family
- **31%** secured a room in a private apartment
- **30%** stayed in a hostel

Why?


The reasons are simple and point to travelers seeking more comfort and an enhanced experience while away from home.

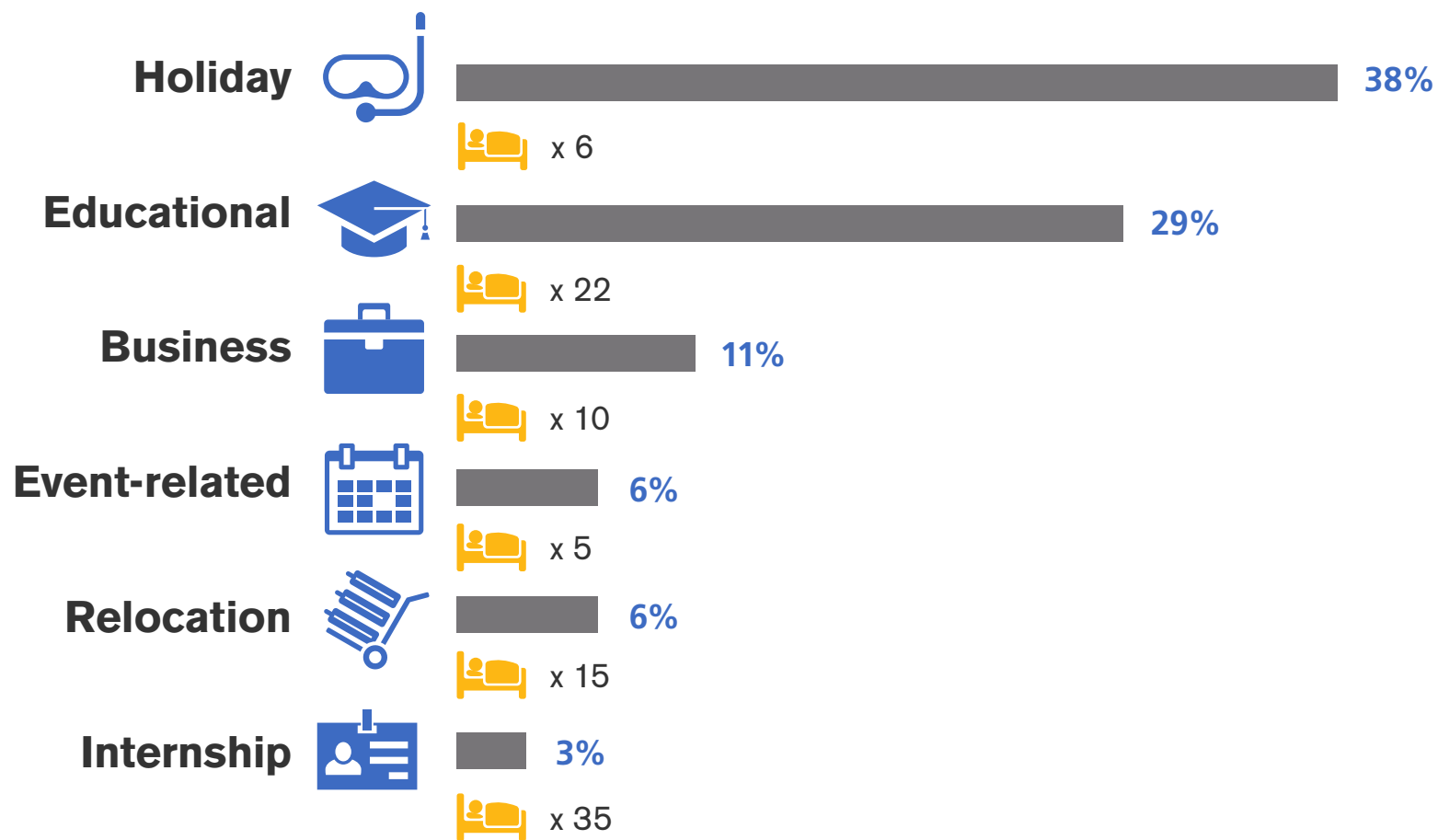
The top reasons for choosing a rental over a hotel include:

- Homelike amenities
- More space
- Multiple rooms
- Multiple travelers
- Value for money



The homestay traveler: motivations

Holiday | The homestay traveler is most likely to be on holiday – **38%** of our respondents indicated that they were traveling for leisure. Average length of stay is depicted by  in number of nights.



‘Pop-up’ Homestays

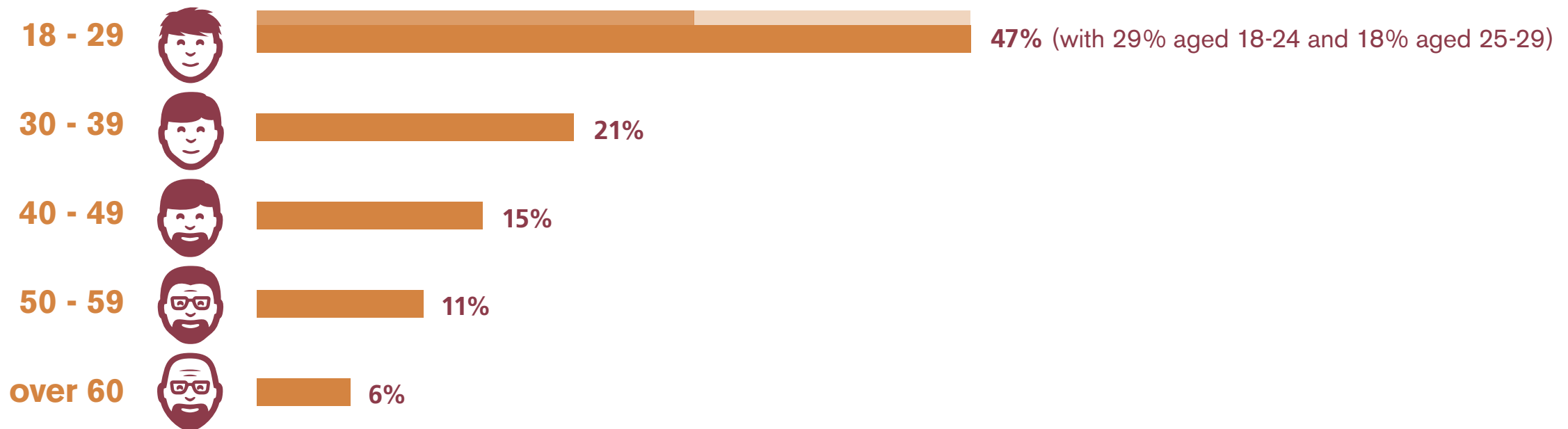
I normally rent my spare bedroom out to students, which means I have an empty room during the summertime when they go home. The Commonwealth Games were coming up and it seemed like a **good way to meet some new people and earn a little extra holiday spending money!**

Fiona – homestay host during 2014 Commonwealth Games in Scotland



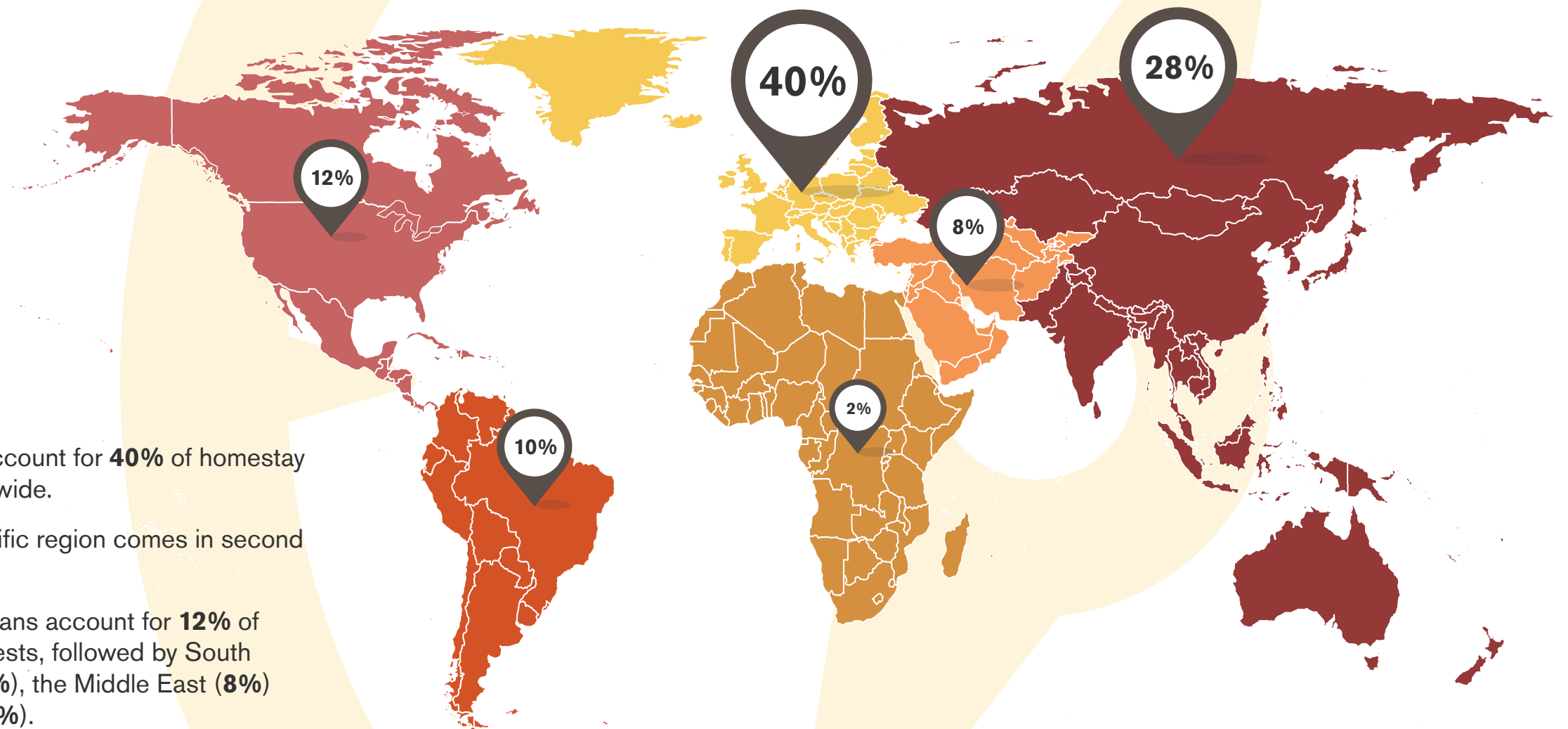
The homestay traveler: age

Ages of guests | More than half of all homestay guests are over the age of 30, according to our research.



The homestay traveler: geography

Geography of guests | Guests from 115 different nationalities are actively using Homestay.com each week to find the right homestay match for their travel experience.



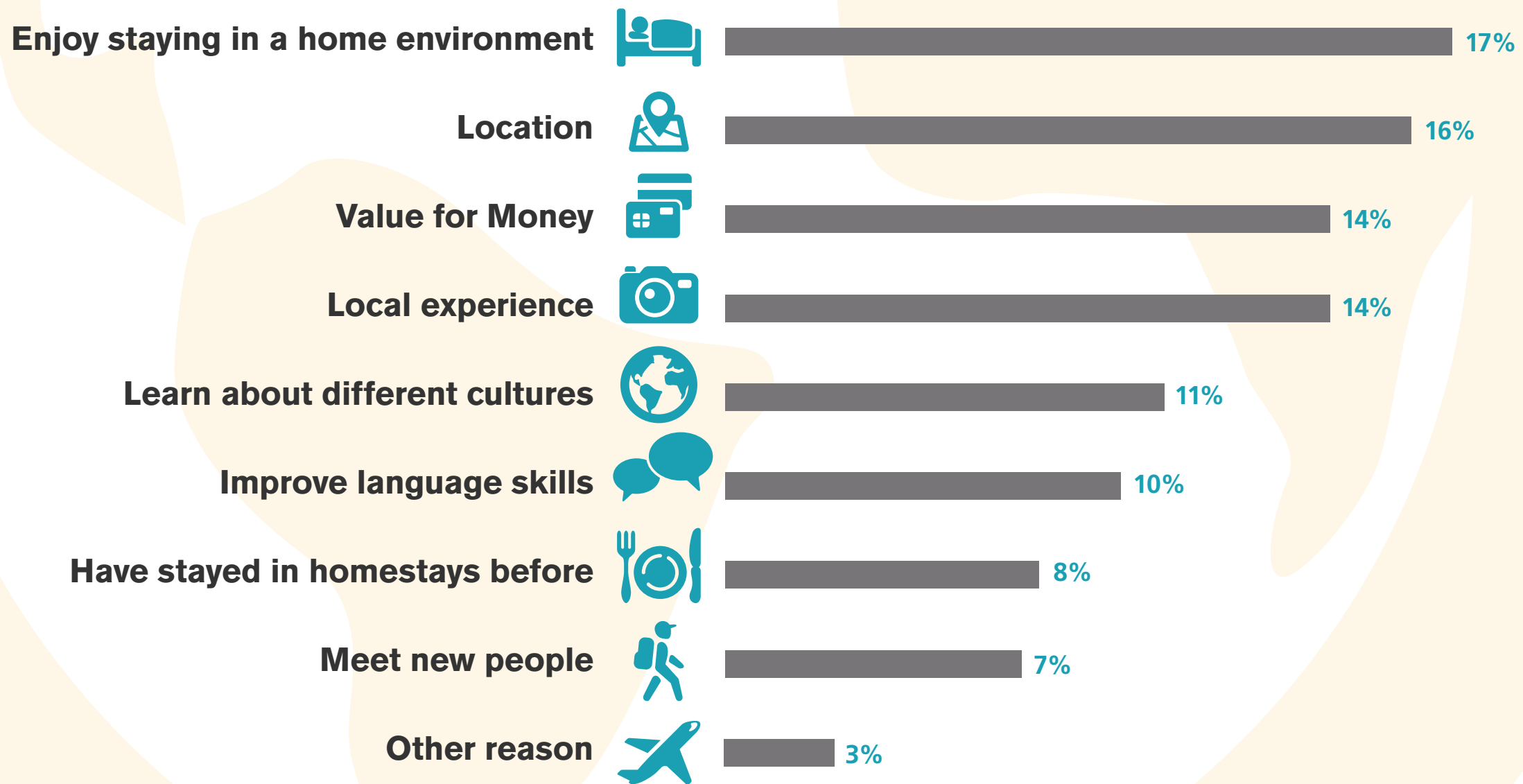
Europeans account for **40%** of homestay guests worldwide.

The Asia Pacific region comes in second with **28%**.

North Americans account for **12%** of homestay guests, followed by South America (**10%**), the Middle East (**8%**) and Africa (**2%**).

The homestay traveler: reasons why

Why guests book homestays | Guests book homestays to enjoy staying in a home environment, for the location, for value for money, and the local experience.



“ I absolutely love meeting people,

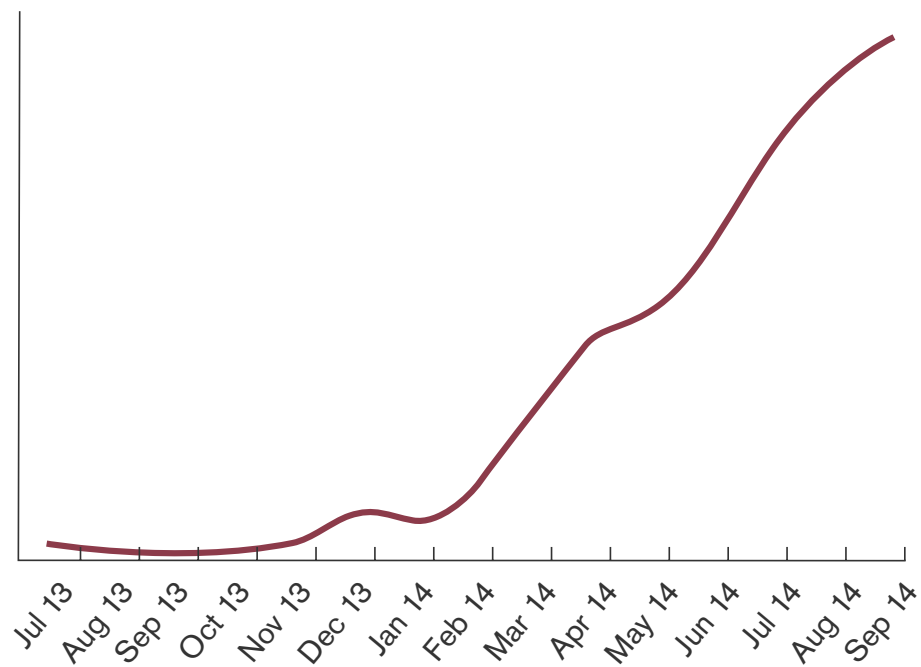
which I think is a really important personality trait to have for a being homestay host. I'm learning so much just from talking to all of my guests. If you can't travel yourself, this is a great way to meet people from other parts of the world. One of my guests was an intuitive healer so she read my palm while she was here. Then there was the chef from Hawaii who cooked dinner twice. With my guest Lyn from Australia, who's here now, we talk about flowers and gardening.

Bridget in Dublin, Ireland



Growth of homestay bookings

Growth | Number of nights booked on Homestay.com

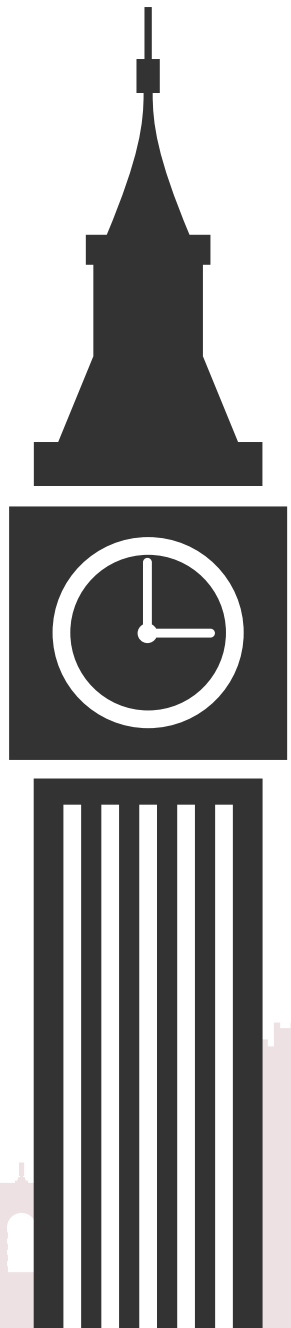


Top Cities | The top 10 destinations by number of bookings

The number of cities with active bookings on Homestay.com is up **10x** from the beginning of the year.

- | | |
|--------------|---------------|
| 1. London | 6. Sydney |
| 2. Dublin | 7. Auckland |
| 3. Havana | 8. Glasgow |
| 4. Toronto | 9. New York |
| 5. Edinburgh | 10. Vancouver |

The top 10 booked destinations account for 45% of overall bookings, and the top 20 destinations represent 55% of bookings. The remainder are spread across 600 other destinations.



The homestay: global growth

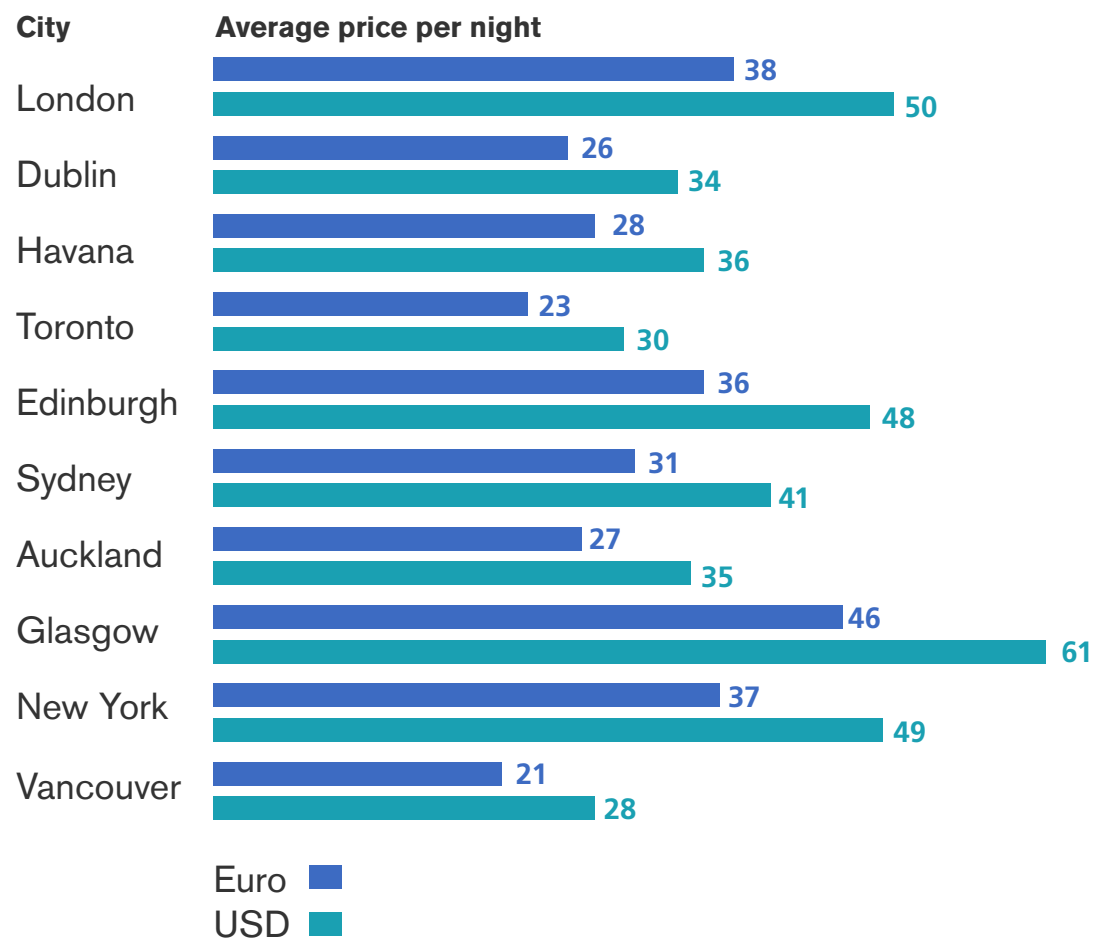
Homestay.com currently has 35,000 listings worldwide



*With the caveat that the distribution of countries reflected in the Homestay.com database is partially reflective of the European roots of Homestay.com and the popularity of homestay travel in Europe, the top 10 countries by number of homestay listings are in yellow.

The homestay: price

Price | The average global price for a homestay booking is US\$46 per room per night, according to industry booking data. Pricing for the top 10 global destinations on Homestay.com is:



The U.S. landscape

Top 10 U.S. homestay cities

New York

Boston

LA

San Francisco

San Diego

Alexandria

Chicago

Honolulu

Orlando

Seattle

Top 10 booked destinations by U.S. residents

Dublin

London

Havana

Tokyo

Florence

New York

Galway

Rio de Janeiro

Madrid

Quito



How to homestay: the guest

How to be a guest

While there are no “rules” to being a homestay guest, there are ways to ensure guests choose the right host and make the most of their visit. Good communication and setting expectations make for a positive homestay experience. Be friendly, respectful and polite. Remember that a homestay is not a hotel or vacation rental. It’s someone’s home.

What to ask

Not sure what to ask of a host? Here’s some questions to start with:

- Do you offer a pick-up service from the airport or train station?
- Can I have my own key and come and go as I please?
- Can I cook my own food in the kitchen?
- Do your pets live inside the house?
- Who else will be living in the home during my stay?



“ The homestay experience

It has been an amazing experience living like a local in an apartment making me feel like a place was mine, host was very helpful and sociable, taking care of all I needed, really laid back, easy to communicate with. Great location, walking distance to great touristic spots, close to several transports, definitely recommend would definitely come back had an amazing experience!!!! Anyone looking to experience Barcelona like a local this homestay is the place to be. I booked a homestay because I wanted to know things only locals would know and the lifestyle in Spain.

Bryant, Barcelona, Spain, June 2014

Absolutely wonderful. A peaceful, relaxing environment. Great location too. **My host, Lucy, is the kindest, most friendly and helpful person you are likely to meet.** Lucy took great care of ensuring I had all I needed and asked me about my preferences. This was my first time with homestay and I am totally happy.

Paolo, London, June 2014

How to homestay: the host

How to be a host

Offering your home as a homestay is a rich, rewarding experience. Getting started is easy. Host profiles displayed on a listing page are ranked based on a number of factors including profile quality and responsiveness to guest messages. The following steps show how to create an online listing, and how to make it an effective one.

- Create a free listing.
- Upload good quality pictures that showcase your home.
- Write an informative and friendly description about you and your home.
- Set your prices, including solo traveler and long-stay discounts.
- Respond to all messages from prospective guests as quickly as possible.
- Be clear about any house rules. Send as many messages to your guest as is required to ensure they know what to expect during their stay.
- When a guest arrives, be there to welcome them into your home.
- Show guests around and highlight any key information, for example smoking rules, kitchen facilities, breakfast, security, internet, bathroom facilities, pets.
- Tell your guests about the local transport options, interesting places to visit and things to do.
- Get to know your guest and spend some time talking with them.
- Respect their privacy.
- Be a great host.

“

The homestay experience

Lara, David and their little boy stayed four nights at my house. They brought their dog Dino, a very well behaved 6-year old dog. They were great guests! **Very pleasant and nice and very easygoing.**

Patricia, Sao Pedro de Sintra, August 2014

I couldn't have asked for a better guest. Amazing! I learned Polish and was able to share some great memories with my guest. **Be open to learn and teach and you will have an incredible experience.**

Kris, Burbank, California, May 2014



The homestay host

Activities enjoyed | Favorite activities that Homestay.com hosts enjoy are cooking, cycling and photography.

Pets | Top 10 destinations by number of hosts
Pet-friendly homestays abound. Forty-five percent of hosts have pets.



Did you know?

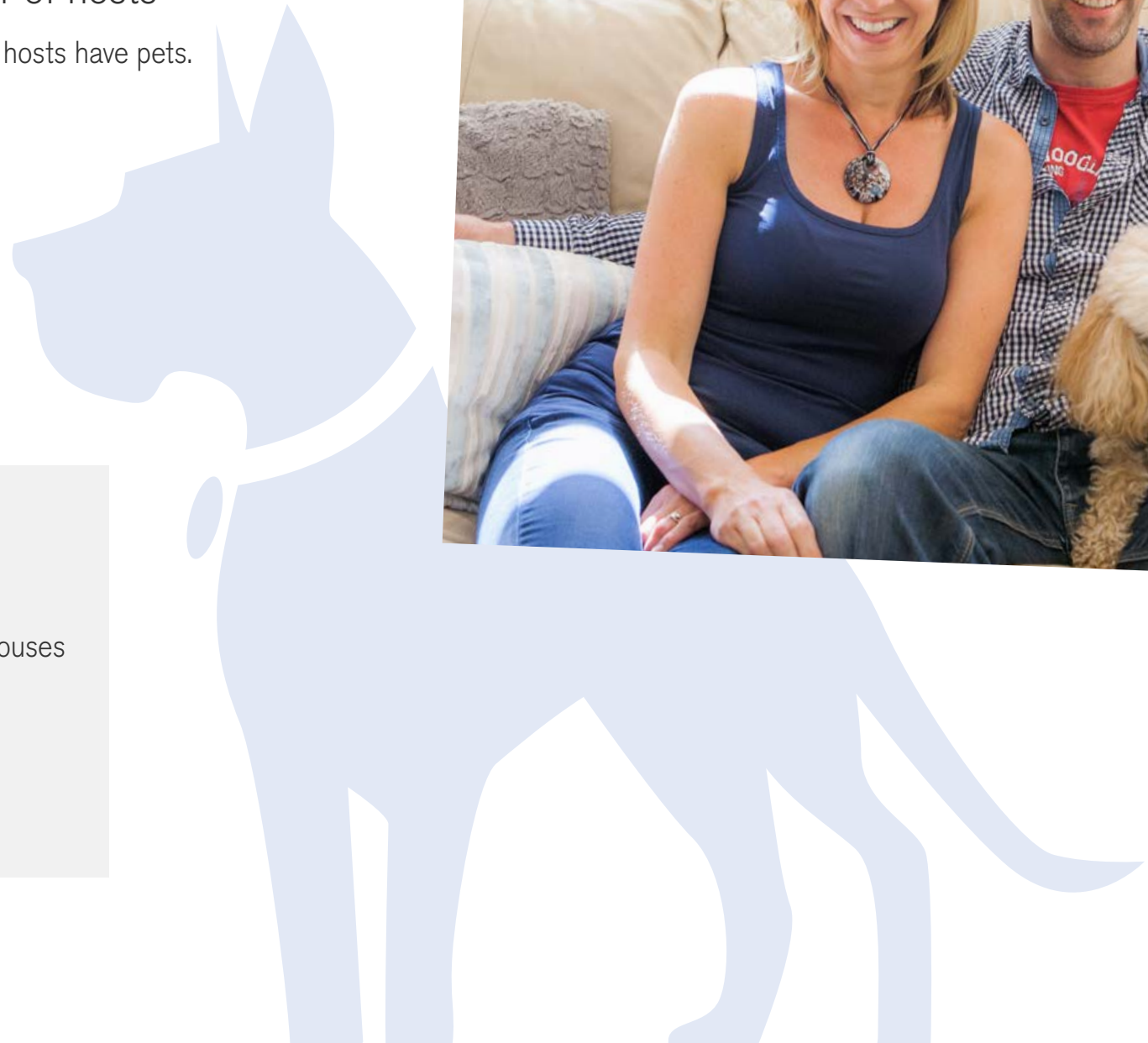
62% of Madrid homestays are apartments

50% of Dublin homestays are semi-detached houses

35% of homestays have internet access

30% can lend you a bike

27% have off-street parking



People love homestays

A recent survey of Homestay.com guests and hosts showed just how enjoyable the homestay experience has been so far.

Host feedback

- **85%** of hosts surveyed rated their experience listing accommodations on Homestay.com as very good or excellent

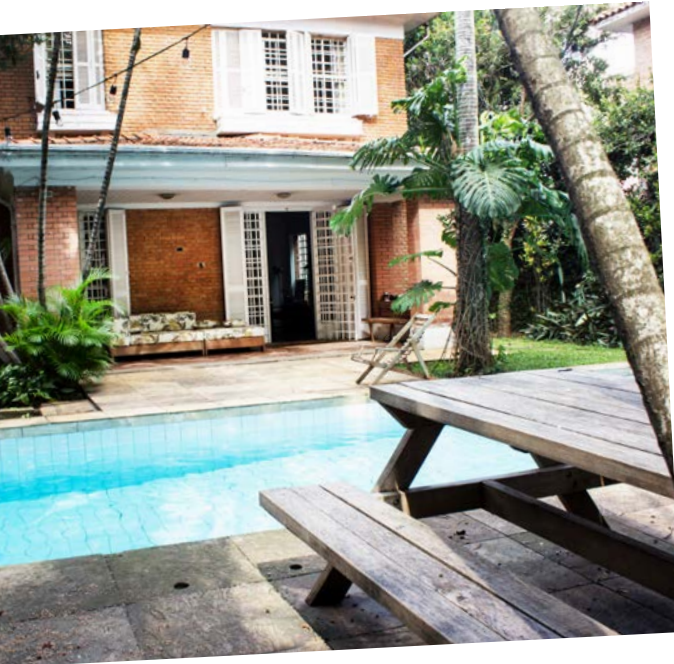
Guest feedback

“Homestays are easy to find;” “breakfasts are good;” “people are likely to book again:”

- **96%** of guests would book again on Homestay.com
- **87%** of guests surveyed rated their homestay experience as very good or excellent
- **83%** of guests surveyed rated their experience booking accommodations on Homestay.com as very good or excellent



Key Takeaways: The Final Five



Homestays help answer the question of why we travel.

Experiences. Immersion. **People.** Connection. Culture. Adventure. Relaxation.

As this category continues to grow, here are five considerations that speak to the health and opportunity that homestays offer to the travel industry.

1. Who is as Important as Where and What Price

Homestay guests place high value on the personal and interactive experience they have with their host; that connection drives their lodging decision much more than considerations of price or location. Thus experience is greater than value. Similarly, hosts choose to open their homes for experiential reasons, ranking “earning money” as a lower priority.

2. The True Power of Choice

Rhetorical question time. Can one book a hotel, car, or vacation rental while making a connection at the personal level? No. Most lodging choices, or travel buying decisions in general, are made in anonymity. Not so with homestays. Connecting with the host – through chat or email – and finding a host (not just a home) that makes sense for the individual traveler, is what defines the homestay booking process. It’s intimate, a partnership, a collaboration.

3. The U.S. is Arriving

Despite our “Whither the U.S.” early in this Index, the country has the resources, appetite, destination event structure and travel-focused culture to emerge as the driving force toward an adoption of homestays and lead this sector from both host and guest perspectives. Much like the hostel industry grew exponentially following greater U.S. awareness and exposure, so too is the homestay industry poised to capture American hearts and minds.

4. Events with Meaning

Homestays solve lodging capacity issues for events and the destinations that host them – and solve them in a meaningful way by matching like-minded hosts and guests, often with shared interests.

5. All Business is Local

Homestays are about the people, local culture, hidden gems, special interests and sense of community. What hotel or empty apartment markets itself like that? Homestays are local, and provide a rich, local experience for the guests – and hosts – that choose them.

About the Homestay Index

Despite significant awareness among student travelers and rapid expansion beyond that segment in the past year, there is little collected data about homestay accommodations and the growth of the homestay travel sector.

Using Homestay.com usage data, surveying homestay guests and hosts, and collecting insights from other related travel research in a single place provides definition to this emerging industry.

While most of the data and insight collected from this research is specific to Homestay.com, because of the size of Homestay.com's user base and its relative size compared to other homestay platforms and technology providers, much of the data here can be generalized across the broader homestay sector.



Who is Homestay.com?

Homestay.com was founded by travel industry veterans Tom Kennedy and Debbie Flynn, who together saw an opportunity to take a largely offline industry online, and bring homestays from a primarily education-focused travel sector into mainstream leisure travel.

As one of the founders of Hostelworld.com, Tom Kennedy sees where gaps exist in serving today's traveler, and he knows how to create resources for that market. His vision for hostels became a global travel success, and there is every reason to believe that the underserved homestay market will deliver an equal, if not greater value, to travelers worldwide.

Homestay.com caters to a new breed of traveler, one who places the experience of the travel over the price or destination. This traveler is served by a host who recognizes that opening one's home to guests is enriching and life-changing. And while there is a revenue opportunity as well, it is not the driving factor for either guest or host. Homestay.com is where that community comes together to experience lodging that fits one's needs rather than forcing conformity.

