

## ITEM 4

### 1. Statistics on short-term lets in Scotland

#### **SUMMARY**

##### ***Introduction***

- This section sets out the latest available data on the number of short-term lets (STLs) in Scotland and how this has changed over time. It also considers trends in the demand and prices for STLs and provides a summary of the performance of the wider tourism sector in Scotland to provide context to the trends seen.
- While it is useful to monitor trends in the STLs sector, it is too early to assess any impact of the licensing scheme given the short period of time the scheme has been in place and the range of other factors which have impacted the sector in recent years including Brexit, the Covid pandemic and the cost crisis.
- There is currently no single definitive source of data on the number of STLs. A range of sources are therefore used to provide insight on the sector in Scotland.

##### ***Trends in the wider tourism sector***

- The sector has faced significant challenges in recent years as a result of Brexit, the Covid pandemic and the cost crisis.
- While there are some encouraging signs of recovery in terms output and overseas visit numbers, the sector continues to be more impacted than average by rising costs which is affecting business viability and pushing up the cost of holidays, including accommodation. This, combined with high inflation and interest rates eroding households' disposable income, is impacting on households' trip intentions and trip spending patterns.

##### ***Supply***

- The various data sources present a mixed picture on how the number of STLs has changed over the past year although most indicate that, at the national level, the supply of short-term lets in Scotland has fallen slightly from the prior year, with the level broadly in line with pre-pandemic. This is contrast to trends in the rest of Great Britain where the number of STLs has increased over the year.
- However, looking below the national level, we see that Edinburgh and Glasgow account for the vast majority of the fall in supply which is to be expected given Edinburgh's designation as an STL control area and the existing planning policies in place in Glasgow to manage the overprovision of short-term lets.
- All data sources demonstrate the continued concentration of STLs in a small number of areas in Scotland.

##### ***Demand***

- The data indicates demand for STLs, in terms of the number of nights reserved, is down marginally in Scotland from the prior year, in contrast to GB as a whole which has seen an increase.
- Scotland performs well in terms of STL occupancy, with average occupancy rates in 2023 higher than the prior year and Scotland outperforming the rest of GB on both occupancy rate and change from the prior year.
- Demand for STLs in Scotland is concentrated in a small number of areas, with these areas correlating to the areas where the supply of STLs is concentrated.

## **Prices**

- The prices of STLs are impacted by a wide range of factors including business costs which have increased significantly in recent years.
- The available data indicates that while STL prices have risen slightly more sharply in Scotland than in GB as a whole in the last year, rates in Scotland remain lower indicating Scotland is more competitive on price.

## **1.1. Introduction**

This section sets out the latest available data on the number of short-term lets (STLs) in Scotland and how this has changed over time. It also considers trends in the demand and prices for STLs. To provide context to the trends seen in the STL sector, it also provides a summary of recent trends in the wider tourism sector.

There is currently no single definitive source of data on the number of STLs. The 2021 Short-term Lets Business and Regulatory Impact Assessment (BRIA)<sup>1</sup> demonstrated the significant growth in the number of STLs in Scotland over the previous decade based on the limited data sources available at that time, primarily the Non-domestic Rates (NDR) Register and data on the number of Airbnb listings in Scotland provided directly from Airbnb as well as data from Inside Airbnb<sup>2</sup>. Since then, a number of new data sources have recently become available including:

- Office for National Statistics (ONS) data on STLs offered through three online collaborative economy platforms (Airbnb, Expedia Group and Booking.com)<sup>3</sup>
- Data published by VisitBritain (VB) produced by Lighthouse, a hospitality industry data and consultancy company that tracks STL listings worldwide across four platforms (Airbnb, Booking.com, Vrbo and TripAdvisor)<sup>4</sup>
- Data produced for VisitScotland (VS) by Key Data, a company providing real-time data on the STL market around the world based on listings across two platforms (Airbnb and Vrbo) and direct data from property management systems and hotel reservation systems. This data is not yet publicly available but is expected to be published by VisitScotland later in 2024.

These sources differ in their methodology, coverage and time series for which data is available. They are therefore not directly comparable. However, taken together, they provide a picture of the STL sector.

While it is useful to monitor trends in the STL sector, it is too early to assess any impact of the STL licensing scheme, given the short period of time the scheme has been in place. In addition, given the range of other factors that have impacted the

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<sup>1</sup> Scottish Government, November 2021, [Short-term lets: business and regulatory impact assessment - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2021/11/Short-term_lets_business_and_regulatory_impact_assessment_-_gov.scot)

<sup>2</sup> NDR data showed there were 19,615 self-catering and B&B/guesthouse properties registered for NDR in April 2021, up 78% from April 2010. The data provided by Airbnb showed there were 35,000 active listings in Scotland in January 2019, up 60% from 2016-17 while the data from 'Inside Airbnb' estimated there were just under 32,000 active listings in Scotland in May 2019. Inside Airbnb is a mission driven project that provides data and advocacy about Airbnb's impact on residential communities.

<sup>3</sup> ONS, [Short-term lets through online collaborative economy platforms, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/methods/data-collections/short-term-lets-through-online-collaborative-economy-platforms-uk)

<sup>4</sup> [UK short-term rentals | VisitBritain.org](https://www.visitbritain.org/uk-short-term-rentals)

sector in recent years, including Brexit, the Covid pandemic, Russia's invasion of Ukraine and the subsequent cost crisis, it is not possible to infer any causality from the introduction of the licensing scheme on any change in the number of STLs over time.

Given the seasonal nature of tourism, it is important to compare numbers of STLs over time at the same point in the year. When considering any change over time in the number of STLs at the sub-Scotland level, it is also important to bear in mind the locations in which controls are in place to manage high concentrations of STLs. Currently, two councils have STL control areas in place: the City of Edinburgh Council which has a control area covering the whole council area (designated in September 2022); and Highland Council which has a control area covering Badenoch and Strathspey (designated in March 2024). In addition, Glasgow City Council has existing planning policies in place with the purpose of managing the overprovision of STLs.

## 2. Trends in the wider tourism sector in Scotland

Summary: The sector has faced significant challenges in recent years as a result of Brexit, the Covid pandemic, Russia's invasion of Ukraine and the subsequent cost crisis. While there are some encouraging signs of recovery in terms output and overseas visit numbers, the sector continues to be more impacted than average by rising costs which is affecting business viability and pushing up the cost of holidays, including accommodation. This, combined with high inflation and interest rates eroding households' disposable income, is impacting on households' trip intentions and trip spending patterns.

To place the trends in the STL sector in Scotland in context, this section provides a summary of recent trends in the wider tourism sector in Scotland.

The tourism sector has faced significant challenges in recent years as a result of Brexit, the Covid pandemic, Russia's invasion of Ukraine and the subsequent cost crisis. However there are some encouraging signs of recovery. The latest data for Q4 2023 shows output in the sector was up 3.2% from the prior year. However, output remains -2% below pre-pandemic (2019) levels<sup>5</sup>. Overseas visit numbers and real terms spend are above pre-pandemic levels, with Scotland's recovery stronger than the UK as a whole<sup>6</sup>. However, domestic overnight and day visit numbers and real terms spend are down from the prior year<sup>7</sup>. Accommodation occupancy rates in hotels, B&Bs/guesthouses and self-catering in 2023 were all up on the prior year<sup>8</sup>, as were visits to Scotland's visitor attractions<sup>9</sup>.

However, the sector continues to be comparatively more impacted than average by staff shortages and the cost crisis which is impacting on business viability. In April

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<sup>5</sup> Source: Scottish GDP Index, Scottish Government

<sup>6</sup> Source: International Passenger Survey, ONS

<sup>7</sup> Source: Great Britain Tourism Survey and Great Britain Day Visits Survey. Domestic tourism statistics are currently undergoing a methodological review. 2023 figures are provisional and highly likely to change so should be treated with caution.

<sup>8</sup> Source: Scottish Accommodation Occupancy Survey, VisitScotland

<sup>9</sup> Source: Visitor Attraction Monitor, the Moffat Centre

2024, a third (32%) of businesses in the sector experienced worker shortages, higher than the Scotland average (21%), and, despite recent falls in inflation, four in ten (39%) businesses in the sector saw input prices rise from the previous month, significantly higher than the average across the Scottish economy (24%)<sup>10</sup>. The combined impact of these challenges appears to be affecting business viability and optimism. Business optimism in the sector was down for the second consecutive quarter in Q1 2024, with a net balance of businesses also reporting a fall in revenue, investment, cashflow and profit<sup>11</sup>. The number of insolvencies and the business death rate in the sector in Scotland have both increased since 2021, although the insolvency rate and death rate is lower than in the rest of GB/UK. Despite the business death rate increasing, the number of businesses in the sector is growing modestly, with births exceeding deaths in 2023.

Looking ahead, the latest data from May 2024 indicates longer term (over the next 12 months) domestic and overseas trip intentions are similar to last year. This is somewhat in contrast to trends seen in 2023 where intentions were generally higher than the prior year. This may indicate a return to 'normal', following a surge in holiday taking after the pandemic. While trip intentions for the next 12 months are comparable to last year, the cost crisis continues to impact on trip spending with UK adults cutting back on trip length, eating out, accommodation and activities on domestic holidays.<sup>1213</sup> In addition, there are some signs of a potential slow-down in shorter-term domestic trip intentions (over spring/summer 2024), with a slight fall in bookings for spring/summer 2024 domestic trips compared to last year.<sup>14</sup>

The challenging economic situation, with high inflation and high interest rates eroding households' disposable income and driving up costs of holidays, continues to act as a barrier to trip taking. In May 2024, the rising cost of living, the rising costs of holidays, and personal finances, along with the UK weather, continued to be the top barriers cited by UK adults to taking a domestic holiday. However the proportion of UK adults citing these as a barrier has fallen over the past year. In terms of the barriers related to the cost of a domestic overnight trip, the cost of accommodation has consistently been the top barrier cited<sup>15</sup>.

Some evidence indicates domestic breaks may be suffering most in terms of perceptions of the rising cost of holidays, with the proportion of Scottish adults citing the cost of domestic holidays as impacting their holiday decisions this year rising in April 2024<sup>16</sup>. This could be due to a combination of factors including the comparatively high inflation experienced in the UK relative to other countries and the strengthening of the pound over 2024.

## **2.1. Supply of short-term lets in Scotland**

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<sup>10</sup> Source: Source: Business Insights and Conditions Survey, ONS

<sup>11</sup> Scottish Chambers of Commerce Quarterly Economic Indicator

<sup>12</sup> Source: Insolvency Service; Business Demography, ONS

<sup>13</sup> Source: UK Domestic Sentiment Tracker, VisitBritain; Scotland Domestic Sentiment Tracker, VisitScotland; Scottish Tourism Index, [56 Degree Insight](#)

<sup>14</sup> Source: UK Domestic Sentiment Tracker, VisitBritain; Scotland Domestic Sentiment Tracker, VisitScotland; Scottish Tourism Index, [56 Degree Insight](#)

<sup>15</sup> Source: UK Domestic Sentiment Tracker, VisitBritain

<sup>16</sup> Source: Scottish Tourism Index, [56 Degree Insight](#)

Summary: The various data sources present a mixed picture on how the number of STLs has changed over the past year although most indicate that, at the national level, the supply of STLs in Scotland has fallen slightly from the prior year, with the level broadly in line with pre-pandemic. This is contrast to trends in the rest of Great Britain where the number of STLs has increased over the year. However, looking below the national level, we see that Edinburgh and Glasgow account for the vast majority of the fall in supply which is to be expected given Edinburgh’s designation as an STL control area and the existing planning policies in place in Glasgow to manage the overprovision of short-term lets.

This section sets out the latest available data on the number of short-term lets (STLs) in Scotland and how this has changed over time, drawing from a range of sources.

### ***Unique short-term lets listings on online platforms***

Data from Lighthouse, published by VisitBritain, provides monthly estimates of the number of listings on four major platforms (Airbnb, Booking.com, Vrbo and TripAdvisor) across the UK’s nations and LAUs<sup>17</sup> from 2019 with the latest available data covering April 2024. The listings data is deduplicated when the same property is advertised on more than one platform and therefore the source provides an estimate of unique STLs listings<sup>18</sup>. The data differs to the ONS and KeyData data presented below as it covers different platforms (although all cover Airbnb) and because the Lighthouse data is ‘deduplicated’ whereas the ONS and KeyData data are not.

Lighthouse data estimates there were 46,100 unique STL listings in Scotland across the four platforms in April 2024, accounting for 10% of all STLs across the UK as a whole (445,000).

At the national level, the data suggests the number of STLs in Scotland in April 2024 was marginally lower (-3%, -1,210 listings) than the prior year (April 2023) but was up 4% compared to 2022 and broadly in line (-0.2%, -102 listings) with 2019 (pre-pandemic). In contrast, Wales and England have both seen the numbers of STLs increase significantly from both 2019 (Wales up 48% and England up 43%) and 2023 (Wales up 10% and England up 16%). In Great Britain as a whole, the number of STLs in April 2024 is estimated to have increased by 35% from 2019 and by 13% from 2023.

### **Figure 1: Supply of short-term rental properties, Scotland, January 2019 – April 2024**

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<sup>17</sup> Data is provided for Scotland’s 41 LAUs as well as an additional area ‘Scotland other’ which captures those listings that cannot be attributed to an LAU with the information available.

<sup>18</sup> In order to identify identical listings across more than one platform, Lighthouse firstly use a ‘photomatcher’, which can look past cropping and minor edits, to detect duplicated photos. A machine learning binary classifier is then used which examines the features of the properties, details of how and when listings were made, and the photos in order to make a decision as to whether it is the same property or not. The classification model’s approach has been validated and improved by ‘training’ based on decisions made by real people.



Source: Lighthouse via VisitBritain

Looking below the national level, the Lighthouse data demonstrates that Edinburgh and Glasgow account for the vast majority of the fall in supply of STLs from the prior year, with the two cities together seeing a fall of almost 1,400 listings from 2023. This is to be expected given Edinburgh’s designation as an STL control area and the existing planning policies in place in Glasgow to manage the overprovision of short-term lets. The data also demonstrates the continued concentration of STLs in Scotland in a small number of areas with eight LAUs accounting for over half (55%) of all STL listings in April 2024 and Edinburgh alone accounting for 15% (Figure 2).

**Figure 2: Top eight local administrative units for short-term lets listings across Airbnb, Booking.com, Vrbo and TripAdvisor, as at April 2024**

	Number of listings Apr 2024	% share of Scotland total	Change from 2019		Change from 2023	
			%	No.	%	No.
Edinburgh	6,851	15%	-39%	-4,449	-9%	-672
Glasgow City	3,355	7%	-14%	-528	-17%	-700
Inverness and Nairn	2,960	6%	13%	349	2%	67
Fife	2,586	6%	31%	606	-1%	-36
Dumfries and Galloway	2,554	5%	34%	648	4%	91
Argyll & Bute Mainland	2,475	5%	18%	382	3%	81
Perth & Kinross	2,270	5%	8%	161	-2%	-47
Skye and Lochalsh	2,143	5%	13%	243	2%	41
SCOTLAND TOTAL	46,103	100%	0%	-102	-3%	-1,210

Source: Lighthouse via VisitBritain

***Non-unique short-term lets listings on online platforms***

New data from ONS, released for the first time in May 2024, provides monthly estimates of the number of STL hosts<sup>19</sup> and listings<sup>20</sup> on three major platforms (Airbnb, Booking.com and Expedia Group) across the UK's nations and local administrative units (LAUs)<sup>21</sup> for each month of 2023 – data for prior years is not available. The number of hosts differs to the number of listings (STL properties) as one host may have more than one listing. Data from the three providers is aggregated to provide a total number of hosts, which means there may be duplication if a host rents their property with multiple providers so the data should be seen as an upper bound and the number of unique hosts may be much lower. While useful, the source is therefore limited, at present, in its usefulness to estimate the total number of unique STL hosts or to track trends over time in a sector which is subject to high seasonality. The data differs to the Lighthouse data presented above as it covers different platforms (although both cover Airbnb and Booking.com) and because the Lighthouse data is 'deduplicated' whereas the ONS data is not.

The latest available data estimates there were 37,240 STL hosts and 64,540 listings across the three platforms in Scotland as at December 2023, accounting for 10% of both hosts and listings across the UK as a whole. Looking across 2023, the number of hosts and listings in Scotland peaked in July (39,450 hosts and 69,170 listings) before falling to broadly similar levels as the start of the year, with the number of hosts up 2% (680 hosts) and number of listings down 1% (580 listings) (figure 3). In contrast, England, Wales and Northern Ireland generally saw the number of hosts increase over each month of the year, with the UK as a whole seeing the number of hosts up 24% and listings up 16% from the start of the year<sup>22</sup>. As noted above, it is important to take seasonality into account when interpreting these figures.

**Figure 3: Number of STL hosts and listings across Airbnb, Booking.com and Expedia Group by calendar month, Scotland, 2023**

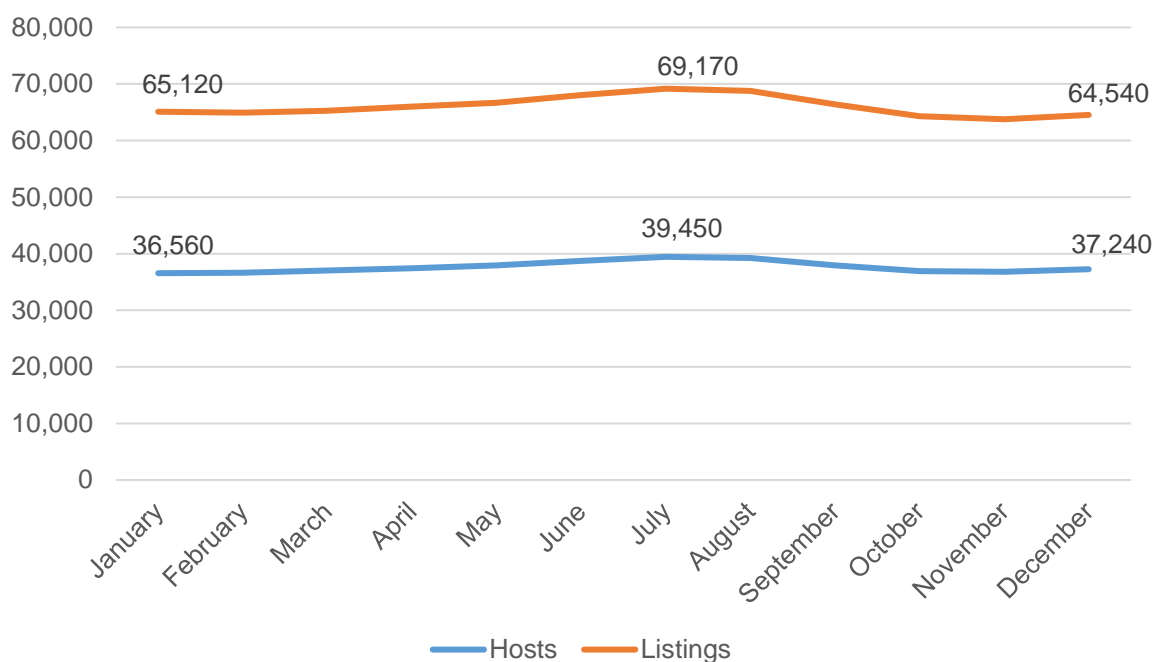
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<sup>19</sup> The number of hosts refers to the number of hosts of STLs offered through the online collaborative economy platforms, renting out one or more listings.

<sup>20</sup> The number of listings is the advertisement of the property on the short-term let platform.

<sup>21</sup> Local administrative units (LAUs) are a classification of UK areas to produce regional statistics which are comparable across the European Union. Scotland is covered by 41 LAU1 areas.

<sup>22</sup> Wales saw a slight decline in the number of hosts in October but an increase in all other months. Both England and Northern Ireland saw an increase in the number of hosts in each month of the year.



Source: Short-term lets through online collaborative economy platforms, ONS

Looking below the national level, the fall in the number of listings in Scotland from the start of the year was primarily driven by falls in Edinburgh (-1,030 listings) and Glasgow (-460 listings). As with the Lighthouse data, the ONS data demonstrates the concentration of hosts and listings in a small number of areas in Scotland. Amongst Scotland's 41 LAUs, eight LAUs accounted for over half (58%) of both hosts and listings in December 2023, with Edinburgh alone accounting for 23% of hosts and 19% of listings (Figure 4).

**Figure 4: Top eight local administrative units (LAUs) for short-term lets hosts across Airbnb, Booking.com and Expedia Group, as at December 2023**

	% share of total Scotland hosts (Dec 2023)	% share of total Scotland listings total (Dec 2023)	% change in number of hosts Jan-Dec 2023	% change in number of listings Jan-Dec 2023
City of Edinburgh	23%	19%	-6%	-8%
Glasgow City	8%	7%	-11%	-10%
Fife	6%	6%	9%	6%
Inverness and Nairn	5%	6%	9%	8%
Dumfries and Galloway	4%	6%	21%	3%
Perth and Kinross	4%	5%	6%	-7%
Argyll and Bute Mainland	4%	5%	4%	-3%
Skye and Lochalsh	4%	4%	6%	5%

Source: Short-term lets through online collaborative economy platforms, ONS

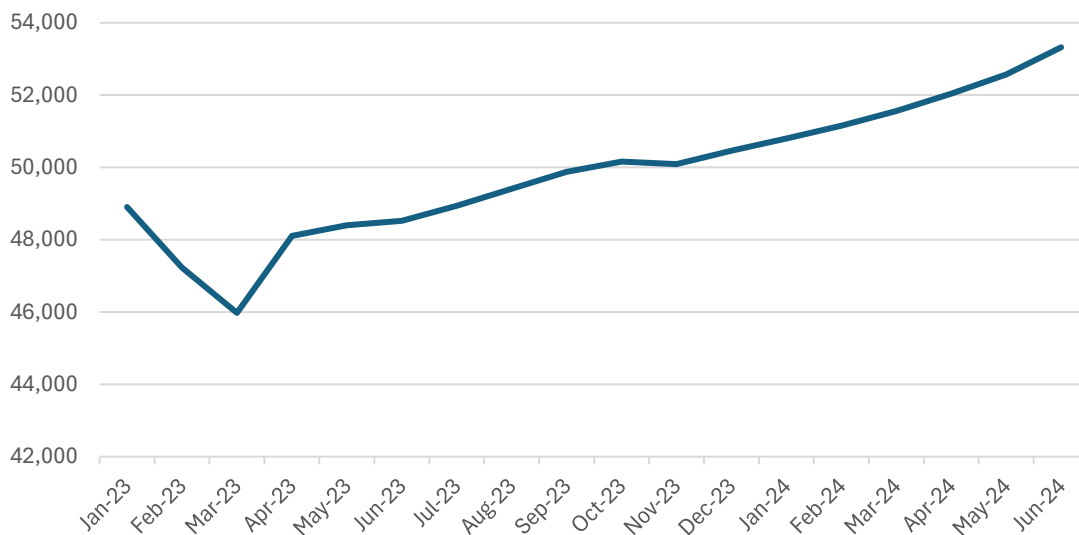
Data from Key Data, provided via VisitScotland, provides monthly estimates of the number of listings on Airbnb and Vrbo across Scotland and its 32 local authority areas (LAAs) from January 2023 with the latest available data for June 2024. As with



the ONS data, there is currently no deduplication in the Key Data data therefore figures are likely to be an overestimate as some properties may appear twice if advertised on both platforms. However, when the data is published by VS later this year, it is expected to be deduplicated. The figures published will therefore differ to those included in this analysis. The Key Data data differs from the ONS and Lighthouse data as it covers a different composition of platforms although all cover Airbnb, the dominant platform in Scotland.

Key Data estimates there were 53,300 STL listings in Scotland across the two platforms in June 2024, up 10% from the prior year (June 2023). This contrasts to the Lighthouse data which suggests Scotland has seen a decrease in the number of listings over the past year however the two sources differ in that the Lighthouse data is deduplicated whereas Key Data is not.

**Figure 5: Supply of short-term rental properties, Scotland, January 2023 – June 2024**



Source: Source: Copyright Key Data, LLC 2024. Republication or other re-use of this data without the express written permission of key data is strictly prohibited

As with the Lighthouse and ONS data, the Key Data data demonstrates the concentration of STLs in Scotland in a small number of areas with six LAAs accounting for two thirds (67%) of all STL listings on the two platforms in June 2024. Edinburgh alone accounted for almost a quarter (23%) and Highland a fifth (20%).

**Figure 6: Top six local authority areas for short-term let listings across Airbnb and Vrbo**

	Number of listings, June 2024	% share of Scotland total	% change from June 2023
Edinburgh	12,438	23%	16%
Highland	10,495	20%	8%
Glasgow	4,348	8%	5%

Argyll & Bute	3,208	6%	8%
Fife	2,901	5%	8%
Dumfries & Galloway	2,523	5%	7%
SCOTLAND TOTAL	53,322	100%	10%

Source: Copyright Key Data, LLC 2024. Republication or other re-use of this data without the express written permission of key data is strictly prohibited

The Key Data data suggests the number of listings has increased over the year in all LAAs across Scotland. Looking at the top six LAAs for STL listings in Scotland set out in Figure 4, Edinburgh saw the highest percentage increase from the prior year.

### ***Short-term lets paying non-domestic rates***

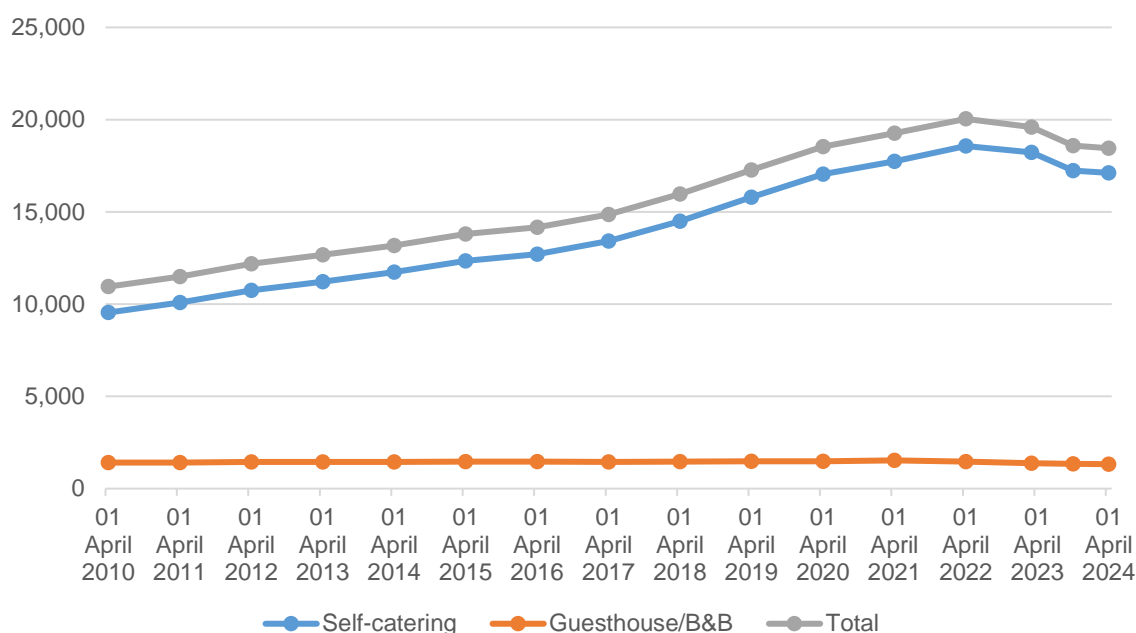
Data from the NDR valuation roll, which captures only those STL businesses that are registered for non-domestic rates<sup>23</sup> and therefore provides only a partial picture, shows there has been significant growth in the number of self-catering and B&B/guesthouse properties over the last two decades, although numbers have fallen somewhat since 2022 (Figure 6).

The latest available data for 1 April 2024 shows there were 18,445 self-catering and B&B/guesthouse properties on the NDR register in Scotland (comprising 17,120 self-catering properties and 1,325 B&B/guesthouse properties), up 68% (7,495 properties) from 2010 (10,950 properties) and up 7% (1,170 properties) from 2019 (pre-pandemic). However, after rising consistently over the period 2010 – 2022, the number has fallen over the last two years, down 6% (1,155 properties) from 2023 and down 8% (1,595 properties) from April 2022.

### **Figure 7: Number of self-catering and guesthouse/B&B properties, Scotland, April 2010 - April 2024**

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<sup>23</sup> NDR data excludes those STL businesses that operate out of premises that are registered for council tax rather than non-domestic rates, i.e. those self-catering properties that are available for commercial let for less than 140 days in the financial year and those B&Bs that are the sole/main residence of a person and are made available for letting to no more than six people per night.



Source: Scottish Assessors Association Valuation Roll

As with the other sources, the NDR data demonstrates the continued concentration of self-catering and B&B/guesthouse properties in a small number of areas with the highest numbers located in Highland (27% of the Scotland total), Argyll and Bute (13%), Dumfries and Galloway (7%), Edinburgh (7%) and Perth and Kinross (6%). Together these five local authorities account for almost two thirds (60%) of self-catering and B&B/guesthouse properties on the NDR roll in Scotland (Figure 8).

The change in the supply of self-catering and B&B/guesthouse properties in recent years has varied significantly by local authority area. Of the five local authority areas with the highest numbers of self-catering and B&B/guesthouse properties in April 2024, Edinburgh has seen the largest percentage decrease over the past two years. This is to be expected given the designation of the Edinburgh council area as a control area in September 2022. Compared to 2022 and 2023, all five local authority areas have seen a decrease in the number of STLs.

**Figure 8: Top five local authorities for self-catering and B&B/guesthouse properties on NDR valuation roll as at 1 April 2024 and change relative to selected prior years**

Local authority area	% share of Scotland total (Apr 2024)	% change from 2019		% change from 2022		% change from 2023	
		%	No.	%	No.	%	No.
Highland	27%	10%	470	-8%	-460	-6%	-340
Argyll & Bute	13%	11%	225	-6%	-140	-3%	-85
Dumfries & Galloway	7%	4%	50	-7%	-105	-4%	-55
Edinburgh	7%	-26%	-450	-19%	-300	-16%	-245
Perth & Kinross	6%	-3%	35	-14%	-175	-10%	-120
<b>SCOTLAND TOTAL</b>	<b>100%</b>	<b>7%</b>	<b>1,1170</b>	<b>-8%</b>	<b>-1,595</b>	<b>-6%</b>	<b>-1,155</b>

Source: Scottish Assessors Association Valuation Roll

### 3. Demand for short-term lets sector in Scotland

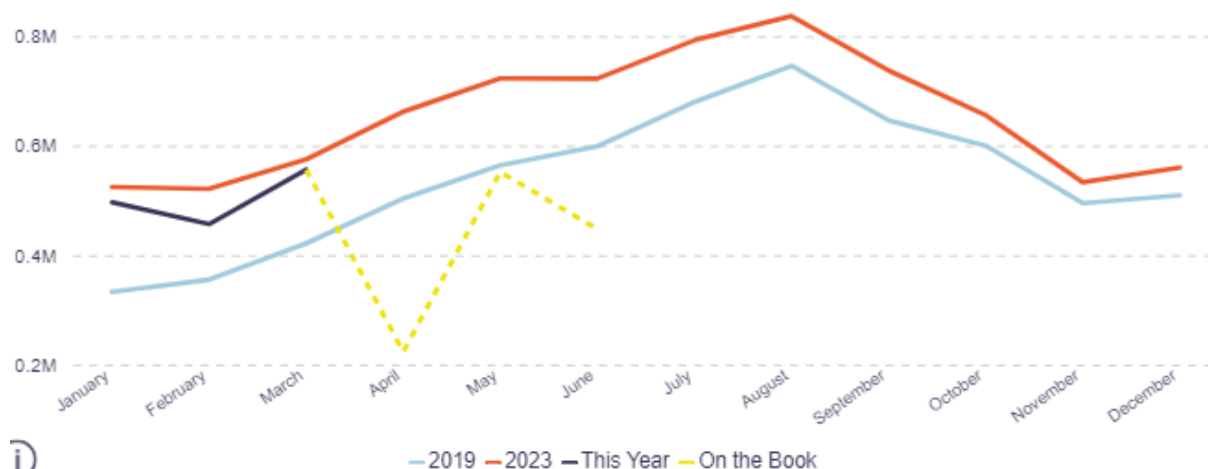
Summary: The data indicates demand for STLs, in terms of the number of nights reserved, is down marginally in Scotland from the prior year, in contrast to GB as a whole which has seen an increase. However, Scotland performs well in terms of STL occupancy, with average occupancy rates in 2023 higher than the prior year and Scotland outperforming the rest of GB on both occupancy rate and change from the prior year. Demand for STLs in Scotland is concentrated in a small number of areas, with these areas correlating to the areas where the supply of STLs is concentrated.

This section sets out the latest available data on the demand for STLs in Scotland and how this has changed over time, drawing from a range of sources.

### 3.1.1. Number of guest nights, nights and stays

Data from Lighthouse provides estimates on the number of nights reserved in STLs across the UK going back to 2019. The latest data estimates there were 556,000 nights reserved in STLs in Scotland in March 2024, accounting for 10% of all nights reserved across the UK as a whole. The number of nights reserved in STLs in Scotland in March 2024 was down 3% from the prior year but up 32% from 2019 (pre-pandemic). In contrast, the number of nights reserved across GB as a whole was up 12% from the prior year and up 74% from 2019.

**Figure 10: Number of nights reserved, Scotland, July 2019 – March 2024**



Source: Lighthouse via VisitBritain

The lighthouse data illustrates the concentration of demand for STLs in a small number of areas with Edinburgh alone accounting for around a fifth (19%) of all reserved nights in Scotland in March 2024 and consistently ranking second out of all UK cities for nights reserved since 2019.

Only limited data on demand for Q3 and Q4 2023 is currently available from ONS' new publication on STLs offered through three platforms (Airbnb, Booking.com and Expedia Group). The data is therefore limited in its usefulness in understanding trends over time, given the high degree of seasonality within the tourism sector.

The latest data shows that there were 210,230 stays<sup>24</sup> in STLs in Scotland in Q4 2023 with guests staying for 2.0 million guest nights<sup>25</sup> and 0.7 million nights<sup>26</sup>. Scotland accounted for 11% of all stays, guest nights and nights across the UK as a whole.

Compared to Q3 2023, the number of stays and guest nights in Scotland in Q4 decreased by 53% and the number of nights decreased by 51%. While a fall from the peak summer months of Q3 to the quieter autumn/winter Q4 months is to be expected, the fall in Scotland was higher than in the UK as a whole (32% fall in stays, 37% fall in guest nights and 33% fall in nights). The UK figure was driven by England (32% fall in guest nights) with Wales (53% fall in guest nights) and Northern Ireland (50% fall in guest nights) seeing falls more in line with Scotland.

As with the Lighthouse data, the ONS data demonstrates the concentration of demand for STLs in a small number of areas in Scotland, with the top eight LAUs<sup>27</sup> (Edinburgh; Glasgow City; Inverness and Nairn; Skye and Lochalsh; Fife; Lochaber; Perth and Kinross; and Argyll and Bute Mainland) together accounting for around two thirds of stays (69%), guest nights (65%) and nights (65%) across Scotland as a whole in Q4 2023. The concentration of demand in these areas correlates with the concentration of supply of STLs in the same areas. Edinburgh had the highest number of stays, guest nights and nights in Q4 (accounting for 35% of stays and 32% of guest nights and nights across Scotland), followed by Glasgow (8% of stays and guest nights and 9% of nights) and Inverness and Nairn (6% of stays and 5% of guest nights and nights). Edinburgh ranked second out of all LAUs in the UK as a whole, behind only Westminster for the number of guest nights in Q4 2023.

### **Figure 11: Proportion of guest nights by local administrative unit, Q4 2023**

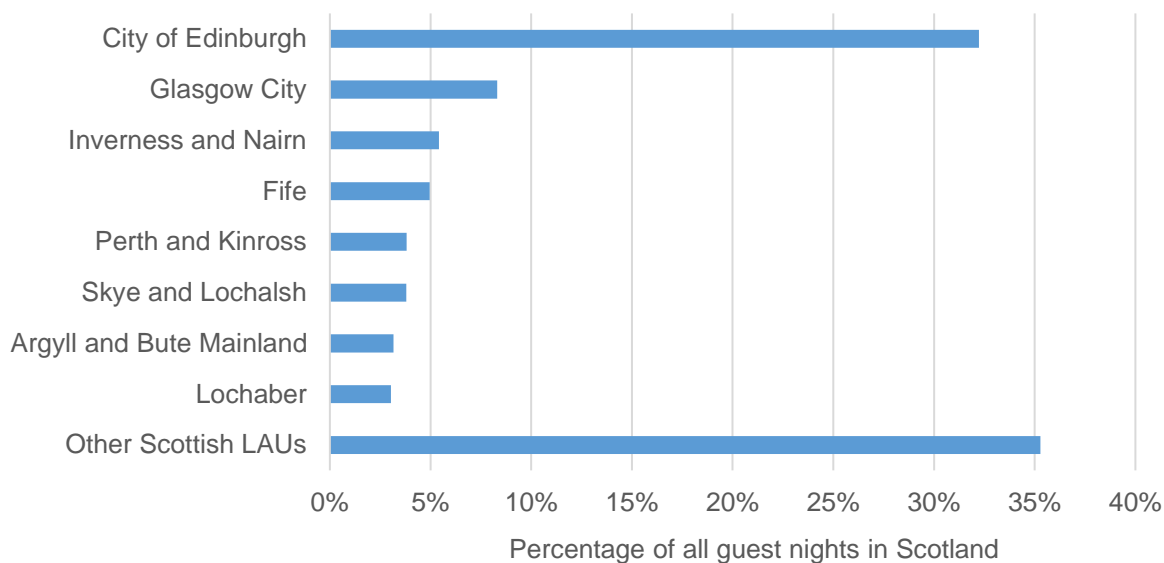
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<sup>24</sup> The number of stays refers to the number of times a facility offered by the platforms was occupied.

<sup>25</sup> The number of guest nights accounts for the number of nights spent during a stay multiplied by the number of visitors in the travel party.

<sup>26</sup> The number of nights refers to the number of nights a property or room offered by the platforms was occupied.

<sup>27</sup> Local administrative units (LAUs) are a classification of UK areas to produce regional statistics which are comparable across the European Union. Scotland is covered by 41 LAU1 areas.



Source: ONS Short-term lets through online collaborative economy platforms

### 3.1.2. Occupancy

The latest annual data from the Scottish Accommodation Occupancy Survey shows self-catering and B&B/guesthouse occupancy rates in 2023 were higher than in the prior year. The average self-catering unit occupancy rate was 43% in 2023, up 3 percentage points from 2022 while the average B&B/guesthouse room occupancy was 77% in 2023, up 16 percentage point from 2022. Self-catering and B&B/guesthouse occupancy rates in Scotland were higher than in 2022 throughout most of 2023 (lower only in February, July and December 2023 for self-catering and lower only in February and June for B&Bs/guesthouses).

Data from Lighthouse shows a similar picture with the average STL occupancy rate sitting at 45% in March 2024, up 2 percentage points from the prior year and up 3 percentage points from 2019. The average STL occupancy rate in GB as a whole was lower at 40% and was down 2 percentage points from the prior year and down 4 percentage points from 2019. Occupancy rates have remained higher than 2019 levels in the vast majority of months from January 2022 onwards. By region, occupancy rates in March 2024 were highest in East Renfrewshire (60%), Skye and Lochalsh (58%) and Arran and Cumbrae (57%).

## 4. Prices of short-term lets in Scotland

Summary: The prices of STLs are impacted by a wide range of factors including business costs which have increased significantly in recent years. The available data indicates that while STL prices have risen slightly more sharply in Scotland than in GB as a whole in the last year, rates in Scotland remain lower indicating Scotland is more competitive on price.

This section sets out the latest available data on the prices of STLs in Scotland, how they have changed over time and how they compare with the UK as a whole. It is important to note that accommodation prices, like any prices, will be driven by a

range of factors including costs, taxation, regulation, the relative attractiveness or uniqueness of the STL and its location, the degree of competition, time of year etc. It is also important to consider the wider trends relating to the cost crisis which are impacting on the costs of STL businesses and therefore on the prices charged, as discussed more fully in section 2.

Data from Lighthouse suggests the average daily rate (ADR)<sup>28</sup> for STLs in Scotland is lower than in the UK as a whole, indicating Scotland is more competitive on price, but that Scotland has seen a marginally higher increase in the ADR from the prior year. The latest available data shows that in March 2024 the ADR in Scotland was £212, up 9% (in nominal terms) from the prior year and up 76% from 2019. In GB as a whole, the ADR was higher at £238 but the increase from the prior year was marginally lower at 7% (the increase from 2019 was in line with Scotland at 76%). The ADR in Scotland in March 2024 was also lower than all individual England regions as well as Wales.

As with the Lighthouse data, the latest available annual data from the Scottish Accommodation Occupancy Survey indicates average tariffs for self-catering have increased between 2022 and 2023. The average peak tariff in Scotland in 2023 was £1,132 per week, up 8% (in nominal terms) from 2022 whilst the off-peak average tariff was £1,072 per week, up 9% from 2022.

## 5. Conclusion

While it is useful to monitor trends in the short-term lets sector, it is too early to assess any impact of the licensing scheme given the short period of time the scheme has been in place and the range of other factors which have impacted the sector in recent years including Brexit, the Covid pandemic and the cost crisis. Due to differences in coverage and methodology, the various sources of data on short-term lets can provide a mixed picture on the performance of the sector.

At the national level, most data sources indicate that the supply of short-term lets in Scotland has fallen slightly from the prior year, with the level broadly in line with pre-pandemic. This is contrast to trends in the rest of Great Britain where the number of STLs has increased over the year. However, looking below the national level, we see that Edinburgh and Glasgow account for the vast majority of the fall in supply which is to be expected given Edinburgh's designation as an STL control area and the existing planning policies in place in Glasgow to manage the overprovision of short-term lets.

The data indicates demand for STLs, in terms of the number of nights reserved, is down marginally in Scotland from the prior year, in contrast to GB as a whole which has seen an increase. However, Scotland outperforms the rest of GB in terms of occupancy rates. With regards to price, while STL rates have risen slightly more sharply in Scotland than in GB as a whole in the last year, rates in Scotland remain lower indicating Scotland is more price competitive.

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<sup>28</sup> The average daily rate (ADR) represents the average nightly price when the data was flagged as booked, not including fees or discounts.

