

Airbnb 101: A Beginner's Guide to Airbnb Hosting

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Every aspiring vacation rental host starts with a dream: to achieve *financial freedom* by creating *unforgettable guest experiences*.

If it was easy, everyone would do it. But truth be told, success is *far more* attainable than you might think. Assuming you have the right tools (aka, data) for the job.

AirDNA's mission is to guide you along every step of your rentalpreneur journey (including your very first step!). That's why we've gathered many of our most helpful blogs, guides, and need-to-know tips onto one page.

1. Things to Know Before Investing in Airbnb

Airbnb glossary: Need-to-know terms

<https://www.airdna.co/guides/beginners-guide-to-airbnb-hosting>

We recommend starting with the most basic building block: language and common short-term rental (STR) industry terms. Brush up on this [Airbnb glossary](#) so you're not confused by any lingo that's commonly thrown around by vacation rental pros (STR, ADR, RevPAR, etc.). This knowledge helps you navigate data-driven pricing tools and make educated business decisions with confidence.

Here's a few of the most important terms to help start your hosting journey off strong:

- **ADR:** Average daily rate, or how much a host generally charges per day.
- **Occupancy rate:** A percentage showing how often a property is booked by guests. Get this rate by comparing the number of total booked days versus total available days.
- **OTA:** Online Travel Agency. A formal term for booking platforms like Airbnb and Vrbo.
- **RevPAR:** Revenue per available rental. This may be your most important metric because it is essentially your true revenue. RevPAR is calculated by dividing your annual revenue by your nights available. You can grow RevPAR by increasing your average daily rate (ADR) or occupancy.

How to finance your Airbnb

No matter which market you ultimately choose to operate in, most Airbnb hosts need to finance their property (versus purchasing it outright). Our step-by-step [Airbnb financing guide](#) demystifies this process and arms you with the tips and tricks you need to confidently invest in a new vacation rental property anytime, anywhere.

Even in less favorable investing times (like when home prices or interest rates are high), you don't necessarily need to stop your investment plans. Instead, concentrate on finding the right investment location and property that makes financial sense. You can also consider [rental arbitrage](#), a popular way to run a short-term rental without owning the property.

Where are the best places to invest in Airbnbs?

No question is more important to new Airbnb hosts and investors than this one. For answers, look no further than [AirDNA's annual Best Places to Invest report](#). This isn't

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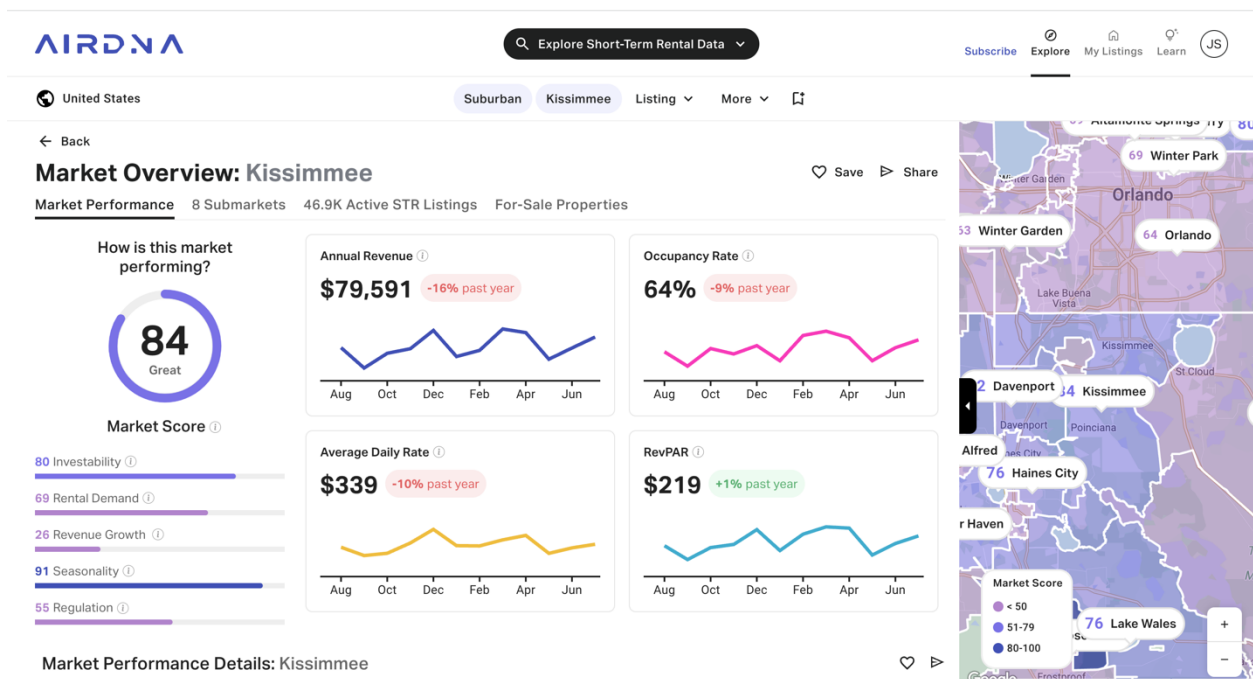
simply a list of sexy vacation destinations; it's an accurate overview of where, according to the data, you can make the greatest return on your Airbnb investment.

Your motivations for owning a vacation rental also play strongly into this question: Are you strictly looking for a good real estate investment? Then the Best Places to Invest report is perfect for you. Are you more interested in owning a home that pays for itself in a place you enjoy spending time? Use [AirDNA](#) to see if your favorite destination is a good investment prospect (just log in and search for your favorite town).

The Overview page offers a lot of important (and free!) insights, like:

- Average daily rate, occupancy rate, and revenue for the market
- A map of all the local Airbnb and Vrbo listings
- Rental growth trends (have Airbnbs boomed in that area recently?)

Seeing what a market is doing and how much competition you would have helps you decide if investing in your favorite vacation destination is a smart business decision.



Use an Airbnb calculator to estimate your revenue potential

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An accurate [Airbnb calculator](#) allows you to estimate the revenue potential of a real property. This is a smart (and fun!) step to take early in your planning process, as it can help you narrow down a list of attractive properties. Curious how much you could make on a 1 bed/1 bath condo versus a 4 bed/3 bath house? Plugging addresses into an Airbnb calculator makes it crystal clear.

Airbnb investing: How do I *actually* do it?

If you're new to real estate and short-term renting, this whole process can seem intimidating, to say the least. We *completely* understand. And know that, if you feel this way, you're not the only one. But take our word for it: *Anyone* can become a successful Airbnb host or investor. You just need the right plan and the right data.

This [five-step guide to Airbnb real estate investing](#) will get you started on the right foot. It dives into detail about:

- Identifying the best places to invest in Airbnbs
- Analyzing Airbnb investments and real estate data in each market
- Comparing Airbnb investment opportunities in multiple markets
- Estimating your Airbnb investment income
- Strategically pricing your Airbnb

How can regulations affect my Airbnb?

[Airbnb regulations](#) are a polarizing topic and vary from market to market. But no host or investor can understand their true earnings potential without first considering the influence of local regulations—and whether that influence will be positive or negative.

Whatever you do, it's important to pay attention to any existing regulations or local talk about new regulations. Consider getting involved with a local STR advocacy organization to make sure you have a say in any pending regulation that's being discussed in your area. If you want to get involved on a bigger scale, consider joining a national group like [Rent Responsibly](#) and [VRMA](#).

If you do run into regulation concerns or challenges with an existing vacation rental property that you own or operate, talk to a lawyer! Advice found online can be incorrect and downright dangerous, so always consult a trained specialist.

Airbnb arbitrage: Is it right for me?

Arbitrage is the process of renting a property long-term and then re-renting it short-term on vacation rental sites like Airbnb or Vrbo. In many locations, arbitrage is not only legal but lucrative. And it can allow many new hosts to enter a market or invest in a property that may have otherwise been prohibitively expensive. Our [Airbnb arbitrage guide](#) helps you understand if this kind of arrangement is right for you.

2. How to price your Airbnb

Do your research

This might sound like a generic tip, but we can't emphasize it enough. Especially in today's competitive vacation rental climate. If you rely on guesswork when it comes to your Airbnb business, you'll struggle to turn a profit. You need to understand your market, your competition, seasonality trends, and economic factors. And most importantly: You need to trust data (not your gut) to guide your decision-making.

PRO TIP:

Your market changes every season and every year—so don't rely on "the way things have always been." Shoulder season (the season between peak and cold seasons) is growing for many markets, new competition enters the market all the time, and other factors can (and often do) change frequently. You need to pay attention to these trends so you're not caught off-guard and behind.

Study your (real) competition

It's not enough to understand your own property; you need to be obsessed with your competitors' properties, too. This is why we recommend you [create a custom comparison set](#) (or comp set for short). Because here's the catch: You actually might *not* be competing against the Airbnb next door. Because they might be offering a *completely different* property than you. You need to know which relevant properties are pricing higher or lower than you. Or who's offering a popular amenity you're missing. Comparing apples to apples in the Airbnb world is known as [performance benchmarking](#), and it's a tentpole of any successful Airbnb business.

PRO TIP:

Useful [Airbnb comp sets](#) are built with lots of granular filters (ratings, price tier, guest capacity, number of specific room types, etc.). This way, there's no confusion about how your listing compares to another.

Decide on a pricing strategy

Smart pricing is everything when it comes to Airbnbs, and every host wants to set the best nightly rate every time. That's why an accurate, data-driven [Airbnb pricing tool](#) is a must-have. Hosts are busy and don't have time to manually research all their competitors' rates. Plus, those rates can change on a moment's notice. Supply, demand, [seasonality](#), and the economy all affect pricing trends. A [smart pricing tool](#) assesses your location, competition, and demand for you and proposes optimized rates, eliminating all guesswork in the process. (Be cautious with using the automated pricing features on a listing platform. Companies like Airbnb and Vrbo have a vested interest in making sure your property is booked, so they might advertise the best price for guests but not for you as the host. A third-party dynamic pricing tool (like [AirDNA's Smart Rates](#)) gives you more control.)

There's two general camps when it comes to STR pricing strategies:

- Getting the highest ADR
- Getting the highest occupancy rate

Some people value having "heads in beds" as much as possible, so they adjust their nightly rate to get the best occupancy rate possible. Others prefer to not go below a certain minimum nightly rate, even if it means the listing goes unbooked. Neither

strategy is right or wrong, it comes down to your personal goals. But in either case, you should consider how your pricing strategy affects your overall revenue because, at the end of the day, that's what really matters.

- Follow these tips to [boost your Airbnb's average daily rate](#) (ADR) in 2023.

Understand when to update your Airbnb pricing

Successful Airbnb hosts constantly adapt to trends and never approach pricing with a set-it-and-forget-it attitude. It's also important to understand which metrics you value most. Are your bookings declining? That may mean it's time to lower your nightly rates. On the other hand, more bookings at a lower rate could generate less revenue than fewer bookings at a higher rate.

Before you make any decisions, look at what's happening in your market and among your direct competition. Are bookings slow across the entire market? Maybe booking lead times are changing. In this case, you can adjust your prices to try and attract guests or keep everything the same and see if you get bookings at your original price as your open dates get closer. On the other hand, if many listings in your area are already booked and were booked at a lower average rate, you might be priced too high. A pacing tool can help you get these valuable insights so you make decisions based on what's actually happening instead of panicking and potentially costing yourself money.

PRO TIP:

Over time, you can enhance your Airbnb pricing strategy by digging deeper into day-of-the-week trends (which days are most popular for your listing) and lead time trends (how far in advance guests are booking your listing).

3. Setting up your Airbnb listing

Decide which platform you want to list on

First off, did you know that listing platforms like Airbnb, Vrbo, and Booking.com are technically called online travel agencies (OTAs)? Weird, we know.

Anyway, while Airbnb is only one OTA, it's become a catch-all term for all vacation rental listing platforms (akin to the relationship between Kleenex and generic tissues). That being said, you may want to list your property on platforms other than (or in addition to) Airbnb. Our guide on [how to list your vacation rental on multiple OTAs](#) explains your options so that you can make the right decision for your property and avoid key mistakes if you list on multiple platforms.

Showcase your Airbnb with beautiful photography

Don't overlook [Airbnb photography](#). It could make or break your occupancy rate, and any successful host will tell you the same. On Airbnb, every book gets judged by its cover. So make sure your listing photos show off your property's interior, exterior, amenities, and unique features. And yes, investing in professional real estate photography for your listing *is* necessary!

Airbnb cleaning fees

[Airbnb cleaning fees](#) are one of the hottest topics in the vacation rental industry today. While they may seem like a minor detail, many guests are angry at high cleaning fees, which can have a serious impact on your booking activity. Airbnb now [shows the total price](#) (including all fees) when guests search for homes, meaning a steep cleaning fee can knock your listing out of the running if it makes your total price look much higher than nearby listings.

To stay competitive, make sure your cleaning fee is in line for your market and property type. For instance, the [average cleaning fee](#) changes dramatically depending on the size and location of your listing. For example, the average cleaning fee for a one-bedroom listing is under \$100, while it's nearly \$350 for a 5+ bedroom home. Cleaning fees for properties in small city/rural locations also tend to be lower than those in destination, mountain, and coastal cities.

4. Airbnb must-haves: furniture, gadgets, and amenities

Choosing furniture for your Airbnb

Today's vacation rental guests are seeking curated experiences, so it's important your furnishings are cohesive—no matter where they come from or how expensive they are. This [Airbnb furniture guide](#) will help you acquire the right pieces, which means more revenue and five-star reviews.

The most important thing to remember is choosing furniture that matches your listing's price tier. Pottery Barn furniture is too expensive for a budget property, and you'll never make your money back. Meanwhile, guests expect something nicer than Ikea when they rent a luxury property.

Psst, the end of this article also has a handy list of [what furniture you need for your Airbnb](#)!

PRO TIP:

Don't just invest in essential furniture. Impress your guests with the [interior design of your Airbnb](#).

Wow your guests with the right amenities

There's no single recipe for success with [Airbnb amenities](#). Every market and location differs and requires different amenities—a gym, hot tub, workspace, etc. As always, do your research. Look at what amenities [top performers](#) in your market offer and add them to your property if you can. Your amenities don't always need to be a big-ticket item like a pool or hot tub. Can you easily add a free washer/dryer, streaming TV services, or kitchen gadgets? Amenities are one of the best ways to boost your bottom line.

Just like pricing, you should regularly revisit your amenities. Airbnb alone has over 100 amenity options and regularly add more. Check the amenities section on your listings every few months to see if you can add anything or qualify for a newly added amenity.

PRO TIP:

Sometimes, you can win over your guests by going an extra inch, not a mile. Little touches (think folded towels or a smart TV with streaming services) go a long way toward tallying five-star reviews.

Airbnb gadgets that make life more convenient for hosts and guests

From smart locks to wireless thermostats, outfit your Airbnb with gadgets that will make everyone's lives easier. Here are a few gadgets popular with today's hosts:

- **Keyless Smart Locks:** These make it easy for guests to self-check-in and are particularly useful for homes that accommodate a high number of guests (no more passing around two keys!). You can also generate a new code for each guest and set day/time limits for when those particular codes work, making it easy to ensure safety and enforce check-in times.
- **Wireless Thermostats:** These units are handy to make sure the property is always the right temperature. You can program them to a certain temp before guest check-in to create the perfect guest experience. You can also add temperature locks to make sure the home never gets too cold or too hot.

Everyone prefers different temperatures though, so be sure to leave a large enough range for guest comfort.

- **Doorbell & Flood Light Cameras:** If you don't live at your property, these can be important security devices, especially when the home is vacant. If you use these devices, be sure to clearly disclose them on your listing before booking. And NEVER put cameras inside the home where they can create a privacy issue.
- **Noise Monitors:** If you're concerned about parties at your home or have touchy neighbors, having a noise monitor in the home can help you prevent potential issues. These devices alert you when a certain noise threshold is detected, allowing you to message guests before neighbors complain.
- **Smart TVs:** Many people use streaming TV apps these days, and having access to these services while on vacation offers another form of entertainment. Whether you offer a pre-logged-in streaming service or require guests to log into their own accounts, having smart TVs in the home makes it easy for guests to sit back and relax with a show or movie.

Many of these gadgets have the added benefit of making [managing your Airbnb remotely](#) much easier!

5. Booking your first guests

Use pricing promotions wisely

When your listing first goes live, it can be difficult to attract guests since you don't have any reviews yet. To get those first few stays in the books, consider setting your nightly price lower than you ultimately plan to or offering a discount or special promotion. Until you get good reviews, you often can't command the same nightly rates as your competitors, who have years of reviews on their listing. Be patient. Even though it may take a little extra work, getting your first happy guests is an important step on your STR journey.

Screening your guests

As a host, you want to know who's interested in booking your property. Luckily, there are some things you can do to [screen guests](#) before accepting their reservation, like requiring ID verification and reading guest review scores.

Accepting a brand new guest who has no reviews yet can be nerve-racking, but don't discount this group of guests. Short-term rentals saw a giant jump in new users during the pandemic, and many people are still newly exploring these hotel alternatives. If you're unsure about a new guest, try asking them some questions before accepting their request, like "what's bringing you to the area?" This can often give you a better feel of who's coming to your property and why, putting your mind at ease.

When screening guests, it's also important to have a good understanding of the listing platform's terms and conditions and any local or national laws. For instance, according to Airbnb's terms and conditions, you cannot decline a reservation request because of the booking guest's age or if they're bringing a service animal, except in very specific circumstances. As unhappy as that might make you, you agreed to the terms of using the platform's services, and if you violate their terms and conditions, they can remove your listing from their platform.

Just remember: Be a decent human and never discriminate against guests whose backgrounds differ from your own.

Communicating with your Airbnb guests

Never underestimate the power of communication. [Prompt and professional messaging](#) can help create positive experiences and five-star reviews. In fact, communication is so important that it's one of the six areas guests review hosts on after their stay!

Here's a few things to know about guest communication:

- *Always* keep communication inside the Airbnb app. This is a general best practice and is strongly encouraged by Airbnb.
- To become an [Airbnb Superhost](#), you need a 90% response rate. This is especially important when considering inquiries (instead of booking requests). You do not need to accept or decline an inquiry to maintain your response rate, you simply need to write a message back to the potential guest. They're usually asking a question, so writing a response back shouldn't be difficult.

To make prompt communication easier, have the Airbnb app on your phone and enable notifications so you never miss a guest message. You can also use a solution that automatically sends out regular guest messages (like "thank you for booking")

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messages) or save messages you use regularly to a note on your phone, so it's easy to copy and paste them whenever needed.

Watch Now

6. Managing and scaling your Airbnb business

Manage your Airbnb like a true business

When it comes to short-term rentals, passive income should never be passive. Meaningful revenue awaits those hosts who learn to manage their Airbnbs, not as a side hustle but as a legitimate business. While that may sound time-consuming or intimidating, it doesn't have to be. Here are some tips to [manage your Airbnb business like a boss](#), no matter how many properties you have. We promise none of them are hard!

Remote Airbnb management

You may want to invest in the perfect property but are worried because it's far away from where you live. Don't fear remote Airbnb management, it's easier than you think! Plenty of hosts are already doing it and seeing great returns.

Don't overreact to changes in your bookings or the economy

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Fearing the so-called [#Airbnbust](#)? Like with any other aspect of life, Airbnb hosting has its ups and downs. But [don't panic](#) when you encounter a rough patch. Always put data before drama, and re-evaluate your business plan whenever necessary. If your listing needs a little pick-me-up, revisit the tips in the “[How to price your Airbnb](#)” and “[Setting up your Airbnb listing](#)” sections. They can be extremely helpful even if your listing isn't brand new.

PRO TIP:

You can [boost your Airbnb bookings in any economy](#)—you just need to know how!

Don't rely on Airbnb analytics alone

Airbnb's internal analytics offer some great information, but it's unfortunately very limited. If you want to take your vacation rental to the next level, you'll need more [savvy Airbnb data analytics tools](#) that can help you eliminate guesswork and grow your business with confidence. A few of the major shortfalls of Airbnb's built-in analytics include only being able to see one year of data and not having any insight into who they consider a “similar listing.”

Become a Superhost

Many travelers—perhaps yourself included—are more likely to book with an Airbnb Superhost than a regular host. No matter how you slice it, the title clearly carries weight (and special perks, too). Did you know that Superhosts consistently make higher revenue than non-superhosts?

Learn [how to achieve Airbnb Superhost status](#) yourself.

Don't become jaded and fall for Airbnb myths

The seasons may change, but one thing remains: pesky and untrue [Airbnb myths](#). Though it's tempting to believe the chatter, we at AirDNA recommend you believe the data instead. In this blog, we break down seven common Airbnb myths and the property- and market-level data that debunks them. When it comes to running a successful business (which your Airbnb is), it's important to not fall victim to rumors that could negatively affect your bottom line.

Here are some myths we look into so you can stop wondering:

- Popular vacation destinations or bust
- The ROI on STRs isn't what it used to be
- Regulations take the R out of ROI
- Hotels are the arch nemeses of short-term rentals

Traits of successful Airbnb hosts

Along your Airbnb journey, don't lose sight of why you got into hosting in the first place and what kinds of strategies brought about your initial successes. These [13 tips for successful Airbnb hosts](#) will keep your eye on the prize for months and years to come.

Here's a sneak peek:

- Choose the right cancellation policy
- Get good Airbnb reviews: Focus on guest satisfaction
- Be unique: Try outside-the-box ideas to get more guests