Short-term rentals (STR) have emerged as a new option offering new and different experiences to travelers in Mexico complementing the traditional offer (hotels).

The CIU identified that STRs have a positive economic impact in Mexico since they represent a source of income generation for an increasing number of citizens and industries linked to the tourism sector.

Based on The CIU research, the STR offer in Mexico will generate an estimated economic impact of $95,806 mdp in 2021: this amount considers travelers expenses in services and goods (bars and restaurants, transportation, entertainment), tax revenues, and the income generated by the STR accommodations.

STRs will generate around 31,563 jobs and shall benefit 192,000 families in Mexico.

Even though availability of STRs has increased in Mexico with almost 330K spaces available, they only represent 9.8% of the total booked nights in the total accommodation sector (including hotels).

The supply and demand of tourist accommodations has evolved. Today, there is a diversity of alternatives available for national and international travelers of different ages and budget availability.

Short-term rentals (STR) have emerged as a new complementary option to the traditional hospitality offer for the growing preference of travelers for accommodation alternatives that meet their needs and profiles (product-market fit), that provide security and support while traveling, with the availability of spaces in unique locations, and that allows an immediate integration of service improvements.

STR Supply: Availability of Accommodation Units

In Mexico, the availability of traditional hotel accommodations throughout the country reached 836,300 rooms (71.7% of the total accommodation units), a growth of 20.8% compared to 2014, when the registered available capacity was 692,351 rooms.

This shows that the traditional hospitality segment has continued growing, despite the accelerated growth dynamics in the supply of STRs, which recorded an estimated availability of 329,541 units (28.3% of the total)\(^2\) compared to 12,704 STR units in 2014. On that note, STR units may be offered at a room level or the entire property, increasing the supply of accommodations in

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1 The information and estimates for this analysis were obtained from STR supply and demand surveys conducted by The CIU, data provided by Airbnb, statistics from the portal AirDNA, INEGI, SECTUR-DataTur, Clearpath Strategies, and Ipsos.

2 This figure considers STR listings, for example, a house may be listed as a complete house and at the same time its individual rooms may be advertised independently, resulting in several STR listings for the same property. In addition to the fact that the same property can be listed on several platforms at the same time. Therefore, the number of STR listings is not representative of the universe of properties that are being offered as STR.
the country. Also their availability might change per month based on the possibility of owners to take it down off the platforms.

**Occupation of Accommodation Units**

Different to the availability, the occupied room nights from all STRs platforms in Mexico will represent an estimate of only 9.8% during 2021.\(^3\) This can be interpreted as their effective market share in terms of occupancy of available accommodation space for travelers.

![Accommodation Units Availability and Occupancy, 2021*](chart)

**Diversification of Touristic Destinations**

STR offer has significantly contributed to the diversification of tourist accommodation alternatives, especially in areas of difficult access, where traditional players have no reach.

\(^3\) Using the average number of rooms per STR units, we calculated the equivalence between STR nights and estimated hotel occupancy for 2021.
Availability of Short-Term Rentals by State (2021)  
(Proportion of Total Available Accommodation Units, %)

Source: Prepared by The Competitive Intelligence Unit based on data of DENUE (INEGI) 2020-2021

STRs have become a catalyst for tourism activity in states with a low flow of tourists. The most outstanding cases are Colima, Morelos, Tabasco and Yucatán. These states are among the top 10 with the lowest tourist arrivals but register a higher proportion of STR among the total number of tourist accommodation alternatives. This circumstance has boosted the tourism sector and local economies of those entities.

Affordability and Democratization of Tourism

We estimate that the average rate per night in a STR room is 40% lower than that of the same space offered by traditional players, at $995 pesos the former versus $1,661 pesos the latter, including taxes, complying both with their tax obligations.4

4 This calculation is based on information from the Tourism Satellite Account (Cuenta Satélite de Turismo), surveys carried out by The CIU to STR hosts and travelers, considering an average of hotel and STR rooms rates (including those with more than one room).
This evidence confirms that, on average, travelers can effectively find lower prices in the alternatives offered through digital platforms, opening the possibility for a growing number of persons to travel within the country.

**Employment Creation**

According to estimates based on figures from the 2019 Tourism Satellite Account published by INEGI along with the Ministry of Tourism (Secretaría de Turismo), in Mexico, STR denominated as vacation home-owned accommodations will generate 31,563 paid occupied jobs in 2021, a figure that represents a 15.8% share of total employment dedicated to traveler accommodation services.\(^5\)

However, an extended calculation of individuals earning income and employment from STR offer would result in individual paid opportunities of around 192,000 hosts and employed persons.\(^6\)

**Spillover to Other Productive Sectors and Aggregate Economic Contribution**

One distinctive feature of STR service is that its economic spillover reaches small businesses and sectors of the economy which are not usually benefited by the traditional offer, for example, restaurants, transportation, and entertainment, among others.

The aggregate contributions of STR offer would be an estimated amount of $95,806 million pesos, which includes the indirect economic spillover ($78,138 million pesos), the payroll from employment generated ($976.5 million pesos), and the direct contribution to national production derived from revenues generation of the STR offer ($16,691 million pesos).\(^7\)

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\(^6\) Considering that approximately 160 thousand families have been able to initiate a business and earn an income with a STR offer in Mexico.

\(^7\) This calculation includes revenue generation for hosts and STR platforms considering a total market of four main competitors (Airbnb, Vrbo (Expedia), Booking, and TripAdvisor) and a diversity of other digital intermediaries.
All the previously illustrated concepts account for direct and indirect impacts on the dynamics of the tourism sector, local economies, and the national productive system; as STR generates employment, investment resources, expense on goods and services, tax revenues and, consequently, is a catalyst for Mexico's economic growth and development.

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