Airbnb: What is the experience, how big is it, and how commercial?

Amsterdam, October 4, 2018

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This presentation

1. HTH Research on Airbnb
2. Airbnb: how big?
3. Airbnb: how commercial?
4. Airbnb: What does living like a local mean?
5. Conclusions and Recommendations

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HTH Research on Airbnb

- 2015 Scenario Study

  What is the impact on the hotel industry? What can hospitality professionals learn from platforms?

- Magnitude of the phenomenon.

  How big is it, how many tourists? Cities and DMO need numbers to manage visitor streams.

- Growth dynamics: sharing – commercial.

  Utopian spin, marketed image and actual user motivations

HTH

PROPERTY

Concern as Airbnb sees bookings in London surge

By Catherine Wylie

The number of nights booked in London with Airbnb shot up by 130 per cent last year – but concerns have been raised about a "lack of regulation" regarding the online platform.

The growing popularity of Airbnb – which people use to rent out lodgings such as homes and holiday apartments – has helped it see its market share of London's overnight visitors more than double to nearly 9 per cent in 2016, up from less than 4 per cent making use of it in 2015.

Research from global real estate adviser Colliers International and Hotelschool The Hague shows that nights booked in London with Airbnb rose by 130 per cent to 4.62 million in 2016, from just over two million in 2015.

And in the first four months of 2017, there was an additional 55 per cent uplift in the number of nights booked through Airbnb compared to the same period in 2016. But some have expressed concerns about the impact of Airbnb on neighbourhoods.

Dirk Bakker, head of EMEA Hotels at Colliers International, said: "Airbnb is no longer just an

mbl.is

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Viðskipti | mbl | 30.5.2017 | 17:42 | Uppfært 4.7.2017 10:53

Þénuðu 5,3 milljarða á Airbnb

Alls voru tæplega 910.000 gistinætur í boði á Airbnb á síðasta ári í Reykjavík og samkvæmt niðurstöðum rannsóknar innar voru umráðin að meðaltali 45,7%. mbl.is/Ómar Óskarsson

Markaðshlutdeild Airbnb á síðasta ári í Reykjavík nam 14,5% en ferðamenn bókuðu um 416.000 gistinætur í gegnum síðuna í borginni á síðasta ári. Hlutfallið í Reykjavík var töluvert hærra en í öðrum evrópsk- um borgum eins og Amsterdam þar sem hlutfallið var 11% og 9% í Berlín.

Þetta er meðal þess sem fram kemur í nýrri rannsókn sem hollenski prófessorinn Jeroen A. Oksam gerði fyrir Samtök ferðaþjónustunnar um Airbnb í Reykjavík. Oksam kynnti niðurstöður sínar á fundi SF í dag en hann hefur gert álíka rannsóknir á Amsterdam, Lundúnum, Madríd og Berlín.

Greiddu að meðaltali 12.700 krónur fyrir nóttina

Í niðurstöðum rannsóknar Oskam í Reykjavík kemur fram að tekjur gestgjafa af Airbnb í borginni á síðasta ári hafi náð upp í 47,5 milljónir evra á síðasta ári, eða því sem nemur tæpum 5,3 milljörðum íslenskra króna á gengi dagsins í dag. Það þýðir að ferðamenn greiddu að meðaltali 114 evrum á nóttina eða því sem nemur um 12.700 krónum.

Alls voru tæplega 910.000 gistinætur í boði á Airbnb á síðasta ári í Reykjavík og samkvæmt niðurstöðum rannsóknarinnar var nýtingin að meðaltali 45,7% sem er nokkuð hátt miðað við aðrar borgir sem hafa verið rannsakaðar. Í Amsterdam var hlutfallið 39%, 30,6% í Barcelona og 23,6% í Lundúnum.

Studie zu Airbnb und Co.

Es wird nicht geteilt

Die Vermittlung von Ferienwohnungen ist weltweit ein schnell wachsendes Geschäft und hat auf die Städte einen größeren Einfluss als die Hotelbranche. Kommerzielle Ferienwohnungsanbieter entziehen den Stadtbewohnern den Wohnraum. Internet-Portale wie Airbnb bekommen weltweit Gegenwind zu spüren.

Home › Industri › Niaga & Jasa

Transparansi Data di Sektor Pariwisata Diperlukan

April 12 / 2018

Airbnb · Reuters

...nis.com, JAKARTA—Kurangnya transparansi data di sektor pariwisata dan perhotelan ...susnya dalam industri sharing economy menjadi salah satu faktor yang mengurangi ...mpuan pemerintah dalam mengatur arus wisatawan di suatu destinasi pariwisata ...r of The Research at The Hotelschool The Hague Netherland Jeroen Oskam ...kan, bisnis pariwisata mengalami perubahan seiring berkembangnya teknologi ...iswa pariwisata dituntut tak hanya memahami cara bisnis pariwisata ...mampu memprediksi perkembangan pariwisata

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Scenario study

Stable market

marketed image

"Status quo"

Experimentation

Strict regulation

Lax regulation

Exclusivity

Commercialisation

impact

Booming market

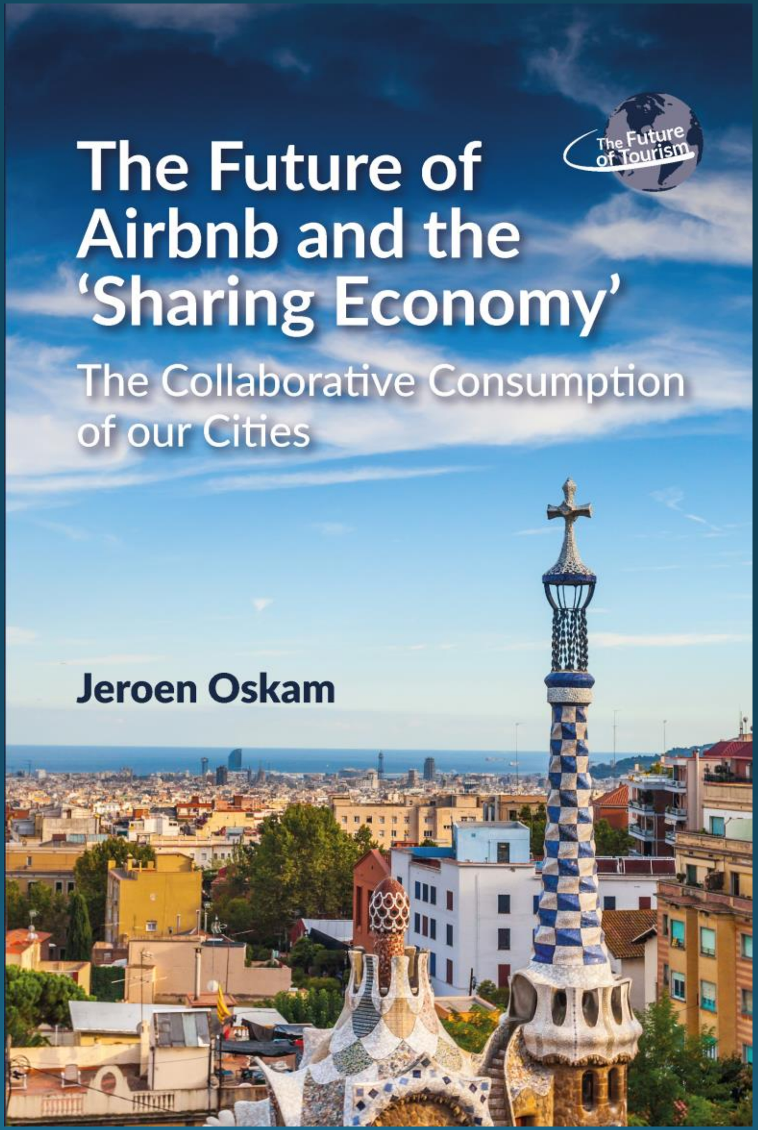
link to e.g. overtourism

Incentive to innovation

Publications:

- Airbnb. The future of networked hospitality businesses.
- Airbnb, between innovation and commercialization.
- City reports for 20 European Cities.
- What's yours is mine – but at what price? Dynamic pricing as an indication of Airbnb host professionalization

Upcoming:



(March-April 2019)

The Collaborative Consumption of our Cities:

1. The “Sharing” Debate
2. Platforms or two sided markets
3. Living like a local! But how do locals live?
4. Millennial or mainstream: the Airbnb guest
5. Adventurous start-up or real estate tycoon: the Airbnb host
6. The established order: impact on the hotel market
7. Suburb safari or hotspot hype? Airbnb in the neighbourhoods
8. The regulation of urban vacation rentals: empowered residents, emasculated authorities?

The Collaborative Consumption of our Cities:

9. *What if this does not stop?* Amsterdam 2025
10. *What if the city fights back?* Barcelona 2025
11. *What if the city regains control?* San Francisco 2025
12. *What if the city outsmarts the market?* Singapore 2025

Magnitude of the phenomenon

In cooperation with Colliers International and AirDNA, we started to make city reports for Europe’s major capitals.

Detailed insight per neighborhood/postcode area and per month.

Reports for other cities on request for local authorities or business associations.

Airbnb in Berlin

Berlin restricts Airbnb...

Like in many other cities, the increasing popularity of Airbnb and other home rental platforms have also caused political tension in Berlin. As a result of the housing shortage, Berlin has restricted the use of Airbnb by prohibiting to offer entire homes or apartments on the platform. The new regulations became effective as from May 1, 2016.

...without much effect

The restrictions, however, seem to have had little effect on the popularity of home sharing in Berlin. Despite the ban, Airbnb bookings in 2016 are up by 68% compared to 2015. Market share has increased from 5.3% in 2015 to 8.5% in 2016 and the number of available properties has increased by as much as 20%.

Increased rates

We note a shift in demand for specific unit types, as well as increased ADRs per unit type. As a reaction to the ban, hosts have increased their average rates for entire homes, to compensate for fines they are risking. We see a significant increase in ADRs per unit type as of May 2016, indicating that hosts incorporate the risk in their pricing strategies.

Concentrated in three districts

The majority of guests stayed in three districts: Friedrich-Kreuzberg, Pankow and Mitte. Together, these districts accounted for 60% of all overnight stays in 2016. Claims that Airbnb spreads guests throughout the city, are therefore questioned.

Colliers International

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But why are there no data?

1. *Avoid regulation*. This allows Airbnb to reach benevolent agreements with cities.

2. *Competitive advantage*. It allows the platform to monopolize on strategic traveler data.

3. *Marketing and lobbying*. It allows the company to preserve its hipster image.

Airbnb issues its own research reports with the same template (and message) in each city.

> Study Finds that Airbnb Hosts and Guests Have Major Positive Effect on City Economies
>
> Airbnb fosters new travelers, longer visits, and more spending in more neighborhoods

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Our scraped data

Studies use “property file” and “daily (transaction) file”.

Airbnb 2017	Property file	Daily file
Amsterdam	45.089	21.383.396
Berlin	68.389	32.386.027
London	183.676	81.031.333
Paris	158.624	84.857.355

All data for a year are analyzed (i.e. no sampling)

2. How big?

Airbnb analysis 2015 - 2016

Demand growth – based on nights booked:

Amsterdam (2015)	474%
Amsterdam (2016)	125%
London (2015)	206%
London (2016)	130%
Berlin (2016)	68%

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Airbnb analysis 2017

How many properties were active in these cities?

Listings	2016		2017	
	Active	w/ sales	Active	w/ sales
Amsterdam	32.127	25.721	39.084	27.649
Berlin	42.787	30.779	54.355	33.008
London	110.694	76.963	156.541	101.561
Paris	107.535	79.860	130.136	82.804

2. How big?

Airbnb analysis 2017: Amsterdam

Nights booked 2016:	1.662.000		
Nights booked 2017:	2.080.500		
Demand growth 2016-2017:	25%		
Revenue 2017:	€ 280M		
Average Daily Rate:	€ 134		
Length of Stay:	4,05	Est. Party Size:	2,46 – 2,91
Visitors through Airbnb:	1,4 million		

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Airbnb analysis 2017: Amsterdam

Unit Type	% of room nights	ADR
(unknown)	0,1%	€ 128
Entire home/apt 1	40,6%	€ 123
Entire home/apt 2	20,5%	€ 175
Entire home/apt 3	5,5%	€ 232
Entire home/apt 4+	2,1%	€ 315
Private room	30,8%	€ 93
Shared room	0,4%	€ 90
Total	100,0%	€ 134

Airbnb analysis 2017: London

Nights booked 2016:	4.619.000
Nights booked 2017:	6.703.000
Demand growth 2016-2017:	45%
Revenue 2017:	€ 737M
Average Daily Rate:	€ 110

Length of Stay: 4,21 Est. Party Size: 2,79 – 3,57

Visitors through Airbnb: 5,1 million

2. How big?

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Airbnb analysis 2017: London

Unit Type	% of room nights	ADR
(unknown)	0,1%	€ 96
Entire home/apt 1	29,0%	€ 110
Entire home/apt 2	20,1%	€ 166
Entire home/apt 3	5,8%	€ 237
Entire home/apt 4+	2,6%	€ 310
Private room	41,5%	€ 53
Shared room	0,9%	€ 29
Total	100,0%	€ 110

The “Sharing” Debate

At the ITB 2017, we discussed the compliance of Airbnb with the definitions of sharing:

Sharing = “more efficient use of underutilized assets”.

“Commerce with the promise of human connection”.

3. How commercial?

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The “Sharing” Debate

At the ITB 2017, we discussed the compliance of Airbnb with the definitions of sharing:

	1) Efficient use of scarce assets	2) Human connection
Type of unit: entire home?	No – alternative use (host stays somewhere else).	No – host not present.
Days available > 31?	No – no “home swap”	No – host not present
Multilisters	No – residential property used as investment	No – owner lives somewhere else
Spatial concentration	No – further concentration in crowded tourist areas	No – no contact with people in residential neighborhoods

3. How commercial?

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The “Sharing” Debate

At the ITB 2017, we discussed the compliance of Airbnb with the definitions of sharing:

% of revenue	4 cities
Shared room	0,3
Private room	17,3
Entire home/apt.	82,4
Total	100

Data for Amsterdam, Berlin, London, Madrid

Days Available	4 cities
<31	19,2%
31-60	16,8%
61-180	28,2%
181-300	21,3%
>300	14,5%

3. How commercial?

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The "Sharing" Debate

At the ITB 2017, we discussed the compliance of Airbnb with the definitions of sharing:

Revenue %	4 cities
One listing	46,7
Two listings	15,3
3-10 listings	23,2
More than 10 listings	14,9

Data for Amsterdam, Berlin, London, Madrid

3. How commercial?

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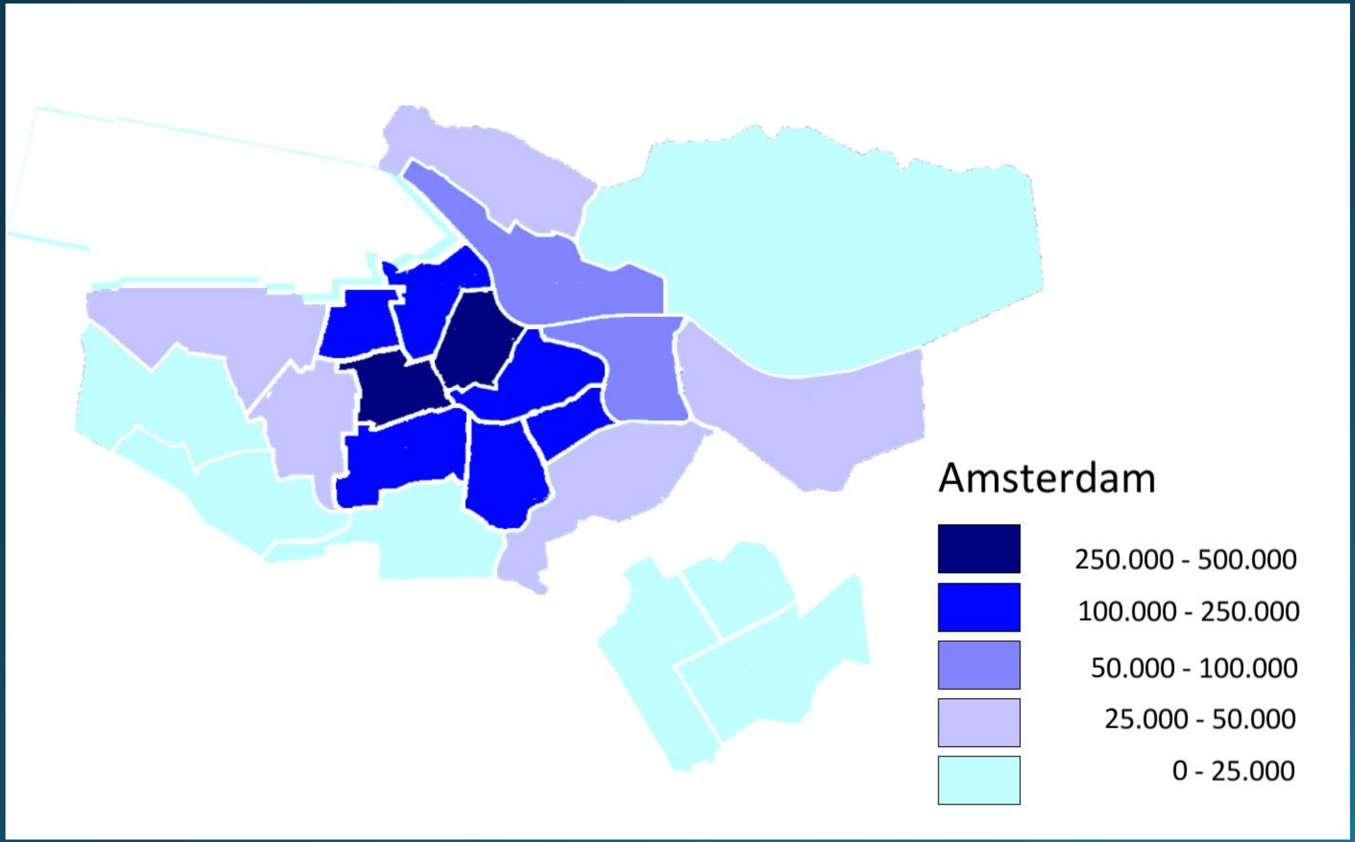
The “Sharing” Debate

Spreading tourism to the neighborhoods?



3. How commercial?

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Airbnb analysis 2017: Amsterdam

Neighborhood	**listings**	**nights booked**	**revenue**
Centrum Oost	10,7%	10,6%	12,8%
Centrum West	18,0%	15,9%	20,0%
Baarsjes – Oud West	14,9%	16,1%	15,4%
De Pijp	11,2%	11,5%	11,7%
18 other	*45,1%*	*45,9%*	*40,0%*

3. How commercial?

Airbnb analysis 2017: Amsterdam

Type of host	listings	nights booked	revenue
One listing	59,2%	60,3%	59,1%
Two listings	17,4%	15,8%	16,3%
3-10 listings	16,6%	14,2%	16,7%
More than 10 listings	6,7%	9,8%	7,9%
Total	100,0%	100,0%	100,0%

Last twelve months

3. How commercial?

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Airbnb analysis 2017: London

Neighborhood	listings	nights booked	revenue
Camden	7,2%	8,8%	10,0%
Kensington & Chelsea	8,1%	8,5%	13,0%
Tower Hamlets	13,5%	13,6%	10,8%
Westminster	15,1%	16,7%	24,3%
29 other	*56,1%*	*52,4%*	*42,0%*

3. How commercial?

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Airbnb analysis 2017: London

Type of host	listings	nights booked	revenue
One listing	43,7%	37,4%	32,0%
Two listings	13,0%	12,8%	11,3%
3-10 listings	21,5%	25,0%	25,9%
More than 10 listings	21,8%	24,8%	30,8%
Total	100,0%	100,0%	100,0%

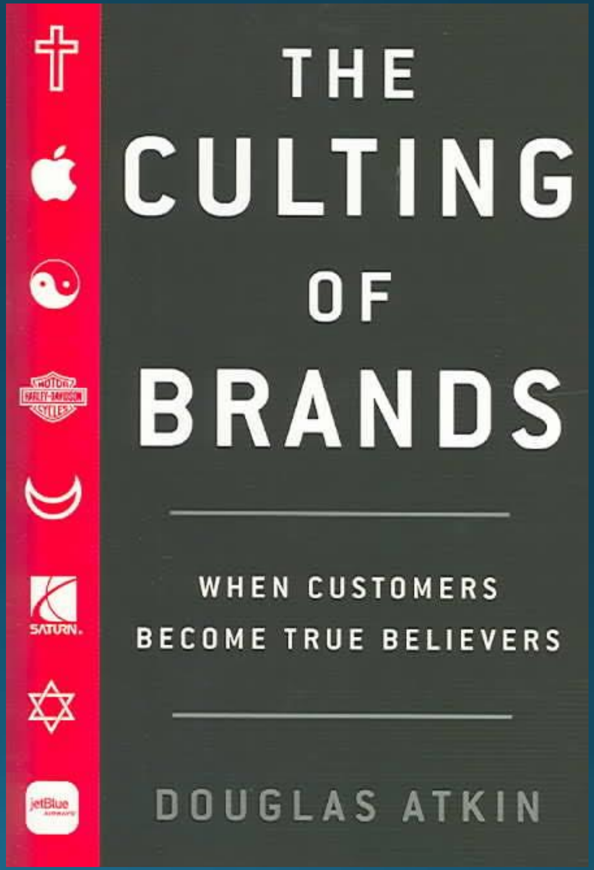
Last twelve months

Experience and user motivations

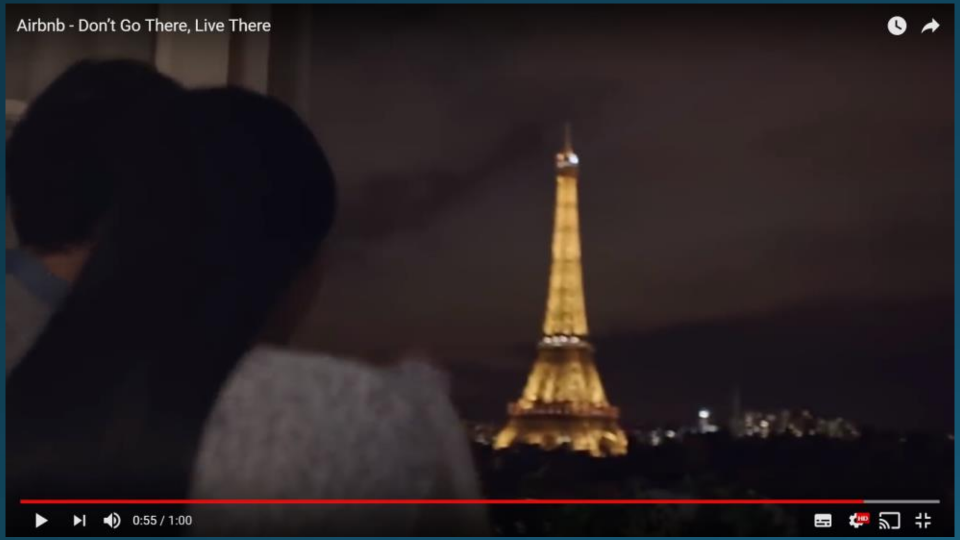
Main driver is saving money.

Users also seek tangible advantages.

Further motivations: actual sharing, meeting people, novelty



Experience and user motivations



Promotion focuses on authenticity, but not destination authenticity:

"Don't go there. Live there, even if it's only for one day".

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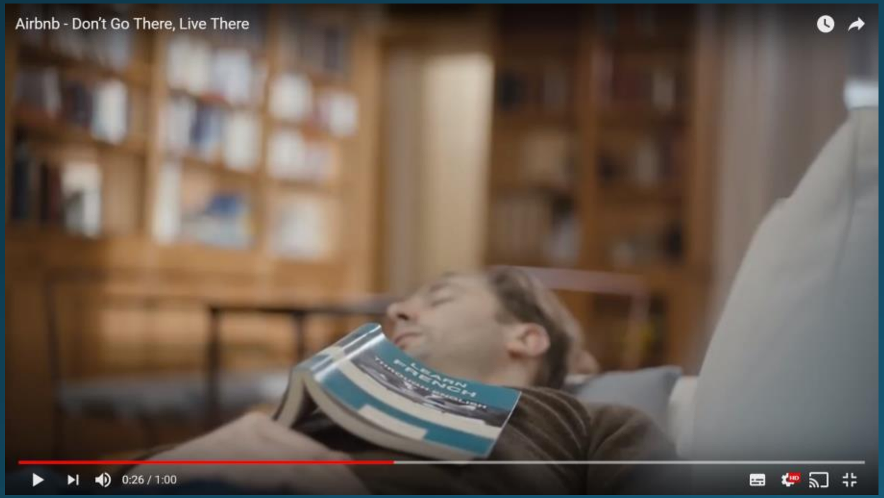
Experience and user motivations



"Read a book".

It is about the authenticity of the traveler doing what he/she wants.

Human connection is key, but with the *travel companions* rather than with locals.

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Experience and user motivations

Airbnb thus promises a liberating experience: you are not obliged to do the tourist things!

This discovery causes bliss.

Conclusions

- "Moderate" demand growth in all cities: 25-45%.
- Commercialization visible in multilister share, type of properties offered and spatial concentration in city centres.
- "Living like a local" does not mean: "do as locals do", but rather: "feel free to do as *you* usually do."
- Airbnb *is* hospitality industry.

Recommendations:

1. Look further than the company's advertisement campaigns and mantras.
2. Lack of transparency reduces destinations' abilities to manage tourism flows.
3. Especially the lower end of the housing market (e.g. students, starters) seem to be affected by price hikes;
4. Cities must regulate to protect their residents: housing, diversity and accessibility of services, gentrification.
5. The platform resists any type of regulation making most measures ineffective.

Data analyses:

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Colliers INTERNATIONAL

AIRDNA
Airbnb Data and Analytics

Latest research findings are posted on: blog.hotelschool.nl

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