

Location, location, location: Study reveals effects of Airbnb

September 14 2022



Credit: CC0 Public Domain

The impact of Airbnb rentals on different neighborhoods reveals a need for designated zoning laws, say Business School researchers Dr. William Cheung and Associate Professor Edward Yiu.

Their paper, published in *Tourism Management*, explores the effects of

touristification on rent, catalyzed by Airbnb. Touristification, says Dr. Cheung, is a process that sees unplanned tourism transform a space into one that caters mainly to tourists, provoking displacement pressures on local neighborhoods.

The researchers' study shows that while increases in Airbnb listings raise rents in apartment-heavy areas like the [central city](#), more Airbnb rentals can reduce residential rental prices within low-density, house-dominated neighborhoods.

The impact of short-term Airbnb rentals is much more problematic in residential neighborhoods, says Dr. Cheung. "In low-density residential neighborhoods locals are more likely to notice strangers or increases in noise, and their area may not have the resources to cater to influxes of visitors. When visitors begin to swamp a community, [local residents](#) will be less willing to pay rent for that location and will move elsewhere."

"Whereas in the central city, residents are unlikely to notice this kind of change in population, and the area is typically more equipped to handle more people."

"Tourists are also prone to paying higher rents to enjoy convenience, and in high-density inner city areas, rents will be higher as visitors compete with individuals who would like to live in the city center in order to enjoy better accessibility."

Dr. Cheung says the study shows that the effects of Airbnb listings in an apartment submarket are very different to those in a house submarket. "To partly resolve this, and in line with our findings, we propose a policy agenda for considering neighborhood compatibility with short-term rental accommodation."

As apartment-type properties in high density areas are more compatible

with Airbnb, designated zoning could provide cities like Auckland with more flexibility to supply tourism accommodation while avoiding creating severe urban conflicts in low-density suburbs, says the researcher.

"Identifying properties and neighborhoods compatible with Airbnb is essential for strategic tourism development and management, allowing tourism to continue without negatively impacting local communities."

The study authors utilized more than 22,000 Airbnb and 200,000 residential rental listings to provide evidence on how touristification creates a tourism-led rent gap in high-density locales and a conflicts-led negative rent gap in low-density neighborhoods.

"We used the Melbourne region as the [case study](#) because both the Airbnb and residential property rental markets are very active in this area."

Dr. Cheung says the findings are relevant to many cities, particularly Auckland, which has a high number of Airbnb listings. "Tourists affect the rental market, [retail sales](#), and the diversity of neighborhoods in both positive and negative ways, and it's important to develop policies to manage and regulate short-term rental accommodation by type or location."

More information: Ka Shing Cheung et al, Touristification, Airbnb and the tourism-led rent gap: Evidence from a revealed preference approach, *Tourism Management* (2022). [DOI: 10.1016/j.tourman.2022.104567](https://doi.org/10.1016/j.tourman.2022.104567)

Provided by University of Auckland

Citation: Location, location, location: Study reveals effects of Airbnb (2022, September 14)
retrieved 5 May 2024 from <https://techxplore.com/news/2022-09-reveals-effects-airbnb.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.