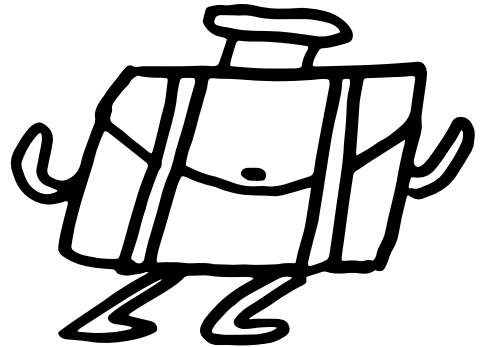


THE IMPACT OF URBAN VACATION RENTALS IS AIRBNB AN INCLUSIVE CURE, OR AN ALIENATING DISEASE FOR CITY RESIDENTS?

ESSAY

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Urban vacation rental platforms such as Airbnb emerged around 2010, right in the middle of a severe economic crisis. Initially they were welcomed as emancipatory and ‘sharing’ initiatives: staying at a stranger’s place allowed for access to cheaper travel and it enabled ordinary citizens to benefit from the tourist economy, all the while creating a more authentic contact between travellers and residents. Cities embraced growing visitor numbers as a life raft for their problematic economies. The ‘sharing’ platforms seemed to offer a utopian alternative to the abusive profit-seeking behaviour that had caused the crisis. Advocates of the ‘sharing’ movement, such as Botsman (2010), Gansky (2010) and Sundararajan (2016), explained the advantages of a world that no longer obsessed with ownership, but instead shared access to resources. We would not need to individually purchase power drills, for that would mean that the devices would only be used during twelve minutes in their entire lifetimes. Sharing cars, instead of leaving them idle for eight hours after we commute to work, would not only save money but also the environment. City residents would be freed from alienating 9-to-5 jobs so that “Piketty’s ‘renters’ [could] begin to experience the other side of the coin by making money through investing or owning rather than laboring” (Sundararajan, 2016, p. 126).

This chapter will analyse how urban vacation rentals have evolved, and how their evolution has deviated from these initial promises. Two fundamental fallacies in the utopian ‘sharing’ narrative will help illustrate this difference. In the first place, if my neighbour and I share a power drill, it still is a drill to both of us; but if I share urban housing with a traveller, it is transformed into something else, namely tourist accommodation. The price difference between the two makes this a profitable venture. In the second place, the ‘entrepreneurial utopia’ will not make us equal, but sharpen socio-economic divides: put simply, a homeowner in an attractive part of town will make more money than a tenant in a less privileged neighbourhood.

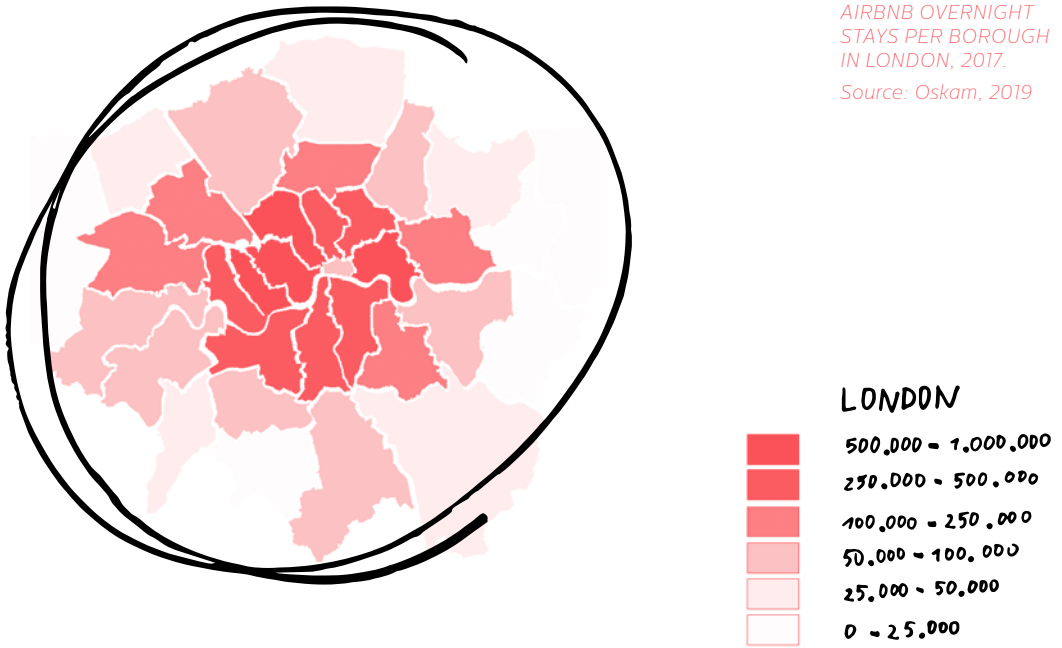
HOST INEQUALITY: HOW INCLUSIVE IS AIRBNB?

Research has provided massive evidence for this inequality. Obviously, bigger houses make more money (Chen & Xie, 2017; Gibbs, Guttentag, Gretzel, Morton & Goodwill, 2017). More importantly, a substantial part of Airbnb listings —between one third and two thirds in European cities— is offered by hosts who already have multiple listings. Part of these ‘multilisters’ are intermediaries or ‘concierge companies’; another part are investors who buy or rent properties to benefit from Airbnb’s profitability. These professional hosts are more successful in achieving bookings and can charge higher rates than hosts with one listing (Li, Moreno & Zhang, 2015; Oskam, Van der Rest & Telkamp, 2018). The analysis of this property accumulation process for London shows that out of the 3 060 hosts with a single property in 2012, 885 had acquired multiple listings by 2017, with 29 of them responsible for 679 Airbnb listings (Oskam, 2019).

In an unregulated market, even ethnic origin can become a factor in commercial success: studies have shown that in different US cities, black, Hispanic or Asian hosts achieve lower prices on Airbnb (Edelman & Luca, 2014; Gilheany, Wang & Xi, 2015; Kakar, Voelz, Wu & Franco, 2017). In New York’s black neighbourhoods, a 530% economic disparity was found as hosts pertaining to the 13,9% white population accumulated 73,7% of Airbnb revenues (Cox, 2017).

SPATIAL CONCENTRATION: OFF-THE-BEATEN-TRACK?

Despite Airbnb’s claim that the platform has spread tourism to the neighbourhoods, international studies consistently find a concentration in city centres (Arias Sans & Quagliari, 2016; Gutiérrez, García-Palomares, Romanillos & Salas-Olmedo, 2017; Picascia, Romano & Teobaldi, 2017). To be precise, people in peripheral neighbourhoods may try to earn extra money by offering their house on Airbnb, but they achieve few to zero listings as demand remains concentrated in the city centres (Quattrone, Proserpio, Quercia, Capra & Musolesi, 2016). The following map shows the concentration of Airbnb bookings in London, 2017:



The distance decay in London amounts to 27,5%: every kilometre away from the centre stands for 27,5% less Airbnb listings. In cities like Barcelona, Copenhagen, Paris and Stockholm this decay is close to 70%. Prices in London decrease 4,6% with every kilometre distance; in Copenhagen this is more than 10%, and in Milan even close to 13%. Finally, every kilometre from the centre equals 4-5 nights less booked in Paris or Barcelona, and more than 6 in Zagreb.

This concentration in city centres does not only underscore the inequality effects of Airbnb, but also contradicts another claim of the platform's marketing: rather than 'living like a local', the Airbnb user shows a very traditional preference for tourist hotspots. The authenticity promised by the platform has little to do with blending in with residents: if we analyse Airbnb's promotional messages, what sets its proposition apart is the promise that the traveller can be him or herself without following the tourist herd (Oskam, 2019). But most Airbnb users are driven by price and tangible advantages rather than idealistic motives (Guttentag, Smith, Potwarka & Havitz, 2017).

NEGATIVE EXTERNALITIES: WHO PAYS THE PRICE?

The financial transaction between three parties –traveller, host and platform – does not cover all costs incurred; liabilities are partly externalized and borne by outsiders. Tourists use elevators, common spaces, a city's infrastructure and public services. While Airbnb is certainly not the cause of 'overtourism' – but rather, a symptom or a catalyst– the platform contributes to crowdedness and nuisance in many cities. Meanwhile, tax evasion seems to be a typical practice among Airbnb hosts (Oskam, 2019; Van Heerde, 2019).

A textbook principle dictates that additional tourist demand for residential housing must increase its price. More and more evidence is found that vacation rentals contribute to housing scarcity; the effect on rents has been quantified at \$ 800 per year for popular New York areas (Wachsmuth & Weisler, 2018). A real risk for cities is the displacement of residents by tourist activity: in Athens, for example, foreign investments attracted by 'golden visas' have become a driver of mass evictions of local tenants as properties are turned into Airbnb rentals (Papadimitriou, 2019).

Urban vacation rentals may even have a deeper effect on our lives. In Barcelona, 53% of Airbnb hosts have used rental incomes to stay in their homes (Airbnb, 2013). That does not mean that Airbnb has become the cure for struggling residents, as the company has argued (Whyte, 2018); it is part of the problem as receiving tourists has ceased to be an act of choice. Our private lives thus become subject to commercial considerations: can we still afford to invite friends and family to our homes if there is for instance a sports event in town, if that is the moment when we should be receiving tourists (Frenken, 2016)?

CONCLUSION

Airbnb and similar platforms are not about sharing and using assets together; they are about making profit from the price difference between residential housing and tourist accommodation. It is true that ordinary people can participate, but affluent homeowners and investors will get the lion's share of revenues. Urban vacation rentals are concentrated in city centres. They are a factor in "overtourism" and contribute to the displacement of residents.

The utopian marketing narrative has promoted the belief that Airbnb represents the man in the street standing up against the hotel industry. It seems more accurate to define urban rental platforms as a new business model that is part of that same hotel industry. They imply a further pervasion of commercial activities into our neighbourhoods and into our daily lives.

As Slee has argued, "the Sharing Economy is a movement: it is a movement for deregulation" (2015, p. 24). An unregulated industry cannot be monitored; municipalities cannot prevent the displacement of residents nor manage tourist streams. The function of regulations is to protect consumer and worker rights, the housing market, the safety of residents and visitors and to ensure a fair competition. Not only must cities recover their regulatory control over tourism, but they must be enabled to enforce their regulations by demanding greater transparency from the platforms.

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