



HAS COVID-19 KILLED AIRBNB BUSINESS MODEL?

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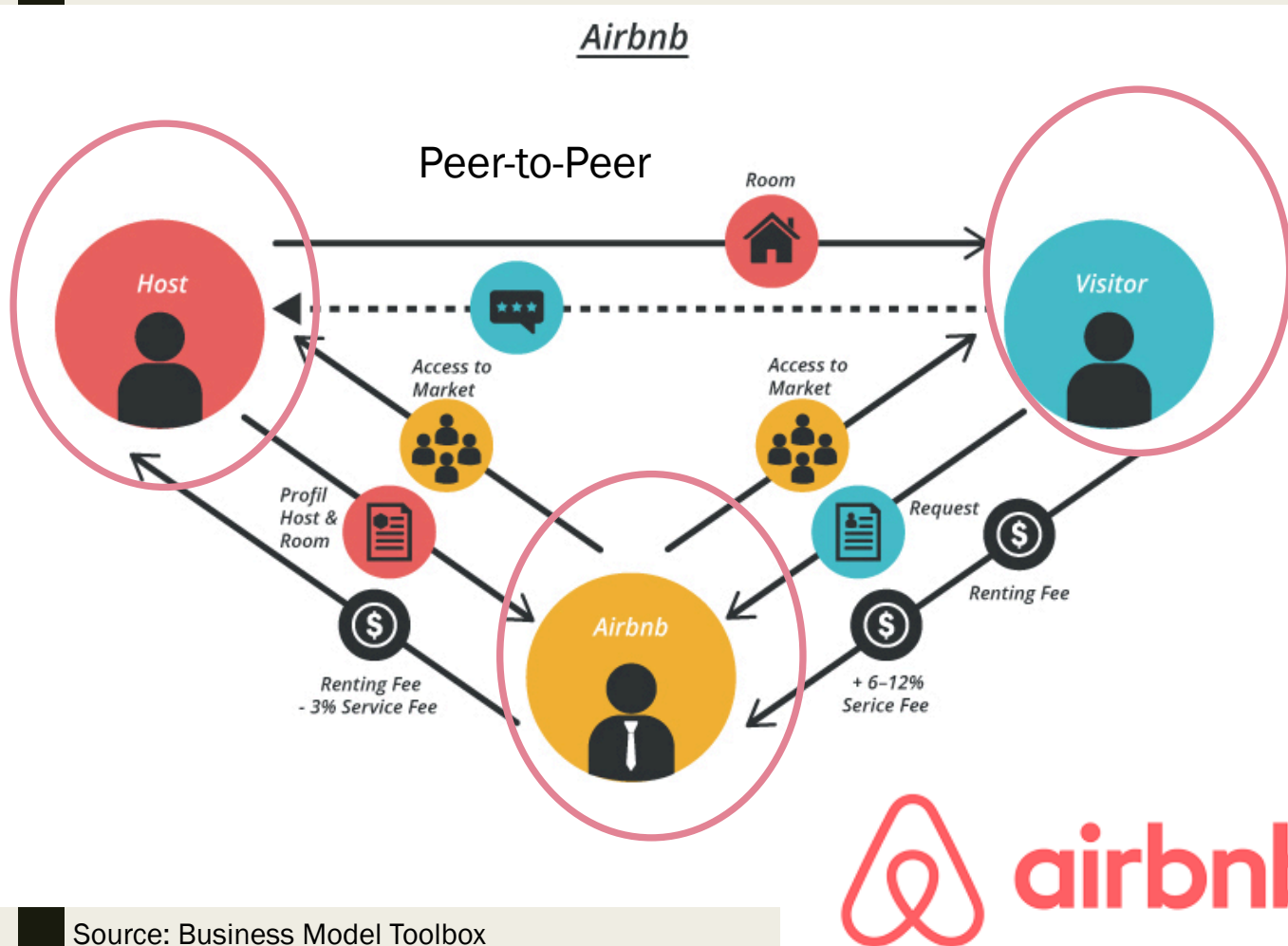
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[Mingmingcheng.com](#)



How Airbnb business model works?



Part of the sharing economy or the peer-to-peer economy

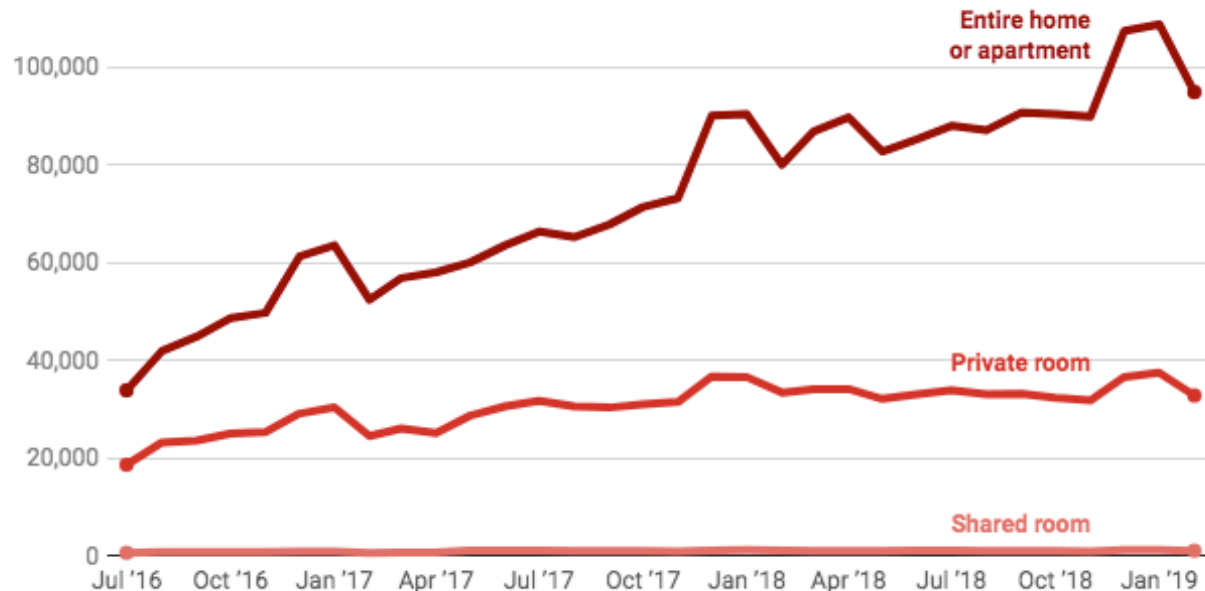


Airbnb listing in Australia

- 4% of the Australian housing stock is, or has been, used as an Airbnb.
- Airbnb also reports that Airbnb has contributed to \$10.38 billion to Gross Domestic Product, supporting a total of 89,600 jobs in Australia in 2019.

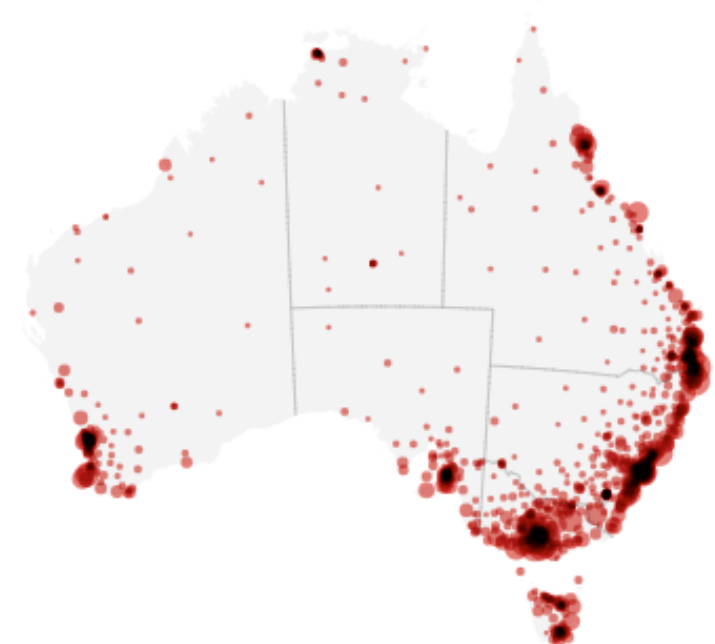
Airbnb listings by house type

Number of Airbnb listings by type, July 2016 to February 2019

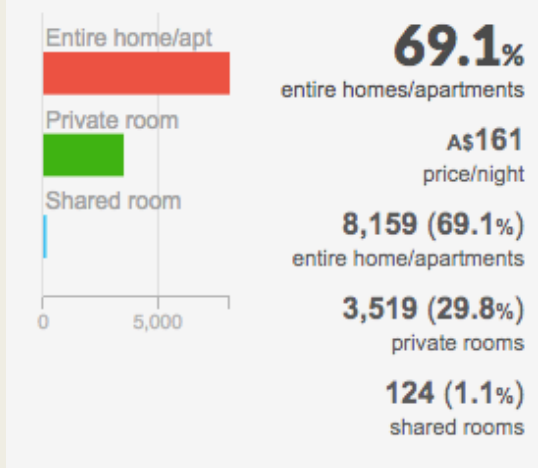
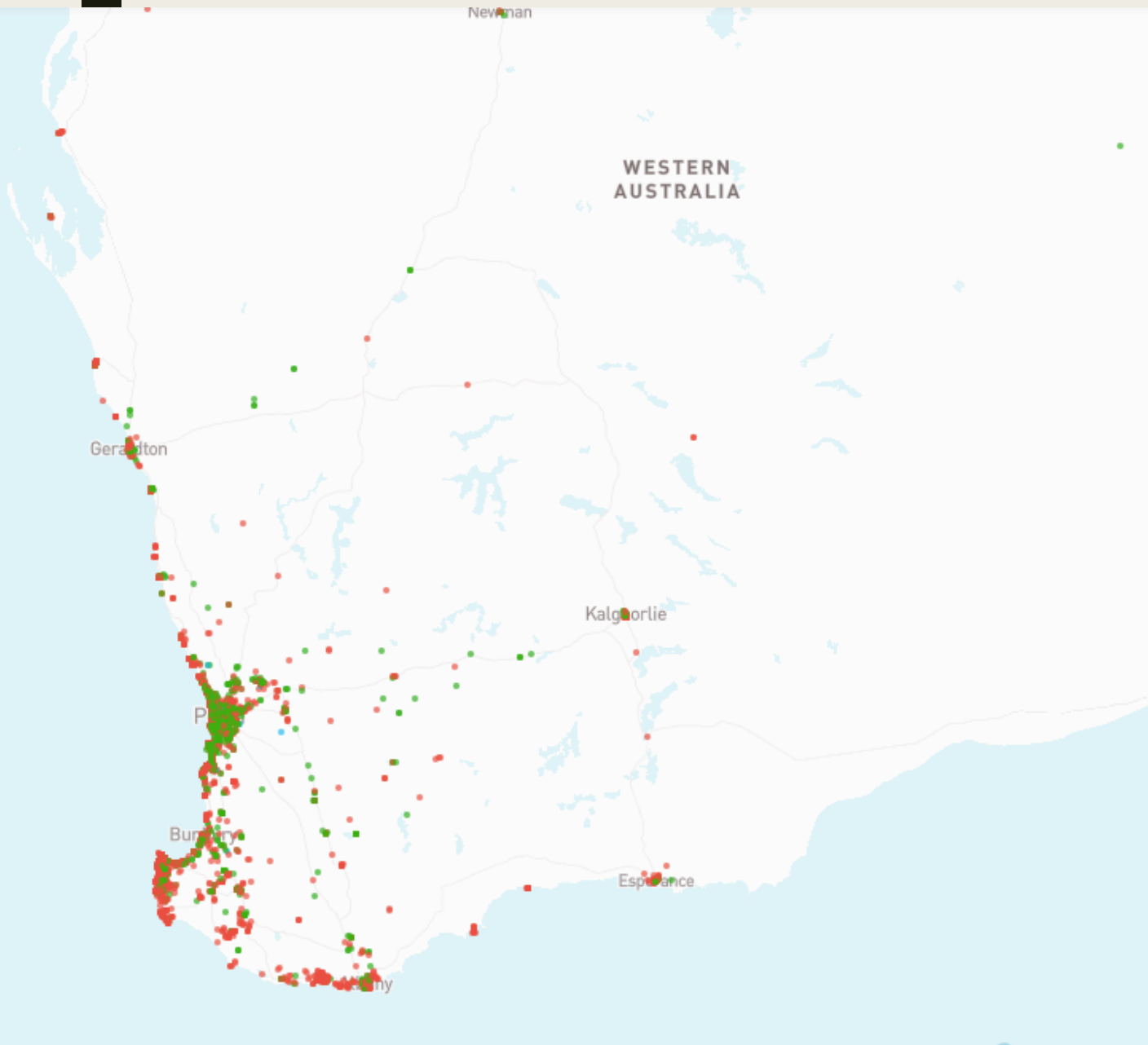


Locations of Airbnb listings in Australia

Number of Airbnb listings by suburb (ie. SA2 location)



(Sigler and Panczak, 2020)

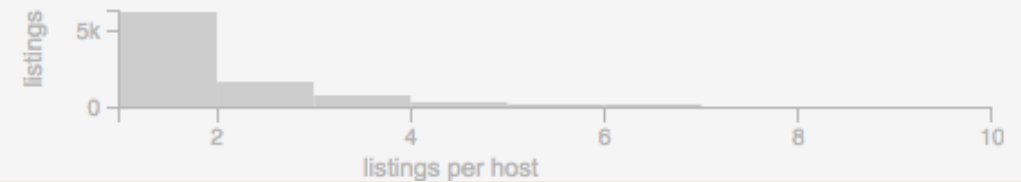


Western Australia 11,802 listings

Some Airbnb hosts have multiple listings.

A host may list separate rooms in the same apartment, or multiple apartments or homes available in their entirety.

Hosts with multiple listings are more likely to be running a business, are unlikely to be living in the property, and in violation of most short term rental laws designed to protect residential housing.

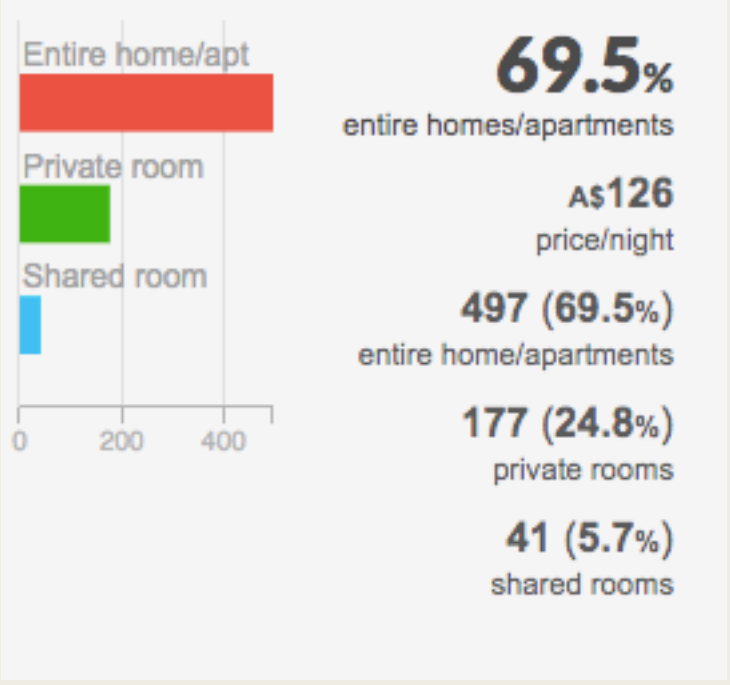
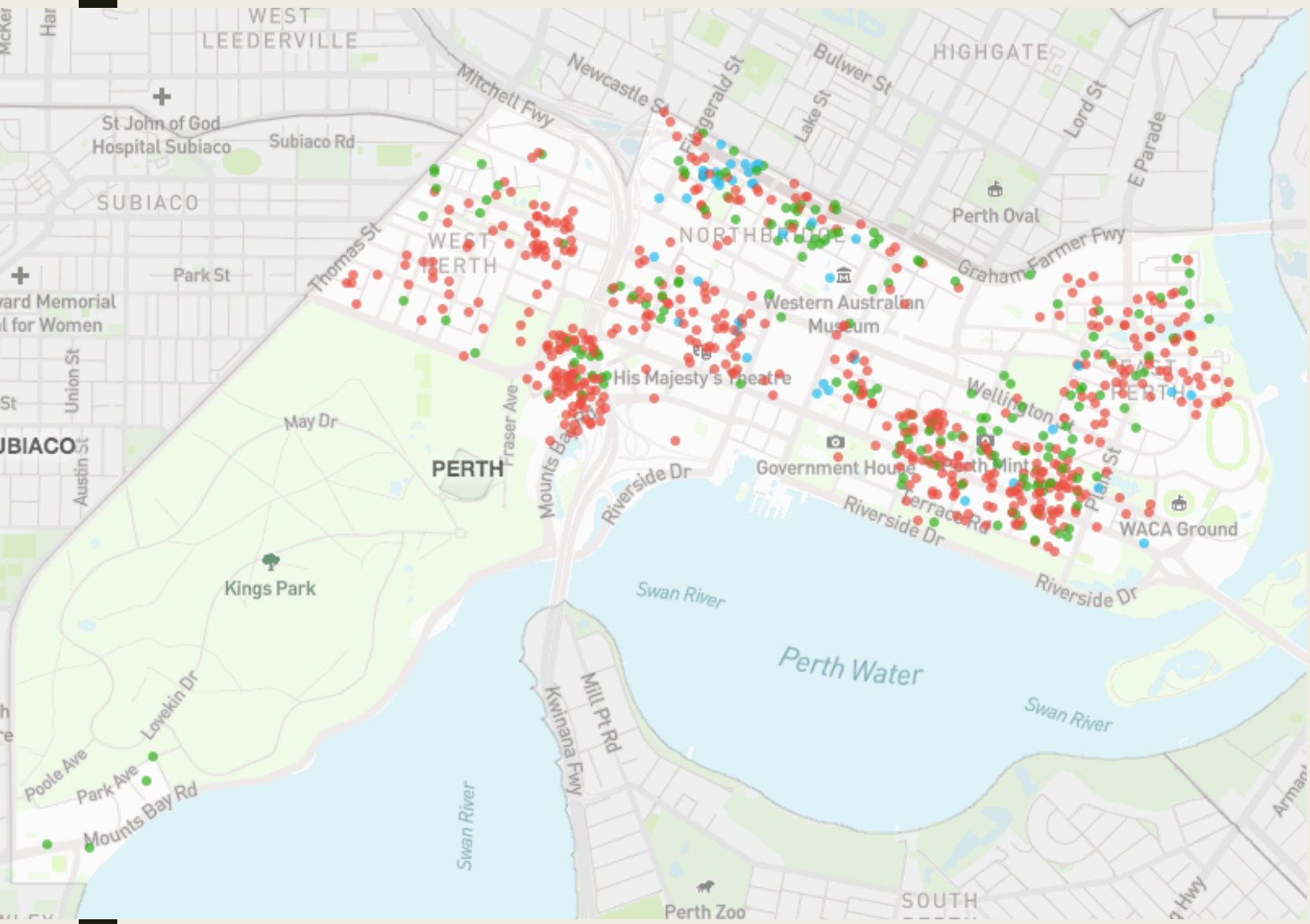


46.8%
multi-listings

6,280 (53.2%)
single listings

5,522 (46.8%)
multi-listings

715 Listings

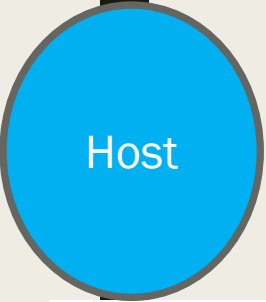


The popularity of Airbnb

- Good value for money
- Convenient location
- Home feeling
- Household amenities
(e.g. pet amenities)



Why?



A dream job?

When Sarah's business idea earned her \$12,000 a month, she quit being a scientist

By Katri Uibu

Posted Thu 21 Nov 2019 at 4:32am, updated Thu 21 Nov 2019 at 10:25am



Sarah Andrews' shack is on Tasmania's west coast. (Supplied: Sarah Andrews)



FINANCIALS

How you make money on Airbnb

With Airbnb, enjoy a painless payment system, low fees, and freedom over what you charge.

Find out what you could earn

Perth WA, Australia

Entire place

4 guests

\$2,298 AUD per month

[How we estimate your earnings potential](#)

Get started

Hotels and local communities are not really happy because

- *A threat to safety and affordability of the residential community*
- *Displacement of long term tenants and creation of housing shortages*

Regional tourism growth sees rise in Airbnb listings, but its leaving renting families high and dry

ABC South East SA / By Bec Whetham and Georgia Loney

Posted Sun 14 Feb 2021 at 11:09am



- Regional areas across Australia are experiencing mass rental shortages
- A boost in domestic tourism has been an incentive for owners to offer their properties as short-term rentals
- The demand for long-term rental properties has led to \$100 a week increases in some regions

Hotels...

- Zervas et al. (2017) found that, for example, in Texas, USA, Airbnb negatively impacted hotels' annual revenues by 8–10%.
- Not competing on the same ground (e.g. compliance with safety standards)

Airbnb amenities		Frequency	Percentage	AAA Diamond Rating / Legislations					Explanation
Group name	Items			1	2	3	4	5	
Safety and Security amenities	Smoke detector	38,863	81.74%	√/*	√/*	√/*	√/*	√/*	AAA: a working smoke detector; New York State Multiple Dwelling Law§ 68. Smoke Detecting Devices
	Carbon monoxide detector	29,581	62.22%						
	Fire extinguisher	16,273	34.23%	*	*	*	*	*	New York State Multiple Dwelling Law
	Lock on bedroom door	15,197	31.96%	√	√	√	√	√	AAA: Primary lock/Secondary lock is a mortised
	First aid kit	14,860	31.25%						
	Safety card	5,107	10.74%						

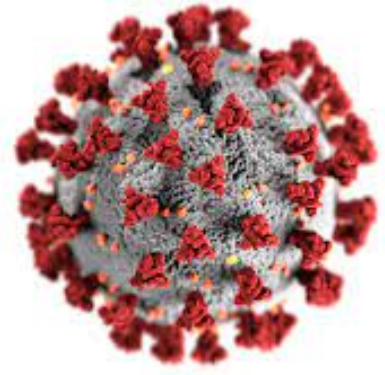
√ indicates items required by AAA Diamond Rating in hotels
 * indicates items required by national or local legislation
 Δ indicates items are not assigned a Diamond Rating but are factored into the overall rating.

Hotel might be okay if things are going well...

- Hotels might be just okay...if they have enough occupancy rates.
- However, bad things can happen, i.e., Covid-19

Queenstown always has a downside and a lot of people don't understand it because they've only seen this current side. There is another side. If we then have another two or three hotels built... and the circle [visitor numbers] goes down, and we've got Airbnb and the numbers we have, it would be difficult [for hotels], but then some of the Airbnb's may not be Airbnb's [if that happens] and [home owners] go back to long term renting or whatever. (Hotel 7)





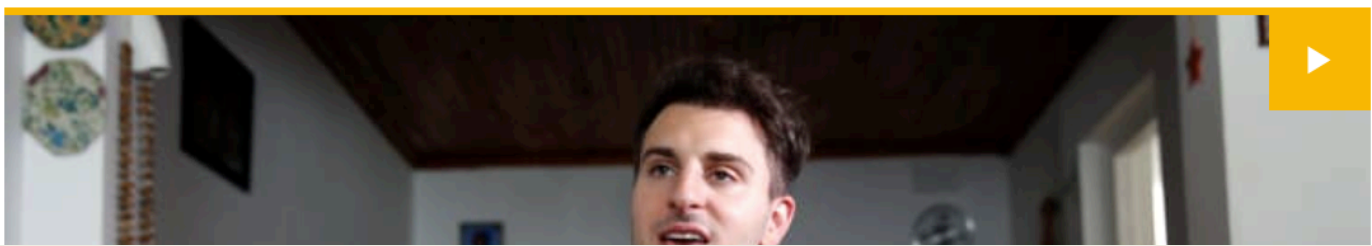
TECH

Airbnb's future is uncertain as it continues to struggle through its Covid-19 response

PUBLISHED WED, MAY 6 2020-11:00 AM EDT

Dain Evans
@DAINALEXEVANS

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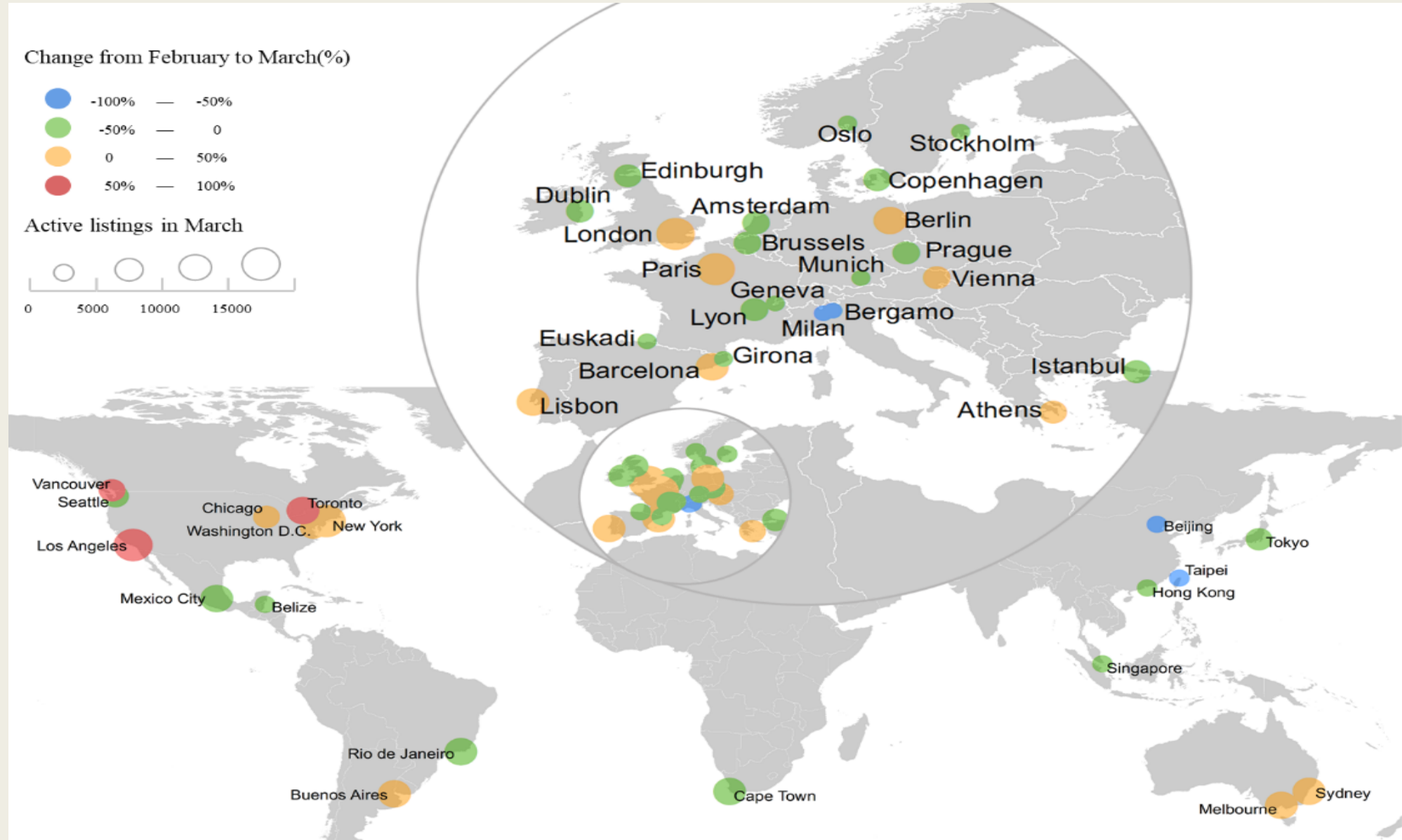
The New York Times

[The Coronavirus Outbreak >](#) | [Latest Updates](#) [Maps and Cases](#) [Pause on Johnson & Johnson Vaccine](#) [Risk Near You](#) [Wh](#)

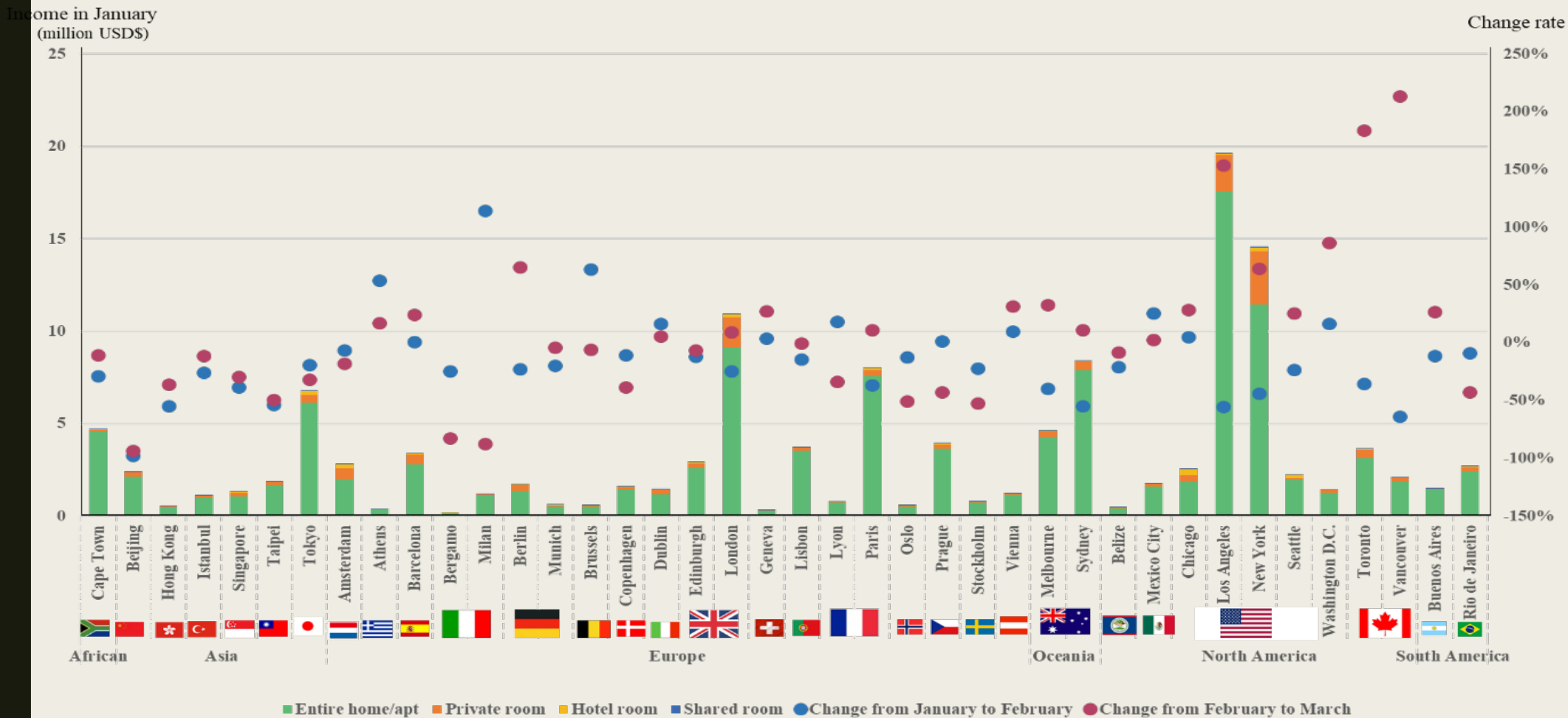
The Future of Airbnb

Home-sharing's challenges aren't only about social distancing and hygiene. Overtourism, racial bias, fee transparency and controlling the party crowd are also in the mix.

The change of active listings from February to March for the 42 global cities



Gross revenue loss for Airbnb rentals in the 42 global cities from January to March



Airbnb hosts

- Airbnb hosts have more flexibilities to have control over the financial and personal aspects of work
- Airbnb hosts are free to decide the availability of their listings as they choose, whereas employees from the hotel industry would not be able to do so.



When Covid-19 came in...

- Not entitled to unemployment insurance, workers compensation and disability insurance, work-related health insurance, and retirement pensions
- “it becomes unclear which jurisdictions’ regulations apply to the work being transacted”

The screenshot shows the Australian Government Treasury website. The main heading is "Economic Response to the Coronavirus". Below this, there are five navigation tabs: "ECONOMIC RESPONSE", "HOMEBUILDER", "JOBKEEPER PAYMENT", "INDIVIDUALS AND HOUSEHOLDS", and "BUSINESSES AND EMPLOYERS". The "INDIVIDUALS AND HOUSEHOLDS" tab is selected. The page content includes the text: "The Government is providing financial assistance to Australians to support them through the economic impact of the Coronavirus." and "The JobKeeper Payment will continue until 28 March 2021 and is targeted support to those".

The screenshot shows a community support thread on the ato platform. The thread is titled "LizdeK (Community Support)" and was posted on 2 June 2020. The user @Virtuallynne asks for help. LizdeK responds with the following text:

Hi @Virtuallynne

Thanks for getting in touch with us - we know it's tough at the moment.

To be eligible for the [Cashflow Boost](#), you need to have employees, plus other considerations, and it's paid automatically if you're eligible.

For [JobKeeper](#), one of the requirements is that you have an ABN, which you can apply for at any time, regardless of whether you have income over \$75,000. However, you can also apply for [Commissioner's discretion](#) if not having an ABN was the only reason that you aren't eligible for the payment.

Hope that helps
thanks

LizdeK

The thread has 0 Likes and 1 Reply. Below this, another user, Rae1 (Newbie), posts a comment on 8 July 2020:

I have an ABN, run an AirBnB as my sole means of income as a sole trader, I'm experiencing 100% loss in income, yet my Job Keeper application was declined today based on AirBnB not being a business. This response however contradicts this.

This thread also has 0 Likes and 0 Replies.

Some help from Airbnb?

- Airbnb announced they would contribute \$250 million (US) to support Airbnb hosts around the world who had experienced COVID-19-related cancellations;
- However, the policy only covers nights booked on or before March 14 with a check-in between March 14 and May 31, 2020. **It is also limited to cover only 25 per cent of the total rental income loss** (Airbnb, [2020a](#)).
- Airbnb has also provided a \$17 million (US) “Superhost Relief Fund” for hosts who show strong reliance on Airbnb as a vital source of income; however, only some veteran ‘Superhosts’ can access this benefit (Airbnb, [2020b](#)).

So what should you do as an Airbnb host?

- Rely on the extra income from Airbnb to make ends meet including mortgage payments and renting and staying in their home
- Many Airbnb hosts who heavily rely on Airbnb as a vital source of income can be placed in a difficult situation

The Sydney Morning Herald

National NSW Airbnb

This was published 5 months ago

'It's a train wreck': Coronavirus brings Airbnb property investors undone

For our free coronavirus pandemic coverage, [learn more here.](#)

By **Nigel Gladstone**

May 10, 2020 – 12:00am



The coronavirus crisis is hitting the short-term rental accommodation market in Sydney, exposing the weak foundations of some businesses that have sub-let residential properties as Airbnb accommodation.

New weekly bookings for Australian Airbnbs are down by more than 60,000 since March 1, with just 19,000 new reservations made nationally in the week ending April 19, according to [AirDNA](#), which reports on Airbnb data.

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TECH

Airbnb hosts are upset that the company is refunding travelers but not covering hosts' costs

PUBLISHED THU, MAR 19 2020·8:23 AM EDT | UPDATED THU, MAR 19 2020·1:04 PM EDT

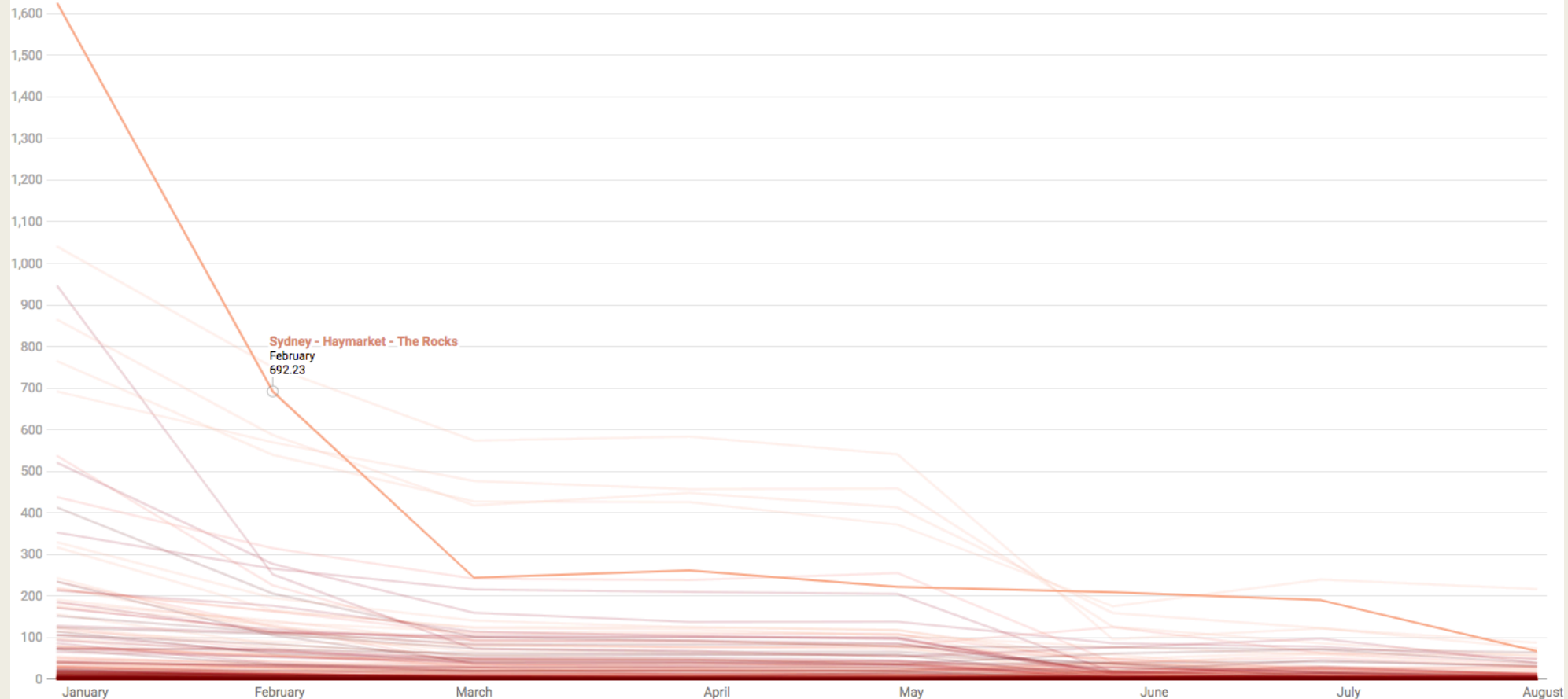


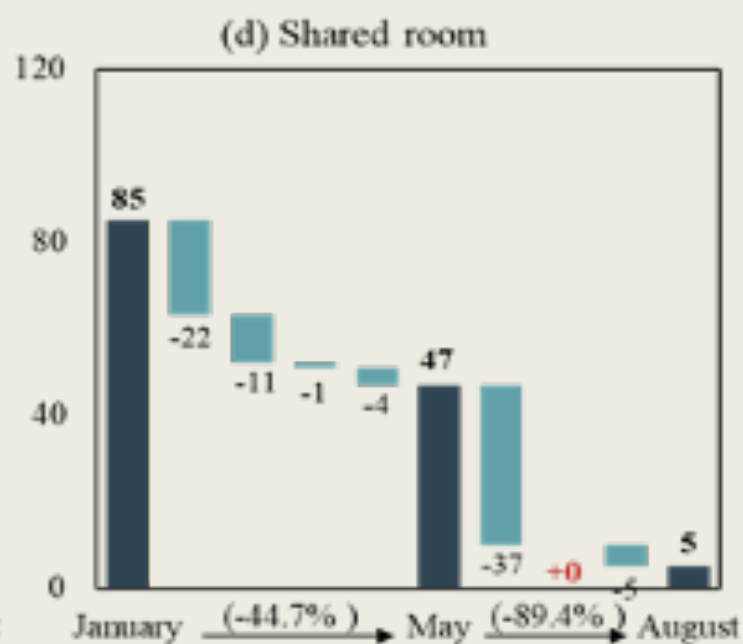
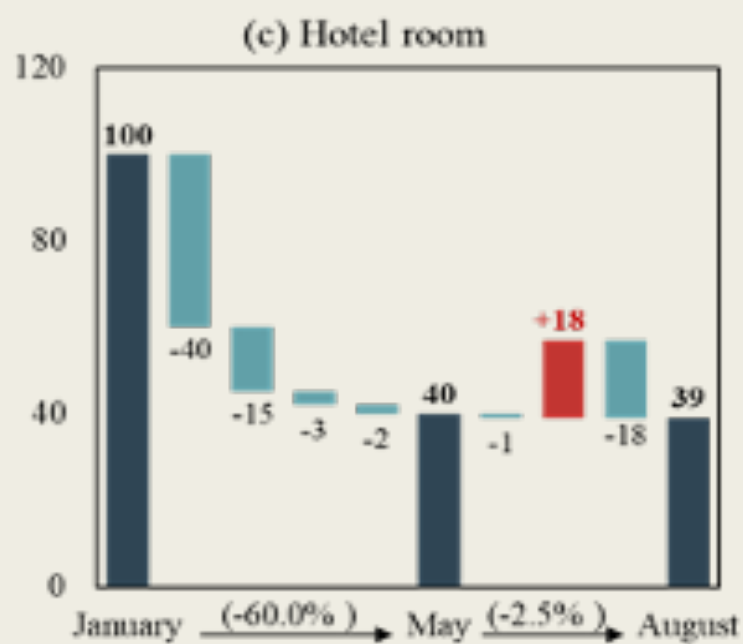
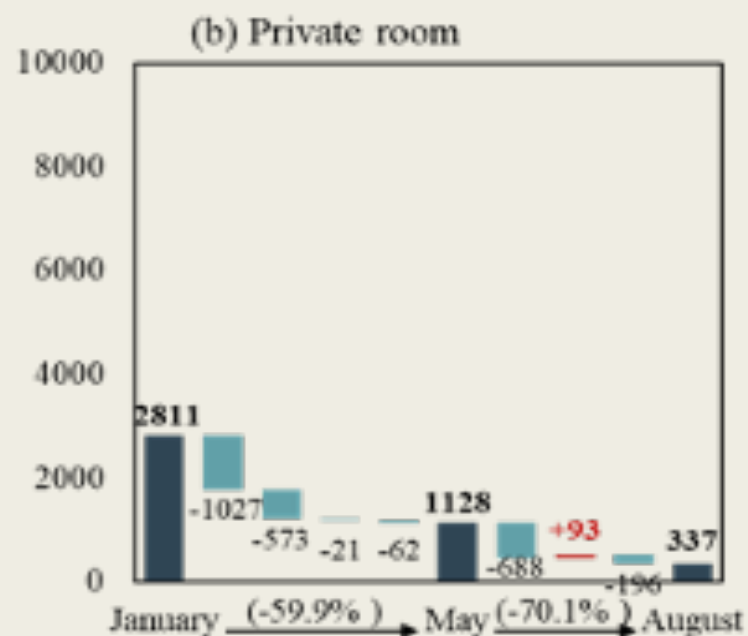
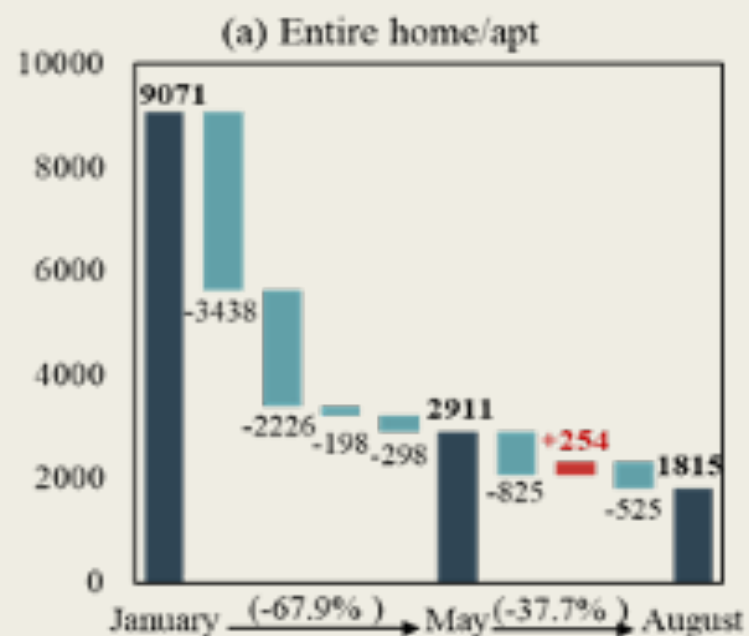
Salvador Rodriguez
@SAL19

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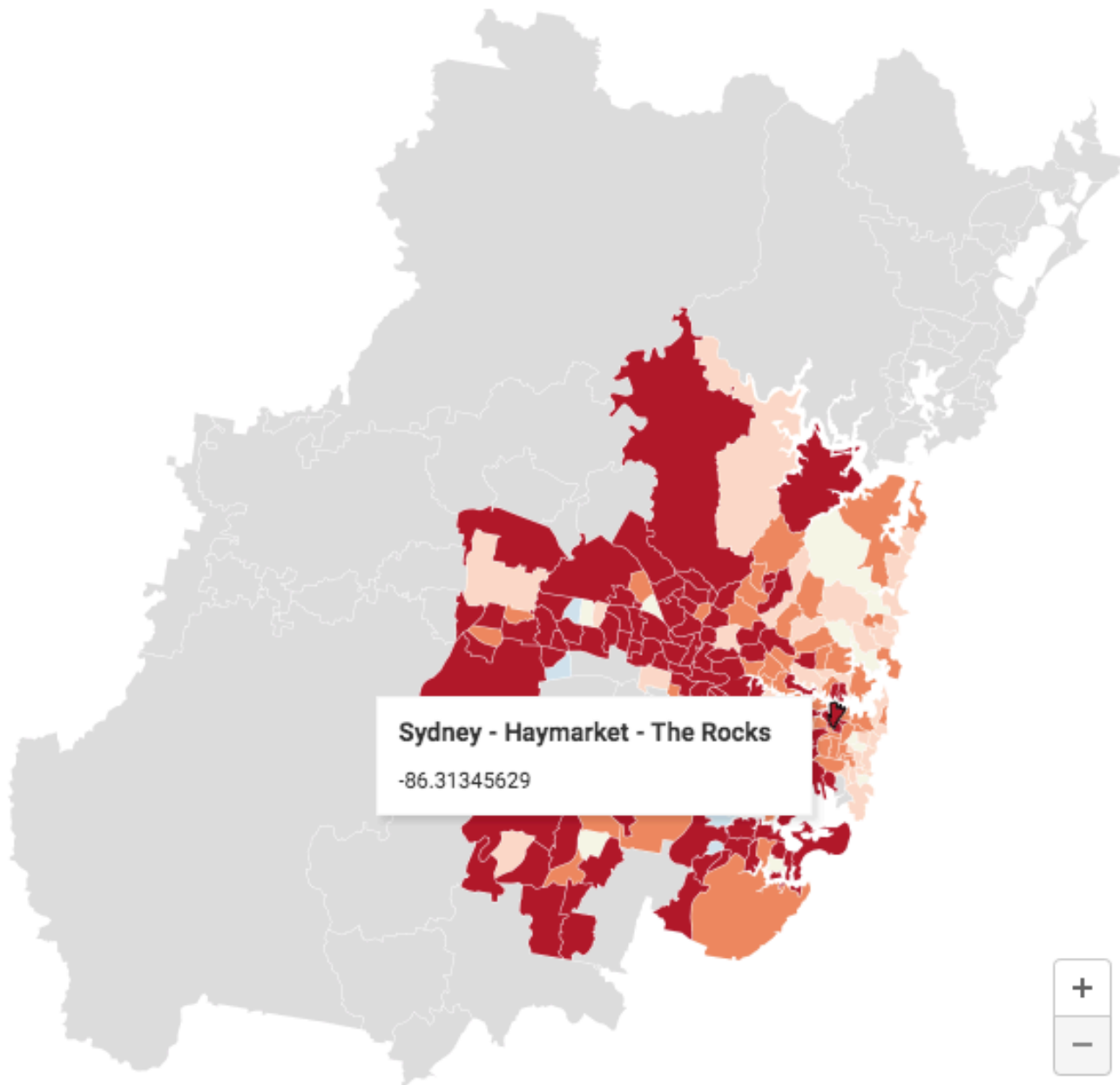
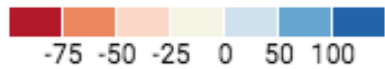
- Comparing August 2020 to January 2020, the pandemic resulted in **89.5** per cent income loss for Airbnb hosts.
- Active Airbnb listings in Sydney dropped to 2,196 in August compared to 12,067 in January **-81.8** per cent drop from January.

Income of Airbnb's host from January to August (AUD\$ 1000)

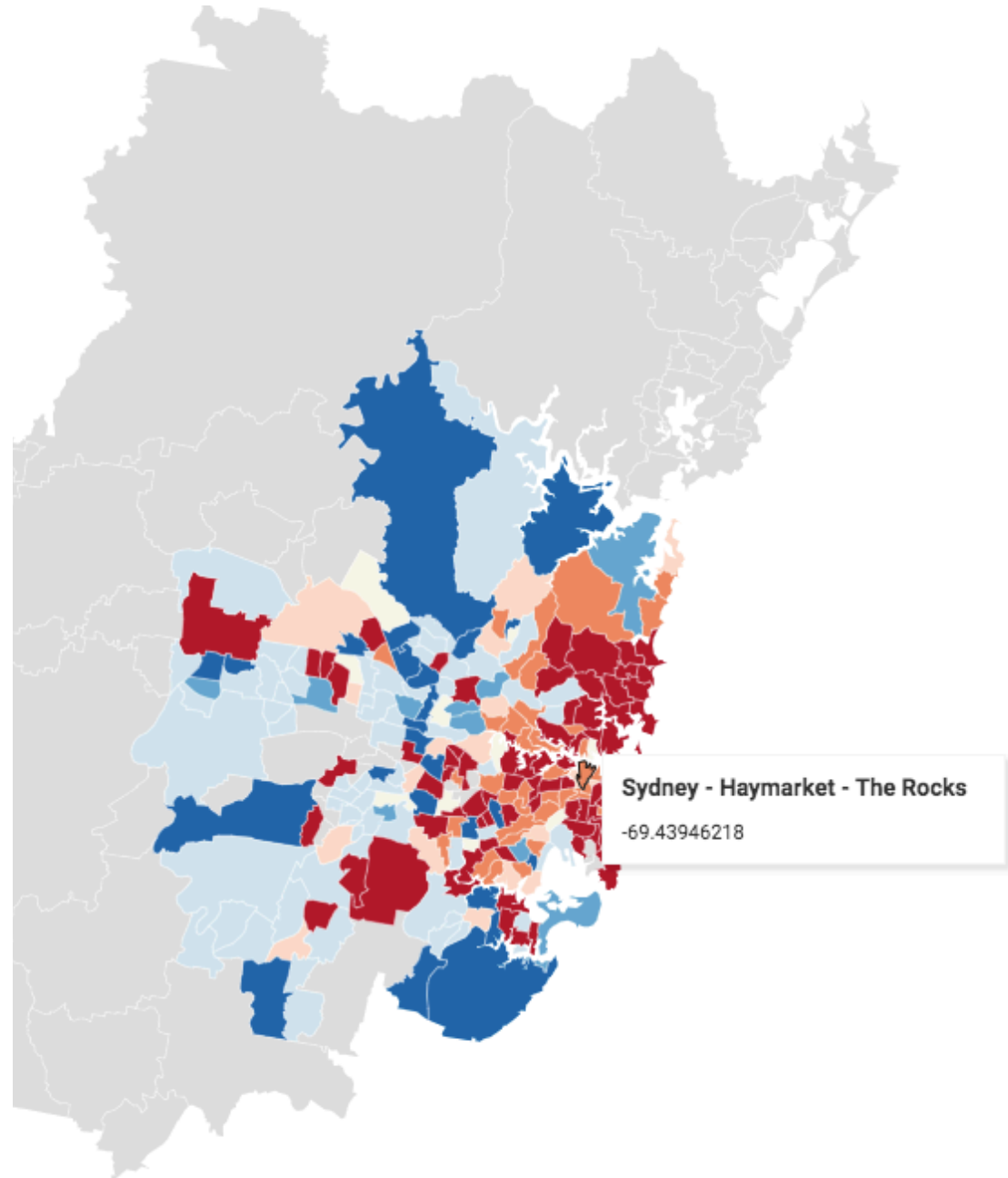
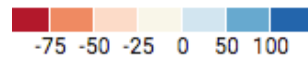




The change of hosts' income between May to January (%)



The change of hosts' income between August to May (%)



However, Airbnb listings are dropping but they are now recovering...

- Airbnb in regional areas demonstrates more resilience and recover more quickly than in the cities
- Dolnicar and Zare ([2020](#)) predict that these professional hosts will be likely to decline and turn to long-term rental market as a result of the pandemic.
- Long term rentals will be more affordable? We are not sure



Airbnb will bounce back quickly than we expected...

- Airbnb does not need to spend large amounts of money on the cost associated with the upkeep of its fixed assets.
- Airbnb passes on the risk to its “hosts” – the property owners.
- Retain the profitable parts of the business to face disruptions like Covid-19.

(Cam and Rajjaque, 2020)



Policy Implications

- How Airbnb or the broad digital peer-to-peer accommodation platform should be regulated?
- Does Airbnb play its fair bit?
- Airbnb hosts rights and obligations
- Compliance with safety standards etc
- Airbnb are not willing to share their data...





Opinion

Airbnb's days really are numbered

Out-of-control Airbnb accommodation has threatened to hollow out cities like Sydney, Paris and San Francisco. Some regulators are fighting back.

John Davidson *Columnist*

Aug 20, 2019 - 12.00am

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Share

How big a number is 180?

That's the question residents of Australia's most populous state, NSW, are being asked to ponder as the state moved last week to crack down on out-of-control Airbnb accommodation that has threatened to eat the heart and soul out of cities like Sydney, the way it's threatened to hollow out cities like Paris and Venice.



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Print

Short-term rental accommodation

The NSW Government has implemented [a new statewide regulatory framework for short-term rental accommodation](#) (STRA), which includes a new planning framework, fire safety standards for STRA dwellings and a new Government-run STRA Register. The new framework compliments the [mandatory Code of Conduct](#) and changes to strata legislation made by the Department of Customer Service.

The new regulatory framework seeks to ensure local communities continue to enjoy the economic benefits of STRA, while managing potential adverse impacts.

A balanced approach for homeowners and visitors

Amendments have been made to [State Environmental Planning Policy \(Affordable Rental Housing\) 2009](#) (ARHSEPP) and the [Environmental Planning and Assessment Regulation](#) (EP&A Regulation) to introduce a new policy framework for STRA that will allow homeowners to access the benefits of the sharing economy while providing certainty and safety for communities and visitors.

[Go to whole of WA Government search](#)Text Size **A** **A** **A** | [Print](#) [Home](#)

McGowan Government responds to short-stay accommodation inquiry

Wednesday, 12 February 2020

- Whole-of-Government response to recommendations of parliamentary inquiry
- Variety of accommodation options essential for thriving tourism industry
- Registration process for all WA accommodation providers to be developed

The McGowan Government is adopting nearly all of the recommendations arising from the recent parliamentary inquiry into short-stay accommodation.

The whole-of-Government response to the 2019 Parliamentary Inquiry Levelling the Playing Field - Managing the impact of the rapid increase of Short-Term Rentals in Western Australia aims to introduce better management of the industry at a community level.

Led by Jessica Shaw MLA, the inquiry presented 10 recommendations to improve outdated and inconsistent policy governing short-term rentals, and create greater certainty for the tourism industry, accommodation providers and guests.

The inquiry found that short-term rentals are a genuine income source for some people and are increasingly widely used by guests; however there was no regulation of the industry and numerous examples of adverse impacts on neighbours and local communities.

The State Government has adopted a whole-of-Government approach to respond to the recommendations, including investigating appropriate regulatory or legislative frameworks that can meet the needs of this rapidly changing sector.

A key recommendation is the adoption of a flexible, low cost and simple registration scheme for all short-term accommodation providers across the State.



Hon Rita Saffioti BBus MLA
Minister for Transport; Planning;
Ports

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Inquiry into Short-Stay Accommodation

[Inquiry](#)[Terms of reference](#)[Public submissions](#)[Related evidence](#)[Hearings and transcripts](#)[Report](#)

Terms of Reference:

The Economics and Industry Standing Committee will inquire into and report on matters relating to the regulation of short-stay accommodation in Western Australia, with particular reference to:

1. The forms and regulatory status of short-stay accommodation providers in regional and metropolitan Western Australia, including existing powers available to local government authorities.
2. The changing market and social dynamics in the short-stay accommodation sector.
3. Issues in the short-stay accommodation sector, particularly associated with emerging business models utilising online booking platforms.
4. Approaches within Australian and international jurisdictions to ensure the appropriate regulation of short-stay accommodation.

The Committee will report to the House by 27 June 2019.

What research my team had done in the last five years in relation to Airbnb

- Interviews with key stakeholders regarding the impact of Airbnb
- The carbon footprint of Airbnb
- Digital Discrimination with Airbnb
- Algorithmic management in Airbnb
- How Airbnb hosts deal with tourists from different cultural backgrounds
- How Airbnb hosts help each other and interact with people on social media
- Airbnb's impacts on hotels
- Airbnb-related crimes
- Financial performance of Airbnb hosts as a result of Covid-19

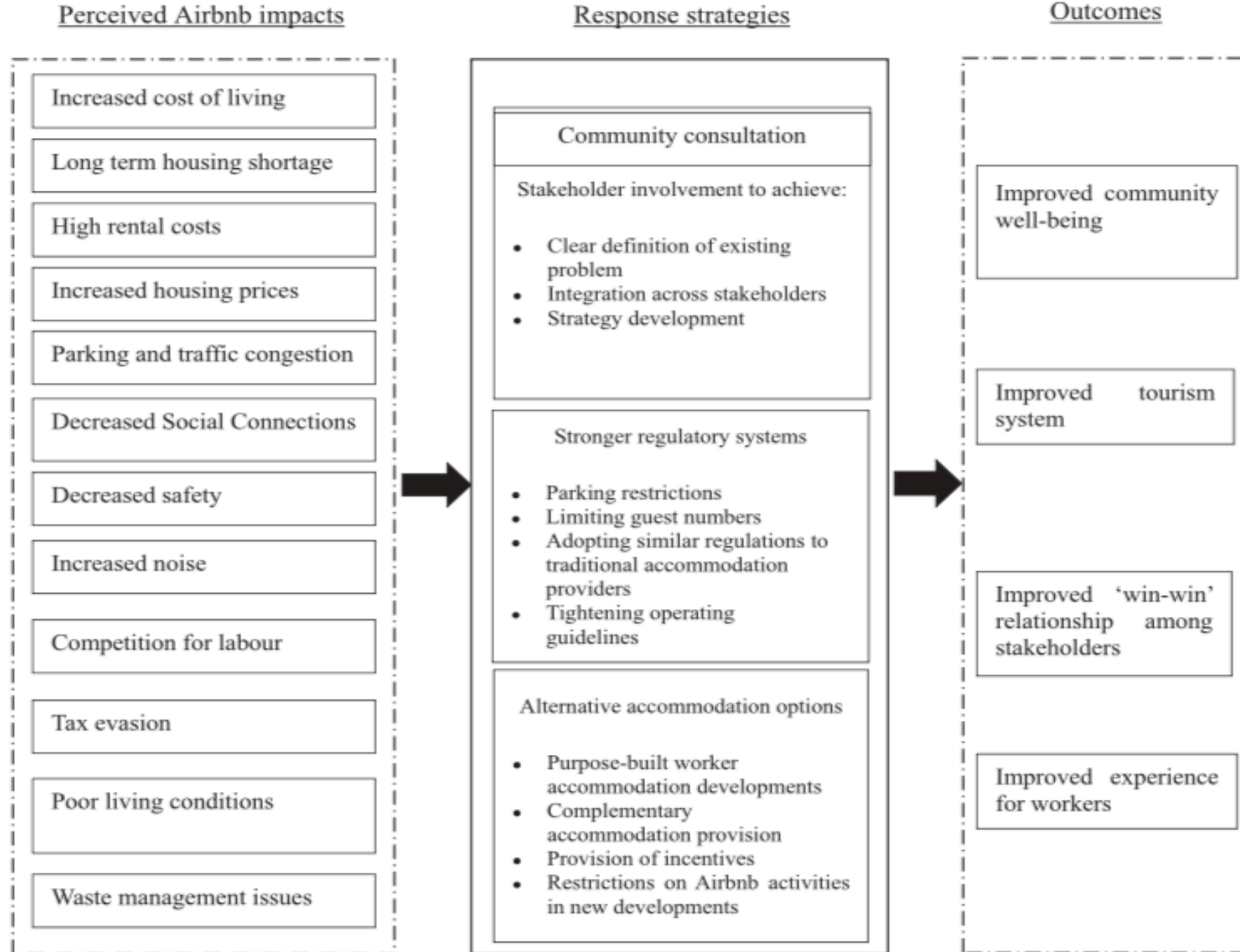


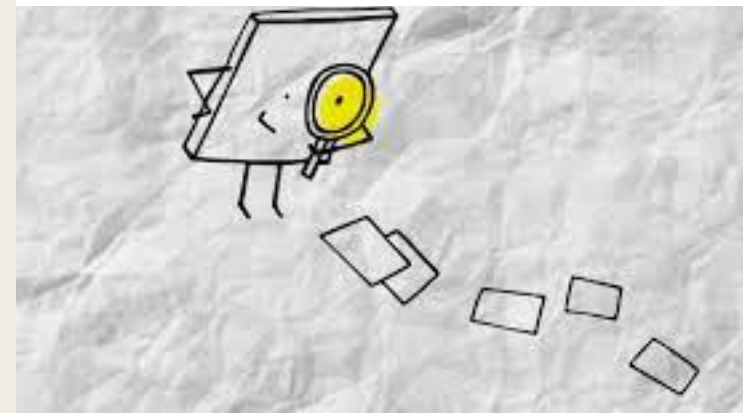
Figure 2. Summary of Airbnb Impacts and Response Strategies.

Key Takeaways

- Airbnb is, to a large degree, still unregulated
- Airbnb creates on-going challenges for the regulatory authorities due to its business model.
- Airbnb is much more likely to recover quicker than hotels
- Long term rentals will be more affordable? We are not sure
- The negative impacts of Airbnb on housing shortages and affordability of the residential community will return as a result of domestic tourism
- The digital giant's business model will stay and go into other sector – Peer-to-peer meal sharing, peer-to-peer office sharing....
- We need more research to truly understand the impacts of the digital accommodation giant...hard evidence is lacking...



Peer to peer office space market gets rebooted



Further readings

- **Cheng, M., Mackenzie, S., & Degarege, G.** (2021). [How does Airbnb impact host communities in a tourism destination? A case study of stakeholder perspectives in Queenstown, New Zealand](#). *Journal of Sustainable Tourism*.
- **Chen, G., Cheng, M., Edwards, D., & Xu, L.** (2021). [COVID-19 pandemic exposes the vulnerability of the sharing economy: a novel accounting framework](#). *Journal of Sustainable Tourism*.
- **Cheng, M., Chen, G., Wiedmann, T., Hadjikakou, M., Xu, L., & Wang, Y.** (2020). [The sharing economy and sustainability – assessing Airbnb's direct, indirect and induced carbon footprint in Sydney](#). *Journal of Sustainable Tourism*. 28(8), 1083-1099.

Thank You For Another 5-Star Review



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