

The Impact of Commercial Landlords Using Airbnb in the Boston Region

A recent analysis conducted by John W. O’Neill, MAI, ISHC, Ph.D., professor of hospitality management and director of the Center for Hospitality Real Estate Strategy in the School of Hospitality Management at Penn State University¹, reveals a troubling trend about Airbnb’s activity in the Boston area. A significant and growing percentage of Airbnb’s revenue is driven by users who run unregulated – and often illegal – hotel businesses, listing one or more residential units for rent to short-term visitors for a large portion of the year, if not the entire year. These commercial landlords ignore prohibitions on such activity, as well as zoning rules, taxes and common sense health and safety regulations.

KEY TAKEAWAYS



Almost all of Airbnb’s revenue in the Boston region – **83% or almost \$40 million** – comes from operators who list units for rent **more than 30 days per year.**



More than half (52%) of Airbnb’s Boston-area revenue – **almost \$25 million** – comes from operators who listed properties for rent **more than 180 days per year.**



Operators listing **multiple units for rent** drove almost half (45%) of Airbnb’s revenue in the Boston region – **\$21 million.**

COMMUNITY IMPACT

Unregulated hotels operated in residential properties are disruptive to communities and pose serious safety concerns for guests and for neighborhoods. Some of Boston’s most desirable neighborhoods are hotbeds of illegal hotel activity by commercial operators on Airbnb. The two local ZIP codes with the most properties listed on Airbnb from October 2014 through September 2015 accounted for 13% of Airbnb’s Boston-area revenue – more than \$6 million.



Zip Code	02139
Neighborhoods	Mid-Cambridge, East Cambridge, Riverside
Airbnb Operator Count 10/14 - 9/15	205
Property Count 10/14 - 9/15	254
Airbnb Revenue 10/14 - 9/15	\$3,427,482

Zip Code	02116
Neighborhoods	Back Bay, Bay Village, Columbus
Airbnb Operator Count 10/14 - 9/15	179
Property Count 10/14 - 9/15	250
Airbnb Revenue 10/14 - 9/15	\$2,629,783

It’s clear: these individuals or entities are not renting out these units on an occasional basis to earn a little extra income. It’s quite the opposite. They are commercial landlords using Airbnb to avoid taxes, zoning guidelines, and health and safety regulations.

CONCLUSION

Airbnb insists on offering only anonymized data to cities and states and has admitted to scrubbing data before releasing it to the public in order to hide the number of unregulated commercial landlords using its platform.² This pattern of behavior conceals the enormous revenue Airbnb generates from commercial landlords currently using the site to operate unregulated, untaxed and often illegal hotels. That's why Airbnb's "honor system" for tax policy and enforcement, as they've proposed in multiple states and municipalities, won't work.

Airbnb should come clean about the nature and extent of the commercial business it enables. Until Airbnb demonstrates that it can be a trusted and constructive partner in the effort to protect communities and travelers from the rise of illegal hotels, state and local governments should close this "illegal hotel loophole" to protect neighborhoods and help ensure a fair travel marketplace.

1. http://www.ahla.com/uploadedFiles/_Common/pdf/Airbnb_Analysis_2016.pdf
2. <http://www.businessinsider.com/airbnb-deleted-rentals-before-showing-data-2016-2>