

From Air Mattresses to Unregulated Business:
An Analysis of the Other Side of Airbnb

City Spotlight:

SAN FRANCISCO, CALIFORNIA



BACKGROUND

In 2016, the American Hotel & Lodging Association (AH&LA) released an analysis providing a view of the commercial activity being conducted on Airbnb in the nation's largest metropolitan statistical areas (MSAs). 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 University, conducted the analysis of over 448,000 lines of data and over 10.2 million variables and developed the key findings, which include:

- ▶ More than a quarter (26%) of Airbnb's revenue in 14 of the nation's largest markets – \$347 million – came from operators who listed properties for rent full-time, or for 360 days or more, during 12 months from October 2014 through September 2015.
- ▶ Based on a rigorous analysis of Airbnb listing data in 14 major U.S. metropolitan areas over the course of a full year, commercial operators in the nation's largest cities generate a substantial share of the company's revenue by renting out multiple residential properties and/or renting properties year-round.
- ▶ The number of people renting out two or more residential properties on Airbnb appears to be growing, and nearly 40% of the company's revenue in 14 of the nation's largest cities is generated by these "multi-unit operators," totaling more than half a billion dollars a year.

The following analysis provides greater detail about the commercial activity being conducted on Airbnb in the San Francisco MSA.

Data Source

The data used in this report were sourced from Airdna, which tracks Airbnb revenues and operations and provides pricing and revenue data to Airbnb operators. Airdna conducts a continuous search of the Airbnb web site, resulting in each Airbnb listing being analyzed once every seven days.

The data cover 14 of the nation's largest metropolitan statistical areas (MSAs): New York, Chicago, Los Angeles, Philadelphia, Miami, Houston, Dallas, Phoenix, San Antonio, San Diego, San Francisco, Boston, Austin and Washington, D.C. The research focuses on hosts who rent multiple units and length of time that hosts rent out their unit(s).

Kalibri Labs, a hospitality research firm, sorted the data, which included Airbnb operators from October 2014 through September 2015.

Exclusions: All data exclude all shared rooms and units and unique units, such as boats, tree houses, and tents.

Additional Information:

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 University and Yuxia Ouyang, doctoral student, conducted the analysis and developed the key findings. They examined over 448,000 lines of data and over 10.2 million variables.

This study was primarily funded by the American Hotel & Lodging Educational Foundation. Additional funds provided by the American Hotel & Lodging Association. Penn State University received no funding for the study.

Glossary of Terms

Host: Person or entity renting out at least one residential unit on the Airbnb platform.

Full-time operator: Any host renting out unit(s) 360 or more days per year.

Multi-unit operator: Any host renting out two or more units.

KEY FINDINGS: SAN FRANCISCO REGION

The data show that Airbnb operators listing residential properties for rent for the bulk of the year drive a large percentage of the company's revenue in the San Francisco region.

Number of Days Operator Lists Unit(s) for Rent	Number of Operators 10/2014 – 9/2015	Revenue Generated 10/2014 – 9/2015	% of Airbnb Operator Population 10/2014 – 9/2015	% of Airbnb's Revenue 10/2014 – 9/2015
30+ Days / Year	7,423	\$176,846,967	75.50%	96.53%
180+ Days / Year	1,908	\$117,074,238	19.41%	63.90%
360+ Days / Year	308	\$40,208,821	3.13%	21.95%



\$117M

Nearly two-thirds (64%) of Airbnb's San Francisco-area revenue – over \$117 million – comes from operators who listed properties for rent **more than 180 days per year.**



22%

Nearly one-quarter of Airbnb's revenue in the San Francisco area – 22% or more than \$40 million **comes from operators who list units for rent full-time.**

32%



Operators listing **multiple units for rent** drove almost one-third (32%) of Airbnb's revenue in the San Francisco region – **\$58 million.**

The five San Francisco-area ZIP codes with the most properties listed on Airbnb from October 2014 through September 2015 accounted for more than \$97 million, or over half of Airbnb's revenue in the San Francisco MSA.

ZIP Code	Neighborhoods	Airbnb Operator Count 10/2014 – 9/2015	Property Count 10/2014 – 9/2015	Airbnb Revenue 10/14 – 9/15
94110	Mission District, Bernal Heights	797	891	\$17,144,886
94109	Russian Hill	651	705	\$9,261,121
94117	Haight-Ashbury	526	591	\$11,954,364
94114	The Castro, Noe Valley	506	567	\$11,536,424
94107	Potrero Hill	393	424	\$7,474,730
Total		2,873	3,178	\$57,371,525

If Airbnb operators in the San Francisco area followed the same tax rubric as other lodging businesses in San Francisco, in the 12 months between October 2014 and September 2015 they would have owed municipal governments in the region more than \$30 million.

San Francisco Area Lodging Taxes

Room Tax	CA Tourism Fee	Tld Assessment	Total City of San Francisco Lodging Tax Rate	Airbnb's San Francisco Revenue	Airbnb's Estimated Tax Obligation
14%	.28%	2.25%	16.53%	\$183,213,462	\$30,285,185

APPENDIX: SAN FRANCISCO METROPOLITAN STATISTICAL AREA DATA TABLES

Revenue Analysis by ZIP Code

Zip Code	Property Count 10/2014 – 9/2015	Revenue 10/2014 – 9/2015	Zip Code	Host Count 10/2014 – 9/2015	Revenue 10/2014 – 9/2015
94110	891	\$17,144,886	94110	797	\$17,144,886
94109	705	\$9,261,121	94109	651	\$9,261,121
94117	591	\$11,954,364	94117	526	\$11,954,364
94114	567	\$11,536,424	94114	506	\$11,536,424
94107	424	\$7,474,730	94107	393	\$7,474,730
94103	420	\$7,285,869	94103	387	\$7,285,869
94123	400	\$6,395,859	94123	370	\$6,395,859
94115	372	\$6,792,783	94115	334	\$6,792,783
94102	354	\$5,152,180	94102	300	\$5,152,180
94133	258	\$5,350,587	94133	233	\$5,350,587

Frequent Hosts

Number of Days Operator Lists Unit(s) for Rent	Operator Count 10/2014 – 9/2015	Revenue 10/2014 – 9/2015	Percent of Operators Who List Unit(s) for Multiple Days 10/2014 – 9/2015	Percent of Revenue From Operators Who List Unit(s) for Multiple Days 10/2014 – 9/2015
Total	9,832	\$183,213,462	–	–
30+ days	7423	\$176,846,967.03	75.50%	96.53%
60+ days	5224	\$164,595,098.98	53.13%	89.84%
90+ days	3865	\$151,447,719.66	39.31%	82.66%
120+ days	2913	\$137,881,690.99	29.63%	75.26%
180+ days	1908	\$117,074,237.91	19.41%	63.90%
360+ days	308	\$40,208,821.50	3.13%	21.95%