# Airbnb Usage Across New York City Neighborhoods: Geographic Patterns and Regulatory Implications

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**Authors:** NYU Stern Professor Arun Sundararajan, NYU Wagner Professor Ingrid Gould Ellen, NYU Wagner PhD student Xiaodi Li, and economists Peter Coles and Michael Egesdal of Airbnb.

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## Why did we select this research?

All over the world, (local) governments are trying to institute an appropriate regulatory response. At the same time, emperical evidence about usage patterns, geographic considerations, and the economic impact of both long- and short-term rentals in this new space is lacking. This research combined proprietary data from Airbnb with data from the American Community Survey, Zillow, and TripAdvisor, between 2011 and 2016. Based on this empirical evidence, the researchers outline the advantages and disadvantages of different regulatory approaches to discourage the conversion of long-term to short-term rentals.

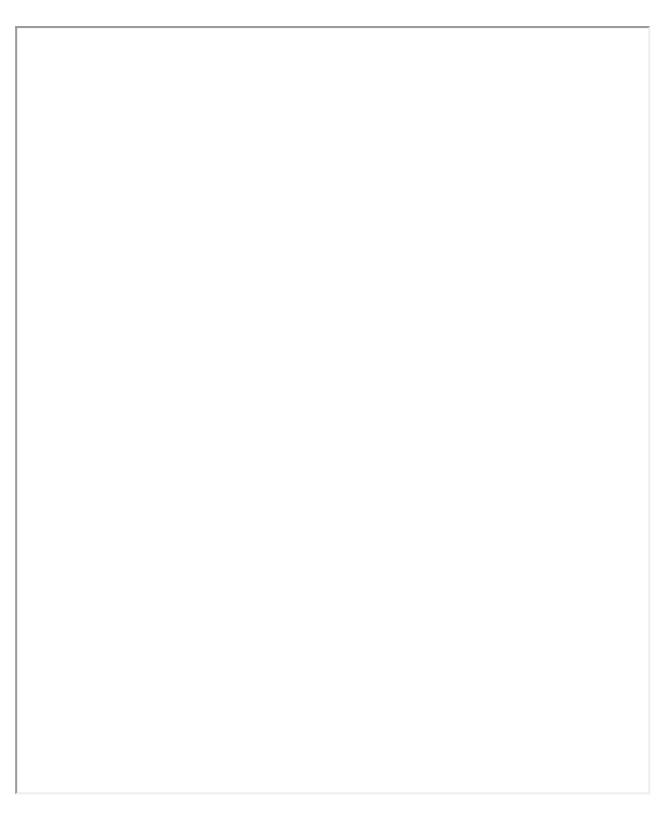
"We do not advocate for a specific regulatory approach. Rather, we use an economic lens to identify approaches that preserve value while minimizing negative spillovers on neighborhoods."

#### Key findings:

- As Airbnb has grown, usage has become increasingly common outside of
  Manhattan and in lower income neighborhoods with few hotels, where hosts are
  also more likely to offer "individual room" (rather than "entire home") listings. The
  fraction of booked "entire home" listings in neighborhoods with below-median
  average household income grew from 17% in 2011 to 27% in 2016 and the
  fraction of booked individual room listings in these neighborhoods grew from
  41% in 2011 to 50% in 2016.
- Short-term rentals do not appear to be as profitable in New York City relative to

**long-term rentals** as many assume, and they have become relatively less profitable over time. In 2016, the average unit would have needed **216 days** as a short-term rental to match the annual average revenue it would have earned as a long-term rental, with average break-even levels ranging from under 190 days in Brooklyn and Queens to 237 days in Manhattan.

The significant variation across neighborhoods and in modes of use suggests a
need for a regulatory approach that addresses this variation. Higher taxes and
fees on high-usage units (that would also generate revenue for the city) or shortterm rental caps and licenses for uncapped units are examples of such
approaches.



### Reference

Coles, Peter A. and Egesdal, Michael and Ellen, Ingrid Gould and Li, Xiaodi and Sundararajan, Arun, *Airbnb Usage Across New York City Neighborhoods: Geographic Patterns and Regulatory Implications* (October 12, 2017). Forthcoming, Cambridge Handbook on the Law of the Sharing Economy. Available at SSRN:

https://ssrn.com/abstract=3048397

#### Want to know more?

Contact Professor Sundararajan at digitalarun@nyu.edu , Janine Savarese in NYU Stern's Office of Public Affairs at 212-998-0202 or jsavarese@stern.nyu.edu . You can also contact Professor Ellen at ingrid.ellen@nyu.edu or contact Shannon Moriarty at the NYU Furman Center at 212-998-6492 or shannon.moriarty@nyu.edu . To contact Airbnb, you can reach out to contact.press@airbnb.com .