



## **Airbnb Position Paper**

# **The Collaborative Economy and Tourism in Scotland**

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### **1. Introduction**

- 1.1. Airbnb welcomes the opportunity to share the information below with the panel, which we believe will contribute to more informed recommendations to the Scottish Government.
- 1.2. As you may know, Airbnb is a trusted community marketplace for people to list, discover and book unique accommodation around the world. Travellers (who we call “guests”) and providers of accommodation (who we refer to as “hosts”) can meet, connect and transact directly with one another. Our platform was first established in San Francisco in 2008 and is now worldwide – with listings on Airbnb hosting guests in 191 countries.
- 1.3. People across Scotland are increasingly embracing the economic and social value of home sharing, and many hosts on Airbnb take pride in promoting their own neighbourhood and sharing the experience of living like a local.
- 1.4. We are committed to working in partnership with governments across the world, as they address the challenges and opportunities of the Collaborative Economy.

We understand that the insights we have collated will be made public in December 2017 when the expert report is filed to government, but currently the information below is solely for review of the panel.

## 2. Overview of the Airbnb Community in Scotland

- 2.1. As a matter of principle and practicality, Airbnb believes that policy discussions must be based on sound evidence. We welcome the opportunity to provide accurate data to the panel about the size and composition of our community which puts home sharing in Scotland into context.
- 2.2. Home sharing has economic, social and environmental benefits for individuals and the communities in which they live. We frequently publish data about these impacts, including recent reports about the economic value of home sharing across the UK and in Scotland, some of which is included in this paper.

### Hosts on Airbnb

- 2.3. Most hosts on Airbnb in Scotland are ordinary people who want – for a variety of reasons – to use their space to host visitors and generate some extra income. Hosts have told us this income typically helps contribute to their household costs, to passions and interests, and to support themselves and their families in small but very meaningful ways over and above their existing employment or business activity.
- 2.4. To give a more detailed overview of our community in Scotland:
  - **The average age of a host in Scotland is 48**, five years higher than the national average. In addition, across the UK, women host more than men on Airbnb (62 percent to 38 percent).
  - **A large proportion of our hosts are non-traditional workers.** Almost a third of hosts (32 percent) are self-employed. Senior hosts are increasingly using the platform to earn a supplementary income while out of full-time employment and 15 percent of Scottish hosts are retired.
  - **But, almost a third of hosts in Scotland (29 percent) are in full-time employment.** The Scottish host community work in a variety of different professions, including hospitality (16 percent), health services (10 percent), education (11 percent) and the creative industries (11 percent)<sup>1</sup>.
  - On average, Scottish hosts earn £3,600 a year via the platform.<sup>2</sup>
- 2.5. Over the last year, hosts in Scotland welcomed over 1,000,000 guests into their homes. Below we have detailed some further information on how our community hosts:

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<sup>1</sup> See appendix for more details

<sup>2</sup> [UK Insights Report](#), September 2017, based on data from July 2016-July 2017

- **Hosts in Scotland typically share their space for 38 nights per year**, which equates to 3 nights per month. This is lower than the UK average of 50 nights a year.
- **The majority (54 percent) of listings across Scotland were booked on Airbnb for under 30 nights a year.** This activity is also reflected in urban markets, including Edinburgh (53 percent).
- A small percentage of our listings in Edinburgh are booked over 90 nights a year (21 percent) and 6 percent of listings are hosted over 180 nights a year.

<b>Nights hosted on Airbnb</b>			
From 1st July 2016 to 1st July 2017			
<b>Number of nights</b>	<b>Scotland % of all listings</b>	<b>Edinburgh % of all listings</b>	<b>Glasgow % of all listings</b>
1-30	54%	53%	49%
31-60	18%	17%	15%
61-90	9%	9%	10%
91-120	6%	5%	7%
121-180	7%	7%	9%
181+	6%	9%	10%

## Listings on Airbnb

- 2.6. Hosts on Airbnb can take advantage of the platform in several ways. Some choose to share their entire home; this may be their primary residence which they rent when they themselves go on holiday, or perhaps it's a second home in the Highlands or on the coast. Others chose to share their home by renting one or two private rooms in their primary residence – perhaps hosts looking to make use of a spare room without committing to a full-time lodger.
- 2.7. When hosts create a listing on Airbnb, they are asked whether it will be offered to guests as an “entire place”, a “private room” or a “shared room”. Transparency is incredibly important on our platform. Hosts who mis-describe their listings are not just potentially in breach of our Terms of Service, but they will surprise or disappoint guests, resulting in negative feedback that will be seen by other potential guests. Therefore there is no incentive to do so.

2.8. To give an indication on the spread of our listings across Scotland, as of July 1 2017:

- There are 21,900 active listings across Scotland<sup>3</sup>, out of a total 168,000 in the UK.
- The majority (59 percent) of listings in Scotland are entire homes. However, a large percentage (40 percent) of listings in Scotland are spare rooms.

<b>Types of Listing on Airbnb in Scotland</b>				
<b>Listing type</b>	<b>Share of listings</b> (As of 1st July 2017)	<b>Year on year growth</b> (01/07/2014 – 30/06/2015)	<b>Year on year growth</b> (01/07/2015 – 30/06/2016)	<b>Year on year growth</b> (01/07/ 2016 – 30/06/2017)
Entire Home	59%	78%	94%	55%
Spare Room	40%	85%	80%	43%
Shared Room	1%	294%	64%	6%

2.9. The top five destinations in terms of number of listings on Airbnb bridge urban and rural areas. These include (in order of number of listings) the City of Edinburgh, the Highlands, Glasgow City, Argyll and Bute and Fife. Below is further information on the Airbnb community in these areas.

- The Highlands region is Scotland’s second most popular listing destination. Listings in the area are now higher than Glasgow, and rose by 81 percent in the past year.
- As of 1st July 2017, Edinburgh has 9,000 listings in the city region. Listings in Edinburgh have grown by an average 43 percent year on year, which is relatively in line with Scotland’s top five destinations.

<sup>3</sup> [UK Insights Report](#), September 2017, based on data from July 2016-July 2017

<b>Growth of Airbnb listings</b>					
From 1st July 2016- 1st July 2017					
<b>County</b>	<b>Number of listings 01/07/2014</b>	<b>Number of listings 01/07/2015</b>	<b>Number of listings 01/07/2016</b>	<b>Number of listings 01/07/2017</b>	<b>Growth Year on Year 01/07 2016 - 2017</b>
Argyll and Bute	100	270	640	920	44%
City of Edinburgh	1,900	3,500	6,300	9,000	43%
Fife	100	440	680	910	33%
Glasgow City	1,000	1,100	1,500	2,200	45%
Highlands	280	690	1,700	3,100	81%

2.10. Typical Airbnb hosts are not professionals - they are normal local people who share their homes occasionally and help spread tourism. While the open nature of the platform allows for a wide variety of hosts, including some “traditional” vacation rentals and even boutique hotels, our primary focus is on high-quality, unique properties that complement existing forms of accommodation. This is reflected in our Scotland community:

- In our top five Scottish destinations (as above), more than three quarters of hosts (78%) have one listing on the platform, with 92% of hosts sharing their space in 1-2 listings.
- Hosts with multiple listings are in the absolute minority of our platform. Hosts with 5+ properties account for just 2% of our total host community in Scotland. However, this also indicates an interest from the more traditional players in using the platform as a new channel to consumers.

<b>Number of hosts per number of listings in Scotland</b>	
In top 5 destinations (as of 1st July 2017 in Scotland)	
<b>Number of listings</b>	<b>% of hosts</b>
1	78%
2	14%
3	4%
4	2%
5	1%
6+	1%

- 2.11. It is important to quantify how the data we have provided on our listings sits within the context of the wider housing market in Scotland. We are aware of a number of attempts to analyse Airbnb in Scotland by extrapolating or tabulating figures “scraped” from our website. This often leads to inaccurate conclusions about the nature and impact of our community in Scotland.
- 2.12. Looking at the total number of entire home listings in any given area is not necessarily an indication of impact on long-term housing. Very few of those listings would likely be available on the long-term housing market, aside from Airbnb. An entire home is very often – but not always – already the home of the host. They are offering their entire home to guests while they are themselves away. Thus, an “entire home” listing on Airbnb is not necessarily a property that would be available for long-term rental under other circumstances.
- 2.13. Some properties – such as “granny flats” within a property – are sometimes classified by their hosts as an “entire home” as they are self-contained, often with their own means of entry and exit. These would also not necessarily be available for long-term rental. Equally second homes are another big segment used for occasional home sharing activity due to the flexibility it affords.
- 2.14. Some hosts choose to offer both options to guests: offering their home as an entire home when they are not around, and also offering a private room (or rooms) when they are there. Such a choice would result in more than one listing being visible on the Airbnb website.
- 2.15. A host who appears to have multiple listings may be managing these on behalf of other home-sharers, they may be a professional lettings business, or may be offering multiple spaces in a single property. A host with multiple listings may not therefore necessarily be providing a “professional” service.

- 2.16. However, looking more closely at occupancy in Scotland confirms the picture of a largely non-professional community of hosts. However, we would like to work with government to explore some sensible long-term solutions that provide clarity and certainty for hosts – both professional and non-professional – about their obligations under the planning regime.
- 2.17. It is worth considering whether, and to what extent, the growth of short-term rentals is having an impact on communities in certain cities – in particular Edinburgh. We will explore this theme more in our ‘Recommendations’ section below.

### Guests on Airbnb

- 2.18. Just like hosts on Airbnb, guests have distinctive characteristics too. They differ from typical visitors and many have stated would not have travelled or stayed in the UK as long were it not for Airbnb.
- 2.19. As shown in our recent UK Insights Report<sup>4</sup>, the ‘staycation’ is becoming increasingly popular across the UK. Scotland stands to benefit from this growing trend and is now the most popular destination in the UK for domestic travellers. But Airbnb in Scotland also continues to attract guests from around the globe. Over half the guest arrivals (56 percent) were international travellers. With this, comes a significant economic boost for the local community:
- The total economic activity generated by hosts and guests amounted to £499 million.
  - A 104 percent inbound guest growth rate resulted in guests spending an estimated £1.4 million per day in Scotland over the past year.
  - Edinburgh was the most popular destination in Scotland for guests in the past year, with 496,000 arrivals in the city.

<b>Total guest arrivals</b>	
July 1st 2016 and July 1st 2017	
<b>Destination</b>	<b>Guest number</b>
City of Edinburgh	496,000
Highland	175,000
Glasgow City	114,000
Argyll and Bute	39,000
Fife	25,000

<sup>4</sup> [UK Insights Report](#), September 2017, based on data from July 2016-July 2017

2.20. Our platform helps to make the UK's top events even more accessible. In Scotland, visitors will often use an attraction like the Edinburgh Fringe Festival or the Edinburgh International Festival to travel further in the country.

2.21. Top events can drive visitors to destinations at certain times of the year. Below is some more information on when guests travel to Scotland (broken down by quarter):

- 45 percent of Airbnb guests travelled to Scotland July-September last year.
- April-June and October-December both had a consistent amount of visitors, amounting to 23 percent and 22 percent respectively.

<b>Total guest arrivals - per quarter</b>	
2016	
<b>Time period</b>	<b>Guest arrivals</b>
2016-Q1	9%
2016-Q2	23%
2016-Q3	45%
2016-Q4	22%

### 3. Recommendations

3.1. At Airbnb, we want to help ensure that home sharing grows responsibly and sustainably. We have considerable experience in working with governments across the world to look at how regulations can be designed and applied to new forms of accommodation. Consistent with our global commitments to engage directly in dialogue with governments, Airbnb has been in contact with the Scottish government and local authorities regarding our impact across the country.

3.2. We understand it is important for the government to ensure a fair degree of guardrails are in place to ensure short-term lets remain at a sustainable level in Scotland. We have described a number of recommendations below which outline potential solutions to local challenges, including a programme of work across Scotland and a tailored solution for short-term lets in Edinburgh.

3.3. From our conversations to date, we understand there are two primary challenges to address: dealing with higher visitor volumes and misappropriation of housing stock, and issues of trust and safety in the community. Below we have taken this opportunity to frame suggestions on potential solutions to these issues.



## Housing

- 3.4. In our discussions with Government and local authorities in Scotland, our understanding is that we share the goal of focusing on establishing clearer and evidence-based boundaries between the kind of non-professional home sharing that has negligible measurable impact on housing supply (and which provides significant positive externalities in terms of economic impact and increased tourism capacity at times of need), and professional lettings that could, under certain circumstances, be putting pressure on supply in specific areas of the most housing-constrained cities.
- 3.5. We want to ensure that appropriate guardrails are in place to ensure short-term lets remain at a sustainable level for Scotland. From our conversations, we recognise that Edinburgh City Centre faces with particular pressure as a result of significant visitor volumes.
- 3.6. Airbnb's experience in other cities may provide some useful reference points to demonstrate our path towards a potential solution for Edinburgh City Centre.
- 3.7. Cities such as Amsterdam, London, Philadelphia and Hamburg have established clear legal frameworks that recognise the occasional use of residential property as tourism accommodation and set clear boundaries between activity that does not require permission, and that which does.
- 3.8. In London, "change of use" permission is required only after a property has been rented out for more than 90 cumulative days in a calendar year. Short-term rentals are permitted in any residential building that is subject to local property tax (Council Tax), and there are separate use classes for full-time short-term rental activity – such as serviced apartments and aparthotels.
- 3.9. In Amsterdam, a primary home (again, defined by law) can be shared as an entire home for up to sixty nights in a calendar year. Beyond that (very low threshold), a "short stay" licence is required, or a bed and breakfast permit. Private room rentals are not subject to limits.
- 3.10. In Hamburg, "change of use" permission is only triggered if a host is sharing more than 50% of their home for the whole year, or their entire home for more than 50% of the time.
- 3.11. In Philadelphia, residents may share their homes for up to 90 nights without registering, regardless of whether they own, rent or have multiple properties. After 90 nights, hosts must seek permits from the city to share their homes for between 91 and 180 days per year. A Commercial Activity License is required for hosts looking to rent their homes for more than 180 nights per calendar year, or who are trying to rent a property that is not a primary residence.
- 3.12. Other jurisdictions – more heavily reliant on tourism – have taken different approaches. In parts of Italy, the boundary of professional and non-professional activity typically relates to the number of properties that the owner rents out. Portugal and Greece have established updated tourism regulations that provide

clarity to both professional and non-professional hosts about the rules that apply to them.

- 3.13. In some places where home sharing rules have been clarified, Airbnb has agreed to work in partnership with governments to help hosts to understand and follow those rules.
- 3.14. In Amsterdam and London, for instance, we have introduced automated systems which limit hosts with entire homes to the night limits established in the underlying legislation. Where the relevant permissions have been granted by a local authority, or in cases where hosts are exempt from those rules (for instance, if they are hosting in a self-contained space that still forms part of their home), they have routes to notify us so we can allow them to continue hosting.
- 3.15. This spring, we introduced automated systems in Barcelona which limit hosts on Airbnb in the most congested area of the city, Ciutat Vella. Hosts are limited to sharing only one entire-home listing unless they are professional operators and share their business details on their Airbnb profile.
- 3.16. We recognise that every city is different and therefore needs to approach challenges in different ways in order to effectively address relevant local concerns. Factors such as tourism demand, population density, trends in the private rental sector, local land use laws and other legal frameworks, and cultural variances make it impossible to propose a single set of regulations that would be appropriate for everywhere. As such, we understand that in Scotland, Edinburgh in particular faces a unique set of challenges.
- 3.17. As outlined from the data we have shared, Airbnb works in complement to Scotland's thriving tourism industry. We support Edinburgh's status as a global Festival City and international tourist destination with our platform allowing Scotland's top events to be even more accessible. We have worked in partnership with cultural tourism events such as the Edinburgh Fringe Festival to increase tourism capacity during peak season and, in 2015, Airbnb was named as the festival's official accommodation partner<sup>5</sup>. The city's other major cultural flagship events such as the Edinburgh International Festival and seasonal celebrations like Hogmanay mean there is, and will continue to be, a requirement for increased tourism capacity during certain times of the year.
- 3.18. However, we recognise the concerns around unwelcome commercial short-term letting activity activity in the city, rather than hosts who list their primary residence or spare room. As a company and a community, we have an obligation to proactively address this challenge.
- 3.19. Balancing these two factors, we have explored a potential policy approach that balances Edinburgh's unique needs during periods of very high demand, and the

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<sup>5</sup> Airbnb Announced as Official Accommodation Partner of the Edinburgh Festival Fringe 2015, [Edinburgh Fringe Festival](#), 14.05.2015

rest of the year when occupancy rates are similar to other major cities. We would welcome the introduction of this approach as set out below.

- 3.20. Given the concentration of concern in Central Edinburgh (EH1) we believe that a targeted approach, focusing on the most central areas of the city will be most appropriate - and will limit the unintended consequences of a more blanket approach.
- 3.21. Central Edinburgh experiences a unique - and predictable - peak in demand for accommodation capacity, which cannot be managed through traditional accommodation alone. These seasonal “spikes” represent an opportunity for Central Edinburgh to house very large numbers of visitors in a way that allows local residents to benefit. These periods would include the month of August, and the month around Christmas and Hogmanay.
- 3.22. Outside these periods, we recommend that home sharing is permitted in Central Edinburgh for up to 90 nights per year without formal registration with the council. If hosts wish to provide accommodation more frequently, there should be a process that allows Edinburgh City Council to maintain appropriate oversight of this activity. Beyond Edinburgh City Centre, we believe that existing planning regulations should be sufficient to allow authorities to enforce “change of use” restrictions.
- 3.23. It is crucial that this approach should apply equally to *all* providers of - and platforms for - short term accommodation in the City. It is important to bring the whole short-term rental industry into scope. For our part, Airbnb is exploring what we could do to implement automated solutions that could ensure that hosts abide by new rules. For example, we could limit properties in Central Edinburgh that allow short term letting (outside of seasonal tourism “spike” periods) for more than 90 days from using the Airbnb platform unless they have appropriate permission to do so.
- 3.24. We believe that such an approach would continue to allow home sharers to attract guests all year round, generating the associated economic benefits for local areas beyond the densest parts of the City, while also ensuring that the Council has visibility on situations where properties are being used commercially, potentially preventing the long term use of accommodation by Edinburgh residents. During the busiest parts of the year, it will provide much-needed accommodation that gives guests the widest possible choice of places to stay.
- 3.25. We are happy to discuss this proposal in more depth with the Scottish Government and the City of Edinburgh Council.

## Trust and safety

- 3.26. Airbnb is committed to fostering trust between our guests, hosts, neighbours and governments to ensure that our community has safe and positive experiences while using the platform. To do this, we have built tools and procedures that empower hosts and guests to make safe decisions about how to interact with one another. Hosts are empowered to welcome thoughtful and respectful guests, and they always have the final say about who they invite to share their home. Key tools to achieve this include:
- Identity verification
  - Responsive 24/7 customer service
  - Secure messaging
  - Peer-to-peer reviews and feedback
  - Host Guarantee and Host Protection Insurance
  - Responsible host and guest initiatives
  - Safety programmes in a number of countries
  - Compliance with laws and regulations
- 3.27. We want to be a good partner to cities and the communities in which we operate and are committed to ensuring that home sharing continues to work for all. While the overwhelming majority of Airbnb guests are respectful travellers, we always want to do everything we can to help ensure that the Airbnb community of users are good neighbours. Incidents of anti-social behaviour are incredibly rare on Airbnb.
- 3.28. In 2016, there were more than 30 million trips at Airbnb listings worldwide. Significant property damage (claims that were reimbursed under our Host Guarantee program for over \$1,000) was reported to us 0.009% of the time. At that rate, you could host a new reservation every single day for over 27 years without expecting to file a significant property damage claim under our Host Guarantee.
- 3.29. Anyone can share specific concerns about a listing in their community through our 'Neighbourhood Hotline' tool which can be accessed online at [airbnb.com/neighbours](https://airbnb.com/neighbours). Our team will then review their concern and, if necessary, follow up with the host regarding the issue. We have had conversations with local authorities and MSPs to discuss how best we can share this tool with government and local authorities so community disturbances can be investigated by our team.
- 3.30. In 2016, Airbnb proposed a "three strikes" policy barring using our platform if they are cited by law enforcement for violating home sharing rules or other restrictions that are intended to preserve neighbours' quality of life. Under this policy, hosts who repeatedly receive complaints from local authorities will be either suspended or banned from using Airbnb. We are eager to explore the feasibility of implementing this policy in Scotland and to work with local authorities who can

provide information regarding complaints to us on an informed basis. This will ensure that we can take action to remove inappropriate actors from our platform.

- 3.31. Airbnb is committed to working to ensure hosts on Airbnb are made aware of local rules and we regularly contact hosts on Airbnb to remind them of local regulations. In London, we have recently produced a [Responsible Neighbourhood Guide](#). Hosts can print out and fill in this form for their guests, to aid in understanding important rules or information about their area. This includes details such as where to put the rubbish, any neighbour sensitivities, and reminding them to keep noise levels to a minimum.
- 3.32. We are currently exploring options with other towns and cities across the UK on how we can support neighbourhoods and local communities. We have agreed with Edinburgh City Council to produce a similar neighbourhood guide for the city and but if it would be of interest to the Scottish Government, we would be delighted to discuss what a similar partnership across Scotland might look like.
- 3.33. In addition, we have given out 25,000 free smoke and carbon monoxide detectors to hosts and have made it easy for guests to know who to call if there is an emergency by providing hosts with online safety cards containing important information – such as emergency phone numbers, locations of fire extinguishers, and fire alarms, as well as emergency exit routes.
- 3.34. Airbnb has already established successful partnerships with the likes of the National Fire Chiefs Council (NFCC) to help promote critical guidance to hosts. In addition, we provide information that strongly encourages hosts to ensure their home is properly ventilated and that they provide fire extinguishers and other safety equipment as necessary. If guests alert us to a hazard or safety issue at a listing, we take action, suspending and investigating the listing.
- 3.35. However, if there are increasing concerns around trust and safety, there are actions to which we can commit to taking. We are willing to partner with local authorities to assist them with information dissemination to our hosts and guests, organise meet ups between our community and public authority officials, and to outline appropriate guardrails at one of our 'Meet the Experts' events.

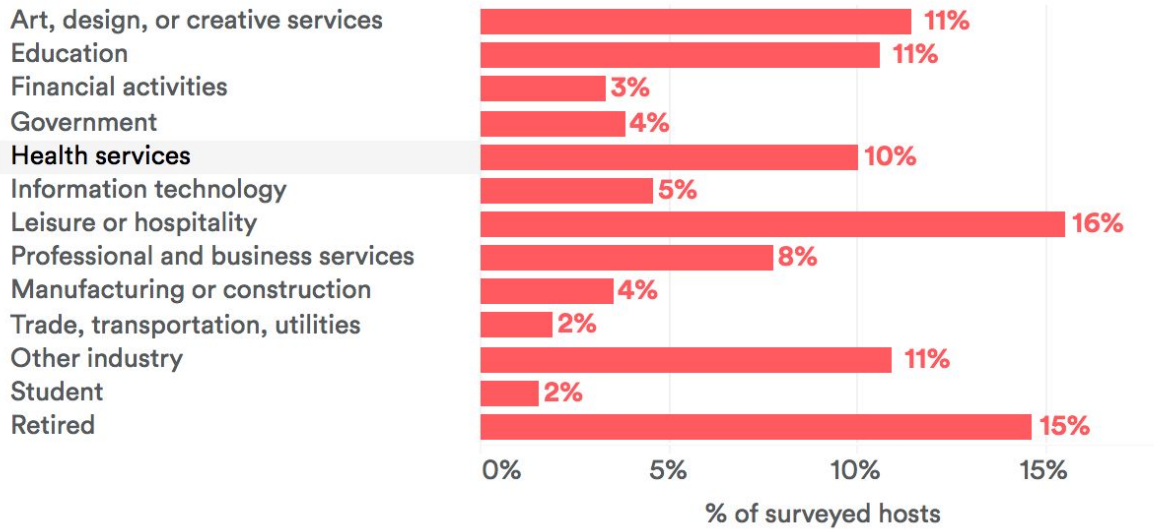
#### 4. **Conclusion**

- 4.1. Airbnb has worked with more than 300 government across the world and we will continue to encourage local policymakers to work with us to help create clear policy solutions and guidance for local hosts. We would welcome the opportunity to put in place a proposal for Central Edinburgh as set out above in collaboration with City of Edinburgh Council.
- 4.2. We have found that the most effective industry self-regulatory solutions are underpinned by clear regulatory positions that apply to everyone engaged in the market. While Airbnb is one of the most high-profile brands in the home sharing and short-term rental space (alongside others, such as Priceline/Booking.com, Expedia/Homeaway), there are countless other websites, marketplaces, bulletin boards and offline rental agencies engaged in the business of connecting guests with places to stay. The whole short-term rental industry should be kept in focus, and the policy solutions under consideration should be appropriate for the full spectrum of rental activity.
- 4.3. We thank the panel for the opportunity to provide this information and hope that it is useful to understand our business in Scotland.

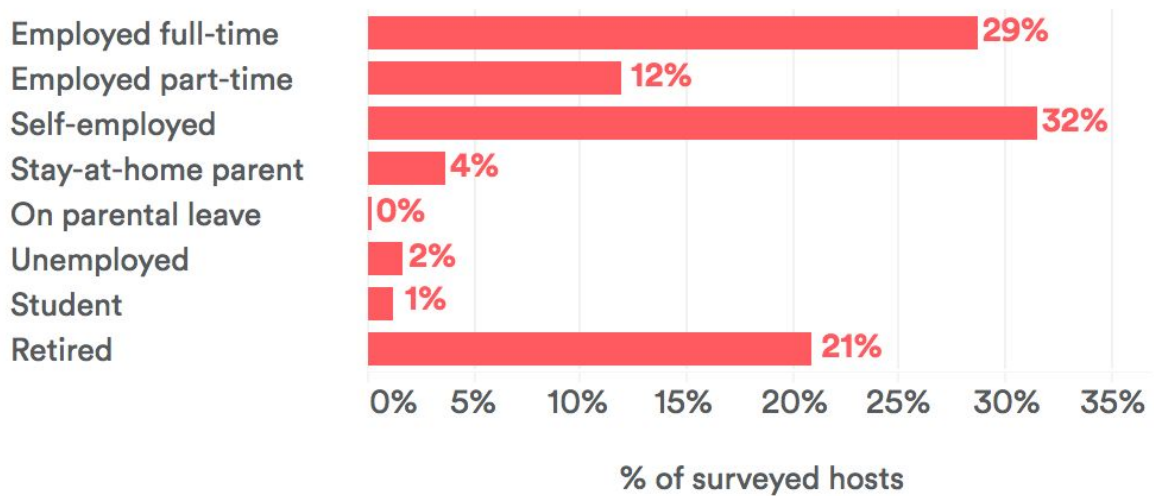
## 5. Appendix

Information on employment industry and employment status of hosts in Scotland

### Employment industry



### Employment status



November 2017