



Ecosystems in Conflict

MGT 120: Final Presentation

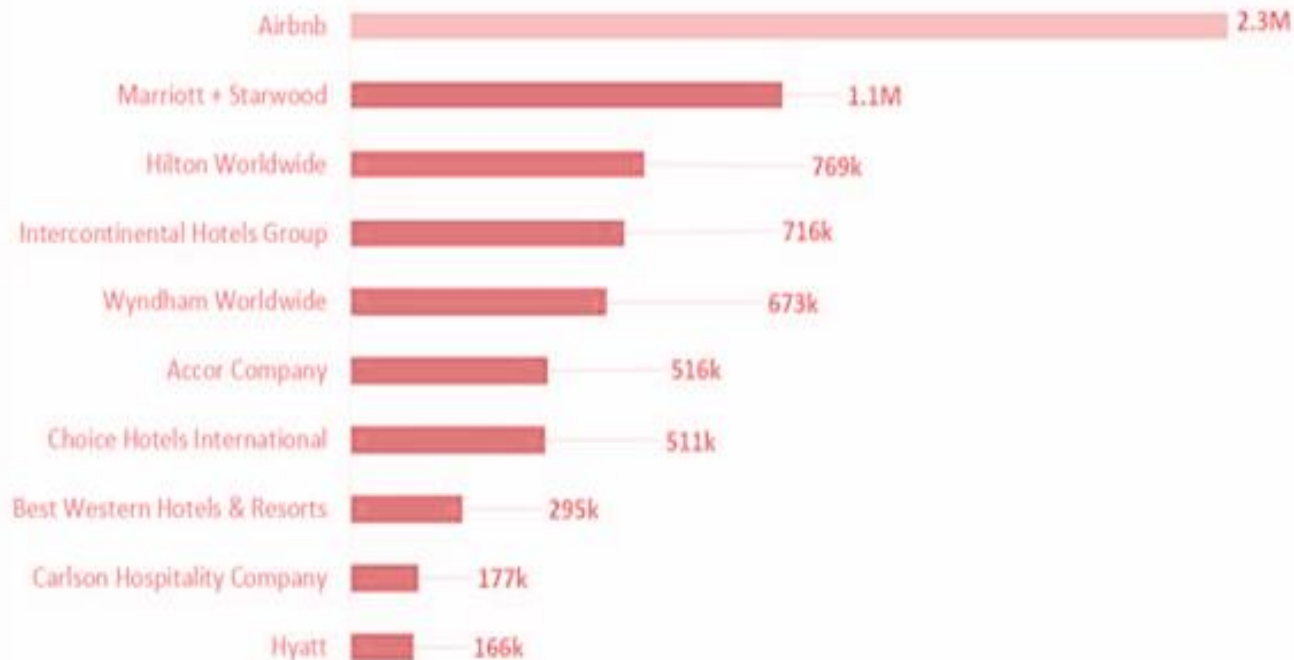
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Winter 2018
Prof. Cyrus Aram



airbnb

Largest Lodging Companies by Rooms – Including All Airbnb



- An online platform connecting hosts and guests
- 65,000+ cities / 4.4 million listings
- \$3.6 billion of revenue
- \$100 million in profit

Detroit just banned Airbnb without an knowing it [updated]

Here's what we know so far

By **Robin Runyan** | Updated Feb 9, 2018, 1:26pm EST

Severe Blowback

Airbnb is making rents in New York City spike as owners yank units off the market

- New report claims Airbnb is driving up New York rents and is racially divisive.
- One conclusion claimed Manhattan rent has risen by more \$700 per month.
- Airbnb says the report, which is commissioned by the Hotel industry, uses bad data.

AIRBNB-BANNED Ibiza's capital BANS

AirBnB – after rent rises force locals to sleep in their cars

Los Angeles is still dragging its feet on Airbnb regulations

City committee still mulling how many days per year hosts can rent out their homes

By **Jenna Chandler** | @jennakchandler | Feb 6, 2018, 4:52pm PST

Airbnb feeling effects of Big Apple's illegal rent crackdown

By **Lisa Fickenscher**

June 5, 2015 | 11:00pm

France to end 'law of the jungle' by cracking down on undeclared Airbnb listings

CITY, NEWS

Airbnb, short-term rentals pose challenges to Boston's housing market



Ecosystems in Conflict

1

Airbnb's Policies

- Growth
- Rapid expansion

2

Incentivised Hosts

- Business model
- Policies

3

Housing Impact

- Prices
- Availability

4

Angry Residents

- Disruption
- Prices

5

Local Legislation

- Illegal rentals



Current Airbnb Policies



- Unrestricted Growth
- Laissez-faire listing process
- Superhost Program
- Instant Book
- Marketed as Home Sharing Platform

Our Listing



What kind of place are you listing?

Is this listing a home, hotel, or something else?

Home



What type of property is this?

Apartment



What will guests have?

Private room



Is this set up as a dedicated guest space?

- ☒ Yes, it's primarily set up for guests
- ☐ No, I keep my personal belongings here



Your personal belongings
Guests like to know if they'll see personal things, like pictures or clothes, when they're staying in your place.

Based on your settings, here's what you could expect



You're available to host starting Feb 3.

Lou is planning her trip and thinks your listing is perfect.



Guests who meet Airbnb requirements can instantly book

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Next

Back

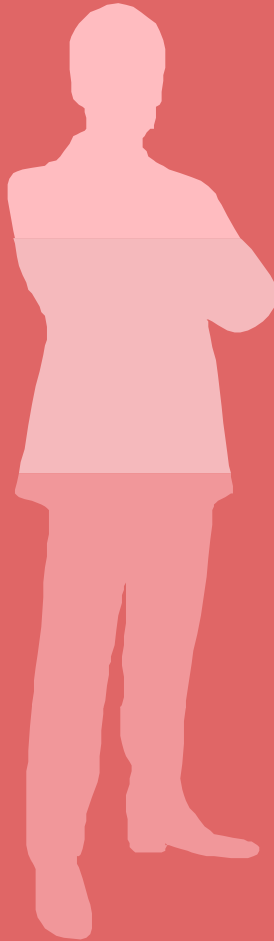
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Airbnb's Target Host

Who is the true target of Airbnb's platform?



“Model Host”



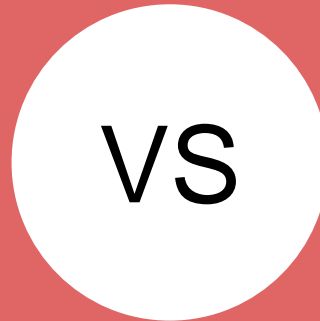
One listing



Supporting Income



Generates 19% of
Airbnb Revenue



Commercial Host

Multiple listings



Primary Income



Generates 81% of
Airbnb Revenue



The Top 25 Airbnb Accounts in the U.S., by Revenue

2017 Revenue	Property count
\$44,115,376	1062
\$31,252,994	870
\$30,210,910	794
\$29,662,949	378
\$28,713,209	795
\$27,045,133	693
\$24,519,353	766
\$24,252,715	640
\$21,507,883	775
\$21,501,183	732
\$20,213,831	362
\$19,709,113	449
\$19,659,159	769
\$18,910,508	343
\$18,205,237	445
\$17,827,516	130
\$17,784,886	160
\$17,480,907	724



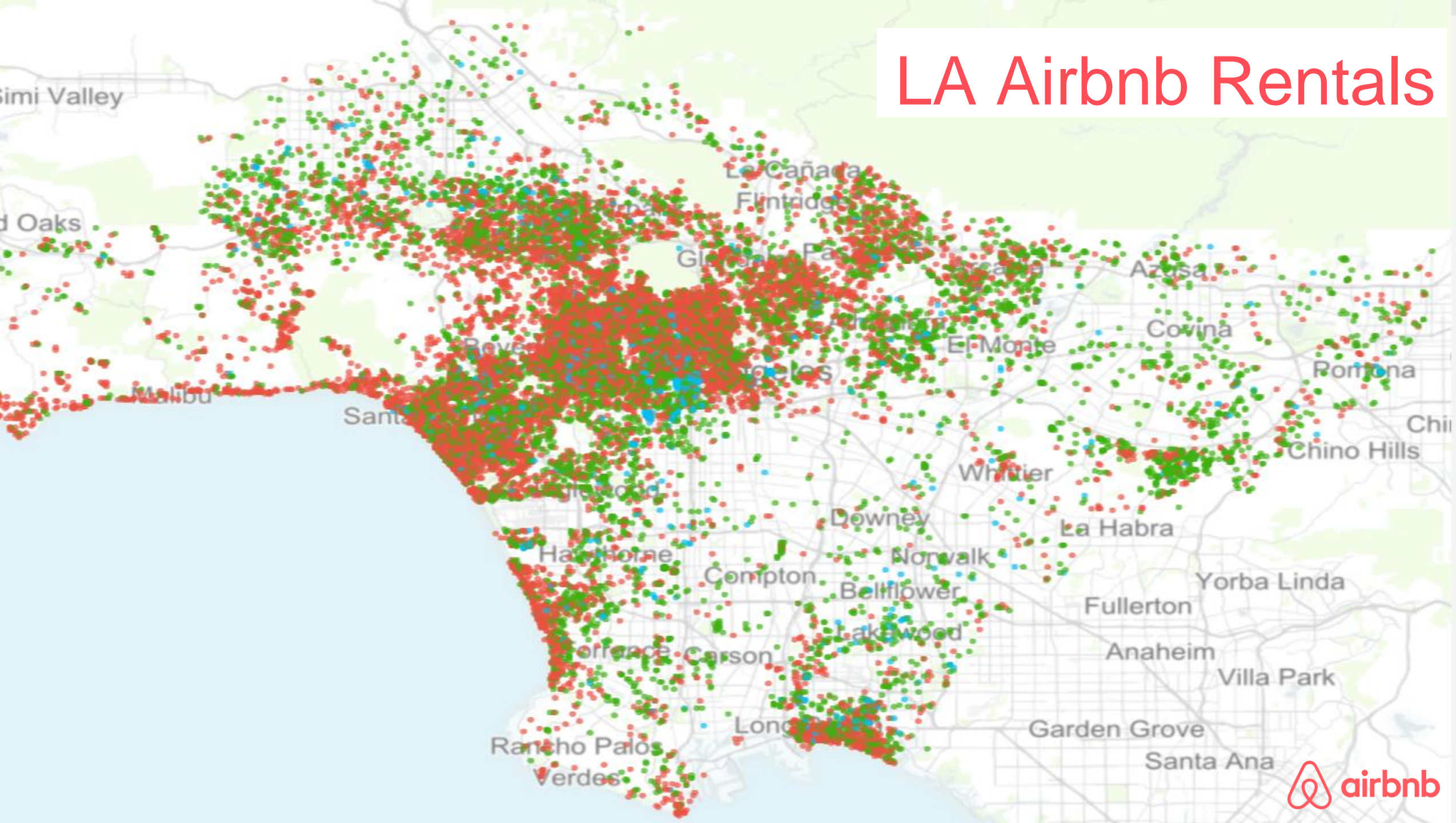
25 “Hosts”
managed
13,546 listings
generating
\$543,042,414



London Airbnb Rentals



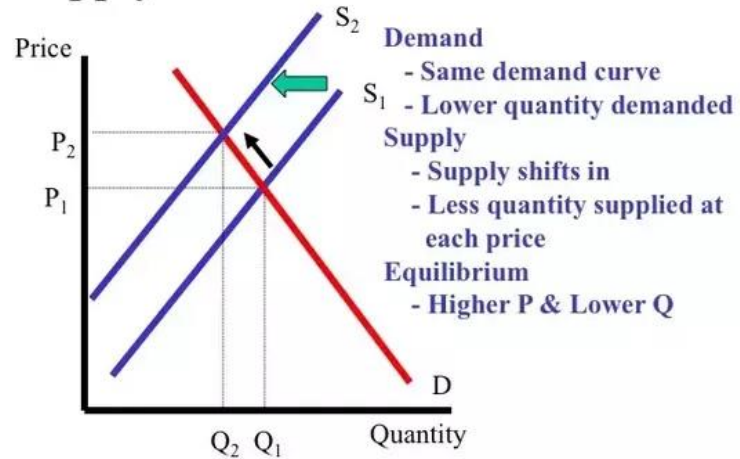
LA Airbnb Rentals



Housing Impact



Supply Shifts Left



Purchase
Multiple
Properties

Properties
Taken Off
Housing Market

Housing
Supply Drops

Prices Rise

Angry Residents



“Different People Every Week”

“Unfamiliar Cars on Driveway”

“Late night parties on usually quiet streets”

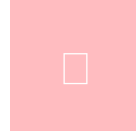
“Child safety with fewer familiar eyes on the street”

“Where did this extra trash come from?”

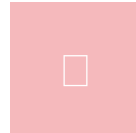
Legislation



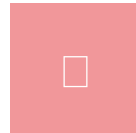
Remit Fees for Local Taxes



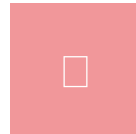
Business Licenses



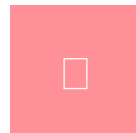
Empty Homes



Limiting Rentals



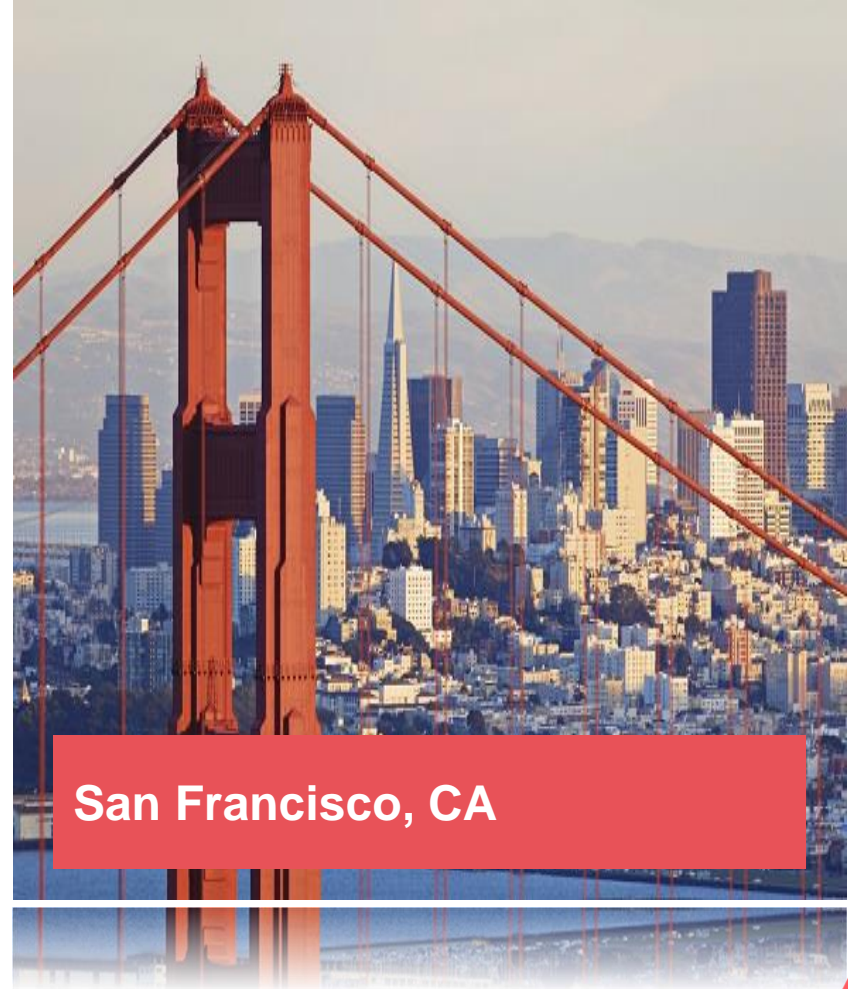
Controlling Airbnb Local Presence



Legislative Consequences



New York City, NY



San Francisco, CA

New York

REAL ESTATE

Report slams Airbnb for raising cost of housing in New York City

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72%



San Francisco



Airbnb loses thousands of hosts in SF as registration rules kick in

By Carolyn Said | January 13, 2018 | Updated: January 14, 2018 6:00am



Steps in the Right Direction

Compliance with San Francisco Law



Yes, I live at this address for more than 275 days a year ☐



No, most of the year I don't live at this address ☒

You can only host guests for long-term stays

This must be your primary residence to host for less than 30 consecutive days in San Francisco. Set the minimum stay at your listing to 30 nights or more to host this space

Learn more about your city's [short-term rental laws](#).

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Primary residence

Your primary residence is the place you call home most of the year - 275 days to be exact. When you register your listing in San Francisco, you'll need to provide documents that have your name and this listing address on them.

Recommendations Overview



01

Process Rigor

02

Listing Density Caps

03

Ambassador Program

Process Rigor

Segmented Property Listings

Primary Residence (L) Properties



Airbnb Plus (S) Properties



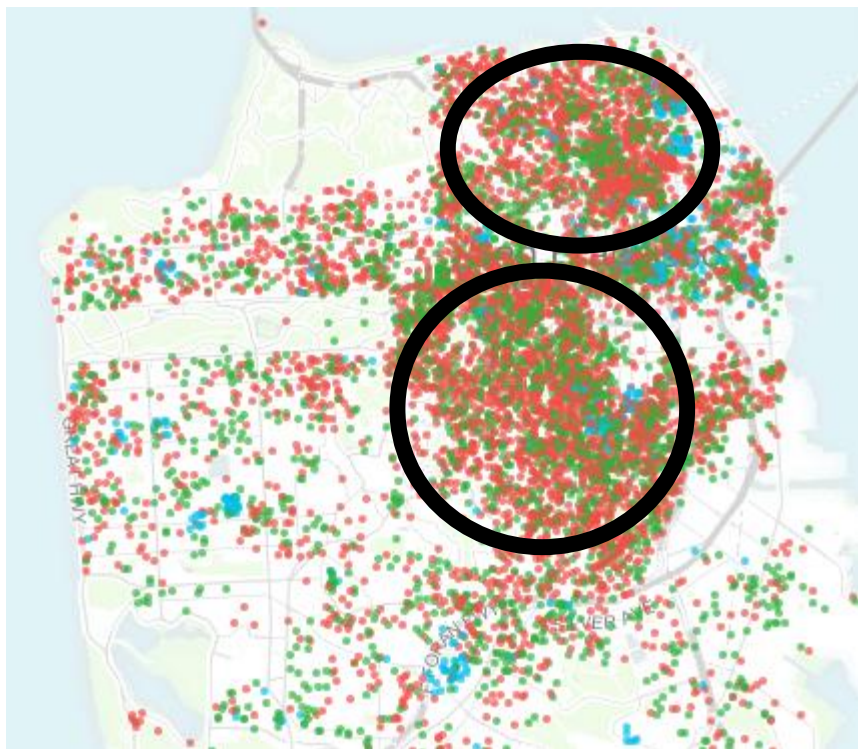
Airbnb Plus



Host Restrictions

Property Type	Number Allowed	Day Cap	Business License Required
Primary	1	90	No
Plus (S)	4	350	Yes
Plus (L)	4	None	Yes

Listing Density Cap



SF Listing Diagram

Step 1

Identify neighborhoods with dense amount of listings

Step 2

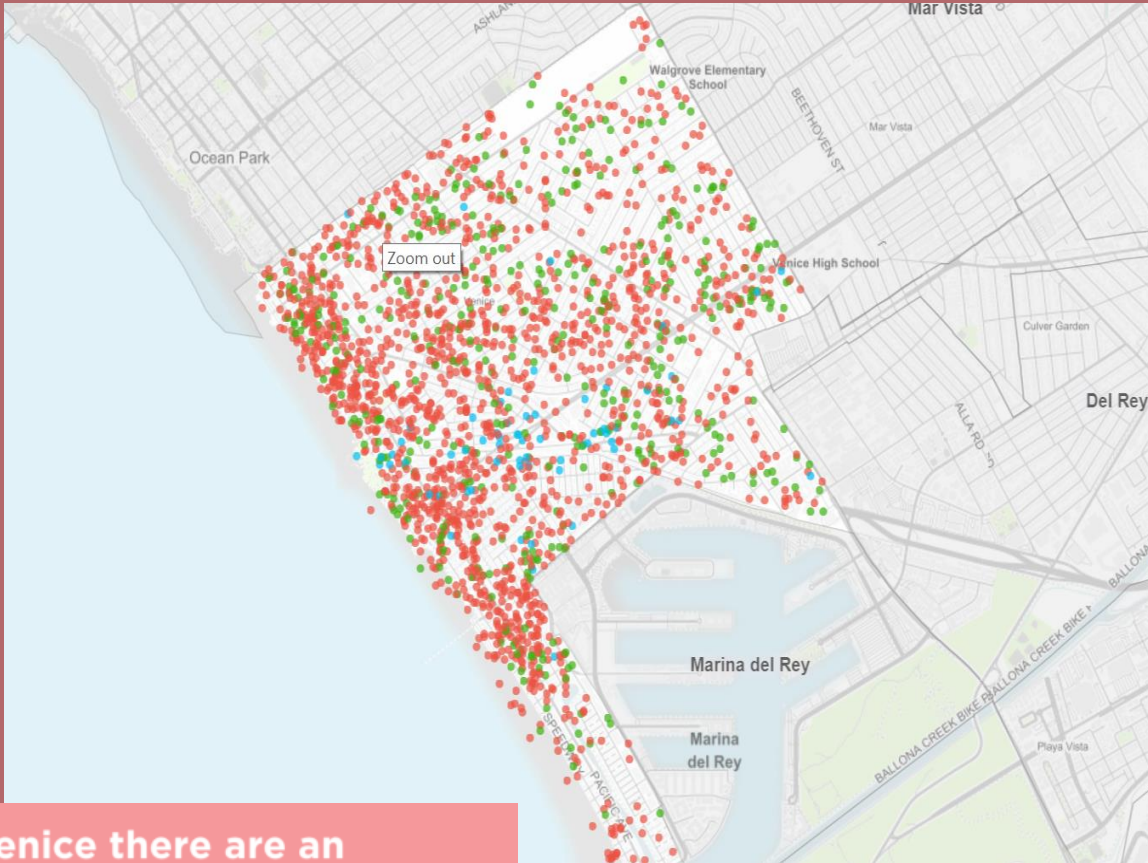
Set a listing density cap per neighborhood

Step 3

Enforce the rules. Attempt for a new listing is unavailable if listing cap is exceeded

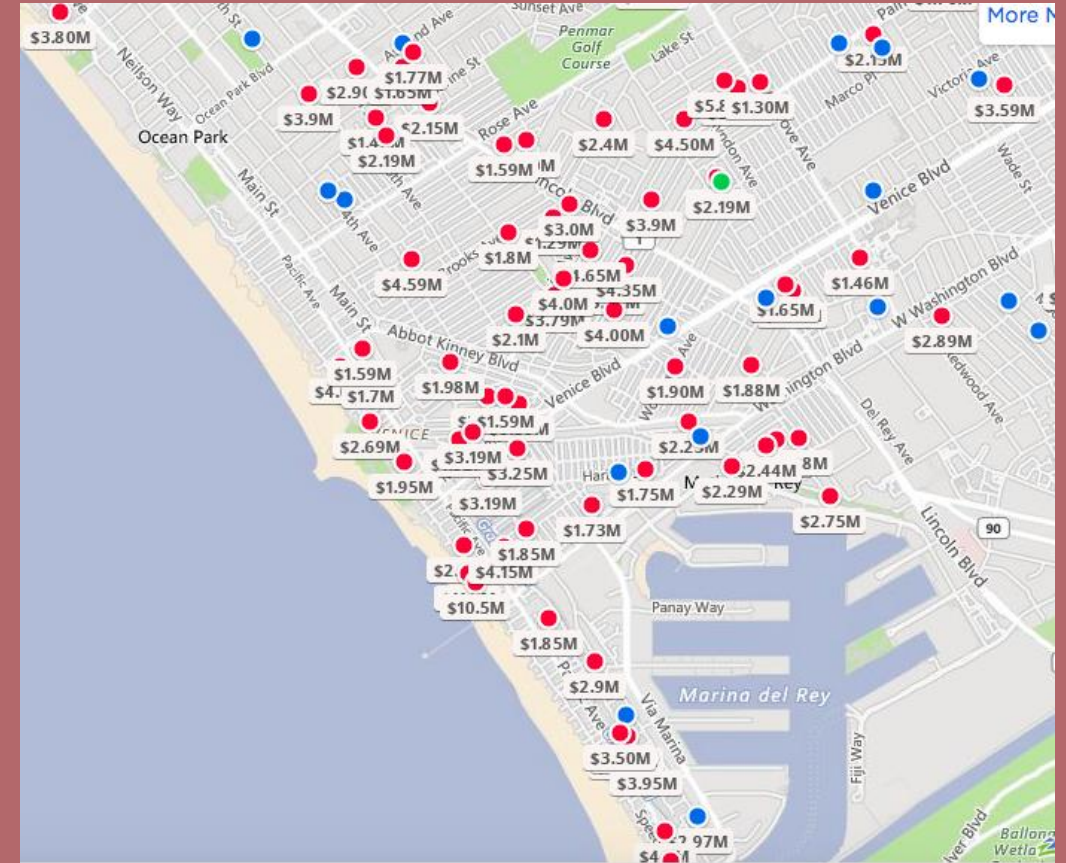
Venice, Los Angeles Example

Airbnb



In Venice there are an average of 360 AirBnB listings per square mile.

Zillow



Venice, Los Angeles Continued



Density Cap Analysis

Category	Data	Assessment
Whole Unit Airbnb Rentals	Estimated that 76% of Airbnb rentals are entire homes or apartment	
Housing Market Listings	1069	
Listings/Population Ratio	1 property per 16 residents	
Median Home Price	1.782 million	

Ambassador Program



LOGISTICS

- Hire employees to perform annual property evaluations
- Initial listing database
- Stagger evaluations to maximize utility

Ambassador Program

BENEFITS

- Quality assurance
- Ensures host compliance
- Demonstrates that Airbnb cares



Implementing Change

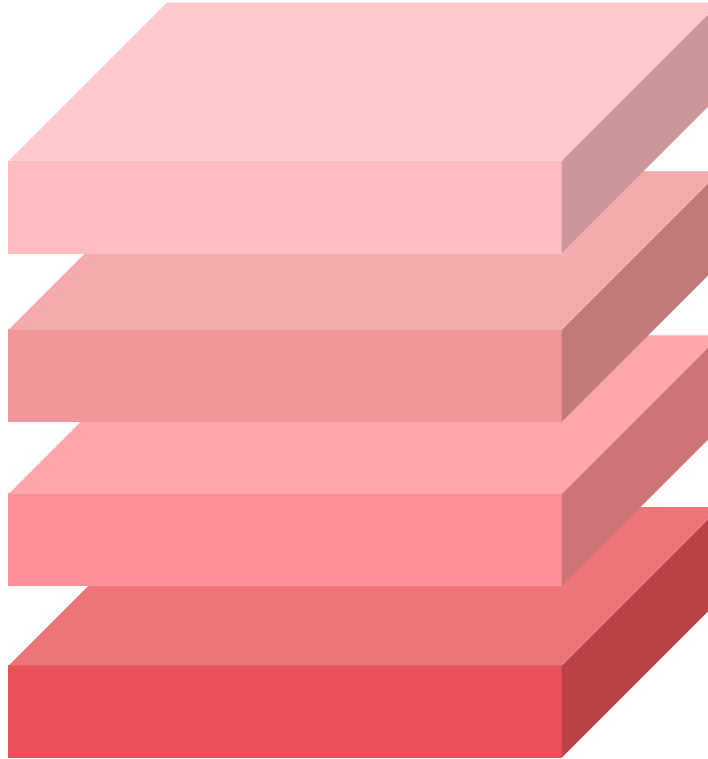


Set Clear Objectives

Safeguards/Listing Database

Measure Progress

Integrate Progress into Culture



Shifting the Tradeoffs



Ambassador
Program



Guest Experience



Overall Profit



Overall Profit

Community Impact



Community Impact



Process Rigor
Density Cap



Three programs
are expensive

A System of Checks and Balances



	Process Rigor	Density Cap	Ambassador Program	New Airbnb
Property Limit	✓	X	X	✓
Hosts Regulations	✓	X	X	✓
Local Licensing	✓	X	X	✓
Area Density Limit	X	✓	X	✓
Quality Assurance	X	X	✓	✓

The three recommendations work together to solve each major problem of Airbnb

The New Airbnb

Our Vision for the Future



01

Responsible Operations

02

Mitigation of Community Impacts

03

Platform allowing entrepreneurs to run own business

04

Worldwide Brand Respect



THANK YOU