AIRBNB

An Economic Engine in the EU27

Economic Impacts

2020

CONTENTS

KEY FINDINGS

Airbnb is playing a growing role in the recovery of the tourism sector. As the sector begins to emerge from the COVID-19 pandemic, understanding changing travel patterns, including shifts to more rural destinations, and greater geographical dispersion in economic impact is key to the sector's recovery.

This study seeks to identify Airbnb's contribution to:

- **Economic Impact** – Airbnb guests spend in the local area, stimulating the local economy and providing employment opportunities.

- **Geographical Dispersion** - Airbnb's model results in visitors staying in a wider range of areas within countries outside of the more typical destinations visited. This has helped drive an observed urban-to-rural shift in tourism.

- **Pandemic Resilience** – Throughout the pandemic, Airbnb supported travel to both rural and urban locations within the EU27. Despite the significant fall in travel over the pandemic period, Airbnb's travel fell less than the industry average, indicating pandemic resilience on the part of Airbnb.

ECONOMIC IMPACTS OF AIRBNB WITHIN EU27

Airbnb visitor spending is estimated to have directly supported nearly 345,000 jobs in the EU27 in 2019. Spending by Airbnb guests in destinations was $20.8 US billion, equivalent to 3.1% of all direct tourism activity in 2019, with that share rising to 3.2% in 2020. The share varies across countries according to Airbnb's presence in these markets, typical traveller behaviour and spending patterns.

$20.8 US BN
of spending by Airbnb guests in 2019 (equivalent to 3.1% of all direct tourism in 2019)

345,000
jobs supported by Airbnb travel in the EU27 in 2019

GEOGRAPHICAL DISPERSION

Airbnb have hosted more nights outside of major cities than they ever have previously, indicating a shift in preferences away from cities to more rural destinations. This change mirrors the industry as a whole, though Airbnb has seen a shift greater than the industry average.

Percent change in guest nights outside of major cities (2019 to 2021)

↑ **13.0%** Airbnb

↑ **5.4%** All Tourism
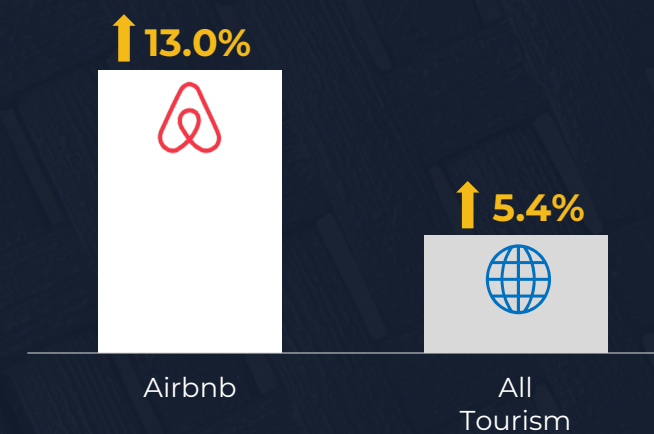
*Note: Airbnb data for 2021 to June 2021

PANDEMIC RESILIENCE

Despite travel falling significantly due to the COVID-19 pandemic, Airbnb has seen a percentage fall in nights less than the industry as a whole. Airbnb has seen an increase in their direct impact per 1,000 Airbnb guests from 2019 to 2020, potentially due to increasing geographical dispersion, meaning more economic stimulus in a wider range of areas.

Jobs as a direct impact per 1,000 Airbnb guests

4.7 jobs 2019

5.1 jobs 2020
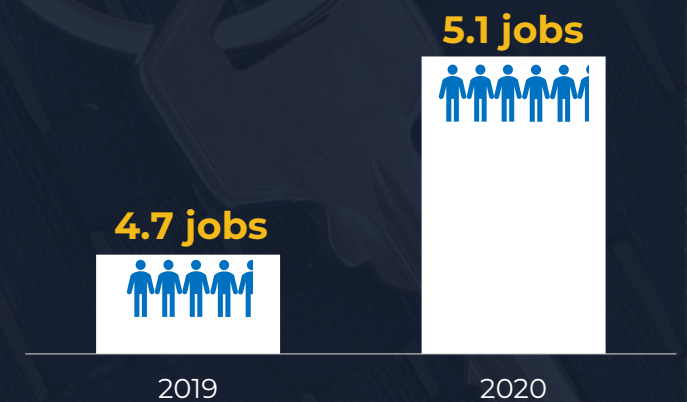
ECONOMIC IMPACTS
OF AIRBNB

The direct impact of spending by Airbnb guests in the EU27 was $20.8 US billion in 2019, equivalent to 3.1% of all direct tourism activity.

Tourism creates jobs, reduces poverty and facilitates socio-economic development, disproportionately employing women, minorities, and youth. Before the COVID-19 pandemic, it created 1 in 4 new jobs but has subsequently suffered more than other sectors[1].

Airbnb is helping support the recovery of the sector – holding a rising share of nights away over the past decade. Since the beginning of the pandemic, travellers have chosen private accommodation rather than hotels, which have shared facilities. Hosts often have properties in areas beyond typical tourism footfall. This both stimulates local economies and can relieve overtourism.

Tourism was responsible for supporting an estimated 11.1 million jobs across the EU27 in 2019 and contributed $630 US billion to GDP. In 2020, unsurprisingly this figure halved to 5.5 million, with GDP contribution down to $310 US billion.

Across the EU27, spending by Airbnb guests (excluding host earnings) is estimated to have directly supported nearly 345,000 jobs in 2019, equivalent to 3.1% of all direct tourism activity across the 27 countries. France tops the list of Airbnb employment with 81,000 jobs directly supported by guest spending, followed by Spain (62,400), Portugal (almost 39,000) and Italy (around 35,000). As a share of total tourism impact[2], Airbnb made the largest contributions in Malta, Ireland and Portugal.

[1] *https://wttc.org/Portals/0/Documents/Reports/2021/Global%20Economic%20Impact%20and%20Trends%202021.pdf WTTC Annual Economic Impact Research, carried out by Oxford Economics*

[2] *Direct impacts are estimated based on a combination of guest spending data provided by Airbnb and the estimated impact of all Travel & Tourism activity in each location, in terms of both GDP and employment. Host earnings have not been included in this analysis but provide additional wider local impacts, alongside other second round impacts, as earnings are typically spent within the local economy.*

ECONOMIC IMPACTS
ON EMPLOYMENT

In 2019, Airbnb is estimated to have directly supported around 344,000 jobs in 2019, equivalent to around 3.1% of all direct tourism activity. Across the 27 countries locations, Airbnb supported up to 12.3% of tourism activity in 2019 (in Malta), but makes a lower contribution in most.

Direct Impact on Employment Supported by Airbnb Guest Spending
2019* (thousands of jobs)

France	81.0
Spain	62.4
Portugal	38.7
Italy	35.1
Germany	18.1
Czech Republic	8.8
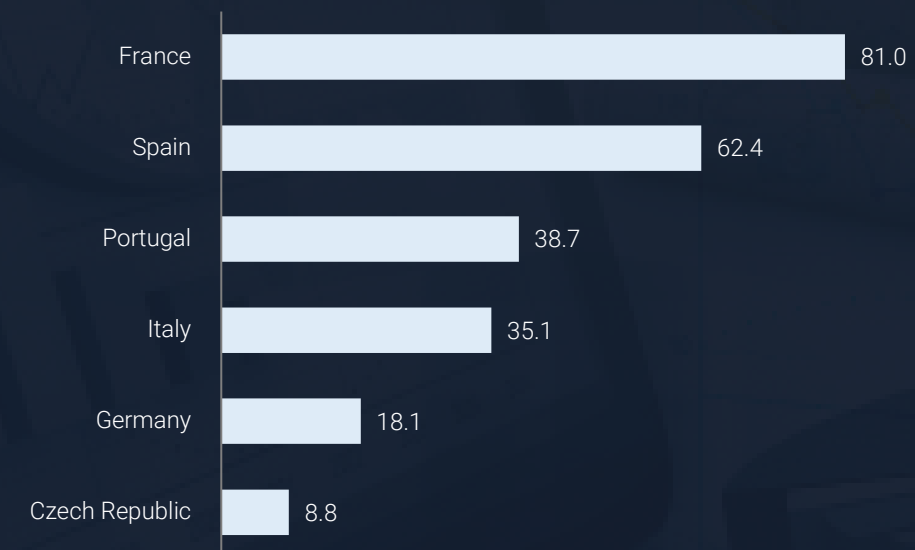
* Excludes impacts from host earnings
Source: Tourism Economics; WTTC; Airbnb

TOURISM ECONOMICS

TOURISM ECONOMICS

GEOGRAPHICAL **DISPERSION**

The pandemic has changed travel behaviour noticeably – with restrictions on movement and limited international travel, visitors have been more likely to stay domestically, opting for less densely populated destinations. 'Geographical dispersion' is simply this shift in preferences away from city destinations.

Negative impacts on travel to cities have been greater than at the country level in the EU27. According to the sample of 66 major cities in Tourism Economics' Global City Travel (GCT) database, tourist nights declined 62% in 2020 from 2019 levels, compared to 46% for other locations. This stronger decline in city travel can be attributed primarily to international restrictions on travel and secondarily to a preference for more rural destinations.

Change in traveller profile

Non-EU visitors tend to visit city destinations more than EU or domestic visitors. In 2019, 13% of nights spent in France by non-EU visitors were spent in Paris. This compares to 2.8% of nights for EU visitors and 1.2% of domestic stays. Due to domestic and short-haul travel being expected to recover more quickly than long-haul, the change in traveller profile will cause shifts to more rural areas to persist into the medium-term.

Tourist Nights in the EU27
Relative to 2019 (billions of nights and percentage change)
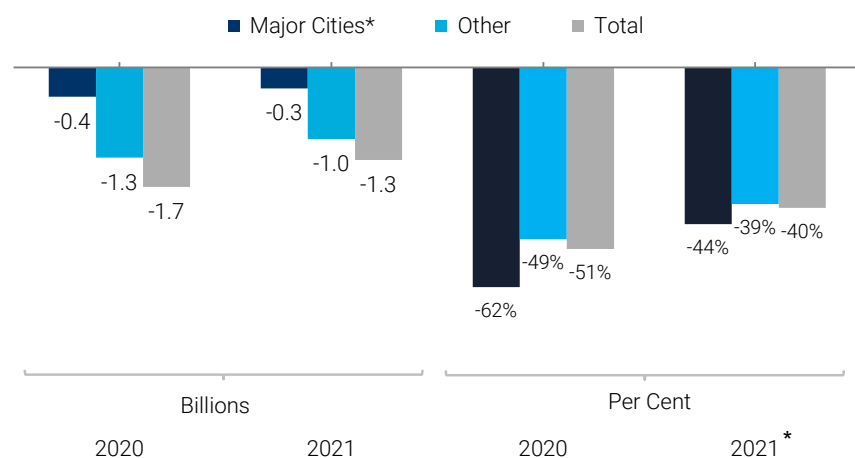
* Sample of 66 cities from TE's GCT database; baseline forecasts for 2021
Left hand side: Change of tourist nights in billions; Right hand side: Percentage change in employment
Source: Tourism Economics

Airbnb has continued to support geographic dispersion throughout the pandemic. Consistent with the wider geographical dispersion trends, Airbnb guest nights have shifted away from major cities to other locations.

Guest nights spent outside major cities increased by 12% from 2019 to 2020, compared to a 4.4% rise for all tourism nights. This trend continued into 2021, with Airbnb nights spent outside rural cities being 13% higher than 2019, again compared to a 5.4% rise for all tourism nights. There is also evidence of some shift in preferences within segments, with domestic demand shifting to more rural destinations. This urban to rural shift is further fuelled by the slower recovery of busines travel, which is predominantly city focused.

Additional evidence to Airbnb enabling geographical dispersion is the guest nights across NUTS3 regions in the EU27. A monthly index constructed based on the degree of urbanisation in NUTS3 geographies (where 200 represents 'predominately rural' areas, 0 'predominately urban' and 100 'intermediate') demonstrates a clear shift in Airbnb tourism nights towards more rural locations, on average, following the start of the pandemic.
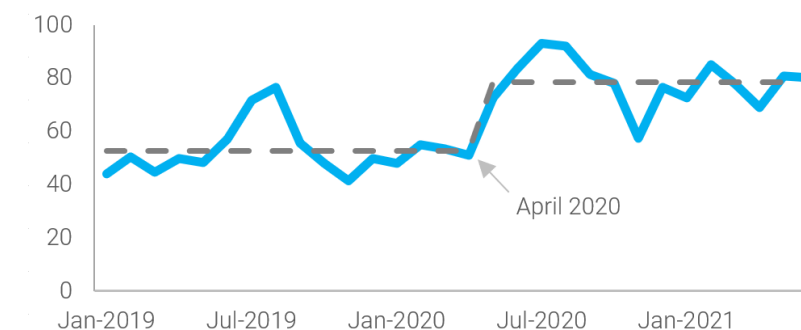
Distribution of Airbnb Guest Nights
2019 and 2020 (in each country or region)
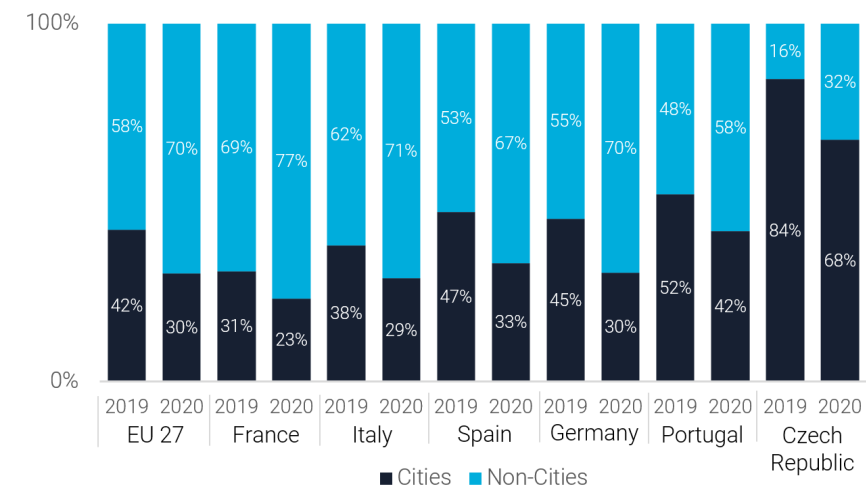
* Only reflects cities in the sample of 66 from Tourism Economics' GCT database
Source: Tourism Economics

Rural Tourism Index for Airbnb Stays
Higher value indicates a greater proportion of Airbnb nights in rural areas

*200 represents 'predominantly rural' locations, and 0 'predominantly urban'. Airbnb data for 2021 to June 2021
Source: Tourism Economics, Airbnb, Eurostat

PANDEMIC RESILIENCE

Airbnb has taken a greater role in city and non-city travel during the pandemic, as private accommodation becomes more desirable. Airbnb's sustained booking volumes led to consistent contributions to tourism in areas hard hit by the pandemic.

In 2019, it is estimated that every 1,000 Airbnb guests who visited locations in the EU27 supported 4.7 jobs. Despite the reduction in Travel and Tourism activity in aggregate – the marginal impact of Airbnb in terms of the typical guest actually increased for the EU27, to 5.1 jobs in 2020. This was due to an increase in the average spending for the typical guest stay, reflecting an increase in the average length of stay across the EU27. This sustained spending demonstrates Airbnb's pandemic resilience and contribution to local economies throughout the pandemic.

TOURISM ECONOMICS

TOURISM ECONOMICS

COUNTRY
CASE STUDIES

In France, in Q3 2019 Paris alone accounted for 15% of all travel. In Q3 2021 it represented just 8%.

France sits above the average rural tourism index for Airbnb stays pre-pandemic, suggesting that Airbnb tourism to rural France is already an established market compared to the EU27 average. Despite this higher starting point, France saw further growth in the share of more rural destinations, with Paris experiencing a bigger fall in bookings than other cities, both across Airbnb stays and across all tourism nights.

Overall, France witnessed a fall in urban share in 2020 and 2021. Given that such a large proportion of tourists from outside the EU tend to visit Paris compared to other destinations, and the more significantly depressed long-haul travel into France, this shift should be expected to continue into the medium term.

In Italy, in Q3 2019 just four cities accounted for over 26% of all travel: Rome, Venice, Milan, and Florence. In Q3 2021, however, those same four cities accounted for under 17% of travel.

One positive aspect of the pandemic has been the increased ability to work remotely in a wide range of sectors and roles. There has been an associated increase in 'digital nomads' who are able to work remotely and who choose to live in different places for shorter periods of time[3].

Airbnb has taken this one step further, encouraging people to adopt this lifestyle, and notably pairing with Visit Trentino to offer vouchers to allow customers to try being a digital nomad for a week. Airbnb is well placed to encourage the transition to this lifestyle thanks to its ability to offer longer-term rentals.
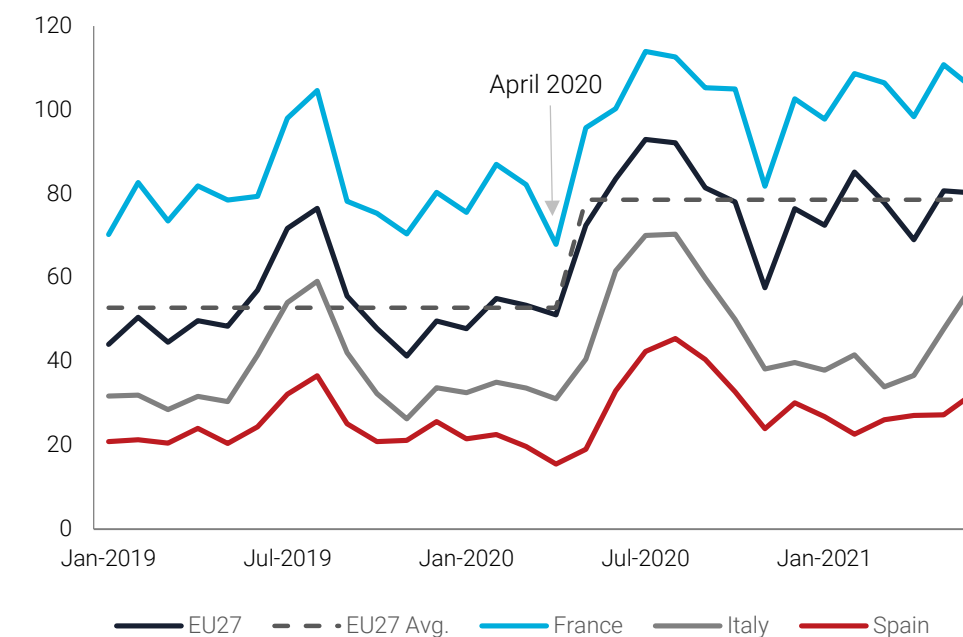
In Spain, in Q3 2019 Barcelona and Madrid represented 26% of all travel. In Q3 2021 they represented just 18%.

Airbnb has a more urban focus in **Spain** than across the EU27 on average. Despite this, the increase in the share of travel to non-city destinations over the past two years was much larger for Airbnb guests than among the total travel population, indicating that Airbnb is facilitating this shift. This shift is particularly pertinent for Spain as overtourism has been a prominent issue in Barcelona in recent years.

Airbnb is not only promoting alternative destinations within Spain, but also offering longer-term opportunities to stay in the city. This enables visitors to contribute more to the economy outside of the standard tourist traps of Las Ramblas, Parc Güell and the Sagrada Familia.

Rural Tourism Index for Airbnb Stays

Higher value indicates a greater proportion of Airbnb nights in rural areas

*200 represents 'predominantly rural' locations, and 0 'predominantly urban'.
Airbnb data for 2021 to June 2021
Source: Tourism Economics, Airbnb, Eurostat

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[3] *https://www.airbnbforwork.com/resource/digital-nomads-find-the-perfect-solution-to-work-and-live-remotely-while-traveling-the-globe/*

In Germany, in Q3 2019 Berlin Hamburg and Munich represented 28% of all travel. In Q3 2021 they represented just 18%.

Germany started with more Airbnb nights in non-city destinations than the EU27 average and still saw a notable increase on the rural tourism index for Airbnb stays in the chart. The share of travel to major German cities fell from 24% in 2019 to only 18% in 2020, but with a partial rebound to 23% in 2021. This downward trend and move to more rural destinations is much stronger among Airbnb guests than it was for broader tourism.

Between 2019 and 2020, the majority of Airbnb bookings in Portugal shifted from being urban to predominantly rural.

Portugal saw a steep jump on the rural tourism index for Airbnb stays signalling a strong movement in bookings away from urban areas to more rural areas. This movement was significantly greater than for all tourism in Portugal, again supporting the case that Airbnb is facilitating geographical dispersion within countries.

The Czech Republic saw the starkest shift in the rural tourism index for Airbnb stays, with a notable fall in the share of travel to Prague.

Prague is another case of overtourism, with locals hoping that the pandemic might pose an opportunity for a reset. This change is partly explained by the sharp fall in international travel, but also included a shift in the share of domestic travel to more rural areas. The COVID Lázně (COVID Spa) scheme offered by the Czech government provided a 160€ voucher to visitors to spas in the **Czech Republic** in 2020, this scheme may account for stays being more concentrated in rural areas and smaller cities.

Rural Tourism Index for Airbnb Stays
Higher value indicates a greater proportion of Airbnb nights in rural areas
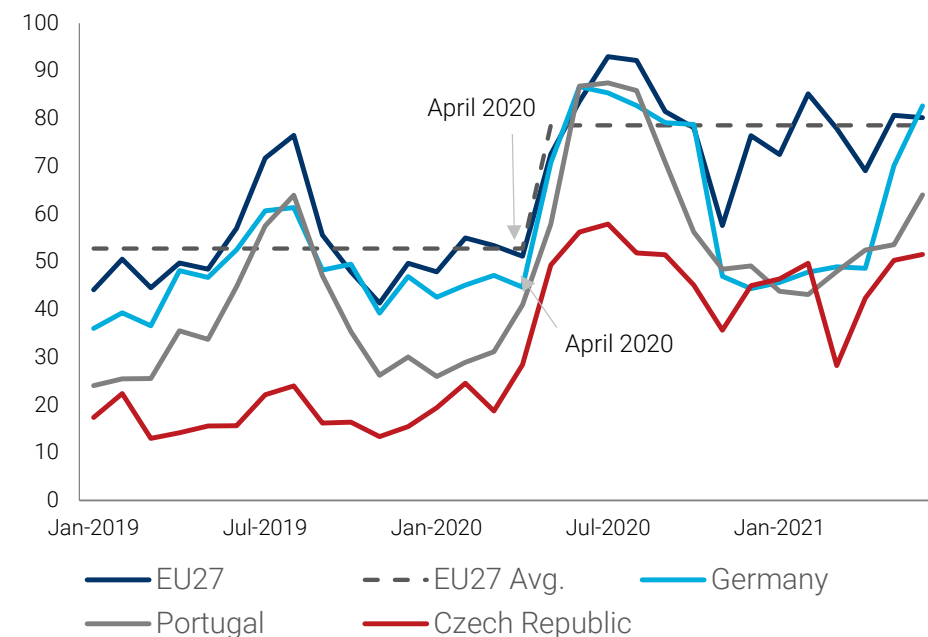
*200 represents 'predominantly rural' locations, and 0 'predominantly urban'.
Airbnb data for 2021 to June 2021
Source: Tourism Economics, Airbnb, Eurostat

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