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The Economic Impact of Airbnb in Prague

September 2024

Airbnb is an important part of the tourism economy in Prague

Tourism in Prague is gradually returning to pre-pandemic levels, as evidenced by the increasing number of visitor arrivals. In 2023, accommodation facilities hosted over 8 million guests, approaching the 9 million visitors recorded in 2019.

Airbnb was born in 2007 when two hosts welcomed three guests to their San Francisco home, and has since grown to over 5 million hosts who have welcomed over 1.5 billion guest arrivals in almost every country across the globe. Every day, hosts offer unique stays and experiences that make it possible for guests to connect with communities in a authentic way. In total, hosts on Airbnb across Prague supported over 2.8 million guest nights, which accounted for 14% of all paid accommodation nights in 2023.

Tourism GDP in Czechia is expected to **increase by 6.1% in the next 5 years**, outstripping the national GDP growth rate (3%)

Summary Impacts of Airbnb in Prague (2023)

2.8M
Total Nights Spent in Listings on Airbnb

CZK 9.5B
Total Airbnb-linked Tourism GDP Impact

7,100
Total Jobs Supported by Airbnb-linked Tourism

The Tourism Economy in Czechia

Czechia is renowned for its stunning medieval architecture and rich cultural tapestry. These factors along with a competitive tourism industry and good value for money, make it a popular destination for travellers. As a result, tourism is a significant contributor to the Czech economy.

In 2023, the industry generated over CZK 403 billion in gross value added, accounting for approximately 5.5% of Czechia's GDP, and supporting over 8.3% of the national workforce.

Reflecting its underlying strength as a visitor destination, tourism GDP in Czechia is projected to grow by 6.1% per annum over the next 5 years, surpassing the national GDP growth rate of 3%. This projection highlights the importance of the industry's vital role in the national economy, particularly in key sectors like accommodation that are major contributors to economic growth.

Tourism GDP in Czechia (2023)

CZK 403B
Tourism GDP in Czechia

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5.5%
of Overall Share (2023)

8.3%
of National Workforce Supported

Real Growth Rate in Tourism GDP & Overall GDP Over Five Years

↑**6.1%**
Tourism GDP

↑ **3%**
Overall GDP

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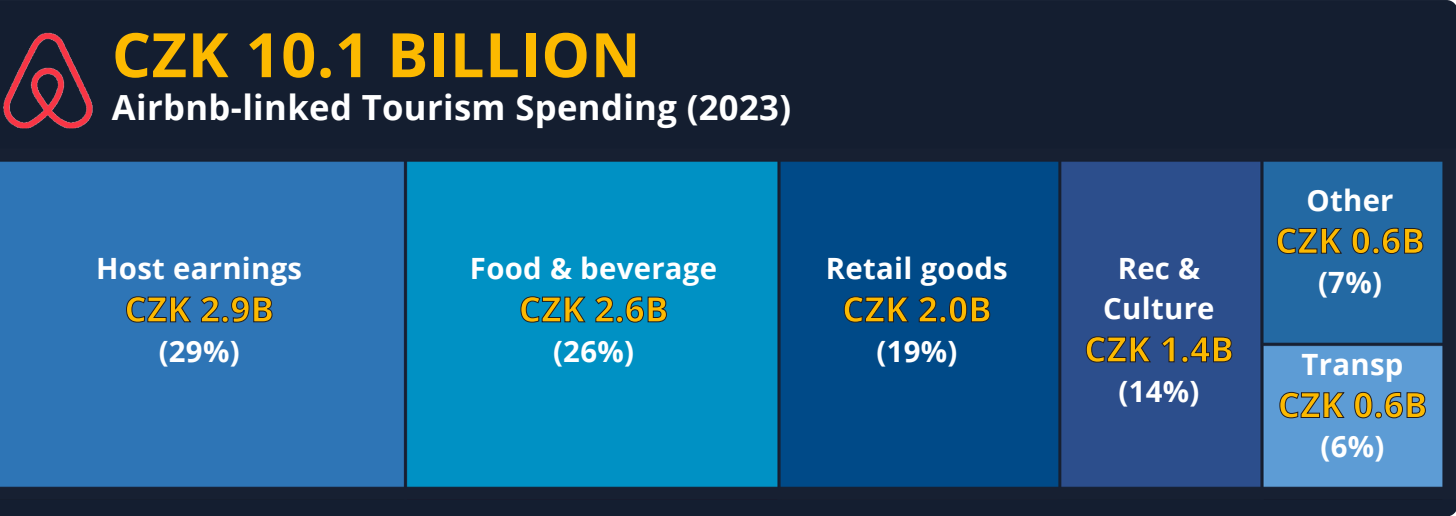
Highlighting the strength of the overall offering provided by hosts on Airbnb across the country, **Airbnb-linked tourism spending in Prague was CZK 10.1 billion** in 2023.

Impact of Airbnb-linked Spend in Prague

The flexibility and diversity of services provided by hosts on Airbnb are an attractive proposition among tourists and travellers. Highlighting the appeal of hosts on Airbnb across the city, tourism spending linked to Airbnb in Prague was CZK 10.1 billion in 2023.

CZK 10.1 BILLION
Airbnb-linked Tourism Spending (2023)

Host earnings CZK 2.9B (29%)	Food & beverage CZK 2.6B (26%)	Retail goods CZK 2.0B (19%)	Rec & Culture CZK 1.4B (14%)	Other CZK 0.6B (7%)
				Transp CZK 0.6B (6%)

The economic impact of listings on Airbnb benefits hosts as well as businesses in the broader visitor economy such as retail, attractions and food and beverage establishments. In 2023, almost three quarters (72%) of guest spending went toward non-accommodation services. Retail and hospitality sectors collectively saw over CZK 4.6 billion in expenditure from guests on Airbnb.

As consumer preferences and requirements continue to evolve, listings on Airbnb are well-placed to serve the everchanging and more personalised needs of modern travellers.

The wide variety of listings on Airbnb in Prague helps to ensure that the needs of different types of guests are served. This broad appeal is evident in the high demand for Airbnb from international visitors.

In 2023, international visitors accounted for more than 90% of all Airbnb-linked spend in the country (CZK 9.6 billion). Meanwhile, the remainder of CZK 0.6 billion, was spent by visitors from Czechia. Germany and the United States were the top two source markets, accounting for more than 30% of all nights, which translates to over 0.8 million nights.

European markets such as United Kingdom and France were also significant users of the platform accounting for over 17% of nights booked in Prague. The remainder of bookings (48%) were from a wide range of markets, mainly within Europe but also further afield. This signals the breadth of appeal for listings on Airbnb in Prague among travellers from Europe and beyond.

Expenditure attributed to guests on Airbnb makes up a sizeable proportion of all tourism spending in Prague. In 2023, just over a tenth (11.6%) of tourism spending by international markets was generated from listings on Airbnb. Airbnb-linked spend by Czechian guests accounted for 2.1% of domestic tourism expenditure. These findings underline the importance of listings on Airbnb in contributing toward international tourism revenue in Prague.

Airbnb-linked Tourism Spending in Prague by Visitor Type (2023)

CZK 0.6B

- International
- Domestic

CZK 9.6B
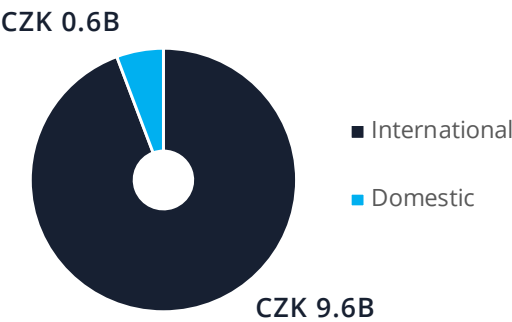
Source: Oxford Economics

Key Source Market Distribution Nights Booked on Airbnb in Prague (2023)

6%	Domestic
18%	Germany
12%	United States
9%	United Kingdom
8%	France
48%	Other
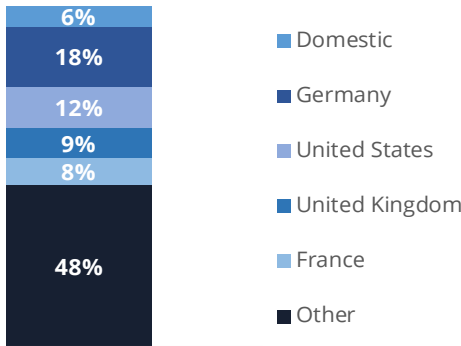
Source: Oxford Economics

Airbnb's Contribution to International Tourism (2023)

11.6%
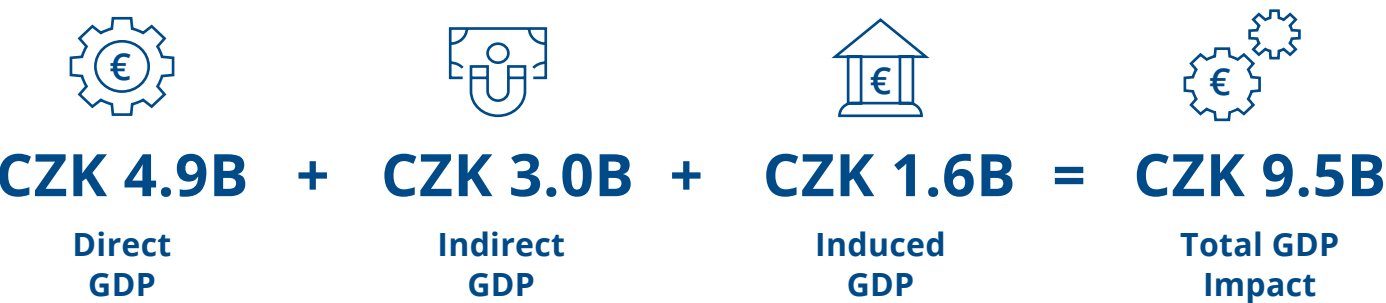**Airbnb's contribution to international tourism spending in Prague**

500,000
The number of nights booked on Airbnb in Prague by guests from Germany

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Economic Impact Findings

Combining the direct, indirect, and induced expenditure impacts, Airbnb's total economic contribution to Czechia GDP was CZK 9.5 billion in 2023. This includes the direct spending of guests on Airbnb on goods and services during their stay plus other impacts such as supply-chain stimulus and other wider economic benefits. Listings on Airbnb in Prague have a substantial economic footprint in Czechia both at the direct and total economic impact level. Directly Airbnb-linked tourism contributed the largest amount to GDP in 2023 (CZK 4.9 billion). Indirect impacts as tourist-facing businesses used suppliers due to Airbnb-linked business accounted for CZK 3.0 billion. Meanwhile, the induced impacts of Airbnb-linked expenditure generated a further CZK 1.6 billion to Czechia's GDP.

Prague Airbnb-linked tourism GDP Impact in 2023

CZK 4.9B + **CZK 3.0B** + **CZK 1.6B** = **CZK 9.5B**

Direct GDP   **Indirect GDP**   **Induced GDP**   **Total GDP Impact**

The importance of listings on Airbnb to the tourism industry and overall economy is further highlighted when assessing its share of overall Czechia tourism GDP. Listings on Airbnb in Prague accounted for 4.7% of direct tourism GDP in 2023. While slightly smaller at 2.4%, its overall impact to total tourism GDP is again significant. Collectively, these findings emphasise that listings on Airbnb are an important pillar of the tourism economy in Czechia.

Prague Airbnb-linked Tourism as a Share of Tourism GDP (2023)

4.7%

Airbnb's contribution to direct tourism GDP

2.4%

Airbnb's contribution to total tourism GDP

Guests on Airbnb in Prague accounted for **4.7%** of direct tourism GDP in Czechia in 2023. While slightly smaller at **2.4%**, its overall impact to total tourism GDP is again significant. Collectively, these findings emphasise that **listings on Airbnb are an important pillar of the tourism economy in Czechia.**

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Methodological Approach: Economic Footprint Modelling

Key definitions

- Airbnb nights / Guest nights / Nights: the number of self-reported guests on a trip times the number of nights stayed.

- Airbnb Hosts / Hosts on Airbnb / Hosts: are individuals or businesses that list at least one accommodation unit, whether a private or shared space, for rent on the Airbnb platform.

- Airbnb guests / Guests on Airbnb / Guests: are individuals who stay at least one night in an Airbnb listing.

What is Airbnb-linked spending?

Airbnb is an online platform that enables Hosts to connect with tourists and travellers, providing them with places to stay and things to do, within a global marketplace. From the perspective of a local economy, Airbnb acts as a portal, attracting tourists with spending power to a local area, who then go on to stimulate economic activity in that area, through their purchases of goods and services.

To understand the channels through which Airbnb contributes to the Czech economy, our starting point is the spending that takes place in the travel destination.

Guest spending includes:

- **Spending on rentals**: Based on Airbnb data, we quantified the total expenditure on rental accommodation made by guests on Airbnb across Prague in 2023.

- **Ancillary tourism spending:** In addition to rental expenditure, Airbnb guests typically spend money to arrive at their destination, and then (for example) to get around the host city or region, to dine out and entertain themselves, and to go shopping and engage in other tourism activities. We leveraged detailed Airbnb data on guest activity and overall visitor data from our in-house databases to quantify this annual spending, and its distribution across different industries (Note: this study focuses on in-destination spending, therefore guest spending on air transportation has been excluded from our analysis.)

## Calculating the total economic impact of Airbnb

Economic impact involves quantifying the total expenditure made by guests on Airbnb in a destination economy and estimating three types of economic activity it stimulates.

- **Direct impact** relates to the value added from guest activity including: (1) Hosts on Airbnb facilitating stays of guests on Airbnb; and (2) tourism businesses facilitating other spending by guests within the destination, including on food & beverage, retail etc.

- **Indirect impact** is the economic activity and employment stimulated along the supply chain that supports those front-line businesses.

- **Induced impact** comprises the wider economic benefits that arise from the payments of wages to the employees of businesses serving guests on Airbnb, and other businesses in their supply chain. It also includes the share of the income of Hosts on Airbnb that is spent in the local economy. In our analysis, we also include the economic activity stimulated in the supply chains of these retail, leisure and other outlets.

The sum of these channels captures the total economic impact of Airbnb. The results are presented on a gross basis. They therefore ignore any displacement of activity from Airbnb's competitors as well as what the second most productive use of those resources would have been. Airbnb's economic contribution is measured using two metrics:

- **GDP**—or more specifically, the gross value added (GVA) contribution to GDP. This is defined as the value of the output produced, minus the expenditure on inputs of bought-in goods and services used up in the production of that output.

- **Employment** measured on a headcount basis.

Schematic of Airbnb's contribution to the Czech Economy
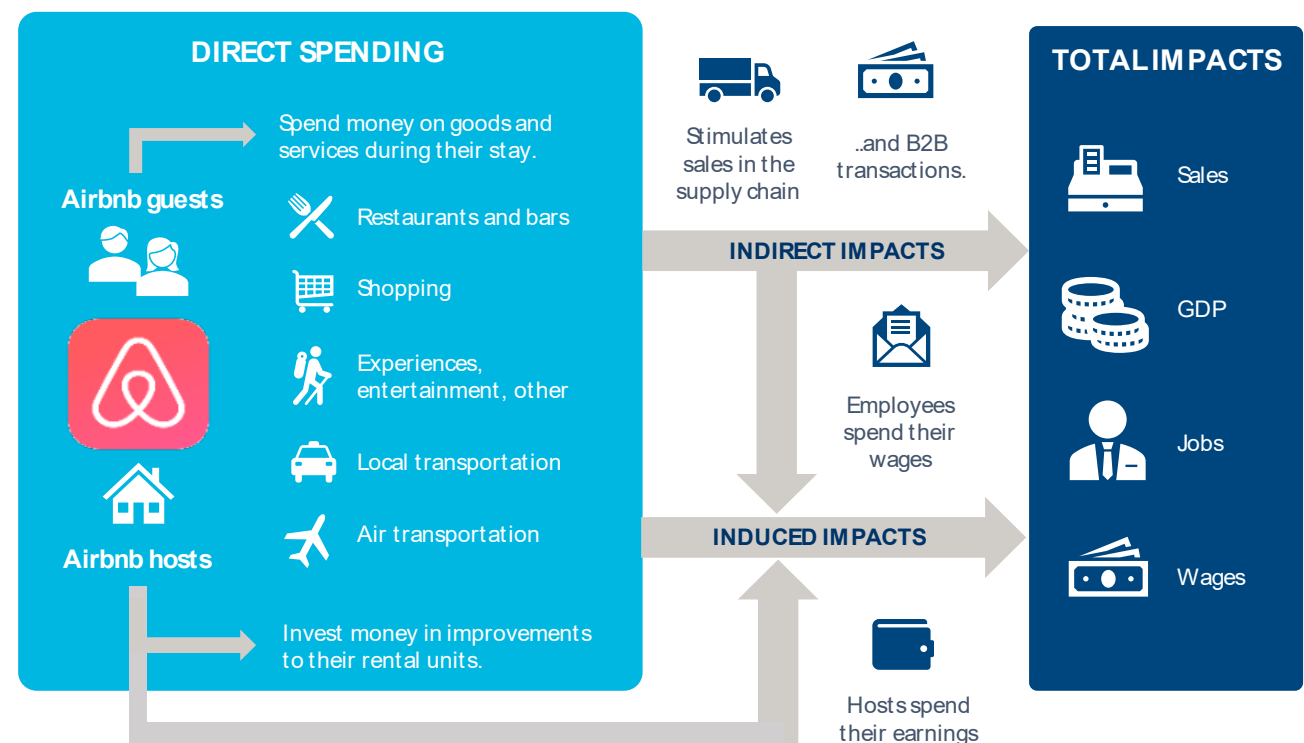
Overview of input-output modelling approach

Indirect and induced impacts are estimated using an "input-output" model. This type of model sets out the goods and services that Czech industries purchase from one another in order to produce their output (as well as their purchases from abroad). These tables also provide detail on the spending patterns of Czech households, and indicate whether this demand is met by Czech production, or imported products. In essence, the tables show who buys what from whom. The diagram below demonstrates a stylised input-output model.

Using details of these linkages from Supply and Use tables, Oxford Economics constructed a bespoke Czech impact model which traces the intermediate consumption impact attributable to Airbnb-linked visitor activity (this is known as the Leontief manipulation). This impact model quantifies all rounds of subsequent purchases along the supply chain. These transactions are translated into GDP contributions, using Czech-specific ratios of gross value added (GVA) to gross output, sourced from the Czechia input-output table. Once we have obtained results for output and GVA, we estimate employment using productivity estimates. The calculation of the induced impacts is a discrete element of the model and incorporates the impact of Airbnb visitor spending on purchases, labour costs and final household consumption.

A simplified input-output model