Travel on Airbnb: housing and economic impact study

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EY

Building a better working world

Contents

1 Foreword

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Since its inception in 2007, Airbnb has welcomed over 1.5 billion guest arrivals around the world. It has also become an important part of the UK tourism economy in sectors, such as accommodation and food services, retail and leisure, and transport. This growth has brought significant benefits to individuals, businesses, and local economies.

During this period, housing affordability in the UK has also become more challenging, which has drawn criticism on the role of short-term lets owing to the perceived impact on local housing market affordability, particularly in tourism hotspots.

Our report provides a quantitative assessment of both the impact of Airbnb-linked travel on the UK housing market and the wider economy.

This report is unique in bringing together the economic footprint of travel on Airbnb, as well as an analysis of its impact on housing affordability at a national, regional, and local level. To do this we build on the established academic literature on housing impacts and utilise established techniques for assessing the economic contribution, similar to that used in other recent Airbnb studies.

Key findings include:

▸ Airbnb guests delivered significant economic benefits for communities across the UK, and the platform has supported the growth of the tourism economy.

▸ The share of full-time properties listed on Airbnb is too small to have any significant impact on housing supply.

▸ There is little to no relationship between the growth in listings on Airbnb and the increase in housing costs.

▸ Overall, the economic benefits of Airbnb-linked travel in the UK exceed the impact on housing costs.

The report details our data-driven analysis of Airbnb's role in the UK housing market and economy and by providing a balanced view of the impact of Airbnb we hope to inform any future analysis and decisions by policy makers.

2 Summary of key findings
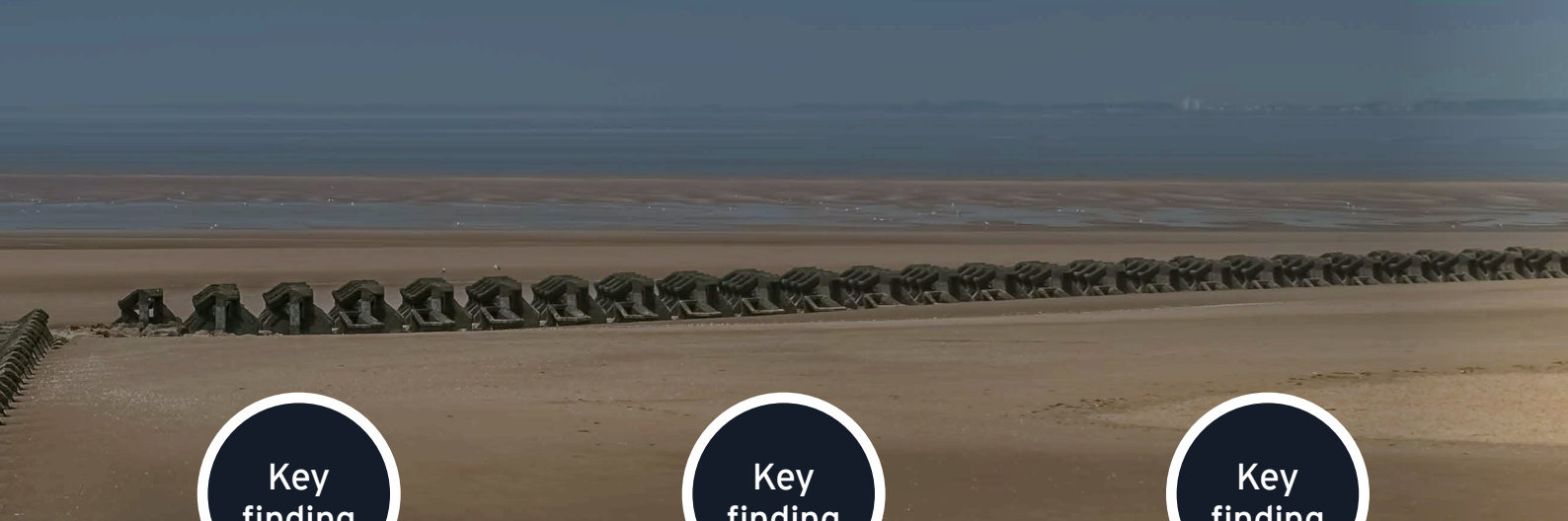
The study has identified four key findings:

1

Airbnb guests delivered significant economic benefits for communities across the UK, and the platform has supported the growth of the tourism economy.

- Travel on Airbnb[1] generated £5.7bn of gross value added (GVA) and supported over 75,000 jobs in the UK in 2023. This is worth over £17/month per UK household.

- Short-term lets have spread the benefits of tourism to local areas with limited traditional tourism infrastructure, and enabled tourism to grow beyond the capacity of traditional accommodation.

[1.] Travel on Airbnb refers to the use of the Airbnb platform for travel.

Key finding

2

The share of properties listed full-time on Airbnb is too small to have any significant impact on housing supply.

‣ Entire homes listed on Airbnb account for less than 0.7% of total dwellings in the UK. However, the average Airbnb host rents their home for fewer than three days per month, indicating that the majority of hosts live in the homes they list on the platform.

‣ When considering only those listings on Airbnb that are hosted for 90 nights or more per year, the proportion drops even further to just 0.17% of the housing stock.

‣ In two-thirds of local authorities, entire homes listed on Airbnb account for less than 0.5% of total dwellings. There are only 25 local authorities where more than 2% of total dwellings are listed on Airbnb.

3

Across the vast majority of areas studied, there is no relationship between the growth in listings on Airbnb and the increase in housing costs.

‣ Averaged across all households in the UK, the impact of Airbnb on housing costs is £8/month.

‣ It's worth noting that the raw data shows that the impact on housing costs is primarily seen in specific areas, whilst the majority of local authorities in the UK show no correlation between the increase in active Airbnb listings and affordability.

‣ GVA impact outweighs any impacts on housing in every country, region and local authority, including those where there is a relationship between Airbnb availability and housing affordability.

‣ Over 95% of the change in rents and house prices from 2015 to 2022 is due to other factors unrelated to the growth of short-term lets, most of which is simply rents and house prices rising in line with incomes over this period, with some small impacts from changes in the economy and in population.

4

Overall, the economic benefits of Airbnb-linked travel in the UK exceed the impact on housing costs.

‣ The economic benefits exceed the impact on housing costs in every nation, every region and every local authority considered in this report.

‣ The economic benefit of Airbnb-linked travel (£17/month per household) is double any possible impact on housing affordability (£8/month per household) that could be related to the growth of listings on Airbnb.

‣ Wherever there has been a rise in Airbnb availability and a decline in housing affordability, there has also been a strong beneficial impact on the local economy as measured by the gain in local area GVA. For instance, North Norfolk saw an economic gain of £56/month per household, over four times that of any possible impact on housing costs.

3 Overview and detailed findings

This report is the first of its kind to consider the impact of travel using the Airbnb platform on both the UK housing market and the UK economy. It uses Airbnb data alongside information collected from publicly available sources. The observed growth in short-term lettings activity (such as stays available on the Airbnb platform) is considered in the context of the broader challenges facing the UK housing market, which are rooted in causes that predate the use of Airbnb.

3.1 The context for the report – the UK housing market

There is a broad political consensus, supported by several official studies, that the UK has not built enough homes to keep pace with demand pressures from a rising population and smaller household sizes, consistently falling behind the previous government's target for new house building between 2019 and 2024.[2] Independent reports estimate that the shortfall in housing supply may be nearly five million homes. Additionally, the UK has not provided sufficient affordable housing to meet the needs of lower earners.

As a result of this supply and demand imbalance, affordability has become more challenging, with house prices increasing relative to incomes – the UK's house price-to-earnings ratio has risen by approximately 60% between 2002 to 2023. Coupled with tighter prudential controls on lending since the Global Financial Crisis in 2008, this has made it harder for first-time buyers to save for deposits. Consequently, a greater proportion of 24–35-year-olds are renting than in previous generations, a trend often referred to as 'generation rent'.[3]

At the same time, short-term letting activity has grown in popularity, with some commentators arguing that it has contributed to the supply and affordability problem in the housing market. Airbnb has actively engaged in the policy debate and has been calling for a registration scheme for short-term lets since 2019.[4]

In this context, Airbnb commissioned Ernst & Young LLP (EY UK) to provide an independent, quantitative assessment of Airbnb's housing and economic impact on the UK that considered:

- **Economic impact:** What is the contribution that Airbnb's hosts and guests make to the UK economy? How is the national impact distributed across regions and local destinations within the UK?

- **Housing impact:** What, if any, impact has travel on Airbnb had on supply and affordability in the UK housing market?

[2.] House of Commons report: Tackling the under-supply of housing in England – CBP-7671.pdf (parliament.uk).

[3.] https://www.ft.com/content/6db8d89b-23a4-47ef-bde1-9db283c7b856.

[4.] committees.parliament.uk/writtenevidence/42199/pdf/

Box 1: Approach

This report examines the evidence for impacts of travel on Airbnb on the housing market, specifically the direct impact on supply, by considering the scale of hosting activity on Airbnb and the resulting impact on affordability. This is complemented by an assessment of the economic impact of travel on Airbnb, to provide a holistic view of the impact of short-term hosting on Airbnb.

The housing market analysis was carried out using data provided by Airbnb and information collected by EY UK from publicly available sources such as the ONS on rents, house prices and incomes. To assess affordability, an econometric model was built – a type of statistical analysis that estimates the sensitivity and statistical significance of the relationship between a variable (in this case active listings on Airbnb, those that are viewable on Airbnb and have been booked at least once on Airbnb) and economic outcomes (rent and house price affordability). This modelling builds on and formalises the patterns seen in a simple scatter-graph of the raw data, introducing controls for changes in demographics and economic context to derive a statistically robust relationship. See Section 6.1 and Appendix 9.2 for details.

The economic impact assessment was carried out using a multiplier-style model, based on an analysis of guests' spending and the related economic activity in other sectors through expenditure on supply chains (indirect impacts) and supply chain employee spending (induced impacts). See Section 6.2 and Appendix 9.1 for details.

Key finding 1

Airbnb guests deliver significant economic benefits for communities across the UK.

Travel on Airbnb generated £5.7bn of GVA and supported over 75,000 jobs in the UK in 2023.

Travel on Airbnb boosted the UK economy by £5.7bn in 2023, including stays booked on Airbnb and spending in the wider tourism economy – accommodation and food services, retail

and leisure and transport. In turn, this also supported 75,700 jobs in the UK in 2023, including jobs such as restaurant and bar managers, sales and marketing staff, chefs and tour guides. These jobs enable many people to continue living and working in the places they call home and provide a financial lifeline to everyday families.

Figure 1: Total GVA impact of travel on Airbnb in UK, £mn, 2023
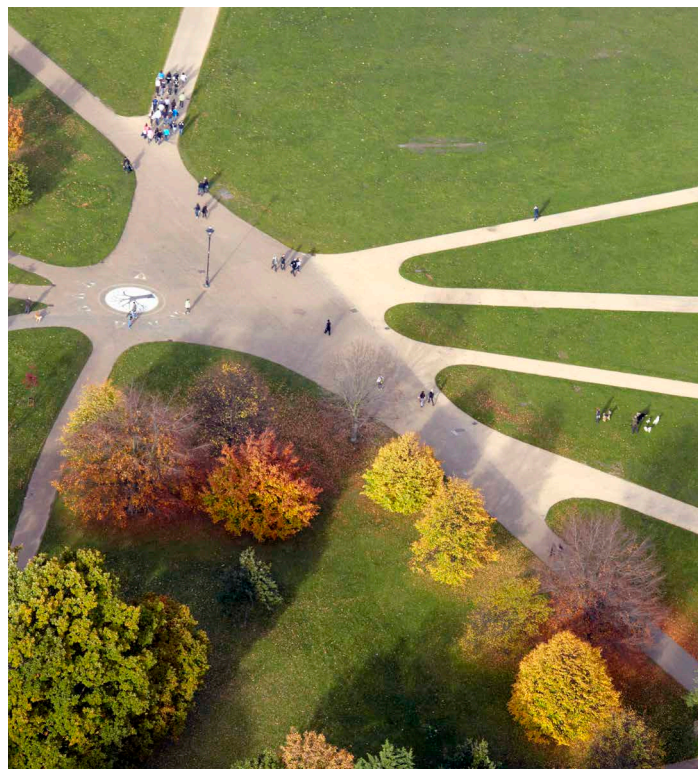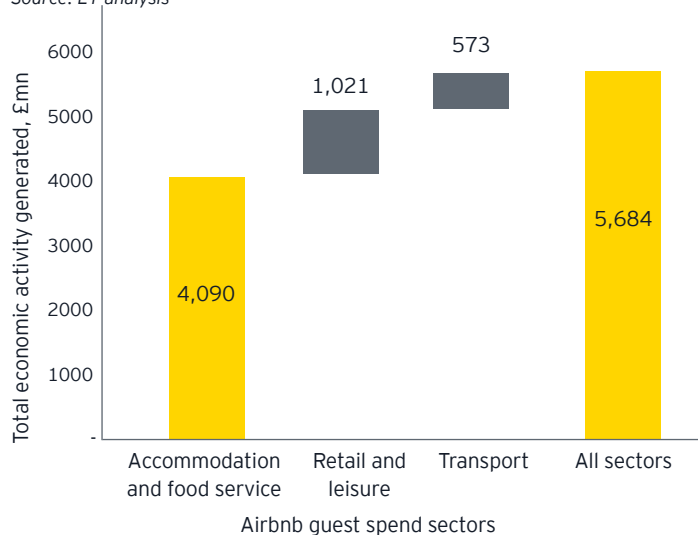*Source: EY analysis*

Figure 2: Employment impact of travel on Airbnb in UK, No. of FTEs, 2023

Source: EY analysis

Employment supported by Airbnb guest spend on the accommodation and food service sector
48,886

Employment supported by guest spend on the retail and leisure sector
17,058

Direct
29,571
(60%)

Indirect
12,936
(27%)

Induced
6,379
(13%)

Direct
11,321
(66%)

Indirect
3,880
(20%)

Induced
2,357
(14%)

Direct
5,885
(60%)

Indirect
2,411 (25%)

Induced
1,518 (15%)

Employment supported by guest spend on the transport sector
9,814
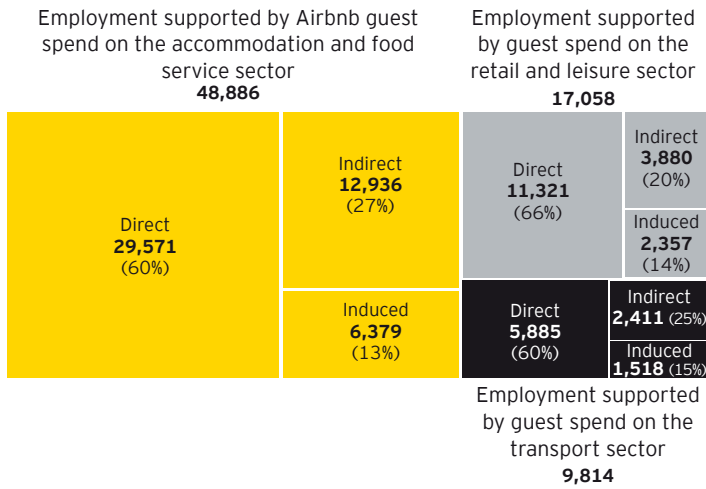
Short-term lets have spread the benefits of tourism and enabled the travel accommodation sector to grow beyond the capacity of traditional tourism infrastructure.

Travel on Airbnb and other short-term let platforms has spread the benefits of tourism to lesser visited destinations and boroughs beyond traditional tourism districts and supported a larger growth in visitor numbers in popular tourist destinations than traditional tourism infrastructure would be able to sustain. This has boosted local communities and created vital jobs in regions and local authorities that would otherwise not have experienced such growth in their tourism sectors.

For example, travel on Airbnb in London is estimated to contribute over £1.5bn annually to the local economy, and support over 16,800 jobs. Guests using Airbnb also stay in neighbourhoods with fewer hotels, such as Hackney and Waltham Forest, as well as tourist hotspots such as Westminster and Kensington and Chelsea, where 40% of hotels in London are located. This dispersion of tourism helps generate economic benefits in a wider range of areas.

The share of properties listed on Airbnb is too small to have any significant impact on housing supply.

Entire homes listed on Airbnb account for less than 0.7% of total dwellings in the UK and the majority of hosts only rent their home for fewer than three days per month.

In aggregate, the number of listings on Airbnb compared with the UK's housing market remains very small. On average, less than just 0.7% of properties in the UK housing stock are active on Airbnb as entire homes to let. That figure only slightly increases to 1.1% when private room listings are included alongside entire homes (though private rooms are unlikely to have any impact on housing stock). The majority of short-term lets are not used intensively, with an average host renting their home for fewer than three days per month, indicating that the majority of hosts on Airbnb are likely to live in the homes they list on the platform. When considering only those more 'intensive' short-term lets – for example those let for 90 nights or more per year – the proportion drops even further to 0.17% of the housing stock.

This study assessed 318 local authorities and found that in two thirds of these local authorities, entire homes listed as short-term lets on Airbnb account for less than 0.5% of total dwellings.[5] There are only 25 local authorities with more than 2% of total dwellings listed on Airbnb. Therefore, it is unlikely that listings on Airbnb have had anything more than a marginal impact on the supply of housing available to rent or buy in the UK.

Figure 3: Proportion of active listings as a proportion of total dwellings in UK, 2022

Source: EY analysis

[5.] In the housing affordability analysis, listings data is filtered for entire homes only, i.e., excludes private rooms because these are unlikely to impact the availability of housing stock for long-term residence.

Box 2: One short-term let listing does not always equate to a property 'lost' from the long-term rental market

Understanding the role of short-term letting within the housing market requires considering the complexity and context of the hosting activity. There are two main types of hosting activity:

1. Occasional hosting activity in one's own home (either use of the entire home or a private room within a home).

2. More intensive forms of hosting, for example, where listings are hosted for 90 nights or more per year.

Airbnb bookings data shows that the majority of hosts are doing this occasionally. They may live in the homes that they list on the platform, which means they are unlikely to have any impact on housing supply. Airbnb hosts are also diverse, including homeowners, property managers and even some renters who share their space with the permission of their landlords.

Key finding 3

Across the vast majority of areas studied, there is no relationship between the growth in listings on Airbnb and the increase in housing costs.

Where a correlation between Airbnb availability and housing costs exists, statistical modelling suggests that the impact on both rents and house prices is marginal.

To estimate the tangible impact of Airbnb availability on housing affordability, the analysis considers a counterfactual scenario comparing the presence of short-term lets on Airbnb to a situation without them. For rentals, the modelling indicates that short-term lets on Airbnb account for just 0.6% of total rental payments. Regarding house prices, short-term lets on Airbnb account for just 1.1% of the level of house prices in 2022. Averaged across all households, the estimated impact of Airbnb on housing costs is £8/month.[6]

The GVA impact outweighs any impacts on housing in every country, region and local authority, including those where there is a relationship between Airbnb availability and housing affordability.

Breaking down the drivers of housing affordability from 2015 to 2022, the modelling reveals that over 95% of the changes in rents and in house prices from 2015 to 2022 are attributed to other factors unrelated to the growth in short-term letting on Airbnb, with most of it accounted for by rents or house prices simply rising in line with average incomes and inflation.

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6. This figure is the weighted average across rents, mortgage holders and those who own their homes outright.

Figure 4: Decomposition of the cause of change in rents (2015–22)

Source: EY analysis

Over 95% of the changes in rents from 2015 to 2022 are attributed to other factors unrelated to the growth in short-term letting on Airbnb, with most of it accounted for by rents simply rising in line with average incomes.

Legend: ■ Total ■ Increase ■ Decrease
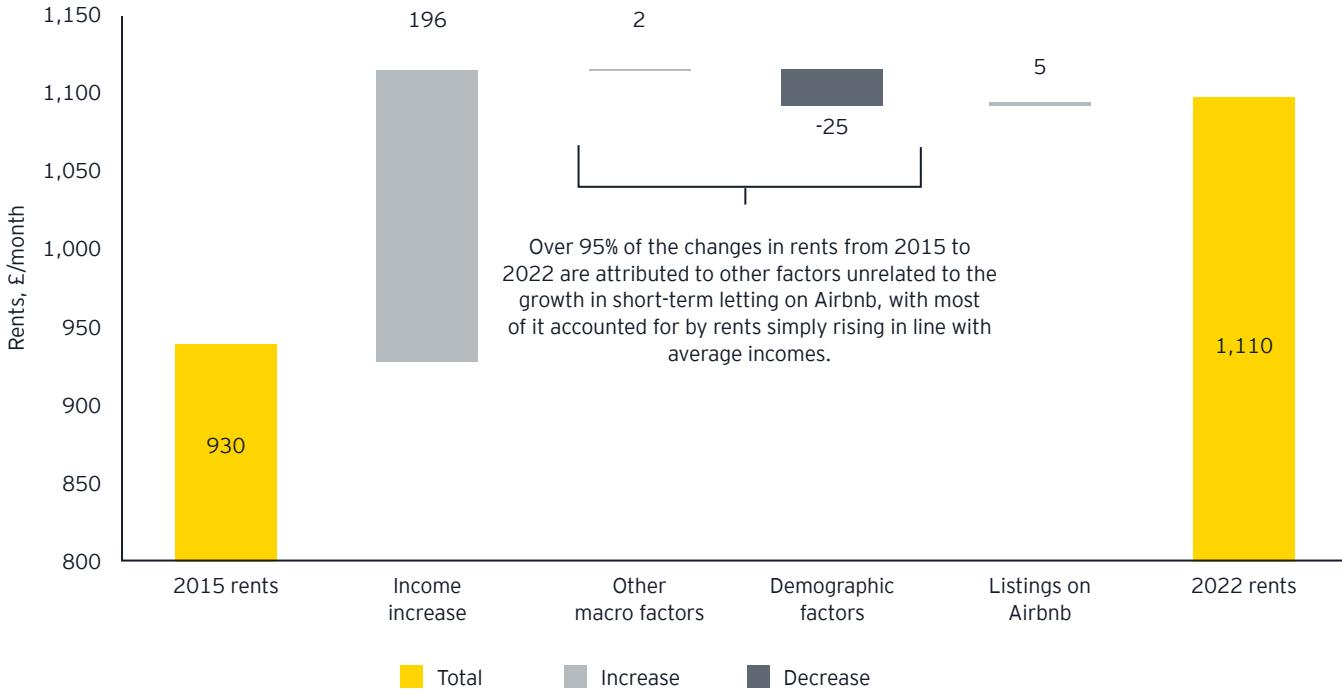
Figure 5: Decomposition of the cause of change in house prices (2015–22)
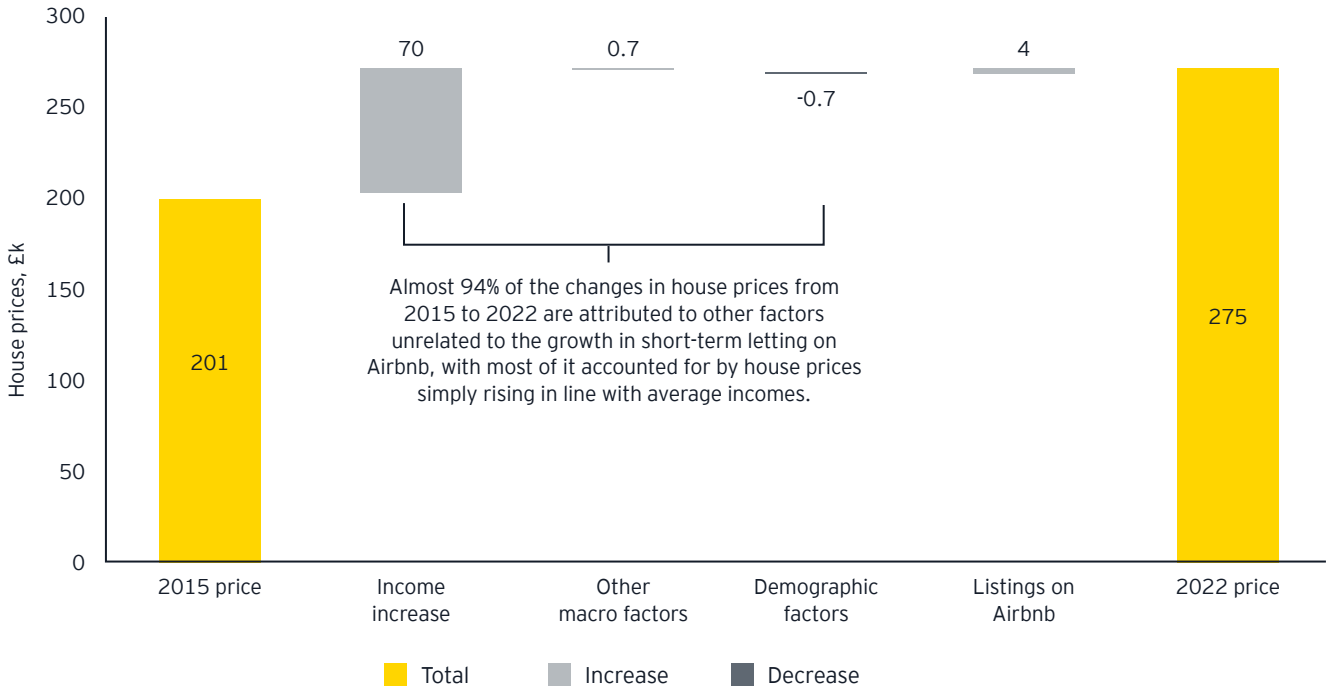
Source: EY analysis

Almost 94% of the changes in house prices from 2015 to 2022 are attributed to other factors unrelated to the growth in short-term letting on Airbnb, with most of it accounted for by house prices simply rising in line with average incomes.

Legend: ■ Total ■ Increase ■ Decrease

Overall, the economic benefits of Airbnb-linked travel in the UK exceed any related effects on housing costs in every nation, region and local authority.

Wherever there has been a rise in Airbnb availability and a decline in housing affordability, there has also been a strong beneficial impact on the local economy, as measured by the gain in local area GVA.

In other words, any observable decline in housing affordability is more than offset by the corresponding economic benefit. Case studies of 15 local destinations in the UK reveal that the five destinations that experienced an increase in house prices relative to incomes (i.e., regardless of what caused that increase) also saw the largest economic gains due to travel on Airbnb. Figure 6 below show that the five local destinations that have seen housing affordability declines have a ratio greater than two. Notably, areas such as Thanet exhibit an economic contribution exceeding 8 times any correlated decline in housing affordability.

Figure 6: Ratio of the economic contribution of travel on Airbnb compared with its impact on housing affordability for the 15 case studies (2015–22)
Source: EY analysis
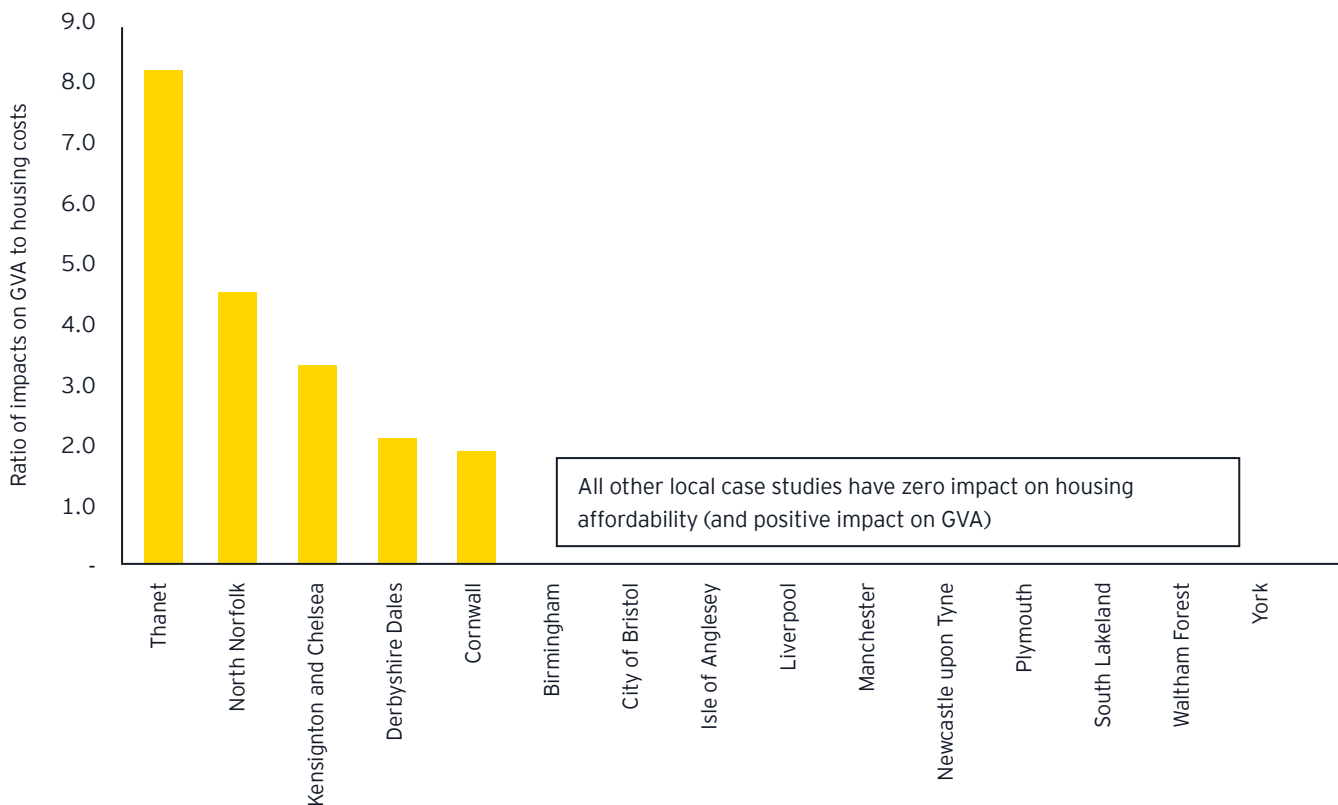
The economic benefit of Airbnb-linked travel is double any impact on housing affordability that could be related to listings on Airbnb.

Overall, the economic benefits of Airbnb-linked travel in the UK exceed any related effects on housing costs. Using GVA as a measure of household income, travel on Airbnb creates an estimated average economic gain of £17/month (£204/year) per household nationally in the UK. In contrast, Airbnb's impact on monthly housing affordability (i.e., rise in housing costs over and above the normal rise in proportion to rising incomes) in the UK is estimated to be £8/month just over half the GVA gain.[7]

In every nation, region and case study destination considered, the estimated GVA gain per household outweighs the impact on housing affordability that could be related to the growth of Airbnb.

Figure 7: UK economic contribution of travel on Airbnb compared with its impact on housing affordability, £/month per household (2015–22)
Source: EY analysis
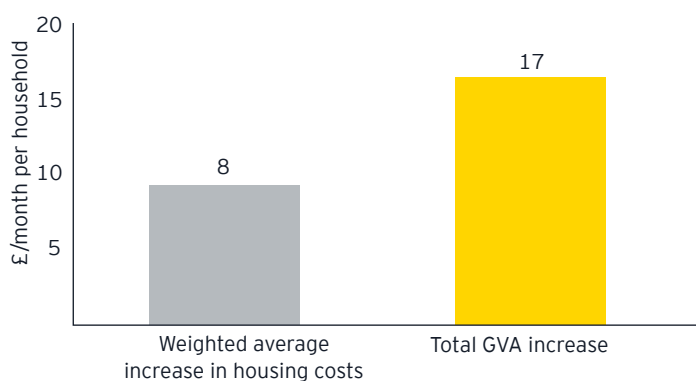
Policy insights

Given this analysis, the following insights are relevant for policy makers to consider:

1. There is a wide range of listings and hosting activity taking place on platforms such as Airbnb, and a wide variation in popularity and availability of short-term lets across local authorities. This context should be accounted for when policy measures are considered.

2. Restricting short-term lets, for example in holiday hotspots or traditional second home destinations, will not necessarily result in a greater supply of homes or better affordability because the majority of short-term lets on Airbnb are likely used as primary homes.

3. Even in the few locations where listings on Airbnb account for a greater proportion of the housing stock, attempts to limit short-term lets would cause a loss in economic activity that outweighs the impacts on housing affordability. This could be especially significant in areas where short-term lets have supported the dispersal and growth of tourism beyond the limited capacity of traditional tourism infrastructure.

4. The key action necessary to promote greater supply and affordability is facilitation of greater house building both in aggregate and in the supply of affordable homes.

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7. EY calculation of overall housing affordability impact from listings on Airbnb – weighting the impact on renters, mortgage holders, and owner-occupiers with no mortgage based on 2021 Census data from the ONS on households by tenure for each region of the UK. For renters the impact is the rise in rents, the impact on mortgage holders is the increase in house prices translated into monthly mortgage payments, and for owner-occupiers with no mortgage (and therefore no change in monthly housing affordability) there is no impact. Broadly, the split is one-third in each of the three groups.

4 Introduction

4.1 Background and objectives

Introduction

Airbnb was born in 2007 when two hosts welcomed three guests to their San Francisco home and has since grown to over five 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 more authentic way.

Airbnb is a key part of the UK's tourism economy, facilitating significant tourist and guest spend, including in sectors, such as accommodation and food services, retail and leisure, and transport.

The popularity of hosting and travel on Airbnb in the UK has grown considerably in recent years. Anyone can host on Airbnb, provided they have the necessary permissions and comply with any legal or regulatory requirements. Most hosts on Airbnb in the UK list one space and 40% of hosts say that the extra income helps them to afford their home.[8] UK hosts, on average, earn about £5,500 a year in extra income. This money directly benefits individuals, families and their local economies – ensuring that the benefits of hosting reach local people by supporting local businesses and jobs. The average listing is hosted just three nights per month.

Analysis of data from Airbnb shows that between 2015 and 2022, the total number of listings on Airbnb has increased almost five-fold. However, the number of listings on Airbnb is still very small in comparison with the overall UK housing market. Despite the relatively modest scale of activity, there has been criticism about the perceived impact of second home ownership and short-term lets on local housing market affordability in certain tourism hot spots in the UK.

Scope

In this context, Airbnb commissioned EY UK to provide an independent, quantitative assessment of the housing and economic impact of Airbnb-linked travel in the UK considering three geographic levels:[9]

1. **National:** the UK as a whole

2. **Regional:** each nation and English region within the UK

3. **Local:** 15 local destinations selected by Airbnb, across the UK regions[10]

Specifically, the objectives of the study were to carry out a quantitative assessment of the housing and economic impact of travel on Airbnb as follows:

▸ **Economic impact:** What contribution do hosts and guests on Airbnb make to the UK economy? How is the national impact distributed across regions and local destinations within the UK?

▸ **Housing impact:** What, if any, impact has travel on Airbnb had on supply and affordability in the UK housing market?

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[8] https://www.airbnb.co.uk/e/simpletruths
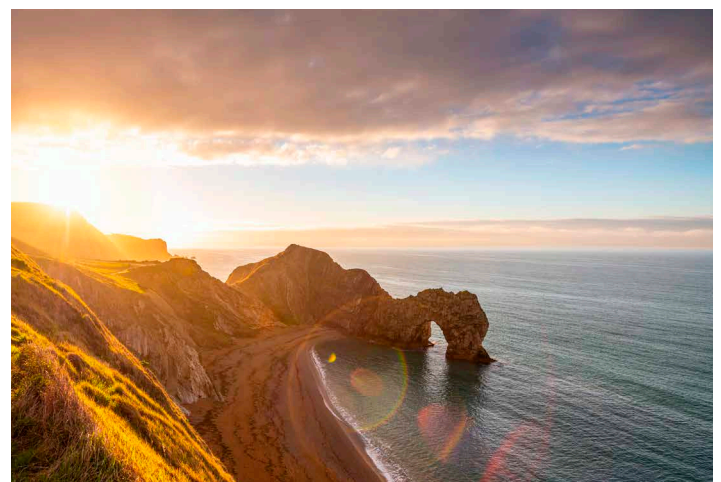
[9] The scope of this study is limited to the impact on housing affordability and the economic footprint as measured by GVA and jobs associated with travel on Airbnb. Other potential impacts of Airbnb, e.g., local authority revenues and distributional and environmental impacts, are out of scope.

[10] The 15 local destinations selected by Airbnb provides a diverse sample of locations across the UK, reflecting different characteristics and varying levels of listings.

Approach

To address the questions above, the following approach has been taken:

1 Current-state assessment of UK housing market	2 Assessment of Airbnb's economic contribution	3 Assessment of impact on housing affordability from travel on Airbnb	4 Integration of economic and housing impacts
Trends within the UK housing market have been examined to understand the underlying causes of supply and affordability challenges that predate the use of Airbnb and other short-term letting platforms. This provides critical context for the analysis in this report.	The economic contribution of travel on Airbnb has been assessed by measuring how spending by Airbnb guests results in economic growth and jobs in the UK economy, at national, regional and local levels.	Statistical analysis was undertaken to understand the drivers of changes in affordability in the UK housing market, including seeking to understand any impact the presence and growth of travel on Airbnb may have had on this change.	Housing and economic impacts were integrated to provide an evidence-backed, balanced view on how Airbnb impacts the UK economy and housing market.

The economic impact assessment was carried out using an Input-Output (IO) economic model, which uses inter-sectoral cost requirements to assess how increased activity in one sector (i.e., guest spend on accommodation and other activities) creates activity in other sectors in the economy because of expenditure on supply chains (indirect impacts) and supply chain employee spending (induced impacts).[11]

The housing impact assessment was carried out using an econometric model, a type of statistical analysis that estimates the sensitivity and statistical significance of the relationship between a variable (i.e., active listings on Airbnb) and economic outcomes (i.e., renting and house price affordability).[12]

Both the housing impact and economic impact assessments were carried out using data provided to EY UK by Airbnb on listings on the platform, alongside information collected by EY UK from publicly available sources, primarily the ONS — see Section 9.3 in the Appendix for a full list of data sources used).

Report structure

The rest of this report is structured as follows:

‣ **Section 5** provides an overview of the UK housing market and explores how the increasing use of short-term letting platforms like Airbnb fits within the broader context of challenges facing the UK housing market.

‣ **Section 6** provides detail on the methodologies used to assess both the housing impact and the economic impact.

‣ **Section 7** provides the results of the national, regional and local housing and economic impact assessments.

‣ **Section 8** draws on these findings to provide a holistic view of the impact that travel on Airbnb has on both the UK housing market and economy.

[11.] See Section 9.2 in the Appendix for the detailed housing impacts methodology.

[12.] See Section 9.1 in the Appendix for the economic impacts methodology.

5 UK housing market and the role of short-term lets

To carry out a quantitative analysis of the impact that travel on Airbnb has had on the UK housing market and economy, it is essential to understand the broader context of the UK housing market and short-term letting activity in the UK. As such, this section examines how the UK housing market has evolved since 2002 and addresses key supply and affordability challenges that pre-date the rise in popularity of short-term letting. Additionally, it explores trends in short-term letting activity, placing them within the wider context of the housing market.

5.1 UK housing market: trends over time

It is widely accepted that the UK housing market faces challenges. In particular, house building has fallen well below government targets in recent years, and the planning system is perceived to stifle the supply of new housing. Independent reports suggest that the shortfall in housing may be almost five million homes and this backlog cannot be met immediately and will require an effective housebuilding programme.[13]

As a result of this imbalance between supply and demand, affordability has become more challenging. Potential first-time buyers are struggling to get on the housing ladder with the deposits required for first-time buyers out of reach for the vast majority of renters, leading to much larger numbers of 24–35-year-olds renting than previous generations, a trend often referred to as generation rent. Moreover, the supply of affordable homes (at sub-market rents) has not kept pace with demand. This shortfall has led the median household in London, as well as lower-income households nationally, to spend more than 30% of its income on housing, which exceeds the ONS threshold for rent affordability.

5.1.1 Housing supply in the UK

Housing supply appears to have grown in line with household numbers – but the raw data may mask suppressed demand.

Figure 8 shows how total dwellings have increased in the UK between 2002 and 2022 (supply side) and how this has compared with growth in population and households in the UK during the same period (demand side).

Broadly, the growth in the number of dwellings has kept pace with growth in households. However, the number of households is also a reflection of the available housing supply, and this total may well be suppressed – that is, independent households may not be formed and counted as households because they do not live in their own separate dwelling (see House of Commons report below).

There are other factors that the aggregate data does not consider – these include a trend towards smaller household sizes (more single people), challenges with recording accurate population figures and a misalignment of areas with supply and demand – leading to an overstatement of effective supply.

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13. [Housing requirements: low-income and homelessness | Crisis UK.](#)

Figure 8: Total stock of dwellings, population and household in UK (2002–23)

Source: ONS
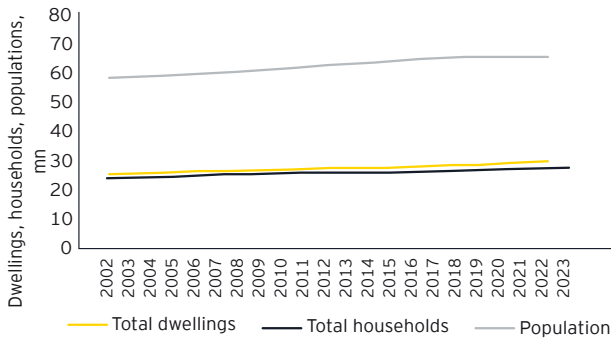
Since 2000, new housebuilding has consistently failed to meet government targets. Figure 9 shows that new builds have averaged around 150,000 per year since the year 2000, compared to the previous Government's target to build 300,000 new homes per year by the mid-2020s (which was officially introduced in 2019 but discussed for several years beforehand). Even peak years for new builds in 2007 and 2019 fell short of the current targets by more than 50,000 units. In fact, the previous Government's target level has not been achieved since the late 1960s.

Figure 9: Dwellings completed across UK nations (2000–23)

Source: ONS

It is important to note that government house building targets are based on forward looking population projections and changes in the demographic composition of the population. Therefore, there is no single consensus on the supply of housing needed for a given population size. A research paper by the National Housing Federation and Crisis estimated a current shortfall of approximately 4.75mn dwellings in the UK.[14] This estimate is based on households living in overcrowded accommodation or those who would prefer to live separately from the current household. Additionally, a recent House of Commons report reviewed the previous government's targets and drivers of shortages and agreed that there is a need for a robust and effective housing strategy.[15]

5.1.2 House price affordability

Home ownership has become less affordable.

Figure 10 shows the increasing expense of buying a home in England and Wales over the last 20 years. Between 2002 and 2023, the house price-to-earnings ratio in England increased from 5.1 to 8.3, an increase of 62%, whilst in Wales, it went from 3.7 to 6.0, an increase of 63%. Much of this rise occurred during the 2000s, prior to the Global Financial Crisis of 2008–09. Since then, the trend has been more modest but still rising in England, whilst stable in Wales.

This indicates an imbalance in supply and demand, with prices rising relative to incomes as demand outstrips supply.

Recently, affordability challenges have also been exacerbated by the largest rise in interest rates since the late 1980s, leading to higher mortgage interest payments for those on variable rate mortgages or needing to re-fix from a previously lower rate.

[14.] Housing requirements: low-income and homelessness | Crisis UK.
[15.] CBP-7671.pdf (parliament.uk).

Figure 10: Median house price to median residence-based earnings in England and Wales (2002–23)

Source: ONS
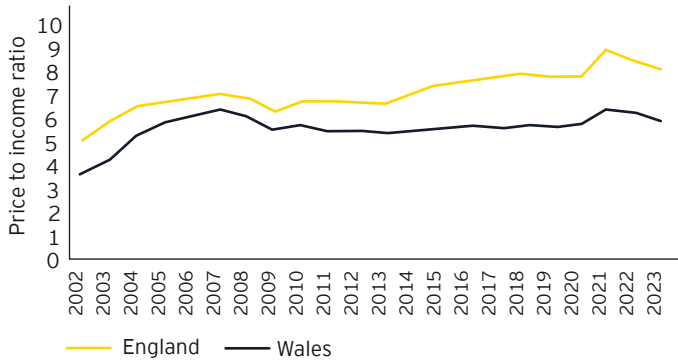
The age at which people are purchasing a property is also increasing. In 2009, about 60% of households that moved from private rent to home ownership were under 35, whereas by 2022, this percentage had fallen to just over 40%.

This is the so-called generation rent, where young people, often at the lower end of the income distribution, are less able to afford their own home. Of the 24–35 age group, 67% owned their home in 1991, falling to 51% in 2008-09, and falling further to 41% in 2021-22.

Figure 11: Proportion of households that are owner occupiers

Source: English Housing Survey
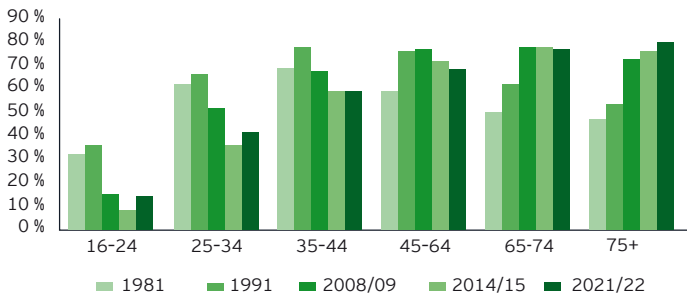
There are many reasons for the lack of homeownership amongst younger households, such as the high interest rates charged on secured loans in recent years, following the increase in Bank of England base rates, as well as the increase in property prices, which has made it difficult for younger buyers to afford the initial down payments.

At the start of 2022, when the Bank of England rate was 0.5%, the average effective interest rate on an average new fixed-rate mortgage was under 1.6%. The increases in base rates over 2022-23 would have increased the monthly cost of a 25-year mortgage on an average house worth £250,000 from £1,000 to £1,400 per month, an increase of 40%.

Figure 12: Effective interest rates on new mortgages (2022–24)

Source: Bank of England
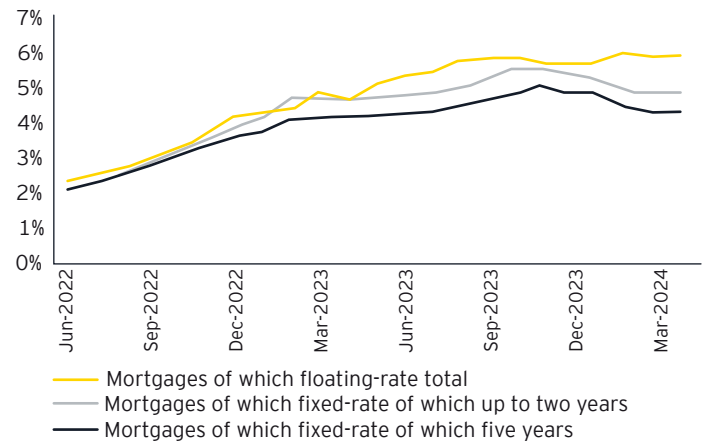
As house prices have risen, so has the size of deposit needed from first time buyers. According to Halifax data, the average first time buyer had a deposit of £54,000 in 2023, up almost 75% from £31,000 in 2013.[16] As a proportion of the average house price, this has slightly decreased from 21% down to 19% over the same period.

This deposit size is out of reach for most renting households. The Family Resources Survey estimates that over half of households currently in private rented accommodation have savings of less than £1,500. Only 20% of renting households have savings exceeding £10,000, and far fewer have the savings needed to meet the current deposit requirements. For many lower income households, this is even less achievable; within the most common income group − those with income between £400 and £600 per week − 68% of households have less than £1,500 saved, and only 10% have more than £10,000.

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[16]. halifax-first-time-buyer-report.pdf

Figure 13: Savings held by private renting households, by weekly income

Source: Family Resources Survey

Legend: No savings | Less than £1500 | £1,500 to £10,000 | £10,000 to £20,000 | £20,000 to £30,000 | £30,000 or more
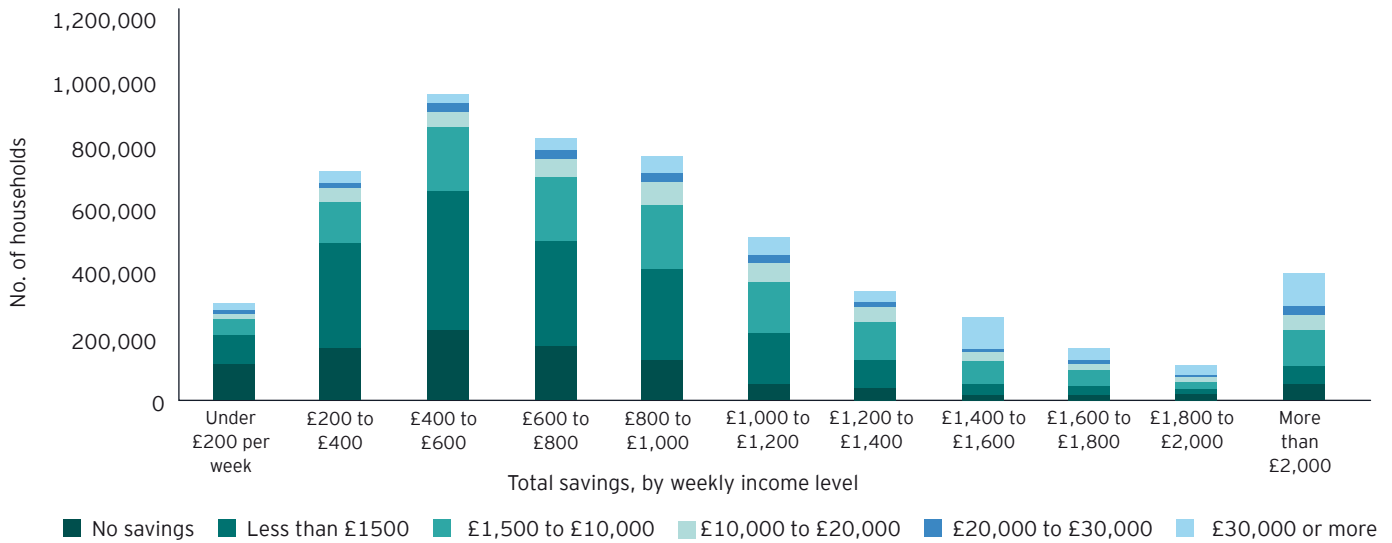
5.1.3 Rental affordability

Rents have not increased in real terms

Rents have increased considerably in nominal terms, but when adjusted for inflation, rents have actually fallen in real terms since 2011, suggesting improving affordability. However, this trend did begin to reverse between 2023 and 2024 as landlords passed on recent increases in interest rates and other costs (see Figure 14).

Compared to household incomes in the private rented sector specifically, rents have not become significantly less affordable. For England they have increased on from 25% to 26% of income between 2013 and 2022, whilst in Wales and Northern Ireland, they have fallen relative to incomes.

Despite this, rents may feel less affordable because the price of other necessities – such as utilities and food bills – has risen significantly, leaving less income available for housing costs. For example, between 2021 and 2023, utility prices doubled for the average UK household (although energy costs have now fallen back significantly), whilst food and beverage prices increased by 28%. This rise in the cost of essentials may have made rents feel less affordable, even if they were stable in real terms and relative to income.

Figure 14: Index of average rents in Great Britain (2011-24), Index = 100
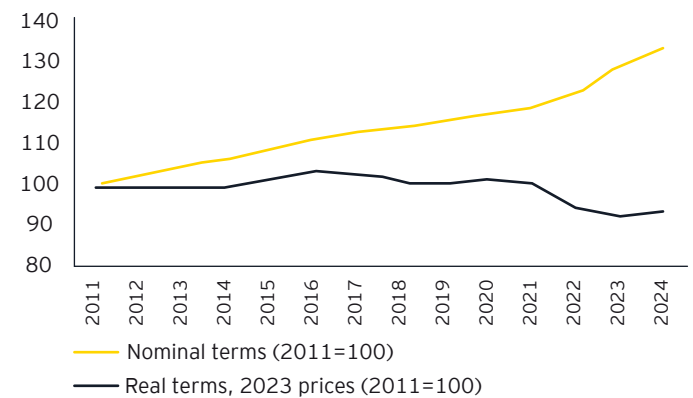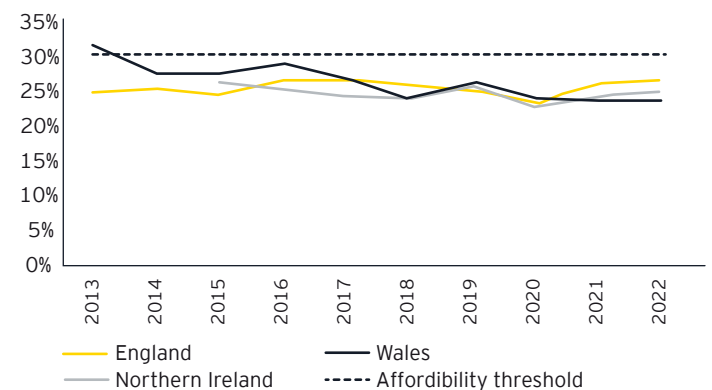
Source: ONS

Nominal terms (2011=100)
Real terms, 2023 prices (2011=100)

Figure 15: Rents as a proportion of rental household income (2013-22)

Source: ONS

England | Wales
Northern Ireland | Affordibility threshold

Aggregate statistics suggest there hasn't been a significant worsening of rental affordability, with rents remaining below the 30% of income threshold set by ONS for rent affordability. However, a closer look by region or income group reveals areas and demographics that are more stretched. Recent ONS data indicates that many regions are effectively at this threshold, whilst London exceeds It by 5 percentage points, meaning many households will be in accommodation that financially[17] overstretches them.

For the lower income quartile[18] in England, Wales and Northern Ireland[19], renters are paying more than 30% of their monthly income in rent. When considering other housing-related costs such as council tax, utility payments, and essentials like food and transport, these households likely have very little disposable income left for discretionary spending, especially those with dependents.

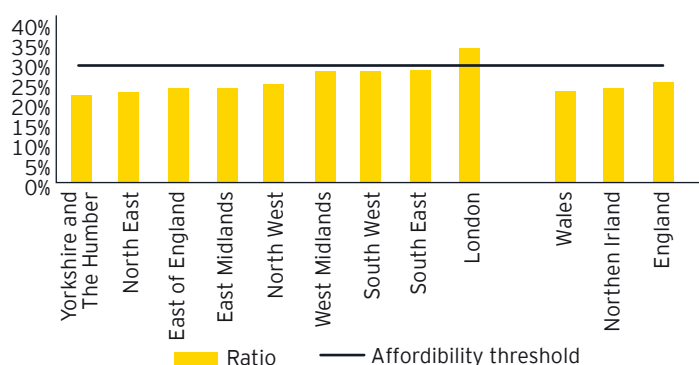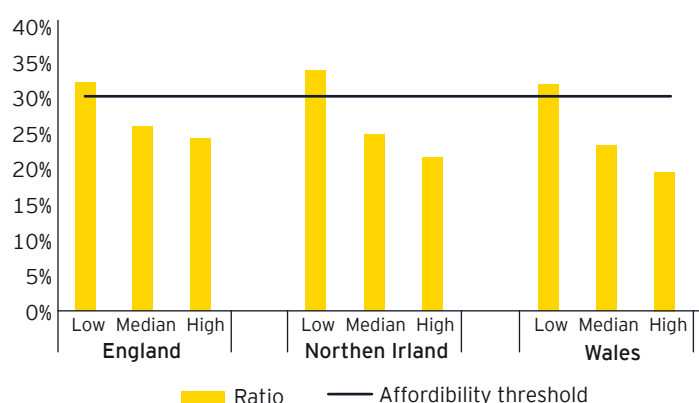**Figure 16: Rent as a proportion of income by region, 2022**
Source: ONS

Figure 17: Rent as a proportion of income by income quartile, 2022
Source: ONS

5.1.4 Second home ownership

Second homes existed before the growth of short-term letting platforms, including Airbnb.

Concerns around affordability and the prevalence of second homes are not new, especially in tourism hot spots where second homes are more common. Although historical data is very limited, the English Housing Survey estimates that around 300,000 English households had second homes in the UK in 2009, when short-term letting platforms like Airbnb were coming into use. This number grew by an average of 1.6% per year over the 13 years between 2009 and 2022 (Figure 18), a period characterised by historically low interest rates in the UK, making second homes more accessible to a broader segment of the population.

Despite this growth, the proportion of English households owning a second home has remained the same, and second homes account for just 1.7% of the total housing stock of 30 million.[20] More recently, the number of households with second homes in the UK has slightly declined, from 495,000 in 2019 to 482,000 in 2022. This suggests that the perceived 'holiday home boom' reported in the media during the COVID-19 pandemic is not supported by data.

The majority of respondents of the English Housing Survey indicated that their second home was primarily used as a holiday home, suggesting that it is unlikely that these properties will ever return to the long-term rental market.

Therefore, whilst the number of second homes has generally increased over time, the issue of second home ownership predates the growth of short-term letting platforms like Airbnb and remains a very small portion of the overall UK housing market.

Figure 18: Second homes in the UK owned by English households (2009–22)
Source: English Housing Survey

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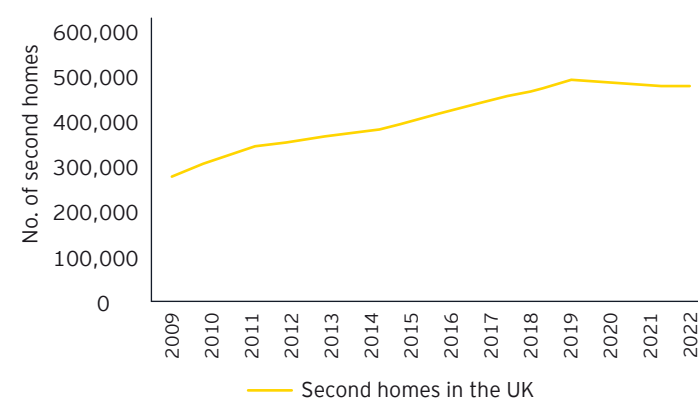
17. [Private rental affordability, England, Wales and Northern Ireland – Office for National Statistics (ons.gov.uk)](https://ons.gov.uk).

18. Measured at the 25th percentile.

19. An equivalent breakdown for Scotland is not readily available.

20. https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-second-homes-fact-sheet/english-housing-survey-2021-to-2022-second-homes-fact-sheet – English Housing Survey 2021 to 2022: second homes – fact sheet.

Additionally, some of the growth in second home ownership in the UK appears to be correlated with a decrease in the number of second homes held outside of the UK, with a significant decline from over 40% to just 30% of second homes held in Europe (see Figure 19).

Figure 19: Proportion of second homes by location (2008–22)
Source: English Housing Survey
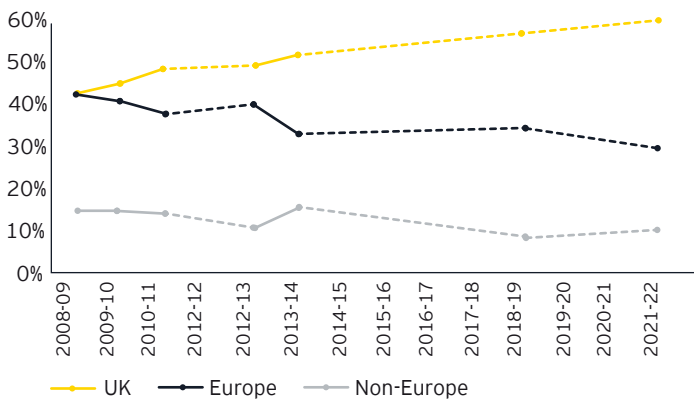
5.2 UK short-term letting activity and Airbnb in the context of UK housing market

UK short-term letting activity is concentrated in the South West and London.

A newly released quarterly ONS study of UK short-term letting activity, comprising data from Airbnb, Booking.com and Expedia Group, shows that, based on available data, there were nearly 1.9 million stays in UK short-term lets totalling nearly 18.1 million guest nights in Quarter 4 of 2023.[21] Coastal regions in the South-West of England, such as Cornwall and Devon had the highest number of active short-term lets, driven largely by their popularity as holiday destinations. London is also a key destination for short-term lets due to its status as a global city with numerous tourist attractions and business opportunities.

Airbnb has grown since 2015, but today, active listings on the platform still represent a very small proportion of total dwellings, and the majority of hosting activity is not full-time.

In aggregate, the number of listings on Airbnb compared with the UK's housing market remains very small. On average, less than just 0.7% of properties in the UK housing stock are active on Airbnb as entire homes to let. That figure only slightly increases to 1.1% when private room listings are included alongside entire homes (though private rooms are unlikely to have any impact on housing stock). The majority of short-term lets are not used intensively, with an average listing on Airbnb being let for fewer than three days per month, indicating that the majority of hosts on Airbnb live in the homes they list on the platform. When considering only listings on Airbnb that are hosted for 90 nights or more per year, the proportion drops even further to 0.17% of the housing stock.

Figure 20 orders UK local authorities by the number of active listings on Airbnb as a proportion of total dwellings. Out of 318 local authorities, two-thirds have total active listings on Airbnb, amounting to less than 0.5% of total dwellings, and there are only 25 local authorities with active listings on Airbnb greater than 2% of total dwellings. It is, therefore, unlikely that listings on Airbnb have had anything more than a marginal impact on the supply of housing available to rent or buy in the UK.

Figure 20: Distribution of active listings on Airbnb as a proportion of total dwellings by local authorities, 2022
Source: Airbnb

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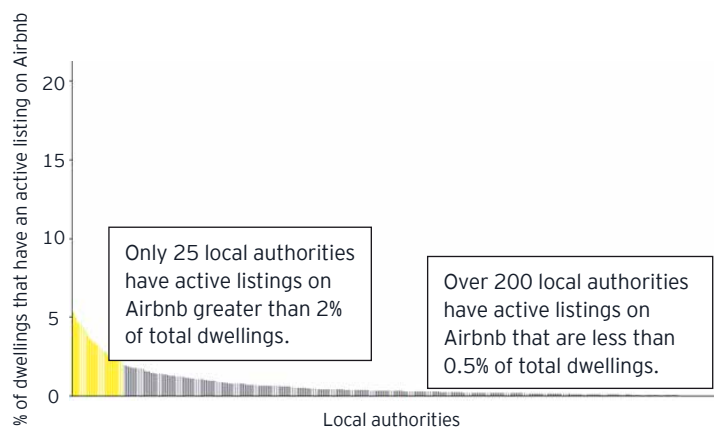
21. Including Vrbo, Expedia, Hotels.com, Orbitz, Ebookers, CheapTickets, Trivago and others.

Airbnb extends the benefits of tourism to new areas not well-served by traditional tourism infrastructure.

According to Visit Britain's Accommodation Stock Audit conducted in 2016, Greater London has approximately 2,600 hotels, with nearly 40% located in tourist hotspots such as Westminster and Kensington and Chelsea.[22] In contrast, listings on Airbnb are much more widely dispersed beyond these traditional tourist areas. Areas such as Hackney and Waltham Forest are amongst the top areas in London for listings on Airbnb but have the fewest hotels. This adds value to the local economy by attracting guests to a broader range of neighbourhoods (Figure 21). This broader distribution of short-term lets helps to disperse visitors to a more diverse range of destinations, alleviating pressure on popular areas whilst fostering economic benefits in less-frequented areas.

Figure 21: Distribution of hotels vs. distribution of listings on Airbnb in Greater London, 2022

Source: Visit Britain data, EY analysis

Hotels

Listings on Airbnb

High

Low
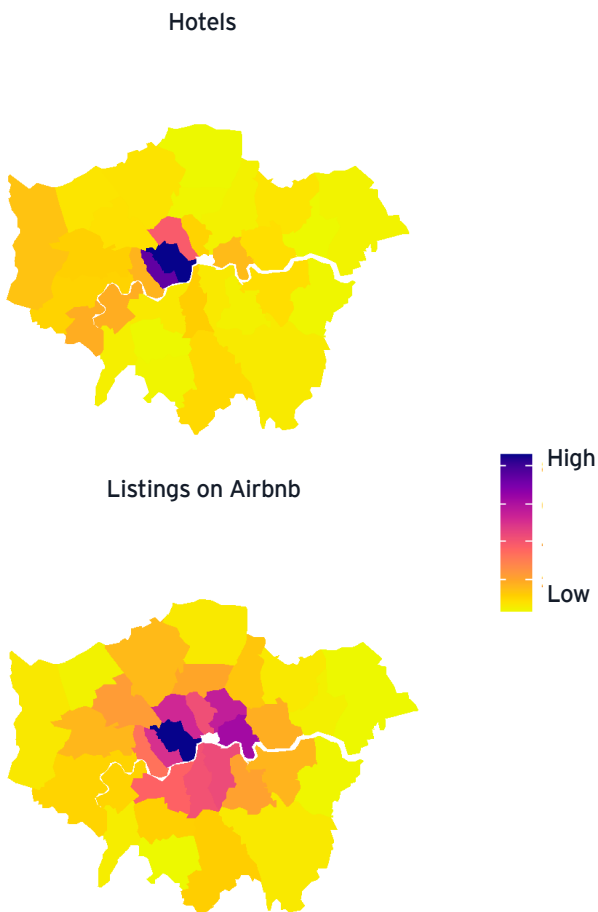
5.3 Summary

The current and historical analysis of the UK housing market in this section shows that, at an overall level, the UK housing market faces both supply and affordability challenges. The analysis also shows that short-term letting activity takes place in properties making up a small percentage of the overall UK housing market – and Airbnb is only one, albeit a major player, facilitating short-term stays. Hence, active listings on Airbnb are unlikely to have had a significant impact on the supply and affordability of homes in the vast majority of local authorities in the UK.

This finding sets the context for the statistical analysis of Airbnb's alleged impact on affordability as part of the broader economic and housing economic impact study. The approach and results of this study are set out in the following sections.

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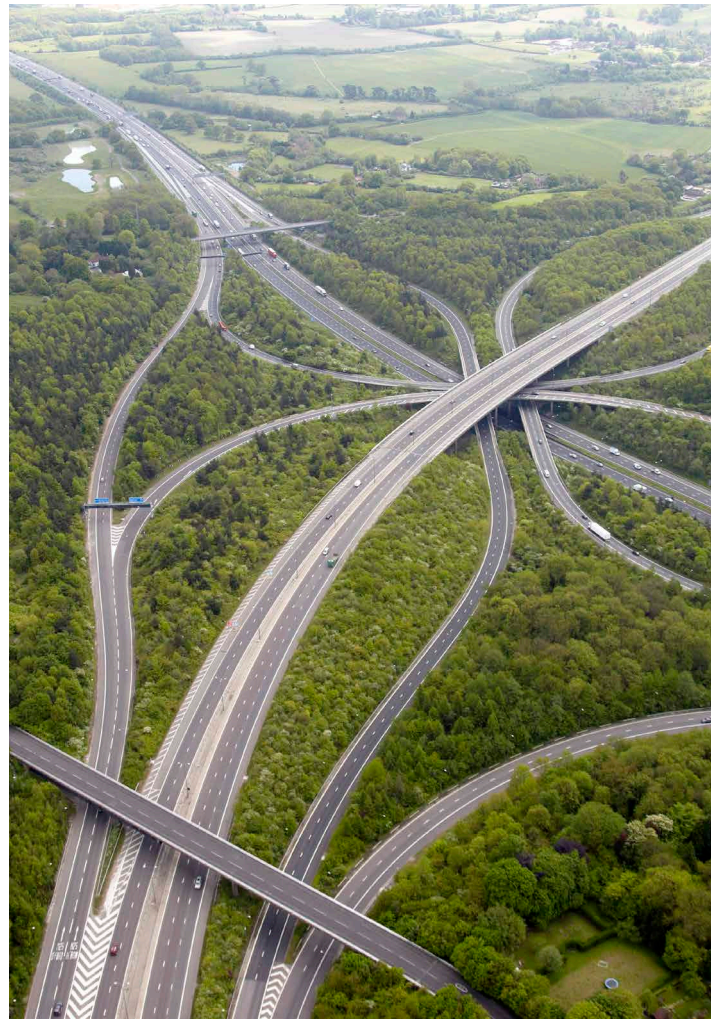
22. https://www.visitbritain.org/research-insights/england-accommodation-stock-audit – Visit Britain England Accommodation stock audit measures the volume, type and category of accommodation across England.

6 Travel on Airbnb: economy and the housing market

This section outlines the approach to the economic and housing impact assessments. The methodology for the housing impact study employs a well-respected statistical approach commonly seen in academic studies. We have detailed the methodology to ensure transparency and clarity. This is followed by a concise guide to the economic impact methodology, which is more commonly understood outside academic circles.

6.1 Estimating the housing market impact

There is a large number of factors that can impact housing affordability.

In aggregate, at a national level housing, affordability will be impacted by a large number of macroeconomic and demographic factors, as set out in Section 5.

- For example, changes in house prices reflect demand conditions in the economy, largely determined by income growth, as well as intangible factors such as consumer confidence.

- The supply of properties, both in aggregate and the supply on the market for transactions at any one time, will also affect affordability. As set out in Section 5, inadequate new housing supply has long been a problem in the UK, leading to an upward trend in house prices.

- In addition to changes in house prices, mortgage affordability is significantly affected by mortgage rates –

for example, the rise in mortgage rates over 2022–23 led to an average increase in monthly mortgage payments of over £200/month for a household coming off a previous fixed-rate mortgage.

- Mortgage rates, in turn, reflect the Bank of England's base rate – e.g., average mortgage rates for a two-year fixed rate at 75% LTV rose from 1.2% to 6.2%, and sometimes mortgage rates move in anticipation of forthcoming changes in the base rate.

- Similarly, in the rental market, demand (household incomes) and supply conditions determine affordability, and supply is also impacted by the returns available on the investment compared to the returns available on other asset classes.

These macroeconomic and structural factors are likely to dwarf any impact of short-term lets on affordability in aggregate. However, with only a short window of Airbnb data over 2015–22 available, there is not enough data to model an aggregate national impact. Instead the modelling uses the disaggregated data across 318 local authorities to estimate the impact of listings on Airbnb on housing affordability.

To properly test the relationship between short-term lets on Airbnb and housing affordability, formal statistical models have been developed.

These models examine changes across local authorities over time, comparing housing affordability (e.g., rents relative to incomes) against Airbnb availability (defined as active listings on Airbnb as a proportion of total dwellings).

For owner-occupiers, the modelling focuses on house prices relative to incomes, as mortgage payments have been distorted by the rapid changes in interest rates since 2022, which could otherwise skew the analysis.

The raw data suggests few areas where affordability and Airbnb availability are correlated.

The starting point for statistical modelling is always the raw data. Figure 22 presents this as a scatterplot, showing the change in rents compared to the change in Airbnb availability across 318 local authorities in the UK.

The listings data is filtered to include only entire homes, excluding private rooms, as these are unlikely to impact the availability of housing stock for long-term residence.

The raw data suggests that, in the vast majority of local authorities, short-term letting activity on Airbnb is unlikely to have had any significant impact on affordability: either the increase in Airbnb availability has been low, or the change in rents has been minimal.

There are only eight local authorities out of the 318 considered where Airbnb availability has increased by more than 0.5% from 2015 to 2022, and rents have increased relative to incomes. Even in these areas, the change in rental affordability is small – typically less than 0.1 percentage point. These local authorities are Cotswolds, South Hampshire, North Norfolk, Bath and North East Somerset, Isle of Wight, Thanet, Dorset, and Canterbury.

Building on the scatterplot analysis, formal statistical models add controls to test for a statistical relationship between listings on Airbnb and housing affordability.

The statistical models quantitatively assess the strength of any relationships evident in the raw data shown in the scatterplot analysis. Differences across the 318 local authorities in the study and changes within these local authorities from 2015 to 2022 are combined into a rich dataset of over 1,000 data points.[23]

Figure 22: Scatterplot of change in active Airbnb listings (filtered for entire homes) as a proportion of total dwelling vs. change in rents (2015–22)
Source: EY analysis

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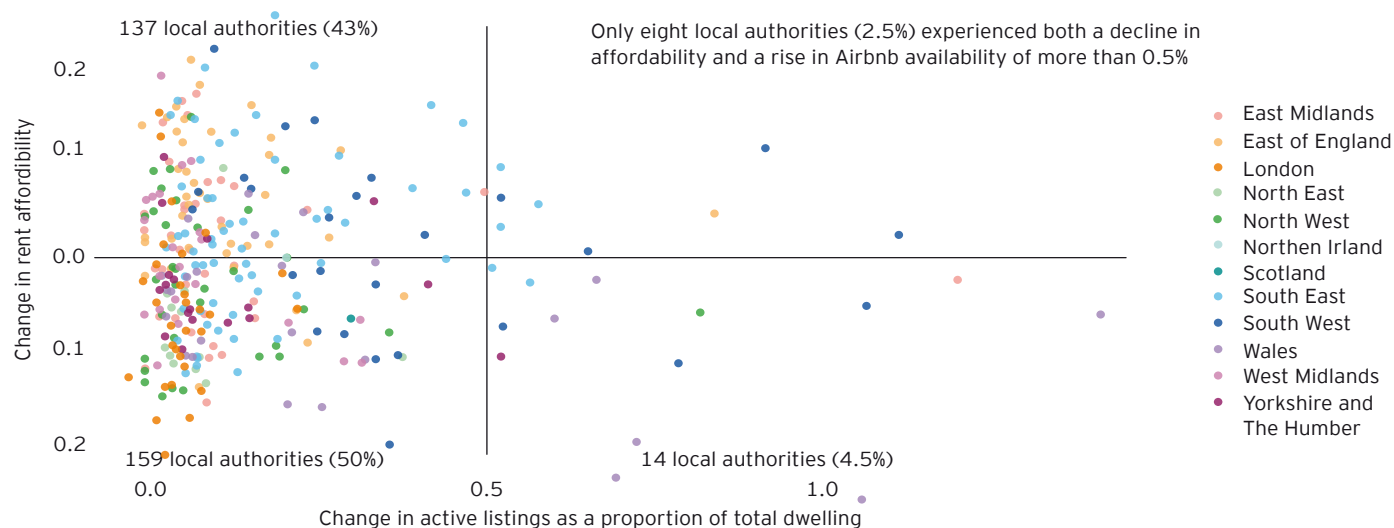
23. Timeframe of analysis is 2015 to 2022 because ONS local authority data only goes up to 2022.

Box 3: Desirability of locations and the increase in rents or house prices

The statistical modelling accounts for inherent differences across the local authorities. For instance, a desirable local authority may see more listings on Airbnb due to its popularity amongst tourists, alongside higher housing costs driven by its high desirability as a place to live. This ensures that the model accurately reflects the unique characteristics of each local authority in the UK.

However, although the modelling approach is designed to control for innate differences in local authorities, such as the desirability of a local area, it is possible that part of the impact attributable to Airbnb is a reflection of changes in desirability over the period of the modelling (2015–22), which leads to parallel increases in listings on Airbnb and increases in rents or house prices.

Controls for demographic factors (e.g., changes in the number of students and retired households) and economic factors (e.g., changes in the local area unemployment rate and in education attainment levels) are then introduced. This methodology is similar to recent academic studies on the impact of short-term rental platforms, such as Garcia-López et al. (2020) in Barcelona and Franco and Santos (2021) in Portugal. (See Section 9.2 in the Appendix for a full list of controls used and a literature review). Note that some data that would be expected to impact house prices nationally are not included in this modelling, for example, interest rates, because they apply equally to all local authorities and therefore would have no impact in this type of modelling, which is based upon differences between local authorities.

The statistical modelling focuses on entire home listings, excluding single-room listings, as these could not impact the supply of housing, and so would have no impact on affordability. The modelling also excludes local authorities with Airbnb availability below a certain threshold, which eliminates irrelevant data from areas with very few properties listed on Airbnb. This approach ensures a clearer understanding of the relationship between Airbnb availability and housing affordability, and is considered good practice in statistical modelling of this type.

Box 4: Listings on Airbnb split by number of guest nights

Airbnb data reveals that most UK hosts have only one listing, with entire homes typically let for fewer than three nights per month. For this report, no distinction is made between listings used as the host's primary residence and those that are not, as occupancy rates alone do not provide sufficient information. For instance, it is possible that a host might rent out their primary property when away or use it as a full-time rental property.

To help focus our analysis on the potential impact of active listings on Airbnb on housing supply, we have assumed that hosts whose listings are let for 90 nights or more per year are not using the property as their primary residence. Airbnb has, therefore, categorised the data into listings that are let for fewer than 90 nights per year and those that are let for 90 nights or more per year.

Although there is no consensus on defining 'casual' or more 'intensive' forms of hosting, a similar threshold is applied in London, where a 90-night limit applies to residential properties being used as short-term lets. This is voluntarily implemented by Airbnb to support local government enforcement and therefore lent well to analysing Airbnb's existing data.[24]

For this report, we assumed that listings that are let for fewer than 90 nights per year are not primarily used for short-term letting and would not otherwise be available for rental or sale. Therefore, these listings are not expected to impact on either of the markets and have not been included in the estimated impact on housing affordability.

This distinction is crucial in formal statistical modelling.[25] Including listings rented very rarely can introduce unnecessary noise into the model and obscure the potential impact on housing supply. In line with the academic literature on short-term lets, our analysis focuses on 'intensive' short-term lets properties.

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[24]. Short term and holiday lets in London | London City Hall https://www.london.gov.uk/programmes-strategies/housing-and-land/improving-private-rented-sector/short-term-and-holiday-lets-london.

[25]. Although it is possible that a different threshold than 90 days – e.g., properties booked for the majority of the year – would be more meaningful to determine the impact on housing affordability, further analysis would be needed to assess the impact of using different thresholds for assumed full-time STL.

Estimates of the impact of Airbnb availability on housing affordability.

The statistical models estimate how changes in listings on Airbnb as a proportion of housing stock impact rental and housing affordability. Specifically, the model provides estimates of the **percentage change in affordability for every one percentage point change in listings on Airbnb relative to the housing stock**.

Sequentially, models have been tested for the impact of all listings on Airbnb, the impact of listings of fewer than 90 nights per year, and the impact of listings with more than 90 nights per year. The total listings on Airbnb and listings that are hosted for fewer than 90 nights per year both found no consistent and statistically significant impact on affordability for either rents or house prices. The data, therefore, indicates that only listings that are hosted for 90 nights or more per year could impact the housing market. This suggests that only listings used intensively as short-term lets – which may render them unavailable as a primary residence – may affect housing supply and affordability. According to internal Airbnb data for 2023, the typical listing on Airbnb in the UK is rented for fewer than three nights a month.

For listings on Airbnb that are hosted for 90 nights or more per year, the models find a statistically significant relationship at the national level, an increase in Airbnb availability as a proportion of total dwellings (which is several times larger than the actual increase seen) would lead to a small increase in the rent-income ratio and a slightly larger increase in house prices/income ratio.[26,27]

The actual impact depends on the actual magnitude and changes in Airbnb availability. As seen in Section 5.2, typically, less than 1% of housing stock in a local authority is actively listed on Airbnb, with listings that are let for 90 nights or more per year averaging only 0.17%. Consequently, the presence of properties listed on Airbnb remains marginal in many local authorities, resulting in minimal impact.

The modelling is sufficiently statistically robust to confirm there is an impact greater than zero. However, whilst the point estimate provides the broad scale of the impact, there is considerable statistical uncertainty around the precise size of the impact.
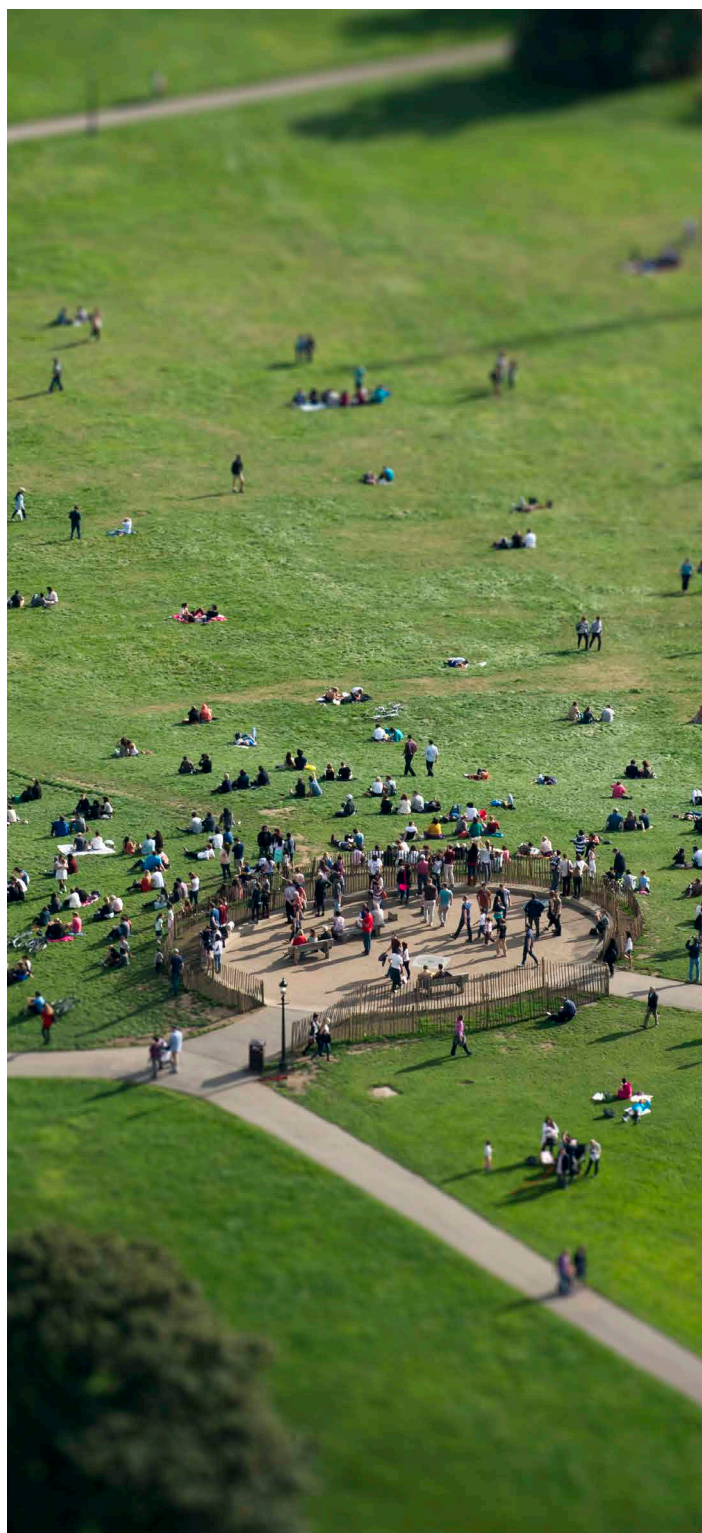
[26.] Meaning that we can be confident that the impact is non-zero.

[27.] Hypothetically a one percentage point increase in Airbnb availability, which in practice would be a five-fold increase for the average local authority, leads to a 3% increase in the rent-income ratio and a 6% increase in the house price-income ratio.

Regional and local level models

Building on the national level model, a similar statistical analysis has been carried out for Scotland, Wales, Northern Ireland, and each of the nine regions in England. These regional models examine the relevant local authorities within each region and help us determine if affordability at the regional level is more or less sensitive than the national average. The regional findings align with the national results: only listings that are let for 90 nights or more per year may be linked to changes in rent and housing affordability. Listings that are let for fewer than 90 nights per year do not show any statistically significant impact:

▸ Out of the 13 national and regional models analysing rental impacts, nine found a small but statistically significant impact on rents from listings hosted for 90 nights or more per year.[28]

▸ Only 1 out of the 13 models found any statistically significant impact from listings that are hosted for fewer than 90 nights per year, and this is likely a spurious correlation – e.g., desirable areas often have higher rents or house prices and are also likely to attract more listings on Airbnb due to increased visitor demand; hence housing costs could be rising independently of Airbnb.

The national and regional models use variations between local authorities to estimate the relationship between Airbnb availability and housing affordability. This method cannot be applied to a single local area as there is insufficient data – i.e., there are only 32 quarterly data points across the period of study (2015-22). Therefore, local area data on Airbnb availability is applied to the relevant regional (or national) model to estimate the localised impact of Airbnb availability on housing affordability.

For more details of the statistical modelling approach and a comparison with approaches taken elsewhere, see Section 9.2 in the Appendix.
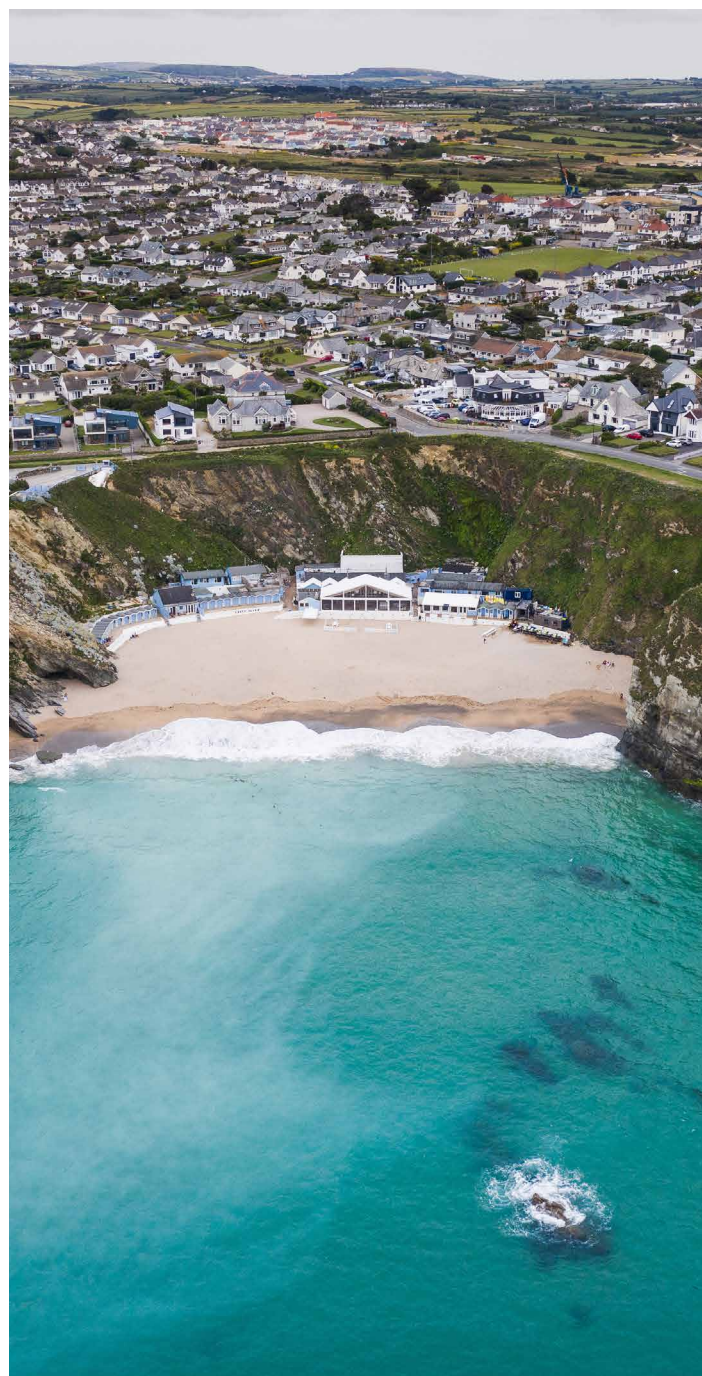
[28.] A total of 13 models were used in each of the rental and house price analyses: one for the national level, three for Scotland, Wales and Northern Ireland, and nine for the regions in England.

6.2 Estimating the economic impact

Airbnb guests' spending on their accommodation and on activities in the wider tourism industry generates economic impacts, which are principally measured by GVA and employment created.[29] These impacts can be classified into direct, indirect and induced, as below:

1. **Direct impact** is the value add of Airbnb guest spend. In other words, it relates to the operating profit made and wages paid by (i) Airbnb hosts letting out their property and (ii) businesses in sectors in the wider economy impacted by tourism, such as accommodation and food services, retail and leisure, and transport.

2. **Indirect impact** is the economic activity generated within the supply chains of the businesses that guests spend on.

3. **Induced impact** is the economic activity generated by employees of the wider tourism industries, spending their wages within the local economy. This supports local businesses and stimulates further GVA and employment in the region.

These economic impacts are quantified and calculated by deriving GVA and employment effects from the ONS's Input-Output tables updated to 2021. The key steps are to i) translate expenditure into GVA terms by netting off the expenses incurred in providing the goods or services – e.g., for Airbnb hosts net off costs paid to cleaners; and ii) apply the 'effects' stated in the ONS analysis to estimate the additional economic value add and employment generation from costs incurred in the supply chain.[30]

These assumptions relied upon for this study are detailed below:

▸ **Airbnb hosts**: Data on host earnings was provided by Airbnb. Intermediate costs of Airbnb hosts letting out their STL properties are derived from the latest available ONS weekly household expenditure survey. Cost items that are not directly relevant to short-term letting activity are filtered out to produce a list of costs that are considered relevant for Airbnb hosts.

▸ **Businesses in the wider economy**: The revenues earned by these businesses are sourced from an internal survey of guest spend run by Airbnb in 2023[31]. Estimated guest spend on visiting local tourist attractions, categorised within the retail and leisure sector, is sourced by previous EY tourism impact studies. The intermediate costs of the tourism businesses are based on an assumption from the 2021 Input-Output table. Each Airbnb guest spend sector – accommodation and food services, retail and leisure and transport – is mapped to a specific sector in the ONS' Input-Output table. The ratio of total intermediate costs to total output of the sector is used to determine the intermediate cost profile of these businesses.

[29.] GVA measures the value of goods and services produced by an economy. It is used here because it is a measure of regional, local or sectoral income that closely corresponds to GDP – summing GVA across regions or sectors would approximately equal GDP (less indirect taxes and subsidies).

[30.] The Input-Output methodology is a widely used and accepted methodology to carry out economic impact assessments. Limitations include that supply chain constraints are not assumed and that inter-sectoral relationships are assumed to be the same for each company within the sector.

[31.] The survey was conducted over the period of 1 January 2023 to 31 December 2023.

7 Results: economic and housing impacts

This section begins with an analysis of the impact at the national level, highlighting the economic benefit in terms of increased economic activity, job creation, and income, as well as the potential impact on housing affordability. The analysis is then conducted at the regional level to determine whether, in some areas, travel on Airbnb has a more significant impact. Finally, a detailed case study analysis is presented for 15 local authorities to provide a more localised perspective.

7.1 National level impacts

7.1.1 Economic impacts – GVA and jobs

GVA impacts: Tourism facilitated by Airbnb stays contributed £5.7bn to the UK economy in 2023.

Figure 23 below shows Airbnb's GVA impact in 2023, broken down by sector and type (e.g., direct, indirect, and induced). Across the UK, travel on Airbnb increased incomes for hosts, businesses in the tourism sector, and their suppliers.

The benefits are evident for hosts on Airbnb, who earned income from letting out properties[32], and businesses in the sectors that received guest spending – namely accommodation and food services, retail and leisure, and transport. This spending arises from both domestic guests staying at properties booked on Airbnb – i.e., those travelling within the UK and international guests from the rest of the world.

The majority of impact on the GVA from travel on Airbnb is attributed to direct impacts – i.e., for hosts, this includes the income they retain after deducting costs such as utilities, repairs and maintenance, cleaning and legal services. For businesses in the broader tourism economy, direct impacts encompass their operating profits and labour costs.

Moreover, the spending by businesses on local supply chains (indirect impacts) and employee spending on goods and services such as retail, food and drink, and supermarkets (induced impacts) also significantly contributed to the UK economy. This demonstrates that Airbnb's positive influence on the tourism economy extends across a wide range of sectors.

Figure 23: Total GVA impact of travel on Airbnb, £mn, 2023
Source: EY analysis

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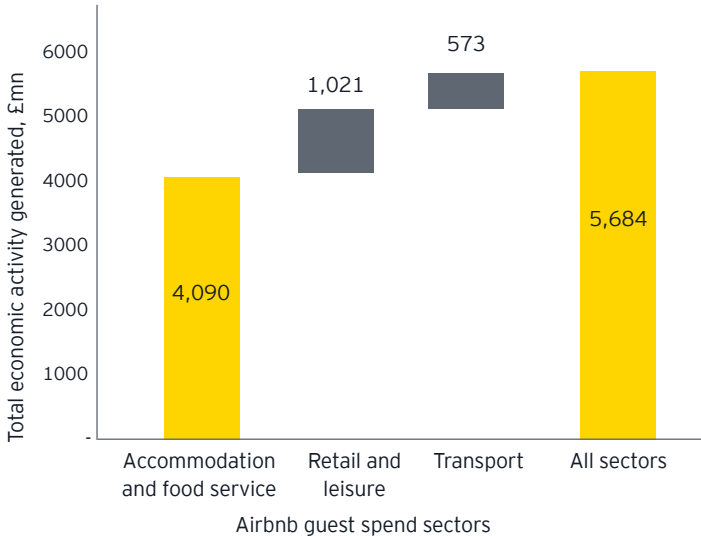
32. The income to hosts is net of Airbnb's service fee.

Employment impacts: Airbnb-linked spending supported 75,000 jobs across sectors in the UK in 2023.

Figure 24 below shows the sector split of the UK employment impact.

These jobs are supported in two ways:

1. Firstly, in businesses operating in the accommodation and food services, retail and leisure and transport sectors, which attract Airbnb guest spending (the direct impact).

2. Secondly, in the supply chains of these businesses (the indirect impact) and the wider UK economy as employees of these business spend their wages locally (the 'induced impact').

Some of these jobs are supported by hosts incurring running costs for property maintenance, such as cleaning, maintenance, repairs and other services. These jobs are typically lower-paid jobs, highlighting Airbnb's contribution to supporting the incomes of lower earners.

Jobs supported by spending in the accommodation and food services sector comprised over two-thirds of total employment. This reflects the relatively labour-intensive nature of the sector and how important tourism is for local businesses, such as restaurants, cafes, bars and pubs, which benefit from guests visiting both from within the UK and internationally, eager to sample local culture and cuisine.

This analysis excludes the income earned directly by hosts, which would be equivalent to over 9,000 FTE jobs if all hosts were self-employed in the short-term lets market.[33] In practice, most hosts run their Airbnb properties on a casual basis, providing a side income in addition to their full-time jobs.

Figure 24: Employment impact of travel on Airbnb in UK, No. of FTEs, 2023
Source: EY analysis

Employment supported by Airbnb guest spend on the accommodation and food service sector
48,886

Direct **29,571** (60%)
Indirect **12,936** (27%)
Induced **6,379** (13%)

Employment supported by guest spend on the retail and leisure sector
17,058

Direct **11,321** (66%)
Indirect **3,880** (20%)
Induced **2,357** (14%)

Direct **5,885** (60%)
Indirect **2,411** (25%)
Induced **1,518** (15%)

Employment supported by guest spend on the transport sector
9,814
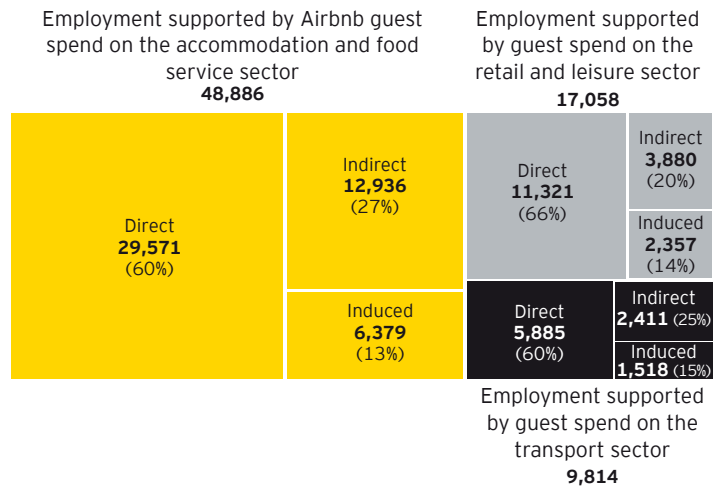
7.1.2 Housing impacts – rents and house prices

The estimated impact of Airbnb on rents is just £6/month, and the impact on mortgage payments (due to higher house prices) for new mortgage holders is £19/month.

Whilst most local authorities in the UK have seen rents increase since 2015, there is little apparent relationship with any increase in the number of listings on Airbnb. Statistical modelling, as reported in Section 6.1, confirms a weak statistical relationship between Airbnb availability and housing affordability, measured by the rents to income and house price to income ratio.

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33. This calculation of equivalent employment is based on the buying and selling, renting and operating of owned or leased real estate, including imputed rent sector from the UK Input-Output table. The equivalent employment estimate shows (i) the number of jobs this amount of income would support in this sector based on sectoral compensation of employees to employment ratios (broadly understood as salaries and wages per employee in the sector) and (ii) the employment supported in the wider economy if these employees spent a portion of their wages and salaries back into the local economy.

To estimate the tangible impact of Airbnb availability on housing affordability, the analysis considers a counterfactual scenario comparing the presence of short-term lets on Airbnb to a situation without them. The modelling indicates that the short-term lets on Airbnb account for just £6/month out of the average monthly rent of ~£1,100/month (2022 data, ONS local authority rental index, GB), representing 0.6% of total rental costs.[34] Looking at house prices, short-term lets on Airbnb account for just 1.1% of total house prices in 2022, and when translated to mortgage payments, accounts for £19/month. In context, the impact on mortgage repayments for new mortgage holders represents just 1.1% of the average monthly mortgage payments (£1660/month) on a new purchase (e.g., households that are trading up) – see Figure 12 in Section 5.1.2.

Between 2015 and 2022, UK average rents have increased by £170/month (from £930 to £1,100), and average house prices have increased by £74,000 (from £201,000 to £275,000). The model indicates that the increase in short-term lets on Airbnb over this period – i.e., the impact of Airbnb from 2015 to 2022, results in just under 3% of the total change for rents. For house prices, the model suggests that only 5% of the increase in house prices is related to the growth in short-term lets on Airbnb.

The primary driver of the increase in both UK rents and house prices since 2015 has been rising household incomes, in line with inflation.

Breaking down the drivers of housing affordability from 2015 to 2022, statistical modelling found that over 95% of the changes in rents and in house prices from 2015 to 2022 are attributed to other factors unrelated to the growth in short-term letting on Airbnb, with most of it accounted for by rents or house prices simply rising in line with average incomes.

A one-to-one relationship between incomes and rents is expected if affordability levels remain constant. Specific local factors influencing demand have also contributed, including reductions in local area unemployment, which drives up rents, and demographic changes, such as increasing student population and larger household sizes, both of which reduce net demand and affordability.

Figure 25: Decomposition of the cause of change in rents, 2015–22

Source: EY analysis
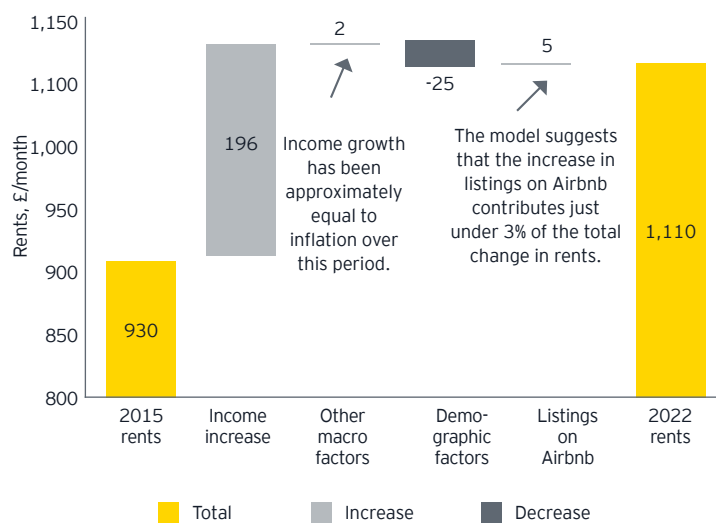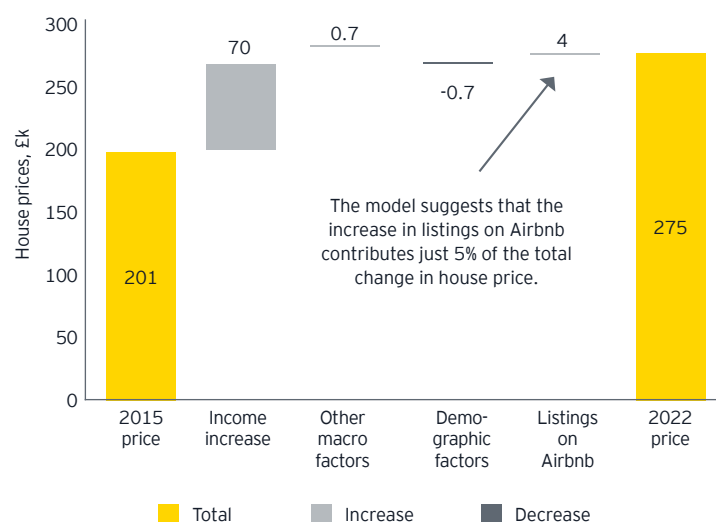

Figure 26: Decomposition of the cause of change in house prices, 2015–22

Source: EY analysis

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34. Private rent and house prices, UK – Office for National Statistics (ons.gov.uk). Latest ONS data for May 2024 £1,260 per month.

7.2 Regional level impacts

7.2.1 Regional economic impacts – GVA and jobs

GVA impacts: Travel on Airbnb contributed most to London, the South West and Scotland in 2023.

Figure 27 below illustrates the GVA impact of travel on Airbnb by region. Airbnb plays an important role in fostering economic growth and supporting jobs in regional economies, especially in regions where tourism is a key source of income for many businesses and households.

London experienced the highest GVA impact from travel on Airbnb in 2023, amounting to £1.5bn. This is driven by London's appeal as a major tourist destination for both domestic and international guests. The South West, featuring popular tourist destinations like Bristol, Cornwall and Plymouth, saw a substantial GVA contribution of £855mn from travel on Airbnb.[35] Scotland and Wales also benefited significantly, with travel on Airbnb responsible for £774mn and £354mn to their respective GVA.[36]

As detailed in Section 5.2, Airbnb extends the benefits of tourism to areas less served by traditional tourism infrastructure. Guests using Airbnb are increasingly likely to stay in neighbourhoods with fewer hotels, such as Hackney and Waltham Forest, compared with tourist hotspots such as Westminster and Kensington and Chelsea, where 40% of hotels in London are located. This dispersion of tourism helps generate economic benefits in a wider range of areas.

Households in London benefited most from Airbnb-linked tourism, and those in the South West, Scotland and Wales also received significant benefits

One way to assess Airbnb's regional GVA impact is by looking at the GVA generated per household. This measure divides the total GVA impact in the region by the number of households in the region based on data from the ONS.

The benefits at the household income level are crucial, as both affordability and GVA impacts translate into changes in disposable income, ultimately affecting families' quality of life. GVA impacts increase the income available to households

Figure 27: Airbnb total GVA impact by region, 2023
Source: EY analysis
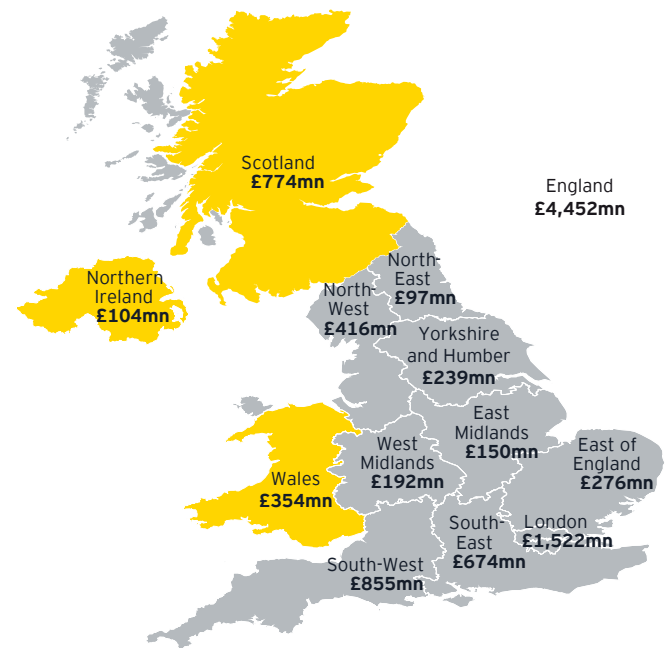
for spending on goods and services or saving. Conversely, any adverse affordability impacts would reduce the income available for households to spend on goods and services.

London benefited the most from GVA generated by travel on Airbnb, with nearly £37 of GVA per month per household. The South West, Scotland and Wales also received solid benefits of over £20 of GVA per month per household. Table 1 below highlights the diverse GVA impacts of travel on Airbnb across the UK regions.

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[35] This equates to 0.48% of total regional GVA.

[36] This equates to 0.44% of total regional GVA for both Scotland and Wales.

Table 1: Airbnb total GVA impact per household per month by region, 2023

Source: EY Analysis

Region	GVA per household (£)
UK	16.72
England	15.68
Scotland	25.51
Wales	21.67
Northern Ireland	11.14
London	36.70
South East	14.62
West Midlands	6.53
East of England	8.66
North West	10.90
East Midlands	6.09
South West	29.83
Yorkshire and the Humber	8.47
North East	6.81

London and the South West received the highest employment benefit from Airbnb-linked spending.

Figure 28 below illustrates how the UK employment impact was distributed across the four nations in the UK. England saw the most significant benefit from Airbnb-linked travel, reflecting guest stays and spending, with England accounting for 77% of stays in 2023 and 78% of guest spending, including income to hosts. Scotland also benefited substantially, with around 10,500 jobs supported by travel on Airbnb.

Direct impacts were responsible for most of the employment impact across nations. These figures exclude the 'self-employment' of hosts, as most hosts are 'casual' hosts with other employment. The jobs supported by Airbnb-linked spending included those in food and drink establishments, shopping and leisure activities, and transport. Some of these jobs are part-time, but travel on Airbnb potentially extends the tourism season, creating employment for longer durations.

Figure 28 also breaks down the employment impact of travel on Airbnb by the nine English regions. In 2023, London and the South West had the largest employment impacts,

accounting for 29% and 22% of England's total employment impacts, respectively. The employment impact in London is influenced by higher labour productivity, resulting in relatively fewer jobs supported per unit of GVA. In contrast, the South West's significant impact reflects its major tourist destinations and the region's higher dependency on tourism compared with London.

Figure 28: Total employment impact of travel on Airbnb by regions, 2023

Source: EY Analysis

7.2.2 Regional housing impacts – rents and house prices

Comparing across regions, the raw data suggests little correlation between Airbnb availability and housing affordability.

Regions such as London and the South Coast are generally the most popular tourist destinations, making hosting on Airbnb an attractive proposition for local residents. Consequently, Airbnb availability is highest in these areas, which might be expected to have a larger impact on regional housing markets. However, there is significant variation within each region, meaning the impact of tourist hotspots may be less noticeable when the region as a whole is considered. There is evidence that Airbnb has spread the benefits of tourism more evenly within regions, e.g., London listings on Airbnb are much more widely dispersed than traditional hotel accommodation, which is concentrated in Kensington and Chelsea and Westminster (see Section 5.2).

In nine out of 12 regions, the number of short-term lets on Airbnb is estimated to contribute less than 1% to total rents.

As with the national level analysis, the regional analysis builds on the raw data to create a statistical model that reflects innate differences across the region's local authorities and controls for other factors such as local area demographics and economics. In practice, this means a bespoke statistical model is developed for each of the English regions and for Wales, Scotland and Northern Ireland, each with a different relationship between Airbnb availability and housing affordability.

Figure 29 below shows how the potential impact of Airbnb availability on rents varies by region across the UK. The regional analysis confirms the national result that the impact of Airbnb availability on rents is generally very limited (as per Section 7.1.2, at the national level, it could account for 0.6% of the level of rents in 2022).

‣ In three regions, Airbnb availability has had no impact whatsoever on rents.

‣ In the six regions, the impact of Airbnb availability on rental affordability is estimated to be less than 1%.

‣ In Wales, Airbnb is estimated to have contributed to improved rental affordability. This negative relationship is expected to be due to:

  ‣ The use of properties as short-term lets on Airbnb, some of which may otherwise have been empty (e.g., as second homes), increases the efficiency and flexibility of the housing market, and that could reduce rents, thereby directly improving affordability.

  ‣ The fact that modelling identifies rents relative to income and the positive impact of Airbnb on tourism may be increasing incomes, thereby improving affordability indirectly.

Similarly, for house prices, the regional analysis confirms the national result that the relationship between Airbnb availability and house price affordability is very limited (as per Section 7.1.2, at the national level, it could account for just 1.1% of the level of house prices in 2022), see Figure 30.

‣ The scale of the potential impacts is greatest in the South West, South East and Wales, but even in these regions, they are small in comparison with the c.40% overall increase in house prices since 2015.

‣ There is no evidence of any impact of listings on Airbnb on house prices in Northern Ireland or Scotland.

‣ Overall, eight out of the 12 regional models result in an estimated impact on house prices of under 1%.

Figure 29: Rental impact of travel on Airbnb in the regions (2022)
Source: EY Analysis

Regions	Impact on rents		
South East	1.5%		100%
South West	1.2%		100%
Scotland	1.0%		100%
East Midlands	0.9%		100%
London	0.9%		100% UK Avg: 0.6%
North West	0.6%		100%
Northen Irland	0.4%		100%
West Midlands	0.1%		100%
Yorkshire and The Humber	No correlation found		
East of England	No correlation found		
North East	No correlation found		
Wales	⬆ Improvement in rent affordibility		

Figure 30: House price impact of travel on Airbnb in the regions (2022)

Source: EY analysis

Regions	Impact on housing prices
Wales	2.0% — 100%
South West	2.0% — 100%
South East	1.3% — 100%
Yorkshire and The Humber	1.2% — 100% — UK Avg: 1.1%
North West	0.7% — 100%
East Midlands	0.6% — 100%
West Midlands	0.6% — 100%
London	0.5% — 100%
East of England	0.2% — 100%
Scotland	No correlation found
North East	No correlation found
Northen Irland	No correlation found
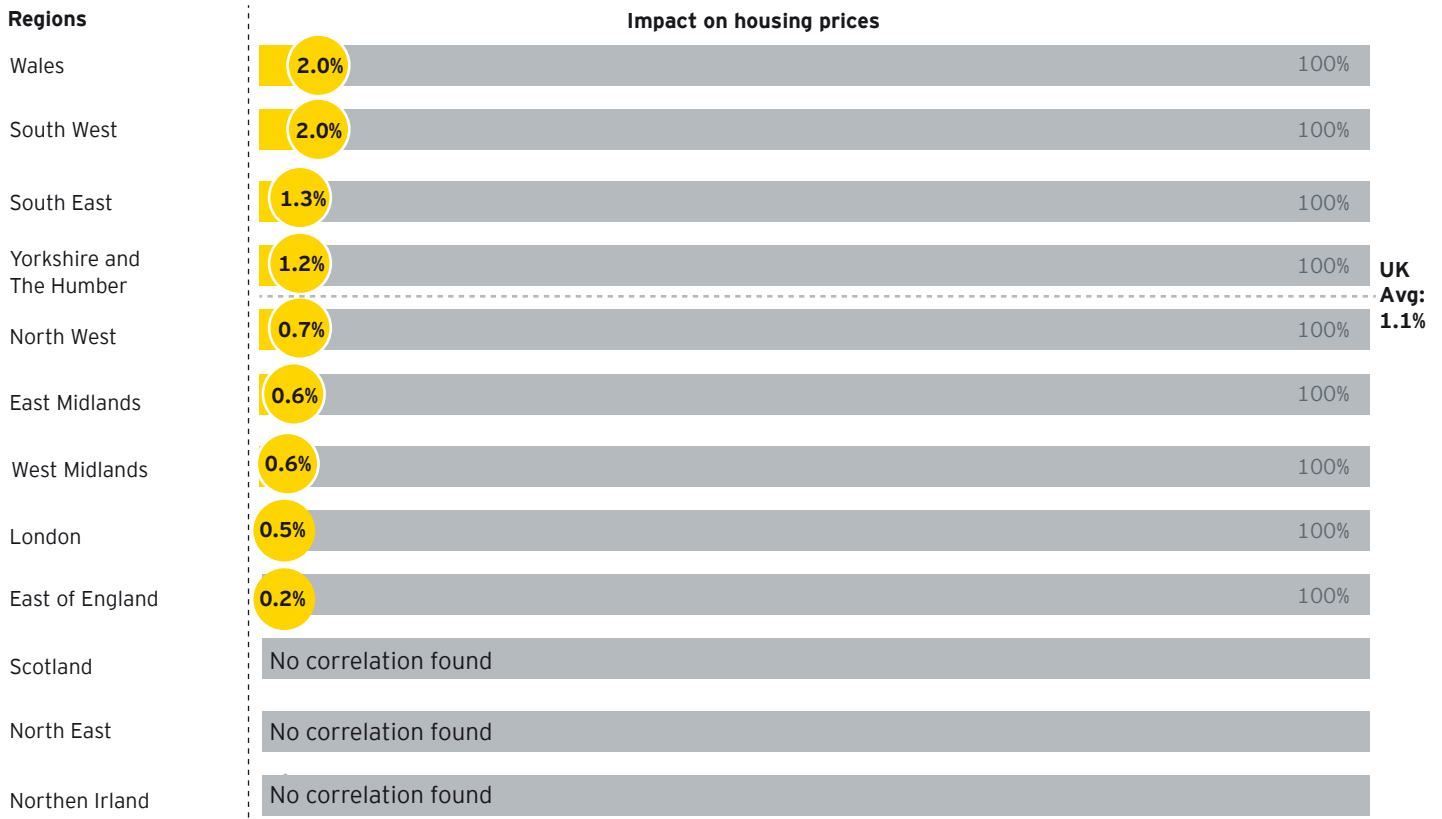
UK house prices have risen by 40% nationally since 2015, and the effect of Airbnb availability on this increase is minimal.

The primary driver of the increase in house prices has been rising incomes, which have boosted spending power and led to a greater willingness of banks to lend. This has resulted in longer-term mortgages and lower deposit requirements compared with the immediate aftermath of the Global Financial Crisis in 2010. Additionally, the lack of new builds has contributed to the rise in house prices by limiting the supply of available housing. Amongst all regions, London has seen the smallest increase in house prices, with prices actually lower after adjusting for inflation.

The COVID-19 pandemic has also influenced the housing market. With more people working remotely or in a hybrid fashion, demand has increased for more rural areas. Figure 31 below shows how house prices have changed since 2015 in each of the UK regions.

In this context, the changes attributable to listings on Airbnb are very modest.

Figure 31: Index of house prices (2015–24), Index = 100

Source: ONS
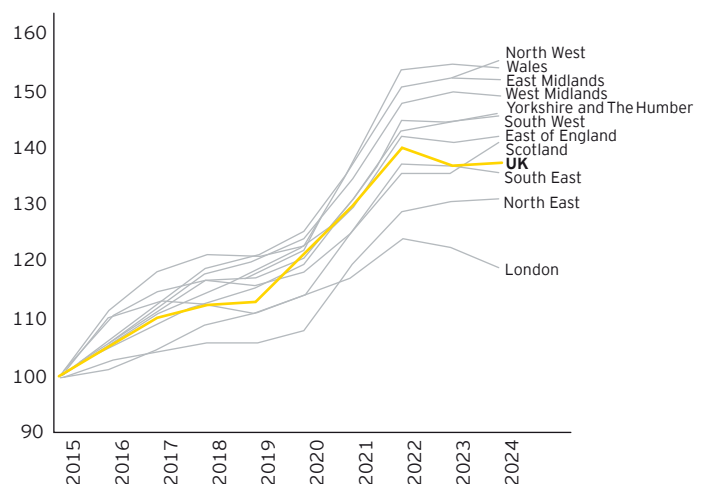
7.3 Local impacts: case studies

7.3.1 Economic impacts – GVA and jobs

Amongst the selected local destinations, Cornwall and Kensington and Chelsea received the most benefit from travel on Airbnb providing GVA for destinations.

Analysis of the 15 local destinations in this report shows that the GVA of travel on Airbnb and employment impacts are much larger in Cornwall and Kensington and Chelsea compared with the other local destinations considered, as shown in Figure 32 and Figure 33 below.

Cornwall, which is heavily reliant on tourism, received a GVA benefit of £222mn, whereas impacts driven by spending in Kensington and Chelsea amounted to £143mn. For Cornwall, in particular, this is vital to its local economy and community. Tourism is the biggest sector in Cornwall, supporting one in five jobs in a county that has a GDP per head of less than 70% of the national average.[37]

There is a material difference between labour productivities (economic output per employee) across the UK. As a result, Cornwall's GVA impact was 55% higher than Kensington and Chelsea but supported over twice as much employment.[38]

South Lakeland, Manchester and Liverpool also received substantial economic gains: each had a GVA impact of over £50mn and employment impact of over 900 FTE jobs.[39]

Figure 32: Total GVA impact of travel on Airbnb by local destination, 2023
Source: EY Analysis
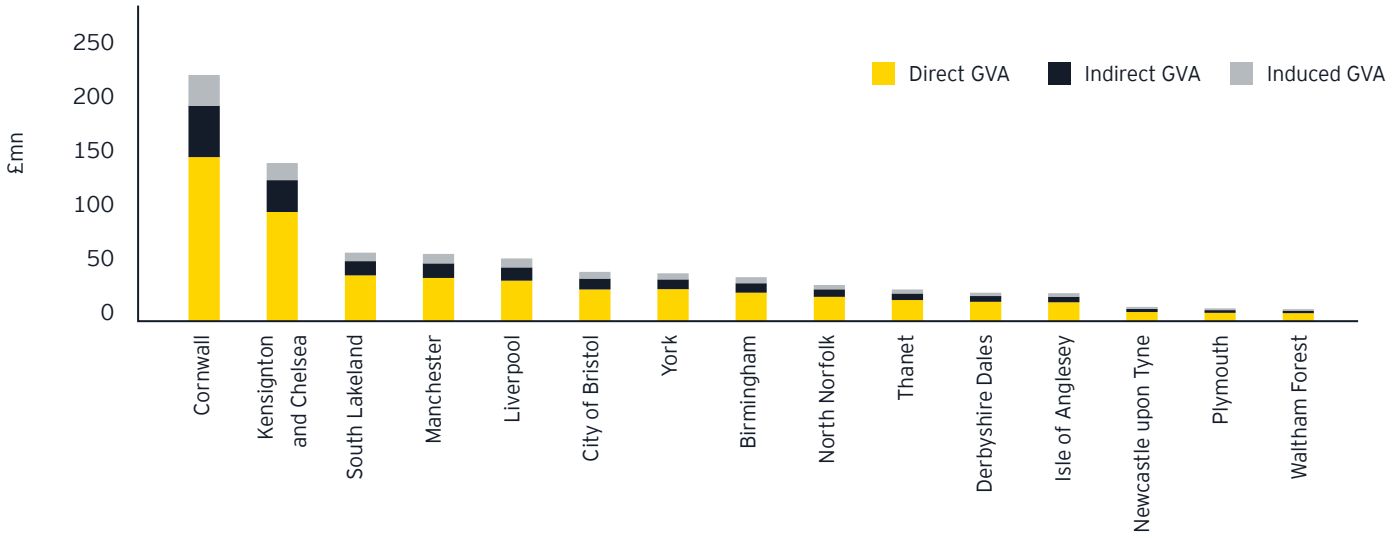
Figure 33: Total employment impact of travel on Airbnb by local destination, 2023
Source: EY Analysis

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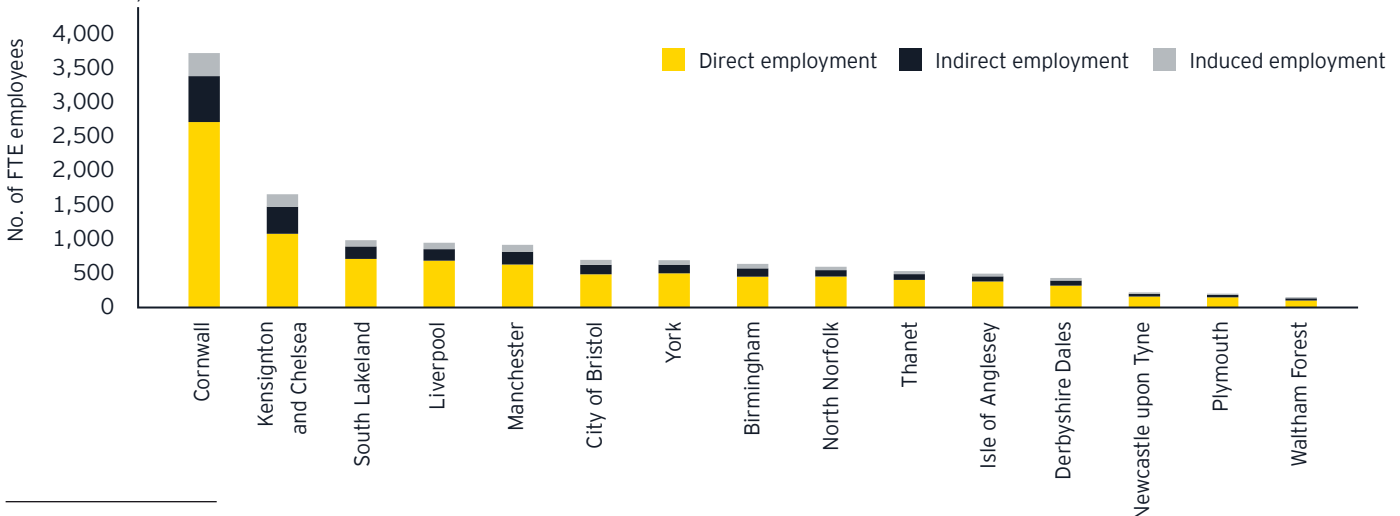
37. Local Government Association – https://www.local.gov.uk/case-studies/cornwall-supplying-skills-local-visitor-economy

38. This is reflected in the higher wages of workers in London relative to Cornwall and also all other regions in England.

39. The GVA and employment impacts have been calculated based on data on guest nights and spending on South Lakeland from Airbnb; available macroeconomic data allows for the calculation of multipliers for the local authority. This differs from the housing impacts, which have been calculated for the Westmorland and Furness unitary authority, as South Lakeland became part of the unitary authority in 2023, and the data required for the housing impacts requires the data at the unitary authority level.

7.3.2 Housing impacts – rents and house prices

Thirteen of the 15 local area case studies show that all of the changes in housing affordability are due to factors other than short-term lets on Airbnb.

Figure 34 below presents estimates of the possible impact of short-term lets (i.e., as measured by Airbnb availability) on the change in rents in each of the 15 case studies and relative to the overall change in rents seen in that local area. (The white space demonstrates how little impact Airbnb can have on availability.)

Of the local case studies, only two of the 15 selected areas show a correlation between growth in Airbnb availability and an increase in monthly rents relative to incomes. These are the tourist hotspots of Derbyshire Dales and Cornwall. These are also the local authorities where travel on Airbnb accounts for amongst the largest percentage share of the local economy (see Section 7.2.1), meaning that any impact on affordability is outweighed by a large positive contribution to the economy.

York may have experienced an improvement in affordability. This could be because listings on the Airbnb platform have enabled the use of properties as short-term lets that would otherwise have been empty for long periods or because it has led to an increase in the city's tourism economy, thereby improving local incomes.

Thanet and North Norfolk exhibit only a very marginal impact from Airbnb availability on rents.

No statistical relationship – i.e., no impact of Airbnb availability on rents – is found for the other ten local destinations.

Figure 34: Contribution of Airbnb to rental affordability (change in rents 2015–22)

Source: EY Analysis
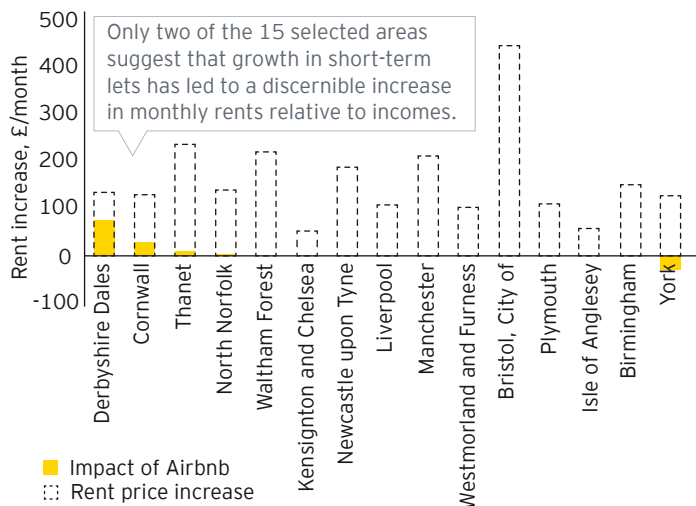
Only five local area case studies suggest there is any relationship between the growth in Airbnb and a decrease in house price affordability, and this is minimal.

Figure 35 below presents estimates of the possible impact of short-term lets (i.e., as measured by Airbnb availability) to the change in house prices in each of the 15 case studies and relative to the overall change in house prices seen in that local area.

As with rents, there is also a correlation between Airbnb availability and increases in house prices in Derbyshire Dales, Cornwall, Kensington and Chelsea, and North Norfolk.

York shows an improvement in house price affordability as it does in rental affordability, whilst Thanet shows only a very marginal impact.

In the other nine local area case studies, which are mostly large urban areas, there is no statistical relationship between the growth in short-term lets on Airbnb and the change in house prices relative to incomes.

As set out in the economic impact analysis of the local destinations above (Section 7.2.1), the areas that have seen the most impact on affordability are also amongst the destinations that received the greatest positive economic benefit from travel on Airbnb.

Figure 35: Contribution of Airbnb to housing affordability (change in house prices 2015–22)

Source: EY Analysis
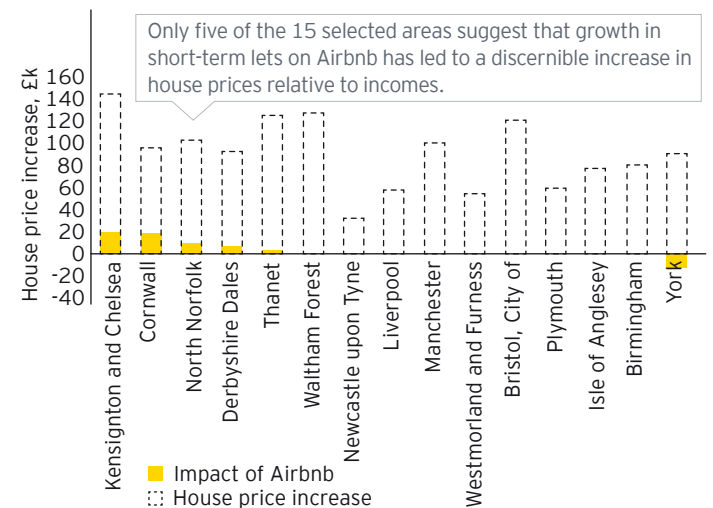
7.3.3 Economic and housing impact of travel on Airbnb in London
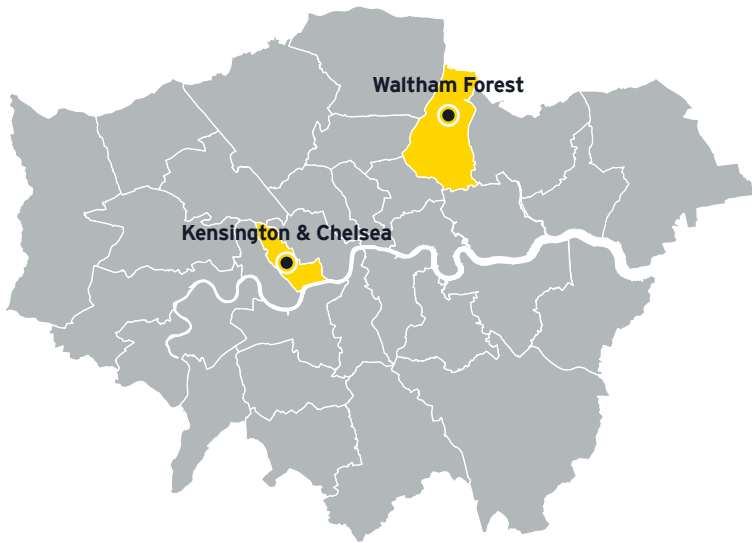
Key findings

‣ In London, our study looked at the city as a whole and two distinct boroughs to understand the differences in housing and economic impact across the capital.

‣ Airbnb automatically limits entire home listings in Greater London to 90 nights a year, unless hosts on Airbnb are exempt.

‣ In London, the economic benefits per household are around three times the impact on housing affordability.

‣ Travel on Airbnb across Kensington & Chelsea brings in £143mn (per year) in GVA, and the economic benefits per household are around three times the impact on housing affordability.

‣ Travel on Airbnb in Waltham Forest has no discernible impact on housing affordability, but it brings in over £11mn per year in GVA.

‣ Airbnb has spread the benefits of guest stays to London boroughs outside of the central zone that are well-served by hotels.

London			
	0.17% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£1,522mn GVA contribution	16,822 Jobs supported

Kensington & Chelsea			
	0.75% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£143mn GVA contribution	1,638 Jobs supported

Waltham Forest			
	0.06% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£11mn GVA contribution	149 Jobs supported

7.3.4 Economic and housing impact of travel on Airbnb in the South West
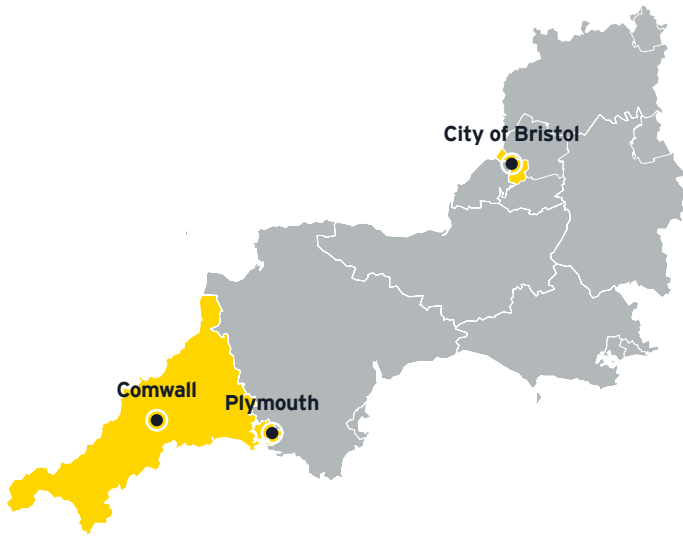
Key findings

‣ In the South West, the economic benefits of travel on Airbnb exceed any related effects on housing affordability.

‣ The GVA per household in the region is more than twice the potential impact on affordability.

‣ In Cornwall, the economic benefits per household are around twice the impact on housing affordability.

‣ Travel on Airbnb in Cornwall supports the highest number of jobs amongst the local area case studies due to the high spend of guest staying in properties listed on Airbnb.

‣ In both Bristol and Plymouth, travel on Airbnb has no discernible impact on housing affordability, and it brings in over £57mn in GVA across the two areas.

South West	**0.41%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£885mn** GVA contribution	**12,755** Jobs supported
Cornwall	**1.1%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£222mn** GVA contribution	**3,682** Jobs supported
City of Bristol	**0.24%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£45mn** GVA contribution	**688** Jobs supported
Plymouth	**0.16%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£12mn** GVA contribution	**200** Jobs supported

7.3.5 Economic and housing impact of travel on Airbnb in the South East

Thanet

Key findings

- ‣ In the South East, travel on Airbnb brings in £674mn in GVA to the region and supports the third-highest number of jobs across all regions.

- ‣ The economic benefits of travel on Airbnb exceed any impact on housing affordability in the South East.

- ‣ In Thanet, the economic benefits per household are nearly eight times any impact on housing affordability.

South East

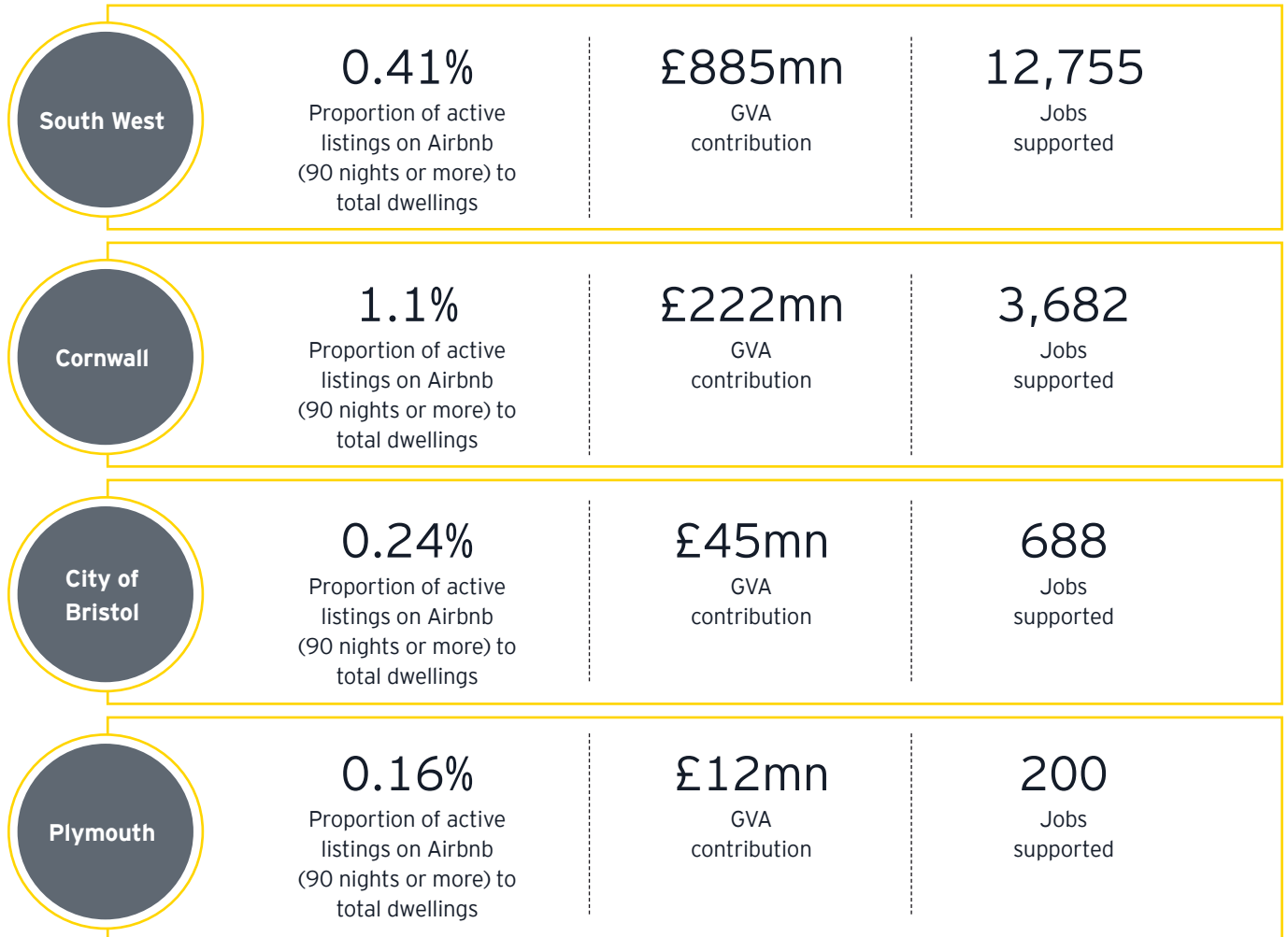| 0.19%	£674mn	8,535
Proportion of active listings on Airbnb (90 nights or more) to total dwellings	GVA contribution	Jobs supported

Thanet

0.58%	£29mn	527
Proportion of active listings on Airbnb (90 nights or more) to total dwellings	GVA contribution	Jobs supported

7.3.6 Economic and housing impact of travel on Airbnb in the North West

Key findings

- In the North West, the economic benefits of travel on Airbnb exceed any related effects on housing affordability. The GVA per household in the region is more than twice the potential impact on affordability.

- In the local areas studied in the North West, travel on Airbnb has no discernible impact on housing affordability.

- Travel on Airbnb in Westmorland and Furness contributes to one of the highest GVA per household amongst local area case studies, at more than £108 per month per household.

- In both Liverpool and Manchester, travel on Airbnb has no discernible impact on housing affordability, and it brings in more than £118mn in GVA across the two cities.
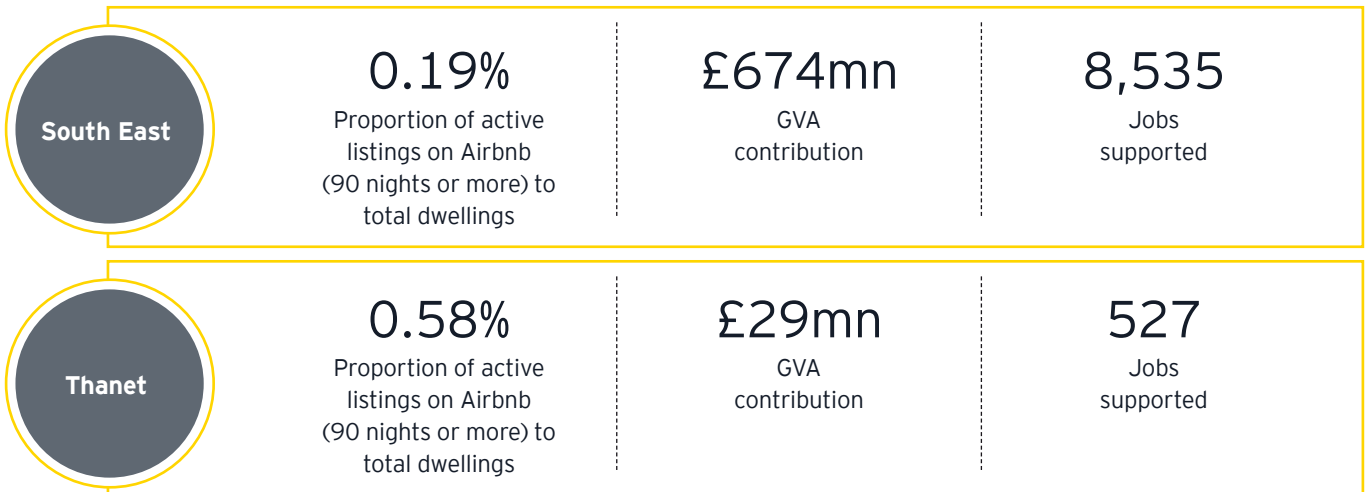
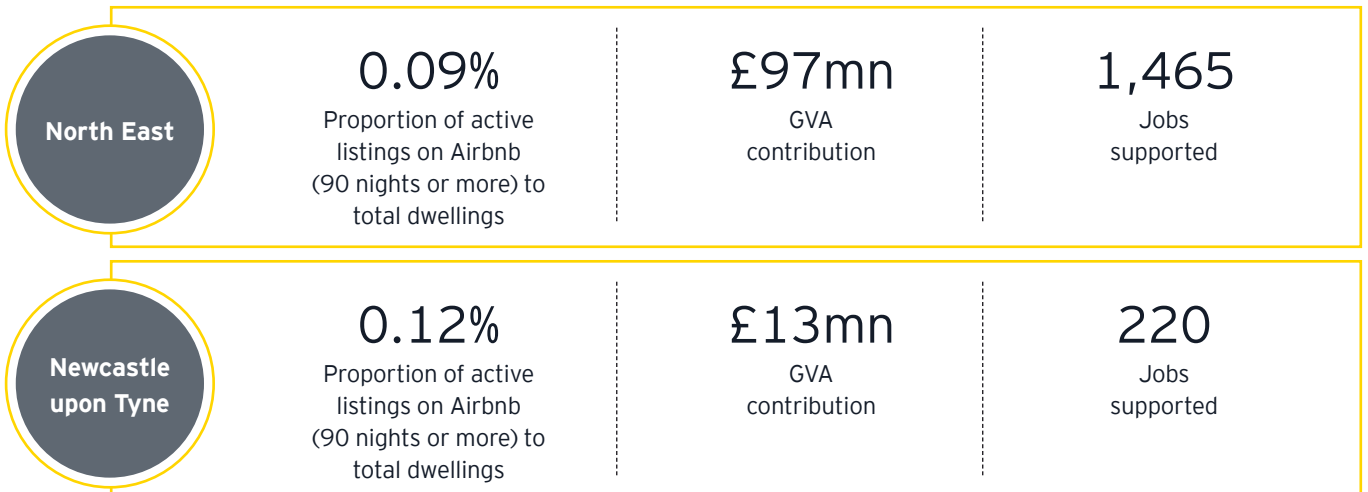|			
North West	**0.11%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£416mn** GVA contribution	**6,278** Jobs supported
Westmorland and Furness (Airbnb availability); **South Lakeland** (GVA and jobs impacts)	**0.84%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£62mn** GVA contribution	**975** Jobs supported
Liverpool	**0.22%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£57mn** GVA contribution	**938** Jobs supported
Manchester	**0.24%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£61mn** GVA contribution	**906** Jobs supported

7.3.7 Economic and housing impact of travel on Airbnb in the North East

Key findings

‣ In the North East, travel on Airbnb has no discernible impact on housing affordability.

‣ Travel on Airbnb in the North East contributed £97mn in GVA and supported 1,465 jobs.

‣ In Newcastle, travel on Airbnb has no discernible impact on housing affordability, and it brings in more than £13mn in GVA.

North East	0.09% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£97mn GVA contribution	1,465 Jobs supported
Newcastle upon Tyne	0.12% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£13mn GVA contribution	220 Jobs supported

7.3.8 Economic and housing impact of travel on Airbnb in Yorkshire and the Humber

Key findings

‣ In Yorkshire and the Humber, the economic gains of travel on Airbnb are more than twice the potential impact on housing affordability.

‣ Notably, in York, travel on Airbnb improved housing affordability and provided an economic benefit of £42 per household per month.

‣ Travel on Airbnb in York contributes one of the highest net economic contributions amongst local area case studies.

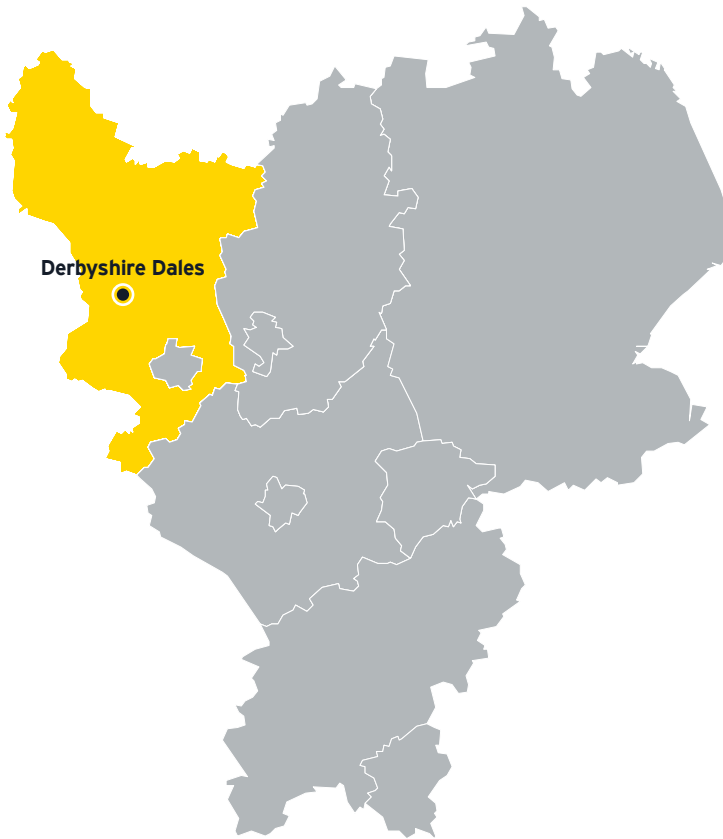| Yorkshire and the Humber	0.12% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£239mn GVA contribution	3,614 Jobs supported
York	0.55% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£44mn GVA contribution	685 Jobs supported

7.3.9 Economic and housing impact of travel on Airbnb in the East Midlands

Key findings

‣ In the East Midlands, travel on Airbnb contributed £150mn in GVA and supported 2,128 jobs.

‣ The economic gains from travel on Airbnb exceed any related effects on housing affordability.

‣ In Derbyshire Dales, the economic gains of travel on Airbnb are more than twice the impact on affordability.

Derbyshire Dales

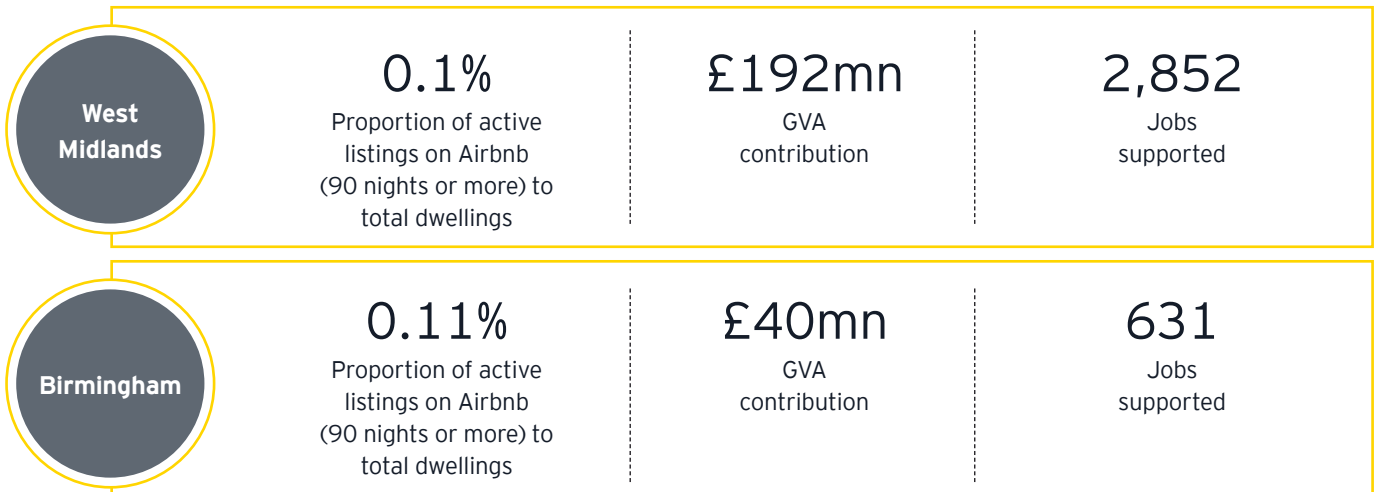|			
East Midlands	**0.12%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£150mn** GVA contribution	**2,128** Jobs supported
Derbyshire Dales	**1.21%** Proportion of active listings on Airbnb (90 nights or more) to total dwellings	**£26mn** GVA contribution	**427** Jobs supported
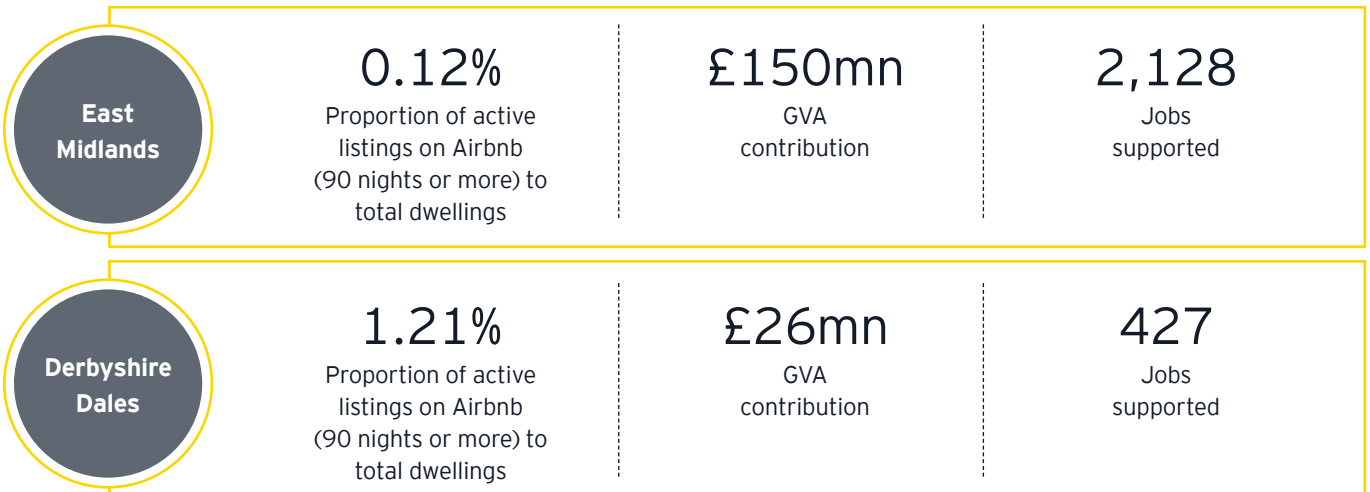
7.3.10 Economic and housing impact of travel on Airbnb in the West Midlands
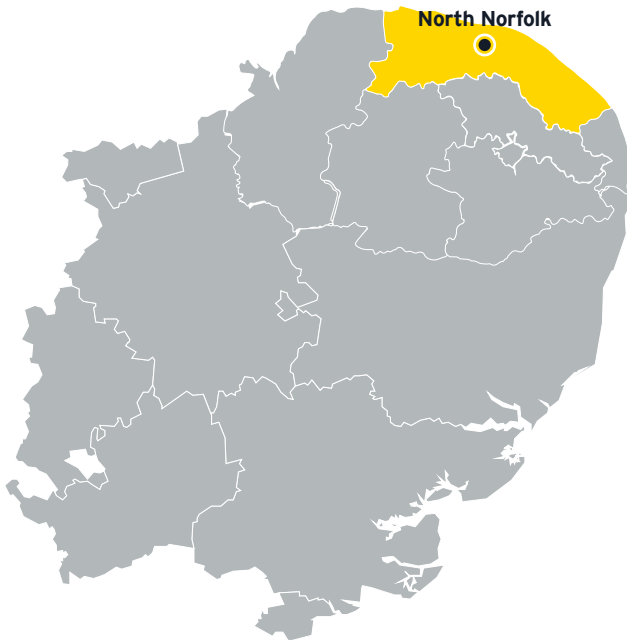
Birmingham

Key findings

‣ In the West Midlands, travel on Airbnb contributed £192mn in GVA and supported 2,852 jobs. The economic gains from travel on Airbnb in the region are more than twice the effects on housing affordability.

‣ The West Midlands has the lowest proportion of active listings on Airbnb to total dwellings.

‣ Travel on Airbnb in Birmingham has no discernible impact on housing affordability, and it brings in over £40mn in GVA.

West Midlands	0.1% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£192mn GVA contribution	2,852 Jobs supported
Birmingham	0.11% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£40mn GVA contribution	631 Jobs supported

7.3.11 Economic and housing impact of travel on Airbnb in the East of England
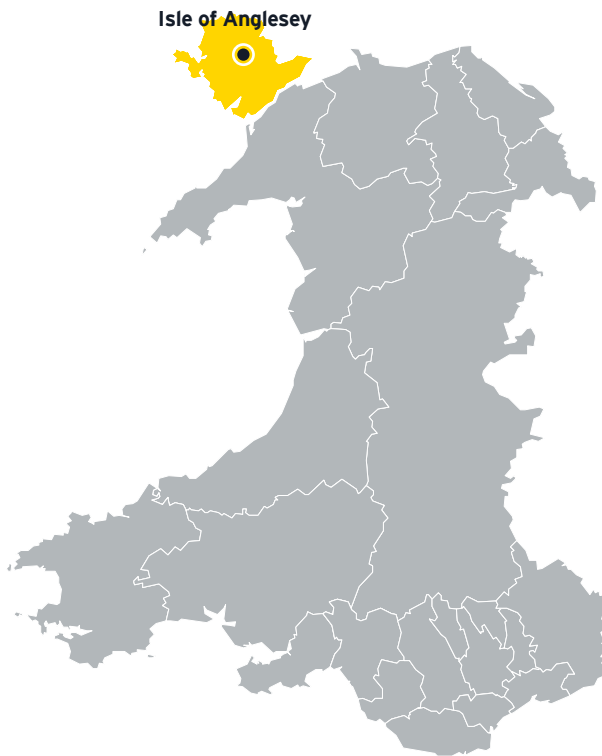
North Norfolk

Key findings

‣ In the East of England, the economic gains of travel on Airbnb are more than four times any related effects on housing affordability.

‣ Travel on Airbnb in the East of England contributed £276mn in GVA and supported 3,791 jobs.

‣ In North Norfolk, the economic gains from travel on Airbnb are more than four times any impact on affordability.

East of England

0.12%	£276mn	3,791
Proportion of active listings on Airbnb (90 nights or more) to total dwellings	GVA contribution	Jobs supported

North Norfolk

0.84%	£33mn	589
Proportion of active listings on Airbnb (90 nights or more) to total dwellings	GVA contribution	Jobs supported
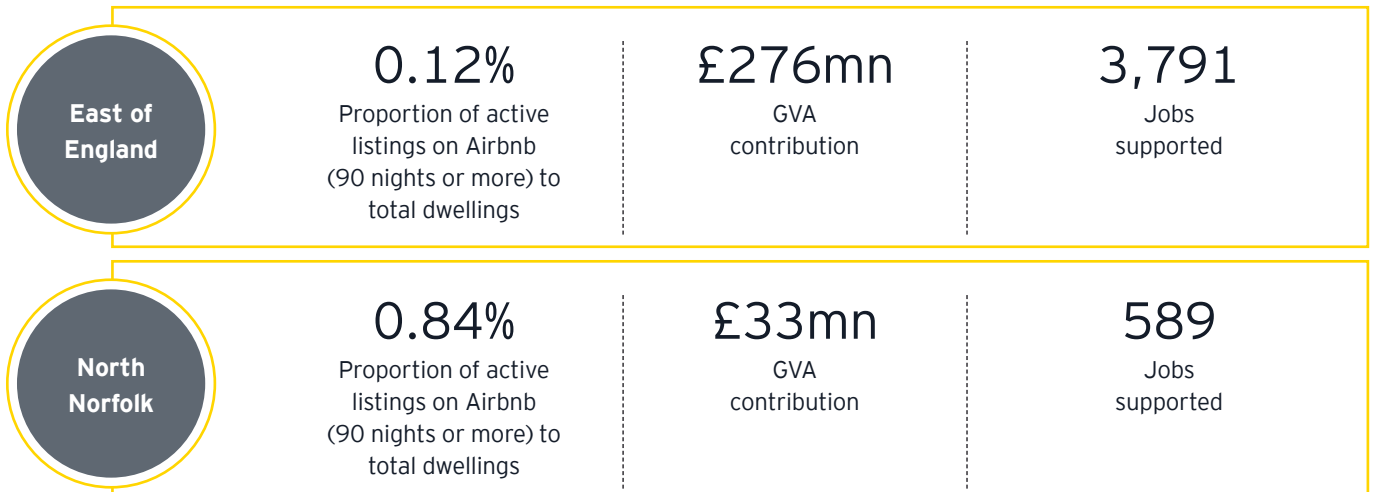
7.3.12 Economic and housing impact of travel on Airbnb in Wales

Isle of Anglesey

Key findings

- In Wales, travel on Airbnb contributed £354mn in GVA and supported 5,336 jobs.
- Travel on Airbnb has also resulted in an improvement in housing affordability in the region.
- Travel on Airbnb in the Isle of Anglesey has no discernible impact on housing affordability, and it brings in over £26mn in GVA.

Wales	0.34% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£354mn GVA contribution	5,336 Jobs supported
Isle of Anglesey	0.72% Proportion of active listings on Airbnb (90 nights or more) to total dwellings	£26mn GVA contribution	490 Jobs supported

8 Key takeaways

In 2023, travel on Airbnb generated £5.7bn of GVA and supported over 75,000 jobs in the UK, extending significant economic benefits to local areas with limited traditional tourism infrastructure. Our analysis of Airbnb data reveals that entire homes listed on Airbnb account for less than 0.7% of total dwellings, and for those that are hosted for 90 nights or more per year, this proportion drops to just 0.17% of the housing stock. The average Airbnb host rents their home for fewer than three days per month, suggesting that it is unlikely that the majority of properties listed on Airbnb impact the housing market.

The housing impact analysis further proves that there is little to no relationship between the growth in listings on Airbnb and the increase in housing costs. Most changes in rents and house prices can be attributed to average income increases aligned with inflation rather than activity on Airbnb. Consequently, the economic contribution of Airbnb-linked travel outweighs any impact of Airbnb availability on housing affordability across every nation and every region in the UK. Using GVA as a measure of household income, Airbnb generates an estimated average economic gain of £17/month per household nationally. This includes benefits to local tourist economies within sectors, such as accommodation and food services, retail and leisure, and transport (see Figure 36).

In contrast, the impact of short-term lets on housing affordability is £8/month. This figure is the weighted average of a £6/month increase in rent and a £19/month increase for mortgage payers, and no increase for homeowners who own their home outright and hence incur no additional cost. Homeowners typically benefit from increased home values and face higher costs only if they trade up.

Figure 36: UK economic contribution of travel on Airbnb compared with its impact on housing affordability, £/month per household (2015-22)
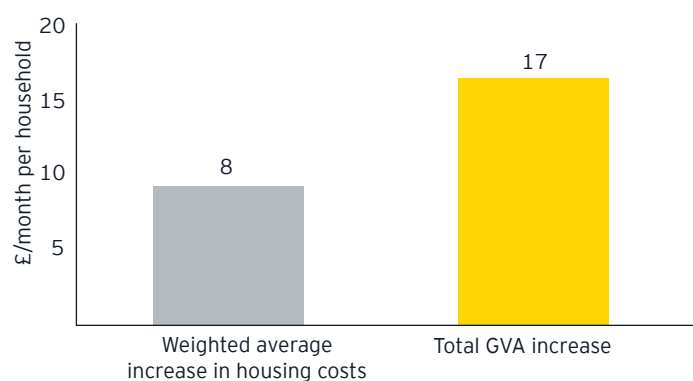
Source: EY analysis

Figure 37 illustrates that across every nation and region in the UK, the economic gains of travel on Airbnb outweigh any impact on housing affordability. Local case studies further demonstrate this trend – in areas where Airbnb availability has impacted affordability, such as Kensington and Chelsea, Derbyshire Dales, North Norfolk, Cornwall, and Thanet, the economic gains are substantial. In these five local authorities, the GVA gain per household more than doubles the impact on housing affordability, underscoring the significant impact travel on Airbnb has on local economies.

Figure 37: Travel on Airbnb regional economic contribution vs. its impact on housing affordability, £/month per household (2015–22)
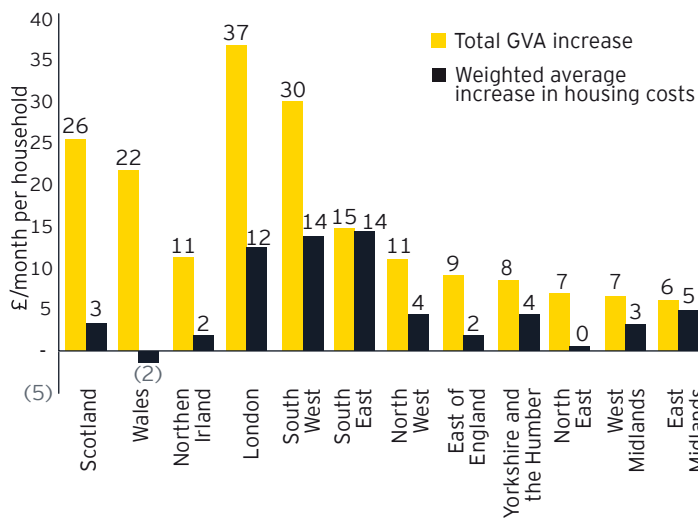
Source: EY analysis

Policy insights

Given this analysis, the following insights are relevant for policymakers to consider:

1. There is a wide range of listings and hosting activity on platforms such as Airbnb and a wide variation in popularity and availability of short-term lets across local authorities. This context should be accounted for when policy measures are considered.

2. Restricting short-term lets, for example, in holiday hotspots and traditional second-home destinations, will not necessarily result in a greater supply of homes or better affordability because most short-term lets on Airbnb are likely used as primary homes.

3. Even in the few locations where listings on Airbnb account for a greater proportion of the housing stock, attempts to limit short-term lets would cause a loss in economic activity that outweighs the impacts on housing affordability. This could be especially significant in areas where short-term lets have supported the dispersal and growth of tourism beyond the capacity of traditional tourism infrastructure.

4. The key action necessary to promote greater supply and affordability is the facilitation of greater house building both in aggregate and in the supply of affordable homes.
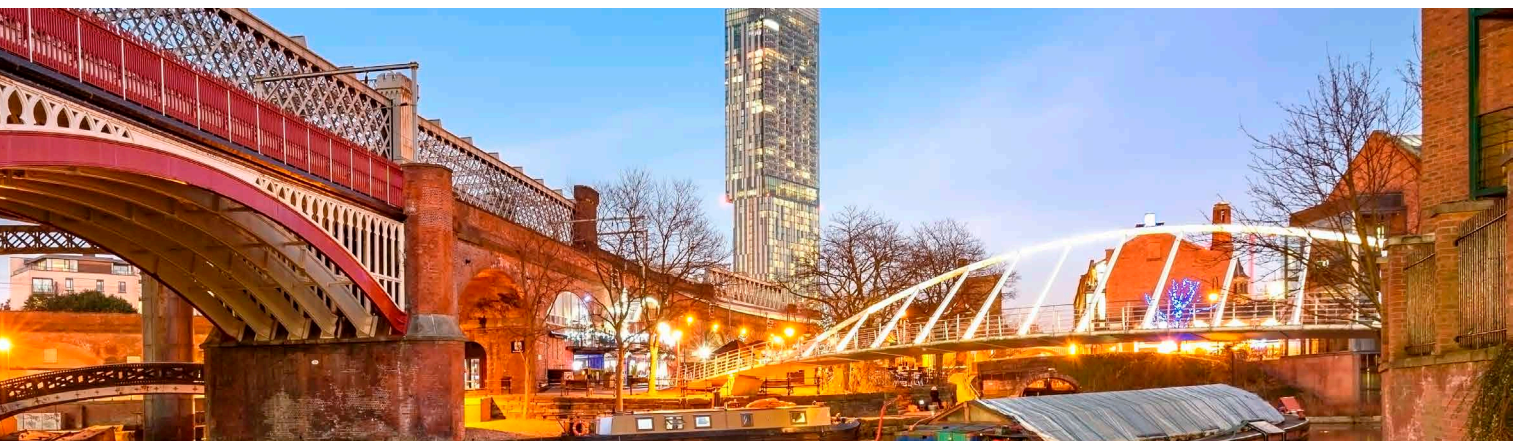
9 Appendix

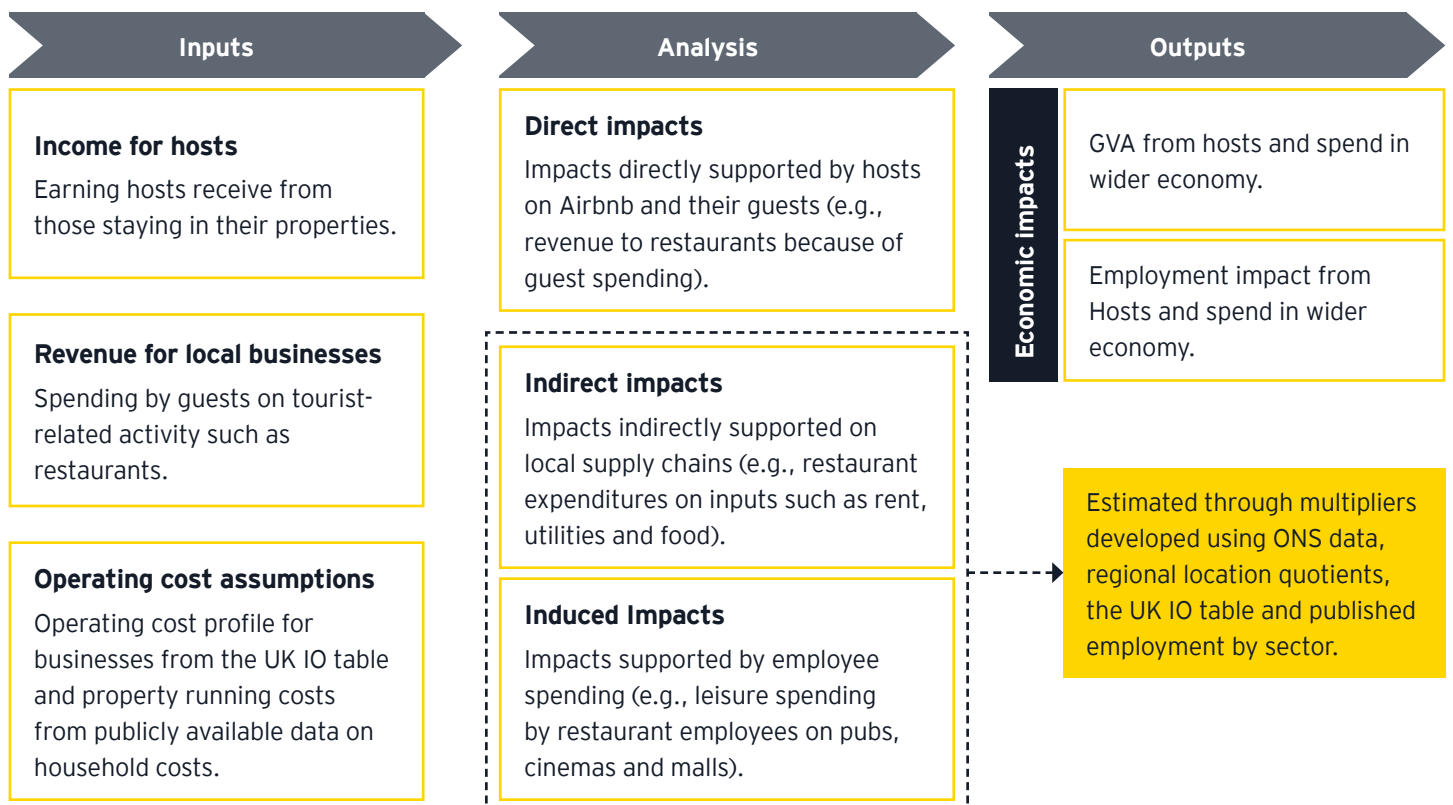## 9.1 Approach for estimating economic impacts

As set out in Sections 4.1 and 6.2, the economic impacts associated with short-term letting and travel on Airbnb have been estimated using the Input-Output (IO) model. The model estimates economic impacts by quantifying the relationships between firms operating in different sectors (e.g., restaurants, accommodation and food services require inputs from firms in other sectors, such as energy, to operate).

Below, we set out an overview of the analytical framework underpinning the IO model, together with its outputs. These outputs have been reported for both hosts on Airbnb (including costs incurred in running their properties) and guests (comprising spending on tourist activities during their stay). We have not assessed economic impacts arising from Airbnb operating as a business (e.g., the employees Airbnb hires in its offices and the wages and salaries it pays to them).

> The IO model of an economy measures the direct, indirect and induced impacts of an economic activity on:
>
> ‣ GVA, which measures the value added in monetary terms and is a contribution to the gross domestic product (GDP).
>
> ‣ Employment, which measures the number of jobs supported.
>
> We have set out here how the IO model uses financial and employment inputs to measure direct, indirect and induced impacts on GVA and employment.

Inputs	Analysis	Outputs

Income for hosts
Earning hosts receive from those staying in their properties.

Revenue for local businesses
Spending by guests on tourist-related activity such as restaurants.

Operating cost assumptions
Operating cost profile for businesses from the UK IO table and property running costs from publicly available data on household costs.

Direct impacts
Impacts directly supported by hosts on Airbnb and their guests (e.g., revenue to restaurants because of guest spending).

Indirect impacts
Impacts indirectly supported on local supply chains (e.g., restaurant expenditures on inputs such as rent, utilities and food).

Induced Impacts
Impacts supported by employee spending (e.g., leisure spending by restaurant employees on pubs, cinemas and malls).

Economic impacts

GVA from hosts and spend in wider economy.

Employment impact from Hosts and spend in wider economy.

Estimated through multipliers developed using ONS data, regional location quotients, the UK IO table and published employment by sector.

9.2 Approach for estimating housing impacts

The impact of listings on Airbnb on housing has been estimated using a statistical model that assesses the relationship between active listings on Airbnb as a proportion of total dwellings and housing affordability. Statistically, this is achieved through panel data in fixed-effects regression modelling:

Table 2: Housing impact statistical modelling

Step 1	Airbnb has supplied quarterly data on listings published on its site by each local area since 2015. This rich data set allows comparisons across time and local authorities. To standardise the data so local authorities of different sizes can be compared, this was expressed as a ratio to the total housing stock in each local area. This is referred to as 'Airbnb availability' in the report.
Step 2	Within the Airbnb data, there are categories for properties that are not entire homes (e.g., private rooms), and some hosts only offer short-term letting in their property on a 'casual' or occasional basis, whilst others provide a more 'intensive' form of hosting. To help focus our analysis on the potential impact of active listings on Airbnb on housing supply, we have assumed that hosts whose listings are let 90 nights or more per year are not using the property as their primary residence. Airbnb has, therefore, categorised the data into listings that are let for fewer than 90 nights per year (casual listings) and those that are let for 90 nights or more per year. The analysis has included and excluding casual listings on the Airbnb platform and found no relationship between casual listings and affordability.
Step 3	The Airbnb data can be compared with measures of affordability. This is best understood as a ratio of rents to income for the private rented market (around one-third of the housing market) and house prices to income for owner-occupied properties (around 60% of the housing market).
Step 4	At its simplest, the modelling is a correlation analysis between Airbnb availability and the rent-income ratio for the private rented market on one hand, and the house price-income ratio for the owner-occupied market on the other. The panel dataset of listings on Airbnb covering eight years and 318 local authorities provides over 10,000 data points. Visually comparing Airbnb availability to a rent-income ratio (excluding London) immediately suggests no strong relationship exists.
Step 5	However, desirable areas will usually have higher rents or house prices and are likely to have more listings on Airbnb as people want to visit them. The modelling technique used controls for this by giving each local authority its own parameter (known as a 'fixed effects model'), meaning that each area's innate properties are not mistaken for an impact of short-term letting on Airbnb. The model also controls for confounding factors, such as demographics (median age, percentage of 20–35-year-olds, percentage of over-60s, household size) and economic circumstances (local area unemployment rate, owner occupancy rates, percentage with level three education).
Step 6	There are many local authorities with very few listings on Airbnb, which intuitively would not be expected to impact affordability and whose exclusion leads to an improvement in the statistical significance of the model. The model, therefore, applies a threshold that eliminates areas with very low Airbnb availability, which prevents these from distorting the analysis. However, these areas are included when estimating the wider impacts.
Step 7	This approach is used to estimate a national model across all local authorities and estimate again for regional models, allowing for a different relationship in the regions and within that in each of the local case studies.

Table 3: Literature review of similar house price affordability modelling

Paper title	Authors	Country	Methodology	Dependent variable	Independent variables	Controls
Travel on Airbnb: Housing and Economic Impact Study (this study).	EY	UK	FE	‣ Rent-Income ratio ‣ Price-Income ratio	Airbnb availability = active listings on Airbnb as a proportion of total dwellings	‣ Median age ‣ % of 20-35 ‣ % of over-60s ‣ Household size ‣ Unemployment rates ‣ Owner-occupancy rates ‣ % with level 3 education
The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb.	Kyle Baron, Edward Kung, Davide Proserpio	USA	FE, IV, GMM	‣ Rental Index ‣ Price index ‣ Rent-to-price ratio	Number of Airbnb listings	‣ Owner-occupancy rates ‣ Median household incomes ‣ College share ‣ Employment rate
The impact of Airbnb on residential property values and rents: evidence from Portugal.	Sofia F. Franco, Carlos Daniel Santos	Portugal	IV, DID	‣ Rents ‣ House prices	Airbnb density[40]	Controls were only used for time FE model, as the controls used were time-invariant and cannot be identified when municipality level fixed effects were included ‣ % of deteriorated houses ‣ House density ‣ Population density ‣ Housing cost ‣ Population age ‣ House age ‣ Ageing index ‣ Dependency index (elderly) ‣ Dependency index (youth) ‣ Dependency index (total) ‣ Sustainability index ‣ Population renovation index ‣ Longevity index ‣ Number of floors per building
Do short-term rental platforms affect housing markets? Evidence from Airbnb in Barcelona	Miquel-Àngel Garcia-López, Jordi Jofre-Monseny	Spain	FE, IV, Event-studies	‣ Rents ‣ House prices	Number of Airbnb listings in a given area	‣ Population ‣ Population density ‣ Mean age ‣ % of foreign population ‣ Household size ‣ Income index

Paper title	Authors	Country	Methodology	Dependent variable	Independent variables	Controls
The Uneven Effect of Airbnb on the Housing Market. Evidence Across and within Italian Cities	Raffaele Congiu, Flavio Pino, Laura Rondi	Italy	FE, IV, GMM	House price per m^2	Airbnb density[41]	‣ House density ‣ Store density ‣ Garage density ‣ Avg. house rooms ‣ Avg. store m^2 ‣ No. of residents ‣ Owner-occupancy rates ‣ % 20-39 ‣ % over-60s ‣ % Graduates ‣ % Working ‣ % Foreigners ‣ % Full house ‣ % Houses in poor conditions

[40.] Airbnb density in this paper is defined as the number of properties on Airbnb in the first quarter of 2014 divided by the number of lodgings in the region. This is understood to be directly comparable with the definition of Airbnb availability in this study.

[41.] Airbnb density in this paper is defined as the number of listings in a zone divided by the number of housing units. This is understood to be directly comparable with the definition of Airbnb availability in this study.

9.3 Data sources

In preparing this report, EY UK has drawn on information provided by Airbnb as well as other external, publicly available data sources, such as the ONS, to estimate the economic and housing impact of travel on Airbnb. The data and sources used are set out in Table 4 below.

Table 4: Data sources

Type of data	Data	Source
Economic impacts	Airbnb data	Airbnb
	Intermediate cost assumptions	EY analysis of ONS data (2021 UK Input-Output table) and average household weekly household expenditure survey
	Guest spend on leisure	Previous EY economic impact studies
	Earnings by sector	ONS Annual Survey of Hours and Earnings (ASHE)
	Subregional productivity data	ONS Subregional productivity: labour productivity by UK ITL2 and ITL3 subregions
		ONS subregional productivity: labour productivity indices by local authority
	UK macroeconomic data	ONS and Oxford Economics
	UK Input-Output multipliers	EY analysis of ONS data
	Regional GVA	ONS regional gross value added (balanced) by industry: all ITL regions
	Local authority GVA	Regional gross domestic product: local authorities (Table 1 includes GVA at current basic prices)
	Regional and local authority employment data	Business Registry and Employment Survey (BRES)
	Northern Ireland employment by sector	NISRA (published on behalf of BRES)
Housing impact	Airbnb data	Airbnb
	UK housing data	ONS Price Index of Private Rents, UK: monthly price statistics
		ONS UK House Price Index: December 2023
		ONS Subnational estimates of dwellings and housing by tenure, England
		ONS Dwelling stock by tenure, UK
	Local authority data	ONS Modelled unemployment rate by local authority
		ONS House price-to-workplace-based-earnings ratio by local authority
		ONS Median age by local authority
		ONS Population density by local authority
		ONS Level 3 or above qualifications (Great Britain)

10 Glossary of definitions

Glossary	Definitions
Active listings	The number of Airbnb listings that have ever had a booking and appear in search results on the Airbnb platform as of the last day of the reporting month (quarterly).
Direct impact	Direct impact is the value add of Airbnb guest spend.
Dwelling	A dwelling refers to the physical unit of accommodation which may have one or more household spaces.
Econometric model	A type of statistical tool used to analyse economic data and estimate the sensitivity and statistical significance of the relationship between different variables.
GVA	Gross value added (GVA) is a measure of the value of goods and services produced by an economy, analogous to gross domestic product (GDP).
Household	A household refers to a person living alone, or a group of people living at the same address who share cooking facilities and a living room or sitting or dining area.
Number of guest nights	The number of nights spent during a stay, with a night counted per individual member of the visiting group.
Indirect impact	Indirect impact is the economic activity generated within the supply chains of the businesses that guests spend on.
Induced impact	Induced impact is the economic activity generated by employees of the wider tourism industries, spending their wages within the local economy.
Local authority	A local authority is a governing body in the UK responsible for administering public services within a defined geographic area, typically used as a unit of analysis in local area studies.
ONS	The Office for National Statistics (ONS) is the UK's main producer of official statistics and its recognised national statistical institute.
Short-term lets	Refers to a dwelling, or part of a dwelling, which is provided by a person ('the host') to another person ('the guest'): ‣ For use by the guest as accommodation other than the guest's only or principal residence. ‣ In return for payment (whether or not by the guest). ‣ In the course of a trade or business carried on by the host. Short-term lets refers to all of this type of activity, including but not limited to Airbnb and other online booking platforms.
Sensitivity	In economics, sensitivity refers to the degree to which a change in one variable (such as price) affects another variable (such as demand or supply).
Statistical significance	In statistics, statistical significance indicates that the observed results of a study are unlikely to have occurred by chance, suggesting that there is a meaningful relationship between variables being analysed.

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