



Airbnb's impact on the City of Cape Town

South Africa



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Key takeaways

This report outlines the estimated economic benefits of the Airbnb community in the City of Cape Town and explores Airbnb's impact on the housing market in the city. We hope this information will help local stakeholders better understand the impact of short-term rentals in the city and inform discussions about how to regulate hosting activity in South Africa.

- Around half of hosts say the extra income helps them afford their homes and afford the rising cost of living.
- Hosts on Airbnb welcome guests in a wide range of neighborhoods, including those that do not typically benefit from tourism. These include Plumstead, Monte Vista, Bothasig, amongst others.
- In 2023, hosts on Airbnb welcomed more than 700,000 guest arrivals to Cape Town who contributed an estimated R14.4 billion annually to GDP¹, including:
 - **42,000** jobs supported²
 - **R7 billion** in labour income³
- Dedicated rentals hosted on Airbnb in Cape Town represent just 0.9% of all formal housing units—less than 1 in 100—in the city.
- If dedicated rentals⁴ hosted on Airbnb were suddenly added to long-term rental supply (an unrealistic assumption), it would lead to an average reduction in rent of only R69 per month⁵.
- In the four years from January 2020 to January of 2024, the total number of active stayed listings in Cape Town did not increase significantly.

¹ Economic contribution metrics are generated using [IMPLAN](#)'s input-output model using multipliers from the 2022 data year (the latest available at the time of analysis) for Cape Town, and are reported in 2023 dollars. Model inputs are host earnings & guest spending, where spending is based on a survey of Airbnb guests staying in Cape Town.

² Estimated number of full-time, part-time and seasonal jobs supported by the output generated by Airbnb activity. This metric includes direct, indirect, and induced effects.

³ Labour income includes both Proprietor Income (e.g. for small business owners that benefit from guest spending), but also Employee Compensation (e.g. cleaners, employees of small businesses). More details here. [here](#).

⁴ Dedicated rentals are defined as entire-home listings on Airbnb that were booked for more than 90 nights in 2023.

⁵ The model we use to estimate the impacts of converting Airbnb listings to long-term rental units is simple and transparent: We count the number of units to be converted, and translate that to price changes based on elasticities as reported in Saiz (2010). We use a supply elasticity of 0.595 for Cape Town (which was the elasticity of the most inelastic major metro in the paper in the U.S.).



Airbnb recognises the importance of affordable and accessible housing in Cape Town and the rest of South Africa, especially given the legacy of home ownership and inequality. While this report highlights the positive economic impacts on local communities, we want to be part of the solution and help ensure that local authorities are equipped to regulate short-term rentals, should there be a need.

We have long led calls to work with the national government to develop evidence-based, balanced and proportionate rules to regulate short-term rentals.

- A national registration system, together with data sharing with authorities, are key instruments to provide local authorities the transparency they need to better understand and control short-term rental activity.
- In addition, local authorities should have powers to introduce evidence-based tools and targeted regulations in hotspots if needed.



Airbnb's economic benefits to Cape Town, South Africa

In 2023, approximately 2 million people stayed in listings on Airbnb across South Africa - with 700,000 guests arriving in Cape Town. Today, the typical host shares one home on Airbnb, helping to provide affordable accommodation options for guests, especially families, disperse travel to new neighborhoods, and generate billions in economic activity and tax revenue for communities.

Hosting on Airbnb is a vital source of supplemental income for local residents. According to a survey of hosts in Cape Town⁶:

49% Almost half of hosts say the extra income helps them afford their homes;

50% Half say the extra income helps them afford the rising cost of living;

47% Almost half say the current economic climate is driving them to host more;

Airbnb listings are located in a wide range of neighborhoods, including neighborhoods that do not typically benefit from tourism such as Plumstead, Monte Vista, Bothasig, amongst others.

In total, hosts in Cape Town earned nearly R2.5 billion in 2023. In Cape Town, a typical listing is rented for 38 nights a year with a typical host earning R74 000 in the year⁷.

⁶ Internal survey of hosts in Cape Town between January 1, 2023 and December 31, 2023

⁷ Airbnb earnings are for 2023



Short-term rentals as an economic engine for the city

When guests arrive at their listing, they often receive recommendations from their host for local restaurants, places to visit, and things to do—many of which are in the neighborhood where they stay. Nearly half of guests (49%) say they visited the places recommended by their host on Airbnb. This type of hosted travel helps guests live like locals and has significant positive economic impacts as guests spend time and money in local businesses.

In 2023, hosts on Airbnb welcomed more than 700,000 guests arrivals to Cape Town who contributed an estimated **R14.4 billion annually to GDP⁸**, including:

42,000 jobs supported⁹

R7 billion in labour income¹⁰



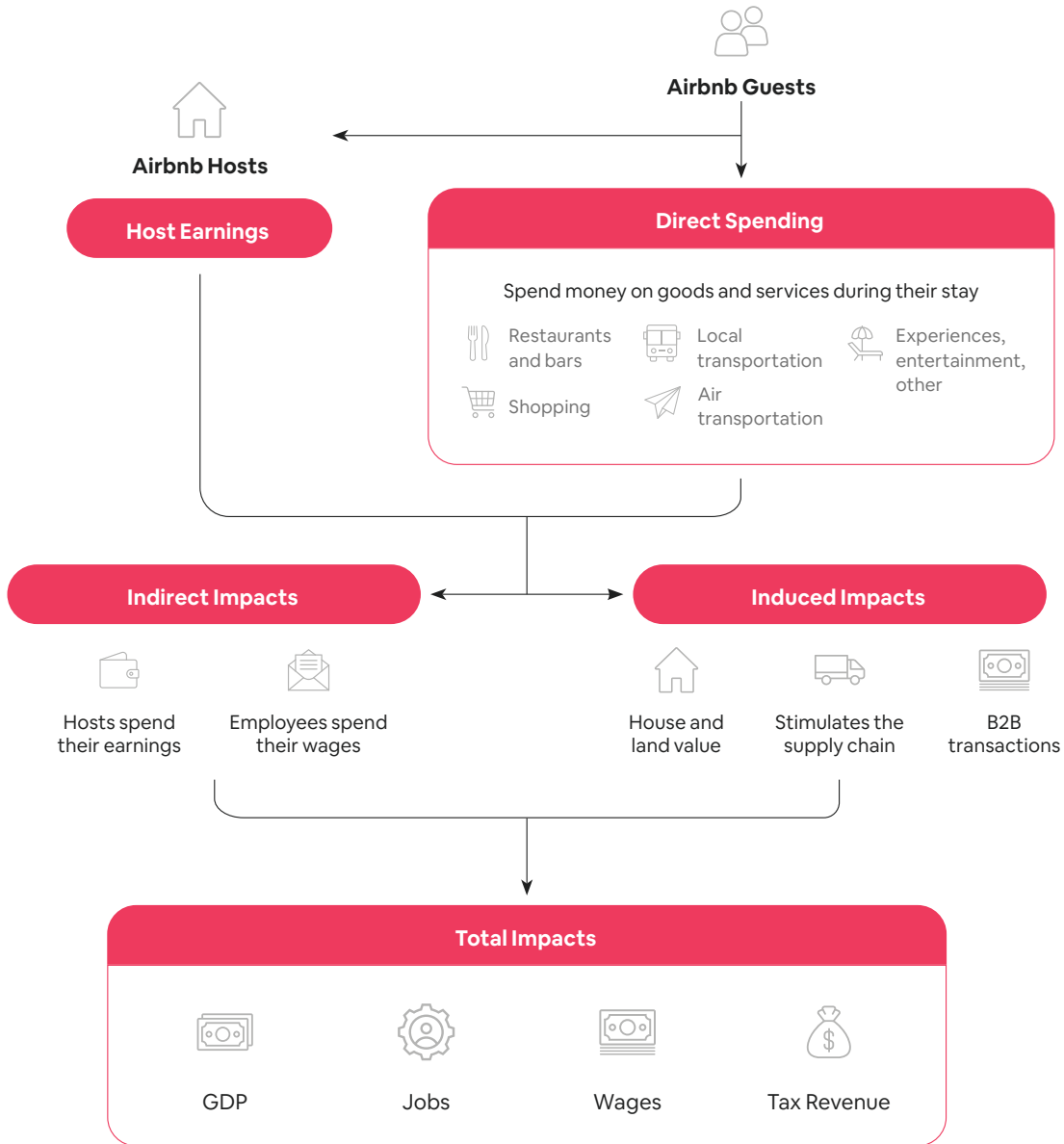
⁸ Economic contribution metrics are generated using [IMPLAN](#)'s input-output model using multipliers from the 2022 data year (the latest available at the time of analysis) for Cape Town, and are reported in 2023 dollars. Model inputs are host earnings & guest spending, where spending is based on a survey of Airbnb guests staying in Cape Town.

⁹ Estimated number of full-time, part-time and seasonal jobs supported by the output generated by Airbnb activity. This metric includes direct, indirect, and induced effects.

¹⁰ Labour income includes both Proprietor Income (e.g. for small business owners that benefit from guest spending), but also Employee Compensation (e.g. cleaners, employees of small businesses). More details [here](#).



Economic Contribution from guests & hosts on Airbnb





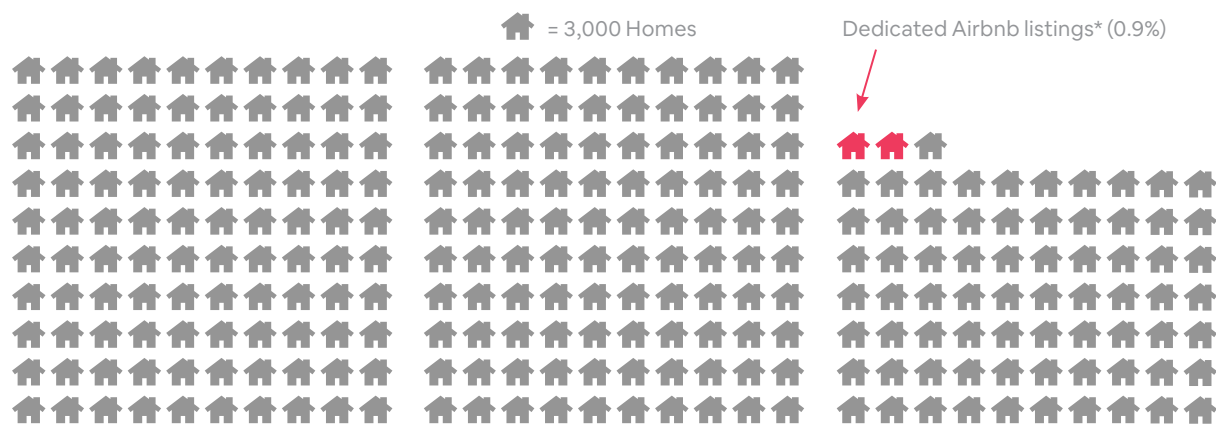
Airbnb's impact on the Cape Town housing market

There are thousands of hosts sharing their listings on Airbnb. A listing is a catch-all term used to describe any property on Airbnb - whether that be a spare bedroom in Gardens or a family home in Blouberg that they share whilst traveling. Not all listings on Airbnb are entire homes. And not all entire homes on Airbnb would otherwise be available as long-term rental housing because in most cases it is already someone's home. That's why our analysis focuses on 'dedicated rentals', homes that are shared more than the typical listing.

Dedicated listings rented on Airbnb represent an incredibly small fraction of Cape Town's 818,000 housing units. They represent just 0.9% of all formal housing units—less than 1 in 100—in the city and less than 1.5% of the number of additional housing units needed to meet growing housing demand over the next four years.¹¹

In the four years from January 2020 to January of 2024, the total number of active stayed listings in Cape Town did not increase significantly.

Cape Town, South Africa Housing Stock (818 000 homes)



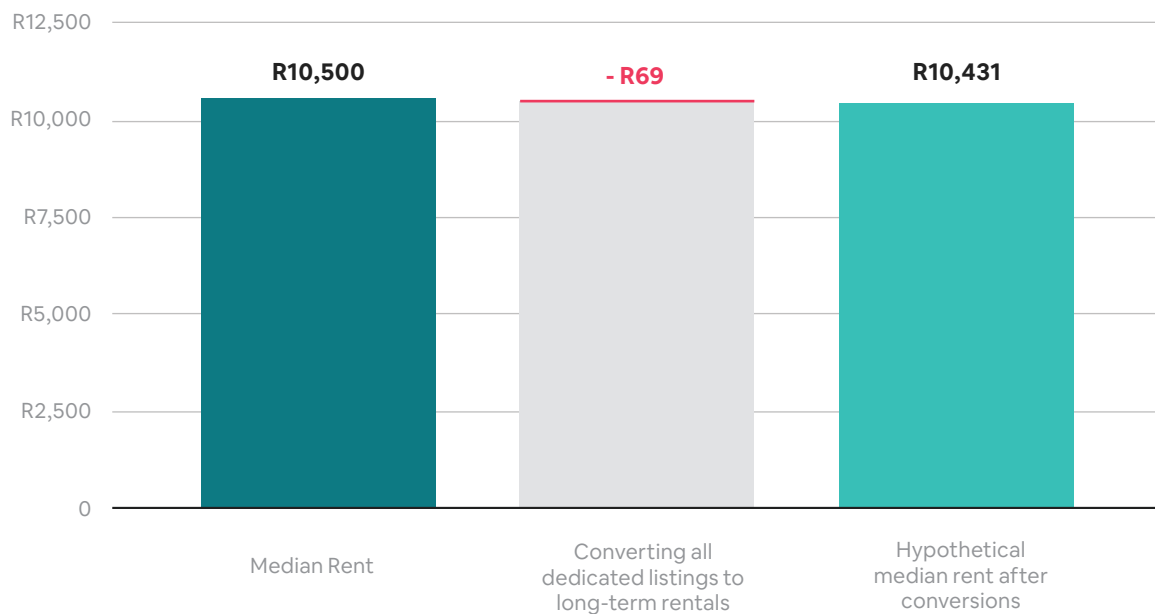
Source: Centre for Affordable Housing Finance in Africa (CAHF) 2021 Estimates, Lightstone;
*Airbnb entire-home listing with at least 90 nights booked in 2023



¹¹ Data references bookings from Q1 2023 through Q4 2023.

In Cape Town, where the median rent is R10 500, a price elasticity analysis shows that if all Airbnb dedicated listings were suddenly added to long-term rental supply (an unrealistic assumption), it would lead to an average reduction in rent of only **R69 per month**.¹² The chart below shows how this change compares to the current median rent in the Cape Town area.

Median rent in Cape Town 2023



¹² The model we use to estimate the impacts of converting Airbnb listings (entire listings booked for 90 days or more) to long-term rental units is simple and transparent: We count the number of units to be converted, and translate that to price changes based on elasticities as reported in Saiz (2010). We use a supply elasticity of 0.595 for Cape Town



Dos and don'ts: how to best regulate short-term rentals

Case study: the adverse effects of the New York City rules

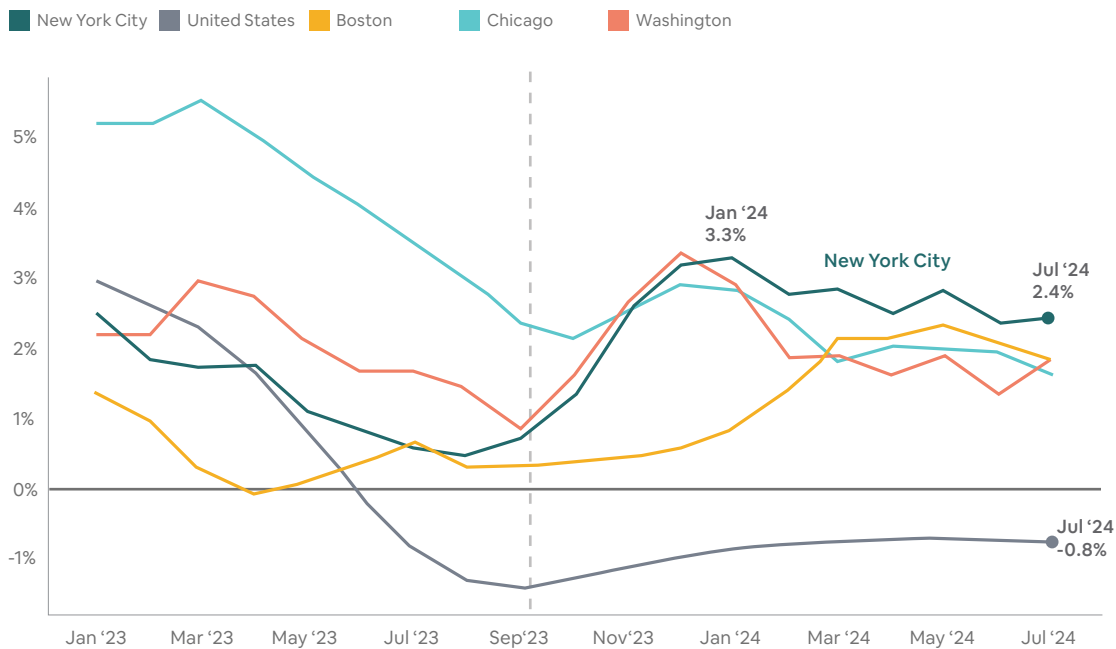
In September 2023, regulators promised that banning Airbnb in New York City would unlock long term housing and decrease rents.

However, [analysis](#) has found the implementation of these unprecedented rules have failed to deliver on their promise to combat the housing crisis. Consumers are instead facing all-time high hotel prices and residents facing all-time high rents.

Rent climbed 3.4 percent during the first 11 months of the law¹³, suggesting that other factors are driving up rent prices, including the lack of new construction.

New York City rent growth continues to outpace peer cities

Year-over-year change in Rent Index



In order to be effective, short-term rental rules need to be defined against policy objectives (what is the issue regulators are trying to solve?) and the desired outcome (what results should this regulation drive?). Analysis of local data is the key first step to define these. Short-term rental rules must remain proportionate to the intensity of the activity and rules should be tiered and targeted, including at the neighborhood level. In this manner, regulation will protect casual hosting, while helping local authorities to disincentivise more intensive hosting if needed.



¹³ Data from [StreetEasy](#)

Supporting proportional and evidence-based rules for short-term rentals

In South Africa there are myriad factors contributing towards housing supply and affordability challenges which include the spatial legacy of apartheid, the rate of housing construction, and semigration to name a few.

While evidence suggests dedicated rentals on Airbnb represent a small share of housing units in Cape Town, we believe that governments should have the tools and data to understand the impact of short-term rentals in their communities. That's why Airbnb has long led calls for short-term rentals to be regulated. Regulation would help to provide policy certainty for hosts and guests, and create a level playing field for all operators.

Airbnb has participated in multiple legislative and policy processes with the Department of Tourism as early as 2019, and commented on the draft Green Paper in 2023. Airbnb anticipates the release of the White Paper on the Development and Promotion of Tourism in October.

In all of these processes, we have advocated for new rules that give local and national authorities the tools they need to know what is going on in their communities and take action when needed.

1. A simple and free national registration system for all hosts as an important first step to shape clear, evidence-based rules. A national registration system, together with data sharing with authorities, are key instruments to provide local authorities the transparency they need to better understand the impact of short-term rental activity.
2. Regulation should be proportional to the level of intensity of the activity, so that the rights of South Africans to occasionally rent the place they live in are protected. Casual hosting should not be limited or costly.
3. If needed, when dedicated rentals risk competing with long term housing, local authorities should have the powers to introduce evidence-based tools that disincentivise speculation.



When implemented, regulation should be based on local data and learning from international best practice to ensure that short-term rentals can contribute to responsible, sustainable and inclusive tourism.

We remain committed to work with national and local governments to ensure that Airbnb is good for the communities and stakeholders in South Africa and beyond.



