

# THE ECONOMIC IMPACT OF AIRBNB IN INDONESIA

A REPORT FOR AIRBNB BY OXFORD ECONOMICS



# ABOUT OXFORD ECONOMICS

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# GLOSSARY OF TERMS

**Airbnb guest:** An individual who stays at least one night in an Airbnb accommodation.

**Airbnb host:** An individual or business that lists an accommodation unit, whether private or shared space, for rent on the Airbnb platform.

**Gross booking value:** The value paid by guests for their Airbnb accommodation, inclusive of taxes.

**Guest spending:** The amount spent by Airbnb guests during their trip to a country or region. This comprises their spending on the rental of Airbnb accommodation (including the hosts' earnings and Airbnb's revenue, but excluding sales and/or accommodation taxes), their in-destination spending (at local restaurants, shops, local transport, and other activities), plus a portion of the estimated cost of airfares to get to and from the destination country.

**Host earnings:** The portion of guest spending on the rental of Airbnb accommodation that is received by the Host (individual or business renting the unit).

**Travel and tourism (also simply referred to as tourism):** The activity of persons travelling to and staying in places outside their usual environment for not more than one consecutive year of leisure, business, and other purposes not remunerated from within the place visited.





# SECTION 1: INTRODUCTION

Airbnb's unique platform connects hosts in Indonesia with tourists and travellers from all over the world. Every time a guest stays at an Airbnb listing it creates an economic impact in the local economy.

The Airbnb platform facilitates a flexible supply of accommodation in Indonesian destinations, attracting travellers to visit and spend money on goods and services.

Each Airbnb booking creates two distinct spending impacts:

## Guest spending on ancillary goods and services:

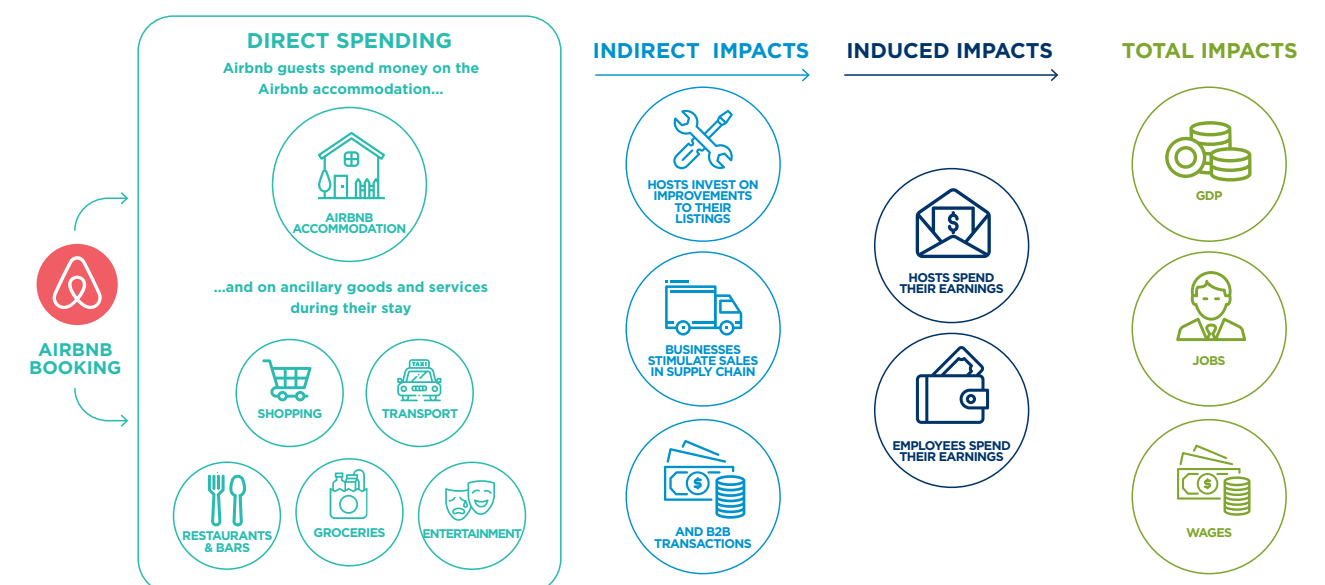
Airbnb guests spend money on transport to and from their destination. They also spend on restaurants, retail, groceries, and arts and entertainment whilst at their destination.

**Host spending:** Airbnb hosts receive income from each booking, which funds spending on the upkeep of their property, including regular services such as cleaning. Hosts also spend their Airbnb income on goods and services to support their livelihoods.

These spending impacts create further ripples through the economy as hosts and tourism-facing businesses purchase goods and services from local suppliers, and the employees within these supply chains spend their income in the local economy.

Airbnb commissioned Oxford Economics to analyse these impacts as part of an assessment of its total economic footprint in Indonesia. To conduct the analysis, we combined primary data on Airbnb guest spending and Oxford Economics' tourism data with our Global Sustainability Model, which includes proprietary models of the Indonesian economy.

Fig. 1: Schematic of Airbnb's contribution to the Indonesian economy



Source: Oxford Economics





## EXPLAINER: CALCULATING THE TOTAL ECONOMIC IMPACT OF AIRBNB

To quantify the impact of Airbnb on a local economy, we use a globally recognised, standard means of analysis known as an economic impact assessment. This involves quantifying the total expenditure made by Airbnb guests and hosts in the destination economy, and estimating three types of economic activity it stimulates (also summarised in Fig. 1):

**Direct impact** relates to the value added by the businesses that facilitate Airbnb guests' stays, including the value added by hosts.

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

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

The sum of these tiers amounts to the total economic impact of Airbnb, and the results are presented on a gross basis. They therefore do not take into account any displacement of activity from Airbnb's competitors, nor what the second most productive use of those resources would have been. Airbnb's economic contribution is measured using three metrics:

**Gross domestic product (GDP)** or more specifically, the gross value added (GVA) contribution to GDP.<sup>1</sup> This is defined as the value of the output produced, minus the expenditure on inputs of bought-in goods and services used up in the production of that output.

**Employment** measured on a headcount basis.

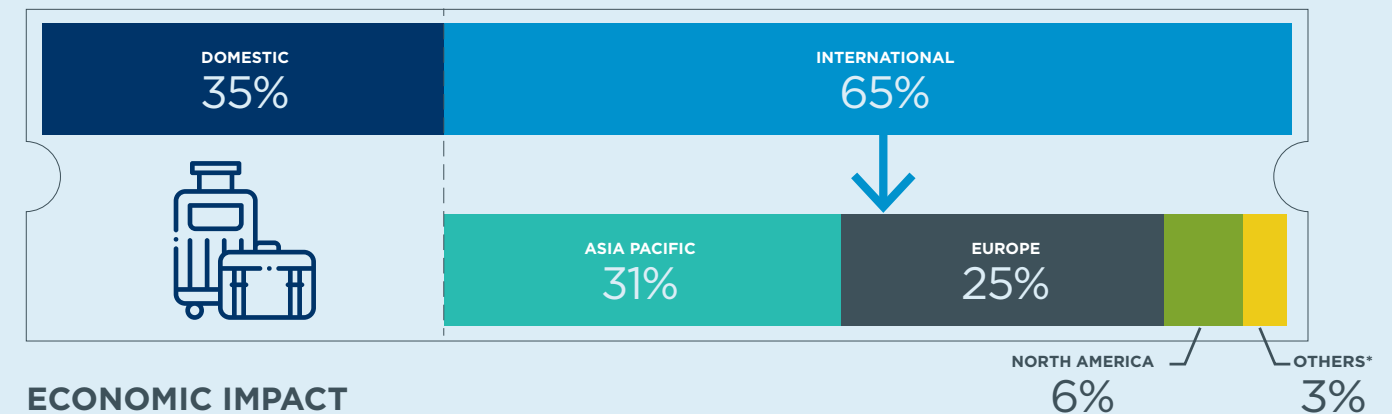
**Wages** earned by those employees over the course of the year.

A more detailed explanation of our methodology is included in the Technical Appendix of this report.

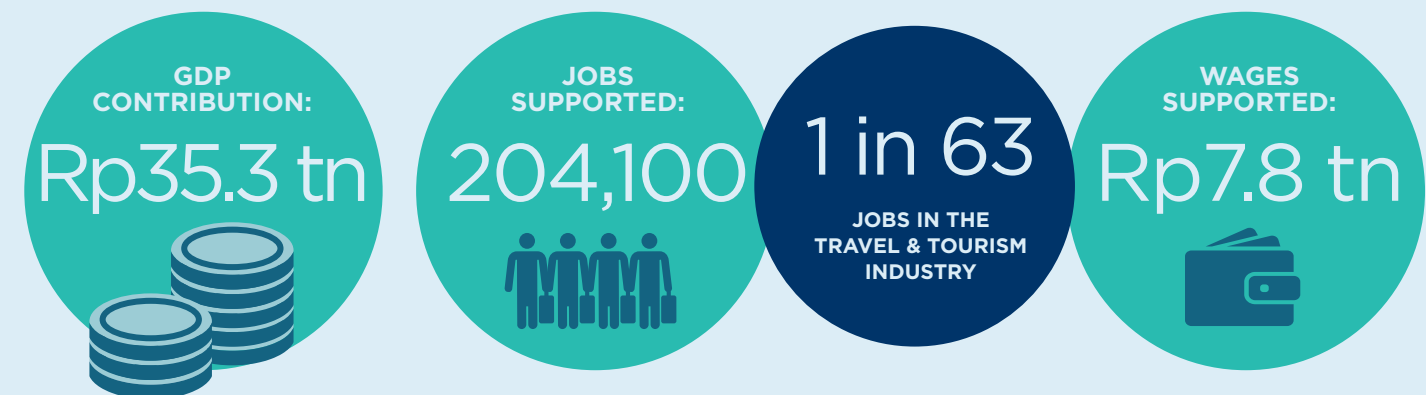
<sup>1</sup> GDP equals the sum of GVA and taxes minus subsidies on production

# AIRBNB IN INDONESIA

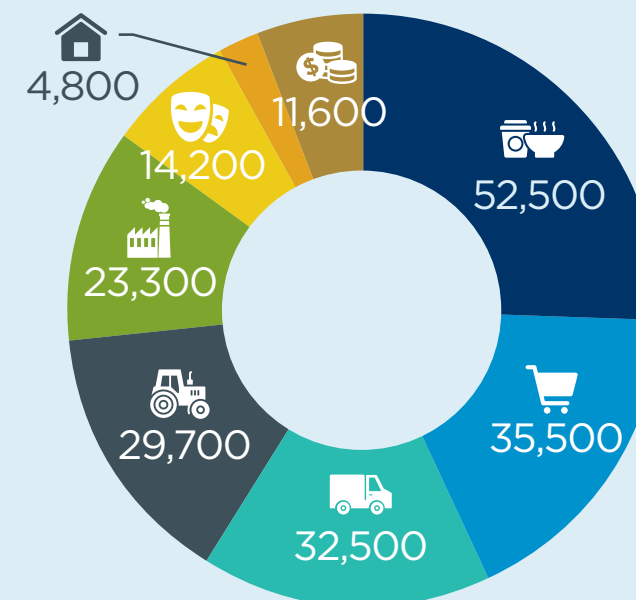
## AIRBNB TOURISM FLOWS IN 2024



## ECONOMIC IMPACT



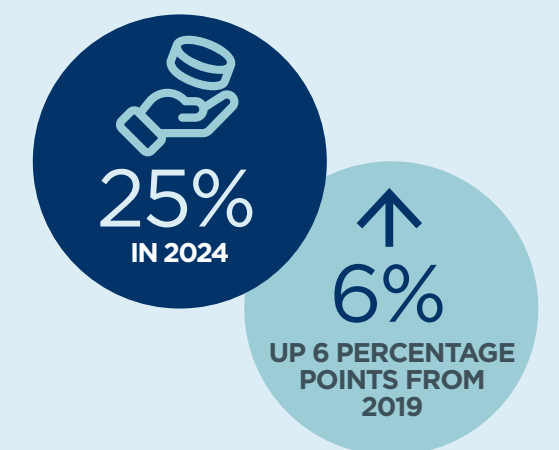
## JOBS SUPPORTED, BY INDUSTRY



- FOOD & BEVERAGE
- WHOLESALE & RETAIL TRADE
- TRANSPORT & STORAGE
- AGRICULTURE, FORESTRY & FISHING
- MANUFACTURING
- ARTS ENTERTAINMENT & RECREATION
- REAL ESTATE ACTIVITIES
- OTHERS

All Rp figures in 2024 prices. Figures may not sum due to rounding  
\*Others refers to Latin America, Africa, Middle East or other regions.

## NON-URBAN SHARE OF ACCOMMODATION SPENDING





## SECTION 2: SPENDING ASSOCIATED WITH AIRBNB IN INDONESIA

In 2024, Airbnb guests spent a total of IDR 30 trillion on accommodation and non-accommodation expenses in Indonesia.

### 2.1 AIRBNB TOURISM FLOWS

In 2024, the majority of Airbnb guests staying in Indonesia were international visitors, who accounted for 65% of total guests.<sup>2</sup> Almost half of international Airbnb guests in Indonesia in 2024 came from within the Asia Pacific region, while the rest were predominantly from Europe. North American tourists accounted for 6% of total Airbnb guests in 2024, a share that has fallen since the 2019 levels of 13%.

The largest inbound source market for Airbnb guests was Australia, which accounted for 20% of all international guests in 2024—up from 15% in 2019. This was followed by France, the source of 8% of total international guests. The proportion of international guests from the United States, 8% in 2024, is lower than in 2019 when it was the second largest origin market, accounting for 14% of Indonesia's international guests that year.

Fig. 2: Airbnb guests staying in Indonesia, by origin, 2019 to 2024<sup>3</sup>

Origin	2019	2020	2021	2022	2023	2024
Domestic	27%	53%	89%	45%	32%	<b>35%</b>
International	73%	47%	11%	55%	68%	<b>65%</b>
Asia Pacific	33%	19%	2%	24%	31%	<b>31%</b>
Europe	25%	18%	5%	22%	27%	<b>25%</b>
North America	13%	9%	3%	7%	8%	<b>6%</b>
Others	2%	1%	0%	2%	2%	<b>3%</b>

Source: Airbnb, Oxford Economics. Figures may not sum due to rounding.

Fig. 3: Top 10 origin markets of Airbnb guests staying in Indonesia, 2019 to 2024

Rank	Origin	2019	2020	2021	2022	2023	2024
1	Australia	15%	14%	7%	19%	19%	<b>20%</b>
2	France	5%	3%	5%	7%	7%	<b>8%</b>
3	United States	14%	15%	23%	11%	9%	<b>8%</b>
4	Germany	6%	5%	7%	9%	8%	<b>7%</b>
5	Singapore	7%	5%	4%	10%	8%	<b>6%</b>
6	United Kingdom	7%	6%	8%	7%	7%	<b>6%</b>
7	India	3%	3%	1%	5%	4%	<b>5%</b>
8	China <sup>4</sup>	5%	6%	2%	1%	3%	<b>4%</b>
9	Netherlands	3%	3%	4%	4%	4%	<b>4%</b>
10	Malaysia	4%	3%	2%	3%	3%	<b>4%</b>

Source: Airbnb, Oxford Economics

<sup>2</sup> Unless otherwise specified, all year references in this report pertain to calendar years.

<sup>3</sup> "Others" refers to Latin America, Africa, Middle East or other regions.

<sup>4</sup> For the purpose of this report, this refers to Mainland China, and does not include Hong Kong (SAR), Macau (SAR) and Taiwan.



2.2 AIRBNB GUEST SPENDING

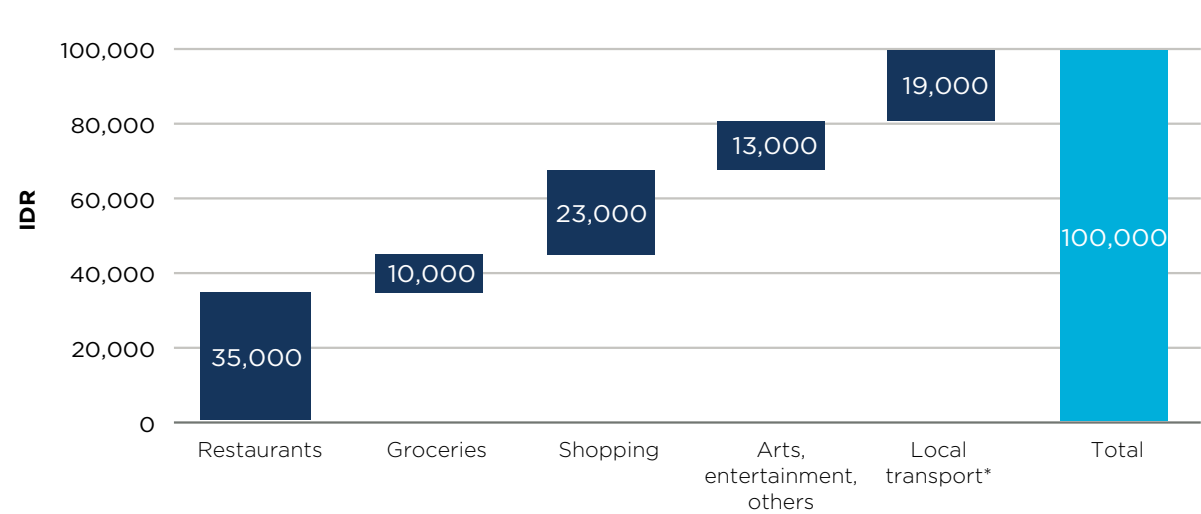
Airbnb guests spent a total of IDR 30 trillion in Indonesia in 2024, including both accommodation and non-accommodation expenses—with the majority going towards the latter.

The typical Airbnb guest in Indonesia in 2024 stayed for an average of three days in their Airbnb accommodation and spent an average of IDR 2 million per day on non-accommodation spending, such as restaurants, retail stores, and on transport.<sup>5</sup>

We analysed Airbnb guest spending patterns to understand what sort of tourism-facing businesses were recipients of this spending.

The largest in-destination spend category was restaurants, accounting for over a third of total non-accommodation expenses. Shopping and local transport were the next largest categories, respectively accounting for IDR 23,000 and IDR 19,000 of every IDR 100,000 spent on non-accommodation expenses. This was followed by arts and entertainment, and groceries, which accounted for IDR 13,000 and IDR 10,000 of every IDR 100,000 spent, respectively.

Fig. 4: Distribution of Airbnb in-destination guest spending by category, Indonesia, 2024



Source: Airbnb, Oxford Economics. Figures may not sum due to rounding.  
\* This excludes airfares.

5 The average length of stay refers to the average (mean) number of nights that guests stay in Airbnb accommodations in the local destination. The spending per day figure refers to specifically the spending by Airbnb guests for each guest night.





## 2.3 AIRBNB HOST SPENDING

The combined spending of Airbnb guests and hosts stimulates a large and far-reaching chain of additional activity in the Indonesian economy.

While guest spending accounts for most of the spending associated with Airbnb in Indonesia, Airbnb hosts themselves also generate a considerable spending impact in their local communities. Some of the earnings received by Airbnb hosts are used to maintain and improve their properties. This may involve purchases of goods and services from businesses in the local economy, for example operational expenses on cleaning services and utilities, or capital expenses with local construction firms or tradespeople to upgrade and maintain properties. The earnings received by Airbnb hosts may also be used for discretionary purchases to support their livelihoods.

“

Hosting has sparked local jobs, supported small businesses, and revived environmental care, especially around the spectacular waterfalls.

”

### HOST SPOTLIGHT: DEDE, EAST BALI, INDONESIA

When the pandemic halted tourism in 2021, Dede returned to his village in Bangli, East Bali, after years of hosting in Denpasar. What began as a necessity became an opportunity to build something meaningful. Using recycled and repurposed materials, he created one listing rooted in tradition and local life; now there are twelve. His accommodations reflect the culture, environment, and rhythm of the village. Hosting has sparked local jobs, supported small businesses, and revived environmental care, especially around our spectacular waterfalls. More than recovery, it's been about cultural renewal and a sustainable future, one that keeps community and identity at its core.



## SECTION 3: AIRBNB'S ECONOMIC IMPACT

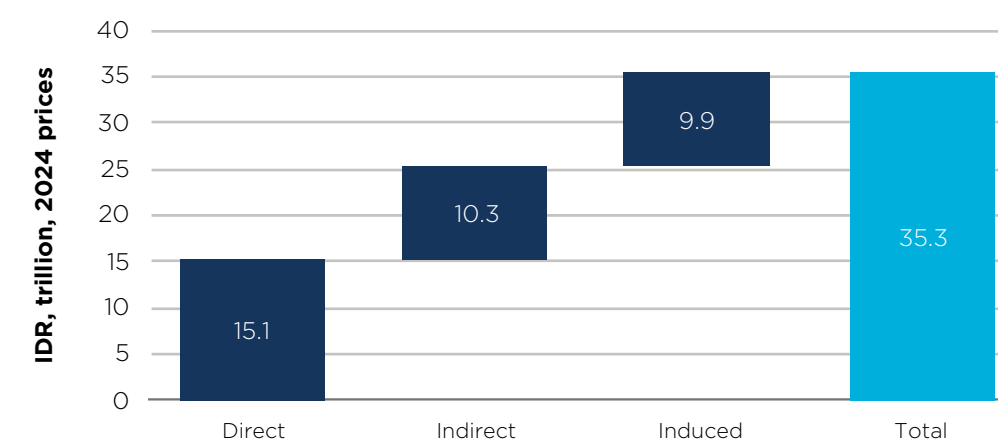
In 2024, the spending associated with Airbnb led to an estimated IDR 35 trillion contribution to the Indonesian economy.

### 3.1 TOTAL AIRBNB IMPACT IN INDONESIA

In 2024, the spending associated with Airbnb led to an estimated IDR 35 trillion contribution to the Indonesian economy, equivalent to 0.2% of national GDP. Through the economic activity stimulated by Airbnb, a total of 204,100 jobs were supported, which was equivalent to 0.1% of total national employment.<sup>6</sup> An estimated IDR 8 trillion was paid in wages and salaries for these supported jobs.

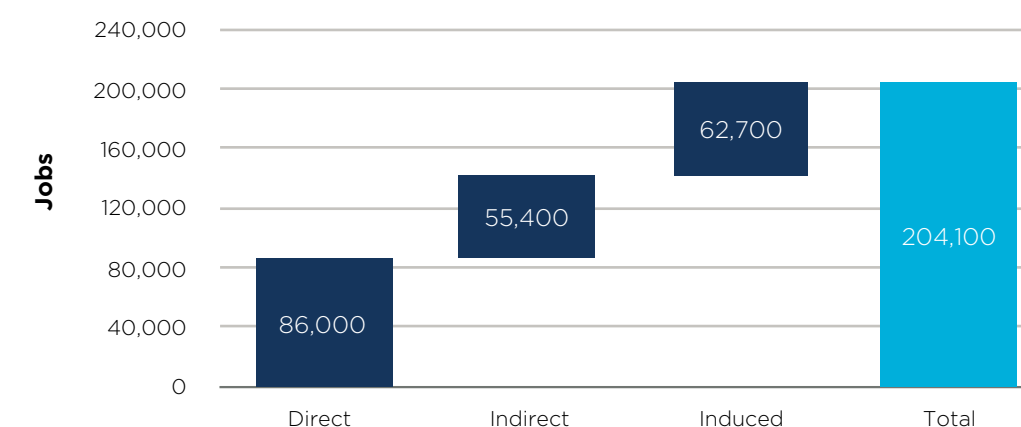
We analysed the scale of Airbnb's economic impact in Indonesia in relation to the total economic footprint of travel and tourism in the country, based on World Travel and Tourism Council (WTTC) estimates. Our analysis suggests that Airbnb was responsible for 3% of the broader travel and tourism sector's contribution to GDP and 2% of its total employment in the country. This means that one in every 63 jobs supported by the travel and tourism industry was associated with Airbnb in 2024.

Fig. 5: Airbnb's economic impact in Indonesia, 2024



Source: Airbnb, Oxford Economics

Fig. 6: Jobs supported by Airbnb in Indonesia, 2024



Source: Airbnb, Oxford Economics

<sup>6</sup> Economic footprint analysis captures the gross economic impact of Airbnb activity, as opposed to its net impacts. Our estimates therefore make no net adjustment for jobs that might have been supported by other sources of demand in the absence of Airbnb. As a gross measure, we refer to jobs "supported" by Airbnb activity, not created by it. Please see the Technical Appendix for further details.



3.2 SECTORAL IMPACTS

The largest GDP impact from Airbnb activity in Indonesia in 2024 was in the sectors that directly serve Airbnb guests. The transport and storage sector<sup>7</sup> was the primary beneficiary of Airbnb's impact, accounting for IDR 6.9 trillion of the total GDP contribution, of which 74% results from the direct spending of Airbnb guests on local transport and airfares.

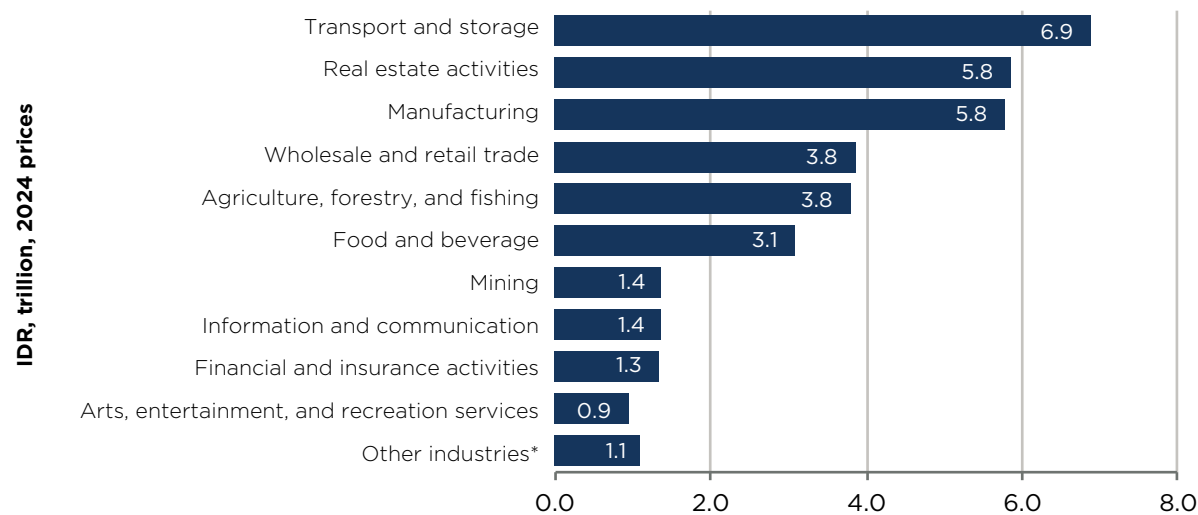
The real estate sector<sup>8</sup> accounted for another IDR 5.8 trillion of Airbnb's total economic footprint. This includes guest spending on Airbnb accommodation and the supply chain spending of "front-line" tourism businesses<sup>9</sup> on real estate services, and through the induced expenditure of employees of businesses serving Airbnb guests, who spend a proportion of their wages on housing.

The supply chain spending of hosts and tourism-facing businesses also resulted in ripple effects across the wider economy. In the manufacturing sector, which represented IDR 5.8 trillion of Airbnb's total economic footprint, the majority of the GDP impact resulted from the procurement of intermediate goods, such as food products and garments, by tourism-facing retail, groceries, and hospitality businesses serving Airbnb guests.

The wholesale and retail sector<sup>10</sup> accounted for another IDR 3.8 trillion of Airbnb's economic footprint, in this case with almost half of the GDP contribution supported by supply chain spending of tourism-facing businesses.

In other sectors, the indirect supply chain and wage induced impacts that flow from Airbnb are more pronounced. Some 35,500 jobs were supported in wholesale and retail, and another 29,700 jobs in agriculture, forestry, and fishing.

Fig. 7: Airbnb's economic impact in Indonesia, by sector, 2024

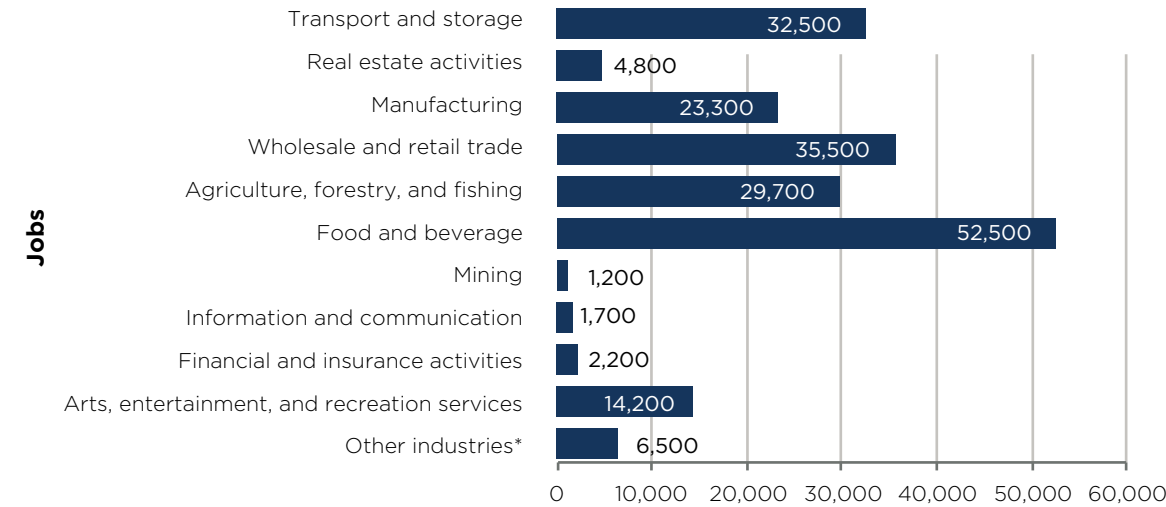


Source: Airbnb, Oxford Economics.  
\* Includes electricity, gas, and water supply, and education etc

Airbnb's employment footprint was most prominent in sectors that were the largest direct recipients of Airbnb guest spending.<sup>11</sup> The food and beverage sector saw the highest impact, with roughly 52,500 jobs supported by Airbnb. Other "front-line" tourism goods and services providers

that received direct guest spending of Airbnb guests were also beneficiaries of Airbnb-related activities, such as the transport and storage sector in which 32,500 jobs were supported, with the majority resulting from direct Airbnb guest spending on local transport and airfares.

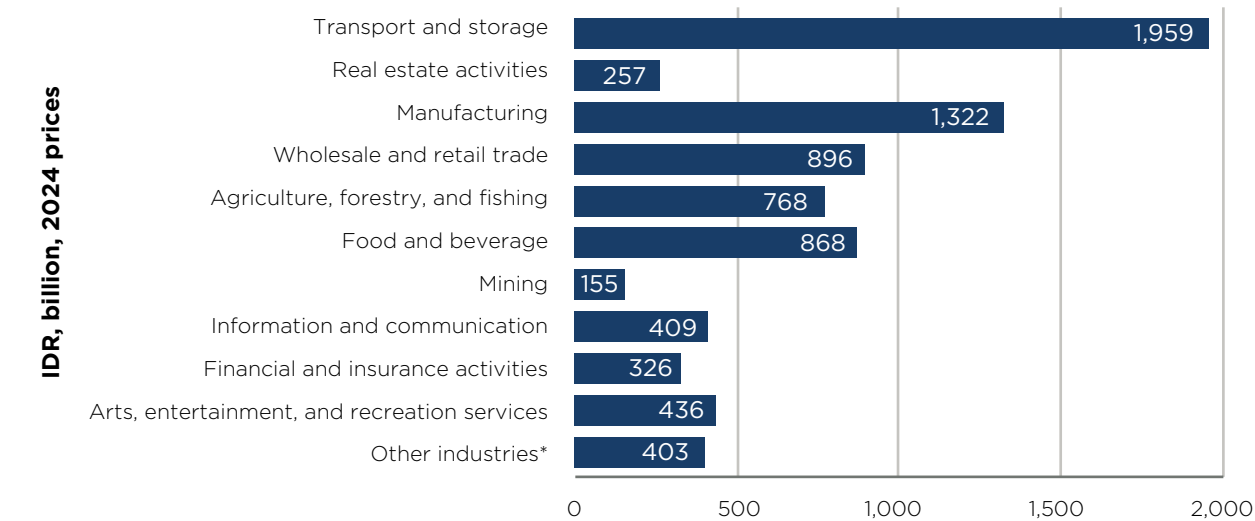
Fig. 8: Jobs supported by Airbnb in Indonesia, by sector, 2024



Source: Airbnb, Oxford Economics.  
\* Includes electricity, gas, and water supply, and education etc

This broad employment footprint means wage earnings derived from Airbnb activity are also dispersed across the economy. The transport and storage sector enjoyed the largest wage impacts of any sector in 2024, with IDR 2.0 trillion supported by Airbnb-related activity. This was followed by manufacturing (IDR 1.3 trillion), wholesale and retail trade (IDR 0.9 trillion), and food and beverage services (IDR 0.9 trillion).

Fig. 9: Wages supported by Airbnb in Indonesia, by sector, 2024



Source: Airbnb, Oxford Economics.  
\* Includes electricity, gas, and water supply, and education etc

7 This sector includes services such as land, air, and water transport, as well as warehousing and storage facilities.  
8 This sector includes services such as the renting or leasing of residential and commercial properties, services of property agents, and imputed rent for owner-occupied housing.  
9 "Front-line" tourism businesses are those that directly serve Airbnb guests, such as retail outlets, grocery stores, and food & beverage services.  
10 This sector includes services such as the commission based buying and selling of goods, without significant transformation, by merchants and brokers to businesses, as well as by retail units to the general public.  
11 Sectors which saw the largest share of employment could differ from the sectors which contributed most to Indonesia's GDP, due to varying productivity levels across sectors.



## SECTION 4: AIRBNB'S IMPACT IN INDONESIAN PROVINCES

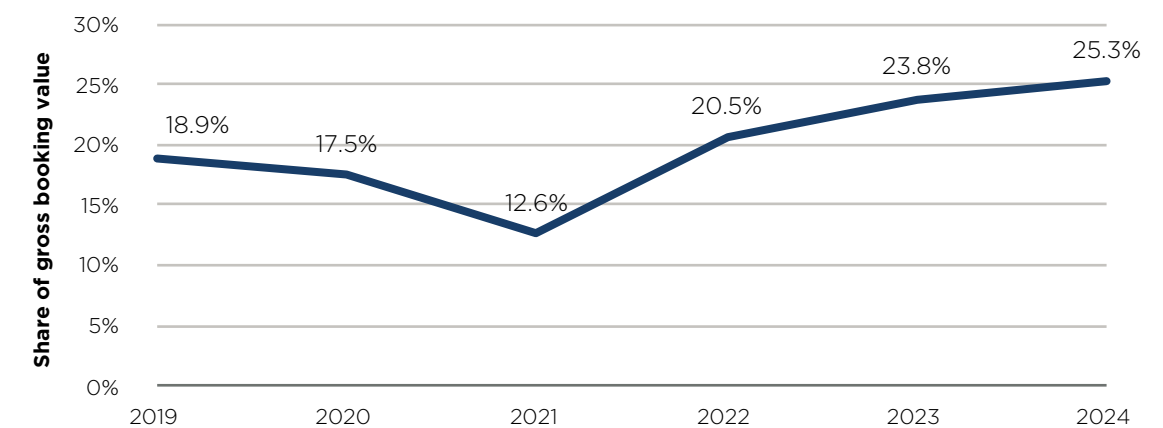
The non-urban share of Airbnb gross booking value was 25% in 2024, up six percentage points from 2019.

### 4.1 DISTRIBUTION OF AIRBNB GUEST SPENDING IN NON-URBAN DESTINATIONS

Unlike many other markets in APAC, where non-urban tourism peaked during the pandemic before gradually returning towards pre-pandemic norms, Indonesia bucked the trend. During the pandemic, the non-urban share of Airbnb's gross booking value (GBV) in Indonesia actually declined, falling to just 12.6% in 2021. But this dip, driven by the

severe drop-off in international visitors to non-urban destinations, was followed by a sustained reversal that saw the non-urban share of bookings double to 25.3% by 2024—significantly higher than the 2019 level. This suggests a shift in guest preferences, with growing interest in Indonesia's non-urban destinations.

Fig. 10: Non-urban share of gross booking value in Indonesia, 2019 to 2024



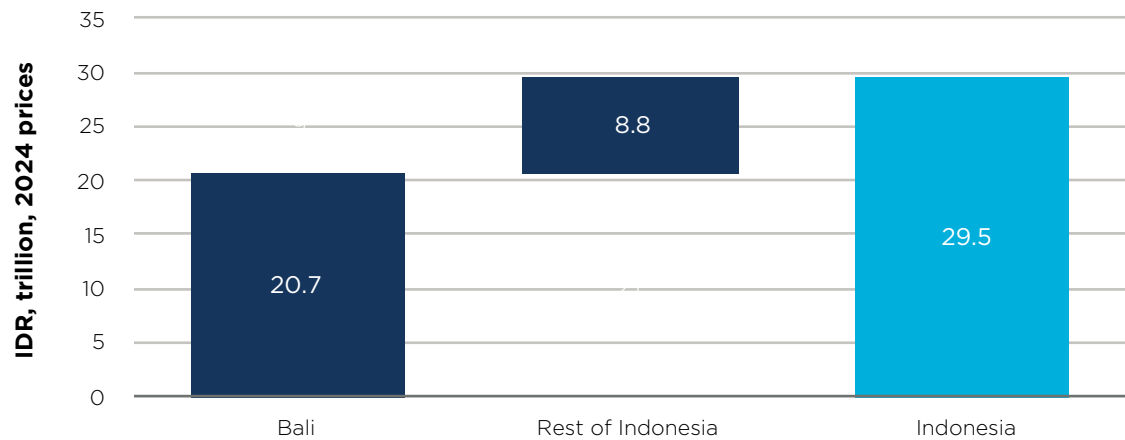
Source: Airbnb, Oxford Economics



4.2 GUEST SPENDING AT THE SUB-NATIONAL LEVEL

Airbnb guest spending was distributed across various Indonesian provinces, with Bali the focus of our analysis. Airbnb guests spent a total of IDR 21 trillion in Bali, which represented 70% of total guest spending in the country.

Fig. 11: Airbnb guest spending in Bali versus Rest of Indonesia, 2024



Source: Airbnb, Oxford Economics.  
Totals may not sum due to rounding.

4.3 ECONOMIC IMPACT AT THE SUB-NATIONAL LEVEL

In Bali, Airbnb contributed IDR 17.5 trillion to GDP whilst supporting 112,900 jobs and IDR 3.8 trillion in wages. Another IDR 17.8 trillion was contributed to GDP in the rest of Indonesia, in which Airbnb supported 91,200 jobs and IDR 4.0 trillion in wages.

Despite accounting for just 30% of total Airbnb spending, the rest of Indonesia accounted for 51% of Airbnb’s total GDP impact in the country. This is primarily due to the wage and supply-chain

impacts observed in regions outside of Bali, and illustrates the extensive distribution of Airbnb’s economic footprint throughout the country. Despite Bali’s prominence as an Indonesian tourism destination—the supply chain spending facilitated by “front-line” tourism businesses located in Bali, and the wage-induced spending it leads to, mean the benefits of Airbnb tourism are widely dispersed.

Fig. 12: Airbnb’s economic contributions in Bali versus Rest of Indonesia, 2024<sup>12</sup>

Region	GDP (IDR trillion)			Total	Employment	Wages (IDR trillion)
	Direct	Indirect	Induced			
Bali	10.1	3.0	4.4	17.5	112,900	3.8
Rest of Indonesia	5.1	7.3	5.4	17.8	91,200	4.0

Source: Airbnb, Oxford Economics

12 2024 prices









# TECHNICAL APPENDIX

## DATA SOURCES

Our analysis drew on detailed data from Airbnb, WTTC, UNWTO, national tourism agencies, third party providers (e.g., hotel and industry associations), and Oxford Economics databanks.

### AIRBNB

Data provided by Airbnb included the volume of Airbnb guest activity (guests and accommodation revenue) and the number of Airbnb listings. This data covered each geography for 2024. Additional data covered the number of guests travelling to each destination by origin market.

Airbnb also provided guest spending results based on guest surveys it has conducted annually using a randomised sample of guest accounts in each country or region. The survey is administered through Qualtrics and sent via email. No payment or other incentive is provided in exchange for completing the survey.

### WTTC AND OXFORD ECONOMICS GLOBAL ANALYSIS OF THE ECONOMIC IMPORTANCE OF TRAVEL AND TOURISM

Oxford Economics has been working for over 30 years with the World Travel and Tourism Council (WTTC) to produce annual economic impact studies for 185 countries and regions, quantifying the socio-economic benefits that travel and tourism brings to the world economy on a global, regional, country, and city level. These figures were incorporated into our analysis.

WTTC is the only global organisation that studies and publishes research on the sector’s direct, indirect, and induced impact at a national, regional, and global level on jobs, GDP, and trade and investment. These can be found at <https://www.wttc.org/economic-impact/>. Oxford Economics has recently undertaken further work to benchmark tourism’s economic impact versus other sectors, as well as analyse issues such as youth and female tourism employment patterns.

### OXFORD ECONOMICS

Oxford Economics, through its Tourism Economics subsidiary, maintains a global database on travel and tourism activity across 185 countries and regions. Data used in this Airbnb study included transport expenditures per international visitor, distances between origin and destinations, and an analysis of selected tourism satellite accounts.

## GUEST SPENDING ANALYSIS

We quantified total Airbnb guest expenditures based on a database we developed containing detailed information on Airbnb guest activity, surveys of Airbnb guest spending patterns, and transport costs estimated by each source market. This analysis leveraged highly detailed transaction-based data provided by Airbnb across 10 APAC countries and regions, and Oxford Economics’ proprietary databases and research.

The key components to Airbnb guest expenditures are 1) accommodation spending (i.e., gross booking value based on Airbnb data), 2) in-destination guest spending outside of Airbnb, and 3) portion of airfare revenues that goes to each market.

**Gross booking value (GBV)** is sourced directly from Airbnb and reviewed by Oxford Economics to check for consistency in terms of GBV per guest and international versus domestic breakdowns. GBV is attributed to host earnings and revenue on the night of stay, thus it excludes cancelled bookings. The GBV figures reported are different to those used in the 2023 study which included the total GBV on the Airbnb platform, of which a proportion may have been cancelled bookings. There may be slight variations in the historical non-urban share of GBV in this study compared to the previous study, due to revisions in the GBV data. GBV data was provided with a breakdown by “urban” versus “non-urban”, the latter referring to listings in locations that do not appear to be urbanised based on satellite imagery data.

**In-destination spending by guests** covers their purchases of goods and services in the local economy. To estimate non-accommodation guest spending such as on restaurants, shopping, and activities, we modelled guest spending by category using the Airbnb guest survey data. We also use Oxford Economics’ data on country-level and city-level travel flows and spending to guide our estimates. These are informed by data from the UNWTO, national tourism agencies, third-party providers (e.g., hotel and industry associations), balance of payments data and OE’s own estimates.

**Airfares** including the travel to and from the Airbnb destination, is a sum of three components. We estimated **inbound and outbound transport spending of international travellers** based on the estimated distance travelled between origin and destination for each country/region pair, and transport spending ratios from tourism satellite accounts and balance of payments data. We adjusted transport cost estimates to reflect only that portion of expenditures with an impact on the origin and destination countries and regions of analysis. For **domestic guests**, we calculated the total airfare revenue by taking the residual from total local transport spending (including airfares) compared to Airbnb’s survey data on in-destination local transport spending of domestic guests. At the subnational level, we estimate using each smaller regions’ share of corresponding country’s air traffic, based on airport locations and third-party data on air travel.

The results provide a detailed platform for quantifying the scope and scale of Airbnb guest spending and support a detailed assessment of the corresponding economic impacts.



## ECONOMIC IMPACT METHODOLOGY

In this report, we have designed an economic impact framework with a focus on the way in which Airbnb supports local tourism businesses. The bulk of the calculated economic benefits are from non-accommodation spending within the destination.

However, we also consider some of the economic impact supported by the total accommodation income a host receives. We estimate a) the economic impact generated by the host's procurement of intermediate inputs to maintain the property, such as cleaning services, and the onward supply chain that supports this, b) the economic impact of the boost to host spending that is induced from accommodation incomes, after accounting for costs and savings, and c) the economic impact created as employees in the hosts' supply chains spend out of their own earnings. We also consider Airbnb's own activity in the destination economy.

### The tiers of impact

When assessing the economic contribution of Airbnb's presence in APAC countries and regions, we considered three main tiers of impact:

- At the centre of any economic impact assessment is the **direct impact**. This is the impact generated by the direct recipients of the spending associated with Airbnb's presence in a given country or region. In this framework, the primary driver of the direct impact is the guest spending on goods and services, stimulating activity in tourist-facing industries. It also includes hosts' and Airbnb's own activity in the destination economy.
- The second tier of impact focuses on the supply chain that is required to support the direct purchases. This **indirect impact** represents the activity created in other parts of the economy from the procurement of inputs in the form of goods and services. Examples include the manufacturing of goods that travellers buy and sourcing of raw food inputs through agriculture and fishing. It also includes support services for Airbnb accommodations such as cleaning and maintenance providers, as well as operating expenses for the upkeep of the online Airbnb platform such as spending on info-communications providers and other business services.
- The final tier of impact is known as the **induced impact**. This captures the activity stimulated by the consumer spending of people employed through the direct and indirect activity associated with Airbnb. It also captures the additional demand sustained along the domestic supply chain from those transactions. In addition, it includes the proportion of income of hosts that is spent in the local economy, after adjusting for business costs and deductions. In this framework, the economic footprint of host earnings is captured primarily through the induced impact, recognised as a boost to host spending power.

Brought together, these three tiers present a complete picture of **total economic impact** of Airbnb, as it ripples from the direct effect out through the rest of the economy.

To effectively quantify Airbnb's economic impact, it is necessary to evaluate the contribution it makes in the same terms used to measure the size of the economy. As such, impact assessments typically focus on two different metrics: gross value added (GVA) contribution to gross domestic product (GDP) and employment.

The first of these metrics—GVA contribution to GDP—is a measure of net output. Three different approaches are available to calculate the GVA contribution to GDP of a business: the production (or output) approach, income approach, and expenditure approach. United Nations Statistics Division (UNSD) clearly defines the different methodologies:

*"The production approach [...] measures GDP as the difference between the value of output less the value of goods and services used in producing these outputs in an accounting period".*

*"The income approach measures GDP as the sum of the factor incomes generated to the economy [wages, salaries and bonuses payable to employees, taxes on production, and operating surplus for the producers]".*

*"The expenditure approach measures the final uses of the produced output as the sum of final consumption, gross capital formation and exports less imports".*

Whichever approach is used, gross value added measures the contribution to the economy of each individual producer. When aggregated across all firms in a national economy, GVA sums to GDP. GDP is one of the main summary indicators of a country or region's economic performance. References to economic growth (or when the economy enters recession) typically relate to the rate of change of GDP.

Employment is the second metric by which the economic contribution of a firm can be measured. It can be defined in three ways: headcount, full-time equivalent, or job-years. A headcount employment measure corresponds to the number of people employed, irrespective of whether employment is full or part time. An adjustment was made to agriculture employment estimates to account for the presence of subsistence farming. This is a portion of the agriculture workforce that essentially does not take part in the market economy and therefore has been removed from the employment estimates.

### Gross versus net economic impact studies

The total core contribution of any given entity to the economy is the sum of its direct, indirect, and induced impacts. In line with standard practices, we present Airbnb's impact on a gross rather than a net basis. This means that in measuring the value of Airbnb's contribution, we estimate the total value added by businesses and wage earners in supporting Airbnb's economic activity, but we do not deduct for how those resources might otherwise have been used in the absence of that activity, i.e., their next most productive use. A net approach to such an assessment is more complex and controversial, as it requires many assumptions about counterfactual scenarios.



## MEASURING AIRBNB'S CORE IMPACT

An I-O model is a detailed representation of an economy, showing the major interactions and spending flows between different industries, households, government, and the external sector. An I-O model is a table which shows who buys what, and from whom, in the economy. The global I-O model used in this study offered a platform to analyse all countries and regions through the same structure, ensuring that our analysis of each country and region was completely comparable.

### Direct impact

Understanding the direct impact involves analysing the industries that are direct beneficiaries of the expenditure related to Airbnb accommodations. This includes:

- Revenue for tourism-facing businesses receiving Airbnb guest spending
- Revenue for Airbnb from platform commission
- Revenue for Airbnb hosts.

These revenue figures represent the total direct gross output. The I-O tables were then used to analyse the direct impact by quantifying the share of revenues that should be considered part of their direct GVA contribution to GDP, calculated as the sum of their costs of employment, operating surplus, and taxes on production (i.e., using the income approach).

Airbnb's direct employment footprint was estimated based on the relationship between the GVA contributions and employment of different industries within each country or region. Source data were gathered from a range of national statistics agencies and Oxford Economics estimates.

### Indirect and induced economic impact

We estimated the structure of intermediate purchases of goods and services that flowed from our direct impacts, using I-O tables. We traced the entire supply chain that supported this spending, accounting for wages, profit margins, taxes, and imports along the way. From this, the GVA contribution to GDP from the indirect effect was estimated. The employment that those impacts support were analysed using the same methodology described above, for direct impacts.

The induced impact considers the value accrued in the economy as wage earners spend the wages they derive via the direct and indirect impacts, and as Airbnb hosts, and employees of businesses along the supply chain, spend their incomes. Employee wage spending was adjusted to account for the value of household spending as a share of total earnings, in order to account for taxes and savings. We also adjusted for savings and the tax wedge to the earnings of hosts, based on OECD data. The value of this spending was distributed across different industry sectors based on the structure of household spending in each country or region, sourced from the I-O tables, and we traced the impact that this had through the economy. The employment impacts were derived from this estimate, as explained above.

### Rounding convention

Note that employment figures are rounded to the nearest hundred. All other reported statistics are rounded to the nearest integer, while values containing decimals are rounded to one decimal place.



# OXFORD ECONOMICS

### May 2025

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The modelling and results presented here are based on information provided by third parties, upon which Oxford Economics has relied in producing its report and forecasts in good faith. Any subsequent revision or update of those data will affect the assessments and projections shown.

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