Airbnb's impact on Canadian housing markets

August 10 2017

Airbnb has removed as many as 14,000 units of housing from rental markets in Montreal, Toronto and Vancouver, according to a report released this week by the Urban Politics and Governance Lab in McGill's School of Urban Planning.

In some areas, particularly in downtown Montreal, this represents more than three percent of the total housing stock—a number comparable to the rental vacancy rate in any of the three cities. Moreover these 14,000 units of lost rental housing represent 10 percent or more of the purpose-built rental stock in a number of neighbourhoods, according to the study, which represents the first comparative analysis of short-term rentals in Canada's three largest cities.

In general, these are neighbourhoods with above-average rents, but there are significant economic pressures threatening further conversions of long-term rentals to de-facto Airbnb hotels in a number of more affordable areas— particularly those lying on mass transit lines, says Prof. David Wachsmuth, lead author of the report.

"One thing that really surprised us was that the share of houses on Airbnb that are being rented out full-time and taken off the long-term housing market has been increasing extremely quickly," Wachsmuth says.

Multi-listing hosts and the 'unholy trinity'

"While Airbnb may have begun as a 'peer-to-peer' service connecting individuals, it and other short-term rental services have evolved into a significant platform for third-party businesses in the hospitality industry," according to the report.

A third of all active Airbnb properties are "multi-listings", whose hosts administer two or more entire homes or three or more private rooms, the researchers found. The most successful of these hosts earn millions of dollars per year running commercial short-term rental services across dozens or even hundreds of homes, most of which are no longer able to support a long-term resident.

Among the 26,000 multi-listings in Montreal, Toronto and Vancouver, a small subset are: 1) full-time, 2) entire homes, and 3) multi-listings. "These are the listings which represent the maximum commercialization and commodification of home sharing: they are being operated as a large-scale business, and they are taking long-term housing off the rental market," according to the report. "Because of their particularly severe impact on housing markets in the three largest Canadian cities, we refer to these listings as the 'unholy trinity'."

While such listings represent only 8% of the total active listings across the three cities, they account for 34% of total revenue, the researchers found. These listings are growing more rapidly than any other category of listing, and in Toronto their share of total revenue increased by 125% in a single year.

Regulatory challenge

How should Canadian cities respond to the regulatory challenge of the growing short-term rental market, with an eye to protecting the availability of affordable housing for city residents? The report suggests three principles:

1. One host, one rental: Cities should allow residents to rent their own homes, but should not allow large-scale commercial operators to convert multiple homes into de facto hotels;

2. No full-time, entire-home rentals: Home-sharing should be an occasional thing, not a full-time business;

3. Platforms responsible for enforcement: Airbnb and other platforms should be responsible for enforcing the regulations.

Provided by McGill University

Citation: Airbnb's impact on Canadian housing markets (2017, August 10) retrieved 25 April 2024 from https://phys.org/news/2017-08-airbnb-impact-canadian-housing.html