

Book review

Airbnb, Short-Term Rental and the Future of Housing

Edited by Lily M. Hoffman and Barbara Schmitter Heisler
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Airbnb is a fully interactive digital platform that allows renters or homeowners to list their property as accommodation for short-term stays and a poster child of the so-called “sharing” economy. Although Airbnb has been the object of several studies from a tourism sector perspective, mainly for its disruptive impact on the accommodation sector, its impact on the residential housing market has remained largely unexplored. How do we understand the rise and exponential growth of Airbnb and short-term rentals as a global phenomenon? What is their impact on housing and neighbourhoods, and how have cities responded to these challenges? Going forward, what are the implications of a large and growing short-term rental sector for the future of housing? Giving an answer to these questions is at the origin of Lily M. Hoffman’s and Barbara Schmitter Heisler’s book *Airbnb, Short-Term Rental and the Future of Housing*.

From the authors’ perspective, positioning the short-term rental phenomenon within a housing perspective is of primary importance, as “housing is a basic human need”, which leisure travel is not – as a logical inference. Given “the critical importance of housing as a component of social and spatial inequality” and its “inelastic demand”, the loss of even a small amount of housing units in urban areas under housing pressure may lead to large adverse impacts and eventually exacerbate imbalances. In this book,

the two authors address this phenomenon by examining how the short-term rentals boom – supported by the popular platform – impacted on housing and communities by minutely documenting the response local authorities in different countries implemented to mitigate the most disruptive impacts of this global-scale phenomenon. The authors also address the growing professionalisation and commercialisation of peer-to-peer accommodation services and related changes in housing tenure and in the overall rental sector.

The book consists of two parts accompanied by an introductory and closing section.

- The introductory chapter provides the information needed to contextualise the cases illustrated in the other two sections of the book. Airbnb is portrayed as an invention rooted in the 2008 financial crisis, when the housing bubble exacerbated the lack of affordable housing. Taking advantage of the rise of urban tourism, and thanks to cutting-edge technology, Airbnb was invented to offer renters and owners an opportunity to round up their incomes by temporarily selling unused space at their dwellings. In a short lap of time, Airbnb turned from an expedient to raise money into a professional activity, from a fully digital business into a business investing in real estate production and ownership, *de facto* institutionalising short-term rentals.
- The first section of the book focusses on the US experience. This section retraces the conditions that led to the boom of the platform economy in the USA and then to a form of “platform capitalism whose business model

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encourages real estate speculation and commercialization”, as best exemplified by the Airbnb case. Chapters 2 and 3 focus on the impact, mainly negative, that Airbnb has on housing, especially in densely populated neighbourhoods and housing markets already under stress. Case studies presented in this section document Airbnb reluctance to share data with local authorities, which hinders the latter’s capability to draft adequate regulatory policies, and result in costly externalities for residents in major US cities such as New York, San Francisco and Los Angeles. This section also makes use of available data sources to assess Airbnb’s impact on housing and neighbourhoods, suggesting that the presence of short-term rental accommodation contributes to rising rents, house prices and scarcity of units.

- The second section of the book builds on case examples from countries with different underlying conditions. On one side the authors present the case of Australia, a country of homeowners, with a highly financialised housing system, whose economy was only lightly impacted by the Global Financial Crisis (GFC). Airbnb arrived in Australia in the midst of a housing boom and was well received by residents, which led regulators to mainly focus on codes of conduct, as the housing system was not in particular distress there. On the other side, the authors illustrate the case of Germany, a nation of renters with consolidated tenant rights, which also navigated the GFC well. Here, the scepticism of residents in Munich and Berlin was key to push local governments to protect residential housing from what locals considered as misuse of housing space.
- The closing section describes the emergence of a hybrid real estate

sector, which multiplies and diversifies options for housing tenure, and possible implications for the future of housing. The authors express their concern in identifying the Airbnb model, which treats underutilised space as an asset, as a societal solution to the crisis faced by both the homeownership and rental housing models. The main reason is, as demonstrated in this book, that the Airbnb model actually contributes to feed the crisis. The book ends with a call for more investigation to demonstrate the future viability of the “homesharing ideology” as new model for the housing market.

Beyond the immediate focus on the housing sector, the authors also hint to an overarching question about the vulnerability of policymakers in an era of rapid change and disruptive innovation. Airbnb was a recipient of venture capital funding and followed the venture capital business model, which encouraged start-ups to “grow aggressively – faster than the competition, faster than regulators”. Next to this, the legislative context in the USA protects Airbnb against sharing proprietary data, which is needed by regulators to adapt or enforce existing legislation with a proper understanding of the new phenomenon. In Europe, over 20 cities appealed to the European Commission and called for a uniform legal framework that would require platforms to share data relevant to enforce local regulations. The authors question whether the sharing economy is therefore an expression of social economy, as peer-to-peer initiatives were initially hailed, or rather a form of capital economy suitable for the digital era. Given the rapid expansion of peer-to-peer business models across sectors of the economy, investigating these aspects in sectors already interested by this phenomenon would help draw lessons relevant to anticipate challenges and mitigate the negative impacts of the sharing economy elsewhere.

Likely beyond the authors' intention, the book also prompts reflections on the potential positive impact of Airbnb. From the very first pages of the book, the two authors take a negative stand towards Airbnb, and they successfully illustrate their case by the means of well-documented examples. It is difficult to imagine readers to remain positive about the short rental platform after having read this book. By demonstrating the negative impact of Airbnb on stressed markets, authors trigger a reflection on whether an equal and opposite relationship exists between Airbnb and depopulating areas. What if the company could use the power of its brand to support the rejuvenation of rural areas through tourism? Much as Ryanair, back in the 1990s, contributed to position new destinations on the tourism map by expanding its network outside tourism hotspots, so could Airbnb shift the

focus of its business on depopulated rural areas and help them grow and flourish through a revitalised tourism economy.

From any perspective, this book makes a very interesting reading for a largely diversified audience. The well-documented cases, written in a clear and direct style, will appeal to scholars, students and practitioners in urban studies, urban planning, housing and tourism studies. It could also be a highly recommended reading for all tourists who heavily rely on short-term rentals for their vacations.

Valeria Croce

Valeria Croce is based at the Department of Tourism and Service Management, Modul University Vienna, Vienna, Austria.