



# Airbnb and the City of Seattle

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## 1 - INTRODUCTION

Since our founding in 2008, Airbnb has become an economic lifeline that makes it possible for long-time residents to pay the bills, make ends meet and stay in the city they love. Ordinary people take what is typically one of their greatest expenses – the cost of their housing – and turn it into a way to generate supplemental income. In Seattle, 60 percent of hosts, many of whom are moderate-to-low-income individuals, say that hosting on Airbnb has helped them afford to stay in their homes. The typical host in Seattle earns about \$8,000 per year by sharing his or her home, 59 percent of which goes towards household expenses like mortgage or rent (34 percent), regular household expenses like bills and groceries (17 percent), and savings (8 percent).

Airbnb and our hosts want to work with cities like Seattle to create fair and progressive rules for home sharing. We recently released the [Airbnb Community Compact](#), in which we pledge to treat every city personally, build a transparent community, and promote responsible home sharing to make cities stronger. We are committed to being constructive partners with policymakers. In that spirit, we have prepared the enclosed report.

## 2 - KEY FINDINGS

Based on the analysis of Airbnb bookings data, survey data of the Airbnb community in Seattle, and publicly available census and community survey data, the following four points represent the key findings about Seattle's Airbnb community:

- **Most entire home listings on Airbnb in Seattle are primary residents sharing their homes:** 81% of all Airbnb hosts in Seattle are primary residents of the home they share. Of that, 72% of Airbnb hosts in Seattle who share *an entire home* are sharing their primary residence -- the home in which they live. An additional 14% are sharing a second home they live in for part of the year.
- **Most entire home listings on Airbnb in Seattle are rented only occasionally.** Half of Airbnb entire home listings are rented on a short-term basis for less than thirty days of the year, and almost 80% are rented on a short-term basis for less than 90 days of the year.
- **Seattle's long-term housing stock has remained stable.** The number of dedicated short-term rentals in Seattle has also remained constant at about 3,000 units since 2008 (before the first Airbnb visitor ever came to Seattle). The number of dedicated, permanent short-term rental units has not increased over the past seven years.
- **Most hosts make less money short-term renting than they could long-term renting.** Airbnb hosts are overwhelmingly primary residents who occasionally short-term rent their home to earn supplemental income. On average, Seattle entire home units need to be short-term rented 157 days per year on Airbnb to make the same amount of money as long-term renting to a tenant; only 300 Airbnb listings in Seattle are rented more than 157 days per year, which to put in context, is less than 1% of the Seattle housing stock.

## ANALYSIS

This report examines the Airbnb Community in Seattle. It looks at how middle class people are sharing their homes, how often they are doing it, and the impact that it has on the city of Seattle.

**3A - Most 'entire home' listings are hosts sharing the home in which they live for a few weeks a year.**



The vast majority of hosts in Seattle - over 80% - are sharing the home in which they live. 72% of hosts with entire space rentals on Airbnb are primary residents. People rent their spaces while on vacation, while away for work, while staying with a friend or significant other, while on sabbatical, while traveling for an extended period, and for many other reasons. Most listings are rented only a fraction of the year, not year-round. As shown in TABLE 1, half of all entire home listings are rented fewer than 30 days each year. Almost 80% of all entire home listings are rented fewer than 90 days of the year.

**TABLE 1 - Hosting frequency data for entire home listings on Airbnb in Seattle<sup>1</sup>**

Number of nights hosted [Annually]	Percent of entire home Airbnb listings in Seattle [cumulative]	Number of entire home Airbnb listings <sup>2</sup> [non-cumulative]
Less than 30	50%	1,500
Less than 60	68%	500
Less than 90	78%	300
Less than 120	85%	200
Less than 180	92%	200
More than 180	8%	230

An entire home listing may be a second home that the owners live in for part of the year or a home that is vacant while the primary resident is traveling for work work or vacation. Additionally, many accessory units like a small bedroom over a garage, or portion of a dwelling with a separate entrance, can be listed as an “entire home.” Moreover, this type of space is often reserved as guest space for visiting family and friends. In all these cases, with or without Airbnb, the listing would not be available to a long-term tenant.

**3B - Seattle’s long-term housing stock has remained stable.**

Airbnb hosts tend to be primary residents who are renting to visitors occasionally throughout the year. Vacancy rates in Seattle over time have been relatively constant: the 2014 vacancy rate, according to U.S census data, is the same as the 2005 vacancy rate (TABLE 2). If Airbnb hosts were converting housing to short-term rentals, the vacancy rate would increase because short-term rentals are classified as a type of vacant unit by the U.S. census.

**TABLE 2 - Seattle Vacancy Rates Over Time**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Housing Units	324,490	309,205	306,694	304,164	302,465	302,474	287,060	281,668	282,414	278,495
Total Vacant Housing Units	19,926	20,766	21,218	21,684	22,012	21,617	21,801	20,908	23,251	17,062
Vacancy Rate	6.1%	6.7%	6.9%	7.1%	7.3%	7.1%	7.6%	7.4%	8.2%	6.1%

The number of dedicated vacation rentals - properties that are not primary residences, but rather second homes or investment properties used seasonally, occasionally, or recreationally - has also remained relatively constant. Since 2008, there have been approximately 3,000 dedicated vacation rentals in Seattle (TABLE 3). As a percent of all housing units, seasonal use units have remained a steady 1% of the housing stock over the past decade. If Airbnb hosts were converting housing to vacation rentals, the number of seasonal use units would increase; however, there has been no increase in the number of dedicated vacation rentals over the past seven years, despite the growth of the Airbnb community since 2008.

<sup>1</sup> Based on bookings data of short-term rentals (rentals of less than 30 days) for the City of Seattle between October 1, 2014 and September 30, 2015.

<sup>2</sup> Based on bookings of entire home listings in Seattle between October 1, 2014 and September 30, 2015. Numbers rounded to the nearest ten or hundred.



TABLE 3- Vacation Rental Units in Seattle

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Total Vacation Rental Units</b>	2,885	3,001	2,718	2,880	2,951	3,407	3,013	2,266	2,438	1,067
<b>VR Units as Percent of Total Housing Stock</b>	1%	1%	1%	1%	1%	1%	1%	1%	1%	0.4%

**3C - Most Seattle hosts make modest but significant income from sharing their homes. However, they don't home share frequently enough to financially outcompete a long term tenant.**

When comparing the average long-term rental income with short-term rental income, we see that most hosts make less money short-term renting than they could long-term renting.

On average, Seattle entire home units need to be short-term rented 157 days per year on Airbnb to make the same amount of money as long-term renting to a tenant (TABLE 4). But most entire home units are rented less than 60 days per year (TABLE 1). In fact, less than 1% of the housing units in Seattle are short-term rented more than 157 days per year on Airbnb. If we examine only one-bedroom units, a Seattle listing would need to be short-term rented 139 days per year to make the same amount of money as a long-term tenant. Most one-bedroom units are rented for less than 30 days per year<sup>3</sup>, while only 0.06% of Seattle's one-bedroom units are short-term rented on Airbnb more than 139 days per year. This data shows that hosts are renting short-term for less money than they could earn on the long-term market, suggesting that hosts are not materially decreasing the housing supply but rather occasionally short-term renting a unit that they live in at least part of the year.

To perform this analysis, we used the following inputs:

- **Long-Term Rental Income:** Using data from [Rent Jungle](#) and the [KUOW housing analysis](#), we built a snapshot of the market in Seattle, both holistically and by neighborhood (refer to TABLE 5).
- **Short-Term Rental Income:** To calculate this table, we looked at the average host income for all entire apartment listings that were booked from October 1, 2014 through September 30, 2015. The nightly cost represents the total host earnings for the Airbnb stay, excluding any fees that the host pays out to third parties.<sup>4</sup>
- **Discounts/Adjustments:** For a short-term host, operating costs tend to be higher than for a long-term landlord. Short-term hosts may be responsible for the cost of furniture, while a long-term landlord may not be. Coordinating short-term stays with multiple guests and cleaning schedules is typically more time-consuming than contracting with a single long-term tenant. Short-term rental income can be variable and uncertain, while long-term rental income is stable and largely guaranteed for the lease period. However, since it is impossible to know how one host or landlord spends money on upkeep, utilities, insurance, furniture, or otherwise, we do not include any assumptions about discounts or adjustments in our calculations.

We performed the analysis for all housing units as well as for one-bedroom units only.

<sup>3</sup> 50 percent of entire home, one-bedroom listings in Seattle were rented fewer than 30 days per year in the past year.

<sup>4</sup> The nightly cost includes the per-night cost and any additional fees collected by the host, including extra person fees, but excludes host and guest fees as well as cleaning fees, as this money is often passed on to a third party.



**TABLE 4 - Break-even threshold for units in Seattle**

	Average monthly rent in Seattle	Average nightly Airbnb income	Number of days of Airbnb renting to equal long-term rental income (“break-even threshold”)	Number of Airbnb listings rented above break-even threshold	Units as % of all housing units
Entire City, All Bedrooms	\$1,897	\$145	157	296	0.09%
Entire City, One-Bedrooms	\$1,412	\$122	139	207	0.06%

Although the *average* break-even point in Seattle is 157 days, in the neighborhoods where Airbnb is most common<sup>5</sup>, the break-even point can be even higher. According to our analysis in TABLE 5, the break even point across neighborhoods with more than 50 entire home Airbnb listings varies from 128 nights in Central Business District to 209 nights in University District.

As shown in TABLE 5, in most neighborhoods, very few listings are rented frequently enough to outcompete the long-term rental market.

**TABLE 5 - Break even threshold by neighborhood, all entire home units**

Neighborhood	Average monthly rent [Rent Jungle] <sup>6</sup>	Average nightly Airbnb income	Number of days of Airbnb renting to equal long-term rental income (“break-even threshold”)	Number of Airbnb listings rented above break-even threshold
Entire City, All Bedrooms	\$1,897	\$145	157	296
University District	\$1,752	\$101	209	< 5
Fremont	\$2,001	\$133	180	< 15
Ballard	\$1,871	\$126	179	< 25
Wallingford	\$1,902	\$141	162	< 15
Eastlake	\$1,861	\$147	152	< 5
Queen Anne	\$1,987	\$157	152	< 25
First Hill	\$1,792	\$151	142	< 25
Capitol Hill	\$1,821	\$157	139	< 50
Belltown	\$1,951	\$176	133	< 30
Central Business District	\$1,943	\$182	128	< 15

**TABLE 6 - Break even by neighborhood, one-bedroom units**

Neighborhood	Average monthly rent [Rent Jungle] <sup>7</sup>	Average nightly Airbnb income	Number of days of Airbnb renting to equal long-term rental income (“break-even threshold”)	Number of Airbnb listings rented above break-even threshold
Entire City, One-bedrooms	\$1412	\$122	139	207
Ballard	\$1,489	\$101	177	< 15
University District	\$1,215	\$93	157	< 15
Fremont	\$1,422	\$110	156	< 15

<sup>5</sup> Only neighborhoods with 50 or more entire home Airbnb listings were included in the analysis.

<sup>6</sup> Rent Jungle data for Seattle based on the most recently available October 2015 data by neighborhood. Data accessed October 5, 2015. (<https://www.rentjungle.com/average-rent-in-seattle-rent-trends/>)

<sup>7</sup> Rent Jungle data for Seattle based on the most recently available October 2015 data by neighborhood. Data accessed October 5, 2015. (<https://www.rentjungle.com/average-rent-in-seattle-rent-trends/>)



Queen Anne	\$1,469	\$124	142	< 25
Belltown	\$1,841	\$168	131	< 15
Capitol Hill	\$1,430	\$131	131	< 30
First Hill	\$1,409	\$139	121	< 15

As the tables above (TABLE 5 and TABLE 6) illustrates, most Airbnb hosts are **not** renting their entire unit listings at a rate that incentivizes taking the listing off the market.

### 3.d - 'Entire home' listings on Airbnb are not a driver of housing prices.

Services like Airbnb allow ordinary people to take what is typically one of their greatest expenses – the cost of their housing – and turn it into a way to generate supplemental income. This income can be used to pay a rent or mortgage. Specifically in Seattle, 59 percent of Airbnb generated incomes goes towards household expenses

Rising demand for housing with unmatched growth in supply is the primary factor that drives housing prices. Housing prices, in part, indicate the desirability of the city and/or neighborhood: desirable cities (and neighborhoods) see increases in housing prices. Zoning policies, employment patterns, public investment, economic health, and a number of other underlying factors also contribute to changes in housing prices.

These drivers of housing prices are not particularly responsive to a small-scale, immediate-term resident behavior like the occasional short-term rental of a handful of units in Seattle. A few thousand families - less than 1% of the Seattle population - sharing the home in which they live is not a significant driver of housing prices; nor is less than 0.1 percent of Seattle housing units being short-term rented for more than 157 day of the year.

## 4 - CONCLUSION

Over the decades, home sharing has helped residents earn extra income to stay in their homes and make ends meet. Airbnb was founded as a way to help ordinary citizens afford their homes by making home sharing easier and more accessible. As we continue our dialogue with policymakers in Seattle, it is important to understand the real impacts and benefits of home sharing.

## 5 - APPENDIX

### 5.a - Methodology

Average nightly earnings is calculated as total host earnings for nights associated with rentals of fewer than 30 nights divided by the number of nights rented during the 12 month period cited. The nightly earnings includes the listing price plus the cost of any additional guests and excludes host and guest fees, taxes and cleaning fees. The framework is meant to reflect the total host revenue, which is comparable to rent collected by landlords.

Average rent per neighborhood was assigned per neighborhood name. Where Rent Jungle and KUOW neighborhoods did not have data for smaller neighborhoods, the rent of the larger, encompassing neighborhood was assigned.

Analysis was performed in neighborhoods that have at least 50 entire home Airbnb listings. The following neighborhoods were omitted from the analysis, given the small presence of Airbnb: Phinney Ridge, North Beacon Hill, Pike Place Market, North Admiral, Greenwood, Magnolia, Columbia City, South Lake Union, Green Lake, Atlantic, Leschi, Ravenna, Maple



Leaf, Junction, Bryant, Mount Baker, Madrona, Pioneer Square, Roosevelt, Alki, Portage Bay, Madison Park, Seward Park, Yesler Terrace, North Delridge, International District, Montlake, Interbay, Mathews Beach, Seaview, Genesee, Harrison/Denny-Blaine, Haller Lake, North Beach/Blue Ridge, Crown Hill, Gatewood, Bitter Lake, Highland Park, South Delridge, Fauntleroy, Windermere, Riverview, Victory Heights, Wedgewood, Laurelhurst, Broadway, High Point, Olympic Hills, Pinehurst, Dunlap, Rainier Beach, Arbor Heights, Holly Park, and Georgetown.

Unless otherwise noted, all data presented in this memo is based on Airbnb bookings and listings data and Airbnb surveys of hosts and guests in Seattle.

## 5.b - Additional Figures

TABLE 5 - RentJungle and KUOW Data by Neighborhood

Airbnb Neighborhood	Monthly Rent [Rent Jungle] <sup>8</sup>	Rent Jungle Neighborhood	Monthly Rent for One-Bedrooms [KUOW Housing Analysis] <sup>9</sup>	KUOW Neighborhood
Entire City, All Bedrooms	\$2,296	-	\$1,412	-
University District	\$1,752	University District	\$1,215	University District
Fremont	\$2,001	Fremont	\$1,422	Green Lake / Wallingford
Ballard	\$1,871	Ballard	\$1,489	Ballard
Wallingford	\$1,902	Wallingford	<i>Airbnb presence too small to be analyzed</i>	Green Lake / Wallingford
Eastlake	\$1,861	Cascade	<i>Airbnb presence too small to be analyzed</i>	Capitol Hill / Eastlake
Capitol Hill	\$1,821	Capitol Hill	\$1,430	Capitol Hill / Eastlake
Queen Anne	\$1,987	Queen Anne	\$1,469	Queen Anne
First Hill	\$1,792	Downtown	\$1,409	First Hill
Belltown	\$1,951	Downtown	\$1,841	Belltown / Downtown / South Lake Union
Central Business District	\$1,943	Downtown	<i>Airbnb presence too small to be analyzed</i>	Belltown / Downtown / South Lake Union

<sup>8</sup> Rent Jungle data for Seattle based on the most recently available October 2015 data by neighborhood. Data accessed October 5, 2015. (<https://www.rentjungle.com/average-rent-in-seattle-rent-trends/>)

<sup>9</sup> KUOW published average rents for one-bedroom units in Seattle as part of a housing analysis in June 2015. Data accessed October 5, 2015. (<http://kuow.org/post/rent-too-high-compare-seattle-s-neighborhoods>)