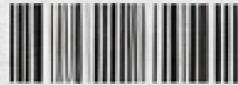


MISSION BRIEFING: AIRBNB THREAT ASSESSMENT



TO: The Mayor of London

FROM: FSDS Task Force (Group TNE² + I)

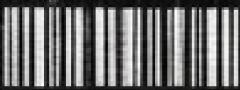
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REVISED

DATE: DECEMBER 2025



>> SECTION 1: INTEGRITY PLEDGE

We, "TNE² + I", pledge our honour that the work presented in this assessment is our own. Where information has been derived from other sources, we confirm that this has been indicated in the work. AI contributions have been clearly documented.

TIMESTAMP: December 14, 2025

>> SECTION 2: TNE² + I (PERSONNEL)

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>> SECTION 3: INTELLIGENCE REQUEST (FEEDBACK)

HQ is requested to provide critical analysis on the following sectors:

- **Methodology Verification (Profit Loss Model):** Our core analysis simulates the financial impact of the council tax proposal (Figure 3.3). We assumed that council tax is a valid proxy for operating costs. Is this simplification robust for a policy briefing, or are there standard models for this that we should have considered?
- **Visual Decryption (Landlord Concentration):** To illustrate the dominance of professional landlords, we mapped the top 6 operators (Figure 2.3). Is this multi-plot layout effective in conveying market concentration, or would a single, aggregated heatmap be more impactful for a mayoral audience?
- **Narrative Logic (Policy Recommendation):** Our central argument is that the proposed flat tax increase is a blunt instrument that disproportionately affects smaller operators in outer boroughs. Does our narrative, particularly the summaries for Figures 3.1-3.3, build a convincing case for this conclusion?

*** END OF DOSSIER HEADER ***

INTRODUCTION

In the last few years, several cities across the world have experienced an explosive growth in Airbnb. What started as a shared economy platform for informal home-sharing has recently transformed into a major short-term rental market which fills the gap between traditional residential rental housing and hotel accommodation (Quattrone *et al.* (2016)). While Airbnb advocates argue that the platform brings extra incomes to its users and new economic activities to cities, many raise concerns about its impact on housing markets through loss of housing supply, increased rent and gentrification (Wachsmuth, Kerrigan and Chaney (2017)).

This report is motivated by claims that Airbnb is ‘out of control’ in London, and specifically addresses the recent proposal to force all professional landlords operating on the platform to register their properties and face higher Council Tax rates. Using comprehensive empirical analysis, we aim to answer five questions:

1. Is Airbnb ‘out of control’ in London?
2. How many professional landlords are there?
3. How many properties would be affected by the proposal?
4. What are the likely pros and cons of the proposal (for the Mayor, residents, and the city)?
5. Is it possible that Airbnb is contributing positively to social mobility or housing opportunities?

Data and methodologies

Our investigation uses listing data collected by Inside Airbnb – an independent, non-commercial website that scrapes publicly available information from the Airbnb platform (Airbnb (2015)). The IA dataset offers a more “transparent” view of Airbnb activity, and is commonly used in research. However, it is not without serious limitations which need consideration.

Importantly, the dataset acts as a snapshot of listing information as it appeared on the day of scraping, making much of the data unreliable because hosts could modify listing information at any moment. In 2015, Airbnb stopped disclosing the difference between nights that are booked by guests and nights that are ‘blacked-out’ by hosts, making it impossible to precisely measure occupancy and revenue. We use the estimated occupancy and revenue generated from the IA occupancy model (Wachsmuth, Kerrigan and Chaney (2017)). The coordinates for listings in the IA dataset are shifted 150m in a random direction from the actual address of the listing. It is important to note that listings which fall close to borough boundaries may have been shifted into a different borough, slightly affecting the precision of the results.

To determine the impact of Airbnb on the housing market, we use average monthly rents in the private rental market (July 2023 - June 204). Council Tax data from 2024 is used to investigate the potential impact of introducing higher Council Tax rates to professional landlords. Both datasets are aggregated at the borough level – a spatial unit which also acts as administrative boundaries – making our results relevant for Local Planning Authorities and actionable for local policies.

Question 01: Is Airbnb out of control in London?

Assessing whether Airbnb is “out of control” in London requires defining what this means. In this analysis, Airbnb becomes out of control when short-term rentals grow large enough to **(1) reduce the supply of long-term housing, (2) generate strong financial incentives to convert homes away from residential use, and (3) exceed the city’s regulatory capacity—particularly the 90-night annual limit for short-term lets.**

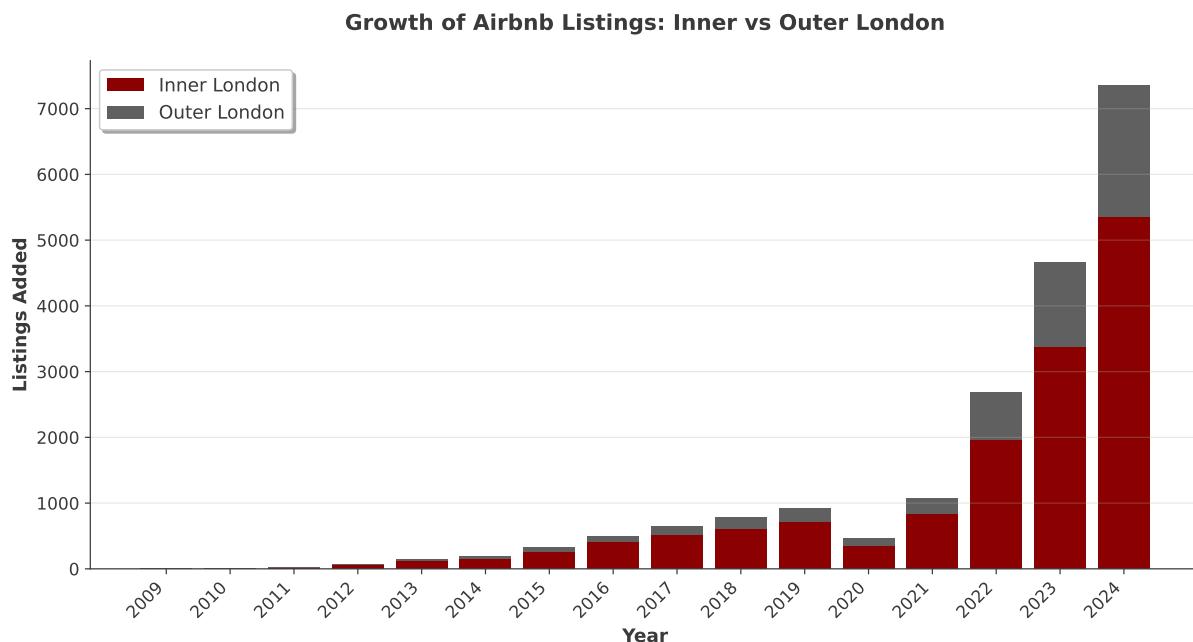
Based on the analysis, Airbnb does not appear uniformly “out of control” across London, but its impact is clearly concentrated, uneven, and significant in key areas of the city, particularly in Inner London and in larger family-sized homes.

Growth tendency in airbnb full-time short-term rentals

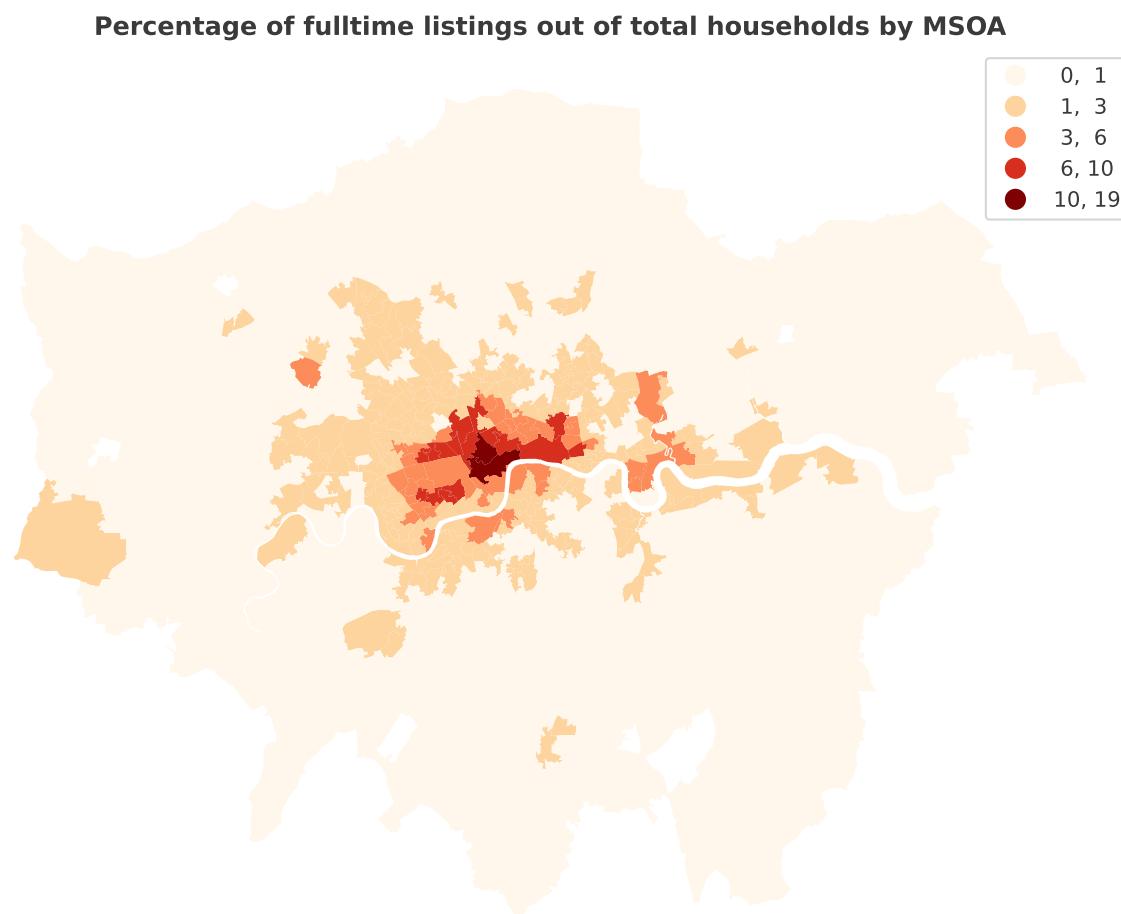
The dataset does not include the exact date when a property was first listed on Airbnb. However, it does contain the date of the first review. Because hosts typically receive their first review shortly after a guest stays for the first time, **the year of the first review is generally a good proxy for the year the listing became active.**

For this reason, we use the year of the first review as an estimate of the listing’s “introduction year.” Plotting a histogram of these years allows us to visualize how many new Airbnb listings entered the market each year and to observe the growth of the platform over time.

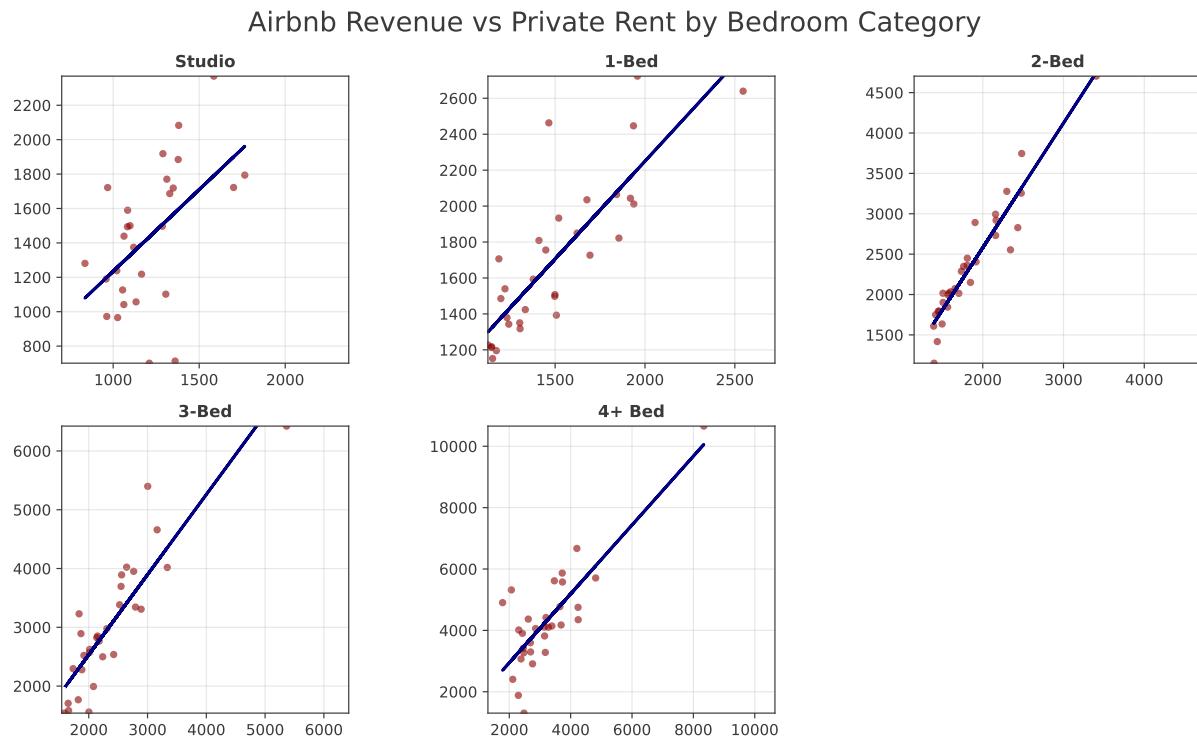
The histogram shows a clear surge in the number of new listings from 2021 onwards, quickly recovering from the Covid-19 pandemic. The strong growth in recent years suggests that Airbnb supply has been accelerating rather than stabilizing.

Figure 1.1 | Growth of Airbnb Listings**Summary Figure 1.1**

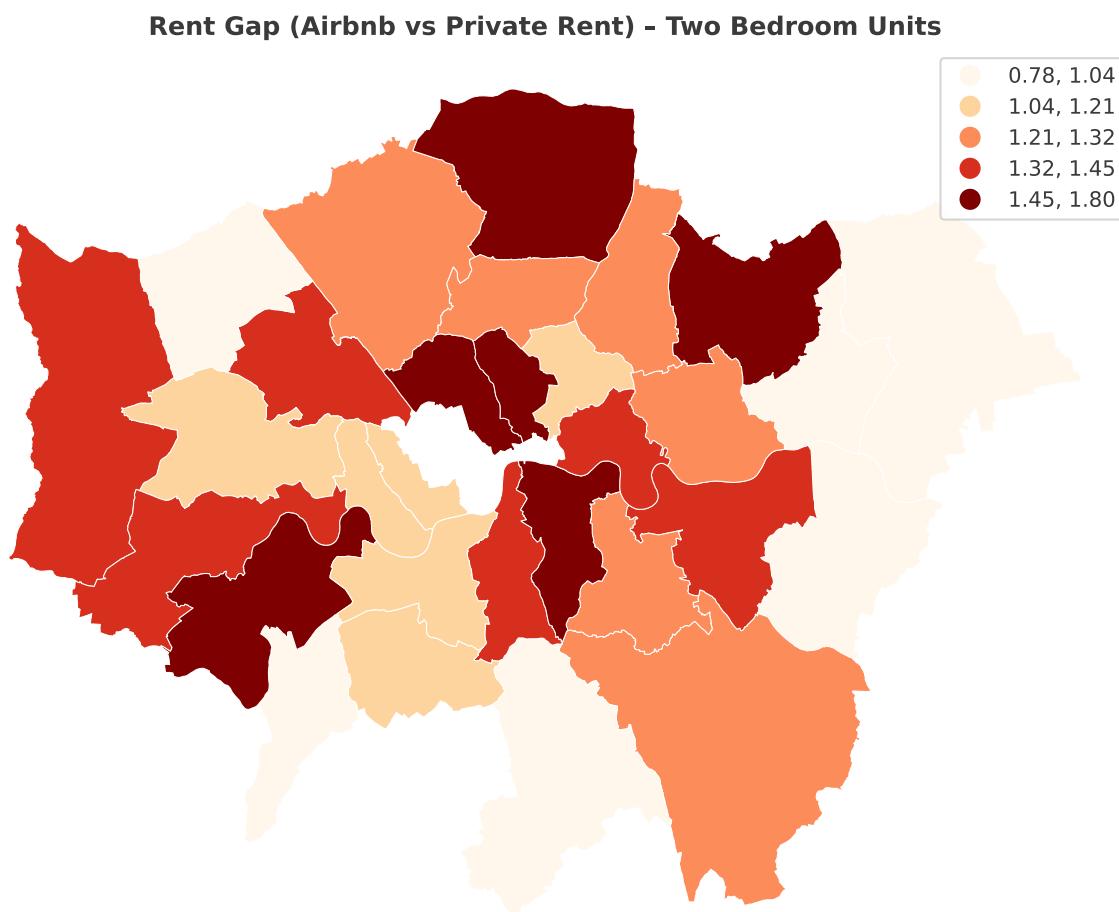
- According to the London Plan Annual Monitoring Report 2022-23 (Authority (2024)), annual housing completions in London have shown relatively limited variation in recent years. Between 2018 and 2023, net housing completions averaged approximately 36,600 homes per year, with fluctuations of only a few thousand units across the period. This contrasts sharply with the rapid growth of Airbnb supply. In 2023, Airbnb added around 5000 new listings, and in 2024 this figure rose to more than 7,200, representing the equivalent of 13.8% to 20% of London's yearly housing production. These proportions highlight that the rapid expansion of short-term rentals is effectively undermining the impact of London's efforts to increase housing supply. Even as thousands of new homes are completed each year, a significant share appears to be absorbed into the Airbnb market rather than contributing to long-term housing availability.

Figure 1.2 | Growth of Airbnb Listings**Summary Figure 1.2**

- Conclusions from the map The map reveals a highly asymmetric spatial distribution of illegal Airbnb Activity in London. In contrast, most MSOAs in Outer London, show minimum levels of illegal Airbnb Activity. This suggests that Airbnb is not “out of control” everywhere, but is concentrated in central, high demand areas. **(This paragraph needs more work)**
- Some of the darkest MSOAs—particularly in the City of London and a few central districts—reflect very high percentages of full-time Airbnb listings relative to local households.
- This does not necessarily indicate unusually high Airbnb activity; rather, these areas have very small residential populations and low household counts. These values should therefore be interpreted with caution.

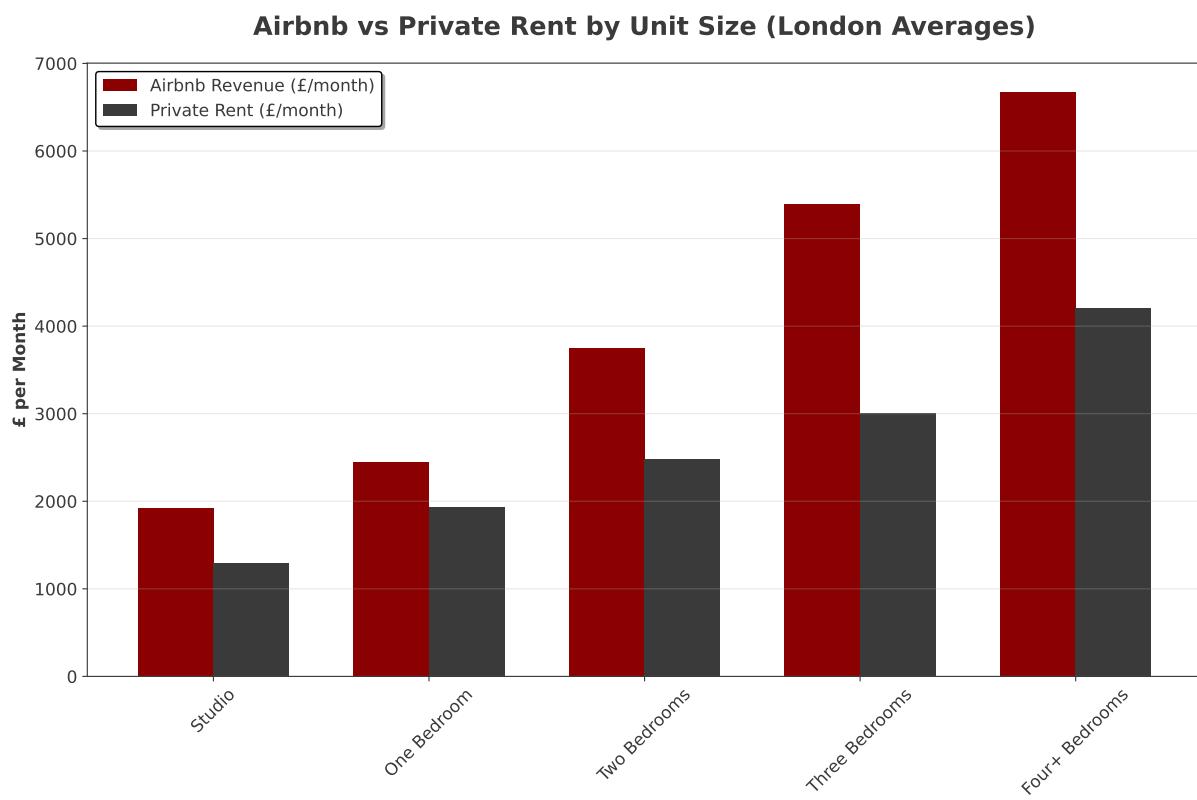
Figure 1.3 | Scatterplot Airbnb vs Private Rent Monthly revenue by bedroom category**Summary Figure 1.3**

- **Small Units (Studio/1-Bed):** Returns are roughly equal between Airbnb and private rent. The points cluster along the diagonal line.
- **Large Units (2-4+ Beds):** The gap widens significantly. Airbnb revenue is much higher than private rent.
- **Implication:** This creates a strong financial incentive to convert family-sized homes into short-term rentals, potentially hurting local housing supply.

Figure 1.4 | Rent Gap (Airbnb vs Private Rent) Two Bedroom Units**Summary Figure 1.4**

- This map shows the spatial distribution of the rent gap—defined as the ratio between Airbnb monthly revenue and private rent—for two-bedroom units across London boroughs. The pattern is concentrated in central and high-demand boroughs, suggesting greater market pressure on family-sized housing in these areas.
- Boroughs are very large areas, and the rent gap can change a lot inside the same borough. So this map shows the general pattern, but not the smaller local differences.

Figure 1.5 | Rent gap in Camden, by bedroom category



Summary Figure 1.5

- In a high demand , center located neighborhood like Camden, Airbnb earns more than private rent across all unit sizes.
- For two-bedroom homes, Airbnb brings in around £1,000 more per month (about +35%).
- For three-bedroom homes, the gap is even larger, Airbnb earns roughly £1,800 extra per month (around +60%).

Under London's regulatory framework, a property may not be rented out for more than 90 nights a year as short-term rental without applying for a change of use, from residential to temporary accommodation.

We define short-term rental listings as those which allow a minimum length of stay shorter than 30 nights.

Although the Inside Airbnb dataset provides calendar data showing the availability of a listing for the next 365 days, it is impossible to ascertain whether unavailable nights are as a result of nights being booked out by a guest or nights being ‘blacked-out’ by the owner. Thus, information on the number of days that listings are being rented out annually is sparse and unreliable. Instead, the following calculation was used to estimate the number of nights that each listing was occupied in the last 12 months:

$$O = \frac{R}{r} \times N_{min}$$

Where:

- O : Estimated Occupancy Rate (last 12 months)
- R : Total Number of Reviews (last 12 months)
- r : Review Rate (assumed percentage of guests who leave a review, typically 50%)
- N_{min} : Average Minimum Nights per stay

This formula assumes a standard review conversion rate to estimate total bookings from visible reviews.

Illegal activity

Under London’s current regulations, a residential property may not be rented out for more than 90 nights per year as a short-term rental without first obtaining planning permission for a “material change of use” from residential to temporary accommodation. We define illegal listings as those which allow short-term rentals (rentals of less than 30 days) and exceed this 90 day limit.

Highly conservative estimates show that one in every **xxx** listings is involved in illegal Airbnb activity, with a minimum of £16 million in illegal revenue earned in the last year. More interestingly, **xxx**

50% of the illegal revenue is attributable to only 171 individual hosts (5% of illegal hosts). Illegal Airbnb activity is mainly localised in the city centre, with 80% of illegal activity occurring in only nine boroughs, all of which are located in the city centre. Although illegal activity generates a significant amount of revenue (and this is likely to be much higher), it is concentrated among a small number of hosts and locations, meaning the overall impact across the city is limited.

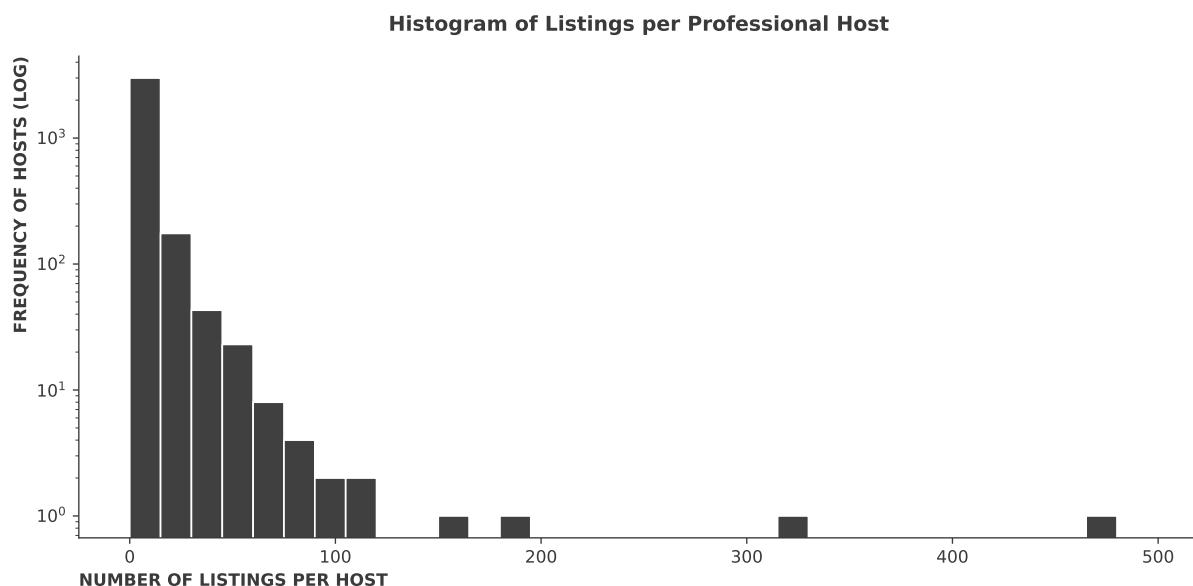
Question 2: How many professional landlords are there?

Following the literature ((2022)), a professional landlord can be defined by making these three assumptions:

- A professional landlord rents entire homes or apartments.
- A professional landlord owns listings with a high availability per year.
- A professional landlord owns more than 1 listing, since managing 2 or more listings requires time and coordination, which makes it unlikely for this to be just a “side-job”.

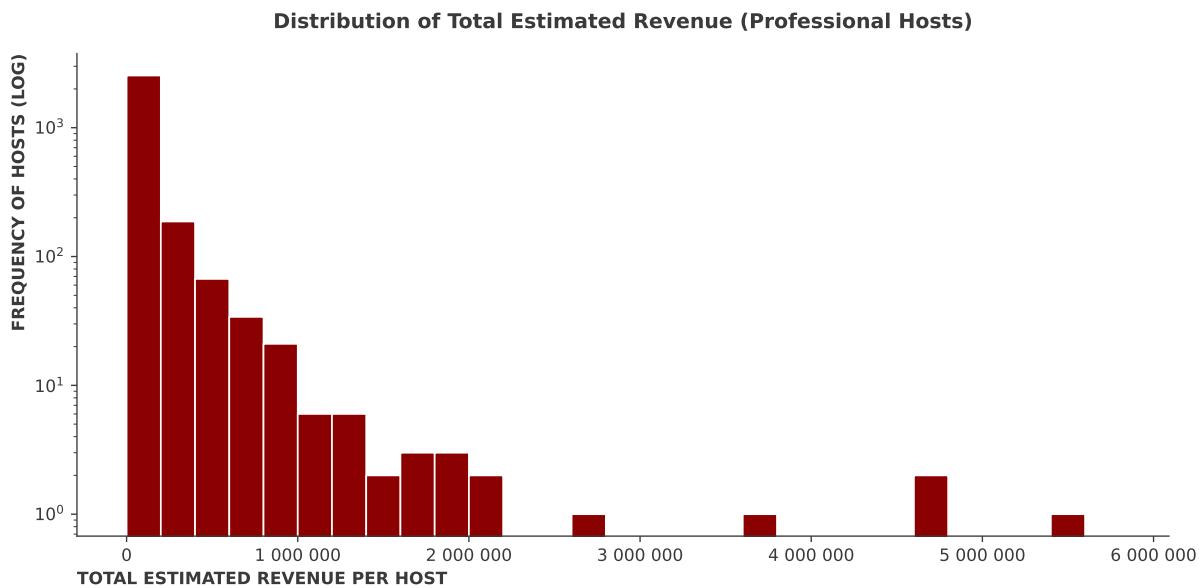
The filter for landlords renting entire homes/apartments and with high availability, so the next step is to filter multi-listers hosts to get the final count of **professional landlords**.

Figure 2.1 | Histogram of number of listings per professional host



According to our assumptions, there are **15 050 professional hosts**, and it looks like most of them have less than 100 listings. The hosts with more listings are exceptions, but it's still important to include them in the analysis since these cases are a signal that the system is, as mentioned before, “out of control”.

Figure 2.2 | Distribution of total estimated revenue of professional hosts



Following from the Output:

Knowing which ones are the professional landlords would help deepen into finding how do they operate in the system. A way to do this is by:

- Calculating the estimated revenue per host in a year
- Plotting the spatial distribution of the top 6 professional hosts by number of listings
- Finding if the number of listings per professional host is correlated with being a “superhost”(Airbnb Help center (2025)), a sign of high-quality service

These outcomes help reveal whether their activity is driven by commercial and profit-oriented practices.

Requirements to be a Superhost according to Article:

- Experience: At least 10 completed stays (or three stays totalling 100+ nights) which is a sign of consistency
- Responsive: Responds quickly to messages (90% response rate) -> a sign of commitment
- Three-month criteria: To qualify, these criteria are checked every three months

Figure 2.3 | Spatial distribution of the listings of the top6 professional landlords with the most listings

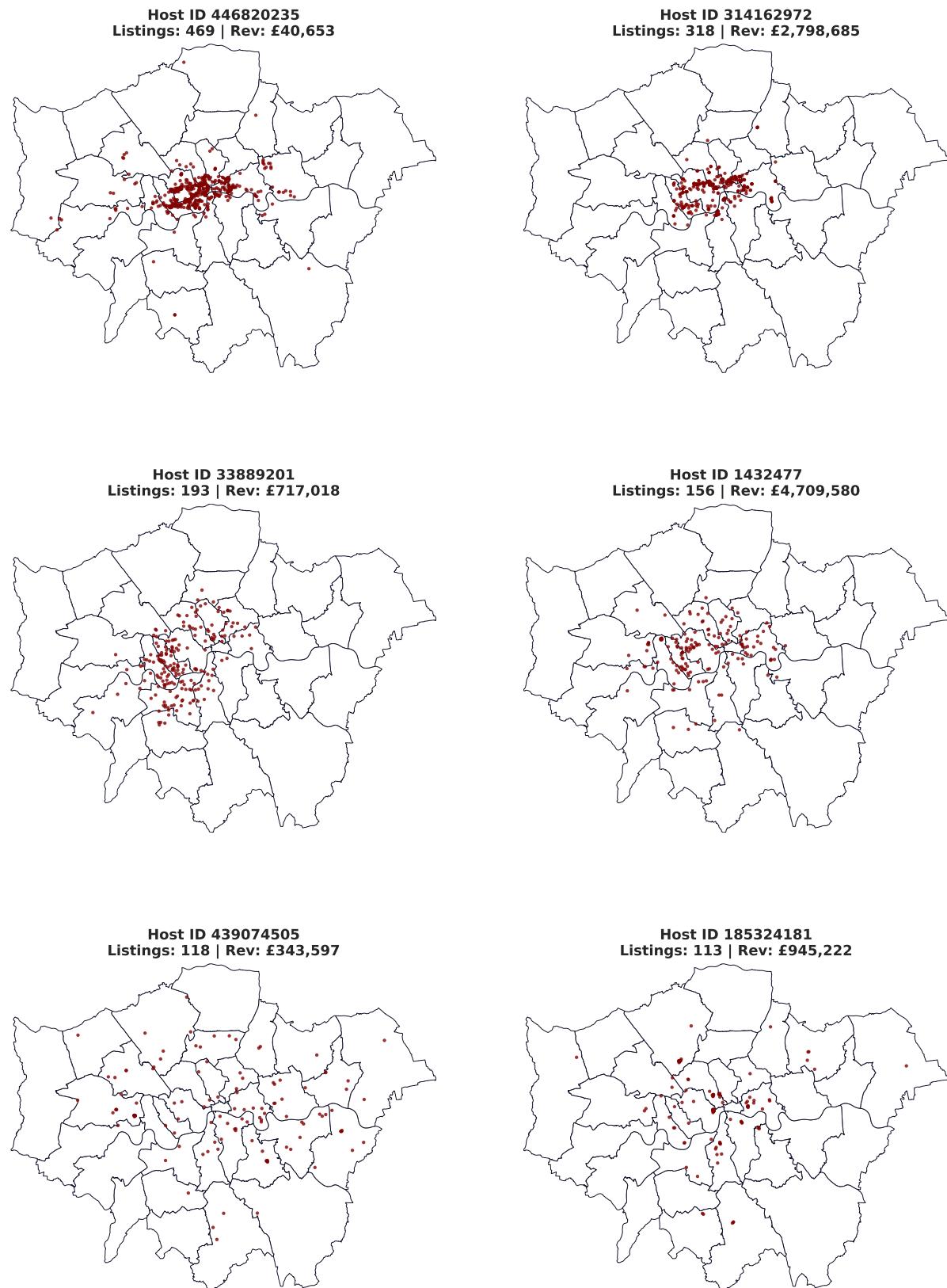
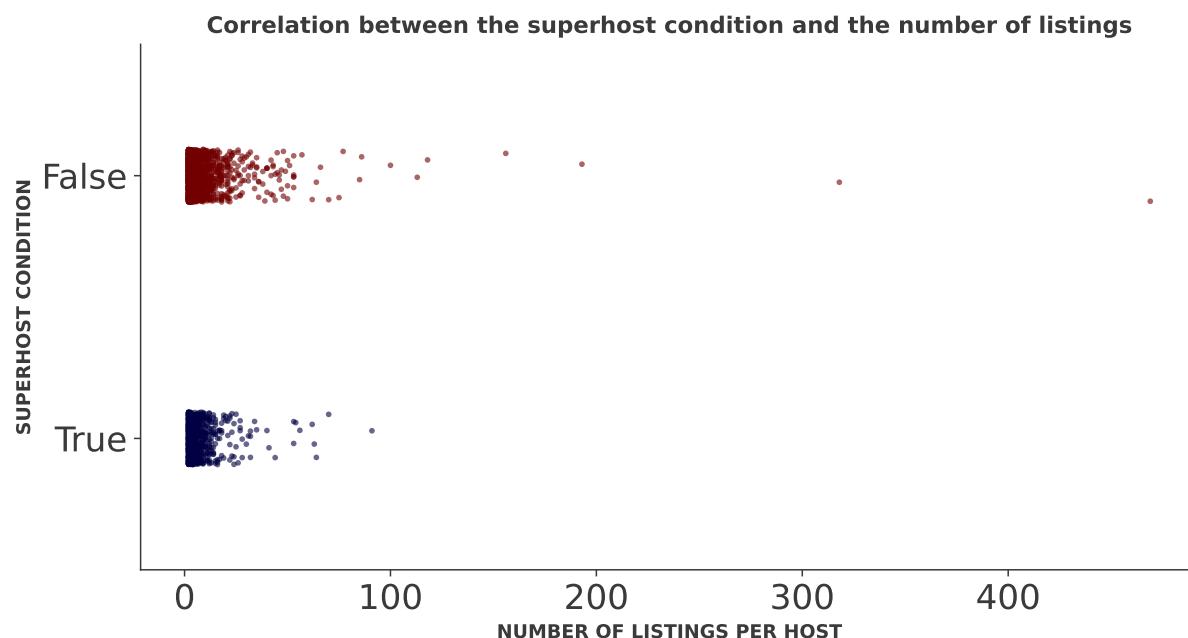


Figure 2.4 | Correlation between the superhost condition and the number of listings



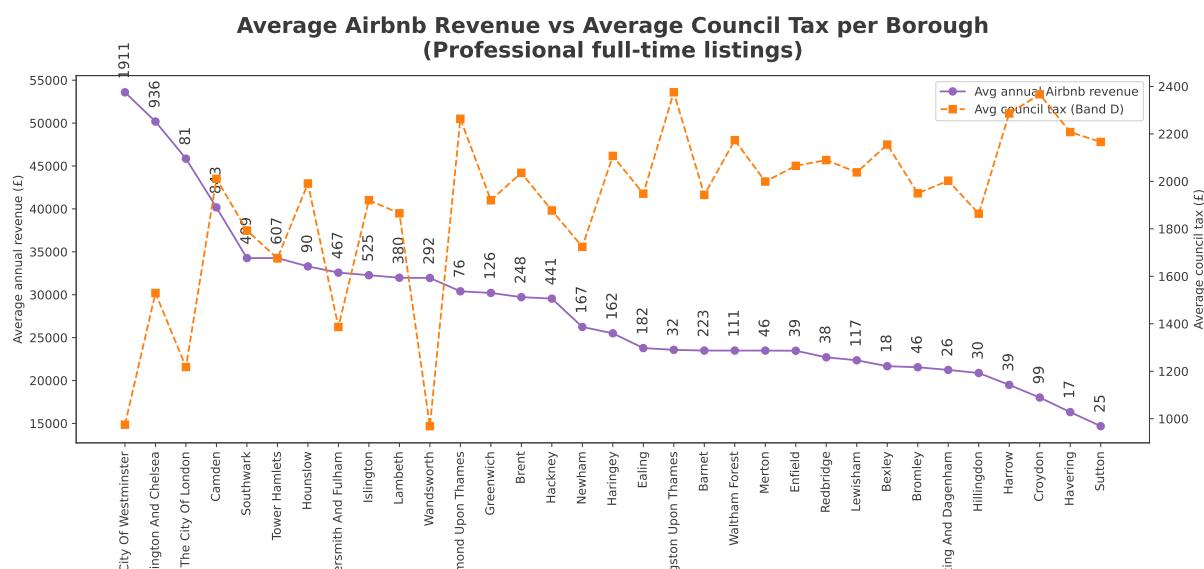
- The plots show that the top 6 professional landlords are spread across London, with some clustered in central areas and high-value boroughs. This spatial distribution, along with the portfolio size and total estimated revenue for all the listings, indicates that some of these hosts are actually commercial operators, not just individuals sharing their homes as Airbnb was initially intended.
- In simple terms, our analysis shows that having many Airbnb listings does not mean a host provides better service. This means that having an extensive portfolio does not necessarily indicate higher-quality service, and that commercial, very profitable listings drive the number of listings, as the analysis shows.

Question 3: How many properties would be affected by the opposition's proposal?

This question looks at **professional full-time entire-home Airbnb listings only**, attaches each listing to its borough's and accordingly the average council tax, in order evaluate several listings affected by the optional proposal of increasing the council tax, we are applying a **40% council tax increase** as a standard value of growth (140%) to estimate how many properties see a minor 10% drop in profit.

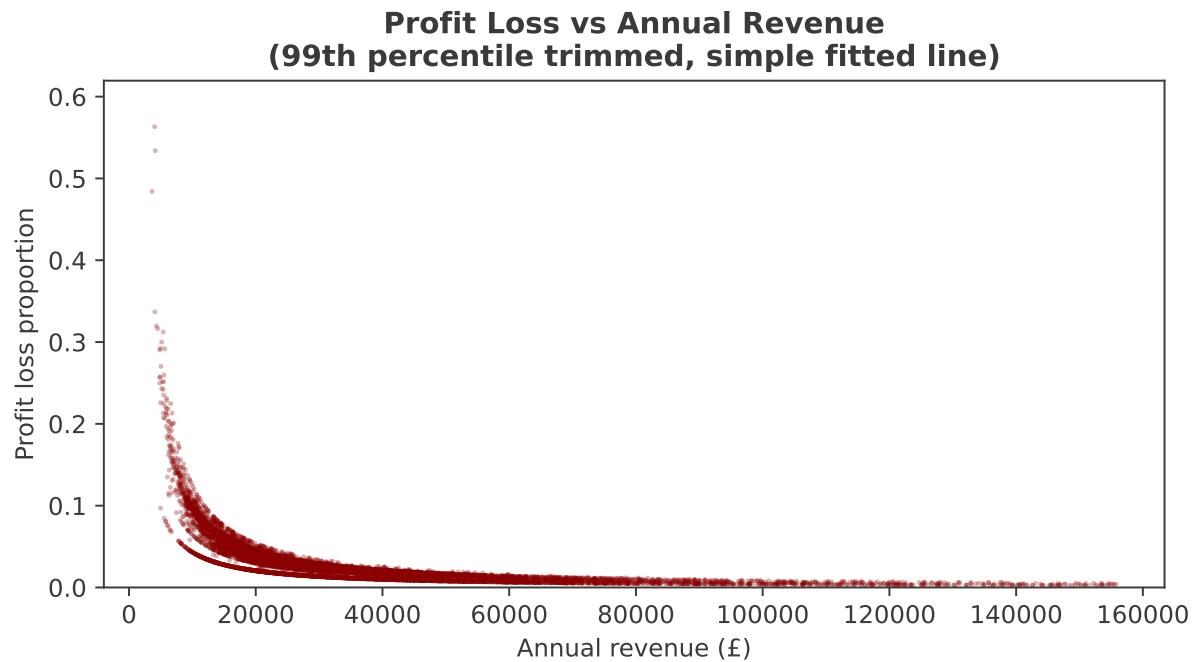
The workflow: clean and merge council tax with borough polygons, use filtered listings, spatially join listings to boroughs, compare average annual revenue vs average council tax by borough, then simulate a 40% tax rise and calculate profit loss per listing before aggregating to borough level.

Figure 3.1 | Average Airbnb Revenue vs Average Council Tax per Borough



Summary Figure 3.1

- Average Airbnb revenue is much higher than council tax ($\approx £28k$ vs $\approx £1.9k$). The map shows an apparent mismatch: the highest-earning boroughs (Westminster, Kensington & Chelsea, City of London) pay some of the lowest council taxes, while outer boroughs with weak Airbnb income face higher council tax and very few listings. In short, Airbnb profitability is concentrated in the centre, and council tax has almost no bite where the profits are highest.

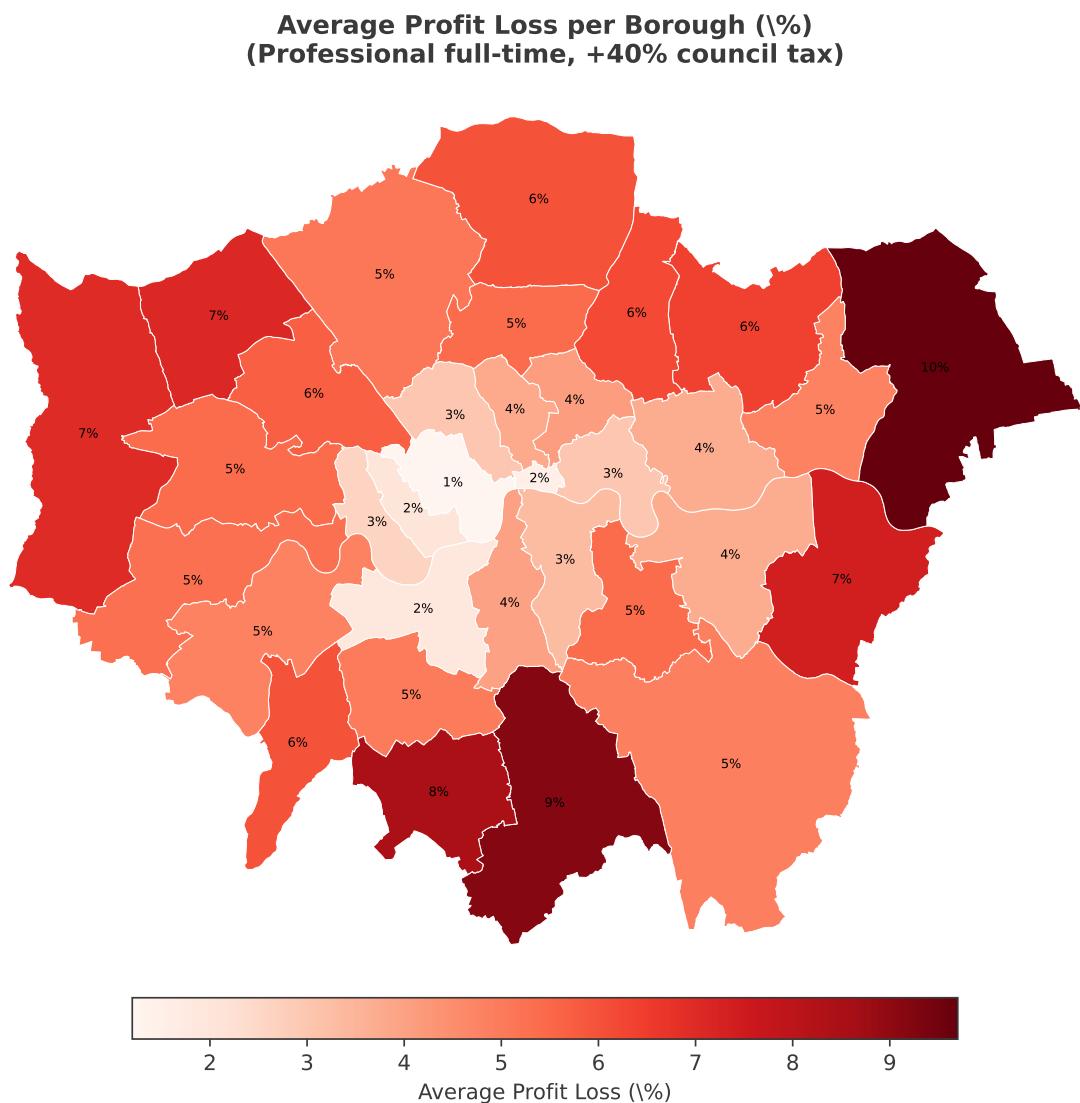
Figure 3.2 | Linear Relationship Between Revenue and Profit Loss**Summary Figure 3.2**

- Low-earning listings get hit with the opposition proposal. And high-earning listings aren't affected. When revenue is small, a 40% tax increase can wipe out a big chunk of profit — sometimes almost all of it. But once revenue rises, council tax becomes tiny in comparison, so the profit loss drops close to zero.

Figure 3.3 | Map of Average Profit Loss per Borough**Average Profit Loss per Borough**

Borough	Count (Pro)	Avg Loss (%)	Med Loss (%)
havering	17	9.7	7.8
croydon	99	9.2	7.2
sutton	25	8.5	6.4
bexley	18	7.4	6.8
harrow	39	7.1	6.4
hillingdon	30	7.0	5.4
redbridge	38	6.4	4.7
waltham forest	111	6.2	4.7
enfield	39	6.0	5.2
kingston upon thames	32	6.0	5.1
brent	248	5.7	4.5
ealing	182	5.4	4.5
lewisham	117	5.4	4.6
haringey	162	5.4	4.4
hounslow	90	5.3	3.4
barnet	223	5.1	4.2
merton	46	5.0	4.0
bromley	46	4.9	4.2
barking and dagenham	26	4.8	4.8
richmond upon thames	76	4.8	4.2
hackney	441	4.1	3.4
lambeth	380	4.0	3.1
islington	525	3.8	2.9
greenwich	126	3.7	3.2
newham	167	3.7	3.2
southwark	409	3.3	2.5
tower hamlets	607	3.0	2.6
camden	843	3.0	2.5
hammersmith and fulham	467	2.6	2.2
kensington and chelsea	936	2.0	1.7
wandsworth	292	1.9	1.6
city and county of the city of london	81	1.5	1.2
city of westminster	1911	1.2	0.9

*Note:***Count (Pro):** Number of professional full-time listings;**Avg/Med Loss (%):** Average and Median percentage of profit lost under the new tax policy.



Summary Figure 3.3

- We can see that the average profit loss per borough ranges from about **1-5% in central boroughs** to 10% in some outer boroughs, meaning outer borough hosts are more affected by the opposition's suggestion.

Short General Conclusion on discussion 3:

- Only a small share of professional landlords are meaningfully affected by a 40% council tax increase: **272 out of 8,849** listings (about 3%) lose more than 10% of their profit. The impact is concentrated in outer London and lower-revenue boroughs, while high-revenue central boroughs show almost no effect. This suggests that a flat council tax rise is not a strong lever for changing professional Airbnb behaviour; more targeted measures based on revenue or the number of listings would be needed to shift the sector in any meaningful way.

Policy Analysis: Regulating Short-Term Lets for Housing Equity

1. The Context: The Scale of the Problem

Our analysis shows that Airbnb contributes to London's housing shortage. London adds about **35,000 homes per year** (Authority (2024)), **while Airbnb introduces 5,000–7,200 new listings annually (Q1)**. As a result, **14–20%** of new housing is absorbed by the short-term rental market.

2. Critique of the Opposition's Proposal

The opposition proposes raising council tax for Airbnb hosts and “professional landlords.” While this addresses the issue, our analysis data shows this approach is **blunt and inconsistent**.

- “Professional landlords” as such, with multiple listings, especially in central boroughs such as Westminster and Kensington & Chelsea, achieve higher profits. Even with a suggested **40% council tax increase (Q3)**, most high-revenue listings remain profitable.
- This “minimal” tax disproportionately impacts lower-revenue, casual hosts in outer boroughs who cannot absorb the cost, while failing to deter well-capitalised operators who most affect housing supply.

3. The Better Alternative: Comprehensive Regulation

Rather than relying solely on council tax, the Mayor should support the opposition’s intent while adopting a different approach. Effective policy that can address the market’s underlying mechanisms:

- **Registration and Enforcement:** Require strict host registration and impose penalties on non-compliant platforms. Primary Residence Rules: Adopt international standards, such as **New York’s Local Law 18** (Mayor’s Office of Special Enforcement (OSE) (2022)) and **Amsterdam’s 30-night cap** (Gemeente (2025)), that require hosts to be primary residents.
- **Smart Taxation:** Replace flat council tax increases with a combined **revenue-based and volume-based tax system** that targets high-yield portfolios (Q2).
- **Supply Protection:** Ban short-term letting of council housing and newly built units.

4. Reframing the Narrative: Social Mobility and Opportunity

Regulating Airbnb should be seen not just as a tax issue, but as a positive step for **social mobility and housing opportunity**. London Councils (2025) ((2025)) says that 24% of renters feel secure about continuing to live in the city, and 1 in 4 of them thinks they may need to leave the city to find more affordable rent in the next 12 months. In addition, Councillor Claire Holland claims:

“London faces the most severe homelessness emergency in the country. Driven by the worsening shortage of affordable housing, far too many Londoners are struggling with their housing costs and at risk of becoming homeless”.

Pros and Cons of the Council Tax Proposal

>> IMPACT ASSESSMENT MATRIX (CLASSIFIED)

1. TARGET: MAYORAL OFFICE

[+] STRATEGIC GAINS

- **Narrative Control:** Mayor can claim victory in "Making Airbnb pay more".
- **Resource Acquisition:** Generates new revenue streams for enforcement.

[-] TACTICAL RISKS

- **Symbolic Policy:** Risk of being perceived as performative rather than practical.
- **Asymmetric Impact:** Penalizes small hosts in outer boroughs; wealthy operators in Westminster remain unaffected.

2. TARGET: CIVILIAN POPULATION

[+] STRATEGIC GAINS

- **Supply Recovery:** Marginal listings may revert to long-term housing as profits thin.

[-] TACTICAL RISKS

- **Profit Gap Persists:** Short-term rentals remain far more profitable; most landlords will absorb the tax.

3. TARGET: CITY INFRASTRUCTURE

[+] STRATEGIC GAINS

- **Demand Shift:** Reduces pressure on residential zones; pushes tourists back to hotels.

[-] TACTICAL RISKS

- **Misaligned Targeting:** Policy targets tax bands rather than the root drivers (Revenue & Portfolio Size).

Drawing on Dayne Lee's study of the Los Angeles housing market (Dayne (2016)), this narrative shift could help see Airbnb regulation as an opportunity to prioritize residential stability in high-demand areas. Following this, policy measures can be justified by:

- Protecting Communities: Preventing long-term rentals from becoming short-term lets helps safeguard against eviction and displacement.
- Funding Affordability: Revenue from high-volume landlords should be redistributed to less privileged boroughs to support social housing programs.
- Stopping Gentrification: Reducing the profitability of short-term lets slows neighbourhood change that displaces lower-income households from quality amenities.

Implications for the Mayor

In the context of the election, the opposition's proposal could be seen as merely a response to individual misconduct, allowing the Mayor to shift the narrative to a broader, more powerful regulation in the collective interest. The strategy presented combines registration, regulation, and redistribution to less privileged areas of the city. This would show responsiveness from the current administration while addressing a structural issue about housing instability.

This is key to the campaign's communication: it acknowledges public concern and leverages it. Doing this enables the Mayor to shift the debate from political blame to policy effectiveness, using data to justify a proportionate and socially equitable response.

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