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Airbnb

Airbnb blamed again for its role in rental crisis in London

US tech giant comes under fire as new analysis shows extent of its dominance on the short-term rental market in capital



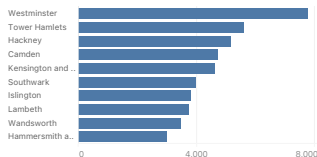
Data provided open source by Airbnb brings to light how much impact its operations in the UK capital are affecting housing stock. Photograph: Russel Hart/Alamy

Airbnb has again come under scrutiny for its operations in London as new data lays bare its dominance of the capital's short-term rental market.

The new analysis has come from open source data that the San Francisco-based PropTech company supplies itself (<http://insideairbnb.com/>) covering six of its main locations.

The first major insight is that nearly 70k short-term listings on Airbnb for London are three times the 23k rental properties available on Rightmove.

Total listings on Airbnb by London borough



Perhaps unsurprisingly, the majority of properties are located in the central boroughs where they are also able to fetch a good return on investment for owners.

The average price per night in the most expensive borough of Kensington & Chelsea comes in at £503 for a casual £9,216 per month. This BBC source (<https://www.bbc.co.uk/news/business-65103937>) puts the average monthly rent at £3,527 so it's clear to see why property owners are favouring Airbnb.

Even in Croydon, the borough with the cheapest Airbnb listings, a property owner would be looking at £2,524 monthly income on the platform which is still a 75% margin on the average rental price of £1,434.

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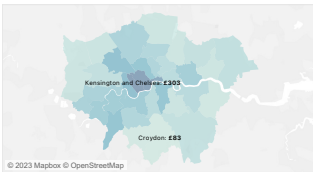


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Average listing price (per night)



One counter-argument might be that if this platform exists and there are no restrictions on its usage then why shouldn't a property owner maximise profits. It's the capitalist's credo, after all. However, this ignores the wider picture.

The London mayor Sadiq Khan did call for a registration scheme for short-term rentals in 2015, when a maximum cap was also introduced on how many nights per year a short-term property could be rented for. This cap of 90 nights per year has proven difficult to enforce.

At least 10% of listings require you to stay longer than 7 nights and there are at least 2,000 rooms on the platform that require you to stay for at least 30 days.

Toggle minimum nights required
From 29

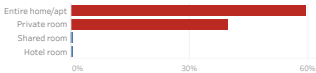
Minimum number of nights required by listing



There is also the question of principle: Airbnb started as a way for guests to get a more authentic travel experience and hosts to earn some extra cash letting out a spare room. It has morphed into a cash-grab exercise that has inflated housing stock and damaged local communities around the world.

Now, almost 60% of the rooms listed in this dataset fall into the "Entire home/apartment" category, which is not exactly how it was intended.

Percentage split of room types on Airbnb

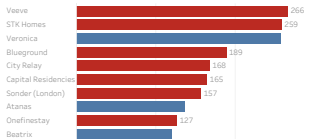


While the platform still caters largely to its primary audience, the userbase has a large representation of owners with multiple properties. This indicates a growing use of the platform by individuals and companies looking to profit from the higher rates that Airbnb offers. It's likely that these properties would otherwise have been on the open market.

Filtering the database for active properties (at least one review in the last year) there are over 400 hosts with ten or more properties on the platform. Although this is a comparatively small number compared to the total number of hosts (over 18.5k), they are very over-represented in how many properties they own.

This small group of hosts manage 6,600 properties on the platform, or one in every five active listings you'll find on a search.

Ten largest Airbnb hosts by number of rooms



Overall, it is clear that Airbnb in London still contains a strong representation of its original market with lots of individual hosts offering their spare rooms or renting out their place when they're not using it.

However, it is clear that there are plenty of landlords and agencies taking advantage of lucrative tourist and business travel market that Airbnb offers, undoubtedly impacting the availability of house stock for Londoners.