

Estimating the impact of Airbnb on the local economy: Evidence from the restaurant industry

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Context

Sharing economy platforms like Airbnb have been growing exponentially in the past decade

These platforms have the potential of affecting various facets of the cities they enter, and a growing body of research is trying to better understanding these platforms and their effects

Research question

We contribute to the sharing economy literature by studying the following question:

Does **Airbnb have a positive impact on the “local” economy of cities it enters?**

We answer this question by studying the effect of Airbnb on restaurant revenue in the state of Texas, and discussing which firms and areas benefit more from Airbnb entry

Highlights

- ❑ Considering the median annual Airbnb growth in each zipcode, Airbnb can explain about 12% of the median annual restaurant revenue growth
- ❑ The increase in restaurant revenue is driven by an increase in restaurant demand that stems from additional tourism demand generated by Airbnb
- ❑ The positive effect of Airbnb is more pronounced for independent restaurants and in less commercial—and therefore with less economic activity—zipcodes
- ❑ Overall, our results provide evidence that home-sharing platforms like Airbnb can increase economic activity for businesses and in neighborhoods that are more likely to need it the most