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From neighbourhood to “globalhood”? Three propositions on the rapid rise of short-term rentals

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This Commentary is an attempt to understand the recent, rapid rise of short-term property rentals in some of the world's most popular neighbourhoods, and what it means for communities, whether urban or rural. The literature to date has tackled the issue from a number of different perspectives, but there is no clear consensus on what the key issues are within this sector of the so-called “sharing economy.” Despite claims to the contrary, I argue that there is something new about this phenomenon, in relation to its growth, intensity and spatial concentration. I also argue that it represents a kind of double disruption, and that home sharing can usefully be conceptualised as *neighbourhood sharing* if we want to arrive at a better understanding of local reactions to it, and how we might best respond to it from a regulatory point of view.

KEYWORDS

community, home sharing, housing, neighbourhood, sharing economy, short-term rentals

1 | EDINBURGH BELONGS TO THE WORLD

“The Scots think of it as their capital city: they're too possessive, Edinburgh belongs to the world.” These are the words of Edinburgh artist Richard Demarco, and in one sense he is right. Edinburgh hosted over 1.5 million international visitors in 2015 (Edinburgh City Council, 2017), many of whom came during the Edinburgh Festival Fringe in August, as they have done for decades. Yet there is a potentially ugly underbelly to Demarco's statement. The proliferation of online short-term rentals has led to an intensified struggle over the essence of community in parts of Edinburgh, and residents have begun to ask who their neighbourhoods really belong to. This situation is replicated worldwide in cities like New York, Berlin, Barcelona, Venice and Sydney.

Local people in a cohort of neighbourhoods across the globe are now fighting back against this aspect of the “sharing economy” and the disruptive impact they feel it has had on their communities. An emergent body of research is attempting to describe and assess the phenomenon, yet it has grown so rapidly and is so diffuse that it can be difficult to comprehend. There is therefore a danger of jumping to conclusions, and knee-jerk policy reactions. In this short Commentary I attempt to make sense of what is happening by forwarding three short propositions. First, we are seeing something new here. Second, there is a “double disruption” in relation to the existing hotel market *and* in relation to neighbourhood amenity. Third, it seems logical to view home sharing as neighbourhood sharing if we are to understand it fully. Before expanding on these points, I briefly consider different perspectives on the issue of short-term rentals and reflect on some of the literature published to date.

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2 | “PATHWAY TO SUSTAINABILITY” OR “NIGHTMARISH NEOLIBERALISM”?

The rise of home sharing, and short-term rental platforms like Airbnb in particular, has been approached in a variety of ways in the academic literature to date. Martin (2016) identifies six framings of the sharing economy as a whole and asks whether it is a “pathway to sustainability” or a “nightmarish form of neoliberal capitalism.” This is helpful, since it prompts us to think critically and ask: “for whom?” That then raises the question of perspective and in this context it is possible to identify seven main groups for whom home sharing can have direct but differentiated impacts: (1) the home-sharing platforms themselves (e.g., Airbnb, Booking.com, TripAdvisor); (2) hosts; (3) visitors; (4) existing residents; (5) the hotel industry; (6) governments (local or national); and (7) local businesses (e.g., taxi companies, local stores).

These groups are not always mutually exclusive (e.g., hosts can also be visitors), but by acknowledging the differences between them it is easier to understand the rhetoric surrounding the rise of short-term rentals, and responses to it. For a low-income homeowner with a spare room, sharing their home through short-term rental may very well represent a pathway to financial sustainability. But for a long-term resident of Edinburgh's historic New Town, it may seem like a tangible form of nightmarish neoliberalism, as long-term neighbours are replaced by a stream of anonymous short-term visitors noisily dragging suitcases up and down worn out tenement stairs. For the platforms themselves, they can quite justifiably highlight their role as enablers of economic growth and providers of low-cost accommodation options in thousands of cities across the world. For city governments, the question of *how* or *whether* to regulate the phenomenon may be the most pertinent issue. Only some of these issues have been sufficiently explored in academic debates to date, and often in isolation.

The most widely cited literature on the topic has tended to focus on home sharing in relation to its impact on the hotel industry (e.g., Guttentag, 2015; Zervas et al., 2017), the role of hosts and visitors (e.g., Ert et al., 2016; Wilkinson & Wilkinson, 2018), the impact on affordability for existing residents (e.g., Lee, 2016) and how short-term rentals might best be governed (e.g., Gurran & Phibbs, 2017). Within geography and urban studies, the recent work of Wachsmuth and Weisler (e.g., 2018) on the links between short-term rentals and gentrification in New York City has been highly influential, in addition to a longer report on the same city by Wachsmuth et al. (2018). This represents the most rigorous research to date, owing to its comprehensive treatment of the issue and quantitative rigour. Yet it can be hard to make sense of the emerging literature at large, spread as it is across hospitality and leisure (30% of cited works on Web of Knowledge as of June 2018), management (18%), business (11%) and computer science (8%). Only 4% of cited work is in geography, which is surprising given the highly spatialised nature of the phenomenon. For these reasons, and from my own initial analysis of the phenomenon (e.g., Rae, 2017, 2018), I have attempted to draw out some propositions as part of an inter-disciplinary research agenda, as I explain below.

3 | PROPOSITION ONE: THERE IS SOMETHING NEW GOING ON HERE

The concept of home sharing itself is far from new, since traditional “holiday homes” have been a feature of the housing market for many decades. However, some new features of this short-term rental market have helped contribute to its rapid growth. The first is that *the barriers to entry for both hosts and visitors have been substantially lowered* by the deployment of Silicon Valley venture capital to create and scale tremendously effective global short-term rental platforms. No longer are hosts simply advertising properties on home-cooked HTML websites, or regional tourism portals. Potential visitors from Shanghai or São Paulo can now find and book properties in Edinburgh or Berlin in their native language within minutes, in a way that was not possible before. Similarly, residents in most cities worldwide can advertise a spare room or property in under an hour, with little bureaucratic burden. This lowering of transaction costs is a feature of the sharing economy more broadly, but it provides significant value-added in the burgeoning short-term rental market.

A second feature, linked to the first, is that *there is a new global market for properties and rooms in a select group of desirable neighbourhoods across the world*. In this sense, it is logical to think of neighbourhoods like the New Town in Edinburgh, Kreuzberg in Berlin, Fitzroy in Melbourne, El Raval in Barcelona and Williamsburg in Brooklyn as a new set of “globalhoods” with a worldwide cohort of travellers, including those on lower incomes, ready to consume them. The demand generated by this emergent global market has led to a third new feature: *the concentration and intensification of short-term rentals in specific neighbourhoods*. This can be verified through both quantitative and qualitative means.

In relation to quantitative evidence, figures published by Airbnb show that there are now 10,500 listings in Edinburgh, a city of just over 500,000 residents (Airbnb, 2018). The majority of these listings are for entire homes.¹ In 2015, according to Airbnb (2017), there were 3,500 listings. These are disproportionately concentrated in a small group

of neighbourhoods in Edinburgh, including the New Town, Old Town and Leith. Such spatial concentration is a key feature of the home-sharing economy in that short-term rentals appear to be clustered in higher numbers than we have previously seen. In relation to qualitative evidence on the impact of short-term rentals, we can refer to the growing number of neighbourhood protests against home sharing (e.g., Colomb & Novy, 2017), calls for formal regulation of the sector (e.g., Crommelin et al., 2018) and the establishment of governmental “expert panels” on the topic (e.g., Scottish Government, 2018).

4 | PROPOSITION TWO: THIS IS A *DOUBLE* DISRUPTION

With the rise of home sharing, we can see how one disruption begets another. Heralded initially as a force for good by disrupting the existing hotels market, and creating low-cost accommodation options worldwide, platforms like Airbnb were widely welcomed by tourists. Yet the ripple effects of one disruption continue to cause another, and here I refer specifically to the impact on local housing markets, the extent of which has been the subject of much debate² (e.g., Gurran & Phibbs, 2017; Lee, 2016). Airbnb addressed this issue directly, alongside other potential problems, in a briefing published in 2017:

From our conversations to date, we understand there are two primary challenges to address: dealing with higher visitor volumes and *misappropriation of housing stock*, and issues of trust and safety in the community. (Airbnb, 2017, p. 8, emphasis added).

As part of the effort to ensure home sharing grows “responsibly and sustainably” (p. 8), Airbnb also note their desire to remain vigilant of the kind of lettings that could “under certain circumstances, be putting pressure on supply in specific areas of the most housing-constrained cities” (p. 9). It may seem cynical to argue against the concept of “sharing” and disrupting established markets, yet in the context of homes and the potential disruption to community it is a more complex topic, as the third proposition might suggest.

5 | PROPOSITION THREE: HOME SHARING *IS* NEIGHBOURHOOD SHARING

Unlike other products in the sharing economy, housing is spatially fixed. Notwithstanding the small number of campervans and motor homes listed on Airbnb and similar platforms, all listings have a location within a neighbourhood or community. A vast body of scholarship has demonstrated the importance of community and neighbourhood in social life (e.g., Forrest & Kearns, 2001; McMillan & Chavis, 1986), yet this is often overlooked with respect to what the rise of short-term rentals means in the context of the sharing economy. By reframing the social as the economic (i.e., viewing housing as an economic good rather than a social good), some interpretations of the rise of short-term rentals overlook these issues.

The contention here is that we need to re-imagine home sharing as *neighbourhood sharing* if we are to truly understand its meaning, people's responses to it and what should be done about it. Viewed from the perspective of “neighbourhood sharing,” it becomes easier to understand why residents might fight back if they have not consented to their neighbourhood becoming a sought-after “globalhood” in the first place. This is particularly true if it then leads to the kind of anti-social behaviour that can disrupt daily life (such as excessive noise, or damage to communal areas), particularly for those in work and school. It is also important to recognise that this is not an exclusively urban issue, as evidenced by recent media coverage on the impact of short-term rentals and housing affordability on the Isle of Skye in Scotland (Channel 4 News, 2018). If the connections between housing, home and community are to be maintained in a sustainable manner, then, it makes sense to understand home sharing as neighbourhood sharing, wherever it is located and regardless of who provides the online platform.

6 | WHAT SHOULD BE DONE?

The intention here was to briefly introduce some propositions which might aid understanding of the short-term rentals phenomenon, and to re-imagine it as a kind of “globalhood” issue that is simultaneously new, disruptive and complex. And

one that is highly localised, but also global. To further this research agenda, I see two immediate avenues for future work. The first is to establish a global evidence base on the impacts of home sharing, both quantitative and qualitative, drawn from the seven different groups identified above. To date, this has been piecemeal and ad hoc.

The second is to establish a global archive of policy responses, modifications and proposals surrounding the growth of short-term rentals. Regardless of any future research, the raw numbers, and backlash from locals, already suggest that things are out of kilter in many cities. So, Edinburgh *may* belong to the world, but its neighbourhoods must also belong to the people who live there. To achieve this balance, and unless something changes, more stringent regulation may well be necessary.

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ENDNOTES

¹ It is important to note that not all entire home listings are available all year round, so the extent to which housing stock is “lost” to the long-term rental market is difficult to discern from such headline figures.

² There is also a need to consider the impacts on local labour markets in relation to the hotel industry, often a key component of local economies and particularly in lower wage jobs employing young people and migrants, both of whom tend to flock to cities.

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