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Hosts with Multiple Entire-Home Units Key Driver of Airbnb Growth: Study

*Study examines short-term rental market in comparison to Canada's hotel sector
with a spotlight on Edmonton & Calgary*

(EDMONTON, AB) September 27, 2017 – The Alberta Hotel & Lodging Association (AHLA), in partnership with the Hotel Association of Canada, has released a new study which demonstrates that commercial operators are growing exponentially, far outpacing actual home sharing activity. Alarming, only 17% of Airbnb's total revenue in Canada is generated by true home sharing where the owner is present during the guest's stay. The other approximately 80% comes from hosts renting entire home units where the owner is not present.

The study reveals that units are being rented in increasing frequency. In fact, 1-in-3 Airbnb units in Canada were rented for more than 90 days per year and this segment generated over 70% of total Airbnb revenues during a 12-month period. These statistics highlight a simple fact: there is far more commercial activity occurring than people might realize.

The most comprehensive study of its kind, entitled *An Overview of Airbnb and the Hotel Sector in Canada: A Focus on Hosts with Multiple Units*, spotlighted 11 key markets across Canada and examined the short-term rental market in comparison to Canada's hotel sector, with a key focus on Airbnb as the most widely used digital home-sharing platform in Canada.

"The findings are remarkable. Over 80% of Airbnb's revenues nationwide -- \$462 Million -- come from whole-unit rentals where the owner is not present. In Canada, 30% of Airbnb's revenues are generated by multi-unit operators who rent out 2 or more entire-home units. These multi-unit, entire-home hosts were the fastest growing Airbnb segment in terms of the number of hosts, the number of units, and revenues generated in the past two years," said Dave Kaiser, AHLA President & CEO. "This shows that almost one-third of Airbnb's revenue is generated through actively managed businesses – ones that do not resemble the original concept of home-sharing."

Notable takeaways from the study include:

- 80% of Calgary's Airbnb revenue is generated by entire-home rentals. In Edmonton, 86% of Airbnb revenue is generated by entire-home rentals.
- In Calgary, revenue generated by multi-unit entire-home hosts increased by 146% to now total more than \$2.4 million. In Edmonton, revenue generated by multi-unit entire-home hosts increased by 144% to now total more than \$1.7 million.
- 30% of units in both Edmonton and Calgary were rented out for more than 90 days in the past 12 months, earning more than 70% of total revenues.
- Calgary's hotel sector supports approximately 7,900 full-time equivalent jobs, as compared to 26 full-time equivalent Airbnb jobs. Hotels in Edmonton support approximately 7,500 full-time equivalent jobs, compared to 7 full-time equivalent Airbnb jobs.

Over the past two years, Airbnb has grown from 3% to 5% of Calgary's combined hotel and Airbnb supply, and from 1% to 3% of Edmonton's combined hotel and Airbnb supply. What started as true home sharing has expanded into a growing trend: people using these platforms to become commercial operators.

“While it may generate additional income for people who rent a room in their home from time to time, home sharing is a commercial venture for those who own multiple units, or who rent units all year round. These commercial operators are running illegal hotels in condominiums and residential neighbourhoods in Edmonton, Calgary, and other communities in our province. This unregulated commercial activity creates unintended consequences like the loss of affordable housing, as well as increased noise, traffic, and demand for parking. It also poses risks to their guests and Albertans, as these illegal hotels have no obligation to assure the health and safety of either their guests or their neighbours.”

The existing laws and regulations in Canada are not designed for the 21st century sharing economy and have allowed new entrants such as Airbnb and similar platforms to avoid compliance with business responsibilities normally associated with commercial activity. These laws need to be updated so that all businesses operating in the accommodation space have a level playing field.

In Edmonton, it is estimated that hotel room sales generate \$53 million in consumer taxes and fees. Applying the same rates to Edmonton’s Airbnb sector has the potential to generate an estimated \$680,000 in consumer taxes and fees. Calgary’s estimated hotel room sales generate \$53 million in consumer taxes and fees. Applying the same rates to Calgary’s Airbnb sector would generate an estimated \$1.3 million in consumer taxes and fees.

“Hotels are not afraid of competition and we are prepared to compete on quality, experience and price; but the rules of the game have to be applied evenly to all players,” noted Leanne Shaw, General Manager of the Country Inn & Suites by Carlson Calgary Airport. “To be clear, we are not opposed to an individual using a home sharing platform to rent out a room in his or her home to help make ends meet. What we are against is commercial operators being allowed to act like hotels without the same responsibilities to taxation and fees, health & safety standards, business licenses, insurance and accessibility. This is about fairness – federal, provincial, and local laws and regulations should be upheld by anyone running a commercial operation. The time to move forward is now, before the unintended consequences spiral out of control.”

For more information or to access the full report, please visit www.fairrules.ca.

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*The Alberta Hotel & Lodging Association is a non-profit industry association founded in 1919.
Our 800 members own or operate hotels, motels, inns, resorts, and lodges in communities around Alberta.
Our purpose is to support our members and strengthen Alberta’s tourism and hospitality industry.*

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