

# AN OVERVIEW OF AIRBNB AND THE HOTEL SECTOR IN CANADA

## A Focus On Hosts With Multiple Units

### STUDY OVERVIEW

In May 2017, the Hotel Association of Canada (HAC) retained CBRE to undertake a research study of publicly available data to examine and compare the operation of the hotel and the “sharing accommodation” sectors in Canada. As the key sharing accommodation platform in Canada, Airbnb’s recent levels of supply and performance have been examined in this report, along with available comparative measures for the hotel sector. Specifically, this study has examined publicly available data related to the changing landscape of the short-term rental market available on Airbnb and presents an empirical profile of multiple-unit hosts.

This research study makes no recommendations or conclusions with respect to the merits or value of the hotel or multiple-unit host sectors. This research study does not endorse, and is not intended to endorse, any particular business or entity. CBRE takes no position on policy or legislation concerning the hotel and “sharing accommodation” sectors in Canada. CBRE has applied the same level of objective rigor to this research study as CBRE applies to all of CBRE’s research assignments.

### SIZE OF CANADA’S AIRBNB SECTOR

- Based on the 12-month period (April 2016 to March 2017) there were approximately 70,000 Airbnb hosts with over 100,500 listings in Canada generating one-half billion in revenues.
- Over the past two-year period, (April 2015 to March 2017), the number of Airbnb hosts, units and revenue in Canada has nearly doubled.
- Approximately 7-in-every 10 units listed on the Airbnb distribution platform are entire-home rentals, with guests having complete and sole access to the entire unit during their stay.
- Within Canada, there were 6.5 hotel rooms for every entire-home Airbnb rental unit listing in 2016.



### HOSTS WITH MULTIPLE ENTIRE-HOME UNITS ARE A KEY DRIVER OF AIRBNB GROWTH

- In Canada, hosts renting out two or more entire-home units generated over \$238 million in revenue in the past two years.
- Based on the most recent 12-month period, multi-unit hosts make up approximately 7% of all Airbnb hosts in Canada and account for 19% of the units and over 30% of the revenue generated (\$167 million).
- Multi-unit entire-home hosts were the fastest growing Airbnb segment in terms of number of hosts (+108%); number of units (+113%) and revenues generated (+134%) in the past two years.
- Over the past 2 years, revenue growth for multi-unit entire home revenues increased by an average of 115% in the 11 markets studied. Winnipeg (+146%), Calgary (+ 146%), Greater Toronto (+146%), Edmonton (+144%) and Ottawa-Gatineau (+142%). The slowest growing market was Quebec City, where revenues were still up by 70%.



## LONG-TERM RENTAL UNITS ACCOUNT FOR OVER 70% OF REVENUES

- 1-in-every 3 Airbnb units in Canada were rented out for more than 90 days per year, generating \$395 million (71% of total Airbnb revenues) in the most recent 12-month period (April 2016 to March 2017).
- 5% of Canada's Airbnb units were rented out for more than 180 days per year, generating \$108 million, which is 20% of the total revenues generated in the most recent 12-month period.
- Revenues generated by these "super hosts" are highest in Toronto, Vancouver and Montreal.

**1 in 3 UNITS  
>90 DAYS**

## CANADA'S HOTEL SECTOR SUPPORTS 191,600 JOBS AS COMPARED TO 1,000 AIRBNB DIRECT JOBS

- For every 185 Full-time Equivalent (FTE) Jobs in the hotel sector, there is an estimated 1 FTE job within the Airbnb sharing platform.



## CANADA'S AIRBNB SECTOR HAS THE POTENTIAL TO CONTRIBUTE \$85 MILLION IN CONSUMER TAXES & FEES

- In 2016, guests of Canada's hotel properties contributed an estimated \$2.2 billion in consumer taxes and fees based on room revenues alone.
- If the rates were to be applied to Airbnb revenues, Canada's Airbnb sector has the potential to contribute \$85 million in consumer taxes and fees to the Canadian economy.

**\$85 Million**

## CANADA'S HOTEL SECTOR HAS MADE SIGNIFICANT CAPITAL INVESTMENTS INTO NEW BUILT HOTELS

- Over the past 4 years (2014 – 2017), Canada's hotel sector has invested \$6 billion in capital expenditures on new hotel developments (excluding land costs), with over 50% of these investments in the 11 Canadian cities highlighted.
- Generally speaking, there have been no comparable capital investments in the Airbnb sector on new built assets, as the sector tends to be based on repurposing existing residential properties.



## GROWTH IN SUPPLY, DEMAND AND REVENUE – HOTELS & AIRBNB

- It is difficult to compare supply and demand factors between the 2 different accommodation types – hotels and Airbnb -- because of the nature of their operations. Hotel supply is fixed, whereas Airbnb supply is fluid. Airbnb hosts can take supply on and off the distribution platform, based on when they choose to offer their property for rent.
- Having said this, we have attempted to compare the 2 datasets in terms of their combined volumes in order to look at supply, demand and revenue factors.
- Over the past 3 years, the size of the Airbnb sector in Canada has grown significantly. In 2014 the inventory of Airbnb units was 1.3% of combined hotel and Airbnb supply. By 2016 it had grown to be 5.2% of the combined inventory. Demand growth has also kept pace. In 2014, the number of Airbnb room/units sold in Canada was 1.1% of the combined hotel and Airbnb units sold. By 2016 this had increased to 4.3%. Total Airbnb revenue levels in Canada were approximately 3% of the combined revenues in 2016, as compared to less than 1% in 2014.
- By year-end 2017, the Canada's Airbnb sector is projected to be 8% of the 2 sectors combined inventory, 7% the size of total demand and 5% of total room/unit revenues.

